

Fiscal 2016 Results Presentation

May 19, 2017

Mitsubishi UFJ Financial Group, Inc.



This document contains forward-looking statements in regard to forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. ("MUFG") and its group companies (collectively, "the group"). These forward-looking statements are based on information currently available to the group and are stated here on the basis of the outlook at the time that this document was produced. In addition, in producing these statements certain assumptions (premises) have been utilized. These statements and assumptions (premises) are subjective and may prove to be incorrect and may not be realized in the future. Underlying such circumstances are a large number of risks and uncertainties. Please see other disclosure and public filings made or will be made by MUFG and the other companies comprising the group, including the latest kessantanshin, financial reports, Japanese securities reports and annual reports, for additional information regarding such risks and uncertainties. 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 recorded 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.

The financial information used in this document was prepared in accordance with Japanese GAAP (which includes Japanese managerial accounting standards), unless otherwise stated. Japanese GAAP and U.S. GAAP, differ in certain important respects. You should consult your own professional advisers for a more complete understanding of the differences between U.S. GAAP and Japanese GAAP and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this document. This document is being released by MUFG outside of the United States and is not targeted at persons located in the United States.

Definitions of figures used in this document

Consolidated	: Mitsubishi UFJ Financial Group (consolidated)
Non-consolidated	: Simple some of Bank of Tokyo-Mitsubishi UFJ (non-consolidated) and Mitsubishi UFJ Trust & Banking Corporation (non-consolidated)
Commercial Bank Consolidated	: Bank of Tokyo-Mitsubishi UFJ (consolidated)



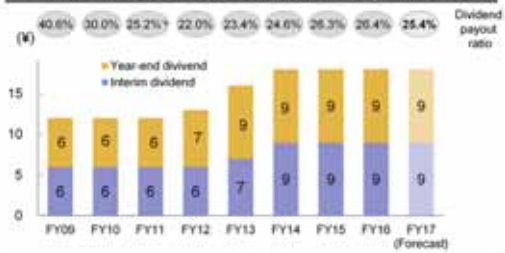
Management index

(Consolidated)

ROE



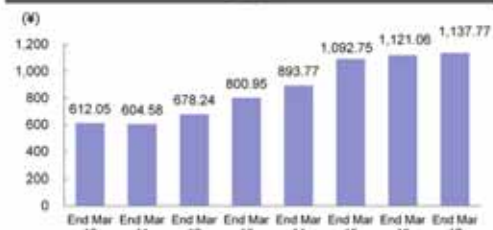
Dividend per share / Dividend payout ratio



EPS



BPS



*1 $\frac{[(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period}) \div 2}{\text{Profits attributable to owners of parent}} \times 100$

*2 11.10% (MUFG basis), 10.6% (JPX basis) before excluding negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

*3 ¥68.09 before excluding negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

*4 17.6% before excluding negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley



Financial targets of the current mid-term business plan

		FY14	FY17 Target	FY16
Growth	EPS (¥)	¥73.22	Increase 15% or more from FY14	¥68.28
Profitability	ROE	8.74%	Between 8.5-9.0%	7.25%
	Expense ratio	61.1%	Approx. 60%	64.6%
Financial strength	CET1 ratio (Full implementation)**1	12.2%	9.5% or above	11.9%
	(Excluding an impact of net unrealized gains (losses) on available-for-sale securities)			9.8%

*1 Calculated on the basis of regulations to be applied at end Mar 19



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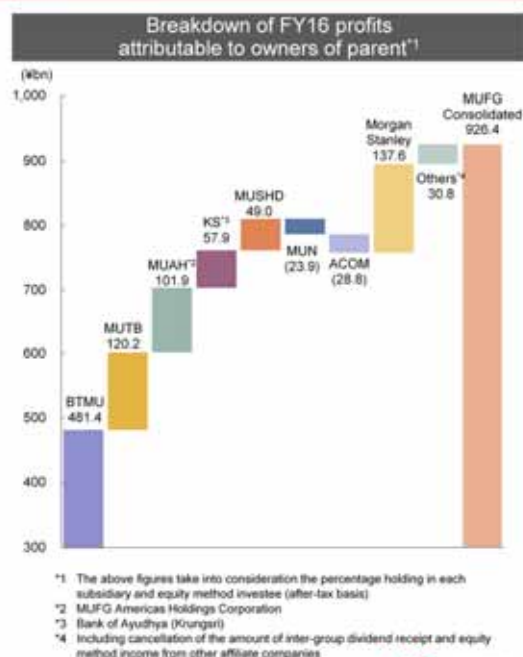
- ✓ Please refer to page 5 of the presentation materials. That is what I would like to cover today.
- ✓ Since our CFO Mr. Tokunari already explained our financial results the other day during the net conference, I will review highlights of the financial results quickly, and talk mainly about the MUFG Re-Imagining Strategy and topics thereafter.
- ✓ So please proceed to page 7.

Outline of FY2016 Results

Key points of FY2016

(Consolidated)

- Profits attributable to owners of parent was ¥926.4 bn (decreased ¥24.9 bn from FY15)**
 - Achieved FY16 target of ¥850.0 bn, achievement ratio was 108.9%
 - Posted total credit cost of ¥155.3 bn, almost on line with our projection
 - Negative Interest Rate Policy impact was in line with our initial expectation
- Actions for evolution and reform**
 - Established U.S. Intermediate Holding Company to comply with U.S. financial regulations
 - Acquired 23% of Hitachi Capital shares and formed into as an equity method affiliate of MUFG
 - Acquired 100% of the issued shares of U.S. fund admin company, Rydex Fund Services
 - BTMU and MUS dealing rooms integrated globally
 - Reorganizing BTMU offices in continental Europe under MUFG Bank (Europe) N.V.
 - Resolved to make MUN a wholly owned subsidiary
- Shareholder return and others**
 - FY16 dividend per share stayed at ¥18
 - Developed policy of cancellation of own shares
 - Resolved repurchase of own shares up to ¥100.0 bn which will be all cancelled
 - Approx. ¥149.0 bn equities holdings were sold on acquisition costs basis



- ✓ Net income for fiscal 2016 was 926.4 billion yen, down 24.9 billion yen. The negative forex impact, mainly due to the difference of financial years of subsidiaries, amounted to 35 billion yen before tax and 30 billion yen after tax.
- ✓ Among subsidiaries' affiliates, MUAH in the US and Krungsri in Thailand made greater contributions than before, and diversification of income streams has progressed, but MUN, NICOS, and ACOM posted losses, as you can see. Therefore, I would like to explain more about these two consumer finance companies.
- ✓ Please turn to the next page.

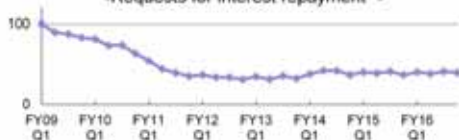
Financial results of MUN

- Recorded losses due to temporary expenses associated with structural reform and allowance for excess interest repayment

Results of MUN				Primary factors of financial results ^{*3}	
(¥bn)	FY15	FY16	YoY		
1 Operating revenue	270.1	275.2	5.0	Business line	Ordinary profit of JPY11.6bn ^{*4} , which was lower than expected
2 Card shopping	183.1	189.0	5.8		
3 Card cashing	27.7	24.5	(3.1)		
4 Loan revenue	6.4	5.2	(1.2)		
5 Operating expenses	288.3	281.7	(6.5)	System integration	Determined system integration (Total investment budget JPY157.2bn)
6 G&A expenses	246.7	256.5	9.8		On schedule
7 Credit related costs	10.6	14.1	3.4	Structural reform	—
8 Provision for loss on interest repayment	30.9	11.1	(19.8)		Posted JPY12.7bn of temporary expense for structural reform ^{*5}
9 Operating profit	(18.1)	(6.5)	11.5	Deferred tax asset	Reversal of JPY18.1bn due to a revision of profit forecast associated with determination of system integration
10 Ordinary profit	(17.4)	(5.9)	11.4		Reversal of JPY6.4bn due to the change of eligible estimation periods from five years to one year
11 Profits attributable to owners of parent	(40.9)	(28.1)	12.7	Expense of excess interest repayment	Posted reserve of JPY26.3bn since reimbursement claims of excess interest were larger than an initial forecast
12 Interest repayment ^{*1}	20.0	18.9	(1.1)	Profit (loss) contribution to MUFG	Posted reserve of JPY9.4bn due to a revision of forecast of reimbursement claims of excess interest based on current market environment

*1 Including waiver of repayment

<Requests for interest repayment^{*2}>



*2 Requests for interest repayment in FY09Q1 = 100

*3 Figures reflect the percentage holding

*4 Excluding expense for system integration and interest repayment

*5 Integration of business operation related to Cloud-based settlement system with JCB group etc.



- ✓ In order to strengthen earnings generation capability, NICOS posted expenses for structural reform and excess interest repayment resulting in lower profits and the reversal of differed tax assets. The company's contribution to MUFG profit was therefore minus 23.9 billion yen.

- ✓ Please move to page 9.

Financial results of ACOM

- Recorded losses mainly due to provision for losses on interest repayment
- Aware of public concerns about the rapid growth of banking card loans, we will help nurture the sound development of the consumer finance market

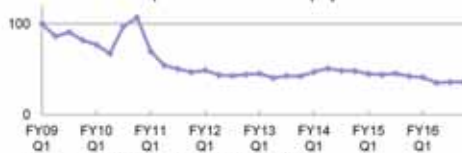
Results of ACOM

(¥bn)	FY15	FY16	YoY
1 Operating revenue	237.6	245.1	7.4
2 Operating expenses	222.1	315.3	93.1
3 G&A expenses	88.1	89.5	1.3
4 Provision for bad debts	60.0	68.5	8.4
5 Provision for loss on interest repayment	56.6	143.7	87.0
6 Operating profit	15.5	(70.1)	(85.6)
7 Profits attributable to owners of parent	14.5	(72.1)	(86.7)
8 Guaranteed receivables	987.5	1,129.7	142.2
9 Unsecured consumer loans (non-consolidated)	758.2	777.5	19.3
10 Share of loans ¹	32.6%	32.9%	0.3ppt
11 Interest repayment ²	69.2	68.8	(0.4)

¹ Share of the receivables outstanding excluding housing loans (non-consolidated) in consumer finance industry. Figure in FY16 is as of end Dec 16

² Including waiver of repayment

<Requests for interest repayment>



³ Requests for interest repayment in FY09Q1 = 100

Key points for provision

- JPY68.8 bn was drawn down from JPY90 bn of provision
- JPY143.7 bn was added to provision in FY16
 - Made adjustments on initial estimate based on excessed amount and analysis on recent trend. Then calculated future estimate of amount to be requested
- Hence, end balance is JPY164.9 bn

Amount and ratio of bad debt expenses⁴

- Bad debt expense ratio for guarantee business has been staying at low level



⁴ Only for guarantee business

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- ✓ On the other hand, ACOM's performance basically was firm. But again, the pace of requests for interest-free payments slowed. As a result, the company added 143.7 billion yen to provision for losses on interest repayment. Its contribution to MUFG profit was minus 28.8 billion yen.
- ✓ Yet, I must emphasize that these consumer finance companies, NICOS and ACOM, which are not performing as well as they should be, remain important to the group's retail business strategy and payment business, which I would like to explain later in more detail. So, around this issue I would like to come back and share with you greater detail later on.
- ✓ Please turn to page 10 for profit and loss.

Income statement summary

(Consolidated)

● Net operating profits

- Gross profits decreased mainly due to a decrease in net interest income from domestic loan and deposit, reflecting lower interest rates, decreases in fee income from sale of investment products and net gains on debt securities, as well as a decrease in the translated JPY value due to the appreciation of JPY against other currencies, although gross profits in overseas were solid
- G&A expenses almost unchanged partially due to the appreciation of JPY against other currencies
- Net operating profits decreased by ¥139.6 bn from FY15 to ¥1,418.2 bn

● Total credit costs^{*1}

- Total credit costs decreased from the previous year mainly due to a decrease in provision of allowance for credit losses

● Net gains (losses) on equity securities

- Net gains on sales of equity securities increased mainly driven by a progress in sales of equity holdings

● Profits (losses) from investments in affiliates

- Profits from investments in Morgan Stanley increased in H2, as well as profits from other affiliates increased

● Profits attributable to owners of parent

- As a result, profits attributable to owners of parent decreased by ¥24.9 bn from FY15 to ¥926.4 bn


(¥bn)	FY15	FY16	YoY
1 Gross profits (Before credit costs for trust accounts)	4,143.2	4,011.8	(131.3)
2 Net interest income	2,113.5	2,024.4	(89.0)
3 Trust fees + Net fees and commissions	1,437.6	1,450.5	12.9
4 Net trading profits + Net other operating profits	592.0	536.7	(55.2)
5 Net gains (losses) on debt securities	132.9	56.8	(76.0)
6 G&A expenses	2,585.2	2,593.5	8.2
7 Depreciation	300.1	316.4	16.2
8 Net operating profits	1,557.9	1,418.2	(139.6)
9 Total credit costs ^{*1}	(255.1)	(155.3)	99.7
10 Net gains (losses) on equity securities	88.3	124.9	36.6
11 Net gains (losses) on sales of equity securities	113.6	127.4	13.8
12 Losses on write-down of equity securities	(25.3)	(2.5)	22.8
13 Profits (losses) from investments in affiliates	230.4	244.4	14.0
14 Other non-recurring gains (losses)	(82.0)	(271.4)	(189.4)
15 Ordinary profits	1,539.4	1,360.7	(178.7)
16 Net extraordinary gains (losses)	(40.7)	(57.5)	(16.8)
17 Total of income taxes-current and income taxes-deferred	(460.2)	(342.1)	118.0
18 Profits attributable to owners of parent	951.4	926.4	(24.9)
19 EPS (¥)	68.51	68.28	(0.23)

^{*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

^{*2} Managerial accounting basis

Ref. Approx. Negative Interest Rate Policy impact^{*2}

	Original expectation	Annual results
Deposit/lending profits	(¥35 bn)	(¥35 bn)
Derivatives	(¥35 bn)	(¥30 bn)
Investment products sales	(¥30 bn)	(¥23 bn)
Total	(¥100 bn)	(¥88 bn)

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- ✓ Please take a look at the table on the right. Line 1, gross profit. Due to the prolonged low interest rate environment, net interest income decreased. In addition, in the first half of the year, sale of investment products was sluggish, and in the second half, global markets profit declined due to rate hikes, mainly in the US. Consequently, gross profit dropped 131.3 billion yen to 4,011.8 billion yen year on year.
- ✓ Line 6, G&A expenses. Although regulatory expenses increased, thanks to firm-wide cost-cutting efforts and the forex impact, G&A expenses remained more or less flat year on year. As a result, line 8, net operating profits, dropped 139.6 billion yen from a year ago to 1,418.2 billion yen.
- ✓ Line 9. Total credit costs improved by 99.7 billion yen.
- ✓ Line 10, net gains on equity securities increased by 36.6 billion yen.
- ✓ Line 14. We posted 271.4 billion yen in other non-recurring losses, mainly due to provision for loss on interest repayment at the two subsidiaries I previously mentioned and increased retirement allowance expenses.
- ✓ The table on the bottom left shows the negative impact, the rate policy impact. As you can see, the NIRP impact was smaller than our original expectation.
- ✓ Please turn to page 19. Let me explain about loans and deposits.

Balance sheets summary

(Consolidated)

● Loans (Banking + Trust accounts)

- Increased from the end of September 2016 due to increases in domestic corporate and overseas loans, partially due to an increase in the translated JPY value of foreign currency denominated loans reflecting the depreciation of JPY against the other currencies

● Investment securities

- Decreased mainly due to a decrease in foreign bonds

● Deposits

- Increased mainly due to an increase in domestic corporate deposits

● Net unrealized gains on available-for-sale securities

- Net unrealized gains on available-for-sale securities decreased mainly due to decreases in those of foreign bonds and Japanese government bonds, while those of domestic equity securities increased

(¥bn)	End Mar 17	Change from End Mar 16	Change from End Sep 16
1 Total assets	303,297.4	4,994.5	9,620.2
2 Loans (Banking + Trust accounts)	109,209.4	(4,697.4)	4,191.6
3 Loans (Banking accounts)	109,005.2	(4,751.0)	4,160.3
4 Provision for loan loss	(957.3)	(100.2)	32.0
5 Housing loans ^{*1}	15,720.2	149.5	82.3
6 Domestic corporate loans ^{*1,2}	44,297.4	492.9	893.0
7 Overseas loans ^{*3}	43,418.6	373.1	4,423.3
8 Investment securities (Banking accounts)	59,438.8	(10,554.9)	(5,469.5)
9 Domestic equity securities	5,980.9	407.4	655.1
10 Japanese government bonds	25,111.5	(3,245.5)	(404.2)
11 Foreign bonds	19,129.8	(8,753.9)	(6,643.0)
12 Total liabilities	286,639.0	5,722.9	9,463.4
13 Deposits	170,730.2	9,785.1	9,105.1
14 Individuals (Domestic branches)	73,093.3	2,024.6	1,825.0
15 Corporations and others	61,050.3	8,268.0	4,758.5
16 Overseas and others	20,696.5	(365.8)	40.3
17 Total net assets	16,658.3	(728.3)	156.8
18 Net unrealized gains (losses) on available-for-sale securities	3,139.0	(346.2)	(269.9)

*1 Non-consolidated + trust accounts

*2 Excluding loans to government and governmental institution

*3 Loans booked in overseas branches, MUJH, KS, BTMU (China), BTMU (Malaysia) and MUFG Bank (Europe)

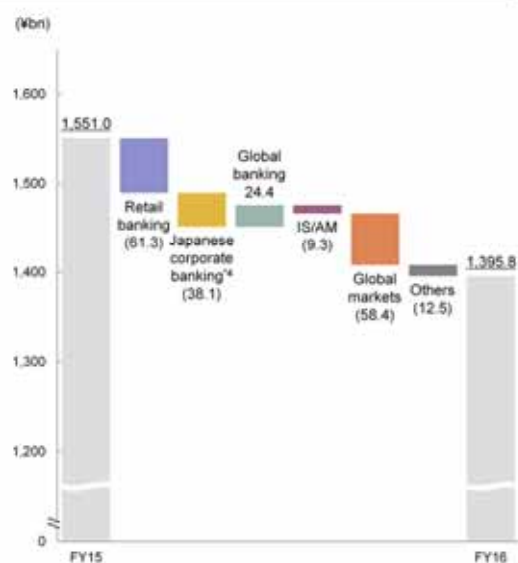
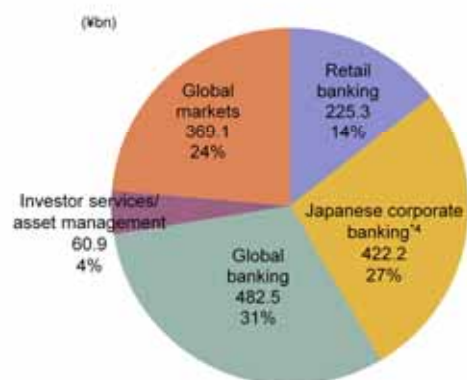
Outline of results by business segment

(Consolidated)

Net operating profits by segment^{*1}

FY16 ¥1,395.8^{*2} bn

[Global banking segment accounted for 40% of total customer segments^{*3}



^{*1} All figures are in actual exchange rate and managerial accounting basis

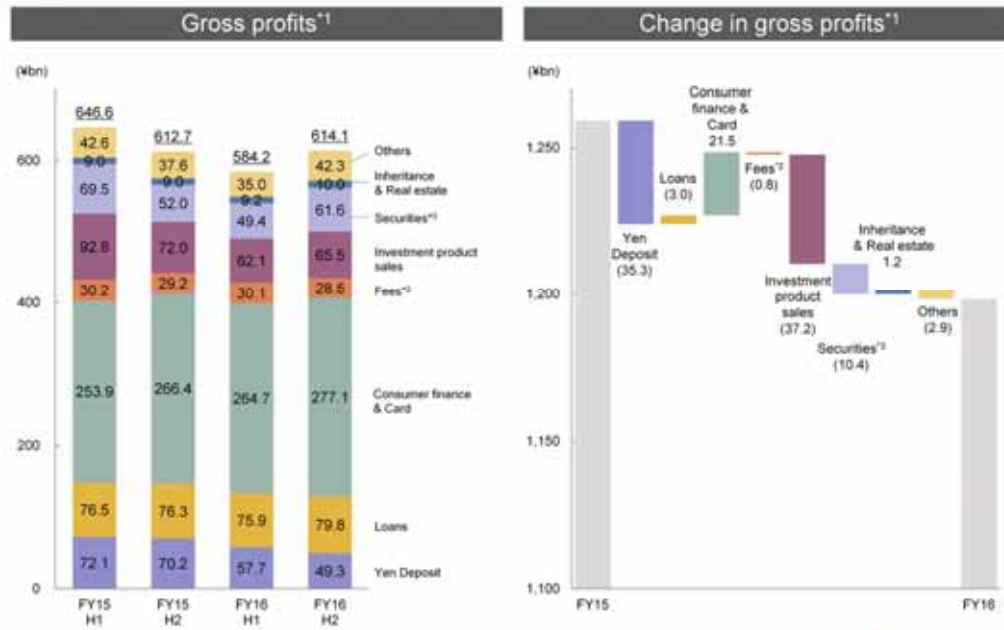
^{*2} Including profits or losses from others

^{*3} Net operating profit of Global banking / net operating profit of total customer segments

^{*4} Excluding overseas business with Japanese corporates

Historical outlook in Retail Banking

(Consolidated)



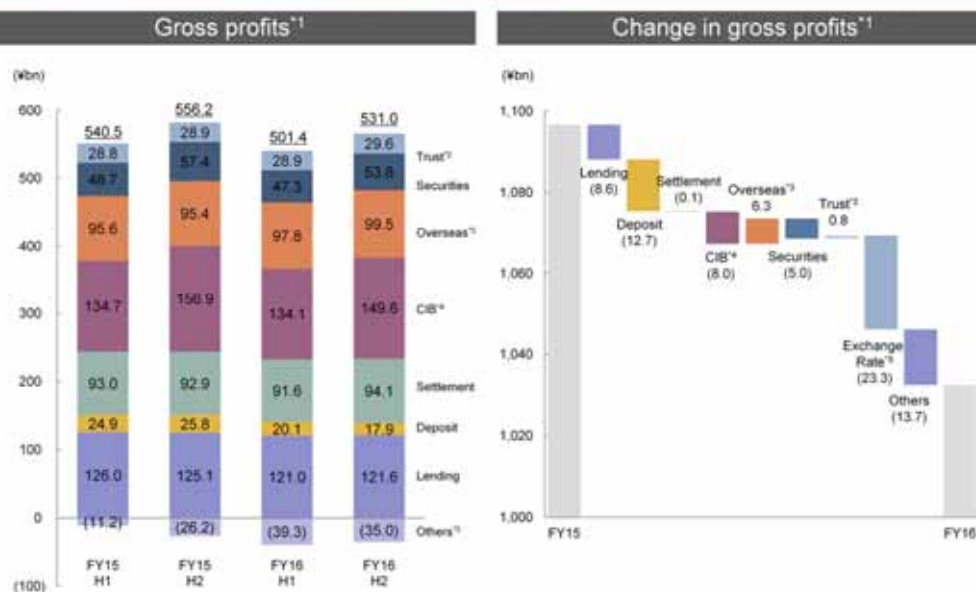
*1 All figures are in actual exchange rate and managerial accounting basis

*2 Transfer, ATM, etc.

*3 Fees from stock / bond sales, etc.

Historical outlook in Japanese Corporate Banking

(Consolidated)



*1 All figures except for overseas are in actual exchange rate and managerial accounting basis

*2 Real estate brokerage, transfer agency business, etc.

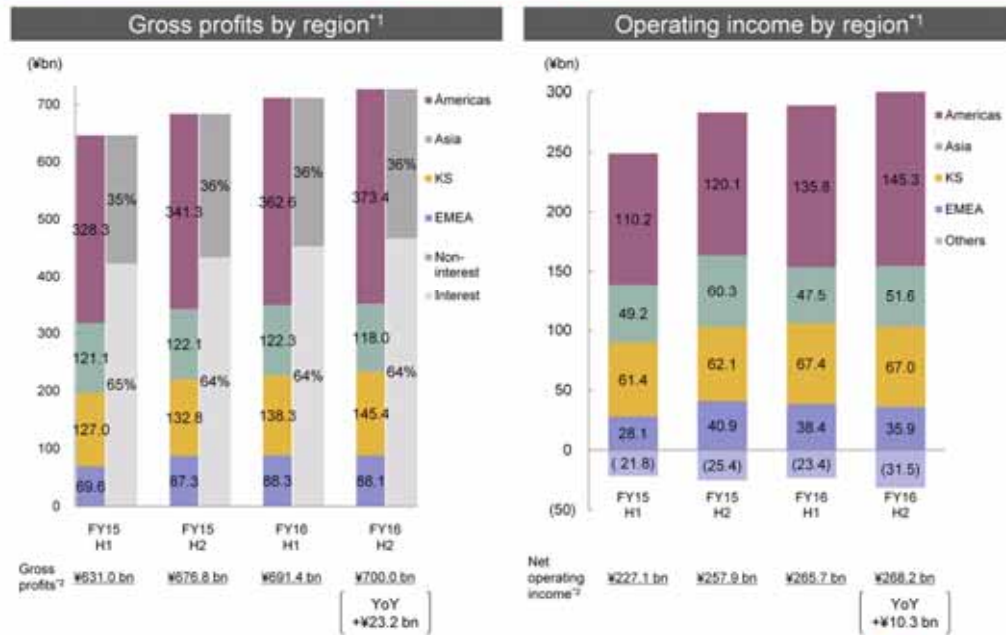
*3 Local currency basis. Difference with actual exchange rate is included in "Others"

*4 Structured finance, syndicated loan, derivatives, etc.

*5 Exchange rate impact caused by overseas business with Japanese corporates

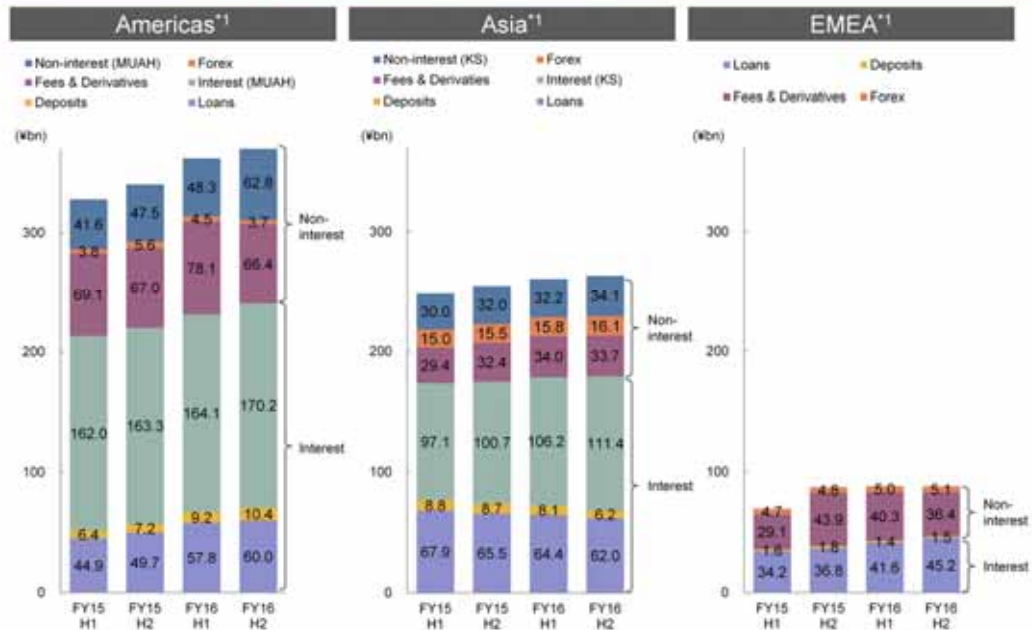
Historical outlook in Global Banking – Gross profits & operating income by region

(Consolidated)



Historical outlook in Global Banking – Breakdown of gross profits

(Consolidated)

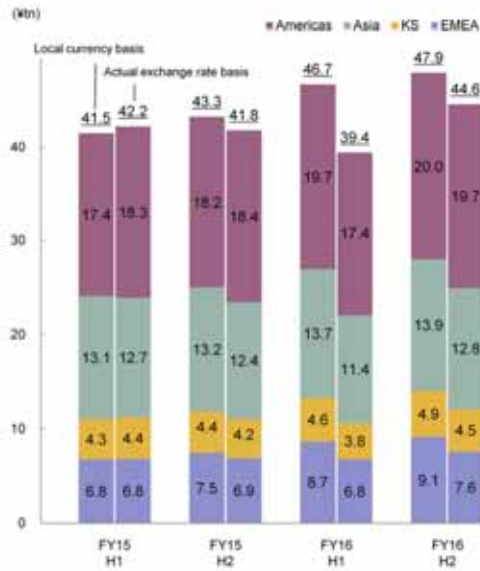


** Local currency basis. Each breakdown is before elimination of duplication and excludes other gross profits

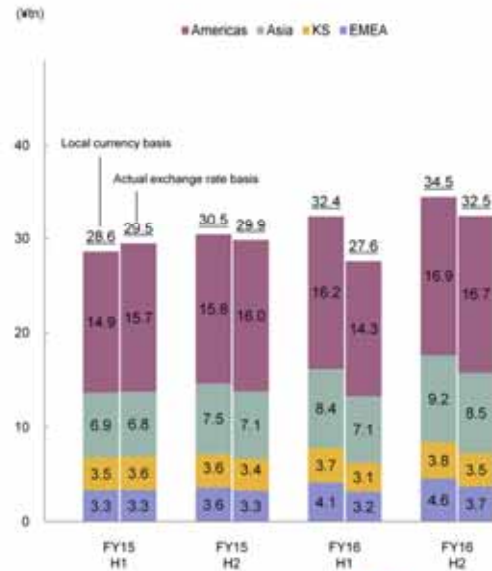
Historical outlook in Global Banking – Loans and deposits by region

(Consolidated)

Average loan balance by region

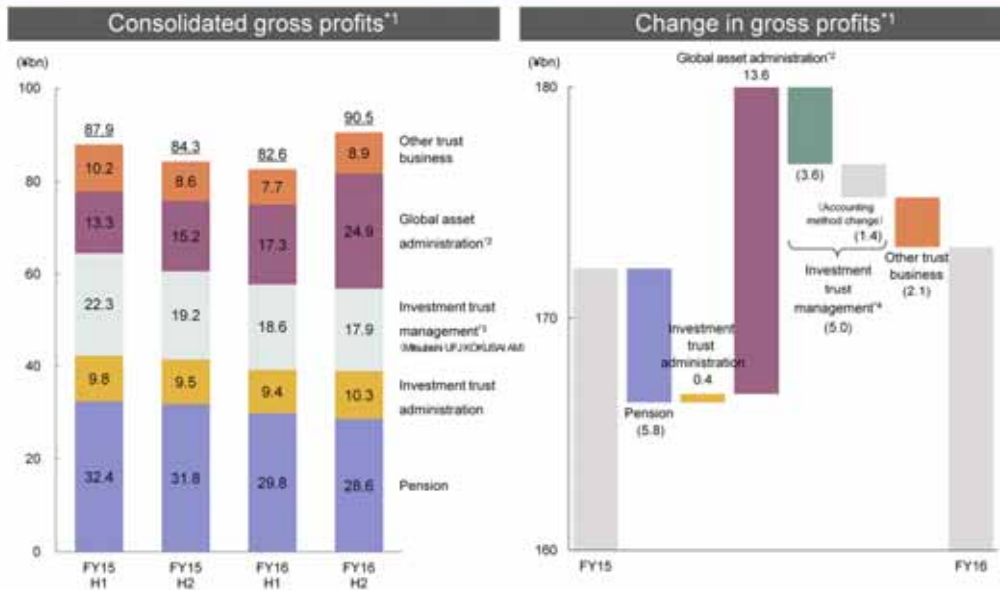


Average deposit balance by region



Historical outlook in investor services / asset management

(Consolidated)



^{*1} All figures are on actual exchange rate and managerial accounting basis. Profits of the Master Trust Bank of Japan, Ltd (MTBJ) are split into each business section.

^{*2} Services provided under the "MUFG Investor Services" brand, custody and fund administration services, etc.

^{*3} Investment trust management profits for FY15H1 was the sum of the figures of before and after the merger of Mitsubishi UFJ KOKUSAI AM.

^{*4} Following the 2 AM companies merger, accounting method of commission research cost has been unified to subtract it from gross profit instead of posting it as an expense. Gross profits of this business in FY16 was down ¥3.6 bn from FY15, excluding impacts from this accounting method change.



Loans / Deposits

(Consolidated)

● Loan balance ¥109.2 tn (increased by ¥4.1 tn from Sep 16)

<Breakdown of Change>

• Housing Loan	+¥0.0 tn
• Domestic Corporate ^{*1} (Excl. Impact of foreign exchange fluctuation)	+¥0.8 tn (+¥0.1 tn)
• Government	(¥1.3 tn)
• Overseas ^{*2} (Excl. Impact of foreign exchange fluctuation)	+¥4.4 tn (+¥0.3 tn)

^{*1} Excluding lending to government and governmental institutions, and including foreign currency denominated loans.

^{*2} Loans booked in overseas branches, MUFG, K.S. BTMU (China), BTMU (Malaysia) and MUFG Bank (Europe)

^{*3} Sum of banking and trust accounts

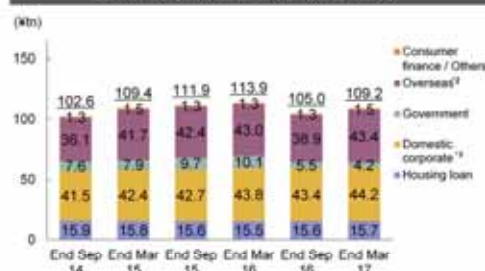
● Deposit balance ¥170.7 tn (increased by ¥9.1 tn from Sep 16)

<Breakdown of Change>

• Domestic Individual	+¥1.8 tn
• Domestic Corporate, etc.	+¥4.7 tn
• Overseas and Others	+¥2.5 tn (¥1.1 tn ^{*4})

^{*4} Overseas customer deposits during FY16H2 increased by ¥2.0 tn compared to FY16H1. (Overseas customer deposits are the average amounts of deposits from customers in Global Banking business segment. On a managerial accounting basis.)

Loans (Period end balance)^{*3}



Deposits (Period end balance)



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- ✓ First, about loans. While our loans to governments decreased significantly, housing loans, domestic corporate loans, and overseas lending all increased slightly from a year ago. Deposits increased significantly in Japan. In total the deposit balance grew by amount of 9 trillion yen. Overseas lending dropped about 1 trillion yen, excluding the impact of foreign exchange fluctuations.
- ✓ But overseas customer deposits, excluding intra-bank deposits, increased 2 trillion yen; thus, we continue to cover 60 to 70 percent of overseas lending with customer deposits.
- ✓ Please go to page 20 to see the lending deposit spread.

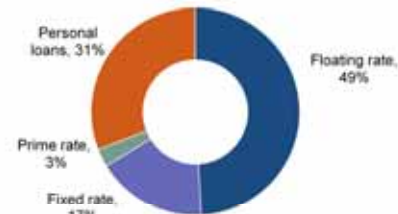
Domestic deposit/lending rate

(Non-consolidated)

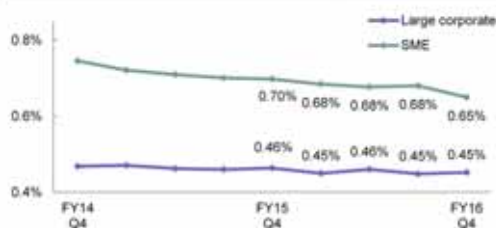
Changes in domestic deposit/lending rate^{*1}



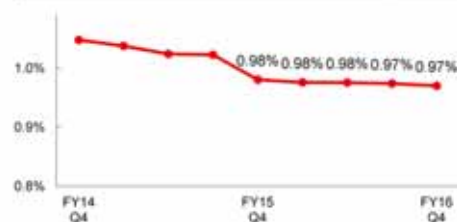
Domestic JPY denominated lending^{*1*2}



Domestic corporate lending spread^{*1}



Ref. Overseas corporate lending spread^{*3}



*1 Managerial accounting basis. Excluding lending to government and domestic non-JPY denominated lending, etc.

*2 As of end Mar 17

*3 Excluding MUAH, KS

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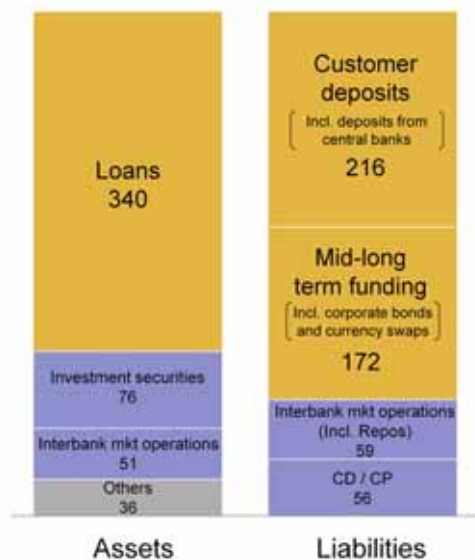
- ✓ First, the upper left chart. The domestic loan deposit spread shrank 10 basis points due to a drop in market rates, but it has stabilized recently.
- ✓ The impact of the market rate decline caused by NIRP has more or less come to an end. It's fair to say that we are back in the situation where the spread declines only to the extent that past loans with higher fixed rate are rolled over.
- ✓ Please look at page 23. I will explain our basic policy for bond portfolio management.

Non-JPY assets and funding

(Commercial bank consolidated)

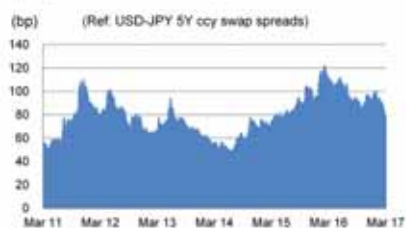
Non-JPY balance sheet (BTMU managerial basis Excl. MUAH, KS)

As of end Mar 17 (US\$ bn)



Non-JPY funding in stable and efficient manner

- Customer deposits now cover 60-70% of non-JPY loans. To further increase deposits, we will enhance product development and sales capabilities
- With mid-long term funding through corporate bond issuances and currency swaps, all non-JPY loans are fully funded
 - Corp bonds are mainly issued from HoldCo (MUFG) to ensure stable funding and TLAC compliance (see pages 62-63 for details)
 - Ccy swaps are transacted mainly in medium-term durations



- The SPC for holding non-JPY liquid assets was established as a buffer against the possibility of a severe funding situation due to temporary market stress

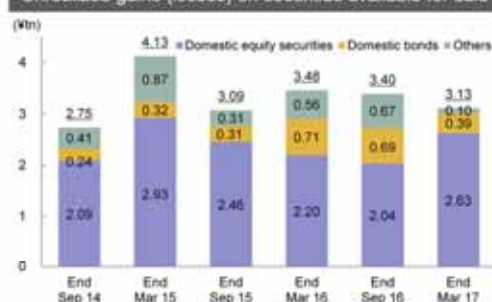
Investment securities

(Consolidated / Non-consolidated)

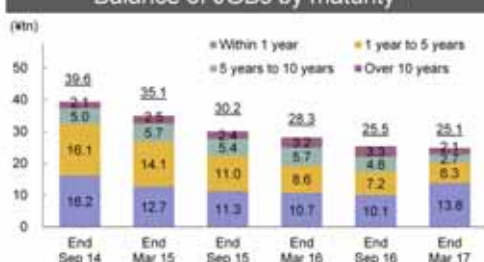
Securities available for sale with fair value

(¥bn)		Balance		Unrealized gains (losses)	
		End Mar 17	Change from End Sep 16	End Mar 17	Change from End Sep 16
1	Total	54,813.1	(5,948.6)	3,139.0	(269.9)
2	Domestic equity securities	5,164.6	539.7	2,635.1	592.6
3	Domestic bonds	27,688.8	(366.3)	399.1	(296.0)
4	Japanese government bonds	24,010.6	(404.2)	351.0	(261.0)
5	Others	21,959.6	(6,122.0)	104.7	(566.5)
6	Foreign equity securities	182.8	38.2	49.8	32.2
7	Foreign bonds	17,917.3	(6,792.3)	(8.4)	(626.0)
8	Others	3,859.5	632.0	63.3	27.2

Unrealized gains (losses) on securities available for sale

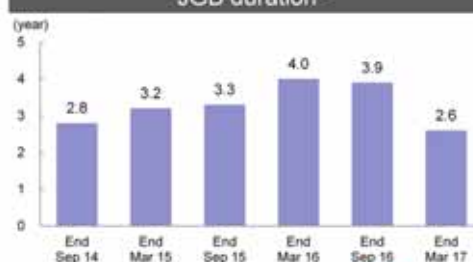


Balance of JGBs by maturity*1

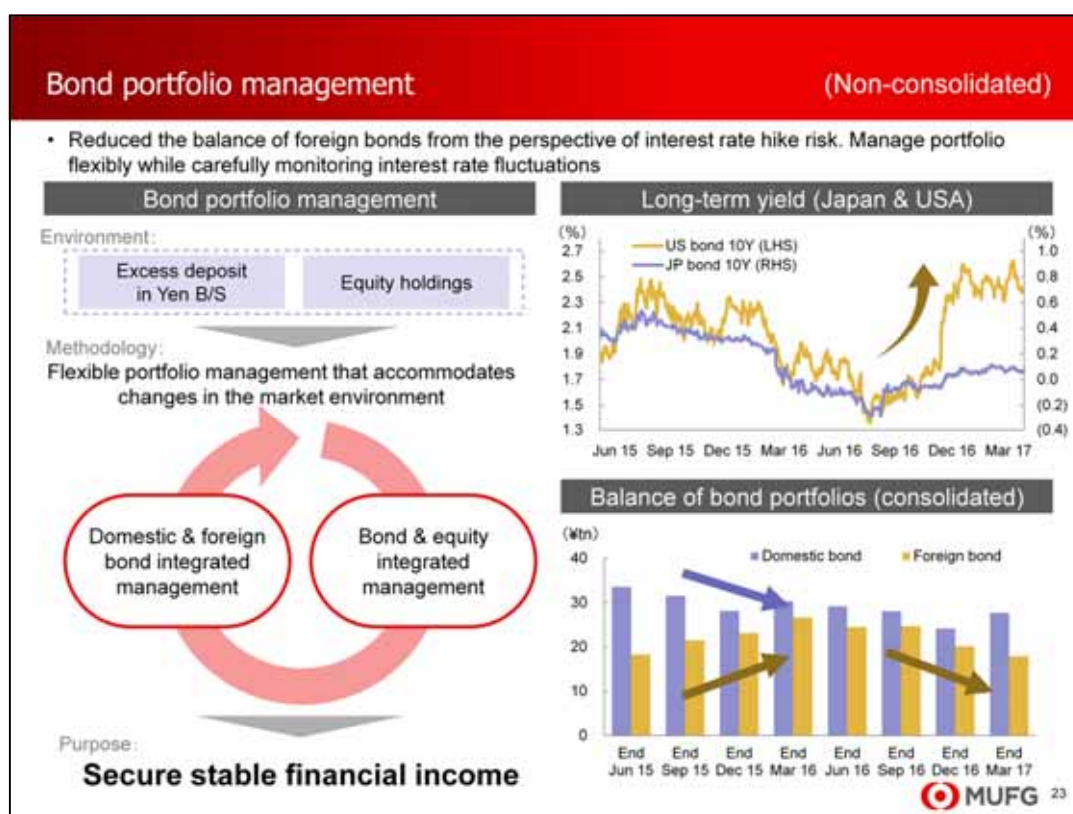


*1 Securities available for sale and securities being held to maturity. Non-consolidated

JGB duration*2



*2 Securities available for sale. Non-consolidated



- ✓ In our banking business, because deposits exceed loans substantially, we try to capture interest income through ALM operations centered around bond investment. Our basic policy is to secure stable financial income over a mid- to long-term period.
- ✓ We also manage interest rate risks at home and abroad in an integrated manner. We use a framework to control unrealized gains or losses of equity holdings and bonds in an integrated way. We rebalance the portfolio flexibly depending on the market environment.
- ✓ As part of preparation for the US presidential election last year, since the summer we reduced the balance of foreign bonds. After the election, up to the end of 2016, we scaled down the position further as the US long-term rate was sharply rising.
- ✓ After that, we rebalanced the portfolio by selling low-coupon bonds, mainly in the United States. As a result, at the end of March 2017, the balance of foreign bonds dropped by 9 trillion yen from a year ago, to about 18 trillion yen.
- ✓ As I said, by selling low-coupon bonds, we realized some appraisal losses, but by realizing part of ample appraisal gains that we have on yen bonds, at the same time we secured net gains on debt securities for the year.
- ✓ Also, partly due to improved equity valuation gains brought about by rising equity prices, the valuation gains of our securities holdings overall continued to be maintained at a high level of over 3 trillion yen.
- ✓ The current interest rate risk position is substantially smaller than our initial investment plan and also operated in a way that contains risks compared to historical periods when interest rates were rising.
- ✓ In other words, we are making preparations to be flexible in the face of the changing environment in the future and structuring our portfolio accordingly.
- ✓ Please proceed to page 24. I would like to explain about expenses.

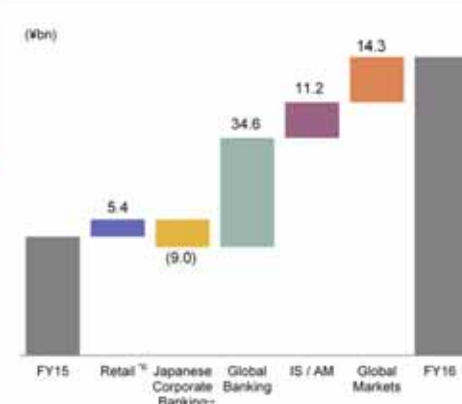
Expense

(Consolidated)

G&A expenses / expense ratio^{*1}



Changes in expenses by business segment^{*5}



Expenses in major group companies

		FY16	YoY	Expense ratio
BTMU + MUTB combined	(¥bn)	1,342.0	27.2	61.2%
MUAH (US GAAP) ^{*2,3}	(US\$mm)	826	34	73.4%
KS (Thai GAAP) ^{*2}	(THBmm)	11,781	1,651	48.8%
MUSHD consolidated	(¥bn)	315.1	(41.9)	83.0%
MUN ^{*4}	(¥bn)	252.7	10.0	93.1%
ACOM ^{*4}	(¥bn)	89.5	1.3	38.6%

<Major reasons of changes by business segment>

Retail: System integration of MUN
 Global Banking: Increased regulatory cost and expanded business volume
 IS / AM: Acquisition of fund administration subsidiaries
 Global Markets: Development of S&T business by BTMU-MUS in an integrated manner

^{*1} Expense ratio = G&A expense / gross profits (before credit cost for trust accounts)

^{*2} FY17Q1

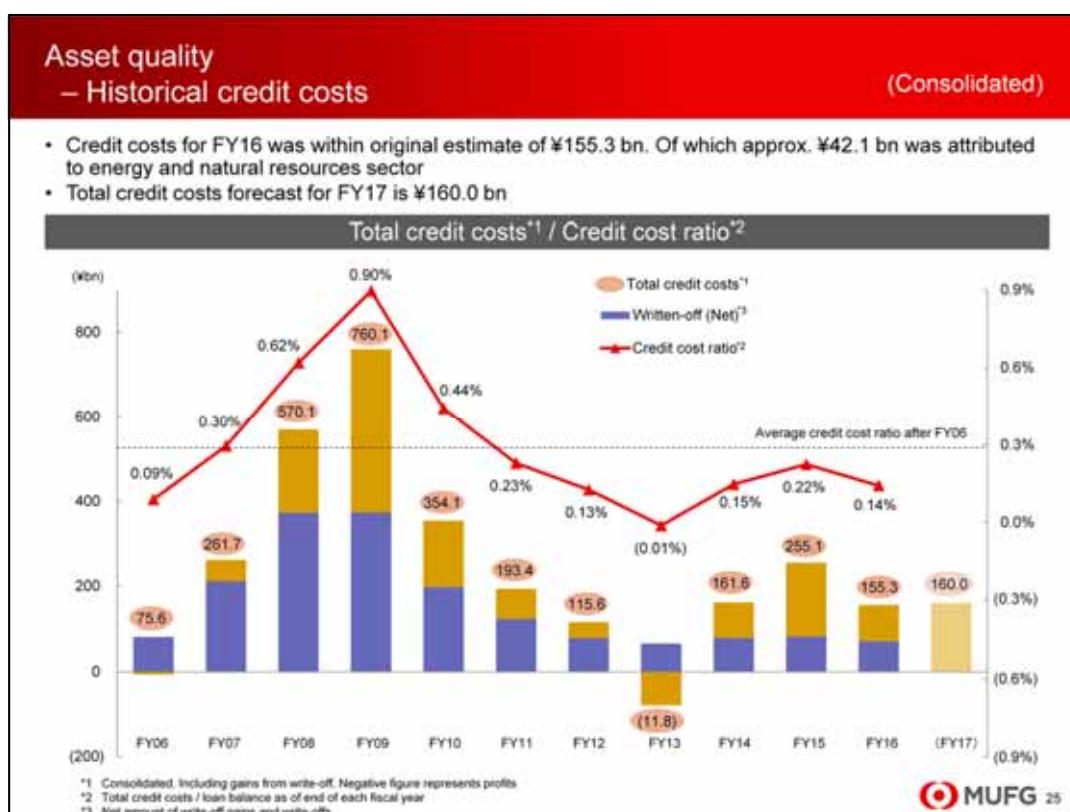
^{*3} Includes expense associated with employees providing support services to BTMU

^{*4} Financial expense is excluded from gross profits. Expenses related to loan losses and others and repayment expense are excluded from expenses

^{*5} Local currency basis ^{*6} Excl. intergroup intermediation charges ^{*7} Excl. expenses associated with overseas Japanese Corporate Banking business

MUFG 24

- ✓ As I said earlier, being affected by foreign exchange fluctuations, expenses rose slightly year on year and have not been reduced in proportion to the declining gross profits. As a result, the expense ratio climbed to 64.6 percent.
- ✓ We are starting to see some positive results from the expense-cutting project getting off to a good start in the United States, which had been an issue. But the challenge before us continues to be how to go about controlling the rising costs of regulatory expense and infrastructure, including IT systems. The measures for this will be described when I discuss MUFG's Re-Imaging Strategy.
- ✓ Please turn to page 25. I will explain about credit costs.

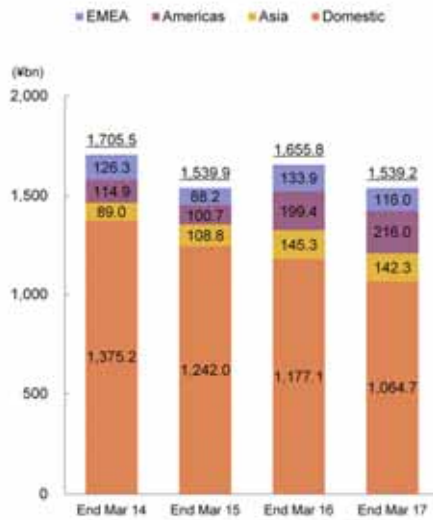


- ✓ Credit costs for the full year were 155.3 billion yen, down by 99.7 billion yen year on year. For one thing, the factors regarding a large borrower from the previous fiscal year no longer affected us in fiscal year '16, and secondly, the conditions in the US natural resources sectors settled down.
- ✓ However, in comparison to the revised four-year forecast of 150 billion yen announced in the interim, the credit costs were somewhat higher caused by factors arising in the fourth quarter involving a large borrower.
- ✓ This fiscal year, we are projecting the credit costs to be 160 billion yen, which is more or less flat year on year. We are not factoring in large borrower issues, and with reduced NPLs, our understanding is that we have come to a point where not many more reversals can be expected.
- ✓ Please move on to page 32.

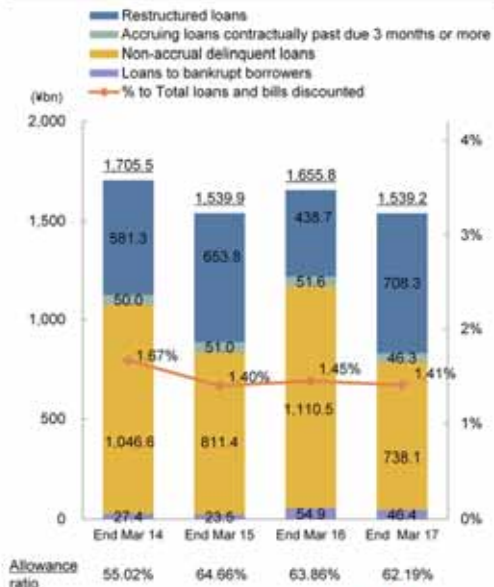
Asset quality – Non-performing loans^{*1}

(Consolidated)

Risk-monitored loans by region^{*2}



Risk-monitored loans / ratio^{*3} / allowance ratio^{*4}

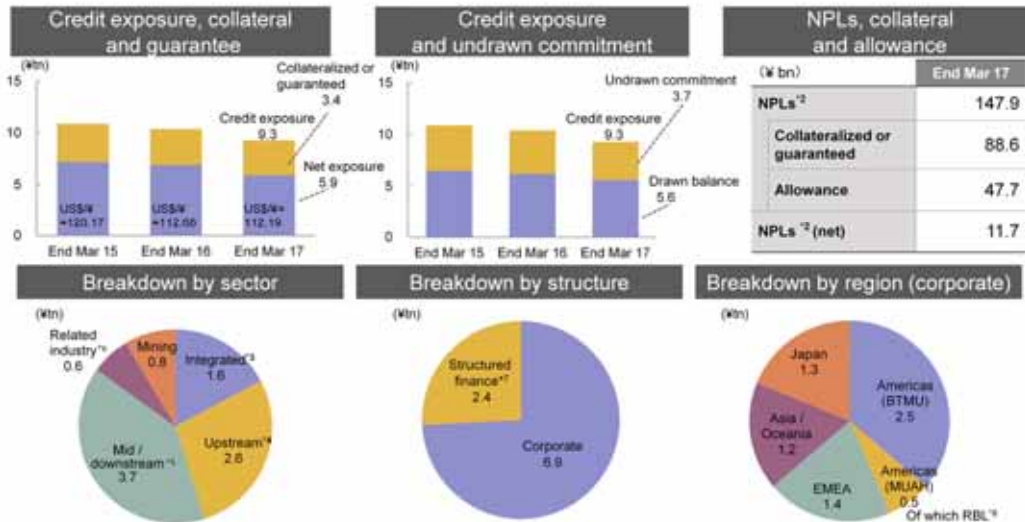


*1 Risk-monitored loans based on Banking Act. Excluding direct write-off
 *2 Based on the locations of debtors
 *3 Total risk-monitored loans / total loans and bills discounted
 *4 Allowance for credit losses / total risk-monitored loans

Asset quality – Energy and mining portfolio

(Consolidated)

- Total credit exposure*¹ in the energy related sector decreased to ¥9.3 tn. Net exposure was ¥5.9 tn
- NPLs*² was ¥147.9 bn. Net NPLs was ¥11.7 bn



*¹ Including undrawn commitment and excluding market exposure

*² NPLs are based on the relevant rules for risk-monitored loans under Japanese Banking Act, except for NPLs in overseas subsidiaries which are based on each subsidiary's internal criteria

*³ Integrated business from upstream to downstream *⁴ Exploration, development and production of oil and gas *⁵ Storage, transportation, refinement, retail

*⁶ Sales of mining machine to companies among upstream industry *⁷ Project finance and trade finance

*⁸ Reserve based lending where loans are collateralized by the values of borrower's reserve

Note: All figures are on managerial accounting basis, aggregating internal management figures of each subsidiary

Capital

(Consolidated)

● Common Equity Tier 1 ratio

- Full implementation basis^{*1} : 11.9%
- Excluding impact of net unrealized gains (losses) on available-for-sale-securities : 9.8%

● Risk weighted asset (Up ¥8.7 tn from Sep 16)

- Credit risk : +¥8.6 tn
- Market risk : +¥0.2 tn
- Operational risk : (¥0.1 tn)

● Leverage ratio

- Transitional basis : 4.81%

		End Sep 16	End Mar 17	Change from end Sep 16
(¥bn)				
1	Common Equity Tier 1 capital ratio	12.20%	11.76%	(0.43ppt)
2	Tier 1 capital ratio	13.50%	13.36%	(0.13ppt)
3	Total capital ratio	16.56%	15.85%	(0.70ppt)
4	Common Equity Tier 1 capital	12,839.4	13,413.8	574.4
5	Retained earnings	8,965.0	9,278.5	313.4
6	Other comprehensive income	1,695.6	2,369.1	673.4
7	Regulatory adjustments	(1,094.0)	(1,363.2)	(269.2)
8	Additional Tier 1 capital	1,366.0	1,818.6	452.5
9	Preferred securities and subordinated debt	1,387.5	1,650.2	262.7
10	Foreign currency translation adjustments	3.6	111.6	108.0
11	Tier 1 capital	14,205.5	15,232.4	1,026.9
12	Tier 2 capital	3,218.8	2,843.6	(375.1)
13	Subordinated debt	2,197.9	2,132.6	(65.3)
14	Amounts equivalent to 45% of unrealized gains on available-for-sale securities	621.9	277.8	(344.1)
15	Total capital (Tier 1+Tier 2)	17,424.3	18,076.1	651.7
16	Risk weighted assets	105,206.2	113,986.3	8,780.1
17	Credit risk	88,299.2	96,906.3	8,607.1
18	Market risk	1,898.9	2,135.7	236.8
19	Operational risk	6,934.2	6,734.5	(199.7)
20	Transitional floor	8,073.7	8,209.7	135.9

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

Financial results of Mitsubishi UFJ Securities Holdings (MUSHD)

- Net operating revenue decreased due to slowdown in retail customer flow. However, net operating revenue recovered in Q4 due to increase of both commission received and net trading income
- Net income increased YoY on the back of strong performance in overseas subsidiaries and MSMS as well as strict corporate-wide cost control

Results of MUSHD					Results of MUMSS ^{*3}			
(¥bn)	FY15	FY16	YoY	(Reference) ^{*2} FY16	(¥bn)	FY15	FY16	YoY
1 Net operating revenue ^{*1}	437.7	379.2	(58.5)	411.0	1 Net operating revenue ^{*1}	331.4	295.0	(36.3)
2 Commission received	226.1	173.2	(52.8)		2 SG&A expenses	252.4	242.9	(9.7)
3 Equity brokerage	46.6	39.0	(7.6)		3 Operating income	79.0	52.4	(26.6)
4 Underwriting and secondary distribution	54.1	36.6	(17.4)		4 Ordinary income	80.1	53.8	(26.3)
5 Sales of investment trusts	49.7	35.6	(14.0)		5 Profits attributable to owners of parent	51.8	34.4	(17.3)
6 Other fees received	75.5	61.9	(13.6)					
7 Net trading income	178.7	179.1	0.3					
8 Stocks	37.5	29.2	(8.3)					
9 Bonds and other	141.1	149.9	8.7					
10 SG&A expenses	357.0	315.1	(41.9)	338.9				
11 Transaction expenses	122.5	98.4	(24.0)					
12 Operating income	80.6	64.1	(16.5)					
13 Non-operating income	27.1	35.4	8.3					
14 Equity in earnings of affiliates	19.5	29.2	9.6					
15 Ordinary income	107.8	99.5	(8.2)	107.5				
16 Profits attributable to owners of parent	43.2	49.0	5.8	53.8				

Net operating revenue of domestic securities firms (FY16)

Rank	Security firm(s)	Amount (¥bn)
1	Nomura Securities	566.5
2	MUMSS ^{*2} (incl. MUMSPB) + MSMS + kabu.com	421.9*
3	Daiwa Securities	314.1
4	SMBC Nikko Securities	313.5
5	Mizuho Securities	303.2

(Source: Company disclosure)

*1 Operating revenue minus financial expenses

*2 Figures represent the simple aggregation with MUFG Securities Americas' result

*3 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (MUMSS) with Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. (MUMSPB) consolidated

*4 Simple total of MUMSS, Morgan Stanley MUFG Securities Co., Ltd. (MSMS) and kabu.com Securities Co., Ltd.

MSMS is one of the securities joint ventures between MUFG and Morgan Stanley in Japan and is an associated company of MUSHD accounted for by using the equity method

Financial results of MUAH / Krungsri

- MUAH: Net income was \$229 mm, up \$167mm compared with FY16Q1, due to an increase in NII driven by an increase in NIM and a reversal of provision for credit losses
- Krungsri: Increase in fee income, decrease in credit costs as well as increase in NII driven by improvement of NIM all contributed to increase in net profits

Results of MUAH ^{*1,2}					Results of Krungsri ^{*5}				
<P/L> (US\$mm)		FY16	FY17		<P/L> (US\$mm)		FY16	FY17	
			Q1	YoY				Q1	YoY
1	Net interest income	3,053	795	71	1	Net interest income	61,977	16,483	1,490
2	Interest income	3,716	964	90	2	Interest income	85,925	22,762	1,887
3	Interest expense	663	189	19	3	Interest expense	23,948	6,279	397
4	Total non-interest income	2,225	488	14	4	Net fees and services income	18,175	4,669	125
5	Trading account activities	105	(4)	(32)	5	Fees and services income	24,142	6,266	255
6	Investment banking and syndication fees	312	88	27	6	Fees and services expense	5,967	1,617	130
7	Fees from affiliates ³	957	219	7	7	Non-interest and non fees income	11,335	3,007	467
8	Total revenue	5,278	1,283	85	8	Other operating expense	43,060	11,781	1,651
9	Non-interest expense ⁴	3,782	1,006	38	9	Pre-provision operating profit	48,407	12,378	431
10	Pre-tax, pre-provision income	1,496	277	47	10	Impairment loss of loans and debt securities	21,314	5,243	(171)
11	Provision for loan losses	155	(30)	(192)	11	Net profit attribute to owners of the bank	21,404	5,645	495
12	Net income attributable to MUAH	990	229	167	12	NIM	3.74%	3.82%	0.01ppt
13	NIM	2.23%	2.37%	0.31ppt					
<BS> (US\$mm)		End Dec 16	End Mar 17	Change	<BS> (THBmm)		End Dec 16	End Mar 17	Change
14	Loans	77,551	78,434	883	13	Loans	1,506,222	1,491,574	(14,648)
15	Deposit	86,947	86,533	(414)	14	Deposit	1,108,288	1,125,464	17,176
16	Total equity	17,386	17,630	244	15	Total equity	208,768	214,336	5,568
17	Total asset	148,144	149,678	1,534	16	Total asset	1,883,186	1,857,004	(26,184)
18	NPL ratio	0.89 %	0.73 %	(0.16ppt)	17	NPL ratio	2.21%	2.33%	0.12ppt
19	NPL coverage ratio	92.60%	100.12%	7.43ppt	18	NPL coverage ratio	143.3%	143.0%	(0.2ppt)

*1 Financial results as disclosed in MUAH's statutory report based on U.S. GAAP

*2 Figures have been revised to include the results of the transferred IHC entities, such as MUSA (MUFG Securities Americas)

*3 Represents income resulting from the business integration of BTMJ & MJJ

*4 Includes expense associated with employees providing support services to BTMJ

*5 Financial results as disclosed in Krungsri's financial report based on Thai GAAP

Financial results of Morgan Stanley and major collaborations

- FY17Q1 income before taxes increased YoY as a result of improvement in the market environment. Institutional Securities led firmwide earnings, driven by steady performance in Sales & Trading and improved underwriting results
- Leveraging the MUFG-MS alliance, the Joint Venture acted as Bookrunner for both the domestic and international tranches in all of 13 large global IPOs^{*1} by Japanese companies since 2010

Morgan Stanley Financial results^{*2}

(US\$mn)	FY15 ³		FY16		FY17	
	Q4	Annual	Q4	YoY		
1 Net revenue	35,155	9,021	34,631	9,745	1,953	
2 Non-interest expenses	26,660	6,775	25,783	6,937	883	
3 Income from continuing operations before taxes	8,495	2,246	8,848	2,808	1,070	
4 Net income applicable to MS	6,127	1,696	5,979	1,930	796	
5 Earnings applicable to MS common Shareholders	5,671	1,509	5,508	1,840	785	
6 ROE	8.5%	8.7%	8.0%	10.7%	4.5ppt	

^{*2} Based on U.S. GAAP ^{*3} Includes OVA impact for FY15

Major collaborations

- Acquisition of Joy Global by Komatsu
 - MUMSS acted as FA to Komatsu Ltd. in its approx. \$3.7 bn acquisition of Joy Global
- Acquisition of StanCorp Financial Group by Meiji Yasuda Life Insurance
 - MUMSS acted as sole FA to Meiji Yasuda in its approx. \$5.0 bn acquisition of StanCorp
- Global IPO by Kyushu Railway Company
 - MUMSS acted as Joint Global Coordinator and MUMSS/MS acted as Joint Bookrunner for both the domestic and international tranches in JR Kyushu's approx. ¥416 bn global IPO
- Acquisition of Tumi by Samsonite
 - MS and MUFG acted as Joint Lead Arranger and Joint Bookrunner in Samsonite's acquisition finance of \$2.43 bn

M&A Advisory		(Apr 16- Mar 17)		
Rank	Financial Advisor	# of Deals	AMT (¥ bn)	Share (%)
1	Mizuho FG	183	8,997.6	35.4
2	MUMSS	43	5,348.8	27.6
3	GS	26	5,262.5	26.6
4	Lazard	21	5,050.5	25.5
5	The Raine Group LLC	2	4,136.1	20.9

Any Japanese involvement announced

(Source) Thomson Reuters

Equity Underwriting		(Apr 16- Mar 17)		
Rank	Bookrunner	# of Deals	AMT (¥ bn)	Share (%)
1	Nomura	101	795.3	24.0
2	SMBC Nikko	160	694.0	20.9
3	MUMSS	73	508.8	15.3
4	Mizuho	127	443.1	13.4
5	Daiwa	93	369.8	11.2

(Source) Thomson Reuters

^{*1} Over ¥50bn, excluding J-REIT deals

FY2017 financial targets

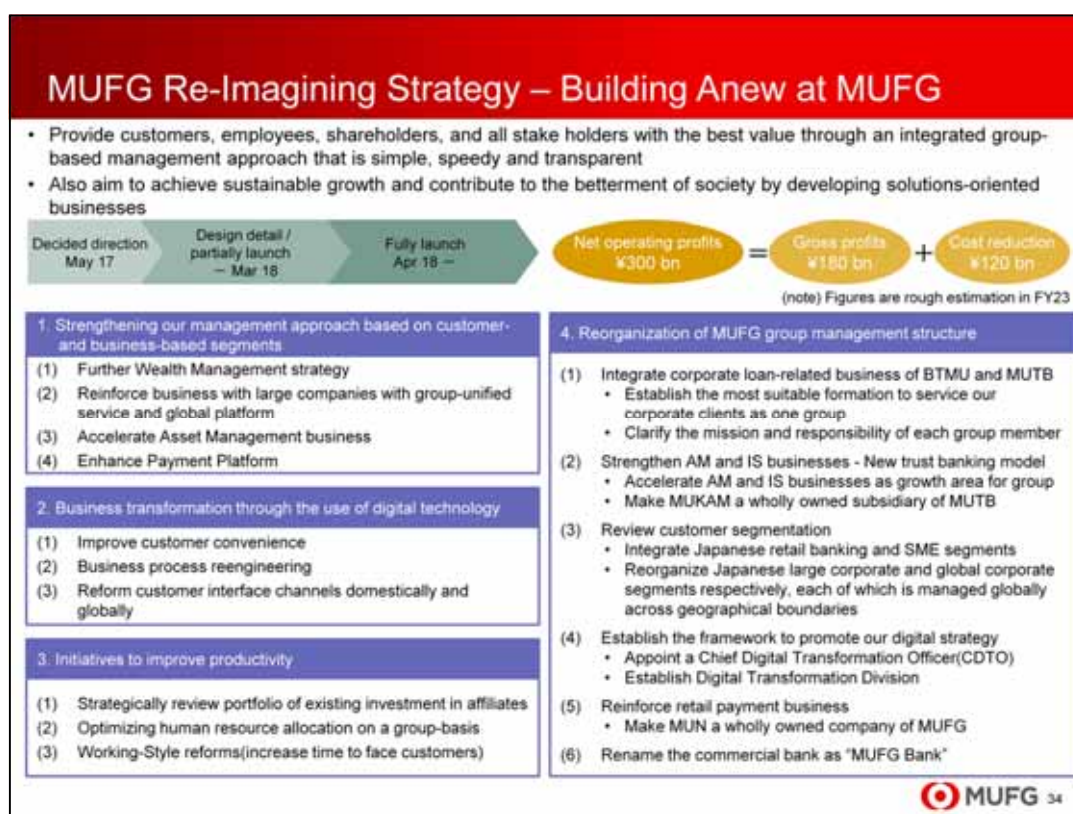
- FY17 consolidated profits attributable to owners of parent target is ¥950.0 bn

(¥bn)		<Financial target, etc.>		<Results>	
[MUFG consolidated]		FY17		FY16	
		Interim	Full year	Interim	Full year
1	Total credit costs	(70.0)	(160.0)	(57.6)	(155.3)
2	Ordinary profits	670.0	1,390.0	794.8	1,360.7
3	Profits attributable to owners of parent	440.0	950.0	490.5	926.4
(BTMU: for reference)					
4	Net business profits before provision for general allowance for credit losses	300.0	580.0	417.0	666.9
5	Total credit costs	(20.0)	(30.0)	(4.7)	(25.4)
6	Ordinary profits	280.0	570.0	410.2	632.2
7	Net income	200.0	420.0	323.0	481.4
(MUTB: for reference)					
8	Net business profits before credit costs for trust account and provision for general allowance for credit losses	95.0	175.0	92.7	181.4
9	Total credit costs	(5.0)	(10.0)	1.7	(22.5)
10	Ordinary profits	100.0	175.0	105.5	164.4
11	Net income	75.0	130.0	75.7	120.2

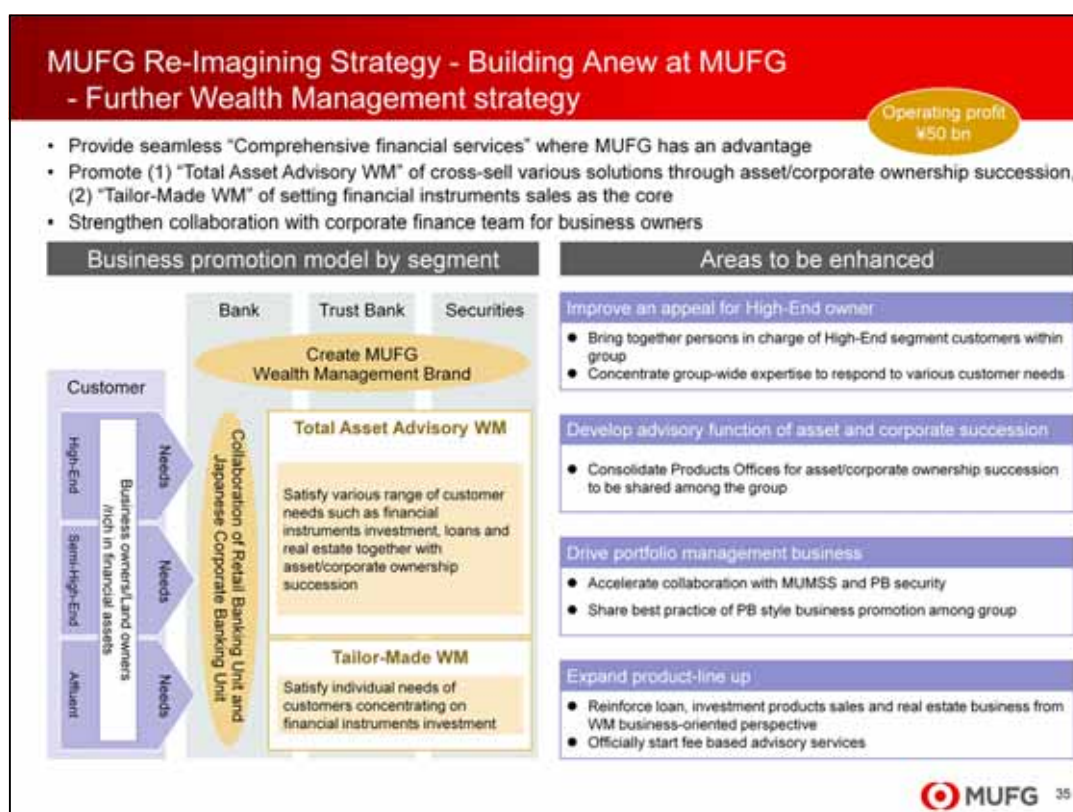


- ✓ This fiscal year, our target for profits attributable to the owners or the parent is set at 950 billion yen. This fiscal year as well, we are forecasting that a severe business environment will prevail, with continued downward pressure on domestic interest income and declining profits from markets due to bond portfolio adjustments, amongst others.
- ✓ On the other hand, in this fiscal year, we are anticipating that negative income factors associated with our two consumer financing companies will be eliminated and that income contributions from our group companies will be increased. So with these factors reflected, we have set a slightly higher profit target for this year compared to the last.
- ✓ On page 34 and onward, I would like to provide an overview of MUFG's Re-Imagining Strategy.

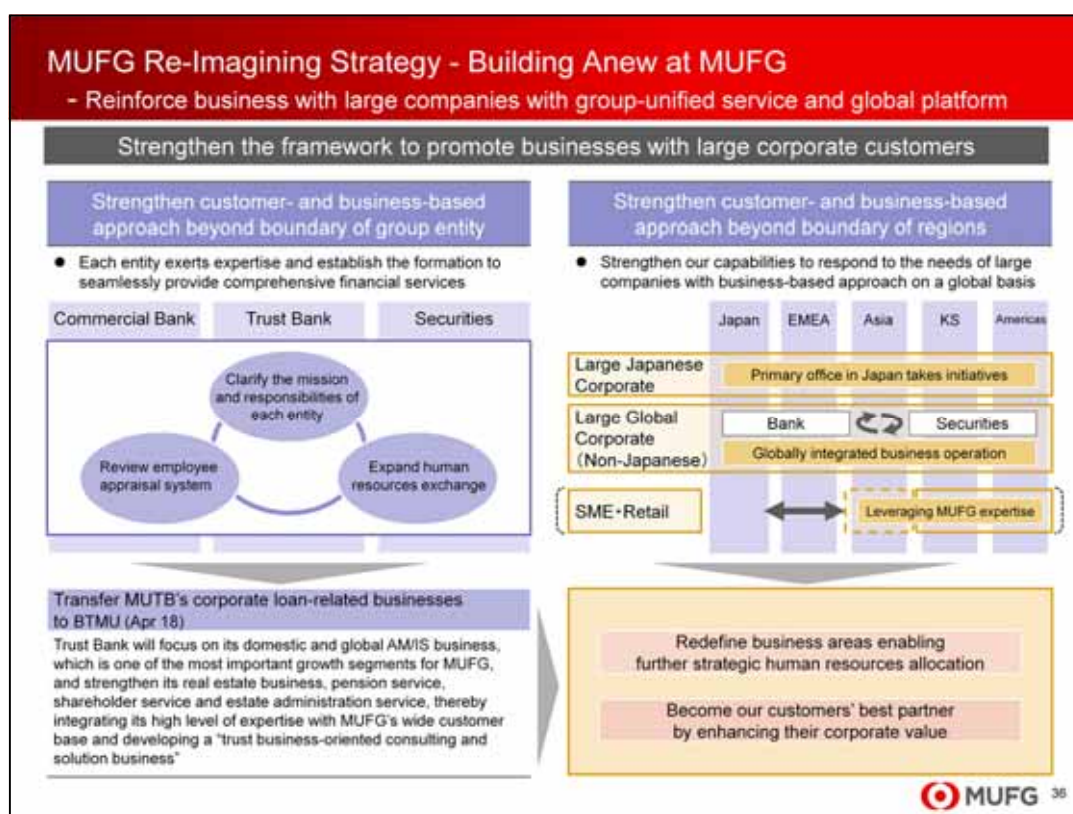
MUFG Re-Imagining Strategy – Building Anew at MUFG



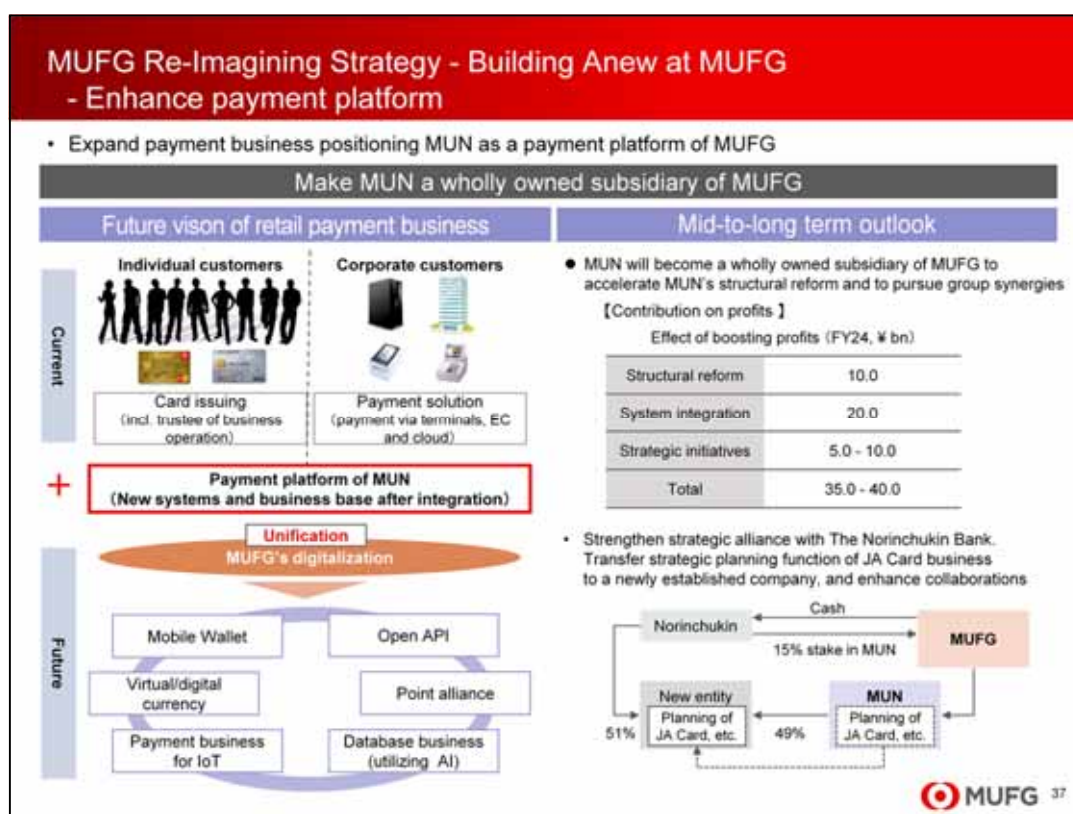
- ✓ Given that super-low interest rates persist here domestically and business expansion overseas is likely to be constrained in the future by foreign currency liquidity limitations, I must say that our firm's business model, which relies heavily on conventional banking business and interest income, will be challenged structurally over the mid to long term.
- ✓ What should we do if we are to aim at overcoming all these headwinds and become a globally competitive and resilient financial group? To answer that question, last summer we assembled a group of over 60 middle manager class employees from across the entire group and asked them to think hard, rack their brains if you will, as to what we should do.
- ✓ They came up with a proposal or a report, which we discussed extensively amongst the top management, and formulated it into this initiative. It is comprised of four pillars. One is the enhancement of group-based customer and business management. Second is business transformation through the use of digital technology. Third is initiatives to improve productivity. Fourth is reorganization of the MUFG group management structure.
- ✓ These pillars are actually a collection of about 70 specific measures. We will design the details in the coming fiscal year and move to implement them in the next two mid-term business plans.
- ✓ Ultimately, our objective is to achieve a roughly 300 billion yen operating income effect in the final year of the mid-term business plan after the next one. Of these measures, I would like to highlight the main points at this moment.
- ✓ If you could please flip to page 35. This regards our wealth management strategy.



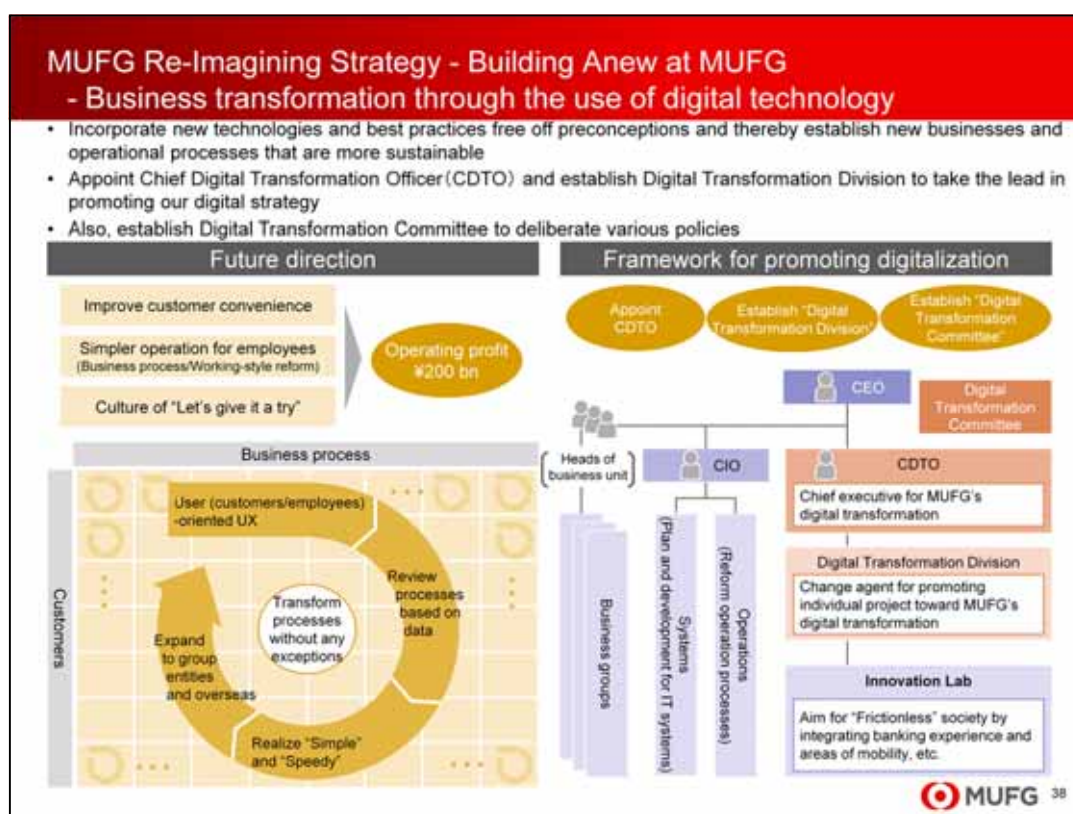
- ✓ MUFG has a rich base of high-net-worth individual customers. There are 750,000 such customers with us, it's over 100 million yen. But with our business model based on the cross-entity collaboration approach, we have not been able to meet their needs sufficiently.
- ✓ Therefore, we decided to redefine this business domain and to properly identify and tap into these customers' requirements for asset management, inheritance, and real estate-related services. We are going to assemble personnel across the commercial bank, the trust bank, and the securities firm to provide all-round financial services in a seamless fashion that is unique to MUFG.
- ✓ More concretely, we will create an MUFG wealth management brand for high-net-worth customers. And for clients with total assets over 2 billion yen, inaugurate a new dedicated organization that cuts across entities and divisions.
- ✓ With these initiatives, we would like to achieve an incremental operating income effect of approximately 50 billion yen.
- ✓ Please move to page 36 on our business for large corporate customers.



- ✓ First, in order to build the best formation to serve our corporate customers based on the group approach, we are planning to transfer MUTB's corporate lending business to BTMU next April. This will enable us to better clarify each entity's mission and function.
- ✓ Second, we will review our corporate customers' segmentation. More concretely, we will treat large Japanese and non-Japanese corporate clients separately as independent segments and convert to a global cross-regional structure.
- ✓ We also plan to review the ways in which the corporate banking business group and the global business group operate as well.
- ✓ Please move to page 37. It's about the enhancement of the payment platform.



- ✓ As is described on the left, we expect non-cash payment to grow based on mobile wallet and virtual and digital currency in Japan as well. In companies, we will use big data more actively for marketing. New players from non-financial sectors will enter our market, and technological innovation by fintech companies will accelerate. In such a rapidly-changing era, we will unify the payment platform if NICOS and MUFG's digitalization so that MUFG as a group will be able to propose a new added value to society. This is our basic way of thinking regarding our payment platform strategy.
- ✓ At present, NICOS is investing 150 billion yen in total to integrate systems of three different brands. In fiscal 2024, when this project is completed, the company is expected to make 35 to 40 billion yen of profit contribution. For the time being, IT expenses squeeze profit. Therefore, NICOS is carrying out a fundamental structural reform that includes headcount reduction and the sale of part of its business.
- ✓ In order to accelerate such an effort, MUFG recently reached a basic agreement with Norinchukin Bank to acquire its 15 percent equity stake in NICOS and make NICOS our wholly-owned subsidiary.
- ✓ For this transaction, we will pay 50 billion yen in cash, so we will not raise capital which would cause dilution. It will take effect on October 1 this year.
- ✓ On the other hand, we will continue to develop JA card business further, which is our joint business with Norinchukin, after transferring this business to a new company to be established.
- ✓ Please proceed to page 38. It is about promotion of digitalization.



- ✓ Digitalization is not limited to peripheral fields, such as small-amount payments in C2C and B2C and crowdfunding. It is spreading in a large way in mainstream financial services, like housing loans, transaction banking, asset management, sales and trading, and intra-bank settlement.
- ✓ Whether we can introduce this technology from a customer-oriented perspective to offer a service level the customers really want, whether we can fully utilize this technology to transform our end-to-end operational process, we believe how we promote digitalization will decisively dictate the competitiveness of financial institutions going forward.
- ✓ Therefore, we will invest 200 billion yen in total. With an increased top line and cost reduction, we aim to increase net operating profit by 200 billion yen per annum in the future.
- ✓ We will appoint a chief digital transformation officer newly and establish a Digital Transformation Division. We will also leverage expertise available externally to go out of the box or to free up our minds from a typical banker's way of thinking.
- ✓ Please turn to page 39, about channel strategy.

MUFG Re-Imagining Strategy - Building Anew at MUFG

- Reform customer interface channels

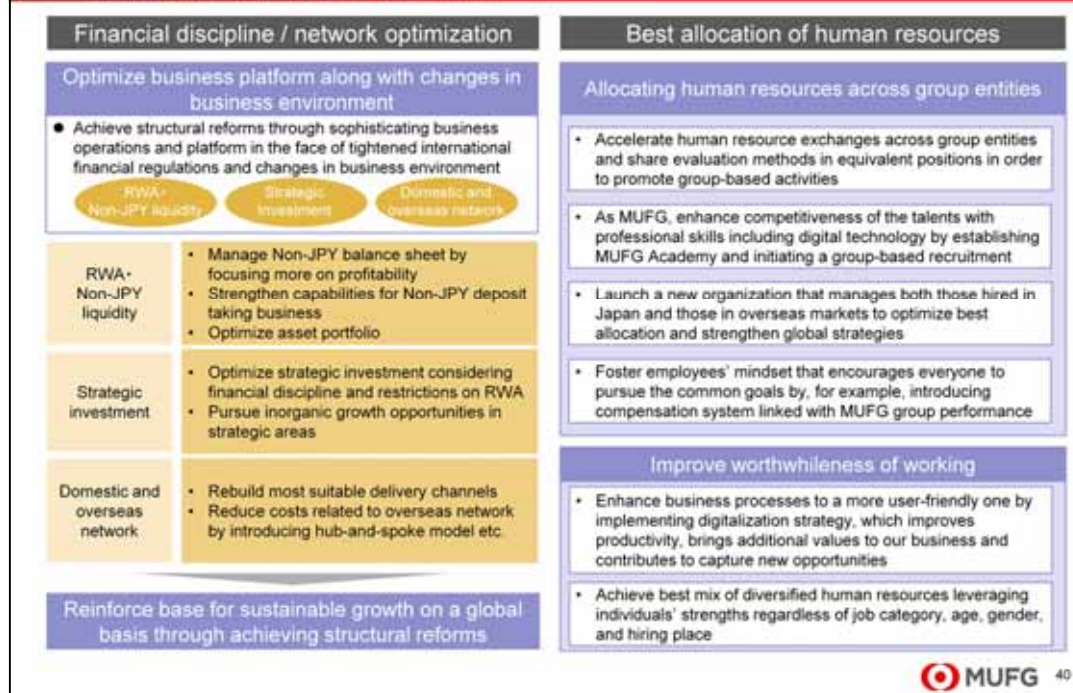
- Transform customer interface channels and convert to "next-generation" outlets by digitalization with accessibility of our services anytime and anywhere



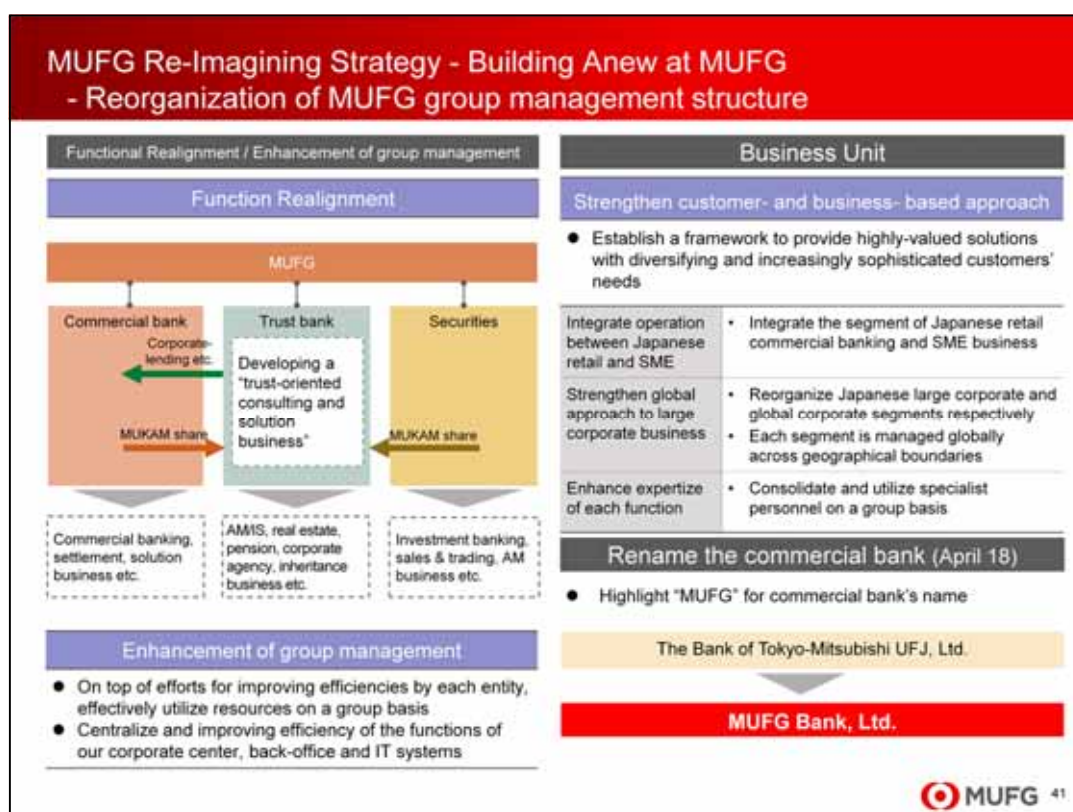
- ✓ User-friendly, speedy, frictionless, and location-free, with these key words we will build channels that will allow our customers to access our services anytime and anywhere. More specifically, for those seeking more convenient and speedy service, we will expand the self-service functions. We will also build seamless operations and service, linking online and branch-based services using mobile technology.
- ✓ On top of that, we will raise the efficiency of internal administrative work. Depending on customer needs and transaction scenes, we may convert some branches to next-generation outlets. In this way, we will engage in a major reform of branch operations and branch networks.
- ✓ Please go to page 40.

MUFG Re-Imagining Strategy - Building Anew at MUFG

- Initiative to improve productivity



- ✓ We must improve productivity in various fields, including capital, human resources, expenses, and work style. Particularly, in order to raise productivity of capital, namely, capital efficiency, regarding strategic equity investment, even when investment is generating above-target ROI, if we determine that the investment in question is losing strategic significance, we will exit and reallocate the capital to more strategically-important investment, or even if investment maintains of strategic significance, we may exit on the grounds of capital efficiency. In a nutshell, we will stick to disciplined financial management.
- ✓ Please turn to page 41.

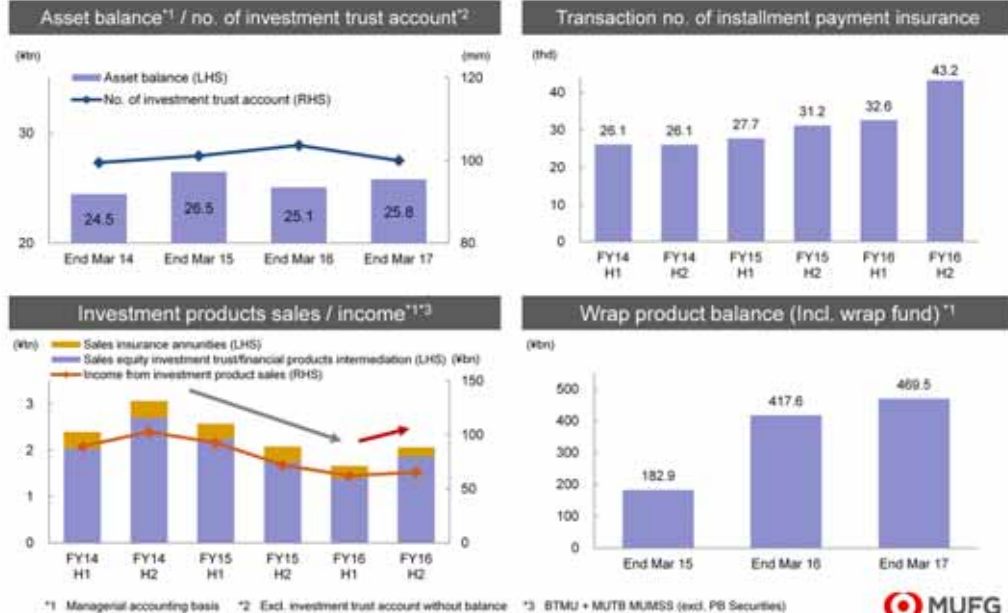


- ✓ While clarifying the missions and functions of each company in the group, we will reorganize and rebuild the management structure to strengthen business operations and efficiency on a group basis.
- ✓ In addition to what I have said so far, we will make Mitsubishi UFJ Kokusai Asset Management a 100-percent subsidiary of MUTB. The commercial bank will be renamed in April next year to become Mitsubishi UFJ Bank, so major operating companies will carry in their names Mitsubishi UFJ, as in the case of the group name. Through this, we will clearly send the message to our employees and external audience that we will be reborn as one integrated group.
- ✓ The English name of the commercial bank will be changed to MUFG Bank. Companies in the group will emphasize the MUFG brand in doing business abroad.
- ✓ Now please jump to page 58. Let me explain our capital policy.

Growth Strategy

**Support wealth accumulation and stimulation of consumption for individual clients
– Promotion of shifts from savings to stable asset building**

- Steady progress for enhancing revenue from stock balance. Investment products sales slowed due to unfavorable economic environment, however, the trend has slightly turned around in FY16H2



Support wealth accumulation and stimulation of consumption for individual clients
– Consumer finance / payments

Balance of BANQUIC (BTMU)*¹



Contributing to the healthy consumer finance market

- Taking related regulations/requirements into account, contributed to the development of healthy bank card loan market
- Review our current approach for bank card loans and take steps such as following

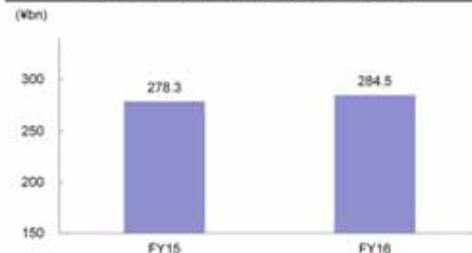
Approaches	
Requirements of annual income certificate	• From more than ¥2.0 mm to more than ¥0.5 mm
Advertising policy	• Manage with consideration such as ✓ Broadcasting volume and time of TV ad ✓ Refrain from presenting standards for annual income certificate submission

Balance of unsecured loan, guarantee*¹



*¹ Managerial accounting basis

Profits in card business (MUFG)*¹



Contribute to growth of SMEs

- Enhance core businesses (lending and exchange, etc.) considering they are the sources of competitiveness for the commercial banking model
- Strengthen and expand fee businesses fully leveraging MUFG's group-wide solution capabilities

Contribute to customers' growth by responding to the needs not only on their liability but also on asset, capital, and gross profit, etc.



Profits from AM business^{*1}



Average lending balance (domestic)^{*1,2}



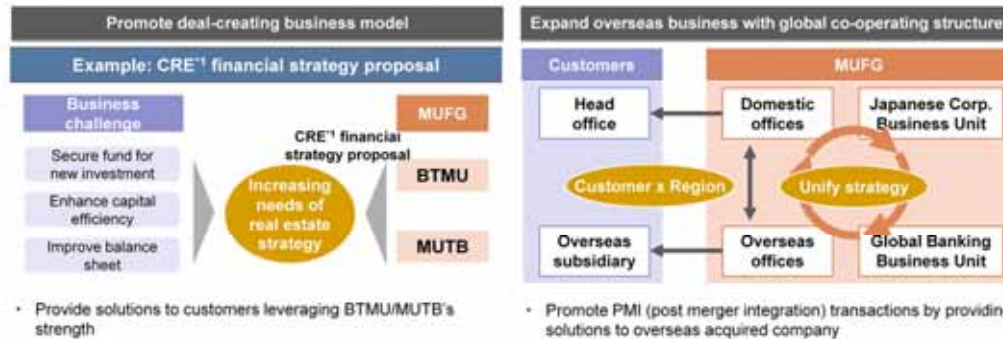
Profits from inheritance / M&A related business (BTMU)^{*1}



^{*1} All figures on a managerial accounting basis
^{*2} In BTMU domestic branches or offices for SMEs

Reform global CIB business model – Japanese large corporation

- Increase our knowledge and MUFG's group-wide business solution capabilities for diversified operational environment and business issues of each customers



¹ Corporate Real Estate

² All figures are in managerial accounting basis

³ Avg. lending balance to Japanese corporations of BTMU branches or offices for large corporate business in global basis

Reform global CIB business model – Global corporate

- Strengthen business with global corporates by developing global coverage model and expanding integrated operation between banking and securities business

Non-interest profits (Global corporates)^{*1}



^{*1} Managerial account basis. Local currency basis. Including fees, FX and derivatives. Excluding KS and MUJAH

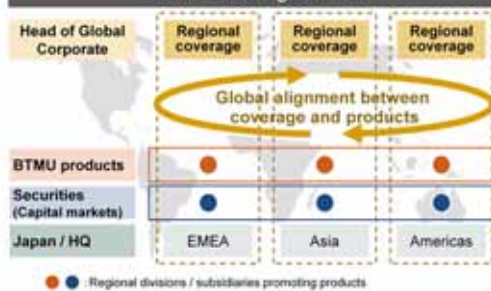
Integrated operation in primary business



Expand integrated operation model to EMEA and Asia

^{*2} Investment Grade

Global coverage model



Case studies

Acquisition finance for Abbott

- MUFG supported Abbott's acquisition of St. Jude with bridge finance, bond issuance (Passive Book runner)

RMBS^{*3} Transaction for AMP (Issue Size: AUD750 mm)

- MUFG Securities was mandated as a Joint Lead Manager for the deal
- MUFG provided comprehensive debt solutions for the client, with BTMU serving as warehouse provider^{*4}

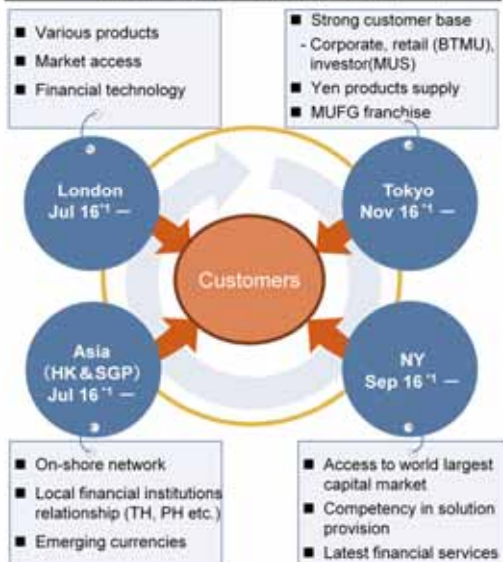
^{*3} Residential Mortgage-Backed Securities

^{*4} Financing function which provides temporary funding for purchasing assets to be utilized for originating securitized products

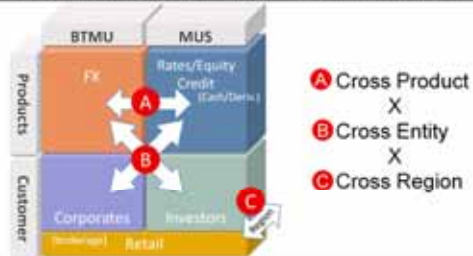
Evolve sales and trading operations

- In FY16, a healthy overseas performance has compensated for profit decrease in domestic market
- Move toward operational phase. Develop inbound/outbound business through globally integrated operations

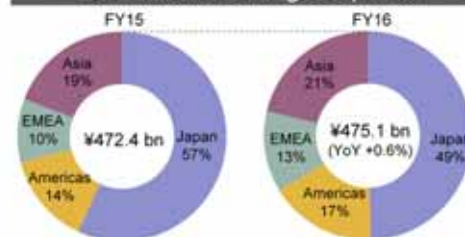
MUFG One Global Platform



Enhancing synergy between BTMU & MUS



Consolidated S&T gross profits^{*2}



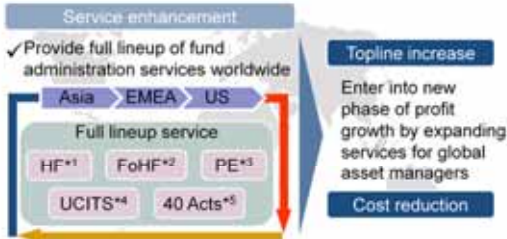
^{*1} Integrated operations started in each region on the date shown

^{*2} Consolidated S&T gross profits of BTMU / MUTB / MUSHD, Local currency basis

Develop global asset management and investor services operations

- Global IS : Provide a full lineup of fund administration services for global investment managers and enter into new phase of profit growth
- Global AM : Consider new inorganic investments. Accelerate the index business and expand the distribution channel

Global IS to enter into new phase of profit growth



Balance of global IS*⁶ (AuA*⁷)



Affiliation and collaboration of global AM

Affiliates with stake holding	AuM* ¹¹ capital ratio	Products
Aberdeen* ¹² Asset management	¥43 tn 17%	Equity / Bond (Global, Emerging, Asia), Real estate, etc.
AMP CAPITAL	¥14 tn 15%	Equity / Bond (Australia, Global), Infrastructure, Real estate
東方资产管理	¥2 tn 33%	Equity / Bond (China)

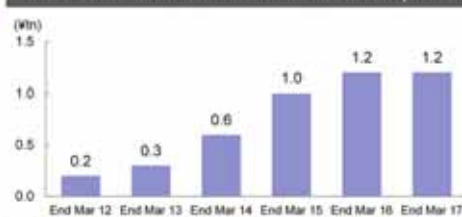
(As of end Dec 16)

Index Business Collaboration

STOXX

Jointly develop smart-β indices to enhance investment product sales and provide to asset managers.

Balance of AuM from overseas investors (MUTB)



*¹ Hedge fund *² Fund of Hedge Funds *³ Private equity *⁴ Investment funds established and managed under the EU regulations *⁵ Mutual fund based on the 1940 Investment Company Act *⁶ Sum of HF-PE/Investment Funds (40Acts etc) administration *⁷ Asset under administration
 *⁸ Alternative Fund Services *⁹ Current MUFG Capital Analytics, LLC *¹⁰ Current MUFG Investor Services(US), LLC *¹¹ Asset under management
 *¹² Scheduled to merge with Standard Life Plc in FY17Q3 (Jul-Sep)

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Further reinforce transaction banking business

- The competitiveness of transaction banking products has been steadily enhanced under the COMSUITE brand. Sales are also showing steady growth
- The increase in non-JPY deposits far exceeded the initial plan. We are also seeing steady growth in such basic client base indicators as the overseas trade finance balance and domestic settlement numbers

Transaction banking gross profit^{*1}



EUROMONEY cash management survey, global ranking



^{*1} Figures are on a managerial accounting basis and local currency basis

^{*2} Trade finance: Import / export LC and documentary collections, transactions under FI trade credit limits, open account trade finance, stand-by LC, bank guarantee

^{*3} EMC: Electronic Monetary Claim

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Strengthen commercial banking platforms in Asia and the United States – U.S. Business

- Focus on increasing fee income/deposit and cost management to improve profitability and generate sustainable growth

Consolidated results of Americas^{*1}

(Bn)		FY15	FY16	
			Full	YoY
1	Gross Profits	639.5	698.5	59.0
2	Interest Income	433.5	471.7	38.2
3	Non-Interest Income	206.0	226.7	20.7
4	Operating Income	219.7	270.8	51.1
5	Average Lending Balance (tn)	17.5	19.9	2.0
6	Average Deposit Balance (tn)	15.4	16.6	1.2

Gathering deposits

Offer online-banking services with a strategically located physical presence across the U.S.

PUREPOINT™
FINANCIAL



Client solutions



^{*1} Managerial accounting basis. Local currency basis. Business operations in the U.S., Canada and Latin America belonging to BTMU consolidated Global Banking Group
^{*2} U.S. Wholesale Banking clients that have been covered for the entire analysis period. Deposit-Only clients removed

Improving efficiency

Organization simplification	<ul style="list-style-type: none"> Spans & layer recalibration - reduce number of managers Increase centralization of certain functions
Resource location strategy	<ul style="list-style-type: none"> Increase ratio of workforce distributed in low cost geographies Offshoring / outsourcing
Third party spend	<ul style="list-style-type: none"> Reduce business consulting spend
Other important business considerations	<ul style="list-style-type: none"> Six Sigma process reengineering Rationalize certain non-core businesses Branch consolidations, self service banking

Strengthen commercial banking platforms in Asia and the United States – Krungsri

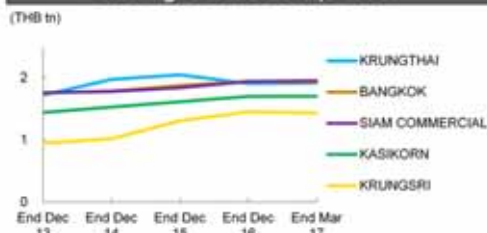
- Support Thai corporate customers in their overseas expansion leveraging MUFG's global networks and capabilities
- NPL ratio maintained lower level

Strategic objectives*1

(THB bn)	FY15 (End Dec 15)	FY16 (End Dec 16)	FY17 Q1 (End Mar 17)	Change
Lending balance ²	1,303.5	1,448.9	1,432.0	(16.8)
Non-interest income	26.4	29.5	7.7	+0.6 ³
CASA balance	539.0	583.9	575.8	(8.1)

*1 All figures are based on Thai GAAP
*2 Loans to customers net of deferred revenue
*3 Year on Year

Lending balance comparison*4



(Source) Company data.

*4 Lending balance is sum of loans to customers, accrued receivables and deferred revenue
BTMU Bangkok branch was integrated to KS with total loan of THB 232.7 bn in Jan 15

Major synergy transactions

Support cross border business of Thai Corporates

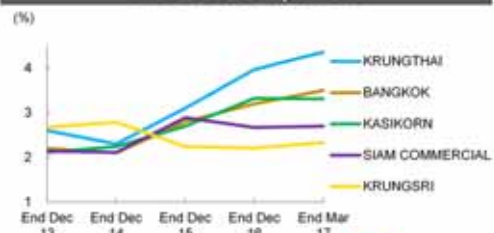
CENTRAL RETAIL
CORPORATION

- Provided financial support to Central Group for its M&A deal for Big C Vietnam

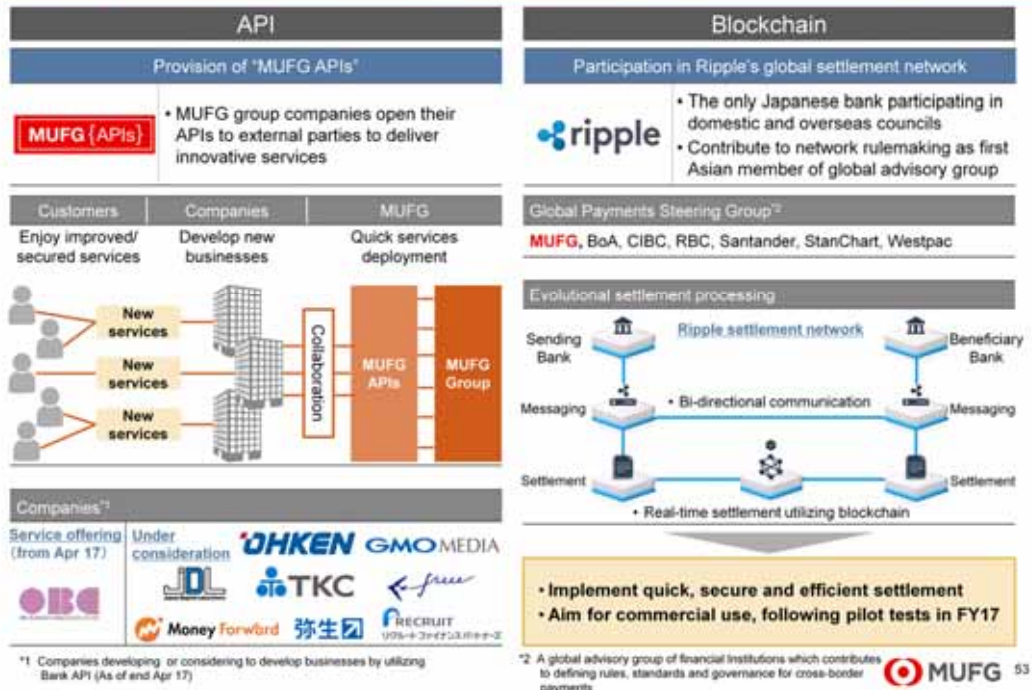


- Supported Thai Union Group in international investment in US seafood restaurant chain Red Lobster

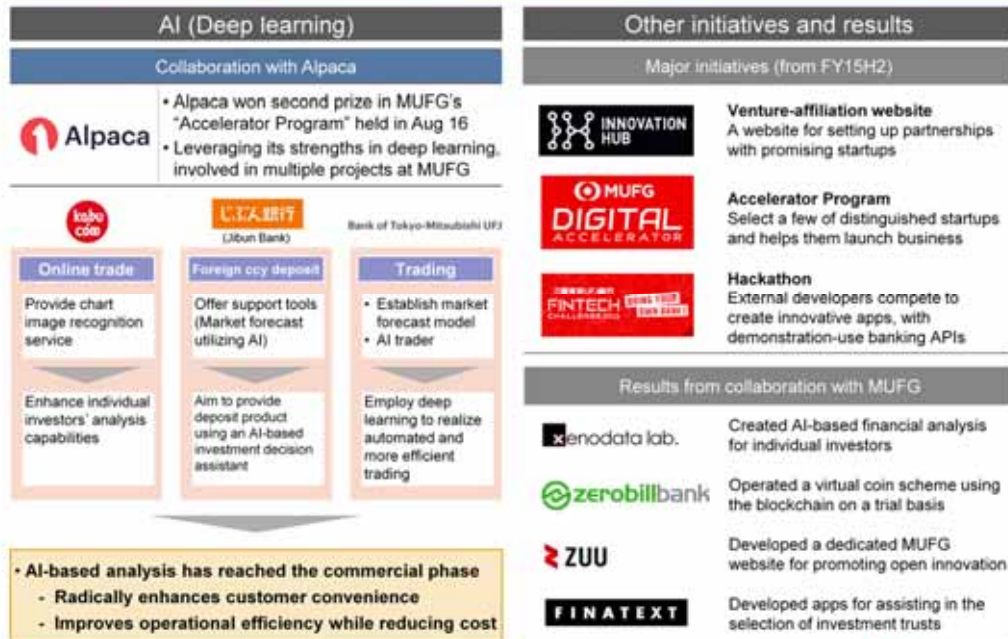
NPL ratio comparison



ICT strategy – Progress in open innovation



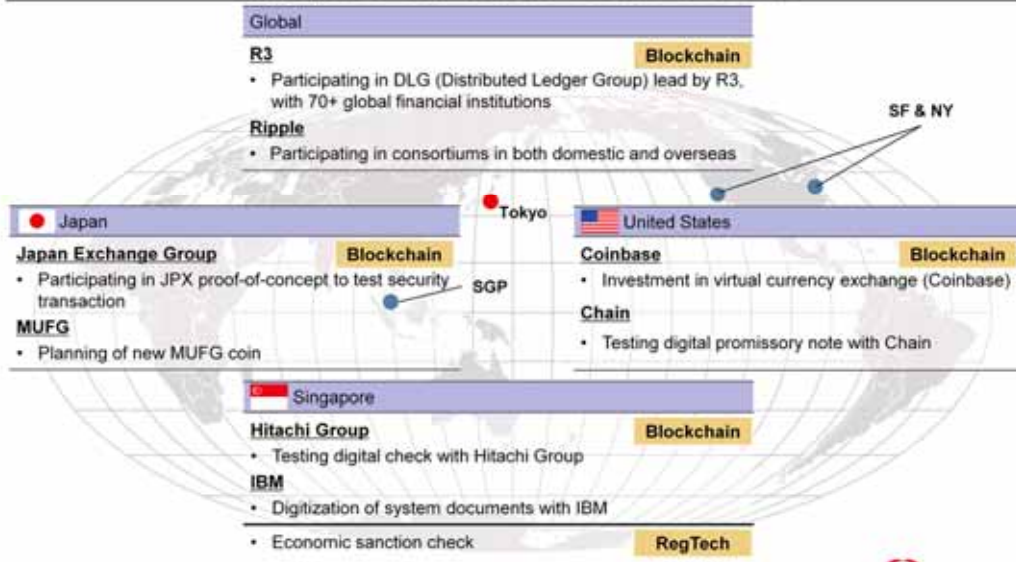
ICT strategy – Progress in open innovation



ICT strategy - Ongoing projects in Japan and overseas

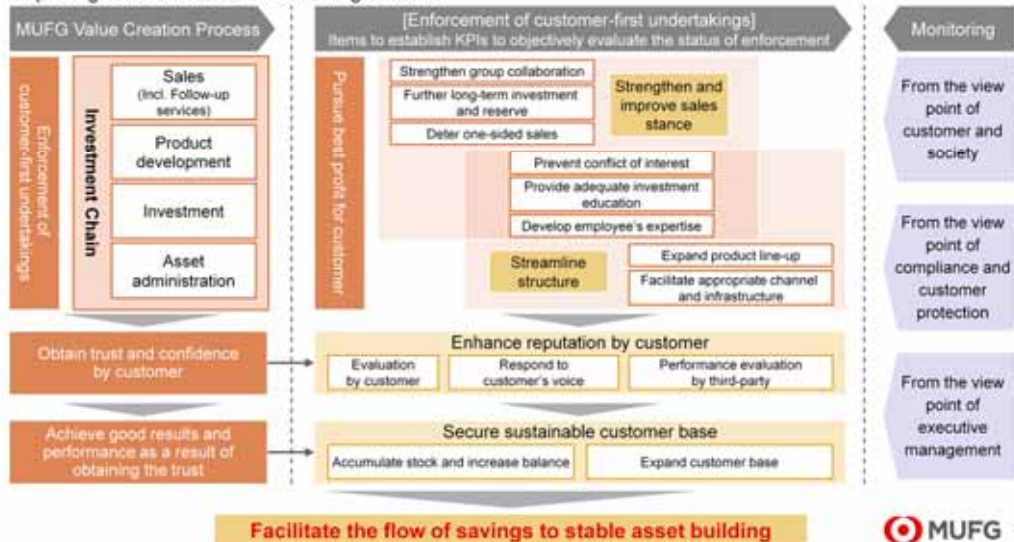
- MUFG employs its facilities around the globe to take part in multiple projects aimed at commercializing innovative solutions

Key projects undertaken at facilities around the world



Enforcement of customer-first undertakings - Revision of MUFG Basic Policy for Fiduciary Duties

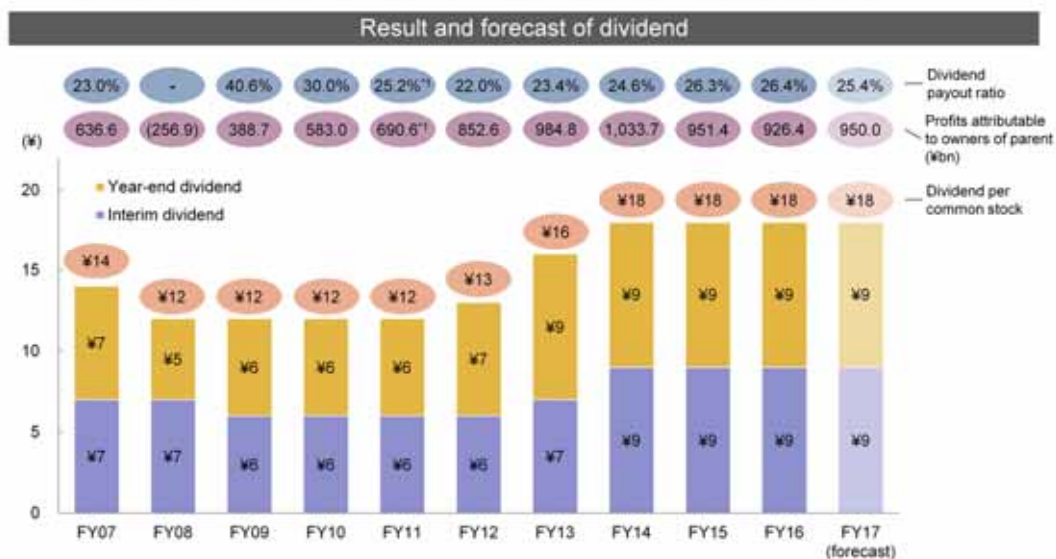
- In response to the increasing importance of services for customers' stable asset building, fully enforce customer-first undertakings and facilitate the flow of savings to stable asset building
- Build long-term relationship with customer and aim at the realization of stable and sustainable business growth by enforcement of customer-first undertakings
- Establish and monitor KPIs to objectively evaluate the status of enforcements by each entity for strengthening and improving sales stance and streamlining structure



Capital Policy

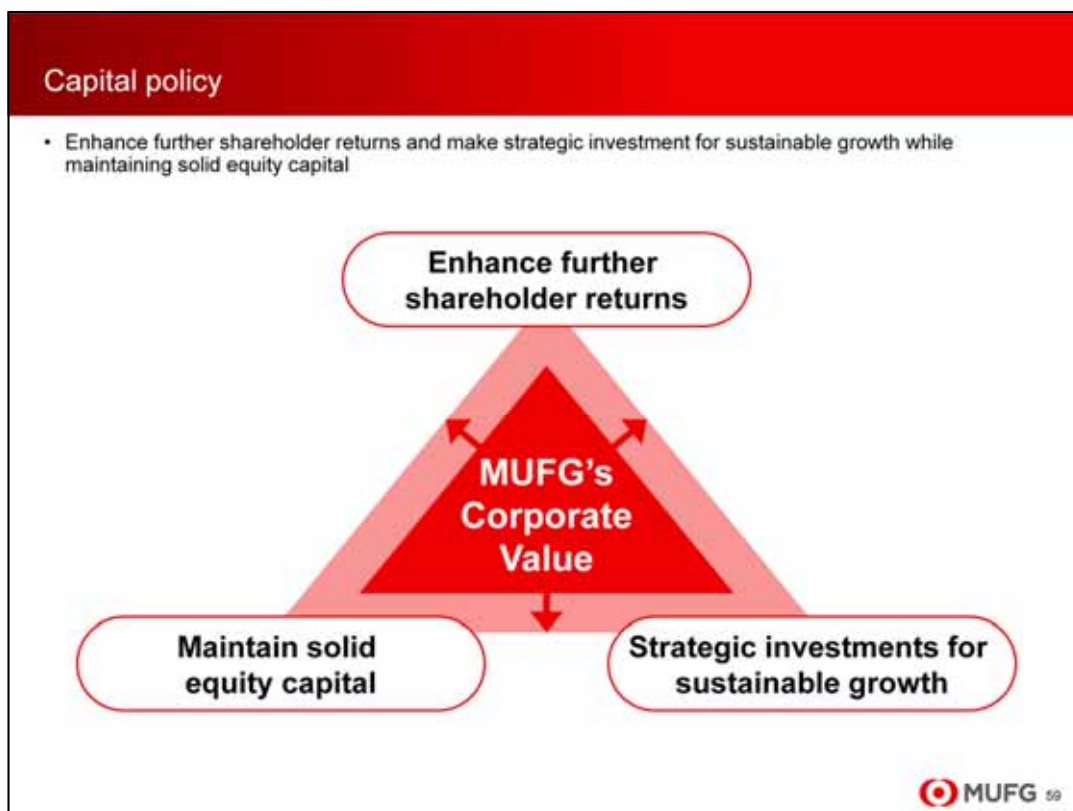
Dividend forecast

- FY16 dividend is ¥18 per common stock. FY17 dividend forecast is ¥18 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

- ✓ The fiscal '16 dividend is 18 yen per share, and in fiscal '17 the forecast is also 18 yen. Although, as I said at the beginning, with our net operating profit down by about 140 billion yen, our true revenue-making capabilities are being tested. We will maintain the level of our dividend payment. Unless major changes force us to change the assumptions, we will uphold our basic policy to maintain stable dividend payments.
- ✓ Moving on to page 59.



- ✓ On capital policy, we are checking the capital triangle at every opportunity and have the division responsible for this to present several potential options. We then actively debate them at the Board of Directors meetings, in particular with the outside directors.
- ✓ What we do is that, as is shown in the lower left, we check the soundness of our capital from the perspectives of international financial regulation, credit ratings, and our GSIB competition, review the pipeline of strategic investment projects for future growth, as is in the lower right, and determine the levels of shareholder returns, as is indicated at the top of the triangle. This thinking will remain unchanged going forward.
- ✓ Please turn to page 60.

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	FY17H1
Type of shares repurchased	Ordinary shares of MUFG	Ordinary shares of MUFG	Ordinary shares of MUFG	Ordinary shares of MUFG
Aggregate amount of repurchase price	Approx. ¥100.0 bn	Approx. ¥200.0 bn (Approx. ¥100.0 bn each on two occasions)	Approx. ¥200.0 bn (Approx. ¥100.0 bn each on two occasions)	Up to ¥100.0 bn
Aggregate number of shares repurchased	Approx. 148.59 mm shares	Approx. 232.85 mm shares	Approx. 332.85 mm shares	Up to 200 mm shares (All of the shares to be cancelled)

(Ref) As of April 30, 2017

Total number of issued shares (excluding own shares):
Number of own shares held by MUFG:

13,462,290,580 shares
706,563,240 shares

(Ref)

	FY14	FY15	FY16
Total payout ratio	34.2%	47.2%	47.9%

Cancellation of own shares

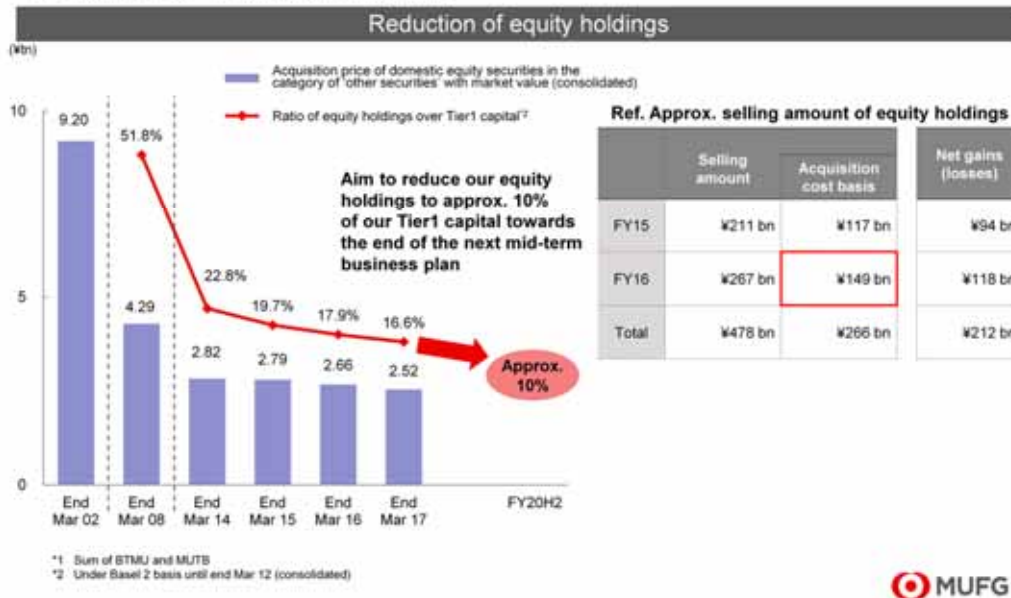
Retain own shares of approximately 5% of the total number of issued shares at maximum and cancel the shares exceeding the threshold



- ✓ Another form of shareholder return is share buybacks. Following last November, we made a decision to conduct a 100 billion yen share buyback. On top of that, being inspired by the discussions at the BOD meetings, we have also formulated a policy on the cancellation of our Treasury shares. The policy is to retain, at maximum, shares of approximately 5 percent of the total number of shares issued and cancel the shares exceeding the threshold.
- ✓ As of the end of March, the shares we retained accounted for roughly 5 percent of the total, so all the shares acquired through the buyback this time will be cancelled. In the future as well, in accordance with this policy, we shall work to improve our capital efficiency, while retaining a certain degree of freedom and flexibility in our capital policy.
- ✓ Page 61, please. I will discuss the reduction of our policy equity holdings.

Reduction of equity holdings

- Our basic policy is reducing the amount of equity holdings considering the risk, capital efficiency and global financial regulations
- Approx. ¥149 bn^{*1} equities were sold in FY16



- ✓ In November 2015, we presented a policy to reduce our equity holdings based on the purchase price to approximately 10 percent of our Tier 1 capital in the following five years. Ever since then, centering around the corporate banking business group, intensive efforts have been made to cut down on our equity holdings.
- ✓ As is in the top-right table, based on the acquisition price, in the last fiscal year the holdings were reduced by 149 billion yen, and combined with the reductions the year before, 266 billion yen were cut in total in the last two years. Accordingly, sales proceeds of a little over 210 billion yen were posted.
- ✓ Furthermore, we are seeing a successful increase in the amount of equities to be sold with consents from the issuers. Therefore, this project is proceeding well.
- ✓ Please take a look at page 65. I would like to discuss corporate governance, last but not least.

Capital management

– The best capital mix and TLAC compliance

- Capital management with utilization of AT1 / Tier 2 and controlling CET1 at necessary and sufficient level. Aiming for the right balance between capital efficiency and capital adequacy in qualitative and quantitative aspects

Best capital mix among CET1, AT1 and Tier2



Ref. estimated TLAC ratio^{*3}

As of end Mar 17 15.8%

(Note) TLAC ratio estimation is calculated as follows, which is based on our total capital ratio as of end Mar 17

TLAC Ratio = Total capital ratio (15.85%) – Capital conservation buffer (2.5%) – G-SIB surcharge (1.5%) + Contribution of Deposit Insurance Fund Reserve (2.5%) + TLAC eligible debt (1.37%) – Other adjustments, etc.

Ref. minimum TLAC requirements

	from Mar 19	from Mar 22
TLAC requirement	16.0%	18.0%

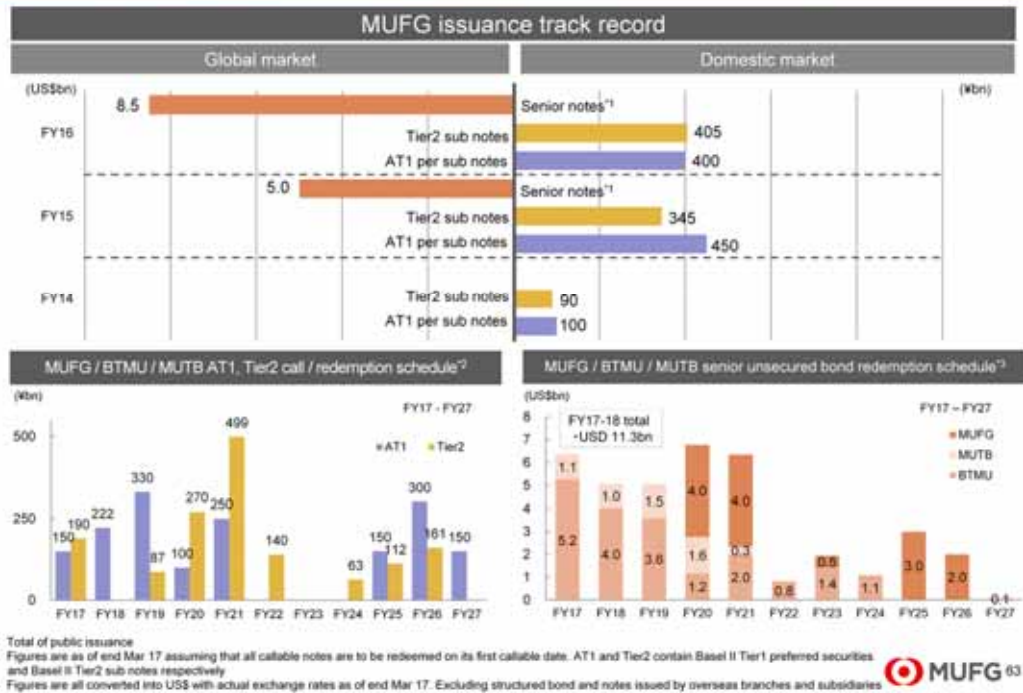
^{*1} Accumulated amount as of end Mar 17

^{*2} Single Point of Entry strategy: to resolve a financial group at the level of its ultimate parent, rather than the operating companies at subsidiary level in financial difficulty by the single national financial authority

^{*3} Figure contains 2.5% portion of RWA, which is expected to be counted as TLAC after Mar 19 based on the prospect that the relevant authorities agree that the Japanese Deposit Insurance Fund Reserves satisfy as credible ex-ante commitments specified in TLAC Term Sheet. This will add another 1.0% of RWA after Mar 22, which will increase the estimated TLAC ratio by 1.0%. Since TLAC requirements in Japan have not yet been finalized, actual TLAC ratio may be different from our estimation

Capital management

– MUFG issuance track record in both domestic and global markets and redemption schedule

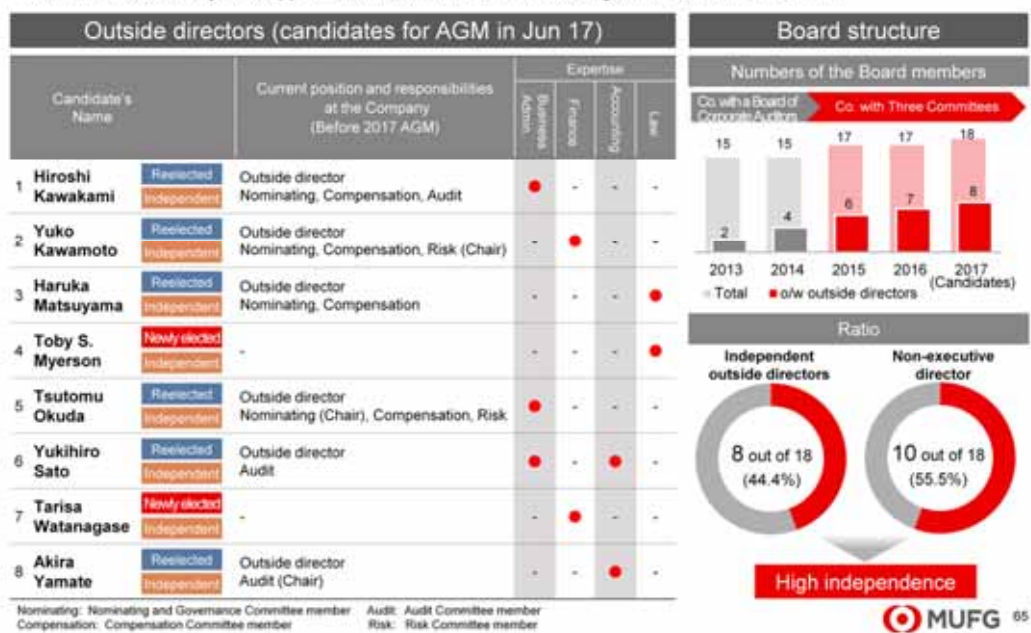


Corporate Governance

Corporate governance

- Strengthening oversight function by outside directors

- Considering outside directors' areas of specialty and the diversity of their backgrounds, increase the number of outside directors subject to approval at the Annual General Meeting of Shareholders in Jun 17



- ✓ In 2015, MUFG moved to become a committee-based firm and has the right to strengthen the function of the Board of Directors. On the premise that we obtain approval from our shareholders at the upcoming AGM in June, we are planning to increase the number of outside directors to eight out of the 18 on the board. Further, ten out of the 18 will be non-executive directors.
- ✓ Onto page 66, please.

Corporate governance - Globalization of the Board of Directors

- Strengthen corporate governance further by appointing highly experienced executives under an increasingly globalized and diversified business environment
- New candidates of outside directors are a corporate law professional and a former central bank governor

Globalization of the Board of Directors

- Approximately 40% of MUFG business bases are located overseas
- The appointment of outside directors from Asia as MUFG's second mother market and North America strengthens further the supervisory function of the Board of Directors



Share ownership^{*1}

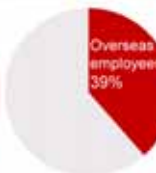


^{*1} As of end Mar 17
^{*2} As of end Mar 16

Net operating profit of customer segments^{*1}



Group employees^{*2}



New candidates of outside directors



• Toby S. Myerson

- ✓ Former partner of Paul Weiss
- ✓ Chairman and CEO of Longsight Strategic Advisors LLC
- ✓ Outside director of MUAH and MUB
- Experience
 - ✓ More than three decades of experience as lawyer
 - ✓ Professional knowledge in the areas of the US corporate law and global M&A



• Tarisa Watanagase

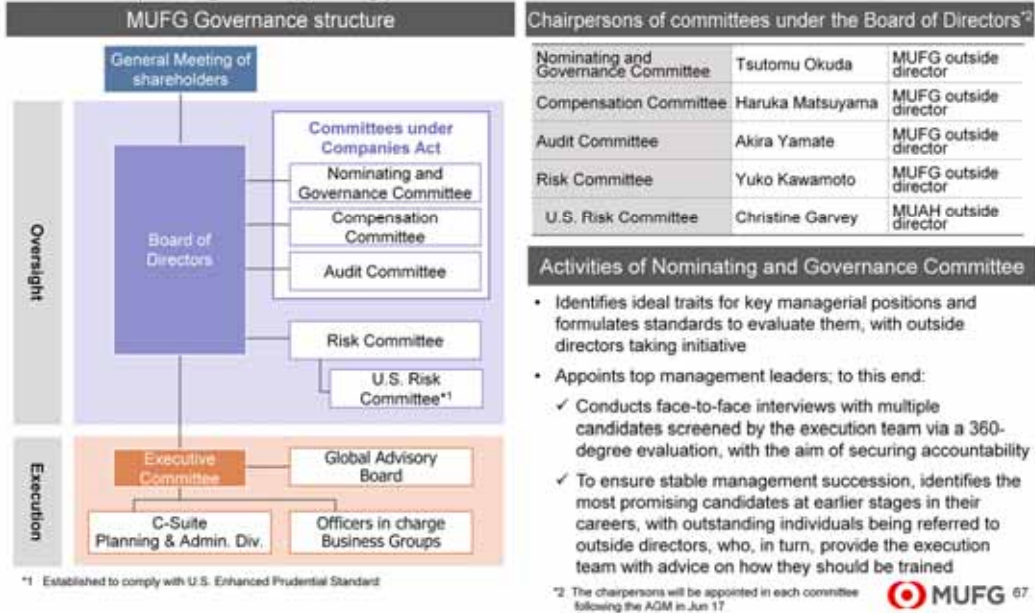
- ✓ Former Governor of the Bank of Thailand
- ✓ Independent Director, The Siam Cement Public Company Limited
- Experience
 - ✓ More than three decades of experience as central banker
 - ✓ Professional knowledge in the areas of monetary policy and economics

MUFG 66

- ✓ Today, 38 percent of MUFG's shareholders are from overseas. Forty percent of our customer business revenue comes from the global business group, and 39 percent of our group employees are hired outside of Japan, meaning that 40 percent of our business space exists overseas.
- ✓ Taking this situation into account, we have decided to invite two non-Japanese outside directors on our board for the first time, one each from North America and Asia.
- ✓ From the United States, Toby Myerson. He had long been the co-head of the corporate practice of Paul Weiss, a world-renowned law firm handling many M&A deals. He is also a lead director candidate for our US subsidiary, MUAH. I am convinced that his understanding of our US business and M&A advisory experience will prove to be useful for MUFG's future overseas business expansion and strategic investments.
- ✓ From Thailand, invited is Tarisa Watanagase. She was the first woman to serve as governor of Thailand's central bank between 2006 and 2010, has a 30-year career as a central banker, and has also been an outside director of Siam Cement. She boasts rich experience and is thus one of the best talents for MUFG as the group looks to focus on Southeast Asia as our second mother market.
- ✓ As a result, we are confident that we have made a well-balanced selection of directors in terms of their expertise, regionality, and gender. We continue to look forward to utilizing for our group management input from our outside directors, including these two.

Corporate governance - Structure

- All committees under the Board of Directors are chaired by outside directors
- To ensure stable management succession, the Nominating and Governance committee takes measures to enhance top management appointing process



Corporate governance

- Strengthening the function of the Board of Directors

- MUFG takes measures to strengthen the function of the Board of Directors ("the BoD"), such as Independent Outside Directors Meetings and reviewing agendas of the BoD meetings, leading to more substantial and intensive discussion
- Introduced a framework to regularly evaluate the BoD's working practices

Strengthening the function of the BoD

Improvement of the BoD meeting

- Focus more on crucial issues by reviewing / optimizing agendas

	Before (FY14 ¹⁾)	After (FY16 ²)
Number of meetings held	14	7
Number of agenda items	210	Approx. 80
Avg. duration of regular BoD meetings	2.5 hours	5 hours
Volume of pages included in meeting materials (annual total)	Approx. 1,200	Approx. 300

Independent Outside Directors Meetings

- BoD meetings are followed by Independent Outside Directors Meetings attended only by outside directors where the operations of the BoD and committees are deliberated
- Conclusions are reported to the chairperson and the president by a lead independent outside director

Evaluation framework for the BoD's operations

- Improving the BoD's operations in the PDCA cycle



Activities of outside directors

- In addition to the BoD meetings and statutory committee meetings, the following meetings are held to discuss MUFG's strategies and challenges going forward

Activities	Contents
Strategic Off-site Meeting	Incorporating outside directors' perspectives <ul style="list-style-type: none"> • Outside directors and Group executives meet on holidays to intensively discuss such themes as "MUFG Re-Imagining Strategy" and "Global human resource strategies"
Discussions with MUAH outside directors	Stepping up information gathering <ul style="list-style-type: none"> • MUAH outside directors, who are well-versed in policies of U.S. authorities, bring their input into discussions on corporate governance
MUFG Investors Day	Face-to-face dialogue with institutional investors <ul style="list-style-type: none"> • Outside director Tsutomu Okuda^{*3} gives a presentation and leads Q&A sessions on MUFG's corporate governance
MUFG Management Meeting	Communication with execution team members <ul style="list-style-type: none"> • All Group directors and executives meet and discuss Group policies and the challenges • Outside directors give presentations to bring their insights

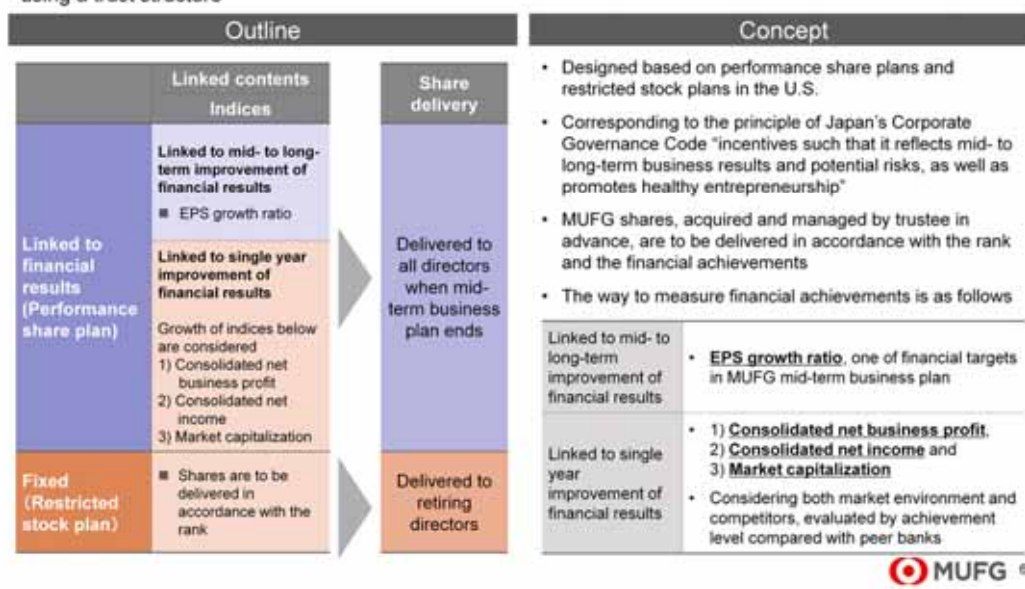
^{*1} Jun 14 to Mar 15
^{*2} Jun 16 to Mar 17

^{*3} Lead independent outside director,
Chairperson of Nominating and Governance Committee

Corporate governance

- Performance-based stock compensation plan for executives

- Performance-based stock compensation plan in order to incentivize group-wide management that focuses more on the mid- to long-term improvement of financial results and stock price
- Transit from existing stock compensation type stock option (issued 9 times) to the stock compensation plan using a trust structure



- ✓ Lastly, with respect to the discussions we've had internally since last year regarding MUFG's Re-Imagining Strategy, there are two things that I have come to acutely feel are important, and I would like to share them with you at this moment. One is the need to shift to becoming a truly comprehensive financial services group from being a traditional commercial bank.
- ✓ At our commercial bank there still exists this entrenched idea that the lending business is above everything else. We must break away from such a culture and become a financial group that offers truly valued services to a broad range of customers in a seamless and timely fashion in all the three areas of banking, brokerage, and asset management. That is indeed the aspiration that I have behind this MUFG Re-Imagining Strategy.
- ✓ The second point is what is often pointed out by our outside directors, and it is that MUFG is good at drawing up a plan but weak at executing it. Going forward, under this initiative, whatever can be executed shall be moved to the due phase immediately. Even the ones where details need to be fleshed out, preparations will be expedited so that they can be implemented under the next mid-term business plan starting next April.
- ✓ What we are embarking on is an initiative to transform ourselves into a globally-chosen, world's most-trusted financial group, and a future-oriented structural reform to pass down such a financial group to the next generation of bankers.
- ✓ We are working hard so that MUFG can shine tomorrow too. Therefore, my plea to MUFG's shareholders and bondholders, as well as the rating agencies, is for your continued understanding and even greater support.
- ✓ That concludes my presentation. Thank you for your attention.