

Core Policies of Medium-Term Management Plan (fiscal 2017–2019)



To achieve sustainable growth by combining the Group's strengths with more focused business management

- 1 Discipline** Disciplined business management
 - Transformation of business/asset portfolio
 - Improving productivity and efficiency
- 2 Focus** Focus on our strengths to generate growth
 - Focus on Seven Core Business Areas
- 3 Integration** Integration across the Group and globally to achieve sustainable growth
 - Introduced CxO system and Group-wide business units
 - Digitalization
 - ESG

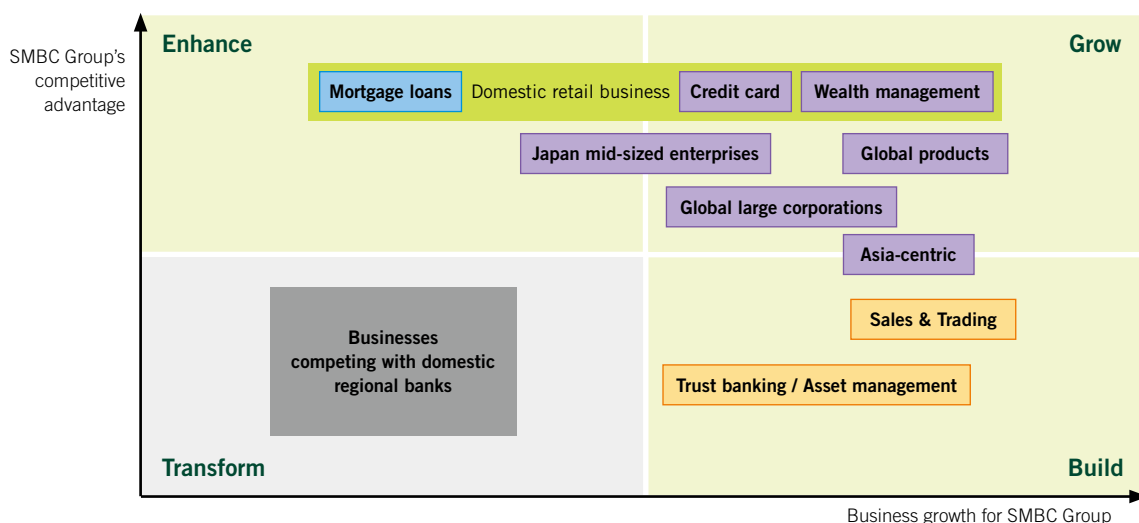
Fiscal 2019 Financial Targets

Capital Efficiency	ROE	7~8%	Maintain at least 7% notwithstanding accumulation of capital
Cost Efficiency	OHR	1% reduction compared with FY3/17	Reduce to around 60% at the earliest opportunity in or after fiscal 2020 (fiscal 2018: 62.1%)
Financial Soundness	CET1 ratio ^{1,2}	10%	Maintain capital in line with the tightening of regulations (fiscal 2018: 8.3%)

*1 Calculated with RWA inflated by 25% compared to the current Basel III fully-loaded basis due to the final impact of Basel III reforms

*2 CET1: excludes net unrealized gains on other securities RWA: excludes RWA associated with net unrealized gains on stocks

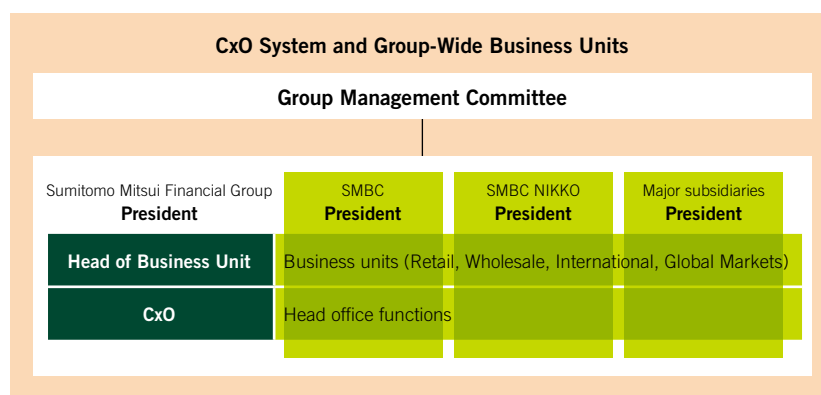
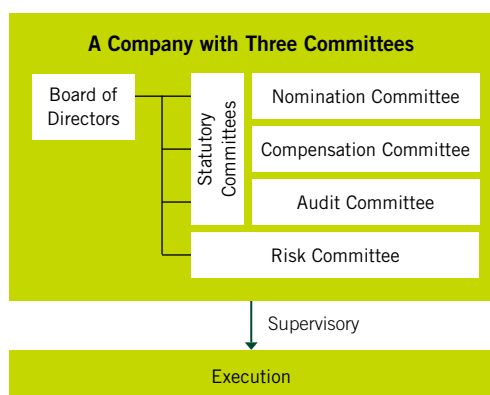
Business Portfolio Transformation



Seven Core Business Areas

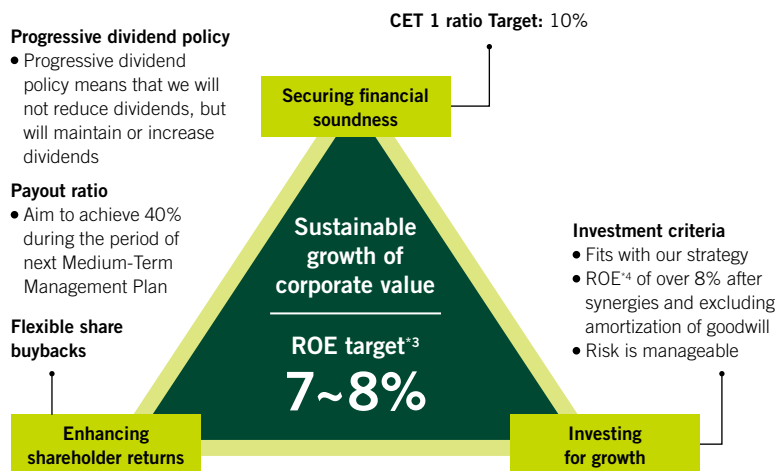
Concept		Strategic Focus	
Enhance Enhance business base in domestic market	1	Hold the number one retail banking franchise in Japan	Digitalization
	2	Build on our lead position in the Japanese medium-sized enterprise market	
	3	Increase market share in Corporate & Investment Banking in key global markets	
Grow Sustainable growth of US/EU businesses Make Asia our second mother market	4	Establish a top-tier position in product lines where we are competitive globally	
	5	Accelerate our “Asia-centric” strategy	
Build Build our new strengths for future growth	6	Strengthen sales & trading capability	
	7	Develop asset-light businesses: trust banking and asset management	

Corporate Governance Framework



Basic Capital Policy (announced in May 2018)

- Achieve a healthy balance among securing financial soundness, enhancing shareholder returns, and investing for growth
- Dividends will be our principal approach to shareholder returns. In addition, we will proceed with share buybacks on a flexible basis assuming our financial soundness is maintained
 - We aim to pay progressive dividends supported by our sustainable earnings growth, and achieve a payout ratio of 40% during the period of the next medium-term management plan
 - We will execute share buybacks as and when appropriate taking into account the factors such as our capital position, earnings trends, stock price, growth investment opportunities and an improvement of capital efficiency



*3 On a stockholders' equity basis

*4 Managerial accounting basis with RWA calculated based on the finalization of Basel III reforms