



# Fiscal 2016 Interim Results Presentation

November 18, 2016



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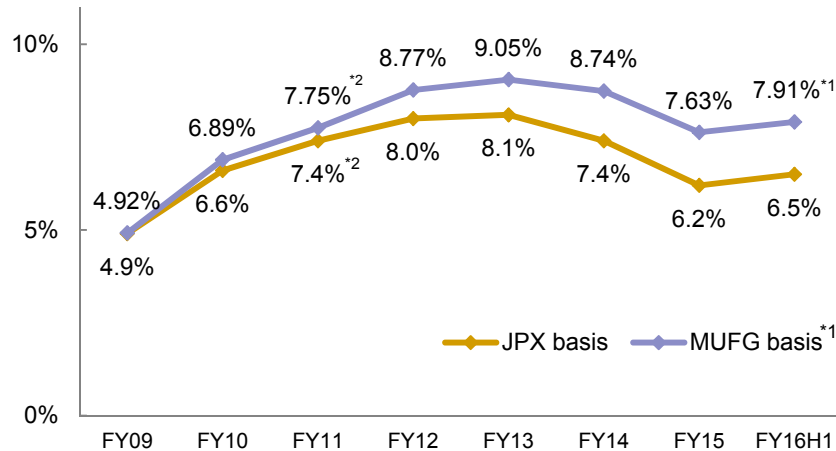
## Definitions of figures used in this document

<b>Consolidated</b>	: Mitsubishi UFJ Financial Group (consolidated)
<b>Non-consolidated</b>	: Simple some of Bank of Tokyo-Mitsubishi UFJ (non-consolidated) and Mitsubishi UFJ Trust & Banking Corporation (non-consolidated)
<b>Commercial bank consolidated</b>	: Bank of Tokyo-Mitsubishi UFJ (consolidated)

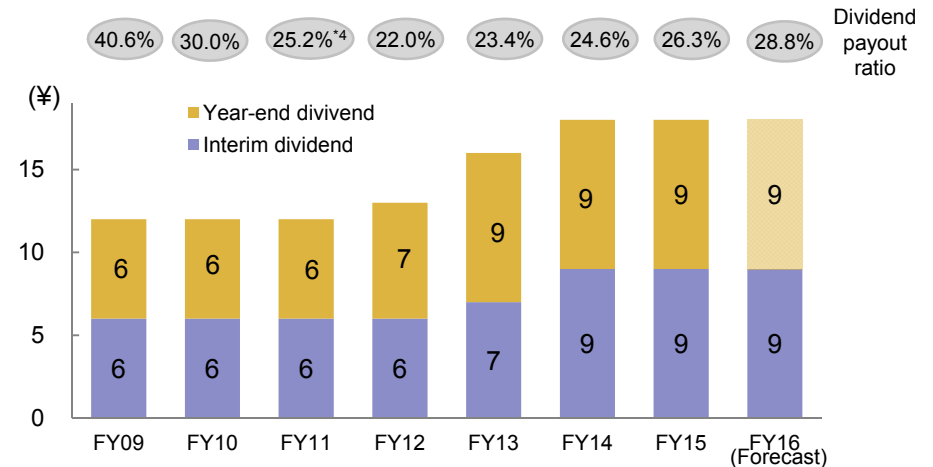
# Management index

(Consolidated)

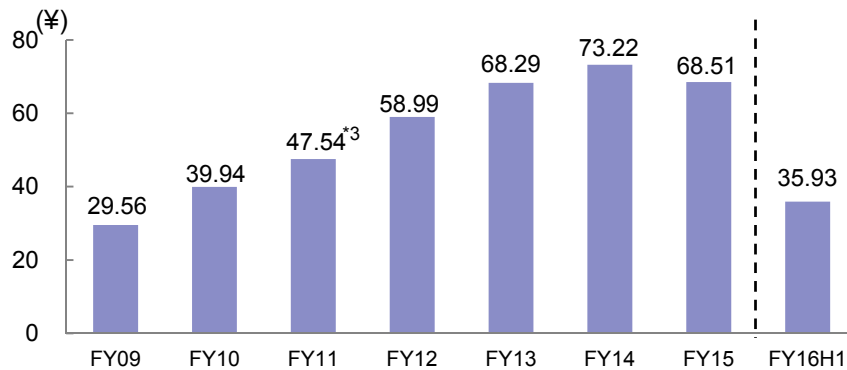
## ROE



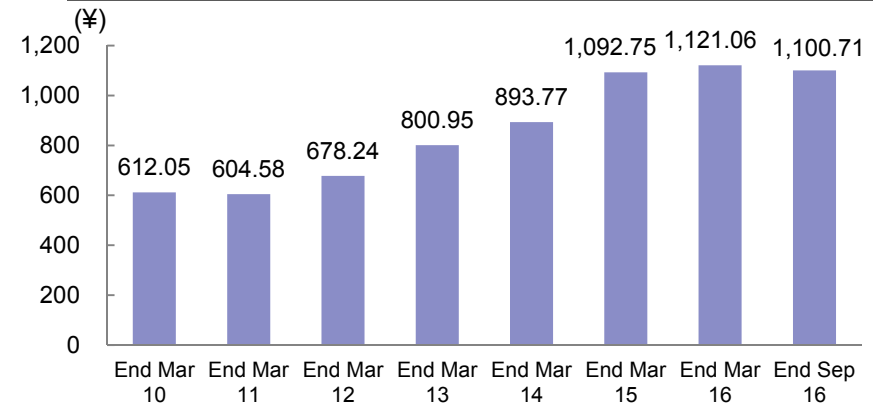
## Dividend per share/Dividend payout ratio



## EPS



## BPS



\*1

Profits attributable to owners of parent × 2

$\frac{\{(Total\ shareholders' \ equity \ at \ the \ beginning \ of \ the \ period \ + \ Foreign \ currency \ translation \ adjustments \ at \ the \ beginning \ of \ the \ period) \ + \ (Total \ shareholders' \ equity \ at \ the \ end \ of \ the \ period \ + \ Foreign \ currency \ translation \ adjustments \ at \ the \ end \ of \ the \ period)\} \div 2}{\text{Number of shares outstanding at the end of the period}} \times 100$

+ (Total shareholders' equity at the end of the period + Foreign currency translation adjustments at the end of the period) ÷ 2

\*2 11.10%(MUFG basis), 10.6%(JPX basis) before excluding negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

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

\*4 17.6% before excluding negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

## Financial targets of the current mid-term business plan

- Aim to achieve stable and sustainable income growth through seeking diversified revenue bases especially in customer segment both domestically and overseas, and capital efficiency by improving productivity
- Enhance shareholder value by conducting capital management flexibly taking the balance of (1) enhancement of further shareholder returns, (2) maintenance of a solid capital base and (3) strategic investments for sustainable growth, into consideration

		FY14	FY17 Target	FY16H1
<b>Growth</b>	EPS(¥)	¥73.22	Increase 15% or more from FY14	<b>¥35.93</b>
<b>Profitability</b>	ROE	8.74%	Between 8.5-9.0%	<b>7.91%</b>
	Expense ratio	61.1%	Approx. 60%	<b>63.1%</b>
<b>Financial strength</b>	CET1 ratio (Full implementation)*1	12.2%	9.5% or above	<b>12.5%</b>
	(Excluding an impact of net unrealized gains (losses) on available-for-sale securities)			<b>10.1%</b>

\*1 Calculated on the basis of regulations to be applied at end Mar 19

# FY2016 financial target

- FY16 consolidated target of profits attributable to owners of parent is held at ¥850.0 bn

(¥bn)

## <Financial target, etc.>

### [MUFG Consolidated]

		FY16	
		Interim	Full year
1	Total credit costs	(110.0)	(150.0)
2	Ordinary profits	610.0	1,320.0
3	Profits attributable to owners of parent	360.0	850.0

## <Results>

		FY15	FY16
		Interim	Full year
			Interim
		(31.0)	(255.1)
		969.9	1,539.4
		599.3	951.4

(BTMU : for reference)

4	Net business profits	320.0	700.0
5	Total credit costs	(20.0)	(30.0)
6	Ordinary profits	290.0	670.0
7	Net income	210.0	490.0

	480.4	888.1	417.0
	21.2	(103.4)	(4.7)
	538.3	863.7	410.2
	379.6	586.0	323.0

(MUTB : for reference)

8	Net business profits	80.0	170.0
9	Total credit costs	(5.0)	(5.0)
10	Ordinary profits	75.0	180.0
11	Net income	55.0	130.0

	95.6	193.0	92.7
	1.3	(0.2)	1.7
	99.5	206.5	105.5
	70.3	159.9	75.7

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## Outline of FY2016 Interim Results

# Key points of FY2016 interim

(Consolidated)

## ● Profits attributable to owners of parent was ¥490.5 bn (decreased ¥108.7 bn from FY15H1)

- Progress rate was 57.7% of ¥850.0 bn target
- ¥57.6 bn total credit cost was posted
- Steady growth in overseas loans and non-JPY deposits
- Commission and net interest income in overseas and net gains on debt securities increased. Commission income from sale of investment products and net interest income from domestic loan and deposit decreased, reflecting lower interest rates in domestic market

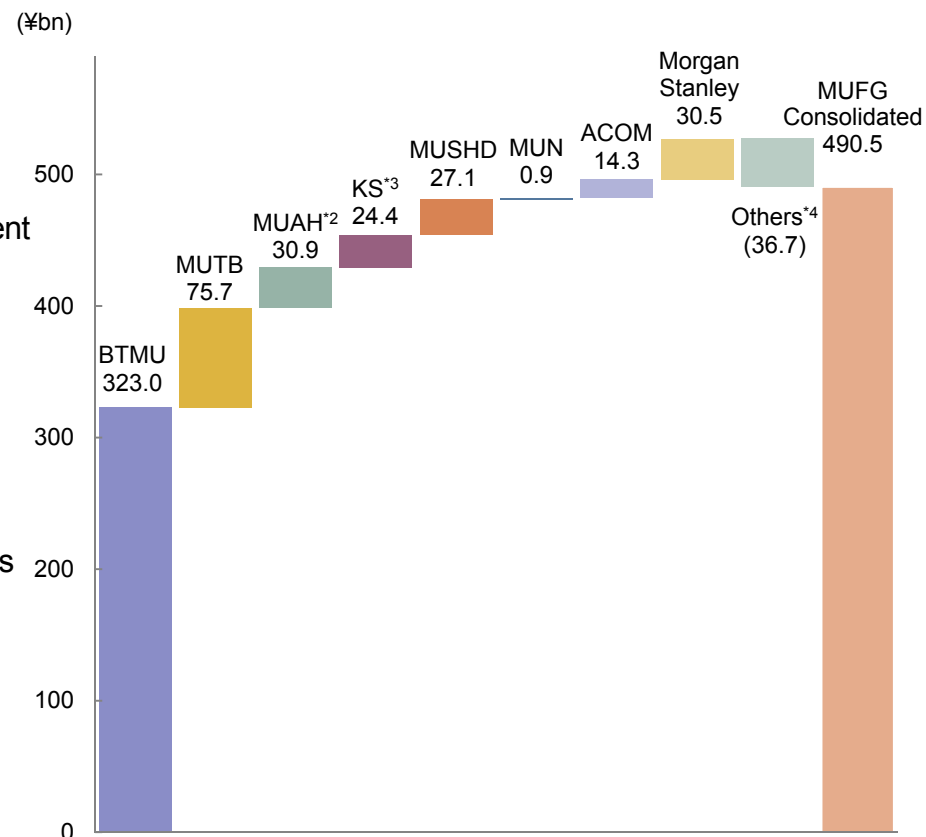
## ● Progress of mid-term business plan

- Acquired 23% of Hitachi Capital shares and formed into as an equity method affiliate of MUFG
- Concluded a share purchase agreement to acquire 100% of the issued shares of U.S. fund admin company, Rydex Fund Services
- Established U.S. Intermediate Holding Company to comply with U.S. financial regulations
- BTMU and MUS dealing rooms integrated globally

## ● Shareholder return and others

- Repurchased approx. ¥100.0 bn own share (FY16H1)
- Resolved to repurchase up to ¥100.0 bn own share (FY16H2)
- FY15 dividend was ¥18 per common stock  
FY16 dividend forecast is also ¥18 per common stock
- Approx. ¥85.0 bn equities holdings were sold (acquisition costs basis)

## Breakdown of FY16 interim profits attributable to owners of parent<sup>\*1</sup>



<sup>\*1</sup> The above figures take into consideration the percentage holding in each subsidiary and equity method investee (after-tax basis)

<sup>\*2</sup> MUFG Americas Holdings Corporation

<sup>\*3</sup> Bank of Ayudhya (Krungsri)

<sup>\*4</sup> Including cancellation of the amount of inter-group dividend receipt and equity method income from other affiliate companies



# Income statement summary

(Consolidated)

## ● Net operating profits

- Gross profits decreased mainly due to a decrease in net interest income from domestic loan and deposit, reflecting lowering interest rates, and a decrease in fee income from sale of investment products in domestic market, as well as JPY appreciation, while both net interest income and fee income in overseas, and net gains on debt securities increased
- Expenses decreased mainly due to the JPY appreciation
- Net operating profits recorded ¥725.4 bn, down ¥94.8 bn from FY15H1

## ● Total credit costs\*1

- Total credit costs increased to ¥57.6 bn from the same period of the previous year, well below the initial plan for FY16

## ● Net gains (losses) on equity securities

- Net gains on sales of equity securities increased mainly driven by a progress in sales of equity holdings

## ● Profits (losses) from investments in affiliates

- Profits from investments in Morgan Stanley decreased, partly due to the JPY appreciation

## ● Profits attributable to owners of parent

- As a result, profits attributable to owners of parent recorded ¥490.5 bn, down ¥108.7 bn from FY15H1

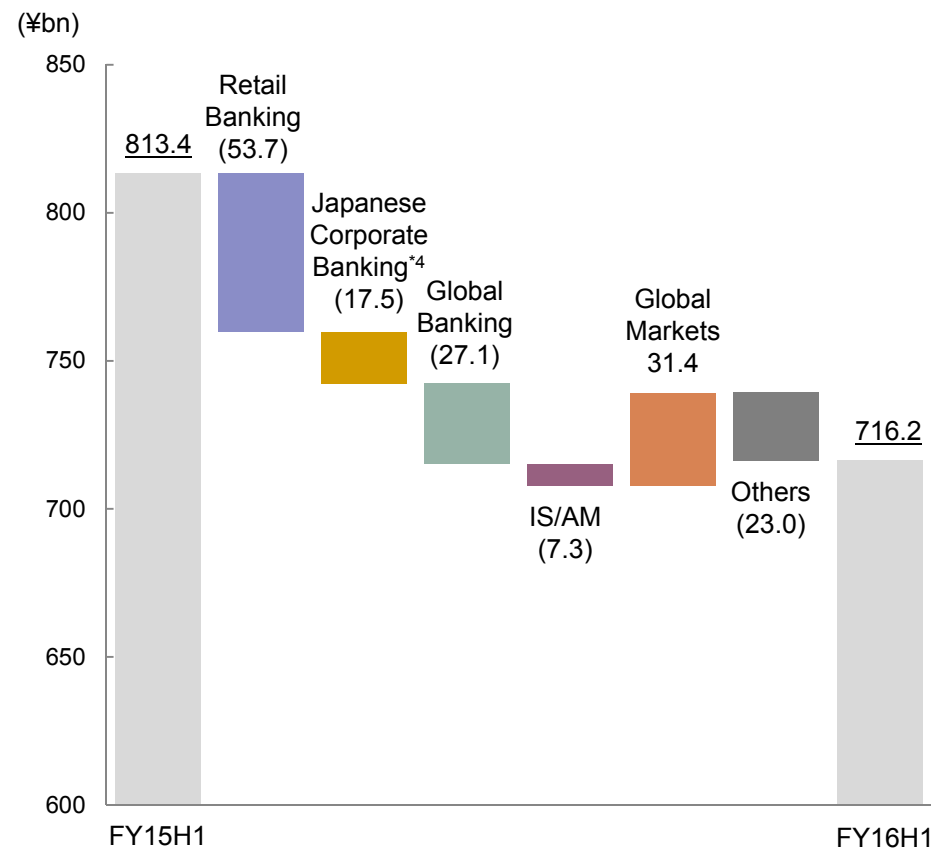
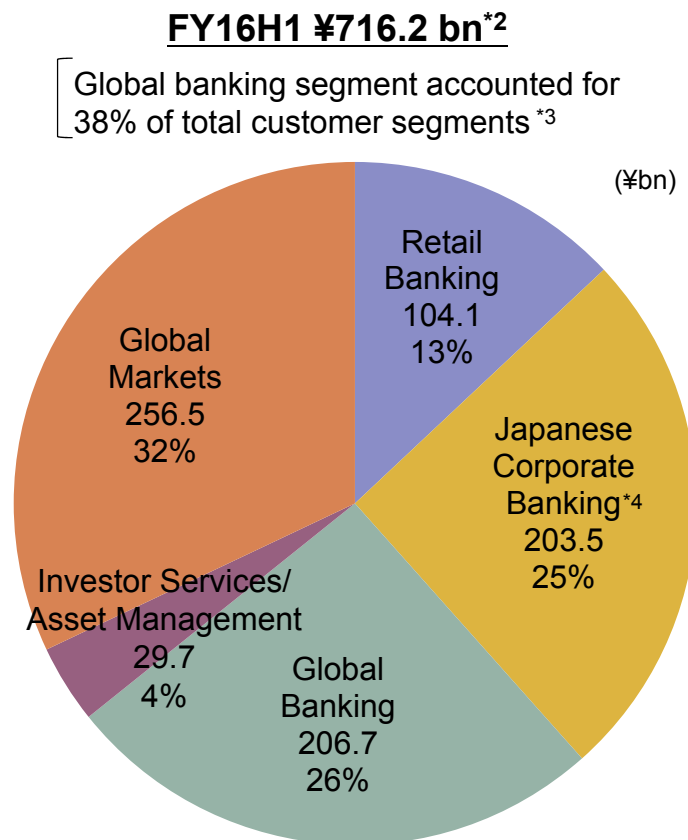
	(¥bn)	FY15	FY16H1	YoY
1	Gross profits (before credit costs for trust accounts)	4,143.2	1,969.4	(139.7)
2	Net interest income	2,113.5	975.0	(101.2)
3	Trust fees + Net fees and commissions	1,437.6	682.6	(17.4)
4	Net trading profits + Net other operating profits	592.0	311.6	(21.0)
5	Net gains (losses) on debt securities	132.9	92.6	10.5
6	G&A expenses	2,585.2	1,244.0	(44.9)
7	Depreciation	298.5	150.1	(4.7)
8	Net operating profits	1,557.9	725.4	(94.8)
9	Total credit costs*1	(255.1)	(57.6)	(26.6)
10	Net gains (losses) on equity securities	88.3	44.0	3.0
11	Net gains (losses) on sales of equity securities	113.6	55.4	6.3
12	Losses on write-down of equity securities	(25.3)	(11.4)	(3.3)
13	Profits (losses) from investments in affiliates	230.4	113.9	(30.7)
14	Other non-recurring gains (losses)	(82.0)	(30.8)	(25.9)
15	Ordinary profits	1,539.4	794.8	(175.0)
16	Net extraordinary gains (losses)	(40.7)	(56.4)	(13.2)
17	Total of income taxes-current and income taxes-deferred	(460.2)	(178.4)	80.4
18	Profits attributable to owners of parent	951.4	490.5	(108.7)
19	EPS (¥)	68.51	35.93	(7.04)

\*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

# Outline of results by business segment

(Consolidated)

## Net operating profits by segment<sup>\*1</sup>



<sup>\*1</sup> All figures are in actual exchange rate and managerial accounting basis

<sup>\*2</sup> Including profits or losses from others

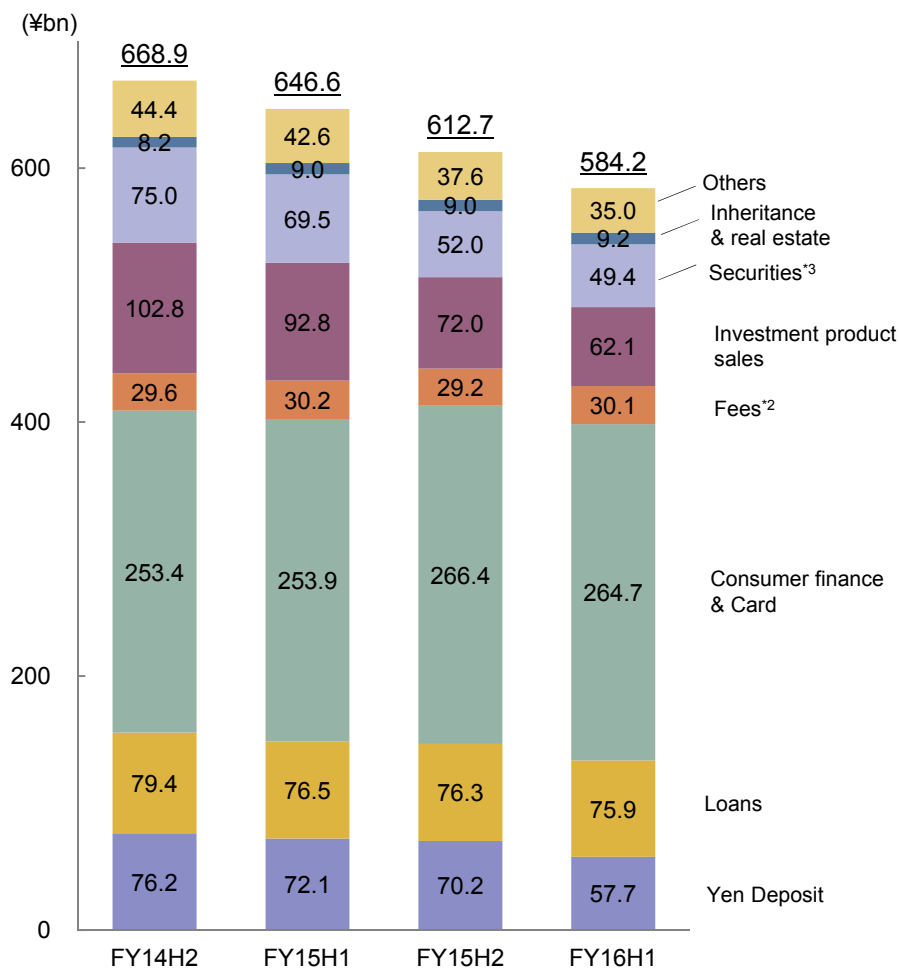
<sup>\*3</sup> Net operating profit of Global banking / net operating profit of total customer segments

<sup>\*4</sup> Excluding Japanese corporate transaction outside of Japan

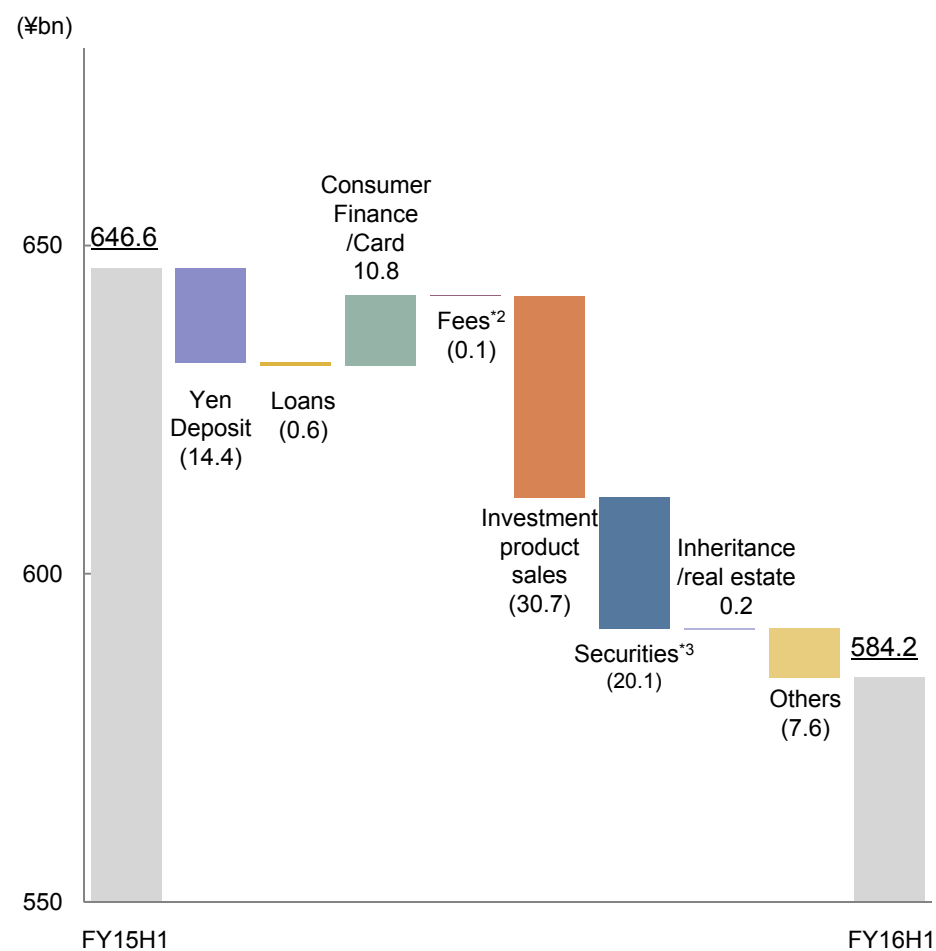
# Historical outlook in Retail Banking

(Consolidated)

## Gross profits\*1



## Change in gross profits\*1



\*1 All figures are in actual exchange rate and managerial accounting basis

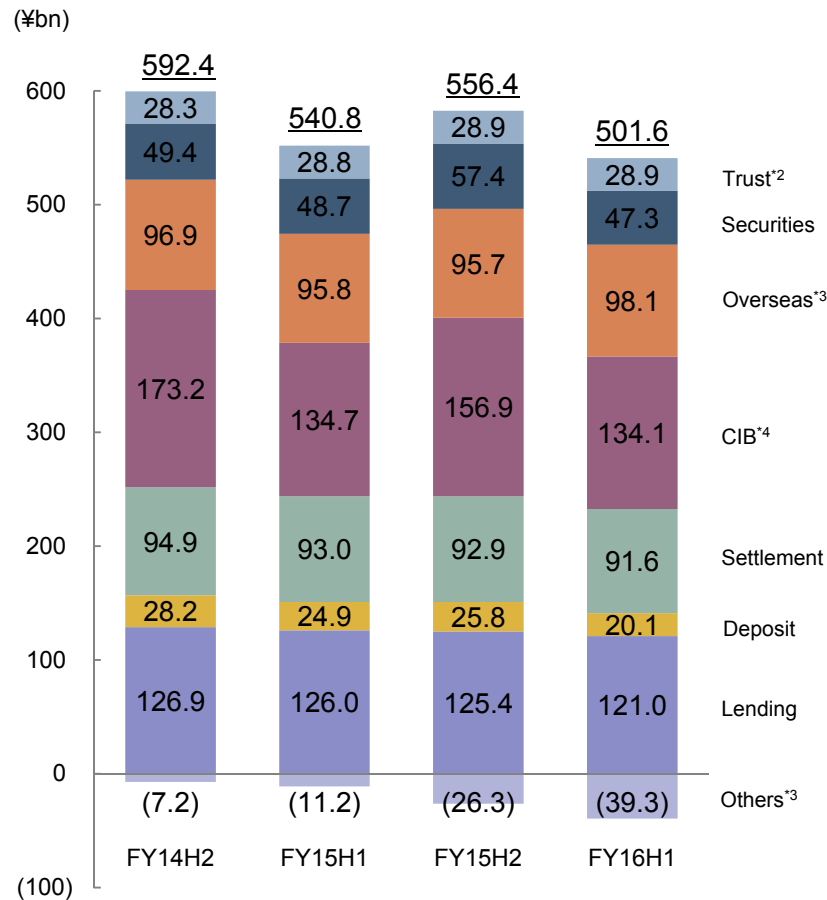
\*2 Transfer, ATM, etc.

\*3 Fees from stock/bond sales, etc.

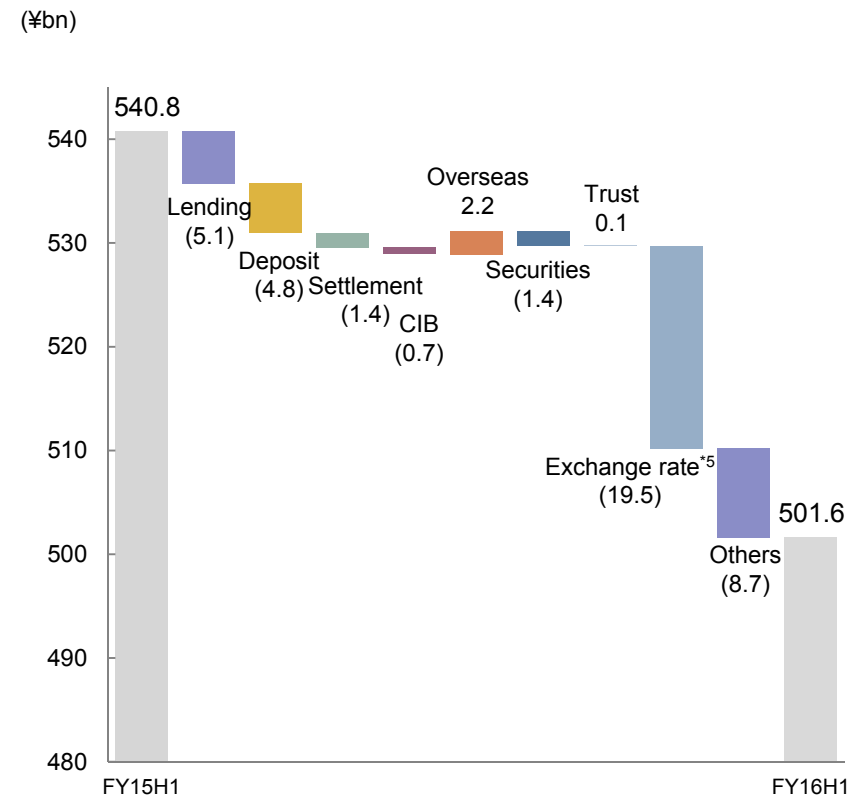
# Historical outlook in Japanese Corporate Banking

(Consolidated)

## Gross profits\*1



## Change in gross profits\*1



\*1 All figures except for overseas are in actual exchange rate and managerial accounting basis

\*2 Real estate brokerage, transfer agency business, etc. \*3 Local currency basis. Difference with actual exchange rate is included in "Others"

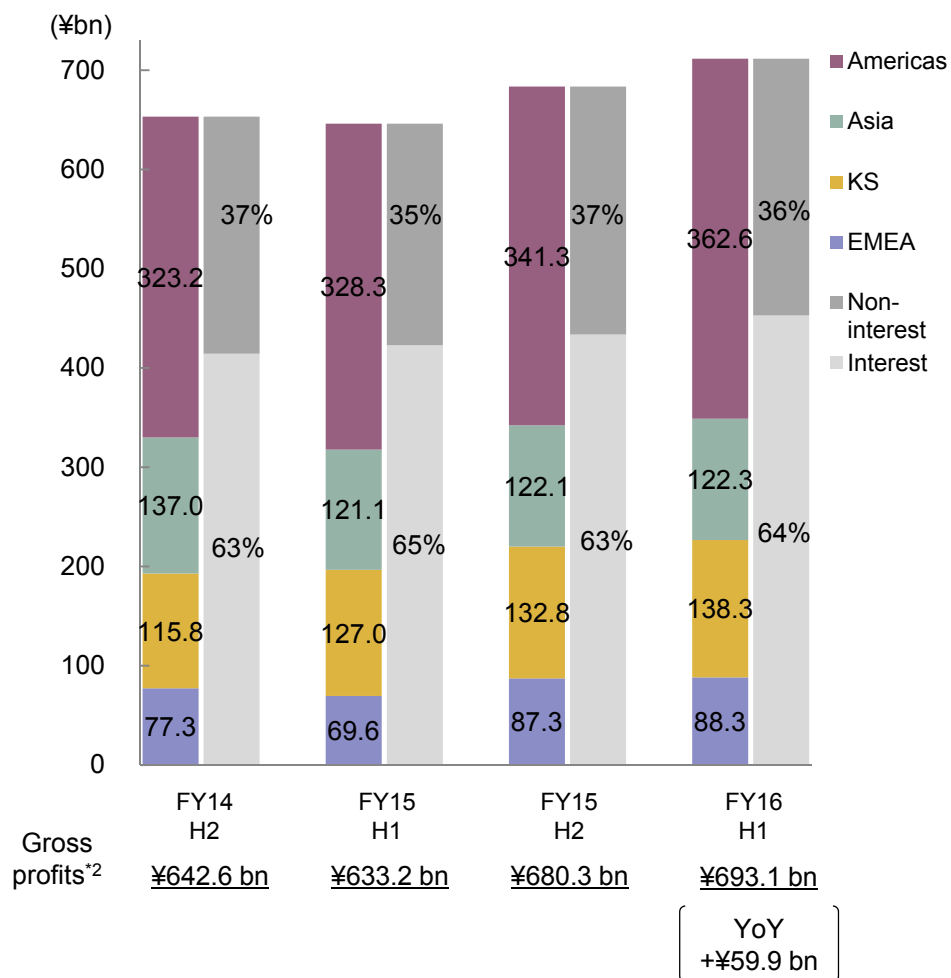
\*4 Structured finance, syndicated loan, derivatives, etc. \*5 Exchange rate impact caused by overseas business with Japanese corporates

# Historical outlook in Global Banking

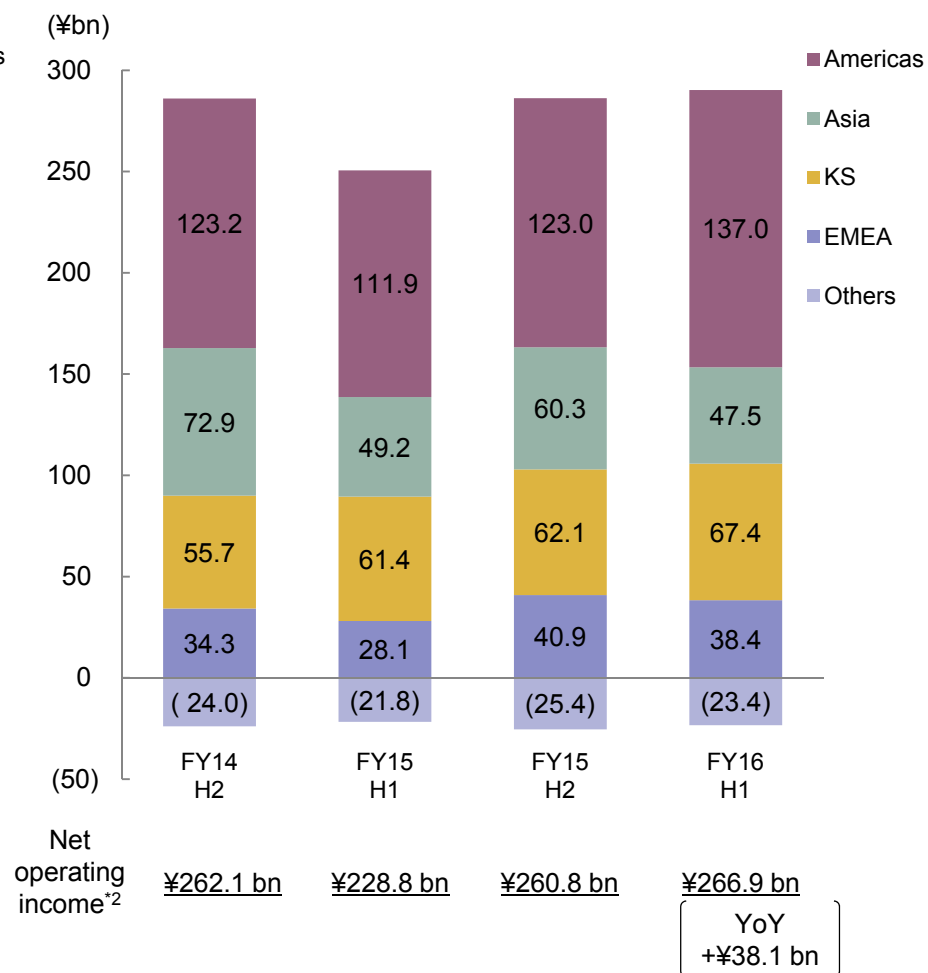
## - Gross profits & operating income by region

(Consolidated)

Gross profits by region\*1



Operating income by region\*1



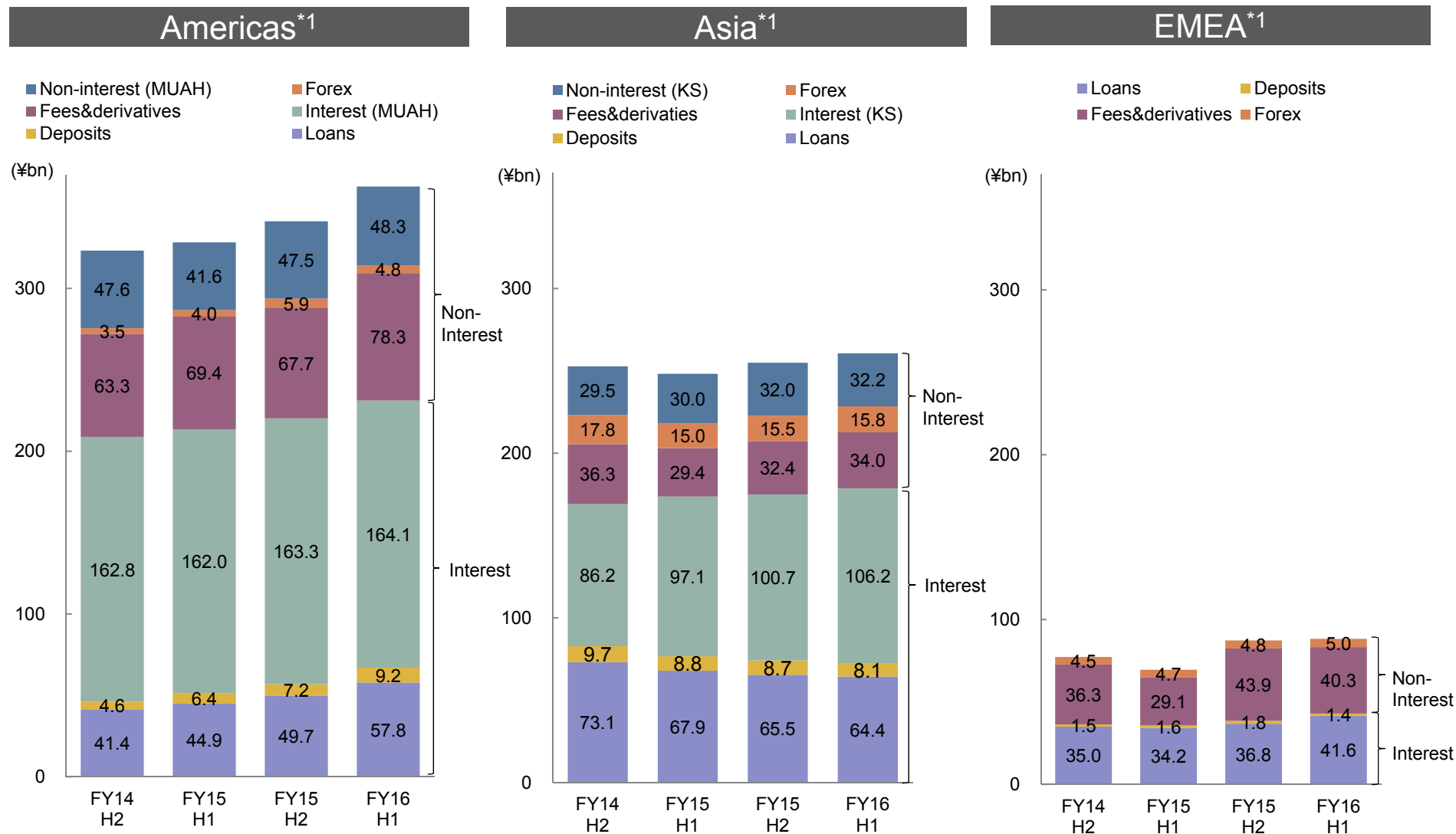
\*1 Local currency basis. Each break down is before elimination of duplication, and excludes other gross profits

\*2 After adjustment of duplication between regions

# Historical outlook in Global Banking

## - Breakdown of gross profits

(Consolidated)



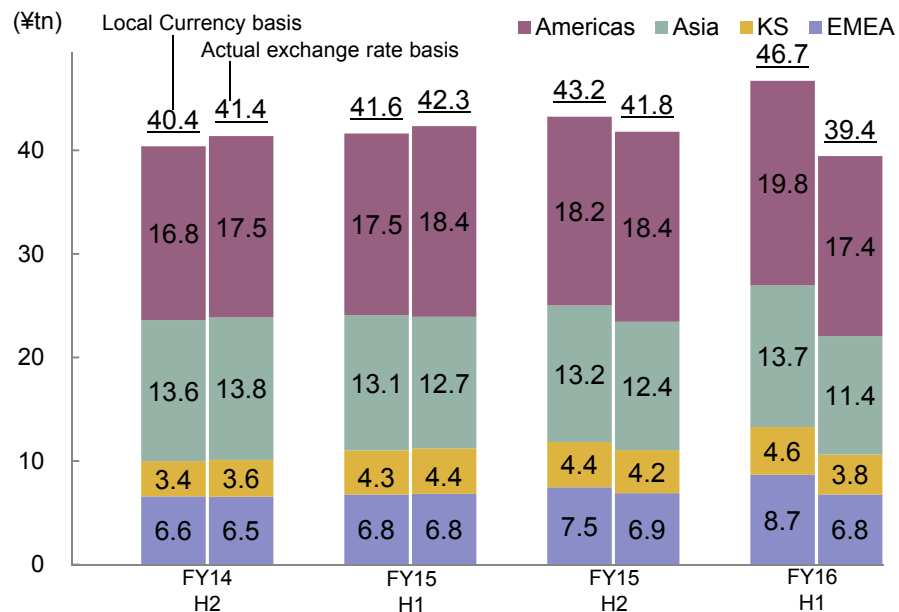
\*<sup>1</sup> Local currency basis. Each break down is before elimination of duplication and excludes other gross profits

# Historical outlook in Global Banking

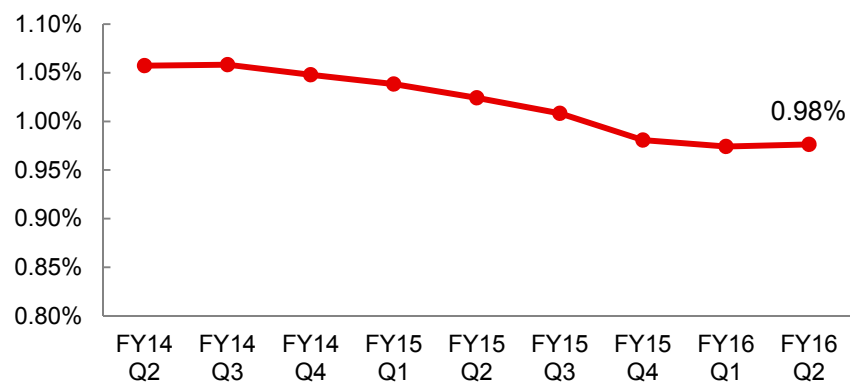
## - Loans and deposits by region

(Consolidated)

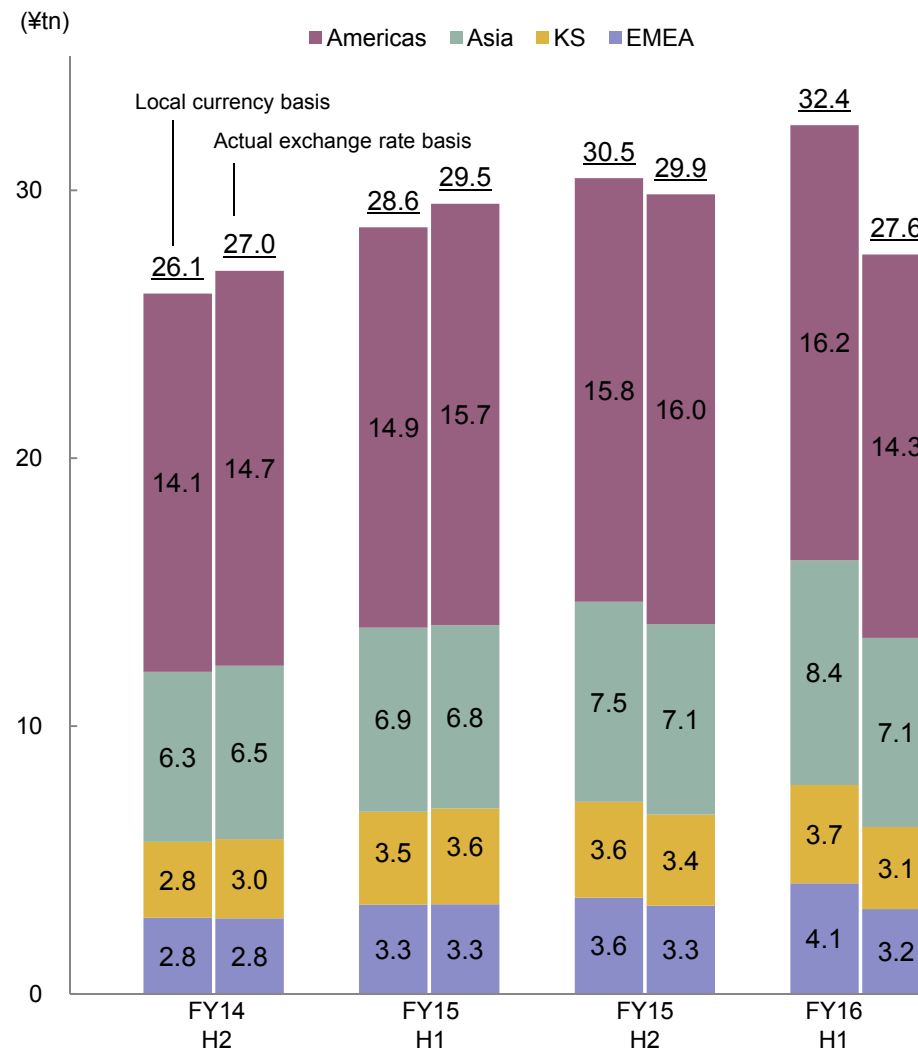
### Average loan balance by region



### Lending spread (excl. MUAH,KS)



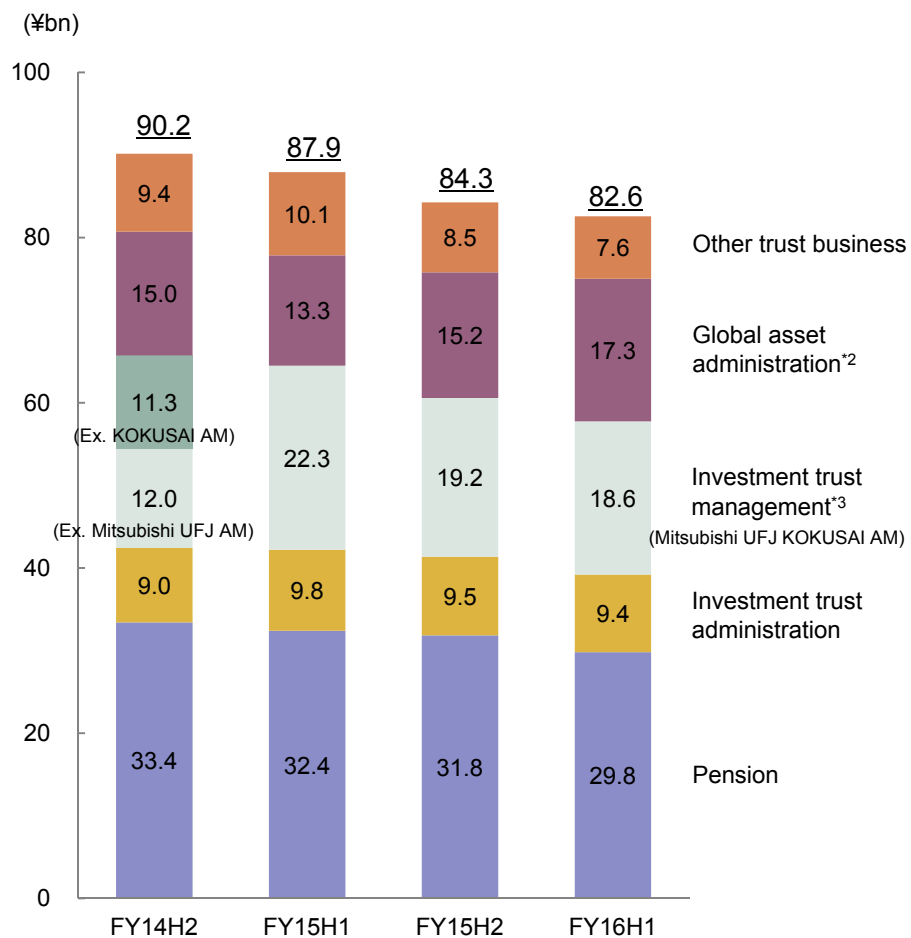
### Average deposit balance by region



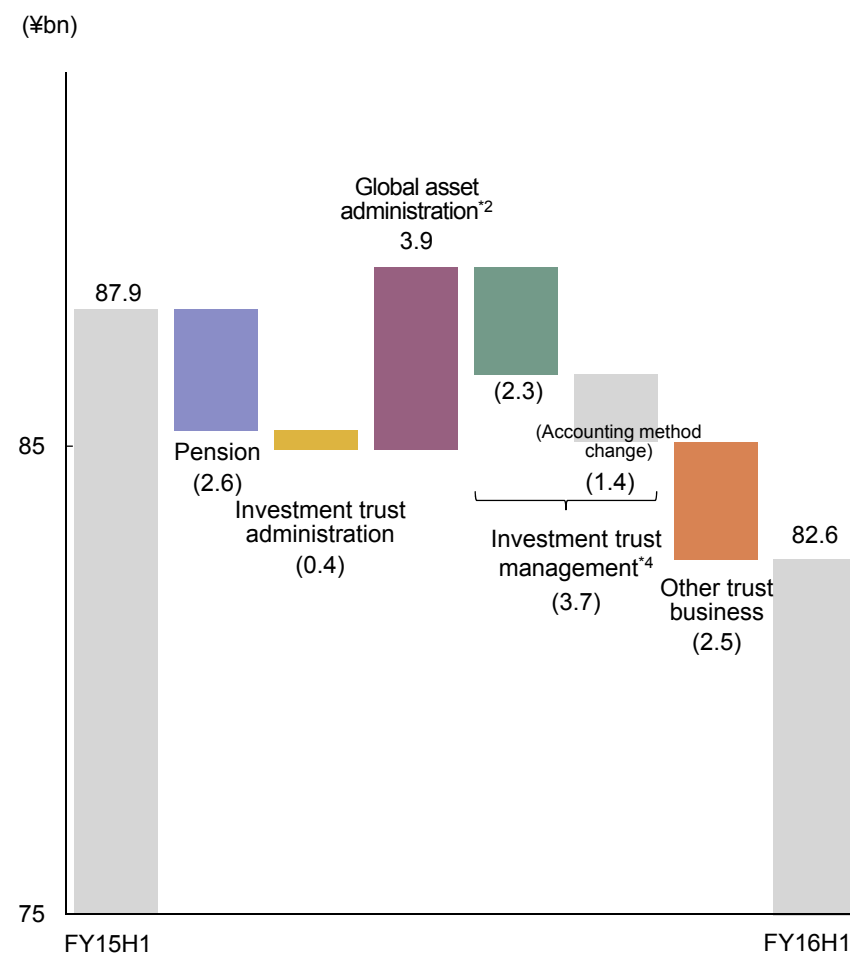
# Historical outlook in Investor Services/Asset Management

(Consolidated)

## Consolidated gross profits\*1



## Change in gross profits\*1



\*1 All figures are on actual exchange rate and managerial accounting basis. Profits of the Master Trust Bank of Japan, Ltd (MTBJ) are split into each business section

\*2 Services provided under the "MUFG Investor Services" brand, custody and fund administration services, etc.

\*3 Investment trust management profits for FY15H1 was the sum of the figures of before and after the merger of Mitsubishi UFJ KOKUSAI AM

\*4 Following the 2 AM companies merger, accounting method of commission research cost has been unified to subtract it from gross profit instead of posting it as an expense. Gross profits of this business in FY16H1 was down ¥2.3bn from FY15H1, excluding impacts from this accounting method change



# Balance sheets summary

(Consolidated)

## ● Loans

- Total loans decreased from the end of Mar 16 mainly due to a decrease in loans to governmental institutions, as well as a decrease in the translated JPY value of foreign currency denominated loans reflecting JPY appreciation

## ● Investment securities

- Domestic equity securities, Japanese government bonds and foreign bonds decreased

## ● Deposits

- Total deposits increased mainly due to an increase in domestic deposit balance, while foreign currency denominated deposit decreased reflecting JPY appreciation

## ● Net unrealized gains on available-for-sale securities

- Net unrealized gains on available-for-sale securities slightly decreased compared to the end of Mar 16, mainly due to a decrease in those of domestic equities, while those of foreign currency bonds increased

	(¥bn)	End Mar 16	End Sep 16	Change from end Mar 16
1	Total assets	298,302.8	293,677.1	(4,625.7)
2	Loans (Banking + Trust accounts)	113,906.8	105,017.7	(8,889.1)
3	Loans (Banking accounts)	113,756.3	104,844.8	(8,911.4)
4	Provision for loan loss	(1,057.5)	(925.2)	(132.2)
5	Housing loans <sup>*1</sup>	15,570.7	15,637.9	67.1
6	Domestic corporate loans <sup>*1*2</sup>	43,804.4	43,404.4	(400.0)
7	Overseas loans <sup>*3</sup>	43,045.4	38,995.2	(4,050.2)
8	Investment securities (Banking accounts)	69,993.8	64,908.4	(5,085.4)
9	Domestic equity securities	5,573.5	5,325.7	(247.7)
10	Japanese government bonds	28,357.1	25,515.8	(2,841.2)
11	Foreign bonds	27,883.7	25,772.8	(2,110.8)
12	Total liabilities	280,916.1	277,175.6	(3,740.5)
13	Deposits	160,965.0	161,625.0	659.9
14	Individuals (domestic branches)	71,068.6	71,268.2	199.5
15	Corporations and others	52,782.3	56,291.7	3,509.4
16	Overseas and others	37,114.1	34,065.1	(3,049.0)
17	Total net assets	17,386.7	16,501.5	(885.2)
18	Net unrealized gains (losses) on available-for-sale securities	3,485.2	3,409.0	(76.2)

\*1 Non-consolidated + trust accounts

\*2 Excluding loans to government and governmental institution

\*3 Loans booked in overseas branches, MUAH, KS, BTMU (China), BTMU (Malaysia) and MUFG Bank (Europe)

# Loans/Deposits

(Consolidated)

## ● Loan balance ¥105.0 tn (decreased by ¥8.8 tn from Mar 16)

<Breakdown of change>

• Housing loan	+¥0.0 tn
• Domestic corporate <sup>*1</sup>	(¥0.4 tn)
Excl. impact of foreign exchange fluctuation	+¥0.3 tn
• Government	(¥4.5 tn)
• Overseas <sup>*2</sup>	(¥4.0 tn)
Excl. impact of foreign exchange fluctuation	+¥1.5 tn

\*1 Excluding lending to government and governmental institutions, and including foreign currency denominated loans

\*2 Loans booked in overseas branches, MUAH, KS, BTMU (China), BTMU (Malaysia) and MUFG Bank (Europe)

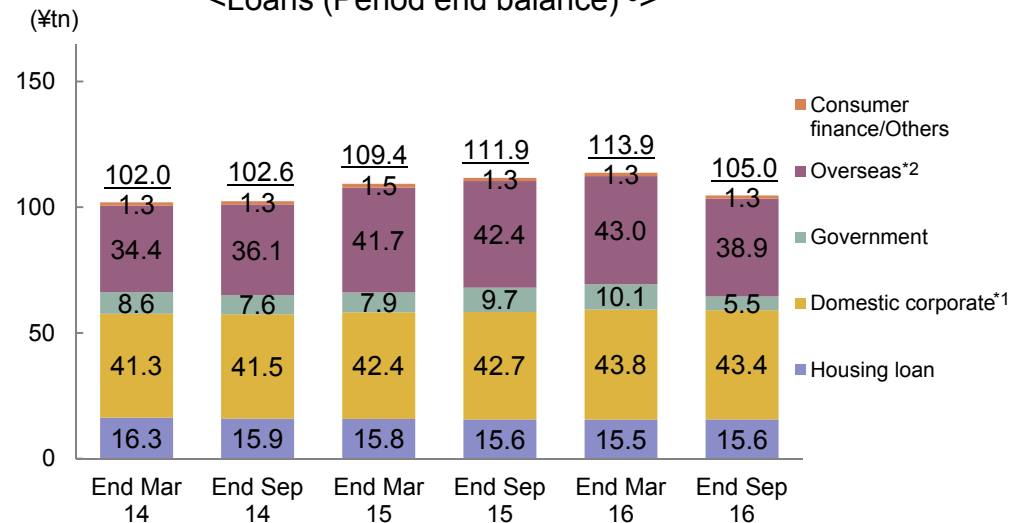
\*3 Sum of banking and trust accounts

## ● Deposit balance ¥161.6 tn (increased by ¥0.6 tn from Mar 16)

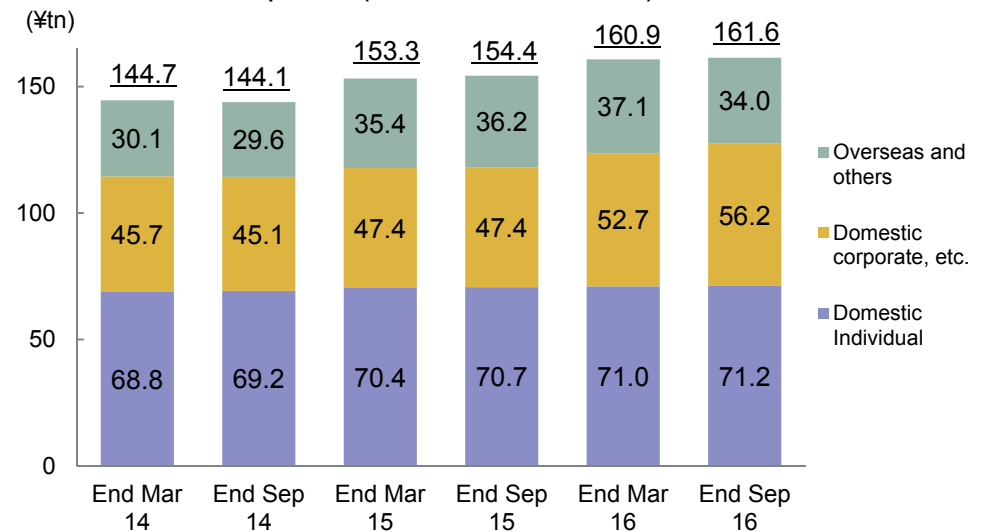
<Breakdown of change>

• Domestic Individual	+¥0.1 tn
• Domestic corporate, etc.	+¥3.5 tn
• Overseas and others	(¥3.0 tn)
Excl. impact of foreign exchange fluctuation	+¥2.6 tn

<Loans (Period end balance)<sup>\*3></sup>



<Deposits (Period end balance)>



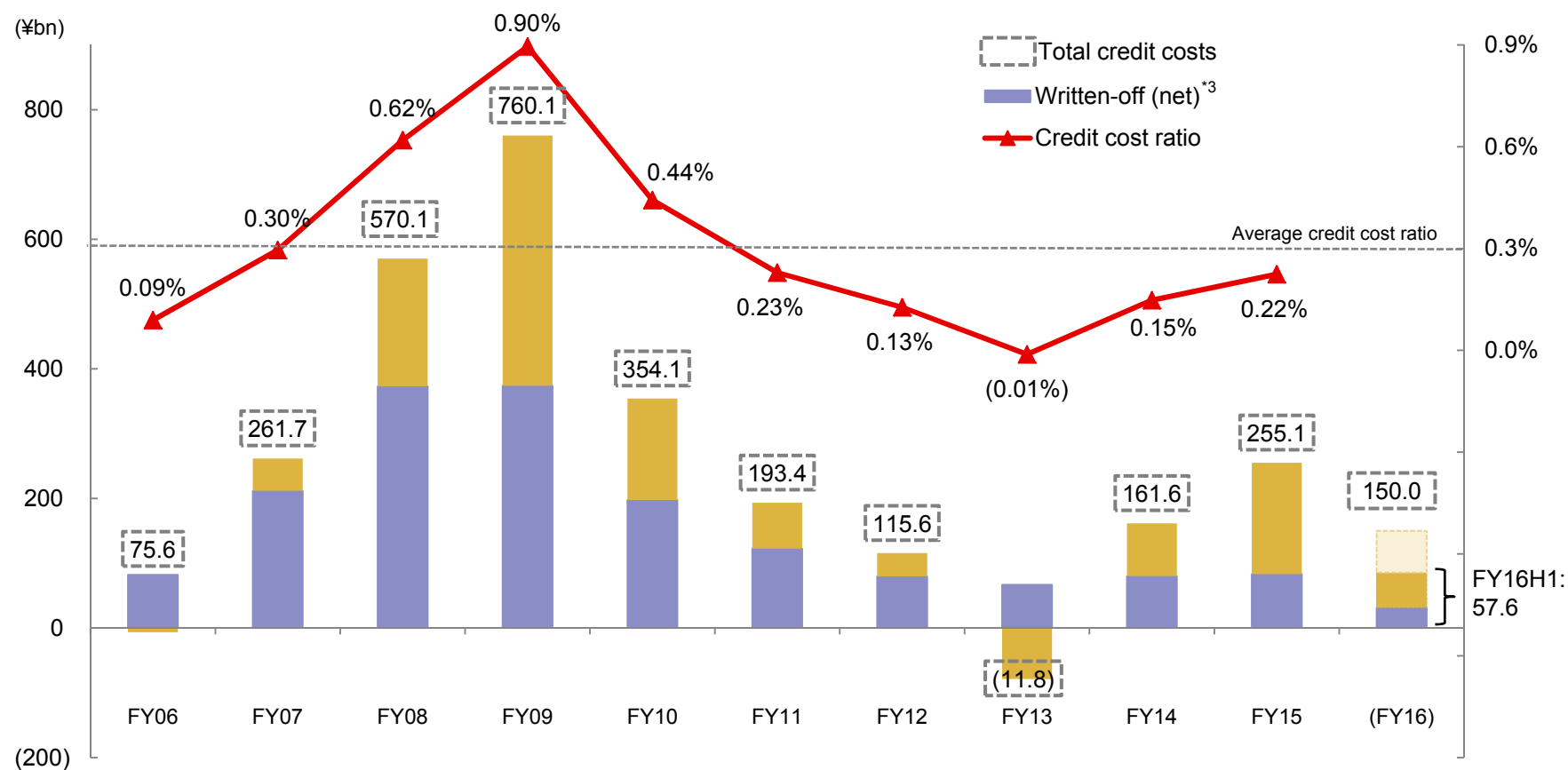
# Asset quality

## - Historical credit costs

(Consolidated)

- Credit costs for FY16H1 was ¥57.6 bn, of which approx. ¥48 bn was attributed to energy and natural resources sector
- Total credit costs forecast has been lowered to ¥150.0 bn from ¥210.0 bn

Total credit costs<sup>\*1</sup> / Credit cost ratio<sup>\*2</sup>



\*1 Consolidated. Including gains from write-off. Negative figure represents profits

\*2 Total credit costs / loan balance as of end of each fiscal year

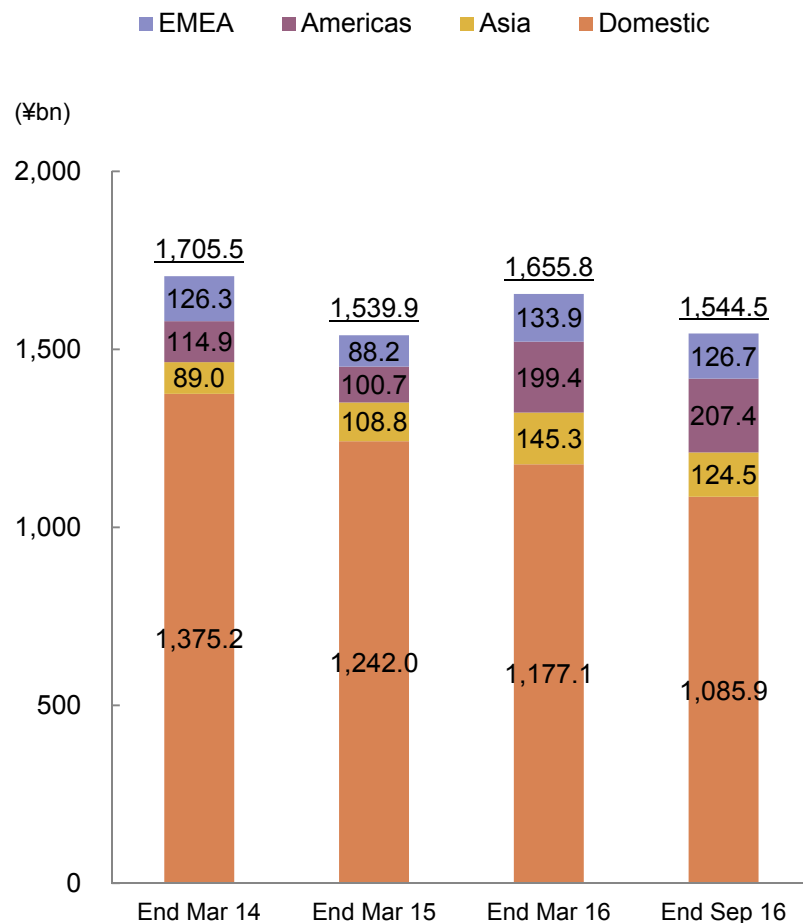
\*3 Net amount of write-off gains and write-offs

# Asset quality

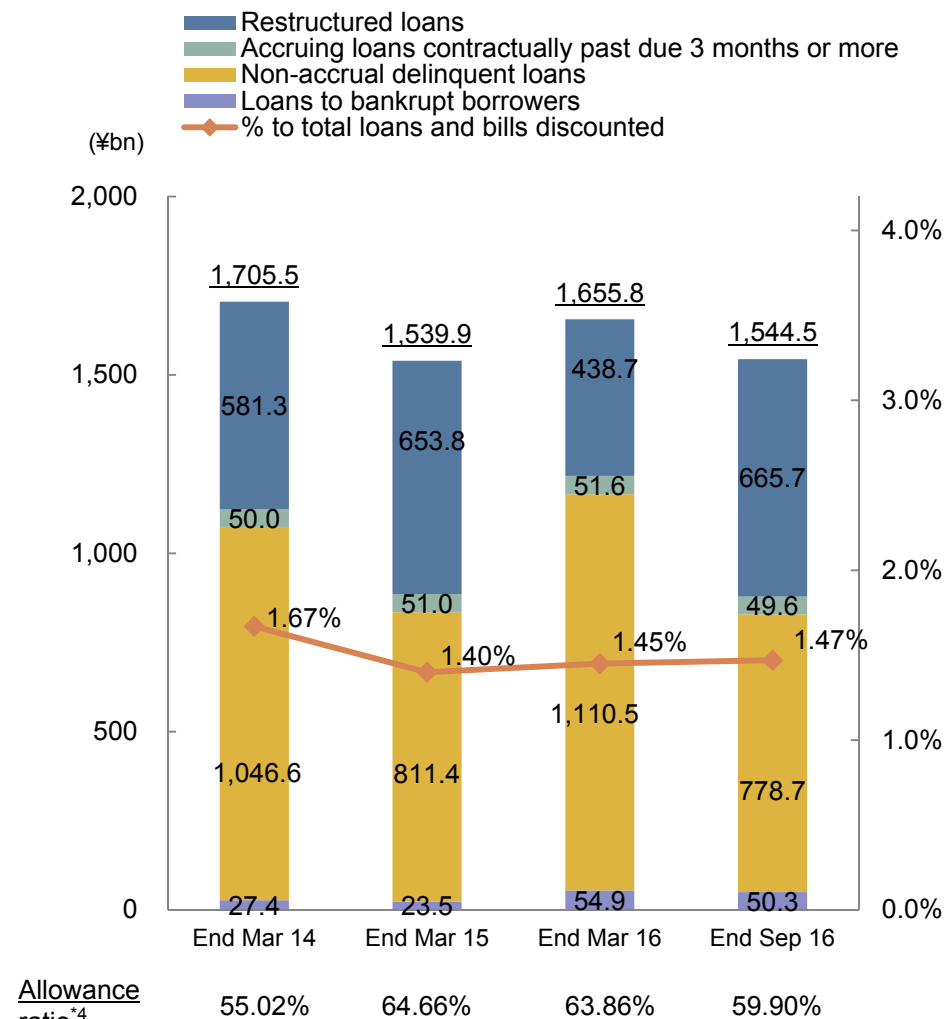
## - Non-performing loans\*1

(Consolidated)

Risk-monitored loans by region\*2



Risk-monitored loans/ratio\*3/allowance ratio\*4



\*1 Risk-monitored loans based on Banking Act. Excluding direct write-off

\*2 Based on the locations of debtors

\*3 Total risk-monitored loans/total loans and bills discounted

\*4 Allowance for credit losses/total risk-monitored loans

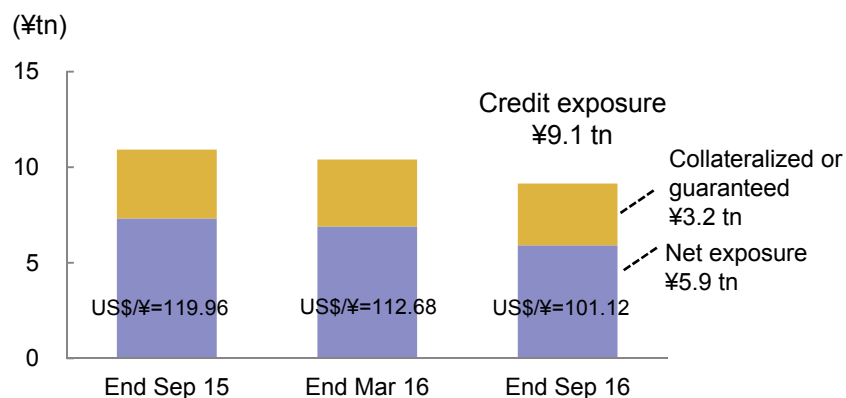
# Energy and mining portfolio

## - Overview

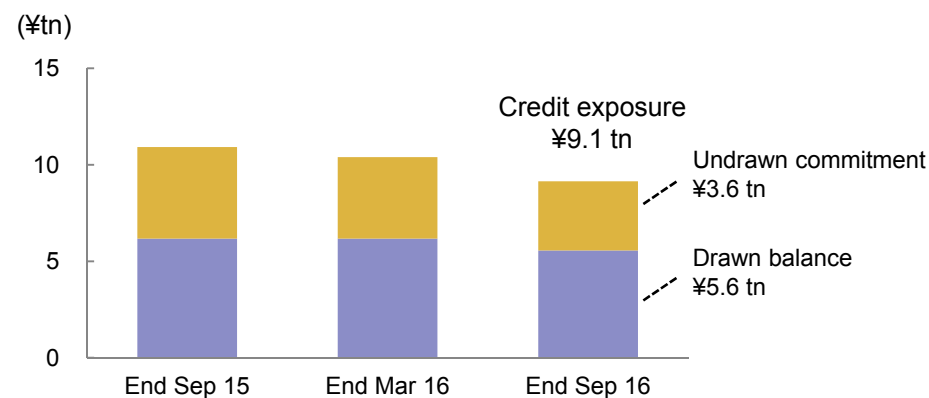
(Consolidated)

- Total credit exposure\*<sup>1</sup> in the energy related sector decreased to ¥9.1 tn from more than ¥10.0 tn
- Net exposure, deducting collateral and guarantee (e.g. ECA), was ¥5.9 tn

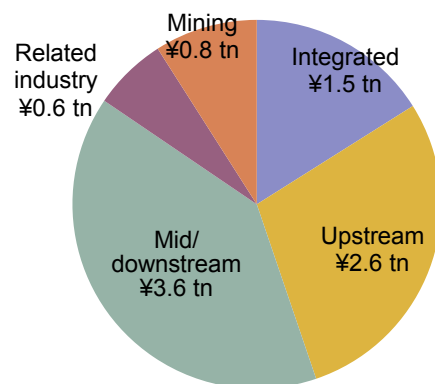
Credit exposure, collateral and guarantee



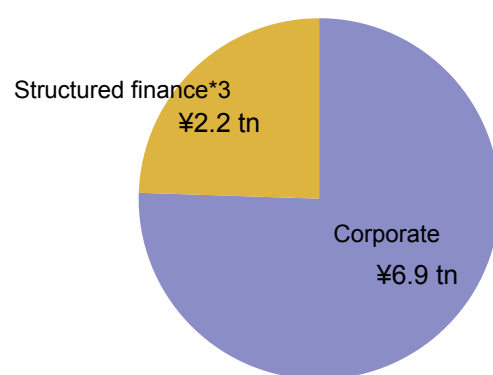
Credit exposure and undrawn commitment



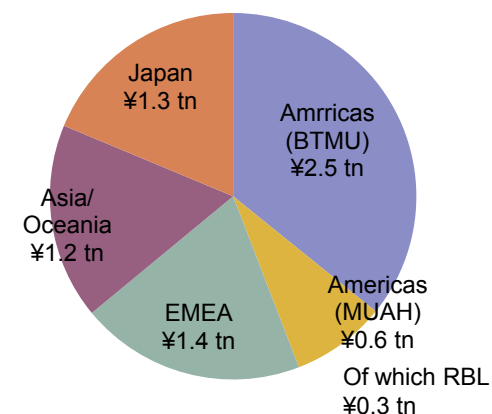
Breakdown by Sector



Breakdown by structure



Breakdown by region (Corporate)



\*1 Including undrawn commitment and excluding market exposure \*2 Storage, transportation, refining, sales and others  
 \*3 Project finance and trade finance \*4 Reserved based lending where loans are collateralized by the values of borrower's reserve  
 Note: All figures are on managerial accounting basis, aggregating internal management figures of each subsidiary

# Energy and mining portfolio

## - Credit quality (1)

(Consolidated)

### Credit exposure and non-performing loans\*1 by sector and region

- NPLs was ¥137 bn as of end Sep 16
- NPLs increased in related industry and mining in Americas (BTMU), while decreased in upstream industry in Americas

		(¥bn)													
		Total		Americas (BTMU)		Americas (MUAH)		EMEA		Asia/Oceania		Japan		Structured finance	
As of end Sep 16		Amount	Change from end Mar 16	Amount	Change from end Mar 16	Amount	Change from end Mar 16	Amount	Change from end Mar 16	Amount	Change from end Mar 16	Amount	Change from end Mar 16	Amount	Change from end Mar 16
1	Total Credit exposure	9,146	(1,258)	2,473	(518)	577	(227)	1,371	(76)	1,193	(241)	1,293	37	2,238	(233)
2	NPLs	137	18	56	41	37	(25)	0	0	13	(2)	1	0	30	2
3	Integrated <sup>*2</sup> Credit exposure	1,469	(221)	380	(143)	0	0	644	102	445	(181)	0	0	0	0
4	NPLs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Upstream <sup>*3</sup> Credit exposure	2,626	(358)	A 636	(1)	B 465	(218)	127	(74)	183	(9)	122	(16)	C 1,093	(40)
6	NPLs	65	(34)	3	(12)	37	(25)	0	0	0	0	0	0	25	3
7	Mid/ Credit exposure	3,631	(288)	913	(105)	86	(14)	105	(17)	341	(25)	1,170	52	1,016	(179)
8	downstream <sup>*4</sup> NPLs	1	0	0	0	0	0	0	0	0	0	1	0	0	0
9	Related Credit exposure	594	(42)	D 270	(65)	26	5	196	(13)	101	30	0	0	0	0
10	industry <sup>*5</sup> NPLs	10	10	10	10	0	0	0	0	0	0	0	0	0	0
11	Mining Credit exposure	826	(349)	E 274	(204)	0	0	300	(73)	F 123	(57)	0	0	G 129	(14)
12	NPLs	62	42	43	43	0	0	0	0	13	(2)	0	0	5	(1)

\*1 Subject to the relevant criteria applying to each subsidiary. For example, risk-monitored loans based on Japanese Banking Act

\*2 Integrated business from upstream to downstream

\*3 Exploration, development and production of oil and gas

\*4 Storage, transportation, refinement, retail

\*5 Sales of mining machine to companies among upstream industry

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

# Energy and mining portfolio

## - Credit quality (2)

(Consolidated)

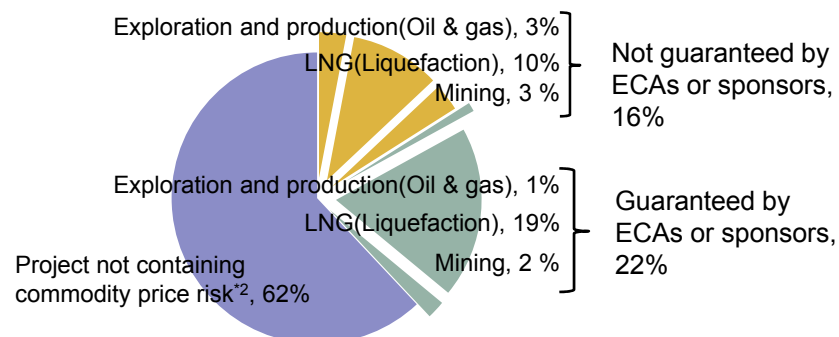
### NPLs, collateral and allowance in major sectors and regions

- Approx. 90% of NPLs are covered with collateral, guarantee or allowance

(¥bn)

As of end Sep 16		Upstream			Related industry	Mining			
		A Americas (BTMU)	B Americas (MUAH)	C Structured finance	D Americas (BTMU)	E Americas (BTMU)	F Asia/Oceania	G Structured finance	
1	Credit exposure (1)	636	465	1,093	270	274	123	129	Total NPLs*1 (Total from A to G)
2	Collateralized or guaranteed (2)	140	357	431	53	52	25	55	
3	Uncollateralized or unguaranteed (3) = (1)-(2)	496	108	662	217	222	98	74	
4	NPLs*1 (4)	3	37	25	10	43	13	5	136
5	Collateralized or guaranteed (5)	2	34	20	0	16	0	0	Total NPLs*1 (net) (Total from A to G)
6	Allowance (6)	0	3	4	8	22	10	3	
7	NPLs*1 (net) (7) = (4)-(5)-(6)	0	0	1	2	5	3	2	

### Project Finance Portfolio Analysis



Not guaranteed by ECAs or sponsors, 16%

- MUFG's project finance credit exposure in natural resource sector is ¥2.2 tn, of which 38% contains commodity price risk

Guaranteed by ECAs or sponsors, 22%

- However, the percentage of credit exposures which contains commodity price risk but is not guaranteed by ECAs or sponsors is limited to only 16%

\*1 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.

\*2 Projects whose revenues are determined based on the oil/gas process volume or facility operational days, and hence are not exposed to the commodity price risk (e.g., LNG ship).

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

# Energy and mining portfolio

## - Credit quality (3)

(Consolidated)

Analysis based on IRBA\*1

- Over 60% of total exposures is graded 1-5, which is equivalent to investment grade based on PD

(¥bn)			
	Category of borrowers	Internal rating grade	As of end Sep 16 Exposure % to total
1	Normal	1-3	4,043 44%
2		4-5	1,711 19%
3		6-7	1,528 17%
4		8-9	1,077 12%
5	Requiring caution	10-11	559 6%
6	Potentially bankrupt to Bankrupt	12-15	227 2%
7	Total		9,146 100%

Over 60% of total exposure is equivalent to investment grade

\*1 Internal rating based approach

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



# (Reference) Corporate credit exposure

(Consolidated)

## Corporate credit exposure analysis based on IRBA\*1

- The following table provides global EAD\*2 portfolio by internal rating
- Over 70% of total exposure is categorized in grade 1-5, which is equivalent to investment grade based on PD

As of end Sep 16

(¥bn)

	Category of borrowers	Internal rating grade	EAD*2	% to total EAD	PD (weighted average)	LGD (weighted average)
1	Normal	1-3	49,282	50%	0.08%	36.72%
2		4-5	24,547	25%	0.15%	34.30%
3		6-7	10,356	10%	0.56%	30.03%
4		8-9	10,694	11%	2.03%	27.89%
5	Requiring caution	10-11	2,766	3%	9.52%	23.67%
6	Potentially bankrupt to Bankrupt	12-15	1,443	1%	100.00%	34.79%
7	Total		99,088	100%	2.07%	34.07%

70% of total EAD  
is equivalent to  
investment grade

\*1 Internal rating based approach

\*2 Exposure at default. Including market risk and exposure to project finance. Not including exposures to governmental organization nor exposure held by MUAH and KS

Note: All figures are preliminary and on managerial accounting basis

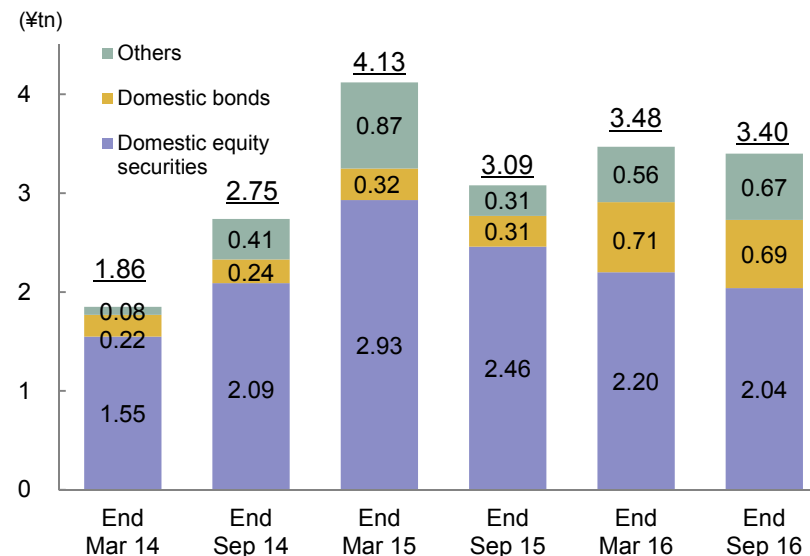
# Investment securities

(Consolidated/Non-consolidated)

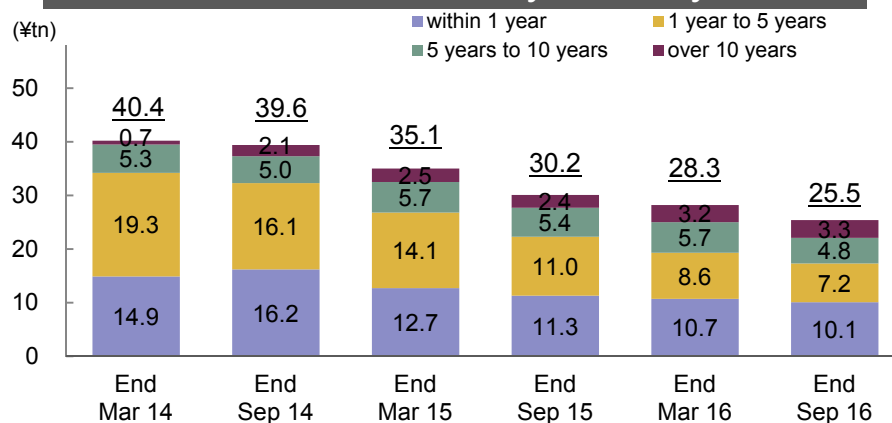
## Securities available for sale with fair value

		Balance		Unrealized gains (losses)	
		End Sep 16	Change from End Mar 16	End Sep 16	Change from End Mar 16
1	Total	60,761.7	(4,756.7)	3,409.0	(76.2)
2	Domestic equity securities	4,624.9	(248.2)	2,042.5	(162.8)
3	Domestic bonds	28,055.1	(2,267.3)	695.1	(23.1)
4	Japanese government bonds	24,414.8	(2,841.1)	612.0	(19.8)
5	Others	28,081.6	(2,241.0)	671.3	109.6
6	Foreign equity securities	144.5	(4.5)	17.6	(6.1)
7	Foreign bonds	24,709.6	(1,940.8)	617.6	106.6
8	Others	3,227.5	(295.7)	36.0	9.2

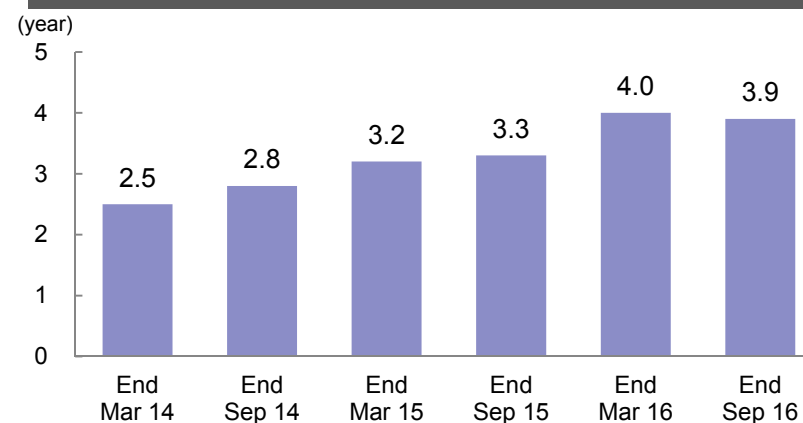
## Unrealized gains (losses) on securities available for sale



## Balance of JGBs by maturity\*1



## JGB Duration\*2



\*1 Securities available for sale and securities being held to maturity. Non-consolidated

\*2 Securities available for sale. Non-consolidated

# Capital

(Consolidated)

## ● Common Equity Tier 1 ratio

- Full implementation basis<sup>\*1</sup> : 12.5%
- Excluding impact of net unrealized gains (losses) on available-for-sale-securities : 10.1%

## ● Risk weighted asset (Down ¥6.8 tn from Mar 16)

- Credit Risk : (¥7.0 tn)
- Market Risk : (¥0.2 tn)
- Operational Risk : +¥0.3 tn

## ● Leverage ratio

- Transitional basis : 4.74%

		End Mar 16	End Sep 16	Change from end Mar 16
(¥bn)				
1	Common Equity Tier 1 capital ratio	11.63%	12.20%	0.56ppt
2	Tier 1 capital ratio	13.24%	13.50%	0.26ppt
3	Total capital ratio	16.01%	16.56%	0.55ppt
4	Common Equity Tier 1 capital	13,039.8	12,839.4	(200.4)
5	Retained earnings	8,587.5	8,965.0	377.4
6	Other comprehensive income	2,161.2	1,695.6	(465.6)
7	Regulatory adjustments	(1,100.4)	(1,094.0)	6.4
8	Additional Tier 1 capital	1,799.4	1,366.0	(433.3)
9	Preferred securities and subordinated debt	1,544.5	1,387.5	(156.9)
10	Foreign currency translation adjustments	316.5	3.6	(312.9)
11	Tier 1 capital	14,839.2	14,205.5	(633.7)
12	Tier 2 capital	3,102.5	3,218.8	116.3
13	Subordinated debt	2,060.5	2,197.9	137.3
14	Amounts equivalent to 45% of unrealized gains on available-for-sale securities	633.8	621.9	(11.8)
15	Total capital (Tier 1+Tier 2)	17,941.8	17,424.3	(517.4)
16	Risk weighted assets	112,064.3	105,206.2	(6,858.1)
17	Credit risk	95,372.3	88,299.2	(7,073.0)
18	Market risk	2,198.7	1,898.9	(299.7)
19	Operational risk	6,581.1	6,934.2	353.1
20	Transitional floor	7,912.1	8,073.7	161.5

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

# Financial results of Mitsubishi UFJ Securities Holdings (MUSHD)

- Commission received and net trading income decreased in FY16H1 compared to the same period of last FY. Though business performance overseas remained in good condition, domestic retail customer flow kept sluggish on the back of JPY appreciation and weak equity market

## Results of MUSHD

(¥bn)		FY15	FY16H1	YoY
1	Net operating revenue* <sup>1</sup>	437.7	185.0	(60.3)
2	Commission received	226.1	85.5	(41.4)
3	To consignees	46.6	17.9	(7.6)
4	Underwriting, etc.	54.1	23.3	(8.0)
5	Offering, etc.	49.7	15.7	(16.5)
6	Other fees received	75.5	28.5	(9.1)
7	Net trading income	178.7	81.4	(16.5)
8	Stocks	37.5	(11.6)	(37.9)
9	Bonds, other	141.1	93.0	21.3
10	G&A expenses	357.0	160.9	(30.2)
11	Transaction expenses	122.5	47.1	(18.0)
12	Operating income	80.6	24.0	(30.1)
13	Non-operating income	27.1	23.6	11.0
14	Equity in earnings of affiliates	19.5	19.5	11.3
15	Ordinary income	107.8	47.7	(19.0)
16	Net income	70.6	39.7	(2.4)
17	Profits attributable to owners of parent	43.2	27.1	(0.3)

## Results of MUMSS\*<sup>2</sup>

(¥bn)		FY15	FY16H1	YoY
1	Net operating revenue* <sup>1</sup>	331.4	135.2	(41.2)
2	G&A expenses	252.4	115.6	(13.4)
3	Operating income	79.0	19.6	(27.8)
4	Ordinary income	80.1	20.2	(27.6)
5	Profits attributable to owners of parent	51.8	12.7	(18.4)

## Net operating revenue of domestic securities firms (FY16H1)

Rank	Security firm(s)	Amount (¥bn)
1	Nomura Securities	281.3
2	<b>MUMSS*<sup>2</sup> (incl. MUMSPB) + MSMS + kabu.com</b>	<b>200.8*<sup>3</sup></b>
3	Mizuho Securities	159.5
4	Daiwa Securities	151.4
5	SMBC Nikko Securities	142.5

(Source: Company disclosure)

\*<sup>1</sup> Operating revenue minus financial expenses

\*<sup>2</sup> Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (MUMSS) with Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. (MUMSPB) consolidated

\*<sup>3</sup> Simple total of MUMSS\*<sup>2</sup>, Morgan Stanley MUFG Securities Co., Ltd. (MSMS) and kabu.com Securities Co., Ltd

MSMS is one of the securities joint ventures between MUFG and Morgan Stanley in Japan and is an associated company of MUSHD accounted for by using the equity-method

# Financial results of MUN/ACOM

- MUN: Profits attributable to owners of parent turned to surplus, though decreased compared to the same period of last FY mainly due to an increase in G&A expenses, mostly for business infrastructure investment and system integration expense
- ACOM: Guaranteed receivables business and unsecured consumer loans business grew steadily

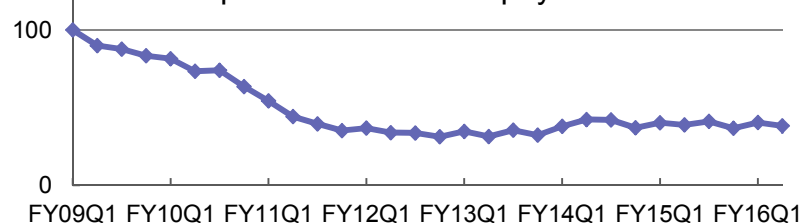
## Results of MUN

(¥bn)		FY15	FY16H1	YoY
1	Operating revenue	270.1	134.2	3.2
2	Card shopping	183.1	92.1	2.1
3	Card cashing	27.7	12.6	(1.6)
4	Finance	6.4	2.7	(0.6)
5	Operating expenses	288.3	133.1	6.0
6	G&A expenses	246.7	126.5	3.8
7	Credit related costs	10.6	6.5	2.2
8	Repayment expenses	30.9	-	-
9	Operating income	(18.1)	1.1	(2.8)
10	Ordinary income	(17.4)	1.2	(2.8)
11	Profits attributable to owners of parent	(40.9)	1.1	(2.4)
12	Interest repayment*1	20.0	10.2	0.3

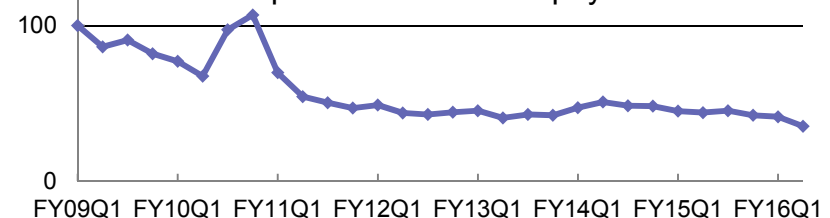
## Results of ACOM

(¥bn)		FY15	FY16H1	YoY
1	Operating revenue	237.6	121.0	2.6
2	Operating expenses	222.1	82.7	1.2
3	G&A expenses	88.1	43.7	0.1
4	Provision for bad debts	60.0	31.9	3.2
5	Provision for loss on interest repayment	56.6	-	-
6	Operating income	15.5	38.2	1.3
7	Profits attributable to owners of parent	14.5	35.9	2.1
8	Guaranteed receivables	987.5	1,058.8	132.6
9	Unsecured consumer loans (Non-consolidated)	758.2	770.9	20.5
10	Share of loans*2	32.6%	32.7%	0.2ppt
11	Interest repayment*1	69.2	35.2	2.5

<Requests for interest repayment\*3>



<Requests for interest repayment\*3>



\*1 Including waiver of repayment

\*2 Share of the receivables outstanding excluding housing loans (non-consolidated) in consumer finance industry. Figure in FY16H1 is as of end June 16

\*3 Requests for interest repayment in FY09Q1 = 100

# Financial results of MUAH/Krungsri

- MUAH: Revenue growth offset increase in credit costs, resulting in net income increase. Trading account business contributed to non-interest income growth
- Krungsri: Increase in both interest and non-interest income, decreased funding cost as well as asset quality control all contributed to significant increase in net profits

## Results of MUAH\*1

<P/L> (US\$mm)		FY15	FY16	
			Q1-3*4	YoY*4
1	Net interest income	2,815	2,251	89
2	Interest income	3,236	2,749	190
3	Interest expense	421	498	101
4	Total non-interest income	1,530	1,609	241
5	Trading account activities	55	93	55
6	Merchant banking fees/ Investment banking and syndication fees	79	253	(4)
7	Fees from affiliates <sup>2</sup>	747	692	139
8	Total revenue	4,345	3,860	330
9	Non-interest expense <sup>3</sup>	3,438	2,826	42
10	Pre-tax, pre-provision income	907	1,034	288
11	Provision for loan losses	228	196	161
12	Net income attributable to MUAH	573	656	96
13	NIM	2.75%	2.19%	0.11ppt
<BS> (US\$mm)		End Dec15*4	End Sep 16*4	Change*4
14	Loans	79,257	79,249	(8)
15	Deposit	84,300	84,643	343
16	Total equity	16,593	17,512	919
17	Total asset	153,070	151,099	(1,971)
18	NPL ratio	0.70%	0.91 %	0.21ppt
19	NPL coverage ratio	130.86%	96.08%	(34.78ppt)

\*1 Financial results as disclosed in MUAH's statutory report based on U.S. GAAP

\*2 Represents income resulting from the business integration of BTMU & MUB

\*3 Includes expense associated with employees providing support services to BTMU

\*4 Figures have been revised to include the results of the transferred IHC entities, such as MUSA (MUFG Securities Americas)

## Results of Krungsri\*5

<P/L> (THBmm)		FY15	FY16	
			Q1-3	YoY
1	Net interest income	56,350	45,825	4,113
2	Interest income	81,946	63,435	2,174
3	Interest expense	25,596	17,610	(1,939)
4	Net fees and services income	17,230	13,453	647
5	Fees and services income	22,670	17,808	1,049
6	Fees and services expense	5,440	4,355	402
7	Non-interest and non fees income	9,193	8,697	2,029
8	Other operating expense	38,947	31,350	2,687
9	Pre-provision operating profit	43,826	36,625	4,102
10	Impairment loss of loans and debt securities	20,186	15,944	634
11	Net profit attribute to owners of the bank	18,634	16,248	2,721
12	NIM	4.15%	3.76%	(0.48ppt)
<BS> (THBmm)		End Dec15	End Sep 16	Change
13	Loans	1,353,559	1,459,013	105,454
14	Deposit	1,046,290	1,085,551	39,261
15	Total equity	190,748	203,718	12,970
16	Total asset	1,705,517	1,827,871	122,354
17	NPL ratio	2.24%	2.10%	(0.14ppt)
18	NPL coverage ratio	140.6%	152.3%	11.7ppt

\*5 Financial results as disclosed in Krungsri's financial report based on Thai GAAP

# Financial results of Morgan Stanley and major collaborations

- FY16 Q1-3 income before taxes increased YoY owing to cost control. In FY16Q3, strong performance of trading and wealth management led to net income increase compared to FY15Q3
- Leveraging the MUFG-MS alliance, the joint venture acted as bookrunner for both the domestic and international tranches in all of 13 large-sized global IPOs\*<sup>1</sup> of Japanese companies since 2010

## Results of Morgan Stanley\*<sup>2</sup>

(US\$mm)		FY15* <sup>3</sup>	FY16	
			Q1-3	YoY
1	Net revenue	35,155	25,610	(1,065)
2	Non-interest expenses	26,660	19,008	(1,353)
3	Income from continuing operations before taxes	8,495	6,602	287
4	Net income applicable to MS	6,127	4,313	(429)
5	Earnings applicable to MS common Shareholders	5,671	3,999	(443)
6	ROE	8.5%	7.7%	(1.1ppt)

\*<sup>2</sup> Based on U.S. GAAP

\*<sup>3</sup> Includes DVA impact for FY15

M&A advisory		(Jan 16 – Sep 16)		
Rank	FA	#	Amount (¥bn)	Share (%)
1	Mizuho Financial Group	156	6,183.1	41.1
2	<b>MUMSS</b>	<b>36</b>	<b>4,666.2</b>	<b>31.0</b>
3	The Raine Group LLC	2	4,136.1	27.5
4	Goldman Sachs & Co	13	3,857.8	25.6
5	Lazard	8	3,746.6	24.9

Any Japanese involvement announced

(Source) Thomson Reuters

\*<sup>1</sup> Over ¥50bn, excluding J-REIT deals

## Major collaborations

- Acquisition of Joy Global by Komatsu
  - MUMSS acted as FA for Komatsu Ltd. in its approx. \$3.7 bn acquisition of Joy Global
- Acquisition of StanCorp Financial Group by Meiji Yasuda Life Insurance
  - MUMSS acted as sole FA for Meiji Yasuda in its approx. \$5.0 bn cash acquisition of StanCorp
- Global IPO by Kyushu Railway Company
  - MUMSS acted as Joint Global Coordinator and MUMSS/MS acted as Joint Bookrunner for both the domestic and international tranches in JR Kyushu's approx. ¥416 bn global IPO
- Acquisition of Tumi by Samsonite
  - MS and MUFG acted as Joint Lead Arranger and Joint Bookrunner in Samsonite's acquisition finance of \$2.43 bn

Equity underwriting		(Jan 16 – Sep 16)		
Rank	Bookrunner	#	Amount (¥bn)	Share (%)
1	Nomura	82	640.1	32.6
2	Mizuho	98	379.8	19.3
3	SMBC Nikko	110	290.5	14.8
4	<b>MUMSS</b>	<b>55</b>	<b>234.5</b>	<b>11.9</b>
5	Daiwa	68	166.4	8.5

(Source) Thomson Reuters

Respond to current economic environment



# Respond to current economic environment

## Basic Policy

Respond to changes in business environment multi-directionally

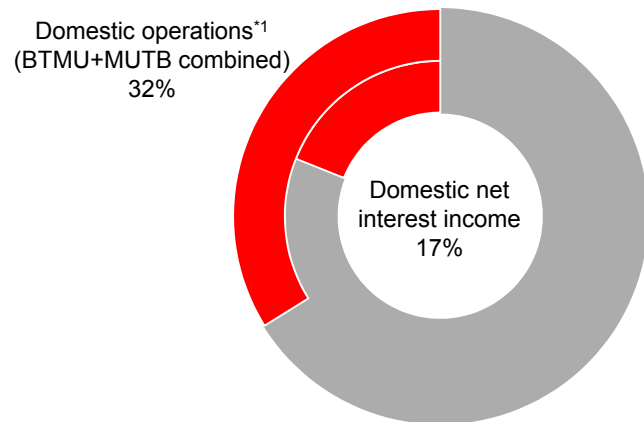
- Accelerated basic policy and strategies of the mid-term business plan ⇒ Page 40~
- Executed measures to respond to negative interest rate environment ⇒ Page 34~35
- Productivity improvement ⇒ Page 36~37
- Steady reduction of equity holdings ⇒ Page 38
- Stable Non-JPY funding ⇒ Page 39

# Negative Interest Rate Policy impact

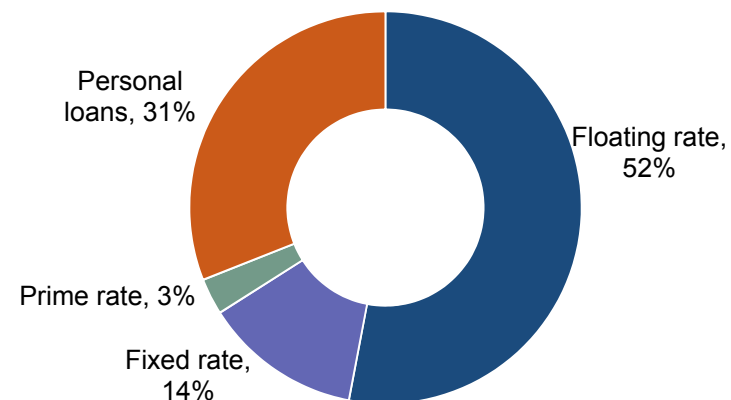
## - Domestic deposit/lending rates

- Negative Interest Rate Policy impact for FY16H1 was approx. ¥16 bn in line with our original expectation
- Lending rate in FY16Q2 was decreased by 13 bp from FY15Q2, mainly due to decline in market interest rates

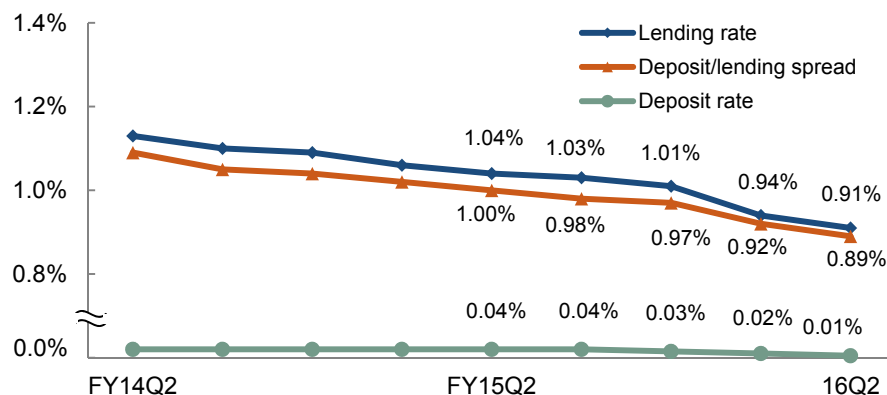
FY16H1 Consolidated gross profit



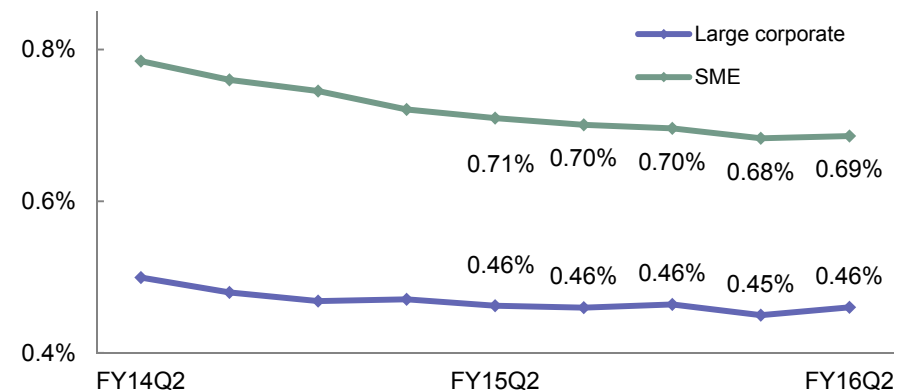
(BTMU+MUTB) Domestic JPY denominated lending\*<sup>2</sup>



Changes in domestic deposit/lending rate\*<sup>3</sup>



Domestic corporate lending spread\*<sup>3</sup>



\*1 JPY transactions booked in domestic branches. Exclude Forex

\*2 As of end Sep 16. Managerial accounting basis. Excluding lending to government and domestic non-JPY denominated lending, etc.

\*3 Managerial accounting basis

# Negative Interest Rate Policy Impact

## - Measures against the effect

### Initiatives to counter the negative interest rate policy

#### <Retail Banking Business>

- With a wider range of products, enhance the Group's product distribution structure and promote shifts from savings to stable asset building. Promote foreign currency deposits
- From ALM point of view, capture growing customer loan demands like housing loans

#### <Domestic corporate banking business>

- Provide sophisticated solutions to various business issues
- Enhance fee incomes by promoting deal-creating business model fully leveraging MUFG's global network and solution capabilities

#### <Trust Assets business>

- DB Pension Customers  
Promote sales of JGB substitutional products, alternative investment products and risk-restrained products
- DC Pension Customers  
Focus on promoting shifts from savings to investment trust through investment education
- Asset Management Business  
Promote investment trust product strategies, such as fixed income products and balanced products, in response to demand for stable income and asset diversification

### Large Deposits

- Charges may apply mainly to overseas financial institution customers' yen account for forex transactions
- Targeting corporate customers, promote enhanced profitability management through the monitoring of deposit balance movements

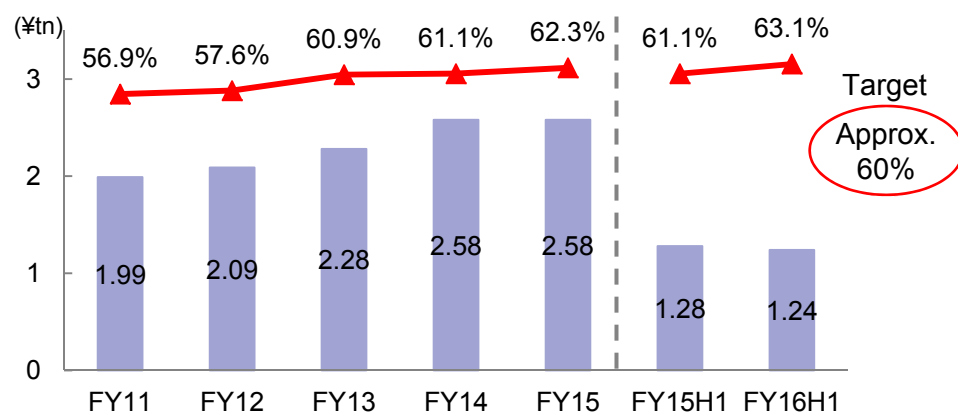
# Initiatives for productivity improvements

## - Expense

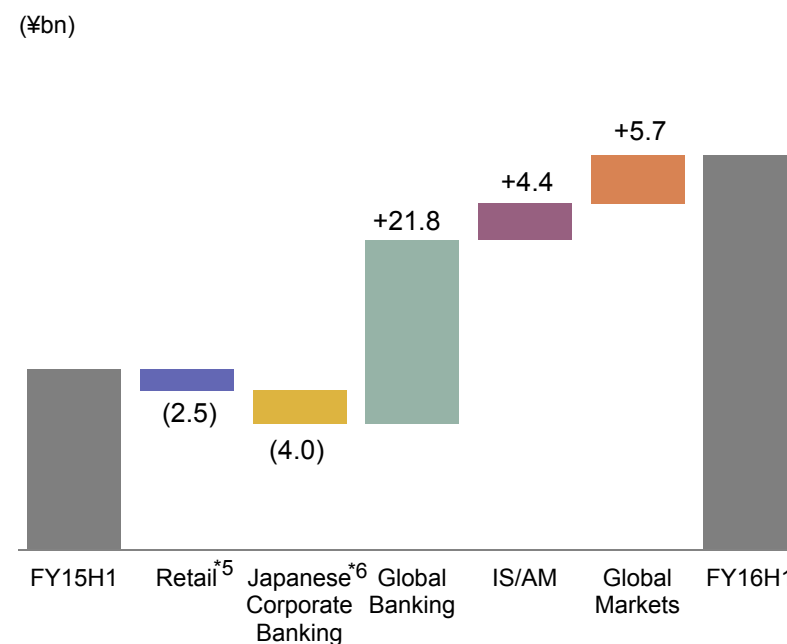
(Consolidated)

- Consolidated expense ratio for FY16H1 was 63.1%, up 2ppts from FY15H1
- Despite various cost reduction measures, expenses for Global Banking business unit increased due to rise in regulatory cost, etc.

G&A expenses/Expense ratio



Changes in expenses by business segment<sup>\*4</sup>



Expenses in major group companies

		FY16H1	YoY	Expense ratio
BTMU+MUTB combined	(¥bn)	654.8	(4.4)	56.2%
MUAH (US GAAP) <sup>*2,3</sup>	(US\$mm)	282.6	4.2	73.2%
KS (Thai GAAP) <sup>*2</sup>	(THBmm)	3,135.0	268.7	46.2%
MUSHD consolidated	(¥bn)	124.1	(17.9)	79.2%
MUN	(¥bn)	124.5	3.7	94.4%
ACOM	(¥bn)	42.6	0.3	41.5%

### <Major reasons of changes by business segment>

- Global Banking :Increased regulatory cost and expanded business volume
- IS/AM :Increased acquisition cost
- Global Markets :Development cost of S&T business by BTMU-MUS in an integrated manner

\*1 Expense ratio=G&A expense/gross profits (before credit cost for trust accounts) \*2 FY16Q1-Q3

\*3 Includes expense associated with employees providing support services to BTMU \*4 Local currency basis

\*5 Excl. intergroup intermediation charges \*6 Excl. expenses associated with overseas Japanese Corporate Banking business

# Initiatives for productivity improvements

## - Initiatives

(Consolidated)

- Execute strategies/initiatives for productivity improvement on global/group basis

Results/Progress(examples)			
Overseas	Americas	Jul 2014-	<ul style="list-style-type: none"> <li>● Integrated BTMU's U.S. Banking Operations under MUFG Americas Holdings Corp (MUAH) / MUFG Union Bank</li> </ul>
		Apr 2016-	<ul style="list-style-type: none"> <li>● Instituted efficiency programs (organization simplification, resource location strategy, etc.)</li> </ul>
	EMEA	Mar 2016-	<ul style="list-style-type: none"> <li>● Ongoing reorganization of BTMU offices in continental Europe under MUFG Bank (Europe) N.V., BTMU's 100% owned subsidiary in Holland                             <ul style="list-style-type: none"> <li>• FY16: Belgium office</li> <li>• FY17 (plan): Germany/Spain/Portugal offices</li> </ul> </li> </ul>
	Asia	Dec 2015-	<ul style="list-style-type: none"> <li>● Strategic reallocation of Human Resources (Refrain from recruitment/encourage early retirement and the reallocation of resources to strategic field)</li> </ul>
		2018 (Plan)	<ul style="list-style-type: none"> <li>● Centralize operations by setting up an administrative center (Manila)</li> </ul>
Domestic	S&T <sup>*1</sup>	Feb-Aug 2016	<ul style="list-style-type: none"> <li>● Integrated dealing rooms of BTMU and MUS</li> </ul>
		Jul-Nov 2016	<ul style="list-style-type: none"> <li>● Integration of sales representative, consolidation of position and flow</li> </ul>
	MUKAM <sup>*2</sup>	Jul 2015	<ul style="list-style-type: none"> <li>● Generated cost synergy effect from merging two asset management subsidiaries</li> </ul>



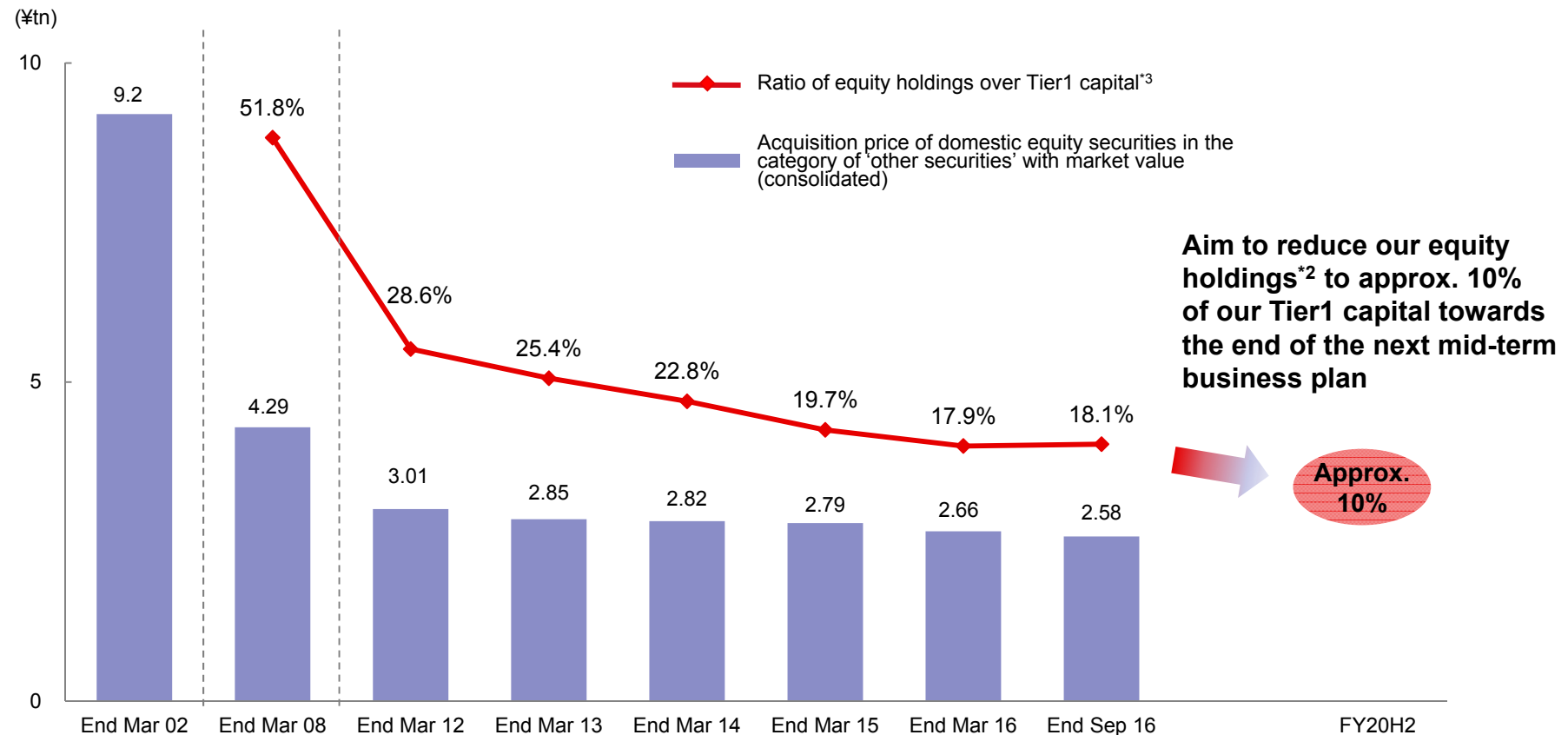
**Additional measures for productivity improvement under consideration**

\*1 Sales and Trading Business \*2 Mitsubishi UFJ Kokusai Asset Management

# Reduction of equity holdings

- Our basic policy is reducing the amount of equity holdings considering the risk, capital efficiency and global financial regulations
- Approx. ¥85 bn equities were sold in FY16H1<sup>\*1</sup>, though ratio of equity holdings<sup>\*2</sup> over Tier1 capital increased by 0.2ppt compared to end Mar 16 due to Yen appreciation etc.

## Reduction of equity holdings



\*1 Sum of BTMU and MUTB

\*2 For strategic purpose, at acquisition costs

\*3 Under Basel 2 basis until end Mar 12 (consolidated)

# Non-JPY assets and funding

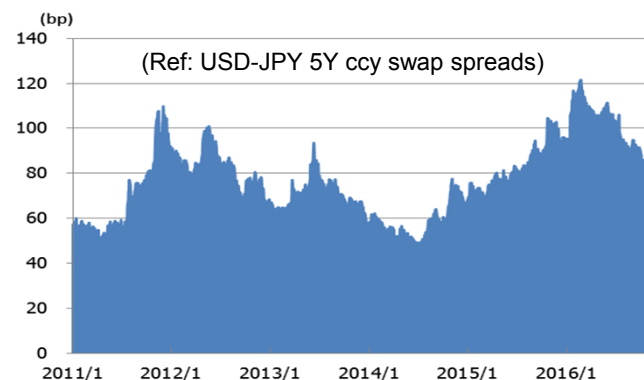
## Non-JPY balance sheet (BTMU managerial basis excl. MUB, KS)

As of end Sep 16 (Unit: US\$bn)

<p><b>Loans</b> 332</p>	<p><b>Customer deposits</b> (Incl. deposits from central banks) 226</p>
<p><b>Investment securities</b> 143</p>	<p><b>Mid-long term funding</b> (Incl. corporate bonds and currency swaps) 176</p>
<p><b>Interbank market operation</b> 58</p>	<p><b>Interbank market operation (Incl. repos)</b> 128</p>
<p><b>Others</b> 40</p>	<p><b>CD/CP</b> 43</p>
<p><b>Assets</b></p>	<p><b>Liabilities</b></p>

## Non-JPY funding in stable and efficient manner

- Customer deposits now cover approx. 70% of non-JPY loans. To further increase deposits, we will enhance product development and sales capabilities
- With mid-long term funding through corporate bond issuances and currency swaps, all non-JPY loans are fully funded
  - ✓ Corp bonds are mainly issued from HoldCo (MUFG) to ensure stable funding and TLAC compliance (see pages 63-64 for details)
  - ✓ Ccy swaps are transacted mainly in medium-term durations



- As the balance of our CD/CP funding is limited, the impact of the recent market rate increase mainly due to US MMF reform is well controlled and not significant
- The SPC for holding non-JPY liquid assets was established as a buffer against the possibility of a severe funding situation due to temporary market stress

## Growth strategy

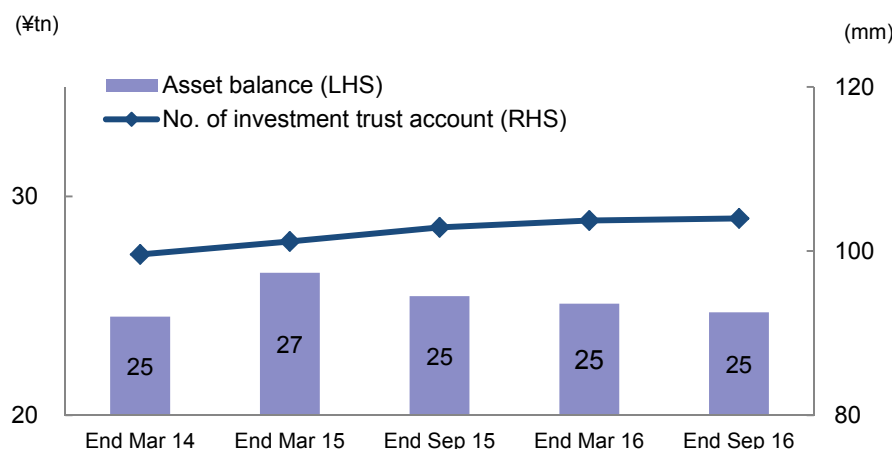


# Support wealth accumulation and stimulation of consumption for individual clients

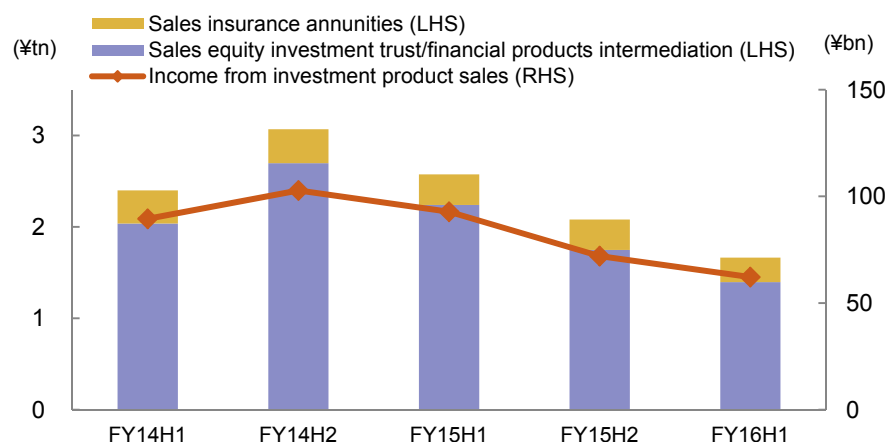
## - Promotion of shifts from savings to stable asset building

- Steady progress for asset balance increase and customer base expansion, although investment products sales slowed due to unfavorable economic environment

**Asset balance/number of investment trust account<sup>\*2</sup>**

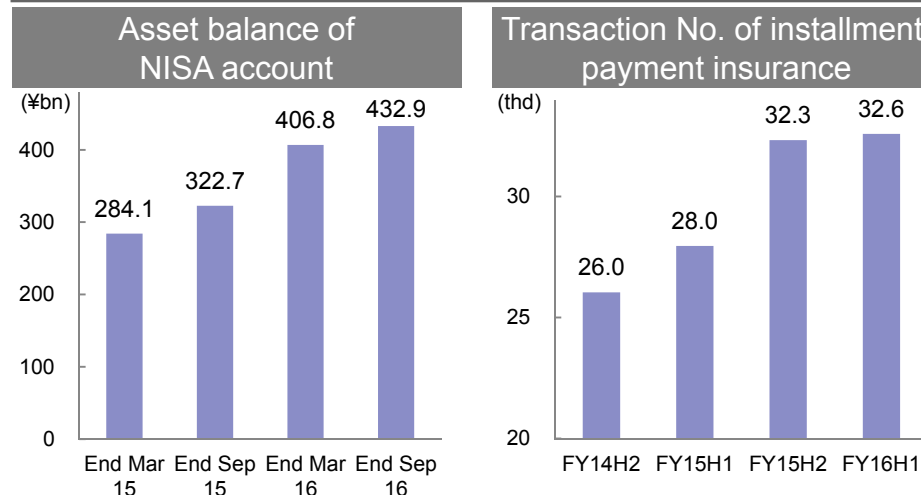


**Investment products sales/income<sup>\*1\*3</sup>**

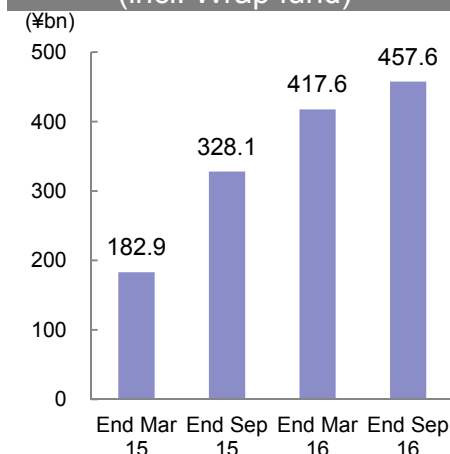


<sup>\*1</sup> Managerial Accounting basis <sup>\*2</sup> Excl. investment trust account without balance <sup>\*3</sup> BTMU + MUTB MUMSS (excl. PB Securities)  
<sup>\*4</sup> Percentage of new customer to total investment products sales

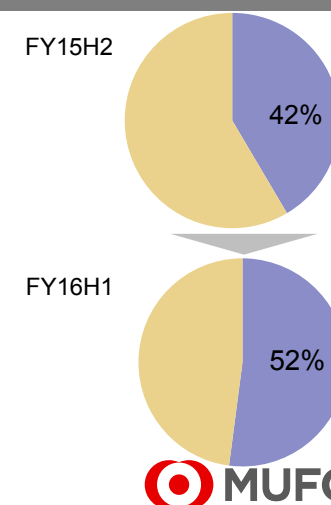
**Asset balance increase/Customer base expansion<sup>\*1</sup>**



**Wrap product balance (incl. Wrap fund)**



**New customer ratio<sup>\*4</sup>**

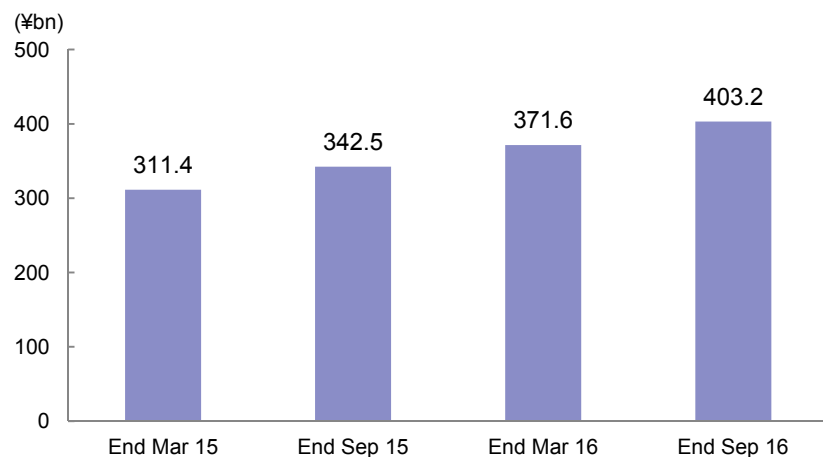


# Support wealth accumulation and stimulation of consumption for individual clients

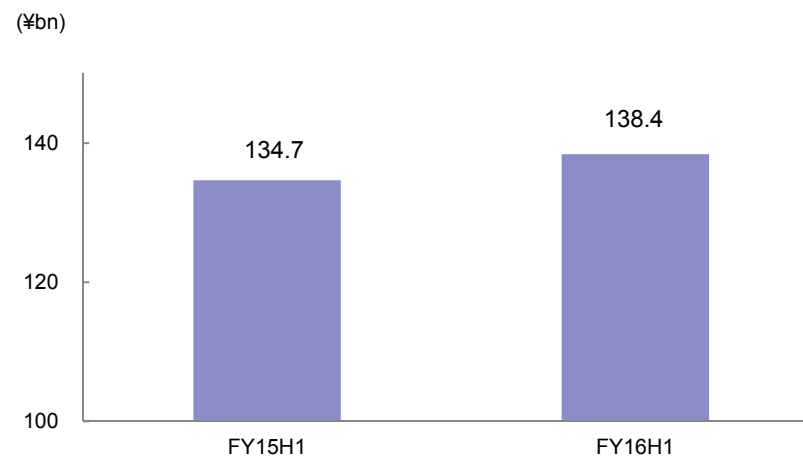
## - Consumer finance/payments

- Steady progress for consumer finance and card/payments business

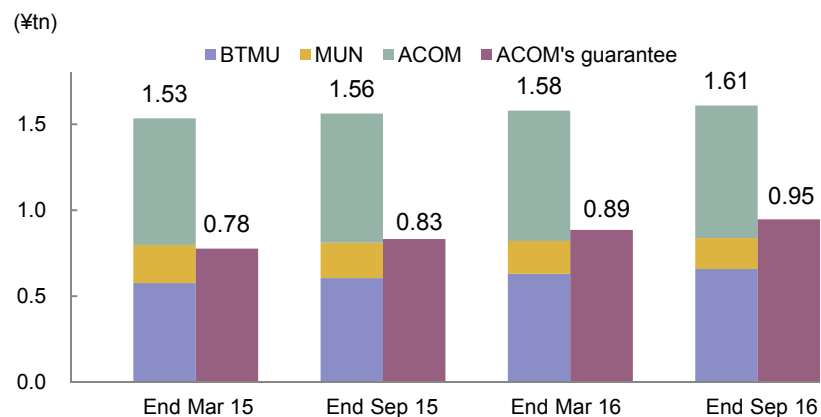
Balance of BANQUIC (BTMU)\*<sup>1</sup>



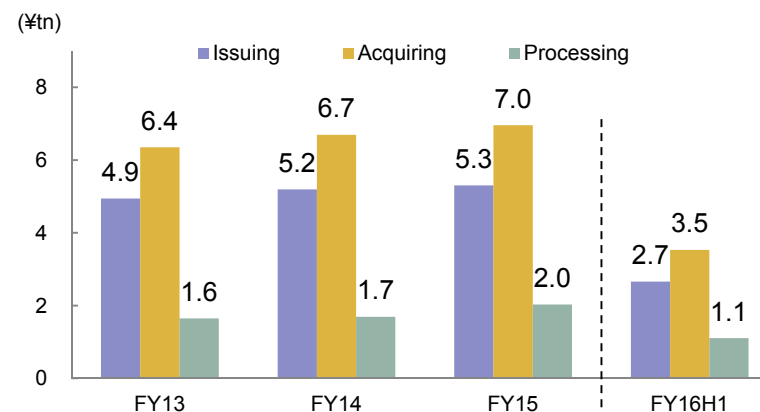
Profits in card business (MUFG)\*<sup>1</sup>



Balance of unsecured loan, guarantee\*<sup>1</sup>



MUN volume\*<sup>1</sup>

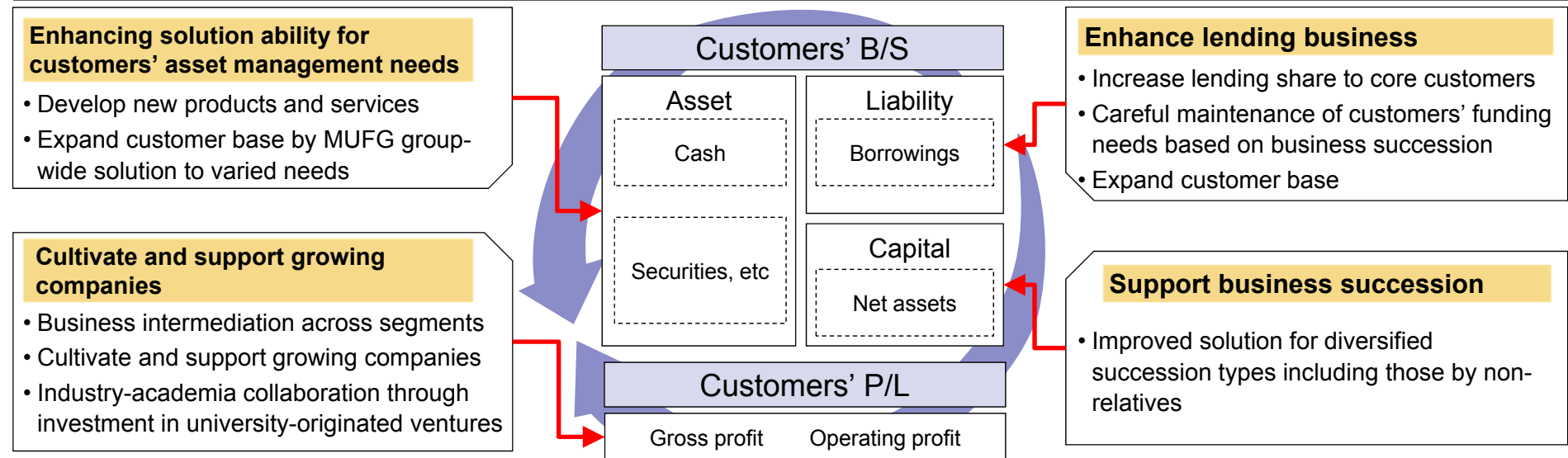


\*1 Managerial Accounting basis

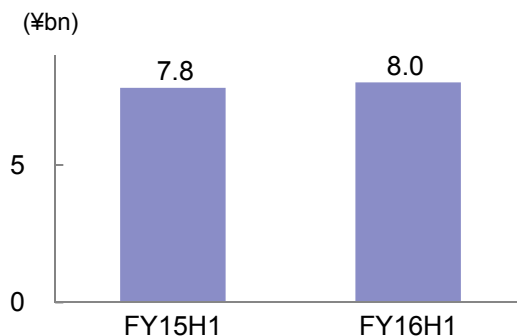
# Contribute to growth of SMEs

- Enhance core businesses (lending, deposits and exchange) considering they are the sources of competitiveness for the commercial banking model
- Strengthen and expand fee businesses fully leveraging MUFG's group-wide solution capabilities

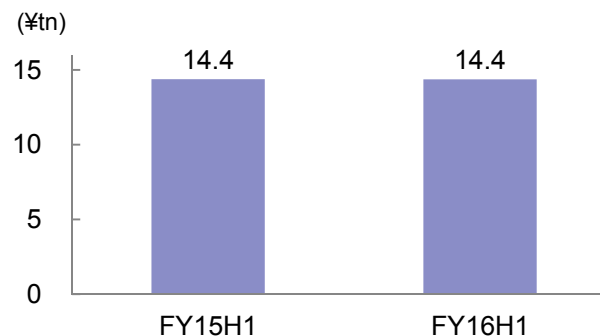
Contribute to customers' growth by responding to the needs not only on their liability but also on asset, capital, and gross profit, etc.



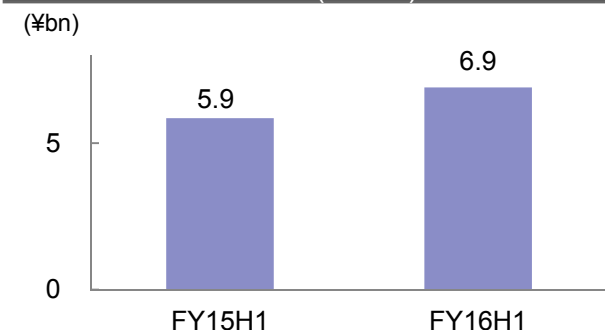
Profits from AM business\*1



Average lending balance (domestic)\*1\*2



Profits from inheritance / M&A related business (BTMU)\*1



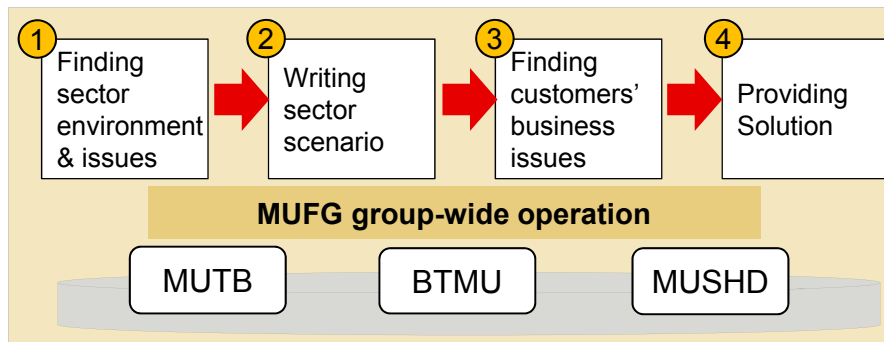
\*1 All figures on a managerial accounting basis \*2 In BTMU domestic branches or offices for SMEs

# Reform global CIB business model

## - Japanese large corporation

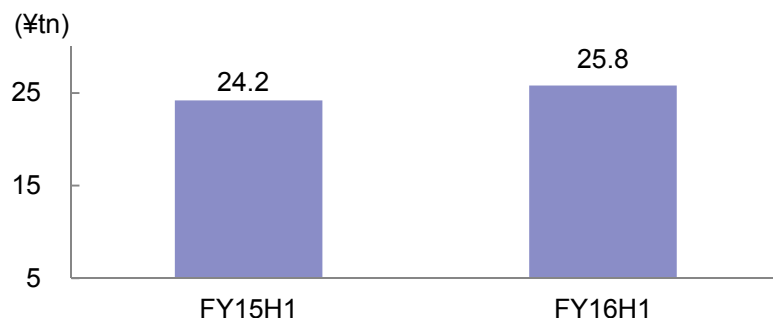
- Respond to customers' sophisticated needs globally positioning sector strategy as a key in our business with large Japanese corporation
- Increase our knowledge and MUFG's group-wide business solution capabilities for diversified operational environment and business issues of each customers from sector to sector

### Promote deal-creating business model

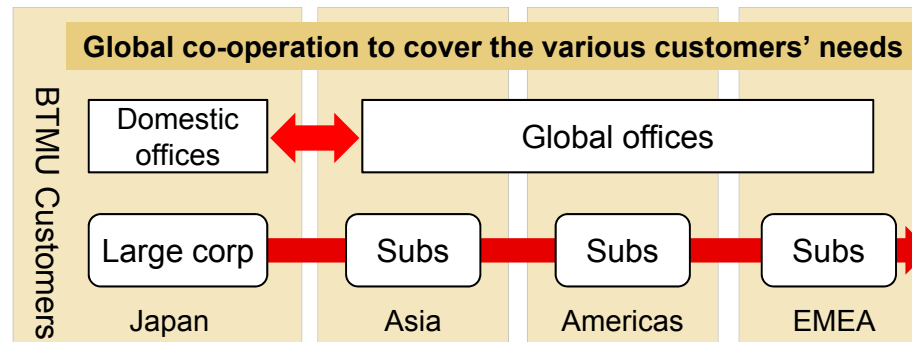


- Providing solutions to customers' management issues by sector approach  
 (Finding M&A deals to enlarge value-chain, matching customers' global CRE\*1 supply-demand along with their strategies, etc.)

### Average lending (Global, BTMU)\*2\*3

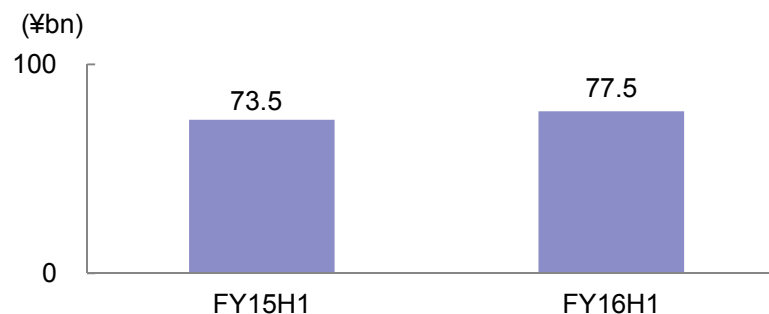


### Expand overseas business with global co-operating structure



- Providing solutions to various customers' business issues globally with co-operation by domestic and global offices

### Overseas profits from Japanese corporations (BTMU)\*2



\*1 Corporate Real Estate \*2 All figures are in managerial accounting basis

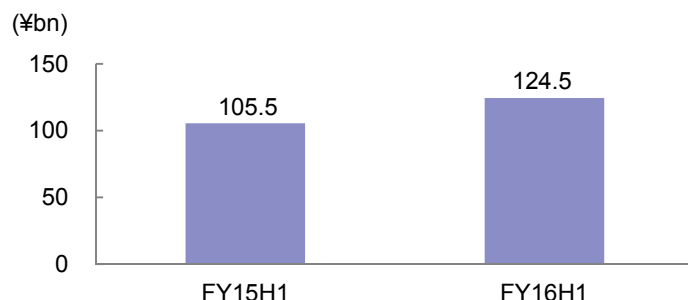
\*3 Avg. lending balance to Japanese corporations of BTMU branches or offices for large corporate business in global basis

# Reform global CIB business model

## - Global corporation

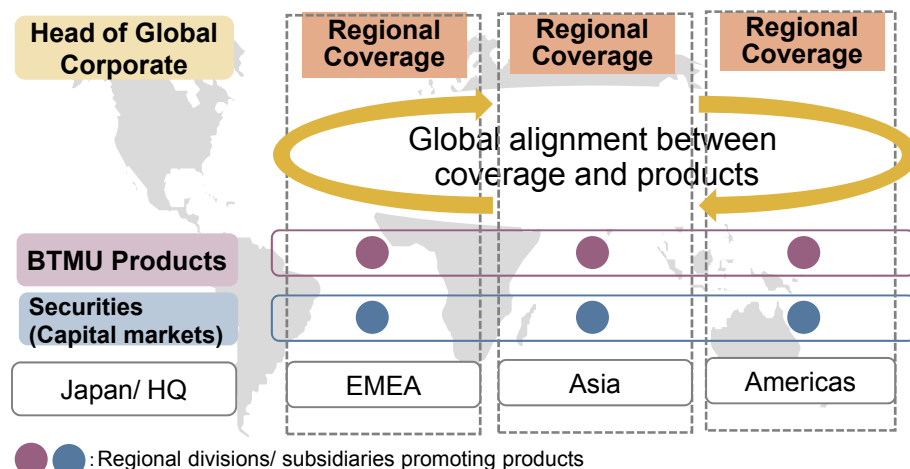
- Continue to reform performance appraisal, organizational structure and credit risk management for promoting inter-group collaboration
- Integrated operation between banking and securities business has started for developing O&D business and improving asset efficiency

### Non-interest profits (global corporates)\*1



\*1 Managerial account basis. Including fees FX and derivatives. Excluding KS and MUAH

### Global coverage model

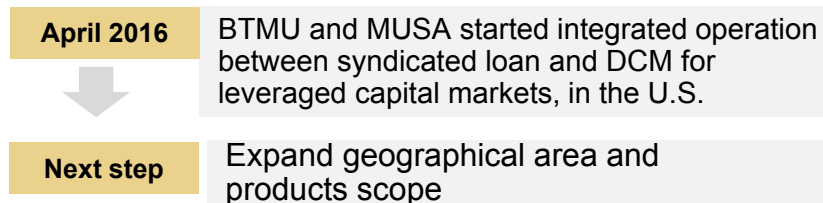


### Case

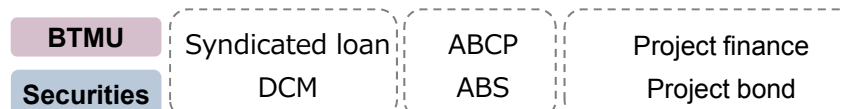
- **Acquisition finance for Dell**  
BTMU and MUSA\*2 supported \$1.6 bn of the \$43 bn in new debt that Dell raised to acquire EMC (Sep16)
- **Cross border pooling for Vivendi**  
BTMU was mandated for pan Asia cross boarder pooling by Vivendi, the top media company in France (Jul 16)

\*2 MUFG Securities Americas

### Integrated operation in primary business



Example of possible products for integrated operation



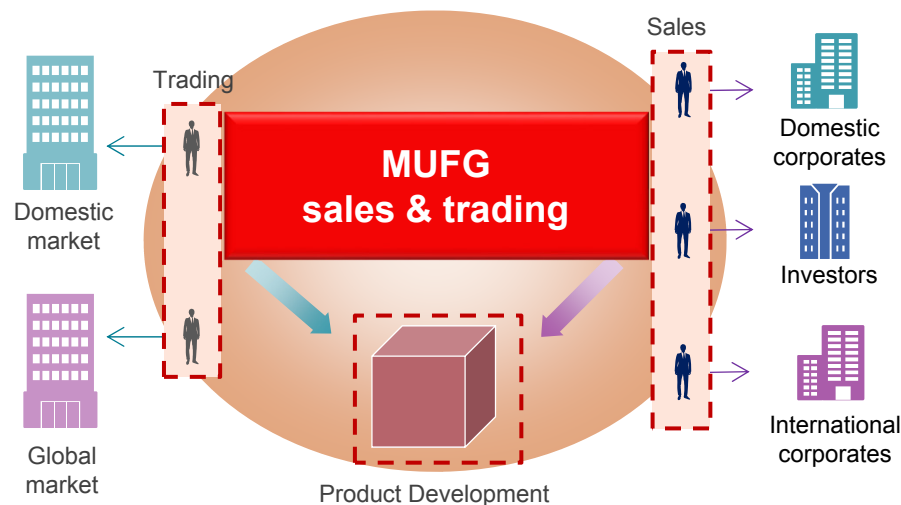
# Evolve sales and trading operations

- As for FY16H1, a healthy performance mainly in U.S. has compensated for a profit decrease in the Japanese market
- With regard to the integration of our S&T business, the consolidation of BTMU-MUS units will help move the business toward becoming operational, allowing MUFG to provide customers with a high-quality services in line with its aim to realize enhanced brand value and market penetration

## Moving toward operational phase

### Provide high-quality services through Cross-Region, Cross-Entity and Cross-Products

- ✓ Better Solution
- ✓ Better Price
- ✓ Better Product Lineup



## Implementation phase completed ✓

Integration of dealing rooms

- Introduction of common business framework
- Integration of sales representatives
- Consolidation of position and flow

LDN (Feb 16)

EMEA (Jul 16)

HK (Jul 16)

Asia (Jul 16)

NY (Apr 16)

Americas (Sep 16)

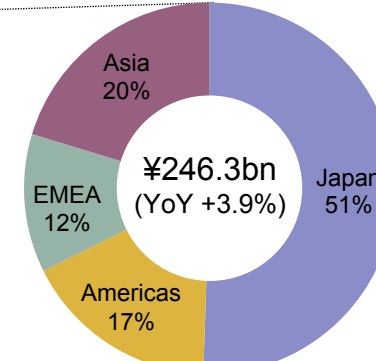
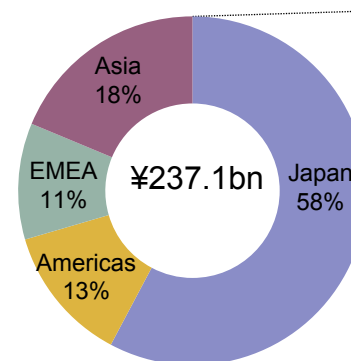
TKY\*1 (Aug 16)

Japan (Nov 16)

## Consolidated S&T gross profits\*2

FY15H1

FY16H1



\*1 The dealing room in Tokyo has been merged into same building \*2 Consolidated S&T gross profits of BTMU/MUTB/MUSHD. Planned exchange rate basis

# Develop global asset management and investor services operations

- Global IS : Provide a full lineup of fund administration services by utilizing the functions gained through non-organic growth
- Global AM : Consider new non-organic investment focused on North America and Asia, and accelerate the indices business collaborating with STOXX Limited

## Development of global IS

	Americas	Europe
Alternative funds (HF*1/PE*2 etc)	【MFS: Mitsubishi UFJ Fund Services】	
	Butterfield Fulcrum Group (Sep 13)	
	Meridian (May 14)	
	UBS AFS*3 (Dec 15)	
	Capital Analytics*4 (Apr 16)	
Investment funds	Rydex*5 (Oct 16)	MIBL*6
	Provide administration services to 40Act (US mutual funds)	

The dates in ( ) are time of acquisition

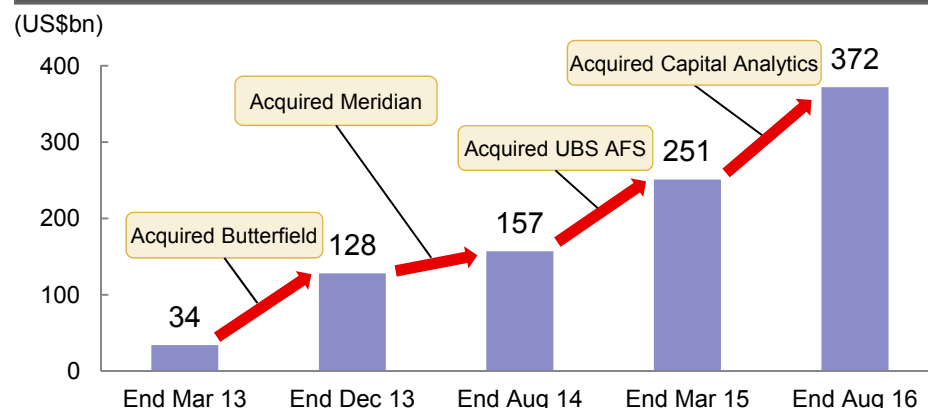
## Affiliation and collaboration of Global AM

Affiliates with stake holding	AuM*9 Capital ratio	Products
Aberdeen Asset management	¥42 tn 17%	Equity/Bond (Global, Emerging, Asia), Real estate, etc.
AMP CAPITAL	¥12 tn 15%	Equity/Bond (Australia, Global), Infrastructure, Real estate
申万菱信基金 SWS MU FUND MANAGEMENT	¥2 tn 33%	Equity/Bond (China)

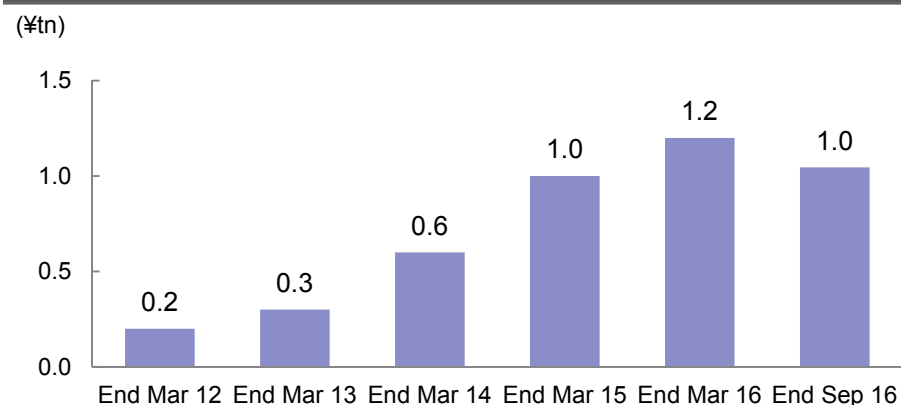
(As of end Sep 16)

Index business collaboration	<b>STOXX</b>	Jointly develop smart-β indices to enhance investment product sales and provide to asset managers
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## Balance of global IS\*7 (AuA\*8)



## Balance of AuM from overseas investors (MUTB)

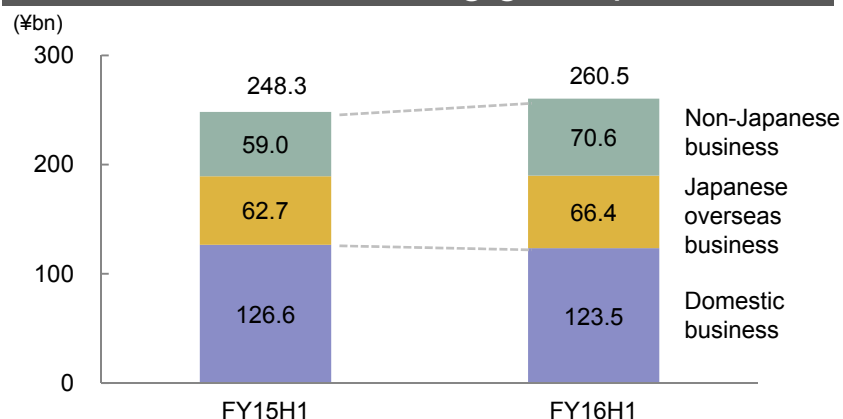


\*1 Hedge fund \*2 Private equity \*3 Alternative Fund Services \*4 Current MUFG Capital Analytics, LLC \*5 Current MUFG Investor Services (US), LLC \*6 Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. \*7 Sum of HF・PE・Investment Funds (40Act etc) administration \*8 Asset under administration \*9 Asset under management

# Further reinforce transaction banking business

- The competitiveness of transaction banking products has been steadily enhanced through the COMSUITE brand, which has increased our presence in the global market
- The increase in non-JPY deposits far exceeded the initial plan. We are also seeing steady growth in such basic client base indicators as the overseas trade finance balance and domestic settlement numbers

## Transaction banking gross profit\*1



## Increasing competitiveness and market presence

**COMSUITE**  
GLOBAL TRANSACTION BANKING SOLUTIONS



THE ASIAN BANKER®

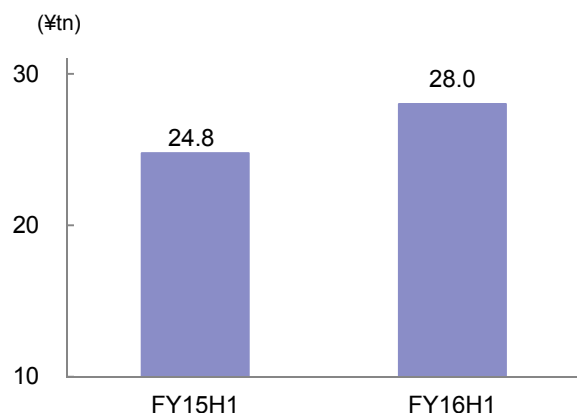
Best Asian International Transaction Bank  
in Asia Pacific

TRANSACTION BANKING AWARDS 2016

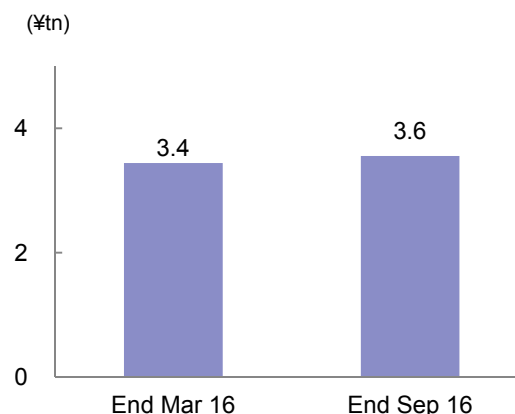
✓ EUROMONEY Cash Management Survey, Global ranking

2013	2014	2015	2016
#20	#15	#10	#7

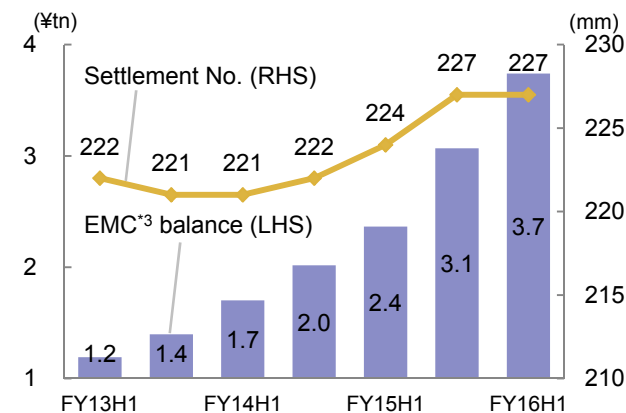
## Over-seas Avg. balance of non-JPY deposits\*1



## Over-seas Overseas trade finance\*2 balance\*1



## Domestic EMC\*3 balance • Settlement No\*1



\*1 Figures are on a managerial accounting basis and local currency basis (\$/¥=115)

\*2 Trade finance: Import/Export LC and documentary collections, Transactions under FI trade credit limits, Open account trade finance, Stand-by LC, Bank guarantee

\*3 EMC : Electronic Monetary Claim



# Strengthen commercial banking platforms in Asia and the United States

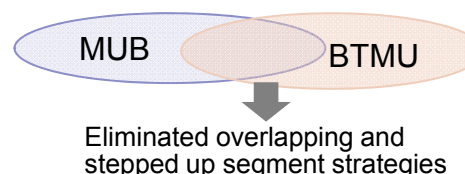
## - U.S. business strategy

- Focus on increasing fee income and deposit, diversifying business mix and cost management to improve profitability and generate sustainable growth

### Consolidated results of Americas\*1

		FY14	FY15	FY16	
				H1	YoY
1	Gross profits	605.2	645.1	347.6	36.1
2	Interest income	416.7	433.5	231.2	17.8
3	Non-interest income	188.6	211.6	116.5	18.2
4	Operating income	212.3	224.4	132.6	27.8
5	Average lending balance	16.3 tn	17.8 tn	19.8 tn	2.3 tn
6	Average deposit balance	13.9 tn	15.4 tn	16.2 tn	1.3 tn

### Coverage structure



Regional Bank	<ul style="list-style-type: none"> <li>Retail Banking</li> <li>Corp Revenue &lt; \$500MM</li> </ul>
Wholesale Bank	<ul style="list-style-type: none"> <li>Corp Revenue &gt; \$500MM</li> </ul>

### Risk / IT management

Hired experienced management



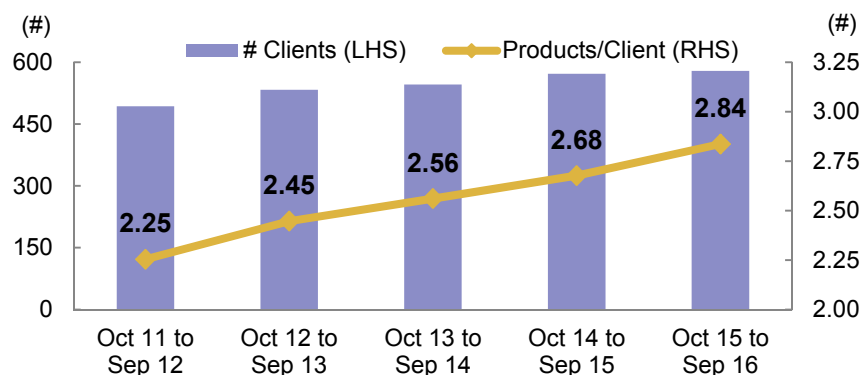
**Donna Dellosso**  
Chief Risk Officer  
Former CRO for JPMorgan Chase Bank



**Chris Perretta**  
Chief Information & Operations Officer  
Former Global Head of Enterprise Data and Technology for State Street Corporation

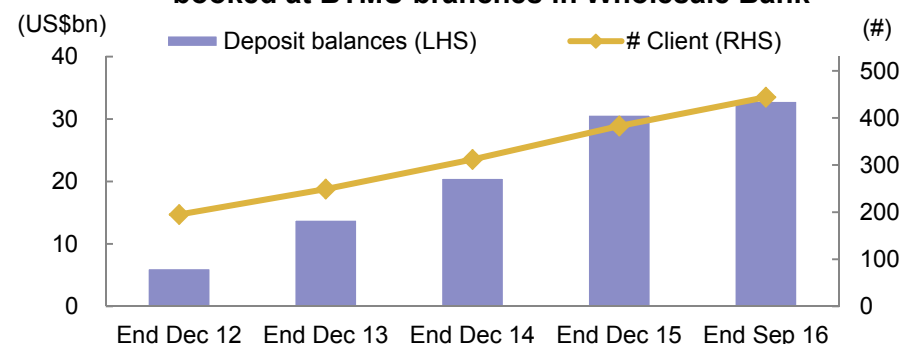
### Client solutions

#### Products per client in Wholesale Bank\*2



### Gathering deposits

#### MMDA\*3 and IOC\*4 deposit balance\*5 and client count\*5 booked at BTMU branches in Wholesale Bank



\*1 Business operations in the U.S., Canada and Latin America belonging to BTMU consolidated Global Banking Group

\*2 U.S. Wholesale Banking clients that have been covered for the entire analysis period. Deposit-Only clients removed

\*3 Money Market Demand Account

\*4 Interest on Checking

\*5 Managerial accounting basis in accordance with JGAAP

# Strengthen commercial banking platforms in Asia and the United States

## - Krungsri strategy

- Steadily increased lending balance, while asset quality continued to improve
- Continue promoting supply chain finance by leveraging BTMU's solid relationship with JP automobile manufactures and KS's robust auto loan business franchise

### Strategic objectives\*1

Grow asset, Increase non-interest income, increase CASA balance

(THBbn)	FY14*2 (End Dec 14*2)	FY15 (End Dec 15)	FY16 Q1-3(End Sep 16) YoY/Change
Lending balance*3	1,245.5	1,303.5	1,403.9 100.5 (or 7.7%YTD)
Non-interest income	22.8	26.4	22.2 2.7 (or 13.7%YoY)
CASA balance	520.1	539.0	589.5 50.4 (or 9.4%YTD)

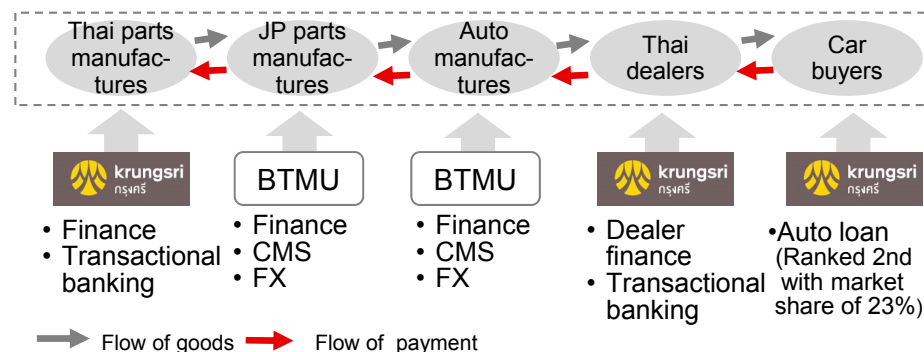
\*1 All figures are based on Thai GAAP

\*2 The figures are sum of KS & BTMU Bangkok branch

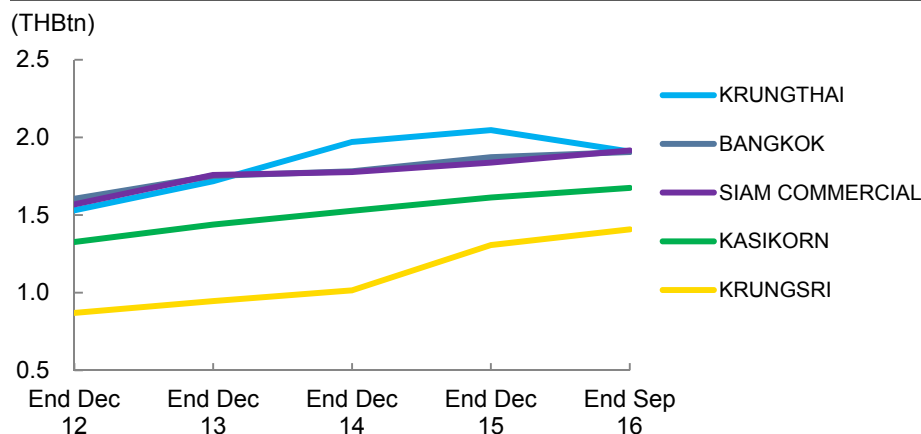
\*3 Loans to customers net of deferred revenue

### Supply chain finance for automobile industry

Enhancing our positioning by capturing the business flow of the whole automobile industry

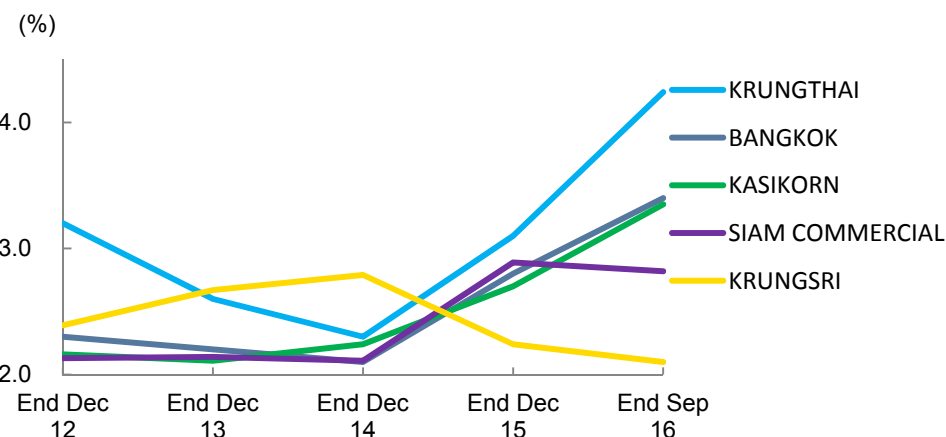


### Lending balance comparison



Source: Company data. Lending balance is sum of loans to customers, Accrued receivables and deferred revenue  
BTMU Bangkok branch was integrated to KS with total loan of THB 232.7 bn in Jan 15

### NPL ratio comparison



# ICT Strategy

## - Key themes for promoting digital innovation

### Big Data

- Marketing
- Business development & predictive risk control



### Robotics

- Robots at branch (“Nao”)
- Automation of manual labor at domestic and overseas operation centers



### AI (Artificial Intelligence)

- IBM’s Watson provides customer inquiry and wealth planning consultation
- Organizational vitalization through behavioral analysis
- AI-driven investment fund for securing absolute return



### Blockchain

- Participating in DLG<sup>\*1</sup> (R3)
- Investment in Coinbase
- MUFG coin under consideration
- PoC<sup>\*2</sup> testing for check digitization with Hitachi in Singapore



<sup>\*1</sup> Distributed Ledger Group

<sup>\*2</sup> Proof of Concept

### Digital marketing

- Marketing using SNS
- Intersection of mobile banking and marketing (Apps for investment trust beginners and opening investment accounts)



### RegTech

- Utilizing ICT for regulatory and compliance operations
- Economic sanction check

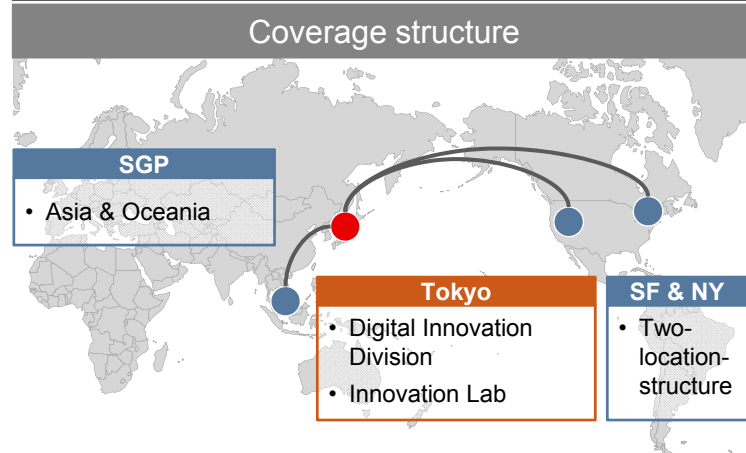


# ICT Strategy

## - Initiatives to facilitate innovation

- Incorporate new technologies and services by employing open innovation through alliance with FinTech companies

### Global innovation



Make society smarter through financial innovation



### Open innovation initiatives and results



#### Partner

#### Results from collaboration with MUFG



Discussed the development of AI-based assistance tools for managing foreign currency deposits and other trading



Created an AI-based solution that automatically analyzes financial results, with plans calling for distributing analysis reports to individual investors



Operated a virtual coin scheme using the blockchain technology on a trial basis



Developed a dedicated MUFG website for promoting open innovation



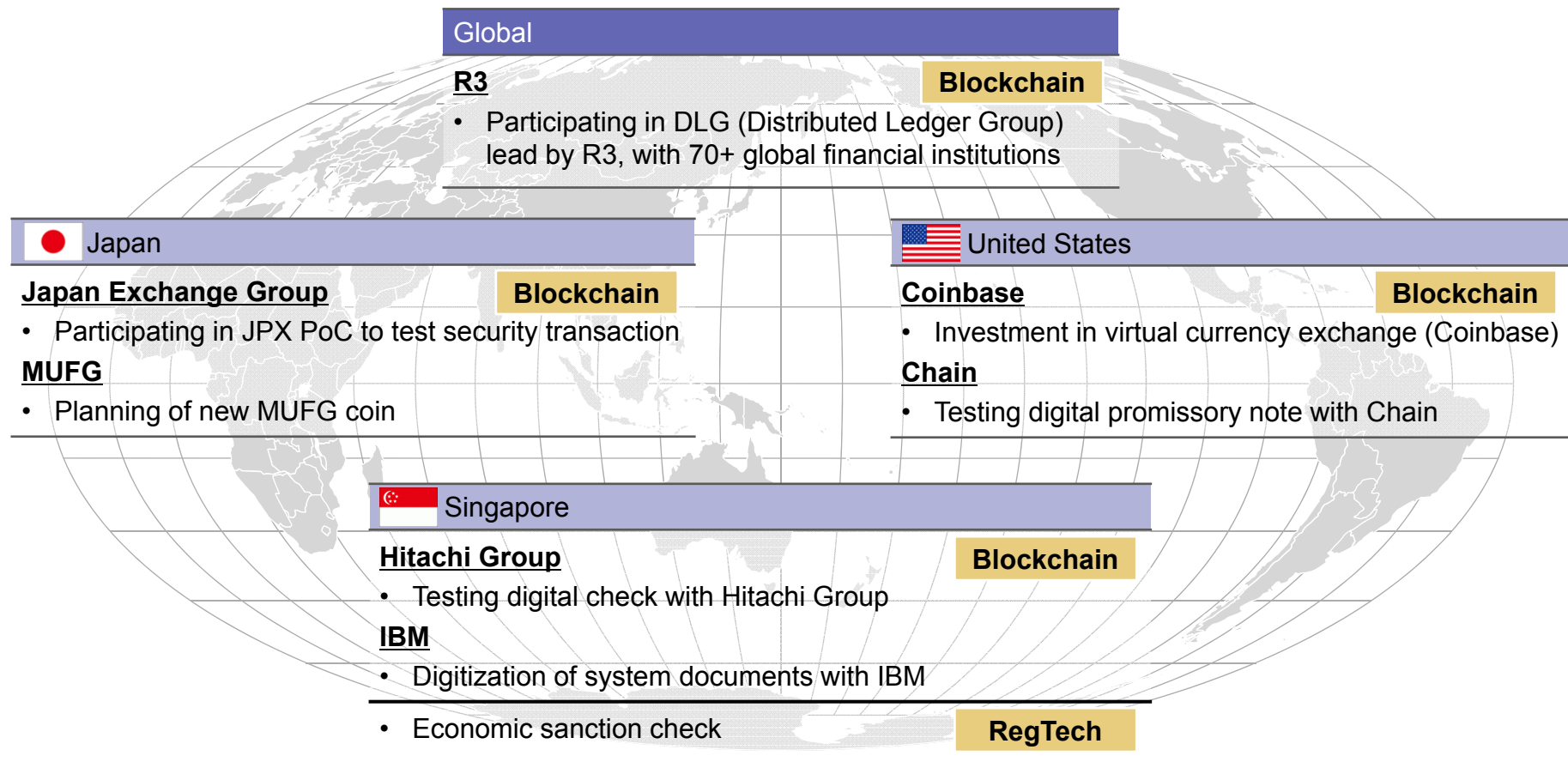
Developed and released smartphone apps for assisting in the selection of investment trusts

# ICT Strategy

## - Ongoing projects in Japan and overseas

- Blockchain is a revolutionary technology that is expected to significantly impact financial services in the near future
- MUFG employs its facilities around the globe to take part in multiple projects aimed at commercializing innovative solutions

### Key projects undertaken at facilities around the world



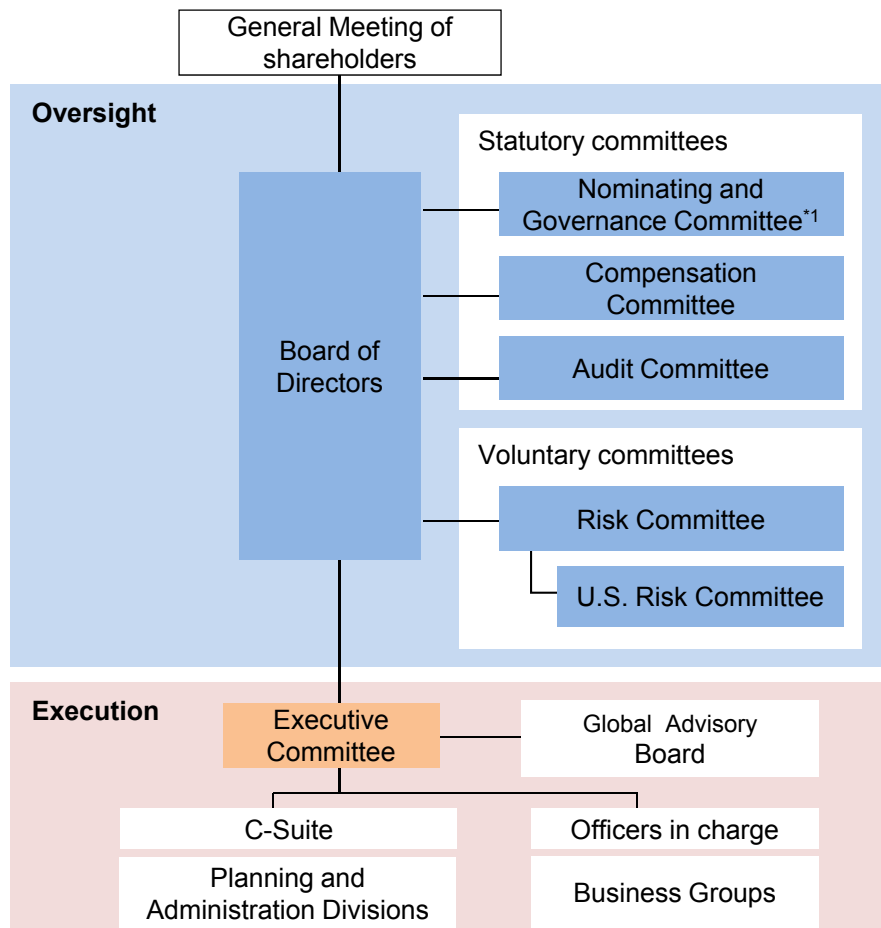
## Corporate governance

# Corporate governance

## - Enhancement of corporate governance

- 9 directors are non-executives, including 7 outside directors, out of the total 17 board members. All statutory and voluntary committees under the board are chaired by outside directors

### MUFG Governance structure



### Chairpersons of committees under the Board

Nominating and Governance Committee <sup>*1</sup>	Tsutomu Okuda	MUFG outside director
Compensation Committee	Kunie Okamoto	MUFG outside director
Audit Committee	Akira Yamate	MUFG outside director
Risk Committee	Yuko Kawamoto	MUFG outside director
U.S. Risk Committee	Christine Garvey	MUFG outside director

### Member of Global Advisory Board

Mr. John C. Dugan	(U.S.)
Dr. Victor K. Fung	(Hong Kong)
Ambassador John V. Roos	(U.S.)
Lord (James) Sassoon	(U.K.)
Associate Professor Simon S.C. Tay	(Singapore)
Dr. Gertrude Tumpel-Gugerell	(Austria)
Mr. Toshio Iwamoto	(Japan)
Mr. Toru Nagashima	(Japan)
Mr. Akio Mimura	(Japan)

\*1 Nominating and Governance Committee is a "Nominating Committee" as provided for in the Companies Act



# Corporate governance

## - Corporate governance development

### Corporate governance development

	October 2005 Establishment of MUFG			June 2013	June 2014	June 2015	May 2016
Governance Structure	Company with a Board of Corporate Auditors					Company with Three Committees	
Outside Directors	2005 Four	2006 Three	2012 Two	Three	Five	Seven	
Committees under the Board of Directors					Governance Committee	Nominating and Governance Committee (statutory Nominating Committee)	
	2005 Nomination Committee		2008 Nomination and Compensation Committee			Compensation Committee (statutory)	
	2005 Compensation Committee						
	2005 Internal Audit and Compliance ommittee					Audit Committee (statutory)	
				Risk Committee			
Advisory Board	2005 Advisory Board						Integrated into the Global Advisory Board
				Global Advisory Board			
Board of Directors Operations				Evaluation of Board of Directors			
						Independent Outside Directors Meeting/ Appointment of Lead Independent Outside Director	
Policy						MUFG Corporate Governance Policies	



# Corporate governance

## - Strengthening the function of the Board of Directors

- MUFG takes measures to strengthen the function of the Board of Directors (“the BoD”), such as Independent Outside Directors Meetings and reviewing the agenda of the BoD meetings, leading to more substantial and intensive discussion
- Introduced a framework to regularly evaluate the BoD’s working practices

### Strengthening the function of the BoD

#### 【Independent Outside Directors Meetings】

- BoD meetings are followed by Independent Outside Directors Meetings attended only by outside directors where the operations of the BoD and committees are deliberated
- Conclusions are reported to the chairman and the president by a Lead Independent Outside Director

#### 【Support for Outside Directors】

- Board Educational Sessions are held to support independent outside directors’ deeper understanding of business and managerial environment of MUFG

#### 【Evaluation framework for the BoD’s operations】



#### 【Review of the agenda】

- Focus more crucial issues by reviewing / optimizing the agenda

	FY14 <sup>*1</sup>	FY15 <sup>*2</sup>
Number of meetings held	14	7
Number of agenda items	210	86
Average duration of regular Board of Directors meetings	2.5 hours	5 hours
Volume of pages included in meeting materials (annual total)	Approx. 1,200	Approx. 300

#### (Example of time table for a regular BoD’s meeting)

	Topics	Presenter or attendees
10:00	CEO Report	Group CEO
	CSO Report	Group CSO
	CFO Report	Group CFO
	Lunch break	
	CRO Report	Group CRO
	Risk Committee Report	Chairperson of Risk Committee
	CCO Report	Group CCO
	Audit Committee Report	Chairperson of Audit Committee
	Nominating and Governance Committee Report	Chairperson of Nominating and Governance Committee
	Compensation Committee Report	Chairperson of Compensation Committee
	Break	
16:30	Specific issue (1)-(4)	Officer in charge of the issue
	Independent Outside Directors Meeting	All outside directors
	Report on the conclusions reached at the aforementioned meeting	Lead Independent Outside Director, Chairman of the Board and President, Group CEO
17:30	Close (7.5 hours in total)	

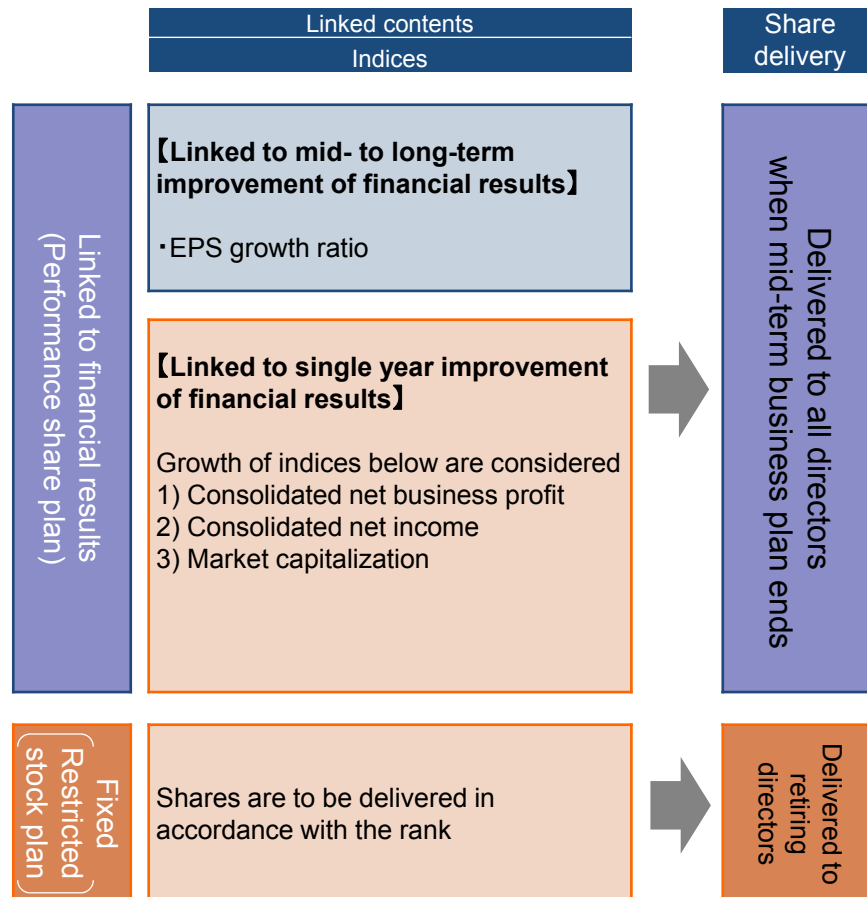
<sup>\*1</sup> Jun 14 to Mar 15    <sup>\*2</sup> Jun 15 to Mar 16 (After transition to the “company with three committees” system)

# Corporate governance

## - Performance-based stock compensation plan for executives

- Performance-based stock compensation plan in order to incentivize group-wide management that focuses more on the mid- to long-term improvement of financial results and stock price
- Resolved to transit from existing stock compensation type stock option (issued 9 times so far) to the stock compensation plan using a trust structure

### Outline of stock compensation plan



### Concept

- Designed based on performance share plans and restricted stock plans in the U.S.
- Corresponding to the principle of Japan's Corporate Governance Code "incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship"
- MUFG shares, acquired and managed by trustee in advance, are to be delivered in accordance with the rank and the financial achievements
- The way to measure financial achievements is as follows

#### 【Linked to mid- to long-term improvement of financial results】

- **EPS growth ratio**, one of financial targets in MUFG mid-term business plan

#### 【Linked to single year improvement of financial results】

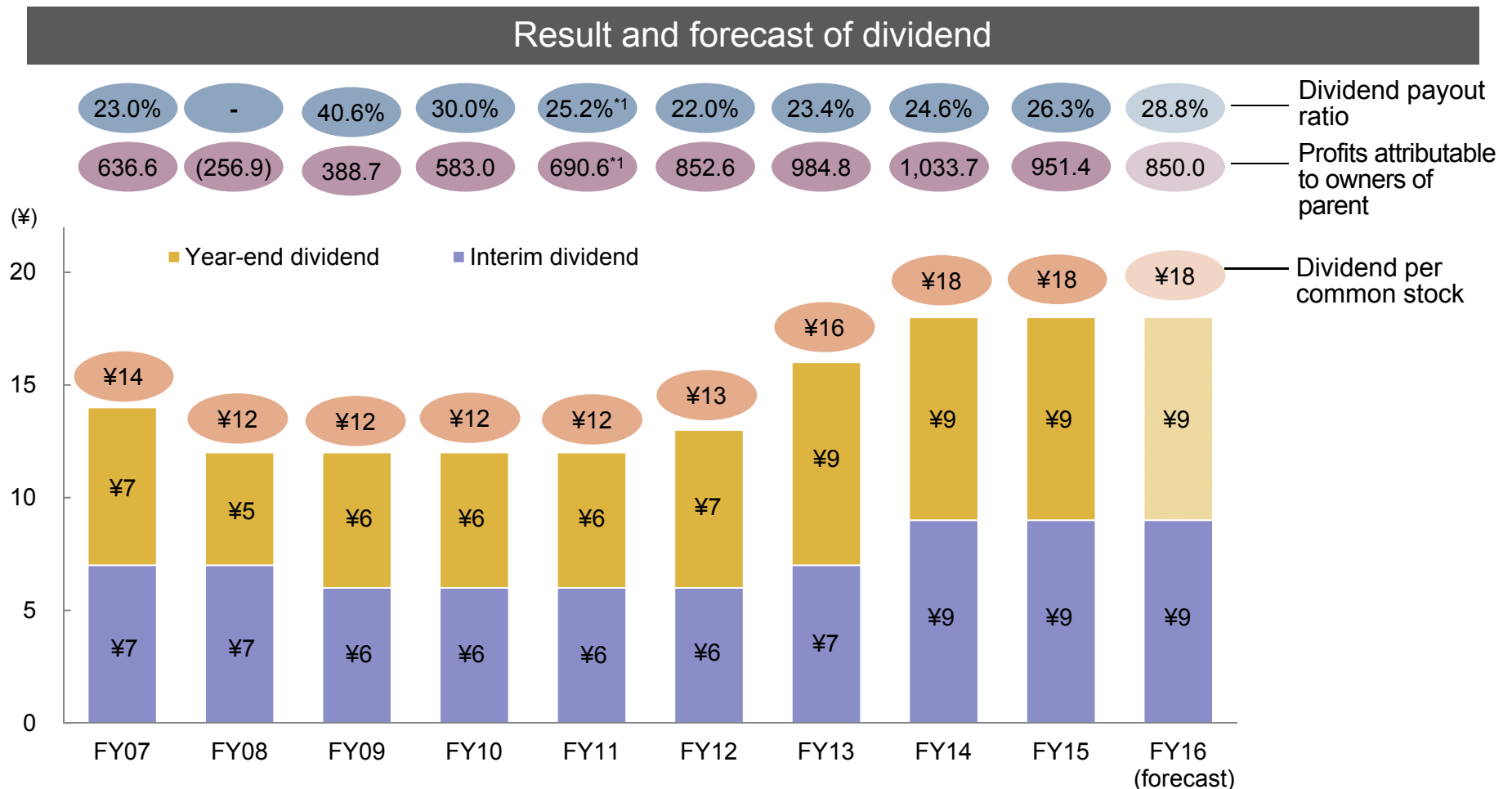
- **1) consolidated net business profit,**  
**2) consolidated net income** and **3) market capitalization**
- Considering both market environment and competitors, evaluated by achievement level compared with peer banks

## Capital policy

# Dividend forecast

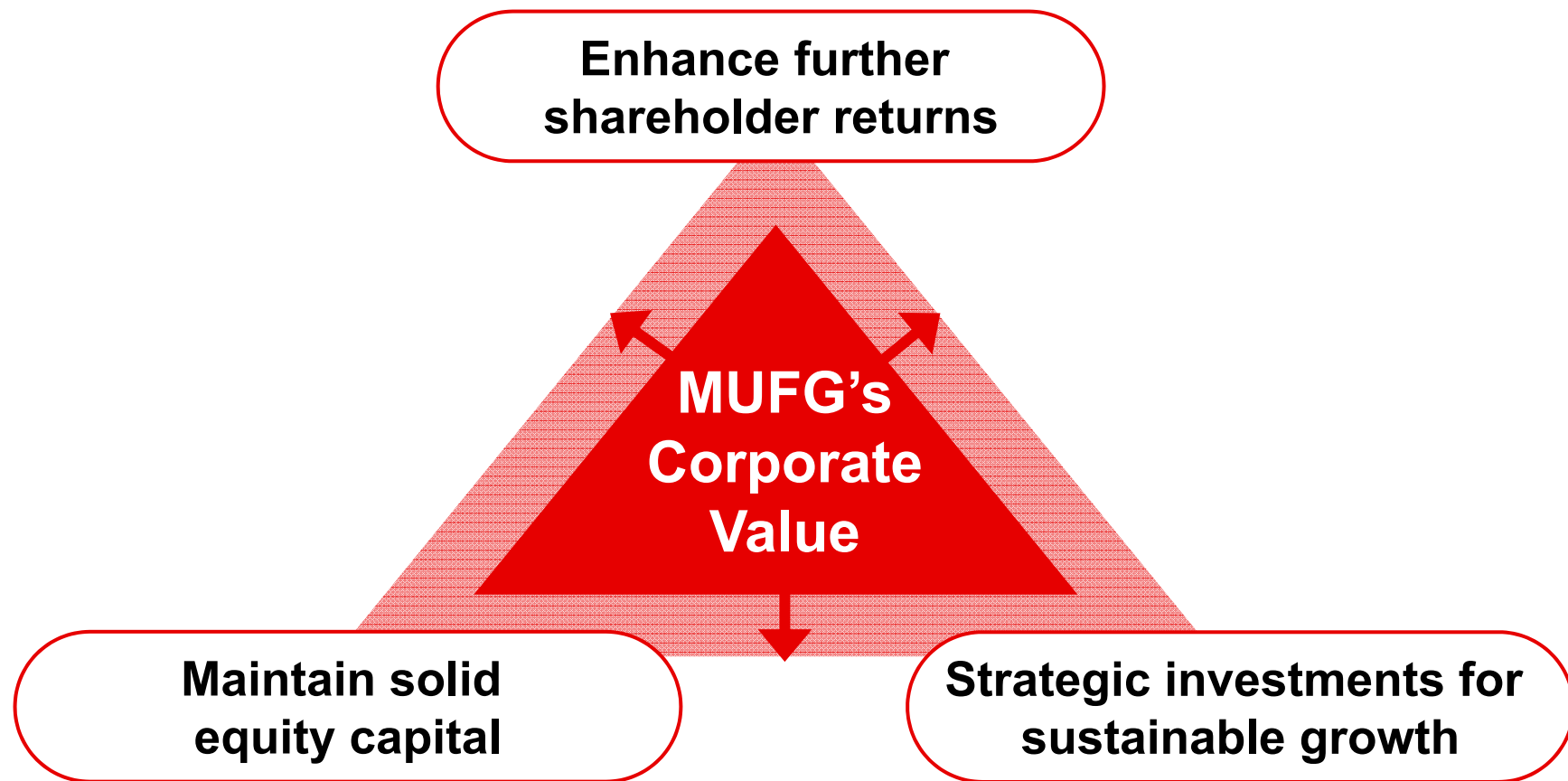
(Consolidated)

- MUFG makes it a basic policy to aim for a stable and continuous increase in dividends per share through growth in profits
- FY16 dividend forecast is ¥18 per common stock



## Capital policy

- Enhance further shareholder returns and make strategic investment for sustainable growth while maintaining solid equity capital



# Repurchase of own shares

(Consolidated)

- Continuously consider to repurchase own shares in order to enhance shareholder returns, improve capital efficiency and conduct capital management flexibly

	FY14	FY15	FY16H1	FY16H2
Type of shares repurchased	Ordinary shares of MUFG	Ordinary shares of MUFG	Ordinary shares of MUFG	Ordinary shares of MUFG
Aggregate amount of repurchase price	Approx. ¥100.0 bn	Approx. ¥200.0 bn (Approx. ¥100.0 bn each on two occasions)	Approx. ¥100.0 bn	Up to ¥100.0 bn
Aggregate number of shares repurchased	Approx. 148.59 mm shares	Approx. 232.85 mm shares	Approx. 190.61 mm shares	Up to 230 mm shares (Equivalent to 1.69% of the total number of issued shares (excluding own shares))

(Reference) As of October 31, 2016

Total number of issued shares (excluding own shares) : 13,604,556,568 shares

Number of own shares held by MUFG : 564,297,252 shares

(Reference)

	FY14	FY15	FY16*1
Total payout ratio	34.2%	47.2%	52.3%

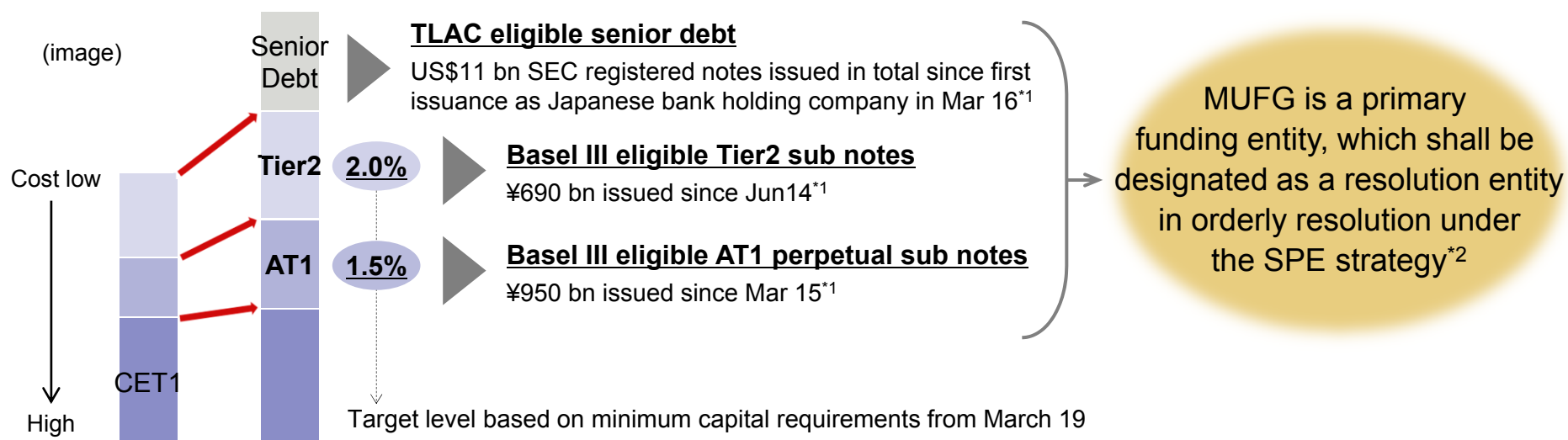
\*1 Based on the estimation assuming the denominator to be ¥850 bn, which is our financial target

# Capital management

## - The best capital mix and TLAC compliance

- Capital management with utilization of AT1 / Tier 2 and controlling CET1 at necessary and sufficient level. Aiming for the right balance between capital efficiency and capital adequacy in qualitative and quantitative aspects
- Reducing the amount of equity holdings considering the risk, capital efficiency and regulations (On page 38)

### Best capital mix among CET1, AT1 and Tier2



### Ref. Minimum capital requirements

	Mar 16	Mar 17	Mar 18	Mar 19 -
Total capital ratio	9.0%	10.0%	11.0%	12.0%
Tier1 ratio	7.0%	8.0%	9.0%	10.0%
CET1 ratio	5.5%	6.5%	7.5%	8.5%

### Ref. Estimated TLAC ratio\*3

As of end Sep 16	15.8%
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Note) TLAC ratio estimation is calculated as follows, which is based on our total capital ratio as of end Sep 16

TLAC ratio = Total capital ratio(16.5%) - Capital conservation buffer (2.5%)  
- G-SIB surcharge (1.5%) + Contribution of Deposit Insurance Fund Reserve (2.5%) + TLAC eligible debt (1.1%) - Other adjustments, etc.

\*1 Accumulated amount as of end Oct 16

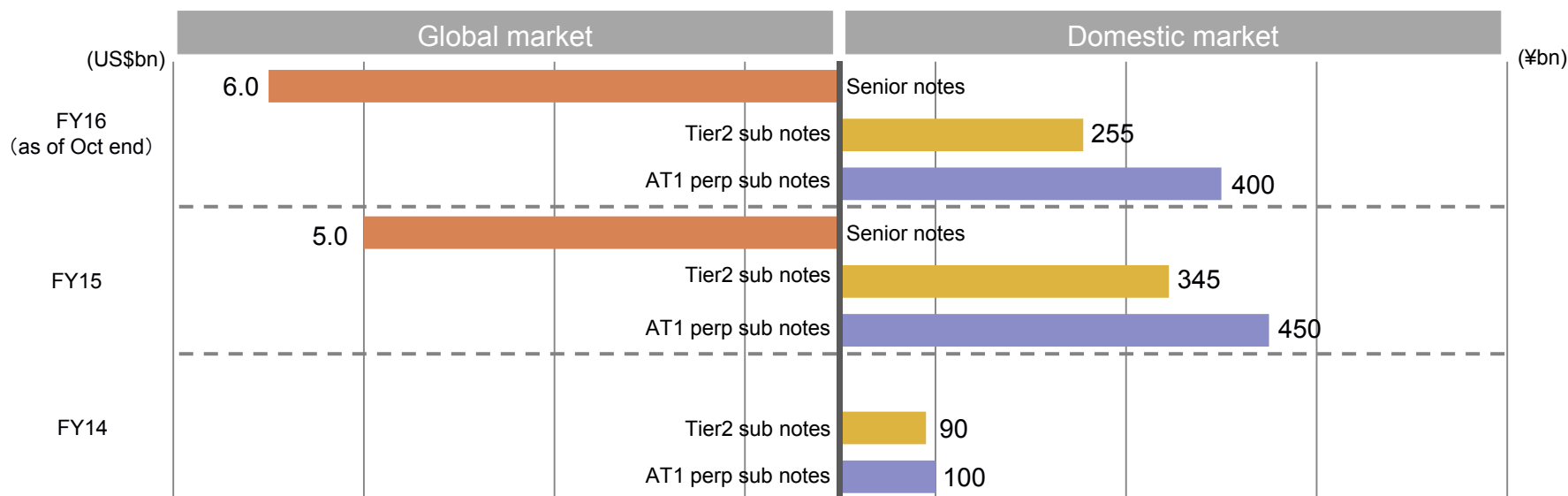
\*2 Single Point of Entry strategy: to resolve a financial group at the level of its ultimate parent, rather than the operating companies at subsidiary level in financial difficulty by the single national financial authority

\*3 Figure contains 2.5% portion of RWA, which is expected to be counted as TLAC after Mar 19 based on the prospect that the relevant authorities agree that the Japanese Deposit Insurance Fund Reserves satisfy as credible ex-ante commitments specified in TLAC Term Sheet. This will add another 1.0% of RWA after Mar 22, which will increase the estimated TLAC ratio by 1.0%. Since TLAC requirements in Japan have not yet been finalized, actual TLAC ratio may be different from our estimation

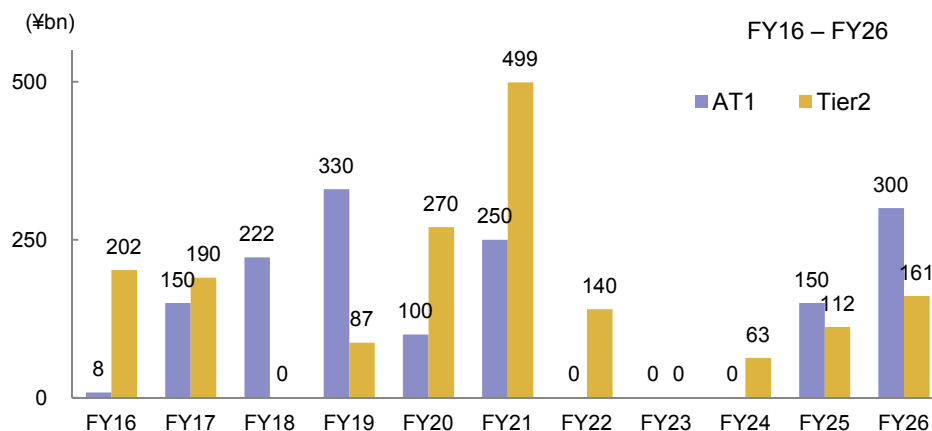
# Capital management

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

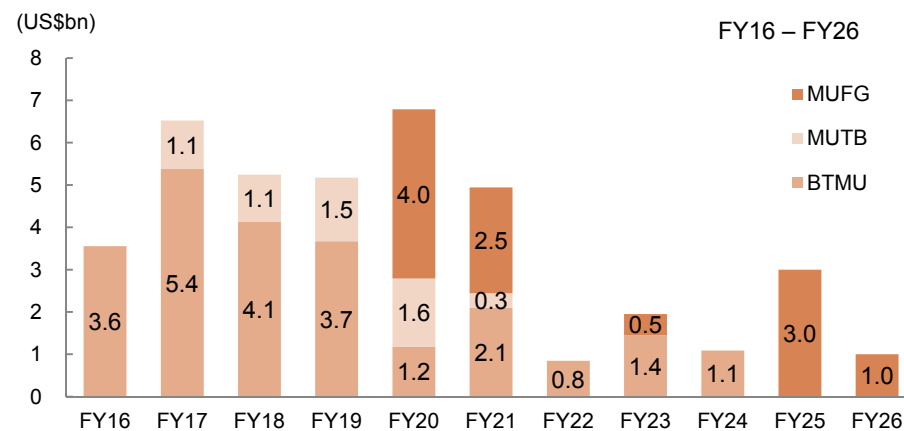
## MUFG issuance track record



## MUFG/BTMU/MUTB AT1, Tier2 call/redemption schedule\*1



## MUFG/BTMU/MUTB senior unsecured bond redemption schedule\*2



\*1 Figures are as of end Oct 16 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 respectively

\*2 Figures all converted into US\$ with actual exchange rates as of end Sep 16. Excluding structured bond and notes issued by overseas branches and subsidiaries