



# FY2020H1 IR presentation



November 18, 2020

Mitsubishi UFJ Financial Group, Inc.



- ✓ This is Kamezawa. Thank you very much for joining us for this MUFG briefing session out of your busy schedules. To prevent the spread of COVID-19 infection, we will once again hold this briefing in a non-face-to-face format, just like we did in May.
- ✓ Please look at the material entitled, "FY2020H1 IR Presentation."
- ✓ Please go to page 3.

# 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
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)		

Accounting Standard Board of Japan ("ASBJ") Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement" have been applied since the end of the previous fiscal year. Accordingly, the financial information for the six months ended September 30, 2019 reflect the retroactive application of the new accounting standard, etc.



## Key messages

### FY20H1 result and FY20 target

- FY20H1 result : **72.9%** progress toward FY20 initial target in net profits
- FY20 target : Revised FY20 target **upward to ¥600bn** from ¥550bn

### Update on strategic emphasis

- Progress status : **Made steady progress** in sales channel shift in domestic retail business, shifting from “quantity” to “quality” on a global basis, RWA and cost control, etc.
- Consideration of establishing a new business group : Integrate the function promoting **company-wide digital transformation** and part of the customer segments

### ESG

- Environment, Society : Extended **¥1.8tn** for sustainable finance in FY20H1. The cumulative total of **¥5.5tn** made 27% progress toward FY30 goal of ¥20tn
- Governance : Enhance sustainability promotion structure and disclosure, including the appointment of a CSuO\*<sup>1</sup> and the issuance of MUFG's first sustainability report

### Capital policy

- Dividend : Maintain ¥12.5 and **¥25** for FY20 interim and annual DPS, respectively as announced in May from the standpoint of stable dividends
- Capital level : Keep a sufficient level of capital through disciplined RWA management, while prioritizing financial support

\*1 Chief Sustainability Officer (Person responsible for promoting initiatives for sustainable growth)

- ✓ I will cover the details later, but here, I'd like to highlight briefly some key messages.
- ✓ First, the results.
- ✓ The first half net profits, the progress rate is 72.9% over our initial target. We made an upward revision of our fiscal year 2020 target to ¥600 billion.
- ✓ Second, update on strategic emphasis. The strategic emphasis I explained in the May results briefing are making steady progress.
- ✓ Third, ESG. A program of sustainable finance toward our goal of ¥20 trillion in 2030 is making sound progress.
- ✓ Fourth, capital policy. The dividend will be ¥12.5 for the interim period. The annual forecast is kept at ¥25. We project to maintain a sufficient level of capital.
- ✓ Please go to page 4.

## Main initiatives to adapt to the period of living with COVID-19

- Fulfill our responsibilities as financial infrastructure, while adapting to changes in society

### Maintain financial function

- Continue finance support
  - No. of consultations : **Approx. 22,000**<sup>\*1</sup>
  - No. / amount of newly booked loans:  
**Approx. 16,000 / Approx. ¥5tn**<sup>\*2</sup>
- Maintain stable branch operation
  - Continue branch and ATM operations
  - Introduce branch reservation service  
(All domestic branches and sub-branches from Dec 2020)

### Diversify working styles and engagement

- Changes in the way of working style
  - WFH ratio<sup>\*5</sup> :  
Approx. 50% in Japan, approx. 80-90% in U.S and Europe, expand on a region-by-region basis in Asia
  - Expand satellite offices: from 7 to **20**
- Enhance engagement
  - Held web-based townhall meetings hosted by CxO:  
**Approx. 16,500 participants, 15 times**

### Respond to behavioral changes

- Increase in the use of non face-to-face channels
  - No. of IB<sup>\*3</sup> users<sup>\*4</sup> : **+Approx. 30% YoY**
- Strengthen non face-to-face business
  - Hosted online global business matching:  
**Approx. 170 corporates in 7 countries**

### Promote initiatives to address social issues

- Promote social contribution activities
  - Donate funds equivalent to **1%** of net operating profits from group business<sup>\*6</sup>
- Support medical businesses<sup>\*7</sup>
  - Established MUFG Medical Fund: **¥10bn**

\*1 Number of new loans and amendments for large, medium & small corporates from Mar 10 to Oct 30, 2020. Based on the reports from the Bank's domestic branches and online application \*2 Event counts/amounts conducted between Mar 10 and Oct 30, 2020 (includes commitment line limits). Based on the reports from the Bank's domestic branches \*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 (As of Sep 2020) \*5 As of Apr 2020 \*6 Net operating profits after deduction of credit costs \*7 In particular, businesses that pursue the creation of new pharmaceuticals, breakthroughs in regenerative medicine and other life-science endeavors

- ✓ These are our main initiatives in the period of living with COVID-19. Let me touch upon two points.
- ✓ As shown in the upper left, to fulfill our responsibility to serve as a financial infrastructure, we have disbursed about ¥5 trillion of new loans related to COVID-19.
- ✓ In the group, as shown in the upper right, CxOs, including myself, have held web townhall meetings to enhance engagement with employees both in and outside of Japan.
- ✓ Please go to page 7.

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## FY20H1 financial results

## FY20H1 financial results and FY20 targets

- FY20 target for profits attributable to owners of parent is revised upward to ¥600.0bn in light of progress in the first half

	FY19H1	FY20H1		FY20 full year	
	Results	Results	YoY	Revised targets	Changes from initial targets
<b>Consolidated (¥bn)</b>					
1 <b>Gross profits</b> <small>before credit cost for trust accounts</small>	1,969.1	<b>2,093.0</b>	123.8	–	–
2 <b>G&amp;A expenses</b>	1,342.0	<b>1,352.5</b>	10.5	–	–
<b>Net operating profits</b> 3 <small>before credit costs for trust accounts and provision for general allowance for credit losses</small>	627.1	<b>740.4</b>	113.3	1,150.0	100.0
4 <b>Total credit costs</b>	(18.0)	<b>(258.4)</b>	(240.3)	(500.0)	(50.0)
5 <b>Ordinary profits</b>	791.0	<b>590.2</b>	(200.8)	920.0	70.0
6 <b>Profits attributable to owners of parent</b>	606.9	<b>400.8</b>	(206.1)	600.0	50.0

- ✓ I will explain our fiscal year 2020 first half results and our full year targets.
- ✓ Starting with first half results, please look at the column in the middle.
- ✓ Fiscal year 2020 first half, line 1, gross profits. Despite stagnation of economic activity due to the spread of COVID-19 and impacts from market changes, we had increases in market-related gains.
- ✓ In addition, there are revenue increases due to the consolidation of Bank Danamon and FSI (First Sentier Investors), an Australian asset management company. As a result, gross profits were up ¥123.8 billion year on year at ¥2,093 billion.
- ✓ Line 2, G&A expenses. Though there were increases due to the consolidation of the two companies I mentioned just now, due to expense reduction efforts in the pandemic both in Japan and overseas, the increases in expenses were contained at ¥10.5 billion year on year.
- ✓ As a result, net operating profits were up ¥113.3 billion at ¥740.4 billion.
- ✓ In the lines below net operating profits, due to increases in credit risk around the world due to COVID-19, as well as the impact of the introduction of the new calculating method called CECL at partner banks, credit costs increased by 240.3 billion year on year.
- ✓ Line 6, profits attributable to owners of parent.
- ✓ Due mainly to increases in credit costs, it was down ¥206.1 billion at ¥400.8 billion, but because of increases in net operating profits, the progress rate against the initial full year target is above 70%.
- ✓ Please look at the column on the right, fiscal 2020 full year. Currently, it is difficult to project the early containment of COVID-19, but given the progress we made in the first half, we raised the full year target by ¥50 billion to ¥600 billion.
- ✓ Please go to page 8.

## Reasons for the revision of the full year targets

– Updated the impact of COVID-19 based on the interim performance and economic outlook

Consolidated (¥bn)	FY20		Estimated impact of COVID-19*1	Reflected in initial targets	Newly incorporated
	Revised targets	Changes from initial targets			
1 <b>Net operating profits</b> before credit costs for trust accounts and provision for general allowance for credit losses	1,150.0	100.0	<b>(200.0)</b> updated from (300.0)	<ul style="list-style-type: none"> <li>Decline in non-JPY currency interest income</li> <li>Decrease in assets under custody or management</li> <li>Decline in new investments and business transactions</li> <li>Decreased investor appetite for investment</li> <li>Restrictions on our business activities</li> </ul>	<ul style="list-style-type: none"> <li>Higher non-JPY deposit balance</li> <li>Higher revenue for overseas security subsidiaries</li> <li>Accelerating cost reduction</li> </ul>
2 <b>Total credit costs</b>	(500.0)	(50.0)	<b>(250.0)</b> updated from (200.0)	<ul style="list-style-type: none"> <li>Worsening business performance of borrowers</li> </ul>	<ul style="list-style-type: none"> <li>Higher credit costs under CECL*2 for FY20H1</li> <li>Risks associated with further increasing uncertainties</li> </ul>
3 <b>Ordinary profits</b>	920.0	70.0	<b>(530.0)</b> updated from (600.0)	<ul style="list-style-type: none"> <li>Decrease in equity earnings of equity method investees and decline in other non-recurring gains (losses) etc.</li> </ul>	<ul style="list-style-type: none"> <li>Higher net gains on equity securities and equity earnings of equity method investees</li> </ul>
4 <b>Profits attributable to owners of parent</b>	600.0	50.0	<b>(370.0)</b> updated from (420.0)		

\*1 The above figures illustrate some of the major item that we expect to effect profit as a result of the COVID-19 pandemic. These effects as well as other COVID-19 pandemic related issues currently being considered by us have been taken into account in our earnings target for FY20. Including the impact of measures to deal with environmental changes caused by COVID-19. Profits attributable to owners of parent is calculated by using approximate tax rate of 30%

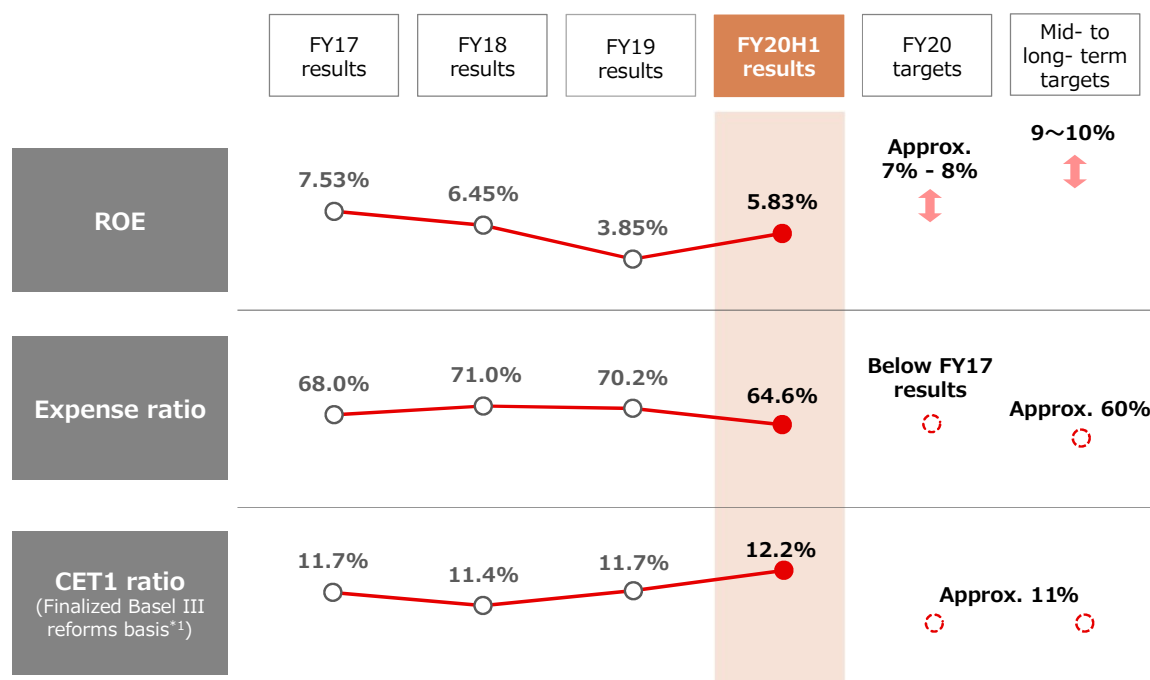
\*2 Current Expected Credit Loss. Based on U.S. Accounting Standards Update ("ASU") 2016-13

- ✓ This page is about reasons for the revision of the full year targets.
- ✓ Based on the first half results, we have updated the projected impact of COVID-19 that we initially estimated. This is the basis for the upward revision in the four-year targets.
- ✓ Line 1. The COVID-19 impact on net operating profits. The various initiatives we have taken in response to the changes in the environment under the pandemic offset some of the negatives, and accelerated expense reduction has now been reflected, and the impact amount was reduced from the initially-estimated negative ¥300 billion to negative ¥200 billion.
- ✓ Line 2, total credit costs. Given that in the first half there were additional CECL provisions made at MUAH, we have taken a comprehensive view, including the risks associated with increasing uncertainties, and the impact amount was raised from negative ¥200 billion to negative ¥250 billion.
- ✓ Please go to page 9.



## Financial targets

– Continue to make sustained efforts to achieve the targets



<sup>\*1</sup> Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis, includes net unrealized gains on available for sale securities

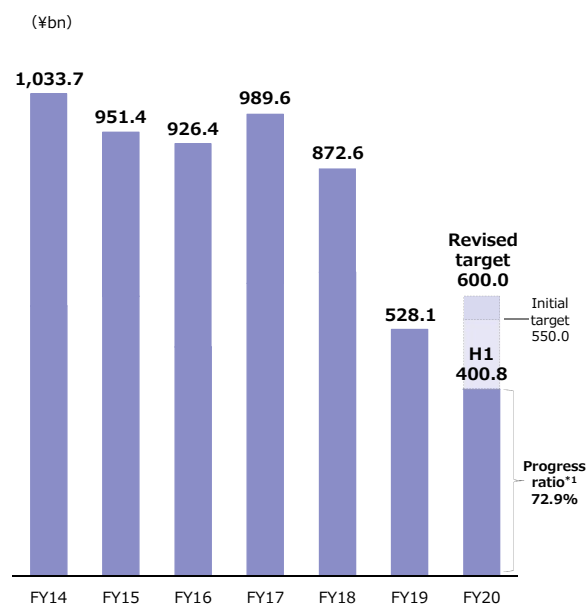
- ✓ This page is about financial targets.
- ✓ Fiscal year 2020 first half ROE was 5.83%. The expense ratio was 64.6%. The CET1 ratio, including unrealized gains on a finalized Basel III reforms basis, was 12.2%. With COVID-19, we find it difficult to achieve the financial targets for fiscal year 2020, the final year of the current mid-term business plan. The outlook is still uncertain, but in the next mid-term business plan period, starting from the next fiscal year, we will continue to make incessant efforts to improve both the ROE and the expense ratio.
- ✓ Please go to page 11.

## Profits attributable to owners of parent

– Progress ratio of FY20H1 results was 72.9% against FY20 initial target in net profits

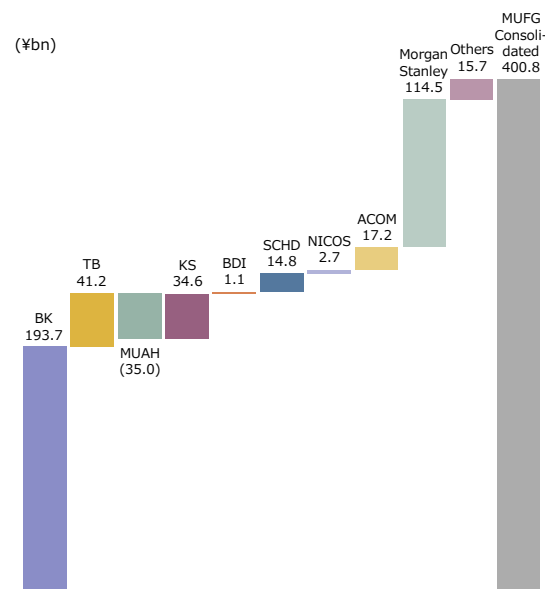
### Historical performance

Consolidated



### Contribution from subsidiaries, etc.<sup>\*2</sup>

Consolidated



\*1 Progress ratio against the FY20 initial target

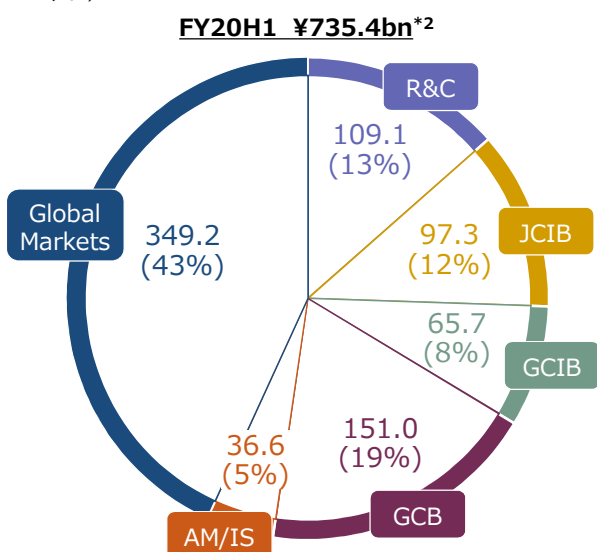
\*2 The figures reflect the percentage holding in each subsidiary and equity method investee

## Results by business group (1)

– Net operating profits in customer segments increased mainly due to the consolidation of BDI

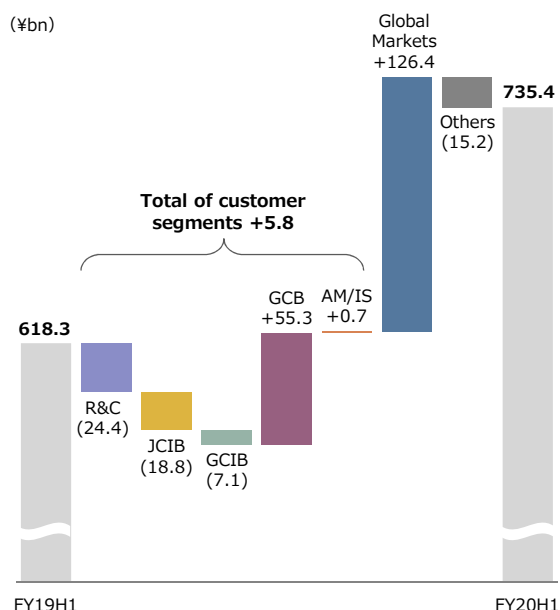
Net operating profits by business group\*1 Consolidated

(¥bn)



Changes by business group Consolidated







(¥bn)



\*1 All figures are in actual exchange rate and managerial accounting basis  
\*2 Including profits or losses from others

- ✓ This page is about results by business group.
- ✓ As shown in the step chart on the right, due to lower U.S. interest rates and the impact of COVID-19, profits declined in R&C, JCIB, and GCIB, but with profit increases at GCB, Global Commercial Banking, accompanied by consolidation of Bank Danamon, customer segment profit increased.
- ✓ As for the details of the results of each business group, they are carried in the appendix of this material, so please refer to them later.
- ✓ Now please go to page 13

## Results by business group (2)

Consolidated	Business group	Net operating profits (¥bn)			Expense ratio		ROE*1	
		FY19H1	FY20H1	Changes	FY19H1	FY20H1	FY19H1	FY20H1
	<b>Retail &amp; Commercial Banking</b> 	133.5	<b>109.1</b>	(24.4)	82%	<b>84%</b>	15%*2 [15%]	<b>3%</b> [3%]
	<b>Japanese Corporate &amp; Investment Banking</b> 	116.0	<b>97.3</b>	(18.8)	58%	<b>61%</b>	16% [16%]	<b>9%</b> [9%]
	<b>Global Corporate &amp; Investment Banking</b> 	72.8	<b>65.7</b>	(7.1)	64%	<b>67%</b>	10% [10%]	<b>3%</b> [3%]
	<b>Global Commercial Banking</b> 	95.7	<b>151.0</b>	55.3	74%	<b>64%</b>	6% [8%]	<b>(3%)</b> [(2%)]
	<b>Asset Management &amp; Investor Services</b> 	36.0	<b>36.6</b>	0.7	64%	<b>73%</b>	20% [21%]	<b>24%*3</b> [30%]
	<b>Global Markets</b> 	222.8	<b>349.2</b>	126.4	34%	<b>24%</b>	8% [8%]	<b>9%</b> [9%]

\*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 brackets exclude the impacts of investment related accounting factors (amortization of goodwill, etc.)

\*2 ROE excluding the impact of one-time tax effects is 8%

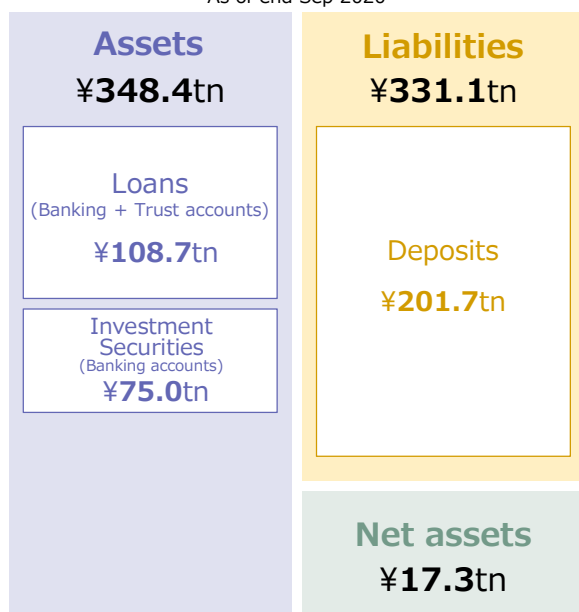
\*3 ROE excluding the impact of profits on sales of AMP Capital shares is 19%

## Balance sheet summary

### Balance sheet summary

Consolidated

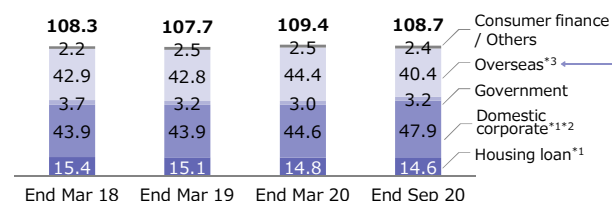
As of end Sep 2020



### Loans (period end balance)

Consolidated

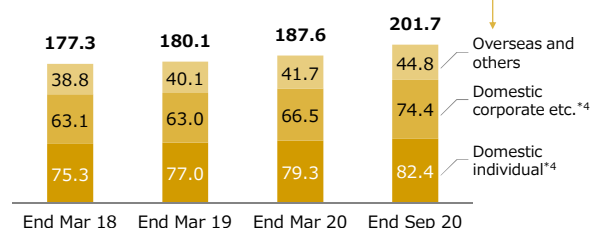
(¥tn)

Overseas: (3.9) from end Mar 2020  
(=(3.6) excluding impact of FX fluctuation)

### Deposits (period end balance)

Consolidated

(¥tn)

Overseas and others: +3.0 from end Mar 2020  
(+3.4 excluding impact of FX fluctuation)

\*1 Non-consolidated + trust accounts \*2 Excluding loans to government and governmental institutions and including foreign currency denominated loans  
(Excluding impact of FX fluctuation: +¥3.4tn from end Mar 2020)

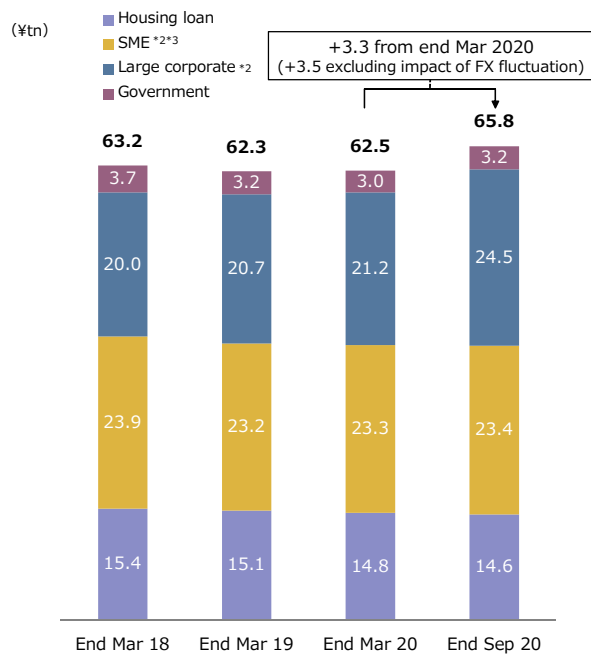
\*3 Loans booked in overseas branches, MUAH, KS, BDI, the Bank (China), the Bank (Malaysia) and the Bank (Europe) \*4 Non-consolidated

- ✓ This page is about the balance sheet summary.
- ✓ As the blue bar graph in the upper-right corner shows, in terms of loan balance, domestic corporate loans increased, but overseas loans decreased by ¥3.9 trillion. Overall, the balance was down ¥0.7 trillion compared to March end.
- ✓ On the other hand, the yellow bar graph in the lower right, deposit balance, domestic corporate and individual deposits, as well as overseas deposits, grew by large amounts. The increase was ¥14 trillion compared to March end.
- ✓ Please go to page 14.

## Domestic loans

Loan balance (period end balance)\*1

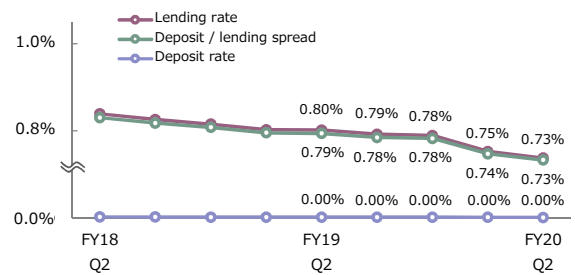
Consolidated



\*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.

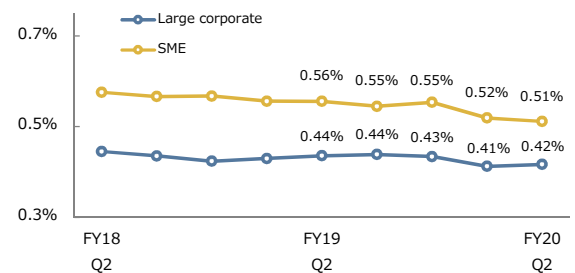
Deposit / lending rate\*4\*5

Non-consolidated



Corporate lending spread\*2\*4\*5

Non-consolidated



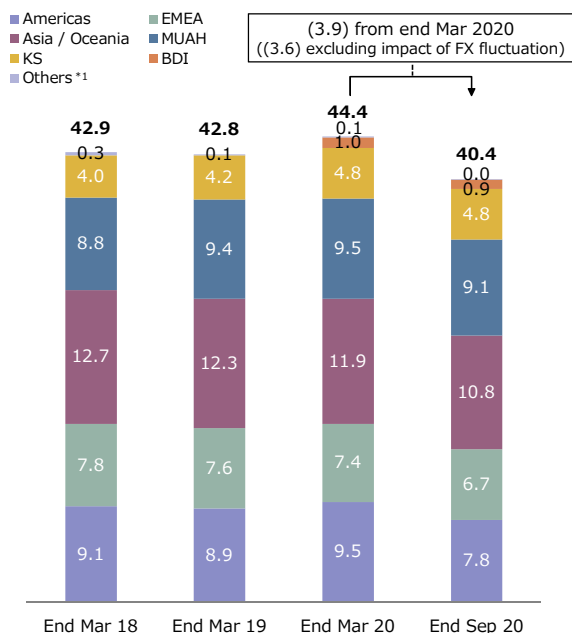
- ✓ This page is about domestic loans.
- ✓ In the upper right-hand corner, the line graph showing deposit lending spread, as the low-interest rate environment continues, moderate tightening is continuing.
- ✓ Please go to page 15.

## Overseas loans

Loan balance (period end balance)

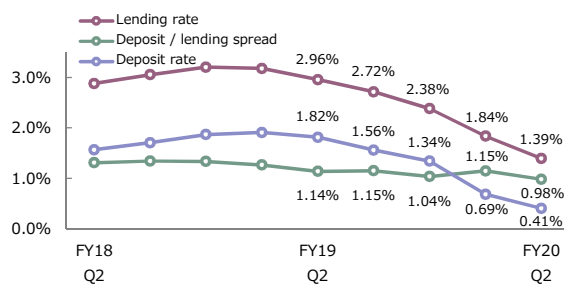
Consolidated

(\$tn)



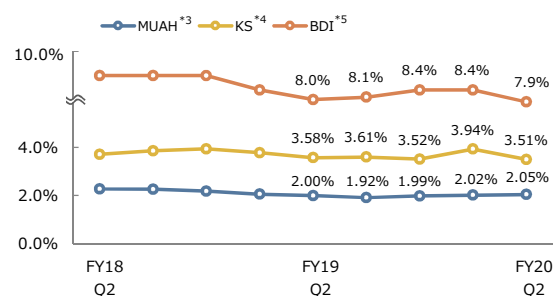
Deposit / lending rate\*2

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



MUFG

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- ✓ This page is about overseas loans.
- ✓ The bar graph on the left during the pandemic, overseas loans grew temporarily in March, but there was a shift to capital markets, and after thorough management of the risk return profile, it decreased by ¥4 trillion compared to March end.
- ✓ The line graph in the upper right-hand corner, the deposit lending spread on the sum of the Bank and the Trust Bank basis tightened as a result of the lowering of market rates. But as for the lending rate, as a result of thorough management of the risk return profile I mentioned earlier, it improved by 6 basis points on a stock basis.
- ✓ The line graph in the lower right-hand corner is the situation of NIM at our three partner banks. The top line in orange is Bank Danamon. The middle in yellow is Bank of Ayudhya. Their NIM declined as a result of the impact of market rates, but the bottom one in blue, MUAH, through rebalancing the portfolio with higher yielding assets and other efforts to improve the portfolio, their NIM increased.
- ✓ Please go to page 16.

## Investment securities (1)

### AFS securities\*1 with fair value

Consolidated

(¥bn)

	Balance		Unrealized gains (losses)	
	End Sep 20	Changes from end Mar 20	End Sep 20	Changes from end Mar 20
1 Total	71,724.9	9,573.7	3,552.5	663.8
2 Domestic equity securities	4,686.1	544.7	2,747.2	607.2
3 Domestic bonds	38,647.7	11,174.6	182.9	11.5
4 Japanese government bonds (JGB)	30,936.3	10,293.2	135.2	11.3
5 Foreign bonds	22,556.0	(1,946.4)	624.8	(113.3)
6 Others	5,834.9	(199.3)	(2.5)	158.3

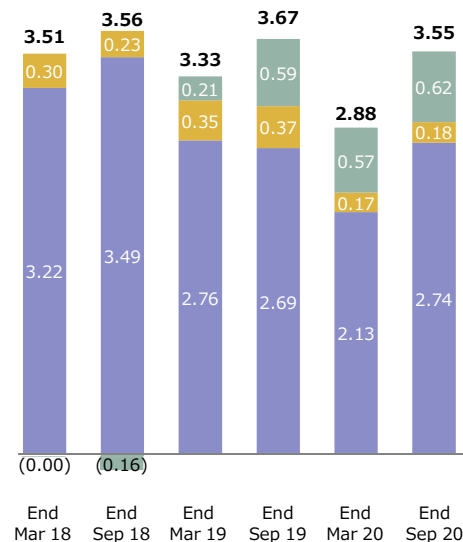
\*1 Available for sale securities

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

Consolidated

(¥tn)

■ Domestic equity securities  
■ Domestic bonds  
■ Foreign bonds and Others



- ✓ This page is about investment securities.
- ✓ Please look at the table on the left. Line 1, the total increased by ¥9.5 trillion. Line 4, Japanese government bonds, is the major reason for this increase. Line 5, foreign bonds. As a result of flexible portfolio management, it went down by ¥1.9 trillion.
- ✓ As for unrealized gains, line 5, foreign bonds gains decreased, but for total bonds, including domestic bonds, gains of more than ¥800 billion are still maintained. Line 6, others. The increase is due to the improvement in unrealized gains from equity funds backed by a strong stock market and due to compression of hedge position in preparation for a rise in interest rates.
- ✓ Please go to page 18.

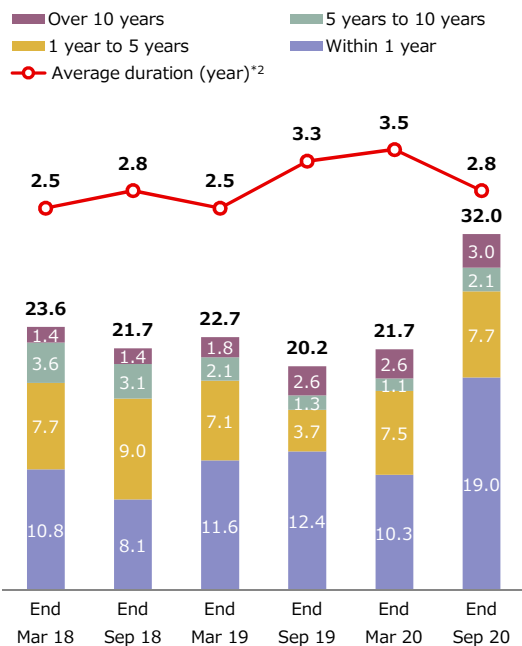


## Investment securities (2)

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

Non-consolidated

(\$tn)

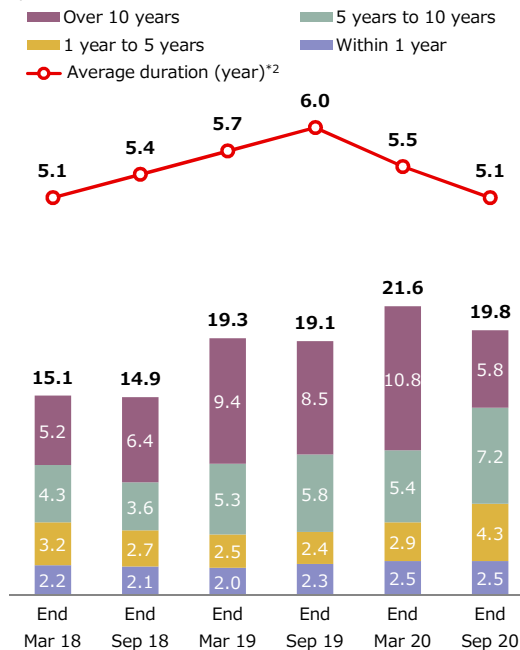


\*1 Available for sale securities and securities being held to maturity  
 \*2 Available for sale securities

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

Non-consolidated

(\$tn)

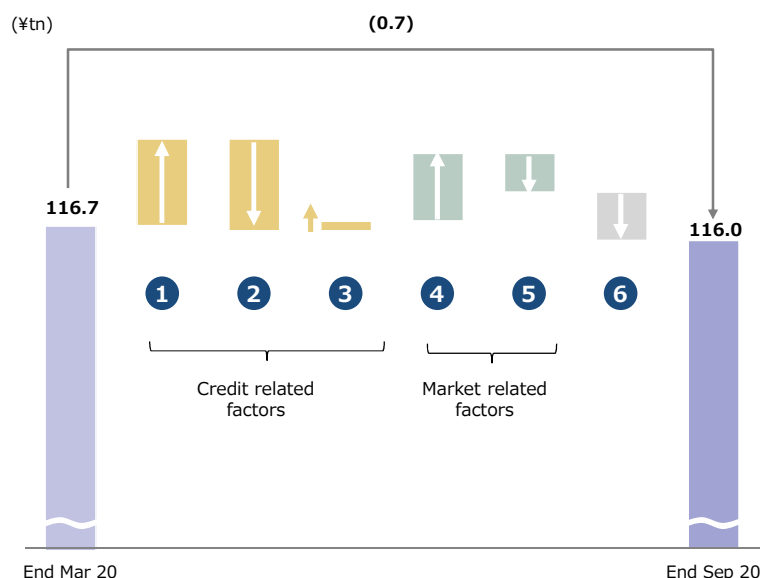


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## Risk Weighted Assets (RWA)

– RWA decreased due to disciplined RWA management while prioritizing financial support

An illustrative image of RWA increase and decrease  
(finalized Basel III reforms basis<sup>\*1</sup>)



### Factors of increase and decrease

- 1 Increase of domestic loan balance, etc
- 2 Decrease of overseas loan balance, etc
- 3 Fluctuation in corporate credit ratings
- 4 Increase of the fair value of equity holdings, etc
- 5 FX fluctuation
- 6 Upgrade of risk measurement method, etc

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

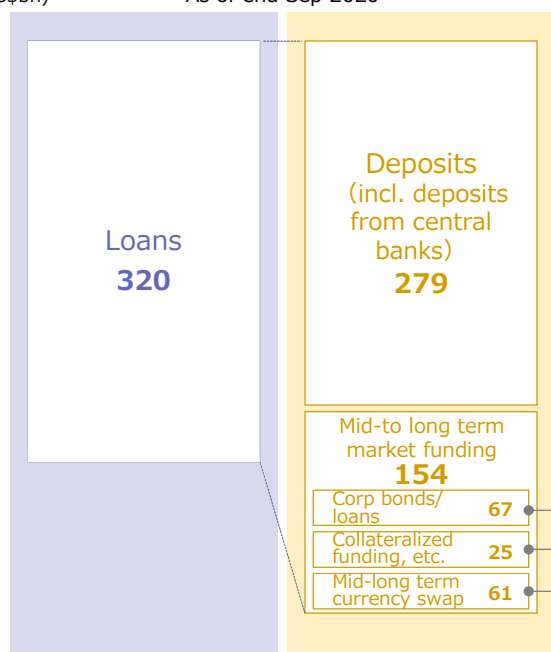
- ✓ This page is about risk weighted assets.
- ✓ This is a step chart showing different factors of RWA increase and decrease on a finalized Basel III reforms basis.
- ✓ With provisional financial support, number 1, risk-weighted asset of domestic loans increased, but as shown in number 2, overseas loans, which increased temporarily due to drawdowns of commitment lines at March end, have come down, and with RWA control, through a disciplined risk return profile management and upgrading of the risk measurement method, overall it is down by ¥0.7 trillion compared to March end.
- ✓ Please go to page 19.

## Non-JPY liquidity\*1

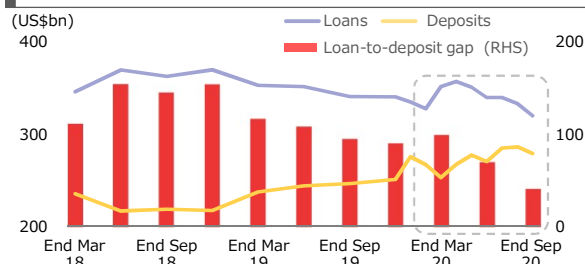
– Loan-to-deposit gap was decreased through loan balance control and deposit balance increase

(US\$bn)

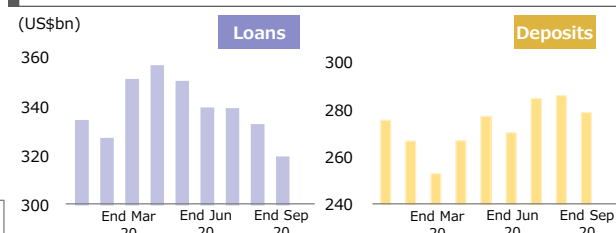
As of end Sep 2020



### Historical loan-to-deposit gap



### Loan and deposit balance after COVID-19 pandemic



TLAC eligible senior debt etc.

Cross-currency repos\*2 (utilizing JGB) etc.

Currency swaps are transacted mainly in mid-term durations

Avg. tenor approx. 7yrs

Major tenor approx. 3-5yrs



MUFG 19

\*1 The Bank consolidated excl. MUAH, KS and BDI. Managerial basis

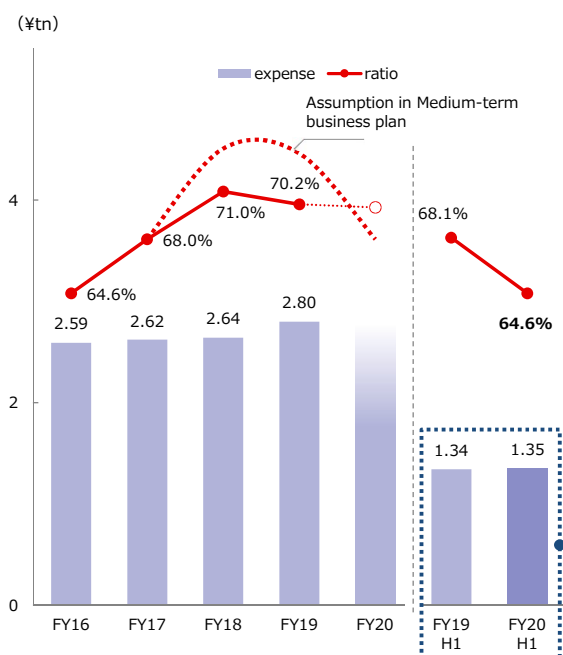
\*2 Repurchase agreement in which denominated currency is different in cash transaction and security

- ✓ This page is about non-Japanese yen liquidity.
- ✓ As we show on the left, with deposits and mid- to long-term market funding, non-Japanese yen loans are being covered stably.
- ✓ Please look at the red bar graph in the upper right-hand corner, the historical loan-to-deposit gap. Since May, the blue line, loans, have decreased and yellow line, deposits, have increased, so the loan-to-deposit gap is on a shrinking trend over the medium term.
- ✓ Please go to page 20.

## Expenses

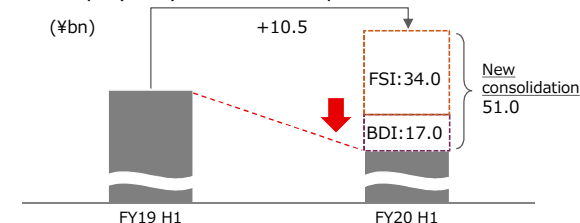
– FY20H1 expenses decreased YoY excluding the impact of new consolidation, mainly due to cost reduction both in domestic and overseas under the COVID-19 pandemic

### Expense and expense ratio

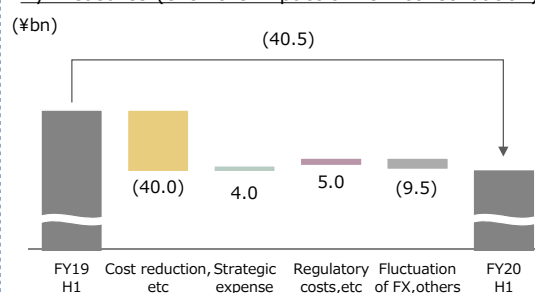


### Factors of the change

While increasing by ¥10.5bn YoY, FY20H1 expenses down by ¥(40.5)bn excl. the impact of new consolidation



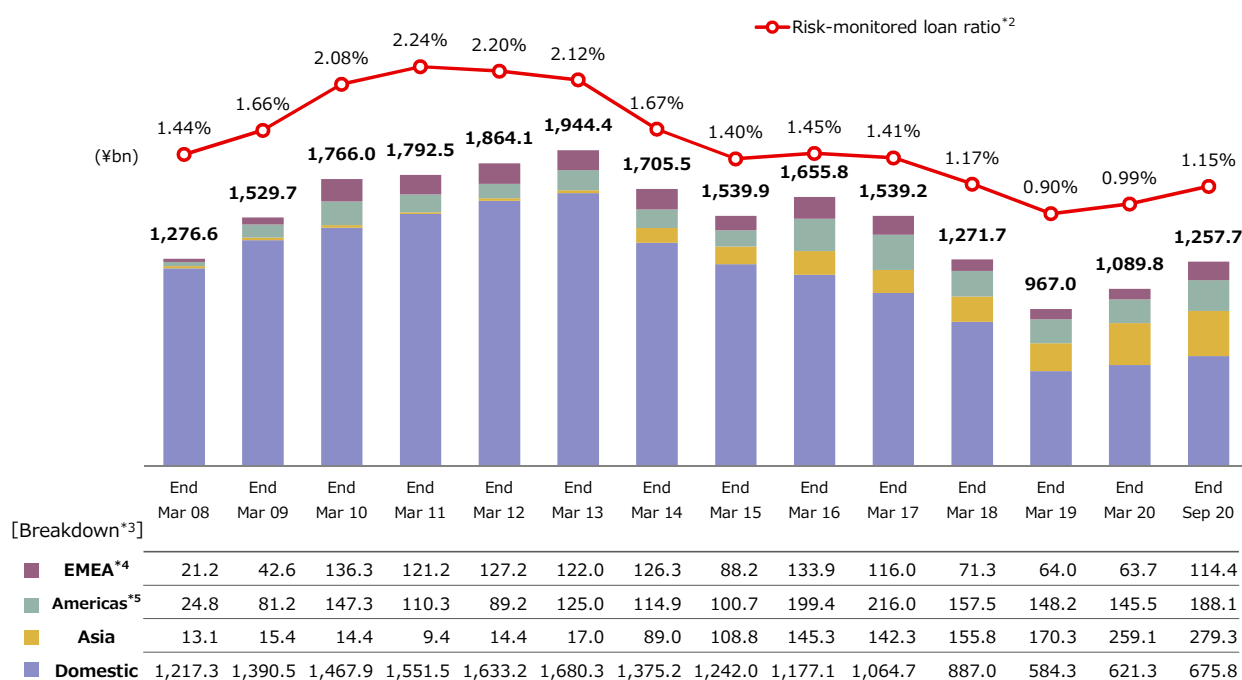
### By measures (excl. the impact of new consolidation)



- ✓ This page is about expenses.
- ✓ Please look at the red line graph on the left. The first half expense ratio, due to increases in the market-related gains, it was reduced to 64.4%. As for the full year of fiscal year 2020, it is projected to be above the mid-term business plan assumptions shown in the dotted line, but we want to keep it to levels under 70%.
- ✓ Please look at the right-hand side. Expenses were up ¥10.5 billion year on year, but excluding the factors of consolidation of Bank Danamon and FSI, with expense control both in Japan and abroad during the pandemic, expenses were down ¥40.5 billion.
- ✓ Please go to page 21.

## Risk-monitored loans\*1

– The balance increased due to COVID-19 impact, but the ratio is still in low level



\*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

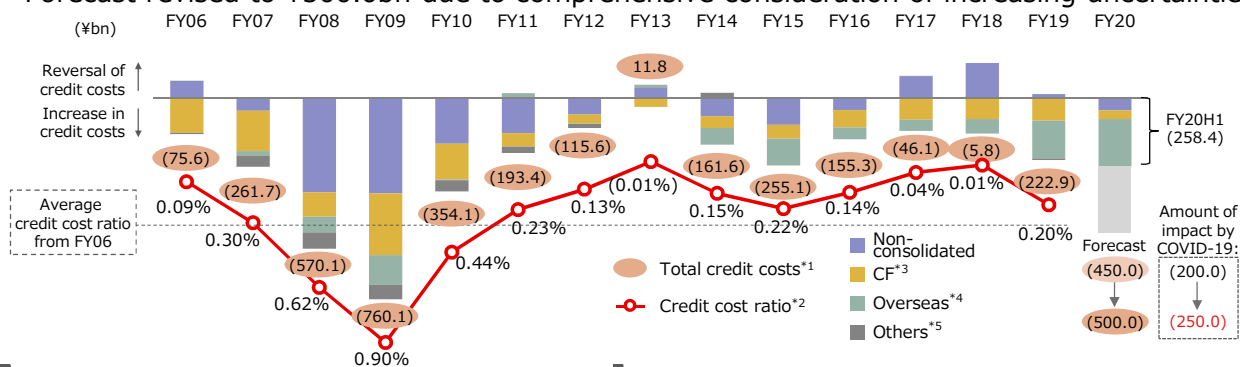
\*4 End Mar 2007 – End Mar 2012 includes parts of other regions

\*5 End Mar 2007 – End Mar 2012 includes only US

- ✓ This page is about risk-monitored loans.
- ✓ As shown in the graph, with the stagnation of economic activity, our credit portfolio deteriorated, and the balance started to grow from the end of the last fiscal year, but the risk-monitored loan ratio shown in the red line graph is staying at a low level.
- ✓ Please go to page 22.

## Credit costs (1)

– Forecast revised to ¥500.0bn due to comprehensive consideration of increasing uncertainties



### FY20H1 results

Non-consolidated	<ul style="list-style-type: none"> <li>Credit costs were recorded in air transportation and personal consumption sectors, but were moderate for other sectors such as energy and mining</li> <li>Continuously recorded precautionary allowance for specific portfolios (End Sep 20 balance was approx. ¥40bn)</li> </ul>
CF	<ul style="list-style-type: none"> <li>Overall moderate due to decreases in the value of card transactions and the balance of lending</li> </ul>
Overseas	<ul style="list-style-type: none"> <li>Overall increased including CECL impact (MUAH recorded additional allowance due mainly to deterioration in economic indicators)</li> </ul>

### FY20 forecast

Revised FY20 forecast up by ¥50.0bn to ¥500.0bn from initial forecast

- Comprehensive consideration was given to risks associated with further increasing uncertainties hereafter regarding the impact of the COVID-19 pandemic
- Due in part to the effect of the recording of additional allowances, Partner Banks expect to curb credit costs in the second half compared with the first half

\*1 Including gains from write-off \*2 Total credit costs / loan balance as of end of each fiscal year \*3 Sum of NICOS and ACOM on a consolidated basis  
\*4 Sum of overseas subsidiaries of the Bank and the Trust Bank \*5 Sum of other subsidiaries and consolidation adjustment

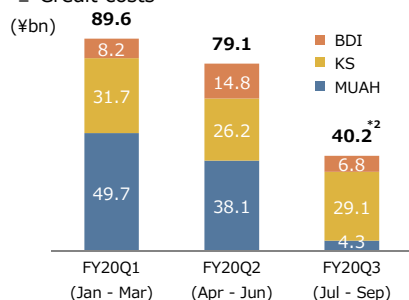
- ✓ This page is about credit costs.
- ✓ Credits costs for fiscal year 2020 first half were at ¥258.4 billion. As shown in the lower left, on a sum of the Bank and the Trust Bank basis, credit costs were recorded in air transportation and personal consumption sectors, but in other areas, such as energy and mining, the credit costs incurred were limited.
- ✓ In consumer finance, due to a decline in loan balance, credit costs were contained, and it was down year on year, but at overseas subsidiaries, due to additional allowances recorded through CECL, credit costs made large increases.
- ✓ In the lower right, the full year forecast. Overall, there is no major change from the initial forecast. We have taken into account the fact that it will take some time for economic activity to recover back to pre-COVID-19 levels. And taking a comprehensive view of further uncertainty and associated risks, we have revised upward our initial forecast by ¥50 billion to ¥500 billion.
- ✓ Please go to page 23.

## Credit costs (2) Specific credit portfolio

Partner banks\*1

Page 51 to 54

■ Credit costs



(End Sep 20)

Loan amount

NPL ratio

Credit costs  
(9 months total)

MUAH

¥8.9tn  
(Approx. 8%\*3)

KS

¥6.1tn  
(Approx. 6%\*3)

BDI

¥0.9tn  
(Approx. 1%\*3)

Energy and mining\*4

Page 55

- Due to successful reduction and hedging of risk portfolio, in addition to the recovery of oil price, **credit costs were moderate** in FY20H1

Figures of end Sep 20

Credit exposure*5	¥7.4tn
% of total exposure*6	Approx. 6%
Exposure to upstream sub-sector*7	¥2.1tn

Air transportation (incl. aircraft finance)\*4

Page 56

- Due to poor performance of overseas airlines affected by sluggish demand caused by transportation restriction, **credit costs were recorded** in FY20H1
- Models with high liquidity is the main component** of aircraft collateral

Figures of end Sep 20

Credit exposure*5	¥1.9tn
% of total exposure*6	Approx. 2%
% of exposure with collateral and guarantee	Approx. 80%

\*1 Figures of each partner bank converted to yen. Exchange applied for the calculation is US\$1=¥105.80, 1THB=¥3.34, 1IDR=¥0.0072 \*2 MUFG will include partner banks credit costs (including the CECL impact) approximately ¥40.0bn in FY20Q3 \*3 % of MUFG total loan amount (the Bank consolidated, the Trust Bank, NICOS, ACOM) \*4 All figures on managerial accounting basis, aggregating internal management figures of each subsidiary \*5 Including undrawn commitment and excluding market exposure \*6 The Bank consolidated (excl. KS, BDI) and the Trust Bank. Including undrawn commitment and excluding market exposure \*7 Exploration, development and production of oil and gas

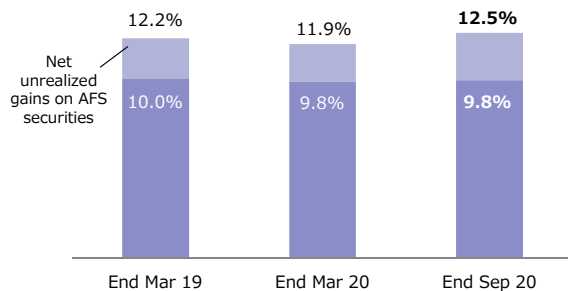
- ✓ This page is about specific credit portfolio.
- ✓ The upper half of the page is partner banks overseas. As shown in the upper-left bar graph, because of additional provisions made in the first half due to the introduction of CECL, second half credit costs are expected to be contained compared to the actual amount in the first half.
- ✓ Lower left, energy and mining. In addition to a reduction of the risk portfolio, with a recovery in oil prices, credit costs posted in the first half were limited.
- ✓ Lower right, air transportation credits. Due to depressed demand caused by travel restrictions, overseas airlines' results deteriorated and credit costs were incurred in the first half.
- ✓ About 80% of our credit portfolio is with collateral or guarantees. Still, the air transportation industry is in a very tough environment globally; therefore, we will continue to pay due attention.
- ✓ Please go to page 24.

## Capital

– CET1 ratio is expected to remain at a sufficient level even in light of future RWA accumulation

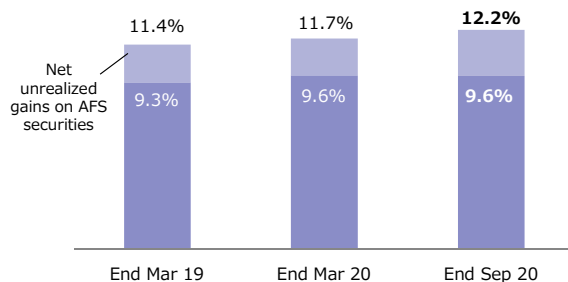
### CET1 ratio

Consolidated



### CET1 ratio (Finalized Basel III reforms basis\*1)

Consolidated



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

\*2 Adjustments made for the difference between risk-weighted assets under Basel I and Basel III

\*3 Based on JFSA Notification, Deposits with the Bank of Japan is excluded in Total exposures as of the end of September 2020

### FY20H1 results

Consolidated

(¥bn)	End Mar 20	End Sep 20	Changes
1 Common Equity Tier 1 capital	13,708.3	14,188.1	479.8
2 Additional Tier 1 capital	1,914.9	1,809.8	(105.1)
3 <b>Tier 1 capital</b>	15,623.3	15,998.0	374.6
4 <b>Tier 2 capital</b>	2,656.2	2,766.3	110.1
5 <b>Total capital (Tier 1+Tier 2)</b>	18,279.5	18,764.4	484.8
6 <b>Risk-weighted assets</b>	115,135.6	113,312.5	(1,823.0)
7 Credit risk	88,791.7	89,359.0	567.2
8 Market risk	3,150.7	3,460.6	309.8
9 Operational risk	8,269.2	8,163.8	(105.3)
10 Floor adjustment*2	14,923.8	12,328.9	(2,594.8)
11 <b>Total exposures*3</b>	353,117.5	286,573.4	(66,544.0)
12 Leverage ratio	4.42%	5.58%	1.15ppt

- ✓ This page is about capital.
- ✓ In the lower left, take a look at the CET1 ratio including unrealized gains on a finalized Basel III reforms basis. It was 12.2% at September end, above 11% which is our mid-term plan target. Even with financing support to our customers, as well as the impact of downgrades and associated RWA increases, we project that we will be able to maintain a sufficient level of capital.
- ✓ Please go to page 25.

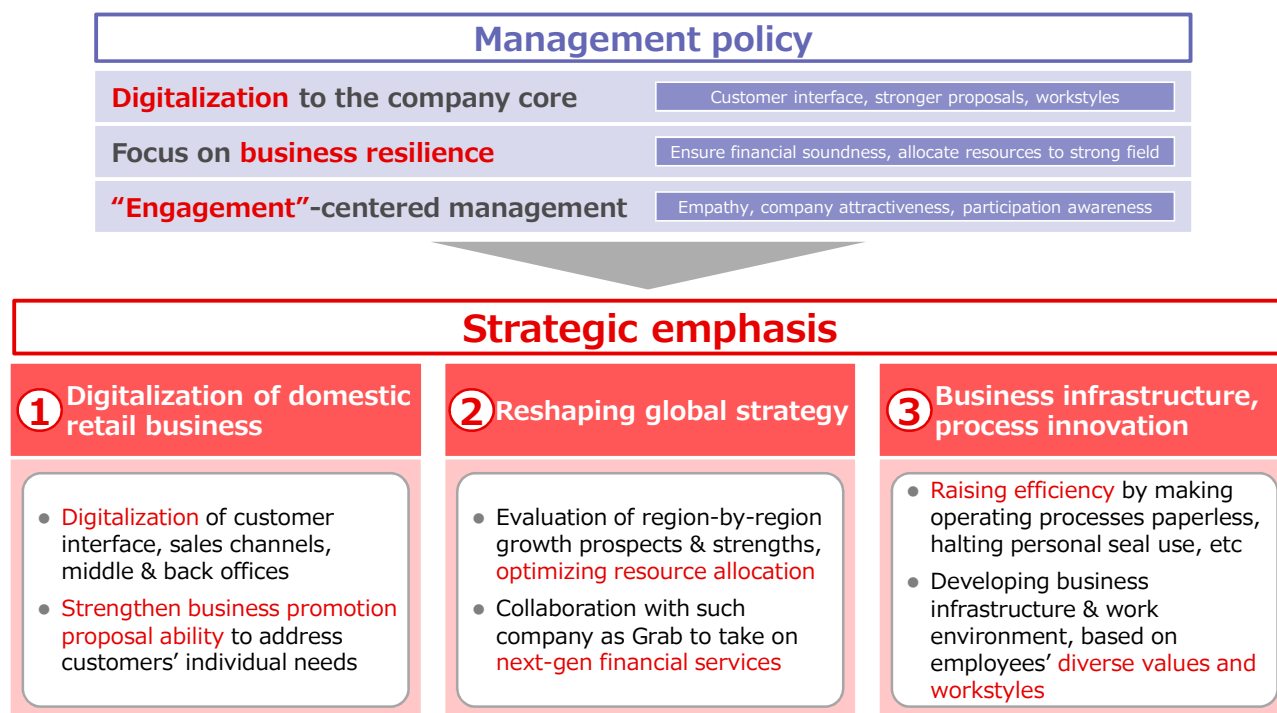


## Update on strategic emphasis

- ✓ I will now provide an update on major policies.
- ✓ Please go to page 26.

## Management policy and strategic emphasis\*1

– New company management policy leads the following strategic emphasis



\*1 Re-shown from page 30, FY2019 IR presentation in May 2020

- ✓ This page shows the management policy and strategic emphasis that I explained in the May earnings results briefing.
- ✓ There are three keywords regarding the management policy, namely: digitalization, business resilience, and engagement, shown in red letters. Based on this management policy, I explained that digitalization of domestic retail business, reshaping global strategy, and business infrastructure, process innovation, are the three strategic emphasis areas that I myself would prioritize and would be spearheading directly in a hands-on fashion.
- ✓ Right now, we are in the process of developing the next mid-term business plan and I am not able to discuss it in detail, but I would like to update you on the progress made in strategic emphasis areas in anticipation of the next mid-term business plan.
- ✓ Please go to page 27.

## Strategic emphasis (1) Digitalization of domestic retail business

– Steady progress in digitalization. Strengthen business competitiveness and customer base through the use of digital technology at the new business group

### Non face-to-face channels

Expand transactions completed through App.  
Improve utilization rate of non-face-to-face channels

[Utilization rate of IB\*1, App\*2]

	FY18H1	FY19H1	FY20H1
Fund transfer	39%	42%	49%
Pay tax and utility bills	64%	67%	68%
Change of address	15%	23%	40%
Replacement of unusable cards	5%	18%	43%

### Establish a new business group

Consider the establishment of a new business group that integrates the function promoting digitalization and part of the customer segments in around April 2021

Expand contact points with all customers by enhancing non face-to-face channels




Improve UI/UX by enhancing products and services

Create new business models via external collaboration

Sophisticated marketing employing data- and technology-driven methods

Utilize RPA and AI to simplify complex operational flows

### Initiatives for digitalization

Expand online contact points	Offer daily-use services through a PFM*3 app (Released in Sep 2020)	
Digitize bank-counter transactions	Place tablets*4 in all branches (Oct 2020)	
Digitize back-office operational process	Raise administrative efficiency through digitizing paper documents with high-speed and high accuracy (From 2021)	

### Ideal state, and what we want to achieve

- Embody potential business opportunities with all customers by providing optimal products and services timely through various channels
- Develop a business platform to improve customer convenience and provide high value-added services by simplifying the work flow
- Establish a position as "Financial Digital Service-Platformer" by advancing company-wide digital transformation starting with the retail business

\*1 Mitsubishi UFJ DIRECT: Internet banking for individual customers \*2 Utilization rate of IB and App among total transaction no. including branch and ATM for each type of transaction \*3 Personal Financial Management \*4 Functions: Opening of an account, administrative procedures, etc.

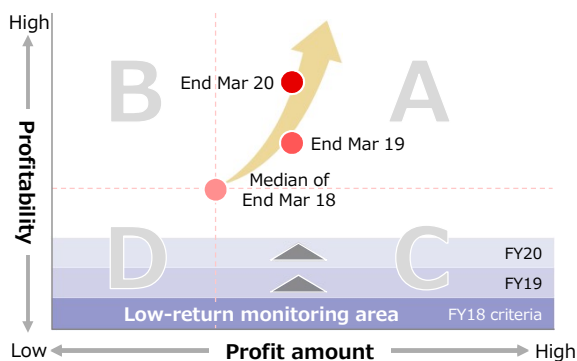
- ✓ First strategic emphasis, digitalization of domestic retail business. In July this year, the digital strategy team that directly reports to me was established to develop a digital shift strategy. It will drive with speed the digitalization of customer touchpoints, sales channels, and middle and back offices.
- ✓ As an example of channel shift, at left top, the change in the use of non-face-to-face channels is shown. Smartphone app functions are enhanced. UI and UX are improved. And the non-face-to-face channel is proactively used because of the COVID-19 impact.
- ✓ The utilization ratio of online banking and app by individual customers increased. As shown on the bottom left are some examples of digitalization initiatives. The improved online transactions interface, household bookkeeping app Mable, was released in September.
- ✓ We are also shifting over-the-counter transactions to digital and placed tablets for customers at all bank branches.
- ✓ Please look at the right side of the page. To further converge digital and business strategy, we are considering the establishment of a new business group that will integrate the digital transformation function and part of the customer segments. In this new business group, customers who use mainly non face-to-face transactions will be covered. Through expanding the digital transaction customer interface and enhanced UX, we plan to strengthen business competitiveness and broaden the customer base.
- ✓ Moreover, business flow will be simplified. Starting with the digitalization under the new business group, MUFG-wide digital transformation will be accelerated to solidly establish ourselves as a financial digital platformer.
- ✓ Please turn to page 28.

## Strategic emphasis (2) Reshaping global strategy

- Prioritize improvement in “quality” over growth in “quantity”. Take an asset allocation approach, in light of restrictions on resources

### Example: Global CIB – Portfolio recycling

Continue efforts to improve portfolio returns and B/S structure



	FY18	FY19	FY20
No. of clients under monitoring	370	600	570
Rate of resolution for low-return	41%	48%	-

Steady improvement in profitability hurdles

Client-by-client account plans and disciplined monitoring

\*1 Partner banks

- Support PBs\*<sup>1</sup> to achieve disciplined business growth by leveraging synergies in both aggressive expansion and preemptive risk management as well as by strengthening governance

### ASEAN regional banking strategy

Improve PBs' corporate value via the realization of synergies



#### Digitalization

Provide new digital financial services via collaboration with Grab



#### Transaction Banking

Connect settlement network of PBs with MUFG



#### Strengthen risk monitoring

Balance RWA increase due to capturing market growth and credit risks arising from the COVID-19 pandemic

### The U.S. regional banking strategy

Back to Basic: Reformulate regional banking business

Customer-oriented

Enhance collaboration frameworks

Focus on profitability & results

Leadership with proven track records

MUFG support

Monitoring from Tokyo HQ

 MUFG 28

- ✓ The second strategy emphasis, reshaping global strategy.
- ✓ Global business is one of the strengths of MUFG and it will continue to be important, but the growth potential of each region and strength of MUFG must be clearly understood, and managerial resources need to be allocated accordingly in an optimum way. An example of the optimal allocation of managerial resources are shown the left. GCIB will put even greater emphasis on enhancing quality rather than quantity in its asset allocation.
- ✓ As indicated in the lower left, the profitability hurdles were gradually raised and account plans were monitored in a disciplined manner, client by client. We have reviewed our transactions to reduce low-return transactions that do not meet certain criteria. We will continue to improve profitability and raise ROE.
- ✓ Please refer to the upper right of the page. With respect to the ASEAN partner banks, in order to enhance corporate value, we will create business synergies through promotion of digitalization, including financial services via collaboration with Grab, and create synergies in risk management as well.
- ✓ Regarding the U.S. regional banking strategy at the bottom right, under a new head who has experience at turning around regional banks, leveraging the strong name recognition of Union Bank and its branch network, a back-to-basic strategy focusing on customers is implemented. Monitoring from Tokyo and governance structure are strengthened to reformulate the business.
- ✓ Please move to page 29.

## Strategic emphasis (3) Business infrastructure, process innovation

– Strengthen RWA & cost control to enhance resilience, while improving productivity via digitalization

### Resource control

RWA		Manage RWA in a restrictive manner by strengthening RWA control
Business Group	Reduction of low profitable assets	¥2.5tn <sup>*1</sup>
	Reduction of equity holdings	¥783bn <sup>*2</sup>
Corporate Center	Upgrade risk measurement method	¥9tn <sup>*3</sup>
	Divestment of strategic investments	¥208bn <sup>*1</sup>
COVID-19 related financial support	Maintain financial soundness even after ¥5tn new loan booking	CET1 ratio
		12.2% <sup>*4</sup>
Expense		Curve total expense amount by strengthening cost control
Transformation initiatives		
Workloads	Reduced workloads equivalent to the labor of 4,000 <sup>*5</sup> personnel by reforming business processes	¥60bn <sup>*7*8</sup>
Branches	Consolidation of approx. 60 branches <sup>*6</sup>	
Purchasing process	Established Strategic Procurement Office to control purchasing process	¥10bn <sup>*9</sup>

### Smart work, facility

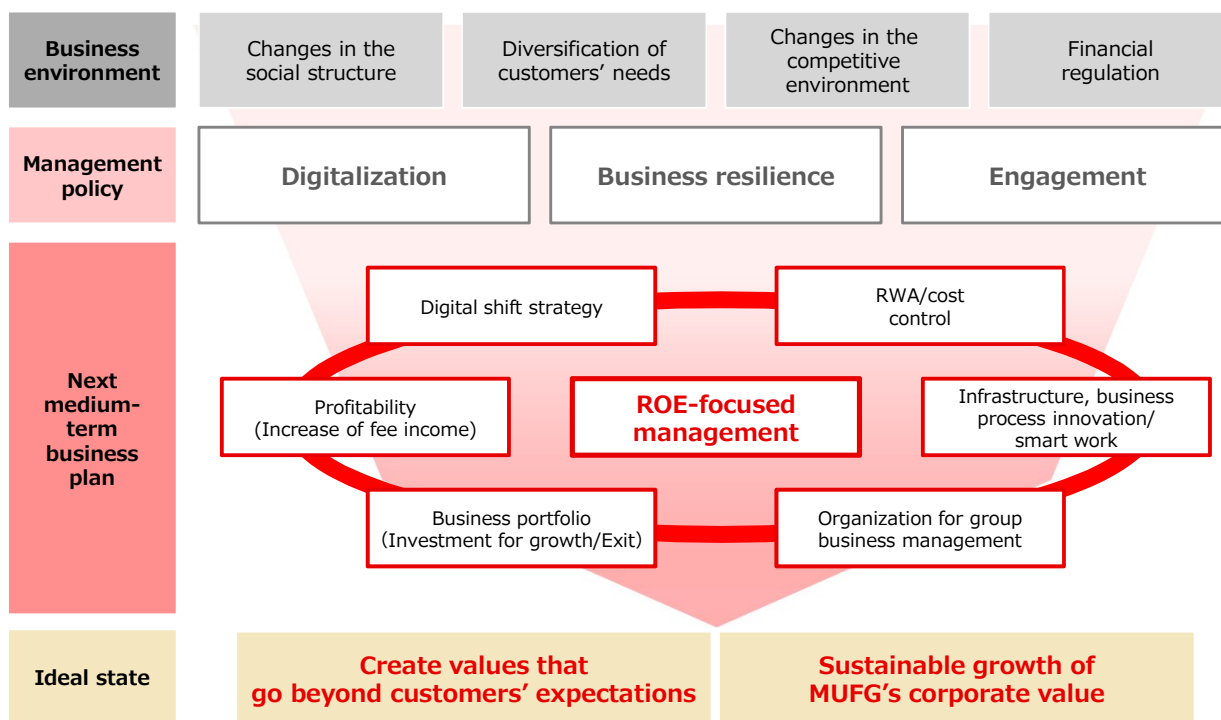
Smart work		Work flexibly and realize creativity
Diversify customer contact points	Utilize various tools for online meetings and such (Teams, MUUX <sup>*10</sup> , etc.)	
	Shift various bank-counter procedures to online procedures	
Develop infrastructure for supporting flexible working styles	Expand distribution of mobile PCs	
	Introduce smartphone for extension line	
	Eliminate seal for operation processes	
Facility		Promote diverse working styles and optimization of facilities
Diversify work locations and working styles	Expand satellite offices (from 7 to 20)	
	Maintain and expand working from home	
Efficient use of HQ office and reduce facility costs	Reduce the no. of seats at HQ	
	Reduce the no. of employees in Marunouchi and move part to Kojimachi (lower cost)	

<sup>\*1</sup> Cumulative amount since FY17 <sup>\*2</sup> Cumulative amount since FY15. Acquisition cost basis <sup>\*3</sup> Cumulative amount since FY19. Reduction amount of estimated RWA on finalized Basel III reform basis through upgrading risk measurement method <sup>\*4</sup> Finalized Basel III basis <sup>\*5</sup> FY20 forecast (comparison with FY17) <sup>\*6</sup> As of end Sep 2020 (comparison with FY17 end) <sup>\*7</sup> FY20 planned effects based on internal managerial figures (comparison with FY17) <sup>\*8</sup> Includes the effects from other initiatives in addition to the reduction of workloads and branches <sup>\*9</sup> FY20 planned effects based on internal managerial figures (comparison with FY18) <sup>\*10</sup> Under trial implementation of MUFG's own business communication platform in collaboration with Moxtra Inc. in the United States

- ✓ The third strategic emphasis, business infrastructure, process innovation.
- ✓ Through more stringent control of resources, including risk weighted assets and expenses, resiliency will be enhanced, while at the same time the business process and work style will be reformed using digital to improve productivity.
- ✓ The top left gives the results of resource control via the reduction of risk weighted assets. Thus far, we have continued to sell low-return assets, equity holdings, and strategic equity investments, while reducing risk weighted assets by upgrading the risk measurement method.
- ✓ On the lower left is expense reduction. The cumulative effect of expense reduction during the current mid-term business plan through a reduction of work volume and branch integration and consolidation should be around ¥60 billion compared to fiscal year 2017. A Strategic Procurement Office was newly established to introduce stronger discipline in the procurement process.
- ✓ Shown at right are smart work and facility. Customer touchpoints are diversified for the use of online capabilities. Infrastructure was developed to support a flexible workstyle to promote smart work. Satellite offices increased in number to 20. Employee workstyle is becoming more diverse, including working from home.
- ✓ So as to optimize the use of facilities, part of the headquarter functions was moved from Marunouchi to Kojimachi in our effort to consolidate and improve the efficiency of the head office premises.
- ✓ Please turn to page 30.

## Future directions

– Formulate the next medium-term business plan toward building a resilient business structure with a view to "With/After COVID-19"



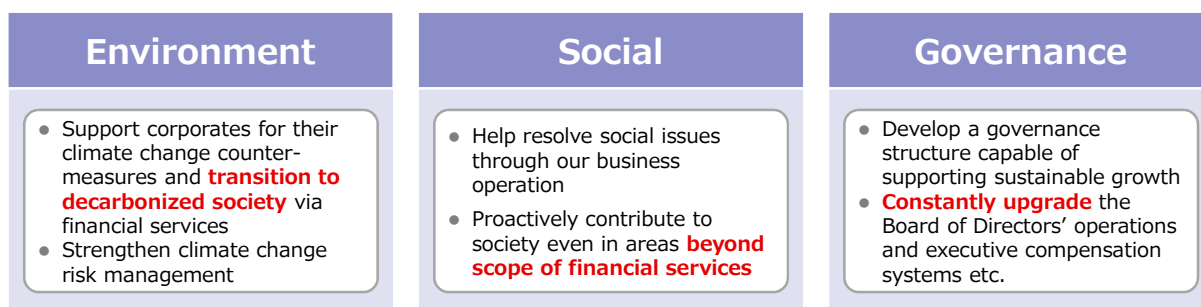
- ✓ This is about the future direction of our major strategies.
- ✓ The business environment surrounding our group is changing in a major way at an unprecedented pace. I have a strong sense of crisis that we cannot survive if we adopt the strategy of simply following the precedents.
- ✓ Right now we are formulating the strategic substance of the next mid-term business plan with the keywords of digitalization, business resilience, and engagement that I described as the management policy. These keywords used in the formulation of the strategy are shown on this page.
- ✓ Positioned at the center is ROE-focused management. These are at the core of our strategy under which we will create values exceeding customer expectations and achieve sustainable growth of the corporate value of MUFG.
- ✓ Please go to page 31.

## Environment, Social and Governance

- ✓ I would now like to turn to the topic to ESG.
- ✓ Please go to page 32.

## Initiatives to address ESG issues

– Accelerate our efforts to achieve sustainable environment and society



**Promote the integration of initiatives to help resolve environmental and social issues and MUFG's business strategies**

**Specify environmental and social issues that can be resolved by applying our business groups' core competencies; formulate concrete initiatives to bring solutions; and incorporate targets and KPIs into our business plans under the next MTBP**

- ✓ The top half of the page shows our initiatives to address ESG issues.
- ✓ In the next mid-term business plan, response to environmental and social challenges will be further integrated with business strategy to accelerate these initiatives.
- ✓ More specifically, the strength of each business group will be brought to bear to identify environmental and social challenges that can be addressed successfully, and measures to address such challenges and KPIs should be incorporated in the business plan.
- ✓ Please turn to page 33.



## Environment and Social - Recent major initiatives

– Promote contribution and support to resolve environmental and social issues by utilizing MUFG's group-wide strengths

<b>Environment</b>  Page 64-65	<b>Support corporates via financial services</b>	<ul style="list-style-type: none"> <li>Entered into a contract of financing for <b>Japan's first</b> offshore wind power project in Akita Prefecture</li> <li>Released <b>Japan's first</b> Sustainability Linked Loan to support corporates' efforts toward sustainability</li> </ul>
	<b>Enhance risk management</b>	<ul style="list-style-type: none"> <li><b>Announced</b> a target to reduce the balance of financing to coal-fired power generation projects</li> <li><b>Analyze impact</b> of climate change on credit portfolio based on TCFD<sup>*1</sup> recommendation</li> </ul>
<b>Social</b>  Page 66	<b>Resolve social issues through financial services</b>	<ul style="list-style-type: none"> <li>Supported the <b>Kingdom of Thailand</b> issue sustainability government bonds, the <b>country's first</b> of such bonds by utilizing MUFG's expertise</li> <li>Expand financial services in <b>Asia</b> through collaboration between partner banks and Grab</li> </ul>
	<b>Contribute to social areas beyond scope of financial services</b>	<ul style="list-style-type: none"> <li>Made donations with establishment of a new framework for social contribution initiatives (<b>About 1% of net operating profits from group business after deduction of credit costs</b>)</li> </ul>

\*1 Task Force on Climate-related Financial Disclosures

- ✓ I would now like to explain some of our recent initiatives in addressing social and environmental challenges.
- ✓ First, about environmental issues, please refer to the top half. Leveraging our globally top-ranking financing arrangement capabilities in renewable energy, we successfully concluded Japan's first project finance for an offshore wind farm.
- ✓ We also launched the first sustainability-linked loans in Japan, and our customers are already making use of them.
- ✓ In terms of risk management, we announced in October the reduction target for our balance of financing in coal thermal power projects. The balance will be reduced by 50% from the fiscal year 2019 level by fiscal year 2030 and brought down to zero by around fiscal year 2040.
- ✓ As part of the financial disclosure made to the long-term impact of transition risk and physical risk, our credit portfolio based on scenario analysis was made public.
- ✓ Next, please refer to the lower half of the slide on social issues. We supported the Kingdom of Thailand as an advisor in the issuance of sustainability government bonds through Bank of Ayudhya, utilizing our expertise that we cultivated from our experience of sustainability bond issuance in Japan.
- ✓ In the ASEAN region, the collaboration between our partner banks and Grab has led to an offering of financial services that contribute to the development of local community by promoting financial inclusion in innovation and by creating new employment.
- ✓ In areas where it is difficult to contribute with financial services, a new framework for social contribution was constructed. In the first half of the year we provided support to healthcare sectors, students, and art based on this framework. We will continue to make donations, and combined with the donations we've already made, consistently around 1% of net operating profits after deduction of credit costs will be used to make social contributions.
- ✓ Please turn to page 34.

## Governance

– Strengthen sustainability promotion structure to further deepen ESG initiatives

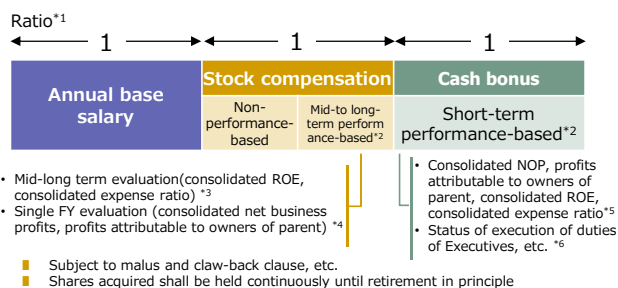
### An appointment of CSuO and external advisors



### Well-balanced Board structure



### Executive compensation for greater incentives



\*<sup>1</sup> As for the case of President and Group CEO 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 theses indicators

\*<sup>6</sup> Determined exclusively by independent outside directors at the Compensation Committee for executives

- ✓ This page is about governance. Here, I will mention the sustainability promotion structure to further deepen ESG initiatives.
- ✓ As shown on the left, external experts on environmental and social issues are invited to be our independent outside advisors. In addition, the post of Chief Sustainability Officer was created in May this year to strengthen the governance of sustainability promotion efforts.
- ✓ Please go to page 35.

## Sustainable finance and enhancement of disclosure

– Made steady progress toward FY30 goal of ¥20tn. Issued MUFG's first sustainability report

Progress toward FY30 sustainable finance goal of ¥20tn

(¥tn)	FY19	FY20H1	Total	FY30 goals
Environment	2.2	0.6	2.8	8.0
Social	0.9	0.8	1.7	12.0
Others	0.6	0.4	1.0	
<b>Total</b>	<b>3.7</b>	<b>1.8</b>	<b>5.5</b>	<b>20.0</b>

27% progress

Issuance of first MUFG sustainability report in Oct 2020<sup>\*1</sup>



### Enhance disclosure of ESG related information

- Target to reduce the balance of financing to coal-fired power generation projects
- Information based on Task Force on Climate-related Financial Disclosures ("TCFD") Recommendation
- CO2 reduction effects from renewable energy project finance
- Human resource development
- Diversity
- Social contribution activities etc.

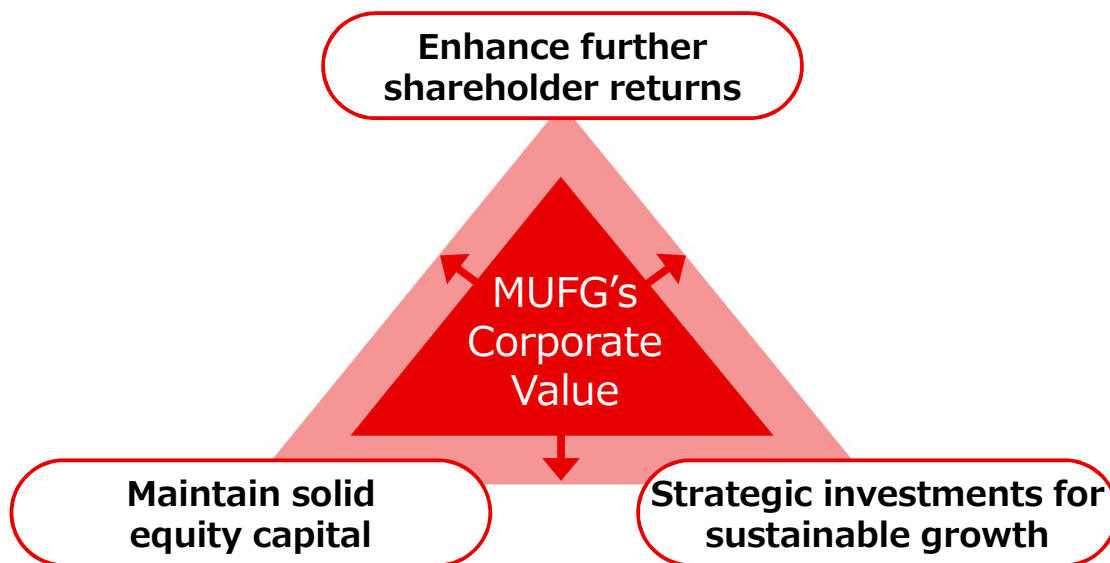
<sup>\*1</sup> Japanese only. English version will be available in Dec 2020

- ✓ I would now like to discuss our progress in sustainable finance and enhanced information disclosure on ESG.
- ✓ First, with respect to sustainable finance, in the first half of fiscal year 2020, we underwrote ¥1.8 trillion, in particular, underwriting of green bonds and sustainability bonds increased. On a cumulative basis from fiscal year 2019, the amount reached ¥5.5 trillion. This represents 27% of the target of ¥20 trillion to be achieved by fiscal year 2030.
- ✓ As for the enhanced disclosure, last month we issued our sustainability report. In addition to a reduction target of balance of financing for coal thermal power projects and expanded TCFD disclosure, we augmented our disclosure on human resource development and diversity.
- ✓ Please turn to page 38.

## Capital policy

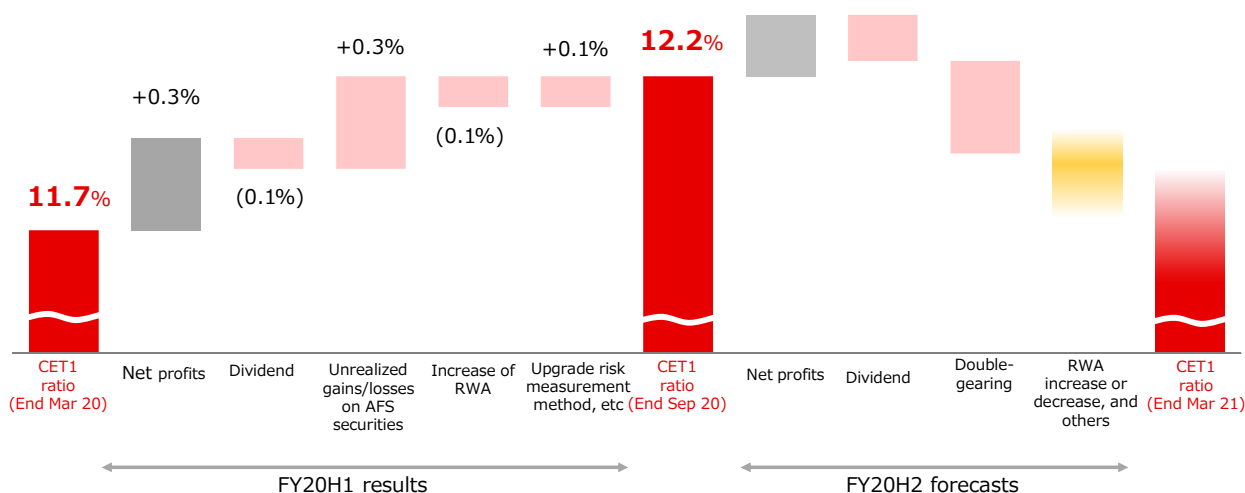
## Basic policy (“Capital Triangle”)

– Implement well-balanced capital management



## Capital allocation

Capital allocation results and forecast (Finalized Basel III reforms basis\*<sup>1</sup>. Includes net unrealized gains on AFS securities)



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

- ✓ I would now like to discuss our capital policy.
- ✓ I will explain the actual capital allocation in the first half and outlook for the second half of fiscal year 2020.
- ✓ Here, the CET1 ratio change is given based on the finalized Basel III reforms basis.
- ✓ In the first half of the year, our priority was on supporting the cashflow of our customers, but efforts were made to maintain disciplined control of risk weighted assets. Unrealized gain on equity holdings and reduction of risk weighted assets due to the adoption of upgraded risk measurement method resulted in 0.5% improvement of the CET1 ratio from the end of March to 12.2%.
- ✓ In the second half of the year, in addition to the impact of the release of special treatment for investment in Morgan Stanley, owing to the increase in lending to support customer cashflow and rating downgrades of customers, risk weighted assets may increase, but we will continue to apply strong discipline in managing risk weighted assets with an emphasis on risk return.
- ✓ Please turn to page 40.

## 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

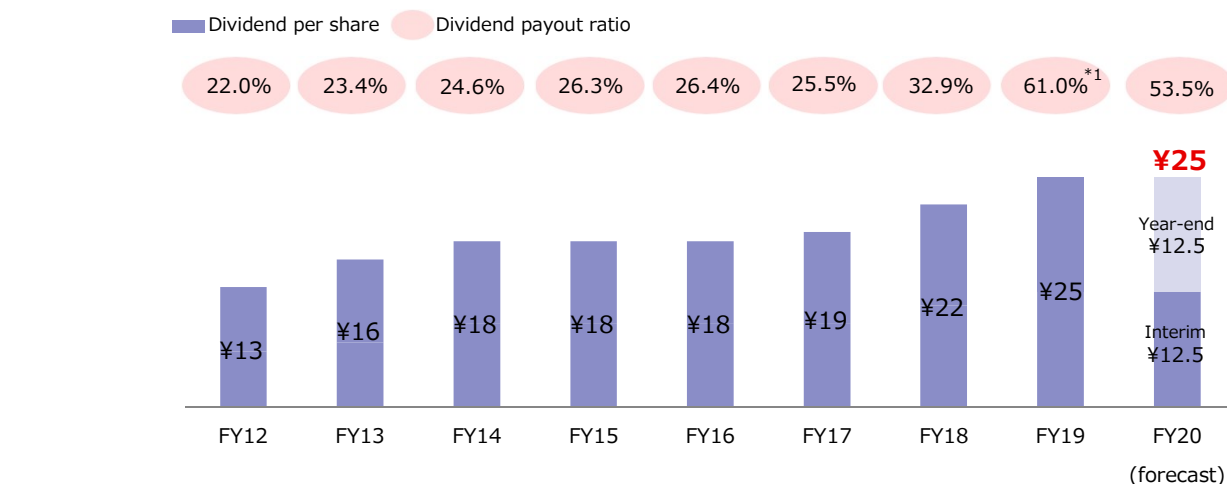
➡ Consider (1) Performance progress / forecast and capital situation,  
(2) Strategic investment opportunities (3) Market environment including share price

➡ 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)									
Dividend	184.1	226.6	253.7	249.3	243.6	251.8	286.9	322.9	321.8
Share repurchase	-	-	100.0	200.0	200.0	200.0	150.0	50.0	-
Total payout	184.1	226.6	353.7	449.3	443.6	451.8	436.9	372.9	321.8
Net profits	852.6	984.8	1,033.7	951.4	926.4	989.6	872.6	528.1	600.0
Total payout ratio	22.0%	23.4%	34.2%	47.2%	47.9%	45.7%	50.1%	70.5%	53.5%

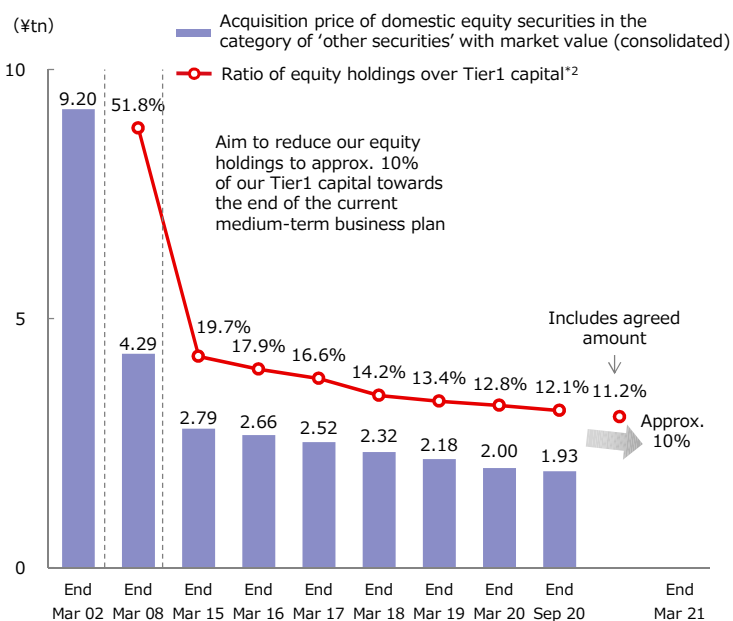
\*1 Dividend payout ratio excluding the impact of one-time amortization of goodwill: 37%

- ✓ This page is about shareholder returns.
- ✓ Enhancement of shareholder return has been one of the most important priorities for the MUFG management. Based on the stable dividend policy initially forecasted, the interim dividend per share is ¥12.5 and a forecast for an annual dividend of ¥25 remains unchanged.
- ✓ As for share repurchase, since we need to carefully assess the impact of COVID-19 on our earnings and capital, we will forego the buyback again this time as we did in May.
- ✓ While we prioritize supporting customer cashflow, we will continue to apply stringent control on risk weighted assets to maintain sufficient capital availability.
- ✓ Please turn to page 41.



## 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
FY19	240	139	101
<b>FY20 H1</b>	<b>96</b>	<b>50</b>	<b>46</b>
Total	1,374	783	591
Agreed amount	-	136	-

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

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

- ✓ This page is about equity holdings.
- ✓ As shown on the right table, in the first half of fiscal year 2020, equity holdings were reduced by ¥50 billion on an acquisition cost basis. Accordingly, net gains of ¥46 billion were booked.
- ✓ As a result, since the start of the plan to sell equity holdings cumulatively, ¥783 billion in book value was sold. The value of equity holdings not yet sold but for which agreement to sell was reached amounts to ¥136 billion. We fully expect to achieve ¥800 billion of sales in book value, which is the target for this fiscal year.
- ✓ The sale of equity holdings is recognized as a pressing matter that requires continuous focus even in the next mid-term business plan. We have yet to set a concrete target, but as we explained on MUFG Investors Day in September, we consider the minimum amount to be sold is ¥100 billion per year, and we will continue the deliberation on the basis of ¥300 billion over a three-year period.

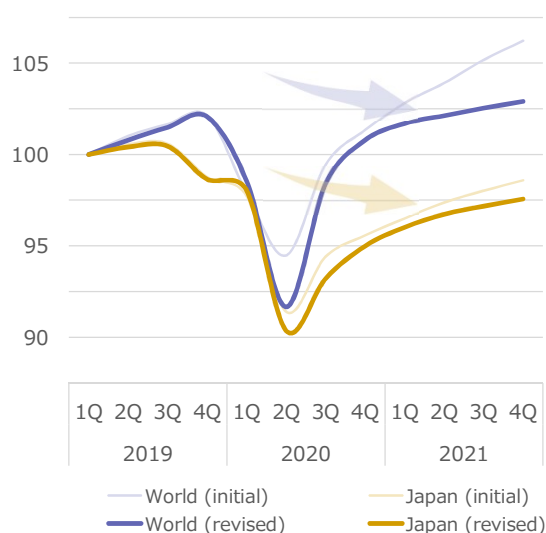
## Appendix

- ✓ That concludes my presentation. We will continue to take on challenges to become an MUFG which is trusted by customers and society at any time by overcoming social structural change that is significantly accelerated because of the COVID-19 pandemic.
- ✓ I would like to ask for your continuous understanding and support from our investors and rating agencies.
- ✓ Thank you. That is all from my side.

## Assumption for FY20 targets

- In this fiscal year, at present, it is assumed that the COVID-19 pandemic will not be contained early, and the economy under “Coexist with COVID-19” will continue
- Although the world economy is recovering from the worst period of April to June, it is expected that the pace of economic recovery will slow down under seeking to balance between the prevention of the COVID-19 pandemic and the maintenance of economic activity, and that it will take considerable time to recover before the pandemic
- If actual timing of containment of the virus and the degree of the impact on the real economy are different from our assumptions, FY2020 target may be revised or differ from the actual results significantly

### GDP outlook\*1 (January-March in 2019 = 100)



\*1 Made by MUFG

### Key assumptions

- 1 Depth of decline**
  - Assume economic activity decrease by about 5 to 10% compared to the annual average for 2019
- 2 Longevity of deterioration**
  - Assume deterioration of economic activity will be most extreme in April-June 2020 and recovery will start from July-September 2020
- 3 Recovery pattern**
  - Assume a U-shaped recovery which is convex upward, but at slower pace than recovery after financial crisis
- 4 Timing of recovery**
  - Assume it will take considerable time to recover to 2019 level

# Income statement summary

## Income statement

Consolidated

(¥bn)	FY19H1*1	FY20H1	YoY
1 <b>Gross profits</b> (before credit costs for trust accounts)	1,969.1	<b>2,093.0</b>	123.8
2 Net interest income	934.1	<b>966.5</b>	32.4
3 Trust fees + Net fees and commissions	684.6	<b>690.4</b>	5.7
4 Net trading profits + Net other operating profits	350.3	<b>436.0</b>	85.6
5 Net gains (losses) on debt securities	179.5	<b>201.9</b>	22.4
6 <b>G&amp;A expenses</b>	1,342.0	<b>1,352.5</b>	10.5
7 <b>Net operating profits</b>	627.1	<b>740.4</b>	113.3
8 <b>Total credit costs</b> *2	(18.0)	<b>(258.4)</b>	(240.3)
9 <b>Net gains (losses) on equity securities</b>	17.7	<b>24.2</b>	6.5
10 Net gains (losses) on sales of equity securities	48.6	<b>39.7</b>	(8.8)
11 Losses on write-down of equity securities	(30.9)	<b>(15.5)</b>	15.4
12 <b>Equity in earnings of equity method investees</b>	149.6	<b>153.1</b>	3.5
13 <b>Other non-recurring gains (losses)</b>	14.7	<b>(69.2)</b>	(83.9)
14 <b>Ordinary profits</b>	791.0	<b>590.2</b>	(200.8)
15 <b>Net extraordinary gains (losses)</b>	(9.1)	<b>(17.6)</b>	(8.4)
16 <b>Total of income taxes-current and income taxes-deferred</b>	(125.5)	<b>(132.3)</b>	(6.8)
17 <b>Profits attributable to owners of parent</b>	606.9	<b>400.8</b>	(206.1)
18 <b>EPS (¥)</b>	46.96	<b>31.21</b>	(15.75)

### 1 Gross profits

- Gross profits increased ¥123.8bn mainly due to an increase in market related gains as well as an increase in net interest income reflecting consolidation of overseas subsidiaries

### 2 G&A expenses / Expense ratio

- G&A expenses increased ¥10.5bn due to consolidation of BDI and FSI partially offset by a decrease in domestic expense
- As a result, expense ratio decreased to 64.6%

### 3 Total credit costs

- Total credit costs increased ¥240.3bn to ¥258.4bn mainly due to an increase in credit risk globally reflecting the impact of the COVID-19 pandemic as well as an adoption of new accounting methodology in our overseas subsidiaries

### 4 Profits attributable to owners of parent

- Profits attributable to owners of parent decreased ¥206.1bn mainly due to increases in total credit costs and net periodic cost of retirement benefits

\*1 Accounting Standard Board of Japan ("ASBJ") Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement" have been retroactively applied

\*2 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

## FY20H1 results\*1

(¥bn)	FY19H1	FY20H1	YoY
<b>Gross profits</b>	748.0	<b>679.8</b>	(68.1)
Loan interest income	110.9	<b>108.7</b>	(2.3)
Deposit interest income	76.1	<b>57.7</b>	(18.4)
Domestic and foreign settlement / forex	69.7	<b>64.8</b>	(4.9)
Derivatives, solutions	21.8	<b>16.0</b>	(5.8)
Real estate, corporate agency and inheritance	24.4	<b>18.5</b>	(5.9)
Investment product sales	89.3	<b>85.3</b>	(4.1)
Card settlement	157.5	<b>139.5</b>	(18.0)
Consumer finance	147.5	<b>143.8</b>	(3.7)
Overseas	23.4	<b>16.0</b>	(7.3)
<b>Expenses</b>	609.0	<b>571.7</b>	(37.3)
Expense ratio	81%	<b>84%</b>	3ppt
<b>Net operating profits</b>	139.0	<b>108.1</b>	(30.9)
<b>ROE</b>	15%*2	<b>3%</b>	(12ppt)

## Loans / Deposits

(¥tn)	FY19H1	FY20H1	YoY
<b>Ave. loan balance</b> *3	30.9	<b>31.8</b>	0.9
Lending spread*4	0.73%	<b>0.69%</b>	(0.04ppt)
<b>Ave. deposit balance</b>	116.0	<b>125.4</b>	9.4

## KPI

	FY19H1	FY20H1	YoY
Investment assets (¥tn)	39.1	<b>38.9</b>	(0.1)
No. of entrusted testamentary trust	1,933	<b>1,214</b>	(719)
Gross profits of cross transactions (¥bn)*5	15.6	<b>13.2</b>	(2.4)
No. of effective information sharing of real estate	3,050	<b>3,737</b>	687
Volume of card shopping (¥tn)*6	3.0	<b>2.4</b>	(0.6)
Balance of consumer loans (¥tn)*7	1.5	<b>1.4</b>	(0.1)

\*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 8% \*3 Excluding consumer loans \*4 Excluding non-JPY mid- to long-term funding costs

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

\*6 For NICOS cardmembers \*7 Total balance of personal card loans of the Bank, the Trust Bank and ACOM (excl. guarantee)

## FY20H1 results\*1

(¥bn)	FY19H1	FY20H1	YoY
<b>Gross profits</b>	289.2	<b>263.0</b>	(26.2)
Loan interest income	54.4	<b>64.4</b>	10.0
Deposit interest income	67.5	<b>39.6</b>	(27.9)
Domestic and foreign settlement / forex*2	40.1	<b>37.1</b>	(3.0)
Derivatives, solutions*2	32.6	<b>36.9</b>	4.3
Real estate, corporate agency	22.0	<b>20.6</b>	(1.4)
M&A, DCM, ECM*3	25.0	<b>19.0</b>	(5.9)
Non-interest income from overseas business	39.0	<b>38.9</b>	(0.1)
<b>Expenses</b>	166.6	<b>158.9</b>	(7.7)
Expense ratio	58%	<b>60%</b>	3ppt
<b>Net operating profits</b>	122.6	<b>104.0</b>	(18.5)
<b>ROE</b>	16%	<b>9%</b>	(7ppt)

## Loans / Deposits

(¥tn)	FY19H1	FY20H1	YoY
<b>Ave. loan balance</b>	39.8	<b>42.8</b>	3.0
Lending spread*4	0.49%	<b>0.47%</b>	(0.01ppt)
Ave. non-JPY loan balance*5	17.1	<b>16.9</b>	(0.2)
Non-JPY lending spread*4*5	0.64%	<b>0.65%</b>	0.01ppt
<b>Ave. deposit balance</b>	34.3	<b>39.1</b>	4.7
Ave. non-JPY deposit balance*5	15.1	<b>15.9</b>	0.8

## KPI

	FY19H1	FY20H1	YoY
Transaction volume*6 (\$bn)	551.7	<b>557.8</b>	6.1
No. of domestic settlement (mm)	88	<b>93</b>	5
M&A advisory League Table*7	#2	<b>#1</b>	-
DCM league table*7	#1	<b>#1</b>	-
ECM league table*7	#1	<b>#7</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 KS and BDI 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

## FY20H1 results\*1

(¥bn)	FY19H1	FY20H1	YoY
<b>Gross profits</b>	231.0	<b>234.9</b>	4.0
Loan interest income	90.7	<b>90.1</b>	(0.7)
Deposit interest income	26.1	<b>20.0</b>	(6.1)
Commission, forex, derivatives	105.8	<b>95.1</b>	(10.7)
DCM, ECM	6.4	<b>17.0</b>	10.6
Profits from large global corporates located in Japan, etc.	9.8	<b>8.2</b>	(1.6)
Joint venture profits with Global Markets*2	11.8	<b>18.4</b>	6.7
<b>Expenses</b>	143.1	<b>151.5</b>	8.4
Expense ratio	62%	<b>64%</b>	3ppt
<b>Net operating profits</b>	87.9	<b>83.5</b>	(4.4)
<b>ROE</b>	10%	<b>3%</b>	(7ppt)

## Loans / Deposits

(¥tn)	FY19H1	FY20H1	YoY
<b>Ave. loan balance</b>	24.2	<b>23.9</b>	(0.3)
Lending spread*3	1.07%	<b>1.07%</b>	0.00ppt
<b>Ave. deposit balance</b>	12.5	<b>14.7</b>	2.2

## KPI

	FY19H1	FY20H1	YoY
Distribution amount*4 (¥tn)	10.3	<b>8.4</b>	(1.9)
Distribution ratio*5	52%	<b>41%</b>	(11ppt)
GSB*6 profits (¥bn)	35.9	<b>37.0</b>	1.0
ABS league table (US)	#9	<b>#10</b>	-
Wallet share of syndicated loan and DCM (Non-IG*7)	1.17%	<b>1.16%</b>	(0.01ppt)

\*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, R&C 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 Global Subsidiary Banking. Transactions with subsidiaries of global corporate multinational customers \*7 Non-investment grade

## FY20H1 results\*1

(¥bn)	FY19H1	FY20H1	YoY
<b>Gross profits</b>	358.4	411.4	53.0
MUAH*2	165.7	161.2	(4.4)
KS*3	160.5	168.8	8.2
BDI*4	36.7	77.2	40.4
<b>Expenses</b>	266.8	263.5	(3.3)
<b>(Expense ratio)</b>	74%	64%	(10ppt)
MUAH*2	135.2	131.6	(3.6)
(Expense ratio)	82%	82%	0ppt
KS*3	85.6	76.9	(8.7)
(Expense ratio)	53%	46%	(8ppt)
BDI*4	18.7	35.5	16.8
(Expense ratio)	51%	46%	(5ppt)
<b>Net operating profits</b>	91.6	147.9	56.2
MUAH*2	30.5	29.7	(0.8)
KS*3	74.9	91.9	17.0
BDI*4	18.0	41.6	23.7
<b>ROE</b>	6%	(3%)	(9ppt)

## Loans / Deposits

(¥tn)	FY19H1	FY20H1	YoY
<b>MUAH*2</b>			
Ave. loan balance	7.7	7.7	(0.0)
Ave. deposit balance	8.5	8.9	0.4
NIM*5	2.46%	2.23%	(0.23ppt)
<b>KS*3</b>			
Ave. loan balance	5.5	6.0	0.5
Ave. deposit balance	4.8	5.3	0.5
NIM*6	3.65%	3.74%	0.09ppt
<b>BDI*4</b>			
Ave. loan balance	0.6	1.2	0.6
Ave. deposit balance	0.5	1.0	0.5
NIM	8.00%	8.08%	0.08ppt

\*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, JCIB, GCIB and Global Markets

\*3 After GAAP adjustment. Excluding figures which belong to Global Markets

\*4 FY19H1 reflected results during Apr to Jun 2019 after consolidation. Ave. loan and deposit balances were divided by 6 months. Ave. loan and deposit balances divided by 3 months were ¥1.2 tn and ¥1.0 tn, respectively

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



## FY20H1 results\*1

(¥bn)	FY19H1	FY20H1	YoY
<b>Gross profits</b>	101.9	<b>143.2</b>	41.3
AM*2	21.6	<b>60.0</b>	38.4
IS*3	49.9	<b>52.7</b>	2.8
Pension	30.5	<b>30.6</b>	0.1
<b>Expenses</b>	65.7	<b>106.2</b>	40.5
Expense ratio	64%	<b>74%</b>	10ppt
<b>Net operating profits</b>	36.2	<b>37.0</b>	0.8
<b>ROE</b>	20%	<b>24%*4</b>	4ppt

## KPI

	FY19H1	FY20H1	YoY
<b>AM</b>			
Investment products balance of corporate customers (¥tn)	9.7	<b>10.2</b>	0.4
Alternative products balance (¥bn)*5	318.5	<b>367.1</b>	48.6
<b>IS</b>			
Global IS balance (\$bn)	638.1	<b>687.4</b>	49.3
Balance of domestic investment trust funds (¥tn)	77.2	<b>84.9</b>	7.7
<b>Pension</b>			
DB / Balance (¥tn)	11.4	<b>11.9</b>	0.5
DC / Increase number of subscriber (thd)*6	249	<b>364</b>	115

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

\*4 ROE excluding the impact of profits on sales of AMP Capital shares is 19%

\*5 Balance of internally developed low-liquidity investment products, such as real estate-based products \*6 Net increase of subscribers from FY17

## FY20H1 results\*1

(¥bn)	FY19H1	FY20H1	YoY
<b>Gross profits</b>	347.5	<b>449.6</b>	102.1
Customer business	157.6	<b>177.1</b>	19.4
FIC & equity	120.0	<b>134.9</b>	14.9
Corporates	53.1	<b>50.7</b>	(2.4)
Institutional investors	55.1	<b>74.6</b>	19.5
Asset management	1.0	<b>0.8</b>	(0.1)
JV with GCIB*2	36.7	<b>41.4</b>	4.6
Treasury	194.4	<b>276.1</b>	81.7
<b>Expenses</b>	138.4	<b>142.9</b>	4.5
Expense ratio	40%	<b>32%</b>	(8ppt)
<b>Net operating profits</b>	209.1	<b>306.7</b>	97.6
Customer business	48.1	<b>66.9</b>	18.8
Treasury	168.3	<b>247.9</b>	79.5
<b>ROE</b>	8%	<b>9%</b>	1ppt

## KPI

	FY19H1	FY20H1	YoY
Derivative revenues from strategic fields*3 (¥bn)	3.9	<b>6.6</b>	2.7
Client value*4	47	<b>68</b>	21pt
Digitalization ratio of FX rate contracts*5	72%	<b>79%</b>	6ppt


\*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. Indexation using in FY17 as 100 \*5 Internal transactions

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

MUAH* <sup>2</sup> 	(¥bn)			(US\$mm)		
	FY19H1	FY20H1	YoY	FY19H1	FY20H1	YoY
Total revenue	306.2	321.2	15.0	2,841	2,982	141
Non-interest expenses	250.5	256.3	5.8	2,324	2,379	55
Pre-tax, Pre-provision income	55.7	64.9	9.2	517	603	86
Provision for credit losses	10.1	89.5	79.4	94	831	737
Net income attributable to MUAH	41.2	(30.5)	(71.7)	383	(284)	(667)

KS* <sup>3</sup> 	(¥bn)			(THB mm)		
	FY19H1	FY20H1	YoY	FY19H1	FY20H1	YoY
Total income	226.7	204.6	(22.1)	64,786	58,629	(6,157)
Operating expenses	93.3	84.6	(8.7)	26,681	24,266	(2,415)
Pre-provision operating profit	133.3	119.9	(13.4)	38,105	34,363	(3,742)
Impairment loss of loans and debt securities	45.7	60.5	14.8	13,074	17,355	4,281
Net profit attributable to owners of the bank	69.1	47.2	(21.9)	19,747	13,540	(6,207)

BDI* <sup>4</sup> 	(¥bn)			(IDR bn)		
	FY19H1	FY20H1	YoY	FY19H1	FY20H1	YoY
Total operating income	67.4	70.6	3.2	8,760	9,295	535
Operating expenses	33.9	32.5	(1.4)	4,414	4,278	(136)
Pre-provision operating profit	33.4	38.1	4.7	4,346	5,017	671
Cost of credit	13.2	24.4	11.2	1,716	3,211	1,495
Net profit after tax	13.9	6.4	(7.5)	1,813	845	(968)

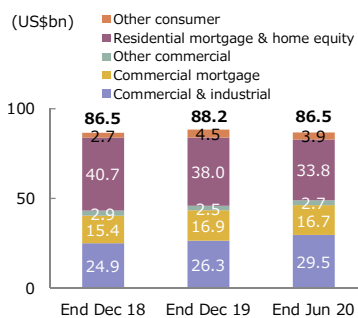
\*1 All figures are converted into ¥ with actual exchange rates as of end of each interim period. For FY19H1 is US\$1=¥107.79, THB1=¥3.50, IDR1=¥0.0077.

For FY20H1 is US\$1=¥107.74, THB1=¥3.49, IDR1=¥0.0076 \*2 Financial results as disclosed in MUAH's 10-K and 10-Q reports based on U.S. GAAP

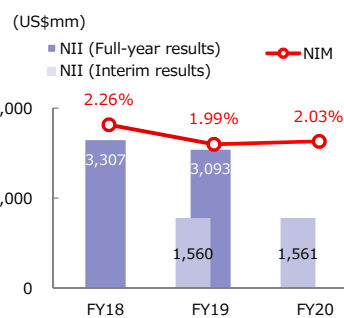
\*3 Financial results as disclosed in KS's financial report based on Thai GAAP \*4 Financial results as disclosed in BDI's financial report based on Indonesian GAAP

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

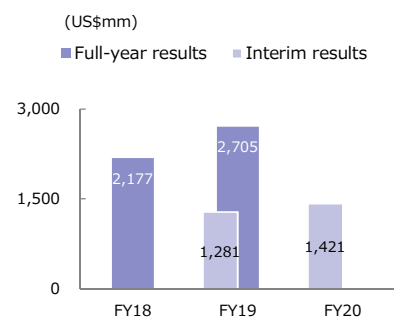
## Lending balance\*<sup>2</sup>



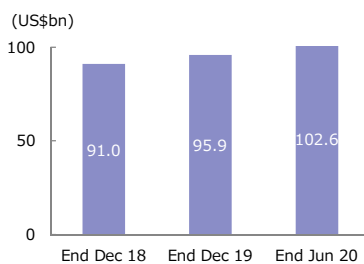
## Net interest income



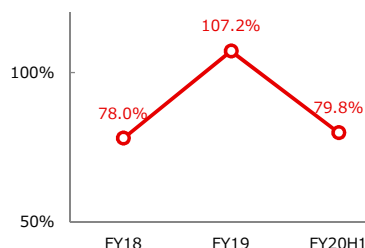
## Non-interest income



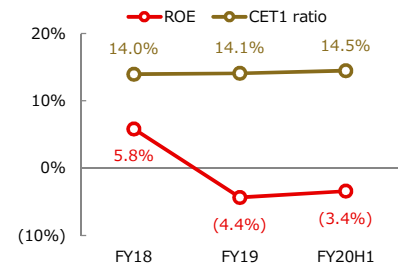
## Deposit balance



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



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



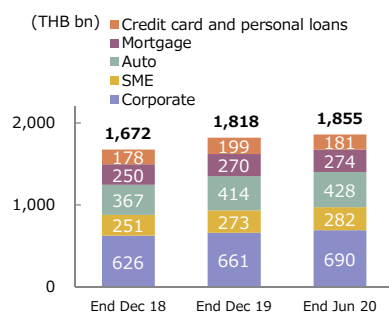
\*<sup>1</sup> Financial results as disclosed in MUAH's 10-K and 10-Q reports based on U.S. GAAP \*<sup>2</sup> Loans held for investment based on year-end balances \*<sup>3</sup> Efficiency ratio

\*<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. Adjusted Efficiency Ratio for FY20H1 was 75.55%. For FY19, Adjusted Efficiency Ratio was 74.69%, which also reflected noninterest expense for the impact of goodwill impairment and revenue for the impact of the TCJA

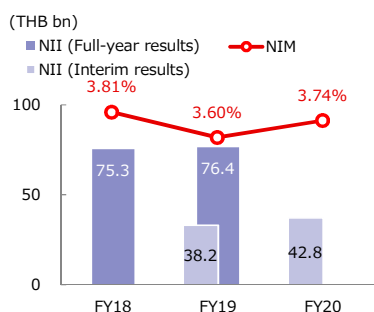
\*<sup>5</sup> U.S. Basel III standardized approach; fully phased-in. MUAH is working on capital optimization and repurchased approximately US\$2.5bn of its outstanding common stock from MUFG and MUFG Bank, Ltd. in 2018

# Key figures of KS

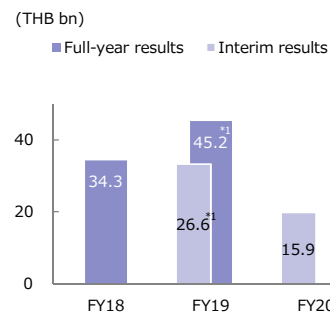
## Lending balance



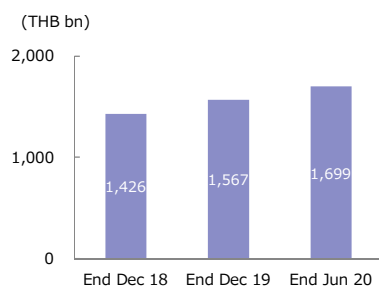
## Net interest income



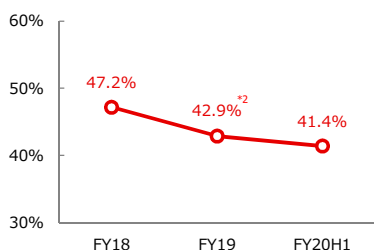
## Non-interest income



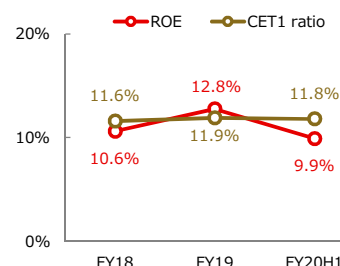
## Deposit balance



## Cost to income ratio



## ROE / CET1 ratio<sup>\*3</sup>



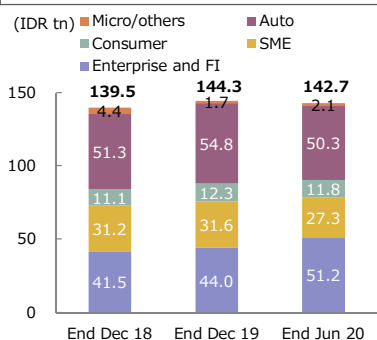
\*1 Excluding one-time gains on investment from the sales of 50% of shares in Ngern Tid Lor Company Limited (NTL transaction), normalized non-interest income for FY19H1 and FY19 recorded at THB 17.98bn and THB 36.56bn, respectively

\*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 45.1%

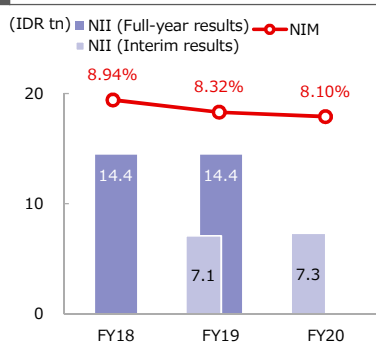
\*3 Non-consolidated

# Key figures of BDI

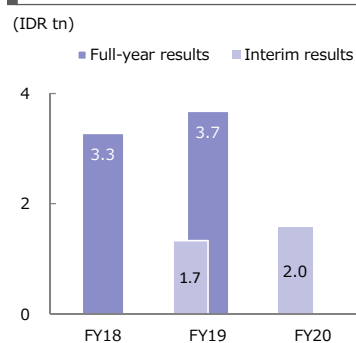
## Lending balance



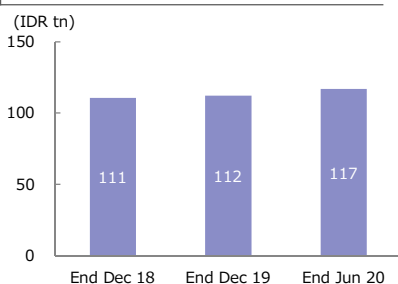
## Net interest income



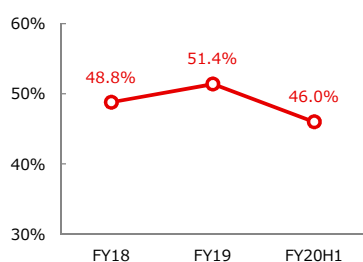
## Non-interest income



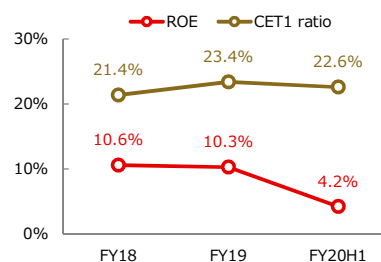
## Deposit balance



## Cost to income ratio

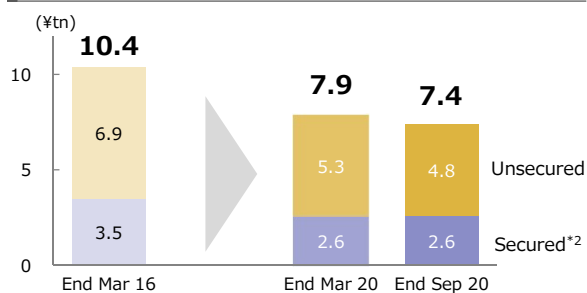


## ROE / CET1 ratio



# Credit portfolio of energy and mining

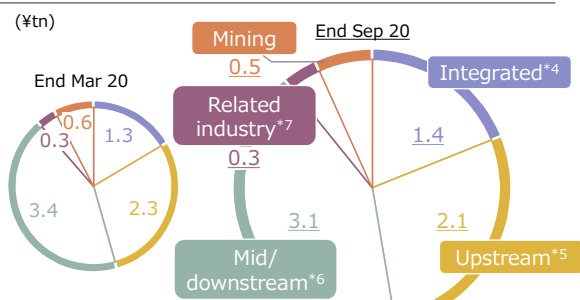
## Credit exposure\*1



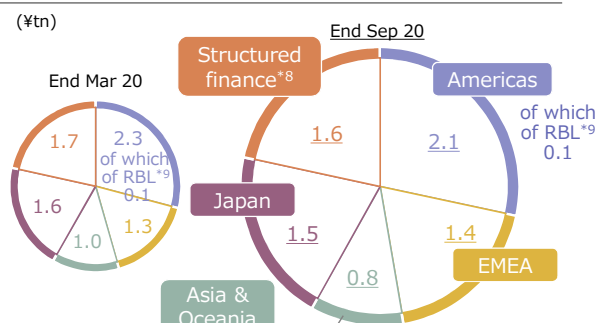
## NPLs\*3

(¥bn)	End Mar 20	End Sep 20	Changes
NPLs*3	62.1	<b>64.3</b>	2.2
Secured amount	45.4	<b>47.8</b>	2.4
Allowance	8.9	<b>8.8</b>	(0.1)
NPLs*3 (net)	7.8	<b>7.5</b>	(0.3)

## Breakdown by sub-sector\*1



## Breakdown by region\*1



\*1 Including undrawn commitment and excluding market exposure

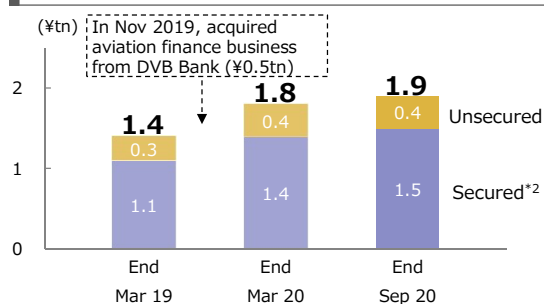
\*2 Collateralized or guaranteed \*3 NPLs are based on the relevant rules for risk-monitored loans under Japanese Banking Act, except for NPLs in overseas subsidiaries which are based on each subsidiary's internal criteria \*4 Integrated business from upstream to downstream

\*5 Exploration, development and production of oil and gas \*6 Storage, transportation, refinement, retail \*7 Sales of mining machine to companies among upstream industry \*8 Project finance and trade finance \*9 Reserve based lending

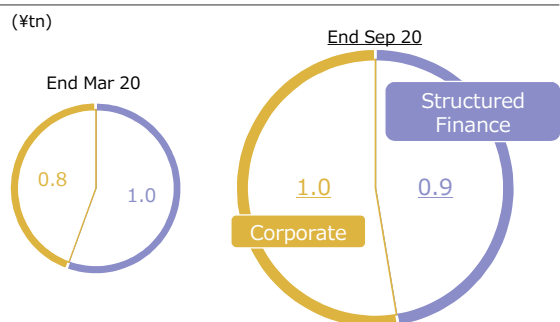
Note: All figures are on managerial accounting basis, aggregating internal management figures of each subsidiary

# Credit portfolio of air transportation (incl. aircraft finance)

## Credit exposure\*1



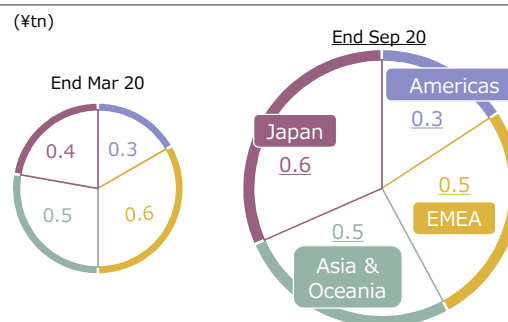
## Breakdown by structure\*1



## NPLs\*3

	End Mar 20	End Sep 20	Changes
NPLs*3	22.5	80.4	57.9
Secured amount	19.7	54.1	34.4
Allowance	0.8	15.1	14.3
NPLs*3 (net)	2.0	11.0	9.0

## Breakdown by region\*1



\*1 Including undrawn commitment and excluding market exposure

\*2 Collateralized or guaranteed \*3 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

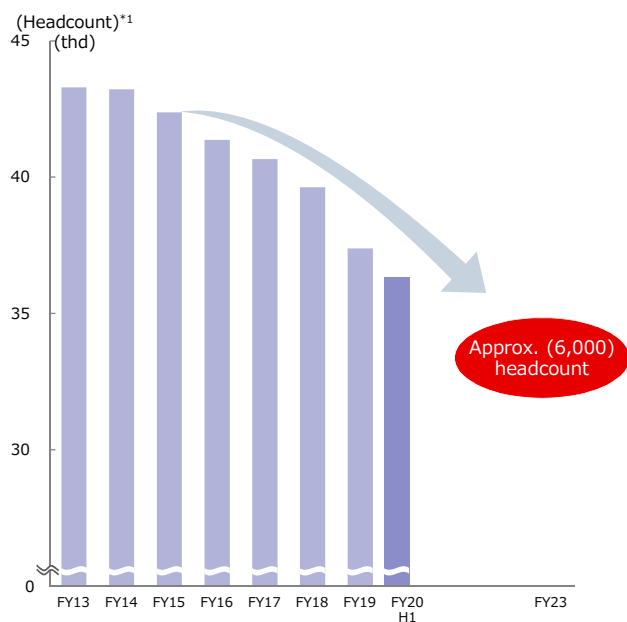
Note: All figures are on managerial accounting basis, aggregating internal management figures of each subsidiary



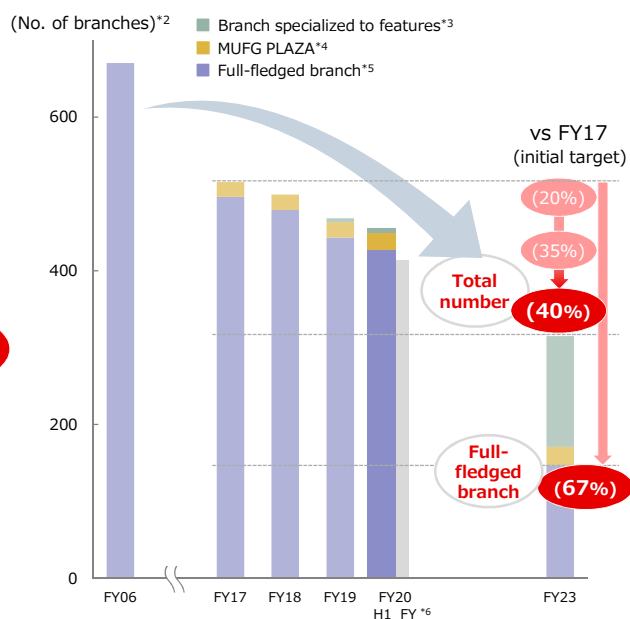
## Forecast of headcount and branches

– Expect a decrease in employee headcount totaling approx. 6,000 (attrition) and the reduction of no. of branches by 40%, compared to FY17

Forecast of employees headcount



Forecast of number of branches



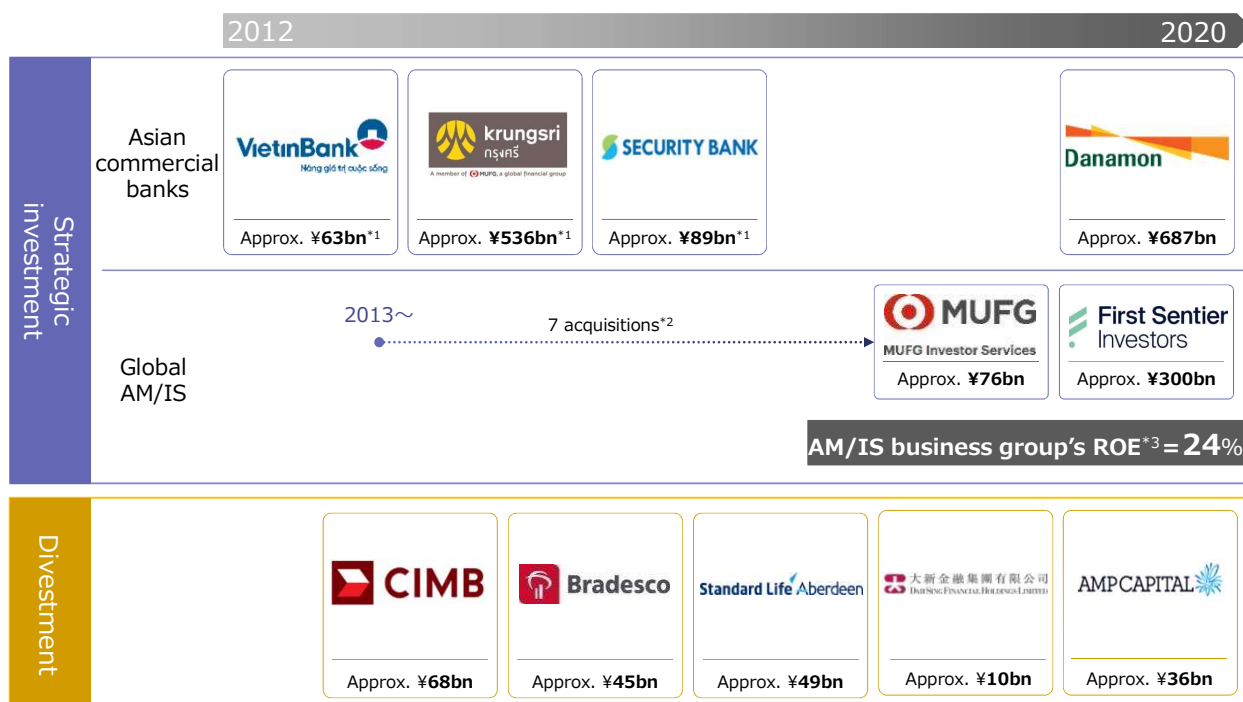
\*1 The figure includes MUFG Bank's domestic bank staff, part-time and contract staff as well as temporary staff but excludes overseas staff hired locally.

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 \*6 Full year plan

# History of strategic investment in overseas

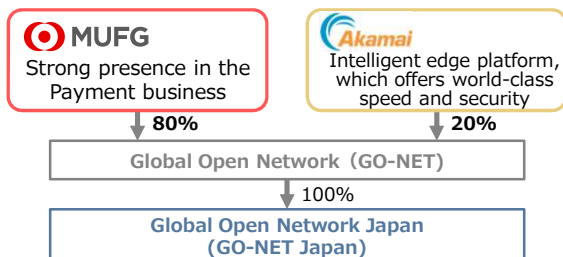


\*1 Initial investment amount \*2 Butterfield, Meridian, UBS AFS, Capital Analytics, Rydex, Point Nine, Maitland  
 \*3 ROE for FY20H1, excluding the impact of profits on sales of AMP Capital shares is 19%

# Global Open Network

– Through strategic alliance with Akamai, we aim to provide an open network service in FY20

## Overview of Global Open Network Japan



## Features of GO-NET platform

### Large volume processing

- Capability to process over 100 thousand tx. per second and to finalize tx. in less than 2 seconds\*1

### Low-cost structure

- Use of blockchain technology

### Global services\*2

- Fast communication throughout the world

### High reliability

- Latest security (PCI DSS\*3)



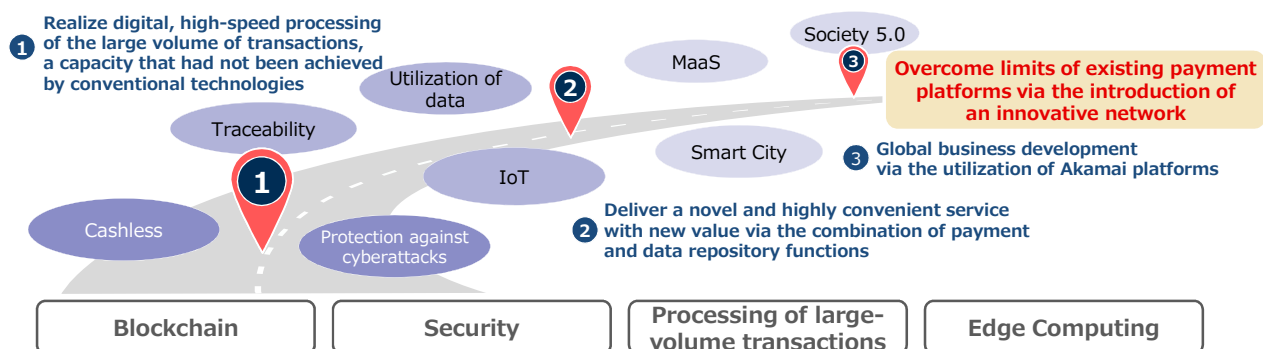
### Added value

- Wallet management functions

### Feature of blockchain technology

- Transactional authenticity
- Anti-tampering technology
- Zero downtime
- Low cost

## Medium- to long-term Vision



\*1 Time required to complete a single transaction involving data transmission between a merchant and a payment business operator (provisional calculation by MUFG) \*2 Our future plans call for global expansion \*3 Expected to acquire

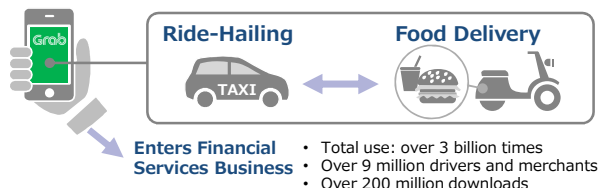
# Strategic alliance with Grab Holdings

– Aim to provide new digital financial services

## Capital & business alliance with Grab

### Overview of Grab\*1

Founded in 2012, Grab is the operator of the leading super app in Southeast Asia



### Purpose of the investment and business alliance

To provide new digital financial services by combining MUFG and PBs expertise in finance, with Grab's customer platform and technology

## Establish "AI Technology Lab" with Grab

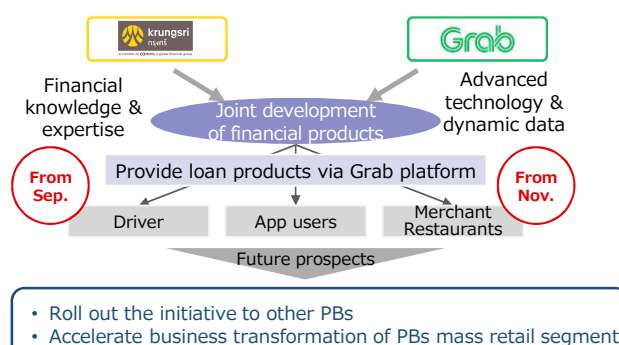


## Collaborative initiatives at PBs

### Achievements of major services and initiatives

	Date*2	Details
krungsri	May	Introduced COVID-19 relief lending for merchant restaurants
	Sep	Signed a long-term business partnership agreement in Thailand
Danamon	Jul	Introduced deposit products for app users
	Jul	Introduced credit cards for app users
VietinBank	Mar	Introduced account opening for drivers
	Jun	Introduced micro-loans for drivers

### Initiative to provide new digital financial services in Thailand



\*1 (Source) Materials published by Grab \*2 All services were launched in 2020

## 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



<sup>\*1</sup> Re-shown from page 26, Fiscal 2017 Results Presentation

# Eleven Transformation Initiatives (1)

Sales Channel	FY18	FY19	FY20H1	Changes	FY20	FY23
No. of IB <sup>*3</sup> service users <sup>*4</sup> (mm)	4.7	5.9	6.7	0.8 <sup>*1</sup>	8.0	15.0
Utilization rate <sup>*5</sup>	25%	31%	35%	4ppt <sup>*1</sup>	44%	74%
No. of transactions at bank-counter (mm)	20.0	17.6	6.7	(2.3) <sup>*2</sup>	15.7	11.1
Wealth Management	FY18	FY19	FY20H1	Changes	FY20	FY23
No. of profiling <sup>*6</sup> (thd)	5.3	6.5	2.2	(0.3) <sup>*2</sup>	7.1	7.8
No. of group collaborations <sup>*7</sup> (thd)	13.4	23.8	5.3	(11.3) <sup>*2</sup>	29.0	10.5
AuM of HE <sup>*8</sup> / SHE <sup>*9</sup> customers (¥tn)	12.1	11.8	14.0	2.2 <sup>*1</sup>	13.4	16.3 <sup>*10</sup>
New Model for Wholesale Banking in Japan	FY18	FY19	FY20H1	Changes	FY20	FY23
DB pension balance (¥tn)	11.3	11.0	11.9	0.9 <sup>*1</sup>	12.3	13.6
DC pension/ Increase no. of subscribers <sup>*11</sup> (thd)	195	308	364	56 <sup>*1</sup>	372	-
Real Estate	FY18	FY19	FY20H1	Changes	FY20	FY23
AM balance (¥bn)	230.0	312.4	314.7	2.3 <sup>*1</sup>	380.0	580.0
No. of effective information sharing	7,481	7,154	4,088	204 <sup>*2</sup>	4,860	-

\*1 Increase / decrease compared to FY19 \*2 Increase / decrease compared to FY19H1 \*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 Excluding changes in market prices \*11 Net increase of subscribers from 2017

## Eleven Transformation Initiatives (2)

Asset Management in Japan	FY18	FY19	FY20H1	Changes	FY20	FY23
(Corporate) No. of customers <sup>*3</sup> (thd)	5.9	6.6	6.7	0.1 <sup>*1</sup>	6.9	10.1
(Individual / Corporate) Investment assets <sup>*4</sup> (¥tn)	47.6	44.9	46.9	2.0 <sup>*1</sup>	49.8	-
Individual investors	24.2	22.5	23.9	1.4 <sup>*1</sup>	25.3	-
Corporate investors	23.4	22.4	23.0	0.6 <sup>*1</sup>	24.5	-
Institutional Investors	FY18	FY19	FY20H1	Changes	FY20	FY23
Client value <sup>*5</sup>	89	101	68	21 <sup>*2</sup>	106	-
Operating income from IS <sup>*6</sup> business (¥bn)	35.1	40.8	18.4	(1.3) <sup>*2</sup>	36.7	48.4
Global CIB	FY18	FY19	FY20H1	Changes	FY20	FY23
Distribution amount <sup>*7</sup> (¥tn)	22.8	21.4	8.4	(1.9) <sup>*2</sup>	24.7	-
Distribution ratio <sup>*8</sup>	59%	48%	41%	(11%) <sup>*2</sup>	53%	-

\*1 Increase / decrease compared to FY19 \*2 Increase / decrease compared to FY19H1

\*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

## Environment - Support through financial services

- Contribute to corporates to resolve environmental issues by continuing our ongoing initiatives as well as providing new financial services

### Promote ongoing initiatives in focused areas

Promote renewable energy finance arrangement in Japan which MUFG maintains a global top-level record

#### MUFG arrange amount and ranking <sup>\*1</sup>



**First offshore wind power generation project in Japan**  
(Akita and Noshiro ports)  
**Became a finance advisor and lead arranger**

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

Maintaining our leading position in terms of Green Bond underwriting, building on our pioneering track record since the inception of such bonds

#### Our track record in the underwriting of public placement JPY-denominated Green Bonds (cumulative total) (FY16–FY19) <sup>\*2</sup>

Rank	Company	Amount (¥bn)	Share
1	MUMSS	240.2	26.4%
2	Mizuho Securities	174.2	19.1%
3	SMBC Nikko Securities	160.9	17.7%
4	Daiwa Securities	145.4	16.0%
5	Nomura Securities	143.7	15.8%

<sup>\*1</sup> Financing at renewable energy projects, etc. <sup>\*2</sup> Figures calculated by MUMSS  
<sup>\*3</sup> Non-listed real estate investment trust for institutional investors

### Provide new financial services

Handled the first Sustainability Linked Loan in Japan and closed two other similar deals

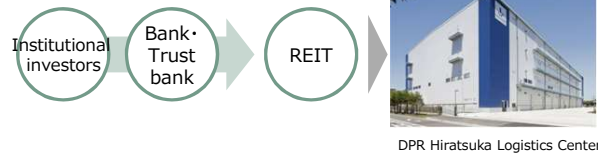
- Adjust lending conditions in step with the borrower's accomplishment of sustainability targets, with the aim of assisting businesses in their proactive efforts to address climate change issues

#### Example of sustainability goals

A	Progress toward achieving GHG reduction targets
B	Reduction in CO2 and waste emissions volumes
C	Maintain external ratings in terms of climate change-related information disclosure

#### First Green finance for private REIT <sup>\*3</sup> in Japan

- Extend assistance to fundraising aimed at acquiring green buildings



DPR Hiratsuka Logistics Center

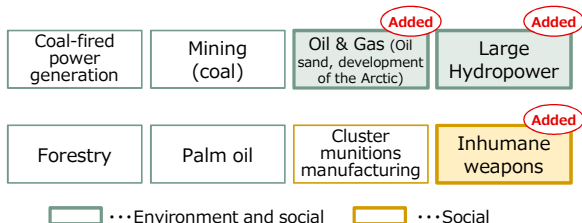


# Environment - Risk management

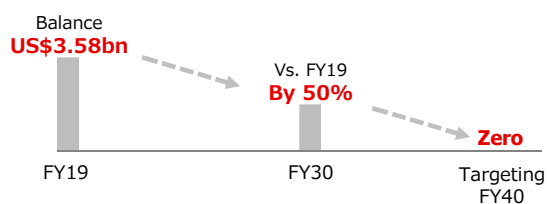
- Step up our response to climate change risks by introducing more stringent financing policies and conducting scenario analysis

## Response to environmental risk in finance

Add restricted transactions sectors to MUFG Environmental and Social Policy Framework in May 2020



Announce balance of financing and reduction target\*<sup>1</sup> of coal-fired power generation projects in Oct 2020



\*1 Projects that contribute to transition to a decarbonized society are exceptional according to the MUFG Environmental and Social Policy Framework

## Scenario analysis (TCFD recommendation)

Estimate impact of climate change on our credit portfolio

### Climate change risks

#### Transition risks

Risks associated with transition to decarbonized society

### Impact on credit portfolio

- Increase in energy demand
- Decrease in coal ratio
- Increase in carbon price etc.

Credit costs expected for energy and utility sectors  
**Approx. ¥1bn to ¥9bn/year**

#### Physical risks

Risks associated with physical damage arising from flooding

- Operational suspension periods
- Damage arising in held assets etc.

Credit costs expected by FY50  
**Cumulative total approx. ¥38bn**

## Social

- In addition to resolution of social issues through our business, strengthen support in areas beyond scope of financial services

### Resolution of social issues through our business



Inaugural Kingdom of Thailand Sustainability Bond issuance support

- KS/MUS\*<sup>1</sup>-Sustainability advisor and lead manager
- Used for mass rapid transit and COVID-19 countermeasures



Expansion of financial services through collaboration with Grab

- Contribute to financial inclusion, financial innovation, and employment creation in Asia through collaboration with partner banks



krungsri



Danamon



VietinBank



SECURITY BANK



Financial and economic education programs/seminars in response to aging population and low birth rate

- 424 seminars for students in FY19 (3,282 in total since 2012)



### Strengthen support in areas beyond scope of financial services

Establish a new framework for social contribution

- Contributes funds equivalent to 0.5% of net operating profits from group business\*<sup>2</sup> to social contribution initiatives

Results in past  
(equivalent to 0.5%)



New Framework  
(equivalent to 0.5%)

Continuously contribute **approx. 1% of net operating profits from group business\*<sup>2</sup>** to social contribution initiatives such as donations etc.

### Main social contribution initiatives in FY20H1

Medical	Approx. ¥1bn
Future generation (students, children)	Approx. ¥1.64bn
Culture	Approx. ¥0.3bn

Total  
approx.  
¥3bn

\*1 MUFG Securities Asia Limited \*2 Net operating profits after deduction of credit costs

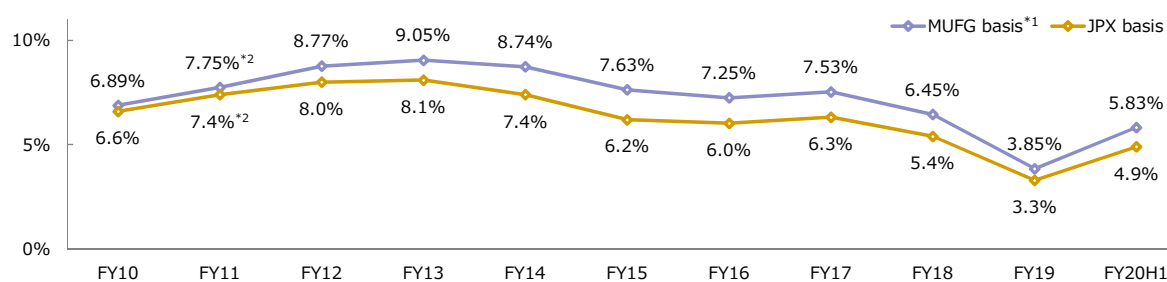


MUFG 66

# ROE / EPS

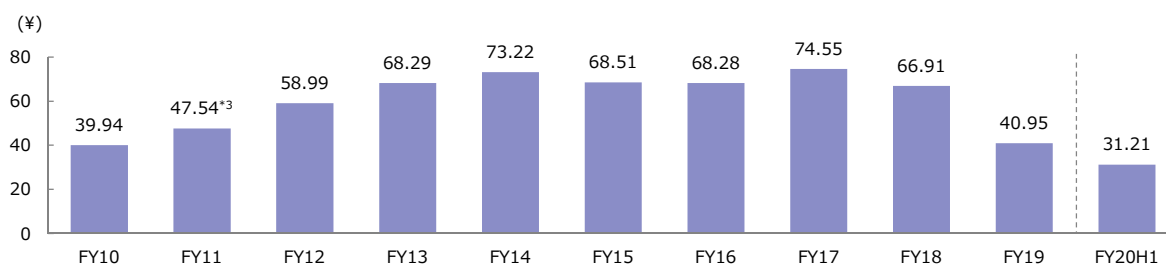
## ROE

Consolidated



## EPS

Consolidated



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

<sup>\*2</sup> 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

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

# TLAC requirement

## - The best capital mix and external TLAC ratio

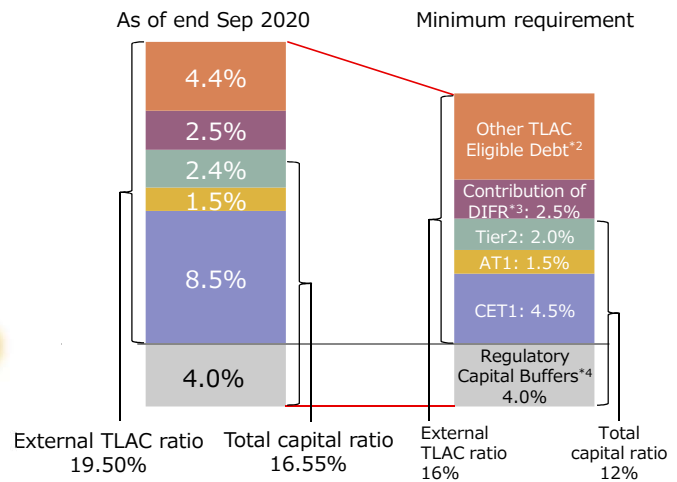
- Aiming for optimal balance between capital efficiency and capital adequacy in qualitative and quantitative aspects
  - Secure necessary and sufficient level of capital with utilization of AT1 / Tier2
  - Maintain sustainable external TLAC ratio for the long term by raising external TLAC eligible senior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

### MUFG's external TLAC ratio and minimum requirement

	As of end Sep 20	Minimum requirement	
		From end Mar 19	From end Mar 22
Risk weighted asset basis	19.50%	16.0%	18.0%
Total exposure basis	9.29%	6.0%	6.75%

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

### MUFG's RWA\*1 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.

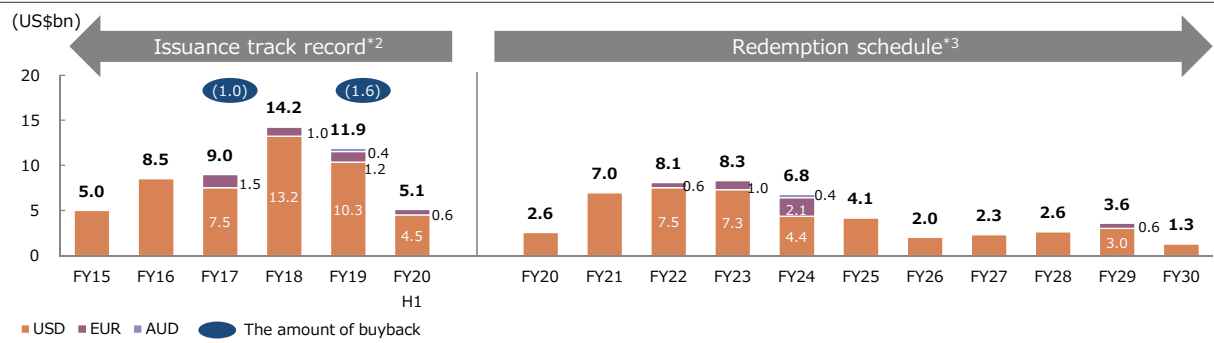
\*3 Contribution of Deposit Insurance Fund Reserves : Japanese Deposit Insurance Fund Reserves fulfill the requirements for ex-ante commitments to recapitalize a G-SIB in resolution set out in the FSB's TLAC termsheet (Can include 2.5% and 3.5% of RWAs from end Mar 2019 to Mar 2022 and after end Mar 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%

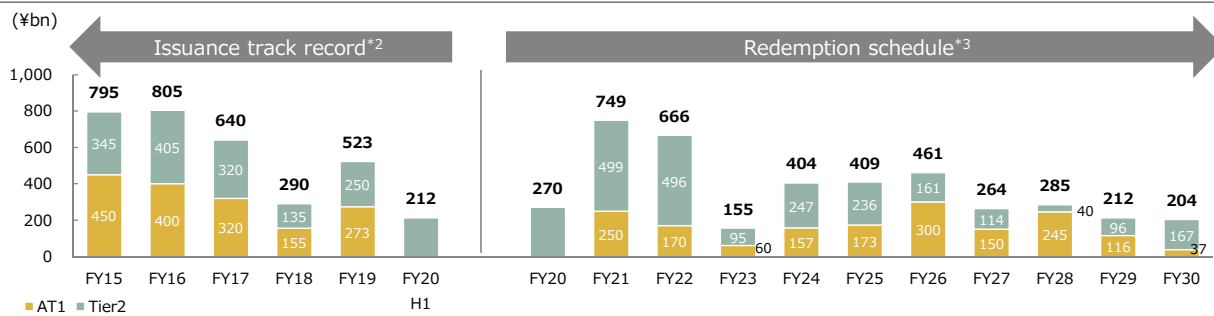
# TLAC requirement

## - Issuance track record & redemption schedule

### TLAC-eligible senior debt\*1



### AT1, Tier2 bond



\*1 All figures are converted into US\$ using actual exchange rates as of end Sep 2020

\*2 Total of public issuance (excluding the amount of buyback), as of end Sep 2020

\*3 Annual figures assuming that all callable notes are to be redeemed on their respective first callable dates. Tier2 contains Basel II Tier2 sub notes issued by the Bank and the Trust Bank (including their respective overseas special purpose companies)