



# MUFG Report 2015

Integrated Report

## Editorial Overview

We, Mitsubishi UFJ Financial Group, or MUFG, have compiled our integrated report, MUFG Report 2015, 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 our methods to create sustainable value through “Corporate Value Initiatives” and “Corporate Value Foundation.” Further detail information on our Corporate Social Responsibility is available on our website.

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

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## Who We Are

In order to convey a full understanding of MUFG’s business model, we outline our current situation and give an account of our ten-year history.

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## Management Message

Group CEO Nobuyuki Hirano looks back on the past ten years since our establishment, describes the results and challenges of the previous medium-term plan, and outlines the new medium-term plan which starts in April 2015. Group CFO Muneaki Tokunari explains MUFG’s financial and capital management.

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18 CFO Message



### Disclaimer

This report contains forward-looking statements in regard to 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 addition, in producing these statements certain assumptions (premises) have been utilized. These statements and assumptions (premises) are subjective and may prove to be incorrect and may not be realized in the future. 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 Japanese generally accepted accounting principles, unless otherwise noted.

## Corporate Value Initiatives

Our vision is to be the world's most trusted financial group. We explain how each business group creates value in their efforts to reach this vision.



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#### Becoming a Leading Financial Group in Asia

In December 2013, we converted the leading Thai commercial bank, Bank of Ayudhya, into a subsidiary. We give an outline of the Bank and its future strategy.

### 46 Special Feature:

#### Strategic Alliance with Morgan Stanley

In 2008 we started our strategic alliance with Morgan Stanley. We describe our deepening relationship and the growing areas of cooperation.

## Corporate Value Foundation

We explain our management system, including corporate governance and risk management framework, and outline our human resources and ICT strategies. We explain our approach to Corporate Social Responsibility.



### 50 Special Feature:

#### Building a Governance Structure which Supports Corporate Value

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## 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.

### OUR MISSION

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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

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## 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

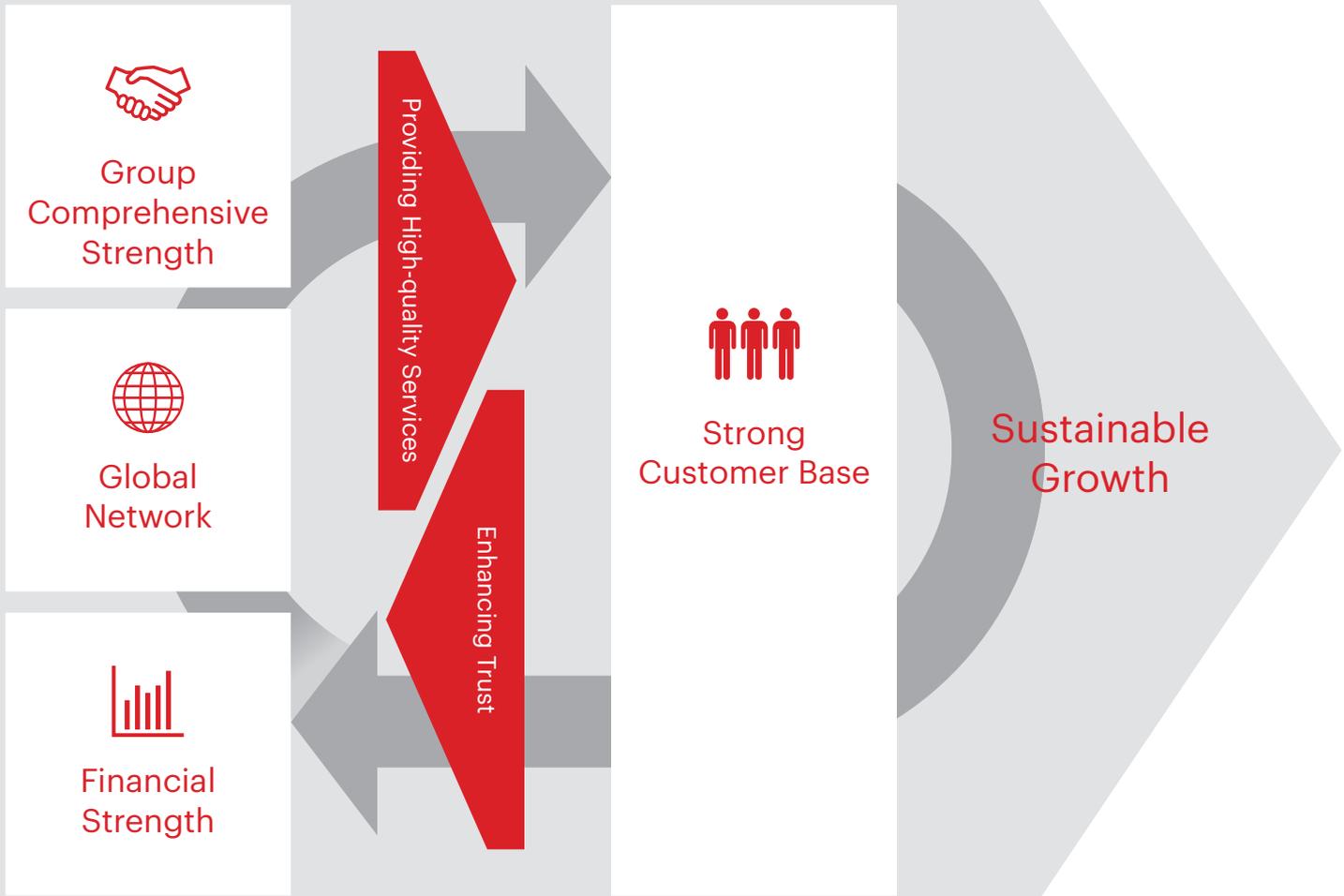
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1. Integrity and Responsibility
2. Professionalism and Teamwork
3. Challenge Ourselves to Grow

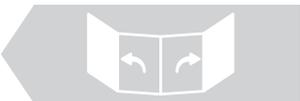


Details on our corporate vision are available on our website.  
<http://www.muftg.jp/english/profile/philosophy/>

# MUFG Value Creation Model



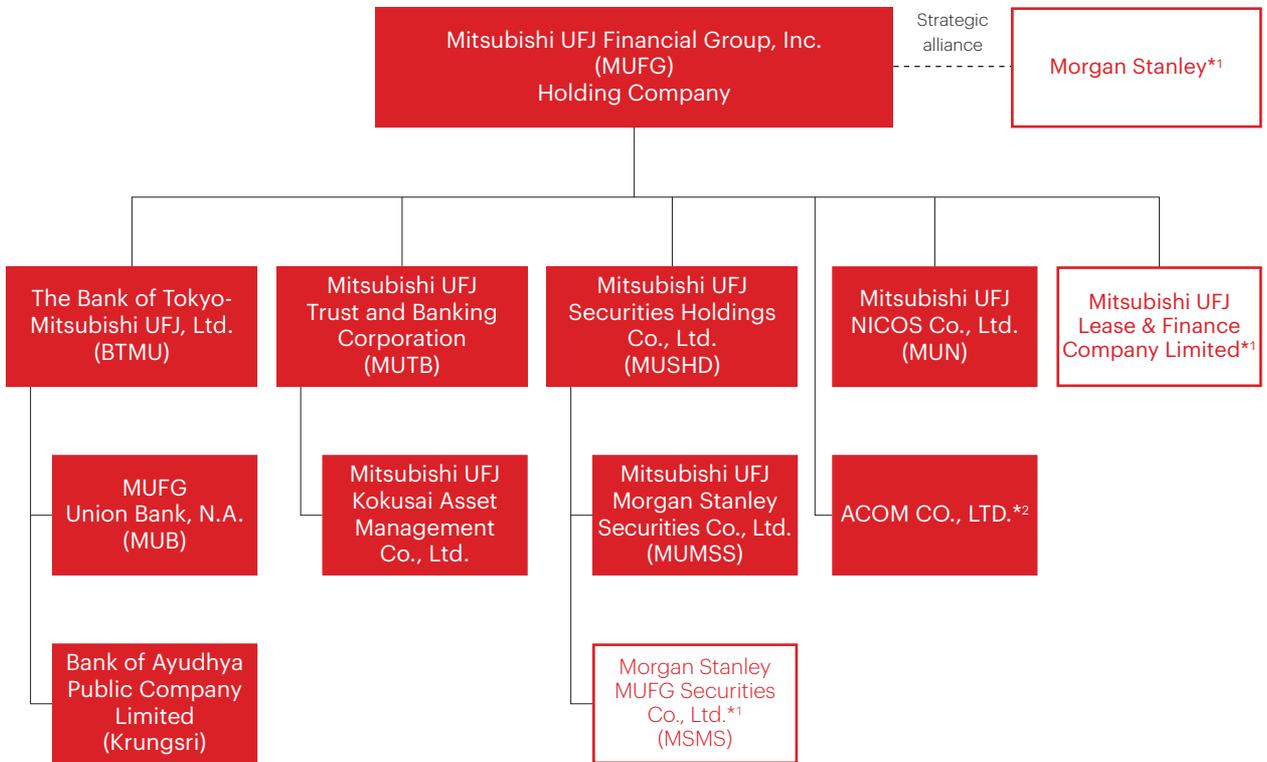
Evolution and Reform  
for Further Growth





## Comprehensive Group Strength

MUFG provides high-value-added financial services to customers through group companies including commercial bank, trust bank and securities company, and through its strategic partners.



\*1 Mitsubishi UFJ Lease & Finance, Morgan Stanley and Morgan Stanley MUFG Securities are equity method investees.

\*2 Acom is an equity method investee under U.S. GAAP.



## Financial Strength

As a financial institution that plays a vital role in providing social and economic stability through generations, our own financial stability and sound management are essential to us. MUFG already satisfies the global capital standards required by Basel III in 2019: Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio. MUFG also maintains high ratings from both Japanese and global rating agencies.

### Long-Term Ratings Secured by Major Group Companies

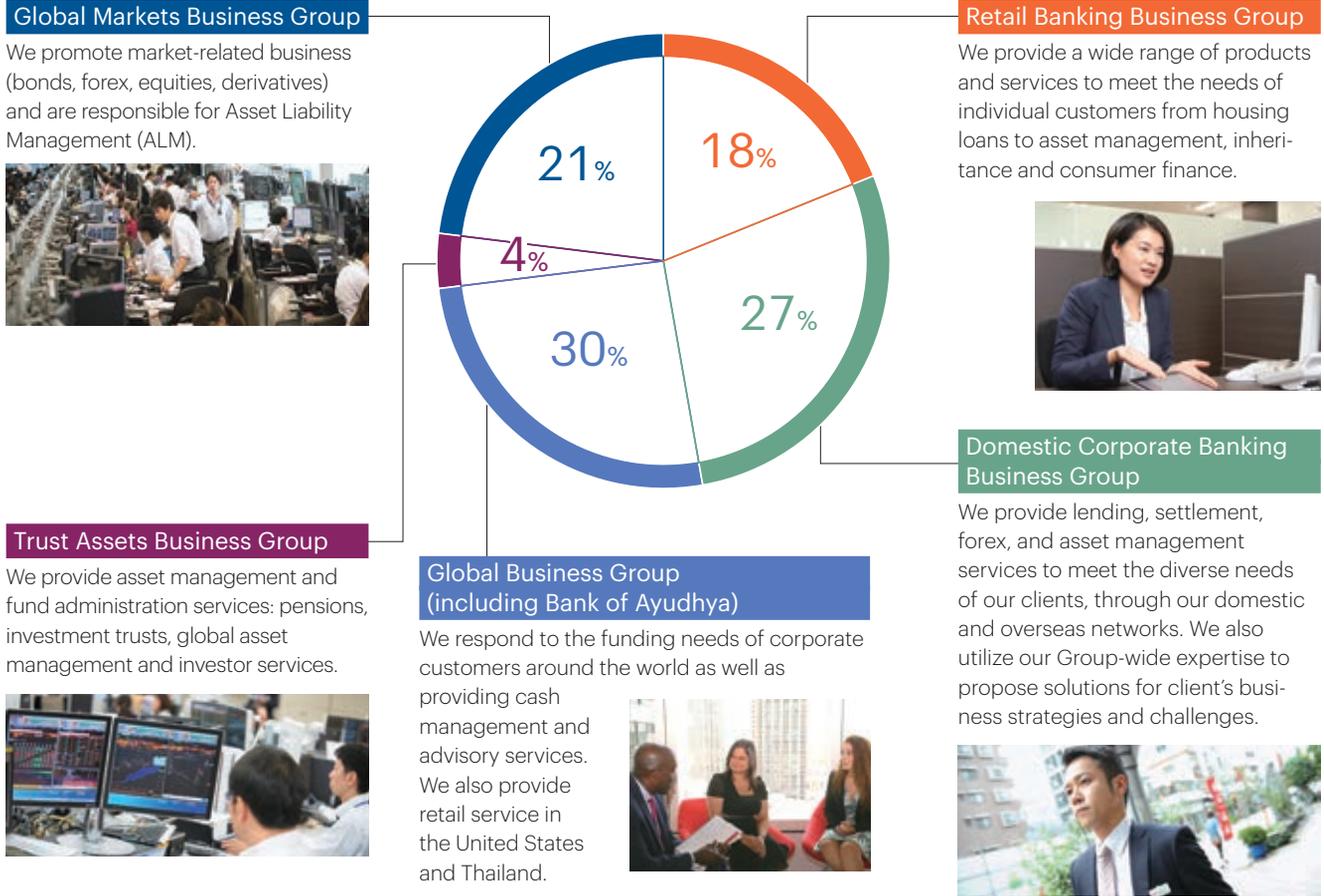
(as of June 30, 2015)

	S&P	Moody's	Fitch	R&I	JCR
MUFG	A	A2	–	A+	AA–
BTMU	A+	A1	A	AA–	AA
MUTB	A+	A1	A	AA–	AA
MUSHD	A	A3	–	AA–	AA
MUB (U.S.)	A+	A2	A	–	–
Krungsri (Thailand)	BBB+	Baa1	A–	–	–
Reference: Japanese Government	AA–	A1	A	AA+	AAA

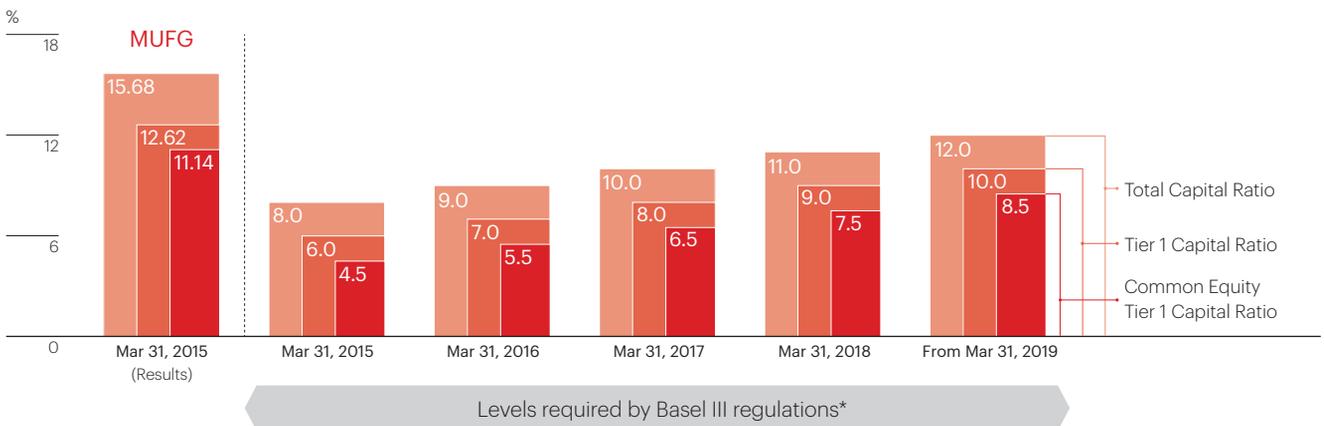
## “Business Groups” to Activate Comprehensive Group Strengths

The five business groups established under the holding company manage the relevant subsidiaries and promote horizontal initiatives across the Group.

### Breakdown of Net Operating Profits by Business Group



### MUFG Capital Ratios and Basel III Requirements



\* The capital levels required will be progressively raised up to 2019. Levels shown in the graph show projections as of June 30, 2015.

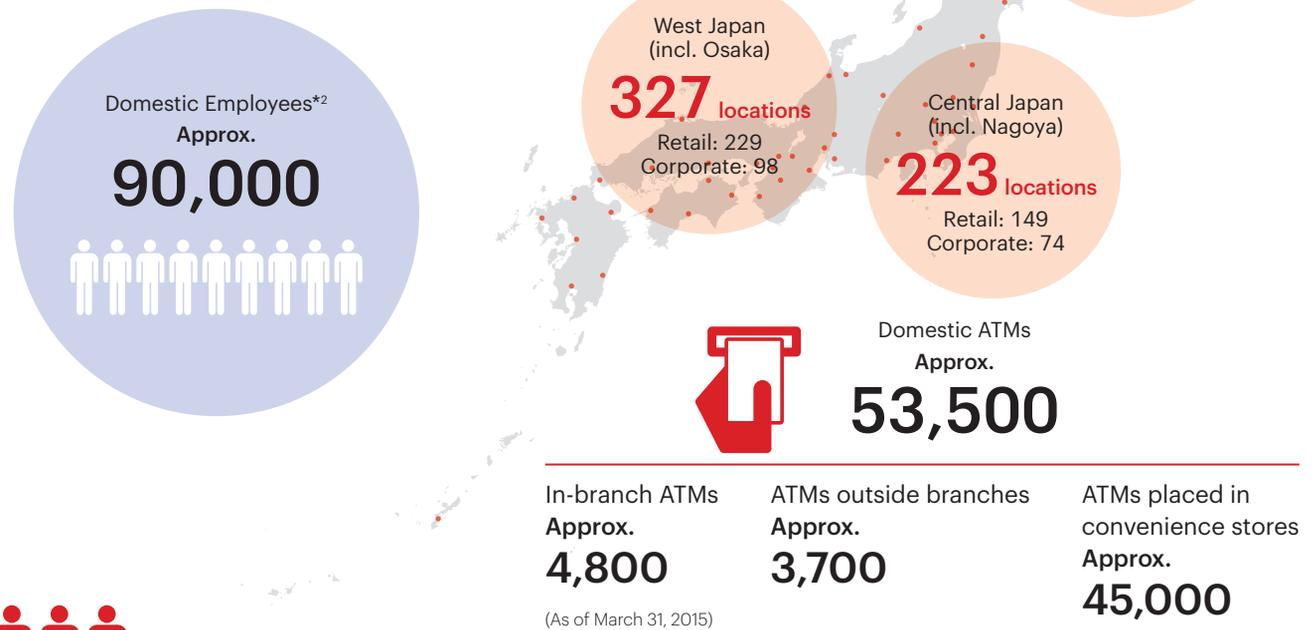


## Global Network

MUFG has a well-balanced domestic network and an extensive overseas network which outstrips any domestic peer. With approximately 90,000 domestic employees and 50,000 overseas employees, it is well placed to serve the global financial needs of its customers.

### Domestic Network\*1

We have more than 1,100 locations in Japan. Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking provide a comprehensive ATM network through their own bank locations and through tie-ups with convenience stores and other banks.



## Strong Customer Base

In Japan, MUFG has a wide customer base spanning 40 million individual accounts and 400,000 corporate accounts. We also have many individual and corporate customers around the world.

### Deposits

(As of March 31, 2015)

Ranking	Financial Institution Name	Country name	Balance (trillion yen)
1	Industrial and Commercial Bank of China	China	307.0
2	China Construction Bank	China	264.7
3	Agricultural Bank of China	China	256.4
4	Bank of China	China	223.8
5	JPMorgan Chase & Co.	U.S.	164.3
6	HSBC	U.K.	158.3
7	<b>MUFG</b>	<b>Japan</b>	<b>153.3</b>

### Loans

(As of March 31, 2015)

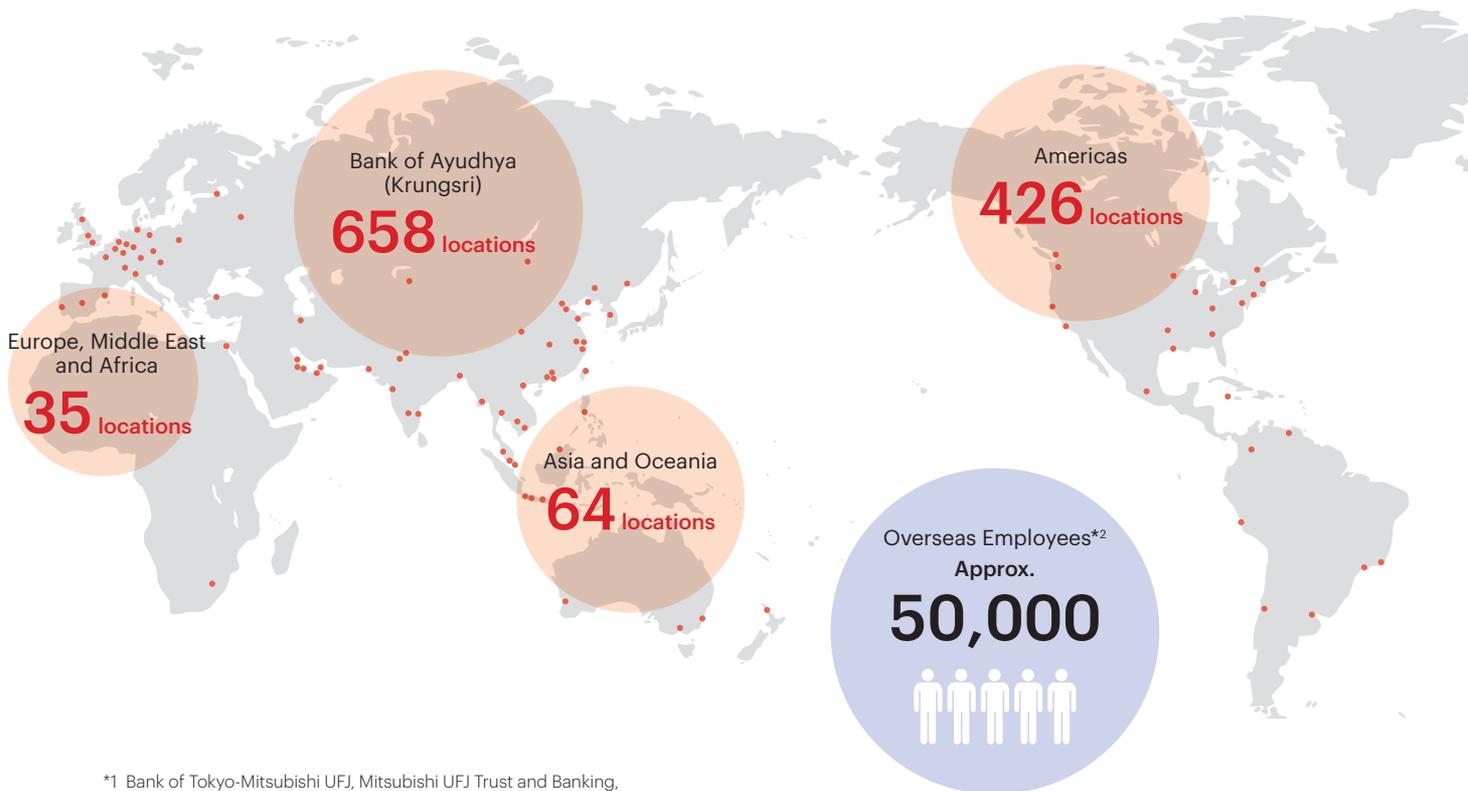
Ranking	Financial Institution Name	Country name	Balance (trillion yen)
1	Industrial and Commercial Bank of China	China	214.2
2	China Construction Bank	China	185.0
3	Bank of China	China	166.7
4	Agricultural Bank of China	China	157.3
5	HSBC	U.K.	114.8
6	<b>MUFG</b>	<b>Japan</b>	<b>108.3</b>

Source: Compiled by Bank of Tokyo-Mitsubishi UFJ Economic Research Office based on company financial materials

\* Loans exclude provision for credit losses  
Excludes governmental institutions

## Overseas Network\*1

MUFG has over 1,150 locations in over 40 countries.

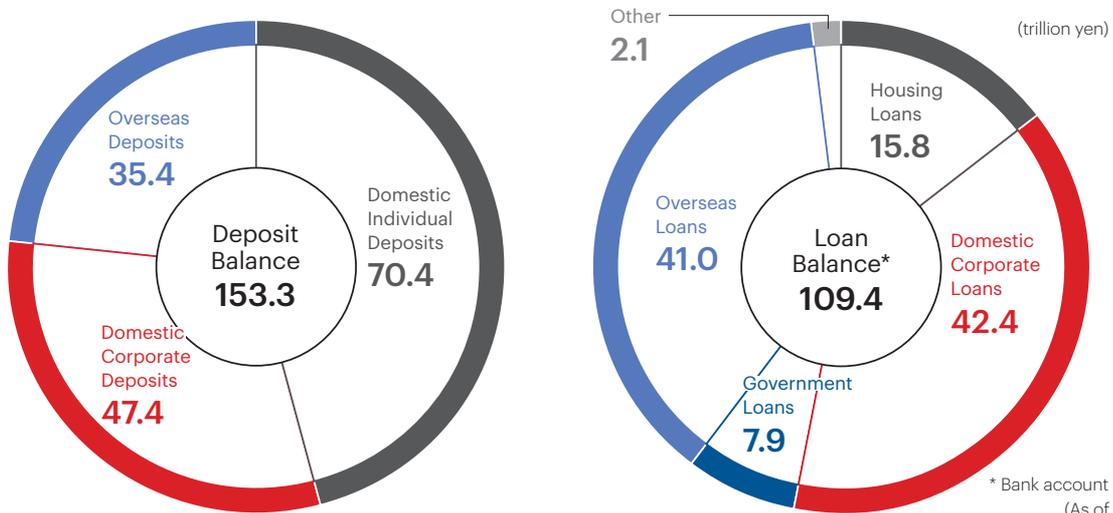


\*1 Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities Holdings (as of March 31, 2015)

\*2 Based on recruitment location

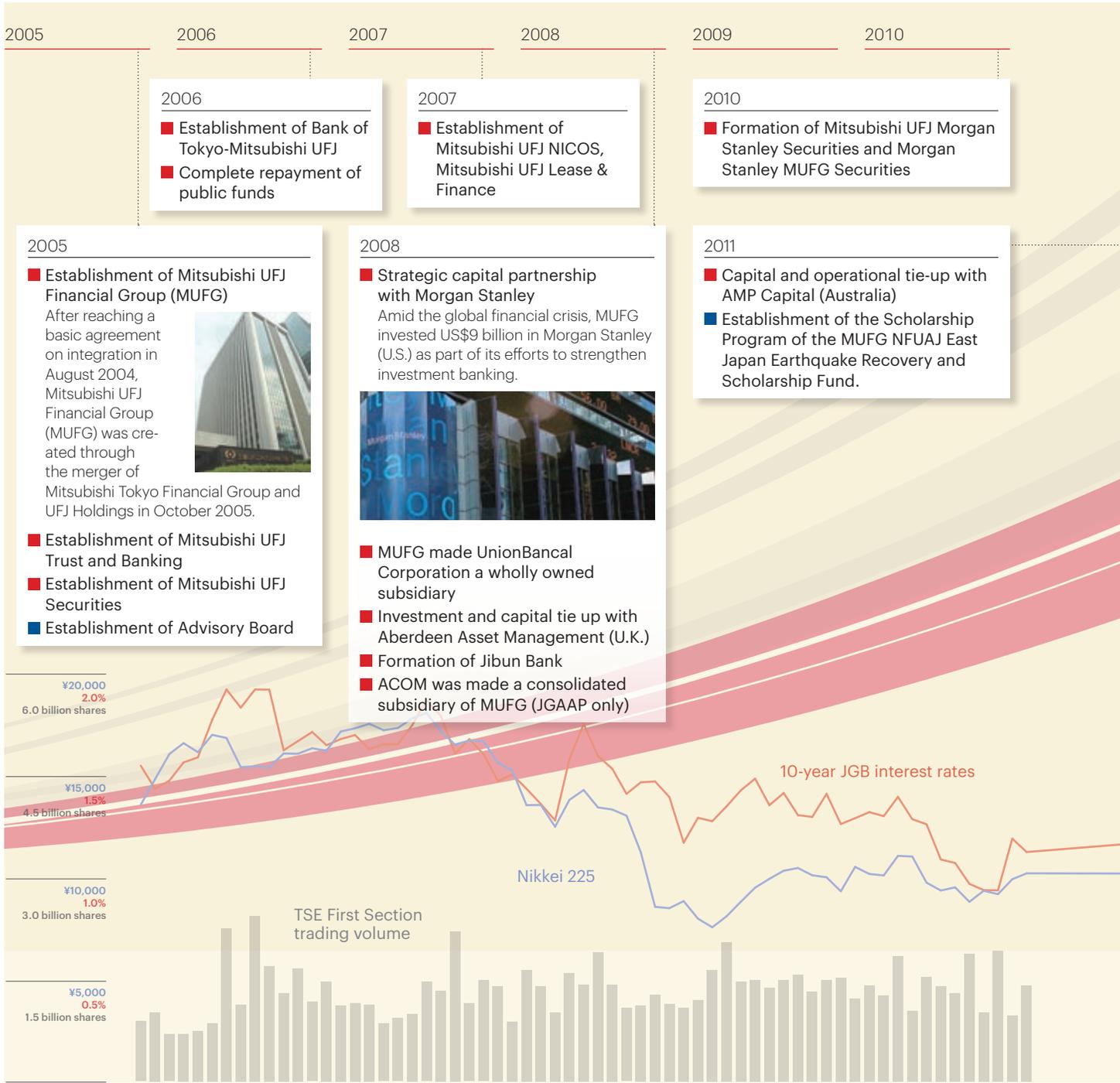
## Global Top-Class Deposits and Loans Balance

Our loan and deposit balances are number one among private sector financial institutions in Japan and also rank high globally.



# MUFG – The First Ten Years

MUFG is approaching its tenth anniversary. During this period, we have created the foundation for sustainable future growth.



## Domestic and overseas economic and social trends

2005	2006	2007	2008	2009	2010
<ul style="list-style-type: none"> <li>Transition to limited deposit guarantee ("payoff") scheme in Japan</li> <li>Revaluation of Chinese Renminbi</li> </ul>	<ul style="list-style-type: none"> <li>BOJ terminated zero interest rates policy</li> <li>Economic expansion surpasses the largest post-war boom</li> </ul>	<ul style="list-style-type: none"> <li>Japan Post privatization</li> <li>Start of subprime loan problems in the United States</li> </ul>	<ul style="list-style-type: none"> <li>Overall population in Japan falls for the first time in its history</li> <li>Lehman Brothers Shock</li> </ul>	<ul style="list-style-type: none"> <li>Nikkei 225 recorded its lowest post-bubble closing price of ¥7,054.98</li> <li>Start of Obama administration in the United States</li> </ul>	<ul style="list-style-type: none"> <li>European sovereign debt crisis</li> <li>General agreement on Basel III in Europe</li> </ul>

2011

2012

2013

2014

2015

2012

■ MUFG corporate vision was renewed

MUFG corporate vision is renewed along with the start of the medium-term management plan from April 2012. Medium- to long-term vision is to be the world's most trusted financial group.

2014

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



■ Formation of Mitsubishi UFJ Morgan Stanley PB Securities

2013

■ Conversion of Bank of Ayudhya (Krungsri), major Thai commercial bank, into a subsidiary.

Bank of Tokyo-Mitsubishi UFJ converts Krungsri into a subsidiary. Start of full-fledged provision of comprehensive financial services in ASEAN region, which is key to growth strategy.



■ Capital and operational tie up with Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)

■ Acquisition of Butterfield Fulcrum Group (current Mitsubishi UFJ Fund Services)

Driven to strengthen global asset administration business

■ Establishment of Global Advisory Board



2015

■ Merger of two asset management companies to form Mitsubishi UFJ Kokusai Asset Management

■ Change governance structure to a company with three committees

In order to create more transparent and effective governance as a global financial institution, MUFG changed from being a company with a board of corporate auditors to a company with three committees (nomination, remuneration and audit).

■ Establishment of MUFG corporate governance plan

Indicates the corporate governance direction and framework

2011

2012

2013

2014

2015

■ Great East Japan Earthquake

■ Yen records post-war high versus US dollar (¥75.32 at one point)

■ Start of second Abe administration and Abenomics

■ BOJ introduces quantitative and qualitative easing

■ Tokyo chosen to host 2020 Olympics

■ NISA starts

■ Consumption tax raised to 8%  
■ United States quantitative easing ends

■ JGB interest rates lowered, 10-year bonds under 0.2% for the first time

■ Nikkei 225 recovers to ¥20,000 level  
■ Europe introduces quantitative easing

# Linking the Achievements of the Past Decade to the Promise of the Decade to Come

This year marks the tenth anniversary of the establishment of the Mitsubishi UFJ Financial Group (MUFG). We have established a strong foundation as a comprehensive financial group based on our leading domestic position and expanding overseas business. In this section, Group CEO Nobuyuki Hirano reflects on our progress so far and our profile for the next decade.



## 1

## Retrospective on Our Tenth Anniversary

### Strong progress as a comprehensive financial services group

#### A start made under tough conditions

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This year marks the tenth anniversary of the establishment of the Mitsubishi UFJ Financial Group (MUFG). In 2005, the Japanese economy was in a modest recovery phase despite the fact that the financial industry was still dealing with the repayment of public funding it had received during the Lost Decade and its aftermath. Once this issue was resolved, the industry believed that it could realistically look forward to a new phase of growth, only to be plunged into the financial crisis of 2008. The birth of MUFG took place at an inauspicious and difficult time.

However, I believe that our response to the crisis, which so deeply marked the financial industry, allowed us to build our business structure. MUFG weathered the crisis successfully because of our strong capital foundation and lack of exposure to risky securitized financial assets such as subprime loans. The crisis also presented us with unprecedented opportunities. With an investment of US\$9 billion, we forged a strategic relationship with Morgan Stanley and embarked on our long-held goal to create global investment banking capabilities.

Over the last ten years, we have made strong progress toward our original vision of being number one in terms of providing the best customer service, embracing a global outlook, and being one of the most trusted financial institutions in the world. We have solidified our position as the leading bank in Japan and we have become one of the leading global financial institutions. Leveraging our four key strengths: an integrated group, a global network, strong customer base and a firm financial foundation, we are moving steadily toward achieving our goal of becoming a leading provider of comprehensive global financial services.

#### Our competitive Group companies contribute to our comprehensive group capabilities

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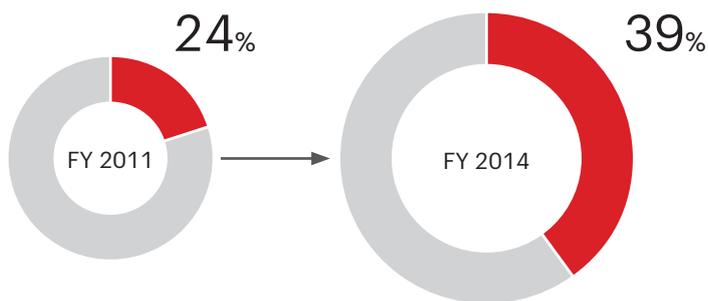
MUFG's domestic business spans a wide range of financial areas including banking, trusts, securities, as well as credit cards and leasing. In each sector, our Group companies have carved out leading positions, in many cases unmatched by our competitors, and synergies with and between the Group companies allow us to provide seamless services to our customers. Over the past ten years, our investment banking capabilities have improved dramatically. We have been able to tap the expertise and experience of Morgan Stanley through the merger which created Mitsubishi UFJ Morgan Stanley Securities, and this company leads in the increasingly active business of Japanese company cross-border M&A. Like a world-class soccer team, we are combining the talents of individual players to generate higher levels of performance.

## Global network and strong customer base

MUFG operates in over 40 countries with over 1,150 worldwide locations. Our workforce is becoming increasingly diverse and global with 50,000 of our 140,000 employees outside of Japan. As a result, overseas business increasingly drives our profits. In our customer segment (retail banking business, domestic corporate banking business, global business and asset management/investor services business (trust assets business)), the proportion of net operating profits generated by our global business group has increased from 20% three years ago to around 40% now.

In Japan, we have worked very hard to build and sustain trust with our customers, and our business now covers 40 million individual customer banking accounts and 400,000 corporate accounts. However, we know that financial institutions do not build trust with customers overnight, so we focus on long-term relationships. Over the past ten years, we have expanded our business to include not only Japanese companies, but also overseas corporations. Over 70% of our overseas corporate business profits now come from non-Japanese companies.

Global Business Group Share of Customer Segment Net Operating Profits\* Has Grown to around 40% in the Past Three Years



\* Global business group ÷ Customer segment (retail banking business, domestic corporate banking business, global business and asset management/investor services business (trust assets business))



## 2

## Results and Challenges from Our Previous Medium-Term Business Plan

### Three years of steady progress toward our goal to become the world's most trusted financial group

#### We have strengthened our domestic business over the past three years

The previous medium-term business plan, which ended in fiscal 2014, set out two main objectives: “enhance and expand global business as a driving force for growth” and “contribute to the revitalization of the Japanese economy.” Looking back on the past three years, we can see we have made steady progress on both of these objectives.

In Japan, the economy has offered limited opportunities for expansion and, as a result, the financial sector has been challenged by a period of market contraction. Consequently, our domestic profits have declined since the establishment of MUFG.

However, our goal has always been to contribute to the recovery of the Japanese economy and we have re-invigorated our domestic business to support that aim. Leveraging our group strengths, we have worked to provide our retail and corporate customers with products that meet their needs in a timely manner. We have also introduced a number of products and services that meet the diverse asset management needs of our retail customers. In the corporate sector, we have paid particular attention to SMEs, providing them with value-added services. These include consultation banking to address issues they may be facing and assistance with business continuity processes when new generations of management emerge. Together with improvement in the market environment and consumer sentiment that have been the result of Abenomics, we have been able to overcome some of the negative impact caused by prolonged low interest rates and to move our domestic business onto a path of solid recovery. This is perhaps the most significant achievement during our medium-term business plan.

#### Overseas business is the group growth driver

Our overseas businesses have continued to be our main growth driver with our global business group producing an annual net operating margin trending at over 10%. In order to provide comprehensive financial services including retail in North America and Southeast Asia, we merged Union Bank in the United States with the Americas business of Bank of Tokyo-Mitsubishi UFJ (BTMU); and in Thailand, we acquired the Bank of Ayudhya (Krungsri) and merged its operations with the Bangkok branch of BTMU. In addition, we have become the global number one\* in project finance for three consecutive years.

A further challenge has been to move our profit driver to the customer segment and away from the market segment where interest rates have made it difficult to generate gains on JGB sales. Our customer segment initiatives have helped to achieve this rebalance; this is another major achievement of the previous medium-term business plan.

\* Source: Project Finance International Magazine

## Recognizing challenges in the previous medium-term business plan

The previous medium-term business plan set a number of fiscal objectives based on growth, profitability and financial strength and we have worked steadily to achieve these goals. We succeeded in meeting targets for all categories with the exception of the consolidated expense ratio which was impacted by our aggressive investment in overseas business. We hit our target for the Common Equity Tier 1 Capital Ratio, which is a key indicator of financial health. This is the case even for the provisional figures which apply based on regulations to be implemented at the end of March 2019.

Three major challenges became evident during the implementation of the medium-term business plan. The first was improving productivity, which can be viewed from a triple perspective: enhancing per-capita employee productivity; improving return on investment; and further increases in capital efficiency.

The second challenge is to strengthen global corporate governance. Our overseas business profile is becoming more prominent as it continues to drive earnings and an appropriate response to global financial regulations is crucial. We need to be fully aware of and in compliance with, regulations in different markets and jurisdictions and to manage each region effectively from headquarters. Objective external viewpoints are crucial in strengthening corporate governance, whether they be customers, local communities, or regulatory authorities. We believe the role of independent non-executive directors as the representatives of these varied stakeholders is particularly important.

The final challenge is calibrating our business model to respond to changes in the environment. This is a perennial issue, but it will become more important. For instance, new industries emerge and companies reconfigure their businesses in order to compete globally. To support this, financial institutions will need to create a model based not only on lending, but also rooted in a diverse and robust business mix.

### Review of Previous Medium-Term Business Plan (FY 2012-FY 2014)

<b>Growth</b>	FY 2011 results	FY 2014 targets	FY 2014 results
Consolidated net operating profits (customer segment)*1	¥1,044.8 billion	20% increase from FY 2011	¥1,522.8 billion (+46%)
<b>Profitability</b>			
Consolidated expenses ratio	56.9%	Between 55-60%	61.1%
(Non-consolidated)	50.4%	Between 50-55%	54.8%
Consolidated net income RORA*2	0.8%	Approx. 0.9%	0.92%
Consolidated ROE*2	7.75%	Approx. 8%	8.74%
<b>Financial Strength</b>			
Common Equity Tier 1 Capital Ratio (full implementation)*3	Approx. 9%	9.5% or above	12.3%
			9.6%*4

\*1 Total of consolidated divisional profits for retail banking business, domestic corporate banking business, global business and asset management/investor services business (trust assets business) plus Bank of Ayudhya (Krungsri)

\*2 Fiscal 2011 results exclude negative goodwill associated with the application of equity-method accounting on our investment in Morgan Stanley

\*3 Calculated on the basis of regulations applied at the end of March 2019

\*4 Excludes impact of net unrealized gains/losses on securities available for sale

## 3

## Long-Term Management Strategy

## Consolidating our leading domestic position, aiming for Asian top league, US top ten

### The next ten years

With all of these issues in mind, MUFG has framed its new medium-term business plan. We tried to predict the business environment ten years from now and then adopt measures for the next three years as a first step to meet the new challenges. Ten years from now, the aging of the Japanese population and the declining birthrate will still be critical problems and we have identified a number of additional key issues. Prominent among them are how to promote the role of women and seniors in society and how to nurture the next generation. The demographic and social structure will change along with transformative shifts including the evolution of compact cities and the explosive growth of information and communications technology (ICT). In this environment, the way we interact with customers will change and we believe the omni-channel format will become the effective way to do business\*1. In the corporate sector, new industries will transform the way in which companies emerge and the pace of globalization will increase.

In this new landscape, what course should MUFG follow? Our foundation remains the domestic business where we will continue to contribute to the revitalization of Japan and consolidate our position as the leader of the financial sector.

In our overseas business, we will maximize the potential of Bank of Ayudhya and MUFG Union Bank, aiming to be in the top league in Asia while targeting a top ten position in appropriate sectors in the United States. In global corporate banking we plan to strengthen our business model, shifting from the current loan-centered business to include areas like transaction banking\*2. We will also maximize asset efficiency through origination and distribution. The asset management business will become increasingly important as personal income levels rise and assets accumulate in regions with growing economies like the emerging markets. We want to build our presence and enhance our recognition as a financial group both domestically and overseas.

We will not only strengthen our operational platform through ICT, which we expect to be a key in transforming the financial industry, but also enhance our management foundation comprising better corporate governance and information systems.

\*1 Providing services to customers through the best mix of branches, ATMs, telephone and Internet banking

\*2 Business, such as deposits, settlements and trade finance, that works through trade flows

4

# Our New Medium-Term Business Plan

## Evolving to meet change while focusing on customer perspective, group-driven approach, and productivity improvements

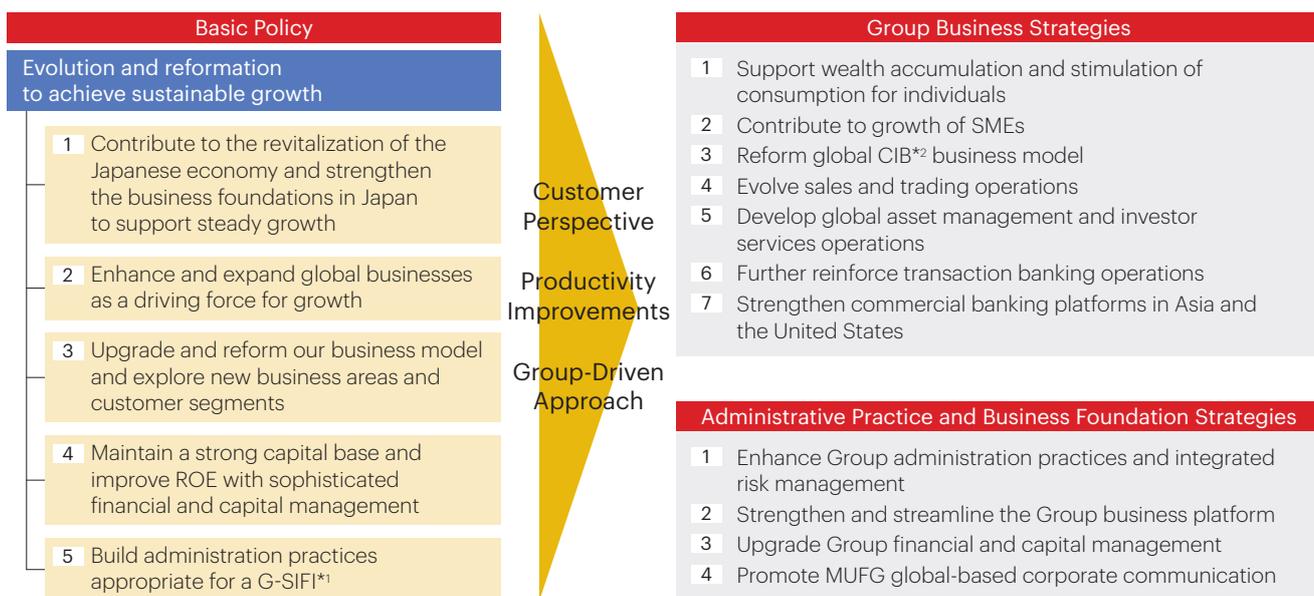
### Responding to change, implementing reform

Our new medium-term business plan is based on our view of the environment in ten years' time and the goals we hope to achieve. It includes five basic policy pillars under the theme "Evolution and reformation to achieve sustainable growth for MUFG". Under this theme, MUFG will implement strategic initiatives driven by the shared focuses of "customer perspective", "group-driven approach", and "productivity improvements".

"Customer perspective" calls on us to develop businesses based on an effective and accurate appreciation of changing needs. "Group-driven approach" urges us to emphasize inter-group company unity and find ways to optimize our business on an enterprise-wide basis. "Productivity improvements" is our commitment to boosting competitiveness by pursuing higher levels of effectiveness and efficiency. The intention is not simply to increase scale, but to pursue higher returns on capital and enhance capital efficiency. Based on our three shared group focuses, we have established seven group business strategies and four administrative practices and business foundation strategies linking all parts of our business both domestically and globally.

#### New Medium-Term Business Plan (FY 2015-FY 2017)

Our Vision **Be the World's Most Trusted Financial Group**



\*1 G-SIFI: Global Systemically Important Financial Institution  
 \*2 CIB: Corporate Investment Banking

## In Conclusion

### Maintaining the bonds of trust and confidence

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The market environment, including the financial sector, is constantly changing. Regulations are also in flux, often changing in tandem with economic and societal trends. However, for MUFG, one thing remains constant: no matter how much our environment changes, our fundamental social mission is the lifeblood of the economy. In addition, we want our business to contribute toward solutions that can help form a sustainable society.

The Japanese economy is on the path to recovery and we feel this is exactly the right time for us to continue to provide our unique and strong support.

As we pursue these initiatives, by far the most important element is the trust and confidence we have forged over a long period of time with our stakeholders. Through our long-term relationship of trust with our customers, we will grow together. We wish to share the results of this growth with our shareholders and investors and we are ever mindful of our fundamental social role.

Thank you for your continued support and goodwill.

July 2015

**Nobuyuki Hirano**

President & Group CEO

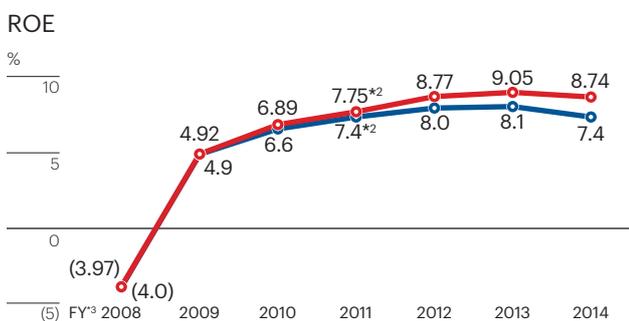


We will implement “financial management” for sustainable growth and the enhancement of productivity, and “capital management” maintaining a balance of financial soundness, strategic investments for growth, and further enhancement of shareholder returns.



July 2015

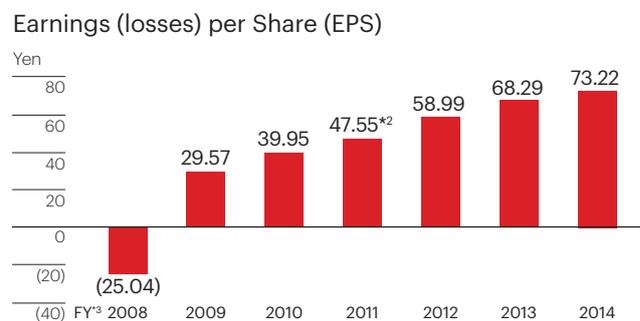
**Muneaki Tokunari**  
Managing Executive Officer  
Group CFO



● Tokyo Stock Exchange definition  
● MUFG definition<sup>1</sup>

\*1 MUFG definition

{Net income – Equivalent of annual dividends on nonconvertible preferred stocks} / {Total shareholders' equity at the beginning of the period – number of nonconvertible preferred stocks at the beginning of the period × issue price + foreign currency translation adjustments at the beginning of the period} + (total shareholders' equity at the end of the period – number of nonconvertible preferred stocks at the end of the period × issue price + foreign currency translation adjustments at the end of the period) ÷ 2} × 100



\*2 Without the one-time effect of negative goodwill associated with the application of equity-method accounting on our investment in Morgan Stanley:

ROE (Tokyo Stock Exchange definition) = 10.6%

ROE (MUFG definition) = 11.10%

EPS = ¥68.09

\*3 Our fiscal year starts on April 1 and ends on March 31.

## 1 Financial Management

### Establishment of Financial Targets Focusing on Sustainable Growth and Enhancement of Productivity

#### Earnings review

##### Results of the Fiscal Year 2014 (ended March 31, 2015)

Gross profits grew during the Fiscal Year 2014, driven by overseas loans and the investment banking business. Net business profits for the fiscal year were ¥1,644.9 billion, an increase of ¥180.8 billion from the previous fiscal year as the growth in gross profits exceeded the increase in expenses. Bank of Ayudhya (Krungsri), which was newly consolidated from Fiscal Year 2014, contributed ¥107.8 billion to the increase in net business profits.

Net income for the Fiscal Year 2014 was ¥1,033.7 billion, an increase of ¥48.9 billion from the previous fiscal year, as increases in the earnings from equity method investees and extraordinary income more than offset an increase in credit costs and a decrease in net gain on equity securities. MUFG achieved its announced target for net income of ¥950 billion and recorded an historic high.

(See P. 78 for Financial Data)

##### Progress on Financial Targets in the Previous Medium-Term Business Plan

With the exception of the consolidated expenses ratio, we achieved all the financial targets projected in the previous medium-term business plan. Expenses exceeded our target because we aggressively allocated our resources to overseas businesses where we expect significant growth in the near future. We also incurred higher expenses due to the cost of responding to increasingly more stringent global regulations.

(See P. 14 for Review of Previous Medium-Term Business Plan)

#### Financial Targets in the New Medium-Term Business Plan (ending March 31, 2018)

##### Concepts of the financial targets in the new medium-term business plan—Financial metrics for growth and productivity

MUFG will enhance productivity during the new medium-term business plan under the slogan of “evolution and reformation to achieve sustainable growth.” We have established multiple financial metrics as targets for growth and productivity and we are working to meet these targets.

The financial metrics for the final year of the medium-term business plan are as stated in the following table.

#### Fiscal Targets for the New Medium-Term Business Plan

	Metrics	Targets in the fiscal year ending March 31, 2018
<b>Growth</b>	EPS	Increase 15% or more from fiscal year ended March 31, 2015
<b>Profitability</b>	ROE	Between 8.5%-9.0%
	Expenses ratio	Approx. 60%
<b>Financial Strength</b>	Common Equity Tier 1 Capital Ratio*	9.5% or above

\* Calculated on the basis of regulations applied at the end of March 2019

#### Sustainable Growth

In the new medium-term business plan, we introduced “earnings per share (EPS)” as a new financial target to announce the top management’s goal of achieving sustainable profit growth. More specifically, in the next three fiscal years, we are aiming to increase EPS by 15% or more compared to the level recorded in the Fiscal Year 2014. In order to achieve this growth, which surpasses the economic growth rate in Japan, we will implement all the business strategies, including global business expansion, set forth in the medium-term business plan, and appropriate initiatives in capital management.

#### Enhancement of Productivity in Human Resources, Goods, and Capital

To enhance productivity, which has been a challenge since the previous medium-term business plan, we have set the following two productivity metrics as our financial targets. “Return on equity (ROE)” is a metric for capital productivity while the “expenses ratio” measures productivity for human resources and goods including staff and non-staff expenses.

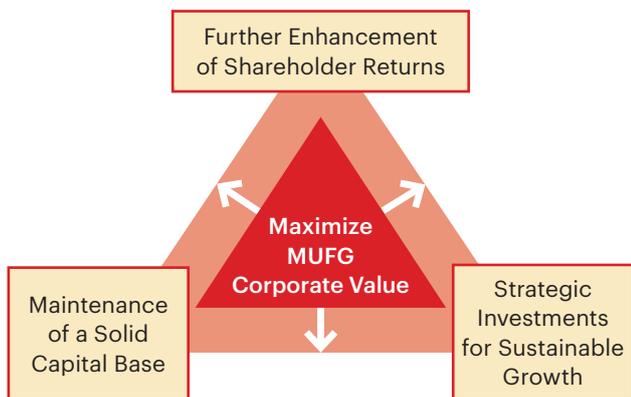
Over the next three fiscal years, we will focus on sound financial management to meet these targets.

## 2 Capital Management

Capital management with an appropriate balance of financial soundness, strategic investments for sustainable growth, and further enhancement of shareholder returns

MUFG positions commercial banking as its core business, with a base in Japan, while also expanding its business globally. We believe that financial soundness is the foundation for us to take the role to provide both the economy and society with vitality and resources. We are implementing well-balanced management from the standpoint of financial soundness, strategic investment for sustainable growth, and further enhancement of shareholder returns.

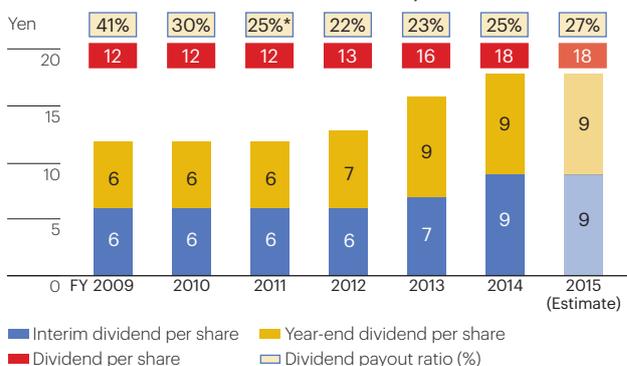
### Capital Management Outline



### Further Enhancement of Shareholder Returns

Our basic policy is to achieve stable and sustainable increases in the “dividend per share (DPS)” by increasing our profits. We will also continue to consider repurchase of own shares, based on having a sufficiently strong capital base even after complying with regulatory requirements, and also even after considering payout for possible and foreseeable strategic investments for our future growth.

### Dividend Per Share and Dividend Payout Ratio



\* The fiscal year 2011 dividend payout ratio excludes the one-time effect of negative goodwill associated with the application of equity-method accounting on our investment in Morgan Stanley.

### Financial Soundness

As a Global Systemically Important Financial Institution (G-SIFI), MUFG is required to maintain higher capital adequacy ratios compared to non G-SIFIs. As of March 31, 2015, we had already met the Basel III capital ratio requirements for March 2019, as a result of strengthening our capital base well in advance of the deadline.

### Strategic Investment for Sustainable Growth

We believe both organic growth based on our existing customer base and businesses, and non-organic growth through strategic investments including M&A to capture new customers and business, are important for our sustainable growth. We will use our capital in a timely and efficient manner to take advantage of opportunities for strategic investments, which support the long-term enhancement of our corporate value.

### Seeking the Best Capital Mix

Basel III is being progressively implemented and regulators in a number of countries are discussing the new capital requirements. In order to respond to those regulatory requirements and to enhance ROE at the same time, we will pursue the best capital mix among Common Equity Tier 1 Capital (i.e., capital and capital surplus); Additional Tier 1 Capital (i.e., perpetual subordinated debt); and Tier 2 Capital (i.e., subordinated term debt). During the Fiscal Year 2014, we issued Basel III compliant bank capital securities in Japan, which was the first time for a Japanese bank to issue such bonds in the domestic market.



Won the Bond of the Year award in Thomson Reuters DEALWATCH AWARDS 2014

### 3 Framework Supporting Financial and Capital Management

## “Financial and Capital Management to Support Our Sustainable Growth” and “Enhancement of Internal and External Communication”

#### Financial and Capital Management to Support Sustainable Growth

The followings are certain examples of our financial and capital management frameworks to support growth of the entire MUFG group.

##### Finance Committee

The Finance Committee is a sub-committee of the Executive Committee. Its purpose is to deliberate on the optimal capital mix, adequate and appropriate responses to regulations and other related matters. These topics are also actively discussed with outside directors and members of the Advisory Board.

##### Risk Appetite Framework

MUFG emphasizes the concept of “risk and return” in making management decisions. More specifically, we have introduced and are currently using the Risk Appetite Framework to take appropriate risks to achieve management targets and ensure that profits are consistent with our risk taking.

(See P. 60 for Risk Management)

##### Investment Monitoring Committee

MUFG has criteria for making decisions about strategic investments. We require that the return from the investment should exceed our cost of capital in several years after the investment is made. We focus on the productive use of capital. The Investment Monitoring Committee regularly checks investments, and establishes guidelines stating how to cope with the investments which missed return targets, not excluding exit decisions, to ensure financial discipline.

#### Tax Management

In order to strengthen our group tax management functions, MUFG has introduced a consolidated tax payment framework. We are working to enhance the tax management framework which supports our global business expansion, taking into account the fact that authorities around the world are focusing on collecting the appropriate levels of tax.

#### Internal and External Communication Dialogue with Shareholders and Investors

Our financial management mission includes providing stakeholders with our financial information in a transparent and timely manner. Our intent is to clearly and accurately communicate management intentions and strategic direction.

We work to build a constructive dialogue with shareholders and investors through earnings briefings and seminars as well as through other appropriate disclosure of financial information.



Earning briefing

#### Some Examples of Investments during the Three-Year Period of the Previous Medium-Term Business Plan

(■ : Consolidated subsidiaries, ■ : Equity method investees)

FY 2012			
■ Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd.	Japan	Acquisition of all of the holdings of Merrill Lynch Japan Securities	
■ AMP Capital Holdings Limited	Australia	Investment and tie-up with Australia's largest asset management company	
FY 2013			
■ Bank of Ayudhya (Krungsri)	Thailand	Acquisition of Krungsri, a major Thai commercial bank, to create an integrated commercial banking platform in Asia	
■ Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank)	Vietnam	Investment and tie-up with VietinBank, Vietnam's largest state-owned bank in terms of assets	
■ Butterfield Fulcrum Group (currently Mitsubishi UFJ Fund Services)	Bermuda	Entry into fund administration business for overseas customers	

# Corporate Value Initiatives

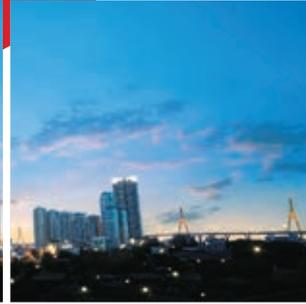
Our vision is to be the world's most trusted financial group. We explain how each business group creates value in their efforts to reach this vision.

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<b>24</b>	<b>Business Group Strategies*</b>
24	Retail Banking Business
28	Domestic Corporate Banking Business
32	Global Business
36	Trust Assets Business
40	Global Markets Business
<b>44</b>	<b>Special Feature: Becoming a Leading Financial Group in Asia</b>
<b>46</b>	<b>Special Feature: Strategic Alliance with Morgan Stanley</b>

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\* Financial data in this section is based on managerial basis.



# Retail Banking Business

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



Composition of Gross Profits\*



Gross Profit Breakdown



Our Group companies are working as a unified whole to deliver the best for customers.

**Takahiro Yanai**  
Managing Executive Officer  
Group Head, Retail Banking Business Group

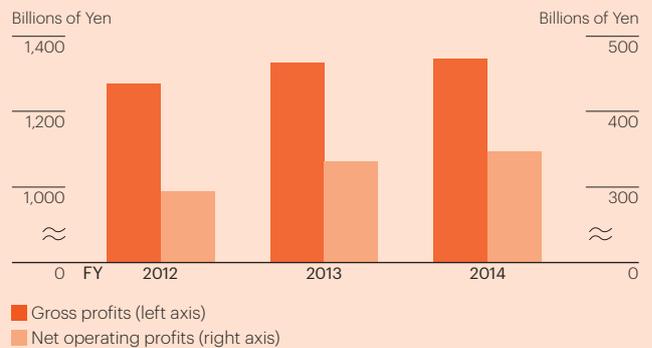
## Fiscal 2014 Earnings Summary

Gross Profits **¥1,311.3 billion**      Net Operating Profits **¥347.1 billion**

**[ up 1% ↑ ]**      **[ up 4% ↑ ]**

Retail Banking Business Group gross profits rose 1% (¥15.0 billion) over the previous fiscal year to reach ¥1,311.3 billion. Net operating profits rose 4% year on year (¥12.7 billion) to reach ¥347.1 billion. Revenue from loans and deposits declined, but this was covered by investment product sales and consumer finance.

## Gross Profits and Net Operating Profits



## Customer Base, Asset Scale and Revenue all Growing

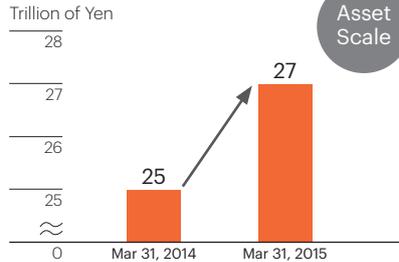
In aiming for sustained growth in its investment product sales business, MUFG seeks a balance between its base (number of accounts, etc.); asset scale (assets under management from customers) and revenue. In fiscal

2014, we saw growth in the base (number of Nippon Individual Savings Account [NISA] accounts opened); as well as the amount of assets under management (Asset Scale) along with revenue.

No. of NISA Accounts Requested (Cumulative Total)

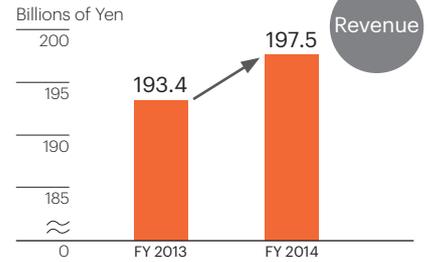


Assets Under Management\*



\* Total for Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Morgan Stanley Securities. Excludes yen accounts.

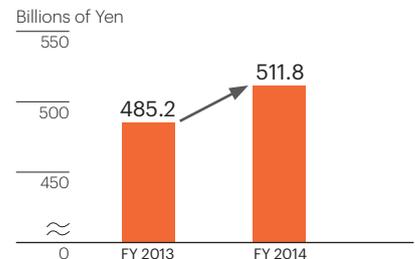
Investment Product Sales Revenue



## Revenue Growth as Card Loan Balance and Card Transaction Volume Increases

In consumer finance business, both balances and revenues are growing in ACOM card loan business and BANQUIC business (the consumer finance products provided by Bank of Tokyo-Mitsubishi UFJ). Card business transaction volume is growing and revenue is up on an increased use of revolving and installment payments.

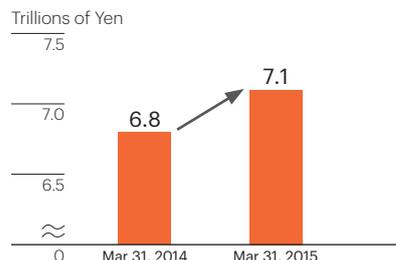
Consumer Finance and Card Business Revenue



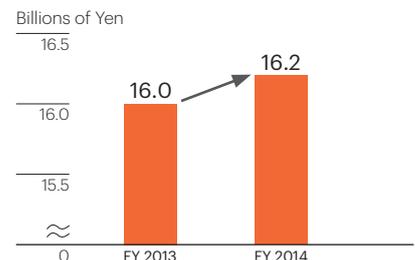
## Inheritance Trust Balance Rising Steadily

We focused on the development and sale of various products which can take advantage of legal changes related to inheritance and donations. Our real estate brokerage business performed well.

Executable Testamentary Trust Asset Balance



Inheritance-Related Revenues and Real Estate-Related Revenues



# Retail Banking Business

## Our Long-Term Vision

Retail Banking  
Business Group  
Our Long-Term Vision

## The Top Financial Group Chosen by a Wide Variety of Customers Spanning the Generations

### Business Environment

- Decreasing birthrate and aging population
- Income and asset polarization
- ICT evolution and penetration

- Long-term asset management and succession needs growing
- Borrowing needs expanding
- Settlement methods diversifying, growth of cashless society

### MUFG Strategy

Asset Management Business

Asset Succession Business

Promoting a shift from saving to investment; revitalizing personal consumption

Settlement Business

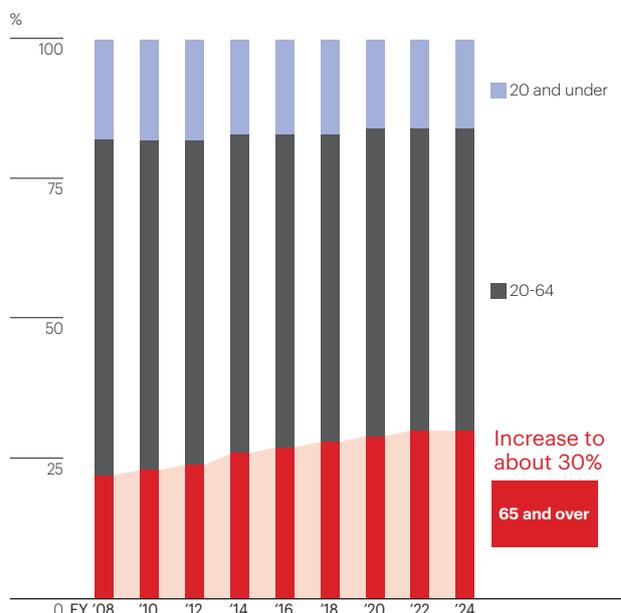
Consumer Finance

## Projected Business Environment and Management Strategy

In Japan, the trend toward a decreasing birthrate and aging population is deepening, and it is predicted that in ten years' time 30% of the population will be over 65. We are also seeing a polarization of income and assets while the spread of information and communications technology (ICT) is bringing a diversification of settlement methods.

In this environment, we see MUFG contributing to sustained economic growth in Japan in two ways. Firstly, by promoting a move to investments from savings through the asset management business, and promoting the circulation of funds in the economy. Secondly, by revitalizing personal consumption through our settlement and consumer finance business. We aim to become the top financial group in the retail business segment, chosen by a wide variety of customers with our business spanning the generations.

### Demographic Structure of Japan



Source: Ministry of Internal Affairs and Communications Population Estimates; National Institute of Population and Social Security Research Population Projections.



## Medium-Term Business Plan (Fiscal 2015-2017)

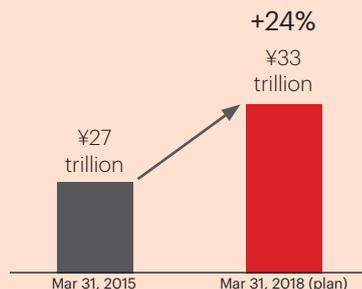
By promoting the shift to investments from savings and revitalizing personal consumption, we aim to expand our customer base, strengthen our stock business (increase our assets under management) and ultimately grow our revenues in a balanced drive for growth.

Net Operating Profit Plan<sup>\*1</sup>



<sup>\*1</sup> Based on managerial accounting basis to apply from fiscal 2015  
Forex rate applied to business plan is ¥115/US\$

Assets Under Management<sup>\*2</sup>



<sup>\*2</sup> Total for Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Morgan Stanley Securities  
Excludes yen deposits

### Strategy Focus

#### Asset Management

- NISA promotion
- Investment products that support medium- to long-term asset formation
- Reconfigure investment product sales structure

#### Asset Succession

- Expand new product lineup
- Group-wide total asset consulting approach from the perspective of asset succession

#### Settlement (cards)

- Provide multiple settlement formats
- Strengthen transactions with corporations

#### Consumer Finance

- Expand customer base

## FOCUS

### Meeting Total Asset Needs Not Limited to Financial Assets

Customer asset needs are becoming more sophisticated and diverse, from asset formation through to effective utilization and smooth arrangements for succession. To meet these needs, “total asset consulting”, which includes non-financial assets like real estate, is becoming more important. MUFG is able to leverage the knowhow and expertise of its Group companies in banking, trust, securities and real estate brokerage to deliver a total asset approach based on its comprehensive financial group power.



# Domestic Corporate Banking Business

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



Composition of Gross Profits\*



Gross Profit Breakdown



We contribute to our clients' growth through providing the best solutions to their diverse needs ranging from management issues to business strategies.

## Hidekazu Fukumoto

Senior Managing Executive Officer  
Group Head, Corporate Banking Business Group

## Fiscal 2014 Earnings Summary

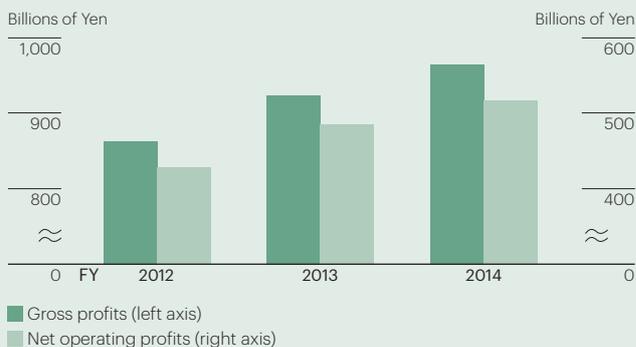
Gross Profits  
¥965.2 billion

Net Operating Profits  
¥517.1 billion

[ up 4% ↑ ] [ up 7% ↑ ]

Gross profits rose 4% year on year (¥41.2 billion) to ¥965.2 billion. Net operating profits were up 7% year on year (¥31.6 billion) to ¥517.1 billion. Net interest income fell on a contraction in lending spreads as well as a decrease in deposit revenues on lower interest rates. However, this was covered by an increase in revenue from fees and commissions, and overall profits rose.

## Gross Profits and Net Operating Profits

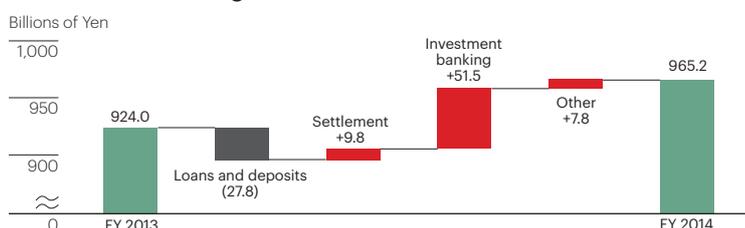


## Loan Balance Up and Investment Banking Revenue also Increasing

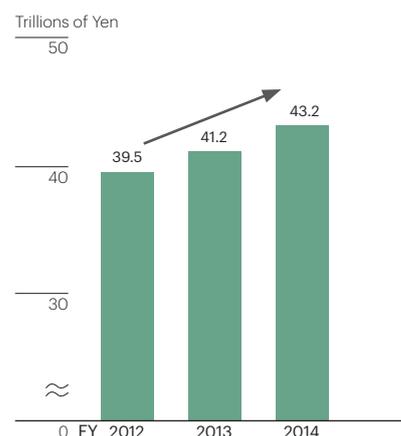
The domestic corporate average loan balance (excluding government) rose 5% year on year (¥2.1 trillion). This reflected our initiatives such as fund demand creation and responding to event finance including M&A finance. Investment banking revenues\* rose as we provided our customers with high-value-added proposals to meet their challenges, and forex revenue also grew as we met transaction needs in a rapidly changing market.

\* Revenue from structured finance, syndicated loans, derivatives.

### Breakdown of Change in Gross Profits



### Domestic Corporate Average Loan Balance



## Large Corporate Business

### Maintaining Our Leading Presence in the M&A Advisory and Project Finance League Tables

As we make various proposals to our clients for further enhancement of corporate value, MUFG ranks second among Japanese financial institutions in cross border M&A advisory business. Continuing from 2013, MUFG is

ranked number one globally in project finance (origination volumes) on strong performance in electric power, resource and infrastructure projects.

#### M&A Advisory (cross-border projects/transaction value base)\*

(April 2014-March 2015)

Ranking	Advisor	Transaction Value (Billions of Yen)
1	Mizuho Financial	2,965.9
2	Mitsubishi UFJ Morgan Stanley Securities	2,689.7
3	Nomura	2,447.7

Source: Thomson Reuters (data compiled by Mitsubishi UFJ Morgan Stanley)

\* Any Japanese involvement announced including property acquisitions. Mitsubishi UFJ Morgan Stanley includes deals advised by Morgan Stanley.

#### Project Finance (global ranking, based on funds raised)

(January-December 2014)

Ranking	Arranger	Origination volumes (Millions of US Dollars)
1	MUFG	16,227
2	SMBC	13,451
3	Mizuho Financial	9,848

Source: Project Finance International Magazine

## SME Business

### Promoting a "Solution Providing Approach"

Our SME customers' needs are diversifying from fund raising and business succession to sales channel expansion. We respond with order-made support and meticulously planned proposals, resulting in growth for

both loan balances and fee and commission revenue in a tough competitive environment.

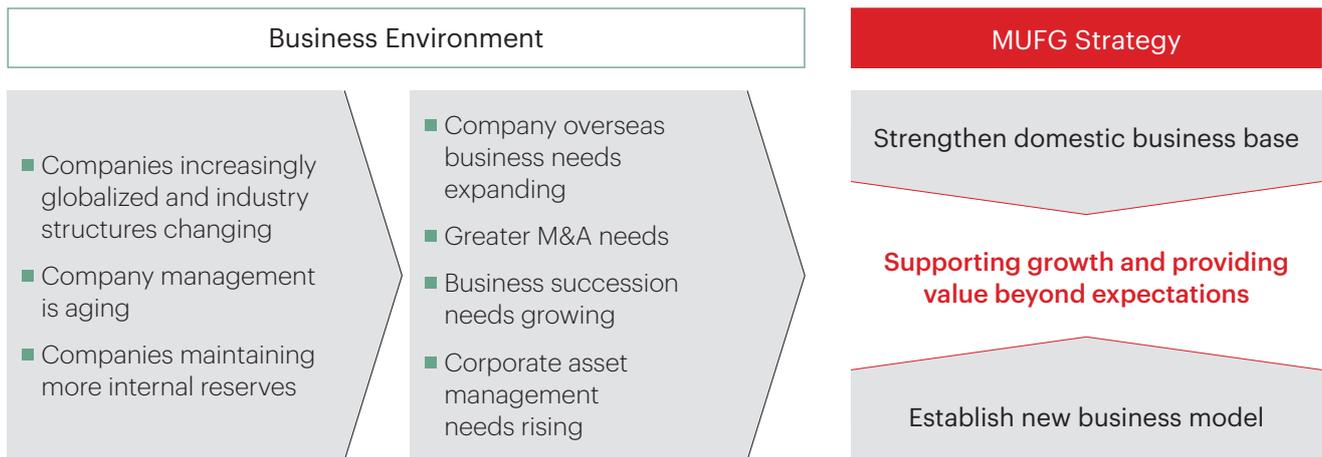
☞ See pages 76-77 for details on our support to SMEs.

# Domestic Corporate Banking Business

## Our Long-Term Vision

**Domestic Corporate Banking Business Group**  
Our Long-Term Vision

**Supporting Growth and Providing Value Beyond Expectations: We Aim to Be Our Customers' First-Choice Financial Institution**



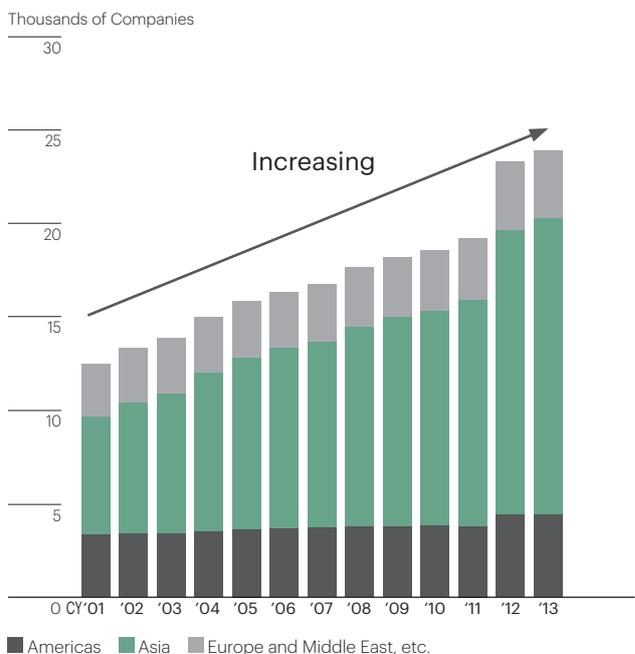
## Projected Business Environment and Management Strategy

The globalization of Japanese companies is proceeding apace and we expect overseas expansion to extend to an increasing number of SMEs. We project the number of corporate M&A deals to increase in certain sectors as companies attempt to become more globally competitive. The aging trend among Japanese management is accelerating and as the economy improves, we forecast that some companies will expand internal reserves.

MUFG perceives these changes as an opportunity and through the strengthening of our domestic business and establishment of a new business model, we intend to contribute to our clients' growth and deliver new value beyond their expectations, becoming their first choice as a financial institution.



**Japanese Company Business Expansion Overseas**  
No. of Japanese Companies with Local Affiliates by Region



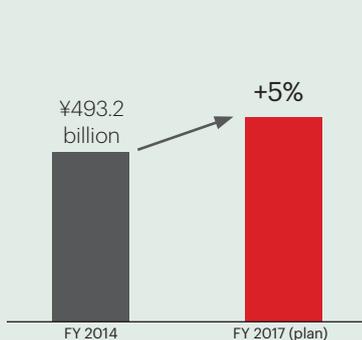
Source: Ministry of Economy, Trade and Industry, Basic (Trend) Survey of Overseas Business Activities

## Medium-Term Business Plan (Fiscal 2015-2017)

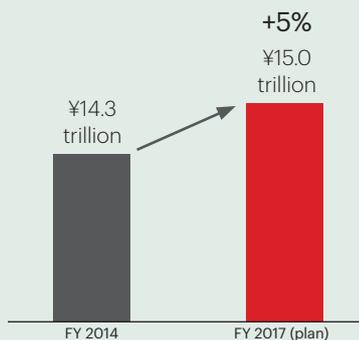
We aim for sustained growth based on the basic policies set out below and in line with the direction of strengthening our domestic business base and establishing a new business model.

- 1** Contributing to Japan's economic revitalization
- 2** Supporting companies' overseas growth
- 3** Providing new value-added service

Net Operating Profit Plan\*



Average Loan Balance for SMEs



\* Based on managerial accounting basis to apply from fiscal 2015  
Forex rate applied to business plan is ¥115/US\$

### Strategy Focus

#### Large Corporations

- Promoting sector-by-sector approach
- Higher level of overseas business

#### SMEs

- Strengthening base transactions (loans, settlement)
- Promoting support for growth companies
- Enhanced support on business succession
- Establishing corporate asset management business

## FOCUS

### Supporting the Development of Next-Generation Core Industries

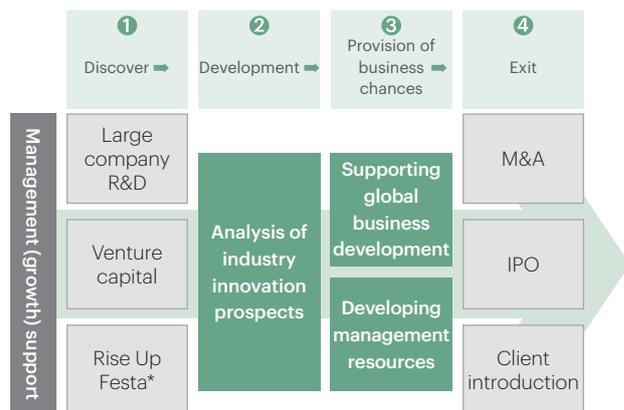
The Industry Design Office is a new strategic team formed by Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Capital, designed to support the creation of next-generation core industries. The objective is to support the growth of key sectors and industries that will form the core of the future Japanese economy, enlisting not only MUFG Group companies but also outside experts. The intention is to make this an MUFG business pillar in the long term.

#### Main Initiatives

- Discovering the seeds of innovative technology
- Analyzing industry prospects as technology seeds are applied in business
- Developing CEO talent to continue innovation and supporting commercialization on a global basis

We will promote a value chain which discovers growth companies; develops innovative technology; provides business expansion chances; and offers an exit strategy.

#### Industry Development Value Chain



\* Please see page 76 for details on Rise Up Festa.

# Global Business

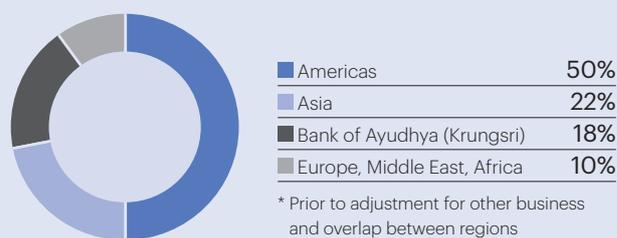
We respond to the funding needs of corporate customers around the world as well as providing cash management and advisory services. We also provide retail service in the United States and Thailand.



Composition of Gross Profits\*



Gross Profit Breakdown\*



By establishing a strong presence in every region of the world, we aim to be the First Call Bank for clients.

## Takashi Morimura

Senior Managing Executive Officer  
Group Head, Global Business Group

## Fiscal 2014 Earnings Summary

Gross Profits  
**¥1,351.3 billion**

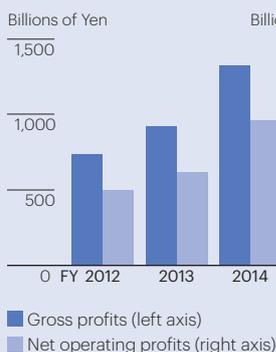
Net Operating Profits  
**¥588.6 billion**

up 43% ↑

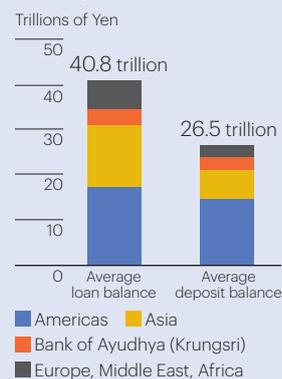
up 56% ↑

Gross profits rose 43% year on year (¥407.5 billion) to ¥1,351.3 billion due to the consolidation of Bank of Ayudhya (Krungsri) as well as forex impact and rises in net interest income and fee income. Net operating profits were up 56% year on year (¥211.6 billion) to ¥588.6 billion. The average loan balance increased 33% (¥10 trillion) to ¥40.8 trillion, with the average deposit balance up 38% (¥7.3 trillion) to ¥26.5 trillion.

Gross Profits and Net Operating Profits



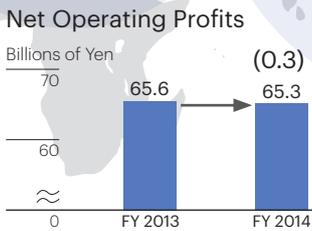
Fiscal 2014 Average Loan Balance and Average Deposit Balance



## Regional Highlights

### Asia (Asia, Oceania, East Asia)

With the economic growth of Asia, profits steadily increased on expanding lending business with global corporates (non-Japanese companies).

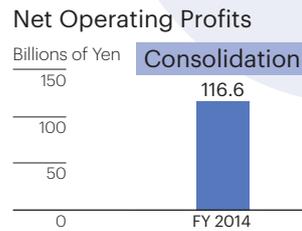
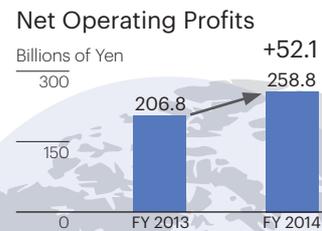


### Europe, Middle East, Africa

Our revenues have grown, mainly in corporate & investment banking despite the following negative factors: the stagnating European economy and economic situation in Russia. Net operating profits were broadly flat.

### Americas

Profits were strong, helped by the recovering United States economy.



### Bank of Ayudhya (Krungsri)

Bank of Ayudhya was consolidated on the P/L statement from fiscal 2014 and has had a positive net operating profit impact of ¥116.6 billion.



## TOPICS

### Aiming for the United States Top Ten

#### Integrating Americas Business

In July 2014, Bank of Tokyo-Mitsubishi UFJ and MUFG Union Bank integrated operations for Americas business. MUFG Union Bank offers a wide range of financial services from retail to corporate banking mainly on the West Coast. As of September 2014, our total deposit volume ranked 13th overall in the United States. We plan to introduce more advanced services, strengthen our US dollar funding capabilities and improve governance with a view to be in the top ten banks in the United States in terms of scale and earnings.

# Global Business

## Our Long-Term Vision

Global Business Group  
Our Long-Term Vision

### Be the First Call Bank for Customers around the World

#### Business Environment

- Sustained growth of the United States economy
  - Relatively high growth of Asia
  - Stronger and more complex financial regulations
- Accelerated globalization of our client companies
  - Increased business chances in United States/Asia
  - Growth of local companies and financial markets in Asia
  - Global expansion in trade flows/money flows

#### MUFG Strategy

Developing business based on unique strength of each region

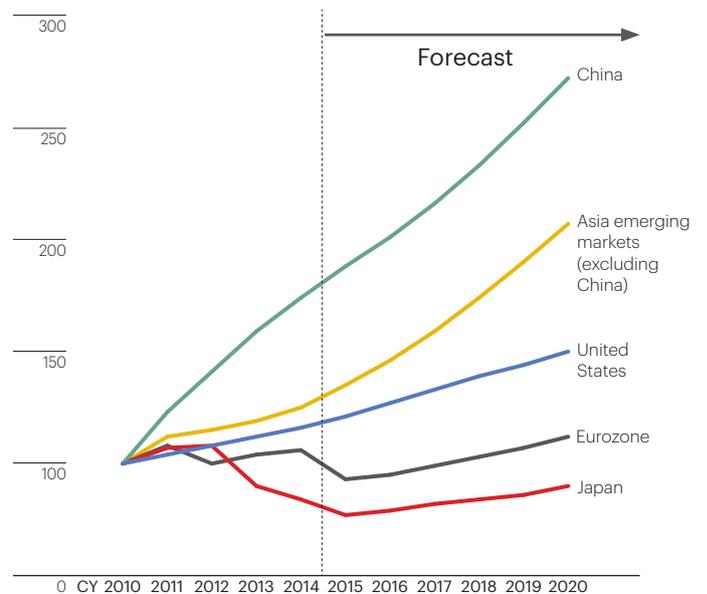
**Deliver high-quality services globally**

Enhanced group-wide products and services

### Projected Business Environment and Management Strategy

We foresee continued growth of the United States as the world's biggest economic power. We also expect relatively high growth to continue in Asia. In this environment, MUFG aims to leverage its strengths to achieve growth. These include Bank of Tokyo-Mitsubishi UFJ's extensive global network and the strong local commercial banking operations of MUFG Union Bank in the United States and Bank of Ayudhya (Krungsri) in Thailand. We will exploit our unique strengths in each region as well as offering enhanced products and services across regions to deliver high-quality services globally.

Nominal GDP Trend (2010 nominal GDP set as 100)



Source: IMF World Economic Outlook April 2015

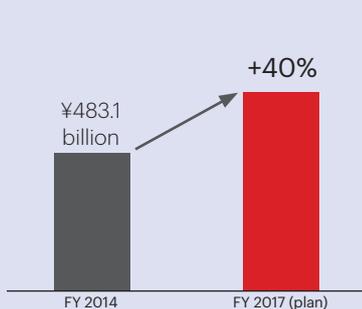


## Medium-Term Business Plan (Fiscal 2015-2017)

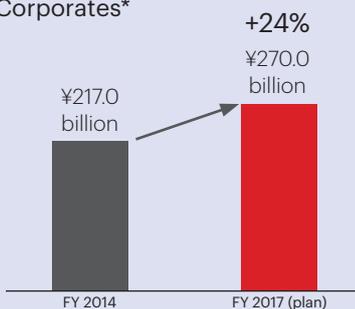
We implement business strategies for sustained growth and strengthen our business foundation in line with the basic policies set out below.

- 1** Challenge new business opportunities
- 2** Pursuit of efficiency
- 3** Strengthen business foundation

### Net Operating Profit Plan\*



### Non-interest Income from Transactions with Global Corporates\*



\* Based on managerial accounting basis to apply from fiscal 2015  
Forex rate applied to business plan is ¥115/US\$

### Strategy Focus

- Strengthening business based on trade flows between Japanese and global corporates
- Expanding retail and SME business in North America and Thailand
- Strengthening products from a group-driven perspective
- Enhancing transaction banking\*<sup>1</sup>
- Strengthening O&D business\*<sup>2</sup>
- Enhancing administration practice and establishing robust operational systems
- Promote non-organic strategy\*<sup>3</sup>

\*<sup>1</sup> Business, such as deposits, settlements and trade finance, that works through trade flows.

\*<sup>2</sup> Origination and distribution business (loans, etc.) based on investor demands.

\*<sup>3</sup> Growth strategy based on acquisition of assets and business through M&A, etc.

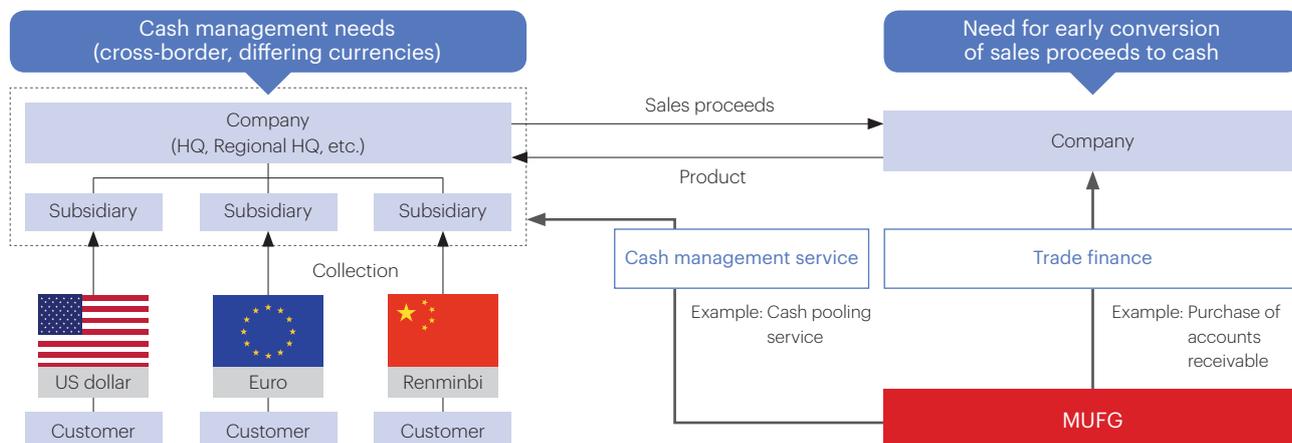
## FOCUS

### Transaction Banking for Global Cash Management and Trade Finance Needs

The global cash management and trade finance needs of companies are growing as globalization of company activities takes hold, ICT progresses, and world trade volumes increase. MUFG considers this transaction banking business (cash management, trade finance, etc.) as an important business strategy which can lead to the capture of non-interest income and foreign currency deposits.

In May 2015, Bank of Tokyo-Mitsubishi UFJ established a Transaction Banking Group to effectively coordinate related regional divisions and the related divisions of MUFG Union Bank and Bank of Ayudhya. We plan to develop products with the most advanced systems and to enhance marketing.

#### Transaction Banking Example

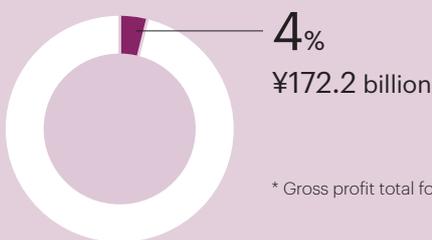


# Trust Assets Business

We provide asset management and fund administration services: pensions, investment trusts, global asset management and investor services.



Composition of Gross Profits\*



\* Gross profit total for five business groups

Gross Profit Breakdown



\* Services provided under the MUFG Investor Services brand, custody and fund administration services, etc.



We continue striving to provide distinctive products and services which meet customer needs.

## Junichi Okamoto

Senior Managing Executive Officer  
Group Head, Trust Assets Business Group

## Fiscal 2014 Earnings Summary

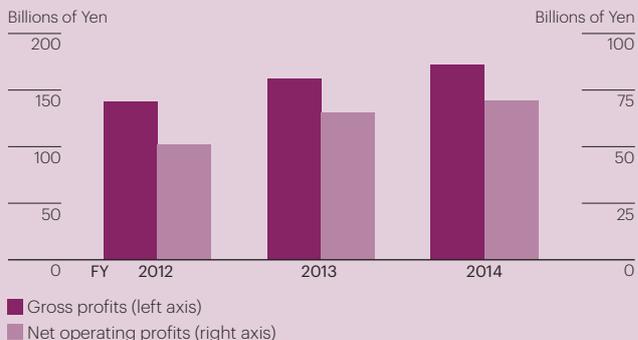
Gross Profits  
¥172.2 billion

Net Operating Profits  
¥70.1 billion

[ up 8% ↑ ] [ up 8% ↑ ]

Gross profits rose 8% year on year (¥12.5 billion) to ¥172.2 billion while net operating profits were up 8% (¥5.1 billion) to ¥70.1 billion. We steadily accumulated assets under management in our main businesses including pension trusts, etc., leading to an increase in revenues.

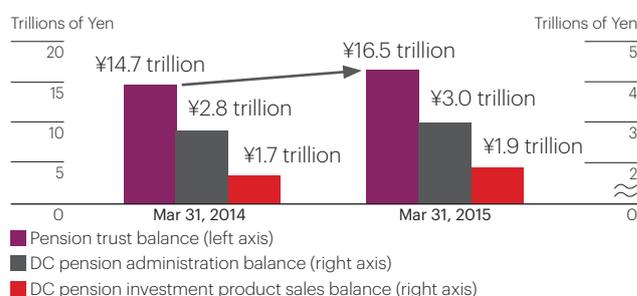
## Gross Profits and Net Operating Profits



## Pension Trusts and DC Pension Business Growing Steadily

Mitsubishi UFJ Trust and Banking maintains the top-level domestic share in pension trust balances. The asset administration balance and investment product sales balance for defined contribution (DC) pensions both grew steadily. Pension trust balances from the public sector (cooperative societies, etc.) also increased.

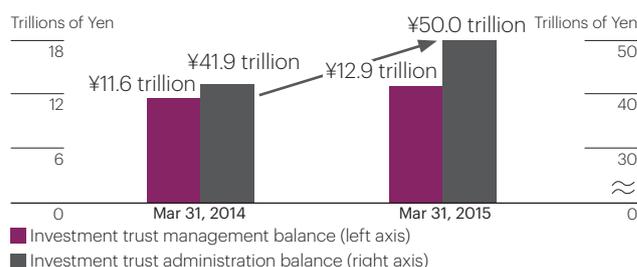
Pension Trust Balance, DC Pension Administration Balance, and DC Pension Investment Product Sales Balance



## Decision on Merger of Mitsubishi UFJ Asset Management and KOKUSAI Asset Management

We decided to merge the relevant Group companies to further enhance our asset management business. With our full product lineup and extensive sales network, we are in a position to meet our clients' comprehensive asset management needs.

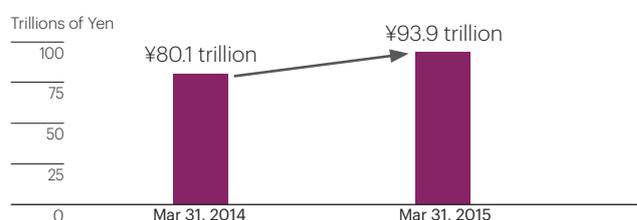
Investment Trust Management Balance and Investment Trust Administration Balance



## Acquisition of Overseas Fund Administration Company Meridian Holdings Limited

We acquired Meridian Holdings Limited in order to increase our competitiveness and scale in the fund administration market where rapid growth is anticipated. The acquisition was made through Butterfield Fulcrum Group (overseas fund administration company made into a subsidiary in fiscal 2013, currently Mitsubishi UFJ Fund Services).

Overseas Asset Administration Balance



### TOPICS

## Adoption of the Japanese Stewardship Code

The asset management companies in the MUFG Group (including Mitsubishi UFJ Trust and Banking) have announced their adoption of the Japanese version of the Stewardship Code framed by the Financial Services Agency. The Code aims to encourage a constructive dialogue between institutional investors and the companies

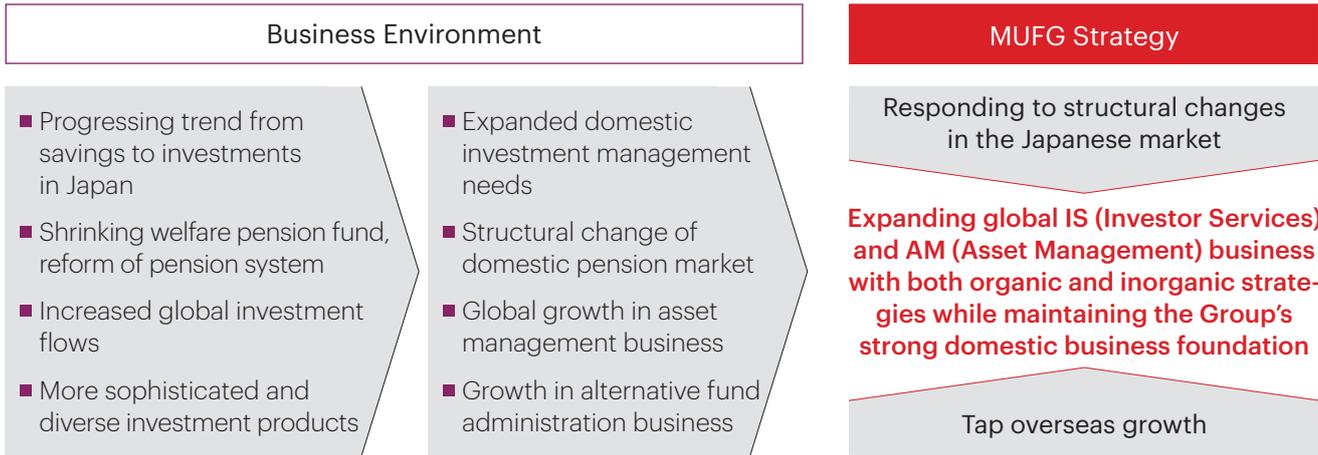
they invest in. Through this, the companies' corporate value will be enhanced and their sustained growth will expand medium- to long-term returns to investment beneficiaries. The Code gives us the opportunity to promote further sustained corporate growth and to support the Japanese economy from the financial perspective.

# Trust Assets Business

## Our Long-Term Vision

**Trust Assets Business Group**  
Our Long-Term Vision

### Solidifying our Domestic Base while Becoming a Global IS (Investor Services) and AM (Asset Management) Player



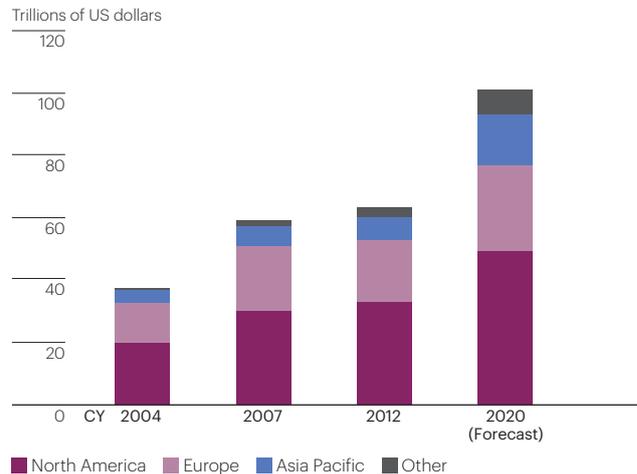
## Projected Business Environment and Management Strategy

In Japan there is a shift from savings to investments and we forecast an expansion of asset management needs. At the same time we see structural changes in the Japanese pension market with the welfare pension fund shrinking and DC pensions growing.

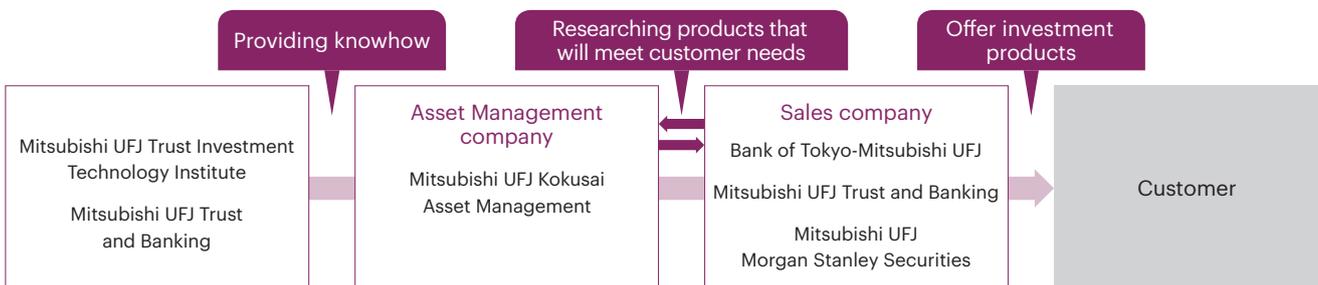
We project continued global growth in the overseas asset management business and high growth in the alternative fund asset administration segment.

In this environment, MUFG will respond to the structural changes in the Japanese market while tapping into the opportunities for global growth. We aim to become a global IS (Investor Services)/AM (Asset Management) player.

Forecast of Asset Management Business Asset Balance



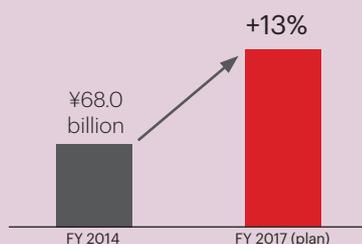
## Group-wide Investment Product Development



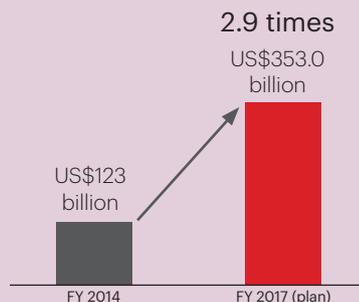
## Medium-Term Business Plan (Fiscal 2015-2017)

Driving growth through responding to structural changes in the domestic market while expanding overseas revenues

### Net Operating Profit Plan\*



### Foreign Investment Trust Balance



\* Based on managerial accounting basis to apply from fiscal 2015  
Forex rate applied to business plan is ¥115/US\$

### Strategy Focus

#### Global

- Expand global asset management and administration business through investment and strategic alliances

#### Investment Trust

- Leverage strength of the new investment trust company to provide high-value-added services and core products for customers who are forming assets.

#### Pensions

- Strengthen consulting and advisory functions in response to systemic changes

## FOCUS

### Established Mitsubishi UFJ Kokusai Asset Management —Aiming to Be an Investment Trust Company Chosen around the World

On July 1, 2015, Mitsubishi UFJ Asset Management Co., Ltd. and KOKUSAI Asset Management Co., Ltd. merged to take a new step forward as Mitsubishi UFJ Kokusai Asset Management Co., Ltd. The management vision of the new company is to “always live up to our customers’ trust and act on their behalf in order to fulfill our fiduciary responsibility as an investment trust company,” “always provide value-added service that exceeds our customers’ expectations as a truly professional group” and “become the No. 1 investment trust company in Japan and a leading one in Asia that is chosen by customers around the world.”

We intend to build on the strengths that have been built up by both companies over their more than 50-year histories. We will refine our product development and investment capabilities, as well as the network of distribution partners (global sovereign and open) and customer support functions. Through this, we hope to make a contribution to both customer asset formation and the revitalization of the Japanese economy.

We are deepening our product development, delivering wrap investment trust products like First Wrap and Smart Quality Open, which cater to customers’ medium- to long-term asset formation needs, as well as Internet-related index funds like eMAXIS.

We sincerely request your continued support.



**Takashi Kanagami**

Mitsubishi UFJ Kokusai  
Asset Management  
President & CEO



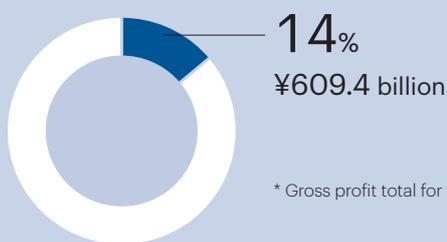
# Global Markets Business

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.)



## Composition of Gross Profits\*



\* Gross profit total for five business groups

## Gross Profit Breakdown



Our target is the creation of new synergies through the integrated MUFG Group and we aim to provide services that exceed customer expectations.

### Naoto Hirota

Senior Managing Executive Officer  
Group Head, Global Markets Business Group

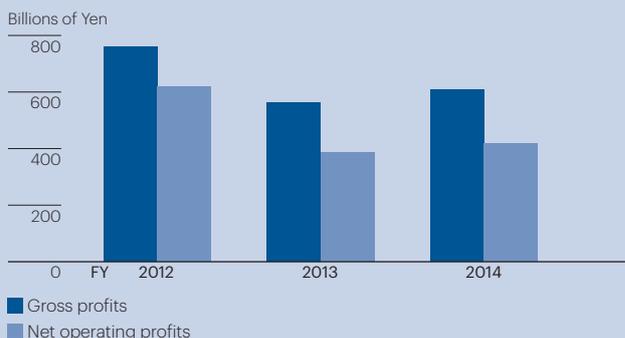
## Fiscal 2014 Earnings Summary

Gross Profits **¥609.4 billion**      Net Operating Profits **¥418.1 billion**

**[ up 8% ↑ ]**      **[ up 8% ↑ ]**

Gross profits rose 8% year on year (¥46.2 billion) to ¥609.4 billion. Net operating profits were up 8% year on year (¥31.4 billion) to ¥418.1 billion. Net interest income on bonds fell given the prolonged period of low interest rates; however, this was more than covered by securities trading profits amid high stock prices and low interest rates, and also by robust performance in sales and trading as the yen depreciated and stocks rose from summer.

## Gross Profits and Net Operating Profits

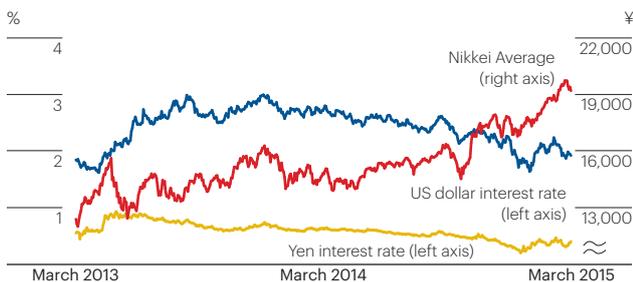


## Net Interest Income Down but Investment Management Revenues Strong

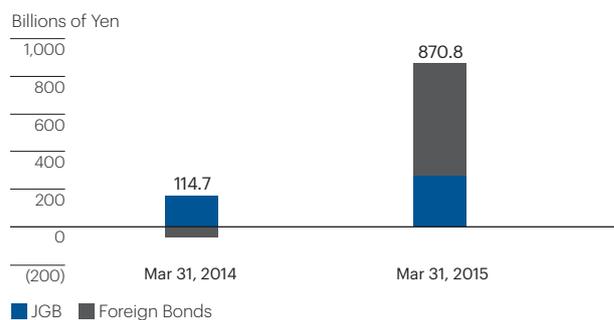
Interest rates trended low in fiscal 2014 in Japan, Europe and the United States on additional monetary easing by BOJ, the falling oil price and the Greek crisis. As a result, the contraction in long-short spreads caused a decline in net interest income. On the other hand, equity trading

profits were strong on the buoyant stock market and investment management revenues reached the highest level since MUFG's establishment. The market valuation of bonds also improved on lower interest rates, bringing some unrealized gains.

Yen and US Dollar Interest Rate Trend



Unrealized Gains or Losses on JGB and Foreign Bonds Available for Sale

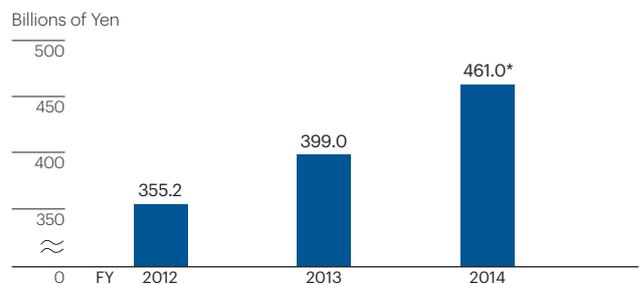


## Sales and Trading

### Revenue Rising for Three Consecutive Years

Volatility was extremely low in the first half of fiscal 2014 on concerns over a potential hike in the United States Federal Fund Target Rate and various geopolitical risks such as Ukraine. However, customer transaction volume picked up from summer onward as the yen depreciated and on movement in various markets. Sales and trading revenues therefore rose.

Sales and Trading Gross Profits



\* Not including Bank of Ayudhya

## TOPICS

### Top J-MONEY Ranking for Ninth Consecutive Year

As a result of positive feedback from customers, Bank of Tokyo-Mitsubishi UFJ was ranked first overall for the ninth consecutive year in the financial magazine J-MONEY's survey of the Tokyo forex market.

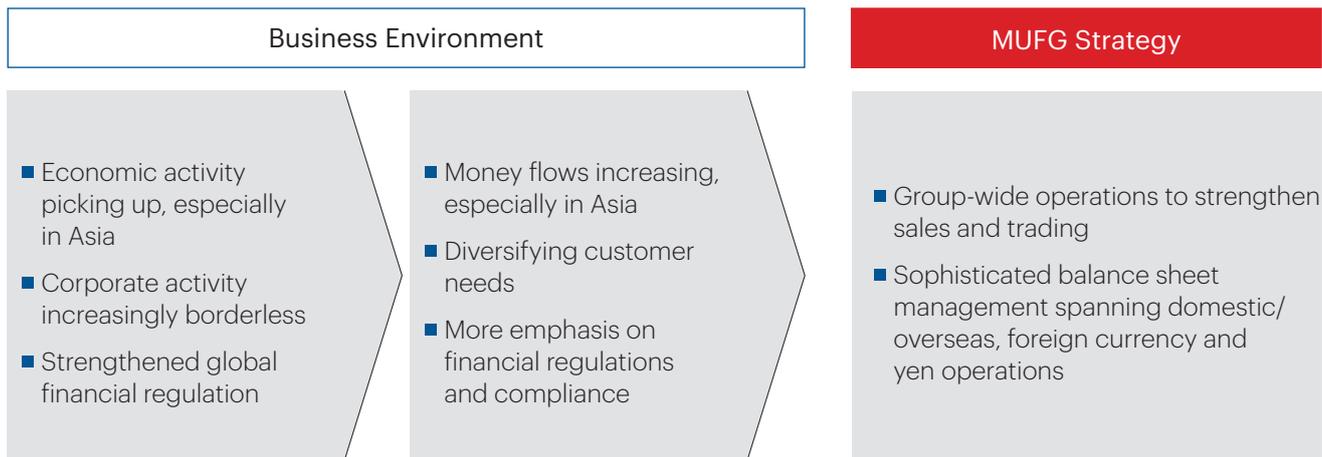


# Global Markets Business

## Our Long-Term Vision

**Global Markets  
Business Group  
Our Long-Term Vision**

**Development of Optimal Group-Wide  
Formation of Market Operations;  
Enhancing MUFG's Brand Presence**



### Projected Business Environment and Management Strategy

With economic growth and corporate activity picking up, especially in Asia, we expect to see an increase in cross-border commercial and money flows. Since the 2008 financial crisis, financial regulations on risk management have become tighter. At the same time, higher compliance standards are required for markets business. Accordingly, companies are placing greater emphasis on personnel and system infrastructure to meet these regulations and standards.

In this environment, MUFG's Group-wide ALM is establishing the control systems necessary for a Global

Systemically Important Financial Institution (G-SIFI). We pursue Group-wide management of Bank of Tokyo-Mitsubishi UFJ and the domestic and overseas securities subsidiaries under Mitsubishi UFJ Securities Holdings with a view to strengthening our sales and trading business. We are also working to enhance MUFG's brand presence, especially in the domestic and Asian markets.

#### Money Flows Increasing, Especially in Asia

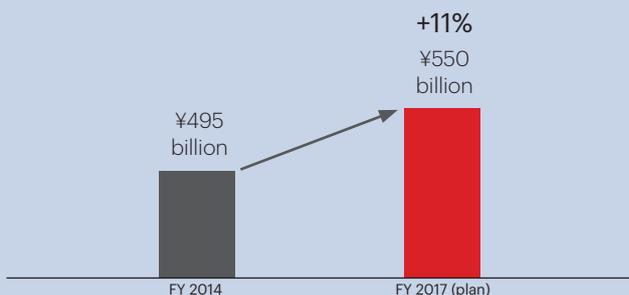


## Medium-Term Business Plan (Fiscal 2015-2017)

We are pursuing the following strategy, in line with the basic policies below:

1. Strengthen sales and trading business
2. More sophisticated balance sheet management
3. Build system infrastructure to comply with regulations and enhance operational efficiency

### Sales and Trading Gross Profits\*



\* Based on managerial accounting basis to apply from fiscal 2015  
Forex rate applied to business plan is ¥115/US\$

### Strategy Focus

- Group-wide management of Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Securities Holdings' sales and trading business
- Review of ALM management stance
- Strengthen Group-wide risk management; respond to global financial regulations
- Construct Group-wide market-related core systems

## FOCUS

### Enhancing the MUFG brand

We aim for more competitive pricing and more attractive products and solutions for our customers as we integrate our forex and interest rate transaction flows and coordinate banking and securities functions. Meeting the needs and gaining the confidence of customers who range from corporations to institutional investors, we are working to enhance the penetration of the MUFG brand in global markets.



# Becoming a Leading Financial Group in Asia

The Mekong economic region,\* with Thailand at its center, continues to experience rapid economic growth, even relative to the rest of the ASEAN region. MUFG acquired a majority stake in Bank of Ayudhya Public Company Limited, known locally as “Krungsri,” in December 2013, and subsequently integrated the BTMU Bangkok branch into Krungsri. Through this integration we are developing a full-scale, comprehensive commercial banking business in the region.

\* The countries of the Mekong Delta region are Thailand, Vietnam, Myanmar, Cambodia, and Laos.

## Bank of Ayudhya (Krungsri)

### สวัสดีค่ะ Sawadee (Hello)

Branches are furnished using a uniform yellow color, Krungsri’s corporate color, and customers are greeted by staff wearing uniforms of the same color. With a 70-year history, Krungsri is Thailand’s fifth largest commercial bank. Providing a wide range of services to both retail and corporate customers, Krungsri boasts top-tier domestic market shares, particularly in consumer finance segments including personal loans, credit cards, and auto finance.



### At a Glance

**658 branches**  
**21,000 employees**

With 658 branches, mainly in Bangkok, and around 21,000 group employees, we provide a wide variety of financial services.

**¥6 trillion**

Building on 70 years’ experience as a major Thai commercial bank, our total assets are ¥6 trillion, the fifth largest in the sector in Thailand.

**No. 1**

We have top-tier performance in the Thai consumer finance segment, with number one positions in personal loans and credit card business.

(As of March 31, 2015)

### A Wide Range of Financial Services



### Financial Highlights

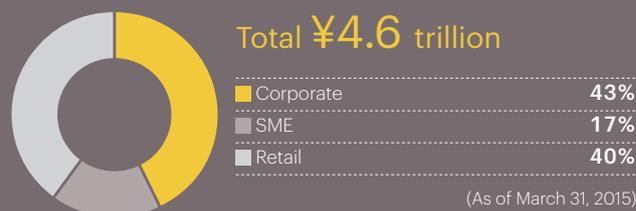
(Million THB\*\*)

	FY 2012	FY 2013	FY 2014
Gross Profit	61,188	68,275	70,760
Operating Profit	30,391	34,883	36,460
Net Income*2	14,625	11,864	14,170
Total Assets	1,071,965	1,179,606	1,211,362
Loan Balance	830,008	943,502	1,012,761
Deposit Balance	687,159	764,050	837,556

\*1 Reference: JPY3.69/THB (as of March 31, 2015)

\*2 Attributable to equity holders of the Bank

### Loan Portfolio



## Integration with BTMU Bangkok Branch

BTMU Bangkok Branch was the largest foreign bank in Thailand, and was integrated into Krungsri in January 2015. This has created a hybrid bank that offers higher value-added services utilizing Krungsri's solid operating base and local network in Thailand and MUFG's global network.

For example, Krungsri can use its local network to provide Japanese companies developing businesses

in Thailand with settlement services and business matching opportunities, as well as retail deposits, fund transfers, and partnered loans for those companies' employees.

At the same time, as Thai companies become more international, they can use MUFG's global network to access trade finance, global syndication structuring, and support for overseas business development, all through a single contact point.

## Becoming a Leading Financial Group in Asia

With this year's launch of the ASEAN Economic Community (AEC), the Mekong economic region is seeing further advances by Japanese companies and the growth of local companies, and cross-border business in the region is expected to become increasingly active.

MUFG is positioning Krungsri as the core of our Mekong business, to contribute further to our customers' growth and the economic growth of the Mekong region, while also aiming to be "Asia's leading financial group."

## Ongoing Initiatives in the Market

### Cooperative Initiatives

#### Business Matching

Krungsri and BTMU organized a Business Matching Fair in Bangkok in September 2014. The fair was attended by approximately 50 Japanese companies looking to sell Thai products and services or procure raw materials from Thailand, and approximately 80 Thai companies.



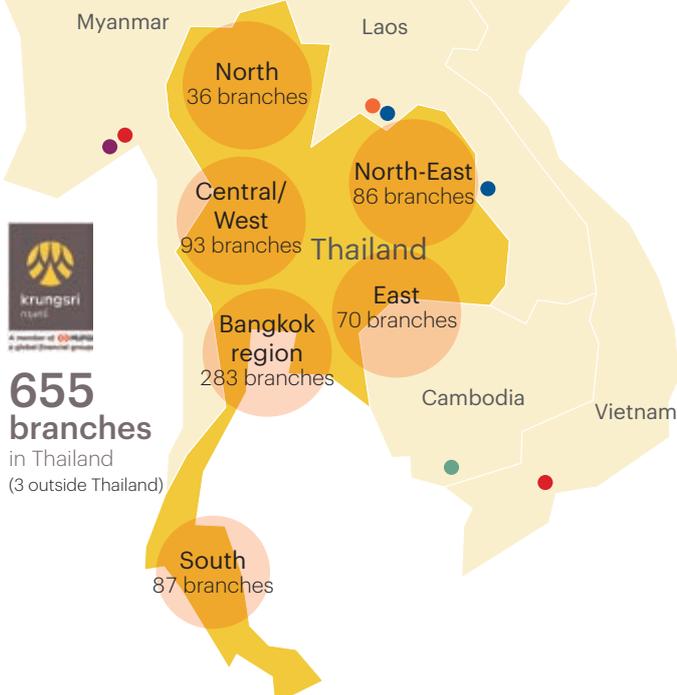
#### Krungsri Credit Card

The number of tourists from Thailand visiting Japan has grown significantly in recent years, and MUFG is offering services to these customers using its comprehensive group strength and global network. One initiative enables holders of the Krungsri Credit Card to receive discounts or special offers when using their card at designated stores and restaurants in Japan that accept Mitsubishi UFJ NICOS credit cards. MUFG will continue to develop services going forward that allow Krungsri cardholders and Mitsubishi UFJ NICOS affiliates to enjoy mutual benefits.



### Krungsri and BTMU Locations

- BTMU branch
- BTMU Representative Office
- Krungsri branch
- Krungsri JV
- Krungsri Representative Office



# Strategic Alliance with Morgan Stanley

Since the Fall of 2008, MUFG and Morgan Stanley have collaborated to better meet the diverse needs of clients and to deliver best-in-class financial services and products.

Morgan Stanley Office, Tokyo, JP

## Morgan Stanley at a Glance

Morgan Stanley (NYSE: MS) is a leading global financial services firm providing investment banking, securities, wealth management and investment management services to corporations, governments, institutions and individuals.

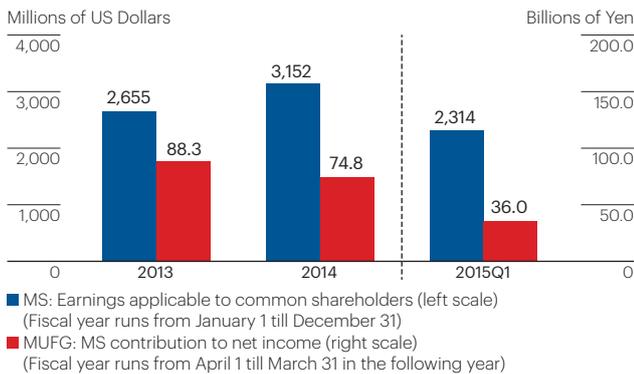
- Founded: September 16, 1935
- Number of Employees: 55,802
- Network: 967 offices in 43 countries
- Total Assets: \$802 billion
- Wealth Management Total Client Assets: \$2.0 trillion
- Market Cap: \$75.7 billion
- Website: [www.morganstanley.com](http://www.morganstanley.com)
- Twitter: @morganstanley

As of December 31, 2014



Morgan Stanley Headquarters in New York, USA

## MS Contribution to MUFG Net Income



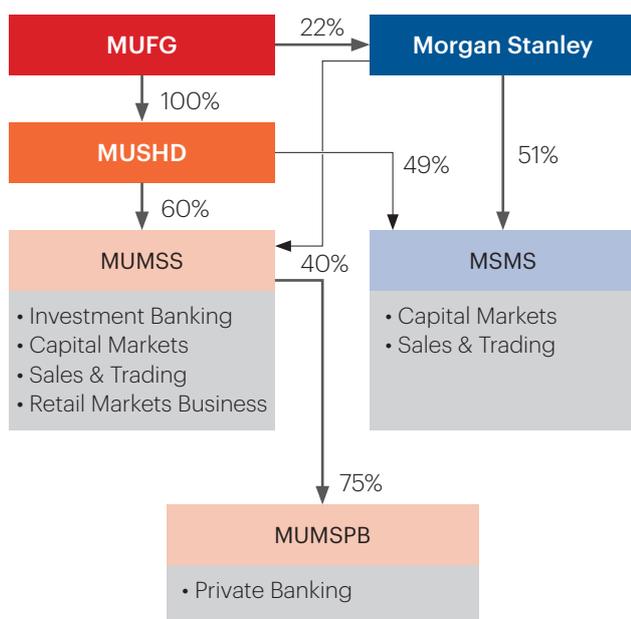
## Major Milestones of the Alliance

October 2008	June 2009	May 2010	March 2014
MUFG made a \$9 billion equity investment in MS	Loan Marketing Joint Venture (LMJV) was established for promoting lending and capital markets services in the Americas	Mitsubishi UFJ Morgan Stanley Securities (MUMSS) and Morgan Stanley MUFG Securities (MSMS) were founded in Japan	Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. (MUMSPB) was established

## Japan JV

The Japan JV consists of three entities: MUMSS, MSMS, and MUMSPB. MUMSS and MSMS leverage MUFG's domestic institutional and retail client base and MS' global reach for M&A advisory and equity and debt offerings, while MUMSPB delivers private banking services. Driven by the Japan JV entities, the financial results of MUSHD have increased.

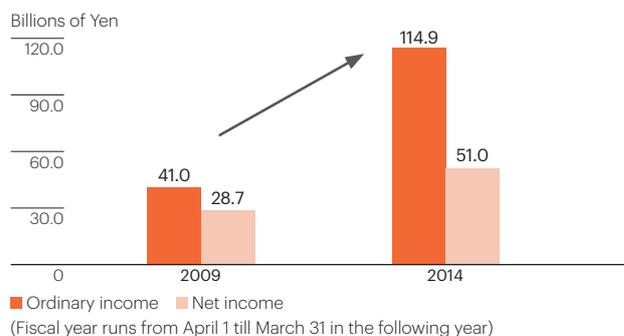
### JV Structure



### Collaboration Cases in Japan

- Acquisition of Beam by Suntory Holdings**  
 MUMSS acted as exclusive financial advisor for Suntory Holdings in its approx. \$16 billion acquisition of Beam.
- Global IPO by Recruit Holdings**  
 MS/MSMS/MUMSS acted as Joint Global Coordinator and Joint Bookrunner for both domestic and international tranches for the approx. ¥213.8 billion IPO for Recruit Holdings.

### Financial Results of MUSHD



## Global Collaboration

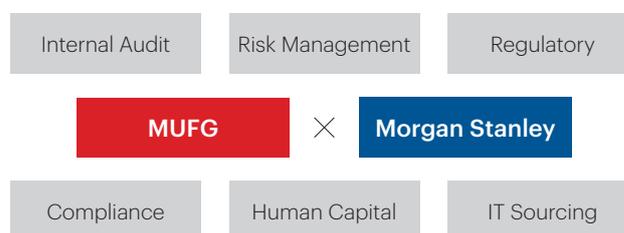
The LMJV offers MUFG and MS clients a world-class lending platform. Since the LMJV's inception, MUFG and MS have jointly provided commitments for numerous transactions.

### Collaboration Case in the Americas

- On March 4, 2015, AbbVie Inc. announced its acquisition of Pharmacyclics Inc. for \$20 billion.**  
 MUFG jointly committed with MS in financing AbbVie's bid on Pharmacyclics. Morgan Stanley advised AbbVie on the transaction. MUFG and MS jointly underwrote 100% of the bridge loan.

## Best Practice Sharing

MUFG and MS exchange best practices in many non-business areas consistent with our commitment to continuously improving processes and responding to the changing environment.



## Aiming for Further Development

Through the Global Steering Committee, executive managers from MUFG and MS discuss possible areas for collaboration that benefit both MUFG and MS. MUFG and MS continuously seek the best strategic alliance appropriate for different clients and market circumstances.



From left: MUFG Group CEO Nobuyuki Hirano with Morgan Stanley Chairman & CEO James Gorman

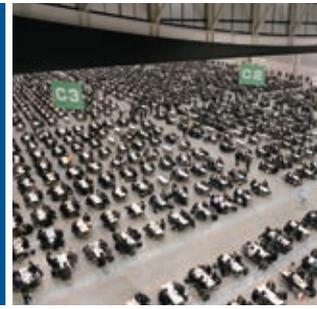
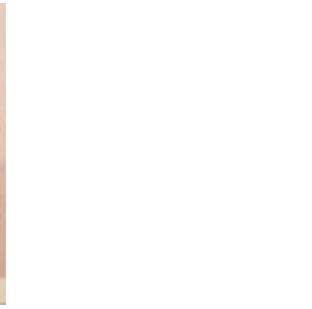
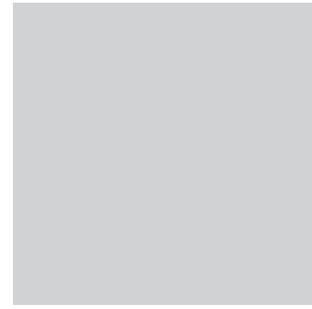
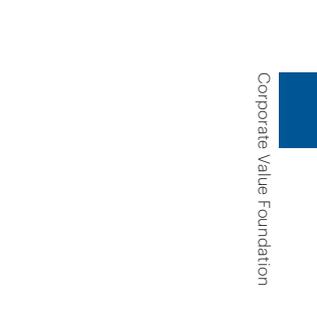
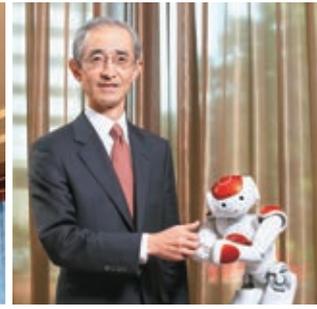
# Corporate Value Foundation

We explain our management system, including corporate governance and risk management framework, and outline our human resources and ICT strategies. We explain our approach to Corporate Social Responsibility.

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50	Special Feature: Building a Governance Structure which Supports Corporate Value
54	Interview with Outside Director
56	Management Team
59	Advisory Board Members
60	Risk Management
64	Compliance
65	Internal Audit
66	Responding to Global Financial Regulation
68	Human Resources Strategy
70	ICT Strategy
71	Sustainability
76	Supporting SME Growth, Regional Economies

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# Building a Governance Structure which Supports Corporate Value

In June 2015, MUFG moved to a company with three committees structure as part of its efforts to enhance corporate governance. In this section, we look at the initiatives taken so far to strengthen corporate governance and explain our new structure.



MUFG Board of Directors Meeting held on June 23, 2015

## Steps to Improve Corporate Governance

Since its establishment in October 2005, MUFG has worked to build a stable and effective corporate governance structure in order to ensure that external oversight of the company is working properly. We have increased the number of outside directors and formed voluntary committees (including the Nomination and Compensation Committee and Internal Audit and Compliance Committee).

Responding to various developments such as the revised Companies Act and tightened global financial regulations, we have continually debated the best forms of corporate governance at study committees with outside parties such as lawyers, and at Governance Council with our outside directors.

As a result, we have implemented several measures to enhance our corporate governance approach. In 2013, we established the Risk Committee under the Board of Directors. In 2014, we both increased the number of outside directors\* from three to five, and formed the

Governance Committee under the Board of Directors. Those five outside directors reflect a wide range of experience from corporate management in the manufacturing, retail and finance fields to a university professor and lawyer. We have also introduced a framework to regularly evaluate the Board of Directors' working practices.

### Main Meetings in Fiscal 2014

Board of Directors	19 meetings (outside director attendance rate 95%)
Board of Corporate Auditors	21 meetings (outside auditor attendance rate 97%)
Governance Committee	7 meetings
Nomination and Compensation Committee	12 meetings
Risk Committee	4 meetings
Internal Audit and Compliance Committee	15 meetings

\* Outside directors include non-executive directors with a high degree of independence from MUFG. The same applies to all references on pages 50-57.

## Corporate Governance Development

	October 2005 Establishment of MUFG	June 2013	June 2014	June 2015
Governance Structure	Company with a Board of Corporate Auditors			Company with Three Committees
Outside Directors	2005 Four	2006 Three	2015 Two	Three Five Seven
Committees under the Board of Directors	2005 Nomination Committee		2008 Nomination and Compensation Committee	Nominating and Governance Committee (statutory Nominating Committee)
	2005 Compensation Committee			
	2005 Internal Audit and Compliance Committee			Audit Committee (statutory)
	Risk Committee			
Advisory Board	Advisory Board			
	Global Advisory Board			
Board of Directors Operations	Evaluation of Board of Directors			Independent Outside Directors Meeting Appointment of Lead Independent Outside Director
Policy	MUFG Corporate Governance Policies			

### Outline of MUFG Corporate Governance Policies

#### 1. Purpose

Demonstrate our approach to, and framework for, MUFG's corporate governance and serve as a guide for the actions of directors and management.

#### 2. Approach to corporate governance

Aim for sustained growth and increase in corporate value over the medium- to long-term, in consideration of the perspectives of its stakeholders, including shareholders, customers, employees, and local communities.

#### 3. Role of the Board of Directors

The Board of Directors is responsible for oversight of management. Decisions on matters of business execution other than specific matters stipulated by law shall, in principle, be delegated to Corporate Executive Officers.

#### 4. Duties of Directors

Directors, as appointed by the shareholders and entrusted as managers, owe a duty of loyalty and a duty of care.

#### 5. Composition and other matters regarding the Board of Directors

The Board of Directors shall have a balanced composition providing a wealth of knowledge and expertise, with at least one-third of the board members being independent outside directors, and a majority being non-executive directors, including independent outside directors.

To ensure the effectiveness of oversight of Group management, the Presidents and CEOs of Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities Holdings will, in principle, also serve as directors of MUFG.

#### 6. Operation of the Board of Directors

The role of Chairman of the Board of Directors and the role of President & CEO shall be separated, and a suitable director shall be appointed as Chairman to ensure that the Board of Directors effectively fulfills its role of management oversight.

Independent outside directors may appoint a Lead Independent Outside Director from among themselves.

#### 7. Committees

In addition to the establishment of the statutory Nominating and Governance Committee, Compensation Committee and Audit Committee, a Risk Committee shall also be established.

The Nominating and Governance Committee will deliberate on matters pertaining to corporate governance as well as the appointment and removal of directors.

The Audit Committee shall have one or more full-time committee member.

#### 8. Corporate Executive Officers

Corporate Executive Officers shall execute business and make decisions on the execution of business delegated by the Board of Directors.

#### 9. Relations with shareholders and other stakeholders

MUFG will act appropriately to ensure shareholder rights and their appropriate exercise.

#### 10. Appropriate disclosure of information

MUFG will ensure transparency through appropriate disclosure of information, with the aim to ensure that stakeholders evaluate MUFG based on a proper understanding.



Please see the site below for a full explanation of our corporate governance structure and policy.  
<http://www.mufig.jp/english/profile/governance/structure/policy.html>

### Move to a Company with Three Committees Structure

MUFG moved to a company with three committees structure in June 2015 as part of our efforts to further enhance corporate governance from a medium-long-term perspective. With the aim of enhancing group management, the functions of oversight and execution in the holding company are separated, thereby strengthening the oversight function of the Board of Directors. The committee system has also been reorganized for more effective governance. We are aiming for a governance

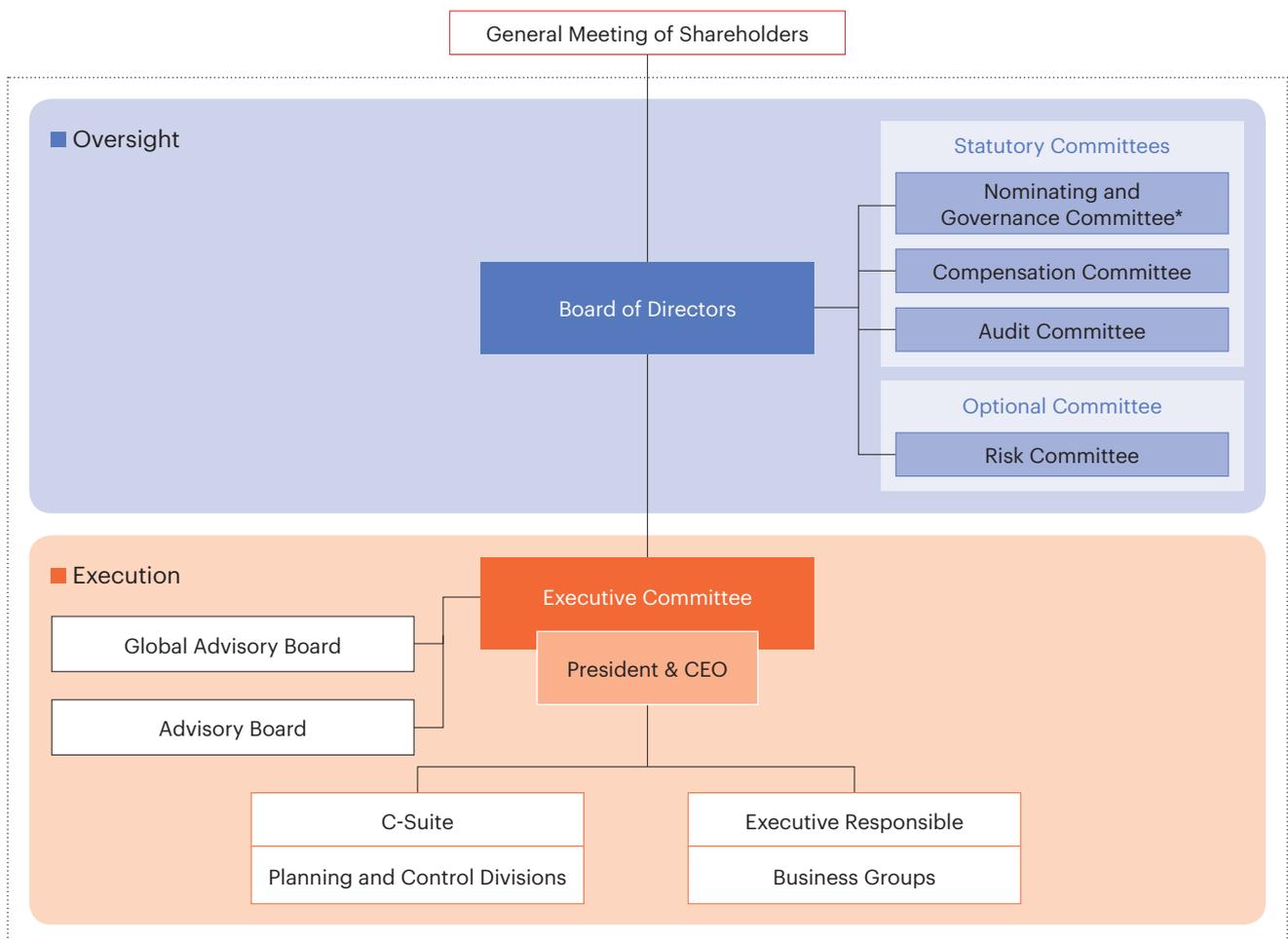
framework that will be more familiar and transparent to overseas stakeholders, in line with our status as a G-SIFI (Global Systemically Important Financial Institution).

To set out the policy and framework of the corporate governance of MUFG and to serve as a guide for the actions of directors and management, MUFG Corporate Governance Policies has been formulated.

### Establishment of C-Suite

C-Suite is the general term for the Chief Financial Officer (CFO), Chief Risk Officer (CRO) and other positions. MUFG positions the holding company C-Suite as the C-Suite for the entire Group, coordinating the functions of planning

and management divisions. By managing each function across the Group, the C-Suite aims to strengthen its support for Group-wide business strategy, and enhance governance structures to a level appropriate to a G-SIFI.



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

## Outline of Board of Directors and Committees

The Board of Directors is responsible for the oversight and direction of the Group. It is composed of 17 members, of whom 7 (over one third) are either outside directors or non-executive directors with a high degree of independence. Of the 17 directors, the majority (9) are non-executive directors.

The outside directors are a balanced group (corporate management, a university professor, a lawyer and an 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 appointment or dismissal of directors which will be 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.

### 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.

### 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.

### Risk Committee

The Committee is composed of outside directors and outside experts, with an outside director as Chairperson. The Committee examines matters related to Group-wide risk management and reports to the Board of Directors. It examines major issues related to risk management and compliance, as well as other issues that need to be examined by the Risk Committee and makes recommendations to the Board of Directors.

## Committee Membership

◎ Chairperson ○ Member

		Nominating and Governance Committee	Compensation Committee	Audit Committee	Risk Committee
Yuko Kawamoto*	Outside director	○	○		◎
Haruka Matsuyama	Outside director	○	○	○	
Kunie Okamoto	Outside director	○	◎		
Tsutomu Okuda	Outside director	◎	○		○
Hiroshi Kawakami	Outside director	○	○		
Yukihiro Sato	Outside director			○	
Akira Yamate	Outside director			◎	
Nobuyuki Hirano	President & Group CEO	○	○		
Takashi Mikumo	Non-executive director			○	
Takehiko Shimamoto	Non-executive director			○	
Akira Ariyoshi	Outside expert, graduate school professor				○
Kenzo Yamamoto	Outside expert				○

\* As Ms. Yuko Kawamoto previously worked for the Bank of Tokyo (currently the Bank of Tokyo-Mitsubishi UFJ), she does not fulfill the requirements of outside director under Japan's Companies Act. However, during the more than 25 years that have passed since her employment at Bank of Tokyo she has gained a wealth of experience and discernment as a business consultant and university professor, and we therefore believe that her independence from MUFG is equivalent to that of an outside director. Moreover, as a result of revisions to Japan's Companies Act, following the conclusion of the June 2016 General Meeting of Shareholders Ms. Kawamoto will meet the requirements of outside director.

# Interview with Outside Director

Yuko Kawamoto, an Outside Director\* of MUFG and professor at the Waseda Graduate School of Finance, Accounting and Law, discusses MUFG's efforts to strengthen its corporate governance, and the role she plays in those efforts.



## Yuko Kawamoto

Outside Director  
Professor, Waseda Graduate School of Finance,  
Accounting and Law

### Career Summary

Ms. Kawamoto holds a BA degree in Social Psychology from the University of Tokyo and a Master's of Science degree in Development Economics from the University of Oxford (St. John's College). After working at the Bank of Tokyo, she joined the Tokyo office of McKinsey and Company in 1988, and was based in Paris from 1995 to 1999. She took up a professorship at the Waseda Graduate School of Finance, Accounting and Law in 2004. Ms. Kawamoto has served as an outside director of the Mitsubishi UFJ Financial Group since June 2013.

### Q. What is your opinion of MUFG's efforts to strengthen its corporate governance?

**A.** I take a positive view of the various changes being made to make management more open, both outside the Company and outside Japan. Nevertheless, we cannot rest on our laurels. I believe that reforming corporate governance requires constant effort.

The success or failure of corporate governance in Japan holds the key to whether Japan will resume its place as a key component of the global economy, and there is currently a great deal of interest in this issue worldwide. At the same time, there are numerous issues that need to be overcome, including the inconsistent separation of execution and oversight, the weakness of boards of directors' oversight function, the risk from a lack of diversity within companies, and insufficient transparency in personnel decision making.

Over the past two years, through the leadership of top management and the diligent work of staff, MUFG has been a leader in reforming corporate governance at Japan's megabanks. A variety of changes have been implemented that make management more open outside the Company and outside Japan.

\* Having previously been an employee of the Bank of Tokyo (the present Bank of Tokyo-Mitsubishi UFJ), Ms. Kawamoto does not meet the requirements of an outside director stipulated in the Companies Act, but in light of the fact that more than 25 years have elapsed since her retirement from the Bank of Tokyo and given her wealth of experience as a management consultant and university professor, the Company considers her to be sufficiently independent to serve as an independent director. With the revision of the Companies Act, Ms. Kawamoto will meet the requirements of an outside director from the conclusion of the Annual General Meeting of Shareholders to be held in June 2016.

The Board of Directors is pursuing structural reforms like increasing the number of independent directors. There have been major changes, not only regarding the selection of members, but also in terms of operations, including reviews of proposals to promote effective discussion. I feel that both the quantity and quality of discussion have increased significantly compared with two years ago, when I assumed office as an Independent Director.

In addition to the previously existing Nomination and Compensation Committee and Internal Audit and Compliance Committee, the Board has effectively broadened the scope of discussion by establishing a new Governance Committee and Risk Committee. The Board has also clarified its corporate governance policy. Along with striving to maintain diversity through initiatives including the appointment of more than one female director, I expect that the change of our corporate governance structure in 2015 will strengthen the oversight function.

MUFG's global presence is growing. I feel that as a financial institution subject to special regulations, including those of overseas regulatory agencies, management cannot forget for a moment that there is a great deal of interest internationally in MUFG's corporate governance.

This is why we cannot rest on our laurels. We need to make constant efforts to reform corporate governance going forward, based on the three strategic focuses of "Customer perspective," "Group-driven approach," and "Productivity improvements" laid out in the medium-term business plan.

**Q. What role can you play as an independent director toward achieving MUFG's vision of being "the world's most trusted financial group"?**

**A. I would like my role to be one of a "supporter of reform," using my position of being independent from operational execution to provide direct input through dialogue with management including the Board of Directors.**

I would like to be a "supporter of reform."

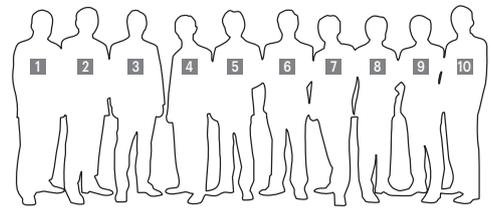
Management strives to maximize corporate value while maintaining a balance among the Company's stakeholders including shareholders, customers, employees, and local communities. In terms of maintaining this balance, I feel that, in fact, it is very difficult to "make correct decisions."

I believe independent directors play an important role in examining and determining whether the Board's management policies have this balance. Within a company, people can become overly cautious and as a result discussion of certain subjects can become taboo. To ensure that this does not happen, independent directors can make execution-side managers aware of the situation by asking questions based on "common-sense intuition." If this process works properly, I believe the Board of Directors is more likely to be able to make good decisions that are truly balanced, and that will lead to the maximization of corporate value. Having a Board of Directors that is not biased in its decision making is in itself a foundation from which to gain trust.

To become "the world's most trusted," MUFG needs to be sensitive to changes in both the Japanese economy and the global economy, and be flexible in its response to those changes, to achieve the position it wants to attain as social infrastructure and as an economic engine.

The fact that independent directors are separated from operational execution is the reason they are able to contribute to management. By extending our "outside antennae," we can be sensitive to the expectations of investors and the needs of customers, and I hope to be able to enhance discussion by providing direct input through dialog with the Board of Directors and other senior managers. I am confident that this will ultimately lead to the enhancement of corporate value.

# Management Team



## Board of Directors (as of July 1, 2015)

### Kiyoshi Sono 1

Director  
Chairman

Deputy Chairman of 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. He was appointed Director, Representative Corporate Executive Officer and Chairman of MUFG in June 2015 (incumbent).

### Tatsuo Wakabayashi 2

Director  
Deputy Chairman

President & CEO, Chairman of Mitsubishi UFJ Trust and Banking Corporation  
Mr. Wakabayashi joined The Mitsubishi Trust and Banking Corporation (MTB) in 1977. He assumed the office of Deputy Chairman of MUFG in 2013 and in the same year became President and Chairman of Mitsubishi UFJ Trust and Banking Corporation (incumbent). In June 2015, he was appointed as Director, Representative Corporate Executive Officer and Deputy Chairman of MUFG (incumbent).

### Takashi Nagaoka 3

Director  
Deputy Chairman

President & CEO of Mitsubishi UFJ Securities Holdings Company  
President & CEO of 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 and CEO of Mitsubishi UFJ Morgan Stanley Securities Company and President and 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).

### Nobuyuki Hirano 4

Director  
President & Group CEO

President & CEO, Bank of Tokyo-Mitsubishi UFJ  
Mr. Hirano joined The Mitsubishi Bank, Ltd. 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 of MUFG (incumbent).

### Takashi Oyamada 5

Director  
Deputy President & Group COO

Mr. Oyamada joined The Mitsubishi Bank in 1979. In 2014, he was appointed as Deputy President of Bank of Tokyo-Mitsubishi UFJ (incumbent). In May 2015, he became Deputy President of MUFG. In June 2015, he was appointed as Director, Representative Corporate Executive Officer, and Deputy President of MUFG.

### Tadashi Kuroda 6

Director  
Senior Managing Executive Officer  
Group CSO

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 Corporation (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).

### Muneaki Tokunari 7

Director  
Managing Executive Officer  
Group CFO

Mr. Tokunari joined Mitsubishi Trust and Banking Corporation in 1982. He became Senior Managing Director of Mitsubishi UFJ Trust and Banking in 2013 and in 2014 Managing Officer of MUFG. In June 2015, he was appointed as Director and Managing Executive Officer of MUFG (incumbent) and Managing Director of Bank of Tokyo-Mitsubishi UFJ (incumbent).

### Masamichi Yasuda 8

Director  
Managing Executive Officer  
Group CRO

Mr. Yasuda joined the Bank of Tokyo in 1983. In 2014, he became Managing Officer of Bank of Tokyo-Mitsubishi UFJ. In June 2015, he was appointed as Managing Director of Bank of Tokyo-Mitsubishi UFJ (incumbent) and Director and Managing Executive Officer of MUFG (incumbent).

### Takashi Mikumo 9

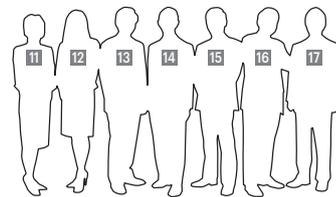
Director (non-executive)

Mr. Mikumo joined Toyo Trust Bank in 1980. He became a Senior Managing Director of Mitsubishi UFJ Trust and Banking in 2012, and in June 2013, he was appointed as Corporate Auditor of MUFG. In June 2015, he was appointed as a Director of MUFG (incumbent).

### Takehiko Shimamoto 10

Director (non-executive)

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. In June 2015, he was appointed as a Director of MUFG (incumbent).



### Yuko Kawamoto 11

#### Outside Director\*

Professor, Waseda Graduate School of Finance, Accounting and Law

After working at The 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 in 2004. From 2006, Ms. Kawamoto has served as an audit and supervisory board member of Tokio Marine Holdings, Inc. In 2013, she became an outside director of MUFG (incumbent).

### Haruka Matsuyama 12

#### Outside Director

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 has also been serving as a corporate auditor of Vitec Co., Ltd. since 2012, a director of T&D Holdings, Inc. since 2013, and a corporate auditor of Mitsui & Co., Ltd. since 2014. In 2014, she became an outside director of MUFG (incumbent).

### Kunie Okamoto 13

#### Outside Director

Chairman, Nippon Life Insurance

Mr. Okamoto joined Nippon Life Insurance Company in 1969 and became president in 2005. In the same year, Mr. Okamoto was appointed as a corporate auditor of MUFG. He continues to serve as chairman of Nippon Life Insurance, a position he has held since 2011. In June 2014, Mr. Okamoto was appointed as an outside director of MUFG (incumbent).

### Tsutomu Okuda 14

#### Outside Director

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. Okamoto was appointed as an outside director of MUFG (incumbent).

### Hiroshi Kawakami 15

#### Outside Director

Senior Advisor of 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 Central Japan International Airport Co., Ltd. In June 2015, he became a Senior Advisor of Central Japan International Airport and also an outside director of MUFG (incumbent).

### Yukihiko Sato 16

#### Outside Director

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 a Corporate Auditor of MUFG and in the same year an Adviser to Mitsubishi Electric. In June 2015, he became an outside director of MUFG (incumbent).

### Akira Yamate 17

#### Outside Director

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 and in the same year appointed as a director of Nomura Real Estate Holdings, and a Corporate Auditor of Prudential Holdings of Japan (incumbent).

\* Having previously worked at The Bank of Tokyo (currently, The Bank of Tokyo-Mitsubishi UFJ), Yuko Kawamoto does not satisfy the requirements for outside director under the Companies Act. Her subsequent experience of more than 25 years as a consultant and graduate school professor, however, is deemed to establish her sufficient independence from the Company. According to the amended Companies Act, she will meet the requirements for an outside director after the conclusion of the June 2016 Annual General Shareholders' Meeting.

## Executive Committee (as of July 3, 2015)

**Kiyoshi Sono**

Director  
Chairman

**Tatsuo Wakabayashi**

Director  
Deputy Chairman

**Takashi Nagaoka**

Director  
Deputy Chairman

**Nobuyuki Hirano**

Director  
President & Group CEO

**Takashi Oyamada**

Director  
Deputy President & Group COO

**Tadashi Kuroda**

Director  
Senior Managing Executive Officer  
Group CSO

**Muneaki Tokunari**

Director  
Managing Executive Officer  
Group CFO

**Masamichi Yasuda**

Director  
Managing Executive Officer  
Group CRO

**Akira Hamamoto**

Managing Executive Officer  
Group CCO & Group CLO

**Yoichi Oriyasa**

Corporate Executive Officer  
Group CAO and  
General Manager of Internal Audit Division

**Kouji Nishimoto**

Managing Officer

**Iwao Nagashima**

Managing Officer

**Satoshi Murabayashi**

Senior Managing Executive Officer  
Group CIO

**Saburo Araki**

Senior Managing Executive Officer  
Group CHRO

**Takashi Morimura**

Senior Managing Executive Officer  
Group Head, Global Business Group

**Junichi Okamoto**

Senior Managing Executive Officer  
Group Head, Trust Assets Business Group

**Hidekazu Fukumoto**

Senior Managing Executive Officer  
Group Head, Corporate Banking Business Group

**Naoto Hirota**

Senior Managing Executive Officer  
Group Head, Global Markets Business Group

**Takahiro Yanai**

Managing Executive Officer  
Group Head, Retail Banking Business Group

## Officers (as of July 3, 2015)

**Managing Officers**

Toru Matsuda

Hiroshi Naruse

Go Watanabe

Shigeru Asai

Masahiko Kato

Eiichi Yoshikawa

Hiroshi Nakanishi

Koji Nishimoto

Takami Onodera

Atsuo Sakurai

Masato Miyachi

Kanetsugu Mike

Akihiko Nakamura

Masahiro Hosomi

Masato Matsumoto

Mikio Ikegaya

Makoto Hayashi

Hisashi Ito

Shuzo Iwasaki

Iwao Nagashima

Akio Ninomiya

Hiroyuki Noguchi

Yukio Yahagi

Hironori Kamezawa

**Executive Officers**

Atsushi Murakami

Yuichi Okura

Makoto Kobayashi

Randall Chafetz

Shigeru Yoshifuji

Hiroaki Cho

Kazuo Koshi

Ritsuo Ogura

Kazuto Uchida

Takenobu Inaba

Hiroki Kameda

Toshiya Kaneko

Masato Tamaki

Sunao Yokokawa

Takanori Sazaki

Naomi Hayashi

Yasushi Itagaki

Hideki Kishimoto

Yasushi Ishikawa

Tsuyoshi Nakagawa

Kazuaki Tanaka

Norihiko Sumita

Masayasu Tsukada

Tetsuro Shinohara

Hiroshi Takekawa

Masatsune Okada

Masaki Miyazaki

Toshikazu Mukohara

Hideaki Onishi

Yukihiro Yamamoto

Tetsuya Yonehana

Yoshitaka Shiba

Junichi Narikawa

Masakazu Ikeda

Eiji Ihori

Junichi Hanzawa

Atsushi Miyata

Koji Ishizaki

John Woods

Hisashi Kanamori

Kazuji Tanikawa

Johannes Worsoe

Tsutomu Sambai

# Advisory Board Members

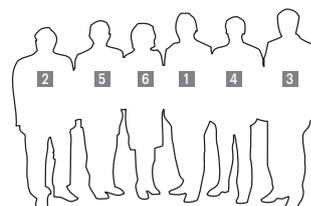
MUFG has established the Global Advisory Board and Advisory Board to function as advisory bodies to the Executive Committee, and both Boards hold regular meetings.

The Global Advisory Board is made up of members from 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 global governance, business strategy, and other management issues from a global perspective and from an independent standpoint.

The Advisory Board is made up of external experts and provides valuable advice and recommendations related to Group-wide management by actively discussing the current management situation and issues from an independent perspective.

## Global Advisory Board (as of July 1, 2015)



### Mr. John C. Dugan **1**

Partner, Covington Burling LLP  
Former Comptroller of the Currency, United States Treasury Department

### Dr. Victor K Fung **2**

Group Chairman, Fung Group, Hong Kong  
Former Honorary Chairman, the International Chamber of Commerce

### Ambassador John V. Roos **3**

Former United States Ambassador to Japan

### Lord (James) Sassoon, Kt **4**

Director, Jardine Matheson Holdings Limited  
Former Commercial Secretary to the Treasury, United Kingdom

### Associate Professor Simon S.C. Tay **5**

Chairman of the Singapore Institute of International Affairs  
Former Member of Parliament, Singapore

### Dr. Gertrude Tumpel-Gugerell **6**

Member of Supervisory Board, Österreichische Bundesbahnen-Holding AG  
Former Member of Executive Board, European Central Bank

## Advisory Board (as of July 1, 2015)

### Mr. Toshio Iwamoto

Representative Director,  
President and Chief Executive Officer,  
NTT DATA Corporation

### Dr. Mariko Fujii

Professor,  
the University of Tokyo,  
Research Center for Advanced Science and Technology

### Mr. Toru Nagashima

Senior Advisor,  
Teijin Limited

### Mr. Akio Mimura

Senior Advisor, Honorary Chairman,  
Nippon Steel & Sumitomo Metal Corporation

# Risk Management

## Introduction

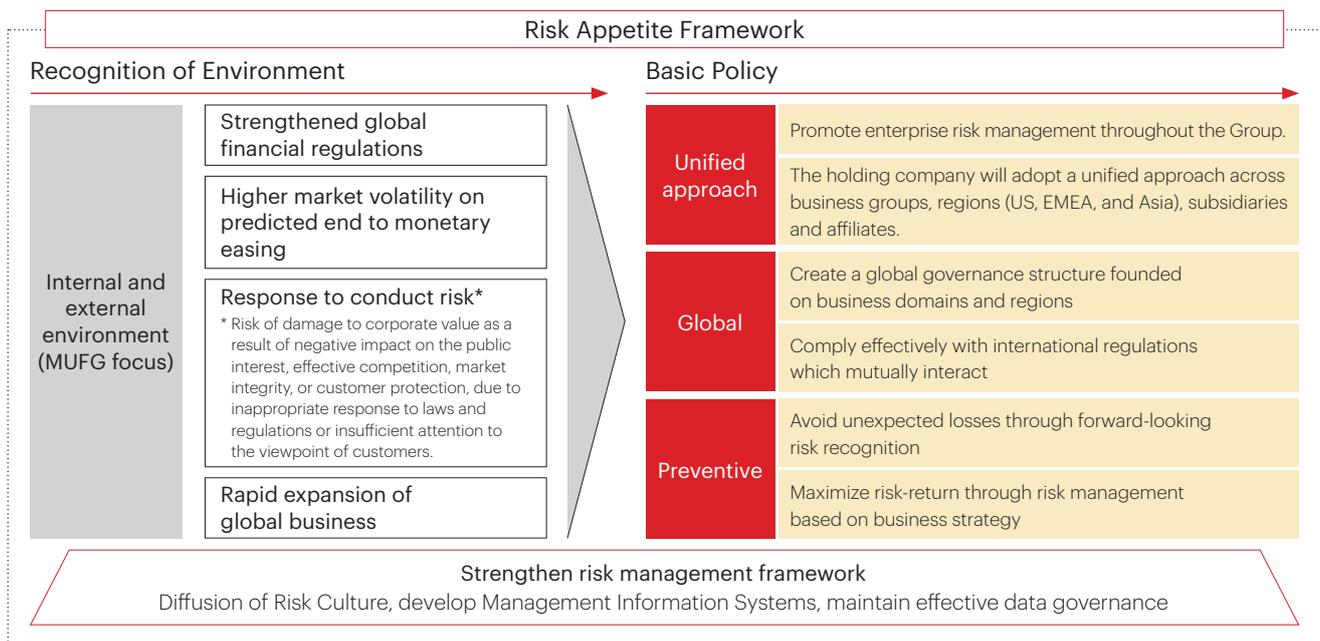
Since the 2008 financial crisis, financial institutions have been compelled to adopt more comprehensive and sophisticated risk management systems. This risk management function has also grown in importance for MUFG as a global bank with subsidiaries spanning the commercial, trust and investment banking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

MUFG aims to strengthen its group risk management through the diffusion of a Risk Culture which is unified,

global and preventive in its approach. Our goal is effective risk governance which is consistent across regions, subsidiaries and the holding company.

The new Risk Appetite Framework provides a guideline for effective risk management to support our business strategy and will strengthen the Group's overall risk-return management.

## Risk Management Overview

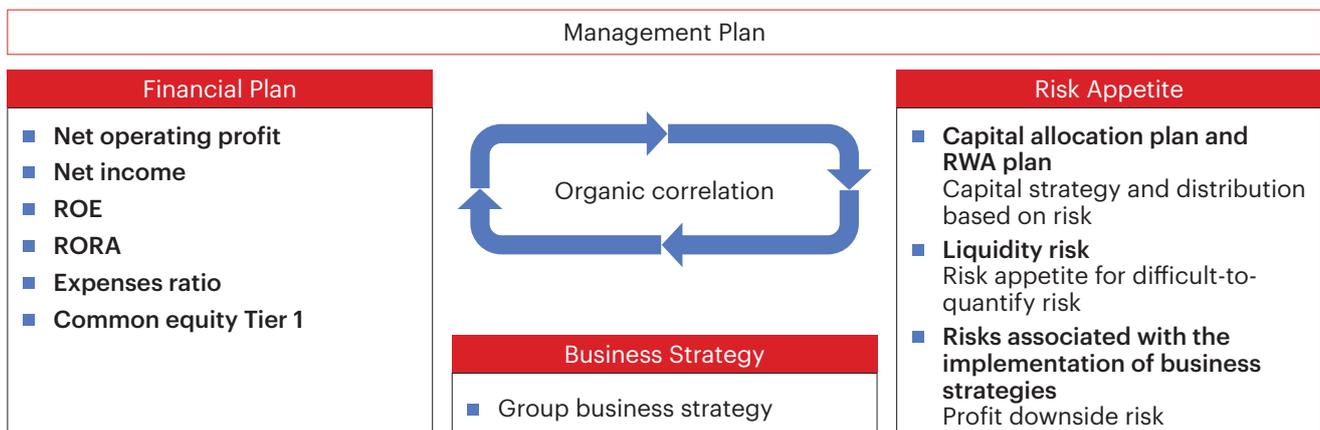


## Risk Appetite Framework

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.

## Overview of Risk Appetite Framework

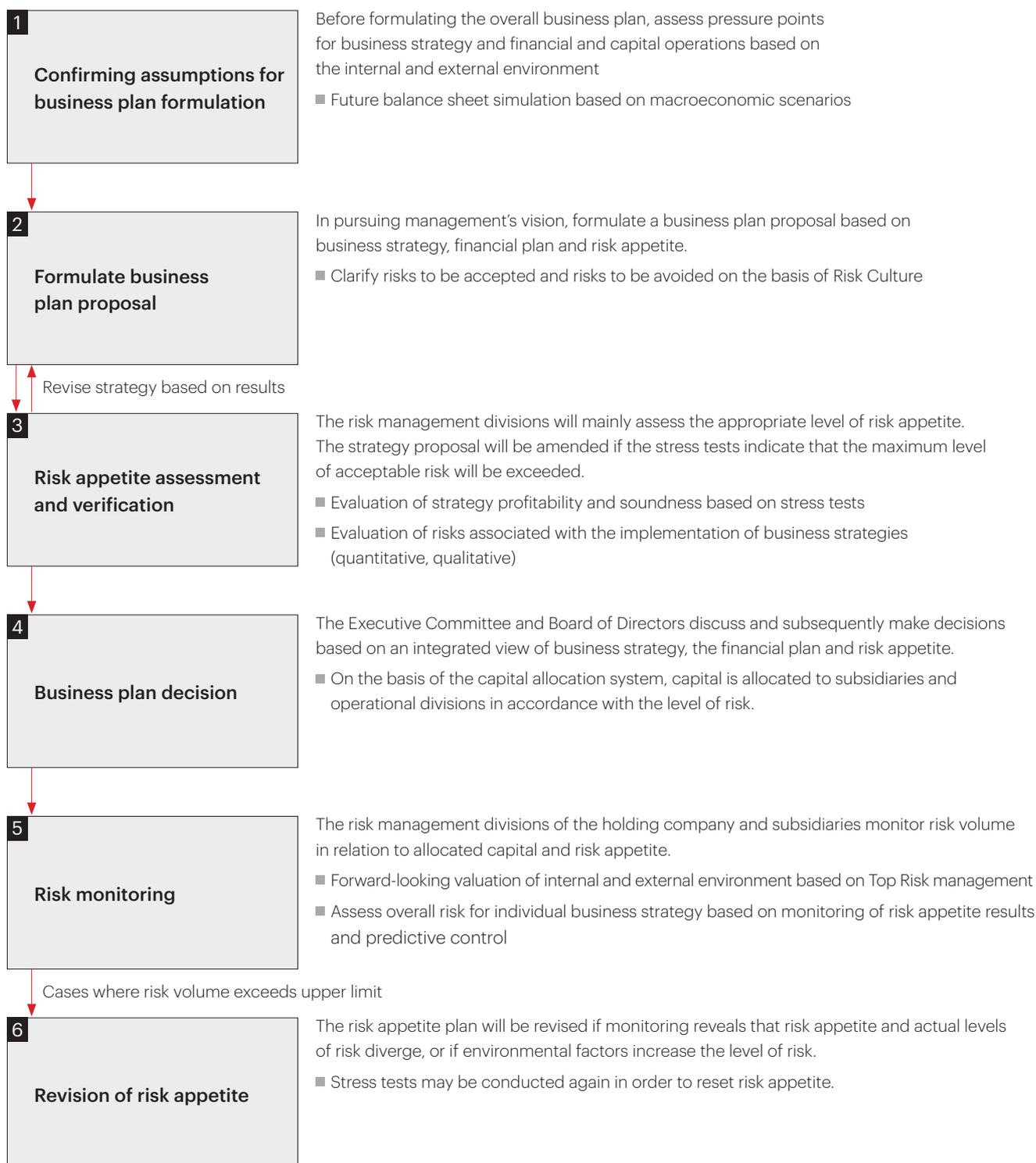


## Risk Appetite Framework Management Process

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.

### Risk Appetite Setting and Management Process



## 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.

### (1) 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.

### (2) Stress tests

#### 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.

### (3) 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 Group-wide, 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 2015, "Risk of higher losses due to increase in long-term interest rates" was cited as a major Top Risk.

#### Establishment of Risk Committee

In enhancing its corporate governance and risk management, MUFG places a special emphasis on stakeholders who can view the Company from the outside. To that end, in 2013, the Company established the Risk Committee, composed of independent external directors and external specialists, which reports directly to the Board of Directors on Group-wide risk management matters.

## 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. This standard of conduct on risk taking is then spread throughout the Company. 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 schedules regular global meetings.

#### Risk Culture Outline

Points of view to keep in mind in taking on risk		
Credit business	Market business	Overall business
<ul style="list-style-type: none"> <li>■ Stability</li> <li>■ Profitability</li> <li>■ Growth</li> <li>■ Public nature</li> </ul>	<ul style="list-style-type: none"> <li>■ Secure earnings based on fair transactions</li> <li>■ Contribute to maintenance of soundness of the market</li> <li>■ Pursue adequate risk management</li> </ul>	<ul style="list-style-type: none"> <li>■ Sincerity</li> <li>■ Accuracy</li> <li>■ Promptness</li> <li>■ Efficiency</li> </ul>

### 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.

# 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 anti-money laundering and anti-bribery, as well as 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).

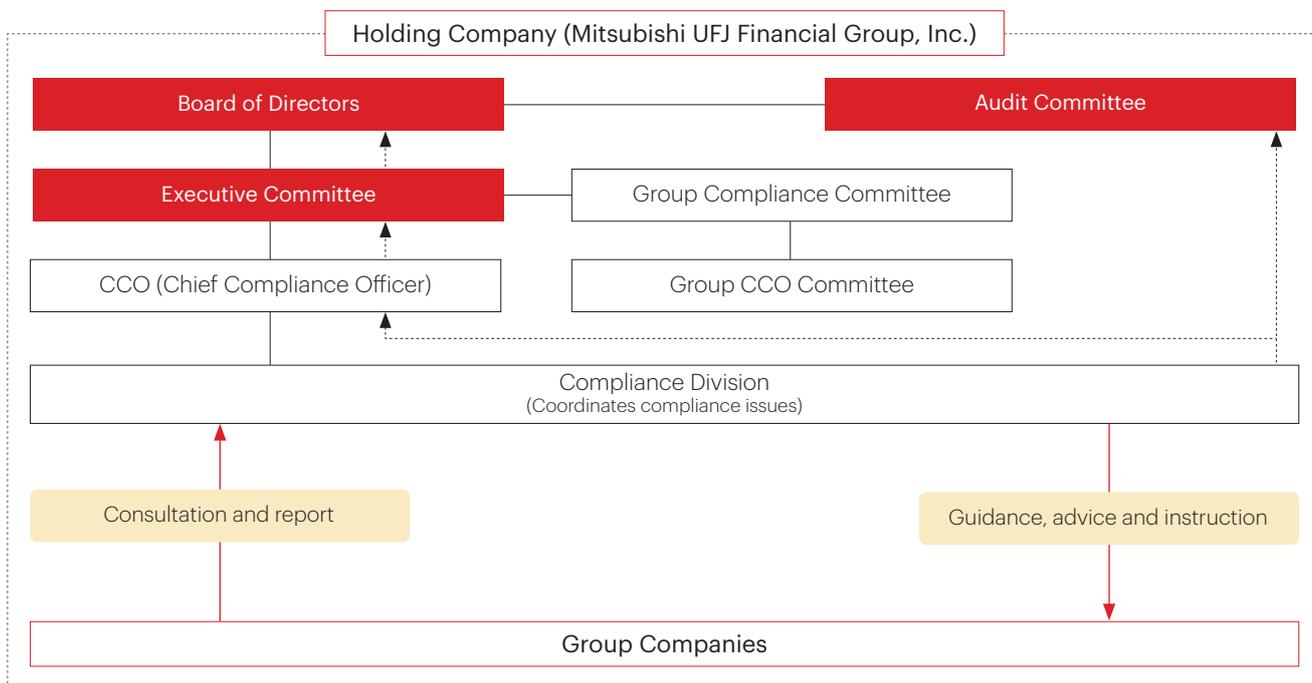
Each compliance management division formulates compliance programs and organizes training courses to promote compliance, and regularly reports to each company's board of directors and Executive Committee on the status of compliance activities.

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.

## Compliance System



# 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 in monitoring and overseeing all MUFG operations.

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.

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

## Implementing Effective and Efficient Internal Audits

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

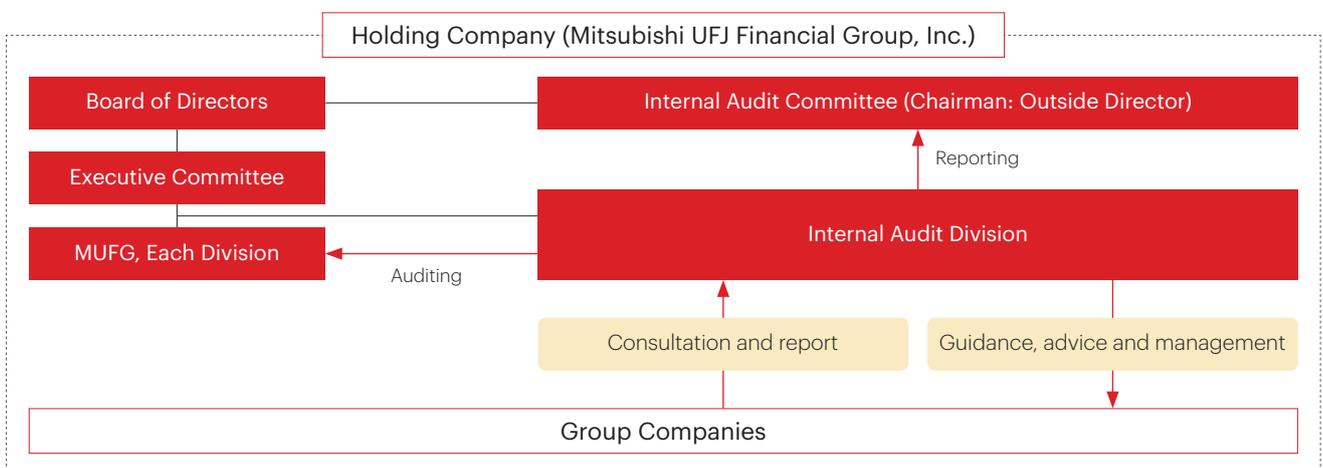
and the frequency and depth of internal audit activities. The internal audit divisions ensure that audit personnel attend key meetings, collect important internal control documents and access databases to facilitate efficient off-site monitoring.

## Reports to the Internal Audit Committee

The holding company has an audit committee within its board of directors as required by the Company Law of Japan, and the major subsidiaries have voluntarily established internal audit and compliance committees. Within each of the holding company and the major subsidiaries,

the internal division reports to the committee on important matters including the results of the internal audits and basic policies for planning internal audits.

## Internal Audit Framework



# 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 like 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"> <li>■ US housing bubble bursts</li> </ul>	<p><b>Fragility of financial system spurred stronger global regulation</b></p> <p>As subprime loans to low-income households in the US 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"> <li>■ <b>Lehman Brothers collapse</b></li> </ul>	
<p>2010</p> <ul style="list-style-type: none"> <li>■ European sovereign debt crisis</li> <li>■ <b>Announcement of Basel III</b></li> </ul>	<p><b>New regulations to ensure the soundness of banks engaging in international business</b></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><b>Capital ratio requirements</b> Banks must keep their capital adequacy ratios above a certain level in relation to risk-based exposure (risk assets).</p> <p><b>Leverage ratio</b> 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><b>Liquidity requirements</b> 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>
<p>2013</p> <ul style="list-style-type: none"> <li>■ Start of application of capital adequacy ratio requirements (to be phased in up to 2019)</li> </ul>	
<p>2015</p> <ul style="list-style-type: none"> <li>■ Start of application of Liquidity Coverage Ratio (LCR)</li> </ul>	
<p>After 2016</p> <ul style="list-style-type: none"> <li>■ Start of application of leverage ratio rules</li> <li>■ Start of application of Net Stable Funding Ratio (NSFR)</li> </ul>	

## Higher financial standards expected of G-SIBs

G-SIBs refers to Global Systemically Important Banks, institutions 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 2.5%) to be phased in from 2016. This would represent a surcharge of 1.5% for MUFG up to 2019 under the current bucket allocation.

<b>Bucket 5</b> (3.5% capital surcharge)	Empty	<b>Bucket 2</b> (1.5% capital surcharge)	Bank of America (United States)
<b>Bucket 4</b> (2.5% capital surcharge)	HSBC (United Kingdom) JP Morgan Chase (United States)		Credit Suisse (Switzerland) Goldman Sachs (United States)
<b>Bucket 3</b> (2.0% capital surcharge)	Barclays (United Kingdom)	<b>Bucket 1</b> (1.0% capital surcharge)	<b>MUFG (Japan)</b>
	BNP Paribas (France)		Morgan Stanley (United States)
	Citigroup (United States)		Royal Bank of Scotland (United Kingdom)
<b>Bucket 1</b> (1.0% capital surcharge)	Deutsche Bank (Germany)		18 Banks

## MUFG's Response

### MUFG has already achieved 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 2015 and it has already reached the levels required by end-March 2019.

	Results	Required level	
	March 31, 2015	March 31, 2015	From March 31, 2019
Common Equity Tier1 Capital Ratio	11.14%	4.5%	8.5%
Tier1 Capital Ratio	12.62%	6.0%	10.0%
Total Capital Ratio	15.68%	8.0%	12.0%
Liquidity Coverage Ratio	124.60%*	60.0%	100.0%

\* Figures differ from the quarterly average based on the end-June 2015 standard derived from Financial Services Agency disclosure.

## MUFG stance

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 regulations, as well as the coherence between different sets of regulations, all in the context of the global regulatory framework. MUFG believes the fundamental mission of a financial institution is to support economic growth and to that end we support the creation of a global regulatory framework based on international cooperation and public/private partnerships.

## Key Issues Going Forward

The following regulatory issues are at the center of global debate:

### Total Loss Absorbing Capacity (TLAC)

- In addition to Basel III capital requirements, there is a call for additional capital and liabilities (which meet certain subordinated conditions) which will allow orderly resolution not dependent on an injection of public funds.

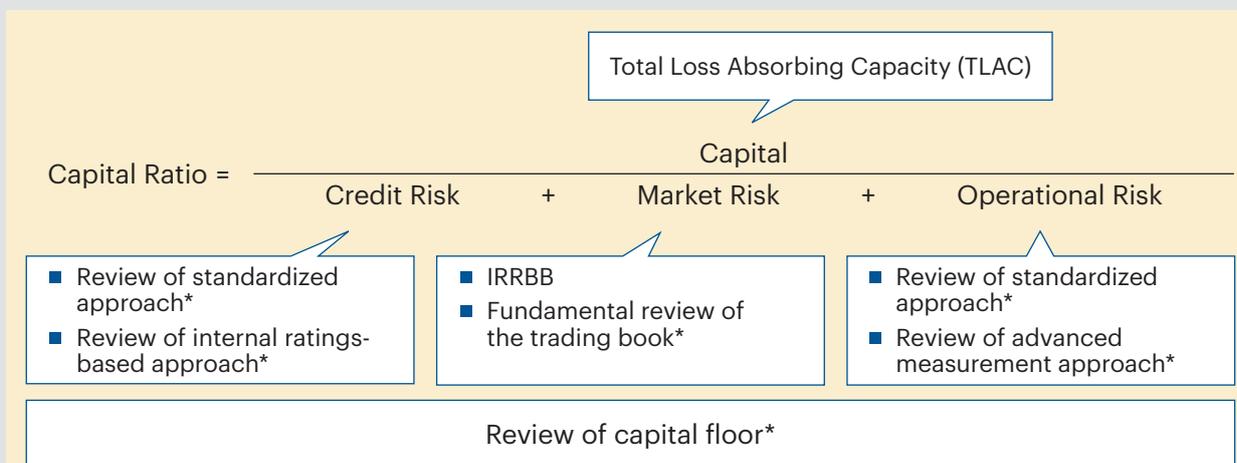
### Interest rate risk in the banking book (IRRBB)

- The valuation of assets and liabilities held in the banking book may fluctuate in accordance with interest rate changes. Whether to require to hold capital enough to cover IRRBB is being discussed.

### Review of risk-weighted asset measurement methodologies

- Measurement methodologies for credit, market and operational risk are being reviewed with a view to restoring trust in regulatory capital and to improve comparability.

### Positioning of Capital Ratio Regulatory Items



\* Items related to review of risk asset measurement methodologies



Personnel Development which Enhances the Motivation and Expertise of our 140,000 Global Employees, Allowing them to Deliver Superior Services to Customers

## Core Strategy

### High-Value-Added Services with the MUFG Touch

The development of human resources is key to creating more satisfied customers and stakeholders and to achieving steady growth for MUFG. Our workforce is at the heart of our corporate activity and the provision of value-added services. Japan is undergoing a period of rapid change with a decreasing birthrate and aging population, greater participation of women in society and globalization. As a result, companies are increasingly composed of employees with differing nationalities, values, lifestyles and approaches to work. In order to engage and motivate these employees, a very different personnel system is required to the traditional model which assumed a homogeneous workforce.

Further, as customer needs diversify, we need to create a structure where Group companies work together to provide seamless, value-added services which have unique characteristics. We are therefore working to develop the potential of our global workforce of 140,000 employees so that through their motivation and expertise they provide high-value-added services to our customers.

## Understand, Believe & Live Our Corporate Vision

MUFG Values Talk is a regular dialogue workshop where young employees can discuss their work and the Company as they address such themes as personal growth and exceeding the expectations of our customers. MUFG Values Talk gives employees a chance to consider how their personal stance and targets fit into our corporate vision. This allows a shared sense of the Company direction and can translate directly into workplace practice.

## Initiatives to Enhance Group-Wide Collaboration

In addition to joint training programs implemented by all Group companies, each division organizes specific programs.

### Retail Business Division

The Retail Academy is responsible for personnel development planning and implementation. It conducts training programs for mid-level employees aimed at developing skills and nurturing group awareness. By dispatching trainers throughout the Group and mutually developing and enhancing training programs, it aims to improve the level of skills and develop highly skilled employees for the whole Group.

### Corporate Business Division

The CFA job rotation program has been in place since 2007, aimed at improving the level of corporate finance skills in MUFG. Within the framework of overall career development, the program is designed to produce employees equipped to work with large corporate customers. Participants in the program learn investment banking business at Mitsubishi UFJ Morgan Stanley Securities and then move to the large corporates division of Bank of Tokyo-Mitsubishi UFJ. Around 150 employees have participated so far, learning about investment banking, honing their presentation skills, and strengthening teamwork.

In July 2014, we launched a new global logo as part of our brand strategy. At the launch, we organized workshops in San Francisco, Los Angeles, New York, London, Singapore and Shanghai in order to foster understanding of our corporate vision that lies behind the brand. All overseas employees had a chance to see a video which portrayed the MUFG brand and the corporate vision.

## Responding to Globalization

The MUFG Group has more than 1,150 locations in over 40 countries and we are developing a workforce that can support operations on this global scale.

### Programs for Overseas Employees

Bank of Tokyo-Mitsubishi UFJ has implemented a number of programs for employees recruited overseas aiming at the development of managers with a global perspective. These include the Global Leaders Forum for branch/division managers the Leadership Enterprise-wide Accelerated Development program for deputy branch/division managers and the Global Rotation Training Program for mid- to junior-level staff which spans countries/regions and runs for one year. The Global Talent Committee plans successors for very important positions.

### Programs for Domestic Employees

Junior employees receive regular language training and placements to improve their abilities and we have also introduced intensive English language training for selected mid-level employees. These initiatives are designed to develop a workforce capable of handling the challenges of overseas locations, international departments and an increasingly globalized customer base.

## Developing Human Resources from a Group Perspective

Our human resources development program is designed to fit a rapidly diversifying society and to support MUFG as its business model evolves and it strives for sustained growth. We aim to motivate our employees by enhancing the workplace environment, and developing training systems which allow them to chart a clear career path.

We recognize the need to create a suite of personnel development and support programs based around the core themes of sharing a strategic vision, enhancing the workplace environment, and providing training and career support. To meet these objectives, in July 2015, MUFG established a new Human Resources division in the holding company. To ensure our Group companies deliver consistent levels of service, the division focuses on personnel development and exchanges, and a new Global Learning Center has also been established.



**Takashi Oyamada**

Director, Deputy President



Bank of Tokyo-Mitsubishi UFJ Fintech Challenge 2015

## ICT Strategy

The financial sector environment is changing rapidly as ICT, exemplified by Big Data, AI and robotics, makes huge strides and as new players such as retail and venture companies enter the sector.

In this environment, we recognize that to maintain our competitive advantage we must make full use of emerging technologies and our long-accumulated information assets to improve existing business and create new business segments. To this end, MUFG is working to strengthen its ICT initiatives and promote digital innovation.

As an example, Bank of Tokyo-Mitsubishi UFJ has established an Innovation Center in Silicon Valley which aims to pool knowledge, perspectives and technology from outside the company. It examines new technology research and potential alliances with venture firms who possess innovative business models. Further, as part of our strategy to provide new financial services using ICT, we organized Fintech Challenge 2015, which presents ideas on new technologies, business models and services mainly from startups and individuals.

## Humanoid Robot NAO

Bank of Tokyo-Mitsubishi UFJ has started the experimental operation of the humanoid robot NAO, which is made by the French company Aldebaran, at selected branches. NAO is 58 cm tall and has the ability to understand and speak 19 languages. NAO currently helps with basic inquiries, such as ATM guidance, but as further AI is integrated in the future, we hope the robot will be able to respond to more sophisticated questions.

Humanoid robot NAO:  
Speaks 19 languages and helps with ATM directions and opening an account.



## Introducing AI

IBM's Watson is a cognitive system capable of understanding and learning from complex dialogue and questions as well as making forecasts and projections. Bank of Tokyo-Mitsubishi UFJ is planning to use AI such as Watson on its websites, and at call centers and branches. Thereby, we will improve services as AI supports answers to inquiries and operations more generally.

## MUFG's Goal in CSR

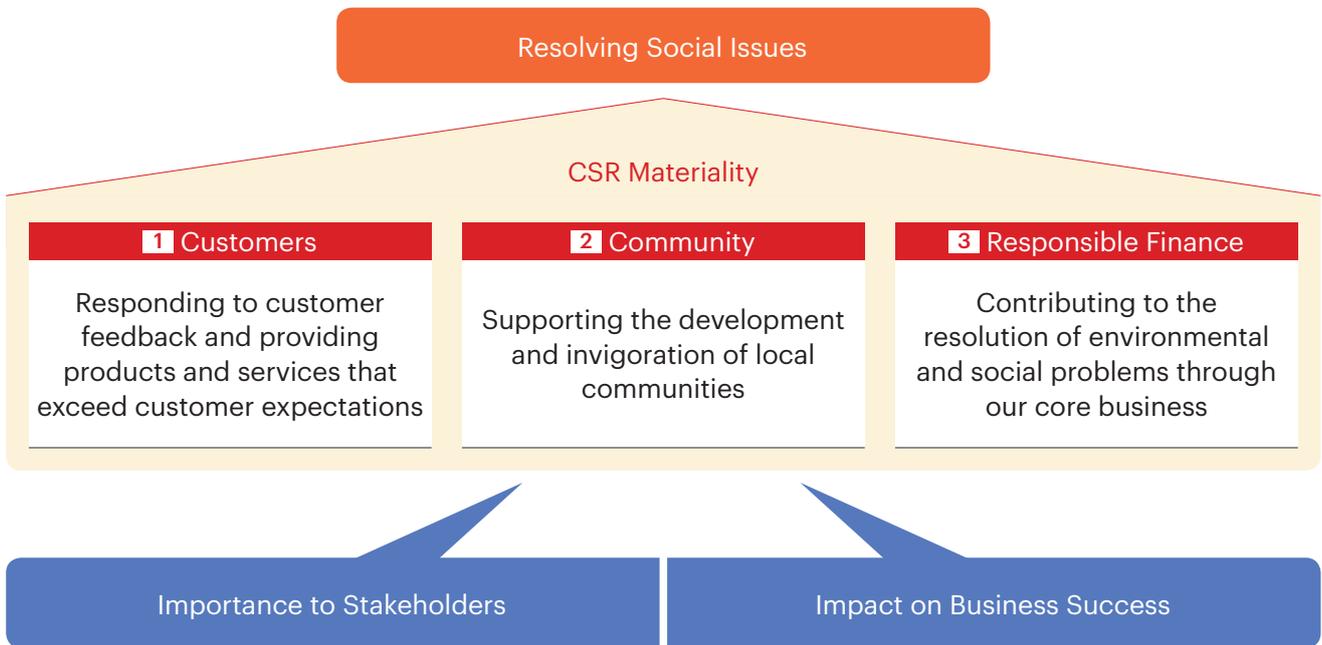
Financial institutions have a responsibility to help stabilize and maintain financial systems and contribute to the sound growth of society. MUFG's goal in CSR is to contribute to

solve social issues through our core financial businesses as well as fulfilling our inherent social mission as the foundation of society and realize a sustainable society.

## CSR Strategy and CSR Materiality

The social and business environment is changing rapidly as Japan experiences a declining birthrate and aging population and MUFG's operations progressively globalize. This means that the kinds of impact a company makes through its corporate activities also change. To respond, MUFG has revised the areas it will prioritize,

considering how best to achieve growth from the twin perspectives of "Importance to Stakeholders" and "Impact on Business Success". We designated three priorities as MUFG's CSR materiality: "Customers," "Community;" and "Responsible Finance."



We work to fulfill our corporate social responsibility through our business, using our Corporate Vision and Principles of Ethics and Conduct as guidelines.

## 1 Customers

### Exceeding Customer Expectations

We continue to attract new customers and establish lasting relationships with them by quickly responding to a diverse range of needs, opinions, and requests and making continuous efforts to reflect these in our products and services.

## Initiatives

- Systems for collecting and monitoring customer feedback
- Response to the needs of the elderly
- Thorough quality management for products and services in line with our "Customer Perspective"

Results and Cases

Improvements based on Customer Feedback

Improvements

**562 cases\***

Based on feedback from 262,000 customers\*

\* Total for Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ NICOS and ACOM between April 2014 and March 2015.

Issues on which we received substantial feedback



**Customer Feedback**

“My ATM card is no longer usable. I want to have it reissued without going to the bank teller counter.”

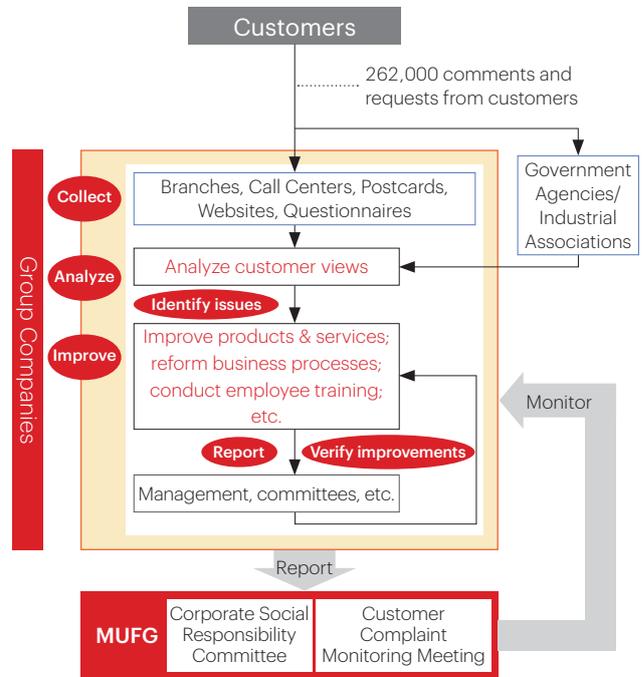
**Improvement**

The process for reissuing a customer’s ATM card that is no longer usable due to magnetic failure or damage can now be done over the telephone.



Bank of Tokyo-Mitsubishi UFJ

MUFG Feedback Monitoring System



Making Our Elderly Customer Experience Safe and Pleasant

Barrier-Free Branches

We are working to make our branches safe and pleasant locations for elderly customers to visit with slope access and wheelchair-compatible parking areas.



Streamlining Procedures

Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking are making efforts to improve and adapt administrative procedures to the needs of elderly customers, including the simplification of administrative procedures and the observance of family proxies.

Simplification of Administration by Proxy

In cases where a customer finds it difficult to fill out or stamp a document due to visual or other physical disabilities, it may be possible for an accompanying family member to serve as a proxy, depending on the type of transaction.

Simplification of procedures to allow payment by proxy when the intent of the depositor cannot be verified

When the intent of the depositor cannot be verified, it may be possible to arrange for a family member or other proxy to make necessary payments on their behalf for hospital/treatment fees, care facility fees, or tax/social insurance fees on request.

Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking are engaged in the training of “dementia supporters” to help customers with dementia. We work to ensure that elderly customers can use our services with comfort and peace of mind. Going forward, we endeavor to contribute to a society where people with dementia can continue to live comfortable lives.

## 2 Community

### Supporting Community Development

We plan to raise our value as a corporation by strengthening our bonds with local communities and endeavoring to build trust and confidence, not only with customers, but also with regional societies in Japan and overseas.

#### Initiatives

##### ■ Economic and Financial Education

We promote financial literacy and career guidance through workplace experience and classes given by our employees in schools and colleges.

##### ■ Environmental Preservation and Beautification

Executives and employees participate in voluntary programs such as tree planting and cultivation, and clean-up activities. We also support various environmental organizations.

##### ■ Donations and Support Activities

We donate to foster homes and support centers for people with disabilities in Japan and overseas. We also build relationships with society through event planning, and participate in charity activities, etc.

##### ■ Supporting Reconstruction

We support medium- to long-term recovery from the Great East Japan Earthquake through financial support, establishment of a scholarship fund, and participation in the TOMODACHI Initiative.

#### Results and Cases

##### Workplace Experience Program

In Bank of Tokyo-Mitsubishi UFJ workplace experience program, students learn about the economy, finance, and the role of banks in society. In addition, students have the opportunity to interview employees, asking such questions as “What things do you value when it comes to your job?” and “What is it like to work as a team?” Through these interviews, and the firsthand experience of working, the program works to further career guidance.

##### Activity of Bank of Tokyo-Mitsubishi UFJ Kyobashi Branch

The Workplace Experience Program at Kyobashi Branch introduced our operations and made use of MUFG's Corporate Vision and Principles of Ethics and Conduct to introduce students to the values and actions on which MUFG places importance.

##### Internship Program (Dynamics of the Stock Market)

Mitsubishi UFJ Morgan Stanley Securities is offering an Internship program (Dynamics of the Stock Market or *Kabu no Chikara*), an educational program on the economy and finance for middle and high school students. The program was developed in cooperation with Educa & Quest Co., Ltd. The program consists of five classes where students learn about stocks. At the conclusion of the program, students are asked in groups to express how they felt about *Kabu no Chikara*, or the dynamics of the stock market, in the form of a mock newspaper advertisement, and then present these advertisements to the class. The students deepen their understanding of the role and function of equity markets and also learn how to collect and use information while honing their communication skills. In fiscal 2014, 310 students from seven private junior high and high schools in Tokyo took part.



**Supporting Reconstruction of Disaster-Affected Areas**  
**Financial Support for Housing Construction in Onagawa Town, Miyagi Prefecture**

We established a financial support scheme through electronically recorded monetary claims for the Public Housing for Reconstruction Promotion Committee in Onagawa Town, Miyagi Prefecture. Under the previous scheme, payments to contractors were made in a lump sum once all the housing was transferred to the new residents. This has led to financial issues for contractors until payments are made. The new scheme allows payments to be made as units come onstream, easing the funding situation for contractors.

**The MUFG NFUAJ East Japan Earthquake Recovery and Scholarship Fund**

Established in collaboration with the National Federation of UNESCO Associations in Japan (NFUAJ), the fund now amounts to around ¥3 billion. Around 1,500 orphaned students (children who lost one or both of their parents as a result of the earthquake and tsunami) from elementary through high school have received scholarships.

**Participation in the TOMODACHI Initiative**

In fiscal 2014, 26 middle and high school students from disaster-affected areas were sent under the TOMODACHI

exchange program to California. The students participated in homestays and deepened the ties of friendship between the United States and Japan through exchange with the local community.

**MUFG Gives Back**

This program is designed to express thanks to the many people around the world who helped in the aftermath of the Great East Japan Earthquake. Starting in 2013, MUFG employees all over the world have been working together on initiatives to support social contribution activities.

**Fiscal 2014 Results**

Over 5,000 employees have participated in more than 100 local contribution activities in 30 countries and regions.

Activity of Bank of Tokyo-Mitsubishi UFJ  
Buenos Aires Branch

The Buenos Aires Branch worked with TECHO to help build a transitional house for a family living in poverty. TECHO is a youth-led organization working in Latin America and the Caribbean whose mission is to eradicate poverty.



**3 Responsible Finance**

**Contributing to the Resolution of Environmental and Social Problems through Our Core Business**

MUFG is implementing initiatives to address constantly changing environmental and social issues. We offer financial support to companies that are conscious of environmental risks, and we provide consulting services to respond to global warming issues. In this way, we are contributing to the realization of a sustainable environment and society itself through our core financial business.

**Initiatives**

- Promotion and Dissemination of Renewable Energy

■ Promotion of Public-Private Financial Partnerships

■ Implementation of the Equator Principles as a Framework to Assess and Manage Environmental and Social Risks\*
- Promotion of Consulting Services Related to Climate Change Mitigation

■ Promotion and Dissemination of ESG Investment

\* Please see progress at <http://www.muFG.jp/english/csr/juten/sustainability/sekidou>



## Results and Cases

### Ranked No. 2 in the Global Project Finance Lead Arranger for Renewable Energy

In fiscal 2014, MUFG was ranked No. 2\* in the global project finance lead arranger table for renewable energy. This was largely attributable to the initiatives we have undertaken in the solar, hydropower, and wind energy sector around the world.

\* Bloomberg New Energy Finance

#### Financing for Offshore Wind Farm Project in the U.K.

Bank of Tokyo-Mitsubishi UFJ has signed a loan agreement totaling up to £68.8 million to finance an offshore wind power generation project in the United Kingdom, where Marubeni Corporation has made a full-scale investment. The total financing amount reached £369.5 million and was co-financed by the Japan Bank for International Cooperation and four

commercial banks, of which two were domestic and two were overseas banks. The project will have a total generation capacity of 210 MW, capable of covering the power consumption of approximately 200,000 households, and is expected to offset roughly 400,000 tons of CO<sub>2</sub> emissions per year.

### Commencing Investment with the Aim of Establishing a Renewable Energy Investment Fund

Mitsubishi UFJ Trust and Banking invested in two photovoltaic power plants in order to set up a self-managed renewable energy investment fund which will meet the needs of pension funds and other institutional investors in the near future. With this in mind, it has made a silent partnership investment of its own capital (about ¥3 billion) for solar power projects under an R&D investment scheme. The move is intended to promote the full-scale introduction of renewable energy, which is also a goal shared of the Japanese government in its growth strategy and to promote the provision of funds for medium- to long-term growth in the renewable energy market by leveraging financing from the private sector.

#### Investment in Solar Power Generation Projects in Miyazaki and Osaka Prefectures

Mitsubishi UFJ Trust and Banking created a trust beneficiary account to acquire the 2 MW Kunitomi Megasolar Power Plant, which was developed by Solar Frontier K.K. For the project in Osaka Prefecture, it used a trust beneficiary account to acquire a specific amount of interest in the Osaka-Hikarinomori project. The Osaka-Hikarinomori project is a 10 MW solar power project

developed by Sumitomo Corporation and Sumitomo Mitsui Finance and Leasing Co., Ltd., and is operated under leasing contracts. These two projects are expected to supply power to 1,800 Japanese households a year. In addition, the projects are expected to offset approximately 4,800 tons of CO<sub>2</sub> emissions per year.

### Promotion of Public-Private Financial Partnerships

In fiscal 2014, Bank of Tokyo-Mitsubishi UFJ participated in the financing of around 50 projects in the environmental and energy industries which received help from the government support program to reduce the interest rate burden for the customer.

#### Providing Loans to Kyushu Hatsuden Co., Ltd for Small-Scale Hydropower Generation Project

Bank of Tokyo-Mitsubishi UFJ concluded an agreement with Kyushu Hatsuden Co., Ltd on a ¥1.8 billion loan for the construction of the Ichinotani Power Plant in January 2015. The 995 kW plant will be built on the upper stream of the Ichinotani River, which runs through the Kimotsuki district of Kagoshima Prefecture. This loan is making use of the Ministry of the Environment's environmental risk assessment financing program and represents the first

hydropower generation project it has provided loans to in this program.

The Ichinotani Power Plant is expected to generate roughly 6 million kWh a year, supplying around 1,100 Japanese households with electricity annually. It is also anticipated that the plant will offset 3,835 tons of CO<sub>2</sub> emissions per year.

# Supporting SME Growth, Regional Economies

In order to support Japan's economic recovery from a financial perspective, MUFG provides various services to SMEs to help them resolve their business issues. We also have a number of initiatives to revitalize local communities.

## Supporting the Growth of SME Customers Nationwide

Using its nationwide network, MUFG provides various services to SMEs in accordance with their stage of growth and development.

### Corporate Business Phases

#### Foundation

##### Business Support for Potential Growth Areas

###### Business Support Program "Rise Up Festa"

This program aims to maximize MUFG's knowhow as it becomes a long-term business partner of SMEs and growing companies engaged in novel and creative segments as well as those trying to extend the boundaries of existing business. In April 2015, MUFG recognized three outstanding companies and seven excellent companies in three main business areas: Internet services/information/robotics technology; health care/biotechnology; and social business. MUFG offers various forms of support to these companies.



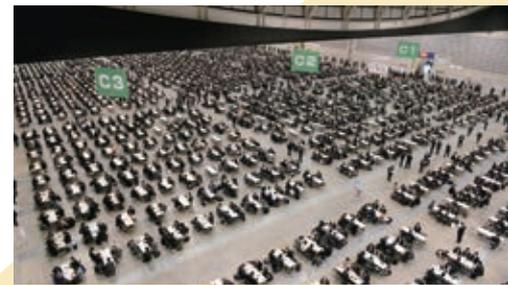
#### Growth Phase

##### Supporting Customer Growth through Smooth Financing and New Opportunities

###### Business Link "Shobai Hanjo"

This is a large-scale business matching conference we have organized annually since 2005. The 12th Business Link "Shobai Hanjo" Conference, held in January 2015 in Yokohama, Japan focused on the themes of "global" and "new market creation". Group companies such as Bank of Ayudhya (Krungsri) (Thailand), Vietnam

Joint Stock Commercial Bank for Industry and Trade (Vietnam), and MUFG Union Bank (United States) attended along with overseas investment promotion agencies. Around 4,200 companies attended the conference (the highest number ever) and there were over 10,000 business matching negotiations.



###### Electronic Bills Business "Dente"

This is a unique service offered by Bank of Tokyo-Mitsubishi UFJ that exploits the features of electronic bills. A supplier company transfers electronic bills received from a customer to a financial institution, and then using the credit reputation of the customer, the electronic bills can be converted into financing. Use of this service is expanding, with the balance of outstanding electronic bills reaching ¥2 trillion as of end-March 2015, and over 60,000 companies participating.

#### Corporate Reconstruction

Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking offer consultation in a timely and appropriate manner for their customers facing challenges in borrowing conditions and other management issues. When necessary, we introduce experts from inside and outside the company to the customers.

## Mature Phase

### Ensuring Smooth Business Succession

#### Bank of Tokyo-Mitsubishi UFJ Initiatives

We have around 30 business succession specialists deployed in the HQ business groups. They can give advice to clients on matters ranging from urgent stock acquisitions to longer-term succession strategies, in accordance with clients' circumstances and their management plan. Business succession is not simply a matter of transferring the rights of an individual owner but constitutes a long-term management issue for customers. Our expertise and experience offer our clients the appropriate advice.

#### Mitsubishi UFJ Trust and Banking Initiatives

As a trust bank, we offer core services such as inheritance, wills, living bequests, real estate brokerage, securities administration trusts, and equity disposal trusts. We also offer a wide range of succession consulting services, from corporate business succession to the transfer of individual assets. Our management financial diagnosis ("ownership") analyzes the client's current asset and business situation and identifies the key issues to ensure a smooth succession. It allows clients to clarify the crucial issues at their own company.

## Revitalizing Regional Economies and Communities

MUFG works with administrative organizations and local financial institutions to revitalize local economies and to nurture local industries.

#### Tohoku Senary Industry Support, Limited Partnership Invested in Apple Processing Company (Aomori Prefecture)

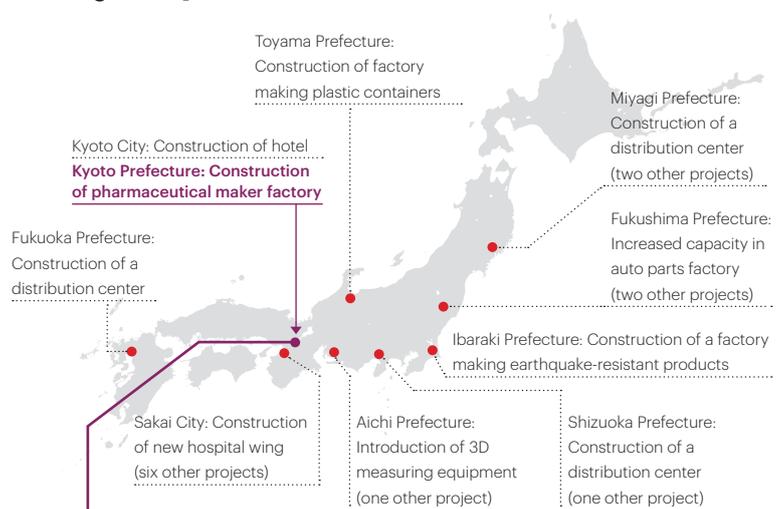
In conjunction with four Tohoku (northeast) prefectural local financial institutions, Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Capital formed the Tohoku Senary Industry Support, Limited Partnership in 2013. The objective is to support the development of the Tohoku region and the agriculture, forestry and fishing industries. With a view to increasing agricultural workers' income, ensuring business succession and creating employment, the association made a ¥30 million investment in Hirosaki Co., Ltd., an apple production, processing and sales company.



#### Finance Using the Government's Subsidized Interest Payment Program

In fiscal 2014, Bank of Tokyo-Mitsubishi UFJ invested in 22 projects (over ¥21.8 billion) using the government's subsidized interest payment program for regional revitalization.

#### [Financing Cases]



#### PICK UP

#### Financing for Pharmaceutical Maker Factory (Kyoto Prefecture)

Recognized by an administrative agency as promoting regional employment, Bank of Tokyo-Mitsubishi UFJ could make low-interest loans on projects through the Ministry of Health, Labour and Welfare's subsidized interest payment program for projects which create employment in strategic industries. In February 2015, in conjunction with four regional banks, we extended funding of ¥2 billion to pharmaceutical maker NITTO PHARMACEUTICAL INDUSTRIES, LTD. for a new factory. The factory will have state-of-the-art production control systems and will newly employ several tens of local workers.

# Five-Year Major Financial Data (FY 2010-FY 2014)

(Billions of Yen)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Currency exchange rate (USD/JPY) (yen)	83.15	82.19	94.05	102.92	120.17
<b>Statement of income data:</b>					
Gross profits before credit costs for trust accounts	3,522.5	3,502.0	3,634.2	3,753.4	4,229.0
Net interest income	2,020.0	1,840.5	1,816.8	1,878.6	2,181.6
Trust fees excluding credit costs	100.4	96.9	95.1	108.4	111.4
Net fees and commissions	979.4	964.2	1,042.2	1,160.3	1,308.6
Net trading profits	103.7	225.5	288.2	362.0	352.9
Net other business profits	318.9	374.7	391.7	244.0	274.3
Net gains (losses) on debt securities	221.3	270.3	336.7	142.8	115.1
General and administrative expenses	2,020.8	1,994.5	2,095.0	2,289.3	2,584.1
Expenses ratio	57.3%	56.9%	57.6%	60.9%	61.1%
Net business profits before credit costs for trust accounts and provision for general allowance for credit losses	1,501.6	1,507.4	1,539.2	1,464.1	1,644.9
Total credit costs	354.1	193.4	115.6	(11.8)	161.6
Sum of non-consolidated figures of Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking	174.2	134.5	65.3	(35.1)	71.1
Net gains (losses) on equity securities	(57.1)	(88.6)	(53.6)	144.5	93.1
Gains (losses) on sales of equity securities	13.7	(9.4)	33.6	157.5	97.9
Losses on write-down of equity securities	(70.9)	(79.2)	(87.3)	(12.9)	(4.8)
Profits (losses) from investments in affiliates	11.3	377.5	52.0	112.4	159.6
Other non-recurring gains (losses)	(385.1)	(130.8)	(77.7)	(38.2)	(23.0)
Ordinary profits	646.4	1,471.9	1,344.1	1,694.8	1,713.0
Net extraordinary gains (losses)	(6.8)	(23.8)	9.6	(151.7)	(98.2)
Total taxes	175.4	376.4	395.7	439.9	467.7
Tax burden ratio	27.4%	25.9%	29.2%	28.5%	28.9%
Minority interests	(119.0)	90.2	105.3	118.1	113.2
Net income	583.0	981.3	852.6	984.8	1,033.7
<b>Balance sheet data:</b>					
Total assets	206,227.0	218,861.6	234,498.7	258,131.9	286,149.7
Loans and bills discounted	79,995.0	84,492.6	91,299.5	101,938.9	109,368.3
Securities	71,023.6	78,264.7	79,526.8	74,515.5	73,538.1
Total liabilities	195,412.6	207,185.8	220,979.0	243,019.0	268,862.2
Deposits	124,144.3	124,789.2	131,697.0	144,760.2	153,357.4
Negotiable certificates of deposit	10,961.0	12,980.6	14,855.0	15,548.1	16,073.8
Total net assets	10,814.4	11,675.7	13,519.6	15,112.8	17,287.5
Total shareholders' equity	9,104.9	9,909.5	10,578.3	11,346.2	11,328.6
Retained earnings	4,799.6	5,602.3	6,267.9	7,033.1	7,860.4
Total accumulated other comprehensive income	(156.0)	83.4	1,158.2	1,709.7	3,989.2
Minority interests	1,858.2	1,674.8	1,774.1	2,048.1	1,961.3
<b>Financial Ratios</b>					
Common Equity Tier 1 Capital Ratio <sup>*1</sup>	—	—	11.70%	11.25%	11.14%
Tier 1 Capital Ratio <sup>*1,2</sup>	11.33%	12.31%	12.74%	12.45%	12.62%
Total Capital Ratio <sup>*1,2</sup> (Fiscal 2010 and fiscal 2011 are capital ratios)	14.89%	14.91%	16.68%	15.53%	15.68%
Dividends per share (DPS) (yen)	12.0	12.0	13.0	16.0	18.0
Dividend payout ratio	30.0%	17.6%	22.0%	23.4%	24.6%
Book-value per share (BPS) (yen)	604.58	678.25	800.95	893.77	1,092.75
Earnings per share (EPS) (yen)	39.95	68.09	58.99	68.29	73.22
ROE MUFG definition	6.89%	11.10%	8.77%	9.05%	8.74%
ROE TSE definition	6.55%	10.60%	7.96%	8.05%	7.38%
Total number of issued ordinary shares excluding own shares (billion shares)	14.141	14.144	14.155	14.161	14.017
Share price (fiscal year-end) (yen)	384	412	558	567	743.7
Market capitalization (trillions of yen) <sup>*3</sup>	5.4	5.8	7.9	8.0	10.4
PBR <sup>*3</sup> (times)	0.64	0.61	0.70	0.63	0.68
PER <sup>*3</sup> (times)	9.6	6.1	9.5	8.3	10.2

\*1 Figures based on application of regulations at various periods

\*2 FY 2010 and 2011 are Basel II figures

\*3 Figures based on fiscal year-end share price

# Financial Review for the Fiscal Year Ended March 31, 2015

## Financial and Economic Environment

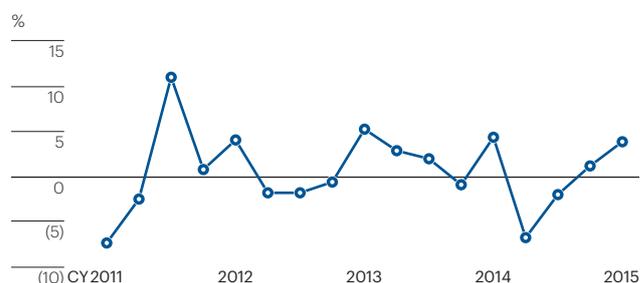
The global economy showed a gradual recovery during the fiscal year ended March 31, 2015, despite some events which increased financial and economic uncertainties, such as a sudden decrease in the oil price. The U.S. economy, led by domestic demand, maintained recovery momentum, reflecting an improvement in the employment environment, which caused the U.S. equity market to trend upward throughout the period. European countries kept struggling with fiscal and financial structural issues and the regional economy remained sluggish, although some signs of improvement can be observed recently. Asian countries showed stable economic growth reflecting strong consumer expenditures in the ASEAN (Association of South-East Asian Nations) countries, despite a slowdown in the Chinese economy.

Amidst such conditions, the Japanese economy maintained a gradual recovery, overcoming the adverse impact of an increase in the consumption tax rate in April 2014. Private consumption in Japan, especially in the first half of the fiscal year ended March 31, 2015, was strongly affected by the higher tax rate, but its negative effect lessened towards the end of the fiscal year. Capital expenditure in Japan increased reflecting higher corporate earnings taking advantage of the depreciation of the Japanese yen against major currencies such as the U.S. dollar during the period.

The Federal Reserve terminated its asset purchase operations while keeping its policy rate at a historically low level. The European Central Bank further loosened its monetary policy by cutting policy rates, introducing negative interest rates on excess reserve balances deposited to the central banks, and beginning to purchase assets such as sovereign bonds issued by European countries, in order to tackle deflation risk in the region.

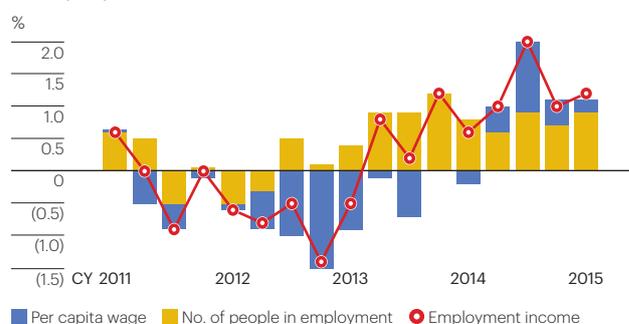
The Bank of Japan expanded its quantitative and qualitative easing measures in October 2014 in order to achieve its targeted inflation rate of 2%. In the circumstances, interest rates in Japan remained low during the period and hit a historically low level of below 0.2% in January 2015. The Japanese yen depreciated further against the U.S. dollar especially in the second half of the fiscal year ended March 31, 2015. The Japanese equity market remained firm and hit the ¥19,000 level, reflecting improvements in corporate earnings and the strong U.S. equity market.

■ Actual GDP Growth Rate (Year on Year)



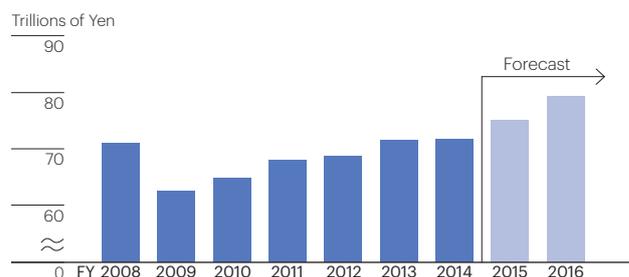
Source: Compiled by Bank of Tokyo-Mitsubishi UFJ Economic Research Office from Cabinet Office statistics

■ Employment Income Trend\* (Year on Year)



\* Employment income is calculated by multiplying the number of people in employment by the per capita wage.  
Source: Compiled by Bank of Tokyo-Mitsubishi UFJ Economic Research Office from Ministry of Internal Affairs and Communications and Ministry of Health, Labour and Welfare statistics.

■ Capex (Actual GDP Base)\*



\* 2005 price base. Figures for FY 2015 and 2016 are forecasts.  
Source: Compiled by Bank of Tokyo-Mitsubishi UFJ Economic Research Office from Cabinet Office statistics

### Consolidated Earnings Summary

#### Consolidated Net Business Profits

Consolidated gross profits increased ¥475.5 billion from the previous fiscal year ended March 31, 2014, to ¥4,229.0 billion. The domestic deposit-loan margin decreased and there was also a reactive decline in equity commissions. However, this was covered by an increase in net interest income from overseas loan businesses and investment management; net fees and commissions from sales of investment products (mainly insurance, etc.); domestic exchange business and investment banking business; as well as a positive revenue impact of the consolidation of Bank of Ayudhya (¥244.7 billion).

General and administrative expenses increased ¥294.7 billion from the previous fiscal year ended March 31, 2014, to ¥2,584.1 billion. The main factors were an increase in overseas business expenses; the consumption tax hike; and the consolidation of Bank of Ayudhya (Krungsri) (¥136.9 billion). As a result, consolidated net business profits were ¥1,644.9 billion, an increase of ¥180.8 billion from the previous fiscal year ended March 31, 2014, (Bank of Ayudhya contributed ¥107.8 billion).

#### Credit Costs

Total credit costs increased ¥173.5 billion yen from the previous fiscal year ended March 31, 2014, to ¥161.6 billion. This was mainly due to an increase in credit costs at Bank of Tokyo-Mitsubishi UFJ (non-consolidated) and Mitsubishi UFJ Trust and Banking Corporation (non-consolidated) on a rating downgrade for major clients, and increased costs (¥54.7 billion) on the consolidation of Bank of Ayudhya.

#### Net Gains (Losses) on Equity Securities

Net gains on equity securities fell ¥51.4 billion to ¥93.1 billion mainly due to a decrease in major gains on sales.

#### Ordinary Profits

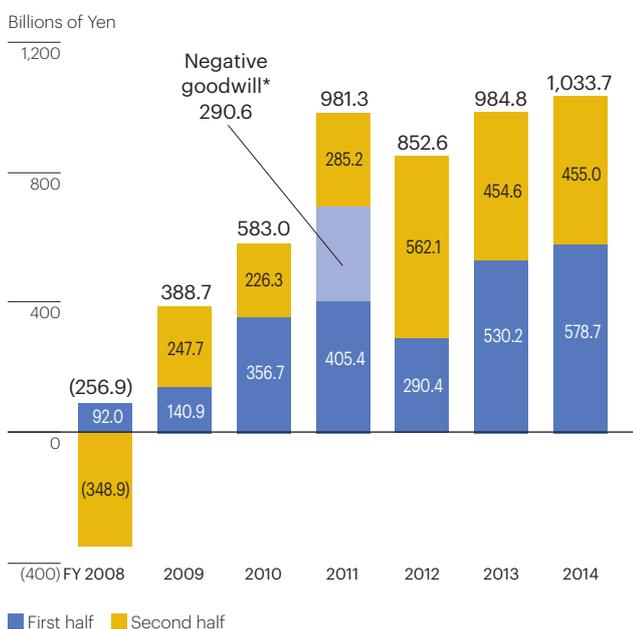
Ordinary profits rose ¥18.1 billion to ¥1,713.0 billion on a rise of ¥47.1 billion in equity-method income to ¥159.6 billion (earnings increased at Morgan Stanley and Bank of Tokyo-Mitsubishi UFJ/Mitsubishi UFJ Trust and Banking Corporation equity-method affiliates) and an improvement in other non-recurring losses of ¥15.1 billion.

#### Net Income

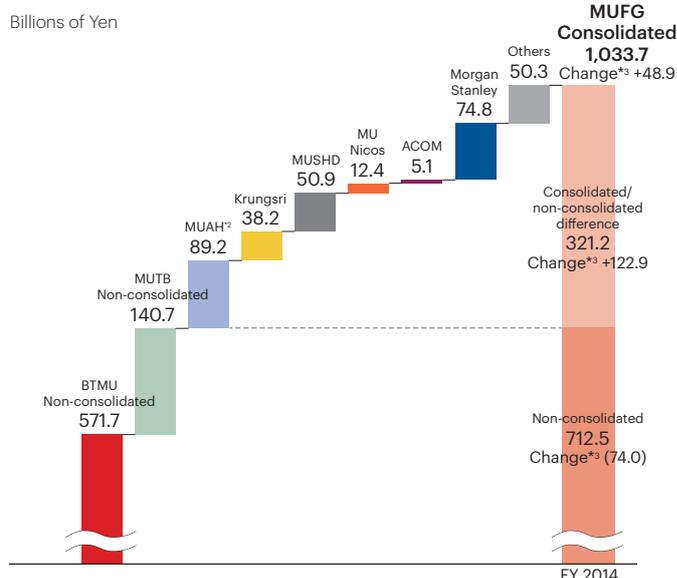
Extraordinary income improved by ¥53.5 billion. Extraordinary losses of ¥98.2 billion were posted on Bank of Tokyo-Mitsubishi UFJ settlement payments in the United States (¥37.0 billion) and losses on change in equity (for Morgan Stanley, ¥33.2 billion, zero last fiscal year). However, this was covered by the stripping out of impairment of goodwill related to investments in Mitsubishi-UFJ Nicos (¥110.1 billion) in the fiscal year ended March 31, 2014.

As a result, net income rose ¥48.9 billion to ¥1,033.7 billion. The difference between consolidated and non-consolidated net income was ¥321.2 billion through contributions from all the major subsidiaries.

#### Net Income History



#### Breakdown of Net Income\*1



\*1 Figures for above subsidiaries and equity-method affiliates are results after application of equity ratios and after tax.

\*2 Abbreviation for MUFG Americas Holdings Corporation

\*3 Change from FY 2013

## Net Operating Profits by Business Segment

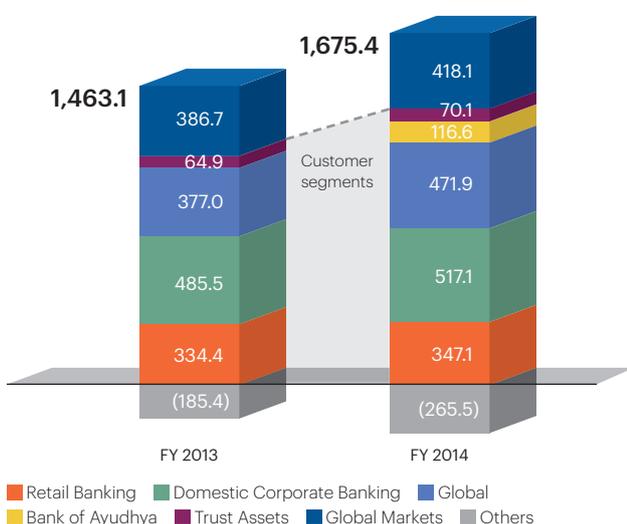
Consolidated net operating profits rose ¥212.4 billion to ¥1,675.4 billion due to increases in net business profits in all segments through the initiatives of the previous medium-term business plan as well as the consolidation of Bank of Ayudhya.

With regard to the net operating profits of customer segments, 39% of profits were earned from overseas business\*, an increase of 9 percentage points compared to the fiscal year ended March 31, 2014.

\* Global Banking and Krungsri

### Breakdown of Net Operating Profits\* by Business Segment

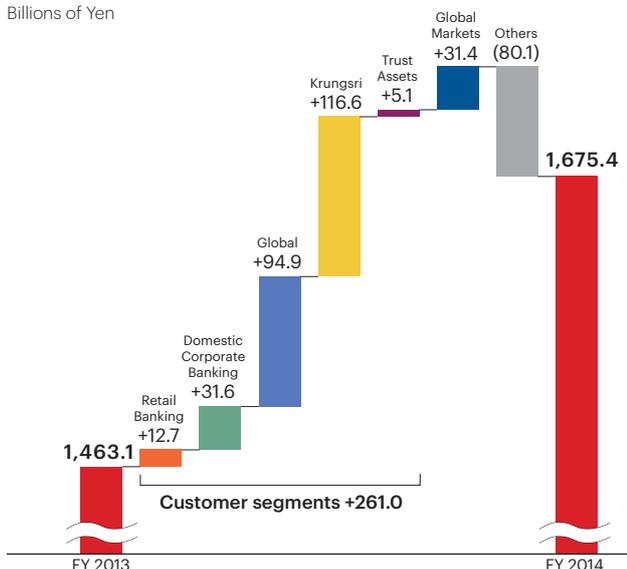
Billions of Yen



\* Consolidated net business profits on a managerial accounting basis

### Breakdown of Changes in Net Operating Profits\*

Billions of Yen



\* Consolidated net business profits on a managerial accounting basis

## 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 fiscal year 2014, MUFG plans to pay ¥9 per share. As a result, the annual dividend for fiscal 2014, including the interim dividend of ¥9 per share, is expected to be ¥18 per share, which is an increase of ¥2 from the annual dividend of ¥16 paid for the previous fiscal year.

In the fiscal year ended March 31, 2015, we repurchased some of our own shares (¥99.9 billion) as part of our strategy to enhance returns to shareholders, improve ROE, and conduct capital management flexibly.

### Results of Dividend



\* The FY 2011 dividend payout ratio excludes the one-time effect of negative goodwill associated with the application of equity-method accounting on our investment in Morgan Stanley.

### Outline of Repurchase of Own Shares

Type of shares repurchased	Ordinary shares of MUFG
Aggregate amount of repurchase price	¥99,999,965,771
Aggregate number of shares repurchased	148,595,500 shares
Repurchase period	From November 17, 2014 to December 18, 2014 (contract base)

(Reference) Stock data as of March 31, 2015

Total number of issued ordinary shares (including own shares): 14,168,853,820  
Number of own shares: 148,872,202

## Consolidated Balance Sheet Summary

	Mar 31, 2015	Mar 31, 2014	Change from Mar 31, 2014 [% change]
(Billions of Yen)			
<b>Total assets</b>	<b>286,149.7</b>	<b>258,131.9</b>	<b>28,017.8 [+10.9%]</b>
Cash and due from banks	40,488.3	23,969.8	16,518.4
Loans (Banking accounts)	109,368.3	101,938.9	7,429.4
Domestic corporate loans (excluding loans to government)	42,456.7	41,312.8	1,143.9
Housing loans	15,879.1	16,347.7	(468.5)
Overseas loans	41,043.5	33,907.0	7,136.4
Investment securities	73,538.1	74,515.5	(977.3)
Domestic equity securities	6,323.6	4,998.2	1,325.4
Japanese government bonds	35,210.6	40,649.9	(5,439.2)
Foreign bonds	23,571.5	21,431.8	2,139.6
Goodwill	309.1	552.6	(243.5)
<b>Total liabilities</b>	<b>268,862.2</b>	<b>243,019.0</b>	<b>25,843.1 [+10.6%]</b>
Deposits	153,357.4	144,760.2	8,597.1
BTMU and MUTB Combined	137,332.3	132,121.6	5,210.6
Individual deposits	70,415.1	68,867.2	1,547.8
Corporations and others	47,449.1	45,724.5	1,724.5
Overseas branches	18,958.3	17,005.2	1,953.1
<b>Total net assets</b>	<b>17,287.5</b>	<b>15,112.8</b>	<b>2,174.6 [+14.4%]</b>
Total shareholders' equity	11,328.6	11,346.2	(17.6)
Capital surplus	1,428.4	2,174.3	(745.9)
Retained earnings	7,860.4	7,033.1	827.2
Total accumulated other comprehensive income	3,989.2	1,709.7	2,279.5
Net unrealized gains (losses) on other securities	2,835.0	1,218.3	1,616.6
Foreign currency translation adjustments	951.5	407.2	544.3
Minority interests	1,961.3	2,048.1	(86.7)

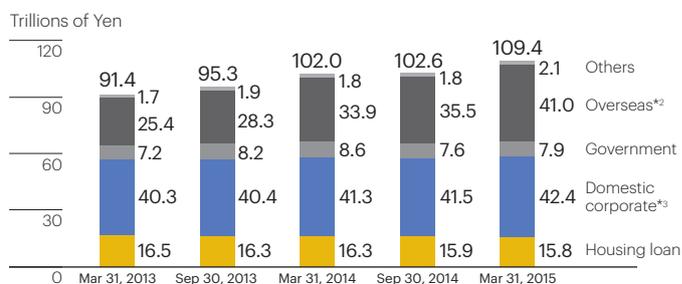
## Net Assets

Shareholders' equity fell ¥17.6 billion year on year to ¥11,328.6 billion on a rise in retained earnings balanced by dividend payments (¥263.9 billion); own share repurchase (¥100.0 billion); and repurchase and disposal of preferred shares (¥390.0 billion). Total accumulated other comprehensive income rose ¥2,279.5 billion to ¥3,989.2 billion on rises in net unrealized gains (losses) on other securities and foreign currency translation adjustments.

## Loans

Loans increased ¥7,429.4 billion from the previous fiscal year ended March 31, 2014, to ¥109,368.3 billion on increases in domestic corporate and overseas loans.

## Loans (end-period balance)\*1



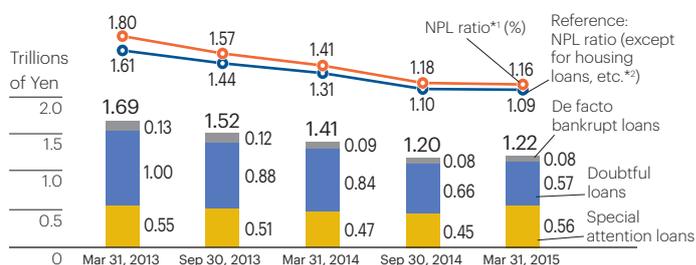
\*1 Banking accounts + trust accounts

\*2 Loans booked in overseas branches + MUAH + Bank of Ayudhya + Bank of Tokyo-Mitsubishi UFJ (China) + Bank of Tokyo-Mitsubishi UFJ (The Netherlands)

\*3 Excludes loans to government

Although the non-performing loans (NPL) balance disclosed under the Financial Reconstruction Act rose slightly, the rise in credit costs meant that the NPL ratio fell 0.25 percentage points year on year to 1.16%.

## Non-Performing Loans (NPL) Balance Disclosed Under the Financial Reconstruction Act (non-consolidated)



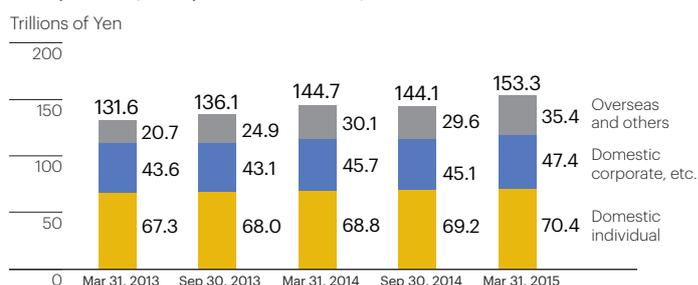
\*1  $NPL \div Total\ loans$ ,  $NPL = De\ facto\ bankrupt\ loans + doubtful\ loans + special\ attention\ loans$ .

\*2 Excluding restructured loans, etc., of housing loans guaranteed by MUFG credit guarantee companies.

## Deposits

Deposits increased ¥8,597.1 billion from the previous fiscal year ended March 31, 2014, to ¥153,357.4 billion as domestic individual deposits, domestic corporate deposits and overseas deposits all rose.

## Deposits (end-period balance)



## Investment Securities

Investment securities fell ¥977.3 billion year on year to ¥73,538.1 billion, mainly due to a decrease in Japanese Government Bonds, while domestic equity securities and foreign bonds rose.

Net unrealized gains on available-for-sale securities rose ¥2,263.2 billion over the previous fiscal year to ¥4,133.2 billion on increases in domestic equity securities and foreign bonds.

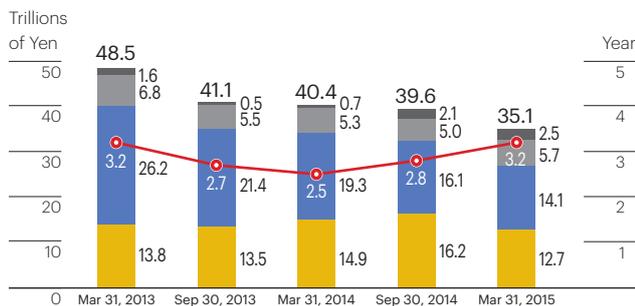
With regard to the balance of Japanese Government Bonds by maturity, those with five years or less decreased, while those with five years or more increased. Duration increased slightly to 3.2 years.

### ■ Breakdown of Securities Available for Sale with Fair Value

(Billions of Yen)

	Balance		Unrealized gains (losses)	
	Mar 31, 2015	Change from Mar 31, 2014	Mar 31, 2015	Change from Mar 31, 2014
<b>Total</b>	<b>69,336.2</b>	<b>(2,385.7)</b>	<b>4,133.2</b>	<b>2,263.2</b>
Domestic equity securities	5,721.3	1,337.2	2,930.0	1,370.3
Domestic bonds	36,520.2	(6,603.4)	326.3	103.5
Japanese government bonds	34,084.4	(6,350.5)	273.4	105.7
Others	27,094.6	2,880.4	876.8	789.4
Foreign equity securities	191.4	(26.1)	58.4	(23.2)
Foreign bonds	22,564.9	1,965.0	597.3	650.3
Others	4,338.2	941.5	220.9	162.2

### ■ Balance of Japanese Government Bonds (JGB) by Maturity (non-consolidated)\*



(Left axis) Balance  
 (Right axis) Duration (JGB, non-consolidated)  
 \* Available-for-sale securities and held-to-maturity securities (duration is for securities available for sale only)

## Capital Adequacy

(Billions of Yen)

	Mar 31, 2015	Sep 30, 2014	Change from Sep 30, 2014
<b>Common Equity Tier 1 Capital Ratio</b>	<b>11.14%</b>	<b>10.97%</b>	<b>0.16%</b>
<b>Tier 1 Capital Ratio</b>	<b>12.62%</b>	<b>12.21%</b>	<b>0.40%</b>
<b>Total Capital Ratio</b>	<b>15.68%</b>	<b>15.39%</b>	<b>0.28%</b>

<b>Tier 1 Capital</b>	<b>14,130.3</b>	<b>12,726.1</b>	<b>1,404.2</b>
Common Equity Tier 1 Capital	12,466.6	11,435.8	1,030.8
Capital and stock surplus	3,569.9	3,580.9	(11.0)
Retained earnings	7,860.4	7,531.0	329.3
Other comprehensive income	1,595.7	448.6	1,147.0
Additional Tier 1 Capital	1,663.7	1,290.3	373.4
Preferred stock, preferred securities and subordinated debt	1,260.2	1,326.0	(65.7)
Foreign currency translation adjustments	570.9	203.3	367.5
<b>Tier 2 Capital</b>	<b>3,421.9</b>	<b>3,313.0</b>	<b>108.9</b>
Subordinated debt	1,944.9	2,039.9	(95.0)
Amounts equivalent to 45% of unrealized gains on other securities	1,108.5	997.3	111.2
<b>Total Capital (Tier 1+Tier 2)</b>	<b>17,552.3</b>	<b>16,039.1</b>	<b>1,513.1</b>
<b>Risk weighted assets</b>	<b>111,901.5</b>	<b>104,160.1</b>	<b>7,741.3</b>
Credit risk	98,292.2	88,530.0	9,762.2
Market risk	2,511.7	2,835.9	(324.2)
Operational risk	6,644.6	6,072.6	572.0
Transitional floor	4,452.8	6,721.5	(2,268.6)

### Capital Adequacy

Common Equity Tier 1 Capital increased by ¥1,030.8 billion and total capital increased by ¥1,513.1 billion from the end of September 2014, mainly due to increases in retained earnings; foreign currency translation adjustments gains on the weaker yen; and net unrealized gains on other securities caused by the rise of the stock market.

### Risk Weighted Assets (RWA)

RWA increased by ¥7,741.3 billion from the end of September 2014 mainly due to an increase in credit risk caused by the weaker yen and an increase in loans.

### Risk-adjusted Capital Ratio

The Common Equity Tier 1 Capital Ratio was 11.14%, the Tier 1 Capital Ratio was 12.62% and the Total capital ratio was 15.68%. The provisional figure for the Common Equity Tier 1 Capital Ratio based on standards to be applied at end-March 2019 is 12.3%.



## Consolidated Financial Results

(Millions of Yen)

	FY2014	FY2013
<b>Gross profits</b>	<b>4,229,501</b>	<b>3,753,023</b>
Gross profits before credit costs for trust accounts	4,229,030	3,753,494
Net interest income	2,181,637	1,878,632
Trust fees	111,916	107,935
Credit costs for trust accounts	471	(471)
Net fees and commissions	1,308,604	1,160,336
Net trading profits	352,950	362,056
Net other business profits	274,393	244,062
Net gains (losses) on debt securities	115,162	142,889
General and administrative expenses	2,584,104	2,289,375
Amortization of goodwill	17,787	36,830
Net business profits before credit costs for trust accounts, provision for general allowance for credit losses and amortization of goodwill	1,662,713	1,500,949
<b>Net business profits before credit costs for trust accounts and provision for general allowance for credit losses</b>	<b>1,644,925</b>	<b>1,464,119</b>
Provision for general allowance for credit losses	(86,849)	—
<b>Net business profits*</b>	<b>1,558,547</b>	<b>1,463,648</b>
Net non-recurring gains (losses)	154,454	231,171
Credit costs	(141,486)	(133,399)
Losses on loan write-offs	(144,845)	(125,989)
Provision for specific allowance for credit losses	17,700	—
Other credit costs	(14,342)	(7,409)
Reversal of allowance for credit losses	—	86,543
Reversal of reserve for contingent losses included in credit costs	1,504	—
Gains on loans written-off	64,735	59,208
Net gains (losses) on equity securities	93,109	144,573
Gains on sales of equity securities	114,477	171,653
Losses on sales of equity securities	(16,532)	(14,100)
Losses on write-down of equity securities	(4,836)	(12,979)
Profits (losses) from investments in affiliates	159,637	112,470
Other non-recurring gains (losses)	(23,045)	(38,224)
<b>Ordinary profits</b>	<b>1,713,001</b>	<b>1,694,820</b>
Net extraordinary gains (losses)	(98,244)	(151,789)
Losses on impairment of fixed assets	(11,487)	(126,924)
Losses on change in equity	(23,648)	(790)
Settlement package	(37,097)	(24,537)
<b>Income before income taxes and others</b>	<b>1,614,757</b>	<b>1,543,030</b>
Income taxes—current	421,941	349,531
Income taxes—deferred	45,845	90,456
Total taxes	467,786	439,988
Income before minority interests	1,146,970	1,103,042
Minority interests	113,211	118,196
<b>Net income</b>	<b>1,033,759</b>	<b>984,845</b>

\* Net business profits = Banking subsidiaries' net business 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)

	FY2014	FY2013
Total credit costs	(161,624)	11,881

## Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY2014	FY2013
<b>Income before minority interests</b>	<b>1,146,970</b>	<b>1,103,042</b>
<b>Other comprehensive income</b>		
Net unrealized gains (losses) on other securities	1,595,505	20,135
Net deferred gains (losses) on hedging instruments	77,367	(37,316)
Land revaluation excess	14,149	(166)
Foreign currency translation adjustments	442,466	387,126
Pension liability adjustments of subsidiaries preparing financial statements under US GAAP	—	27,734
Remeasurements of defined benefit plans	27,880	—
Share of other comprehensive income of associates accounted for using equity method	150,891	208,366
Total other comprehensive income	2,308,260	605,881
<b>Comprehensive income</b>	<b>3,455,231</b>	<b>1,708,923</b>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,313,220	1,588,609
Comprehensive income attributable to minority interests	142,011	120,314

Consolidated Statements of Changes in Net Assets

(Millions of Yen)

FY2014	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedging instruments
Balance at the beginning of the period	2,140,488	2,174,384	7,033,125	(1,699)	11,346,299	1,218,397	8,295
Cumulative effects of changes in accounting policies		(346,454)	57,909		(288,545)		
Restated balance	2,140,488	1,827,929	7,091,035	(1,699)	11,057,754	1,218,397	8,295
Changes during the period							
Issuance of new shares-exercise of subscription rights to shares	1,024	1,023			2,048		
Dividends from retained earnings			(263,959)		(263,959)		
Net income			1,033,759		1,033,759		
Repurchase of treasury stock				(490,045)	(490,045)		
Disposal of treasury stock		68		82	150		
Retirement of treasury stock		(390,000)		390,000			
Reversal of land revaluation excess			(424)		(424)		
Changes in subsidiaries' equity		(10,617)			(10,617)		
Net changes of items other than shareholders' equity						1,616,693	74,898
Total changes during the period	1,024	(399,526)	769,374	(99,962)	270,911	1,616,693	74,898
Balance at the end of the period	2,141,513	1,428,403	7,860,410	(101,661)	11,328,666	2,835,091	83,194

(Millions of Yen)

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Pension liability adjustments of subsidiaries preparing financial statements under US GAAP	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	157,776	407,229	—	(81,937)	1,709,760	8,732	2,048,101	15,112,895
Cumulative effects of changes in accounting policies		(219)		(152)	(371)		(14,360)	(303,277)
Restated balance	157,776	407,010	—	(82,090)	1,709,388	8,732	2,033,741	14,809,617
Changes during the period								
Issuance of new shares-exercise of subscription rights to shares								2,048
Dividends from retained earnings								(263,959)
Net income								1,033,759
Repurchase of treasury stock								(490,045)
Disposal of treasury stock								150
Retirement of treasury stock								—
Reversal of land revaluation excess								(424)
Changes in subsidiaries' equity								(10,617)
Net changes of items other than shareholders' equity	14,574	544,537	—	29,180	2,279,885	(461)	(72,419)	2,207,004
Total changes during the period	14,574	544,537	—	29,180	2,279,885	(461)	(72,419)	2,477,916
Balance at the end of the period	172,350	951,547	—	(52,909)	3,989,274	8,271	1,961,322	17,287,533

(Millions of Yen)

FY2013	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedging instruments
Balance at the beginning of the period	2,139,378	2,172,930	6,267,976	(1,929)	10,578,356	1,207,963	45,146
Changes during the period							
Issuance of new shares-exercise of subscription rights to shares	1,109	1,108			2,217		
Dividends from retained earnings			(216,183)		(216,183)		
Net income			984,845		984,845		
Repurchase of treasury stock				(51)	(51)		
Disposal of treasury stock		346		281	627		
Reversal of land revaluation excess			2,010		2,010		
Changes in foreign affiliates' interests in their subsidiaries			(3,534)		(3,534)		
Changes associated with redemption of capitalized financial instruments issued by foreign affiliates			(1,988)		(1,988)		
Net changes of items other than shareholders' equity						10,433	(36,850)
Total changes during the period	1,109	1,454	765,149	230	767,943	10,433	(36,850)
Balance at the end of the period	2,140,488	2,174,384	7,033,125	(1,699)	11,346,299	1,218,397	8,295

(Millions of Yen)

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Land revaluation excess	Foreign currency translation adjustments	Pension liability adjustments of subsidiaries preparing financial statements under US GAAP	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the period	159,952	(195,421)	(59,379)	—	1,158,261	8,884	1,774,153	13,519,655
Changes during the period								
Issuance of new shares-exercise of subscription rights to shares								2,217
Dividends from retained earnings								(216,183)
Net income								984,845
Repurchase of treasury stock								(51)
Disposal of treasury stock								627
Reversal of land revaluation excess								2,010
Changes in foreign affiliates' interests in their subsidiaries								(3,534)
Changes associated with redemption of capitalized financial instruments issued by foreign affiliates								(1,988)
Net changes of items other than shareholders' equity	(2,176)	602,650	59,379	(81,937)	551,499	(151)	273,948	825,296
Total changes during the period	(2,176)	602,650	59,379	(81,937)	551,499	(151)	273,948	1,593,239
Balance at the end of the period	157,776	407,229	—	(81,937)	1,709,760	8,732	2,048,101	15,112,895

## Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2014	FY2013
<b>Cash flows from operating activities:</b>		
Income before income taxes and others	1,614,757	1,543,030
Depreciation	300,163	255,637
Impairment losses	11,487	126,924
Amortization of goodwill	17,787	36,830
Amortization of negative goodwill	—	(1,591)
Equity in losses (gains) of affiliates	(159,637)	(112,470)
Increase (decrease) in allowance for credit losses	46,037	(173,705)
Increase (decrease) in reserve for bonuses	10,321	8,868
Increase (decrease) in reserve for bonuses to directors	(172)	(333)
Decrease (increase) in net defined benefit assets	(62,696)	35,323
Increase (decrease) in net defined benefit liabilities	(1,601)	(46,685)
Increase (decrease) in reserve for retirement benefits to directors	(115)	(222)
Increase (decrease) in reserve for loyalty award credits	969	(141)
Increase (decrease) in reserve for contingent losses	(43,807)	(50,771)
Interest income recognized on statement of income	(2,806,238)	(2,370,649)
Interest expenses recognized on statement of income	624,743	492,122
Losses (gains) on securities	(208,271)	(287,463)
Losses (gains) on money held in trust	639	2,264
Foreign exchange losses (gains)	(1,213,235)	(2,177,403)
Losses (gains) on sales of fixed assets	4,926	(2,496)
Net decrease (increase) in trading assets	(1,337,542)	3,086,278
Net increase (decrease) in trading liabilities	1,181,142	(2,803,988)
Adjustment of unsettled trading accounts	889,029	(294,819)
Net decrease (increase) in loans and bills discounted	(5,909,031)	(6,608,052)
Net increase (decrease) in deposits	6,793,900	8,543,515
Net increase (decrease) in negotiable certificates of deposit	488,549	633,905
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	3,247,294	(137,246)
Net decrease (increase) in due from banks (excluding cash equivalents)	(13,003,581)	(11,210,496)
Net decrease (increase) in call loans and bills bought and others	261,206	(1,141,168)
Net decrease (increase) in receivables under securities borrowing transactions	(370,559)	(1,546,761)
Net increase (decrease) in call money and bills sold and others	(350,881)	3,983,716
Net increase (decrease) in commercial papers	667,730	401,456
Net increase (decrease) in payables under securities lending transactions	2,657,417	1,490,264
Net decrease (increase) in foreign exchanges (assets)	(137,770)	(485,839)
Net increase (decrease) in foreign exchanges (liabilities)	375,867	234,959
Net increase (decrease) in short-term bonds payable	353,597	83,593
Net increase (decrease) in issuance and redemption of unsubordinated bonds payable	906,637	1,117,138
Net increase (decrease) in due to trust accounts	1,238,144	441,935
Interest income (cash basis)	2,917,319	2,542,087
Interest expenses (cash basis)	(636,368)	(499,345)
Others	(26,303)	981,842
Sub-total	(1,658,147)	(3,909,958)
Income taxes	(463,446)	(230,581)
Refund of income taxes	25,845	51,504
Net cash provided by (used in) operating activities	(2,095,748)	(4,089,035)

(Millions of Yen)

	FY2014	FY2013
<b>Cash flows from investing activities:</b>		
Purchases of securities	(138,305,190)	(136,943,494)
Proceeds from sales of securities	110,348,143	108,333,935
Proceeds from redemption of securities	34,682,841	35,904,614
Increase in money held in trust	(479,026)	(1,657,637)
Decrease in money held in trust	576,140	1,483,685
Purchases of tangible fixed assets	(176,368)	(151,365)
Purchases of intangible fixed assets	(223,581)	(223,357)
Proceeds from sales of tangible fixed assets	12,393	31,251
Proceeds from sales of intangible fixed assets	19	1,404
Payments for transfer of business	—	(388,447)
Proceeds from transfer of business	—	53,033
Purchases of equity of consolidated subsidiaries	—	(43)
Decrease related to purchases of subsidiaries' equity affecting the scope of consolidation	(1,015)	(443,017)
Increase related to sales of subsidiaries' equity affecting the scope of consolidation	67,952	2,399
Others	(619)	(1,558)
Net cash provided by (used in) investing activities	6,501,689	6,001,400
<b>Cash flows from financing activities:</b>		
Increase in subordinated borrowings	55,000	44,000
Decrease in subordinated borrowings	(74,800)	(116,500)
Increase in subordinated bonds payable and bonds with warrants	190,000	48,751
Decrease in subordinated bonds payable and bonds with warrants	(284,324)	(663,502)
Proceeds from issuance of common stock to minority shareholders	2,949	1,920
Decrease in redemption of preferred stocks	(137,400)	—
Dividend paid by MUFG	(263,978)	(216,106)
Dividend paid by subsidiaries to minority shareholders	(106,964)	(95,763)
Repayments to minority shareholders	(17,602)	(10,454)
Purchases of treasury stock	(490,044)	(45)
Proceeds from sales of treasury stock	2	610
Decrease related to purchases of subsidiaries' equity not affecting the scope of consolidation	(29,463)	—
Others	4	5
Net cash provided by (used in) financing activities	(1,156,621)	(1,007,086)
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>252,797</b>	<b>298,454</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,502,117</b>	<b>1,203,733</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,487,918</b>	<b>5,281,038</b>
<b>Increase in cash and cash equivalents due to absorption-type splits</b>	<b>—</b>	<b>3,146</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,990,035</b>	<b>6,487,918</b>

# Company Overview

## Major MUFG Group Companies

(As of July 1, 2015)

■ Consolidated subsidiary ● Equity method investee

### Holding Company

#### Mitsubishi UFJ Financial Group (MUFG)

##### Commercial Bank

- Bank of Tokyo-Mitsubishi UFJ (BTMU)

##### Trust Bank

- Mitsubishi UFJ Trust and Banking (MUTB)
- The Master Trust Bank of Japan

##### Securities

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

##### Credit Cards / Consumer Finance / Installment Credit

- Mitsubishi UFJ NICOS
- ACOM
- JACCS
- JALCARD

##### Leasing

- Mitsubishi UFJ Lease & Finance
- BOT Lease

##### Overseas

- Bank of Ayudhya Public Company (Commercial Bank)
- MUFG Americas Holdings Corporation (Commercial Bank Holding Company)
- PT U Finance Indonesia (Consumer Finance, Leasing)
- PT. BTMU-BRI Finance (Consumer Finance, Leasing)
- BTMU Capital Corporation (Leasing)
- BTMU Leasing & Finance (Leasing)
- Mitsubishi UFJ Trust International (Securities)
- Mitsubishi UFJ Fund Services Holdings (Fund Administration Holding Company)
- Mitsubishi UFJ Global Custody (Trust Bank)
- Mitsubishi UFJ Trust & Banking Corporation (U.S.A.) (Trust Bank)
- Mitsubishi UFJ Asset Management (UK) (Asset Management)

##### Asset Management

- Mitsubishi UFJ Kokusai Asset Management
- MU Investments

##### Venture Capital

- Mitsubishi UFJ Capital
- Marunouchi Capital

##### Factoring / Debt Collection

- Mitsubishi UFJ Factors
- MU Frontier Servicer

##### Research / Consulting

- Mitsubishi UFJ Research and Consulting

##### Real-Estate Brokerage

- Mitsubishi UFJ Real Estate Services

##### Software Development / Information Technology

- Mitsubishi Research Institute DCS

##### Internet Bank / Regional Banks

- Jibun Bank
- The Chukyo Bank

- Mitsubishi UFJ Baillie Gifford Asset Management (Investment Advisor)
- Mitsubishi UFJ Securities International (Securities)
- Mitsubishi UFJ Securities (USA) (Securities)
- Mitsubishi UFJ Securities (HK) Holdings (Securities Holding Company)
- Mitsubishi UFJ Wealth Management Bank (Switzerland) (Commercial Bank, Securities)
- Vietnam Joint Stock Commercial Bank for Industry and Trade (Commercial Bank)
- Dah Sing Financial Holdings (Commercial Bank Holding Company)
- Aberdeen Asset Management (Asset Management Holding Company)
- AMP Capital Holdings (Asset Management Holding Company)

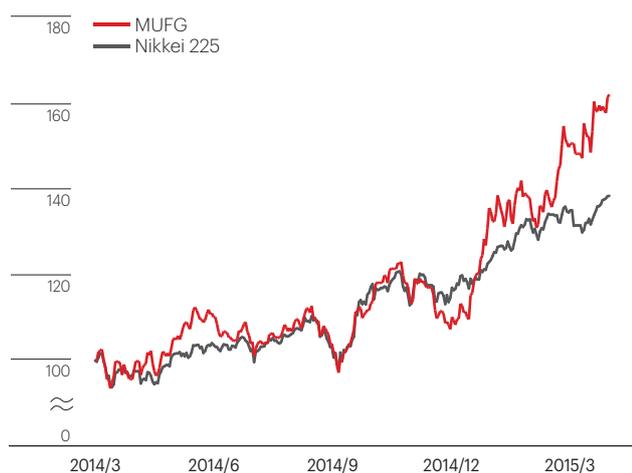
## Corporate Information

(As of March 31, 2015)

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
Stock Listings	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	676,170

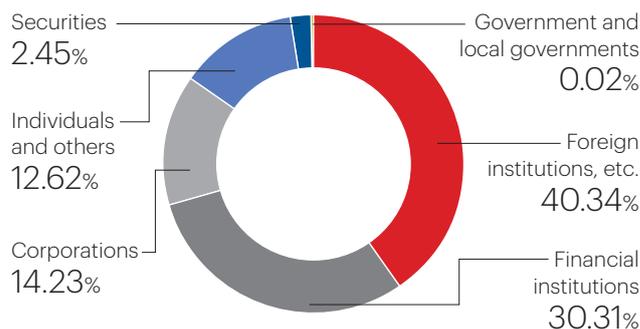


### Stock Price\* Tokyo Stock Exchange



\* Note: Share index (2014/3E = 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)



#### Investor Relations

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



#### Sustainability

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

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August 2015  
This integrated report was printed in Japan  
on FSC paper with vegetable oil ink.

