



# IR presentation for FY2019H1

November 18, 2019



# Disclaimer

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, Integrated 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 sum of MUFG Bank (non-consolidated) and Mitsubishi UFJ Trust & Banking Corporation (non-consolidated)		
the Bank (consolidated) :	MUFG Bank (consolidated)		
MUFG:	Mitsubishi UFJ Financial Group	Bank Danamon (BDI):	Bank Danamon Indonesia
the Bank (BK):	MUFG Bank	FSI:	First Sentier Investors (Colonial First State Global Asset Management (CFSGAM) announced the rebrand in Sep 2019)
the Trust Bank (TB):	Mitsubishi UFJ Trust & Banking Corporation	R&C:	Retail & Commercial Banking
the Securities HD (SCHD):	Mitsubishi UFJ Securities Holdings	JCIB:	Japanese Corporate & Investment Banking
MUMSS:	Mitsubishi UFJ Morgan Stanley Securities	GCIB:	Global Corporate & Investment Banking
MSMS:	Morgan Stanley MUFG Securities	GCB:	Global Commercial Banking
NICOS:	Mitsubishi UFJ NICOS	AM/IS:	Asset Management & Investor Services
MUAH:	MUFG Americas Holdings Corporation		
KS:	Bank of Ayudhya (Krungsri, KS)		

# Key messages

## FY19H1 result and FY19 target

- FY19H1 result : **67.8%** progress toward FY19 target in net profit (6.3% YoY decrease)
- FY19 target : Maintain FY19 target of **¥900bn**, given an uncertain business environment

## Shareholder returns

- Dividend : FY19 dividend forecast is **¥25 per share**, up by ¥3 compared to FY18
- Share buyback: **Up to ¥50bn of share buyback** due to further reduction in RWA<sup>\*1</sup>

## Initiatives to achieve financial targets

- Top-line : **Asian commercial banks, Global AM/IS<sup>\*2</sup>, GCIB business, WM<sup>\*3</sup>, CF<sup>\*4</sup>**
- Cost control : **Reduce costs** (workloads, facility, purchasing/system and overseas costs)
- RWA control : **Reduce RWA** by reducing low-profit asset & upgrading risk measurement method

# Contents

---

FY19H1 financial results .....	5
Major initiatives .....	18
Digitalization .....	34
Capital policy .....	41
Appendix .....	48

# FY19H1 financial results

# FY19H1 financial results and FY19 targets

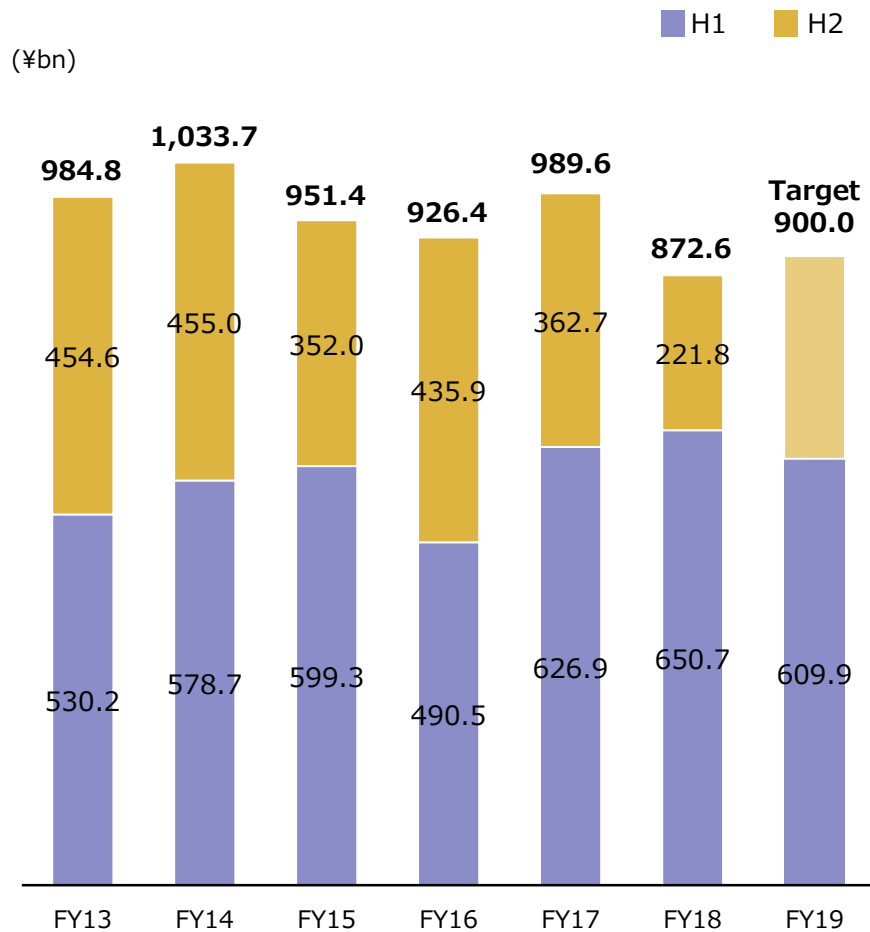
- FY19H1 net profits represent 67.8% progress toward the FY19 target
- Maintain FY19 target of ¥900bn

Consolidated (¥bn)	FY18H1	FY19H1				FY19 full year	
	Results	Targets	Results	YoY	vs. FY19H1 targets	Targets	Changes from initial targets
1 <b>Gross profits</b> before credit cost for trust accounts	1,882.5	-	1,973.3	90.7	-	-	-
2 <b>G&amp;A expenses</b> Expense ratio	1,314.4 69.8%	-	1,342.0 68.0%	27.5 (1.8ppt)	-	-	-
3 <b>Net operating profits</b> before credit costs for trust accounts and provision for general allowance for credit losses	568.1	530.0	631.3	63.1	101.3	1,080.0	-
4 <b>Total credit costs</b>	117.9	(80.0)	(18.0)	(136.0)	61.9	(180.0)	50.0
5 <b>Ordinary profits</b>	885.9	680.0	795.2	(90.6)	115.2	1,280.0	-
6 <b>Profits attributable to owners of parent</b>	650.7	450.0	609.9	(40.8)	159.9	900.0	-

# Profits attributable to owners of parent

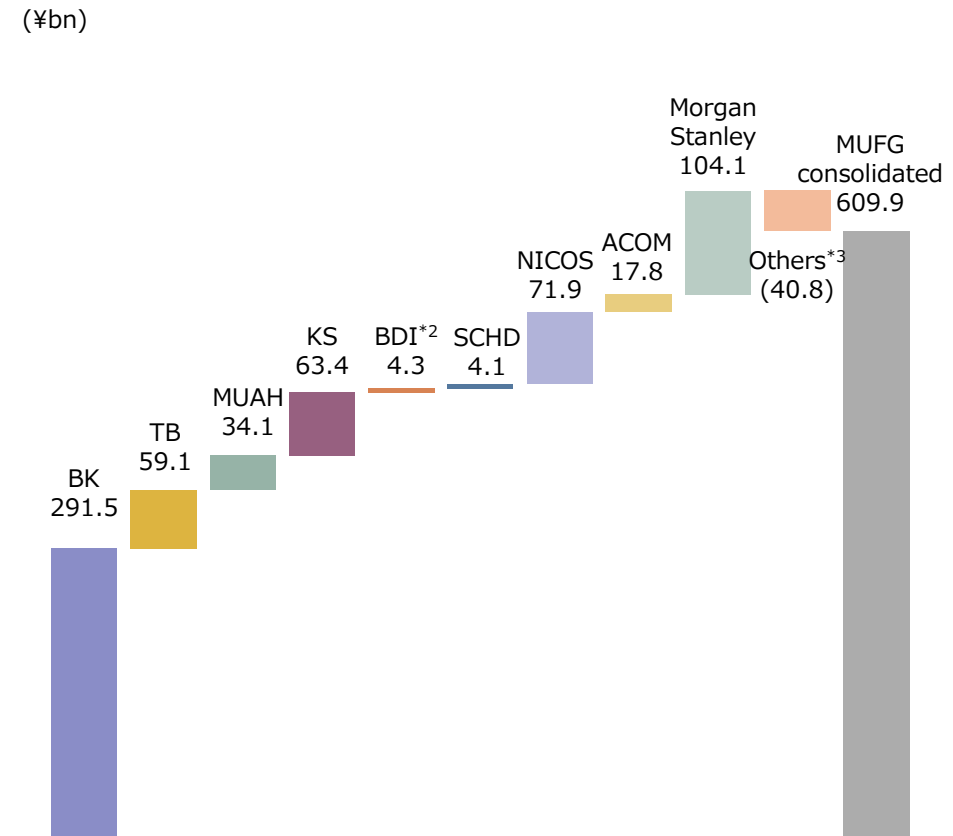
## Historical performance

Consolidated



## Breakdown of FY19H1 net profits

Consolidated



\*1 The above figures take into consideration the percentage holding in each subsidiary and equity method investee (after-tax basis)

\*2 Quarterly results after consolidation (Apr-Jun)

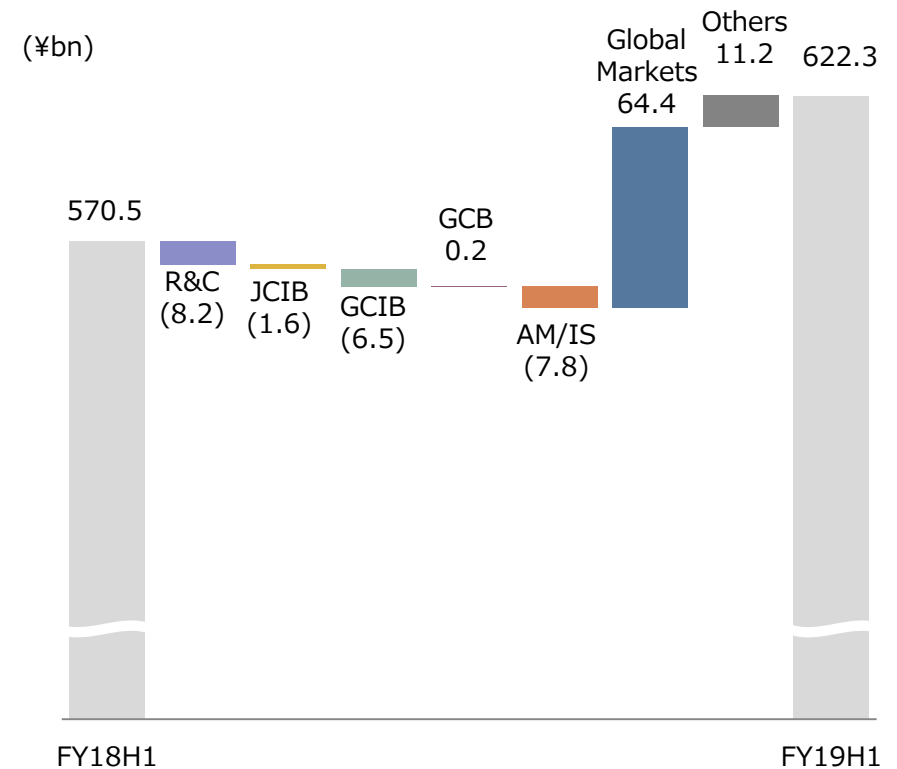
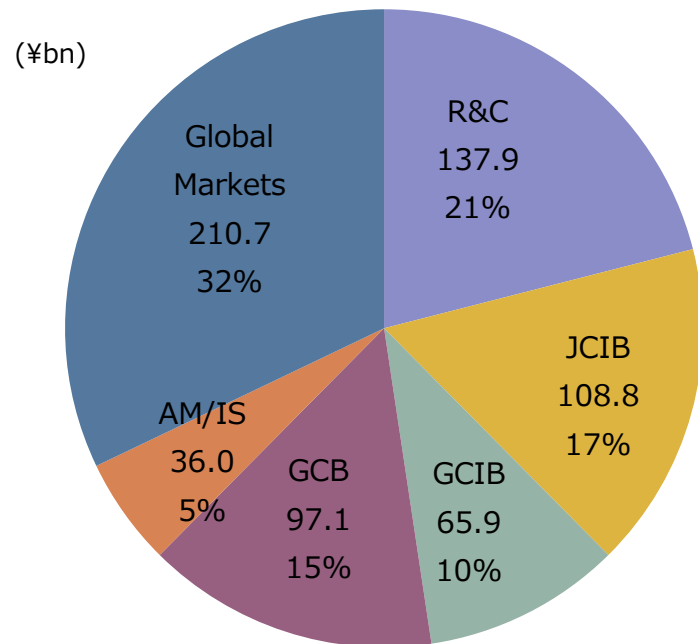
\*3 Including cancellation of the amount of inter-group dividend receipt and equity method income from other affiliate companies

# Results by business group (1)

Net operating profits by business group\*<sup>1</sup> Consolidated

Changes by business group Consolidated

**FY19H1 ¥622.3bn\*<sup>2</sup>**



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

\*2 Including profits or losses from others



## Results by business group (2)

Consolidated	Business group	Net operating profits (¥bn)			Expense ratio		ROE*1	
		FY18H1	FY19H1	Changes	FY18H1	FY19H1	FY18H1	FY19H1
	Retail & Commercial Banking <b>R&amp;C</b>	146.0	<b>137.9</b>	(8.2)	81%	<b>81%</b>	9% (9%)	<b>14%*2</b> <b>(14%)</b>
	Japanese Corporate & Investment Banking <b>JCIB</b>	110.4	<b>108.8</b>	(1.6)	58%	<b>59%</b>	17% (17%)	<b>14%</b> <b>(14%)</b>
	Global Corporate & Investment Banking <b>GCIB</b>	72.4	<b>65.9</b>	(6.5)	63%	<b>65%</b>	11% (11%)	<b>8%</b> <b>(8%)</b>
	Global Commercial Banking <b>GCB</b>	96.9	<b>97.1</b>	0.2	71%	<b>74%</b>	7% (9%)	<b>6%</b> <b>(8%)</b>
	Asset Management & Investor Services <b>AM/IS</b>	43.8	<b>36.0</b>	(7.8)	58%	<b>64%</b>	20% (21%)	<b>20%</b> <b>(22%)</b>
	Global Markets <b>Global Markets</b>	146.2	<b>210.7</b>	64.4	44%	<b>35%</b>	6% (6%)	<b>8%</b> <b>(8%)</b>

\*1 Calculated based on Risk Assets (R&C, JCIB, GCIB and GCB) or economic capital (AM/IS and Global Markets)  
(Managerial accounting basis. Net profit basis. Calculated excluding non-JPY mid- to long-term funding costs)  
Figures in parentheses exclude the impacts of investment related accounting factors (amortization of goodwill, etc.)

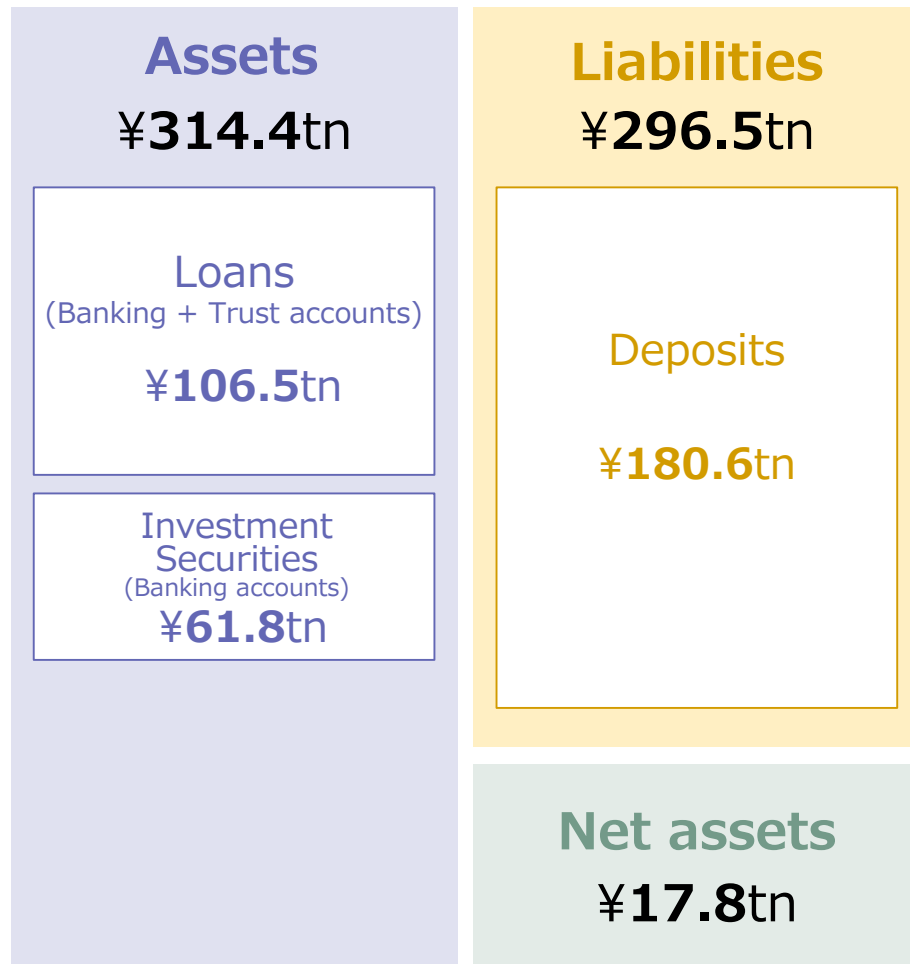
\*2 ROE excluding the impact of one-time tax effect is 7%

# Balance sheets summary

## Balance sheets summary

Consolidated

As of end Sep 19



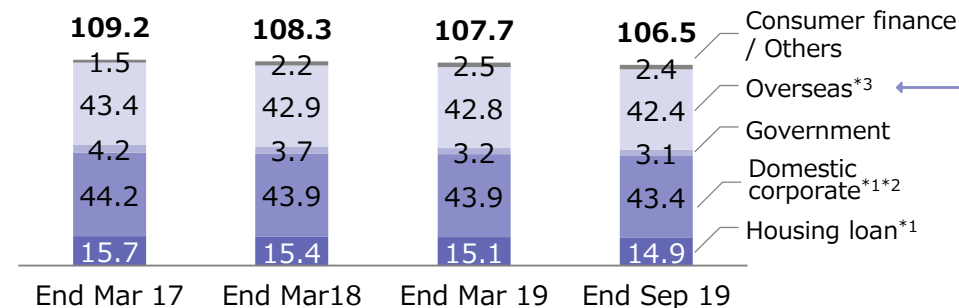
## Loans (period end balance)

Consolidated

(¥tn)

**Overseas: (0.3) from end Mar 19**

(+1.0 excluding impact of FX fluctuation, +1.0 for BDI)



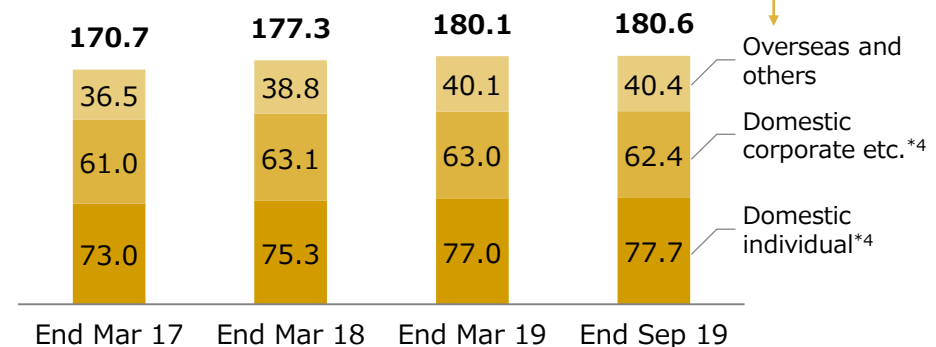
## Deposits (period end balance)

Consolidated

(¥tn)

**Overseas and others: +0.3 from end Mar 19**

(+1.8 excluding impact of FX fluctuation, +0.9 for BDI)



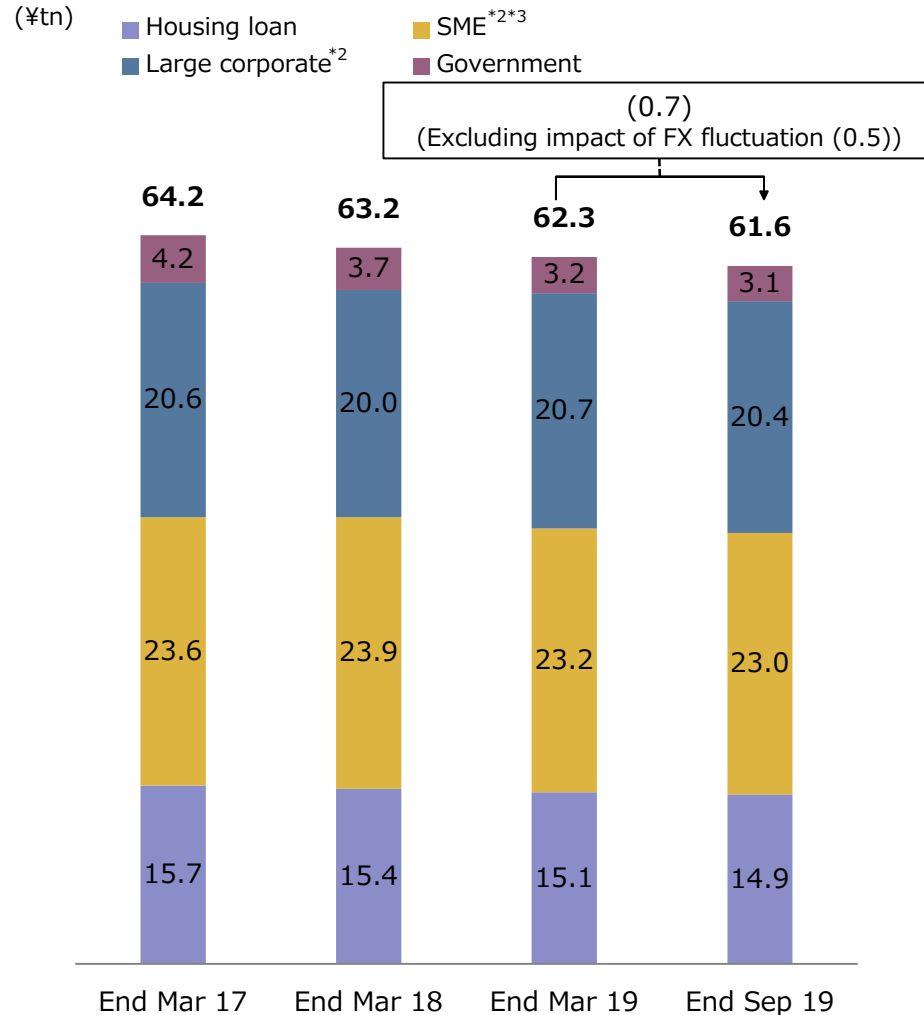
\*1 Non-consolidated + trust accounts \*2 Excluding loans to government and governmental institutions and including foreign currency denominated loans  
 (Excluding impact of FX fluctuation: (¥0.3tn) from end Mar 19)

\*3 Loans booked in overseas branches, MUAH, KS, BDI, the Bank (China), the Bank (Malaysia) and the Bank (Europe) \*4 Non-consolidated

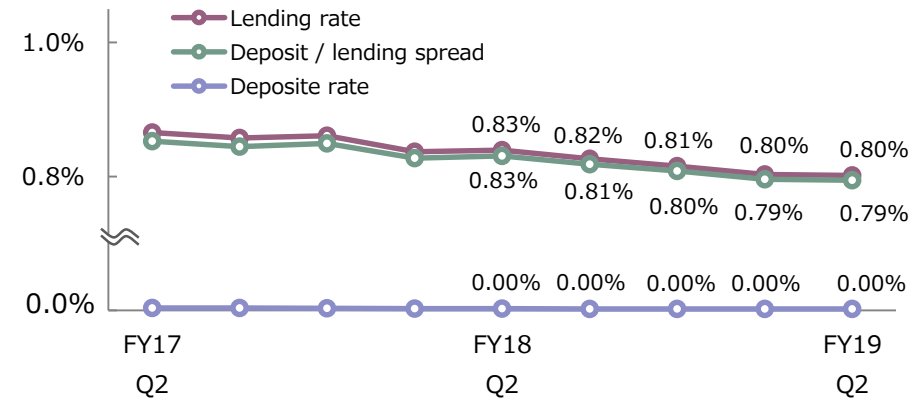
# Domestic loans

Loan balance (period end balance)\*<sup>1</sup>

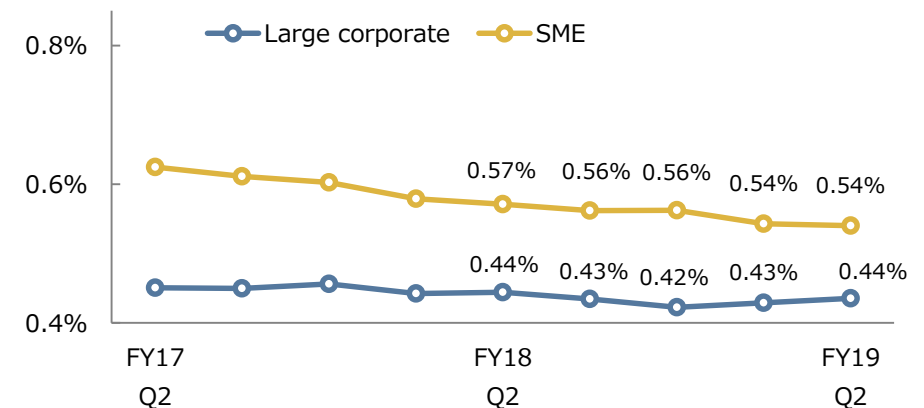
Consolidated

Deposit / lending rate\*<sup>4\*5</sup>

Non-consolidated

Corporate lending spread\*<sup>2\*4\*5</sup>

Non-consolidated



\*1 Sum of banking and trust accounts \*2 Including non-JPY loans

\*3 Domestic loans to small / medium-sized companies and proprietors (excluding domestic consumer loans)

\*4 Managerial accounting basis \*5 Excluding lending to government etc.

# Overseas loans

## Loan balance (period end balance)

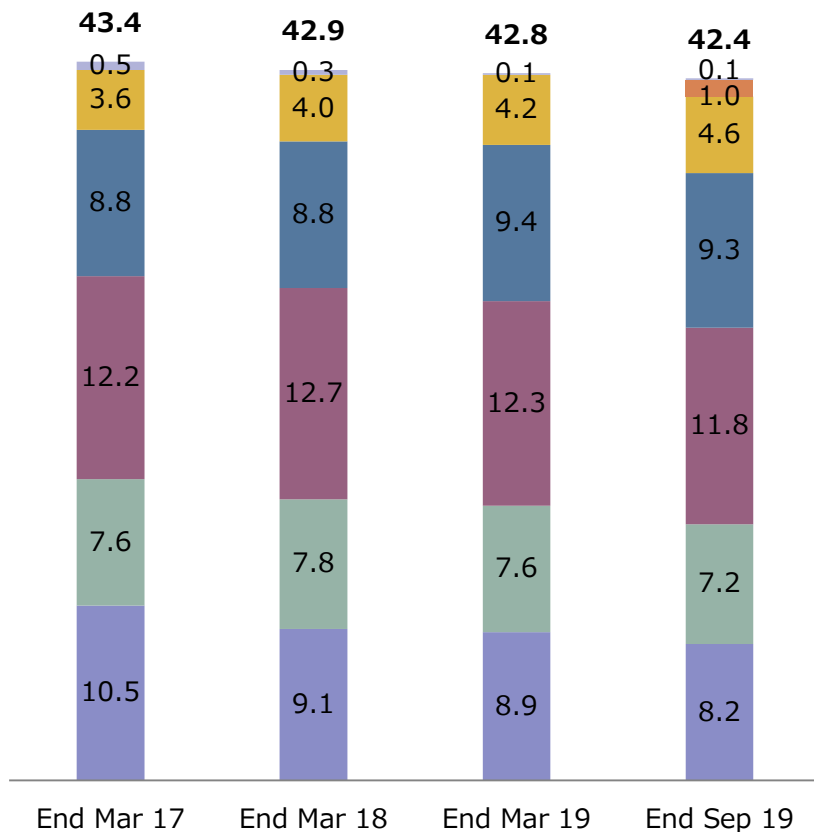
Consolidated

(¥tn)

Americas  
Asia / Oceania  
KS  
Others \*1

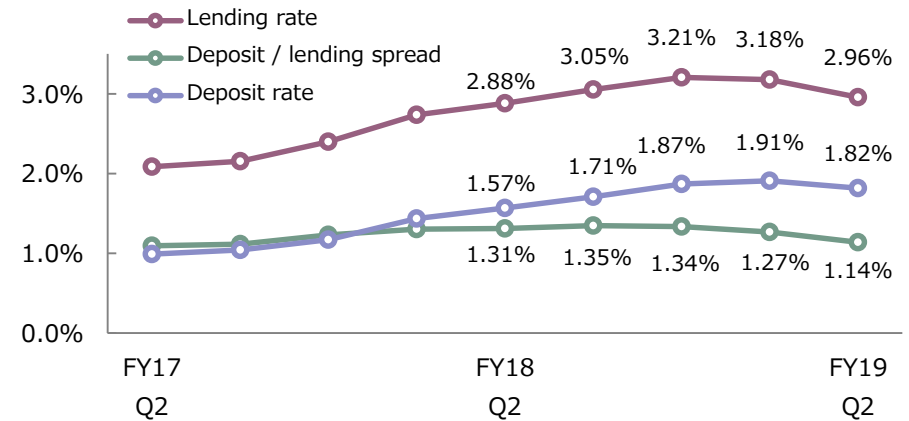
EMEA  
MUAH  
BDI

(0.3)  
(Excluding impact of FX fluctuation +1.0,  
+1.0 for BDI)



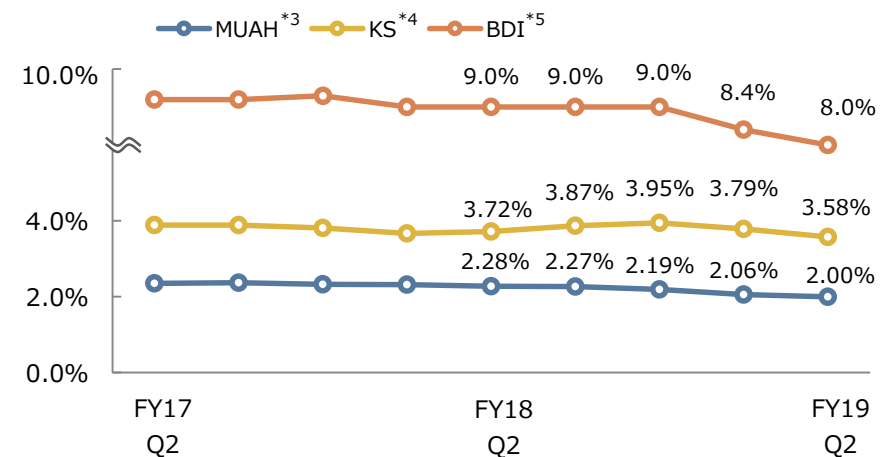
## Change in deposit / lending rate\*2

Non-consolidated



## Net interest margin

MUAH / KS / BDI

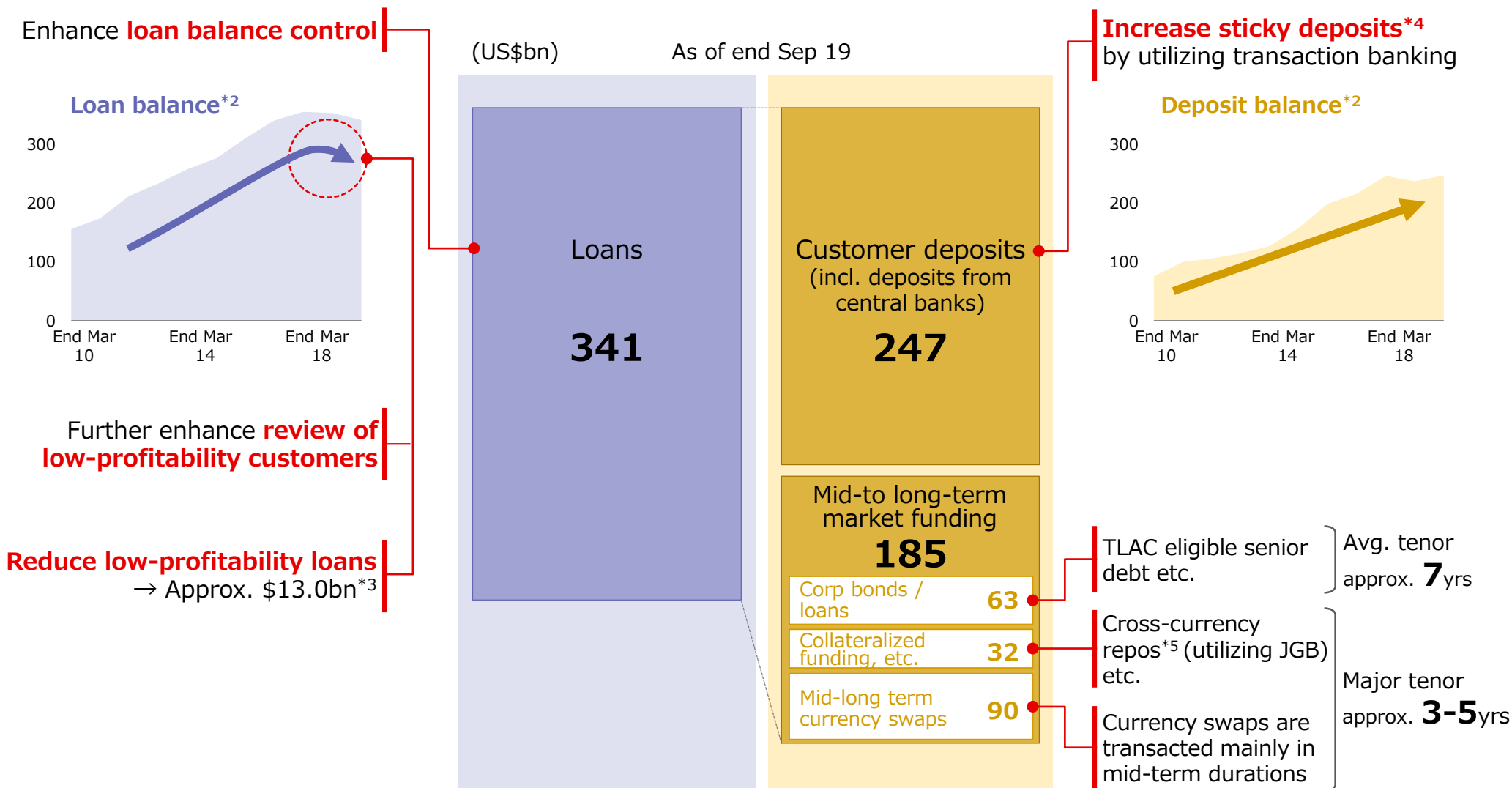


\*1 Loans booked at offshore markets etc. \*2 Managerial accounting basis \*3 Financial results as disclosed in MUAH's 10-K and 10-Q reports based on U.S. GAAP

\*4 Financial results as disclosed in KS's financial reports based on Thai GAAP \*5 Financial results as disclosed in BDI's financial reports based on Indonesia GAAP

# Non-JPY loans and funding\*1

– Non-JPY loans are stably funded by deposits and mid-to long-term funding



\*1 The Bank consolidated excl. MUAH, KS, BDI. Managerial basis \*2 Managerial accounting basis \*3 Results of FY18. Approx. ¥1.4tn (US\$1=¥110)

\*4 Diversified deposits that are considered to remain in the bank during times of stress

\*5 Repurchase agreement in which denominated currency is different in cash transaction and security

# Investment securities (1)

## AFS securities\*1 with fair value

Consolidated

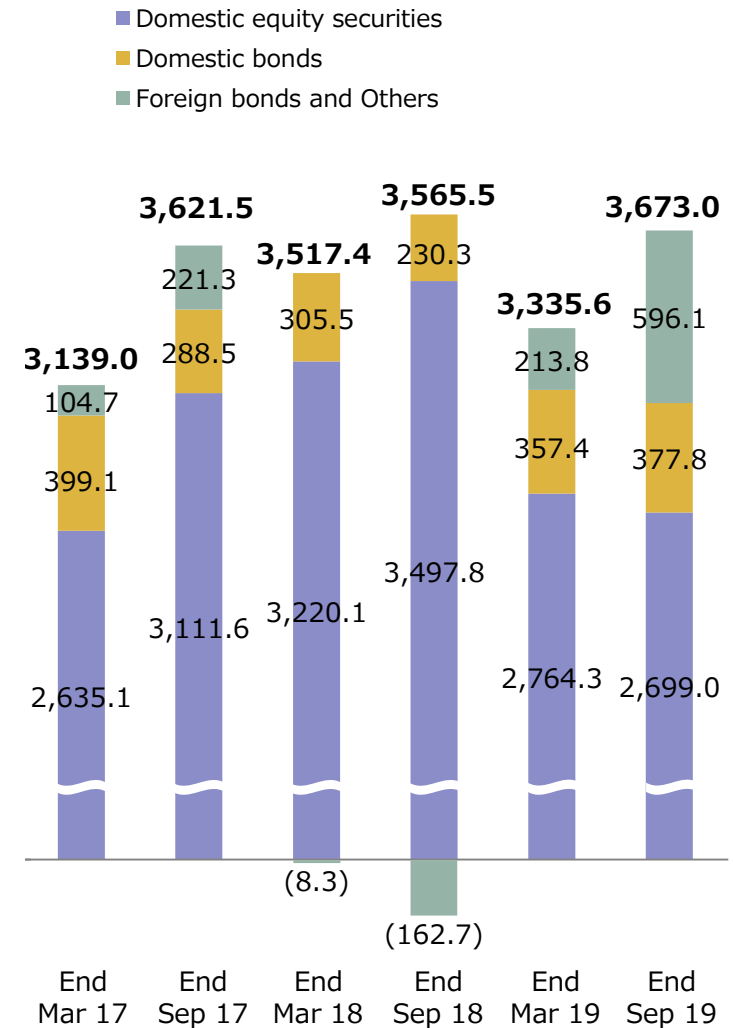
(¥bn)

	Balance		Unrealized gains (losses)	
	End Sep 19	Changes from end Mar 19	End Sep 19	Changes from end Mar 19
1 Total	58,541.3	(2,037.3)	3,673.0	337.3
2 Domestic equity securities	4,811.2	(142.1)	2,699.0	(65.3)
3 Domestic bonds	25,273.8	(1,987.3)	377.8	20.3
4 Japanese government bonds (JGB)	19,022.4	(2,519.8)	292.8	13.8
5 Foreign bonds	21,624.5	91.6	539.2	365.5
6 Others	6,831.6	0.5	56.9	16.7

## Unrealized gains / losses on AFS securities\*1

Consolidated

(¥bn)



\*1 Available for sale securities

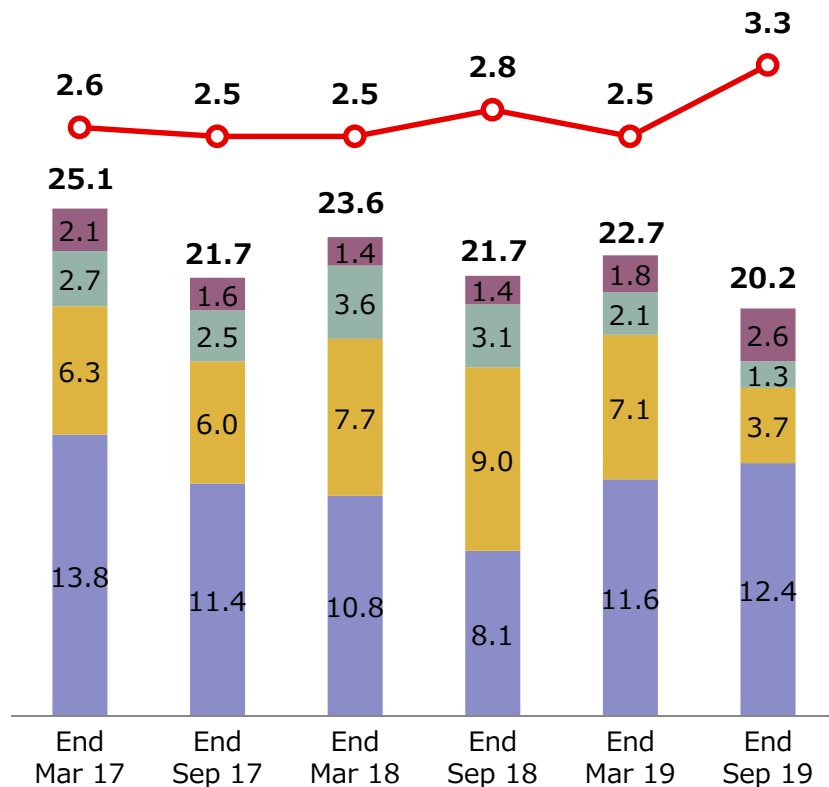
## Investment securities (2)

JGB balance\*<sup>1</sup> and duration

Non-consolidated

(¥tn)

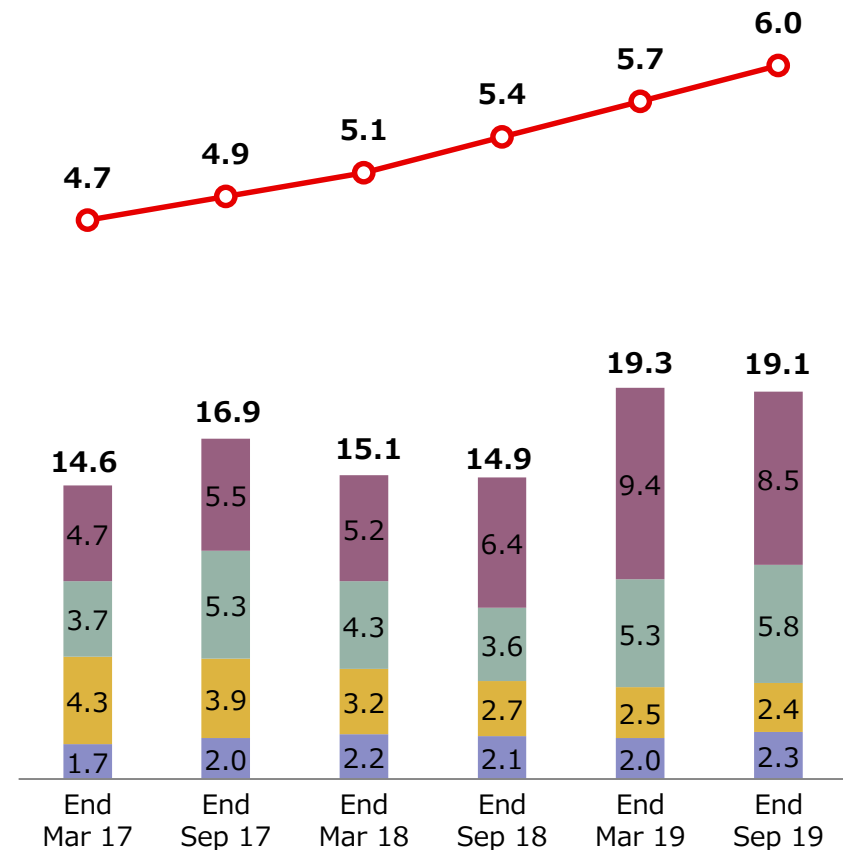
- Over 10 years
- 1 year to 5 years
- Average duration (year)\*<sup>2</sup>
- 5 years to 10 years
- Within 1 year

Foreign bond balance\*<sup>1</sup> and duration

Non-consolidated

(¥tn)

- Over 10 years
- 1 year to 5 years
- Average duration (year)\*<sup>2</sup>
- 5 years to 10 years
- Within 1 year



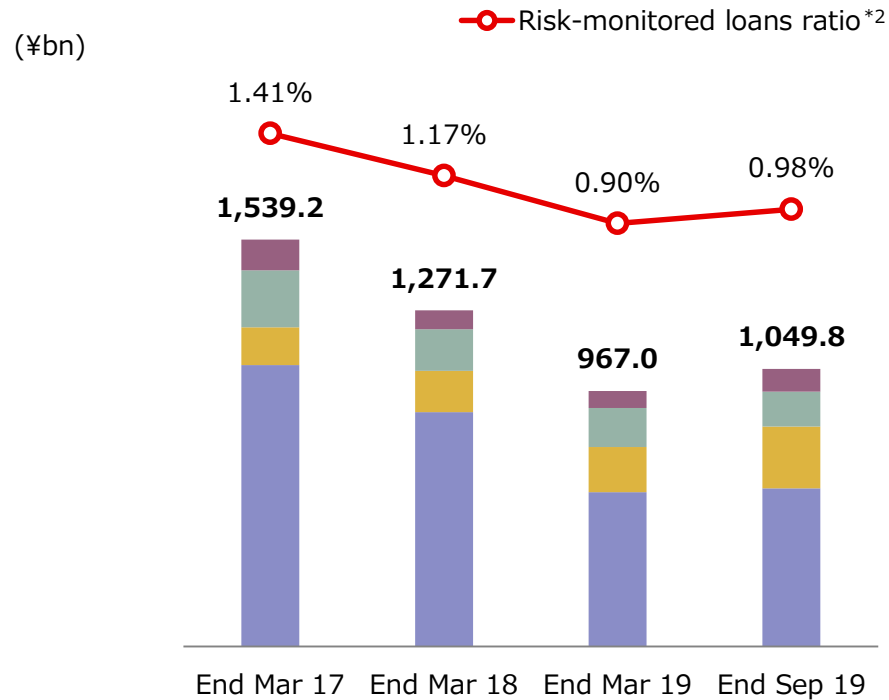
\*1 Available for sale securities and securities being held to maturity

\*2 Available for sale securities

# Asset quality

## Risk-monitored loans\*1

Consolidated

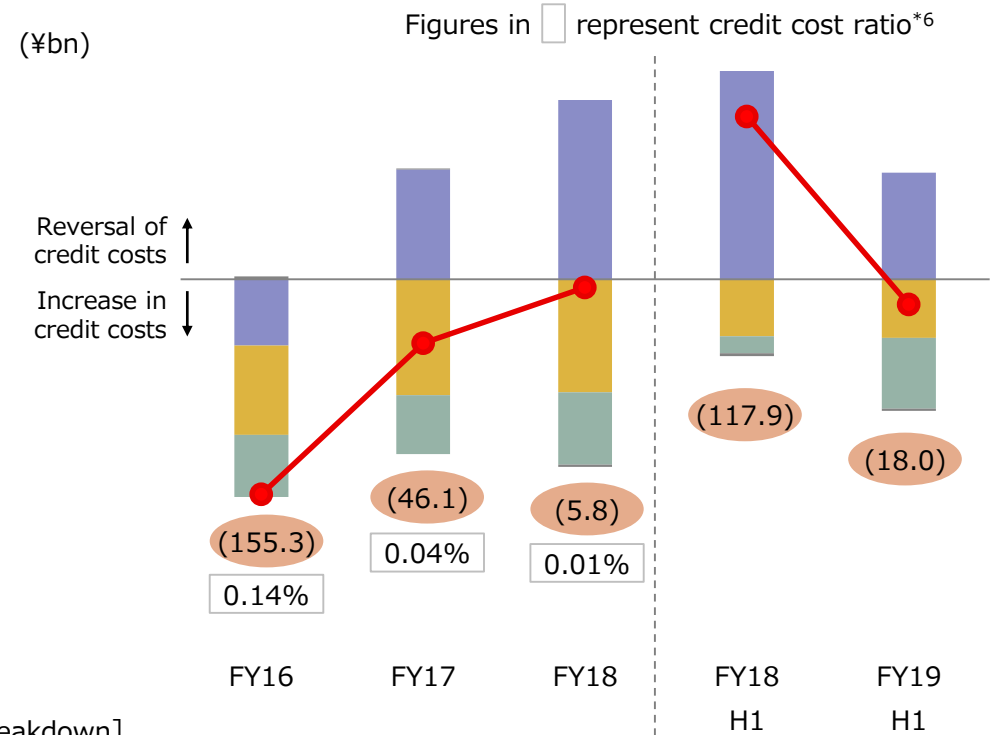


[Breakdown\*3]

	End Mar 17	End Mar 18	End Mar 19	End Sep 19
EMEA	116.0	71.3	64.0	85.7
Americas	216.0	157.5	148.2	132.3
Asia*4	142.3	155.8	170.3	233.3
Domestic	1,064.7	887.0	584.3	598.3

## Total credit costs\*5

Consolidated



[Breakdown]

	FY16	FY17	FY18	FY18 H1	FY19 H1
Non-consolidated	(47.9)	79.5	129.8	173.4	77.2
CF*7	(64.5)	(83.6)	(81.7)	(41.1)	(42.2)
Overseas*8	(45.0)	(42.7)	(52.3)	(12.3)	(51.3)
Others*9	2.1	0.8	(1.5)	(2.0)	(1.6)

\*1 Risk-monitored loans based on Banking Act \*2 Total risk-monitored loans / total loans and bills discounted (banking accounts as of period end)

\*3 Based on the locations of debtors \*4 The figure of Asia as of end Sep 19 includes approximately ¥40.0bn for BDI \*5 Including gains from write-off

\*6 Total credit costs / loan balance as of end of each fiscal year \*7 Sum of NICOS and ACOM on a consolidated basis

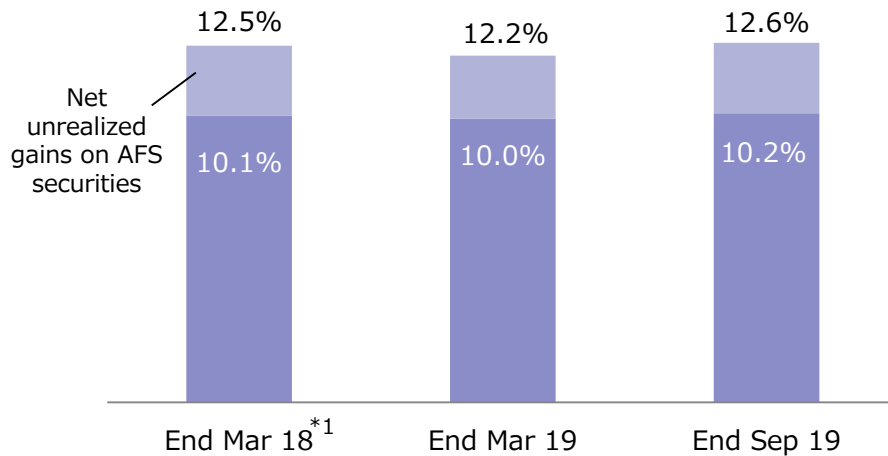
\*8 Sum of overseas subsidiaries of the Bank and the Trust Bank \*9 Sum of other subsidiaries and consolidation adjustment



# Capital

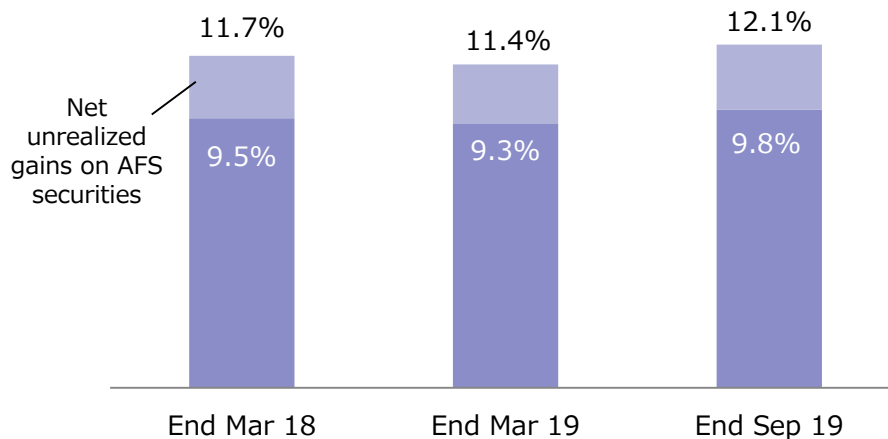
## CET1 ratio

Consolidated



## CET1 ratio (Finalized Basel III reforms basis)<sup>\*2</sup>

Consolidated



<sup>\*1</sup> Estimated CET1 ratio calculated on the basis of current regulations applied

<sup>\*2</sup> Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis

<sup>\*3</sup> Adjustments made for the difference between risk-weighted assets under Basel I and Basel III

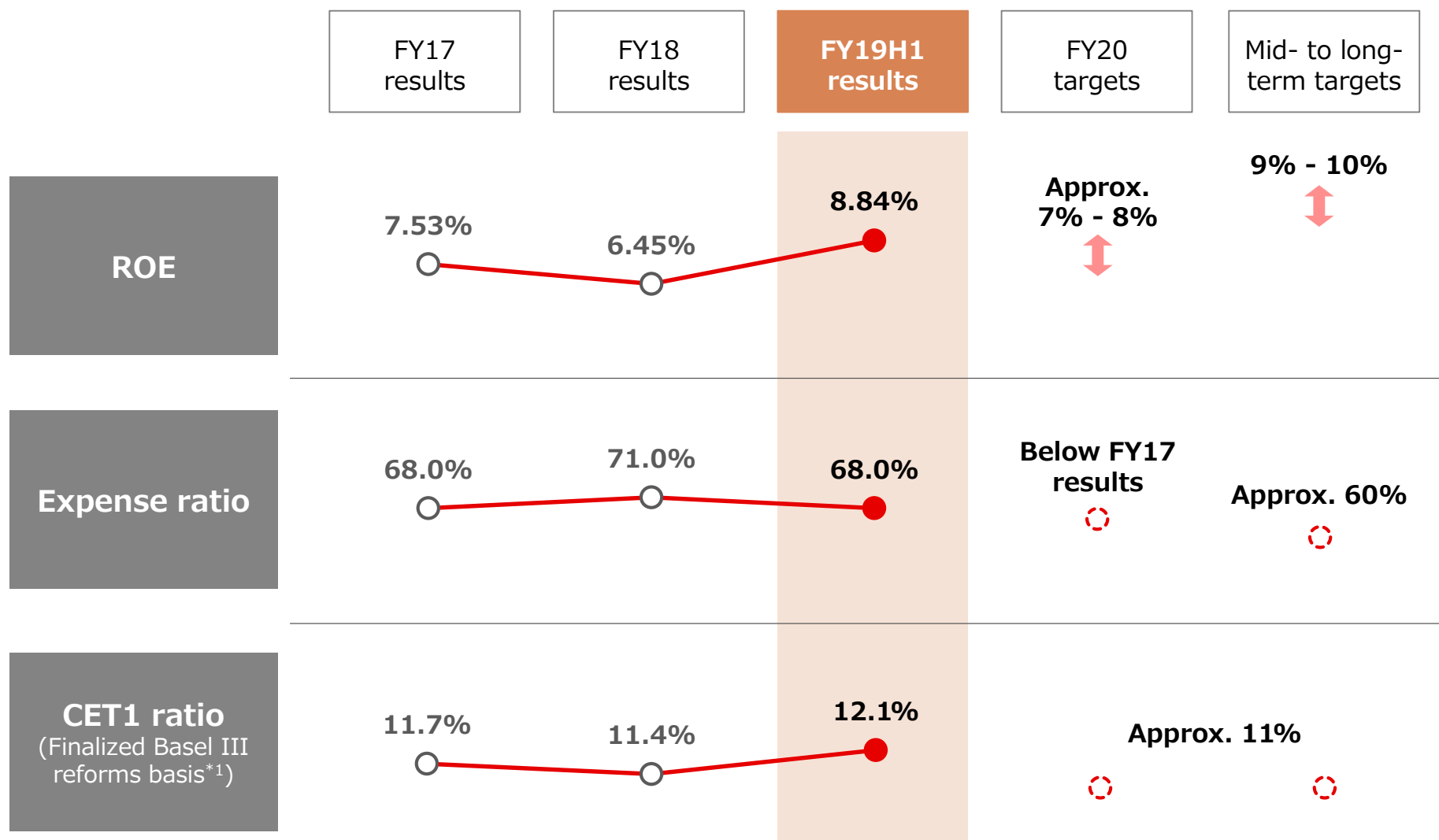
## FY19H1 results

Consolidated

	(¥bn)	End Mar 19	End Sep 19	Changes
1	Common Equity Tier 1 capital	14,322.4	<b>14,337.6</b>	15.2
2	Additional Tier 1 capital	1,953.8	<b>1,870.7</b>	(83.1)
3	<b>Tier 1 capital</b>	16,276.3	<b>16,208.4</b>	(67.8)
4	<b>Tier 2 capital</b>	2,493.4	<b>2,613.6</b>	120.1
5	<b>Total capital (Tier 1+Tier 2)</b>	18,769.7	<b>18,822.1</b>	52.3
6	<b>Risk-weighted assets</b>	117,091.1	<b>113,066.6</b>	(4,024.4)
7	Credit risk	90,843.0	<b>87,504.3</b>	(3,338.7)
8	Market risk	2,920.5	<b>3,012.8</b>	92.3
9	Operational risk	8,107.2	<b>8,166.4</b>	59.1
10	Floor adjustment <sup>*3</sup>	15,220.2	<b>14,382.9</b>	(837.2)
11	<b>Total exposures</b>	329,048.6	<b>330,860.8</b>	1,812.1
12	Leverage ratio	4.94%	<b>4.89%</b>	(0.04%)

# Major initiatives

# Financial targets



\*1 Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis

# Initiatives to achieve financial targets

## Top-line

- Overseas: Asian commercial banks Global AM/IS GCIB business ... Page **21**
- Domestic: Wealth Management Consumer Finance ... Page **25**

## Cost control

- Workloads
  - Facility costs
  - Purchasing and system costs
  - Overseas costs
- ... Page **28**

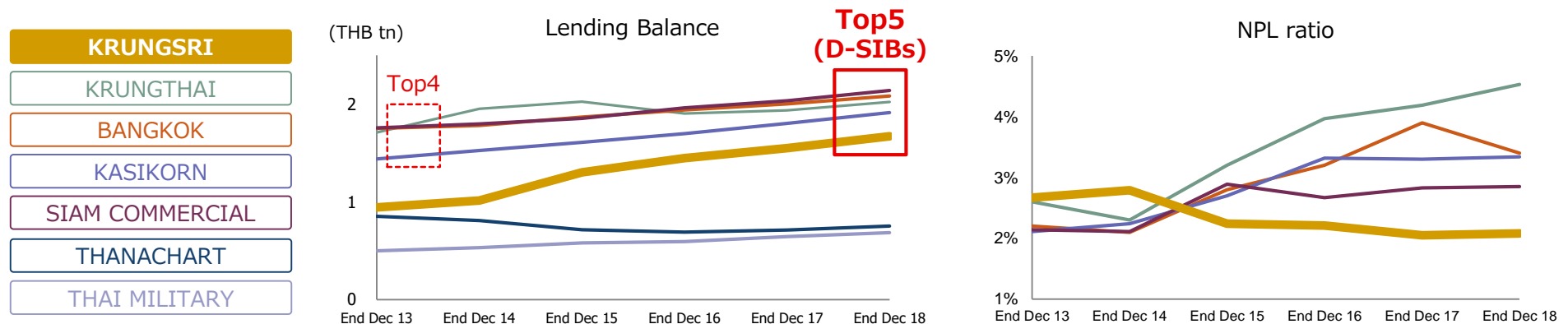
## RWA control

- Initiatives by business groups
  - Initiatives by corporate center
  - Upgrading risk measurement method
- ... Page **32**

# Top-line (1) Asian commercial banks

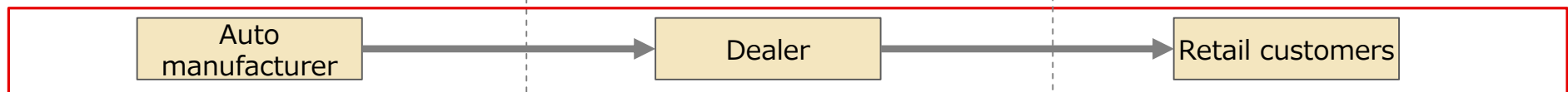
– KS's business model successfully captured the growth in Asian markets

## Peer comparison

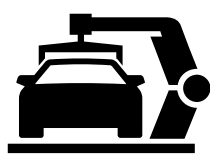


## Synergies with MUFG focusing on value chains

(Case of Japanese automakers)



### (1) Deposit balance

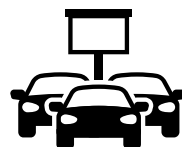


CAGR\*1  
(vs. peer)

**4 times**

KS+9.7% vs top 4 banks average+2.5%

### (2) Dealer finance balance



CAGR\*2  
(vs. 2015)

**58%**

Thai auto sales\*3 : CAGR+4.3%

### (3) New auto loan balance



CAGR\*1  
(vs. peer)

**3 times**

KS+17.3% vs top 4 banks average+6.3%

(Source) Bloomberg, Company data

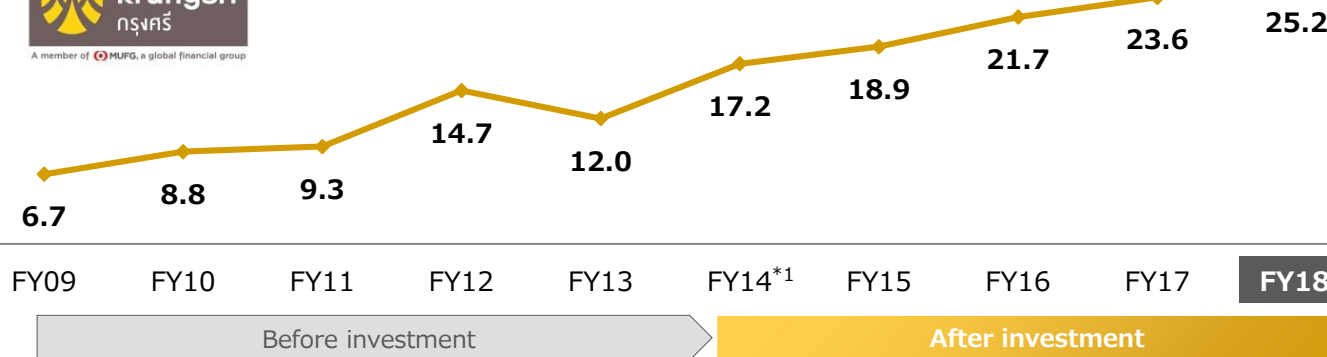
\*1 CAGR during 2014 to 2018 \*2 CAGR during 2015 to 2018 \*3 Thai Automotive Industry Association

# Top-line (1) Asian commercial banks

– Accelerate BDI's growth through rolling out KS's successful business model

## Trend of net incomes

(THB bn)



FY14 – FY18 CAGR

Krungsri

10.3%

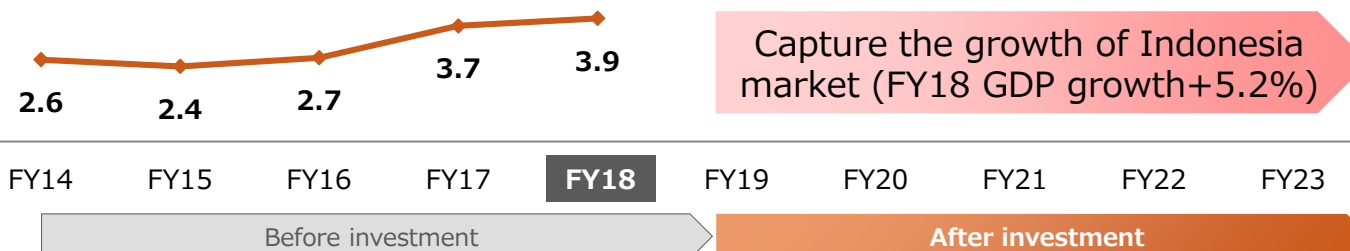
Top 4 banks

(3.5%)

(IDR tn)



(Consolidated subsidiary in Apr 19)

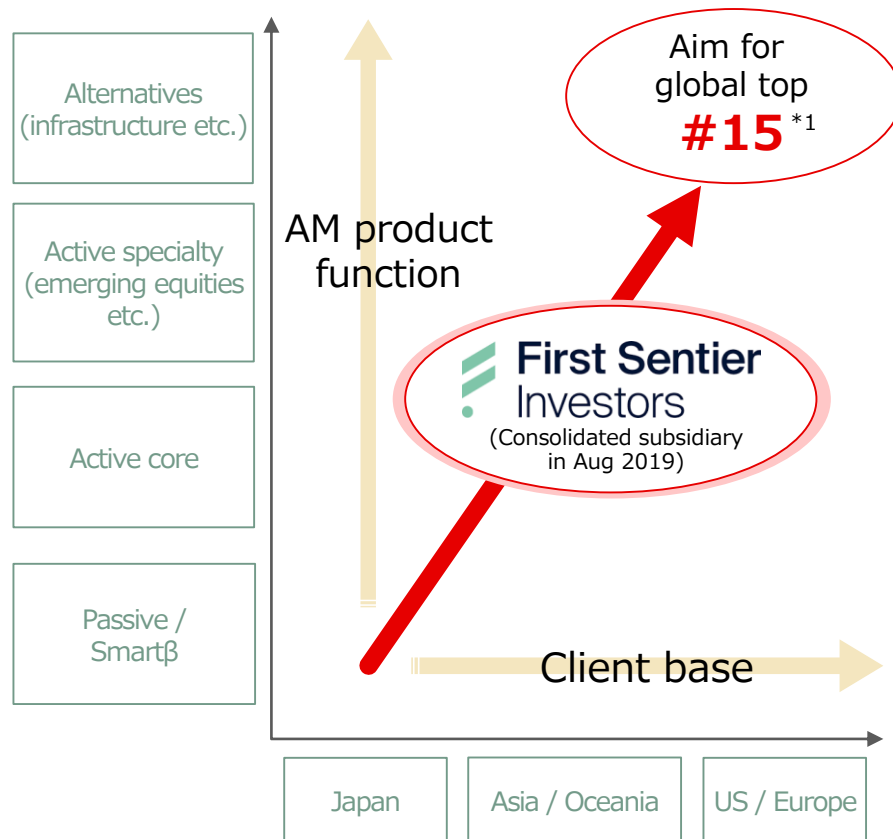


\*1 FY14 net income includes net income of MUFG Bank's Bangkok branch

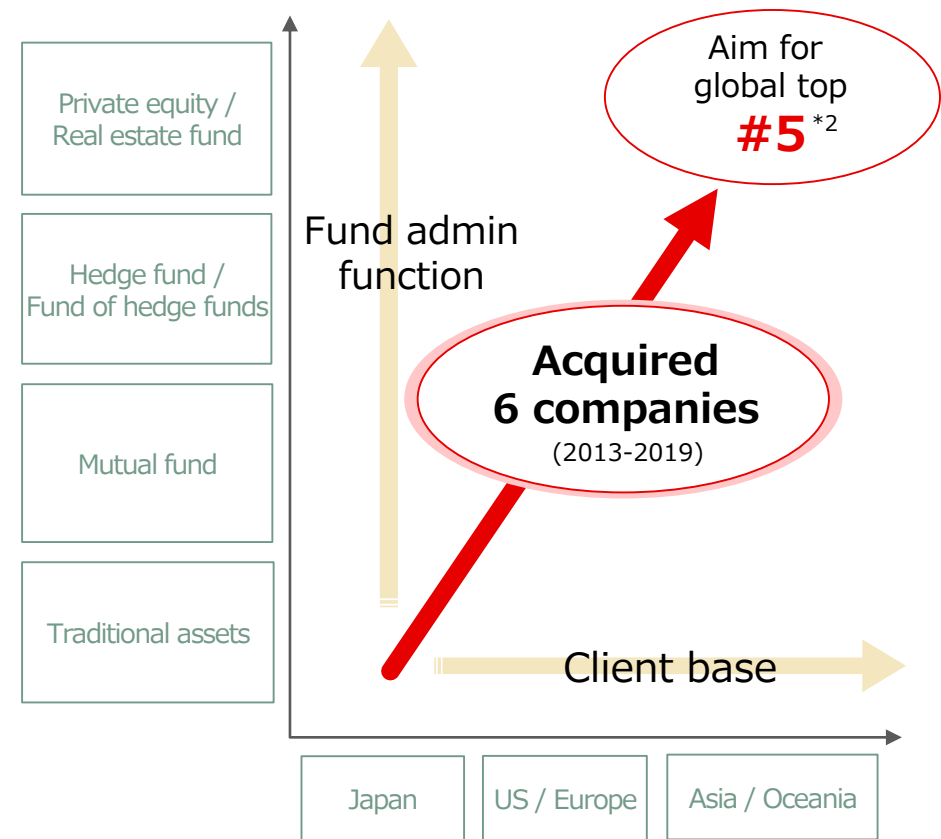
## Top-line (2) Global AM/IS

– Expand asset-light fee business through strategic acquisition of AM/IS functions

### Global AM strategy



### Global IS strategy



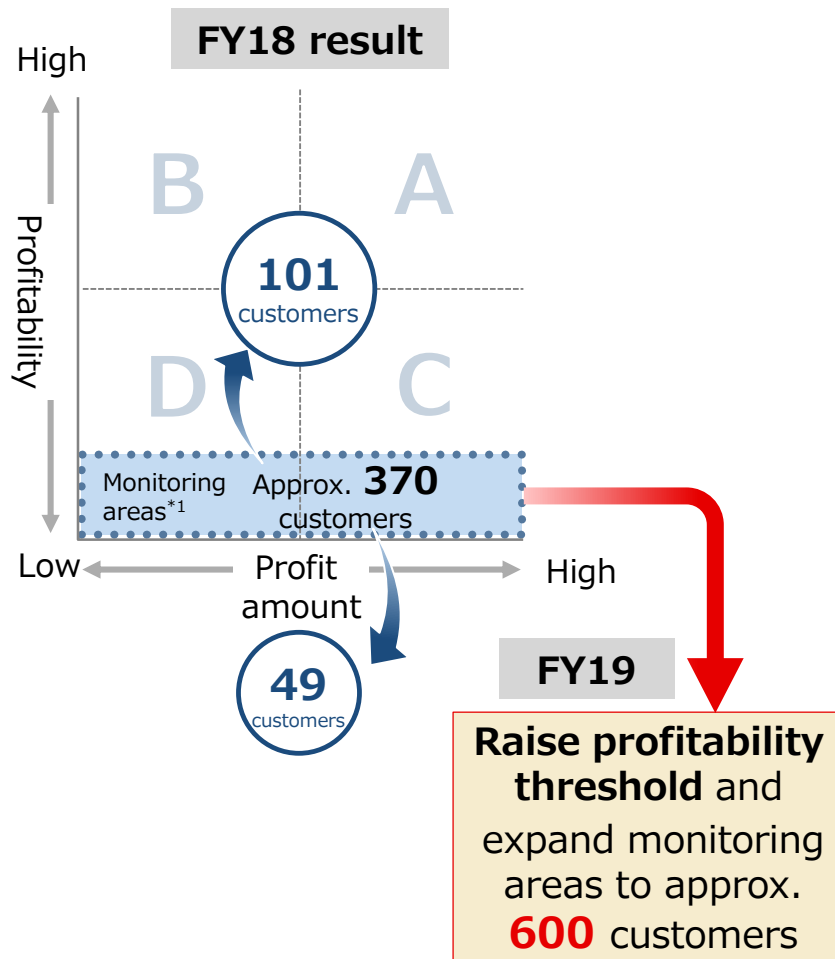
Reference AM/IS business group's ROE\*3 = **20%**

\*1 Ranking of AuM \*2 Ranking of AuA for alternative funds \*3 FY19H1's ROE

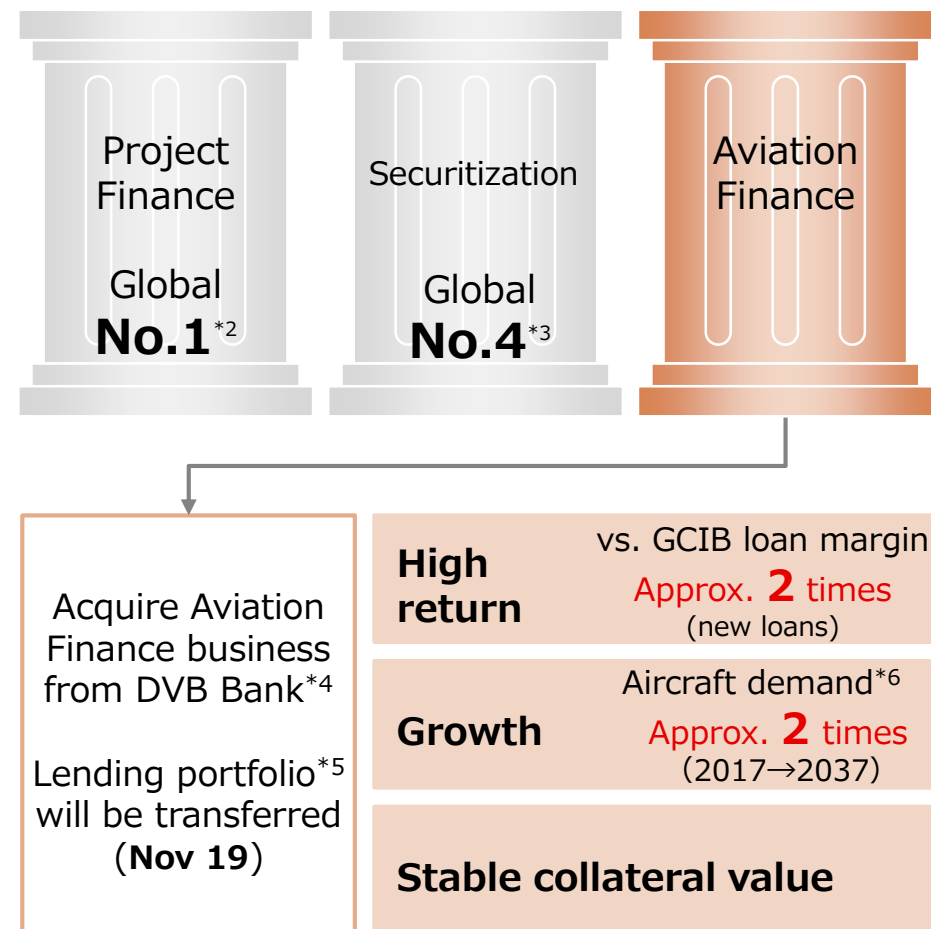
# Top-line (3) GCIB business

– Further focus on higher-return business with growth potentials

Global portfolio recycle



Develop Aviation Finance as a third pillar next to Project Finance and Securitization



\*<sup>1</sup> A group of customers with low profitability below our profitability threshold \*<sup>2</sup> (Source) Refinitiv \*<sup>3</sup> (Source) Moody's "ABCP League Table"

\*<sup>4</sup> DVB Bank, headquartered in Germany and wholly owned by DZ BANK, specializes on structured finance for the international Transportation Finance business

\*<sup>5</sup> Amount of client lending portfolio is approx. €5.6bn as end of Jun 2018 \*<sup>6</sup> (Source) Boeing "2018 Commercial Market Outlook"



# Top-line (4) Wealth management

– Capture opportunities by leveraging customer base and diverse functions

Wealth management business model unique to MUFG

## ■ Distinctive features of the domestic market

### Uneven distribution of wealth among the elderly

**66%** of financial assets are unevenly distributed among people aged 60 and over

### High inheritance tax rate\*1

Japan approx. **22%**, Germany approx. 12%, U.S. 0%  
(\*In case of ¥2bn inheritance to a spouse and two children)

## ■ MUFG's customer base and diverse functions

### Largest customer base in Japan

Approx. **1.36mm** target customers

### Strong relationship with corporate customers

We have main or sub-main banking relationships with **Over 60%** corporate customers\*2

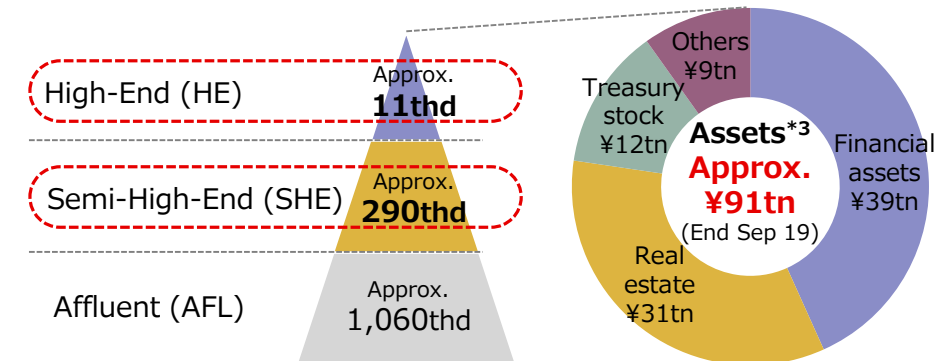
### Client base centered on corporate owners

**Approx. 60%** of the High-End customers are corporate owners

### Various solutions offered by the Bank, the Trust Bank and the Securities

### Utilizing Morgan Stanley's expertise

## ■ Solutions tailored to each customer segment



### HE: By leveraging relationships with corporate customers

- SWAs\*4 provide comprehensive solutions from capital policy to owners' individual asset inheritance

### SHE: By promoting profiling to provide best solutions

- Expand cross transactions\*5 by leveraging diverse functions of the Bank, the Trust Bank and the Securities

## Major KPIs (FY19H1 results)

No. of profiling  
**2.5thd**  
(YoY +0.2)

No. of group collaborations  
**16.6thd**  
(YoY +8.0)

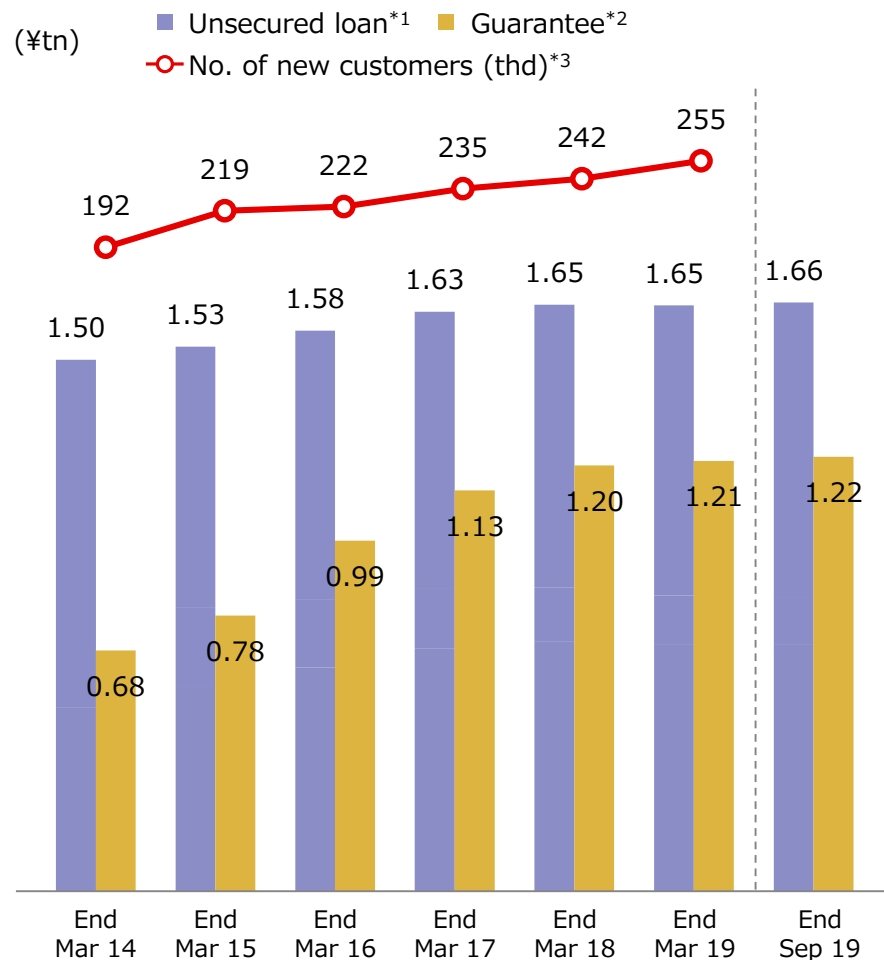
AuM of HE / SHE customers\*6  
**¥12.0tn**  
(+0.1 from End Mar 19)

\*1 Source: Ministry of Finance, "Inheritance Tax Burden Rate of Major Countries" \*2 Approximately 1,250 corporates: unlisted corporates (EBITDA over ¥3bn), listed companies (personal assets over ¥10bn), and Forbes 50 companies \*3 Assets identified by the Bank \*4 Senior Wealth Advisor, who serves High-End customers \*5 Inheritance and real estate transactions and transactions with client's asset administration companies \*6 Provisional figure

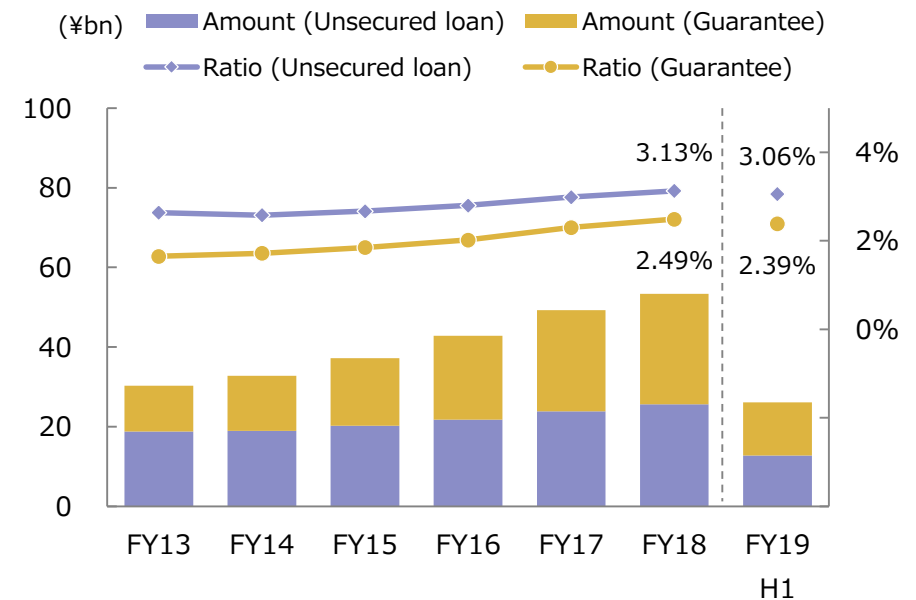
# Top-line (5) Consumer finance

– Have grown steadily in step with market growth

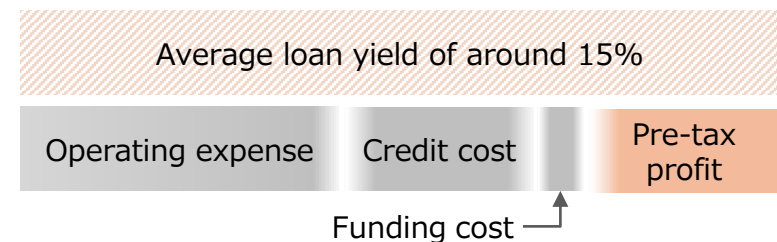
## Steady growth of unsecured loan and guarantee



## Bad debt expense ratio\*<sup>4</sup> has remained low



## Business model (image)\*<sup>5</sup>



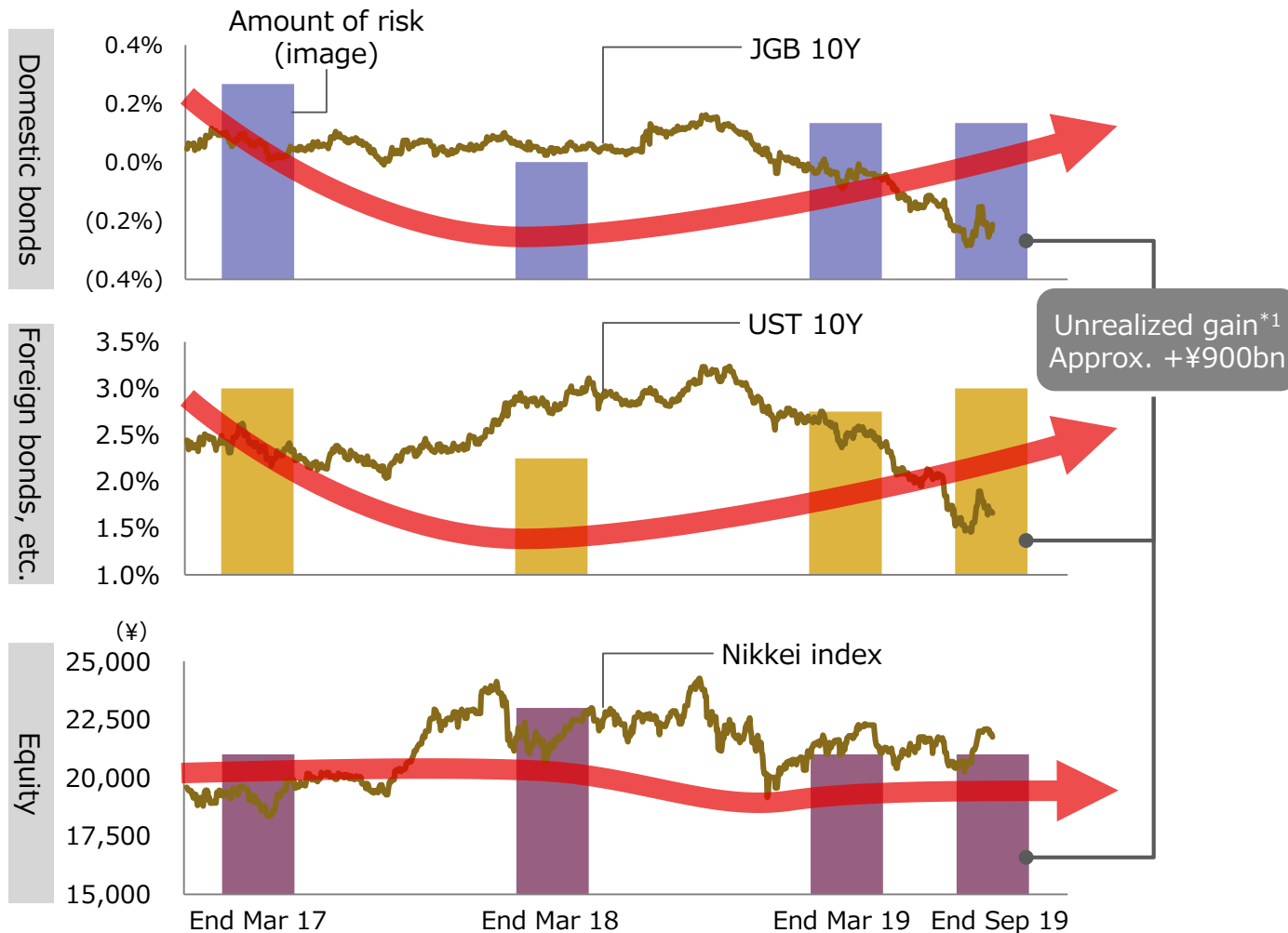
\*<sup>1</sup> Managerial accounting basis. Sum of the Bank, NICOS and ACOM \*<sup>2</sup> Managerial accounting basis. ACOM consolidated basis

\*<sup>3</sup> Unsecured loan of ACOM \*<sup>4</sup> ACOM non-consolidated basis \*<sup>5</sup> ACOM's loan and credit card business

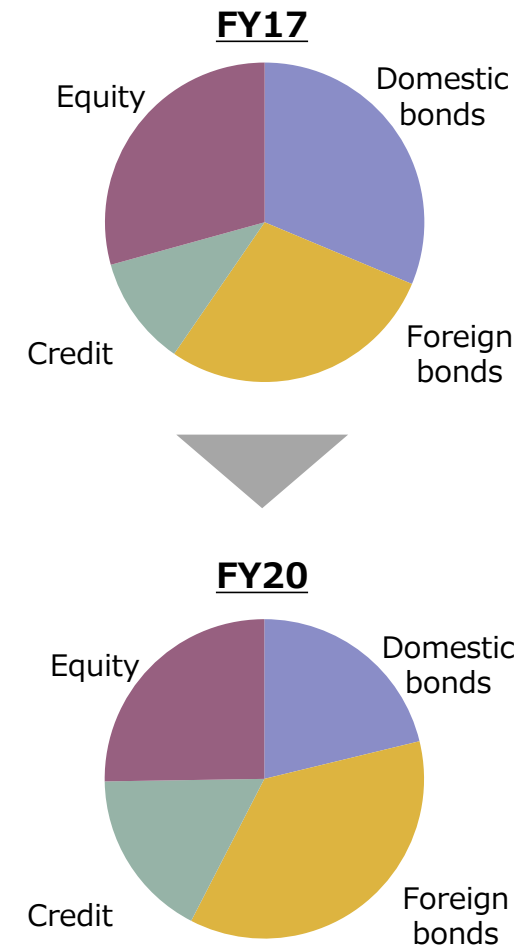
# Flexible portfolio management (Treasury)

– Accumulate stable profit source through flexible asset allocation

## Results of operations



## Concept of asset allocation

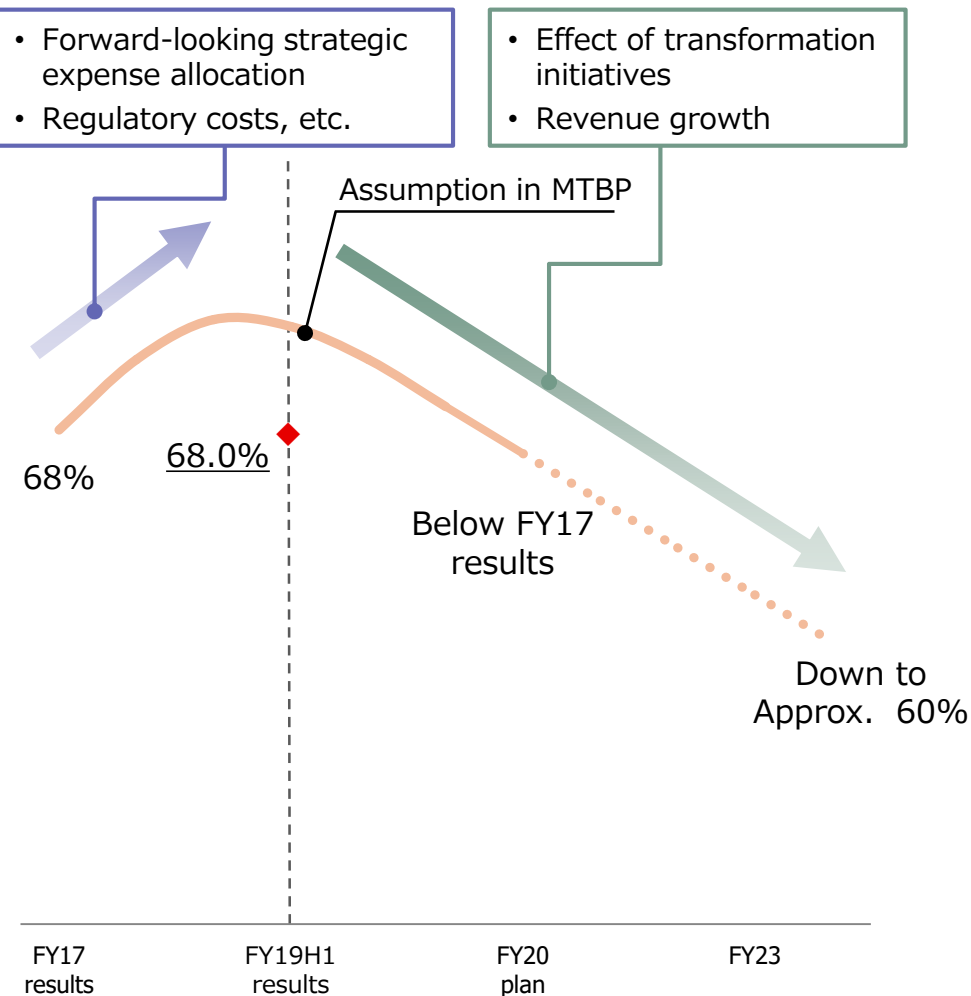


\*1 Managerial figure. Sum of unrealized gain composed of domestic bonds, foreign bonds, equities (excluding equity holdings) and other investment products managed by Global Markets business group

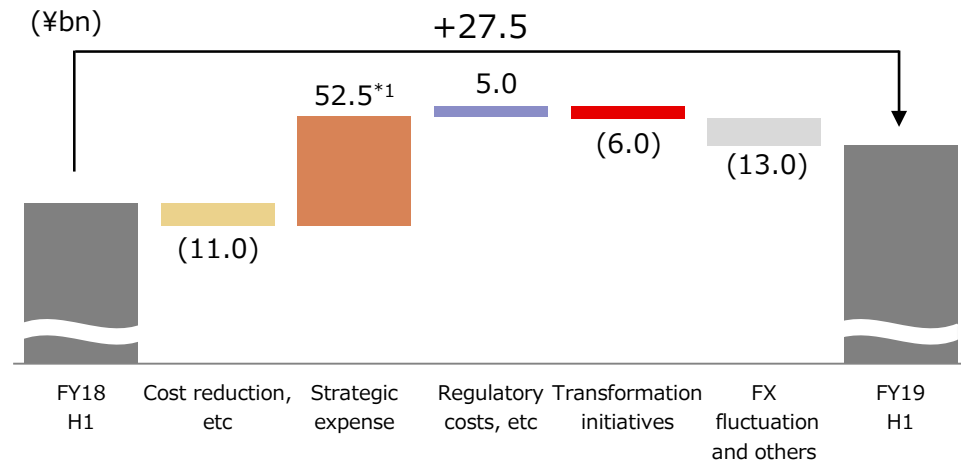
# Cost control (1)

- Expenses increased mainly due to the consolidation of BDI. Expense ratio improved to 68.0% due to the increase in gross profits and the reduction of domestic expenses

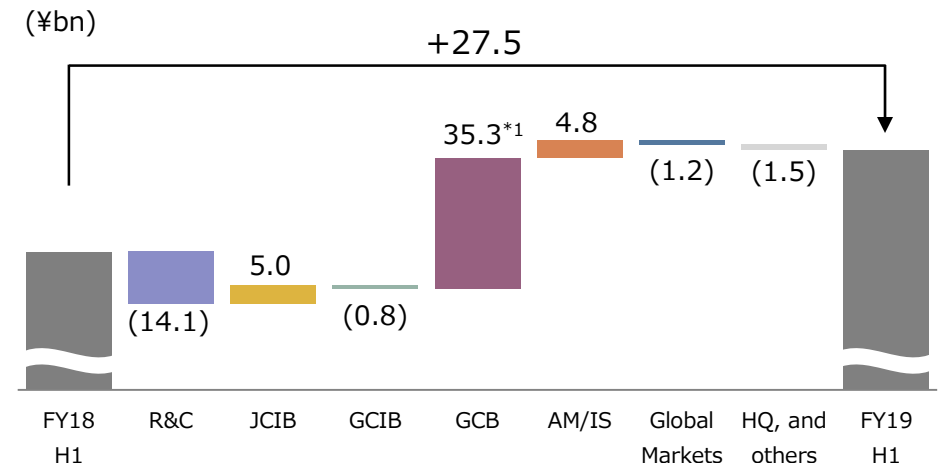
## Expense ratio



## By measures



## By business group



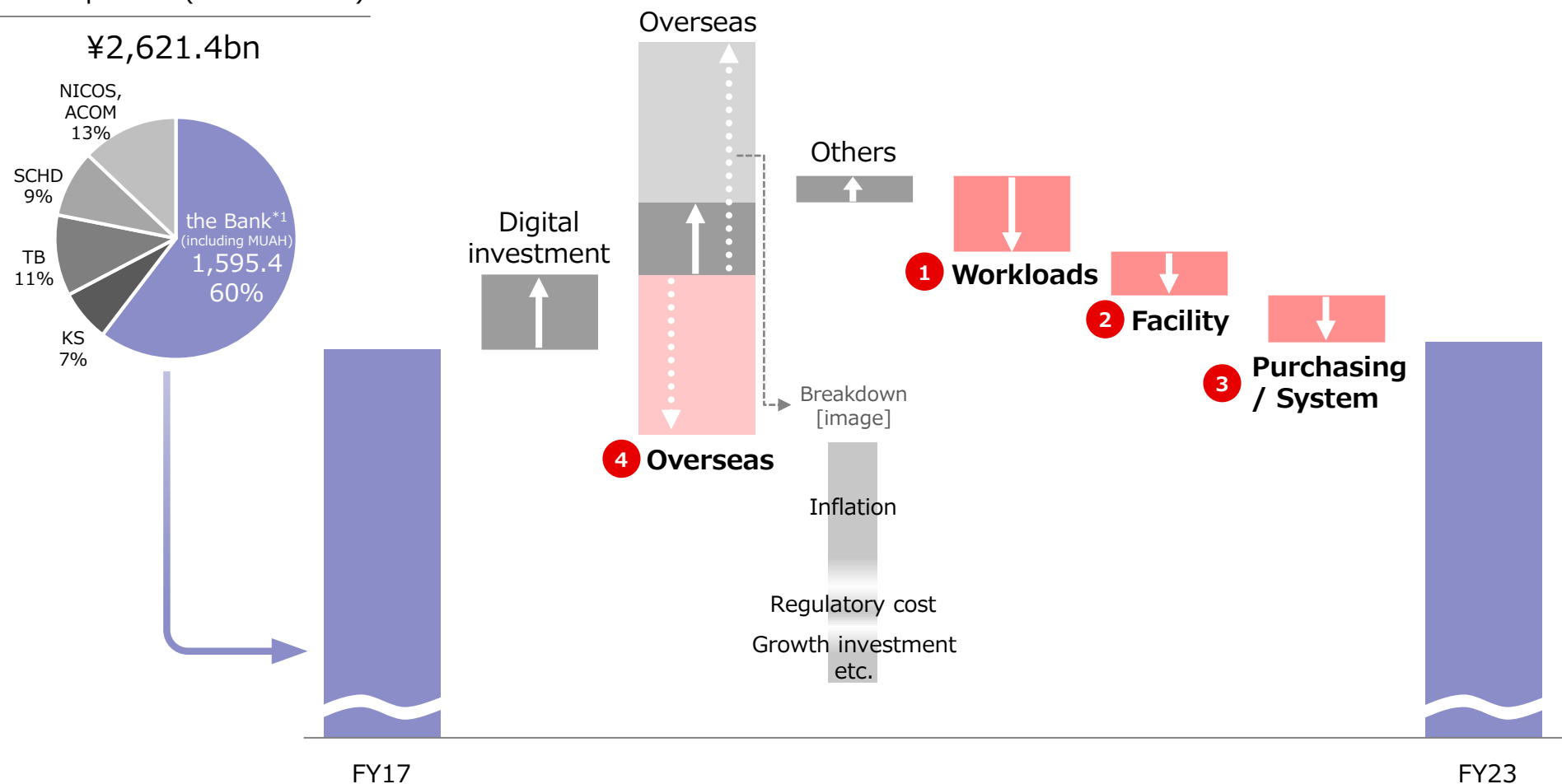
\*1 Including the impact of the consolidation of BDI (approx. ¥25.5bn)

## Cost control (2)

– Implement various measures to curb growth in costs

Outlook for expense of MUFG bank\*<sup>1</sup> (including MUAH)

FY17 Expenses (consolidated)

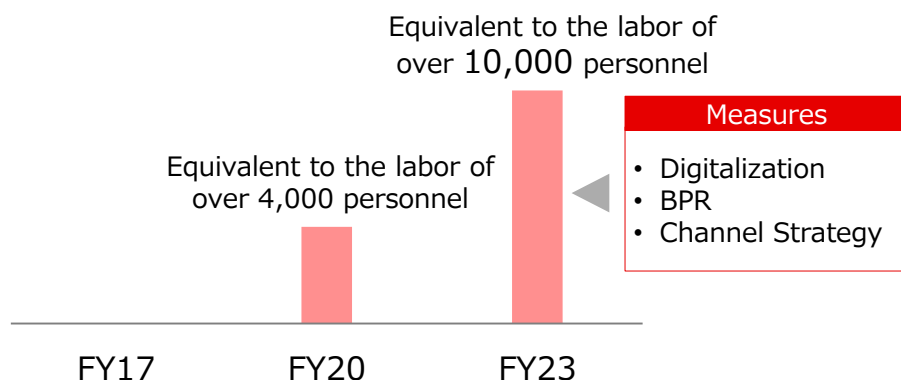


\*1 The Bank (consolidated) excluding KS and BDI, but including MUAH and other subsidiaries

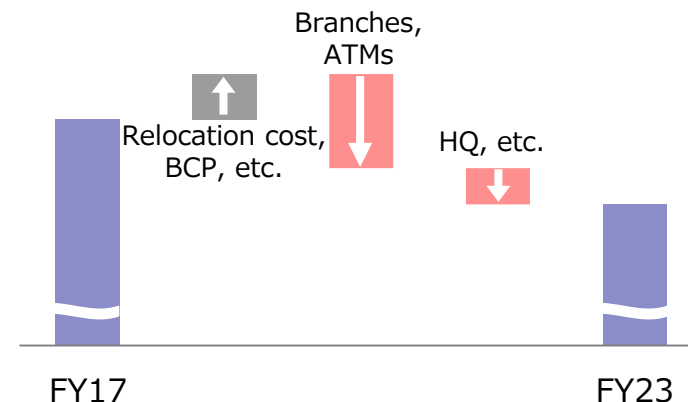
# Cost control (3)

## 1 Workloads

■ Reduction of workloads (compared to FY17)



## 2 Facility cost



## 3 Purchasing / System cost

### ■ Purchasing / Outsourcing cost

- Purchasing cost: Optimize quality as well as negotiate with suppliers to improve unit prices
- Outsourcing cost: Optimize outsourcing cost while reducing dependence on external resources

### ■ System cost

- Control overall investment to curb depreciation costs
- Streamline IT assets by integrating products and services
- Reduce maintenance services and tests

## 4 Overseas cost

### ■ Americas (including MUAH)

- Strengthen control of HR expenses
- Reduce purchasing and outsourcing cost
- Optimize our resource location strategy through leveraging strategic locations
- Enhance network of branches

### ■ Europe

- Strengthen control of HR expenses
- Review of branch networks (Spain Branch, Vienna Branch)

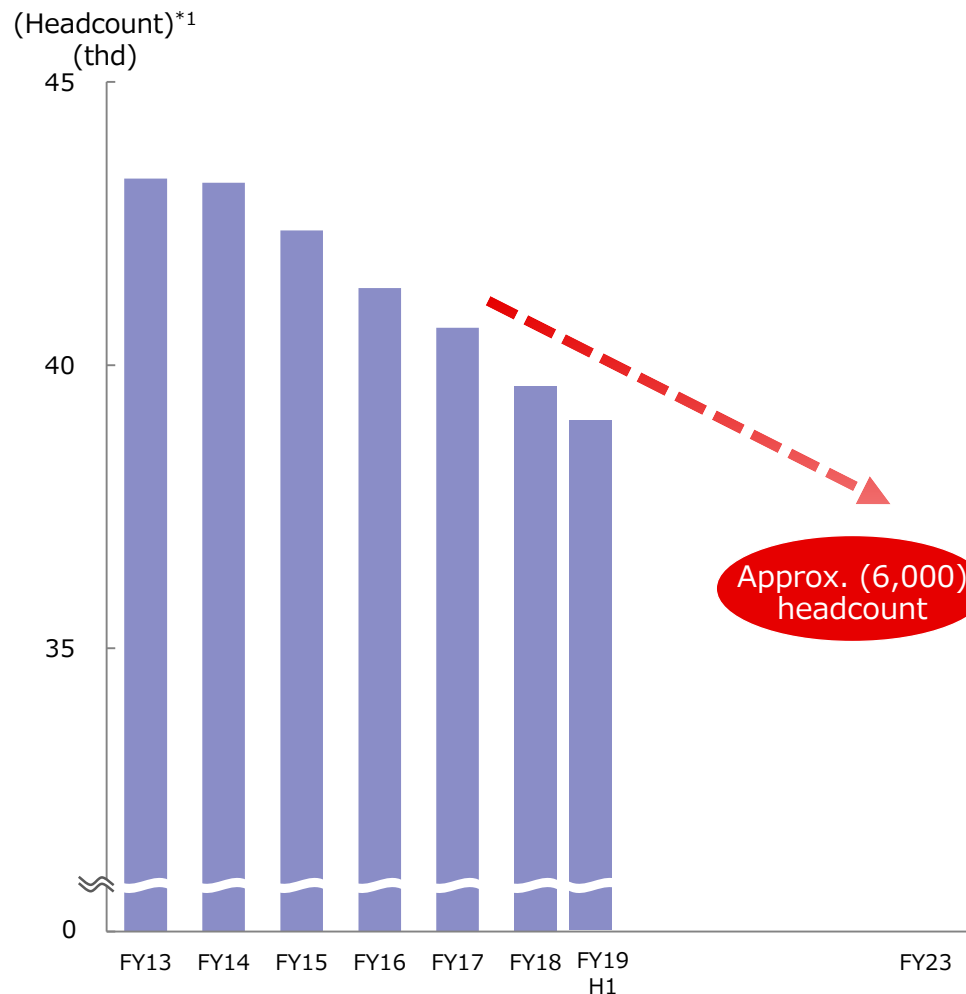
### ■ Asia (excluding KS, BDI)

- Streamline operations and systems

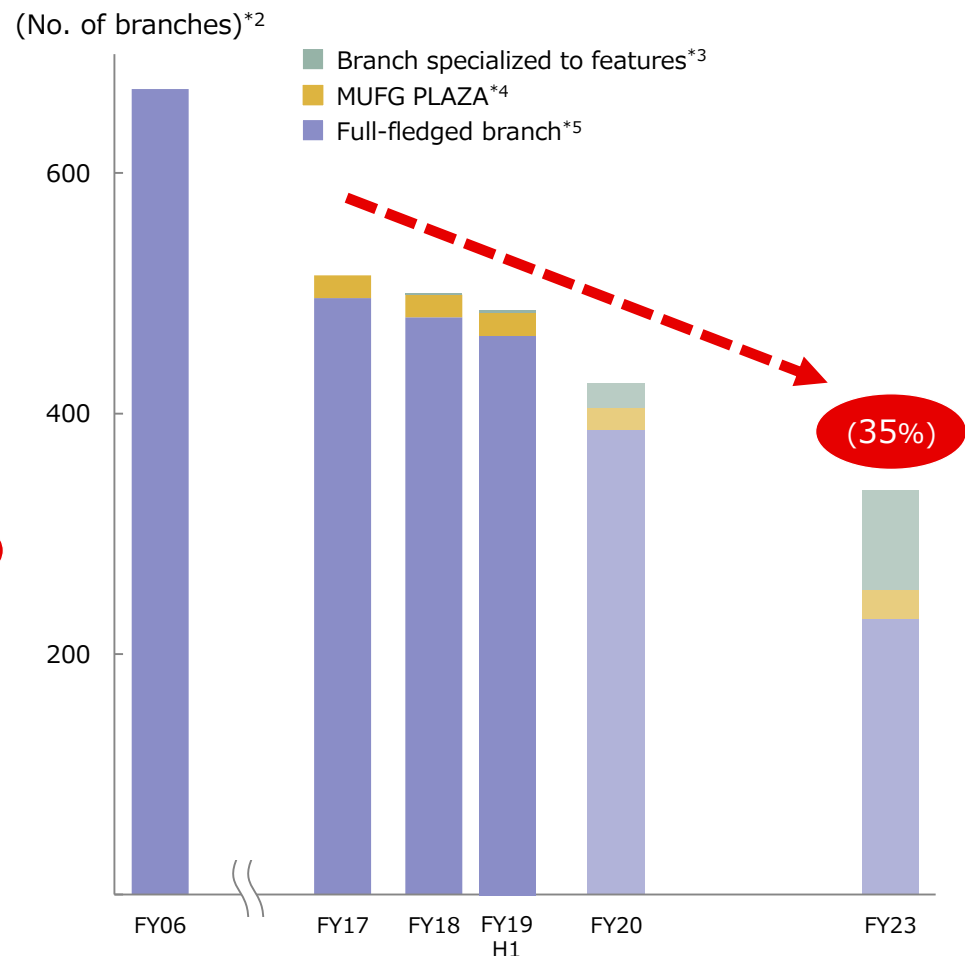
## Cost control (headcount, branches)

- Expect a decrease in employee headcount totaling approx. 6,000 (attrition) and the reduction of no. of branches by 35%, compared to FY17

Forecast of employees headcount



Forecast of number of branches



\*1 The figure includes MUFG Bank's domestic bank staff, part-time and contract staff as well as temporary staff but excludes overseas staff hired locally.

The figure also includes employees of other companies seconded to MUFG Bank but excludes employees temporarily transferred to other companies

\*2 MUFG Bank non-consolidated basis \*3 MUFG NEXT and consulting office \*4 Group co-located branch

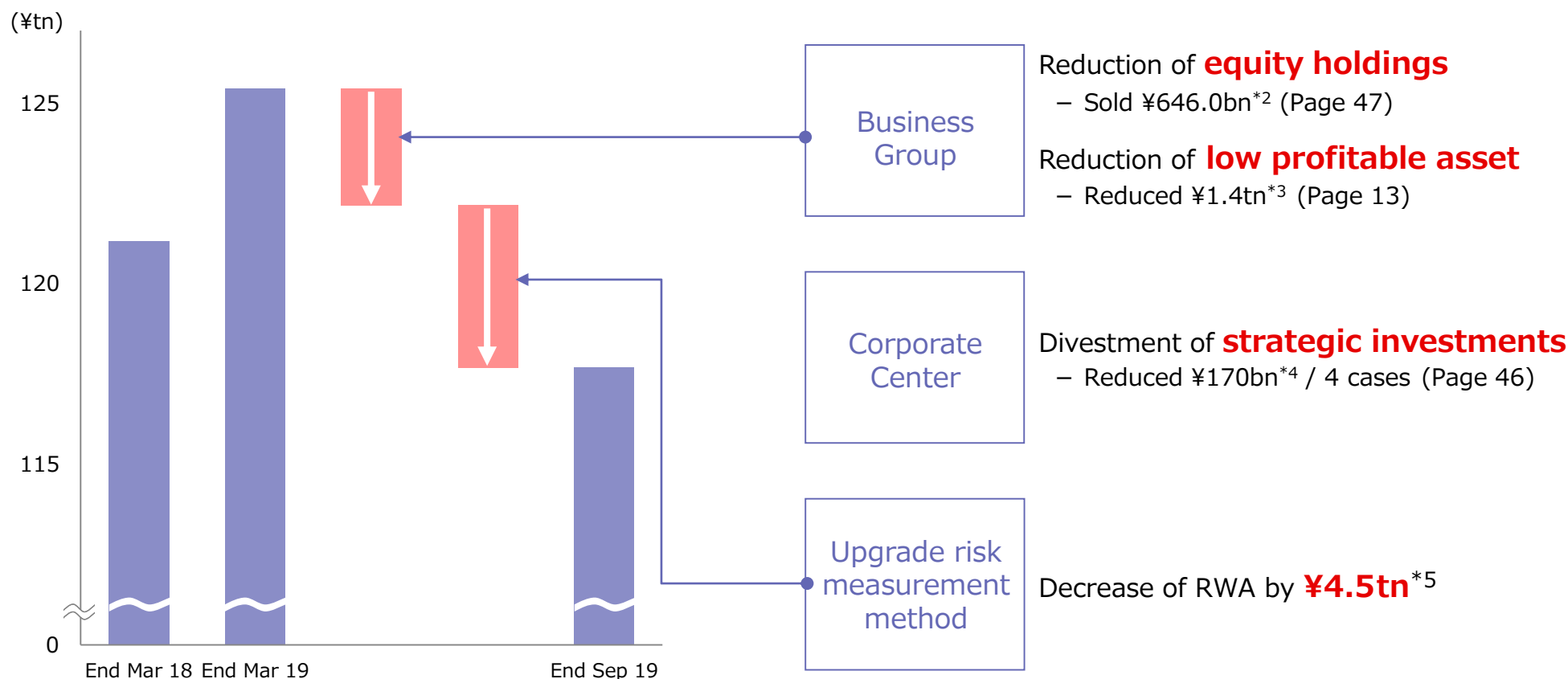
\*5 A branch that handles all services including consulting service at bank counter by clerk

# RWA control

– Improve financial soundness and profitability by enhancing RWA control

RWA (Finalized Basel III reforms basis<sup>\*1</sup>)

Cases



\*1 Estimated RWA on the finalized Basel III reforms basis

\*2 Cumulative amount since FY15. Acquisition cost basis \*3 FY18 results \*4 Cumulative amount since FY17

\*5 Reduction amount of estimated RWA on finalized Basel III reforms basis through upgrading risk measurement method


















*(Blank)*

# Digitalization

## Promote shift of sales channel (1)

– Steady progress in sales channel shift by expanding digital and non face-to-face channels

	Transaction volume (FY19H1)	Branch 	ATM, STM*1 etc.*2 	IB*3, App 
Fund transfer	Approx. <b>46</b> mm	--> 2% 2% 	--> 59% 56% 	--> 42% 39% 
Pay tax and utility bills	Approx. <b>9</b> mm	--> 15% 9% 	--> 24% 21% 	--> 67% 64% 
Change of address	Approx. <b>1</b> mm	--> 58% 53% 	--> 27% 24% 	--> 23% 15% 
Replacement of unusable cards	Approx. <b>260</b> thd	--> 83% 74% 	--> 12% 8% 	--> 18% 5% 

Upper: FY18H1 results

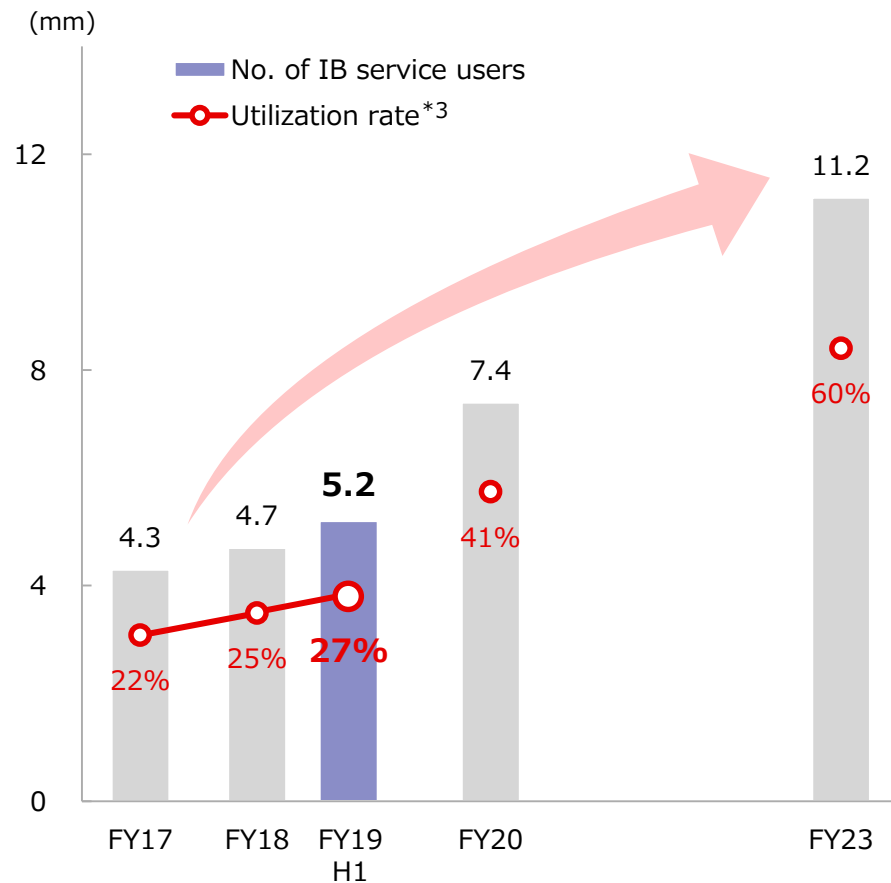
Lower: FY19H1 results

\*1 Store Teller Machine (ATM equipped with functions to handle tax payment, utility bills payment and domestic transfer with a private request form)

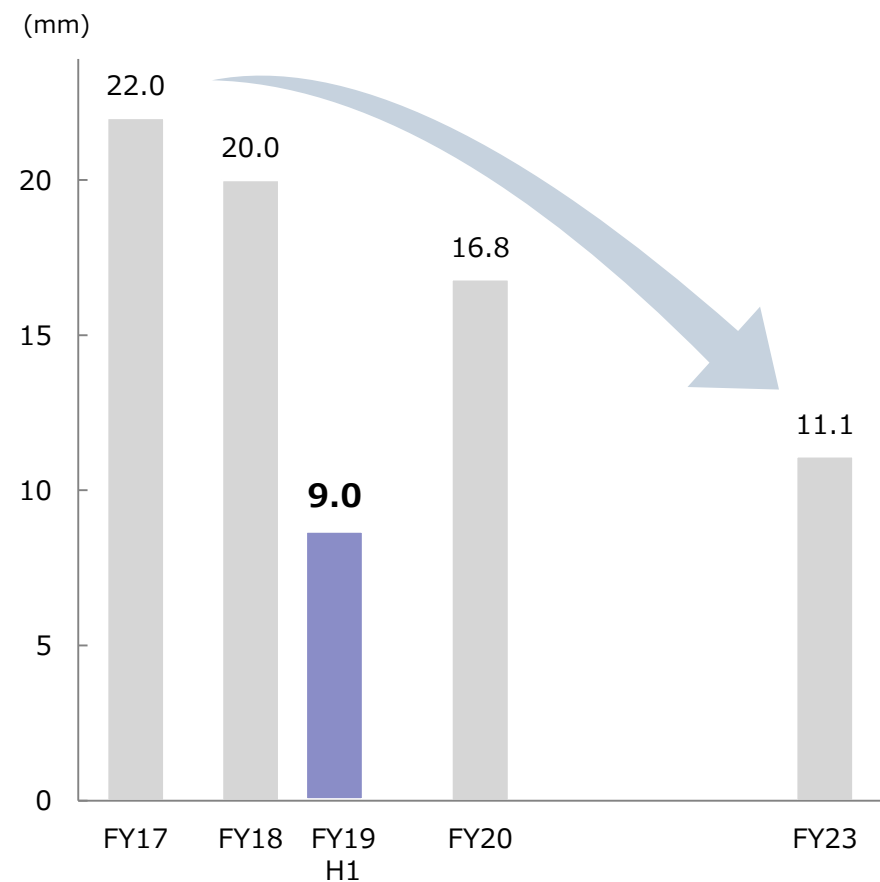
\*2 Including transactions via TV, telephone and mail \*3 Mitsubishi UFJ DIRECT: Internet banking for individual customers

## Promote shift of sales channel (2)

No. of IB\*<sup>1</sup> service users\*<sup>2</sup>



No. of transactions at bank-counter



\*1 Mitsubishi UFJ DIRECT: Internet banking for individual customers

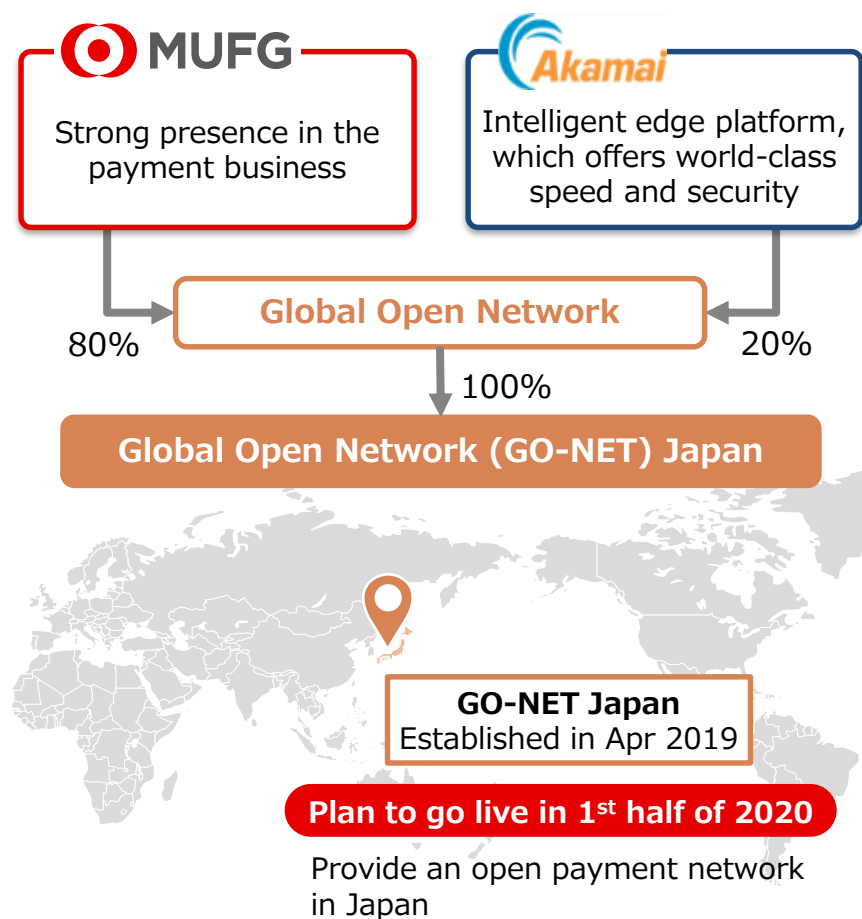
\*2 Users who log-in IB at least once in 6 months out of all active accounts (excl. accounts used for direct debit only)

\*3 Utilization rate = IB service users / active accounts

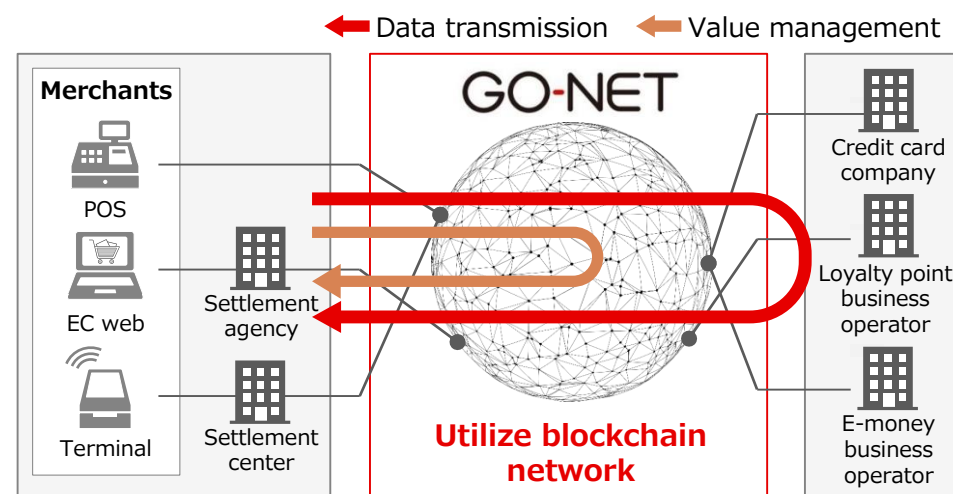
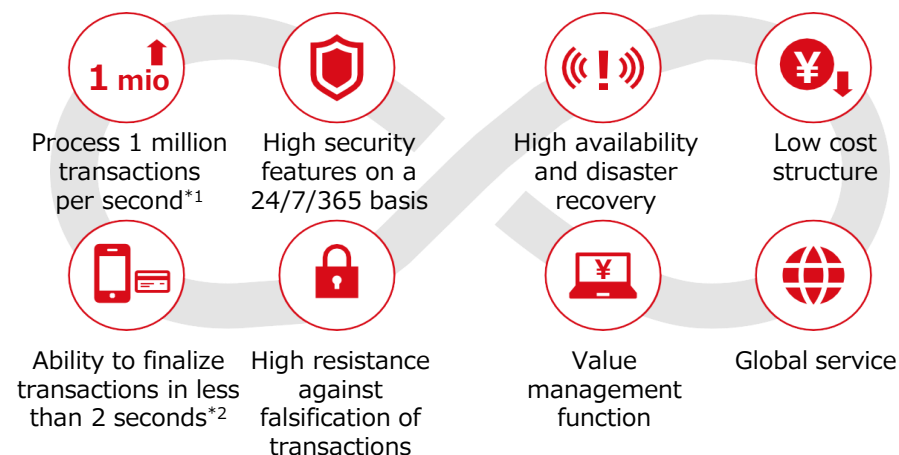
# Global Open Network

– Through strategic alliance with Akamai, aim to provide an open payment network in Japan

## Established GO-NET Japan



## Eight features and use case of GO-NET



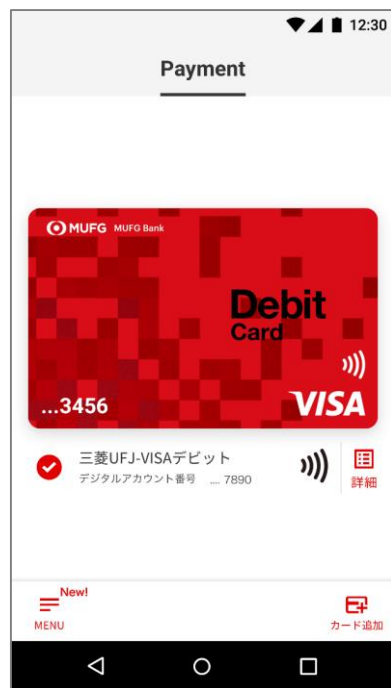
\*<sup>1</sup> Verified under realistic business conditions \*<sup>2</sup> Processing time per transaction is measured end to end from merchant request to final response

## Released smartphone app “MUFG Wallet”

- Realize the more secure and centralized management of various payment methods, such as those employing debit cards, via data tokenization



Smartphone app  
“MUFG Wallet”<sup>\*1</sup>



Transaction screen

Introduced Visa contactless<sup>\*2</sup>  
for the first time in Japan



Available in 200 countries and  
regions around the world



Settlement info and credit card no.  
are tokenized and securely stored



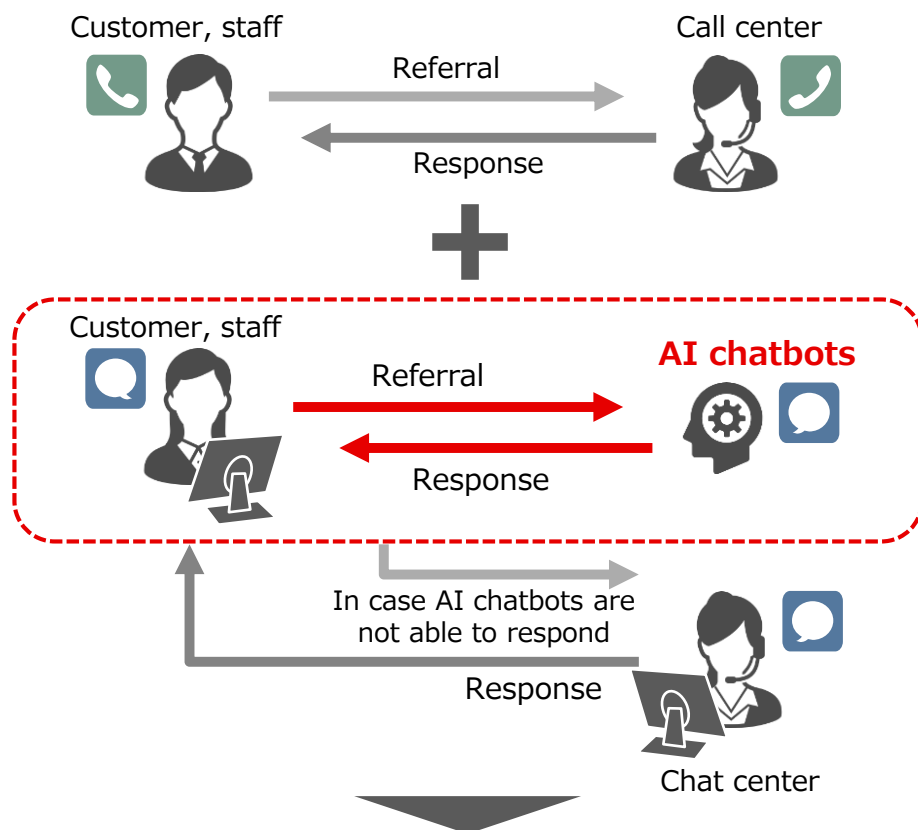
To be the new touch point with customers

<sup>\*1</sup> Android app <sup>\*2</sup> Contactless payment based on ISO standard Type A/B

# Streamlining operations with AI

– Utilize AI chatbots and AI-OCR<sup>\*1</sup> to significantly reduce workloads

## Utilize AI at call center operation



Internal

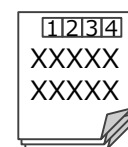
No. of call decreased by **19%** YoY<sup>\*2</sup>

For customers

Plan to shift **30%** of call<sup>\*3</sup> to AI

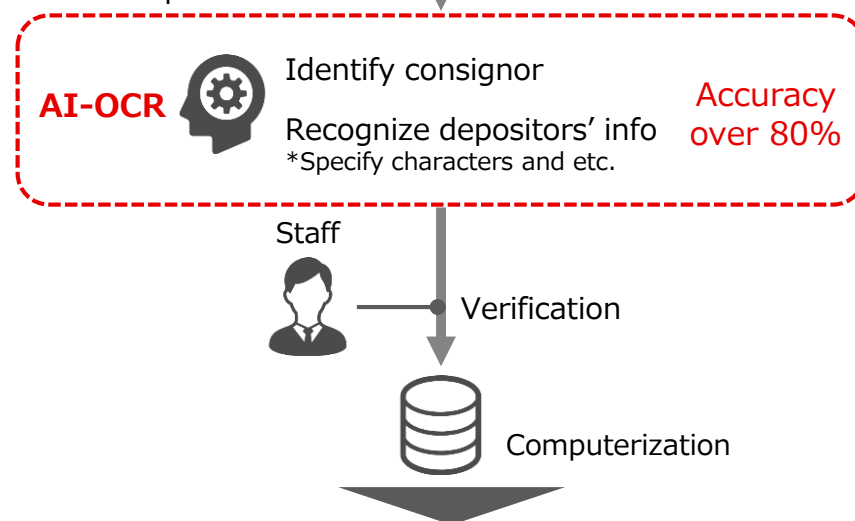
## Streamline operation of direct debit application

### Direct debit application



- **8mm** application forms per year
- Approx. **6,000** different formats by consignor

From Sep 19



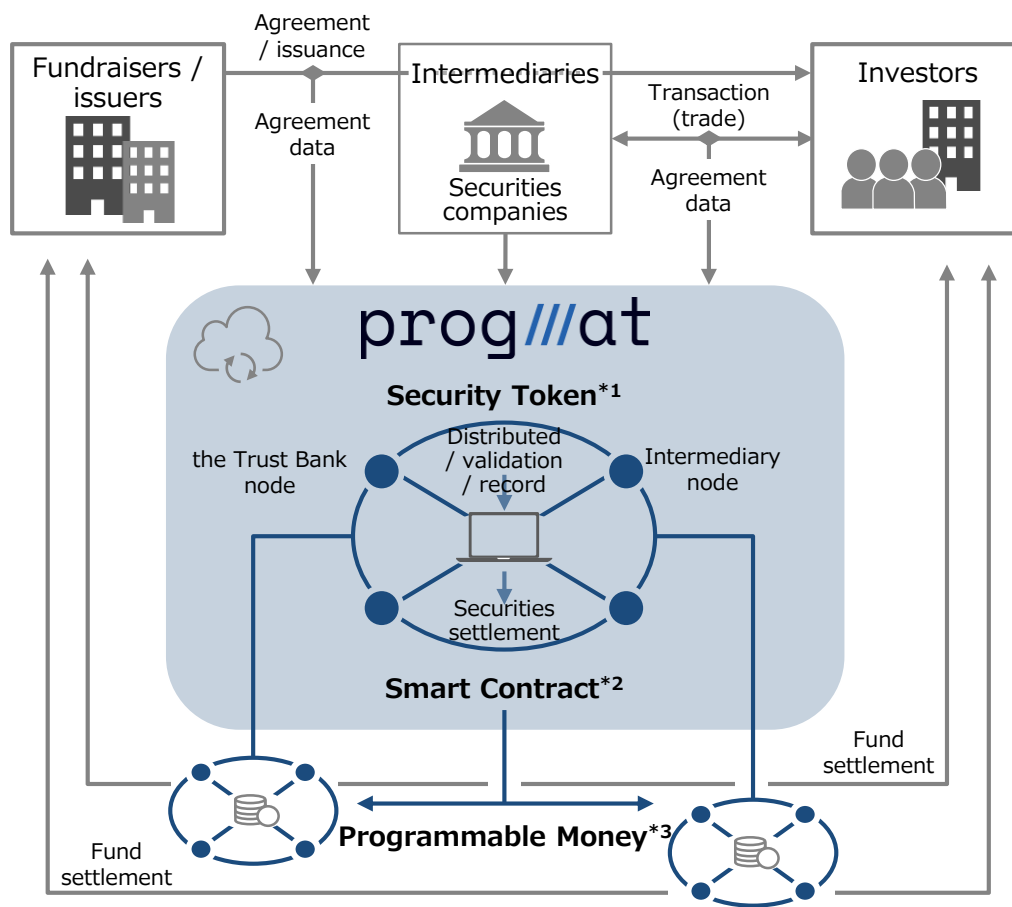
Plan to reduce subject operation's workloads **up to 30%<sup>\*4</sup>** through expanding AI-OCR coverage

<sup>\*1</sup> Optical Character Recognition <sup>\*2</sup> Vs FY18Q1 results <sup>\*3</sup> By FY23 <sup>\*4</sup> By FY23. Figure includes systemizing impacts other than introducing AI-OCR

# Next-generation financial transaction platform “Progmat”

- Realize the centralized and automated execution of financial transactions by utilizing blockchain technology

## Progmat grand design



## Vision of Progmat

Blockchain technology



Trust bank function

Aim to provide platform which enables easy, speedy and secure financial transactions

## Features of Progmat

- Diversify funding methods  
Enable funding backed by **various types of assets**
- Expand investment opportunity  
Enable **small-lot investment** to **new types of assets**
- Utilize blockchain  
Enable **automatic** and **real-time settlement** of securities and funds
- Centralize execution of transaction by a trust bank function  
**Trusty** and **custody** functions

\*1 Proprietary value of a bond or securitized product that can be transferred using an electronic data processing system

\*2 A block-chain program that automatically executes and confirms the terms and conditions of a contract without going through third parties

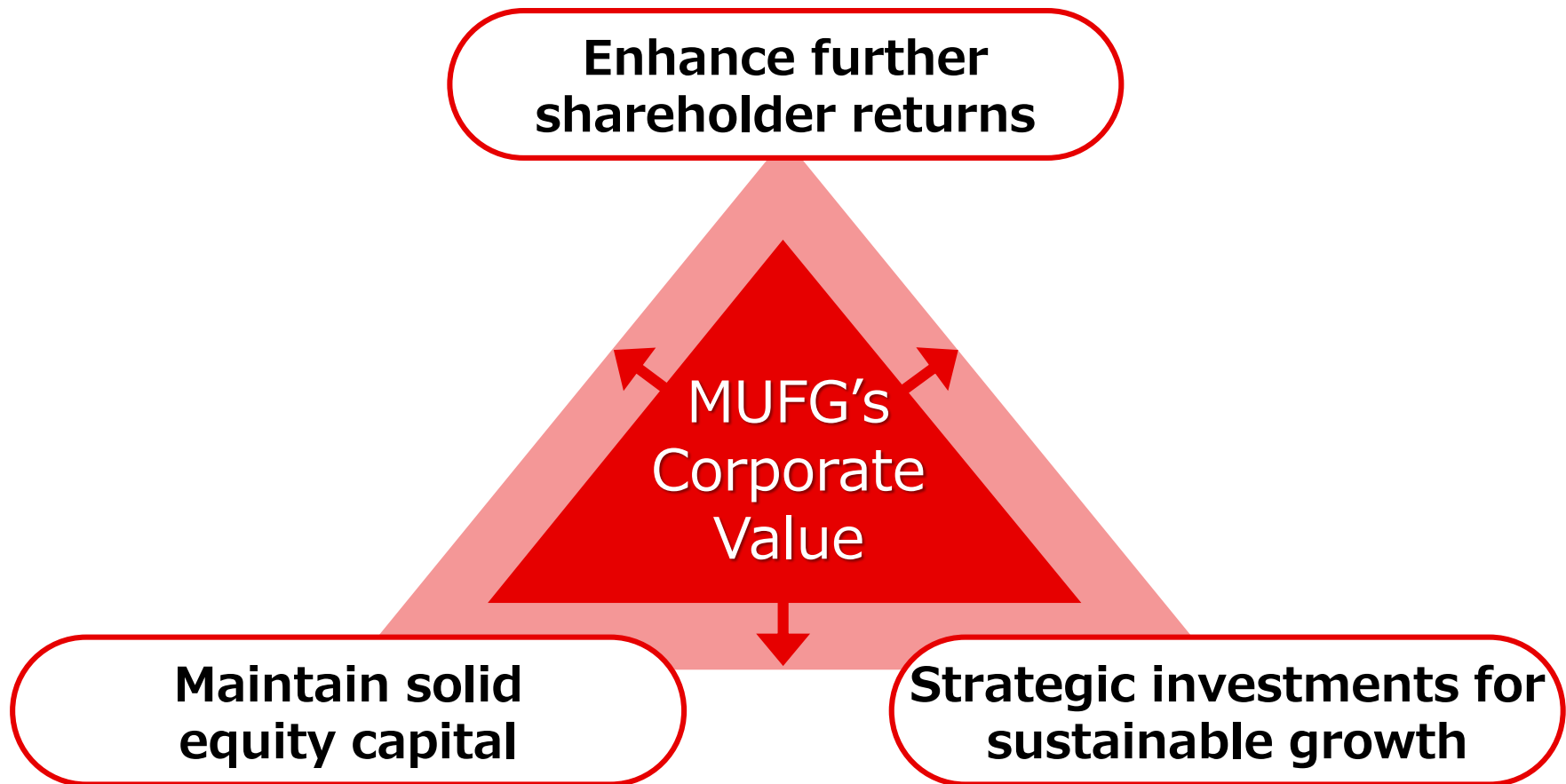
\*3 Payment instruments in the blockchain designed to have stable value for easy use as payment instruments



# Capital policy

## Basic policy (“Capital Triangle”)

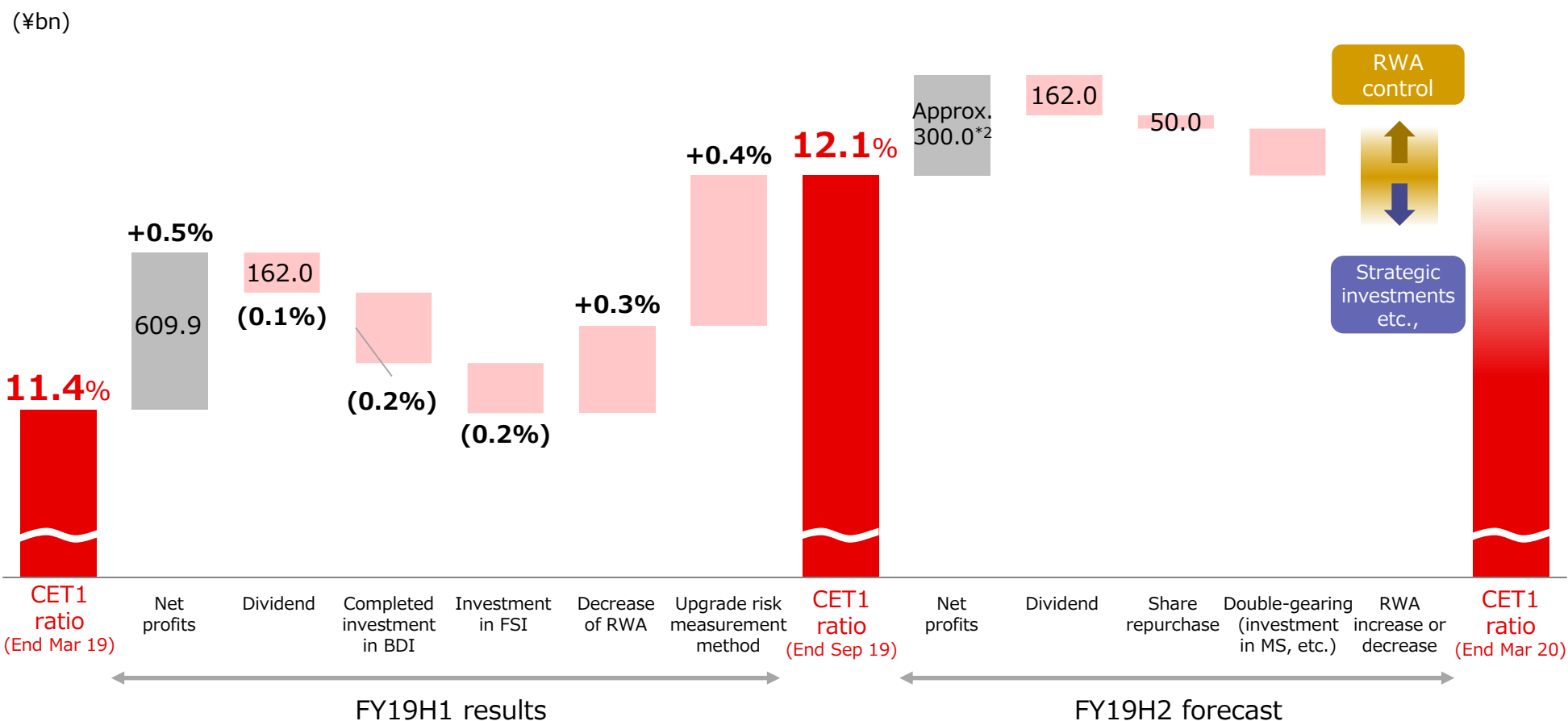
– Implement well-balanced capital management



# Capital allocation

– Create excess capital through RWA control

Capital allocation results and forecast (Finalized Basel III reforms basis\*<sup>1</sup>)



\*<sup>1</sup> Estimated RWA reflecting the result of calculation on the finalized Basel III reforms basis

\*<sup>2</sup> Difference between FY19 financial targets and FY19H1 financial results

## Basic policies for shareholder returns

– Improve shareholder returns, focusing on dividends

### Dividends

MUFG aims for a **stable and sustainable increase** in dividends per share through profit growth, **with a dividend payout ratio target of 40%**

➡ Target a dividend payout ratio of 40% by the end of FY23

### Share Repurchase

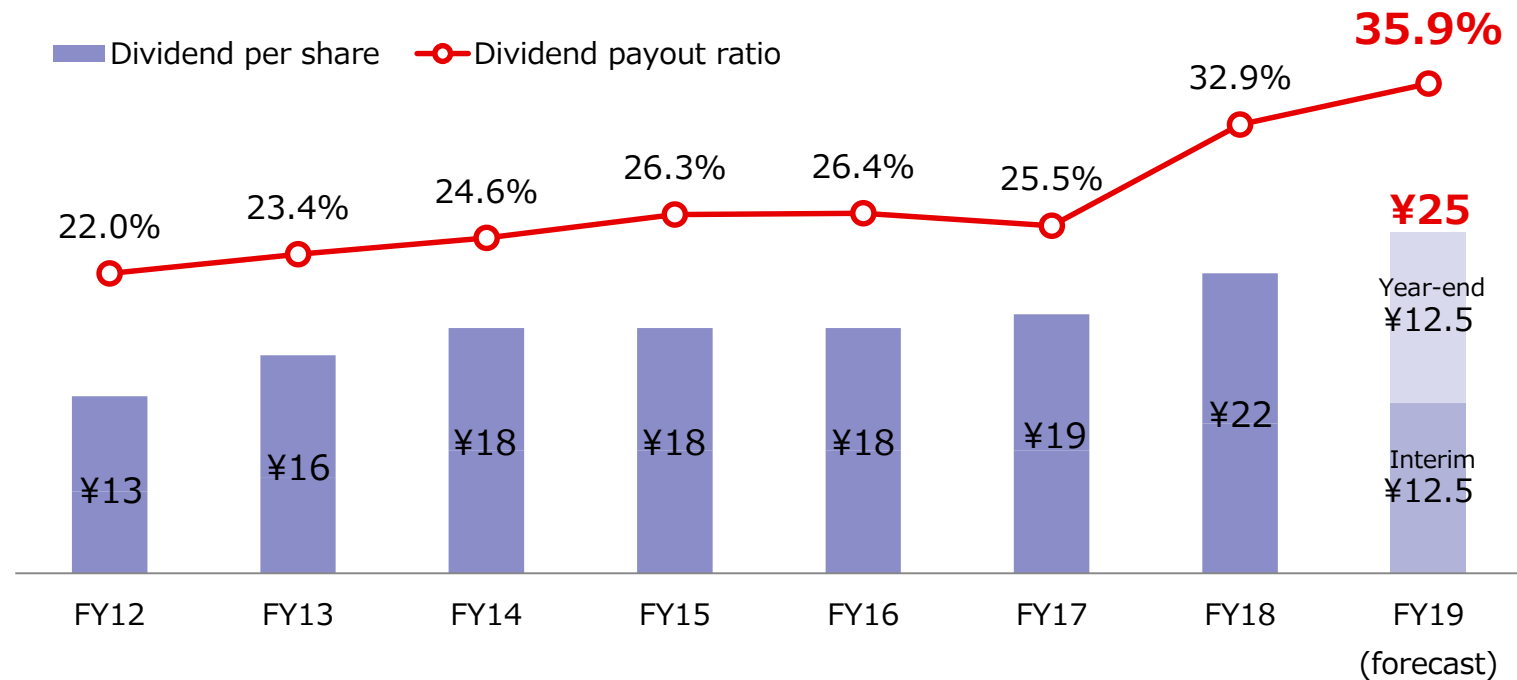
MUFG plans to **flexibly repurchase** its own shares, as part of its shareholder return strategies, in order to improve capital efficiency

➡ Consider (1) Performance progress / forecast and capital situation,  
(2) Strategic investment opportunities (3) Market environment including share price  
➡ Confirm if MUFG's capital level remains stable as required to secure  
"A" or higher credit rating

### Share Cancellation

In principle, MUFG plans to hold a maximum of **approximately 5% of the total number of issued shares**, and cancel shares that exceed this amount

# Results of shareholder return

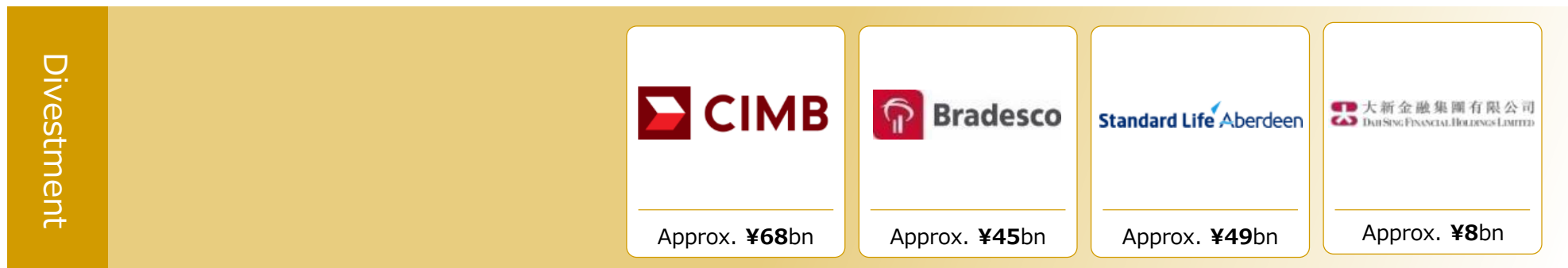
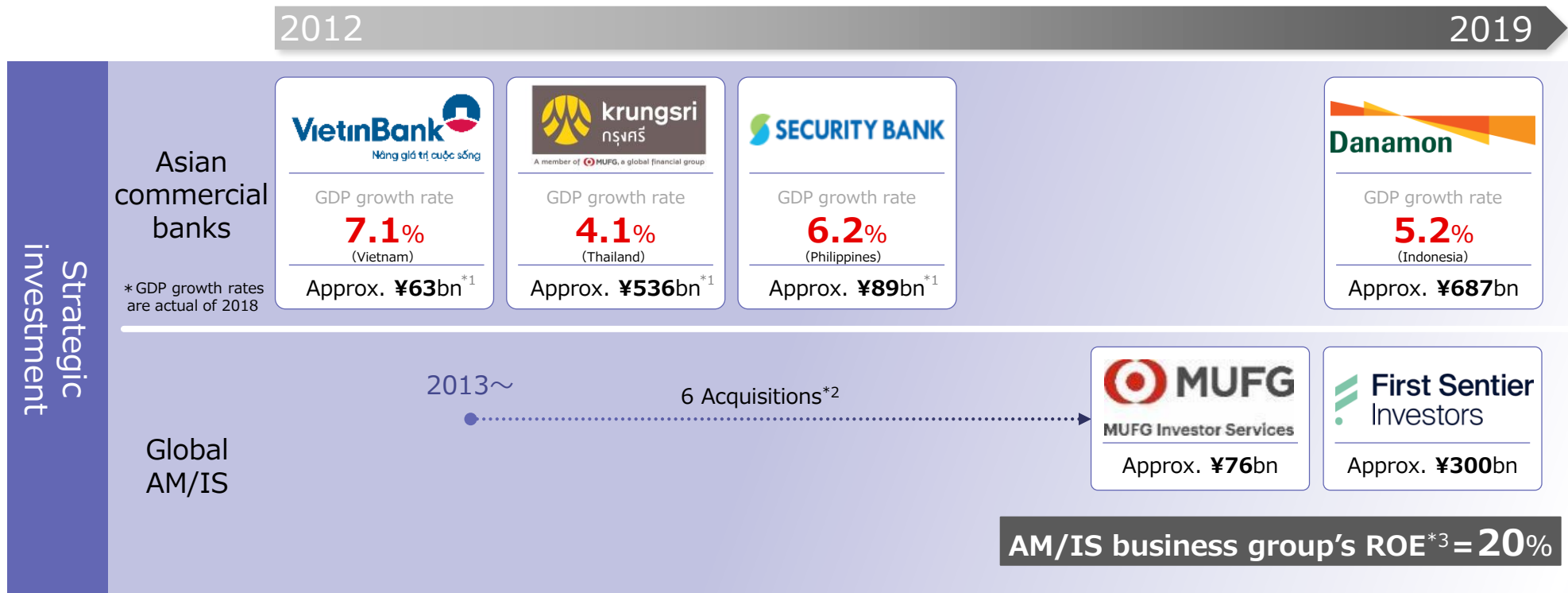


(¥bn)

<b>Dividend</b>	184.1	226.6	253.7	249.3	243.6	251.8	286.9	324.0
<b>Share repurchase</b>	-	-	100.0	200.0	200.0	200.0	150.0	50.0
<b>Total payout</b>	184.1	226.6	353.7	449.3	443.6	451.8	436.9	374.0
<b>Net profits</b>	852.6	984.8	1,033.7	951.4	926.4	989.6	872.6	900.0
<b>Total payout ratio</b>	22.0%	23.4%	34.2%	47.2%	47.9%	45.7%	50.1%	41.5%

# History of strategic investment in overseas

– Capture the growth in Asian markets and expand asset-light fee business

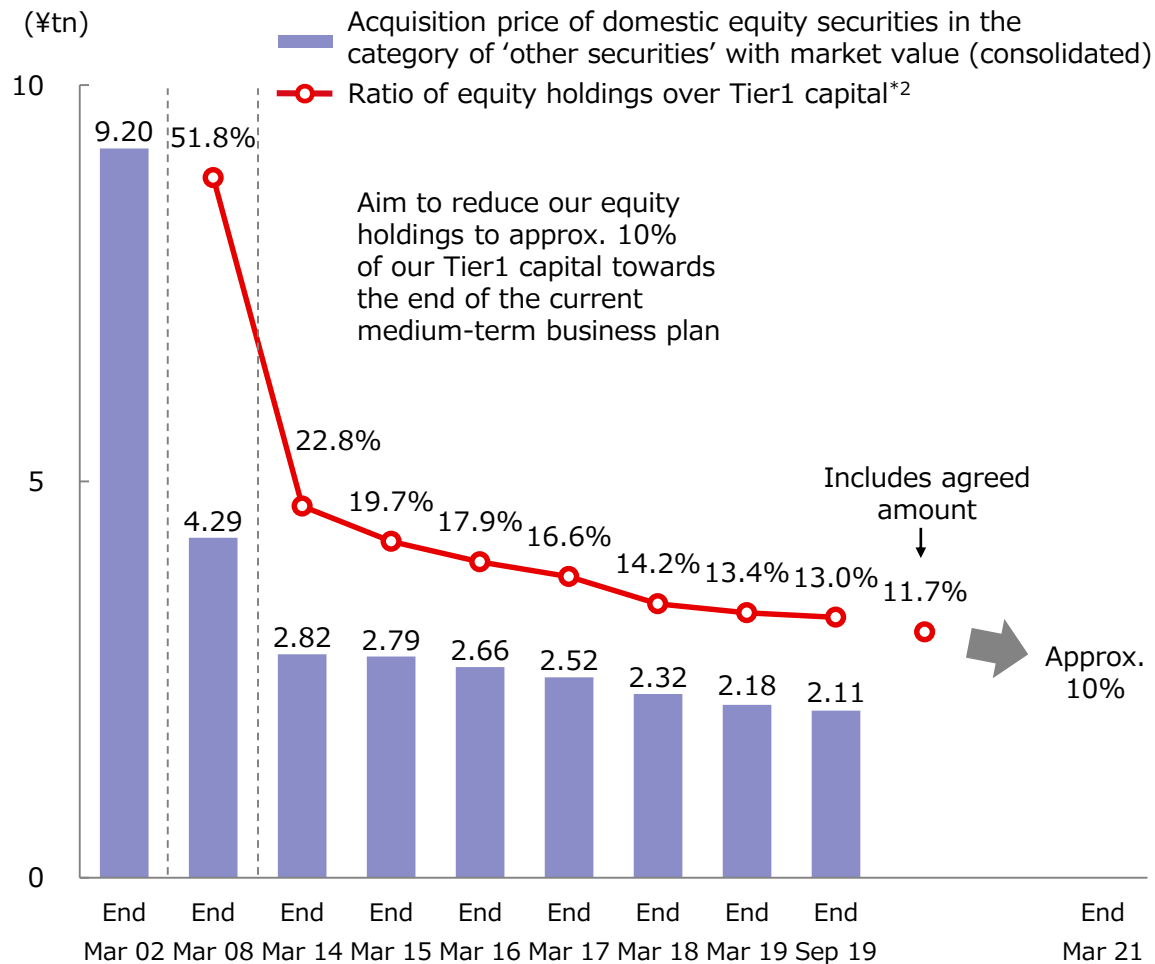


(Source) IMF

\*1 Initial investment amount \*2 Butterfield, Meridian, UBS AFS, Capital Analytics, Rydex, Point Nine. Acquire HF administration business from Maitland in 2020 \*3 FY19H1's ROE

# Reduction of equity holdings\*1

## Historical performance



## Approx. selling amount

(¥bn)	Selling amount	Acquisition cost basis	Net gains (losses)
FY15	211	117	94
FY16	267	149	118
FY17	318	201	117
FY18	242	127	115
<b>FY19 H1</b>	<b>93</b>	<b>52</b>	<b>41</b>
Total	1,131	646	485
Agreed amount	-	213	-

\*1 Sum of the Bank and the Trust Bank.

\*2 Under Basel II basis until end Mar 12 (consolidated)

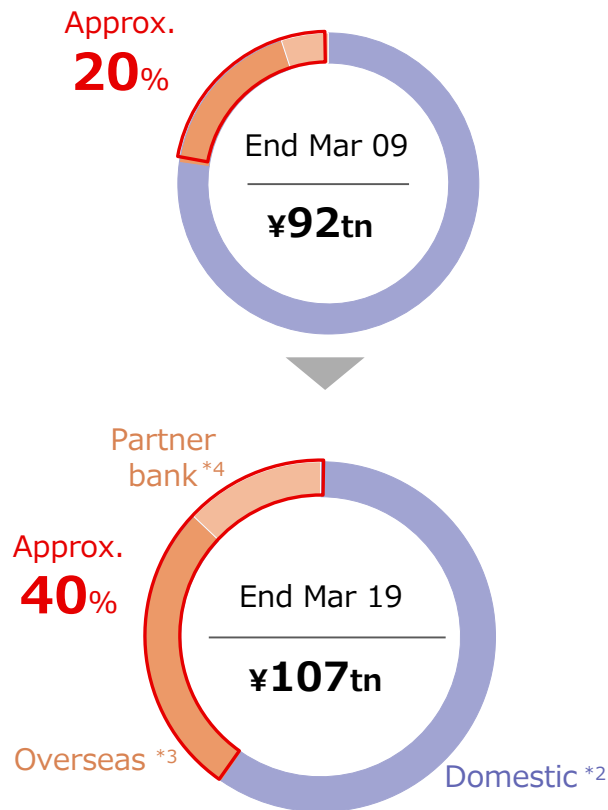
# Appendix



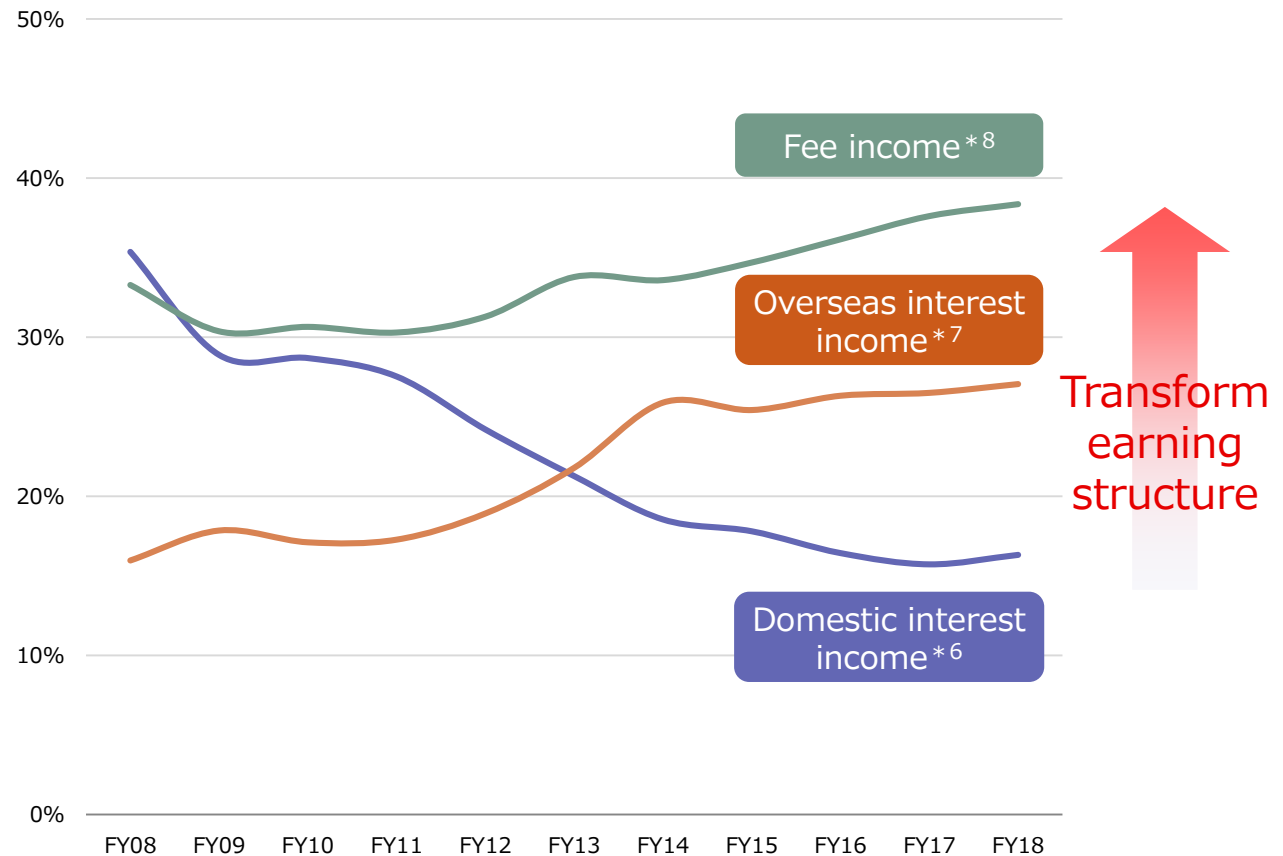
# Transition of earning structure

– Shift portfolio to growth areas in response to a low interest environment in Japan

Transition of loan portfolio\*<sup>1</sup>



Gross profits trend (proportion)\*<sup>5</sup>



\*<sup>1</sup> Excludes others and consolidation adjustments \*<sup>2</sup> Non-consolidated. Sum of banking and trust accounts. Includes non-JPY loans

\*<sup>3</sup> Loans booked in overseas branches, the Bank (China), the Bank (Malaysia), the Bank (Europe) \*<sup>4</sup> MUAH+KS

\*<sup>5</sup> Proportion of each income in MUFG's consolidated gross profits \*<sup>6</sup> Non-consolidated. Domestic operations. Excludes dividend from subsidiaries, etc.

\*<sup>7</sup> International operations (non-consolidated), MUAH, KS, the Bank (China), the Bank (Malaysia), the Bank (Europe).

Excludes dividend from subsidiaries, etc. \*<sup>8</sup> Consolidated

# Income statement summary

## Income statement

Consolidated

	(¥bn)	FY18H1	FY19H1	YoY
1 <b>Gross profits</b> (before credit costs for trust accounts)		1,882.5	<b>1,973.3</b>	90.7
2 Net interest income		970.2	<b>934.1</b>	(36.1)
3 Trust fees + Net fees and commissions		696.7	<b>684.6</b>	(12.1)
4 Net trading profits + Net other operating profits		215.5	<b>354.5</b>	139.0
5 Net gains (losses) on debt securities		(1.6)	<b>179.5</b>	181.1
6 <b>G&amp;A expenses</b>		1,314.4	<b>1,342.0</b>	27.5
7 <b>Net operating profits</b>		568.1	<b>631.3</b>	63.1
8 <b>Total credit costs</b> *1		117.9	<b>(18.0)</b>	(136.0)
9 <b>Net gains (losses) on equity securities</b>		85.1	<b>17.7</b>	(67.4)
10 Net gains (losses) on sales of equity securities		86.6	<b>48.6</b>	(37.9)
11 Losses on write-down of equity securities		(1.4)	<b>(30.9)</b>	(29.4)
12 <b>Profits (losses) from investments in affiliates</b>		163.7	<b>149.6</b>	(14.1)
13 <b>Other non-recurring gains (losses)</b>		(49.1)	<b>14.7</b>	63.8
14 <b>Ordinary profits</b>		885.9	<b>795.2</b>	(90.6)
15 <b>Net extraordinary gains (losses)</b>		(17.1)	<b>(9.1)</b>	7.9
16 <b>Total of income taxes-current and income taxes-deferred</b>		(165.3)	<b>(126.7)</b>	38.5
17 <b>Profits attributable to owners of parent</b>		650.7	<b>609.9</b>	(40.8)
18 <b>EPS (¥)</b>		49.65	<b>47.20</b>	(2.46)

### 1 Gross profits

- Gross profits increased ¥90.7bn mainly due to an increase in net gains on debt securities, partially offset by a decrease in net interest income, reflecting a decline in interest rates

### 2 G&A expenses / Expense ratio

- G&A expenses increased due to increases in expenses for overseas operations because of the expansion of overseas business and higher expenses for global financial regulatory compliance purposes
- Expense ratio decreased to 68.0% due to an increase in gross profits

### 3 Total credit costs

- Total credit costs increased ¥136.0bn due to the lack of reversal of allowance recorded in the previous year

### 4 Profits attributable to owners of parent

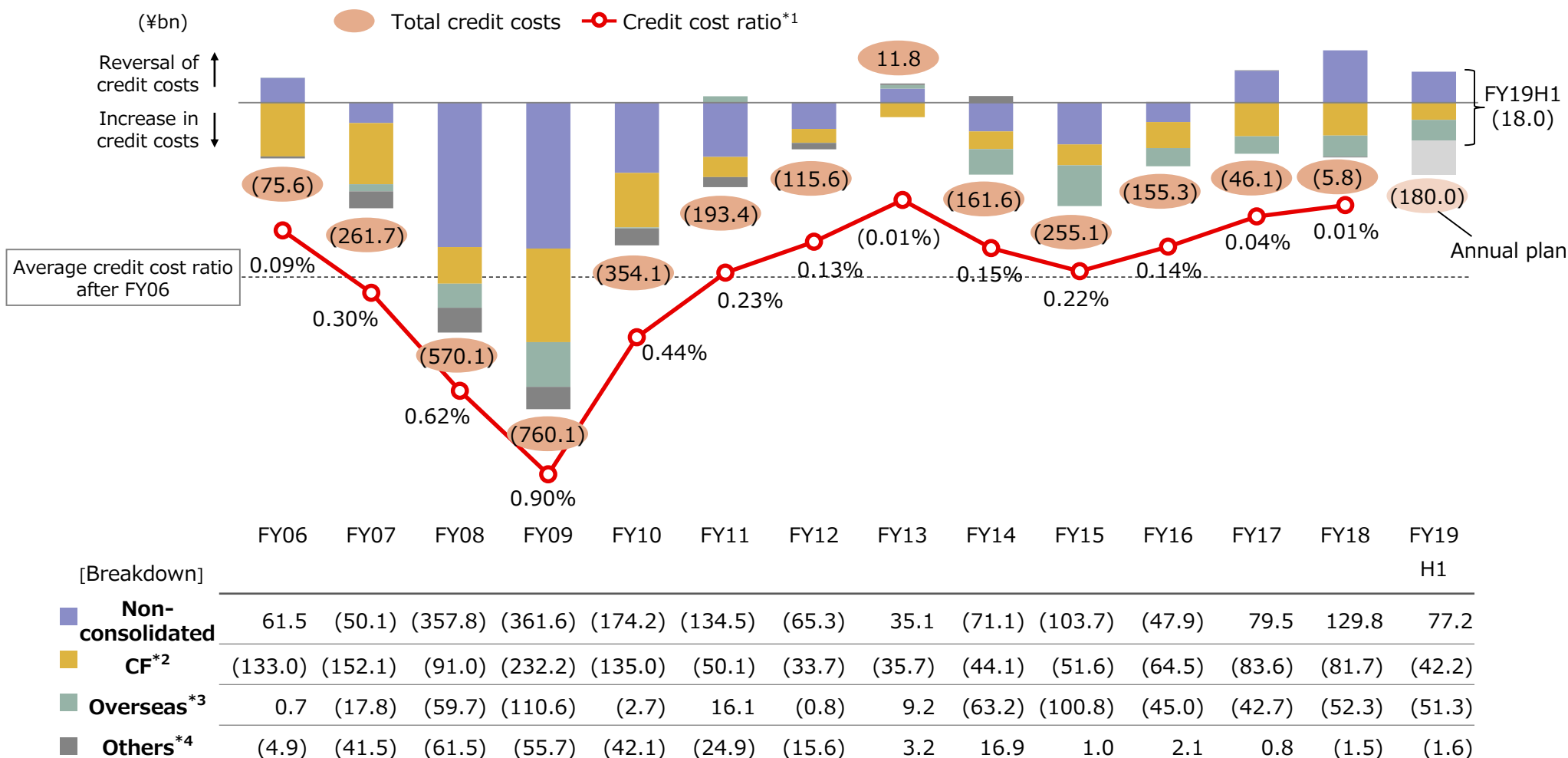
- Profits attributable to owners of parent decreased ¥40.8bn mainly due to a decrease in net gains on equity securities as well as a decrease in equity in earnings of equity method investees

\*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

# Historical credit costs

Total credit costs / Credit cost ratio

Consolidated



\*1 Total credit costs / loan balance as of the end of each fiscal year \*2 Sum of NICOS and ACOM on a consolidated basis  
\*3 Sum of overseas subsidiaries of the Bank and the Trust Bank \*4 Sum of other subsidiaries and consolidation adjustment

# Plan by business group\*1

Business group		Net operating profits (¥bn)			Expense ratio		ROE*2	
		FY17 results	FY20 targets	Change	FY17 results	FY20 targets	FY17 results	FY20 targets
Retail & Commercial Banking	R&C	350	350	+0 (+0%)	78%	79%	9% (9%)	9% (9%)
Japanese Corporate & Investment Banking	JCIB	220	260	+40 (+20%)	58%	54%	10% (10%)	10% (11%)
Global Corporate & Investment Banking	GCIB	120	200	+80 (+65%)	67%	58%	7% (7%)	8% (8%)
Global Commercial Banking	GCB	190	320	+130 (+65%)	70%	66%	6% (8%)	8% (10%)
Asset Management & Investor Services	AM/IS	70	80	+10 (+15%)	63%	63%	21% (23%)	19% (20%)
Global Markets	Global Markets	390	490	+100 (+25%)	36%	35%	7% (7%)	9% (9%)

\*1 Re-shown from page 25, Fiscal 2017 Results Presentation

\*2 Managerial accounting basis. Calculated based on risk assets (R&C, JCIB, GCIB and GCB) or economic capital (AM/IS and Global Markets)

Calculated excluding mid- to long-term foreign currency funding costs

Figures in parentheses exclude the impacts of investment related accounting factors (amortization of goodwill, etc.)

Note: FY17 results are provisional numbers

## FY19H1 results\*1

(¥bn)	FY18H1	FY19H1	YoY
<b>Gross profits</b>	774.9	<b>756.5</b>	(18.4)
Loan interest income	101.8	<b>96.6</b>	(5.2)
Deposit interest income	78.1	<b>77.2</b>	(0.9)
Domestic and foreign settlement / forex	71.5	<b>71.2</b>	(0.3)
Derivatives, solutions	19.5	<b>24.1</b>	4.6
Real estate, corporate agency and inheritance	23.3	<b>25.9</b>	2.6
Investment product sales	117.4	<b>88.9</b>	(28.5)
Card settlement	151.8	<b>157.5</b>	5.7
Consumer finance	143.8	<b>147.5</b>	3.7
Overseas	21.2	<b>24.2</b>	3.0
<b>Expenses</b>	626.4	<b>613.6</b>	(12.7)
Expense ratio	81%	<b>81%</b>	0ppt
<b>Net operating profits</b>	148.5	<b>142.9</b>	(5.7)
<b>ROE</b>	9%	<b>14%*2</b>	5ppt

## Loans / Deposits

(¥tn)	FY18H1	FY19H1	YoY
<b>Ave. loan balance*3</b>	32.0	<b>31.9</b>	(0.1)
Lending spread*4	0.76%	<b>0.72%</b>	(0.04ppt)
<b>Ave. deposit balance</b>	115.7	<b>117.9</b>	2.2

## KPI

	FY18H1	FY19H1	YoY
Investment assets (¥tn)	42.2	<b>41.1</b>	(1.1)
No. of entrusted testamentary trust*5	2,239	<b>1,933</b>	(305)
Gross profits of cross transactions (¥bn)*6	14.2	<b>13.5</b>	(0.7)
No. of effective information sharing of real estate	3,027	<b>3,050</b>	23
Volume of card shopping (¥tn)*7	2.9	<b>3.0</b>	0.1
Balance of consumer loans (¥tn)*8	1.5	<b>1.5</b>	0.0

\*1 Managerial accounting basis. Local currency basis. Gross profits, expenses and net operating profits include profits from overseas transactions with Japanese corporate customers and profits from business owner transactions which belong to JCIB. ROE is calculated based on net profits and exclude non-JPY mid- to long-term funding costs

\*2 ROE excluding the impact of one-time tax effects is 7% \*3 Excluding consumer loans \*4 Excluding non-JPY mid- to long-term funding costs

\*5 Including estate division \*6 Revenue from inheritance and real estate transactions and transactions with client's asset administration companies

\*7 For NICOS cardmembers \*8 Total balance of personal card loans of the Bank, the Trust Bank and ACOM (excl. guarantee)

## FY19H1 results\*1

(¥bn)	FY18H1	FY19H1	YoY
<b>Gross profits</b>	266.6	<b>278.0</b>	11.4
Loan interest income	48.0	<b>51.7</b>	3.7
Deposit interest income	60.7	<b>66.3</b>	5.6
Domestic and foreign settlement / forex*2	40.3	<b>37.7</b>	(2.6)
Derivatives, solutions*2	35.6	<b>30.6</b>	(5.0)
Real estate, corporate agency	19.6	<b>20.5</b>	0.8
M&A,DCM,ECM*3	21.4	<b>25.0</b>	3.6
Non-interest income from overseas business	34.4	<b>38.1</b>	3.7
<b>Expenses</b>	153.8	<b>162.7</b>	8.9
Expense ratio	58%	<b>59%</b>	1ppt
<b>Net operating profits</b>	112.9	<b>115.3</b>	2.4
<b>ROE</b>	12%	<b>14%</b>	3ppt

## Loans / Deposits

(¥tn)	FY18H1	FY19H1	YoY
<b>Ave. loan balance</b>	39.6	<b>38.8</b>	(0.7)
Lending spread*4	0.49%	<b>0.49%</b>	(0.00ppt)
Ave. non-JPY loan balance*5	18.6	<b>17.0</b>	(1.6)
Non-JPY lending spread*4*5	0.63%	<b>0.64%</b>	0.01ppt
<b>Ave. deposit balance</b>	31.2	<b>32.8</b>	1.7
Ave. non-JPY deposit balance*5	13.5	<b>14.9</b>	1.4

## KPI

	FY18H1	FY19H1	YoY
Transaction volume *6 (\$bn)	546.7	<b>551.7</b>	5.0
No. of domestic settlement (mm)	88	<b>88</b>	1
M&A advisory League Table*7	#1	<b>#2</b>	-
DCM league table*7	#3	<b>#1</b>	-
ECM league table*7	#2	<b>#1</b>	-

\*1 Managerial accounting basis. Local currency basis. Gross profits, expenses, and net operating profits include profits from business owner transactions which belong to R&C and profits from Japanese corporate customers served by MUAH and KS which belong to GCB. ROE is calculated based on net profits and excludes non-JPY mid- to long-term funding costs \*2 Figures are domestic business only \*3 Including real estate securitization etc. \*4 Excluding non-JPY mid- to long-term funding costs \*5 Sum of domestic and overseas loans and deposits \*6 Domestic foreign exchange transaction amount related to trade, inward and outward investment, dividend, and services, etc. \*7 Based on data of Refinitiv, etc., M&A advisory only counts Japanese corporates related deals. DCM includes both domestic and foreign bonds

## FY19H1 results\*1

(¥bn)	FY18H1	FY19H1	YoY
<b>Gross profits</b>	204.5	<b>217.9</b>	13.4
Loan interest income	82.0	<b>91.0</b>	9.0
Deposit interest income	23.5	<b>22.0</b>	(1.5)
Commission, forex, derivatives	95.1	<b>99.2</b>	4.1
DCM, ECM	12.9	<b>6.4</b>	(6.5)
Profits from large global corporates located in Japan, etc.	9.6	<b>9.8</b>	0.1
Joint venture profits with Global Markets*2	7.5	<b>12.0</b>	4.5
<b>Expenses</b>	130.3	<b>136.8</b>	6.6
Expense ratio	64%	<b>63%</b>	(1ppt)
<b>Net operating profits</b>	74.2	<b>81.0</b>	6.8
<b>ROE</b>	11%	<b>8%</b>	(3ppt)

## Loans / Deposits

(¥tn)	FY18H1	FY19H1	YoY
<b>Ave. loan balance</b>	23.8	<b>24.2</b>	0.4
Lending spread*3	1.06%	<b>1.07%</b>	0.01ppt
<b>Ave. deposit balance</b>	9.9	<b>12.1</b>	2.2

## KPI

	FY18H1	FY19H1	YoY
Distribution amount*4 (¥tn)	10.6	<b>10.3</b>	(0.3)
Distribution ratio*5*6	55%	<b>52%</b>	(3ppt)
GSB*7 profits (¥bn)	43.6	<b>42.8</b>	(0.8)
ABS league table (US)	#9	<b>#9</b>	-
Wallet share of syndicated loan and DCM (Non-IG*8)	1.07%	<b>1.17%</b>	0.1ppt

\*1 Managerial accounting basis. Local currency basis. Gross profits, expenses and net operating profits include profits from large global corporates of KS which belong to GCB and JCIB's large global corporates located in Japan, and Joint venture profits with Global Markets. ROE is calculated based on net profits and excludes non-JPY mid- to long-term funding costs

\*2 Including O&D profits through collaboration with Global Markets \*3 Excluding non-JPY mid- to long-term funding costs

\*4 Distribution amount = Arrangement amount - Final hold amount (Syndicated loan, Project Finance, Securitization, Aviation Finance, etc.) + Securities' arrangement amount of DCM, ABS, etc.

\*5 Distribution ratio = Distribution amount / Total amount of loans to global corporate customers \*6 Provisional numbers

\*7 Global Subsidiary Banking. Transactions with subsidiaries of global corporate multinational customers \*8 Non-investment grade

## FY19H1 results\*1

(¥bn)	FY18H1	FY19H1	YoY
<b>Gross profits</b>	329.7	<b>363.3</b>	33.6
MUAH*2	177.1	<b>170.3</b>	(6.8)
KS*3	153.1	<b>160.5</b>	7.4
BDI*4	–	<b>36.7</b>	36.7
<b>Expenses</b>	234.9	<b>270.3</b>	35.3
<b>(Expense ratio)</b>	71%	<b>74%</b>	3ppt
MUAH*2	135.0	<b>137.7</b>	2.7
(Expense ratio)	76%	<b>81%</b>	5ppt
KS*3	79.3	<b>85.6</b>	6.3
(Expense ratio)	52%	<b>53%</b>	2ppt
BDI*4	–	<b>18.7</b>	18.7
(Expense ratio)	–	<b>51%</b>	–
<b>Net operating profits</b>	94.7	<b>93.0</b>	(1.7)
MUAH*2	42.0	<b>32.5</b>	(9.5)
KS*3	73.8	<b>74.9</b>	1.1
BDI*4	–	<b>18.0</b>	18.0
<b>ROE</b>	7%	<b>6%</b>	(1ppt)

## Loans / Deposits

(¥tn)		FY18H1	FY19H1	YoY
MUAH*2	Ave. loan balance	7.2	7.7	0.6
	Ave. deposit balance	7.9	8.9	0.9
	NIM*5	2.78%	2.46%	(0.32ppt)
KS*3	Ave. loan balance	5.1	5.5	0.4
	Ave. deposit balance	4.4	4.8	0.4
	NIM*6	3.75%	3.69%	(0.06ppt)
BDI*4	Ave. loan balance	—	0.6	0.6
	Ave. deposit balance	—	0.5	0.5
	NIM	—	8.0%	—

\*1 Managerial accounting basis. Local currency basis. Gross profits, expenses and net operating profits include figures which belong to GCB only and not include figures which belong to other business groups. BDI entity basis. ROE is calculated based on net profits

\*2 MUAH figures as reported in MUAH's 10-Q and 10-K excluding figures belonging to Trust/Securities subsidiaries, GCIB and Global Markets

\*3 After GAAP adjustment. Excluding figures which belong to Global Markets \*4 Quarterly results after consolidation

\*5 Excluding figures which belong to Global Markets \*6 KS entity basis



# Asset Management & Investor Services

AM/IS

## FY19H1 results\*1

(¥bn)	FY18H1	FY19H1	YoY
<b>Gross profits</b>	104.0	<b>101.9</b>	(2.0)
AM*2	26.4	<b>21.6</b>	(4.8)
IS*3	46.8	<b>49.9</b>	3.1
Pension	30.8	<b>30.5</b>	(0.3)
<b>Expenses</b>	60.5	<b>65.7</b>	5.3
Expense ratio	58%	<b>64%</b>	6ppt
<b>Net operating profits</b>	43.5	<b>36.2</b>	(7.3)
<b>ROE</b>	20%	<b>20%</b>	1ppt

## Loans / Deposits

		FY18H1	FY19H1	YoY
<b>AM</b>	Investment products balance of corporate customers (¥tn)	6.84	<b>9.71</b>	2.88
	Alternative products balance (¥bn)*4	198.4	<b>318.5</b>	120.1
<b>IS</b>	Global IS balance (\$bn)	537.5	<b>638.1</b>	100.7
<b>Pension</b>	DB / Balance (¥tn)	11.4	<b>11.4</b>	(0.0)
	DC / Increase number of subscriber (thd)*5	155	<b>249</b>	94

\*1 Managerial accounting basis. Local currency basis. ROE is calculated based on net profits \*2 Asset Management \*3 Investor Services

\*4 Balance of internally developed low-liquidity investment products, such as real estate-based products \*5 Net increase of subscribers from FY17

## FY19H1 results\*1

(¥bn)	FY18H1	FY19H1	YoY
<b>Gross profits</b>	308.0	<b>351.9</b>	43.8
Customer business	154.8	<b>158.8</b>	4.0
FIC & equity	116.5	<b>120.6</b>	4.1
Corporates	51.1	<b>53.7</b>	2.6
Institutional investors	50.1	<b>55.1</b>	5.0
Asset management	1.7	<b>0.9</b>	(0.7)
JV with GCIB*2	44.2	<b>49.3</b>	5.0
Treasury	157.0	<b>198.1</b>	41.2
<b>Expenses</b>	136.4	<b>138.3</b>	1.8
Expense ratio	44%	<b>39%</b>	(5ppt)
<b>Net operating profits</b>	171.6	<b>213.6</b>	42.0
Customer business	47.3	<b>48.9</b>	1.7
Treasury	130.2	<b>172.6</b>	42.4
<b>ROE</b>	6%	<b>8%</b>	2ppt

## KPI

	FY18H1	FY19H1	YoY
Derivative revenues from strategic fields*3 (¥bn)	3.1	<b>3.9</b>	0.8
Client value*4 (YoY)	-	<b>6%</b>	-
Digitalization ratio of FX rate contracts*5	67%	<b>72%</b>	5ppt

\*1 Managerial accounting basis. Local currency basis. Gross profits, net operating profits, and expenses includes Joint venture profits with GCIB. ROE is calculated based on net profits

\*2 Profits including O&D profits through collaboration with GCIB

\*3 Profits from new type of risk hedging (e.g. hedging against interest rate and forex risks in M&A transactions) and deals related to investment banking products

\*4 Quasi sales & trading profits in institutional investors business \*5 Internal transactions

# Financial results\*<sup>1</sup> of MUAH, KS, and BDI

## MUAH\*<sup>2</sup> UnionBank

	(¥bn)			(US\$mm)		
	FY18H1	FY19H1	YoY	FY18H1	FY19H1	YoY
Total revenue	290.4	306.2	15.7	2,628	2,841	213
Non-interest expenses	239.5	250.5	10.9	2,167	2,324	157
Pre-tax, Pre-provision income	50.9	55.7	4.7	461	517	56
Provision for credit losses	(2.3)	10.1	12.4	(21)	94	115
Net income attributable to MUAH	56.3	41.2	(15.0)	510	383	(127)

## KS\*<sup>3</sup>



	(¥bn)			(THB mm)		
	FY18H1	FY19H1	YoY	FY18H1	FY19H1	YoY
Total income	179.1	226.7	47.5	53,803	64,786	10,983
Operating expenses	83.1	93.3	10.2	24,977	26,681	1,704
Pre-provision operating profit	95.9	133.3	37.3	28,826	38,105	9,279
Impairment loss of loans and debt securities	43.5	45.7	2.1	13,087	13,074	(13)
Net profit attributable to owners of the bank	41.5	69.1	27.5	12,488	19,747	7,259

## BDI\*<sup>4</sup>



	(¥bn)			(IDR bn)		
	FY18H1	FY19H1	YoY	FY18H1	FY19H1	YoY
Total operating income	67.9	67.4	(0.4)	8,819	8,760	(59)
Operating expenses	32.8	33.9	1.1	4,267	4,414	147
Pre-provision operating profit	35.0	33.4	(1.5)	4,552	4,346	(206)
Cost of credit	12.9	13.2	0.2	1,686	1,716	30
Net profit after tax	15.4	13.9	(1.5)	2,011	1,813	(198)

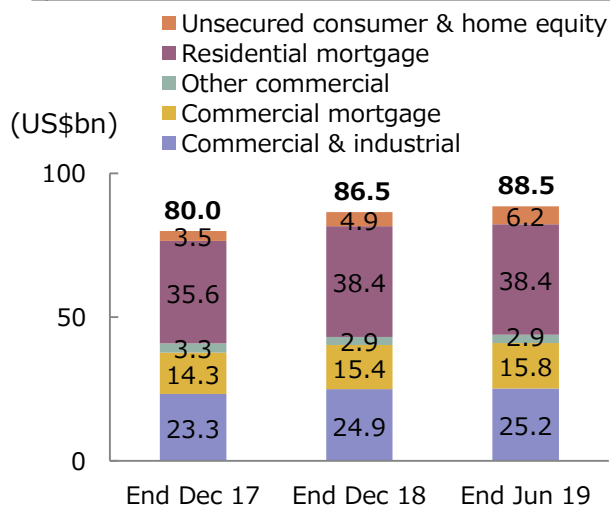
\*<sup>1</sup> All figures are converted into ¥ with actual exchange rates as of end of each interim period. For FY18H1 is US\$1=¥110.54, THB1=¥3.33, IDR1=¥0.0077.

For FY19H1 is US\$1=¥107.79, THB1=¥3.50, IDR1=¥0.0077 \*<sup>2</sup> Financial results as disclosed in MUAH's 10-K and 10-Q reports based on U.S. GAAP

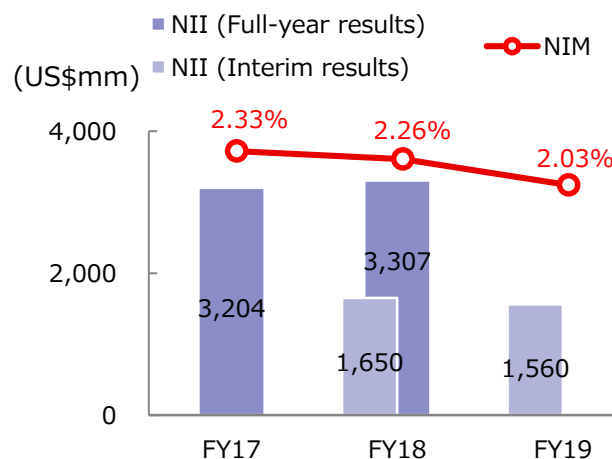
\*<sup>3</sup> Financial results as disclosed in KS's financial report based on Thai GAAP \*<sup>4</sup> Financial results as disclosed in BDI's financial report based on Indonesian GAAP

# Key figures\*<sup>1</sup> of MUAH

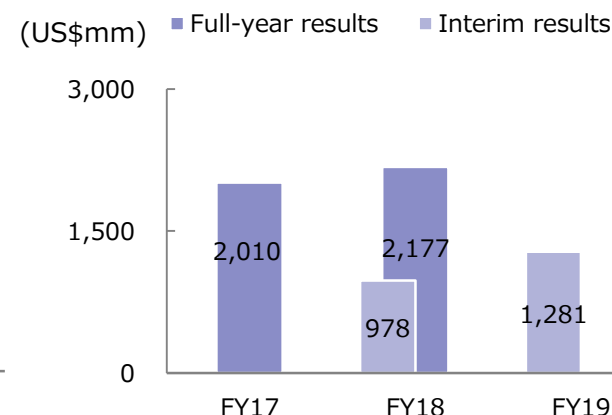
## Lending balance\*<sup>2</sup>



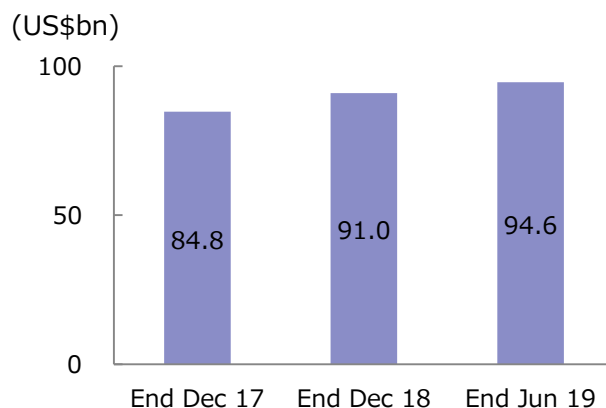
## Net interest income



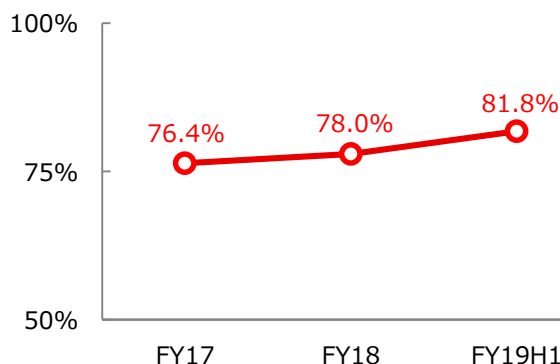
## Non-interest income



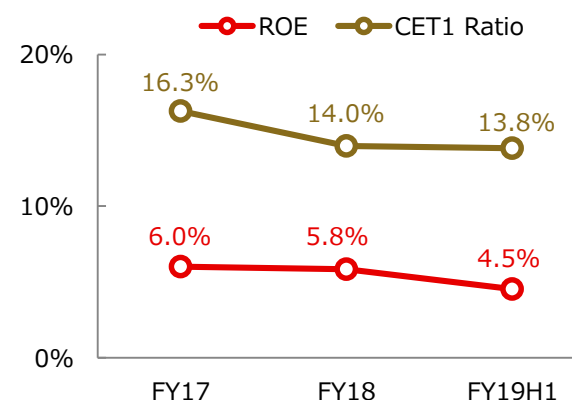
## Deposit balance



## Cost to income ratio\*<sup>3</sup> \*<sup>4</sup>



## ROE / CET1 ratio\*<sup>5</sup>



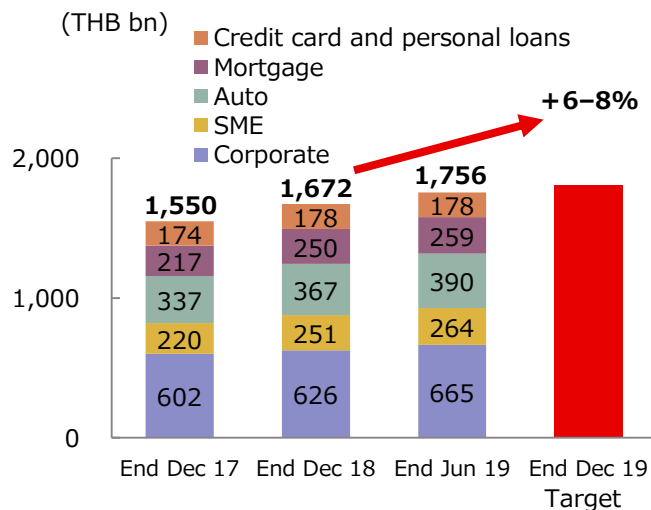
\*<sup>1</sup> Financial results as disclosed in MUAH's 10-K and 10-Q reports based on U.S. GAAP \*<sup>2</sup> Loans held for investment based on year-end balances \*<sup>3</sup> Efficiency ratio

\*<sup>4</sup> The adjusted efficiency ratio is a non-GAAP financial measure. Management believes adjusting the efficiency ratio for the fees and costs associated with the provision of services to MUFG Bank, Ltd. branches in the U.S. enhances the comparability of MUAH's efficiency ratio when compared with other financial institutions. Management believes adjusting revenue for the impact of the TCJA enhances comparability between periods. Adjusted Efficiency Ratio for FY18 was 72.47% and for FY19H1 was 77.82%

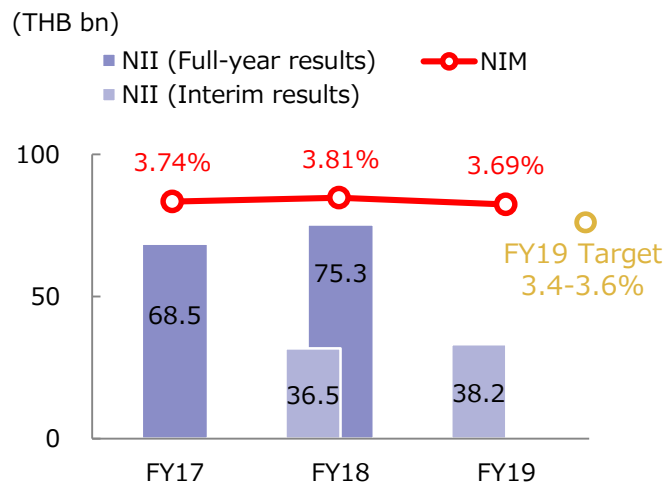
\*<sup>5</sup> U.S. Basel III standardized approach; fully phased-in MUAH is working on capital optimization and paid a US\$500mm dividend in 2017 to MUFG and MUFG Bank, Ltd. and repurchased approximately US\$2.5bn of its outstanding common stock from MUFG and MUFG Bank, Ltd. in 2018

# Key figures of KS

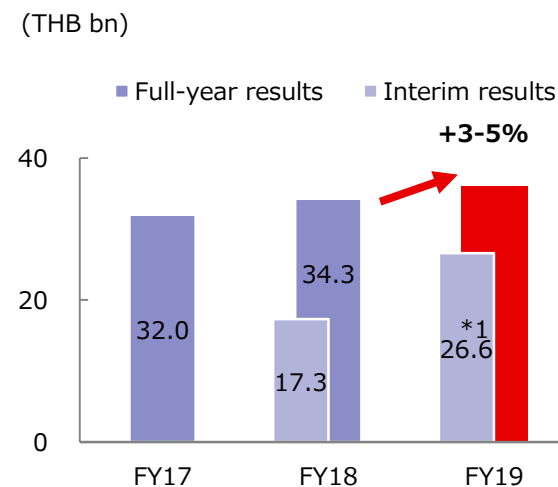
## Lending balance



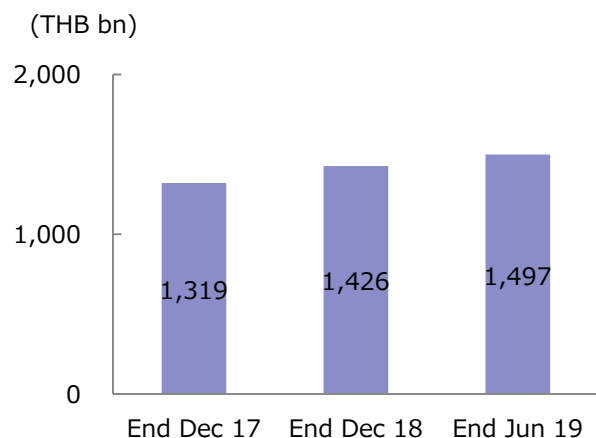
## Net interest income



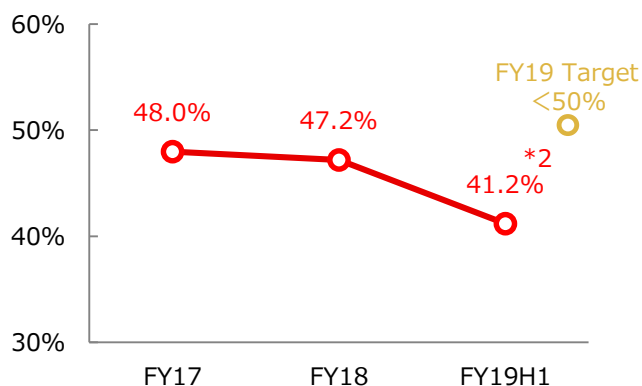
## Non-interest income



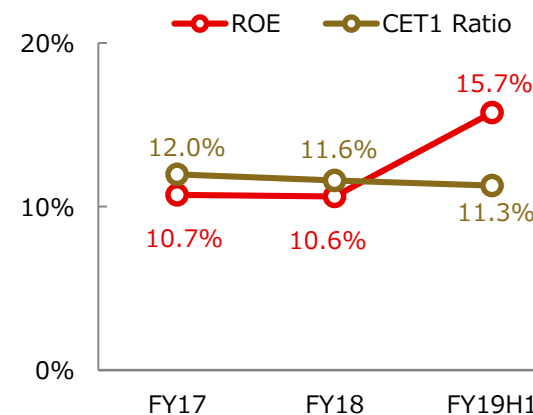
## Deposit balance



## Cost to income ratio



## ROE / CET1 ratio

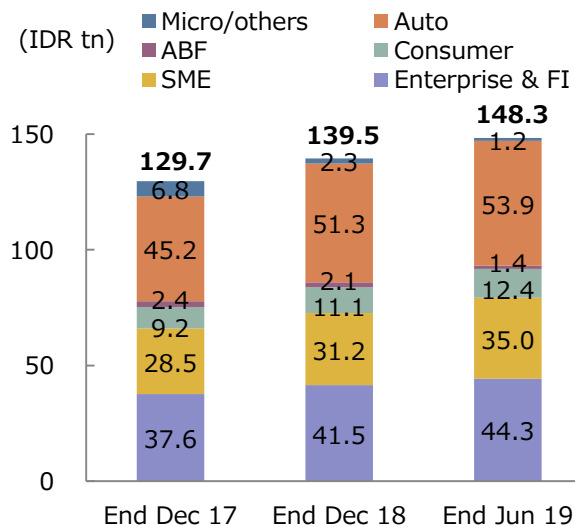


\*1 Excluding one-time gains on investment from the sales of 50% of shares in Ngern Tid Lor Company Limited (NTL transaction), normalized non-interest income recorded at THB 17.98bn

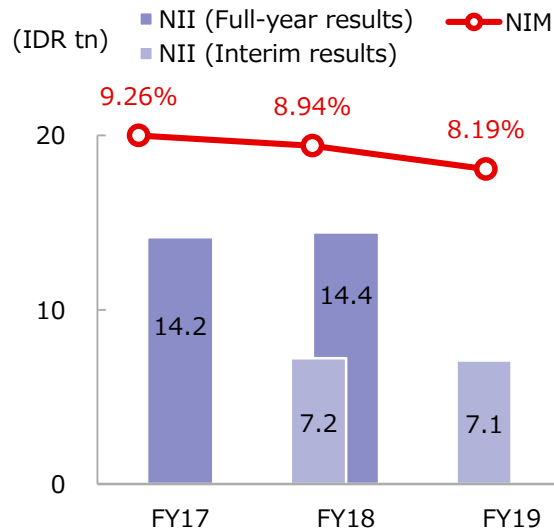
\*2 Excluding one-time gains on investment from NTL transaction and provision in accordance to the amended Labor Protection Act, normalized cost to income was recorded at 45.4%

# Key figures of BDI

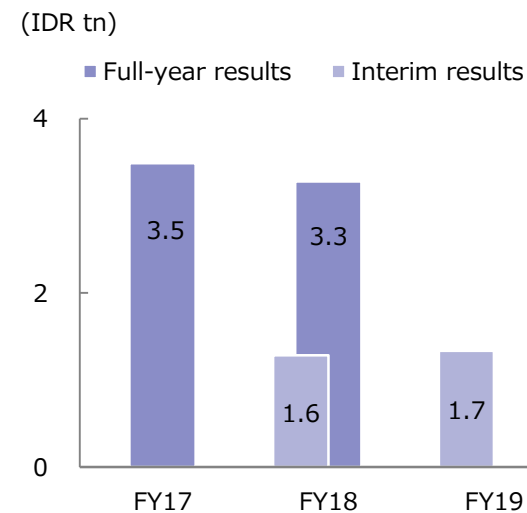
## Lending balance



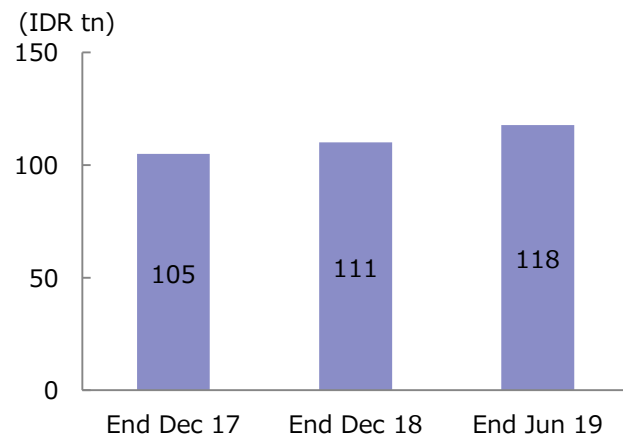
## Net interest income



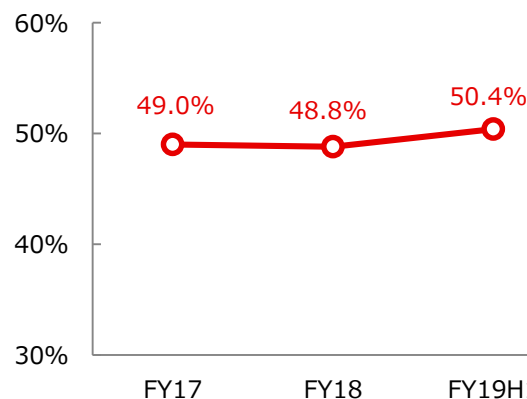
## Non-interest income



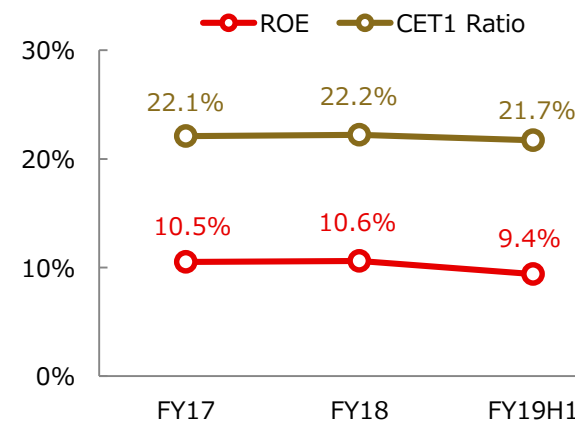
## Deposit balance



## Cost to income ratio



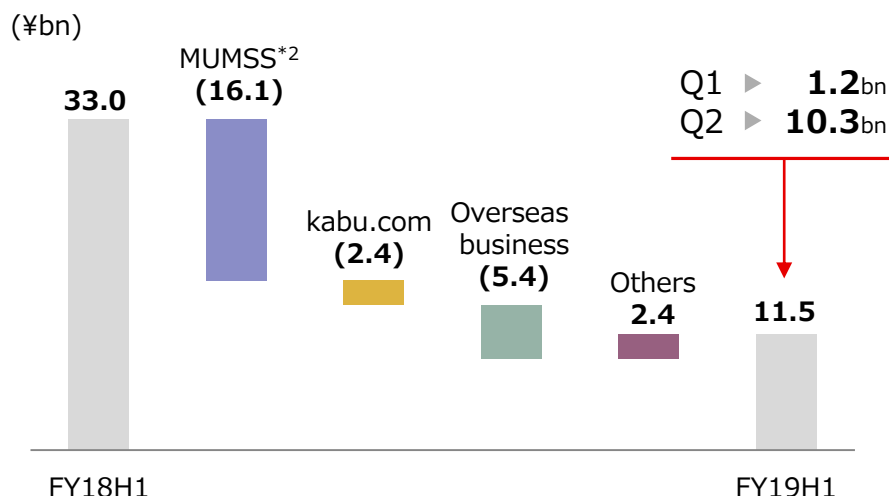
## ROE / CET1 ratio



# Mitsubishi UFJ Securities Holdings

– Business model reforms & cost cuts for domestic retail and overseas businesses

## Consolidated ordinary profit (substantial base\*1)



## Overseas business

- Strengthen fields with growth potential
  - Global Markets : **Structured business, O&D/OtoD**
  - Investment Banking : **ABS, CMBS** in addition to IG bonds
- Optimize business in response to changes in the environment
  - US & Europe : **Reduce costs, while reviewing low profitable businesses**
  - Asia : **Shift to a business model with DCM at the core**

## Domestic retail business

- Business model reforms
  - **Abolish profit target & product sales target** and shift to a **performance evaluation system that emphasizes asset under management**
  - Establish “**Wealth Management Division**” (Jun 2020)
  - Support from HQ, Enhance an ability to supply products
- Rebuild our sales organization
  - Redeployment of resources
    - “From Bank to Securities” “From local to city”
  - **Consolidate branch offices** (Dec 2019)
    - 11 branch offices
  - **Open non-visiting sales offices** with in bank branches (by FY20)
    - Approx. 10 offices (planned)
- Reorganization of domestic group companies
  - **Merger of MUMSS and PB Securities** (Jun 2020)
    - Integrate asset management services run by PB Securities employing unique know-how with the full-service securities functions of MUMSS
  - **Establish “au kabucom Securities Co., Ltd.”** (Dec 2019)
    - Integrate KDDI’s customer base and IT know-how with MUFG’s customer base and financial know-how

\*1 The aggregation with the results of MUFG Securities America Inc. (hereinafter “MUSA”), given that MUSA, despite its deconsolidation in FY17Q3 as a result of the application of the U.S. EPS, continues to be included in the Company’s internal management

\*2 Figures are on a consolidated basis, which includes Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. (PB Securities)

# Mitsubishi UFJ NICOS

– Solid FY19H1 results. Revision of system integration plan progressed on schedule

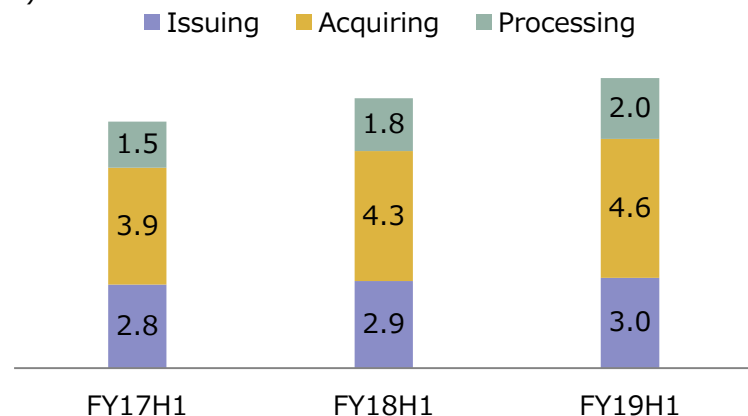
## FY19H1 results and transaction volume

### FY19H1 results

(¥bn)	FY18H1	FY19H1	YoY
Operating revenues	146.7	<b>151.6</b>	4.9
Operating expenses	144.9	<b>143.6</b>	(1.3)
Operating profits	1.8	<b>8.0</b>	6.2
Other profits and losses	1.2	<b>0.7</b>	(0.4)
Total of income taxes current and income tax deferred	(0.5)	<b>(63.1)</b>	(62.6)
Profits attributable to owners of parent	3.5	<b>71.9</b>	68.4

### Transaction volume

(¥tn)



## Fundamental revision of system integration plan

Considering to build a new system for integration,  
**Aim to present the date when we complete to make the plan during FY19H2**

### Items to be considered for making the plan

- **Ensure scalability** to respond flexibly to changes in the business environment
- **Emphasize safety and stability** as social infrastructure
- **Control development costs**

### Progress to date

- **Reinforced the structure of the project management**
  - MUFG dispatched additional project leader & manager
  - NICOS increased project staffs and established a checking department
- **Kept the project on schedule**

### Efforts in FY19H2

- **Decide on final policies** in system integration
- Formulate an action plan after FY20



# Eleven Transformation Initiatives\*<sup>1</sup>

- “Eleven Transformation Initiatives” have been outlined in the new medium-term business plan as specific initiatives to achieve the MUFG Re-Imagining Strategy
- MUFG promotes the initiatives with a joint collaboration by entities, business groups and corporate center



\*1 Re-shown from page 26, Fiscal 2017 Results Presentation

# Eleven Transformation Initiatives (1)

Sales Channel	FY17	FY18	FY19H1	Changes	FY20	FY23
No. of IB <sup>*3</sup> service users <sup>*4</sup> (mm)	4.3	4.7	5.2	0.5 <sup>*1</sup>	7.4	11.2
Utilization rate <sup>*5</sup>	22%	25%	27%	2% <sup>*1</sup>	41%	60%
No. of transactions at bank-counter (mm)	22.0	20.0	9.0	(1.4) <sup>*2</sup>	16.8	11.1
Wealth Management	FY17	FY18	FY19H1	Changes	FY20	FY23
No. of profiling <sup>*6</sup> (thd)	4.3	5.3	2.5	0.3 <sup>*2</sup>	6.9	7.8
No. of group collaborations <sup>*7</sup> (thd)	4.5	13.4	16.6	7.4 <sup>*2</sup>	9.3	10.5
AuM of HE <sup>*8</sup> / SHE <sup>*9</sup> customers (¥tn)	11.6	11.9	12.0 <sup>*10</sup>	0.1 <sup>*1</sup>	14.5	16.3 <sup>*11</sup>
New Model for Wholesale Banking in Japan	FY17	FY18	FY19H1	Changes	FY20	FY23
DB pension balance (¥tn)	11.2	11.3	11.4	0.1 <sup>*1</sup>	12.3	13.6
DC pension/ Increase no. of subscribers <sup>*12</sup> (thd)	90	195	249	54 <sup>*1</sup>	372	-
Real Estate	FY17	FY18	FY19H1	Changes	FY20	FY23
AM balance (¥bn)	180.0	230.0	244.9	14.9 <sup>*1</sup>	380.0	580.0
No. of effective information sharing	3,100	7,481	3,884	(272) <sup>*2</sup>	4,860	-

\*1 Increase / decrease compared to FY18 \*2 Increase / decrease compared to FY18H1 \*3 Mitsubishi UFJ DIRECT: Internet banking for individual customers

\*4 Users who log-in IB at least once in 6 months out of all active accounts (excl. accounts used for direct debit only)

\*5 Utilization rate = IB service users / active accounts \*6 No. of testamentary trusts + wealth assessment etc.

\*7 No. of customer referral from the Bank to MUMSS + collaboration between the Trust Bank and MUMSS etc. \*8 High-End customers. Over ¥2 bn assets

\*9 Semi-High-End customers. Over ¥0.3bn assets \*10 Provisional figure \*11 Excluding changes in market prices \*12 Net increase of subscribers from 2017

# Eleven Transformation Initiatives (2)

Asset Management in Japan	FY17	FY18	FY19H1	Changes	FY20	FY23
(Corporate) No. of customers <sup>*3</sup> (thd)	5.1	5.9	6.4	0.5 <sup>*1</sup>	7.5	10.1
(Individual / Corporate) Investment assets <sup>*4</sup> (¥tn)	47.1	49.6	49.5	(0.1) <sup>*1</sup>	56.8	-
Individual investors	26.4	26.2	26.4	0.2 <sup>*1</sup>	31.2	-
Corporate investors	20.7	23.4	23.1	(0.3) <sup>*1</sup>	25.6	-
Institutional Investors	FY17	FY18	FY19H1	Changes	FY20	FY23
Client value <sup>*5</sup>	100	89	47	6 <sup>*2</sup>	130	-
Operating income from IS <sup>*6</sup> business (¥bn)	26.0	35.1	19.7	1.6 <sup>*2</sup>	37.1	48.4
Global CIB	FY17	FY18	FY19H1	Changes	FY20	FY23
Distribution amount <sup>*7</sup> (¥tn)	19.6	22.8	10.3	(0.3) <sup>*2</sup>	24.7	-
Distribution ratio <sup>*8</sup>	46%	59%	52%	(3%) <sup>*2</sup>	53%	-

\*1 Increase / decrease compared to FY18 \*2 Increase / decrease compared to FY18H1

\*3 Number of corporate customers with investment products \*4 Reflecting changes in market prices

\*5 Quasi sales & trading profits in institutional investors business. Indexation using in FY17 as 100 \*6 Investor Services

\*7 Distribution amount = Arrangement amount – Final hold amount (Syndicated loan, Project Finance, Securitization, Aviation Finance, etc.)  
+ Securities' arrangement amount of DCM, ABS, etc.

\*8 Distribution ratio = Distribution amount / Total amount of loans to global corporate customers










# Overview of ESG initiatives

FY2013	G	Commenced evaluations of Board of Directors
FY2015	G G	<b>Transitioned to “company with the three committees” structure</b> Established Independent Outside Director Meeting / Appointment of lead independent outside director
FY2016	S G E	Published MUFG Human Resources Principles <b>Introduced performance-based stock compensation plan for directors and other executives</b> Issued first Green Bonds in conformity with international TLAC regulations in the world
FY2017	S G G E	Established Fiduciary Duties Committee <b>Appointed two foreign nationals as directors</b> <b>Announced to support TCFD</b>
FY2018	E S E S S G G G	<b>Established Environmental Policy Statement, Human Rights Policy Statement and Environmental and Social Policy Framework</b> Determined priority of Environmental and Social issues Announced the Cyber Security Management Declaration <b>Outside directors accounting for majority of Board of Director membership</b> Revised compensation program for executives
FY2019	S E S E S G	<b>Apr/Oct</b> The Bank and the Securities HD revised human resources system <sup>*1</sup> <b>May</b> <b>Set Sustainable Finance Goals, “total of 20 trillion yen in Sustainable Finance by the end of fiscal 2030” / Revised Environmental and Social Policy Framework</b> <b>Aug</b> <b>Announced to endorse Principles for Responsible Banking</b>

<sup>\*1</sup> Revisions of human resources system intend to nurture a greater number of professionals and ensure human resources management with performance-based assignment. Please also refer page 74 on MUFG Integrated Report 2019 for more details

# Utilize insights offered by outside directors

- Independent outside directors accounting for the majority of the Board of Director membership
- Diversified director composition from various perspectives such as expertise, regionality and gender

Name	Current position at MUFG and committee-related duties	Other public Co. Boards (#)	Expertise			
			Business Admin.	Finance	Accounting	Law
1 <b>Mariko Fujii</b>	 Newly elected Outside Independent Director Nominating Compensation Risk (Chairperson)	1	–	●	–	–
2 <b>Kaoru Kato</b>	 Newly elected Outside Independent Director Audit	0	●	–	–	–
3 <b>Haruka Matsuyama</b>	 Reelected Outside Independent Director Nominating Compensation (Chairperson)	3	–	–	–	●
4 <b>Toby S. Myerson</b>	 Reelected Outside Independent Director Risk	0	–	–	–	●
5 <b>Hirofumi Nomoto</b>	 Newly elected Outside Independent Director Nominating Compensation	4	●	–	–	–
6 <b>Tsutomu Okuda</b>	 Reelected Outside Independent Director Nominating (Chairperson) Compensation	0	●	–	–	–
7 <b>Yasushi Shingai</b>	 Reelected Outside Independent Director Audit Risk	2	●	–	●	–
8 <b>Tarisa Watanagase</b>	 Reelected Outside Independent Director Risk	1	–	●	–	–
9 <b>Akira Yamate</b>	 Reelected Outside Independent Director Audit (Chairperson)	0	–	–	●	–

Nominating: Nominating and Governance Committee member  
Compensation: Compensation Committee member

Audit: Audit Committee member  
Risk: Risk Committee member

As of end Sep 2019

# Compensation policy for individual officers, etc.

< Philosophy and objective > From "Policy on Decisions on the Contents of Compensation for Individual Officers, etc."

- Prevent excessive risk-taking and raise motivation of Officers, etc., to contribute not only to the short-term but also to the medium- to long-term improvement of financial results, thereby enabling sustainable growth and the medium- to long-term enhancement of the enterprise value of the Group
- This policy has been prescribed in accordance with the business performance and financial soundness of the Group and applicable Japanese and overseas regulations regarding compensation of officers and is designed to ensure high objectivity and transparency in the determination process of compensation for officers

Ratio <sup>*1</sup>	Type	Evaluation method	Payment
5.5	Basic Compensation (Fixed)	Determined by the position and place of residence of individual Officers, etc.	Monthly in cash
1	Stock Compensation (Non-performance-based)	Corresponding to the base amount determined depending on position	At the time of retirement <sup>*7</sup>
1	Stock Compensation (Mid-to long-term performance-based <sup>*2</sup> )	Base amount determined depending on the position × <div>             Performance factor<sup>*3</sup> [medium/long-term evaluation]              1) Consolidated ROE 2) Consolidated expense ratio           </div>	Upon the termination of MTBP <sup>*7</sup>
3	Officers' Bonuses (short-term performance-based <sup>*2</sup> )	Base amount determined depending on the position × <div>             Performance factor<sup>*5</sup>              1) Consolidated NOP              2) Profits attributable to owners of parent              3) Consolidated ROE 4) Consolidated expense ratio           </div>	Annually in cash
1.5		Status of the execution of the duties of the Officers, etc. <sup>*6</sup>	
FY17	FY18		

<sup>\*1</sup> As for the case of the president of MUFG <sup>\*2</sup> Range: 0-150% <sup>\*3</sup> Rate of attainment of targets of the indicators in the MTBP

<sup>\*4</sup> Comparison of the rate of increase in the indicators from the previous fiscal year with that of competitors

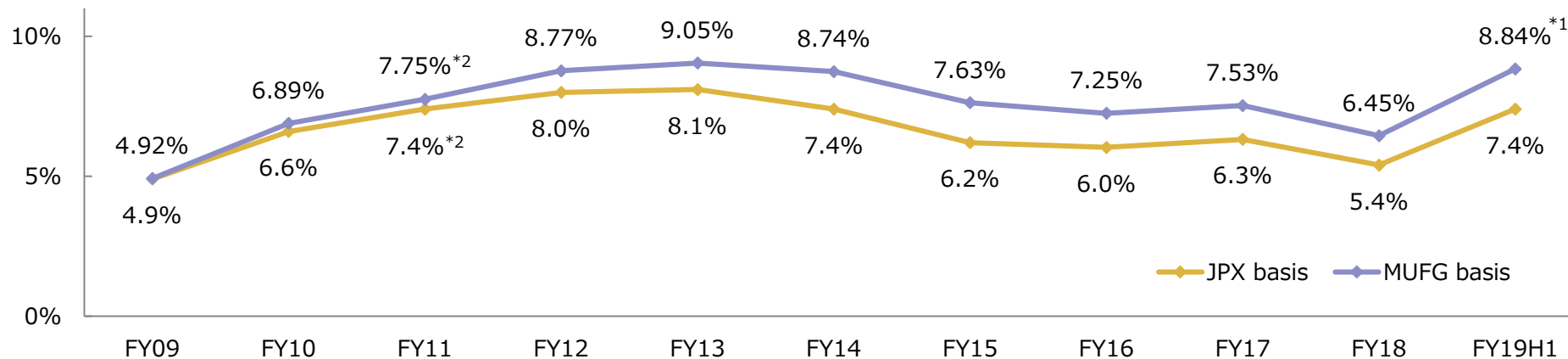
<sup>\*5</sup> Rate of increase / decrease of the indicators from the previous fiscal year and the rate of attainment of targets of these indicators

<sup>\*6</sup> Determined exclusively by independent outside directors at the Compensation Committee <sup>\*7</sup> Subject to claw-back clause, etc.

# ROE / EPS

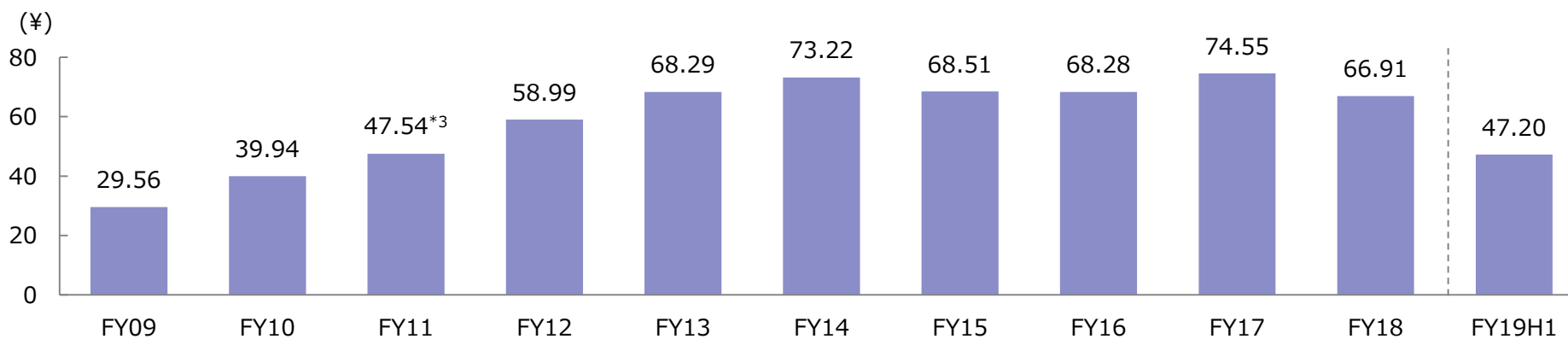
## ROE

Consolidated



## EPS

Consolidated



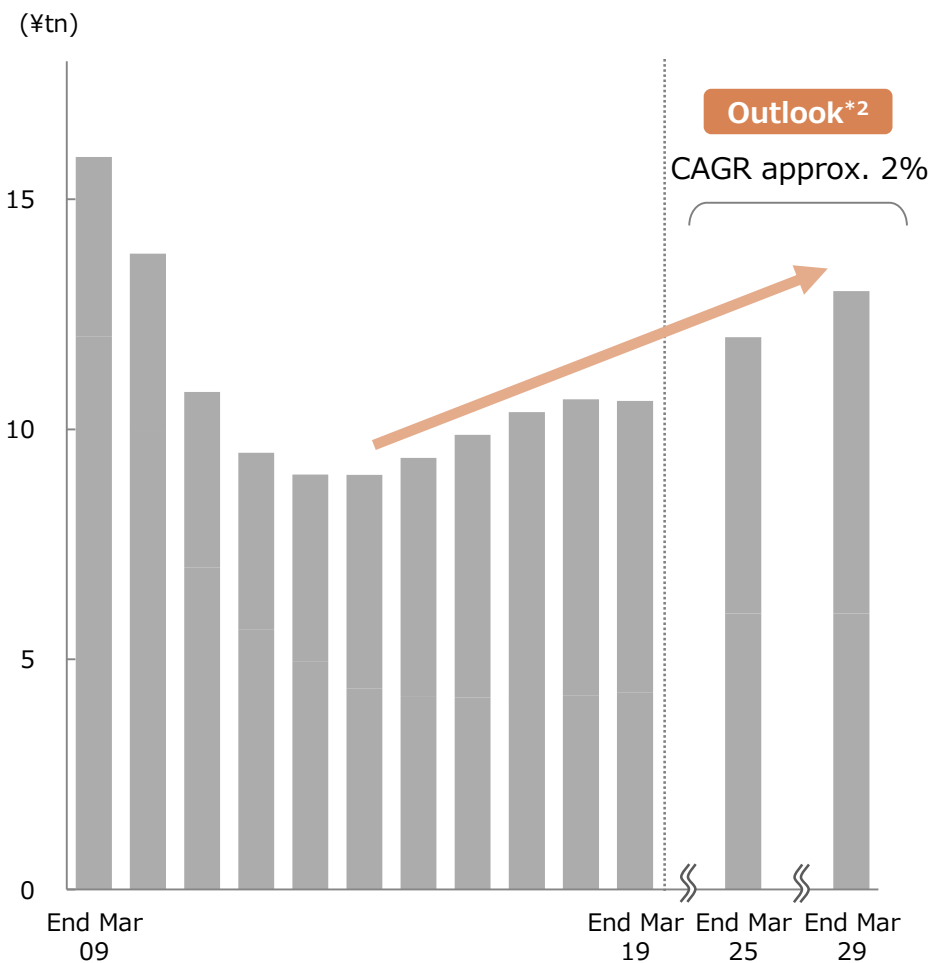
\*1 
$$\frac{\text{Interim profits attributable to owners of parent} \times 2}{\{(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} + \text{Foreign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

\*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

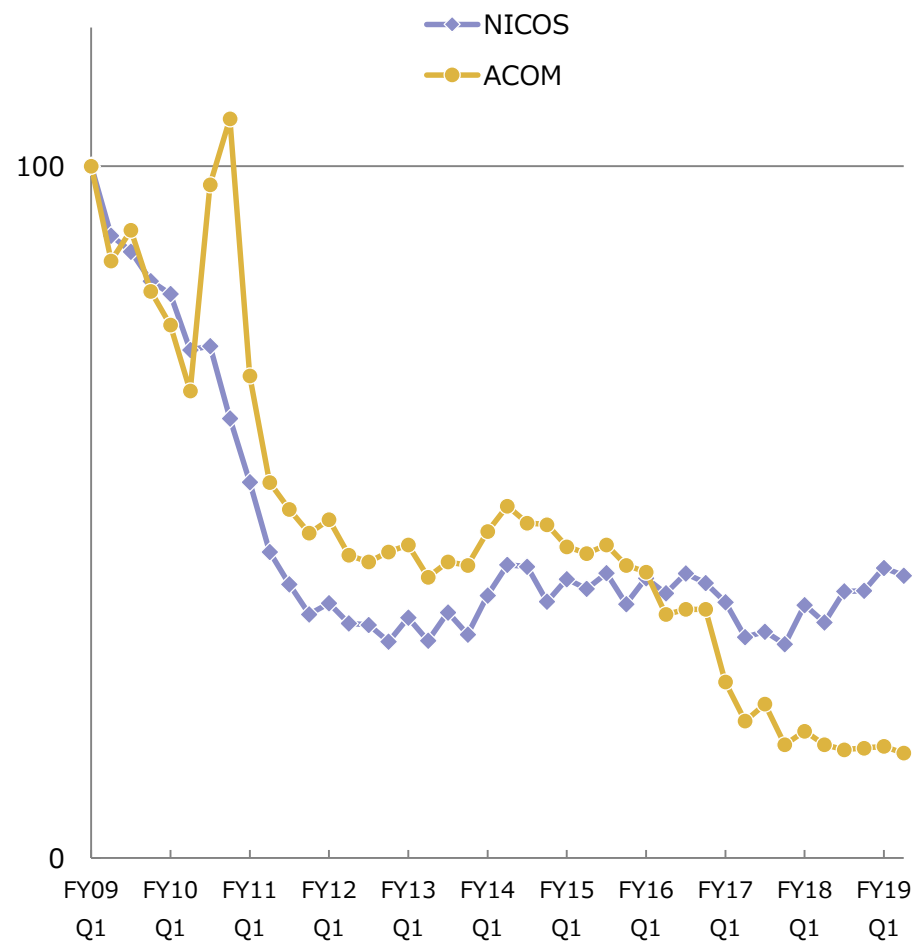
\*3 ¥68.09 before excluding negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

# Consumer finance

Estimate of domestic personal card loan market\*<sup>1</sup>



No. of requests for interest repayment\*<sup>3</sup>



\*1 Total of receivables outstanding (including loan on deeds) in statistics by Japan Financial Services Association and the volume of personal card loans provided by domestic banks and credit unions in statistics by Bank of Japan \*2 Estimated figure

\*3 Requests for interest repayment in FY09Q1 = 100



# TLAC requirement – The best capital mix and external TLAC ratio

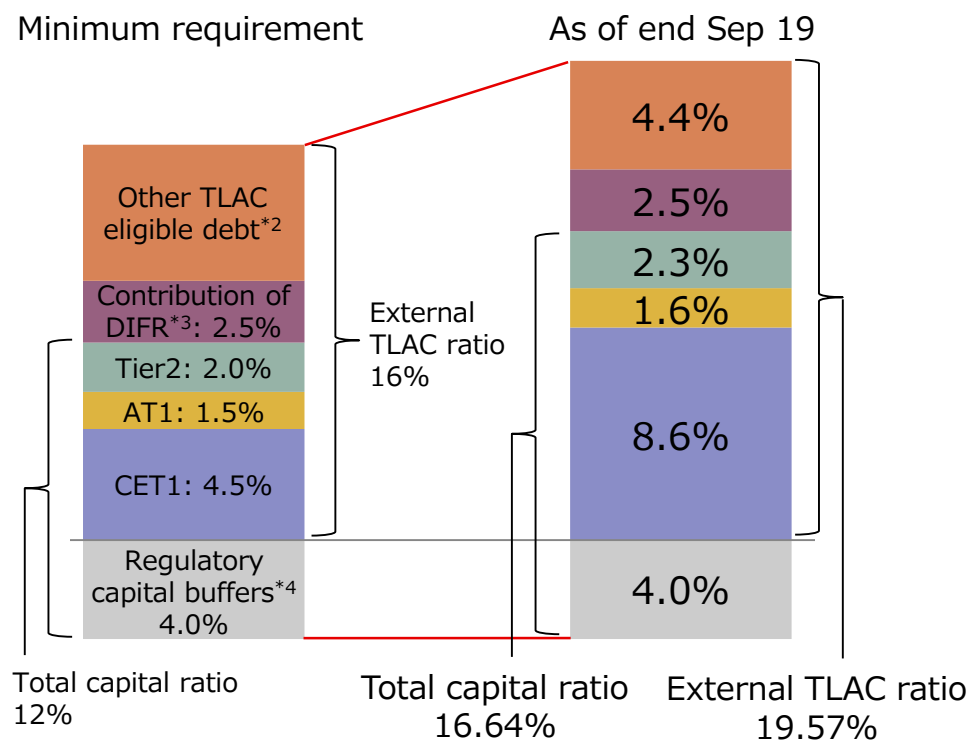
- Aim for optimal balance between capital efficiency and adequacy in qualitative and quantitative aspects
  - Control necessary and sufficient level of capital with utilization of AT1 / Tier2
  - Maintain sustainable external TLAC ratio for the long term by raising external TLAC eligible senior debt

## External TLAC ratio

	As of end Sep 19	Minimum requirement	
		From end Mar 19	From end Mar 22
<b>Risk weighted asset basis</b>	<b>19.57%</b>	16.0%	18.0%
<b>Total exposure basis</b>	<b>8.07%</b>	6.0%	6.75%

MUFG is the primary funding entity, which is designated as the resolution entity in Japan by FSA

## MUFG's RWA<sup>\*1</sup> based external TLAC ratio



\*1 Risk weighted asset

\*2 Including adjustment of difference between calculation method of total capital ratio and external TLAC ratio and adjustment of amount of other TLAC eligible liabilities owned by the issuer's group, etc.

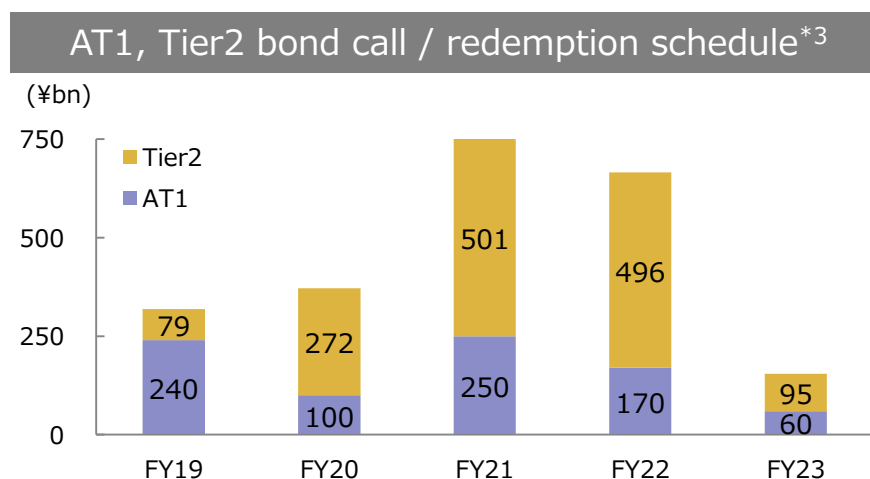
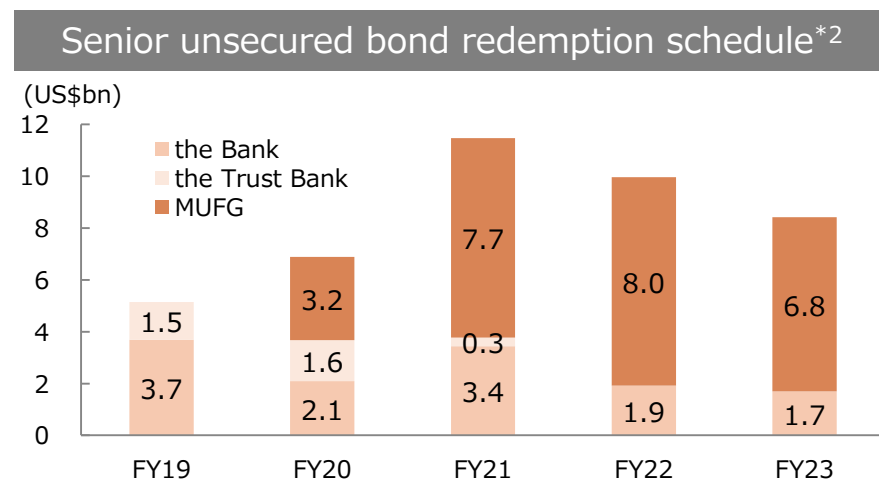
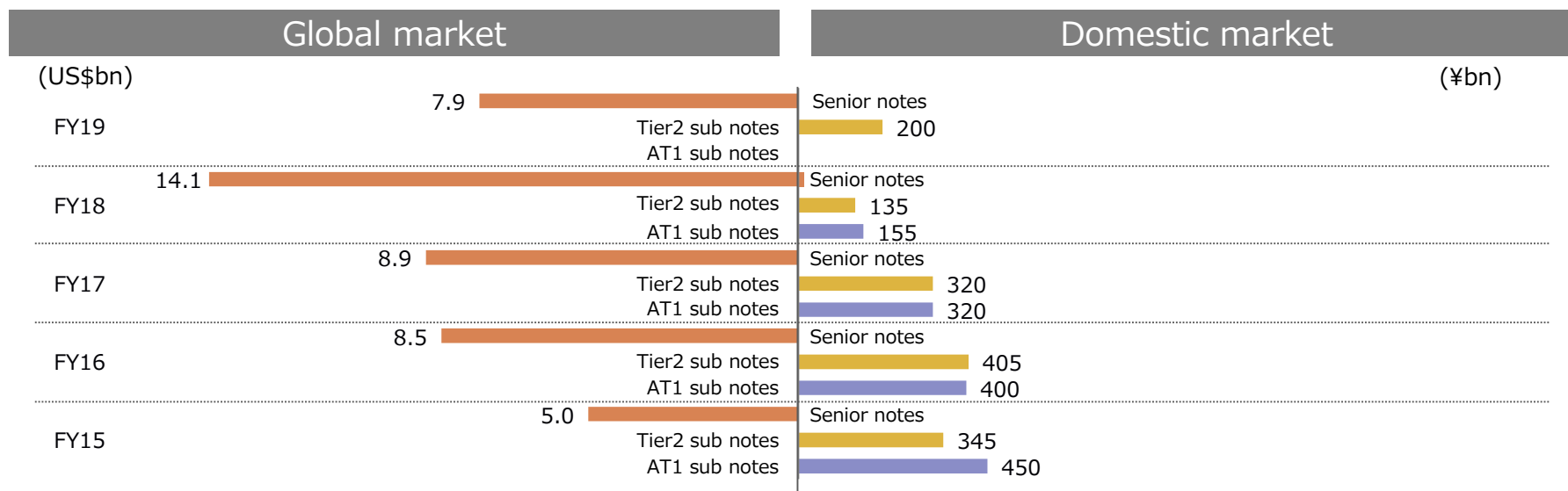
\*3 Contribution of Deposit Insurance Fund Reserves : Japanese Deposit Insurance Fund Reserves fulfill the requirements for ex-ante commitments to recapitalize a G-SIB in resolution set out in the FSB's TLAC termsheet

(Can include 2.5% and 3.5% of RWAs from end Mar 2019 to Mar 2022 and after end Mar 2022, respectively, in external TLAC ratio)

\*4 CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, and Counter-cyclical Buffer:0.04%

# TLAC requirement – Issuance track record

## MUFG issuance track record\*1



\*1 Total of public issuance, as of end Sep 19. TLAC Eligible Senior Debt are converted into US\$ with actual exchange rates as of end Sep 19

\*2 Annual figures assuming that all callable notes are to be redeemed on its first callable date. All figures are converted into US\$ with actual exchange rates as of end Sep 19. Excluding structured bond and notes issued by overseas branches and subsidiaries

\*3 Annual figures assuming that all callable notes are to be redeemed on its first callable date. AT1 and Tier2 contain Basel II Tier1 preferred securities and Basel II Tier2 sub notes issued by the Bank and the Trust Bank respectively