



# MUFG Investors Day 2017

February 16, 2017



Mitsubishi UFJ Financial Group, Inc.



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The financial information used in this document was prepared in accordance with Japanese GAAP accounting standards or generally accepted in Japan, unless otherwise stated. Generally accepted accounting principles in the United States, or U.S. GAAP, differ in certain important respects. You should consult your own professional advisers for a more complete understanding of the differences between U.S. GAAP and Japanese GAAP and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this document. This document is being released by MUFG outside of the United States and is not targeted at persons located in the United States.

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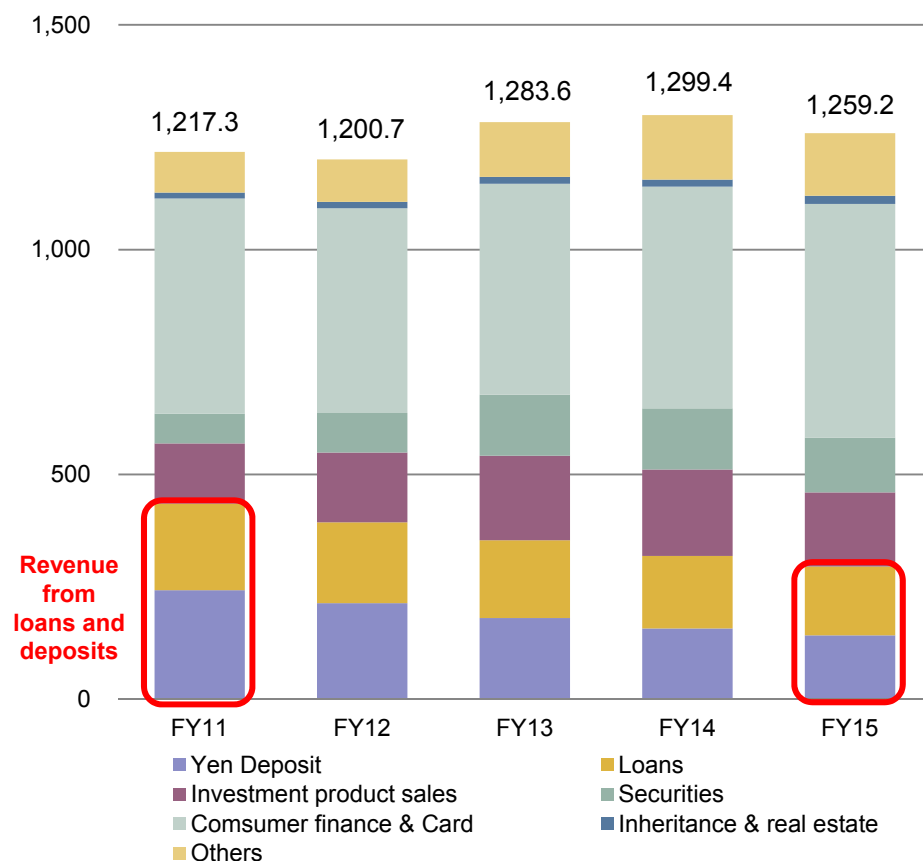
# Retail Banking Business

# Current business circumstance

- Revenue from loan and deposit have been declining due to prolonged low interest rate environment, which resulted in a change of earnings structure of retail banking business
- Assuming that harsh business environment will continue, it is important how we increase gross profit especially by accumulating the stock business for stable and sustainable growth

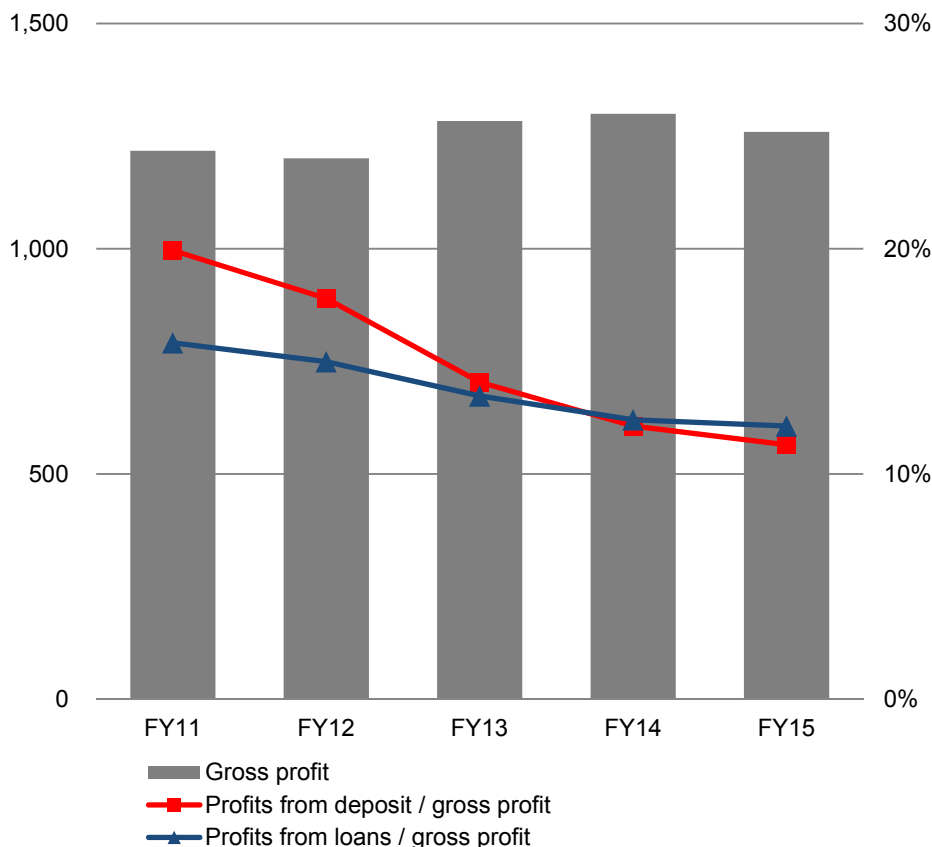
**Revenue trend by business segment and product\*1**

[Chart 1] (¥bn)



**Proportion of profit from loans and deposits**

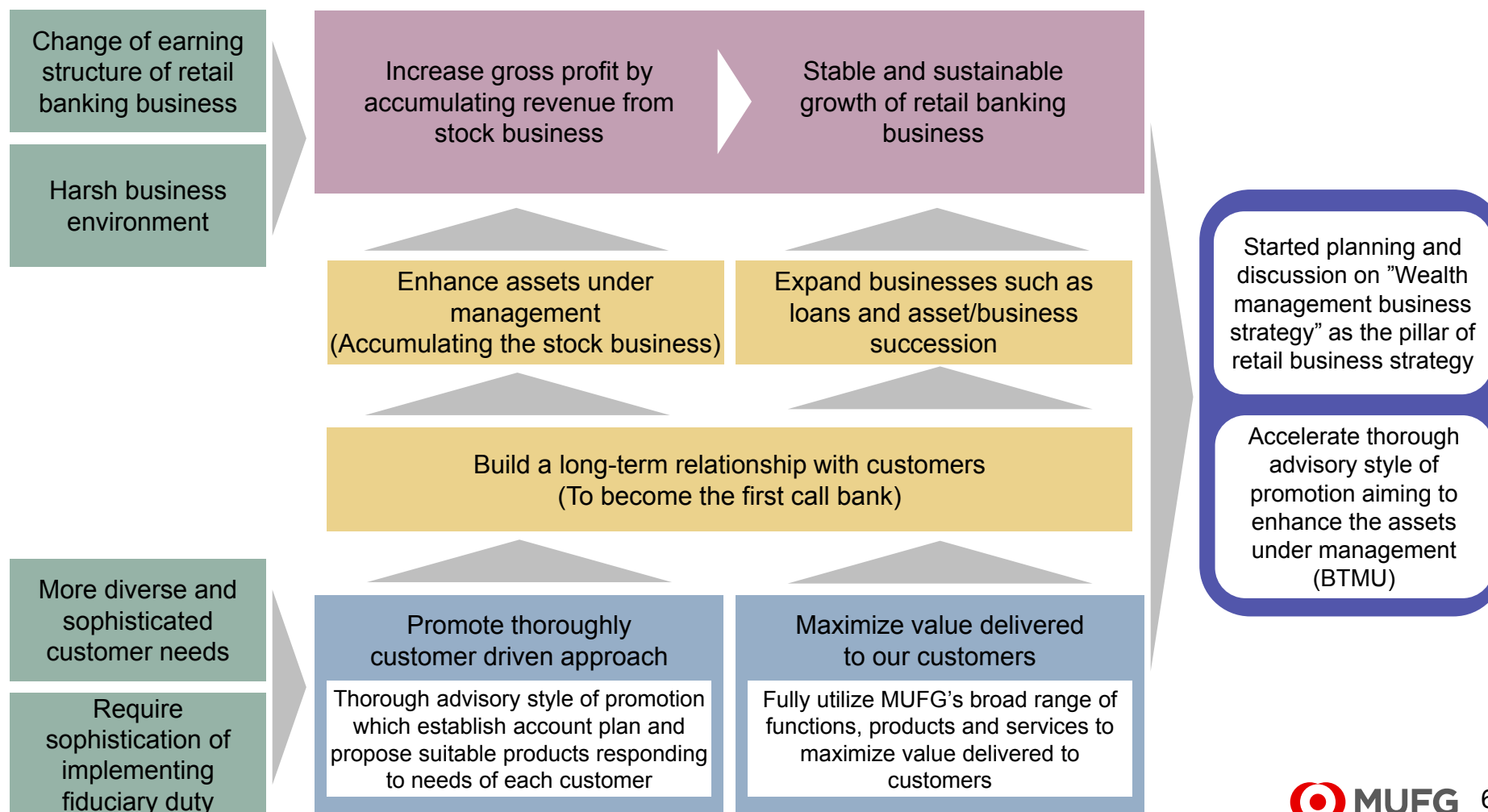
[Chart 2] (¥bn)



\*1 Managerial accounting basis (all figures in this presentation are managerial accounting figures)

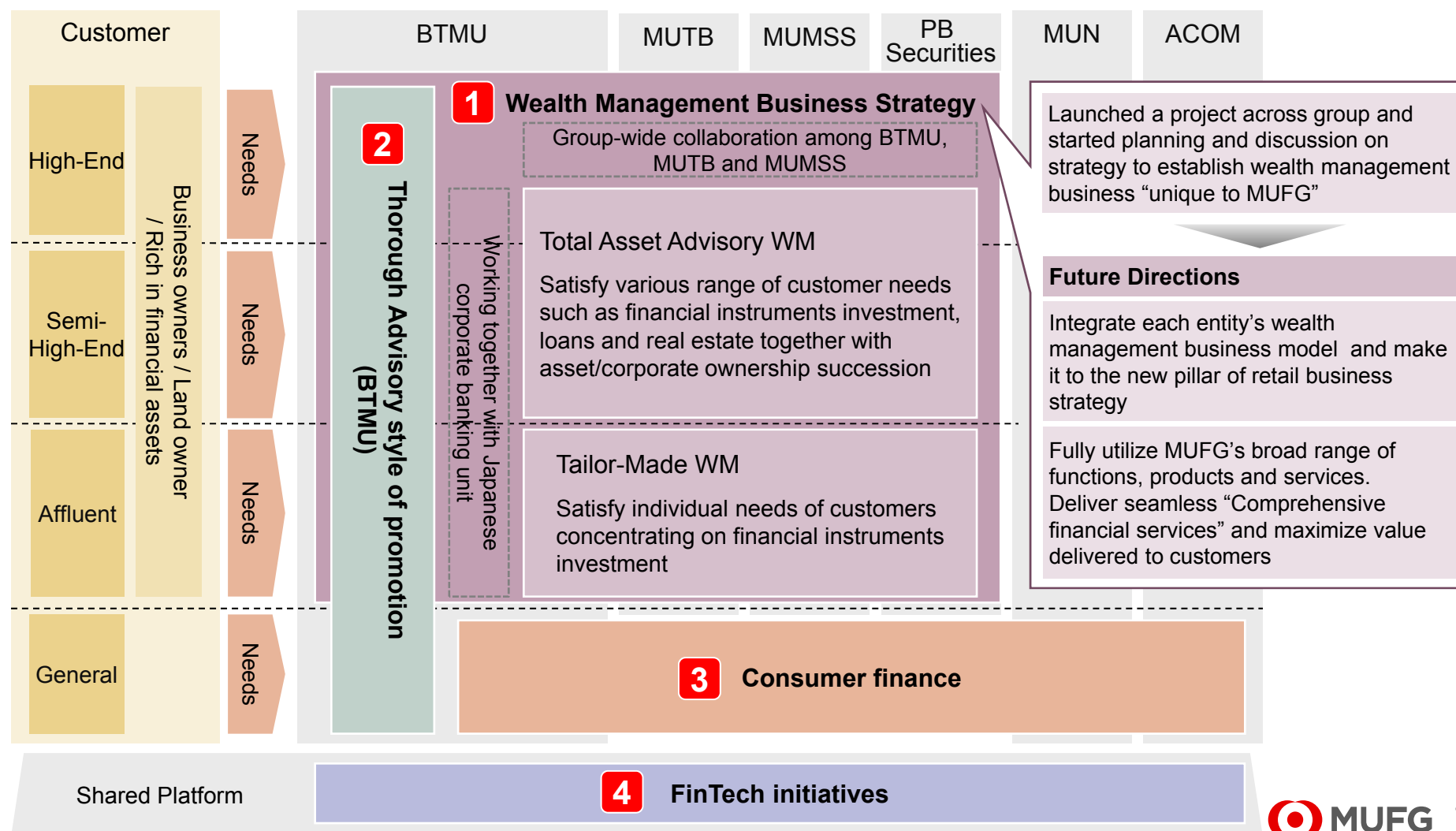
# To achieve topline growth by accumulating revenue from stock business

- Build a long-term relationship with customers (Become the first call bank) by way of promoting thoroughly customer driven approach and maximizing value delivered to clients. Enhance the assets under management and expand loans/asset succession business focusing on accumulating revenue from stock business
- Started planning and discussion on strategy to establish wealth management business “unique to MUFG”



# Broad picture of strategy and initiative

- Started planning and discussion on strategy to establish “Wealth management business strategy” responding to various needs of customers and maximizing value delivered to customers
- Thorough Advisory style of promotion, Consumer finance and FinTech are the areas to be focused

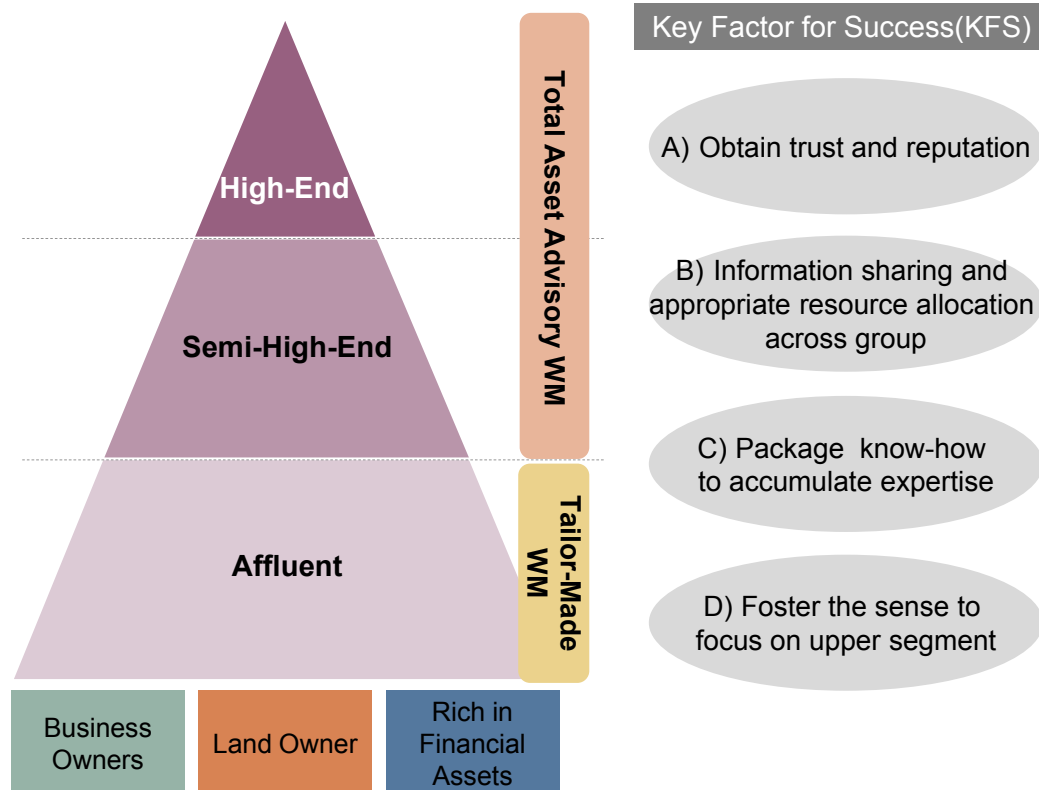


# MUFG Wealth Management Business Strategy (1)

- Satisfy ever more diverse customer needs by providing seamless “Comprehensive financial services” where MUFG has an advantage
- Promote dual business model: (1) “Total Asset Advisory WM” of cross-sell various solutions through asset/corporate ownership succession, (2) “Tailor-Made WM” of setting financial instruments sales as the core

## Customer Segment

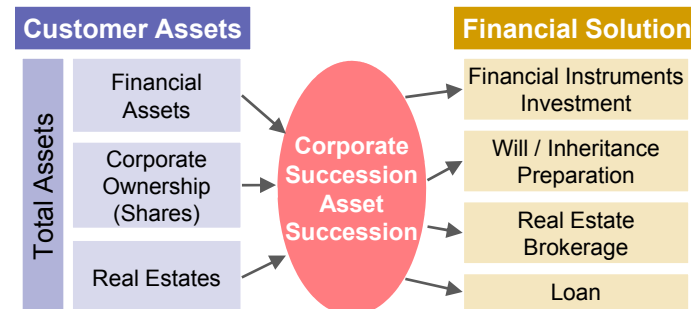
- Integrated customer segment based on attributes
- Aim to achieve 4 KFSs (Key Factor for Success) through planning group-wide strategy and enhancing promotion



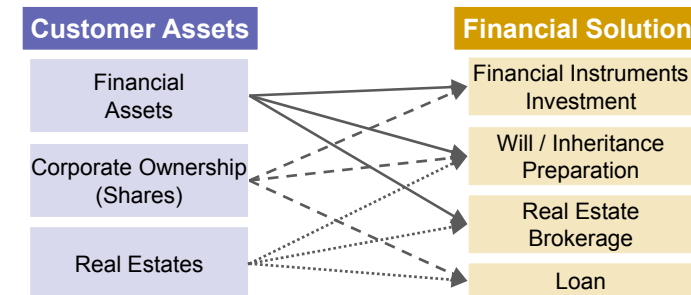
## Promotion Model

- “Total Asset Advisory WM” for High-End and Semi-High-End customers with potential demand for asset/corporate ownership succession. “Tailor-Made WM” for Affluent customers

### Total Asset Advisory WM



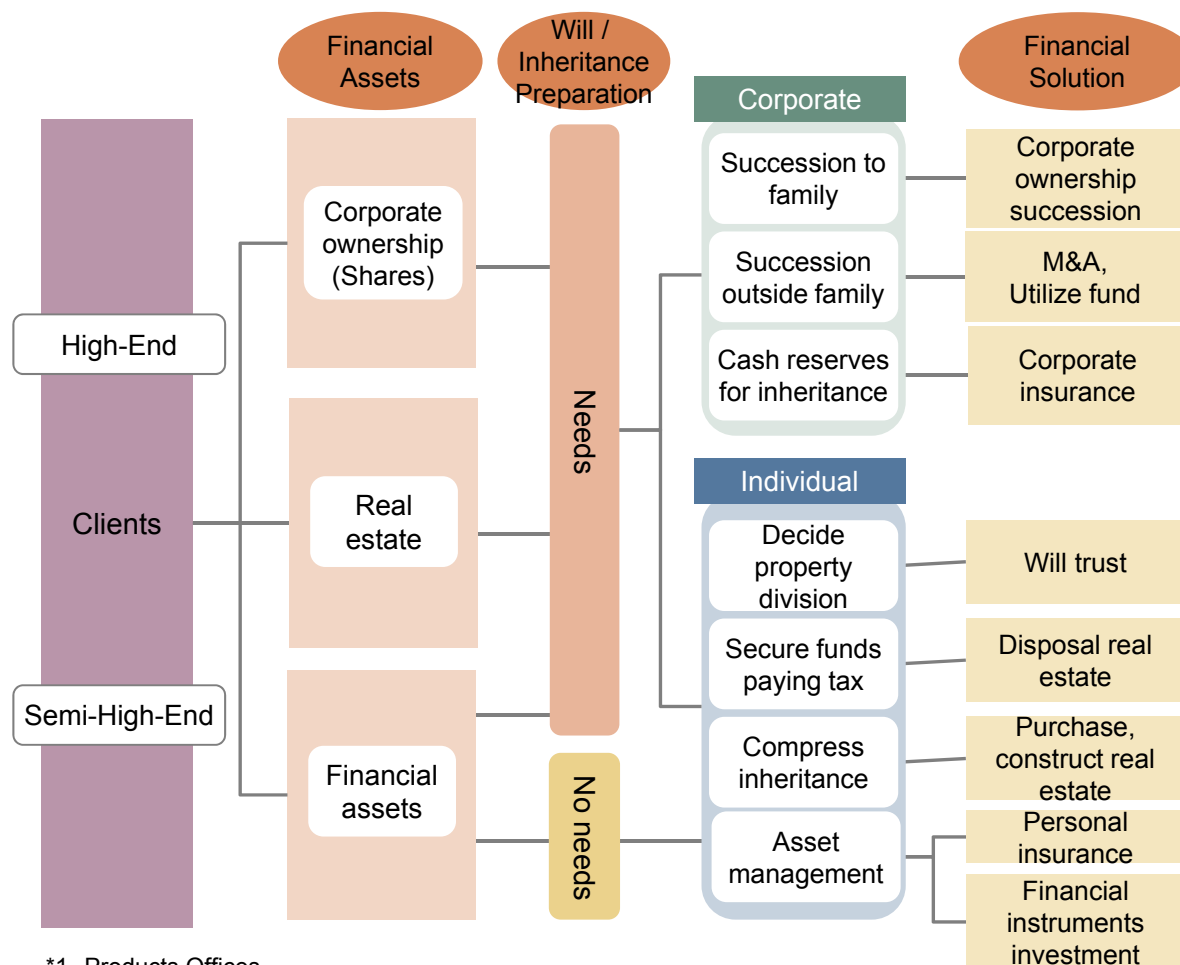
### Tailor-Made WM



# MUFG Wealth Management Business Strategy (2)

- Strengthen Total Asset Advisory WM approach for business owners together closely with corporate finance team
- Responding to customer needs with best mix of accessibility to business owners/functions of asset/corporate ownership succession and delivery of financial instruments investment products

## Our approach



\*1 Products Offices

## Areas to be enhanced

### Improve an appeal for High-End owner

- Bring together persons in charge of customers in High-End segment within group
- Concentrate group-wide expertise to respond to various needs of customers

### Develop advisory function of asset and corporate succession

- Consolidate PO\*1 for asset/corporate ownership succession to be shared among the group

### Expand customer base

- Expand business with customers having only deposit accounts. Capture asset management needs of business owners of small sized company together with corporate finance team

### Private Banking Business promotion

- Accelerate collaboration with PB security
- Share best practice of PB style business promotion among group

# Thorough Advisory Style of Promotion (BTMU)

- Accelerate thorough advisory type of promotion by designing account plan for each customer and proposing suitable products. Build a long-term relationship with customers (Become the first call bank) and accumulating revenue from stock business by enhancing assets under management

## Concept

Thorough customer driven approach, share goals with customers through profiling and propose suitable products

Provide competitive products contributing to realize customers' needs

Establish efficient business structure to optimize resource for face-to-face promotion

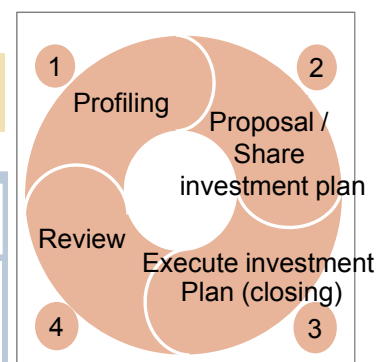
Create an environment where business managers can dedicate to customers

## Strategy

**Enhance assets under management ⇒ Accumulate revenue from stock business**

**Promotion cycle**

Build a long-term relationship with customers (Become the first call bank), support "shift from savings to stable asset building" by expansion of customer base



### Provide competitive products

#### [Introduce "Wrap Accounts"]

- A certain amount of fee depending on balance
- Accumulate stable stock assets

#### [Expand product line-up]

- Expand customer base by accumulation plan of investment trust and/or installment payment insurance

### Promotion starting from profiling

#### [Portfolio proposal]

- Design account plan for each customer
- Cycle promotion process

#### [Sophistication of systems]

- Accumulate and centralize customer information
- Expand simulation tool for proposal

### Optimize resource for face-to-face promotion

#### [Improve quality of contact with customer]

- Enhance promotion skills of front staff
- Establish optimal model of customer contact

#### [Pursue the sophistication of utilizing non-face-to-face call]

- Expand customer coverage by utilizing promotion-specific staff by phone call

### Create an environment dedicating to customers

- Promote work style reforms, reduction of inefficient business

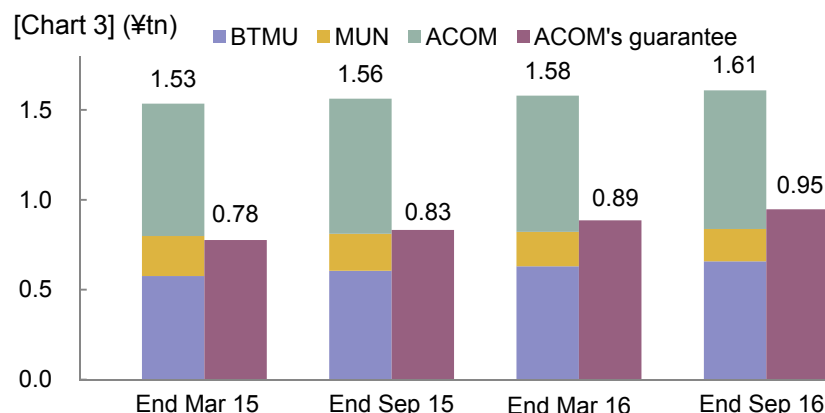
- Strengthen functions to support front offices by head office

# Consumer finance and FinTech

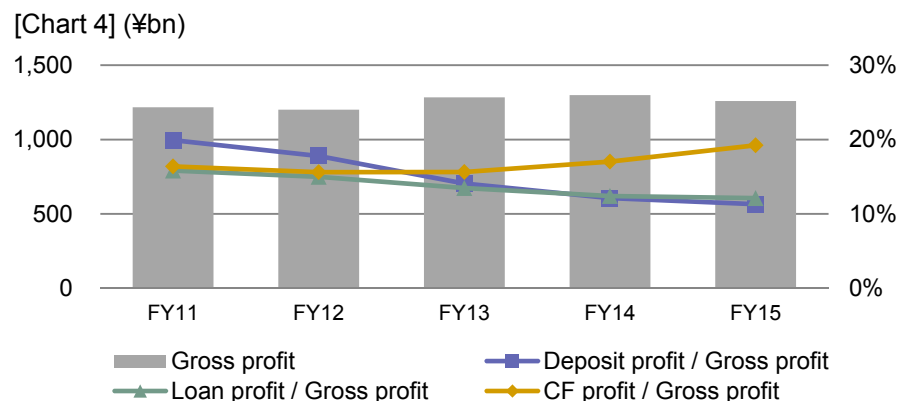
## Consumer Finance

- Balance of CF is steadily increasing which partially offsets decreasing loan deposit profits
- Strengthen access to customers by enhancing Web advertising

### Balance of unsecured loan, guarantee



### CF revenue / Gross profit trend



## FinTech

- Incorporate advanced technologies such as AI or blockchain by collaboration with FinTech company and establish new business model

### (1) Capture trend of global innovation

- Incorporate latest technology and business model globally
- Strengthen collaborations with FinTech company including capital investment

Established innovation centers  
in San Francisco, New York and Singapore

### (2) Strengthen Open innovation initiatives

- Enhance initiatives to make a new innovation by inviting broad knowledge and idea from inside and outside company

Hosted MUFG Fintech Accelerator and Open API Hackathon

### (3) Provide new products and services driven by advanced technologies

- Accelerate commercialization by utilizing advanced technologies such as AI and blockchain

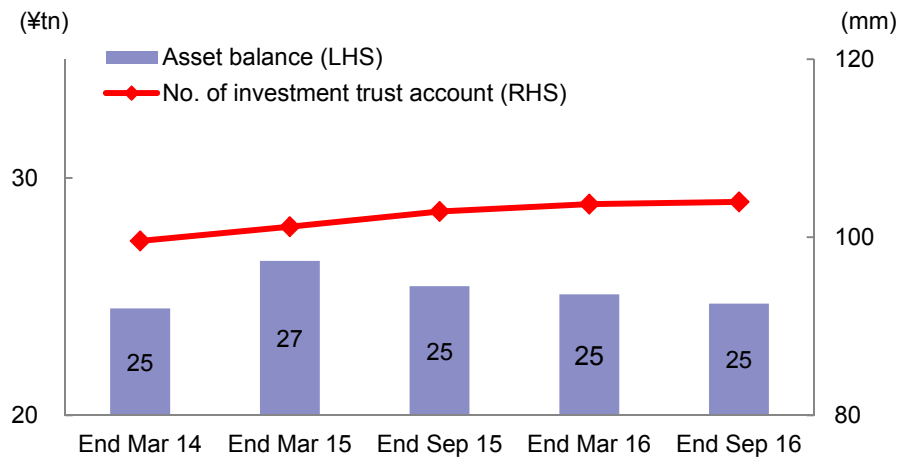
IBM Watson provides consulting service for customer inquiries through LINE

Developing new settlement services utilizing blockchain

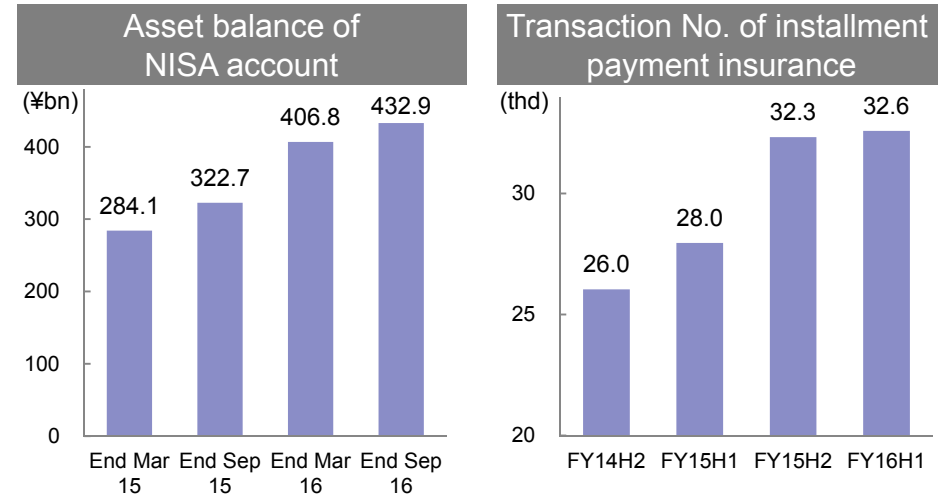
# Appendix: Promotion of shifts from savings to stable asset building

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

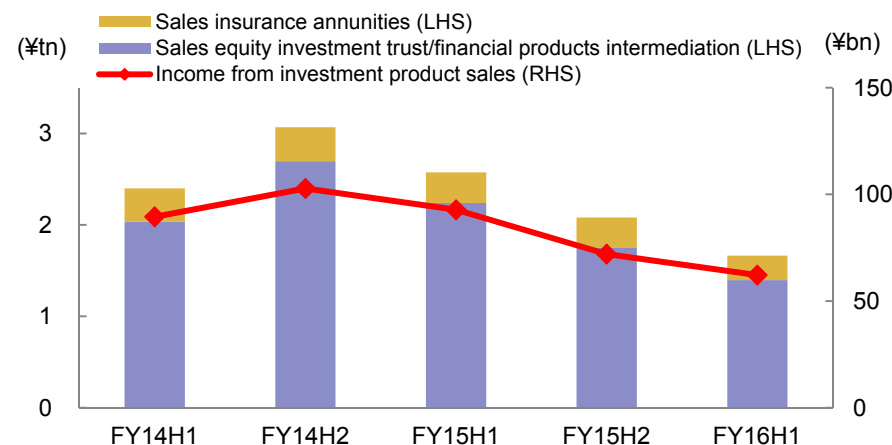
**Asset balance/number of investment trust account\*2**



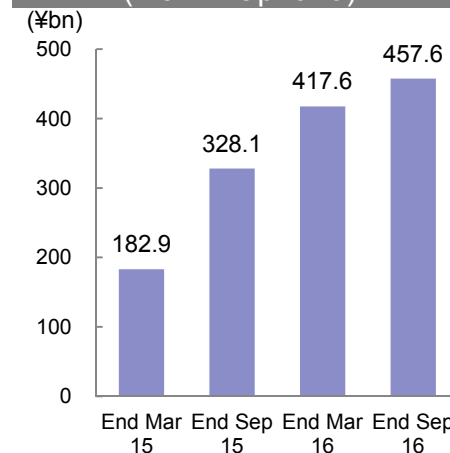
**Asset balance increase/Customer base expansion\*1**



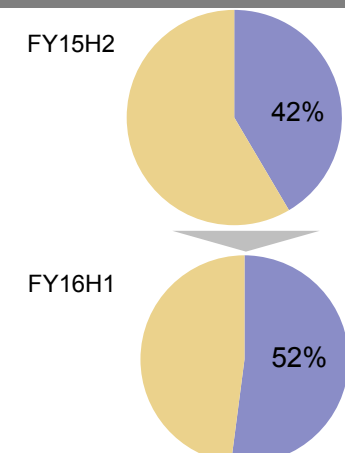
**Investment products sales/income\*1\*3**



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



**New customer ratio\*4**



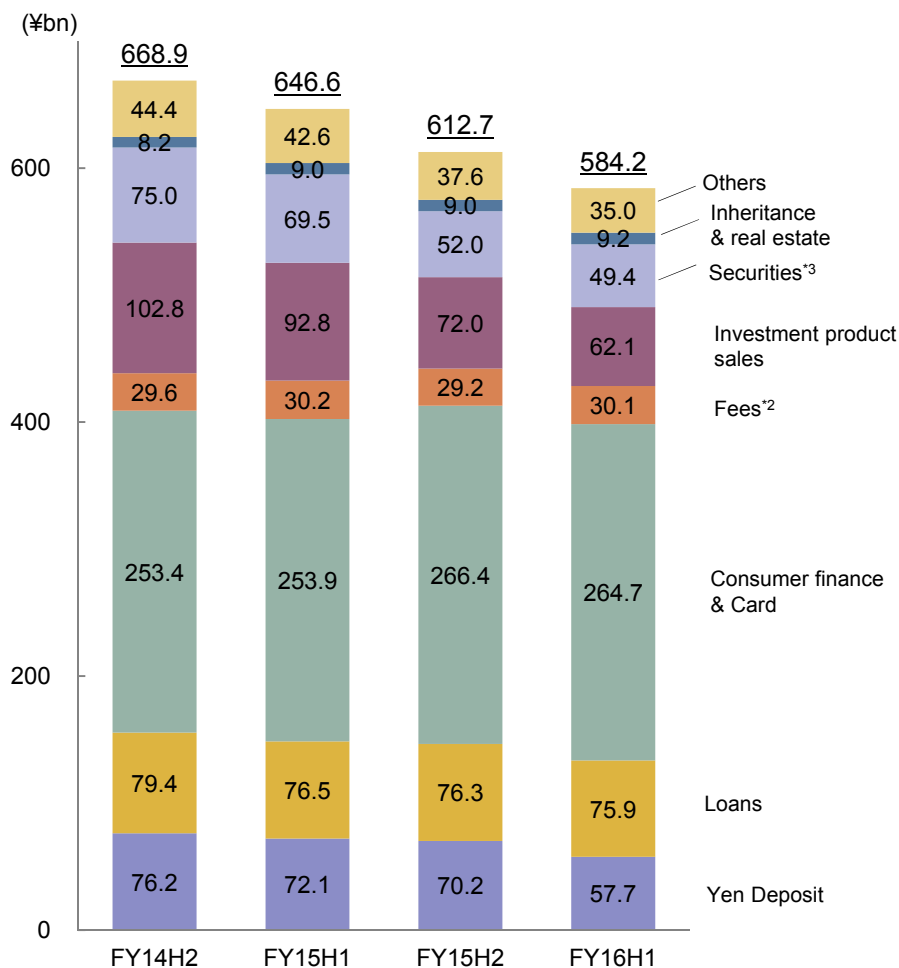
\*1 Managerial Accounting basis \*2 Excl. investment trust account without balance \*3 BTMU + MUTB MUMSS (excl. PB Securities)

\*4 Percentage of new customer to total investment products sales

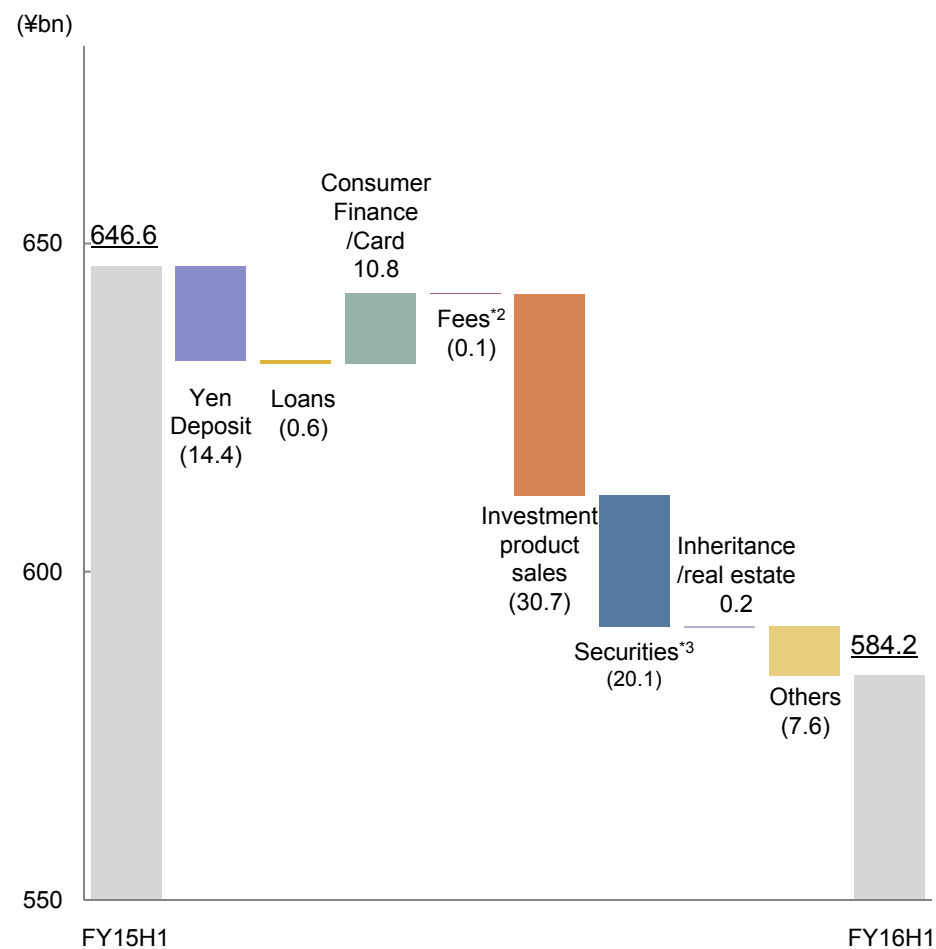
# Appendix : Historical outlook

(Consolidated)

## Gross profits\*<sup>1</sup>



## Change in gross profits\*<sup>1</sup>



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

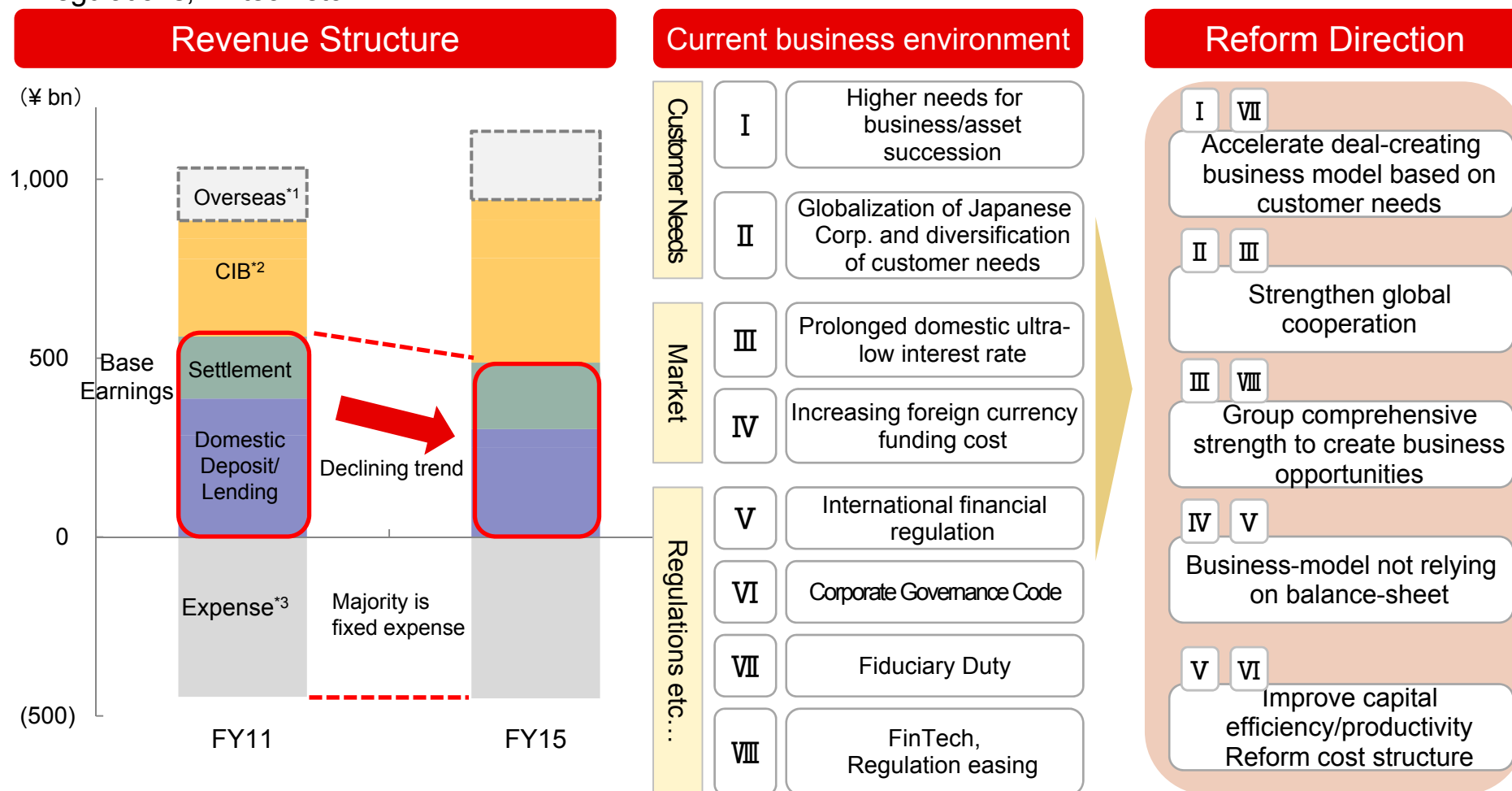
\*2 Transfer, ATM, etc.

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

# Japanese Corporate Banking Business

# Current condition and challenges

- Facing strong head wind, ultra-low interest rate and fiercer competition, on domestic deposit/lending business. “Increasing base earnings” is a challenge for the establishment of stable profit sources to cover fixed expense
- For a sustainable growth, business model reform is necessary amid business environment changes, financial regulations, Fintech etc.

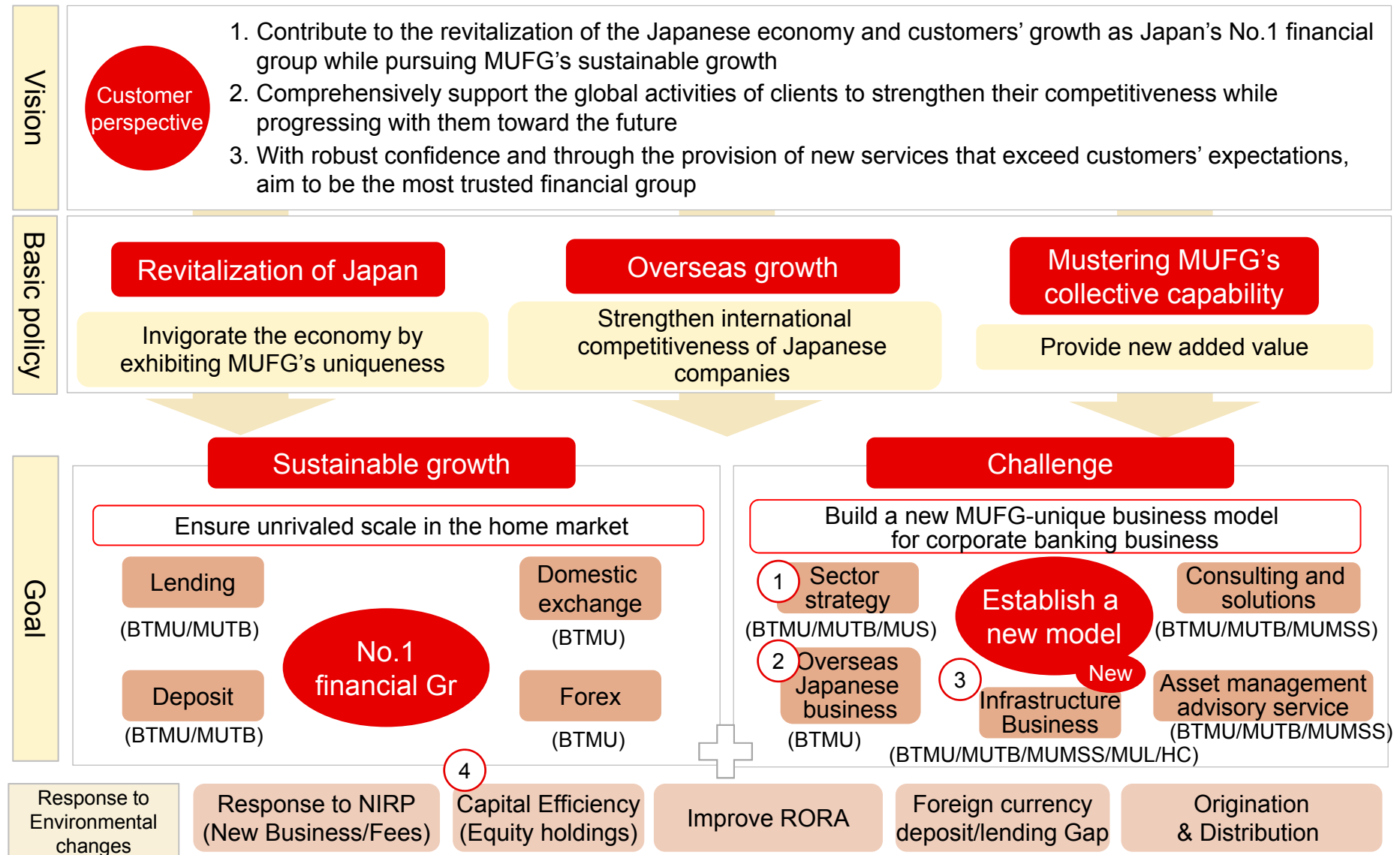


\*1 All figures except for overseas are in actual exchange rate and managerial accounting basis

\*2 Structured finance, syndicated loan, derivatives, trust business (real estate brokerage, transfer agent etc.), securities business etc.

\*3 Exclude expenses for overseas

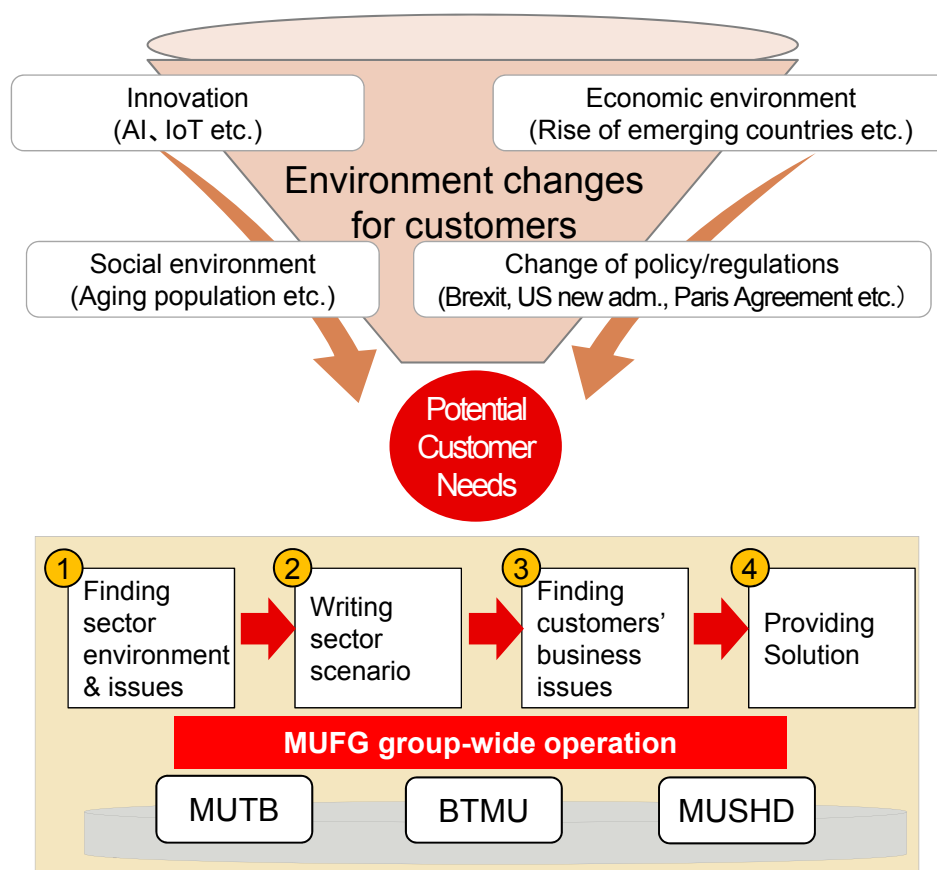
# Mid-Long term vision



# Sector Approach (deal creating business model)

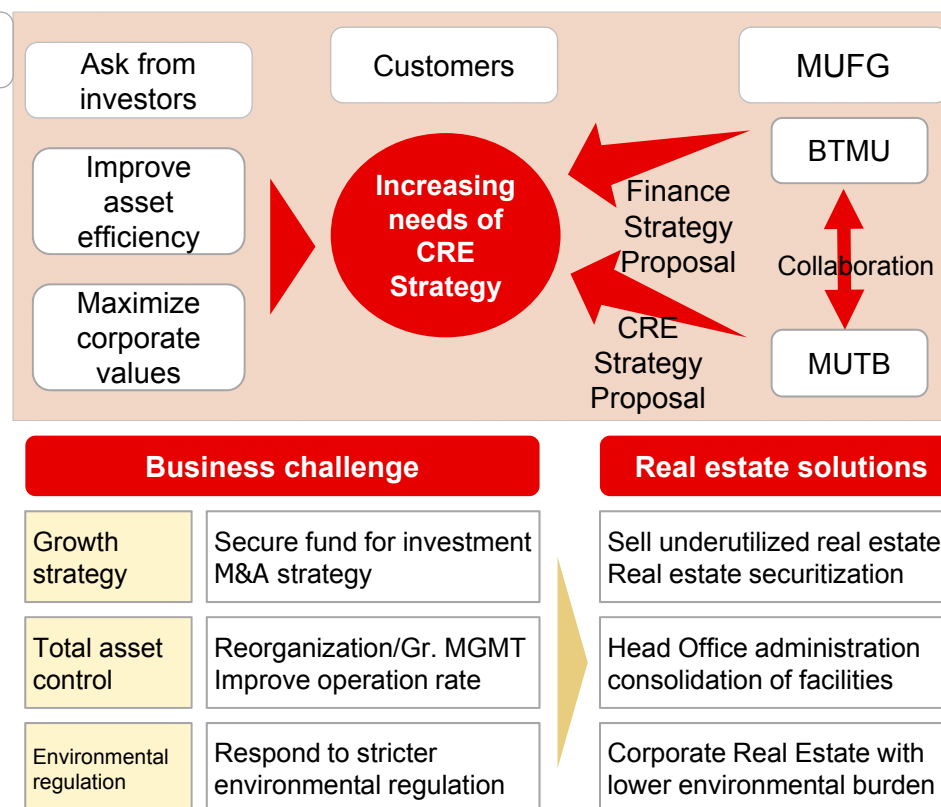
- Respond to customers' sophisticated needs globally positioning sector strategy as a key in our business with large Japanese corporation. Increase our knowledge and MUFG's group-wide business solution capabilities for diversified operational environment and business issues of each customers from sector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

## Conceptual diagram of Sector approach



## Example: CRE\*1 strategy proposal

- Increase importance of CRE strategy from business strategy
- Provide solutions to customers leveraging BTMU/MUTB's strength

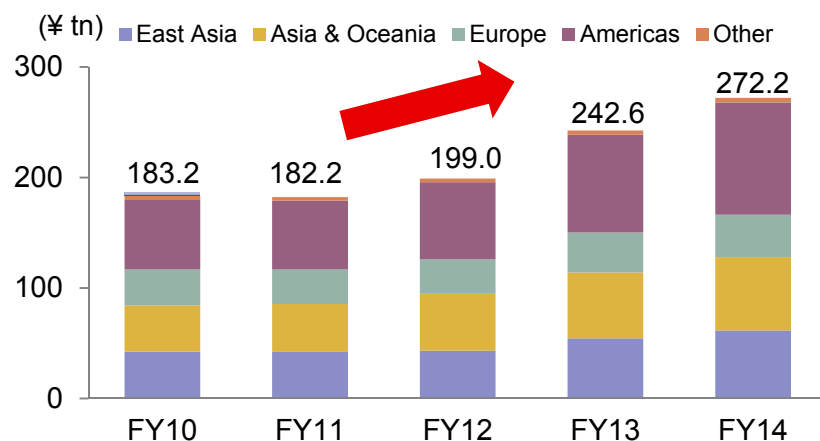


\*1 Corporate Real Estate

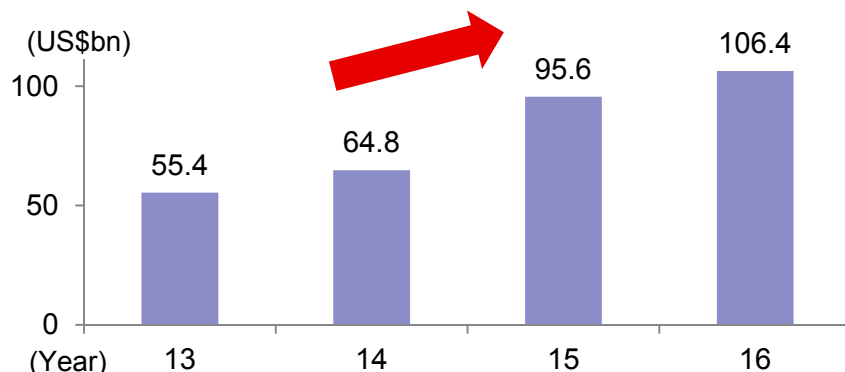
# Overseas business with Japanese corporation

- Expanding overseas business becomes more and more important under low-growth domestic economy.  
Capture customers' global business with global Operations Structure
- Establish structure to respond to global customers' needs such as strengthening a governance on overseas acquired company by domestic parent company

Sales by overseas subsidiaries of Japanese Corp<sup>\*1</sup>



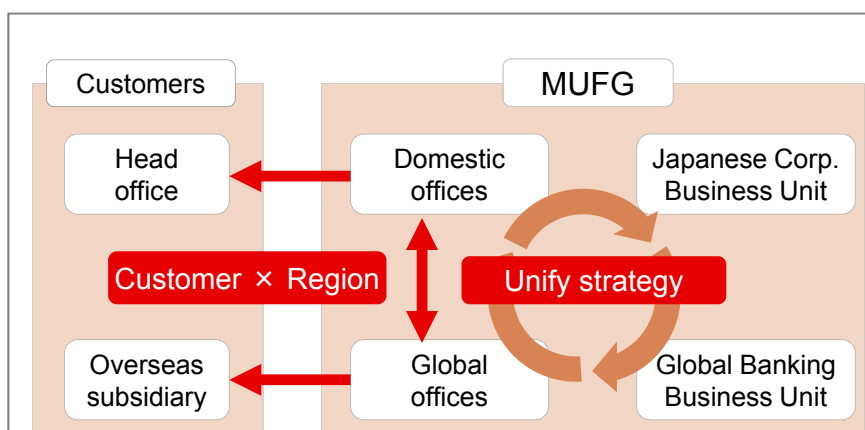
Trend of Cross-border M&A by Japanese Corporations<sup>\*2</sup>



\*1 Ministry of Economy, Trade and Industry

\*2 Thomson Reuters. Include out-out transactions

Global co-operating structure



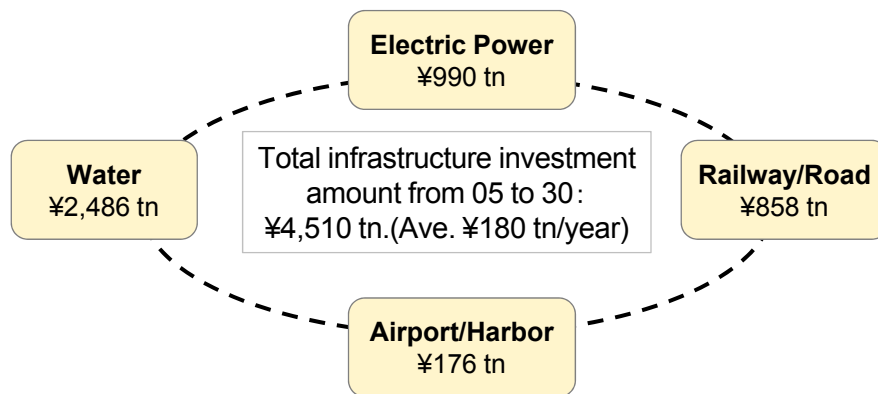
- 1 Strengthen business promotion for overseas business
  - Establish collaboration strategy office to promote inter-office activities between domestic and global offices
- 2 Promote PMI<sup>\*3</sup> transactions
  - Assign personnel in charge of research and strategy to provide solutions to overseas acquired company
- 3 Development of human resources
  - Start a training program to skill-up locally hired staff and deepen collaboration with domestic offices

\*3 Post Merger Integration

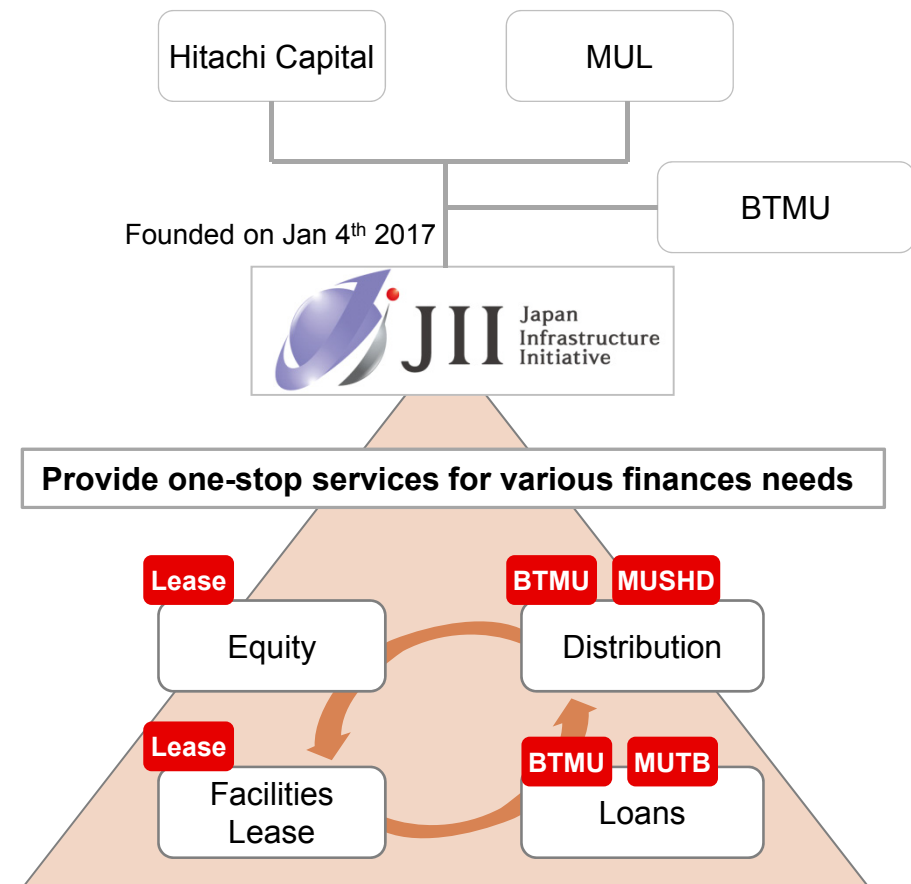
# Infrastructure finance business (open financial platform)

- Incorporate Japan Infrastructure Initiative Co. Ltd. to provide support for expanding infrastructure finance needs
- As the open financial platform, provide financial support for Japanese Corporations' infrastructure business
- Create profit chances for MUFG Group as well as support for export of the Japanese infrastructure industry

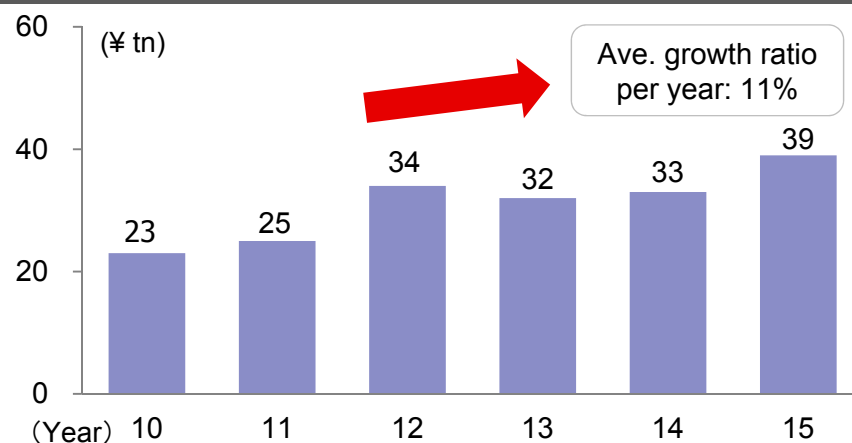
## Heightening demands for infrastructure globally



## Services provided by the Financial Platform



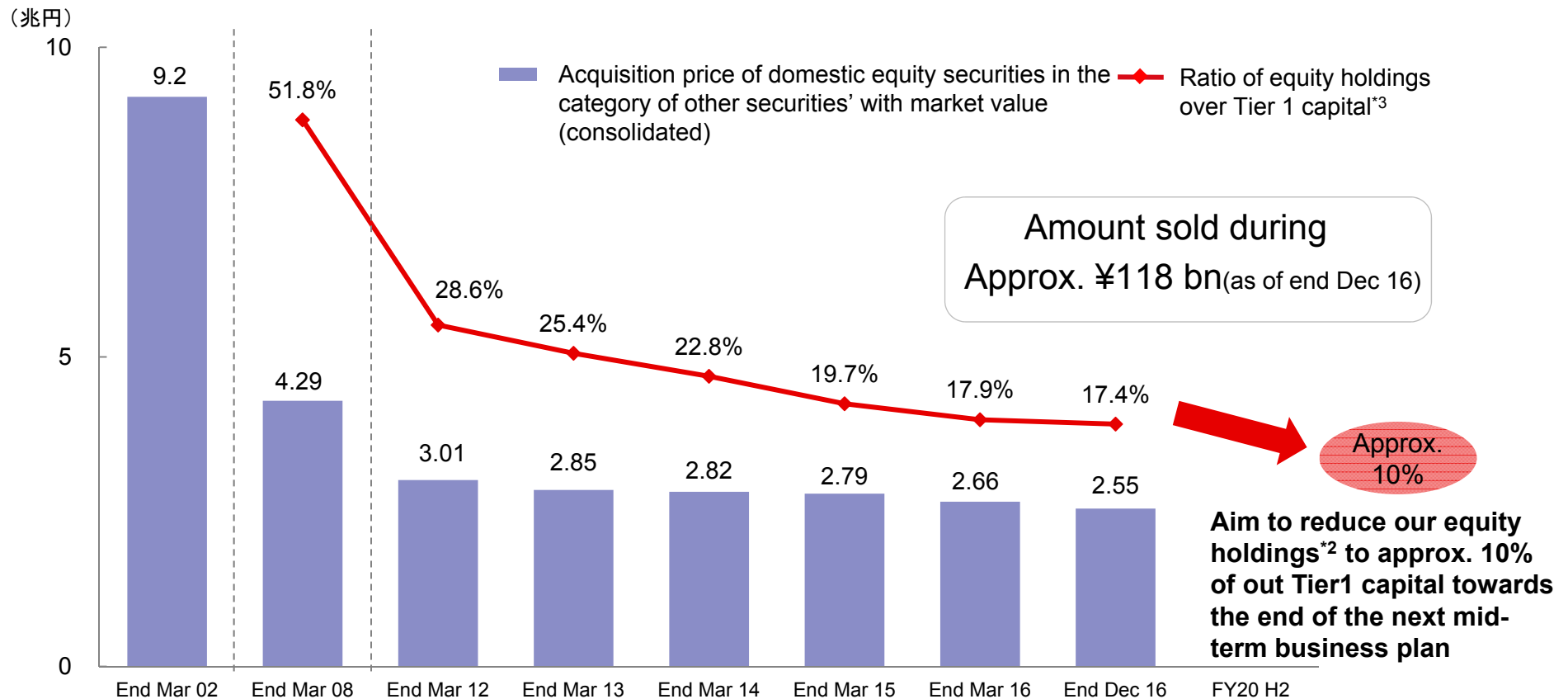
## High growth ratio for infrastructure finance



# Reduction of equity holdings

- Our basic policy is reducing the amount of equity holdings considering the risk, capital efficiency and global financial regulations (RWA control) after sufficient dialogue with customers
- Approx. ¥118.0 bn equities were sold in FY16Q1-3<sup>\*1</sup>, improving the ratio of equity holdings<sup>\*2</sup> over Tier1 capital by 0.5ppt compared to end Mar 16

## Reduction of equity holdings



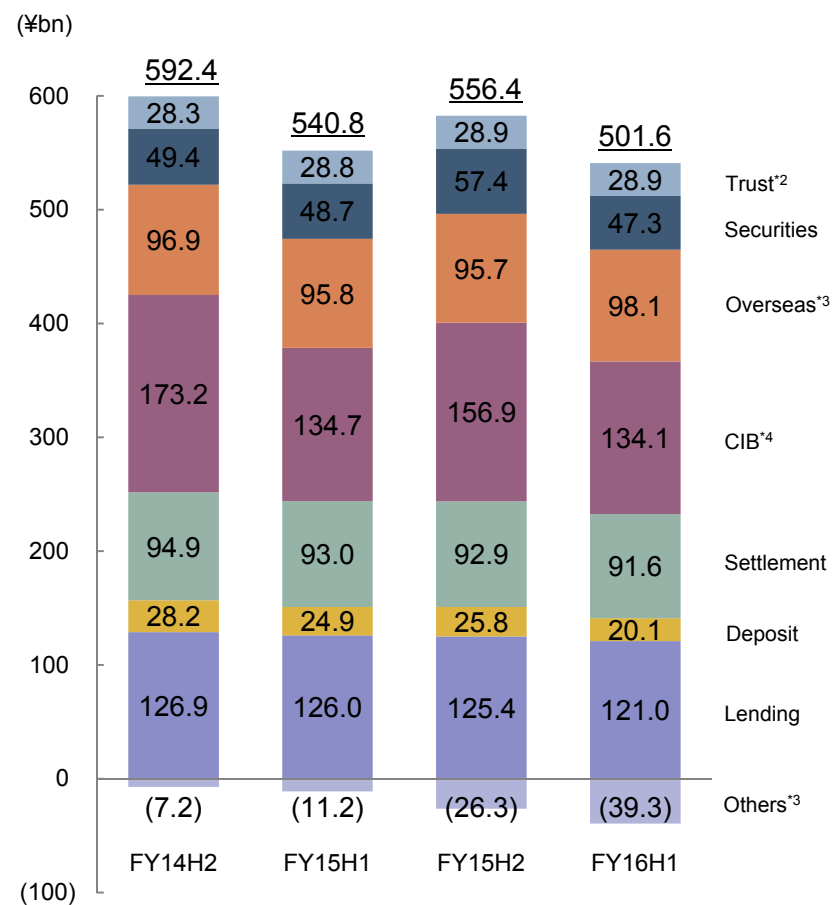
\*1 Sum of BTMU and MUTB \*2 For strategic purpose, at acquisition costs

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

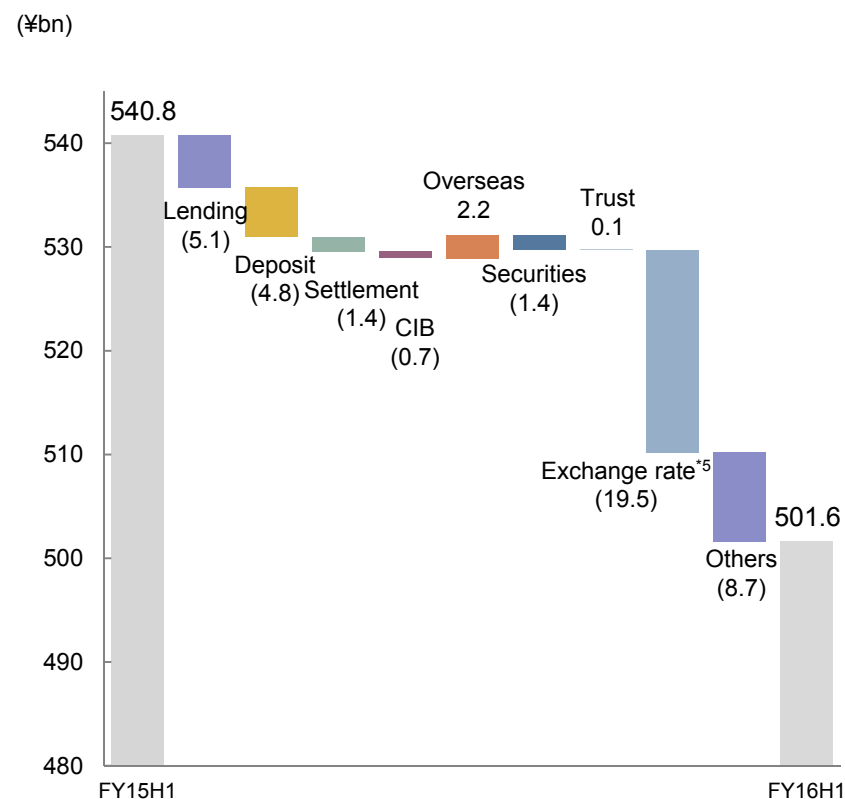
# Appendix: Historical outlook

(Consolidated)

## Gross profits\*<sup>1</sup>



## Change in gross profits\*<sup>1</sup>



\*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

# Global Banking Business

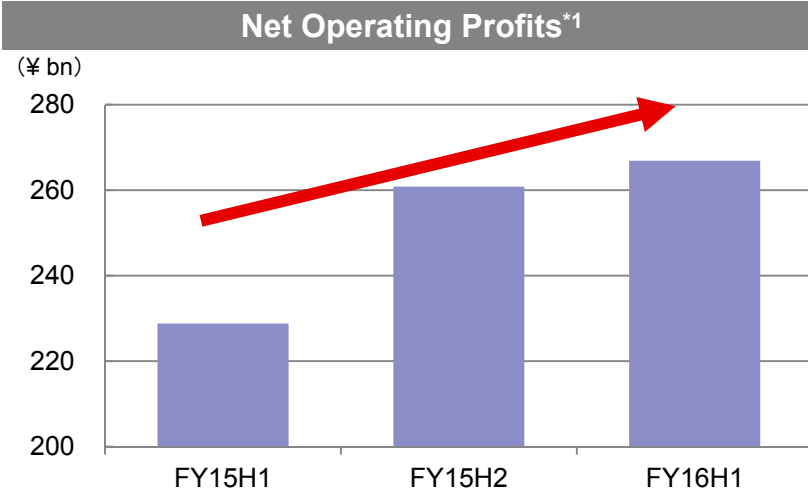
# Business Environment and our Vision

- Global banking business continues to lead MUFG's growth, sustaining growth under the difficult environment
- We keep providing high quality solutions to our clients as one "MUFG team" to ensure sustainable growth
- The keys are strengthening BTMU-MUS integrated solution business, achieving well-balanced business portfolio, and continuous reinforcement of our management platform

## Business Environment

- Recovery of global economy remain gradual
- Continuing structural adjustment of Chinese economy
- Low interest rate policy in major nations continue to suppress profitability of balance sheet
- Geopolitical risks and rising uncertainties
- Rising USD swap costs means the current BS gap expansion is not sustainable

## Global banking business leads growth of MUFG

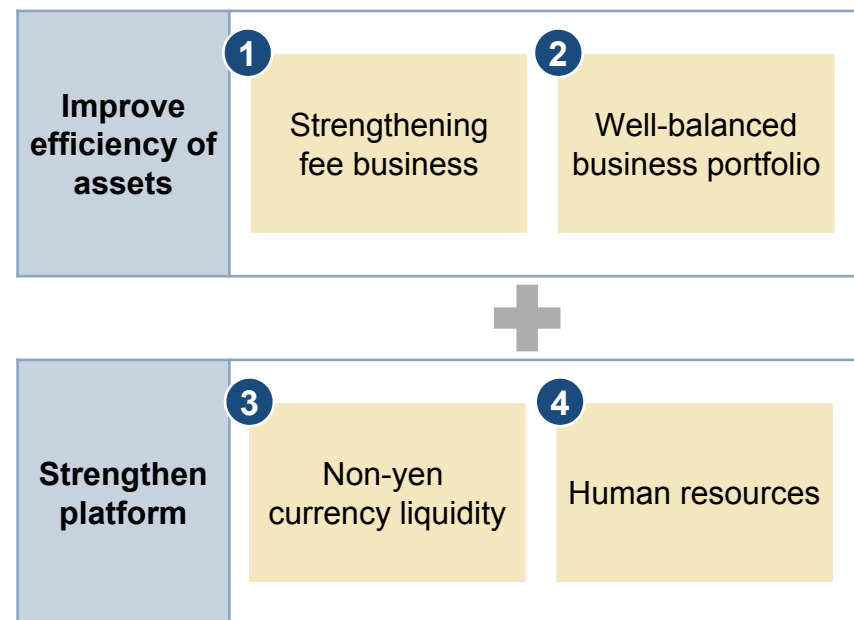


\*1 Managerial accounting basis. Local currency basis

## Our Vision

Provide high quality solution to our clients as MUFG team

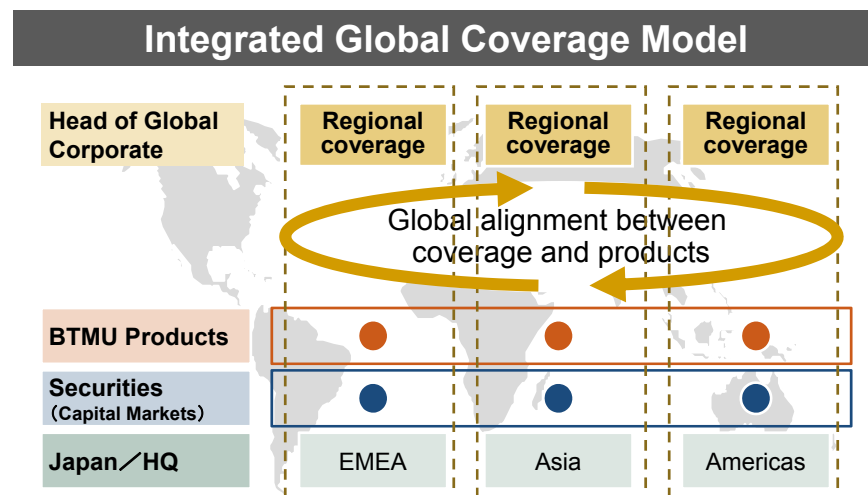
**Achieve sustainable growth**



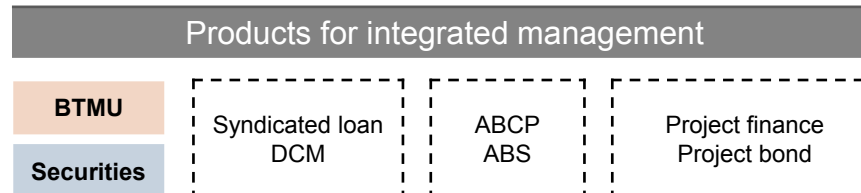
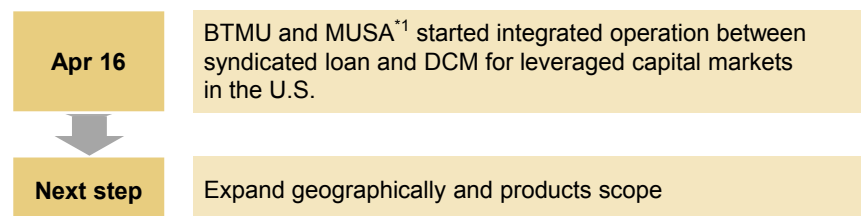
# (1) Improve efficiency of assets

## - Strengthening fee business

- Further enhance BTMU-MUS integrated management
- Provide high quality debt solution to our global clients as one MUFG team



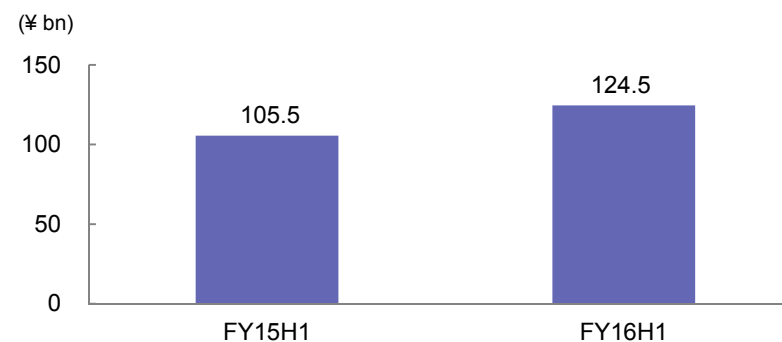
### Launch of BTMU-MUS Integrated Management of Primary Business



### Case

- **Acquisition finance for Dell**  
BTMU and MUSA\*<sup>1</sup> 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 a pan-Asia cross border pooling by Vivendi, the top media company in France (Jul 16)

### Non-interest profits (global corporates)\*<sup>2</sup>









\*1 MUFG Securities Americas

\*2 Managerial accounting basis. Including fees FX and derivatives. Excluding KS and MUAH

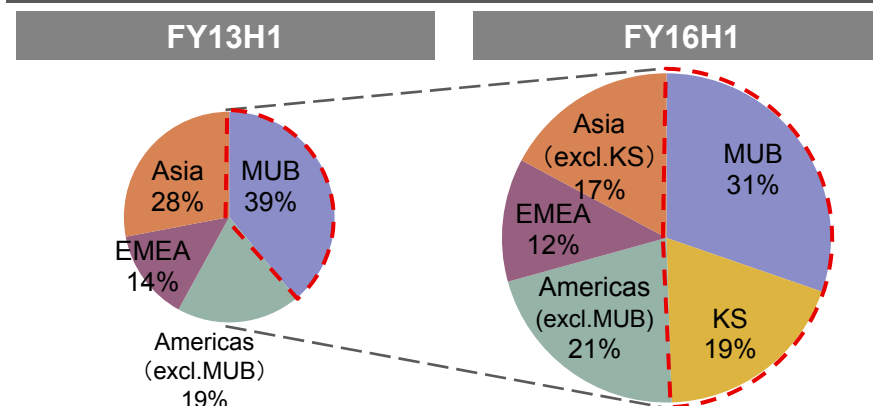
## (2) Improve efficiency of assets

### - Well-balanced Business Portfolio

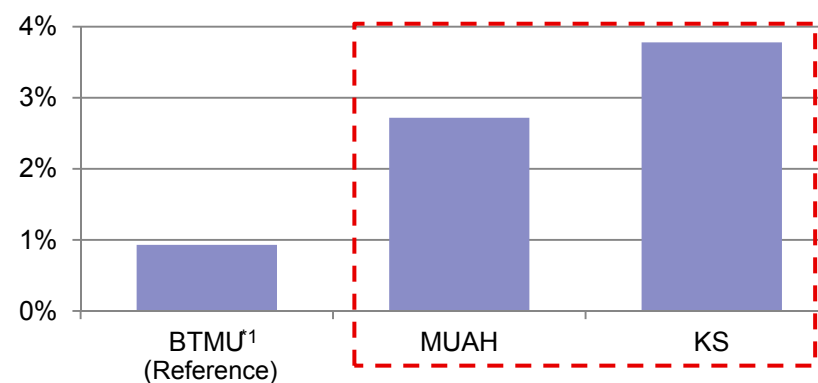
- Develop commercial banking business in countries / markets with relatively high growth despite the slow global economic growth
- Aim to keep growing our business through maintaining a well-balanced business portfolio

Year	Detail	
08	Invested \$9 bn in Morgan Stanley and agreed to pursue a global strategic alliance	
08	Acquired 100% ownership of UnionBanCal Corporation	
10	Acquired project finance asset of Royal Bank of Scotland	
13	Acquired approximately 20% share of Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)	
13	Acquired approximately 72% share of Bank of Ayudhya Public Company, Ltd. (Krungsri) in Thailand	
14	Renamed UnionBanCal Corporation and its wholly-owned US national bank, Union Bank, N.A., as "MUFG Americas Holdings Corporation" and "MUFG Union Bank, N.A.," respectively and integrated all operations of MUFG's Americas business	
16	Acquired approximately 20% of Security Bank Corporation	

### Gross profits of Global Banking Business



### Net Interest Margin (FY16H1)

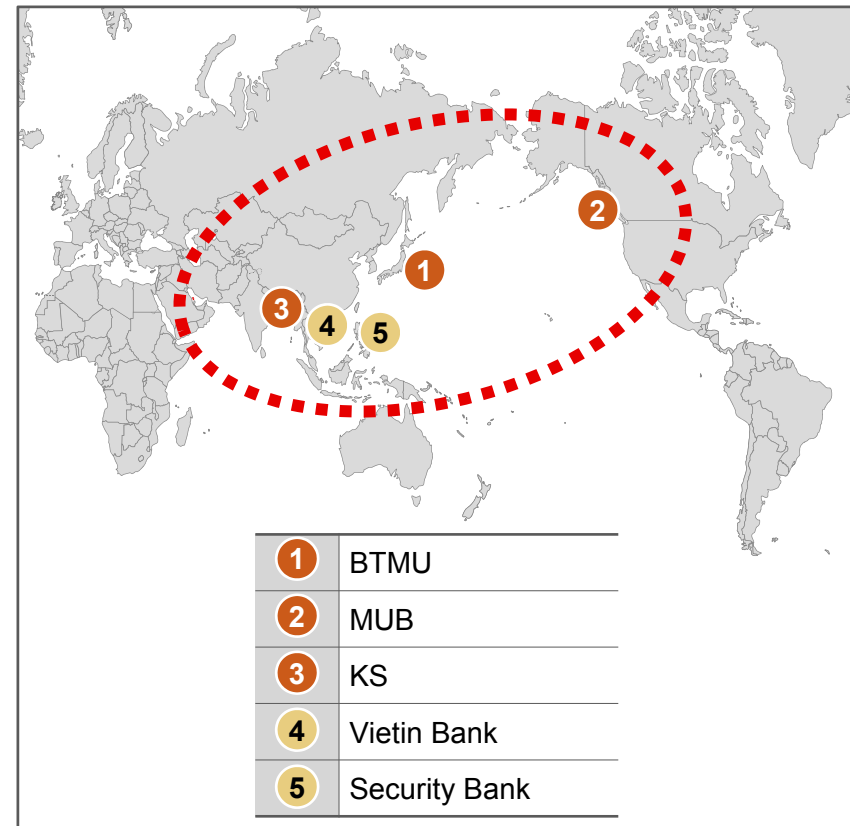
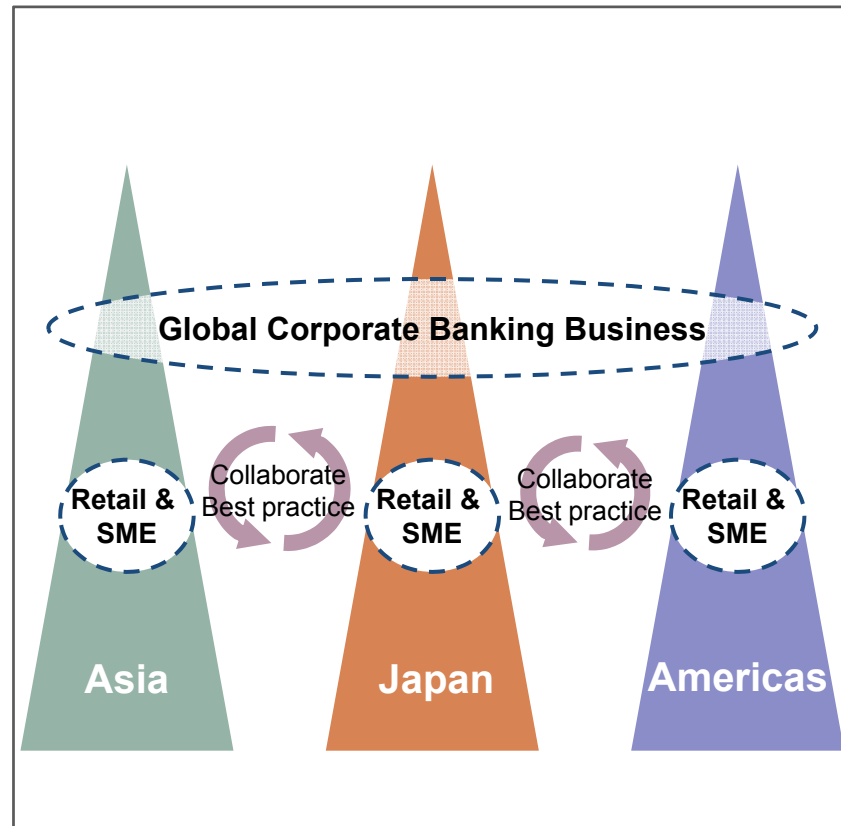


\*1 Global Lending spread (excl. MUAH,KS)

## (2) Improve efficiency of assets

### - Well-balanced Business Portfolio (cont.)

- Organized an MUFG Global Partnership Conference as part of global collaboration among the multiple brands of our partner banks



**MUFG Global Partnership Conference**

### (3) Strengthen platform

#### - Non-yen Currency Liquidity

- For building a sustainable business model, urgently need to improve non-yen currency liquidity
- Promote deposit, balance sheet management and Origination & Distribution (“O&D”) as business initiatives

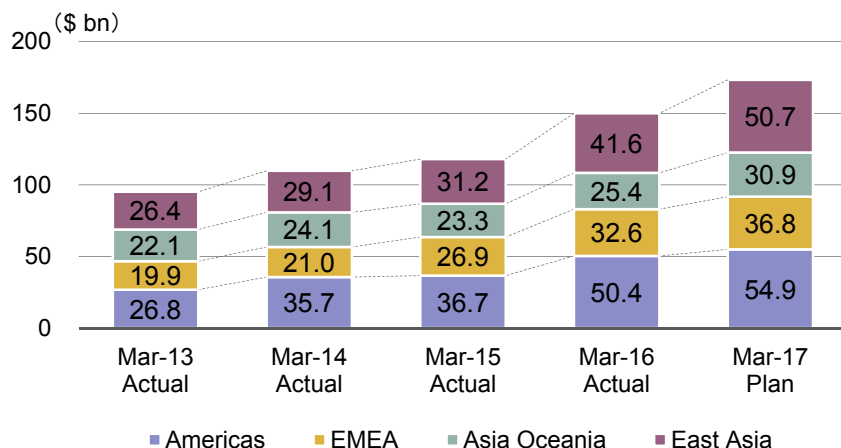
#### Strengthen deposit

- Established HQ and regional deposit committees
- Assigned TRM\*1 for deposit products at major offices
- Develop and introduce new deposit products

#### Balance sheet management

- Introduce more globally consistent and efficient USD balance sheet management
- Monitor profitability of large commitment lines
- Enhance currency-by-currency B/S monitoring

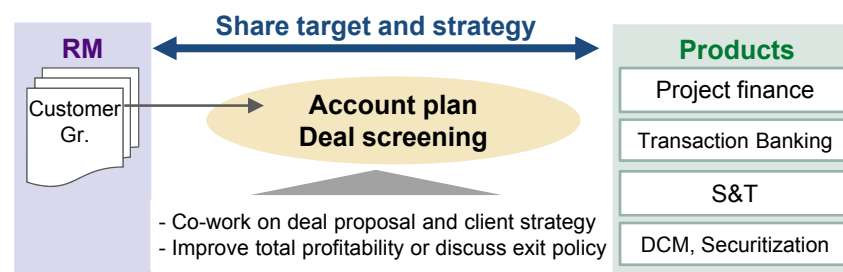
#### Deposit\*2



\*1 Treasury Relationship Manager \*2 Excluding MUAH and KS

#### O&D

##### Deal policy

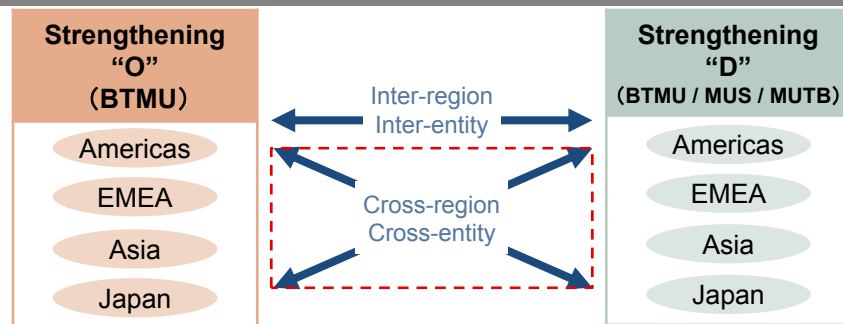


##### Framework

##### Global CIB Committee

- Discuss integrated coverage and product strategy with MUFG CEO
- Improve organizational alignment, frameworks and incentives to promote O&D

##### BTMU-MUS Cooperation, Finding investors

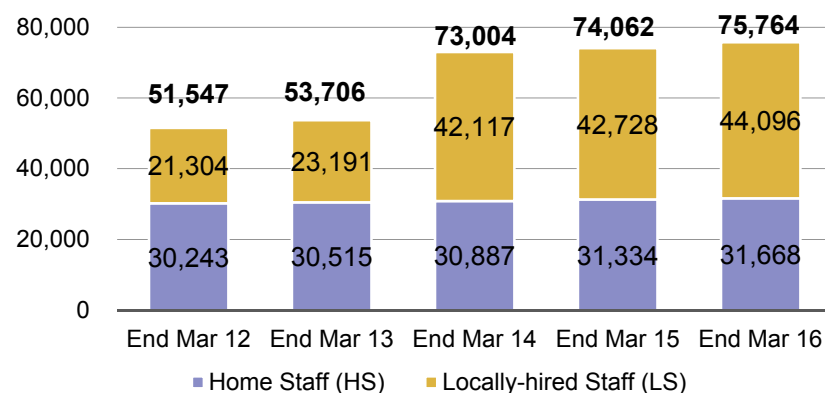


## (4) Strengthen platform

### - Human resources to support growth

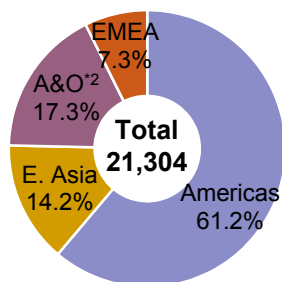
- Over half of BTMU employees are Locally-hired Staff (LS), spread across different regions
- To attract diverse talent is key to supporting our sustainable growth
- Accelerate LS promotion to global key management positions  
(Global advisory board: 6 from diverse global regions)

Proportion of BTMU\*1 Employees

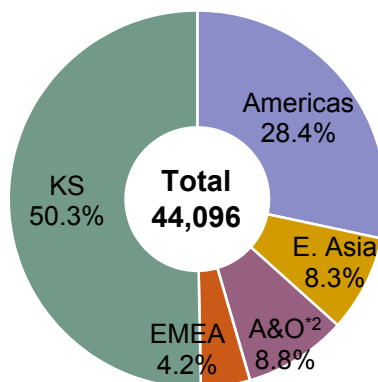


Number of LS by Region

End Mar 12



End Mar 16



\*1 Incl. MUAH and KS

\*2 Asia and Oceania

Management appointments

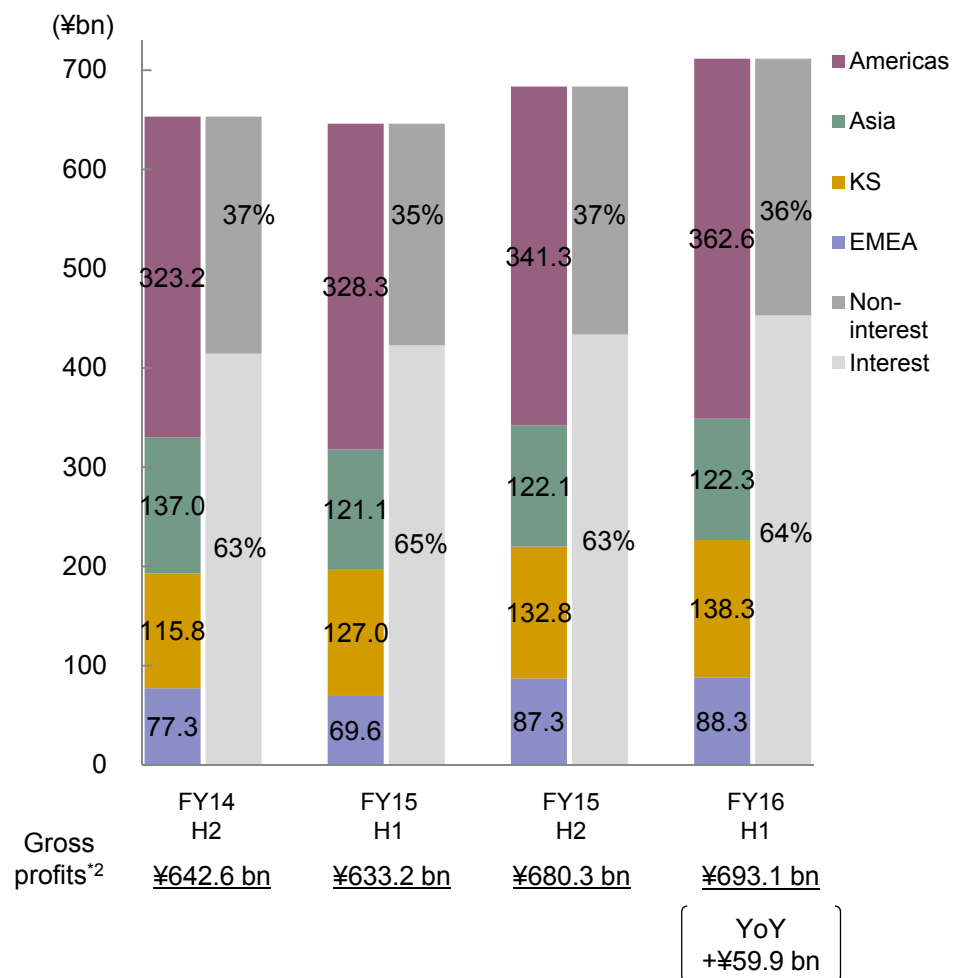
MUFG	■ Executive Officer and above: 4																
BTMU	■ Managing Executive Officer in Tokyo : 1																
	■ Managing Executive Officer in Americas : 1																
	■ Executive Officers : 7																
	<table><tr><td></td><td>FY12</td><td>FY13</td><td>FY14</td><td>FY15</td><td>FY16</td></tr><tr><td>LS Executive Officer</td><td>0</td><td>1</td><td>1</td><td>6</td><td>9</td></tr></table>							FY12	FY13	FY14	FY15	FY16	LS Executive Officer	0	1	1	6
	FY12	FY13	FY14	FY15	FY16												
LS Executive Officer	0	1	1	6	9												
MUS Holdings	■ C-Suite at regional HQ and GCIB GMs: LS represents over 70% of approx.40 positions																
	■ Subsidiary CEOs: 2																
	■ C-Suite in charge of global business: 16 appointments including all International Heads																

# Appendix: Historical outlook in Global Banking

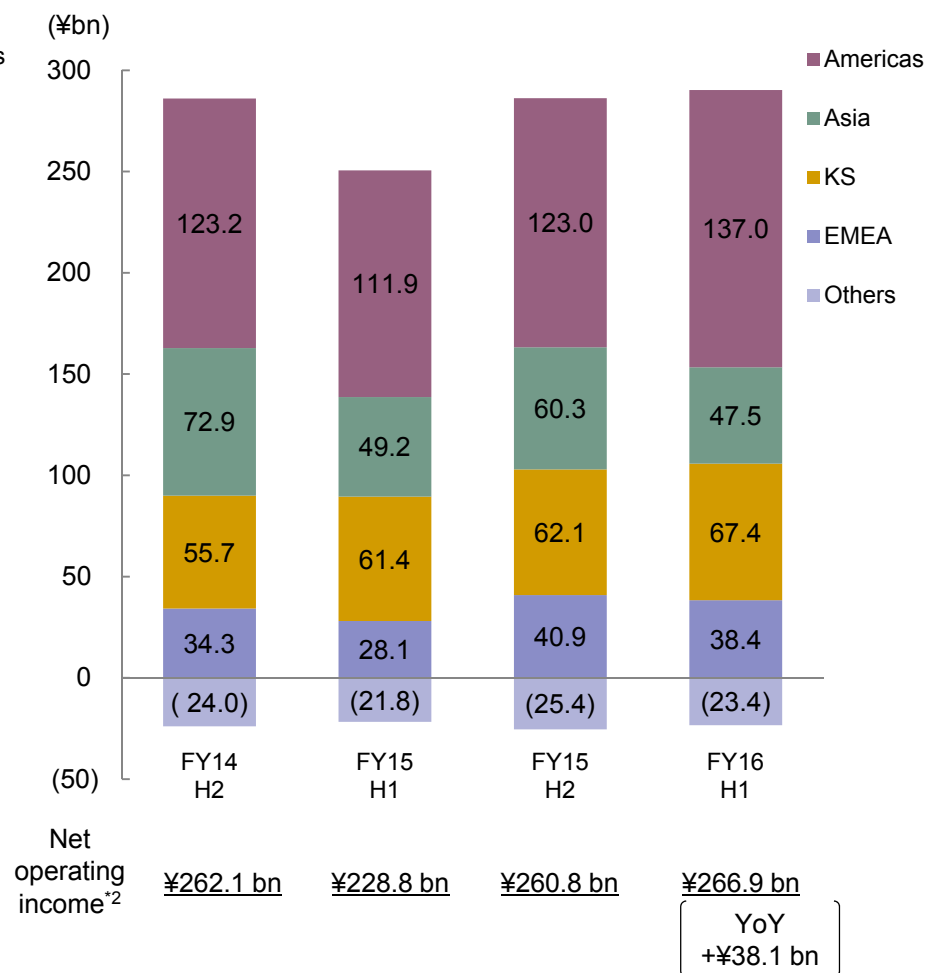
## - Gross profits & operating income by region

(Consolidated)

### Gross profits by region\*1



### Operating income by region\*1



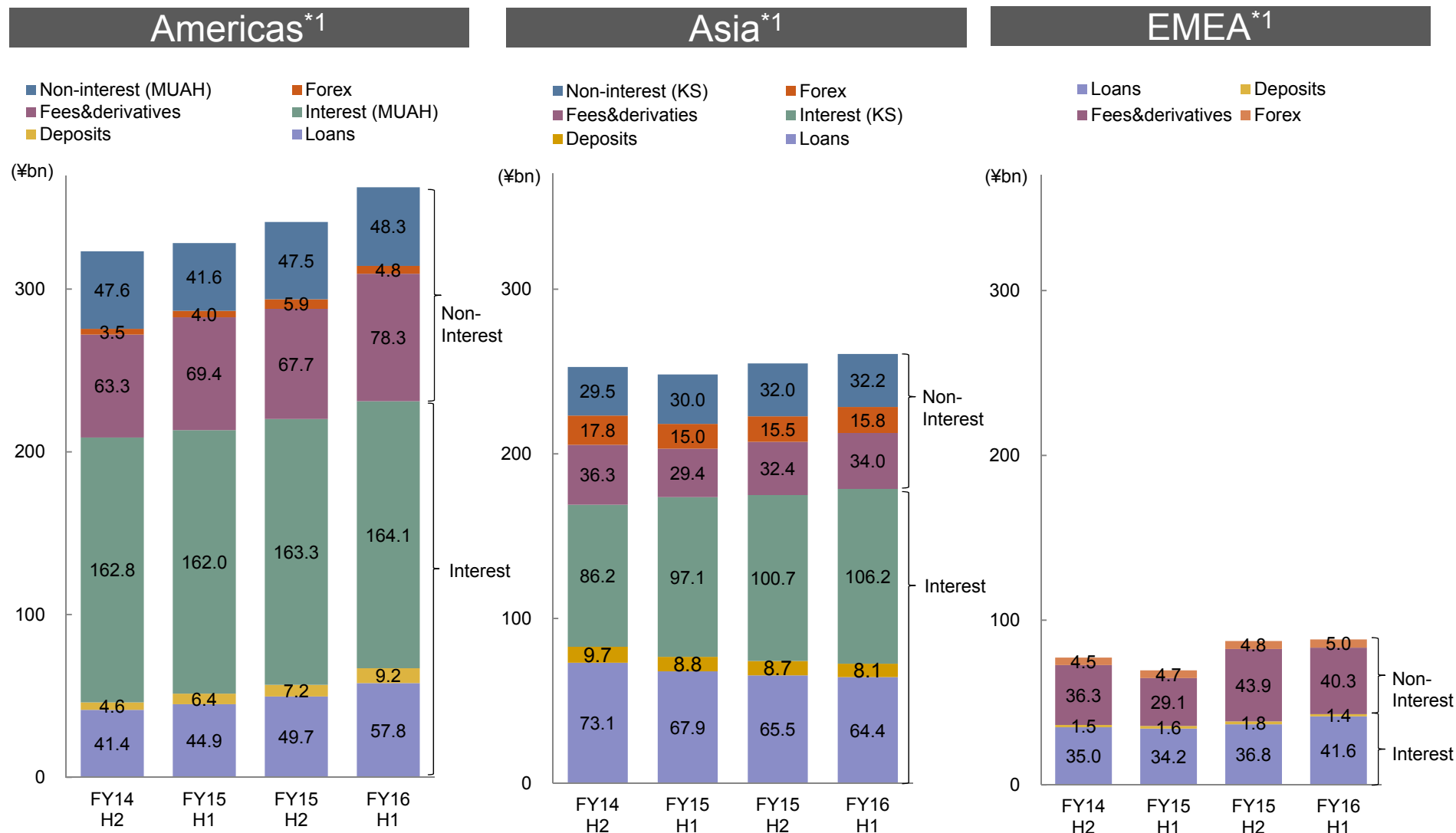
\*1 Local currency basis. Each break down is before elimination of duplication, and excludes other gross profits

\*2 After adjustment of duplication between regions

# Appendix: Historical outlook in Global Banking

## - Breakdown of gross profits

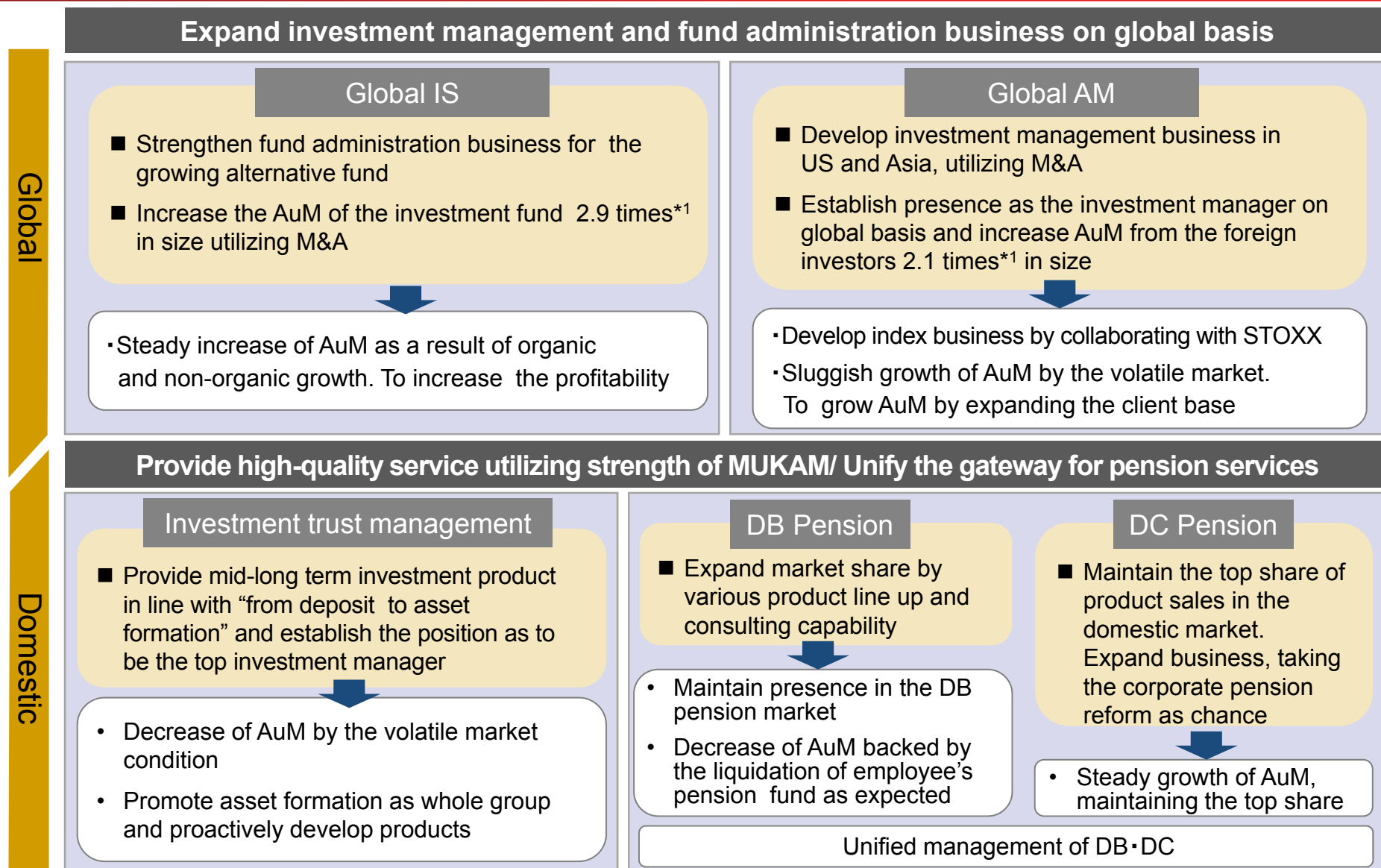
(Consolidated)



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

## Investor Services / Asset Management Business

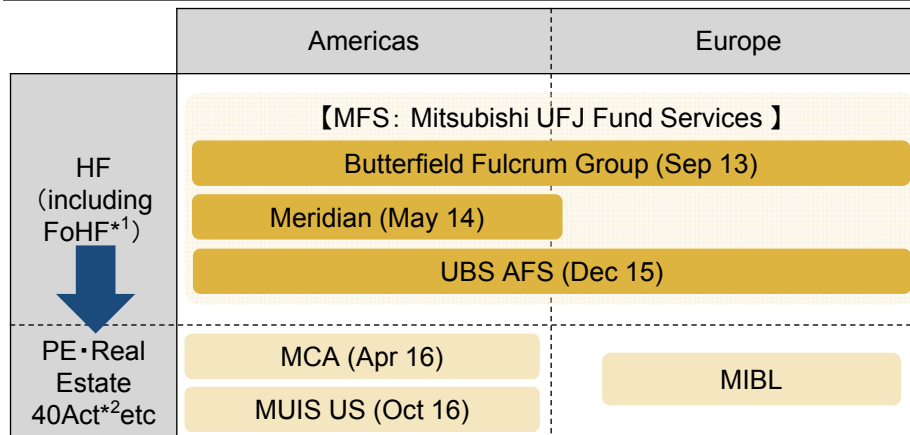
# Current Circumstance



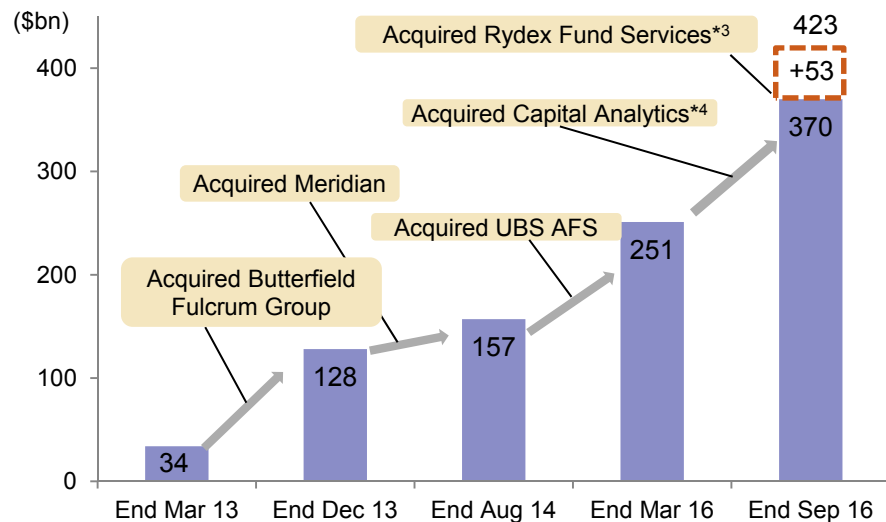
\*1 Growth rate from Mar-15 to Mar-18(plan)

# Major Initiatives - Global IS

## Development of global IS



## Balance of global IS(AuA)



## Increasing net profit

### Enhancement of Income

- Unify sales gateway to provide services globally for FoHF\*<sup>1</sup>, PE, 40Act\*<sup>2</sup>
- Promote discrimination strategy from other fund administrator by providing Fund administration, Custody, Fx, Finance as one-stop service




### Cost reduction

- Completed basic construction of internal management structure. Promote efficiency such as operation integration, to improve client service
- ⇒ Consider efficiency and optimal allocation of operation, system, and internal control on global basis
- Cost reduction by early termination of the system infrastructure contract
- Cost control by unifying the data vendor, operation center and utilization of outsourcing services

\*<sup>1</sup> Fund of Hedge Funds \*<sup>2</sup> Public alternative fund under the US 1940 Investment Company Act  
 \*<sup>3</sup> Current MUFG Investor Services (US) (MUIS US) \*<sup>4</sup> Current MUFG Capital Analytics, LLC (MCA)

# Major Initiatives - Global AM

## Collaboration of global AM

Affiliates with stake holding (AUM/Capital ratio)	Products
 (¥41 tn/17%)	Equity/Bond (Global, Emerging, Asia), Real estate, etc.
 (¥12 tn/15%)	Equity/Bond (Australia, Global), Infrastructure, Real estate
 (¥2 tn/33%)	Equity/Bond (China)

### Aberdeen

- Unfavorable performance due to market slowdown in emerging market. Enhance investment management capability by acquisition

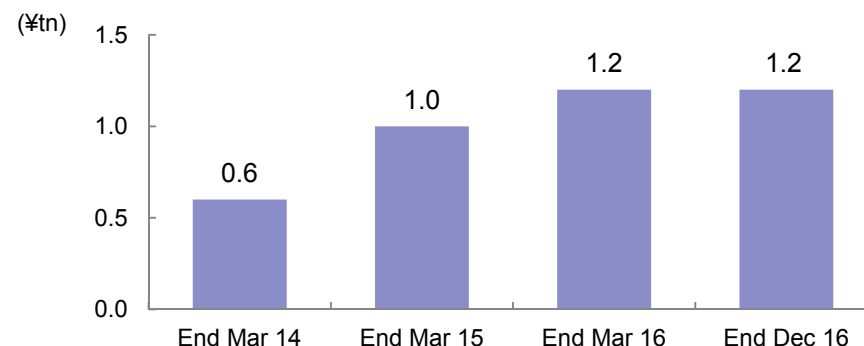
### AMP CAPITAL

- Aim global growth by infra-structure and real estate products by utilize the expertise and broaden the investors base

## Set up of Dubai representative office

- Set up of Dubai representative office in May 2016. Increase local RM to strengthen business with SWF in middle east and new segment

## Balance of AuM from overseas investors



## Further Initiatives

### Non organic growth

- Continuously consider acquisition utilizing accumulated expertise. Take majority stake if necessary

### Organic growth

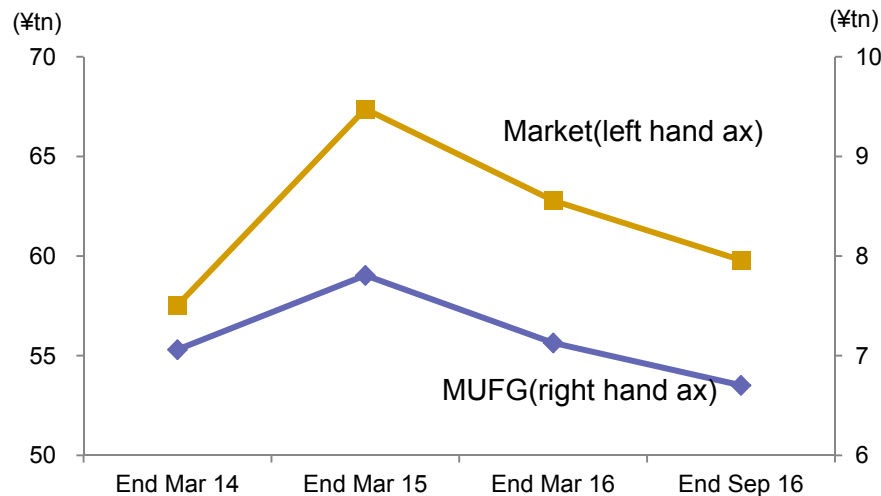
- Index business initiatives
  - Jointly develop smart-β indices with STOXX and provide to asset managers in overseas
  - Provision of new index products to institutional and individual investors
- Expanding geographical variance of investors and distribution channel
  - Develop in Asia and South America as well as EMEA
  - Utilize MUFG network and develop products by collaborating with local asset management company

# Major Initiatives – Investment trust management

## Former initiatives

- Successful integration of ex-MUAM and ex-KAM
  - The balance of whole market declined as a result of volatile market environment while the balance of MUKAM declined by the liquidation of “Global Sovereign Open” and Unit type of investment trust investing in Bank Hybrid Securities
- ⇒ Promoted advisory sales by whole MUFG and providing new products suitable to the market environment

## Balance of public funds (excl. ETF)

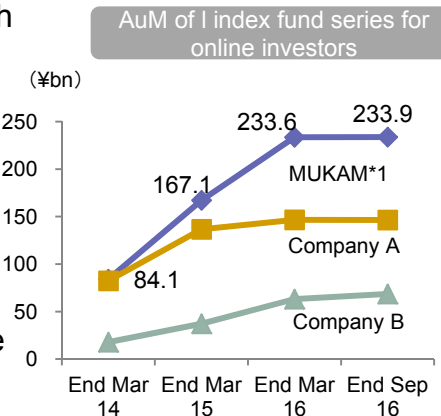


## Promotion of “Savings to Asset Formation”

### Non-face to face approach

- The introduction of PORTSTAR are increased to 30 institutions in 1 year
- Steady growth in AuM of eMAXIS

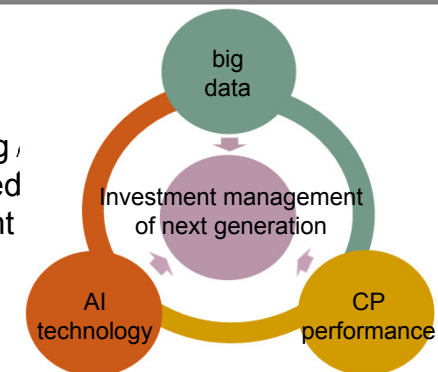
- Face to face approach
- Enlarge fund wrap service to all the BTMU branches (Approx. 500 branches)
- Increase AuM by enlarging the distribution channel



## Topics

### ~Launching AI Fund~

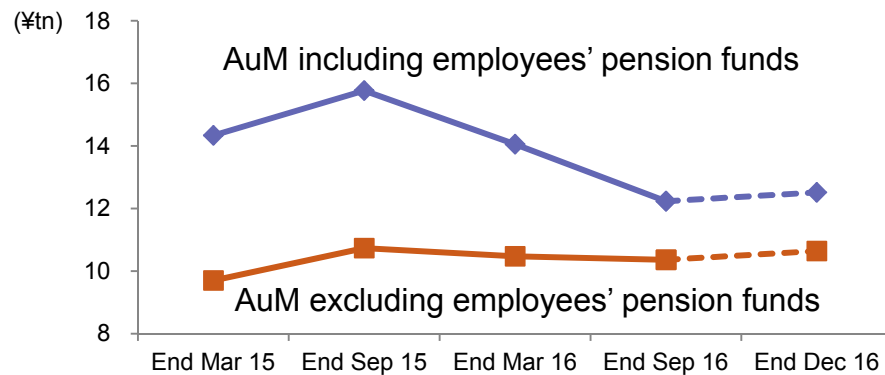
- Launched 1<sup>st</sup> AI fund as major asset manager
- Aim absolute return utilizing , capturing the customer need under low yield environment



\*1 The total AuM of low cost index funds “eMAXIS” series provided by MUKAM

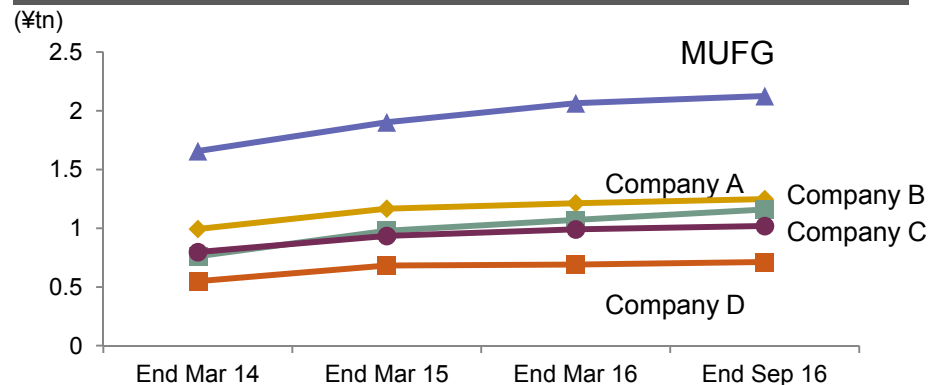
# Major Initiatives – DB・DC Pension and product sales to institutional investors

## Balance of Pension Trust Asset



- Decrease of AuM due to the liquidation of employee's pension fund is as expected. To shift the resources to growing field in the future
- Maintain high presence in DB pension area. Aim to enlarge share and profit by supporting the reconstructing the portfolio against the NIRP, and fulfil alternative product replacing JPY denominated bonds

## DC product sales



## Initiative to Corporate DC

- Promote investment education by providing solutions to corporates concerned in growing employees' investment education

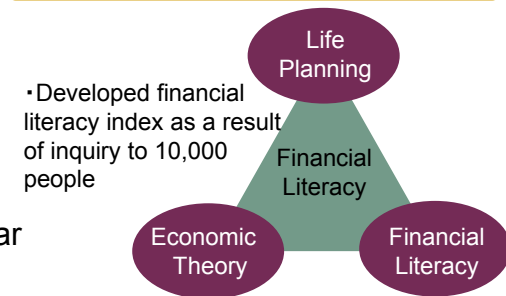
Financial literacy consultation

Survey to employee

Indexing financial literacy

Providing appropriate seminar per index

Applying for patent with NTTdata Institute of Management Consulting Inc.



## Initiative to Individual DC

- Conduct sales by utilizing the strength of DB general manager and corporate DC operation managing institution
- To approach newly joined government employee via BTMU having strong customer base

## Product sales to regional banks

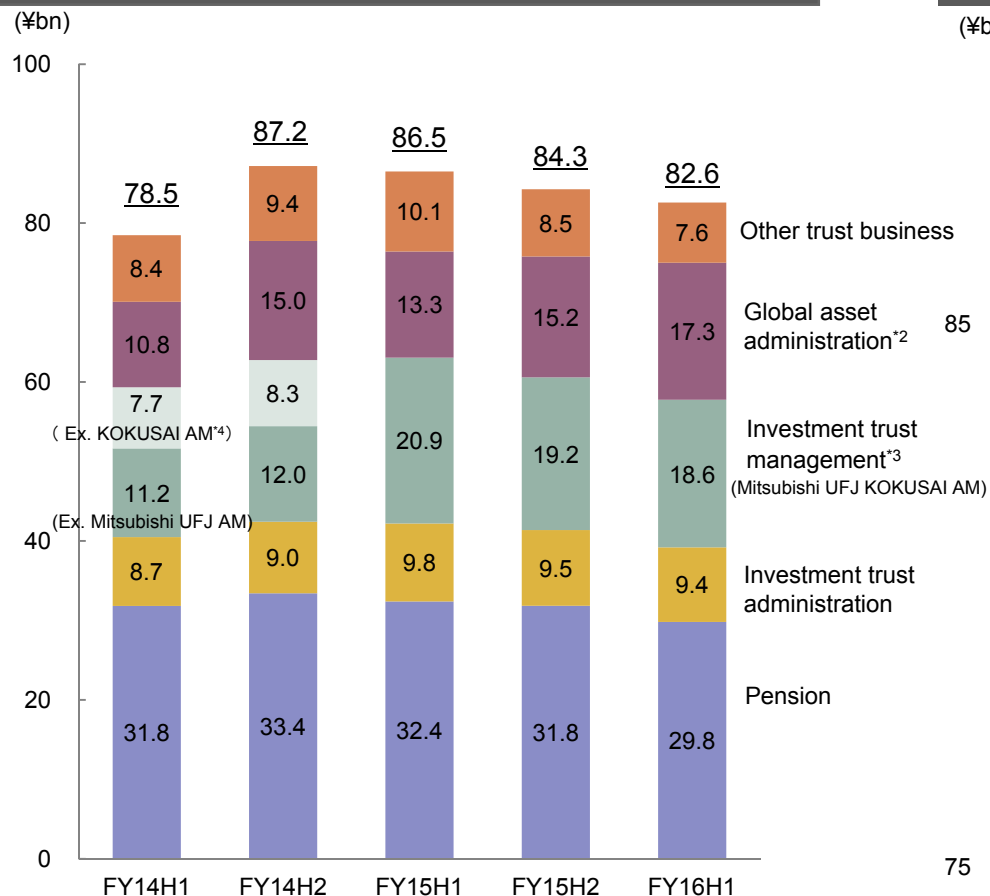
- The number of products have been tripled\*1 on the back of NIRP and diversifying customer needs. Accelerate initiatives based on the market growth
- ➡ Improve sales capacity and product development by submitting resources and product development

\*1 Growth from FY14H1 to FY16H1

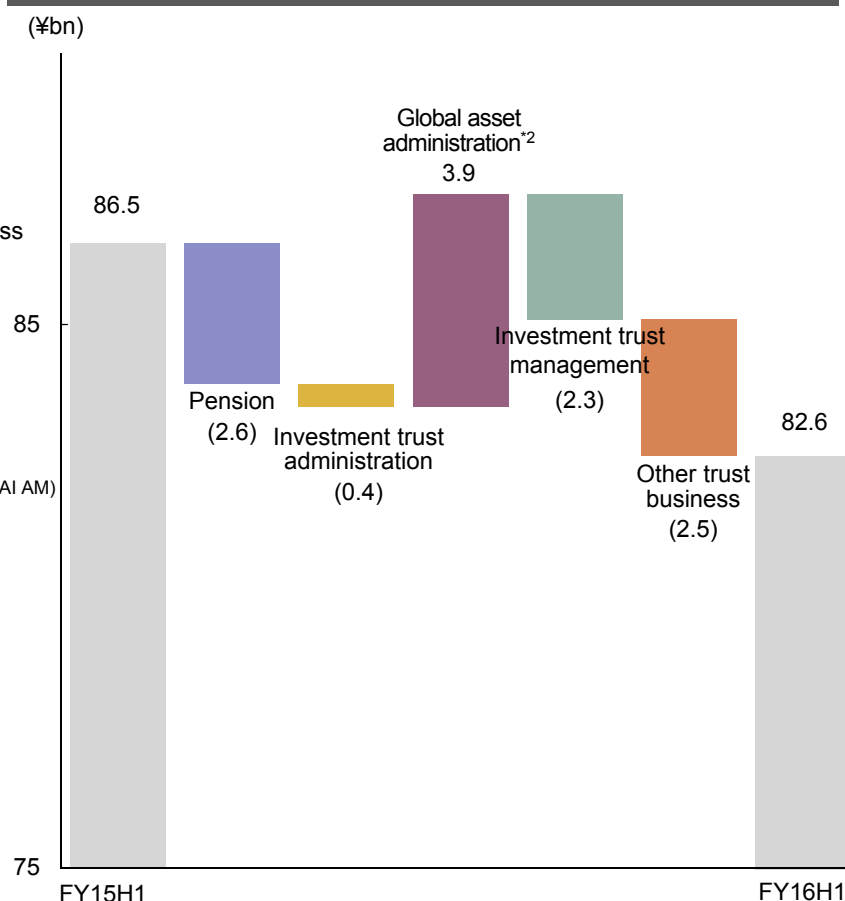
# Appendix: Historical outlook

(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 (From FY14H1 to FY15H1)

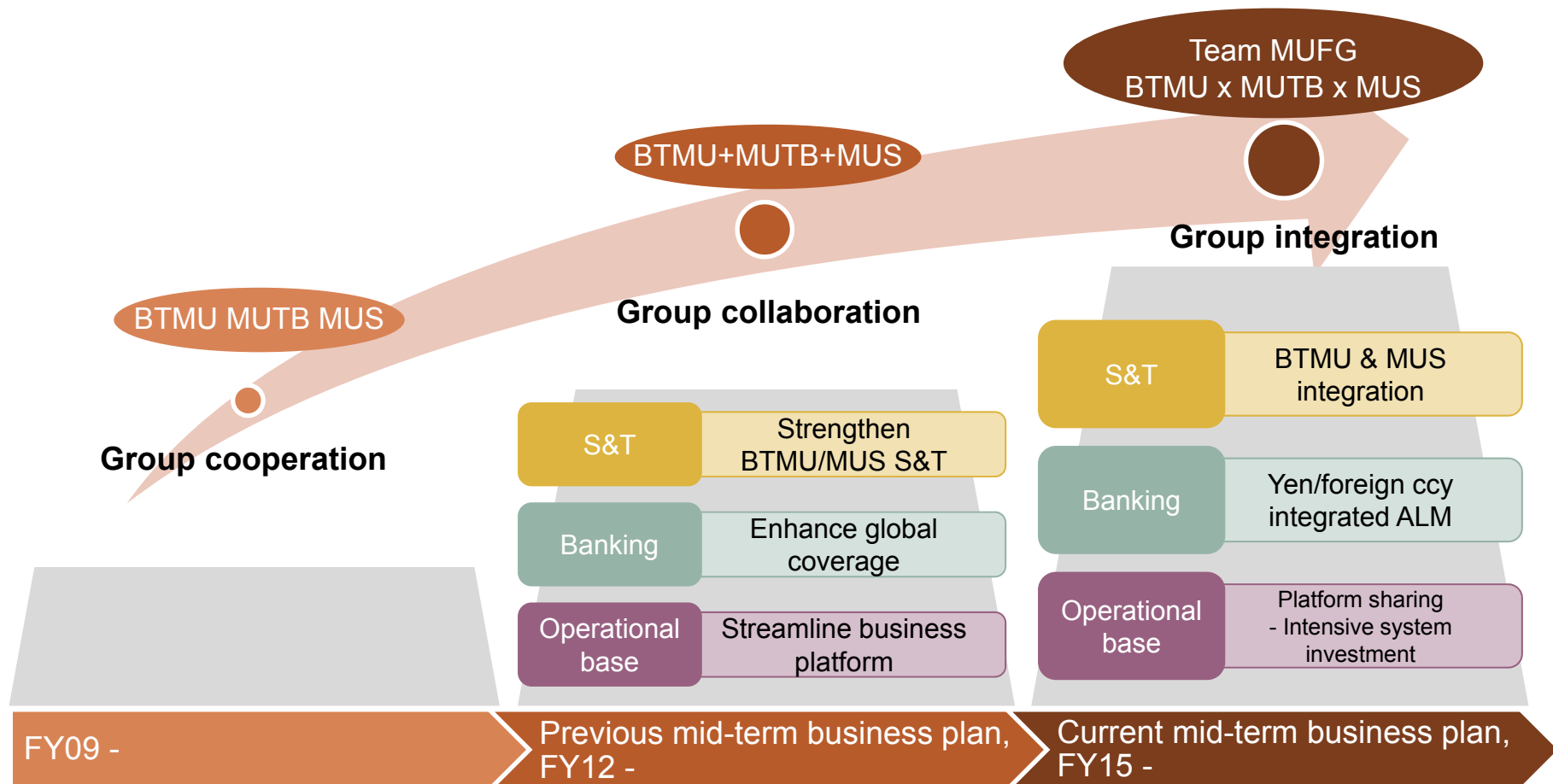
## Global Markets Business

# Evolution of Global Markets Business

**Aspiration:**

Group-wide integration

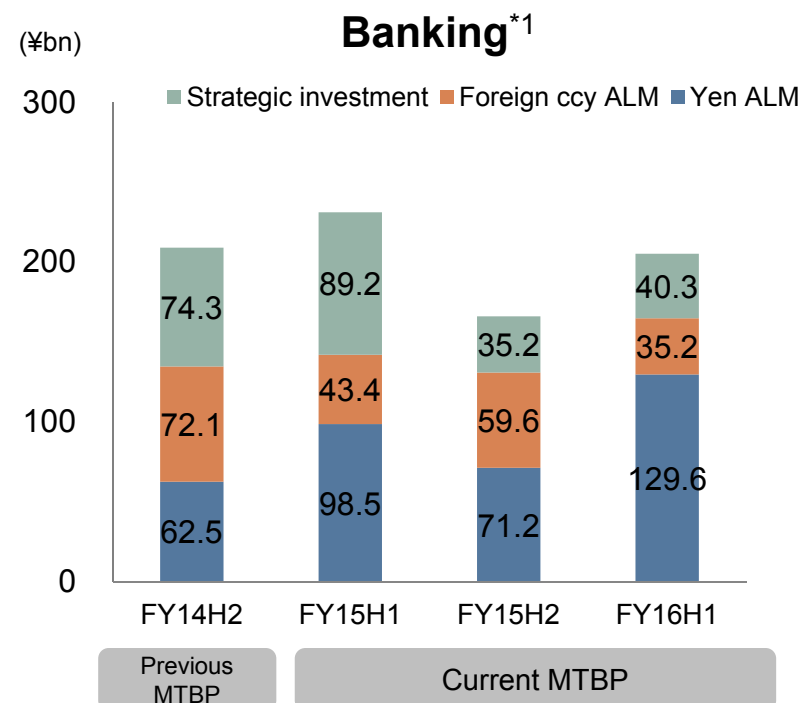
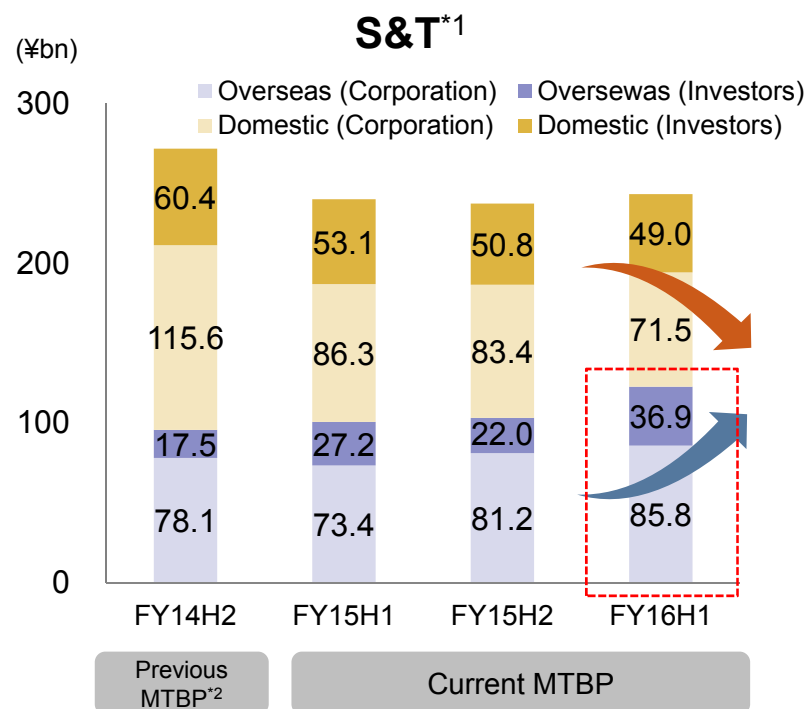
Business model reformation as one of G-SIBs



# Growth of Global Market Business

- S&T: BTMU and MUS have evolved from 'collaboration' to 'integration', aiming to expand profit from overseas business and reform domestic business structure
- Banking: As Yen & foreign ccy integrated ALM operations start, banking business posts stable profit thanks to flexible portfolio management

## NIRP & Tightened financial regulations



## Group integration & Business model development

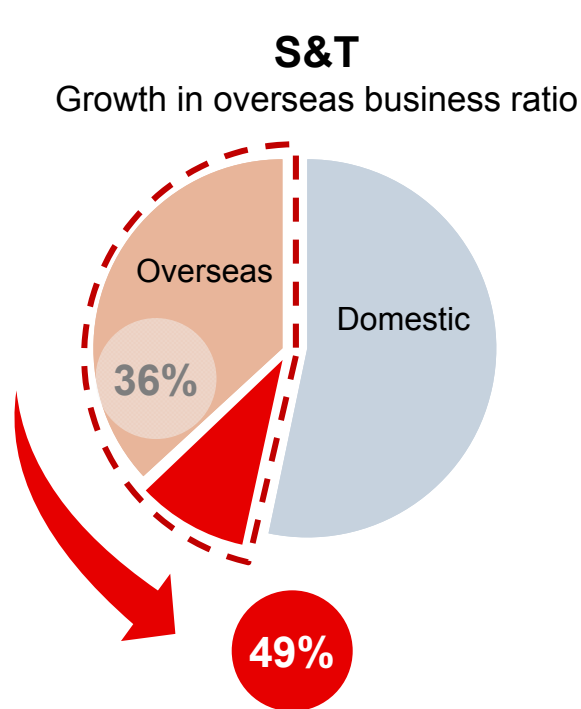
\*1 All figures are on actual exchange rate and managerial accounting basis

\*2 Mid-Term Business Plan

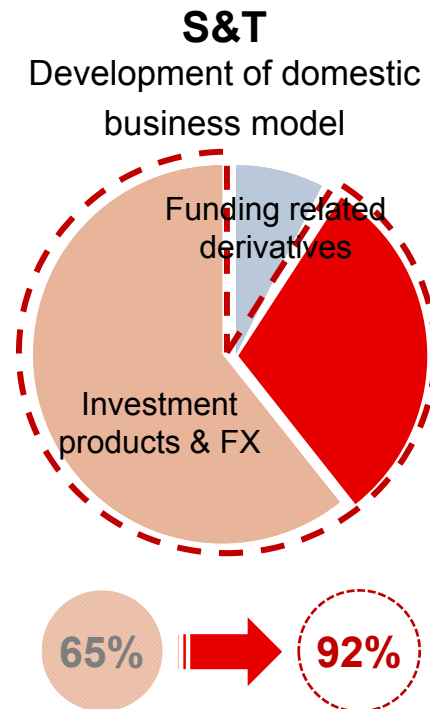
# Growth of Global Markets Business

- S&T: Enhance investor business and overseas business. Shift to investment related products/business in domestic market
- Banking : Manage portfolio by flexible rebalance in accordance with the change of market

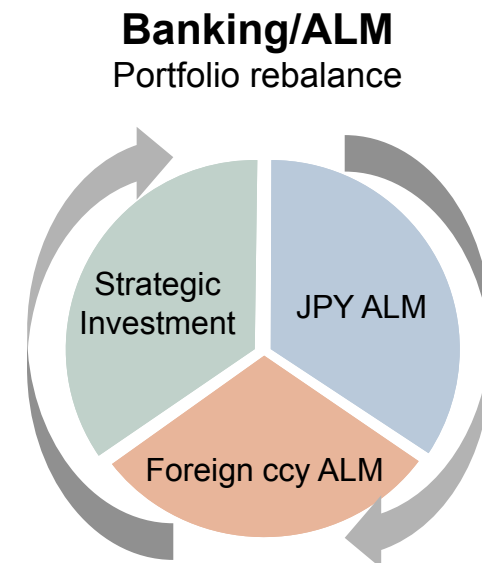
Change in gross profit since the beginning of previous mid-term business plan (FY12 - FY14)



- Enhancement of investor & FI business
- Solution business (Americas etc.)



- Shift from funding related derivatives to investment products & FX



- Seek best mix in alignment with business environment

# Evolution of S&T business

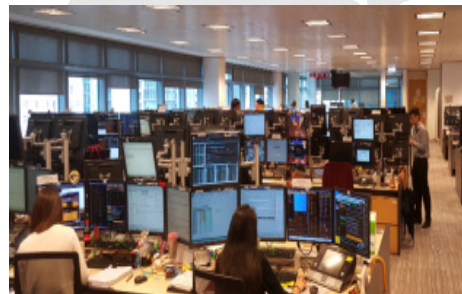
- BTMU and MUS integrated operation

- BTMU and MUS to offer one-stop and global market access
- Construct streamlined operating base which supports business integration



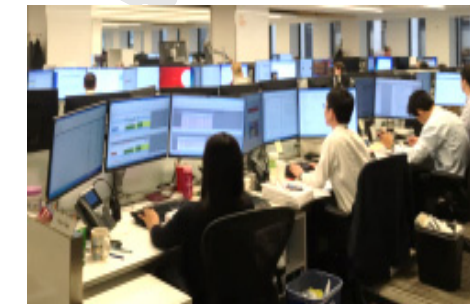
**London**  
- from Jul 16

**Tokyo**  
- from Nov 16



**Asia  
(HK&SGP)**  
- from Jul 16

**New York**  
- from Sep 16



**Customers**

Global Business Forum (GBF)



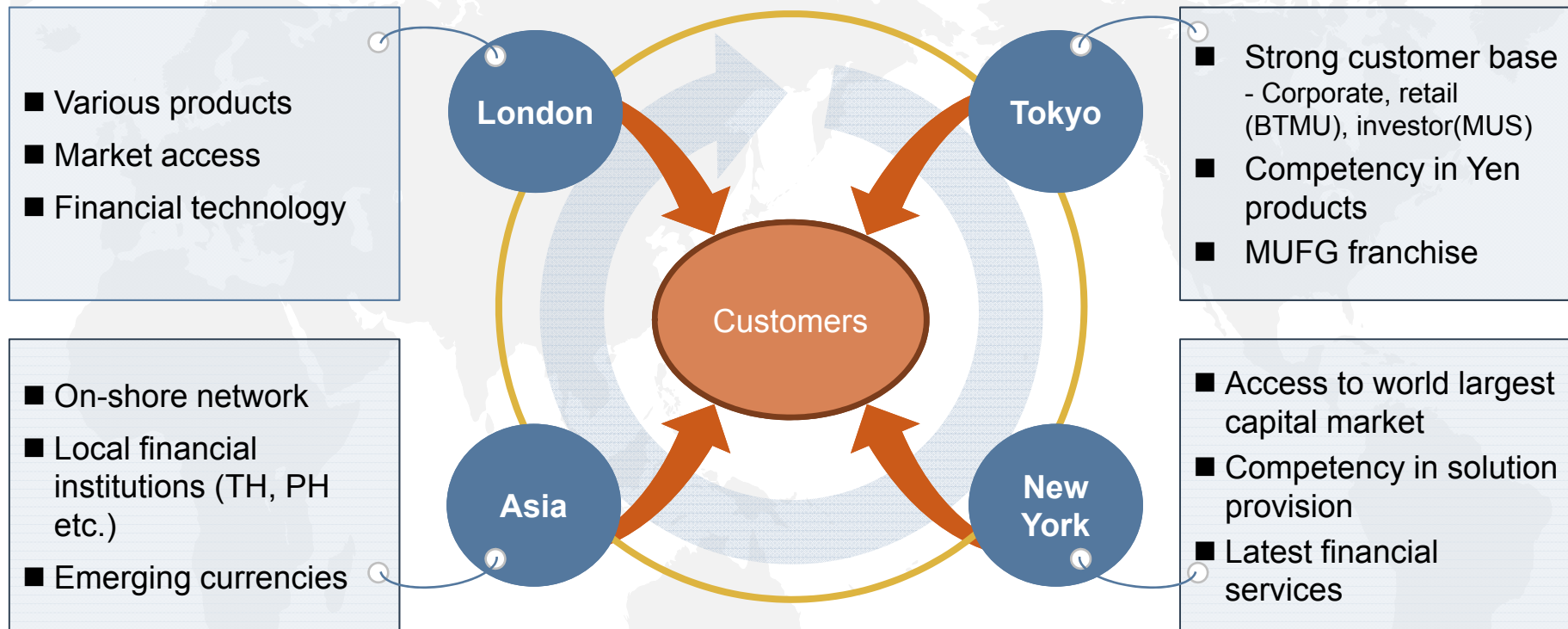
Regional Business Forum (RBF)

# Evolution of S&T business

## - BTMU and MUS integrated operation

- Offer seamless services to MUFG's customers
- Inbound/outbound business deployment through globally integrated operations

### MUFG One Global Platform

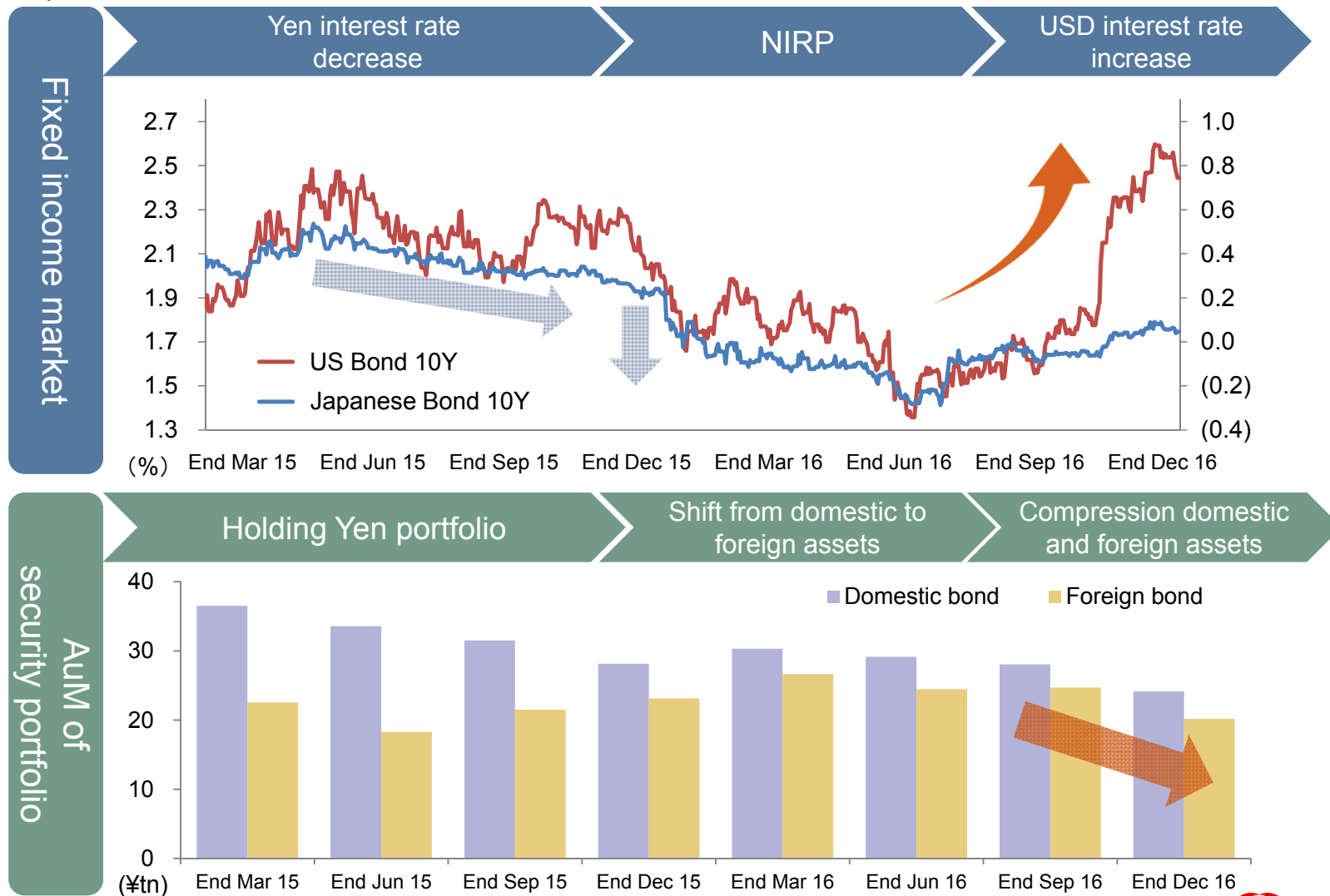


'Cross Region' × 'Cross Product' × 'Cross Entity'  
(Synergy through BTMU & MUS integration/enhancement of solution provision)

# Evolution of banking business

## - Yen and foreign currency integrated portfolio management

- Reduced AuM of security portfolio on the back of the risk of interest rate hike. Maintaining cautious stance for the present

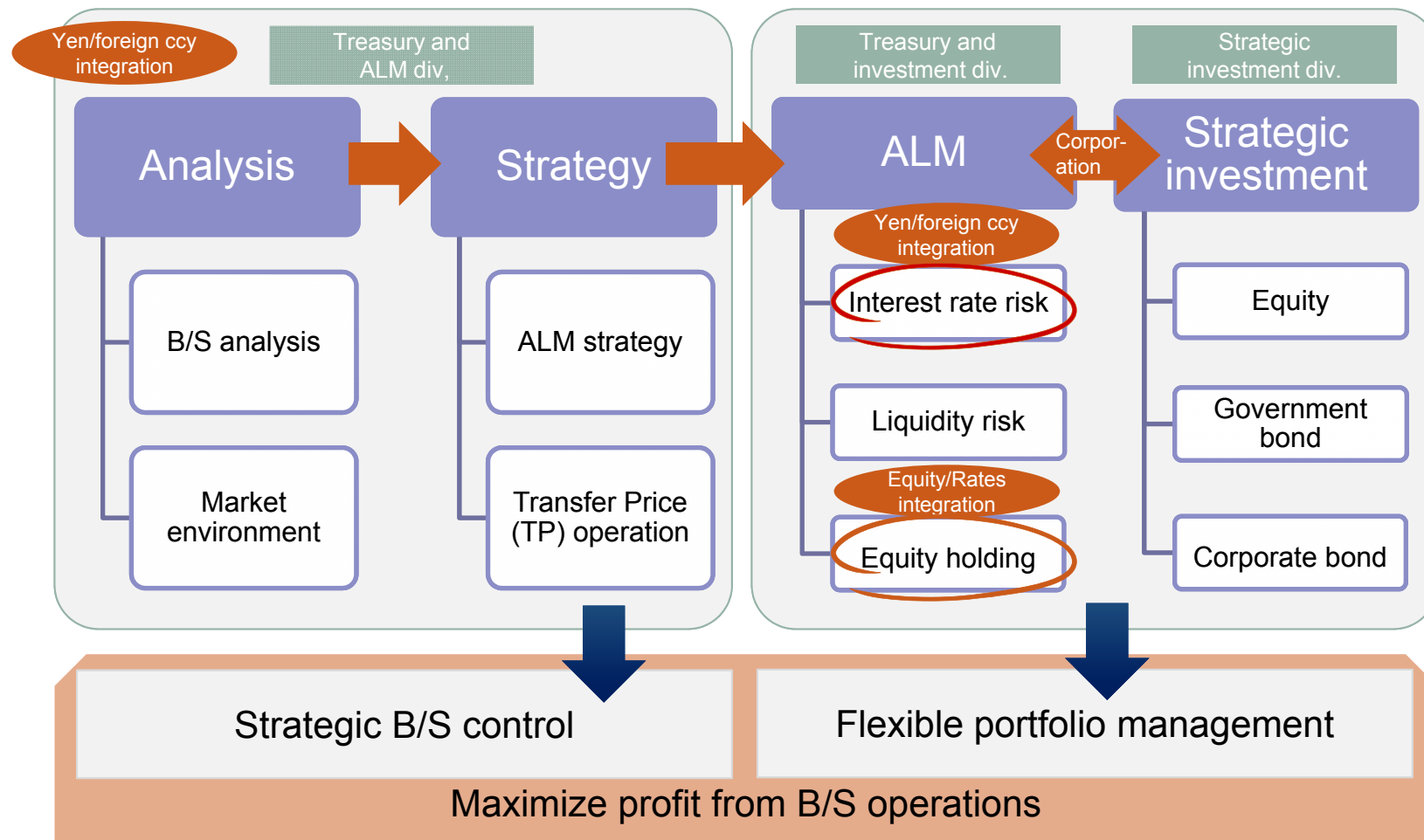


# Evolution of banking business

## - Enhancing ALM

- Enhance banking operation by new business unit structure and improved operations

NIRP, increase of foreign ccy funding cost, tightened financial regulations



- Group-wide mutual support function, FinTech/ICT

- To cope with shifting business environment, global markets business group takes measures to enhance its business base

## Enhancement of group-wide support function

- Started with 6 areas in FY16
- Aim to expand domains



## FinTech / ICT

[Result in FY16]

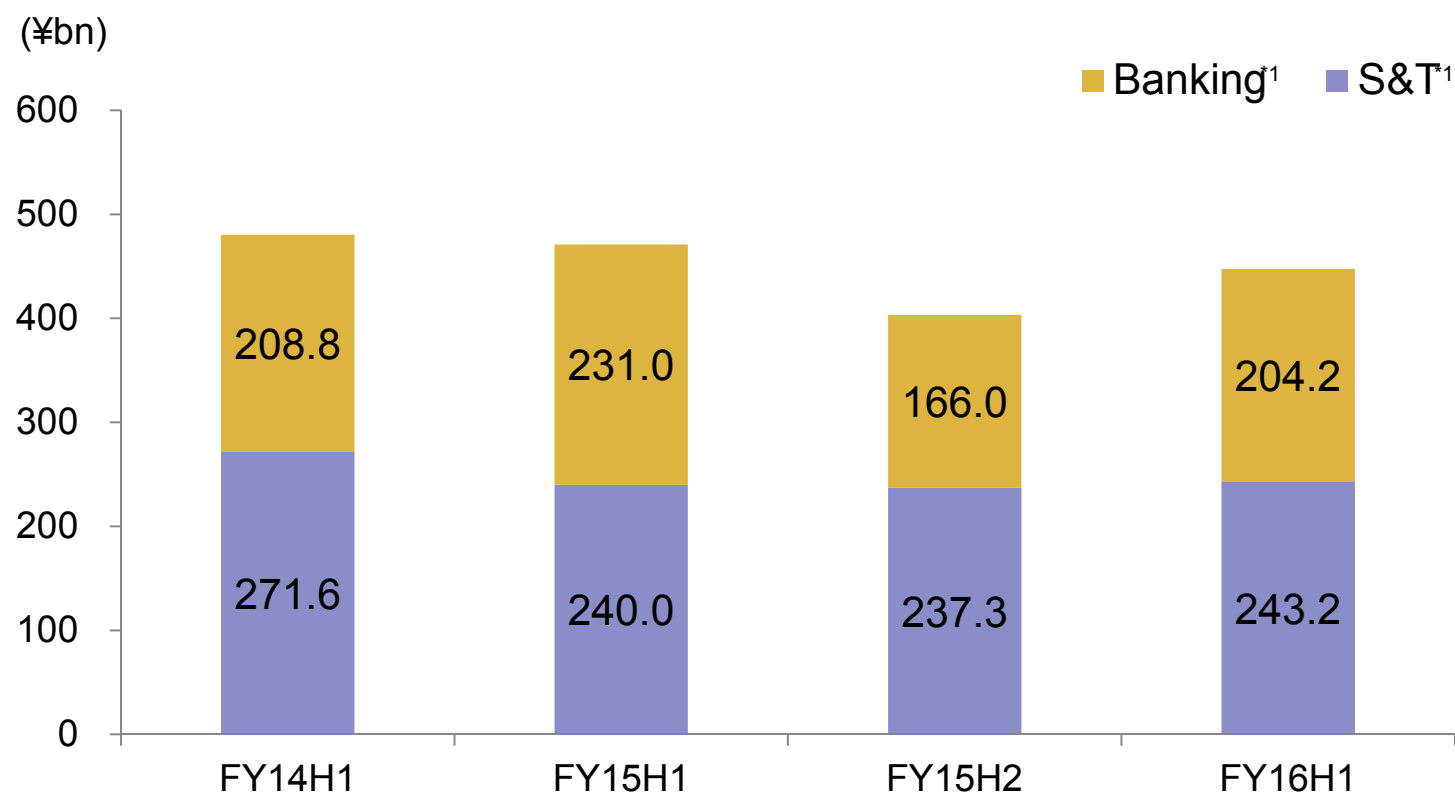


- Development of electronic FX brokerage
- Utilizing AI
- Robotics and optimization of operations



## Appendix: Gross profit

(Consolidated)



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

## Corporate governance of MUFG

# Corporate governance

## - Corporate governance development

- Putting emphasis on ensuring external oversight, MUFG transitioned to the “company with three committees” governance structure in Jun 15. Aiming to strengthen the oversight function of the Board of Directors by separating the functions between oversight and execution in the holding company

### Corporate governance development

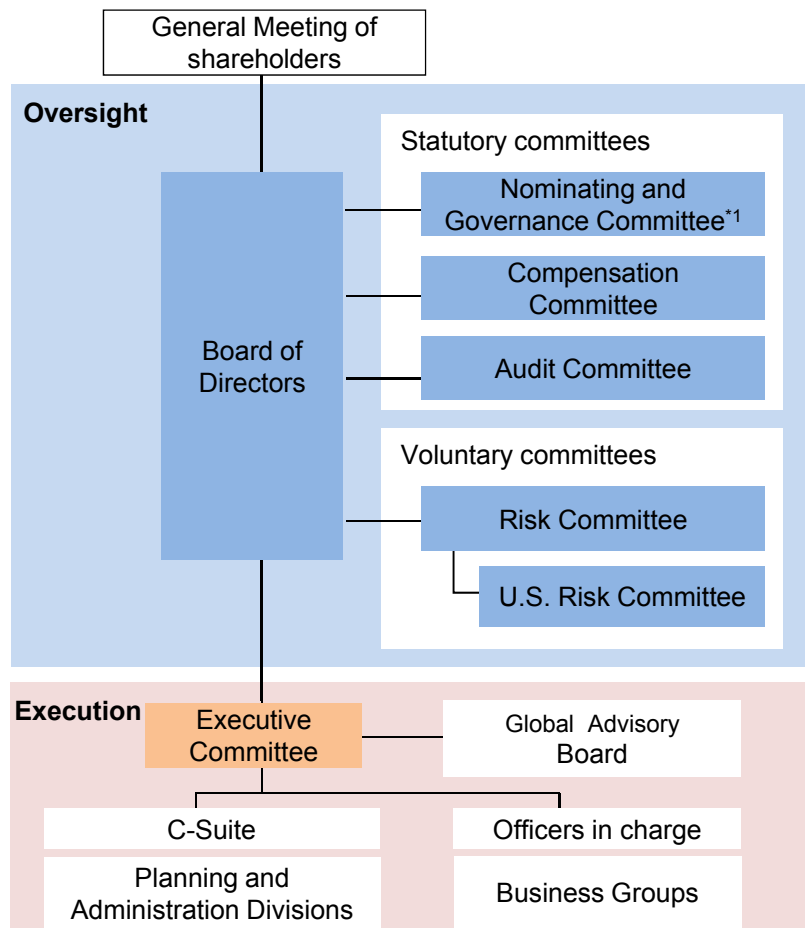
	October 2005 Establishment of MUFG			June 2013	June 2014	June 2015	May 2016
Governance Structure	Company with a Board of Corporate Auditors					Company with Three Committees	
Outside Directors	2005 Four	2006 Three	2012 Two	Three	Five	Seven	
Committees under the Board of Directors					Governance Committee	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			
							U.S. 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

## - Current corporate governance structure

- Board of Directors decides on key management policies and is responsible for management oversight
- 9 directors are non-executives, including 7 outside directors, out of the total 17 board members
- Mr. Okuda is a lead Independent Outside Director and a chairperson of Nominating and Governance Committee

### 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	MUAH outside director

### Function of Board of Directors & Nominating and Governance Committee

- Board of Directors
  - Decides on key management policies and is responsible for management oversight. Decisions on matters of business execution other than specific matters stipulated by laws and regulations shall in principle be delegated to corporate executive officers
- Nominating and Governance Committee
  - Decides on the contents of proposals those are submitted to general meetings of shareholders regarding the election and removal of directors
  - Discusses personnel matters regarding key management positions of MUFG and major subsidiaries, and make recommendations to the Board of Directors
  - Discusses matters pertaining to the policy and framework for corporate governance, and make recommendations to the Board of Directors

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

# 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

#### 【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)	

#### 【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】



\*1 Jun 14 to Mar 15

\*2 Jun 15 to Mar 16 (After transition to the “company with three committees” system)

## Corporate governance

- Viewpoint of an outside director

- Pros and Cons of MUFG governance from viewpoint of a lead Independent Outside Director
- Discussion at Independent Outside Directors Meetings
- Discussion at Nominating and Governance Committee.
  - Themes of succession plan
- Anticipating next 10 years. - Corporate culture of MUFG