



Fiscal 2021 Interim Results  
Fixed Income Investors Presentation

**December 2021**



# Disclaimer

This document contains forward-looking statements in regard to forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. (“MUFG”) and its group companies (collectively, the “group”). These forward-looking statements are based on information currently available to the group and are stated here on the basis of the outlook at the time when this document was produced. In addition, in making these statements, certain assumptions (premises) have been utilized. These statements and assumptions (premises) are subjective and may prove to be incorrect or may not be realized in the future. Underlying such assumptions are a large number of risks and uncertainties. Please see other disclosures and public filings made or to be made by MUFG and the other companies comprising the group, including our latest consolidated summary report, financial report, securities report, quarterly securities report, and annual report, and our latest annual report on Form 20-F and other reports submitted to the U.S. Securities and Exchange Commission, for additional information regarding such risks and uncertainties. The group has no obligation or intent to update any forward-looking statements contained in this document.

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This document is as of December 1, 2021.

## Definitions of abbreviations used in this document

the Bank (BK):	MUFG Bank, Ltd.	DS:	Digital Service Business Group
the Trust Bank (TB):	Mitsubishi UFJ Trust & Banking Corporation	R&C:	Retail & Commercial Banking Business Group
the Securities HD (SCHD):	Mitsubishi UFJ Securities Holdings Co., Ltd.	JCIB:	Japanese Corporate & Investment Banking Business Group
NICOS:	Mitsubishi UFJ NICOS Co., Ltd.	GCIB:	Global Corporate & Investment Banking Business Group
MUMSS:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	GCB:	Global Commercial Banking Business Group
MUAH:	MUFG Americas Holdings Corporation	AM/IS:	Asset Management & Investor Services Business Group
KS:	Bank of Ayudhya Public Company Limited (Krungsri)	Global Markets:	Global Markets Business Group
BDI:	PT Bank Danamon Indonesia, Tbk.		
FSI:	First Sentier Investors (Australia) Services Pty Limited		
MUB:	MUFG Union Bank, N.A.		

## Definitions of figures used in this document

Consolidated:	Mitsubishi UFJ Financial Group Inc. (consolidated)	the Bank consolidated:	MUFG Bank, Ltd. (consolidated)
Non-consolidated:	Simple sum of MUFG Bank, Ltd. (non-consolidated) and Mitsubishi UFJ Trust & Banking Corporation (non-consolidated)		

# Contents

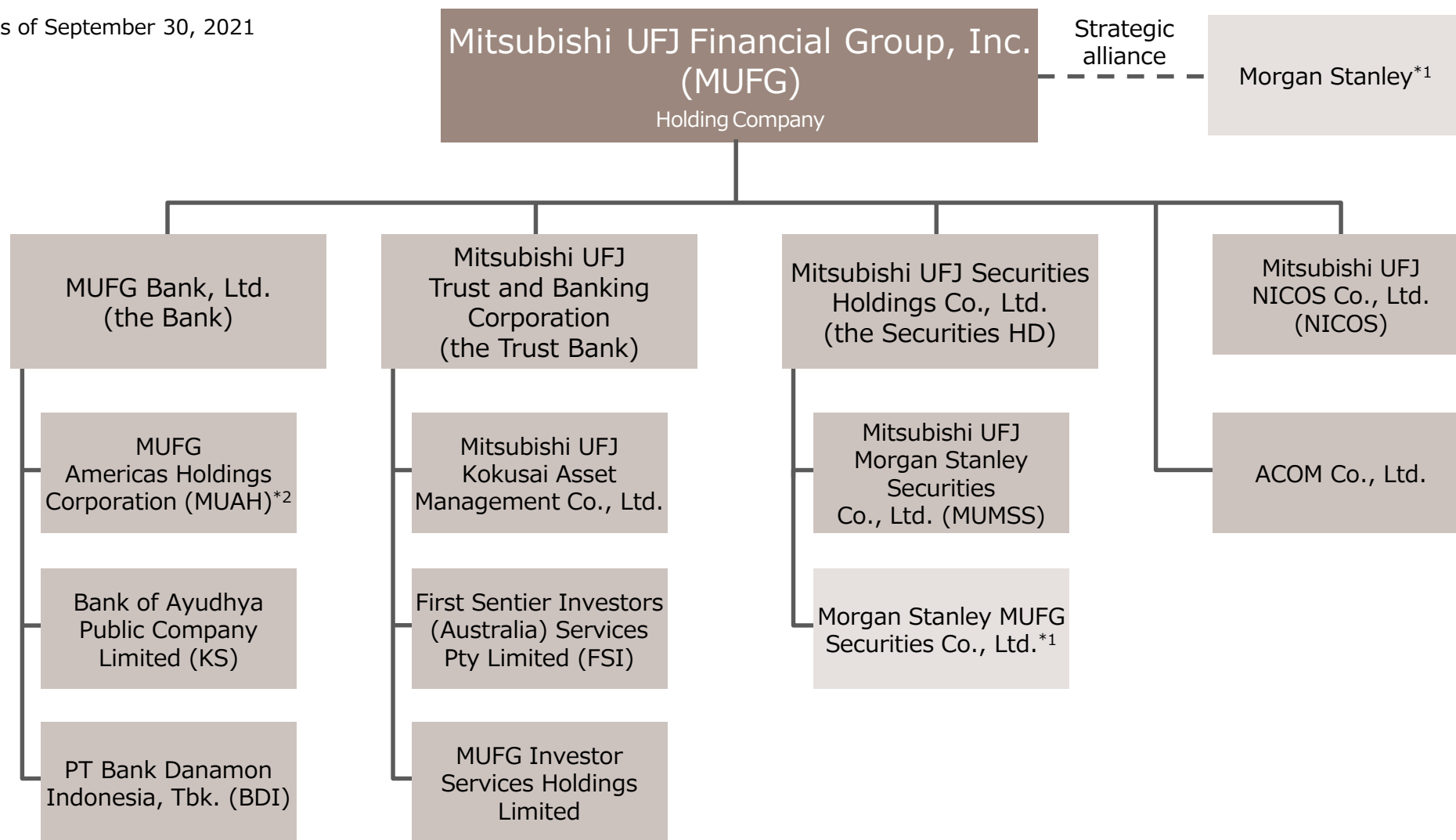
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Section 1	Overview .....	4
Section 2	Financial results .....	8
Section 3	Capital raising strategy .....	18
Section 4	MUFG's approach to ESG .....	24
Appendix	.....	29

# Section 1 Overview

# Group structure

As of September 30, 2021



\*1 Morgan Stanley and Morgan Stanley MUFG Securities are equity method investees of MUFG as of September 30, 2021

\*2 We agreed in September 2021 to sell MUFG Union Bank, N.A., a subsidiary of MUAH, excluding its global corporate and investment banking business and certain related business and assets and liabilities, to U.S. Bancorp, subject to certain conditions

# MUFG at a glance

## Financials\*1

Consolidated

### FY2021 H1

1	Consolidated gross profits (before credit costs for trust accounts)	¥1,980.8bn / US\$17.7bn
2	Profits attributable to owners of parent	¥781.4bn / US\$7.0bn

### End September 2021

3	Total assets	¥360.4tn / US\$3,231bn
4	Loans (banking + trust accounts)	¥104.7tn / US\$938bn
5	Deposits	¥212.2tn / US\$1,903bn
6	Market capitalization*2	¥7.7tn / US\$68bn
7	Consolidated LCR*3	173.8%
8	NPL ratio*4	1.25%

## Group network

(As of end September 2021)

Domestic Network:

**521 locations\*7**

Overseas Network:

**Approx. 2,500 locations\*8  
across over 50 countries**

\*1 Exchange rate applied is ¥111.5/US\$

\*2 As of end November 2021. Exchange rate applied is ¥113.4/US\$

\*3 The ratio is the three-month average of daily LCR for the three months ended September 30, 2021, that is calculated by dividing the balance of High-Quality Liquid Assets by the amount of total net cash flows on a daily basis for the same three months

\*4 Total risk-monitored loans / total loans and bills discounted (banking accounts as of period end)

\*5 Calculated on the basis of regulations applied at the end of September 2021

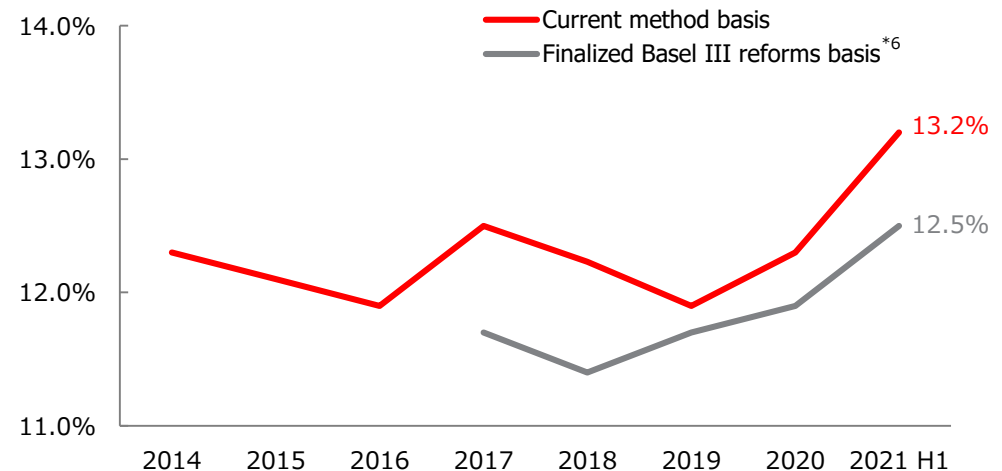
## Capital

Consolidated

Common Equity Tier 1 Capital Ratio as of end September 2021 (financial strength)

**13.2%**

(current method basis)\*5



## Ratings (holding company)

(As of end November 2021)

	Moody's	S&P	Fitch
Long-term	A1	A-	A-
Short-term	P-1	-	F1

\*6 Estimated CET1 ratio reflecting the RWA increase calculated on the basis of the finalized Basel III reforms expected to be applied in 2028, according to the announcement by the Financial Services Agency of Japan on March 30, 2020, following the press release published by the Group of Central Bank Governors and Heads of Supervision to the effect that the transitional periods for the Basel III finalization framework has been extended by one year to 1 January 2028

\*7 A facility that houses (i) several branches for retail clients, or (ii) a branch for retail clients and an office for corporate clients, is counted as a single location. Total of the Bank, the Trust Bank and the Securities HD

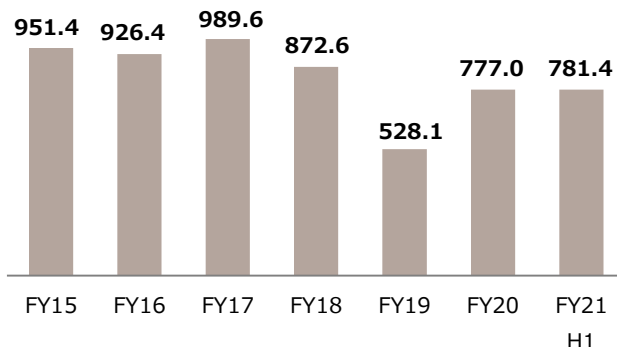
\*8 Including 439 locations of Adira Finance, a subsidiary of BDI, and locations of MUB

# MUFG credit highlight

## Profit track record

Consolidated

(¥bn)



Profits attributable to owners of parent

## Ample liquidity

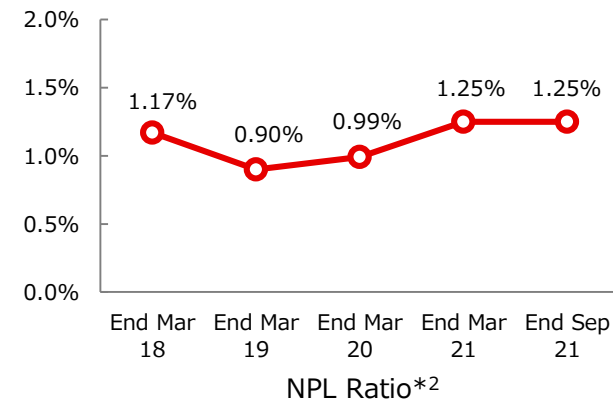
Consolidated

# 173.8%

Consolidated Liquidity Coverage Ratio\*1  
(End September 2021)

## Sound asset quality

Consolidated



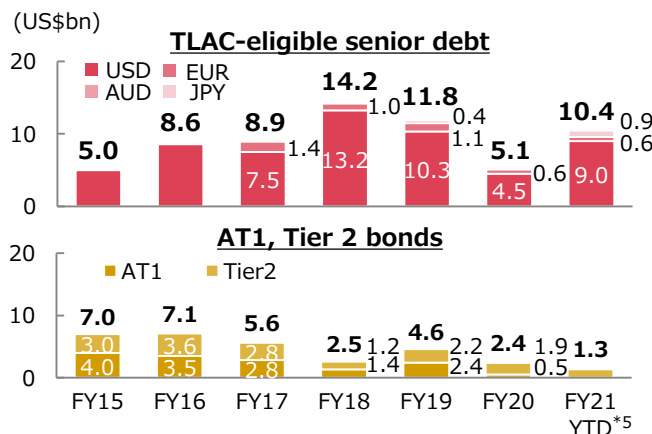
## Sufficient capital

Consolidated

# 13.2%

CET1 capital ratio  
(current method basis\*3)  
(End September 2021)

## Issuance track record\*4



## Credit ratings

# A1 / A- / A-

Moody's / S&P / Fitch  
(End November 2021)

\*1 The ratio is the three-month average of daily LCR for the three months ended September 30, 2021, that is calculated by dividing the balance of High-Quality Liquid Assets by the amount of total net cash flows on a daily basis for the same three months

\*2 Total risk-monitored loans / Total loans and bills discounted (banking accounts as of period end)

\*3 Calculated on the basis of regulations applied at the end of September 2021

\*4 Total of public issuance (excluding the amount of buyback), as of end November 2021. All figures are converted into US\$ using actual exchange rates as of end November 2021 \*5 From April 1, 2021 to November 30, 2021

## Section 2 Financial results

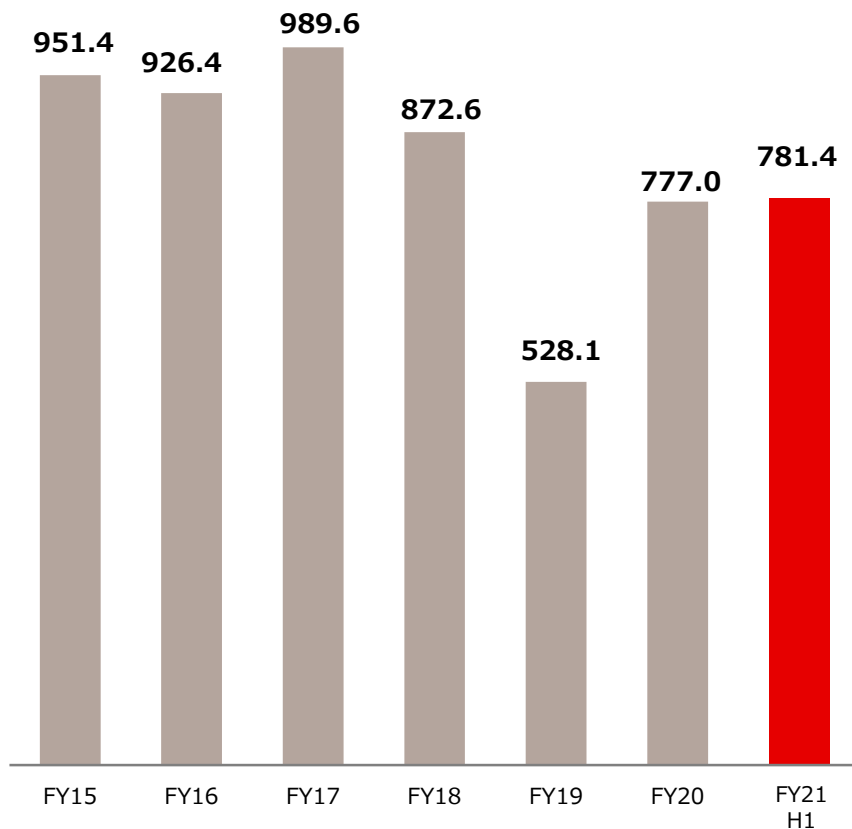


# Outline of profits attributable to owners of parent

History of profits attributable to owners of parent

Consolidated

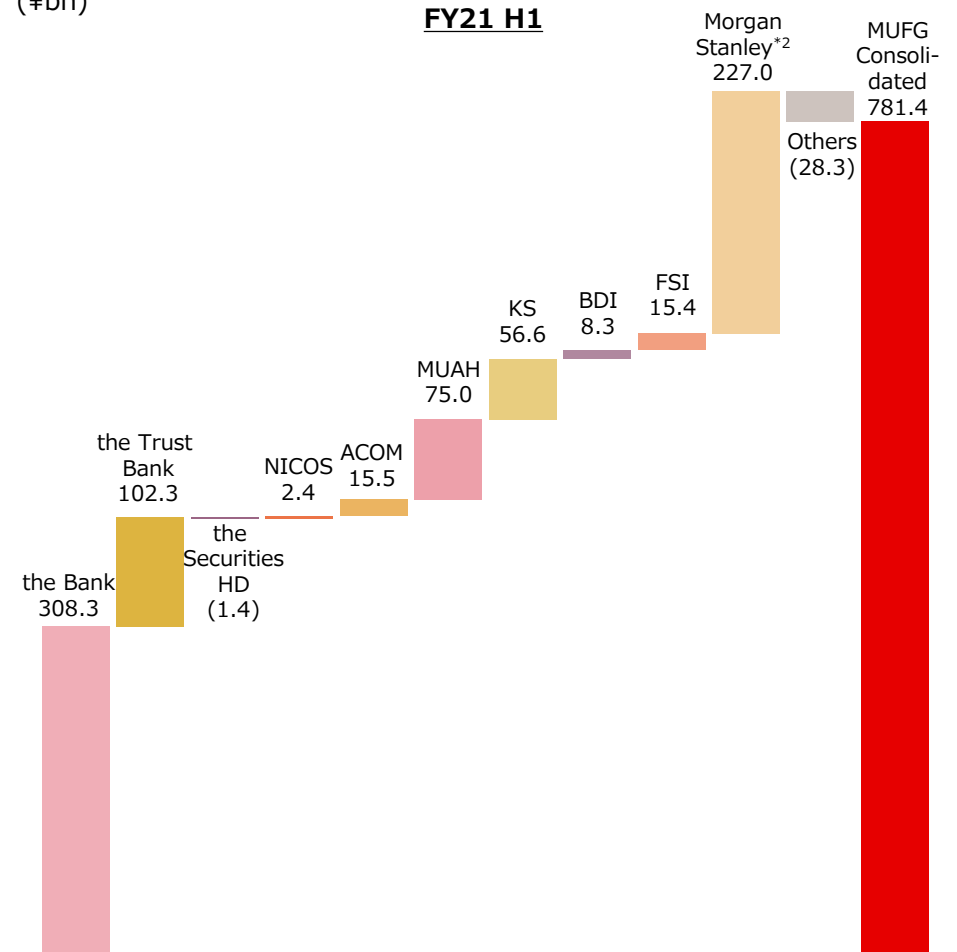
(¥bn)



Breakdown of profits attributable to owners of parent\*1

Consolidated

(¥bn)



\*1 The figures reflect the profit attributable to the group's percentage holding in each subsidiary and equity method investee

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

# Income statement summary

## Income statement

Consolidated

(¥bn)	FY20 H1	FY21 H1	YoY
1 <b>Gross profits*<sup>1</sup> (before credit costs for trust accounts)</b>	2,057.8	<b>1,980.8</b>	(76.9)
2 Net interest income	966.5	<b>992.4</b>	25.9
3 Trust fees + Net fees and commissions* <sup>1</sup>	655.2	<b>744.7</b>	89.4
4 Net trading profits + Net other operating profits	436.0	<b>243.6</b>	(192.3)
5 Net gains (losses) on debt securities	201.9	<b>70.5</b>	(131.3)
6 <b>G&amp;A expenses*<sup>1</sup></b>	1,317.3	<b>1,343.2</b>	25.9
7 <b>Net operating profits</b>	740.4	<b>637.5</b>	(102.8)
8 <b>Total credit costs</b>	(258.4)	<b>17.9</b>	276.3
9 <b>Net gains (losses) on equity securities</b>	24.2	<b>126.0</b>	101.7
10 Net gains (losses) on sales of equity securities	39.7	<b>131.2</b>	91.4
11 Losses on write-down of equity securities	(15.5)	<b>(5.2)</b>	10.3
12 <b>Profits (losses) from investments in affiliates</b>	153.1	<b>218.3</b>	65.1
13 <b>Other non-recurring gains (losses)</b>	(69.2)	<b>(13.9)</b>	55.3
14 <b>Ordinary profits</b>	590.2	<b>986.0</b>	395.7
15 <b>Net extraordinary gains (losses)</b>	(17.6)	<b>69.9</b>	87.5
16 <b>Total of income taxes-current and income taxes-deferred</b>	(132.3)	<b>(225.7)</b>	(93.3)
17 <b>Profits attributable to owners of parent</b>	400.8	<b>781.4</b>	380.6
18 EPS (¥)	31.21	<b>60.87</b>	29.65

\*1 From FY21, 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 H1 was ¥35.1bn \*2 All figures are in actual exchange rate and managerial accounting basis

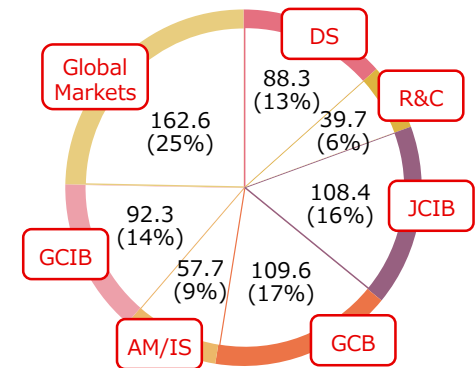
\*3 Include net operating profits from "Others" segment (FY20 H1: (¥67.1)bn, FY21 H1: (¥24.6)bn)

\*4 Decrease was primarily due to the absence of net gains on debt securities recorded in FY20 H1. Global Markets business group manages profits including accounts such as net gains (losses) on equity securities which are not included in net operating profits. The YoY change for those accounts was +¥72.5bn, including improvement in profits from sales of ETF +¥46.2bn and hedge profits of specified money trust +¥26.3bn

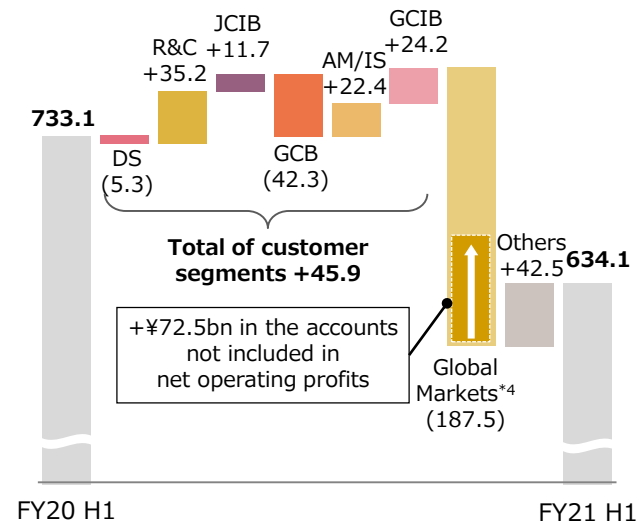
## Net operating profits by business segment\*<sup>2</sup>

Consolidated

(¥bn)

FY21 H1 ¥634.1bn\*<sup>3</sup>

(¥bn)

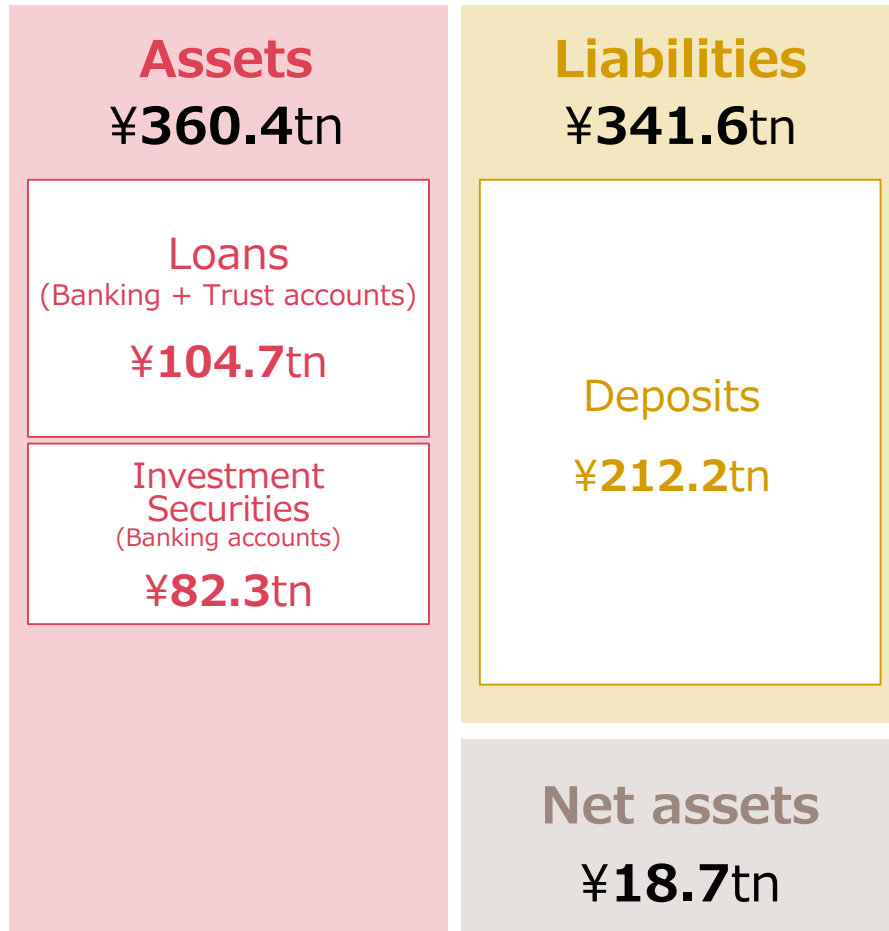


# Balance sheet summary

## Condensed balance sheet

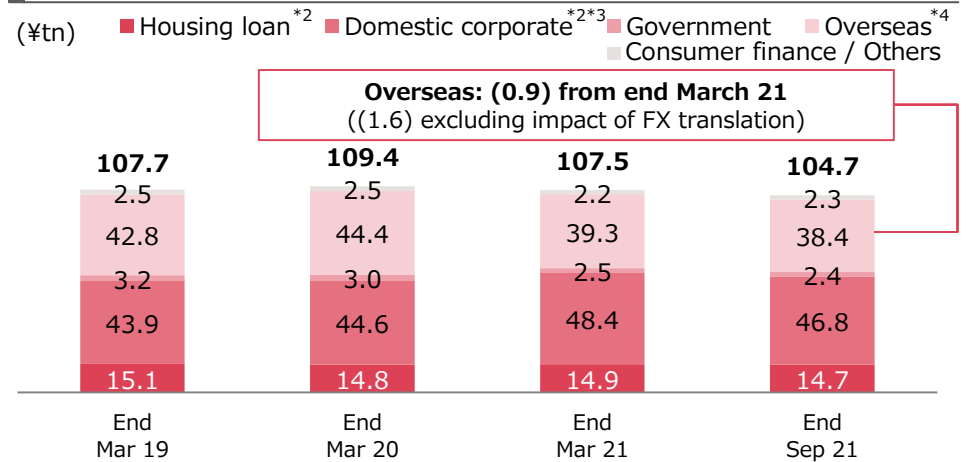
Consolidated

As of end September 21



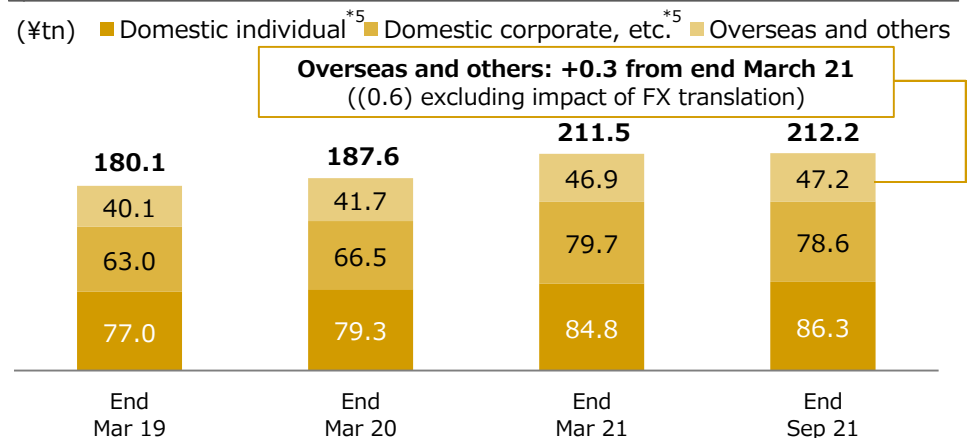
## Loans (Period end balance)\*1

Consolidated



## Deposits (Period end balance)

Consolidated



\*1 Sum of banking and trust accounts

\*2 Non-consolidated + trust accounts

\*3 Excluding loans to government and governmental institutions, and including foreign currency-denominated loans (Excluding impact of FX translation: ¥(1.6)tn from the end of March 2021)

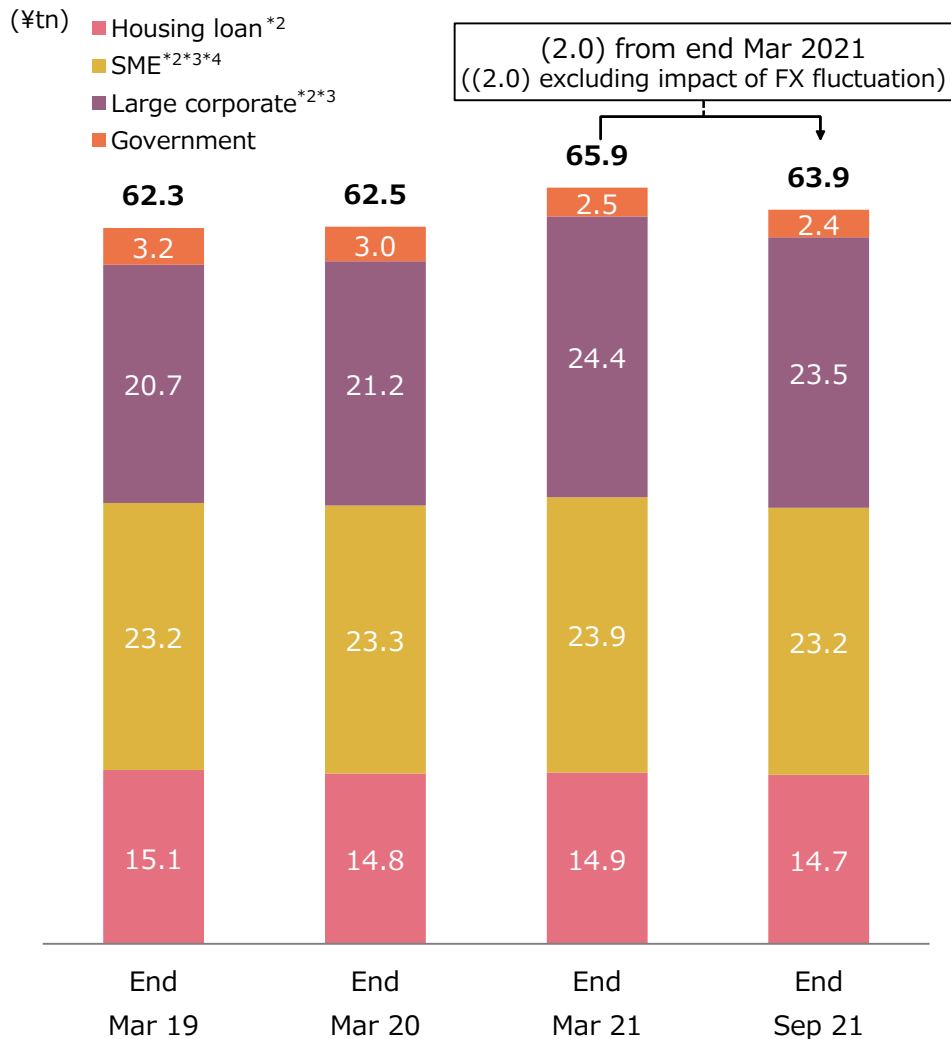
\*4 Loans booked in overseas branches, MUAH, KS, BDI, the Bank (China), the Bank (Malaysia) and the Bank (Europe)

\*5 Non-consolidated

# Domestic loans

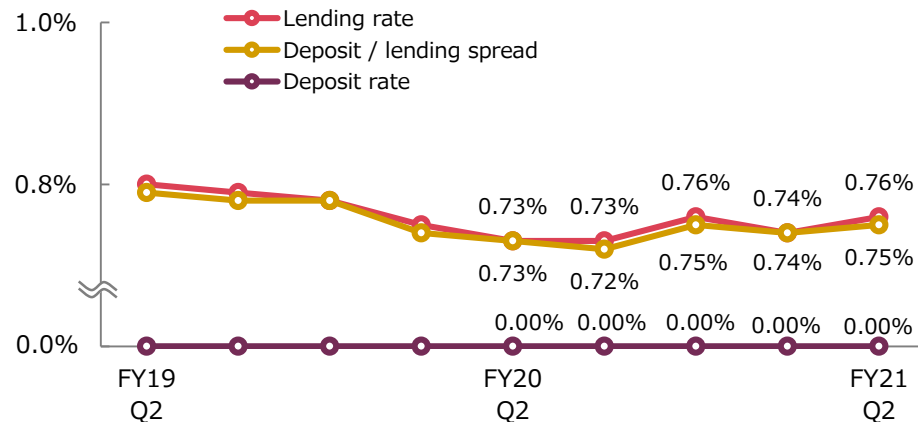
Loan balance (Period end balance)\*1

Consolidated



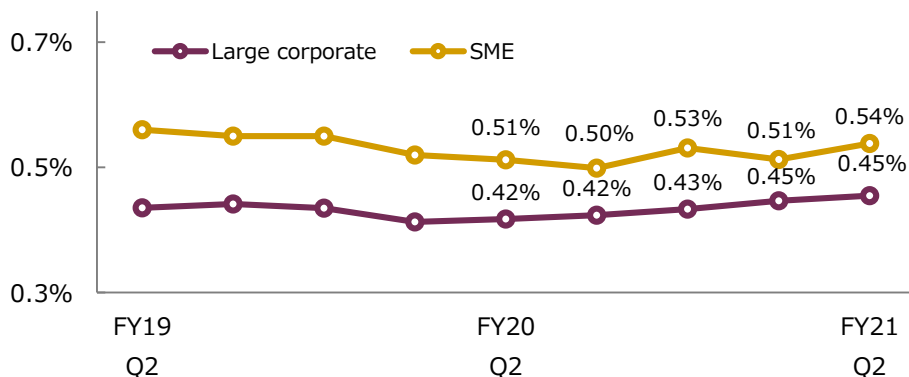
Changes in domestic deposit / lending rate\*5\*6

Non-consolidated



Domestic corporate lending spread\*3\*5\*6

Non-consolidated

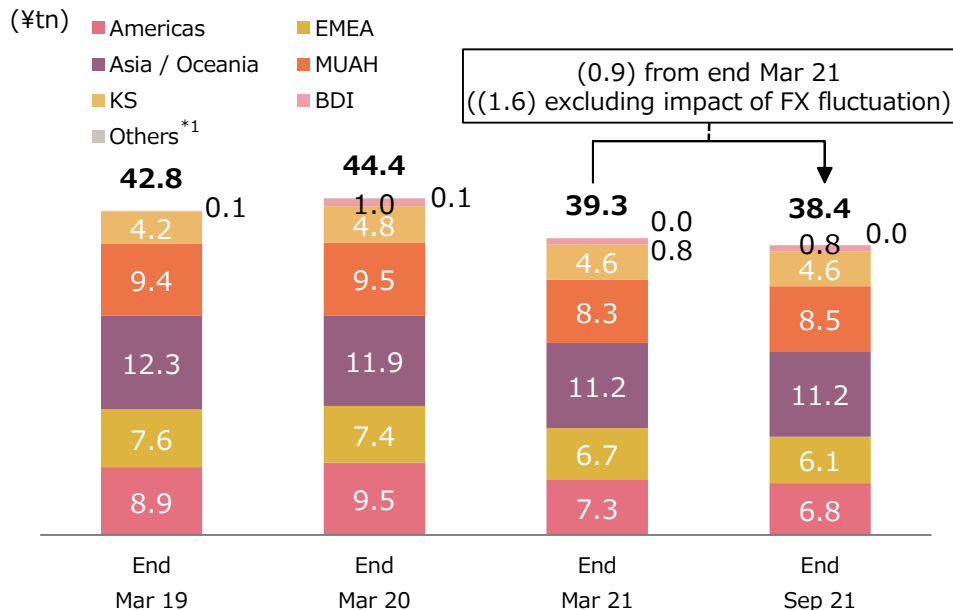


\*1 Sum of banking and trust accounts \*2 Non-consolidated + trust accounts \*3 Including non-JPY loans  
 \*4 Domestic loans to small / medium-sized companies and proprietors (excluding domestic consumer loans)  
 \*5 Managerial accounting basis \*6 Excluding lending to government etc.

# Overseas loans

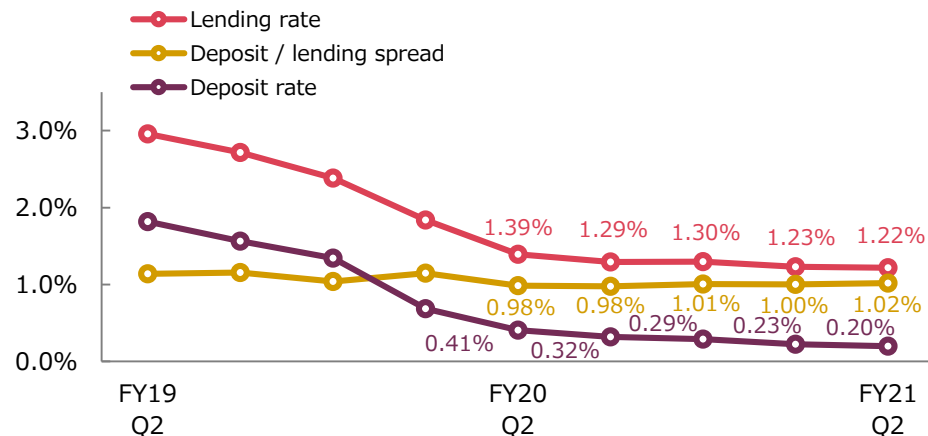
Loan balance (Period end balance)

Consolidated



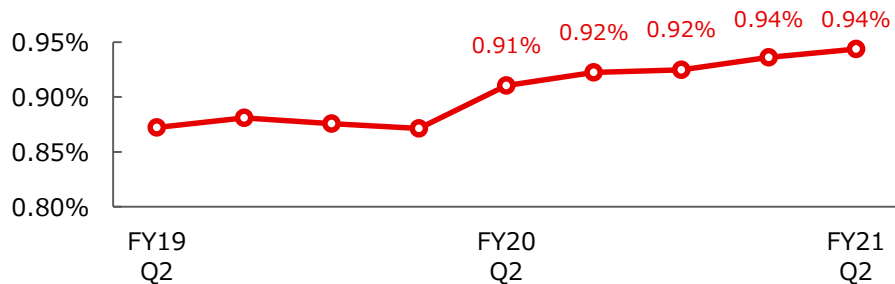
Change in overseas deposit / lending rate\*2

Non-consolidated



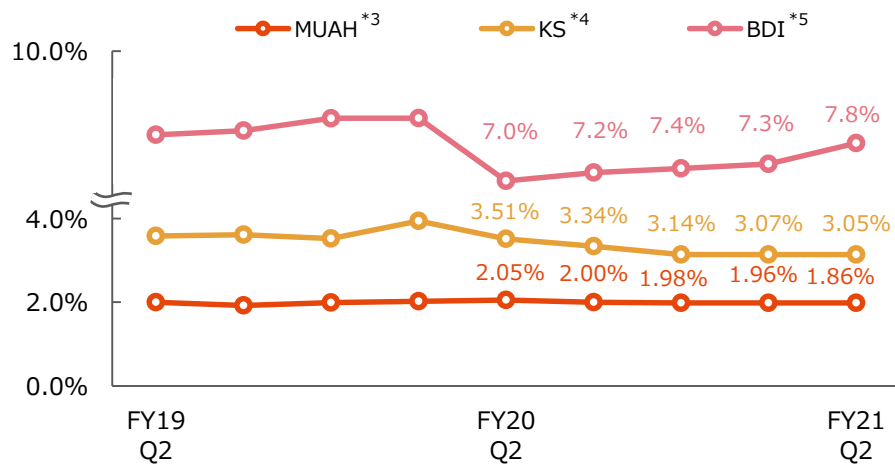
Lending spread\*2

Non-consolidated



Net interest margin

MUAH / KS / BDI



\*1 Loans booked at offshore markets etc. \*2 Managerial accounting basis

\*3 Financial data as disclosed in MUAH's 10-K and 10-Q reports based on U.S. GAAP

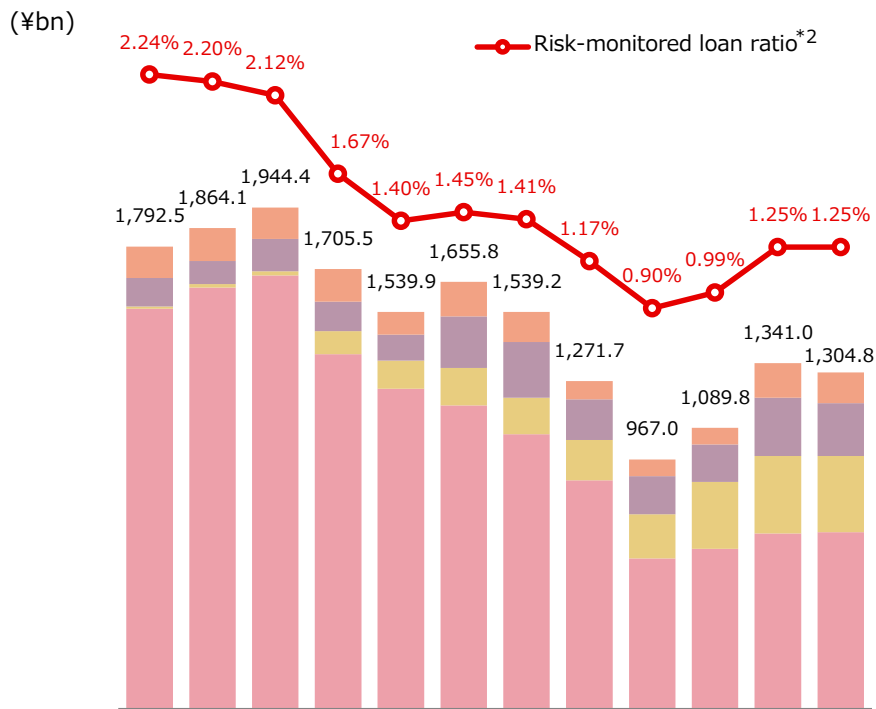
\*4 Financial data as disclosed in KS's financial reports based on Thai GAAP, and starting from January 1, 2020, Thailand adopted TFRS 9 (which is broadly similar to the IFRS 9 international accounting standard)

\*5 Financial data as disclosed in BDI's financial reports based on Indonesia GAAP. Incorporated impact of netting-off loss on restructuring on interest income

# Loan assets

## Balance of risk-monitored loans\*1

Consolidated



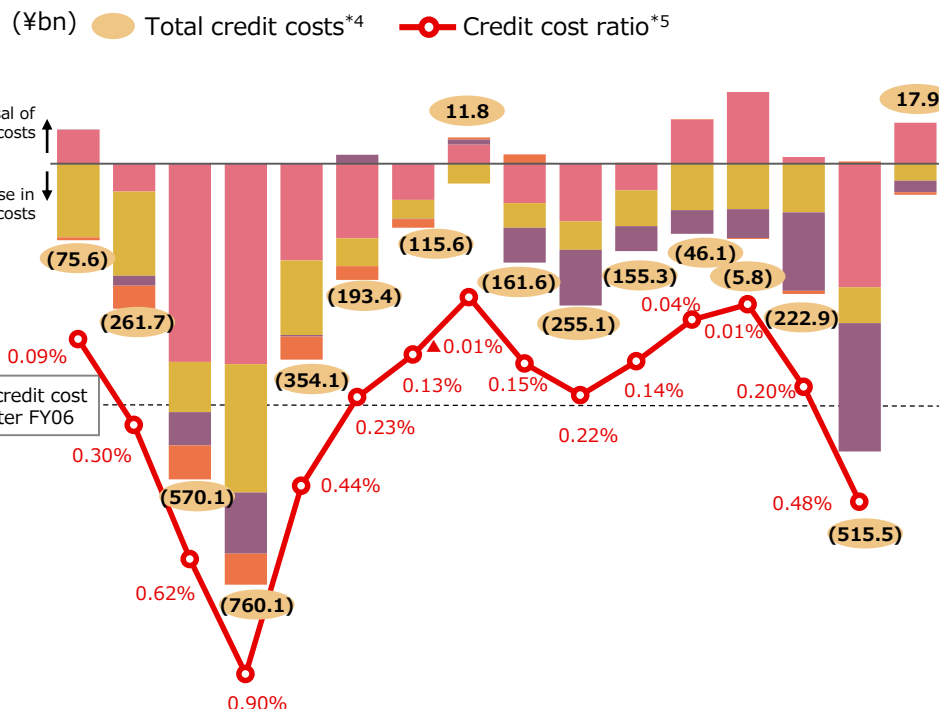
[Breakdown]

	Mar 11	Mar 12	Mar 13	Mar 14	Mar 15	Mar 16	Mar 17	Mar 18	Mar 19	Mar 20	Mar 21	Sep 21
EMEA*3	121.1	127.2	122.0	126.3	88.2	133.9	116.0	71.3	64.0	63.7	134.7	119.0
Americas*3	110.3	89.2	125.0	114.9	100.7	199.4	216.0	157.5	148.2	145.5	224.7	204.7
Asia	9.4	14.4	17.0	89.0	108.8	145.3	142.3	155.8	170.3	259.1	300.5	295.7
Domestic	1,551.5	1,633.2	1,680.3	1,375.2	1,242.0	1,177.1	1,064.7	887.0	584.3	621.3	680.9	685.3

\*1 Risk-monitored loans based on Banking Act of Japan. Regions are based on the borrowers' location  
 \*2 Total risk-monitored loans / Total loans and bills discounted (banking accounts as of period end)  
 \*3 Figures of EMEA (Europe, Middle East and Other) and Americas before March 2012 were previously disclosed as Other and United States of America, respectively  
 \*4 Including gains from recovery of loans written off

## Total credit costs / Credit cost ratio

Consolidated



[Breakdown]

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21 H1
Non-Consolidated*6	61.5	(50.1)	(357.8)	(361.6)	(174.2)	(134.5)	(65.3)	35.1	(71.1)	(103.7)	(47.9)	79.5	129.8	12.6	(223.2)	74.1
CF*7	(133.0)	(152.1)	(91.0)	(232.2)	(135.0)	(50.1)	(33.7)	(35.7)	(44.1)	(51.6)	(64.5)	(83.6)	(81.7)	(87.6)	(64.4)	(30.7)
Overseas*8	0.7	(17.8)	(59.7)	(110.6)	(2.7)	16.1	(0.8)	9.2	(63.2)	(100.8)	(45.0)	(42.7)	(52.3)	(141.6)	(232.3)	(20.7)
Others*9	(4.9)	(41.5)	(61.5)	(55.7)	(42.1)	(24.9)	(15.6)	3.2	16.9	1.0	2.1	0.8	(1.5)	(6.2)	4.5	(4.7)

\*5 Total credit costs / loan balance as of period end  
 \*6 Including overseas branches  
 \*7 Sum of NICOS and ACOM on a consolidated basis  
 \*8 Sum of overseas subsidiaries of the Bank and the Trust Bank  
 \*9 Sum of other subsidiaries and consolidation adjustment

# Investment securities

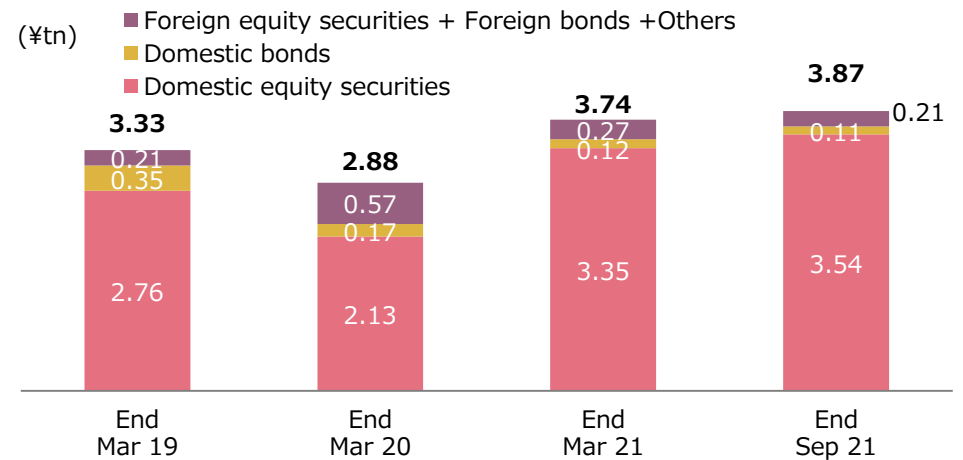
## Available-for-sale securities with fair value

Consolidated

1 Total	Balance		Unrealized gains (losses)	
	End Sep 21	Changes from End Mar 21	End Sep 21	Changes from End Mar 21
2 Domestic equity securities	5,367.5	151.2	3,545.5	194.9
3 Domestic bonds	42,034.6	1,482.3	118.0	(4.4)
4 Japanese government bonds	33,284.1	939.4	78.5	(8.4)
5 Foreign equity securities	108.1	22.0	41.1	20.0
6 Foreign bonds	24,505.6	3,268.9	55.1	(47.8)
7 Others	6,545.1	(255.4)	117.6	(35.1)

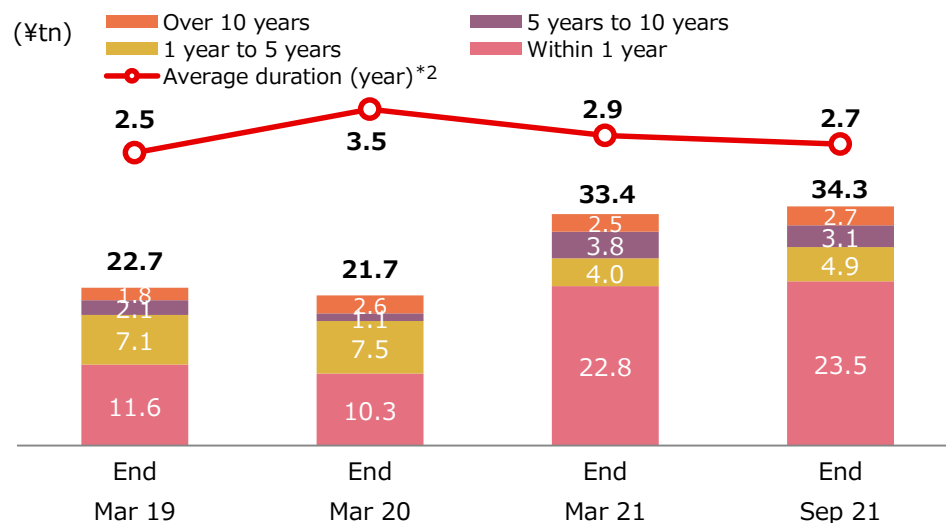
## Unrealized gains (losses) on available-for-sale securities

Consolidated



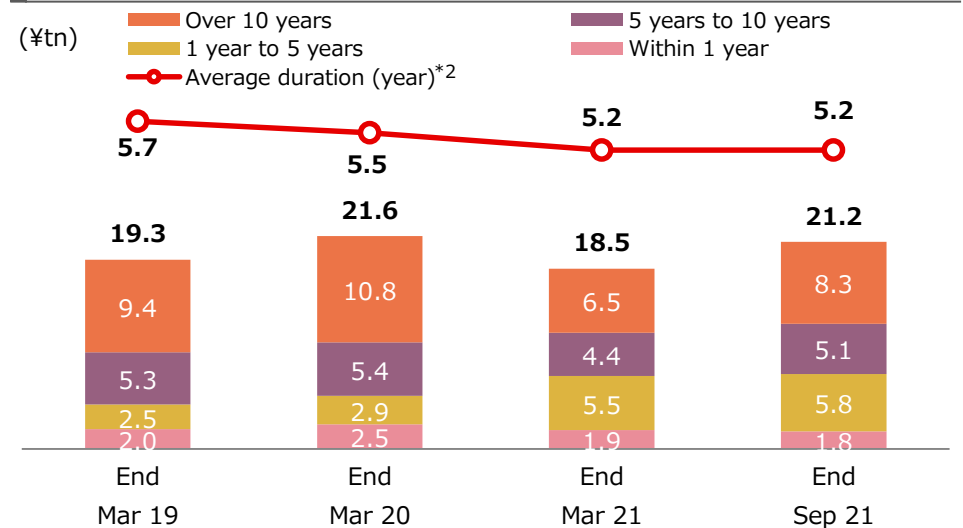
## Balance of JGB portfolio and duration\*1

Non-consolidated



## Balance of foreign bonds and duration\*1

Non-consolidated



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

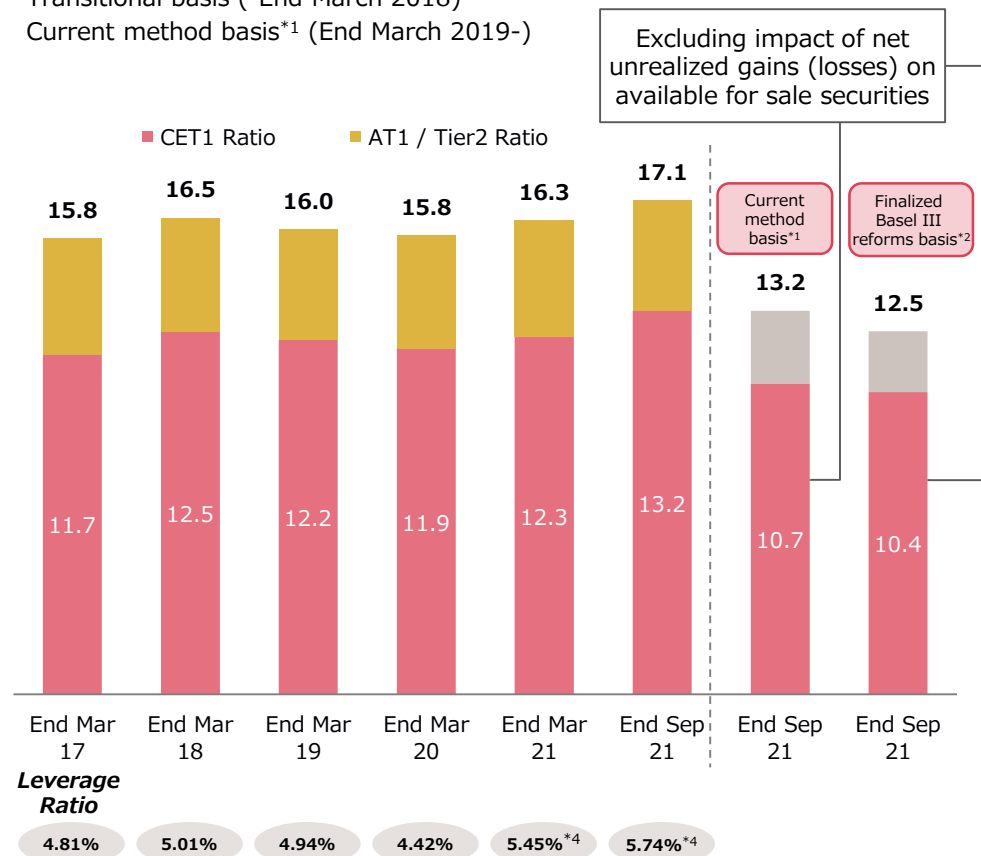
\*2 Available for sale securities

# Capital

## CET1 / Total capital ratio

Consolidated

Transitional basis (-End March 2018)  
Current method basis\*<sup>1</sup> (End March 2019-)



\*1 Calculated on the basis of regulations applicable to the respective dates shown

\*2 Estimated CET1 ratio reflecting the RWA increase calculated on the basis of the finalized Basel III reforms expected to be applied in 2028, according to the announcement by the Financial Services Agency of Japan on March 30, 2020, following the press release published by the Group of Central Bank Governors and Heads of Supervision to the effect that the transitional periods for the Basel III finalization framework has been extended by one year to 1 January 2028

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

\*4 Based on JFSA notification, deposits with the Bank of Japan are excluded from total exposures

## Capital summary

Consolidated

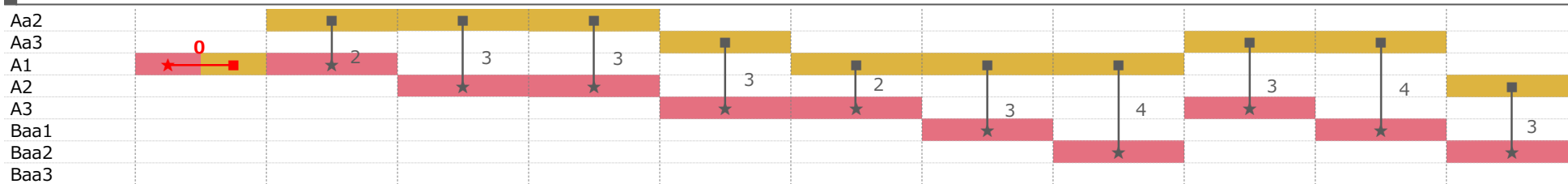
(¥bn)	End Mar 21	End Sep 21	Changes
1 <b>Common Equity Tier 1 capital ratio</b>	12.3%	13.2%	0.9ppt
2 <b>Tier 1 capital ratio</b>	13.9%	14.9%	0.9ppt
3 <b>Total capital ratio</b>	16.3%	17.1%	0.8ppt
4 <b>Leverage ratio</b>	5.4%	5.7%	0.2ppt
5 Common Equity Tier 1 capital	14,113.7	14,917.0	803.3
6 Retained earnings	11,200.0	11,821.4	621.3
7 Other comprehensive income	2,986.4	3,367.9	381.4
8 Regulatory adjustments	(2,754.4)	(2,936.0)	(181.6)
9 Additional Tier 1 capital	1,869.0	1,872.5	3.5
10 Preferred securities and subordinated debt	1,744.1	1,744.1	-
11 <b>Tier 1 capital</b>	15,982.7	16,789.6	806.9
12 <b>Tier 2 capital</b>	2,686.7	2,443.0	(243.6)
13 Subordinated debt	2,206.5	2,024.3	(182.2)
14 <b>Total capital (Tier 1+Tier 2)</b>	18,669.5	19,232.7	563.2
15 <b>Risk weighted assets</b>	114,419.3	112,191.7	(2,227.6)
16 Credit risk	90,410.0	90,947.6	537.5
17 Market risk	4,066.8	4,280.8	214.0
18 Operational risk	7,976.6	7,888.8	(87.8)
19 Floor adjustment* <sup>3</sup>	11,965.8	9,074.4	(2,891.4)
20 <b>Total exposures</b> * <sup>4</sup>	292,725.0	292,447.5	(277.4)



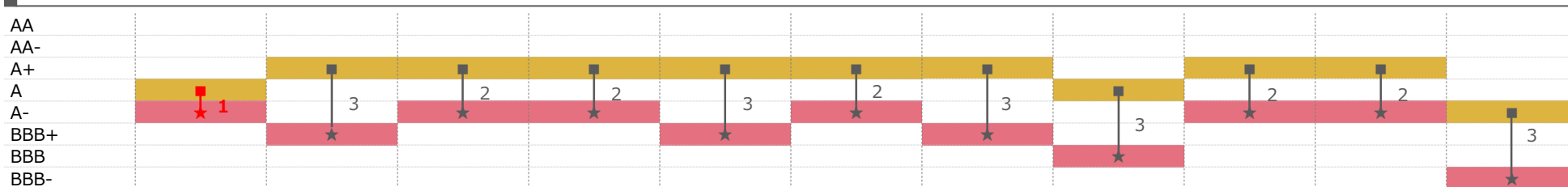
# Global financial institutions' senior bonds ratings

As of November 30, 2021 ■ HD / Non-preferred senior ■ Operating bank / Preferred senior

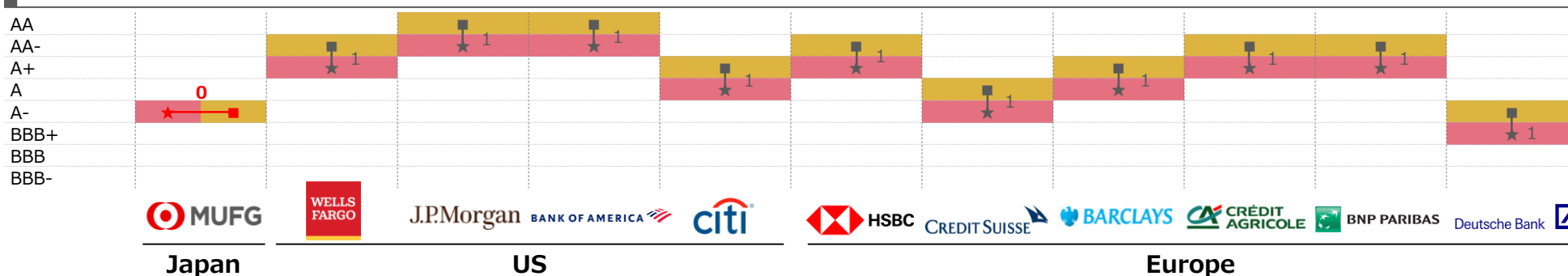
## Moody's



## S&P



## Fitch



\*1 For CA, BNP and DB, there is a single issuing entity, issuing both Preferred and Non-preferred senior bonds rather than separate HD and Operating bank issuing senior bonds, respectively

## Section 3 Capital raising strategy

# Japanese TLAC framework

## - The best capital mix and external TLAC ratio

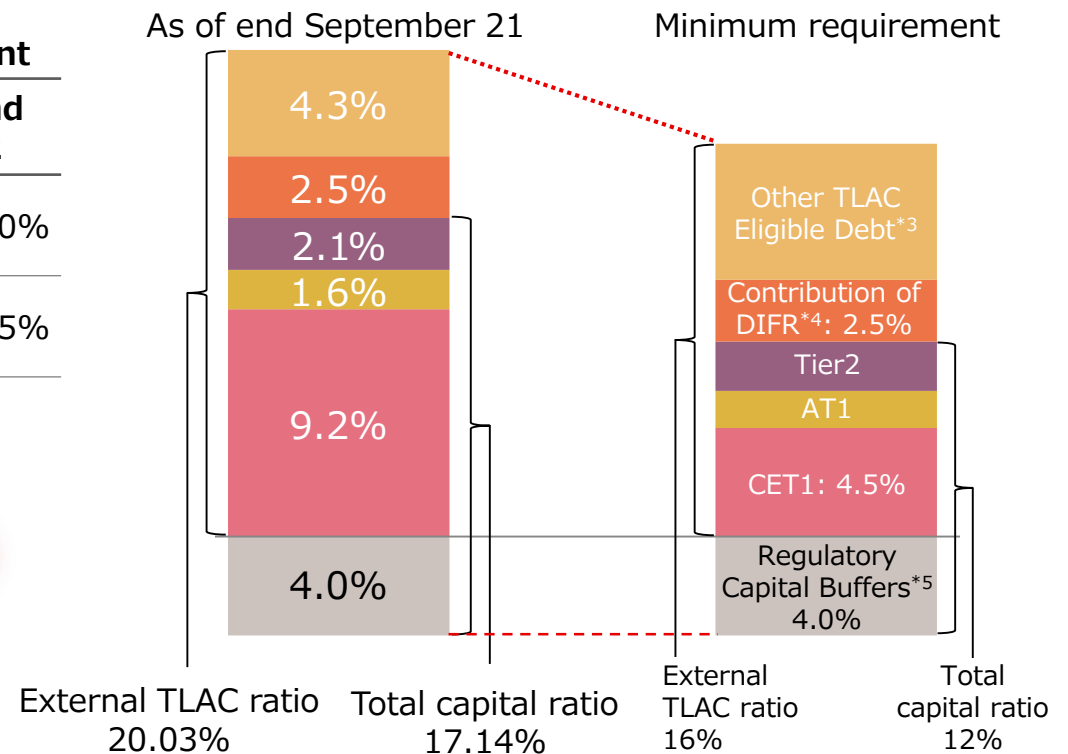
- Aiming for optimal balance between capital efficiency and capital adequacy in qualitative and quantitative aspects
  - Secure necessary and sufficient level of capital with utilization of AT1 / Tier2
  - Maintain sustainable external TLAC ratio for the long term by raising external TLAC-eligible senior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

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

	As of end Sep 21	Minimum requirement	
		From end Mar 19	From end Mar 22
Risk weighted asset basis	20.03%	16.0%	18.0%
Total exposure basis*1	9.22%	6.0%	6.75%

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

### MUFG's RWA\*2 based external TLAC ratio



\*1 Based on JFSA notification, deposits with the Bank of Japan are excluded from total exposures

\*2 Risk weighted asset

\*3 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.

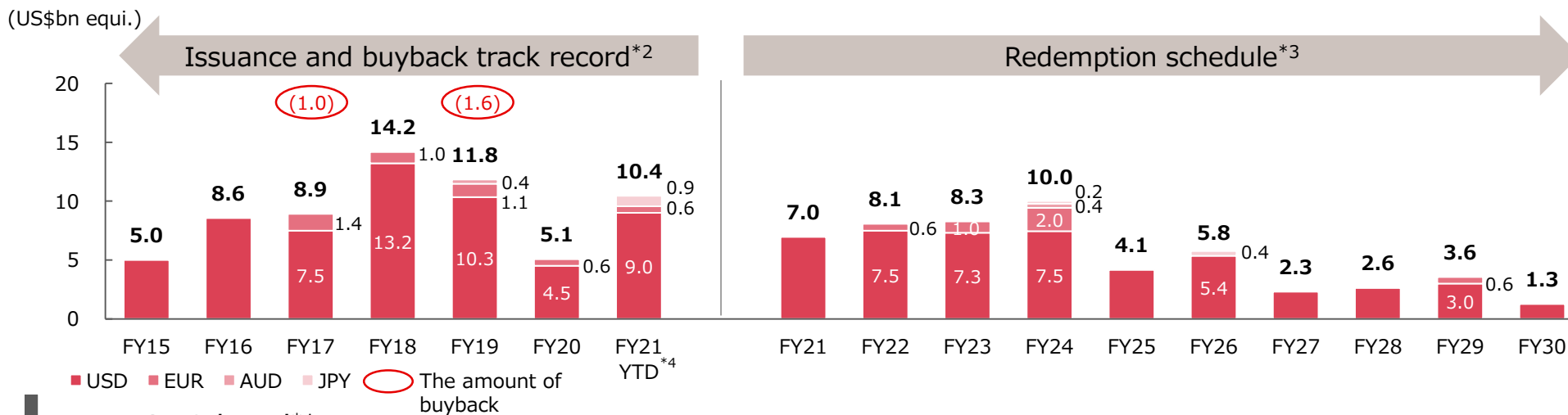
\*4 Contribution of Deposit Insurance Fund Reserves : Japanese Deposit Insurance Fund Reserves fulfill the requirements for ex-ante commitments to recapitalize a G-SIB in resolution set out in the FSB's TLAC termsheet

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

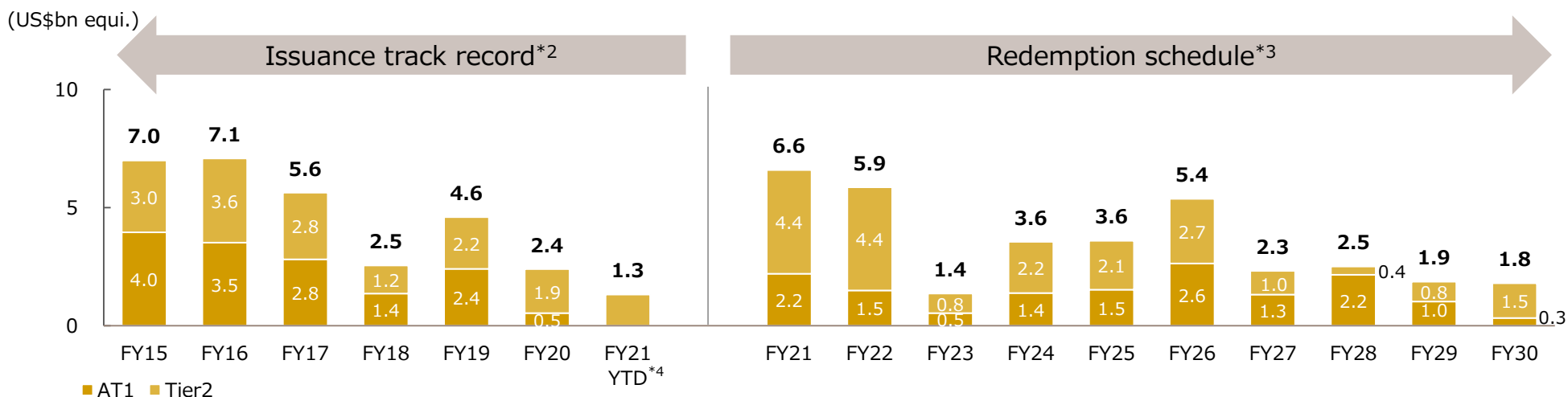
\*5 CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, and Counter-cyclical Buffer:0.01%

# MUFG issuance track record and redemption schedule

## TLAC-eligible senior debt\*1



## AT1, Tier2 bond\*1



\*1 All figures are converted into US\$ using actual exchange rates as of end November 2021

\*2 Total of public issuance (excluding the amount of buyback), as of end November 2021

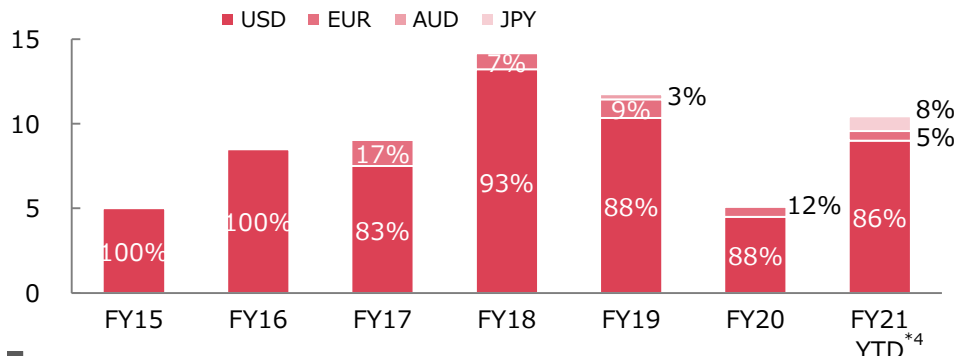
\*3 Annual figures assuming that all callable notes are to be redeemed on their respective first callable dates, while there is no assurance they will be redeemed on such dates. Tier2 includes Basel II Tier2 sub notes issued by the Bank and the Trust Bank

\*4 From April 1, 2021 to November 30, 2021

# MUFG TLAC-eligible senior debt issuance summary

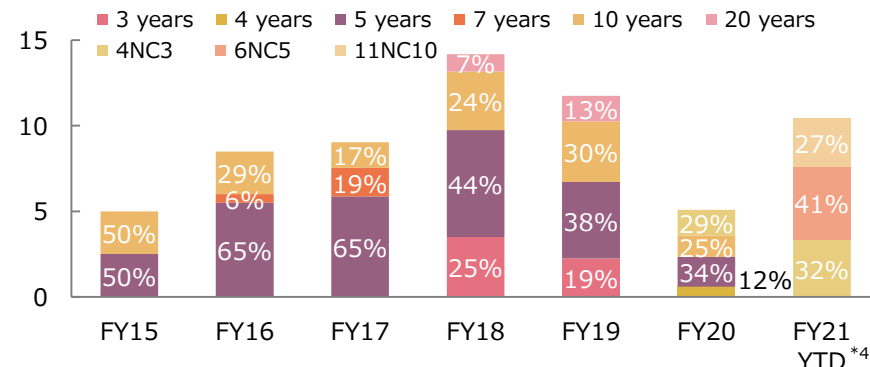
## By currency\*1\*2

(US\$bn equi.)

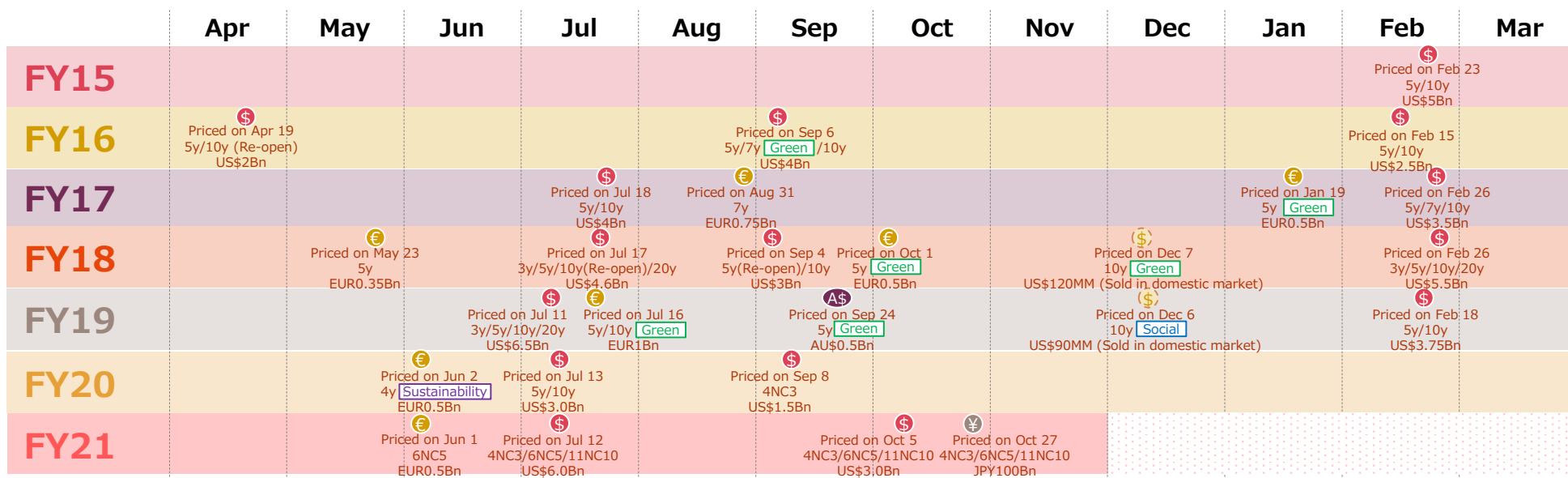


## By term\*1\*2\*3

(US\$bn equi.)



## Past issuance calendar



\*1 Total of public issuance (excluding the amount of buyback), as of end November 2021

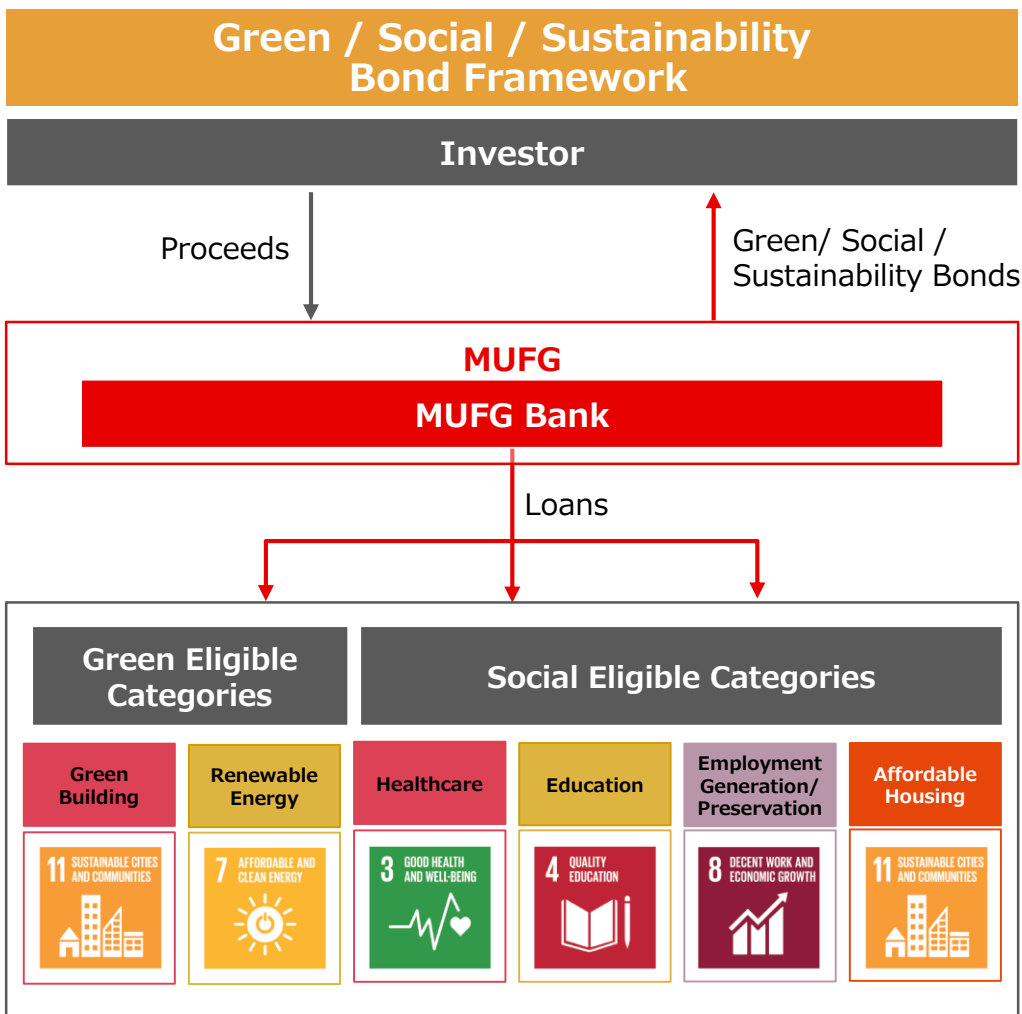
\*2 Exchange rates: As of end of each FY (for FY21: end November 2021)

\*3 Re-opening bonds are included into the original bonds' terms

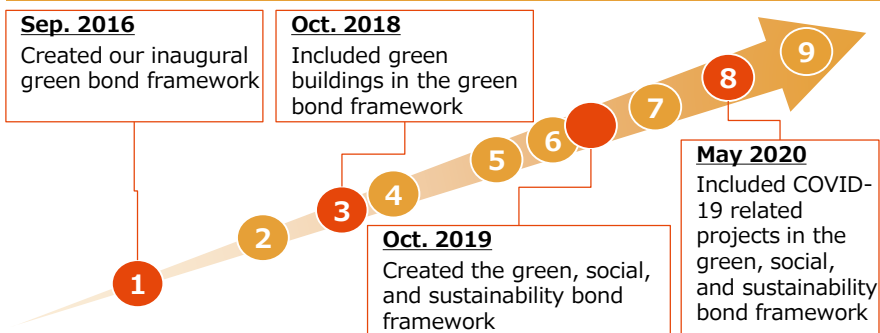
\*4 From April 1, 2021 to November 30, 2021

# MUFG's Green, Social, and Sustainability Bonds

- MUFG revised its “Green, Social, and Sustainability” bond framework in May 2020 and it is the first framework in Japan to channel funds specifically into the fight against COVID-19
- MUFG has a proven track record as a frequent ESG bond issuer



## Track Record of Bond Framework Revision



## Green Bond Issuance

	Issuance	Currency	Amount	Tenor	Format
1	9/13/16	USD	500mm	7y	SEC
2	1/26/18	EUR	500mm	5y	Reg S
3	10/9/18	EUR	500mm	5y	Reg S
4	12/18/18	USD	120mm	10y	Japan Domestic
5	7/19/19	EUR	500mm	10y	Reg S
6	10/1/19	AUD	500mm	5y	Reg S

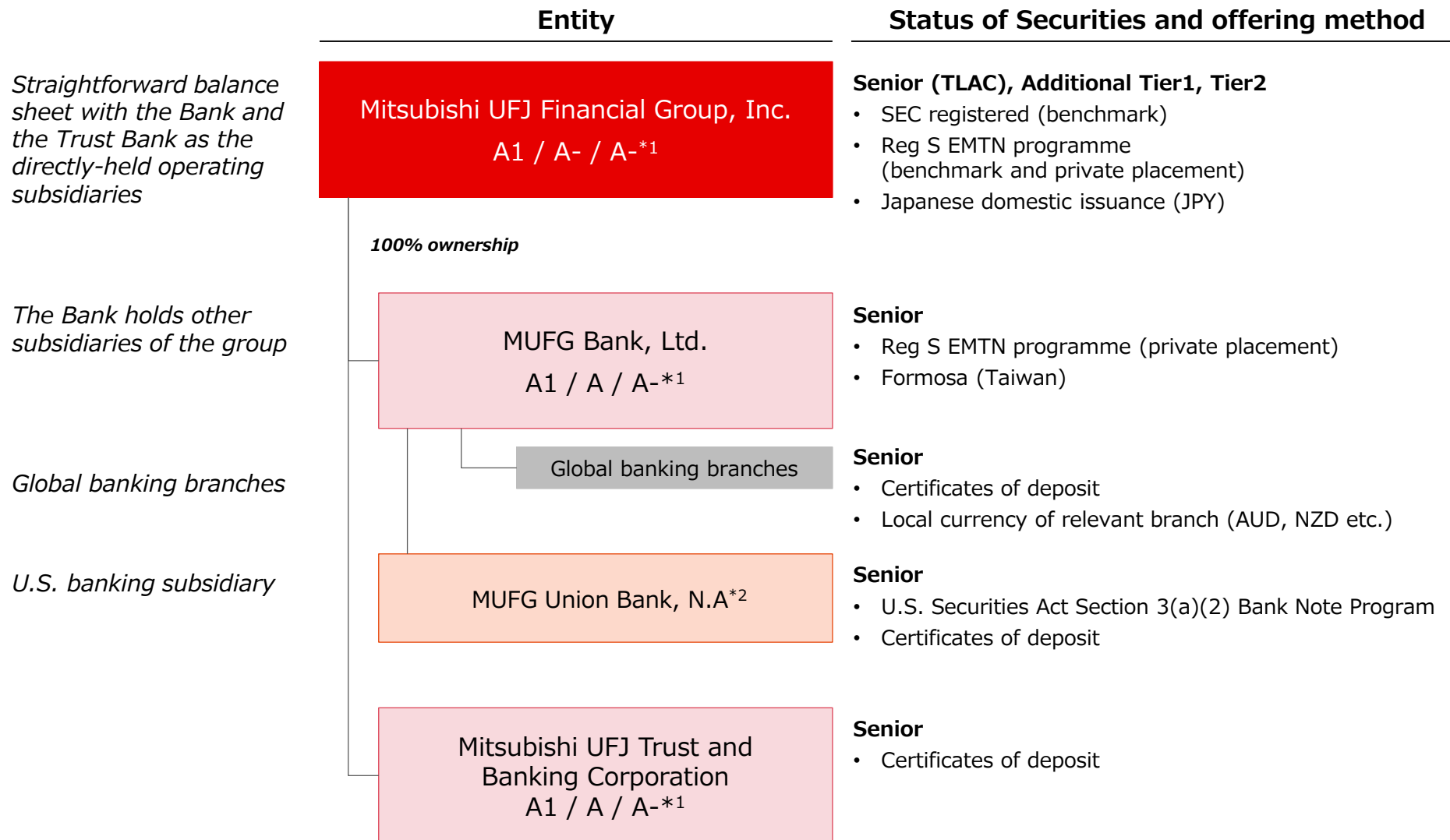
## Social Bond Issuance

	Issuance	Currency	Amount	Tenor	Format
7	12/12/19	USD	90mm	10y	Japan Domestic

## Sustainability Bond Issuance

	Issuance	Currency	Amount	Tenor	Format
8	6/9/20	EUR	500mm	4y	Reg S
9	9/30/20	JPY	54bn	10y	Japan Domestic
9	9/30/20	JPY	96bn	10NC5	Japan Domestic

# Corporate structure and issuing entities



\*1 Credit ratings assigned by Moody's, S&P and Fitch, respectively, as of end November 2021

\*2 We agreed in September 2021 to sell MUFG Union Bank, N.A., a subsidiary of MUAH, excluding its global corporate and investment banking business and certain related business and assets and liabilities, to U.S. Bancorp, subject to certain conditions

## Section 4 MUFG's approach to ESG



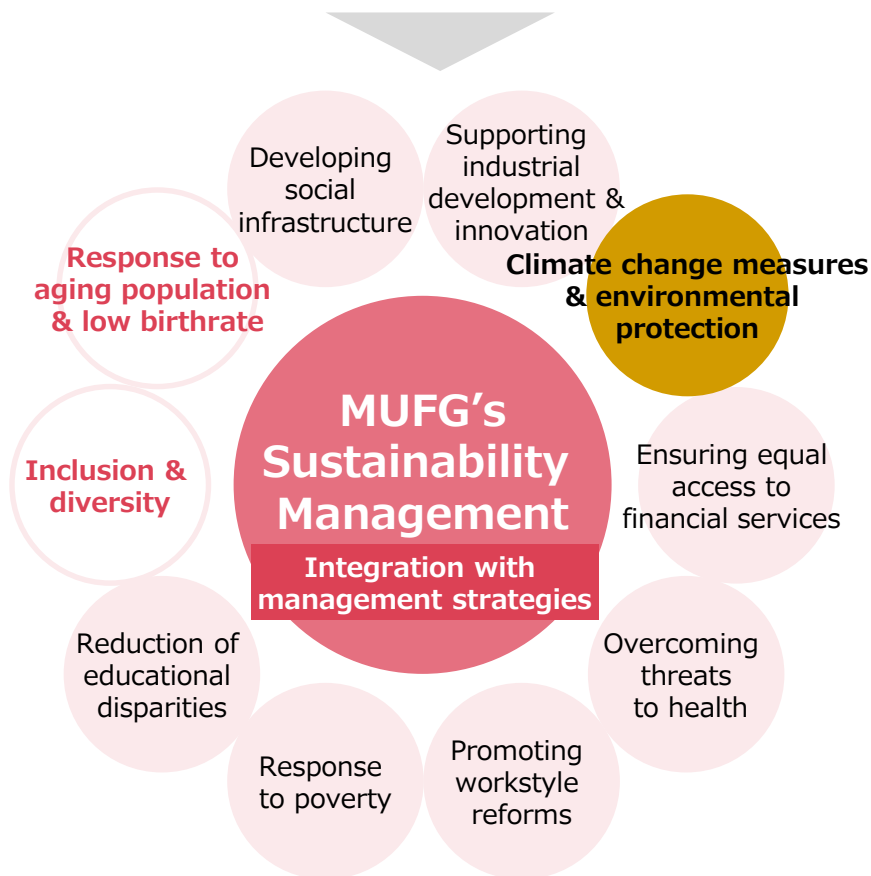
# MUFG's approach to ESG

- Plan to place greater emphasis on ESG in our business management to achieve sustainable growth in corporate value

## Major Challenges

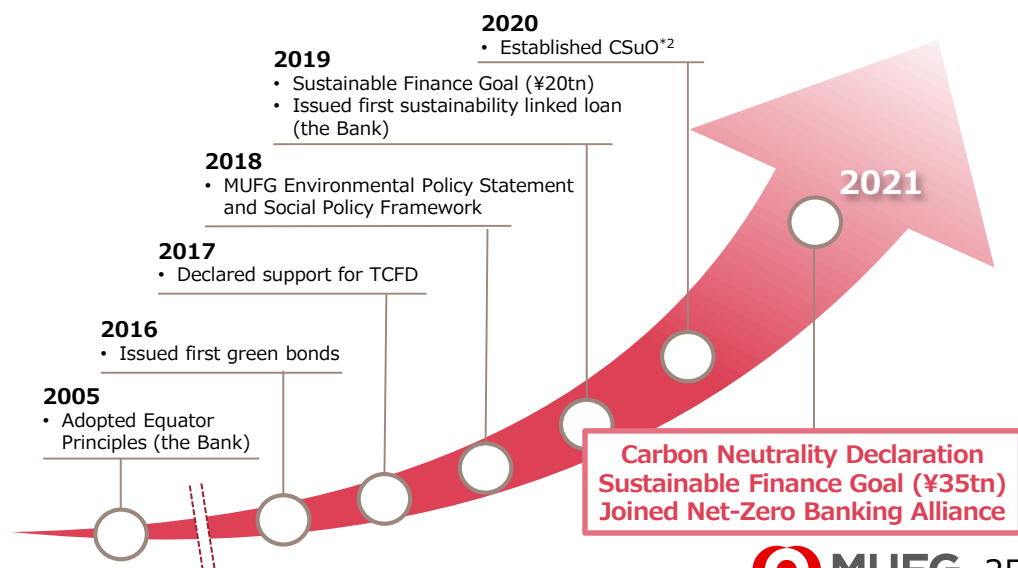
## Progress and goals in sustainable finance

Consider societal expectations and affinities with MUFG's business area



(¥tn)	FY19	FY20	FY21 H1	Total	FY30 goals*1
Environment	2.2	1.4	0.7	4.3	18.0
Social	0.9	1.4	0.7	3.0	17.0
Others	0.6	1.4	1.1	3.1	
<b>Total</b>	<b>3.7</b>	<b>4.2</b>	<b>2.5</b>	<b>10.4</b>	<b>35.0</b>

## Major actions on ESG



\*1 Set goals in FY19, and revised in April 2021

\*2 Chief Sustainability Officer

# MUFG Carbon Neutrality Declaration

- First Japanese bank to commit to achieve target of 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**

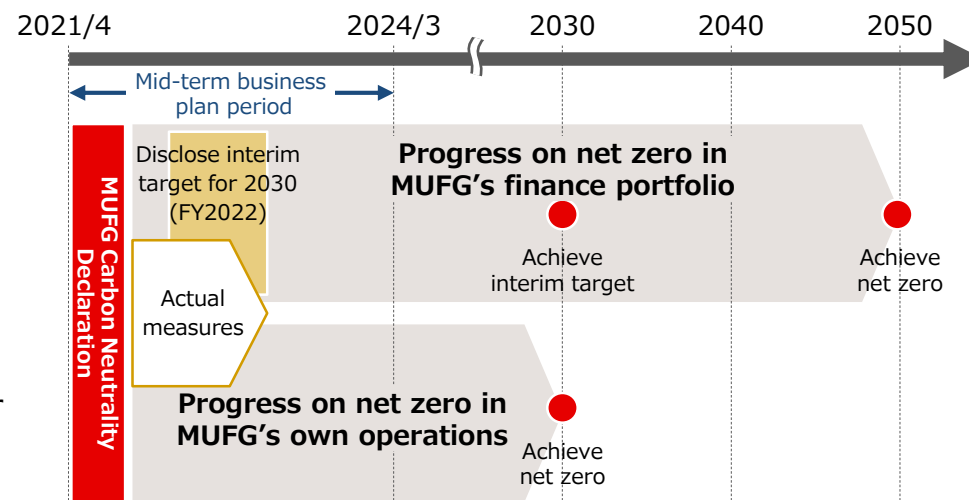
### Major Plans

- Achieve decarbonization through financial services
- Promote decarbonization via MUFG's own efforts
- Set targets to align with the goals of Paris Agreement, and expand and improve transparency of disclosure
- Enhance our organization to achieve carbon neutrality

### Major Updates

- Disclosed current financial emissions (FE) (intensity)<sup>\*4</sup> for "Electricity"
- Plan to disclose 2030 interim targets for "Electricity" and "Oil & Gas" sectors in spring 2022
- Shifted domestic electricity procurement directly by the Bank, the Trust bank, the Securities HD to 100% renewable sources by November 2021
- Joined NZAMI<sup>\*5</sup> in November 2021

### ■ Roadmap of "MUFG Carbon Neutrality Declaration"



First bank  
in Japan

Join Net-Zero Banking Alliance<sup>\*6</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

\*1 Greenhouse Gas \*2 Scope3 under the GHG Protocol \*3 Scope1 and Scope2 under the GHG Protocol

\*4 Corporate finance and project finance assets related to Scope 1 of the power generation business in the electricity sector are measured (as of Dec 2019)

\*5 Net Zero Asset Managers Initiative: An initiative mainly for asset managers that are committed to achieve net zero in their investment portfolio by 2050

\*6 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

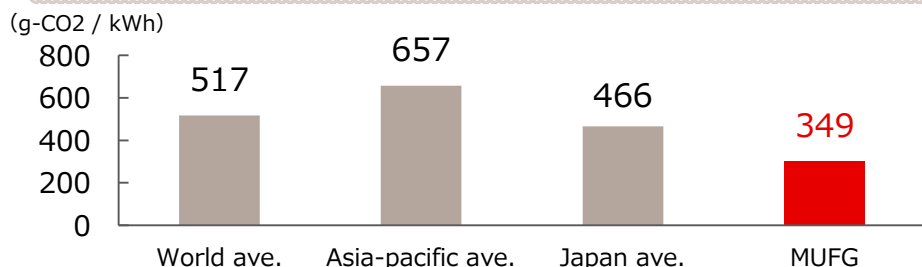
# Major updates in carbon neutrality

- Set 2030 targets, beginning with "Electricity" and "Oil and Gas" sectors
- Made significant progress in reducing GHG emissions from our own operations in Japan

## Progress on setting interim targets

**New update** Disclosed current FE (intensity)\*1 for "Electricity" - "Oil & Gas" will be disclosed in spring 2022

Average emission intensity of electricity sector in each region\*2



**Next step** Plan to Disclose 2030 interim targets for "Electricity" and "Oil & Gas" sectors in spring 2022

Progress Report to be published

- We intend to set interim targets for other carbon-intensive sectors as advised by NZBA\*3

Net zero\*4 in asset management business

**Joined NZAMI\*5 in November 2021**

- Accelerate our efforts to net zero GHG emissions
  - Set 2030 interim target within a year of joining

\*1 Corporate finance and project finance assets related to Scope 1 of the power generation business in the electricity sector are measured (as of Dec 2019)

\*2 Based on 2019 results from the IEA World Energy Outlook 2021

\*3 Net Zero Banking Alliance: An initiative for banks that are committed to achieve net zero in their lending and investment portfolio by 2050

\*4 Greenhouse Gas (GHG) emissions financed by loans and investments

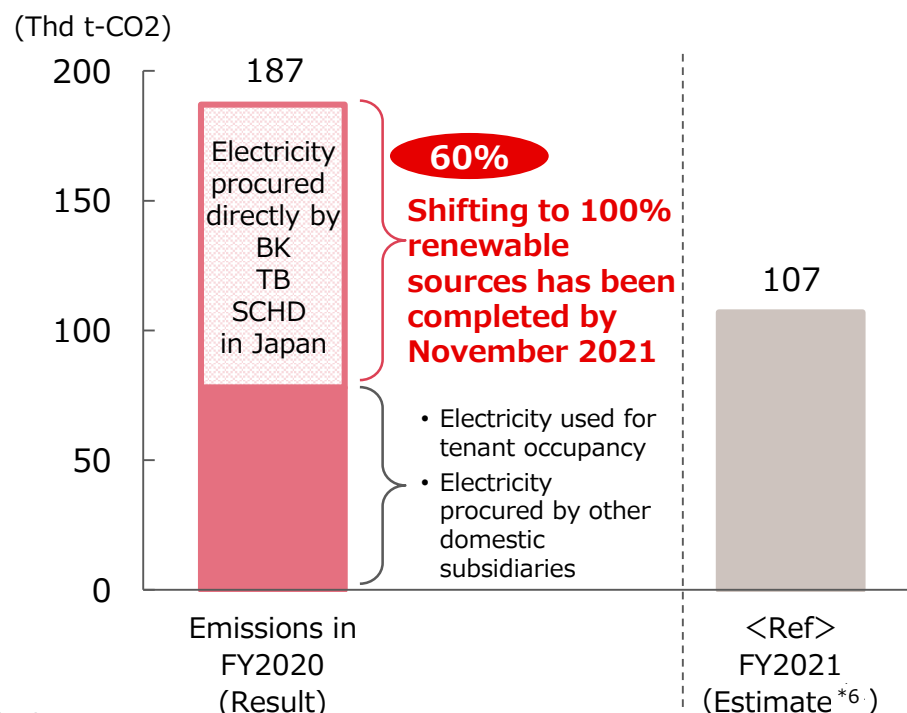
\*5 Net Zero Asset Managers Initiative: An initiative mainly for asset managers that are committed to achieve net zero in their investment portfolio by 2050

\*6 Estimated volume calculated by deducting the effect of shifting to renewable energy from the volume of emissions in FY2020

## Significant reduction of GHG emissions from own operations

**Completed ahead of schedule** Shifted domestic electricity procurement directly by the Bank, the Trust bank, the Securities HD **to 100% renewable sources by Nov 2021** -The original target was end Mar 2022

### Emissions from all domestic consolidated subsidiaries



# MUFG's endorsement of international sustainability initiatives

- MUFG has endorsed and is acting as an advocate for major international sustainability initiatives
- MUFG also has been recognized for ESG efforts by external institutions

## International initiatives MUFG endorses



## ESG indices

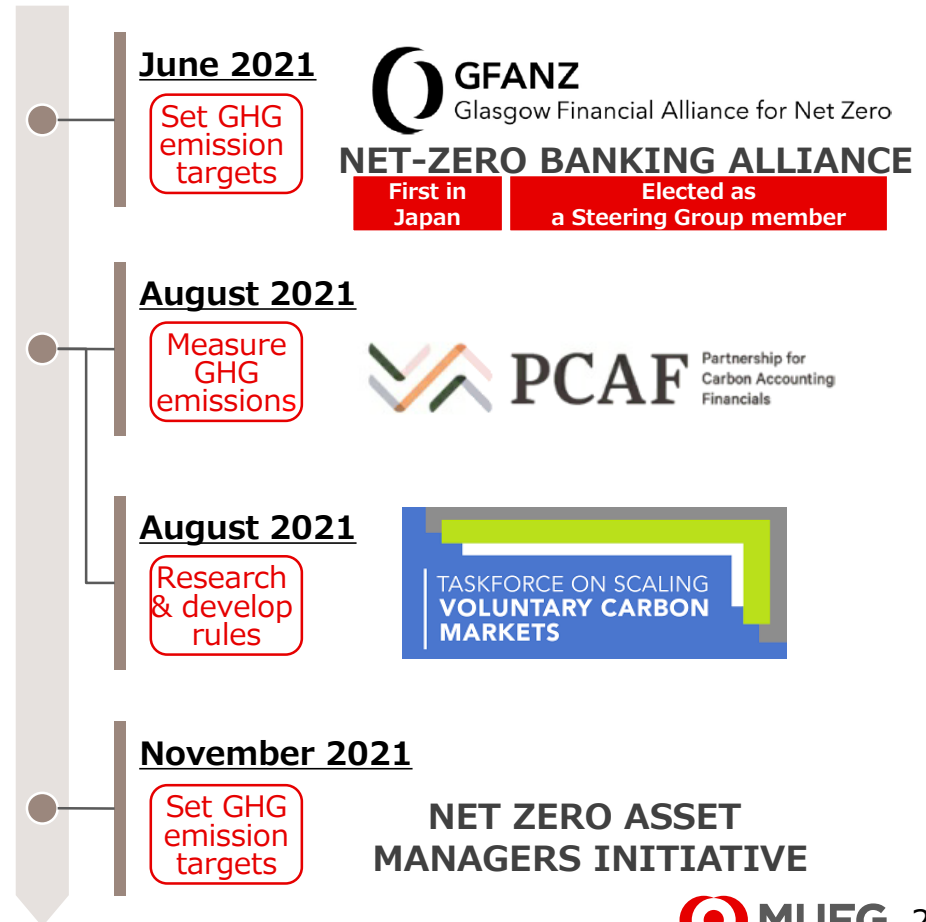


## ESG awards



## Participating proactively in global initiatives

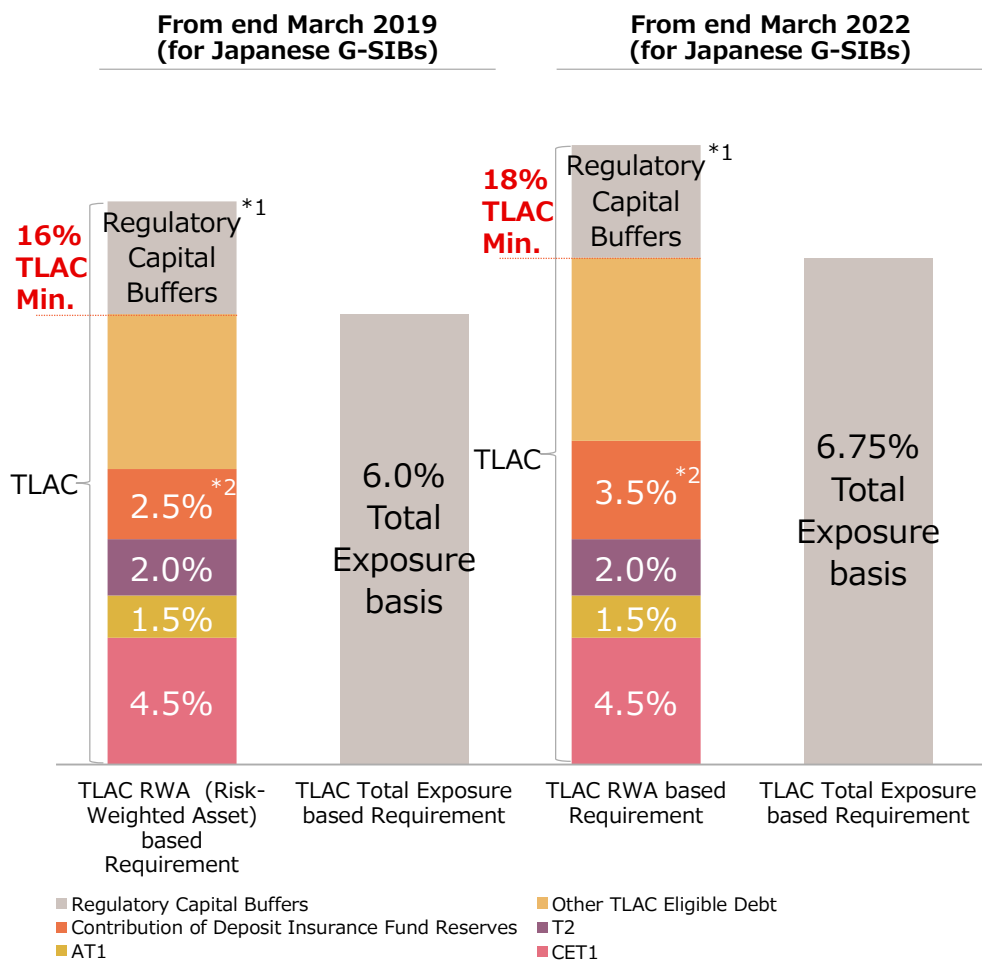
- Seeking to acquire external knowledge including scientific approach know-how on a global basis



# Appendix

# Japanese TLAC framework summary

## TLAC minimum requirement



## Japanese resolution system's features

- Contribution of Deposit Insurance Fund Reserves\*2
- Multiple treatments prior to loss absorption point, even after Point of Non-Viability ("PONV")
- Multiple precedents of prompt corrective action and pre-emptive capital infusion\*3

## Requirements for external TLAC-Eligible Debt (excerpt)

- The Holding Company is a resolution entity in Japan ("Domestic Resolution Entity") designated by the FSA
- External TLAC-eligible debt is issued by the Holding Company as the Domestic Resolution Entity

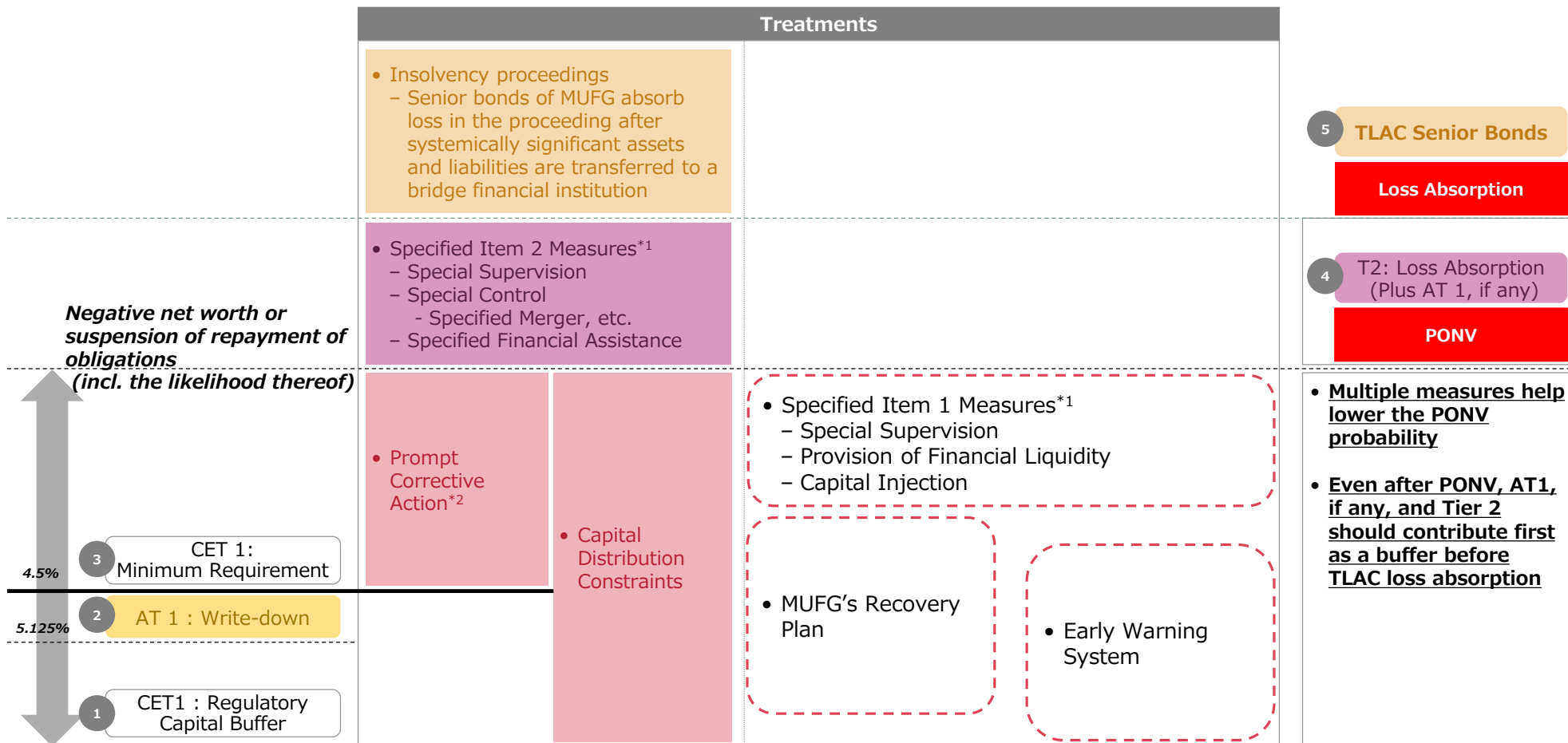
\*1 CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, Counter-cyclical Buffer: ranging from 0% to 2.5% to be calculated as the weighted average of the buffers deployed across all the jurisdictions to which MUFG has credit exposures will be imposed

\*2 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

\*3 It is uncertain which measure is to be taken in a given case, and ordinary resolution measures may be applied without implementing any pre-emptive capital infusion

# Multiple treatments prior to loss absorption point

- In addition to the existence of capital subordinated to TLAC senior bonds, there are multiple measures that can contribute to ensure the remoteness to PONV, although these are dependent on the premise of MUFG's self-efforts such as pre-determined recoveries, etc.
- At PONV, there is Tier 2 that is subordinated to TLAC senior bonds



\*1 Implementation of Specified Item1 and 2 measures will depend on economic conditions and the financial institution's soundness. Also, specified item 1 measures may not necessarily be applied even before specified item 2 measures

\*2 In case TLAC ratio falls below minimum requirement, Business Improvement Order may be issued

# Japanese TLAC framework

## - Precedents of capital infusions in Japan

- The Japanese government has historically had multiple precedents of prompt corrective action and pre-emptive capital infusion\*1

### Major public sector support and resolutions

		Applicable rules	Bank	Date	Amount (¥bn)	Description
Public Sector Support	-	Article 102, Paragraph 1, Item 1 of the Deposit Insurance Act	Resona Bank	Jun 2003	296	Public funds infusion in common shares—government ownership of 50.1%
				Jun 2003	1,663	Public funds infusion in convertible preferred shares
Pre-emptive capital infusion		Act on Special Measures for Strengthening Financial Functions	Howa Bank	Mar 2014	16	Public funds infusion in convertible preferred shares
			Kirayaka Bank (Jimoto Holdings)	Dec 2012	30	Public funds infusion in convertible preferred shares
			Tohoku Bank	Sep 2012	10	Public funds infusion in convertible preferred shares
			77 Bank	Dec 2011	20	Public funds infusion in subordinated loans
			Tsukuba Bank	Sep 2011	35	Public funds infusion in convertible preferred shares
			Sendai bank (Jimoto Holdings)	Sep 2011	30	Public funds infusion in convertible preferred shares
			Miyazaki Taiyo Bank	Mar 2010	13	Public funds infusion in convertible preferred shares
			Hokuto Bank (Fidea Holdings)	Mar 2010	10	Public funds infusion in convertible preferred shares
			Kochi Bank	Dec 2009	15	Public funds infusion in convertible preferred shares
			Towa Bank	Dec 2009	35	Public funds infusion in convertible preferred shares
			Daisan Bank	Sep 2009	30	Public funds infusion in convertible preferred shares
			Kirayaka Bank (Jimoto Holdings)	Sep 2009	20	Public funds infusion in convertible preferred shares
			Michinoku Bank	Sep 2009	20	Public funds infusion in convertible preferred shares
			Minaminihon Bank	Mar 2009	15	Public funds infusion in convertible preferred shares
			Fukuho Bank	Mar 2009	6	Public funds infusion in convertible preferred shares
Hokuyo Bank	Mar 2009	100	Public funds infusion in convertible preferred shares			
Howa Bank	Dec 2006	9	Public funds infusion in convertible preferred shares			
Kiyo Holdings (Kiyo Bank)	Nov 2006	31.5	Public funds infusion in convertible preferred shares			
Resolution	Negative net worth or failed	Article 74 of the Deposit Insurance Act	Incubator Bank of Japan	Sep 2010	N.A.	First resolution in which deposit payoff rule was actually invoked
	Negative net worth or failed	Article 102, Paragraph 1, Item 2 of the Deposit Insurance Act	N.A.			
	Negative net worth and failed	Article 102, Paragraph 1, Item 3 of the Deposit Insurance Act	Ashikaga Bank	Nov 2003	N.A.	DIC acquired all shares of the bank
	-	Act on Emergency Measures for the Revitalization of the Financial Functions	Nippon Credit Bank Long-term Credit Bank	Dec 1998 Dec 1998	3.6tn 3.2tn	Purchases the shares, unsuitable assets using special financial assistance, compensation for losses and purchase of shares, capital injection etc.

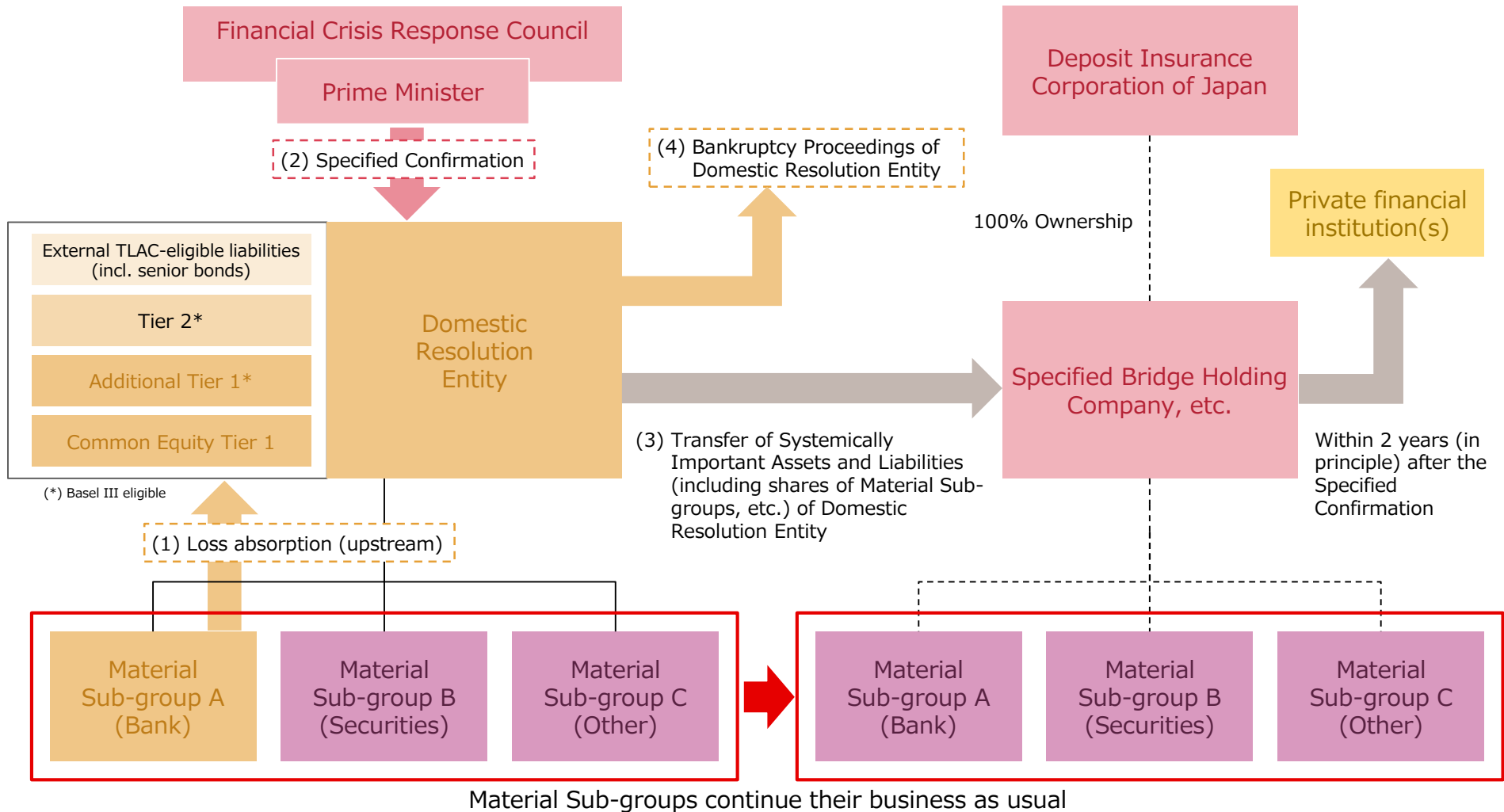
\*1 It is uncertain which measure is to be taken in a given case, and ordinary resolution measures may be applied without implementing any pre-emptive capital infusion



# Japanese TLAC framework

## - A model of procedures of orderly resolution under the SPE strategy for Covered SIBs\*1

- The below is based on a possible model of Covered SIBs resolution under the SPE approach\*2 as stated in the FSA's explanatory paper outlining its approach to introduction of the TLAC framework in Japan



\*1 Covered SIBs : (i) Japanese G-SIBs and (ii) a domestic systemically important bank ("Japanese D-SIB") that is deemed to be in particular need for a cross-border resolution arrangement and of particular systemic significance to the Japanese financial system if it fails

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

# Japanese TLAC framework

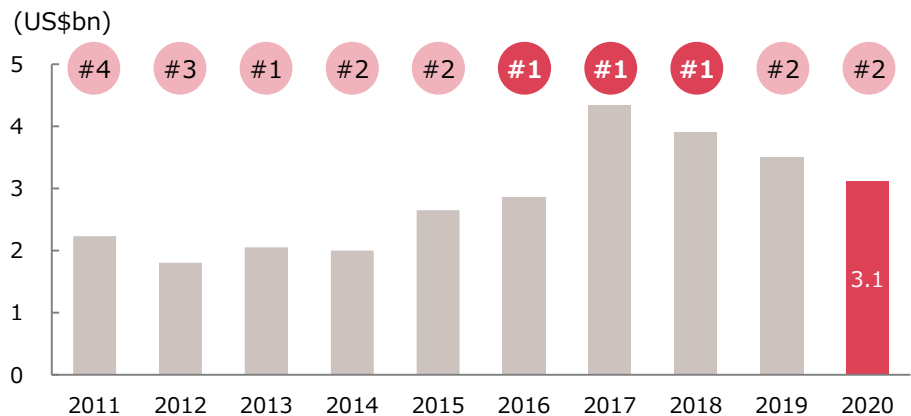
## - Requirements for external TLAC-Eligible Debt (Summary)

- Relevant obligations must be issued by a holding company designated as the Domestic Resolution Entity by the FSA;
  - There is no requirement for contractual loss absorption provisions as Japanese law provides for statutory loss absorption through bankruptcy proceedings
- Relevant obligations must be paid-in, unsecured and have a tenor of at least one year;
- Relevant obligations must not be subject to set-off or netting rights at the time of a PONV;
- Relevant obligations must not be redeemable by the holder prior to maturity, other than when redeemed at the option of the holder no less than one year after issuance;
- Relevant obligations must not be redeemable prior to maturity, other than when redeemed at the option of the issuer, in general, no less than one year after issuance, and with the FSA's prior confirmation;
- Relevant obligations must be subordinated (including by way of structural subordination only where the amount of excluded liabilities of the issuer ranking pari passu or junior to the issuer's unsecured senior liabilities does not exceed 5% of the issuer's external TLAC)

# Decarbonization through financial services

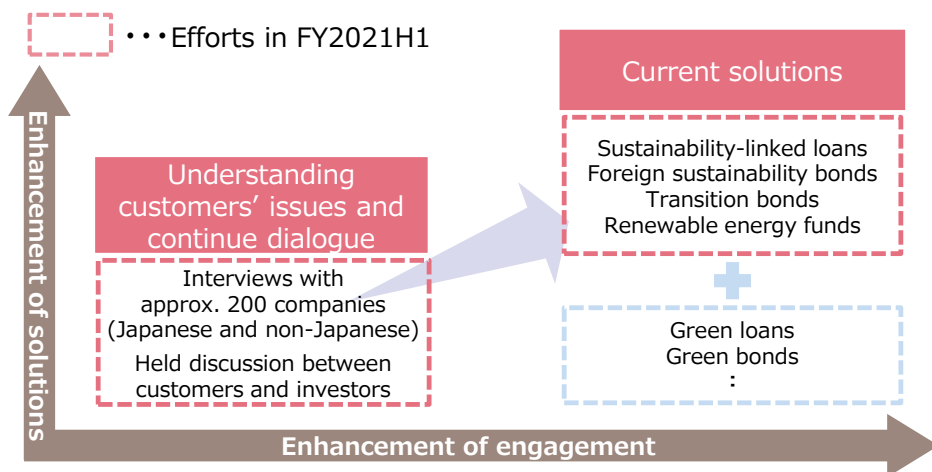
- Seek to create a virtuous cycle between environment and economy: seizing business opportunities in the process of supporting customers' decarbonization

## MUFG's ranking as a financial arranger\*1



(Source) Bloomberg New Energy Finance Asset Finance/Lead Arrangers League Table

## Enhancing customer engagement



\*1 Results of Project Finance, etc. in the renewable energy sector

\*2 Such as the working group for measuring, reporting and disclosing GHG emissions in accordance with the revision of Act on Promotion of Global Warming Countermeasures

\*3 Taskforce on Scaling Voluntary Carbon Markets

## MUFG's new solutions

### In 2021

#### ■ Helping customers measure GHG emissions

Nov. Agreement on collaboration with Zeroboard Inc. Solution

#### ■ Participation in Ministry working group\*2 Formulation of rules

#### ■ Promoting innovation through support for start-ups

Dec. First ESG accelerator held by a Japanese bank Solution

#### ■ Development of transition guidelines Formulation of rules

Sep. Leading "Asia Transition Finance Study Group" Formulation of rules

#### ■ Acquisition of know-how on utilization of carbon credits Solution

Nov. Equity investment in and loan to a developer and distributor of hydrogen fuel station in California Solution

#### ■ Revitalization of the carbon credit market Formulation of rules

Aug. Participation in TSVCM\*3 Formulation of rules

#### ■ Strengthening solutions such as sustainability bonds through cooperation with the Bank and MUMSS

#### ■ Consideration of the possibility of utilizing satellite data

#### ■ Consideration of how to measure social impact other than GHG emissions (Impact investment, etc.)

# Social (Inclusion & diversity)

- Seek to develop a culture that empowers human resources with diverse personalities, competencies and experiences for MUFG's sustainable growth

## MUFG's diversity

		Results (As of end Mar 21)	Targets
Gender	Ratio of women in line manager or higher position in Japan*1	16.7%	18.0% by end Mar 2024
	Number of female directors and executive officers*2	20 (As of Apr 2021)	-
	Ratio of female directors (MUFG)	25% (As of Jun 2021)	Agreeing with the "Challenge initiatives for 30% of Executives*3 to be Women by 2030"*4
	Ratio of male employees taking childcare leave*5 (the Bank, the Trust Bank, MUMSS)	90%, 85%, 100%	100%
Foreign nationals	Ratio of employees	52%	-
	Number of executive officers (the Bank)	13 (incl. 3 women)	-
	Ratio of foreign nationals in middle managerial positions*6	Newly disclosed 29%	Maintaining or improving the current level
Mid-career hires	Ratio of mid-career hires in managerial positions*7	Newly disclosed 9.9%	Maintaining or improving the current level
People with disabilities	Number of people with disabilities	Approx. 1,400	-

Raising awareness regarding diverse sense of value and background

### Trainings and workshops

- Unconscious bias
- Developing women's career
- LGBTQ
- Childcare, caregiving, infertility treatment

External recognition



Recognized due to our initiatives to facilitate women's career development



Received Gold rating due to such measures as the introduction of a same-sex partnership certification program



A LGBTQ-related message video created together with other companies was selected as a Best Practice outstanding initiative



\*1 Employees in positions of line manager (*jicho* or *kacho*) or above \*2 Total of MUFG, the Bank, the Trust Bank, MUMSS, and NICOS

\*3 Based on the Japanese Companies Act \*4 The initiative led by the Nippon Keidanren \*5 Percentage of the use of the leave by male employees of each subsidiary whose eligibility for childcare leaves expired in FY20 \*6 Ratio of individuals hired overseas (the Bank and MUMSS cover overseas branches and affiliates which are substantially treated as a branch, such as MUB. The Trust Bank only covers overseas branches.) in positions equivalent to director or above to the number of those in positions equivalent to director or above in Japan and abroad \*7 Ratio of mid-career hires in positions tasked with supervision (*kanri kantokusha*) (including senior manager (*joseki chosayaku*) and line manager) in Japan to the number of individuals in such positions in Japan

# Social (Response to aging population & low birthrate)

- Seek to support the coming age of centenarians through our comprehensive financial services

## Services to support diverse lifestyles

- Consultation regarding preparations for prolonged life expectancy and optimal asset building & management
  - **Deliver a diverse range of products such as term deposits, non-JPY deposits, bonds, investment trusts and life insurance as well as products that offer tax benefits**
  - **The Bank, the Trust Bank and MUMSS provide an appointment-based proxy service free of charge**
    - Individual customers' assets identified by MUFG: ¥100tn
    - AUM\*1 entrusted by individual customers: ¥25.6tn
- A digital-driven service aimed at connecting customers and their offspring
  - **Help resolve the anxiety accompanying the prospect of a possible deterioration of cognitive functions in a rapidly aging society**
    - A dedicated finance management app for both customers and their families 
    - More than 5,000 users since March 2019
  - **Enable customers to plan for future inheritance needs using digital technologies**
    - An app designed to assist elderly customers in communication with families 
    - Help with the preparation of living wills

## Smooth succession of businesses and assets

- Take a groupwide, integrated approach to deliver solutions
- Meet wide-ranging needs by employing alliance partners' networks
  - **Webinars on succession of businesses and assets, etc.**
    - No. of webinars held in FY21H1: approx. 380
  - **Take full advantage of MUFG's wealth management digital platform and enhance our proposal capabilities backed by the Group's comprehensive strengths**

## Supporting future generation leaders

- Help them develop capabilities to achieve independence and navigate their future as they pursue personal goals
  - **Financial and Economic Education**
    - Cumulative no. of seminars held since 2012: 3,285
- Support children and students affected by the COVID-19 pandemic
  - **Financially support students who are being forced to give up higher education due to economic hardship or other reasons as well as children who have lost parents to disease or accident, etc.**

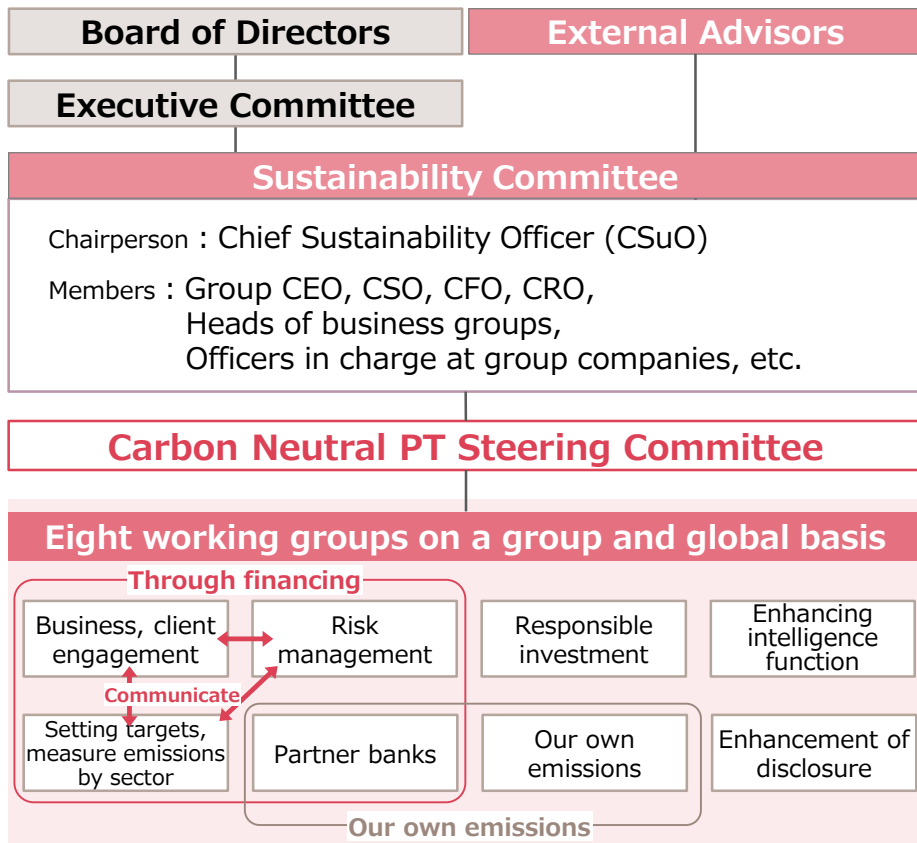
\*1 Asset under management

# Governance

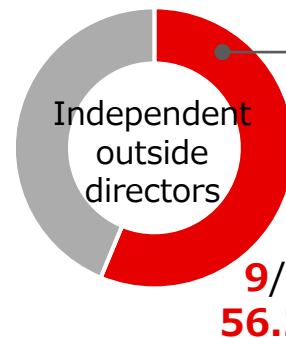
- Measures designed to strengthen sustainability promotion structure to further deepen ESG initiatives

## New organizational structure for carbon neutrality

- Organized a project team and holds steering committee meetings every two months
- Established Global Head of Sustainability Engagement



## Well-balanced Board Structure



### Expertise: no. of persons

- Finance: 3
- Business admin: 3\*
- Law: 2
- Accounting: 2\*

\*A gross headcount

### Females

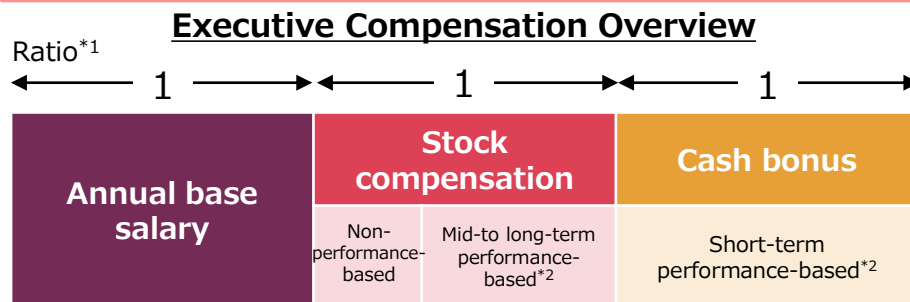
4/16  
25.0%

### Foreign nationals

2/16  
12.5%

## Revised KPI of executive compensation

**Newly add ESG evaluation in MTBP achievement evaluation\*3**



### MTBP achievement evaluation\*3

- Consolidated ROE
- Consolidated amount of expense reduction,**
- Improvement of external ESG evaluation** New

\*1 In the case of Group CEO of MUFG

\*2 Range: 0-150%

\*3 Rate of attainment of targets of the indicators in the MTBP (Medium-term Business Plan). Effective from May 2021

# Governance (Revising CG\*1 policy and enhancing disclosure)

- Incorporated our commitment to pursuing sustainability into the “MUFG CG Policies” and specified sustainability-related expertise in the directors’ skill matrix

Responding to the Tokyo Stock Exchange’s CG Code revision

- Proactive approach to the development of our CG structure
  - ✓ Transitioned to a company with three committees in 2015
  - ✓ BOD\*2 has had a diverse structure with a majority of outside directors since 2018
  - ✓ Develop CG structure focusing on the effectiveness of BOD

- Reviewed our structure in light of the CG Code revision in 2021. Identified matters that need to be updated via discussion by BOD

Skill matrix

Diversity

Sustainability

CG Policies Revision

In “2-1. Basic approach,” add “MUFG will actively contribute to the realization of a sustainable society” under the “MUFG Way”

In “9-4. Appropriate collaboration, etc. with all stakeholders,” add “Based on the belief that sustainable environment and society are the main prerequisites for the Group’s sustainable growth, MUFG will work to create value by solving environmental and social issues and taking the Group’s management strategy together”

CG Report disclosure

- Enhanced disclosure on the skill matrix based on our recognition of social and management issues

- Human resource diversity is essential to “new challenges and transformation”
- Enhanced disclosure on “inclusion & diversity” and “employee engagement” initiatives

**Skill matrix of the Board members**  
(Knowledge, expertise and experience)

Name		Global	IT/Digital	Sustainability
Mariko Fujii	Outside  A wealth of knowledge and experience in the fields of corporate management, finance, financial accounting and law	●		
Keiko Honda		●		●
Kaoru Kato			●	●
Satoko Kuwabara		●		●
Toby S. Myerson		●		
Hirofumi Nomoto			●	●
Yasushi Shingai		●	●	●
Koichi Tsuji		●		
Tarisa Watanagase		●		
Ritsuo Ogura		Internal  Extensive knowledge of MUFG’s business and the ability to appropriately perform management of MUFG		
Kenichi Miyanaga	●			
Kanetsugu Mike	●		●	●
Saburo Araki				●
Iwao Nagashima	●			●
Junichi Hanzawa				●
Hironori Kamezawa	●		●	●

Already disclosed

Newly disclosed

\*1 Corporate Governance \*2 The Board of Directors

# Governance (Structure of the Board of Directors)

Name	Committee-related duties	Independent Outside	Knowledge, expertise and experience						
			Corporate management	Finance	Finance & accounting	Legal affairs	Global	IT/digital	Sustainability
1 Mariko Fujii	Nominating Compensation Risk*	●	–	●	–	–	●	–	–
2 Keiko Honda	Audit	●	–	●	–	–	●	–	●
3 Kaoru Kato	Nominating Compensation Audit	●	●	–	–	–	–	●	●
4 Satoko Kuwabara	Nominating Compensation*	●	–	–	–	●	●	–	●
5 Toby S. Myerson	Risk	●	–	–	–	●	●	–	–
6 Hirofumi Nomoto	Nominating* Compensation	●	●	–	–	–	–	●	●
7 Yasushi Shingai	Audit Risk	●	●	–	●	–	●	●	●
8 Koichi Tsuji	Audit*	●	–	–	●	–	●	–	–
9 Tarisa Watanagase	Risk	●	–	●	–	–	●	–	–
10 Ritsuo Ogura	Audit	–	Extensive knowledge of MUFG's business and the ability to appropriately perform management of MUFG				–	–	–
11 Kenichi Miyanaga	Audit						●	–	–
12 Kanetsugu Mike							●	●	●
13 Saburo Araki							–	–	●
14 Iwao Nagashima							●	–	●
15 Junichi Hanzawa							–	–	●
16 Hironori Kamezawa	Nominating Compensation						●	●	●

Nominating: Nominating and Governance Committee member    Compensation: Compensation Committee member  
 Audit: Audit Committee member    Risk: Risk Committee member    \*Chairperson



# Promote initiatives to counter climate change - TCFD

## Governance

- Built a system for the Board of Directors to oversee climate change initiatives
- Deliberate regularly at “Sustainability Committee” chaired by Chief Sustainability Officer
- Reflected ESG elements in executive compensation
- Established external advisors in the environmental and social fields

■ ...Major initiatives after the fixed income investor presentation in June 2021

## Strategy

- Actively support financing for transition and strengthen engagement with customers
  - Our customer engagement initiatives featured in the “MUFG Sustainability Report 2021”
- Launched Renewable Energy Fund : ¥100bn (equity investment and loan), work on carbon offsets (afforestation, etc.)
- Consider reflecting climate change risk into credit process
- Re-evaluated risk cases and time frame associated with transition risks and physical risks in MUFG’s main risk categories
- Enhancement of scenario analysis (2021 to 2050) : Included the automobile sector into the scope of transition risk assessments; the 1.5°C scenario\*1 was additionally used in assessments
  - Transition risks (energy, utility and automobile sectors): approx. ¥1.5 bn to ¥23 bn/year
  - Physical risks (flooding): cumulative total approx. ¥38bn

## Risk management

- Recognize as one of the Top Risks and included in the Risk Appetite Framework
- Consider environment and society by managing “MUFG Environmental and Social Policy Framework” and “the Equator Principles”
  - Revised coal-fire power generation, forestry, palm oil sectors in Apr 2021
- Changed the basis for assessments from lending balance to credit balance; enhanced the content of disclosure regarding the breakdown of carbon-related assets in energy and utility sectors

## Metrics and targets

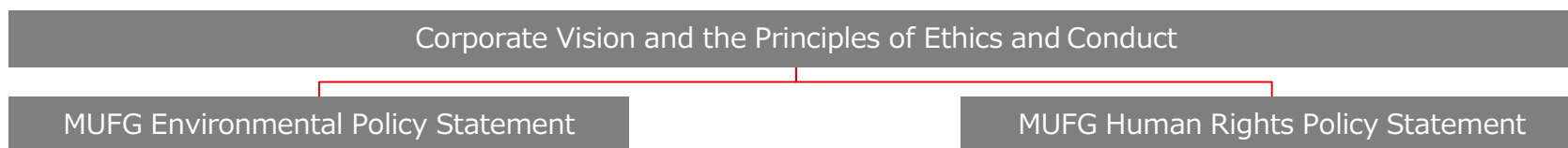
- Set target of GHG emissions in its finance portfolio: net zero by 2050
- Set target of GHG emissions in its own operations: net zero by 2030
  - Shifted domestic direct electricity procurement to 100% renewable sources (the Bank, the Trust Bank, the Securities HD)
- Raised sustainable finance goal: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

\*1 Scenario released by NGFS (Network for Greening the Financial System)

\*2 Cumulative annual CO2 reduction effect from renewable energy projects MUFG has provided finance in the fiscal year, calculated based on the amount of electricity generated, facility utilization rate, and emission factors. The figure is after taking into account the share of MUFG’s loan arrangement or underwriting amount

# Basic Environmental and Social policies and framework

- Formulated basic policies to contribute to addressing E/S issues through business activities aiming to appropriately identify and manage risks to the environment and society associated with business activities



## MUFG Environmental and Social Policy Framework\*1

- Identify “Prohibited Transactions\*1” and “Restricted Transactions\*1”
- Declare our policy of actively financing renewable energy business, such as solar and wind power generation, to help combat climate change while supporting the adoption of advanced technologies aimed at reducing GHG emissions

### Prohibited Transactions\*1

- (1) Illegal transactions and transactions for illegal purpose, (2) Transactions which violate public order and good morals,
- (3) Transactions that negatively impact wetlands designated under the Ramsar Convention,
- (4) Transactions that negatively impact UNESCO designated World Heritage Sites,
- (5) Transactions violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington Convention)\*2,
- (6) Transactions involving the use of child labor or forced labor

### Restricted transactions\*1

Cross-sectoral items	(1) Impact on Indigenous Peoples Communities, (2) Land expropriation leading to involuntary resettlement, (3) Impact on High Conservation Value areas	
	Coal Fired Power Generation Sector	Mining Sector (Coal)
Sector specific items	Oil and Gas Sector (Oil Sands, Arctic Development)	Large Hydro Power Generation Sector
	Forestry Sector	Palm Oil Sector
	Cluster Munitions Manufacturing Sector (Prohibited)	Inhumane Weapons Sector (Prohibited)

\*1 Applied to products and services, including the extension of credit and the underwriting of bonds and stocks, for corporate clients of the Bank, the Trust Bank and the Securities HD

\*2 Taking into consideration country specific considerations

# MUFG's Green, Social, and Sustainability Bond Framework

<b>Use of Proceeds</b>	<ul style="list-style-type: none"><li>• An amount equivalent to the net proceeds will be allocated to finance / refinance:<ul style="list-style-type: none"><li>– Eligible Green Projects: green building, renewable energy</li><li>– Eligible Social Projects: healthcare, education, employment generation and preservation, affordable housing</li></ul></li><li>• Look back period: 24 months*<sup>1</sup> for Eligible Green Projects and 36 months for Eligible Social Projects</li></ul>
<b>Project Evaluation and Selection</b>	<ul style="list-style-type: none"><li>• Each responsible division of the Bank or MUFG selects Eligible Projects based on the criteria</li><li>• MUFG's Office of the CFO, Financial Planning Division makes a final decision on the selection</li></ul>
<b>Management of Proceeds</b>	<ul style="list-style-type: none"><li>• Net proceeds managed on a portfolio basis</li></ul>
<b>Reporting</b>	<ul style="list-style-type: none"><li>• Allocation reporting: At least annually until full allocation and in a timely manner in case of material developments<ul style="list-style-type: none"><li>– Assertions by management and a review by Sustainalytics: Until full allocation</li></ul></li><li>• Impact reporting: Annually, where feasible, containing impact metrics, reflecting the share of the relevant Eligible Projects financed by the Bank</li></ul>
<b>External Reviewer</b>	<ul style="list-style-type: none"><li>• Sustainalytics</li></ul>

“Sustainalytics believes that MUFG is well positioned to mitigate potential environmental and social risks associated with the projects funded by the green, social, and sustainability bonds”

(Source) Sustainalytics: Second Party Opinion, May 13, 2020

\*1 With regards to eligible green building projects, certain certification must be received during the look back period except that DBJ Green Building Certification may be received during 1 year prior to the look back period

# Basic policy of the medium-term business plan

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

Our vision  
after  
3 years

**Be the premier business partner that pioneers the future through the power of finance and digital services**  
To cope with the drastically changing society,  
we commit to empower all stakeholders to move to the next step forward

Key  
strategies

## Corporate transformation

Digital transformation

Contribution to addressing environmental and social issues

Transformation of corporate culture (a culture with a focus placed on “speed” and “new challenges”)

## Strategy for growth

Wealth management

Approach of proposing solutions to customer’s issues

Asia business

GCIB & Global Markets

Global AM / IS

## Structural reforms

Cost and RWA control

Transformation of platforms and our business infrastructure

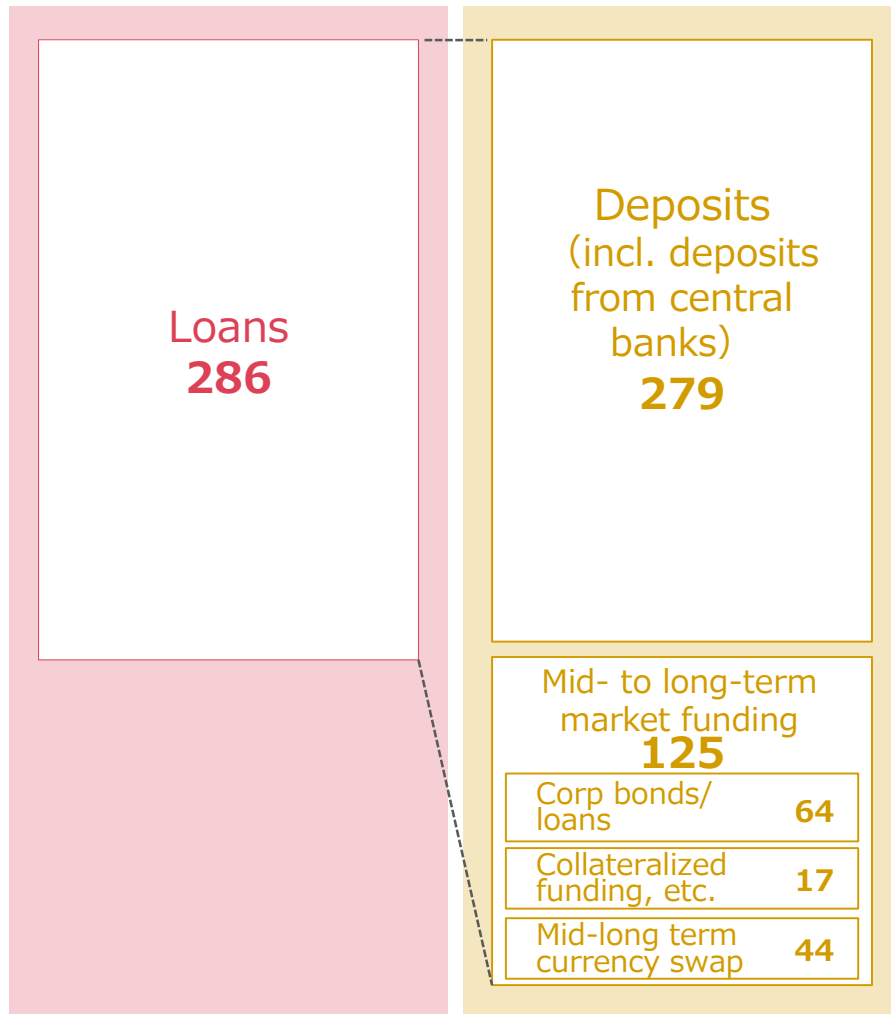
Review of our business portfolios

# Non-JPY liquidity\*1

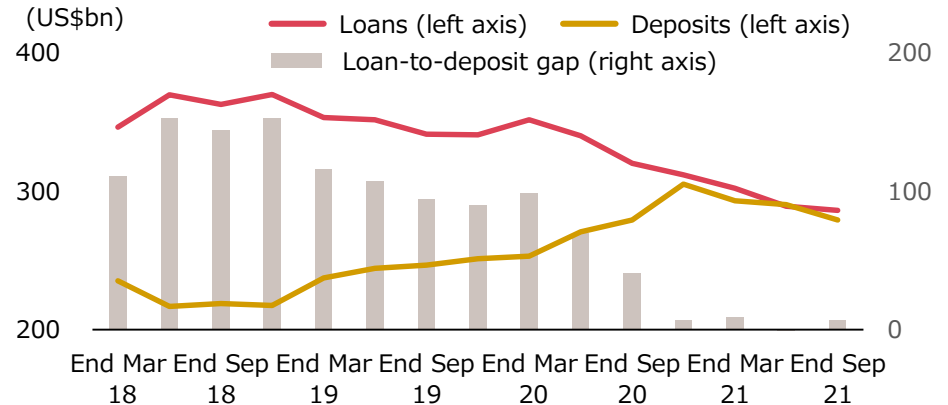
- Reduced non-JPY funding cost due to the decrease of loan-to-deposit gap

(US\$bn)

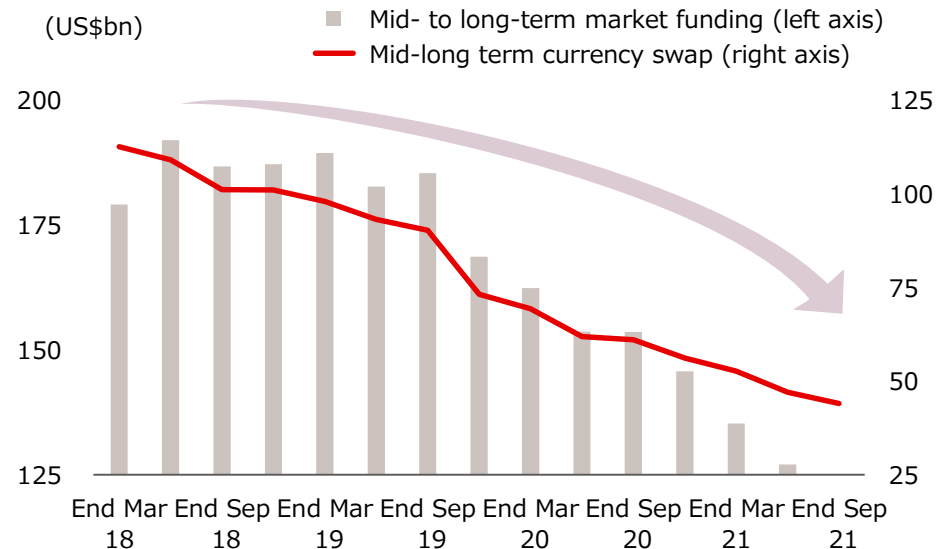
As of end Sep 2021



## Historical loan-to-deposit gap



## Historical mid- to long-term market funding



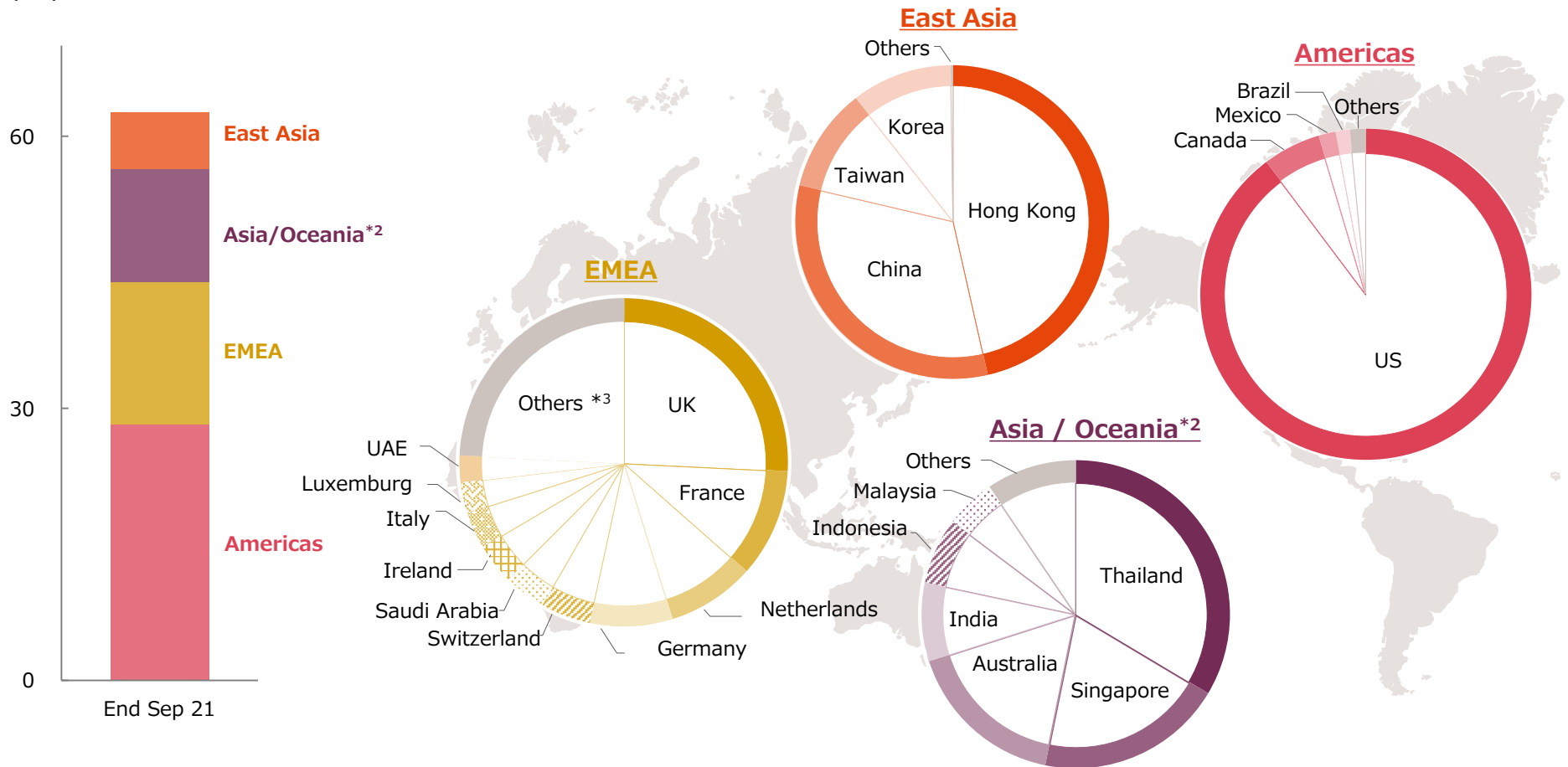
\*1 The Bank consolidated excl. MUAH, KS and BDI. Managerial accounting basis

# Overseas corporate credit exposure

Credit exposure\*1 to overseas corporate borrowers by region

Consolidated

(¥tn)



\*1 Based on borrower's location. Including undrawn commitment, exposure in project finance etc. Excluding market risk exposure, inter-bank transactions and exposures to government agencies and central banks. Exchange rate applied is ¥111.92/US\$

\*2 Excludes BDI's exposure

\*3 Others in EMEA are comprised of approximately 60 countries to which MUFG held less than 2.5% exposure

(Note) All figures are on managerial accounting basis

# Credit portfolio of energy

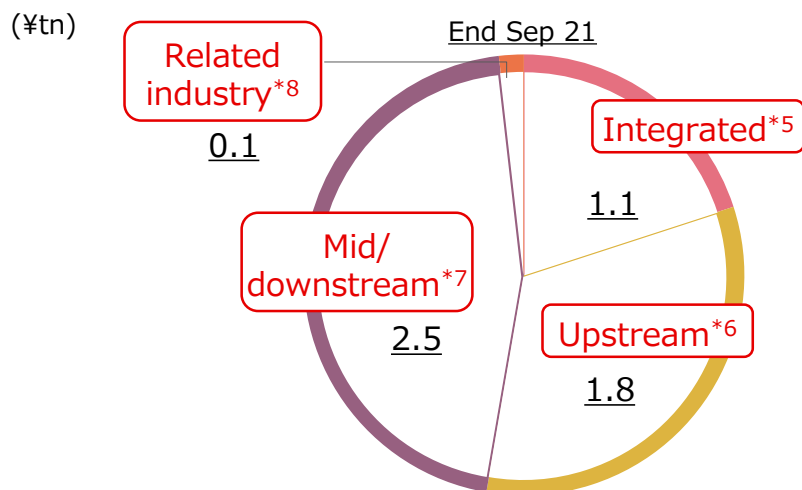
## Credit exposure\*1\*2

(¥tn)	End Sep 21
Credit exposure	5.5
Unsecured amount	3.4
Secured*3 amount	2.1
% of total exposure	Approx. 5%

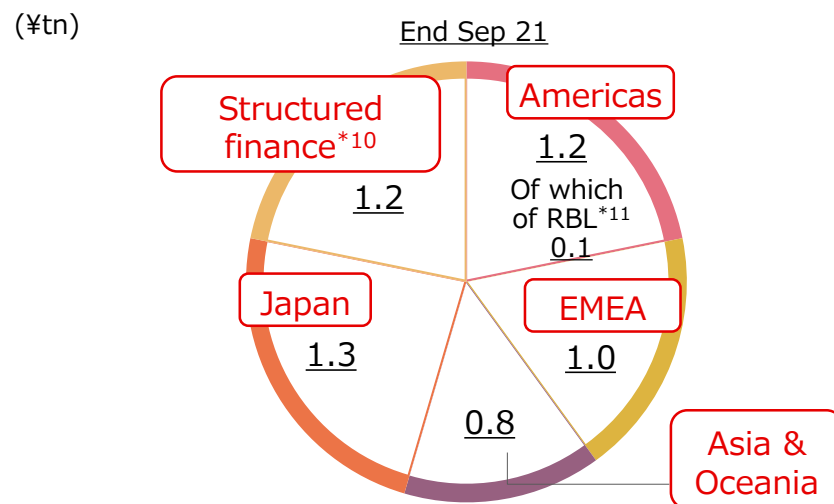
## NPLs\*4

(¥bn)	End Sep 21
NPLs*4	67.8
Secured amount	54.0
Allowance	8.8
NPLs*4 (net)	4.9

## Breakdown by sub-sector\*1



## Breakdown by region\*1\*9

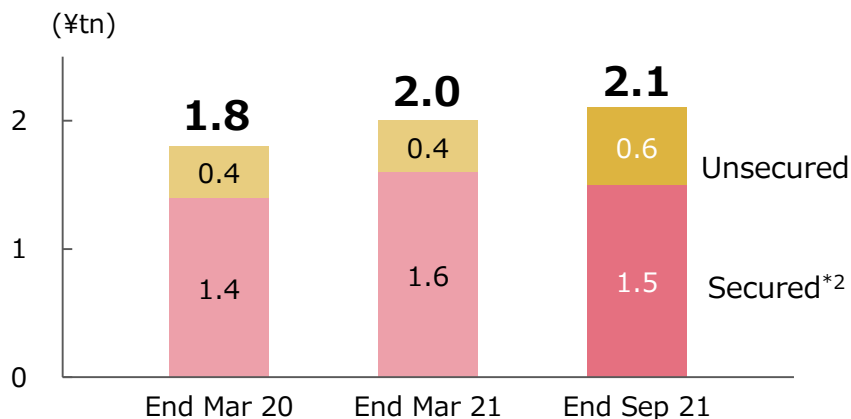


\*1 Including undrawn commitment and excluding market exposure. From end Sep 21, including only energy sector based on Global Industry Classification Standard (GICS) and excluding mining sector \*2 The Bank consolidated (excl. KS, BDI) and the Trust Bank (non-consolidated) \*3 Collateralized or guaranteed  
 \*4 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 \*5 Integrated business from upstream to downstream \*6 Exploration, development and production of oil and gas  
 \*7 Storage, transportation, refinement, retail \*8 Sales of equipment and service to companies among upstream industry \*9 Based on borrower's location  
 \*10 Project finance and trade finance \*11 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)

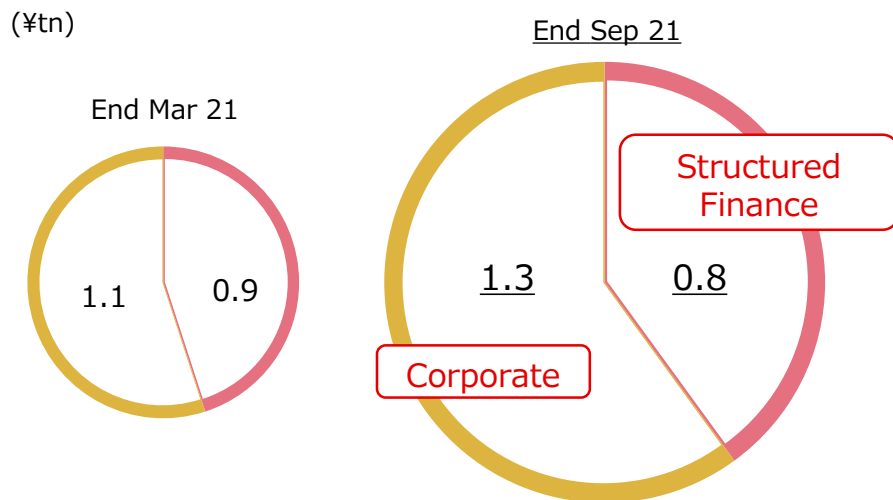
## Credit exposure\*1



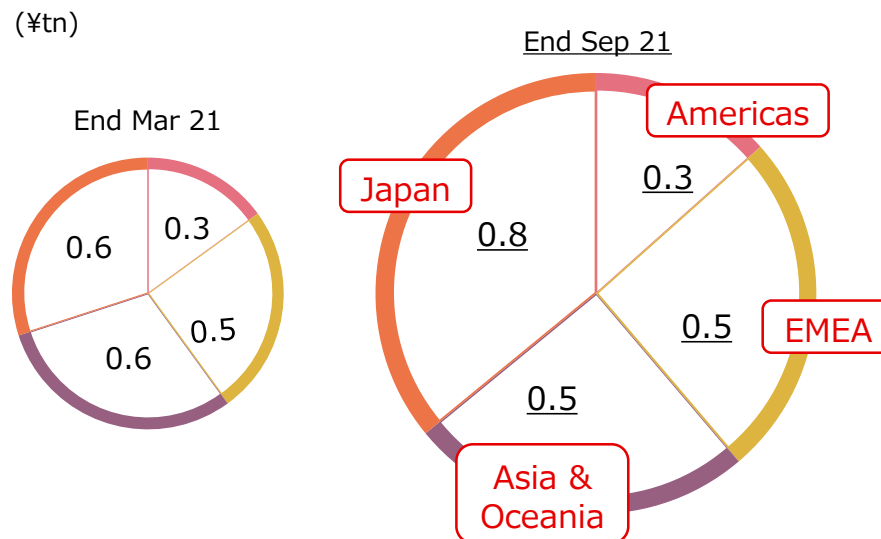
## NPLs\*3

(¥bn)	End Mar 21	End Sep 21	Changes
NPLs*3	95.4	<b>79.7</b>	(15.7)
Secured amount	56.4	<b>47.9</b>	(8.5)
Allowance	23.2	<b>20.6</b>	(2.6)
NPLs*3 (net)	15.6	<b>11.2</b>	(4.4)

## Breakdown by structure\*1



## Breakdown by region\*1\*4



\*1 Including undrawn commitment and excluding market exposure and BDI's 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 Based on borrower's location

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

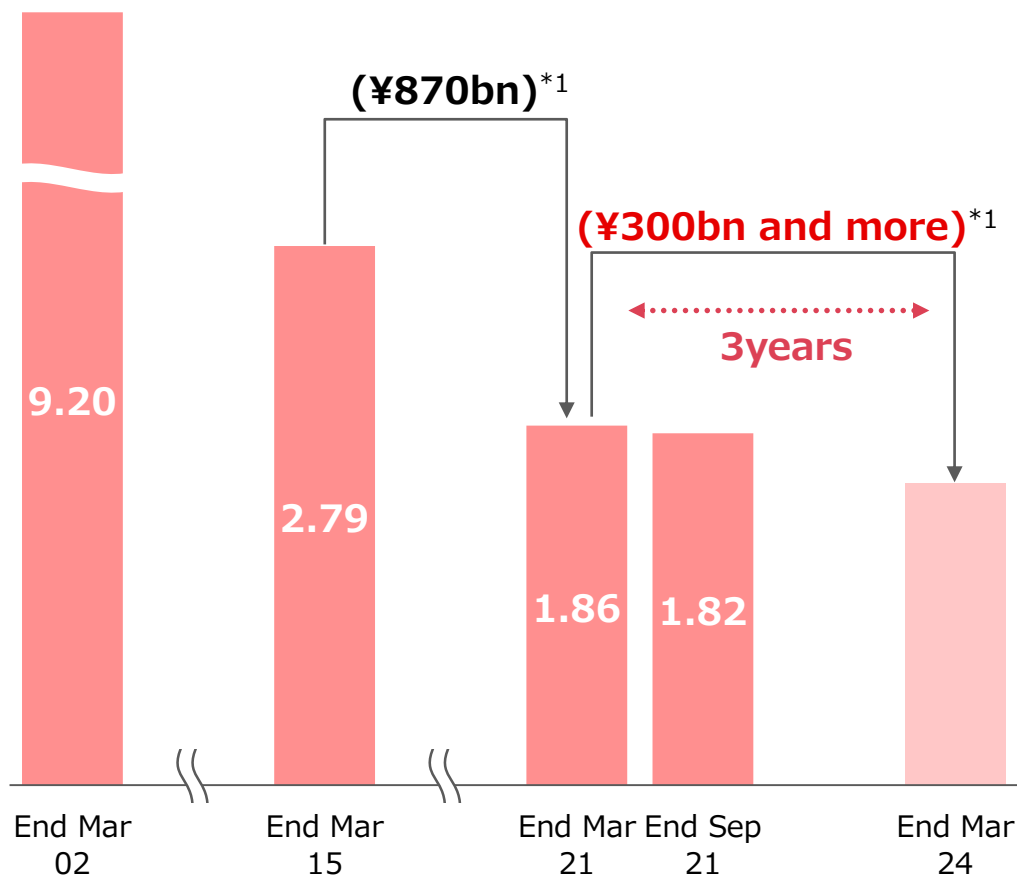


# Reduction of equity holdings

- Aim to accelerate reduction of equity holdings by ¥300bn and more\*1 between FY21-23

## Historical performance\*2 and target

(¥tn)



## Total amount of sale\*1

(¥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
<b>FY20</b>	<b>267</b>	<b>137</b>	<b>130</b>
<b>FY15-20 Total</b>	<b>1,545</b>	<b>870</b>	<b>675</b>
<b>FY21 H1</b>	<b>131</b>	<b>46</b>	<b>85</b>

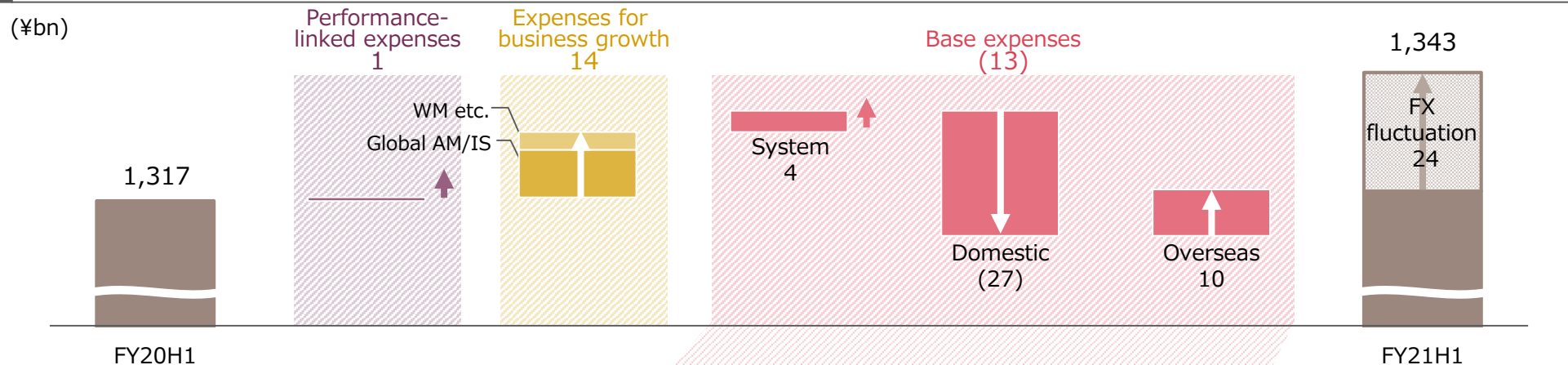
\*1 Sum of the Bank and the Trust Bank. Total amount of sale on an acquisition cost basis

\*2 Acquisition price of domestic equity securities with the category "other securities" with market value (consolidated)

# Expenses

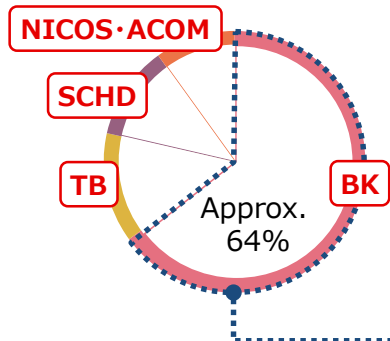
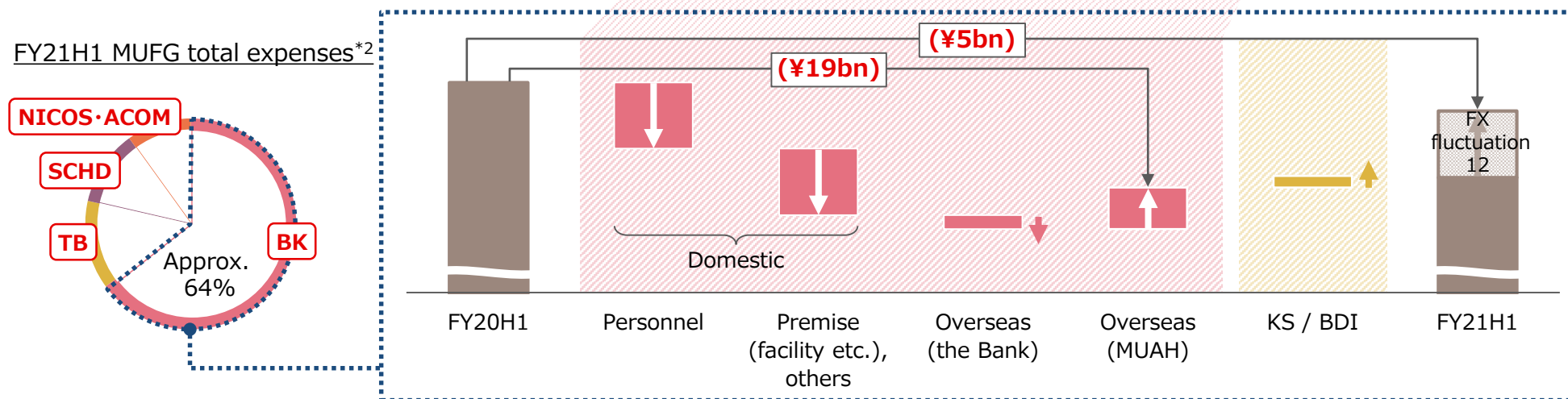
- FY21H1 expenses stayed almost unchanged YoY excluding the impact of FX fluctuation as we sought to maintain prudent control by the reduction of “base expenses”

## Expenses\*1



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

FY21H1 MUFG total expenses\*2



\*1 Internal managerial figure  
\*2 Includes FX fluctuation impact

# Review of our business portfolio – Sale of MUB

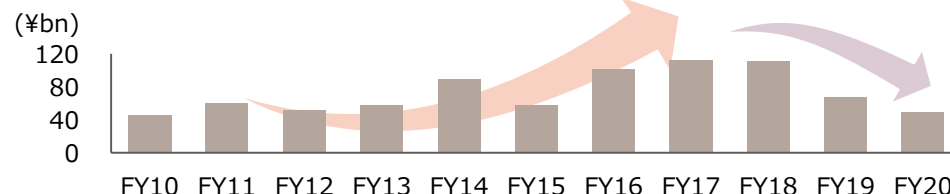
- Decided to sell MUB with an eye to optimally allocating management resources

**November 2008:**  
Increased ownership of MUB to 100%\*1

- Contributed to MUFG's revenues for more than a decade, building on its California-based track record spanning over 150 years



■ Contribution amount to MUFG's net income\*2 by MUAH\*3



## Business environment surrounding MUB

- Increasing importance of scale and IT investments in retail business

## MUFG's Management Challenges

- Reshape global business

**September 2021:**  
Decided to sell all shares of MUB to U.S. Bancorp

Agreed to sell MUB for an appropriate transactional price

Consideration of approx. US\$ 8.0 bn

- Price / TBV\*4: Approx. 1.3x
- Price / Earnings\*5: Approx. 13.5x

P.53

### MUB

Unlock MUB's potential franchise value by integrating with U.S. Bancorp

### MUFG

Optimize management resource allocation to improve shareholder value

### MUB's customers

Access to U.S. Bancorp's high quality financial services

**First half of 2022:**  
Closing of the transaction (Expected)\*6

## Future direction

Strategic importance of the U.S. market remains unchanged

Capital and business alliance with U.S. Bancorp

Use of released capital

- Focus on corporate transactions through collaboration among the Bank, the Trust Bank and the Securities as well as the strategic alliance with Morgan Stanley
- Streamline operations and systems
- Indirect involvement in the U.S. retail and commercial banking businesses
- Collaborate in businesses serving Japanese customers and the digital field
- Giving comprehensive consideration to shareholder returns, investment in growth areas, etc.

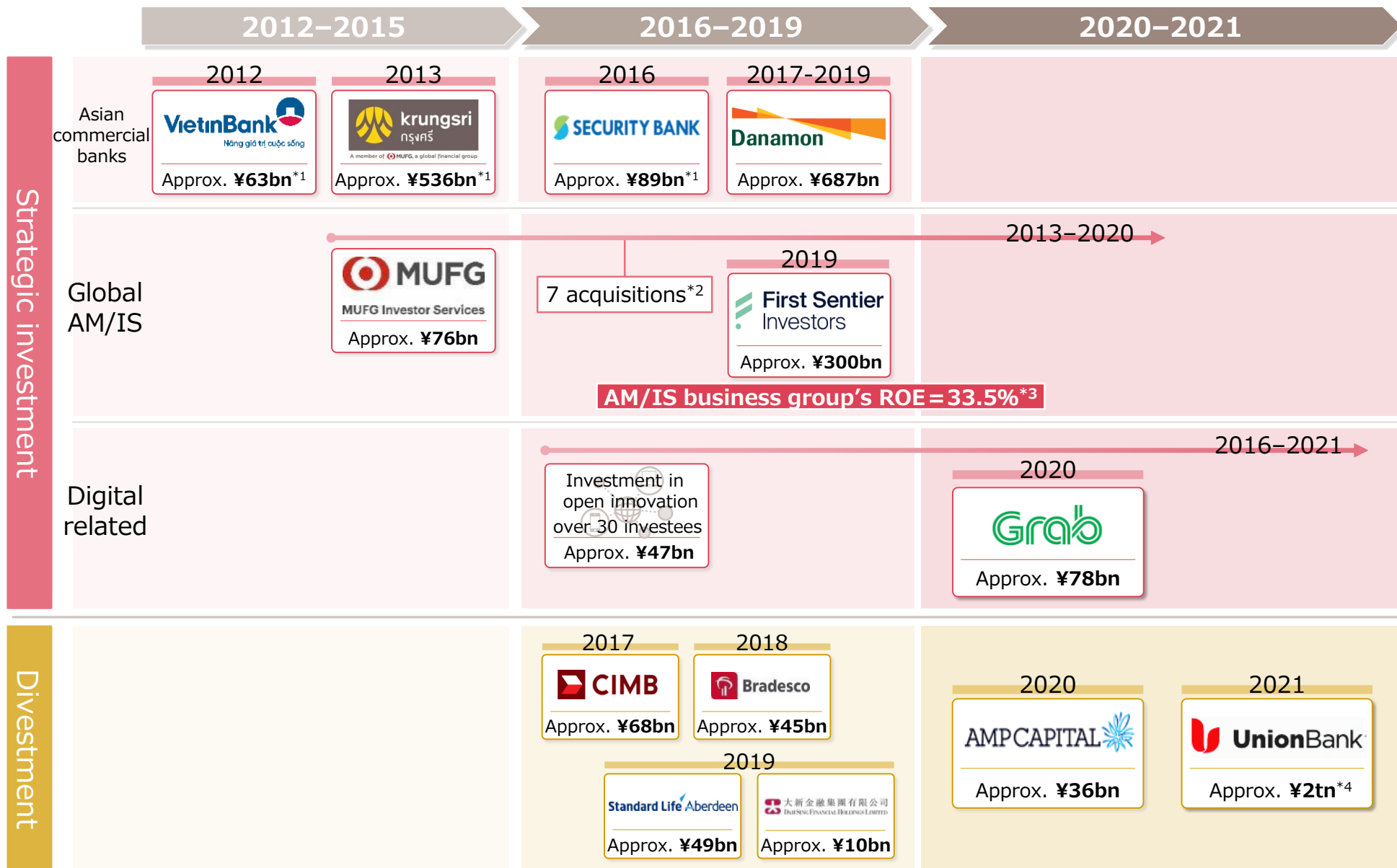
\*1 Increased to 100% our ownership of UnionBanCal Corporation (currently MUAH), parent company of Union Bank of California (currently MUB)

\*2 Profits attributable to owners of parent

\*3 UnionBanCal Corporation until FY13 \*4 Estimated tangible book value of US\$ 6.25 bn to be delivered at the closing

\*5 US\$ 593 mm. Internal managerial figure (FY2020) \*6 Subject to approvals from relevant regulators and fulfillment of preconditions for the closing

# History of strategic investment



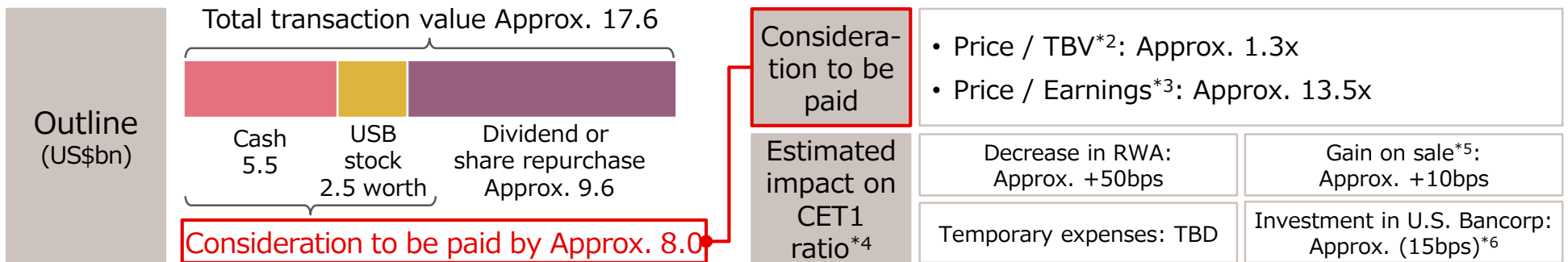
\*1 Initial investment amount \*2 Butterfield, Meridian, UBS AFS, Capital Analytics, Rydex, Point Nine, Maitland \*3 For FY2021 H1

\*4 Approx. US\$17.6bn which is expected as the total transaction value is converted into ¥ using actual exchange rates as of end Sep 2021.

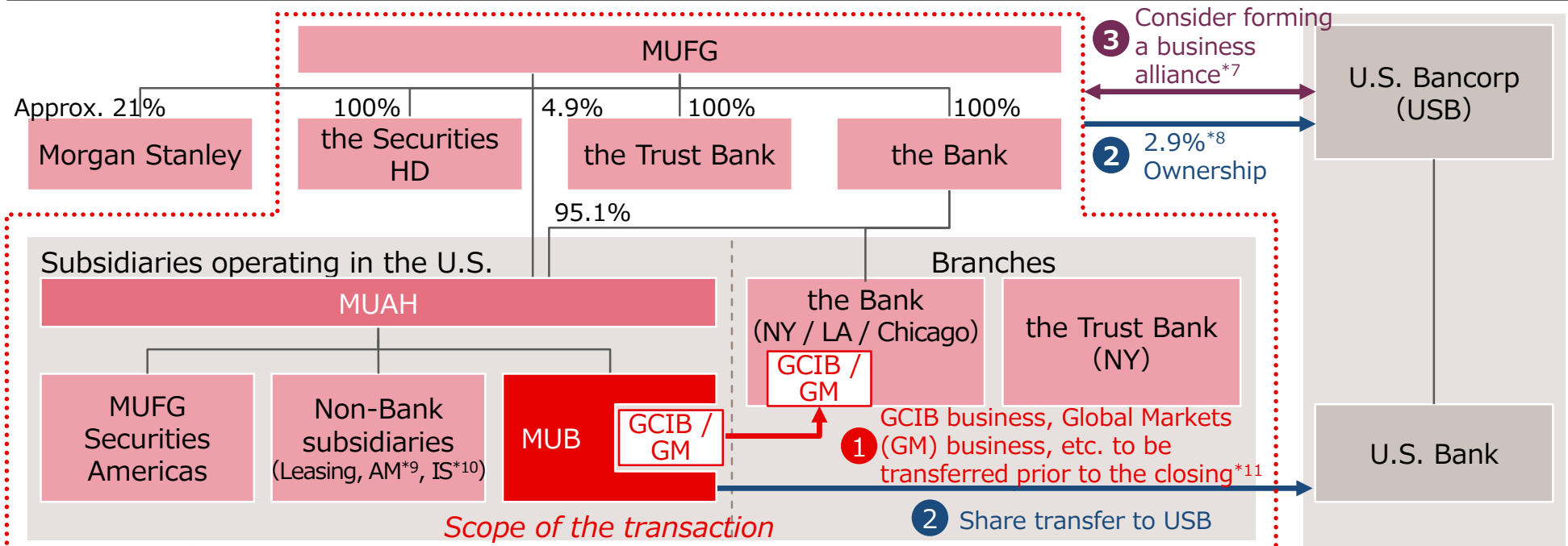
Expected total consideration to be paid by U.S. Bancorp is approx. US\$8.0bn. See P.53. The completion of the share transfer is subject to certain conditions precedent, including the approval from relevant regulators, and is expected to be effective in CY2022 H1

# Sale of MUB (Transaction overview / Structure)

## Transaction overview\*1



## Structure



\*1 The completion of the share transfer is subject to certain conditions precedent, including the approval from relevant regulators, and is expected to be effective in CY2022 H1  
 \*2 Estimated tangible book value of US\$ 6.25 bn to be delivered at the closing \*3 US\$ 593 mm. Internal managerial figure (FY2020) \*4 Finalized Basel III reforms basis. Excludes net unrealized gains on AFS securities \*5 Post-tax estimate \*6 Estimated based on the CET1 capital etc. as of end June 2021 \*7 Plan to discuss forming business alliances with USB  
 \*8 Post-transaction ownership ratio (based on the number of USB shares outstanding as of September 16, 2021) \*9 Asset Management  
 \*10 Investor Services \*11 GCIB business, Global Markets business to the extent related to the GCIB business (transactions with clients and investors) and certain middle and back office functions to be transferred to the Bank's U.S. branches or its affiliates (prior to the closing)

# US GAAP consolidated financials - Balance sheet

## Balance sheet

(¥mm)

Assets	End Mar 21
Cash and due from banks	49,977,480
Interest-earning deposits in other banks	53,346,721
Call loans, funds sold, and receivables under resale agreements	15,035,838
Receivables under securities borrowing transactions	3,369,903
Trading account assets	44,444,379
Investment securities	57,244,496
Net loans	114,370,472
Premises and equipment	874,992
Accrued interest	259,336
Customers' acceptance liability	283,194
Intangible assets—net	1,184,994
Goodwill	370,852
Deferred tax assets	122,031
Other assets	12,939,937
<b>Total assets</b>	<b>353,824,625</b>

(¥mm)

Liabilities and shareholders' equity	End Mar 21
Total Deposits	229,206,936
Call money, funds purchased, and payables under repurchase agreements	26,921,773
Payables under securities lending transactions	842,590
Due to trust account and Other short-term borrowings	18,079,554
Trading account liabilities	12,017,553
Obligations to return securities received as collateral	6,581,759
Bank acceptances outstanding	283,194
Accrued interest	110,856
Long-term debt	35,157,651
Other liabilities	8,378,205
<b>Total liabilities</b>	<b>337,580,071</b>
Capital stock	2,090,270
Capital surplus	5,533,761
Retained earnings	8,829,471
Accumulated other comprehensive income, net of taxes	(289,481)
Treasury stock, at cost	(503,072)
Noncontrolling interests	583,605
<b>Total equity</b>	<b>16,244,554</b>
<b>Total liabilities and shareholders' equity</b>	<b>353,824,625</b>

# US GAAP consolidated financials - Statement of operations

## Statement of operations

(¥mm)

### Statement of Operations Data

Fiscal year ended Mar 21

Interest income	2,751,996
Interest expense	747,902
Net interest income	2,004,094
Provision for (reversal of) credit losses	484,210
Net interest income after provision for (reversal of) credit losses	1,519,884
Non-interest income	3,157,787
Non-interest expense	3,069,329
Income (loss) before income tax expense	1,608,342
Income tax expense (benefit)	444,948
Net income before attribution of noncontrolling interests	1,163,394
Net income (loss) attributable to noncontrolling Interests	46,096
Net income attributable to Mitsubishi UFJ Financial Group	1,117,298

(¥)

### Earnings (loss) per share

Fiscal year ended Mar 21

Basic earnings	
Earnings applicable to common shareholders of Mitsubishi UFJ Financial Group	86.88
Diluted earnings	
Earnings applicable to common shareholders of Mitsubishi UFJ Financial Group	86.56

# US GAAP consolidated financials

## - Reverse reconciliation from US GAAP to Japanese GAAP

### Reverse reconciliation of shareholders' equity and net income

(¥mm)

	End Mar 21
Total equity in accordance with U.S. GAAP	
Differences arising from different accounting for:	<b>16,244,554</b>
1 Investment securities	<b>(11,495)</b>
2 Loans	<b>13,706</b>
3 Allowance for credit losses	<b>395,656</b>
4 Fixed assets	<b>338,975</b>
5 Pension liability	<b>(13,383)</b>
6 Derivative financial instruments and hedging activities	<b>187,549</b>
7 Compensated absences	<b>50,623</b>
8 Long-term debt	<b>(6,369)</b>
9 Consolidation	<b>291,740</b>
10 Goodwill	<b>327,550</b>
11 Intangible assets	<b>(10,466)</b>
12 Investments in equity method investees	<b>606,633</b>
13 Others	<b>(542,008)</b>
Deferred income tax effects of the above adjustments, when applicable	<b>(157,008)</b>
Net assets in accordance with Japanese GAAP	<b>17,716,257</b>

(¥mm)

	Fiscal year ended Mar 21
Net Income before attribution of noncontrolling interests in accordance with U.S. GAAP	<b>1,163,394</b>
Differences arising from different accounting for:	
1 Investment securities	<b>(728,535)</b>
2 Loans	<b>29,814</b>
3 Allowance for credit losses	<b>(45,989)</b>
4 Fixed assets	<b>(12,071)</b>
5 Pension liability	<b>(3,216)</b>
6 Derivative financial instruments and hedging activities	<b>158,575</b>
7 Compensated absences	<b>2,720</b>
8 Long-term debt	<b>(373)</b>
9 Consolidation	<b>(41,992)</b>
10 Goodwill	<b>130,731</b>
11 Intangible assets	<b>(2,027)</b>
12 Investments in equity method investees	<b>(120,601)</b>
13 Others	<b>66,648</b>
Deferred income tax effects of the above adjustments, when applicable	<b>259,889</b>
Net Income before attribution of noncontrolling interests in accordance with Japanese GAAP	<b>856,967</b>