

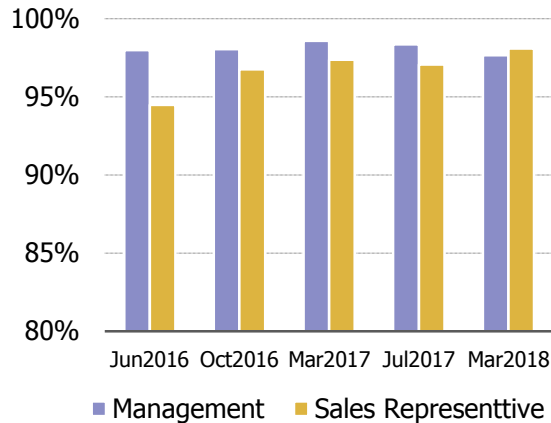
**[Implementation status]**

MUFG Bank will regularly disclose and review on a case-by-case basis the status of adoption of customer-oriented approaches including the initiatives for further improving products and services.

**Initiatives for improvement of quality of its officers and employees and for investment education**

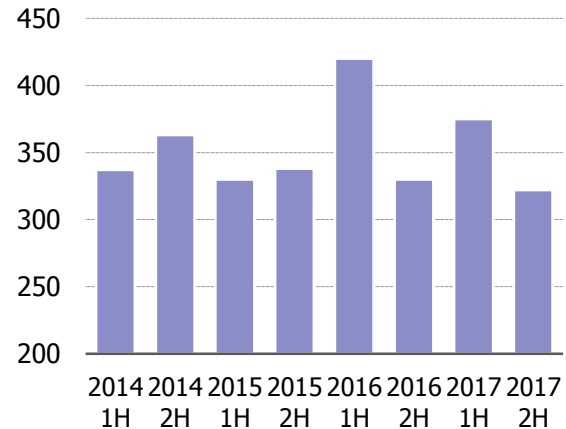
- MUFG Bank maintains a high level of ratio for acquisition of FP qualification by its staff, thereby developing their expertise as professionals.
- MUFG Bank holds over 600 seminars for its customers per year, striving to provide them with a variety of information such as making them aware of the significance of asset management, and the themes of the market trends, nursing care, inheritance, and real estate.

**[Fig.1]FP2-level qualification<sup>1</sup> acquisition ratio**



1. FP2-level qualification: 2nd grade certification as Certified Skilled Worker of Financial Planning and/or AFP qualification

**[Fig.2]Number of seminars held for customers<sup>2</sup>**



2. Aggregated number of seminars held for customers

**Improving Product Line-up**

- Regardless of affiliated investment managers, MUFG Bank strives to enhance its product line-up to meet diverse customer needs. As at the end of March 2018, MUFG Bank handles 268 investment trust funds out of which 50 are no-load funds.
- MUFG Bank will seek to maintain and enhance the line-up of life insurance products to meet diverse customer needs.

**[Fig.3]Investment trust fund line-up (End-March 2018)<sup>3</sup>**

Category	No. of products	Ratio of products
Japanese bonds	4	1%
Japanese equity	35	13%
Global bonds	89	33%
Developed countries	57	21%
High yield	13	5%
Emerging markets	19	7%
Global equity	72	27%
Developed countries	58	22%
Emerging markets	14	5%
REIT	28	10%
Balanced type	37	14%
Others	3	1%
<b>Total</b>	<b>268</b>	<b>100%</b>
No-load products	50	19%

3. Sum of investment trust funds sold over the counter (including funds sold only through online banking service), and investment trust funds handled through financial instrument intermediary accounts;  
 • Only open-end investment trust funds (excluding foreign investment trust funds and unit-type investment trust funds);  
 • A currency selection-type fund is counted as one with its different classes combined

**[Fig.4]Life insurance product line-up (End-March 2018)**

Product type	No. of products handled	Ratio of products handled
<b>Single Premium</b>		
JPY denominated	5	29%
Investment-type pension	0	0%
Fixed annuity pension	0	0%
Whole life	5	23%
Nursing care and Medical	0	0%
Non-JPY denominated	12	71%
Investment-type pension	2	9%
Fixed annuity pension	2	9%
Whole life	8	36%
<b>Total</b>	<b>17</b>	<b>100%</b>
<b>Level-premium insurance</b>		
Whole life	7	26%
Term	2	7%
Medical and cancer treatment	12	44%
Educational endowment	0	0%
Pension and endowment	3	11%
Nursing care	2	7%
<b>Total</b>	<b>26</b>	<b>100%</b>
<b>Products for which handling fees are disclosed<sup>4</sup></b>	<b>20</b>	<b>47%</b>

4. Disclosure of fees for the products to which consent was obtained from insurers

## Improving Product Line-up

- MUFG Bank strives to provide accurate information to enable customers to choose a wide variety of products that suit their needs. Over the last five years, the sales ranking of investment trust funds has significantly changed. The stable funds, that are suitable for long-term asset building and safeguarding assets<sup>5</sup>, have been highly ranked.
- Currently, the amount of distribution of the products launched by the affiliated investment managers is increasing. This is due to the fact that a number of customers have chosen MUFG Fund Wrap, which has been available since October 2017, as well as the funds only available through the Internet including eMAXIS (index-type fund).
- MUFG Bank will continue making efforts to provide the products that are best suited to customers' needs, regardless of whether such products are launched within or outside the group.
- MUFG Bank is making efforts to enhance user-friendliness of Internet transactions so that the customers with limited access to branches can subscribe to funds. The number of subscription of investment trust funds through Internet banking is on the rise.

【Fig. 5】Top10 Investment Trust Funds<sup>5</sup> in Distribution and Proportion of Distribution Amount

### FY2012

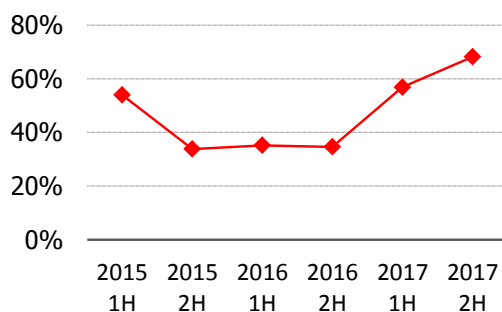
No	Fund Name	Category <sup>6</sup>	Monthly dividend	Distribution ratio
1	Shinko US-REIT Open	Satellite	○	8%
2	Mitsubishi UFJ Emerging Bond Fund Currency Series (BRL)	Satellite	○	7%
3	Global Financial Institutions Hybrid Securities Fund (Currency Hedged) 2013-03	Satellite		6%
4	Kokusai Emerging Sovereign Open (1M) Yen Hedged	Satellite	○	5%
5	Nomura Emerging Bond Fund A Course (Monthly Profit Distribution Type)	Satellite	○	5%
6	TMR Global Hybrid Securities Fund (JPY Course) Monthly Type	Satellite	○	5%
7	MUAM Emerging High Yield Corporate Bond Fund Currency Series (JPY)	Satellite	○	4%
8	UBS Australian Bond Open (Monthly Income Type)	Satellite	○	4%
9	Fidelity US High Yield Fund	Satellite	○	4%
10	Fidelity High Yield Bond Open Portfolio B(Currency Hedged)	Satellite	○	4%

### FY2017 2H

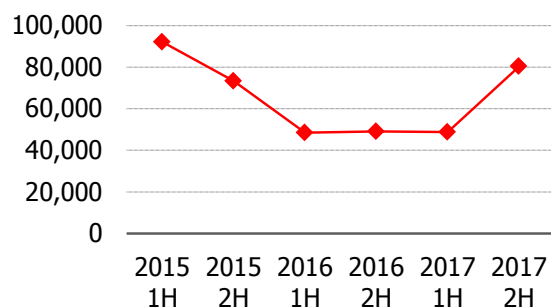
No	Fund Name	Category <sup>6</sup>	Monthly dividend	Distribution ratio
1	Mitsubishi UFJ Index 225 Open	Basic		9%
2	Kokusai Smart Quality Open (Stable Type)	Basic		8%
3	MUFG Fund Wrap Accounts	Basic		8%
4	eMAXIS Nikkei 225 Index	Basic		8%
5	Kokusai Indian Bond Open (1M)	Advanced	○	5%
6	World Premier Corporate Bond Fund (JPY Hedged)	Basic		4%
7	Global Robotics Equity Fund (Semi-Annual Settlement Type)	Advanced		3%
8	Mitsubishi UFJ TOPIX Fund	Basic		3%
9	Global Fintech Equity Fund	Advanced		3%
10	Global Fintech Equity Fund (Semi-Annual Settlement Type)	Advanced		3%

5. Sum of investment trust funds distributed over the counter (including the funds distributed only through online banking service), and investment trust funds handled through financial instrument intermediary accounts.
6. "Basic" products include: a balanced type fund that adjusts asset allocation depending on investment environment; a fund managed with high-yield bond by reducing exchange fluctuation risks; and an equity fund managed with indices. These products are targeted for the customers who newly start asset management and who desire basic products to incorporate into their portfolio. Meanwhile, "advanced" products denote active funds investing in specific countries and/or regions, which widely satisfy the customers who wish to invest by incorporating specific portfolios. In addition, we have redefined the category of products as follows. Previously, the funds positioned as the core of stable asset management were categorized into "Core" products, and the funds, including active type funds, focusing more on profitability were positioned as "Satellite" products. However, we have changed each category to "Basic" and "Advanced", respectively, for the purpose of presenting easier-to-understand line-ups.

【Fig. 6】Ratio of the amount of distribution of products launched by affiliated investment managers<sup>5</sup>



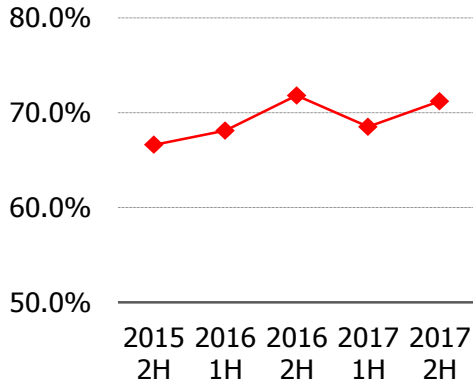
【Fig. 7】Number of deals concluded for Internet banking investment trust funds



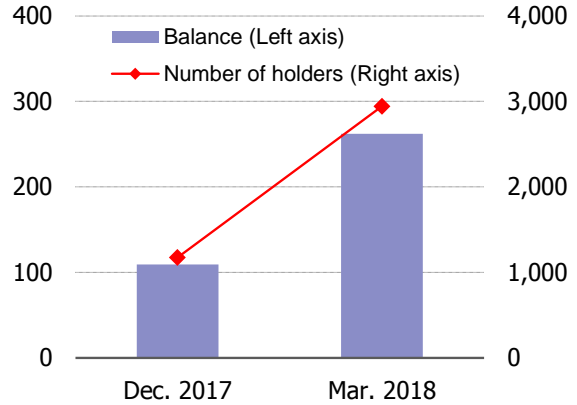
Implementing customer-oriented information provision and consultation

- MUFG Bank is making proposals focusing on long-term diversified investments so that customers can enjoy stable fund performance.
- Specifically, MUFG Bank is making proposals for holding multiple investment products including fund wrap and balanced-type funds from the perspective of asset diversification and currency diversification, as well as Investment Trust Tsumitate (regular saving) plan and Tsumitate NISA from the viewpoint of time diversification and long-term holding.
- Application is increasing for subscription to Investment Trust Tsumitate which is effective for stable asset building from the customers under 50 years of age for whom there is currently an increasing need for asset building.

【Fig. 8】 Proportion of holders of multiple investment trust funds<sup>7</sup>

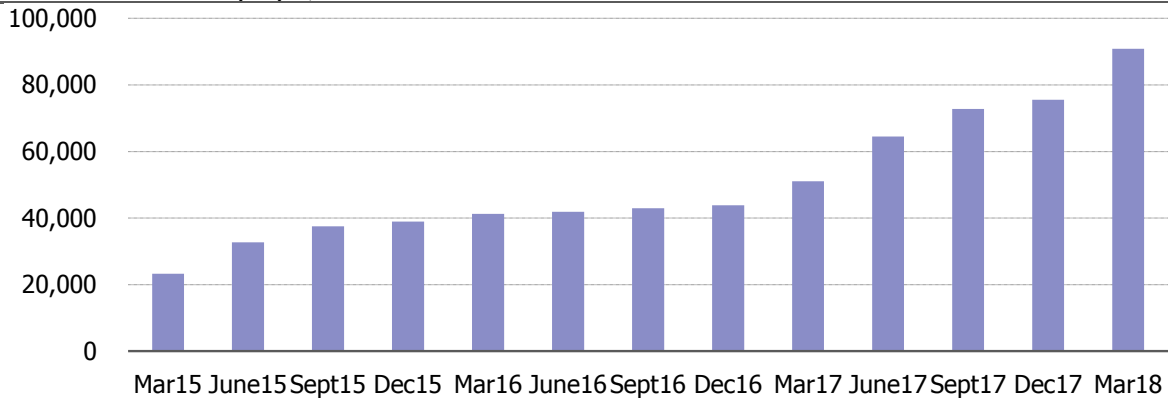


【Fig.9】 Number of holders of Fund Wrap accounts (Number of people) and balance (JPY100 million)

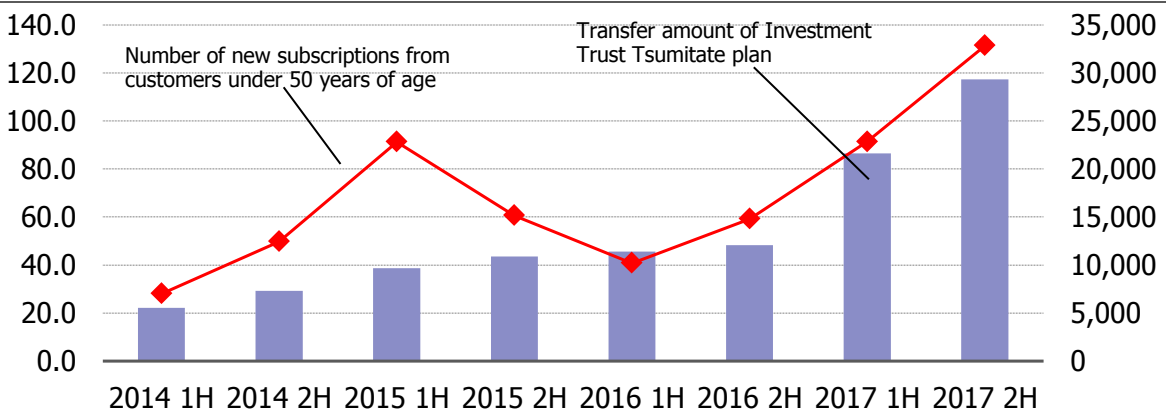


7. Proportion of customers, among those who hold investment trust funds, who hold multiple investment trust funds or balanced-type funds where each fund that makes diversified investment in multiple assets, regions, and currencies.

【Fig. 10】 Number of holder of Investment Trust Tsumitate (regualr saving plan) and Tsumitate NISA(Unit: Number of people)



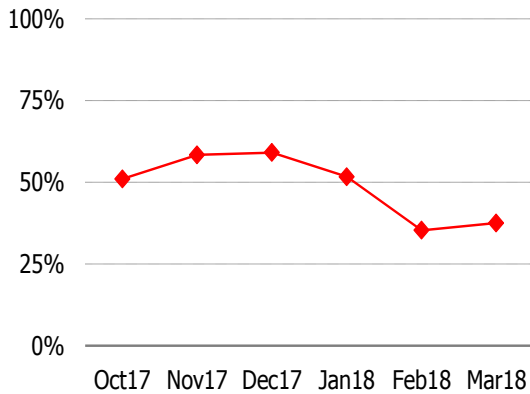
【Fig. 11】 Transfer amount for Investment Trust Tsumitate (regular saving) plan (Left axis: JPY100 million) and the number of new subscription from customers under 50 years of age (Right axis: Number of people)



## Implementing customer-oriented information provision and consultation

- When making proposals to customers, MUFG Bank bears in mind the proposals with diversified investment. In addition, in order to confirm the status of radication of activities, MUFG Bank refers to Sharpe ratio, which is an indicator for efficiency in operations.
- MUFG Bank is making detailed proposals to customers in accordance with their needs based on the market environment and/or effect of compound interest of investment trust funds. The proportion of distribution amount for monthly dividend type products and the proportion of dividends out of balance of investment trust funds have been decreased.
- The average period of investment trust funds held has been shortened since FY2016 due to an increase in sales by customers in response to price advance. However, currently, the period has been slightly prolonged.

【Fig. 12】Ratio of improvements in Sharpe ratio<sup>8</sup>

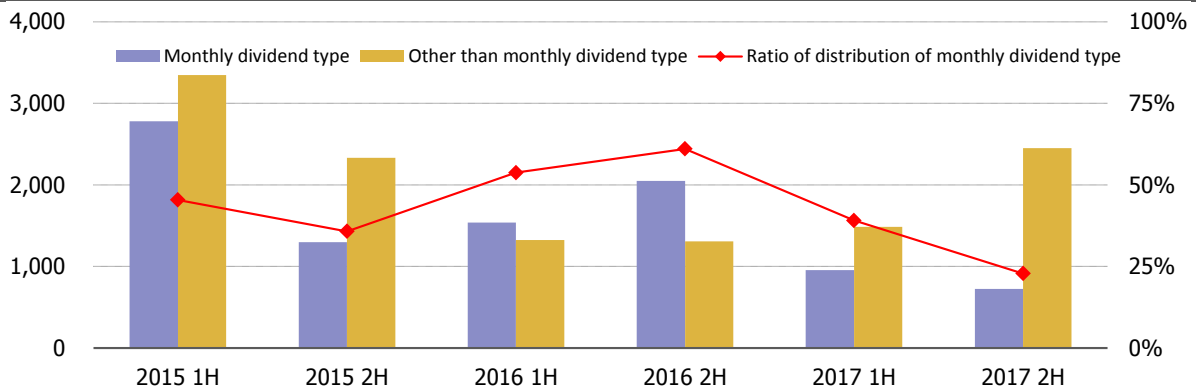


### 【What is Sharpe ratio?】

- Sharpe ratio reveals the average investment return, minus the risk-free rate of return, divided by the standard deviation of returns for the investment.
- A portfolio with a higher Sharpe ratio is considered superior relative to its peers.

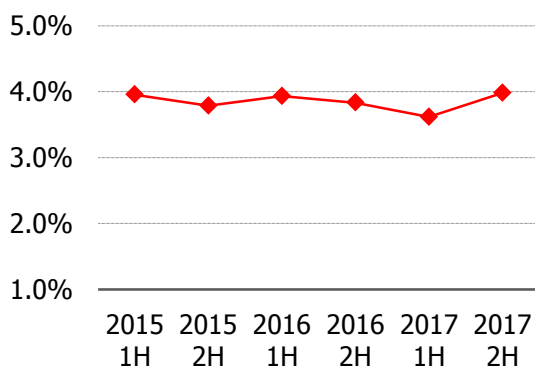
8. Proportion of customers whose Sharpe ratio has been improved compared to previous month out of the customers who held investment products of a certain amount and for a certain period, and purchased or terminated investment products each month.

【Fig. 13】Amount of distribution of monthly dividend type products (JPY100 mil) out of investment trust funds<sup>9</sup> and comparion with other funds

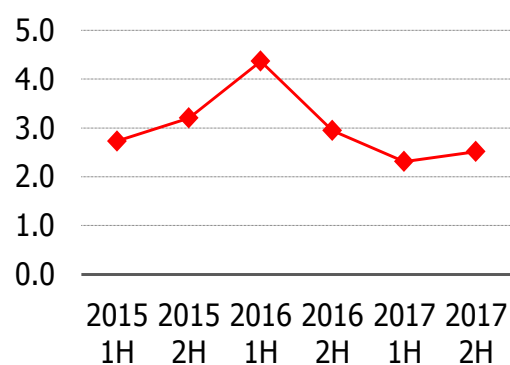


9. Sum of over-the-counter investment trust funds (incl. those only available through Internet banking) and those handled through financial instruments intermediary service

【Fig. 14】Ratio of dividend amount<sup>10</sup> out of balance of investmnet trust funds<sup>9</sup>



【Fig. 15】Average period of holding investmenttrust funds<sup>9</sup> (per annum)<sup>11</sup>



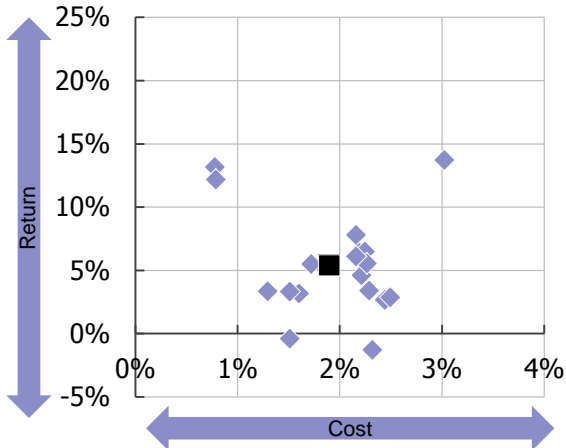
10. Dividend amount was calculated by totalling the receipt of dividends and re-investments

11. Average holding period is the result of dividing the average balance of investment trust funds held by the cumulative total of cancellation/redemption amount (for the past year, respectively)

## Providing Stable Fund Performance

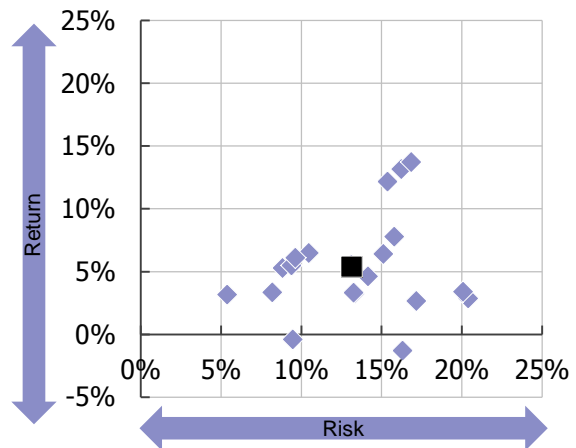
- Among top 20 AUM funds with the set period of five years or over, returns on 18 funds surpass costs.
- When confining to the investment trust funds that are currently held, the customers with gains in investment performance account for 60% of the total, whereas approximately 70% of the customers earned profits when taking into consideration gains/losses due to sales and/or redemption in the past.

【Fig. 16】Cost/return<sup>13</sup> on AUM of Top 20 investment trust funds<sup>12</sup> 【Common KPI】



Fund Name	Cost	Risk	Return
1 UBS Australian Bond Open (Monthly Income Type)	1.51%	9.47%	-0.41%
2 Shinko US-REIT Open	2.19%	15.12%	6.41%
3 PIMCO High Income Monthly Income Type Fund	1.84%	8.83%	5.29%
4 Mitsubishi UFJ Index 225 Open	0.78%	16.24%	13.16%
5 LM Australian High Dividend Equity Fund (Monthly Distribution Type)	2.44%	17.17%	2.67%
6 Fidelity US High Yield Fund	2.25%	10.48%	6.48%
7 Nissay J-REIT Fund (Monthly Settlement Type)	1.51%	13.33%	3.27%
8 Kokusai Global Healthcare & Bio Fund	3.02%	16.85%	13.71%
9 Mitsubishi UFJ Global Bond Open (Monthly Distribution Type)	1.30%	8.21%	3.35%
10 Kokusai Trend Allocation Open	1.60%	5.38%	3.15%

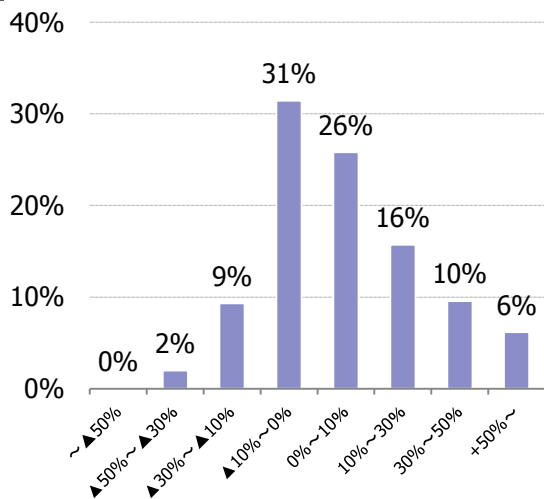
【Fig. 17】Risk/return<sup>13</sup> on AUM of Top 20 investment trust funds<sup>12</sup> 【Common KPI】



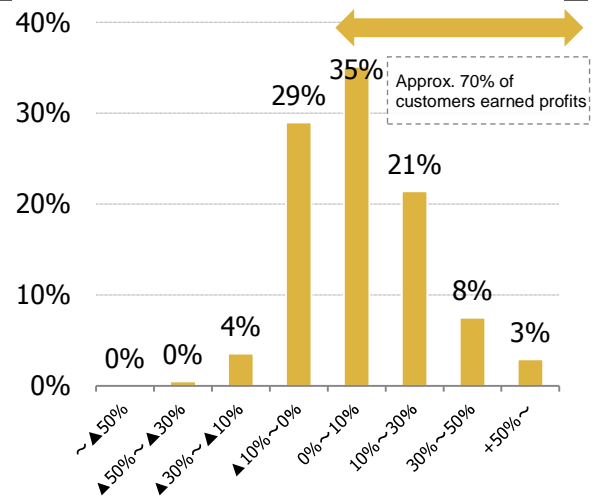
Fund Name	Cost	Risk	Return
11 Kokusai World REIT Open (1M)	2.21%	14.17%	4.61%
12 Kokusai Indian Bond Open (1M)	2.27%	13.12%	5.54%
13 Fidelity US REIT Fund B	2.16%	15.80%	7.79%
14 MUAM Emerging High Yield Corporate Bond Fund Currency Series (BRL)	2.49%	20.40%	2.86%
15 Mitsubishi UFJ J-REIT Open (3 Month Settlement Type)	1.51%	13.26%	3.32%
16 Fidelity World Three Asset Class Fund (Monthly Fiscal Year Type)	1.72%	9.39%	5.48%
17 Pimco Global High Yield Fund(Monthly Income Type)	2.16%	9.65%	6.11%
18 Mitsubishi UFJ Emerging Bond Fund Currency Series (BRL)	2.29%	20.08%	3.40%
19 Eastspring Investments Indonesia Bond Open	2.32%	16.31%	-1.29%
20 Mitsubishi UFJ TOPIX Fund	0.79%	15.38%	12.16%
Weighted average balance (■)	1.90%	13.13%	5.40%

12. As at the end of March 2018: Top 20 AUM confining to the funds with the set period of five years or over  
 13. Cost: Distribution fee/5 + Trust fee rate; Risk: Average deviation of monthly return for the last five years (Annual basis)  
 Return: Total return for the last five years (Annual basis)

【Fig. 18】Ratio of customers by gain/loss on fund performance<sup>14</sup> 【Common KPI】



【Fig. 19】Ratio of customers by gain/loss on fund performance incl. realized gain/loss<sup>14</sup>

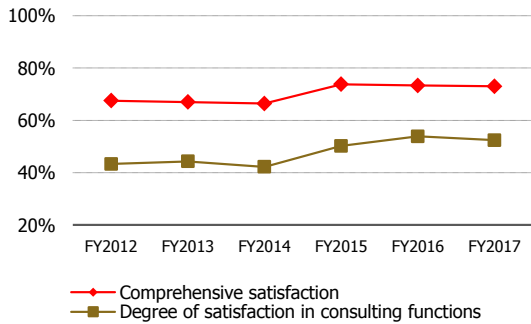


14. As at the end of March 2018. Denominators when calculating customer ratio by fund gain/loss: 【Fig. 18】Fair market valuation amount; and 【Fig. 19】Cumulative purchase amount.  
 【Fig. 19】Realized losses/gains are applicable to investment trust funds by OTC distribution sold or redeemed since December 2014, and to financial instruments intermediary products sold or redeemed since January 2017.

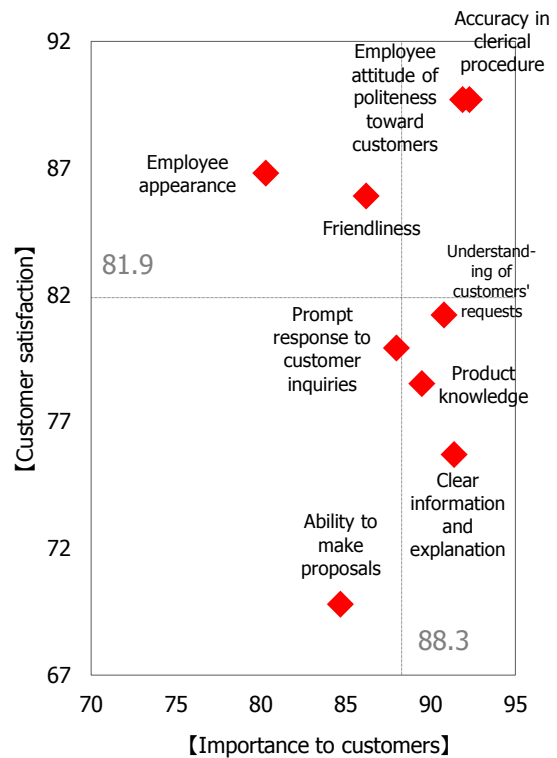
## Responding to customers' evaluation and feedback

- To improve its services based on customer feedback, MUFG Bank regularly conducts customer satisfaction survey to directly obtain customer feedback. As with the previous fiscal year, a high level of satisfaction is maintained on a comprehensive basis. Meanwhile, degrees of satisfaction vary depending on the details of customer services provided by the person in charge of customer visits. MUFG Bank will seek improving customer satisfaction to live up to the expectation of customers.
- The number of cases where improvement was made based on customer feedback is steadily increasing every year on a cumulative basis.

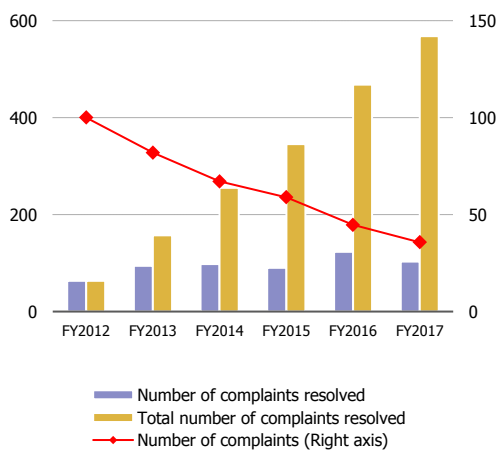
【Fig. 20】 Satisfaction survey<sup>15</sup>



【Fig. 21】 Degree of emphasis on and satisfaction in aspects of service by personnel in charge of customer visits<sup>15</sup>



【Fig. 22】 Number of cases of improvements based on customer feedback<sup>16</sup>



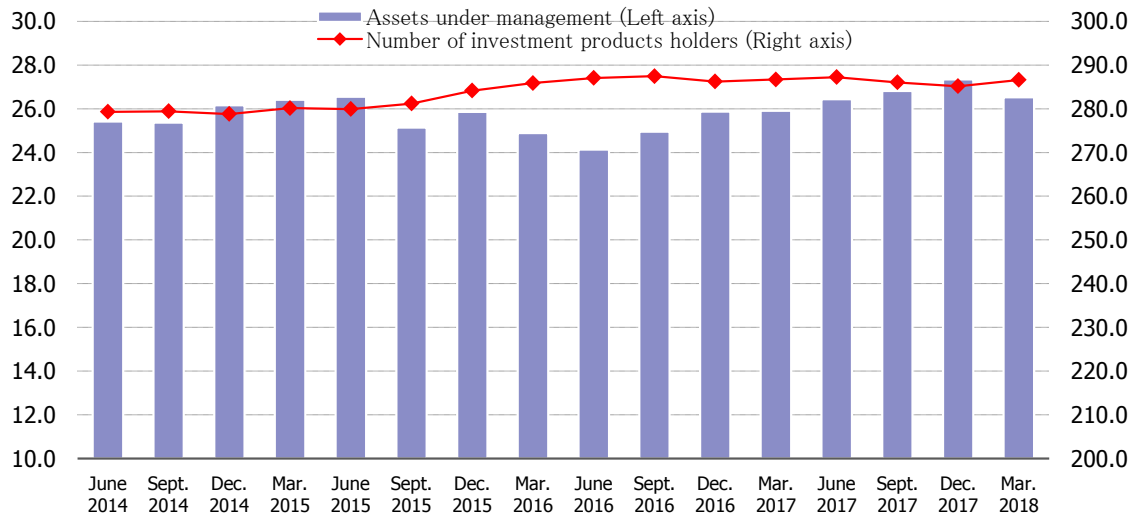
15. [Fig. 20 and 21] Survey outline and subject customers: Randomly selected individual customers (Questionnaires postal-mailed to approx. 8,000 customers and responded by approx. 2,000). / Comprehensive satisfaction: The ratio of responses indicating “satisfactory” or “fairly satisfactory” on a comprehensive basis regarding various transactions with BTMU. / Degree of satisfaction in consulting functions: The ratios of responses indicating “satisfactory” or “fairly satisfactory” with respect to consulting about and transactions of asset management, life planning and loans.

16. [Fig. 22] Number of complaints: Indexed with FY2012's value as 100.

Ensuring customer-oriented approach (Track record)

- Under MUFG Basic Policy for Fiduciary Duties, MUFG Bank seeks to establish a framework capable of providing “full financial services” where MUFG has its strength on a group integrated manner, in order to ensure the customer-oriented approach and to promote shifts” from savings to investment”.
- Assets under management for both MUFG group combined and MUFG Bank non-consolidated are declining in response to an impact of factors in market value due to the changes in the current market trend; however, the number of holders of investment products continues showing an increasing trend, however slow it is.

【Fig. 23】 MUFG<sup>17</sup>: Changes in assets under management (Left axis: JPY 1.0 trillion) and the number of investment products holders (Right axis: Ten thousand people)<sup>18</sup>



17. MUFG Bank, Mitsubishi-UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ Morgan Stanley PB Securities, and kabu.com Securities  
 18. Track record of transactions with individual customers on a managerial accounting basis

【Fig. 24】 MUFG Bank: Changes in assets under management (Left axis: JPY1.0 trillion) and the number of investment products holders (Right: Ten thousand people)<sup>18</sup>

