



MUFG Report 2017

Integrated Report

Editorial Overview

We, Mitsubishi UFJ Financial Group, or MUFG, have compiled our integrated report, MUFG Report 2017, in order to explain our efforts to create sustained value to our investors and other stakeholders. Referencing the framework provided by the International Integrated Reporting Council (IIRC),* this report introduces our business model through the opening section (“Who We Are”), and explains the methods we have used to create sustainable value through “Corporate Value Initiatives,” “Important Issues Concerning Value Creation—How MUFG Addresses ESG Issues” and “The Foundations of Corporate Value.” Further details on our CSR activities are available on our website.

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

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Disclaimer

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

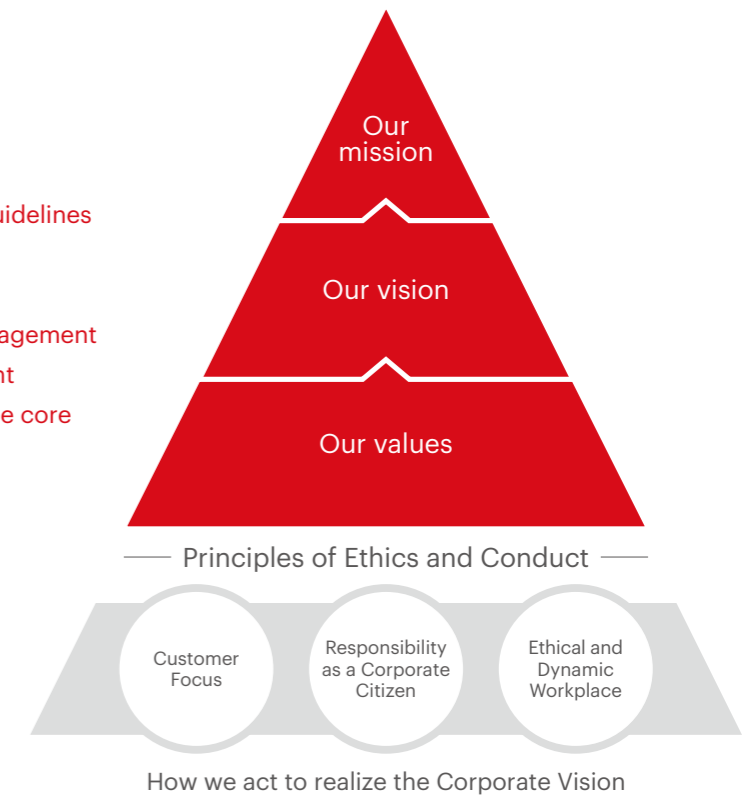
Who We Are

Corporate Vision

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

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

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



Our mission

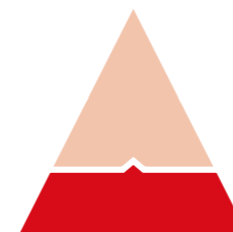
To be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world.



Our vision

Be the world’s most trusted financial group

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



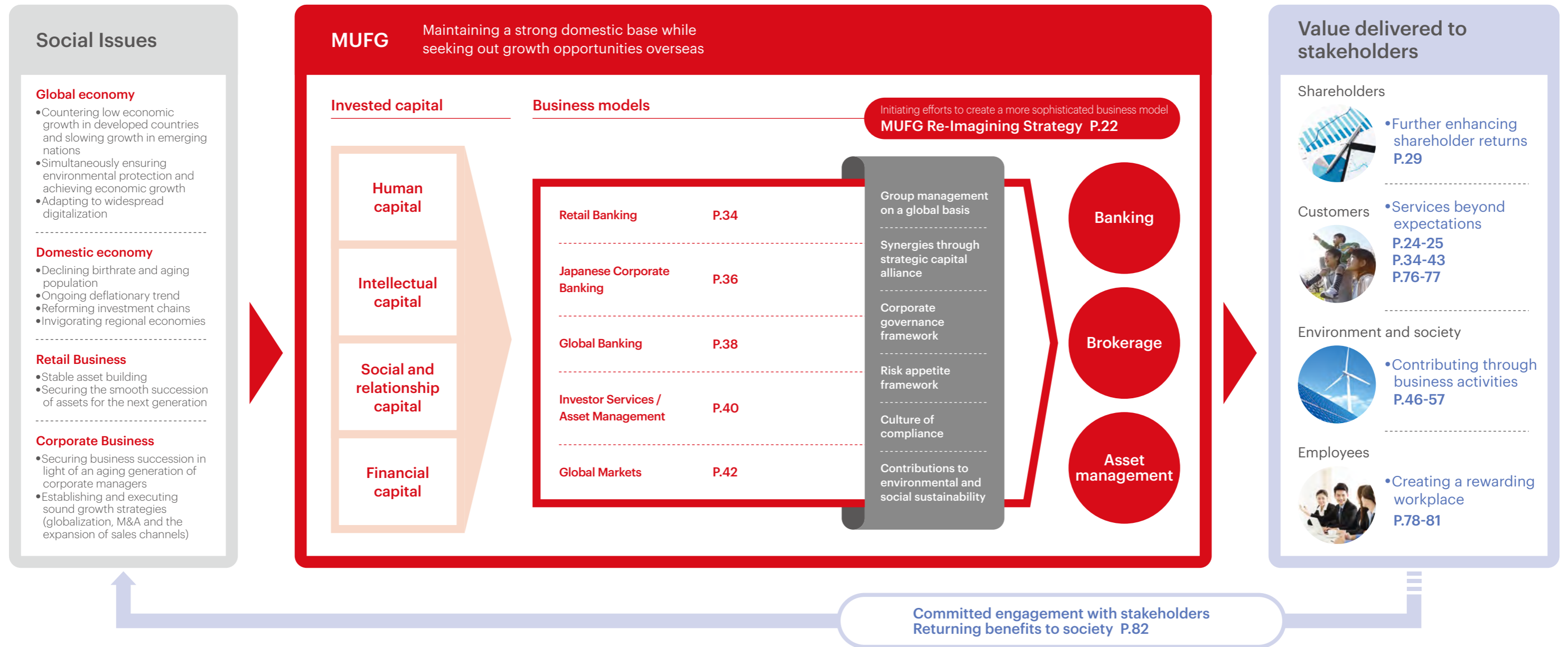
Our values

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

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

MUFG Value Creation Process

Enhancing Corporate Value by Providing Solutions that Address Social Issues



Invested capital

Human capital

- 150,000 domestic and overseas employees with diverse backgrounds
- Wealth of human resources boasting professional skills
- Strong sense of loyalty

Intellectual capital

- Insight into various business sectors around the world
- Expertise in commercial banking businesses in Japan and elsewhere in Asia as well as the United States
- The utilization of external inputs via open innovation

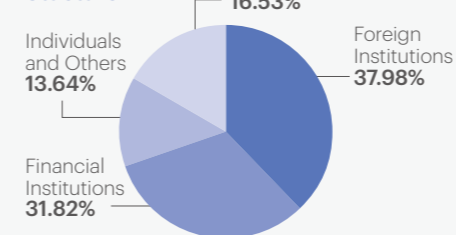
Social and relationship capital

- Extensive customer base (40 million individual accounts and 400,000 corporate customers in Japan)
- Global network (1,100 domestic bases and approximately 1,200 overseas bases across over 50 countries)

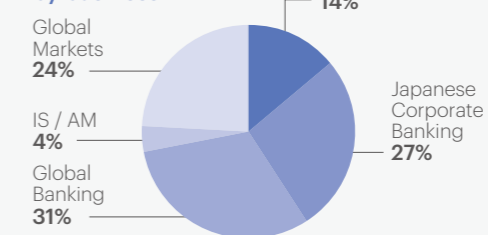
Financial capital

- Solid balance sheet
- Diversified profit structure
- Stable procurement bases at home and abroad

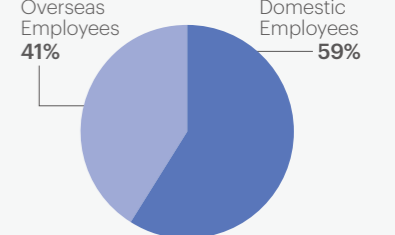
Shareholder Structure*1*2



Net Operating Profits by business*1



Group Employees*1



*1 As of March 31, 2017
 *2 Excluding own shares and fractional shares
 *3 Net operating profit of Global Banking / net operating profit of total customer segments

History of MUFG

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

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

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

Konoike Exchange Bureau opened in Osaka (1656)
(One of the precursors of Sanwa Bank)



Source: Konoike Limited Partnership Company

Mitsubishi Exchange House established by Yataro Iwasaki (1880)
(One of the precursors of Mitsubishi Bank)



Source: The Mitsubishi Archives

Yokohama Specie Bank established (1880)
(One of the precursors of Bank of Tokyo)



Source: Kanagawa Prefectural Museum of Cultural History

Bank of Tokyo established (1946)
(One of the precursors of Bank of Tokyo-Mitsubishi UFJ)

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

Mitsubishi Bank established (1919)
(One of the precursors of Bank of Tokyo-Mitsubishi UFJ)

Sanwa Bank established (1933)
(One of the precursors of Bank of Tokyo-Mitsubishi UFJ)

1929
Worldwide recessions

1941
The Pacific War breaks out

Tokai Bank established (1941)
(One of the precursors of Bank of Tokyo-Mitsubishi UFJ)

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

Yachiyo Securities established (1948)
(One of the precursors of Mitsubishi UFJ Morgan Stanley Securities)

MUFG inaugurated

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

Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities inaugurated

Bank of Tokyo-Mitsubishi UFJ inaugurated
Complete repayment of public funds

Mitsubishi UFJ NICOS, Mitsubishi UFJ Lease & Finance inaugurated

Strategic alliance with Morgan Stanley

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



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

Mitsubishi UFJ Morgan Stanley Securities, Morgan Stanley MUFG Securities inaugurated

MUFG Corporate Vision renewed

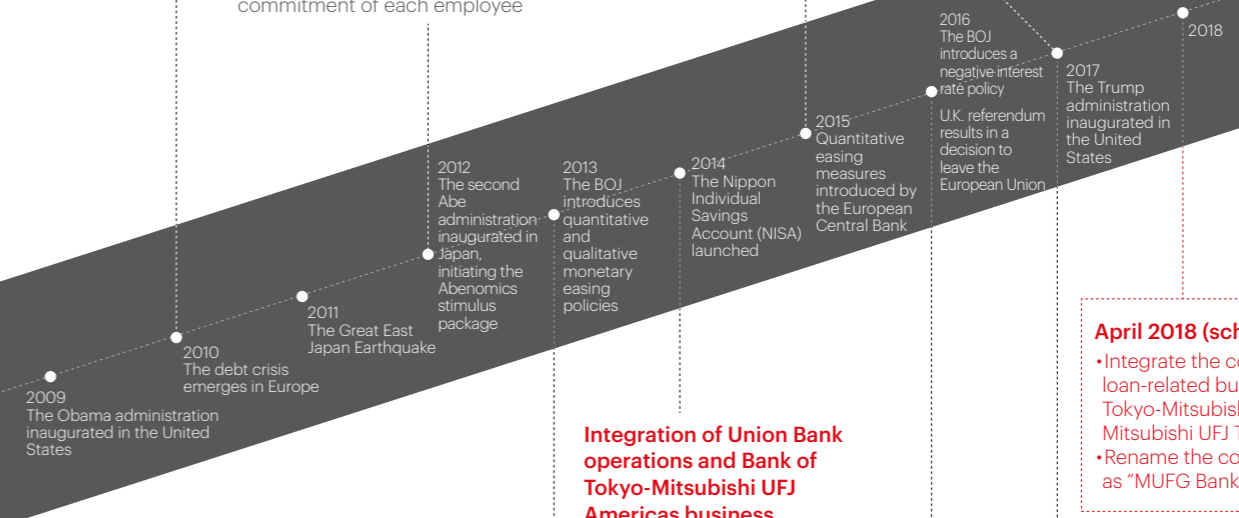
Ensured the reputation for trustworthiness that MUFG enjoys among customers, which is backed by a longstanding track record and is maintained and passed on, underscoring the commitment of each employee

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

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

The MUFG Basic Policy for Fiduciary Duties established

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



Integration of Union Bank operations and Bank of Tokyo-Mitsubishi UFJ Americas business



MUFG Re-Imagining Strategy announced

Aiming to achieve sustainable growth and contribute to the betterment of society by developing solutions-oriented business

Conversion of Bank of Ayudhya (Krungsri), a major commercial bank in Thailand, into a subsidiary

Initiated full-scale comprehensive financial services in ASEAN as a key growth strategy initiative



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



Capital and business alliance with Security Bank Corporation in the Philippines

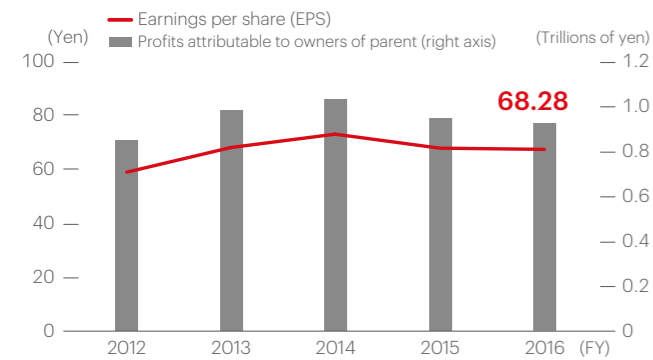
The Bank of Tokyo-Mitsubishi UFJ reached an agreement with Security Bank, a key commercial bank in the Philippines, to form a capital and business alliance, with the bank acquiring a 20% equity stake in Security Bank



Financial Highlights

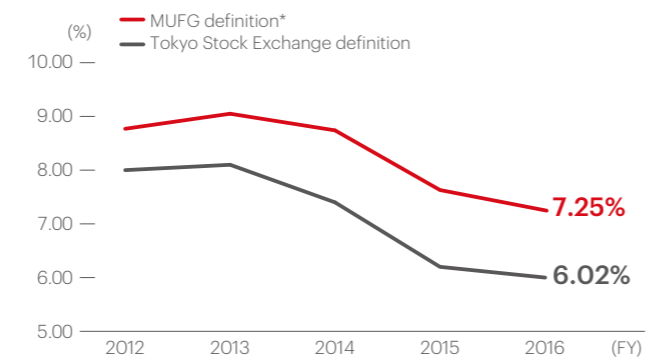
Key Financial Performance Indicators

EPS (growth) **¥68.28**



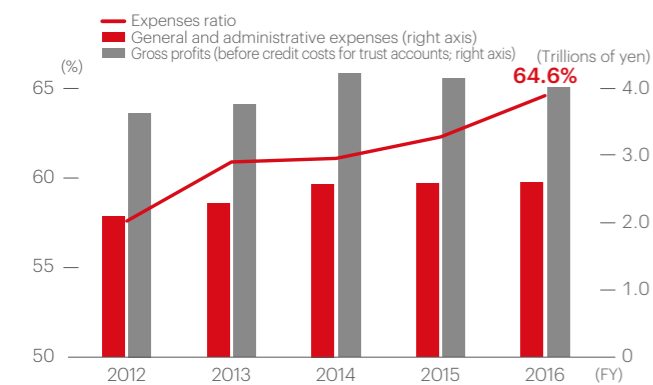
Despite the execution of share repurchases, the EPS decreased due to a fall in profits attributable to owners of parent.

ROE (profitability) **7.25%**



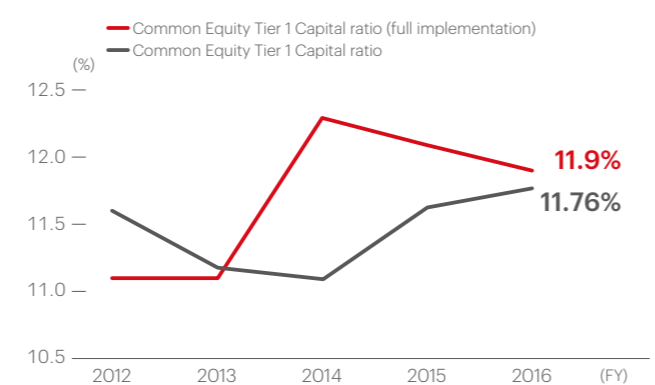
The ROE decreased due mainly to a prolonged trend toward low interest rates on a global basis.

Expenses Ratio (profitability) **64.6%**



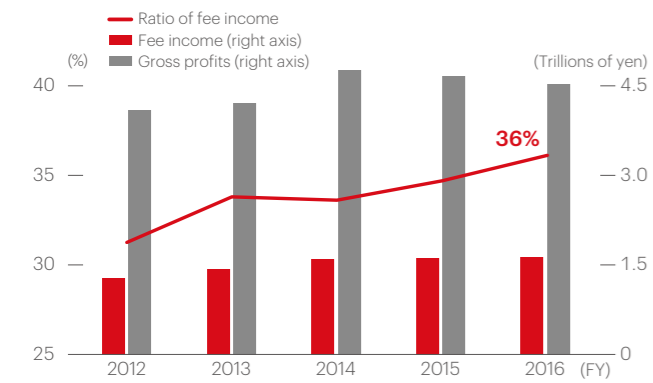
Although general and administrative expenses stayed virtually unchanged thanks to cost control initiatives, the expenses ratio increased due to a decline in gross profits reflecting decreases in domestic interest income and gains on debt securities.

Common Equity Tier 1 Capital Ratio (financial strength) **11.9%**



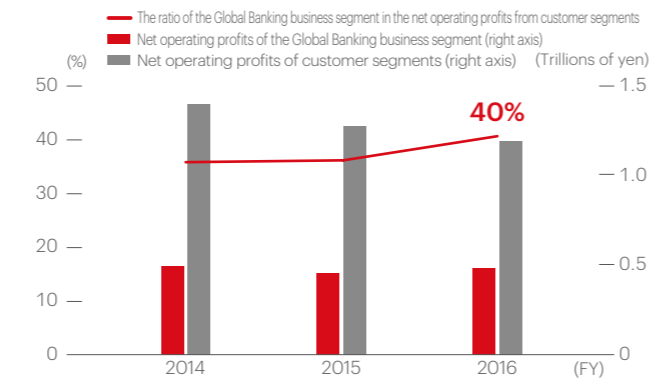
The Common Equity Tier 1 Capital ratio remained above the level required by financial regulations.

Ratio of Fee Income **36%**



The ratio of fee income to gross profits grew in step with an increase in fee income due to rises in fees from domestic investment banking business and fees and commissions from overseas operations, as well as a decline in gross profits.

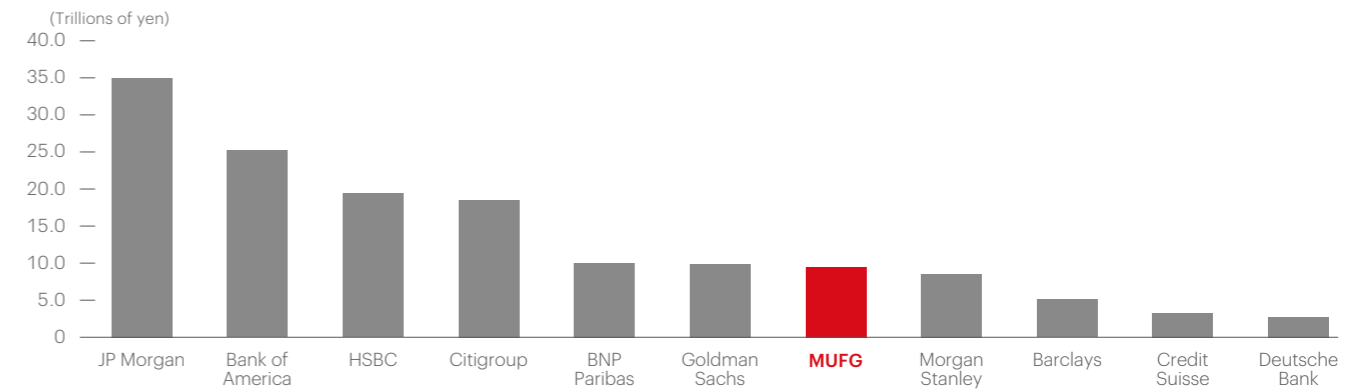
Ratio of the Global Banking Business Segment in the Net Operating Profits from Customer Segments **40%**



The Global Banking Business segment generated more than 40% of net operating profits from customer segments thanks to the success of steady efforts aimed at expanding revenues from deposits, loans and fees and commissions in overseas operations, countering shrinking revenues from domestic operations.

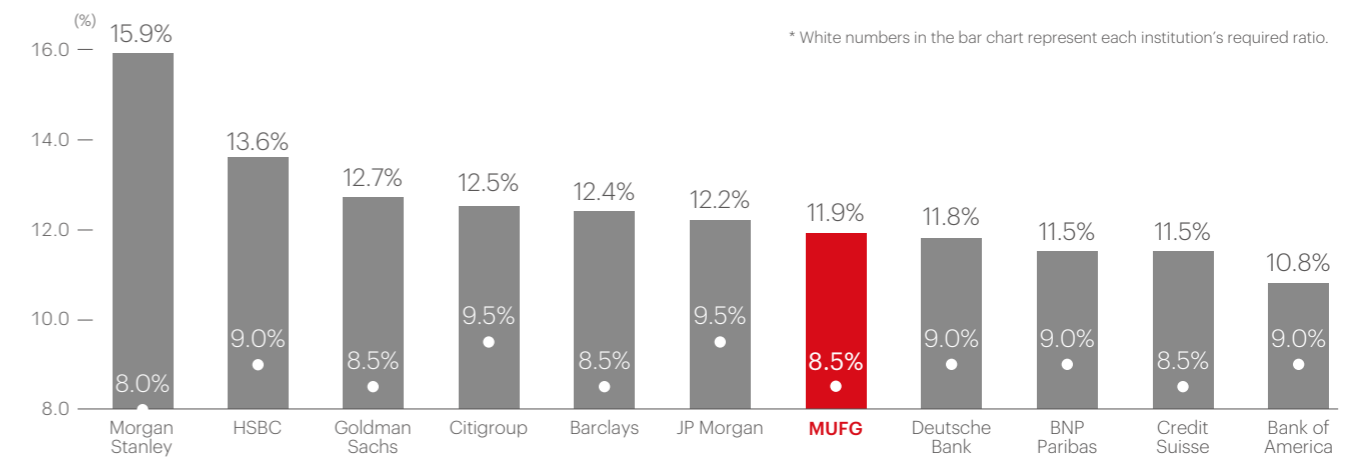
Financial Position Compared with Global Peers (G-SIBs)

Market Capitalization



(Exchange rate: ¥112.19 to one U.S. dollar; as of March 31, 2017; source: Bloomberg)

Common Equity Tier 1 Capital Ratio (full implementation)



(Rates as of December 31, 2016, excluding the rate for MUFG as of March 31, 2017; based on data disclosed by each firm)

Credit Ratings



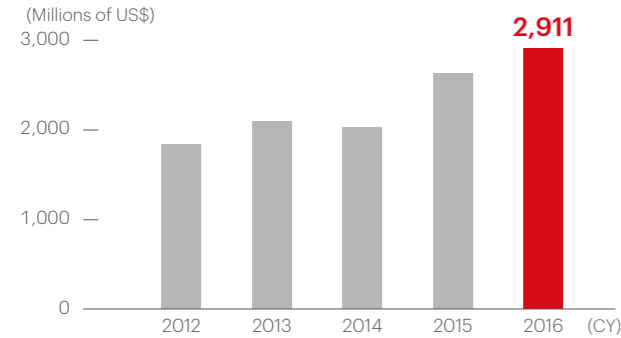
(Rating of issuers of long-term foreign currency denominated debt as of June 30, 2017; source: Bloomberg)

ESG Highlights

Environment

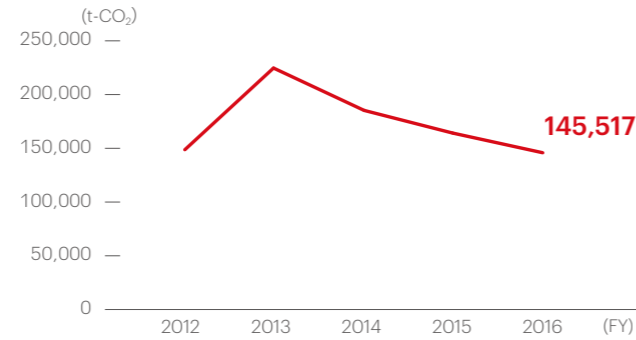
Renewable energy sector:
The value of project finance
arrangements handled by MUFG

US\$2,911 Million
(No.1 ranking)



Source: Bloomberg New Energy Finance

Carbon Dioxide (CO₂) Emissions* **145,517t**

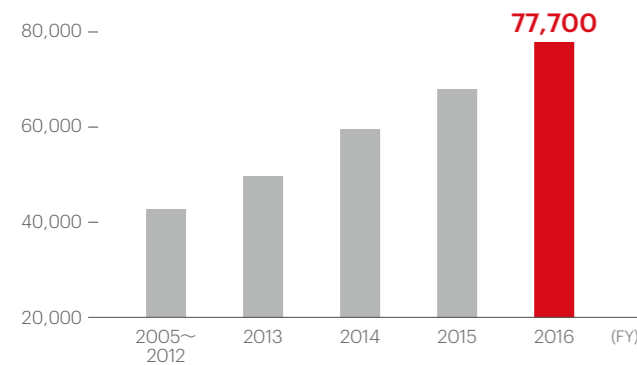


* Total of MUFG and the Bank of Tokyo-Mitsubishi UFJ (Japan)

Society

Number of business
matches made*

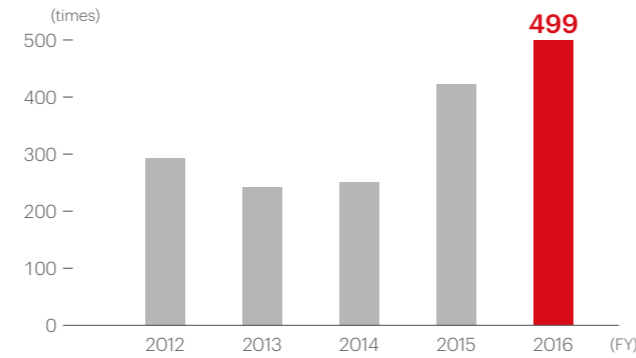
cumulative
Approx. 77,700



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

Number of occasions in which
MUFG staff provided students
with economic and financial education*

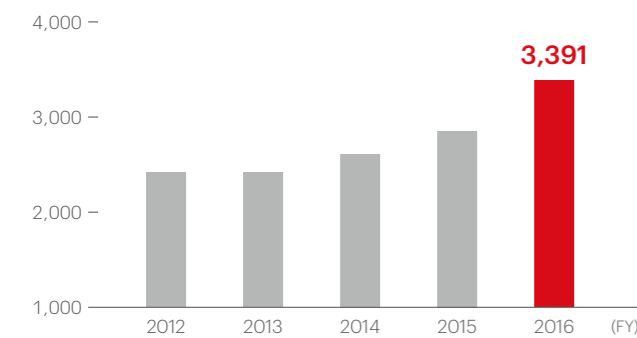
499times



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

Number of employees
on childcare leave*

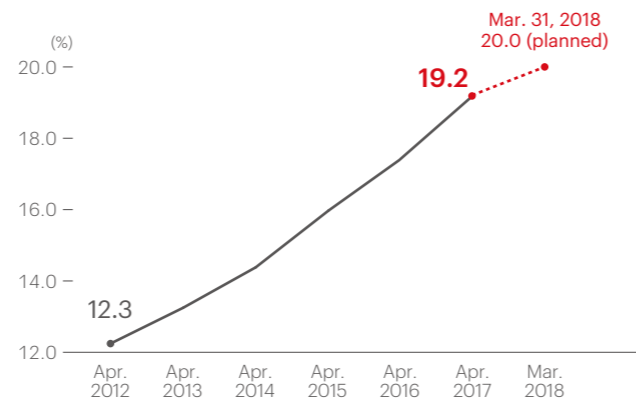
3,391



* Total for the Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities and Mitsubishi UFJ NICOS

Ratio of female managers
in the entire managerial positions*

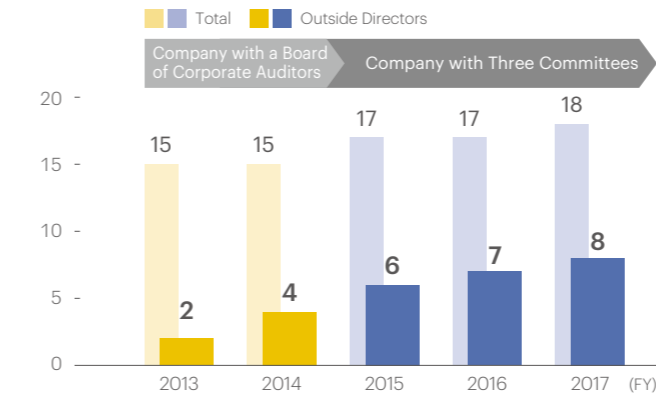
19.2%



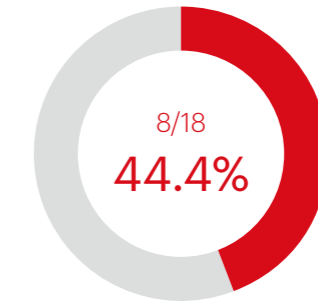
* Total of the Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities

Governance

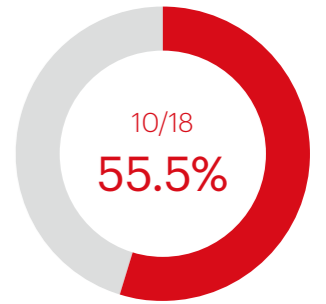
Number of members of the Board of Directors



Proportion of Independent
Outside Directors



Proportion of
Non-executive Directors



External Recognition

ESG-related indices

MUFG stock has been designated
by some prominent ESG-related
indices in Japan and overseas (as of
May 31, 2017).



Capital Eye Best Deals of 2016
Winning a Special Award in the
foreign bond category

MUFG was selected as a winner of a
Special Award under the Capital Eye
Best Deals of 2016 award program
(foreign bond category) for the
September 2016 issuance of a
TLAC-eligible Green Bond—the
world's first bond of this kind.



The 2017 Competitive IT Strategy
Company Stock Selection

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



Bloomberg Financial Services
Gender-Equality Index

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



Certified Health and Productivity
Management Organization
(Major Corporation Category)

MUFG was selected as a Certified
Health and Productivity Management
Organization (major corporation
category) in February 2017 by the
Ministry of Economy, Trade and
Industry for its outstanding track record
in the practice of health management.



Strengthening Our Financial Performance & Social Contribution Through Enlightened, Relevant & Future-Oriented Strategies

Implementing the MUFG Re-Imagining Strategy, we will contribute to the strength and development of the social fabric at home and abroad, while working hand-in-hand with stakeholders to ensure mutual and sustainable growth.

Forces Shaping our Domestic and Global Markets

The world witnessed profound upheaval in our fiscal 2016—ended March 31, 2017—with changes in the political sphere, and geopolitical instability arising from new and often violent sources. Regional economic disparities became more significant, and financial markets were shaken by drastic fluctuations. These unsettling forces fueled a sense of uncertainty worldwide. Out of necessity as a responsible business, we learned to monitor and assess the latest operating conditions more accurately, to make swift and timely decisions.


Why did U.K. voters choose Brexit? Why did U.S. voters choose a Trump administration? Largely because of deepening divisions in society and widespread failure of the political and economic establishment to address the divisive results. I believe we must take these developments very seriously, in part because they reveal how ineffective the establishment—which includes financial institutions like ours—has been in recognizing the tectonic pressures building beneath society's surface.

Fortunately, political, economic, and social conditions have been stable in Japan, MUFG's home market. The Abe administration has succeeded in breaking a syndrome of indecisive leadership and its political side effects. Moreover, Japan has enjoyed a fifth consecutive quarter of economic growth, and its society is comparatively stable at the international level.

But structural problems could materialize quickly and forcefully. Japan is facing a number of potential immediate and long-term issues that demand decisive, preemptive action.

Immediate issues include a trend of shrinking corporate investment and household spending due to prolonged deflation, social inequities among generations, and an unbalanced budget. Longer-term issues include the growing effect of an aging and shrinking population, which threatens the nation's social order and sustainability. These short-term trends in spending and long-term trends in demographics affect one another, and we have to address them both accordingly.

Given this domestic scenario, I believe Japan has a duty to embrace a leadership role on the global stage, setting an example of how to deal with issues that others—including developing nations—may also eventually encounter. If Japan succeeds in establishing precedents and sharing best practices, this would help the country strengthen its stature among the international community.



Nobuyuki Hirano
Director, President & Group CEO

Message from the CEO



With this understanding, the Government has proposed “Society 5.0.” Drawing on Japan’s distinctive strengths, this initiative will use digital innovation to improve public welfare and help transform society. To extend the initiative’s reach into broad spheres of society—not just the economy—essential industries such as ours must collaborate to develop solutions to difficult problems. The spirit behind this initiative is a positive sign on the domestic front.

But what about the global economy? True, it appears on a recovery track, but a number of issues must be addressed. One burning topic is whether or not sustainable growth is even feasible. Can the world community appropriately cope with volatile regional and political schisms? Also obviously, the threat of international terrorism poses a looming risk and may further destabilize already shaky social and political structures. Meanwhile, new capabilities for nuclear warfare are on the verge of becoming a real possibility for a regime near Japan—a threat not just to its neighbors but the entire globe.

We must be vigilant at home and abroad, keeping in mind the social and economic implications if any of these threats materialize into stark reality.

The Operating Environment Surrounding the Financial Industry

Against that backdrop, the financial industry is facing its own immediate and potential long-term issues. Among the most severe short-term concerns are the dwindling opportunities to create new business in a market mired in stagnant growth, and ongoing challenges posed by low, or even negative, interest rates.

Fears are growing that any momentum shown by the global economy may be suppressed if the U.S.—the world’s leading economic powerhouse—adopts protectionist policies that inhibit international trade and investment. Developed countries would find it harder to move beyond the monetary-easing policies they have instituted at unprecedented levels. Once this cycle sets in, the low interest-rate environment could well entrench, and financial institutions could face an almost intractable struggle.

There are bright spots, however. We anticipate a fresh wave of digital innovation that could help address both short-term and long-term concerns. Of course, this innovation could also raise challenges. Newcomers may leverage it to lure share from established players slow to respond to market trends. On the other hand, established players who make bold use of innovative IT could break through with technologies and business models that are user-friendly and productive.

We believe that just as Society 5.0 in our home country is a key government strategy to address an aging society and a shrinking population, digitalization will be a key ingredient in the unique solutions that financial institutions will no doubt develop to meet the inevitable challenges ahead.

Overview of Operating Results for Fiscal Year Ended March 31, 2017

During the year, our domestic Retail and Corporate Banking and foreign currency Asset Liability Management (ALM) felt the effects of the circumstances discussed above. In particular, they were affected by the Bank of Japan’s negative interest-rate policy, and the rise in U.S. long-term interest rates instituted in November. These low rates contributed to decreased profits in many of MUFG’s business segments.

Retail Banking, for instance, saw profits decline, due to a slump in revenues from yen deposits and the sluggish performance of investment-products sales. This was despite continued growth in consumer finance, and solid demand for residential mortgage loans fueled by very low interest rates. This suggests we may be midway through our reforms that were meant to induce “a shift from savings to stable asset building.”

Meanwhile, Mitsubishi UFJ NICOS Co., Ltd. (NICOS) posted a loss for the second consecutive year. This was due largely to posted expenses for structural reforms to improve performance in the fiscal year starting in April 2017. Looking ahead, we intend to allocate groupwide management resources to NICOS, which we have positioned as a platform for our payment-services business and have decided to make a wholly owned subsidiary. Moreover, ACOM Co., Ltd., also recorded a loss, partly because of additional provision for losses on interest repayment because the number of refund claims has not declined as steadily as we expected.

Profits at Japanese Corporate Banking also dropped, due largely to fewer loans and lower deposit revenues. However, there are signs that the current pace of decline in lending margins is slowing. And we are now offering attractive products such as hybrid loans. These meet the capital-funding needs of listed major corporations responding to the growing trend toward avoiding stock dilution. Also, we are starting to see positive results from our decision last year to simplify reporting lines and integrate our management framework for servicing Japanese corporates at home and abroad—and we will do more in the coming year. We also made solid progress in reducing equity holdings and are in fact ahead of plan.

These are all positive signs, but we need more assertive steps to reverse our prolonged decline in profits. These may even include fundamentally reforming our conventional lending-based business model, which depends deeply on interest income.

Meanwhile, our global banking business has grown steadily. Under strong leadership from its newly appointed CEO, our U.S. operations have bolstered segment strategies, strengthened cross-selling in Corporate Banking, restructured Retail and Commercial Banking, and reduced costs on a sustainable basis. In Thailand, the Bank of Ayudhya (Krungsri) has expanded its business, maintaining stability and the quality of its asset portfolio while solidifying its rank among the top five banks in the country.

We are encouraged by this progress in key global markets, while acknowledging some major challenges. These include upgrading our global governance structure, responding appropriately to evolving U.S. and global regulatory requirements and managing their compliance costs, reviewing our business investment and networks, and enhancing our IT platforms.

Message from the CEO

Profits at Investor Services / Asset Management declined due largely to the dissolution of our domestic Employees' Pension Fund plans, and stagnation in the investment trust market. However, global Investor Services has grown considerably over the past four years and is now capable of a wide range of fund administration services, including those related to hedge funds, private equity, and U.S. 40 Acts. To build on this momentum, we will focus on fortifying profits by expanding our client base and reducing costs. Also, to satisfy our current medium-term business plan, we will step up our efforts to make inorganic investments in our asset management business.

Our global markets business underwent major changes this past year. In Sales and Trading, we began integrating our Bank and our Securities Company businesses in Japan and overseas. This helped grow profits, particularly from overseas operations. Although interest income and other revenues declined in Japan, growth in revenues from operations in the U.S., Europe, and Asian countries outside Japan largely compensated, with overseas operations accounting for more than 50% of our total profit. On the other hand, we drastically reduced the risk in banking ALM by decreasing balances and shortening durations, even though these operations performed well in the first half of the year. We did this to protect operations against the correction phase of yen interest rates, and the effects of hikes in U.S. interest rates, along with other factors adding more uncertainty. As a result, profits in this business declined significantly. Going forward, we will tackle the immediate challenge of optimizing banking ALM portfolio to ensure stable, ongoing profit.

Policies for the Fiscal Year Ending March 31, 2018 and Beyond

At the beginning of fiscal 2017, we entered the final year of our current medium-term business plan. Although it's highly likely we will reach our Common Equity Tier 1 Capital Ratio target, it's unlikely we will reach our targets for earnings per share (EPS), which represents growth; or for return on equity (ROE) and the expense ratio, which together indicate profitability. We also need to pay close attention to the effects of Basel III revisions, the introduction of Total Loss Absorbing Capacity (TLAC) requirements, and other impending global financial regulations that may impose harsher restrictions on our capital-investment decisions.

To strengthen our ability to adapt to new restrictions, our priorities in the next medium-term business plan will include making better use of our capital through a disciplined mindset finely tuned to returns on risk. At the same time, we will implement a balanced capital policy aimed at financial strength and enhanced shareholder returns. This will help us maintain stable ROE at a level higher than capital costs, which will require a framework to improve return on risk-weighted assets (RORA), particularly in commercial banking. At the same time, we intend to assure sustainable growth through the MUFG Re-Imagining Strategy and its robust initiatives, as described below.

The MUFG Re-Imagining Strategy

One truth has become clear: A business model centered on conventional commercial banking is no longer sustainable and must be reformed. This is why our current medium-term business plan promotes reforms that rely heavily on three umbrella themes: "Focusing on the customer perspective," "Taking a Group-driven approach," and "Making productivity improvements." These reforms are meant to address challenges we anticipate from structural changes in society and economies over the next ten years. This still holds true. But we have to intensify our efforts because the pace of change is much faster than we could have envisioned when we planned these reforms.

We need a radical new approach for at least three reasons. First, we are certain that top-line revenues from our existing businesses will fall far short of initial estimates, due to an ongoing worldwide trend toward ultra-low-interest rates and anemic economic growth.

Second, imminent global financial regulations will place tighter restrictions on capital and liquidity—both essential to business expansion—and drive up the cost of compliance. Third, widespread digitalization has dramatically outpaced projections. True, it will open huge opportunities to reform our business model, but by the same token, newcomers armed with digital innovations can threaten our base.

These projections have prompted us to a sense of urgency. In summer 2016, we launched a dedicated project team that, by design, includes young leadership representing the future of MUFG's operating units. After thoroughly reviewing our operations and management structure, the team formulated the MUFG Re-Imagining Strategy, a set of pivotal policies to guide our business strategies.

As we discuss the upcoming renewal of our medium-term business plan, we will form action plans based on macro policies laid out in the MUFG Re-Imagining Strategy and initiate the second phase of our reforms. The underlying theme of this phase is "a shift to a management approach that is simple, speedy and transparent."

Our MUFG Re-Imagining Strategy is presented more fully later in these pages, but let me describe its four supporting pillars here.

The first pillar is "Strengthening our management approach based on customer- and business-based segments." MUFG's longstanding operational philosophy has been to facilitate each unit's standalone superiority in its niche. However, our current view of an overarching mission is more comprehensive and outward-facing: We aim as a team to deliver optimal solutions to customers—individuals, corporations, and institutional investors—each of whom faces unique challenges. This, to us, is a large part of what it means to fulfill our responsibilities.



note Figures are rough estimation in FY2023

1. Strengthening our management approach based on customer- and business-based segments	4. Reorganization of MUFG Group management structure
<ul style="list-style-type: none"> (1) Further Wealth Management strategy (2) Reinforce business with large companies with group-unified service and global platform (3) Accelerate Asset Management business (4) Enhance Payment Platform 	<ul style="list-style-type: none"> (1) Integrate corporate loan-related business of the Bank and the Trust Bank <ul style="list-style-type: none"> • Establish the most suitable formation to service our corporate clients as one group • Clarify the mission and responsibility of each group member (2) Strengthen AM and IS businesses — New trust banking model <ul style="list-style-type: none"> • Accelerate AM and IS businesses as growth area for group • Make Mitsubishi UFJ Kokusai Asset Management a wholly owned subsidiary of the Trust Bank
2. Business transformation through the use of digital technology	<ul style="list-style-type: none"> (3) Review customer segmentation <ul style="list-style-type: none"> • Integrate Japanese retail banking and SME segments • Reorganize Japanese large corporate and global corporate segments respectively, each of which is managed globally across geographical boundaries
3. Initiatives to improve productivity	<ul style="list-style-type: none"> (4) Establish the framework to promote our digital strategy <ul style="list-style-type: none"> • Appoint a Chief Digital Transformation Officer (CDTO) • Establish Digital Transformation Division (5) Reinforce retail payment business <ul style="list-style-type: none"> • Make NICOS a wholly owned company of MUFG (6) Rename the commercial bank as "MUFG Bank"

Message from the CEO

This requires us to change our approach from supervising a set of affiliated operating companies that run their respective businesses autonomously, to establishing an overarching structure that freely mobilizes the functions, products, and services of each company. This new approach facilitates the environment we want to create, where resources can be drawn from anywhere and, most important, any activity can center on satisfying customer needs.

One way to do this is to create a single point of contact for the customer. We can also eliminate functional overlaps, clarify the mission of each operating unit, and free them to concentrate resources on pursuing their mission through their core expertise.

To help achieve this, we are establishing a new brand that encompasses all the group's wealth management functions; building an integrated marketing platform—a combination of the Bank, the Trust Bank, and the Securities Business—that serves global corporations; pursuing inorganic expansion in the global asset management business undertaken by the Trust Bank, through executing majority investment; and launching groupwide payment services employing the NICOS platform.

The second pillar is “Business transformation through the use of digital technology.” We will promote our initiatives in three areas.

One, we will create new businesses to make banking more convenient for customers. In addition to improving the customer experience through simple and easy-to-understand mobile interfaces, we will promote cashless transactions and digitalize residential mortgage loans. We will also deepen our marketing capabilities through data analysis.

Two, we will re-engineer our business processes. We will infuse our operations, from frontline to back office, with digital technologies that improve the entire process, with the aim of reducing total workloads 30%—equivalent to the labor of 9,500 personnel in our home market.

And three, we will reform customer interface channels, domestically and globally. Specifically, we will expand service channels supported by a “virtual branch” and, at the same time, strengthen advisory services that require direct human interaction at physical branch locations. This will lead the way toward next-generation bank branches. Another key reform will be in system design and development methodology. Stable, robust, and secure systems will always be absolutely crucial, of course, but in specific areas that require enhanced UI/UX both for customers and colleagues, we need to add an “Agile” dimension. This will also be applicable to our legacy platforms and promote a switchover to cloud computing.

The third pillar is “Initiatives to improve productivity.” Our current medium-term business plan calls for better productivity in three asset areas—human, capital, and investment. To speed results, we will optimize staffing through digitalization while reforming work styles. We will also free our groupwide human resources from the confines of a single business unit, and develop a unified human-resource management system. As for capital and investment, we will upgrade management systems to support our risk-weighted asset, liquidity, and cost return. And we will strategically reassess the efficiency of our existing investment outlets—in Japan and globally—and use what we learn to optimize our portfolio. This will help improve ROE.

The fourth pillar is the “Reorganization of MUFG Group management structure.” While the first pillar strengthens our management approach based on customer- and business-based segments, the fourth pillar reassesses our customer segmentation with an eye toward

integrating domestic retail banking and small- and medium-sized enterprise (SME) segments of the Bank. We will also migrate to a global management structure in our service to large Japanese corporates and large global corporates alike. Both structures will transcend geographical boundaries, and—in line with our policy of integrating overlapping functions and clarifying the mission of each operating company—we will transfer the Trust Bank's corporate lending business to the Bank. At the same time, we will make Mitsubishi UFJ Kokusai Asset Management Co., Ltd., a wholly owned subsidiary of the Trust Bank, which will position asset management as its core business. And, as mentioned, we will make NICOS a wholly owned subsidiary of MUFG.

When we complete these reorganizations, we will have created a globally unified brand we can present to customers worldwide, showing an integrated structure capable of marshaling groupwide resources on their behalf. The upcoming rebranding of the Bank to “MUFG Bank” in overseas markets is in line with this brand strategy.

The MUFG Re-Imagining Strategy aims to boost net operating profits by ¥300 billion over seven years. ¥180 billion of this will come from increased profits, while ¥120 billion will come from reduced costs, mostly through digitalization. We calculate these figures by assessing approximately 70 individual measures and their possible effects, feasibility, and timelines.

Upgrading Our Governance Framework

We cannot live up to the expectations of stakeholders—and sustainably grow at the same time—without a robust, transparent corporate governance framework. We have endeavored to establish such a framework since the founding of MUFG.

Soon after MUFG's transition to a “Company with Three Committees” structure in 2015, three core subsidiaries also adopted a “Companies with Supervisory Committees” system. And we have appointed outside directors with diverse backgrounds while creating non-mandatory governance-related committees. Now, having expanded the Board's diversity, we will focus on developing an inclusive pool of successor candidates, and formulating succession plans for outside directors.

MUFG has made steady progress in strengthening governance functions, namely: streamlining the selection of agenda items at Board of Directors meetings to allow plenty of time for discussion; simplifying meeting materials and clarifying points to be discussed; enriching the content of information provided to outside directors; and conducting off-site meetings to allow deep dives into strategic matters. Under the initiative of its Lead Director, MUFG also convenes meetings to facilitate communication with operating units' board members. In addition, MUFG's management team holds discussions with independent directors who serve at an intermediate holding company (IHC) in the U.S. Furthermore, the MUFG Audit Committee engages in deliberation with each operating unit's board of corporate auditors. And importantly, MUFG's independent directors participated in discussions leading to the formulation of the MUFG Re-Imagining Strategy. Management benefitted from these directors' insights and kept them in the loop on progress.

Thanks to these efforts, the latest Board of Directors self-evaluation process confirmed improvements on a number of fronts. However, the Board unanimously agreed we need to optimize its mix to better deal with the globalization of MUFG Group operations. Currently, around 40% of our shareholders are foreign institutions, approximately the same as the ratio of our overseas colleagues to the total group workforce. Overseas revenues also account for around 40% of net operating profit of our total customer segment. Accordingly, board members have been quick to identify the urgent need for non-Japanese directors. This is why, at the recent Annual General Meeting of Shareholders, two foreign

Message from the CEO

nationals were appointed as directors: Mr. Toby S. Myerson, an attorney with extensive expertise in cross-border M&A and who concurrently holds the post of Lead Director at the U.S. subsidiary Mitsubishi UFJ Americas Holdings; and Ms. Tarisa Watanagase, former Governor of the Bank of Thailand. We have positioned the U.S. and Asia as strategic markets for our overseas operations and are confident these appointments will prove beneficial.

The Board also recognizes the need for more robust succession plans, as well as the need to nurture future leaders. In May 2017, the president of the Bank stepped down partway through his term of office, sadly due to health issues. The Nominating and Governance Committee moved swiftly to select his successor, preempting major disruptions. We attribute this decisiveness to our steady progress since 2015 in building a framework for succession plans. Objectives included clear transition principles for both emergency contingency planning and for standard succession planning. Although the circumstances of our president's resignation were truly unfortunate, we were gratified to see our preparations pay off with a smooth transition. We will keep working to build the number of management candidates with top leadership potential, and will develop programs to educate prospects who may become MUFG leaders two generations from now.

Of course, succession plans must cover outside directors as well. Even though we have optimized the composition of our Board of Directors in terms of experience, fields of specialty, and geographical diversity, it is hard to maintain an ideal balance while avoiding the drawbacks of a fixed membership. This is why, in the year ending March 31, 2018, the Board of Directors will discuss the possibility of creating a more clearly defined set of requirements for director candidates, and setting limits on re-appointment. Regarding governance of Group operating companies, MUFG's Nominating and Governance Committee will review the current "Advisor" system at each operating unit.

Addressing Environmental & Social Issues through Business Activity

Earlier, I discussed our solemn obligation to take action on social issues. Specifically, we need to consider what role we can play as a prominent global financial group based in Japan. Our obligation lies partly in response to the realities of an aging population, a declining birthrate, and the effects of these factors on social sustainability. In addition, as a financial group operating on a global basis, we must ask ourselves what we can do to counter climate change, regarded as a major contributor to natural disasters around the world.

Today, most business leaders agree that one of the purposes of business is to help solve issues confronting society, and to create shared value. This is certainly true in Japan; the idea dates back centuries, expressed in an old maxim that every business must benefit the seller, the buyer, and society as a whole. A modern-day equivalent is the use of Environmental, Social, and Governance (ESG) criteria to evaluate corporate activities, a practice becoming more commonplace. Just last year, Japan's Financial Services Agency formally included the concept of "creating shared value" in its Strategic Directions and Priorities.

We fully agree with this concept and place great emphasis on helping preserve the environment and contributing to society through healthy business activity.

In terms of social contribution, we are striving to help invigorate the economy and build a sustainable society, with each group company doing its part in its area of expertise. In this regard, MUFG generally places particular importance on supporting more-sophisticated investment strategies for households, and assisting SMEs.



To help households develop investment strategies, MUFG can play the dual role of asset manager and distribution resource; we have Japan's greatest capacities in those two fields, given our expertise and extensive branch network.

As an asset manager, the Trust Bank strives for best practices in management policies that conform to Stewardship Codes. This helps avoid conflicts of interest and creates clear standards for voting rights and disclosure of voting results. The Trust Bank has a proud track record in these matters, due to its high standards of researching and executing fiduciary duties in pension planning. With the MUFG Re-Imagining Strategy identifying asset management as the Trust Bank's core business, and with Mitsubishi UFJ Kokusai Asset Management Co., Ltd., being made a wholly owned subsidiary, our focus on asset management is stronger than ever.

As for our role as a distribution resource, our group companies have been industry leaders in forming fiduciary-duty policies and designating relevant key performance indicators. Although the government has articulated a "shift from savings to stable asset building" as a major policy, it will take time and effort before the nation sees results. So in the meantime, we will develop educational programs for potential investors, ranging from inexperienced young people to established business professionals.

MUFG has a robust track record in helping and nurturing SMEs in Japan; it is part of our day-to-day heritage dating back centuries through our predecessor companies. More recently, we have been organizing large "business matching" events, a kind of referral service in which we arrange introductions among business-partner candidates selected from our roster of corporate customers, based on their needs. So far, we have hosted 14 of these events, with attendees from 37,000 companies and resulting in 77,000 negotiated business arrangements. It is well known that Japan's industrial sector is supported by numerous SMEs with superior technological strengths in manufacturing. With this in mind, and despite a longstanding deflationary economy, MUFG systematically supports SMEs looking for business opportunities rather than funding.

We sponsor the "Rise Up Festa," a competition supporting startup businesses, as well as the "MUFG FinTech Accelerator Program." With these tools, we aid in the discovery of new technologies and business models while encouraging high-tech entrepreneurship and helping bolster the Japanese business sector.

Message from the CEO

We consider supporting SMEs as part of our heritage of planting deep local roots in the communities we serve. We aim to invigorate stagnant local economies—a longstanding issue in Japan.

MUFG considers it a core responsibility to conduct business in an environmentally responsible manner, and we have long embraced environmental preservation activities, including countering climate change. For example, we were early financiers of renewable-energy businesses involved in solar, hydroelectric, wind, and geothermal power generation. Thanks to our world-leading expertise in this field, MUFG's project finance track record is consistently ranked in the top echelon of financing renewable energy. To raise investment funds, in September 2016 we issued "Green Bonds" to conform to the latest global financial regulations. Securities also boasts a proven track record in consulting services that help businesses in emerging nations reduce greenhouse gas emissions.

In June 2017, members of the Board of Directors discussed how to ensure ESG management at MUFG and how we should address environmental and social issues as a matter of course. We intend to keep helping resolve social issues while upgrading our management of environmental and social risks. Implementing these and other strategies to create value over the long term, MUFG will work to live up to expectations of stakeholders around the globe.

Developing Human Resources while Promoting Diversity

Ultimately, the value of our products and services to customers and society depends on unlocking the potential within our colleagues. Tapping this power of "human capital," we can help colleagues reach high and inspire them to do their best. We also must promote their long-term career development by supporting Human Resources as it provides necessary tools. The quality of the working environment is also key. We believe senior leadership is responsible for creating a vibrant workplace that embraces creativity and allows a diverse team of colleagues to energize each other and aim with confidence for ambitious targets.

MUFG offers various career paths based on goals each colleague sets voluntarily, and provides individually tailored career-development training that differs by job category and position. In recent years, we have seen a growing need for talent capable of leading global operations. So we have been identifying leadership talent in search of candidates who transcend the traditional boundaries of business segments. We also have sought to develop these candidates' skill sets so they are prepared for future career advancements. We host seminars to develop next-generation leaders, and I personally enjoy visiting these events to observe and give feedback on presentations by participants who show amazing potential. In fact, many initiatives in the MUFG Re-Imagining Strategy are based on ideas from the rising talent so abundant at these events.

We also need to step up business reforms through digitalization, in two areas. First, developing capable talent. We not only have to raise top management's awareness; we need initiatives to create new business and push end-to-end process reforms. Second, we must train those in positions likely to be replaced by digital technologies so they can flourish in new roles that require creativity.

In Japan, government-led "Work Style Reforms" are now underway. To help counter a labor shortage due to an aging and shrinking population, these reforms promote women's participation in the workforce and counteract socioeconomic forces suppressing the birth rate. They also promote industrial productivity, where Japan lags behind its peers. As a participant in these reforms, MUFG has identified three key initiatives: helping colleagues find an optimal work-life balance; offering them opportunities to pursue self-development;

and giving them reasons to take pride in being part of MUFG.

According to a survey last year, the majority of MUFG colleagues has a high level of satisfaction with work life, and feels a sense of "belonging" at MUFG—more so than peers do at other financial institutions. That is good news, but much remains to be done.

This includes promoting workforce diversity. To help female colleagues strike a productive balance between work and parenting, MUFG has introduced support systems, such as an in-house concierge service and a company-sponsored childcare facility. Thanks to this and other initiatives to help them smoothly re-enter the workplace after childbirth, the number of domestic MUFG colleagues on childcare leave has grown to more than 3,300, well above other Japanese corporations. As for our efforts to offer women greater career opportunities, the ratio of female colleagues in managerial positions has reached 19.2%, approaching our current target of 20%. However, the number of female leaders in top management positions is still insufficient. We have made some progress—for instance, appointing another female director to the MUFG board and the first female executive officer at the Bank—but we must redouble our efforts to nurture and cultivate female talent for executive positions.

In Conclusion

Last year, while discussing the "MUFG Re-Imagining Strategy" with our next generation of leaders, I became acutely aware of how our deep-rooted corporate culture prioritizes the lending business above all else. It is time to break with this culture. We are committed to being a financial group genuinely capable of meeting diverse customer needs. To this end, we are striving to deliver truly valuable and seamless services to a broad range of customers in a timely manner. This is also my personal commitment and is fully reflected in the "MUFG Re-Imagining Strategy."

Our reforms are meant to ensure sustainable, mutual development for the Group and all its stakeholders. That is how we will contribute to a strong social fabric at home and abroad. Furthermore, we will share the fruits of these reforms with our stakeholders by enhancing shareholder returns, improving the quality of our services beyond customer expectations, and creating a rewarding workplace for colleagues. We will contribute to society and help preserve the global environment through our business activities. As an institution that functions as part of society's foundation and helps provide its lifeblood, we are determined and honored to fulfill these duties.

We are hard at work to earn a reputation as the world's most-trusted financial group. To that end, we pledge to do our best to make structural reforms now, so we can pass a legacy of earned trust into the hands of future generations at MUFG.

We ask for your continued understanding and support as we devote ourselves to these worthy goals.

July 2017



Nobuyuki Hirano
Director, President & Group CEO

MUFG Re-Imagining Strategy—Building Anew at MUFG

Operating environments surrounding MUFG have drastically changed from those prevailing at the time of the current medium-term business plan was formulated. Regardless, MUFG aims to remain a financial group capable of achieving sustainable growth by quickly adapting to structural changes in operating environments at home and abroad. To that end, we announced the MUFG Re-Imagining Strategy in May 2017.

Taking an integrated group-based management approach that is simple, speedy and transparent, MUFG is committed to delivering the best value to its customers, employees, shareholders and all other stakeholders. Moreover, MUFG will provide solutions for issues society is confronting through its business activities. In these ways, we will contribute to the sustainable development and betterment of society.

Strengthening our management approach based on customer- and business-based segments

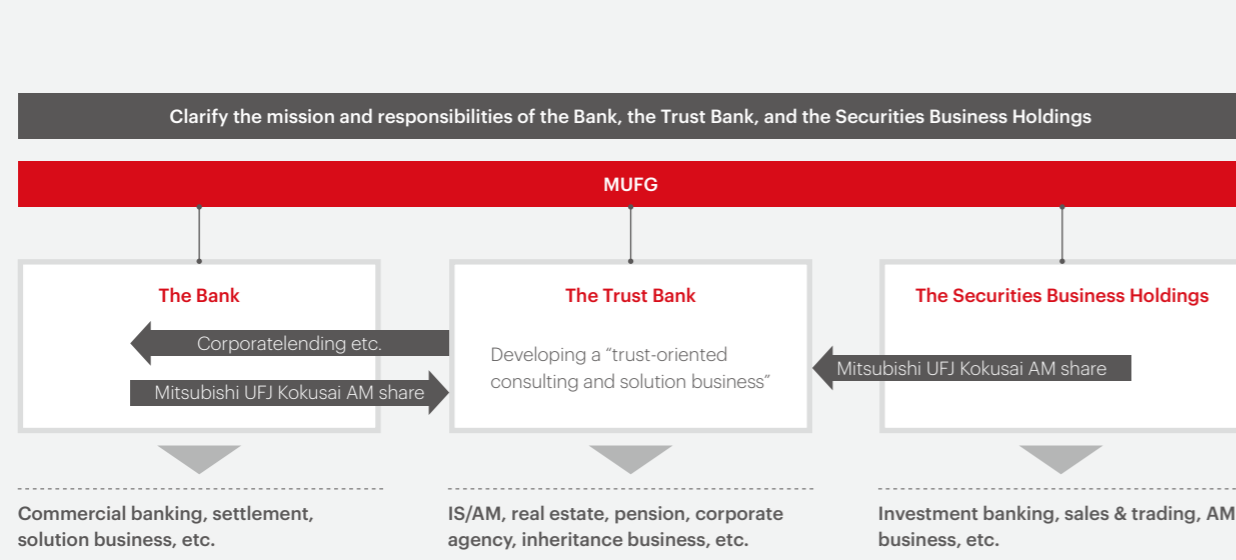
Working as one, group companies pursue the common goal of going beyond the boundaries of conventional business categories and geographical regions to deliver greater value to customers.

For example, MUFG executes wealth management strategies aimed at seamlessly providing individual customers with diverse solutions that draw on its distinctive strength in comprehensive financial services.

As for corporate customers, we aim to establish an optimal structure that enables us to offer client services as one group and, to this end, will transfer the Trust Bank's corporate loan-related business to the Bank. As for the Japanese large corporate and global corporate segments,

we will reorganize operations for ease of management across geographical boundaries. In these ways, we will be better set to address sophisticated and diverse customer needs.

At the same time, we are striving to establish a new trust banking model, with the Trust Bank placing particular focus on the investor services and asset management businesses—key growth drivers for the Group. In furtherance of efforts aimed at stepping up the asset management business, we will make Mitsubishi UFJ Kokusai Asset Management Co., Ltd. a wholly owned subsidiary of the Trust Bank. We will also accelerate overseas expansion with an eye to securing majority investments. In the investor services business, we will strive to establish the “MUFG investor services brand” to become a global player boasting a strong presence.



Business transformation through the use of digital technology

Digitalization is key to MUFG's future. To MUFG, it doesn't mean “replacing human workers with machines.” Rather, our focus is to utilize digitalization to better serve our customers by creating products and services that are simpler and easy to use. Simultaneously, we will utilize it to streamline operational process supporting such offerings.

Today, customers' preferences and behavior patterns are radically changing on the back of such factors as the widespread use of mobile devices and the advancing aging of populations. Taking changing social trends and customer needs into account, MUFG will strive to develop optimal channels as a Group. Specifically, we have positioned “user-friendly,” “speedy,” “frictionless” and “location-free” as key concepts for our “channel reforms.” By doing so, we will provide easy-to-use, simpler services that can be accessed anywhere, anytime, eliminating the need for undergoing burdensome procedures or switching from among service interfaces.

Efforts are now under way to develop a robust framework for driving the aforementioned reforms. The Digital Innovation Division will be reorganized and renamed to the Digital Transformation Division, with greater resources allocated to digital transformation. Furthermore, we will appoint a Chief Digital Transformation Officer (CDTO). These moves will accelerate our digital strategies.

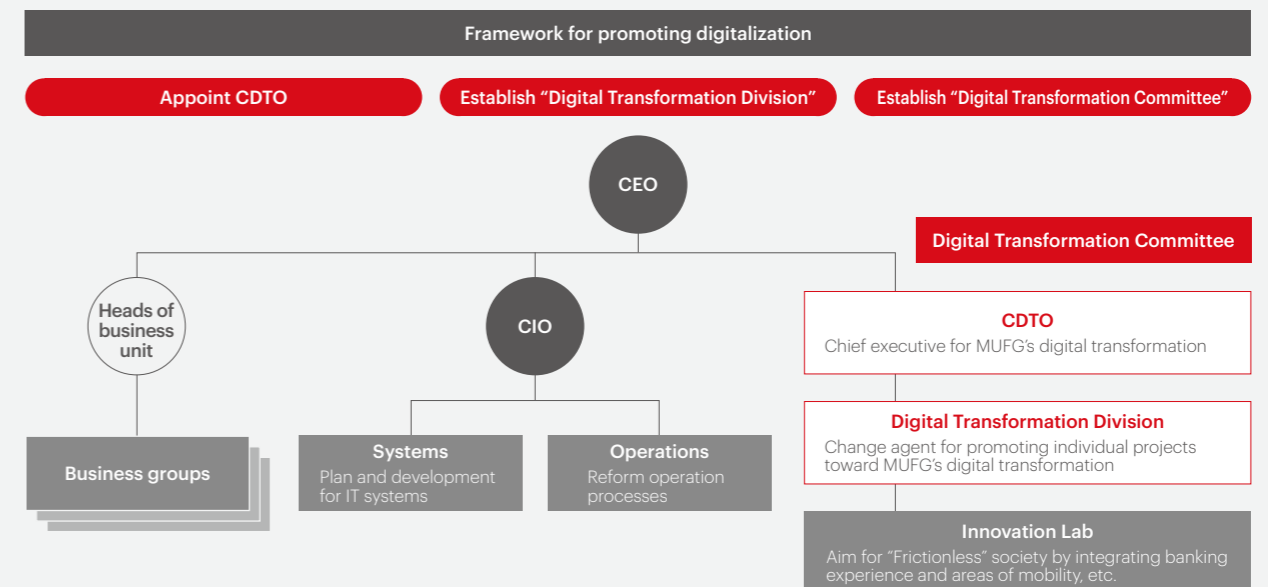
Meanwhile, MUFG will make Mitsubishi UFJ NICOS a wholly owned subsidiary, aiming to better leverage the subsidiary's capacity as a settlement platform that will, in turn, drive the creation of value-added services and boost the group's settlement business. Using this move as a springboard, we will accelerate our structural reforms, our pursuit of synergies of group operations and the digitalization of the entire group.

Initiatives to improve productivity

We aspire to better serve customer needs by effectively utilizing our limited management resources. We also aim to help each employee realize their full potential. To this end, we will carry out “optimization” by rallying groupwide strengths.

For example, we will optimize our strategic investment portfolio while giving due consideration to capital discipline and RWA regulations. We will also pursue opportunities to achieve inorganic growth in strategic areas.

Moreover, we will leverage digitalization to create a working environment that allows employees to concentrate on duties that lead to the creation of greater value. We will also encourage them to pursue self-development and to satisfy their intellectual ambitions. In short, we will endeavor to develop a workplace in which everyone finds his/her pursuit of a professional career rewarding.



MUFG's Digital Strategies

Moving beyond FinTech Fostering Open Innovation for Future Generations

MUFG boasts extensive expertise in the financial business and over time has built a reputation for trustworthiness. FinTech startups offer novel ideas for innovative services. Combining the strengths of the two, we are about to launch unconventional services that boast superior user convenience while ensuring security.

Provision of MUFG APIs

Among the trends in software and web-service technologies, Open API* is an open innovation initiative a number of corporates are utilizing to make their programs available to external parties via the Internet. Using APIs, third-party corporations can access these programs and combine them with their own technologies and ideas, thereby leading to the release of novel services.

Remaining on-trend with advances in these areas, in March 2016 MUFG became the first domestic bank to host a "hackathon" event in which external developers compete to create new services that employ banking APIs. In April 2017, MUFG also made its APIs for the BizSTATION corporate online banking service available to external partners, initiating collaborative development.

Going forward, we will strive to create innovative services through the provision of new APIs and partnership with external companies.

* Application Programming Interface: A set of programming instructions and standards for accessing a software application

Participating in a Next-Generation Settlement Network Lead by Ripple Inc.

The U.S.-based Ripple Inc. has developed a new technology that enables the development of a global transfer network and is expected to provide a settlement solution for future generations. Along with messaging functions, the resulting transfer network will boast real-time transfer and settlement capabilities thanks to the application of blockchain related cutting-edge technologies.

MUFG participates in the domestic consortium to discuss the commercialization of this technology. Moreover, Bank of Tokyo-Mitsubishi UFJ became the first Asian bank to contribute to discussions at the global advisory board with regard to the formulation of rules governing global settlement networks.

Once this network is established and available to users, it will realize domestic and international settlements that require less time to complete while being safer and more efficient. proof of concept aimed at putting the technology into commercial use at the earliest possible date is now under way in fiscal 2017.

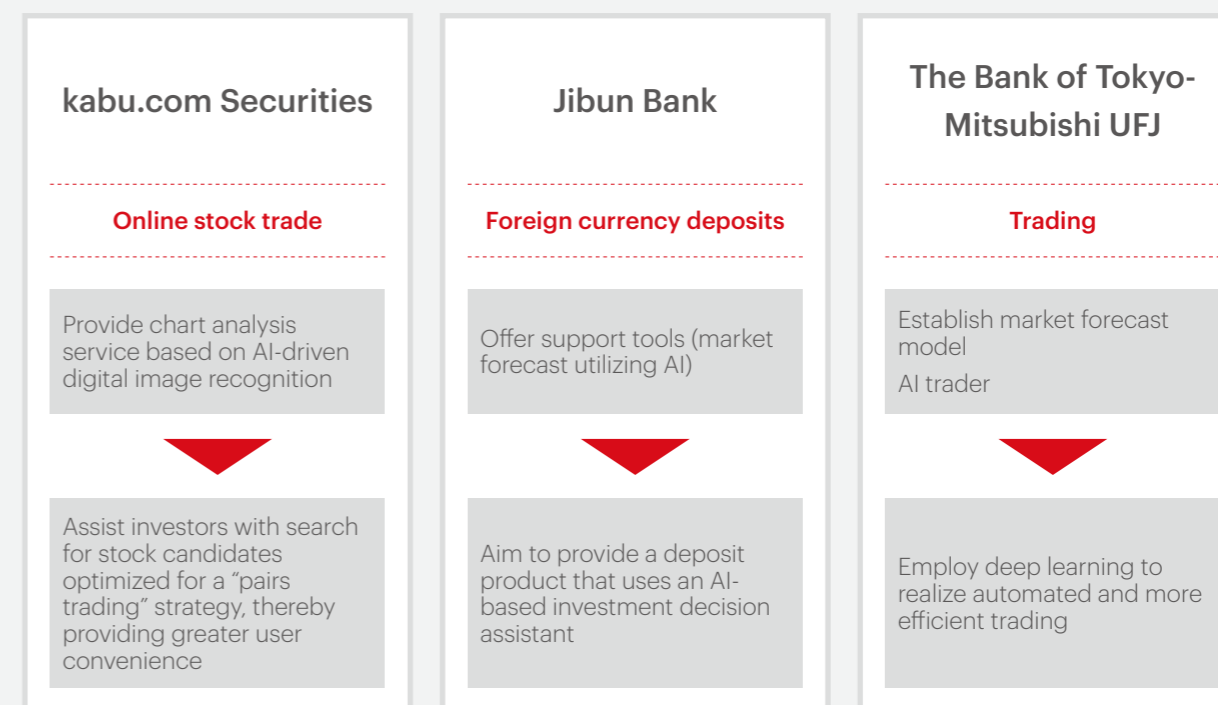
Collaboration with Alpaca

AlpacaDB, Inc. is a venture company pursuing the creation of unconventional services with the fusion of finance and AI. In August 2016, Alpaca was chosen to receive the second prize at the Accelerator Program sponsored by MUFG.

Currently, Alpaca is involved in several projects at MUFG that leverage its strength in the area of deep learning. For example, kabu.com Securities Co., Ltd. released "AlpacaSearch for kabu.com," an analysis tool

for individual investors based on Alpaca's chart image recognition services. Also, Jibun Bank Corporation began providing an AI-based foreign currency deposit management assistance tool with prediction capabilities. Furthermore, the Bank of Tokyo-Mitsubishi UFJ is looking to create market forecast, news analysis and other AI-driven trading assistance functions.

MUFG will continuously endeavor to create unconventional services through collaboration with external corporations.



Initiating a Trial Use of MUFG Coin

Although banknotes and coins can be used anywhere in their currency zone, the significant toll in terms of cost and time required for the procurement, storage and transport of these instruments is often overlooked. With an eye to bringing innovation in the field of virtual currencies, MUFG is developing a low-cost cashless finance infrastructure by leveraging blockchain technologies, with the goal of releasing "MUFG Coin"—a convenient digital payment instrument that help facilitate the realization of a cashless society in Japan.

In addition to their instantaneous transfer capabilities,

MUFG Coin will provide new settlement experiences, such as the ability to make "micropayments" in decimal value increments. Moreover, corporate users will be able to allocate surpluses derived from reductions in costs to increase benefits for individual customers. As such, MUFG Coin are expected to enhance economic activities by fully leveraging the strength of virtual coins.

In May 2017, MUFG launched the trial of these coins for in-house use. Discussions toward their release to the general public are now under way.

Pursuing Sustainable Growth for the Group through Solid Financial and Capital Management

We are now in fiscal 2017, the final year of the current medium-term business plan and, as the CFO of MUFG, I would like to lay out the initiatives that the Group will be undertaking under my direction as well as the Group's future outlook.



July 2017

Muneaki Tokunari
Director, Senior Managing Executive Officer,
Group CFO

Fiscal 2016 Business Results

Throughout fiscal 2016, which ended March 31, 2017, the ultra-low interest rate environment continued in Japan due to a “quantitative and qualitative monetary easing with negative interest rates” policy undertaken by the Bank of Japan. Overseas, such developments as the results of the Brexit referendum and the election of a new U.S. president have led to major fluctuations in the financial market. Against this backdrop, MUFG’s gross profits totaled ¥4,011.8 billion, down approximately 3% year-on-year. Key factors contributing to this decrease included a decline in net interest income in Japan that reflected the low interest-rate environment; sluggish investment product sales in the retail business segment in the first half; and a fall in market-related profits in the second half due to increases in interest rates in such countries as the United States.

Overall expenses stayed virtually unchanged compared with the previous fiscal year, thanks to the success of across-the-board cost control efforts and the effect of Japanese yen appreciation, despite higher expenses for financial regulatory compliance purposes. As a result, net operating profits decreased approximately 9% year-on-year, to ¥1,418.2 billion.

Credit costs decreased ¥99.7 billion compared with the previous fiscal year, mainly due to an improvement in credit quality of resource- and energy-related clients. Net

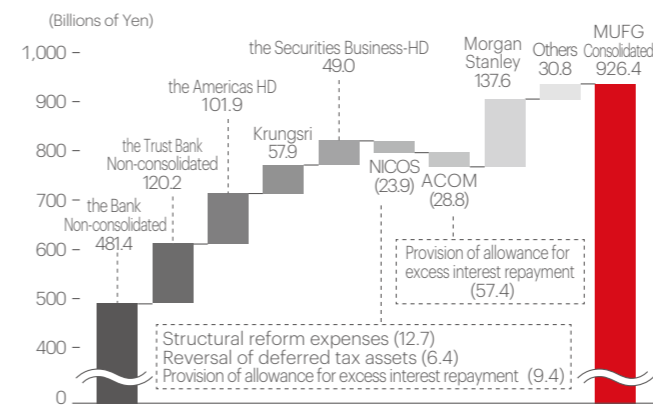
gains on equity securities increased ¥36.6 billion year-on-year, thanks to progress in sales of equity holdings. Non-recurring losses grew year-on-year due to such factors as an increase in cost of retirement benefits, while tax expenses decreased in line with a decline in the tax burden ratio.

Taking all this into account, profits attributable to owners of parent totaled ¥926.4 billion, which represents an approximately 3% year-on-year decrease but exceeds the previously announced target of ¥850.0 billion.

Looking at profits attributable to owners of parent by subsidiary and affiliate, Bank of Tokyo-Mitsubishi UFJ (hereafter “the Bank”), Mitsubishi UFJ Trust and Banking (hereafter “the Trust Bank”) and Mitsubishi UFJ Securities Holdings (hereafter “the Securities Business-HD”) all saw positive results. However, both Mitsubishi UFJ NICOS (hereafter “NICOS”) and ACOM posted a loss due to the recording of provisions of allowance for excess interest repayment. Even though the loss posted by NICOS was up year-on-year due to recording of structural reform-related expenses and reversal of deferred tax assets, we remain steadfast in our commitment to grow this subsidiary into a core operating company of the group as a payment platform. We consider this a crucial step in assuring our readiness for future popularization of cashless and digital economies. Overseas, MUFG Union Bank, N.A. and other U.S.

subsidiaries supervised by MUFG Americas Holdings Corporation (hereafter “the Americas HD”), an intermediate holding company, as well as Bank of Ayudhya (hereafter “Krungsri”) in Thailand, enjoyed profit growth. In addition, Morgan Stanley—approximately 23% of whose equity stake is held by MUFG— contributed to our profits attributable to owners of parent as an equity-method investee.

Breakdown of Profits Attributable to Owners of Parent*



* The above figures take into consideration the percentage holding in each subsidiary and equity method investee (after-tax basis)

Fiscal 2017 Outlook and Progress in the Medium-Term Business Plan

The operating environment is expected to remain tough in fiscal 2017 due to such factors as the prolonged ultra-low interest rate environment in Japan, a situation we anticipate will keep net operating profits weak. Nevertheless, we will aim for a 3% or so year-on-year improvement in profits attributable to owners of the parent to around ¥950.0 billion by, for example, pushing forward with sales of equity holdings and increasing earnings from overseas subsidiaries and affiliates. As it embarks on the final year of the current medium-term business plan, MUFG is pursuing multiple financial targets representing its growth, profitability and financial strength. Given annual operating results under the plan to date and the targets for fiscal 2017, we clearly need to redouble our efforts to achieve financial targets for growth (EPS) and profitability (ROE and Expenses Ratio), even though it seems quite likely that we will achieve our target for financial strength (the Common Equity Tier 1

Financial Targets of the Medium-Term Business Plan

	Metrics	FY 2015 (Results)	FY 2016 (Results)	FY 2017 (Targets) (Mid-term biz plan)
Growth	EPS (Yen)	¥68.51	¥68.28 (6%) from FY 2014	Increase 15% or more from FY 2014
Profitability	ROE (MUFG definition)*1	7.63%	7.25%	Between 8.5%-9.0%
	Expenses ratio	62.3%	64.6%	Approx. 60%
Financial Strength	Common Equity Tier 1 Capital Ratio (Full implementation)*2	12.1%	11.9%	9.5% or above

*1 For details on calculation methods, please also see descriptions on ROE featured in “Financial Highlights” on page 6.
*2 Calculated on the basis of regulations applied at the end of March 2019

Capital Ratio—the most important indicator representing the soundness of financial institutions).

As our CEO, Mr. Nobuyuki Hirano, describes in his message appearing earlier in this report, the operating environment surrounding MUFG has become even harder than that which existed at the time we announced the current medium-term business plan. Today, our mainstay commercial banking business, which has long been relying on net interest income from domestic operations, is exposed to structural and prolonged trend toward profit decrease. Moreover, it will be hard for us to continue to increase risk weighted assets by more than 10% annually for our overseas credit business that has in recent years enjoyed rising profits, due to regulations requiring us to secure foreign currency liquidity and external credit ratings.

On the expense side, for the time being we expect to see a steady rise in expenses for financial regulatory compliance purposes, especially those of countries overseas. In addition, rapid advance of digital innovation and emergence of FinTech startups will bring drastic changes in the operating environment that will make the financial-services arena more competitive.

The Establishment of the MUFG Re-Imagining Strategy

Taking these circumstances into consideration, we established and announced the MUFG Re-Imagining Strategy, aimed at realizing sustainable growth for the Group through execution of approximately 70 concrete measures. Should the strategy be successfully implemented through fiscal 2023 – the final year of a medium-term business plan slated to take over from the next medium-term business plan – the effect of these measures on profitability will total around ¥300 billion. Of this, approximately ¥180 billion will be due to an improvement in annual gross profits, while ¥120 billion will be attributable to cost reductions. (For more details, refer to “the MUFG Re-Imagining Strategy” on page 14.)

We will create the next medium-term business plan starting in April 2018 incorporating the key concepts laid out in the MUFG Re-Imagining Strategy. Even before creating the plan, however, we will accelerate execution of the concrete measures where possible.

Message from the CFO

Capital Management

Basic Policy (Capital Triangle)

MUFG maintains a focus on capital management that appropriately balances the maintenance of solid equity capital, strategic investments for sustainable growth, and further enhancement of shareholder returns.

Our capital management policies have regularly been discussed as one of our most important management themes by the Board of Directors, which includes a majority of non-executive directors. For example, prior to the final decision on repurchase of our own shares for fiscal 2016 at the Board of Directors meeting, outside directors actively discussed the matter with multiple different views on necessity and amount of the repurchase.

(1) Maintenance of a Solid Capital Base

MUFG has been designated one of the 30 Global Systemically Important Banks (hereafter “G-SIBs”) by the Basel Committee on Banking Supervision. At the same time, MUFG is subject to the Basel III capital rules that require financial institutions to ensure the solidity of their capital base.

As of March 31, 2017, MUFG’s capital adequacy ratio—the ratio of its core equity capital to its total risk-weighted assets (based on the Common Equity Tier 1 Capital ratio)—was more than 11%, well exceeding the Basel III regulatory minimum capital requirement of 8.5%.

Securing Compliance with “TLAC Requirements”

Regulations on Total Loss Absorbing Capacity (hereafter “TLAC”) requirements are expected to be enacted in March 2019 in Japan. These requirements are intended to ensure that such critical functions as settlement and remittance capabilities of a G-SIB will be maintained even if it fails. Drawing lessons from the financial crisis triggered by the bankruptcy of Lehman Brothers, which forced European and the U.S. governments to inject considerable amounts of public funds into failed financial institutions in order to bail out them, the TLAC requirements mandate banking holding companies to retain a certain amount of debt that can absorb losses incurred at their subsidiary banks. Specifically, from March 31, 2022 onward, MUFG is required to maintain the proportion of TLAC in total risk-weighted assets at 18% or greater. (For more details, refer to “Responding to Global Financial Regulation” on page 90.)

In preparation for these upcoming requirements, in February 2016, MUFG became the first financial holding company in Japan to issue TLAC-eligible senior debt registered with the SEC of the United States.

In September 2016, MUFG issued “Green Bonds” targeting investors who prioritize the Environmental,

Social and Governance (ESG) aspects of their investees. By doing so, we became the first G-SIB in the world to issue TLAC-eligible bonds that limit usage of the proceeds for renewable energy, including solar, wind and other power generation. We are thus endeavoring to capture an even broader and more diverse investor base, with the aim of solidifying and stabilizing our funding sources. (For more details on Green Bonds, refer to “Environmental Initiatives” on page 49.)

Thanks to these efforts, estimated TLAC ratio of MUFG reached 15.8% (as of March 31, 2017), representing a year-on-year improvement of 0.8 of a percentage point.

The Best Capital Mix

Under Basel III capital rules, financial institutions are allowed to include Additional Tier 1 Capital (e.g., perpetual subordinated debt) and Tier 2 Capital (e.g., subordinated term debt) into their regulatory capital. We aim to combine these debt instruments efficiently in order to pursue what we call the “best capital mix”. It is one of my most important missions as CFO to improve ROE—an indicator many shareholders closely monitor—while satisfying regulatory requirements for capital adequacy ratios, by realizing this “best capital mix”.

In fiscal 2016 we issued various types of notes to diverse investors in each market as stated below, aiming to achieve an optimal capital structure from a standpoint of balance between capital adequacy and efficiency.

Total Amount of Funding (FY 2016)	
AT1 perpetual subordinated debt	¥400 billion
Tier 2 subordinated debt	¥436 billion
TLAC-eligible senior debt	Approx. Equivalent to ¥1 trillion

(2) Use of Capital to Strengthen Profitability

Strategic investment that employs excess capital is a key driver for achieving sustainable growth, as well as organic growth based on our existing customer base and businesses.

MUFG has been engaged in multiple major strategic investments and M&A projects. For example, MUFG invested in Morgan Stanley while working in tandem with this strategic partner to establish a domestic securities company. We also made a majority investment in Krungsri in Thailand. In October 2016, MUFG acquired a 23.0% equity stake (¥91.4 billion) in Hitachi Capital Corporation, with the aim of enhancing the Group’s lease businesses and assisting infrastructure development. In May 2017, MUFG announced its decision to acquire an additional 15% equity stake in NICOS and make it a wholly owned subsidiary, a move aimed at accelerating structural reforms and expanding payment business.

As CFO, I consider capital discipline to be the most important factor when making a strategic investment decision. Prior to making such decisions, we therefore examine carefully whether expected return from the investment will exceed the cost of capital within a certain period of time. We also periodically conduct follow-up monitoring after the investment and are ready to take actions including exit (withdrawal or sale) whenever investees fall short of our criteria for returns.

(3) Further Enhancement of Shareholder Returns

With regard to return to shareholders, we combine (1) payment of cash dividends as a primary measure and (2) repurchase of our own shares as a supplementary measure. The latter is expected to bring benefits to shareholders, as it enhances capital efficiency (ROE) and positively affects share prices in general.

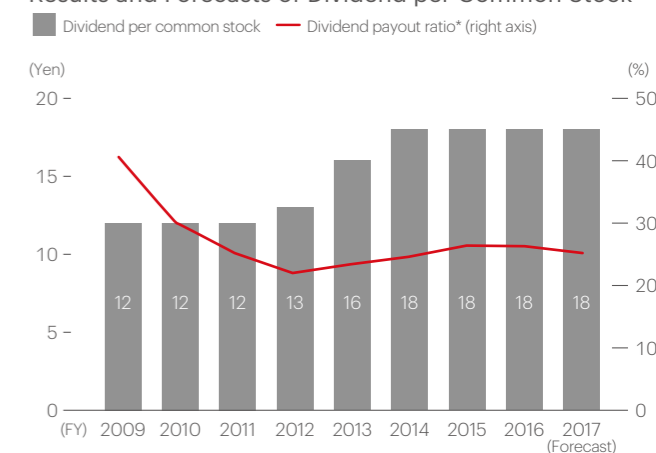
Prior to a final decision on shareholder returns, we engage in discussion based on the “capital triangle” featured on page 28. First, we examine status of our capital base in light of compliance with the relevant capital regulations and maintenance of our external credit ratings. We do this to “Maintain solid equity capital” as indicated at the lower left corner of the triangle. We confirm status of our risk appetite, risk-weighted assets and ongoing internal discussions related to M&A and other strategic growth investments, giving due consideration to the possibilities of “Strategic investments for sustainable growth” as indicated at the lower right corner of the triangle.

Then, we consider “Further enhance shareholder returns” as described at the top of the triangle. Our basic strategy on shareholder returns is to achieve stable and sustainable increase in dividends per share through growth of profits. In fact, MUFG has constantly increased dividends per share since the 2008 worldwide financial crisis. The amount of dividends per share is discussed by the Board of Directors and is set at a level considered reasonable in line with its aim of maintaining a stable

stream of dividend payments into the future. (Fiscal 2016 annual dividends were ¥18 per share.)

Finally, we discuss whether or not to engage in repurchase of our own shares. Based on a decision by the Board of Directors, MUFG executed such repurchases on two occasions in 2016, with the value of shares repurchased totaling approximately ¥100 billion for each. This was in part due to absence of an M&A or strategic investment project requiring capital of more than ¥100 billion in the fiscal year under review. These dividends and repurchases together constituted a total shareholder return ratio of 47.9% for fiscal 2016.

Results and Forecasts of Dividend per Common Stock



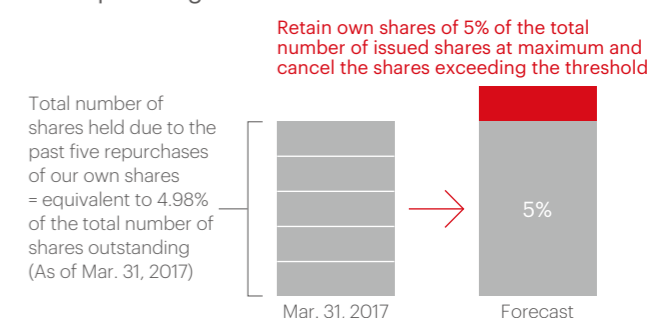
* FY 2011 figures do not include one-time effect of negative goodwill associated with the application of equity method accounting on our investment in Morgan Stanley

(Reference)	FY 2014	FY 2015	FY 2016
Total payout ratio	34.2%	47.2%	47.9%

Establishing a Policy for the Cancellation of Our Own Shares

Previously, MUFG kept all the shares it repurchased in its possession, anticipating that it might need them if, in the future, it should decide to engage in M&A that requires the use of such shares. However, as some shareholders communicated their concerns about the risk of possible stock dilution due to these shares’ release into stock markets, we have adopted a new policy of limiting the ratio of treasury stock to the total number of shares outstanding to approximately 5% or less. Accordingly, any treasury stock shares held in excess of this limit will be retired in general.

Conceptual Diagram for the Cancellation of Our Own Shares



Message from the CFO

Positive Effects and Results of the Divestment of Equity Holdings

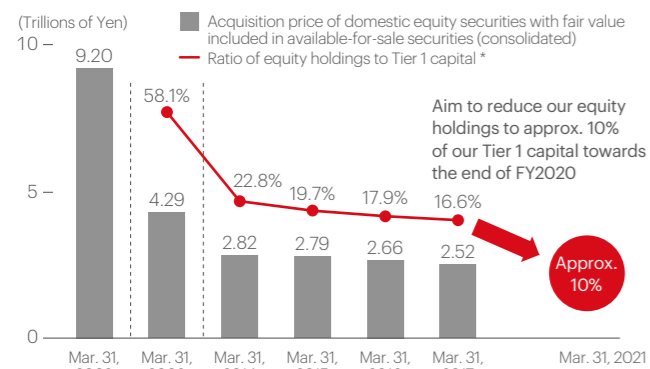
Equity holdings – equities issued by corporate clients of banks and held by the banks – were previously commonplace in Japan. Although in the past such holdings helped companies manage themselves in a stable way and thus supported development of the Japanese economy, MUFG announced a policy of reducing equity holdings in November 2015. Specifically, this policy aims to limit the ratio of equity holdings to the total balance of Tier 1 Capital to approximately 10% by the end of fiscal 2020.

We expect sales of equity holdings to yield multiple positive effects including: (1) Reduction of credit risk (Stock has a higher risk weight compared with loans) (2) Free-up of capital that had been allocated to the risk of equity holdings and improvement of capital efficiency through reallocating the capital for more effective usage. (3) Profits from realizing unrealized gains

Since fiscal 2015, the amount of equity holdings that have been sold totals ¥266.0 billion (based on an acquisition cost basis). Of this, the amount of equity holdings sold during fiscal 2016 amounts to ¥149.0 billion, up ¥32.0 billion compared with the previous fiscal year. In short, our efforts are steadily yielding results. Based on their balance as of March 31, 2017, the ratio of equity holdings to the Tier 1 Capital was down 1.3 percentage points year-on-year.

We will continue to reduce equity holdings with dialogues with our corporate clients to secure their understanding.

Reduction of Equity Holdings



* Under Basel II basis until Mar. 31, 2012 (consolidated)

Initiatives to Ensure Strict Compliance with Tax Regulations

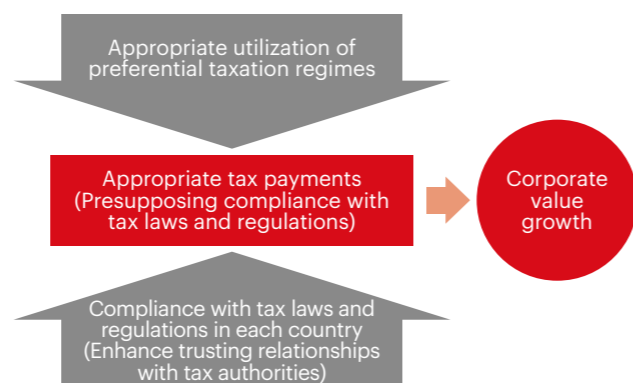
Today, MUFG is a corporate group that boasts approximately 150,000 employees and extends into more than 50 countries around the globe. Accordingly, we recognize that as a corporate citizen it is our duty to exert our best efforts toward maintaining appropriate tax payments at home and abroad.

With this in mind, in April 2017, MUFG established in-house rules on tax compliance so that all Group members can share and act on the same values when applying national and local tax laws, regulations and principles of international tax.

Under these rules, we will abide by the spirit of the BEPS Action Plan* and other principles of international tax, as well as national and local tax laws. Moreover, we will sincerely deal with tax authorities in a cooperative and open manner, enhancing a trusting relationship.

In addition, we will utilize existing preferential taxation regimes and government incentives offered by various countries only where the utilization of such benefits is consistent with the purpose of the relevant tax laws. We will also improve our overall compliance framework to ensure appropriate tax payments. In these ways, we will enhance our corporate value.

* Action plan that aims to prevent and counter Base Erosion and Profit Shifting that was compiled by the Organisation for Economic Co-operation and Development



Dialogue with Shareholders and Investors (Further enhancement of IR/SR activities)

As CFO of MUFG, it is very important to maintain constructive dialogue with stock and bond investors and to continually enhance information disclosure. For MUFG as a financial institution, it is also very important to raise capital and debt from capital markets, so as to comply with financial regulations, maintain our credit ratings and secure foreign-currency liquidity.

From this point of view, in fiscal 2016 we held a special strategic seminar in Tokyo in which Mr. Stephen Cummings, CEO of MUFG Americas Holdings Corporation, presented MUFG's business strategies for the Americas, in addition to regular semi-annual investor meetings for financials. In February 2017, we held our Investors' Day event in which Group Heads of business segments presented each business strategy. Moreover, Mr. Tsutomu Okuda, the Lead Independent Director for MUFG, made a presentation at this event and engaged in direct dialogue with the audience on corporate governance, a topic which investors are highly interested in. (For the main content of question & answer sessions at this event, refer to "Dialogue between Lead Independent Outside Director and Investors" on page 66.)

We are committed to enhancing our IR activities aimed at communicating with fund managers and analysts. In addition, we will also step up our Shareholder Relations (SR) activities and, to this end, facilitate dialogue with those who are in charge of exercising voting rights, including passive ones, on such topics as our governance framework and management policies.

Q&A Sessions with CFO

Frequently asked questions from our investors and answers to the questions

Q1. Balance of overseas loans is increasing. Does MUFG have any issues with regard to foreign currency funding including U.S. dollar?

Compared with 10 years ago, MUFG's overseas loan balance has increased approximately threefold to ¥40 trillion. Because of this, MUFG's portfolio of foreign currencies, including the U.S. dollar, is in a state of "over-loan", in which the balance of loans exceeds that of deposits. 60% to 70% of overseas loans booked at the Bank are covered by foreign currency customer deposits. The remainder is covered by mid to long - term funding sources including corporate bonds. In short, the Bank secures stable funding sources to cover all the amount of its overseas loans.

Moreover, MUFG has a Special Purpose Company (SPC) holding U.S. government bonds and other financial instruments that can smoothly be converted into cash, in order to prepare for such emergencies as a sudden deterioration in our funding environment.

Looking ahead, we will strive to maintain a foreign currency funding structure not relying on short-term cross currency swaps (to convert Japanese yen to U.S. dollars). We will continue to take actions to increase balance of foreign currency deposits and diversify types of mid to long - term bonds.

Non-JPY assets and liabilities (the Bank)

As of Mar. 31, 2017 (Billions of U.S. dollars)

Assets		Liabilities	
Loans	340	Customer deposits (Incl. deposits from central banks)	216
Investment securities	76	Mid-long term funding (Incl. corporate bonds and currency swaps)	172
Interbank market operations	51	Interbank market operations	59
Others	36	CD / CP	56

* The Bank's managerial basis excl. MUFG Union Bank, N.A., and Krungsri

Q2. Why doesn't MUFG increase shareholder returns including cash dividends?

For fiscal 2016, MUFG announced full-year cash dividend payment totaling ¥18 per share. This represented a dividend payout ratio (ratio of dividends to earnings per share) of 26.4%. We were able to achieve a total shareholder return ratio of more than 47% including repurchase of our own shares as we did in fiscal 2015, which is at the top level among Japanese banks.

For fiscal 2017, we forecast that annual dividends will amount to ¥18 per share, and we will discuss share buyback strategy based on the "capital triangle" featured on page 28.

In addition, we will consider shareholder return strategies for fiscal 2018 and beyond as one of the most important themes for the next medium-term business plan currently under internal discussion, taking into account the followings.

- (1) Finalization of the revised Basel III rules (Revisions may demand an increase in our risk-weighted assets in future.)
- (2) MUFG's credit ratings (Currently both core MUFG Group banks are rated A+ (S&P) /A1 (Moody's), commanding a mid-ranking position among their overseas peers. We will strive to maintain or improve our ratings.)
- (3) Level of capital adequacy ratios of European and U.S. G-SIBs (Currently the Common Equity Tier 1 Capital ratios of competitor banks are approximately 11% to 12%.)
- (4) Forecast for our net income from a medium to long-term perspective (Recording net income constantly at a certain level or higher is a base for stable shareholder returns.)

MUFG's Board of Directors is committed to discussing our shareholder return strategies including cash dividend payment, reflecting feedback from the market and opinions of our shareholders.

Corporate Value Initiatives

- Business Overview P.33
- Retail Banking Business P.34
- Japanese Corporate Banking Business P.36
- Global Banking Business P.38
- Investor Services / Asset Management Business P.40
- Global Markets Business P.42



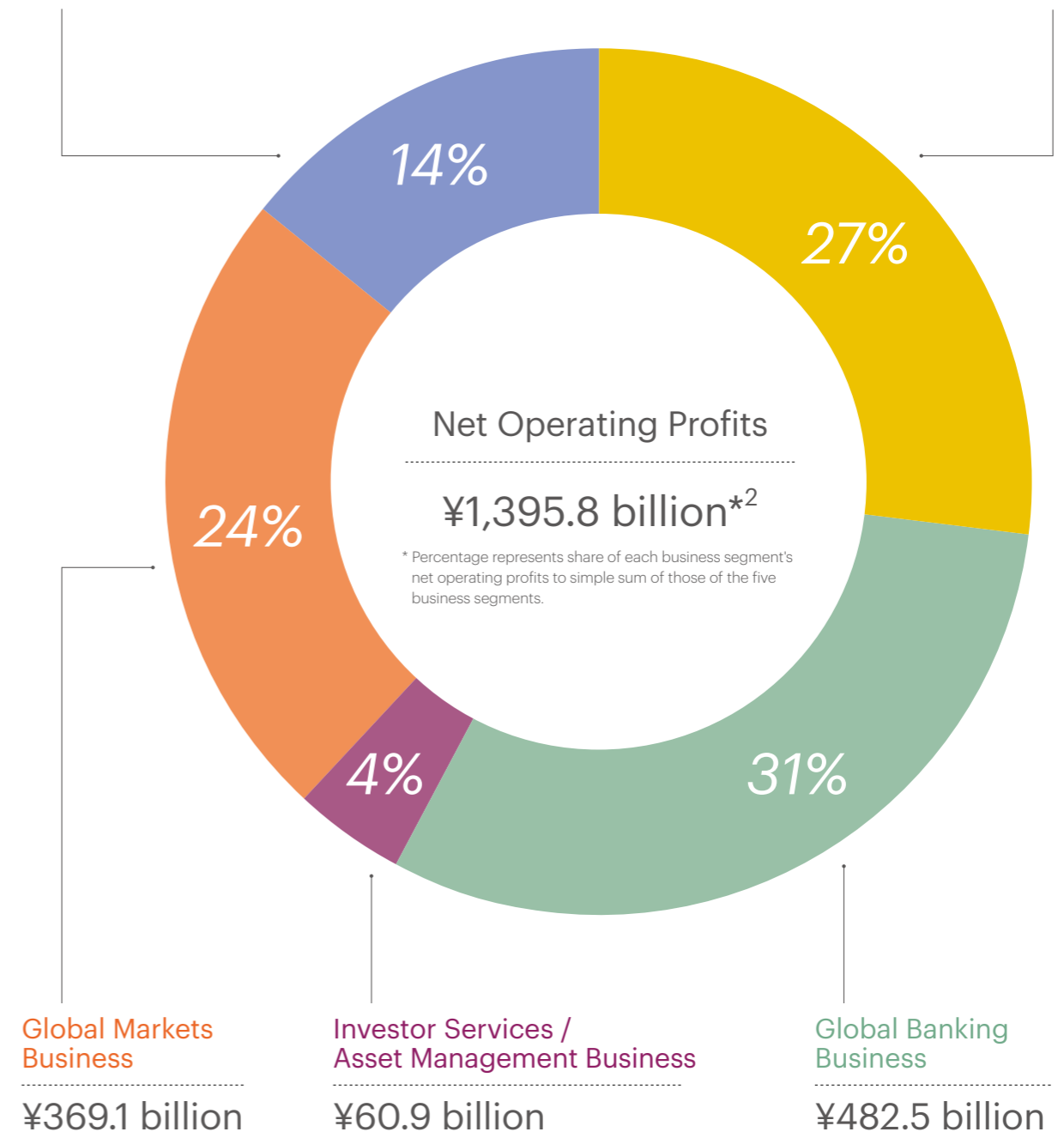
Net Operating Profits by Business Segment*¹

Retail Banking Business

¥225.3 billion

Japanese Corporate Banking Business*³

¥422.2 billion



* Percentage represents share of each business segment's net operating profits to simple sum of those of the five business segments.

*¹ All figures presented in the Business Overview section are on a managerial accounting basis. Figures are based on exchange rates at fiscal year-end, unless otherwise noted. Local currency base represents foreign exchange rate applied to medium-term business plan (¥115/US\$).
 *² In addition to the net operating profits of the five business segments, figures include profits or losses of headquarters and other elements.
 *³ Excluding overseas business with Japanese corporates

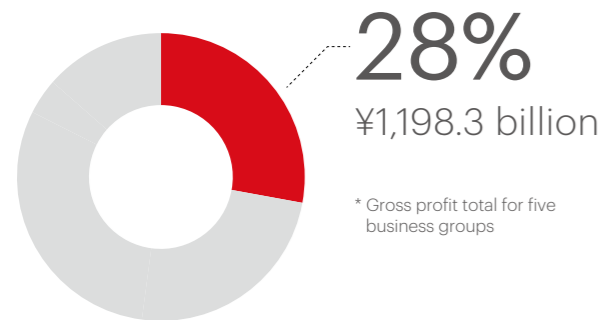
Retail Banking Business

To meet the needs of individual customers, we provide a wide range of products and services from housing loans to wealth management, inheritance and consumer finance.

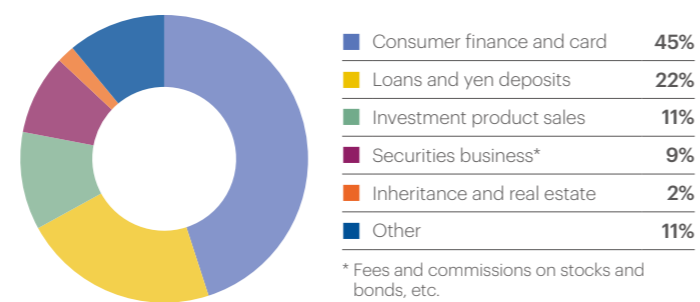


Atsushi Murakami
Managing Executive Officer
Group Head, Retail Banking Business Group

Composition of Gross Profits*



Fiscal 2016 Gross Profit Breakdown



Our Medium- and Long-Term Vision

The Retail Banking Group of Choice for a Wide Variety of Customers Boasting a Business That Spans the Generations

In line with the MUFG Basic Policy for Fiduciary Duties, we will facilitate a shift from savings to stable asset building by taking a customer-first business approach. In the wealth management and asset succession businesses, we will rally Groupwide resources to build a structure capable of providing seamless, comprehensive financial services employing MUFG's distinctive strengths. At the same time, in order to broaden our customer base we will focus on

pursuing the best interests of those customers while stepping up the stock business (enhancing the assets under management). In these ways, we will secure greater profits and sustainable growth. In addition, we will deliver products and services with superior customer convenience in such settlement services as credit cards as well as in the consumer finance business, thereby stimulating personal consumption.

Operating Environment Analysis

Due to a prolonged trend toward low interest rates in Japan, which saw the introduction of the Bank of Japan's negative interest rate policy, revenues from deposits and loans declined. Meanwhile, emerging nations have seen the rapid pace of economic growth slow somewhat. Moreover, the results of the Brexit referendum and the U.S. presidential election have fostered a growing sense of uncertainty. Given these conditions, securing stable new profit sources is key to ensuring sustainable growth for the retail banking business. Breaking away from dependence on loan and deposit revenues, we will establish a profit structure that is resilient to the impact of market fluctuations.

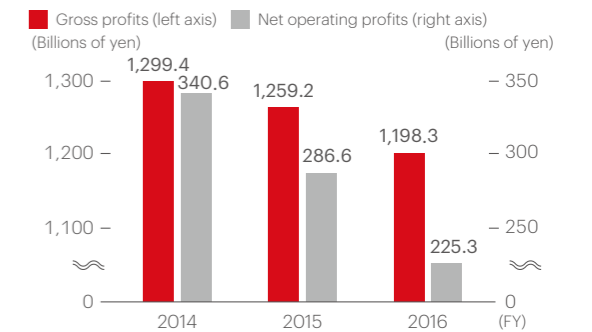
To that end, we will focus on the customer's perspective in our business operations while striving to maximize customer value. By fostering long-term customer relationships, we will increase the value of assets under management and secure stable profits. Simultaneously, as we endeavor to better accommodate ever diversifying customer needs, we will develop and deliver more sophisticated products and services.

Fiscal 2016 Review

Fiscal 2016 Earnings Summary

Gross profits decreased 4.8% (¥61.0 billion) year on year to ¥1,198.3 billion. Net operating profits fell 21.3% (¥61.3 billion) year on year to ¥225.3 billion. Loan and deposit revenues declined due to lower interest margins on the back of the prolonged trend toward low interest rates. Following the introduction of BOJ's negative interest rate policy, ever lower market interest rates forced the Company to suspend the marketing of some of these products. In addition to this, the market uncertainty as the result of the introduction of said policy and other geopolitical events led to decline of investment product sales, which, in turn, caused profits to decrease compared with the previous fiscal year.

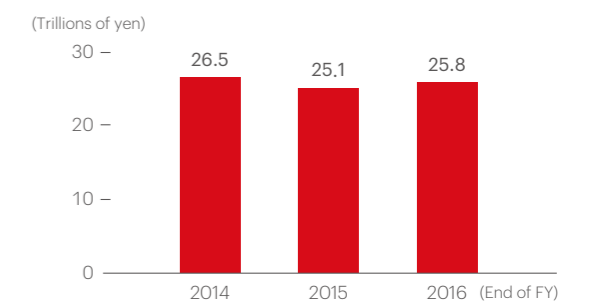
Gross Profits and Net Operating Profits



Wealth Management Business

In the wealth management business, we promoted a shift from savings to stable asset building. MUFG played a major, multifaceted role in an IPO project related to JR Kyushu Railway Company. In this project, while Group securities companies marketed stocks, the Bank utilized its brokerage function to refer bank customers to said securities companies. Thanks to these Groupwide efforts, a number of securities accounts were newly set up at MUFG, resulting in an expansion of our customer base. In addition, the value of assets under management as of March 31, 2017 grew approximately ¥0.7 trillion compared with the end of the previous fiscal year, attesting to the success of initiatives to diversify our product lineup to better accommodate customer needs.

Assets Under Management*

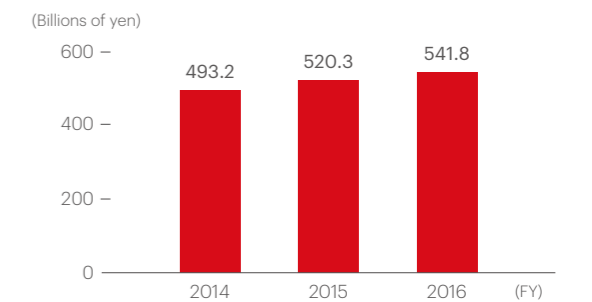


* Total for the Bank, the Trust Bank and the Securities Business. Excludes yen deposits.

Consumer Finance and Settlement Businesses

The consumer finance and settlement businesses focused on stimulating personal consumption. In these fields, the Bank and ACOM enjoyed growth in the balance of and revenues from card loans, with the former promoting a card loan product under the "BANQUIC" brand. To contribute to the sound development of the consumer finance market, we will maintain a disciplined management approach from the perspective of customer protection while striving to enhance user convenience. We also released "Smart," an MUFG credit card targeting young adults, such as new graduates who have just entered the workforce.

Consumer Finance and Card Business Revenue



ESG Protecting the Assets Entrusted to Us by Customers

Given the rapid aging of society in Japan, the number of people who develop dementia is expected to reach approximately 7 million—or one in five of those over 65—in 2025, raising serious concerns among the general public. Even in the absence of dementia, a person's decision-making ability may deteriorate with age—a situation that may lead to a sudden unexpected loss of assets.

Through its products, MUFG aims to help customers protect their assets and better prepare themselves for the

future. In June 2016, the Trust Bank released an investment trust product called Mirai no Mamori that places restrictions on cancellation. Mirai no Mamori has three distinctive features: (1) In general, the customer cannot execute midterm cancellation by themselves; (2) the usage of funds is limited; and (3) a dedicated account is allocated to manage this product. Looking ahead, MUFG will leverage its accumulated know-how in wealth management to satisfy customer needs and to help resolve issues society is confronting.

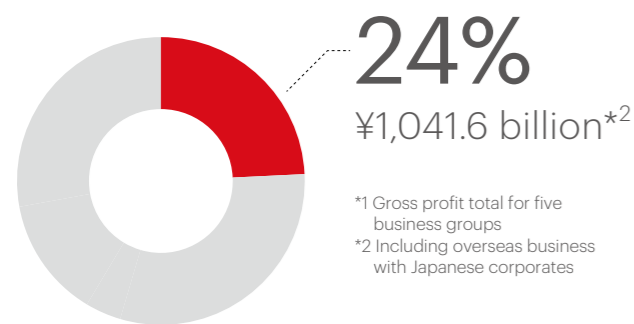
Japanese Corporate Banking Business

We provide lending, settlement, forex, and asset management services through our domestic and overseas networks to meet the diverse needs of our clients. We also utilize our Groupwide expertise to propose solutions for client's business strategies and challenges.

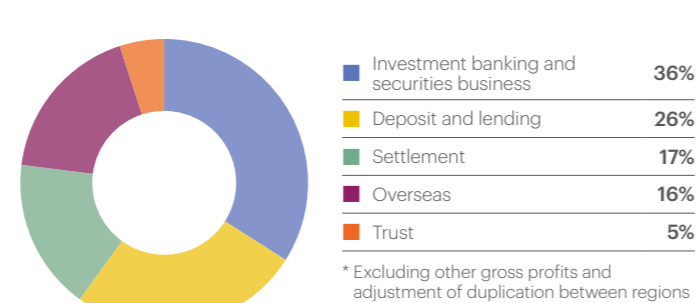


Saburo Araki
Senior Managing Executive Officer
Group Head, Corporate Banking Business Group

Composition of Gross Profits*1



Fiscal 2016 Gross Profit Breakdown*



Our Medium- and Long-Term Vision

A Financial Group Capable of Helping Customers Achieve Growth and Working with Them Hand in Hand to Create the Society of the Future as Their Best Partner

We will realize sustainable growth for the Group and for customers by strengthening our domestic business foundations and establishing a new business model for corporate customers. We will boost corporate customer transactions through such key services as loans and settlement. Simultaneously, we will step up services aimed

at supporting business succession and continuation while closely monitoring changes in economic and social structures in Japan. We will also strive to establish an asset management business model targeting corporate customers and adopt a more sophisticated approach for the overseas business.

Operating Environment Analysis

Although loans and deposits have long served as a solid revenue base for the Japanese corporate banking business, the profitability of this base has deteriorated due to such negative factors as the low interest rate environment and intensifying competition, factors that MUFG believes are unlikely to change in the short term. Moreover, on the back of growing trends toward the tightening of financial regulations around the world, financial institutions are being called to maintain a management approach that places greater emphasis on capital efficiency.

Against this backdrop, MUFG is focusing on harnessing its distinctive strengths as a financial group with comprehensive service capabilities. Exercising these

capabilities, we will provide highly value-added, innovative solutions while pursuing the overarching aim of securing a market position immune to interest rate competition. In addition to engaging in such conventional commercial banking operations as loans, deposits, settlement and foreign exchange, MUFG will rally specialist knowledge and financing functions from each Group company to strengthen revenue sources that are based on commission fees, including real estate, investment management and securities-related operations. Furthermore, we will undertake strategic investment in IT systems to enhance operational efficiency, with the aim of enhancing productivity.

Fiscal 2016 Review

Fiscal 2016 Earnings Summary

Gross profits decreased 4.4% (¥48.5 billion) year on year to ¥1,041.6 billion. Net operating profits fell 8.8% (¥43.1 billion) to ¥443.2 billion. Amid intensifying market competition, net interest income attributable to loans and deposits decreased year on year, reflecting a prolonged trend toward lower market interest rates.

Meanwhile, the average loan balance rose 2.0% compared with the previous fiscal year, enjoying firm growth.

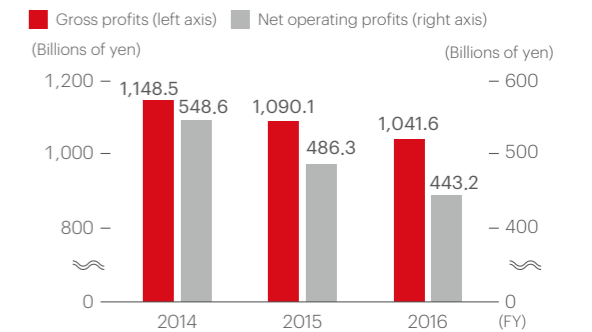
Large Corporate Business

The operating environment surrounding major corporations varies by business sector and category as does the optimal management strategy for each corporation. Well aware of this fact, MUFG is promoting a sector approach. To address management issues customers are facing, this business model proposes solutions that combine the strengths of Group companies, each of which is equipped with expertise in a different sector, with MUFG's comprehensive financial service capabilities. With the aim of assisting our customers in their drive to globalize, we are also stepping up collaboration between domestic and overseas bases in an effort to satisfy diverse needs for sophisticated solutions. This approach has resulted in MUFG recording industry-leading accomplishments in terms of M&A advisory and bond underwriting.

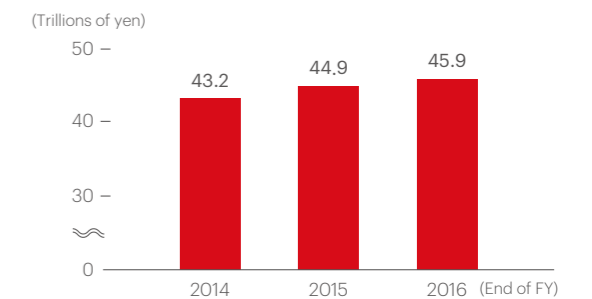
SME Business

Our proposals are meticulously designed to meet customers' fund raising needs and help them pursue management strategies for business growth and sales channel expansion. In fiscal 2016, we succeeded in making a number of effective proposals aimed at assisting the smooth succession of business as well as proposals related to capital strategies, garnering favorable customer reviews. Thanks to these efforts, the loan balance grew steadily. Examples of our constant efforts to help customers achieve business growth include large-scale business matching meetings we hold in Japan and overseas and our hosting of the "Rise Up Festa" business support program aimed at nurturing up-and-coming businesses.

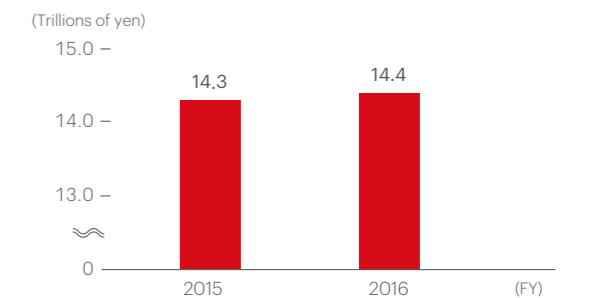
Gross Profits and Net Operating Profits*



Domestic Corporate Average Loan Balance*



Average Loan Balance for SMEs



ESG Supporting Promising Startups

MUFG aims to assist growing companies engaged in novel and creative segments as well as those trying to extend the boundaries of existing businesses. To achieve this aim, MUFG hosts the Rise Up Festa support program aimed at discovering such companies and engages with them as business partners over the medium to long term.

In 2016, the final screening of the fourth round of the Rise Up Festa program was held in Kyoto Prefecture, a municipality that has entered into a comprehensive partnership agreement with the Bank with regard to the

invigoration of local economies. As it did in the previous round, MUFG examined applicants engaged in four growth fields—bio and life science, robotic and other cutting-edge technologies, information and internet services, and social business—recognizing four outstanding companies and seven excellent companies. Along with financial assistance, award-winning companies may take advantage of consulting services provided by Mitsubishi UFJ Research and Consulting and other support programs aimed at helping them achieve growth.

Global Banking Business

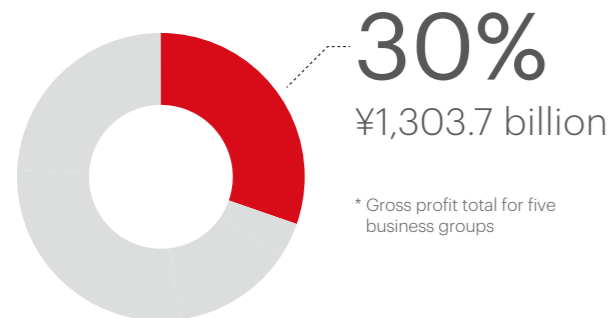
We respond to the funding needs of corporate customers in more than 50 countries and regions around the world while providing cash management and advisory services.

MUFG Union Bank, N.A. and the Bank of Ayudhya Public Company Limited (Krungsri) are involved in corporate banking and retail banking business in the U.S. and Thailand, respectively.

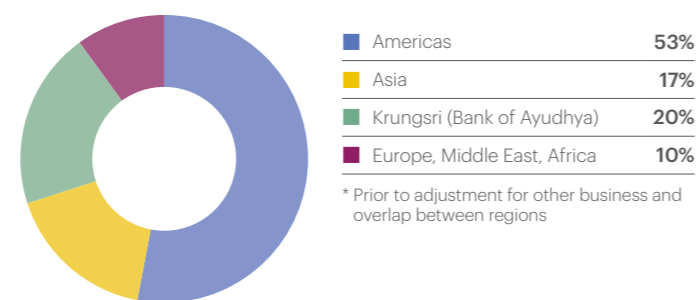


Eiichi Yoshikawa
Senior Managing Executive Officer
Group Head, Global Business Group

Composition of Gross Profits*



Fiscal 2016 Gross Profit Breakdown*



Our Medium- and Long-Term Vision

The “First Call Bank” for Customers around the World

We aim to become the “First Call Bank” for customers around the world by leveraging region-specific advantages while strengthening the product and service capabilities of the entire Group. Furthermore, we will secure sustainable growth by expanding commission fee-based revenue in

banking and securities operations, developing a balanced business portfolio and increasing foreign currency liquidity. At the same time, we will step up the development of human resources capable of driving our corporate expansion.

Operating Environment Analysis

Thus far, recovery in the global economy has been modest but constant, especially in developed countries, with little forward momentum. Although interest rates rose in the United States, the worldwide policy trend toward low interest rates is expected to continue. At the same time, geopolitical instabilities in various regions are fostering a growing sense of uncertainty. For financial institutions, moreover, such negative factors as a higher U.S. dollar procurement cost and expenses incurred in complying with regulations enforced by individual countries are putting

downward pressure on profits. Nevertheless, our net operating profits in the global banking business grew thanks to our efforts to satisfy customer needs through the provision of high-quality solutions based on the Group’s comprehensive strengths. Moreover, the ratio of this segment’s revenues to total customer segment revenues rose to approximately 40%, proving that the global banking business is driving MUFG’s growth. Going forward, we will strive to realize sustainable growth by enhancing asset efficiency and reinforcing our business foundation.

Fiscal 2016 Review

Fiscal 2016 Earnings Summary

Gross profits increased 2.4% (¥30.6 billion) year on year to ¥1,303.7 billion. Net operating profits rose 5.3% (¥24.4 billion) year on year to ¥482.5 billion. Although performance in fiscal 2016 was negatively affected by the deceleration of economic growth in East Asian countries, particularly China, we were able to secure the increase in profit thanks to the success of major project finance in Europe and the Americas as well as the strong showings of the Krungsri in auto loans and consumer finance.

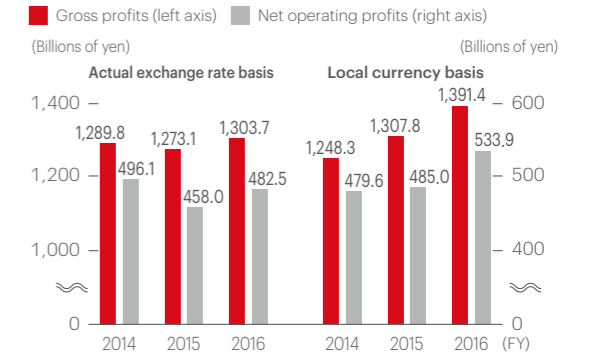
Initiatives to Enhance Asset Efficiency and Reinforce Our Business Foundations

As part of efforts aimed at enhancing asset efficiency, we have integrated the primary global banking functions of the Bank and subsidiaries of Securities Business to enable them to accurately satisfy the needs of customers pursuing global expansion. With the aim of strengthening our business foundation, we strove to enhance our foreign currency liquidity by directing our efforts toward increasing the balance of foreign currency deposits. Moreover, we are proactively offering managerial positions to overseas employees who were hired locally in an effort to build a more robust human resource base.

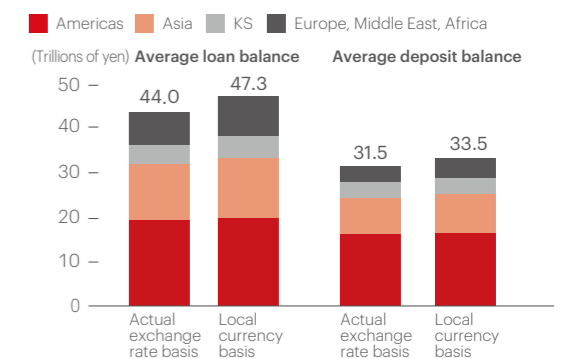
Commercial Banking Business in the U.S. and Asia

MUFG has been promoting strategic investment and alliances in the United States and Asia with an eye to building a business portfolio capable of supporting sustainable growth. As a result, MUFG Union Bank, N.A. (the Bank (USA)) and Krungsri saw growth in gross profits, and these profits have come to account for around half the gross profits earned by the entire Global Banking Business. In line with our aim to create greater synergies through collaboration between MUFG and its key investees engaged in commercial banking in the United States and Asia, we host the Global Partnership Conference, a forum for attendees to discuss their business models. Through such activities, we are strengthening our business foundations. (Please see page 73 for details.)

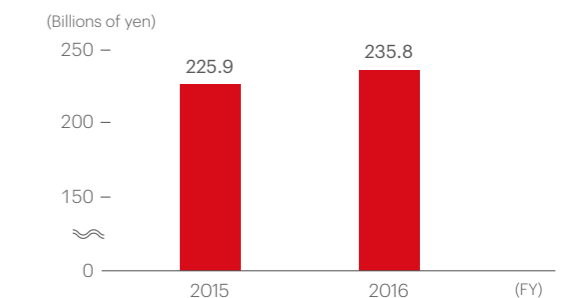
Gross Profits and Net Operating Profits



Fiscal 2016 Average Loan Balance and Average Deposit Balance



Non-interest Income from Transactions with Global Corporates*



* Including global corporates business profit, FX fees and derivatives. Excluding the Bank (USA) and KS. Local currency basis.

ESG Assisting the Vitalization of Local Communities

As a global company, MUFG is engaged in a variety of initiatives aimed at invigorating the communities in which it operates. In the United States, the Bank (USA) evinces a clear commitment to providing ongoing support to SMEs based in California, the state in which it was founded. Believing that vibrant SME activities help invigorate local communities, the Bank (USA) provides financing and other services with a focus on local

companies run by women, minorities and army veterans. The Bank (USA) also utilizes the government-led Small Business Administration support programs for financing while proactively addressing SME owners’ needs for assistance through its specialist departments. As such, the Bank (USA) contributes to the success of local SMEs and the stimulation of regional economies.

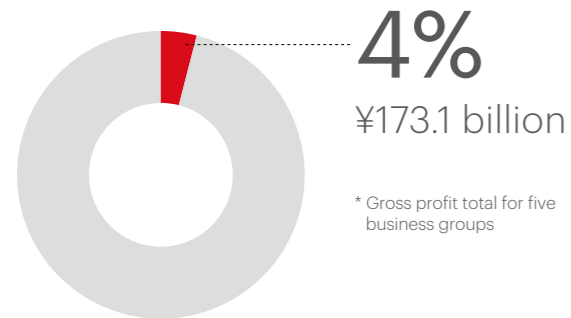
Investor Services / Asset Management Business

We provide various services in relation to the asset management and investor services business at home and abroad. Employing our sophisticated specialist know-how in the areas of investor services, asset management, investment trusts and pensions, we provide consulting and other services on a global basis, constantly striving to further enhance our asset management capabilities and develop products capable of better meeting diverse customer needs.

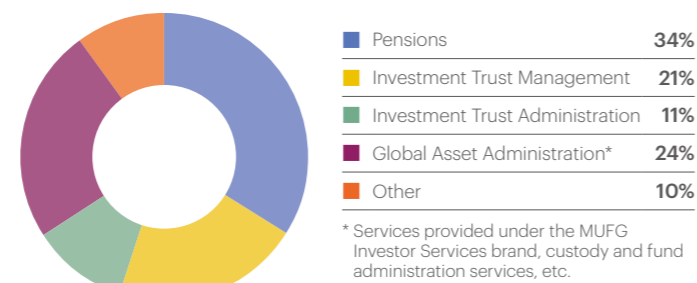


Sunao Yokokawa
Managing Executive Officer
Group Head, Trust Assets Business Group

Composition of Gross Profits*



Fiscal 2016 Gross Profit Breakdown



Our Medium- and Long-Term Vision

An Asset Management and Investor Services Provider Boasting a Global Presence Backed by a Strong Foothold in the Domestic Market

The domestic market has seen such structural changes as shrinking employee pension fund (EPF) plans, a shift from savings to stable asset building and the popularization of the individual-type Defined Contribution pension plan (iDeCo). We will work to respond accurately to these changes while expanding revenues from our overseas businesses.

In Japan, our investment trust business focuses on providing high-quality products to augment a product lineup tailored to customers just entering the asset building stage. In addition, we promote investment education aimed at educating a broader range of customers in what asset building entails.

In the pension business, we will continue to strengthen our consulting and solution proposal capabilities in response to changes in the pension system. Through these efforts we will increase our share of the defined benefit pension-related market and grow sales of defined contribution (DC) pension investment products.

Overseas, our initiatives in the investor services business include executing strategic investment and reinforcing our administration services for alternative funds—a newly emerging investment vehicle. In the asset management business, we are looking to increase the value of assets under administration, especially those entrusted by overseas investors, while also pursuing capital and business alliances. In these ways we will thus ensure our future as an asset manager with a global presence.

Operating Environment Analysis

The introduction of the Bank of Japan's negative interest rate policy has prompted a growing number of institutional investors to more actively seek investment vehicles that promise returns despite the ultra-low interest rate environment. This situation, in turn, has triggered a growing trend toward investment in real estate and infrastructure. Meanwhile, the majority of individual investors have yet to become open to the idea of making a full-fledged shift from savings to stable asset building—a situation we do not see changing any time soon. In addition, there has been a change in the competition environment, with other domestic players considering spinning off and integrating

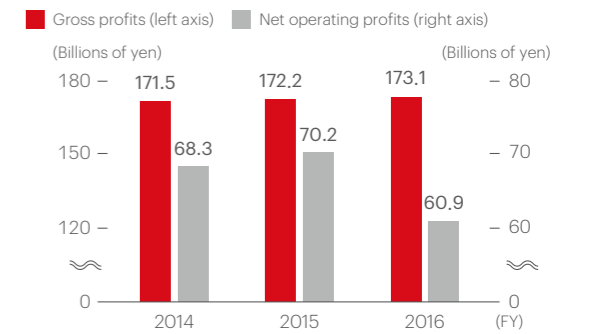
their investor services functions by merging multiple subsidiary banks. Furthermore, in January 2017 the scope of persons eligible to enroll in iDeCo was extended, boosting the plan's popularity and expanding its policyholder base. Taking these circumstances into account, the Trust Assets Business Group is committed to pursuing a customer-centric business approach. As we are entrusted with valuable customer assets, we will do our utmost to live up to their high expectations regarding our management and administration operations, thereby fulfilling our social responsibilities.

Fiscal 2016 Review

Fiscal 2016 Earnings Summary

Gross profits increased 0.5% (¥0.9 billion) year on year to ¥173.1 billion. Net operating profits fell 13.2% (¥9.3 billion) year on year to ¥60.9 billion. The rise in gross profits was attributable to the acquisition of an overseas investor services company. However, domestic operations were significantly affected by the dissolution of EPF plans and stagnation in the investment trust market for individual investors because of weakening business sentiment. Consequently, profit decreased due to these and other negative factors.

Gross Profits and Net Operating Profits

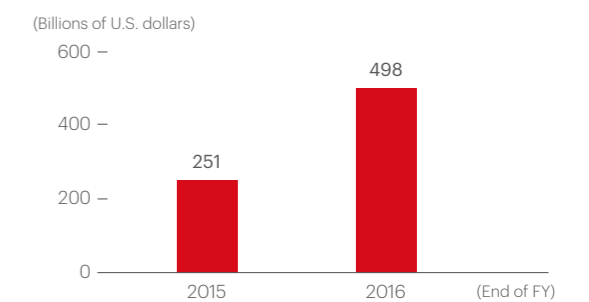


Global

In the field of investor services, the fund administration market has become a promising growth field against the backdrop of a worldwide trend toward tighter regulations. To secure competitiveness and a foothold for future expansion, we acquired two companies* in April and October 2016, respectively. By doing so, we enhanced our ability to provide various solutions through a one-stop service structure under the brand name "MUFG Investor Services." In the field of asset management services, we promoted the sale of index-related products developed in collaboration with STOXX Limited—the top European investment index developer and provider—targeting overseas asset management firms. We also strengthened our marketing structure by, for example, opening a new representative office in Dubai.

* Currently, MUFG Capital Analytics LLC and MUFG Investor Services (US), LLC

Balance of Global IS*2



*2 Sum of HF-PE-Investment Funds (40 Act etc) administration

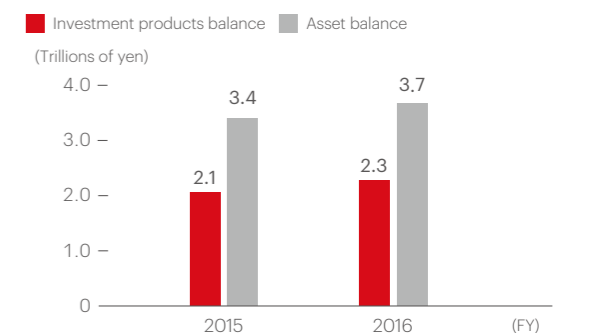
Investment Trust

We facilitated a shift from savings to stable asset building by promoting wrap account products as key products supporting asset building. We also launched a new service related to investment education. At the same time, we launched a trail-blazing AI fund product ahead of other domestic major investment trust management firms.

Pensions

In the area of defined benefit pension plans, we secured an industry-leading share in Japan in terms of pension trust balance. Moreover, we enjoyed stable growth in both the DC pension administration balance and the DC pension investment product sales balance. In January 2017, we released "Light Course," a product designed to better accommodate needs of first-time iDeCo investors, aiming to help facilitate the popularization of this pension scheme.

Defined Contribution Pension



ESG Promoting ESG Investment

In addition to establishing and handling the administration of excellent funds by carefully optimizing its stock portfolio to secure sustainable growth in returns, the Trust Bank acts as an advocate for investment activities focused on ESG criteria. To that end, the Trust Bank teams up with government agencies to hold seminars while staying engaged with private corporations in the sharing of best practices regarding

the selection of investee candidates based on non-financial information.

Mitsubishi UFJ Kokusai Asset Management handles funds backed by stocks of environmentally friendly corporations boasting robust returns. Some of these funds allocate a portion of trust fees to foundations engaged in environmental protection activities.

Global Markets Business

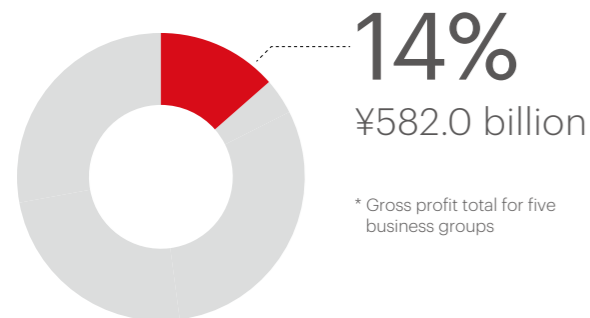
We promote market-related business (bonds, forex, equities, derivatives) and are responsible for Asset Liability Management (ALM).*

* ALM: Integrated management of liquidity risk and interest rate risk inherent in assets (loans, etc.) and liabilities (deposits, etc.)

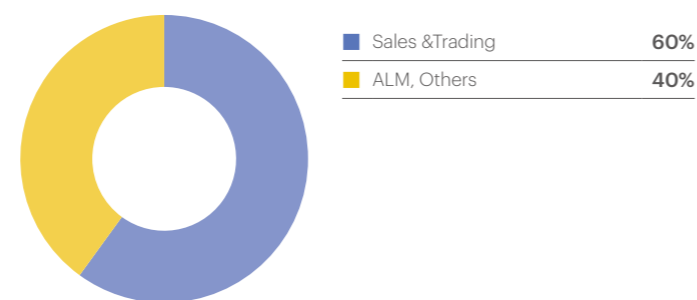


Shigeru Asai
Senior Managing Executive Officer
Group Head, Global Markets Business Group

Composition of Gross Profits*



Fiscal 2016 Gross Profit Breakdown



Our Medium- and Long-Term Vision

Helping Establish the MUFG Brand as a Global Presence and a Strong Market Player Boasting Distinct Competitive Advantages in Japan and Asia

We will endeavor to optimize our global markets business functions throughout the Group to strengthen sales and trading (S&T) operations. In particular, we will integrate the domestic and overseas trading functions and sales functions of the Bank and subsidiaries of the Securities

Business-HD, providing one-stop services for customers. Simultaneously, we will adopt a more sophisticated balance-sheet management method for global implementation that encompasses both the yen and foreign currencies.

Operating Environment Analysis

Operating conditions surrounding the global market business have become increasingly harsh due to the prolonged trend toward low interest rates in Japan and Europe in particular; a growing sense of uncertainty prevailing in the financial market after the Brexit referendum and the U.S. presidential election; and the upcoming tightening of global financial regulations.

Despite the adverse conditions, we are determined to achieve sustainable growth through the creation of new business models that will serve into the future. In S&T

operations, we are pushing forward with the development of an optimal operating structure that will enable us to provide one-stop services, deliver solutions of higher quality and maximize synergies through the integration of market business functions throughout the Group. In ALM operations, we are preparing for the adoption of a balance-sheet management method for global implementation that encompasses both the yen and foreign currencies. Furthermore, we will actively utilize the ICT and FinTech to strengthen our operating platform, thereby enhancing productivity.

Fiscal 2016 Review

Fiscal 2016 Earnings Summary

Gross profits decreased 8.4% (¥54.0 billion) year on year to ¥582.0 billion. Net operating profits declined 13.6% (¥58.4 billion) year on year to ¥369.1 billion.

In the S&T business, we achieved steady results in domestic foreign exchange operations while enjoying solid showings overseas. This was thanks to the thoroughgoing optimization of the Group's operating structure completed in the fiscal year under review.

In ALM operations, profit decreased mainly due to the restructuring of foreign bond positions in response to a hike in U.S. interest rates following the U.S. presidential election.

Sales and Trading

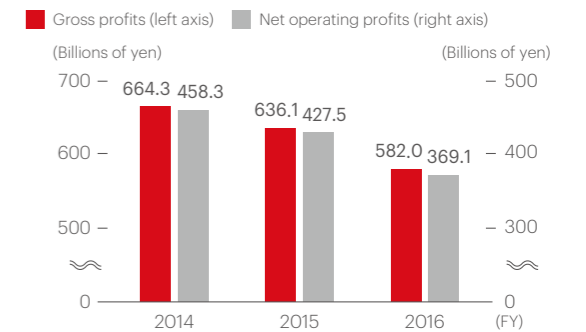
In New York and Hong Kong, as was done in London in the previous fiscal year, our dealing rooms under the Bank and subsidiaries of the Securities Business-HD were integrated. We also completed the relocation of these two businesses' Tokyo offices to the same building. Our S&T functions at the Bank and securities companies have thus been fully integrated at home and abroad. Looking ahead, we will flexibly mobilize our S&T teams in each region to provide one-stop services and products with superior quality that satisfies customers' expectations.

ALM

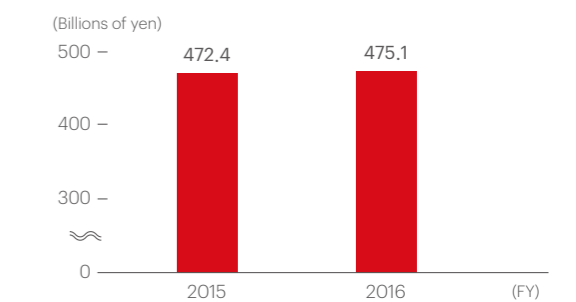
In fiscal 2016, the financial market saw major fluctuations that reflected turbulence in the wake of such factors as the UK decision to leave the European Union and the results of the U.S. presidential election. Nevertheless, we were able to flexibly execute risk control measures backed by a global management structure encompassing the yen and foreign currencies.

Going forward, external conditions surrounding our ALM operations will remain harsh due to the Bank of Japan's negative interest rate policy, the rising cost of foreign currency procurement and tightening financial regulations. With this in view, we will rally our Groupwide strengths to enhance our resilience amid the changing operating environment by, for example, pursuing sophisticated balance-sheet management methods, such as the integrated management of U.S. dollars on a global basis, and strengthening controls on foreign currency liquidity.

Gross Profits and Net Operating Profits

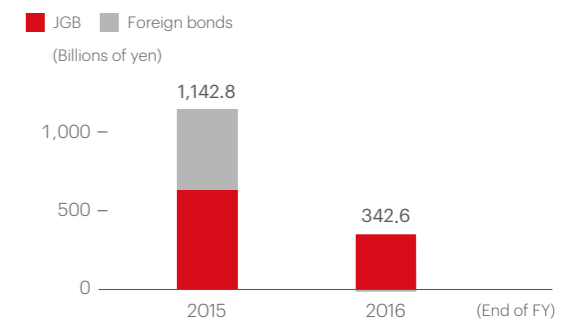


Sales and Trading Gross Profits*



* Total of S&T business related gross profits in all business units of the Bank, the Trust Bank and the Securities Business-HD. Local currency basis.

Unrealized Gains or Losses on JGB and Foreign Bonds*



* JGB and foreign bonds included in securities available for sale category

ESG Utilizing AI to Provide Accurate and Timely Information

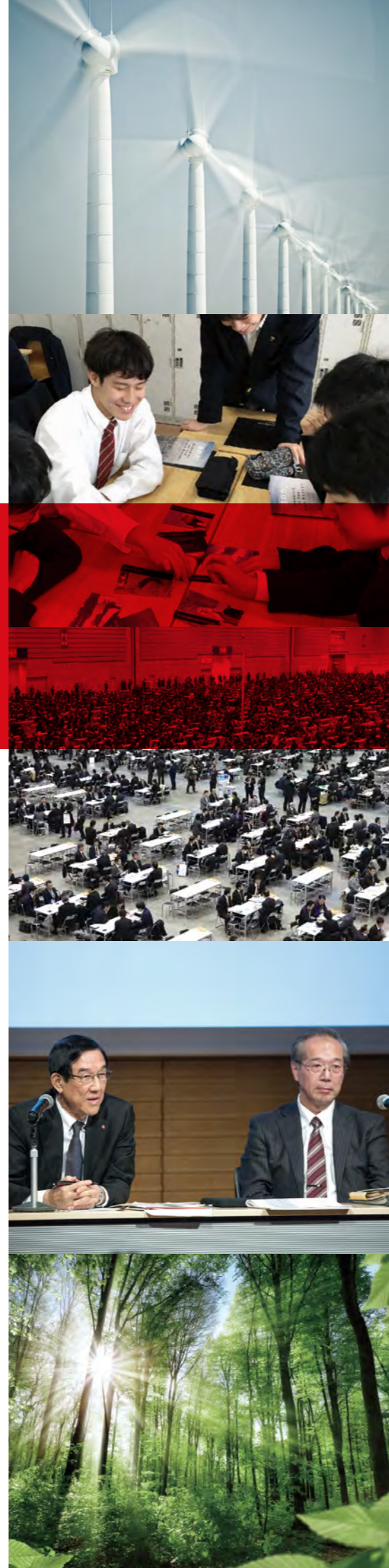
The utilization of AI has significant potential to change traders' daily operations. For example, in foreign exchange trading deep learning is expected to prove a useful tool for, in one example, predicting how exchange rates will move 10 minutes into the future. Applying deep learning, computer analysis is able to extract unique patterns from enormous volumes of data and thereby generate highly accurate projections of

market trends through the repetition of this learning process. This technology will allow traders to be more proactive in controlling trading risk as well as to propose trading strategies finely tuned to individual customer needs. To accelerate the commercialization of such tools, MUFG is actively promoting open innovation and incorporating external input (Please see page 24 for details).

Important Issues Concerning Value Creation

— How MUFG Addresses ESG Issues

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Initiatives for Addressing ESG Issues toward Sustainable Growth

To fulfill its mission as a financial institution, MUFG is striving to build lasting relationships with customers and society as a whole and working hand in hand with these stakeholders to ensure sustainable mutual development. To this end, the Company is addressing a variety of ESG issues from a long-term perspective.

MUFG's Overarching Approach to ESG Issues Based on Discussions at the Top Management Level

In recent years, growing concerns about climate change risk have propelled countries around the world to convene international discussions on tackling such risk while prompting corporations to pay closer attention to the impact of their business activities on the environment and society. Moreover, on the back of increasing awareness of their stewardship responsibilities, institutional investors are focusing ever more tightly on the ESG aspects of their investees. Given these trends, MUFG believes that ESG-conscious corporate management has become essential to continued operations and sustainable growth.

In June 2017, MUFG's board members reconfirmed the importance of ESG-conscious management while discussing how to tackle ESG issues and what strategies the company should adopt. Conclusions reached at this board meeting can be summarized as follows.

First, the company will focus on opportunities arising from ESG issues. More specifically, we have confirmed our policy of helping resolve issues society is confronting through our business activities with an eye to contributing to the realization of the UN's Sustainable

Development Goals (SDGs) and other sustainability targets. By doing so, we will sustainably enhance our corporate value.

Second, MUFG will upgrade its risk management framework, especially with regard to environmental and social risk. Keeping apprised of international trends and standards, we will develop a more sophisticated management framework for ensuring that environmental and social considerations are taken into account in our business activities and will enhance our responsiveness to climate change.

Third, we will step up information disclosure. In addition to disclosing the range of initiatives undertaken by MUFG through easy-to-understand presentations, we have confirmed the necessity of enhancing engagement with various stakeholders.

In line with these companywide policies, we will engage in intensive discussions focused on concrete ESG initiatives and incorporate such initiatives into the next Medium-Term Business Plan. In these ways, we will facilitate the creation of new value and live up to the expectations of stakeholders over the long term.

Endorsement of International Sustainability Initiatives

MUFG has endorsed and is acting as an advocate for such international sustainability initiatives as the United

Nations Global Compact, a principle-based framework of voluntary action aimed at encouraging businesses to uphold and practice universal principles pertaining to human rights, labor, the environment and anti-corruption.



Network Japan
WE SUPPORT

United Nations Global Compact



UNEP
FINANCE
INITIATIVE

United Nations Environment
Programme
- Finance Initiative



Principles for Financial Action
for the 21st Century

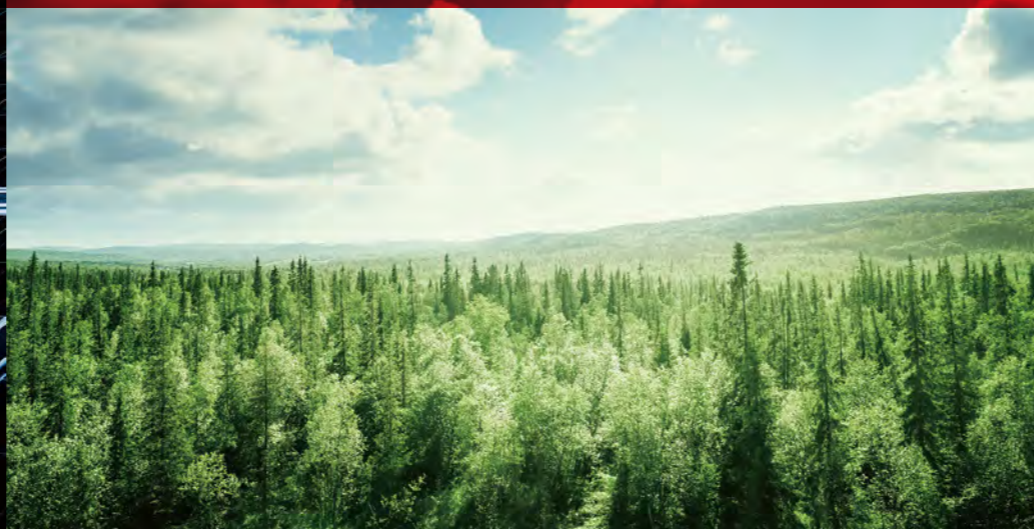


Environmental Initiatives

Remaining on-trend with evolving needs for solutions for environmental and social issues, MUFG is engaging in project finance aimed at supporting the development of renewable energy businesses, providing consulting services to help customers counter global warming and assisting fundraising for corporations aiming to minimize the environmental risk of their operations.

In particular, climate change countermeasures are now seen as a critical issue requiring international efforts. With this in mind, MUFG will rally its comprehensive strengths as a Group to contribute to such countermeasures and other initiatives aimed at protecting the global environment.

Environment



Environmental Initiatives

Contributing to Future Industries and a Better Society

MUFG has positioned the pursuit of environmental initiatives, especially those aimed at countering climate change, as one of its social missions. Accordingly, we are striving to contribute to a sustainable society by helping reduce environmental burdens attributable to human activities. In 2008, we established the MUFG Environmental Statement and Policy, which applies to all Group companies, with the aim of using our financing functions to tackle issues society is confronting on a global basis.

Please also visit the following page of the Company's website for detail of MUFG Environmental Statement and Policy.
<http://www.mufg.jp/english/csr/juten/sustainability/policy>

Leveraging Our Financing Functions

Promotion and Popularization of Renewable Energy

In the wake of a growing trend toward the use of clean energy, fossil fuels are gradually being replaced with renewable energy sources in countries worldwide.

Against this backdrop, MUFG is endeavoring to popularize renewable energy around the globe by acting as an organizer and provider of financing related to clean energy businesses, such as solar, hydroelectric, wind and geothermal power generation. Moreover, MUFG is supporting environmental and energy funds to assist business operators in their efforts to resolve environmental issues.

2016 Clean Energy and Energy Smart Technologies League Table

Rank	Organization	Credit (Millions of US\$)	Table Share (%)
1	MUFG	2,911.0	6.64
2	Sumitomo Mitsui Financial Group	2,215.7	5.06
3	EIB	2,050.1	4.68
4	Banco Santander	1,935.7	4.42
5	Mizuho Financial	1,607.0	3.67
6	KfW	1,599.7	3.65
7	Siemens	1,485.6	3.39
8	Nord/LB	1,404.5	3.21
9	BNP Paribas	1,245.9	2.84
10	BNDES	1,113.2	2.54

Source: Bloomberg New Energy Finance

Case study

Beatrice Offshore Wind Farm Project (U.K.)

Winning the Global Capital Syndicated Loan, Leveraged Finance and Private Placement Awards 2016 "Best Project Finance Loan"
 The total financing amount : £1,959.7 million
 Power generation capacity: 588MW
 The project is expected to offset roughly 1,110,000 tons of CO₂ emissions per year



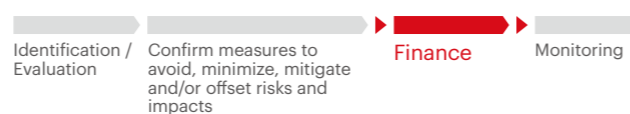
Artist's rendering of the completed facility

Environmental and Social Risk Management Based on the Equator Principles

The Bank of Tokyo-Mitsubishi UFJ (the Bank) is a signatory to the Equator Principles (EP), a risk management framework for identifying, assessing and managing the environmental and social risks and impacts of large scale projects. The Bank supports its customers' environmental and social risk management and contributes toward a sustainable world through implementation of the EP. Furthermore, the Bank will not finance projects where the client will not, or is unable to, comply with the EP. The Bank also works together with customers facing environmental and social issues in specific sectors to ensure that the Projects are developed in a manner that is socially responsible and reflects sound environmental management practices.

Process for Confirmation of Environmental and Social Considerations of Projects

Prior to financing a project, the Bank works closely with the customer to identify any environmental and social risks and impacts, and confirm that the project provides measures to avoid, minimize, mitigate and/or offset risks and impacts. The Bank monitors ongoing EP compliance to ensure that the potential risks are controlled over the life of the loan.

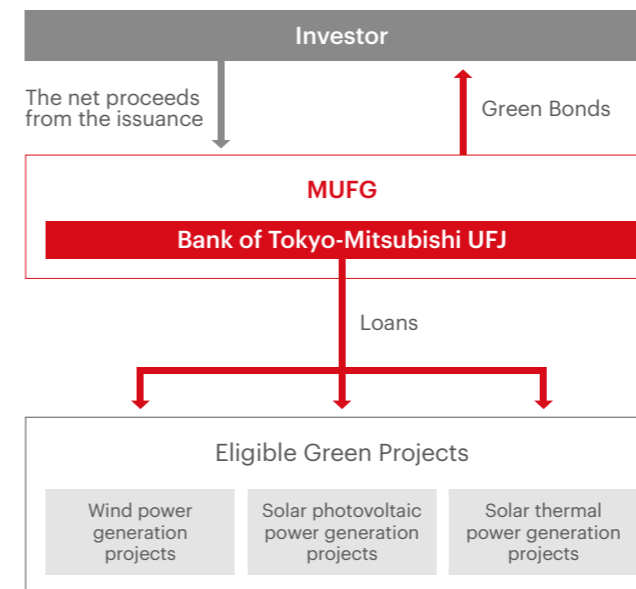


Issuance of MUFG Green Bonds

In September 2016, MUFG became the first in the world to issue a Green Bond in conformity with international TLAC1 regulations as part of initiatives to contribute to environmental and social sustainability through its capital market activities. The use of proceeds from the issuance of Green Bonds is limited to funding for renewable energy and energy efficiency projects aimed at preserving the global environment.

In addition, the issuance of Green Bonds is in compliance with MUFG's in-house framework based on the four pillars of Green Bond Principles issued by the International Capital Market Association (ICMA). MUFG obtained a second opinion on its green bond framework and the bond's environment credential. Proceeds from these bonds are used for financing EP-compliant eligible green projects*2 through the Bank.

*1 Total Loss-Absorbing Capacity: A capital regulation applied to GSIBs.
 *2 Renewable energy projects whose environmental and social impacts are reviewed in accordance with the EP before being certified as eligible to funding



Allocation of Funds and Environmental Impact

(As of the end of March 2017)

Balance of Eligible Green Projects that were funded by the net proceeds from the issuance of MUFG Green Bonds	US\$542 million (total 17 projects)
Total annual power generation capacity	4,355 million kWh
Total annual estimated reduction volume (CO ₂ equivalent)	2.2 million tons

For more details, please visit the following page of the Company's website.
<http://www.mufg.jp/english/csr/juten/sustainability/greenbond/reporting/>

Supporting the Fundraising of Customers Pursuing Eco-Friendly Business Operations

MUFG boasts a variety of financing products aimed at assisting corporate customers with their pursuit of environmentally friendly business operations, including products that provide preferential interest rates and others that partially lift the burden of interest expenses through the utilization of government subsidy programs.

Moreover, by supporting eco-friendly business activities, MUFG's financing products are indirectly helping to reduce environmental burdens.

Financing Products that Support Corporations in the Environment and Energy Industries by Utilizing Government Subsidy Programs

Environmental Management Support Loan
Utilizing an interest subsidy program aimed at facilitating eco-friendly financing under the auspices of the Ministry of the Environment
Energy Conservation Support Loan
Utilizing an interest subsidy program aimed at supporting capital expenditure in energy-saving facilities under the auspices of the Ministry of Economy, Trade and Industry
Green Project Support Loan
Utilizing an interest subsidy program aimed at supporting financing for research into environmental risk under the auspices of the Ministry of the Environment

Environmental Initiatives

Providing Consulting Services on Global Warming Countermeasures

MUFG is supporting the Joint Crediting Mechanism (JCM), a carbon credit system designed to supplement the Clean Development Mechanism (CDM) formulated based on the Kyoto Protocol. With the Japanese government acting as an international advocate for this mechanism, MUFG provides consulting services aimed at helping commercialize cutting-edge initiatives to curb global warming while developing schemes for financing such initiatives.

When it comes to global warming countermeasures, two factors are important: Mitigating climate change; and Adapting to climate change.

The latter involves implementing measures to reduce the impact of climate change and preparing for the risks. In fiscal 2016, Mitsubishi UFJ Morgan Stanley Securities served as the secretariat for compiling a draft of Prospects for Climate Change Adaptation Business by the Ministry of Economy, Trade and Industry. In this project, we played a key role in identifying the size of the potential market for an adaptation business as well as prospective

adaptation business sectors that would make contributions in this area. We have also made proposals regarding a public-private partnership, hoping that our insights could help promote adaptation business initiatives undertaken by Japanese companies.

Responding to TCFD

Today, businesses are called upon to not only become aware of the risk attributable to and importance of countering global warming and climate change, but appropriately assess business opportunities stemming from such phenomena. In fact, a growing number of institutional investors and financial authorities are paying close attention to the risk and opportunities that derive from climate change. The Task Force on Climate-related Financial Disclosures (TCFD) was thus established by the Financial Stability Board, advocating the incorporation of climate change-related information into financial reporting disclosed by financial institutions.

We are well aware of the impact of climate change on businesses and risk arising from it. As a financial institution, MUFG will appropriately respond to the TCFD's recommendations.

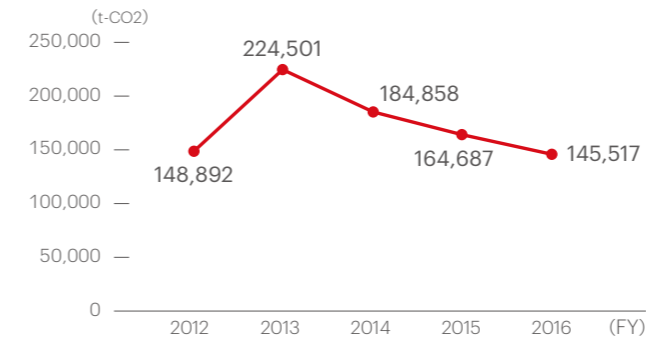
Reducing Environmental Burdens Attributable to Our Business Activities

Curbing CO₂ Emissions

MUFG is striving to reduce the environmental burdens of its operations and, to this end, promoting the effective utilization of limited resources in various aspects of business activities. For example, Bank of Tokyo-Mitsubishi UFJ has specified its target* for energy consumption attributable to its business operations, thereby promoting initiatives to reduce CO₂ emissions and curb global warming.

* Fiscal 2030 energy consumption intensity: 19% below the fiscal 2009 level; Please also visit the Company's website to see our latest environmental performance.
<http://www.mufg.jp/english/csr/juten/sustainability/others/>

Carbon Dioxide (CO₂) Emissions*



* Total of MUFG and the Bank (Domestic)

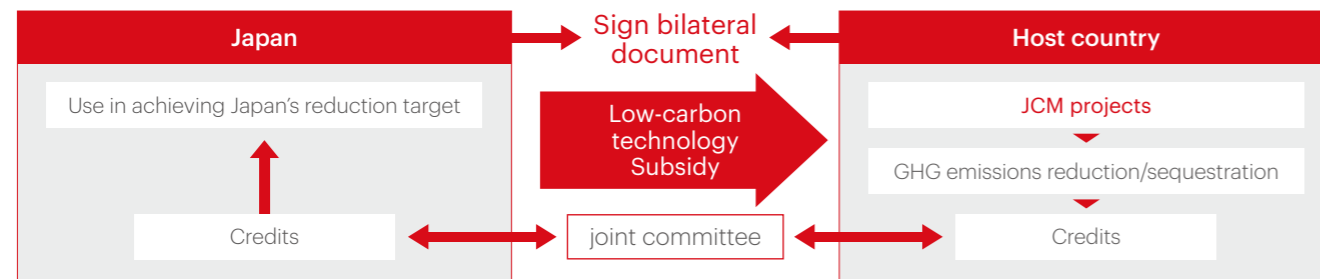
OISCA Japan also implements human development training programs, targeting young people. Graduates of the training programs are expected to become future leaders and contribute to the development of their own respective communities and countries.

In collaboration with OISCA Japan, since 2008 MUFG conducts the "Next Generation Leader Program for the Asia Pacific Region" in which trainees study about sustainable organic farming techniques and other skills. Many of the graduates are now serving in their home countries' government agencies and research institutions, actively working to raise awareness of and improve agriculture practices.



Outline of the JCM

The JCM is a bilateral credit creation scheme between Japan and developing countries proposed by the Japanese government to the international community as a new mechanism to complement the CDM. Benefits of the JCM include mutual implementation of projects by Japan and any country that signed a bilateral document, a broader range of applicable projects compared to the CDM, shorter processing times, and the availability of Japanese government subsidies.



Assisting a Project Aimed at Reducing GHG Emissions through the JCM in a Developing Country

Vietnam: Promotion of Green Hospitals through the Improvement of the Energy-Efficiency and Environment at National Hospitals

As part of the Dissemination and Promotion of Global Warming Countermeasure Technology, a program sponsored by the New Energy and Industrial Technology Development Organization, Mitsubishi UFJ Morgan Stanley Securities and two other Japanese companies assisted in the introduction of high-efficiency inverter air conditioning systems at national hospitals in Hanoi and Ho Chi Minh City. The project is expected to reduce energy consumption while improving air quality in the hospitals. In this project, we were responsible for the development of measurement, reporting and verification (MRV) methodology to assess the volume of GHG emissions reduced through the implementation of the project and the preparation of project design documents (PDD). The project has been

officially registered and approved as a JCM project by the governments of Japan and Vietnam.

Laos: Demonstration Project for an Energy-Saving Data Center Project

We assisted the development of the first full-scale government-run data center in Laos. This facility consists of high-quality, high-efficiency and container-based data center units that consume 40% less energy than conventional data center facilities. In this way, we are helping reduce GHG emissions and mitigate climate change.

According to our assessment, the reduction in the GHG emissions volume through this project will amount to an approximately 130,000t CO₂ over the 10-year period between 2016 and 2026.

Initiatives to Promote Environmental Protection and Environmental Education

Environmental leadership development

MUFG dispatches its experts to the Graduate School of Keio University to give lectures on designing an environmental business as part of the university's "Environmental Innovator Course." By doing so, MUFG is helping equip students with specialist knowledge and develop future leaders who would contribute to a low carbon society.

Also, MUFG hosts lectures and seminars focused on global warming and sustainable society at a number of universities, including Sophia University, Kwansei Gakuin University, Soka University and Meiji University, with its experts sharing their insights on environmental businesses and carbon credit schemes as such the CDM and the JCM.

Collaborating with OISCA

The Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA) is an international NGO. Established on OISCA's philosophy, OISCA Japan is engaged in the development of local rural areas and implementing environmental conservation projects mostly in the Asia Pacific Region.

Preserving World Heritage Sites

MUFG helps preserve World Heritage Sites, thereby protecting the natural environments that are the common inheritance of humankind and provide environmental learning opportunities that help raise awareness of sustainability.

World Heritage Sites Preservation Initiatives Undertaken by MUFG

Japan	Shirakami-Sanchi: Tree planting and forest development activities
	Sacred Sites and Pilgrimage Routes in the Kii Mountain Range: Site conservation activities
	Fujisan, Sacred Place and Source of Artistic Inspiration: Environmental protection activities
China	Mount Wuyi: Environmental protection activities
Thailand	Historic City of Ayutthaya: Site conservation activities

Please visit the Company's website for details of these activities.
<http://www.mufg.jp/english/csr/juten/community/hozen/>



Social Contributions

Part of MUFG's mission is to contribute to the sound development of society through the financial business.

For example, we support investment chains by playing the role of sales company and investment manager. We also help corporate customers resolve challenges they are facing, rallying our expertise and know-how beyond the boundaries of Group companies. Moreover, we provide educational programs and host seminars so that our customers can better understand what it takes to start investing.

As a comprehensive financial group equipped with a wide variety of functions, we strive to satisfy the needs of our customers.



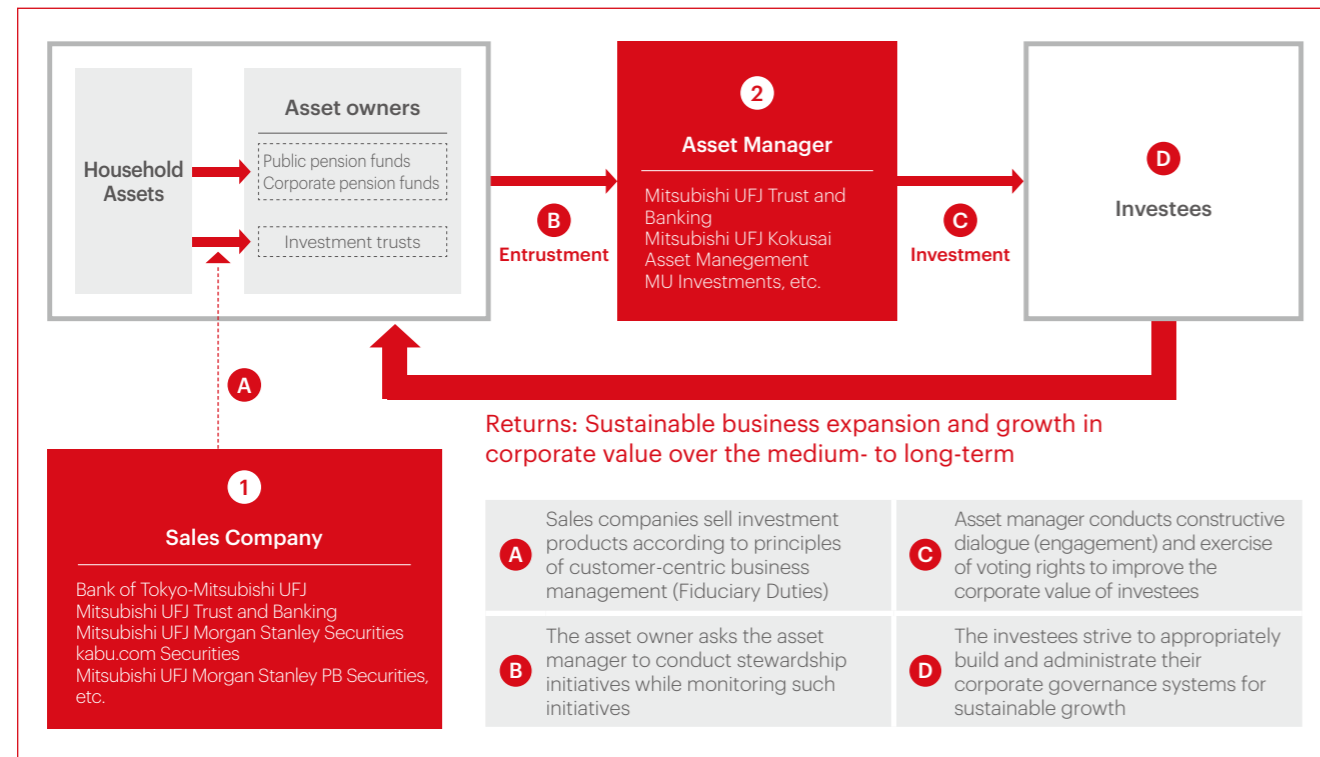
Social



Rallying Groupwide Resources to Build Sophisticated Investment Chains

The development of sophisticated investment chains plays an essential supporting role in assuring the stable accumulation of household assets and sustainable growth for the economy. To help develop such investment chains, MUFG plays the dual role of sales company and asset manager.

Conceptual Diagram for the Investment Chains



1. MUFG's role as a sales company: Pursuing a Customer-first Business Approach

MUFG aims to provide products and services that exceed customer expectations and, to this end, has established the MUFG Basic Policy for Fiduciary Duties. Furthermore, MUFG, the Bank, the Trust Bank and the Securities Business Holdings have established the joint Fiduciary Duty Promoting Committee, which operate under MUFG's Executive Committee.

The establishment of this joint committee is aimed at enabling four participating companies to share their best practices and systematically promoting customer-first business operations throughout the group. In addition, MUFG is committed to maintaining the regular reporting on the status of each group company with regard to their practice of such an approach.

For the detail of the MUFG Basic Policy for Fiduciary Duties and initiatives undertaken by each Group company, please also visit the following page of the Company's website.
<http://www.muftg.jp/english/profile/governance/fd/>

2. MUFG's role as an asset manager: Fulfilling our Stewardship Responsibilities

MUFG is maintaining engagement with its investees to facilitate their sustainable growth from a medium- to long-term perspective. In doing so, MUFG is striving to make the best use of its capabilities and expertise as an asset manager entrusted with customers' invaluable assets. We believe that such engagement is key to enhancing returns to beneficiaries in the long run.

In particular, the Trust Bank, Mitsubishi UFJ Kokusai Asset Management and MU Investments Co., Ltd. have adopted the Principles for Responsible Institutional Investors

(Japan's Stewardship Code), engaging in stewardship initiatives based on these principles and endeavoring to improve the effectiveness of such initiatives.

Establishing the Stewardship Committee

The Trust Bank has its Stewardship Committee in place. As a dedicated body in charge of verifying the exercise of the Trust Bank's voting rights, engagement with investees and its investment decisions, the committee assesses whether these activities are sufficient and if the Trust Bank's actions maximize investors' interests. The Stewardship Committee operates directly under the Board of Directors to ensure its independence and neutrality and discusses the appropriateness of policies for and rules governing the Trust Banks's exercise of voting rights and the status of various initiatives aimed at ensuring it fulfills its stewardship responsibilities. The conclusions of these discussions are reported to the

Board of Directors, which, in turn, publicizes verification results submitted by the committee as part of the reporting on the self-evaluation.

Thoroughly Managing Conflicts of Interests

To better fulfill its stewardship responsibilities, MUFG has established systems and rules to prevent potential conflicts of interest based on its Policy for Conflicts of Interest Management. For example, the Trust Bank places restrictions on staff transfer between departments that directly engage with corporate customers and those in charge of administrating assets under management. The Trust Bank has also clarified in-house rules that ensure that the exercise of its voting rights and investment decisions are not subject to improper influence while strictly controlling access to relevant information. In these ways, MUFG is enhancing the effectiveness of its stewardship initiatives.

Pursuing Medium- to Long-Term Growth in Investment Returns

Playing its part in the establishment of investment chains, the Trust Bank strives to help its investees grow their corporate earnings and enjoy sustainable business expansion, with the aim of bringing greater investment returns to beneficiaries.

Dialogue with investees and in-house "engagement meetings" aimed at sharing and evaluating results of dialogue

- Analysts and fund managers engage in dialogue from four perspectives (medium- to long-term business strategies; financial strategies; corporate governance; and information disclosure approach)
- Representatives from departments specializing in the exercise of voting rights engage in dialogue from the perspective of corporate governance
- Results of each dialogue session are shared among and evaluated by meeting attendees, who, in turn, identify future issues and annual policies for the upcoming fiscal year in an effort to enhance the quality of the dialogues

The exercise of voting rights based on in-house guidelines

- Deciding how to vote with the goal of maximizing returns to beneficiaries in line with our voting guideline while referring to results of dialogue with investees
- Disclosing the details of our voting standards on a corporate website to enhance the transparency of the process of the exercise of voting rights

Disclosure of results of voting on individual agenda items and reasons for casting yes or no votes

- During the period from July 2016 to April 2017, there were 459 general meetings of shareholders and the Trust Bank voted on a total of 1,537 agenda items; the voting results are summarized in the chart at the right
- Reasons for casting yes or no votes will be disclosed in August 2017

For more details, please visit the following page on the Trust Bank's website.
http://www.tr.muftg.jp/houjin/jutaku/unyou_kabu.html

Results of Exercised Voting Rights (Japanese Equity)

Management Proposals			
Proposal	Supported	Opposed / Partial opposed	Total
Appropriation of surpluses	316	5	321
Election of directors	381	94	475
Election of auditors	206	44	250
Partial revision to articles of incorporation	133	3	136
Retirement benefit payments	32	18	50
Revision of director remuneration amount	132	12	144
Granting of stock acquisition rights	31	15	46
Appointment of accounting auditors	10	0	10
Restructuring*1	28	0	28
Anti-takeover measures	18	11	29
Other proposals*2	38	2	40
Shareholder Proposals			
	0	8	8
Total	1,325	212	1,537

(July 2016 - April 2017)

*1 Mergers, business hand-overs/take-overs, share transfers and company splits

*2 Acquisition of treasury stock, decrease in statutory reserves, increases in capital by third-party allotment, capital decrease, reverse stock split, etc.

Helping Corporate Customers Achieve Growth through Financing

In September 2015, the 2030 Agenda for Sustainable Development was adopted at the United Nations Sustainable Development Summit, with 17 Sustainable Development Goals (SDGs) being formulated to address specific issues around the world. Against this backdrop, businesses are being called to become more active in offering solutions for issues society is confronting through their business activities. Accordingly, MUFG is committed to helping resolve a variety of such issues through the provision of financial and other services.

Supporting Corporate Growth

Acting as a partner for its corporate customers, MUFG is well aware of the fact that their needs may vary widely due to differing levels of development. Accordingly, MUFG optimizes its services to fit their individual needs, whether they are startups, growing corporations, mature companies or companies undergoing corporate rehabilitation.

Startup Stage	<ul style="list-style-type: none"> Offering financing and various other solutions to assist customers with their pursuit of success in growth fields <p>Please also see the ESG feature on page 37 that reports on "Rise Up Festa."</p> <p>Number of award-winning corporations included in the fiscal 2016 Rise Up Festa</p> <p>11 companies</p>
Growth Stage	<ul style="list-style-type: none"> Creating business opportunities through business matching Supporting corporations seeking to expand globally <p>Number of business matching cases*1 in fiscal 2016</p> <p>Approximately 22,000</p> <p><small>*1 The total of individual business matches achieved by branches and at dedicated business matching events held in Japan and overseas</small></p>
Maturation Stage	<ul style="list-style-type: none"> Supporting smooth business succession <p>Number of customer visits during fiscal 2016</p> <p>Approximately 4,000</p>
Revitalization Stage	<ul style="list-style-type: none"> Assisting corporate rehabilitation in collaboration with external expert organizations <p>Number of in-house specialists in corporate rehabilitation*2</p> <p>Approximately 90</p> <p><small>*2 The total number of specialists at domestic headquarters at Bank of Tokyo-Mitsubishi UFJ</small></p>

Best Partner for Corporations Expanding Overseas

In step with the globalization of the business environment, a growing number of Japanese corporations are expanding into countries abroad to establish production bases and secure new sales channels.

Drawing on its excellent intelligence-gathering capabilities backed by an industry-leading overseas business network and longstanding track record, MUFG acts as a partner for corporations considering overseas expansion as well as for those in need of various types of assistance once they have secured footholds in countries abroad. Our staff, backed by a wealth of experience in and knowledge of specific countries and regions, proposes regional strategies that take into consideration local investment environments and relevant regulations. Moreover, MUFG boasts a number of domestic and overseas bases that work in close collaboration to provide customers with solutions for the management issues they face, from optimal fundraising methods for overseas bases to global cash management advice and the provision of financial strategies for cross-border M&A.

An Interview with a Corporate Customer

Mr. Minoru Ooto, General Manager, Overseas Business Division, IKARI SHODOKU CO., LTD., as acting President Director of Pt IKARI SHODOKU INDONESIA

Although we have positioned Indonesia as our overseas expansion strategy's first target due to its growth potential, we have been facing difficulties in gathering accurate information on such aspects of local conditions as regulations on foreign capital. The Bank of Tokyo-Mitsubishi UFJ was able to help us with our inquiries, providing us with the latest information and helpful advice and thereby assisting in the establishment of our local subsidiary in April 2017. Currently, we provide comprehensive hygiene management services targeting mainly food and pharmaceutical manufacturers. Even after the establishment of our local base, MUFG continued to provide us with business matching services as well as updates about local regulations. We are grateful for its generous assistance.

Helping Customers Better Understand What It Takes to Start Investing

Amidst a graying society accompanied by a declining birthrate, a growing number of people are expected to face the need for solutions that ensure the stable accumulation of assets. With this in mind, MUFG is providing various educational programs and seminars tailored to meet the interests of audiences from different age groups, helping them better understand what it takes to begin investing.

Elementary, junior high and high school students

- Domestic and overseas branches welcome local elementary, junior high and high school students, offering them workplace experience programs. We also provide on-demand lectures at local schools.
- Mitsubishi UFJ Morgan Stanley Securities has been running an educational program aimed at helping junior high and high school students learn about stock investment and was selected as a winner of an Award for Companies Promoting Experience-based Learning Activities for the Youth (Judging Committee's Incentive Award) under a commendation program sponsored by the Ministry of Education, Culture, Sports, Science and Technology.

University students

- We give lectures aimed at enhancing basic financial literacy with regard to properly managing loans, credit cards and household budgets while providing knowledge about various asset building methods based on personal life plans.

Businesspersons

- We hold asset building seminars for individual customers and provide tips on asset formation online.

In addition, Mitsubishi UFJ Trust and Banking Corporation (the Trust Bank) is promoting a variety of initiatives to assist corporate customers in this regard, leveraging its investment know-how accumulated in the course of corporate pension administration as well as its specialist knowledge of real estate and residential mortgage loans. Specifically, a dedicated department charged with investment education is holding on-demand seminars aimed at facilitating their employees' understanding of investment and asset management while providing web-based educational programs on these subjects. The Trust Bank has also developed a unique "financial literacy index," utilizing it to enhance the content of its consulting services and educational solutions targeting corporate customers being aware of a need for educating their employees on these matters. Since June 2015, the Trust Bank has hosted around 600 such seminars, with the number of attendees totaling approximately 18,000.

As a Member of Local Community

MUFG is committed to supporting the development of communities in each region it operates. At the same time, MUFG is promoting various initiatives aimed at

maintaining the trust of other members of communities in Japan and overseas.

Microfinance

In ASEAN countries, the Bank of Ayudhya (Krungsri) helps support low-income earners who are unable to obtain adequate access to financial services through the provision of "microfinance" aimed at helping them gain financial independence.

In particular, Krungsri is an industry leader in the field of microfinancing in Thailand as it provides auto loans and nano-finance through subsidiary Ngern Tid Lor, which serves as the single provider of microfinance under the supervision of a banking parent company.

Global Volunteer Month "MUFG Gives Back"

Since 2013, MUFG has held an annual Global Volunteer Month to encourage employees worldwide to simultaneously engage in community contribution activities. This campaign is subtitled "MUFG Gives Back," reflecting our aspiration to communicate our gratitude to people all around the world who generously supported Japan's reconstruction efforts after the Great East Japan Earthquake.

Fiscal 2016

Total hours spent for volunteer activities
Approximately **270,000** hours*

November 2016 MUFG Gives Back

A total of more than **6,500** employees in **39** countries and regions participated in the campaign

* The total of employees at the Bank, MUFG Union Bank, N.A. and Krungsri(Bank of Ayudhya)



Staff at the Colombo office in Sri Lanka paid a visit to Kumarathunga Munitasa junior high school, located in a region devastated by heavy rainfalls, and donated new shoes and socks for students

Upgrading the Governance Framework

MUFG has positioned corporate governance as a priority management issue in its pursuit of greater corporate value.

Since its establishment, MUFG has placed great emphasis on ensuring external oversight while pushing forward with relentless initiatives to build a stable and effective governance framework. Recently, MUFG shifted to a “company with three committees” structure, in June 2015.

In June 2017, MUFG welcomed two outside directors from Thailand and the United States, reinforcing the Board of Directors’ diversity to better deal with the globalization of its operations.



Governance



Upgrading the Governance Framework

Ensuring sustainable growth in our corporate value

Fundamental Concepts

MUFG will aim for sustainable growth and the increase of corporate value over the medium- to long-term, in consideration of the perspectives of its stakeholders, including shareholders as well as customers, employees and local communities. MUFG will aim to realize effective corporate governance through fair and highly transparent management based on the guidance provided by MUFG Corporate Governance Policies established in May 2015.

Steps to Improve Our Governance Structure

Since its establishment, MUFG has worked to build a stable and effective corporate governance structure,

putting emphasis on ensuring external oversight. In June 2015, MUFG transitioned to the “company with three committees” governance structure. The functions of oversight and execution in the holding company are separated, thereby strengthening the oversight function of the Board of Directors and the committee system has also been reorganized for more effective governance. We are aiming for a governance framework that will be more familiar and transparent to overseas stakeholders, in line with our status as a G-SIB (Global Systemically Important Bank). In June 2017, two foreign nationals were appointed as directors to further diversify the Board of Directors.

Corporate Governance Development

	October 2005 Establishment of MUFG			June 2013	June 2014	June 2015	June 2016	June 2017
Governance Structure	Company with a Board of Corporate Auditors					Company with Three Committees		
Outside Directors	2005 Four	2006 Three	2012 Two	Three	Five	Six	Seven	Eight (Two foreign nationals)
Committees under the Board of Directors				Governance Committee			Nominating and Governance Committee (Statutory Nominating Committee)	
	2005 Nomination Committee	2008 Nomination and Compensation Committee					Compensation Committee (Statutory)	
	2005 Compensation Committee						Audit Committee (Statutory)	
	2005 Internal Audit and Compliance Committee							
				Risk Committee				
Advisory Board	2005 Advisory Board							U.S. Risk Committee
				Global Advisory Board				Integrated into the Global Advisory Board
Board of Directors Operations				Evaluation of Board of Directors				
						Independent Outside Directors Meeting/ Appointment of Lead Independent Outside Director		
Policy						MUFG Corporate Governance Policies		

Diversifying the Composition of Board Members

Currently, 38% of MUFG’s shareholders are foreign corporations and other overseas shareholders. Furthermore, with regard to the net operating profits in the customer segments, 40% of profits were earned from overseas business. In addition, the ratio of overseas employees to the total workforce is 41%. In essence, a considerable portion—nearly 40%—of MUFG’s business base is outside Japan. With this in mind, two foreign nationals—one from Thailand and the other from the United States were appointed as directors for the very first time. This move is aimed at securing management supervision from the perspectives of experts in Asia (MUFG’s second home market) and North America. These appointments have enhanced the composition of MUFG’s Board of Directors, which strives to strike an optimal balance in terms of field of specialty, geographical expertise and gender diversity.



Toby S. Myerson

Former Partner of Paul, Weiss, Rifkind, Wharton & Garrison LLP
 Longsight Strategic Advisors LLC
 Chairman & CEO
 Outside Director of MUFG Union Bank, N.A. and
 MUFG Americas Holdings Corporation

A lawyer who boasts specialist knowledge of corporate legal affairs, M&A and other legal matters based on U.S. laws thanks to more than 30 years of experience

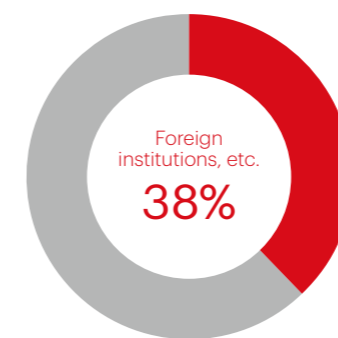


Tarisa Watanagase

Former Governor of the Bank of Thailand
 The Siam Cement Public Company Limited
 Outside Director

A former governor of the Bank of Thailand boasting specialist knowledge in finance and economy and more than 30 years of experience as a central banker

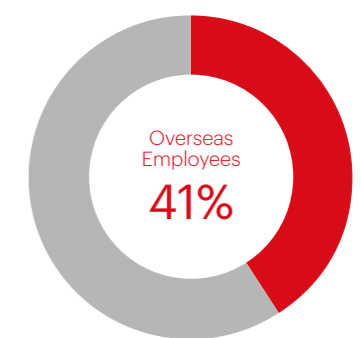
Shareholder Structure*



Total Customer Segment revenues*



Group Employees*



* As of Mar. 31, 2017

Upgrading the Governance Framework

Outline of Board of Directors and Committees

The Board of Directors is composed of 18 members, of whom 8 (over one third) are outside directors with a high degree of independence. Of the 18 directors, the majority (10) are non-executive directors.

The outside directors are a balanced group (corporate management, financial specialists, a lawyer and a certified public accountant) with a diverse range of experience and expertise.

Nominating and Governance Committee

The Committee is composed of outside directors and the President & CEO, with an outside director as Chairperson. The Committee decides on proposals for the appointment or dismissal of directors that are submitted to the General Meetings of Shareholders. It also discusses matters related to the Chairman, Vice-Chairman, President, and other major management positions in the holding company or major subsidiaries and makes recommendations to the Board of Directors. It examines

corporate governance policy and framework and makes recommendations to the Board of Directors.

Compensation Committee

The Committee is composed of outside directors and the President & CEO, with an outside director as Chairperson. The Committee decides the compensation policy for directors and corporate executive officers and also decides the details of individual compensation. It examines the compensation systems for senior management at the holding company and major subsidiaries and makes recommendations on establishment and reform to the Board of Directors.

Audit Committee

The Committee is composed of outside directors and non-executive directors, with an outside director as Chairperson. The Committee examines the execution of business by directors and corporate executive officers and prepares auditing reports. It also examines the business and financial situation of the holding company and subsidiaries, conducting fieldwork where necessary.

Committee membership

		Nominating and Governance Committee	Compensation Committee	Audit Committee	Risk Committee	U.S. Risk Committee
Hiroshi Kawakami	Outside director	○	○	○		
Yuko Kawamoto	Outside director	○	○		◎	
Haruka Matsuyama	Outside director	○	◎			
Tsutomu Okuda	Outside director	◎	○		○	
Yukihiro Sato	Outside director			○		
Akira Yamate	Outside director			◎		
Takehiko Shimamoto	Non-executive director			○		
Junichi Okamoto	Non-executive director			○		
Nobuyuki Hirano	Director President & Group CEO	○	○			
Tadashi Kuroda	Director Senior Managing Executive Officer, Group CSO & Group CHRO				○	
Akira Ariyoshi	Outside expert, graduate school professor				○	
Kenzo Yamamoto	Outside expert				○	
Christine Garvey	Outside director of the Americas HD					◎
Dean A. Yoost	Outside director of the Americas HD					○
Ann F. Jaedicke	Outside director of the Americas HD					○
Suneel Kamlani	Outside director of the Americas HD					○
Toby S. Myerson	Outside director Outside director of the Americas HD					○
Masato Miyachi	Chairman of the Americas HD					○
Stephen Cummings	President & CEO of the Americas HD					○
Masamichi Yasuda	Director Senior Managing Executive Officer, Group CRO					○

(As of June 29, 2017)

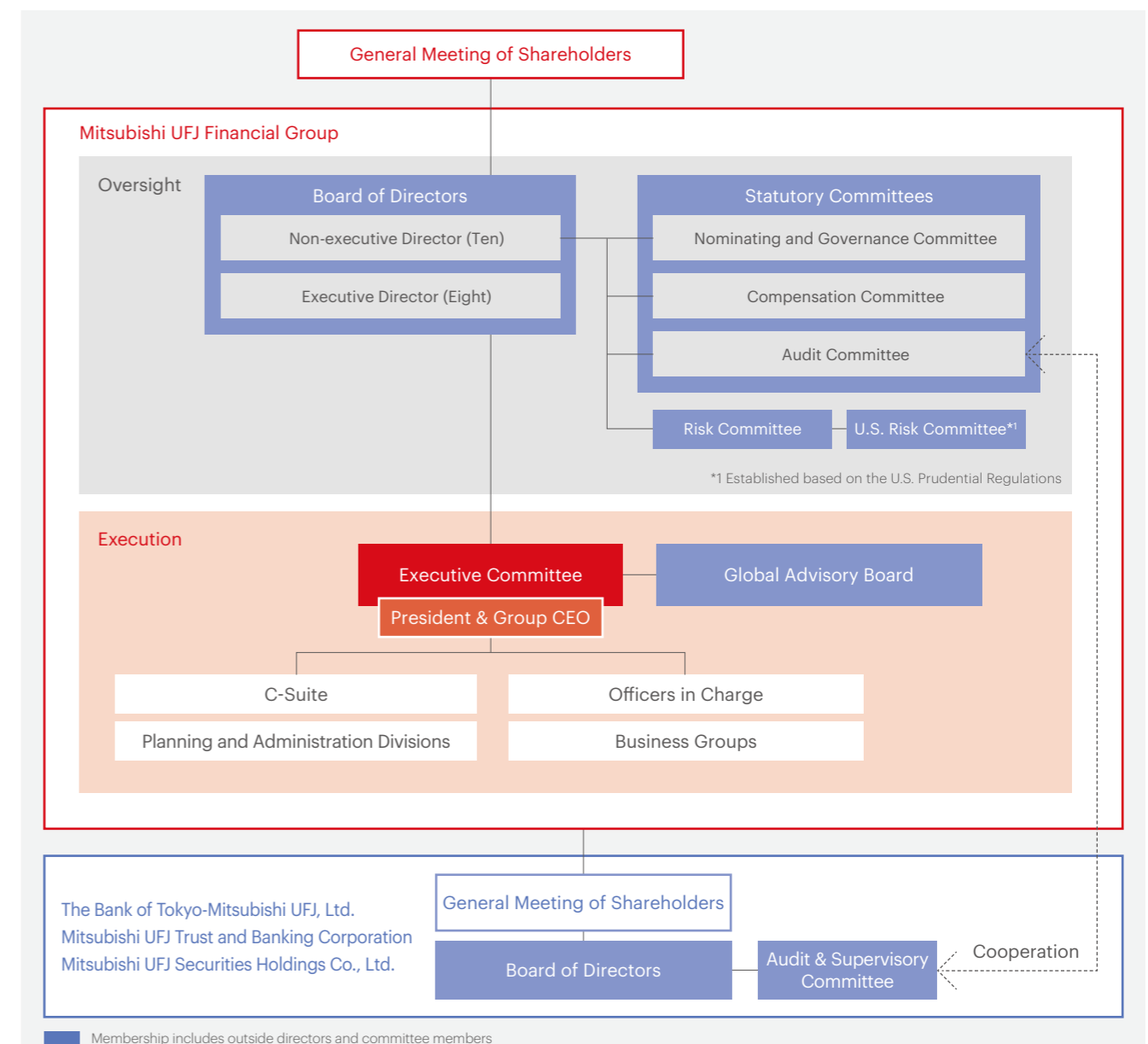
Risk Committee

The Committee is composed of internal directors, outside directors and outside expert members, with an outside director as Chairperson. The Committee examines matters related to Groupwide risk management and reports to the Board of Directors. It examines important issues of the overall risk management matters and issues relating to the top risk matters (including critical compliance matters), as well as other issues that need to be examined by the Risk Committee and makes recommendations to the Board of Directors.

U.S. Risk Committee

In May 2016, MUFG established the U.S. Risk Committee under the MUFG Risk Committee in order to comply with the Enhanced Prudential Standards. The U.S. Risk Committee is composed of the members of MUFG Americas Holdings Corporation (the Americas HD) Risk Committee, delegate(s) from MUFG, Regional Executive for the Americas and CEO of the Americas HD. The U.S. Risk Committee shall deliberate on all types of risk in the U.S. on a group basis, report and make recommendations to the MUFG Risk Committee as well as oversee the status, control and management of the material risks to which MUFG's operations in the U.S. may be exposed and overall risk management framework in respect of MUFG's operations in the U.S..

MUFG's corporate governance structure (As of June 29, 2017)



Membership includes outside directors and committee members

Upgrading the Governance Framework

Strengthening the Function of the Board of Directors

Having transitioned to the “company with three committees” structure in 2015, MUFG is striving to strengthen its corporate governance and the function of the Board of Directors.

Operational Status of the Board of Directors

The Board of Directors decides on basic management policies while taking on the supervision of management activities. In principle, business matters other than those reserved for the Board of Directors in accordance with the law are delegated to and decided on by corporate executive officers. However, particularly important matters (listed below) are discussed and decided on solely by the Board of Directors.

- Management strategy, risk management policy, capital policy, resource allocation and other basic management policies for the entire Group
- Supervision of directors and corporate executive officers who take on business execution
- Internal control systems for the Group and the monitoring of the development and operation of such systems
- Appointment of corporate executive officers
- Oversight of initiatives to develop a corporate governance structure and to facilitate a sound corporate culture

Having transitioned to the “company with three committees” structure in June 2015, MUFG reviewed the agenda discussed at Board of Directors meetings while examining the operation of the Board (including the frequency of such meetings). As a result, the number of meetings, time, the number of the agenda items, volume of materials largely decreased respectively. In addition, it enables them to allocate enough time to necessary discussions.

Board of Directors meetings are followed by Independent Outside Directors Meetings attended only by outside directors. At these meetings, attendees engage in deliberations regarding such matters as the operation of the Board of Directors and committees, collaboration between the Board and corporate executive officers, and possible measures to enhance the function of outside directors. Conclusions reached at this meeting are reported to the chairman, who heads the Board of Directors, and the president by the Lead Independent Outside Director.

Status of the Board of Directors' Operations

	Fiscal 2014 (Apr. 2014 to Mar. 2015)	Fiscal 2015 (Apr. 2015 to Mar. 2016)	Fiscal 2016 (Apr. 2016 to Mar. 2017)
Number of meetings held	19	12	7
Number of agenda items	296	170	83
Average duration of regular Board of Directors meetings	2.5 hours	3.2 hours	5.5 hours
Materials (annual total)	Approx. 1,640 pages	Approx. 730 pages	Approx. 430 pages

Stepping Up Support for Outside Directors while Utilizing Their Insights

Board Educational Sessions are held to support outside directors by providing necessary information beyond the scope of the discussion agendas of the Board of Directors meetings. Outside directors attend these sessions to be apprised of MUFG’s business operations and the management environment surrounding it immediately upon their appointment and on a regular basis during their terms of service.

Moreover, in addition to attending Board of Directors and statutory committee meetings, outside directors engage in intensive discussions on the Group’s business strategies and challenges going forward and interact with employees in managerial positions on a number of occasions.

Strategic off-site meetings
Utilizing the insights of Outside Directors
<ul style="list-style-type: none"> • Outside directors and Group managers meet on weekend to engage in intensive discussions Sample agendas: MUFG Re-Imagining Strategy, global human resource strategies, etc.
Discussions with outside directors at MUFG Americas Holdings Corporation (the Americas HD)
Stepping up information gathering
<ul style="list-style-type: none"> • Outside directors who serve at the Americas HD and are well-versed in the policies of U.S. authorities bring their input into discussions on corporate governance
MUFG Investors Day
Face-to-face dialogue with institutional investors
<ul style="list-style-type: none"> • Outside director Tsutomu Okuda* gave a presentation and led Q&A sessions on MUFG’s corporate governance (see page 66)
MUFG Management Meeting
Communication with executive officers
<ul style="list-style-type: none"> • Outside directors give presentations to bring their insights at MUFG Management Meeting, where all Group executive officers and general managers meet and discuss Group policies and the challenges

* Lead Independent Outside Director, Chairperson of Nominating and Governance Committee



Evaluation Framework of the Working Practices of the Board of Directors

Since 2013, with the aim of enhancing the function of its Board of Directors, MUFG has introduced a framework to regularly evaluate the Board of Directors’ working practices through implementation of a PDCA cycle.

External consultants interview each director on the composition of the Board of Directors, the content of agendas, the discussions at Board Directors meetings, the operations of the Board, and the Board’s contributions. Results of these interviews and assessments by consultants are reported and discussed by the Nominating and Governance Committee and the Board of Directors.



Based on the results of the fiscal 2015 evaluation undertaken to assess the Board of Directors activities, MUFG implemented various initiatives including those listed below.

- Holding strategic off-site meetings to discuss medium- to long-term strategies and issues to be tackled going forward, with the aim of enhancing our monitoring model
- Enhancing our framework to keep execution team members of MUFG and operating subsidiaries in the loop on the status of discussions held at Board of Directors meetings
- Engaging in discussions with regard to our ideal for the composition of the Board of Directors, which, in turn, reached the decision to appoint outside directors who are foreign nationals
- Formulating succession plans for personnel in key positions

Based on the results of the fiscal 2016 evaluation, MUFG recognized that the following measures should be implemented going forward.

- Utilizing the insights of board members who have global perspectives by appointing foreign nationals; stepping up other initiatives in preparation for the diversity of the Board of Directors
- Upgrading the governance systems for the Group
- Enhancing succession plans and developing next-generation management leaders

Remuneration System

MUFG has adopted a performance-based stock compensation plan for all directors, corporate executive officers and executive officers who serve at the holding company, the Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking as well as Mitsubishi UFJ Securities Holdings and its subsidiaries. The introduction of this plan is intended to provide greater incentives for those individuals to maintain an awareness of the Group’s overall corporate performance and stock price over the medium-to long-term when pursuing their duties. Specifically, the plan acquires company stocks through a trust and provides recipients with such shares based on their job ranks and their degree of achievement vis-à-vis performance targets. As stipulated in Principle 4.2 of Japan’s corporate governance code, MUFG has in place a remuneration system that includes “incentives such that it reflects mid- to long-term business results and potential risks, as well as promotes healthy entrepreneurship.”

Components of performance-based stock compensation plan

	Linkage with performance	Grant of shares
	Indices	
Performance-linked portion (Performance-based stock compensation)	Link with medium- to long-term performance •EPS growth rate	Granted to all recipients at the end of the medium-term business plan
	Link with annual performance Relative comparisons of growth rates in the following indices 1. Consolidated net business profits 2. Consolidated profits attributable to owners of the parent 3. Market capitalization	
Fixed portion performance-based stock compensation with transfer restrictions	•Granted based on job ranks	Granted to individual recipients at the time of retirement

Upgrading the Governance Framework

Dialogue between Lead Independent Outside Director and Investors

We held MUFG Investors Day in February 2017. As part of the meeting, Mr. Okuda, lead independent outside director, answered investor's questions, as follows.



Tsutomu Okuda

Lead Independent Outside Director, Chair of the Nominating and Governance Committee, Mitsubishi UFJ Financial Group, Inc. Senior Advisor, J. Front Retailing Co., Ltd.

What do you feel are the strengths and weaknesses of MUFG's corporate culture?

(Analyst from a major domestic securities firm)

If you think about what makes a good company, one of the most important things is social trust and confidence. Trust and confidence are at the foundation of finance, too. In this light, I feel that there is great strength in MUFG's corporate culture. At the same time, I also think that the Company's culture might be a bit too conservative and risk averse.

The development of corporate culture is difficult. The important thing is to keep the good parts while reinforcing areas of weakness. In my assessment, MUFG scores highly in this regard, as its leaders and employees are seriously committed to accomplishing such development.

On the other hand, if I had to name one concern, I don't see so many ambitious employee willing to venture out of their comfort zones within their current organizations. As IT and market environments dramatically change, the partitions between all kinds of industries are disappearing. It will be crucial to adapt to changes with maximum speed and flexibility. Our operating environment is undergoing radical and noncontiguous changes. With this in mind, encouraging all employees to remain vigilant and share a healthy sense of crisis even at normal time is

of critical importance for MUFG to continue corporate reforms.

As an outside director, what do you see as MUFG's risks?

(Analyst from a major domestic securities firm)

The greatest risk has to do with how radically MUFG will be able to reform itself and innovate, given the shrinking domestic market and the prolonged trend toward low interest rates. Also, the overseas portfolio is also quite large, especially in the United States. A portfolio with a large overseas component can be advantageous, but also presents risks.

Both of these risks are tied to two major tasks facing the group. The first is human resource development. Overseas operations are increasing, and at the same time, domestic operations are changing in ways that increasingly preclude simply extending and adapting past ways of doing things. To deal with this, the group has to reform and innovate. The challenge is to develop people who are equipped for the evolving operating environment.

The second major task is systems investment on a massive scale. Financial institutions that do not invest in systems do not survive. As the group operates globally, it must build systems running globally. In recent discussions I had with outside directors at MUFG Americas Holdings Corporation I found them conscious of this issue. I believe that both quality and quantity are important to such investment.

Could you tell us why did you take up the offer of an outside director position at MUFG?

(Representative from a domestic major institutional investor)

MUFG is among the world's most prominent corporations, boasting a strong presence globally. As a businessperson, it is my honor to be appointed as an outside director of MUFG.

Although I had long known of MUFG's trustworthiness, I was somewhat surprised to find its top executives seriously reflecting on the input of outside directors, even taking on board harsh criticism, and showing no hesitation in embracing worthy new ideas. They are truly

open minded people—a quality I admire. Most MUFG Board of Directors meetings are followed by Independent Outside Directors Meetings that all outside directors attend. When conclusions reached at this meeting are communicated to the chairman and president, they quickly take action where necessary. In short, MUFG, despite its large size, is quick to incorporate external voices, which makes my position quite rewarding.

What do you think is the role of an outside director at normal, non-crisis times?

(Analyst from a major foreign securities firm)

I think that outside directors are absolutely necessary, whether external conditions are favorable or harsh. The extra diligence and effort to do things right when you know that someone from outside is watching is crucial.

At MUFG, the executives in top management take the opinions of outside directors seriously. I admire their seriousness, which, in turn, inspires us.

The Nominating and Governance Committee has to keep up with changes in society. An outside perspective is also needed when creating succession plans. For example, successor candidates are designated based on standards that the committee has laid out regarding personality, competencies, experience and track record to assess fitness for key positions. Then, they undergo screening involving a 360-degree feedback session in which five to 10 candidates evaluate one another. Finally, members of the committee conduct face-to-face interviews with those who have passed screening. Based on the interview results, committee members deliberate on and finalize their proposals, which they then submit to the Board of Directors. It's important to select someone who fits the needs of the times, and to be transparent with employees and other stakeholders.

I think the only way that this process might ever vary from the normal way of doing things is if, in a time of emergency, we might not be able to find someone within the company, and instead bring in a person or persons from the outside.

Anyway, the Nominating and Governance Committee has a twofold function in this regard, namely, determining requirements for key personnel and maintaining the transparency of the selection process. These functions are essential as they help ensure corporate growth and improve corporate value.

How are outside directors selected? What functions do you currently feel you need or want to strengthen?

(Representative from a major domestic institutional investor)

When selecting outside directors, we don't focus on "who," in terms of names, but on what kind of person is

needed for the position, looking to strike a good balance in terms of background, experience, way of thinking and business orientation.

Nevertheless, the presence of non-Japanese nationals needs to be increased. I think it's necessary in light of how global MUFG's business has become. I've already asked that we try to bring in such personnel to the Board.

MUFG's Advisory Board has an excellent international composition, with each member boasting world-leading expertise. I think that outside directors should be next. I would also like to see non-Japanese personnel in business execution roles in the near future.

As for accepting outside directors from other companies in the industry, it's very common overseas, and I think it's a positive thing. Japanese corporations have long maintained unique "lifetime employment" systems that often serve as barriers to incorporating such a practice. However, I think the trend might shift in a near future. In fact, there were some instances involving retailers. I think it may be possible for Japanese financial institutions, as well.

What will MUFG need in order to thrive 10 years from now?

(Analyst from a major foreign securities firm)

Currently, MUFG's operations are centered on commercial banking. However, there's no guarantee that MUFG's business portfolio 10 years from now will look much like it does today. Nevertheless, if you focus too hard on what's ahead, you risk tripping over the issues right in front of you. Although it is not the easiest thing to do, I think the important thing is to constantly consider how best to reshuffle it in light of social and economic changes, and how best to balance short- and long-term perspectives while making each business even stronger.

One major task for us will be managing the ratio of domestic and overseas business. I'm sure the proportion of overseas business will continue to grow, but I think our base should always be Japan. I think we should perhaps give a 50% weight to our domestic business.

Also, where to strike the balance between individual and corporate customers is a big question in terms of business portfolio strategy. And, finally, developing human resources and building systems based on our business strategies will also be important. These are the major things to consider when looking 10 years down the line.

Upgrading the Governance Framework



Board of Directors

As of June 29, 2017

Outside Director

Hiroshi Kawakami ¹

Advisor, Central Japan International Airport
Mr. Kawakami joined TOYOTA in 1972. He became Managing Executive Officer of TOYOTA in 2003, and Senior Managing Director in 2007. In 2008, he became Vice President of Toyota Tsusho Corp. and in 2009 he was appointed President of the Central Japan International Airport Co., Ltd. In June 2015, he became a Senior Advisor of Central Japan International Airport as well as an Outside Director of MUFG (incumbent). In 2016, he became an Outside Director of AT-Group Co., Ltd. (incumbent) and, in 2017, he was appointed Advisor for the Central Japan International Airport (incumbent).

Outside Director

Yuko Kawamoto ²

Professor, Waseda Graduate School of Business and Finance
After working at Bank of Tokyo from 1982 to 1986, Ms. Kawamoto joined McKinsey & Company in 1988. At McKinsey, she was promoted to Senior Expert of the Tokyo branch in 2001. After leaving McKinsey, she took up a professorship of the Waseda Graduate School of Finance, Accounting and Law (current name: Business and Finance) in 2004 (incumbent). From 2006, Ms. Kawamoto has served as an Outside Audit and Supervisory Board Member of Tokio Marine Holdings, Inc. In 2013, she became an Outside Director of MUFG (incumbent).

Outside Director

Haruka Matsuyama ³

Lawyer, Partner, Hibiya Park Law Offices
Ms. Matsuyama became an Assistant Judge to the Tokyo District Court in 1995. Upon becoming an attorney-at-law and joining the Daini Tokyo Bar Association in 2000, she joined Hibiya Park Law Offices, where she was promoted to a Partner in 2002. Ms. Matsuyama also became an Outside Corporate Auditor of Vitec Co., Ltd. in 2012, an Outside Director of T&D Holdings, Inc. in 2013, and an External Corporate Auditor of Mitsui & Co., Ltd. in 2014. In 2014, she became an Outside Director of MUFG (incumbent) and in 2015, became an Outside Director of VITEC HOLDINGS CO., LTD (incumbent).

Outside Director

Toby S. Myerson ⁴

Lawyer, Chairman & CEO, Longsight Strategic Advisors LLC
Mr. Myerson has been registered as attorney at law of California and New York, U.S. in 1977. Mr. Myerson has held top management positions in a career spanning four decades, most recently as Partner and as Co-Chair of Global Mergers and Acquisitions at Paul, Weiss, Rifkind, Wharton & Garrison LLP. He left the firm in December 2016 and founded a strategic advisory firm in January, 2017 where he serves as Chairman & CEO. He also serves as an Outside Director of both MUFG Union Bank, N.A. and MUFG Americas Holdings Corporation. He was appointed Outside Director of MUFG (incumbent) in 2017.

Outside Director (Lead Independent Outside Director)

Tsutomu Okuda ⁵

Senior Advisor, J. Front Retailing
Mr. Okuda joined The Daimaru, Inc. in 1964. In 1997, he was named President of Daimaru and in 2003 Chairman and Chief Executive Officer. In 2007, he assumed the Office of President and Chief Executive Officer of J. Front Retailing Co., Ltd., where he became Chairman and Chief Executive Officer in 2010. Since 2014, he has served as a Senior Advisor of the company. In 2014, Mr. Okuda was appointed as an Outside Director of MUFG (incumbent).

Outside Director

Yukihiko Sato ⁶

Adviser, Mitsubishi Electric
Mr. Sato joined Mitsubishi Electric Corporation in 1969, and was appointed Director, Representative Executive Officer, and Executive Vice President in 2007. In 2009, he became Senior Corporate Adviser. From 2013, he served as Special Adviser of Mitsubishi Electric. In 2014, he was appointed as an Outside Corporate Auditor of MUFG and in the same year an Adviser to Mitsubishi Electric (incumbent). In June 2015, he became an Outside Director of MUFG (incumbent).

Outside Director

Tarisa Watanagase ⁷

Former Governor of the Bank of Thailand
Ms. Watanagase first joined the Bank of Thailand in 1975. During her career as a central banker, she was also seconded to International Monetary Fund (IMF) in 1988 and served as an economist. In 2002, she assumed the position of Deputy Governor of the bank. From 2006 to 2010, she served as Governor of the central bank of the country. Since 2013, she has served as an Outside Director of The Siam Cement Public Company Limited. She was appointed Outside Director of MUFG (incumbent) in 2017.

Outside Director

Akira Yamate ⁸

Certified Public Accountant
Mr. Yamate joined Price Waterhouse in 1977, becoming a certified public accountant in 1983. In 1991, he became a Representative Partner of Aoyama Audit Corporation and a Partner of Price Waterhouse. In 2000, he became a Representative Partner of Chuo Aoyama Audit Corporation and a Partner of Pricewaterhouse Coopers. From 2006 to 2013, he was a Representative Partner of Pricewaterhouse Coopers Aarata. In 2013, he was appointed as a Corporate Auditor of Nomura Real Estate Holdings and Nomura Real Estate. In June 2015, he was appointed as an Outside Director of MUFG (incumbent) and in the same year appointed as a Director of an External Nomura Real Estate Holdings (incumbent), and an External Corporate Auditor of Prudential Holdings of Japan (incumbent).

Director

Takehiko Shimamoto ⁹

Mr. Shimamoto joined Mitsubishi Bank in 1982. In 2012, he became a Managing Officer of MUFG and a Managing Director of Bank of Tokyo-Mitsubishi UFJ (hereafter "the Bank"). In June 2015, he was appointed as a Director of MUFG (incumbent).

Director

Junichi Okamoto ¹⁰

Mr. Okamoto joined Toyo Trust and Banking in 1980. He became a Director and Deputy President of Mitsubishi UFJ Trust and Banking (hereafter "the Trust Bank") and a Director of MUFG in 2013. Mr. Okamoto was appointed a Senior Managing Executive Officer of MUFG in 2015. He became a Director, Deputy President and Executive Officer of the Trust Bank in 2016. In June 2017, he was appointed a Director of MUFG (incumbent).

Director, Chairman

Kiyoshi Sono ¹¹

Deputy Chairman, Bank of Tokyo-Mitsubishi UFJ
Mr. Sono joined Sanwa Bank in 1976. In 2012, he became group head of MUFG's Integrated Corporate Banking Business Group, and he was made Chairman in 2014, as well as Deputy Chairman of Bank of Tokyo-Mitsubishi UFJ. He was appointed Director, Representative Corporate Executive Officer and Chairman of MUFG in June 2015 (incumbent).

Director, Deputy Chairman

Takashi Nagaoka ¹²

President & CEO, Mitsubishi UFJ Securities Holdings Company
President & CEO, Mitsubishi UFJ Morgan Stanley Securities Company
Mr. Nagaoka joined Mitsubishi Bank in 1976. In 2011, he became Deputy President of Bank of Tokyo-Mitsubishi UFJ. In 2014, he became President & CEO of Mitsubishi UFJ Morgan Stanley Securities Company (incumbent) and President & CEO of Mitsubishi UFJ Securities Holdings Company (incumbent). In the same year, he was appointed as a Director of MUFG. In June 2015, he was appointed as Director, Representative Corporate Executive Officer and Deputy Chairman of MUFG (incumbent).

Director, Deputy Chairman

Mikio Ikegaya ¹³

President & CEO, Mitsubishi UFJ Trust and Banking Corporation
Mr. Ikegaya joined Mitsubishi Trust and Banking in 1981. In June 2015, he became Senior Managing Director of Mitsubishi UFJ Trust and Banking, and Managing Officer of MUFG. In April 2016, he was appointed President & CEO of the Trust Bank (incumbent). In June 2016, he became Director and Deputy Chairman of MUFG (incumbent).

Director, Deputy Chairman

Kanetsugu Mike ¹⁴

President and CEO of Bank of Tokyo-Mitsubishi UFJ
Mr. Mike joined Mitsubishi Bank in 1979. He was appointed Regional Executive for the Americas at MUFG and Bank of Tokyo-Mitsubishi UFJ, and Executive Chairman of the Board at MUFG Americas Holdings Corporation and MUFG Union Bank, N.A., in 2015. He was appointed a Senior Managing Executive Officer of MUFG and a Deputy President of the Bank in 2016. Mr. Mike became President and CEO of the Bank (incumbent) and Director, Representative Corporate Executive Officer and Deputy Chairman of MUFG (incumbent) in June 2017.

Director, President & Group CEO

Nobuyuki Hirano ¹⁵

Chairman, Bank of Tokyo-Mitsubishi UFJ
Mr. Hirano joined Mitsubishi Bank in 1974. In 2012, he was appointed as President of Bank of Tokyo-Mitsubishi UFJ, and a year later, in 2013, he became President of MUFG. In June 2015, he was appointed as Director, Representative Corporate Executive Officer and President & Group CEO of MUFG (incumbent). In April 2016, he became Chairman of the Bank (incumbent).

Director, Senior Managing Executive Officer, Group CSO & Group CHRO

Tadashi Kuroda ¹⁶

Mr. Kuroda joined Sanwa Bank in 1981. In 2014, he was appointed Managing Director of MUFG and in the same year a Director of Mitsubishi UFJ Trust and Banking (incumbent). In June 2015, he was appointed as a Director and Senior Managing Executive Officer of MUFG (incumbent) and a Senior Managing Director of Bank of Tokyo-Mitsubishi UFJ (incumbent).

Director, Senior Managing Executive Officer, Group CFO

Muneaki Tokunari ¹⁷

Mr. Tokunari joined Mitsubishi Trust and Banking in 1982. He became Senior Managing Director of Mitsubishi UFJ Trust and Banking in 2013 and in 2014 Managing Officer of MUFG. In June 2016, he was appointed as Director and Senior Managing Executive Officer of MUFG (incumbent) and Senior Managing Director of Bank of Tokyo-Mitsubishi UFJ (incumbent).

Director, Senior Managing Executive Officer, Group CRO

Masamichi Yasuda ¹⁸

Mr. Yasuda joined the Bank of Tokyo in 1983. In 2014, he became Managing Officer of Bank of Tokyo-Mitsubishi UFJ. He was appointed a Senior Managing Director of the Bank (incumbent) and a Director and Senior Managing Executive Officer of MUFG (incumbent) in 2017.

(Note) Mr. Hiroshi Kawakami, Ms. Yuko Kawamoto, Ms. Haruka Matsuyama, Mr. Toby S. Myerson, Mr. Tsutomu Okuda, Mr. Yukihiko Sato, Ms. Tarisa Watanagase and Mr. Akira Yamate are outside directors defined in Article 2, Item 15 of the Companies Act.

Upgrading the Governance Framework

As of June 29, 2017

Corporate Executive Officers

Kiyoshi Sono
Director
Chairman

Takashi Nagaoka
Director
Deputy Chairman

Mikio Ikegaya
Director
Deputy Chairman

Kanetsugu Mike
Director
Deputy Chairman

Nobuyuki Hirano
Director
President & Group CEO
Group CEO

Tadashi Kuroda
Director
Senior Managing Executive Officer
Group CSO & Group CHRO

Saburo Araki
Senior Managing Executive Officer
Group Head, Corporate Banking Business Group

Muneaki Tokunari
Director
Senior Managing Executive Officer
Group CFO

Eiichi Yoshikawa
Senior Managing Executive Officer
Group Head, Global Business Group

Shigeru Asai
Senior Managing Executive Officer
Group Head, Global Markets Business Group

Akira Hamamoto
Senior Managing Executive Officer
Group CCO & Group CLO

Masamichi Yasuda
Director
Senior Managing Executive Officer
Group CRO

Atsushi Murakami
Managing Executive Officer
Group Head, Retail Banking Business Group

Shigeru Yoshifuji
Managing Executive Officer
Group CAO and General Manager,
Internal Audit Division

Hironori Kamezawa
Managing Executive Officer
Group CIO & Group CDTO

Sunao Yokokawa
Managing Executive Officer
Group Head, Trust Assets Business Group

Executive Officers

Managing Officers

Hiroshi Naruse
Koji Nishimoto
Takami Onodera
Masato Miyachi
Akihiko Nakamura
Iwao Nagashima
Makoto Hayashi
Akio Ninomiya
Yukio Yahagi
Toshihiko Mori
Takayoshi Futae
Naoki Hori
Hidekazu Horikoshi
Masahiro Kuwahara
Tetsuya Nakamura
Tetsuro Shinohara
Satoshi Takizawa
Hitoshi Usui
Tetsuya Yonehana
Stephen Cummings
Kazuo Koshi
Ritsuo Ogura
Kazuto Uchida
Yasushi Ishikawa
Kenichi Miyanaga
Mitsugu Enjoji
Tsutomu Sambai

Executive Officers

Randall Chafetz
Yasushi Itagaki
Atsushi Miyata
Makoto Kobayashi
Naomi Hayashi
Hiroki Kameda
Takanori Sazaki
Junichi Hanzawa
Hideki Kishimoto
Masaki Miyazaki
Hiroshi Takekawa
Minoru Soutome
Hiroyuki Ogata
Yutaka Miyashita
Shigeharu Sanada
Jun Togawa
Takayuki Yasuda
Shuichi Yokoyama
Shinichi Arai
Tai Nishida
Koji Asada
Donna Delloso
Masashi Kanematsu
Chiaki Kitagawa
Masatoshi Komoriya
Takehiko Nagumo
Masashi Onodera

Hideaki Takase
Takenobu Inaba
Yukihiro Yamamoto
Ichiei Kuki
Masayuki Tanaka
Yukinori Shimoguchi
Denise DeMaio
Toru Fujita
Hiroshi Takimoto
Junichi Narikawa
Eiji Ihori
Hisashi Kanamori
Kazuji Tanikawa
Johannes Worsoe
Michael Coyne
Masaki Enomoto
Jiro Omori
Toshihiro Sasaki
Kevin Cronin
Yushi Ando
Yoshihisa Harata
Tomohiro Kimura
Hiroshi Ikebe
Naoki Isetani
Masakazu Osawa
Takuya Tanaka

Global Advisory Board

MUFG has established the Global Advisory Board to function as advisory bodies to the Executive Committee, and the Board holds regular meetings. The Global Advisory Board is made up of members from Japan, Europe, Asia, and the Americas who are external experts in areas such as corporate management, financial regulation, and government policy. They provide advice and recommendations on group-wide management, global governance, business strategy, and other management issues from an independent standpoint.



Mr. John C. Dugan
Partner, Covington Burling LLP
Former Comptroller of the Currency,
United States Treasury Department



Dr. Victor K Fung
Group Chairman, Fung Group,
Hong Kong
Chairman of the Advisory Board, Asia
Global Institute
Former Honorary Chairman, the
International Chamber of Commerce



**Ambassador
John V. Roos**
Former United States Ambassador
to Japan



**Lord (James)
Sassoon, Kt**
Director, Jardine Matheson Holdings
Limited
Former Commercial Secretary to the
Treasury, United Kingdom



**Associate Professor
Simon S.C. Tay**
Chairman of the Singapore Institute
of International Affairs
Former Member of Parliament,
Singapore



**Dr. Gertrude
Tumpel-Gugerell**
Member of Supervisory Board,
Österreichische Bundesbahnen-
Holding AG
Former Member of Executive Board,
European Central Bank



Mr. Toshio Iwamoto
Representative Director,
President and
Chief Executive Officer,
NTT DATA Corporation



Mr. Toru Nagashima
Senior Advisor,
Teijin Limited



Mr. Akio Mimura
Senior Advisor, Honorary Chairman,
Nippon Steel &
Sumitomo Metal Corporation

Outline of Annual Meeting

On December 11 and 12, 2016, MUFG held an annual meeting of its Global Advisory Board in Tokyo.

CEO Session

At the beginning of the meeting, the Group CEO gave a presentation on progress under the current medium-term business plan, the economic outlook, current Japanese government and Bank of Japan policies and the latest trends in FinTech. The presentation was followed by a session in which attendees gave advice on these matters from various angles.



Current Status of and Future Outlook for EMEA

The subsequent session focused on Europe, with Lord (James) Sassoon, Kt., and Dr. Gertrude Tumpel-Gugerell sharing their insights on the repercussions of the United Kingdom's decision to leave the European Union, the future of UK-EU relations, key elections in multiple EU member states and the situation in the Middle East.



With the Brexit's impact on businesses being intensively discussed, attendees spoke about the challenges the European banking industry was facing under the negative interest rate environment, which was akin to the situation in Japan, and strategies to tackle these challenges.

Global Implications of the New U.S. Administration

The EU-centered discussions were followed by a session on the United States. Ambassador John V. Roos and Mr. John C. Dugan gave presentations regarding the new U.S. administration's diplomatic strategies and its stance on the finance industry.

Their knowledge of and insights on these matters helped attendees better understand the implications of the new administration with regard to monetary policies and business sectors.



Political, Economic and Business Environments in China and ASEAN

At a session focused on China and ASEAN nations, Dr. Victor K. Fung and Associate Professor Simon S.C. Tay gave a briefing on the latest situation in these countries, with representatives from partner banks Krungsri, VietinBank and Security Bank participating in vibrant discussions and the exchange of opinions.

The attendees were apprised of local conditions in China and elsewhere in Asia—subjects deserving of close attention when pursuing business development—and discussed the future outlook of economic policies in each country.

Global Financial Regulations

The meeting also involved a session on global financial regulations. External experts provided their insights on the subject, after which attendees engaged in discussions on the impact of recent and future financial regulation reforms on financial institutions, the financial market and actual economies.

Breakout Sessions

In addition to the foregoing, breakout sessions were held under such themes as digital strategies, the global infrastructure market, cyber security and the wealth management business, with officers from Group companies taking part in lively discussions. At these sessions, Global Advisory Board members provided valuable advice and a number of insights that, in turn, have been reflected in MUFG's current strategies in respective areas.

The First Round of MUFG Global Partnership Conference

On the day following the annual Global Advisory Board meeting, top management leaders of MUFG and its investees MUFG Union Bank, N.A., Krungsri, VietinBank and Security Bank—which run commercial banking operations and act as the Company's partner banks—gathered for the first MUFG Global Partnership Conference (MGPC).

After deliberations on the roles and functions of commercial banks amid a changing economic environment and how to ensure smooth collaboration between partner banks, attendees employed case studies to share best practices regarding each region's banking businesses.



Foundations of Corporate Value



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Communicating with Stakeholders	P.82
Risk Management	P.84
Compliance	P.88
Internal Audit	P.89
Responding to Global Financial Regulation	P.90

Initiatives to Build Sustainable Relationships with Customers

Maintaining a customer-centric approach, MUFG is sincerely committed to engaging in fair and transparent corporate activities.

As we aim to live up to the trust and confidence customers have in our operations, we are striving to deliver products and services that accurately meet their needs and, to this end, continuously improving our operations and employee skills based on customer feedback.

Concepts behind MUFG's Customer Relations

Ensuring the consideration of customer's perspectives and being fair and sincere in our undertakings are basics to our business operations.

In line with the Corporate Vision, the Company has established the Principles of Ethics and Conduct, a set of standards each Group officer and employee should apply to their day-to-day business conduct and decisions. Having stated at the top of these principles that we "place our diverse customers at the center of all activities," we are engaging in exhaustive initiatives to be the embodiment of this tenet.

Employee Education Aimed at Responding to Customer Trust and Confidence

Nurturing Employees' Mindsets to Better Respond to Customer Expectations and Encourage Their Personal Growth
MUFG Values Talks

MUFG holds workshops for younger employees from all Group companies in which they explore such awareness-raising themes as "What we should do to get customers to choose us" and "Ideals for MUFG and myself." Such workshops are aimed at fostering their understanding of and identification with the Corporate Vision and the Principles of Ethics and Conduct while encouraging them to take action based on takeaways from discussions.

During fiscal 2016, MUFG held such events on 33 occasions. Approximately 6,000 Group employees have been attending since the beginning of that.



MUFG Values Talk

Reflecting Customer Feedback in Product and Service Quality Improvements

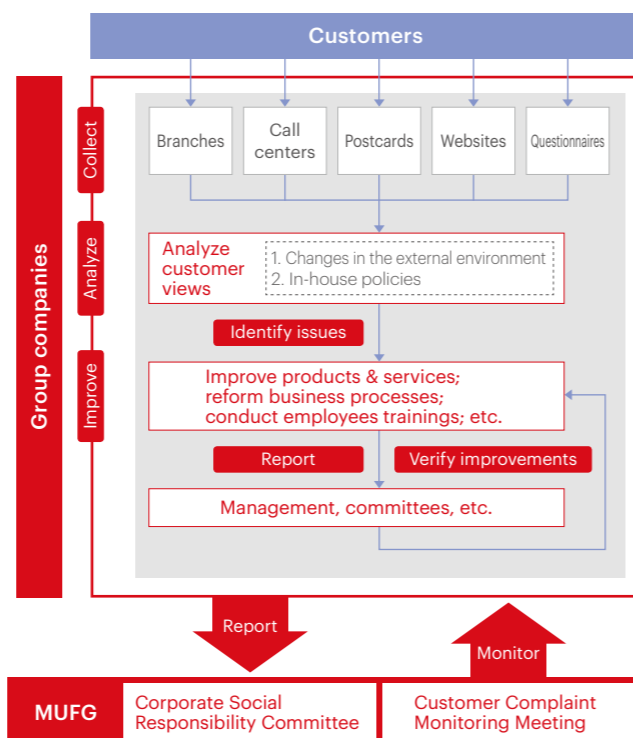
Enhancing Feedback Monitoring System

For MUFG, comments and requests from customers constitute valuable assets. Each Group company is continually collecting, analyzing and sharing what customers have to say in order to improve their products and services.

Moreover, MUFG monitors Group company's initiatives while enhancing its system for handling customer feedback.

In fiscal 2016, the number of such comments and requests received by the five principal Group companies totaled approximately 245,000. We made 463 improvements based on customer feedback monitoring.

* The Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ NICOS and ACOM



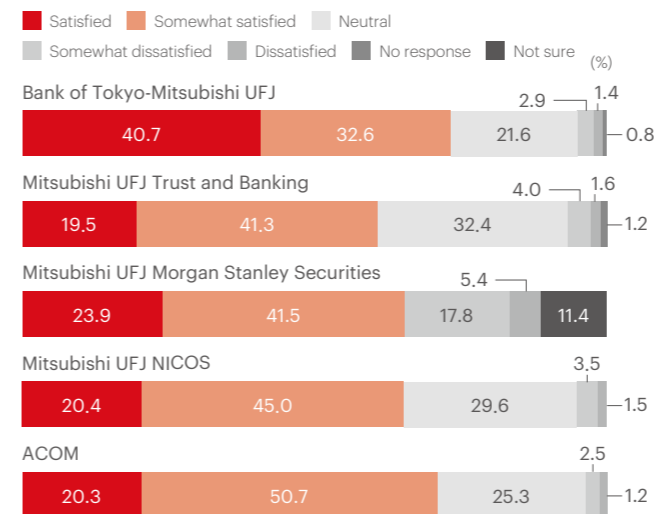
Customer Satisfaction Surveys

We conduct periodic customer satisfaction (CS) surveys, sending out questionnaires by post and conducting online surveys. We also strive to improve questionnaire items, combining overarching Group themes with each group company's-specific themes. In these ways, we assess how customers evaluate our initiatives and whether our services meet customers' expectations.

For detailed results of CS surveys undertaken for individual and corporate customers, please also visit the following page of the Company's website. <http://www.mufig.jp/english/csr/juten/customer/okyakusamanokoe/>

Results of CS Surveys for Individual Customers (November–December 2016)

The surveys indicated that approximately 60% to more than 70% of respondents were "satisfied" or "somewhat satisfied" with our overall services.



Quality Management That Takes into Account the Customer's Perspective

To enhance the quality of our products and services, we closely examine the sufficiency of measures in place to ensure that the customer's perspective is reflected in all aspects of business processes, which range from the planning, development and provision of products and services to after-sales services.

Checklist for Putting the Customer First

1. Accurately meets customer needs.
2. Pros and cons have been clearly laid out for the customer, and cons, if any, have been properly explained.
3. All efforts have been made to make the product easily understandable, including the provision of advertising and information on comparisons with similar products.
4. All actions have been taken to prevent customer complaints from occurring, and measures for responding quickly to complaints have been prepared in the event of their occurrence.
5. Confirmation that our customers' families, like our customers themselves, have no anxieties about our products and services, have been taken.

Training Our Employees to Enhance Their Customer Relation Skills

Each employee strives to enhance their customer relation skills by, for example, attending joint training sessions and business site-based training sessions and viewing tutorial DVDs. Progress in their skills development is periodically confirmed through external monitoring.

Moreover, the Company provides training sessions centered on hands-on experience on how to treat the elderly and people with disabilities, ensuring that attendees learn how to meet such customers' specific needs and are instilled with a spirit of hospitality.



Virtual experience of what it is like to be elderly or a person with a disability

Pursuing Customer-Centric Business Management

MUFG periodically holds Corporate Social Responsibility Committee meetings and Customer Complaint Monitoring Meetings to discuss how to improve our customer evaluations. At these meetings, the officers in charge of customer relations, Group Heads and presidents of Group companies assess how customers evaluate our products and services overall while tackling management issues they face in the course of pursuing even higher evaluations.

In 2017, MUFG established the Fiduciary Duty Promoting Committee under its Executive Committee with the aim of systematically pushing forward with a customer-centric operational approach.

Directing Our Human Resources to Value Creation Initiatives

Operating in regions around the world, MUFG's robust workforce consists of approximately 150,000 people boasting diverse skills and experience. MUFG aims to ensure that all its human resources stay highly motivated and are able to concentrate on duties that lead to the creation of greater value. To that end, the Group is striving to develop a rewarding work environment that enables every employee to live up to their potential as they resolve customer's issues and contribute to the betterment of society.

Human Resources Strategy

The MUFG Human Resources Principles provide the basis which the Group has built a human resources management platform that aligns with its Corporate Vision.

Shared Values

The MUFG Human Resources Principles will be implemented globally across MUFG in alignment with our shared organizational VALUES of "Integrity and Responsibility," "Professionalism and Teamwork" and "Challenge Ourselves to Grow."

HR Mission

The MUFG Human Resources Principles support the achievement of the following HR mission:

- Create a corporate culture that provides colleagues with opportunities for career growth, challenging them to perform well in a professional environment, where the highest standards of integrity are expected.
- Appointing the right person to the right job, in the right place to allow each colleague to maximize his/her career potential.
- Develop talent capable of contributing to the long-term and sustainable growth of our global society.

HR Vision

Be the industry leader in HR management to help MUFG realize its Corporate Vision: Be the world's most trusted financial group.

HR Philosophy

Leverage the following HR philosophies to create consistent HR management practices across all MUFG entities:

- Globally attract and recruit diverse talent that share and live OUR VALUES as members of MUFG.
- Evaluate performance fairly and objectively, considering not only the goals achieved, but also the competencies demonstrated to get the job done. Recognize the importance of factors, such as customer-centric focus, global mindset, and teamwork, to balancing short-term results with sustained long-term performance.
- Reward colleagues competitively and appropriately in alignment with their contributions to MUFG's growth and success - in effect, pay for performance. In addition

to colleague performance, rewards will be reflective of the overall stability of the company and the economy.

- Assess the capabilities and career path of each colleague to place the right person in the right job, to maximize colleague and MUFG success.
- Provide ongoing learning and development opportunities to help each colleague enhance his/her knowledge, skills and experience.

Human Resource Development

MUFG is striving to nurture human resources capable of supporting the long-term development of society at home and abroad.

Along with encouraging each employee to achieve a steeper "growth curve" and create greater value through the execution of duties, we offer a variety of career paths and provide a range of training programs tailored to different job categories and positions. Furthermore, we support highly motivated individuals seeking to develop themselves by providing various opportunities to pursue personal development.

Having made the provision of career paths essential, MUFG is focusing on equipping employees with professional skills and specialist knowledge in the field of finance while nurturing manager candidates through a broad range of managerial assignments that transcend their fields of specialty. We also provide the CFA job rotation program, which involves the transfer of staff between the Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Securities Holdings and its subsidiaries as part of our initiatives to help Group employees acquire robust job experience in areas beyond conventional business category and sector boundaries.

In March 2015, we established the MUFG Global Learning Center as a core human resource training facility for the Group. The establishment of a dedicated facility attests to MUFG's strong commitment with regard to human resource development. A range of people, from top management leaders to new recruits, are constantly present at this facility for the purpose of passing down skills and knowledge to younger employees while inspiring each other to create value.

Looking ahead, we will establish a robust human resource development structure through an organic combination of career paths, employee training and personal development. By doing so, we will ensure that our organizational values, namely, "Integrity and Responsibility," "Professionalism and Teamwork" and "Challenge Ourselves to Grow," are shared and maintained at each workplace across the Group while stepping up the development of future human resources who will eventually spearhead the creation of new value.

Responding to Globalization

MUFG has more than 1,200 business bases in more than 50 countries and regions around the world, with around 40% of its workforce being assigned to locations overseas as of March 31, 2017. Taking these situations into account, MUFG is stepping up the development of a globally unified HR management structure for the Group.

Nurturing Globally Capable Management Candidates

MUFG recognizes that securing and nurturing personnel with international business management know-how as well as highly specialized experts in this field is key to the success of its global business strategy. To that end, the MUFG Talent Council is in place to discuss the criteria for selecting candidates for more than 200 key managerial positions to be filled on a global basis, develop management succession plans and assess the sufficiency of human resources in light of the execution of business strategies.

Enhancing Employee Training Aimed at Nurturing Globally Capable Human Resources

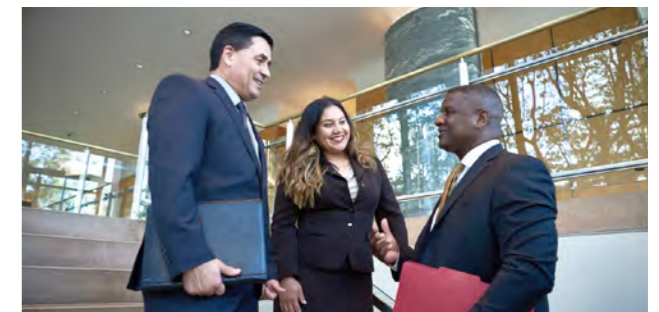
MUFG is providing locally hired staff with job-level based training programs aimed at nurturing professionals in finance. Among these programs is "Global Leaders' Forum" co-hosted by the International Institute for Management Development based in Switzerland. At this forum, divisional head-level employees from each Group company gather and undergo special training aimed at equipping them with the ability to promote the Corporate Vision and management strategies while enhancing their leadership and communication skills in multi-cultural settings.

Stepping up Recruiting Activities on a Global Basis

Facing growing customer needs for more sophisticated services in Japan and overseas, we are acutely aware of the importance of making MUFG an employer of choice among potential recruits in countries abroad. With this in mind, MUFG opened an official account with LinkedIn, the world's largest social network for professionals. Disseminating corporate information via this account, we will establish a corporate image as an excellent company with a decent workplace environment while broadening our access to promising human resources around the globe.

Optimal Staffing on a Global Basis

MUFG offers such in-house job posting schemes as the Global Job Posting Framework to its locally hired staff with the aim of ensuring optimal staffing on a global basis and fostering a sense of unity among Group employees through human resource exchange. Utilizing these schemes, MUFG provides employees who were hired overseas with opportunities to work at locations other than those where they joined, such as in Japan.



Promoting Workforce Diversity

Our Medium- and Long-Term Vision

Be the world's most trusted financial group

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

Our Values

Integrity and Responsibility

Professionalism and Teamwork

Challenge Ourselves to Grow

Our Vision for Initiatives to Promote Diversity

An organization that welcomes people with diverse backgrounds, encourages them to respect and inspire each other and allows them to freely pursue personal growth and career success

Enlighten, Encourage, Empower.
Work together as a Group to exceed customer expectations

Human Resources Strategy

Facilitating a Diversity-Oriented Corporate Culture

MUFG has established the Principles of Ethics and Conduct and compliance manuals that clarify its commitment to nondiscrimination no matter the race, nationality, belief, religion, gender, sexual orientation, gender identity or other grounds and to abstaining from human rights violations. Guided by this commitment, MUFG recognizes a diversity-oriented corporate culture as fundamental to realizing its medium- to long-term vision of becoming the world's most trusted financial group. Specifically, MUFG believes that the Company must create an organization that welcomes people with diverse values, backgrounds and perceptions of work and that encourages them to respect and inspire each other while allowing them to freely pursue personal growth and career success.

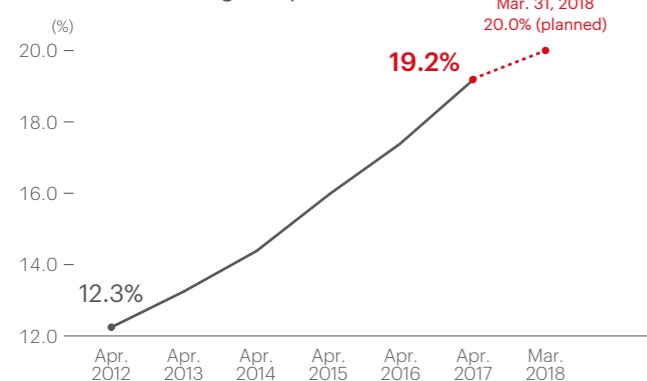
To support the creation of such a culture on a Groupwide basis, MUFG issues the annual Diversity Report, featuring messages from top management and diversity initiatives and best practices undertaken by Group companies. Moreover, since 2010 staff charged with diversity promotion have hosted periodic Global Inclusion & Diversity Forums to share information on their latest accomplishments and engage in discussions about future collaboration.

Assisting Women with Career Development

One of our most urgent diversity issues is promoting women's career development. MUFG has set the goal of raising the ratio of female managers within the Group in Japan to 20%* by the end of March 2018. Furthermore, each Group company has set its own numerical target for the active promotion of its female workers. Thanks to these efforts, the ratio of female managers at MUFG improved to 19.2% as of April 2017.

To help women develop their potential and find success in their careers, each Group company is implementing a variety of supportive initiatives, for example, providing opportunities to interact with executives and build

Ratio of female managers in the entire managerial positions*



* Total of the Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities

Each Company's Targets for the Number of Female Workers in Managerial Positions and Results

		March 2016	March 2017	Targets*1
Bank of Tokyo-Mitsubishi UFJ	Executive Officer	0	0*2	At least 1
	General Manager	4.5%	5.5%	At least 6%
	Chief/Senior Manager	14.2%	16.6%	At least 14%
	Managerial Staff	18.1%	20.1%	At least 22%
Mitsubishi UFJ Trust and Banking Corporation	Line Manager	6.1%	7.0%	At least 8%
	Managerial Staff	20.5%	21.5%	At least 22%
Mitsubishi UFJ Morgan Stanley Securities	Section Manager Class or Above	71	77	At least 120
	Assistant Manager Class or Above	10.9%	11.9%	At least 13%

*1 Target figures for the Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities are set to be achieved by March 31, 2018, 2019 and 2021, respectively.

*2 In May 2017, one female executive officer was appointed (Ms. Chiaki Kitagawa who concurrently serves as General Manager for a retail branch management division)

networks with fellow female employees, implementing career development training and mentoring support for women, and adopting personnel systems allowing women to convert job categories and helping those who left the workforce to get reinstated.

We also provide managers with dedicated training programs to impart methods regarding the oversight of diverse human resources, including working mothers, aiming at raising employees' awareness of the career development assistance that those in managerial positions can provide.



Employment for People with Disabilities

Utilizing its special subsidiary, MUFG is proactively hiring people with disabilities. At each MUFG Group company, people with disabilities are actively working in various offices. As for staffing these people, we work closely with them in order to match their duties to the capabilities and aptitudes of each according to their individual circumstances.

Ratio of Employment for people with disabilities (domestic Group companies)

	Bank of Tokyo-Mitsubishi UFJ	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Morgan Stanley Securities
Ratio of employees with disabilities	2.20%	2.22%	2.28%

* As of April 1, 2017 (statutory employment rates: 2.0%)

Promoting Work Style Reforms

Work-Life Balance

MUFG believes that higher employee satisfaction is reflected in work performance and leads to increased customer satisfaction. MUFG also believes that an employee's job fulfillment is reflected in society and at home, fostering better communities. Therefore, MUFG is striving to help employees strike a good work-life balance in order to create an even more rewarding workplace environment.

Helping Strike a Balance between Work and Child Rearing

Each MUFG Group company is working to help employees strike a balance between work and child rearing by, for example, providing reinstatement support programs, such as training and counseling sessions for employees prior to taking maternity or childcare leave and for employees who are about to be or have been reinstated to the workforce. Each Group company also provides subsidies for childcare and babysitter expenses while enhancing its personnel systems, such as a system to allow eligible employees to shorten working hours. As part of these efforts, MUFG launched a counseling service in February 2017 to assist employees searching for childcare facilities, and opened a company-sponsored childcare facility in April.



Promoting Male Participation in Child Rearing

In general, few men choose to take childcare leave in Japan. Nevertheless, each MUFG Group company offers male workers short-term paid childcare leave to encourage them to participate in child rearing. We also distribute tips on child rearing as well as benefits so that men can play significant roles in the lives of children in their care. Thanks to these efforts, the number of male employees who took short-term paid childcare leave considerably grew from 256 in fiscal 2015 to 613* in fiscal 2016.

* Total of the Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities

Helping Strike a Balance between Work and Nursing Care

With the rapid aging of Japan's society, nursing care is an issue that any employee might one day confront. To help employees strike a balance between work and nursing care, MUFG holds seminars aimed at raising their awareness of the importance of being ready to prepare for this issue even before it emerges and imparting basic knowledge on nursing care. By doing so, we help employees smoothly engage in nursing care whenever necessary.

Work Style Reforms

Each MUFG Group company promotes Work Style Reforms. Specifically, we employ feedback from employees gleaned in town hall and working group meetings to promote structural reforms aimed at revising procedures and working practices that had to that point been resistant to change. We are also striving to realize more flexible working styles, including earlier shifts, flextime and staggered working times, and allowing eligible employees to work from home. By doing so, we hope to improve productivity while simultaneously preventing excessive overtime.

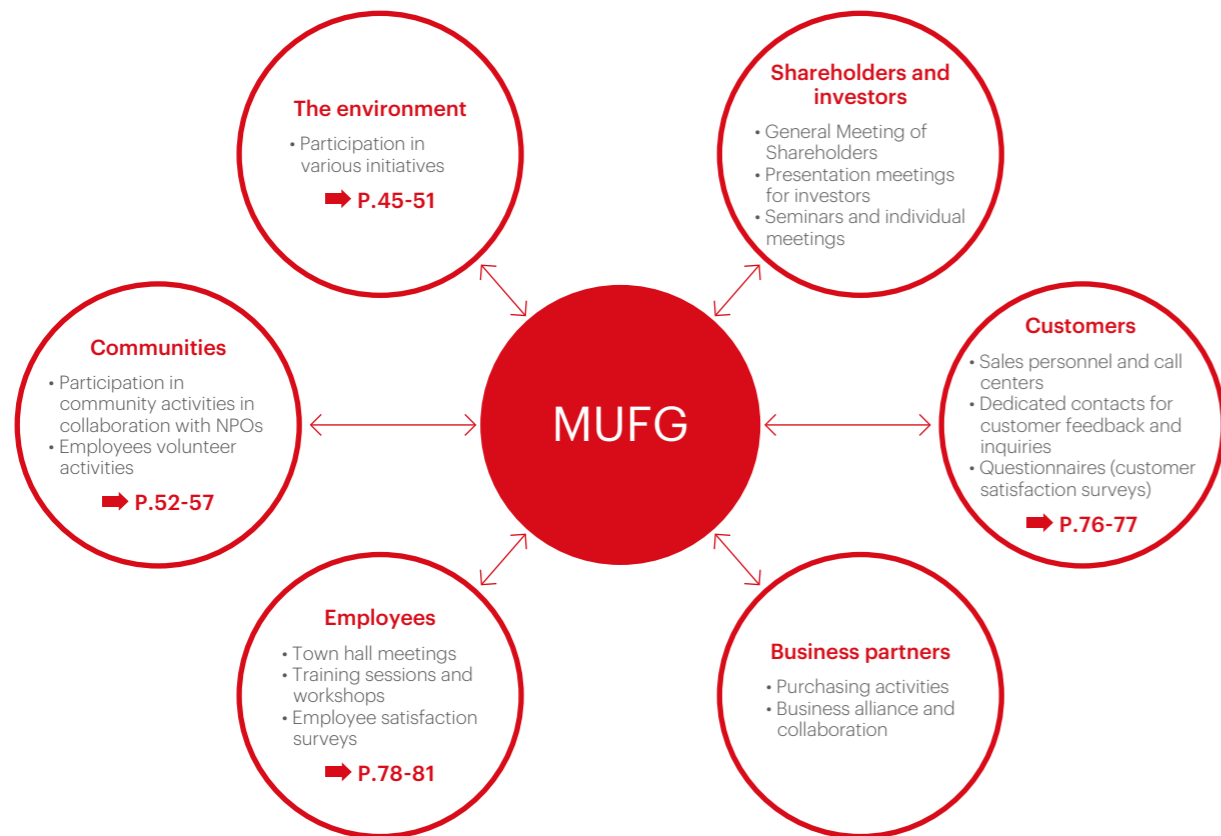
Furthermore, we are working to equip our managers with the flexibility to take into consideration and accommodate the private circumstances of individual staff members under their supervision and thereby maximize the potential and motivation of their staff. We believe that increasing the number of such flexible managers is a key part of enhancing organizational productivity. Guided by this belief, the Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Morgan Stanley Securities have become participants in the "IkuBoss Corporate Alliance," a networking initiative sponsored by Fathering Japan, an NPO aimed at encouraging men to play a greater role in childrearing. Participation in the alliance with like-minded domestic corporations, which are proactively striving to raise managers' awareness and equip them with ideal traits as future business leaders, better positions the Company to create an open and inclusive working environment that allows diverse people to freely pursue professional success.



Enhancing Our Corporate Value through Committed Engagement with Stakeholders

MUFG believes that winning the support of its various stakeholders is essential to securing sustainable growth in its business activities and thus its corporate value. In line with this belief, we engage with stakeholders via a variety of channels and take heed of their expectations and requests to make improvements in our business management.

MUFG's Channels for Communication with Stakeholders



Engagement with Communities, Local Societies and the Environment

MUFG employees proactively participate in volunteer activities and local events as members of the communities they serve. Such efforts are intended to enhance interaction with other community members and nurture ties with them.

Meanwhile, MUFG engages with NGOs and NPOs that work to resolve issues society is confronting, incorporating the insights and advice such bodies provide into its own CSR activities. Moreover, MUFG takes part in the Global Compact Network Japan's subcommittees and other similar initiatives to engage in dialogue with other participants, study their best practices and remain informed of the latest developments related to social issues. In these ways, the Company is striving to help resolve such issues.



Park cleaning up and renovation work with the Student Conservation Association

Dialogue with Shareholders and Investors

General Meeting of Shareholders

The 12th Annual General Meeting of Shareholders was held on June 29, 2017. The number of attendees: 2,150

In addition to a presentation on the past fiscal year and a report on the Company's key business strategies and capital policies, the meeting entailed lively Q&A sessions, with MUFG executive officers and Group CEO providing answers to questions from 12 shareholders. The meeting provided an excellent opportunity to interact with shareholders and enhance mutual understanding.



The 12th Annual General Meeting of Shareholders

Large meetings for individual investors

Held on seven occasions in fiscal 2016; approximately 1,360 attendees

Large meetings for institutional investors

Held on 12 occasions in fiscal 2016

One on One meetings with institutional investors

Held on 557 occasions in fiscal 2016 (Of those, 387 meetings with overseas investors)



Large meeting for individual investors

Dialogue with Employees

The Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities Holdings and its subsidiaries as well as Mitsubishi UFJ NICOS hold town hall meetings and round-table conferences aimed at enhancing mutual understanding between top management and employees.

In addition, MUFG is periodically conducting employee satisfaction surveys to reflect voices of employees in its business management.



Mitsubishi UFJ Morgan Stanley Securities



Mitsubishi UFJ Trust and Banking



Mitsubishi UFJ NICOS

Risk Management

Basic Policy

Since the 2008 financial crisis, financial institutions have been compelled to adopt more comprehensive and sophisticated risk management systems. This risk management function has also grown in importance for MUFG as a global bank with subsidiaries spanning the commercial, trust and investment banking sectors.

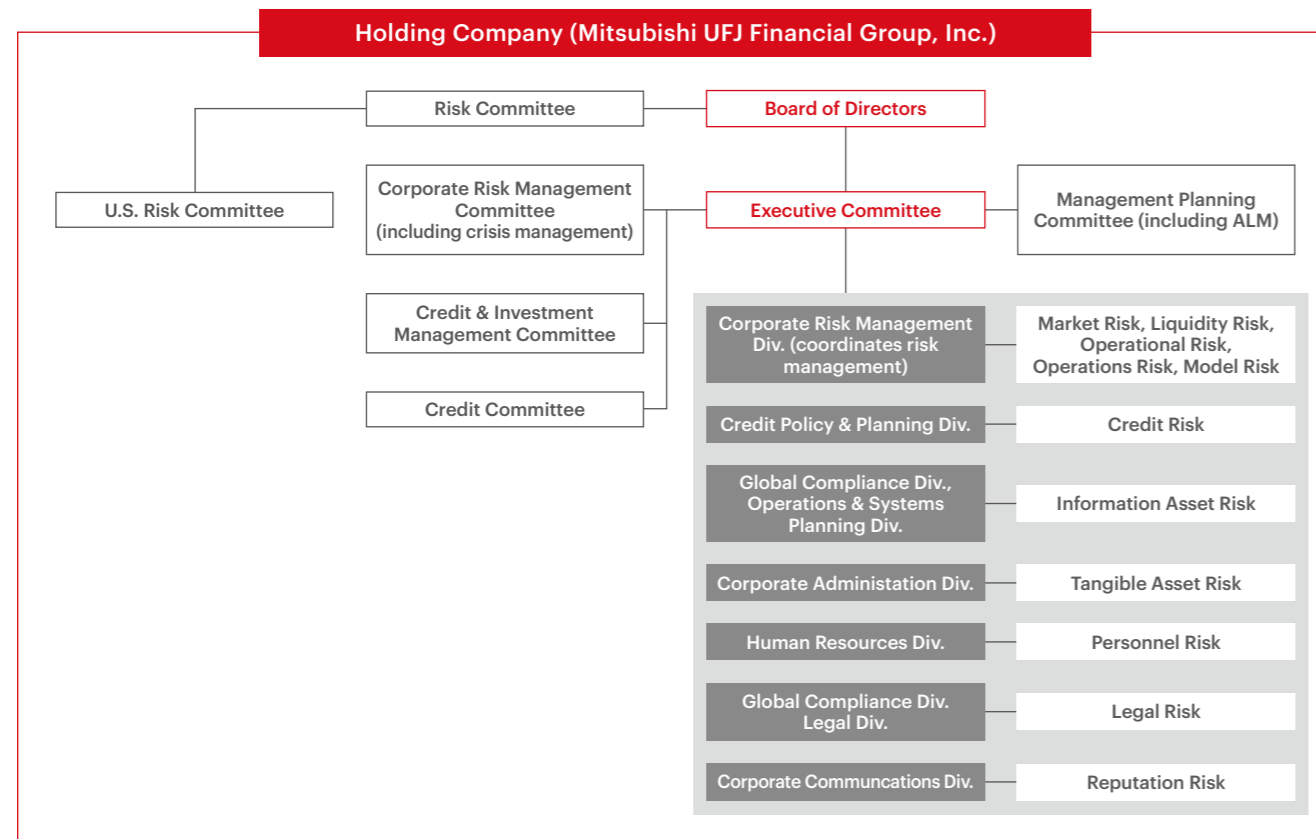
MUFG aims to strengthen its Group risk management through the diffusion of a risk culture that strengthens the structure of Group business management as well as integrated risk management. Our goal is effective risk governance which is consistent across regions, subsidiaries and the holding company.

Furthermore, the Risk Appetite Framework 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.

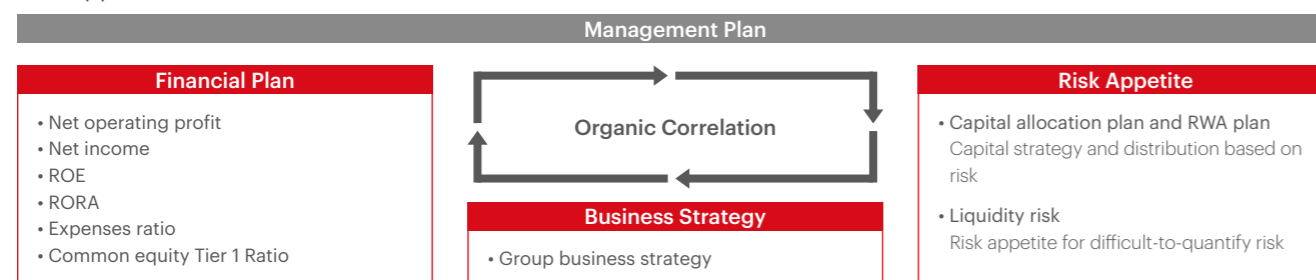
Risk Appetite Framework

The Risk Appetite Framework aims to clarify MUFG's risk appetite (types and amount of risks 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.

Risk Management System



Risk Appetite Framework



Risk Appetite Framework Management Process

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.

The process to set and manage risk appetite is set out below. In order to effectively implement the Risk Appetite

Framework, risk evaluation and verification procedures (capital allocation system, stress tests, Top Risk management) will be applied at every stage of the management planning process.

Furthermore, even after the plan is formulated, we are ready to take immediate actions in emergency situations through monitoring of the set risk appetite.

Risk Appetite Setting and Management Process



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 dynamic approach, promoting stable profits commensurate with risk as well as the appropriate allocation of resources.

Enterprise risk management is composed of three main strands: the capital allocation system, stress tests and Top Risk management.

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 as MUFG monitors to preserve financial soundness, evaluate capital adequacy versus risk, and judge impact on overall capital strategy.

• Stress Tests for capital adequacy assessment

In formulating its business strategy, MUFG regularly assesses its internal capital adequacy through stress tests based on two perspectives: regulatory capital, based on capital adequacy regulations (Basel III), and its own economic capital, based on internal risk assessment.

Stress tests analyze both the internal and external environment, and use three-year-period preventative scenarios.

• Liquidity stress test

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 are examined to respond to short-term fund outflows or long-term structural changes in the balance sheet with a view to ensuring there is no funding shortage.

Top Risk Management

The potential losses that emerge from scenario analysis are classified as risks and then their relative importance is weighed according to degree of impact and probability (internal and external factors). The risks that need to be watched most closely over the next year are classified as Top Risks and a risk map is created to allow preventive risk management.

By identifying Top Risks, MUFG and its affiliates can discuss countermeasures to mitigate the potential impact and then respond dynamically when they actually emerge. As Top Risks are discussed Groupwide, including management, consistent risk recognition is maintained widely throughout the Group and effective solutions implemented. As an example, in the Top Risk report submitted to our Board of Directors via the Corporate Risk Management Committee in March 2017, "Decline in profitability of Net Interest Income (NII)" was cited as a major Top Risk.

Major Top Risks

Risk incidents	Risk scenarios*
A decline in profitability (including a decline in profitability of Net interest income)	<ul style="list-style-type: none"> Decline in profitability of net interest income due to negative interest rate policy. Decline in overall profitability due to constraints on balance sheet size caused by regulatory factors.
Foreign currency liquidity risk	<ul style="list-style-type: none"> Depletion of foreign currency liquidity or significant increase in its cost due to deterioration of market conditions.
An increase in credit costs	<ul style="list-style-type: none"> Globally, concerns about concentration risk may be heightened against the backdrop of low interest rates globally, the influx of money due to quantitative easing, and the tendency of financial institutions to chase yields. This may push up inter-risk correlation and sensitivity in the credit portfolio to an unprecedented degree, causing an increase in credit costs.
IT risk	<ul style="list-style-type: none"> Customer information leakage and reputational damage due to cyber-attack. Payment of compensation costs and reputational damage due to system failure.
Risk associated with money laundering and economic sanctions	<ul style="list-style-type: none"> Regulatory issues such as the infringement of anti-money laundering regulations or applicable regulations related to economic sanctions could lead to legal actions such as business suspension or civil fines, and reputational damage.

* Note: The aforementioned risk scenarios are examples of scenarios reported to MUFG's Board of Directors after being discussed at a Risk Committee meeting held in March 2017. These scenarios include types of incidents that are not necessarily specific to MUFG and can happen to business corporations in general.

Enhancing the Effectiveness of Risk Management

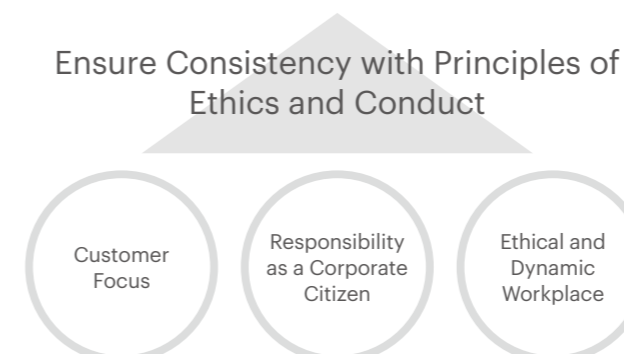
Effective risk management and a strong Risk Appetite Framework depend on a Risk Culture which enables meaningful discussion and clear communication throughout the Group.

Developing and Diffusing a Risk Culture

MUFG defines a Risk Culture as the basic approach which specifies how to take risks and risk management for MUFG's organizational and individual behaviors. While maintaining consistency with Principles of Ethics and Conduct in risk management, it is stated in the risk appetite statement. A Risk Culture is established for credit business, market business and overall business and then formulated in the Risk Appetite Statement. In order to share this Risk Culture throughout the Company, management issues regular strategic messages and holds regular meetings globally.

MUFG's Risk Culture

Sincerity	Taking a consistently customer-centric approach, we are committed to engaging in fair and transparent corporate activities, properly handling assets customers entrust to us and protecting customers' interests from undue damage.
Quality	With the aim of retaining the lasting trust of customers, we practice thoroughgoing quality management and improvement measures across all aspects of our business processes, from planning and development to the provision of products and services. Through these efforts, we satisfy diverse customer needs and deliver high quality services that exceed expectations.
Responsibility	In addition to complying with all laws, regulations and rules enforced in Japan and countries abroad, we choose always to take the higher moral ground, thereby contributing to the maintenance of stable and trustworthy financial systems and the sound development of society.
Respect	Every MUFG Group employees remains a committed professional with a strong sense of personal responsibility and the deepest respect for their colleagues.



Risk Appetite Statement

The Risk Appetite Statement elucidates the Risk Appetite Framework which embodies MUFG's attempts to achieve an integrated group strategy along with effective risk management. The Risk Appetite Statement contains an overview of the Risk Appetite Framework (basic policy and management process) as well as specific business strategies, financial plans and risk appetite details.

A summary of the Risk Appetite Statement is distributed throughout the Group in an effort to spread the basic philosophy behind the Risk Appetite Framework.

Through the penetration of risk culture and risk appetite framework, we will take actions in anticipation of environmental changes both inside and outside of the Group, while the uncertain environment continues.

Compliance

Basic Policy

We have clarified our Group mission, long-term vision and shared values in the Corporate Vision and expressed our commitment to meeting the expectations of customers and society as a whole. Furthermore, we have established the Principles of Ethics and Conduct as the guidelines for how the Group's directors and employees act to realize the Corporate Vision. This 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.

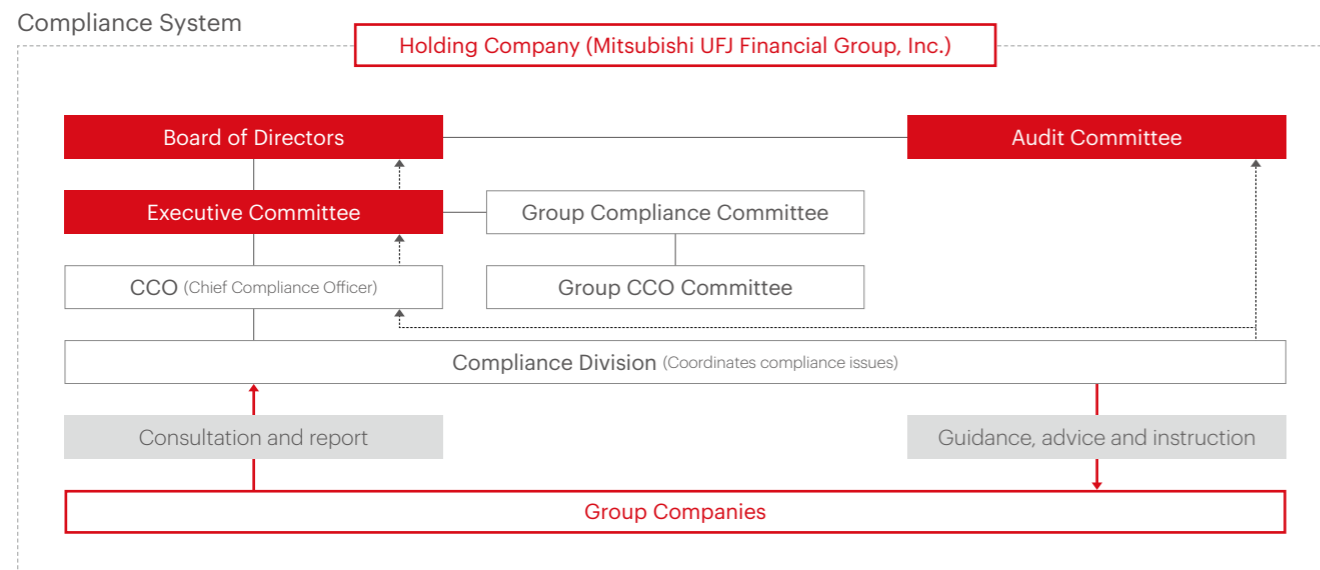
In addition, as we expand our business globally, we are committed to keeping abreast with developments in the laws and regulations of the jurisdictions in which we operate, including those targeting money laundering and bribery, as well as competition laws, while paying attention to trends in financial crimes.

Compliance System

Compliance management divisions have been established at the holding company Mitsubishi UFJ

Financial Group, and at Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities Holdings (referred to as the three companies below). 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.

The holding company has the Group Compliance Committee while the three companies have Compliance Committees which deliberate important matters related to compliance. Additionally, the holding company has the Group Chief Compliance Officer (CCO) Committee composed of the CCO of the holding company and CCOs of the three companies. This committee deliberates important matters related to compliance and compliance-related issues for which the Group should share a common understanding.



Practicing MUFG's Corporate Vision and Principles of Ethics and Conduct

In addition to strictly abiding by laws and regulations, every financial institution has a duty to remain acutely aware of and sincerely comport itself in line with the expectations of customers and society. With this in mind, MUFG periodically holds training sessions aimed at developing corporate culture that does not tolerate injustice and to instill in employees a customer-first attitude focused on delivering value that satisfies customers. In these sessions,

participants are asked to reflect on their experience and assess whether their decisions and actions reflect the Corporate Vision and Principles of Ethics and Conduct. At the same time, they hear their peers' views on the subject and are given time to reflect on what they learn. The sessions often involve lively discussions that afford valuable insights into what is it like to apply compliance principles in the course of day-to-day operations.

Internal Audit

Role of Internal Audit

Internal audit functions within MUFG seek to verify the adequacy and effectiveness of internal control systems from a standpoint independent of the operating functions. This includes monitoring the status of risk management and compliance systems, which are critical to the maintenance of sound and appropriate business operations. Internal audit results are reported to senior management. An additional role of internal audit is to make suggestions to help improve or rectify any issues or specific problems that are identified.

Group Internal Audit Framework

The holding company has instituted MUFG's internal audit policy to define the policy, function, and organizational position of internal audits. Separate internal audit divisions have been created within the holding company and certain subsidiaries. Through close cooperation and collaboration among the internal audit divisions of the holding company and these subsidiaries, these internal audit divisions provide coverage for the Group and also support the board of directors of the holding company in monitoring and overseeing all MUFG operations.

In addition to having primary responsibility for initiating and preparing plans and proposals related to internal audits of the Group, the internal audit division at the holding company monitors and, as necessary, guides, advises, and administers the internal audit divisions of subsidiaries and affiliated companies.

The internal audit divisions within the major subsidiaries conduct audits of the respective head office and branch operations of these companies. In addition, each of these internal audit divisions undertakes direct audits of their respective subsidiaries, and monitors and oversees the separate internal audit functions established within them. This helps to evaluate and verify the adequacy and effectiveness of internal controls within MUFG on a consolidated basis.

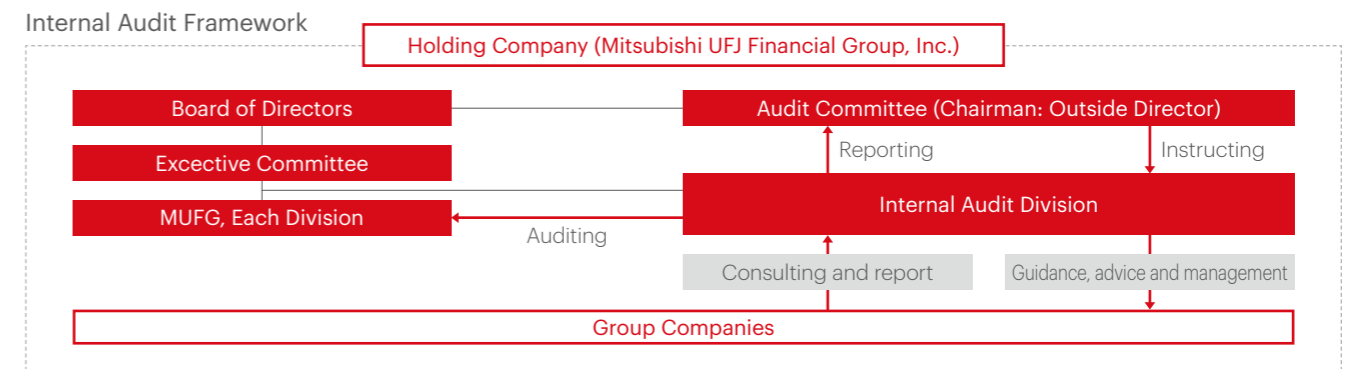
Implementing Effective and Efficient Internal Audit

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. The internal audit divisions ensure that audit personnel attend key meetings, collect important internal control documents and access databases to facilitate efficient off-site monitoring.

Reports to the Audit Committee

The holding company has an audit committee within its board of directors as required by the Companies Act of Japan, and each of the major subsidiaries has an Audit & Supervisory Committee or a voluntarily established audit committee.

Within each of the holding company and the major subsidiaries, the internal audit division reports to the committee on important matters including the results of the internal audits and basic policies for planning internal audits.



Enhancing the Effectiveness of Internal Audits

As a G-SIB, MUFG is obligated to strictly verify the effectiveness of all its internal control systems. Accordingly, a variety of initiatives are being carried out to enhance the effectiveness of internal audits. For example, MUFG has initiated data analysis employing CAAT* as part of initiatives that proactively introduce new auditing methodologies that enable the Company to detect flaws not otherwise identifiable through conventional auditing methods. MUFG also adopted cutting-edge audit standards in the area of

cyber security as it is well aware of the significance of risk deriving from shortfalls in this field. To develop human resources charged with auditing, we encourage employees to acquire such international certification as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and Certified Anti-Money Laundering Specialist (CAMS), with the aim of enhancing the specialist skills of members of these divisions and accumulating relevant expertise.

* Computerized Accounting and Auditing Techniques

Responding to Global Financial Regulation

Since the global financial crisis of 2008, financial institutions have been required to hold to stricter standards of financial soundness and management discipline. New regulations have been introduced and existing regulations, including capital adequacy ratios, have been tightened in the quest to establish a more stable financial system. At the same time, new challenges and issues have been thrown up in the process. In this section we look at the trend for global financial regulation and our response.

Trend in Global Financial Regulation

<p>2007</p> <ul style="list-style-type: none"> U.S. housing bubble bursts 	<p>Fragility of financial system spurred stronger global regulation</p> <p>As subprime loans to low-income households in the U.S. went bad, Lehman Brothers (which held a large number of subprime-related financial products) filed for bankruptcy. This caused a sharp contraction of credit in the global financial markets and exposed the fragility of the financial system.</p>
<p>2008</p> <ul style="list-style-type: none"> Lehman Brothers collapse 	
<p>2010</p> <ul style="list-style-type: none"> European sovereign debt crisis Announcement of Basel III 	<p>New regulations to ensure the soundness of banks engaging in international business</p> <p>In 2010, the Basel Committee on Banking Supervision (composed of representatives from the main bank supervisory agencies around the world) introduced Basel III, designed to ensure the continued soundness of major banks engaging in international business. It has three main elements.</p>
<p>2013</p> <ul style="list-style-type: none"> Start of application of capital adequacy ratio requirements (to be phased in up to 2019) 	<p>Capital ratio requirements</p> <p>Banks must keep their capital adequacy ratios above a certain level in relation to risk-based exposure (risk-weighted assets).</p>
<p>2015</p> <ul style="list-style-type: none"> Start of application of Liquidity Coverage Ratio (LCR) 	<p>Leverage ratio</p> <p>Banks must keep their capital adequacy ratios above a certain level in relation to non-risk-based exposure (total assets shown on financial statements and off-balance-sheet assets).</p>
<p>2018 (Internationally agreed-upon deadline)</p> <ul style="list-style-type: none"> Start of application of leverage ratio requirements Start of application of Net Stable Funding Ratio (NSFR) 	<p>Liquidity requirements</p> <p>This is composed of the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).</p> <p>LCR: Banks must keep liquid assets that can be converted easily and immediately into cash above a certain level in order to cover any fund outflows.</p> <p>NSFR: Banks must maintain stable funding sources (which can effectively respond to stress for one year) above a certain level.</p>

MUFG's Response

MUFG has already fulfillment of levels required by the end of March 2019

As the table at right shows, MUFG is in compliance with the levels required by end-March 2017 and it has already reached the levels required by end-March 2019.

In addition, calculation methodologies for capital and leverage ratios are at the center of global discussion. (See also the next page for details.)

	Results March 31, 2017	Required level March 31, 2017	Required level March 31, 2019
Common Equity Tier 1 Capital Ratio	11.76%	6.5%	8.5%
Tier 1 Capital Ratio	13.36%	8.0%	10.0%
Total Capital Ratio	15.85%	10.0%	12.0%
Liquidity Coverage Ratio	137.9%	80.0%	100.0%
	Results March 31, 2017	Required level* From March 2018 onward	
Leverage Ratio	4.81%	3.0%	

G-SIBs Facing Demand for Ever More Stringent Compliance

1. Surcharge on required capital ratio

G-SIBs (Global Systemically Important Banks) are banks whose failure would have a major impact on the global financial system according to the Financial Stability Board whose membership derives from financial supervisory authorities around the world. Basel III stipulates a surcharge on the required capital ratio of G-SIBs (from 1.0% to 3.5%) to be phased in from 2016. This would represent a surcharge of 1.5% for MUFG up to 2019 under the current bucket allocation.

Bucket	Capital Surcharge	Members
Bucket 5	3.5%	Barclays (U.K.)
Bucket 4	2.5%	Citigroup (U.S.), JP Morgan Chase (U.S.)
Bucket 3	2.0%	Bank of America (U.S.), BNP Paribas (France), Deutsche Bank (Germany), HSBC (U.K.)
Bucket 2	1.5%	Goldman Sachs (U.S.), Industrial and Commercial Bank of China (China), MUFG (Japan) , Wells Fargo (U.S.)
Bucket 1	1.0%	18 Banks

2. Requirement to secure greater Total Loss Absorbing Capacity (TLAC)

In addition to Basel III capital requirements, the upcoming regulations, which will be enforced in 2019, will oblige G-SIBs to acquire additional capital and liabilities that meet certain subordinated conditions (TLAC-eligible liabilities). These regulations are intended to ensure orderly resolution without injecting public funds when G-SIBs fail.

	From 2019 onward	From 2022 onward
TLAC risk-weighted asset minimum	16%	18%
TLAC leverage ratio exposure minimum	6%	6.75%

MUFG's Stance on Global Financial Regulations

In order to avoid a reprise of the financial crisis, reform and strengthened regulations are required both for individual institutions and the system as a whole. On the other hand, we must ensure that the new regulations do not bring uncertainty to both financial markets and the real economy or hamper healthy development and innovation. It is therefore necessary to carefully consider the impact of new

Key Issues Going Forward

MUFG is paying close attention to developments related to the following three issues involving current global financial regulations.

- International discussions pertaining to risk-weighted asset measurement methodologies and the current regulatory framework governing the leverage ratio have yet to yield an agreement, despite initial projections suggesting that a conclusion would be reached by the end of 2016. The earlier finalization of these revisions is awaited.
- Financial authorities worldwide were focused on formulating new regulations for some time following the latest financial crisis but have now shifted that focus to monitoring the effectiveness of said regulations since enactment. In fact, the Financial Stability Board and other relevant organizations are undertaking assessments of the impact of new regulations. If these assessments reveal unexpected consequences or shortfalls vis-à-vis the regulations' intended effects, there will be a need for readjusting the content of the regulations in question.
- Authorities in certain regions have been found to be making country-specific modifications to internationally agreed standards, thus creating local versions that are more lenient or stringent than global regulations. In addition, some global regulations have yet to be enacted in certain countries despite international agreements to that effect. MUFG believes that such fragmentation of financial regulations must be avoided in order to maintain a level playing field among financial institutions.

1. Review of risk-weighted asset measurement methodologies

Capital ratio = capital / risk-weighted assets
Review of measurement methodologies for each risk
Review of capital floor

2. Review of regulatory framework for leverage ratio

Leverage ratio = capital / exposure (total assets shown on the balance sheet and off-balancesheet assets).
Review of measurement methodologies for denominator (exposure)
Surcharge on the required leverage ratio of G-SIBs

Five-Year Major Financial Data (FY 2012-FY 2016)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Currency exchange rate (USD/JPY) (yen)	94.05	102.92	120.17	112.68	112.19

Statement of income data:

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Gross profits before credit costs for trust accounts	3,634.2	3,753.4	4,229.0	4,143.2	4,011.8
Net interest income	1,816.8	1,878.6	2,181.6	2,113.5	2,024.4
Trust fees excluding credit costs	95.1	108.4	111.4	117.0	122.0
Net fees and commissions	1,042.2	1,160.3	1,308.6	1,320.5	1,328.4
Net trading profits	288.2	362.0	352.9	306.3	290.0
Net other business profits	391.7	244.0	274.3	285.6	246.7
Net gains (losses) on debt securities	336.7	142.8	115.1	132.9	56.8
General and administrative expenses	2,095.0	2,289.3	2,584.1	2,585.2	2,593.5
Expenses ratio	57.6%	60.9%	61.1%	62.3%	64.6%
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,539.2	1,464.1	1,644.9	1,557.9	1,418.2
Total credit costs	115.6	(11.8)	161.6	255.1	155.3
the Bank and the Trust Bank combined ¹	65.3	(35.1)	71.1	103.7	47.9
Net gains (losses) on equity securities	(53.6)	144.5	93.1	88.3	124.9
Gains (losses) on sales of equity securities	33.6	157.5	97.9	113.6	127.4
Losses on write-down of equity securities	(87.3)	(12.9)	(4.8)	(25.3)	(2.5)
Profits (losses) from investments in affiliates	52.0	112.4	159.6	230.4	244.4
Other non-recurring gains (losses)	(77.7)	(38.2)	(23.0)	(82.0)	(271.4)
Ordinary profits	1,344.1	1,694.8	1,713.0	1,539.4	1,360.7
Net extraordinary gains (losses)	9.6	(151.7)	(98.2)	(40.7)	(57.5)
Total taxes	395.7	439.9	467.7	460.2	342.1
Tax burden ratio	29.2%	28.5%	28.9%	30.7%	26.2%
Profits attributable to non-controlling interests	105.3	118.1	113.2	87.1	34.6
Profits attributable to owners of parent	852.6	984.8	1,033.7	951.4	926.4

Balance sheet data:

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total assets	234,498.7	258,131.9	286,149.7	298,302.8	303,297.4
Loans and bills discounted	91,299.5	101,938.9	109,368.3	113,756.3	109,005.2
Securities	79,526.8	74,515.5	73,538.1	69,993.8	59,438.8
Total liabilities	220,979.0	243,019.0	268,862.2	280,916.1	286,639.0
Deposits	131,697.0	144,760.2	153,357.4	160,965.0	170,730.2
Negotiable certificates of deposit	14,855.0	15,548.1	16,073.8	11,591.5	11,341.5
Total net assets	13,519.6	15,112.8	17,287.5	17,386.7	16,658.3
Total shareholders' equity	10,578.3	11,346.2	11,328.6	11,855.8	12,318.8
Retained earnings	6,267.9	7,033.1	7,860.4	8,587.5	9,278.5
Total accumulated other comprehensive income	1,158.2	1,709.7	3,989.2	3,602.1	2,961.3
Non-controlling interests	1,774.1	2,048.1	1,961.3	1,920.5	1,377.7

Financial Ratios

Common Equity Tier 1 Capital ratio ²	11.60%	11.18%	11.09%	11.63%	11.76%
Tier 1 Capital ratio ²	12.63%	12.37%	12.58%	13.24%	13.36%
Total Capital ratio ²	16.53%	15.43%	15.62%	16.01%	15.85%
Dividends per share (DPS) (yen)	13.0	16.0	18.0	18.0	18.0
Dividend payout ratio	22.0%	23.4%	24.6%	26.3%	26.4%
Book-value per share (BPS) (yen)	800.95	893.77	1,092.75	1,121.07	1,137.78
Earnings per share (EPS) (yen)	58.99	68.29	73.22	68.51	68.28
ROE MUFG definition	8.77%	9.05%	8.74%	7.63%	7.25%
ROE TSE definition	7.96%	8.05%	7.38%	6.18%	6.02%
Total number of ordinary shares (excluding own shares) (billion shares)	14.155	14.161	14.017	13.788	13.462
Share price (fiscal year-end) (yen)	558	567	743.7	521.5	699.7
Market capitalization ³ (trillions of yen)	7.8	8.0	10.4	7.1	9.3
PBR ³ (times)	0.69	0.63	0.68	0.46	0.61
PER ³ (times)	9.4	8.3	10.1	7.6	10.2

¹ Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + Mitsubishi UFJ Trust and Banking Corporation (non-consolidated) (without any adjustments)

² The risk-adjusted capital ratios and the amounts of components thereof prior to FY 2014 reflect corrections of errors discovered in the risk weighting applied to certain assets, mostly residential mortgage loans, and certain other adjustments made under Basel I standards to obtain amounts that were used for floor adjustments in determining the amounts of risk-weighted assets under Basel III standards.

³ Figures based on fiscal year-end share price

Financial Review for Fiscal 2016

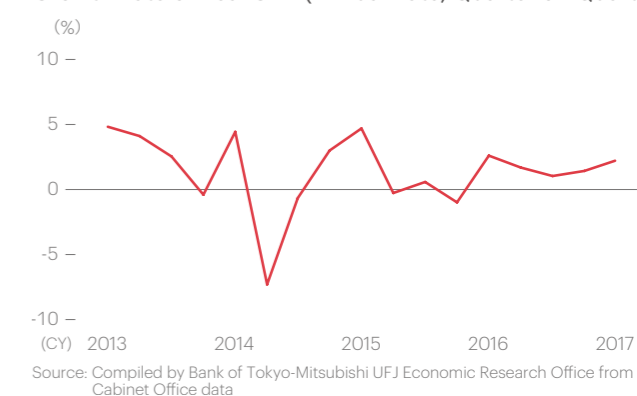
Financial and Economic Environment

An overview of the financial and economic environment for fiscal year 2016 shows the global economy generally maintained a moderate recovery, particularly in developed countries. This was despite deep uncertainties arising from China's structural adjustment, as well as fluctuations in international financial markets due to key events such as the UK's vote to leave the EU and the advent of the new US administration. The US economy continued its self-sustained recovery, driven mainly by domestic demand, which was supported by improved employment conditions. However, the recovery in production and capital investment was a little slow in the corporate sector. In Europe, domestic demand continued to pick up, supported by improved employment conditions and low interest rates, despite an increase in uncertainty stemming from the UK's vote to leave the EU and NPL problems in Southern European countries. On the whole, the Asian economy was solid, particularly in ASEAN (Association of Southeast Asian Nations). However, each country's exports were pushed down by the economic slowdown in China, which has been undergoing structural adjustment.

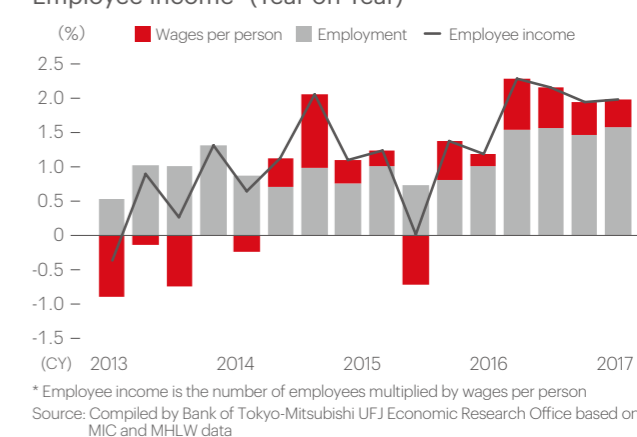
Under such circumstances, Japan's economy maintained a moderate recovery throughout the fiscal year, yet some areas experienced a delay in improvement. Private consumption continued to grow, albeit slowly, on the back of an increase in employment and wages; meanwhile, residential investment also remained strong. Capital expenditure continued to increase gradually, underpinned by an upturn in exports and production, although it was held back temporarily by a slowdown in corporate earnings growth caused by yen appreciation in the first half of the fiscal year. Public demand was almost flat. Turning now to financial conditions, there were large fluctuations in foreign exchange rates and stock prices in Japan. During the first half of fiscal year 2016, the Japanese yen continued to appreciate against the US dollar and Japan's stock market was weak against a backdrop of uncertainties surrounding the global economy. However, after the US presidential election, the Japanese yen depreciated sharply and stock prices surged due to high expectations brought about by the new administration. Towards the end of the fiscal year, the Japanese yen appreciated again. As for interest rates, the US Federal Reserve raised interest rates in December and March; whereas the Bank of England reduced interest rates in August after the national referendum and the European Central Bank retained its monetary easing policy.

Additionally, the Bank of Japan maintained its aggressive monetary easing stance with the introduction of "Quantitative and Qualitative Monetary Easing with Yield Curve Control" in September, resulting in continued, low, long-term interest rates.

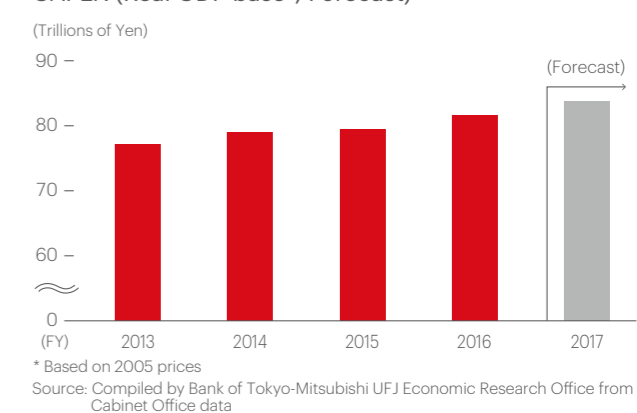
Growth Rate of Real GDP (Annual Rate, Quarter on Quarter)



Employee Income* (Year on Year)



CAPEX (Real GDP base*, Forecast)



Interest rate, Foreign exchange, and Stock prices



Financial Review for Fiscal 2016

Consolidated Earnings Summary

Consolidated Net Operating Profits

Consolidated gross profits for the fiscal year ended March 31, 2017 decreased ¥131.3 billion from the previous fiscal year to ¥4,011.8 billion. Despite robust revenues from loans and deposits and fees and commissions in overseas operations, the decrease in consolidated gross profits was mainly attributable to a decrease in net interest income from domestic loans and deposits under the near-zero interest rate environment in Japan, sluggish investment product sales, a decrease in gains on debt securities and a decrease in JPY value due to the appreciation of JPY against other currencies.

General and Administrative expenses for the fiscal year ended March 31, 2017 increased ¥8.2 billion from the previous fiscal year to ¥2,593.5 billion, mainly due to higher expenses for regulatory compliance purposes despite lower domestic expenses reflecting our efforts for cutting costs and the effect of the appreciation of JPY against other currencies. As a result, consolidated net operating profits decreased ¥139.6 billion from the previous fiscal year to ¥1,418.2 billion.

Credit Costs

Total credit costs for the fiscal year ended March 31, 2017 decreased ¥99.7 billion from the previous fiscal year to ¥155.3 billion. This decrease went well beyond our initial forecast mainly due to the improvement of credit quality of resource-related clients, despite the deterioration of credit quality of some large borrowers.

Net Gains (Losses) on Equity Securities

Net gains on equity securities increased ¥36.6 billion to ¥124.9 billion. This was mainly attributable to progress in the sales of equity holdings.

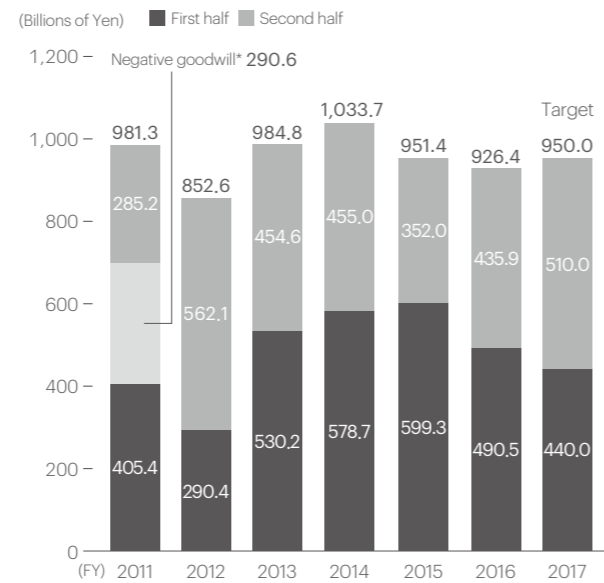
Ordinary Profits

Ordinary profits decreased ¥178.7 billion to ¥1,360.7 billion. Despite an increase of ¥14.0 billion in profits from investments in affiliates thanks to growth in earnings in Morgan Stanley and other affiliates, other non-recurring losses increased ¥189.4 billion year-on-year due to such factors as an additional allowance for the excess interest repayment at Mitsubishi UFJ NICOS and ACOM and an increase in cost of retirement benefit.

Profits Attributable to Owners of Parent

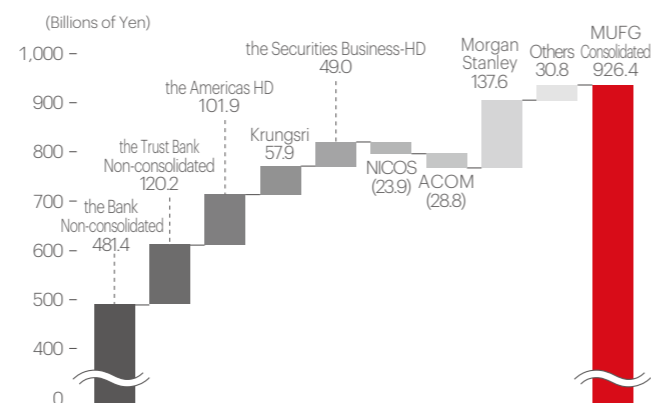
Although net extraordinary losses increased ¥16.8 billion from the previous fiscal year mainly due to an increase in losses on change in equity related to Morgan Stanley, tax expenses decreased ¥118.0 billion due to a decline in income before income taxes and a decrease in the effective corporate tax rate. As a result, profits attributable to owners of parent decreased ¥24.9 billion to ¥926.4 billion, exceeding the target of ¥850.0 billion.

History of Profits Attributable to Owners of Parent



* One-time effect of negative goodwill associated with the application of equity method accounting on our investment in Morgan Stanley

Breakdown of Profits Attributable to Owners of Parent*



* The above figures take into consideration the percentage holding in each subsidiary and equity method investee (after-tax basis)

Net Operating Profits by Business Segment

Consolidated net operating profits*¹ decreased ¥155.2 billion to ¥1,395.8 billion. Although the Global Banking Business Group showed year-on-year growth in its net operating profits despite the negative effect of foreign exchange rates, net operating profits decreased in the Retail Banking Business, Japanese Corporate Banking Business, Asset Management / Investor Services Business and Global Markets Business groups due to stagnant market conditions in Japan and overseas.

With regard to the net operating profits in the customer segments, 40% of profits were earned from overseas business.*²

*¹ On a managerial accounting basis (the Japanese Corporate Banking Business Group excludes overseas Japanese corporate business)
*² Net operating profits from Global Banking Business Group

Retail Banking Business Group

In the Retail Banking Business Group, net operating profits for the fiscal year ended March 31, 2017 decreased ¥61.3 billion to ¥225.3 billion. This was mainly due to decreases in net revenues from deposits and loans due to tighter interest rate spreads under the near-zero interest rate environment in Japan, as well as sluggish investment product sales in response to uncertain market conditions.

Japanese Corporate Banking Business Group

In the Japanese Corporate Banking Business Group, net operating profits for the fiscal year ended March 31, 2017 decreased ¥38.1 billion to ¥422.2 billion. Although large-scale transactions in investment banking operations contributed to profits, a decrease in revenues from deposits and lending operations reflecting lower interest rate environment in Japan served as a primary factor for the decrease in profits in the Japanese Corporate Banking Business Group, as well as in the Retail Banking Business Group.

Global Banking Business Group

In the Global Banking Business Group, net operating profits for the fiscal year ended March 31, 2017 increased ¥24.4 billion to ¥482.5 billion. Despite a sluggish performance in such East Asian countries as China and the negative effect of the yen appreciation, net operating profits increased due to strong revenue from major financing transactions in Europe and the Americas, large-scale project finance arrangements in Asia and Oceania and auto loan and consumer finance operations undertaken by the Bank of Ayudhya (Krungsri).

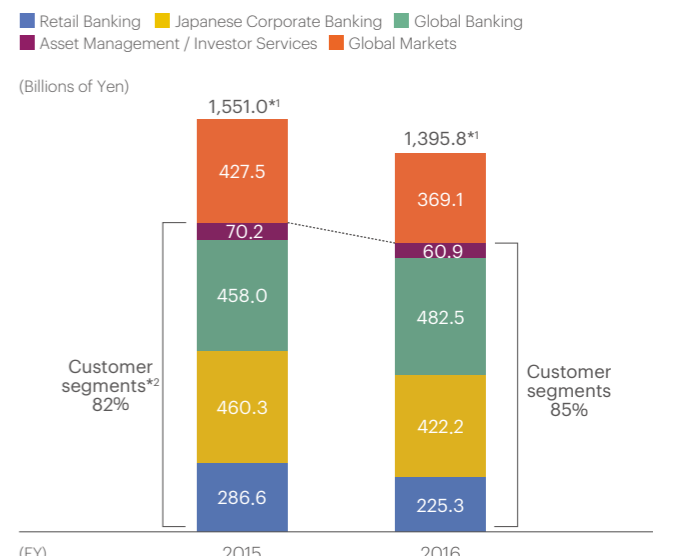
Asset Management / Investor Services Business Group

In the Asset Management / Investor Services Business Group, net operating profits for the fiscal year ended March 31, 2017 decreased ¥9.3 billion to ¥60.9 billion, reflecting the dissolution of employees' pension fund plans and weaker individual investors' demand for investment product.

Global Markets Business Group

In the Global Markets Business Group, net operating profits for the fiscal year ended March 31, 2017 decreased ¥58.4 billion to ¥369.1 billion. This was attributable to a decrease in revenues from ALM banking operations, reflecting the reduction of foreign bond portfolio in anticipation of, and reaction to, rising interest rates in the United States following the presidential election, despite steady revenues from domestic foreign exchange operations and solid showings overseas in sales & trading business.

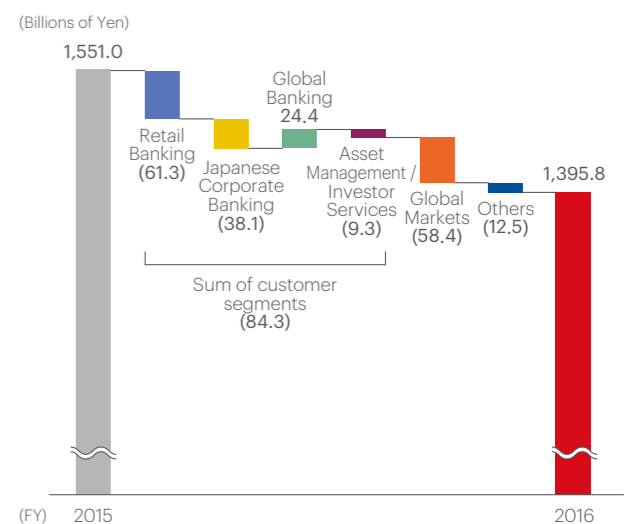
Net Operating Profits by Business Segment



*¹ Total net operating profits include net operating profit for "Other" segment (FY 2015: ¥151.7 bn, FY 2016: ¥164.2 bn)

*² Ratio of customer segments = net operating profits from customer segments / total net operating profits (*¹)

Breakdown of Changes in Net Operating Profits



Financial Review for Fiscal 2016

Consolidated Balance Sheet Summary

Loans (banking and trust accounts)

Loans decreased ¥4,697.4 billion from the previous fiscal year ended March 31, 2016, to ¥109,209.4 billion mainly due to a decrease in loans to government and governmental institutions.

The risk-monitored loans ratio decreased 0.04 percentage points from the previous fiscal year ended March 31, 2016, to 1.41%.

Deposits

Deposits increased ¥9,765.1 billion from the previous fiscal year ended March 31, 2016, to ¥170,730.2 billion mainly due to an increase of domestic corporate deposits.

Domestic Deposit / Lending Rates

Differences in yield between lending rate and deposit rate in Japan, excluding loans to government, decreased 0.10 percentage points from FY 2015 4Q mainly due to a decline in lending rates reflecting lower market interest rates.

Investment Securities

The balance of available-for-sale securities decreased ¥10,705.3 billion compared with the balance as of March 31, 2016, to ¥54,813.1 billion due to a decrease in Japanese Government Bond (JGB) and foreign bond portfolio.

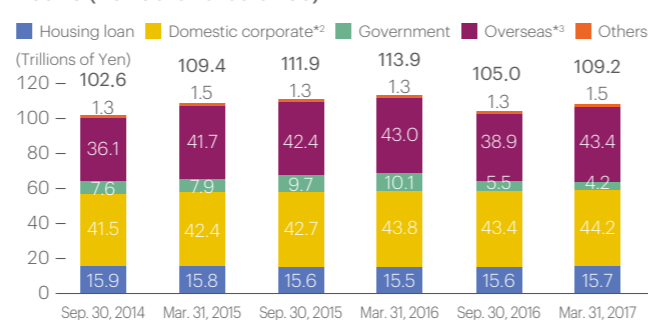
Net unrealized gains on available-for-sale securities decreased ¥346.2 billion compared with the previous fiscal year to ¥3,139.0 billion due to decreases in net unrealized gains on JGBs and foreign bonds, despite an increase in net unrealized gains on domestic equity securities.

With regard to the JGB balance, by maturity, MUFG increased the proportion of short-term bonds, taking a prudent approach with due consideration given to the interest rate environments at home and abroad. As a result, duration decreased to 2.6 years.

Available-for-sale Securities with Fair Value (Billions of Yen)

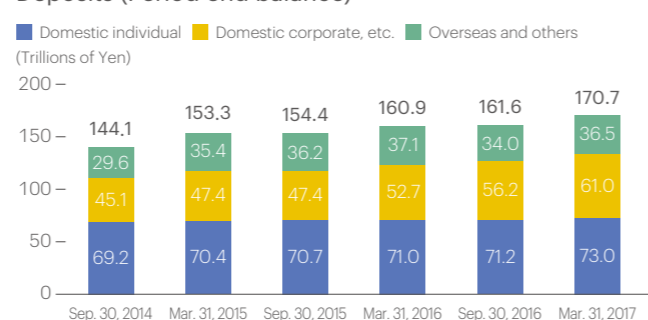
	Balance		Unrealized gains (losses)	
	Mar. 31, 2017	Change from Mar. 31, 2016	Mar. 31, 2017	Change from Mar. 31, 2016
Total	54,813.1	(10,705.3)	3,139.0	(346.2)
Domestic equity securities	5,164.6	291.4	2,635.1	429.7
Domestic bonds	27,688.8	(2,633.6)	399.1	(319.1)
Japanese government bonds	24,010.6	(3,245.3)	351.0	(280.8)
Others	21,959.6	(8,363.1)	104.7	(456.8)
Foreign bonds	17,917.3	(8,733.1)	(8.4)	(519.4)

Loans (Period end balance) *1

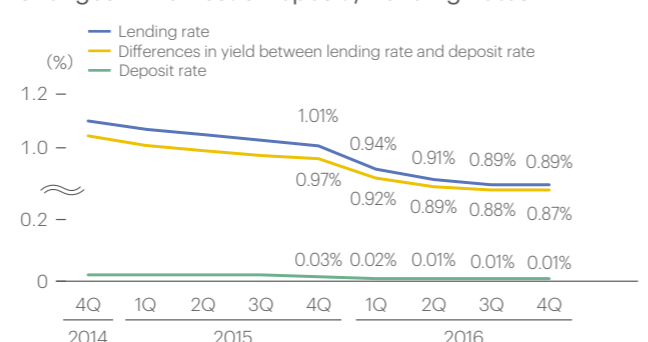


*1 Sum of banking and trust accounts
 *2 Excluding loans to government and governmental institutions, and including foreign currency denominated loans
 *3 Loans booked in overseas branches, the Americas HD, Krungsri, the Bank of Tokyo-Mitsubishi UFJ (China), the Bank of Tokyo-Mitsubishi UFJ (Malaysia) and MUFG Bank (Europe)

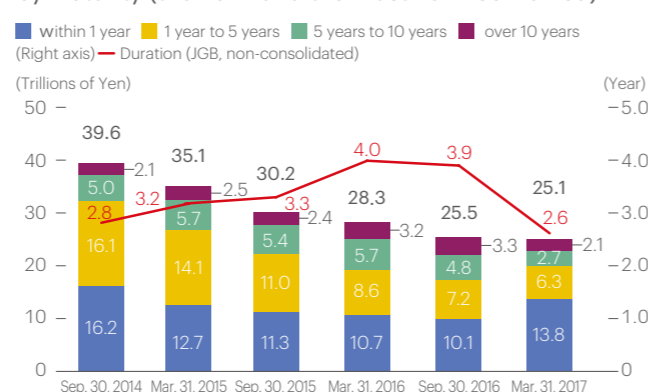
Deposits (Period end balance)



Changes in Domestic Deposit / Lending Rates



Balance of Japanese Government Bonds (JGB) Portfolio by Maturity (the Bank and the Trust Bank combined)*



* Available-for-sale securities and held-to-maturity securities (duration is for available-for-sale securities only)

Capital

Total Capital

Common Equity Tier 1 Capital increased by ¥393.1 billion and Total capital increased by ¥134.3 billion respectively from the end of March 2016, mainly due to increases in retained earnings and other comprehensive income, as well as subordinated debt funding.

Risk Weighted Assets (RWA)

RWA increased by ¥1,922.0 billion from the previous fiscal year ended March 31, 2016, mainly due to increases in loans to domestic corporate and overseas loans.

Capital Adequacy

The Common Equity Tier 1 Capital ratio was 11.76%, the Tier 1 Capital ratio was 13.36% and the Total Capital ratio was 15.85%.

The provisional figure for the Common Equity Tier 1 Capital ratio, calculated on the basis of regulations applied at the end of March 2019, is 11.9%.

Shareholder Returns

MUFG considers the return of earnings to shareholders to be one of the most important management priorities and makes it a basic policy to aim for a stable and continuous increase in dividends per share through growth in profits.

With respect to the year-end dividend for common stock for the fiscal year ended March 31, 2017, MUFG pays ¥9 per share. As a result, the annual dividend for the fiscal year, including the interim dividend of ¥9 per share, is ¥18 per share, which is the same amount as the annual dividend paid for the previous fiscal year.

During the fiscal 2016, we repurchased our own shares for approximately ¥100.0 billion in May and November 2016, respectively. The purposes of the repurchases were to enhance shareholder returns, to improve our capital efficiency and to allow the implementation of flexible capital policies in response to changes in the business environment.

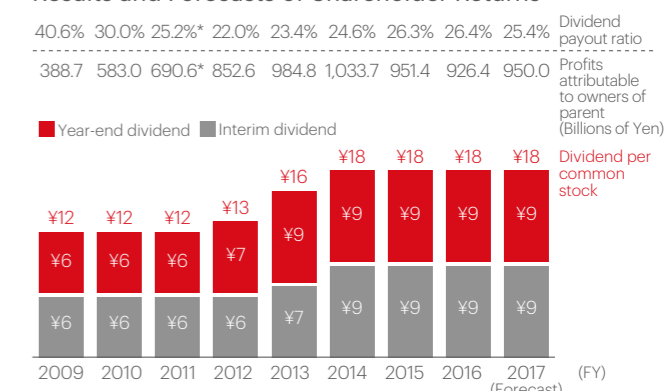
In addition, the Company passed a resolution at Board of Director's meeting on May 15, 2017 with regard to the enforcement of a policy of setting an upper limit on the number of shares held as treasury stock. Specifically, the Company will retain own shares of approximately 5% of the total number of issued shares at maximum and cancel the shares exceeding the threshold. As the percentage of treasury stock as of March 31, 2017, stood at approximately 5% of the total number of shares outstanding, MUFG plans to cancel all of the shares acquired through share repurchases during and after fiscal 2017 in line with this new policy.

Capital Adequacy

(Billions of Yen)

	Mar. 31, 2017	Mar. 31, 2016	Change from Mar. 31, 2016
Common Equity Tier 1 Capital ratio	11.76%	11.63%	0.13%
Tier 1 Capital ratio	13.36%	13.24%	0.12%
Total Capital ratio	15.85%	16.01%	(0.15%)
Tier 1 Capital	15,232.4	14,839.2	393.1
Common Equity Tier 1 Capital	13,413.8	13,039.8	374.0
Retained earnings	9,278.5	8,587.5	690.9
Other comprehensive income	2,369.1	2,161.2	207.8
Regulatory adjustments	(1,363.2)	(1,100.4)	(262.8)
Additional Tier 1 Capital	1,818.6	1,799.4	19.1
Preferred securities and subordinated debt	1,650.2	1,544.5	105.7
Foreign currency translation adjustments	111.6	316.5	(204.8)
Tier 2 Capital	2,843.6	3,102.5	(258.8)
Subordinated debt	2,132.6	2,060.5	72.0
Amounts equivalent to 45% of unrealized gains on available-for-sale securities	277.8	633.8	(356.0)
Total Capital (Tier 1+Tier 2)	18,076.1	17,941.8	134.3
Risk weighted assets	113,986.3	112,064.3	1,922.0
Credit risk	96,906.3	95,372.3	1,534.0
Market risk	2,135.7	2,198.7	(62.9)
Operational risk	6,734.5	6,581.1	153.4
Transitional floor	8,209.7	7,912.1	297.5

Results and Forecasts of Shareholder Returns



* FY 2011 figures do not include one-time effect of negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

Outline of Repurchase of Own Share 2016

Type of shares repurchased	Ordinary shares of MUFG
Aggregate amount of repurchase price	Approx. ¥200 billion (Approx. ¥100 billion twice)
Aggregate number of shares repurchased	Approx. 332.85 million shares
(Reference) First half of 2017	
Type of shares repurchased	Ordinary shares of MUFG
Aggregate amount of repurchase price	Approx. ¥100 billion
Aggregate number of shares repurchased	Approx. 141.15 million shares (All of the shares cancelled)

Consolidated Financial Statements

Consolidated Balance Sheets

	(Millions of Yen)	
	Mar 31, 2017	Mar 31, 2016
Assets:		
Cash and due from banks	63,525,940	49,158,293
Call loans and bills bought	649,147	660,015
Receivables under resale agreements	8,066,973	7,466,633
Receivables under securities borrowing transactions	11,002,723	6,041,983
Monetary claims bought	4,707,868	4,733,393
Trading assets	21,046,367	20,460,863
Money held in trust	806,881	679,678
Securities	59,438,897	69,993,869
Loans and bills discounted	109,005,231	113,756,325
Foreign exchanges	2,083,530	1,792,888
Other assets	11,554,699	12,255,764
Tangible fixed assets	1,358,905	1,362,044
Buildings	341,131	349,761
Land	720,132	730,130
Lease assets	10,164	10,856
Construction in progress	46,373	38,494
Other tangible fixed assets	241,104	232,801
Intangible fixed assets	1,257,876	1,254,727
Software	567,753	570,884
Goodwill	267,389	278,628
Lease assets	446	648
Other intangible fixed assets	422,287	404,566
Net defined benefit assets	601,377	377,955
Deferred tax assets	126,231	125,739
Customers' liabilities for acceptances and guarantees	9,022,130	9,240,310
Allowance for credit losses	(957,350)	(1,057,585)
Total assets	303,297,433	298,302,898

	(Millions of Yen)	
	Mar 31, 2017	Mar 31, 2016
Liabilities:		
Deposits	170,730,221	160,965,056
Negotiable certificates of deposit	11,341,571	11,591,578
Call money and bills sold	1,973,569	1,360,238
Payables under repurchase agreements	17,636,962	23,515,240
Payables under securities lending transactions	5,538,739	4,710,407
Commercial papers	2,307,222	2,292,282
Trading liabilities	17,700,617	17,251,302
Borrowed money	16,971,085	12,482,277
Foreign exchanges	1,970,980	2,054,937
Short-term bonds payable	847,999	752,492
Bonds payable	9,893,687	9,190,542
Due to trust accounts	9,893,881	13,296,033
Other liabilities	9,382,992	10,834,564
Reserve for bonuses	81,012	90,219
Reserve for bonuses to directors	598	396
Reserve for stocks payment	10,400	—
Net defined benefit liabilities	59,045	62,791
Reserve for retirement benefits to directors	1,128	1,113
Reserve for loyalty award credits	16,689	15,971
Reserve for contingent losses	384,868	210,087
Reserves under special laws	4,075	4,232
Deferred tax liabilities	745,073	866,815
Deferred tax liabilities for land revaluation	124,483	127,237
Acceptances and guarantees	9,022,130	9,240,310
Total liabilities	286,639,039	280,916,129
Net assets:		
Capital stock	2,141,513	2,141,513
Capital surplus	1,412,087	1,425,637
Retained earnings	9,278,546	8,587,578
Treasury stock	(513,260)	(298,922)
Total shareholders' equity	12,318,885	11,855,806
Net unrealized gains (losses) on available-for-sale securities	2,184,597	2,486,627
Net deferred gains (losses) on hedging instruments	125,684	337,297
Land revaluation excess	173,723	176,364
Foreign currency translation adjustments	558,339	791,401
Remeasurements of defined benefit plans	(65,098)	(189,526)
Debt value adjustments of foreign subsidiaries and affiliates	(15,863)	—
Total accumulated other comprehensive income	2,961,382	3,602,163
Subscription rights to shares	407	8,260
Non-controlling interests	1,377,719	1,920,538
Total net assets	16,658,394	17,386,769
Total liabilities and net assets	303,297,433	298,302,898

Consolidated Financial Results

	(Millions of Yen)	
	FY 2016	FY 2015
Gross profits	4,011,809	4,143,202
Gross profits before credit costs for trust accounts	4,011,808	4,143,202
Net interest income	2,024,487	2,113,564
Trust fees	122,050	117,046
Credit costs for trust accounts	0	0
Net fees and commissions	1,328,490	1,320,554
Net trading profits	290,035	306,354
Net other operating profits	246,744	285,682
Net gains (losses) on debt securities	56,871	132,928
General and administrative expenses	2,593,576	2,585,279
Amortization of goodwill	16,737	16,931
Net operating profits before credit costs for trust accounts, provision for general allowance for credit losses and amortization of goodwill	1,434,969	1,574,853
Net operating profits before credit costs for trust accounts and provision for general allowance for credit losses	1,418,231	1,557,922
Provision for general allowance for credit losses	(210,257)	175,712
Net operating profits*1	1,207,974	1,733,635
Net non-recurring gains (losses)	152,793	(194,148)
Credit costs	(9,606)	(491,503)
Losses on loan write-offs	(136,423)	(143,946)
Provision for specific allowance for credit losses	181,550	(305,131)
Other credit costs	(54,733)	(42,425)
Reversal of allowance for credit losses	—	—
Reversal of reserve for contingent losses included in credit costs	—	—
Gains on loans written-off	64,487	60,645
Net gains (losses) on equity securities	124,940	88,306
Gains on sales of equity securities	171,875	145,347
Losses on sales of equity securities	(44,378)	(31,656)
Losses on write-down of equity securities	(2,557)	(25,384)
Profits (losses) from investments in affiliates	244,453	230,415
Other non-recurring gains (losses)	(271,481)	(82,012)
Ordinary profits	1,360,767	1,539,486
Net extraordinary gains (losses)	(57,539)	(40,717)
Net losses on change in equity	(45,654)	(36,013)
Profits before income taxes	1,303,228	1,498,769
Income taxes-current	319,060	424,814
Income taxes-deferred	23,116	35,389
Total taxes	342,177	460,204
Profits	961,050	1,038,565
Profits attributable to non-controlling interests	34,609	87,162
Profits attributable to owners of parent	926,440	951,402

*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

(Reference)

	FY 2016	FY 2015
Total credit costs*2	(155,376)	(255,145)

*2 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)	
	FY 2016	FY 2015
Profits	961,050	1,038,565
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(278,689)	(346,220)
Net deferred gains (losses) on hedging instruments	(212,449)	252,671
Land revaluation excess	(21)	7,055
Foreign currency translation adjustments	(145,331)	(214,273)
Remeasurements of defined benefit plans	134,560	(141,896)
Share of other comprehensive income of associates accounted for using equity method	(128,510)	24,759
Total other comprehensive income	(630,441)	(417,903)
Comprehensive income	330,609	620,662
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	303,054	556,163
Comprehensive income attributable to non-controlling interests	27,554	64,498

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

FY 2016	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	1,425,637	8,587,578	(298,922)	11,855,806	2,486,627	337,297
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates			8,464		8,464		
Restated balance	2,141,513	1,425,637	8,596,043	(298,922)	11,864,271	2,486,627	337,297
Changes during the period							
Cash dividends			(246,557)		(246,557)		
Profits attributable to owners of parent			926,440		926,440		
Repurchase of treasury stock				(217,688)	(217,688)		
Disposal of treasury stock		(936)		3,350	2,414		
Reversal of land revaluation excess			2,619		2,619		
Changes in subsidiaries' equity		(12,614)			(12,614)		
Net changes of items other than shareholders' equity						(302,029)	(211,612)
Total changes during the period	—	(13,550)	682,503	(214,337)	454,614	(302,029)	(211,612)
Balance at the end of the period	2,141,513	1,412,087	9,278,546	(513,260)	12,318,885	2,184,597	125,684

FY 2016	Accumulated other comprehensive income							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	Subscription rights to shares	Non-controlling interests	
Balance at the beginning of the period	176,364	791,401	(189,526)	—	3,602,163	8,260	1,920,538	17,386,769
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates				(8,464)	(8,464)			—
Restated balance	176,364	791,401	(189,526)	(8,464)	3,593,699	8,260	1,920,538	17,386,769
Changes during the period								
Cash dividends					(246,557)			(246,557)
Profits attributable to owners of parent					926,440			926,440
Repurchase of treasury stock					(217,688)			(217,688)
Disposal of treasury stock					2,414			2,414
Reversal of land revaluation excess					2,619			2,619
Changes in subsidiaries' equity					(12,614)			(12,614)
Net changes of items other than shareholders' equity	(2,641)	(233,062)	124,427	(7,399)	(632,317)	(7,853)	(542,819)	(1,182,989)
Total changes during the period	(2,641)	(233,062)	124,427	(7,399)	(632,317)	(7,853)	(542,819)	(728,375)
Balance at the end of the period	173,723	558,339	(65,098)	(15,863)	2,961,382	407	1,377,719	16,658,394

FY 2015	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	1,428,403	7,860,410	(101,661)	11,328,666	2,835,091	83,194
Changes during the period							
Cash dividends			(251,392)		(251,392)		
Profits attributable to owners of parent			951,402		951,402		
Repurchase of treasury stock				(200,077)	(200,077)		
Disposal of treasury stock		(1,182)		2,815	1,633		
Reversal of land revaluation excess			3,042		3,042		
Changes of application of equity method			24,394		24,394		
Changes in subsidiaries' equity		(1,584)			(1,584)		
Changes in foreign affiliates' interests in their subsidiaries			(278)		(278)		
Net changes of items other than shareholders' equity						(348,464)	254,103
Total changes during the period	—	(2,766)	727,168	(197,261)	527,140	(348,464)	254,103
Balance at the end of the period	2,141,513	1,425,637	8,587,578	(298,922)	11,855,806	2,486,627	337,297

FY 2015	Accumulated other comprehensive income							Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests		
Balance at the beginning of the period	172,350	951,547	(52,909)	3,989,274	8,271	1,961,322	17,287,533	
Changes during the period								
Cash dividends							(251,392)	
Profits attributable to owners of parent							951,402	
Repurchase of treasury stock							(200,077)	
Disposal of treasury stock							1,633	
Reversal of land revaluation excess							3,042	
Changes of application of equity method							24,394	
Changes in subsidiaries' equity							(1,584)	
Changes in foreign affiliates' interests in their subsidiaries							(278)	
Net changes of items other than shareholders' equity	4,013	(160,146)	(136,616)	(387,110)	(10)	(40,783)	(427,904)	
Total changes during the period	4,013	(160,146)	(136,616)	(387,110)	(10)	(40,783)	99,236	
Balance at the end of the period	176,364	791,401	(189,526)	3,602,163	8,260	1,920,538	17,386,769	

Consolidated Statements of Cash Flows

FY 2016	FY 2015	
Cash flows from operating activities:		
Profits before income taxes	1,303,228	1,498,769
Depreciation and amortization	316,411	298,527
Impairment losses	10,162	13,415
Amortization of goodwill	16,737	16,931
Equity in losses (gains) of equity method investees	(244,453)	(230,415)
Increase (decrease) in allowance for credit losses	(92,783)	71,084
Increase (decrease) in reserve for bonuses	(285)	955
Increase (decrease) in reserve for bonuses to directors	202	(58)
Increase (decrease) in reserve for stocks payment	10,400	—
Decrease (increase) in net defined benefit assets	(92,720)	(88,908)
Increase (decrease) in net defined benefit liabilities	1,652	(2,255)
Increase (decrease) in reserve for retirement benefits to directors	14	27
Increase (decrease) in reserve for loyalty award credits	959	1,313
Increase (decrease) in reserve for contingent losses	175,716	5,572
Interest income recognized on statement of income	(2,888,134)	(2,769,248)
Interest expenses recognized on statement of income	863,677	655,735
Losses (gains) on securities	(181,811)	(221,235)
Losses (gains) on money held in trust	8,771	(10,689)
Foreign exchange losses (gains)	459,763	1,439,205
Losses (gains) on sales of fixed assets	(8,200)	(9,171)
Net decrease (increase) in trading assets	(1,737,675)	49,544
Net increase (decrease) in trading liabilities	1,448,201	1,980,093
Net decrease (increase) in unsettled trading accounts	(50,814)	(821,034)
Net decrease (increase) in loans and bills discounted	4,065,265	(4,990,628)
Net increase (decrease) in deposits	10,427,476	7,888,704
Net increase (decrease) in negotiable certificates of deposit	(242,013)	(4,482,406)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	4,551,643	(1,362,550)
Net decrease (increase) in due from banks (excluding cash equivalents)	802,579	80,699
Net decrease (increase) in call loans and bills bought and others	(1,413,158)	(633,599)
Net decrease (increase) in receivables under securities borrowing transactions	(5,203,785)	(1,438,094)
Net increase (decrease) in call money and bills sold and others	(3,999,428)	(435,883)
Net increase (decrease) in commercial papers	33,847	119,203
Net increase (decrease) in payables under securities lending transactions	850,842	(3,446,893)
Net decrease (increase) in foreign exchanges (assets)	(302,389)	380,193
Net increase (decrease) in foreign exchanges (liabilities)	(81,641)	544,080
Net increase (decrease) in short-term bonds payable	95,507	(37,019)
Net increase (decrease) in issuance and redemption of unsubordinated bonds payable	422,720	649,951
Net increase (decrease) in due to trust accounts	(3,402,151)	10,112,737
Interest income (cash basis)	3,023,722	2,897,378
Interest expenses (cash basis)	(847,418)	(654,026)
Others	(684,097)	175,151
Sub-total	7,416,541	7,245,155
Income taxes	(427,841)	(537,036)
Refund of income taxes	24,364	46,308
Net cash provided by (used in) operating activities	7,013,064	6,754,428

FY 2016	FY 2015	
Cash flows from investing activities:		
Purchases of securities	(56,618,395)	(86,422,400)
Proceeds from sales of securities	39,602,665	60,274,528
Proceeds from redemption of securities	26,428,256	28,452,434
Payments for increase in money held in trust	(763,127)	(641,740)
Proceeds from decrease in money held in trust	615,931	672,854
Purchases of tangible fixed assets	(121,733)	(116,931)
Purchases of intangible fixed assets	(249,744)	(231,615)
Proceeds from sales of tangible fixed assets	31,815	35,494
Proceeds from sales of intangible fixed assets	2,890	166
Payments for acquisition of subsidiaries' equity affecting the scope of consolidation	(21,954)	—
Proceeds from acquisition of subsidiaries' equity affecting the scope of consolidation	—	218,639
Proceeds from sales of subsidiaries' equity affecting the scope of consolidation	2,761	—
Others	(1,815)	(1,221)
Net cash provided by (used in) investing activities	8,907,549	2,240,209
Cash flows from financing activities:		
Proceeds from subordinated borrowings	31,000	38,000
Repayments of subordinated borrowings redemption	(50,592)	(92,500)
Proceeds from issuance of subordinated bonds payable and bonds with warrants	837,401	793,218
Payments for redemption of subordinated bonds payable and bonds with warrants	(476,943)	(294,460)
Proceeds from issuance of common stock to non-controlling shareholders	1,195	1,081
Repayments to non-controlling shareholders	(854)	—
Payments for redemption of preferred securities	(468,956)	—
Dividends paid by MUFG	(246,563)	(251,497)
Dividends paid by subsidiaries to non-controlling shareholders	(77,008)	(94,825)
Purchases of treasury stock	(217,666)	(200,053)
Proceeds from sales of treasury stock	3	1
Payments for purchases of subsidiaries' equity not affecting the scope of consolidation	(1,612)	(4,572)
Proceeds from sales of subsidiaries' equity not affecting the scope of consolidation	0	—
Others	4	3
Net cash provided by (used in) financing activities	(670,592)	(105,602)
Effect of foreign exchange rate changes on cash and cash equivalents	(45,486)	(115,214)
Net increase (decrease) in cash and cash equivalents	15,204,534	8,773,820
Cash and cash equivalents at the beginning of the period	18,763,856	9,990,035
Cash and cash equivalents at the end of the period	33,968,391	18,763,856

Company Overview

Major MUFG Group Companies

(As of March 31, 2017)

■ Consolidated subsidiary ● Equity method investee

Holding Company

Mitsubishi UFJ Financial Group

Commercial Bank

- Bank of Tokyo-Mitsubishi UFJ
- ※Legal name will be changed to MUFG Bank, Ltd effective Apr 1, 2018

Trust Bank

- Mitsubishi UFJ Trust and Banking
- The Master Trust Bank of Japan

Securities

- Mitsubishi UFJ Securities Holdings (Securities Holding Company)
- Mitsubishi UFJ Morgan Stanley Securities
- Mitsubishi UFJ Morgan Stanley PB Securities
- kabu.com Securities
- Morgan Stanley MUFG Securities

Credit Cards / Consumer Finance / Installment Credit

- Mitsubishi UFJ NICOS
- ACOM
- JACCS
- JALCARD

Overseas

- Bank of Ayudhya Public Company (Commercial Bank)
- MUFG Americas Holdings Corporation (Commercial Bank Holding Company)
- BTMU Leasing & Finance (Leasing)
- Mitsubishi UFJ Trust International (Securities)
- Mitsubishi UFJ Fund Services Holdings (Fund Administration Holding Company)
- MUFG Investor Services (US) (Fund Management)
- Mitsubishi UFJ Investor Services & Banking (Luxembourg) (Custody Bank)
- Mitsubishi UFJ Asset Management (UK) (Asset Management)

Leasing

- Mitsubishi UFJ Lease & Finance
- Hitachi Capital

Asset Management

- Mitsubishi UFJ Kokusai Asset Management
- MU Investments

Real-Estate Brokerage

- Mitsubishi UFJ Real Estate Services

Software Development / Information Technology

- Mitsubishi Research Institute DCS

Internet Bank / Regional Bank

- Jibun Bank
- The Chukyo Bank

- Mitsubishi UFJ Baillie Gifford Asset Management (Investment Advisor)
- MUFG Securities EMEA (Securities)
- MUFG Securities Asia (Securities)
- MUFG Securities Asia (Singapore) (Securities)
- Vietnam Joint Stock Commercial Bank for Industry and Trade (Commercial Bank)
- Security Bank Corporation (Commercial Bank)
- Dah Sing Financial Holdings (Commercial Bank Holding Company)
- AMP Capital Holdings (Asset Management Holding Company)

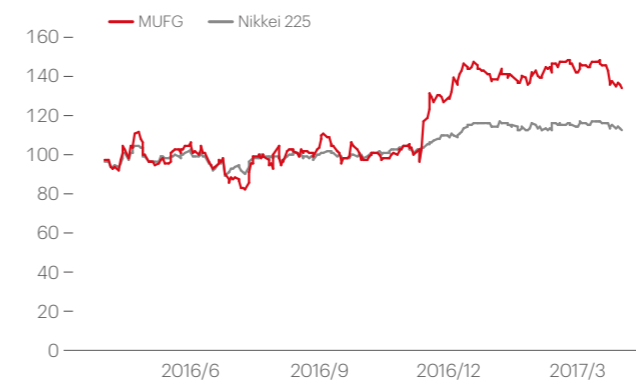
Corporate Information

(As of March 31, 2017)

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)	14,168,853,820 shares
Stock Listing	Tokyo Stock Exchange, Nagoya Stock Exchange, New York Stock Exchange
Ticker Symbol Number	8306 (Tokyo Stock Exchange, Nagoya Stock Exchange) MTU (New York Stock Exchange)
Number of shareholders	749,688

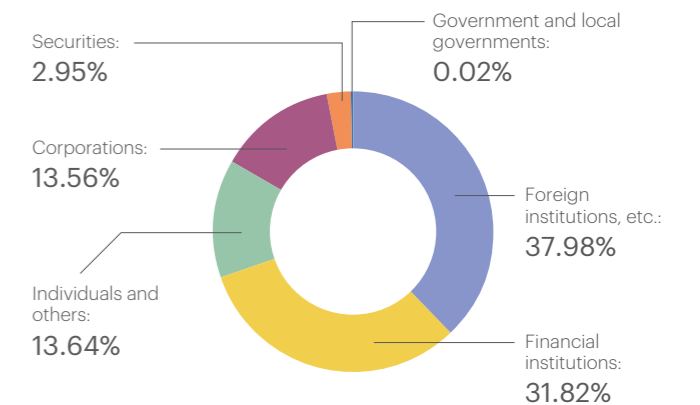


Stock Price* Tokyo Stock Exchange



* Note: Share index (2016/3E = 100)

Ownership and Distribution of Shares*



* Excludes treasury shares and fractional shares

Website

For more detailed information, please refer to our website.



About MUFG

<http://www.mufg.jp/english/> (English)

Note: Abbreviation of group companies in the MUFG Report
 the Bank: Bank of Tokyo-Mitsubishi UFJ
 the Trust Bank: Mitsubishi UFJ Trust and Banking
 the Securities Business-HD: Mitsubishi UFJ Securities Holdings
 NICOS: Mitsubishi UFJ NICOS
 the Americas HD: MUFG Americas Holdings Corporation



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