

## Editorial Overview

We, Mitsubishi UFJ Financial Group, or MUFG, have compiled our integrated report, MUFG Report 2018, in order to explain our efforts to create sustained value to our investors and other stakeholders. Referencing the framework provided by the International Integrated Reporting Council (IIRC),\* this report introduces our business model through the opening section (“Who We Are”), and explains the methods we have used to create sustainable value through “Value Creation Initiatives,” “Important Issues Concerning Value Creation” and “Foundations of Value.” Further details on our initiatives for addressing ESG issues are available on our website.

\* A private-sector foundation established in 2010 by companies, investors, accounting organizations and administrative agencies to develop an international framework for corporate reporting.

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#### Disclaimer

This report contains forward-looking statements with regard to the expectations, forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. (“MUFG”) and its subsidiaries and affiliates (collectively, “the Group”). These forward-looking statements are based on information currently available to the Group and are stated in this document on the basis of the outlook at the time that this document was produced. In producing these forward-looking statements certain assumptions (premises) have been utilized that are subjective and may prove to be incorrect. Should any underlying assumption prove to be incorrect, actual results in the future may vary materially from some of the forward-looking statements in this document. The Group has no obligation or intent to update any forward-looking statements contained in this document. In addition, information on companies and other entities outside the Group that is included in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the Group and cannot be guaranteed. All figures contained in this report are calculated according to generally accepted accounting principles in Japan, unless otherwise noted.

Who We Are

## Corporate Vision

The corporate vision serves as the basic policy in conducting our business activities, and provides guidelines for all group activities.

The corporate vision also is the foundation for management decisions, including the formulation of management strategies and management plans, and serves as the core value for all employees.

MUFG has established Principles of Ethics and Conduct based on its Corporate Vision. These principles provide standards for all MUFG employees to guide their decisions and actions, thereby leading them to realize the Corporate Vision.



### Important Issues Concerning Value Creation

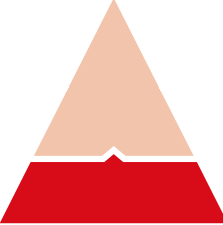
  
*Our mission*

To be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world.

  
*Our vision*

#### Be the world’s most trusted financial group

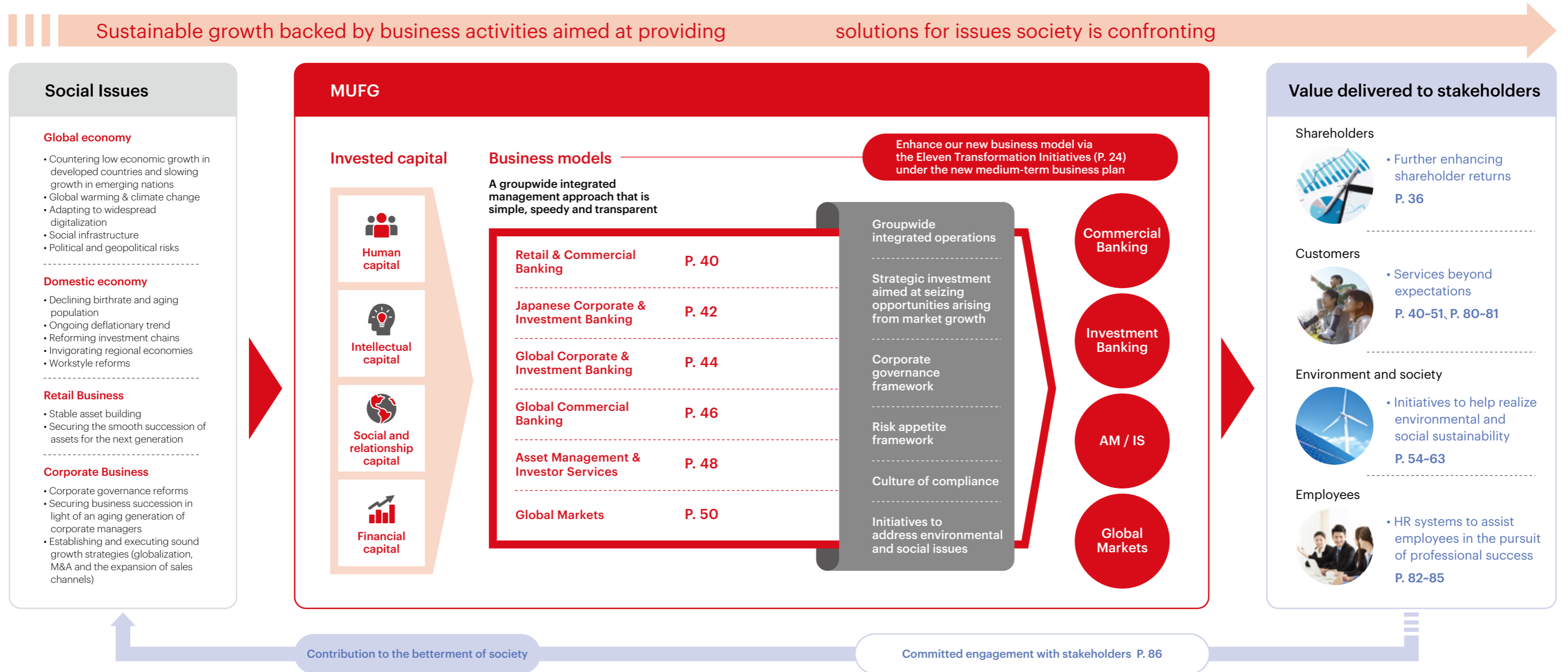
1. Work together to exceed the expectations of our customers
2. Provide reliable and constant support to our customers
3. Expand and strengthen our global presence

  
*Our values*

1. Integrity and Responsibility
2. Professionalism and Teamwork
3. Challenge Ourselves to Grow

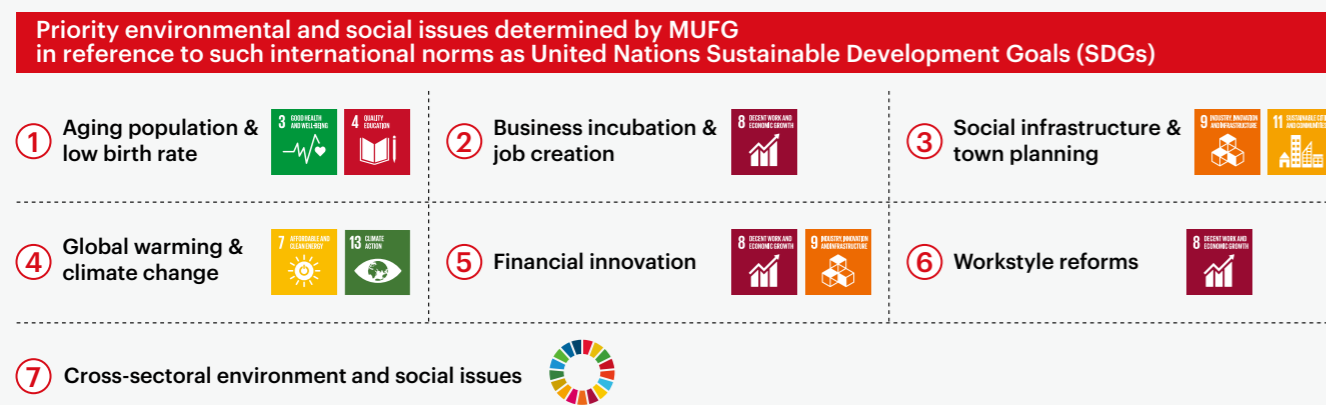
Details on our corporate vision are available on our website. <https://www.mufg.jp/english/profile/philosophy>

# MUFG Value Creation Process



Contribution to the betterment of society

Committed engagement with stakeholders P. 86




# History of MUFG

Among MUFG's precursors, the oldest dates back approximately 360 years. Over this long span of time, our commitment to addressing customer needs has remained unchanged, weathering the course of mergers prompted by recurring periods of social change and economic adversity, including worldwide recessions, Japan's rapid growth period, the rise and fall of bubble economies and, most recently, the Global Financial Crisis.


We have nurtured our commitment despite the circumstances and are determined to move forward to achieve mutual and sustainable growth with our customers. Moreover, we aspire to contribute to the sound development not only of Japan but of countries around the world and we aim to be part of the bedrock of society.


With all employees sharing this commitment and aspiration, MUFG steadfastly pursues its mission.

**Edo period**

Konoike Exchange Bureau opened in Osaka (1656)  
(One of the precursors of Sanwa Bank)  
  
Source: Konoike Limited Partnership Company

**Meiji period**

Mitsubishi Exchange House established by Yataro Iwasaki (1880)  
(One of the precursors of Mitsubishi Bank)  
  
Source: The Mitsubishi Archives

Yokohama Specie Bank established (1880)  
(One of the precursors of Bank of Tokyo)  
  
Source: Kanagawa Prefectural Museum of Cultural History

**Taisho period**

Mitsubishi Bank established (1919)  
(One of the precursors of MUFG Bank)

Sanwa Bank established (1933)  
(One of the precursors of MUFG Bank)

**Showa period**

1929 Worldwide recessions

1941 The Pacific War breaks out

1941 Tokai Bank established (1941)  
(One of the precursors of MUFG Bank)

Mitsubishi Trust established (1927)  
(One of the precursors of Mitsubishi UFJ Trust and Banking)

Kawasaki Trust established (1927)  
(One of the precursors of Mitsubishi UFJ Trust and Banking)

1964 Tokyo Olympic games

Toyo Trust and Banking established (1959)  
(One of the precursors of Mitsubishi UFJ Trust and Banking)

Bank of Tokyo established (1946)  
(One of the precursors of MUFG Bank)

**MUFG inaugurated**  
In August 2004, the predecessor companies signed a basic agreement on integration. In October 2005, MUFG was inaugurated via the merger of Mitsubishi Tokyo Financial Group and UFJ Holdings.

**Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities inaugurated**

**Bank of Tokyo-Mitsubishi UFJ (now MUFG Bank) inaugurated**  
Complete repayment of public funds

**Mitsubishi UFJ NICOS, Mitsubishi UFJ Lease & Finance inaugurated**

**2008**  
Financial crisis triggered by Lehman Brothers

**2007**  
Subprime mortgage problems emerge in the United States

**2006**  
The Bank of Japan (BOJ) terminated zero interest rate policy

**2005**  
Transition to limited deposit guarantee "payoff" scheme in Japan

**1991**  
The collapse of Japan's bubble economies

**Strategic alliance with Morgan Stanley**  
During the global financial crisis, MUFG invested US\$9 billion in Morgan Stanley (U.S.) as part of its efforts to strengthen investment banking



**• UnionBanCal Corporation became a wholly owned subsidiary of MUFG**  
**• ACOM became a consolidated subsidiary of MUFG (JGAAP only)**

**Mitsubishi UFJ Morgan Stanley Securities, Morgan Stanley MUFG Securities inaugurated**

**MUFG Corporate Vision renewed**  
Ensured the reputation for trustworthiness that MUFG enjoys among customers, which is backed by a longstanding track record and is maintained and passed on, underscoring the commitment of each employee

**2010**  
The debt crisis emerges in Europe

**2009**  
The Obama administration inaugurated in the United States

**Conversion of Bank of Ayudhya (Krungsri), a major commercial bank in Thailand, into a subsidiary**  
Initiated full-scale comprehensive financial services in ASEAN as a key growth strategy initiative



**Capital and operational alliance with Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank), a national bank in Vietnam**



**Capital and business alliance with Security Bank Corporation in the Philippines**



**Integration of Union Bank operations and MUFG Bank Americas business**



**Strategic investment in Bank Danamon, Indonesia**



**• Bank of Tokyo-Mitsubishi UFJ rebranded to MUFG Bank**  
**• Integrate corporate loan-related business of the Bank and the Trust Bank**



**The new medium-term business plan announced**  
The Eleven Transformation Initiatives identified to promote strategic initiatives aimed at realizing objectives of the MUFG Re-Imagining Strategy

**• MUFG Corporate Governance Policies established**  
**• Moved to a "company with three committees" structure**

Shifted from a "company with a board of corporate auditors" structure to a "company with three-committees" structure, with the aim of establishing a more transparent and effective governance framework

**The MUFG Basic Policy for Fiduciary Duties established**

The formulation of common guidelines for the Group to enforce its customer-first policy

**MUFG Re-Imagining Strategy announced**

**Our vision**  
**Be the world's most trusted financial group**

**2018**  
U.S.-North Korea summit

**2017**  
The Trump administration inaugurated in the United States

**2016**  
The BOJ introduces a negative interest rate policy  
U.K. referendum results in a decision to leave the European Union

**2015**  
Quantitative easing measures introduced by the European Central Bank

**2014**  
The Nippon Individual Savings Account (NISA) launched

**2013**  
The BOJ introduces quantitative and qualitative monetary easing policies

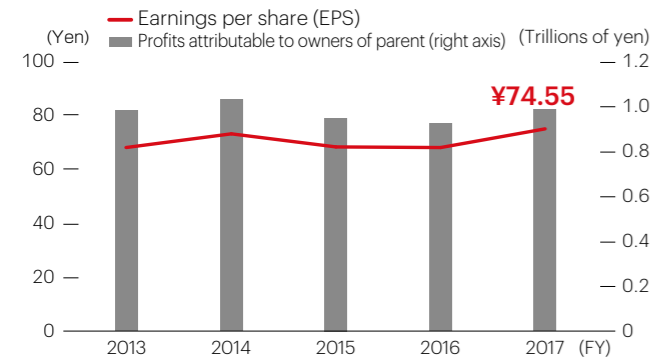
**2012**  
The second Abe administration inaugurated in Japan, initiating the Abenomics stimulus package

**2011**  
The Great East Japan Earthquake

# Financial Highlights

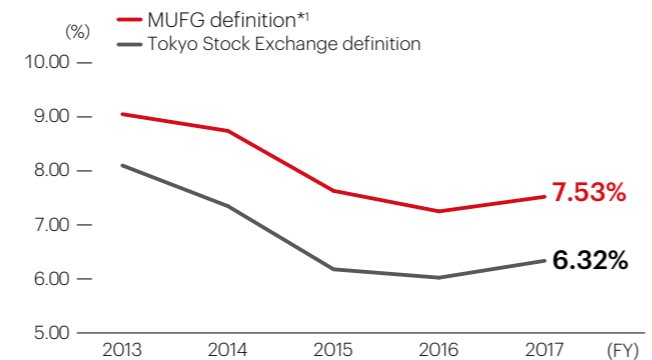
## Key Financial Performance Indicators

### EPS (growth) **¥74.55**



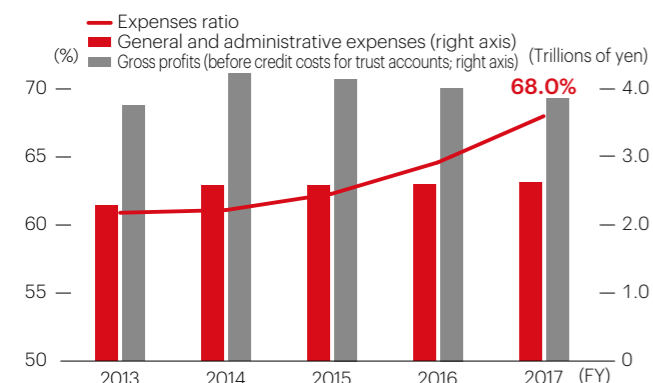
Despite a decrease in net operating profits, profit attributable to owners of parent rose due to a decline in credit costs, an elimination of the provision for repayment of excess interest and other factors. EPS grew, as well.

### ROE (profitability) **7.53%**



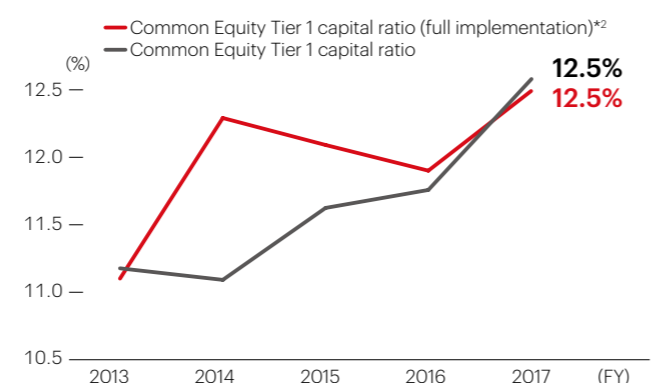
ROE climbed in step with the rise in profit attributable to owners of parent.

### Expenses Ratio (profitability) **68.0%**



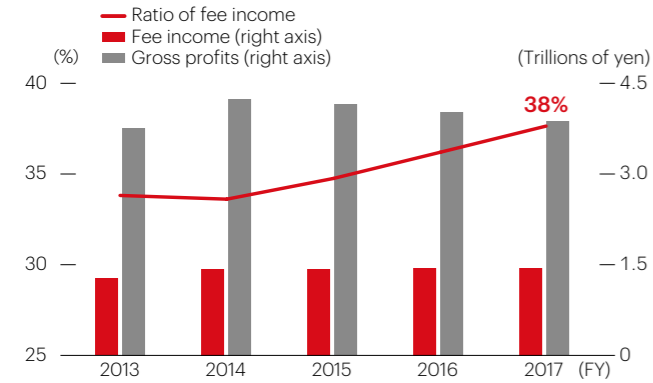
The expense ratio increased mainly due to rises in costs associated with overseas operations and a decline in gross profits on the back of decreases in revenues from domestic loans and deposits and gains on debt securities.

### Common Equity Tier 1 Capital Ratio (financial strength) **12.5%**



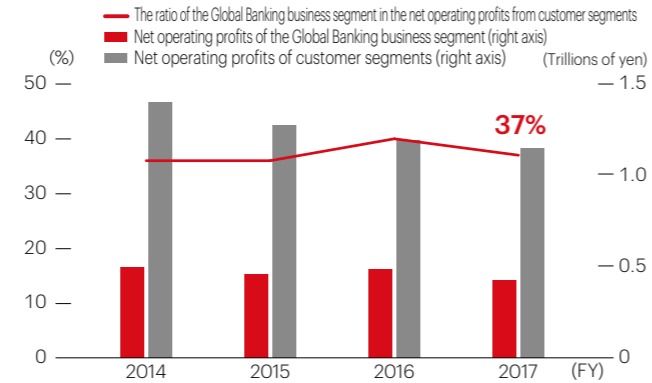
The Common Equity Tier 1 capital ratio remained above the level required by financial regulations.

### Ratio of Fee Income **38%**



With fee income staying virtually unchanged year on year, the ratio of fee income to gross profits rose on the back of an overall decrease in gross profits mainly due to a fall in interest income.

### Ratio of the Global Banking Business Segment in the Net Operating Profits from Customer Segments **37%**



The ratio of the Global Banking Business Segment in net operating profits from customer segments declined due to decreases in customer segment revenues in such overseas regions as Europe and the United States as well as increases in domestic customer segment revenues mainly in Retail Banking Business Segment.

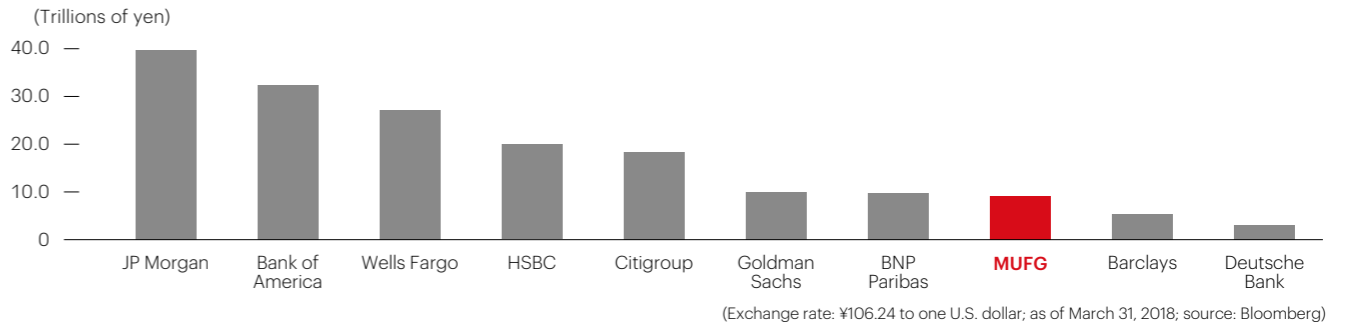
## Financial Results under the Previous Medium-Term Business Plan

		FY2014 (Results)	FY2017 (Targets)	FY2017 (Results)
Growth	EPS	¥73.22	Increase 15% or more from FY2014	<b>¥74.55</b>
	ROE*1	8.74%	Between 8.5%-9.0%	<b>7.53%</b>
Profitability	Expenses ratio	61.1%	Approx. 60%	<b>68.0%</b>
	Common Equity Tier 1 capital ratio*2	12.2%	9.5% or above	<b>12.5%</b>

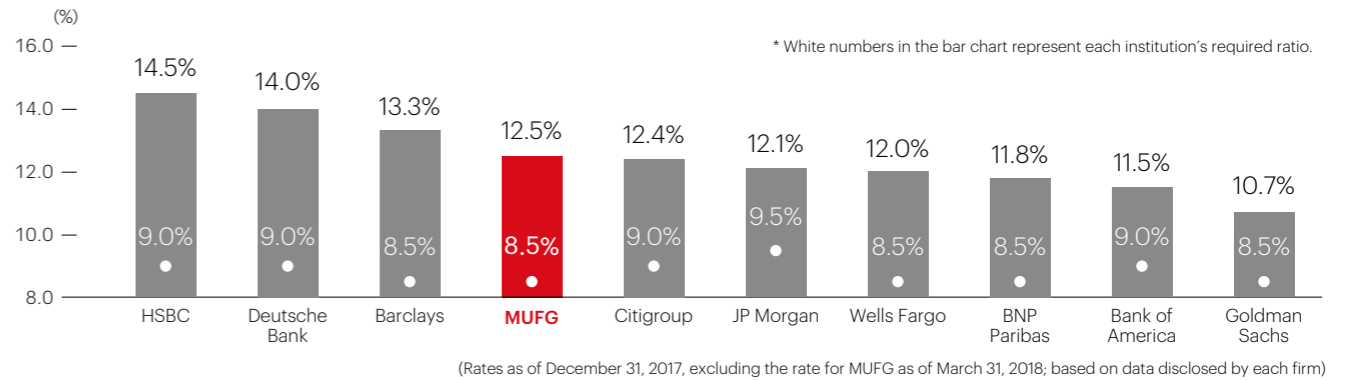
\*1 MUFG definition \*2 Full implementation

## Financial Position Compared with Global Peers (G-SIBs)\*1

### Market Capitalization



### Common Equity Tier 1 Capital Ratio (full implementation)



### Credit Ratings



\* Comparisons with European and American G-SIBs which a G-SIB buffer (announced in 2017) of 1.5% or greater is applied

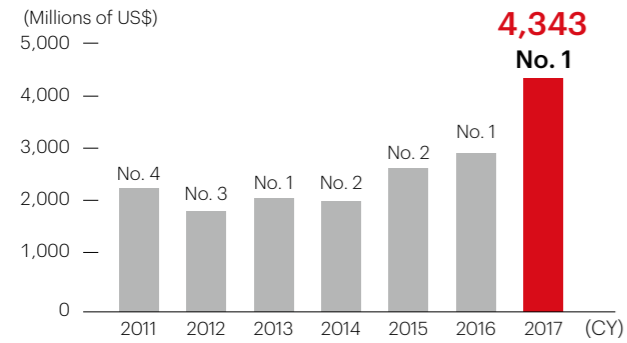
Profits attributable to owners of parent  
 \*1  $\frac{[(\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}) - (\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period})] \div 2}{\text{Total shareholders' equity at the beginning of the period}}$   
 \*2 Calculated on the basis of regulations applied at the end of March 2019.

# ESG Highlights

## Environment

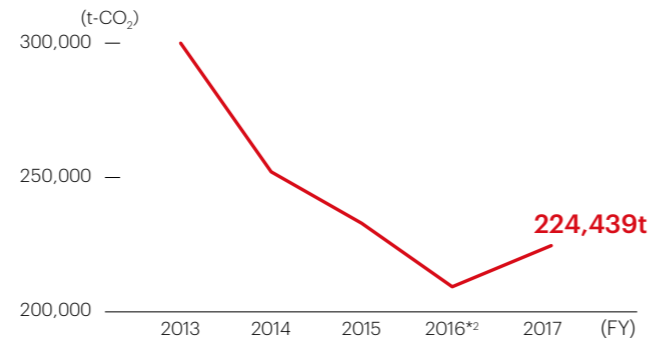
MUFG's Track Record and Ranking as a Finance Arranger in the Renewable Energy Sector

**US\$4,343 Million**  
(No. 1 ranking)



Source: Bloomberg New Energy Finance ASSET FINANCE/Lead arrangers LEAGUE TABLE

Carbon Dioxide (CO<sub>2</sub>) Emissions\* **224,439t**

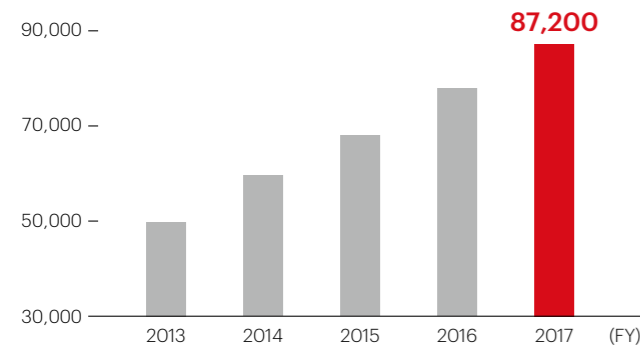


\*1 Total for MUFG, MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities and Mitsubishi UFJ NICOS  
\*2 The figure for fiscal 2016 includes the impact of a CO<sub>2</sub> offset scheme employing emission credits. This scheme resulted in a total reduction of 25,500t-CO<sub>2</sub>.

## Society

Number of Business Matches Made\*

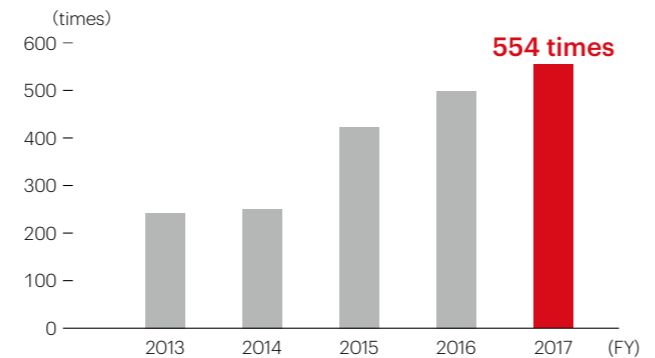
**cumulative**  
Approx. **87,200**



\* The Number of business talks at large-scale business matching conference in Japan

Number of Occasions in which MUFG Staff Provided Students with Economic and Financial Education\*

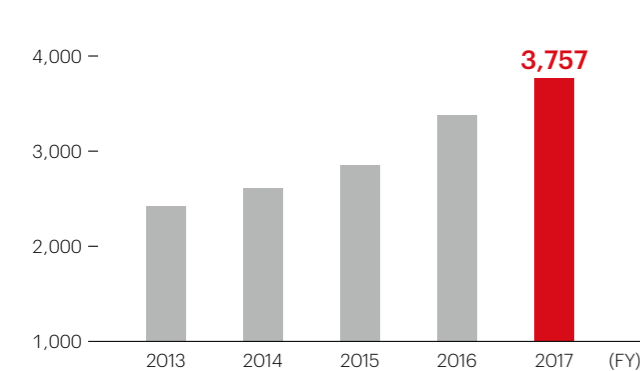
**554 times**



\* On-demand school lectures and workplace experience programs conducted by staff at MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ NICOS and ACOM

Number of Employees on Childcare Leave\*

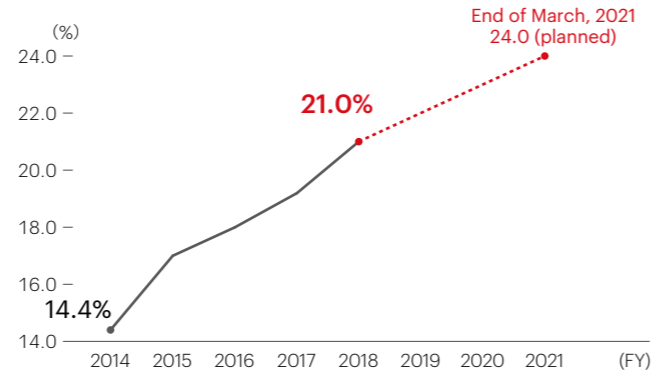
**3,757**



\* Total for MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities and Mitsubishi UFJ NICOS

Ratio of Female Managers in the entire Managerial Positions\*

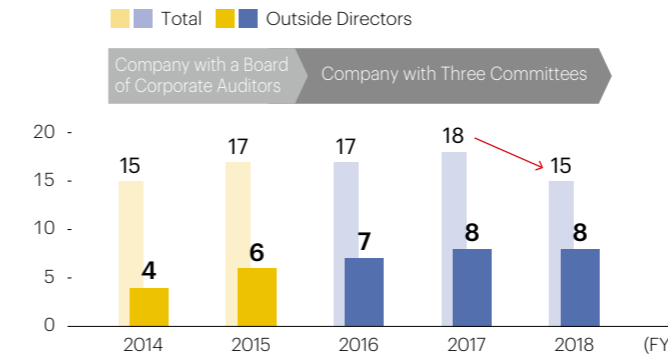
**21.0%**



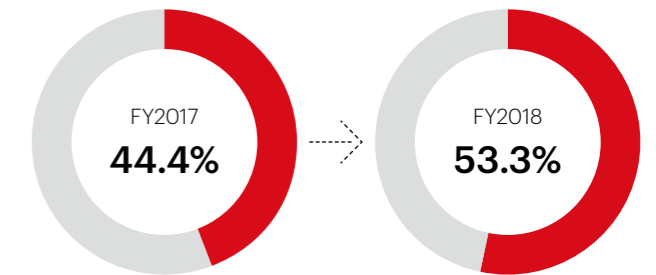
\* Total for MUFG Bank, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities

## Governance

Number of Members of the Board of Directors



The Proportion of Independent Outside Directors



## External Recognition

ESG-related indices

MUFG stock has been designated by some prominent ESG-related indices in Japan and overseas (as of May 31, 2018).



Technology Utilization Category Award under the NIKKEI Smart Work Awards 2018 Program

MUFG was chosen by the financial newspaper Nikkei to receive a Technology Utilization Category Award under the NIKKEI Smart Work Awards 2018 program in recognition of its pioneering initiatives to enhance productivity and secure sustainable growth through workstyle reforms.



Bloomberg Financial Services Gender-Equality Index

MUFG was chosen by the index as a company attractive due to its creation of a workplace environment that embraces gender equality along with efforts to maintain timely information disclosure, solid cumulative track record and progressive policies in this area.



The 2018 Competitive IT Strategy Company Stock Selection

MUFG was selected by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as an attractive company due to its aggressive utilization of IT in its management activities and engagement in strategic IT investments and other initiatives. (Received for a second consecutive year)

