Financial Highlights under Japanese GAAP for 2nd Quarter of Fiscal Year Ending March 31, 2021

November 13, 2020

Mitsubishi UFJ Financial Group, Inc.

FY2020 H1 financial results summary 【Consolidated】

(for Fiscal Year Ending March 31, 2021)

- Despite the impact of decline in business volume and changes in financial markets caused by COVID-19 pandemic, gross profits increased due to an increase in market related gains as well as the consolidation of overseas subsidiaries. G&A expense increased modestly, as a result, net operating profits increased ¥113.3bn YoY.
- Profits attributable to owners of parent decreased ¥206.1bn to ¥400.8bn, mainly due to an increase in total credit costs. (Progress ratio for the FY20 original target was 72.9%.) The target for profits attributable to owners of parent for FY20 is revised upward to ¥600.0bn.
- FY20 dividend forecast is unchanged at ¥25 per common stock.

Gross profits

¥2,093.0bn

up ¥123.8bn, 6% YoY

Expense ratio

64.6%

down (3.5%) YoY

FY20 target[*1]
Below FY17 result (68.0%)

Net operating profits

¥740.4bn

up ¥113.3bn, 18% YoY

ROE

5.83%

down (2.97%) YoY

FY20 target[*1]
Approx. 7% to 8%

Profits attributable to owners of parent

¥400.8bn

down ¥206.1bn, (34%) YoY

Common Equity Tier 1 capital ratio
(Finalized Basel III reforms basis[*2])

12.2%

up 0.5% from FY19

FY20 target[*1]
Approx. 11%

FY20 Target

¥600.0bn for profits attributable to owners of parent

revised upward by ¥50.0bn

Shareholder returns

¥25 for dividend per common stock

unchanged from FY19

Initial forecast
¥25

*1 Current Medium-Term Business Plan *2 Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis
* Definitions of figures and abbreviations used in this document can be found on the last page

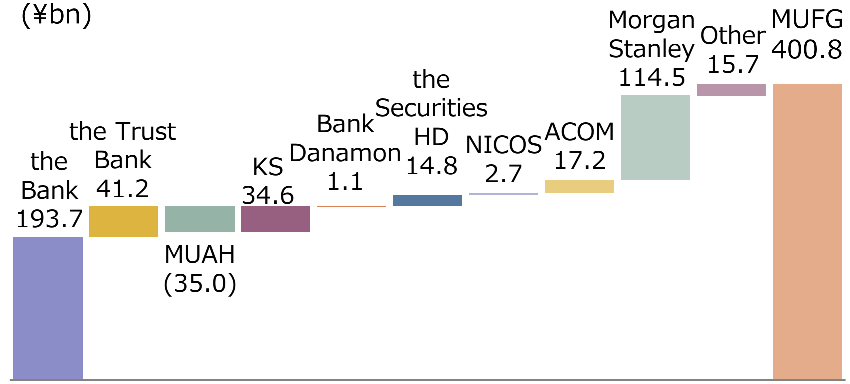
FY2020 H1 financial results summary 【Consolidated】

(for Fiscal Year Ending March 31, 2021)

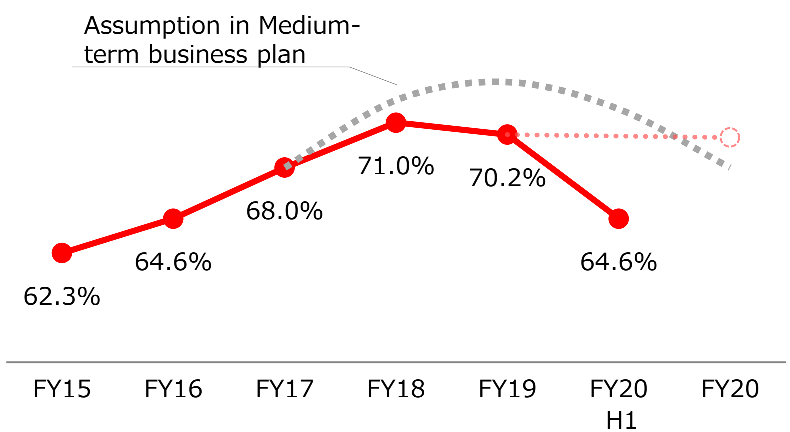
Financial results summary

	(¥bn)	FY19 H1*1	FY20 H1	YoY
1	Gross profits	1,969.1	2,093.0	123.8
2	G&A expenses	1,342.0	1,352.5	10.5
3	**Net operating profits**	627.1	740.4	113.3
4	Expense ratio	68.1%	64.6%	(3.5%)
5	**Ordinary profits**	791.0	590.2	(200.8)
6	**Profits attributable to owners of parent**	606.9	400.8	(206.1)
7	Interim dividend per common stock (¥)	12.5	12.5	－
8	**Common Equity Tier 1 capital ratio*2**		12.2%	

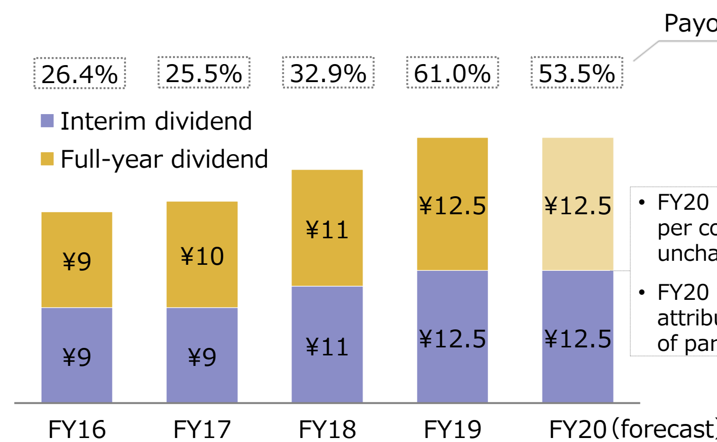
<Breakdown of profits attributable to owners of parent*3>



Expense ratio



Dividend per common stock / payout ratio



- FY20 dividend forecast per common stock is unchanged from FY19
- FY20 target for profits attributable to owners of parent is ¥600.0bn

*1 Accounting Standard Board of Japan (“ASBJ”) Statement No. 30, “Accounting Standard for Fair Value Measurement” and ASBJ Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement” have been retroactively applied
*2 Finalized Basel III reforms basis. Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis
*3 The figures reflect the percentage holding in each subsidiary and equity method investee

Our measures in FY2020 H1

Response to COVID-19

Maintenance of financial function / Response to behavioral changes

- COVID-19 related loan execution*1 : approx. 16,000 transactions / ¥5 trillion
- Enhancement of non-face-to-face business such as online global business matching
- Increase in the use of non-face-to-face channels No of IB*2 service users*3 : +30% YoY
- Introduction of branch reservation service (from December)

ESG

Promotion of measures for social issues

- Establishment of a new framework for social contribution activities (donations, etc.) in areas where financial services are difficult to contribute
- Publication of MUFG Sustainability Report 2020
- Issuance of the world's first retail sustainable bond, including financing to tackle COVID-19 pandemic

Digital Technology × Business Group

Promotion of digitalization efforts

- Launch of new financial services in collaboration between Grab and Partner Banks
- Improving operational efficiency through digitalization of paper documents

Further integration of digital and business strategy

- Expand digital contact points with customers and strengthen business competitiveness and customer base through improvement of UX

Consideration of establishing new business group

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

*1 Number and amount of loan executed (including withdrawal from commitment line) from 10th March to 30th October based on reporting from domestic branches *2 Mitsubishi UFJ DIRECT: Internet banking for individual customers
*3 Users who log-in IB at least once in 6 months out of all active accounts (excl. accounts used for direct debit only) (as of the end of September 2020)

Income statement summary

Income statement

	(¥bn)	FY19 H1[*1]	FY20 H1	YoY
1	**Gross profits** **(before credit costs for trust accounts)**	1,969.1	1 2,093.0	123.8
2	Net interest income	934.1	966.5	32.4
3	Trust fees + Net fees and commissions	684.6	690.4	5.7
4	Net trading profits + Net other operating profits	350.3	436.0	85.6
5	Net gains (losses) on debt securities	179.5	201.9	22.4
6	**G&A expenses**	1,342.0	2 1,352.5	10.5
7	**Net operating profits**	627.1	740.4	113.3
8	**Total credit costs**[*2]	(18.0)	3 (258.4)	(240.3)
9	**Net gains (losses) on equity securities**	17.7	24.2	6.5
10	Net gains (losses) on sales of equity securities	48.6	39.7	(8.8)
11	Losses on write-down of equity securities	(30.9)	(15.5)	15.4
12	**Equity in earnings of equity method investees**	149.6	153.1	3.5
13	**Other non-recurring gains (losses)**	14.7	(69.2)	(83.9)
14	**Ordinary profits**	791.0	590.2	(200.8)
15	**Net extraordinary gains (losses)**	(9.1)	(17.6)	(8.4)
16	**Total of income taxes-current and income taxes-deferred**	(125.5)	(132.3)	(6.8)
17	**Profits attributable to owners of parent**	606.9	4 400.8	(206.1)
18	EPS (¥)	46.96	31.21	(15.75)
	<Reference>			
19	**ROE**	8.80%	5.83%	(2.97%)
20	**Expense ratio**	68.1%	2 64.6%	(3.5%)

YoY changes

1 Gross profits

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

2 G&A expenses / Expense Ratio

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

3 Total credit costs

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

4 Profits attributable to owners of parent

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

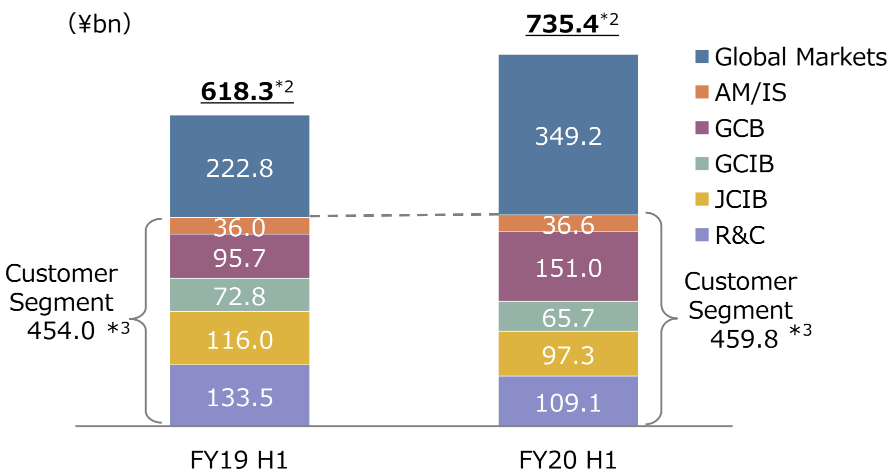
*1 Accounting Standard Board of Japan (“ASBJ”) Statement No. 30, “Accounting Standard for Fair Value Measurement” and ASBJ Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement” have been retroactively applied

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

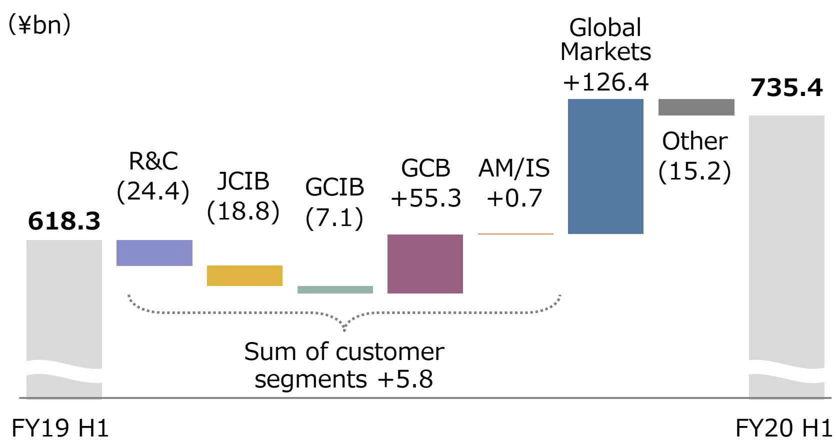
Outline of results by business segment

【Consolidated】

Net operating profits by business segment*1



Breakdown of changes in net operating profits



Overview

R&C	Decreased profits due to a decrease in deposit revenue caused by a decline in U.S. interest rates as well as a decrease of business volume such as credit card business, foreign exchange, investment product sales despite cost reduction.
JCIB	Decreased profits due to a decrease in deposit revenue, primary business revenue, and foreign exchange revenue, while loan revenue increased following an increase in loan balance.
GCIB	Decreased profits due to a decrease in non-interest income given the sluggish M&A market while DCM*4 revenue increased which met customer's funding requirement.
GCB	Increased profits due to an increase in loan/deposit revenue due to customer's funding requirement in Thailand, as well as an impact of consolidation and cost reduction of Bank Danamon while in Americas profits decreased due to lower interest rates.
AM/IS	Increased profits due to an impact of consolidation of FSI as well as an expansion of bundle services such as fund finance for global IS*5 which offset a decrease in profits due to a decline in sales activity under COVID-19 pandemic.
Global Markets	In customer business, while foreign exchange revenue decreased due to the impact of COVID-19, overseas customer trading contributed. Profits in treasury business increased by taking the best of decline in interest rate.

*1 On a managerial accounting basis. ASBJ Statement No. 30 and Guidance No. 31 have been retroactively applied on FY19 H1 figures
*2 Include net operating profit for "Other" segment (FY19 H1: (¥58.5)bn, FY20 H1: (¥73.6)bn)
*3 Ratio of customer segments = net operating profits from customer segments ÷ total net operating profits(*2) : 73% for FY19 H1 and 63% for FY20 H1
Ratio of net operating profits from global customers is defined as net operating profits from GCIB and GCB ÷ net operating profits from customer segments : 37% for FY19 H1 and 47% for FY20 H1 *4 Debt Capital Markets *5 Investor Services

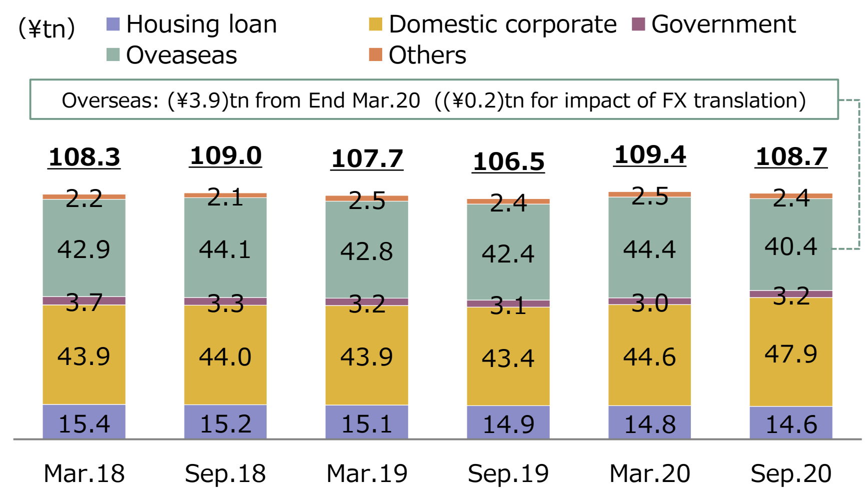
【Consolidated】

Balance sheet summary

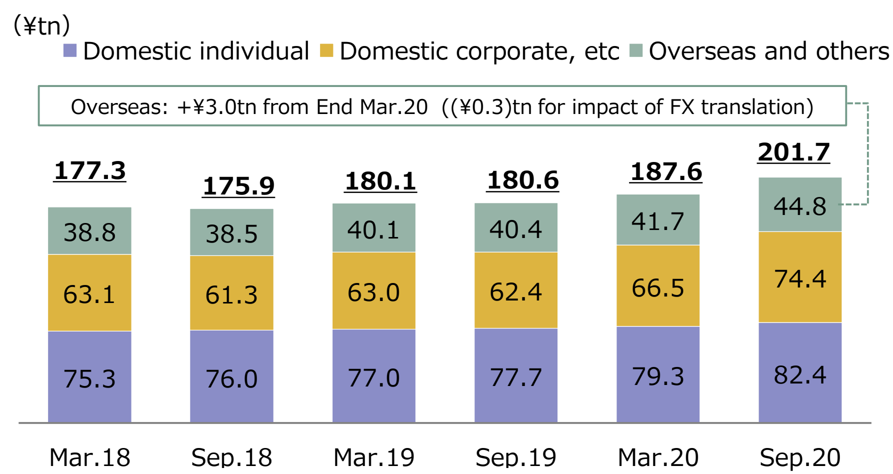
Balance sheet

	(¥bn)	End Sep.20	Changes from End Mar.20
1	**Total assets**	348,428.2	11,856.8
2	Loans (Banking + Trust accounts)	108,799.4	(675.0)
3	Loans (Banking accounts)	108,477.0	(637.6)
4	Housing loans*1	14,667.7	(152.4)
5	Domestic corporate loans*1*2	47,954.8	3,319.8
6	Overseas loans*3	40,494.0	(3,951.2)
7	Investment securities (Banking accounts)	75,005.4	9,450.3
8	Domestic equity securities	5,499.1	549.8
9	Japanese government bonds	32,036.8	10,293.2
10	Foreign bonds	23,429.2	(2,108.1)
11	**Total liabilities**	331,105.7	11,390.1
12	Deposits	201,704.2	14,080.7
13	Domestic Individuals*4	82,471.5	3,153.9
14	Domestic corporates etc.*4	74,424.7	7,846.8
15	Overseas and others	44,808.0	3,079.9
16	**Total net assets**	17,322.4	466.7
17	**FRL disclosed loans*1*5**	765.2	110.9
18	**NPL ratio*1**	0.76%	0.11%
19	**Net unrealized gains (losses) on available-for-sale securities**	3,552.5	663.8

Loans (Period end balance)



Deposits (Period end balance)

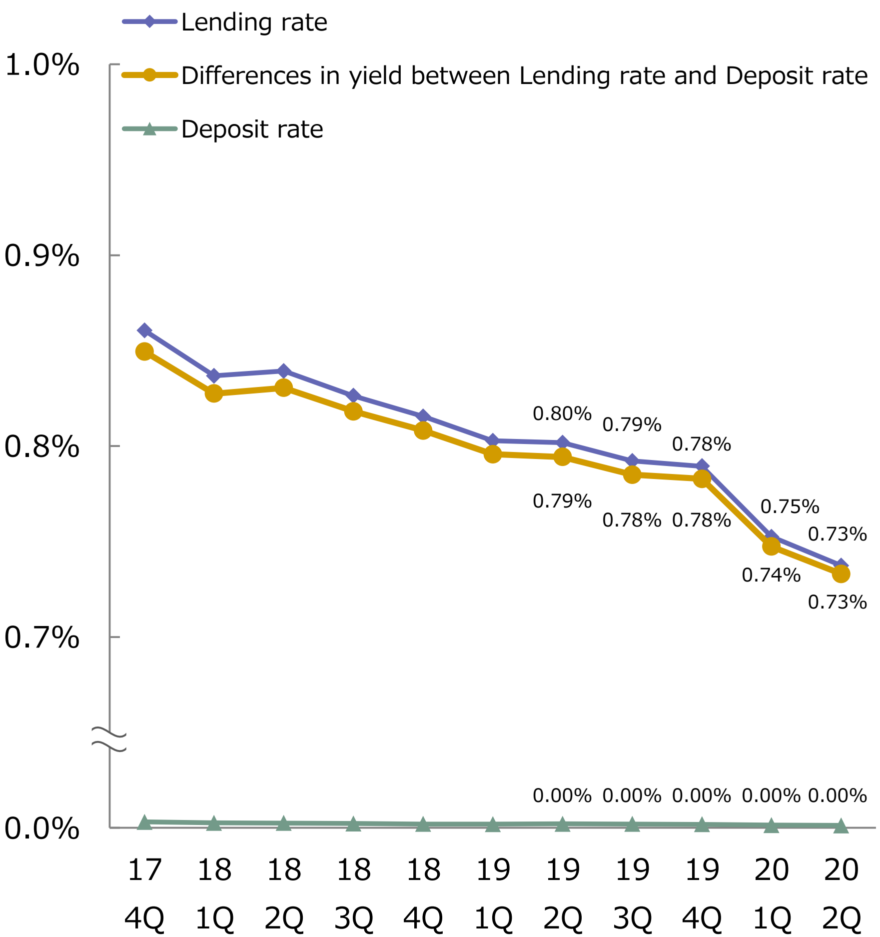


*1 Non-consolidated + trust accounts *2 Excluding loans to government and governmental institutions and including foreign currency-denominated loans (Excluding impact of foreign exchange translation: +¥3.4tn from the end of Mar.20)
*3 Loans booked in overseas branches, MUAH, KS, Bank Danamon, the Bank (China), the Bank (Malaysia) and the Bank (Europe)
*4 Non-consolidated *5 FRL = the Financial Reconstruction Law

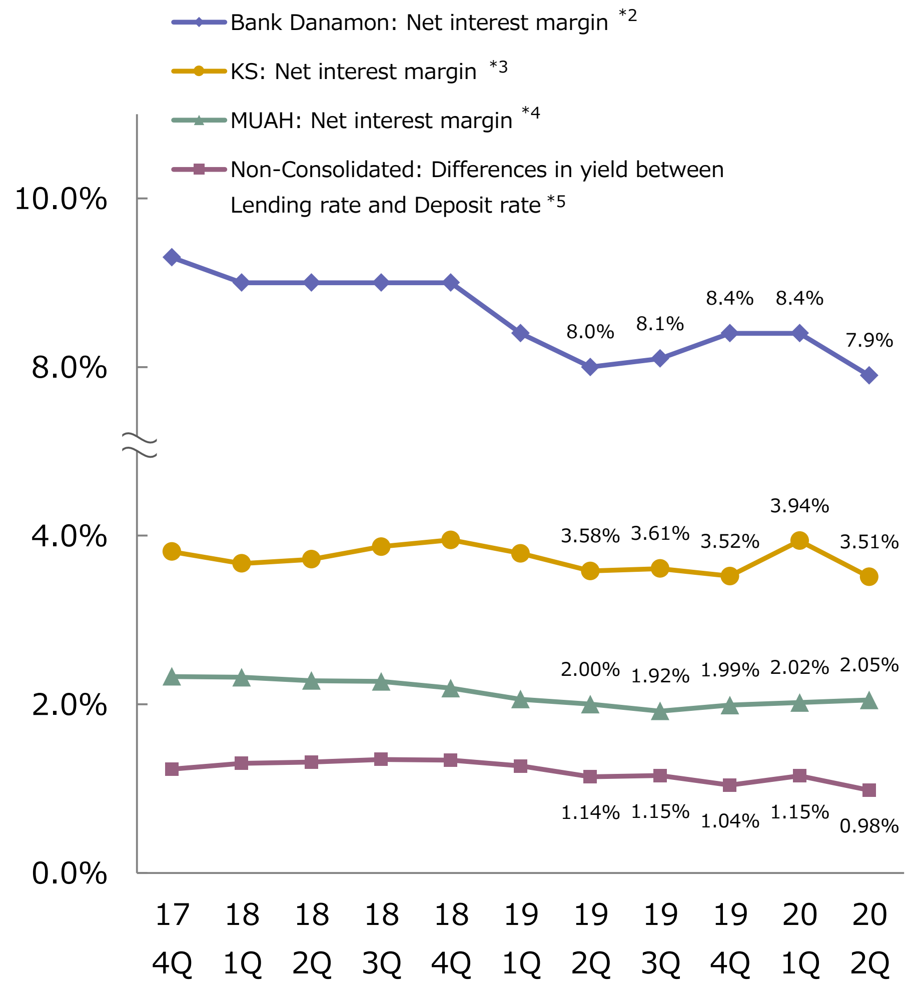
Deposit / Lending rates

【Non-Consolidated / MUAH / KS / Bank Danamon】

Changes in domestic deposit / lending rates*1



Changes in overseas deposit / lending rates

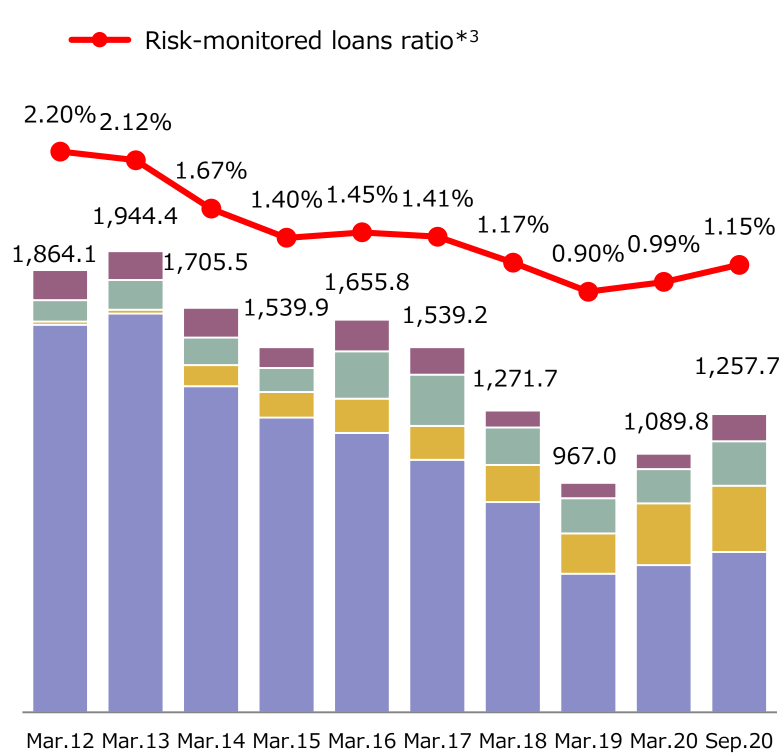


*1 Excluding loans to government
*2 Financial results as disclosed in Bank Danamon's financial reports based on Indonesia GAAP
*3 Financial results as disclosed in KS's financial reports based on Thai GAAP, and starting from January 1, 2020, Thailand adopted TFRS 9 (which is broadly similar to the IFRS 9 international accounting standard)
*4 Financial results as disclosed in MUAH's Form 10-K and Form 10-Q reports based on U.S. GAAP
*5 On a managerial accounting basis

【Consolidated】

Loan assets

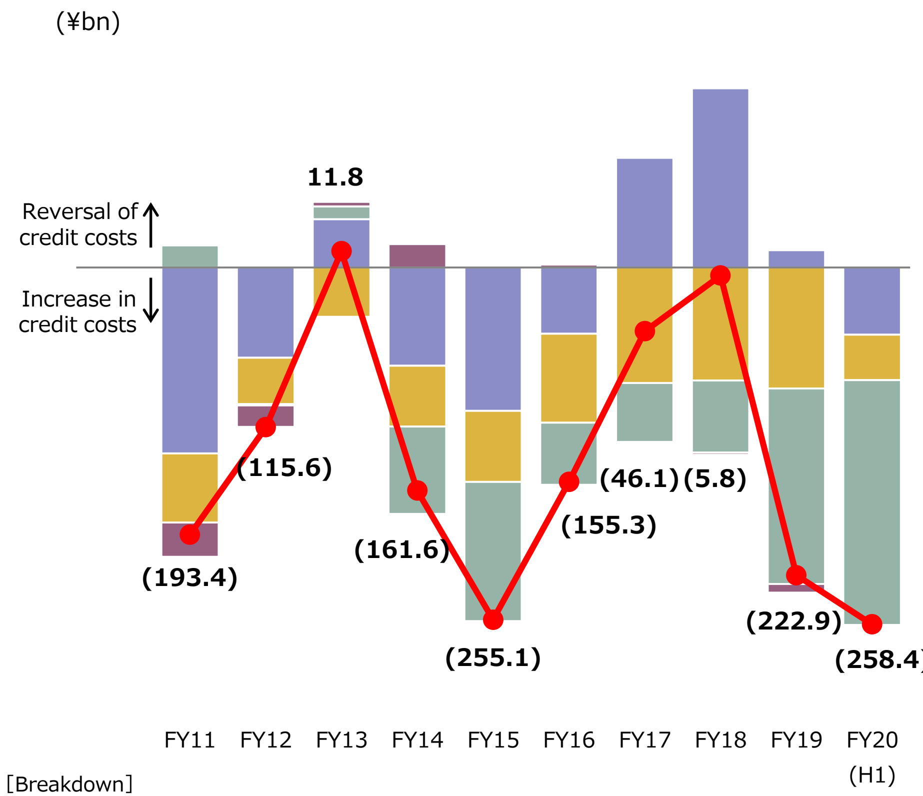
Balance of risk-monitored loans*1



[Breakdown]

	Mar.12	Mar.13	Mar.14	Mar.15	Mar.16	Mar.17	Mar.18	Mar.19	Mar.20	Sep.20
EMEA*2	127.2	122.0	126.3	88.2	133.9	116.0	71.3	64.0	63.7	114.4
Americas*2	89.2	125.0	114.9	100.7	199.4	216.0	157.5	148.2	145.5	188.1
Asia	14.4	17.0	89.0	108.8	145.3	142.3	155.8	170.3	259.1	279.3
Domestic	1,633.2	1,680.3	1,375.2	1,242.0	1,177.1	1,064.7	887.0	584.3	621.3	675.8

Total credit costs



[Breakdown]

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20 (H1)
Non-consolidated	(134.5)	(65.3)	35.1	(71.1)	(103.7)	(47.9)	79.5	129.8	12.6	(48.7)
CF*4	(50.1)	(33.7)	(35.7)	(44.1)	(51.6)	(64.5)	(83.6)	(81.7)	(87.6)	(32.9)
Overseas*5	16.1	(0.8)	9.2	(63.2)	(100.8)	(45.0)	(42.7)	(52.3)	(141.6)	(177.2)
Others*6	(24.9)	(15.6)	3.2	16.9	1.0	2.1	0.8	(1.5)	(6.2)	0.5

*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 for 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)
*4 Sum of NICOS and ACOM on a consolidated basis *5 Sum of overseas subsidiaries of the Bank and the Trust Bank
*6 Sum of other subsidiaries and consolidation adjustment

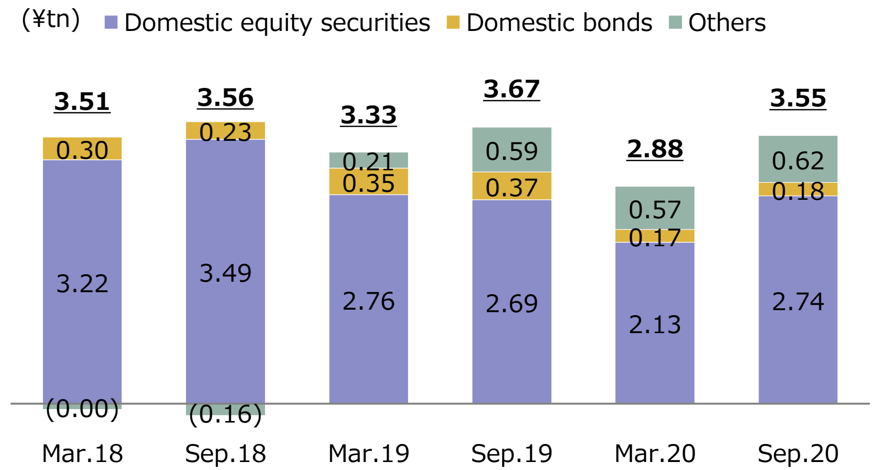
【Consolidated / Non-Consolidated】

Investment securities

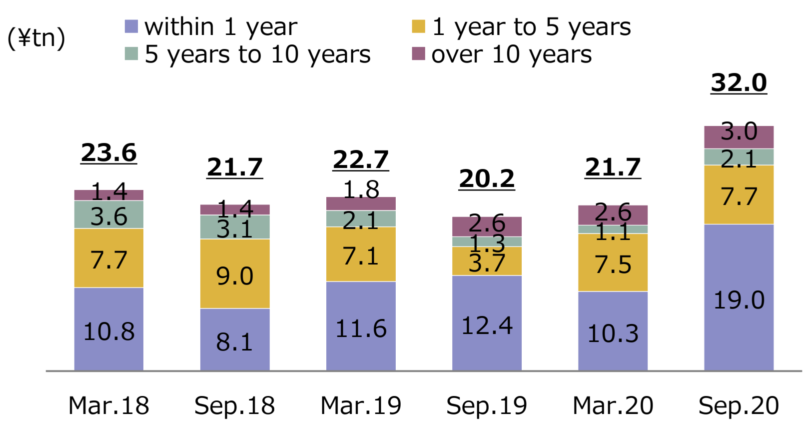
Available-for-sale securities with fair value

(¥bn)		Balance		Unrealized gains (losses)	
		End Sep.20	Changes from End Mar.20	End Sep.20	Changes from End Mar.20
1	**Total**	71,724.9	9,573.7	3,552.5	663.8
2	Domestic equity securities	4,686.1	544.7	2,747.2	607.2
3	Domestic bonds	38,647.7	11,174.6	182.9	11.5
4	Japanese government bonds	30,936.3	10,293.2	135.2	11.3
5	Others	28,391.0	(2,145.7)	622.3	45.0
6	Foreign equity securities	71.0	(8.4)	6.5	(6.0)
7	Foreign bonds	22,556.0	(1,946.4)	624.8	(113.3)
8	Others	5,763.8	(190.8)	(9.1)	164.4

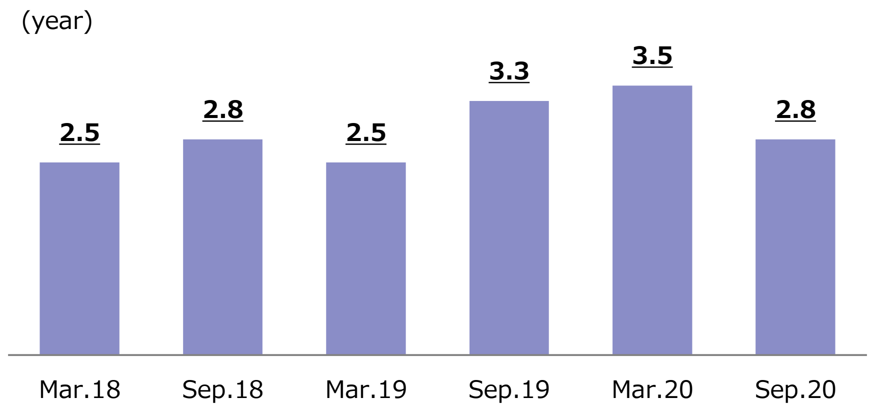
Unrealized gains (losses) on available-for-sale securities



Balance of JGB portfolio by maturity*1



Duration of JGB portfolio*2



*1 Available-for-sale securities and held-to-maturity securities. Non-consolidated
*2 Available-for-sale securities. Non-consolidated

【Consolidated】

Capital adequacy

Major capital figures

Total capital

- Total capital increased ¥484.8bn from the end of March 2020 mainly due to an increase in retained earnings and other comprehensive income.
- Common Equity Tier 1 capital increased ¥479.8bn from the end of March 2020.

Risk weighted assets (RWA)

- Credit Risk : ¥0.56tn
- Floor Adjustment*1 : ¥(2.59)tn

CET1 ratio (Current method basis) : **12.52%**

- Excluding impact of net unrealized gains (losses) on available-for-sale securities : 9.8%

CET1 ratio (Finalized Basel III reforms basis*2) : **12.2%**

- Excluding impact of net unrealized gains (losses) on available-for-sale securities : 9.6%

Leverage Ratio : 5.58%

External TLAC ratio

- Risk weighted asset basis : 19.50%
- Total exposure basis : 9.29%

Capital adequacy summary

	(¥bn)	End Mar.20	End Sep.20	Changes from End Mar.20
1	**Common Equity Tier 1 capital ratio**	11.90%	12.52%	0.61%
2	**Tier 1 capital ratio**	13.56%	14.11%	0.54%
3	**Total capital ratio**	15.87%	16.55%	0.68%
4	**Leverage ratio**	4.42%	5.58%	1.15%
5	Common Equity Tier 1 capital	13,708.3	14,188.1	479.8
6	Retained earnings	10,855.7	10,982.1	126.3
7	Other comprehensive income	2,518.9	2,858.8	339.9
8	Regulatory adjustments	(2,329.7)	(2,331.3)	(1.6)
9	Additional Tier 1 capital	1,914.9	1,809.8	(105.1)
10	Preferred securities and subordinated debt	1,764.1	1,664.1	(100.0)
11	**Tier 1 capital**	15,623.3	15,998.0	374.6
12	**Tier 2 capital**	2,656.2	2,766.3	110.1
13	Subordinated debt	2,303.6	2,339.4	35.7
14	**Total capital (Tier 1＋Tier 2)**	18,279.5	18,764.4	484.8
15	**Risk weighted assets**	115,135.6	113,312.5	(1,823.0)
16	Credit risk	88,791.7	89,359.0	567.2
17	Market risk	3,150.7	3,460.6	309.8
18	Operational risk	8,269.2	8,163.8	(105.3)
19	Floor adjustment	14,923.8	12,328.9	(2,594.8)
20	**Total exposures***3	353,117.5	286,573.4	(66,544.0)

*1 Adjustments made for the difference between risk-weighted assets under Basel I and Basel III
*2 Estimated CET1 ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis
*3 Based on JFSA notification, deposits with the Bank of Japan is excluded in total exposures as of the end of September 2020

【Consolidated】

FY2020 targets and Dividend forecast

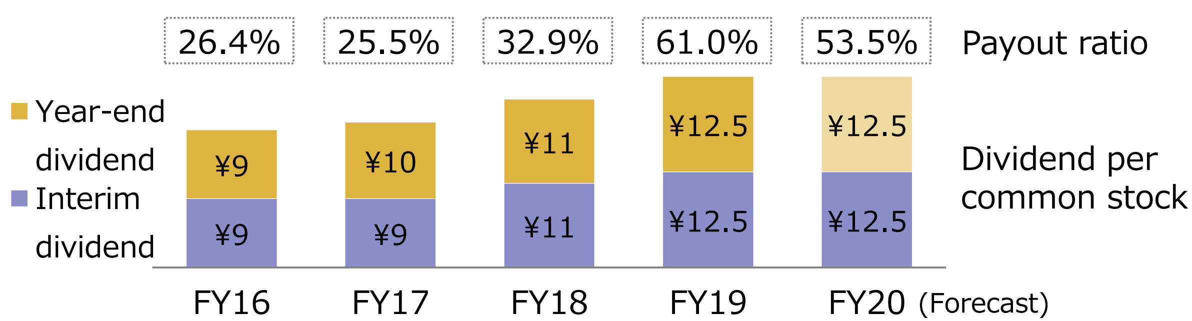
FY2020 targets

- The target for profits attributable to owners of parent for FY20 is revised upward to ¥600.0bn.

	Consolidated (¥bn)	FY20 Target	Changes from initial targets	COVID-19 impact*2	Main reason for revision
1	**Net operating profits*1**	1,150.0	+100.0	((300.0)→) (200.0)	• Higher foreign currency deposit balance • Higher revenue for overseas security subsidiaries • Accelerating cost reduction
2	**Total credit costs**	(500.0)	(50.0)	((200.0)→) (250.0)	• Higher credit costs under CECL*3 for H1 as well as a consideration of upside risks to some extent
3	**Ordinary profits**	920.0	+70.0	((600.0)→) (530.0)	• In addition to the above, higher net gains on equity security and equity earnings of equity method investee
4	**Profits attributable to owners of parent**	600.0	+50.0	((420.0)→) (370.0)	

Dividend forecast

- Interim and year-end dividend per common stock for FY20 are ¥12.5 and ¥25 respectively which is unchanged from initial forecast.



*1 Before credit costs for trust accounts and provision for general allowance for credit losses

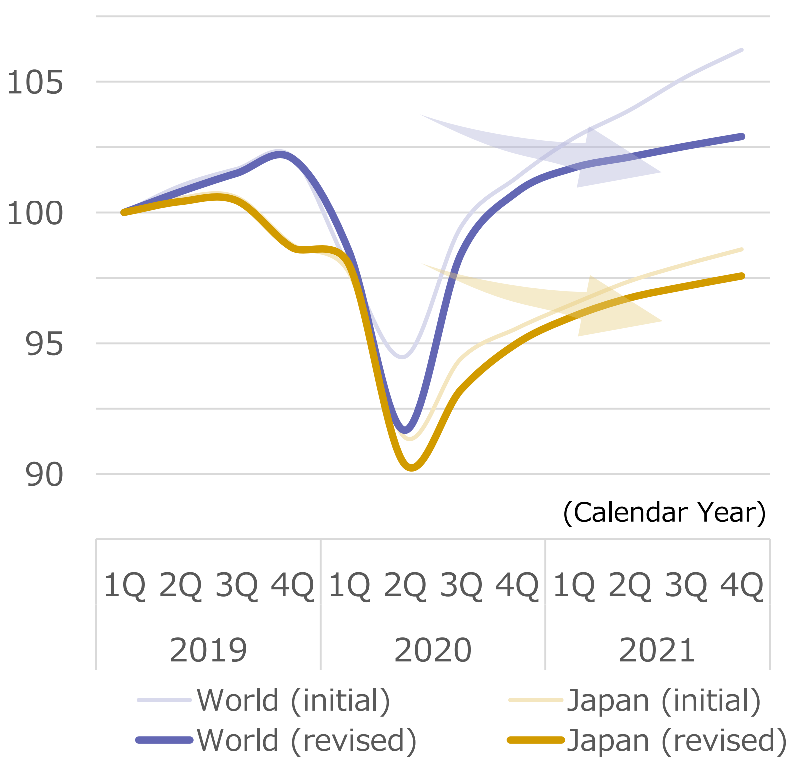
*2 The above figures illustrate some of the major items that we expect to effect profit as a result of the COVID-19 pandemic. These effects as well as other COVID-19 pandemic related issues currently being considered by us have been taken into account in our earnings target for FY2020. Including the impact of measures to deal with environmental changes caused by COVID-19. Figures in brackets are initial estimation. Profits attributable to owners of parent is calculated by using approximate tax rate of 30%

*3 Current expected credit losses under U.S. Accounting Standard Update (ASU) 2016-13, "Measurement of Credit Losses on Financial Instruments"

Appendix 1. Assumptions for FY2020 target

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

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



Key assumptions

1 Depth of decline

- Assume economic activity decrease by about 5 to 10% compared to the annual average for 2019

2 Longevity of deterioration

- Assume deterioration of economic activity was most extreme in April-June 2020 and recovery starts from July-September 2020

3 Recovery pattern

- Assume a U-shaped recovery which is convex upward, but at slower pace than recovery after financial crisis

4 Timing of recovery

- Assume it will take considerable time to recover to 2019 level

*1 Made by MUFG

Disclaimer

This document contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the "forward-looking statements"). The forward-looking statements are made based upon, among other things, the company's current estimations, perceptions and evaluations. In addition, in order for the company to adopt such estimations, forecasts, targets and plans regarding future events, certain assumptions have been made. Accordingly, due to various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result. For the main factors that may affect the current forecasts, please see Consolidated Summary Report, Annual Securities Report, Disclosure Book, Annual Report, and other current disclosures that the company has announced.
The financial information included in this financial highlights is prepared and presented in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"). Differences exist between Japanese GAAP and the accounting principles generally accepted in the United States ("U.S. GAAP") in certain material respects. Such differences have resulted in the past, and are expected to continue to result for this period and future periods, in amounts for certain financial statement line items under U.S. GAAP to differ significantly from the amounts under Japanese GAAP. For example, differences in consolidation basis or accounting for business combinations, including but not limited to amortization and impairment of goodwill, could result in significant differences in our reported financial results between Japanese GAAP and U.S. GAAP. Readers should consult their own professional advisors for an understanding of the differences between Japanese GAAP and U.S. GAAP and how those differences might affect our reported financial results. We will publish U.S. GAAP financial results in a separate disclosure document when such information becomes available.

Definitions of figures and abbreviations used in this document

Consolidated	:	Mitsubishi UFJ Financial Group (consolidated)
Non-consolidated	:	MUFG Bank (non-consolidated) + Mitsubishi UFJ Trust and Banking (non-consolidated) (without any adjustments)
R&C	:	Retail & Commercial Banking Business Group
JCIB	:	Japanese Corporate & Investment Banking Business Group
GCIB	:	Global Corporate & Investment Banking Business Group
GCB	:	Global Commercial Banking Business Group
AM/IS	:	Asset Management & Investor Services Business Group
Global Markets	:	Global Markets Business Group

the Bank	:	MUFG Bank
the Trust Bank	:	Mitsubishi UFJ Trust and Banking
the Securities HD	:	Mitsubishi UFJ Securities Holdings
NICOS	:	Mitsubishi UFJ NICOS
MUAH	:	MUFG Americas Holdings
KS	:	Bank of Ayudhya (Krungsri)
FSI	:	First Sentier Investors

$$\text{ROE} = \frac{\text{Profits attributable to owners of parent for H1 of respective fiscal year} \times 2}{\{(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period})\} \div 2}$$