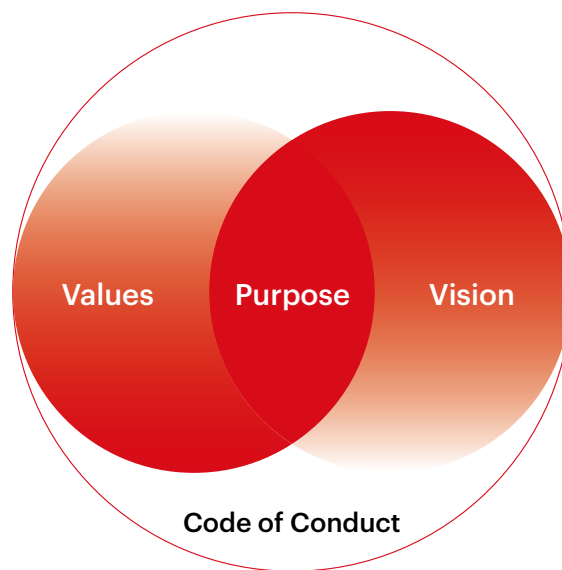


MUFG Report 2022

Integrated Report

What is the MUFG Way

MUFG Way serves as the basic policy in conducting our business activities, and provides guidelines for all group activities. MUFG Way 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.



Purpose

Committed to empowering a brighter future.

Today, all of our stakeholders are striving to overcome challenges and find a way to the next stage toward sustainable growth. We at MUFG will make every effort to help realize these goals. This will be our unchanging purpose now, and into the future.

Values

In addition to our unchanging primary value of “Integrity and Responsibility,” we also value “Professionalism and Teamwork” and will “Challenge Ourselves and Grow.”

Vision

By empowering our stakeholders to find a way to the next stage toward sustainable growth, we will make every effort to become an indispensable partner for them and to be the world’s most trusted financial group.



To empower our communities and society

We will play our part in the development of robust and resilient communities and societies through innovation and the provision of secure platforms.



To empower our customers and partners

We will take full advantage of digital technologies and deliver innovative financial solutions to help our customers lead fulfilling lives and support them through life's challenges.



To empower future generations

We will address issues our society faces to help create a world in which society and the Earth's environment can coexist in harmony.

Committed to empowering a brighter future.

We will work to resolve issues faced by all our stakeholders by formulating and executing strategies based on the challenges they confront.



To empower shareholders and investors

We will live up to shareholder expectations by continuously enhancing our sustainability and corporate value.



To empower MUFG employees

We will create a working environment where diversity is respected and where employees can shine and grow together.

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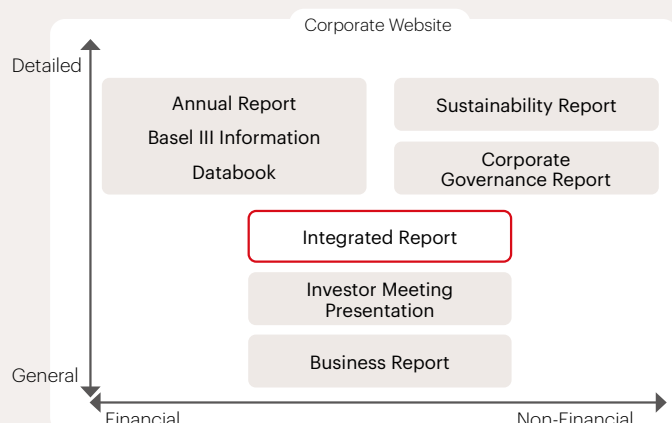
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Main Disclosure Outlets



Editorial Overview

To best explain our efforts to create sustained value to our investors and other stakeholders, we, Mitsubishi UFJ Financial Group, or MUFG, have compiled this integrated report, *MUFG Report 2022*, with reference to such guidelines as the framework provided by the Value Reporting Foundation (VRF) as well as the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry. Further details on our financial status and sustainability initiatives are available on our website. In addition, our plans call for issuing the *MUFG Sustainability Report 2022*, a publication detailing our response to sustainability issues, in September 2022 or later.



Reporting Period

April 1, 2021 to March 31, 2022
(The report includes some information pertaining to activities undertaken up to July 2022.)

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We would like to extend our gratitude to readers of the *MUFG Report 2022* integrated report.

Guided by its Purpose, “Committed to empowering a brighter future,” MUFG is engaged in ongoing value creation efforts. In the 2021 edition of this integrated report, we focused on discussing the necessity of accelerating business model innovation amid a rapidly evolving business environment and elaborated on what we aim to do under the new MTBP to realize such innovation. The 2022 edition features reports on progress in these initiatives. Also, based on feedback gleaned from stakeholder dialogue, this edition incorporates enriched descriptions regarding tangible examples of MUFG’s corporate activities so that our readers can develop a well-informed conception of what we are doing.

As the officer in charge of IR and responsible for the preparation of this report, I hereby declare that the *MUFG Report 2022* has been sincerely prepared through the involvement of top management and collaboration between various departments and that its content is accurate.

I would be very pleased if this report were to help our stakeholders understand MUFG’s operations. Going forward, we will value any insights and takeaways acquired through stakeholder dialogue to enhance the content and transparency of information disclosure. We welcome frank opinions from our readers about this publication.

Tetsuya Yonehana Representative Corporate Executive, Senior Managing Corporate Executive, Group CFO

Disclaimer

This report contains forward-looking statements with regard to the expectations, forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. and its subsidiaries and affiliates. 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.

Definitions of Specific Terms Used in This Report

MUFG/The Group: Mitsubishi UFJ Financial Group, Inc. and its subsidiaries and affiliates
The Bank: MUFG Bank, Ltd.
The Trust Bank: Mitsubishi UFJ Trust and Banking Corporation
The Securities: Mitsubishi UFJ Securities Holdings Co., Ltd. and its subsidiaries
MUMSS: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
NICOS: Mitsubishi UFJ NICOS Co., Ltd.
MUAH: MUFG Americas Holdings Corporation
Krungsri (KS): Bank of Ayudhya Public Company Limited
Bank Danamon (BDI): PT Bank Danamon Indonesia, Tbk.
FSI: First Sentier Investors Holdings Pty Ltd
AM: Asset Management
IS: Investor Services

Message from the CEO

A Fresh Beginning

Our Pledge to “Empower” Extends to All MUFG Stakeholders



**Hironori
Kamezawa**

President & Group CEO

Assessing Our Environment & Challenges

Every New Year, my family celebrates with a newly crafted parchment of Japanese calligraphy, featuring a character chosen to represent a resolution.

For my 2022 resolution, I chose “初”^{はつ}—representing “a fresh beginning.”

It has been almost three years since I was appointed CEO, and almost two since the Group entered its current Medium-Term Business Plan (MTBP) cycle. So why choose a character representing “beginning” when we are already well down the road in significant ways?

Two reasons.

First, we are witnessing the advent of a new epoch. We have endured the COVID-19 pandemic for more than two long years, with a general sense that we will never return exactly to a pre-pandemic state—and the virus is just one of several radical forces transforming society. We are stepping into a different world.

Second, for a clear vision of how to adapt to this world, society needs fresh eyes and a learner's perspective—what you could call a beginner's “young mind.” Utterly unfamiliar circumstances surely lie ahead, and we cannot put our full faith in past experience or current “expert opinion” about a shape-shifting future.

As I have asserted before, to flourish we must do much more than fortify the status quo. At MUFG, everyone across the Group is being called on to reshape their course of action from square one and be clear on what needs to be tackled next. We are working on embracing a fresh mindset—not just modeling our successful track record—as we take on the unfamiliar.

We have also seen irreversible megatrends toward “Digital” and “Green.” We need to pay close attention to these forces while assessing how they will be affected by current developments in international affairs and economies. Will they accelerate? Will they change course? True, it is hard to prepare for changes beyond our imagination, as we have seen with the pandemic. But we must clue into the slightest signs of societal shifts to reveal opportunities they may be cloaking. And we need to be flexible enough to handle the unexpected.

This is an era of decentralization and diversification. In general, thought-lines of society—and industry—have historically been shaped by consensus and guided by authority. But diversification of values—and the means to broadcast so many voices—sparks public debate on a more granular level than ever before. Social Networking Services (SNSs) and other emerging media provide new communication platforms that give individuals the power to freely broadcast personal opinions.

This democratization of public discourse helps drive decentralization of power, and is fueled by rapid advances in Information Communication Technologies, facilitating the interconnection of various “things” and creating new value. Moreover, Web 3.0 and Metaverse—which are drawing entrepreneurial attention—may lead to the complete reshaping of our worldview and value systems.

If this happens, we may well see major disruptions in our current mechanisms for decision-making and consensus-setting. These might marginalize prevailing concepts of nationality or currency, or even render them obsolete—and in the process redefine finance.

Such projections are no longer far-fetched. Being sensitive to diversification of value systems among customers, MUFG is looking to address an even more wide-reaching range of customer needs. Amid these and other changes in society, the survival of financial institutions hinges on successful innovation.

In a milieu of decentralization and diversification, what corporate management approach should we take? As employees increasingly judge and take actions for themselves, they cannot be hidebound by top-down management. Yet management maintains a responsibility to provide a shared “axis”—a common base for all employees to stand on and common standards to guide their actions—so individual efforts merge into a single, concerted force.

In this regard, MUFG's stated *Purpose*, announced in April 2021—to be “Committed to empowering a brighter future.”—was deliberately crafted to serve this objective of providing that axis to shape and guide our actions.

Our *Purpose* was not created to be a mere slogan. Simply posting it on breakroom walls is woefully insufficient. For our stated purpose to have institutional impact, it is vital for employees to individually accept its

Message from the CEO

importance and believe in its power—then translate it into daily business conduct.

Over the past year, we have created mechanisms to help employees “own” the *Purpose*, including formal sessions to frame it within a simple corporate-culture moniker, the “MUFG Way.” I hosted one of these sessions, which caused me to reflect on past experiences of taking on something new, some dating as far back as my early childhood. I recalled educational and developmental stages in my life—including when I first joined this Group, and—when I faced career-altering role changes and transfers.

Along the way, I somehow got accustomed to the idea that being flawless in every detail is the hallmark of a good banker. But these sessions forced me to reflect on my true aspirations. Hadn’t I always hoped to contribute something positive to society? Shouldn’t this hope be my reason for being? How can I apply it to my role at work?

People hesitate to share inner thoughts like this with others in a professional setting. But it is a path to fulfillment in our everyday jobs. I encourage employees to tap into what originally motivated them to become a part of MUFG. And as CEO, I am motivated to create a work community and atmosphere where each employee can remain true to, and openly pursue, their original aim in a career that serves themselves, their families, their communities, and society.

The MUFG *Purpose* also provides a basis for our initiatives to empower stakeholders, as encapsulated in our current MTBP, launched in fiscal 2021. We have positioned the MTBP period as *three years of new challenges and transformation*, which aims to create a model finely tuned to the evolving business environment, and we have worked throughout its first year toward this goal.

Review of Fiscal 2021 and Targets for Fiscal 2022

In fiscal 2021, we took a firm step toward transformation through initiatives that put our *Purpose* into practice. We have also made solid progress on three specific transformative pillars: *Corporate Transformation*, *Strategies for Growth*, and *Structural Reforms*.

In particular, our work on *Strategies for Growth* and *Structural Reforms* is reflected in our financial results. For example, net operating profits of customer

segments such as wealth management and global asset management & investor services (AM/IS) increased significantly over the previous year. Expenses also declined year on year, excluding the impact of foreign exchanges. We have maintained a firm grip on risk-weighted assets (RWAs) as well. Profits attributable to owners of parent amounted to ¥1.13 trillion, hitting an all-time best for MUFG, and ROE stood at 7.79%, up 2.16 percentage points from the previous fiscal year.

We have made progress in the review of our business portfolio as well. In September 2021, we decided to sell MUFG Union Bank to U.S. Bancorp, to optimally allocate our management resources, and when the transaction is complete, we will concentrate our management resources for the U.S. business in corporate transactions. To enhance our earnings power, we are focused on growth in existing key strategic fields while tackling new risk-taking endeavors and new businesses. For example, we increased the overall size of our investment in Mars Growth Capital, which handles startup financing in Asia, to US\$500 million. We also established MUFG Ganesha Fund to invest a total of US\$300 million for startups in India.

In fiscal 2022, we will speed implementation of these initiatives and establish a clear path toward our fiscal 2023 MTBP targets of achieving ROE of 7.5% and consistently earning at least ¥1 trillion of annual profits attributable to owners of parent.

Of course, we cannot know what COVID has in store, and are accordingly cautious. The outlook for developments in international affairs and geopolitical risks is also unclear. We need to remain vigilant against potential major market fluctuations from shifts in monetary policy outlook, influenced by rapid inflation in Europe and the United States.

Even so, we intend to steadily improve operating results, especially in our established customer segments, and to raise net operating profits. We have set our target for profits attributable to owners of parent at ¥1 trillion with a view toward our overall MTBP targets, even as we deal with a decline in net gains on equity securities, the recording of net unrealized losses on our bond holdings upon the sale of MUFG Union Bank, and other negative factors.

This leads to the topic of our progress so far—and challenges ahead—regarding *Corporate Transformation*, including “Digital transformation (DX),” “Contribution to addressing environmental and social issues,” and “Transforming our corporate culture.”

Digital Transformation (DX)

In April 2021, we established the Digital Service Business Group to consolidate functions and authority over digital initiatives and back-office operations. This move made it possible to accelerate our DX initiatives by streamlining existing operations and taking on challenges in new fields.

Through digitalization of existing operations, we made steady progress in transforming branch operations and in going paperless, which has curbed expenses and produced a tangible financial impact. By fiscal 2023, with few exceptions our customers will no longer be asked to visit branches for routine processes, and we will expand the scope of online tools to encompass 70% to 80% of key procedures, such as account openings and address changes. We have also fully enacted digitalization of paper documents—such as those for registering personal seal images—through AI and robotics technologies provided by Ripcord.

We are taking on challenges in new fields through a variety of services in collaboration with external partners. Previously, our services were organized in a silo structure according to specific products or entities. We reviewed this structure and began realigning it into module-based functional allocations that allow more flexible service delivery. For example, Biz Forward, a joint venture we established in tandem with Money Forward, provides SMEs with new financial services such as online factoring.

Similarly, Busikul, a platform offered by Business Tech, a company we recently acquired, solves various problems associated with DX and ESG. Through Busikul, we also offer new functions developed by Zeroboard, such as measuring greenhouse gas (GHG) emissions, and supporting their funding needs through Biz Forward. With this reorganization, we have made it possible to extend our support to SMEs in even more diverse ways, including non-financial solutions addressing a variety of problems they commonly confront.

For individual customers, we launched the asset management platform, Money Canvas. To assure delivery of what customers genuinely need, we offer financial products developed not only by the Group but also by other companies. These initiatives are meant to increase customer contact points and reach out to an even broader market range.

We are also engaged in Banking as a Service (BaaS), in

which we deliver our financial services on platforms of external partners. Usually, the operation of payment, personal authentication, and other relevant systems entails considerable costs, due to their stringent security requirements. This makes it quite hard for non-financial players to quickly adopt such functions. We believe there is great value in MUFG assuming the bulk of responsibility in providing safe and secure BaaS, so that our customers can confidently use our payment and ID services.

Of course, it will take time before these early-stage initiatives become profitable, but they are solid strides forward in our multifaceted approach to become a financial and digital platform operator. These endeavors will help define the direction and shape the future of MUFG business operations.

Addressing Environmental and Social Issues

We believe that empowering members of society to effectively confront environmental and social issues is an integral part of our mission as a financial institution.

Since we announced the MUFG Carbon Neutrality Declaration in May 2021, we have been promoting our climate change-related initiatives at a robust pace. We launched a project team—nine working groups taking a groupwide, cross-regional approach—that meets periodically in committee meetings with top management. We also established the Sustainable Business Division and hired an external expert to lead the Division.

As we work toward our goal of reducing—down to zero—GHG emissions from our financed portfolio, we have announced interim emission targets in our Power and Oil & Gas sectors, as reported in the *MUFG Progress Report* issued in April 2022. We continue to engage with approximately 550 corporate clients at home and abroad to understand the varied issues and needs our customers face. And for our own energy sources at MUFG, we plan to complete our conversion to 100% renewable for electricity procured domestically by the end of fiscal 2022. We have made progress in these and other ways, with preparatory initiatives that have leaned toward the reactive, and are beginning to turn our focus more toward the proactive.

We cannot be a genuine contributor to a sustainable society and become a sustainable company ourselves

Message from the CEO

unless we substantively support customers' decarbonization efforts through our initiatives. But obviously, the challenge is not exclusive to MUFG; it calls universally on each company and sector, and a number of our corporate clients have begun addressing the challenge. We will work with clients and share business risks that may arise in the course of decarbonization. We will not only extend financial assistance to help our clients promote decarbonization; for example, we can help formulate strategies to assess and reduce GHG emissions while developing and providing diverse solutions, including those enabling carbon offsetting.

Since the start of the pandemic, my online communication with CEOs at European and U.S. financial institutions has become more frequent. Our recent conversations have mostly concerned topics related to environmental and social issues. Frankly I feel that we need to do more to raise awareness of these issues in Japan as a whole. This is why I believe that, as a leading global company, MUFG must engage and play our part in international initiatives that meet such pressing issues head-on.

Among these initiatives, the Net-Zero Banking Alliance (NZBA)¹ is supported by a global membership of more than 100 banks. MUFG is a member of the NZBA steering committee and plays a role in its management. We are also a member of its six working groups and chair of one, where we are directly involved in developing an international framework for transition financing. We will continue to contribute to decarbonization initiatives globally by developing a substantive roadmap, engaging with clients, and supporting technological advances that promote decarbonization.

Transforming Our Corporate Culture

To be more than mere window-dressing, corporate-culture reforms obviously must include changes in behavior. Even if reforms succeed in raising employee awareness, to the outside observer nothing will appear to have changed unless changes are put into action—not just as top-down efforts by management alone, but by movement in the body of employees as a whole.

So have there been changes in MUFG employee behavior? Yes—we have seen a growing number come forward to take on new challenges. For example, Job Challenge, an in-house job-posting program, attracted

around 2,300 applicants in fiscal 2021, roughly tripled from the previous year. Also, more than 30 employees have been appointed as branch managers through a similar program. And applications for dual in-house assignments and secondment to external companies grew notably.

These efforts have had a cumulative effect—taking on new challenges is now seen positively by a growing number of employees. Of course, not everyone who steps forward is selected for a particular special task, but the initiative of every applicant—selected or not—is well noted. Validation is important, which is why I take time to speak online with those who applied but weren't selected, thanking them and commending their ambition. In these conversations, I sense these employees have an energetic frustration—"the world belongs to the discontented" phrase comes to mind—and, despite the missed opportunity, they show a passion to try again. These people are inspiring—I feel it, and certainly those around them do, too.

A new business-incubation project called Spark X is underway. This program was proposed and organized by participants in the "Straight-Talking" roundtable event² that took place in 2021, where I met directly with a group of frontline employees. It is interesting that the program is patterned after entrepreneur training programs. Since it has attracted 650 entries from about 20 Group companies, this level of interest indicates that employees see the value of taking on fresh challenges.

Recent feedback on the "MUFG Way integration sessions" came from Heads of branches and divisions, who told me more employees are open to discussions on our company's *Purpose* than we might have expected. It's true we are nowhere near our goal of the *Purpose* being fully embraced by all, but I was gratified to hear a flood of positive comments from those who joined these discussions. Comments included "I was made to remember my original aspirations when I joined the Company," "I began to develop a tangible vision of what I want to deliver to my customers" and "Thanks to these sessions, communications between supervisors and their staffs became smoother, and they are now more aware of differences in their ways of thinking."

On the other hand, "speed" is still a key issue MUFG must address. Recently, I heard that some investors and analysts commended an uptick in the pace of MUFG's decision-making, especially the Group's timely announcement of our carbon neutrality initiatives and our decision to sell

MUFG Union Bank. As CEO, I find myself being asked more frequently to review and consult on impending decisions—so I also feel the pace quickening.

However, the most recent round of annual surveys on employee awareness still shows that only 60% of respondents think MUFG is capable of speedy business operations. It is noteworthy that comments suggesting our operations lack speed tend to have been voiced by younger employees.

We also recognize that the burden placed on each frontline employee has become heavier, mainly due to the recent decrease in our employee headcount. With this in mind, we will step up our efforts to simplify procedures and rules while enhancing systems, tools, and other means of employee support.

Investment in Human Capital

Empowering employees with what they require to move forward in their roles and careers is an essential part of leadership's duties. To this end, for example, we invest in a variety of programs and training sessions to help employees take on new challenges and realize their potential.

In fiscal 2021, we introduced a digital-skill certification program for employees, with cash incentives to earn designated internal and external certification. As a result, a number of employees—including those whose jobs do not regularly require digital expertise—have eagerly applied. We then decided to double the program's budget, and at this writing, 1,633 have been internally certified as "gold skill holders." We also introduced our DEEP training program to nurture core digital specialists. Applicants for this intensive program are asked to study extensively and attend numerous lectures to acquire the skills and concept-building capabilities they need to help create new digital-driven businesses. To date, approximately 290 have completed the DEEP program and become a key to spearheading our DX initiatives.

We also transfer employees who were hired overseas to our Head Office in Japan for on-the-job training (OJT) programs, and offer ongoing education programs that support employees in taking more ownership of their autonomous career development.

A project to help design our new MUFG headquarters building in Tokyo has met with particular enthusiasm. This new construction will house consolidated headquarters for the holding company, the Bank, the Trust Bank, and the Securities, and is meant to serve as a symbol of our groupwide integrated management approach. This particular project is run by employees who voluntarily put themselves forward in response to in-house solicitation; they are tasked with helping to plan an innovative workplace capable of accommodating a hybrid of on-site and remote workstyles. Project members include not only Tokyo-based headquarters staff but also those who join meetings remotely from the Kansai area. These colleagues are visibly passionate about envisioning MUFG's future headquarters, and we will incorporate a broad range of opinions to create a working environment supportive of innovative work styles.

Embracing diverse points-of-view is key to resilience and agility in times of change. My eyes were opened to the importance of inclusion & diversity in my thirties, when I was seconded to the Securities and assigned to launch stock-related operations. My fellow project members included colleagues from external securities companies and whose backgrounds and ways of thinking were wildly divergent from each other's—and mine. During meetings, I was taken aback by opinions unlike anything I had ever conceived. Working as part of that team was challenging. But it was genuinely fun. We were each different but all on the same page with our shared objective of creating a company strong in stock-related operations. This was why our energetic discussions were constructive. For me, it was a case study in how a specific, shared purpose ensures that diversity translates into a strength for the organization. That was an important lesson early in my career.

Running a homogeneous organization might, in some ways, be much easier because of compliant and compatible points of view among all involved. But a conventional management approach that depends on a homogeneous team is anachronistic in our current—and no doubt our future—environment. So it has been imperative for MUFG to become more diverse, which makes a codified *Purpose* even more important as a unifying point of reference.

In terms of promoting gender diversity, we have made modest progress—but progress nonetheless. For example, we raised our fiscal 2023 target for the ratio of female managers in Japan to 20%, while fully acknowledging that we need to step up our efforts. The old male-dominated

Message from the CEO

workforce model makes flexible adaptation to current and future realities next-to-impossible. True, tangible benefits from workstyle reforms enacted today may take a long time to emerge, but this makes it even more urgent to launch them as early and forcefully as possible. This is why, starting in fiscal 2022, we tied our executive officers' financial compensation to their effectiveness in promoting inclusion & diversity.

Promoting diversity within an organization is not just about biological or social characteristics. It involves creating an atmosphere where an individual can develop "intrapersonal diversity" as well—the personal ability to absorb, synthesize, and internalize new stimuli with curiosity and caring—which leads to understanding not only others but ourselves. If each individual employee successfully expanded "intrapersonal diversity" even incrementally, this would collectively add a substantial dimension of diversity to our organization. To this end, we have introduced in-house and external dual-job arrangements and are allowing employees to be seconded to external companies with different concerns and cultures. Such practices offer employees opportunities to acquire an even broader perspective.

This internalized "intrapersonal diversity" can be built through everyday activities that have little to do with job duties—readings from various fields of thought; attending joint-study sessions with thoughtful minds from outside the company; and engaging in dialogue with professionals from different sectors—all these help shift our perspective, stretch our mindset, and develop our own acceptance of diverse ideas.

A key to individual and corporate vitality is a willingness to be aware of external viewpoints, to respect and absorb them, and to incorporate what we learn into our own world view. MUFG is not alone in having a long heritage of responding to a new hire's question of "Why?" with the lackluster answer, "Do it this way, because this is how it's done." This is strait-jacket thinking and defeats the purpose of new blood in an organization. "Why?" should trigger our response of "Wait a minute, let's re-examine this process... maybe it is unnecessary; let's change it."

The perspective of the beginner, the "learner," which I touched on earlier, could also be expressed as maintaining a "young mind." We all were once young and can remember processing new experiences—ideally without fear. Flexibility and curiosity must be core qualities for business success going forward, starting

with really hearing what others have to say. For MUFG to remain viable, our people must develop, embrace, and model these vital qualities.

Capital Management and Shareholder Returns

We have set our target for the Common Equity Tier 1 (CET1) capital ratio at the 9.5% to 10.0% range (the finalized Basel III reforms basis, excluding net unrealized gains on available-for-sale securities), as part of capital management targets under the current MTBP. In line with this target range, we will allocate our capital to investment for growth and additional shareholder return measures.

Regarding capital deployment to enhance earnings power, we will continue exploring investments in growth fields such as digital, global AM/IS, and the Asia business. We will approach this with discipline to ensure strategic effectiveness, investment profitability, and capital efficiency. At such times when no candidates meet our investment criteria, we will allocate more resources to boost shareholder returns to enhance ROE, while securing a certain level of capital surplus.

Having positioned cash dividends as primary vehicles for shareholder returns, our policy of further enhancing the content of shareholder returns remains unchanged. As for our dividend forecasts for fiscal 2022, we plan to pay an annual dividend of ¥32 per share, up ¥4 per share from fiscal 2021, with an eye to ensuring a progressive increase in the volume of dividends per share and achieving a dividend payout ratio of 40% by the end of the current MTBP period. Also, in May 2022, we decided to undertake the repurchase of our own shares in an amount up to ¥300.0 billion. Looking ahead, we will pay close attention to the current status of, and the outlook for, our capital, as well as our pipeline of candidates for growth investments, even as we continue to consider the flexible execution of shareholder return measures.

Over the past year, MUFG's stock price has been more robust than ever. We believe this is testament to steady growth in MUFG's earnings power from strengthening the revenue base for domestic businesses, and a shift from quantity to quality in overseas operations. In addition, we believe judgments made by management, including our recent decision to sell MUFG Union Bank, have been appreciated by investors.

On the other hand, the Price Book-value Ratio (PBR) has remained at around 0.5 times. This figure is in no way considered sufficient vis-à-vis MUFG's potential. Taking all factors into account, bringing our ROE to an even higher level is necessary for further improvement in the stock price. With this in mind, we will definitively achieve an ROE of 7.5% in the current MTBP period by steadily enhancing our earnings power while maintaining a tight grip on expenses and RWAs. In these ways, we will strive to raise our ROE to 9% to 10% over the medium to long term.

Becoming a Company Whose Employees Are Excited About What They Do

When I meet with our business alliance partners, it's not unusual to hear them commend MUFG colleagues for their diligence and talent, which is reflected by their sincere communication styles and dedication to their roles. However, these welcome comments are too often followed by "... but they don't seem enthusiastic about what they do." This suggests to me that our employees may be sincerely focused on reliable, professional, and dedicated service, but are almost too focused on doing—albeit well—simply what they are told to do.

Diligence is a fundamental trait I would never want our colleagues to forgo. But excessive diligence can border on rigidity—the last thing we want in a fast-changing environment. When our colleagues lower their defenses and become more open to the unexpected, they can approach their duties with a greater sense of engagement—and excitement.

In last year's integrated report, I shared my hope that one year later I would hear our stakeholders attest, "MUFG has changed!" Some said that one year was too short to expect much change. But if we cannot show a glimpse of change in one year, why expect substantive change in three? So I declared a one-year time frame to begin moving the needle.

Now, a year later, things may not be radically different, but I am hearing observations from customers like, "The atmosphere of your company has changed a bit, hasn't it?"

Of course, we are nowhere near reaching the reform goals we've set forth. We need to keep pushing for dramatic transformation. But I believe that over the past

twelve months, MUFG has taken a strong step toward that transformation. We have begun translating our vision into tangible action. For us to take a second and third step going forward, every employee is being called on to change behavior and put into real practice our *Purpose*, "Committed to empowering a brighter future.," in their own personal terms.

In this new world, MUFG may enjoy less freedom in selecting our business partners. We will instead strive to be selected by new partners. We have built a distinctive, attractive bedrock of strengths over many years, but to stand out as a wise choice to partner with in this new world, we also need to exude a sense of excitement about new endeavors.

I wish MUFG to transform into a company of enthusiastic, approachable people with exuberant minds. I will do my best to accelerate the transformation initiatives discussed herein to help build a sense of excitement among employees that can be felt by our customers, partners, and other stakeholders, with the hope that MUFG will be their prime choice.



Hironori Kamezawa
President & Group CEO

July 2022

Notes

*1 An international initiative established by the United Nations Environment Programme Finance Initiative (UNEP FI) in April 2021, the NZBA consists of banks worldwide and is committed to reducing GHG emissions volumes from their investment and financing portfolios to net zero by 2050.

*2 A four-month series of discussion sessions involving 10 frontline employees and the Group CEO meeting to exchange unfettered opinions about the future of MUFG.

Message from the CEO

Reflections & Aspirations

Creating a virtuous cycle with stakeholders

As CEO, I am sometimes asked, “For whom does a company exist?” Because I have clearly stated that our ROE target is the most important of our MTBP targets, it might seem my sole intention is to serve the interests of shareholders.

Not true, although I do believe that improving ROE is the minimum requirement for any corporation. A solid track record in social contribution can never excuse poor earnings power—that would make any business unsustainable. By the same token, contributing to society coincides with my personal policy as a business leader. So a balance must be found.

Accordingly, within the context of MUFG, I have striven, and will continue to strive, to empower all stakeholders to realize a brighter future in their own way.

In my opinion, a corporation is a vessel fueling a virtuous cycle of progress through engagement in its business and with all its stakeholders. A company’s primary reason for being is to serve its customers, and by extension society. But at the same time, employees not only constitute a company; they also help constitute society.

The company is expected to return profit to the group of investors who have risked their capital—its shareholders. If it succeeds in perpetuating a virtuous cycle of serving customers, empowering employees, and returning profit to investors, it can be deemed a valid vessel for current and future generations and can expect to remain in place as a productive force in society.

When I meet with outside peers, we often find ourselves agreeing on how difficult corporate management has become. If I were to use the latest terminology, we are in an era of “multi-stakeholder capitalism.” Today’s management has to consider a host of factors that consists not only of financial achievements but environmental concerns, corporate ethics, and much more. Moreover, the composition of our stakeholders has become more diverse.

Given these circumstances, CEOs are called upon to consolidate diverse opinions into a consensus that affects business operations that are more demanding



than ever, making it impossible to depend on “business as usual.”











In communicating with stakeholders, I came to realize our differences do not outweigh our commonalities. Regardless of where we each come from, we are living in the same era, facing the same challenges, and finding our own way forward.

Despite—or perhaps because of—these commonalities, we can also be subject to harsh disagreements. How best to respond to opinionated challenges is completely up to us. Whether we can reach the best possible conclusion depends on our communication capabilities. We need to pay attention to a broad range of information sources while carefully examining what we have learned when drawing and expressing our own conclusions. In addition to maintaining the fresh mindset of a “learner,” a “beginner,” a “young mind,” we should be open to expressing what is in our own heart, and acting on it—with conviction, energy, and contagious passion.

This kind of openness attracts allies because, after all, people tend to be attracted to others who clearly are energized and excited about what they are doing. These qualities are contagious and can inspire a whole team.

This integrated report features articles contributed by employees who exhibit these qualities, each in their own way. Here they share their honest opinions about their duties and other personal accounts. Some stories are presented with enthusiasm; others with more reserve and formality. Either way, it is my greatest pleasure to convey to our readers what MUFG truly looks like now through this publication. Thank you for taking the time to read it.

A Guide to Quickly Understanding Where MUFG Is Now

Keyword	Location of relevant topics touched on in the Message from the CEO	Message summary	Locations of detailed descriptions
Purpose	Page 6	Being sensitive to diversification of value systems among customers, MUFG is looking to address an even more wide-reaching range of customer needs. Amid these and other changes in society, the survival of financial institutions hinges on successful innovation. MUFG's stated Purpose, announced in April 2021—to be "Committed to empowering a brighter future."—was deliberately crafted to serve this objective of providing that axis to shape and guide our actions in a milieu of decentralization and diversification.	 MUFG Way Pages 1-2
Improving ROE	Page 7	In fiscal 2021, profits attributable to owners of parent amounted to ¥1.13 trillion, hitting an all-time best for MUFG, and ROE stood at 7.79%, up 2.16 percentage points from the previous fiscal year. In fiscal 2022, we will establish a clear path toward our fiscal 2023 MTBP targets of achieving ROE of 7.5% and consistently earning at least ¥1 trillion of annual profits attributable to owners of parent.	 Progress under the MTBP Pages 47-48  Message from the CFO Pages 15-19
Digital Transformation (DX)	Page 8	Through digitalization of existing operations, we made steady progress in transforming branch operations and in going paperless, which has curbed expenses and produced a tangible financial impact. We are taking on challenges in new fields through a variety of services in collaboration with external partners. We are making solid strides forward in multifaceted approach to become a financial and digital platform operator.	 Digital Transformation Pages 51-54  Digital Service Business Group (DS) Pages 79-80
Addressing Environmental and Social Issues	Page 8	Since we announced the MUFG Carbon Neutrality Declaration in May 2021, we have been promoting our climate change-related initiatives at a robust pace. We issued the <i>MUFG Progress Report</i> in April 2022. We will continue to contribute to decarbonization initiatives globally by engaging in international initiatives and supporting customers' decarbonization efforts through our initiatives.	 Message from the CSuO Pages 23-24  Sustainability Management Focused on Addressing 10 Priority Issues Pages 25-28  Contribution to Addressing Environmental and Social Issues Pages 55-64
Transforming Our Corporate Culture	Page 9	We have seen a growing number come forward to take on new challenges. For example, the in-house job-posting program roughly tripled from the previous year and the new business-incubation project has attracted 650 entries from about 20 Group companies. On the other hand, "speed" is still a key issue MUFG must address. The annual surveys on employee awareness still show that only 60% of respondents think MUFG is capable of speedy business operations. We will step up our efforts to improve the situation.	 Transform Our Corporate Culture / Human Resources Strategy Pages 65-76
Investment in Human Capital	Page 10	We invest in a variety of programs and training sessions to help employees take on new challenges and realize their potential, including learning a digital skill. To promote inclusion & diversity, we raised our fiscal 2023 target for the ratio of female managers in Japan to 20%. Promoting diversity involves creating an atmosphere where an individual can develop "intrapersonal diversity" as well—the personal ability to absorb, synthesize, and internalize new stimuli with curiosity and caring.	
Shareholder Returns	Page 11	Having positioned cash dividends as primary vehicles for shareholder returns, our policy of further enhancing the content of shareholder returns remains unchanged. As for our dividend forecasts for fiscal 2022, we plan to pay an annual dividend of ¥32 per share, up ¥4 from fiscal 2021, with an eye to ensuring a progressive increase in the volume of dividends per share and achieving a dividend payout ratio of 40%. Also, in May 2022, we decided to undertake the repurchase of our own shares of ¥300.0 billion. Looking ahead, we will pay close attention to the current status of, and the outlook for, our capital, even as we continue to consider executing shareholder return measures.	 Message from the CFO Pages 20-22

Message from the CFO



Committed to Pursuing “New Challenges and Transformation” in Financial & Capital Management to Support Sustainable Growth for MUFG

T. Yonehana

Tetsuya Yonehana
Representative Corporate Executive,
Senior Managing Corporate Executive,
Group CFO

■ Review of Fiscal 2021 Operating Results

In fiscal 2021, MUFG tackled a radically changing business environment, striving to maintain robust financial management to counter factors such as ongoing COVID-19 pandemic, which had carried over from the previous year, as well as the Russia-Ukraine situation and fluctuations in interest rates and foreign exchange rates.

Against this backdrop, gross profits rose year on year despite the recording of losses on sales of foreign bonds due to the replacement of the securities portfolio in light of hikes in U.S. interest rates with a view to improving profit in fiscal 2022 and beyond. Positive factors that more than offset the above losses included growth in net interest income, which was mainly attributable to improved lending spreads, and higher fee income from domestic investment product sales and global asset management business. On the other hand, as the depreciation of the yen led to increase in overseas expenses, net operating profits which represent our earnings power in mainstay operations decreased ¥31.6 billion year on year to ¥1,216.7 billion.

Credit costs improved year on year despite the recording of a Russia-related allowance totaling approximately ¥140.0 billion, mainly due to the improved economic outlook for the United States and the reversal of allowance for credit losses in conjunction with the decision to divest MUFG Union Bank (MUB). Furthermore, buoyed by robust stock market conditions, the divestment of equity holdings progressed steadily, bringing considerable growth in net gains on equity securities. In addition, Morgan Stanley performed robustly and thus contributed to MUFG's results. Taking these and other factors into account,

profits attributable to owners of parent rose ¥353.8 billion year on year to ¥1,130.8 billion.

In sum, we have made a steady start of the Medium-Term Business Plan (MTBP), hitting an all-time best in profits since MUFG's inauguration, even while recording the impairment of fixed assets and setting aside a robust volume of allowance to secure our future resilience.

Consolidated Income Statement Summary

MUFG (consolidated) (Billions of yen)	FY2020	FY2021		
	Results	Revised targets	Results	Change
Gross profits*				
1 Before credit costs for trust accounts	3,920.9	–	3,964.0	43.0
G&A expenses*				
2	2,672.5	–	2,747.2	74.6
Net operating profits				
3 Before credit costs for trust accounts and provision for general allowance for credit losses	1,248.4	1,150.0	1,216.7	(31.6)
4 Total credit costs	(515.5)	(150.0)	(331.4)	184.0
5 Ordinary profits	1,053.6	1,550.0	1,537.6	484.0
6 Profits attributable to owners of parent	777.0	1,050.0	1,130.8	353.8

* From fiscal 2021 expenses related to credit cards, which were previously recorded as G&A expenses, are recorded as fees and commissions expenses. The amount of retroactive adjustment in fiscal 2020 was ¥76.9 billion.

Progress in the MTBP

Financial Targets under the MTBP—Toward the Improvement of ROE

The most notable thing of the MTBP is our priority commitment to improving our ROE. We will strive to achieve ROE of 7.5% in fiscal 2023. Although this figure is not necessarily high enough when considering capital costs, we have defined it as a milestone for a path toward further future growth. To this end, we have defined our targets for profits, expenses and RWAs* as the three key drivers that will enable us to achieve this goal. We will therefore tighten our control on management resources while reinforcing the domestic business's revenue base and strengthening our global business, with the aim of becoming a financial group stably earning ¥1 trillion or more in profits attributable to owners of parent.

* Risk-weighted assets: The total monetary amount of risk volume calculated by reflecting the degree of risks associated with each asset held by MUFG.

I hereby elaborate on our basis for defining the three drivers to achieve our ROE target. Firstly, in order to maximize our profits which is the numerator of ROE calculation, we need to build a strong profit base by keeping a robust control on our expenses even as we work to strengthen our earnings power. Secondly, we need to robustly control RWAs, which are related to capital—the

denominator of ROE calculation—so that we can utilize capital in growth investment to further improve ROE and shareholder returns. We are confident that we will be able to achieve a higher ROE through the combination of all these key drivers.

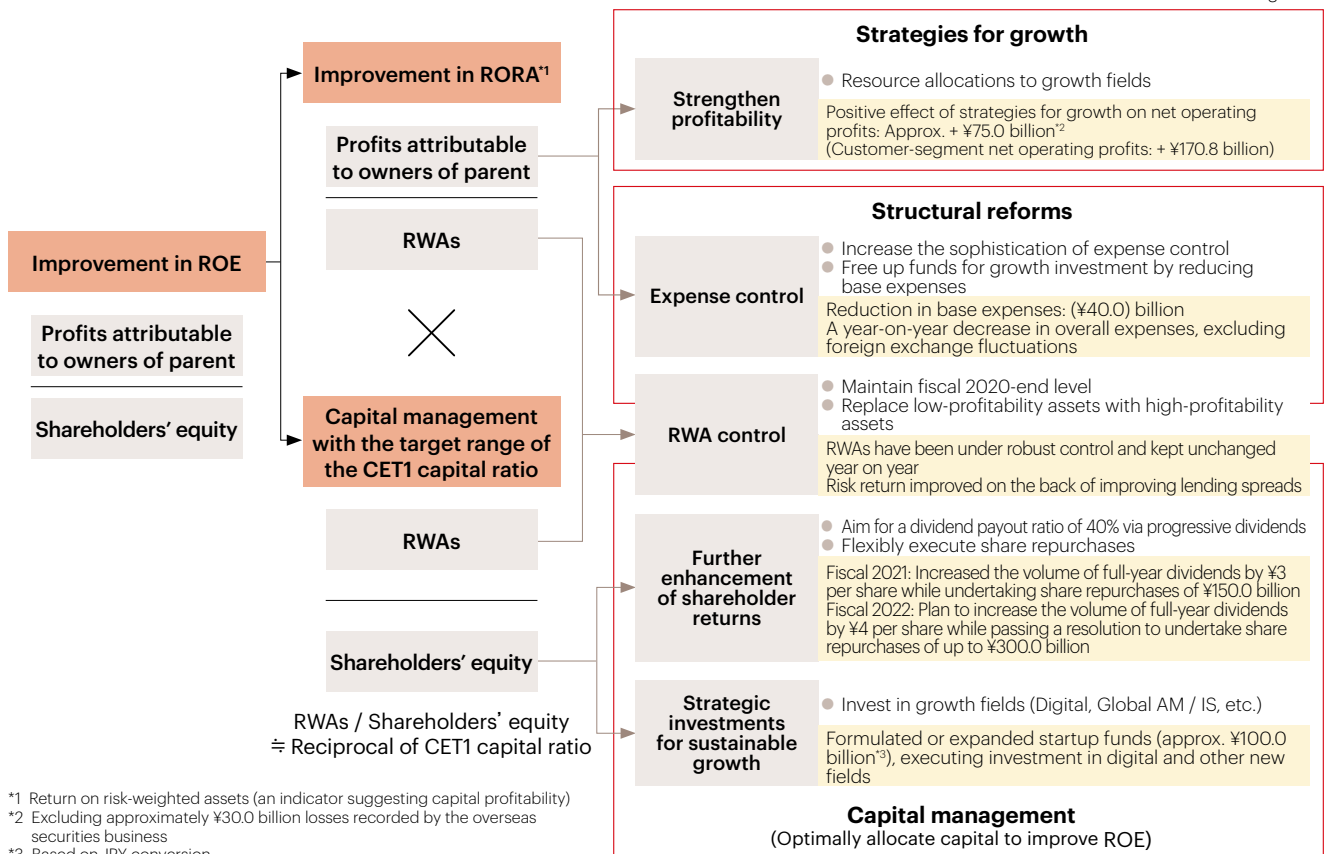
As shown in the table below, we have observed steady progress in making improvements in profit, expenses and RWAs in fiscal 2021. As a result, all business groups achieved higher ROE as presented in the graph on the subsequent page, except for the Global Markets Business Group, which recorded losses on sales of foreign bonds. At the same time, consolidated ROE rose to 7.79%, a significant improvement from the previous fiscal year. Going forward, we will continuously work to make improvements in the three key drivers while practicing disciplined and proper capital management to improve ROE.

MTBP Financial Targets

	FY2020	FY2021	FY2023 targets	Medium- to long-term targets
ROE	5.63%	7.79%	7.5%	9%-10%
CET1 capital ratio*	9.7%	10.4%	9.5%-10.0%	

* Estimate reflecting the RWA increase calculated on the finalized Basel III reforms basis, excluding net unrealized gains on available-for-sale securities

Breakdown of ROE Improving Factors (Logic Tree)



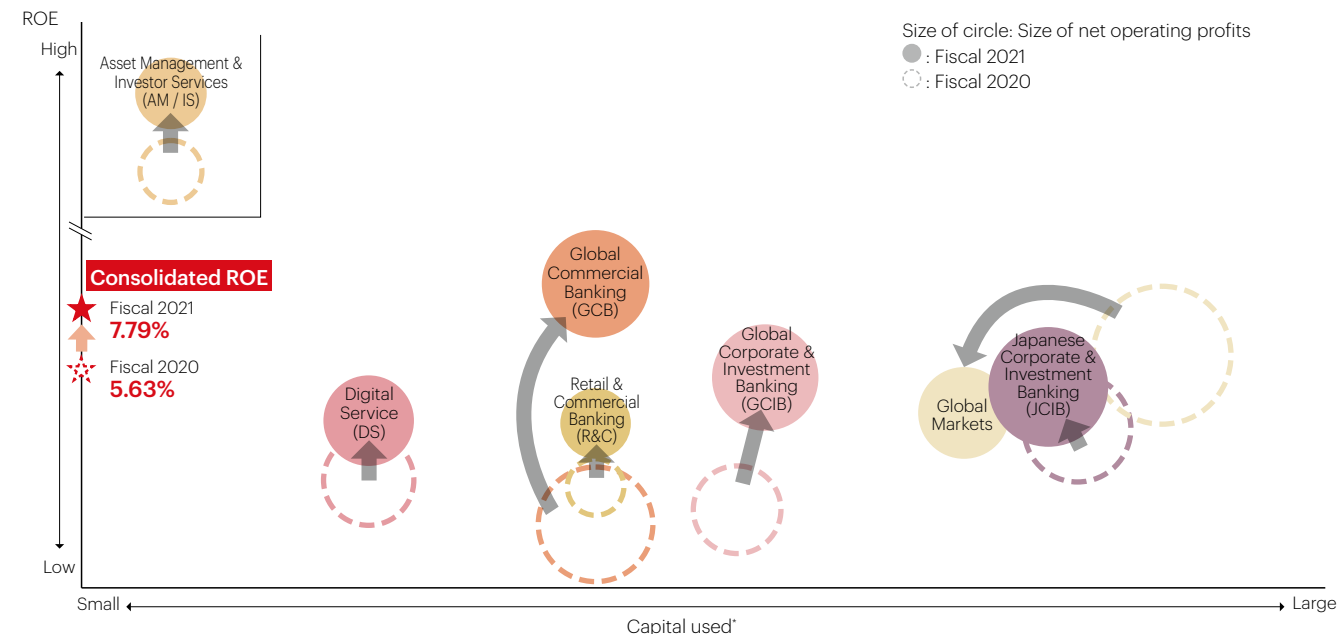
¹ Return on risk-weighted assets (an indicator suggesting capital profitability)

² Excluding approximately ¥30.0 billion losses recorded by the overseas securities business

³ Based on JPY conversion

Message from the CFO

Trend in ROE of Each Business Group



* Calculated based on RWAs and economic capital

Strategies for Growth—Raising Profitability

In line with the current MTBP, we have been striving to reinforce profitability in five strategic areas, namely, our efforts in Japan are centered on “wealth management” and “approach of proposing solutions to customer’s issues.” Meanwhile, “Asia business,” “GCIB & Global Markets” and “Global AM / IS” are our fields of focus in overseas operations.

In fiscal 2021, although the “Asia business” was affected by the COVID-19 pandemic, we made steady progress in each initiative under our strategies for growth. The overall positive effect of these strategies boosted our net operating profits² approximately by ¥75.0 billion.³ As we have set a target of garnering a total of ¥150.0 billion⁴ in net operating profits through these strategies for growth in the above five areas by the end of fiscal 2023, the above increase in net operating profits represents progress of 50% toward our target. Moreover, progress in these strategies also resulted in a ¥170.8 billion increase in our net operating profits of customer-segment compared with the previous fiscal year. As such, our initiatives to raise profitability have been translated into tangible financial results. Looking ahead, we will agilely crystalize our strategies to align them with the current business environment, which is evolving radically, in order to steadily enhance our earnings power.

Please also refer to pages 47 and 48 for details of progress under each initiative.

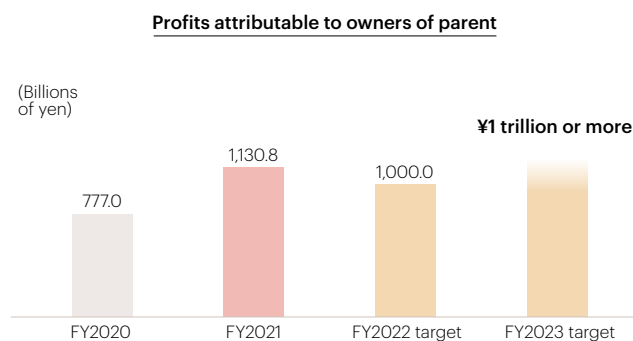
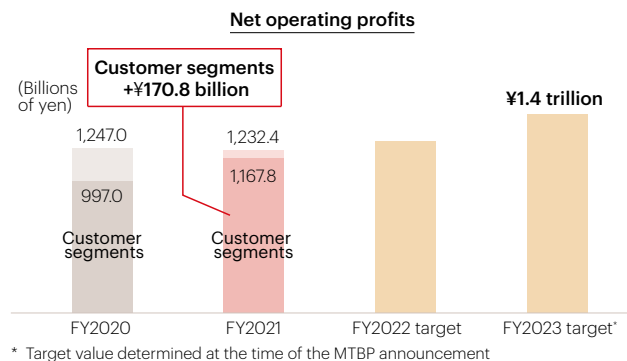
^{*1} Asset management / investor services

^{*2} Consolidated net operating profits compiled for internal managerial accounting purposes

^{*3} Excluding foreign exchange fluctuations and approximately ¥30.0 billion in losses recorded by the overseas securities business

^{*4} Excluding foreign exchange fluctuations

Roadmap toward the Enhancement of Profitability with an Eye to the Final Year of the MTBP



Structural Reforms—Expense Control

To establish a more tangible profit / loss structure, we aim to reduce overall expenses, except for revenue-linked items, over the course of the three-year period under the MTBP.

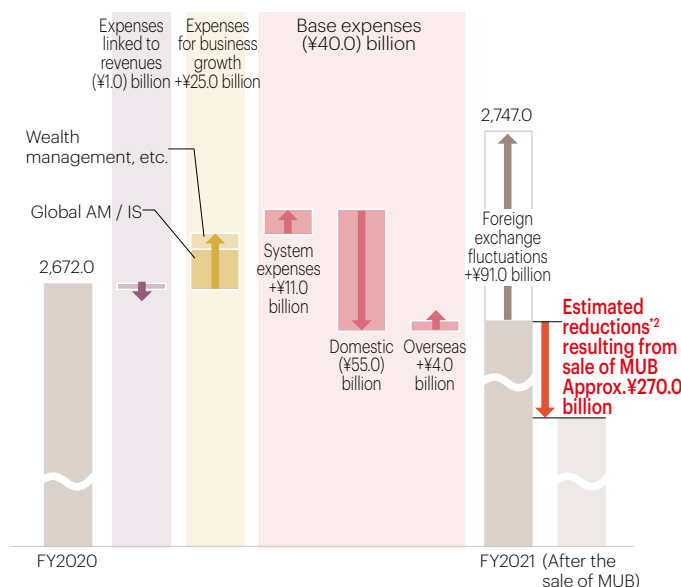
Therefore, we are taking a more disciplined approach to expense control in line with the new MTBP. To this end, we have classified expenses into three categories: (1) expenses for business growth; (2) expenses linked to revenues; and (3) all other expenses, collectively, "base expenses." We are closely controlling these items via a PDCA cycle. Specifically, with the aim of curbing overall expenses, we will pursue reductions in base expenses at home and abroad to free up funds to cover expenses deemed essential to securing growth. Moreover, expenses for growth will be narrowly focused on particular areas in business fields subject to our strategies for growth, such as wealth management, Asia business and Global AM / IS. In addition, we will review our resource allocation plans, even those aimed at funding expenses for growth, on a necessary basis considering the status of progress in business operations. In this way, we exercise disciplined expense control on a global basis.

In fiscal 2021, our expenses for securing growth, totaling approximately ¥25.0 billion,* have been allocated to wealth management and Global AM / IS, which performed strongly, and other growth fields. Meanwhile, we steadily reined in base expenses, cutting approximately ¥40.0 billion. Upholding the above policy of pursuing reductions in base expenses to free up funds to cover expenses for growth, we are maintaining tight control over overall expenses.

* Excluding foreign exchange fluctuations

Expense¹⁾ Control

(Billions of yen)



*1 Figures are compiled for internal managerial accounting purposes

*2 JPY conversion of fiscal 2021 operating expenses (totaling approximately U.S.\$2.2 billion) recorded by businesses earmarked for sale based on the exchange rate as of March 31, 2022

Structural Reforms—RWA Control

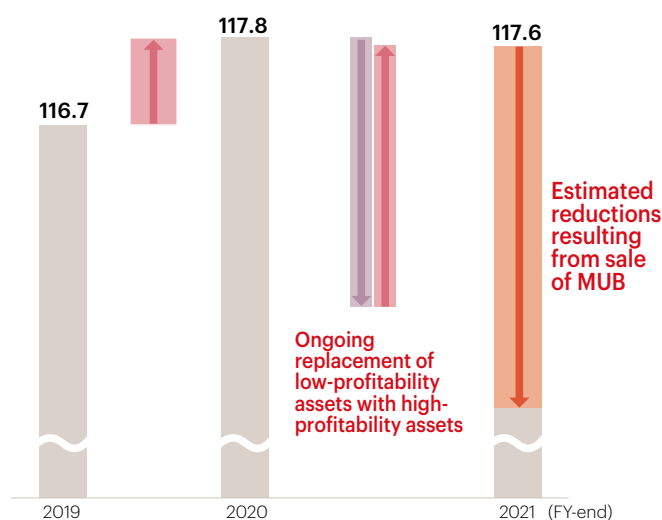
To improve ROE, we aim to maximize profits on RWAs while controlling the overall volume of RWAs. This means expanding the numerator in ROE calculation in addition to controlling capital as the denominator. The current MTBP has positioned ROE as a KPI requiring utmost priority for each business group. In line with this positioning, we are strongly focused on improving risk return.

In fiscal 2021, we maintained the above approach, to this end replacing low-profitability assets with high-profitability assets on an ongoing basis. Without increasing the volume of RWAs, we thus achieved growth in lending revenues backed by the improvement of lending spreads. In addition, progress we have made so far in the divestment of equity holdings, which I intend to discuss later, served as another factor contributing to firm control over RWAs.

In fiscal 2022, we will continuously work to improve the profitability of our assets. Simultaneously, we will strive to raise our earnings power even as we maintain a tight grip on overall RWAs by, for example, allocating RWAs to risk-taking endeavors in new business fields. These endeavors will include "investment for co-creation business" in which we share business risks with clients to create new businesses.

RWA^{*} Control

(Trillions of yen)



* Estimate reflecting the RWA increase calculated on the finalized Basel III reforms basis, including net unrealized gains on available-for-sale securities

Message from the CFO

Business Portfolio

MUFG takes a “portfolio approach” to business management. This allows us to optimally combine operations with different profiles in terms of risk and return. In doing so, we strive to secure both a stable profit stream and higher ROE. In line with this approach, we have invested in commercial banks in ASEAN region and global asset management firms boosting robust growth potential, thereby securing an extensive business portfolio—differentiating ourselves with other financial institutions—that provides us with access to diverse profit sources. At the same time, we regularly review existing investments.

Our decision in fiscal 2021 to sell the U.S.-based MUB demonstrates our pursuit of the optimal allocation of management resources as the aforementioned approach. We believe that these constant efforts to optimize our business portfolio will help enhance MUFG's capital efficiency and raise its ability to maximize shareholder value.

For MUFG to achieve sustainable corporate growth and improvement in corporate value, it is important to secure a business portfolio generating even higher and more stable profits. To that end, we believe that strategic investment in growth areas is essential. Although we have no intention to undertake any investments as major as those made under the previous MTBP period, we will continue to consider strategic investments in areas of growth to secure higher ROE in the future. To this end, we are paying close attention to the Asian region and business areas such as digital and Global AM / IS to identify promising candidates for investment. Also, we will continue to periodically review existing investments while endeavoring to reinforce the domestic business's revenue base as well as to enhance the resilience of our global business. Through these initiatives, we will enhance the profitability of each business constituting our business portfolio, thereby living up to our foremost commitment under the MTBP to improving our consolidated ROE.

Fiscal 2022 Financial Targets

In fiscal 2022, cautious approach to the COVID-19 pandemic is likely to remain persistent. At the same time, conditions in the business environment are expected to be uncertain and challenging due to evolving developments in international affairs, growing geopolitical risks, inflation trends, major fluctuations in interest rates and exchange rates, and other factors. Given these circumstances, we have set our target for profits attributable to owners of parent at ¥1 trillion. This target, albeit representing a decrease from fiscal 2021 results, also reflects the expected recording of valuation losses on MUB's bond holdings in line with the decision to sell this subsidiary, in addition to our projections on other one-time factors.

On the other hand, we will strive to increase net operating profits, which represent earnings power in mainstay operations, to this end working to enhance the profitability of customer-segment and other operations on an ongoing basis. Furthermore, we expect greater net unrealized losses on foreign bonds recorded by the Global Markets Business Group in the course of its treasury operations due to the current trend toward higher interest rates outside Japan. We will flexibly undertake hedging and other operations aligned with interest rate fluctuations, maintaining proper control over unrealized gains and losses to secure financial gains.

The outcomes of our financial management during fiscal 2022 will be important to us in terms of achieving financial targets under the current MTBP. With this in mind, we will steadily promote strategies for growth and structural reforms, thereby taking on the challenge, as stipulated in the MTBP, of becoming a financial group capable of stably earning profits attributable to owners of parent of ¥1 trillion or more.

Fiscal 2022 Financial Targets

	FY2021	FY2022	
MUFG (consolidated) (Billions of yen)	results	targets*	Change
Net operating profits			
1 Before credit costs for trust accounts and provision for general allowance for credit losses	1,216.7	1,300.0	83.3
2 Total credit costs	(331.4)	(300.0)	31.4
3 Ordinary profits	1,537.6	1,250.0	(287.6)
4 Profits attributable to owners of parent	1,130.8	1,000.0	(130.8)

* It is currently assumed that, in connection with the agreement for the sale of shares of MUB, approximately ¥270.0 billion of unrealized losses associated with securities and loans to be sold will be recorded in the first quarter in fiscal 2022 as other non-recurring losses etc., which are not included in net operating profits. Among these, as approximately ¥120.0 billion of valuation losses associated with held-to-maturity securities and loans etc., will reduce the book value of the assets to be sold, at this moment, the same amount is expected to be recorded as net extraordinary gains when the sale of shares of MUB is executed.

Capital Management

Basic Policy

We consider capital management to be a matter of importance in terms of achieving the ROE target under the new MTBP.

MUFG has been focused on capital management that achieves an appropriate balance among the “capital triangle” objectives, as illustrated below. Upholding this basic policy in the course of executing the current MTBP, we will endeavor to maintain trust and reliability, which are the indispensable traits of a financial institution and largely dependent on its financial soundness. Accordingly, we will strive to improve our corporate value by steadfastly maintaining our financial soundness while further enhancing shareholder returns as well as undertaking investment in growth fields to raise profitability.

Capital Triangle



* Estimate reflecting the RWA increase calculated on the finalized Basel III reforms basis, excluding net unrealized gains on available-for-sale securities

Maintaining Solid Equity Capital

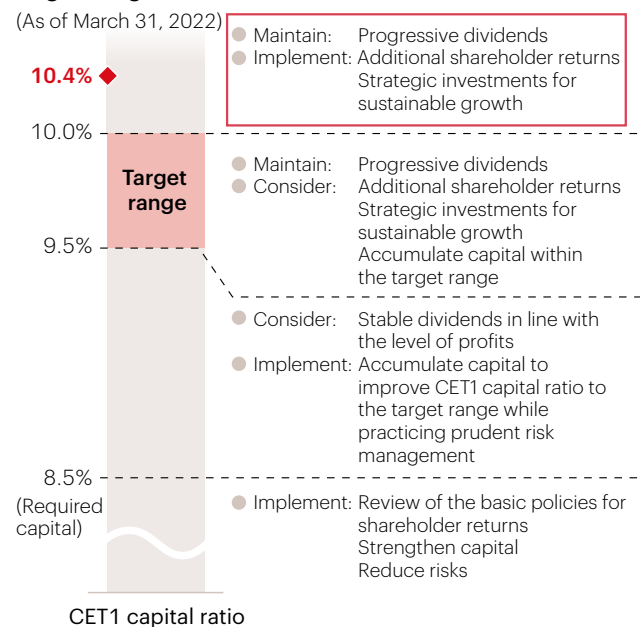
Financial Management Based on Target Range for the CET1 Capital Ratio

Under the current MTBP, we have set a target range for the CET1 capital ratio, which indicates financial soundness, at 9.5% to 10.0% (finalized Basel III reforms basis; excluding net unrealized gains of available-for-sale securities). We strive to practice disciplined capital management in line with this target range. Based on a CET1 capital ratio of 8.5% as stipulated by minimum regulatory requirements applied to MUFG, this target range was determined by taking into account such factors as the results of the multifaceted verification of the necessary stress buffer and the level of capital required of a financial institution deserving of the “A” rating—our target rating—granted by external rating agencies. With a CET1 capital ratio of 9.5% defined as the bottom line, we have thus set the target range with a breadth of 0.5%.

As indicated in the graph shown in the upper right, our CET1 capital ratio as of March 31, 2022 was 10.4%, surpassing the target range. We believe that this suggests the presence of sufficient capital surplus that can be allocated to the execution of various capital management measures. Accordingly, we will continue to examine, and implement where appropriate, such measures as the securing of additional shareholder returns via, for example, share repurchases as well as capital utilization

aimed at enhancing profitability in light of the current level of capital vis-à-vis the target range.

Management of the CET1 Capital Ratio* within the Target Range



* Estimate reflecting the RWA increase calculated on the finalized Basel III reforms basis. Excluding net unrealized gains on available-for-sale securities

Strategic Investments for Sustainable Growth

As I discussed earlier, we consider undertaking strategic investments aimed at raising profitability essential to securing sustainable growth and improving corporate value. At the same time, we maintain discipline in the course of identifying specific investment candidates from the perspective of ensuring strategic effectiveness, investment profitability and capital efficiency.

In fiscal 2021, we expanded our existing investments in MUIP* and Mars Growth Capital, enabling both to formulate Fund 2 worth ¥20.0 billion and US\$300 million, respectively, to support promising investees in the digital and other fields. Our endeavors in this area also included the establishment of MUFG Ganesha Fund worth US\$300 million to undertake startup investment and financing in Japan and overseas. In these and other ways, we have steadily pushed ahead with the utilization of capital to secure future growth. On the other hand, although we have considered some acquisition and direct investment deals in growth fields, none have been greenlit mainly due to disagreements on pricing. However, we will continue to consider measures to utilize capital, including strategic investments to secure future growth in ROE, even as we take a disciplined approach with an eye to securing sustainable corporate growth and improvement in corporate value.

* MUFG Innovation Partners: A fund aimed at investing in startups around the globe

Message from the CFO

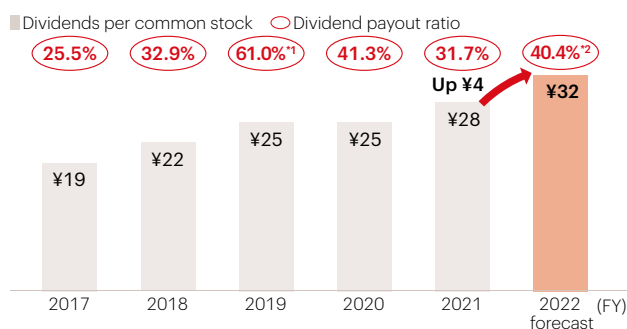
Further Enhancement of Shareholder Returns

Further enhancing shareholder returns remains an important management issue for MUFG.

In line with our Basic Policies for Shareholder Returns, (1) MUFG has positioned share dividends as the primary means for shareholder returns while aiming for stable and sustainable increases in dividends per share through profit growth. By the end of fiscal 2023, we will thus aim to progressively raise the dividend payout ratio to 40%. At the same time, (2) MUFG has taken a flexible stance toward executing share repurchases in a way that gives due consideration to performance progress / forecast and capital situation, strategic investment opportunities and the market environment, including share prices, as share repurchases constitute a shareholder return measure contributing to improvement in capital efficiency. Lastly, (3) MUFG will cancel treasury shares in excess of approximately 5% of the total number of issued shares.

In line with the above policy, we increased the full-year dividend for fiscal 2021 by ¥3 per share year on year to ¥28 per share. In addition, we executed share repurchases amounting to ¥150.0 billion in the second half of said fiscal year and subsequently cancelled 300,000,000 treasury shares (2.2% of the total number of issued shares prior to cancellation). As for our dividend forecasts for fiscal 2022, we intend to pay a full-year dividend of ¥32 per share, up ¥4 per share year-on-year, in line with our policy of pursuing a progressive increase in dividends per share. Furthermore, in May 2022, we decided to execute share repurchases of up to ¥300.0 billion in light of MUFG's robust CET1 capital ratio in excess of the target range at the end of fiscal 2021. These share repurchases were launched in May 2022 and are expected to continue until mid-November of the same year.

Results and Forecasts of Dividends per Common Stock



^{*1} Dividend payout ratio amounts to 37% when the impact of the one-time amortization of goodwill is excluded

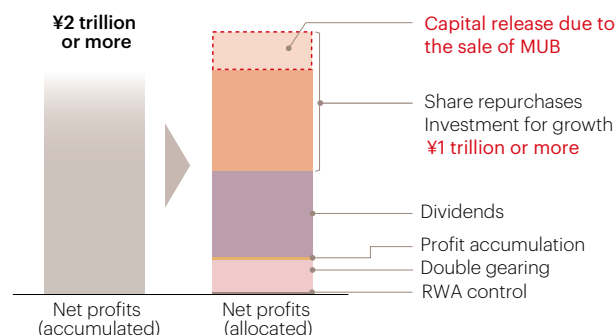
^{*2} Estimate premised on profits attributable to owners of parent of ¥1 trillion

As indicated in the graph shown in the upper right, we expect ¥1 trillion or more to become available to fund strategic investments aimed at securing growth as well as to implement additional measures to enhance shareholder returns, such as share repurchases. This projection stands as we have ruled out the possibility of an increase in RWAs over the course of the next two years under the current MTBP and, in fiscal 2022, we will cease the recording of mandatory capital allowances associated with

the phased expiration of the special regulatory exemption regarding our emergency investment in Morgan Stanley. Moreover, the positive effect from capital released upon the sale of MUB, scheduled for the second half of 2022, will contribute to the availability of capital surplus.

Although our general plan is to allocate capital surplus, in a balanced manner, to both achieve our ROE target for fiscal 2023 and secure subsequent corporate growth, we consider share repurchases to be the foremost option in light of the pressing need to improve capital efficiency due to the current stagnation in MUFG's stock prices, with the Price Book-value Ratio (PBR) staying slightly above 0.5 times.

Capital Allocations during the Current MTBP Period (fiscal 2022 and fiscal 2023)



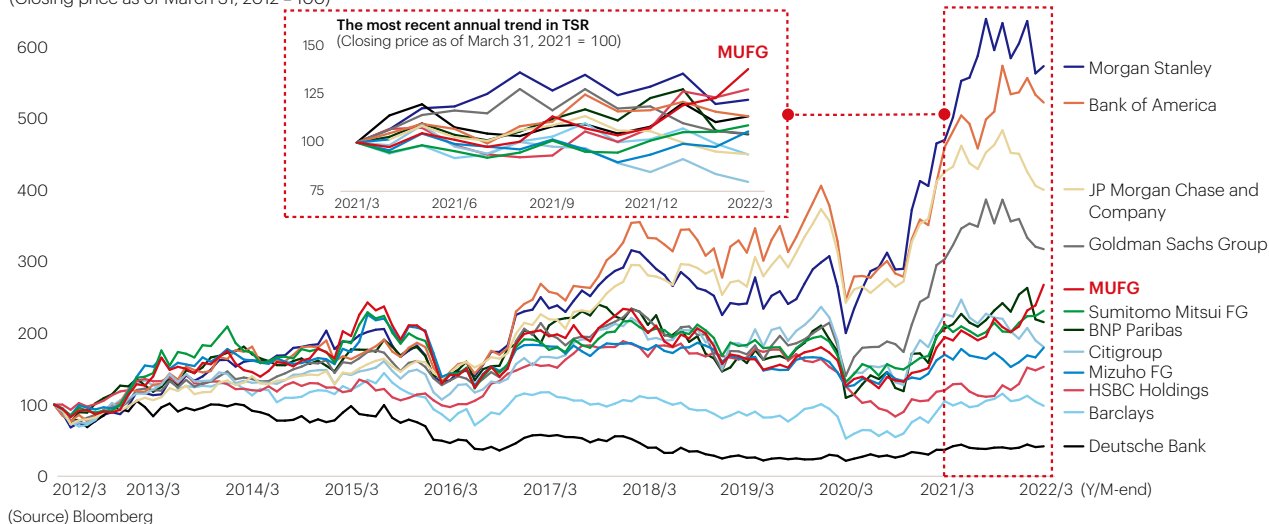
Enhancement of Stock Price and Shareholder Value

For MUFG, enhancing shareholder value is as important as the further enhancement of shareholder returns. As stated earlier, the currently stagnant PBR is attributable to our ROE falling short of capital cost. We therefore consider low ROE to be a major factor leading to our sluggish stock price at present. Taking this situation seriously, we will do our utmost to increase the market valuation of MUFG stock.

Looking at the recent trend in Total Shareholder Return (TSR), a generally accepted indicator for shareholder value, MUFG's TSR over the past 10 years has been lagging considerably behind the performance of some global competitors. Although our single-year results following the launch of the current MTBP have shown an upward trend, we believe that this is largely attributable to growing market expectations regarding MUFG's future strategic endeavors and disciplined capital management considering steady progress in key strategies under the MTBP. Accordingly, we are acutely aware of the importance of steadily meeting such expectations. Looking ahead, we will always stay conscious of TSR as an important indicator for improving shareholder value as we strive to become capable of garnering a solid valuation in the capital market on an ongoing basis. To this end, we will enhance shareholder value by focusing on achieving improvement in ROE, which provides a basis for our capital management endeavors, and further enhancing shareholder returns via dividends and share repurchases.

Global Comparisons of Total Shareholder Return (TSR)

(Closing price as of March 31, 2012 = 100)



Divestment of Equity Holdings

In line with our basic policy of reducing equity holdings, we divested such holdings by an amount equivalent to ¥870.0 billion (on an acquisition-cost basis) over the six years from fiscal 2015 to fiscal 2020. Thus, going into the current MTBP, our initial divestment target for the three years was set at ¥300.0 billion or more.

In fiscal 2021, however, we were able to divest equity holdings totaling ¥169.0 billion thanks to our engagement in intensive dialogue with corporate clients and, with their agreement, were able to earmark a further ¥244.0 billion in equity holdings for divestment in the future. In light of this progress, we have upwardly revised our divestment target for the MTBP period to ¥500.0 billion.

Equity holdings divestment is a key capital management measure, as it frees up capital resources and helps reduce financial risk arising from share price fluctuations. Going forward, we aim to further divest equity holdings while engaging in dialogue with our corporate clients to secure their understanding.

Dialogue with Shareholders and Other Stakeholders

As we aim to help our stakeholders to gain a good overview of MUFG's strategic endeavors employing its unique and extensive business portfolio, we believe that providing them with accurate and timely explanations of our operations is a matter of importance.

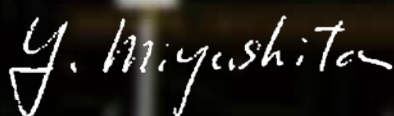
In fiscal 2021, we held one-on-one and small meetings to secure opportunities for dialogue between top management and investors at home and abroad. We also hosted Investors Day, with presentations by the heads of seven business groups as well as a seminar focused on discussing climate change measures and other events. (Please also refer to [pages 41 to 42](#) for details.)

Dialogue with our stakeholders, including shareholders, investors and ratings agency representatives often provides valuable opportunities and insights. Going forward, we will focus on maintaining such dialogue, stepping up both investor relations (IR) and shareholder relations (SR) engagement with those charged with exercising voting rights. Stakeholder opinions are shared among Board members and given due consideration in the course of business operations and capital management. We always welcome frank opinions about MUFG.

Having positioned the current MTBP period as "three years of new challenges and transformation," we will continue to pursue sustainable growth and improvement in corporate value and, to this end, practice financial and capital management focused on taking on those new challenges and achieving that transformation. We ask for your continuous support in this endeavor.

Message from the Chief Sustainability Officer (CSuO)

We Will Promote Sustainability Management and Enhance Our Corporate Value by Engaging in Constant Dialogue with Stakeholders.



Yutaka Miyashita

Representative Corporate Executive,
Managing Corporate Executive,
Group CSuO & Group CSO



Pursuing All-Out Efforts in Climate Change Measures and Environmental Protection

Today, customer interest in solutions for environmental and social issues is stronger than ever both in Japan and around the world. For example, a growing number of individual customers are showing a preference for investment products designed to address ESG issues, while the utilization of sustainable financing is now widespread among corporate clients. In sum, I acutely feel that, going forward, ESG-related financial businesses have the potential to grow considerably larger in terms of size.

In fiscal 2021, MUFG identified 10 priority issues encompassing environmental and social issues that it must tackle. Among these issues, we have been particularly focused on “Climate change measures & environmental protection” over the course of the past year. In May 2021, we announced the MUFG Carbon Neutrality Declaration and, in line with this declaration, we aim not only to reduce the volume of greenhouse gas (GHG) emissions from our own operations but to assist our customers in their decarbonization efforts. For example, in addition to providing relevant solutions and services, we need to steadily take on a range of other endeavors, including the measurement of business risks arising from climate change and the enhancement of various information disclosures. MUFG’s Board of Directors is well aware of the importance of climate change measures. Acting on this awareness, the Board has spent a considerable amount of time discussing the matter, with members charged with supervision and those charged with execution sharing a recognition of the issues to be addressed going forward.

In April 2022, we published the *MUFG Progress Report*, which summarizes the status of our initiatives in this area. This publication was compiled with the hope that our vision and initiatives toward achieving carbon neutrality by 2050, would be robustly understood by a diverse range of our stakeholders, including customers, investors and NGOs. Moreover, for the first time we have disclosed our interim targets for 2030 for the power and oil & gas sectors (upstream production businesses) in terms of sector-specific targets, with an eye to achieving net-zero GHG emissions from our financed portfolio by 2050. For us to achieve these interim targets, we deem it important to engage in dialogue with customers, sharing insights and otherwise working in close collaboration.

The importance of engagement is often discussed in the context of how to best implement effective climate change action. I personally believe that maintaining “constant dialogue” is essential to making such engagement meaningful. Amid a global shift in industrial structure, our customers are being called upon to take on the challenge of updating their business structures, while a growing number of investors are expected to refrain from investing in businesses that lack commitment to climate change action. To ensure a smooth transition to a carbon-neutral society, we need to strive to secure a mutual understanding of each other’s issues and make a concerted effort to resolve such issues. To this end, constant dialogue must be maintained in a steadfast and careful manner.

Contributing to the Resolution of Issues Arising from an Aging Population & Low Birthrate

Among our 10 priority issues, “Response to aging population & low birthrate” is considered to be especially relevant to MUFG’s business operations. In fact, the degree to which Japanese society is aging is distinctively higher than that of other countries. Accordingly, contributing to the resolution of issues arising from this ongoing shift in social structure is an integral part of our responsibilities as a financial institution. We are therefore striving to raise our abilities to accommodate customer needs associated with business and asset succession in addition to developing barrier-free branch layouts and helping our employees acquire robust literacy about how to best serve people suffering from dementia.

Moreover, we promote social contribution activities outside our areas of business. For example, we donate to NGOs and youth support groups engaged in initiatives to aid in the sound upbringing of children and students.

Promoting Inclusion & Diversity

MUFG is being called upon to tackle an increasingly diverse range of environmental and social concerns, including a number of complex issues. For us to stay capable of contributing to the resolution of these issues, we must be a resilient organization. This is why we believe that enhancing the quality of our human capital is a matter of the utmost importance. In this regard, we think that promoting “Inclusion & Diversity” (I&D) is key.

I have been seconded to MUFG Union Bank in the United States in the past. At the time, I was a “foreigner” in the predominantly American workforce, but the organizational culture in place at this subsidiary was quite inclusive to foreign nationals like me. Furthermore, people drew few distinctions between mid-career hires and individuals hired as new graduates. I never even heard the phrase “mid-career hire” in daily conversations there. Also, the liquidity of human resources was high at MUFG Union Bank. I believe that these factors, in turn, helped facilitate this firm’s culture of inclusion.

Today, MUFG is engaged in a variety of initiatives in this area. However, I think that there are still a number of issues that need to be tackled. In terms of addressing these issues, I believe that the head of organization should be primarily responsible for the execution of relevant initiatives. Regardless of an organization’s size, its head should be the first to hear the call to fully understand the importance of I&D, change his/her mode of behavior and advocate for the transformation of organization under his/her supervision with specific targets. In conjunction with the launch of the current Medium-Term Business Plan (MTBP), MUFG revised the evaluation system it uses to determine executive officer remuneration, incorporating items related to the recipient’s contribution to improvement in I&D and other ESG issues. This, of course, represents just a small step, but we are determined to push ahead further with the promotion of and ensure the robust employee understanding of I&D going forward.

Promoting MUFG Sustainability Management in Line with Our Purpose

With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we consider it important to expand the breadth of our relevant initiatives. For example, with the aim of contributing to the protection of natural capital and biodiversity, both of which are closely linked with the impact of climate change, we participated in a forum hosted by the Taskforce on Nature-related Financial Disclosure (TNFD) in February 2022.

In terms of investment in human capital, we have implemented “Job Challenge,” an in-house job posting program, as well as other programs designed to encourage employees to take on new challenges while striving to transform our corporate culture by, for example, going paperless, introducing remote work and otherwise pushing ahead with measures to promote workstyle reforms and invigorate workplace communications. By doing so, we intend to create a workplace in which every employee can find their work rewarding and is better positioned to realize their full potential.

We are amid an era of radical changes in which pursuing sustainability initiatives is considered a great management priority. With this in mind, we believe that we need to act as a partner for each customer, helping them address the issues they are confronting through ongoing dialogue and to provide our best possible solutions. For us to improve our corporate value, these endeavors are essential. Moreover, being firmly committed to practicing sustainability management will improve our reputation among stakeholders. This will also, in turn, help us raise our brand value, enhance employee loyalty and attract excellent human resources. I believe that the non-financial impact of these endeavors will eventually make a big difference in terms of securing greater corporate value.

To realize its Purpose of “Committed to empowering a brighter future,” MUFG will continue to practice sustainability management.



MUFG Sustainability Report 2021
(2022 report is set to be published in September 2022 or later)



MUFG Progress Report

For details of the reports, please visit our corporate website.
<https://www.mufg.jp/english/csr/report/>

Sustainability Management Focused on Addressing 10 Priority Issues

MUFG considers the pursuit of sustainability to be one of its most important management issues. We have reviewed priority issues that must be tackled to help achieve environmental and social sustainability in light of our newly established Purpose, “Committed to empowering a brighter future.” with an eye to better fulfilling society’s expectations in areas where MUFG’s capabilities can be brought to bear. As a result of this review, we have defined the 10 priority issues.

Committed to empowering a brighter future.

Contribute to the realization of sustainable
“people, society and global environment”

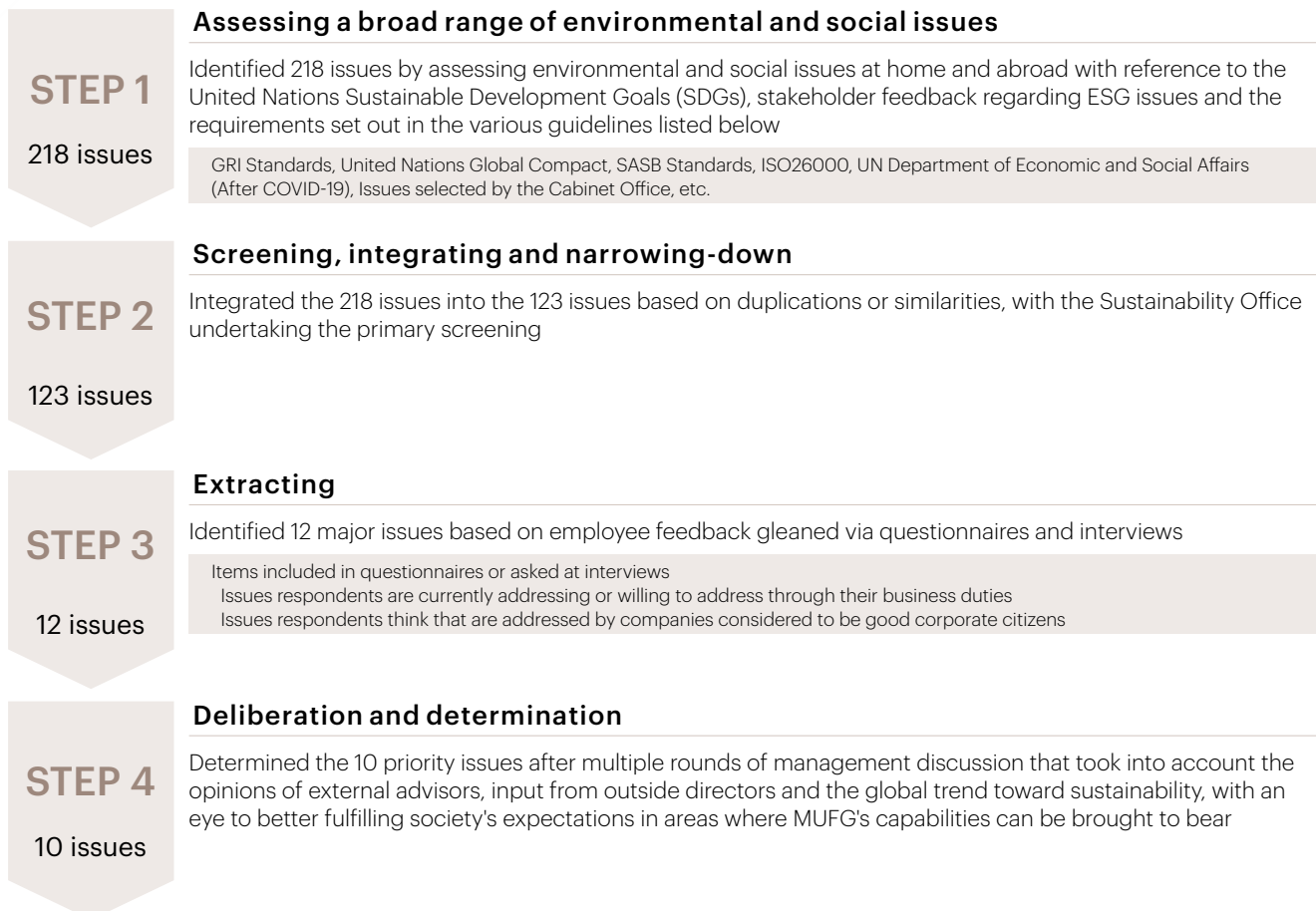


MUFG’s Sustainability Management

With the conviction that environmental and social sustainability are essential to achieving sustainable growth for MUFG, we are engaged in value creation employing an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for environmental and social issues.



Process for Identifying 10 Priority Issues



Flow of MUFG's Process of Reviewing the 10 Priority Issue Initiatives



Sustainability Management Focused on Addressing 10 Priority Issues

Response to Opportunities and Risks

Based on MUFG's recognition of its 10 priority issues from the perspective of opportunities and risks, the following chart lists various initiatives undertaken by the Group to address such opportunities and risks. Through these initiatives, we will strive to help realize the SDGs and contribute to environmental and social sustainability.

<p>Climate change measures & environmental protection</p>  	<p>MUFG's recognition</p> <p>Opportunities and risks</p> <p>The ongoing trend toward decarbonization is expected to result in major changes in global industrial structure which, in turn, will position MUFG and its customers to face both risks affecting their business continuity and opportunities for growth. It is important to ensure smooth transition to a carbon-neutral society and a virtuous cycle of environmental and economic improvement in order to realize a sustainable society.</p> <p>Opportunities and risks</p> <p>The scope of across-the-board environmental protection initiatives is likely to expand to include not only climate change measures but also the protection of biodiversity, etc.</p> <p>Examples of initiatives to address the issue</p> <ul style="list-style-type: none"> Promoting various initiatives to realize the MUFG Carbon Neutrality Declaration announced in May 2021  Pages 55-62 Announced our support for the Task Force for Nature-related Financial Disclosures (TNFD) and participated in a TNFD forum to promote information gathering and play our part in discussions regarding framework building as part of MUFG's tangible responses to issues associated with natural capital
<p>Response to aging population & low birthrate</p>  	<p>MUFG's recognition</p> <p>Opportunities</p> <p>Leveraging our comprehensive financial service capabilities is important in order to meet evolving and diversifying customer needs in the face of changes in social structure due to aging population and low birthrate.</p> <p>Risks</p> <p>The aging population and low birthrate may lead to economic stagnation and a decline in growth potential, leading to the shrinkage of both funding demand and interest margins, a situation that could, in turn, have a particularly negative impact on the traditional commercial banking businesses.</p> <p>Examples of initiatives to address the issue</p> <ul style="list-style-type: none"> Enhancing the content of our financial services, develop more accessible channels and otherwise endeavor to address various issues arising from aging population and low birthrate  Page 63 Engaging in research into financial gerontology to raise our ability to help customers enjoy a healthy life and longevity by, for example, drawing on research findings to develop products designed to support their future security with an eye to the possible deterioration of cognitive functions
<p>Inclusion & diversity</p>  	<p>MUFG's recognition</p> <p>Opportunities</p> <p>Empowering diverse talents to inspire one another will facilitate the creation of new concepts and ideas and the transformation of employee modes of behavior, enabling MUFG to transform its corporate culture and deliver new value that surpasses the expectations of customers and society as a whole, while it will also contribute to inclusion of diverse individuals.</p> <p>Risks</p> <p>Developing a resilient organization and society capable of empowering diverse talents with differing sense of values is essential to flexibly adapting to a time of rapid changes.</p> <p>Examples of Initiatives to address the issue</p> <ul style="list-style-type: none"> Provide employees with education aimed at raising their awareness of unconscious biases, support women's career development, offer ongoing assistance to employees who strive to strike a balance between work and child rearing or nursing care; at the same time, pushing ahead with hiring, nurturing and promoting diverse talents and fostering a culture of inclusion & diversity. As the result of these initiatives, MUFG was chosen for inclusion in the Bloomberg Gender-Equality Index while being selected to bear Nadeshiko Brand and Semi-Nadeshiko Brand under the program sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. MUFG was also awarded the Gold rating and chosen as a Best Practice selection under the PRIDE Index program aimed at evaluating companies' inclusivity efforts toward LGBTQ community Achieved our target for the ratio of women in management in Japan (for March 2024) ahead of schedule and thus upwardly revised the target from 18% to 20% in fiscal 2022
<p>Developing social infrastructure</p>   	<p>MUFG's recognition</p> <p>Opportunities</p> <p>Robust countermeasures against the aging of infrastructure at home and abroad are key to the creation of sustainable society, as is the construction of social infrastructure, particularly in developing countries.</p> <p>Risks</p> <p>For us to maintain trust and reliability as a financial institution and a component of social infrastructure, the proper handling of threats to safety and security is a requisite. It is therefore essential to strengthen security measures safeguarding informational assets and prevent financial crimes that have become ever more complex and sophisticated.</p> <p>Examples of initiatives to address the issue</p> <ul style="list-style-type: none"> Extending social loans, which require borrowers to use funds for projects aimed at resolving social issues via, for example, the development of railway infrastructure to mitigate traffic jams and reduce exhaust gas, the development of water-related infrastructure, and the construction of hospitals Assisting a project in the field of electricity transmission and distribution to mitigate environmental impact implemented by an electric utility company in Saudi Arabia through a united loan framework developed by the Japan Bank for International Cooperation (JBIC) to support Global action for Reconciling Economic growth and ENvironmental preservation (GREEN)

Supporting industrial
development &
innovation

MUFG's recognition

Opportunities
and risks

Offering assistance for the creation of growing industries, which are the drivers of economies, and vibrant venture startups is essential to avoiding economic stagnation and securing sustainable growth. Our financial functions are expected to play an important role as such endeavors require a financier capable of risk-taking.

Examples of initiatives to address the issue

- Promoting financing for overseas startups (Mars Growth Capital, MUFG Ganesha Fund) Pages 49-50
- Hosted "MUFG ICJ ESG Accelerator," the first ESG accelerator program in Japan's banking industry in tandem with Inclusion Japan, Inc., which is engaged in ESG investment in the venture field Page 64

Ensuring equal access
to financial services

MUFG's recognition

Opportunities
and risks

Providing more customers with opportunities to access financial services and investment not only contributes to improving the growth of economies but also allows for MUFG to secure an even more robust foundation for growth.

Examples of initiatives to address the issue

- Partner banks collaborate with Grab by providing saving and loan products to underserved segments such as Grab drivers and Grab micro food merchants. By combining Grab's dynamic data and partner banks' expertise in consumer finance, we are meeting the financial needs of new customers for partner banks, thereby further expanding our customer base and contributing to financial inclusion
- Contribute to industrial development and employment opportunity creation in emerging and developing countries through microfinance

Promoting
workstyle reforms

MUFG's recognition

Opportunities
and risks

On the back of Japan's declining population, businesses are expected to provide their employees with opportunities to embrace flexible workstyles aligned with an evolving sense of values, changes in social structure and the growing need to strike a work-life balance. Fulfilling these expectations provides the baseline for the effective utilization of human resources and achievement of corporate growth and, in light of fallout from COVID-19, has become a matter of even greater importance.

Opportunities
and risks

Improving the efficiency of our financial functions, which constitute a part of social infrastructure, will help society as a whole achieve higher productivity while positioning us for greater productivity as well.

Examples of initiatives to address the issue

- Promoting the development of a working environment supportive of remote working by, for example, enhancing satellite offices, facilitating the use of online meetings, and upgrading functions of company-furnished smartphones
- Improving operational efficiency through the digitalization of customer transactions and documents used for back-office procedures (e.g., digitalizing personal seal image registration forms, digitalization of balance certificates to be issued upon auditor request)

Response to poverty



MUFG's recognition

Risks

Poverty often results in a variety of other problems posing serious threats to social stability (e.g., public health, hygiene and security) and human rights (e.g., sufficiency in food, clothing and housing) as well as to the formation of a basis for sustainable economic growth (e.g., educational equality).

Examples of initiatives to address the issue

- To support the healthy upbringing of children, we engage in ongoing donations contributing a total of ¥180 million over a three-year period. These donations are directed to three separate NPOs¹ that strive to assist poverty-stricken families and children battling diseases

¹1 CliniClowns Japan, Learning for All and Chance for Children

Reduction of
educational disparities

MUFG's recognition

Opportunities

Those who are now students will shape the next generation and, therefore, constitute the foundation of future society. Among them may also be our potential colleagues. Therefore, supporting them is of great importance.

Risks

Proper education is at the base of social stability and sustainable economic growth. Thus, educational shortfalls can result in a negative heritage of inequality that will be passed down to future generations. The lack of educational opportunity due to economic disadvantage therefore deserves major public attention and needs to be tackled.

Examples of initiatives to address the issue

- Supporting a fellowship program that sends skilled individuals with outstanding qualifications and abilities in the educational field as teachers to schools for two years (Donating to the NPO Teach For Japan)

Overcoming threats
to health

MUFG's recognition

Opportunities

Innovation in the healthcare sector will contribute to improvement in social and economic resilience.

Risks

The sustainability of economic activities will be largely dependent on the strengthening of capabilities for preventing novel infectious viruses from spreading (via the development of vaccines, etc.) and responsiveness to the pandemic (via the development of medical technologies and institutions) in order to ensure robust social functions in anticipation of the further aging of population.

Examples of initiatives to address the issue

- Made an impact investment in a U.S.-based firm engaged in the R&D of vaccines for cancer, malaria, dengue fever, COVID-19 and other diseases. Our framework for impact investment is specifically designed to create positive environmental and social impacts while also ensuring an appropriate financial return. MUFG has provided personnel to the investee in order to closely support its business management



Mitsubishi UFJ Financial Group
MUFG Bank



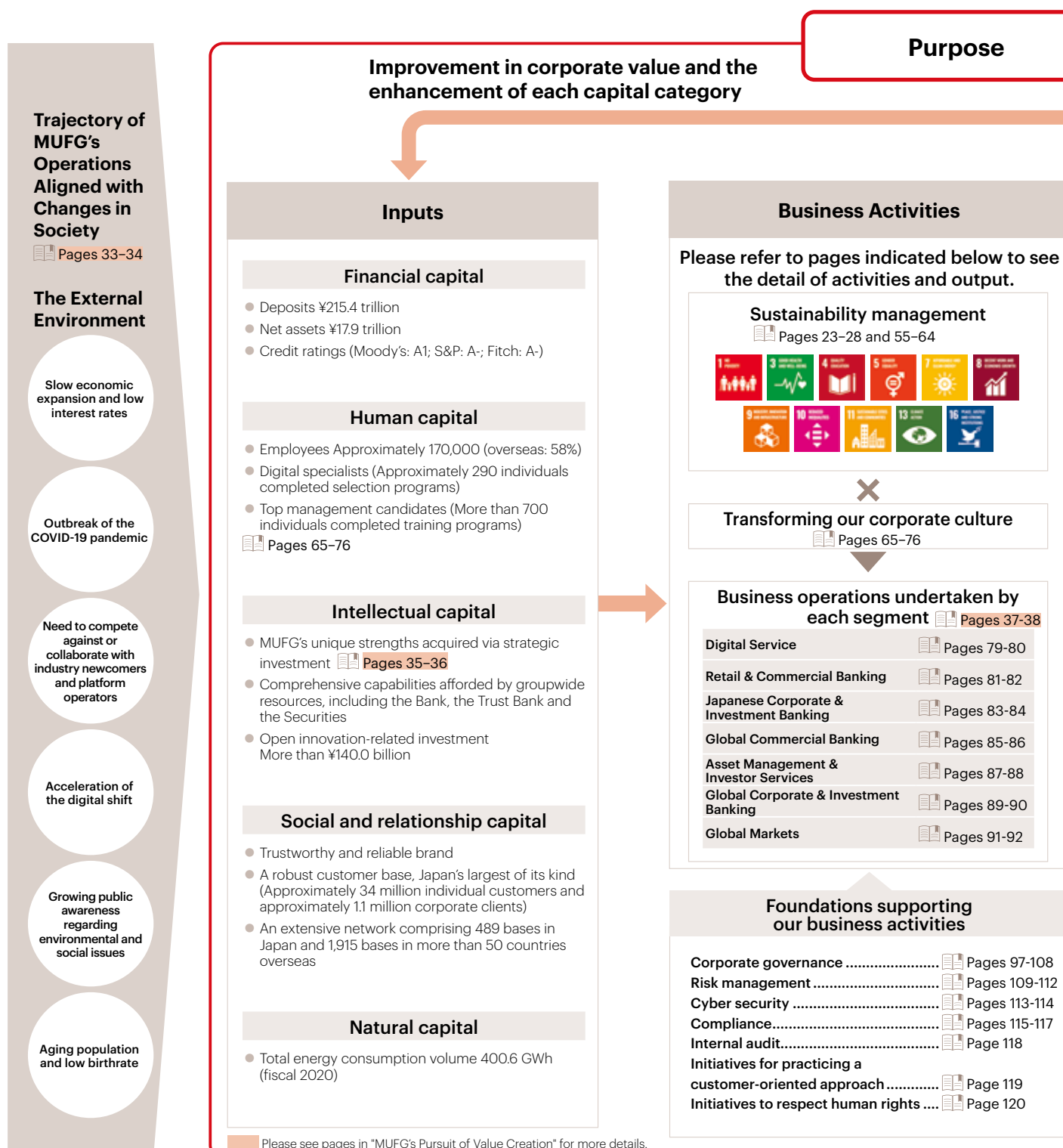
MUFG's Pursuit of Value Creation

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Value Creation Process


In line with our Purpose, "Committed to empowering a brighter future," we work to create value via business strategies that go in tandem with the pursuit of solutions for environmental and social issues, with the aim of becoming the world's most trusted financial group.



Committed to empowering a brighter future.

Outcomes

Results
Fiscal 2021

 Pages 39-40

Targets

Financial capital

- Profits attributable to owners of parent ¥1,130.8 billion -----> ● **¥1 trillion or more (fiscal 2023)**
 - ROE 7.79% -----> ● **7.5% (fiscal 2023), 9% to 10% (medium- to long-term)**
 - Common Equity Tier 1 capital ratio^{*1} 10.4% -----> ● **The 9.5% to 10.0% range (fiscal 2023 and medium- to long-term)**
- ^{*1} The finalized Basel III reforms basis, excluding net unrealized gains on available-for-sale securities

Human capital

- Improvement in employee engagement -----> ● **Succeed in instilling Purpose**
 - Ratio of women in management in Japan^{*1} 18.0% -----> ● **20.0% (fiscal 2023)**
 - Number of the Job Challenge program applicants^{*1} 2,278
 - Number of executive officers hired overseas^{*2} 10
- ^{*1} The Bank, the Trust Bank and MUMSS
^{*2} The Bank

Intellectual capital

- Provision of new financial services and the creation of new businesses involving external collaboration -----> ● **Evolving into a financial and digital platform operator**
 - Reduction in workload via the use of digital technologies -----> ● **Equivalent of more than 10,000 employees (fiscal 2023; compared with the fiscal 2017 level)**
- Equivalent of approximately 5,600 employees (compared with the fiscal 2017 level)


Social and relationship capital

- Ratio of key procedures undertaken online rather than via physical branch counters 51% -----> ● **Approximately 80% (fiscal 2023)**
- Number of constant users of internet banking 8.2 million -----> ● **Steadily increase the number of constant users**
- Integration and reorganization of branches -----> ● **Efficient branch operations**

Natural capital

- Greenhouse gas (GHG) emissions from our financed portfolio -----> ● **Net zero (2050)**
 - Power sector: 349 gCO₂e/kWh (2019) -----> ● **156 to 192 gCO₂e/kWh (2030)**
 - Oil & gas sector: 83 MtCO₂e (2019) -----> ● **15% to 28% reduction from 2019 (2030)**
- GHG emissions from own operations on a global basis 357,000 tons (fiscal 2020) -----> ● **Net zero (2030)**
- CO₂ emissions reduced via renewable energy project financing 26.83 million tons (cumulative total from fiscal 2019 to fiscal 2021) -----> ● **70 million tons (cumulative total of fiscal 2019 to fiscal 2030)**

Value Delivered to Stakeholders

 Pages 41-42



Customers and partners

- Provide digital-driven, highly convenient services while meeting diverse needs for asset building, asset succession and other solutions backed by superior consulting functions
- Incubate new businesses and help customers strengthen their business capabilities by taking advantage of our lineup of diverse financial solutions and global reach



Communities and society

- Take advantage of unique financial services to contribute to the development of disaster resilient infrastructure and the vitalization of regional communities in an effort to make society more resilient by upgrading the reliability and stability of social functions and pursuing innovation
- Build a robust financial system equipped with enhanced cyber security measures and capable of offering superior convenience



Future generations

- Push ahead with climate change measures and environmental protection initiatives to help realize a world in which human society harmoniously coexists with the global environment and to pass such a world down to the next generation
- Support the sound upbringing of children, who will lead future generations, by engaging in a variety of social contribution activities



MUFG employees

- Promote inclusion & diversity
- Provide opportunities for personal growth and offer an environment in which employees can direct their energies into working with a sense of fulfillment



Shareholders and investors

- Strive for growth in stock price in step with sustainable improvement in corporate value while enhancing shareholder returns

Trajectory of MUFG's Operations Aligned with Changes in Society

Striving to remain a trustworthy partner for all our stakeholders, we have pursued mutual and sustainable growth in tandem with customers while aligning our business strategies with the changes of the times.

1656–

Hard-earned trust backed by a history spanning more than 360 years and a robust customer base

1656

- Konoike Exchange Bureau opened in Osaka (Precursor of Sanwa Bank founded in 1933)

1880

- Mitsubishi Exchange House established by Yataro Iwasaki (Precursor of Mitsubishi Bank founded in 1919)
- Yokohama Specie Bank established (Precursor of The Bank of Tokyo founded in 1946)

1927

- Mitsubishi Trust established
- Kawasaki Trust established

1941

- Tokai Bank established

1948

- Yachiyo Securities established

1959

- Toyo Trust and Banking established

2005–

MUFG inaugurated Strengthened investment banking operations

2005

- MUFG inaugurated Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities inaugurated

2006

- Bank of Tokyo-Mitsubishi UFJ (now MUFG Bank) inaugurated

2007

- Mitsubishi UFJ NICOS inaugurated

2008

- Strategic alliance with Morgan Stanley
- UnionBanCal Corporation became a wholly owned subsidiary of MUFG
- ACOM became a subsidiary of MUFG (JGAAP only)

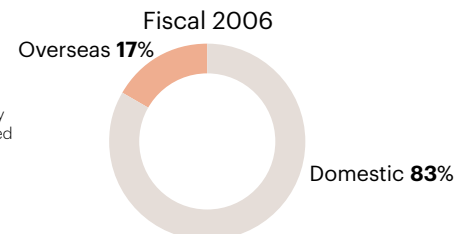
2010

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

Changes in Profit Composition

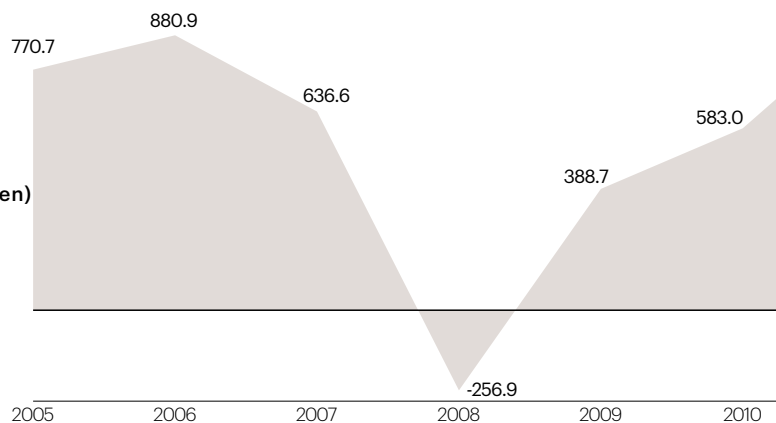
Composition^{*1} of Customer-Segment Profits^{*2}

^{*1} Percentage figures of overseas consist of profits earned by overseas operations under the supervision of the Integrated Corporate Banking Business Group for fiscal 2006, profits earned by the Integrated Global Business Group for fiscal 2013 and profits earned by GCB and GCIB for fiscal 2021
^{*2} Customer-segment net operating profits



Trends in Profits

Profits attributable to owners of parent (billions of yen)



Economic and Social Trends

2005

- Transition to limited deposit guarantee "payoff" scheme in Japan

2006

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

2008

- Financial crisis triggered by Lehman Brothers

2010

- The debt crisis emerges in Europe

2011

- The Great East Japan Earthquake

2012–**Enhanced our presence in the ASEAN region****2013**

- Conversion of Bank of Ayudhya (Krungsri), a major commercial bank in Thailand, into a subsidiary
- Capital and operational alliance with Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank), a national bank in Vietnam

2015

- Moved to a “company with three committees” structure

2016

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

2019

- Conversion of Bank Danamon, Indonesia, into a subsidiary
- Conversion of Australia-based asset manager First Sentier Investors into a subsidiary

2020–**Started to take on the challenge of business model reforms****2020**

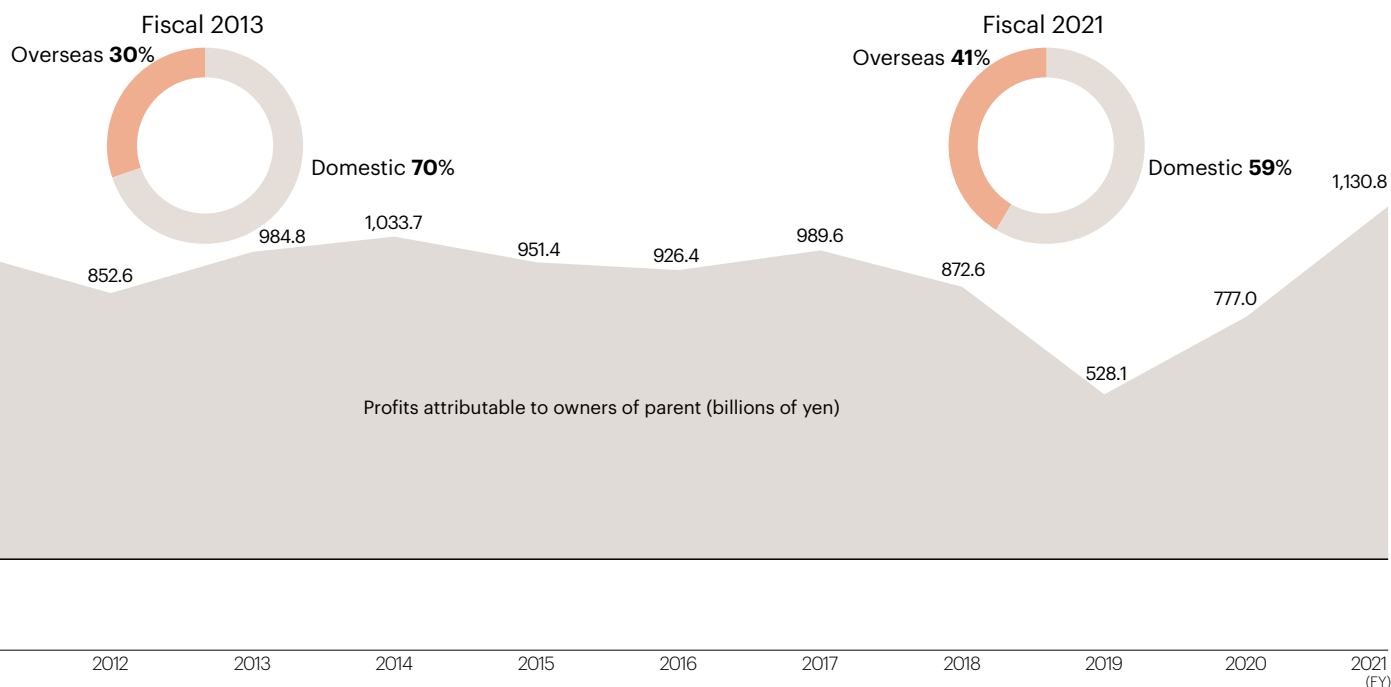
- Capital and business alliance with Grab Holdings Inc.

2021

- Established the MUFG Way (renamed from Corporate Vision)
- Launched the Digital Service Business Group, transitioning to a seven-business group structure
- Announced the MUFG Carbon Neutrality Declaration

2022

- Decided to sell MUFG Union Bank (planned)

**2012**

- The Abenomics stimulus package initiated

2013

- The BOJ introduces quantitative and qualitative monetary easing policies

2016

- The BOJ introduces a negative interest rate policy and yield curve control

2018

- U.S.-China trade friction

2020

- The COVID-19 pandemic emerges

2022

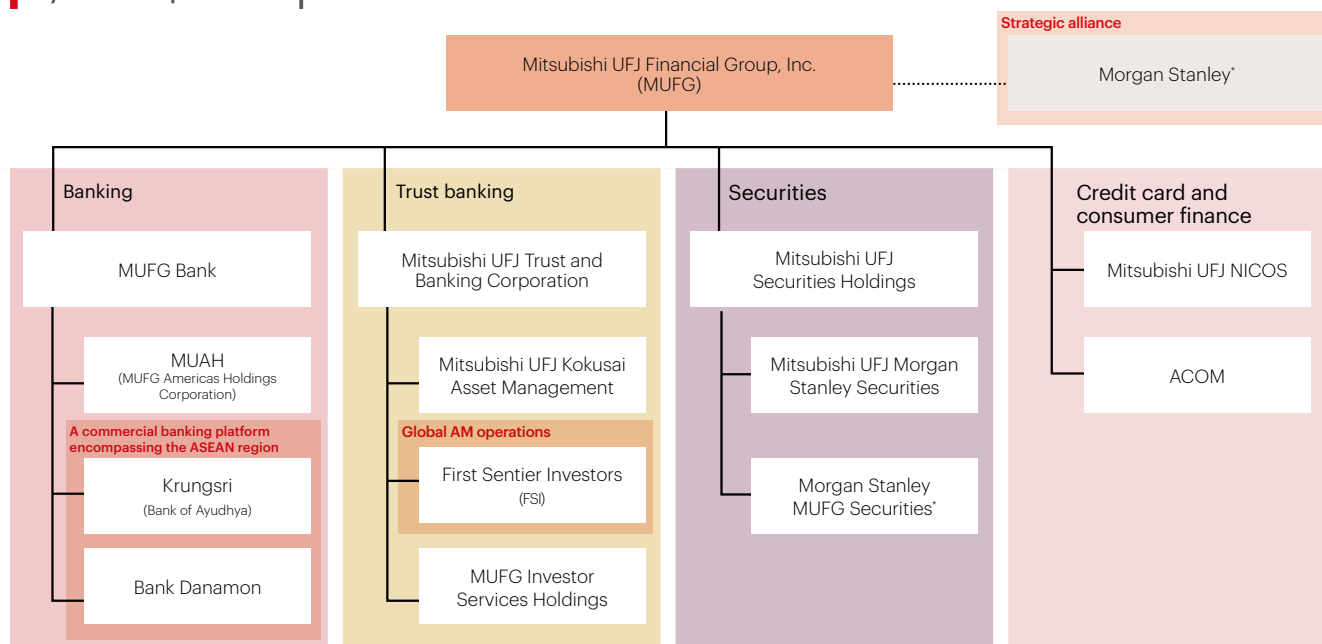
- Russia-Ukraine conflict erupts

MUFG's Unique Strengths

Through steady inorganic expansion, we have grown our overseas business portfolio, building up an extensive business foundation unparalleled by that of any other company in the domestic financial industry.

Comprehensive Capabilities Afforded by the Group

Taking a groupwide, cross-regional approach, we deliver a comprehensive lineup of services through collaboration among the Bank, the Trust Bank and the Securities as well as Group companies handling credit card and consumer finance businesses.



* Equity-method affiliate

A Commercial Banking Platform Encompassing the ASEAN Region

Over the course of seven years leading up to 2019, we developed a commercial banking platform encompassing the ASEAN region via investment in commercial banks in four countries, namely, Thailand, Indonesia, Vietnam, and the Philippines.



^{*1} As of March 2022

^{*2} Calculated based on the value of total assets. The ranking of Bank Danamon is determined by incorporating assets held by MUFG Bank's Jakarta Branch. The rankings for Thailand and the Philippines exclude government-funded financial institutions. (As of December 2021)

^{*3} Based on information disclosed by each partner bank and data compiled for internal managerial purposes. (Figures for Krungsri and Bank Danamon are as of March 2022 and figures for VietinBank and Security Bank are as of December 2021)

^{*4} Including 438 bases run by AdiraFinance (including sharia-compliant branches)

Investment in and Alliance with Morgan Stanley

In 2008, we entered into a strategic capital alliance with Morgan Stanley (MS). In addition to focusing on collaboration in investment banking, this alliance has been expanded to wealth management (WM) and AM / IS.

History of Investment in and Alliance with MS

2008

Invested US\$9 billion in preferred stock in MS to fundamentally strengthen global investment banking operations

2009

Established LMJV,^{*1} to provide corporate financing services in the Americas

2010

Established Mitsubishi UFJ Morgan Stanley Securities and Morgan Stanley MUFG Securities in Japan

2011

Appointed the second representative to MS board of directors. Shares were converted into common stock. MS became MUFG's equity method affiliate

At present

Expanding collaboration in WM and AM/IS

Cases of collaboration

Investment banking business

- For large global corporate clients: Debt underwriting in NIG^{*2} field (e.g., Global large-scale acquisition finance)
- For large Japanese corporate clients : Sustainable finance (e.g., Became a co-lead manager in issuance of green bonds by NTT at home and abroad)

New business fields WM and AM/IS

- Incorporate expertise and know-how offered by MS in areas related to WM digital platform, house view^{*3} and branding
- Made progress in collaboration, jointly marketing MS asset management products and acting as fund administrators
- Provide customers with access to a platform for managing stock compensation plans, designed by a MS subsidiary Shareworks under the strategic alliance agreement

Further Strengthening the Alliance —Developing New Stages of Collaboration

*1 LMJV: Loan Marketing Joint Venture

*2 Non-investment grade

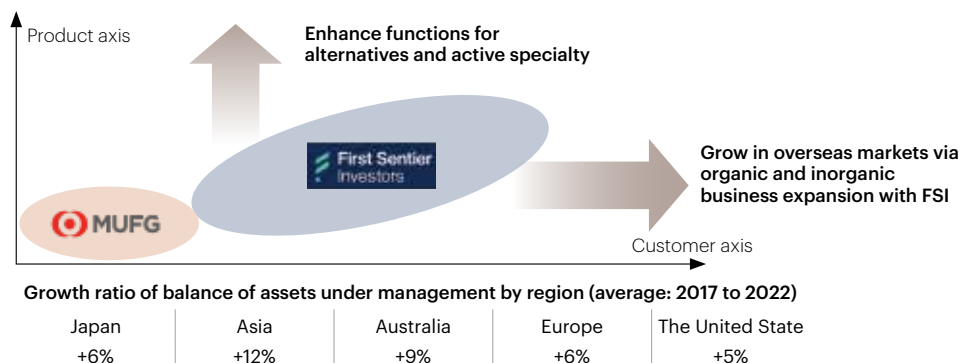
*3 MUFG Wealth Management's official position with regard to market outlook and investment trends

Global AM Operations

Having executed a strategic investment in the Australia-based asset management firm First Sentier Investors (FSI) in 2019, we have strengthened our global AM operations.

Growth ratio of balance of assets under management by product (average: 2019 to 2024)








Alternatives	+4%
Active specialty	+3%
Active core	+1%
Passive and others	+6%



Sources: BCG and Cerulli

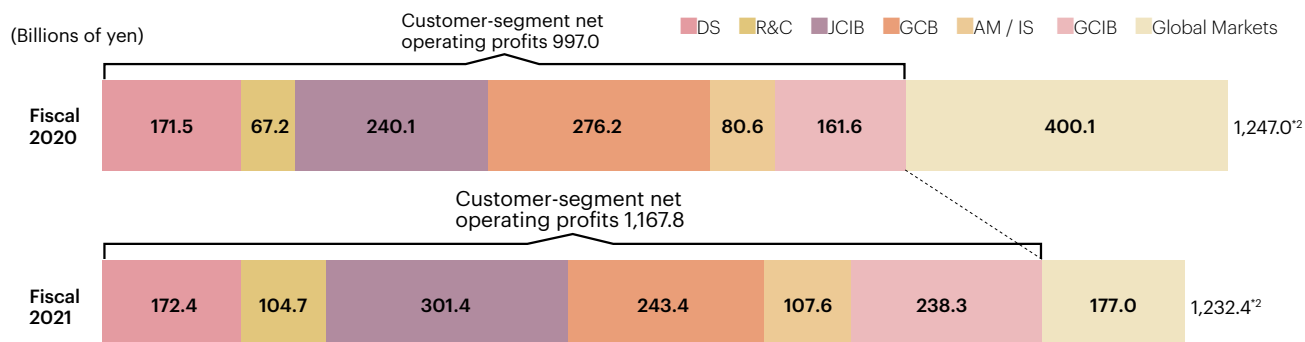
Value Creation Initiatives Undertaken by Seven Business Groups

To meet diverse customer needs, our business groups are engaged in the formulation of strategies and the implementation of measures in a way that integrates capabilities afforded by individual Group companies in their areas of strength.

Business Group	Overview	Pages describing details
Digital Service Business Group DS	Targeting domestic individual customers and corporate clients whose interactions with the Group mainly involve non-face-to-face transactions, this business group provides digital-driven financial services and, to this end, strives to expand digitized transactional contact points and enhance customer convenience. At the same time, it is charged with spearheading MUFG's across-the-board digital transformation to secure an even stronger business platform.	 Pages 79–80
Retail & Commercial Banking Business Group R&C	Having positioned domestic individual customers and corporate clients as targeted customer segments, this business group employs a groupwide, integrated approach as it strives to meet diverse customer needs via the provision of a range of financial services and solutions. Its lineup includes such financial services as lending and settlement as well as those associated with asset management (AM), inheritance and real estate in addition to business and asset succession solutions.	 Pages 81–82
Japanese Corporate & Investment Banking Business Group JCIB	Serving major Japanese corporations, this business group provides services such as loan, settlement and forex while offering comprehensive solutions backed by Group companies' expertise related to M&A and real estate to help customers achieve growth in their corporate value.	 Pages 83–84
Global Commercial Banking Business Group GCB	This business group provides financial services to corporations expanding into the ASEAN region as well as to local SMEs and individuals through its partner banks, such as Krungsri (Bank of Ayudhya), Bank Danamon, VietinBank and Security Bank.	 Pages 85–86
Asset Management & Investor Services Business Group AM/IS	Employing its sophisticated specialist know-how in the areas of asset management (AM), investor services (IS) and pensions, this business group provides such services as consulting while constantly striving to further enhance its AM capabilities and product development capabilities to better meet the diverse needs of customers at home and abroad.	 Pages 87–88
Global Corporate & Investment Banking Business Group GCIB	Offering a comprehensive set of corporate & investment banking services that provide value-added solutions for large global corporate and financial institution customers by leveraging our extensive network and product capabilities through an integrated business model involving the Bank and the Securities.	 Pages 89–90
Global Markets Business Group Global Markets	<p>This business group primarily handles customer-segment sales & trading (S&T) operations^{*1} associated with interest rates (bonds), forex and equities while comprehensively managing assets, liabilities and various risks via treasury operations.^{*2}</p> <p>^{*1} Collective term for sales operations involving the provision of financial products and solutions, including forex and derivatives, to customers and trading operations involving the trading of marketable products between banks or through an exchange.</p> <p>^{*2} Including asset liability management (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.</p>	 Pages 91–92

Composition of Net Operating Profits^{*1} by Business Group

Business Group Performance Pages 77-78



*1 Consolidated net operating profits calculated on an internal managerial accounting basis

*2 Including profits or losses from others (fiscal 2020: (¥150.1) billion; fiscal 2021: (¥112.4) billion)

Main Customers for Each Business Group

Customers	Business groups						
	DS	R&C	JCIB	GCB	AM / IS	GCIB	Global Markets
Domestic individual customers and corporate clients (non-face-to-face transactions)	●						
Domestic individual customers and SMEs		●			●		
Major Japanese corporations			●		●		●
Large global corporate clients					●	●	●
Overseas individual customers and SMEs				●			

Main Subsidiaries Belonging to Each Business Group

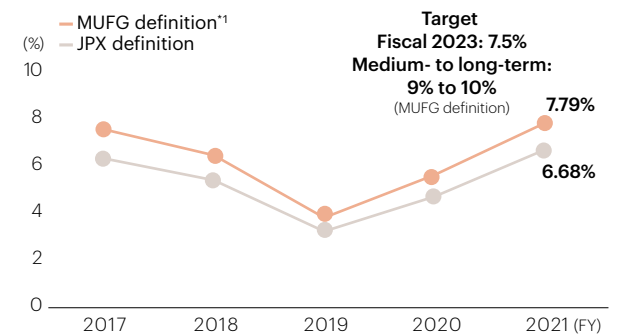
Main business areas	Subsidiaries	Business groups						
		DS	R&C	JCIB	GCB	AM / IS	GCIB	Global Markets
Banking	MUFG Bank	●	●	●	●		●	●
	MUAH				●		●	
	Krungsri (Bank of Ayudhya)				●			
	Bank Danamon				●			
Trust banking	Mitsubishi UFJ Trust and Banking		●	●		●		●
	Mitsubishi UFJ Kokusai Asset Management					●		
	First Sentier Investors					●		
Securities	Subsidiaries of Mitsubishi UFJ Securities Holdings		●	●			●	●
Card business and consumer finance	Mitsubishi UFJ NICOS	●						
	ACOM	●						

Track Record in Value Creation (Financial and Non-Financial Highlights)

We present fiscal 2021 financial and non-financial highlights to showcase the results of our business activities.

Financial Highlights

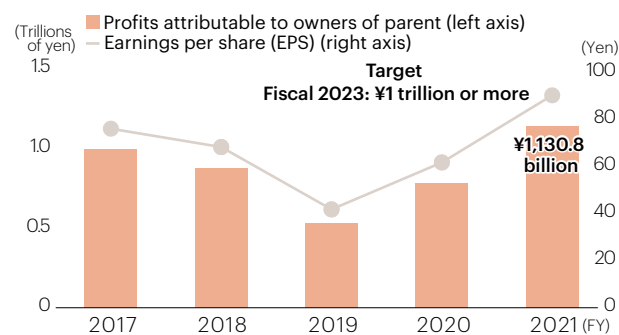
ROE



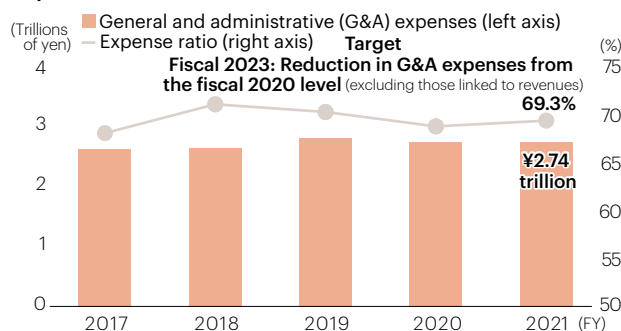
*1 $\frac{[\text{Total shareholders' equity at the beginning of the period} + \text{Foreign currency translation adjustments at the beginning of the period}] \times 100}{[\text{Total shareholders' equity at the end of the period} + \text{Foreign currency translation adjustments at the end of the period}] - 2}$

While benefitting from improvement in lending spreads, we have seen growth in fee income from investment product sales, global AM and other operations. Nevertheless, net operating profits declined in the face of a downturn in market-related profits due to portfolio replacement in response to rising interest rates and growing expenses associated with overseas operations attributable to foreign exchange fluctuations. On the other hand, we have seen improvement in total credit costs along with higher net gains on equity securities backed by robust stock market conditions. Moreover, Morgan Stanley's solid business performance contributed to our operating results. Consequently, profits attributable to owners of the parent increased, and ROE rose.

Profits Attributable to Owners of Parent

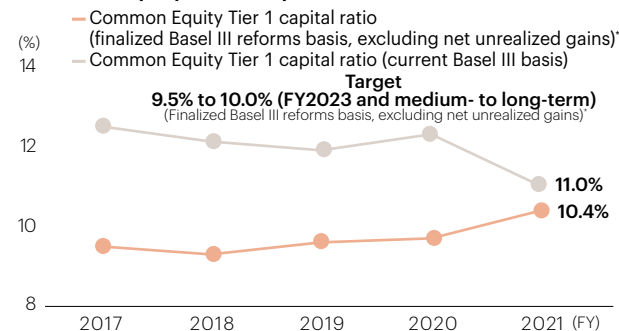


Expenses



Despite ongoing and tight control on G&A expenses in Japan and overseas, the expense ratio rose due to growing expenses associated with overseas operations on the back of unfavorable exchange rates.

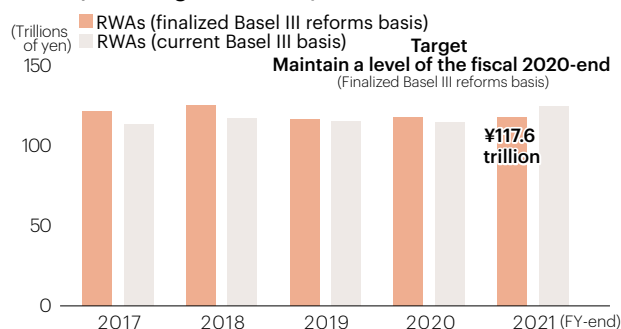
Common Equity Tier 1 Capital Ratio



* Estimate reflecting the RWA increase calculated on the finalized Basel III reforms basis, excluding net unrealized gains on available-for-sale securities

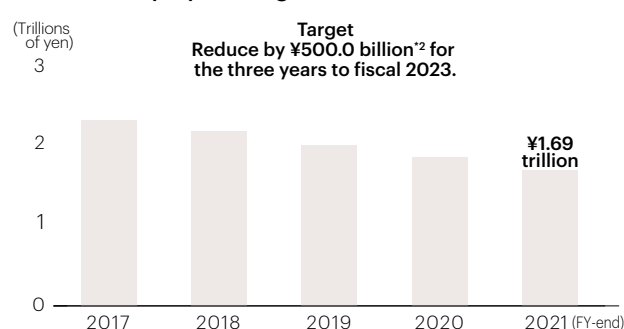
Our Common Equity Tier 1 capital ratio remains robust and sufficient due to an ongoing tight grip on risk-weighted assets (RWAs), the denominator in the calculation of this ratio.

RWAs (Risk-weighted assets)



The balance of RWAs on the finalized Basel III reforms basis at the end of fiscal 2021 was virtually unchanged from the end of fiscal 2020 thanks to our consistent, disciplined approach to RWA control.

Balance of Equity Holdings^{*1}



*1 Simple sum of the Bank and the Trust Bank. Acquisition price of domestic equity securities in the category of "other securities" with market value (consolidated)

*2 Amount of equity holdings reduced via divestment

In line with a basic policy of reducing the balance of equities held for the purpose of policy-oriented investment, we divested equity holdings worth ¥169.0 billion (on an acquisition-cost basis) in fiscal 2021. In light of these results, we have upwardly revised our reduction target for the three-year period by fiscal 2023 to ¥500.0 billion.

Non-Financial Highlights

GHG^{*1} Emissions from Our Financed Portfolio (Scope 3)

	Result (2019)	Target (2030)
Power sector ^{*2}	349 gCO ₂ e/kWh	156-192 gCO ₂ e/kWh
Oil & gas sector ^{*3}	83 MtCO ₂ e	Base year 2019 Reduction rate 15-28%

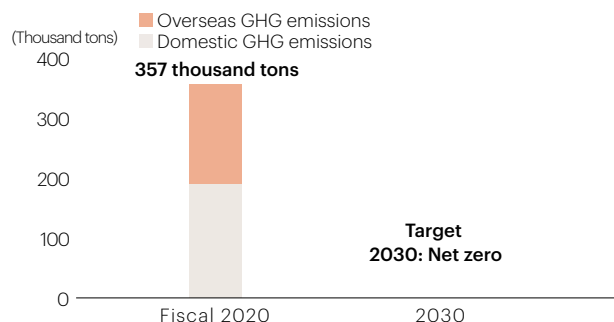
*1 Greenhouse gas

*2 CO₂ emissions intensity: Applicable to Scope 1 emissions from power generation businesses

*3 Absolute GHG emissions: Applicable to Scope 1, 2 and 3 emissions from upstream production businesses

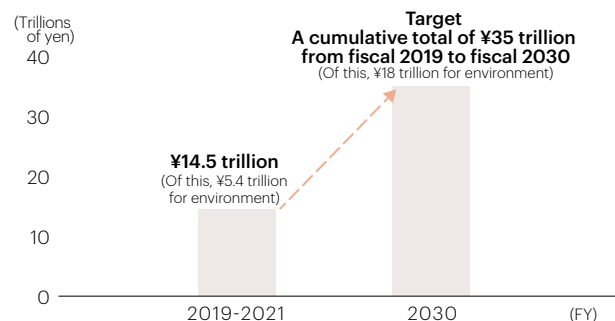
With an eye to achieving net-zero GHG emissions from our financed portfolio by the end of 2050, we have determined the power and oil & gas sectors as priority sectors. Measured actual results (2019) and set interim targets for 2030. Plans call for setting similar targets for other sectors.

GHG Emissions from MUFG's Own Operations (Scopes 1 and 2)



Aiming to achieve net-zero GHG emissions from our own operations by the end of 2030, we began calculating the volume of GHG emissions from Group operations around the globe. Meanwhile, we completely shift to 100% renewable energy by November 2021 for electricity procured domestically by the Bank, the Trust Bank and the Securities.

Amount of Funds Extended in Sustainable Finance



Promoting financing aimed at empowering customers seeking to resolve environmental and social issues, we have extended a cumulative total of ¥14.5 trillion in sustainable financing since fiscal 2019, steadily increasing the balance of such financing.

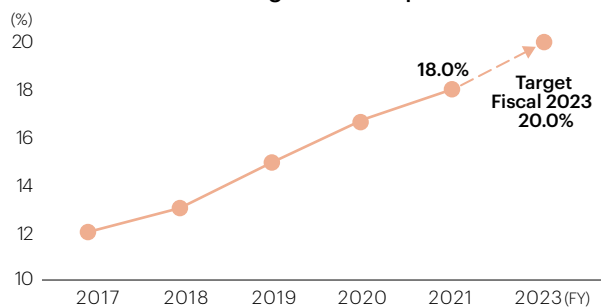
Credit Balance Targets for Coal-fired Power Generation

	Result	Target
Project finance	US\$2.95 billion (end of fiscal 2021)	Reduce to zero ^{*1} by fiscal 2040
Corporate finance	Approximately ¥120.0 billion (end of fiscal 2020)	Reduce to zero ^{*1} by fiscal 2040

*1 Projects that contribute to the transition to a decarbonized society are exceptional according to the MUFG Environmental and Social Policy Framework

In addition to pursuing our conventional reduction target for the credit balance targets for coal-fired power generation projects, we have set a target to reduce the balance of corporate finance for coal-fired power generation to zero by fiscal 2040.

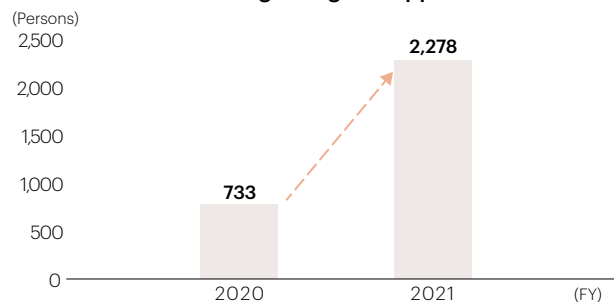
Ratio of Women in Management in Japan*



* Ratio of women in line manager or higher positions in Japan at the Bank, the Trust Bank and MUMSS

Having achieved our fiscal 2023 target of raising the ratio of women in management to 18.0% ahead of schedule, we have upwardly revised the target to 20.0% in fiscal 2022.

Number of Job Challenge Program Applicants*























* Number of applicants to an in-house posting program among employees of the Bank, the Trust Bank and MUMSS

The Job Challenge program offers opportunities for each applicant to take on tasks within the Group in a way that aligns with their desires regardless of the entity they belong to. In fiscal 2021, the number of applicants roughly tripled from fiscal 2020.

Value Delivered to Stakeholders

To secure sustainable growth and enhance its corporate value, MUFG proactively engages in communications with stakeholders and takes heed of their expectations and requests regarding improvements in its business management.

Key stakeholder groups	Policies for improving corporate value and fiscal 2021 achievements
Customers and partners  <p>Customers at home and abroad External corporations acting as our business partners</p>	<p>Extend financial support to help customers resolve challenges they are confronting through business operations that precisely align with changes in the business environment and leverage MUFG's strength</p> <ul style="list-style-type: none"> Customer feedback volume: Approximately 180,000 instances,* including 165 inputs utilized to improve services <ul style="list-style-type: none"> * The Bank, the Trust Bank, MUMSS, NICOS and ACOM Engagement with customers for decarbonization: Approximately 550 corporate clients at home and abroad  Page 57 Initiatives of each business group  Pages 79-92
Communities and society  <p>NPO/NGO Local communities Municipalities</p>	<p>Serve as a component of the financial infrastructure supporting society by offering stable funding and making our solid operations and systems available to customers while contributing to the social transition to digital technologies</p> <ul style="list-style-type: none"> Number of dialogues held with NPOs/NGOs: 35 Response to aging population & low birthrate  Page 63 Supporting business efforts and innovation-oriented endeavors aimed at resolving social issues  Page 64 Cyber security-related initiatives  Pages 113-114
Future generations  <p>The environment Younger people</p>	<p>Discover opportunities from the pressing need to solve environmental and social issues, thereby becoming a pioneering company blazing a path into the coming era</p> <ul style="list-style-type: none"> Moving towards Carbon Neutrality  Pages 55-56 Promoting sustainable businesses  Pages 57-58 Disclosure based on TCFD recommendations  Pages 59-62 Participation in various global initiatives  Page 132
MUFG Employees  <p>Number of employees Approximately 170,000 (Domestic: 42%) (Overseas: 58%)</p>	<p>Promote corporate culture reforms focused on "speed" and "new challenges" by winning employee empathy toward "Corporate Transformation" via dialogue</p> <ul style="list-style-type: none"> Human Resources Highlights  Page 66 Career Challenge System, Nurturing Human Resources  Pages 69-70 Spark X—new business incubation program  Page 71 MUFG Way Integration Sessions Held on more than 3,000 occasions at home and abroad and attended by more than 50,000 employees  Page 72 Held town hall meetings attended by top management members on more than 1,000 occasions  Page 42
Shareholders and investors  <p>Number of shareholders Approximately 810,000 (Domestic financial institutions Approximately 33%) (Overseas Approximately 33%) (Individuals Approximately 16%)</p> <p><small>Note: Number of shareholders excludes those holding fractional shares. Percentage of shareholders by category is calculated excluding treasury stock.</small></p>	<p>Maintain highly transparent information disclosure and engagement in constructive shareholder dialogue while reflecting shareholder feedback in business management and strategies</p> <ul style="list-style-type: none"> Number of attendees at the General Meeting of Shareholders 412 (a total of 1,121 shareholders watched the meeting online) Number of presentation meetings held for institutional investors and analysts 10 Dialogue between outside directors and institutional investors  Pages 95-96 Number of individual meetings with institutional investors 317 (173 meetings with overseas investors) Number of online seminars held for individual investors 3 (a cumulative total of 2,100 viewers)

Stakeholder Engagement

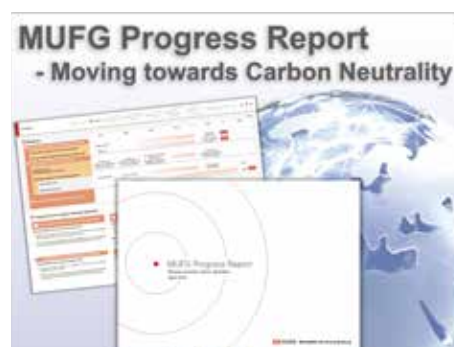


We enhanced the content of information disclosure associated with our initiatives to realize carbon neutrality and held special briefings for investors.

Since fiscal 2021, MUFG has stepped up its commitment to addressing environmental and social issues. In May 2021, we announced the MUFG Carbon Neutrality Declaration and, in the following month, hosted seminars with themes that focused on the specific milestones set for initiatives being undertaken to realize this declaration and promote sustainable businesses.

We have since pushed ahead with these initiatives, taking a groupwide approach and rallying Group members across the globe. In April 2022, we issued the *MUFG Progress Report*, which summarizes our progress over the course of the past year. At the same time, we held an investor seminar, with Group CSuO Miyashita and General Manager Nishiyama (Sustainable Business Division) addressing questions from attendees. Comments from investors who joined the event included "I found the content of the Progress Report to be well-organized in terms of explaining how MUFG set its interim targets and showcasing examples of

engagement. Moreover, attending the seminar helped me better understand these matters." and "I have high expectations for Mr. Nishiyama, who joined MUFG as a mid-career hire, as he will contribute his robust expertise to help MUFG realize synergies arising from the combination of new insights and its traditional strengths."



To see the *MUFG Progress Report*, please visit our corporate website.
<https://www.mufg.jp/english/csr/report/progress/>



We held town hall meetings for employees. In fiscal 2021, these meetings were also held at overseas bases.

In fiscal 2021, we held more than 1,000 town hall meetings between executive officers and employees. In April 2022, Group CEO Kamezawa flew to the United States for the first time in three years to host a town hall meeting. While approximately 200 Group employees operating in the Americas physically attended the meeting, around 180 individuals took part in the event online.

Addressing the attendees, Mr. Kamezawa shared his joy of visiting his colleagues in the United States, where he previously resided as an expatriate and worked as part of a local team. He also expressed his gratitude to all those who worked so hard on the sale of MUFG Union Bank as well as all those who contributed to the local communities. Furthermore, the Group CEO stressed that MUFG's commitment to its Americas business will remain unchanged even after the above sale, and that the Group will continuously push ahead with transformation into a speedy and flexible organization. Comments voiced by attendees included "The meeting was held in a relaxed atmosphere, and I felt that I was a member of the same

team" and "Mr. Kamezawa's emphasis on the Americas as a key growth region outside of Japan was very encouraging."



Group CEO Kamezawa interacting with attendees at the town hall meeting



Management Strategies and Performance

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Review of the Medium-Term Business Plan (MTBP)

	FY2012–2014	FY2015–2017
Basic Policy	Groupwide Collaboration Aim for sustainable growth in corporate value by strengthening collaboration in the following three areas 1. Collaboration between Group companies 2. Collaboration between retail and corporate banking divisions 3. Collaboration between domestic and overseas divisions	A Group-Driven Approach Maintain our focus on the Japanese market while working to incorporate the growth of the global market and evolving and reforming our business model 1. Customer perspective 2. Group-driven approach 3. Productivity improvements
Key Strategies	<ul style="list-style-type: none"> Enhance our comprehensive financial service capabilities on a global basis Contribute to initiatives for revitalizing and regenerating the Japanese market Leverage world-class capabilities in capital and risk management 	<ul style="list-style-type: none"> Contribute to the revitalization of the Japanese economy and strengthen the business foundations in Japan to support steady growth Enhance and expand global businesses as a driving force for growth Upgrade and reform our business model and explore new business areas and customer segments Maintain a strong capital base and improve ROE with sophisticated financial and capital management Build administration practices appropriate for Global Systemically Important Financial Institutions (G-SIFIs)
Results Summary ● Major achievements ▲ Reasons for not achieving targets	<ul style="list-style-type: none"> Met all targets except the expense ratio target, with overseas operations spearheading growth for the Group The expense ratio increased mainly due to the allocation of resources to overseas operations 	<ul style="list-style-type: none"> Expanded our business platforms, including our commercial bank network in the ASEAN region and global investor services functions Failed to meet targets due to the emergence of disadvantageous external trends, which included a negative interest-rate policy introduced by Bank of Japan (BOJ) that caused our operating results to stagnate in a way that surpassed the effect of our organizational countermeasures
Challenges	<ul style="list-style-type: none"> Improved productivity Strengthen governance on a global basis (correspond to global financial regulations, etc.) Evolve and reform our business model in light of changes in the business environment 	<ul style="list-style-type: none"> Promote the reform of our business model centered on traditional commercial banking operations in Japan Update “group-driven management” to “group-based, integrated management”

Financial Targets Met, Unmet

Indicators	FY2012	FY2013	FY2014	FY2014 targets
ROE	8.77%	9.05%	8.74%	Approx. 8%
Expense ratio	57.6%	60.9%	61.1%	Between 55–60%
Net operating profits (customer segments)	Approx. 3% growth	Approx. 21% growth	Approx. 46% growth	20% increase from FY2011
CET1 capital ratio*1	11.1%	11.1%	12.3%	9.5% or above

Indicators	FY2015	FY2016	FY2017	FY2017 targets
ROE	7.63%	7.25%	7.53%	Between 8.5–9.0%
Expense ratio	62.3%	64.6%	68.0%	Approx. 60%
Earnings Per Share (EPS)	¥68.51	¥68.28	¥74.55 (+1.8%)	Increase 15% or more from FY2014
CET1 capital ratio*1	12.1%	11.9%	12.5%	9.5% or above

*1 Common Equity Tier 1 capital ratio calculated on the basis of regulations applied at the end of March 2019; including net unrealized gains on available-for-sale securities

FY2018–2020

Group-Integrated Operations

Realize simple, speedy and transparent group-integrated operations

Execute the MUFG Re-Imagining Strategy to swiftly and flexibly respond to structural changes and thereby put the company on a growth track.

- Redefine business segmentation
- Promote the effective and efficient utilization of the Group's resources
- Implement the "Eleven Transformation Initiatives"

- Made progress in the development of a groupwide, integrated management structure and diversified profit sources by securing an extensive overseas business portfolio consisting of a robust commercial banking platform in the ASEAN region and global asset management operations

- ▲ Failed to meet ROE and expense ratio targets mainly due to growing costs arising from organizational expansion and the impact of the COVID-19 pandemic

- Strengthen revenue base for the domestic business
- Reshape global business (shift to improvement in "quality")
- Secure capabilities to swiftly respond to changes in the environment
- Reshape a portion of our strategies under the "Eleven Transformation Initiatives" to address shortfalls in their outcomes

Indicators	FY2018	FY2019	FY2020	FY2020 targets
ROE	6.45%	3.85%	5.63%	Approx. 7–8%
Expense ratio	71.0%	70.2%	68.7%	Below FY 2017 results
CET1 capital ratio*2	11.4%	11.7%	11.9%	Approx. 11%

*2 Estimated Common Equity Tier 1 Capital ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis; including net unrealized gains on available-for-sale securities

FY2021–2023

Purpose-Driven Management

Strive to realize our Purpose, "Empowering a brighter future.," beginning with addressing challenges each stakeholder is now confronting and delivering our strategic solutions to such challenges

Position this period as "three years of new challenges and transformation" in which we achieve significant growth based on the close assessment of changes now taking place in society

- Aim to be the "premier business partner that pioneers the future through the power of finance and digital services" by the development of a business model finely tuned to the evolving business environment
- Three Strategic Pillars
 - Corporate Transformation—Change our modes of operation and business execution
 - Strategies for Growth—Strengthen profitability
 - Structural Reforms—Ensure business resilience

Indicators	FY2021	FY2022	FY2023	FY2023 targets
ROE	7.79%			7.5%
CET1 capital ratio*3	10.4%			9.5–10.0%

*3 Estimated Common Equity Tier 1 Capital ratio reflecting the RWA increase calculated on the finalized Basel III reforms basis; excluding net unrealized gains on available-for-sale securities

Progress under the Medium-Term Business Plan (MTBP)

Overview of the MTBP

Our Vision	Be the premier business partner that pioneers the future through the power of finance and digital services To cope with the drastically changing society, we commit to empower all stakeholders to move to the next step forward
Financial Targets	ROE 7.5% Becoming a financial group which constantly earns ¥1 trillion of profits attributable to owners of parent
Three Strategic Pillars	<div> I. Corporate Transformation —Change our modes of operation and business execution <ul style="list-style-type: none"> i. Digital transformation (DX) ii. Contribution to addressing environmental and social issues iii. Transformation of corporate culture (a culture with a focus placed on “speed” and “new challenges”) </div> <div> II. Strategies for Growth —Strengthen profitability <ul style="list-style-type: none"> i. Wealth management ii. Approach of proposing solutions to customer's issues iii. Asia business iv. GCIB & Global Markets v. Global AM/IS </div> <div> III. Structural Reforms —Ensure business resilience <ul style="list-style-type: none"> i. Cost and risk-weighted asset (RWA) control ii. Transformation of platforms and our business infrastructure iii. Review of our business portfolios </div>

Main Progress in the MTBP's First Year (fiscal 2021)

For details of progress vis-à-vis financial targets, please refer to “Message from the CFO” featured on pages 15 through 22.

Corporate Transformation

In terms of digital transformation (DX), we have made steady progress in DX-based cost reductions and the provision of new digital-driven services. Pursuing contributions to addressing environmental and social issues, we also accelerated our initiatives to realize carbon neutrality. In addition, although “speed” is still considered an ongoing issue to be tackled in the context of the transformation of our corporate culture, we have seen a growing number of employees adopting a mindset valuing taking on new challenges.

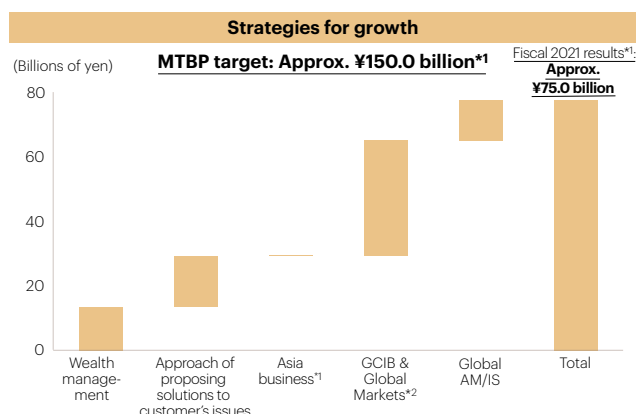
For more details, please refer to pages 51–76.

Strategies for Growth

With a strong focus on enhancing our earnings power, we have thoroughly implemented a PDCA cycle to execute this strategic pillar. These endeavors resulted in growth in net operating profits totaling approximately ¥75.0 billion on the back of improving corporate lending spreads at home and abroad as well as steady progress in wealth management, AM/IS and other operations.

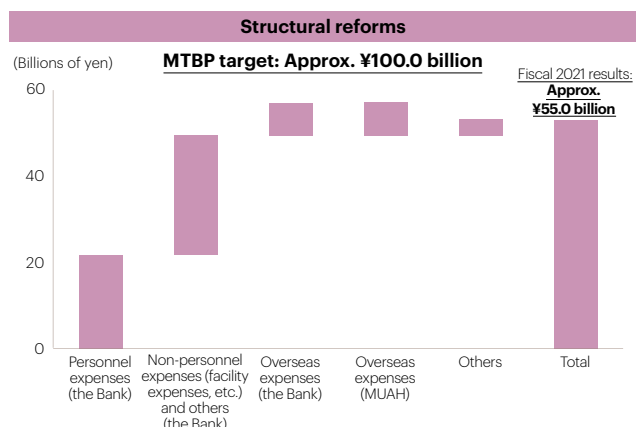
Structural Reforms

Based on a review of our business portfolio, we decided to sell MUFG Union Bank and otherwise promoted structural reforms. At the same time, we have maintained a tight grip on expenses and RWAs. As a result, expenses, excluding the impact of foreign exchange fluctuations, improved from fiscal 2020, while the balance of RWAs remained virtually unchanged from March 31, 2021. The positive effect of strategic reforms on net operating profits totaled approximately ¥55.0 billion.













^{*1} The MTBP target for the positive effect arising from Strategies for Growth does not factor in the impact of the fiscal 2021 deterioration in profits in the Asia business due to policy rate cuts and other factors affecting market conditions. However, the target does include the expected impact of growth in this business from fiscal 2022 onward.

^{*2} Excluding the loss associated with overseas securities businesses totaling approximately ¥30.0 billion



Key Strategies (Three Strategic Pillars)

	Key Strategies	Overview	Fiscal 2021 Progress
Corporate Transformation	i. Digital transformation	<ul style="list-style-type: none"> Enhance our contact points for digital services for all customers while pushing ahead with digitalizing our products and services Reduce the workload via the use of digital technologies 	<ul style="list-style-type: none"> Made steady progress in cost reductions and updating ourselves into a financial and digital platform operator <p> Pages 51–54 and 79–80</p>
	ii. Contribution to addressing environmental and social issues	<ul style="list-style-type: none"> Step up an integrated approach in which the execution of management strategies goes in tandem with the pursuit of solutions for environmental and social issues. To this end, realign our business strategies, risk management and social contribution initiatives in light of 10 priority issues we have identified 	<ul style="list-style-type: none"> Announced the MUFG Carbon Neutrality Declaration; formulated interim targets for 2030 while strengthening decarbonization businesses <p> Pages 23–28 and 55–64</p>
	iii. Transformation of corporate culture	<ul style="list-style-type: none"> Encourage employees to always act in line with our Purpose while fostering an open-minded corporate culture, with the aim of speeding up strategic execution and empowering employees to autonomously take on new challenges 	<ul style="list-style-type: none"> The mindset of taking on new challenges has been embraced by a growing number of employees; “speed” is still a key issue <p> Pages 65–76</p>
Strategies for Growth	i. Wealth management (WM)	<ul style="list-style-type: none"> Strengthen the wealth management business via the development of infrastructure for enhancing our comprehensive asset management proposal capabilities, the allocation of human resources and the provision of solutions for business owners 	<ul style="list-style-type: none"> Achieved robust results in both cross transactions and asset management; released the WM digital platform in February 2022, making it available at all branches <p> Page 82</p>
	ii. Approach of proposing solutions to customers' issues	<ul style="list-style-type: none"> Help resolve management challenges confronting large Japanese corporate clients via the strengthening of risk-taking capabilities and the use of a groupwide, integrated approach 	<ul style="list-style-type: none"> Launched business investment initiatives under which we share business risks with large Japanese corporate clients to promote collective efforts to resolve social issues <p> Page 84</p>
	iii. Asia business	<ul style="list-style-type: none"> Seize growth opportunities in Asia by taking advantage of our broad regional network consisting mainly of Krungsri (Bank of Ayudhya) and Bank Danamon, both of which are consolidated subsidiaries, in addition to promoting digital transformation 	<ul style="list-style-type: none"> Although the macro environment has been negatively affected by resurgences of the COVID-19 pandemic, market conditions are currently on a recovery track; made steady progress in initiatives named above <p> Page 86</p>
	iv. GCIB & Global Markets	<ul style="list-style-type: none"> Promote the optimization of our portfolio by, for example, rebalancing the portfolio to the institutional investor business. Also, step up origination & distribution (O&D) and cross-selling approach via the integrated operation of GCIB and Global Markets business groups 	<ul style="list-style-type: none"> The institutional investors business has expanded steadily mainly in secured finance¹; successfully increased profits in NIG field² by capturing opportunities arising from market expansion <p> Page 90</p>
	v. Global AM/IS	<ul style="list-style-type: none"> Push ahead with our businesses in the global AM/IS field, an industry that has robust growth potential, in a way that takes full advantage of our strengths 	<ul style="list-style-type: none"> Hit a record-high profit in AM while successfully increasing the balance of assets under administration in the IS field by the progress in the synergistic provision of high-value-added services <p> Page 88</p>
Structural Reforms	i. Cost and RWA control	<ul style="list-style-type: none"> Execute necessary investment for growth while thoroughly curbing base expenses Enhance RWA control via replacing low-profitability assets with high-profitability assets 	<ul style="list-style-type: none"> Steadily reduced base expenses while maintaining a disciplined approach to RWA control <p> Page 18</p>
	ii. Transformation of platforms and our business infrastructure	<ul style="list-style-type: none"> Carry out efficient and effective investment for the digital shift Simplify procedures and rules to facilitate reforms while reviewing our decision-making process 	<ul style="list-style-type: none"> Initiated the review of our core banking systems to secure greater capabilities to adapt to changes in the business environment and carry out cost reductions, etc.
	iii. Review of our business portfolios	<ul style="list-style-type: none"> Review resource allocations to low-profitability businesses Step up external collaboration and other initiatives related to new businesses 	<ul style="list-style-type: none"> Decided to sell MUFG Union Bank with an eye to optimizing management resources <p> Pages 19, 49–50</p>

^{*1} Loans secured by fund investment assets, etc.

^{*2} Non-investment grade

Structural Reforms

Business Portfolio Optimization

In line with the Medium-Term Business Plan (MTBP), we target enhancing the profitability and the resilience of our overseas business portfolio that we have built up to date. Upon reviewing our business portfolio, we have been pursuing the optimal

allocation of management resources. In parallel, we are shifting from “quantitative growth” to “qualitative improvement” alongside with investigating potential investment in growth fields such as digital services, global asset management and investor services.

The Sale of MUFG Union Bank

In September 2021, we announced the planned sale of all of our shares in MUFG Union Bank (MUB) to U.S. Bancorp, a major bank based in the United States.

Since acquiring 100% ownership of MUB in 2008, the U.S.-regional banking business has been key to our global business. In recent years, however, the business environment surrounding our retail banking business in the U.S. has evolved. For banks to maintain and strengthen their competitiveness in this segment, certain business scale is required, mainly due to the growing need for increased technology investments as part of digital transformation.

U.S. Bancorp is equipped with strong business foundations and strengths in digital and payment services. Because of this, we concluded transferring MUB to U.S. Bancorp is the most appropriate decision that leads to higher quality financial services for customers and communities and unlocks MUB’s potential franchise value. Therefore, we believe this decision will be in the best interest of MUFG and MUB as well as their stakeholders.

The importance that MUFG places on the U.S. market remains unchanged, and we will continue to pursue growth strategies and streamline operations and systems in such region by focusing allocating resources to our wholesale Corporate and Investment Banking franchise through alliances among the bank,

the trust bank and the securities firm under MUFG as well as the strategic alliance with Morgan Stanley.

In addition, as a part of the proceeds for the MUB share transfer, we will receive 2.9% of U.S. Bancorp’s outstanding shares in addition to cash consideration and will seek various business collaborations through business alliances with U.S. Bancorp. Through the share ownership and business alliance, we aim to achieve continued indirect involvement in the U.S. retail and commercial banking businesses, collaborate in the digital field with U.S. Bancorp, and explore opportunities for collaboration based on a mutually and complementary relationship.

Overview of Our U.S. Operations (after the sale of MUB)

Corporate banking	MUFG Bank	
Investment banking	Enhance collaborations with Morgan Stanley	MUSA*, MUFG Bank
Wealth management		
Retail and commercial banking	New alliance post-closing of the transaction Consider various business collaborations through business alliance with U.S. Bancorp	
Asset management and Investor services	FSI, MUFG Investor Services	

* MUFG Securities Americas Inc.

Taking on New Businesses

Mars Growth Capital, a joint venture established by the Bank and an Israel-based fintech company Liquidity Capital, provides debt finance to startups in Asia Pacific and Europe by utilizing a unique AI credit scoring model (see page 50 for details). Fund 1, established based on this joint venture relationship, has been providing debt finance to mainly middle-stage startups. In September 2021, we increased the size of our investment commitment in this fund from US\$80 million to US\$200 million in light of potential opportunities for further business expansion. In January 2022, we launched Fund 2, with our investment commitment of US\$300 million, with later-stage companies positioned as the main candidates for financing.

Furthermore, in March 2022, we announced that we plan to invest US\$300 million in Indian startups through the new MUFG Ganesha Fund. India, aided by strong economic growth, has seen an increase in the number of startups leveraging digital technology, given the rise of young digital natives in the country, the rapid spread of the Internet, and the promotion of governmental policies that support digitalization. Also, many of these startups are using technology to solve environmental and social issues. Through this fund, we will invest in middle- to late-stage companies, with an eye to providing these investees with a wide range of financial services by leveraging MUFG Group’s comprehensive capabilities.

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**Challenges Taken on by
Mars Growth Capital**

**Speed Is the Key.
We Empower Asia's Economic
Growth via Startup Financing.**

Ryutaro Hiroshima

Co-CEO

Mars Growth Capital

**Providing a New Option for Fundraising**

To date, for startups seeking to raise funds, equity fund raise has been almost the only way. However, debt funding offered by Mars Growth Capital (MGC) is currently attracting attention as it provides a new fundraising option that results in no dilution of shares.

In August 2020, MGC was founded as a joint venture by the Bank and Liquidity Capital. I was in New York City at the time, engaged in origination and distribution of bonds for investors as well as planning of financing towards non-investment grade companies. In the course of my duties, I became keenly aware of the problem of how to expand the scope of our existing financing activities while taking appropriate risks. When I heard about the plan to launch MGC, it struck me as an amazing opportunity. I started getting really excited, believing that, although financing of this kind might indeed be challenging, this joint venture has the potential to significantly change the existing banking business. This was why I applied for the position in MGC, and, in December 2020, I was seconded to this company.

Our team operating in MGC's office in Singapore includes two MUFG employees seconded from the Bank, including myself. We are engaged in vigorous discussions with fellow team members coming from Liquidity Capital, taking on such endeavors as marketing, screening, and strategic planning.

**A Hybrid Credit Analysis Model
Backed by AI and Human Capabilities**

Traditionally, credit scoring models used by banks have largely been based on the analysis of financial statements and other documents submitted by clients. Liquidity Capital, however, has developed a new model that takes advantage of API, to collect data directly from their banks and operational systems. This makes it possible to conduct real-time assessments of the daily

evolving operational data of such clients, enabling the AI-based prediction of their future profit and cash flows.

However, a data-driven model is often incapable of judging the reasons for and other details contributing to volatility arising from unexpected major events. To address this problem, such a model needs to be supplemented with a combination of human input for information such as technologies of the client or customer bases, as well as in-person assessments of the competencies of their management team members and so on. This is where MUFG was able to take full advantage of its expertise in conducting traditional screening. Despite the commonly held belief that extending credit to startups can be relatively difficult, we have been able to steadily do so thanks to a hybrid screening model employing both AI and human capabilities.

Serving as a Driver of Economic Growth in Asia

So far, we held interviews with more than 1,000 companies and, as of May 2022, extended financing for a total of 19 startups in Asia, Oceania and Europe.

We feel that our endeavors have garnered extremely favorable customer reviews because, above all, we act faster than any other player. If startups go to our competitors, including debt funds and traditional financial institutions, they usually need to wait for three to six months to receive financing. In contrast, MGC can extend financing in one to one and a half month or so. We usually notify our potential clients of whether their requests have been accepted or declined and propose our terms and conditions for financing within several days after receiving their applications.

Leveraging the unique strength of this credit analysis model, MGC will aim for the top position as a debt fund in Asia, thereby serving as a driver of Asia's economic growth.


Digital Transformation (DX)

Overview of DX Strategy

In response to the ongoing digital shift in society and changes in customer behavior influenced by the COVID-19 pandemic, we will push ahead with digital-driven cost reductions under the Medium-Term Business Plan (MTBP) while pursuing product and service DX, taking on the challenges to expand our revenue sources.


① Channel Shift and Structural Reforms

We will promote the optimization of our branch network through a shift to online channels. Also, taking full advantage of digital technologies, we will simplify and streamline our operations to free both our customers and employees from burdensome procedural flows. We will also increase the resilience of our business foundations through these endeavors.

 [Challenges for Digitalizing Paper Documents Page 52](#)


② DX-Driven Revenue Growth from Existing Businesses

We will upgrade our existing products and services through DX, working to improve UI/UX^{*1} and otherwise enhance their competitiveness. By thus striving to improve the convenience of our services for as many customers as possible, we will expand the range of revenue opportunities available to us.

 [Developing Money Canvas Page 53](#)

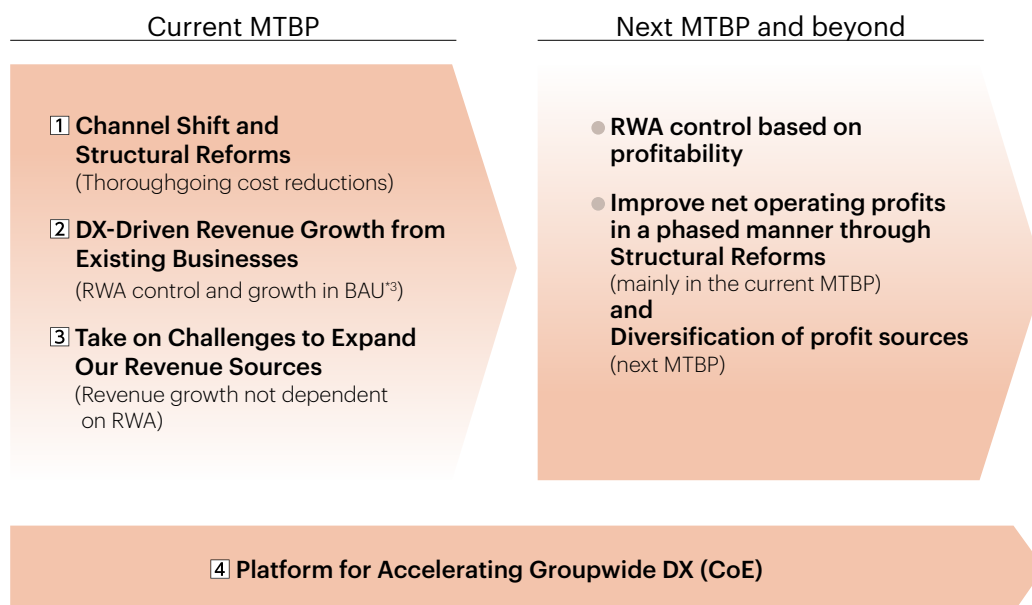
③ Take on Challenges to Expand Revenue Sources

We will reclassify our financial services and products based on function and regroup them into modules so that they can better serve customers in diverse ways, including those involving external collaboration. We will also make our safe, secure and trustworthy financial service platform available to partners that have abundant customer contact points and, through them, a broad range of their customers. In this way, we aim to establish our position as a financial and digital platform operator.

 [Establishing Biz Forward Page 54](#)

④ Platform for Accelerating Groupwide DX (CoE^{*2})

To build up robust foundations that support DX efforts across the Group, we will accelerate open innovation and human resource development. For example, through Spark X, a new in-house business incubation program launched in 2022, we provide ongoing employee training aimed at facilitating the creation of new businesses. These initiatives are also intended to support the transformation of our corporate culture.



^{*1} User interface (UI) and user experience (UX): Experience and value delivered to users via an easy-to-use service interface

^{*2} Center of Excellence: A core function designed to promote initiatives employing a cross-sectional approach

^{*3} Business as Usual

 Please also click on the following URL (presentation material for MUFG Investors Day held in July 2022) to see DX efforts other than those outlined above.
https://www.mufg.jp/dam/ir/presentation/2022/pdf/slides220715_en.pdf

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Challenges for Digitalizing Paper Documents

Taking full advantage of robotics and AI technologies developed by Ripcord, Inc. (Ripcord), a venture startup in the United States, we strive to digitalize paper documents that have been stored in the course of banking operations. We interviewed the individual in charge of promoting this project as well as the manager of the team in charge of digitalizing documents.



Hiroaki Itou
Operations
Planning Division,
MUFG Bank, Ltd.

Striving to Reduce the Clerical Workload and Costs by Using Cutting-Edge Technologies

Traditionally, most of the application forms and contracts entrusted by customers to the Bank have been paper documents. The considerable clerical workload this generates has long been an issue, as have been the administrative costs associated with handling such documents. In particular, the total number of forms and peripheral documents on file just for registering personal seal images now amounts to approximately 300 million pages, stored at multiple warehouses across Japan. Although digitalizing these records had previously been discussed as an option on several occasions, nothing came of it as scanning and converting the images into digital data required the laborious removal of staples and clips often attached to paper documents.

Against this backdrop, in 2018, the staff of the Digital Service Planning Division introduced us to Ripcord, a U.S.-based startup, whose representatives told us that the digitalization process we envisioned, including the removal of staples, could be totally automated and carried out by AI robots. A divisional representative then flew to the United States, taking along actual documents to test Ripcord's automated solutions. The process did not start smoothly, but Ripcord staff acted quickly to identify and correct issues. Their agile approach to problem solving led us to our decision to introduce Ripcord solutions. Despite a number of difficulties before the contract with Ripcord was successfully signed, we were able to build a solid relationship of trust with this firm, and our collaboration has proven successful.

Once all the documents associated with the registration of personal seal images are digitalized, the Bank's staff will be able to confirm any customer's personal seal image irrespective of their location. This will, in turn, help us enhance customer convenience by, for example, reducing waiting time, while also improving our business process efficiency. The project was launched in 2021 and we aim to complete it in 2026. Following that, we will expand the scope of digitalization to encompass other documents.



Naomi Maekawa
Center Manager,
Document
Scanning Center,
MU Center Service
Nagoya

Tackling and Overcoming One Problem after Another on the Frontlines of Digitalization

In June 2021, the Document Scanning Center equipped with 18 Ripcord machines was established in Nagoya and, in March 2022, all these machines were fully brought on line. Currently, approximately 80 employees are engaged in operations associated with digitalizing personal seal image registration forms.

Despite these machines' ability, underpinned by AI-based machine learning, to automatically conduct such tasks as removing staples and scanning documents, at the beginning we often saw that, depending on their condition, certain forms could not be processed smoothly. In fact, from sheet to sheet the condition of these forms can differ

wildly. Some were too small or too large for automatic processing, while the machines rejected others as they were too thin. At the same time, the personal seal images entrusted to us by customers must be kept intact, so we must handle them prudently. With this in mind, we needed to develop pre-process procedures, such as affixing small forms on larger blanks. These procedures have been codified into a manual and are now shared by all Center employees. However, even when the scanning of a sheet seems to have been successful, sometimes a whole round of processing is deemed an error because the resulting digital image is lacking sufficient resolution. Thus, we have had to tackle and overcome one problem after another.

Nevertheless, I find it heartening that my staff always seem to be in high spirits. At the beginning, they seemed to be a little nonplussed that the process did not go as smoothly as they had been led to believe. Over time, however, a growing number of individuals began to spontaneously propose their own solutions to improve efficiency as well as to share tips for time-saving and other best practices. We are still aware of a number of issues that need to be worked on, but all of us at the Center feel a sense of fulfillment upon overcoming each challenge and enjoy pulling together to take on the next.

FOCUS

Developing Money Canvas

Enabling Casual, Smartphone-Based Asset Management

Kanako Hoshi

Digital Service Planning Division,
MUFG Bank, Ltd.

In December 2021, we released Money Canvas, an asset management platform for individual customers. Through collaboration with partners outside the Group, we will employ Money Canvas to offer comprehensive solutions supporting customers' asset building endeavors.

Making Asset Management More Accessible

Money Canvas is an asset management platform that enables the online completion of procedures using a smartphone. This platform has an extensive lineup of financial product and service options, ranging from stocks, mutual funds, crowdfunding and insurance to investment using points, all of which can be applied for and utilized by customers in an optimal combination based on their personal circumstances. Moreover, Money Canvas provides various information services, including the distribution of news and articles, and furnishes other useful input supporting asset building. It also offers an evaluation of investing style based on an assessment of an individual customer's level of risk tolerance.

Today, Japan's society is undergoing aging population and falling birthrate, along with declining population. Given these circumstances, many of our customers are worried about their financial security, suspecting, for example, that the public pensions won't be paid, or that if they live longer, they could end up being unable to afford even daily living expenses. Accordingly, we consider assisting our customers in their asset building endeavors an integral part of MUFG's mission as a financial institution entrusted by individual customers with deposits totaling more than ¥80 trillion. On the other hand, however, we have heard quite a few customer comments along the lines of "Banks seem to be unwelcoming to everyday people" and "Getting involved in asset management is kind of scary to me." Because of this, we have felt a need to make our Bank more approachable to our customers. In addition, needs of our customers are more diverse than ever due to the diversification of family compositions and lifestyles. With this in mind, we launched the development of Money Canvas, with the aim of securing customer contact points via a smartphone-based interface while assisting our customers in their pursuit of asset building in a way that aligns with each of their needs.



Thoroughly Using the Customer Perspective Instead of the Provider Perspective

Conventional financial product sales typically entail holding briefings providing large volumes of "need-to-know" information to customers to ensure that none of this information is missed by them. However, a sales approach of this kind does not fit well with a small smartphone screen. Accordingly, in the course of developing Money Canvas, we strove to break away from the provider perspective and thoroughly take on a customer perspective. For example, we asked ourselves, "If I were a customer who is considering starting asset building, what information would I really need?" While making sure that the sales flows involved are equipped with essential explanatory sessions, we have focused on delivering a simple and easy-to-understand service experience.

Thorough use of the customer perspective also led us to conclude that we should handle not only products and services offered by MUFG but also those offered by partner companies outside the Group. We have thus built an extensive lineup, selecting each product regardless of whether it is ours or not, with the sole purpose of bringing benefits to customers that will further their asset building goals. This also benefits our partner companies as their customers, too, can rest assured about using a robust MUFG platform backed by our track record in maintaining trust and confidence over many years.

Development on Money Canvas began in April 2021 and it was released in December of that year. This development timeline is quite fast for MUFG. In the course of development, honestly speaking, there were moments when I had serious doubts that we could complete the platform on time. However, a strong desire to create a genuinely innovative platform capable of bringing benefits to customers has been shared by all project members. I believe that this was why we were able to accomplish our project.

Following the service release, we have been analyzing customer data to continuously develop, enhance and upgrade our service functions. Going forward, we aim to make Money Canvas a highly accessible platform that empowers a broad range of customers to casually enjoy asset management.

 Detailed look at Money Canvas.... Page 80

FOCUS

Establishing Biz Forward**Boosting SME Growth Employing
New Financial Services****Hiroyuki Hayashi**

Director, Vice President,
Biz Forward, Inc.

In August 2021, Biz Forward, Inc. was jointly established by Money Forward, Inc. and the Bank. Taking advantage of combined strengths of Money Forward's technologies and the Bank's know-how in finance, Biz Forward is currently providing SMEs with technology-driven financial services.

**Existing Financial Services Cannot Meet the
Needs of SMEs**

Prior to assuming my current position, I participated in the launch of multiple new businesses in the corporate and retail banking fields. This included a new data-driven business that I designed with an acute awareness that the financial service needs of SMEs in Japan were not being fully met. For the Bank, accommodating the needs of every corporate client, SMEs in particular, has long been considered unrealistic as it has been impractical to assign staff to clients whose operations are simply on too small a scale. However, I have been thinking that the use of digital technologies may position us to meet needs of a broader range of clients, including those outside the scope of our reach.

In the course of discussion with Money Forward, whose products mainly target SMEs, I became convinced that if MUFG and Money Forward were to work together, the two could position themselves to resolve financial challenges universally confronting SMEs. Nine months after commencing discussions, we established a joint venture that launched operations three months later, pressing forward with this new business at a pace remarkably faster than any seen in our conventional banking operations.

**A New Financial Service Delivered via End-to-End
Online Procedures**

Currently, Biz Forward offers two services: "SEIKYU+" (an invoicing and collection service) and "SHIKIN+" (an online--factoring service). Under SEIKYU+, we conduct all billing processes, from issuing invoices to confirming payments. This service not only helps clients streamline their operations but also reduce their concerns about credit collection, as we guarantee their accounts receivable. Also, the service is now attracting a number of inquiries in connection with measures to be undertaken by corporations to secure conformity with the revised Law Concerning Preservation of National Tax Records in Electronic Form as well as the upcoming Invoice System.



SHIKIN+, on the other hand, provides clients with online factoring through which we purchase their accounts receivable and transfer our payments to their bank accounts in a minimum of two business days.

Online procedures associated with these services are finely tuned to offer improved customer convenience, while our unique screening model is backed by the robust accumulation of data. Taking advantage of these functions, we provide our clients with hassle-free and swift access to our services and enable them to casually apply for small-scale financing, even that involving just several tens of thousands of yen. This is especially useful to our SME clients when their lending applications are not granted by banks or they are confronted by a sudden shortage of funds. As a matter of fact, some clients told us that "Your fundraising service was so quick and was extremely helpful especially when we found it difficult to otherwise secure funds."

Move Japan's Businesses Forward

Biz Forward has positioned "Move Japan's businesses forward" as its mission. To realize this mission, we are engaged in collaborations with financial institutions as well as non-financial businesses to secure our ability to provide an even broader range of clients with optimal, value-added services. Also, transcending the scope of the existing SEIKYU+ and SHIKIN+ services, we will develop new services capable of addressing risks and issues SMEs are now confronting. We will thus support SME growth, thereby helping to invigorate the Japanese economy as a whole. Furthermore, we hope, going forward, to stand out for our extensive and in-depth insight into what Japanese SMEs want and need, making Biz Forward a reliable company for any SME seeking business counseling.

Contribution to Addressing Environmental and Social Issues

Moving towards Carbon Neutrality

In May 2021, the MUFG Carbon Neutrality Declaration was announced. In line with this declaration, we are aiming for net zero greenhouse gas (GHG) emissions from our financed portfolio by 2050 and net zero GHG emissions from our own operations by 2030.

Moreover, in April 2022, we released the *MUFG Progress Report* to update our stakeholders on our efforts to achieve the above targets.

For more details and to access the *MUFG Progress Report*, please visit our website.

<https://www.mufg.jp/english/csr/report/progress/>

Main Initiatives Since the Carbon Neutrality Declaration

Net Zero Emissions from the Financed Portfolio Set interim targets for the power and oil & gas sectors <ul style="list-style-type: none"> Determined the power and oil & gas sectors as priority sectors. Measured actual results (2019) and set interim targets for 2030 Plans call for setting interim targets for financing in other sectors 	Decarbonization through Financial Services Providing solutions to support decarbonization, based on customers' needs Page 57 Set corporate finance targets for coal-fired power generation <ul style="list-style-type: none"> Set corporate finance target to reduce the credit balance to zero by fiscal 2040 	Net Zero GHG Emissions from Own Operations Shifted to 100% renewable energy for electricity procured domestically by the Bank, the Trust Bank, and the Securities ahead of initial target <ul style="list-style-type: none"> GHG emissions have been reduced by approximately 60% domestically (approximately 30% of global GHG emissions) Set a target of achieving the complete shift to 100% renewable energy for electricity procured domestically by the end of fiscal 2022
Decarbonization through Responsible Investment Joined the Net Zero Asset Managers initiative (NZAM) <ul style="list-style-type: none"> Promoting engagement with investees Set interim targets for 2030 by October 2022 	Participation in Initiatives Leading the discussion on the development of a global framework <ul style="list-style-type: none"> Appointed as Chair of the Financing & Engagement Subcommittee of the Net-Zero Banking Alliance (NZBA), which is responsible for developing a framework for transition finance 	Other Efforts Krungsri (Bank of Ayudhya), a partner bank in Thailand, announced their Carbon Neutral Vision Revision of the MUFG Environmental and Social Policy Framework Page 61

Roadmap

	2019	2020	2021	2022	...	2030	...	2040	...	2050
Net zero GHG emissions from the financed portfolio										Net zero
Power sector (emission intensity)*1	349 gCO ₂ e/kWh					156–192 gCO ₂ e/kWh NEW				
Oil & gas sector (absolute GHG emission)*2	83 MtCO ₂ e					Reduction rate 15–28% NEW				
Decarbonization through financial services										
Sustainable finance (for the environment)*3	¥3.5tn ⁴ (¥2.0tn)	¥8.0tn ⁴ (¥3.7tn)	¥14.5tn (¥5.4tn)			¥35tn (¥18tn)				
Credit balance targets for coal-fired power generation										
Project finance (FY)	US\$3.58bn	US\$3.77bn	US\$2.95bn			50% reduction from fiscal 2019		Zero		
Corporate finance (FY)		Approx. ¥120bn						Zero NEW		
Net zero GHG emissions*3 from own operations		Shift to 100% renewable energy for electricity procured domestically								
			The Bank, the Trust bank, the Securities	Complete for all domestically NEW		Net zero				

*1 Scope 1 emissions from power generation businesses

*2 Scope 1, 2 and 3 emissions from upstream production businesses

*3 Cumulative total balance of financing extended since fiscal 2019

*4 Figures have been restated due to changes in calculation methods

NEW Announced in April 2022 **Boldface:** Targets

FOCUS

Our Leadership in the Net-Zero Banking Alliance (NZBA)**Assuming a Leading Role in Rulemaking for Transition Financing as a Global Bank Representing Asia****Tomohiro Ishikawa**

Managing Director and Head of Government & Regulatory Affairs, Corporate Planning Division, Mitsubishi UFJ Financial Group, Inc.

Taking Advantage of My Own Experience in International Regulatory Policy Rulemaking

Over the past decade, I have worked both in public and private sectors, engaged in negotiation of international financial regulatory framework. Now, in my capacity as the head of regulatory advocacy, I am invited to join and speak at the outreach events hosted by international and jurisdictional regulatory authorities, and also proactively reached out to conduct bilateral meetings with policy makers in major jurisdictions. In the course of these engagements, I discuss MUFG's views and constructive suggestions on relevant regulatory proposals. I consider my role in the context of rulemaking as an interlocutor to strike a balance between securing global financial stability—the primary goal of regulatory authorities—and providing quality financial services with added value to customers—as envisioned by MUFG.

In the field of sustainability, the development of a coherent disclosure framework for non-financial information is currently under way with the involvement of authorities from all regions. At the same time, rulemaking efforts that will determine the pathway to net zero are being undertaken by the private sector initiatives.

The Net-Zero Banking Alliance (NZBA), established in April 2021 by the United Nations Environment Programme Finance Initiative (UNEP FI), is an alliance of banks committed to achieving net-zero greenhouse gas (GHG) emissions from their investment and lending portfolios by 2050. MUFG became a member of this alliance in June 2021, where the NZBA's membership currently stands at 111 banks (as of March 2022). Since becoming a member of the NZBA, we learned that it is the alliance members that will define key concepts such as "net-zero", "priority sectors" and "scope of assets" subject to net-zero targets. I was nominated to and appointed as one of the 12 members of the NZBA's Steering Group—functioning as



the alliance's governing board—allowing me to take full advantage of my experience in global regulatory rulemaking. I join the monthly Steering Group meetings and heavily involved in rulemaking at the NZBA.

Leadership in Developing a Global Transition Finance Framework

Financing in new technologies is essential to achieving the goal of the Paris Agreement. The decarbonization of the whole economy cannot be achieved solely through financing businesses recognized as already "green." I strongly believe that transition finance—financing to facilitate transition of business which will become "green"—should be scaled up in all regions. I shared my thoughts on transition finance with the NZBA Steering Group members and proposed to establish a working group to develop a global framework for transition finance. As a result, I chair the working group and have been leading the discussion since the launch in January 2022.

The working group consists of around 40 financial institutions representing Europe, the United States and Asia. While all members are in an agreement with respect to the importance of transition financing, the respective roadmaps and timelines for achieving net zero vary widely by country and region. Given the diversity of the membership and non-aligned roadmap/timelines, developing a global coherent guideline was a huge challenge. However, being a "rule maker," not a "rule taker," provides a great opportunity for MUFG to shape the transition finance framework that enables regions, including Japan, to accelerate the transition to net zero. As a result of intensive discussions among the working group members, the NZBA plans to publish the final transition finance framework prior to COP27, which is scheduled for November 2022 in Egypt. I hope this guide will help mobilize the capital to where it is needed. Stay tuned!

Contribution to Addressing Environmental and Social Issues

Structure for Promoting Sustainable Businesses around the Globe

MUFG is providing solutions to customers facing a shift in business structure or pursuing innovation to contribute to environmental and social issues.

To facilitate business initiatives that address environmental and social issues by fully utilizing our functions across the Group, we established the Sustainable Business Division in July 2021. In addition, we work to ensure a consolidated structure for gathering intelligence and securing business opportunities through holding Global ESG Conference and other meetings,

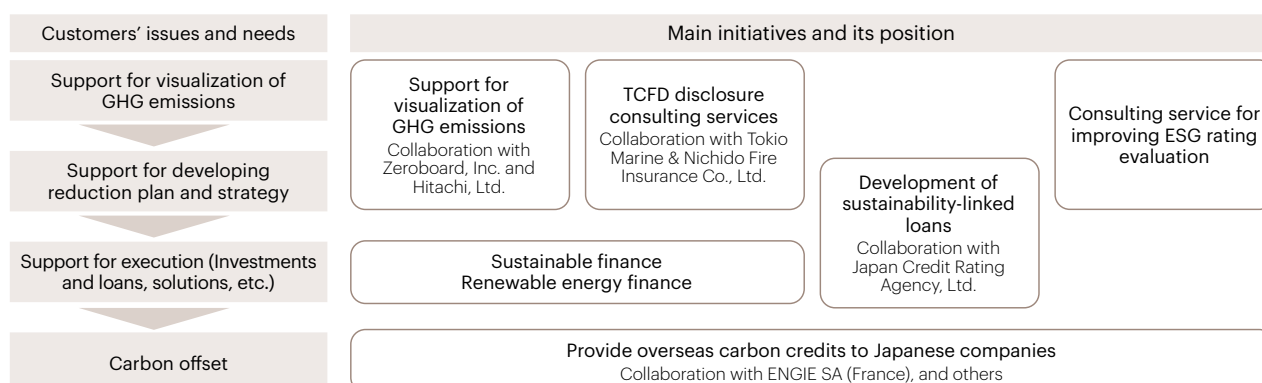
together with the individuals who are delegated to promote ESG-oriented initiatives, placed not only in Japan but also in Europe, the Americas, and APAC. Through this structure, we are striving to deliver solutions to customers at home and abroad while maintaining robust engagement with them. In addition, by participating in global initiatives, we carry out multifaceted information gathering, and aim to secure future business opportunities by being involved in rulemaking and promoting business development and market creation on a global basis.

Solutions Designed to Assist Customers in Their Decarbonization Efforts

Through engagement with our customers in each region, we try to understand their challenges and needs. In fiscal 2021, we engaged in dialogue with approximately 550 domestic and foreign clients, regarding the status of their sustainability and decarbonization initiatives and the solutions provided by MUFG.

Responding to their needs for solutions, we have started providing diverse solutions designed to assist them in their decarbonization efforts. These solutions include GHG emission measurement and financial support.

New Solutions for Decarbonization



Hosted an Engagement Seminar for Realization of a Carbon-Neutral Society (April 2022)



- Attendees included representatives of more than 100 companies, mainly from the power and oil & gas sectors.
- Experts invited from The Institute of Energy Economics, Japan, the Ministry of Economy, Trade and Industry and other organizations discussed the future direction of decarbonization in light of the latest developments as well as the roles financial institutions are expected to play.

- MUFG explained the background of interim targets publicized through the *MUFG Progress Report* along with thoughts behind target value setting.
- Responses and requests from seminar attendees were gathered to improve our future solutions and to deepen engagement activities.

Examples of Customer Feedback

- I got aware of the importance of facilitating long-term climate transition beyond traditional boundaries among industries.
- I expect the Bank to lead rulemaking and its promotion in light of the actual circumstances in Japan.
- I anticipate that MUFG will facilitate matching among clients of various industries from its holistic viewpoint.

FOCUS

Promoting Sustainable Businesses

Discovering Business Creation Opportunities Based on Voices from Diverse Stakeholders

Daisuke Nishiyama

Managing Director, Head of Sustainable Business Division, MUFG Bank, Ltd.

Translating Personal Experience to MUFG's Extensive Business Platform

Before joining MUFG, I was involved in the power sector operation business at a general trading company, such as overseas power generation, transmission, distribution, retail, trading, and other related businesses, for over two decades. In addition, I was assigned to a post in the United States for six years and gained experience as a corporate manager at a Japanese company fully immersing myself in the dynamic world of business and corporate management in a continuously evolving environment. It was then that I met an officer from MUFG who inspired me with his words—filled with strong will and passion—about the pressing need to revitalize Japanese industries. This discussion left me with a sense of duty and desire to contribute to the global energy transformation through MUFG's extensive reach and business platform, and in 2021, I joined MUFG as the Head of Sustainable Business Division to achieve and realize this goal.

Accelerating MUFG's Progress to Expand Sustainable Business

Since the Carbon Neutrality Declaration announcement in May 2021, we have strived to engage with our customers and partner companies at a deep level to understand their unique situation and circumstances, and developed an extensive service lineup to respond to their issues and needs. For example, we launched an alliance with Zeroboard, Inc. to deliver greenhouse gas (GHG) emission calculation service. GHG emission volume calculation typically constitutes the first step in decarbonization efforts by our customers. We assist our customers in their pursuit of their decarbonization-focused business management by providing solutions backed by a combination of our financial service expertise and vast business network with Zeroboard's know-how. To date, this service has garnered favorable reviews. One of our clients commented, "since businesses are now being called upon to calculate and reduce GHG emissions involving the entire supply chain, we found MUFG's service to be quite helpful as it can simultaneously provide us with advice on strategies regarding how to engage with supply chain constituents and on the platform and financing solution we should be utilizing to reduce emissions." Another customer commented, "we recognize that GHG emission visualization



and reduction has encouraged us to take steps to tackle climate change and to also explore new business areas."

In addition, we have strived to enhance our financial products and methodologies. Our initiatives include the launch of the first offshore wind power generation project in the Americas and first carbon credit-backed supply chain financing in Europe, and support towards Asia's gradual energy transition through our involvement and contribution to the Asia Transition Finance Study Group.^{*1} We also participate in joint projects with external business corporations and government agencies who are developing ammonia supply chain, and acting as a member of the Global CCS Institute.^{*2} Through these collaborative initiatives, we aspire to commercialize innovation and new technologies even further.

How MUFG Responds to Global Stakeholders

MUFG's presence allows us to build and have relationships with a great number of stakeholders, including customers, governments, local authorities and global initiatives. These stakeholders come from an array of sectors and nationalities. For us, listening and understanding their voices is equivalent to listening and understanding society's voices. We are able to capture these signals through MUFG's business foundation backed by a proven track record in valuing customer relationships, upholding a strong sense of responsibility and commitment to rulemaking and framework building, and having close ties to society which enables us to bridge international and Japanese business communities together.

We listen closely to each stakeholder's input and will explore the vast opportunities for business creation. Going forward, in addition to providing best-in-class financing solution for our customers, we will work alongside our customers by investing in new businesses and elevating our employees' knowledge and expertise through secondment and/or contingent staffing to investee companies to gain direct, hands-on experience to further commit to promoting MUFG's sustainable business.

^{*1} Organization established to promote discussions regarding common principles and standards necessary to realize gradual energy transition in Asia. Participants include major Asian and global financial institutions as well as Japan's Financial Services Agency and Ministry of Economy, Trade and Industry.

^{*2} International think tank established to facilitate the global use of Carbon dioxide Capture and Storage (CCS) technologies.

Contribution to Addressing Environmental and Social Issues

Climate Change Measures & Environmental Protection

(Disclosure Based on TCFD Recommendations)

Governance**The Board of Directors' Supervision of MUFG's Climate Change Measures**

At MUFG, the Sustainability Committee, which operates under the Executive Committee, is charged with periodically deliberating policies on and determining the status of the Group's response to opportunities and risks arising from climate change and other environmental and social concerns. MUFG has positioned climate change-related risk as one of the Top Risks that it must pay close attention to. Accordingly, these risks are discussed by the Credit & Investment Management Committee, the Credit Committee and the Risk Management Committee, all of which are under the direct supervision of the Executive Committee.

Conclusions reached by the above committees are reported to the Executive Committee and, ultimately, reported to and discussed by the Board of Directors. In addition, matters discussed by the Credit & Investment Management Committee and the Risk Management Committee are also examined by the Risk Committee, which mainly consists of outside directors, and then reported to the Board of Directors.

The Board of Directors considers promoting sustainability management an important theme. Accordingly, the Board of Directors actively addresses matters related to this theme through dedicated sessions. MUFG also maintains two advisor positions to which it appoints external specialists representing the environmental and social fields to engage in the exchange of opinions with members of the Board. By doing so, we incorporate insights from outside experts into our initiatives.

In fiscal 2021, MUFG launched a project team tasked with taking a groupwide, cross-regional approach to spearheading and accelerating initiatives to realize the MUFG Carbon Neutrality Declaration announced in May 2021. The content of each initiative is also discussed and determined at steering committee meetings attended by the Group CEO and other key members of top management. During fiscal 2021, such committee meetings were held three times. The progress status of initiatives to realize the above declaration is reported to the Board of Directors as necessary.

Strategy**Strengthening Sustainable Businesses through Engagement**

Taking advantage of our global structure, which is designed to support sustainable businesses, we promote our engagement in dialogue with clients. Addressing the differing issues and needs our customers are now facing, we also strive to deliver services needed by our customers in a timely and seamless manner, working in tandem with them to achieve carbon neutrality. For more details, please refer to [pages 57 and 60](#).

In addition, approximately 300 employees at sales divisions held monthly meetings to discuss issues related to energy transformation. Moreover, MUFG hosted five separate study sessions dedicated to the discussion of specific issues and attended by members of top management. As such, the entire workforce of MUFG is striving to step up its measures to address climate change-related issues and promote relevant initiatives.

Furthermore, we established a project team led by the Group Chief Risk Officer (CRO) and consisting of CROs from the holding company, the Bank, the Trust Bank and the Securities as well as regional CROs of the holding company and the Bank. This team is engaged in the planning of a management framework for supervising countermeasures against climate change risks. Through these and other endeavors employing a groupwide, cross-regional approach, we strive to develop a robust framework enabling us to consolidate intelligence on the latest regulatory trends, exercise a stronger grip on various risks and otherwise strengthen our overall risk management capabilities.

[For details of our structure for promoting sustainability management, please refer to page 108.](#)

Main Items Discussed by and Reported to the Board of Directors in Connection with Climate Change Measures & Environmental Protection (Fiscal 2021)

- Announcement of the Carbon Neutrality Declaration
- Progress status of initiatives to realize the above declaration
 - Engagement with customers, sustainable financing, the setting of interim targets for greenhouse gas (GHG) emissions from the financed portfolio, reduction in GHG emissions from MUFG's own operations, etc.
- Revision of the MUFG Environmental and Social Policy Framework
- Protection of biodiversity (participation in the TNFD)
- Ratings granted by ESG rating agencies

Supporting Decarbonization of Customers' Efforts While Developing New Business Opportunities

MUFG aims to support customer efforts to transform business models as well as the climate transition of whole industries toward carbon neutrality. To this end, we provide solutions designed to assist customers in their pursuit of transition and innovation aimed at promoting decarbonization.

In the aspect of financing, we constantly endeavor to upgrade our sustainable financial products and services to support customers' decarbonization efforts. Simultaneously, with an eye to developing future business opportunities, we play our part in international rulemaking for transition finance (Please see [page 56](#)) while assisting in innovation-oriented projects aimed at building expertise in new technologies, creating new markets and commercializing new businesses.

For details of information disclosed in line with the TCFD recommendations, please refer to the *MUFG Sustainability Report 2022*, which is set to be published in September 2022 or later.

New Initiatives in Fiscal 2021

Examples of financing activities

Transition bond	<ul style="list-style-type: none"> Provided support as the lead manager and structuring agent for the world's first transition bonds in the aviation industry issued by Japan Airlines Co., Ltd.
Positive Impact Finance (PIF)*1	<ul style="list-style-type: none"> Provided MUFG's first PIF to Mitsubishi Heavy Industries, Ltd., a key player in the field of decarbonization technologies, with the contract lending amount totaling ¥2.0 billion
New financing deals in Europe and the United States	<ul style="list-style-type: none"> First large-scale offshore wind project finance deal in the U.S. (total financing amount: approx. US\$2.3 billion)—one of the largest renewable energy project finance deal closed in 2021 First carbon credit backed supply chain finance in EMEA (total financing amount: approx. US\$640 million)

*1 A financing scheme aimed at properly identifying and mitigating potential negative impacts on environmental, social and economic aspects while making a positive contribution to at least one of the above aspects

Initiatives to Create Markets and Build Future Businesses

Participation in the Global CCS Institute (GCCSI)	<ul style="list-style-type: none"> MUFG is the first Asian private financial institution to participate in this international think tank, established with the aim of promoting the global use of carbon dioxide capture and storage (CCS) technology.
Support for building ammonia supply chains	<ul style="list-style-type: none"> Marubeni Corporation is working on a feasibility study for building a supply chain for clean fuel ammonia from Western Australia to Japan, to be implemented jointly with government agencies, power companies, and Australian companies. MUFG participates in financing to support for building ammonia supply chains.
Introducing fuel cell buses and contributing to the community through the decarbonization concept	<ul style="list-style-type: none"> MUFG's supports help to fund the introduction of fuel cell buses in Tokyo and Osaka, with a view to increasing demand and promoting the use of hydrogen. MUFG contributes to local communities by helping to create sustainable businesses originating in Osaka, looking ahead to achieving carbon neutrality goals set by Osaka Prefecture, and presenting and promoting technology at Osaka-Kansai Expo.

Response to Climate Change-Related Risks—Transition and Physical Risks

MUFG is reviewing existing risk categories to understand the impact of climate change, developing scenarios for physical and transition risk and enhancing the approach for disclosures in accordance with the TCFD recommendations to identify, assess and manage climate change-related risks.

Risk categories	Examples of transition risk	Examples of physical risk	Time frame*
Credit risk	<ul style="list-style-type: none"> Our corporate clients' business activities and financial positions may be negatively affected if they cannot deal with government policies, regulatory requirements, customer requests or evolving trends in technological development. 	<ul style="list-style-type: none"> Extreme weather may cause direct damage to assets held by our corporate clients and/or have a negative spillover effect on their business activities and financial positions by indirectly impacting their supply chains. 	Short- to long-term
Market risk	<ul style="list-style-type: none"> The transition to a decarbonized society may negatively impact certain business sectors, making the value of relevant securities held by MUFG and/or financial instruments deriving from them highly volatile. 	<ul style="list-style-type: none"> The impact of extreme weather may induce market turmoil and make the value of securities held by MUFG highly volatile. The value of securities held by MUFG may become volatile due to changes in market participants' medium- to long-term outlook on the impact of extreme weather and their expectations regarding countermeasures against the phenomenon. 	Short- to long-term
Liquidity risk	<ul style="list-style-type: none"> If its credit ratings deteriorate due to such factors as delays in its response to transition risks, MUFG may face limitations on methods for funding from the market and thus growth in risks associated with fundraising. 	<ul style="list-style-type: none"> Corporate clients suffering damage from extreme weather may choose to withdraw their deposits or utilize commitment lines to secure funds for reconstruction, leading to a growing volume of cash outflows from MUFG. 	Short- to long-term
Operational risk	<ul style="list-style-type: none"> Spending on capital investment may grow due to the need for measures aimed at reducing CO₂ emissions and enhancing business continuity capabilities. 	<ul style="list-style-type: none"> Extreme weather may cause damage to MUFG's headquarters, branches and/or data centers and lead to the disruption of their operations. 	Short- to long-term
Reputation risk	<ul style="list-style-type: none"> If MUFG's plans and efforts to realize carbon neutrality are deemed inappropriate or insufficient by external stakeholders, it may suffer from reputational damage. MUFG may suffer from reputational damage and/or deterioration in its status as an employer due to the continuation of relationships with business partners who doesn't give enough consideration to environmental concerns or delays in its transition to decarbonization. 	<ul style="list-style-type: none"> If MUFG's efforts to support customers and communities affected by extreme weather are deemed insufficient, it may suffer from reputational damage or a resulting disruption of operations. 	Short- to long-term
Strategic risk	<ul style="list-style-type: none"> If MUFG fails to live up to its public commitment to support the transition to a decarbonized society, its capabilities for strategic execution may be negatively affected by a deterioration in its reputation. 	<ul style="list-style-type: none"> MUFG may fail to meet the goals of its strategies and plans if it fails to properly factor in the direct impact of extreme weather in the course of long-term management planning. 	Medium- to long-term

* Short-term: less than one year; medium-term: one to five years; long-term: more than five years

Contribution to Addressing Environmental and Social Issues

Climate Change Measures & Environmental Protection

(Disclosure Based on TCFD Recommendations)

Strengthening Scenario Analysis

Based on the TCFD recommendations, MUFG is engaged in the analysis of multiple scenarios in order to assess how its credit portfolio could be affected by climate change-related risks.

Results of Scenario Analysis (new findings from scenario analysis are underlined)

	Transition risks	Physical risks
Scenario	Various scenarios, including the Sustainable Development Scenario ("well below 2 °C") of the IEA ^{*1} and the 1.5°C scenario that the NGFS ^{*2} has released	RCP2.6 (2°C scenario) and RCP8.5 (4°C scenario) published by the Intergovernmental Panel on Climate Change (IPCC)
Analytical method	An integrated approach is adopted to assess the impact by combining the bottom-up approach at the individual company level and the top-down approach at the sector level. Using this approach, the impact on credit ratings in each scenario is analyzed along with the effect on the overall financial impact of the sector's credit portfolio.	Estimated damage in the event of a flood is analyzed, and an approach to measure its impact on the overall credit portfolio using the change in default probability that the occurrence of floods would have on the credit portfolio is adopted. In the calculation of financial impact, the period of the suspension of the business of the borrower and the loss of assets, among other aspects, are reflected.
Sectors/targets subject to analysis	Energy, utility, automobiles, <u>iron & steel</u> , <u>air transportation and maritime transportation</u>	Flood
Calculation period	<u>Until 2050 using the end of March 2022 as the benchmarking point</u>	<u>Until 2100 using the end of March 2022 as the benchmarking point</u>
Result of analysis	Annual impact: Approx. ¥1.5 billion to ¥28.5 billion	Cumulative impact: Approx. ¥115.5 billion

*1 International Energy Agency (IEA) *2 Network for Greening the Financial System

Risk Management

Inclusion of Climate Change-Related Risks in the Risk Appetite Statement

In fiscal 2021, we included climate change-related risks in our Risk Appetite Statement. This move is intended to help develop, maintain and upgrade our structure for appropriately managing climate change-related risks.

Positioning of Climate Change-Related Risks in Enterprise Risk Management

MUFG has positioned climate change-related risk as one of the Top Risks that it must pay close attention to for the year ahead and going forward (for more details, please refer to page 111).

Management of Environmental and Social Risks in the Course of Financing

In line with the MUFG Environmental Policy Statement and the MUFG Human Rights Policy Statement, we have established the MUFG Environmental and Social Policy Framework, with the aim of properly assessing and managing environmental and social risks that may arise in the course of financing. In addition, we are engaged in due diligence based on the Equator Principles^{*} in its efforts to contribute to environmental and social sustainability.

^{*} A framework for identifying, assessing and managing environmental and social risks and/or impacts associated with large-scale projects

Establishment and Revision of Environment-Related Policies Stipulated by the MUFG Environmental and Social Policy Framework

Sectors	2018	2019	2020	2021	2022	Details of revisions
Coal-fired power generation	Established	Revised		Revised		Strictly limited eligible clients to those certified under the Roundtable on Sustainable Palm Oil (RSPO) program
Forestry		Established		Revised		
Palm oil		Established		Revised	Revised	
Mining (coal)		Established			Revised	Prohibited financing for new projects associated with the mining of thermal coal for use in power generation businesses
Oil and gas			Established		Revised	Clarified process for identifying and assessing risks and impacts arising from shale oil, gas and pipeline projects in terms of environmental and social sustainability
Large-scale hydroelectric power generation			Established			

For details of information disclosed in line with the TCFD recommendations, please refer to the *MUFG Sustainability Report 2022*, which is set to be published in September 2022 or later.

Results vis-à-vis Metrics and Targets

MUFG monitors the status of climate change-related metrics and targets it has defined to address both opportunities and risks.

Metrics	Targets / Results
<p>Disclosed interim targets for power and oil & gas sectors (April 2022)</p> <p>GHG emissions from the financed portfolio (Scope 3)^{*1,*2}</p> <p>Plans call for setting interim targets for other sectors than power and oil & gas sectors</p>	<p>Overall</p> <p>Target Achieve net-zero GHG emissions from the financed portfolio by 2050</p> <p>Power sector Scope: Scope 1 emissions from power generation businesses</p> <p>Target Reduce the CO₂ emissions intensity to the range of 156 to 192 gCO₂e/kWh by 2030</p> <p>Results 349 gCO₂e/kWh (2019)</p> <p>Oil & gas sector Scope: Scope 1, 2 and 3 emissions from upstream production businesses</p> <p>Target Reduce the absolute volume of CO₂ emissions by 15% to 28% by the end of fiscal 2030 from the fiscal 2019 level</p> <p>Results 83 MtCO₂e (2019)</p>
<p>GHG emissions from MUFG's own operations (Scope 1 and 2)</p>	<p>Target Achieve net-zero GHG emissions from the Group's operations by 2030</p> <p>Complete the 100% shift to renewable energy in terms of purchased energy used by all facilities of Group companies in Japan by the end of fiscal 2022</p> <p>Replace all company vehicles with electric vehicles (EVs) by the end of fiscal 2030</p> <p>Results Fiscal 2020: The volume of GHG emissions from Group operations on a global basis: 357 thousand tons in total</p> <p>Fiscal 2021: Completed the 100% shift to renewable energy at domestic facilities of the Bank, the Trust Bank, and the Securities in terms of purchased energy used</p>
<p>Sustainable finance (Cumulative total amount of funds to be extended from fiscal 2019 to fiscal 2030)</p>	<p>Target ¥35 trillion (of this, ¥18 trillion for environment)</p> <p>Results ¥14.5 trillion (of this, ¥5.4 trillion for environment) (cumulative total by the end of fiscal 2021)</p>
<p>Target for reducing CO₂ emissions through renewable energy project financing^{*3} (Cumulative total from fiscal 2019 to fiscal 2030)</p>	<p>Target 70 million tons equivalent to annual CO₂ emissions from approximately 50% of all households in Japan</p> <p>Results 26.83 million tons (cumulative total by the end of fiscal 2021)</p>
<p>Credit amounts related to coal-fired power generation project finance (balance of lending)</p>	<p>Target Reduce the balance 50% by the end of fiscal 2030 from the fiscal 2019 level and reduce it to zero by fiscal 2040^{*4,*5}</p> <p>Results US\$2,955 million (as of the end of fiscal 2021)</p>
<p>Newly disclosed metrics (April 2022)</p> <p>Corporate finance for coal-fired power generation^{*6}</p>	<p>Target Reduce the balance of such financing to zero by fiscal 2040</p> <p>Results Approx. ¥120.0 billion (as of the end of fiscal 2020)</p>
<p>Sectors that have been newly included into the scope of disclosure are underlined</p> <p>Carbon-related assets (credit amounts^{*7,*8})</p>	<p>Results ¥60.9 trillion in total (energy sector: ¥8.2 trillion; utility sector: ¥8.3 trillion; <u>transportation sector: ¥12.2 trillion; materials and buildings sector: ¥27.8 trillion; agriculture, food and forest products sector: ¥4.4 trillion</u>) (As of the end of fiscal 2021)</p> <p>Note: We will pay close attention to the status of transition initiatives undertaken by these corporate clients while engaging with them to ensure that those exposed to high transition risk are encouraged to make improvements.</p>
<p>Aligning the compensation system for directors and corporate executives with emphasis placed on climate change measures</p>	<p>In fiscal 2021, we updated indicators for determining compensation for executives, adopting a new indicator determined by the degree of improvement in external ratings granted by ESG rating agencies. Specifically, this new indicator is set to be used as part of the assessment of the level of achievement vis-à-vis targets under the Medium-Term Business Plan (MTBP). The achievement in this regard will be assessed on an absolute evaluation basis in light of ratings granted by five major agencies^{*9} and reflected in a portion of stock compensation, representing 5% of total evaluation weighting, to be granted based on medium- to long-term performance.</p>

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*1 The volume of GHG emissions has been calculated with reference to the Partnership for Carbon Accounting Financials (PCAF) formula

*2 The higher level of reduction targets for GHG emissions from the financed portfolio are consistent with the IEA NZE scenario

*3 Cumulative annual CO₂ reduction effect from renewable projects MUFG has provided finance in the fiscal year, calculated based on generation capacity, capacity factor and emission factor. The value is after taking into account the share of MUFG's loan arrangement or underwriting amount

*4 As of the end of fiscal 2019: US\$3,580 million

*5 Projects that contribute to transition to a carbon neutral society are exceptional according to the MUFG Environmental and Social Policy Framework

*6 The balance of corporate finance for coal-fired power generation within the portfolio of credit related to customers in the power sector

*7 Total of loans, trade finance, letter of credit & guarantees and undrawn commitment facility, etc.

*8 Targeting four non-financial groups ("Energy," "Transportation," "Materials and Buildings," "Agriculture, Food, and Forest Products") as defined under the TCFD recommendations and its supplementary guidance revised in 2021. Excluding the credit amounts related to renewable energy power generation projects from total credit amounts related to the utility sector portfolio. The total includes partner banks (MUFG Union Bank, Krungsri (Bank of Ayudhya) and Bank Danamon)

*9 MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones and CDP

Contribution to Addressing Environmental and Social Issues

Response to Aging Population & Low Birthrate

MUFG strives to enhance its financial products and services backed by comprehensive capabilities afforded by the Group to meet evolving and diversifying customer needs in the face of changes in social structure due to the aging population and low birthrate. We also engage in research and social contribution activities for the same purpose.

Moreover, we are developing channels specifically designed to make access to our services easier for elderly customers. At the same time, we constantly work to enhance customer convenience by upgrading our apps and other digital-driven tools supporting non-face-to-face channels to improve their operability and design.

Main Initiatives in Each Issue Category

Issue	Aging Population			Low Birthrate
	① Succession of businesses and assets	② Response to the elderly	③ Asset building	④ Support for next generation
Financial Services	<ul style="list-style-type: none"> Support succession of businesses and assets 	<ul style="list-style-type: none"> Respond to deterioration of cognitive functions Support testament and bestowal etc. via trust banking functions 	<ul style="list-style-type: none"> Consulting on asset management and asset building Pension investment and consulting services for corporates 	<ul style="list-style-type: none"> Contribute by utilizing financial knowledge
Infrastructure	<ul style="list-style-type: none"> Services in response to aging population and deterioration of cognitive functions (23,000 registered supporters in the Bank) 		<ul style="list-style-type: none"> Branch facilities designed in the spirit of universal design Improvement of UI/UX* 	
Research / Social Contribution	<ul style="list-style-type: none"> MUFG Inheritance Research Institute Japan Financial Gerontology Institute 		<ul style="list-style-type: none"> MUFG Financial Education Institute 	<ul style="list-style-type: none"> Financial and economic education for students from elementary to high school Donation for children and students
Support for Employees	<ul style="list-style-type: none"> Create a workplace that enables both men and women to strike an optimal balance between work and childcare, nursing care or infertility treatment (ensure that our assistance programs are known by all, promote the utilization of such programs and foster an inclusive corporate culture) 			

* UI (User interface) and UX (User experience). Experiences and values capable of earning through usability of the services

① Succession of businesses and assets

Employing functions afforded by the Group as well as networks offered by our alliance partners, we deliver proposals regarding M&A, inheritance, real estate and asset management by taking a groupwide, integrated approach. Through these endeavors, we support the succession of assets and businesses worth more than ¥1 trillion on an annual basis

Furthermore, we began offering foreign currency-denominated insurance with a lump-sum premium for people seeking protection after bereavement.* This insurance is equipped with a joint policy and thus provides an effective solution for secondary inheritance, which often becomes an issue in the course of asset succession. In these and other ways, we strive to enhance our lineup of products and services designed to support the smooth succession of businesses and assets.

* A type of insurance enabling two individuals to be insured with a single policy

② Response to the elderly

Today, the value of financial assets held by elderly citizens has grown bigger than ever before, while an increasing number of people suffer from dementia. Aware of these circumstances, we offer not only trust products that serve as solutions for testament formulation and the advancement of assets but also robust services to help mitigate our customers' looming sense of anxiety at the prospect of a possible aging-related cognitive deterioration. For example, in 2019 we released *Tsukaete Anshin*, a trust product with proxy withdrawal functions. The number of applicants for this product is now in excess of 8,000.*

* Including applications for *Tsukaete Wrap Special Contract*. This additional wrap contract enables the customer's proxy to withdraw funds from wrap accounts via surrender and deposit these funds into *Tsukaete Anshin* accounts

Moreover, we endeavor to ensure that elderly customers can always enjoy access to safe and secure services. To this end, we promote training aimed at securing employee capabilities to accommodate customers with dementia. Today, more than 23,000 employees have been certified as dementia supporters.

In addition, we are working to commercialize new products and services designed to deliver solutions to issues arising from an aging society so that we can deliver even better services to our customers in the future. These efforts include the development of technologies to assess cognitive functions and a system to verify testament content comprehension. To that end, we plan to launch a verification testing project by the end of fiscal 2022 as part of an industry-academia research collaboration.

③ Asset building

MUFG offers consulting on asset management for customers from diverse age groups while offering an extensive lineup of pension asset management and consulting functions for corporate clients.

In June 2021, we released "D-Canvas," a smartphone app enabling persons enrolled in the defined contribution pension plans of our corporate clients to confirm the balance of plan assets and change products under our administration. In December 2021, we also released "Money Canvas," a one-stop platform through which users can enjoy access to a diverse range of financial products supporting asset building. Going forward, we will enhance UI/UX offered through our services and otherwise upgrade our service infrastructure. By doing so, we will empower all our customers, irrespective of their age, to gain smooth access to our asset building solutions.

④ Support for next generation

Taking full advantage of its financial expertise, MUFG provides financial and economic education to young people. At the same time, we are actively supporting the sound upbringing of children and assisting students in their pursuit of higher education through donations and other means.

For example, MUMSS has been upholding a policy of contributing to society through the provision of financial and economic education, to this end offering on-demand classes at junior and senior high schools. Recently, MUMSS developed a new educational program for use in elementary schools and has started providing the program to enhance the capacity of children, who will be leaders of the future generations.

Supporting Business Efforts and Innovation-Oriented Endeavors Aimed at Resolving Social Issues

Offering assistance for the creation of growing industries and vibrant venture startups is essential to securing the sustainable growth of society. With this in mind, MUFG provides financial services that take full advantage of comprehensive financial functions afforded by the Group to support such industries and businesses while developing innovative financing methodologies. At the same time, we strive to discover corporations that are strongly committed to contributing to the resolution of social issues. As such, we are endeavoring to realize both a sustainable society and sustainable growth for MUFG itself.

Impact Investment Supporting the R&D of Next-Generation Vaccines

We have invested in VLP Therapeutics, Inc. a U.S.-based bio-venture which is engaged in the research and development (R&D) of next-generation vaccines. This is our first impact investment* for resolving social issues leveraging our expertise accumulated through impact investing to resolve environmental issues. Considering the social significance and the potential the firm has, we have decided not only to directly invest in the firm but also to provide personnel to VLP Therapeutics in order to support its business management more closely. The visualization of the social impact through the experience of supporting its business towards commercializing vaccines will help us upgrade our methodologies for impact investment. Looking ahead, we will utilize expertise obtained through the endeavors and step up our ability to respond to resolve social issues.

* A type of investment intended to create positive impacts in terms of environmental and social sustainability while ensuring appropriate financial returns

Fundraising Assistance for a Manufacturer of Next-Generation Fabric Materials

Spiber Inc. is a unicorn company engaged in the development and manufacture of next-generation textiles capable of helping curb the volume of CO₂ emissions generated in the course of manufacturing and disposal. Recognizing that Spiber's endeavors could contribute to the resolution of issues arising from climate change and biodiversity protection, we constantly provide this firm with financial services.

Specifically, we highly rated Spiber's distinctive technological capabilities, which are based on many years of research. To support these capabilities, in December 2020, we formulated the world's first Market Value Securitization (MVS) deal backed by intellectual properties, including patents and other assets constituting business value, and extended financing under the new MVS scheme to Spiber. Unlike the issuance of new stock, a popular method for raising a large amount of funds for startups, an MVS enables a broader range of credit investors to participate

in investment. Accordingly, the MVS is now attracting investor attention as an effective financing method, especially for startups and other businesses that are not yet capable of generating robust cash flows and are in need of fundraising solutions. Following the first deal, we also extended additional funding, bringing the cumulative total of funds raised for this firm to ¥40.0 billion.

In addition, we assisted Spiber in its engagement in equity funding. The firm won investments from global private equity funds and excellent institutional investors overseas, successfully securing an exceptionally large amount of funds for a Japanese startup. Looking ahead, we will explore optimal financing assistance methods finely tuned to meet the evolving needs of investees in step with their growth stages. In doing so, we will continue to assist corporations in their efforts to contribute to the resolution of issues society is now confronting.

Holding ESG Accelerator Programs

In tandem with Inclusion Japan, Inc., which is engaged in ESG investment in the venture field, we held "MUFG ICJ ESG Accelerator," the first ESG accelerator program in Japan's banking industry. This program is aimed at facilitating collaboration across a range of players from startups and business corporations to venture capital and other investors in order to accelerate business development endeavors toward the realization of carbon-neutral and circular economies. Of 98 venture startups applying for this program, 14 companies were selected as finalists. MUFG has since engaged these companies in discussions alongside its co-sponsoring partners to co-create new businesses.

Going forward, MUFG will help startups move forward steadily toward the commercialization of their endeavors, working in tandem with them to assist their efforts to discover growth opportunities and launch innovative businesses.



MUFG ICJ ESG Accelerator

Transform Our Corporate Culture / Human Resources Strategy

Message from the CHRO

Amid a radically shifting business environment, MUFG is striving to identify opportunities within changes. Here, I would like to share our thoughts with our stakeholders within and outside the Group regarding what we prioritize in terms of human resources strategy and our ideals for what MUFG must look like in the future.

Building a Foundation Underpinning the Transformation of MUFG

Today, the environment surrounding the Group is evolving at an unprecedented pace, with two megatrends, “digital” and “green,” exerting a profound impact. Given these circumstances, MUFG must align its business strategies with the changes of the times and evolving needs of customers. In this light, the Group may also have to change the content of its business operations. Moreover, we have seen the Group’s internal environment undergo major changes, with the size of our workforce decreasing over the medium to long term due to natural attrition. With this in mind, I believe that building the foundation that is underpinning MUFG’s transformation constitutes the most important aspect of my mission as Group CHRO. Building such foundation requires nurturing employees capable of autonomous judgement and spontaneous action. To this end, I am encouraging all Group employees to achieve personal transformation.

In this regard, it is important for every employee to be capable of embodying MUFG’s Purpose, “Committed to empowering a brighter future.,” the cornerstone of the Group’s transformation initiatives. Also, the MUFG Human Resources Principles provide guiding principles for human resources management aligned with the goal of nurturing individuals who can put the MUFG Way into practice. In the course of these undertakings, we are also striving to build on MUFG’s traditional strengths supported by “Integrity and Responsibility” and “Professionalism and Teamwork,” values the Group has cherished for many years. In these ways, we are implementing and executing human resources strategies designed to empower employees to pursue personal growth and take on new challenges.

Human Resources Strategy Supporting Transformation

Based on the above concepts, we have identified implementing a human resources strategy supporting “Three Years of New Challenges and Transformation” as an essential policy under the current Medium-Term Business Plan. In line with this policy, various human resource management measures are currently under way. These encompass a number of initiatives featured here on subsequent pages, including the reinforcement of hiring practices that earmark new recruits for specific business fields, along with recruiting mid-career hires for the purpose of securing diverse human resources. We are also implementing digital literacy training and otherwise providing robust employee education. Furthermore, we have developed a variety of programs designed to encourage employees to take on challenges and pursue success in a way that transcends boundaries between companies in the Group. Meanwhile, with regard to the workplace environment, through the promotion of inclusion & diversity we are striving to create a company in which



Teruyuki Sasaki

Senior Managing Corporate Executive
Group CHRO

each individual is empowered to realize their full potential.

We believe that, going forward, the comprehensive initiatives outlined above will certainly help us raise employee capabilities, improve employee engagement and, eventually, enable us to achieve sustainable growth backed by enhanced human capital.

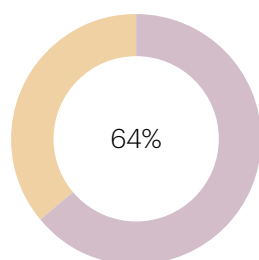
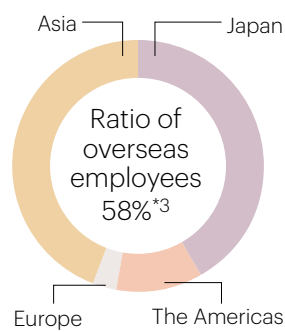
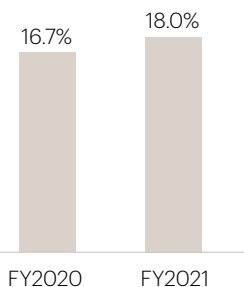
Empowering Employees to Experience the Unique Opportunities Only MUFG Can Offer

MUFG provides employees with opportunities to interact with diverse human resources within and outside the Group. Furthermore, for those seeking to develop global careers, we offer overseas assignments in the various regions in which we operate. At the same time, we have accelerated our concerted efforts, taking a groupwide integrated approach, to deliver solutions and products that transcend boundaries between Group companies and are designed to genuinely meet customer needs. As the Group’s operations expand globally, the ratio of employees hired overseas is now in excess of 50%.

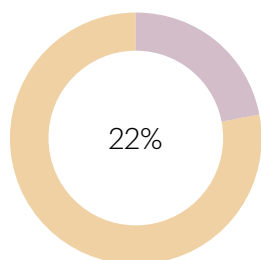
We believe that our employees equipped with diverse backgrounds, experience and skills constitute the bedrock of MUFG’s competitive strength. Accordingly, we strive to better empower employees to pursue success and, to this end, push ahead further with inclusion & diversity to foster an open-minded corporate culture. We would like to make MUFG a company consisting of individuals who act as agents of change, transforming the organization even as they pursue personal transformation themselves. To that end, we will properly reward employees who constantly take on challenges and transformation through evaluation and wage setting.

With the aim of helping resolve issues confronting our customers and society, MUFG is now undergoing business transformation. As Group CHRO, I will do my best to support the Group’s transformation through the development of human resources systems and measures aimed at enabling employees to embody our Purpose, “Committed to empowering a brighter future.” By doing so, I will help raise MUFG’s capabilities to contribute to its customers and society as a whole.

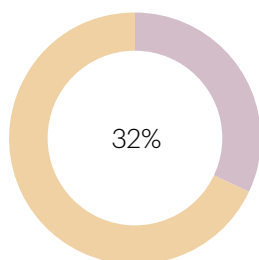
Human Resources Highlights (FY2021 results)

Corporate Culture Reforms*¹MUFG Employee Survey
"Recommend MUFG as a wonderful workplace"Promotion of Diversity*²Ratio of employees
by regionRatio of women in
management in Japan*⁴

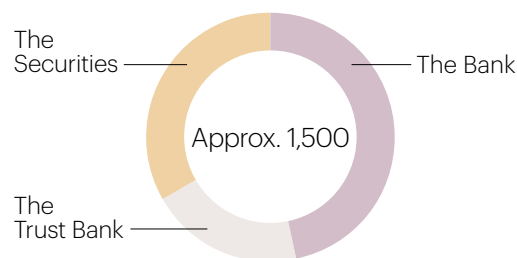
Ratio of foreign nationals in middle managerial positions 29%

Securing Diverse Human Resources*²Ratio of individuals
hired for specific
business fields*⁵

Ratio of new graduates hired for specific business fields

Ratio of
mid-career hires

Ratio of mid-career hires to the total of new graduates and mid-career hires

Offering a Diverse Range of Opportunities*²Number of individuals who participated
in human resource exchange between the Bank,
the Trust Bank and the Securities

Number of employees at the Bank, the Trust Bank and the Securities who are being seconded to either of two other Group companies

Nurturing Employees and Encouraging Them to Pursue Personal Transformation*²

Education and training expenses: Approx. ¥3,090 million
Of this, expenses for digital literacy training: Approx. ¥540 million

*1 Consolidated results for MUFG

*2 Sum of results for the Bank, the Trust Bank and MUMSS

*3 In fiscal 2021, the scope of overseas employees subject to calculation has been redefined to increase accuracy.

*4 Ratio of women in line manager or higher positions

*5 Hiring aimed at securing specialist human resources in specific fields, including system, digital and market

Transform Our Corporate Culture / Human Resources Strategy

Roundtable Discussion—Inclusion & Diversity

— Meaning of “Equity” in MUFG

MUFG focuses on Inclusion and Diversity (I&D) as one of its key strategies, which is one of the 10 Priority Issues in MUFG’s Sustainability Management. Head of Global HR interviewed regional I&D leaders.



Angus Macgregor
Managing Director,
Head of Global Human
Resources, Human
Resources Division



Sayaka Soyama
Managing Director,
Head of Inclusion &
Diversity Office, Human
Resources Division



Okeatta Brown
Director, Head of Diversity,
Equity & Inclusion for the
Americas



Jennifer Read
Vice President,
Head of Inclusion &
Diversity for EMEA



Kiat Siong Khoo
Assistant Vice President,
Talent Development and
Culture, Global Human
Resources, Asia

Where We Are and Necessity of Global Strategy

Angus: First of all, I would like to ask each of you what is your view about the current MUFG?

Okeatta: When I joined MUFG in 2021, I learned there were several meaningful engagements in process in the Americas, including the launch of an Executive I&D Council made up of our CEO, CHRO, and leaders from our Enterprise Resource Groups (ERG) and Business Unit I&D Councils, and CSR resulting in several initiatives designed to impact change. However, there seemed to be a lack of clear goals and objectives aligned to a “north star,” an I&D vision. The opportunity surfaced to build an enterprise I&D strategy that includes success measures that were impactful enough to shift behaviours, which are necessary to transform a culture and effect change internally and externally. We must invest in I&D as a business imperative and a competitive advantage.

Jennifer: EMEA has a clear commitment to I&D through our EMEA strategy with “strengthening our culture” set out as a core pillar. Our EMEA Employee Network programme is one of many critical components of this and consists of seven resource networks that help us to establish a working environment that embraces and celebrates the diversity of our people. These networks offer our employees community, connection and a sense of belonging, all of which help to increase and maintain employee engagement. However, our approach remains very regional and reactive. From my perspective, the obvious next step for MUFG is a global Diversity, “Equity” and Inclusion (DEI) strategy.

Kiat: I’ve been with the bank for just over 4 years and in this rather short time, I can see I&D and cultural transformation has been changed in MUFG, particularly in APAC. Employees currently in the organization could also see this as an opportunity to progress with their career especially in regions/countries where DEI has been neglected for a while. The world is rapidly changing and more and more issues around I&D are being surfaced daily. Now that DEI is high on everyone’s agenda, we can better manage this situation by framing the priorities for the teams working on it.

Sayaka: In Singapore where I worked until the beginning of 2021, our colleagues have various nationalities, cultures, careers, and all are very diversified. After I came back to Tokyo, I again realized that there is a huge gap between Japan and overseas offices. In Japan, it is homogeneous where most employees in Head Office are Japanese, important roles are assigned to men, etc. I strongly believe diverse talent will enable us to tackle diverse issues; talent, that can leverage their skills through an effective network and courageous communication with colleagues.

Regional Focus and “Equity”

Angus: We want to create a diverse, equitable and inclusive environment which fosters all talents for the better of MUFG – focusing on diversity of thought, inputs and experience, equity of treatment in all we do and creating an environment that is inclusive for all where all can thrive. Then, what each region is doing under this global banner and respective focus on where you have gaps, and how do you care for these gaps over the next period in your region?

Sayaka: In Japan, one of our top priorities is to solve the gender gap. We have increased the target % representation of female management in Japan from 18% to 20% by fiscal 2023, but it is still on the way to reach to 30% set out by government. We are supporting education of women by providing various learning and development programs and mentoring programs, in collaboration with Business Units, etc. In addition, we are focused on increasing mid-career hiring of SMEs (Subject Matter Experts), leadership assignments to locally hired staff and stable employment of people with disabilities and LGBTQ colleagues, moving forward to cultivate an inclusive corporate culture.

Globally, “Equity” will be introduced to shift to “Diversity, Equity and Inclusion.” This is not “equality” in which we provide the same things to various people, but “equity” where we provide appropriate support to each individual. I think “equity” is critical when solving for closing the gap for gender, people with disabilities and SOGI (sexual orientation and gender identity), etc.

Kiat: MUFG APAC is a diverse region, 18 different countries, many cultures, languages, and differing legislations impacting each of our respective locations. Therefore, we seek to become as inclusive as possible through our diversities of gender or races etc. We are doing this by ensuring we have the right mix of gender diversification at all levels in global, regional and local projects.

Another practical approach, for example: we are setting up diverse employee teams, bringing together all levels, and a wide representation of staff, to give them a voice for continuous improvement and to enable their contribution to business decisions.

Additionally, we have partner banks in the region, and this adds a level of energy and enthusiasm to how we work together and leverage the diversity that they also bring to MUFG APAC.

Jennifer: In EMEA, fostering a culture of collaboration, inclusivity, diversity, empowerment, and high performance is one of the four pillars of our EMEA strategy. Firstly, we focus on increasing diverse representation in line with the commitments we have made to the Women in Finance Charter and Race at Work Charter. We link accountability for achieving approved targets to executive performance through our EMEA Leadership objective, by monitoring and reporting on key diversity metrics. We also implement initiatives to support the learning, development and progression of diverse talent through initiatives such as our Reverse Mentoring programme.

Okeatta: In the Americas, we were able to develop a comprehensive DEI strategy with key performance indicators that include a focus on increasing gender, race, and ethnicity representation at senior levels, DEI learning and leadership development programs, and a plan for building an inclusive culture. We will use the remainder of the calendar year to operationalize our enterprise DEI strategy to include: 1) enhancing our governance model to leverage a top-down and bottom-up approach, 2) strengthen accountability at our most senior levels and for all people managers by introducing specific DEI management objectives starting in fiscal 2022, 3) investing in a comprehensive DEI learning and development platform and so on.

Sayaka: We must solve the situation where employees cannot fully utilise their ability due to their identity and environment. Additional investment in these employees will help to draw on their capabilities and have a positive impact on others, which will facilitate a merit-based system, or culture of "pay for performance," ensuring that the right person is in the right role. This will make individuals and our organization resilient, which is a target of pursuing "equity." Each region's action is to ensure "equity."

Each region has different issues, so actions are diversified. However, our global goal is to ensure equitable opportunities for all employees so they may maximize their capability within an inclusive culture and with psychological safety. This will change the culture and create value.

Direction

Angus: You are fostering global collaboration in addition to regional focus. What are you aiming at?


Okeatta: We are working to define a global "north star" and set clear objectives and key performance indicators to track and measure year-over-year progress of our journey to becoming the most trusted financial group.

Jennifer: I'm excited about the progress we're making towards building an integrated global DEI strategy. In EMEA, we've focused on I&D until now but recognise the importance of including equity. This change will allow us to take a more global approach in reviewing the policies, practices and processes that impact our employees, ensuring that someone's identity bears no impact on their ability to achieve their full potential and ambitions at MUFG.

Okeatta: The DEI strategy for the Americas includes a focus on workforce, culture, marketplace, and community. We must ask ourselves if we are being inclusive when we consider the products and services we offer and procure. A community focus is also integral to our DEI strategy. Supporting organizations and strategic collaborations dedicated to social justice, racial equity, gender equity, culture, arts, and economic prosperity within underserved communities through investment, volunteering, and charitable donations demonstrates our commitment to ESG.

Sayaka: I believe that by leveraging our global and regional network, we can lead the discussion with our customers and clients addressing social issues. This is also our mission as a global bank.

Angus: Let's promote DEI globally. This will not only change corporate culture, but also connect to our MUFG Purpose—Committed to empowering a bright future.

 For more details and to access the MUFG Sustainability Report, please visit our website.
<https://www.mufg.jp/english/csr/report/sustainability/>

Transform Our Corporate Culture / Human Resources Strategy

Programs Designed to Encourage Those Who Take on Challenges

MUFG has developed an extensive lineup of programs designed to empower employees to pursue personal growth and take on challenges as well as to support their autonomous efforts to develop their career paths. Among these programs is Job Challenge, an in-house job-posting program. In fiscal 2021, the number of applicants to this program more than tripled from the

previous year and included 164 employees who signed up for a dual in-house assignment system launched in said fiscal year (see below). Additionally, in fiscal 2022, the scope of an external dual-job arrangement at the Bank have expanded and made it possible for employees to act as private business owners outside the Group.

Career Challenge System

Program	Details	Fiscal 2021 results
Job Challenge	An in-house posting system targeting Group employees. Covering the extensive scope of business fields the MUFG Group encompasses, this system offers opportunities for applicants to take on tasks that align with their desires regardless of which Group entity they belong to.	2,278 applicants ^{*1}
Branch manager positions	Applicants to branch manager positions in Japan	241 applicants
Dual in-house assignments	A dual in-house assignment system is in place at the Bank to assist employees in their autonomous efforts to develop multi-path careers and facilitate in-house innovation.	164 applicants ^{*2}
New Business Proposal	This program solicits proposals from employees with regard to new services, products and operational improvements, thereby providing employees whose proposals are selected with opportunities to launch and spearhead proposed initiatives.	286 applicants ^{*1}
Open EX	This program provides employees with opportunities to be seconded to startups or other external corporations as MUFG's human resources evaluation criteria attach greater importance to experience of a broad range of business and diverse corporate cultures.	46 employees ^{*2} (cumulative total)
Challenge Leave	This system supports employees' pursuit of their dreams or personal growth, which may include becoming an entrepreneur, studying abroad, acquiring certification or getting elected to a public office, by granting leave for a certain period of time.	35 employees ^{*3} (cumulative total)

^{*1} The Bank, the Trust Bank and MUMSS ^{*2} The Bank ^{*3} The Bank and the Trust Bank

FOCUS

Becoming a Certified Instructor—an Example of a Dual In-House Assignment System Applicant



Natsuki Onishi
Certified Instructor
Konoike-Shinden Branch

My primary task at the branch is to provide individual customers with consulting on asset management and succession as a life planning consultant (LPC). At the same time, as a certified instructor, I occasionally serve as a lecturer in training sessions being held once or twice a month for newly appointed LPCs.

I have been keenly interested in becoming a certified instructor even as I continue working at the branch because this qualification enables me to better leverage my consulting skills and experience to empower my junior colleagues. Since I am a working mother, my time available for work has been limited. However, the presence of my supervisor, a working mother herself, encouraged me to step forward. Moreover, I have been aspiring to become a good model for my junior colleagues in terms of

self-motivated career development and personal growth.

In the course of training sessions, I strive to instill essential knowledge for LPCs. Prior to each session, I have to busy myself with preparations as the program is intensive and usually spans a whole day. However, this process also helps me refresh my own knowledge which, in turn, underpins my consulting activities at the branch. Also, I focus on ensuring that my lectures feature a sufficient volume of case studies from my real-life experience along with providing practical tips regarding verbal customer communications and other matters. I can see that my trainees tend to take notes when I begin to share my personal experience. I feel my efforts are rewarded whenever trainees respond to my lectures in a proactive manner like this and seem to be benefitting from my input.

To give these lectures, I have to sometimes leave behind my tasks at the branch. However, I feel no problems about balancing between serving as a consultant and giving lectures thanks to my branch manager who strongly advocates for employees who take on challenges like me. Going forward, I would like to be involved in the planning of training programs. I also expect MUFG to provide employees with more abundant opportunities to apply for and take on tasks outside their regular assignments regardless of their working locations.

Nurture and Secure Human Resources Capable of Driving Transformation

As we promote “smart” workstyles and push ahead with the digital shift to enhance operational efficiency and improve productivity, we are redirecting our human resources toward high-value-added operations with the aim of empowering them to achieve higher performance as professionals.

Nurturing human resources capable of spearheading digital transformation (DX) is a matter of pressing importance. With this in mind, various training programs have been implemented to nurture digital specialists at the Bank, the Trust Bank and the Securities. Among these programs, “DEEP” training (see below), a practical program designed to nurture digital specialists, has already been completed by approximately 290 individuals. In addition, approximately 750 individuals have completed a program aimed at discovering and nurturing DX leader candidates through in-house solicitation. Furthermore, the Bank mandates that all of its employees undergo e-learning programs with content equivalent to training programs for “IT Passport” certification, one of the Japanese national certifications, to help raise their digital literacy and has introduced an in-house digital-skill certification system to encourage employees to acquire external certifications. Under this system, a total of 1,633 individuals have been certified as “gold skill holders.”

Meanwhile, more than 700 Group employees have gone through educational programs offered at MUFG University specializing in nurturing future top management candidates. Also, approximately 80 individuals have participated in a coaching skill improvement program targeting general and branch managers in Japan. This program is designed to help managers better understand how to encourage their team members to employ their unique strengths, realize their full potential and take on new challenges and is offered with the expectation that such initiatives will further improve employee engagement.

To nurture global talents, we conduct job level-based training programs which help all Group members understand the MUFG Way and embrace a shared culture. For example, our Global LEAD Program targets those in managing director or similar positions at overseas bases. This program is intended to help such individuals acquire essential leadership knowledge as well as necessary perspectives on and in-depth expertise in global operations. To date, approximately 270 individuals have completed this program. We also provide the Three-month Intensive Program, which places junior and mid-level employees in on-the-job training (OJT) in different regions. Under this program, approximately 100 individuals have gained working abroad experiences.

FOCUS

The “DEEP” Training Program Aimed at Nurturing Core Digital Specialists



**Tetsuya
Nasuda**
Japan Digital
Design*

I attended the DEEP training program in 2020 when I was working at the Bank's Treasury and Investment Division. Through this program, I learned about the dynamic world of digital technologies and became extremely interested in the field. I was then seconded to Japan Digital Design and currently serve as a project manager supervising a team of 11 individuals working to upgrade AI-driven market analysis.

Under the program, I attended a total of 18 sessions over a period of seven months. Prior to each session, I was given preparatory assignments, including e-learning sessions and reading materials on such technical topics as design thinking. Although many of these materials dealt with engineering, design and other subjects unfamiliar to me, I felt I was able to gradually build up my literacy by taking on the preparatory assignments and participating in lectures focused on instilling practical

knowledge. Furthermore, I was given opportunities to attend separate sessions featuring specialists from within and outside the Group speaking about instances of how various aspects of digital expertise can be used in actual business operations. I also took part in a group project aimed at creating a new business for MUFG. These activities helped me acquire practical insights and develop a proactive mindset toward transformation. Moreover, the experience of the DEEP program and the very extensiveness and information density of its content really drove home for me just how serious MUFG is about nurturing digital specialists.

Currently, my team includes data scientists, engineers and designers, and all of these individuals work shoulder to shoulder while engaging in vigorous discussions based on a common ground premised on robust digital literacy, which I would not have ever gained if I hadn't undergone the DEEP program training. As I undertake tasks as part of this team, I feel the direct benefits of what I learned through the program. At the same time, as I am acutely aware of the breathtaking pace of technological advancement in this field, I am striving to keep myself up-to-date by reading books, attending external online lectures and utilizing other sources.

* A subsidiary of MUFG, Japan Digital Design is tasked with the development of digital-driven financial businesses and, to this end, works in collaboration with the Bank and other Group companies.

Transform Our Corporate Culture / Human Resources Strategy

MUFG Role Playing Tournament

In fiscal 2021, we held the first ever MUFG Role Playing Tournament. The aim of this tournament is to encourage branch staff in charge of customer consultation at the Bank, the Trust Bank and the Securities to enhance their proposal skills.

After preliminary rounds taking place over a period spanning approximately four months, five candidates made it to the final meet. In the final held in February 2022, officers from each Group company judged the proposals which the finalists presented assuming the same customer requirements.

Once the tournament was over, the winners made a number of remarks, including, “Participating in this event gave me a good opportunity to deeply think about how to deliver easy-to-understand explanations in a limited time and how to effectively utilize digital tools.” “I worked so hard to practice my presentations with the support of my branch, Retail & Commercial Banking Business Promotion Division and my

colleagues. This helped me grow professionally and personally,” and “Winning a prize is a starting point rather than a goal. I will continue doing my best to empower a brighter future.”

The presentations made at the final meet were livestreamed online so staff at every branch could watch. Comments from branch staff who watched the event included, “It was interesting to see the differences between Group companies in terms of the perspective used and the style of proposal. Seeing this makes me realize that there are greater possibilities for intragroup collaboration than I had previously imagined.” “There were a number of things that left a lasting impression. For example, one presenter made sure to clearly assure the customer that she would personally serve as a one-stop contact to handle all the issues the customer has been facing. These word choices made them seem particularly considerate of the customer. I would like to emulate this style in my customer meetings.”



Mitsuyo Sakakibara
Handa Br., The Bank



Kouhei Kikuchi
Ichinomiya Br., The Bank



Risa Suzuki
Kashiwa Br., The Trust Bank



Yuma Saisho
Tachikawa Br., The Trust Bank



Satomi Murahashi
Main Office, The Securities

Note: For the above finalists, branches they belonged to are as of February 2022.

Spark X—In-House New Business Incubation Program



Spark X organizers

Spark X is a new business incubation program now under way involving diverse individuals from around the Group. Specifically, a team consisting of frontline employees is responsible for organizing the program even as they obtain support from members of top management as well as specialists within and outside the Group.

With the condition that only business proposals deemed consistent with MUFG's Purpose are eligible to receive support through this program, Spark X solicited new business models built on unique ideas not dependent on our conventional wisdom in existing business fields and reflecting the strong personal aspirations of applicants. During a solicitation period spanning January through May 2022, a total of 650 ideas were submitted by 577 employees from 22 Group companies.

Over the course of this period, the program also hosted a total of 10 lectures provided by diverse specialists from within and outside MUFG and offered applicants consultation-type

interviews. Through these initiatives, Spark X offered applicants a number of opportunities to learn new ways of thinking and acquire the skills necessary to launch new businesses.

Under the Spark X program, following the document-based screening of business ideas, selected applicants go on to brush up their business models with the support of in-house and external specialists who serve as their mentors. Meanwhile, applicants whose proposals are rejected receive feedback on their ideas to ensure they remain motivated to take on challenges when the next opportunity arrives.

Eventually, individuals who have passed the final screening are assigned positions as project owners tasked with spearheading the commercialization of their proposals. With top management providing them with the necessary human resources and funds, Spark X thus offers a robust framework that strongly supports and encourages people aspiring to create new businesses to persevere until their goals are realized.

The name Spark X was chosen with the hope that this program will nurture individuals who “spark” the fire that will blaze a trail into a new era even as they boldly take on “X,” a challenge with an unpredictable future. In summary, Spark X aims to empower applicants to fully live up to their personal aspirations and serve as agents of change who inspire others to similarly step forward to drive transformation.

Empowering Employees to Develop a Sense of Ownership about Purpose—"MY Way × MUFG Way"

In fiscal 2021, we held MUFG Way Integration Sessions with the objective of encouraging employees to discover how relevant the MUFG Way is to their day-to-day tasks and actions.

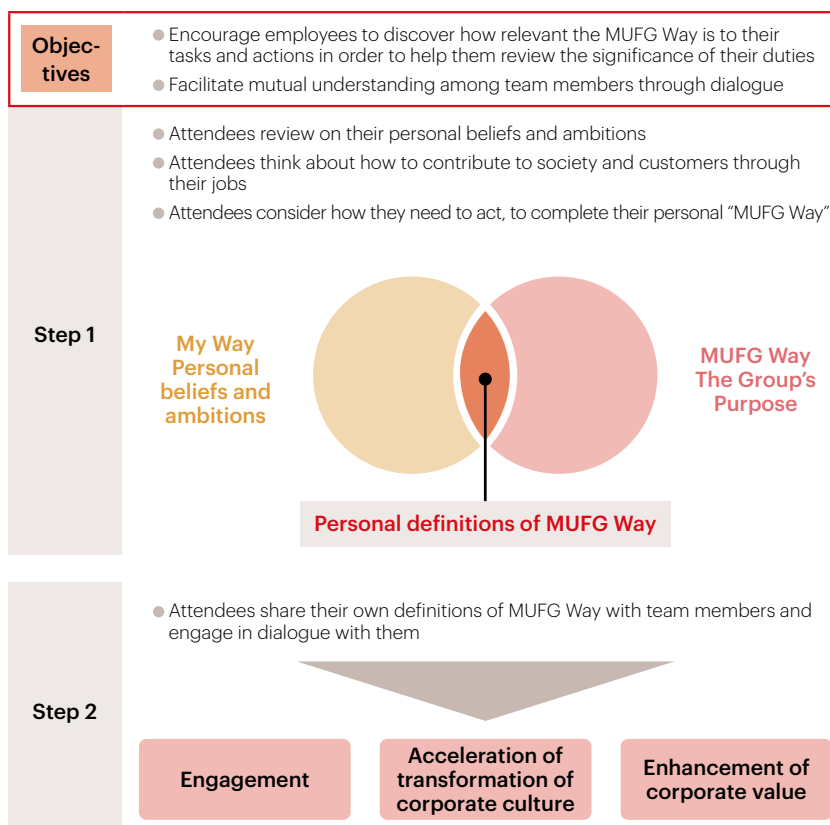
Each session began with self-reflection, with attendees asked to consider their value systems, beliefs and aspirations so that they may better articulate them as "My Way." They were then asked to develop their own interpretations of the MUFG Way in light of the policies upheld by the respective branch and division they belong to, and missions currently assigned to them. These interpretations were shared among attendees, who usually came from the same workplace, and they engaged in free discussions on that basis.

In addition, a cascade-down approach was used in these sessions, with Group CEO Kamezawa becoming the first to share his personal definition of the MUFG Way with officers overseeing Group companies. This sharing of "My Way" then progressed from officers to general managers of branches and divisions, and from general managers to their staff. The number of sessions held in Japan and overseas thus exceeded 3,000 and involved more than 50,000 employees.

Comments voiced by participants included, "I began to feel a sense of intimacy after hearing the personal life stories of my supervisor and what he/she really thinks about his/her job, things that I would never have known" and "The session helped me to recall what I was aiming for when I had just joined the Company. It was a good opportunity to seriously think about how I envision my contribution to customers and society as a whole." On the other hand, some participants commented that "It is hard to translate the Purpose into my tasks." Therefore, it can be concluded that we are only halfway to our goal of empowering employees to develop a robust sense of ownership about the Purpose.

In fiscal 2022, we updated these sessions into "MUFG Way Employee Sessions," focusing on helping attendees reexamine the relationship between "My Way" and the MUFG Way and develop tangible definitions of the stakeholders they aim to serve and how they will contribute to such stakeholders through their duties at MUFG. We thus are encouraging all employees, including those who are in non-managerial positions, to frankly exchange their thoughts on these matters with their supervisors, team members and other colleagues.

Outline of MUFG Way × My Way



Group CEO Kamezawa sharing his thoughts at a session attended by members of top management

Cascade down

Sessions held at each branch and division



Participants in a session held at Ogikubo Branch

Transform Our Corporate Culture / Human Resources Strategy

Roundtable Discussion—How We Take on New Challenges



Yasunobu Shiji

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Department, Corporate
Planning Division, MUFG Bank,
Ltd.

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Department, Asset Management
Division, Mitsubishi UFJ Trust
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Reo Takahashi

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Yusuke Nishigata

Manager, Digital Marketing
Office, Digital Planning
Division, Mitsubishi UFJ Trust
and Banking Corporation

Chikako Ido

General Manager, Kyodo
Branch, MUFG Bank, Ltd.

Heralding the Transformation of MUFG

The transformation of MUFG's corporate culture into a more open-minded, speed-oriented organization powered by employees who empathize with management goals and autonomously think, take action and tackle challenges is now under way. Here, we have invited several employees who are currently taking on such challenges and pursuing transformation to join in a roundtable exchange of views on MUFG's corporate culture.

Q1: Could you begin by describing the challenges each of you are currently tackling?

Shiji: Until 2021, I was working at the New Delhi Branch and found myself pretty impressed by the vitality of the local people and economy. There seemed to be a major difference between India and Japan in this regard. While this experience convinced me that India will one day emerge as a global leader, it also made me worry about MUFG's future as I suspected that the Group could possibly become out-of-date within the next 30 years or so. I then learned about the "Straight-Talking" roundtable event involving the Group CEO and applied to participate. Taking advantage of this valuable opportunity, I dared to ask Mr. Kamezawa a number of tough questions. The serious way he addressed all of my concerns made me feel that the Group CEO himself is strongly determined to transform MUFG. My conversations with him also helped reshape my views on the Group. Afterward, all 10 employee participants gathered a number of times over the course of the next four months to thoroughly discuss and identify what could be done to transform the Group. Eventually, this group, myself included, submitted a draft plan to Mr. Kamezawa for the launch of an in-house business proposal competition as well as an in-house social networking service (SNS), the latter of which is intended to invigorate internal communications and facilitate open-ended discussions among employees. To realize these ideas, I was transferred to the Corporate Planning Division. I am currently engaged in the planning and operation of Spark X, an in-house new business incubation program, as well as the promotion of measures to enhance internal communications to transform the corporate culture.

Ido: In October 2021, I became the manager of the Kyodo Branch. Although I voluntarily applied for this position through an in-house job-posting program, I had no experience in retail banking operations or organizational management. The only reason I stepped forward to take on this challenge was that my then-supervisor recommended that I apply for a branch manager position. To that point, since joining the Bank I had always held positions within corporate banking departments and had never imagined I could be a branch manager or oversee retail banking operations. That said, I decided to take on this challenge because I thought there must be a reason why my supervisor would recommend this position to me, and I also wanted to see if I could henceforth contribute to and serve the Group as well as my junior colleagues, as a way of showing

my appreciation for all the guidance and support provided by my senior colleagues.

Nishigata: In 2019, I joined the Trust Bank as a mid-career hire from a system development firm outside the Group. My previous role was to develop systems to meet a predetermined set of specifications. As I performed this job, I came to realize that digital technologies are nothing more than the means by which the ends are achieved. For example, I have sometimes seen that the simplest digital solutions result in far more favorable feedback than I could have expected. I have also experienced some development projects that did not end well despite considerable dedicated effort. That was why I started to consider switching careers, instead of continuing to develop systems to merely satisfy specifications. I wanted a position that involved planning what would be delivered to end users. Currently, I am engaged in system development employing AI and data science in an effort to support an information service optimized to meet needs of each customer.

Arima: I also joined the Trust Bank as a mid-career hire. I am currently working at the Asset Management Division, ensuring tasks related to the exercise of voting rights are consistent with our Voting Guidelines at shareholders' meetings. Prior to this position, I had been working at a provider of an electronic shareholder voting system platform. Over the course of the 2014 introduction of the Stewardship Code and the 2015 enforcement of the Corporate Governance Code, I was in a position to realize that a major shift in investor awareness was happening. This experience caused me to develop fresh aspirations to help listed companies improve corporate value through voting judgment that reflects the investor viewpoint, and thus prompted me to seek a position at the Trust Bank.

Takahashi: I had been in charge of sales of equity securities and bonds and serving unlisted corporate clients for around five and a half years at the Hiroshima Branch of the Securities. While I felt a certain degree of job fulfillment during this period, I started to gradually develop an interest in other businesses. I was then advised by the branch manager to apply to the in-house job-posting program. As a matter of fact, I was quite interested in the issuance of equity securities and bonds, so I applied for my current position. I am currently engaged in proposing the issuance of equity securities and bonds as well as a comprehensive range of peripheral services targeting listed corporate clients.

Transform Our Corporate Culture / Human Resources Strategy

Roundtable Discussion—How We Take on New Challenges

Q2: Please share your views on MUFG's corporate culture.

Arima: My views on MUFG has not changed at all since the time I was working outside the Group. I have always felt that MUFG's culture is based on diligence and sincerity. After joining, I also found MUFG to be more influential than I had ever imagined. Each action we take here may impact our society for better or worse, so all tasks assigned at MUFG require prudent judgment. That is perhaps why many of us feel difficulties in risk taking.

Takahashi: I was long aware that MUFG sometimes tends to follow precedents even though I personally believed that we should change our way of doing things in step with the changes of the times and in customer circumstances. When I read the announcement about Spark X, I was, therefore, pleasantly surprised at what MUFG was about to do because it seemed to be pretty out of character for the Group in light of its traditional mode of operations. As a member of this Group, it is encouraging for me to see tangible changes of this kind.

Shiji: As a financial institution, we are, of course, called upon to always ensure robust conformity with legal regulations and other compliance requirements. However, this does not mean that we can't vary our approach in different areas of operations. Rather, we can switch our approach on a case-by-case basis. For example, we can take a more aggressive stance and incorporate unusual ideas in one project while maintaining a prudent stance in another. As long our Purpose is steadfastly upheld in whatever we do, our actions will eventually help enhance MUFG's corporate value.

Nishigata: A culture of following precedents is not necessarily entirely negative. It can also be utilized in a positive manner. For example, in terms of digital marketing, the Bank's functions are far more sophisticated than those of the Trust Bank. For the Trust Bank to upgrade its functions, all it has to do is to simply follow precedents set by the Bank so that the well-thought-out framework in place at the latter can be replicated at the former. This will make the work to be done by the Trust Bank pretty easy, enabling it to smoothly secure a robust framework to address various matters ranging from legal risks to compliance. That being said, a precedent-centered culture sometimes drags employees into making blind judgments based solely on past actions. We should therefore exercise our own judgment to determine what is best for our customers.

Ido: As I, myself, was encouraged to take on a new challenge no matter what and was subsequently appointed as a branch manager despite a complete lack of experience, I personally feel MUFG's culture is undergoing steady transformation. When I shared my story at our MUFG Way Integration Session at Kyodo Branch, some even said "Now that you've introduced us to your "Way," I, too, would like to start thinking about what my "Way" could be like." It seems kind of daunting when we are advised to develop a sense of ownership regarding the Purpose. However, if we are first introduced to such concepts by colleagues at our own level, it may make us more open to reexamine, and inspired to transform, our ways of thinking. I

believe that, in doing so, we could connect the Purpose with our own visions and ambitions.

Q3: Please share your frank thoughts on the areas where MUFG must make improvements.

Takahashi: I think MUFG has yet to be capable of fully utilizing the comprehensive capabilities afforded by the Group. For example, I still hear about instances in which a customer proposal was not delivered in a timely manner for purely internal reasons. Also, some Group companies are not good at efficiently collaborating with other Group companies as their modes of operation are not in tandem. MUFG should work harder to effectively utilize its comprehensive capabilities, which underpin its distinctive strength, to secure the ability to deliver optimal solutions to customers at a faster pace. Failing to do so will hinder MUFG's efforts to enhance its own corporate value.

Nishigata: In the field of digitalization, projects often start with consolidating all relevant data to build a database. And, a database containing a sufficient volume of inputs will enable AI machine-learning and pattern recognition to yield new insights. However, the random aggregation of various data sometimes makes it hard for developers to explain how an AI system can draw certain conclusions from a given database. Therefore, our data gathering should focus on collecting input in line with specific purposes determined in light of the issues we aim to address and to whom we intend to deliver solutions. Only then will the use of AI become genuinely effective. Instead of blindly relying on AI, we should gradually introduce it in this manner and utilize it to tackle one problem at a time. I believe it is important to continue steadfastly working in this manner in order to steadily move forward and realize our vision for digitalization.

Arima: I feel that MUFG still lacks diversity. Prior to joining MUFG, I was a part of a workforce consisting of people of different ages and from widely diverse backgrounds. Smooth communication was no easy task because, for example, even one simple notification could be interpreted in different ways, depending on who read it. On the other hand, most of the MUFG employees have been hired as new graduates and have undergone the same training programs. This, of course, makes it easier to ensure smooth communication. To put it the other way around, however, this type of workplace culture by and large deprives employees of opportunities to pause at something unfamiliar or stumble at the unexpected. In such environment, people have a few opportunities to learn hard lessons from experience and be motivated to grow more resilient. However, MUFG has also been recruiting an increasing number of mid-career hires. In the course of their engagement in various operations such as new product development, mid-career hires, including myself, are asked to contribute suggestions and proposals drawing on their diverse viewpoints. As such, there has also been a gradual increase in the number of initiatives under way at MUFG to transform its corporate culture.

Shiji: Honestly, I think that holding an in-house business proposal competition is not enough to raise MUFG's

capabilities to create new businesses. I personally know many entrepreneurs, including some university classmates, whose startup businesses have been hit by countless hardships. The launch of a new business rarely proceeds like some of the success stories reported in the media. However, I also assume there is another reason why new businesses are rarely created at MUFG. I suspect that, at MUFG, those who submitted proposals in the past might not have been strongly encouraged to persevere until accomplishing their goals. Endeavors of this kind can be achieved only by those firmly determined to go on through any circumstances so that they can one day see their visions realized. In this sense, individuals driven by their own aspirations to volunteer proposals are the most likely to carry them through. With this in mind, Spark X offers an enhanced lineup of mentoring programs to help applicants acquire essential skills to serve as managers of the new businesses they propose.

Ido: I agree with the idea that the people who voluntarily put themselves forward are the most likely to persevere. That is exactly what I am now experiencing myself. The daily operations I am handling today as a branch manager are totally different from the duties I was handling for more than a decade. Even now, I am often surprised, perplexed or frustrated by these differences. However, I made it my personal habit to review my diary whenever I stumble so that I am reminded of the inner conviction that led me to this position. I voluntarily stepped forward to take on this challenge. That's why I can carry on and stand my ground. I think MUFG employees should be enabled to choose from an even broader range of career options in line with their life stages. Some people may want to take on more challenges, while others may feel they need to pause, or even slightly step back, in the face of certain life events. In any case, if these choices are made voluntarily with personal conviction, people will be best empowered to move forward.

Q4: Lastly, please describe sources of your motivation to take on challenges.

Shiji: Directly working to further MUFG's transformation is in itself a major source of my motivation. The preliminary briefings for Spark X attracted more than 2,500 attendees from 30 Group companies. The other day, a man in his 40s, who was among these attendees, approached me, saying, "Mr. Shiji, I had never felt more excited since joining the Bank!" With his eyes shining, he looked really excited about what he was set to do. As I have put so much passion into launching Spark X, I feel genuinely rewarded when I hear such comments. Prior to the launch, I presumed that the applicants would consist mostly of young people of their 20s. In reality, however, a larger than expected number of representatives of older generations also stepped forward to take on challenges. I believe that, if the presence of these individuals grows stronger in the workforce, MUFG will similarly become a stronger company.

Ido: The comments I hear from my branch staff members keep me motivated. Of course, sometimes things can be challenging. For example, I always try to ask how things are

going in the monthly staff interviews, but when I wasn't that familiar yet with some of their tasks, it was at times hard to dive deeper from there to keep the conversation going. However, occasionally some of the individuals I see tell me at the end of the interview that they feel more energized than before. Or others tell me "I now feel at ease after sharing my concerns with you." On the other hand, I am aware of the need to be careful about the way I talk to them. They may be demoralized if I choose wrong words. Because of this, I always try not to use clichés and strive to communicate only messages I really believe in. Also, within the limited time available to conduct these interviews, I do my best to encourage my staff and help them each to see their situation in a positive light. I feel really rewarded when these efforts prove successful.

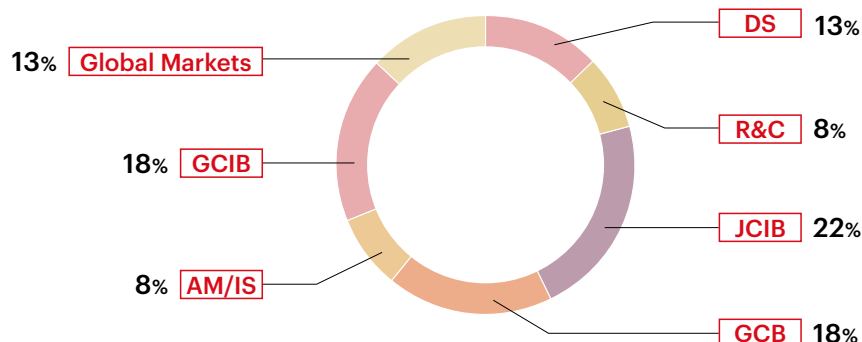
Nishigata: I consider helping senior citizens through digital-driven information services to be my personal mission and my source of motivation. However, senior customers coming to the Trust Bank for solutions associated with will testament and inheritance often prefer face-to-face explanations over online communications. Accordingly, developing contact points with them through the optimal combination of face-to-face and non-face-to-face channels is a matter of critical importance in terms of the future direction of our digitalization. This is where I dedicate my passion. Furthermore, the Bank and the Securities are both in possession of data gleaned from customers outside the reach of the Trust Bank. With this in mind, I would also like to step up my involvement in the planning of measures to facilitate the sharing and mutual utilization of such data.

Arima: I have always felt a drive to overcome difficult challenges. Last year, our division abolished an internal rule requiring the use of personal seals on proxy voting instruction forms. This move resulted in a workload reduction equivalent to more than 220 hours, along with the elimination of more than 50,000 paper sheets. Although I was a proponent of this change myself, the abolishment of said rule was found to involve quite a complex process and required the due consideration of a range of issues from clearing up the legal points to the impact on customer contracts. It took six months but eventually I was able to complete the project thanks to the cooperation of colleagues from a diverse range of departments. It was tough but rewarding. Currently, I am engaged in planning for the introduction of an electronic proxy voting system. If this project is also successful, I will feel quite a sense of fulfillment.

Takahashi: The most rewarding moment in my job is when I see my customers happy about our services. Although I also feel a sense of personal fulfillment when I achieve higher performance goals, I cannot be happier than I would be upon directly hearing words of gratitude from my customers. When a customer tells me, "Mr. Takahashi, we are grateful to have you here," I truly feel that I have chosen the right job. I even think that perhaps I am working for moments like that. Looking ahead, I would like to continue endeavoring to deliver optimal solutions to customers. To this end, I will strive to better leverage the comprehensive capabilities afforded by MUFG in a way that transcends boundaries between Group companies.

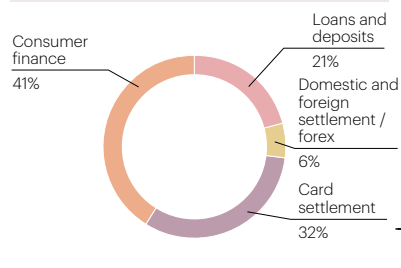
Business Group Performance

Breakdown of Fiscal 2021 Net Operating Profits by Business Group

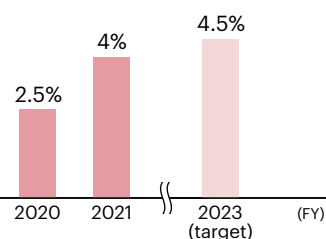


DS Digital Service Business Group*

FY2021 Gross Profit Breakdown



ROE KPI



Components of ROE

	FY2020	FY2021
Net operating profits	¥173.1 billion	¥172.5 billion
Expense ratio	76%	76%
RWA	¥9.0 trillion	¥9.0 trillion

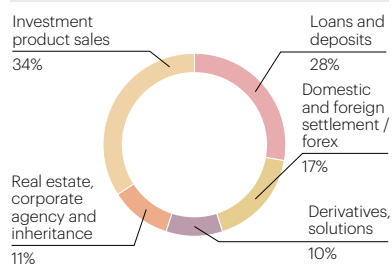
Overview of FY2021 Results

Income from consumer financing and card settlement declined due mainly to fallout from the COVID-19 pandemic, while the downward revision of transfer fees caused revenues to decrease. However, these negative factors were offset by cost reductions realized through the consolidation of branch offices and other measures. As a result, net operating profits remained virtually unchanged from the previous fiscal year.

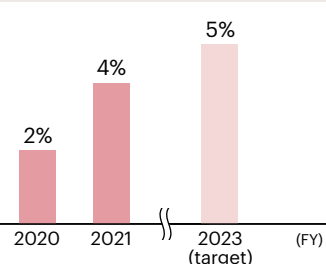
* Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits, excluding non-JPY medium- to long-term funding costs. Gross profit breakdown excludes profits or losses from others.

R&C Retail & Commercial Banking Business Group*

FY2021 Gross Profit Breakdown



ROE KPI



Components of ROE

	FY2020	FY2021
Net operating profits	¥65.7 billion	¥103.9 billion
Expense ratio	88%	83%
RWA	¥17.2 trillion	¥17.0 trillion

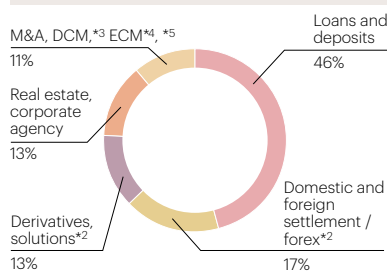
Overview of FY2021 Results

In addition to the robust performance of the real estate-related business, improved lending spreads and a resulting expansion in net interest income from lending led to a year-on-year increase in net operating profits. Growth in net operating profits was also supported by the accumulated balance of funds extended in M&A financing.

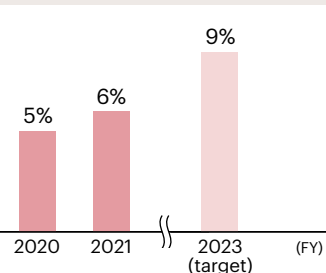
* Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits, excluding non-JPY medium- to long-term funding costs. Gross profit breakdown excludes profits or losses from others.

JCIB Japanese Corporate & Investment Banking Business Group*¹

FY2021 Gross Profit Breakdown



ROE KPI



Components of ROE

	FY2020	FY2021
Net operating profits	¥238.9 billion	¥284.6 billion
Expense ratio	57%	52%
RWA	¥34.3 trillion	¥32.5 trillion

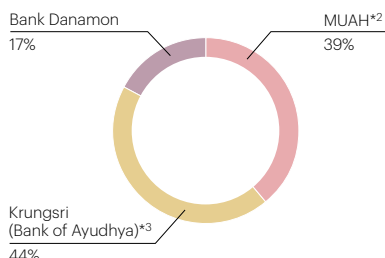
Overview of FY2021 Results

Syndicated loans and other relevant operations were weaker than in the previous fiscal year. On the other hand, net interest income from lending increased at home and abroad thanks to improved lending spreads, while performance in the real estate-related business and securities primary business was robust. With these positive factors surpassing the negative factors, net operating profits grew from the previous fiscal year.

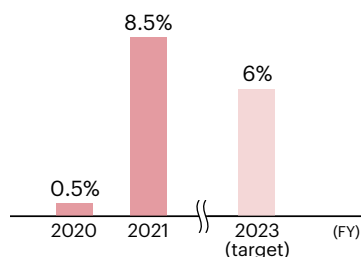
*¹ Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits, excluding non-JPY medium- to long-term funding costs. Gross profit breakdown excludes profits or losses from others. ² Figures are domestic business only. ³ Debt Capital Markets ⁴ Equity Capital Markets ⁵ Including real estate securitization, etc.

GCB Global Commercial Banking Business Group*¹

FY2021 Gross Profit Breakdown



ROE KPI



Components of ROE

	FY2020	FY2021
Net operating profits	¥271.9 billion	¥229.4 billion
Expense ratio	65%	69%
RWA	¥17.2 trillion	¥16.6 trillion

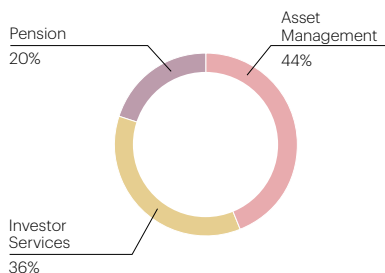
Overview of FY2021 Results

Policy rate cuts in some countries resulted in a decline in interest income, while the balance of auto loans decreased in Indonesia. Taking these factors into account, net operating profits declined year on year.

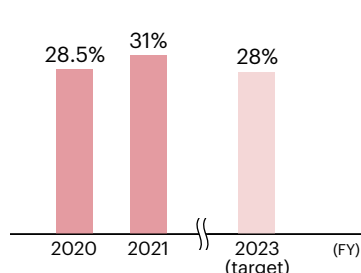
*¹ Managerial accounting basis. Local currency basis. Figures for MUAH and Krungsri include those belonging to GCB only and exclude those belonging to other business groups. Figure for Bank Danamon is on a standalone entity basis. ROE is calculated using RWAs and is based on net profits. Gross profit breakdown excludes profits or losses from others. *² Excluding figures belonging to Trust/Securities subsidiaries, JCIB, GCIB and Global Markets *³ After GAAP adjustment. Excluding figures that belong to Global Markets

AM/IS Asset Management & Investor Services Business Group*¹

FY2021 Gross Profit Breakdown



ROE KPI



Components of ROE

	FY2020	FY2021
Net operating profits	¥79.9 billion	¥103.3 billion
Expense ratio	72%	69%
Economic capital	¥0.3 trillion	¥0.3 trillion

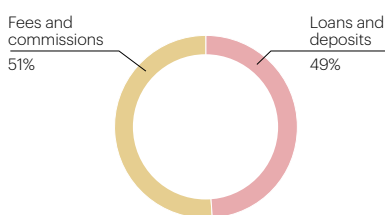
Overview of FY2021 Results

Along with greater performance fees from stronger investment returns in FSI, profits steadily accumulated via deals concluded in the global IS*² and pension businesses. As a result, net operating profits rose year on year.

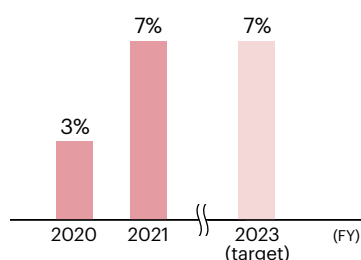
*¹ Managerial accounting basis. Local currency basis. ROE is calculated using economic capital and is based on net profits. *² Investor Services

GCIB Global Corporate & Investment Banking Business Group*¹

FY2021 Gross Profit Breakdown



ROE KPI



Components of ROE

	FY2020	FY2021
Net operating profits	¥141.1 billion	¥186.5 billion
Expense ratio	65%	58%
RWA	¥22.4 trillion	¥23.0 trillion

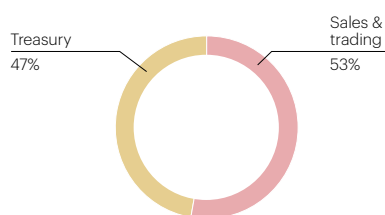
Overview of FY2021 Results

Net operating profits increased year on year due to improvement of lending spread and expansion of secured finance*² to the institutional investors, wallet share in NIG*³ field and project finance transaction.

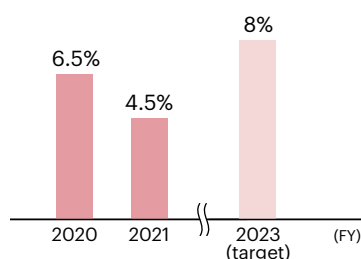
*¹ Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits, excluding non-JPY medium- to long-term funding costs. Gross profit breakdown excludes profits or losses from others. *² Lending secured or structured by investment portfolios managed by asset managers *³ Non-investment grade

Global Markets Global Markets Business Group*

FY2021 Gross Profit Breakdown



ROE KPI



Components of ROE

	FY2020	FY2021
Net operating profits	¥340.5 billion	¥208.3 billion
Expense ratio	41%	53%
Economic capital	¥5.2 trillion	¥4.1 trillion

Overview of FY2021 Results

In treasury operations, in addition to the absence of the gains on sales of bonds recorded in the previous fiscal year, sales of bonds for the purpose of managing valuation resulted in losses. Customer-segment businesses saw one-off losses associated with the overseas securities business. These factors caused net operating profits to decline year on year.

* Managerial accounting basis. Local currency basis. ROE is calculated using economic capital and is based on net profits. Gross profit breakdown excludes profits or losses from others.

Digital Service Business Group DS



■ Vision for the Business Group

- A financial services specialist relied on by society as a whole and capable of helping customers resolve their anxieties about finance
- A financial and digital platform operator boasting an overwhelming presence as Japan's leading bank

■ Main Business

- Provide domestic individual customers and corporate clients with digital-driven financial services, to this end striving to expand digitized customer contact points and enhance customer convenience

Masakazu Osawa
Group Head, Digital Service Business Group

■ Overview of Strategies of the Business Group

Strengths

- An extensive customer base and a robust network of business bases in Japan
- The safe and secure systems necessary for collaboration with external partners in providing non-face-to-face services in addition to hard-earned customer trust and confidence supported by these systems

The Business Environment (opportunities and risks)

Opportunity Growing needs for non-face-to-face transactions

Opportunity and risk External players making entries into financial services from different sectors

Risk Emergence of system failure, etc.

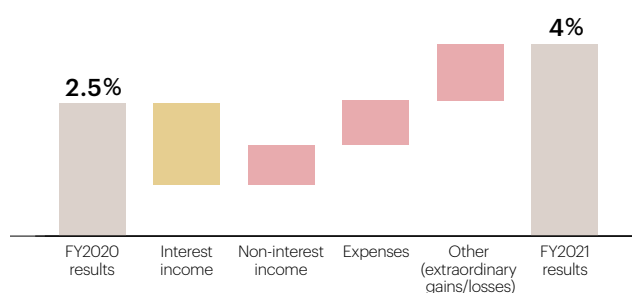
Challenges

- Provide financial services finely tuned to meet diverse customer needs along with getting such services on a profitable track
- Optimize the branch network
- Expand customer contact points via collaboration with external partners

Initiatives to Achieve ROE Target

- Channel shift and structural reforms
- Digital Transformation (DX)-driven revenue growth from existing businesses
- Challenges for new source of revenue

Factors behind Changes in ROE*



* Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits, excluding non-JPY medium- to long-term funding costs.

Components of ROE

	FY2021 results	Comparison with FY2020
Net operating profits	¥172.5 billion	-¥0.6 billion
Expense ratio	76%	-0 ppt
RWAs	¥9.0 trillion	+¥0.0 trillion

Progress in Key Strategies under the MTBP

Enhancing Customer Convenience through the Digital Shift

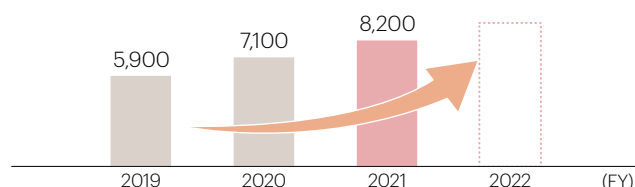
The number of Mitsubishi UFJ Direct internet banking users has grown steadily and surpassed 8 million as of the end of fiscal 2021. Also in said fiscal year, the number of new account openings via app exceeded the number of account openings at branch counters for the first time. These results indicate the steady progress of the digital shift thanks to the functional upgrading of the app and other measures.

Meanwhile, our branches have been introducing tablet terminals that can be easily operated by customers to complete various transactions. Beginning with an account opening function released in July 2022, functions offered by these terminals will be gradually updated to encompass a broad range of transactions.

In addition to optimizing our branch network, we will pursue DX for both online channels and physical branches to enhance the convenience of our services.

The number of constant users of Mitsubishi UFJ Direct

(Thousand persons)



Enhancing the Content of New Services through External Collaboration

In December 2021, we launched Money Canvas, a smartphone-based asset management service platform for individual customers. Money Canvas offers an extensive lineup of financial products and services provided by both MUFG and its external partners while featuring robust functions designed to support asset management beginners including, for example, a diagnostic tool to determine a user's optimal investment approach. Going forward, we will continuously upgrade the product lineup and functions to provide our customers with comprehensive assistance in their asset building endeavors.

At the same time, we aim to promote Banking as a Service (BaaS) by realigning our financial services and products into module-based functions and incorporate them into services run by external partners. Through these initiatives, we will expand our contact points with customers and discover upstream needs for financial services. In this way, we will deliver products and services optimized to meet the needs of each customer.

Outline of Money Canvas



Offer Comprehensive Solutions Supporting Customers' Asset Building Endeavors

Service providers

- Stock/Mutual fund
- Jointly-managed money trust
- Cloud funding
- Roboadvisor
- Insurance
- Investment using points

Stock/Mutual fund

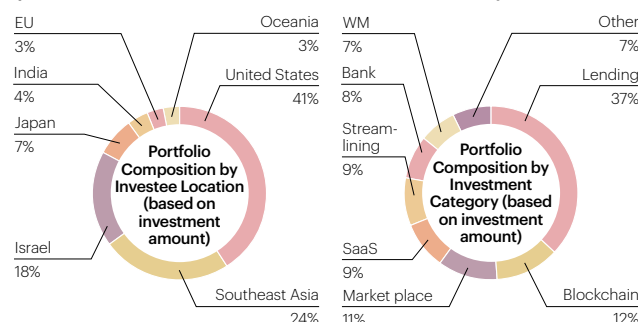
- au Kabucom Securities
- MUFG Bank
- Mitsubishi UFJ Trust and Banking
- Funds
- Mitsubishi UFJ Morgan Stanley Securities
- WealthNavi
- Tokio Marine & Nichido Fire Insurance
- Sompo Japan Insurance
- STOCKPOINT
- CONNECT (Daiwa Securities)

Please also refer to page 53 for an interview with the individual in charge of developing Money Canvas.

Initiatives to Accelerate DX Across the Board

MUFG Innovation Partners (MUIP), a corporate venture capital fund, established the No. 2 Fund with a total asset value of ¥20.0 billion in July 2021, building on the robust results of its No. 1 Fund. Through the No. 2 Fund, efforts are currently under way to promote open innovation involving trilateral collaboration among MUFG, the fund's startup investees and MUFG corporate clients. The fund is also engaged in the development of new investment fields, including a number focused on addressing ESG issues.

Regional Breakdown of MUIP's Investment Targets (more than 30 investees at home and abroad)



Retail & Commercial Banking Business Group R&C



Vision for the Business Group

- Help people enjoy abundant lives while contributing to growth and business expansion for corporate customers
- A team of finance professionals with unparalleled strength in Japan

Main Business

- Provide domestic individual and corporate customers with a range of financial services, such as lending and settlement as well as those associated with asset management, inheritance and real estate in addition to offering business and asset succession solutions.

Atsushi Miyata

Group Head, Retail & Commercial Banking Business Group

Overview of Strategies of the Business Group

Strengths

- The most extensive individual and corporate customer base in Japan
- Comprehensive capabilities afforded by Group companies to meet diverse customer needs

The Business Environment (opportunities and risks)

Opportunity

Growing needs for asset and business succession solutions on the back of an aging population and low birthrate

Risk

Insufficient adoption of a customer-centric perspective among sales staff

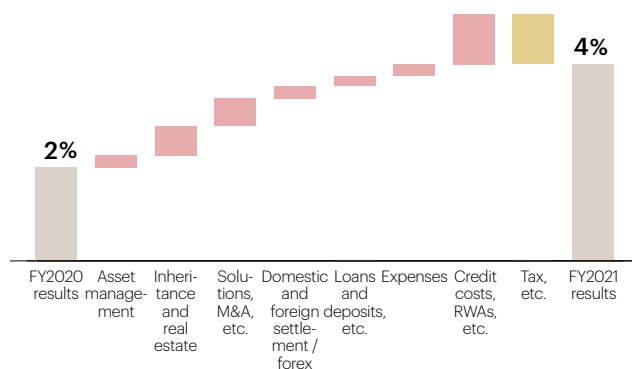
Challenges

- Further upgrade the groupwide integrated business model
- Enhance earnings power while improving the profit structure
- Improve productivity via the digital shift

Initiatives to Achieve ROE Target

- Integrated promotion of corporate banking and WM^{*1} solutions as well as the pursuit of the value chain business for both corporate and retail banking through the use of a groupwide, integrated approach
- Accelerate initiatives in new business fields and the development of a business platform for corporate customers
- Continue with cost reduction efforts

Factors behind Changes in ROE^{*2}



^{*1} Wealth management

^{*2} Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits, excluding non-JPY medium- to long-term funding costs.

Components of ROE

	FY2021 results	Comparison with FY2020
Net operating profits	¥103.9 billion	+¥38.2 billion
Expense ratio	83%	-6 ppt
RWAs	¥17.0 trillion	-¥0.1 trillion

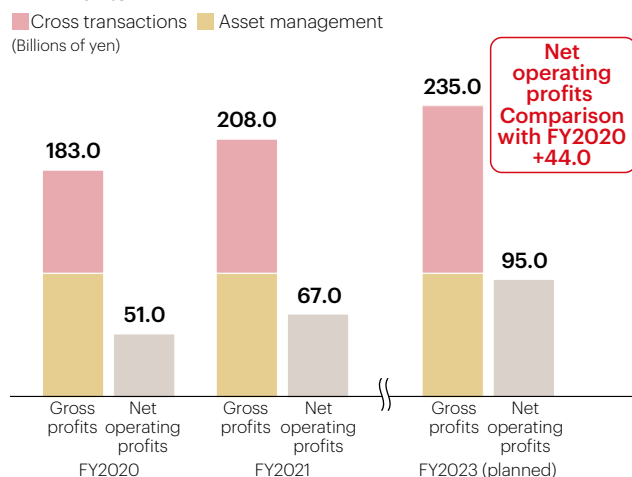
Progress in Key Strategies under the MTBP

Promoting Corporate Banking and WM Solutions in an Integrated Manner

We meet the needs of customers who face a variety of challenges in connection with their invaluable assets by rallying the resources afforded by the Bank, the Trust Bank and the Securities. Specifically, we promote strategies centered on the cross-transactional business and the asset management business. As a result, we have steadily accumulated WM profits in line with our target under the MTBP. Also, we take full advantage of our WM digital platform* released in February 2022. In these ways, we are accelerating our strategies to enhance our capabilities to help resolve issues our customers are confronting by taking a groupwide, integrated approach.

* A platform developed via the incorporation of expertise offered by Morgan Stanley. The WM digital platform enables the consolidation of customer profiling data and empowers sales staff to offer timely and optimal advice and proposals based on the analysis of the customer's entire asset portfolio.

WM Profits



Cross-Transactional Business

The cross-transactional business refers to a type of business that takes full advantage of the comprehensive capabilities afforded by Group companies, namely, the Bank, the Trust Bank and the Securities. We leverage our extensive corporate customer base to reach out to business owners, who account for approximately 60% of our high net-worth individual customers and, starting with meeting their fundamental needs for business succession, we deliver lending, testament, real estate, M&A, IPO and other high-value-added services backed by our comprehensive strengths.

Asset Management Business

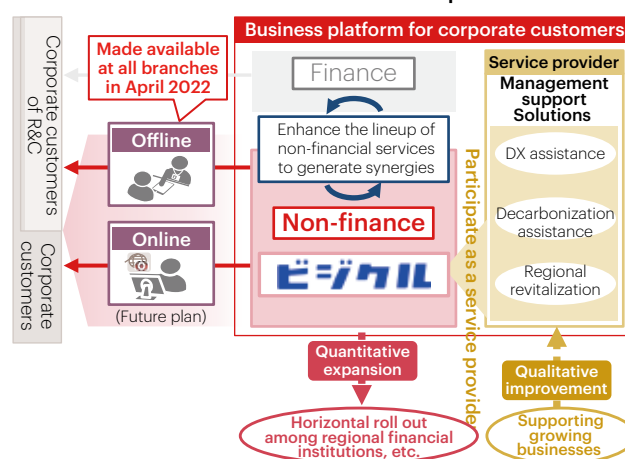
We provide advisory services that accurately meet needs among customers seeking stable, medium- to long-term asset building solutions or otherwise tackling various asset issues, including the need for asset reshuffling, identified in the course of cross transactions with us. Under the MUFG Wealth Management brand, we also provide informational services, such as market outlook and investment commentaries, while enhancing our advisory functions via the development of a strictly selective product lineup and the proposal of desirable portfolios.

Development of a Business Platform for Corporate Customers

Busikul* is a "problem-solving" platform offered by Business Tech Co., Ltd, which was made a consolidated subsidiary of MUFG in November 2021. This platform is equipped with an enriched lineup of services, including non-financial solutions, designed to resolve issues our corporate customers are confronting. At the same time, we support up-and-coming corporations by allowing them to market their products via Busikul. Furthermore, we promote the diversification of platform participants by welcoming regional financial institutions and other organizations. Thus, via this platform business model we offer an innovative way for MUFG and other participants to co-create new businesses.

* A platform boasting diverse solutions optimized to help corporations resolve a variety of social and management issues. These solutions include those supporting digital transformation, the incorporation of an ESG-oriented business approach and the pursuit of regional revitalization.

Overview of the Business Platform for Corporate Customers



Japanese Corporate & Investment Banking Business Group **JCIB**



Vision for the Business Group

- Grow together with customers by sharing business risk
- Realize “staircase management”; steadily climb a growth staircase and achieve year-on-year improvement toward the goals of the Medium-Term Business Plan in three years

Main Business

- Offer comprehensive financial solutions tailored to needs of major Japanese corporations, with the Bank, the Trust Bank, the Securities and other Group companies acting in close collaboration and taking full advantage of their sophisticated expertise in their respective financial service fields

Naomi Hayashi
Group Head, Japanese Corporate & Investment Banking Business Group

Overview of Strategies of the Business Group

Strengths

- Capable of delivering sophisticated solutions by taking advantage of groupwide collaboration and an integrated cross-regional approach
 - Global reach in investment banking operations
 - Trust banking functions supporting a full-lineup of services
 - A robust balance sheet and an extensive overseas network, both of which are at a top level in the domestic banking industry

The Business Environment (opportunities and risks)

- Opportunity** Emerging needs of financing for new industries born of changes in social structure, such as DX, EX*1 and other trends driven by technological innovation
- Opportunity** Pathway for transition toward carbon neutrality
- Risk** Economic recessions arising from geopolitical risks and inflation as well as resulting decline in the quality of lending assets

Challenges

- Raise employee awareness regarding thoroughgoing profitability management
- Reallocation of RWAs and the enhancement of risk-taking capabilities
- Secure greater customer expectations for roles MUFG can fulfill

Initiatives to Achieve ROE Target

- Short term: Continue with “staircase management”
 - Thoroughly manage profitability to steadily improve lending spreads
 - Reallocate RWAs to high-profitability assets
- Medium to long term: Take on new challenges to achieve sustainable growth
 - Contribute to improve our customer’s medium- to long-term profit
 - Raise our capabilities to help resolve social issues

Factors behind Changes in ROE*2



*1 Energy transformation

*2 Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits, excluding non-JPY medium- to long-term funding costs.

Components of ROE

	FY2021 results	Comparison with FY2020
Net operating profits	¥284.6 billion	+¥45.7 billion
Expense ratio	52%	-5 ppt
RWAs	¥32.5 trillion	-¥1.8 trillion

Progress in Key Strategies under the MTBP

Continue “Staircase Management”

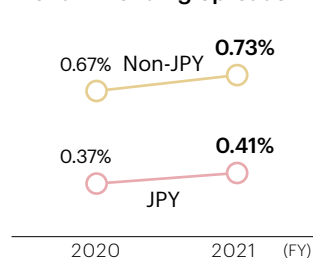
In the first year of the MTBP, we strove to establish a business model focused on achieving a high ROE. To this end, we promoted the development of profitability management and employee evaluation systems linked with ROE, thereby achieving stable year-on-year growth in our operating results.

Specifically, we have been able to steadily improve lending spreads by curbing the balance of low-profitability lending via thoroughgoing profitability management. Along with the reduction of low-profitability lending, we promoted the divestment of equity holdings to cut back on RWAs. Placing the utmost priority on improving lending spreads and divesting equity holdings, we will continue working on these areas to achieve even better results year by year.

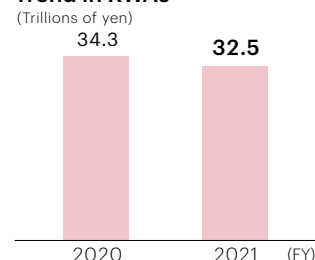
In fiscal 2022, we established the Wholesale Coverage Division, a dual-hat organization run by staff from the Bank, the Trust Bank and the Securities. This organization is expected to raise our capabilities to connect functions offered by Group companies. Through these and other endeavors, we will deliver solutions to business challenges confronting our customers in a way that transcends the scope of traditional banking services.

Looking ahead, we will secure steady annual improvement in ROE through the pursuit of risk-return management based on the timely assessment of changes in the business environment.

Trend in Lending Spreads

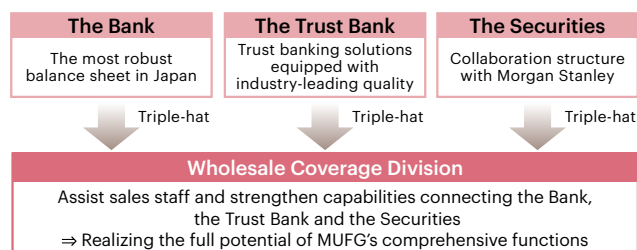


Trend in RWAs



Strengthen MUFG Capabilities to Provide Solutions

- Newly establish a triple-hat organization consisting of staff from the Bank, the Trust Bank and the Securities



Taking on New Challenges to Pursue Sustainable Growth

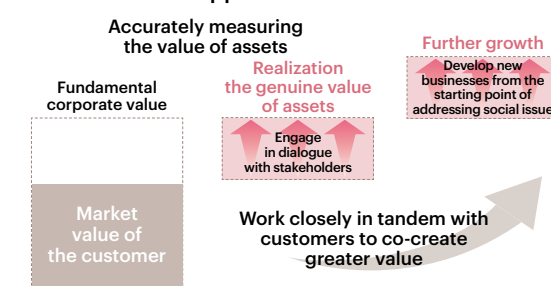
The business environment surrounding our customers is undergoing rapid changes due to the growing importance of solutions to social issues, including climate change-related issues. In addition, this environment is now drastically affected by inflation, emerging developments in international affairs and other factors.

Amid times of increasing uncertainty like this moment, we will continue to deliver solutions informed by both customer engagement and our business and financial expertise. By doing so, we will promote our unique approach to the co-creation of value to support sustainable growth for customers.

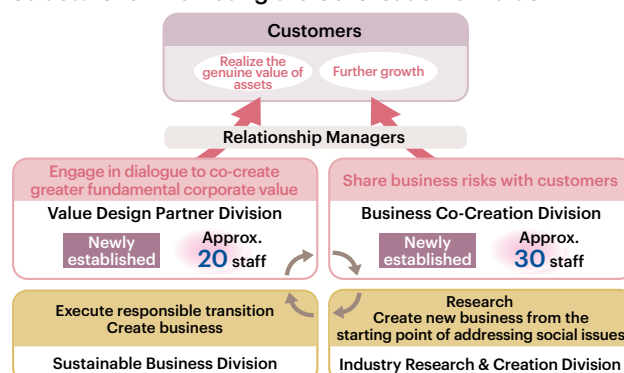
As part of these efforts, we will engage in “investment for co-creation business.” This type of investment involves partnership with customers and starts with addressing social issues. Under this investment scheme, we will offer financing solutions ranging from lending to investment to meet differing customer needs based on business characteristics and support all areas of customer balance sheets.

Taking the above approach for the co-creation of value, we will strive to earn even higher customer expectations regarding the roles MUFG can play and be chosen as a partner worthy of sharing business risks. Looking ahead, we will thus establish a business model enabling us to achieve sustainable growth in tandem with customers.

Overview of Our Approach for the Co-Creation of Value



Structure for Promoting the Co-Creation of Value



Global Commercial Banking Business Group **GCB**



Vision for the Business Group

- Committed to empowering a brighter future for customers in ASEAN through collaboration between MUFG and partner banks

Main Business

- Provide financial services to corporations expanding into the ASEAN region as well as to local SMEs and individuals through partner banks, such as Krungsri (Bank of Ayudhya), Bank Danamon, VietinBank and Security Bank.

Kenichi Yamato

Group Head, Global Commercial Banking Business Group

Overview of Strategies of the Business Group

Strengths

- A wide range of services and functions offered through the combined strength of MUFG and partner banks
- An unparalleled partner bank network in ASEAN (encompassing approximately 3,000 branches and 80,000 employees)
- The capability to promote financial inclusion through collaboration with Grab and startup companies, along with access to the sophisticated digital finance expertise possessed by these partners

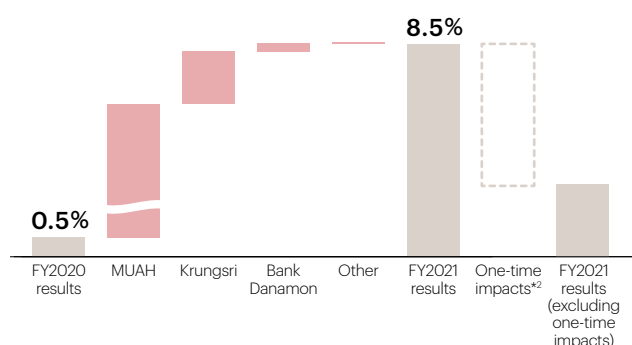
The Business Environment (opportunities and risks)

Opportunity Promotion of business which captures the high growth rate of the ASEAN economy

Risk Delays in economic recovery in ASEAN due to the influence of global economic deceleration

Opportunity and risk Expansion of digital finance in ASEAN

Factors behind Changes in ROE*1



*1 Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits. *2 One-time gains associated with MUAH and Krungsri

Challenges

- Krungsri: Secure new profit source preceding the decline in growth expected from the maturation of the Thai economy
- Bank Danamon: Expedite recovery in consumer and SME activities from stagnation induced by the COVID-19 pandemic as well as accelerating the auto loan business

Initiatives to Achieve ROE Target

- Krungsri: Pursue opportunities for intermittent growth in and outside Thailand, with the retail business positioned as the core growth driver
- Bank Danamon: Deepen collaboration with partner banks to increase synergies while strengthening the consumer finance business through management restructuring and enhanced collaboration with auto loan subsidiary
- Secure new profit sources through the pursuit of DX and promotion of carbon neutrality business

Components of ROE

	FY2021 results	Comparison with FY2020
Net operating profits	¥229.4 billion	-¥42.5 billion
Expense ratio	69%	+4 ppt
RWAs	¥16.6 trillion	-¥0.6 trillion

Progress in Key Strategies under the MTBP

Promoting the Asia Business

We provide financial services to corporations expanding into ASEAN as well as local SMEs and individual customers through our partner banks. Through the combined strengths of MUFG's global service capabilities and partner banks' local customer base and service capabilities, we will aim to seize opportunities arising from ASEAN economies boasting robust potential for future growth.

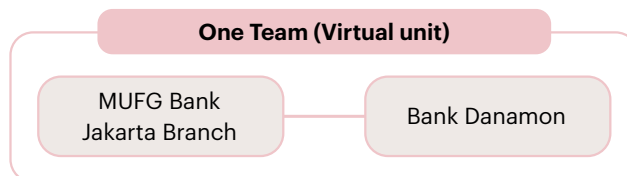
Deepen MUFG Collaboration

In fiscal 2021, MUFG and Bank Danamon established a virtual unit to promote joint proposal activities. This move facilitated the successful closing of deals such as acquisition financing and developer loans. As a result, the balance of synergy loan increased approximately threefold from the fiscal 2019 level, while the balance of low-cost deposits expanded around sevenfold.

Enhancement of Consumer Financing

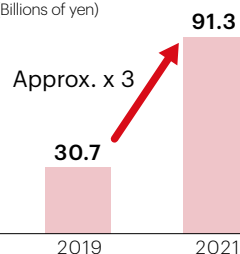
In Indonesia, we work together with Bank Danamon to enhance our promotion structure for consumer financing, by sharing expertise and best practices of Krungsri, who leads the Thai market in this area. Meanwhile, Bank Danamon appointed former CEO of Adira Finance, a subsidiary specializing in auto loans, as vice president in charge of retail banking, with aim to securing greater synergies arising from collaboration between Bank Danamon and this subsidiary.

Deepen Collaboration between MUFG and Bank Danamon



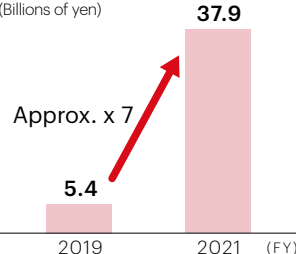
Synergy Loan Balance

(Billions of yen)



Balance of Synergy Low-Cost Deposits*

(Billions of yen)



* Current account and savings account (CASA)

Initiatives to Enhancement of Consumer Financing



Deepen Collaboration between
Bank Danamon and Adira Finance

Sharing Expertise of Krungsri

Pursuit of New Businesses

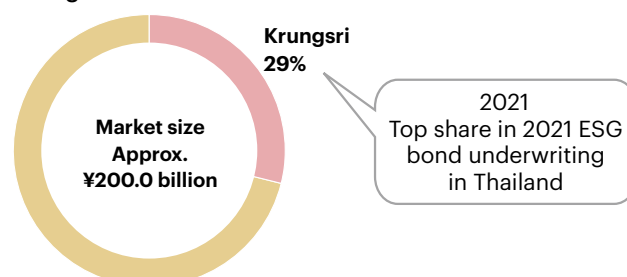
Currently, DX efforts are under way at partner banks, along with promotion of financial solutions for carbon neutrality. Furthermore, our collaboration with Grab has yielded tangible outcomes, including growth in the loan balance in Thailand and the release of co-brand credit cards with Bank Danamon.

Furthermore, Krungsri holds a leading position in Thailand's ESG finance market, and Krungsri has secured a number of ESG financing deals in tandem with MUFG.

Collaboration with Grab

Krungsri	Accumulate the balance of loans for driver and food merchants Launch loans for Grab users
Bank Danamon	Launch co-brand credit cards

Krungsri's Share in Thailand's ESG Finance Market



Asset Management & Investor Services Business Group **AM/IS**



Vision for the Business Group

- To be the professional global AM/IS player to continuously meet customers' needs through demonstrating high degree of expertise as a fiduciary toward sustainable society

Main Business

- Provide various products, services and consulting employing sophisticated specialist know-how in the areas of asset management (AM), investor services (IS) and pensions

Takayuki Yasuda

Group Head, Asset Management & Investor Services Business Group

Overview of Strategies of the Business Group

Strengths

- Robust human resource capabilities supporting the fulfillment of fiduciary duties
- Superior consulting capabilities backed by sophisticated and exclusive know-how
- Strong product development capabilities in the AM/IS fields

The Business Environment (opportunities and risks)

Opportunity Diversification of customer needs on the back of growing public interest in environmental and social issues

Opportunity Market growth in alternative fields

Risk A decrease in the balance of assets under management/administration due to such factors as market downturn

Risk Growing shift toward passive investment and declining rates of fees and commissions

Challenges

- Strengthen an even more robust profit base
- Enhance our lineup of products and services to better adapt to the evolving external environment and meet increasingly diverse customer needs

Initiatives to Achieve ROE Target

- Pursue further growth for the global AM/IS business
- Flexibly provide high-value-added products and services

Factors behind Changes in ROE*1



Components of ROE

	FY2021 results	Comparison with FY2020
Net operating profits	¥103.3 billion	+¥23.4 billion
Expense ratio	69%	-4 ppt
Economic capital	¥0.3 trillion	+¥0.0 trillion

*1 Managerial accounting basis. Local currency basis. ROE is calculated using economic capital and is based on net profits. *2 Gains on sales of AMP Capital shares, etc.

Progress in Key Strategies under the MTBP

Asset Management (AM)

Global

FSI*¹ achieved a solid performance well in excess of the benchmark in connection with assets managed under its flagship funds and other vehicles. Specifically, backed by a growing volume of base fees in step with an increase in the balance of assets under management, along with expansion in performance fees, FSI's profits hit a record-high. Meanwhile, MUFG intends to incorporate the industry-leading expertise offered by FSI in the responsible investment field to develop new products employing seed investment*² and other investment mechanisms. In this way, we will sustainably create and deliver profits to customers.

*¹ First Sentier Investors: An asset management firm based in Australia

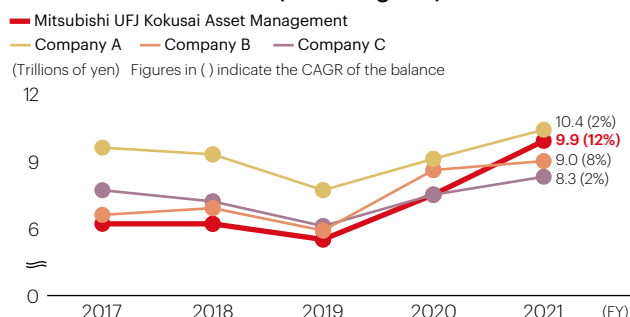
*² Funds invested by an asset manager upon the formulation of a new fund

Japan

Mitsubishi UFJ Kokusai Asset Management expanded its market share by taking full advantage of its extensive lineup of no-load index funds, centered on the eMAXIS series, to meet investment needs among individual customers seeking for asset building solutions. As a result, this subsidiary raised its industry ranking from fourth to

second in terms of the balance of publicly offered stock investment trusts (excluding ETF) held. Going forward, we will work to strengthen our profit base by strengthening branding and delivering products aligned with changes in the investment environment.

Trend in the Balance of Publicly Offered Stock Investment Trusts (excluding ETF)



Investor Services (IS)

Global

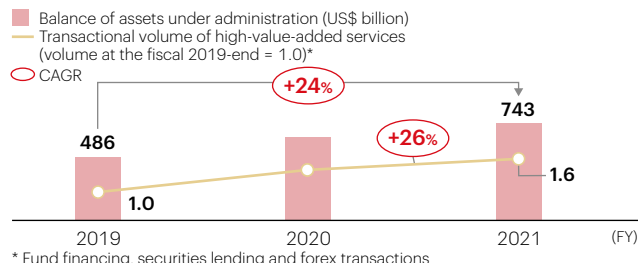
We made progress in the combined provision of high-value-added services, including fund financing, and thus achieved further growth in the balance of assets under administration. Looking ahead, we will strive to enhance the content of ESG-related services and otherwise work to establish our standing as a global provider of comprehensive investor services.

Japan

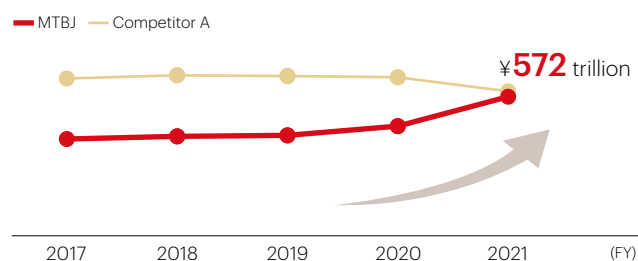
The Master Trust Bank of Japan (MTBJ) promoted various initiatives to differentiate itself from competitors, for example, the provision of cross-regional services in collaboration with overseas investor services firms under MUFG's umbrella. These initiatives helped MTBJ increase the balance of assets under administration. Going forward, we will combine MTBJ's expertise in the outsourcing of middle- and back-office operations with Aladdin*² to develop a platform designed to help asset management firms improve their operational efficiency. In these and other ways, we will expand the lineup of new services.

* A system provided by BlackRock Solutions* to support asset management firms' operations in a comprehensive manner

Trend in the Balance of Assets under Global Administration and the Volume of Transactions



Trend in the Balance of Assets under Domestic Administration



Initiatives to Address Social Issues

We are also striving to help resolve issues society is confronting by, for example, offering retiree support services to aid in the effective utilization of corporate clients' human capital. We are also facilitating the expansion of the scope of DC*¹ enrollment through the release of D-Canvas, an app designed to support persons

enrolled in pension plans. With regard to this app, we will endeavor to achieve a steady increase in the number of downloads while upgrading its UI/UX*² and other functions as part of our ongoing initiatives to support the customer engaged in asset building.

*¹ Defined contribution pension plans

*² Experience and value delivered to users via an easy-to-use service interface

Global Corporate & Investment Banking Business Group **GCIB**



Vision for the Business Group

- Develop a sustainable business model delivering satisfactory portfolio returns in a dynamic business environment
- Become a global financial partner representing Japan and Asia with world-class expertise and capabilities

Main Business

- Offer value-added solutions for large global corporate and financial institution customers by leveraging our extensive network and product capabilities through an integrated business model mainly among the Bank and the Securities.

Fumitaka Nakahama

Group Head, Global Corporate & Investment Banking Business Group

Overview of Strategies of the Business Group

Strengths

- Extensive sector expertise and strong capabilities delivering a variety of value-added solutions
- Strong client relationships backed by a robust global network
- Strategic partnership with Morgan Stanley, a world-leading financial group

The Business Environment (opportunities and risks)

Opportunity Diversification of financial market needs due to expansion in money flows intermediating institutional investors

Opportunity and risk Changes in market demands and credit situation of clients associated with a rapid shift in the economic and interest rate environment

Risk Maintaining talent and human resources sufficient to execute business strategies

Challenges

- Improve profitability with expanding fee income under disciplined balance sheet control
- Develop product-neutral business operations based on an integrated management of GCIB and Global Markets' Sales & Trading domain
- Improve operational efficiency and strengthen expertise in a way aligned with the target business portfolio

Initiatives to Achieve ROE Target

- GCIB & Global Markets (Enhance integrated business management among GCIB and sales & trading functions operated by Global Markets)
- Strengthen fundamental business platform (Portfolio optimization, etc.)
- Investment in new growth opportunities

Factors behind Changes in ROE*



Components of ROE

	FY2021 results	Comparison with FY2020
Net operating profits	¥186.5 billion	+¥45.3 billion
Expense ratio	58%	-7 ppt
RWAs	¥23.0 trillion	+¥0.6 trillion

* Managerial accounting basis. Local currency basis. ROE is calculated using RWAs and is based on net profits, excluding non-JPY medium- to long-term funding costs.

Progress in Key Strategies under the MTBP

GCIB & Global Markets

We promote to capture comprehensive financial needs of clients by leveraging the integrated business operation among GCIB and Sales & Trading (S&T) in Global Markets. In terms of expanding secured finance^{*1} to institutional investors, one of our key focus areas, we are successfully increasing higher return assets beyond the original plan along with appropriate risk appetite alignment. For another key focus area, we increased revenue of O&D/OtoD^{*2} business mainly in NIG^{*3} field enjoying historical high NIG market wallet and expanding market share.

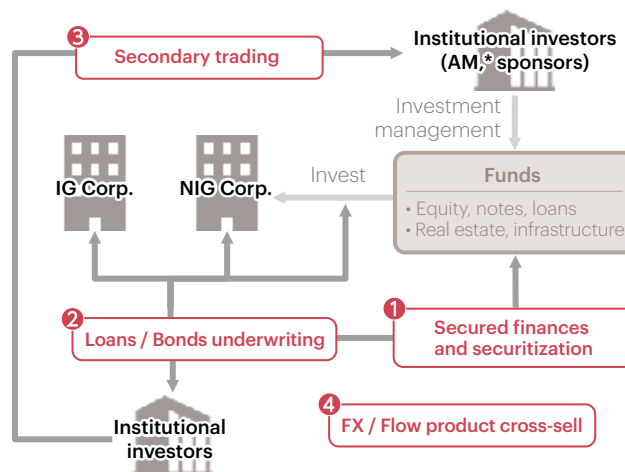
For fiscal 2022, we will further strengthen product offering and S&T capabilities by allocating additional resources to specified growth initiatives within four business fields illustrated in the right chart (①-④). To realize sound growth, we will execute the initiatives with agility and flexibility in order to respond to cyclical changes in the market and client needs. To this end, we will mainly invest in talent development for enhancing expertise in client coverage, product and risk management functions.

^{*1} Lending secured or structured by investment portfolios managed by asset managers

^{*2} O: Origination; D: Distribution

^{*3} O: Non-investment grade

GCIB & Global Markets Business Overview and Focus Areas



* Asset management company

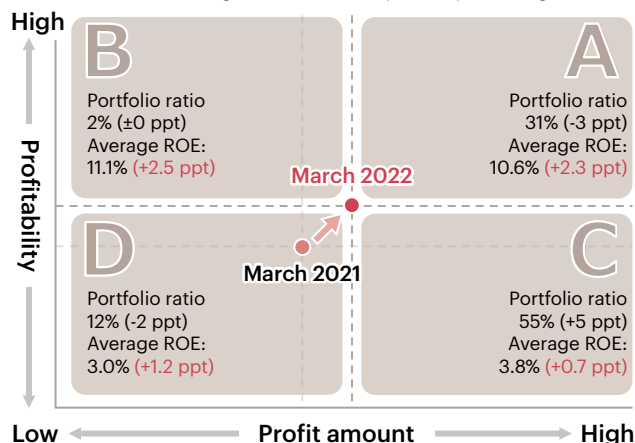
Strengthen Fundamental Business Platform

We continue to enhance portfolio management based on the quad analysis since the previous MTBP. As a result of continuous reduction of low-profitability assets and expansion of secured finances to institutional investors, the quad median and average ROE of each quad has been steadily improved (both portfolio profitability and profit amount per client has been improved).

For fiscal 2022, we will further strengthen our disciplined portfolio management with close monitoring in clients' credit situation as well as non-JPY liquidity and loan to deposit balances considering an ongoing and rapid changing economic and interest rate environment.

Portfolio Management Based on Quad Analysis*

FY2021 results, figures in () indicate year-on-year changes



* Quad analysis divided by portfolio median of the profitability and profit amount. Portfolio ratio and average ROE are based on managerial basis. Portfolio ratio is calculated by RWA.

Investment in New Growth Opportunities

For details, please refer to pages 49-50.

Global Markets Business Group **Global Markets**



Vision for the Business Group

- Stably raising our earnings power while challenging ourselves to achieve transformation and contribute to sustainable growth for customers as well as MUFG under the banner of “Drive Growth and Transformation”

Main Business

- Handle customer-segment sales & trading (S&T) operations associated with interest rates (bonds), forex and equities
- Comprehensively manage MUFG’s assets, liabilities and various risks via treasury operations

Hiroyuki Seki

Group Head, Global Markets Business Group

Overview of Strategies of the Business Group

Strengths

- The ability to deliver sophisticated solutions that meet diverse customer needs
- Strong presence as Japan’s leading player in the financial market
- Robust risk control capabilities enabling us to contribute to the stability of the financial and capital market

The Business Environment (opportunities and risks)

Opportunity

- Timely response to emerging needs and issues customers are facing
- Response to changes in money flows (forex, interest rates, etc.)
 - Response to geopolitical risks
 - Response to megatrends toward “green” and “digital”

Risk

Growing volatility of the financial market

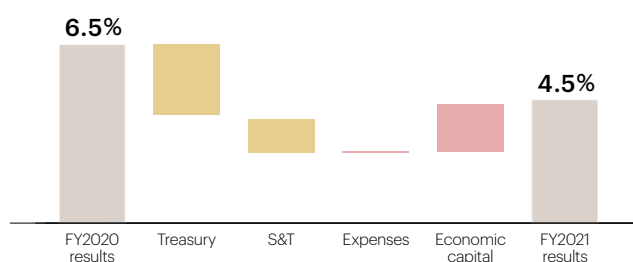
Challenges

- S&T: Increase the volume of activities to capture customer needs
- Treasury: Increase the agility of treasury operations and otherwise take swift action to improve investment yield

Initiatives to Achieve ROE Target

- Further strengthen S&T business
- Treasury business based on current market environment
- Challenges for new business areas

Factors behind Changes in ROE*



* Managerial accounting basis. Local currency basis. ROE is calculated using economic capital and is based on net profits.

Components of ROE

	FY2021 results	Comparison with FY2020
Net operating profits	¥208.3 billion	-¥132.3 billion
Expense ratio	53%	+12 ppt
Economic capital	¥4.1 trillion	-¥1.1 trillion

Progress in Key Strategies under the MTBP

Further Strengthening S&T Business

GCIB Segment (GCIB & Global Markets)

In business fields earmarked for integrated operations involving both Global Markets and GCIB, we will allocate resources to priority fields and strengthen our combined functions. Specifically, we will upgrade our S&T functions by, for example, reinforcing staffing to sales teams in charge of forex for institutional investors and derivatives for NIG corporate clients, strengthening trading functions associated with credit, loans and forex, increasing the sophistication of our framework for promoting cross-selling and increasing the balance of secured financing. In these ways, we will enhance our ability to deliver optimal solutions to our customers.

JCIB / R&C Segment

(Restrengthen Japanese business)

In Japan, we will strive to raise our capabilities to develop and deliver products and solutions to address emerging needs and issues our corporate clients are now confronting in the face of structural shifts in the business environment.

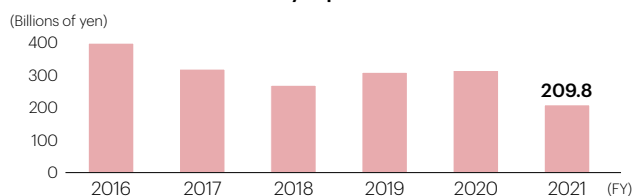
In Asia, we will increase the volume of sales activities by raising the staffing levels of sales teams in charge of Japanese corporate clients. At the same time, we will enhance our price competitiveness and risk management capabilities by consolidating our forex trading functions in Tokyo.

Treasury Business Based on Current Market Environment

Balance Sheet Control

We will exercise proper risk control by giving due consideration to the overall status of our balance sheet, including deposits, loans and equity holdings. By doing so, we will contribute to the sustainable creation of financial profits. When interest rates rise, we will replace our portfolio with held-to-maturity bonds, utilize hedging tools and otherwise secure a sufficient volume of financial profits.

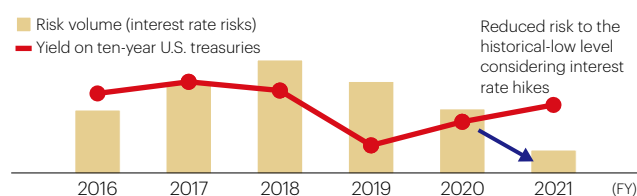
Gross Profits from Treasury Operations



Flexible Allocation

We are engaged in dynamic allocation management employing a combination of multiple asset classes, such as those associated with JPY interest rates, non-JPY interest rates and equities. This approach enables us to flexibly increase or reduce our positions on these instruments. In light of the current trend toward interest rate hikes, we have also reduced the volume of interest rate risks to a historical-low level.

Risk Volume of Non-JPY ALM / Yield on Ten-Year U.S. Treasuries



Challenges for New Business Areas

New Investment Business

(Long-Term, Diversified Portfolio Management)

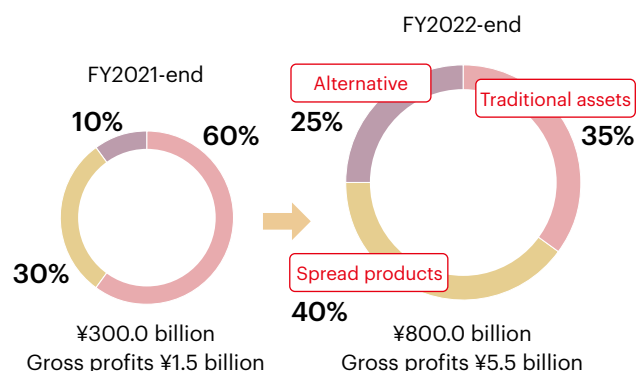
With the aim of contributing to the sustainable and stable creation of financial profits over the medium to long term, we launched investment in credit and alternative assets by consolidating human resources equipped with expertise in flexible ALM and global diversified investment, two separate endeavors traditionally handled by the Bank and the Trust Bank, respectively. These new investment initiatives will supplement our ongoing investment in government bonds, equity securities and other traditional asset classes. For fiscal 2022, we will strive to increase the balance of investment assets while diversifying their portfolio.

Challenges in Other New Areas

The lineup of new businesses we are currently developing include an NFT*-related project based on collaboration with Animoca and carbon credit transactions. Also, as we did in fiscal 2021, we will hold "Sandbox," a business competition aimed at discovering the seeds of new businesses among proposals solicited from employees across the board.

* Non-fungible token

Current Status and Vision for Long-Term Diversified Portfolio







Leadership and Governance

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Dialogue between Outside Directors and Institutional Investors



Kaoru Kato

Outside Director

Member of the Nominating and Governance Committee, the Compensation Committee and the Audit Committee

Senior Advisor, NTT DOCOMO, INC.

Satoko Kuwabara

Outside Director

Chair of the Compensation Committee, Member of the Nominating and Governance Committee

Partner, Gaiien Partners

Here, we present a summary of a question and answer session held as part of a small meeting attended by institutional investors and MUFG's outside directors that took place in March 2022.

Q Could you summarize your evaluations of how Group CEO Kamezawa and other executives executed their duties over the course of the year just passed?

Kato: I rate Group CEO Kamezawa highly for his communication skills as well as his ability to determine challenges that must be addressed and take tangible action. He has also been proactively engaged in communications with employees and investors. Overall, he has proven good at directing the Board of Directors and MUFG as a whole. In particular, I appreciate the leading role he took in MUFG's recent decision to sell MUFG Union Bank. I had concluded myself, right after assuming an outside director in 2019, that this subsidiary should be sold, and repeatedly advised the executives to do so. Going forward, I expect Group CEO Kamezawa to remain a decisive force in, and strongly committed to, business management while taking a fresh approach to the restructuring of MUFG's business portfolios at home and abroad.

Kuwabara: In my capacity as a lawyer, I have been involved in a number of M&A deals, but the sale of MUFG Union Bank was on a larger scale than most cases I had seen. I know that such a major deal is extremely hard to complete successfully. Nevertheless, this deal was determined swiftly thanks to the deep commitment and involvement of MUFG's top management. I found the decisiveness demonstrated by Group CEO Kamezawa and his fellow executives in this instance quite admirable. On the other hand, MUFG's top management is assiduously working on Corporate Transformation, a pillar of the MTBP, however such undertaking will take time to result in tangible changes. Therefore we, the Board of Directors, will continue to monitor the initiatives including "Digital transformation," "Contribution to addressing environmental and social issues" and "Transformation of corporate culture," constantly and closely.

Q Could you share the content of discussions being undertaken by the Board to achieve MUFG's ROE target?

Kato: We believe that the ROE target of 7.5% defined under the MTBP is not sufficient and that MUFG should aim for a higher ROE in the 9% to 10% range over the medium to long term. All members of the Board are on the same page about this. However, improving ROE is not a quick task. The Group needs to rebuild its foundations for domestic businesses while being extremely alert and open to, with a global perspective, new opportunities that may arise going forward. The Board of Directors is engaged in a variety of discussions concerning the Group's business portfolio with an eye to achieving its medium-to long-term ROE target. ROE is considered by all of us to be a central indicator guiding the Group's strategic direction, and that also applies to each deliberation on more specific agendas.

Q How would you evaluate MUFG's initiatives to address environmental and social issues, especially climate change issues?

Kato: I became an outside director in 2019, and, at first, I didn't hear much about the kind of climate change-related topics now being discussed by the Board of Directors. However, in the last year and half or so, Board discussions have become extremely active on the subject. Amid this change, Group CEO Kamezawa made a nimble judgment and took the lead in MUFG's decision to become, in 2021, the first Japan-based bank to participate in the Net-Zero Banking Alliance. Concrete efforts to realize carbon neutrality have since been undertaken by MUFG. I appreciate the serious and swift approach MUFG has taken. Considering that

MUFG defines its Purpose as "Committed to empowering a brighter future." I believe that the Group will be well-positioned to discover new business opportunities in the course of its engagement in activities to pursue sustainability for the Earth as a whole. When it comes to climate change action, today's international community is moving forward at an ever-faster pace. With this in mind, we would like to remain strongly conscious of these trends and act flexibly and agilely in decision making as Board members. I also expect MUFG to serve as an advocate for carbon neutrality, contribute its insight to help raise public awareness and play a leading role in discussions now under way around the globe.

Q | Do you think the composition of the Board of Directors is optimal? Also, do you believe that Board members are equipped with sufficient skill sets?

Kuwabara: Of the 16 members of the Board of Directors, nine are outside directors, making up the majority of overall membership. Furthermore, the Board includes four women and two foreign nationals. I believe the composition of MUFG's Board of Directors is diverse in terms of gender and regional diversity. Also, the Board expanded its skill matrix disclosure in 2021, incorporating three items: global, IT/digital and sustainability. The resulting lineup of the Board's skill sets is well-balanced in terms of members' areas of specialty as well as backgrounds. On the other hand, looking at the internal workforce composition regarding directors and officers, MUFG needs to do more to enhance gender and other diversity. I believe that in this area the Group should strive to achieve improvement over the medium to long term.

Kato: The distinct point of MUFG's Board of Directors is, I think, the quite diverse backgrounds and variety of expertise of its outside directors. This, in turn, enables the Board to engage in multifaceted discussions. As an outside director myself, I strive to actively bring my input to discussions by, for example, sharing my past experience as NTT DOCOMO's president and my takeaways from challenges I faced when I was in that position. Internal directors are efficient, diligent and sometimes too polite. I have, on several occasions, encouraged them to share what they really think without caring how someone feels. Currently, however, I can say that each member of MUFG's Board of Directors is quite frank in delivering their opinions, contributing to vigorous discussions.

Q | Do you think outside directors are given sufficient informational input?

Kuwabara: Right after I assumed the office of outside director in June 2021, I attended a series of intensive training sessions dealing with topics covering various business fields. There are a

number of factors that set the financial industry apart from other business sectors. Because of that, I found these training opportunities extremely valuable as they furnished me with more than sufficient knowledge regarding this industry and better equipped me to fulfill my role as an outside director. Furthermore, outside directors are granted access to meeting materials beforehand. Also, educational sessions are provided to ensure that outside directors are always up-to-date on various subjects. In these and other ways, key information is shared among Board members in a timely manner. For example, with regard to fallout from the Russia-Ukraine conflict, outside directors have received frequent updates from executives regarding the Group's current exposure and the status of its operations in affected regions. These practices, backed by timely information gathering, enable us to accurately assess the risk status of the MUFG Group. This kind of updating is of extreme importance to the empowerment of outside directors to effectively monitor business execution. I would like MUFG executives to continue with these practices.

Q | Could you share your perception of feedback from shareholders and other stakeholders?

Kuwabara: Outside directors are expected to be conscious of the stakeholder perspective in the course of pursuing their duties of providing insights to management and supervising business execution. Therefore, I strive to be always aware of what investors and shareholders are viewing about the Group's operations. Usually, whenever executives conduct IR meetings with investors, outside directors receive reports on meeting outcomes on a same-day basis. In addition to these inputs, I very much appreciate small-group meetings like this dialogue as I consider such meetings to be golden opportunities to directly engage with investors.

Kato: We know that many stakeholders have harsh opinions regarding the current status of MUFG's PBR, which remains low. We take these inputs seriously. Even though neither the PBR nor the stock price can be raised quickly, the Board of Directors is constantly engaged in discussions aimed at achieving improvement. Outside directors are especially unflattering in their supervision of executives in this area and, if necessary, nudge them into action whenever they seem to be slow off the mark. Also, outside directors take full advantage of their expertise and strive to go into depth in discussions on such subjects as how to improve financial indicators, work processes and employee mindset as well as ideals with regard to the Group's relationships with customers. We can see that executives take our input seriously. Moreover, we feel that MUFG's corporate culture and employee mindset are gradually changing. These things take time, of course, to translate into numerical results. However, I will remain keenly attentive to and exercise robust supervision over the status of these initiatives so that the Group can make steady progress in this regard.

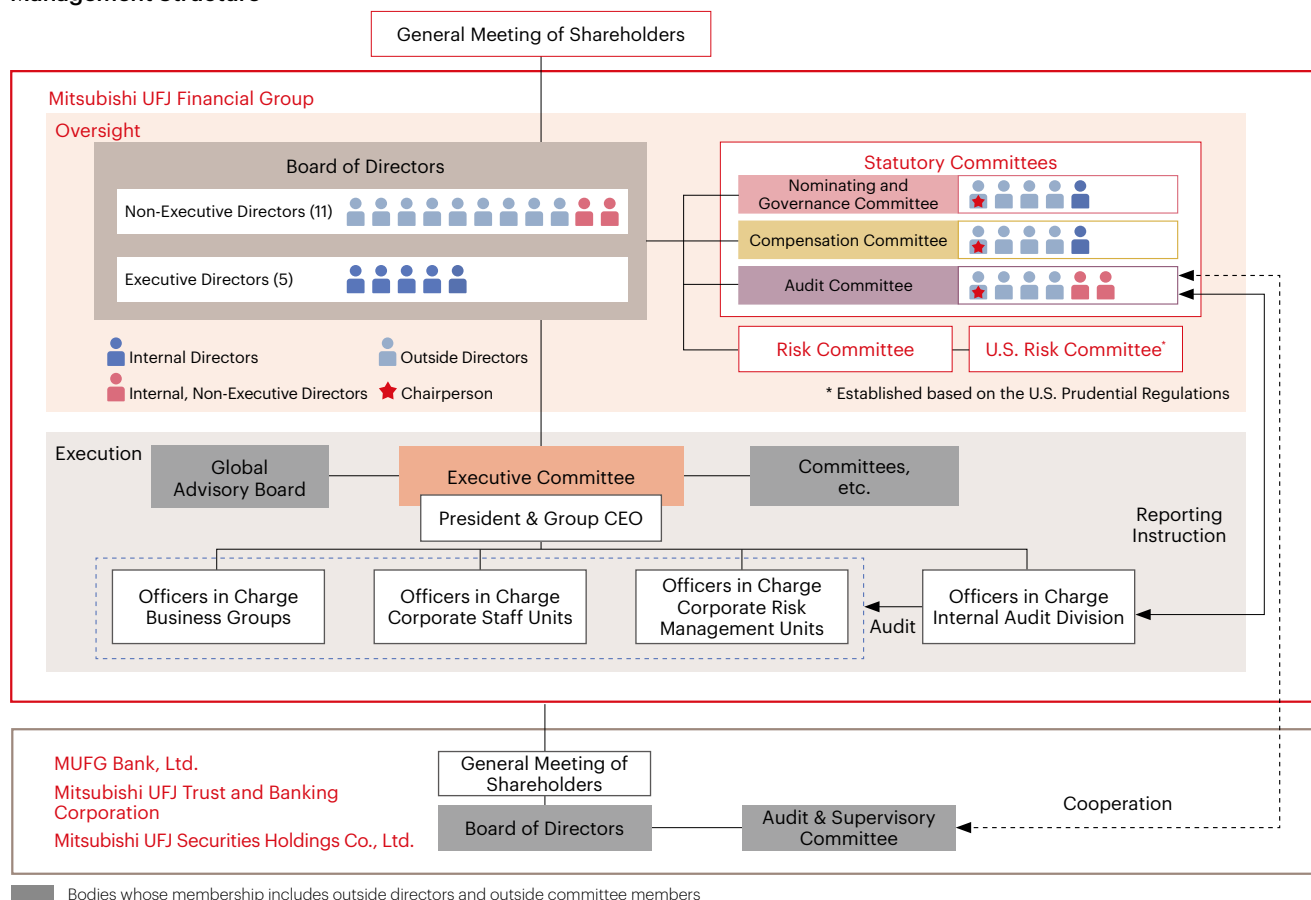
Corporate Governance

Basic Policy

In line with the MUFG Way, we strive to be “the world’s most trusted financial group” in the medium- to long-term and, to this end, have positioned properly developing and operating our corporate governance structure as one of management issues deserving the utmost priority. Since its establishment, MUFG has built a stable and effective corporate governance structure with an emphasis on ensuring external oversight. For example, the holding company adopted the “company with three committees”

structure to secure functional separation between management supervision and business execution, thereby strengthening the oversight function of its Board of Directors. Through these and other measures, we continually endeavor to develop a more effective and efficient governance system that will enable us to gain the understanding of stakeholders around the world regarding how we ensure robust corporate governance.

Management Structure

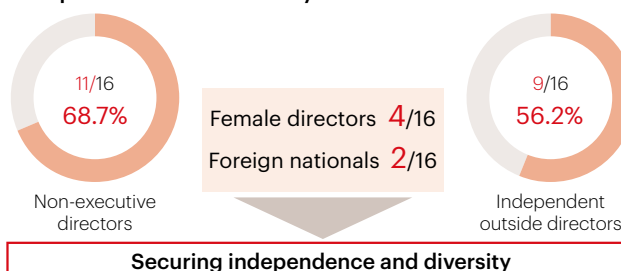


Board of Directors

MUFG’s Board of Directors consists of 16 directors collectively equipped with a diverse range of knowledge and specialist expertise. The Board’s composition is well-balanced and particularly focused on securing diversity in terms of nationality, gender and other attributes* among its outside directors, who make up the majority of its overall membership.

* Agreeing with the “Challenge Initiatives for 30% of Executives to be Women by 2030” led by the Nippon Keidanren to help domestic major enterprises to raise the ratio of female directors to 30% by 2030, MUFG is proactively promoting inclusion & diversity initiatives.

Independence and Diversity of Directors



MUFG's directors have been selected with a view to ensuring a well-balanced composition and include individuals boasting in-depth knowledge of its business operations as well as specialists in finance, financial accounting, risk management,

legal compliance and other diverse areas of strength. In addition, MUFG has secured human resources with experience in "global" fields, "IT/digital" and "sustainability," all of which are deemed to be matters of growing importance for its business operations.

List of Directors

Name		Gender	Current position at MUFG and committee-related duties				Knowledge, expertise and experience						
			Nominating and Governance Committee	Compensation Committee	Audit Committee	Risk Committee	Corporate management	Finance	Finance & accounting	Legal affairs	Global	IT/digital	Sustainability
Outside directors	Mariko Fujii	Female	○	○		◎		●			●		
	Keiko Honda	Female			○			●			●		●
	Kaoru Kato	Male	○	○	○		●					●	●
	Satoko Kuwabara	Female	○	◎						●	●		●
	Toby S. Myerson	Male				○				●	●		
	Hirofumi Nomoto	Male	◎	○			●					●	●
	Yasushi Shingai	Male			○	○	●		●		●	●	●
	Koichi Tsuji	Male			◎				●		●		
	Tarisa Watanagase	Female				○		●			●		
Internal directors	Ritsuo Ogura	Male			○		Internal directors shall have extensive knowledge of MUFG Group's business and the ability to appropriately perform management of MUFG Group						
	Kenichi Miyanaga	Male			○						●		
	Kanetsugu Mike	Male									●	●	●
	Hironori Kamezawa	Male	○	○							●	●	●
	Iwao Nagashima	Male									●		●
	Junichi Hanzawa	Male											●
	Makoto Kobayashi	Male									●		●

* ◎: Chairperson of the Committee; ○: Committee member

Roles Outside Directors Are Expected to Fulfill

At MUFG, independent outside directors are expected to fulfill the following six roles.

- Supervise executives' duties from an independent and objective standpoint
- Exercise the oversight of conflicts of interest that may occur between MUFG and top management executives or MUFG and controlling shareholders
- Provide advice and other assistance to top management executives based on their experience and expertise
- Contribute to sustainable corporate development and medium- to long-term growth in MUFG's corporate value
- Engage in timely and appropriate decision making in the course of deliberating investment and other management judgments via the careful examination of the reasoning behind the proposals and other information presented to them
- Sufficiently discuss matters reported or proposed by top management executives, requesting supplementary explanation where necessary and contributing their opinions

Corporate Governance

● Type and Number of MUFG Shares Owned as of March 31, 2022 (Dilutive Shares: The number of corresponding vested points in the stock compensation system using a trust structure.)
 ■ Attendance at Board of Directors Meetings (FY2021)

Board of Directors



Mariko Fujii

Member of the Board of Directors
(Outside Director)

Tenure as an Outside Director: Three years
 ● Ordinary Shares: 0 ■ 10/10

Former Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia
 Emeritus Professor of The University of Tokyo
 1977 Joined Ministry of Finance of Japan
 1997 Director, International Affairs and Research Division, Customs and Tariff Bureau, Ministry of Finance
 1999 Associate Professor, Research Center for Advanced Science and Technology, The University of Tokyo
 2001 Professor, Research Center for Advanced Economic Engineering, The University of Tokyo
 2004 Professor, Research Center for Advanced Science and Technology, National University Corporation, The University of Tokyo
 2014 Outside Director of Electric Power Development Co., Ltd.
 2015 Retired from The University of Tokyo
 Retired from Outside Director of Electric Power Development Co., Ltd.
 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Latvia
 2016 Emeritus Professor of The University of Tokyo (current)
 2019 Retired from Ambassador of Japan to the Republic of Latvia
 Outside Director of NTT DATA CORPORATION (current)
 Member of the Board of Directors (Outside Director), MUFG (current)



Keiko Honda

Member of the Board of Directors
(Outside Director)

Tenure as an Outside Director: Two years
 ● Ordinary Shares: 0 ■ 10/10

Former Chief Executive Officer of Multilateral Investment Guarantee Agency, World Bank Group
 1984 Joined Bain & Company Japan, Inc.
 1986 Joined Shearson Lehman Brothers Securities Co., Ltd.
 1989 Joined McKinsey & Company, Inc. Japan
 1999 Partner of McKinsey & Company, Inc. Japan
 2007 Director (Senior Partner) of McKinsey & Company, Inc. Japan
 2013 Executive Vice President & CEO of Multilateral Investment Guarantee Agency, World Bank Group
 2019 Retired from Multilateral Investment Guarantee Agency, World Bank Group
 2020 Adjunct Professor and Adjunct Senior Research Scholar of School of International and Public Affairs, Columbia University (current)
 Outside Director of AGC Inc. (current)
 Member of the Board of Directors (Outside Director), MUFG (current)
 2022 Outside Director of the Board of Recruit Holdings Co., Ltd. (current)



Kaoru Kato

Member of the Board of Directors
(Outside Director)

Tenure as an Outside Director: Three years
 ● Ordinary Shares: 0 ■ 10/10

Senior Advisor, NTT DOCOMO, INC.
 1977 Joined Nippon Telegraph and Telephone Public Corporation (NTT)
 1999 General Manager of Plant Department of NTT Kansai Mobile Communications Network, Inc.
 2000 General Manager of Plant Department of NTT DoCoMo Kansai, Inc.
 2002 General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DoCoMo Kansai, Inc.
 2005 Representative Director and Senior Corporate Executive Officer of Sumitomo Mitsui Card Co., Ltd.
 2007 Executive Vice President, General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DoCoMo Kansai, Inc.
 2008 Executive Vice President, General Manager of Corporate Strategy and Planning Department, Member of the Board of Directors of NTT DOCOMO, INC.
 2012 President and Chief Executive Officer, Member of the Board of Directors of NTT DOCOMO, INC.
 2016 Corporate Advisor, Member of the Board of Directors of NTT DOCOMO, INC.
 2018 Corporate Advisor of NTT DOCOMO, INC.
 2019 Member of the Board of Directors (Outside Director), MUFG (current)
 2021 Non-executive Director of Kirin Holdings Company, Limited (current)
 2022 Senior Advisor of NTT DOCOMO, INC. (current)



Satoko Kuwabara

Member of the Board of Directors
(Outside Director)

Tenure as an Outside Director: One year
 ● Ordinary Shares: 0 ■ 9/9*1

Partner, Gaien Partners

1990 Registered as an attorney at law, Member of the Daini Tokyo Bar Association
 Joined Mori Sogo (currently Mori Hamada & Matsumoto)
 1998 Partner of Mori Hamada & Matsumoto
 2016 Outside Director of BANDAI NAMCO Holdings Inc. (current)
 2020 Outside Auditor of Unicafe Inc. (current)
 Partner of Gaien Partners (current)
 Outside Audit & Supervisory Board Member of Nippon Yusen Kabushiki Kaisha (current)
 2021 Member of the Board of Directors (Outside Director), MUFG (current)



Toby S. Myerson

Member of the Board of Directors
(Outside Director)

Tenure as an Outside Director: Five years
 ● Ordinary Shares: 368*2 ■ 10/10

Chairman & CEO, Longsight Strategic Advisors LLC

1977 Registered as an attorney at law, admitted in States of New York and California in the United States
 1981 Joined Paul, Weiss, Rifkind, Wharton & Garrison LLP
 1983 Partner of Paul, Weiss, Rifkind, Wharton & Garrison LLP
 1989 Managing Director of Wasserstein Perella & Co. Inc
 1990 Partner of Paul, Weiss, Rifkind, Wharton & Garrison LLP
 2014 Outside Director of MUFG Union Bank, N.A. (current)
 2016 Retired from Paul, Weiss, Rifkind, Wharton & Garrison LLP
 2017 Chairman & CEO of Longsight Strategic Advisors LLC (current)
 Outside Director of MUFG Americas Holdings Corporation (current)
 Member of the Board of Directors (Outside Director), MUFG (current)
 2019 Independent Director, TRU (UK) Asia Limited



Hirofumi Nomoto

Member of the Board of Directors
(Lead Independent Outside Director)

Tenure as an Outside Director: Three years
 ● Ordinary Shares: 25,000 ■ 10/10

Chairman & Representative Director, TOKYU CORPORATION

1971 Joined TOKYU CORPORATION
 2003 Executive General Manager of Media Business Headquarters of TOKYU CORPORATION
 2004 President & Representative Director of its communications Inc.
 2007 Director of TOKYU CORPORATION
 Executive Officer of Real Estate Development Business Unit of TOKYU CORPORATION
 2008 Managing Director of TOKYU CORPORATION
 Senior Managing Director of TOKYU CORPORATION
 2010 Executive Officer & Senior Executive General Manager of Urban Life Produce Business Unit of TOKYU CORPORATION
 Senior Managing Director & Representative Director of TOKYU CORPORATION
 2011 President & Representative Director of TOKYU CORPORATION
 2018 Chairman & Representative Director of TOKYU CORPORATION (current)
 2019 Member of the Board of Directors (Outside Director), MUFG (current)
 President & CEO of THREE HUNDRED CLUB Co., Ltd. (current)

*1 Status of attendance to Board of Directors meetings held since they assumed office in June 2021.

*2 Ownership substantially in the form of American Depositary Receipts (ADRs)

As of July 1, 2022

**Yasushi Shingai**

**Member of the Board of Directors
(Outside Director)**

Tenure as an Outside Director: Four years
● Ordinary Shares: 0 ■ 10/10

Former Executive Vice President and Representative
Director of Japan Tobacco Inc.

1980 Joined Japan Tobacco and Salt Public
Corporation (current Japan Tobacco Inc.)

2001 Vice President of Finance Planning Division of
Japan Tobacco Inc.

2004 Senior Vice President, Head of Finance Group of
Japan Tobacco Inc.
Senior Vice President, Chief Financial Officer of
Japan Tobacco Inc.

2005 Member of the Board, Senior Vice President, and
Chief Financial Officer of Japan Tobacco Inc.

2006 Member of the Board of Japan Tobacco Inc.
Executive Vice President and Deputy CEO of JT
International S.A.

2011 Representative Director and Executive Vice
President of Japan Tobacco Inc.

2014 External Board Director of Recruit Holdings Co., Ltd.

2018 Member of the Board of Japan Tobacco Inc.
Outside Director of Asahi Group Holdings, Ltd.
Outside Director of ExaWizards Inc. (current)
Member of the Board of Directors (Outside
Director), MUFG (current)

2019 Outside Director of Dai-ichi Life Holdings, Inc.
(current)

2022 Outside Director of Olympus Corporation (current)

**Koichi Tsuji**

**Member of the Board of Directors
(Outside Director)**

Tenure as an Outside Director: One year
● Ordinary Shares: 0 ■ 9/9*1

Certified Public Accountant

1984 Joined Peat Marwick Mitchell & Co.

1988 Registered as Certified Public Accountant in Japan

1989 Resident Representative, Zurich, Switzerland

2004 Senior Partner of Ernst & Young ShinNihon LLC

2016 Chairman & CEO of Ernst & Young ShinNihon LLC

2019 Chairman & CEO of EY Japan Godo Kaisha

Member of the Board of Directors of EY Japan Co., Ltd.

2021 Member of the Board of Directors (Outside
Director), MUFG (current)

**Tarisa Watanagase**

**Member of the Board of Directors
(Outside Director)**

Tenure as an Outside Director: Five years
● Ordinary Shares: 0 ■ 10/10

Former Governor, the Bank of Thailand

1975 Joined the Bank of Thailand

1988 Economist, International Monetary Fund (On the
Secondment)

2002 Deputy Governor of the Bank of Thailand

2006 Governor of the Bank of Thailand

2010 Retired from the Bank of Thailand

2013 Outside Director of the Siam Cement Public
Company Limited

2017 Member of the Board of Directors (Outside
Director), MUFG (current)

**Ritsuo Ogura**

**Member of the Board of Directors
Audit Committee Member**

Tenure as a Director: Two years

● Ordinary Shares: 95,534

Dilutive Shares: 52,436

■ 10/10

**Kenichi Miyanaga**

**Member of the Board of Directors
Audit Committee Member**

Tenure as a Director: One year

● Ordinary Shares: 183,678

Dilutive Shares: 31,580

■ 9/9*1

**Kanetsugu Mike**

**Member of the Board of Directors
Chairman (Corporate Executive)**

Tenure as a Director: Five years

Chairman of the Board

● Ordinary Shares: 292,062

Dilutive Shares: 81,819

■ 10/10

Outside Director of MITSUBISHI
MOTORS CORPORATION

**Hironori Kamezawa**

**Member of the Board of Directors
President & Group CEO
(Representative Corporate
Executive)**

Tenure as a Director: Three years

● Ordinary Shares: 69,639

Dilutive Shares: 356,207

■ 10/10

Member of the Board of Directors

of MUFG Bank, Ltd.

Director of Morgan Stanley

**Iwao Nagashima**

Member of the Board of Directors

Tenure as a Director: Two years

● Ordinary Shares: 129,081

Dilutive Shares: 294,939

■ 10/10

President and CEO of Mitsubishi UFJ
Trust & Banking Corporation

**Junichi Hanzawa**

Member of the Board of Directors

Tenure as a Director: One year

● Ordinary Shares: 58,900

Dilutive Shares: 163,918

■ 9/9*1

President & CEO of MUFG Bank, Ltd.

**Makoto Kobayashi**

Member of the Board of Directors

● Ordinary Shares: 153,058

Dilutive Shares: 19,359

■ -

President & Global CEO of Mitsubishi UFJ

Securities Holdings Co., Ltd.

President & CEO of Mitsubishi UFJ Morgan

Stanley Securities Co., Ltd.

Corporate Governance

Fiscal 2021 Initiatives Undertaken by the Board of Directors

MUFG's Board of Directors is charged with decision making regarding fundamental management policies while exercising supervision over management. In general, authority over matters other than legally mandatory items that should be decided by the Board of Directors is delegated to corporate executives to ensure highly flexible management.

In fiscal 2021, themes requiring particular priority and follow-up monitoring were identified from among issues specified a year prior via mapping that encompassed all agenda items to be handled by the holding company's Board of Directors. The Board also prepared an annual schedule for discussing the above themes. Moreover, matters deemed to require constant monitoring were dealt with through an open issue management (OIM)* approach. In these ways, the Board operated a PDCA cycle on an ongoing basis. Important themes tabled for intensive discussion at Board of Directors meetings, including the sale of MUFG Union Bank and the announcement of the Carbon Neutrality Declaration, have also been addressed on multiple occasions outside the setting of formal Board meetings. Through its engagement in robust and timely deliberations on these matters, the Board has supported discussions and decision making by executives.

MUFG believes that insights offered by outside directors who are well-versed in its management strategies are essential to enhancing the content of discussions at the Board of Directors meetings. MUFG is therefore striving to ensure that outside directors are given sufficient information about agenda items by providing them with materials and giving presentations before meetings. Moreover, in fiscal 2021, MUFG organized a facility tour attended by outside directors, inviting them to take a close look at its data centers and thereby securing their robust understanding of the Group's system structure. Also, C-Suite personnel and the heads of business groups regularly attend Board of Directors meetings to directly report on the status of their operations. As such, MUFG is constantly striving to better empower its Board of Directors to engage in in-depth discussions.

* An approach for ensuring the ongoing monitoring and management of issues specified by the Board of Directors

Fiscal 2021 Status of the Board of Directors Meetings

	Board of Directors
Number of meetings	10
Attendance ratio (all directors)	100%
Attendance ratio (outside directors)	100%

Agenda Items Discussed by the Board of Directors

Key Strategies under the Medium-Term Business Plan (MTBP)

- Promotion of sustainability management (Carbon Neutrality Declaration)
- Progress in corporate culture reforms
- Sale of MUFG Union Bank
- Wealth management business
- Regional banking businesses in Asia
- Cost structure reforms

Response to External Events

- Response to the COVID-19 pandemic
- Situation of the Russia-Ukraine conflict

Financial Results Related

- Fiscal 2021 annual business plan
- Performance targets and capital management

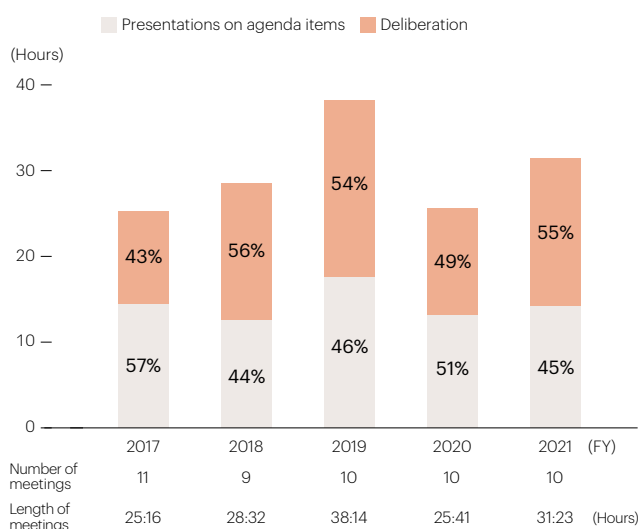
Governance Related

- Reports from CRO, CCO and other C-Suite personnel
 - Recognition of current risk status and initiatives undertaken in each risk field
 - Status of compliance-related initiatives, including the Code of Conduct, AML, anti-bribery, etc.
- Measures to reduce equity holdings
- Evaluation of the Board of Directors' effectiveness

Subjects Addressed at Board Educational Sessions

- Status of the formulation of fiscal 2022 annual business plan (the planning of overall and business group initiatives)
- Reports from each business group head
- Digital transformation
- Cyber security and system-related topics
- Initiatives to realize carbon neutrality

Length of Board of Directors Meetings



Evaluation Framework of the Working Practices of the Board of Directors' Operations

Since 2013, MUFG has employed external consultants to evaluate the working practices of its Board of Directors. Each director is asked to fill in a questionnaire and is interviewed on such subjects as the composition of key committees, the quality of the preparatory materials assembled prior to each meeting, the content of discussions, the operations of the Board, the Board's contributions, and the performance of executive members. The results of these questionnaires and interviews are reported to and discussed at the Nominating and Governance Committee and the Board of Directors.

In the course of the fiscal 2021 evaluation, interviews were undertaken in February and March 2022 and completed questionnaires collected. The evaluation determined that the Board of Directors has yielded solid outcomes from its operations focused on the further enhancement of the effectiveness of monitoring, an issue identified in the fiscal 2020 evaluation. The ongoing effectiveness of the Board of Directors' operations was thus confirmed.

Specifically, MUFG's recent decisions on such major subjects as

the sale of MUFG Union Bank and the announcement of the Carbon Neutrality Declaration were deemed to be attributable to the Board of Directors' timely and appropriate handling of relevant agenda items, with sufficient time allocated for intensive discussions of these matters on multiple occasions outside its periodic meetings.

In addition, the evaluation confirmed that operations of statutory committees (Nominating and Governance, Compensation and Audit) remain effective.

In response to the revision of the Corporate Governance Code and other trends, the most recent round of the evaluation incorporated the self-evaluation of each director regarding their own activities. This exemplified the Board of Directors' tireless efforts to enhance the effectiveness of its operations. On the other hand, the Board of Directors identified the ongoing need to upgrade its mode of operations and step up its support of each director's activities. Accordingly, the Board of Directors will continuously take on these issues to raise its effectiveness.

Initiatives to Enhance the Effectiveness of the Board of Directors' Operations

Fiscal 2020 evaluation		Fiscal 2021 initiatives	Fiscal 2021 evaluation	
Evaluation	Efficiency of the Board of Directors' operations has improved and the effectiveness continued to be ensured		Evaluation	
	Further enhancement of the effectiveness of monitoring by the Board of Directors	<ul style="list-style-type: none"> Continued monitoring with an awareness of external KPIs (ROE, etc.) Held multiple extraordinary sessions for intensive discussion of important agenda items. Conducted timely and appropriate decision making Clarified the purpose of sessions for outside directors ("Board Educational Session") and improved its operation Introduced self-evaluation by directors in addition to evaluation of the Board of Directors 		<ul style="list-style-type: none"> Monitoring with an awareness of important KPIs has taken root The Board of Directors meetings and other meetings made suggestions on important issues, and executive side appropriately reflected these suggestions in the business execution Created opportunities for reflection through self-evaluation by directors
	Further enhancement of committees' functions for the future	<ul style="list-style-type: none"> Transitioned the Compensation Committee and Audit Committee to new chairpersons and established operational framework under the new structure 		<ul style="list-style-type: none"> Completed the smooth transition to new chairpersons Appropriately responded to issues to be addressed by each committee in the fiscal year
Issues to be addressed			Issues to be addressed	
			<ul style="list-style-type: none"> Continuous improvement of the Board of Directors' operations Further support for directors' activities 	

Corporate Governance

Outline of Committees and Their Fiscal 2021 Initiatives

Nominating and Governance Committee

(number of meetings held: 11; attendance ratio for all members: 100%; attendance ratio for outside directors: 100%)

Overview	Main Agenda Items Discussed in Fiscal 2021
With an outside director as Chairperson, the Committee determines proposals to be submitted to the General Meeting of Shareholders with regard to the nomination of director candidates and/or dismissal of director(s) while discussing matters related to candidates for major management positions in the holding company or major subsidiaries. It also deliberates corporate governance policies and frameworks in place at these entities and makes recommendations thereon to the Board of Directors.	<ul style="list-style-type: none"> Proposals to be submitted to the General Meeting of Shareholders with regard to the nomination of director candidates Candidates for major management positions in the holding company and major subsidiaries, including the president of the Securities as well as corporate executives of the holding company Corporate governance policies and structures Annual evaluation of the Board of Directors as well as committees and other bodies operating under it

Compensation Committee (number of meetings held: 8; attendance ratio for all members: 100%; attendance ratio for outside directors: 100%)

Overview	Main Agenda Items Discussed in Fiscal 2021
With an outside director as Chairperson, the Committee discusses and decides on compensation systems for directors and corporate executives at the holding company and its major subsidiaries as well as on matters associated with the content of individual compensation and makes recommendations to the Board of Directors.	<ul style="list-style-type: none"> Adoption of ratings granted by ESG rating agencies as part of criteria for the determination of stock compensation Compensation systems for Executives, etc. at the holding company and its major subsidiaries Periodic verification and review of Policy on Decisions on the Contents of Compensation for Individual Executives, etc. Evaluation of fiscal 2020 performance of Group CEO, etc. for the determination of bonuses along with the setting of fiscal 2021 targets for these positions Determination of individual compensation for directors and corporate executives

Audit Committee (number of meetings held: 16; attendance ratio for all members: 100%; attendance ratio for outside directors: 100%)

Overview	Main Agenda Items Discussed in Fiscal 2021
With an outside director as Chairperson, the Committee examines the execution of business by directors and corporate executives and prepares auditing reports. As part of its supervision over business execution, it also monitors and oversees the content of financial reporting as well as the status of risk management, internal control, regulatory compliance, internal audits and external audits, thereby supplementing supervisory functions of the Board of Directors.	<ul style="list-style-type: none"> Allowance for credit losses, assets impairment risks and the process of preparing financial results Risk management system, crisis events and compliance risk events Sale of MUFG Union Bank and investment in shares of U.S. Bancorp Group global internal audit systems Reports from the independent auditors (key audit matters)

Risk Committee (number of meetings held: 6; attendance ratio for all members: 97%; attendance ratio for outside directors: 100%)

Overview	Main Agenda Items Discussed in Fiscal 2021
With an outside director as Chairperson, the Committee mainly examines important matters associated with groupwide risk management in general, risks that may exert a significant impact on the Group's business management and risks that have recently emerged or are currently growing and submits its recommendations to the Board of Directors.	<ul style="list-style-type: none"> Verification of risk appetite (allocated capital, stress tests, etc.) in the course of business planning Impact of and response to fallout from the COVID-19 pandemic and the emergence of geopolitical risks Response to climate change Response to non-financial risks (operational resilience, IT-, cyber- and digital-related risks, etc.) Risk status of and the risk management structure in place for overseas operations

Succession Plans and Selection Process for Group CEO and Other Corporate Leader Candidates

At MUFG, the Nominating and Governance Committee is engaged in ongoing discussion regarding ways of nurturing candidates for major management positions at the holding company and its major subsidiaries. To this end, the Committee has defined desirable traits for management members (e.g. desirable competencies, skills, backgrounds and other attributes according to position). Based on criteria formulated in line with these traits, candidates are identified and grouped by generation.

In nominating candidates for Group CEO and other leading positions, the Committee examines candidates identified in the course of succession planning in terms of their personalities, executorial skills, career records and performance while referring to the results of a 360-degree assessment conducted by an external agency. Based on the findings of these examinations, the Committee deliberates on the aptitude of each candidate. Lastly, the Committee interviews each individual and prepares proposals on the nomination of candidates that are, in turn, submitted to and finalized by the Board of Directors.

Equity Holdings Policy

Basic Policy and the Verification of the Significance of and Economic Rationales for Equity Holdings

The holding company, the Bank and the Trust Bank maintain a basic policy of reducing the balance of equities held for the purpose of policy-oriented investment. This basic policy is primarily intended to curb risks attributable to equity holdings, enhance capital efficiency and secure our responsiveness to global financial regulations and is carried out following sufficient dialogue with our corporate clients to secure their understanding.

In line with this basic policy, such equity holdings are periodically verified via the assessment of growth potential, profitability and the necessity of maintaining holdings to strengthen transactional relationships. By doing so, we determine the significance of and economic rationales for such equity holdings. If the results of these assessments suggest a lack of rationale for specific equity holdings, we push ahead with the divestment of such holdings while gaining the sufficient understanding of corporate clients.

Moreover, even equity holdings deemed appropriate for ongoing possession could be divested in light of the market environment, MUFG's management and financial strategies and other factors

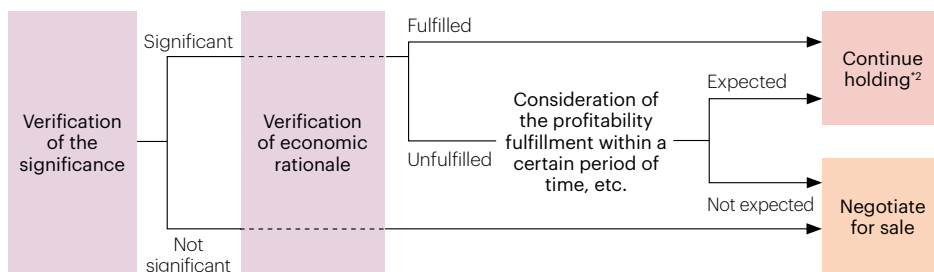
and in keeping with its basic policy of reducing the balance of such holdings.

In addition, the verification of the economic rationales for equity holdings uses MUFG's target for the overall business RORA^{*1} determined based on MUFG's capital costs as a threshold.

As of March 31, 2021, the overall business RORA associated with all equity holdings subject to this verification was approximately 1.2 times the threshold. Individually, 75% of our corporate clients achieved RORAs higher than the threshold, and such equities held by MUFG account for 81% on a book value basis and 70% on a market value basis of overall equity holdings. Although we aim to improve profitability from business with the corporate clients whose RORA falls short of the threshold, we consider the divestment of the equity when improvement is not confirmed within a certain time period.

In fiscal 2021, we divested equity holdings worth approximately ¥169.0 billion (simple sum of the Bank and the Trust Bank on an acquisition-cost basis). We have upwardly revised our target for the three-year period from fiscal 2021 to fiscal 2023 by ¥200.0 billion and thus aim to divest equity holdings worth ¥500.0 billion.

Verification of the Significance of and Economic Rationales for Equity Holdings



^{*1} The overall business RORA (Return On Risk-Weighted Assets) is calculated by dividing revenues from banking transactions plus trust banking transactions with and dividends, etc., from a specific corporate client group, less expected losses and other expenses, by RWAs. In this calculation, RWAs are determined based on in-house rating methods (the sum of credit assets and fair-value based equities) in light of the capital adequacy ratio regulations applied to MUFG. In addition, risk asset of equity is calculated based on market values.

^{*2} Even equity holdings deemed appropriate for ongoing possession could be divested in light of the market environment, MUFG's management and financial strategies and other factors and in keeping with its basic policy of reducing the balance of such holdings.

Standards for the Exercise of Voting Rights

With regard to the exercise of voting rights accompanying equity held for the purpose of policy-oriented investment, we base our voting judgment on the comprehensive consideration of the following two points.

1. Whether our vote will contribute to the medium- to long-term improvement of the corporate value of our corporate clients and help them achieve sustainable growth including enhancement of ESG issues
2. The possibility of growth in the economic interest of the holding company, the Bank and the Trust Bank over the medium- to long-term

Also, we occasionally engage in dialogue with representatives of corporate clients prior to casting our vote on important agenda items.* The status of the exercise of voting rights associated with important equity holdings is reported to the holding company's Board of Directors.

* Agenda items regarding such matters as appropriation of surplus, election of directors and corporate auditors, election of outside directors and outside corporate auditors, the provision of retirement benefits to corporate auditors, etc., corporate reorganization, and anti-takeover measures

Corporate Governance

Compensation System

MUFG's compensation system for Executives, etc. is not only aimed at ensuring the achievement of short-term performance targets but also intended to better incentivize these individuals to contribute to a medium- to long-term improvement in corporate value and encourage them to take on the challenge of driving innovation.

The compensation system is also developed with reference to external economic and social trends, the status of MUFG's operating results, its financial soundness and regulations enforced at home and abroad on compensation paid to executives while ensuring that our process for determining compensation is highly objective and transparent.

Composition of Compensation

In principle, compensation consists of (1) annual base salary (fixed), (2) performance-based stock compensation (linked to stock price and medium- to long-term performance) and (3) cash bonuses (linked to short-term performance). Proportions accounted for by each compensation item vary by the position held by each individual. The ratio of performance-based portions ((2) and (3)) to compensation paid to the Group CEO is highest at approximately 67%. The ratio of such portions is set at approximately 60% for the Chairman and Deputy Chairman and

approximately 50% for the Deputy President. The ratio of such portions then decreases in the following order: Senior Managing Corporate Executives, Managing Corporate Executives and Executives without such titles.

In addition, stock compensation and cash bonuses are not paid to outside directors and directors who serve as Audit Committee members in light of their duties of exercising supervisory and monitoring functions over management. These individuals are therefore granted only fixed annual base salaries.

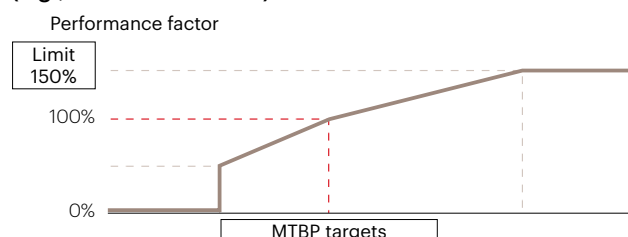
To determine the amount of compensation, MUFG has set targets for financial indicators, including consolidated ROE, to ensure close linkage with management strategies. Furthermore, in fiscal 2021 we began to assess the degree of improvement in external ratings granted by major five ESG rating agencies as part of performance-linked indicators to be used to determine the content of stock compensation.

In fiscal 2022, we also added inclusion & diversity targets to qualitative assessment indicators for determining the amount of bonuses vis-à-vis the execution status of the recipients' duties, in order to facilitate management efforts to promote and secure the robust employee understanding of inclusion & diversity.

Type of compensation	Linkage with performance	Performance-based compensation range	Standards for payment			Time of payment	Payment method	Proportion of Group CEO's compensation	
					Weight				
Annual base salary	Fixed	—	• Paid based on positions, etc. • Includes Director Allowance, Committee and Chair Allowance, Housing Allowance, Overseas Representative Allowance, etc.			Monthly	Cash	1	
Stock compensation	Non-performance-based	—	Base amount by position			At the time of retirement of executives	50% in shares 50% in cash Note: Subject to malus (confiscation) and clawback (restitution claim)	1	
	Medium- to long-term performance-based	0-150%	Base amount by position	×	Performance factor (medium- to long-term achievement evaluation)	<50%>			
					Target attainment rate of indices below in MTBP				
					(1) Consolidated ROE	30%			
					(2) Consolidated expenses reduction amount (excluding performance-linked expense)	15%			
(3) Ratings granted by ESG rating agencies ②	5%								
Performance factor (competitor comparison evaluation) ③	<50%>								
Comparison of year-on-year growth rate of indices below with competitors									
(1) Consolidated net operating profits	25%								
(2) Profits attributable to owners of parent	25%								
Cash bonuses	Short-term performance-based	0-150%	Base amount by position	×	Performance factor (quantitative evaluation factor applied to the Group CEO)	<60%>	Annually	Cash	1
					Rate of year-on-year change and target attainment rate of indices below				
					(1) Consolidated net operating profits	20%			
					(2) Profits attributable to owners of parent	10%			
					(3) Consolidated ROE	20%			
(4) Consolidated expense amount	10%								
Status of individual execution of duties (qualitative evaluation factor applied to Group CEO)									
• Improvement in customer-segment profitability • Risks handling • Enhancement of efforts on ESG, evolution of sustainability management • TSR, etc. ④	<40%>								

① To incentivize efforts to improve MUFG's earnings power, capital efficiency and profit structure, each of which is considered a management issue requiring the utmost priority, the degree of achievement vis-à-vis target levels stipulated in the Medium-Term Business Plan (MTBP) regarding consolidated ROE and consolidated expense reduction (excluding performance-linked expense) is determined on an absolute evaluation basis.

Image of Performance-Based Compensation (e.g., consolidated ROE)



② In addition to incentivizing recipients to advance sustainability management, the degree of improvement in external ratings granted by the five major ESG rating agencies (MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones and CDP) is determined on an absolute evaluation basis, with the aim of objectively assessing the recipient's contribution to MUFG's initiatives to address ESG issues in a variety of fields.

③ Relative comparisons with competitors are made with Mizuho Financial Group and Sumitomo Mitsui Financial Group.

④ ESG-related assessment items subject to qualitative evaluation include contribution to the resolution of environmental and social concerns, the promotion of inclusion & diversity and the strengthening and upgrading of MUFG's governance structure.

Compensation for Directors and Corporate Executives

(Millions of yen)

Classification ^{*1}	Number of recipients	Total compensation, etc. ^{*2}	Total amount of compensation, etc. by compensation types ^{*2}				
			Annual base salary	Cash bonuses	Performance-based stock compensation		Retirement benefits, etc.
			Cash	Cash	Non-cash		Cash
			Non-performance-based	Performance-based	Non-performance-based	Performance-based	Non-performance-based
Directors (excluding outside directors)	4	176	140	5	2	17	11
Corporate executives	21	2,699	1,236	621	413	381	46
Outside directors	11	236	236	—	—	—	—

*1 The compensation, etc. paid to corporate executives who concurrently serve as directors is described in the column of corporate executives.

*2 The figures represent the total amount of compensations, etc. paid by the holding company and consolidated subsidiaries, etc.

Targets for Indices Set under the Performance-Based Stock Compensation and the Ratio of Their Achievement

Type of evaluation	Performance indices	Weight	Targets	Achievement ratio					
				Fiscal 2021		Fiscal 2022		Fiscal 2023	
				Per index	Total evaluation	Per index	Total evaluation	Per index	Total evaluation
Target attainment rate of indices in MTBP	Consolidated ROE (based on MUFG's standard)	30%	Fiscal 2023: 7.5%						
	Consolidated expense reduction amount (excluding performance-linked expense)	15%	Fiscal 2023: A level below the fiscal 2020 result			—			
	Ratings granted by ESG rating agencies	5%	Fiscal 2023: A level improved from the fiscal 2020 result						
Comparison with competitors	Consolidated net operating profits	25%	Determined based on comparisons with competitors	140%	130%	—	—	—	—
	Profits attributable to owners of parent	25%		120%		—	—	—	—

Performance Evaluation Conducted to Determine Cash Bonuses^{*1} (Group CEO)

Performance indices	Weight	Fiscal 2019 bonuses		Fiscal 2020 bonuses		Fiscal 2021 bonuses	
		Fiscal 2018 achievement	Payment ratio	Fiscal 2019 achievement	Payment ratio	Fiscal 2020 achievement	Payment ratio
Total evaluation ^{*2}	100%	77.4%	50.0%	70.0%	50.0%	113.9%	112.5%
Quantitative evaluation (combination of four indices, including consolidated ROE) ^{*3}	60%	95.7%	—	83.3%	—	123.2%	—
Qualitative evaluation	40%	50.0%	—	50.0%	—	100.0%	—

*1 All evaluation results are determined solely by independent outside directors in the Compensation Committee.

*2 Qualitative evaluation is determined using an eight-grade rating system, while comprehensive evaluation (the combination of quantitative and qualitative evaluation) is determined using a nine-grade rating system.






*3 Each quantitative evaluation indicator is determined by placing equal weight on the year-on-year increase (decrease) and the ratio of accomplishments vis-à-vis targets.





Corporate Governance

Global Advisory Board

MUFG has established the Global Advisory Board to function as an advisory body to the Executive Committee, and the Board holds regular meetings. The Global Advisory Board is made up of members from the Americas, Europe, Asia and Japan who are external experts in areas such as corporate management,

financial regulation, and government policy. They provide advice and recommendations on groupwide management, global governance, business strategy and other management issues from an independent standpoint. Advice from Global Advisory Board members is furnished to the Executive Committee.

The Americas		Professor Merit E. Janow Dean Emeritus, School of International and Public Affairs, Columbia University Former Member of Appellate Body, World Trade Organization
		Mr. William Coen Chairman, IFRS Foundation's Advisory Council Former Secretary General of the Basel Committee on Banking Supervision
		Ms. Virginia M. Rometty Former Chairman, President and Chief Executive Officer, IBM
Europe		Ms. Anne Le Lorier Former First Deputy Governor at Banque de France (Central Bank of France)
		Mr. John M Flint Chief Executive, UK Infrastructure Bank Former Group Chief Executive, HSBC

Asia		Dr. Victor K. Fung Group Chairman, Fung Group, Hong Kong Former Honorary Chairman, the International Chamber of Commerce
		Mr. George Yeo Former Singaporean Minister for Foreign Affairs
Japan		Professor Emi Osono Dean, Professor, Hitotsubashi Business School, School of International Corporate Strategy
		Mr. Masamichi Kono Former Deputy Secretary General of OECD Former Vice Minister for International Affairs, Financial Services Agency, Japan

Fiscal 2021 Activities

In December 2021, MUFG held its annual Global Advisory Board meeting on an online basis. In addition to Global Advisory Board members, attendees encompassed MUFG executives, including the Group CEO, internal directors and outside directors, as well as executives from Krungsri (Bank of Ayudhya), Bank Danamon, Security Bank, and VietinBank.

Spanning two days, the meeting focused on themes associated with Corporate Transformation stipulated under MUFG's Medium-Term Business Plan (MTBP), including climate change measures, IT/digital and corporate culture reforms.

In terms of climate change measures, attendees engaged in discussions on the implications of COP26 and relevant trends among major countries and key international organizations as well as the future direction of MUFG's transition initiatives vis-à-

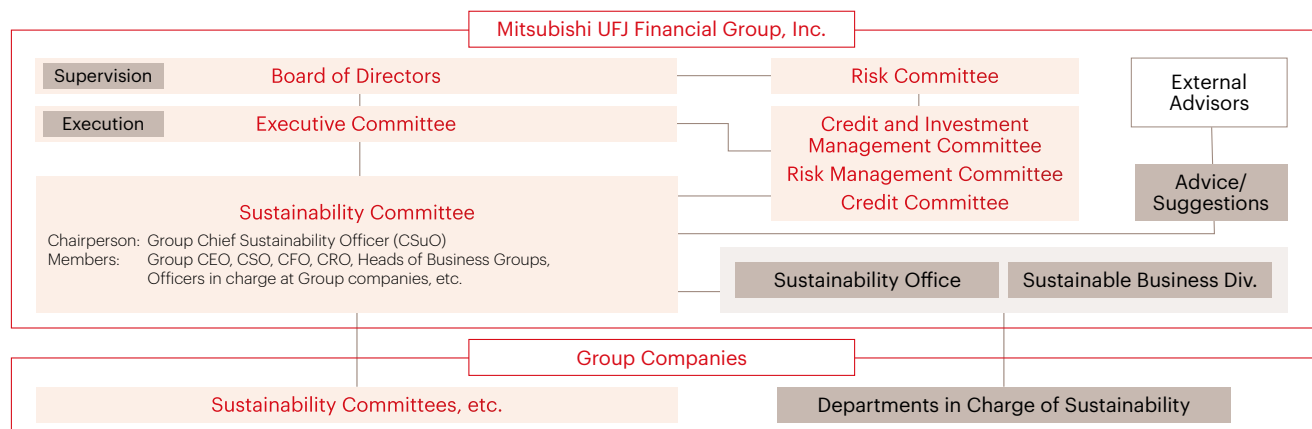
vis these external factors. Attendees also addressed the trend in data-related regulations and areas meriting the attention of the financial sector in connection with IT/digital-related topics. Furthermore, they examined case studies of corporate culture reforms achieved by global companies as well as key factors contributing to the success of such reforms. Each member of the Global Advisory Board contributed insightful suggestions and engaged in the active exchange of opinions with other attendees.

In addition to this meeting, MUFG held small group meetings attended by smaller contingents of Global Advisory Board members to address urgent themes deemed to be particularly relevant to their particular areas of specialty so that they could better leverage their expertise in advising MUFG representatives. In the face of increasingly rapid changes in the operating environment, MUFG is in these ways striving to flexibly and effectively maximize the utility of Global Advisory Board meetings.

Promotion Structure for Sustainability Management

At MUFG, the Sustainability Committee has been positioned to play central role, under the supervision of the Board of Directors, in the development of a promotion structure for sustainability management by ensuring the groupwide, integrated management of all relevant activities.

MUFG convenes the Sustainability Committee at least once a year to check and discuss the status of sustainability initiatives and to report the contents to the Executive Committee and the Board of Directors.



External Advisors	Rintaro Tamaki	President, Japan Center for International Finance
	Junko Edahiro	Professor, Graduate School of Leadership and Innovation, Shizenkan University; President, Institute for Studies in Happiness, Economy and Society; Founder and President, e's Inc.

Main Subjects and Other Items Discussed at the fiscal 2021 Sustainability Committee Meeting

Theme	Details
The business environment surrounding MUFG	<ul style="list-style-type: none"> Changes in the business environment over the course of the past year (trends among government and regulatory agencies, investors, customers, NGOs, financial institutions, etc.)
Measures to address the 10 priority issues	1. Climate change measures & environmental protection
	<ul style="list-style-type: none"> Climate change measures <ul style="list-style-type: none"> Status of initiatives to achieve net-zero GHG emissions from our financed portfolio as well as our own operations Issuance of the <i>MUFG Progress Report</i>, which summarizes the status of our initiatives to realize carbon neutrality Development of a carbon-pricing promotion structure to create new business opportunities Biodiversity and natural capital <ul style="list-style-type: none"> Participation in the TNFD with an eye to enhancing the content of relevant information disclosure and policies for future initiatives
	2. Response to aging population & low birthrate
	<ul style="list-style-type: none"> Enhancement of our financial services to help create a safe and secure society for the elderly and children to live; the creation of more accessible channels via the improvement of our digital interface in terms of operability and design; and other endeavors to enhance customer convenience and policies for future initiatives Commercialization of new businesses aimed at resolving issues arising from an aging society through industry-academia collaboration and the promotion of intragroup collaboration for the same purposes
	3. Inclusion & diversity
	<ul style="list-style-type: none"> Status of roundtable discussion events for female employees, programs designed to support those striving to balance work and family duties and other initiatives to promote inclusion & diversity as well as the recognition of issues Upgrading of training programs and the improvement of communications aimed at securing robust employee understanding and awareness in addition to the enhancement of current policies for promoting in-house and external information strategies and the content of relevant information disclosure
Respect for human rights	<ul style="list-style-type: none"> Relevant regulatory trends in each country, the status of business-related risks that may possibly result in human rights violations and the current status of our initiatives to ensure respect for human rights Development of a human rights management structure and the identification of issues to be tackled in connection with and initiatives to facilitate human rights due diligence involving in-depth assessments
Revision of the MUFG Environmental and Social Policy Framework	<ul style="list-style-type: none"> Inclusion of shale oil, shale gas and pipelines (oil & gas sector) into the "Transactions of High Caution" category Introduction of more stringent standards for mining (coal) and palm oil sectors
External evaluation of ESG activities and disclosure	<ul style="list-style-type: none"> Results of ESG ratings granted by five rating agencies¹ to be used for determining executive compensation and the identification of issues to be tackled to improve such ratings <p>¹ MSCI, FTSE Russell, Sustainalytics, S&P Dow Jones and CDP</p>

Risk Management

Basic Policy

MUFG aims to strengthen its Group risk management through the diffusion of a risk culture that strengthens the structure of Group business management as well as enterprise risk management. Our goal is effective risk governance that is consistent across regions, subsidiaries and the holding company.

MUFG defines a risk culture as the basic approach that specifies how to take risks and risk management for MUFG's organizational and individual behaviors. We have incorporated our risk culture into the MUFG Group Code of Conduct and are engraining this culture among directors and employees, mainly through training.

Risk Management Framework

The Risk Committee under the Board of Directors comprises independent outside directors and outside experts. The committee deliberates various matters related to risk management, reports to the Board of Directors and submits recommendations. Based on the deliberations at the committee, the Board decides management and operational policies related

to various risks. The holding company decides basic policies for the entire Group, while each Group company develops its own management systems and manages risks in line with these policies. The Group CRO reports to the Board of Directors periodically regarding the status of risks and the Group's initiatives in various risk areas.

Risk Appetite Framework

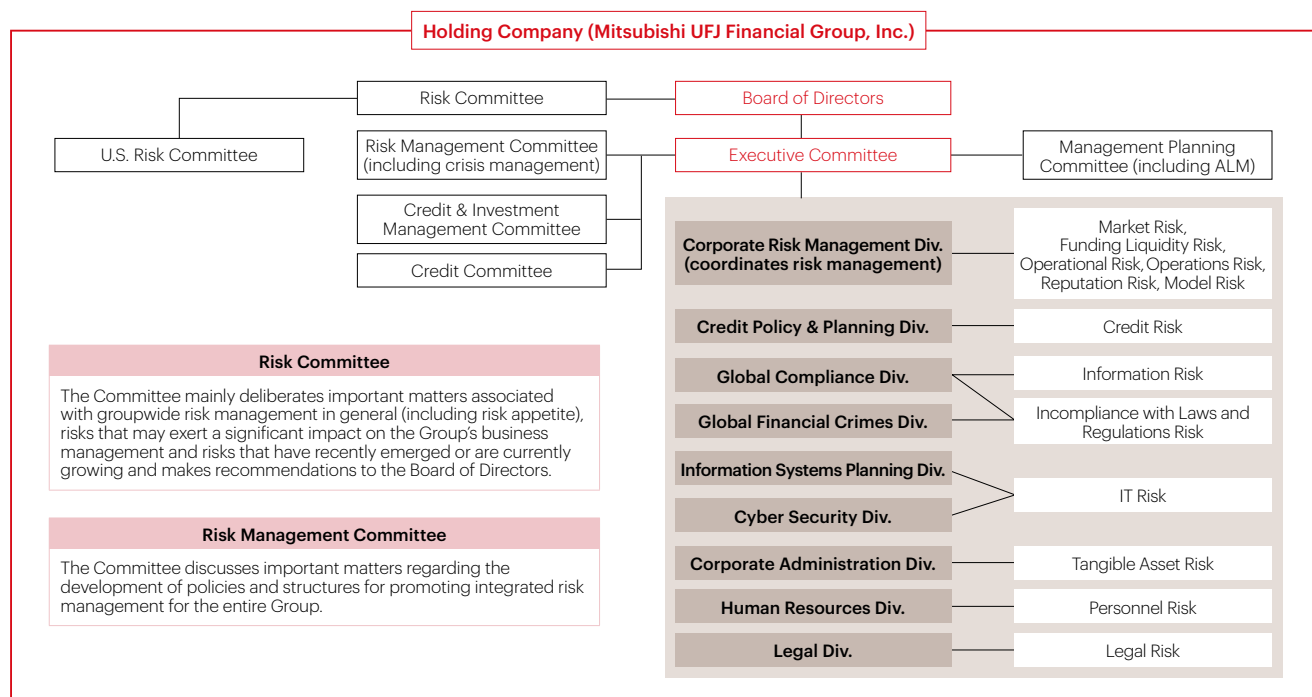
MUFG's Risk Appetite Framework (RAF) provides guidelines for effective risk management that backs our business strategy and financial plan while supporting efforts to avoid unexpected losses and enhance risk return management.

The RAF aims to clarify MUFG's risk appetite (types and amount of risk that it is willing to accept) as it works to achieve its business strategy and financial plan. The framework is designed to increase management transparency and generate more profit opportunities in an environment where risk is properly controlled.

Specifically, in the formulation and execution of its business strategy and financial plan, MUFG will set the appropriate level of risk appetite and proceed to monitor and analyze risk volume.

In order to effectively implement the RAF, risk evaluation and verification procedures, such as top risk management, stress tests and the capital allocation system, will be applied at every stage of the management planning process. Furthermore, even after the plan is formulated, we are ready to take immediate action in emergency situations through the monitoring of the risk appetite.

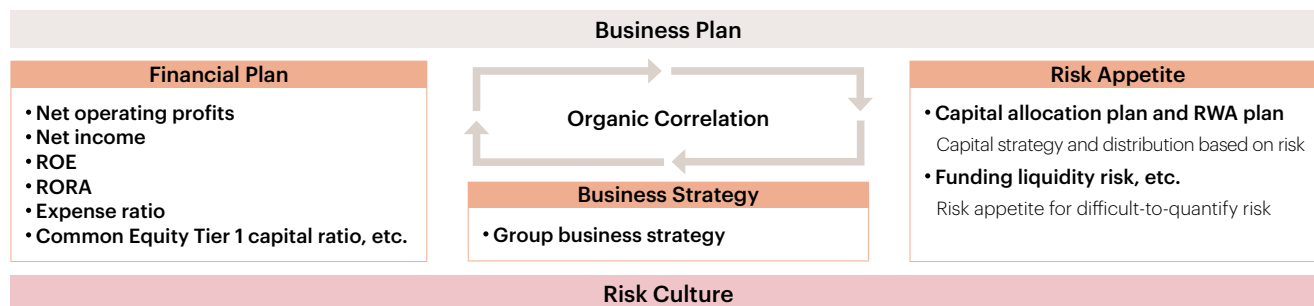
Risk Management System



The Risk Appetite Statement (RAS) elucidates the Risk Appetite Framework, which embodies MUFG's attempts to achieve an integrated group strategy along with effective risk management. In preparing the RAS, the Board of Directors works to ensure its consistency with the management plan based on deliberations

of meeting bodies specializing in business planning, financial planning and risk appetite. Since fiscal 2019, each business group has formulated a RAS for itself as a management tool while assuming ownership of its own risks.

Risk Appetite Framework



Risk Appetite Setting and Management Process

1. Confirming assumptions for business plan formulation	<p>Before formulating the overall business plan, assess pressure points for business strategy and financial and capital operations based on the internal and external environments.</p> <ul style="list-style-type: none"> Future balance sheet simulation based on macroeconomic scenarios
2. Formulate business plan proposal	<p>In pursuing the MUFG Way, formulate a business plan proposal based on business strategy, financial plan and risk appetite.</p> <ul style="list-style-type: none"> Clarify risks to be accepted and risks to be avoided on the basis of Risk Culture
Revise the business plan proposal based on results	
3. Risk appetite assessment and verification	<p>The risk management divisions will mainly assess the appropriate level of risk appetite. The business plan proposal will be amended if the stress tests indicate that the maximum level of acceptable risk will be exceeded.</p> <ul style="list-style-type: none"> Assess and verify the plan from a risk/return perspective Evaluation of the plan's profitability and soundness based on stress tests
4. Business plan decision	<p>The Executive Committee and Board of Directors discuss and subsequently make decisions based on an integrated view of business strategy, financial plan and risk appetite.</p> <ul style="list-style-type: none"> On the basis of the capital allocation system, capital is allocated to subsidiaries and operational divisions in accordance with the level of risk
5. Risk monitoring	<p>The risk management divisions of the holding company and subsidiaries monitor risk volume in relation to risk appetite.</p> <ul style="list-style-type: none"> Forward-looking valuation of internal and external environment based on top risk management Regular monitoring of risk appetite compliance
Cases where risk volume exceeds upper limit	
6. Revision of risk appetite	<p>The risk appetite plan will be revised if monitoring reveals that risk appetite and actual levels of risk diverge or if environmental factors increase the level of risk.</p> <ul style="list-style-type: none"> Stress tests may be conducted again in order to reset risk appetite. Discussion between business groups and corporate risk management division when the risk appetite is exceeded

Risk Management

Enterprise Risk Management

MUFG makes every effort to recognize the risks that emerge in the course of business execution, assessing them according to uniform criteria. Enterprise risk management is then conducted while maintaining business stability and striving to maximize shareholder value. Enterprise risk management is a proactive approach, promoting stable profits commensurate with risk as well as the appropriate allocation of resources.

Enterprise risk management is composed of three main strands: Top risk management, stress tests and the capital allocation system.

Top Risk Management

Based on various risk scenario analysis, we classify potential losses as risk events and we determine the significance based on their impact and probability. The risks that require close monitoring and attention for the next one-year period are identified as top risks by the Risk Committee. Moreover, a risk map encompassing all top risks is created, thereby ensuring a forward-looking approach to risk management. In addition, through management's participation in discussions on such top risks, we strive to take effective measures based on a shared assessment of risks at MUFG and its main subsidiaries.

Major Top Risks

Risk events*	Risk scenarios	Risk countermeasures
A decline in profitability (including a decline in net interest income)	<ul style="list-style-type: none"> Our overall profitability may be adversely affected by, among other things, a decline in our net interest income due to low interest rates in Japan, an increase in net valuation losses on debt securities due to a rise in foreign currency (such as U.S. dollar) interest rates, and an increase in our funding costs. 	<ul style="list-style-type: none"> Monitor profitability through due consideration to the balance-sheet structures as well as the external interest rate environment. Monitor risk volume and gain/loss status in light of interest rates, stock prices and other market changes while flexibly reviewing our investment management policies.
Foreign currency liquidity risk	<ul style="list-style-type: none"> Deterioration in market conditions may result in a depletion of foreign currency funding liquidity and an increase in our foreign currency funding costs. 	<ul style="list-style-type: none"> Verify and confirm our ability to secure surplus funds by implementing sufficient measures when a stress emerges, to this end conducting liquidity stress tests. Manage signs of fluctuations via the monitoring of gaps between foreign-currency deposit and lending balances as well as the use of early warning indicators (EWIs).
An increase in credit costs	<ul style="list-style-type: none"> Sudden deterioration in global economic activities may result in an increase in our credit costs. Deterioration in the credit quality of particular industries or counterparties, to which we have relatively larger exposures, may result in an increase in our credit costs. 	<ul style="list-style-type: none"> Identify those portfolios requiring particular attention in light of overall economic deterioration and keep updating our management structure for credit extended to each client.
IT risk	<ul style="list-style-type: none"> Cyber-attacks may result in customer information leakage, suspension of our financial services, and reputational damage. System problems may result in our payment of financial compensation and damage to our reputation. 	<ul style="list-style-type: none"> Maintain and upgrade our cybersecurity structures and countermeasures and conduct training and drills to ensure our preparedness against cyberattacks. Enforce stringent quality management in design, testing and other system development processes while conducting drills for countering system failures and formulating measures to prevent recurrences.
Risks relating to external circumstances or events (such as health pandemics, earthquakes, floods, terrorism, etc.)	<ul style="list-style-type: none"> Pandemics, natural disasters, economic sanctions caused by conflicts and terrorism, may result in disruptions to all or part of our operations and an increase in costs and expenses. 	<ul style="list-style-type: none"> Develop and operate a groupwide structure, including the Crisis Control Headquarters, to ensure immediate incident response. Constantly update our business continuity structure by assuming severe but plausible incidents. Conduct periodic drills involving top management to enhance the overall level of our incident response capability
Risks relating to climate changes	<ul style="list-style-type: none"> If our efforts to address climate change-related risks or to make appropriate disclosure are deemed insufficient, our corporate value may be impaired. Our credit portfolio may be adversely affected by the negative impact of climate change on our borrowers and transaction counterparties. 	<ul style="list-style-type: none"> Promote various measures in line with the Carbon Neutrality Declaration while disclosing relevant information and enhancing scenario analysis based on recommendations from the TCFD Formulate interim targets consistent with the Paris Agreement regarding the volume of GHG emissions in addition to updating our Environmental and Social Policy Framework and strengthening engagement with corporate clients

* These risk events are among the risk events that were reported to MUFG's Board of Directors following the Risk Committee's discussion in March 2022. These risk events include risk events of general applicability.

For further information other than top risks, please see our Annual Report on Form 20-F.

Stress Tests

Stress Tests for Capital Adequacy Assessment

In formulating its business plan, MUFG assesses its capital adequacy through stress tests based on Basel III capital adequacy regulations. Stress tests analyze the prevailing economic environment at home and abroad as well as the future outlook while giving due consideration to top risks and the MUFG Group's business structure. The three-year-period scenarios are thus created and utilized to calculate and assess the impact on our capital ratio of the materialization of risks. This also helps us verify the propriety of our business plan.

Liquidity Stress Tests

In liquidity stress tests, the impact of MUFG-specific or overall market stress on the balance sheet is assessed so as to implement MUFG's business strategy and financial plan. Various options for responding to short-term fund outflows or long-term structural changes in the balance sheet are examined with a view to ensuring there is no funding shortage.

Capital Allocation System

In this framework, latent losses associated with risk are converted to a required capital amount, and capital is then allocated across Group companies and between different risk categories according to business strategy and the profit plan. The framework is intended to allow the appropriate distribution of capital throughout the Group, with MUFG monitoring and controlling this distribution to preserve financial soundness, evaluate capital adequacy versus risk and judge impact on overall capital strategy.

Operational Resilience

Operational resilience refers to a corporation's ability to continue its key operations if or when terrorist attacks, cyberattacks, natural disasters or other serious incidents occur.

In recent years, the environment associated with operational risks confronting businesses has been evolving due to the breakout of the COVID-19 pandemic, increasingly frequent natural disasters, the widespread impact of system failures due to ever-faster pace of digitalization and the growing threat of cyberattacks.

Amid this environment, taking preemptive measures against all potential risk events is patently impossible. Accordingly, it is an important management issue to establish a resilient structure that will secure business continuity by flexibly responding to the unexpected and to maintain stable financial functions in such situations.

With this in mind, MUFG is constantly updating its structure for crisis response and business continuity based on takeaways from a variety of crisis events, including those occurring within and outside the Group. To this end, we consider a variety of serious incident scenarios that could result in the disruption of our operations in order to curb the impact of such events to a tolerable level.

Basic Concept

- Establish a resilient structure that will secure business continuity by flexibly responding to the unexpected and to maintain stable financial functions in such situation.
- Assume serious events that could result in the disruption of our operations and strive to curb the impact of said events to a tolerable level.

Specific Initiatives

- Identify important operations and services from the perspective of continuously delivering our financial and social functions, and set target levels of restoration from post-incident disruption.
- Develop cross-sectional contingency plans, assuming the loss of management resources.
- Enhance backup sites located in remote regions to secure a dual operation system while expanding the scope of operations that can be continued by work-at-home employees.
- Ensure across-the-board control of emergency responses under the supervision of the Crisis Control Headquarters in addition to helping frontline business units raise their autonomous response capabilities.

Improve the effectiveness of emergency response measures via periodic drills and ensure the constant updating of these measures in light of the evolving environment within and outside the Group.

Cyber Security

Basic Policy

MUFG is well aware of its social responsibilities for securing the assets entrusted by the customers and its obligation to provide secure and stable financial services. MUFG has positioned risk

and threats posed by cyber-attacks and other relevant events as one of the Top Risks and is promoting cyber security measures under management leadership.

Cyber Security Management Structure

Governance Structure

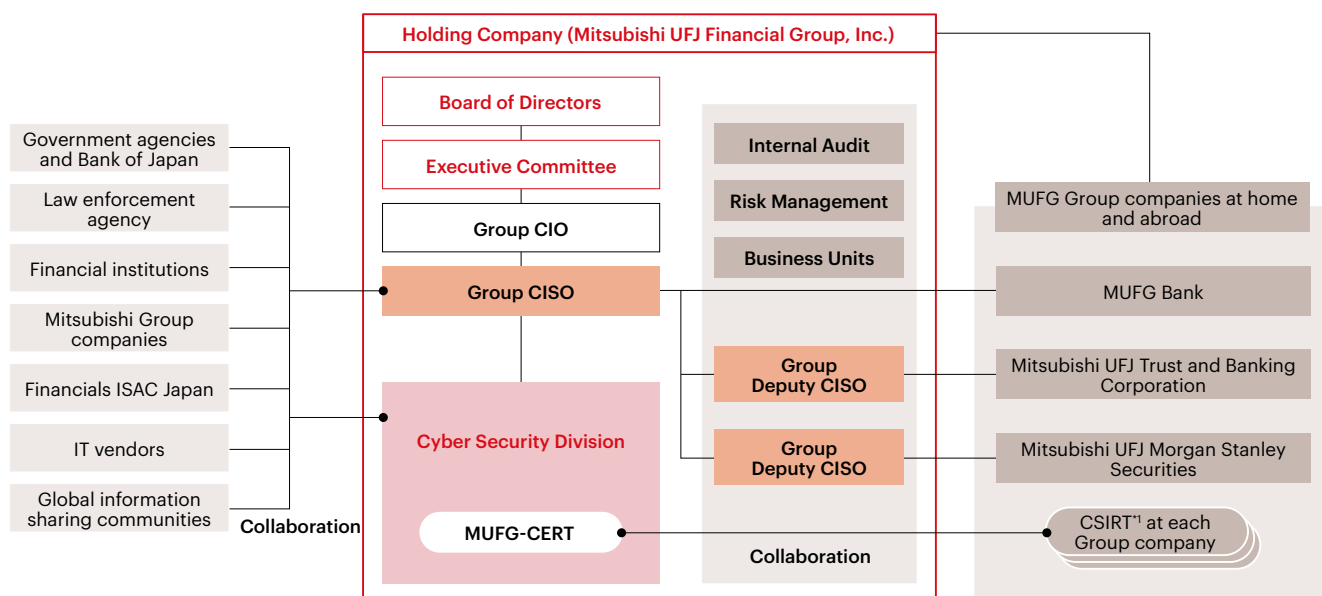
MUFG has cyber security standards that reference to international guidelines and is engaged in the development of relevant strategies and organizational structures as well as the planning and implementation of initiatives aimed at enhancing its cyber security measures.

MUFG enacted the Cyber Security Management Declaration with the intention of strengthening the security management structure under the direct supervision of top management as a response to cyber-attacks and crimes that are becoming more advanced and sophisticated year by year. Moreover, at the beginning of fiscal year 2022, MUFG separated the Cyber Security Office as an independent division from Information Systems Planning Division and enhanced the leadership of the Group Chief Information Security Officer (CISO). MUFG has a governance structure supporting business judgement according to changes in the surrounding environment through timely and proper reporting to the Board of Directors and the Executive Committee. Taking advantage of the structure, MUFG puts an effort in effective and efficient promotion of cyber security strategies while working to defend MUFG against cyber-attacks daily.

Management Structure

The MUFG Cyber Security Fusion Center (MUFG CSFC), which was launched as a security center to provide threat analysis and security measures, plays key roles in the around-the-clock monitoring and incident response on a groupwide and global basis. Furthermore, MUFG sets up the MUFG-CERT as an umbrella organization in case of cyber security incident to cooperate with Computer Security Incident Response Teams (CSIRTs) of Group companies. MUFG conducts periodic exercises and drills to ensure its ability to perform promptly and surely such as information sharing, decision making, external public relations, and technical countermeasures. In addition, MUFG has stepped up collaborative activities with government agencies, other companies in the financial industry, and security communities including the Nippon CSIRT Association.

Cyber Security Governance Structure (MUFG)



*1 Computer Security Incident Response Team: A team tasked with receiving first-hand reporting on security incidents and conducting investigations into and responses to such incidents

■ Main Initiatives to Counter Cyber Security Threats

Security Measures to Counter Growing Threats

Given current international situation and global threat of ransomware, the risk of cyber-attacks has been increasing. MUFG sets up a dedicated team focused on threat intelligence to centralize the related activities such as impact analysis for newly found vulnerabilities or past experiences, and remediation for those impacts on a groupwide and global basis. Additionally, the team monitors systems for external stakeholders daily to prevent any flaws in security updates or configuration settings.

In step with the widespread popularization of electronic payments on the internet such as Internet banking, cybercrimes that target online services have also become social issues. MUFG is implementing a variety of initiatives to deliver safe and secure services to customers, such as ensuring robust online verification, thoroughgoing vulnerability countermeasures, threat intelligence, anomaly detection, and suspicious-transaction monitoring.

Our Response to Digital Transformation (DX)

MUFG actively utilizes new technologies such as cloud services, AI, Robotics, and Open APIs for business.

The Cyber Security Division participates in the projects related to the new technologies from the early stages such as planning and design phases. The activity contributes to the development of multilayered security measures and the realization of coexistence between safety and technology-driven transformation through proactive actions including procedure development for safe utilization of the new technology, risk evaluation, and monitoring of configuration settings.

Nurturing Security Specialists

Cyber security measures are a wide range of areas, including governance, threat intelligence, risk management, engineering, monitoring operation, and incident response. MUFG has secured an in-house team capable of managing and carrying out the above functions.

To ensure the robust implementation of each security measure, MUFG has systematically categorized the talents and skill sets expected of security members to provide them with optimally designed human resource development programs, which combine in-house and external lectures and exercises while giving due consideration to the competencies of each member, the nature of tasks to be assigned to them and possible opportunities for their future career advancement. Furthermore, MUFG has boldly pursued improvement of security measures in order to keep up with constant changes in technology, utilization environment and cyber-attacks, and to nurture them as professional through these opportunities.

Providing Cyber Security Education to Foster a Proper Culture

For MUFG to maintain the stable operation of its financial infrastructure, it is essential to foster the corporate culture in which each employee understands the importance of cyber security and considers what should be done as a company while acting in collaboration with other financial institutions or government authorities.

MUFG provides educational programs to not only employees directly involved in cyber security but also those engaged in planning and promotion of the business services so that every employee is well-versed in necessary countermeasures against cyber-attacks. Furthermore, MUFG provides all employees at main Group companies with e-learning, phishing mail exercises, and newsletters for alerting cyber-attacks and familiarizing them proper responses, and hosts seminars for widely scoped Group companies. MUFG also engaged in various activities with external organizations, such as collaboration with Financials ISAC Japan, the IT security association of financial institutions, and participation in various training programs and drills hosted by the NISC (National center of Incident readiness and Strategy for Cybersecurity), the Financial Services Agency, and the Tokyo Metropolitan Police Department.



Staff working at MUFG Cyber Security Fusion Center (MUFG CSFC)

Compliance

Basic Policy

We have established MUFG Group Code of Conduct as a set of guidelines for a day to day judgement of how the Group's directors and employees should act to realize the MUFG Way. The code expresses our commitment to complying with laws and regulations globally, to acting with honesty and integrity, and to behaving in a manner that supports and strengthens the trust and confidence of society.

In addition, as we expand the geographic scope of our business globally, we are committed to keeping abreast of developments in laws and regulations of the jurisdictions in which we operate, including anti-money laundering and anti-bribery rules as well as competition laws, while paying attention to trends in financial crimes.

Compliance Framework

Management and coordination of compliance-related matters are the responsibility of separate compliance management divisions established at the holding company and the major subsidiaries, namely, the Bank, the Trust Bank and the Securities (hereinafter, the "three subsidiaries"). Each compliance management division formulates compliance programs and organizes training courses to promote compliance, and regularly reports to each company's board of directors and Executive Committee on the status of compliance activities.

Committee while the three subsidiaries have Compliance Committees under their executive committees to deliberate key issues related to compliance. Additionally, the holding company has a Group Chief Compliance Officer, or CCO, Committee, which consists of the CCO of the holding company and the CCOs of the three subsidiaries. The Group CCO Committee deliberates important matters related to compliance and compliance-related issues for which the Group should share a common understanding.

The holding company has established a Group Compliance

 See our Annual Report on Form 20-F for further details on our compliance framework.

Ensuring Thorough Compliance

We engage in ongoing efforts to ensure that each employee embraces proper action principles in accordance with the Code of Conduct. These efforts include providing e-learning for all employees, disseminating messages from management, holding compliance training sessions that discuss case studies of external compliance incidents and call employee attention to real-life compliance issues, and implementing periodic tests to confirm training results. In these ways, we strive to help employees raise their compliance literacy and awareness. We also assess the robustness of compliance awareness among our workforce via the annual Group Awareness and Engagement Survey and update the content of the Code of Conduct every

year with reference to the results of this survey as well as changes in the business environment at home and abroad. In fiscal 2022, the Code of Conduct was updated via the incorporation of more easy-to-understand expressions so that employees can better embrace its spirit. Moreover, the updated version features a message from Group CEO to remind readers about the significance of individual employee pursuits aimed at embodying MUFG's Purpose, "Committed to empowering a brighter future," in addition to new articles emphasizing the importance of customer information management. As such, MUFG is constantly striving to ensure thorough compliance.

Initiatives to Enhance Global Financial Crimes Compliance Framework

MUFG established the Global Financial Crimes Division ("GFCD"), which is in charge of Anti-Money Laundering ("AML"), Counter-Terrorist Financing ("CFT"), Sanctions Compliance, and Anti-Bribery and Corruption (collectively, "Global Financial Crimes Compliance"), against the backdrop of heightened regulatory expectations in that area.

MUFG established GFCD's headquarters in New York, where the excellence for financial crimes risk management is centralized, and is implementing a number of initiatives to prevent, detect, and deter financial crimes. MUFG established policies that define the governance and oversight structure for financial crimes risk management across MUFG and provide the foundation for the implementation of the financial crimes compliance program in a manner that is commensurate with the strategies, business activities, and risk profiles of each Group company. Through these policies, MUFG promotes a consistent and integrated approach across the Group globally.

MUFG Bank incorporated the Group's mandate in the "Global Financial Crimes Policy Statement," which is available on the Bank's public website and provides confirmation that the Bank is committed to financial crimes risk management and has in place appropriate controls. As a member of the Wolfsberg Group,^{*1} the Bank is proud to work with other global financial institutions to develop frameworks and guidance for the financial crimes risk management.

In addition, the Bank established shared organizations (Centers of Excellence) in the Americas, EMEA, Asia, and Japan. Through

those Centers of Excellence, the Bank is centralizing certain AML and sanctions compliance processes and expertise to assist in the fight against money laundering, terrorist financing, and sanctions violations. As processes move from local branches and offices and become integrated into the Centers of Excellence, the Bank will be better positioned to achieve globally consistent and effective operations.

The Bank is also enhancing its financial crimes compliance systems and establishing a data warehouse. These enhancements will support a globally consistent, effective, and efficient financial crimes compliance program and will help the Bank detect more complex and sophisticated types of financial crimes in a sustainable and flexible manner.

Furthermore, the Bank is investing in its people, with continued hiring of financial crimes compliance specialists, training for all employees, updated information-sharing, and accumulation and exchange of knowledge and skills through a global staff rotation program.

We continue to work on the enhancement of global financial crimes compliance in line with the requirements and expectations of international organizations, including regulators in each country, FATF,^{*2} etc., to support and strengthen the trust and confidence of society.

^{*1} The Wolfsberg Group is an association of thirteen global banks which aims to develop frameworks and guidance for the management of financial crime risks.

^{*2} FATF: Financial Action Task Force on money laundering. Inter-governmental body that advocates for taking a coordinated international response in AML and counterterrorist financing.

Whistle-Blowing Systems

Having positioned its whistle-blowing systems as an important governance tool, MUFG has helped each Group company develop such a system to ensure their ability to identify compliance issues early so that any problems can be quickly rectified. Moreover, the MUFG Compliance Helpline operates year-round and is capable of handling a report from any Group member no matter what their location on an around-the-clock basis.

We made it a rule that the identities of consultants and the content of the report must be kept secret in the course of handling reported issues so that whistle-blowers will not be subjected to detrimental treatment. This rule is clearly stipulated in the Code of Conduct as well as in in-house rules enforced at each Group company. We are thus ensuring thorough protection for whistle-blowers even as we carry out investigations into issues being reported and conduct correction measures, including follow-up inspections.

In addition, we aim to ensure that each employee is able to quickly access this helpline whenever he/she has even the slightest suspicion regarding compliance. To this end, we let all employees know about this helpline as well as records on internal reporting accepted thus far. At the same time, we are striving to enhance the reliability of our whistleblowing systems via, for example, the sharing of actual compliance-related cases in a form that makes it impossible to determine the identities of whistleblowers.

In fiscal 2021, a total of 441 reports were accepted at MUFG and main Group companies. In line with the revised Whistleblower Protection Act, which came into effect in June 2022, we have upgraded whistle-blowing systems in place at MUFG as well as Group subsidiaries and affiliates, so that employees can feel more secure about using the systems.

 See our Annual Report on Form 20-F for Accounting Auditing Hotline.

Compliance

Outline of Embezzlement Incidents at the Trust Bank and the Status of Correction Measures

As stated in a press release* dated December 20, 2021, two employees at the Trust Bank were found to have been involved in the embezzlement of funds entrusted by customers. We hereby extend our deepest apologies to all customers and other stakeholders for the trouble and anxiety these incidents may have caused.

Following the revelation of these incidents, the Trust Bank carried out investigations of transactions involving the two ex-employees as well as all other customer transactions executed through its sales staff to determine whether any other customers had been similarly exploited.

Moreover, we set up the Business Improvement Committee chaired by the president of the Trust Bank, to monitor the status of customer care measures and formulate measures to prevent the recurrence of incidents of this kind based on the analysis of root causes. The Outside Director Special Investigation Committee, which is attended by all outside directors of the Trust Bank and operates directly under its Board of Directors, provided verification and suggestions to secure the objectivity and effectiveness of such countermeasures.

Furthermore, the holding company has been robustly updated about the status of the above investigations as well as measures being formulated to prevent recurrences while providing advice to the Trust Bank as needed.

On June 10, 2022, we disclosed¹ the results of investigations, the status of customer care measures and initiatives to prevent recurrences. We hereby summarize such matters below.

* Available in Japanese only

Outline of the Incidents and Results of Investigations

Date of revelation	The period in which the embezzlement took place	Damage
1 November 8, 2021 (in-house investigation based on a voluntary inspection program)	May 2007 to December 2020	14 customers affected, a total of ¥97,500,000 stolen (Nakano and Kichijoji branches)
2 December 2, 2021 (in-house investigation based on a customer inquiry)	November 2018 to March 2020	Two customers affected, a total of ¥4,420,000 stolen (Nakano Branch)

We interviewed, spoke with on the telephone or otherwise engaged with all customers (representing 5,851 transactional accounts) who may have been contacted by the two ex-employees in question in order to confirm whether any transactions undertaken may have been subject to suspicious activities. Also, we have implemented thorough inspections at all Trust Bank branches to determine if any similar incident had been left unchecked. To date, we do not acknowledge the occurrence of any fraudulent incident other than the embezzlement committed by the two ex-employees in question. These investigations were undertaken after consulting with and obtaining advice from external lawyers. In addition, we fully compensated the affected customers for all damage suffered.

Initiatives to Prevent Recurrences

1 Ensure robust employee management, upgrade checks-and-balances functions and provide training to raise employee awareness to prevent illicit conduct

- Provide training for managers to help them raise their sensitivity to signs of unusual staff behavior while developing a framework supporting the periodic confirmation of operational status
- Implement annual training focused on the prevention of illicit conduct, targeting all employees; for the retail division, distribute a booklet featuring topics on the prevention of fraudulent activities
- Conduct annual surveys using questionnaires targeting all employees regarding the prevention of illicit conduct
- Enforce more stringent rules designed to call into question the slightest trace of impropriety when any member of staff at the retail division is transferred

2 Develop a more robust structure supporting the checks-and-balances and monitoring functions we have in place targeting sales, back-office and after-sales service processes

- Enforce more stringent rules on removing cash from safes and implement even closer monitoring on subsequent employee activities
- Newly establish a team dedicated to the periodic confirmation of transaction details with elderly customers and deliver follow-up services
- Also, establish the Retail Compliance Department to be tasked with the monitoring of overall transactions
- Expand existing compliance programs to incorporate a new program focused on the prevention of illicit conduct and operate a PDCA cycle in the course of implementing such program while strengthening our monitoring structure by, for example, updating the audit program implemented by audit departments and encouraging relevant staff to acquire Certified Fraud Examiner and other certification

3 Reinforce our management structure for controlling the risk of employee improprieties and raise our organizational capabilities to deter and detect illicit conduct

- Establish the Illicit Conduct Prevention Special Subcommittee under the Compliance Committee; confirm the effectiveness of measures in place to prevent recurrences on a quarterly basis, in addition to incorporating external input, etc., with the goal of strengthening the management structure supporting the prevention of illicit conduct
- Form a project team tasked with promoting employee conduct that properly accommodates elderly customers while instituting an advisory board attended by external specialists
- Set up the Retail Operation Monitoring Subcommittee under the Risk Management Committee to enhance the risk management structure we have in place to monitor overall transactions
- Promote measures to invigorate in-house communications by, for example, increasing opportunities for employees to hold robust dialogue with their supervisors, among co-workers and with members of top management; continuously endeavor to evaluate and improve the effectiveness of such measures through the periodic measurement and scoring of the degree of employee engagement

Disciplinary Action

Upon the revelation of the incident, we executed strict disciplinary action against those responsible for supervising the two ex-employees in question in accordance with in-house regulations of the Trust Bank. Furthermore, the chairman, president, and the officer who had been in charge of the retail division of the Trust Bank at the time of the revelation, have voluntarily returned a portion of their officer remuneration in light of their dereliction of management responsibilities.

Internal Audit

Basic Policy

The internal audit aims to evaluate the appropriateness and effectiveness of governance, risk management and control processes including compliance framework with independence to ensure sound and appropriate management of the business. Internal audit results are reported to senior management. Additionally, internal audits suggest ways to help audited departments improve or rectify any issues identified.

We adopted the "MUFG Internal Audit Activity Charter," which defines our basic policies for internal audits, including the missions to conduct audits that contribute to improve the

Group's corporate value and realize the MUFG Way. This charter is designed to encourage internal audit staff to conduct internal audits in accordance with the global standards set by the Institute of Internal Auditors*.

* An international association headquartered in the United States, the IIA formulates practical standards for internal audits, issues accreditation for certified internal auditors (CIA) and engages in other activities aimed at providing leadership for the global profession of internal auditing.

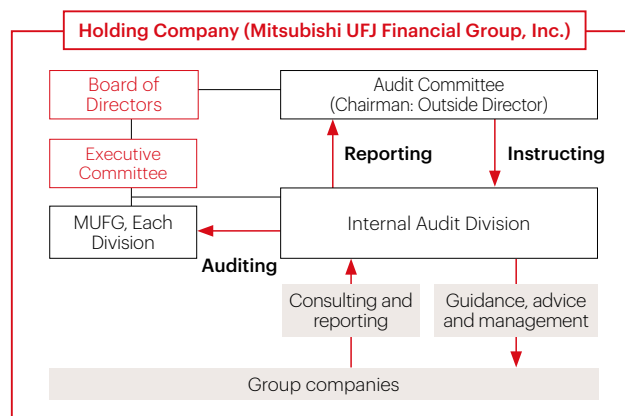
To see the full text of the charter, please also visit our corporate website.
<https://www.mufg.jp/english/profile/governance/audit/>

Internal Audit Framework

The MUFG Group maintains internal audit functions at the holding company level as well as at the subsidiary level that are designed to enable the Group to provide coverage for all operations and support the Board of Directors of the holding company in the exercise of its supervisory functions via across-the-board collaboration with other Group entities.

In addition to leading the internal audit planning and proposal activities of the Group, the internal audit division at the holding company administers, monitors and, as necessary, guides and advises the internal audit divisions of subsidiaries and affiliated companies. The division also reports to the holding company's Audit Committee on important matters, including governing principles for internal audit plans and the results of internal audits.

Internal Audit Framework



Implementing Effective and Efficient Internal Auditing

To ensure that internal audit processes use available resources with optimal effectiveness and efficiency, the internal audit divisions implement risk-focused internal audits in which the nature and magnitude of the associated risks are considered in determining audit priorities and the frequency and depth of

internal audit activities. At the same time, through the off-site monitoring, internal auditors attend key meetings, collect important internal control documents and implement other necessary measures to assess any changes in risk status.

Conducting Groupwide, Cross-Regional Audits

As we strive to deliver solutions to our clients by leveraging our functions across the Group, and to promote business operations on a global basis, we pursue a groupwide, cross-regional approach to raise the effectiveness and efficiency of internal audit. In particular, we conduct groupwide, cross-regional audits in areas

such as IT, cyber security, and global financial crime, where sophisticated specialist expertise is required, promoting the sharing of audit knowledge and know-how in these fields. Through these efforts, we strive to unify our standards for audits and enhance audit quality.

Initiatives for Practicing a Customer-Oriented Approach

Basic Policy

With the aim of ensuring the thoroughgoing practice of customer-oriented undertakings, the MUFG Group Code of Conduct addresses the importance of “Customer Focus” in Chapter 1, while the MUFG Basic Policy for Fiduciary Duties is publicized to provide unified guiding principles for the Group. In line with this policy, all Group entities share a commitment to practicing customer-oriented undertakings and endeavor to improve their products and services.

MUFG Basic Policy for Fiduciary Duties	
MUFG Group Code of Conduct 1-1	1. Ensure customer-oriented approach
Honesty and Integrity	2. Developing and providing products that match customers' needs
	3. Implementing customer-oriented consultation and provision of information
MUFG Group Code of Conduct 1-2	4. Provision of line of products to meet diverse needs
Ensuring Quality	5. Sophistication of investment for the improvement of customers' investment results
	6. Improvement of quality of comprehensive asset administration services to support customers' asset management
MUFG Group Code of Conduct 1-3	7. Provision of financial services leveraging the Group's consolidated strength
Exceeding Customer Expectations	8. Establishment of a structure enabling comfortable, secure and safe transactions
	9. Exertion of professionalism

Operational Structure

MUFG works to strengthen its operational structure for ensuring a customer-oriented approach by, for example, holding periodic Fiduciary Duty Promoting Committee meetings while pushing ahead with sharing best practices and other across-the-board endeavors to improve its business operations on a groupwide basis. We also invite external advisors to incorporate insights offered by these individuals from their diverse perspectives.

Moreover, eight domestic Group companies disclose the status of their initiatives related to fiduciary duties and KPIs* for such initiatives. In addition, the holding company is engaged in the monitoring of initiatives undertaken by each Group company while periodically reviewing the aforementioned policy. By doing so, we aim to promote customer-oriented business operations.

* Japanese only

Examples of KPIs Disclosed (the number assigned to each KPI is the same as that assigned to a corresponding paragraph in the MUFG Basic Policy for Fiduciary Duties)

1-1 Honesty and Integrity	1-2 Ensuring Quality
1 Customer assets and number of investment products holders	4 Investment trust fund line-up
1 Assets under management (AuM)	4 Life insurance product line-up
2 Number of awards won for R&I Fund Awards	4 Top 10 investment trust fund in distribution and proportion of distribution amount
2 Number of fund awards won	4 Ratio of distribution amount of products launched by affiliated investment managers
3 Number of holders of wrap accounts and its AuM	5 AuM of the products targeted for “Tsumitate NISA”
3 Transfer amount for investment trust Tsumitate	5 Periodic investment performance on the entire products targeted for “Tsumitate NISA”
3 Number of holders of investment trust Tsumitate	5 External evaluation of the quality of information offered by asset management firms and relevant customer satisfaction ratings
3 Average period of holding investment trust funds	6 Assets under administration
1-3 Exceeding Customer Expectations	Common KPIs
8 Satisfaction survey	[Common KPI] Cost/return and risk/return of top 20 investment trust funds in terms of AuM
	[Common KPI] Ratio of customers by gain/loss on fund performance
	Ratio of customers by gain/loss on fund performance including realized gain/loss
	[Common KPI] Ratio of customers by gain/loss on performance of fund wrap
	[Common KPI] Ratio of customers by gain/loss on performance of wrap service
	[Common KPI] Cost/return of top-ranking foreign currency-denominated insurance products with a lump-sum premium in terms of AuM
	[Common KPI] Ratio of customers by gain/loss on performance of foreign currency-denominated insurance products with a lump-sum premium

For details of the MUFG Basic Policy for Fiduciary Duties, please also visit our corporate website.
<https://www.mufg.jp/english/profile/governance/fd/>

Initiatives to Respect Human Rights

Basic Policy

MUFG recognizes respect for human rights as an important issue to be addressed in the management of our business for the realization of our Purpose defined in the MUFG Way of

being "Committed to empowering a brighter future." We are committed to endeavor to fulfill our responsibility to respect human rights across all of our operations.

Human Rights Management Structure

The MUFG Human Rights Policy Statement is determined by the Board of Directors and is periodically reviewed.

The Sustainability Committee also deliberates on important matters related to human rights, such as measures to ensure respect for human rights and policies for relevant initiatives undertaken in accordance with the above Policy Statement. Conclusions reached by the Sustainability Committee are reported to the Board of Directors which, in turn, exercises supervision over the former's activities.

Based on the discussions of the Board of Directors and the Sustainability Committee, management resources are optimally allocated to relevant business groups to support the effective

implementation of measures to ensure respect for and the protection of human rights.

Each Group company similarly recognizes that ensuring respect for basic human rights is a management issue requiring the utmost priority. Based on this recognition, efforts have been under way across the Group to put the Human Rights Policy Statement into practice and fulfill our responsibility to ensure that human rights are respected in all aspects of our business activities. These efforts include helping employees fully understand the relevant content of the Code of Conduct, featuring topical articles in compliance manuals so that the importance of human rights is understood by all, and otherwise raising human rights awareness among our workforce.

Human Rights-Related Issues That Need to Be Tackled by Financial Institutions and Our Initiatives

MUFG takes note of the various human rights issues listed below and is working with all relevant stakeholders to prevent human rights violations.

Human Rights-Related Issues and Main Initiatives

Stakeholder	Issues	Main initiatives
Employees	<ul style="list-style-type: none"> ● Preventing discrimination in the course of hiring and employment ● Preventing sexual harassment and power harassment ● Securing proper working conditions, developing a decent working environment, ensuring freedom of association and collective bargaining rights, etc. 	<ul style="list-style-type: none"> ● Provide human rights awareness training ● Establish and maintain helplines for employees ● Prepare manuals for preventing harassment*
Customers	Issues associated with the human rights of customers <ul style="list-style-type: none"> ● Respecting customer privacy ● Ensuring equal access to financial services, etc. 	<ul style="list-style-type: none"> ● Ensure our ability to accommodate customers with diverse circumstances (e.g., Hold lectures on how to help customers with dementia)
	Human rights issues that can be promoted through or are related to transactional relationship with customers <ul style="list-style-type: none"> ● Preventing child labor and forced labor ● Respecting the rights of indigenous communities and people, etc. 	<ul style="list-style-type: none"> ● Establish the MUFG Environmental and Social Policy Framework as the basis for the management of environmental and social issues, including human rights issues, in financing for corporate customers ● Comply with the Equator Principles (EP)
Suppliers	<ul style="list-style-type: none"> ● Preventing excessive work hours, environmental pollution, legal and regulatory violations, etc. 	<ul style="list-style-type: none"> ● Directly hand our <i>Guidelines for Purchasing Activity</i> booklet to supplier representatives to communicate our requirements regarding respect for basic human rights, legal and regulatory compliance and other matters* ● Establish helplines for suppliers to prevent the abuse of superior bargaining positions and the violation of human rights of supplier employees*

* Initiatives undertaken by the Bank

For details of the MUFG Human Rights Policy Statement and each initiative, please also visit our corporate website.
<https://www.mufg.jp/english/csr/humanrights/>

Eleven-Year Summary of Major Financial Data

	FY2011	FY2012	FY2013	FY2014	FY2015
Currency exchange rate (USD/JPY) (yen)	82.19	94.05	102.92	120.17	112.68
Income statement summary					
Gross profits before credit costs for trust accounts	3,502.0	3,634.2	3,753.4	4,229.0	4,143.2
Net interest income	1,840.5	1,816.8	1,878.6	2,181.6	2,113.5
Trust fees excluding credit costs	96.9	95.1	108.4	111.4	117.0
Net fees and commissions	964.2	1,042.2	1,160.3	1,308.6	1,320.5
Net trading profits	225.5	288.2	362.0	352.9	306.3
Net other operating profits	374.7	391.7	244.0	274.3	285.6
Net gains (losses) on debt securities	270.3	336.7	142.8	115.1	132.9
General and administrative expenses	1,994.5	2,095.0	2,289.3	2,584.1	2,585.2
Expense ratio	56.9%	57.6%	60.9%	61.1%	62.3%
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,507.4	1,539.2	1,464.1	1,644.9	1,557.9
Total credit costs	(193.4)	(115.6)	11.8	(161.6)	(255.1)
The Bank and the Trust Bank combined	(134.5)	(65.3)	35.1	(71.1)	(103.7)
Net gains (losses) on equity securities	(88.6)	(53.6)	144.5	93.1	88.3
Gains (losses) on sales of equity securities	(9.4)	33.6	157.5	97.9	113.6
Losses on write-down of equity securities	(79.2)	(87.3)	(12.9)	(4.8)	(25.3)
Equity in earnings of equity method investees	377.5	52.0	112.4	159.6	230.4
Other non-recurring gains (losses)	(130.8)	(77.7)	(38.2)	(23.0)	(82.0)
Ordinary profits	1,471.9	1,344.1	1,694.8	1,713.0	1,539.4
Net extraordinary gains (losses)	(23.8)	9.6	(151.7)	(98.2)	(40.7)
Total taxes	376.4	395.7	439.9	467.7	460.2
Tax burden ratio	26.0%	29.2%	28.5%	28.9%	30.7%
Profits attributable to non-controlling interests	90.2	105.3	118.1	113.2	87.1
Profits attributable to owners of parent	981.3	852.6	984.8	1,033.7	951.4
Balance sheet summary					
Total assets	218,861.6	234,498.7	258,131.9	286,149.7	298,302.8
Loans and bills discounted	84,492.6	91,299.5	101,938.9	109,368.3	113,756.3
Securities	78,264.7	79,526.8	74,515.5	73,538.1	69,993.8
Total liabilities	207,185.8	220,979.0	243,019.0	268,862.2	280,916.1
Deposits	124,789.2	131,697.0	144,760.2	153,357.4	160,965.0
Negotiable certificates of deposit	12,980.6	14,855.0	15,548.1	16,073.8	11,591.5
Total net assets	11,675.7	13,519.6	15,112.8	17,287.5	17,386.7
Total shareholders' equity	9,909.5	10,578.3	11,346.2	11,328.6	11,855.8
Retained earnings	5,602.3	6,267.9	7,033.1	7,860.4	8,587.5
Total accumulated other comprehensive income	83.4	1,158.2	1,709.7	3,989.2	3,602.1
Non-controlling interests	1,674.8	1,774.1	2,048.1	1,961.3	1,920.5
Financial Ratios					
Common Equity Tier 1 Capital ratio	—	11.60%	11.18%	11.09%	11.63%
Tier 1 Capital ratio ¹⁾	12.15%	12.63%	12.37%	12.58%	13.24%
Total Capital ratio	14.72%	16.53%	15.43%	15.62%	16.01%
Dividends per share (DPS) (yen)	12.0	13.0	16.0	18.0	18.0
Dividend payout ratio	17.6%	22.0%	23.4%	24.6%	26.3%
Dividend	169.9	184.1	226.6	253.7	249.3
Share repurchase	—	—	—	100.0	200.0
Total payout	169.9	184.1	226.6	353.7	449.3
Total payout ratio	17.6%	22.0%	23.4%	34.2%	47.2%
Book-value per share (BPS) (yen)	678.25	800.95	893.77	1,092.75	1,121.07
Earnings per share (EPS) (yen)	68.09	58.99	68.29	73.22	68.51
ROE MUFG definition	11.10%	8.77%	9.05%	8.74%	7.63%
ROE JPX definition	10.60%	7.96%	8.05%	7.38%	6.18%
Total number of ordinary shares (excluding own shares) (billion shares)	14.144	14.155	14.161	14.017	13.788
Share price (fiscal year-end) (yen)	412	558	567	743.7	521.5
Market capitalization ²⁾ (trillions of yen)	5.8	7.8	8.0	10.4	7.1
PBR ²⁾ (times)	0.60	0.69	0.63	0.68	0.46
PER ²⁾ (times)	6.0	9.4	8.3	10.1	7.6

*1 FY2011 is under Basel II standards

*2 Figures based on fiscal year-end share price

(Billions of Yen)

FY2016	FY2017	FY2018	FY2019	FY2020 ³	FY2021
112.19	106.24	110.99	108.83	110.71	122.39
4,011.8	3,854.2	3,725.7	3,986.3	3,920.9	3,964.0
2,024.4	1,906.8	1,922.7	1,892.9	1,905.1	2,043.6
122.0	122.5	125.3	130.8	140.4	144.1
1,328.4	1,327.1	1,303.9	1,341.2	1,257.7	1,430.6
290.0	292.4	216.1	161.4	350.0	232.4
246.7	205.1	157.4	459.7	267.5	113.1
56.8	6.7	29.9	492.9	119.0	(140.4)
2,593.5	2,621.4	2,647.1	2,801.8	2,672.5	2,747.2
64.6%	68.0%	71.0%	70.2%	68.1%	69.3%
1,418.2	1,232.8	1,078.5	1,184.4	1,248.4	1,216.7
(155.3)	(46.1)	(5.8)	(222.9)	(515.5)	(331.4)
(47.9)	79.5	129.8	12.6	(223.2)	(233.8)
124.9	133.1	112.6	31.3	130.2	332.6
127.4	140.1	125.9	92.1	138.3	343.8
(2.5)	(7.0)	(13.3)	(60.8)	(8.0)	(11.1)
244.4	242.8	284.3	277.2	321.7	441.5
(271.4)	(100.3)	(121.7)	(34.2)	(131.3)	(121.9)
1,360.7	1,462.4	1,348.0	1,235.7	1,053.6	1,537.6
(57.5)	(53.0)	(202.7)	(406.3)	(11.5)	(47.7)
342.1	313.4	195.5	220.8	185.0	283.4
26.2%	22.2%	17.0%	26.6%	17.7%	19.0%
34.6	106.2	77.0	80.3	79.9	75.6
926.4	989.6	872.6	528.1	777.0	1,130.8
303,297.4	306,937.4	311,138.9	336,571.3	359,473.5	373,731.9
109,005.2	108,090.9	107,412.4	109,114.6	107,183.0	110,426.2
59,438.8	59,266.1	64,262.4	65,555.1	77,122.0	79,560.5
286,639.0	289,642.3	293,877.2	319,715.6	341,757.2	355,743.6
170,730.2	177,312.3	180,171.2	187,623.5	211,521.2	215,427.2
11,341.5	9,854.7	9,413.4	7,787.5	8,099.1	10,938.8
16,658.3	17,295.0	17,261.6	16,855.7	17,716.2	17,988.2
12,318.8	12,880.8	13,300.1	13,471.8	13,816.0	14,458.6
9,278.5	10,064.6	10,640.6	10,855.7	11,200.0	11,998.1
2,961.3	3,143.8	2,879.1	2,518.9	2,986.4	2,565.1
1,377.7	1,270.1	1,082.1	864.8	913.6	964.4
11.76%	12.58%	12.23%	11.90%	12.33%	11.06%
13.36%	14.32%	13.90%	13.56%	13.96%	12.38%
15.85%	16.56%	16.03%	15.87%	16.31%	14.29%
18.0	19.0	22.0	25.0	25.0	28.0
26.4%	25.5%	32.9%	61.0%	41.3%	31.7%
243.6	251.8	286.9	322.9	321.8	357.1
200.0	200.0	150.0	50.0	—	150.0
443.6	451.8	436.9	372.9	321.8	507.1
47.9%	45.7%	50.1%	70.5%	41.3%	44.8%
1,137.78	1,217.41	1,252.03	1,245.33	1,308.12	1,349.52
68.28	74.55	66.91	40.95	60.50	88.45
7.25%	7.53%	6.45%	3.85%	5.63%	7.79%
6.02%	6.32%	5.41%	3.28%	4.73%	6.68%
13.429	13.162	12.922	12.840	12.844	12.614
699.7	697.0	550.0	403.0	591.7	760.3
9.3	9.1	7.1	5.1	7.6	9.5
0.61	0.57	0.43	0.32	0.45	0.56
10.2	9.3	8.2	9.8	9.7	8.5

³ From the beginning of the fiscal year ended March 31, 2022, expenses related to credit cards, which were previously recorded as general and administrative expenses, are recorded as fees and commissions expenses. Accordingly, the financial information for the fiscal year ended March 31, 2021 has been retroactively restated.

Financial Review for Fiscal 2021

Consolidated Income Statement Summary

Consolidated Net Operating Profits

Consolidated gross profits for the fiscal year ended March 31, 2022 increased ¥43.0 billion from the previous fiscal year. This was mainly due to improvement in lending spreads at home and abroad and growth in fee income from the domestic investment product sales as well as global asset management (AM) and other operations, despite a downturn in market-related profits due to portfolio replacement carried out when interest rates rose.

General and administrative expenses increased by ¥74.6 billion from the previous fiscal year, despite ongoing and tight control on expenses associated with domestic and overseas operations, due primarily to growth in overseas expenses attributable to foreign exchange fluctuations.

As a result, consolidated net operating profits decreased by ¥31.6 billion (2.5%) from the previous fiscal year.

Ordinary Profits

Total credit costs for the fiscal year ended March 31, 2022 decreased by ¥184.0 billion from the previous fiscal year, despite the recording of a Russia-related allowance, mainly due to the reversal of reserves in light of the improving U.S. economic outlook and a reversal of allowance for credit losses in step with the decision to sell the equity stake in MUFG Union Bank (MUB).

Consolidated Income Statement Summary (Billions of yen)

	FY2020	FY2021	YoY
1 Gross profits (before credit costs for trust accounts)	3,920.9	3,964.0	43.0
2 G&A expenses	2,672.5	2,747.2	74.6
3 Net operating profits	1,248.4	1,216.7	(31.6)
4 Total credit costs	(515.5)	(331.4)	184.0
5 Net gains (losses) on equity securities	130.2	332.6	202.3
6 Equity in earnings of equity method investees	321.7	441.5	119.8
7 Other non-recurring gains (losses)	(131.3)	(121.9)	9.4
8 Ordinary profits	1,053.6	1,537.6	484.0
9 Net extraordinary gains (losses)	(11.5)	(47.7)	(36.2)
10 Total of income taxes-current and income taxes-deferred	(185.0)	(283.4)	(98.3)
11 Profits attributable to owners of parent	777.0	1,130.8	353.8

* From fiscal 2021 expenses related to credit cards, which were previously recorded as general and administrative expenses, are recorded as fees and commissions expenses. The amount of retroactive adjustment in fiscal 2020 was ¥76.9 billion.

Net gains on equity securities increased ¥202.3 billion from the previous fiscal year, reflecting robust stock market conditions.

Equity in earnings of equity method investees was up ¥119.8 billion from the previous fiscal year, thanks primarily to the contribution of Morgan Stanley.

As a result, ordinary profits increased by ¥484.0 billion from the previous fiscal year.

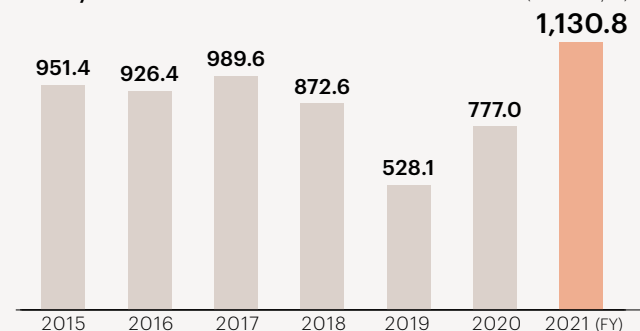
Profits Attributable to Owners of Parent

Net extraordinary losses amounted to ¥47.7 billion, an increase of ¥36.2 billion from the previous fiscal year due mainly to the impairment of fixed assets.

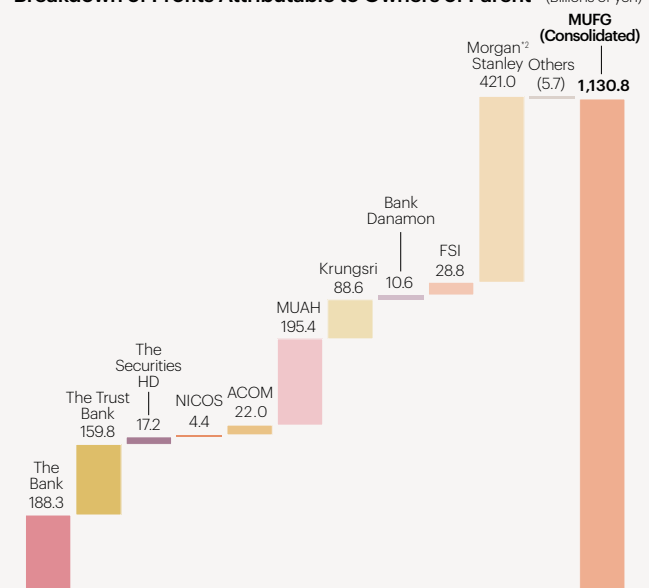
Tax expenses increased by ¥98.3 billion.

As a result, profits attributable to owners of parent increased by ¥353.8 billion to ¥1,130.8 billion, hitting an all-time best since the inauguration of MUFG.

History of Profits Attributable to Owners of Parent (Billions of yen)



Breakdown of Profits Attributable to Owners of Parent^{*1} (Billions of yen)



*1 The figures reflect the percentage holding


*2 Including ¥36.8 billion of gains on change in equity

Performance by Business Group

GCB Business Group saw a decrease in net operating profits* due mainly to negative factors affecting partner banks in Asia, such as stagnant consumption attributable to resurgences of the COVID-19 pandemic and policy rate cuts across the region. However, all other customer-segment business groups saw increases in net operating profits thanks mainly to steady progress in their endeavors to promote strategies for growth as stipulated in the Medium-Term Business Plan (MTBP).

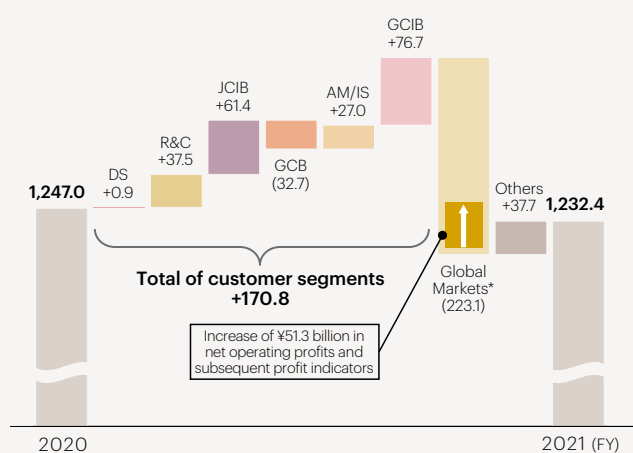
As a result, overall net operating profits from customer segments increased a significant ¥170.8 billion from the previous fiscal year.

On the other hand, net operating profits from Global Markets Business Group decreased by ¥223.1 billion due mainly to the recording of losses on sales of foreign bonds in connection with the portfolio replacement carried out when interest rates rose.

 Please also refer to pages 77–92 for a summary of operating results by business group.

* Net operating profits by business segment, calculated for internal managerial accounting purposes

Breakdown of Changes in Net Operating Profits by Business Segment (Billions of yen)



* Global Markets Business Group manages profits including accounts such as net gains (losses) on equity securities which are not included in net operating profits. The annual increase for those accounts was ¥51.3 billion.

Fiscal 2022 Financial Targets

For fiscal 2022, our target for profits attributable to owners of parent is set at ¥1 trillion, which is somewhat lower than our fiscal 2021 results but still represents a challenging target considering various factors affecting our business operations. These factors include uncertainty of business environment on the back of recent developments in international affairs and growing geopolitical risks, evolving trends in interest rates and exchange rates, and the expected recording of one-time losses. Nevertheless, we will strive to achieve our goal under the MTBP, namely, "Becoming a financial group capable of stably earning ¥1 trillion or more in profits attributable to owners of parent," ahead of schedule.

Fiscal 2022 Financial Targets (Billions of yen)

MUFG (Consolidated)	FY2021 results	FY2022 Financial Targets	Differences
Net operating profits (Before credit costs for trust accounts and provision for general allowance for credit losses)			
1	1,216.7	1,300.0	83.3
2 Total credit costs	(331.4)	(300.0)	31.4
3 Ordinary profits	1,537.6	1,250.0	(287.6)
4 Profits attributable to owners of parent	1,130.8	1,000.0	(130.8)

* It is currently assumed that, in connection with the agreement for the sale of shares of MUB, approximately ¥270.0 billion of unrealized losses associated with securities and loans to be sold will be recorded in the first quarter in fiscal 2022 as other non-recurring losses etc., which are not included in net operating profits. Among these, as approximately ¥120.0 billion of valuation losses associated with held-to-maturity securities and loans etc., will reduce the book value of the assets to be sold, at this moment, the same amount is expected to be recorded as net extraordinary gains when the sale of shares of MUB is executed.

Financial Review for Fiscal 2021

Consolidated Balance Sheet Summary

Loans / Deposits

Loans totaled ¥111.5 trillion, an increase of ¥3.9 trillion from March 31, 2021. Domestic individual deposits, domestic corporate deposits and overseas branch deposits increased by ¥3.4 trillion, ¥0.2 trillion and ¥0.2 trillion, respectively, with the overall deposit balance amounting to ¥215.4 trillion.

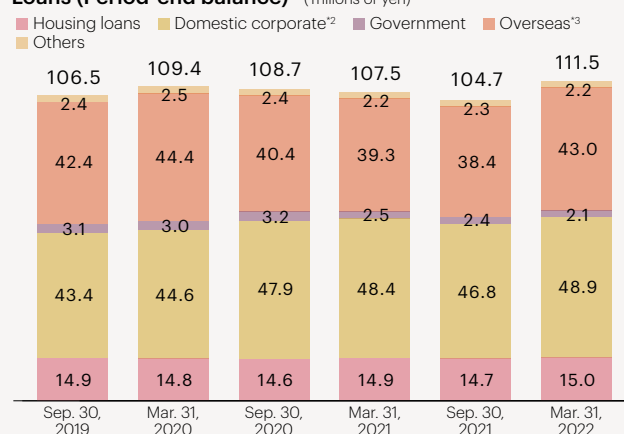
Excluding the impact of foreign exchange fluctuations, the balance of non-JPY loans for overseas borrowers increased a slight ¥0.4 trillion, while overseas deposits decreased ¥3.5 trillion from the previous fiscal year-end.

The volume of loans to be disclosed under the Banking Act and the Financial Reconstruction Act (FRA)^{*1} increased ¥174.0 billion for domestic loans and decreased ¥66.1 billion for overseas loans. The non-performing loan (NPL) ratio^{*2} remained low at around 1%.

^{*1} Because the definition of risk-monitored loans disclosed before became the same as the definition of FRA, it is disclosed as loans under the Japanese Banking Act and the FRA. Regions are based on the borrowers' location. Excluding normal loans.

^{*2} Total non-performing loans / Total loans

Loans (Period-end balance)^{*1} (Trillions of yen)

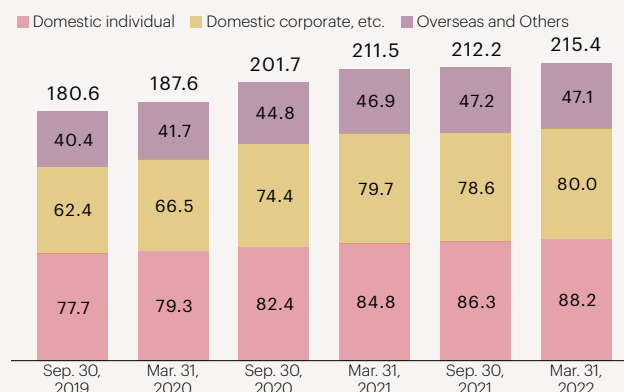


^{*1} Sum of banking and trust accounts

^{*2} Excluding loans to government and governmental institutions and including foreign currency-denominated loans

^{*3} Loans booked in overseas branches, MUAH, Krungsri, Bank Danamon, the Bank (China), the Bank (Malaysia) and the Bank (Europe)

Deposits (Period-end balance) (Trillions of yen)



Investment Securities

The balance of available-for-sale securities increased by ¥1.0 trillion due to such factors as increases of around ¥0.8 trillion in both foreign bonds and other securities that reflected the growing emphasis placed on our positions on these instruments.

Net unrealized gains on available-for-sale securities decreased ¥1.3 trillion due mainly to rises in interest rates at home and abroad. However, overall net unrealized gains remained robust at a little under ¥2.4 trillion.

Although net unrealized gains on bonds and other instruments could deteriorate, especially in the face of the possible rise in interest rates, we will counter such deterioration by leveraging hedging transactions and investing in such asset classes as equity securities other than bonds, placing greater emphasis on overall asset allocation to pursue flexible treasury operations. In these ways, we will secure medium- to long-term stability in financial management while maintaining proper control on net unrealized gains and losses on available-for-securities.

Available-for-sale Securities with Fair Value (Billions of Yen)

	Balance as of Mar. 31, 2022		Unrealized gains (losses) as of Mar. 31, 2022	
		Changes from Mar. 31, 2021		Changes from Mar. 31, 2021
Total	74,909.6	1,017.6	2,391.8	(1,358.0)
Domestic equity securities	4,613.7	(602.6)	2,914.1	(436.4)
Domestic bonds	40,433.6	(118.6)	(61.8)	(184.3)
Japanese government bonds	31,411.8	(932.8)	(55.4)	(142.3)
Others	29,862.3	1,738.9	(460.4)	(737.2)
Foreign equity securities	218.5	132.5	27.7	6.6
Foreign bonds	22,030.5	793.8	(852.8)	(955.8)
Others	7,613.2	812.5	364.6	211.8

Capital

Total Capital

Common Equity Tier 1 capital decreased by ¥289.8 billion from March 31, 2021, despite an increase in retained earnings, due mainly to a decrease in accumulated other comprehensive income.

Similarly, Tier 1 capital decreased by ¥506.4 billion from the previous fiscal year-end, and total capital fell by ¥810.8 billion to ¥17,858.6 billion.

Risk Weighted Assets (RWA)

RWA increased by ¥10,494.8 billion from March 31, 2021, reflecting increases in floor adjustments and credit risk.

Capital Adequacy

The Common Equity Tier 1 capital ratio, the most important indicator representing the capital adequacy of financial institutions, stood at 11.06%. On an estimated basis reflecting the RWA increase calculated on the finalized Basel III reforms basis, the Common Equity Tier 1 capital ratio amounted to 11.7%, suggesting sufficient capital adequacy.

In addition, the leverage ratio amounts to 5.14%, well above the regulatory requirement of 3%.

Capital Adequacy (Billions of yen)

	Mar. 31, 2021	Mar. 31, 2022	Changes from Mar. 31, 2021
Common Equity Tier 1 capital ratio	12.33%	11.06%	(1.26%)
Tier 1 capital ratio	13.96%	12.38%	(1.57%)
Total capital ratio	16.31%	14.29%	(2.02%)
Leverage ratio	5.45%	5.14%	(0.31%)
<hr/>			
Common Equity Tier 1 capital	14,113.7	13,823.9	(289.8)
Retained earnings	11,200.0	11,998.1	798.0
Other comprehensive income	2,986.4	2,565.1	(421.3)
Regulatory adjustments	(2,754.4)	(3,242.9)	(488.4)
Tier1 capital	15,982.7	15,476.2	(506.4)
Total capital	18,669.5	17,858.6	(810.8)
<hr/>			
Risk weighted assets	114,419.3	124,914.2	10,494.8
Credit risk	90,410.0	91,927.2	1,517.2
Market risk	4,066.8	4,389.9	323.1
Operational risk	7,976.6	7,990.1	13.5
Floor adjustments ¹	11,965.8	20,606.9	8,641.0
<hr/>			
Total exposure ²	292,725.0	300,792.3	8,067.2

*1 Adjustments made for the difference between RWA under Basel I and Basel III

*2 Deposits with the Bank of Japan are excluded from total exposure

Total Loss-Absorbing Capacity (TLAC) Ratio

MUFG is subject to the TLAC regulations introduced on March 31, 2019.

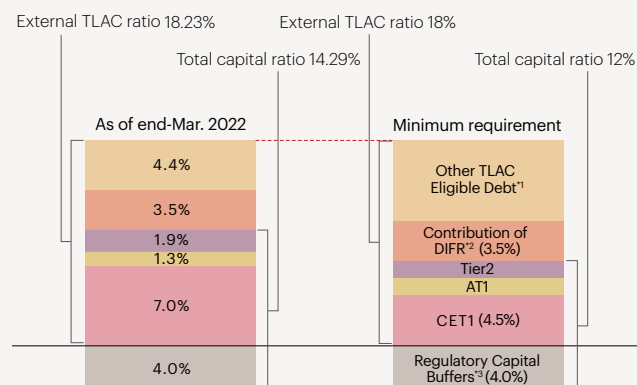
These regulations require G-SIBs to retain sufficient loss-absorbing and recapitalization capacity available in resolution (TLAC-eligible senior debt).

MUFG aims to enhance its external TLAC capital by issuing TLAC-eligible senior debt in overseas markets and by issuing subordinated debt in the domestic market.

In fiscal 2021, MUFG raised approximately ¥1,600.0 billion in external TLAC capital by issuing TLAC-eligible senior bonds worth approximately ¥1,400.0 billion, as well as perpetual subordinated debt and dated subordinated debt totaling approximately ¥200.0 billion.

As a result, the external TLAC ratio as of March 31, 2022 (see the graph on the right) was 18.23%, well above the regulatory requirement of 18%.

RWA-based External TLAC Ratio



*1 Including adjustment of the difference between the calculation method of the total capital ratio and the external TLAC ratio, and adjustment of the amount of other TLAC-eligible liabilities owned by the issuer's group, etc.

*2 Contribution of Deposit Insurance Fund Reserves: Japanese Deposit Insurance Fund Reserves fulfill the requirements for making ex-ante commitments to recapitalize as a G-SIB as per a resolution set out in the FSB's TLAC termsheet (can include 3.5% of RWAs in the external TLAC ratio from March 31, 2022 onward)

*3 CET1 Buffer applicable to MUFG: G-SIB Surcharge: 1.5%, Capital Conservation Buffer: 2.5%, and Counter-cyclical Buffer: 0.01%

Consolidated Financial Statements

Consolidated Balance Sheets

	(Millions of Yen)	
	Mar 31, 2022	Mar 31, 2021
Assets:		
Cash and due from banks	110,763,205	102,980,711
Call loans and bills bought	872,268	730,506
Receivables under resale agreements	12,308,310	13,942,910
Receivables under securities borrowing transactions	4,517,952	3,394,376
Monetary claims bought	6,466,822	5,982,876
Trading assets	17,704,455	20,552,367
Money held in trust	1,332,492	1,283,179
Securities	79,560,579	77,122,074
Loans and bills discounted	110,426,224	107,183,069
Foreign exchanges	2,300,859	1,915,010
Other assets	14,050,293	12,406,158
Tangible fixed assets	1,236,012	1,296,402
Buildings	304,935	321,965
Land	646,197	664,065
Lease assets	11,422	14,823
Construction in progress	33,273	45,881
Other tangible fixed assets	240,183	249,667
Intangible fixed assets	1,344,225	1,436,098
Software	507,629	571,905
Goodwill	271,353	273,092
Lease assets	1	1
Other intangible fixed assets	565,241	591,097
Net defined benefit assets	1,374,607	1,210,577
Deferred tax assets	213,922	137,988
Customers' liabilities for acceptances and guarantees	10,481,838	9,004,749
Allowance for credit losses	(1,222,162)	(1,105,541)
Total assets	373,731,910	359,473,515

	(Millions of Yen)	
	Mar 31, 2022	Mar 31, 2021
Liabilities:		
Deposits	215,427,299	211,521,257
Negotiable certificates of deposit	10,938,831	8,099,119
Call money and bills sold	2,429,791	2,330,808
Payables under repurchase agreements	27,619,262	24,483,519
Payables under securities lending transactions	1,072,578	836,351
Commercial papers	2,108,531	1,810,350
Trading liabilities	12,397,702	14,002,667
Borrowed money	31,763,332	31,110,465
Foreign exchanges	2,182,400	2,105,245
Short-term bonds payable	1,316,803	1,043,001
Bonds payable	13,257,347	12,908,505
Due to trust accounts	12,811,123	11,208,570
Other liabilities	10,861,695	9,754,731
Reserve for bonuses	136,724	118,358
Reserve for bonuses to directors	1,866	1,816
Reserve for stocks payment	8,437	10,915
Net defined benefit liabilities	86,355	88,914
Reserve for retirement benefits to directors	812	872
Reserve for loyalty award credits	17,113	18,312
Reserve for contingent losses	232,291	183,855
Reserves under special laws	4,656	4,642
Deferred tax liabilities	492,451	1,008,650
Deferred tax liabilities for land revaluation	94,414	101,577
Acceptances and guarantees	10,481,838	9,004,749
Total liabilities	355,743,665	341,757,258
Net assets:		
Capital stock	2,141,513	2,141,513
Capital surplus	770,277	977,287
Retained earnings	11,998,157	11,200,087
Treasury stock	(451,288)	(502,794)
Total shareholders' equity	14,458,659	13,816,094
Net unrealized gains (losses) on available-for-sale securities	1,615,060	2,583,417
Net deferred gains (losses) on hedging instruments	(81,145)	131,566
Land revaluation excess	140,628	149,183
Foreign currency translation adjustments	734,588	9,953
Remeasurements of defined benefit plans	193,865	163,189
Debt value adjustments of foreign subsidiaries and affiliates	(37,883)	(50,832)
Total accumulated other comprehensive income	2,565,114	2,986,478
Subscription rights to shares	—	—
Non-controlling interests	964,471	913,684
Total net assets	17,988,245	17,716,257
Total liabilities and net assets	373,731,910	359,473,515

Consolidated Financial Results

	(Millions of Yen)	
	FY2021	FY2020 ²
Gross profits	3,964,051	3,920,956
Gross profits before credit costs for trust accounts	3,964,002	3,920,956
Net interest income	2,043,648	1,905,112
Trust fees	144,147	140,449
Credit costs for trust accounts	49	(0)
Net fees and commissions	1,430,649	1,257,756
Net trading profits	232,471	350,065
Net other operating profits	113,134	267,573
Net gains (losses) on debt securities	(140,442)	119,061
General and administrative expenses	2,747,227	2,672,533
Amortization of goodwill	18,051	16,833
Net operating profits before credit costs for trust accounts, provision for general allowance for credit losses and amortization of goodwill	1,234,827	1,265,257
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,216,775	1,248,423
Provision for general allowance for credit losses	65,436	(203,867)
Net operating profits*¹	1,282,260	1,044,555
Net non-recurring gains (losses)	255,388	9,054
Credit costs	(485,479)	(378,886)
Losses on loan write-offs	(157,730)	(188,852)
Provision for specific allowance for credit losses	(258,640)	(174,259)
Other credit costs	(69,108)	(15,775)
Reversal of allowance for credit losses	—	—
Reversal of reserve for contingent losses included in credit costs	—	—
Gains on loans written-off	88,558	67,224
Net gains (losses) on equity securities	332,629	130,273
Gains on sales of equity securities	378,040	189,957
Losses on sales of equity securities	(34,232)	(51,585)
Losses on write-down of equity securities	(11,178)	(8,099)
Equity in earnings of equity method investees	441,595	321,761
Other non-recurring gains (losses)	(121,915)	(131,317)
Ordinary profits	1,537,649	1,053,610
Net extraordinary gains (losses)	(47,791)	(11,574)
Net gains (losses) on disposition of fixed assets	16,862	16,628
Losses on impairment of fixed assets	(174,133)	(41,240)
Net gains (losses) on change in equity	45,262	22,099
Gains on transfer of businesses	31,021	—
Net gains (losses) on sales of shares of affiliates	28,968	(8,689)
Gains on sales of shares of subsidiaries	4,240	—
Profits before income taxes	1,489,857	1,042,036
Income taxes-current	391,634	229,762
Income taxes-deferred	(108,224)	(44,694)
Total taxes	283,410	185,068
Profits	1,206,447	856,967
Profits attributable to non-controlling interests	75,606	79,949
Profits attributable to owners of parent	1,130,840	777,018

*1 Net operating profits = Banking subsidiaries' net operating profits + Other consolidated entities' gross profits – Other consolidated entities' general and administrative expenses – Other consolidated entities' provision for general allowance for credit losses – Amortization of goodwill – Inter-company transactions

*2 From the beginning of the fiscal year ended March 31, 2022, expenses related to credit cards, which were previously recorded as general and administrative expenses, are recorded as fees and commissions expenses. Accordingly, the financial information for the fiscal year ended March 31, 2021 has been retroactively restated.

(Reference)			(Millions of Yen)	
	FY2021	FY2020 ²		
Total credit costs* ³	(331,435)	(515,530)		

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

Consolidated Statements of Comprehensive Income

	(Millions of Yen)	
	FY2021	FY2020
Profits	1,206,447	856,967
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(925,323)	486,026
Net deferred gains (losses) on hedging instruments	(217,906)	(56,879)
Land revaluation excess	1	—
Foreign currency translation adjustments	516,390	(148,051)
Remeasurements of defined benefit plans	32,281	319,058
Share of other comprehensive income of associates accounted for using equity method	185,420	(132,465)
Total other comprehensive income	(409,136)	467,688
Comprehensive income	797,310	1,324,655
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	717,398	1,254,959
Comprehensive income attributable to non-controlling interests	79,912	69,696

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

FY2021	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments
Balance at the beginning of the period	2,141,513	977,287	11,200,087	(502,794)	13,816,094	2,583,417	131,566
Cumulative effects of changes in accounting policies			(6,617)		(6,617)		
Restated balance	2,141,513	977,287	11,193,470	(502,794)	13,809,476	2,583,417	131,566
Changes during the period							
Cash dividends			(334,710)		(334,710)		
Profits attributable to owners of parent			1,130,840		1,130,840		
Repurchase of treasury stock				(158,529)	(158,529)		
Disposal of treasury stock		0		5,579	5,580		
Retirement of treasury stock		(204,456)		204,456	—		
Reversal of land revaluation excess			8,556		8,556		
Changes in subsidiaries' equity		(2,554)			(2,554)		
Net changes of items other than shareholders' equity						(968,357)	(212,712)
Total changes during the period	—	(207,010)	804,687	51,505	649,182	(968,357)	(212,712)
Balance at the end of the period	2,141,513	770,277	11,998,157	(451,288)	14,458,659	1,615,060	(81,145)

(Millions of Yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehensive income		
Balance at the beginning of the period	149,183	9,953	163,189	(50,832)	2,986,478	913,684	17,716,257
Cumulative effects of changes in accounting policies						(14)	(6,632)
Restated balance	149,183	9,953	163,189	(50,832)	2,986,478	913,669	17,709,625
Changes during the period							
Cash dividends							(334,710)
Profits attributable to owners of parent							1,130,840
Repurchase of treasury stock							(158,529)
Disposal of treasury stock							5,580
Retirement of treasury stock							—
Reversal of land revaluation excess							8,556
Changes in subsidiaries' equity							(2,554)
Net changes of items other than shareholders' equity	(8,554)	724,635	30,675	12,949	(421,363)	50,801	(370,562)
Total changes during the period	(8,554)	724,635	30,675	12,949	(421,363)	50,801	278,620
Balance at the end of the period	140,628	734,588	193,865	(37,883)	2,565,114	964,471	17,988,245

(Millions of Yen)

FY2020	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments
Balance at the beginning of the period	2,141,513	980,102	10,855,798	(505,518)	13,471,894	2,066,363	189,342
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates			(120,236)		(120,236)		
Restated balance	2,141,513	980,102	10,735,561	(505,518)	13,351,657	2,066,363	189,342
Changes during the period							
Cash dividends			(321,837)		(321,837)		
Profits attributable to owners of parent			777,018		777,018		
Repurchase of treasury stock				(13)	(13)		
Disposal of treasury stock		(7)		2,737	2,730		
Reversal of land revaluation excess			9,449		9,449		
Changes of application of equity method			(104)		(104)		
Changes in subsidiaries' equity		(2,807)			(2,807)		
Net changes of items other than shareholders' equity						517,054	(57,775)
Total changes during the period	—	(2,814)	464,526	2,724	464,436	517,054	(57,775)
Balance at the end of the period	2,141,513	977,287	11,200,087	(502,794)	13,816,094	2,583,417	131,566

(Millions of Yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Debt value adjustments of foreign subsidiaries and affiliates	Total accumulated other comprehensive income			
Balance at the beginning of the period	158,633	300,838	(159,766)	(36,470)	2,518,940	59	864,844	16,855,738
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates							(24,806)	(145,043)
Restated balance	158,633	300,838	(159,766)	(36,470)	2,518,940	59	840,037	16,710,695
Changes during the period								
Cash dividends								(321,837)
Profits attributable to owners of parent								777,018
Repurchase of treasury stock								(13)
Disposal of treasury stock								2,730
Reversal of land revaluation excess								9,449
Changes of application of equity method								(104)
Changes in subsidiaries' equity								(2,807)
Net changes of items other than shareholders' equity	(9,449)	(290,885)	322,955	(14,361)	467,538	(59)	73,646	541,125
Total changes during the period	(9,449)	(290,885)	322,955	(14,361)	467,538	(59)	73,646	1,005,561
Balance at the end of the period	149,183	9,953	163,189	(50,832)	2,986,478	—	913,684	17,716,257

Consolidated Statements of Cash Flows

	(Millions of Yen)	
	FY2021	FY2020
Cash flows from operating activities:		
Profits before income taxes	1,489,857	1,042,036
Depreciation and amortization	345,199	338,617
Impairment losses	174,133	41,240
Amortization of goodwill	18,051	16,833
Equity in losses (gains) of equity method investees	(441,595)	(321,761)
Increase (decrease) in allowance for credit losses	96,652	216,270
Increase (decrease) in reserve for bonuses	15,217	8,477
Increase (decrease) in reserve for bonuses to directors	(18)	410
Increase (decrease) in reserve for stocks payment	(2,477)	(383)
Decrease (increase) in net defined benefit assets	(106,980)	(387,415)
Increase (decrease) in net defined benefit liabilities	645	2,247
Increase (decrease) in reserve for retirement benefits to directors	(60)	(185)
Increase (decrease) in reserve for loyalty award credits	(540)	(12,357)
Increase (decrease) in reserve for contingent losses	47,681	(26,234)
Interest income recognized on statement of income	(2,587,445)	(2,678,691)
Interest expenses recognized on statement of income	543,957	773,719
Losses (gains) on securities	(225,395)	(240,645)
Losses (gains) on money held in trust	21,347	56,796
Foreign exchange losses (gains)	(2,788,581)	(1,270,550)
Losses (gains) on sales of fixed assets	(16,862)	(16,630)
Net decrease (increase) in trading assets	3,575,115	(531,184)
Net increase (decrease) in trading liabilities	(2,045,592)	52,686
Adjustment of unsettled trading accounts	793,285	555,568
Net decrease (increase) in loans and bills discounted	(2,101,763)	1,092,978
Net increase (decrease) in deposits	3,015,798	24,839,332
Net increase (decrease) in negotiable certificates of deposit	2,822,861	327,904
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	573,366	6,621,372
Net decrease (increase) in call loans and bills bought and others	1,110,169	10,364,263
Net decrease (increase) in receivables under securities borrowing transactions	(977,957)	15,787
Net increase (decrease) in call money and bills sold and others	2,166,231	(8,133,589)
Net increase (decrease) in commercial papers	288,342	(347,748)
Net increase (decrease) in payables under securities lending transactions	227,626	(214,910)
Net decrease (increase) in foreign exchanges (assets)	(365,896)	(181,308)
Net increase (decrease) in foreign exchanges (liabilities)	75,450	(115,966)
Net increase (decrease) in short-term bonds payable	273,801	80,706
Net increase (decrease) in issuance and redemption of unsubordinated bonds payable	917,007	(287,095)
Net increase (decrease) in due to trust accounts	1,602,553	1,409,881
Interest income (cash basis)	2,657,591	2,821,239
Interest expenses (cash basis)	(546,500)	(844,633)
Others	(555,008)	(50,656)
Sub-total	10,089,269	35,016,420
Income taxes	(300,616)	(236,321)
Refund of income taxes	51,246	124,847
Net cash provided by (used in) operating activities	9,839,899	34,904,946

	(Millions of Yen)	
	FY2021	FY2020
Cash flows from investing activities:		
Purchases of securities	(97,893,977)	(116,742,577)
Proceeds from sales of securities	60,280,489	65,188,712
Proceeds from redemption of securities	36,458,516	42,121,240
Payments for increase in money held in trust	(1,165,165)	(1,241,659)
Proceeds from decrease in money held in trust	1,110,030	901,330
Purchases of tangible fixed assets	(101,275)	(133,671)
Purchases of intangible fixed assets	(282,728)	(263,119)
Proceeds from sales of tangible fixed assets	82,256	49,226
Proceeds from sales of intangible fixed assets	1,277	8,223
Payments for transfer of business	(724,428)	—
Payments for acquisition of businesses	—	(520)
Proceeds from transfer of businesses	33,038	—
Payments for acquisition of subsidiaries' equity affecting the scope of consolidation	(1,165)	(23,239)
Proceeds from sales of subsidiaries' equity affecting the scope of consolidation	2,813	—
Others	(2,409)	(4,289)
Net cash provided by (used in) investing activities	(2,202,726)	(10,140,343)
Cash flows from financing activities:		
Proceeds from subordinated borrowings	—	20,000
Repayments of subordinated borrowings redemption	—	(21,000)
Proceeds from issuance of subordinated bonds payable and bonds with warrants	226,091	272,742
Payments for redemption of subordinated bonds payable and bonds with warrants	(789,480)	(381,454)
Proceeds from issuance of common stock to non-controlling shareholders	3,569	4,856
Repayments to non-controlling shareholders	—	(23)
Dividends paid by MUFG	(334,619)	(321,772)
Dividends paid by subsidiaries to non-controlling shareholders	(32,622)	(14,826)
Purchases of treasury stock	(158,515)	(13)
Proceeds from sales of treasury stock	5,399	2,143
Payments for purchases of subsidiaries' equity not affecting the scope of consolidation	(250)	(0)
Proceeds from sales of subsidiaries' equity not affecting the scope of consolidation	—	3,275
Net cash provided by (used in) financing activities	(1,080,428)	(436,071)
Effect of foreign exchange rate changes on cash and cash equivalents	1,228,889	316,544
Net increase (decrease) in cash and cash equivalents	7,785,634	24,645,076
Cash and cash equivalents at the beginning of the period	102,980,711	78,335,634
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(3,109)	—
Decrease in cash and cash equivalents resulting from absorption via corporate separation	(30)	—
Cash and cash equivalents at the end of the period	110,763,205	102,980,711

ESG-Related External Recognition and Participation in Global Initiatives

ESG-Related External Recognition

Inclusion in ESG-Related Index



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



S&P/JPX Carbon Efficient Index



Bloomberg Gender-Equality Index 2022



2021 Sompo Sustainability Index

External Recognition and Certification of MUFG's Sustainability Initiatives



Received the Semi-Nadeshiko Brand designation, a recognition established under a joint initiative between the Tokyo Stock Exchange and Japan's Ministry of Economy, Trade and Industry



Received the highest "Gold" rating on the PRIDE Index, which evaluates companies' inclusivity efforts toward LGBTQ community



Also chosen as a Best Practice selection under the PRIDE Index



Acquired "Kurumin" and "Platinum Kurumin Certification" under a certification program established in accordance with Japan's Act on Advancement of Measures to Support Raising Next Generation Children in recognition of our efforts to support balancing work and childcare



Acquired "Eruboshi" certification under a certification program established in accordance with Japan's Act on Promotion of Women's Participation and Advancement in the Workplace as the result of our efforts to help women pursue career success



Certified to bear the "Tomonin" symbol, a mark granted by the Ministry of Health, Labour and Welfare to companies supporting employees who strive to balance between work and nursing care



Granted 4.5 stars in the fifth Nikkei Smart Work Management Survey aimed at evaluating workstyle reforms undertaken by businesses



Granted 5 stars in the third Nikkei SDGs Management Survey aimed at evaluating and rating businesses' efforts toward the realization of the United Nations' SDGs

Participation in Global Initiatives

MUFG is participating in a variety of initiatives to fulfill its social responsibilities as a financial institution, live up to requests from the international community and contribute to the creation of a sustainable society.

United Nations
Global Compact
WE SUPPORT



Task Force on Climate-related
Financial Disclosures (TCFD)



United Nations Environment
Programme Finance Initiative
(UNEP FI)



Principles for Responsible
Banking (PRB)



Principles for Responsible
Investment (PRI)



CDP



Equator Principles (EP)



Principles for Financial Action
for the 21st Century



Climate Action 100+



Keidanren Challenge Zero



Japan Climate Initiative



Poseidon Principles



Operating Principles
for Impact Management



Declaration of Biodiversity
by Keidanren



Japan Partnership
for Circular Economy



Net-Zero Banking
Alliance

Net Zero Asset
Managers initiative

Partnership for Carbon
Accounting Financials (PCAF)



The Sustainable
Markets Initiative (SMI)



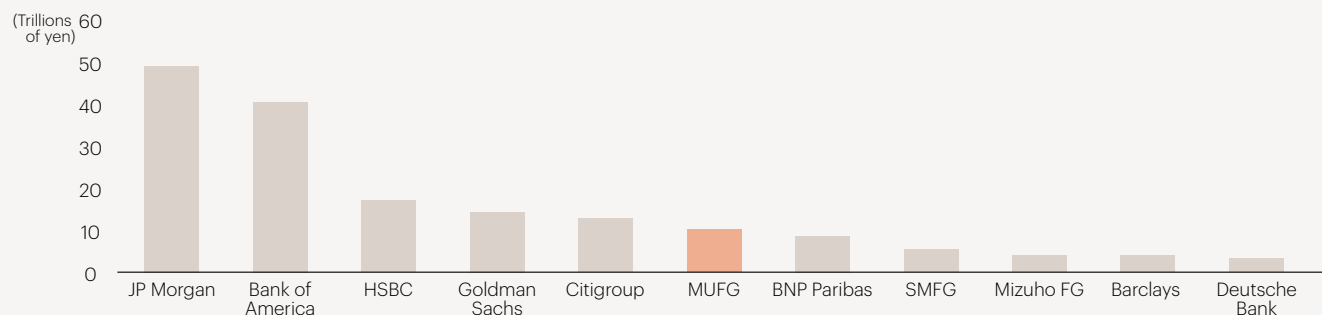
Taskforce
on Nature-related
Financial Disclosures
(TNFD) Forum

30by30 Alliance
for Biodiversity



Performance Comparisons with Competitors*¹

Market Capitalization



(Calculated based on data available as of March 31, 2022; source: Bloomberg)

Credit Ratings*²

S&P Holding Company Ratings	Japanese Firms			U.S. Firms			European Firms	
A-	MUFG	SMFG	Mizuho FG	JP Morgan	Bank of America		HSBC	BNP Paribas
BBB+				Goldman Sachs	Citigroup			
BBB							Barclays	
BBB-							Deutsche Bank	

Moody's Holding Company Ratings	Japanese Firms			U.S. Firms			European Firms	
A1	MUFG	SMFG	Mizuho FG					
A2				JP Morgan	Bank of America	Goldman Sachs		
A3				Citigroup			HSBC	
Baa1							BNP Paribas	
Baa2							Barclays	Deutsche Bank

(Ratings as of June 2022; based on data disclosed by each firm)

*¹ Overseas competitors used for performance comparisons are European and U.S. firms subject to a G-SIB buffer (announced in 2021) of 1.5% or more

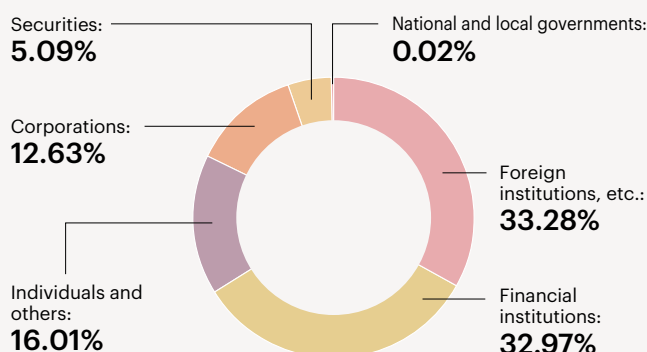
*² BNP Paribas and Deutsche Bank: Non-preferred senior ratings
Others: Issuer ratings or long-term foreign currency denominated debt ratings

Company Overview

Corporate Information (As of March 31, 2022)

Company Name	Mitsubishi UFJ Financial Group, Inc.
Head Office	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8330, Japan
Date of Establishment	April 2, 2001
Amount of Capital	¥2,141.5 billion
Common Stock (Issued)	13,281,995,120 shares
Stock Listing	Tokyo Stock Exchange, Nagoya Stock Exchange, New York Stock Exchange
Ticker Symbol Number	8306 (Tokyo Stock Exchange, Nagoya Stock Exchange) MUFG (New York Stock Exchange)
Number of Shareholders	933,949

Ownership and Distribution of Shares*



*Excludes treasury shares and fractional shares

Main Subsidiaries and Affiliates (As of March 31, 2022)

Mitsubishi UFJ Financial Group, Inc. ■ Consolidated subsidiary ● Equity method investee

Commercial Bank

- MUFG Bank, Ltd.
- MUFG Americas Holdings Corporation
- Bank of Ayudhya Public Company Limited
- PT Bank Danamon Indonesia, Tbk.
- au Jibun Bank Corporation
- Vietnam Joint Stock Commercial Bank for Industry and Trade
- Security Bank Corporation

Trust Bank

- Mitsubishi UFJ Trust and Banking Corporation
- The Master Trust Bank of Japan, Ltd.
- MUFG Investor Services Holdings Limited
- Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.

Securities

- Mitsubishi UFJ Securities Holdings Co., Ltd. (Securities Holding Company)
- Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
- au Kabucom Securities Co., Ltd.
- Mitsubishi UFJ Trust International Limited
- MUFG Securities (Canada), Ltd.
- MUFG Securities EMEA plc
- MUFG Securities Asia Limited
- Morgan Stanley MUFG Securities Co., Ltd.
- Morgan Stanley

Credit Cards / Consumer Finance / Installment Credit

- Mitsubishi UFJ NICOS Co., Ltd.
- ACOM CO., LTD.
- JACCS CO., LTD.

Asset Management

- Mitsubishi UFJ Kokusai Asset Management Co., Ltd.
- MU Investments Co., Ltd.
- Mitsubishi UFJ Alternative Investments Co., Ltd.
- Mitsubishi UFJ Asset Management (UK) Ltd.
- Mitsubishi UFJ Baillie Gifford Asset Management Limited
- MUFG Lux Management Company S.A.
- First Sentier Investors Holdings Pty Ltd

Leasing

- Mitsubishi HC Capital Inc.

Others

- Japan Digital Design, Inc.
- MUFG Innovation Partners Co., Ltd.
- Mitsubishi UFJ Real Estate Services Co., Ltd.
- Japan Shareholder Services Ltd.
- Mitsubishi Research Institute DCS Co., Ltd.

Website

For more detailed information, please refer to our website.
 URL: <https://www.mufg.jp/> (Japanese)
 URL: <https://www.mufg.jp/english/> (English)

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