



# IR presentation

**August, 2021**



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## 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	DS:	Digital Service
the Securities HD (SCHD):	Mitsubishi UFJ Securities Holdings	R&C:	Retail & Commercial Banking
MUMSS:	Mitsubishi UFJ Morgan Stanley Securities	JCIB:	Japanese Corporate & Investment Banking
MSMS:	Morgan Stanley MUFG Securities	GCIB:	Global Corporate & Investment Banking
NICOS:	Mitsubishi UFJ NICOS	GCB:	Global Commercial Banking
MUAH:	MUFG Americas Holdings Corporation	AM/IS:	Asset Management & Investor Services
KS:	Bank of Ayudhya (Krungsri, KS)		

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# FY21Q1 financial results

# FY21Q1 financial results

	FY20Q1	FY21Q1		FY21 full year	
		Results	YoY	Targets	Progress ratio for targets
<b>Consolidated (¥bn)</b>					
1 <b>Gross profits</b> *1 before credit cost for trust accounts	1,060.8	<b>957.1</b>	(103.6)	—	—
2 <b>G&amp;A expenses</b>	661.7	<b>673.6</b>	11.9	—	—
3 <b>Net operating profits</b> before credit costs for trust accounts and provision for general allowance for credit losses	399.1	<b>283.4</b>	(115.6)	1,100.0	25.8%
4 <b>Total credit costs</b>	(145.0)	<b>(5.1)</b>	139.9	(350.0)	1.5%
5 <b>Ordinary profits</b>	277.7	<b>460.3</b>	182.5	1,150.0	40.0%
6 <b>Profits attributable to owners of parent</b>	183.4	<b>383.0</b>	199.5	850.0	45.1%

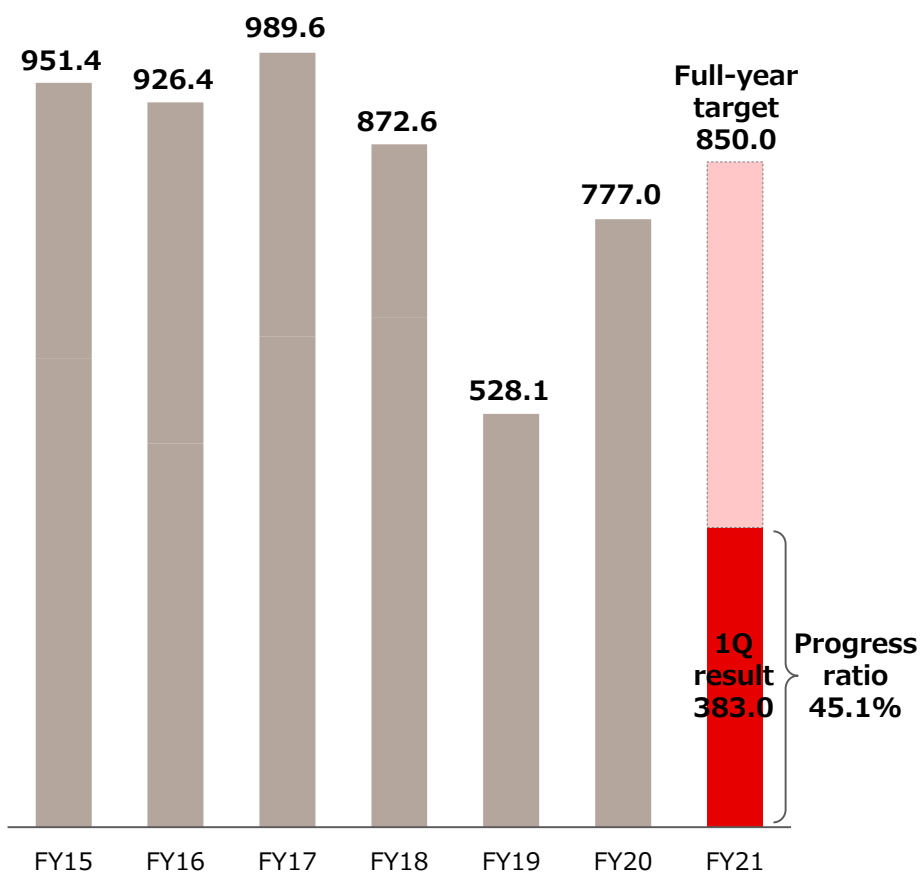
\*1 From FY21 1Q, expenses related to credit cards, which were previously recorded as G&A expenses, are recorded as fees and commissions expenses. The amount of retroactive adjustment in FY20 1Q was ¥17.0bn

# Profits attributable to owners of parent

## Historical performance

Consolidated

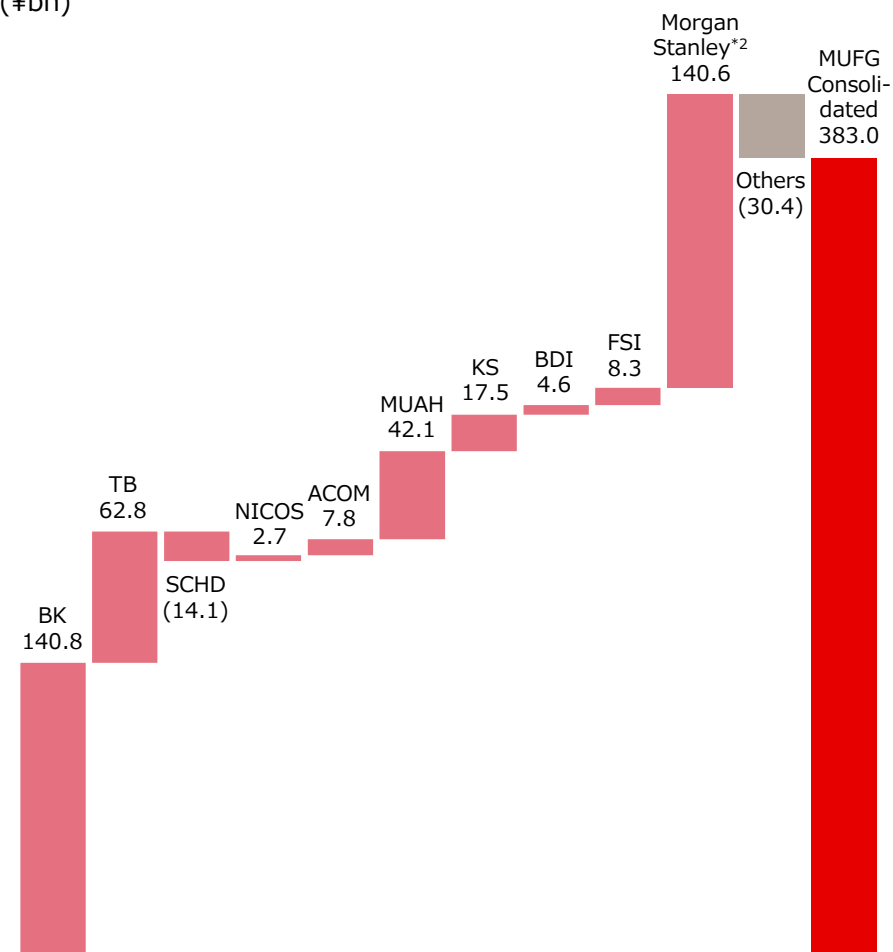
(¥bn)



## Breakdown by each entity\*1

Consolidated

(¥bn)



\*1 The figures reflect the percentage holding in each subsidiary and equity method investee

\*2 The figure includes ¥36.8bn of gains on change in equity

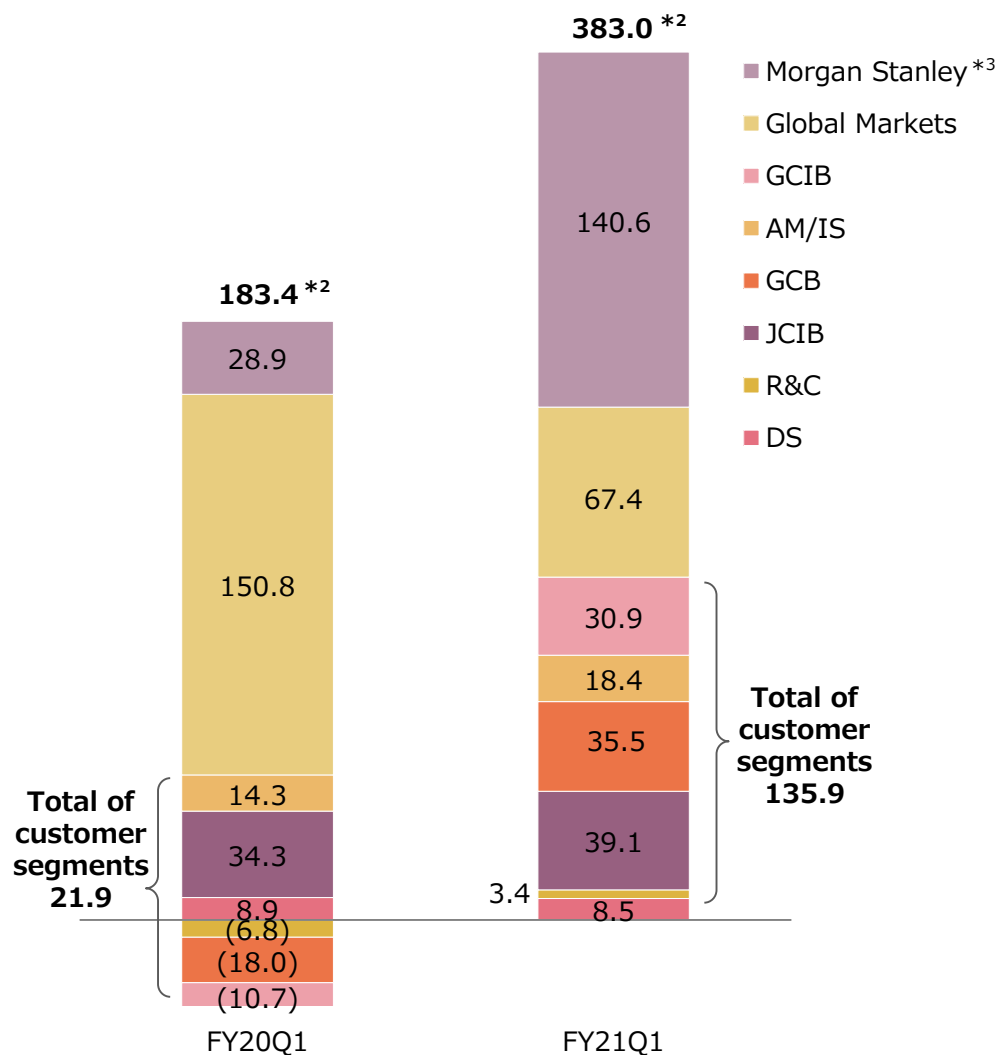


# Net income by business group

Net income by business group\*<sup>1</sup>

Consolidated

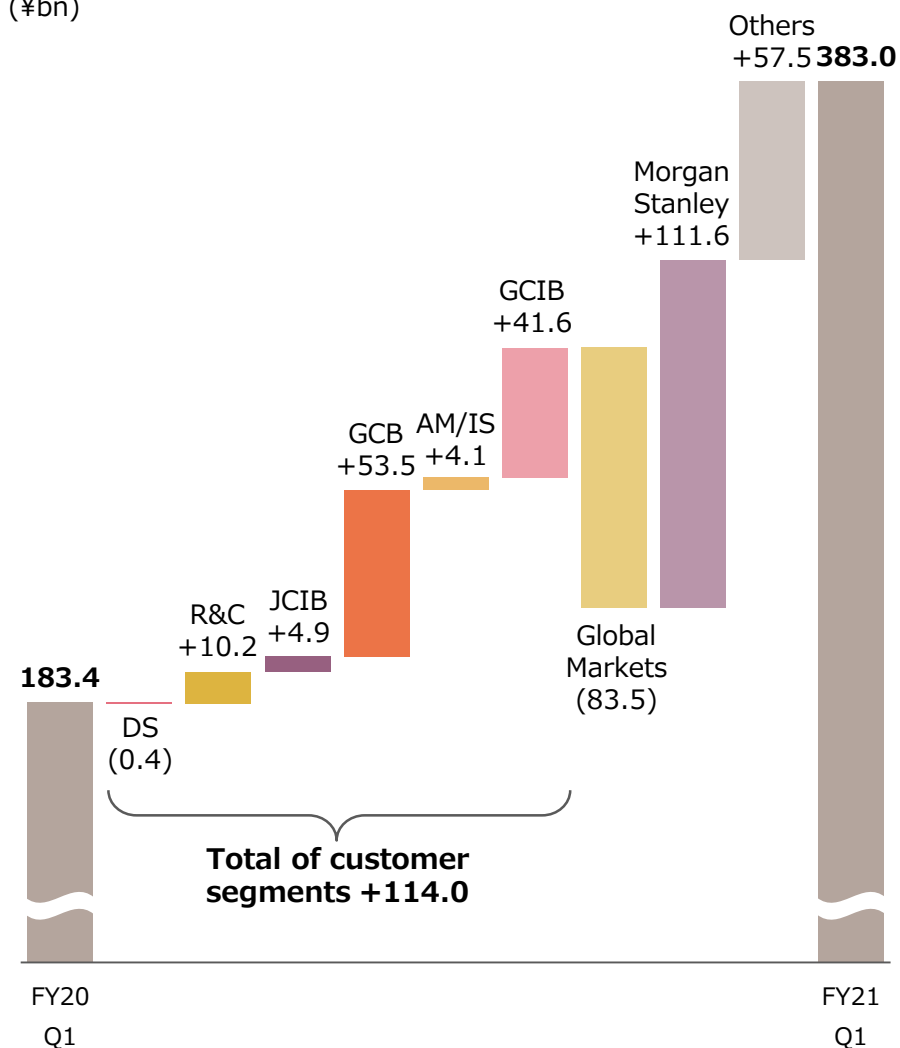
(¥bn)



Changes by business group

Consolidated

(¥bn)



\*1 On a managerial accounting basis (preliminary results)

\*2 Include other net income (FY20Q1: (¥18.3)bn, FY21Q1: ¥39.2bn)

\*3 These figures includes gains/losses on change in equity (FY20Q1: (¥16.5)bn, FY21Q1: ¥36.8bn)

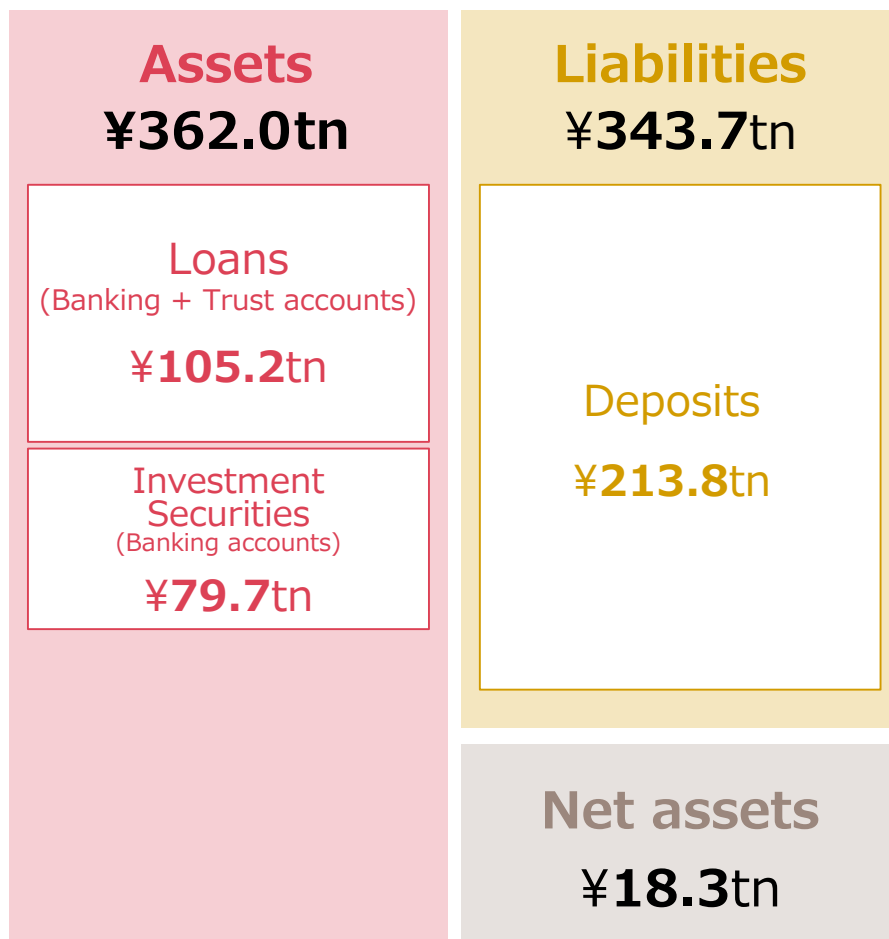


# Balance sheet summary

## Balance sheet summary

Consolidated

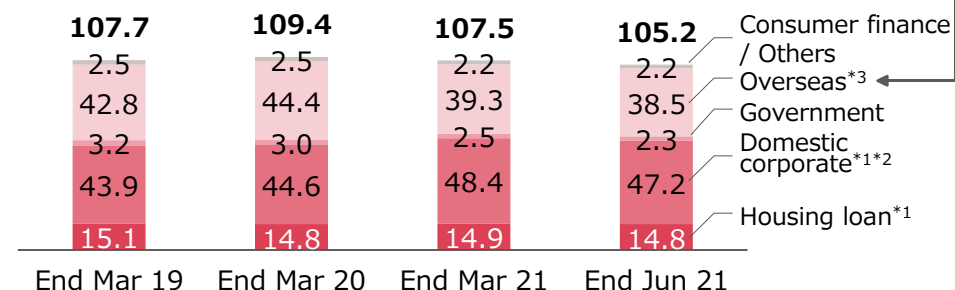
As of end Jun 2021



## Loans (period end balance)

Consolidated

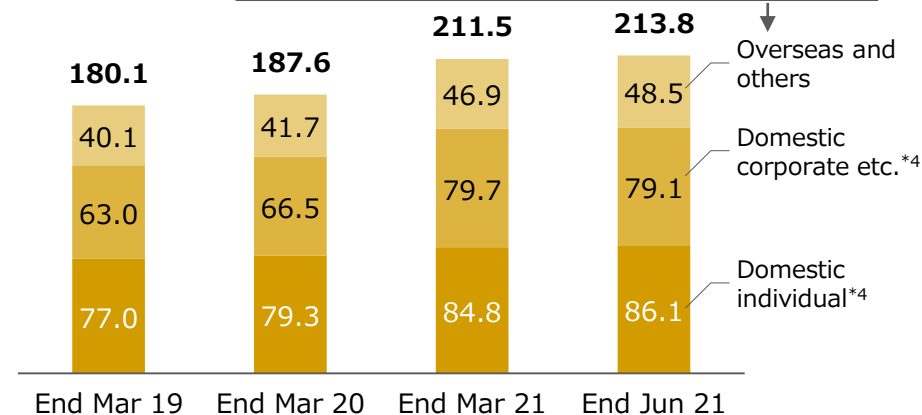
(¥tn)

**Overseas: (0.7) from end Mar 2021**  
 ((1.6) excluding impact of FX fluctuation)


## Deposits (period end balance)

Consolidated

(¥tn)

**Overseas and others: +1.6 from end Mar 2021**  
 (+0.4 excluding impact of FX fluctuation)


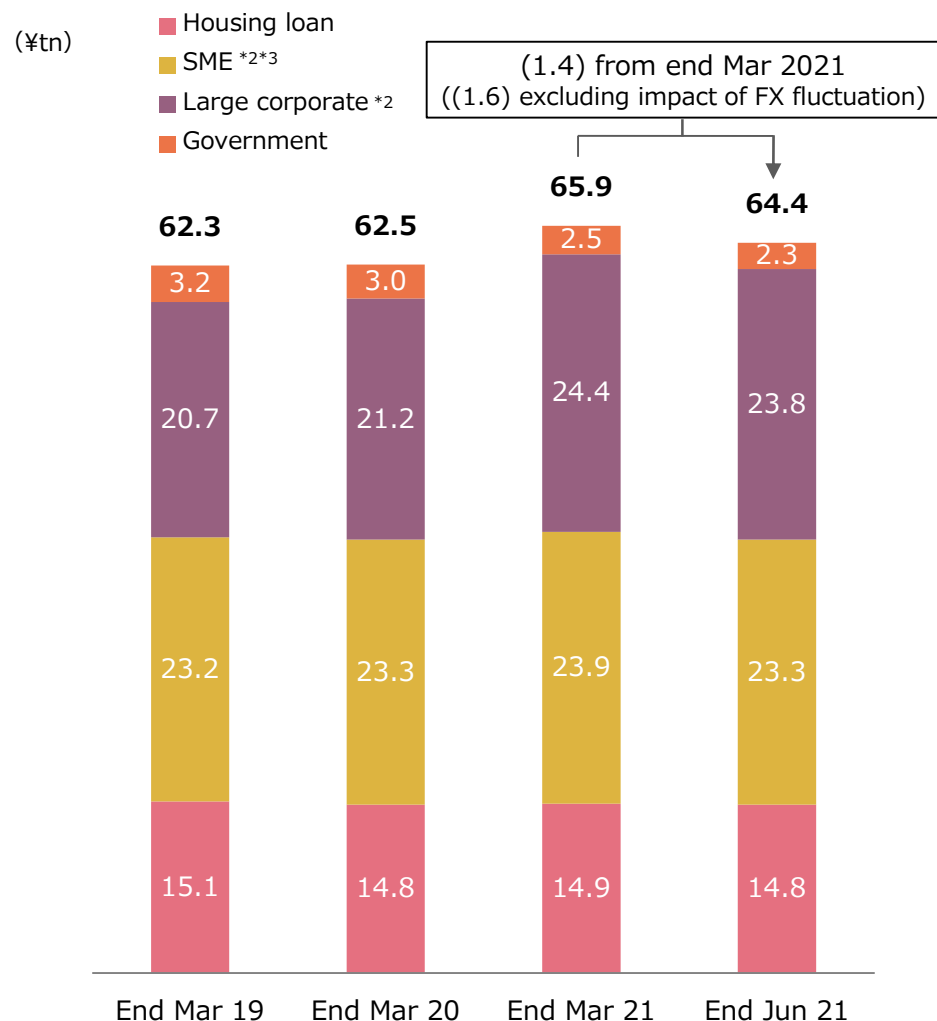
\*1 Non-consolidated + trust accounts \*2 Excluding loans to government and governmental institutions and including foreign currency denominated loans  
 (Excluding impact of FX fluctuation: (¥1.3)tn from end Mar 2021)

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

# Domestic loans

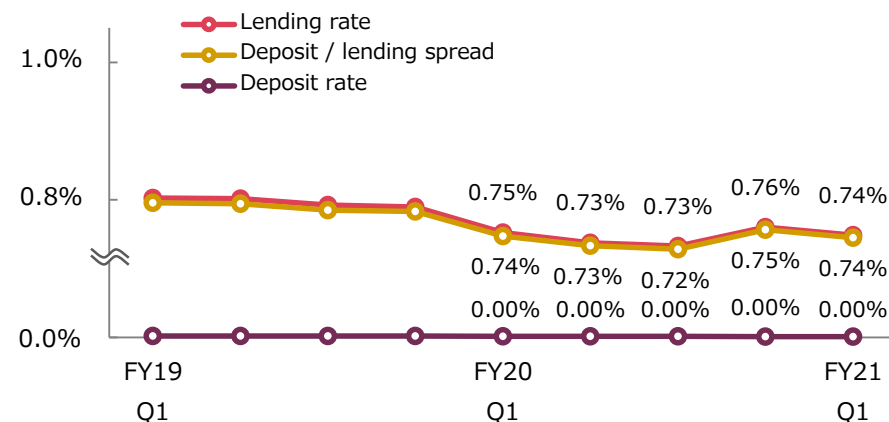
Loan balance (period end balance)\*<sup>1</sup>

Consolidated



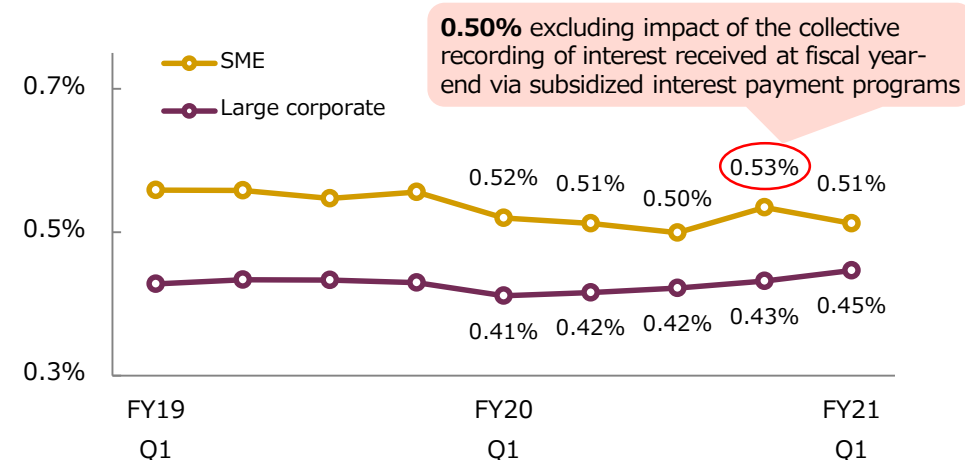
Deposit / lending rate \*<sup>4</sup>\*<sup>5</sup>

Non-consolidated



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

Non-consolidated



\*<sup>1</sup> Sum of banking and trust accounts \*<sup>2</sup> Including non-JPY loans

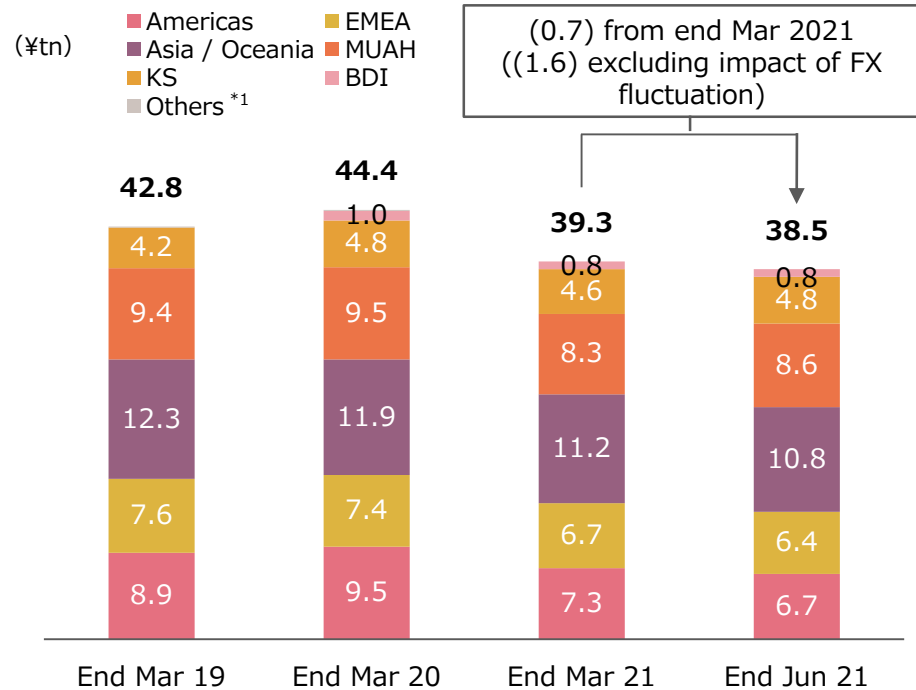
\*<sup>3</sup> Domestic loans to small / medium-sized companies and proprietors (excluding domestic consumer loans)

\*<sup>4</sup> Managerial accounting basis \*<sup>5</sup> Excluding lending to government etc.

# Overseas loans

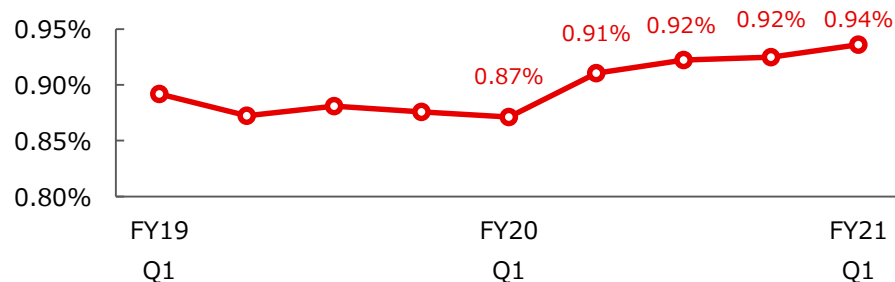
Loan balance (period end balance)

Consolidated



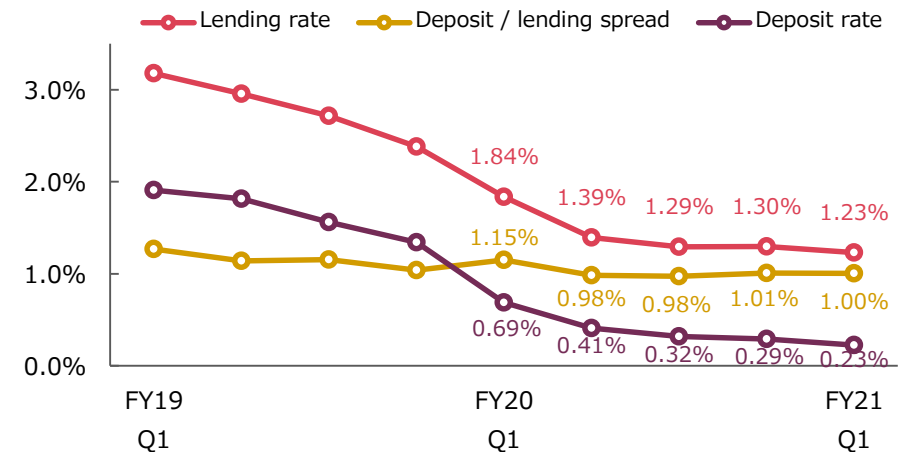
Lending spread\*2

Non-consolidated



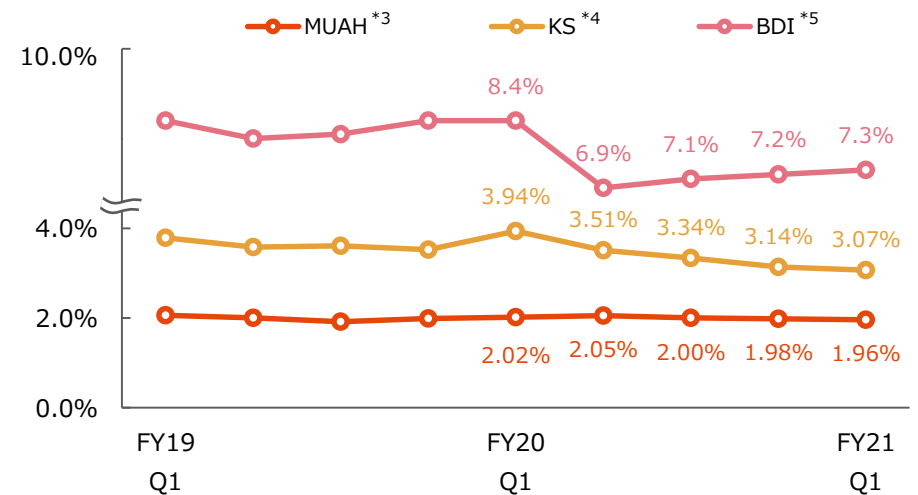
Deposit / lending rate\*2

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, and starting from January 1, 2020, Thailand adopted TFRS 9 (which is broadly similar to the IFRS 9 international accounting standard) \*5 Financial results as disclosed in BDI's financial reports based on Indonesia GAAP.

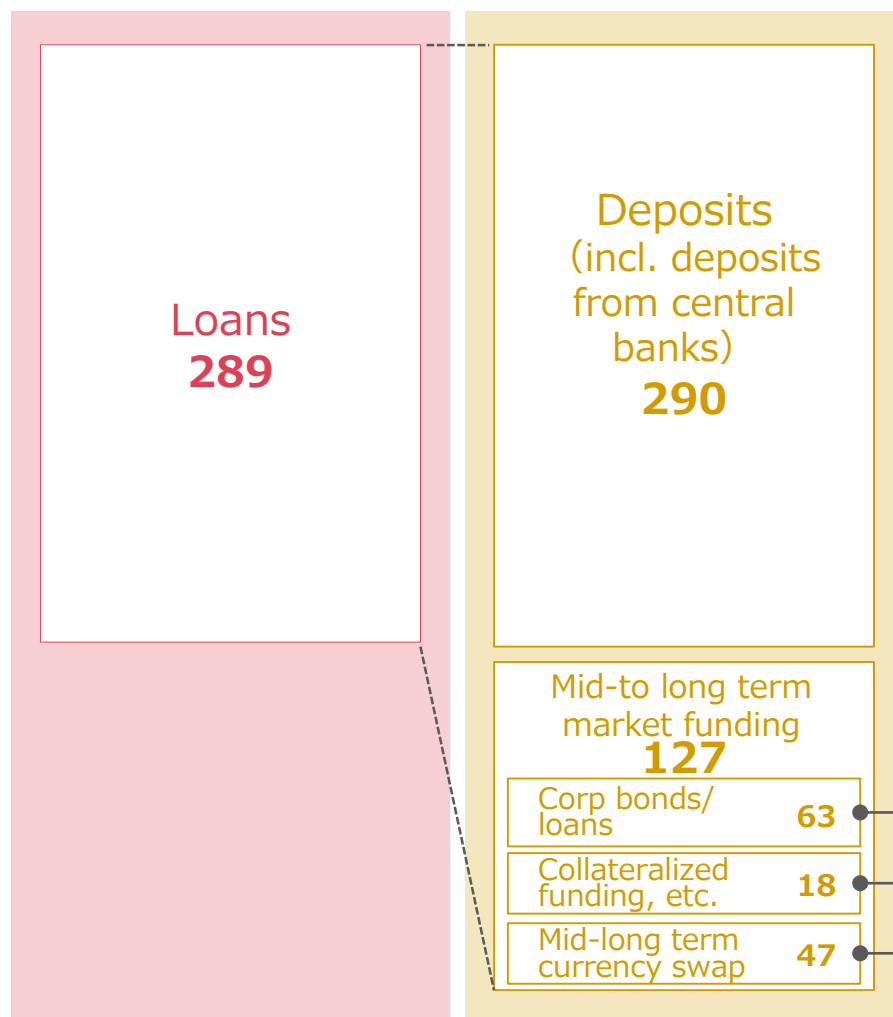
Incorporated impact from netting-off loss on restructuring to interest income. Calculation method modified from FY21Q1. By prior method, 7.0% for FY21Q1

# Non-JPY liquidity\*1

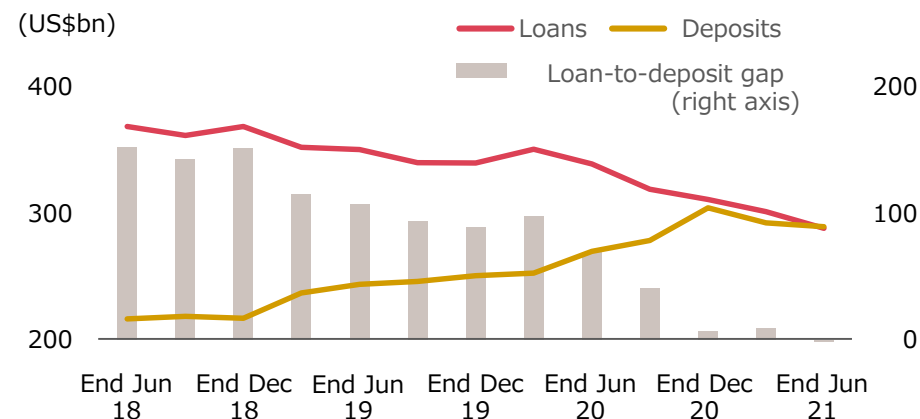
– Reduced high-cost mid-to-long term market funding with the decrease of loan-to-deposit gap

(US\$bn)

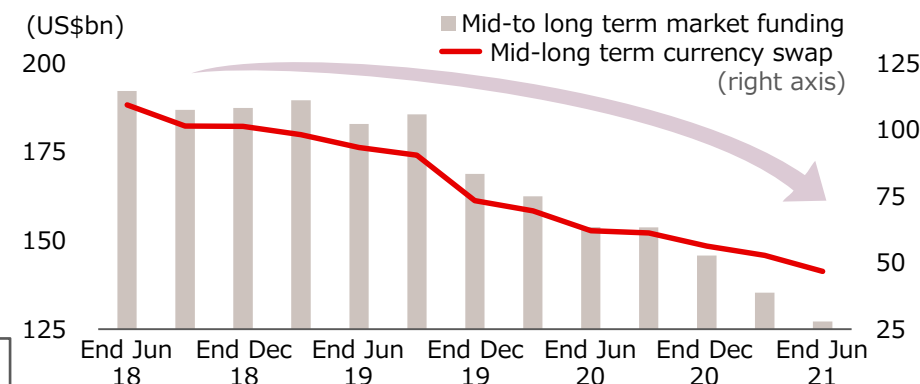
As of end Jun 2021



## Historical loan-to-deposit gap



## Historical mid-to-long term market funding



TLAC eligible senior debt etc.  
Cross-currency repos\*2  
(utilizing JGB) etc.

Currency swaps are transacted  
mainly in mid-term durations

Avg. tenor: approx. **7** yrs

Major tenor:  
approx. **3-5** yrs

\*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

# Investment securities (1)

## AFS securities\*<sup>1</sup> with fair value

Consolidated

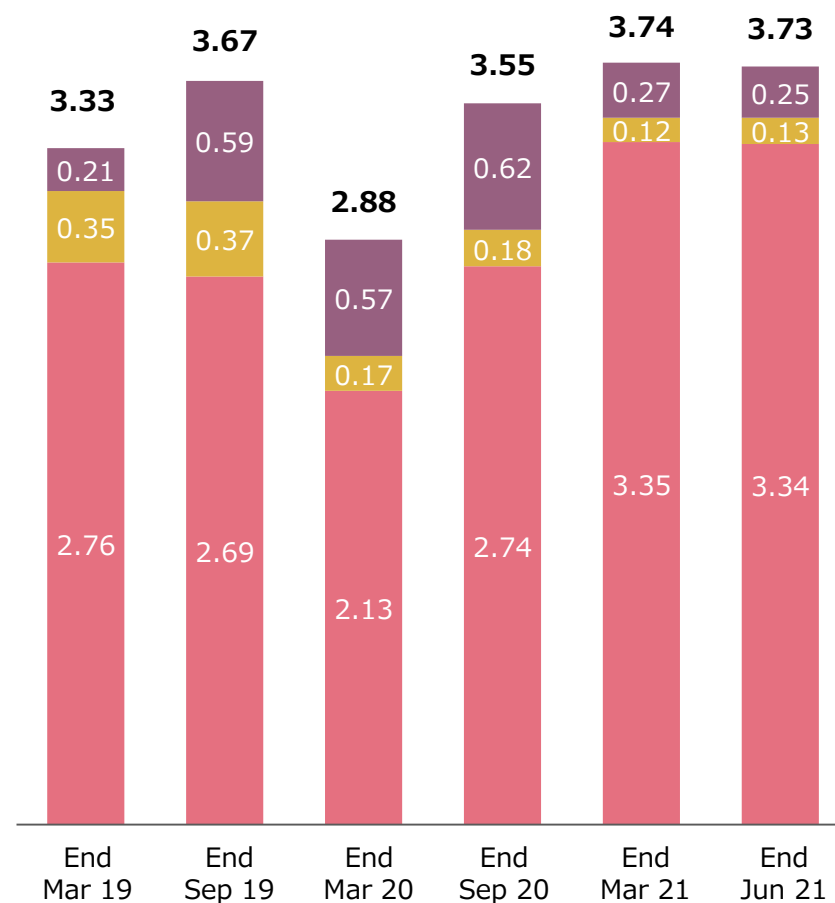
(\$bn)	Balance		Unrealized gains (losses)	
	End Jun 21	Changes from end Mar 21	End Jun 21	Changes from end Mar 21
1 Total	75,859.4	1,967.4	3,732.3	(17.5)
2 Domestic equity securities	5,190.0	(26.3)	3,345.1	(5.3)
3 Domestic bonds	41,413.7	861.5	134.0	11.4
4 Japanese government bonds (JGB)	32,808.6	463.9	88.2	1.2
5 Foreign bonds	23,050.9	1,814.2	87.5	(15.4)
6 Others	6,204.6	(682.0)	165.6	(8.1)

## Unrealized gains / losses on AFS securities\*<sup>1</sup>

Consolidated

(¥tn)

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



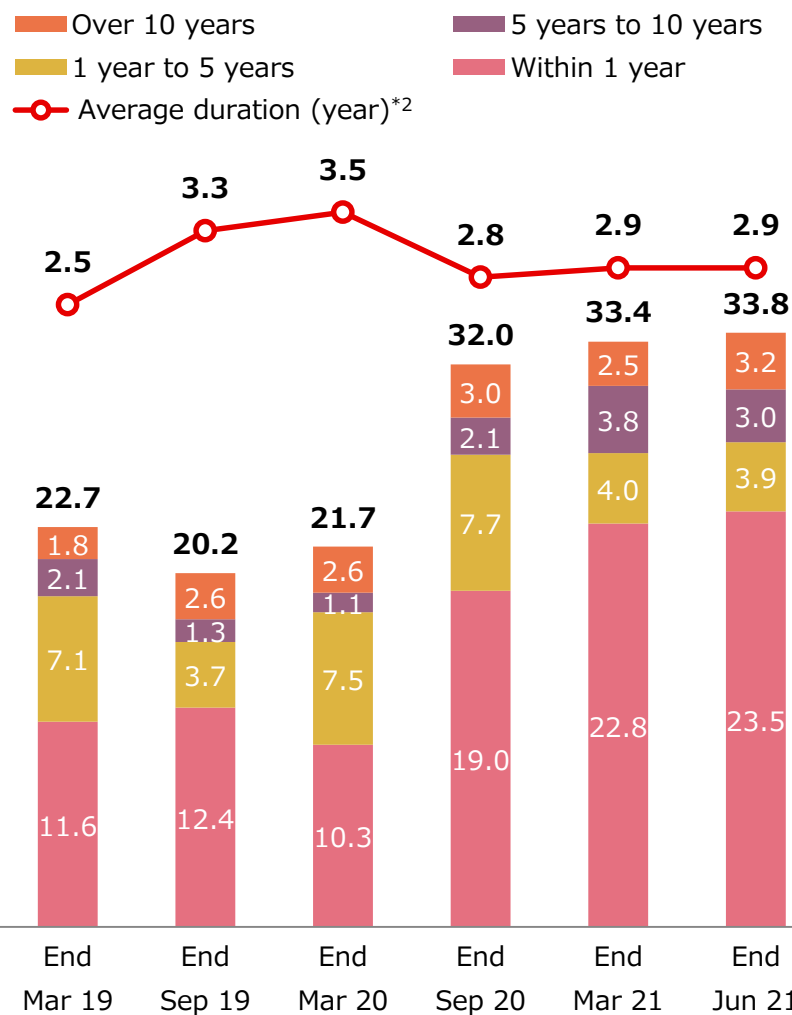
\*1 Available for sale securities

# Investment securities (2)

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

Non-consolidated

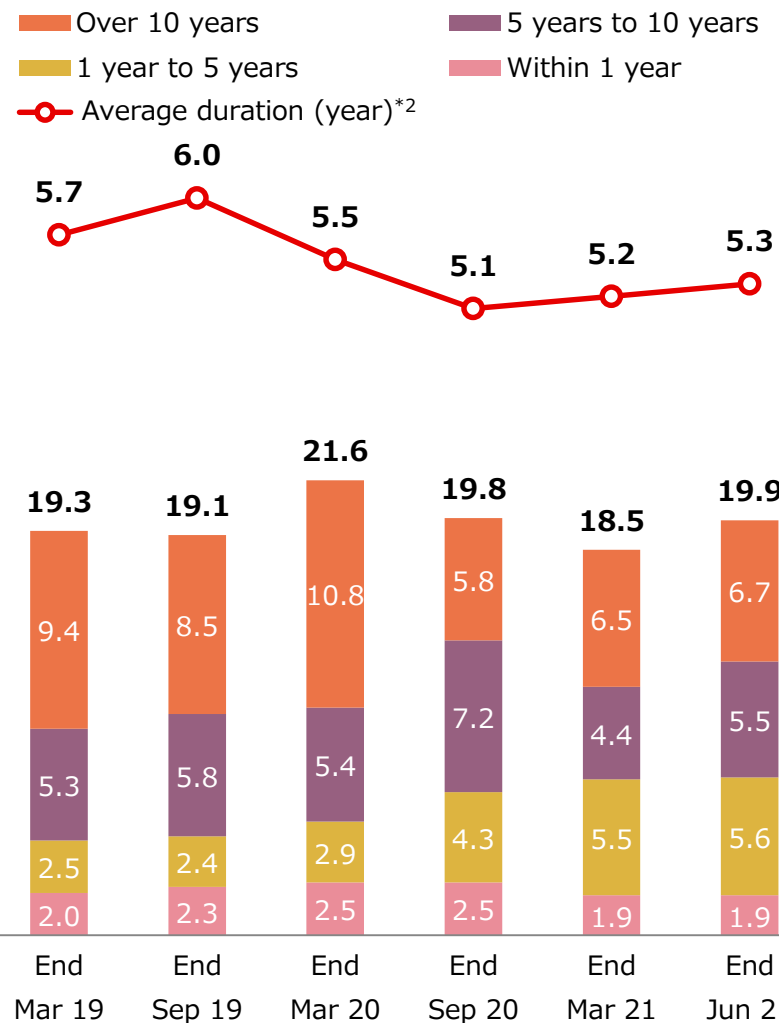
(¥tn)



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

Non-consolidated

(¥tn)



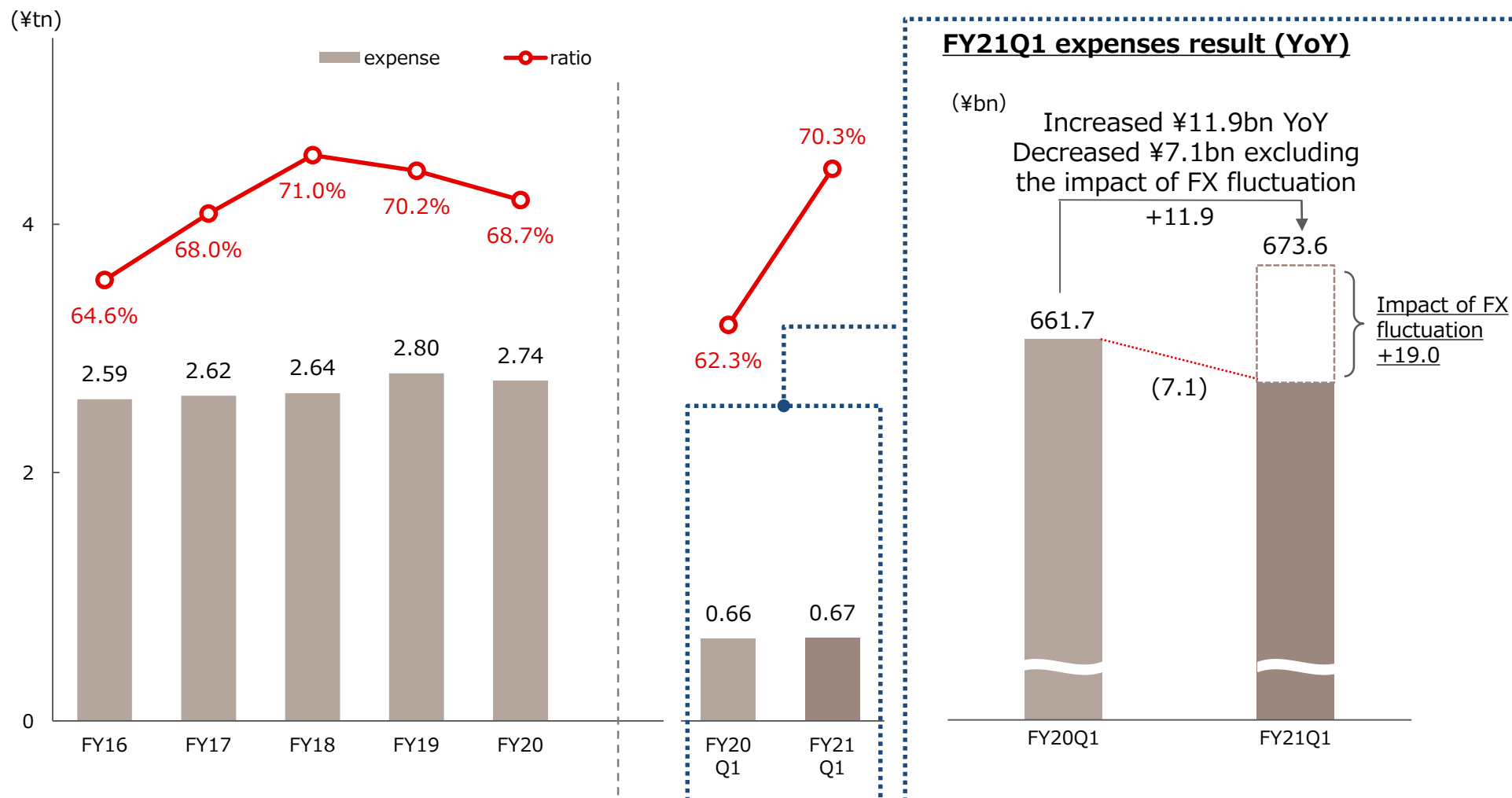
\*1 Available for sale securities and securities being held to maturity

\*2 Available for sale securities

# Expenses

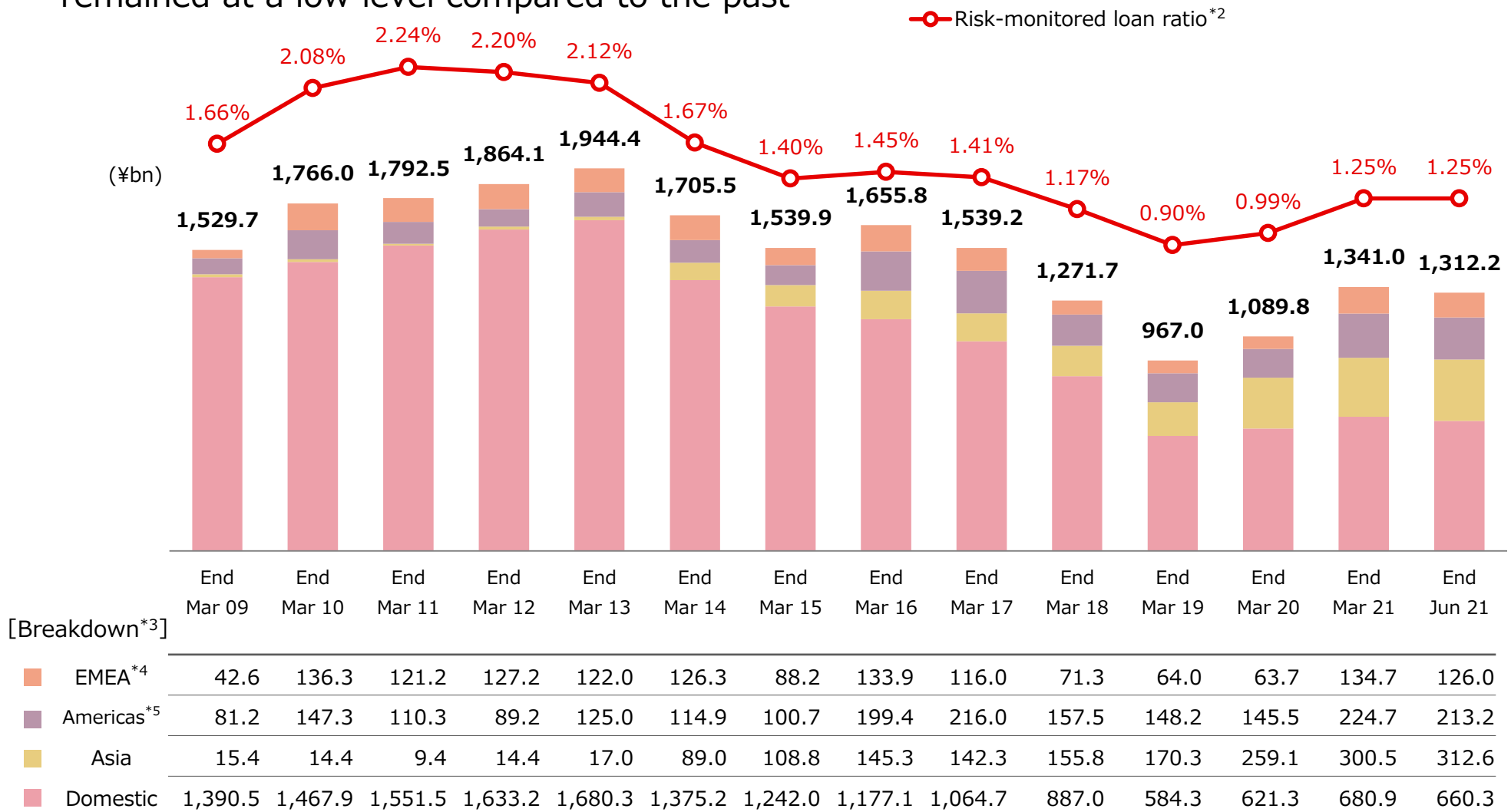
–FY21Q1 expenses decreased by ¥7.1bn YoY excluding the impact of FX fluctuation

## Expense and expense ratio



# Risk-monitored loans\*1

– The balance decreased slightly compared to the previous fiscal year end, and the ratio remained at a low level compared to the past



\*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

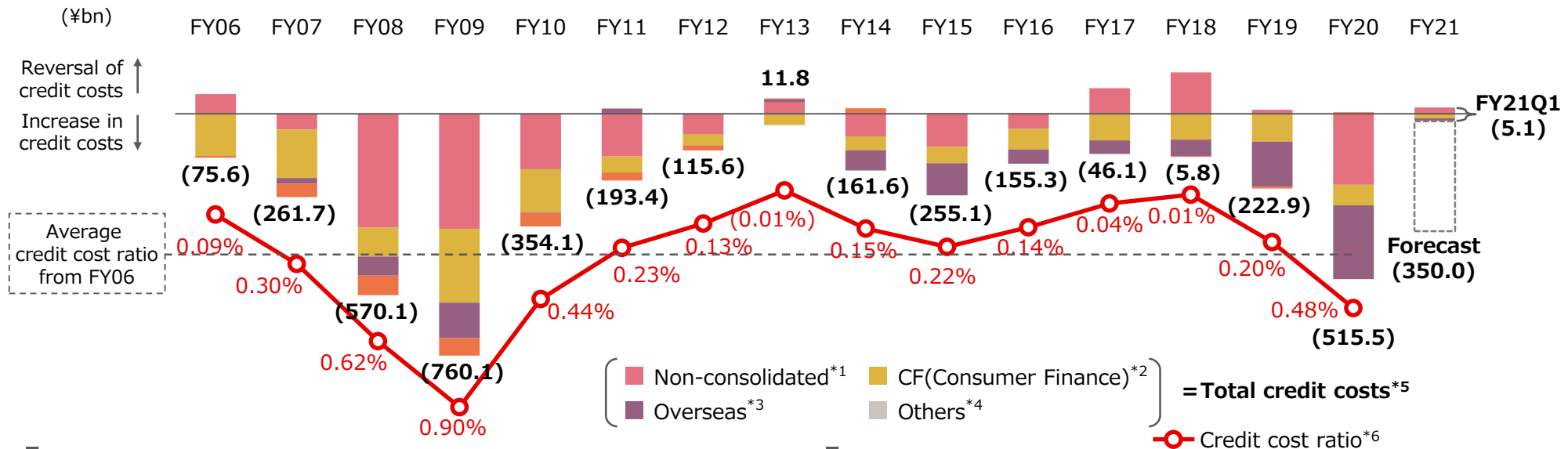
\*4 End Mar 2009 – End Mar 2012 includes parts of other regions

\*5 End Mar 2009 – End Mar 2012 includes only US



# Credit costs (1)

– Credit costs for FY21Q1 were ¥5.1bn, decreased significantly YoY



## FY21Q1 results

Non-consolidated	<ul style="list-style-type: none"> <li><b>Recorded the reversal of allowances</b> mainly due to improved portfolio quality</li> </ul>
CF	<ul style="list-style-type: none"> <li><b>Overall moderate</b> due to decreases in the volume of card transactions and credit balance</li> </ul>
Overseas	<ul style="list-style-type: none"> <li><b>Decreased</b> due mainly to the reversal of allowances at MUAH reflecting U.S. economic environment recovery</li> </ul>

## FY21 forecast

Non-consolidated	<ul style="list-style-type: none"> <li>Although overall economic uncertainties induced by the outbreak of the COVID-19 pandemic are likely to remain ongoing, credit costs <b>expected to decrease</b> YoY</li> </ul>
CF	<ul style="list-style-type: none"> <li><b>Expected to increase</b> YoY due to increases in the volume of card transactions and credit balance</li> </ul>
Overseas	<ul style="list-style-type: none"> <li><b>Expected to decrease</b> YoY due mainly to the reversal of allowances of MUAH from the improvement of economic indicators</li> </ul>

\*1 Including overseas branches \*2 Sum of NICOS and ACOM on a consolidated basis \*3 Sum of overseas subsidiaries of the Bank and the Trust Bank

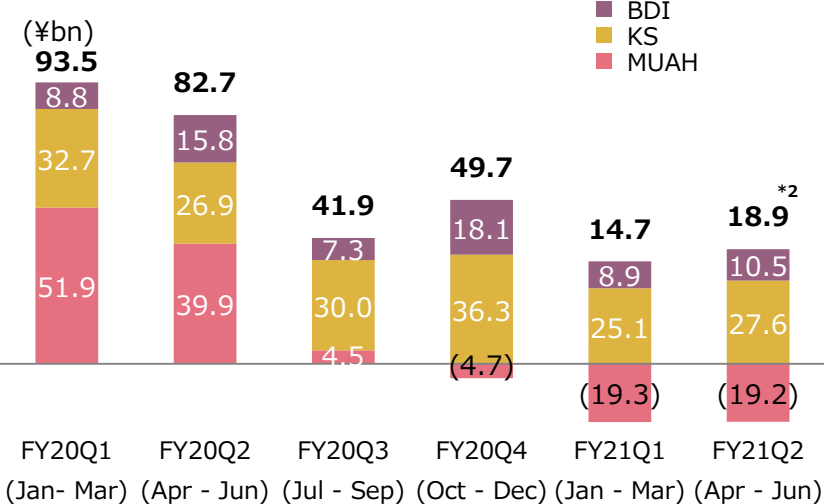
\*4 Sum of other subsidiaries and consolidation adjustment \*5 Including gains from write-off \*6 Total credit costs / loan balance as of end of each fiscal year

# Credit costs (2) Specific credit portfolio

## Partner banks\*1

P.77-80

### Credit costs



(End Jun 21)

Loan amount

NPL ratio

Credit costs

FY20 1-4Q  
12 months total

FY21 1-2Q  
[Change YoY]

	MUAH UnionBank	KS krungsri ธนาคารกรุงศรี	BDI Danamon
Loan amount	¥8.6tn (Approx. 8%*3)	¥6.2tn (Approx. 6%*3)	¥1.0tn (Approx. 1%*3)
NPL ratio	0.87%	2.03%	3.02%
Credit costs			
FY20 1-4Q 12 months total	¥91.6bn	¥126.0bn	¥50.2bn
FY21 1-2Q [Change YoY]	¥(38.5)bn [¥(130.4)bn]	¥52.7bn [¥(6.9)bn]	¥19.4bn [¥(5.2)bn]

## Energy and mining\*4

P.81

- Although credit costs were recorded at a certain amount, reduction of risk portfolio was successful

Figures of end Mar 21

Credit exposure*5	¥7.5tn
% of total exposure*6	Approx. 6%
Exposure to upstream sub-sector*7	¥2.0tn

## Air transportation (incl. aircraft finance)\*4

P.82

- Due to poor performance of overseas airlines affected by sluggish demand caused by transportation restriction, credit costs were recorded

Figures of end Mar 21

Credit exposure*5	¥2.0tn
% 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=¥110.58, 1THB=¥3.44, 1IDR=¥0.0077 \*2 MUFG will include partner banks credit costs (including the CECL impact) approximately ¥20.0bn in FY21Q2 \*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

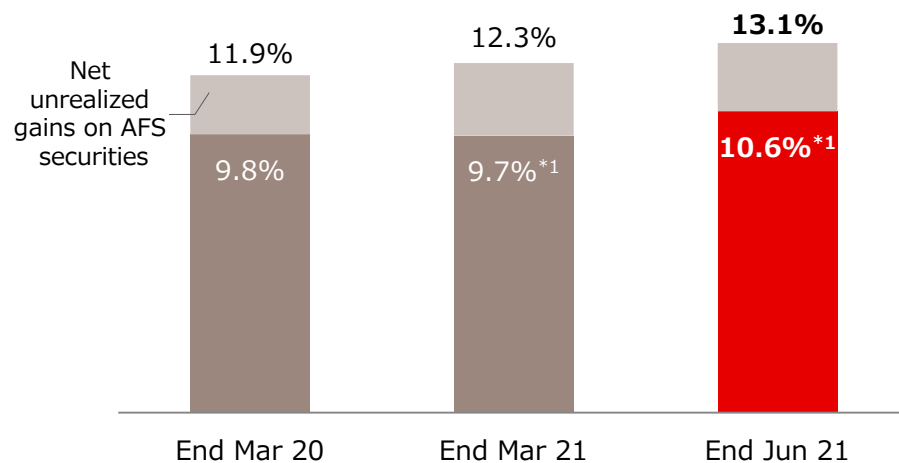
\*7 Exploration, development and production of oil and gas

# Capital

– CET1 ratio remains at a sufficient level

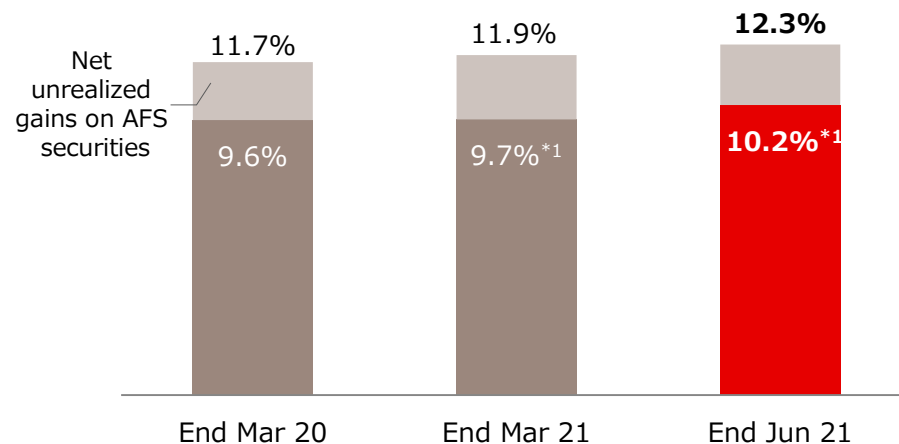
## CET1 ratio

Consolidated



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

Consolidated



<sup>\*1</sup> Calculated by excluding impact of net unrealized gains (losses) on available for sale securities from RWA from the end of March 2021

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

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

<sup>\*4</sup> Based on JFSA Notification, Deposits with the Bank of Japan is excluded in Total exposures

## FY21Q1 results

Consolidated

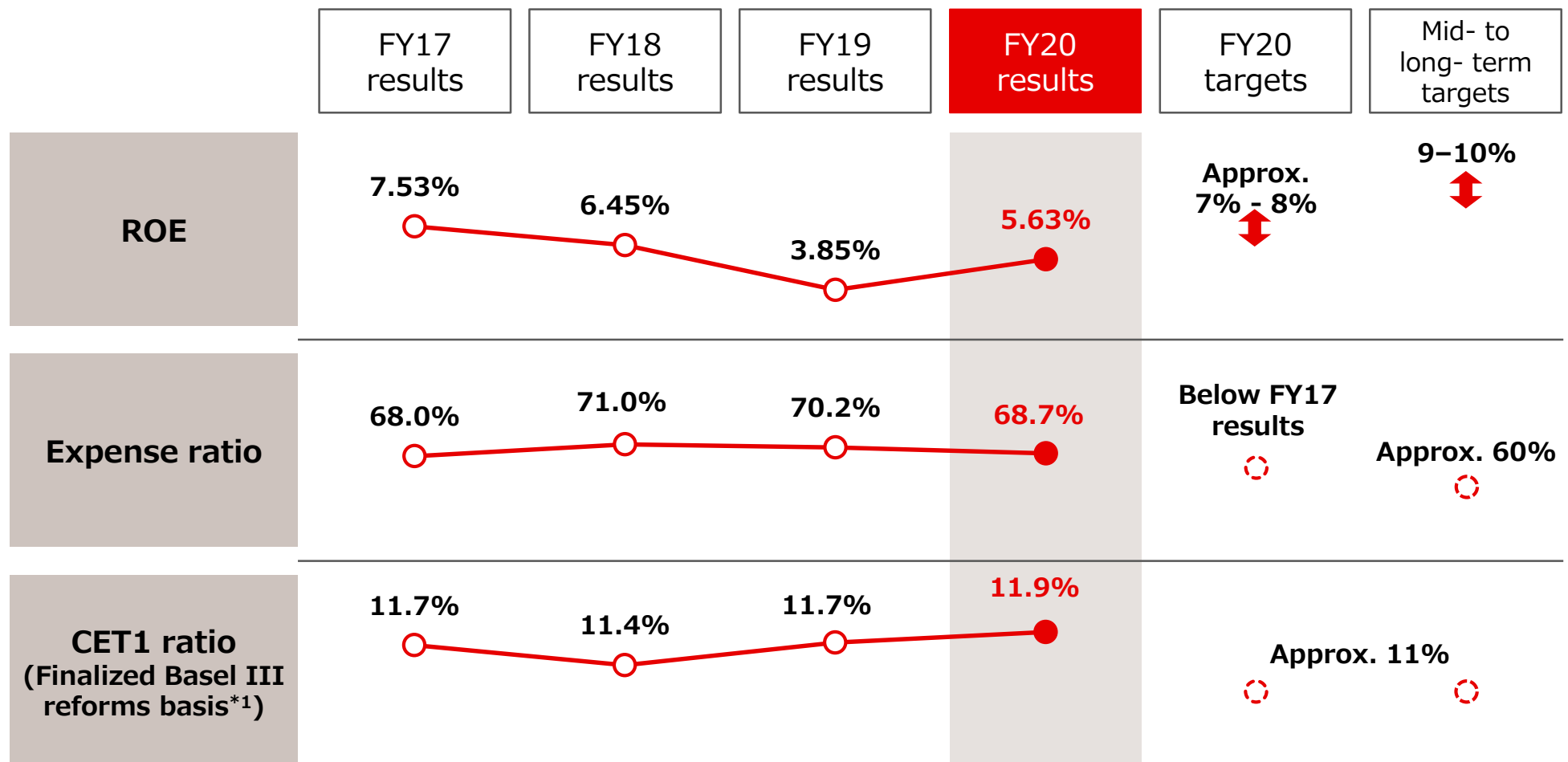
	(¥bn)	End Mar 21	End Jun 21	Changes
1	Common Equity Tier 1 capital	14,113.7	14,630.6	516.9
2	Additional Tier 1 capital	1,869.0	1,868.9	(0.0)
3	<b>Tier 1 capital</b>	15,982.7	16,499.6	516.9
4	<b>Tier 2 capital</b>	2,686.7	2,704.0	17.2
5	<b>Total capital (Tier 1+Tier 2)</b>	18,669.5	19,203.7	534.2
6	<b>Risk-weighted assets</b>	114,419.3	111,199.4	(3,219.9)
7	Credit risk	90,410.0	90,641.6	231.5
8	Market risk	4,066.8	4,355.2	288.4
9	Operational risk	7,976.6	7,984.9	8.2
10	Floor adjustment <sup>*3</sup>	11,965.8	8,217.6	(3,748.2)
11	<b>Total exposures<sup>*4</sup></b>	292,725.0	290,090.1	(2,634.9)
12	Leverage ratio	5.45%	5.68%	0.22ppt

## New medium-term business plan (MTBP)

# Review of the previous MTBP (1)

– CET1 ratio target was met, but fell short to meet our targets for ROE and expense ratio mainly due to the impact of changes in the business environment

## Financial targets



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

## Review of the previous MTBP (2)

– Through the assessment of achievements being made thus far and challenges coming our way, we will realign parts of strategies to optimize our new MTBP

### Challenges and progress

#### Reasons for not achieving ROE target

Shortfall of the effects from the “Eleven Transformation Initiatives”

Wealth Management

Institutional Investors

Global CIB

Overly dependent on quantitative growth

#### Challenges and progress

Challenge

- Halfway to transition to an advisory-centered business model

Progress

- Development of a promotion framework and organization

Challenge

- Increase fee income through O&D/OtoD

Progress

- Development of balance sheet optimization

Challenge

- Lower growth in gross profits than expectation
- Upfront cost / investment

Progress

- Shift our focus to “quality”
- RWA & cost control

#### Initiatives in the new MTBP

Further develop platforms which were established during the previous MTBP as part of growth strategies (P.39–43)

Maintain control on RWA and expenses (P.44–46)

# Review of the previous MTBP (3)

– Our unique business portfolio expanded by consolidation of BDI and FSI

## Major achievements

Integration of corporate loan-related business of the Bank and the Trust Bank and development on integrated group-based mgmt

Shift to non face-to-face channels and streamline domestic branch network

Established commercial banking platform in ASEAN

Strengthened global AM business (Consolidation of FSI)

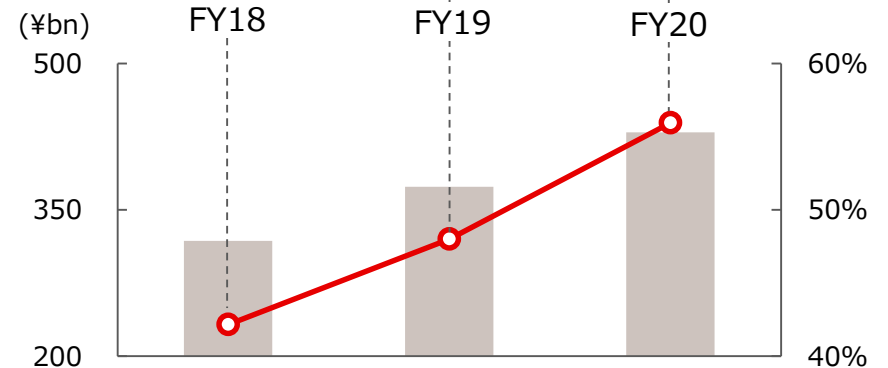
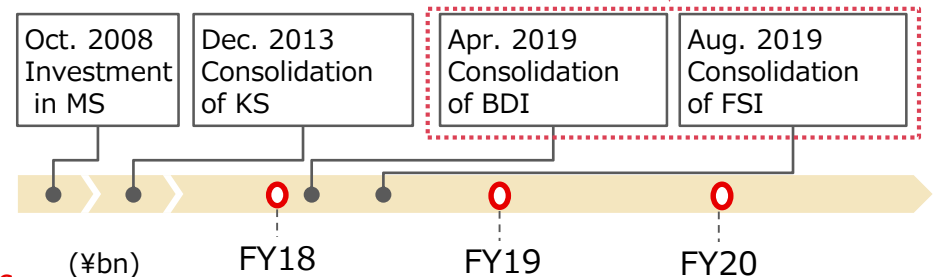
## Expansion of business portfolio

### Business Portfolio of MUFG

	Japan	Overseas
Banking (Large corporate)	the Bank	
Securities	MUMSS, MSMS	MUFG Securities MS*4
Banking (R&C)	the Bank	MUAH, KS, BDI (Partner banks)
Card business/CF*1	NICOS, ACOM	
AM*2/IS*3	the Trust Bank	FSI, MUFG Investor Services

Strategic Alliance

Unique business portfolio of MUFG



— Contribution amount to MUFG's net operating profits by partner banks and overseas AM/IS (left axis)

—○— Proportion of MUFG's net income\*5 accounted for by partner banks, overseas AM/IS, and MS (right axis)\*6

\*1 Consumer Finance \*2 Asset Management \*3 Investor Services \*4 Morgan Stanley \*5 Profits attributable to owners of parent

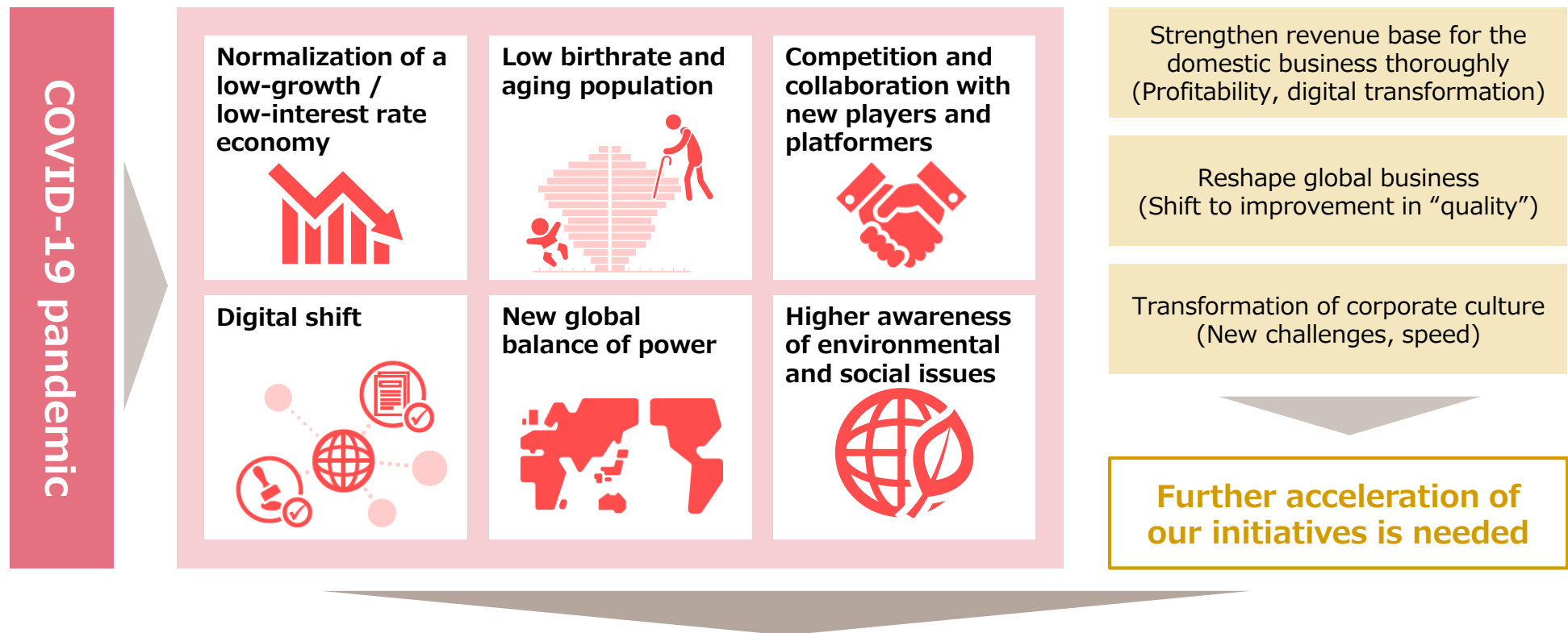
\*6 Excluding the impact of impairment losses on fixed assets of NICOS for FY19, and excluding the one-time amortization of goodwill of BDI and KS for FY20

# Business environment and challenges

- We must accelerate and step up initiatives under its MUFG Re-Imagining Strategy, as ongoing societal trends surrounding it are suddenly picking up speed

Business environment: Changes at unprecedented speed

Challenges



**With banks currently facing urgent calls to revisit their raison d'être, MUFG has redefined its own and publicized its “Purpose”**



# Newly defined purpose, establishment of the MUFG Way

– We have defined our purpose: “Committed to empowering a brighter future.”

## Main idea

~All of our stakeholders are overcoming challenges to find a way to the next stage, toward sustainable growth. We at MUFG will make every effort to help realize these goals. This will be our unchanging purpose now, and into the future.

## Committed to empowering a brighter future.



The age of living beyond 100. What shall we do next?



We will be there when you take your next step in life.

## MUFG Way

### Purpose

**Committed to empowering a brighter future.**

### Values

1. Integrity and Responsibility
2. Professionalism and Teamwork
3. Challenge Ourselves to Grow

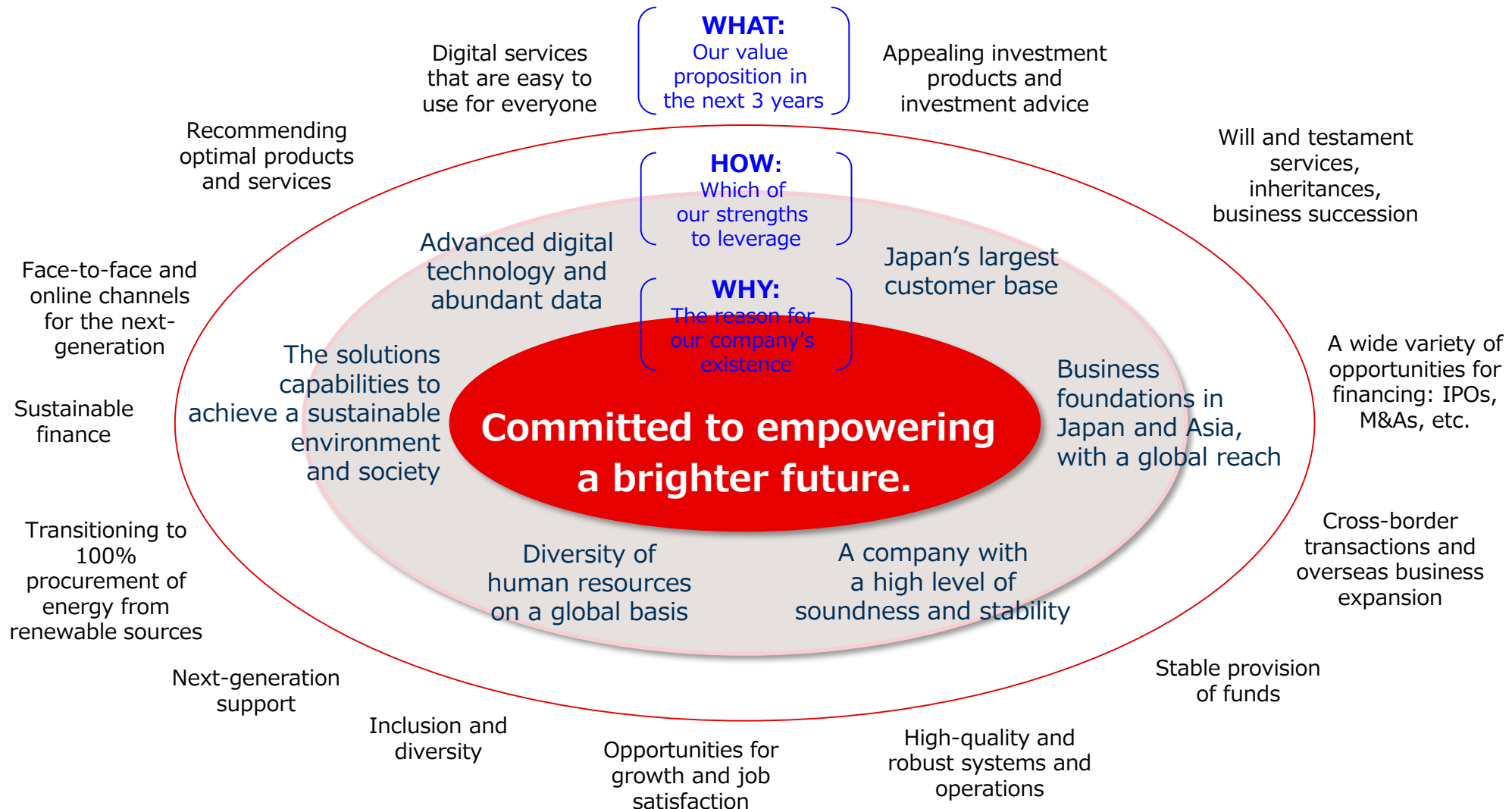
### Vision

Be the world's most trusted financial group

The Purpose is the starting point for all of our business activities. It gives us direction and driving force to the promotion of strategies including medium-term business plan

# Business strategies built on our Purpose

– Over the next three years we will engage in the business strategies below, leveraging our strengths to address the issues facing our stakeholders



## Basic policy

– Position the 3-year term as the “3 years of new challenges and transformation.”  
Develop our business model to respond to the changes in environment and improve ROE

### Management policy

Digital transformation

Resilience

Engagement

### Basic policy of new medium-term business plan

Our vision  
after  
3 years

**Be the premier business partner that pioneers future  
through the power of finance and digital services**

In response to society's needs,  
we commit to all stakeholders to support them to move forward

Financial  
Target

**ROE 7.5%**

A company which constantly earns ¥1tn of profits attributable to owners of parent

3 strategic  
pillars

**Corporate  
transformation**

**Strategy for growth**

**Structural reforms**

# Key strategies

– Position “Corporate transformation,” “Strategy for growth” and “Structural reforms” as the three strategies to achieve our goal in three years

## I. Corporate transformation

- Change our way of operations and executions -

- i. Digital transformation
- ii. Contribution to address environmental and social issues
- iii. Transformation of corporate culture  
(a culture that values speed & new challenges)

## II. Strategy for growth

- Strengthen profitability -

- i. Wealth management
- ii. Approach of proposing solutions to customer's issues
- iii. Asia businesses
- iv. GCIB & Global Markets
- v. Global AM / IS

## III. Structural reforms

- Ensure business resilience -

- i. Cost and RWA control
- ii. Transformation of platforms and our business infrastructure
- iii. Review of our business portfolios

# Financial Targets

– In the new MTBP, ROE target is set as 7.5%, and CET1 target is set as 9.5%-10.0%

## Target for ROE / Capital management

	FY20 Results	FY23 Targets	Mid- to long-term targets
<b>ROE</b>	5.63%	7.5%	9%–10%
<b>CET1 ratio</b> (Finalized Basel III regulations basis*1)	9.7%	9.5%–10.0%	

## 3 Drivers to achieve ROE target

Profits (P.38)	Expenses*2 (P.44)	RWA (P.46)
Net operating profit : ¥1.4tn Profits attributable to owners of parent : over ¥1tn	Lower than FY20 level (excl. performance-linked expenses)	Maintain end of FY20 level (improve profitability by replacing assets)

(Outlook of economy and business)

The outlook was made under certain assumptions regarding the progress of the COVID-19 vaccination, restrictions on activity, and economic measures. We expect the recovery pace will be moderate while it may be different region by region

(Assumption of financial indicators)

JGB 10-year interest rate : 0.1%, Nikkei Stock Average : ¥29,000–¥30,000, JPY/USD : ¥100–¥105

\*1 Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis. Excluding net unrealized gains on AFS securities

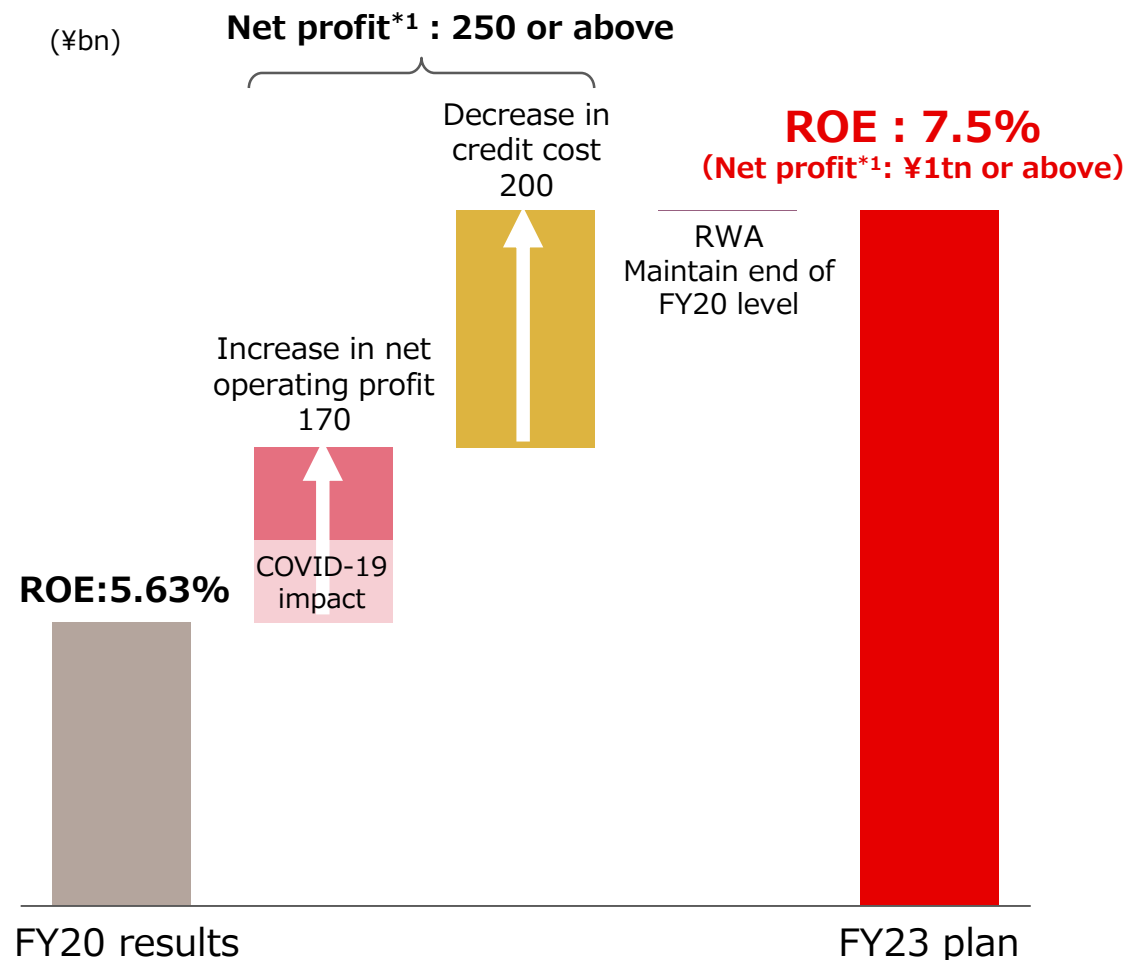
\*2 Medium to long term target for expense ratio (approx. 60%) is unchanged

# Roadmap toward achieving ROE target

– Raise profits attributable to owners of the parent to ¥1tn or above while controlling RWA, and meet our ROE target

Path toward improving ROE

	FY23 plan	vs FY20
ROE	7.5%	1.9ppt
Net operating profit	¥1.4tn	¥170bn
Credit cost	(¥0.3tn)	¥200bn
Net profit* <sup>1</sup>	¥1tn or above	¥250bn or above
RWA	Maintain end of FY20 level (improve profitability by replacing assets)	



\*1 Profits attributable to owners of the parent

# Initiatives toward corporate transformation

– The key words for the transformation we pursue are “Digitalization,” “Sustainability management” and “New challenges & speed”

Society is currently in a period of transition as it undergoes major changes due to factors including the digital shift and heightened awareness of environmental and social issues. Amidst the changing tides, finance has grown ever more important, and we expect large business opportunities in the industry. In this era of rapid change, speed is more important than anything. As the speed of change in society accelerates, MUFG must also constantly transform itself and take on challenges

3 years of  
transformation



Digitalization



Sustainability  
management



New challenges  
& speed

## Digital transformation

Aim to become a financial / digital platform operator by leveraging MUFG's well-earned, solid customer trust



## Contribution to addressing environmental and social issues

Integrate initiatives to address environmental and social issues and MUFG's business strategies



## Transformation of corporate cultures

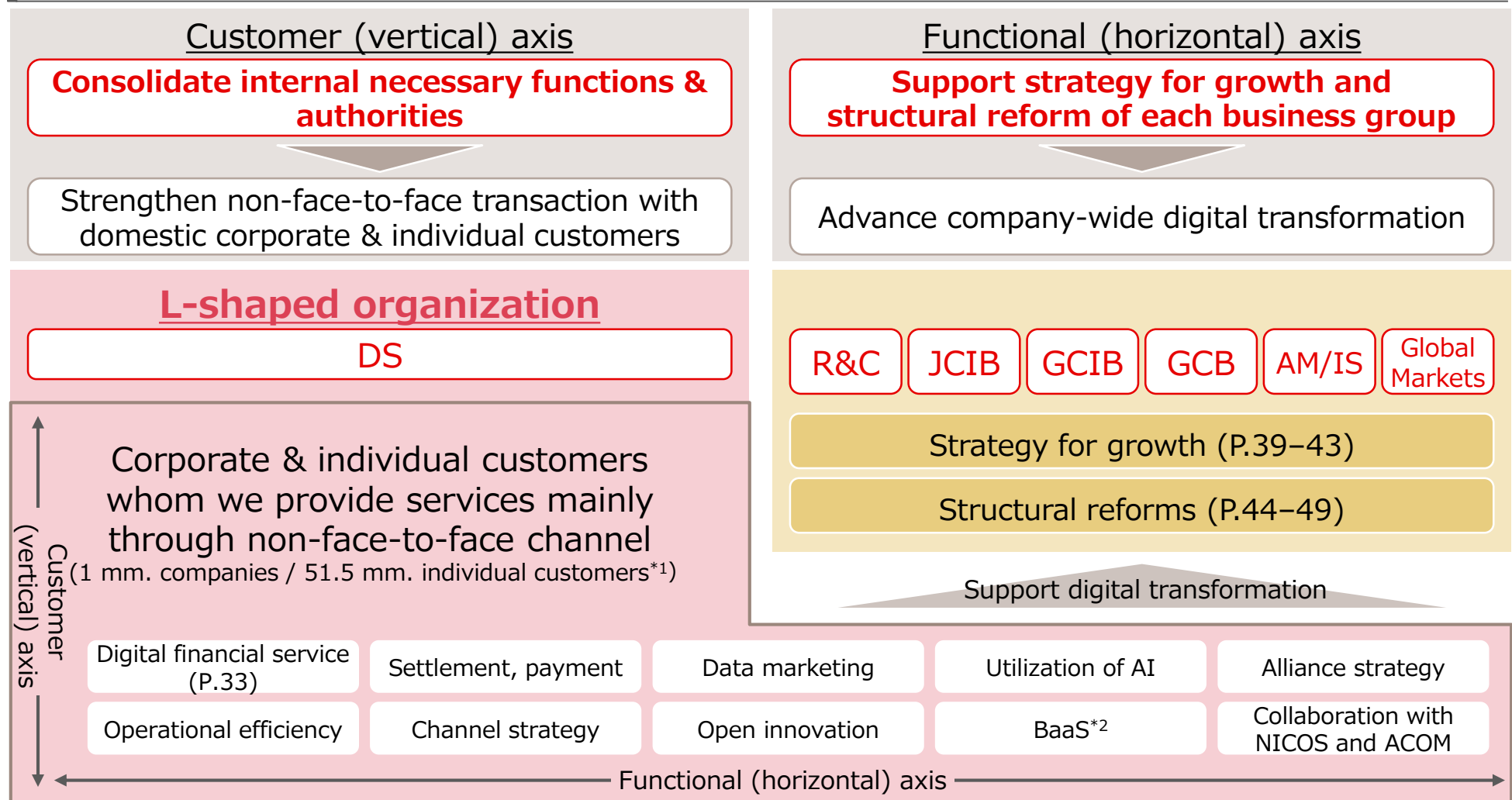
Challenge ourselves in various initiatives at a fast pace in order to accomplish corporate transformation



# I-(i) Digital transformation (1)

– The newly established Digital Service Business Group will take the lead and advance digital-driven corporate transformation in light of digital shift in society

## Outline of Digital Service Business Group



\*1 Total number of the Bank, NICOS and ACOM \*2 Banking as a Service



# I-(i) Digital transformation (2)

– Promote digital transformation at branches while striving to update ourselves into a financial and digital platform operator that offers BaaS\*1

Next-gen branch offering comfortable experience by digitalization

- Customers can undertake transactions by themselves in a smooth and swift manner by our operations being digitized

## 【Branch counter transaction】

- Eliminates the need to ask customers to wait, fill out paper forms or bring anything



Transaction through tablet  
(paperless, no seal/signature)

## 【Online transaction】

- Customers can complete most transactions online such as opening to closing bank accounts

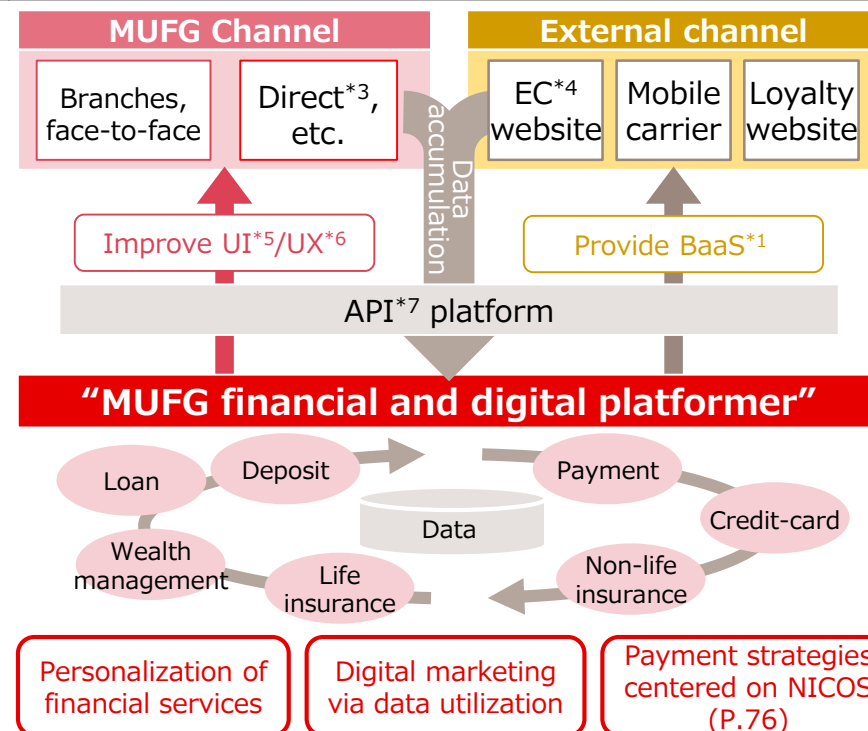


Ratio of procedure that  
can be completed online\*2

FY20: 55%

FY23: **75%**

Digital financial service powered by alliance with other companies



## Example of alliance

**MUFG**

30mm accounts  
Financial services  
Financial risk mgmt.

New financial service  
• Enhance customer  
contact points

**docomo**

80mm members  
Loyalty program  
Various channels

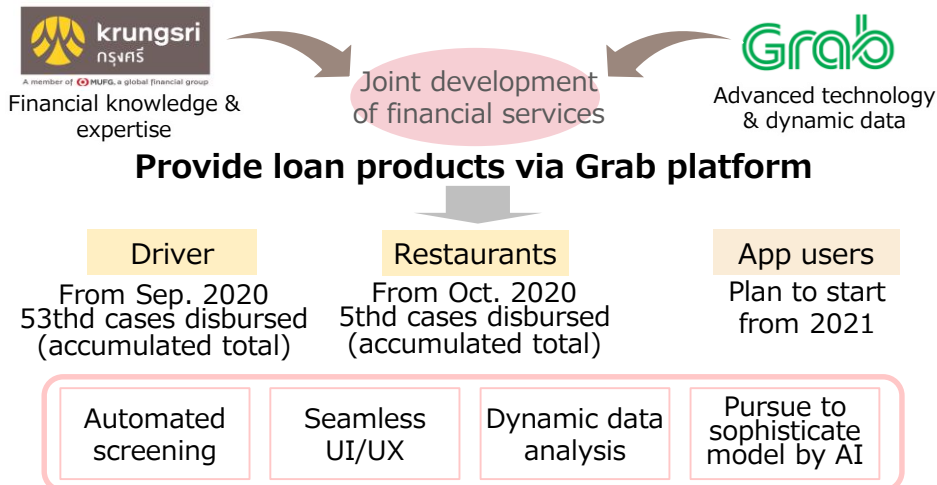
\*1 Banking as a Service \*2 Ratio of procedures that can be completed online to application procedures, including address changes \*3 Mitsubishi UFJ DIRECT: Internet banking for individual customers \*4 Electronic Commerce \*5 User Interface \*6 User Experience \*7 Application Programming Interface

# I-(i) Digital transformation (3)

– Offer safe & secure financial functions while weaving ourselves into non-financial service fields

Launched transaction-based lending product, combining strengths of Grab and MUFG

- Acquire new contact points with customers in Thailand while accumulating expertise of digital-driven products



Facilitate the securitization of real estate by developing Security Token Offering (STO) platforms

- Completed platform development. Initiated the issuance of security tokens in the first half of FY21

**Blockchain technology** × **Trust bank function**

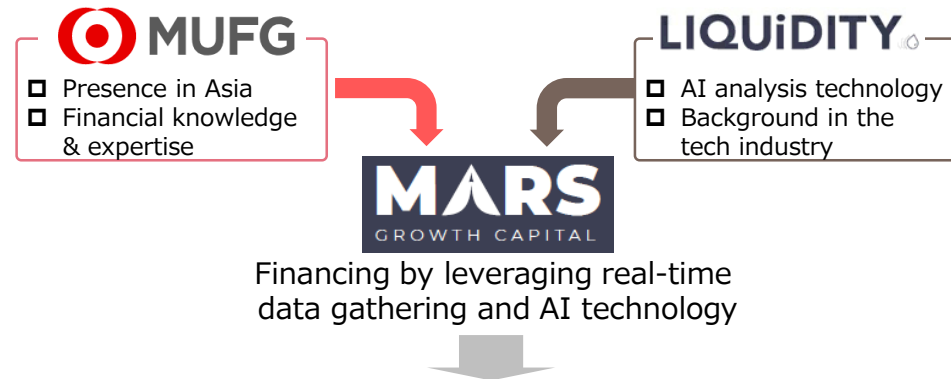
Provide platform which enables easy, speedy and secure financial transactions

**prog///at**

Fluidize a variety of assets and rights | Reduce issuance and transactional costs | Fulfill requirements for perfection | Return benefits to investors via peripheral services

A new type of credit model by leveraging alternative data

- Digital technology-driven financing for startups



Support the growth of startups mainly in Asia-Pacific  
Expect to expand the business by increasing the facility amount

Enhance the security and efficiency of international trade finance via digitalization

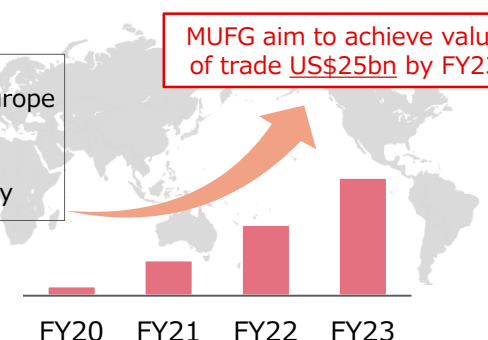
- Promote “komgo<sup>\*1</sup>”, the international trade finance platform on a global basis

**komgo**

- Dec. 2019 MUFG introduced in Europe
- Digitize transactions via the use of blockchain  
⇒ Improve security and efficiency

MUFG aim to achieve value of trade **US\$25bn** by FY23

Targeting potential users in Asia and the Americas



\*1 Platform provided by KomGo SA which was formed in Geneva, Switzerland, by MUFG Bank and fourteen other top global institutions, including commodity trading and corporate companies

# I-(i) Digital transformation (4)

– Challenge to create non-financial services through open innovation by leveraging MUFG's well-earned, solid customer trust and customer base

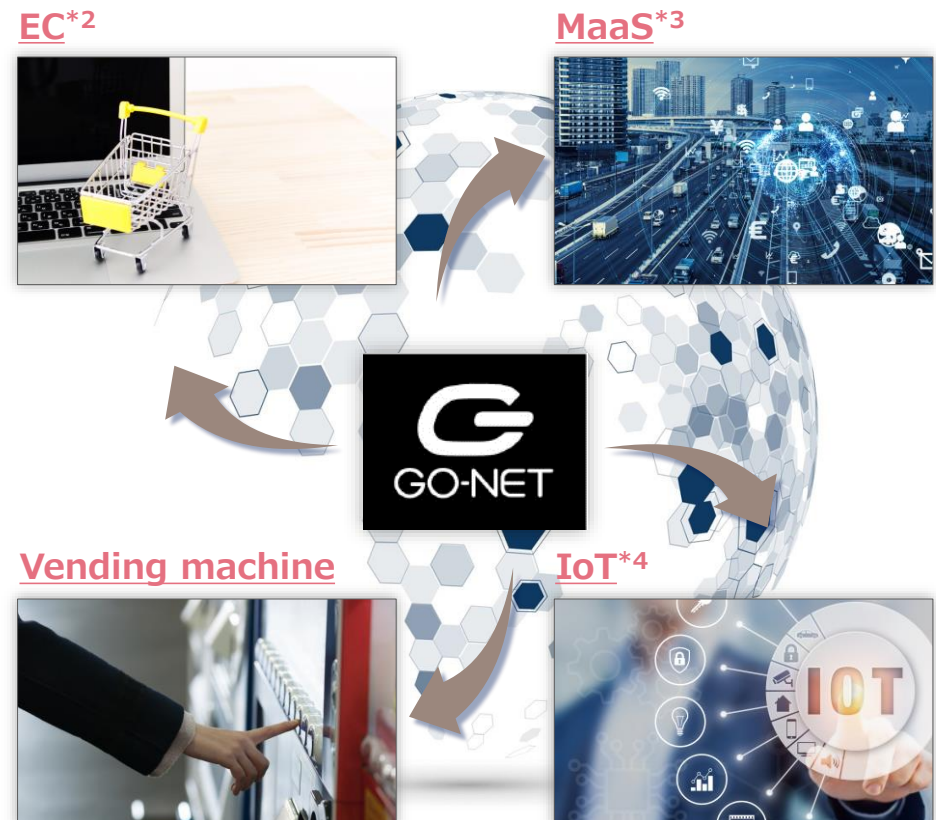
## Investment in open innovation

- Invested a cumulative total of more than ¥120bn in over 30 investees during the past five years; their current valuation is well in excess of their book value
- Expecting our investments to result in business growth and create greater synergies



## GO-NET

- Launched an innovative network service for credit card operators in April 2021
- Partial impairment of assets due to a shift to business fields in which GO-NET is positioned to take advantage of its strengths



# I-(iii) Transformation of corporate culture (1)

– A free, open and speedy organization in which employees empathize with management and think autonomously, take action and take on challenges

With rapid changes and diversification of values among people, we reaffirmed the importance of cultural reform and engagement. Each and every employee finds the job rewarding and takes pride in it, thinks autonomously and actively in empathy with management, and takes on new challenges with a sense of ownership to create a free and vigorous organization with speed.

## MUFG Way~Committed to empowering a brighter future.

### 1 Empathy with management and ownership

- Dissemination of MUFG Way  
Cultivate empathies and a sense of ownership via dialogue between employees and their immediate supervisors
- Town hall meetings with Executives
- Finance of tomorrow
- Dialogue and roundtable discussions between outside experts and CEO

#### Enhance strength of MUFG as one group

- Construction of the “MUFG Main Building” to replace existing MUFG Bank’s head office (Detailed plan during FY22)
  - Integrate head offices of MUFG, the Bank, the Trust Bank and the Securities HD to strengthen MUFG as one
  - “MUFG Main Building” is expected to be a place for flexible workstyles and innovation

### 2 Encouragement of new challenge and participation

- Promotion of smart work  
Eliminate inefficient operations to discover spare time for taking on new challenges
- Encouraging challenges
  - Challenge leave      Using time off to start a business or for self-fulfillment
  - Business support secondments      Dual-hatting assignments at start-ups
  - Job challenges      Internal job postings to facilitate self-directed career-building
  - New business      Proposals for new businesses by employees
- Straight talking with CEO
- Exchange opinions via internal communication tool
- “¥500,000” project  
Subsidizing each employee who volunteers to plan and undertake social contribution activities



# I-(iii) Transformation of corporate culture (2)

– Improve employee engagement through town hall meetings and roundtable discussions

## Town hall meetings with Executives

Executives talk directly to employees to generate their empathy for management

Number of attendees	Total 60,000
Domestic employees	Total 50,000
Session for mgmt	1,700
Session for women	500
Overseas employees	Total 9,200

## Finance of tomorrow

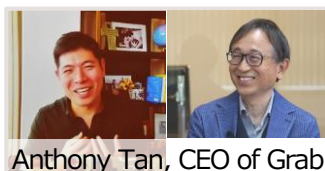
CEO and young employees discuss the future of finance with social entrepreneurs etc. of various industries



## Dialogue and roundtable discussions between outside experts and CEO

Gain a new perspective regarding MUFG's potential

- CEO talk with outside experts, followed by Q&A sessions from MUFG employees



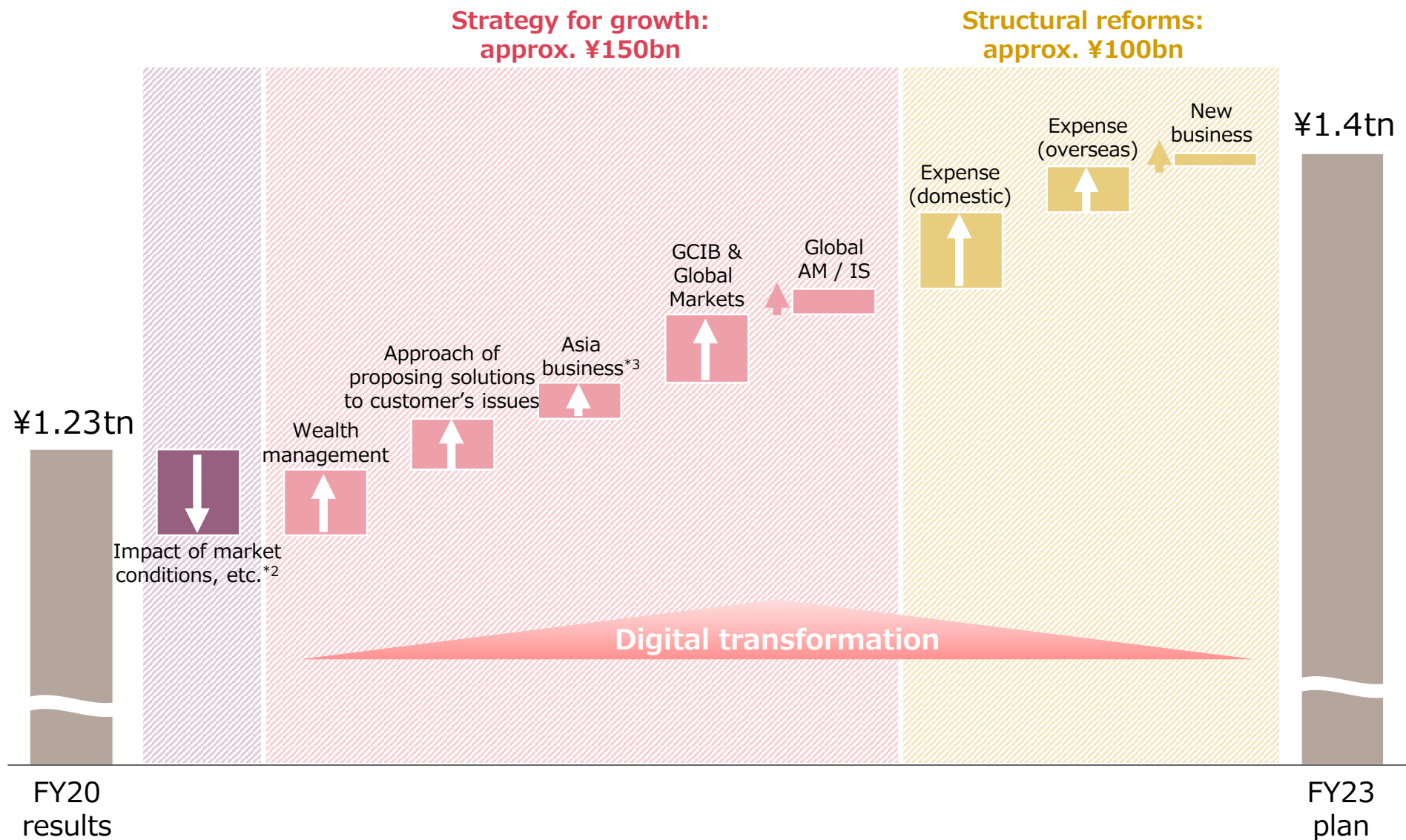
## Straight talking with CEO

Raising awareness to reform

- Employees and CEO discuss penetration of mindset for reform
- Concrete proposals from employees to CEO



# Plan of net operating profits\*<sup>1</sup>



\*<sup>1</sup> Managerial accounting basis. Local currency basis

\*<sup>2</sup> Includes impact of CVA related profits/losses, impact of policy rate cut in Asia etc.

\*<sup>3</sup> FY23 plan versus FY21 plan. Estimated decrease in net operating profits during FY21 is included in impact of market conditions, etc.

## II-(i) Wealth Management (WM)

– Establish a strong business foundation by leveraging the Group's comprehensive capabilities backed by its strengths in cross transactions\*<sup>1</sup> and asset management

### Key strategies

#### ■ Increase WM profits

- Profiling clients and identifying succession needs
- Leverage the strength of MUFG Group and utilize digital platform

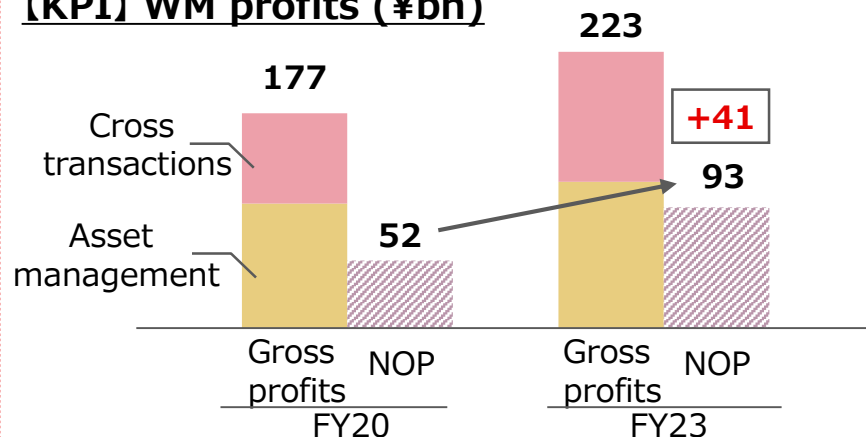
#### ■ Increase cross transactions

- Promote corporate and WM business together by utilizing our corporate client base
- Strengthen the real estate execution framework and approach based on inheritance needs

#### ■ Increase asset management transactions

- Establish an advisory business model and revenue structure transformation

### [KPI] WM profits (¥bn)

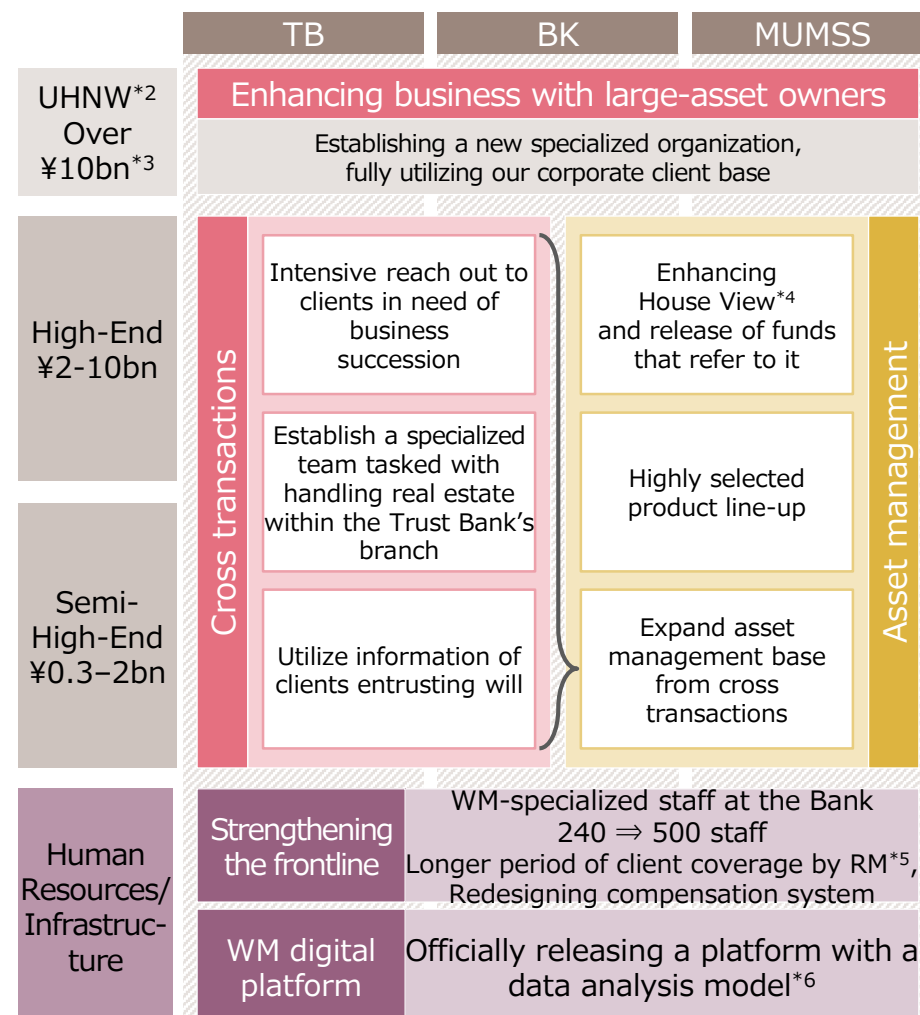


\*1 Transactions of inheritance, real estate, asset management companies, etc.

\*2 Ultra High Net Worth \*3 Assets identified by the Bank \*4 MUFG Wealth Management's official position with regard to market outlook and investment trends

\*5 Relationship Manager \*6 Group-wide CRM function, a tool for proposing total asset-base sales, a recommendation function that encourages optimal proposals

### Enhancing our groupwide business model



## II-(ii) Approach of proposing solutions for customer's issues

– Confront the management issues of Japanese large corporates, and proposing solutions via the strengthening of risk-taking capabilities and the use of a groupwide, integrated approach

### Key strategies

#### ■ Establishing a sustainable business model focusing on ROE

Thorough profit management for each customer



Performance evaluation linked to ROE

#### ■ Strengthening the ability to confront the management issues of large corporates

Enhance the approach based on solving customer's management challenges

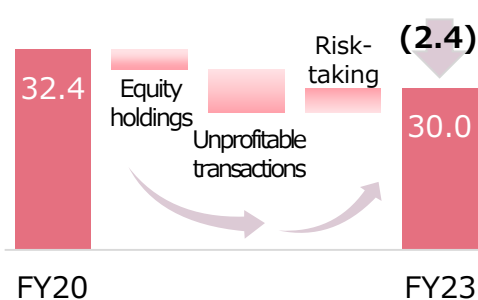


Stronger risk-taking & solutions capabilities

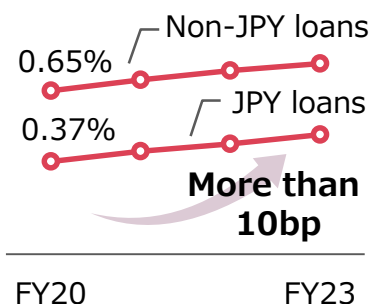
### [KPI]

Achieving ROE of 9%\*1 by both reduction of RWA and improvement of lending spread via reduction of unprofitable transactions and enhancement of risk-taking

#### RWA\*1 (¥tn)

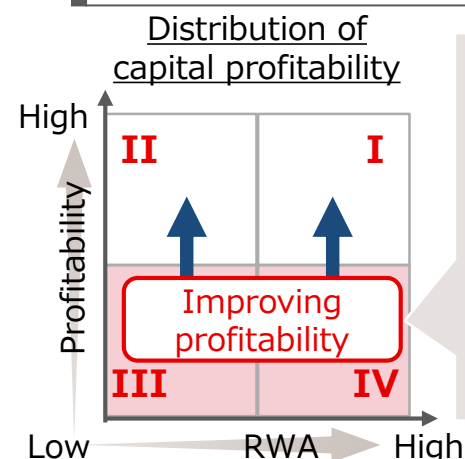


#### Lending spread\*1\*2



### Establishing a business model focusing on ROE (RORA)

Profitability



1. Performance evaluation linked to ROE
2. Visualization of expenses and capital costs
3. Thorough profit management for each customer

Shift from focus on gross profit to focus on ROE

### Strengthening the ability to confront the management issues of large corporates

Expanding business

#### Our clients

##### Changes in the industrial structure

Selection and concentration of business

Post COVID-19

Digital Transformation

##### Social issues

Decarbonization

Resource circulation

Regional revitalization

### Providing solutions for customer's challenges

↑ Consider providing solutions other than lending (investment, joint venture, etc.)

\*1 FY23 target of JCIB business group

\*2 Calculated as annual net interest income / average loan balance during the fiscal year



## II-(iii) Asia business

– “Committed to empowering a brighter future for customers in ASEAN” through strategies and initiatives for the entire ASEAN region

### Key strategies

#### ■ Support the growth of BDI

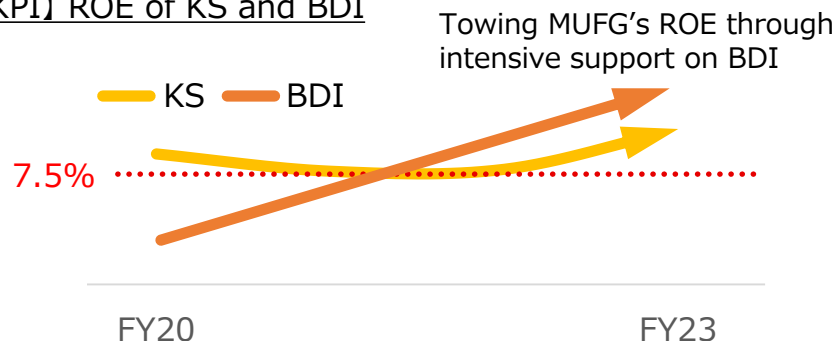
KS, ranked at fifth<sup>\*1</sup> in 2013, was listed as one of the D-SIBs<sup>\*2</sup> in 2017 and ranked at third<sup>\*1</sup> in 2020. Aim to recreate the success in BDI, through intensive support focusing on the growth of BDI in this medium-term business plan

- Enlarge customer base by MUFG collaboration **1**
- DX<sup>\*3</sup>, risk management, development of HR

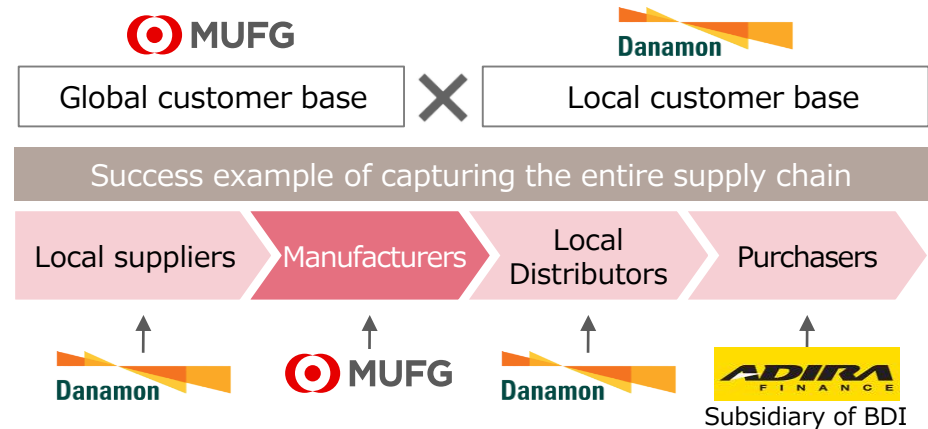
#### ■ Strategies and initiatives on entire ASEAN operations

- Consumer finance **2**
- Transaction banking
- PB<sup>\*4</sup>-Grab Collaboration (Refer to P.34)

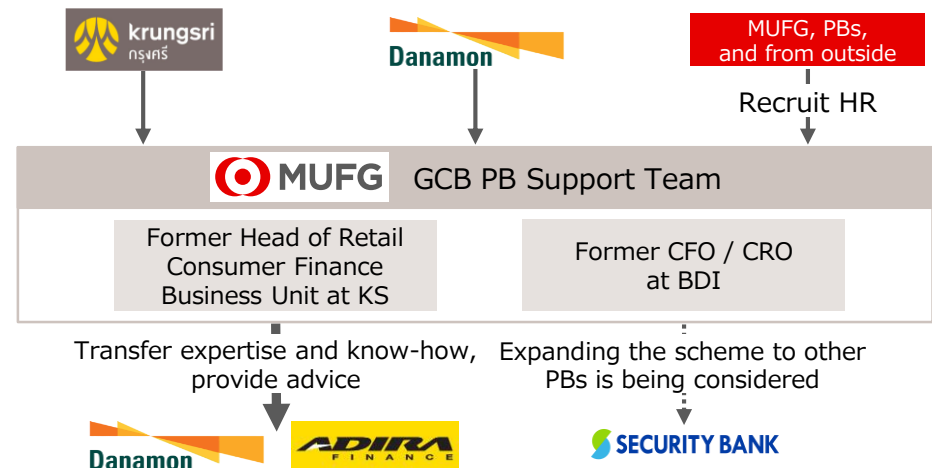
#### 【KPI】 ROE of KS and BDI



#### 1 Enlarge customer base by MUFG collaboration (Provide MUFG×PB services)



#### 2 Consumer finance (Enhanced support by a team of professionals)



\*1 Based on net profits. Ranking among domestic banks in Thailand, excluding government-funded financial institutions

\*2 Domestic systemically important banks in light of the significant presence in Thailand's financial system \*3 Digital transformation \*4 Partner bank

## II-(iv) GCIB & Global Markets

– Improve profitability by BSO\*<sup>1</sup> and expand fee income through O&D/OtoD and cross-selling

### Key strategies

#### ■ Accelerate portfolio optimization

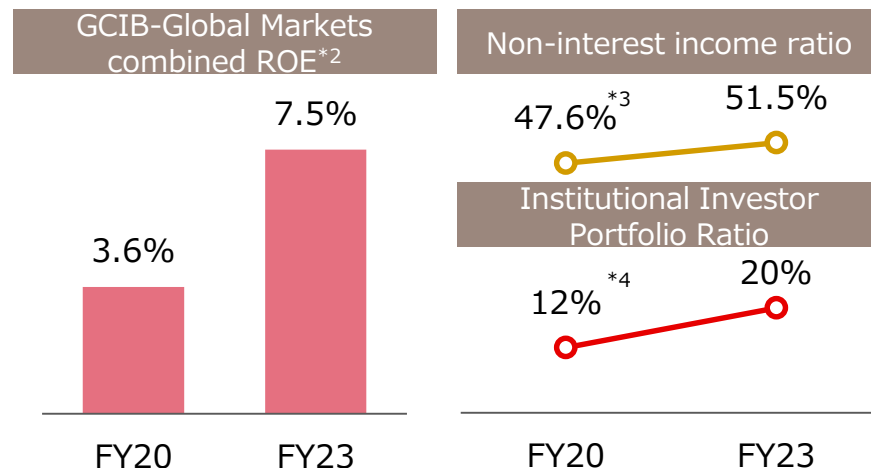
- Disciplined deal screening and efficient asset control
- Rebalancing the portfolio to institutional investors

#### ■ Enhance O&D/OtoD and cross-selling

- Leveraging client relationships with strong financing capability

#### ■ Develop appropriate risk appetite and product offering capabilities

#### [KPI]

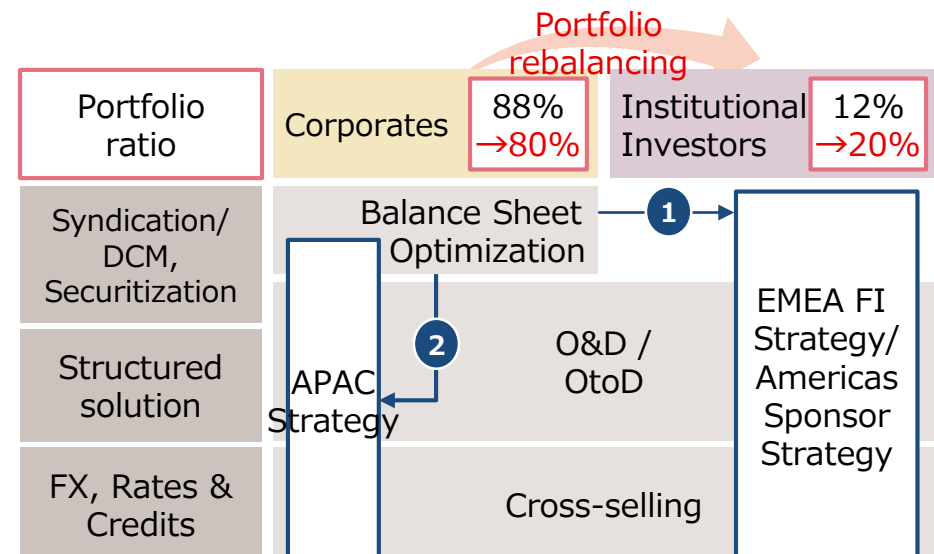


### Enhance GCIB & Global Markets integrated business strategy

① EMEA FI Strategy/  
Americas Sponsor Strategy

② APAC Strategy

- Rebalance business portfolio to institutional investors increasing presence in the financial market
- Expand fee income and improve profitability by capturing wider range of transaction needs
- Enhance O&D and flow businesses leveraging strong client relationships in corporate sector



\*1 Balance Sheet Optimization; a strategy for replacing existing assets with high-profitability assets

\*2 Targeted domains: Overall GCIB + Global Markets S&T (excl. Japanese Corporate sales)

\*3 After adjustment of one-time impacts \*4 Provisional numbers

## II-(v) Global AM / IS

– Expand lineup of professional services to meet diverse customers' needs in growing markets

### Key strategies

#### Global AM

- Allocate resources to high-growth fields while maintaining advantages in fields in which we have strength
- Take on the development of new products to achieve sustainable growth

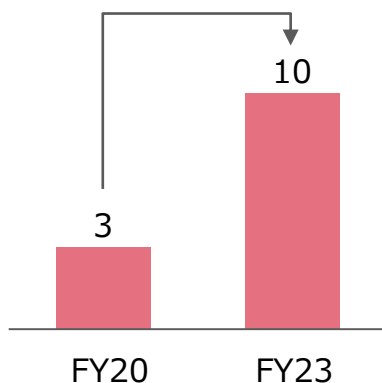
#### Global IS

- Take advantage of the "MUFG-IS" brand as a foundation to deliver a diverse range of high-value-added services
- Secure a position as a global comprehensive financial service provider

### [KPI]

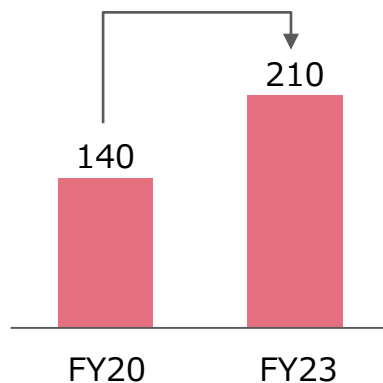
Global AM  
Net operating profits (¥bn)

+7



Global IS  
Gross profits<sup>\*1</sup> (US\$mm)

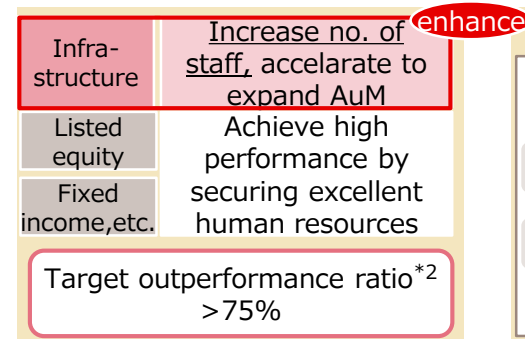
+70



Secure a position as an AM/IS player that remains the first choice for customers

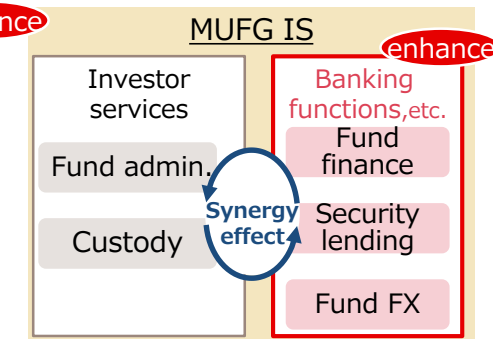
#### Global AM

- Enhance investment capability in infrastructure with high growth
- Raise AuM with high performance

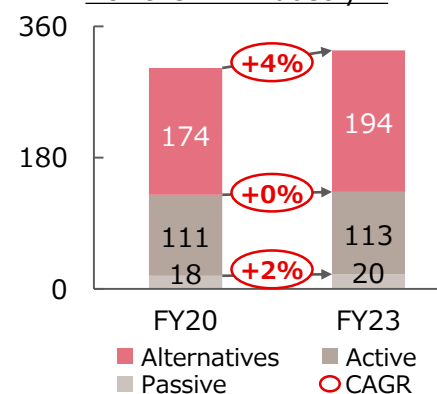


#### Global IS

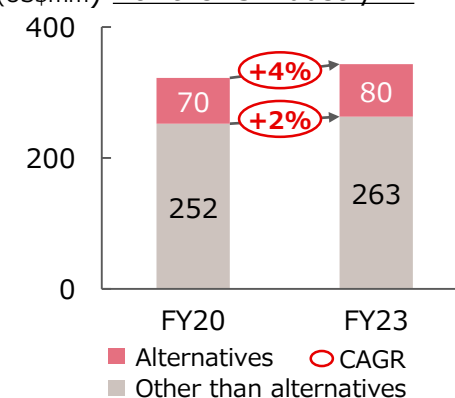
- Expand alternative fund business by enhancing high-value-added services such as banking functions



Forecast for the revenue pool  
(US\$bn) for the AM industry<sup>\*3</sup>



Forecast for the revenue pool  
(US\$mm) for the IS industry<sup>\*4,5</sup>



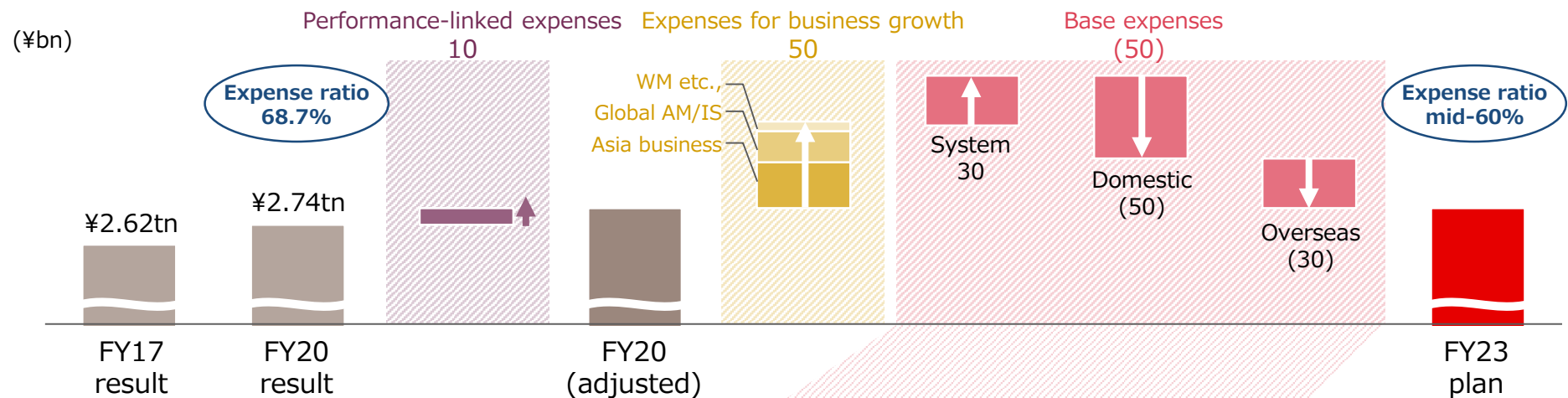
<sup>\*1</sup> Gross profits from fund finance, fund FX, interest income <sup>\*2</sup> Proportion of AuM achieving asset management performance in excess of benchmarks

<sup>\*3</sup> (Source) Made by MUFG based on BCG Global Asset Management 2020 <sup>\*4</sup> (Source) Made by MUFG based on McKinsey <sup>\*5</sup> Fund admin. + custody

## III-(i) Cost and RWA control – plan of expenses

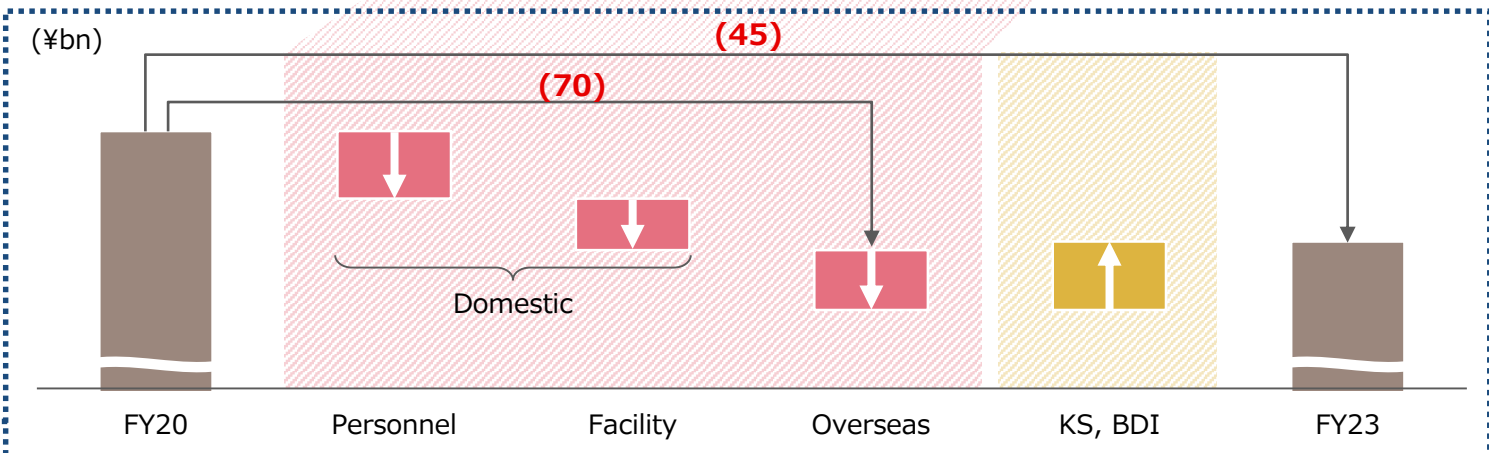
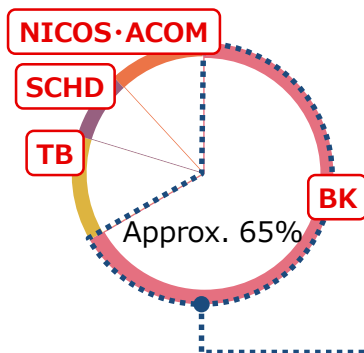
- Strictly allocate expenses in a way consistent with progress in each business.
- Reduce base expenses in order to allocate funds to the area of growth

### Plan of expenses



### Expense forecast (the Bank including MUAH, KS, BDI) \*1

#### FY20 MUFG total expense

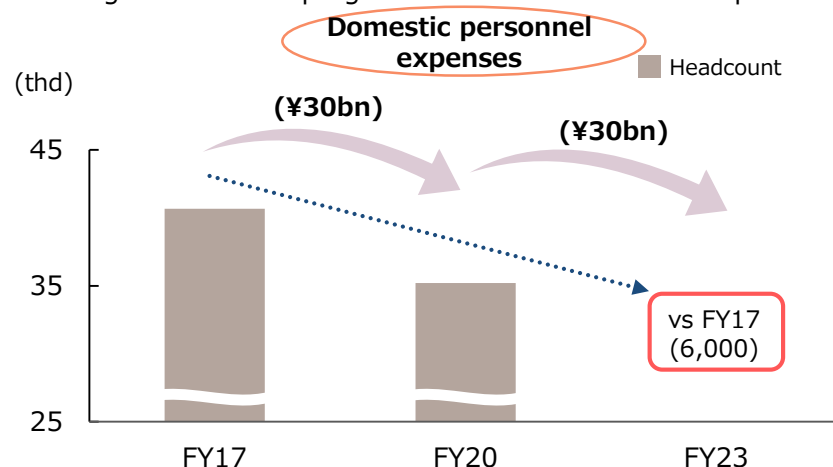


\*1 Internal managerial figure

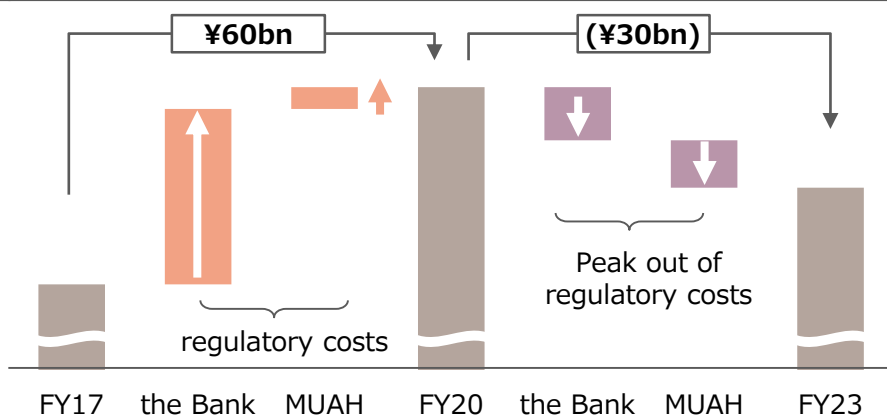
# III-(i) Cost and RWA control – initiatives of cost reduction

## Forecast of headcount\*1

- Expect a decrease in employee headcount totaling approx. 6,000 (attrition). In step with the steady reduction in workload, the downsizing of workforce progressed faster than our initial plan



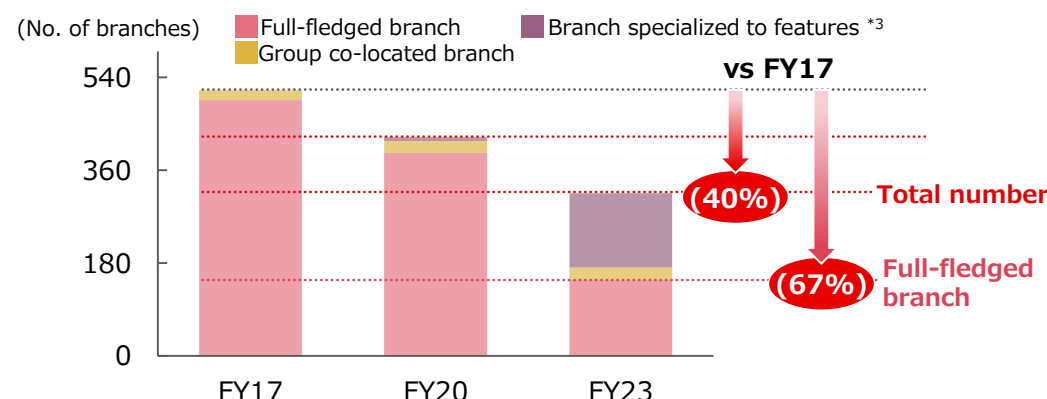
## Reduction of overseas expenses



## Facility strategy

- During the last MTBP, facility expenses stayed unchanged due to the one-off expenses associated with headquarters and data center reorganization; however, we anticipate a ¥20.0 billion reduction in expenses under the new MTBP primarily due to the reorganization

## Forecast of number of branches\*2



## Headquarters and data center reorganization

To date

- Implementation of sale and leaseback at the Chiba Center and completion of Kansai BC\*4 for moving to joint MUFG Data Center
- Review of ATM network through ATM sharing

Plan

- Relocation of headquarters functions from Marunouchi to Kojimachi (lower cost) and downsizing of offices
- Move to joint MUFG data center, Tama and Kansai BC
- Consolidation of system development centers of the Bank
- Initiate consideration of the construction of new MUFG Main Building; Renovate the Bank's main building and consolidate the headquarters functions of Group entities

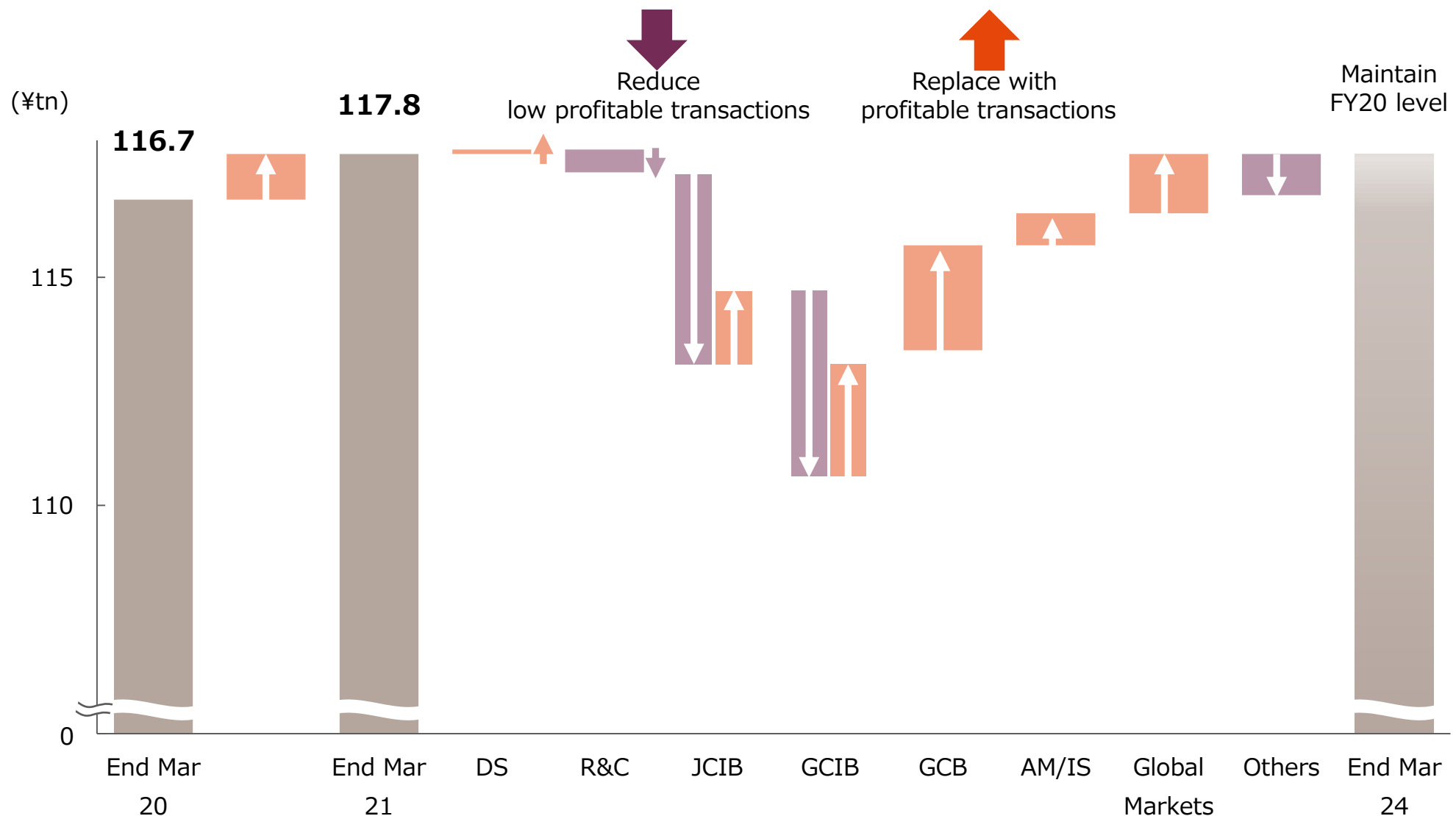
\*1 The figure includes MUFG Bank's domestic bank staff, part-time and contract staff as well as temporary staff but excludes overseas staff hired locally.

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 Business Center

## Ⅲ-(i) Cost and RWA control – plan of RWA

– Reduce low profitable transactions and replace them with profitable transactions

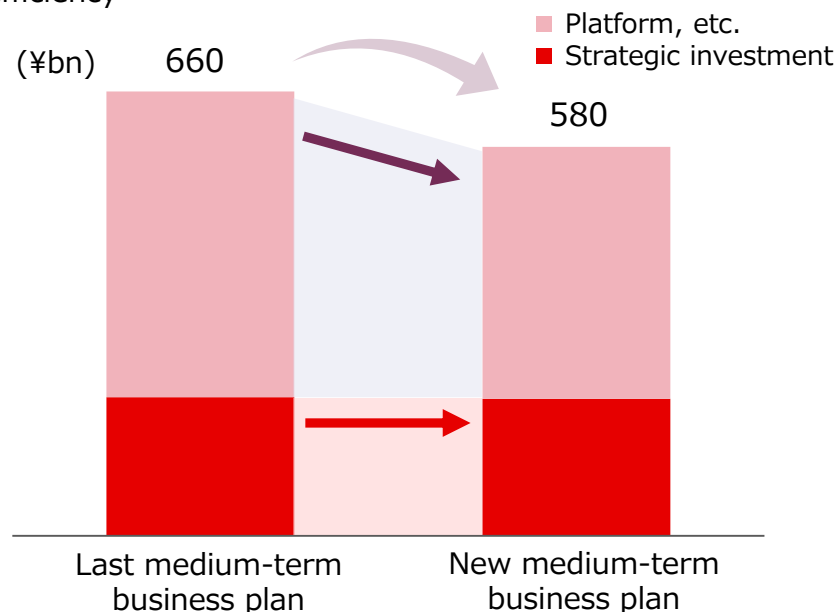


## III-(ii) Transformation of platforms and our business infrastructure

– Support transformation by revising various processes & rules and undertaking system reforms

### IT investment

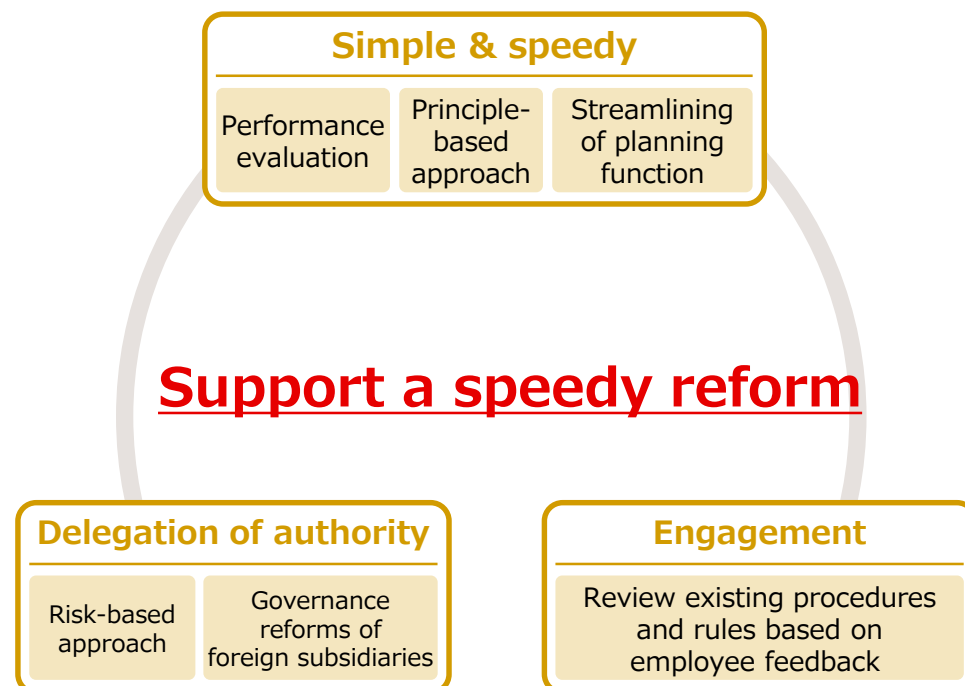
- Make necessary investments for the digital shift
- Reduce IT investment costs by taking a strictly selective approach to investment projects and improving development efficiency



- Platform, etc.**
  - Secure stability of operation while tightly controlling investment volume
  - Start the streamlining of existing systems
- Strategic investment**
  - Secure the investment budget for digital shift

### Revision of decision-making process, Simplification of internal rules

- Support a speedy reform of business operation by overhauling decision-making process and rules that are excessive and conservative



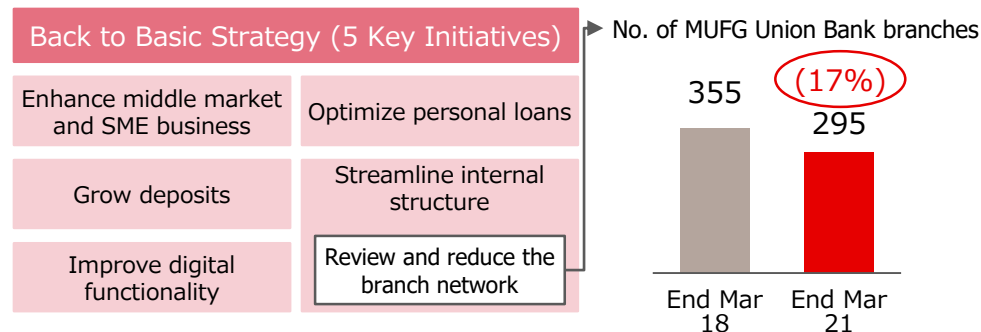


## III-(iii) Review of our business portfolios (Americas & EMEA)

- We will continue to allocate management resources based on assessment of each region's growth potential and MUFG's regional advantages

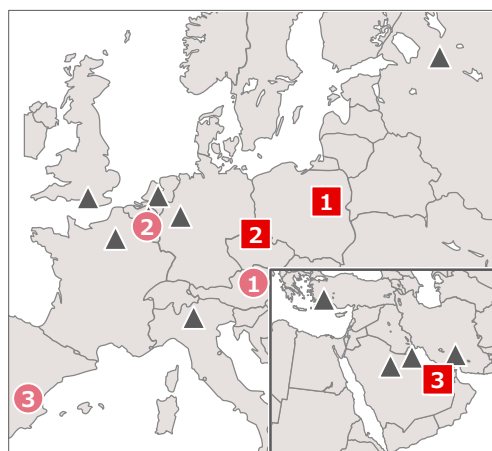
### Efforts in the Previous MTBP

- Americas: New U.S. regional banking strategy ("Back to Basic")



- EMEA: Consolidation of the office network

⇒ The functions of 6 of the 16 EMEA offices\*<sup>1</sup> have been, or are in the process of being, consolidated (a reduction of about 40%)



#### Closure

- 1 Poland Branch
- 2 Prague Branch
- 3 Abu Dhabi Branch

※ 1 2 released on May 17, 2021

#### Booking functions terminated

- 1 Vienna Branch
- 2 Brussels Branch
- 3 Spain Branch

※ 2 released on May 17, 2021

Operations transferred to Amsterdam

\*1 Branches and local subsidiaries with booking functions. Sub-branches and representative offices are excluded

\*2 Chief Operating Officer-International

\*3 Mr. Cronin was also newly appointed the MUAH CEO (dual-hatting). Most recently, he served as Head of GCIB for the Americas. Prior to joining MUFG, he held key management positions in global corporate banking at Bank of America in the U.S.

\*4 Since 2019, Mr. Winter has served concurrently as the head of London branch, MUFG Bank and the CEO of MUFG Securities EMEA. Prior to coming on board at MUFG, he was CEO of the Corporate Bank at Barclays in the UK until 2016

### Efforts in the New MTBP

- The new position of the Corporate Executive in charge of Overseas Business Transformation was established in April (COO-I\*<sup>2</sup> Futae takes on this role)
- A structure has been created which enables swift decision-making to address the challenges facing overseas business
- We will also utilize the leadership of the new Regional Executives ("REs") to execute bold reforms of business models and management infrastructure



COO-I and Sr Mgmt Corp Exec in Charge of Overseas bus. transformation Takayoshi Futae

- New RE for the Americas: Kevin Cronin

✓ Took up the post of RE in March\*<sup>3</sup>

#### Priority Challenges

Streamline organization's governance

Selective and focused business approach

Sweeping cost structure reforms



- New RE for EMEA: John Winter

✓ Took up the post of RE in April\*<sup>4</sup>

#### Priority Challenges

Generate profitable growth

Enhance efficiency

Strengthen culture

Simplify governance

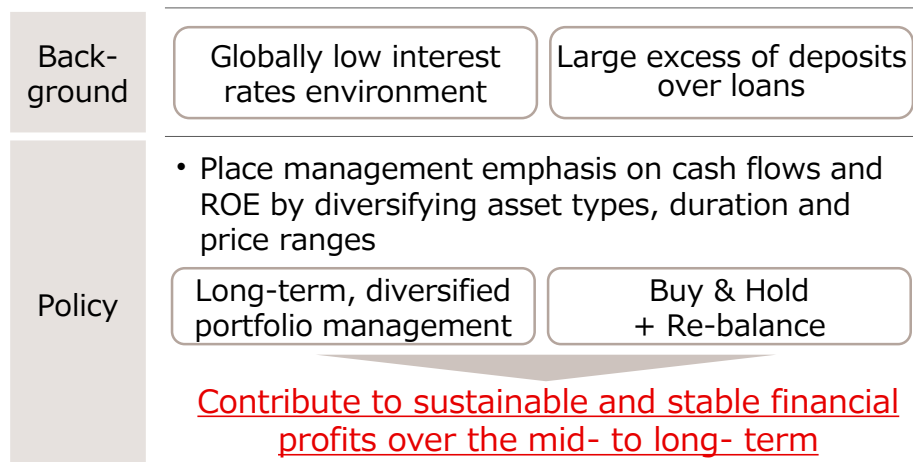




## III-(iii) Review of our business portfolios (New investment business)

– Take on a new business that involves long-term, diversified portfolio management, thereby securing profit sources from the long-term perspective

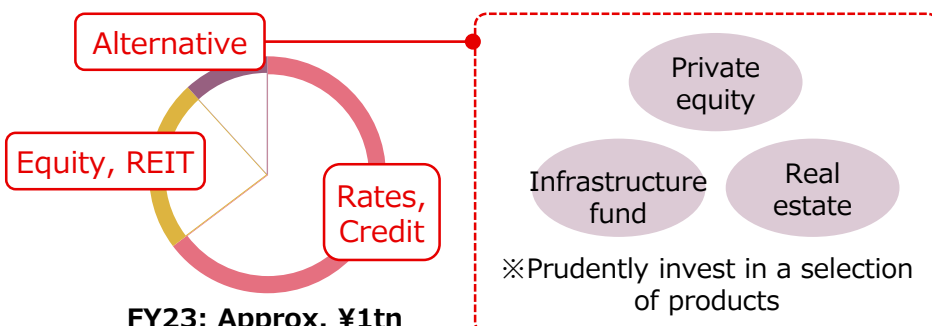
### New investment business in Global Markets Business Group



### New investment management with a long-term perspective

- Include alternative assets (e.g., private equity and real estate) that have distinctively unique risk-return characteristics into our investment portfolio along with bonds and equities

#### ■ Portfolio (image)

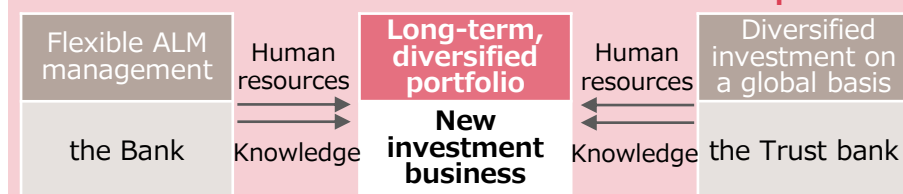


**FY23: Approx. ¥1tn**

Expecting to achieve further growth in portfolio value over the long term

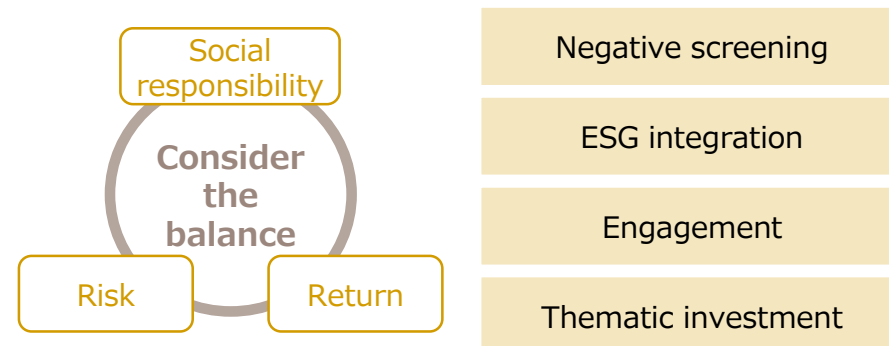
- Establish a new investment structure consolidating the expertise at the Bank and the Trust Bank
  - Rally human resources capable of market-related operations from the Bank and the Trust Bank as MUFG Group-wide project
  - Utilize Bank staff with investment experience in government bonds and equities as well as the Trust Bank staff who have handled alternative investment

### Consolidation of human resources and their expertise



### Approach to sustainability

- Also, take on sustainability fields in the medium term, with the aim of improving corporate value through ESG-oriented investment
- Satisfy both social responsibility and investment return



# Plan by business group

Consolidated		Net operating profits (¥bn)* <sup>1</sup>		Expense ratio* <sup>1</sup>		ROE* <sup>2</sup>		RWA (¥tn)* <sup>3</sup>	
Business Group		FY23 plan	vs FY20	FY23 plan	vs FY20	FY23 plan	vs FY20	FY23 plan	vs FY20
Digital Service	DS	205.0	+30.0	73%	(4%)	4.5%	+2%	9.2	→
Retail & Commercial Banking	R&C	140.0	+75.0	77%	(11%)	5%	+3.5%	16.6	→
Japanese Corporate & Investment Banking	JCIB	285.0	+45.0	51%	(5%)	9%	+4%	30.0	↘
Global Corporate & Investment Banking	GCIB	180.0	+40.0	58%	(8%)	7%	+4%	21.8	↘
Global Commercial Banking	GCB	290.0	+20.0	64%	(1%)	6%	+5.5%	19.5	↗
Asset Management & Investor Services	AM/IS	100.0	+25.0	69%	(3%)	28%	(0.5%)* <sup>4</sup>	3.4	↗
Global Markets	Global Markets	370.0	(25.0)	39%	+2%	8%	+2%	20.7	↗

\*1 Local currency basis

\*2 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)

\*3 The finalized Basel III reforms basis. Managerial accounting basis. (Estimation as of March)

\*4 +3% excluding the impact of profits on sales of AMP Capital shares

# Change in calculation method of ROE by business group

– Strengthen disciplined financial management by changing calculation methodology of ROE by each business group to correlate with financial ROE

Change in calculation methodology

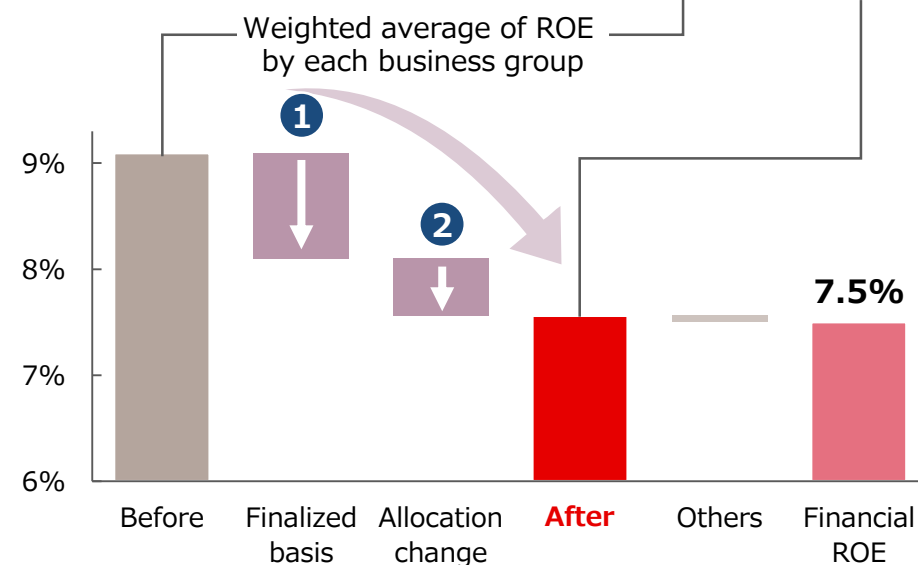
Impact on FY23 plan

Consolidated

Strengthen disciplined financial management by changing calculation method of ROE by business group

Major changes

Business group	FY23 plan for ROE	
	Before	After
DS	6%	4.5%
R&C	9%	5%
JCIB	15%	9%
GCIB	10%	7%
GCB	7%	6%
AM/IS	22%	28%
Global Markets	7%	8%



- 1 Change calculation methodology of RWA to the finalized Basel III reforms basis from the current basis
- 2 Allocate to each business group with RWA and profits/losses etc., which used to be managed by head office

# Environment, Social and Governance

# Enhancing sustainability management

– Accelerate our efforts in light of growing awareness of environmental and social issues

## MUFG's Sustainability Management (definition)

- With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we will engage in value creation employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for environmental and social issues

### Purpose

1

Integrate addressing environmental and social issues with MUFG's management strategies more closely

2

Clarify MUFG's policy to climate change issues

3

Support further evolution of sustainability management

### Major revisions in FY21

To achieve sustainable environment and society

**Identified 10 priority issues**

Target to 2050

First bank in  
Japan

**Announced MUFG Carbon Neutrality Declaration**

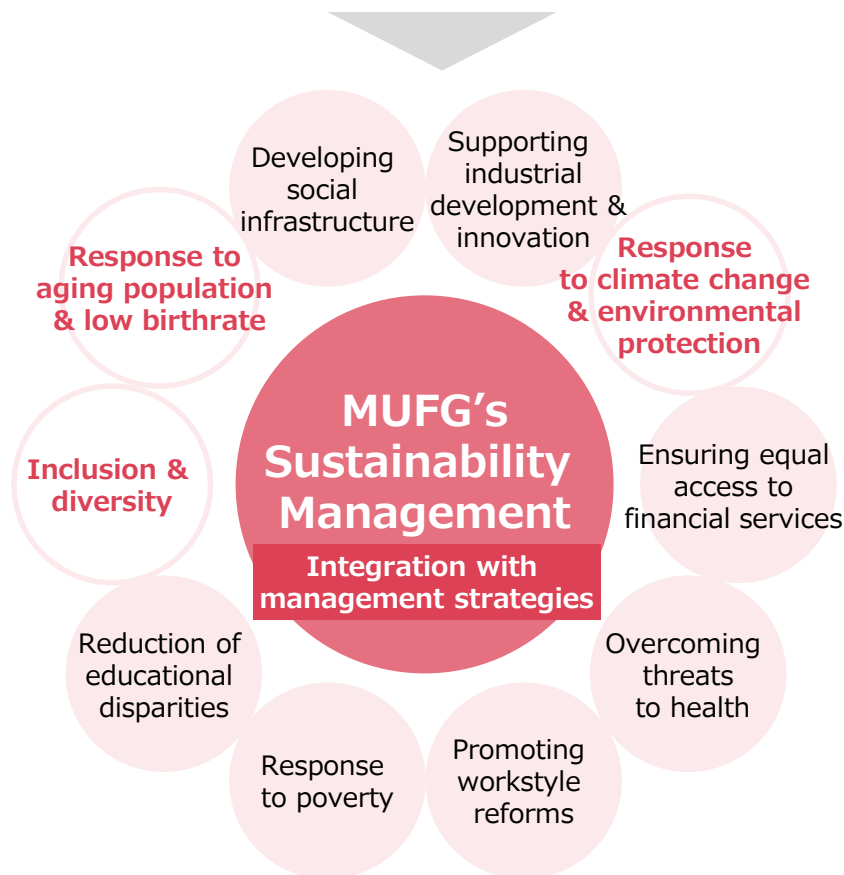
KPI of executive compensation

**Reflect external ESG evaluation elements to compensation**

# Contribution to addressing environmental and social issues

- Implement strategies and initiatives for new 10 priority issues such as responding to the climate change and aging population & low birthrate

Consider societal expectations and affinities with MUFG's business area



## Main issues and initiatives

### Response to climate change & environmental protection

- Strategic planning and execution in preparation for the transition toward decarbonized society

### Response to aging population & low birthrate

- Preparations for the era of the 100-year life and support for next generation

### Inclusion & diversity

- Supporting activities for diverse human resources

➔ Each business group is empowered to execute strategies and initiatives that address priority issues

# MUFG Carbon Neutrality Declaration

– First Japanese bank to commit to achieve net zero GHG<sup>\*1</sup> emissions in its finance portfolio

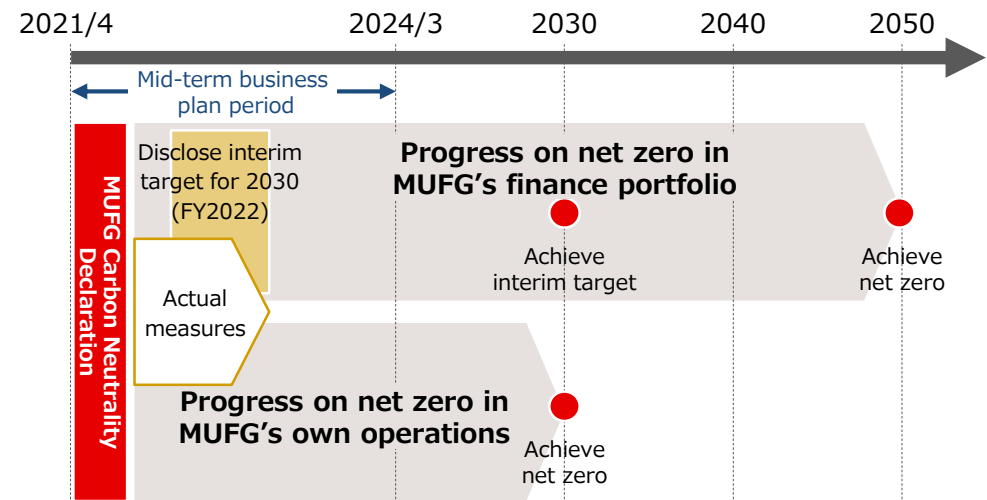
## MUFG Carbon Neutrality Declaration

**Net zero GHG emissions in its finance portfolio<sup>\*2</sup> by 2050,  
net zero GHG emissions in its own operations<sup>\*3</sup> by 2030**

### Major initiatives

- 1 Achieve decarbonization through financial services**
  - Set goals for sustainable finance: ¥35tn (incl. ¥18tn for environment)
  - Enhance financing policies
  - Disclose future credit portfolio reduction targets for corporate-loans related to coal-fired power generation<sup>\*4</sup>
  - Support renewable energy, hydrogen, next-generation energy, etc.
- 2 Promote decarbonization via MUFG's own efforts**
  - Shift to 100% renewable energy for procured electricity of domestic offices and branches<sup>\*5</sup>
  - Work on carbon offsets (afforestation, etc.)
- 3 Set targets to align with the goals of Paris Agreement, and expand and improve transparency of disclosure**
  - Set targets to align with the goals of Paris Agreement based on scientific approaches such as SBT<sup>\*6</sup>
  - Develop TCFD disclosure such as expanding the scope of sectors subject to scenario analysis
- 4 Enhance our organization to achieve carbon neutrality**
  - Approve "MUFG Environmental Policy Statement" at the Board of Directors
  - Reflect ESG elements in its executive compensation

### Roadmap of "MUFG Carbon Neutrality Declaration"



First bank  
in Japan

**Join Net-Zero Banking Alliance<sup>\*7</sup>**

- Net zero GHG emissions in its finance portfolio by 2050
- Set and disclose interim target for 2030 in FY2022
- Report the progress toward the target on annual basis

<sup>\*1</sup> Greenhouse Gas <sup>\*2</sup> Scope3 under the GHG Protocol <sup>\*3</sup> Scope1 and Scope2 under the GHG Protocol <sup>\*4</sup> We aim to disclose the portfolio reduction target for our corporate customers whose business largely involves coal-fired power generation. Progressing toward the project finance portfolio reduction target for coal-fired power generation (to halve the FY 2019 balance by FY 2030, and reduce to zero by FY 2040) <sup>\*5</sup> The Bank, the Trust bank and the Securities HD <sup>\*6</sup> Science Based Targets <sup>\*7</sup> An initiative, which was established by UNEP FI in April 2021, undertaken by banks that are committed to achieve net zero GHG emissions in their lending and investment portfolio at latest by 2050

# Environment – major initiatives

– Strengthen the execution of business strategies toward carbon neutrality by 2050

## Initiatives through financing

- Set CO2 reduction target in renewable energy project financing

Cumulative total from FY19 to FY30  
Reduce **70million t-CO2**\*1

=

Equivalent to annual  
CO2 emissions from  
about half of Japanese  
households\*2

- Promote renewable energy project



(UK)

### Dogger Bank wind power project

- Supplying **approx. 5% of UK's energy demand**



(UAE)

### Al Dhafra solar power project

- Construction of a solar power station with **the world's largest output capacity**

- Expand hydrogen business



**Largest hydrogen station** of California, US  
**FirstElement Fuel, Inc.**

- Finance US\$50million

## Initiatives of asset management business

- Promote responsible investment to resolve environmental and social issues with incorporation of ESG perspectives into all asset classes
  - Entire group's AUM: ¥90tn
  - No. of engagement : Approx. 6,700\*3
  - Signed Principle Responsible Investment (PRI) since 2006, the year the initiative was established



The 21<sup>st</sup> Century Financial Behavior Principles  
"FY20 Minister of the Environment Award"  
(the Trust Bank)

## Our own effort

- Bring forward the schedule for shift to 100% renewable energy for procured electricity

by FY21

Domestic offices and branches of the Bank,  
the Trust bank and the Securities HD  
**100% renewable energy**

\*1 Cumulative annual CO2 reduction effect from renewable projects MUFG has provided finance in the fiscal year, calculated based on the amount of electricity generated, facility utilization rate, and emission factors. The value is after taking into account the share of MUFG's loan arrangement or underwriting amount

\*2 Made by MUFG based on Ministry of the Environment "Survey Results on Household Carbon Emission"

\*3 Total number of engagement with companies from Jul 2019 to Jun 2020 by the Trust bank, Mitsubishi UFJ Kokusai Asset Management, and MU Investments



## Social – major initiatives

- Stepping up initiatives to address social issues by taking advantage of MUFG's business strengths; facilitating the inclusion and diversity strongly

### Expand Sustainability Linked Loan

- Provide financial services for corporates to resolve their social issues

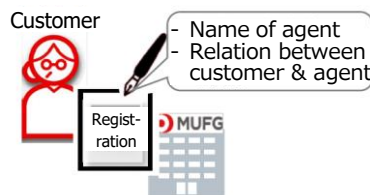
**Arrange Sustainability Linked Samurai Loan<sup>\*1</sup> / onshore syndicated loan in Thailand to a major Thai fishery processing company (the Bank-KS)**



- Set lending conditions according to the achievement status of goals such as strengthening monitoring of fishery resource protection and reducing greenhouse gas emissions

### Response to aging population & low birthrate

- Agent-registered service
  - Support by helping elderly customers smoothly enjoy financial transactions even if their cognitive and judgmental abilities deteriorate
- Family Note -app- by MUFG
  - Prepare for inheritance in the future by digital content



Expand the scope of users from the Trust Bank's customers exclusively to all domestic individual customers from mid-May 2021

### Promote inclusion & diversity

- Awarded Nadeshiko Brand<sup>\*2</sup> designation
  - Continuously conducting unconscious bias training for all employees in Japan etc.
- Received Gold Rating on PRIDE Index
  - Launched a system to recognize same-sex partnerships
- To an organization where diverse human resources play an active role



Target for ratio of women in management<sup>\*3</sup>  
**18.0%** by FY23

(Reference) 16.7% as of end of Mar 21

Target for the percentage of male employees taking childcare leave **100%**

(Reference) 85%~100% in FY20<sup>\*4</sup>



- First commercial bank in Asia Pacific issuing social bonds with proceeds directed to projects and loans to women's empowerment (KS)



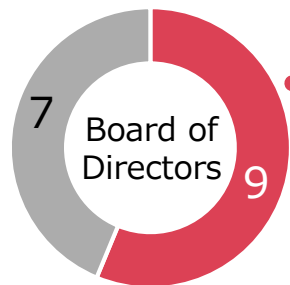
<sup>\*1</sup> Syndicated loan to an overseas company arranged with banks domiciled in Japan <sup>\*2</sup> Nadeshiko Brand designation recognizes outstanding TSE-listed enterprises that are empowering women in the workplace <sup>\*3</sup> Percentage of employees in posts above manager <sup>\*4</sup> Percentage of the use of the leave by male employees of the Bank, the Trust Bank and MUMSS whose eligibility for childcare leaves expired in FY20

# Governance

- Secure well-balanced board structure. Revised executive compensation plan for greater incentives to achieve the new MTBP and conduct sustainability management

## Well-balanced Board with independence and diversity

As of June 29, 2021



### Expertise of outside directors

	Business admin	Finance	Accounting	Law
1		●		
2		●		
3	●			
4				●
5				●
6	●			
7	●		●	
8			●	
9		●		

Independent outside :  
9 (56.2%)

Female : 4 (25.0%)

Foreign nationals :  
2 (12.5%)

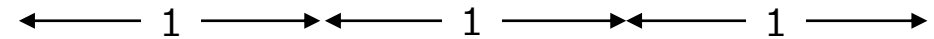
- Utilizing broad knowledges of external experts
  - Permanent external advisors in the environmental and social fields exchange opinions with the members of the Board of Directors

Rintaro Tamaki : President, Japan Center for International Finance

Junko Edahiro: Professor, Graduate School of Leadership and Innovation, Shizenkan University / President, Institute for Studies in Happiness, Economy and Society / Founder and President, e's Inc.

## Revised KPI of executive compensation

Ratio\*1



Annual base salary	Stock compensation		Cash bonus
	Non-performance-based	Mid-to long-term performance-based*2	Short-term performance-based*2

### MTBP achievement evaluation\*3

- Consolidated ROE, **consolidated amount of expense reduction, improvement of external ESG evaluation**\*4 New
- Competitive comparison evaluation\*5
- Consolidated net business profits, profits attributable to owners of parent

### Single FY evaluation\*1 \*6

- Consolidated NOP, profits attributable to owners of parent, consolidated ROE, consolidated expense amount \*7
- Status of execution of duties of Executives, etc.
  - Improvement in customer-segment profitability
  - Risks handling
  - Advances in ESG-related initiatives to promote sustainability-oriented management \*8
  - **TSR**, etc. New

### ● Stock compensation plan

- Group-wide incentive plan for directors, corporate executive officers, executive officers of MUFG and its major subsidiaries
- Subject to malus and claw-back clause, etc.
- Shares acquired shall be held continuously until retirement in principle

\*1 As for the case of Group CEO of MUFG \*2 Range: 0-150% \*3 Rate of attainment of targets of the indicators in the MTBP

\*4 Major five ESG rating agencies (CDP, FTSE, MSCI, S&P Dow Jones and Sustainalytics) \*5 Comparison of the rate of increase in the indicators from the previous fiscal year with that of competitors \*6 Determined exclusively by independent outside directors at the Compensation Committee for executives

\*7 Rate of increase/decrease of the indicators from the previous fiscal year and the rate of attainment of targets of these indicators

\*8 Includes contribution to the resolution of environmental and social concerns, improvement in employee engagement and the strengthening and upgrading of MUFG's governance structure

# Capital policy

# Basic policy (“Capital Triangle”)

– Implement well-balanced capital management

## Enhance further shareholder returns

FY18-20 : Approx. 40% of accumulated net income<sup>\*1</sup>  
FY21-23 : Progressive increase in dividends,  
flexible share repurchase



MUFG's  
Corporate  
Value

## Maintain solid equity capital

FY18-20 : CET1 ratio<sup>\*2</sup> 9.7% (end Mar 2021)  
FY21-23 : CET1 ratio<sup>\*2</sup> 9.5%-10%

## Strategic investments for sustainable growth

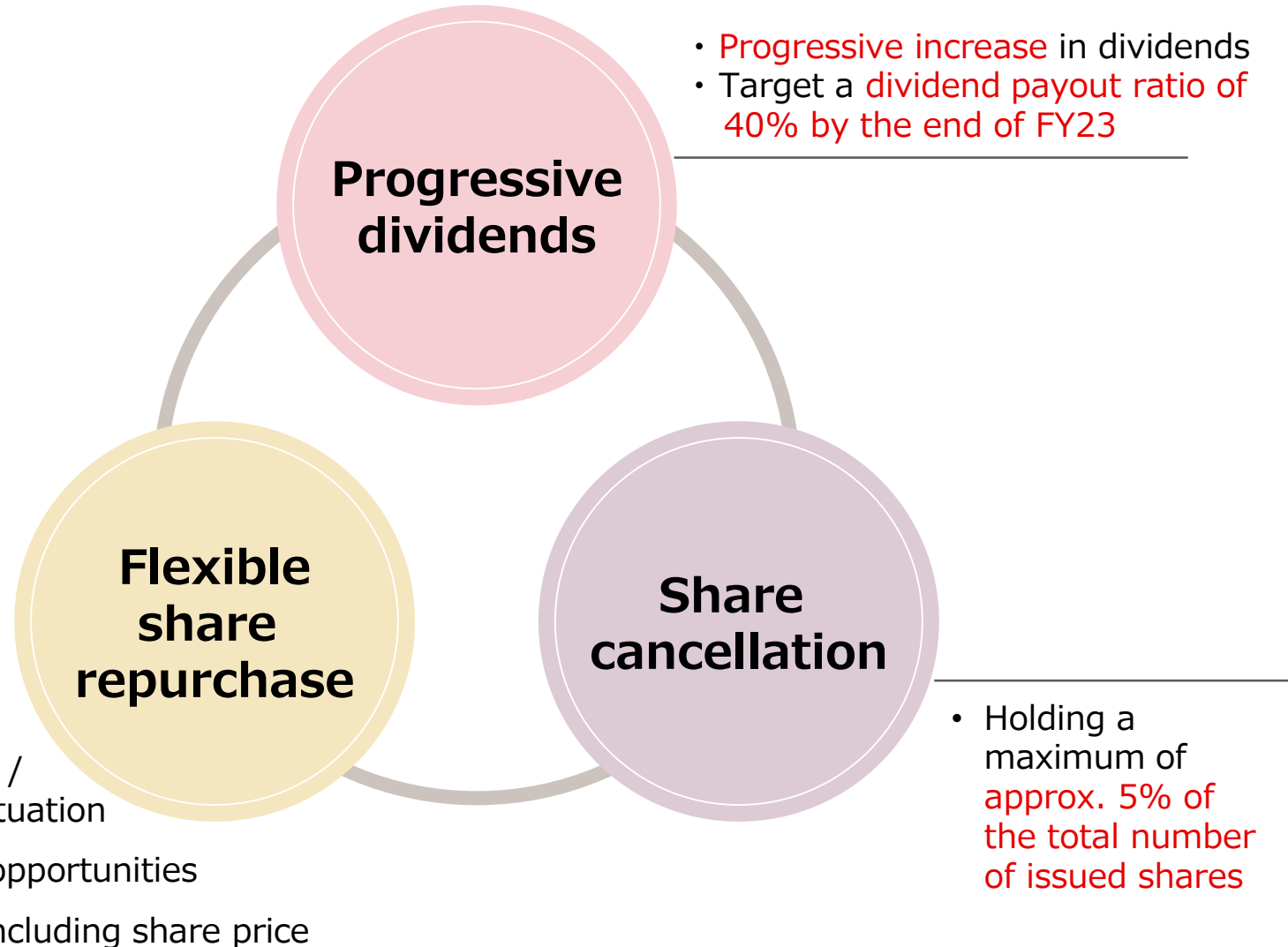
FY18-20 : Investments in BDI and FSI, etc.  
FY21-23 : Focusing on capturing returns in existing  
investments and continuous consideration of  
new investments in digital, global AM/IS

<sup>\*1</sup> Accumulated profits attributable to owners of parent excluding impairment losses  
the finalized Basel III reforms basis. Excludes net unrealized gains on AFS securities

<sup>\*2</sup> Estimated CET1 ratio reflecting the RWA increase calculated on

# Basic policies for shareholder returns

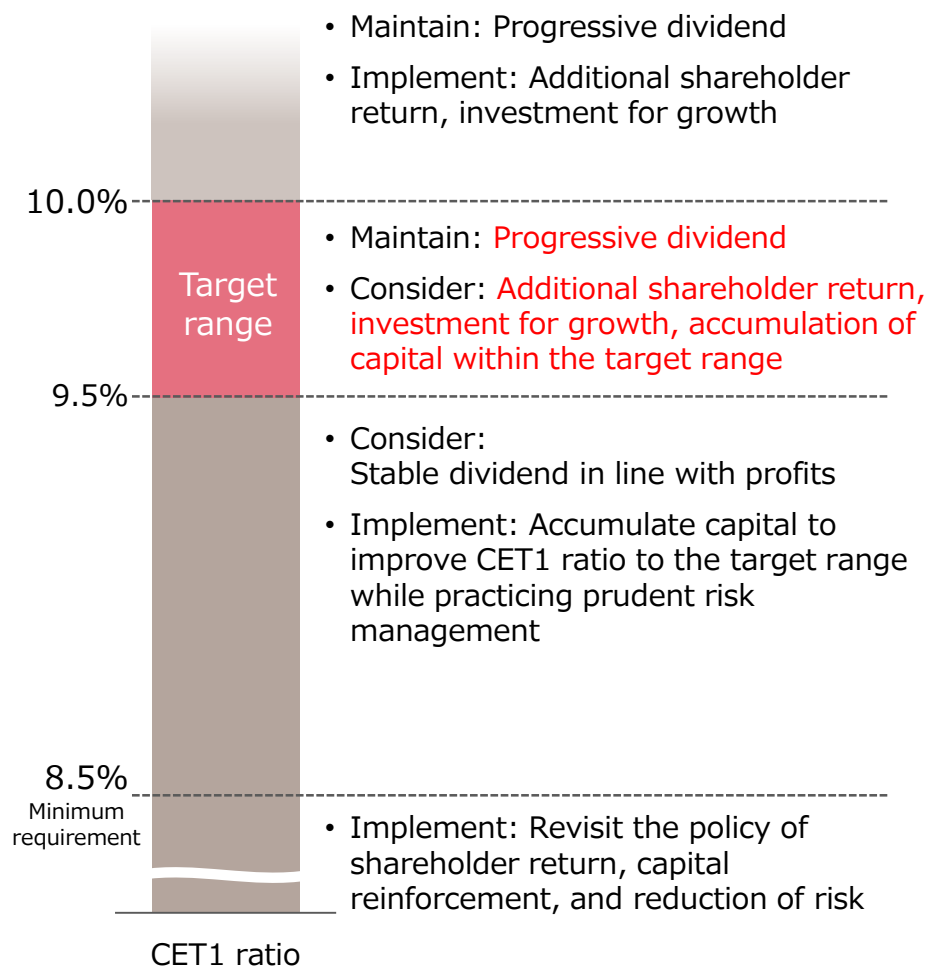
– Improve shareholder returns, focusing on dividends



# Capital management policy

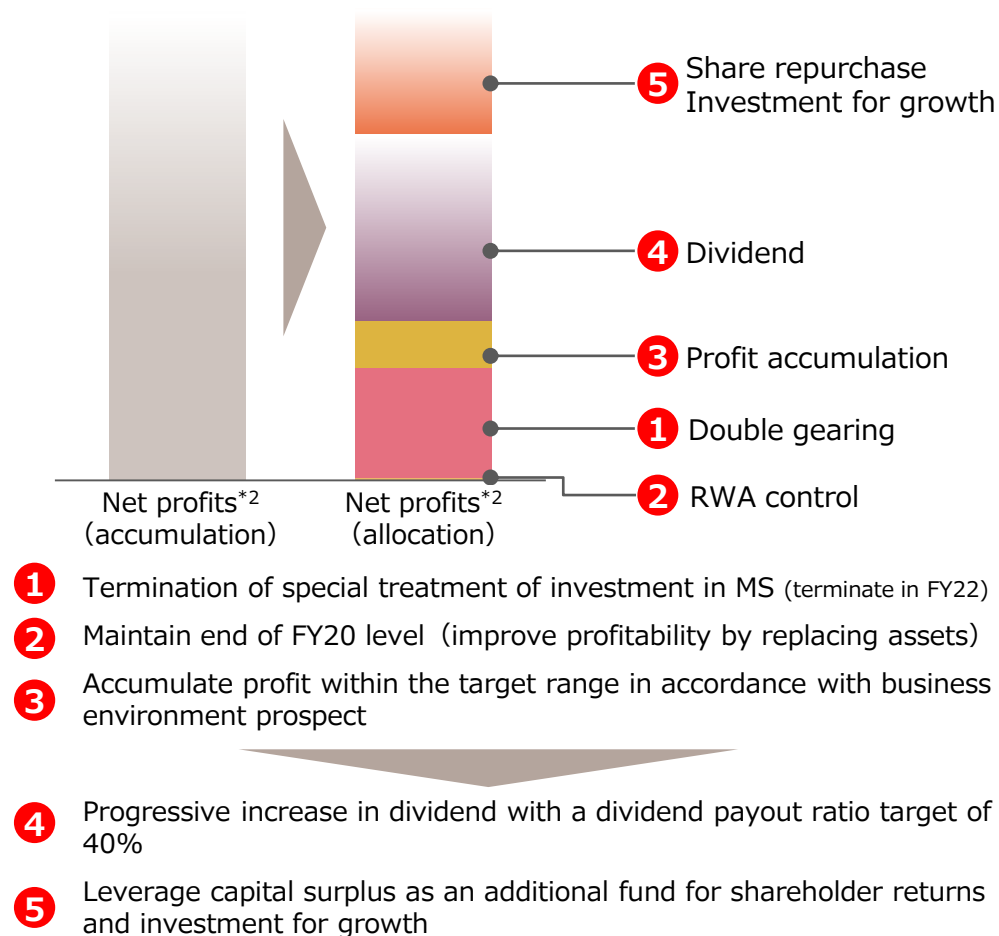
– CET1 ratio target at 9.5%–10.0%. Align our approach to capital management with CET1 ratio

## Capital management policy\*1



## Breakdown of net profits\*2 during new MTBP period (image)

¥2.5–3tn

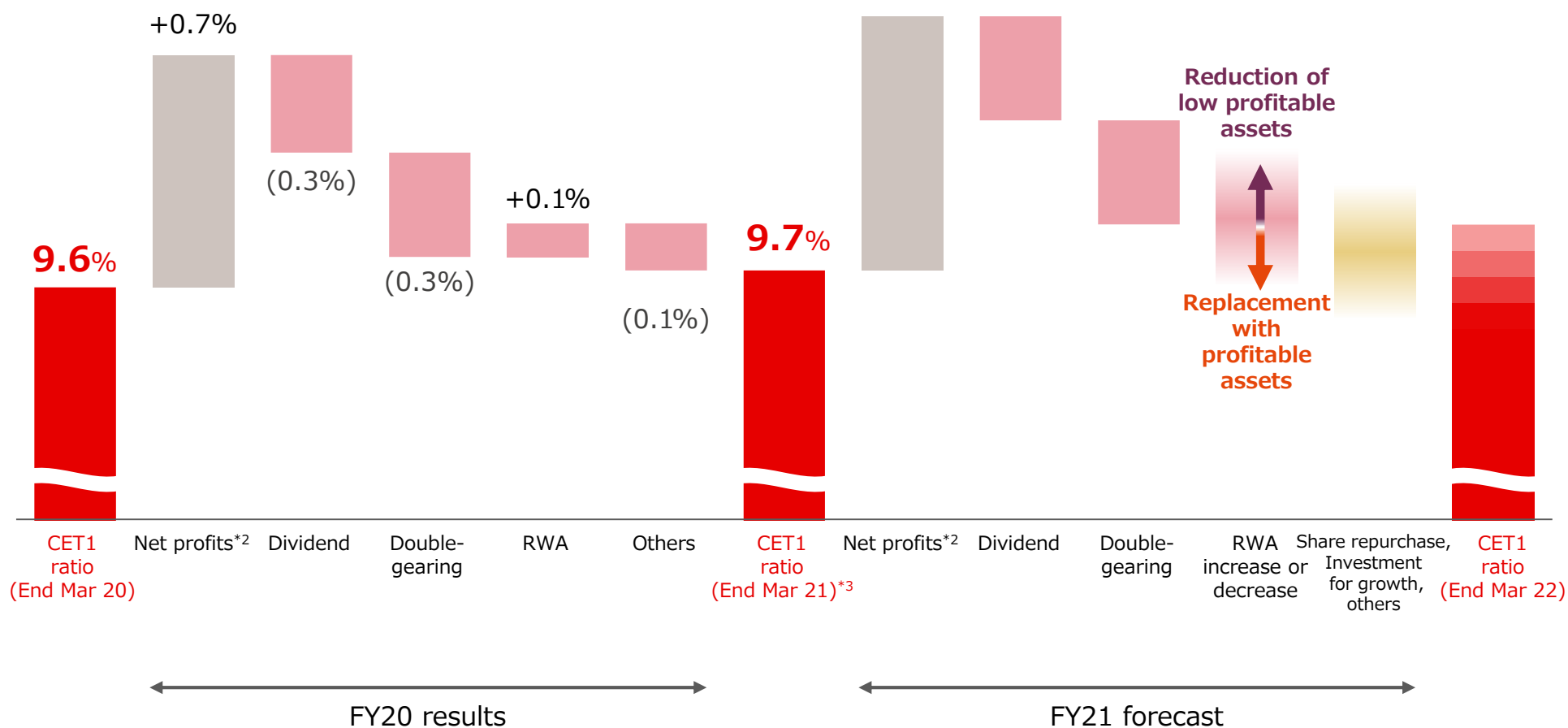


\*1 Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis. Excludes net unrealized gains on AFS securities

\*2 Profits attributable to owners of the parent

# Capital allocation

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



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

<sup>\*2</sup> Profits attributable to owners of parent

<sup>\*3</sup> Calculated by excluding impact of net unrealized gains (losses) on available for sale securities from RWA from the end of March 2021

# Results of shareholder return

## Results and forecast for FY21

■ Dividend per share ○ Dividend payout ratio



(¥bn)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21 (forecast)
Dividend	184.1	226.6	253.7	249.3	243.6	251.8	286.9	322.9	321.8	346.8
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	346.8
Net profits <sup>*2</sup>	852.6	984.8	1,033.7	951.4	926.4	989.6	872.6	528.1	777.0	850.0
Total payout ratio	22.0%	23.4%	34.2%	47.2%	47.9%	45.7%	50.1%	70.5%	41.3%	-

\*1 Dividend payout ratio excluding the impact of one-time amortization of goodwill: 37% \*2 Profits attributable to owners of parent

## FY21 concepts of shareholder return

### Dividend

- Higher net profits<sup>\*2</sup> target for FY21 vs FY20 to achieve the MTBP target (i.e. ¥1tn)
- Incrementally increase dividends to achieve our dividend payout ratio target for the final year of the MTBP

Net profits<sup>\*2</sup>:  
¥1tn or above

Dividend payout  
ratio: 40%

### Share repurchase

- With the economic uncertainties induced by the COVID-19 pandemic, we need to take a prudent approach

Continuously consider share repurchase depending on the environment while not repurchasing at this time



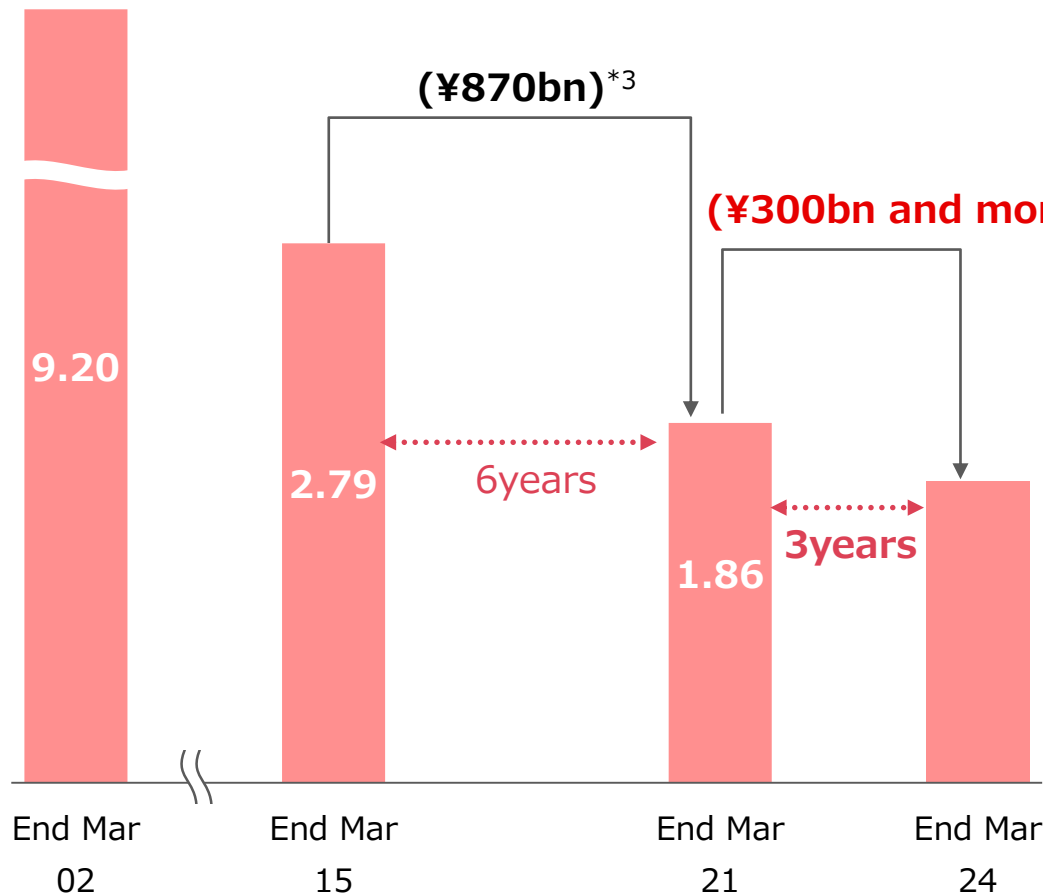
# Reduction of equity holdings\*1

– Achieved the reduction target of ¥800bn.

Reduce equity holdings by ¥300bn and more over the next three years

## Historical performance\*2

(¥tn)



## Approx. selling amount

(¥bn)	Amount of sale	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
FY20	267	137	130
<b>Total of FY15-20</b>	<b>1,545</b>	<b>870</b>	<b>675</b>
<b>FY21Q1</b>	<b>60</b>	<b>22</b>	<b>38</b>
<b>FY21-23 Target</b>	<b>300 and more</b>		
Agreed amount	-	160	-

\*1 Sum of the Bank and the Trust Bank

\*2 Acquisition price of domestic equity securities in the category of 'other securities' with market value (consolidated) \*3 Total amount of sale

# Appendix

# Income statement summary

## Income statement

Consolidated

	(¥bn)	FY20Q1	FY21Q1	YoY
1 <b>Gross profits*<sup>1</sup></b> (before credit costs for trust accounts)		1,060.8	<b>1 957.1</b>	(103.6)
2 Net interest income		469.0	<b>496.9</b>	27.8
3 Trust fees + Net fees and commissions* <sup>1</sup>		312.6	<b>365.3</b>	52.6
4 Net trading profits + Net other operating profits		279.0	<b>94.8</b>	(184.2)
5 Net gains (losses) on debt securities		165.9	<b>38.7</b>	(127.1)
6 <b>G&amp;A expenses*<sup>1</sup></b>		661.7	<b>2 673.6</b>	11.9
7 <b>Net operating profits</b>		399.1	<b>283.4</b>	(115.6)
8 <b>Total credit costs*<sup>2</sup></b>		(145.0)	<b>3 (5.1)</b>	139.9
9 <b>Net gains (losses) on equity securities</b>		6.0	<b>66.0</b>	60.0
10 Net gains (losses) on sales of equity securities		9.4	<b>69.2</b>	59.7
11 Losses on write-down of equity securities		(3.4)	<b>(3.1)</b>	0.3
12 <b>Equity in earnings of equity method investees</b>		56.6	<b>119.4</b>	62.8
13 <b>Other non-recurring gains (losses)</b>		(38.9)	<b>(3.5)</b>	35.4
14 <b>Ordinary profits</b>		277.7	<b>460.3</b>	182.5
15 <b>Net extraordinary gains (losses)</b>		(13.9)	<b>36.4</b>	50.3
16 <b>Total of income taxes-current and income taxes-deferred</b>		(62.8)	<b>(93.7)</b>	(30.8)
17 <b>Profits attributable to owners of parent</b>		183.4	<b>4 383.0</b>	199.5
18 EPS (¥)		14.29	<b>29.84</b>	15.55
19 <b>ROE (MUFG basis)</b>		5.39%	<b>10.85%</b>	5.45ppt

## 1 Gross profits

- Net interest income increased due to improvement of lending spread for overseas and domestic large corporate as well as profits from investment trust cancellation
- Trust fees, and net fees and commissions increased mainly due to domestic investment product sales and fees and commissions at FSI
- Due to the lack of net gains on debt securities earned in the previous year, gross profit decreased ¥103.6bn YoY

## 2 G&A expenses / Expense ratio

- Expense ratio rose to 70.3% due to a decrease in gross profits. G&A expenses decreased excluding impact of FX translation\*<sup>3</sup>

## 3 Total credit costs

- Total credit costs decreased significantly mainly due to improved portfolio quality and reversal of the allowance reflecting economic environment recovery mainly in U.S.

## 4 Profits attributable to owners of parent

- Profits attributable to owners of parent increased ¥199.5bn to ¥383.0bn, including an increase of ¥60.0bn net gains on equity securities reflecting steady stock markets as well as ¥62.8bn equity in earnings of equity method investees, mainly from Morgan Stanley

\*1 From FY21Q1, expenses related to credit cards, which were previously recorded as G&A expenses, are recorded as fees and commissions expenses.

The amount of retroactive adjustment in FY20Q1 was ¥17.0bn

\*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

\*3 Impact of FX translation was approximately +¥19.0bn

# Results by business group

Consolidated	Business group	Net operating profits (¥bn)			Expense ratio		ROE*1	
		FY19	FY20	Changes	FY19	FY20	FY19	FY20
	Retail & Commercial Banking <b>R&amp;C</b>	289.6	<b>259.0</b>	(30.6)	81%	<b>81%</b>	10%*2 [10%]	<b>5%</b> [5%]
	Japanese Corporate & Investment Banking <b>JCIB</b>	248.3	<b>240.6</b>	(7.8)	57%	<b>57%</b>	14% [14%]	<b>8%</b> [8%]
	Global Corporate & Investment Banking <b>GCIB</b>	141.4	<b>156.5</b>	15.1	65%	<b>63%</b>	9% [9%]	<b>5%</b> [5%]
	Global Commercial Banking <b>GCB</b>	231.1	<b>274.2</b>	43.2	71%	<b>65%</b>	(17%)*3 [(13%)]	<b>1%</b> [2%]
	Asset Management & Investor Services <b>AM/IS</b>	71.3	<b>83.4</b>	12.2	71%	<b>72%</b>	19% [23%]	<b>24%*4</b> [29%]
	Global Markets <b>Global Markets</b>	302.8	<b>400.8</b>	98.0	44%	<b>37%</b>	5% [5%]	<b>5%</b> [5%]

\*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 6%

\*3 ROE excluding the impact of one-time amortization of goodwill and impairment loss is 5%

\*4 ROE excluding the impact of profits on sales of AMP Capital shares is 21%

# Retail & Commercial Banking

R&C

## FY20 results\*1

(¥bn)	FY19	FY20	YoY
<b>Gross profits</b>	1,533.2	<b>1,425.0</b>	(108.3)
Loan interest income	220.1	<b>215.5</b>	(4.6)
Deposit interest income	147.1	<b>112.8</b>	(34.4)
Domestic and foreign settlement / forex	141.2	<b>133.5</b>	(7.7)
Derivatives, solutions	53.7	<b>47.4</b>	(6.4)
Real estate, corporate agency and inheritance	50.8	<b>47.7</b>	(3.1)
Investment product sales	198.2	<b>199.3</b>	1.1
Card settlement	319.0	<b>285.7</b>	(33.3)
Consumer finance	296.0	<b>282.8</b>	(13.2)
Overseas	46.5	<b>34.3</b>	(12.2)
<b>Expenses</b>	1,233.3	<b>1,166.7</b>	(66.6)
Expense ratio	80%	<b>82%</b>	1ppt
<b>Net operating profits</b>	299.9	<b>258.3</b>	(41.7)
<b>ROE</b>	10%*2	<b>5%</b>	(5ppt)

## Loans / Deposits

(¥tn)	FY19	FY20	YoY
<b>Ave. loan balance</b> *3	30.8	<b>31.8</b>	1.0
Lending spread*4	0.72%	<b>0.69%</b>	(0.04ppt)
<b>Ave. deposit balance</b>	116.8	<b>128.6</b>	11.8

## KPI

	FY19	FY20	YoY
Investment assets (¥tn)	37.1	<b>41.3</b>	4.2
No. of entrusted testamentary trust	4,976	<b>4,816</b>	(160)
Gross profits of cross transactions (¥bn)*5	40.1	<b>40.6</b>	0.5
No. of effective information sharing of real estate	4,983	<b>6,289</b>	1,306
Volume of card shopping (¥tn)*6	6.0	<b>5.1</b>	(1.0)
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 6% \*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)

# Japanese Corporate & Investment Banking

JCIB

## FY20 results\*1

(¥bn)	FY19	FY20	YoY
<b>Gross profits</b>	600.3	<b>577.4</b>	(22.9)
Loan interest income	110.6	<b>133.1</b>	22.5
Deposit interest income	133.6	<b>81.7</b>	(51.9)
Domestic and foreign settlement / forex*2	81.4	<b>77.0</b>	(4.4)
Derivatives, solutions*2	76.6	<b>78.8</b>	2.2
Real estate, corporate agency	48.2	<b>52.4</b>	4.2
M&A,DCM,ECM*3	49.8	<b>47.2</b>	(2.5)
Non-interest income from overseas business	82.9	<b>80.4</b>	(2.6)
<b>Expenses</b>	337.5	<b>328.2</b>	(9.3)
Expense ratio	56%	<b>57%</b>	1ppt
<b>Net operating profits</b>	262.8	<b>249.2</b>	(13.7)
<b>ROE</b>	14%	<b>8%</b>	(7ppt)

## Loans / Deposits

(¥tn)	FY19	FY20	YoY
<b>Ave. loan balance</b>	39.5	<b>42.5</b>	3.0
Lending spread*4	0.48%	<b>0.48%</b>	(0.00ppt)
Ave. non-JPY loan balance*5	16.7	<b>16.3</b>	(0.4)
Non-JPY lending spread*4*5	0.64%	<b>0.66%</b>	0.02ppt
<b>Ave. deposit balance</b>	34.4	<b>39.9</b>	5.5
Ave. non-JPY deposit balance*5	15.3	<b>16.9</b>	1.6

## KPI

	FY19	FY20	YoY
Transaction volume*6 (\$bn)	1,131.1	<b>1,149.3</b>	18.2
No. of domestic settlement (mm)	196	<b>187</b>	(9)
M&A advisory league table*7	#2	<b>#1</b>	-
DCM league table*7	#2	<b>#2</b>	-
ECM league table*7	#3	<b>#5</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

# Global Corporate & Investment Banking

GCIB

## FY20 results\*1

(¥bn)	FY19	FY20	YoY
<b>Gross profits</b>	470.8	<b>482.3</b>	11.5
Loan interest income	177.2	<b>180.1</b>	2.9
Deposit interest income	57.5	<b>40.7</b>	(16.7)
Commission, forex, derivatives	204.8	<b>198.6</b>	(6.2)
DCM, ECM	18.9	<b>30.3</b>	11.4
Profits from large global corporates located in Japan, etc.	19.8	<b>20.2</b>	0.5
Joint venture profits with Global Markets*2	29.8	<b>34.6</b>	4.8
<b>Expenses</b>	297.2	<b>305.9</b>	8.7
Expense ratio	63%	<b>63%</b>	0ppt
<b>Net operating profits</b>	173.7	<b>176.4</b>	2.7
<b>ROE</b>	9%	<b>5%</b>	(4ppt)

## Loans / Deposits

(¥tn)	FY19	FY20	YoY
<b>Ave. loan balance</b>	23.8	<b>22.5</b>	(1.3)
Lending spread*3	1.06%	<b>1.09%</b>	0.03ppt
<b>Ave. deposit balance</b>	13.0	<b>15.3</b>	2.3

## KPI

	FY19	FY20	YoY
Distribution amount*4 (¥tn)	21.4	<b>17.6</b>	(3.8)
Distribution ratio*5	48%	<b>45%</b>	(3ppt)
GSB*6 profits (¥bn)	71.5	<b>74.9</b>	3.5
ABS league table (US)	#9	<b>#11</b>	-
Wallet share of syndicated loan and DCM (Non-IG*7)	1.22%	<b>1.13%</b>	(0.09ppt)

\*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

## FY20 results\*1

(¥bn)	FY19	FY20	YoY
<b>Gross profits</b>	760.9	<b>796.7</b>	35.8
MUAH*2	330.9	<b>326.1</b>	(4.8)
KS*3	323.9	<b>321.8</b>	(2.1)
BDI*4	114.4	<b>146.3</b>	31.9
<b>Expenses</b>	544.7	<b>521.1</b>	(23.6)
<b>(Expense ratio)</b>	72%	<b>65%</b>	(6ppt)
MUAH*2	259.4	<b>259.4</b>	(0.1)
(Expense ratio)	78%	<b>80%</b>	1ppt
KS*3	167.2	<b>153.7</b>	(13.6)
(Expense ratio)	52%	<b>48%</b>	(4ppt)
BDI*4	59.5	<b>68.2</b>	8.8
(Expense ratio)	52%	<b>47%</b>	(5ppt)
<b>Net operating profits</b>	216.2	<b>275.6</b>	59.4
MUAH*2	71.5	<b>66.7</b>	(4.7)
KS*3	156.6	<b>168.1</b>	11.5
BDI*4	54.9	<b>78.0</b>	23.1
<b>ROE</b>	(17%)	<b>1%</b>	18ppt

## Loans / Deposits

(¥tn)		FY19	FY20	YoY
MUAH*2	Ave. loan balance	7.8	7.5	(0.3)
	Ave. deposit balance	8.7	9.0	0.4
	NIM*5	2.39%	2.22%	(0.17ppt)
KS*3	Ave. loan balance	5.6	5.9	0.3
	Ave. deposit balance	4.9	5.5	0.6
	NIM*6	3.60%	3.47%	(0.13ppt)
BDI*4	Ave. loan balance	0.9	1.2	0.3
	Ave. deposit balance	0.7	1.0	0.3
	NIM	8.16%	7.40%	(0.76ppt)

\*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-K excluding figures belonging to TB/SCHD subsidiaries, JCIB, GCIB and Global Markets

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

\*4 FY19 reflected results during Apr to Dec 2019 after consolidation. Ave. loan and deposit balances were divided by 12 months. Ave. loan and deposit balances divided by 9 months were ¥1.2 tn and ¥1.0 tn, respectively

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



# Asset Management & Investor Services AM/IS

## FY20 results\*1

(¥bn)	FY19	FY20	YoY
<b>Gross profits</b>	246.3	<b>300.7</b>	54.4
AM*2	81.8	<b>131.1</b>	49.4
IS*3	102.6	<b>107.7</b>	5.2
Pension	62.0	<b>61.8</b>	(0.2)
<b>Expenses</b>	175.4	<b>216.6</b>	41.2
Expense ratio	71%	<b>72%</b>	1ppt
<b>Net operating profits</b>	70.9	<b>84.1</b>	13.2
<b>ROE</b>	19%	<b>24%*4</b>	4ppt

## KPI

		FY19	FY20	YoY
<b>AM</b>	Investment products balance of corporate customers (¥tn)	10.4	<b>11.1</b>	0.7
	Alternative products balance (¥bn)*5	379.0	<b>415.4</b>	36.4
<b>IS</b>	Global IS balance (\$bn)	686.4	<b>834.7</b>	148.3
	Balance of domestic investment trust funds (¥tn)	74.2	<b>95.9</b>	21.7
<b>Pension</b>	DB / Balance (¥tn)	11.0	<b>12.5</b>	1.4
	DC / Increase number of subscriber (thd)*6	308	<b>437</b>	130

\*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 21%

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

## FY20 results\*1

(¥bn)	FY19	FY20	YoY
<b>Gross profits</b>	626.3	<b>668.2</b>	41.9
Customer business	341.3	<b>362.4</b>	21.2
FIC & equity	264.3	<b>277.6</b>	13.3
Corporates	113.5	<b>101.2</b>	(12.4)
Institutional investors	126.7	<b>152.9</b>	26.2
Asset management	2.1	<b>2.0</b>	(0.2)
JV with GCIB*2	74.9	<b>82.9</b>	8.1
Treasury	298.5	<b>315.7</b>	17.2
<b>Expenses</b>	282.5	<b>290.8</b>	8.3
Expense ratio	45%	<b>44%</b>	(2ppt)
<b>Net operating profits</b>	343.8	<b>377.4</b>	33.7
Customer business	117.7	<b>137.5</b>	19.8
Treasury	244.9	<b>256.6</b>	11.7
<b>ROE</b>	5%	<b>5%</b>	0ppt

## KPI

	FY19	FY20	YoY
Derivative revenues from strategic fields*3 (¥bn)	8.5	<b>10.5</b>	2.0
Client value*4	101	<b>130</b>	29pt
Digitalization ratio of FX rate contracts*5	72%	<b>76%</b>	4ppt

\*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

# Investment and alliance with Morgan Stanley

- Alliance with MS focuses on collaboration in IB<sup>\*1</sup>, then expanding to WM<sup>\*2</sup> & AM/IS
- Aim to explore new collaborations by further strengthening the alliance

## History of investment and alliance with MS

### Major background

#### 2008

- Invested US\$9 billion in preferred stock in MS to fundamentally strengthen global IB operations

#### 2009

- Established a LMJV<sup>\*3</sup> to provide corporate financing services in the Americas

#### 2010

- Established MUMSS and MSMS in Japan.

#### 2011

- Appointed the second representative to MS board of directors. Shares were converted into common stock. MS became MUFG's equity method affiliate

#### At present

- Expanding collaboration in WM and AM/IS

### Results

- Out of overseas IB operations, M&A advisory and ECM make the best use of MS functions, emphasizing on improving management efficiency

- In the DCM area, where affinity with lending is high, large-scale contracts are regularly closed through collaboration that takes advantage of the strengths of both companies

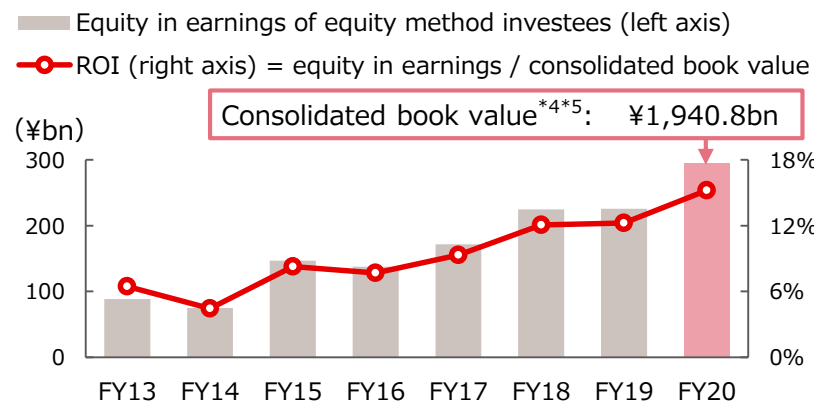
- Maintaining top-class IB league tables in Japan, centered on M&A and DCM

- Recognize MS's profit and loss by the amount of the equity ratio as equity in earnings of equity method investees

- Accelerate WM growth by learning know-hows from MS
- In AM/IS, sales of MS investment products that have strengths progressed in Japan

**Further Strengthening the Alliance  
~ Developing New Stages of Collaboration**

## Equity in earnings and ROI



## Continuous efforts on developing alliance

### Active dialogues between top management

- The Global Steering Committee (GSC) is held twice a year. Senior management, including CEOs of both companies, continue to discuss the further development of the strategic alliance.
- In recent years, collaboration and knowledge sharing progressed in WM, as discussions held at GSC being the starting point.
- Two directors (Nobuyuki Hirano and Hironori Kamezawa)<sup>\*6</sup>

### Secondment program (from 2010)

- Accumulated total number of employees dispatched from MUFG to MS is over 70<sup>\*7</sup>. Internalizing MS's advanced practices and knowledge in various fields.

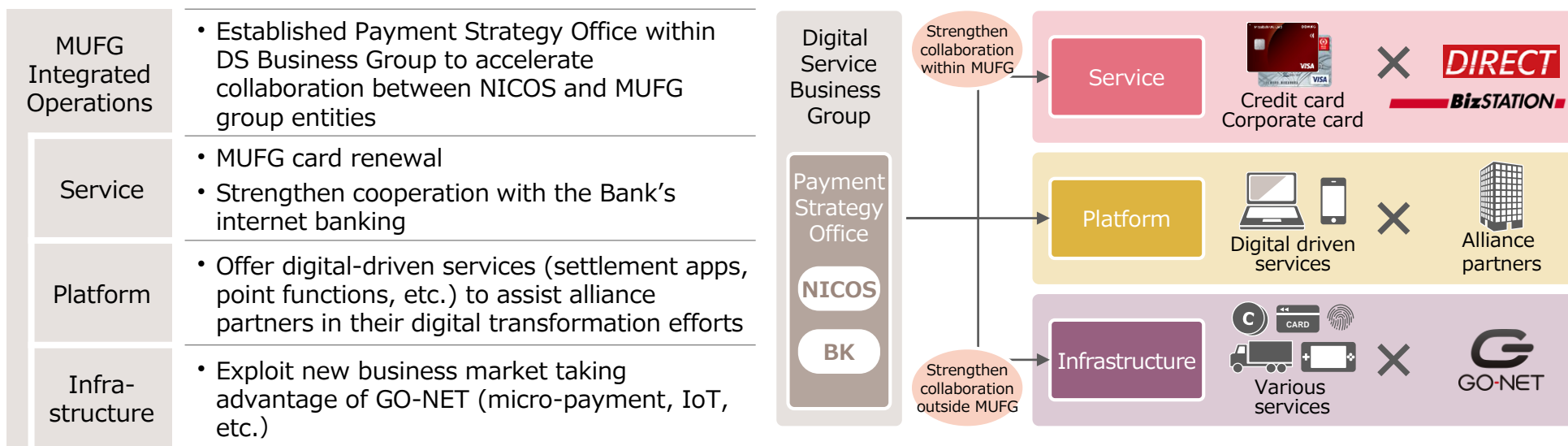
<sup>\*1</sup> Investment Banking   <sup>\*2</sup> Wealth Management   <sup>\*3</sup> LMJV : Loan Marketing Joint Venture   <sup>\*4</sup> The exception to the double-gearing regulation was lifted in stages from the end of March 2019 to the end of March 2023. Capital deductions increased. The impact on the CET1 ratio (on a regulatory finalization basis) is approx. (0.5)% as of end of March 2021

<sup>\*5</sup> Includes preferred stock

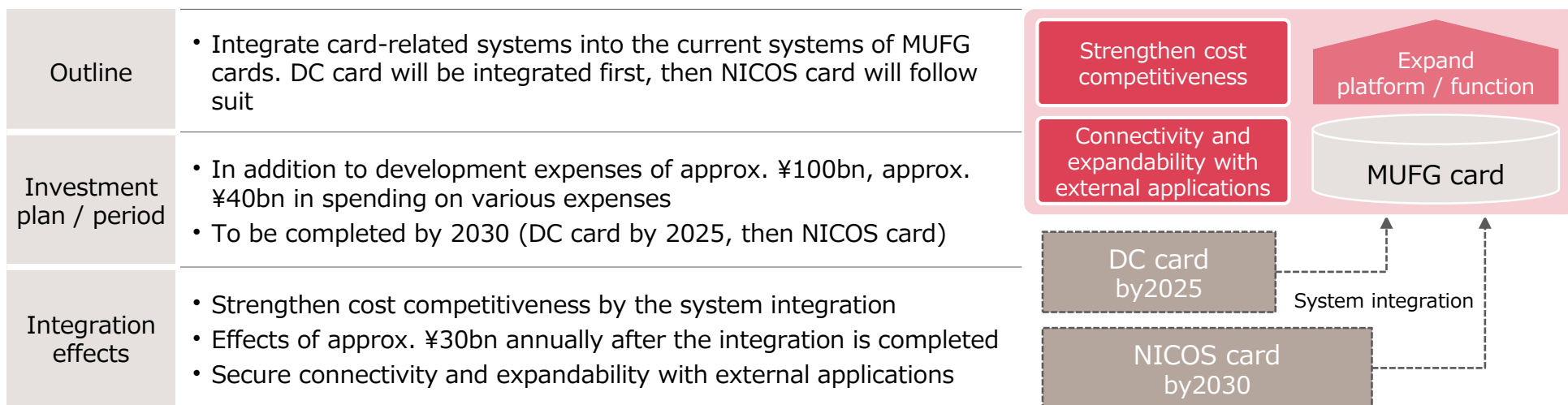
<sup>\*6</sup> Elected at the MS General Meeting on May 20, 2021   <sup>\*7</sup> As of end of March 2021

# Mitsubishi UFJ NICOS


## Growth strategy





## System integration plan



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

MUAH* <sup>2</sup> 	(¥bn)			(US\$mm)		
	FY20H1	FY21H1	YoY	FY20H1	FY21H1	YoY
Total revenue	321.2	<b>321.6</b>	0.3	2,982	<b>2,909</b>	(73)
Non-interest expenses	256.3	<b>274.7</b>	18.4	2,379	<b>2,485</b>	106
Pre-tax, pre-provision (loss) income	64.9	<b>46.8</b>	(18.0)	603	<b>424</b>	(179)
Provision for credit losses	89.5	<b>(38.5)</b>	(128.1)	831	<b>(349)</b>	(1,180)
Net (loss) income attributable to MUAH	(30.5)	<b>76.3</b>	106.8	(284)	<b>690</b>	974

KS* <sup>3</sup> 	(¥bn)			(THB mm)		
	FY20H1	FY21H1	YoY	FY20H1	FY21H1	YoY
Total income	204.6	<b>228.2</b>	23.6	58,629	<b>66,343</b>	7,714
Operating expenses	84.6	<b>84.7</b>	0.0	24,266	<b>24,637</b>	371
Pre-provision operating profit	119.9	<b>143.4</b>	23.5	34,363	<b>41,706</b>	7,343
Expected credit loss	60.5	<b>52.7</b>	(7.7)	17,355	<b>15,342</b>	(2,013)
Net profit attributable to owners of the bank	47.2	<b>72.4</b>	25.1	13,540	<b>21,048</b>	7,508

BDI* <sup>4</sup> 	(¥bn)			(IDR bn)		
	FY20H1	FY21H1	YoY	FY20H1	FY21H1	YoY
Total operating income	67.5	<b>62.8</b>	(4.6)	8,889	<b>8,166</b>	(723)
Operating expenses	32.5	<b>32.3</b>	(0.1)	4,278	<b>4,201</b>	(77)
Pre-provision operating profit	35.0	<b>30.5</b>	(4.5)	4,611	<b>3,965</b>	(646)
Cost of credit	24.4	<b>19.4</b>	(4.9)	3,211	<b>2,529</b>	(682)
Net profit after tax	6.4	<b>7.6</b>	1.2	845	<b>998</b>	153

\*<sup>1</sup> All figures are converted into ¥ with actual exchange rates as of end of each period. For FY20H1 is US\$1=¥107.74, THB1=¥3.49, IDR1=¥0.0076.

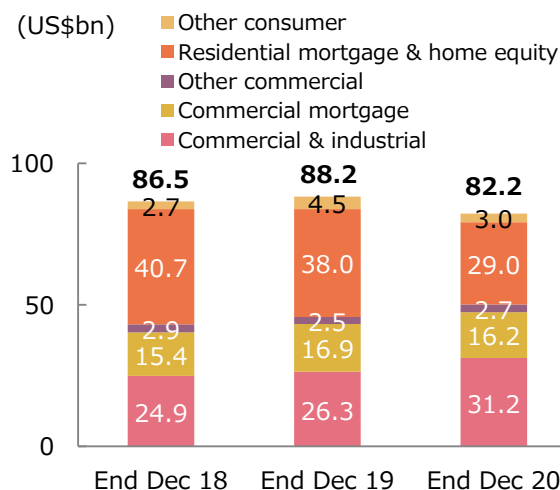
For FY21H1 is US\$1=¥110.58, THB1=¥3.44, IDR1=¥0.0077 \*<sup>2</sup> Financial results as disclosed in MUAH's 10-Q reports based on U.S. GAAP

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

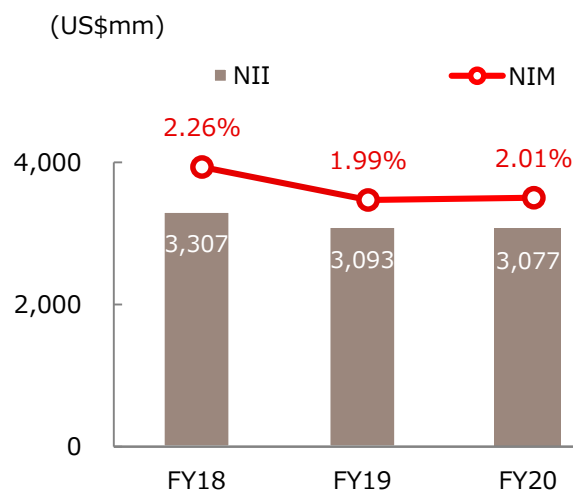
\*<sup>4</sup> Financial results as disclosed in BDI's financial report based on Indonesian GAAP. Incorporated impact from netting-off loss on restructuring to interest income

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

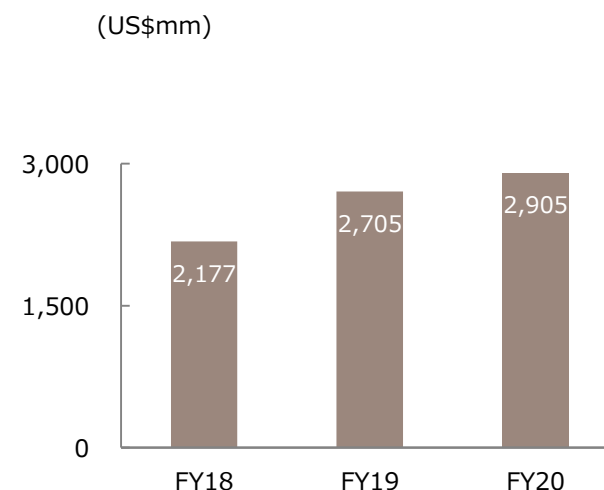
## Lending balance\*<sup>2</sup>



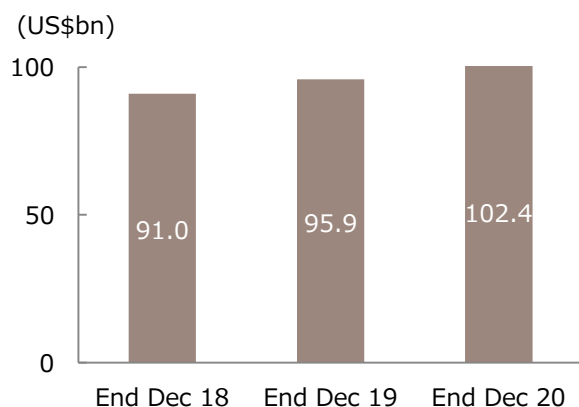
## Net interest income



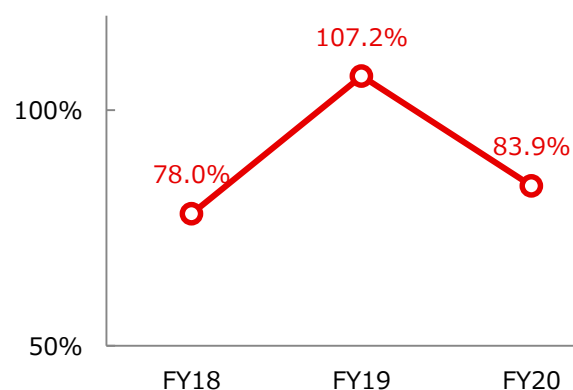
## Non-interest income



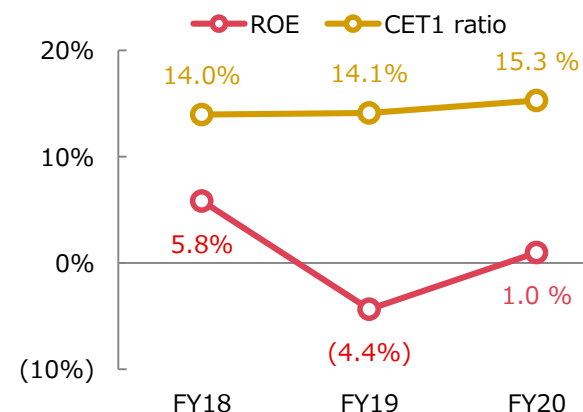
## Deposit balance



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



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



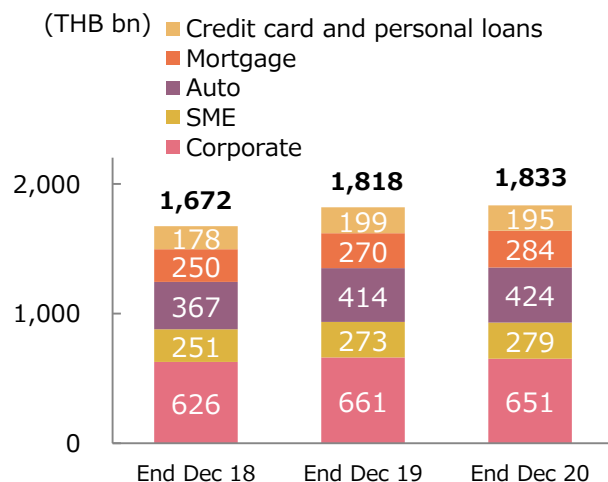
\*<sup>1</sup> Financial results as disclosed in MUAH's 10-K reports based on U.S. GAAP \*<sup>2</sup> Loans held for investment based on year-end balances \*<sup>3</sup> Efficiency ratio

\*<sup>4</sup> The adjusted efficiency ratio is a non-GAAP financial measure. Management believes adjusting the efficiency ratio for the fees and costs associated with the provision of services to MUFG Bank, Ltd. branches in the U.S. enhances the comparability of MUAH's efficiency ratio when compared with other financial institutions. Management believes adjusting noninterest expense for the impact of goodwill impairment and revenue for the impact of the Tax Cuts and Jobs Act enhances comparability between periods. Adjusted Efficiency Ratio for FY20 was 73.12%. Adjusted Efficiency Ratio for FY18 and FY19 were 72.47% and 74.69%, respectively

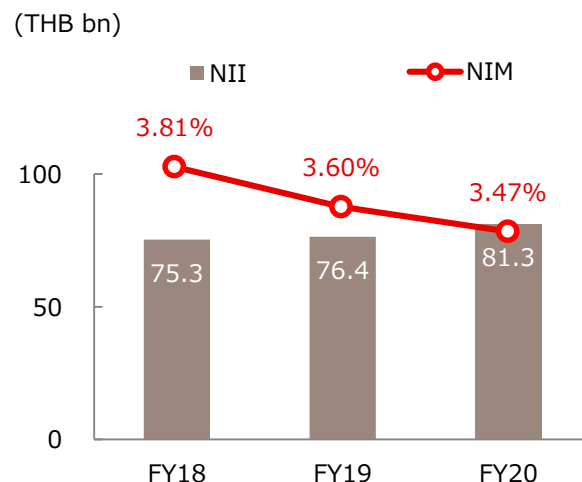
\*<sup>5</sup> U.S. Basel III standardized approach; fully phased-in. MUAH repurchased approximately US\$2.5bn of its outstanding common stock from MUFG and MUFG Bank, Ltd. in 2018

# Key figures of KS

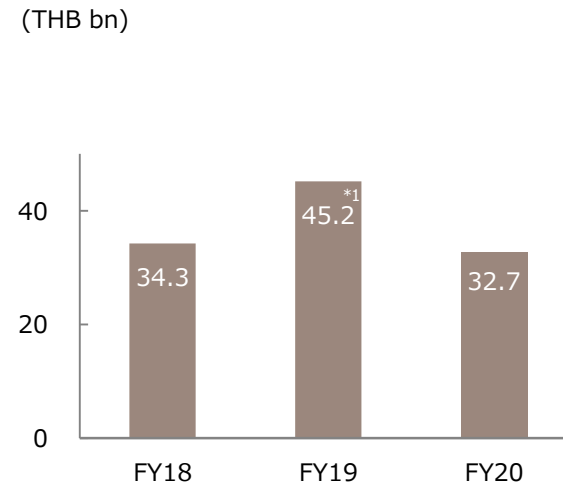
## Lending balance



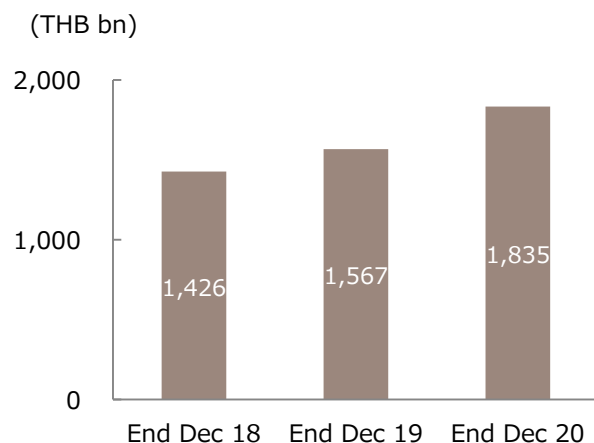
## Net interest income



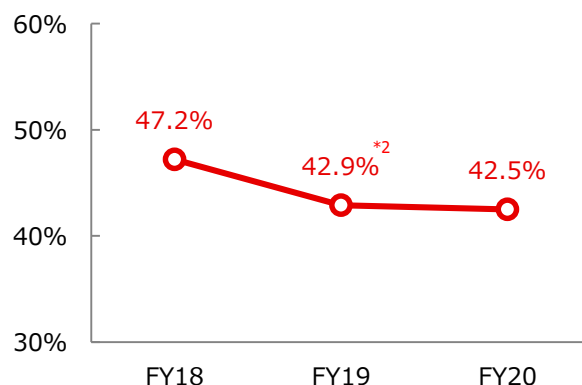
## Non-interest income



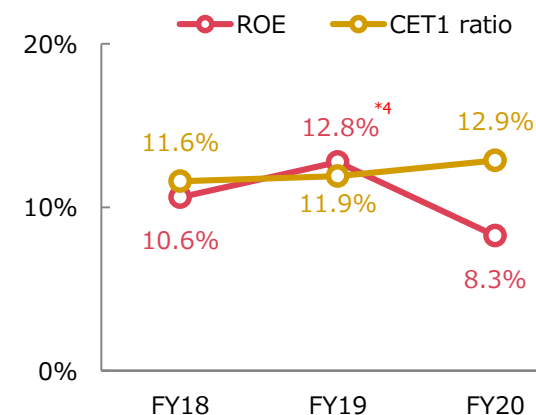
## Deposit balance



## Cost to income ratio



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



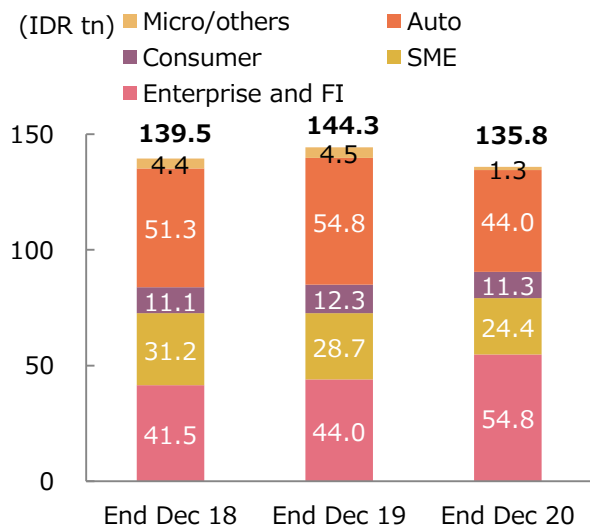
<sup>\*1</sup> Excluding one-time gains on investments from the sales of 50% of shares in Ngern Tid Lor Public Company Limited (TIDLOR) (TIDLOR transaction), normalized non-interest income for FY19 recorded at THB 36.6bn. Ngern Tid Lor Company Limited changed the status to Ngern Tid Lor Public Company (TIDLOR) on 17 December, 2020.

<sup>\*2</sup> Excluding one-time gains on investments from TIDLOR transaction and provision in accordance to the amended Labor Protection Act, normalized cost to income was recorded at 45.1% <sup>\*3</sup> Non-consolidated

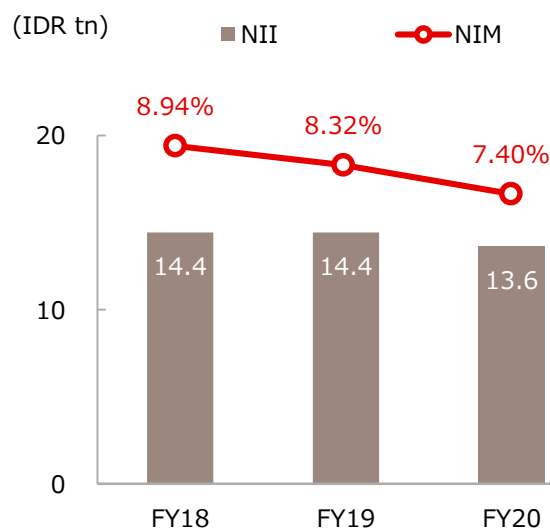
<sup>\*4</sup> Excluding one-time gains on investments from TIDLOR transaction and provision in accordance to the amended Labor Protection Act, normalized ROE was recorded at 10.5%

# Key figures of BDI

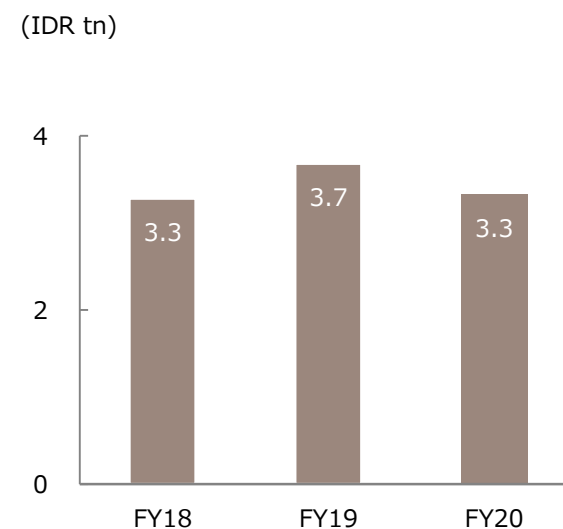
## Lending balance



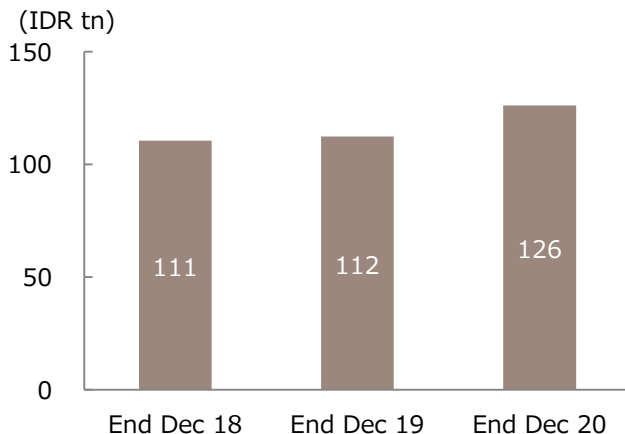
## Net interest income



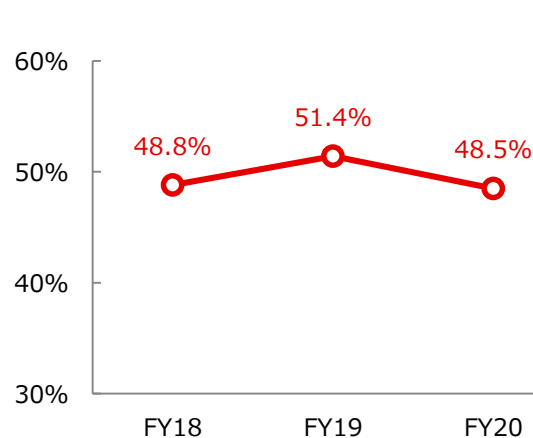
## Non-interest income



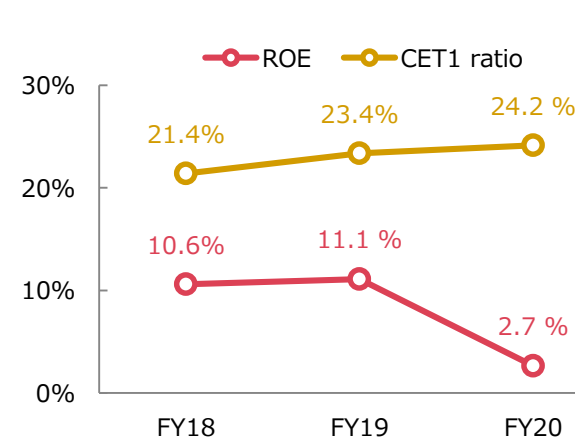
## Deposit balance



## Cost to income ratio



## ROE\*1 / CET1 ratio

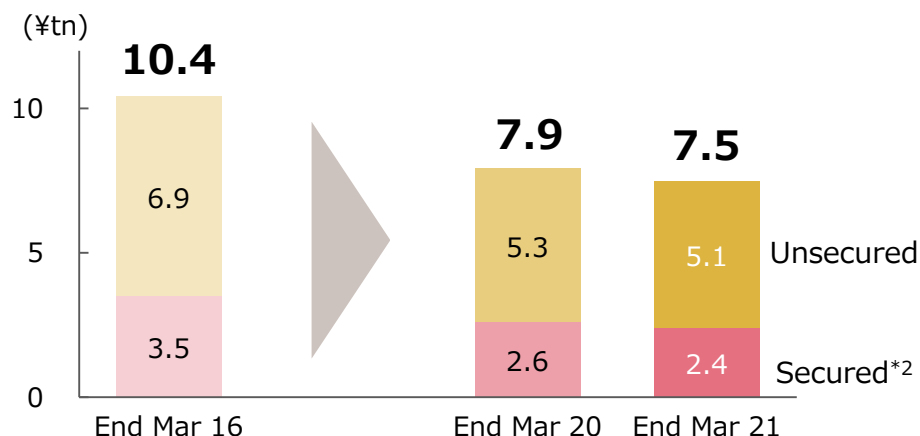


\*1 ROE in FY19 is based on OJK Circular letter No.09/SEOJK.03/2020 dated 30 June 2020 and adjusted for the previous period

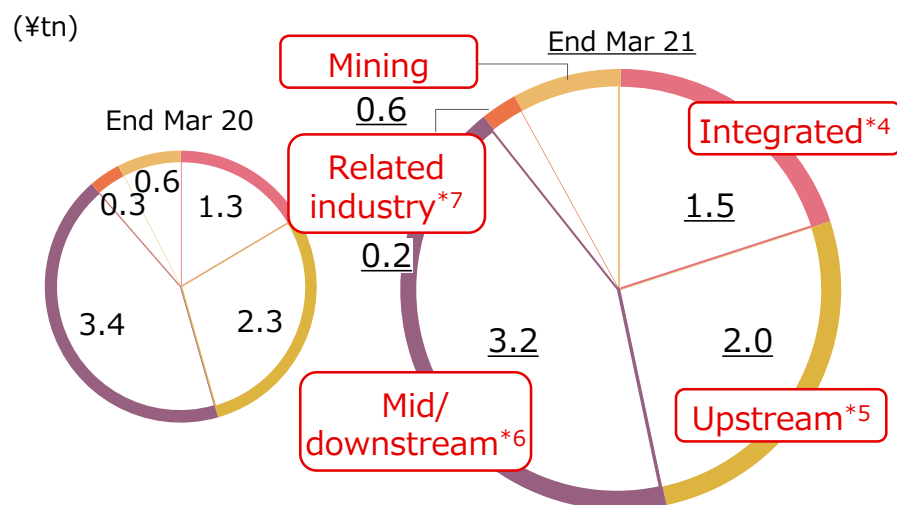


# Credit portfolio of energy and mining

## Credit exposure\*1



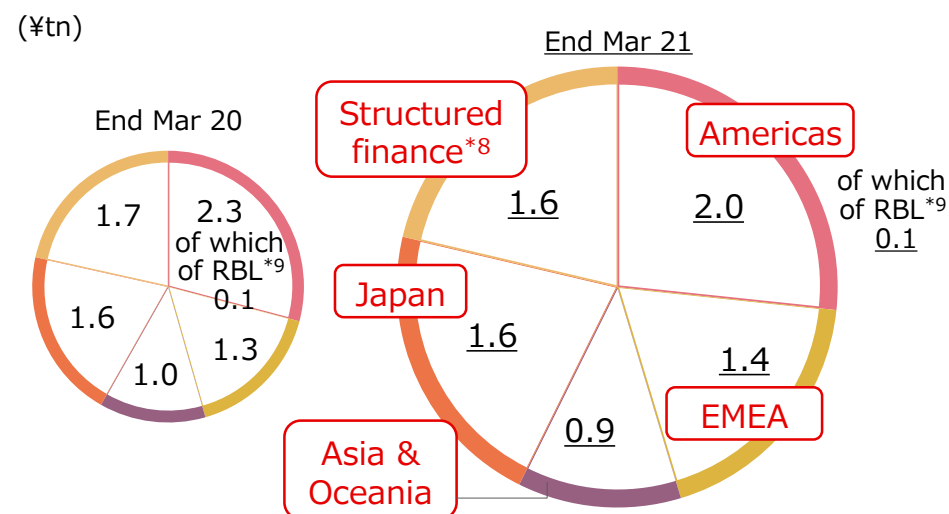
## Breakdown by sub-sector\*1



## NPLs\*3

(¥bn)	End Mar 20	End Mar 21	Changes
NPLs*3	62.1	124.1	62.0
Secured amount	45.4	92.5	47.1
Allowance	8.9	21.2	12.3
NPLs*3 (net)	7.8	10.3	2.5

## Breakdown by region\*1



\*1 Including undrawn commitment and excluding market exposure

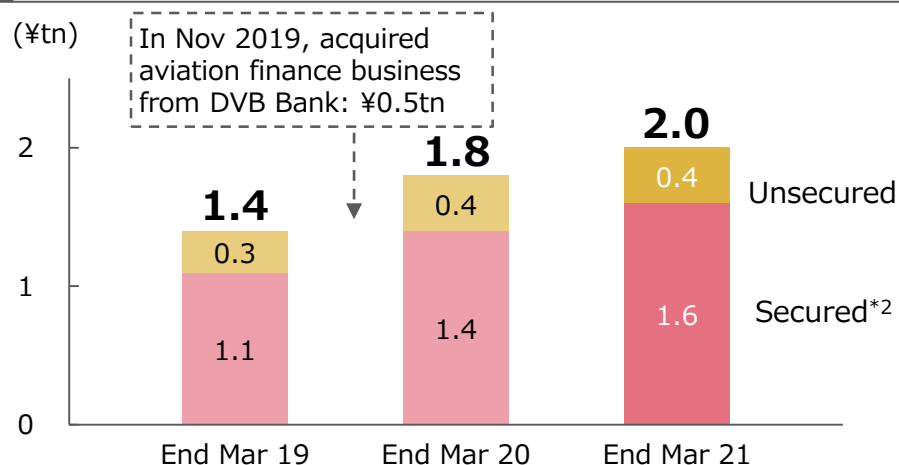
\*2 Collateralized or guaranteed \*3 NPLs are based on the relevant rules for risk-monitored loans under Japanese Banking Act, except for NPLs in overseas subsidiaries which are based on each subsidiary's internal criteria \*4 Integrated business from upstream to downstream

\*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

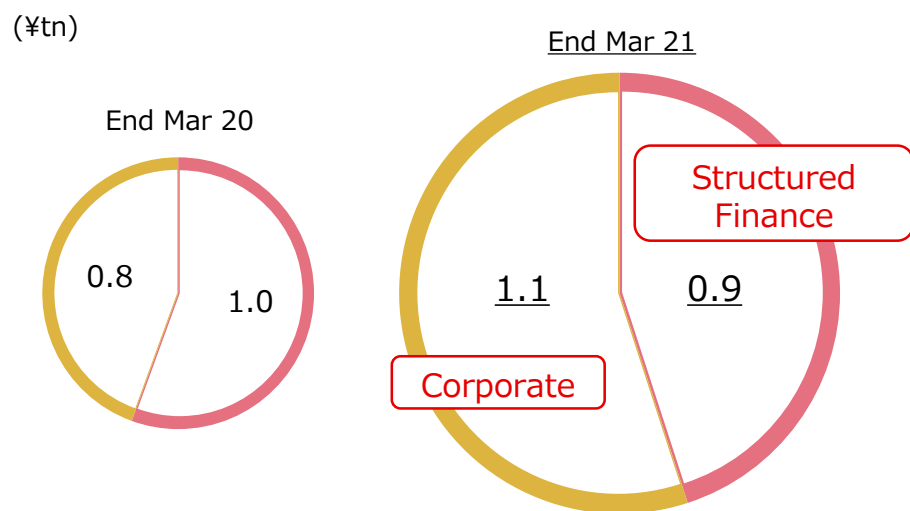
Note: All figures are on managerial accounting basis, aggregating internal management figures of each subsidiary

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

## Credit exposure\*1



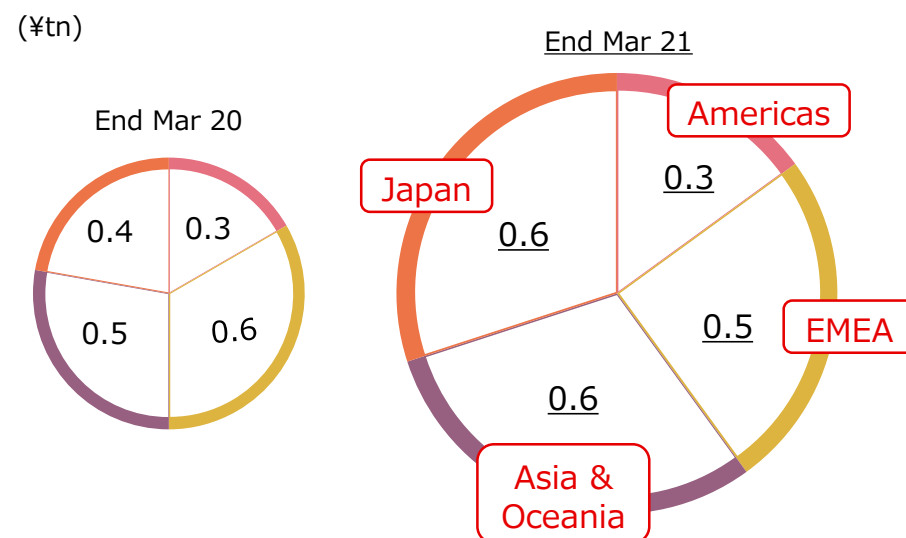
## Breakdown by structure\*1



## NPLs\*3

(¥bn)	End Mar 20	End Mar 21	Changes
NPLs*3	22.5	95.4	72.9
Secured amount	19.7	56.4	36.7
Allowance	0.8	23.2	22.4
NPLs*3 (net)	2.0	15.6	13.6

## 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

# History of strategic investment

2012

2020

Strategic investment

Asian commercial banks



Approx. ¥63bn\*1



Approx. ¥536bn\*1



Approx. ¥89bn\*1



Approx. ¥687bn

Global AM/IS

2013-

7 acquisitions\*2



Approx. ¥76bn



Approx. ¥300bn

AM/IS business group's ROE\*3 = 24%

Digital related

Investment in open innovation over 30 investees

Approx. ¥46bn



Approx. ¥78bn

Divestment



Approx. ¥68bn



Approx. ¥45bn



Approx. ¥49bn



Approx. ¥10bn



Approx. ¥36bn

\*1 Initial investment amount \*2 Butterfield, Meridian, UBS AFS, Capital Analytics, Rydex, Point Nine, Maitland

\*3 ROE for FY20, excluding the impact of profits on sales of AMP Capital shares is 21%

# Relationship between Eleven Transformation Initiatives and strategies under new medium-term business plan

- The Eleven Transformation Initiatives are merged into business group strategies under the new MTBP\*1.
- A portion of these initiatives are being realigned and expected to be implemented as key strategies under the new MTBP

1 Digital Technology

2 Sales Channel

3 Wealth Management

4 New Model for Wholesale Banking in Japan

5 Real Estate

6 Asset Management in Japan

7 Institutional Investors

8 Global CIB

9 Overseas Operations

10 Human Resources

11 Corporate Center Operations

Expansion of business portfolio  
(consolidation of BDI, FSI)

I -(i) Digital transformation

II -(i) Wealth management

Merged into business group strategy

II -(ii) Approach of proposing solutions to customer's issues

Merged into business group strategy

II -(iv) GCIB & Global Markets

Merged into operations of corporate center, etc.,

II -(iii) Asia business

II -(v) Global AM/IS

\*1 Medium-term business plan

# 10 priority issues on sustainability management

10 priority issues	SDGs	Major initiatives
1 Response to aging population & low birthrate	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION	<div>BS</div> Supporting preparations for the era of the 100-year life (asset formulation, investment-related education etc.) <div>BS</div> Assisting smooth business succession <div>SC</div> Support for the next generation
2 Developing social infrastructure	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<div>BS</div> Financing and investing to infrastructure for a sustainable society <div>IHE</div> Response to anti-financial crime to provide safe and secure payment infrastructure
3 Supporting industrial development & innovation	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<div>BS</div> Support for start-up companies and growing enterprises <div>BS</div> Support for new businesses creation
4 Response to climate change & environmental protection	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	<div>BS</div> Support for innovation and transition towards a decarbonized society <div>BS</div> Promoting priority areas, "renewable energy", "hydrogen and next-generation energy", "carbon recycling" <div>BS</div> Provision of ESG-related products and ESG-related proprietary investment <div>RM</div> Top-risk management and enhancement of "MUFG Environmental and Social Policy Framework" <div>IHE</div> Shift to 100% renewable energy for procured electricity of domestic offices and branches of the Bank, the Trust Bank, and the Securities HD by the end of FY21 <div>IHE</div> Launch of Renewable Energy Fund
5 Ensuring equal access to financial services	10 REDUCED INEQUALITIES	<div>BS</div> Support economic development of emerging and developing countries via micro finance <div>BS</div> Realizing diversification of trust products via the use of blockchain (trust tokens)
6 Overcoming threats to health	3 GOOD HEALTH AND WELL-BEING	<div>BS</div> Support healthcare-related technologies via utilizing funds etc. <div>SC</div> Donations and support for medical institutions, support for vaccine development
7 Promoting workstyle reforms	8 DECENT WORK AND ECONOMIC GROWTH	<div>BS</div> Assisting customers' workstyle reforms promotion <div>IHE</div> Promotion of paper and seal/stamp-less workflows and remote work
8 Response to poverty	1 NO POVERTY	<div>BS</div> Creation of employment opportunities for low-and middle-income people via financing and investment <div>BS</div> Provision of mortgage loans etc. via partner banks <div>SC</div> Support education for children
9 Reduction of educational disparities	4 QUALITY EDUCATION	<div>SC</div> Support for the daily life and school activities of students
10 Inclusion & diversity	5 GENDER EQUALITY 10 REDUCED INEQUALITIES	<div>BS</div> Promotion of gender equality through bond issuance etc. <div>BS</div> Invitation of I&D firms as underwriters <div>IHE</div> Efforts to raise the ratio of women in management <div>IHE</div> Improvement of a variety of systems for diverse human resources

**Raised sustainable finance goal to ¥35tn**

BS

...Business strategies

SC

...Social contribution

IHE

...In-house efforts

RM

...Risk management

# Promote initiatives to counter climate change - TCFD

## Governance

- Build a system for the Board of Directors to oversee climate change initiatives
  - The revision of “MUFG Environmental Policy Statement” was approved by the Board of Directors
- Deliberate regularly at “Sustainability Committee” chaired by Chief Sustainability Officer
- Reflect ESG elements in its executive compensation
- Establish external advisors in the environmental and social fields

■ ...Recent new initiatives

## Strategy

- Actively support financing for transition and strengthen engagement with customers
- Support renewable energy, hydrogen, next-generation energy, etc.
- Launch Renewable Energy Fund : ¥100bn, work on carbon offsets (afforestation, etc.)
- Consider reflection of climate change risk into credit process
- Enhancement of scenario analysis (2020 to 2050) : Consider expanding the scope of sectors subject to scenario analysis and utilizing NGFS\*1 scenario
  - Transition risks (energy and utility sectors): approx. ¥1bn to ¥9bn/year, physical risks (flooding): cumulative total approx. ¥38bn

## Risk management

- Recognize the risks arising from climate change as one of the Top Risks
- Consider environment and society by managing “MUFG Environmental and Social Policy Framework”
  - Revised coal-fire power generation, forestry, palm oil sectors
- Conduct due diligence based on the Equator Principles

## Metrics and targets

- Set target of GHG emissions in its finance portfolio: net zero by 2050
- Set target of GHG emissions in its own operations: net zero by 2030
  - Shift to 100% renewable energy for procured electricity of domestic offices and branches of the Bank, the Trust Bank, and the Securities HD by the end of FY21
- Raised sustainable finance goal: ¥20tn (incl. ¥8tn for environment) to ¥35tn (incl. ¥18tn for same)
- Set CO2 reduction target in renewable energy project financing\*2: 70million t-CO2 (cumulative total from FY19 to FY30)
- Set reduction target for balance of project financing to coal fired power generation project\*3: 50% from FY19 by FY30 and zero targeting by FY40

\*1 Network for Greening the Financial System \*2 Cumulative annual CO2 reduction effect from renewable projects MUFG has provided finance in the fiscal year, calculated based on the amount of electricity generated, facility utilization rate, and emission factors. The value is after taking into account the share of MUFG's loan arrangement or underwriting amount \*3 We aim to disclose the portfolio reduction target for our corporate customers whose business largely involves coal-fired power generation

# Revision of the MUFG ES Policy Framework\*1

– Revised three sectors of restricted transactions in FY21

## Coal-Fired Power Generation Sector

- Prohibit financing to expansion of existing facilities. Stipulate consideration on individual basis from a more restrictive perspective
  - MUFG will not provide financing to new coal fired power generation projects or expansion of existing facilities. However, coal-fired power generations equipped with CCUS\*2, mixed combustion, and other technologies necessary to achieve the Paris Agreement target may be considered on an individual basis.

## Forestry Sector

- Newly add that we will confirm no illegal logging or deforestation in areas of high conservation value are taking place

## Palm Oil Sector

- Newly add that we will request our clients to publicly commit to NDPE (No Deforestation, No Peat and No Exploitation), or provide with action plans to accomplish this if such commitment has not yet been made

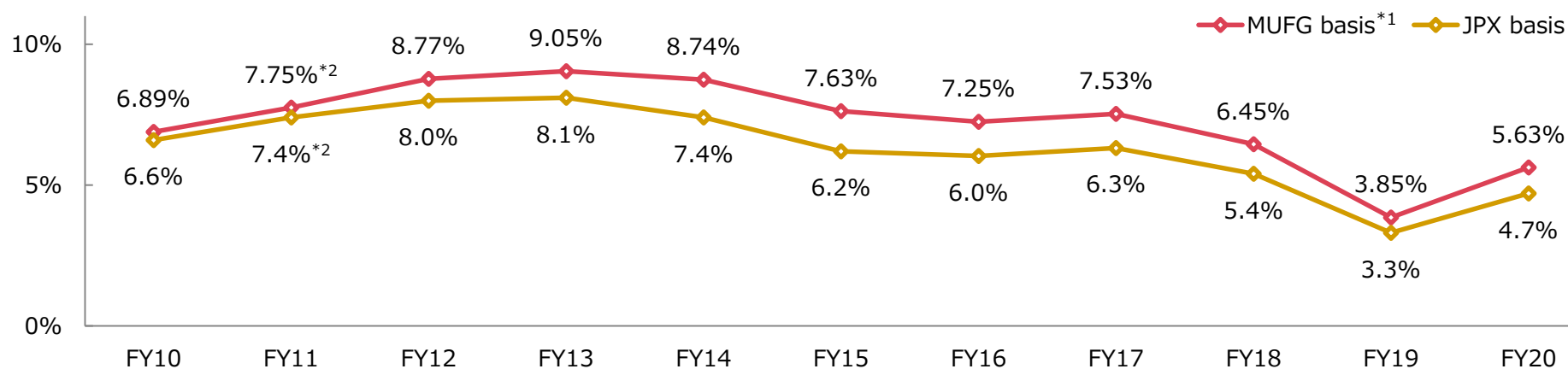
\*1 MUFG Environmental and Social Policy Framework (<https://www.mufg.jp/english/csr/policy/index.html>)

\*2 CCUS: Carbon dioxide Capture, Utilization and Storage

# ROE / EPS

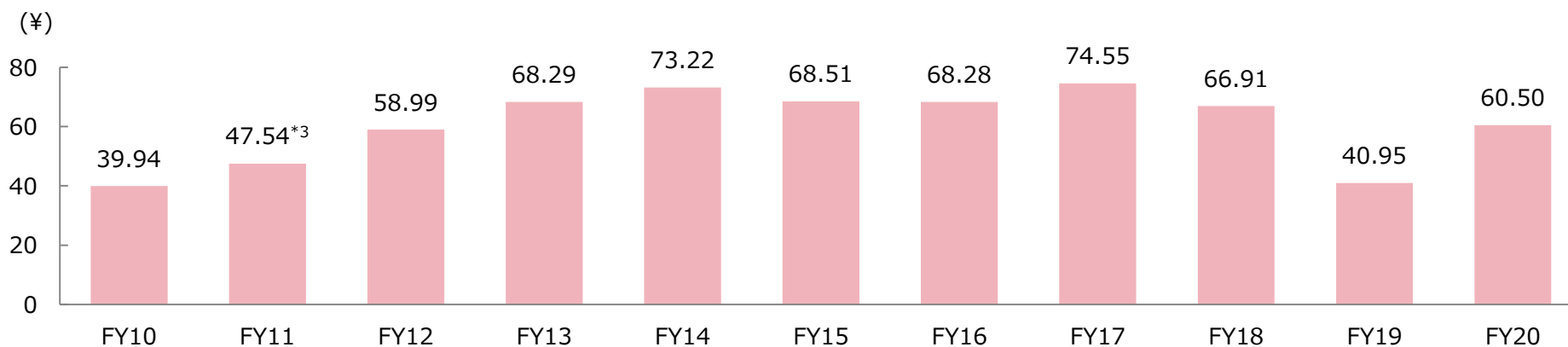
## ROE

Consolidated



## EPS

Consolidated



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

<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

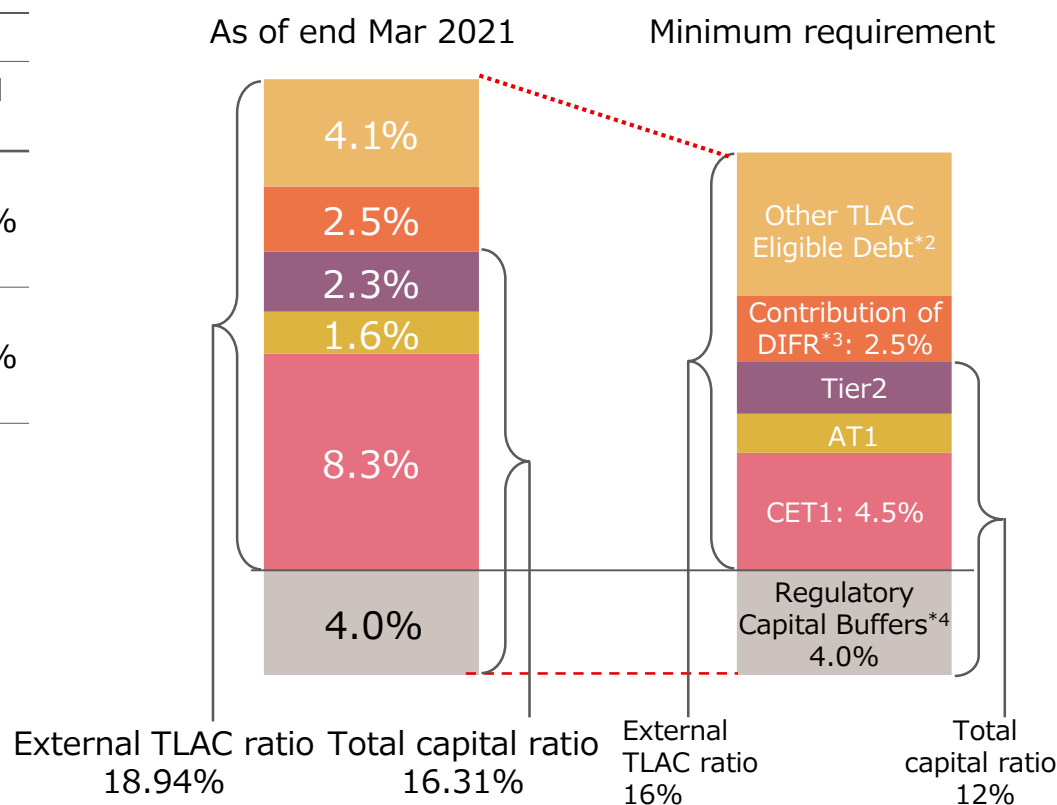
- Aiming for optimal balance between capital efficiency and capital adequacy in qualitative and quantitative aspects
  - Secure necessary and sufficient level of capital with utilization of AT1 / Tier2
  - Maintain sustainable external TLAC ratio for the long term by raising external TLAC eligible senior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

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

	As of end Mar 21	Minimum requirement	
		From end Mar 19	From end Mar 22
Risk weighted asset basis	18.94%	16.0%	18.0%
Total exposure basis	8.96%	6.0%	6.75%

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

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



\*<sup>1</sup> Risk weighted asset

\*<sup>2</sup> 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.

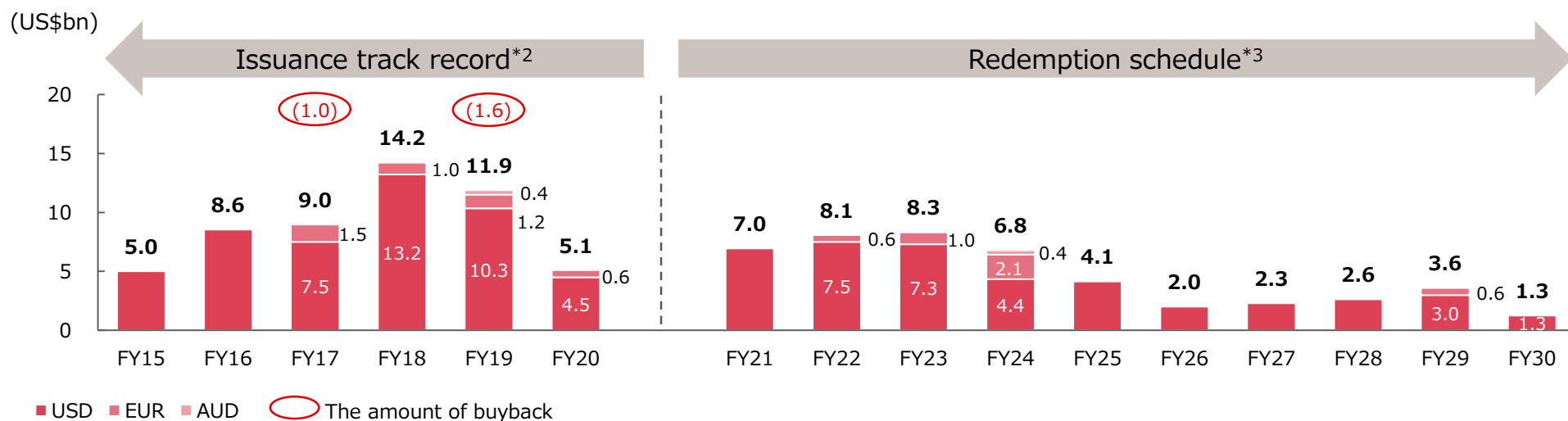
\*<sup>3</sup> Contribution of Deposit Insurance Fund Reserves : Japanese Deposit Insurance Fund Reserves fulfill the requirements for ex-ante commitments to recapitalize a G-SIB in resolution set out in the FSB's TLAC termsheet (Can include 2.5% and 3.5% of RWAs from end Mar 2019 to Mar 2022 and after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

\*<sup>4</sup> CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, and Counter-cyclical Buffer:0%

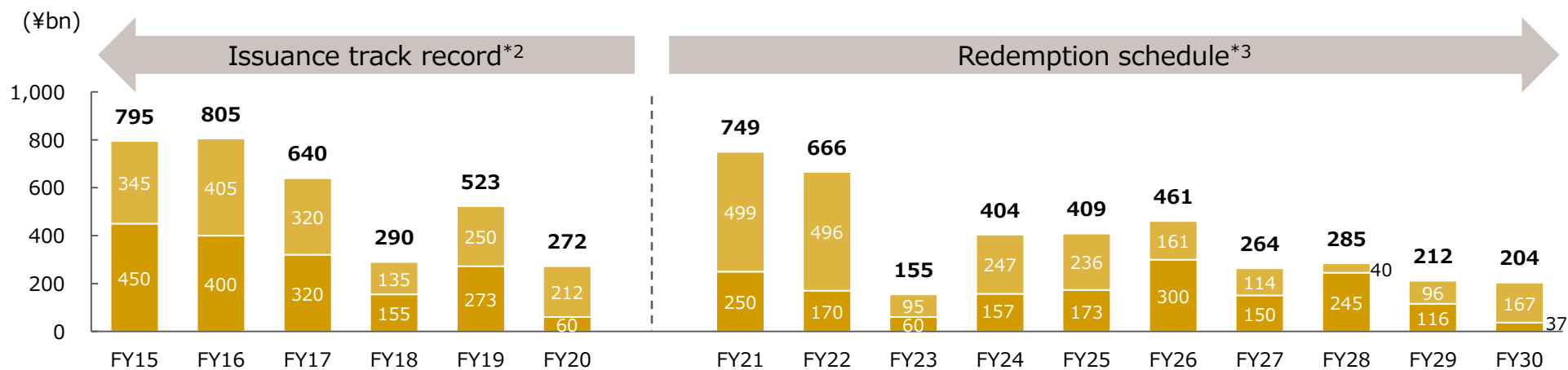
# TLAC requirement

## – Issuance track record & redemption schedule

TLAC-eligible senior debt\*<sup>1</sup>



AT1, Tier2 bond



\*<sup>1</sup> All figures are converted into US\$ using actual exchange rates as of end Mar 2021

\*<sup>2</sup> Total of public issuance (excluding the amount of buyback), as of end Mar 2021

\*<sup>3</sup> 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)