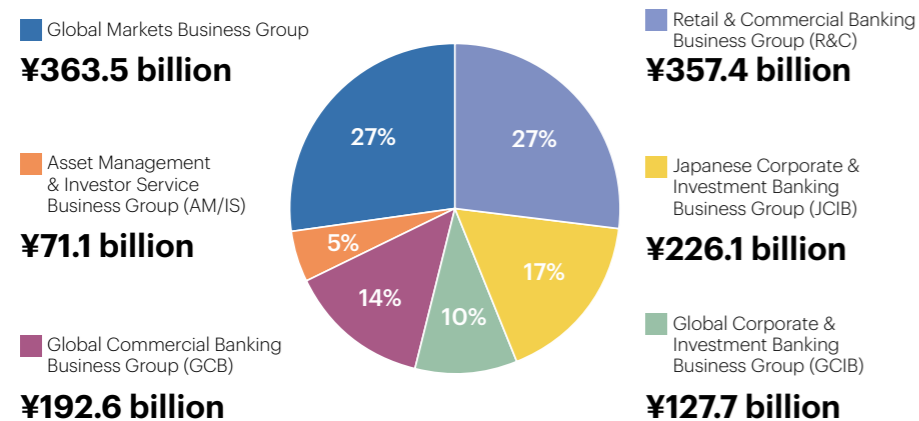


# Value Creation Initiatives

## Business Overview



MUFG Net Operating Profits **¥1,206.8 billion**\*1, \*2

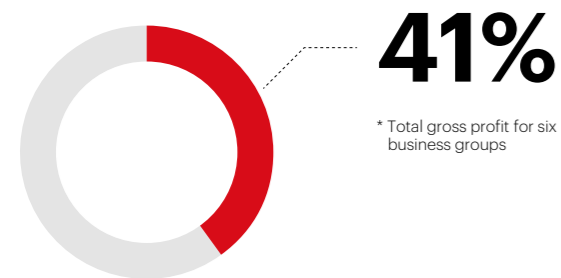


All figures presented in the Business Overview section are on a managerial accounting basis. Figures are based on exchange rates at fiscal year - end, unless otherwise noted.  
 MUAH represents MUFG Americas Holdings Corporation  
 KS represents Bank of Ayudhya (Krungsri)  
 \*1 In addition to the net operating profits of the six business groups, figures include profits or losses of headquarters and other elements  
 \*2 Figures exclude the net operating profits yielded by inter-business group collaboration presented below  
 R&C: Profits from overseas transactions with Japanese corporate customers and profits from business owner transactions which belong to JCIB  
 JCIB: Profits from business owner transactions which belong to R&C and profits from Japanese corporate customers served by MUAH and KS which belong to GCB  
 GCIB: Profits from non-Japanese large corporate customers of KS which belongs to GCB, profits from JCIB's non-Japanese corporate customers located in Japan, and O&D profits related to Global Markets  
 Global Markets: O&D profits related to GCIB

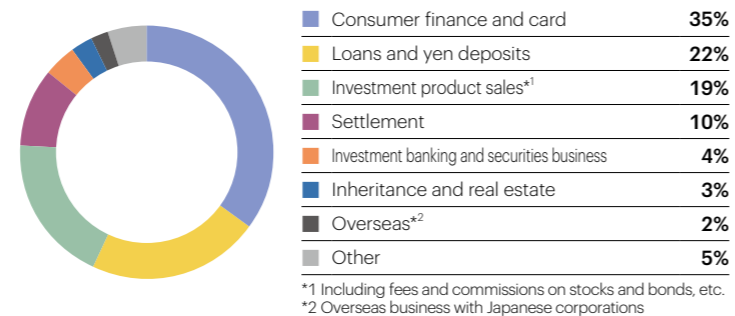
## Retail & Commercial Banking Business Group

Having positioned individual customers and SMEs as targeted customer segments, we provide residential mortgage loans, lending, wealth management and settlement services as well as business and asset succession solutions to meet diverse needs.

Composition of Gross Profits\*



Fiscal 2017 Gross Profit Breakdown



**Naoki Hori**  
Group Head,  
Retail & Commercial Banking Business Group

### Our Medium- and Long-Term Vision

#### A Retail & Commercial Bank That Boasts Unparalleled Strengths in Japan and Is Capable of Achieving Sustainable Growth in Tandem with Customers and Society as a Whole

With the aim of accurately meeting a variety of customer needs, we have integrated retail and commercial banking functions to deliver comprehensive solutions in a seamless manner, employing MUFG's unique perspective encompassing Group companies and a broad range of operations across retail and commercial banking.

We will strive to deliver genuine value that goes beyond customers' expectations and, to this end, tirelessly endeavor to enhance the strength of each Group entity in its area of specialty. In these ways, we will achieve sustainable growth in tandem with customers and society as a whole.

### Operating Environment Analysis

Today, customers' needs and behaviors are radically changing on the back of such factors as an ever faster decline in birthrate, the rapid aging of society, the widespread use of digital technologies and changes in the industrial structure. With this in mind, we will deliver optimal solutions through the integrated management of retail and commercial banking functions while steadfastly focusing on the customer perspective.

## Strategies under the New Medium-Term Business Plan

### SME Business

Connecting our value chain to business fields for both corporate clients and individual business owners, MUFG's staff provides one-stop services representing the MUFG Group as a whole, with all other Group members working with it in collaboration. Employing MUFG's strengths in thoroughgoing customer profiling, we are thereby able to meet a variety of needs.

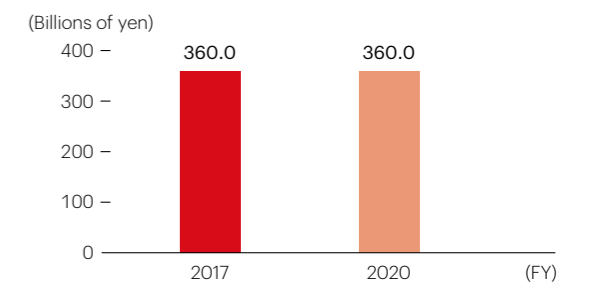
### Retail Business among the Bank and the Securities

We will promote a groupwide integrated approach while utilizing business expertise offered by Morgan Stanley, with the aim of developing an asset management model capable of driving our wealth management business. Moreover, we will deliver products and services that are better tailored to meeting needs of the Bank's customers via collaboration with the Securities. At the same time, we will strive to enhance customer convenience through the utilization of digital technologies and by striving to develop human resources across the board. In doing so, we will enhance our capabilities to fulfill diverse wealth management needs.

### Business for Retail Customers

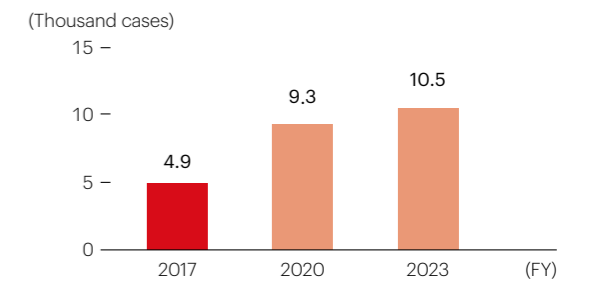
To promote a shift from savings to stable asset building, we are stepping up efforts to address asset management and asset building needs that vary with each customer's life stage. As part of these efforts, we began handling fund wraps at all MUFG Bank branches in November 2017 and began marketing Funded NISA-based products in January 2018.

### Net Operating Profit Plan\*



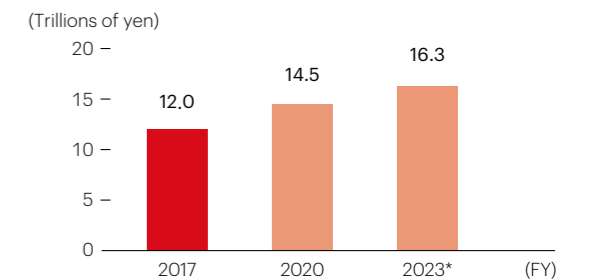
\* Including profits from overseas transactions with Japanese corporate customers and profits from business owner transactions which belong to JCIB

### Number of Referrals via Intra-Group Collaboration\* (wealth management)



\* Intermediary customer referral business via MUMSS's brokerage services and deals closed through collaboration between the Trust Bank and MUMSS

### Balance of Assets under Management (wealth management)



\* Excluding the impact of changes in market prices

### For Smooth Business Succession

Due to the rapid aging of domestic SME owners, ensuring smooth business succession has become critical to maintaining a robust industrial sector and securing sustainable development for the Japanese economy. MUFG assists its customers not only in treasury stock inheritance, which often names family members as inheritors, but also strives to meet needs for M&A, IPO and other succession methods that involve non-family members. These methodologies are expected to become more widespread going forward. While focusing on the perspective of corporate clients in the course of furnishing business succession solutions, we will also offer powerful assistance to individual business owners wishing to pass on wealth via testamentary trusts, real estate sales and purchases and other methodologies.

### ESG

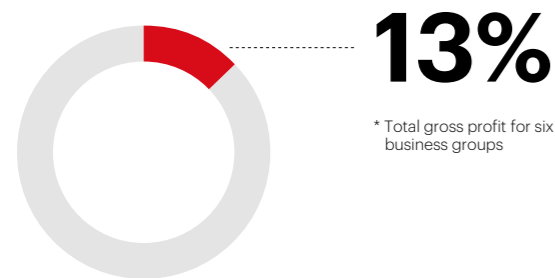
#### 1 Aging population & low birth rate



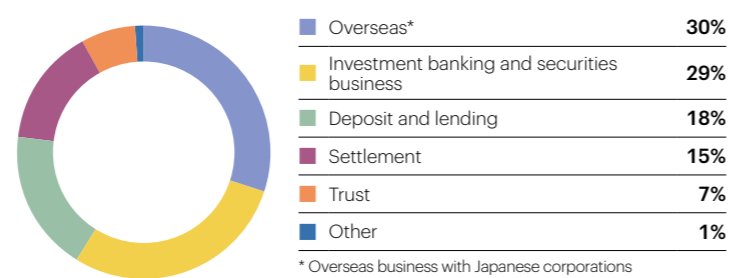
# Japanese Corporate & Investment Banking Business Group

We strive to help major Japanese corporations enhance corporate value via global expansion and, to this end, provide loan, settlement, forex and other services. Simultaneously, we offer optimal solutions that fully employ the strength of each Group entity in their field of specialty associated with M&A and real estate.

Composition of Gross Profits\*



Fiscal 2017 Gross Profit Breakdown



**Kenji Yabuta**  
Group Head,  
Japanese Corporate & Investment Banking  
Business Group

## Our Medium- and Long-Term Vision

### Be the First Call Business Partner for Customers

We will strive to become our customers' "First Call Business Partner" capable of delivering greater value. To this end, we will develop a new RM/PO\* model via functional realignment. Furthermore, we will step up our sector approach to provide customers with optimal solutions to the business challenges they confront. Through these initiatives, we will help Japanese corporations enhance their competitiveness at home and abroad while securing sustainable growth for MUFG.

\* RM: Relationship Managers, PO: Product Office

### Operating Environment Analysis

Today, our corporate clients are facing rapidly evolving and diversifying business issues, such as a growing need for cross-border M&A and meeting ever stricter corporate governance requirements. To help them address these challenges, we will strive to raise our capabilities to deliver optimal solutions by taking a companywide integrated approach that employs each Group entity and MUFG business bases in Japan and overseas.

## Strategies under the New Medium-Term Business Plan

### New RM/PO Model for Wholesale Banking

We will transfer the Trust Bank's corporate loan-related business to the Bank with the aim of ensuring that relationship managers (RMs) representing MUFG can meet customer requests even more swiftly. Meanwhile, product offices (POs), namely, staff in charge of the planning, development and provision of products and services, will work to enhance their specialist expertise in M&A, SR/IR\* and the real estate business.

\* Shareholder Relations and Investor Relations: MUFG's POs assist corporate clients in the formulation of their SR/IR strategies.

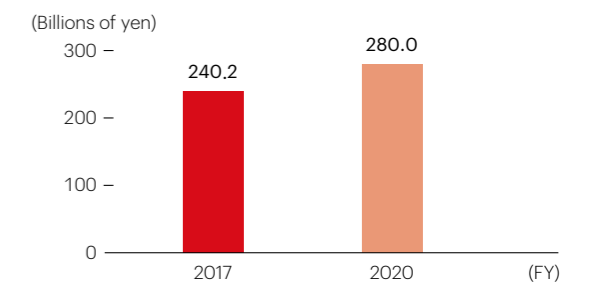
### Upgrading a Sector Approach

To boost our comprehensive solution proposal capabilities, we will fully utilize the advisory functions of the Bank, the Trust Bank, the Securities and all other relevant Group entities while facilitating collaboration between POs. At the same time, we will step up our efforts to help major corporations and venture startups engage in collaborative business creation initiatives.

### Overseas Business Involving Japanese Corporations

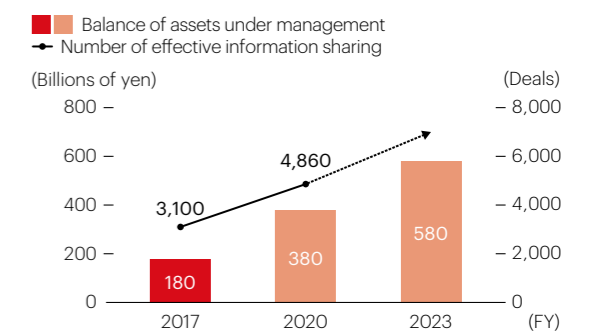
We will strive to maximize the strength of our global network with the aim of better assisting our customers in the pursuit of their global strategies. At the same time, we will stably meet burgeoning demand for foreign currency funding while delivering solutions to address customer needs for more sophisticated, highly efficient cash and foreign exchange management. We will thereby expand our transaction banking business.

### Net Operating Profit Plan\*

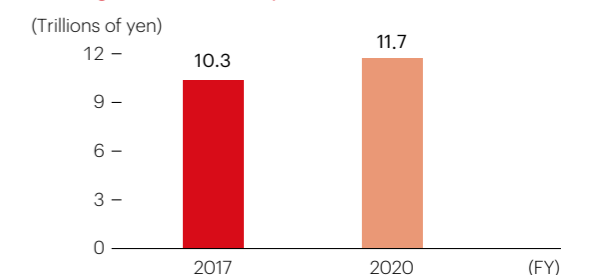


\* Including profits from business owner transactions which belong to R&C and profits from Japanese corporate customers served by MUAH and KS which belong to GCB

### Balance of Real Estate Assets under Management / Number of Effective Information Sharing



### Average Overseas Deposit Balance



## ALL JAPAN Tourist Area Regeneration/Revitalization Fund

In February 2018, MUFG Bank, in tandem with other eight companies, became a co-founder of Regional Revitalization Solution, Inc., an investment fund management firm. This joint venture resulted in the institution of the ALL JAPAN Tourist Area Regeneration/Revitalization Fund in April 2018, with a total investment amounting to approximately ¥20 billion. Encompassing all 47 prefectures nationwide, this pioneering megafund boasts the largest asset value among domestic private funds of this kind and is uniquely designed to facilitate investment that transcends regional boundaries. MUFG will help resolve various issues individual communities are now confronting, and by doing so, MUFG will actively contribute to Japan's growth strategies and regional vitalization.

### ESG

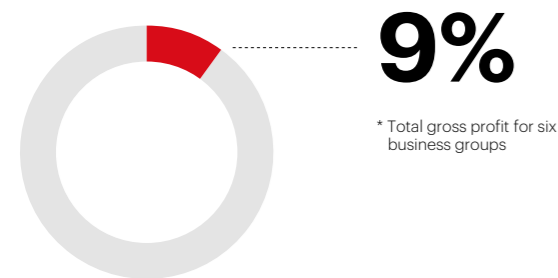
#### 3 Social infrastructure & town planning



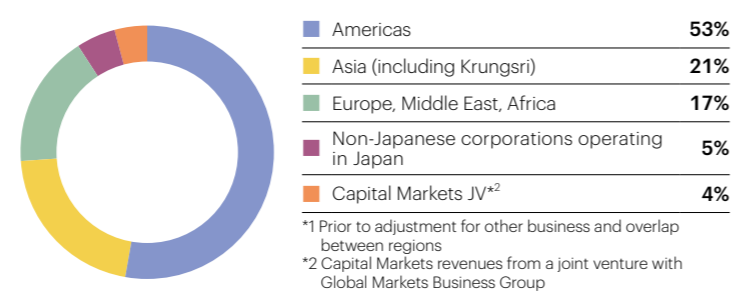
# Global Corporate & Investment Banking Business Group

We provide non-Japanese large corporate and financial institution customers with a comprehensive set of solutions that meet their financing needs, including transaction banking and various advisory services.

Composition of Gross Profits\*



Fiscal 2017 Gross Profit Breakdown\*<sup>1</sup>



**Masato Miyachi**  
Group Head,  
Global Corporate & Investment Banking  
Business Group

## Our Medium- and Long-Term Vision

### A Top-Tier Global Debt House

Our vision is to “Become a Top-tier Global Debt House” by providing our global client base with comprehensive set of solutions that meet their increasingly diverse and sophisticated financing needs. To this end, we have moved to customer-based management approach that integrates MUFG’s capabilities across Group entities, Business Groups and regions. Our supporting initiatives include globally aligned HR management for better talent development and allocation, as well as shifting to more global organizational structure.

### Operating Environment Analysis

Large corporate lending business is facing challenges due to the low-margin environment and heightened regulatory costs in multiple countries. We seek to address the challenges through MUFG’s group capabilities and its unique global network, so that we continue to provide our clients with superior value-added solutions.

## Strategies under the New Medium-Term Business Plan

### Global Portfolio Recycle Balance Sheet Optimization

Through our “3R (Repricing, Reduction, and Restructuring)” strategy, we aim to improve overall portfolio return by redirecting capital to assets with higher returns. By leveraging MUFG’s products and industry expertise, we will develop a robust business portfolio that enables sustainable growth.

### Asset Velocity through O&D\* Business Model

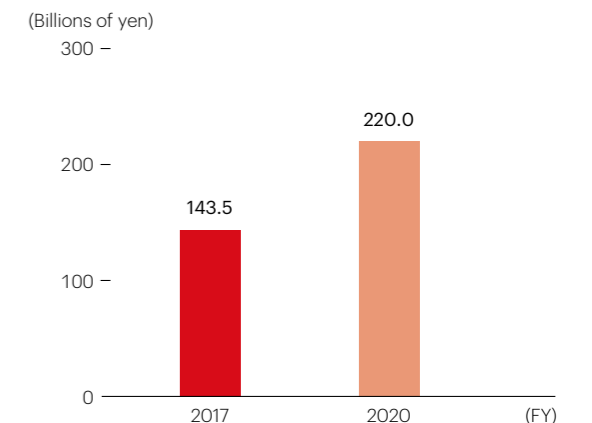
As we try to enhance asset returns, we are transforming our business model from “Quantity” to “Quality.” This requires accelerating O&D\* and OtoD\* with the goal of enhancing our asset velocity. Through an integrated business model between the Bank and the Securities, we aim to serve both corporate and institutional investor clients with a refined corporate & investment banking model.

\* O&D: Origination and Distribution / OtoD: Originate to Distribute

### Global Subsidiary Banking

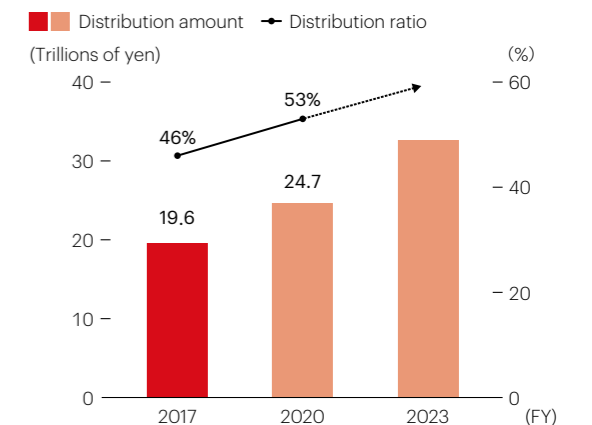
We aim to serve the subsidiaries of global large corporate customers through MUFG’s extensive global network with a dedicated subsidiary banking team. With a shift to a global alignment, our team is now better positioned to serve our clients’ needs. We will also upgrade our groupwide management information to enhance our customer interactions on a global basis.

### Net Operating Profit Plan\*



\* Including profits from non-Japanese large corporate customers of KS which belongs to GCB, profits from JCI’s non-Japanese corporate customers located in Japan, and O&D profits related to Global Markets

### Distribution Amount / Ratio\*



\* Distribution Amount = Arrangement amount - Final hold amount (syndicated loan, project finance, securitization, aviation finance, etc.) + Securities’ arrangement amount of DCM, ABS, etc.  
Distribution Ratio = Distribution Amount ÷ Total amount of loans to global large corporate customers

## Support Issuance of “Green Bonds”

MUFG is helping business corporations issue “Green Bonds” (a type of bonds whose proceeds are used to fund environment-friendly projects).

Since launching a dedicated team for Green Bonds in 2016, we have led a number of projects, putting our extensive network in the United States, Europe and Asia to work—one example of how MUFG continues to contribute to environmental preservation and sound social development.

### ESG

7 Cross-sectoral environment and social issues

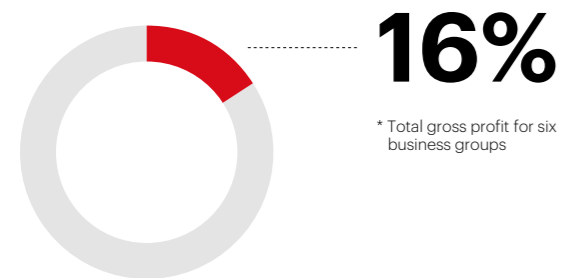


# Global Commercial Banking Business Group

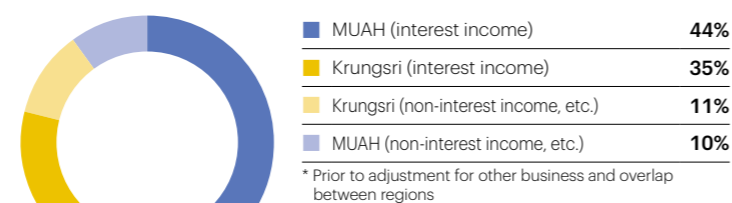
We provide financial services with local SMEs and individual customers in countries overseas through our existing investees, such as MUFG Union Bank, N.A. and the Bank of Ayudhya Public Company Limited (Krungsri).

Note: Entities managed by the Global Commercial Banking Business Group include MUFG Union Bank, Krungsri, Bank Danamon, Security Bank and VietinBank.

## Composition of Gross Profits\*



## Fiscal 2017 Gross Profit Breakdown\*



**Eiichi Yoshikawa**  
Group Head,  
Global Commercial Banking Business Group

## Our Medium- and Long-Term Vision

### A Business Group That Achieves Growth in Tandem with Partner Banks via Operations Spanning the Asia Pacific Region

Under the slogan “Banking Across the Pacific Rim—Connect, Synergize, and Grow Together,” we will strive to become a business group that creates synergies and helps partner banks and MUFG Bank, achieve growth through operations extending throughout the Asia Pacific region. While MUFG’s operation is on a global scale, partner banks’ operations are deeply rooted in regional society. By bringing together the robust platforms MUFG has developed with the community-based services these banks offer, we have succeeded in developing a business network that boasts distinctive strengths second to none in the world. Looking ahead, we will deliver ever more sophisticated solutions by better employing this network.

## Operating Environment Analysis

Our investee banks are based in five countries, namely the United States, Thailand, Indonesia, the Philippines and Vietnam, with a cumulative population of 840 million (520 million in ASEAN nations and 320 million in the United States, respectively). These banks thus serve an extensive, multi national market. Moreover, GDPs are largely growing in these countries. In particular, ASEAN nations are expected to see growth in financing needs on the back of income growth and economic development. Accordingly, our partner banks in these regions are poised to seize opportunities from highly likely market growth in the future.

## Strategies under the New Medium-Term Business Plan

### Regional Strategies for the Asian Market

In Asia, auto loans handled by Krungsri have made strong showings. In addition, MUFG announced strategic investment in Bank Danamon, a major commercial bank in Indonesia, in December 2017, thus acquiring 40%\* equity stake in this bank. This move is expected to help us develop a solid business platform in Indonesia, which boasts a fast-growing economy, thereby accelerating our business expansion and corporate growth.

\* As of August 2018. With plans calling for acquiring additional shares on another occasion subject to regulatory approval. Upon the completion of the planned share acquisition, MUFG Bank is expected to become the majority shareholder of Bank Danamon.

### Regional Strategies for the U.S. Market

In the United States, MUFG Union Bank is stepping up efforts to secure deposits through the Pure Point\* direct banking service and downsized branches. These efforts have steadily helped increase deposit balances. In addition, MUFG Union Bank aims to improve productivity and, to this end, intends to accelerate the relocation of customer support functions and part of back office operations to Phoenix, Arizona. By doing so, this partner bank will achieve both profitability improvement and sustainable corporate growth.

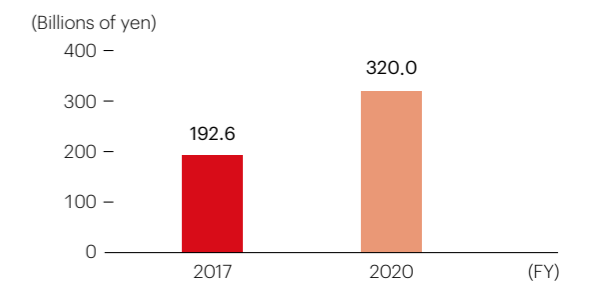
\* A financial service platform that encompasses regions across the United States and is run by MUFG Union Bank. Targeting individual customers, Pure Point comprises internet banking as well as services offered via a network of downsized branches.

### Helping Partner Banks Enhance Their Corporate Value

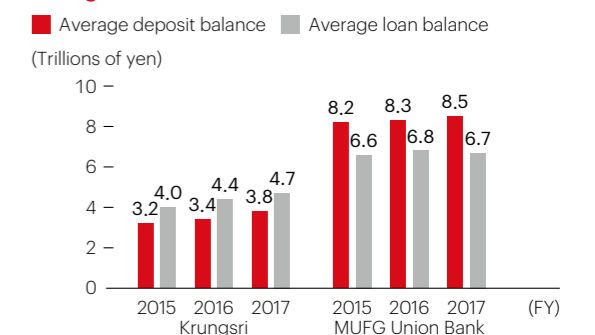
We will facilitate the sharing of specialist expertise and business experience accumulated by partner banks via operations in the United States and Asia. This will, in turn, better position MUFG and partner banks to create synergies and enhance the corporate value of each bank. Furthermore, we will share know-how on and insights into such matters as governance and risk management issues (e.g., credit, market and liquidity), with the aim of accelerating our efforts to develop a more sophisticated operating platform for the overseas commercial banking business.

Please see page 30 for details on these initiatives.

## Net Operating Profit Plan

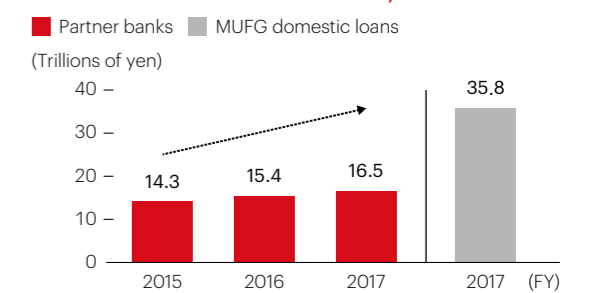


## Average Deposit and Loan Balances Held by Krungsri and MUFG Union Bank\*



\* Of commercial banking operations handled by MUAH, figures represent SME and retail loan balances.

## Reference: Comparisons of Average Loan Balances Held by Partner Banks\*1, \*2 and Domestic Loan Balances Held by MUFG\*3



\*1 The sum of loan balances held by MUFG Union Bank, Krungsri, Bank Danamon, Security Bank and VietinBank

\*2 Of commercial banking operations handled by MUAH, figures for MUFG Union Bank represent SME and retail loan balances

\*3 SME and retail loan balances

## Microfinance through Krungsri's subsidiaries

In ASEAN, the Bank of Ayudhya (Krungsri) helps to support those with low incomes perhaps with a limited or no credit history who are unable to obtain adequate access to financial services through traditional sources. In Thailand, Krungsri's Ngern Tid Lor is the leader in the microcredit sector providing auto loans and nano-finance loans through its nearly 650 highly accessible branches nationwide. In September 2016, Krungsri successfully acquired 100 percent stake of Hattha Kaksekar Limited (HKL), today the third-largest microfinance institution in Cambodia.

With our values that are based on responsible lending, both Ngern Tid Lor and Hattha Kaksekar continue to grow steadily while enriching the quality of life for the people we serve.

## ESG

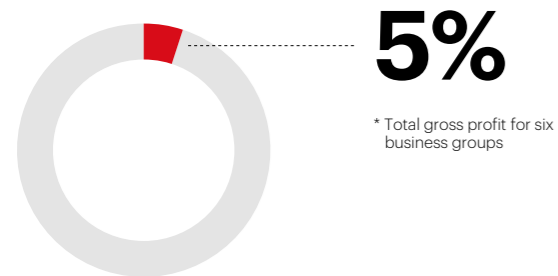
### 2 Business incubation & job creation



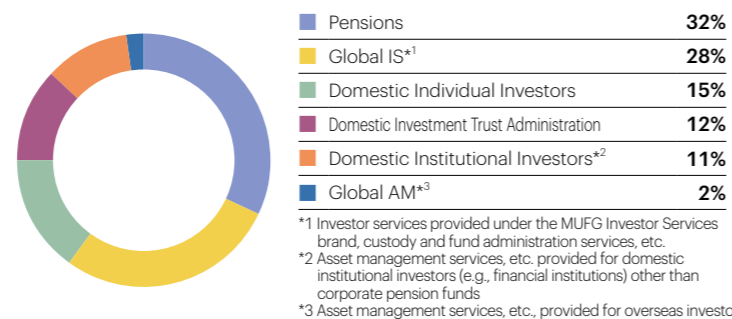
## Asset Management & Investor Services Business Group

Employing our sophisticated specialist know-how in the areas of asset management, investor services, and pensions, we provide such services as consulting while constantly striving to further enhance our asset management capabilities and develop products capable of better meeting diverse needs of customers at home and abroad.

### Composition of Gross Profits\*



### Fiscal 2017 Gross Profit Breakdown



**Sunao Yokokawa**  
Group Head,  
Asset Management &  
Investor Services Business Group

### Our Medium- and Long-Term Vision

#### A Business Group Boasting Unparalleled Strength in Japan and Significant Global Presence in Terms of Asset Management and Investor Services

We will become an asset manager boasting superior asset management capabilities and comprehensive strengths in solution proposals while striving to earn recognition in terms of contribution to a shift from savings to stable asset building in Japan. In the field of investor services, we will strive to expand our lineup of banking and other value-added services, thereby becoming the best partner for customers in Japan and overseas. In the field of pension administration, we will strive to secure the position of Japan's top player in terms of both defined benefit plans and defined contribution plans.

### Operating Environment Analysis

Overseas, demand for asset management and investor services is expected to grow further due to the low interest rate environment in developed countries and growth in the number of wealthy individuals in emerging nations. Turning to Japan, there will be growing asset management needs among institutional investors due to expectations that the negative interest-rate policy will remain in place. Also, a gradual shift from savings to stable asset building will address customers' asset management needs.

## Strategies under the New Medium-Term Business Plan

### Asset Management Business

We will take a groupwide integrated approach in the course of providing our customers with asset management services. To this end, we will develop investment products with greater competitiveness while expanding our product lineup. Moreover, we will enhance our portfolio of human resources supporting these efforts. In addition, we will step up the provision of alternative products and further enhance our asset management capabilities with the aim of becoming an asset manager boasting global presence.

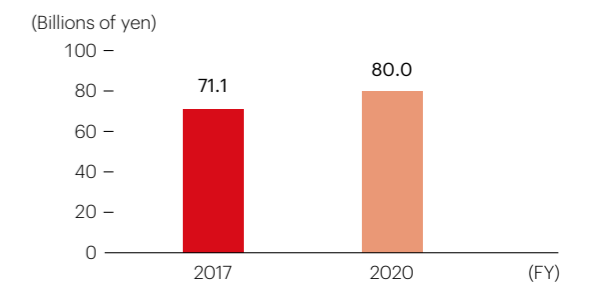
### Investor Services Business

Globally, we will strive to meet increasingly diversifying customer needs through the provision of one-stop services encompassing fund administration, finance and other services under the brand name of MUFG Investor Services. In Japan, we will also strive to provide comprehensive services, focusing on accurately satisfying the needs of such customers as non-Japanese corporations and up-and-coming asset management firms.

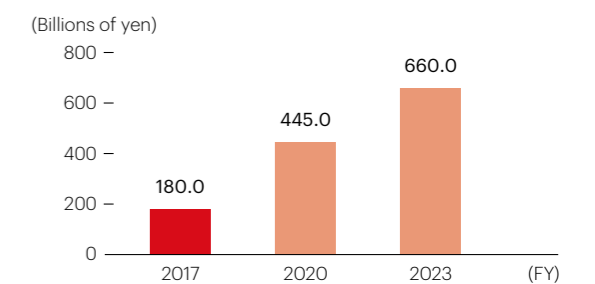
### Pensions Business

In the field of defined benefit pension plans, we will endeavor to raise our pension trust balance. As for defined contribution pension plans, we will work to increase the number of enrollees. In addition, we will provide comprehensive consulting services with regard to employee benefit plans other than pensions and, to this end, take a groupwide integrated approach. In these ways, we will serve an even broader range of customers while enhancing our capabilities to accurately satisfy their needs.

### Net Operating Profit Plan

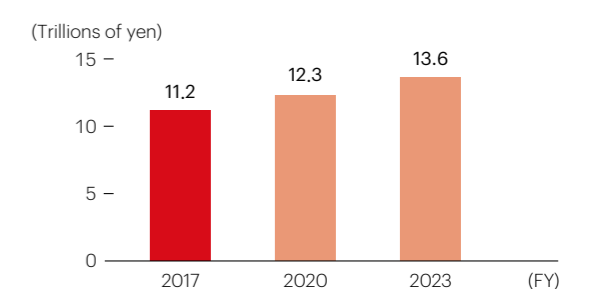


### Balance of Alternative Products\*



\* Balance of real-estate and other low-liquidity investment products developed in-house

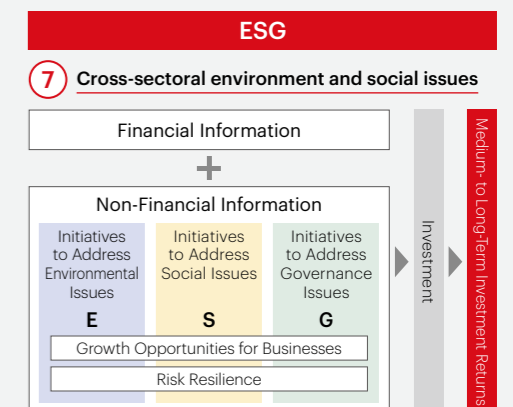
### Balance of Defined Benefit Pension Trusts



## Utilizing Non-Financial Information in Asset Management

As an institutional investor, we believe that assessing investees' non-financial information, which includes corporate philosophies and stances vis-à-vis governance, is essential to securing medium- to long-term investment returns. Accordingly, as an institutional investor that engages in long-term stock holding, the Trust Bank also encourages its investees to seek to cultivate sustainable growth through investee dialogue.

In addition, the balance of responsible investment, which represents the balance of ESG-oriented investment, is 5.0%.

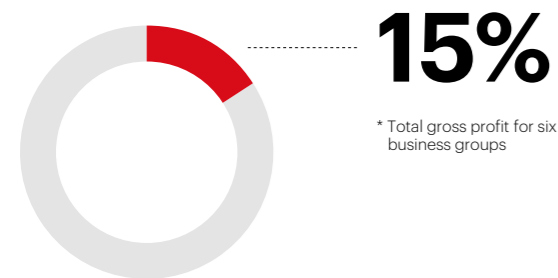


## Global Markets Business Group

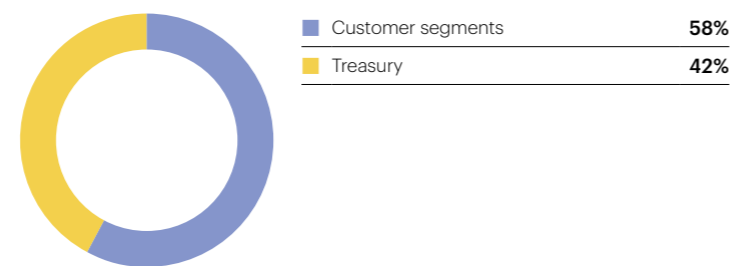
We serve our customers through sales & trading (S&T) operations associated with interest rates, bonds, forex and equities in addition to engaging in treasury operations.\*

\* Including ALM (which is the integrated management of liquidity risk and interest rate risk inherent in assets (loans, etc.) and liabilities (deposits, etc.)), global investment and other related operations

### Composition of Gross Profits\*



### Fiscal 2017 Gross Profit Breakdown



**Shigeru Asai**  
Group Head,  
Global Markets Business Group

### Our Medium- and Long-Term Vision

#### A Driver of Across-the-Board Business Reforms Taking a Groupwide Integrated Approach

We will become an organization capable of delivering value to customers by taking a groupwide integrated approach that transcends the boundaries of business groups and Group entities. In particular, we will strive to ensure that our customers are offered trading opportunities from optimal booking entities and, to this end, initiate efforts to standardize system, risk management and other infrastructure in place at the Bank, the Trust Bank and the Securities. As for operations outside Japan, we will practice human resource allocation in which the same staff concurrently engages in banking and securities operations.

#### Operating Environment Analysis

Looking at the current market trend, there is a looming sense of uncertainty regarding the future, especially with regard to geopolitical risk. Furthermore, yen volatility remains low on the back of the prolonged trend toward negative interest rates. Meanwhile, U.S. interest rates are expected to rise. For both the yen and dollar, the gaps between short-term and long-term interest rates are narrowing. Taking these factors into account, we expect a harsh environment to remain in place. On the other hand, the markets business is expected to achieve significant breakthroughs when rapidly advancing digital technologies are applied in this field. Therefore, we will strive to create new value by proactively utilizing these technologies.

## Strategies under the New Medium-Term Business Plan

### Institutional Investors Business

We will provide institutional investors with a broad range of services on a global basis by taking an integrated, groupwide approach in collaboration with other business groups. The Global Markets Business Group will promote O&D\* and, to this end, collaborate with business groups serving customers with funding needs while also endeavoring to satisfy customers with professional and diverse investment needs. By doing so, we will offer our customers investment opportunities available only through MUFG.

\* O&D: Origination and Distribution / OtoD: Originate to Distribute

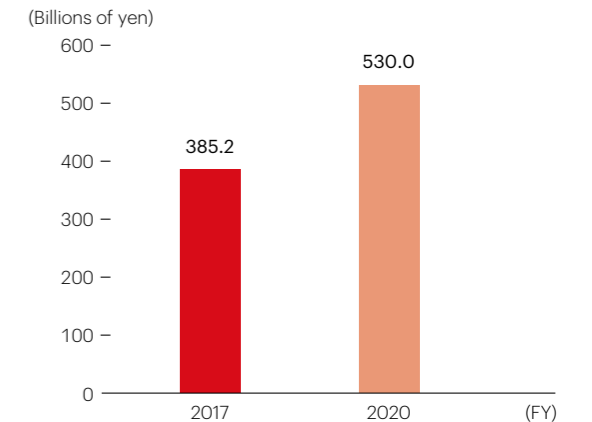
### Businesses Targeting Corporations

In the field of traditional S&T operations, including forex and interest rates, we will digitalize our operational flows to improve the efficiency of existing operations. By doing so, we will free up greater resources to be allocated to such growth fields as asset management as well as hedging transactions aimed at addressing new type of risks, such as those associated with M&A financing. We will also step up collaboration with business units in charge of handling primary and solution businesses, such as designated contract market (DCM) derivatives, thereby nurturing a new business model that is not dependent on lending.

### Treasury

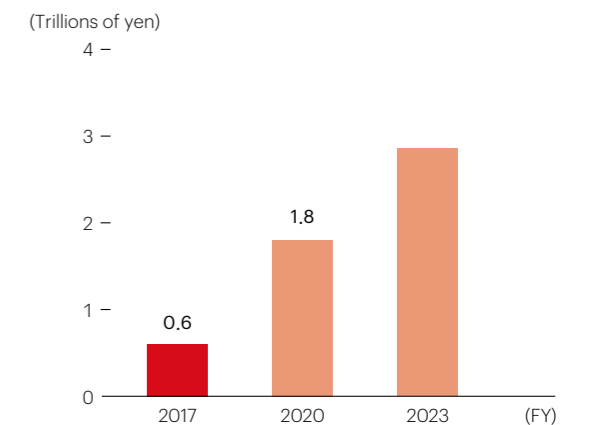
Addressing the foreign currency liquidity and other issues we are facing in terms of balance sheet management, we will improve liquidity risk management by taking a groupwide integrated approach. At the same time, we will engage in market risk management by taking advantage of the strengths of the Bank and the Trust Bank in their areas of specialty. Furthermore, we will develop new corporate clients while instituting new products. In addition, we will step up our ongoing efforts to secure low-cost and stable funding from the market. In these ways, we will promote foreign currency businesses that are more sustainable and sound.

### Net Operating Profit Plan\*



\* Including O&D profits related to GCIB

### Sales of Structured Products for Domestic Institutional Investors\*



\* Amount of domestic and foreign securitized products and structured bonds sold mainly in Japan

## ESG Investment

Around the world, public pension funds and other institutional investors are increasingly paying attention to ESG-oriented investment, believing that giving consideration to the approaches of investees to ESG issues will improve returns over the long term. While MUFG has diversified its investment portfolio to encompass domestic bonds, foreign bonds, stock and corporate bonds and thereby improve the risk-return management of its own investment portfolio. We also invest in Green Bonds. Looking ahead, the Global Markets Business Group will strive to enhance MUFG's financial revenues while contributing to sustainable economic growth via ESG investment.

### ESG 7 Cross-sectoral environment and social issues

