

Fiscal 2018 Results

Fixed Income Investors Presentation

June 2019

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The financial information used in this document was prepared in accordance with accounting standards generally accepted in Japan (“Japanese GAAP”), unless otherwise stated. Generally accepted accounting principles in the United States (“U.S. GAAP”) differ in certain important respects. You should consult your own professional advisers for a more complete understanding of the differences between U.S. GAAP and Japanese GAAP and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this document.

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This document is as of June 28, 2019.

Definitions of abbreviations used in this document

the Bank:	MUFG Bank, Ltd.	R&C:	Retail & Commercial Banking Business Group
the Trust Bank:	Mitsubishi UFJ Trust & Banking Corporation	JCIB:	Japanese Corporate & Investment Banking Business Group
the Securities HD:	Mitsubishi UFJ Securities Holdings Co., Ltd.	GCIB:	Global Corporate & Investment Banking Business Group
NICOS:	Mitsubishi UFJ NICOS Co., Ltd.	GCB:	Global Commercial Banking Business Group
MUMSS:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	AM/IS:	Asset Management & Investor Services Business Group
MUAH:	MUFG Americas Holdings Corporation	Global Markets:	Global Markets Business Group
KS:	Bank of Ayudhya Public Company Limited (Krungsri)		

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)		

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Section 3 **Capital raising strategy** **18**

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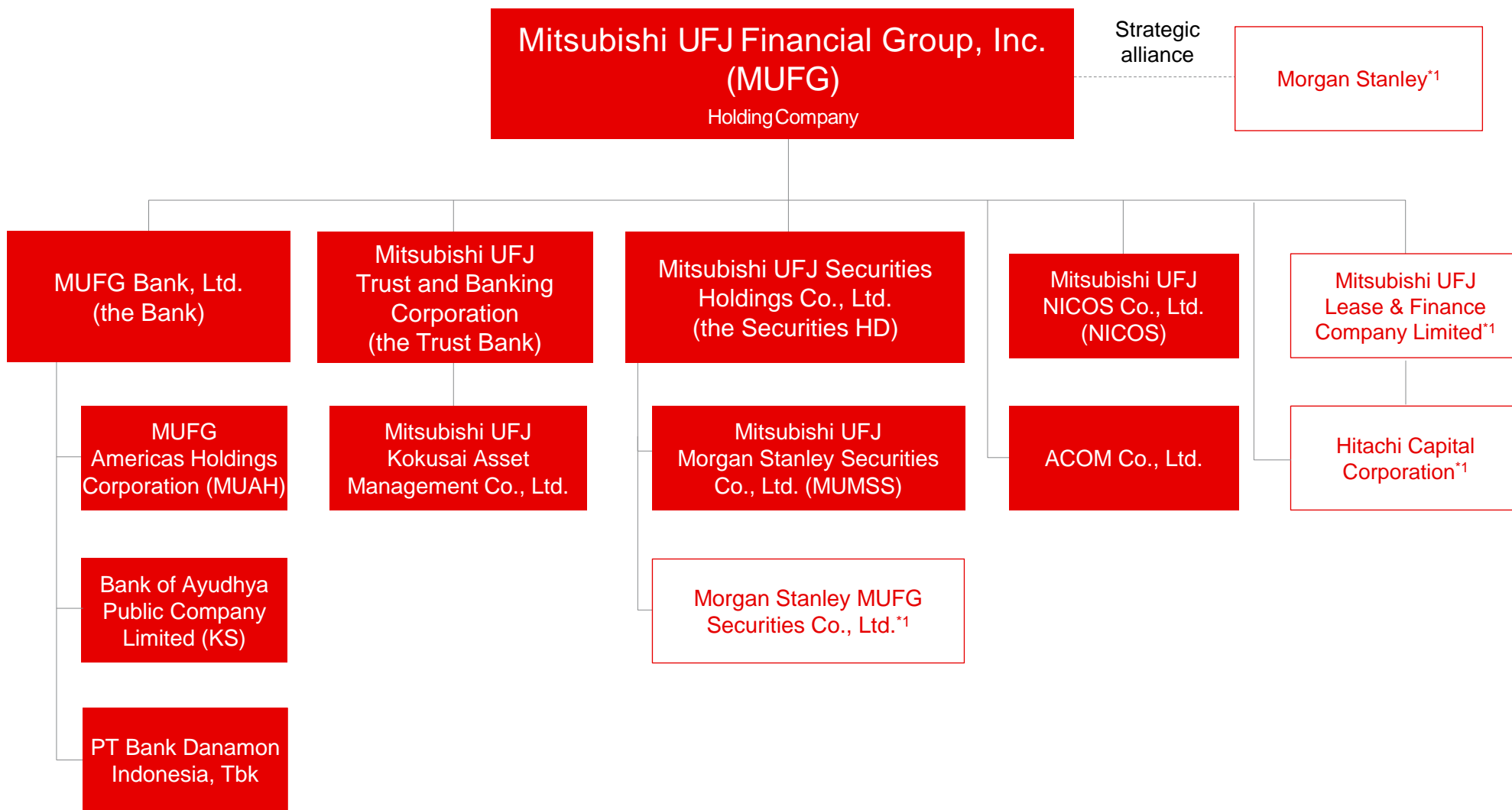
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Group structure



*1 Mitsubishi UFJ Lease & Finance, Morgan Stanley, Morgan Stanley MUFG Securities and Hitachi Capital are equity method investees of MUFG as of May 31, 2019

Financials*1

	FY2018
1 Consolidated gross profits (before credit costs for trust accounts)	¥3,725.7bn / US\$33.57bn
2 Profits attributable to owners of parent	¥872.6bn / US\$7.9bn
	End Mar 2019
3 Total assets	¥311.1tn / US\$2.8tn
4 Loans (banking + trust accounts)	¥107.7tn / US\$971.0bn
5 Deposits	¥180.1tn / US\$1623.3bn
6 Market capitalization*2	¥6.5tn / US\$58.3bn
7 Consolidated LCR*3	141.2%
8 NPL ratio*4	0.90%

*1 Exchange rate applied is ¥110.99/US\$

*2 As of end May 2019

*3 The ratio is the three-month average of daily LCR for the three months ended Mar 31, 2019, 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 account)

Group network

(As of end Mar 19)

Domestic Network:

Approx. 600 locations*7

Overseas Network:

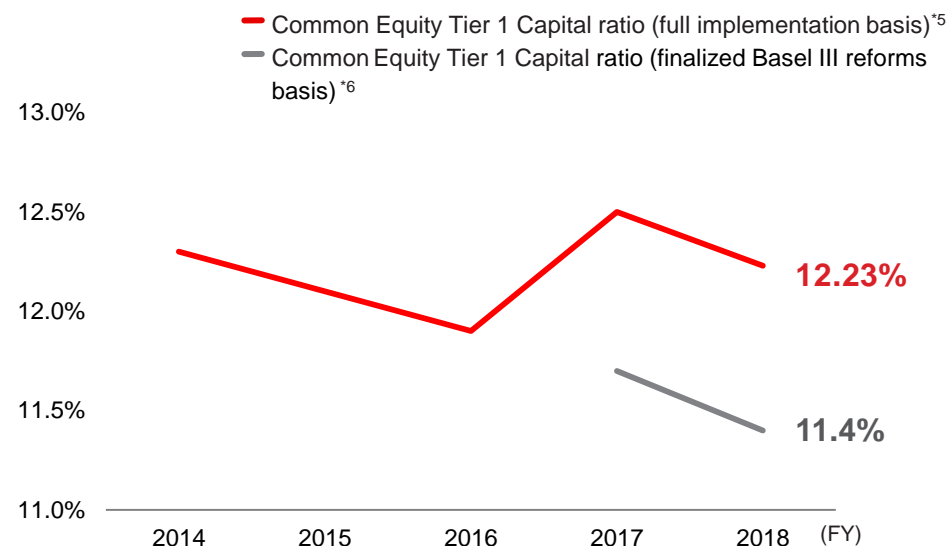
**Approx. 1,200 locations
across over 50 countries**

*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

Capital

Common Equity Tier 1 Capital Ratio
as of end Mar 19 (financial strength)

12.23%
(full implementation basis)*5



*5 Calculated on the basis of regulations applied at the end of Mar 2019

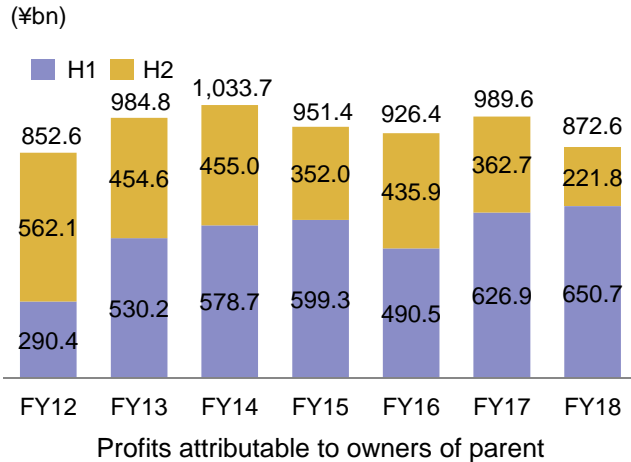
*6 Estimated CET1 ratio reflecting the RWA increase calculated on the basis of the finalized Basel III reforms expected to be applied in 2027

Ratings (holding company)

(As of end Apr 19)

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

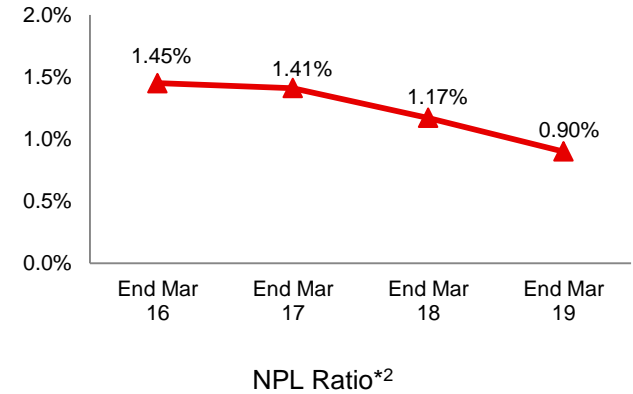
Stable profit



Ample liquidity

141.2%
 Consolidated Liquidity Coverage Ratio*1
 (End Mar 2019)

Sound asset quality

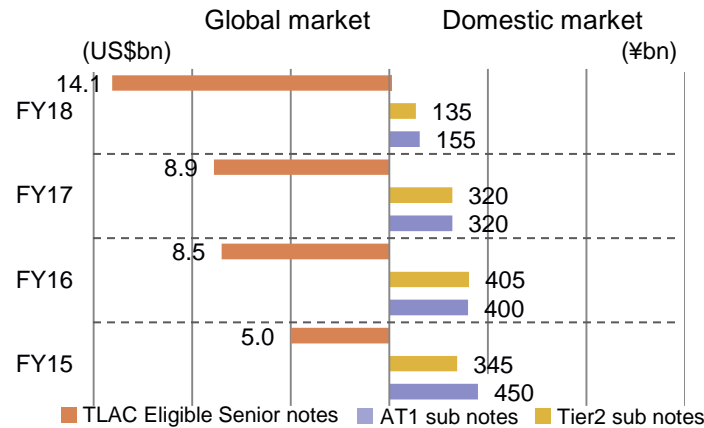


Sufficient capital

12.23%

CET1 capital ratio (full implementation basis*3)
 (End Mar 2019)

Issuance track record*4



Credit ratings

A1 / A- / A

Moody's / S&P / Fitch
 (End Apr 2019)

*1 The ratio is the three-month average of daily LCR for the three months ended Mar 31, 2019, 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 Mar 2019
 *4 Total of public issuance, as of end Mar 19 (excluding the amount of buyback (US\$1bn))
 TLAC Eligible Senior Debt are converted into US\$ with actual exchange rates as of end Mar 2019

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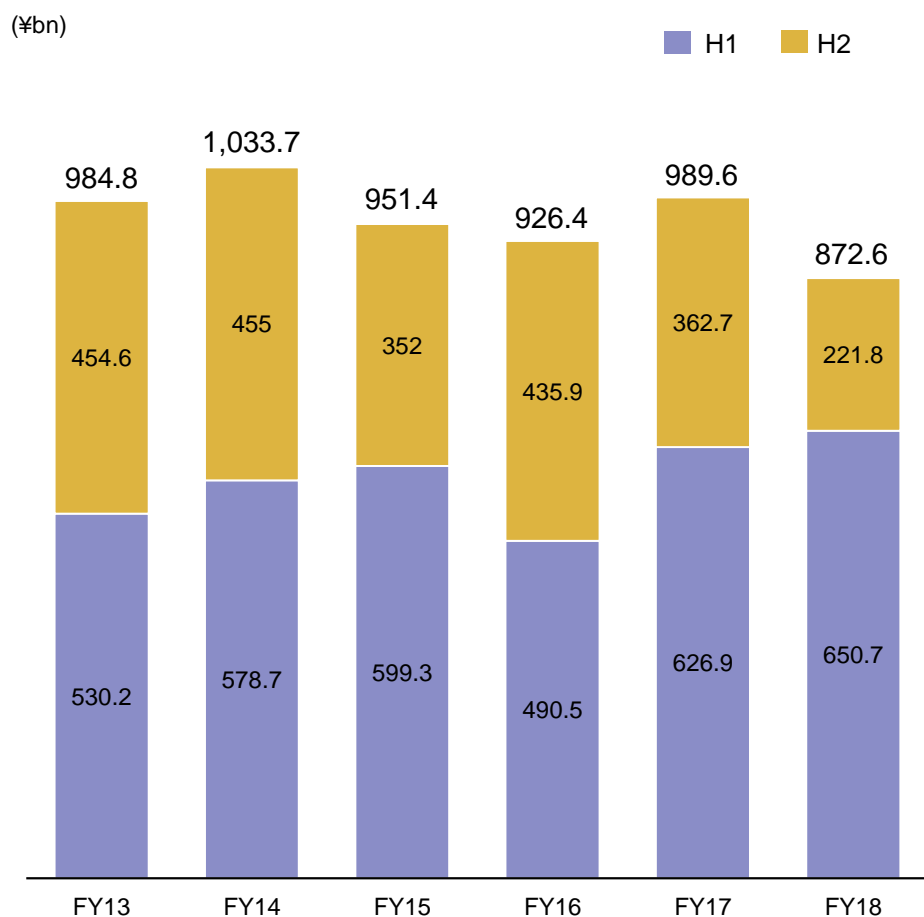
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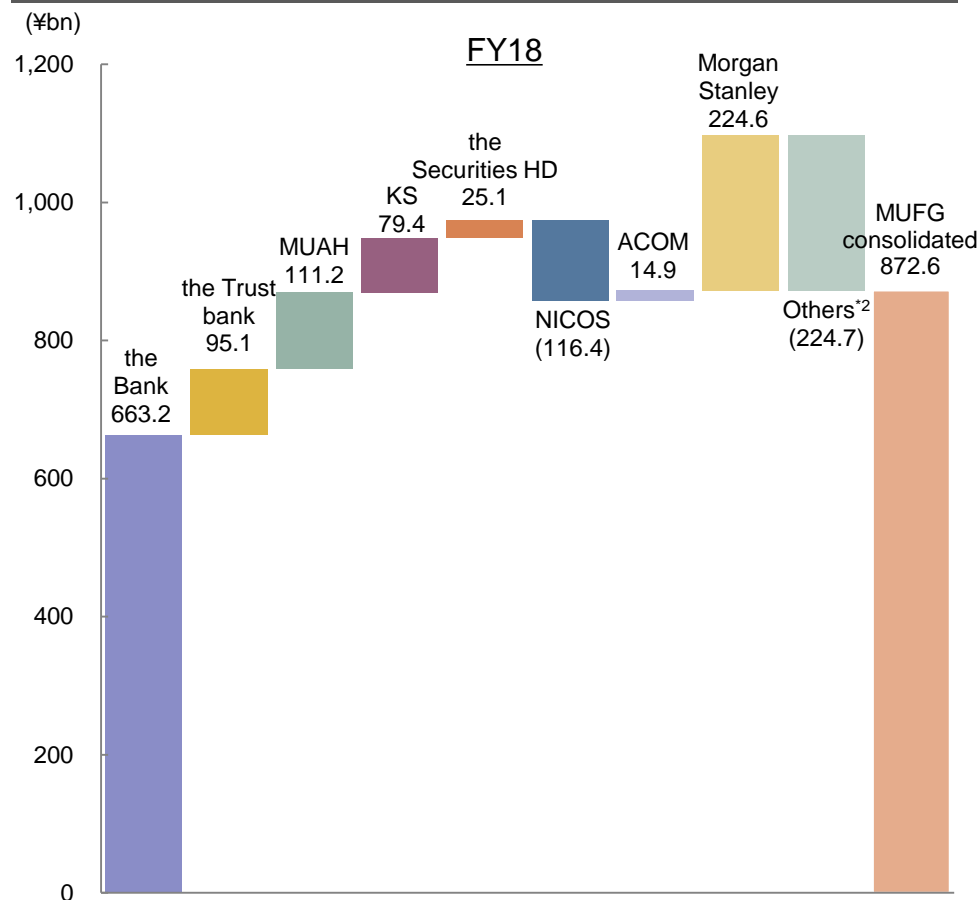
Outline of profits attributable to owners of parent

(Consolidated)

History of profits attributable to owners of parent



Breakdown of profits attributable to owners of parent*1



*1 The below figures take into consideration the percentage holding in each subsidiary and equity method investee (on an after-tax basis). The Bank and the Trust Bank data excludes profits relating to their respective subsidiaries

*2 Including cancellation of the amount of inter-group dividends and share repurchase and equity method income from other affiliate companies

Income statement summary

(Consolidated)

Income statement

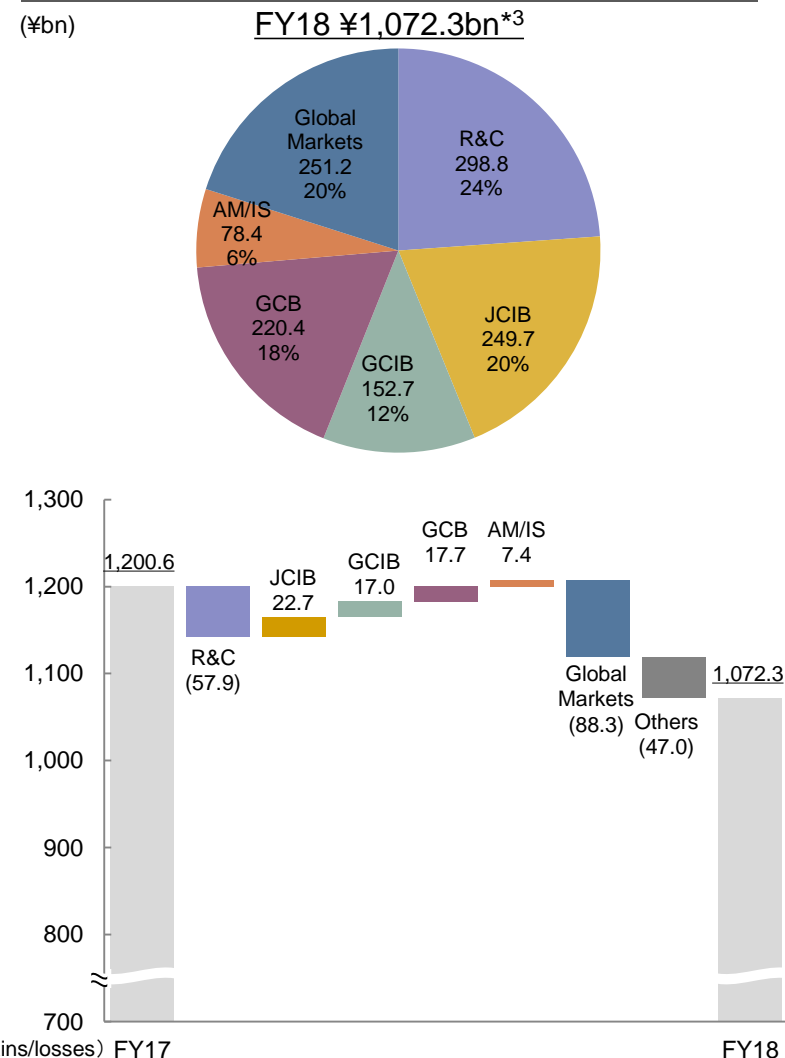
(¥bn)	FY17	FY18	YoY
1 Gross profits (before credit costs for trust accounts)	3,854.2	3,725.7	(128.5)
2 Net interest income	1,906.8	1,922.7	15.9
3 Trust fees + Net fees and commissions	1,449.7	1,429.3	(20.3)
4 Net trading profits + Net other operating profits	497.6	373.6	(124.0)
5 Net gains (losses) on debt securities	6.7	29.9	23.2
6 G&A expenses	2,621.4	2,647.1	25.7
7 Net operating profits	1,232.8	1,078.5	(154.2)
8 Total credit costs ^{*1}	(46.1)	(5.8)	40.2
9 Net gains (losses) on equity securities	133.1	112.6	(20.5)
10 Net gains (losses) on sales of equity securities	140.1	125.9	(14.1)
11 Losses on write-down of equity securities	(7.0)	(13.3)	(6.3)
12 Profits (losses) from investments in affiliates	242.8	284.3	41.5
13 Other non-recurring gains (losses)	(100.3)	(121.7)	(21.3)
14 Ordinary profits	1,462.4	1,348.0	(114.3)
15 Net extraordinary gains (losses)	(53.0)	(202.7)	(149.6)
16 Total of income taxes-current and income taxes-deferred	(313.4)	(195.5)	117.8
17 Profits attributable to owners of parent	989.6	872.6	(116.9)
18 EPS (¥)	74.55	66.91	(7.64)

*1 Credit costs for trust accounts + Provision for general allowance for credit losses + Credit costs (included in non-recurring gains/losses) + Reversal of allowance for credit losses + Reversal of reserve for contingent losses included in credit costs + Gains on loans written-off

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

*3 Including profits or losses from others

Net operating profits by business segment^{*2}



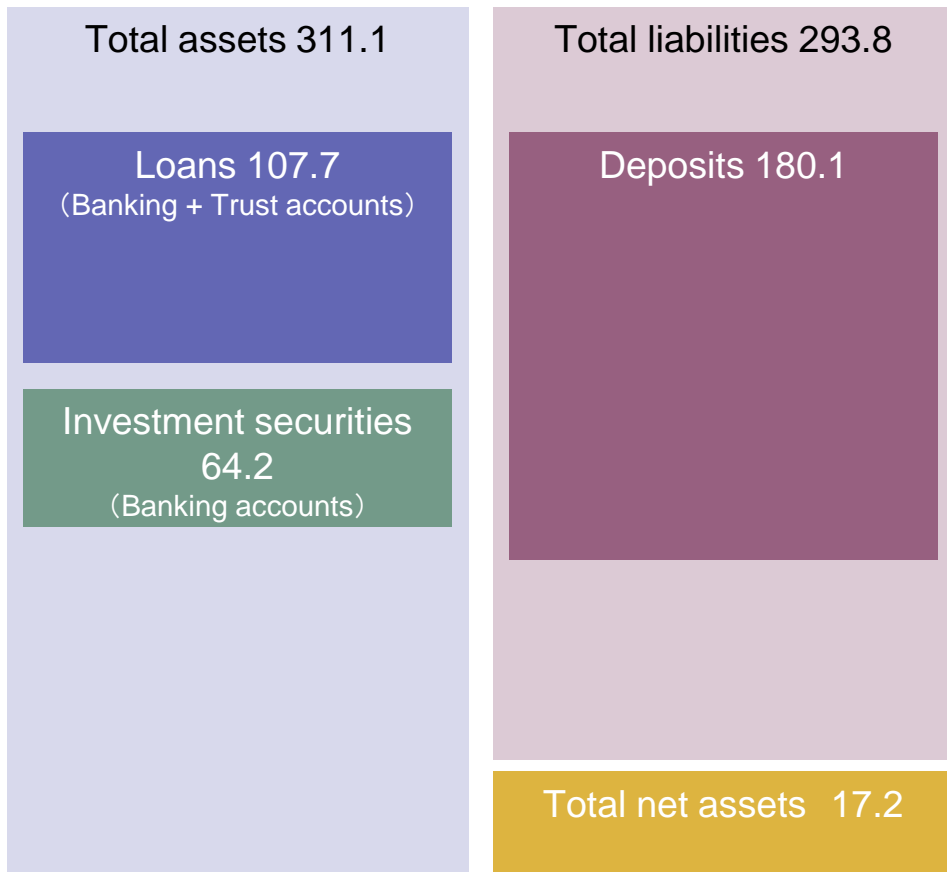
Balance sheet summary

(Consolidated)

Condensed balance sheet

(As of end Mar 19)

(¥tn)



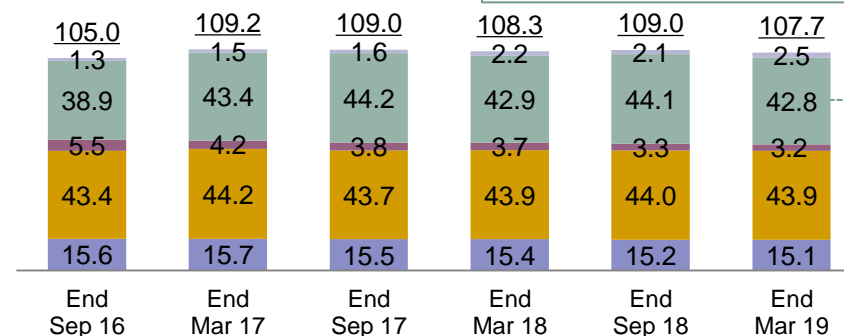
Loans (Period end balance) *1

(¥tn)

■ Housing loan *2
■ Government
■ Consumer finance / Others

■ Domestic corporate *2*3
■ Overseas *4

Overseas: (¥0.1) from End Mar18
(Excluding impact of foreign exchange fluctuation (¥0.0))



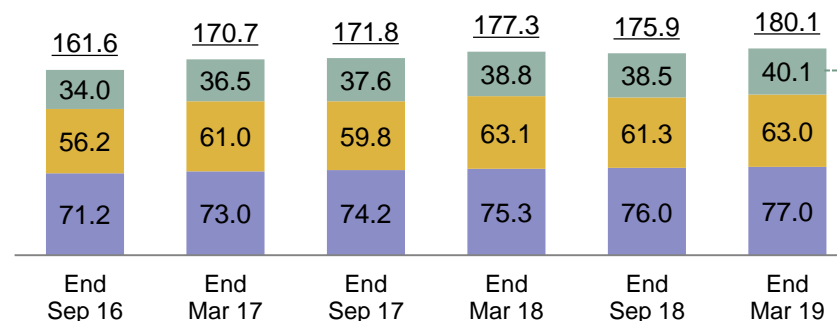
Deposits (Period end balance)

(¥tn)

■ Domestic individual *5
■ Overseas and Others *4

■ Domestic corporate, etc. *5

Overseas and Others: +¥1.2 from End Mar18
(Excluding impact of foreign exchange fluctuation +¥1.5)



*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 foreign exchange fluctuation: (¥0.2tn) from Mar 18)

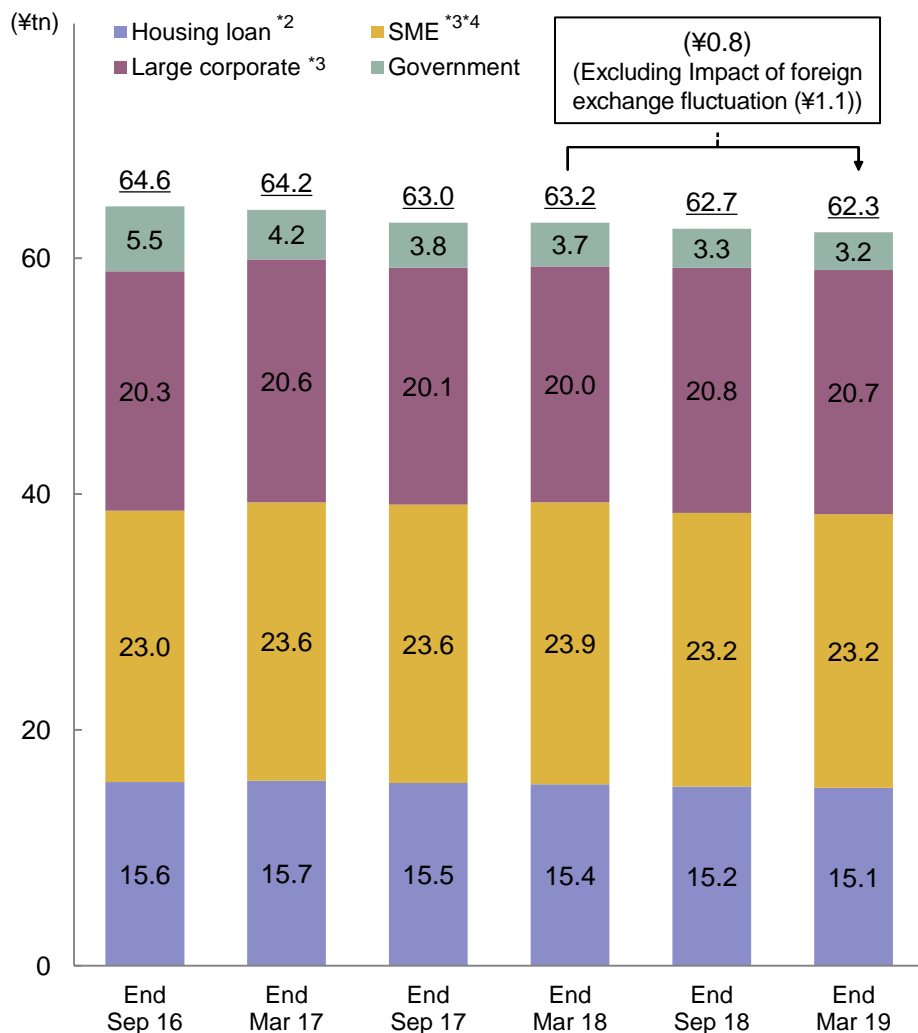
*4 Loans booked in overseas branches, MUAH, KS, the Bank (China), the Bank (Malaysia) and the Bank (Europe)

*5 Non-consolidated

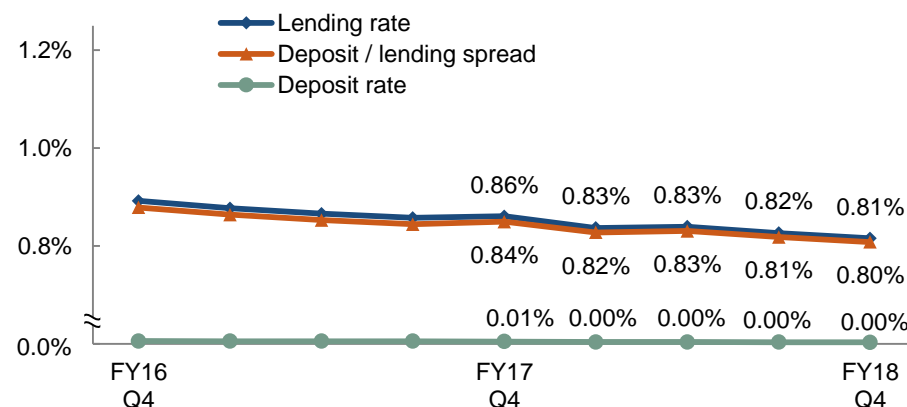
Domestic loans

(Consolidated / Non-consolidated)

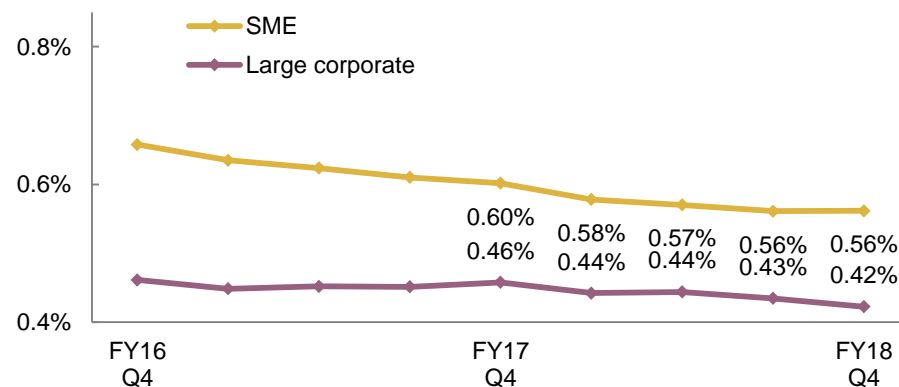
Loan balance (Period end balance)*1



Changes in domestic deposit/lending rate*5*6*7



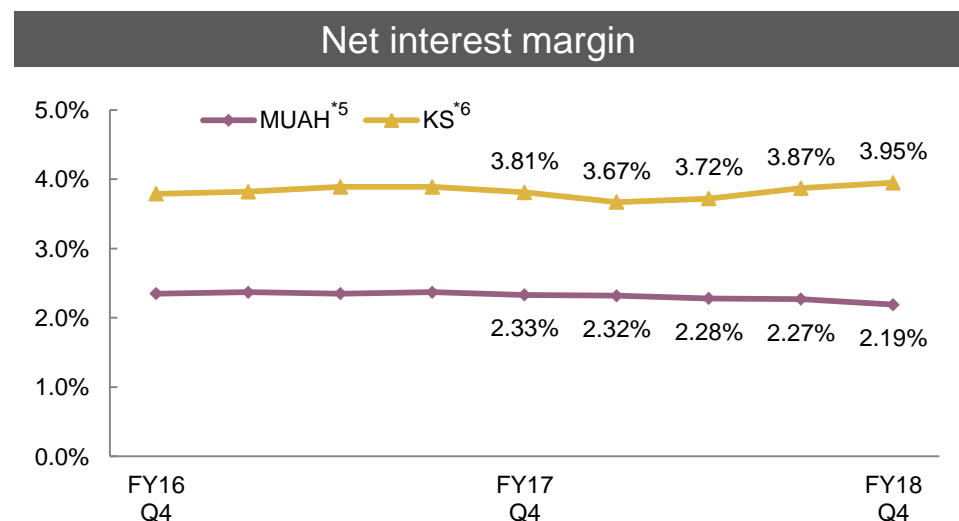
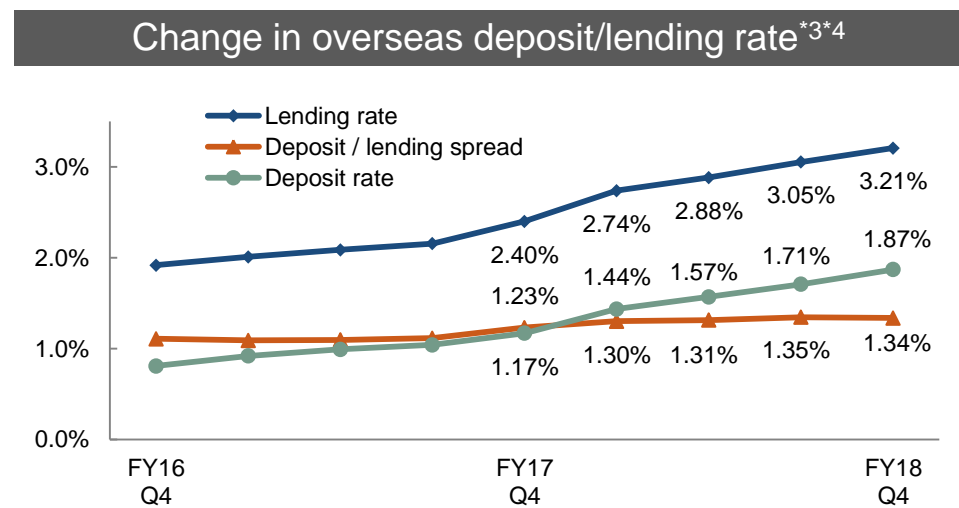
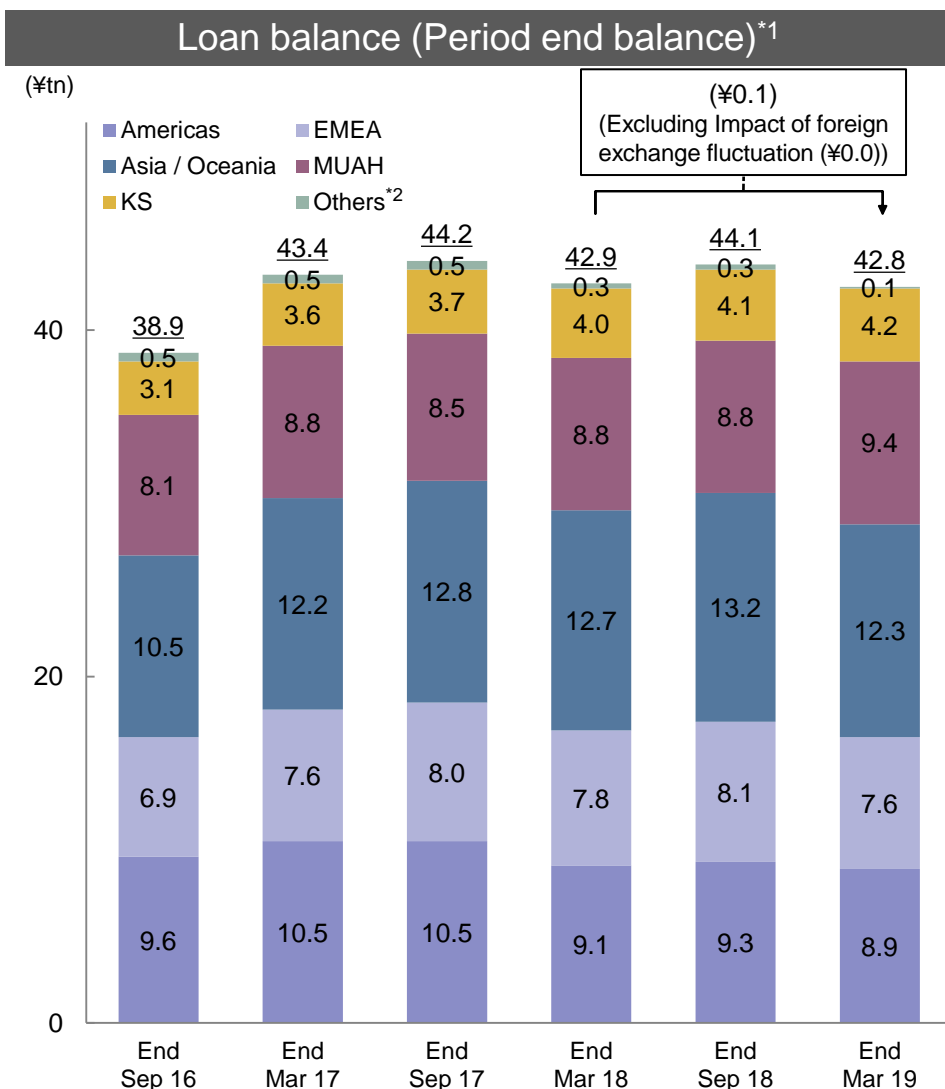
Domestic corporate lending spread*3*5*6*7



*1 Consolidated. 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 Non-consolidated *7 Excluding lending to government etc.

Overseas loans

(Consolidated / Non-consolidated)



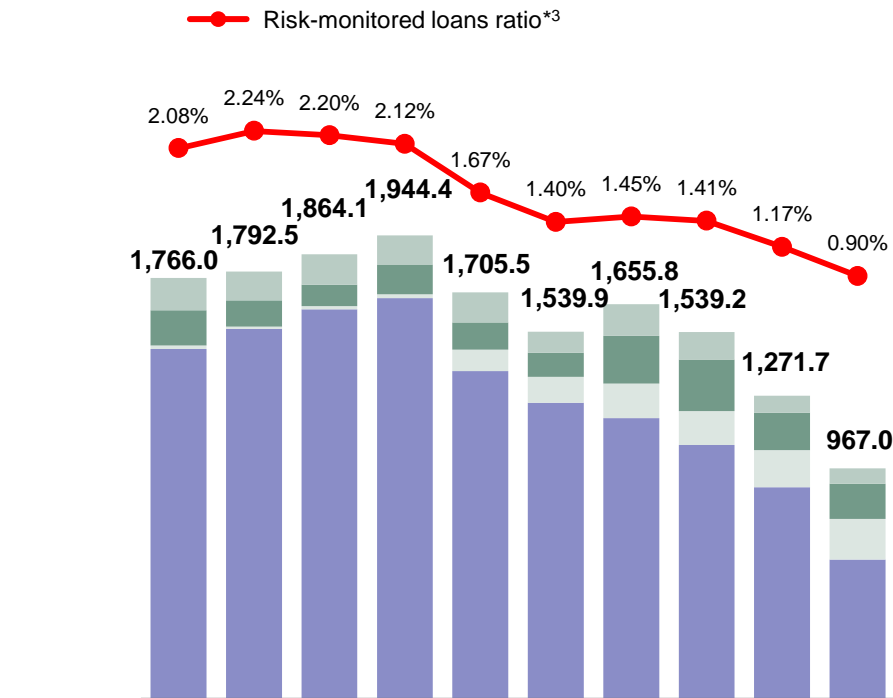
*1 Consolidated *2 Loans booked at offshore markets etc. *3 Non-consolidated *4 Managerial accounting basis

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

*6 Financial results as disclosed in KS's financial reports based on Thai GAAP

Balance of risk-monitored loans*1

(¥bn)



[Breakdown]

	Mar.10	Mar.11	Mar.12	Mar.13	Mar.14	Mar.15	Mar.16	Mar.17	Mar.18	Mar.19
EMEA*2	136.3	121.2	127.2	122.0	126.3	88.2	133.9	116.0	71.3	64.0
Americas*2	147.3	110.3	89.2	125.0	114.9	100.7	199.4	216.0	157.5	148.2
Asia	14.4	9.4	14.4	17.0	89.0	108.8	145.3	142.3	155.8	170.3
Domestic	1,467.9	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

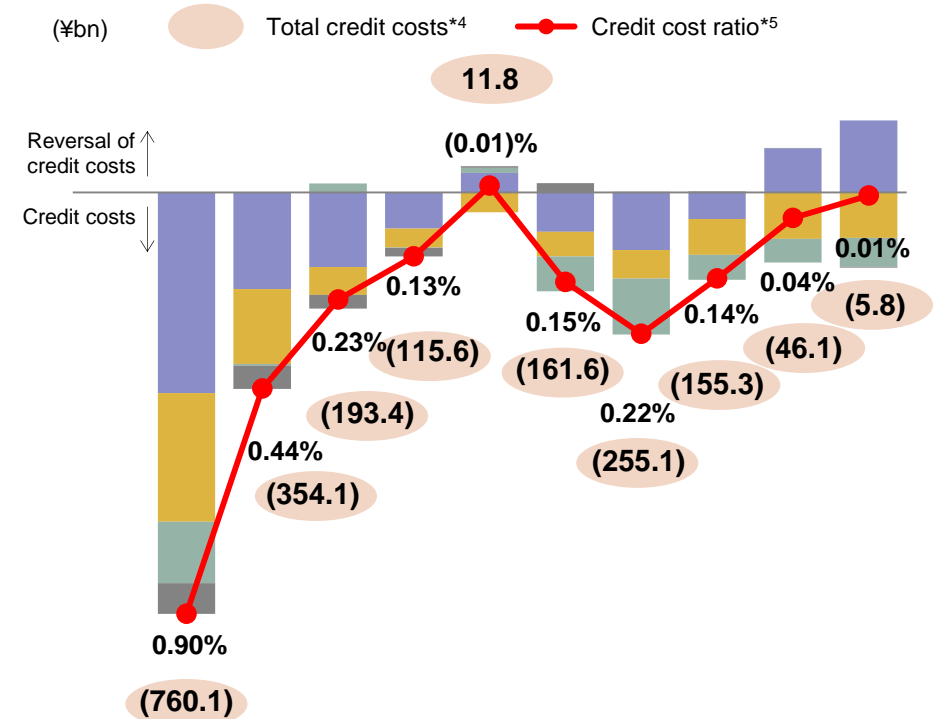
*1 Risk-monitored loans based on Banking Act. Regions are based on the borrowers' location.

*2 Figures of EMEA (Europe, Middle East and Other) and Americas before March 2012 are previously disclosed as Other and United States of America, respectively.

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

Total credit costs / Credit cost ratio

(¥bn)



[Breakdown]

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Non-consolidated	(361.6)	(174.2)	(134.5)	(65.3)	35.1	(71.1)	(103.7)	(47.9)	79.5	129.8
CF*6	(232.2)	(135.0)	(50.1)	(33.7)	(35.7)	(44.1)	(51.6)	(64.5)	(83.6)	(81.7)
Overseas*7	(110.6)	(2.7)	16.1	(0.8)	9.2	(63.2)	(100.8)	(45.0)	(42.7)	(52.3)
Others*8	(55.7)	(42.1)	(24.9)	(15.6)	3.2	16.9	1.0	2.1	0.8	(1.5)

*4 Including gains from write-off

*5 Total credit costs / loan balance as of the end of each fiscal year

*6 Sum of NICOS and ACOM Co., Ltd. on a consolidated basis

*7 Sum of overseas subsidiaries of the Bank and the Trust Bank

*8 Sum of other subsidiaries and affiliated companies, and consolidation adjustment

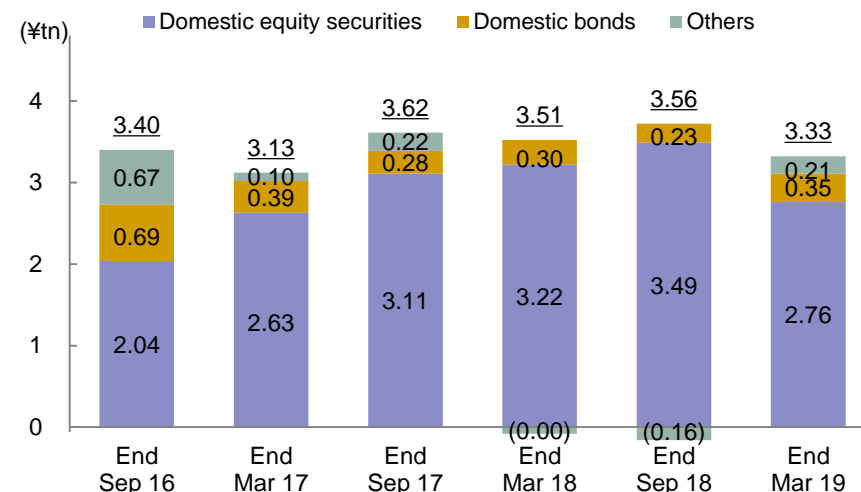
Investment securities

(Consolidated / Non-consolidated)

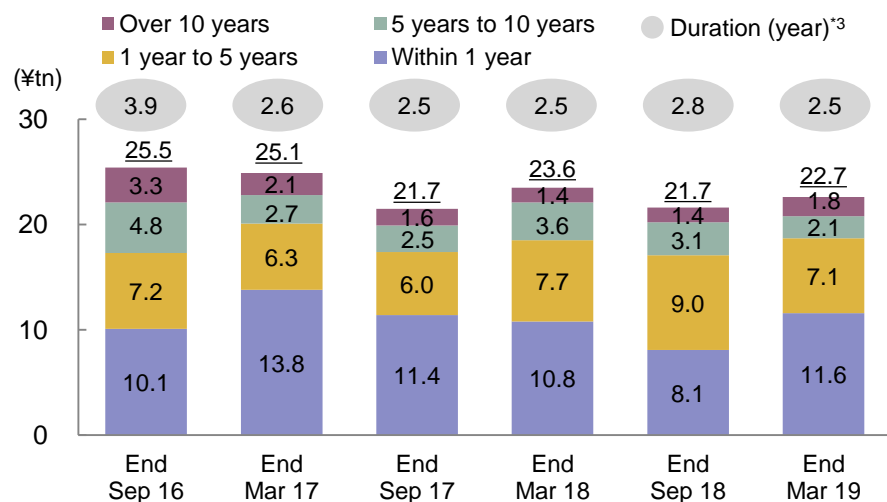
Securities available for sale with fair value*1

(¥bn)	Balance		Unrealized gains (losses)	
	End Mar 19	Changes from End Mar 18	End Mar 19	Changes from End Mar 18
1 Total	60,578.6	5,181.3	3,335.6	(181.7)
2 Domestic equity securities	4,953.3	(587.6)	2,764.3	(455.8)
3 Domestic bonds	27,261.2	280.5	357.4	51.9
4 Japanese government bonds	21,542.3	(908.2)	278.9	19.9
5 Others	28,364.0	5,488.4	213.8	222.1
6 Foreign equity securities	114.8	(219.6)	52.5	16.6
7 Foreign bonds	21,532.9	4,084.5	173.6	312.7
8 Others	6,716.2	1,623.4	(12.3)	(107.2)

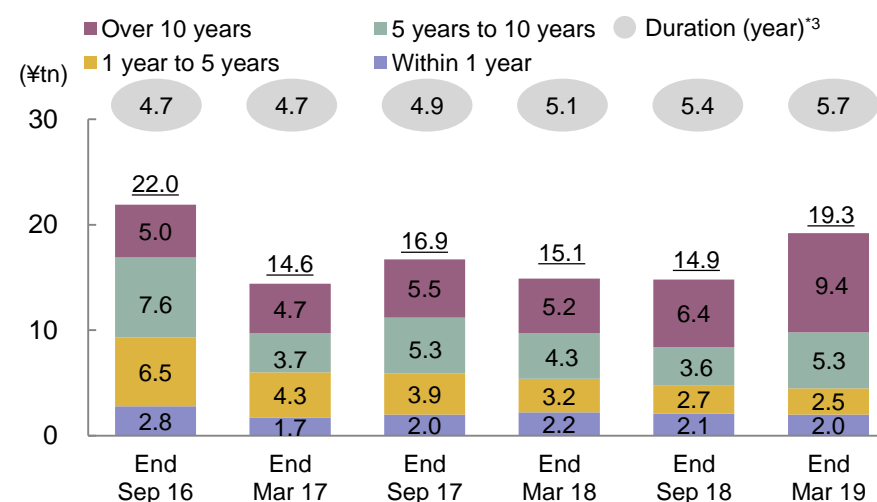
Unrealized gains (losses) on securities available for sale*1



Balance of JGBs*2



Balance of foreign bonds*2



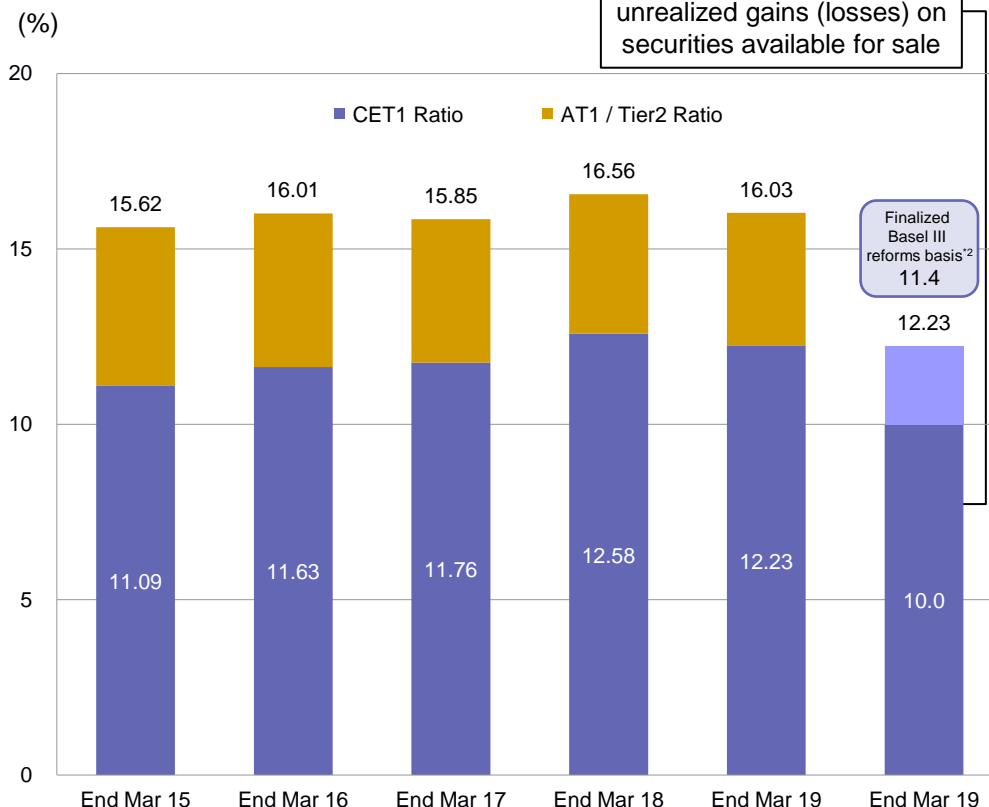
*1 Consolidated

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

*3 Securities available for sale. Non-consolidated

CET1 / Total capital ratio

(Consolidated,
Transitional Basis (~End Mar 2018))
Full implementation basis*¹ (End Mar 2019)



Leverage
Ratio

4.72%

4.79%

4.81%

5.01%

4.94%

*1 Calculated on the basis of regulations applied at the end of Mar 2019

*2 Estimated CET1 ratio reflecting the RWA increase calculated on the basis of the finalized Basel III reforms expected to be applied in 2027

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

Capital summary

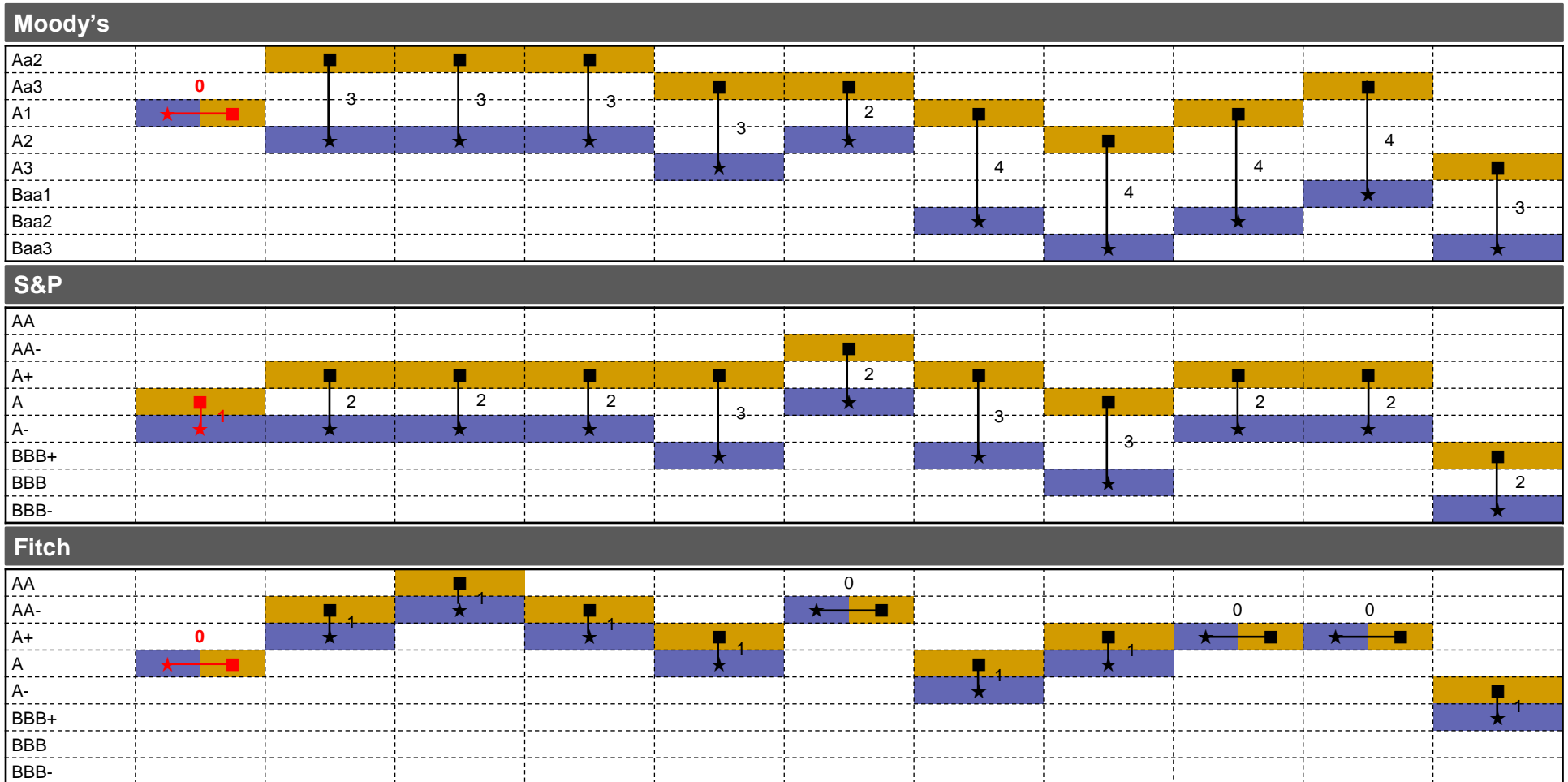
(¥bn)	End Mar.18	End Mar.19	Changes from End Mar.18
1 Common Equity Tier 1 capital ratio	12.58%	12.23%	(0.35%)
2 Tier 1 capital ratio	14.32%	13.90%	(0.42%)
3 Total capital ratio	16.56%	16.03%	(0.53%)
4 Leverage ratio	5.01%	4.94%	(0.06%)
5 Common Equity Tier 1 capital	14,284.9	14,322.4	37.4
6 Retained earnings	10,064.6	10,640.6	576.0
7 Other comprehensive income	3,143.8	2,879.1	(264.7)
8 Regulatory adjustments	(1,786.1)	(1,897.3)	(111.1)
9 Additional Tier 1 capital	1,966.8	1,953.8	(12.9)
10 Preferred securities and subordinated debt	1,822.1	1,800.1	(22.0)
11 Tier 1 capital	16,251.7	16,276.3	24.5
12 Tier 2 capital	2,543.7	2,493.4	(50.2)
13 Subordinated debt	2,165.0	2,195.6	30.5
14 Total capital (Tier 1+Tier 2)	18,795.4	18,769.7	(25.6)
15 Risk weighted assets	113,463.6	117,091.1	3,627.5
16 Credit risk	89,823.1	90,843.0	1,019.9
17 Market risk	2,714.5	2,920.5	206.0
18 Operational risk	7,236.0	8,107.2	871.2
19 Floor adjustment * ³	13,689.9	15,220.2	1,530.2
20 Total exposures	324,232.4	329,048.6	4,816.2

Global financial institutions' senior bonds ratings

As of May 31, 2019

■ HD / Non-preferred senior

■ Operating bank / Preferred senior



J.P.Morgan



HSBC



Japan

US

Europe

*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

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Japanese TLAC framework

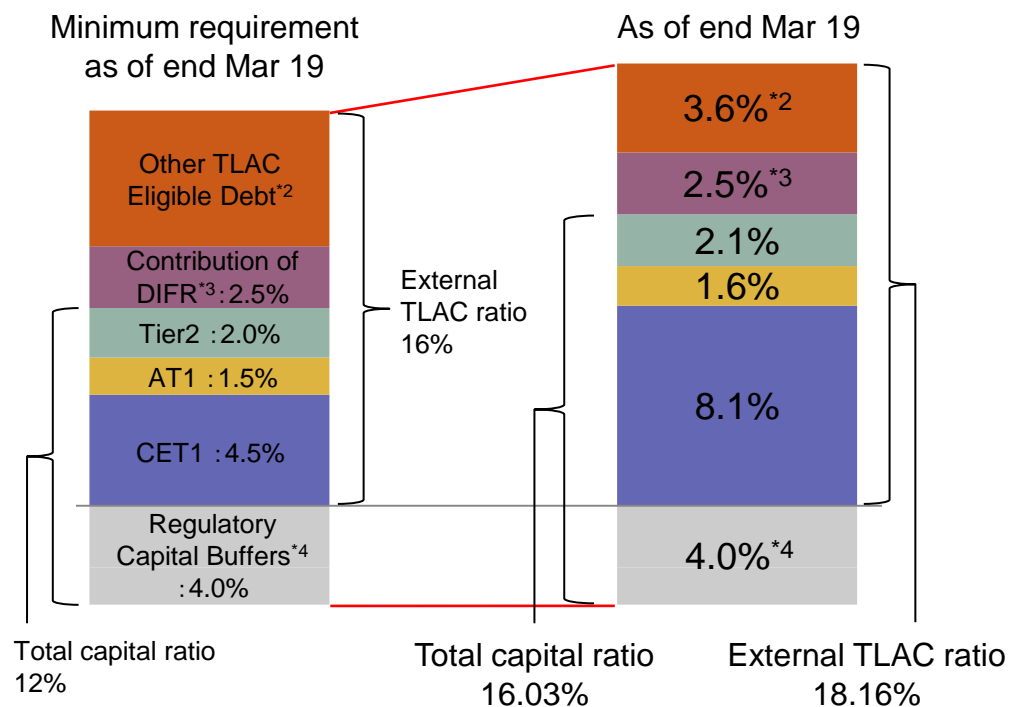
- The best capital mix and external TLAC ratio

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

Actual external TLAC ratio and minimum requirement

	As of end Mar 19	Minimum requirement	
		From end Mar 19	From end Mar 22
Risk weighted asset basis	18.16%	16.0%	18.0%
Total exposure basis	7.90%	6.0%	6.75%

MUFG's RWA*¹ based external TLAC ratio



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

*1 Risk weighted asset

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

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

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

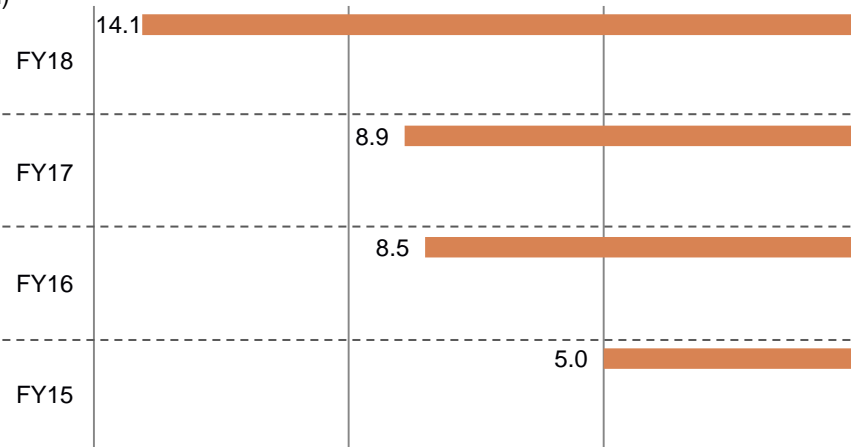
*4 CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, and Counter-cyclical Buffer:0.04%

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

MUFG issuance track record*1

Global market

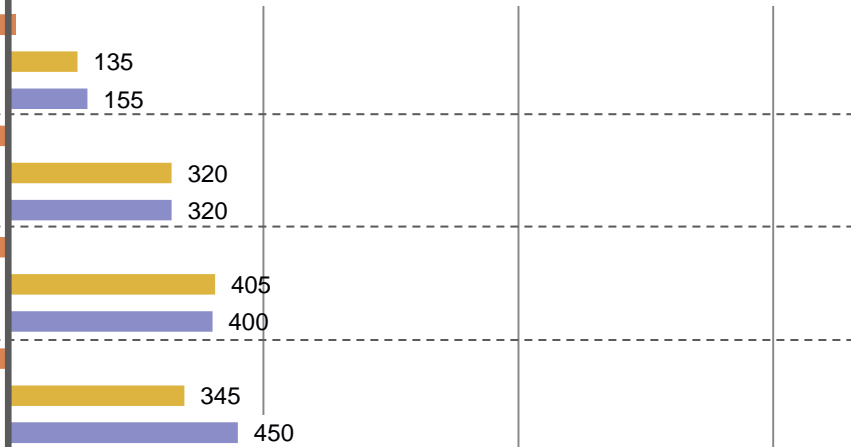
(US\$bn)



Domestic market

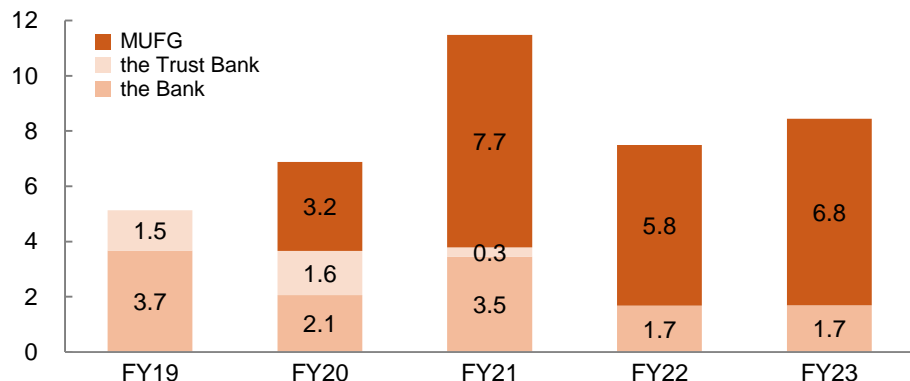
(¥bn)

Senior notes
AT1 sub notes
Tier2 sub notes



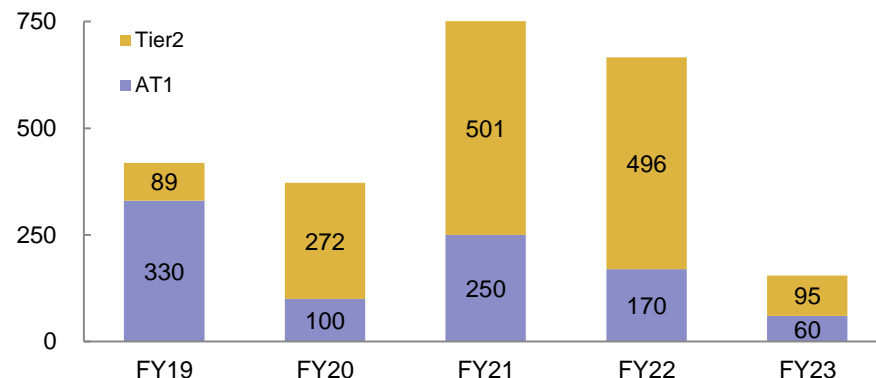
Senior unsecured bond redemption schedule*2

(US\$bn)



AT1, Tier2 bond call / redemption schedule*3

(¥bn)



*1 Total of public issuance (excluding the amount of buyback (US\$1bn)), as of end Mar 19. TLAC Eligible Senior Debt are converted into US\$ with actual exchange rates as of end Mar 19

*2 Annual figures assuming that all callable notes are to be redeemed on its first callable date. All figures are converted into US\$ with actual exchange rates as of end Mar 19.

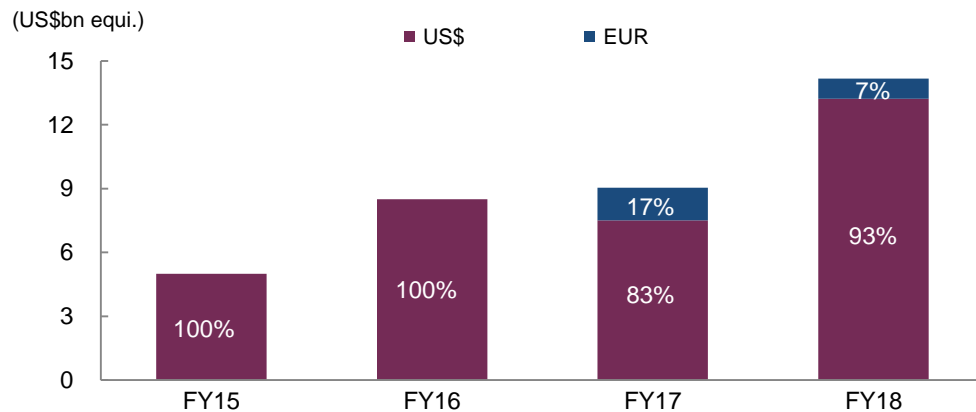
Excluding structured bond and notes issued by overseas branches and subsidiaries

*3 Annual figures assuming that all callable notes are to be redeemed on its first callable date. AT1 and Tier2 contain Basel II Tier1 preferred securities and Basel II Tier2 sub notes issued by the Bank and the Trust Bank (including their overseas special purpose companies) respectively

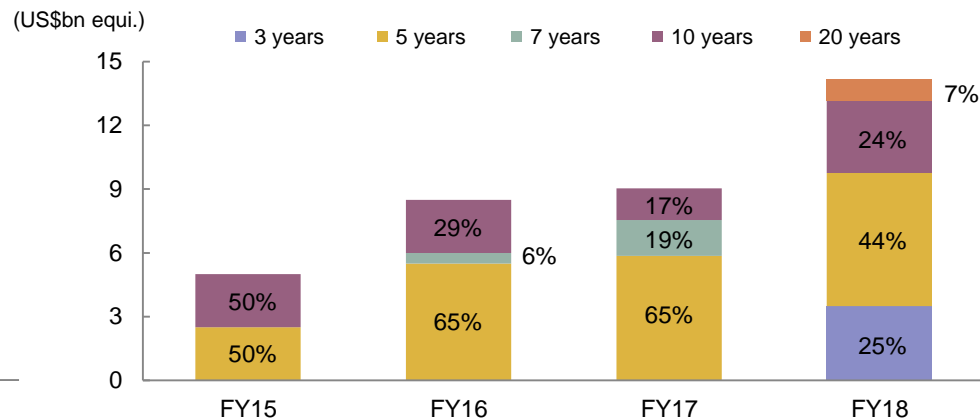
TLAC eligible senior debt issuance summary

MUFG TLAC eligible senior debt issuance summary*1

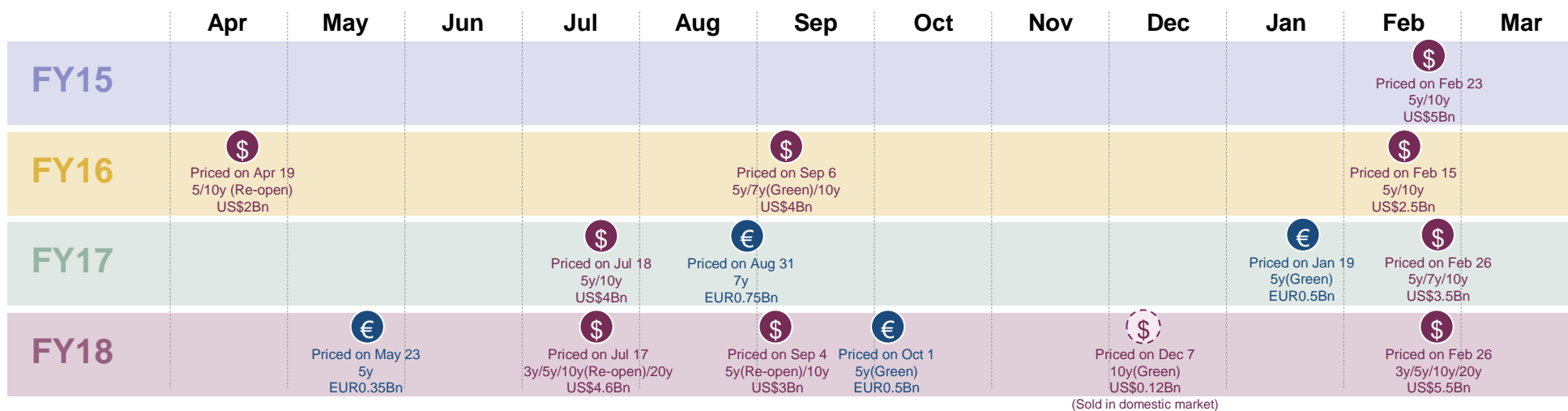
By currency*2



By term*2*3



Past issuance calendar



*1 Total of public issuance (excluding the amount of buyback (US\$1bn)), as of end Mar 19

*2 Exchange rates: As of end of each FY

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

Agenda

Section 1 Overview 4

Section 2 Financial results 8

Section 3 Capital raising strategy 18

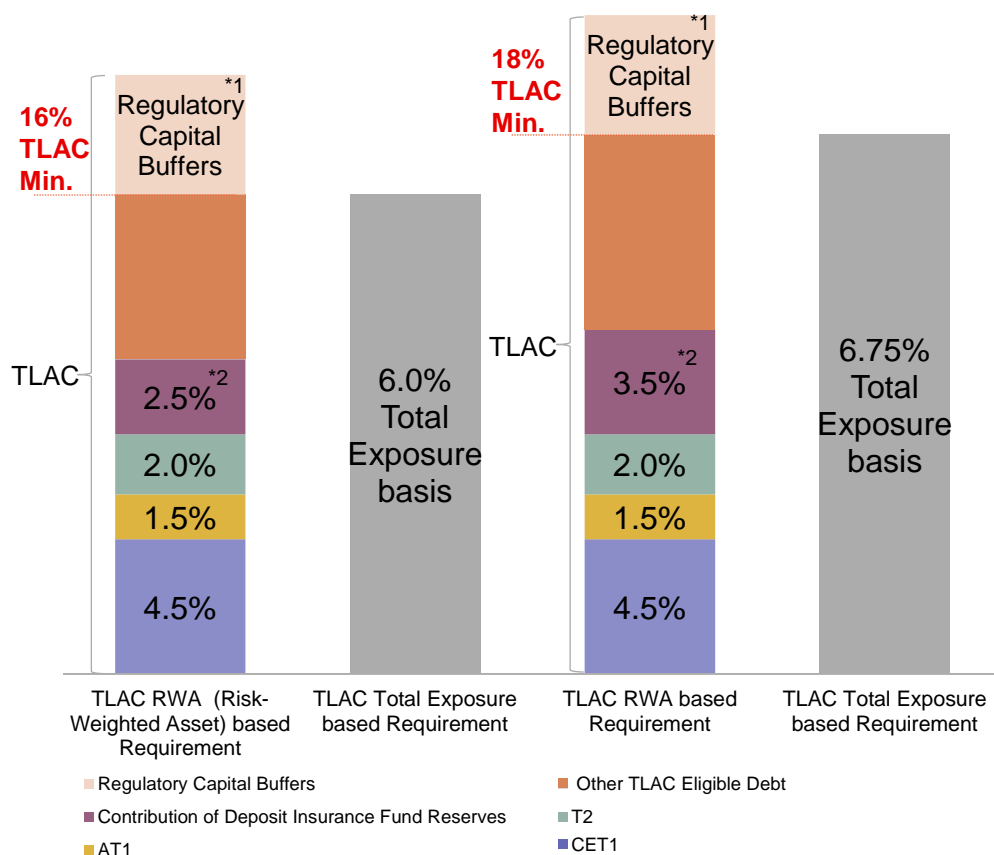
Appendix 22

Japanese TLAC framework summary

TLAC minimum requirement

From end Mar 2019
(for Japanese G-SIBs)

From end Mar 2022
(for Japanese G-SIBs)



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

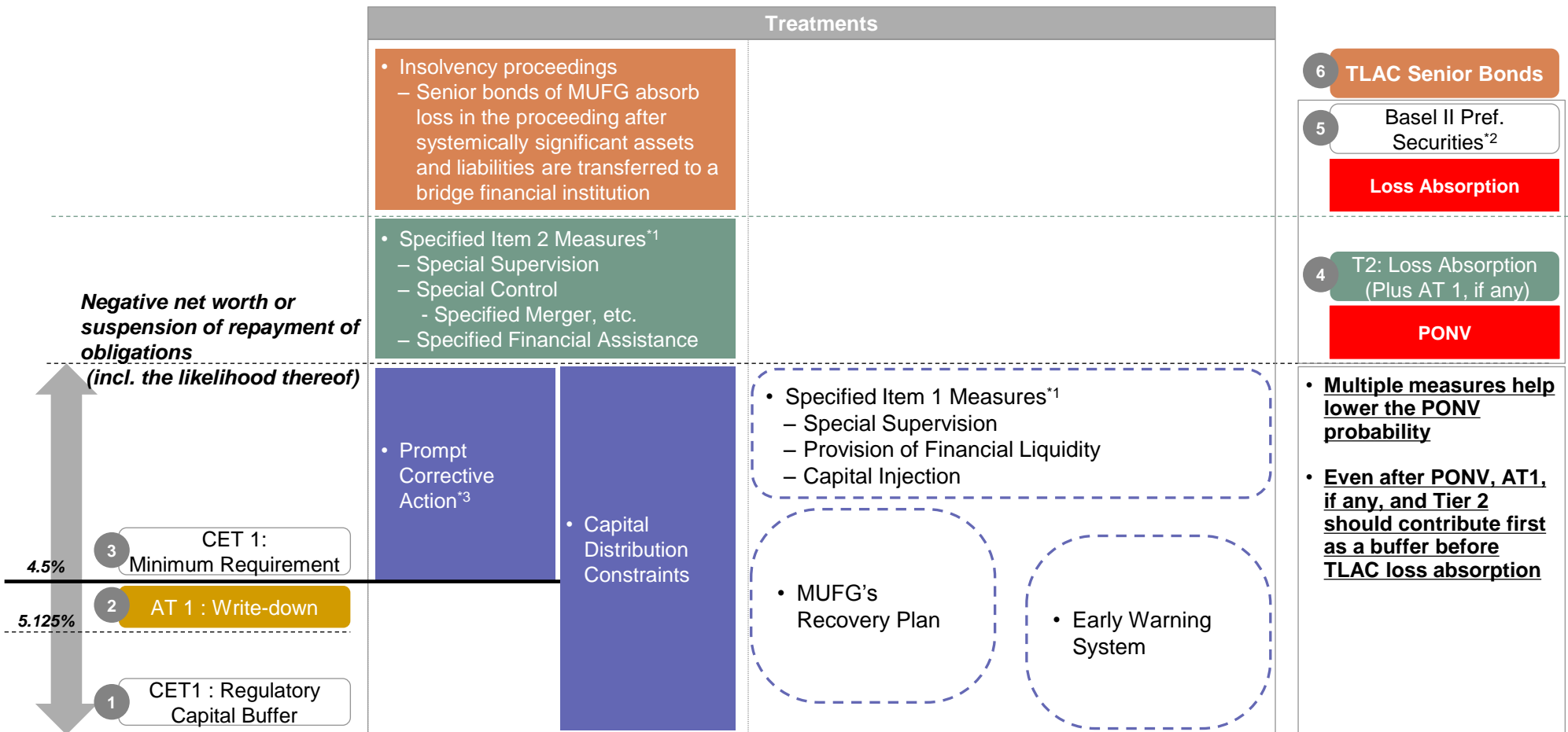
^{*1} CET1 Buffer applicable to MUFG: G-SIB Surcharge:1.5%, Capital Conservation Buffer:2.5%, Counter-cyclical Buffer: ranging from 0% to 2.5% to be calculated as the weighted average of the buffers deployed across all the jurisdictions to which MUFG has credit exposures will be imposed.

^{*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 Item 1 and 2 measures will depend on the economic conditions and the financial institutions' soundness. Also, specified item 1 measures may not necessarily be applied even before specified item 2 measures

*2 MUFG Basel II Tier 1 will be effectively subordinated to MUFG TLAC senior bonds upon occurrence of liquidation or bankruptcy of MUFG

*3 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

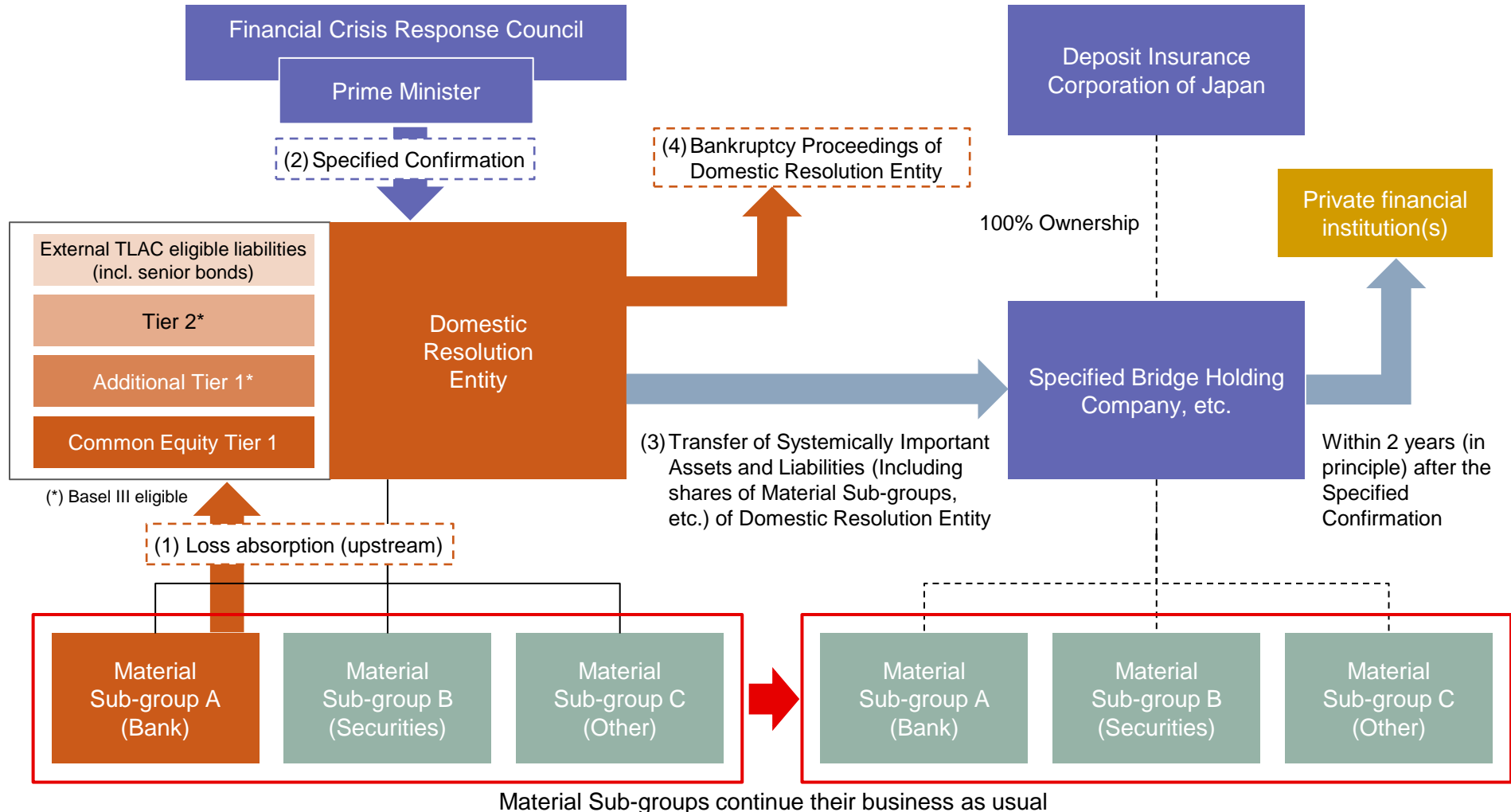
		Applicable rules	Bank	Date	Amount (#bn)	Description
Public Sector Support	-	Article 102, Paragraph 1, Item 1 of the Deposit Insurance Act	Resona Bank	Jun. 2003	296	Public funds infusion in common shares—government ownership of 50.1%
				Jun. 2003	1,663	Public funds infusion in convertible preferred shares
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

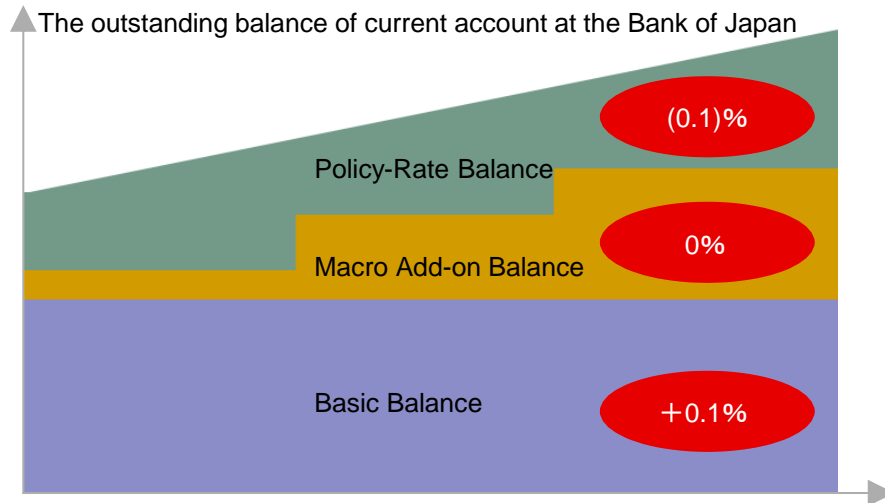
- Requirements for external TLAC Eligible Debt (Summary)

- 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)

Economic environment in Japan

- BoJ's quantitative and qualitative monetary easing (QQE)

QQE with a Negative Interest Rate (Jan 2016)



- Three-tier system:
 - Apply a positive interest rate, a zero interest rate, or a negative interest rate to three tiers

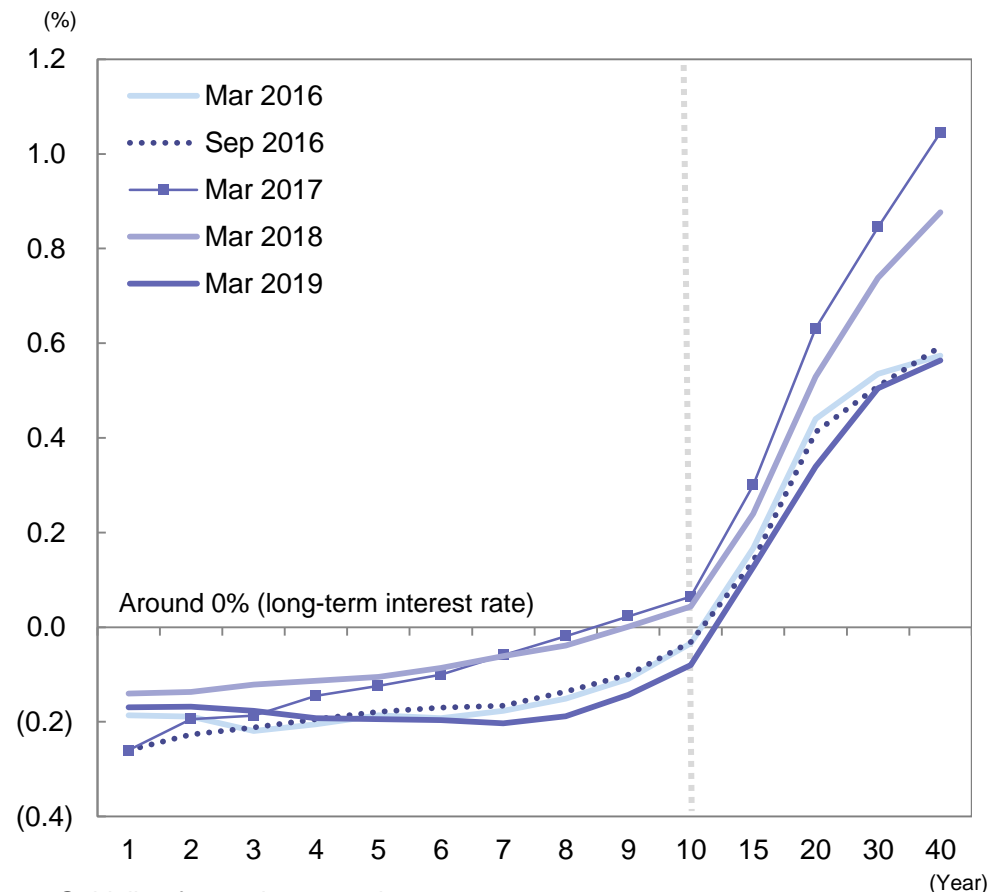
Source: The Bank of Japan

Introducing forward guidance for policy rates (July 2018 and April 2019)

- Forward guidance for policy rates
 - The Bank of Japan would maintain the current extremely low levels of short- and long-term interest rates for an extended period of time, at least through around spring 2020
- Yield curve control
 - While maintaining the minus 0.1% target for Policy-Rate Balances and an around 0% target for 10-year Japanese government bond yields, the Bank of Japan stated that yields may move upward and downward to some extent

Source: The Bank of Japan

QQE with Yield Curve Control (Sep 2016)



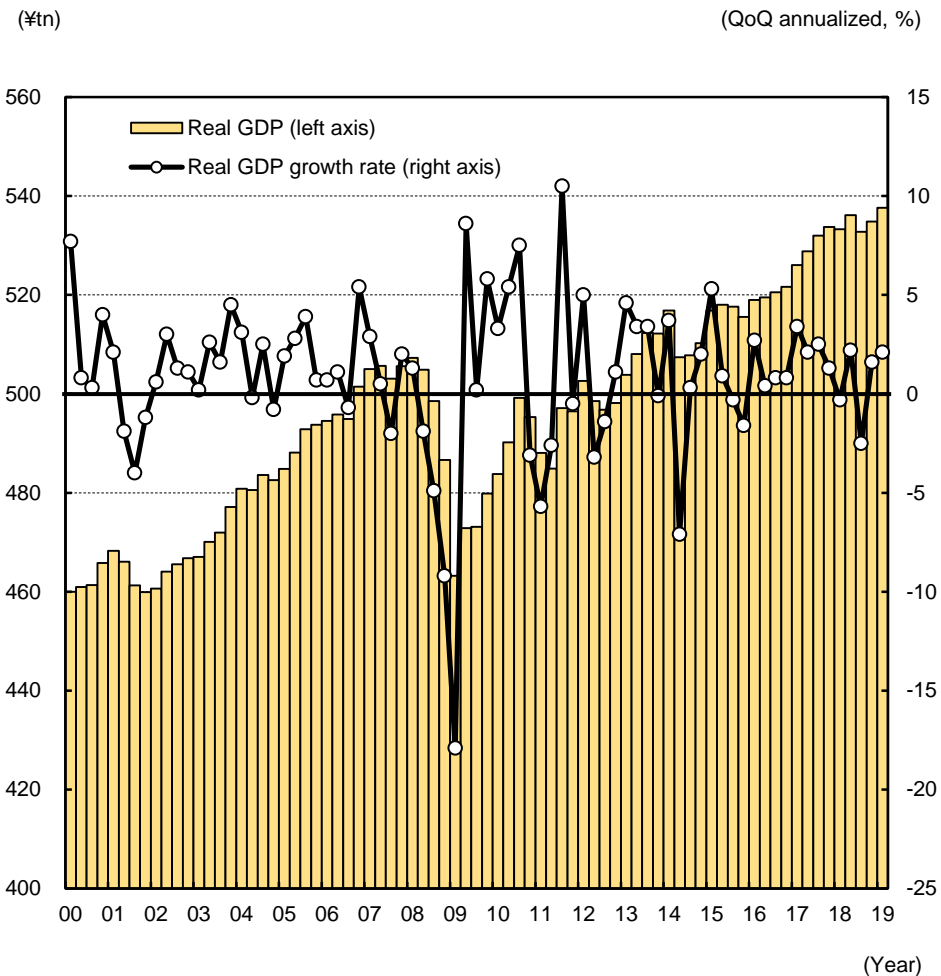
- Guideline for market operations:
 - Remain around zero percent (10-year JGB yields)

Source: Bloomberg

Economic environment in Japan

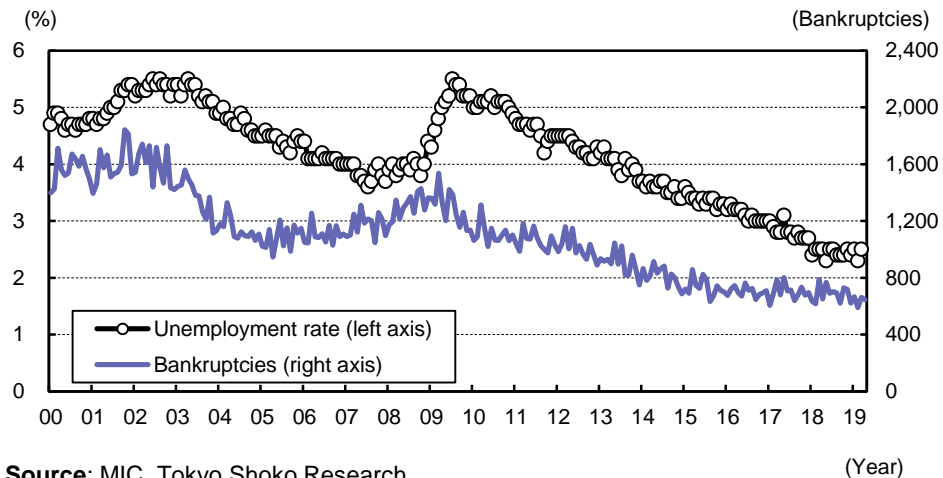
- Economic environment in Japan (1)

Real GDP



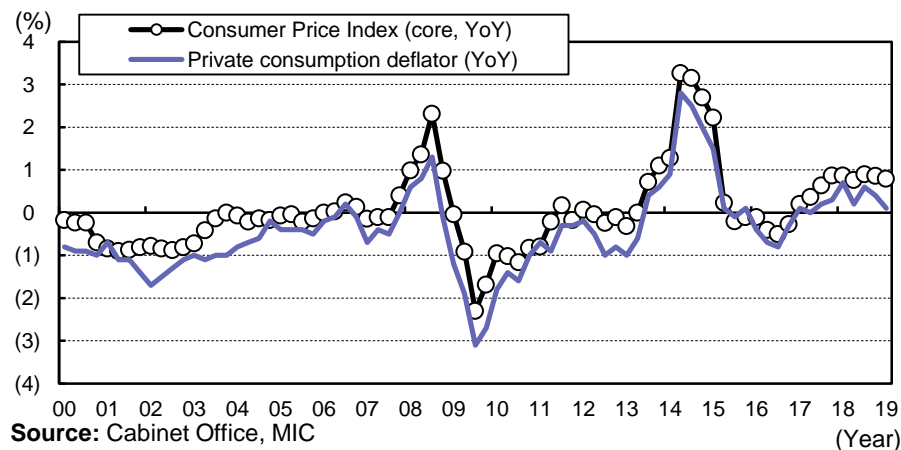
Source: Cabinet Office

Unemployment rate and corporate bankruptcies



Source: MIC, Tokyo Shoko Research

Customer prices and private consumption deflator

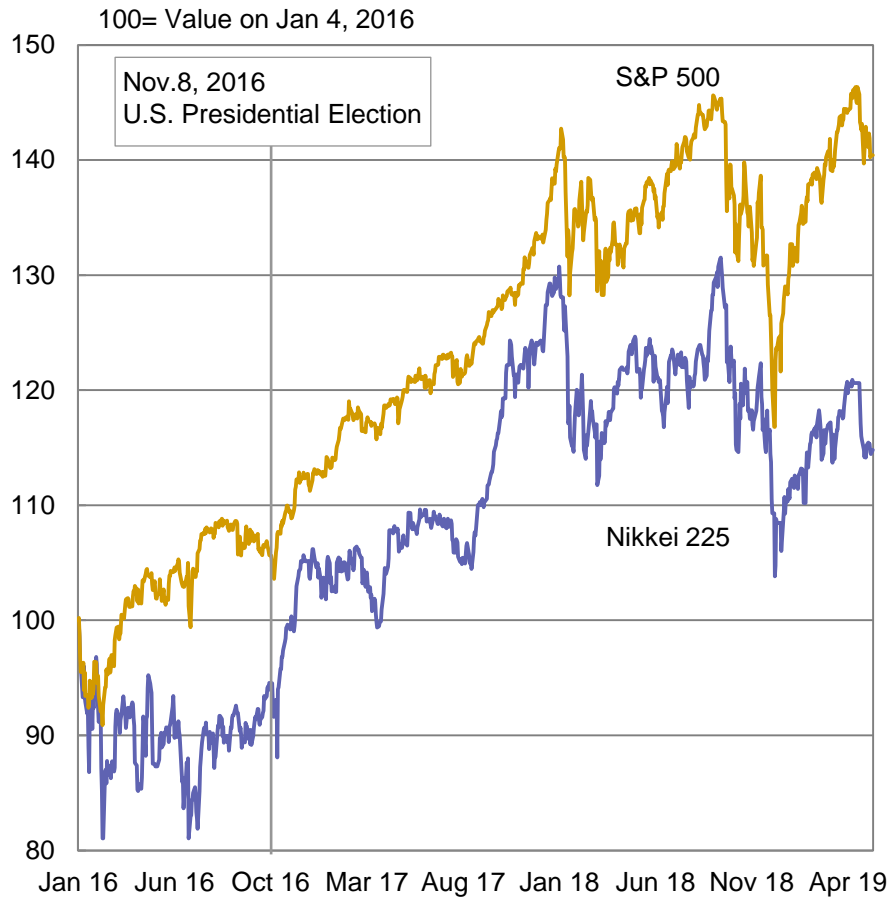


Source: Cabinet Office, MIC

Economic environment in Japan

- Economic environment in Japan (2)

Equity



Source: Bloomberg

FX



Source: Bloomberg

Supplementary Materials

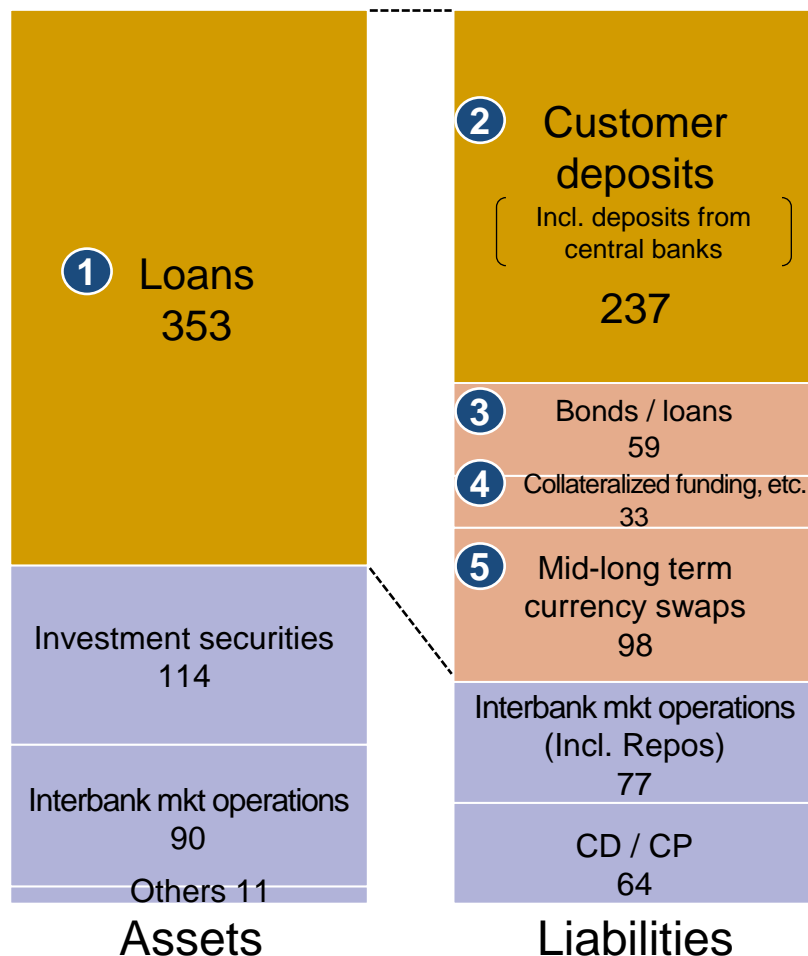
- Non-JPY assets and funding

(the Bank consolidated excluding MUAH and KS)

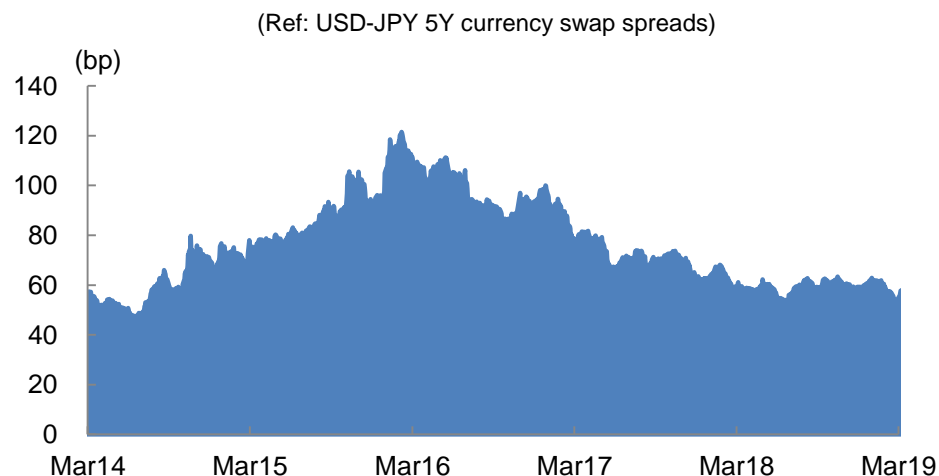
- Non-JPY loans① are stably funded by customer deposits② and medium-to long-term funding③④⑤

Non-JPY balance sheet (the Bank managerial basis excl. MUAH, KS)

As of end Mar 19 (US\$bn)

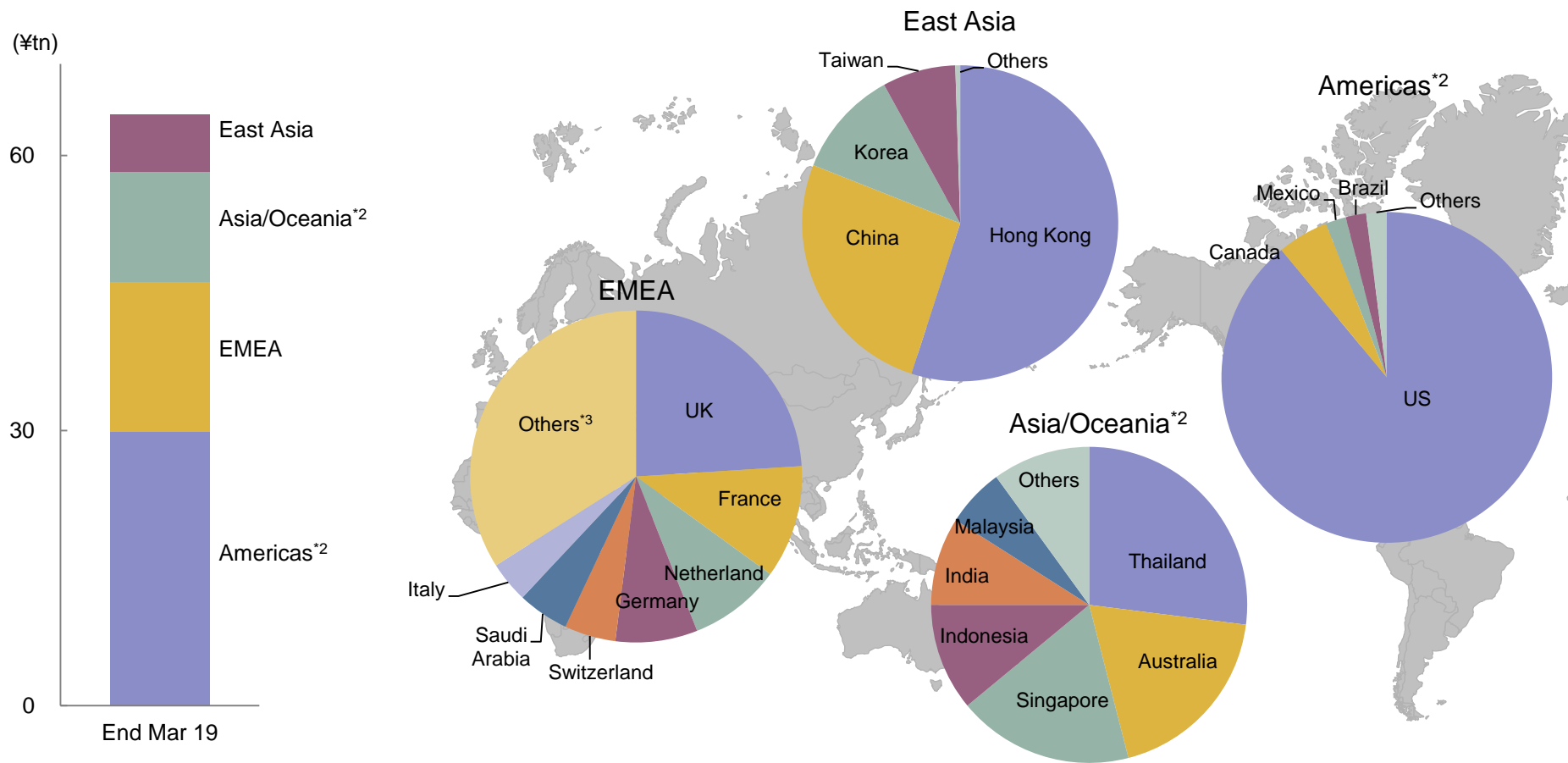


- ① Non-JPY loans are managed efficiently by reducing low-profitability assets
- ② Enhance product development and sales capabilities to increase customer deposits
- ③ Bonds are mainly issued from HoldCo (MUFG) to ensure stable funding and TLAC requirement
→ **Average duration: 6.9 years**
- ④ Cross-currency repos*1 (JGB utilizing), etc.
- ⑤ Currency swaps are transacted mainly in medium-term durations



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

Credit exposure*1 to overseas corporate by region



*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 ¥ 110.99/US\$

*2 Americas and Asia/Oceania include MUAH's exposure and KS's exposure as of end Mar 19 of its regional total respectively

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

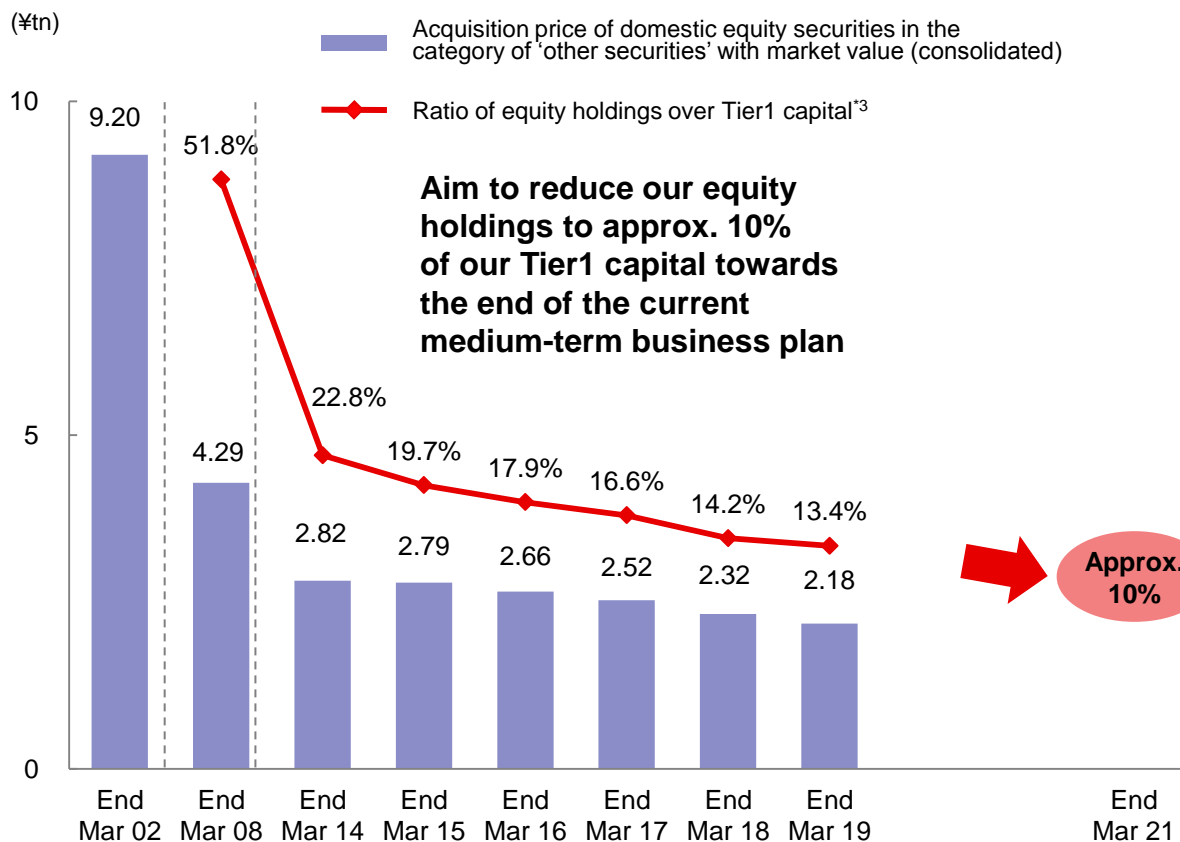
(Note) All figures are on managerial accounting basis

Supplementary Materials

- Reduction of equity holdings

- Aim to accelerate reduction of equity holdings considering the risk, capital efficiency and international financial regulations
- Approx. ¥127 bn^{*1*2} equities were sold in FY18

Reduction of equity holdings



Ref. Approx. selling amount of equity holdings^{*1}

	Selling amount	Acquisition cost basis	Net gains (losses)
FY15	¥211 bn	¥117 bn	¥94 bn
FY16	¥267 bn	¥149 bn	¥118 bn
FY17	¥318 bn	¥201 bn	¥117 bn
FY18	¥242 bn	¥127 bn	¥115 bn
Total	¥1,038 bn	¥594 bn	¥444 bn

*1 Sum of the Bank and the Trust Bank

*2 Acquisition cost basis

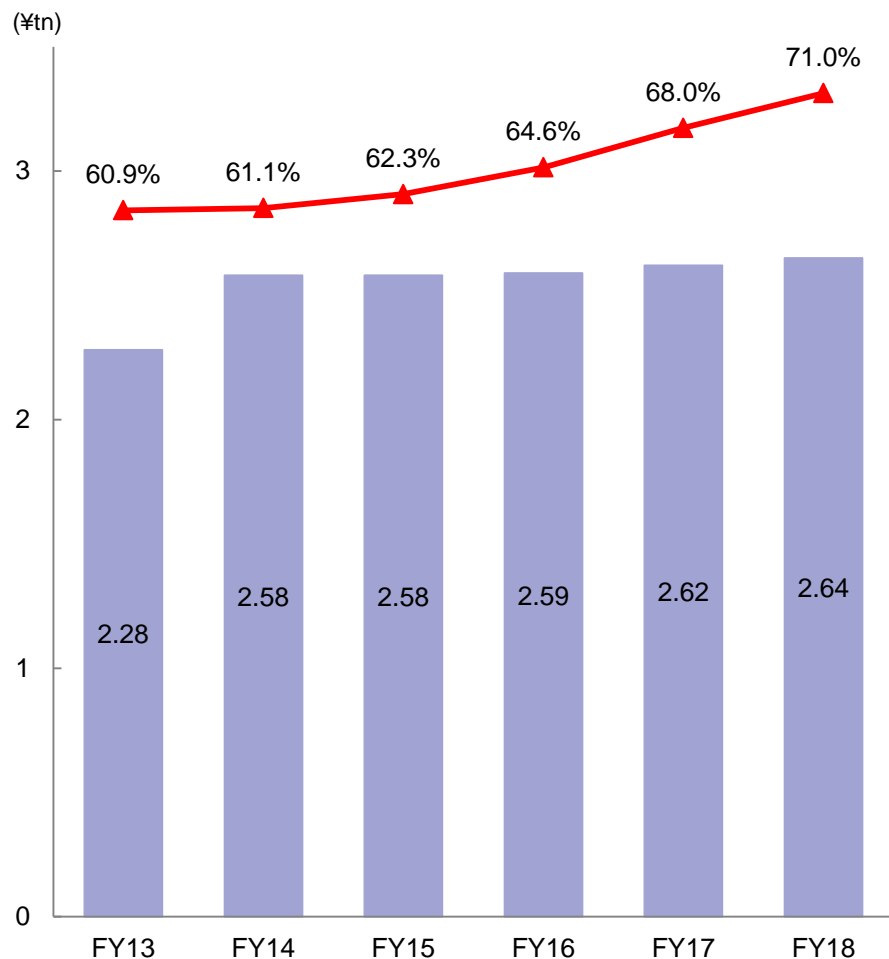
*3 Under Basel II basis until end Mar 12 (consolidated)

Supplementary Materials

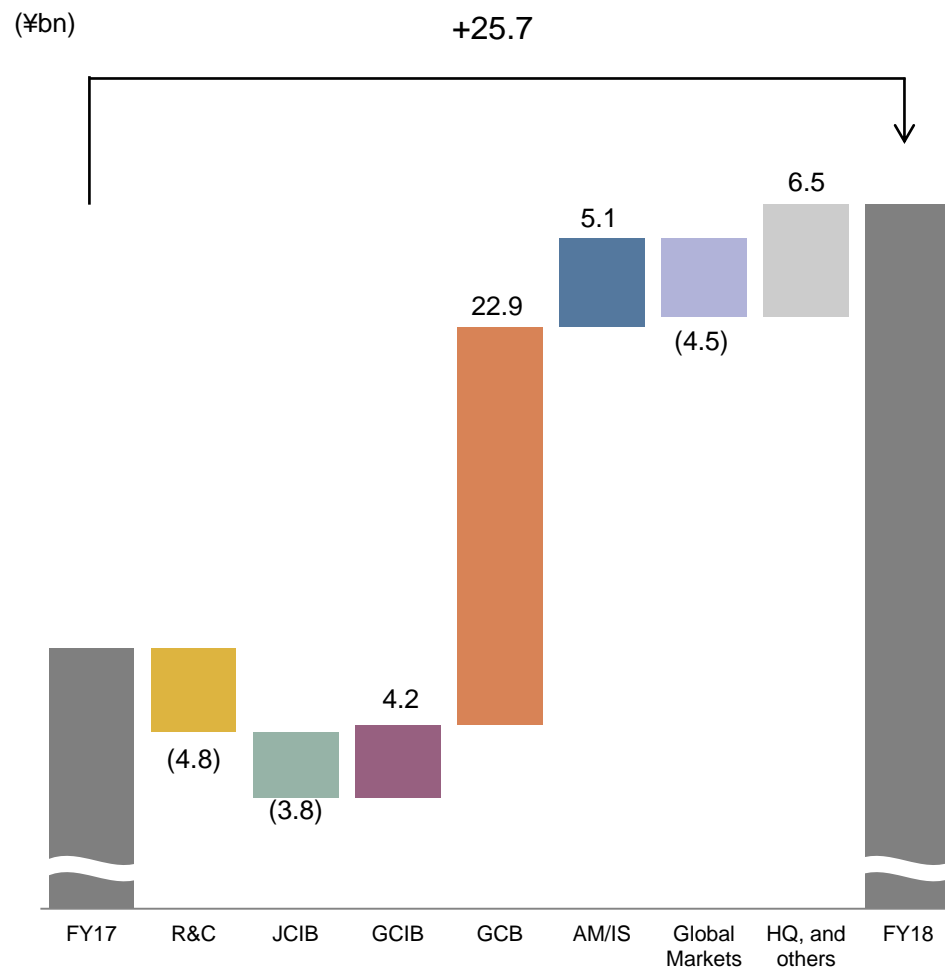
- Expense

(Consolidated)

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



Increase and decrease by business group



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

US GAAP consolidated financials

- Balance sheet

Balance sheet

	(¥mm)
Assets	End Mar 18
Cash and due from banks	32,648,387
Interest-earning deposits in other banks	43,209,662
Call loans, funds sold, and receivables under resale agreements	6,622,281
Receivables under securities borrowing transactions	9,268,756
Trading account assets	35,186,689
Investment securities	43,654,249
Net loans	116,271,771
Premises and equipment	1,013,588
Accrued interest	324,624
Customers' acceptance liability	183,084
Intangible assets—net	1,011,119
Goodwill	441,334
Deferred tax assets	68,704
Other assets	10,666,064
Total assets	300,570,312

	(¥mm)
Liabilities and shareholders' equity	End Mar 18
Total Deposits	195,674,593
Call money, funds purchased, and payables under repurchase agreements	20,587,137
Payables under securities lending transactions	8,170,218
Due to trust account and Other short-term borrowings	10,267,282
Trading account liabilities	12,222,331
Obligations to return securities received as collateral	3,176,962
Bank acceptances outstanding	183,084
Accrued interest	165,921
Long-term debt	27,069,556
Other liabilities	7,407,413
Total liabilities	284,924,497
Capital stock	2,090,270
Capital surplus	5,740,165
Retained earnings	5,185,304
Accumulated other comprehensive income, net of taxes	2,477,315
Treasury stock, at cost	(522,872)
Noncontrolling interests	675,633
Total equity	15,645,815
Total liabilities and shareholders' equity	300,570,312

US GAAP consolidated financials

- Statement of operation

Statement of operation

(¥mm)

Statement of Operations Data	Fiscal year ended Mar 18
Interest income	3,259,016
Interest expense	1,028,755
Net interest income	2,230,261
Provision for (reversal of) credit losses	(240,847)
Net interest income after provision for (reversal of) credit losses	2,471,108
Non-interest income	1,935,091
Non-interest expense	2,744,380
Income (loss) before income tax expense	1,661,819
Income tax expense (benefit)	407,823
Net income before attribution of noncontrolling interests	1,253,996
Net income (loss) attributable to noncontrolling Interests	25,836
Net income attributable to Mitsubishi UFJ Financial Group	1,228,160

(¥)

Earnings (loss) per share	Fiscal year ended Mar 18
Basic earnings	
Earnings applicable to common shareholders of Mitsubishi UFJ Financial Group	92.40
Diluted earnings	
Earnings applicable to common shareholders of Mitsubishi UFJ Financial Group	92.10

US GAAP consolidated financials

- Reverse reconciliation from US GAAP to Japanese GAAP

Reverse reconciliation of shareholders' equity and net income

	End Mar 18 (¥mm)
Total equity in accordance with U.S. GAAP	15,645,815
Differences arising from different accounting for:	
1 Investment securities	123,240
2 Loans	(9,963)
3 Allowance for credit losses	65,433
4 Fixed assets	424,376
5 Pension liability	(9,717)
6 Derivative financial instruments and hedging activities	243,861
7 Compensated absences	44,949
8 Long-term debt	(9,621)
9 Consolidation	672,397
10 Goodwill	185,940
11 Intangible assets	(38,893)
12 Investments in equity method investees	557,711
13 Others	(421,208)
Deferred income tax effects of the above adjustments, when applicable	(179,283)
Net assets in accordance with Japanese GAAP	17,295,037

	Fiscal year ended Mar 18 (¥mm)
Net Income before attribution of noncontrolling interests in accordance with U.S. GAAP	1,253,996
Differences arising from different accounting for:	
1 Investment securities	57,273
2 Loans	(28,284)
3 Allowance for credit losses	(360,500)
4 Fixed assets	(14,986)
5 Pension liability	(49,752)
6 Derivative financial instruments and hedging activities	94,893
7 Compensated absences	3,211
8 Long-term debt	(482)
9 Consolidation	40,055
10 Goodwill	(17,604)
11 Intangible assets	5,778
12 Investments in equity method investees	(18,451)
13 Others	36,407
Deferred income tax effects of the above adjustments, when applicable	94,386
Net Income before attribution of noncontrolling interests in accordance with Japanese GAAP	1,095,940