



# CORPORATE REPORT 2020

 **MUFG** Mitsubishi UFJ Lease & Finance



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#### Editorial Policy

With the aim of presenting its Group management and corporate activities to stakeholders in an accessible way, Mitsubishi UFJ Lease & Finance Company Limited issues a corporate report each year. *Corporate Report 2020*, for the fiscal year ended March 31, 2020, was produced with reference to International Integrated Reporting Framework Ver.1.0, a guideline issued by the International Integrated Reporting Council (IIRC).<sup>\*</sup> Accordingly, the report presents a comprehensive overview of the Group's corporate activities and introduces its initiatives for the creation of sustainable corporate value.

Highly important information, such as explanations regarding growth strategies laid out in the Medium-Term Management Plan and information on environmental, social, and governance (ESG) issues affecting the Group's operations, has also been included.

Going forward, we will work to promote a better understanding of the Group's corporate activities by continuing to develop the report as a tool linking the Group with its stakeholders.

<sup>\*</sup> The International Integrated Reporting Council (IIRC) is an international federal body composed of regulators, investors, corporations, standards bodies, accounting specialists, and nongovernmental organizations.

#### Forward-Looking Statements

The strategies, plans, results, and other information presented in this report contain future projections and forecasts. Such forward-looking statements reflect assessments made by the Group based on the information available at the time of publication. Please note that actual results are influenced by a wide range of significant factors and may therefore differ considerably from the content of these statements.

## “ Asset-Business Platform Company ”

Our goal is to become an asset-business platform company that can monetize asset value by drawing from our extensive asset business insight, a strength of the Company accumulated from our efforts in the leasing business, and to utilize our customer and financial bases in order to build a portfolio of businesses that leverage our ability to create asset value as asset holders.



## The Businesses of the Mitsubishi UFJ Lease & Finance Group

The Mitsubishi UFJ Lease & Finance Group promotes the global expansion of a diverse array of businesses centered on its core leasing and finance businesses.



### 1 Leasing and Finance

We support customers' capital investments by offering finance leases and operating leases for various assets such as factory machine tools, heat-source facilities, and store equipment. We also provide asset management and other related services to assist customers with their administrative procedure outsourcing and other needs.

### 2 Rental

We meet a diverse range of rental needs, including those for IT equipment, machine tools, and others.

### 3 Used Equipment Trading

Utilizing the expertise in products acquired through our extensive experience in the leasing business, we trade in high-quality used machine tools, medical equipment, and IT equipment through Group companies that are highly specialized in this sector.

### 4 Other Services

We offer sales support financing and asset management services as well as consulting services for a wide variety of insurance types to meet diverse customer needs.

### 5 Aviation

In addition to leasing aircraft and aircraft engines, we provide a wide variety of services, including parts-out services and Japanese Operating Leases (JOL).

### 6 Real Estate

We offer a wide range of services, including real estate leasing for properties built to customer specifications; securitization financing for offices, commercial facilities, residences, logistics facilities, and other profit-generating real estate; hands-on real estate revitalization investment for raising the value of aged buildings; private REITs; and real estate asset management.

### 7 Logistics

We utilize our Group network and cooperate with other companies to provide asset financing services such as marine container leasing, railcar leasing, ship financing, and mobility services focused on automobiles.

### 8 Environment & Energy

We offer a broad range of environmental solutions that combine a variety of functions, such as financing and investment for multiple types of renewable energy businesses—with solar power generation as our primary focus—development of a solar power purchase agreement (PPA) model for rooftops as a new form of solar power generation for home use, and participation in a pilot project to create a virtual power plant (VPP), a next-generation energy management system.

### 9 Healthcare

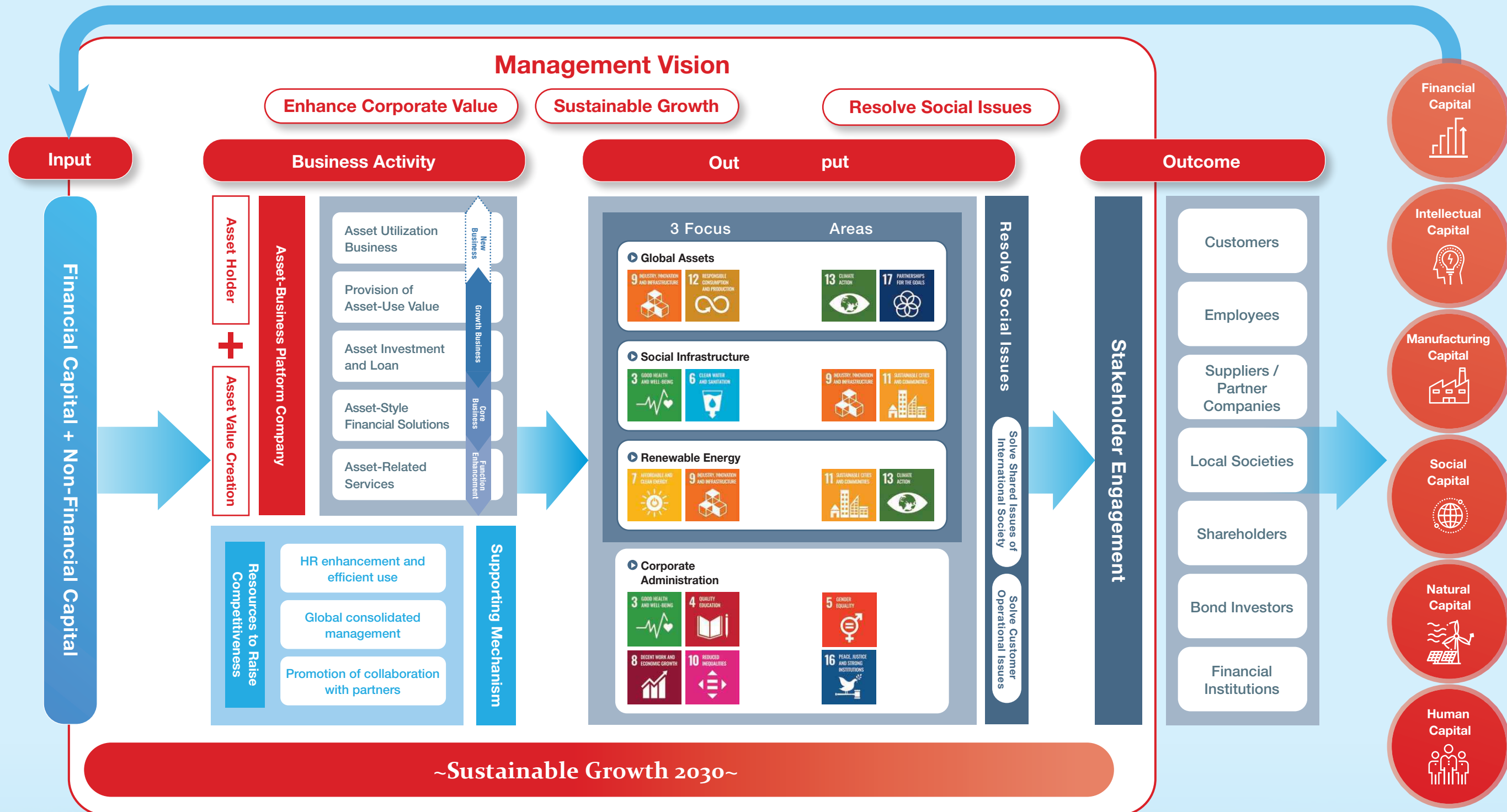
We offer a full spectrum of integrated services, ranging from asset financing to operational support, that includes medical equipment leasing, assistance with regard to the opening of hospitals and clinics, medical factoring, consulting for medical equipment installation and operation, sales of used medical equipment, and operation of healthcare complexes.

### 10 Infrastructure & Investment

We provide financing and solutions to infrastructure businesses in Japan and overseas and utilize our private finance initiative businesses, which involve leveraging our private-sector funding expertise, to construct and operate public facilities. In addition, we are developing a corporate investment business to take advantage of the knowledge and experience we have accumulated thus far.

## Value Creation Process for the Mitsubishi UFJ Lease & Finance Group

As an asset-business platform company, our goal is to foresee medium-to-long term changes in the external environment and solve a wide range of social issues, including issues common throughout global society and operational issues that affect customers, by focusing on value creation in terms of financial capital and non-financial capital. By doing so, we will enhance corporate value, achieve sustainable growth, and help resolve social issues.





## Business Development for the Mitsubishi UFJ Lease & Finance Group

# A Solid Growth Trajectory Plotted by Aggressive Business Development and Driven by Our Management Plan

The Mitsubishi UFJ Lease & Finance Group was created through the merger of Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd., in April 2007. Since its inception, the Group has actively expanded its business beyond the boundaries of leasing and finance while implementing non-organic strategies, such as carrying out acquisitions and forming business alliances. Through these strategies, the Group has achieved significant growth. As the next step, the New Medium-term Management Plan~Sustainable Growth 2030~comprises the first three years of a long-term strategy incorporating changes in the external environment over a 10-year time frame, and is directed toward sustainable growth.

### Management Goals and Achievements

Net Income attributable to owners of the parent:  
over **¥45.0 billion** ➡ achieved **¥53.1 billion**

Share of overseas operating assets to total operating assets:  
**30%** ➡ achieved **34.2%**

### Management Goals and Achievements

Net Income attributable to owners of the parent:  
**¥63.0 billion or more** ➡ achieved **¥70.7 billion**

ROA:  
**1.1% or higher** ➡ achieved **1.2%**

### Management Goals

Net Income attributable to owners of the parent:  
**¥85.0 billion or more:**  
ROA:  
**Approximately 1.3%**

### Medium-Term Management Plan Vision 2010 (fiscal 2008–fiscal 2010)

- Provision of unique Mitsubishi UFJ Lease & Finance services that leverage various asset risks and operational risk taking to expand the value chain
- Acceleration of global business expansion
- Reinforcement of contact with customers
- Promotion of external growth strategy

### Medium-Term Management Plan Vision 2013 (fiscal 2011–fiscal 2013)

### Medium-Term Management Plan Limitless Evolution (fiscal 2014–fiscal 2016)

- Evolution of business models
- Acceleration of international business
- Showcase of Group synergies
- Continuous creation of new businesses
- Promotion of non-organic growth strategy

### Medium-Term Management Plan Breakthrough for the Next Decade (fiscal 2017–fiscal 2019)

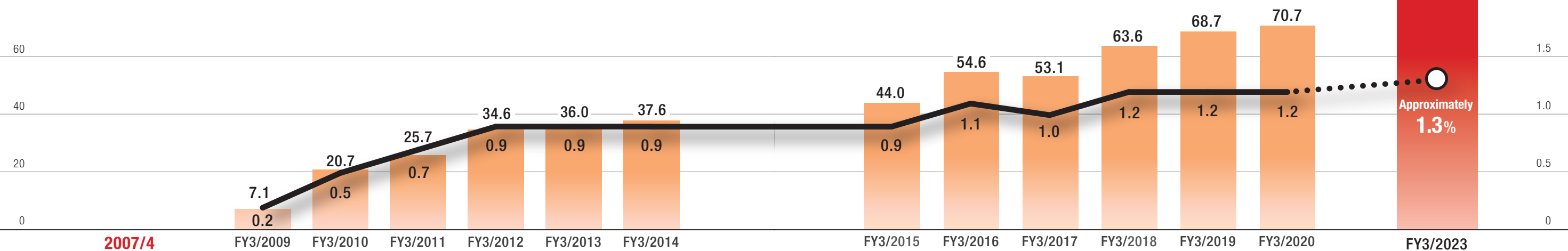
- Integration of finance and business (business geared toward resolving social issues, participation in businesses by evolving business models, develop toward business management)
- Balancing of top-line management and efficient management

### Medium-Term Management Plan ~Sustainable Growth 2030~ (fiscal 2020–fiscal 2022)

P12, P20

### Net income attributable to owners of the parent

(Billions of yen)



### Major Initiatives

#### 2007/4

Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd., merged to form Mitsubishi UFJ Lease & Finance Company Limited

#### 2013/11

Acquired major share of PT. Takari Kokoh Sejahtera

#### 2013/1

Acquired all interests of JSA International Holdings, L.P., which owns aircraft leasing companies such as Jackson Square Aviation, LLC

#### 2015/10

Established MUL Energy Investment Company Limited

#### 2014/5

Formed strategic business alliance with The Greenbrier Companies, Inc., of the United States

#### 2014/11

Acquired all of the outstanding shares of Engine Lease Finance Corporation

Acquired all of the equity interests of Beacon Intermodal Leasing, LLC

#### 2016/4

Established MUL Realty Investment Company Limited

Established MUL Realty Advisers Company Limited

#### 2016/10

Formed capital and business alliance with Hitachi Capital Corporation

#### 2016/12

Established MUL HEALTHCARE CO., LTD.

#### 2017/6

Commenced participation in a submarine power transmission project for offshore wind power plants in Germany

Entered into the aircraft engine parts-out business

#### 2018/5

Established MUL Utility Innovation Company Limited

Invested in South Staffordshire Plc, a U.K.-based water supply company

#### 2018/11

Acquired stake in U.K. offshore wind farm

#### 2018/12

Acquired ENGS Holdings Inc., a U.S.-based vendor finance company

#### 2019/3

MUL Realty Advisers Company Limited began operations of MUL Private REIT, Inc.

#### 2019/5

Established PT. Balai Lelang Caready, an auto auction business, as a joint venture with Indonesia's largest taxi operating company, PT. Blue Bird Tbk.

#### 2019/7

Invested in GOJEK, Southeast Asia's leading digital platform

#### 2019/7

Invested in Electricity North West Limited, a U.K.-based electricity distribution operating company

#### 2019/10

Invested in marine research affiliate for offshore wind power generation in Taiwan

## The Continuing Evolution of the Mitsubishi UFJ Lease & Finance Group's Businesses

### Utilization of Our Asset-Based Knowledge to Expand Business Domains in Japan and Overseas

The Mitsubishi UFJ Lease & Finance Group has accumulated a wealth of asset-related knowledge and know-how through its core businesses of leasing and financing and is utilizing this strength to expand into a wide range of businesses.

#### Used Equipment Trading



#### Solar Power Generation Business



Fiscal 2014–Fiscal 2016  
Medium-Term Management Plan

### Limitless Evolution

Expand Opportunities

to Generate Profits

- Accelerate international development
- Engage in business participation

Fiscal 2011–Fiscal 2013  
Medium-Term Management Plan

### Vision 2013

Expand Value Chain Functions

- Accelerate development of the global asset business
- Provide value-added services

#### Operating Leases



#### Real Estate Leasing



Fiscal 2020–Fiscal 2022  
Medium-Term Management Plan

### ~Sustainable Growth 2030~

Evolve into Asset-Business Platform Company

Fiscal 2017–Fiscal 2019  
Medium-Term Management Plan

### Breakthrough for the Next Decade

New Value Creation

- Promote asset-turnover businesses
- Create an optimal business management model

#### Rental and Sharing Services



#### Project Finance



Core Business  
Leasing

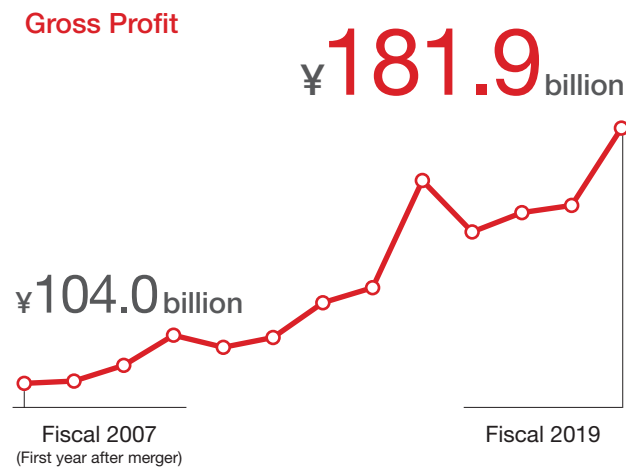
2007/4

### The Birth of Mitsubishi UFJ Lease & Finance Company Limited

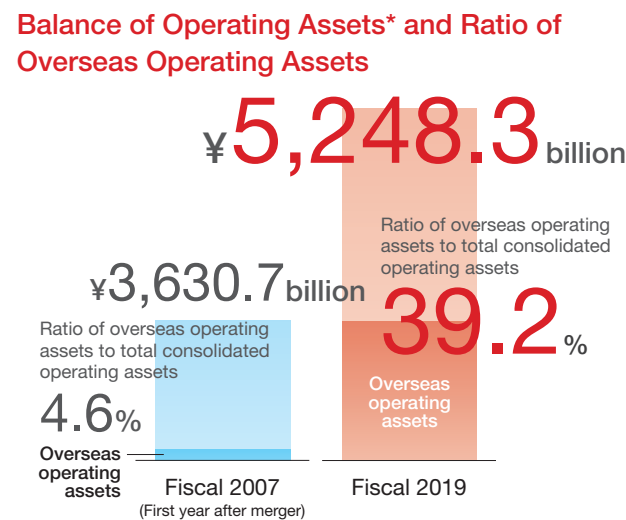
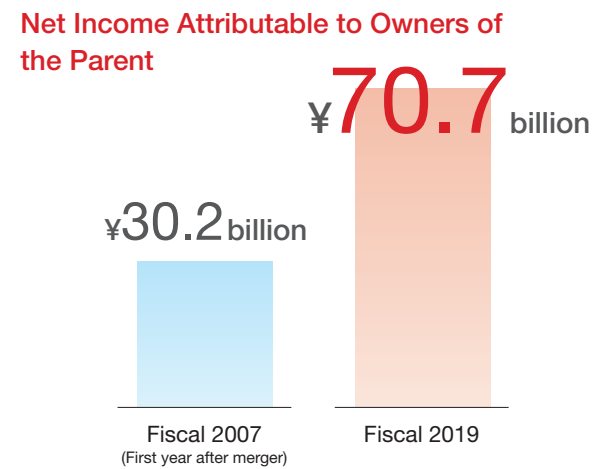


## Financial and Non-Financial Highlights

### Financial Highlights



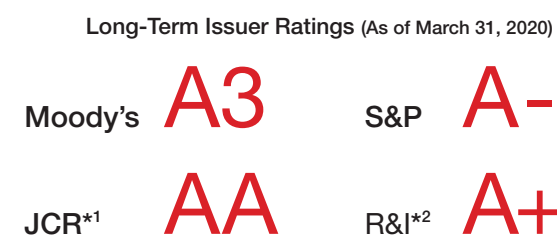
As the business model of Mitsubishi UFJ Lease & Finance evolves, branching out from a business centered on corporate finance to include asset finance, provision of services, business participation, and business operation, the Company's business domains continue to expand, which in turn is boosting profitability. Compared with fiscal 2007, gross profit in fiscal 2019 was 1.7 times higher and net income attributable to owners of the parent was 2.3 times higher.



Through the augmentation of our portfolio, which includes aircraft, aircraft engines, vessels and marine containers, and railcars, the amount of overseas operating assets has grown 12.4 times since fiscal 2007. At the same time, the ratio of overseas operating assets to total consolidated operating assets has risen from 4.6% to 39.2%.

\* Due to changes in the definition of terms that took place in the first quarter of fiscal 2020, the figures given here may be different from those stated in "FY3/2020 Results," the financial summary for fiscal 2019.

### External Credit Ratings

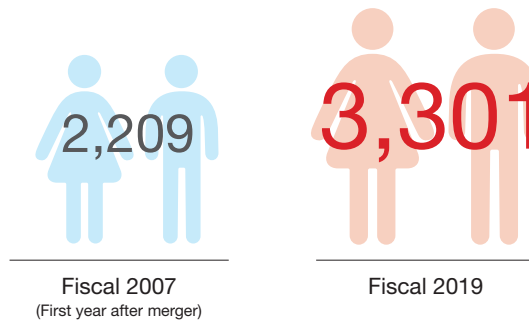


Mitsubishi UFJ Lease & Finance receives credit ratings from the four rating institutions listed to the left in order to evaluate its creditability, and we have consistently been among the most highly rated companies in the industry. The Company strives to improve its ability to procure funds for supporting its competitiveness as it seeks to further grow its operations.

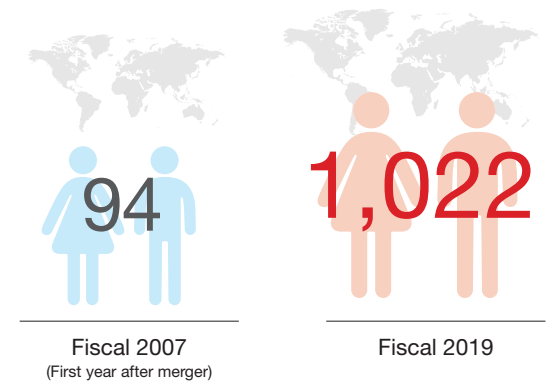
\*1 Japan Credit Rating Agency, Ltd.  
\*2 Rating and Investment Information, Inc.

### Non-Financial Highlights

#### Total Number of Group Employees



#### Total Number of Overseas Employees



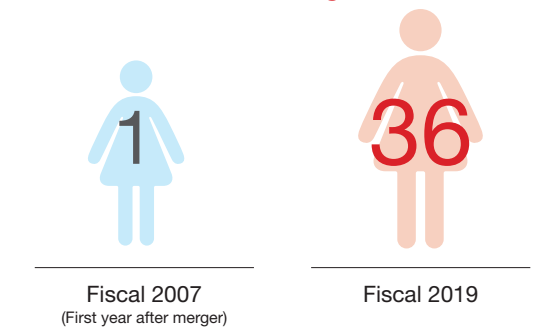
In the course of expanding its business domains, the Mitsubishi UFJ Lease & Finance Group has increased its number of employees 150% from fiscal 2007. The increase has been most apparent in regard to the number of overseas employees, which is 10.8 times higher than in fiscal 2007 as a result of our proactive overseas expansion. The Group prides itself on its diverse base of employees with highly specialized skills in Japan and overseas. Going forward, we will continue striving to resolve the issues faced by our customers and society as a united team.

#### Number of Employees Taking Childcare Leave



The Company is cultivating a workplace environment that is conducive to diverse workstyles. As a result of these efforts, male employees have increasingly been taking childcare leave, and the total number of employees taking childcare leave in fiscal 2019 was 11.2 times higher than in fiscal 2007.

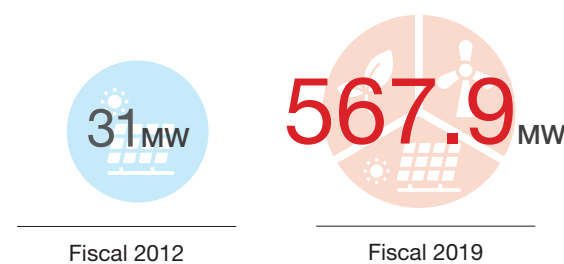
#### Number of Female Managers



The number of female managers at the Company is growing as a result of training programs and other efforts aimed at empowering female employees.

#### Total Renewable Energy Generated\*

\* Total output of projects that have begun operations (values are proportionate to contribution rates)



We are dedicated to the realization of a sustainable, eco-friendly environment through our business. Accordingly, the amount of renewable energy generated was 18.3 times higher in fiscal 2019 than in fiscal 2012. Renewable energy generated is primarily solar power, but also includes biomass and wind power.

#### Evaluations from External Institutions

**FTSE Russell**  
The Company has been selected for inclusion in an index component of the FTSE Blossom Japan Index, an index developed by the global index provider FTSE Russell, which reflects the performance of Japanese companies that demonstrate strong environmental, social, and governance (ESG) practices. In addition, the Company has been included in the FTSE4Good Index Series, a world-leading socially responsible investment (SRI) index, every year since 2006.

**MSCI**  
The Company has been included in an SRI index component of the MSCI Japan ESG Select Leaders Index and the MSCI Japan Empowering Women Index, which were developed by Morgan Stanley Capital International (MSCI) for companies with particularly strong ESG initiatives. Moreover, the internationally recognized index MSCI ESG Leaders Index Series\* has been consecutively including us every year since 2007, the year of its inception.  
\* Former MSCI Global Sustainability Index Series





*Takahiro Yanai*

Takahiro Yanai  
President & CEO

## Achievement of Our Management Vision

As global megatrends pick up momentum, affecting long-term trends within domestic and overseas economies, we find ourselves in a time when change is a normal part of life. With that in mind, it is only natural that the environment surrounding our business changes from moment to moment. To add another level of complexity, COVID-19 has become a worldwide problem since the beginning of 2020 having a tremendous impact on socio-economic activities, and we must be prepared to deal with this situation for a while.

For the Mitsubishi UFJ Lease & Finance Group to achieve sustainable growth under these circumstances, I believe that, without a doubt, it is more important than ever for management to navigate through the short-and-medium term while keeping an eye on long-term trends 10 years down the line. Therefore, we intend to make accurate responses to changing conditions, maximize our strengths, and realize the key aspects of our management vision—enhance corporate value, achieve sustainable growth, and resolve social issues.

## Results of the Previous Medium-Term Management Plan

The previous Medium-term Management Plan (hereinafter, the “Previous Medium-Term Plan”), which started in April 2017, concluded at the end of March 2020. Under the plan, “Breakthrough for the Next Decade,” we strove to evolve our business model to promote further growth while maintaining the same business trajectory. The plan highlighted two basic policies—the integration of finance and business and the balance between top-line management and efficient management. The integration of finance and business entailed going beyond corporate and asset finance and expanding our fields of business participation and operations while engaging in a wider breadth of businesses and operations. The balance between top-line management and efficient management, meanwhile, meant focusing on the effective utilization of assets to expand profitability and improve asset efficiency. To promote the policies, we made revisions to our organizational system, which included introducing a business division system in April 2017 and reorganizing our sales divisions in the Domestic Customer Business. We also revised our management system in such ways as upgrading our PDCA

process for investment projects. As for our business portfolio, we promoted the replacement of elements therein, taking into consideration growth potential and profitability.

Furthermore, we advanced a wide range of measures, such as developing a financial strategy in light of global business expansion (see page 24 for details), as well as reviewing our personnel system, introducing a teleworking system, and enacting other workplace enhancement measures.

Despite the one-time impact of U.S. tax reforms, as a result of the measures I have mentioned, we hit the targets put forth in the Previous Medium-Term Plan of net income attributable to owners of the parent of ¥63.0 billion or more and ROA of 1.1% or higher in fiscal 2017. In fiscal 2018, we achieved record profits, and in fiscal 2019, the final year of the plan, we posted net income attributable to owners of the parent of ¥70.7 billion, a record for the third consecutive year, in addition to ROA of 1.2%. (For more information on each business division, please refer to the section “The Mitsubishi UFJ Lease & Finance Group by Business Division” beginning on page 28.)



Major Achievements of Previous Medium-Term Management Plan

|  |   |
|--|---|
| Growth Strategy                                | <ul style="list-style-type: none"><li>■ Progress in conversion of asset-turnover businesses in mainstays aviation and real estate, and improved business performance thanks to increase in gains on sales and other measures</li><li>■ Substitution in business portfolio with more focus on growth and profitability (Reorganization of Japanese group companies, M&amp;A/capital and business alliance deals and others, including ENGS Holdings Inc. and MUL Railcars, Inc.)</li></ul>   |
| Business Infrastructure Reinforcement Strategy | <ul style="list-style-type: none"><li>■ Increased foreign currency fundraising capacity underpinned by the first bond issuance in the U.S. under the form of 144A/Regulation S</li><li>■ Building PDCA process for investment deals matching acceleration in business participation and business operations (including new establishment of the Investment Management Department and other measures)</li><li>■ Stimulation of Workplace Enhancement Project, by taking such measures as readjustment to our human resource system, introduction of a work-at-home setup, and use of RPA (Robotics Process Automation)</li></ul> |
| Business Operation System                      | <ul style="list-style-type: none"><li>■ Full-fledged launch of newly introduced business division system</li></ul>  |

Of course, some issues still remain. As an example, as we expand our business domains, we need to secure and cultivate human resources with expertise in increasingly global and more diverse operations.

We also need to bring our global consolidated management to the next level. It is our intention to continue addressing these issues in an appropriate manner in the New Medium-term Management Plan.

The New Medium-Term Management Plan~Sustainable Growth 2030~

As I said at the outset, the external environment is undergoing drastic changes, and we are in a time when change is a normal part of life. In such an environment, I think it is necessary to determine our strategy based on an understanding of changes in the external environment over a span of 10 years, as opposed to just a short three-year period.

Bearing this in mind, the New Medium-term Management Plan~**Sustainable Growth 2030**~(hereinafter, the “New Medium-Term Plan”), which started in April 2020 and lasts until the end of fiscal 2022. The plan comprises the first three years of a medium-to-long-term strategy that focuses on changes in the external environment over the next decade. We have therefore chosen to evolve this medium-to-long-term strategy in a flexible manner over time, periodically

verifying our 10-year forecasts and strategy, our three-year medium-term strategy, and our plans for each fiscal year. (Please refer to pages 20–21 for an overview.)

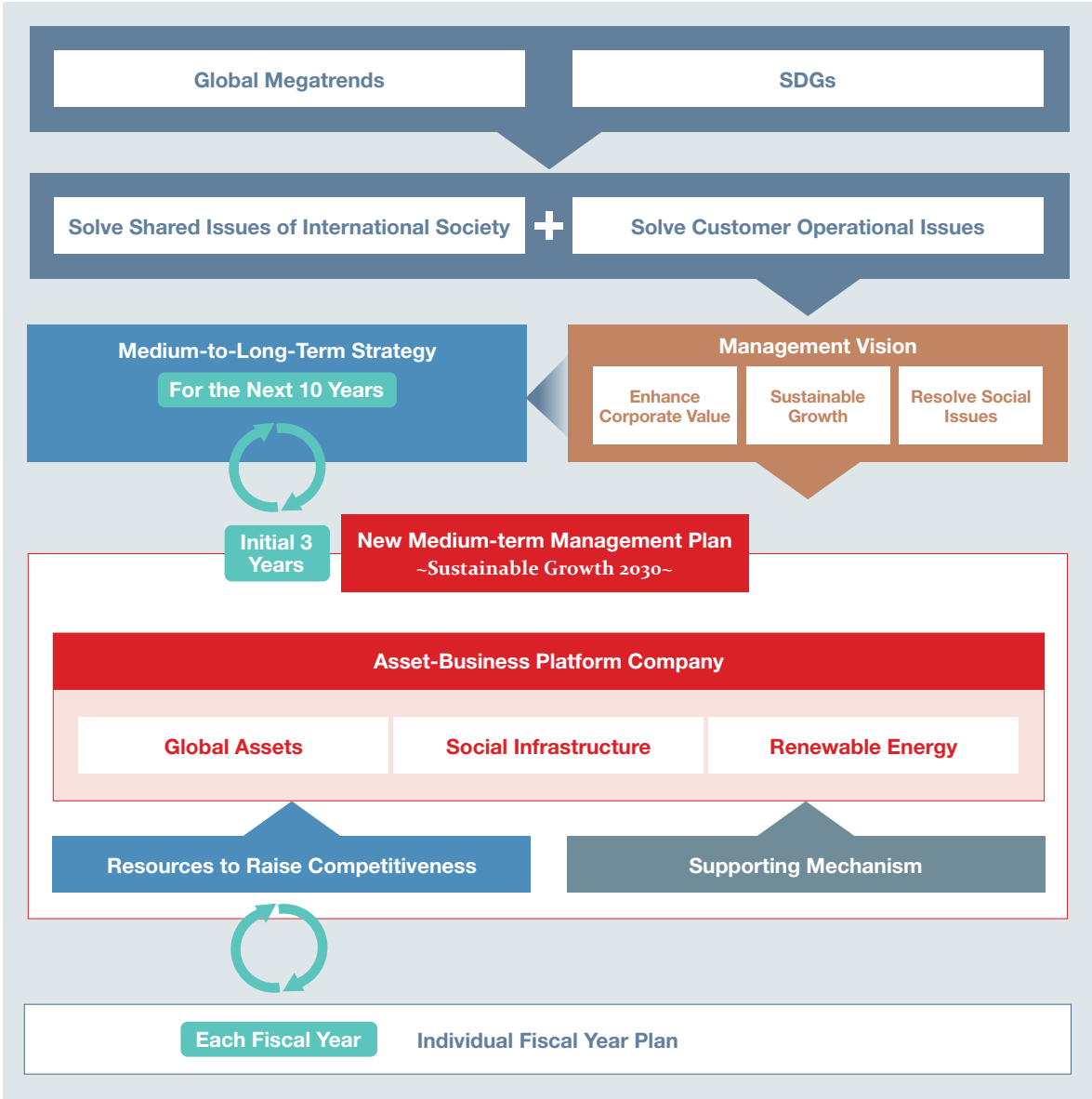
When formulating the New Medium-Term Plan, as a prerequisite we analyzed changes in the business environment over a 10-year span from a variety of perspectives, such as global macroeconomic conditions, international relations, and changing values. In doing so, we identified six global megatrends requiring special attention: the rapid advancement of urbanization, climate change and resource shortages, demographic changes, shifts in economic power, technological advancement, and global multipolarization.

We intend to apply the full force of the Group

toward resolving issues caused by these megatrends, namely, the shared issues of international society and operational issues at the customer level—collectively referred to as social issues—as doing so will enable

us to enhance corporate value, achieve sustainable growth, and resolve the social issues key to our management vision.

Management Strategy (Overall View)



## Message from the CEO

## An Asset-Business-Platform Company

The three-year span of our New Medium-Term Plan, as it fits into our greater strategy for the coming 10 years, will be to move toward becoming an asset-business-platform company. Reviewing the Previous Medium-Term Plan and formulating its successor have reaffirmed the strengths of the Group, specifically its wide-ranging and diverse customer base, a financial base backed by high credit ratings, and strong insight into the asset\* business accumulated over many years in the leasing business. Drawing from this insight, and utilizing both our customer and financial bases, we have positioned the enhancement of our asset creation capabilities as an asset holder as one of the pillars of the New Medium-Term Plan. For us, “asset value creation” is the capacity to improve the business competitiveness of customers and business partners by creating and continuously providing valuable services and taking the initiative in clearing their business

obstacles.

As for the constituents of asset value creation, they are acquisition, development, possession, rent, management, maintenance, operation, and sale—eight functions related to the tangible and intangible assets that we have cultivated over a great deal of time doing business. By refining each function and combining them to provide greater value, we will be able to transition from a business model centered on finance and leasing to one incorporating and operating asset businesses in five categories that include asset management and other asset-related services, and asset utilization business management, which refers to businesses that make use of such assets as real estate and solar power generation facilities and equipment and which are charged with maximizing divisional earnings.

| Type of Business                            | Definition  | Details   |
|---|---|---|
| <b>Asset Utilization Business</b>           | Businesses aimed at utilizing assets to maximize divisional earnings  | <ul style="list-style-type: none"> <li>Solar power generation business</li> <li>Real estate business, etc.</li> </ul>                   |
| <b>Provision of Asset Utilization Value</b> | Collection of fees from multiple users via optimal asset sharing  | <ul style="list-style-type: none"> <li>Rental services</li> <li>Sharing services, etc.</li> </ul>                                       |
| <b>Asset Investments and Loans</b>          | Making investments and loans backed by value of business assets   | <ul style="list-style-type: none"> <li>Operating leases</li> <li>Project financing</li> <li>Real estate securitization, etc.</li> </ul> |
| <b>Asset-Based Financial Solutions</b>      | Asset-based solutions in response to customers' management issues and needs   | <ul style="list-style-type: none"> <li>Finance leasing</li> <li>Building leasing, etc.</li> </ul>                                       |
| <b>Asset-Related Services</b>               | Contracted by asset owners to perform service-based operations such as maintenance, management, and operation, earning income mainly on a fee basis | <ul style="list-style-type: none"> <li>Asset management services</li> <li>Maintenance services, etc.</li> </ul>                         |

By familiarizing ourselves with these businesses and building up a track record, we aim to become an asset-business-platform company that can monetize asset value. The platform we build will be a means for businesses to strengthen their relationships with customers and will be used to provide a variety of

products and services. It will have clear mechanisms to provide and deliver value while generating earnings, thereby increasing profitability and sustainability.

\* Assets include not only tangible assets, such as equipment, but also a wide range of information assets such as databases, innovative assets including research and development findings, and intangible assets such as human resources and organizations.




## Our Three Focus Areas

Against the backdrop of the aforementioned global megatrends, there are various social needs prevalent on a global scale, as highlighted by the Sustainable Development Goals (SDGs) and other initiatives. We believe we have three particular strengths that we can utilize to contribute toward the resolution of these social issues. These strengths are in global assets, social infrastructure, and renewable energy.

The first, global assets, refers to worldwide logistics by land, air, and sea and targets high-value-added assets that can find high liquidity and value in markets around the world.

The second, social infrastructure, covers real estate, such as logistics facilities and offices, and social infrastructure for industries and life services such as power transmission and high-speed railways in Japan and overseas. Our goal is to expand business from real estate leasing and financing to business operations and infrastructure investment.

The third, renewable energy, is an ability to combat climate change and resource shortages. We will make efforts related to energy generation, storage, and conservation with a focus on solar power and other forms of renewable energy.

| Global Assets   | Social Infrastructure   | Renewable Energy  |
|---|---|---|
| <ul style="list-style-type: none"> <li>Focus on logistics assets with high marketability and value in the global market</li> <li>Use of expertise in operating leases to develop comprehensive mobility services including maintenance and mobility lease</li> <li>Plan to provide one-stop solutions for logistics business going forward</li> </ul> | <ul style="list-style-type: none"> <li>Focus on social infrastructure for industries and life services in and outside Japan</li> <li>Use of expertise in real estate financing to develop infrastructure management and investment businesses</li> <li>Plan to participate in community development business</li> </ul> | <ul style="list-style-type: none"> <li>Place an emphasis on renewable energy, and also target energy creation, storage, and conservation</li> <li>Shift to project investments and loans to joint business with strategic partners</li> <li>Promote energy solution business going forward</li> </ul> |
| <div>Automobiles</div> <div>Marine Containers</div> <div>Aviation</div> <div>Mobility Services</div> <div>Rail Cars</div> <div>Aircraft Engines</div>   | <div>Logistics Facilities</div> <div>Offices</div> <div>High-Speed Railways</div> <div>Hotels</div> <div>Medical Facilities</div> <div>Power Transmission</div>   | <div>Solar Power</div> <div>Biomass</div> <div>Batteries</div> <div>Energy Services</div> <div>Wind Power</div> <div>Distributed Power</div>  |
|    |    |    |



## Message from the CEO

### Building of a System to Realize Our Management Strategy

To promote this strategy and do so steadily, we must properly reinforce those things that will give us a competitive edge, specifically human resource enhancement and efficient use thereof, global consolidated management, and promotion of collaboration with partners.

Of these, human resource enhancement and their efficient use refers to the acquisition and development of human resources who can play a role in making our business more sophisticated and global, as well as Groupwide consolidated human resource management involving appointments and assignments that allow employees to display their full potential and achieve optimal results. Global consolidated management involves a unified management structure and the effective use of management resources under the shared management vision of the Group. This allows for a structure with an optimal balance of centralized and decentralized management in which Group companies in Japan and overseas can focus on promoting business as dictated by the strategy of their respective

business divisions, while conducting prompt decision-making and integrated management. Finally, promotion of collaboration with partners entails a move toward working with various partner companies.

To repeat once more, this is a time of rapid, sweeping changes. Therefore, it is important that we regularly monitor shifts in the previously cited six global megatrends over the next 10 years, factor in the impact of COVID-19, and take a flexible approach to our management strategy. To this point, we will implement a rotating PDCA cycle that operates by linking our management strategy and management plans. This includes operational strategies for each business division, linked with corporate administrative themes such as financial operations and risk management, and linked with cross-divisional themes such as investment strategy, portfolio management, and digitalization strategy. (For more information on financial operations, please refer to page 24. For more details on risk management, please refer to page 26.)

### To Our Shareholders and Investors

We will continue to provide stable and continued dividend payouts going forward while maintaining an appropriate level of shareholders' equity.

In fiscal 2019, we increased dividends by ¥1.50 per share year on year, to ¥25.00 per share, marking 21 consecutive years of our doing so, which also covers the period affected by the global financial crisis. Although we did not set a dividend target when formulating the Previous Medium-Term Plan, at the end of its first year we did add the goal of achieving a dividend payout ratio of approximately 30% by fiscal 2019, the final year the plan. Accordingly, we achieved a payout ratio of 30.4% for fiscal 2018, and 31.5% for fiscal 2019.

In terms of governance, we are continuously reviewing the compositions of the Board of Directors

and Audit & Supervisory Board to ensure the independence and diversity of the two bodies and to make management decisions more flexibly. In addition, from fiscal 2019 we established a new Advisory Council that holds regular meetings and consists of representative directors, full-time Audit & Supervisory Board Members, outside directors, and outside Audit & Supervisory Board members to serve as an advisory body to the Board of Directors. We make the utmost effort to analyze and evaluate the Board and the advice it provides in order to improve its effectiveness, while working continuously to examine and implement measures to resolve any identified issues. Going forward, we will continue to improve the effectiveness of both the Board of Directors and the Audit & Supervisory Board.

### Together with Our Customers and Partner Companies

While the surrounding business environment remains unclear, the Group's direction is quite clear based on the identified global megatrends spanning the next 10 years. What is more, the changing landscape and shifts in the social framework present several business opportunities. We will make the most of our

strengths and work with customers and partner companies to overcome these difficulties and help resolve social issues.

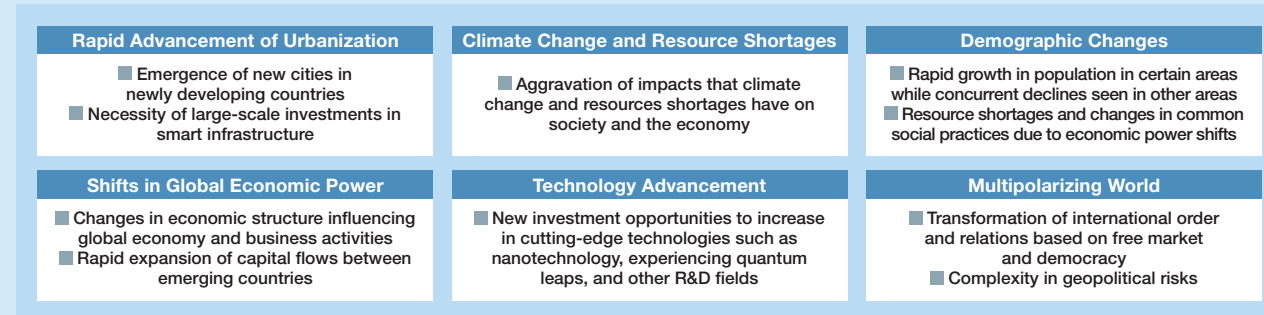
We appreciate your continued understanding and support as we take on these challenges.

## Overview of the Medium-Term Management Plan

The Medium-term Management Plan~Sustainable Growth 2030~which spans fiscal 2020 to fiscal 2022, comprises the first three years of a medium-to-long-term business strategy incorporating changes that we expect to see in the external environment over a 10-year time frame. As an asset-business platform company with an abilities in terms of asset value creation,\* we are focusing on domains such as global assets, social infrastructure, and renewable energy to resolve issues that have appeared as part of global megatrends.

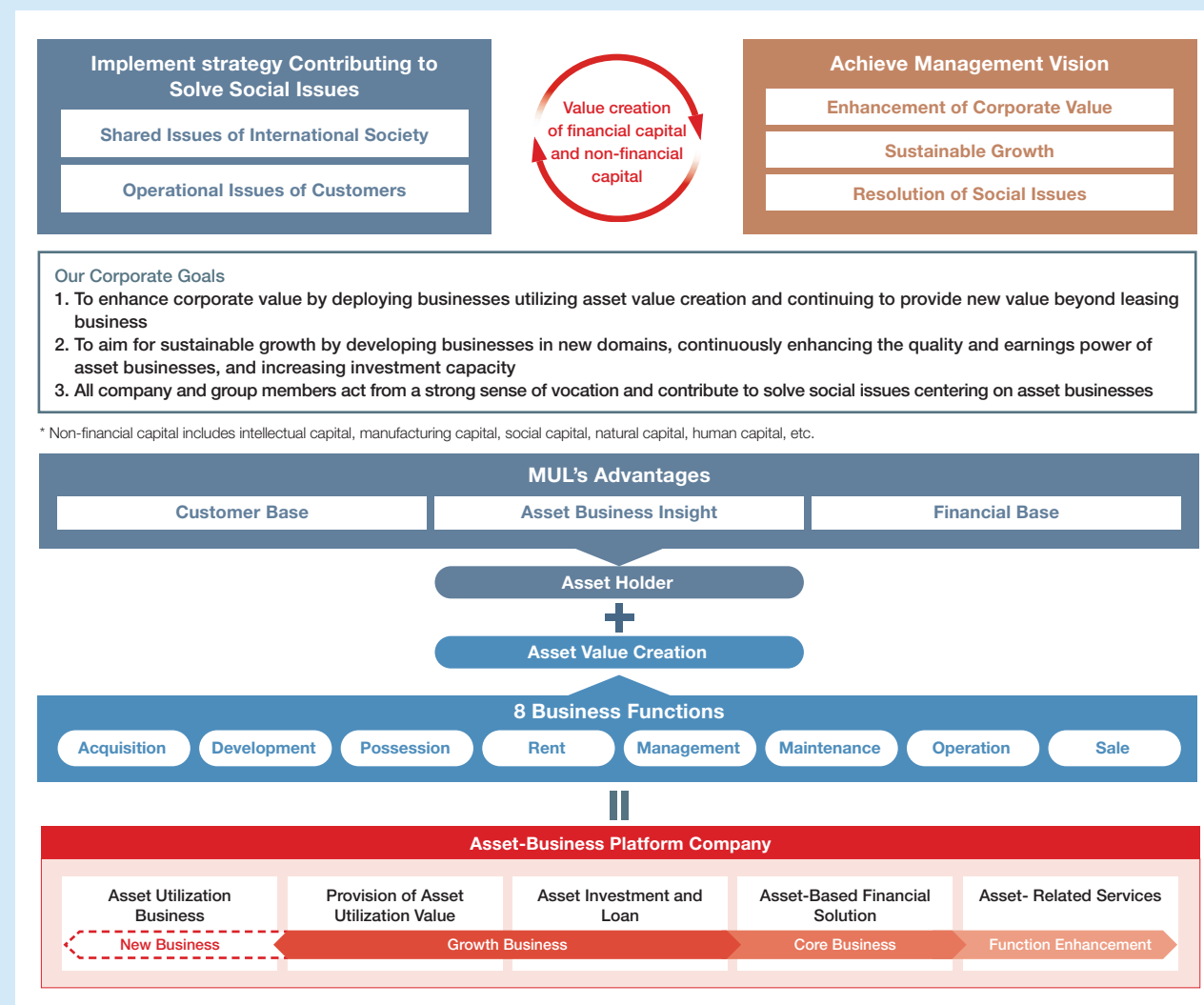
\* "Asset value creation" is the capacity to improve the business competitiveness of customers and business partners by creating and continuously providing valuable services and taking the initiative in clearing away obstacles for their business. Assets included under "asset value creation" are intangible assets such as computerized assets (software, databases), innovative assets (R&D, licenses), and assets for ensuring economic competitiveness (human resources, organizations).

### ■ External Environment (Global Megatrends)



### ■ Corporate Goal in 10 Years

Our goal is to foresee medium-to-long-term changes in the external environment and resolve social issues by focusing on value creation in terms of financial capital and non-financial capital,\* which will in turn serve to enhance corporate value, achieve sustainable growth, and help resolve social issues.

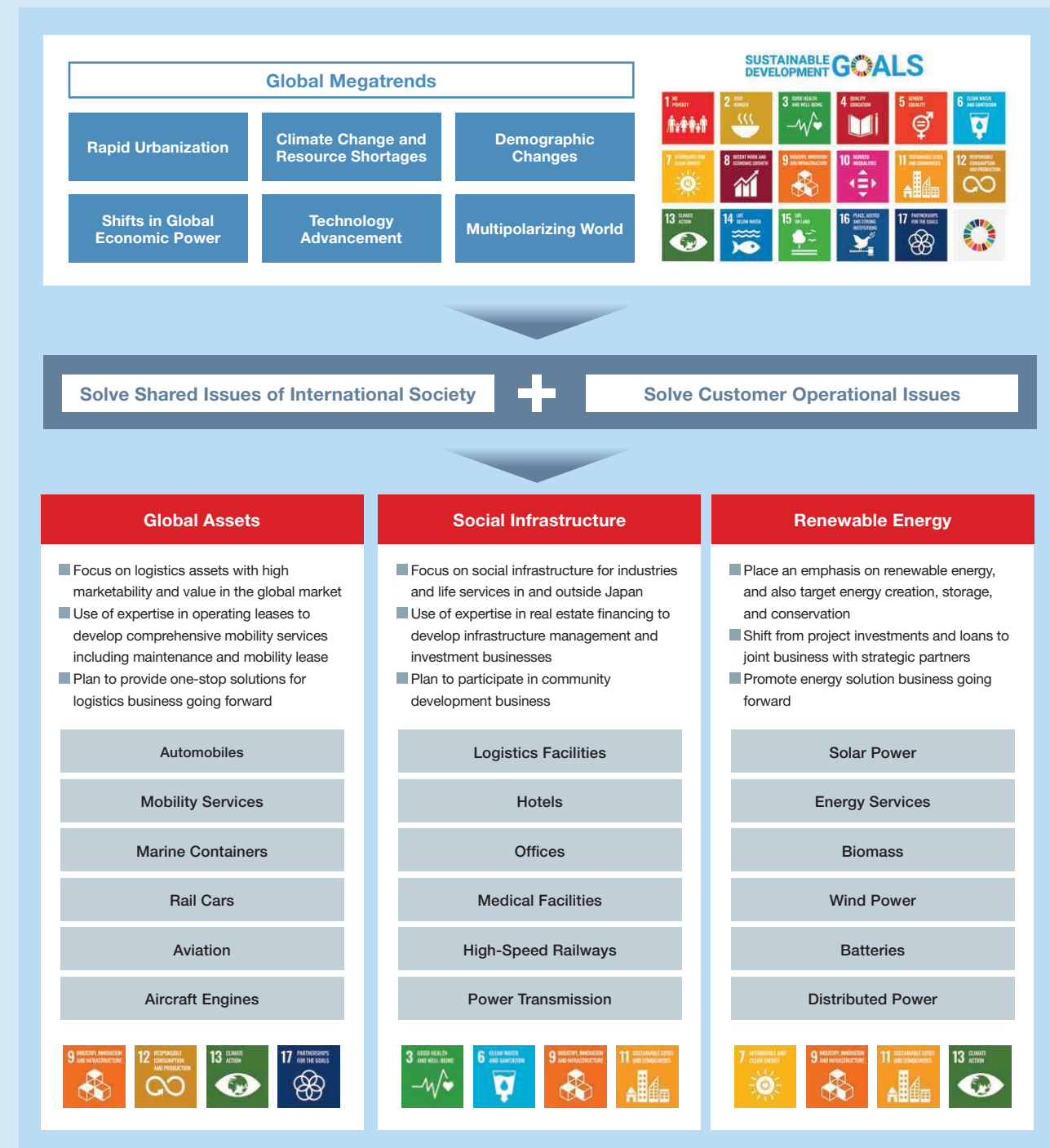


### ■ Asset-Business Platform Company

Our goal is to become an asset-business platform company that can monetize asset value by drawing from our extensive asset business insight, a strength of the Company accumulated from our efforts in the leasing business, and to utilize our customer and financial bases in order to build a portfolio of businesses that leverage our ability to create asset value as asset holders.

### ■ Focus Areas

Amid the existence of global social needs as highlighted in the Sustainable Development Goals (SDGs) and ongoing global megatrends, the Group will contribute toward resolving social issues in the medium-to-long-term by putting its full strength behind three main fields: global assets, where the Group already holds a strong position by fulfilling global demand in land, sea, and air logistics; social infrastructure, where the Group makes investments directed at demand for updates in developed nations and demand for new infrastructure in emerging nations; and renewable energy, aimed at addressing climate change and shortage related issues.





## Resolution of Social Issues

One aspect of Mitsubishi UFJ Lease & Finance's "Corporate Goal in 10 Years," highlighted in its Medium-term Management Plan~Sustainable Growth 2030~is that all Company and Group members act from a strong sense of vocation and contribute to solving social issues centered on asset businesses. In the future, we will continue to tackle social needs on a global scale by pursuing the Sustainable Development Goals (SDGs) and taking other actions, through Groupwide efforts in three business fields: global assets, social infrastructure, and renewable energy. In doing so, we will contribute to resolving medium-to-long-term social issues.

### Global Assets

#### Main Examples

##### Aviation and Aircraft Engines

In general, the high cost of aircraft makes it difficult for airlines, particularly those in emerging nations, to secure their own vehicles and equipment. In addition, the current line of thinking is that airlines, even those in developed nations, will continue to introduce more fuel-efficient aircraft amid unclear conditions in the future. Accordingly, the Group will continue providing a variety of services that include aircraft and engine leasing, engine parts-out services, and Japanese Operating Lease (JOL).

##### Mobility Services

As urbanization spreads, particularly in emerging nations, one growing issue is the promulgation of a variety of mobility services that are safe, secure, and conform to the lifestyles of people in and the objectives of a given area. In light of this issue, the Group is working with major French auto leasing company ALD S.A., with the goal of building a shared platform in the automobile and mobility market for the ASEAN region, and both parties have agreed to establish a joint venture company in Malaysia as an initial step.

##### Rail Cars and Marine Containers

With the diversification of the supply chain, the importance of freight that supports people's lifestyles and economic activities is increasing. The Group is thus expanding its business in the North American freight railcar leasing business and marine container leasing business. We will contribute to the development of logistics infrastructure by implementing business reviews with a view to developing more efficient logistics services.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Ensure sustainable consumption and production patterns



Take urgent action to combat climate change and its impacts



Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

### Social Infrastructure

#### Main Examples

##### Logistics Facilities

Looking at logistics in Japan, logistical efficiency and a lower environmental load have become issues against a backdrop of growing demand for e-commerce, a shrinking labor force, and aging facilities. In Hirakata City, Osaka Prefecture, the Group is working with Center Point Development Inc. and TOKYU LAND CORPORATION on the construction of multi-tenant logistics facilities that have not only automated and laborsaving cargo transport and storage but also energy-saving measures in place such as installing facility-wide LED lighting. Plans are being made for these facilities to acquire Comprehensive Assessment System for Built Environment Efficiency (CASBEE) A-rank certification.

##### Medical Facilities

One issue facing the healthcare industry is the need to restore hospital management to proper working order, with the goal of providing stable medical services, particularly in small and medium-sized hospitals that support local community health, where rising operating costs are resulting in worsening management conditions. Working through MUL HEALTHCARE CO., LTD., which provides consulting services for medical institutions, in January 2020, the Group supported the establishment of the Iruma Hospital Cooperation Council in Iruma City, Saitama Prefecture. Following its establishment, the Group has continued to support improvements to hospital management, including the joint purchasing of medical equipment and unified outsourcing of facility maintenance and other services.

##### Power Distribution and Offices

Certain issues that have come to light include improving aged social infrastructure in developed nations and increasing power generation and distribution facilities essential to disseminating clean energy. In addition to investing in overseas projects for power distribution and water supply businesses, the Group has received 61 domestic project orders in the private finance initiative (PFI). In fiscal 2019, we invested in a power distribution company in the U.K. The Group also served as the representative company for a PFI order for the Kaizuka City New Government Building Development Project in Kaizuka City, Osaka Prefecture.



Ensure healthy lives and promote well-being for all at all ages



Ensure availability and sustainable management of water and sanitation for all



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Make cities and human settlements inclusive, safe, resilient and sustainable

### Renewable Energy

#### Main Examples

##### Energy Services

On remote islands across Japan, diesel generators are the primary source of energy. As a result, these areas grapple with various issues, including a high sensitivity to rising fuel prices and high CO<sub>2</sub> emissions. Working through Miyakojima Mirai Energy Co., Ltd., a joint investment with NEXTEMS CO., LTD., the Group has installed solar power and EcoCute equipment (a heat-pump water heater that uses natural energy) in 40 public housing complexes in Miyakojima City, Okinawa Prefecture, free of charge, supplying residents with electricity and hot water.

##### Solar Power

In response to issues such as a global shortage of energy resources and climate change, the Group has been involved in not only the leasing and installment of equipment related to the solar power generation business but also project financing and planning. Furthermore, the Group is developing an asset management service business and a solar power purchase agreement (PPA) service, as well as investing in dispersion-type solar power distribution in the U.S.

##### Wind Power

With the aim of spreading clean energy use, the Group is taking part in the onshore wind power business in Akita Prefecture through MUL Energy Investment Company Limited. Overseas, the Group is investing in an onshore wind power business in Ireland, an offshore wind power business off the northeast coast of Scotland, and an ocean research company related to off-shore wind power in Taiwan.



Ensure access to affordable, reliable, sustainable and modern energy for all



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Make cities and human settlements inclusive, safe, resilient and sustainable



Take urgent action to combat climate change and its impacts

### Corporate Administration



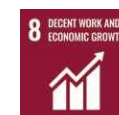
Ensure healthy lives and promote well-being for all at all ages



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Achieve gender equality and empower all women and girls



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Reduce inequality within and among countries



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Major related activities Compliance / Internal Control P55 Diversity Promotion P57 Efforts to Cultivate Global-Minded Human Resources P58

Workplace Enhancement Project P59 Facilitating Improvements to Employee Health P60

Please see page 62 for environmental initiatives, and refer to page 64 for social initiatives.

## Financial Strategy for the Mitsubishi UFJ Lease & Finance Group

# Building of a Strong and Flexible Financial Structure



**Yoichi Shimoyama**

Managing Director  
in charge of Corporate Center

The Mitsubishi UFJ Lease & Finance Group has prioritized building a strong and flexible financial structure as the most important element of its financial strategy. Five measures are absolutely crucial to creating and properly maintaining this structure: diversifying funding methods; improving foreign currency fundraising; performing liquidity risk management; strengthening holistic relationships with investors in financial institutions and financial markets; and promoting strategic asset-turnover businesses. To lay the groundwork for these measures, we as management are focused on changes in three frameworks, namely, upgrading asset liability management\* (ALM), enhancing our global financial system, and cultivating human resources who can respond to changing times. To achieve sustainable growth in a time when changes in financial conditions are complex and lightning quick, we intend to leverage these three frameworks toward building a resilient financial structure.

\* Integrated management of assets and liabilities

### ■ Further Sophistication of Our ALM

Our efforts to promote ALM are focused on an accumulation of studies involving analysis of financial and economic conditions and a thorough discussion on the outlook of these conditions. For a full investigation of potential scenarios from every possible angle, we need to collect high-quality information. While our business activities span a variety of industries, we also maintain a deep involvement in finance, making it so

we always have access to the latest information. Based on this steady stream of information, we can employ what we call a “scenario-based approach” to verify future market trends, in which we enact multiple scenarios with the flexibility to make steadfast adjustments to them as new information is released.

While the New Medium-term Management Plan highlights six global megatrends\* set to manifest over a 10-year span, the scenario-based approach within ALM emphasizes global megatrends as well. At the same time, this approach is highly sensitive to various data, and we have refined its ability to look at a small change that has been discovered and to determine whether it is a sign of something bigger, or nothing but noise. We are making full use of the twin strengths of this approach—which can monitor conditions from a bird’s-eye view with the observational strength to glean actual circumstances—to enhance liquidity risk management and our predictive risk management system, two priority issues within ALM.

\* Identified as “rapid advancement of urbanization,” “climate change and resource shortages,” “demographic changes,” “shifts in global economic power,” “technological advancement,” and “global multipolarization”

The combination of a scenario-based approach with a data-driven approach leaves us prepared for a full bevy of possible changes. In addition to interest rate sensitivity and credit analysis (analysis of the impact of interest rate fluctuations on earnings), the ALM Committee conducts a comprehensive verification that covers, among other things, market risks stemming from stress in financial or other markets,

liquidity risk, and the impact of these factors on profit and loss. Moreover, the committee determines fundraising strategies and risk response policies in pursuit of greater Companywide strategies. Looking at risk management in particular, the ALM Committee operates in cooperation with the Risk Management Committee and adopts a Companywide perspective as part of integrated risk management. We are confident that, by strengthening our predictive management system and combining it with our contingency plans, we will be able to increase the flexibility and resilience of our financial structure in times of crisis.

The role of diversified funding is not only in helping form a stable funding base; it also serves to confirm signs of change. Beyond the aforementioned, such funding serves as an important measure that will improve resilience in the event of financial market turmoil or other forms of shock. In the domestic capital market, we are making efforts to issue wholesale bonds aimed at institutional investors and retail bonds targeting individual investors. With careful marketing, these bonds are expected to grow as a stable part of the funding market. In April 2018, we were the first leasing company to issue a green bond through a public offering in Japan. In overseas capital markets, we are working to expand our foreign currency financing methods, such as issuing 144A corporate bonds in the United States, U.S. commercial papers, and medium-term notes (MTNs). Furthermore, we would like to take some strategic steps forward in the asset-turnover businesses by taking advantage of various asset characteristics. In this and other ways, we will maintain the soundness of our portfolio, creating cash flows through sales, asset-backed securities (ABSs), and other liquidation measures, fixing profits, and making effective use of owned assets.

### ■ Enhancing Our Global Financial System

In recent years, the Group has been taking steps to globalize its business. Accordingly, we are going forward with the reconstruction of regional financial bases in order to increase foreign currency fundraising capabilities needed to support overseas expansion. As a first step, we have staffed a local subsidiary in New York responsible for certain corporate functions in North America. Beginning in April 2019, we charged this subsidiary with financial functions and made it a regional financial base, thus establishing a Group financial system in North America. In addition to indirect fundraising, this base will issue U.S. commercial papers and MTNs and carry out other forms of fundraising, while providing funding to Group companies operating in North America. We have also enhanced the base’s monitoring functions over financial conditions, making it possible to gather information on the financial front. We are promoting knowledge and information sharing within the Group and working to create a system that will enable optimal operational support in North America.

### ■ Cultivating Human Resources Who Can Respond to Changing Times

Developing human resources who can put our financial strategy into practice is a pressing issue. What we ask of our human resources is about more than “assets” and “liabilities” on a balance sheet—it is about the ability to see what is happening across the entire Company; it is about the ability to read new developments in our financial condition as brought about by small changes; and it is about the ability to build relationships with a variety of stakeholders. We need to develop human resources who can intelligently increase and share their knowledge gained through these actions while being mindful of imparting their knowledge to the next generation of employees. We would like to initiate employee exchanges between those who see things from a financial perspective and those in the sales department to produce a steady stream of human resources with an ever-wider skill set.

### ■ Maintaining a Resilient Financial Structure

The rapid spread of COVID-19 at the beginning of 2020 affected financial markets and society in a variety of ways. However, thanks to our enhanced predictive management, we were able to address these changes relatively quickly at an early stage. We enhanced liquidity risk management to increase liquidity on-hand\* while maintaining financial discipline. Furthermore, we quickly moved to acquire necessary long-term funds, which will be reflected in our consolidated financial results for fiscal 2020, and are continuing to secure such funds in a prompt manner. We have been making thorough preparations since April 2020 with actions that include the regular issuance of domestic and U.S. dollar bonds, as well as procuring long-term, stable funds made possible through repeated interactions with major financial institutions.

\* Cash and cash equivalents as of March 31, 2020: ¥466.2 billion (compared with ¥195.8 billion as of March 31, 2019), net debt-to-equity ratio: 5.74 times (compared with 5.63 times as of March 31, 2019), equity ratio (calculated by subtracting the ¥270.3 billion increase in cash and cash equivalents from the previous fiscal year-end from total assets): 12.9% (compared with 13.0% as of March 31, 2019)

Since the global financial crisis of 2008, we have seen excess liquidity and excess debt, as well as so-called “green swan” events that occur when climate change risks are not factored into market value. The world is more volatile, more uncertain, more complex, and more ambiguous than ever. I am convinced that responding strongly to the times, staying ahead of changes in the operating environment, and maintaining a flexible and strong financial structure will lead to the sustainable growth that is the namesake of our Medium-term Management Plan—**Sustainable Growth 2030**~.



## Risk Management for the Mitsubishi UFJ Lease & Finance Group

# The Growing Importance of Risk Management for Sustainable Growth



**Tsuyoshi Nonoguchi**

Senior Managing Director  
in charge of Corporate Center

Our aim is to increase corporate value and achieve sustainable growth by monitoring changing market conditions in the medium-to-long term and by identifying and helping solve social issues. In that sense, it is ever-more important to build a robust risk management system that can ensure stable management even when the operating environment is undergoing drastic change.

### ■ Risk Assessment That Permits the Development of a Variety of Businesses

In recent years, the Mitsubishi UFJ Lease & Finance Group has expanded its overseas businesses, opening up new business opportunities in several fields. What is important when developing such businesses is assessing the relevant risks. We closely examine each business' profile to gain a deep understanding of the nature of its transactions and assets, and use this information to make optimal assessments.

Having a comprehensive grasp of the Group's various businesses and quantifying them on a common scale make it possible for the Group to appropriately manage and control its risks as a whole.

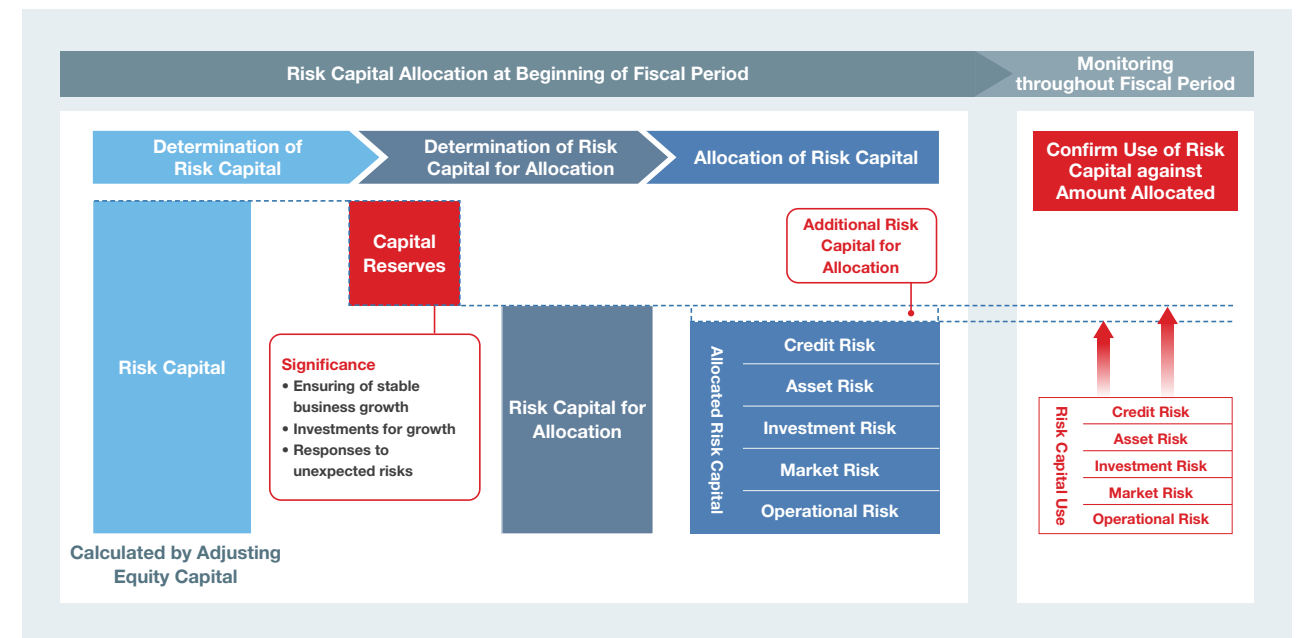
### ■ Support for Stable Operations through Risk Capital Management

We operate businesses that incorporate an integrated risk management framework based on these quantified risks while maintaining stable financial management in order to increase profitability and raise capital efficiency.

To ensure such stable management, we formulate a yearly Groupwide risk capital management plan based on its Risk Capital Management Policy. The plan, which also draws from the Groupwide investment plan, takes full consideration of risk fluctuations, capital adequacy, investment capacity, and other factors. The plan is subjected to deliberation by the Risk Management Committee, comprising top management and the heads of relevant departments, after which it is approved by the Management Committee and reported to the Board of Directors.

The Company has built a system through which it engages in routine monitoring throughout the fiscal year of its various portfolios, market conditions, and industry trends as well as the use of risk capital in accordance with quantified risks. The Company also works to appropriately control risks within the scope of its management capabilities as part of this system.

### ■ Risk Capital Management to Ensure Stable Financial Management



### ■ A Risk Management System Applicable to Individual Transactions

It is important that a groupwide risk management system, such as the one utilized by Mitsubishi UFJ Lease & Finance, be adaptable to the rationale driving each individual transaction. The Group holds investment council meetings for investment projects involving certain amounts of money or higher, and considers these projects in terms of whether they will yield a return commensurate with capital costs based on a risk assessment. In addition to the risk-return perspective, experts from specialized departments consider and discuss each project in terms of business feasibility, financial stability, and legality, after which top management determines the overall feasibility of a project. As the contents of individual investment transactions are becoming increasingly diverse and complex, we are building a mechanism to examine risks from multiple perspectives while pursuing adequate returns. For other individual transactions, we also apply investment guidelines that reflect capital costs.

In these ways, the Company has established a comprehensive management system centered on risk assessment, from Groupwide integrated risk management led by top management to the perspective of individual transactions under consideration by respective departments.

### ■ Targeting of Sustainable Growth

In light of the rapid changes in the external business environment and increasing uncertainty regarding unclear economic and social conditions, business operations that can account for various situations are more necessary than ever before.

For this reason, we conduct stress tests based on multiple potential scenarios and perform multifaceted assessments to ascertain the Group's risk resilience, even at the cusp of a New Medium-term Management Plan. The Group also strives to diversify its portfolio while conducting regular monitoring of various relevant criteria and compliance with credit limits extend to major obligors, in order to avoid the concentration of risks by country, region, obligor, and asset type, among others.

For major assets, we regularly monitor industry trends and signs of asset value fluctuations, and are working to enhance our predictive management system, which allows us to reflect these changes in our business operations accordingly.

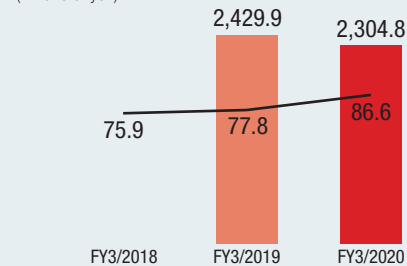
In order to expand into new fields and work toward sustainable growth, it is necessary to improve our risk management system to craft a more flexible response to new risks and unexpected events. We will work to further enhance our risk management system, create value for society, and thereby increase corporate value.

Risk Management System Overview P52

## Customer Business

### Divisional Earnings\*1 / Divisional Assets\*2 \*3 (Customer Business)

(Billions of yen)



— Divisional earnings ■ Divisional assets

\*1 Gross profit (prior to allocation of financial expenses) plus equity-method earnings and dividend income

\*2 Operating assets plus equity-method investments. Disclosure of divisional assets started with the announcement of financial results in fiscal 2019

\*3 Due to a change in the definition of operating assets from the first quarter of fiscal 2020, figures for divisional assets presented here differ from those in "FY3/2020 Results," the financial summary for fiscal 2019

## Domestic Customer Business

We operate sector business departments that utilize their knowledge and expertise in specific industries to provide asset utilization value for large companies, in addition to existing financing services. We also operate area business departments that propose solutions to a variety of issues based on the characteristics of a given region as well as domestic Group companies that, among other activities, provide PC rental and security services, conduct sales of used equipment, and store customer inventory. As a result, we are able to provide customers across Japan with optimal solutions utilizing all of the Group's functions.

### Fiscal 2019 in Review

In sector business departments, we shifted our business model away from sales of goods, in which partner companies manufacture and sell products, to sales of services, which involve the provision of subscription, sharing, and other services. During this transition, we worked to create collaborative businesses that could take advantage of our unique asset and business risk-taking capabilities while also providing financing as asset holders.

We divided our area business departments and branches into three groups: a group of area businesses handling companies in metropolitan areas, a group of area businesses that focuses on machinery for the manufacturing industry and which handles manufacturers dealing with automobiles and other fields, and group area businesses responsible for large territories. By grouping our area business departments and branches and clarifying their respective roles, we realized more efficient business development.

The group of area businesses in charge of companies in metropolitan areas worked to maintain and increase profits derived from financing activities and cooperated with the Sector Business Departments to upgrade its comprehensive finance solutions. In addition, the group of machinery-focused area businesses strengthened its asset finance business, which is rooted in machine tools. Finally, the group of area businesses that handles large territories focuses on the characteristics of each assigned area and pursues an efficient business model utilizing appropriate channels of information and resources, among others.

We restructured domestic Group companies from the perspective of increasing profitability and growth and in relation to Groupwide strategy. We were able to achieve results in terms of

striking a balance between top-line management and efficient management, the basic policy of the previous Medium-term Management Plan, making for a fruitful three years.

### Business Strategy of New Medium-Term Management Plan

To increase profitability and improve ROA, we will work to optimize our asset portfolio by reducing assets with relatively low profitability, such as installments and loans, over time when there is no prospect of secondary profits through re-leasing or other means. At the same time, we will incorporate collaborative businesses with leading companies and other assets with high profitability as a means to enter growth areas. For the above to occur, we are going to further strengthen the industry-specific nature of our sector business departments in a move to refine our sector strategy. Doing so will allow us to establish multiple collaborative businesses aimed at creating demand, made possible by working with leading companies in each respective sector to provide financing services and increase asset utilization value, while also enabling us to accumulate superior assets. We will also bring greater clarity to the roles of our area business departments and branches, adding a group of area businesses centered on large companies to our existing three groups, and develop a full range of financial solutions rooted in value for our customers.

With our eyes on life with and after COVID-19, we are pursuing an effective, non-face-to-face business model and facilitating dealings with a wider range of customers than ever before.



Kazuhiko Takeuchi

Managing Executive Officer  
in charge of Corporate Center

Divisional earnings for Customer Business for fiscal 2019 rose ¥8.7 billion year on year, to ¥86.6 billion, due to the inclusion of profits and losses of ENGS Holdings Inc. (ENGs), which became a consolidated subsidiary in fiscal 2018, as well as to the growth of existing overseas business bases. Conversely, divisional assets decreased ¥125.0 billion year on year, to ¥2,304.8 billion, due to the impact of consolidating an affiliated company.

|          | Major Achievements of Previous Medium-Term Management Plan<br>(fiscal 2017–fiscal 2019)   | Major Goals of New Medium-Term Management Plan<br>(fiscal 2020–fiscal 2022)   |
|----------|---|---|
| Domestic | <ul style="list-style-type: none"> <li>Progress made by Sector Business Departments in collaborative efforts with partner companies. Efficiency promoted by Area Business Departments and Branches by clarifying operational functions</li> <li>Reorganized domestic Group companies</li> </ul>       | <ul style="list-style-type: none"> <li>Optimize asset portfolio in existing businesses by gradually decreasing proportion of less profitable assets, such as loans and installment sales, and replacing them with more profitable assets in growth areas</li> <li>Refine sector-specific strategies in growth areas to accelerate creation of collaborative businesses with leading companies aimed at creating demand</li> </ul> |
| Overseas | <ul style="list-style-type: none"> <li>Increased business with local and multinational companies while maintaining business with Japan-affiliated bases</li> <li>Acquired ENGS Holdings Inc. in U.S. and established automobile auction joint venture in Indonesia with PT. Blue Bird Tbk.</li> </ul> | <ul style="list-style-type: none"> <li>Enhance efficiency of existing businesses by digitalizing operations, reviewing scope of duties at each business base, and taking other measures</li> <li>Promote efforts by ENGS Holdings Inc. centered on vendor financing, an important industry pivot point</li> <li>Open up business in emerging countries by collaborating with local partners</li> </ul>                            |

## Overseas Customer Business

We leverage our global network, which extends to the Americas, Asia, and Europe, to provide a variety of solutions to local, international, and multinational companies, with services attuned to the needs of each country and region.

### Fiscal 2019 in Review

The Overseas Customer Business provides a variety of solutions to local, international, and multinational companies, with an emphasis on North America and Asia.

As part of our strategic investments, we acquired all shares in ENGS Holdings Inc. (ENGs), a U.S.-based company that provides vendor finance solutions for trucks and trailers, machine tools, and construction equipment, in December 2018. With the addition of ENGs to the Group, we were able to leverage strategic investments to achieve our goal of improving our top line, with the company being a factor in our exceeding our divisional earnings goals.

In May 2019, we established joint venture PT. Balai Lelang Caready with PT. Blue Bird Tbk., the largest taxi operating company in Indonesia, to both strengthen the value chain in the automobile sector and further expand our leasing business in the country. In July of that same year, we invested in GOJEK, the leading digital platform provider in Southeast Asia, a step toward gathering knowledge and expertise in the mobility and digital fields.

### Business Strategy of New Medium-Term Management Plan

We intend to leverage the Overseas Customer Business to improve profitability as we respond to challenges facing our customers and society. Specifically, in North America and Asia, where the population is expected to grow, we will expand



Yasuyuki Hirota

Managing Executive Officer  
in charge of Corporate Center

product development with a greater emphasis on customer needs. We also plan to increase profitability by implementing risk control and increasing asset efficiency through our asset-turnover businesses and other means.

At existing overseas business bases, we will establish country-specific strategies and promote focused operations and product reviews and optimization. We will also advance vendor financing with ENGs, concentrating on transportation, manufacturing, and construction as important industry pivot points. In addition, we will invest in VietinBank Leasing Company Limited, a major leasing company based in Vietnam, to mark our full-scale entry into the Vietnamese market. Going forward, we will continue to develop markets by collaborating with local partners in rapidly growing emerging countries.

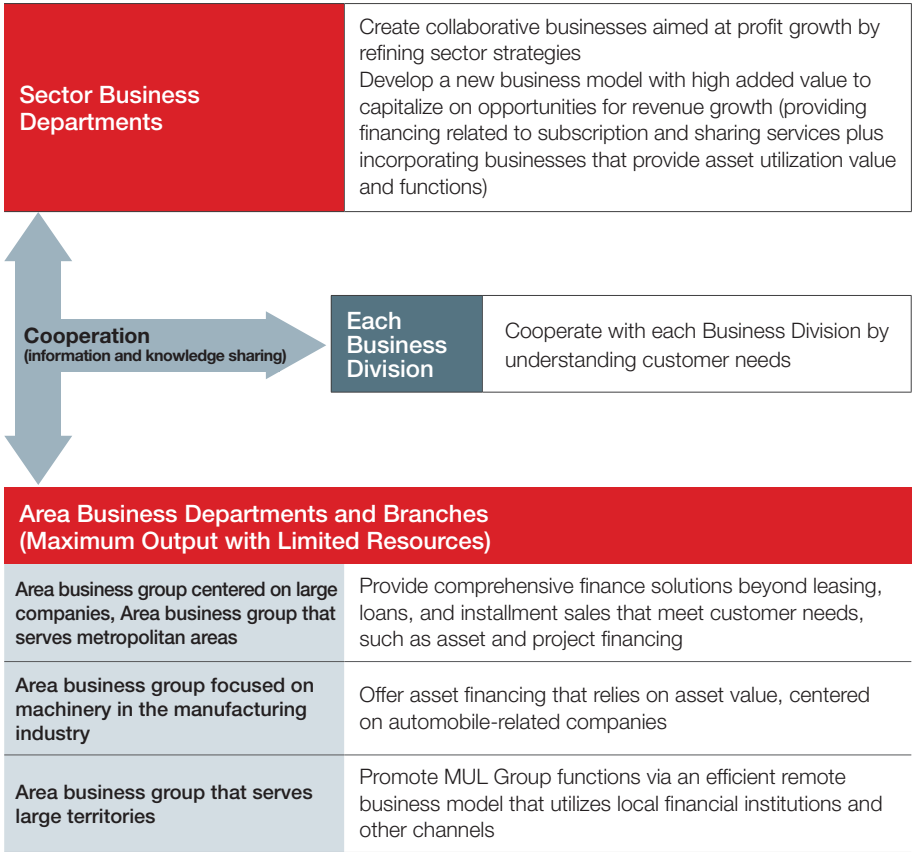


## Area Company / Machinery Business Company

As a vital foundational business for the Group, the Domestic Customer Business works in collaboration with each business division and the Overseas Customer Business while offering various functions to customers. The Group’s business bases and Group companies, located all over the world, work closely with each other to share information and knowledge and operate businesses from the perspective of creating value for customers and eschewing conventional ideas to create and actualize new business models with added value.

| Area Company               | Sector Business Departments   |
|----------------------------|---|
|                            | With the operational support they receive through their ties with the Project Acceleration Department and other departments, coupled with the sector-specific knowledge that has been accumulated and enhanced by clarifying the divisions between each sector in charge, our sector business departments are working on project financing, equity transactions, and other highly difficult projects. To actualize collaborative businesses with large international companies, we are taking actions that include working with the Mitsubishi Financial Group and other entities to evaluate businesses via a hitherto unused approach. This allows us to build highly competitive collaborative businesses while realizing a business model that fuses finance with business. |
|                            | <b>&lt;Specified Sectors&gt;</b><br>Automobile and auto parts manufacturers<br>General trading companies (Mitsubishi Corporation)<br>Telecommunications and electronics<br>Living and services (logistics, transportation, real estate, construction, retail, service, food and dining)   |
|                            | Area Business Departments and Branches  |
|                            | Our area business departments and branches engage in strategic operations as a group of financial professionals, working in line with the characteristics of their respective locations and drawing from the strong customer base that we have cultivated over many years. In recent times, we have also been promoting efficient operations by consolidating business bases and introducing IT and digital tools and utilizing the time freed up by these efforts to identify solutions that can meet customer needs more effectively than ever before. We are systematically linking a wide range of information from across the Company, collected from our area business departments and branches through close communication with long-standing and familiar customers.    |
| Machinery Business Company | <b>&lt;Groupings of Area Business Departments and Branches&gt;</b><br>Area business group centered on large companies<br>Area business group that serves metropolitan areas<br>Area business group focused on machinery in the manufacturing industry<br>Area business group that serves large territories  |
|                            | Industrial Machinery Department   |
|                            | We provide leasing and financing services for semiconductor manufacturing equipment as well as remarketing services for customers active in the electronics industry in Japan and overseas. We also utilize our many strategic partners and trading bases, in addition to the specialized knowledge and expertise we have accumulated to date, to plan new businesses and products that will accurately capture market demand.  |
|                            | Machinery Business Department   |
|                            | We conduct business focused on the property value of items such as machine tools, injection molding machines, and paper manufacturing tools for customers in the metal processing industry, the plastic processing industry, and the paper manufacturing industry, with locations in Tokyo, Nagoya, and Osaka. In addition to regular finance leasing, we offer a variety of services such as machine tool speed leasing* and property trade-in assessments through our Group companies.  |
|                            | <small>* A service that features faster screening and contracting procedures for machine tools for customers considering capital investments, applicable to property for large major manufacturers</small>  |
|                            | Vendor Lease Department   |
|                            | We partner with supplier companies in a variety of industries to support capital investments for condominium management associations, small and medium-sized companies, and sole proprietors. Every year, the sales methods and customer needs of domestic and overseas manufacturers and sales companies become more diverse. However, we are able to confirm real issues through careful communication and take advantage of our unique risk-taking capabilities to create business opportunities and expand business areas.  |

### ■ Area Company Strategy



**Masashi Nakano**  
Managing Executive Officer  
Head of Machinery Business Company

### Provision of Services Based on Asset Value

The Machinery Business Company aims to improve profitability by shifting away from conventional corporate finance—the profit base for the Domestic Customer Business—to businesses that rely on asset value. We have been gathering data on the secondhand value of various types of equipment as part of our

business to date, and now we are able to accurately determine the current value of an asset. In a conventional contract under which an asset is leased to a customer (a company), depending on the customer’s situation, there are cases where the contract cannot be finalized from the perspective of risk. However, instead of limiting ourselves to a one-asset-per-one-customer approach, we can provide services that consider the entire life cycle of an asset to multiple customers by accurately ascertaining the secondhand value of an asset once its leasing contract is completed and re-leasing that asset to a customer who can bring out that value. By doing so, I believe we can create new business opportunities.

Over the course of the New Medium-term Management Plan, we aim to expand our business by providing services that cover an asset’s entire life cycle, from sales and maintenance to dismantling and disposal or resale. Going forward, we will share information more thoroughly between U-MACHINE Inc., which has long been involved in the purchase and sale of machine tools and boasts a top-class track record, the Machinery Business Department, which focuses on financing for machine tools and construction machines, and the Industrial Machinery Department, which concentrates on financing for semiconductor manufacturing equipment and used trading, while working to enhance our business model further.

# Aviation Business Division

We provide a wide variety of services including aircraft and aircraft engine leasing, engine parts-out, and Japanese Operating Leases (JOL).

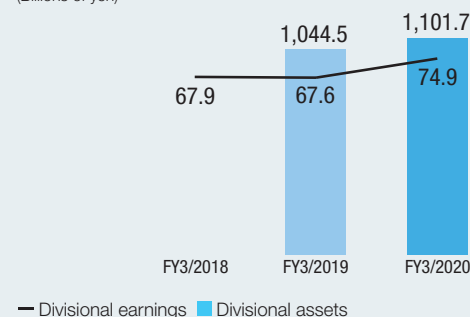


**Osamu Muramoto**

Managing Executive Officer  
Global Head of Aviation Business Division

## Divisional Earnings / Divisional Assets

(Billions of yen)



— Divisional earnings ■ Divisional assets

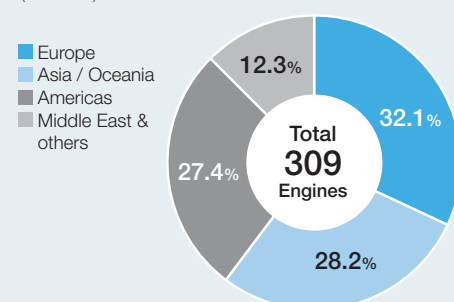
## Principal Companies

| Company                            | Ownership Ratio* | Main business                      |
|------------------------------------|------------------|------------------------------------|
| MUL (Aviation Business Department) | —                | Japanese operating lease           |
| Jackson Square Aviation (JSA)      | 100.0%           | Aircraft leasing                   |
| Engine Lease Finance (ELF)         | 100.0%           | Aircraft engine leasing, parts-out |

\* Includes indirect ownership portions

## Owned Engines by Regions

(FY3/2020)



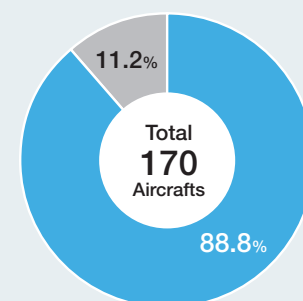
|                            | Major Achievements of Previous Medium-Term Management Plan (fiscal 2017–fiscal 2019)  | Major Goals of New Medium-Term Management Plan (fiscal 2020–fiscal 2022)   |
|----------------------------|---|--|
| Aviation Business Division | <ul style="list-style-type: none"> <li>Strengthened unified management of the Aviation Business Division</li> <li>Diversified origination channels of aircraft and engine transactions (direct orders to manufacturers, etc.)</li> <li>Succeeded in cultivating new top-tier airline customers for JOL</li> <li>Invested in INAV Group, LLC (INAV), a U.S.-based aircraft engine parts-out company</li> <li>Diversified foreign-currency financing (issuance of private-placement bonds)</li> </ul> | <ul style="list-style-type: none"> <li>Maintain and grow a quality aircraft and engine lease portfolio including via portfolio acquisitions</li> <li>Expand business scale and capabilities by partnering up with the U.S. and European investors</li> <li>Capitalize on the JOL expertise and investor base to develop and offer products and services</li> </ul> |

## Owned Aircraft by Types and Regions

(FY3/2020)

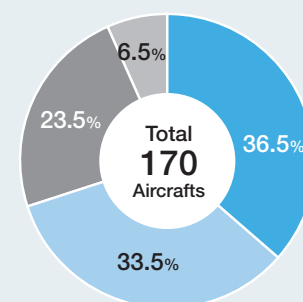
### By Asset Type

■ Narrow body  
■ Others



### By Region

■ Asia / Oceania  
■ Americas  
■ Europe  
■ Middle East & others



## Fiscal 2019 in Review

Divisional earnings for fiscal 2019 rose ¥7.2 billion year on year, to ¥74.9 billion, mainly due to an increase in aircraft and engine leasing and trading revenues. In addition, divisional assets increased ¥57.1 billion year on year, to ¥1,101.7 billion.

While the spread of COVID-19 brought major changes to the Company's surrounding operating environment from February 2020 onward, the fiscal year as a whole presented a good market environment overall. As a result, the Aviation Business Division was able to achieve its targets.

In aircraft leasing, we succeeded in building quality aircraft assets, in spite of the grounding of Boeing 737 Max 8. Aircraft engine leasing saw profit growth by maintaining a high asset utilization rate. JOL has been building excellent strategic projects, and entered into a leasing deal with a new airline company. Overall, it was a good fiscal year for the division, both in financial results and in quality of business.

Over the course of the previous Medium-term Management Plan, streamlining of aircraft and engine leasing, parts-out and JOL businesses managed all under the same Division strengthened the group capabilities as a whole by offering a wide range of products and services. Particularly, our investments in the parts-out company INAV gave us the ability to better grasp the appropriate exit timings of engines, further diversifying and maximizing revenue opportunities for the Group.

We have also built strong relationship with the manufacturers by placing direct orders with them as a part of our aircraft and engine transaction origination strategy.

## Business Strategy of New Medium-Term Management Plan

As COVID-19 sends the aviation industry into an unprecedented phase, we believe it is paramount that we provide services and take swift actions that address customers' situations. Looking back to the past, the aviation industry has historically been a cyclical industry. However, the aircraft and engine assets have long economic lives, calling for management with a medium- to long-term perspective. Therefore, in the New Medium-term Management Plan, we plan to expand our portfolio size and increase profitability through continuous and selective acquisitions primarily consisting of sale-and-leasebacks\* amounting to 10 to 15 aircraft a year and approximately \$300 million engines a year., Simultaneously, from the risk and portfolio management perspective, we will continue to focus on managing narrow-body aircraft and engines that have high market demands and marketability to maintain a portfolio that is top-tier quality in the industry. In promoting our strategy, we will further strengthen our relationships with aircraft and engine manufacturers and further expand our European and American institutional investor base and as well as our investor base in Japan.

In addition, over the course of the previous Medium-term Management Plan, we embarked on a limited partnership for investing in a venture capital fund with a view to developing businesses in the aerospace sector. As a part of the New Medium-term Management Plan, we will undertake to develop the business and capitalize on opportunities with the next decade in perspective as we recognize the accelerated pace of digitization and utilization of next generation technologies.

By strengthening and leveraging on our integrated Group capabilities, we will continue diversifying divisional revenue sources and dimensions, thereby contributing to the Group's financial growth.

\* A form of transaction where an aircraft is purchased from an airline customer, then leases that same aircraft back to the same airline.



## Real Estate Business Division

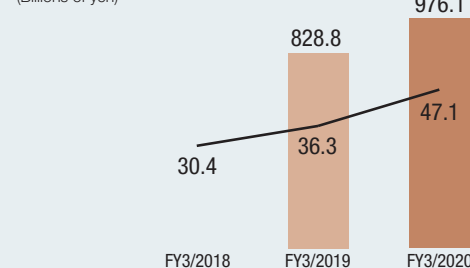
We offer a wide range of services, including real estate leasing for construction and the leasing out of properties according to customer specifications, in addition to securitization financing for offices, commercial facilities, residences, logistics facilities, and other profit-generating real estate. Moreover, we take a hands-on approach to real estate revitalization investment that aims to raise the value of aged buildings, and real estate asset management covering private REITs.

Yasushi Okahisa

Managing Executive Officer  
Head of Real Estate Business Division

### Divisional Earnings / Divisional Assets

(Billions of yen)



— Divisional earnings ■ Divisional assets

### Principal Companies

| Company                               | Ownership Ratio* | Main Business                                       |
|---------------------------------------|------------------|---|
| MUL (Real Estate Business Department) | —                | Real estate finance                                 |
| MUL Property (MULP)                   | 100.0%           | Real estate lease                                   |
| MUL Realty Investment (MURI)          | 100.0%           | Real estate revitalization investment               |
| MUL Realty Investments (MRI)          | 100.0%           | Overseas real estate finance                        |
| Diamond Asset Finance (DAF)           | 100.0%           | Real estate rental and other real estate finance    |
| Miyuki Building                       | 98.3%            | Real estate rental                                  |
| MUL Realty Advisers Company (MURA)    | 66.6%            | Real estate asset management                        |
| Center Point Development (CPD)        | 33.4%            | Asset management services for logistics real estate |

\* Includes indirect ownership portions

### Amount of Equity Contribution for Real Estate Financing\*1\*2

(Billions of yen)

|                                       | FY3/2019 | FY3/2020 | Change from FY3/2019 |
|---------------------------------------|----------|----------|----------------------|
| Total                                 | 92.9     | 99.2     | +6.3                 |
| Domestic securitization finance       | 31.9     | 32.3     | +0.3                 |
| Real estate revitalization investment | 60.9     | 66.9     | +6.0                 |

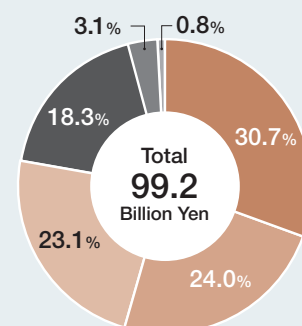
|                               | Major Achievements of Previous Medium-Term Management Plan (fiscal 2017–fiscal 2019)   | Major Goals of New Medium-Term Management Plan (fiscal 2020–fiscal 2022)  |
|-------------------------------|--|---|
| Real Estate Business Division | <ul style="list-style-type: none"> <li>Reinforced real estate revitalization business</li> <li>Expanded asset management business</li> <li>Increased investment in logistics development</li> <li>Engaged in full-scale operations of securitization finance business</li> </ul> | <ul style="list-style-type: none"> <li>Improve profitability of finance business in Japan</li> <li>Expand real estate securitization finance business overseas</li> <li>Enhance all of the functions of the real estate investment business, from investment to asset management</li> </ul> |

### Ratio of Amount of Equity Contribution for Real Estate Financing\*1\*2

(FY3/2020)

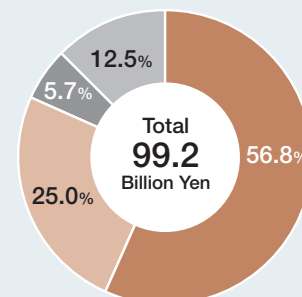
#### By Asset Type

- Office
- Hotel
- Commercial Facility
- Logistics
- Residence
- Others



#### By Region

- Tokyo Metropolitan District
- Osaka Metropolitan District
- Nagoya Metropolitan District
- Others



\*1 Management accounting value (total equity contribution value in domestic securitization financing and real estate revitalization investment) does not match equity among divisional assets as some investments were turned into consolidated subsidiaries with investments and capital being offset and eliminated in financial accounting processes.

\*2 Divisional assets corresponding to domestic securitization finance amounted to 31.8 billion for FY3/2019 and 40.7 billion for FY3/2020 while those corresponding to real estate revitalization investment came to ¥111.1 billion for FY3/2019 and 170.3 billion for FY3/2020.



### Fiscal 2019 in Review

Divisional earnings for fiscal 2019 increased ¥10.8 billion year on year, to ¥47.1 billion, mainly due to an increase in revenue from real estate sales owing to the development of the asset-revolving business. Furthermore, divisional assets increased ¥147.3 billion year on year, to ¥976.1 billion, due to the solid performance of new transactions for real estate revitalization investment, securitization finance, and real estate leasing.

In the previous Medium-term Management Plan, we promoted two main courses of action in order to respond to volatility in the real estate market. The first course of action was reinforcing the real estate revitalization business. The Mitsubishi UFJ Lease & Finance Group has been engaged in the real estate revitalization business since 2016, leveraging the knowledge gained from real estate leasing and securitization finance. When conducting hands-on investment of the kind that goes into real estate revitalization business operations, it is important to strengthen organizational aspects, such as the cultivation of human resources and accumulation of operational expertise. Over the three years of the previous Medium-term Management Plan we steadily posted achievements, and saw many projects through to their conclusion in fiscal 2019, making a significant contribution to revenue and resulting in real estate revitalization becoming a core business for this division.

The second course of action was diversifying the Group's real estate portfolio. In 2018, we engaged in capital participation in Center Point Development Inc., an asset management firm specializing in logistics real estate, aiming to expand the business in the logistics field, which is expected to grow in the future. Furthermore, we focused on securitization finance-related initiatives in both Japan and overseas, mainly in the U.S. We will continue to take on highly promising projects and develop our organizational systems.

Thanks to a collaboration with the Customer Business—which deals with customers from a wide range of industries and facilitates cooperation among our stockholders—Mitsubishi UFJ Financial Group, Inc., and Mitsubishi Corporation, we were able to connect many customers with suppliers.

Finally, MUL Realty Advisers Company Limited began

operations of private REITs in 2019, another significant achievement under the previous Medium-term Management Plan. As a result, we have been able to continuously provide operational and management functions to the Group for the stable operation of profitable real estate.

### Business Strategy of New Medium-Term Management Plan

The rapid advancement of urbanization and demographic changes envisioned in the New Medium-term Management Plan are global megatrends spanning the next 10 years that are directly connected to the Real Estate Business Division. Since we do not believe these overall global megatrends will change, it is important to respond to short-term changes while focusing on such long-term trends.

As a strategy for the New Medium-term Management Plan, we will initially address the issue of further improving profitability, which arose during the course of the previous Medium-term Management Plan, of the real estate finance business, including real estate leasing and securitization finance. For example, we will focus on new types of businesses that are a step up in complexity from conventional leasing and finance, such as the operation of multipurpose commercial facilities. Meanwhile, in order to grow sustainably, we will increase our focus on securitization in the U.S. and other areas where the market scale is expected to grow, as well as on the real estate revitalization business that encapsulates these global megatrends. In the real estate revitalization business in particular, it is necessary to further enhance our hands-on knowledge so that we can take advantage of short-term changes in the market. At the same time, we will consider cooperating with partner companies and inorganic approaches.

The strength of the Group is that it has expertise in both investment and finance, enabling it to meet the needs of all its customers and to propose new forms of real estate with them. In the future, we will create new businesses for the Group by balancing each business, including real estate leasing, securitization finance, real estate revitalization, and asset management, while closely cooperating with the Customer Business and other business sectors.



# Logistics Business Division

We have been serving global customers by utilizing our Group network and alliances with various companies. We deal with assets with high liquidity and value in the global market, including marine container and railcar leasing, ship financing, and mobility services with a focus on automobiles.

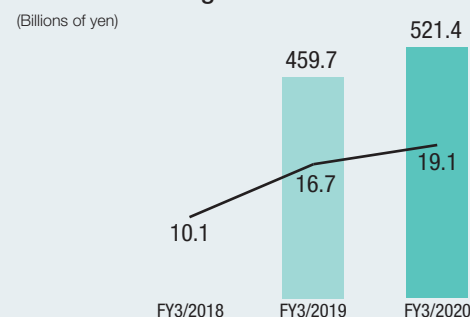


Kenji Yasuno

Senior Managing Executive Officer  
Head of Logistics Business Division

## Divisional Earnings / Divisional Assets\*

(Billions of yen)



— Divisional earnings ■ Divisional assets

\* Due to changes in definition of terms, there may be differences from the figures here and figures stated in "FY3/2020 Results," the financial summary for fiscal 2019.

## Principal Companies

| Company                             | Ownership Ratio* | Main Business          |
|-------------------------------------|------------------|------------------------|
| MUL (Logistics Business Department) | —                | Ship finance           |
| Beacon Intermodal Leasing (BIL)     | 100.0%           | Marine container lease |
| MUL Railcars (MULR)                 | 100.0%           | Railcar lease          |
| Mitsubishi Auto Leasing (MAL)       | 50.0%            | Auto lease             |

\* Includes indirect ownership portions

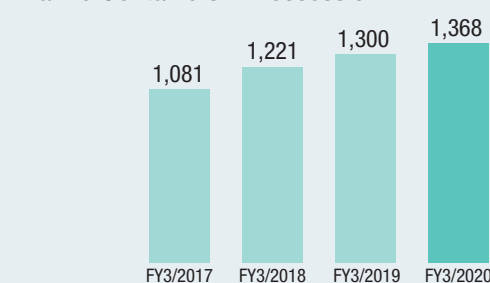
## Breakdown of Divisional Assets

(Billions of yen)

|                   | FY3/2019 | FY3/2020 | Change from FY3/2019 |
|-------------------|----------|----------|----------------------|
| Total             | 448.9    | 510.8    | +61.9                |
| Marine Containers | 215.0    | 219.2    | +4.1                 |
| Railcars          | 94.5     | 170.7    | +76.1                |
| Shipping          | 139.3    | 120.9    | -18.4                |

|                                   | Major Achievements of Previous Medium-Term Management Plan (fiscal 2017–fiscal 2019)         | Major Goals of New Medium-Term Management Plan (fiscal 2020–fiscal 2022)   |
|-----------------------------------|--|--|
| Marine Container Leasing Business | • Grew to sixth in the world with 1.30 million–1.40 million TEUs*                            | • Improve profitability by bolstering structure of resale business   |
| Railcar Leasing Business          | • MULR converted staff office and expanded business scope Grew fleet to over 16,000 railcars | • Increase number of railcars to 25,000 and become one of the top 10 in the industry   |
| Ship Financing Business           | • Steadily accumulated assets centered on existing finance business                          | • Promote equity investments Advance initiatives for automated driving and electric vehicles(EVs)  |
| Mobility Services Business        | • Formed agreement with ALD S.A. for joint venture in Malaysia                               | • Create new businesses through collaboration with partners by integrating our loan finance capability, in which we have a competitive advantage, customer base, and other methods Develop businesses in countries across Asia |

## Marine Containers in Possession



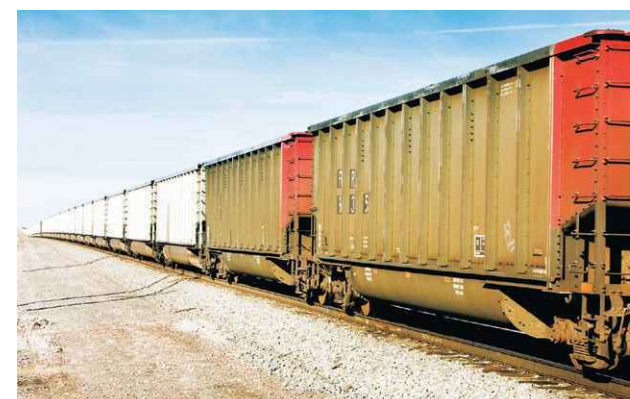
■ Number of marine container fleets (1,000 TEUs\*)

\* TEUs: Twenty-foot equivalent units (converted into 20-foot containers)

## Railcars in Possession



■ Number of railcars



## Fiscal 2019 in Review

Divisional earnings for fiscal 2019 rose ¥2.3 billion year on year, to ¥19.1 billion, mainly due to an increase in lease revenue from marine containers and railcars. In addition, divisional assets increased ¥61.6 billion year on year, to ¥521.4 billion, mainly due to extensions on railcar leases.

In the marine container leasing business, along with the railcar leasing business, the Company managed to build its portfolios and accumulate assets in line with its plans. The marine container leasing business was able to increase its scale to approximately 1.40 million TEUs, compared with 1.20 million TEUs at the start of the previous Medium-term Management Plan, thereby increasing total assets to over ¥200.0 billion. The railcar leasing business saw its fleet increase to over 16,000 railcars, up from 6,000 in 2017, when the business launched. We have also improved this business' organizational structure by establishing its own sales department.

In the ship financing business, we were able to make steady progress with our leasing and financing activities despite the slump in marine transportation.

In the mobility services on the domestic front, Mitsubishi Auto Leasing Corporation generated steady profits as an auto leasing business that utilizes approximately 260,000 vehicles and serves as the foundation of this business. In the mobility services overseas, we have operated auto leasing businesses in Indonesia and Thailand. In March 2020, with aspirations to enhance our presence in Southeast Asia, we reached an agreement with ALD, whose number of auto asset holdings is among the highest worldwide, to jointly establish an auto leasing company in Malaysia and thereby establish a foundation for future business expansion in Southeast Asia.

## Business Strategy of New Medium-Term Management Plan

In the marine container leasing business, a portion of its portfolio of assets have reached the typical selling age of 13 years, which is generally when a gain on sales could be expected. However, there are still not enough of these assets to begin generating these gains. As we continue to gather assets, we will also concentrate on developing and strengthening our resale framework in parallel. Furthermore, we

also aim to increase profitability by developing asset-turnover businesses. These actions would involve carrying out container asset management and other endeavors.

In the railcar leasing business, assets are still comparatively new on account of the business being in its infancy. We are currently in the process of building a portfolio for the business, so while it may take more time to increase profitability via asset turnover, we are taking steps to enhance human resources and strengthen the organizational framework. Under the New Medium-term Management Plan, we are aiming to increase our fleet to 25,000 railcars and become one of the top 10 in the industry. To this end, we are simultaneously looking into options such as large-scale purchasing.

To increase profitability in the ship financing business amid a slump in marine transportation, we will first promote equity investments and work to increase profitability from business participation and management, in addition to existing collateral-based financing. Moreover, we would like to promote automated driving, EVs, and other initiatives that progress the Company in terms of ESG and sustainability.

In mobility services, it is important that we identify and respond to major changes taking place across the entire industry. Therefore, in addition to auto leasing, which has been our focus so far, we will adjust by offering a wide range of services that make use of our assets, such as auto rental and sharing businesses. Collaborating with ALD, a company with a wealth of achievements under its belt, will help expand our network and gather know-how, while also making use of the Group's strengths—namely, its financing services and customer base—to develop our business.

As for the Logistics Business Division as a whole, we intend to expand intermodal transportation, which organically links the fields of marine containers, railcars, ships, and mobility services. At this current stage, our first priority is growing a solid foundation for each business, but we are also working to expand their scope and examine inorganic methods to enable the kind of one-stop transportation that customers want. In addition, we will also promote studies with a view to developing third-party logistics (3PL) and other efficient logistics services while also incorporating new technologies such as AI and the IoT.



# Environment & Energy Business Division

We invest in and finance various types of renewable energy projects, but mainly rooted in solar power generation. Therefore, we are focused on developing a solar power purchase agreement (PPA) model for rooftops as a new type of solar power generation, in addition to participating in a pilot project to create a virtual power plant (VPP), a next-generation energy management system. In this way, we aim to build a business model that will address the social demand for clean energy.



**Koji Nemoto**

Managing Executive Officer  
Head of Environment & Energy Business Division

## Divisional Earnings / Divisional Assets

(Billions of yen)



## Principal Companies

| Company  | Ownership Ratio* | Main Business   |
|--|------------------|---|
| MUL (Environment & Energy Business Department) | —                | Renewable-energy business                                     |
| MUL Energy Investment (MEI)                    | 100.0%           | Operation and asset management of renewable energy businesses |
| MUL Utility Innovation (MUI)                   | 100.0%           | Development of energy-related businesses                      |

\* Includes indirect ownership portions

|  | Major Achievements of Previous Medium-Term Management Plan (fiscal 2017–fiscal 2019)  | Major Goals of New Medium-Term Management Plan (fiscal 2020–fiscal 2022)  |
|--|---|---|
| Environment & Energy Business Division | <ul style="list-style-type: none"> <li>Accumulated solar power-related investment projects</li> <li>Started turnover of assets by strategically selling off businesses</li> <li>Entered into domestic biomass and onshore wind power generation businesses</li> </ul> | <ul style="list-style-type: none"> <li>Enhance renewable energy business through strategic investments</li> <li>Build alliances with strategic partners in utilities and other fields ahead of the coming end to Japan's feed-in tariff (FIT) scheme</li> <li>Expand renewable energy business in overseas markets (ASEAN, etc.)</li> </ul> |

## Breakdown of Divisional Assets

(Billions of yen)

|  | FY3/2019 | FY3/2020 | Change from FY3/2019 |
|--|----------|----------|----------------------|
| Total  | 140.6    | 184.3    | +43.6                |
| Debt   | 46.6     | 59.8     | +13.1                |
| Equity   | 19.5     | 30.1     | +10.5                |
| Power Generation Business Assets   | 67.3     | 82.9     | +15.6                |
| Others**2  | 7.0      | 11.3     | +4.2                 |
| (Reference) Output count for contributions for which operation has begun*3 | 393 MW   | 541 MW   | +148 MW              |

\*1 Includes equity-method investments

\*2 Solar power-related leases were recorded in Customers Business

\*3 Management accounting values



## Fiscal 2019 in Review

Divisional earnings for fiscal 2019 rose ¥4.4 billion year on year, to ¥11.1 billion, primarily from selling off assets, and from solar power plants that were previously under construction starting operations and their beginning to generate revenue from electricity sales. In addition, divisional assets increased ¥43.6 billion year on year, to ¥184.3 billion.

In the renewable energy business, we continued focusing on solar power as our mainstay field. To date, we have continued to accumulate assets based on the FIT scheme, and we understand that we have a certain responsibility to maintain possession of these assets as a member of the renewable energy industry. However, we are also launching an asset-turnover business that strategically replaces assets in anticipation of the end of the FIT period.

Furthermore, we have been active participants in fields outside of solar power. This includes participating alongside a partner company in a woody biomass power generation business in Oita City, Oita Prefecture, and investing in a 50,000 kW woody biomass power plant in Ibaraki Prefecture.

While the above efforts constitute FIT-oriented business activities aimed at electric power companies, we have conducted customer-oriented business activities as well. For instance, we installed solar power generation equipment and facilities as well as heat pump water heaters free of charge at customer sites in Miyakojima beginning in October 2019, and are working with partner companies in a renewable energy service provider (RESP) business, which acquires compensation in the form of service fees.

Moreover, in overseas developments an initiative launched two years ago, the decision was made to establish a joint venture with SPCG Co., Ltd., a major local solar power generation company in Thailand. In addition, we were able to proceed with overseas expansion in Taiwan by working with the Chilease Group, Taiwan's largest non-bank, as a strategic partner to invest in International Ocean Vessel Technical Consultant, an ocean research affiliate that specializes in offshore wind power.

## Business Strategy of New Medium-Term Management Plan

Amid growing concern over climate change worldwide, the Japanese government is carrying out various efforts to make

renewable energy one of its main power sources by 2030, based on the 5th Strategic Energy Plan, presented in July 2018. Renewable energy ranks among our priority fields in the New Medium-term Management Plan, and we intend to continue developing and promoting this field.

The Group's presence in the industry has expanded at a reasonable rate as a result of solar power projects going into operation and contributing toward higher power output. However, our share of the renewable energy generated domestically is currently around 1%, meaning there is considerable room for growth. Up to this point, we have accumulated assets with a focus on large-scale, "mega-solar power" projects, but we expect that demand for medium- and small-scale projects utilizing high-voltage power will increase going forward. To meet this upcoming demand, we are taking steps to strengthen our organization, which includes the opening of a new Energy Business Development Department in April 2020. We will also deepen discussions with our strategic partners regarding long-term ownership and utilization of assets after the conclusion of the FIT scheme.

Aside from solar power, the development of projects involving biomass power generation from domestic thinned wood and offshore wind power generation will start in earnest in Japan in 2021. We intend to make proactive efforts to this end, utilizing our know-how cultivated in the overseas infrastructure business.

We aim to build a track record and further expand overseas, both in Thailand, which is actively engaged in the pursuit of renewable energy, and Taiwan, where we have strong local partners. We will also continue building know-how related to VPPs—which amalgamate control over multiple facilities, such as small-scale power stations and storage batteries—and network systems that manage power demand. At the same time, we would like to contribute to the creation of smart communities.

As times change, the types of services required of the energy sector are expected to also change in various ways. We as a division are working to ascertain these changes accurately and make use of one of the Group's strengths—namely, its network of partner companies along with its pool of knowledge developed up to the present day—while making an active effort to expand business through inorganic growth or other means.



# Healthcare Business Division

We utilize our accumulated knowledge and expertise in financing and other aspects of the healthcare field to provide a wide range of integrated services, ranging from asset financing to operational support. These services include medical equipment leasing, assistance for opening hospitals and clinics, operation of healthcare complexes, securitization of healthcare facilities, medical fee factoring, consulting on medical equipment installation and operation, and sales of used medical equipment.



**Hironori Shiozawa**

Managing Executive Officer  
Head of Healthcare Business Division

## Divisional Earnings / Divisional Assets

(Billions of yen)



## Principal Companies

| Company                              | Ownership Ratio* | Main Business  |
|--------------------------------------|------------------|--|
| MUL (Healthcare Business Department) | —                | Medical equipment lease and medical fee factoring  |
| JAPAN MEDICAL LEASE                  | 100.0%           | Medical equipment and real estate lease  |
| MUL HEALTHCARE                       | 100.0%           | Support service for installment of medical equipment and medical institution consulting        |
| Healthcare Management Partners (HMP) | 66.0%            | Management of fund to support management specializing in the medical and long-term care fields |
| M-cast, Inc.                         | 100.0%           | Purchase and sale of used medical equipment  |

\* Includes indirect ownership portions

|                              | Major Achievements of Previous Medium-Term Management Plan (fiscal 2017–fiscal 2019)   | Major Goals of New Medium-Term Management Plan (fiscal 2020–fiscal 2022)   |
|------------------------------|--|--|
| Healthcare Business Division | <ul style="list-style-type: none"> <li>Selected recovery and rehabilitation field as a new core field of focus</li> <li>Increased investments in funds established by HMP</li> </ul> | <ul style="list-style-type: none"> <li>Expand assets under management in the recovery and rehabilitation field through the launch of a new fund by HMP, enter advanced rehabilitation fields through cross-industrial collaboration, etc.</li> <li>Assess feasibility of participation in digitalization business within the healthcare field</li> <li>Expand operational areas such as the financing of medical equipment on the overseas market through alliances with leading partners</li> </ul> |

## Breakdown of Divisional Assets

(Billions of yen)

|  | FY3/2019 | FY3/2020 | Change from FY3/2019 |
|--|----------|----------|----------------------|
| Total                                    | 146.2    | 152.2    | +5.9                 |
| Leases and installment sales*            | 104.3    | 106.9    | +2.6                 |
| Factoring                                | 24.9     | 24.8     | –0.1                 |
| Healthcare-related Loans and investments | 16.9     | 20.4     | +3.4                 |

\* Leases and installment sales to medical institutions and care homes recorded in the Domestic Customer Business are excluded.



## Fiscal 2019 in Review

Divisional earnings for fiscal 2019 rose ¥0.5 billion year on year, to ¥5.0 billion, due to the earnings growth of Group companies. In addition, divisional assets increased ¥5.9 billion year on year, to ¥152.2 billion, mainly due to the steady rise in the number of leasing and installment contracts for existing hospitals and clinics and the stable increase in the amount of investment and loans within the funds established by HMP.

The division was launched with the inaugural business strategy centered on an “integrated community care system,” but after a thorough investigation into the market during the previous Medium-term Management Plan, we have selected the recovery and rehabilitation field\* as our core field of focus going forward. Furthermore, we consider it a great achievement that, by undergoing this selection process and focusing our efforts, we were able to establish a system allowing for full-scale operations of the division going forward. During fiscal 2019, we reviewed our nursing care facility operation business in line with business restructuring, and accumulated investments and loans as part of the funds operated by HMP, which provide management support through healthcare-related asset management. With over half of these investments and loans going toward hospitals involved in recovery and rehabilitation, our move toward this field as a point of focus is becoming clearer.

In other initiatives, we have begun looking into the rehabilitation facility management business with multiple potential partners. In addition, the Group supported the establishment of the Iruma Hospital Cooperation Council in Iruma City, Saitama Prefecture, working through MUL HEALTHCARE CO., LTD., which provides consulting services for medical institutions. Following its establishment, the Group has initiated support for improvements to management, including joint purchasing of medical equipment and unified outsourcing of facility maintenance and other services.

\* Medical treatment and rehabilitation for returning patients who have undergone acute-stage care to their homes

## Business Strategy of New Medium-Term Management Plan

A strength of this business division is its customer base, with a track record of over 17,000 customer transactions nationwide including hospitals, clinics, and nursing care facilities. Another

characteristic of this business division is its variety of financial services that go beyond a simple leasing business.

We expect a hastening move to reorganize hospital and clinic beds away from those dedicated to acute-stage care, and toward expanding the number beds for recovery care from the perspective of tempering medical treatment expenses and also due to changing demand in medical treatment, an example of which is greater demand for rehabilitation in keeping with a rise in dementia and chronic illnesses stemming from Japan’s aging population. We also expect to see further calls to rebuild medical facilities as they continue to deteriorate on the domestic front. Amid these business conditions, we will focus on the recovery and rehabilitation field, chosen as a core business during the previous Medium-term Management Plan, while incorporating peripheral businesses. Specifically, we expect to meet a variety of customer needs, which may include ward reconstruction to facilitate the transition from acute-stage beds to recovery care beds, conversion of the beds themselves, and support to introduce optimal medical equipment. In doing so, we will offer a wide range of services across the entire division, such as financial proposals that utilize leasing, installation payments, and real estate securitization; consulting based on analyses of the medical field; and assistance with sales of used medical equipment. Furthermore, to surpass other leasing companies and promote business development in the recovery and rehabilitation field, we will thoroughly explore the possibility of commercializing rehabilitation facility operations.

We are also aiming for sustainable growth and contributions to consolidated earnings through HMP, which assists with management and operation of our fund management business.

With the ongoing spread of COVID-19, there is a growing interest in digitalization within the healthcare field in ways that include online medical care and electronic medical records, with the possibility that this trend will catch on rapidly. While we previously looked into entering the digitalization business within this business division, we would like to add to these efforts a sense of haste. We also intend to utilize our experience in Japan to investigate business development in Southeast Asia, where population growth is expected, with a plentitude of room for expansion in healthcare services as well. As a first step, we intend to build relationships with local medical facilities, utilizing the strengths of this business division, namely, medical equipment leasing and other forms of financing, as an initial spark.



# Infrastructure & Investment Business Division

We provide unique solutions to meet infrastructure demand, which is growing on a global scale. We operate private finance initiative (PFI) businesses, which utilize leveraging private-sector funding expertise, to construct and operate public facilities in Japan with first-class track records. In addition, we are developing a corporate investment business to take advantage of the knowledge and experience we have amassed thus far.

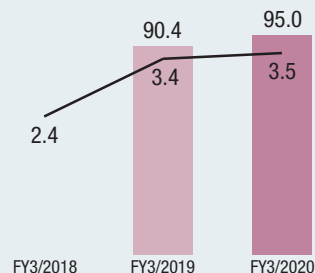


**Kunihiro Sawada**

Managing Executive Officer  
Head of Infrastructure & Investment Business Division

## Divisional Earnings / Divisional Assets\*

(Billions of yen)



— Divisional earnings ■ Divisional assets

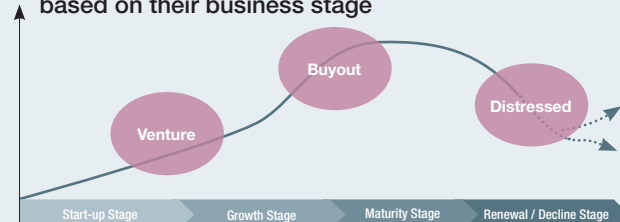
\* Due to changes in definition of terms, the figures given here may be different from those stated in "FY3/2020 Results," the financial summary for fiscal 2019.

## Principal Companies

| Company   | Ownership Ratio* | Main Business   |
|---|------------------|---|
| MUL (Infrastructure Business Department)                            | —                | Infrastructure business<br>PFI business                     |
| MUL (Investment Business Department, Structured Finance Department) | —                | Buyout financing<br>Private equity<br>Distressed businesses |
| Japan Infrastructure Initiative (JII)                               | 47.6%            | Infrastructure investment and loan                          |

\* Includes indirect ownership portions

## Investment Business / Structured Finance Department: Providing solutions to companies based on their business stage



|   | Major Achievements of Previous Medium-Term Management Plan (fiscal 2017–fiscal 2019)  | Major Goals of New Medium-Term Management Plan (fiscal 2020–fiscal 2022)  |
|---|---|---|
| Infrastructure & Investment Business Division | <ul style="list-style-type: none"> <li>Overseas infrastructure: Established businesses and accumulated track records in businesses priority fields (Infrastructure Business department: renewable energy in Europe and the U.S., power transmission and distribution, water, etc. /JII: rail in the U.K., etc.)</li> <li>PFI: Maintained a presence within the industry and reinforced business management systems</li> <li>Investment Business/ Structured Finance: Carried out measures aimed at developing platforms and expanding business</li> </ul> | <ul style="list-style-type: none"> <li>Overseas infrastructure: Accumulate high-quality assets and pursue higher profitability through business collaboration with leading companies within priority fields and other measures</li> <li>PFI: Enact effective initiatives for a diverse range of public and private businesses</li> <li>Investment Business/ Structured Finance: Expand revenue opportunities by providing loan/equity finance to companies based on their business stage</li> </ul> |

## Track Records of Overseas Infrastructure Investment

| Booking Party | Project Overview   | Remarks                                |
|---------------|--|--|
| MUL           | Offshore power transmission business in Germany                | In operation                           |
|               | Wind power business in Ireland                                 | In operation                           |
|               | Water supply business in the U.K.                              | Investment complete                    |
|               | Offshore wind farm project in the U.K.                         | Scheduled to start operating in 2022   |
|               | Power distribution business in the U.K.                        | Investment complete                    |
| JII           | Distributed generation PV solar portfolio in the U.S.          | In operation                           |
|               | Rail infrastructure initiative in the U.K.                     | In operation                           |
|               | Optical cable initiative                                       | In operation in the first half of 2020 |
|               | Passenger railcar lease and maintenance initiative in the U.K. | In operation                           |
|               | Passenger railcar lease initiative in the U.K.                 | Scheduled to start operating in 2022   |
|               | Toll highway operating company in India                        | Investment committed                   |



## Fiscal 2019 in Review

Divisional earnings for fiscal 2019 remained almost unchanged at ¥3.5 billion year on year due to the recording of up-front costs related to investee businesses. Divisional assets, which generate revenue, increased ¥4.5 billion year on year, to ¥95.0 billion, due to the returns from Investment / Structured Finance businesses, while expansion of investment for overseas infrastructure business.

Regarding the overseas infrastructure business, in June 2019 we invested in a distributed generation PV solar portfolio as our first project in the U.S. We also invested in a Power distribution business in the U.K. in August of the same year. Furthermore, Japan Infrastructure Initiative (JII), a joint venture between Mitsubishi UFJ Lease & Finance, Hitachi Capital Corporation and MUFG Bank, Ltd, supporting Japanese companies in exporting technology and products through its financing functions, added to its list of achievement, a passenger railcar lease and maintenance initiative in the U.K., etc.

Despite the overseas infrastructure business only commencing operations in 2016 and JII starting in 2017, it has been steadily building a track record over the course of the previous Medium-term Management Plan.

In the PFI business, we represented a consortium and received a mandate in October 2019 for the construction of a new government building in Kaizuka City, in Osaka Prefecture, bringing the company's cumulative PFI results to 61 projects (for 17 of which we represents the consortium). By leveraging approximately 20 years of accumulated experience and continuing to reinforce business management systems, we are maintaining a presence within the industry by accurately grasping the needs of public and partner companies.

In the Investment Business/ Structured Finance, meanwhile, we developed a platform over the past fiscal year for the further expansion thereof, taking into account the buyout finance, principal investment, and distressed business investments we have carried out until now. Moreover, we have launched new businesses with actions that include subscribing convertible bonds with subscription rights to shares of Infostellar Inc., a space industry startup company which provides an antenna-sharing platform to communicate with satellites, in March 2020.

## Business Strategies in the New Medium-Term Management Plan

Looking ahead to 10 years from now, we will work together with leading companies within our focus business fields and provide added value unique to the Group. Through these actions, we will contribute to solving such "Shared Issues of International Society" and "Operational Issues of Customers", in addition to realizing sustainable growth of the business.

In the overseas infrastructure business, we have been accumulating favorable results in the Renewable Energy and Social Infrastructure fields, which encompass renewable energy in Europe and the U.S., power transmission and distribution, water, and high-speed railways. These individual projects have allowed us to accumulate knowledge and experience while also strengthening our ties with leading companies in Japan and overseas that jointly invest in these business alongside us. As we build up knowledge and experience (including that which comes back within Japan) through our partnerships in the priority fields of power and water in Europe and the U.S., we will capture the growth of the global infrastructure market and turn it into a source of growth, linking the ability to provide more flexible solutions, such as participating in businesses at an earlier stage, and high profitability.

In the PFI business, there has hitherto been a focus on receiving facility maintenance fees from the public. However, recently public needs are diversifying, such as the need for more risk-taking by some private companies. Our goals are to continue expanding the reach of the business and demonstrating our presence within the industry by utilizing our knowledge gained from overseas infrastructure projects and promoting measures throughout the Group.

These goals are shared by both Japanese and overseas companies. That being said, in the infrastructure business the key to success is creating a win-win-win relationship between the actual users of infrastructure, applicable countries, and private companies that participate in the business. By considering the perspectives of the business' numerous stakeholders and creating value that realizes an optimal balance, we intend to contribute toward the creation of a sustainable society as a group.

In the Investment Business / Structured Finance, by providing finance and equity commensurate with the business stages of a company—the start-up stage, growth stage, maturity stage, and renewal and decline stage—we will cooperate with partner companies and improve the corporate value of investees and borrowers. By making progress with such initiatives, we aim to expand opportunities to generate revenue through income gains and capital gains. First, while strengthening collaboration with our partners and reinforcing buy-out finance initiatives, such as corporate carve-outs and business succession initiatives, we will promote private equity investments and carry out effective initiatives for distressed business investments and related fields, in addition to initiatives directed toward new business fields that utilize corporate investment skills.

To realize the goals of the Infrastructure & Investment Business Division, we will aim to continuously provide added value unique to the Group while promoting the cultivation and strengthening of necessary human resources and developing a platform comprising localization.

## Strengthening of Governance to Improve Corporate Value over the Medium-to-Long Term

## ■ Protection of Shareholder Rights and Equality

We take steps to ensure that the rights of shareholders are protected and can be exercised effectively, including furnishing the necessary environment for that exercise, and guarantee the fair treatment of minority shareholders, overseas shareholders, and all other shareholders.

### ■ Appropriate Collaboration with All Stakeholders

In accordance with our corporate philosophy, which guides all of our activities, and with the Mitsubishi UFJ Lease & Finance Group Code of Ethics and Code of Behavior, which serves as the standard for decisions and behavior for all employees, we strive to ensure appropriate collaboration with our various stakeholders. In addition, we are fostering a corporate culture that encourages respect for the diversity of stakeholders as well as for their rights and perspectives and for sound corporate ethics.

## ■ Appropriate and Transparent Disclosure

The Company strives to be trusted and properly evaluated by every one of its stakeholders. To this end, we conduct proactive disclosure on an ongoing basis, having established appropriately operated systems to facilitate the swift and impartial disclosure of accurate information. In addition to legally mandated information disclosure, we actively and voluntarily disclose non-financial information that has been deemed valuable to shareholders.

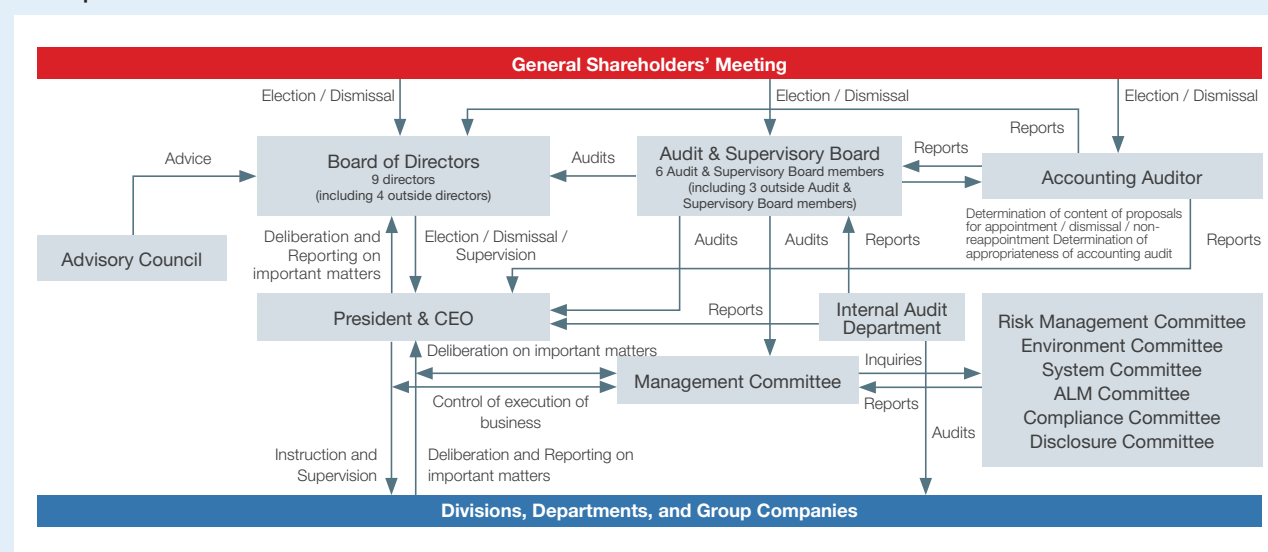
## Responsibilities of the Board of Directors

Outside directors and all other members of the Board of Directors call upon their experience and insight as they engage in free and open discussion, contributing to active meeting proceedings. They thereby fulfill their duties and responsibilities of facilitating the ongoing growth of the Company, medium-to-long-term improvement of corporate value, and enhancement of earnings capacity and capital efficiency.

## Shareholder Interactions

Through its financial results briefings and other domestic and overseas investor relations (IR) events, the Company pursues proactive and constructive interactions with shareholders. We thereby seek to gain an understanding with regard to the Company's management strategy and other aspects of operations while addressing shareholders in an appropriate manner based on an understanding of their perspective.

## Corporate Governance Structure



## Shift toward Stronger Governance

### ▼ April 2007—The Birth of Mitsubishi UFJ Lease & Finance

|   | FY3/2008–FY3/2015   | FY3/2016–FY3/2018   | FY3/2019  | FY3/2020  | FY3/2021  |
|---|---|---|---|---|---|
| <b>Improvements in effectiveness of the Board of Directors</b>          | <b>FY3/2015</b> <ul style="list-style-type: none"> <li>Appointed independent outside directors</li> </ul>   | <b>FY3/2016</b> <ul style="list-style-type: none"> <li>Introduced opinion exchange forums as a means to elicit outside opinions for use in management</li> <li>Began providing materials prior to Board meetings</li> </ul> | <ul style="list-style-type: none"> <li>Reduced number of directors on the Board from 15 to 11 to facilitate strategic and flexible decision-making</li> <li>Increased ratio of outside directors on the Board to strengthen supervisory function over management</li> </ul> | <ul style="list-style-type: none"> <li>Increased number of independent outside directors on the Board</li> <li>Reduced the number of directors on the Board from 11 to 9.</li> <li>Abolished opinion exchange forums and established Advisory Council</li> <li>Expanded Board meeting materials and introduced system for distributing materials beforehand</li> </ul>                  | <ul style="list-style-type: none"> <li>Increased number of independent outside Audit &amp; Supervisory Board members</li> </ul> |
| <b>Enhancement of Audit &amp; Supervisory Board and internal audits</b> | <b>FY3/2010</b> <ul style="list-style-type: none"> <li>Appointed independent outside Audit &amp; Supervisory Board members</li> </ul>   | <b>FY3/2018</b> <ul style="list-style-type: none"> <li>Formulated plan to transform internal audits to be implemented over the next three years</li> </ul>  |   |   |   |
| <b>Director compensation system</b>                                     | <b>FY3/2010</b> <ul style="list-style-type: none"> <li>Introduced stock option compensation system</li> <li>Abolished retirement benefit system for directors and executive officers</li> </ul> |   |   | <ul style="list-style-type: none"> <li>Increased range of variation in performance-based compensation to strengthen outside director influence in compensation decisions</li> <li>Introduced Advisory Council-led explanations of overall policy and standards before payment of compensation, and began reporting and verification of payments after providing compensation</li> </ul> |   |
| <b>Other</b>  |   |   | <ul style="list-style-type: none"> <li>Reviewed advisory system</li> </ul>  | <ul style="list-style-type: none"> <li>Gradually reduced number of listings where stock is held for purposes other than pure investment from 308 in FY3/2010 to 185</li> </ul>  |   |

## Major Initiatives Aimed at Enhancing Governance

## Diversity and Scale of the Board of Directors

The Mitsubishi UFJ Lease & Finance's Board of Directors comprises members from various industries and business circles, such as finance, trading companies, and manufacturers, and its membership is set at an appropriate scale to ensure this level of diversity. It is expected of all directors to utilize their skills and abilities to the fullest, backed by their respective experience, and to practice management supervision from every angle and with a high degree of insight. At the present time, the Company has no female or non-Japanese directors, but it does have a newly appointed female corporate auditor. Meanwhile, Audit & Supervisory Board members attend Board meetings from the viewpoint of confirming the appropriateness of business execution and are tasked with monitoring and confirming the management oversight function of the Board of Directors, as well as providing opinions when necessary. In addition, we have appointed multiple directors with extensive international business experience. The Company recognizes gender diversity as a management issue and will continue to investigate ways to address it.

### ■ Prompting of Discussions at Board of Directors' Meetings

To stimulate discussion, the Company distributes materials prior to meetings of the Board of Directors via mobile devices and has set training policies for directors and Audit & Supervisory Board members. Moreover, newly appointed outside directors receive briefings on the nature of their work duties from related departments.

### Training Policies for Directors and Audit & Supervisory Board Members

1. We provide documents with management-related information, such as securities reports and business reports, to newly appointed outside directors and outside Audit & Supervisory Board members as part of their briefing upon appointment, and explain business conditions.
2. We provide directors and Audit & Supervisory Board members with information on training opportunities, which includes facilitating their attendance at seminars held by external organizations. In addition, we have established an Advisory Council consisting of representative directors, full-time Audit & Supervisory Board members, outside directors, and outside Audit & Supervisory Board members to serve as an advisory body to the Board of Directors. The Advisory Council exchanges and shares



information with the Board, and it is the Company's goal to prompt collaboration by providing opportunities for the two bodies to communicate.

3. The Company bears all expenses related to training for directors and Audit & Supervisory Board members.

### ■ Analysis and Evaluation of the Board of Directors' Effectiveness

In a move to enhance corporate governance, we have established the Advisory Council as an advisory body to the Board of Directors. This council comprises representative directors, full-time Audit & Supervisory Board Members, outside directors, and outside Audit & Supervisory Board Members. A wide range of matters related to the Board of Directors is discussed at council meetings, which includes analyses and evaluations of the effectiveness of the Board of Directors, with suggestions on how to make improvements in this regard. Measures for addressing any issues identified are formulated and implemented to pursue ongoing improvements in effectiveness.

### Summary of the Evaluation of the Board of Directors for Fiscal 2019

1. By receiving reports on the operational status of each business division directly from each business division head, the Board of Directors was able to deepen its understanding of the entire Company, each individual business division, and each business, demonstrating that the Board of Directors' effectiveness increased compared with the previous fiscal year's evaluation.
2. The Board of Directors must respond in keeping with the trend toward digitizing materials.  
We will continue to work to improve the effectiveness of the Board of Directors based on the evaluation above.

### ■ Duties and Responsibilities of the Audit & Supervisory Board

The Audit & Supervisory Board, with the cooperation of the Board of Directors, functions as an independent supervisory body overseeing management. As part of this responsibility, and to contribute toward building an organizational structure that will lead to sound, long-term development, the Audit & Supervisory Board performs audits to ensure that the Board of Directors does not engage in any unfair practices or violate any laws, regulations, or the Company's Articles of Incorporation.

### ■ Enhancement of Internal Audits

The Company's Internal Audit Department consists of a Tokyo location and a Boston location with 31 staff members—six of whom are non-Japanese internal auditors on the Boston team—operating along four lines. This department conducts audits in light of the full-scale operations of the Group's business division system as well as the strengthening of global consolidated management. The New Medium-term Internal Audit Plan, beginning in fiscal 2020, puts forth basic policies aimed at enhancing audit effectiveness, strengthening check functions pertaining to the internal control system, and providing audit services that support the achievement of management goals.

- Promote effective and efficient audits and audits aimed at proposing reforms based on risk assessments in each business area
- Improve the Group's internal audit function and build a foundation for integrated management

Specifically, we will work to further improve audit quality in the following ways.

- Strengthening of interconnectivity between three types of audits (internal audits, audits by corporate auditors, and audits by audit corporations) that go beyond just sharing information
- Development of a three-line defense system by strengthening ties with the Internal Control Department, a two-line system, or by other means
- Continued improvements in internal audit quality through internal evaluations and by introducing objective quality evaluations by external organizations

### ■ Revision and Verification of Policy for Cross-Shareholdings

The Company engages in cross-shareholdings with other listed companies for purposes such as building stable, long-term relationships with business partners, promoting sales, or strengthening relationships based on capital or work-related alliances, and it maintains these holdings under a policy of emphasizing medium-to-long-term improvements in its corporate value. When a holding is deemed inappropriate based on this policy, the Company will proceed with sales negotiations and conduct sales as needed. Each fiscal year, the Board of Directors verifies the appropriateness of each individual holding. The main criteria for this verification include quantitative evaluations based on capital cost, business activities post-acquisition of shares, and future business possibilities.

## Compensation System for Directors

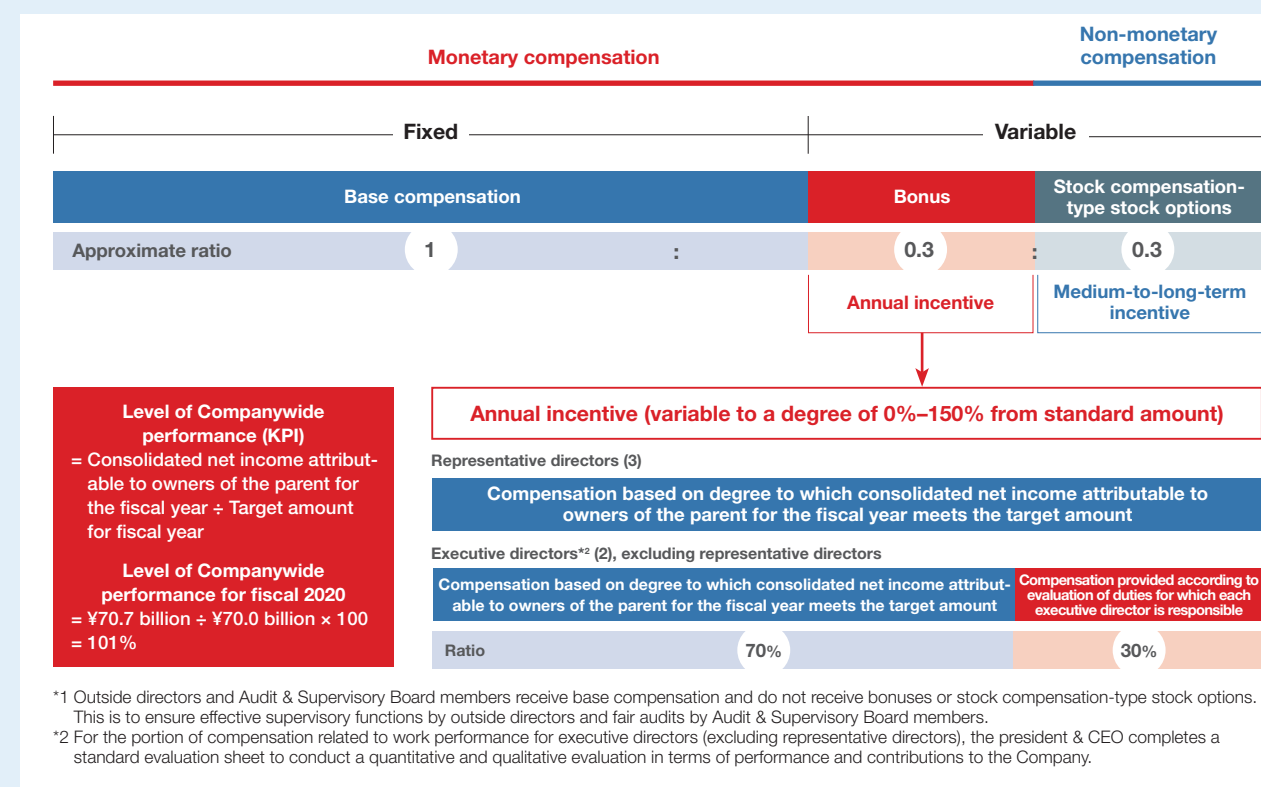
### ■ Basic Policy

Compensation is established as an incentive to directors to increase corporate value by executing the Company's business strategy. The level of compensation is determined in accordance with the role and responsibilities of each directors in terms of their ability to increase medium-to-long-term corporate value and improve short-term performance, and is also determined relative to market levels.

### ■ Compensation System for Directors

In principle, compensation for directors (excluding outside directors; see below) is composed of base compensation (fixed compensation), annual incentive compensation (performance-linked compensation) and medium-to-long-term incentive compensation. Annual incentive compensation is provided as a monetary bonus, whereas medium-to-long-term incentive compensation is provided in the form of stock compensation-type stock options.

### ■ Compensation System for Directors\*1



### ■ Method for Determining Compensation

Compensation policies are explained to the Advisory Council, whose members provide advice prior to deliberation by the Board of Directors in order to ensure procedures regarding directors compensation are transparent and objective.

Decisions regarding specific base compensation amounts, bonuses, and non-monetary compensation,\* such as company housing, are left to the president & CEO, provided they are within the upper limit determined at the General Shareholders' Meeting. Individual compensation amounts are then reported

to and verified by the Advisory Council. Furthermore, the Board of Directors determines the number of stock acquisition rights granted to each director as part of each director's stock compensation-type stock options.

\* The difference between the total monthly rent amount required for the Company to rent company housing and the total monthly housing fees collected from directors

### ■ Total Compensation Amounts by Director Type, Compensation Type, and Number of Eligible Directors

| Director type   | Total compensation amount (millions of yen) | Total compensation by type (millions of yen) |   |               |       | Number of eligible officers |
|---|---|--|---|---------------|-------|-----------------------------|
|   |   | Fixed compensation (base compensation)       | Performance-linked compensation (bonuses) | Stock options | Other |                             |
| Directors (excluding outside directors)   | 322   | 199  | 57  | 61            | 3     | 6                           |
| Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members) | 65  | 65   | —   | —             | —     | 4                           |
| Outside directors   | 81  | 81   | —   | —             | —     | 10                          |

Note 1. "Other" refers to company housing provided as non-monetary compensation.

Note 2. In addition to the above items, the retirement benefit system for directors was abolished upon the conclusion of the General Shareholders' Meeting on June 26, 2009. Directors who remained in their positions at the conclusion of the meeting, including directors retiring as members of the Board of Directors to serve as executive officers, and Audit & Supervisory Board members were entitled to benefits for time served under the system until the time of its abolition, to be presented upon retirement. Based on this decision, ¥1 million was paid to a retiring outside corporate auditor for which a provision was recorded under allowance for retirement benefits for directors in the previous fiscal year.

## Strengthening of Governance to Improve Corporate Value over the Medium-to-Long Term

### Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 24, 2020)

#### Directors



**Tadashi Shiraishi**

##### Chairman (Representative Director)

1975.4 Joined The Tokai Bank, Ltd.  
2009.5 Senior Managing Executive Officer and General Manager, Corporate Banking Group No. 2 of The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
2010.6 Deputy President of Mitsubishi UFJ Lease & Finance Company Limited (the Company)  
Concurrently served as Executive Officer of the Company  
2012.6 President & CEO of the Company  
2017.6 Chairman of the Company (incumbent)



**Takahiro Yanai\***

##### President & CEO (Representative Director)

1982.4 Joined The Mitsubishi Bank, Ltd.  
2012.5 Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)  
Managing Officer of Mitsubishi UFJ Financial Group, Inc. (MUFG)  
2015.6 Managing Director of BTMU  
Managing Executive Officer of MUFG  
2016.5 Senior Managing Executive Officer of BTMU  
2017.6 President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (the Company) (incumbent)  
Concurrently serves as Executive Officer of the Company (incumbent)



**Teruyuki Minoura**

##### Outside Director **Independent Director**

1967.4 Joined Toyota Motor Co., Ltd.  
2003.6 Senior Managing Director, Member of the Board of Directors of Toyota Motor Corporation  
2004.6 Executive Vice President of Daihatsu Motor Co., Ltd. (Daihatsu)  
2005.6 President of Daihatsu  
2010.6 Chairman of TOYOTA BOSHOKU CORPORATION (TOYOTA BOSHOKU)  
2012.6 Senior Advisor to the Board of TOYOTA BOSHOKU  
2013.6 Director of Mitsubishi UFJ Lease & Finance Company Limited (incumbent)



**Toshio Haigou**

##### Outside Director **Independent Director**

1981.4 Joined the Nagoya Railroad Co., Ltd. (Nagoya Railroad)  
2008.7 General Manager in charge of Supervision No. 1, Affiliated Business Department of Nagoya Railroad  
2012.6 Director of Nagoya Railroad  
2012.7 General Manager, Business Planning Department of Nagoya Railroad  
2014.6 Managing Director of Nagoya Railroad  
Director of Mitsubishi UFJ Lease & Finance Company Limited (incumbent)  
2016.6 Senior Managing Director of Nagoya Railroad Division  
Director, Group Control HQ of Nagoya Railroad  
2018.6 Executive Vice-President of Nagoya Railroad  
2019.6 Representative Director & Executive Vice President of Nagoya Railroad (incumbent)



**Toshimitsu Urabe\***

##### Deputy President (Representative Director)

1978.4 Joined Mitsubishi Corporation  
2009.4 Senior Vice President and Deputy Chief Representative for China of Mitsubishi Corporation, and President of Mitsubishi Corporation (Hong Kong) Limited  
2011.4 Senior Vice President and Senior Assistant to Senior Executive Vice President, Human Resources of Mitsubishi Corporation  
2013.4 Executive Vice President, Group CEO, Business Service Group of Mitsubishi Corporation  
2017.4 Advisor of Mitsubishi Corporation  
2017.6 Deputy President of Mitsubishi UFJ Lease & Finance Company Limited (the Company) (incumbent)  
Concurrently serves as an Executive Officer of the Company (incumbent)  
2019.6 Outside Director, ADVANTEST CORPORATION (incumbent)  
General Operations (Current responsibility)



**Tsuyoshi Nonoguchi\***

##### Senior Managing Director

1984.4 Joined The Mitsubishi Bank, Ltd.  
2011.6 Executive Officer and General Manager, Corporate Banking Business Promotion Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
2012.6 Deputy General Manager, Credit Supervision Department No. 1 of Mitsubishi UFJ Lease & Finance Company Limited (the Company)  
Managing Executive Officer of the Company  
2013.6 Managing Director of the Company  
Concurrently serves as an Executive Officer of the Company (incumbent)  
2016.6 Senior Managing Director of the Company (incumbent)  
2018.6 Outside Director of Hitachi Capital Corporation  
In charge of Corporate Center (Current responsibility)



**Mitsumasa Icho**

##### Outside Director

1982.4 Joined Mitsubishi Corporation  
2012.4 General Manager, Machinery Group Administration Department of Mitsubishi Corporation  
2014.4 Senior Vice President and General Manager, Risk Management Department of Mitsubishi Corporation  
2017.4 Senior Vice President and General Manager, Business Investment Management Department of Mitsubishi Corporation  
2018.1 Executive Vice President, Corporate Functional Officer, Regional Strategy for Japan, General Manager of Kansai Branch of Mitsubishi Corporation  
2018.6 Representative Director, Executive Vice President of Mitsubishi Corporation  
2019.4 Director, Executive Vice President and Group CEO, Urban Development Group of Mitsubishi Corporation  
2019.6 Executive Vice President and Group CEO, Urban Development Group of Mitsubishi Corporation (incumbent)  
Director of Mitsubishi UFJ Lease & Finance Company Limited (incumbent)



**Naomi Hayashi**

##### Outside Director

1987.4 Joined The Mitsubishi Bank, Ltd.  
2013.6 Executive Officer of Mitsubishi UFJ Financial Group, Inc. (MUFG)  
Executive Officer and General Manager, Corporate Business Planning Division and General Manager, Electronically Recorded Monetary Receivables Strategy Office of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)  
2015.7 Executive Officer and General Manager, Corporate Planning Division of BTMU  
2017.1 Managing Executive Officer of BTMU  
2018.4 Managing Executive Officer of MUFG Bank, Ltd.  
2018.5 Managing Corporate Executive & Group CSO of MUFG (incumbent)  
Managing Executive Officer & CSO of MUFG Bank, Ltd.  
2018.6 Member of the Board of Directors, Managing Executive Officer (Representative Director) & CSO of MUFG Bank, Ltd.  
Director of Mitsubishi UFJ Lease & Finance Company Limited (incumbent)  
2020.4 Member of the Board of Directors, Managing Executive Officer (Representative Director) of MUFG Bank, Ltd. (incumbent)



**Yoichi Shimoyama\***

##### Managing Director

1982.4 Joined Mitsubishi Corporation  
2012.4 Senior Vice President and General Manager, Finance Department of Mitsubishi Corporation  
2014.4 Senior Vice President and Deputy Regional CEO, East Asia of Mitsubishi Corporation, and President of Mitsubishi Corporation (Hong Kong) Limited  
2017.4 Advisor of Mitsubishi Corporation  
2017.6 Managing Executive Officer of Mitsubishi UFJ Lease & Finance Company Limited (the Company)  
2018.6 Managing Director of the Company (incumbent)  
Concurrently serves as Executive Officer of the Company (incumbent)  
In charge of Corporate Center (Current responsibility)

\* Indicates concurrent posts of director and executive officer



Strengthening of Governance to Improve Corporate Value over the Medium-to-Long Term

Audit & Supervisory Board Members



Naohito Suzuki

Audit & Supervisory Board Member

- 1983.4 Joined Diamond Lease Company Limited
- 2009.4 General Manager, Information System Department of Mitsubishi UFJ Lease & Finance Company Limited (the Company)
- 2013.6 Executive Officer and General Manager, Information System Department of the Company
- 2015.5 Managing Executive Officer of the Company
- 2016.6 Audit & Supervisory Board Member of the Company (incumbent)



Shuji Miake

Audit & Supervisory Board Member

- 1984.4 Joined The Tokai Bank, Ltd.
- 2006.3 General Manager, Nerima Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
- 2008.6 Deputy General Manager, Corporate Banking Business Promotion Division of BTMU (Special Appointment)
- 2010.1 General Manager, Yaesudori Commercial Banking Office of BTMU
- 2012.5 Superintendent of BTMU
- 2012.6 Deputy General Manager, Business Promotion Department of Mitsubishi UFJ Lease & Finance Company Limited (the Company)
- General Manager, Nagoya Business Department No. 1 of the Company
- 2014.6 Executive Officer and General Manager, Nagoya Business Department No. 1 of the Company
- 2016.5 Managing Executive Officer of the Company
- 2019.6 Audit & Supervisory Board Member of the Company (incumbent)



Hiroyasu Nakata Independent Auditor

Outside Audit & Supervisory Board Member

- 1977.4 Completed the legal apprentice course at the Legal Training and Research Institute of the Supreme Court of Japan
- Admitted to the bar (Daini Tokyo Bar Association) (until March 1990)
- 1990.4 Associate Professor at Faculty of Law and Economics, Chiba University
- 1993.6 Professor at Faculty of Law and Economics, Chiba University
- 1995.4 Professor at Faculty of Law, Hitotsubashi University
- 1999.4 Professor of Graduate School of Law, Hitotsubashi University
- 2003.4 Trustee of Hitotsubashi University
- 2008.4 Professor at The University of Tokyo Graduate Schools for Law and Politics and The University of Tokyo Faculty of Law
- Emeritus Professor of Hitotsubashi University
- 2017.4 Professor at Waseda Law School (incumbent)
- 2017.6 Emeritus Professor of The University of Tokyo
- 2018.6 Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (incumbent)



Hiroshi Minagawa

Outside Audit & Supervisory Board Member

- 1981.4 Joined The Mitsubishi Trust and Banking Corporation
- 2011.6 Executive Officer of Mitsubishi UFJ Trust and Banking Corporation
- 2013.6 Managing Director of The Master Trust Bank of Japan, Ltd.
- 2014.6 Corporate Auditor of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
- 2016.6 Chairman of Mitsubishi UFJ Trust investment Technology Institute Co., Ltd.
- 2017.4 President & CEO of RYOSHIN URBAN DEVELOPMENT CO., LTD.
- 2017.6 Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (incumbent)



Naoki Matsumuro

Audit & Supervisory Board Member

- 1984.4 Joined Central Leasing Co., Ltd.
- 2012.5 General Manager, Osaka Business Department No. 3 of Mitsubishi UFJ Lease & Finance Company Limited (the Company)
- 2013.5 Deputy General Manager, Corporate & Strategic Planning Department of the Company
- 2014.5 General Manager, Risk Management Department of the Company
- 2014.6 Executive Officer and General Manager, Risk Management Department of the Company
- 2017.5 Managing Executive Officer of the Company
- 2018.6 Audit & Supervisory Board Member of the Company (incumbent)



Hiroko Kaneko Independent Auditor

Outside Audit & Supervisory Board Member

- 1980.4 Joined The Sapporo Television Broadcasting Co., Ltd.
- 1989.10 Joined Ota Showa Audit Corporation
- (currently ERNST & YOUNG SHINNIHON LLC)
- 1993.2 Registered as a certified public accountant
- 2007.5 Partner of ERNST & YOUNG SHINNIHON LLC
- 2010.7 Senior Partner of ERNST & YOUNG SHINNIHON LLC
- 2018.4 Professor at Waseda Graduate School of Accountancy (incumbent)
- 2018.6 Audit & Supervisory Board Member of The Shoko Chukin Bank, Ltd. (incumbent)
- 2019.6 Director of Kanagawa Chuo Kotsu Co., Ltd. (incumbent)
- 2020.6 Audit & Supervisory Board Member of Mitsubishi UFJ Lease & Finance Company Limited (incumbent)

Executive Officers

Senior Managing Executive Officer

Kenji Yasuno

Managing Executive Officers

Koji Nemoto Masaki Mizutani  
Masaki Komoro Osamu Muramoto  
Hiroaki Odajima Kunihiro Sawada  
Hironori Shiozawa Kazuhiko Takeuchi  
Hiroshi Mii Takeo Nakai  
Hiroshi Nishikita Yukio Maruyama  
Masashi Nakano Yasuyuki Hirota  
Yasushi Okahisa

Executive Officers

Osamu Tominaga Ko Nishimura  
Yoshiaki Kaji Katsuya Kitahara  
Yuji Suzuki Kazuyuki Kodo  
Susumu Nozaki Itsuo Wakao  
Toshio Oka Isao Someya  
Tsutomu Kugasa Masaru Koike  
Shuji Matsuo Takashi Yamaguchi  
Hidekazu Tanaka Keigo Nakamura  
Masao Kaneko Takeshi Kogamo  
Toru Fukuyama

# Risk Management System Overview

The Mitsubishi UFJ Lease & Finance Group has established an appropriate system to manage risks, through which we strive to prevent risks from emerging or to minimize their impact if they do occur.

To manage these envisaged risk factors, we operate a system that ensures a grasp of issues arising from developments in the external environment or other changes and which entails regular consideration of measures to be taken. The system also requires prompt reporting to the Management Committee, a consultative and decision-making body that controls the execution of business. Specifically, in addition to the various committees dealing with individual risk categories—the Asset Liability Management (ALM) Committee, the Compliance Committee, and others—we operate a Risk Management Committee to undertake comprehensive and systematic management of risks affecting all operational areas. At the meetings of each of these committees, which are held quarterly and otherwise as necessary, the responsible divisions make detailed reports on risk conditions and discuss response strategies and other relevant measures. Reports are made to the Management Committee, and then to the Board of Directors for deliberation.

### Integrated Risk Management

To realize sustainable growth by maintaining sound financial management and improving profitability, the Company is conducting business operations that incorporate a framework to manage integrated risks. Important risks managed under the integrated this framework include credit risk, asset risk, investment risk, market risk, liquidity risk, operational risk, and others, with risk management performed on a consolidated basis.

Specifically, we have in place a structure for allocating risk capital to each risk category based on the Risk Capital Management Policy and after quantifying each risk through risk assessment methods applicable to the characteristics of

each asset and business. This structure also enables rational risk-taking within a tolerable range.

As part of this framework, the Company regularly monitors the status of risk capital use and asset portfolios. This status is reported to the Risk Management Committee and the Management Committee as well as to the Board of Directors, all of which deliberate upon the matters presented to construct an appropriate response and facilitate enhanced internal communication related to risks. The Board of Directors maintains an understanding and supervises the risk management system and keeps watch over its status.

### Stress Tests

When executing its business strategy, the Groups strives to gauge the degree of impact of stress periods in terms of various risk-related events, such as economic decline, market fluctuations, and the deterioration of various market conditions and assess how they may affect its business operations.

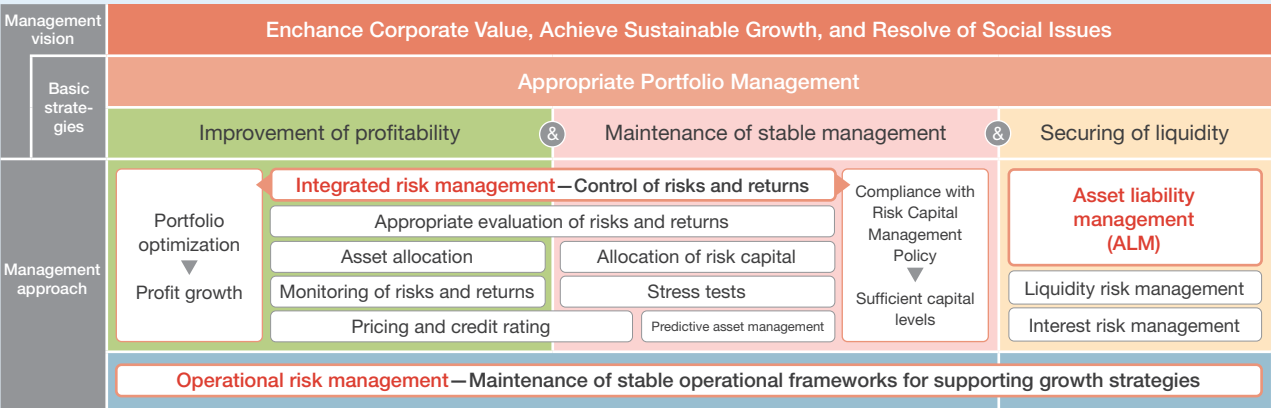
In addition to such scenarios as the worsening of the entire global economy, the Company specifically establishes multiple potential high-stress scenarios, such as fluctuating market conditions and deteriorating credit in each business field and emergence of large-scale concentration of risks. We analyze and verify the impact of each scenario on our profitability and capital for each fiscal period.

These multifaceted verifications allow the Company to confirm its risk resilience and ensure that the risk–return of its current management plan does not exceed tolerable levels.

### Major Risks and Management Systems

| Risk Category   |                            | Nature of Risk  | Primary Management Systems   | Responsible Department(s)   |
|-----------------|----------------------------|---|--|---|
| Credit Risk     |                            | The Mitsubishi UFJ Lease & Finance Group conducts business that extends credit over the medium-to-long term through leases, installment sales, monetary lending, and other forms. Depending on future business trends and the financial landscape, additional provisions of allowance for doubtful receivables could be necessary with increasing non-performing loans due to the deterioration of a company's credit status, which could impact the Group's business results. Moreover, due to the fact that we operate businesses globally, we bear the risk of incurring losses based on the political and economic conditions in the countries and regions where we operate businesses or engage in investments.  | <ul style="list-style-type: none"><li>• The Group makes a comprehensive study in light of the customer's credit standing and country risk as well as factors such as the value of the leased property.</li><li>• The Group checks the credit standing of customers on an ongoing basis even after entering into business relations.</li><li>• The Group endeavors to take risk diversification into account in credit management for its portfolio overall so as to not concentrate credit in particular customers, industry sectors, countries, or regions.</li><li>• The Group engages in periodic monitoring to quantitatively measure the risk of its portfolio.</li></ul>   | Credit Department<br><br>International Credit Department                                    |
| Asset Risk      | Global Assets              | The Mitsubishi UFJ Lease & Finance Group holds global assets such as aircraft, aircraft engines, ships, containers, and railcars and conducts a business leasing these assets. In addition to the aforementioned credit risk, the Group must bear the risk of price fluctuations of these assets. The Group collects funds through leasing fees received from customers, and from asset sales after a lease expires. In cases where a customer goes bankrupt, the Group will withdraw the asset and lease it to another customer, and sell the asset to recover funds. Fluctuations in the selling price of an asset due to economic trends and market conditions, impairment losses, increased costs associated with property management, or other factors may affect business results.  | <ul style="list-style-type: none"><li>• The Group conducts a comprehensive study that includes items relevant to movable property to be confirmed at the time of transaction, future asset liquidity, and other factors.</li><li>• The Group checks industry trends as well as the credit standing of customers on an ongoing basis even after entering into business relations.</li><li>• The Group sets and employs investment criteria to maintain a portfolio that accounts for risk diversification, including target models, regions, and times of expiration.</li><li>• The Group holds regular predictive management meetings to investigate indications of asset value fluctuations or trends in a target industry.</li><li>• The Group engages in periodic monitoring to quantitatively measure customers' credit risk and price fluctuations in the value of assets in its portfolio.</li></ul> | Risk Management Department<br><br>Asset Management Department<br><br>Each Business Division |
|                 | Real Estate                | The Mitsubishi UFJ Lease & Finance Group engages in the investing, lending, and leasing of offices, residences, commercial facilities, logistics facilities, hotels, and other commercial real estate. These assets are subject to risks related to income and price fluctuations. In addition to collecting rental fees from tenants, the Group collects funds from selling assets when appropriate. Income from rent and asset sales may fluctuate according to market conditions, which may affect business results.   | <ul style="list-style-type: none"><li>• The Group makes a comprehensive judgment after carefully assessing future asset value and liquidity.</li><li>• The Group conducts ongoing checks of the operational status of its assets and both price and industry trends even after transactions are made.</li><li>• The Group holds regular predictive management meetings to investigate indications of asset value fluctuations or industry trends.</li><li>• The Group engages in periodic monitoring to quantitatively measure price fluctuations in the value of assets in its portfolio.</li></ul>   |   |
| Investment Risk |                            | The Mitsubishi UFJ Lease & Finance Group is engaged in investment activities that include investment, lending, and financing for projects in a variety of businesses. These investment activities are subject to numerous risks, including changes in the business environment, profits that do not meet expectations, low possibility of recouping investment amounts, a drop in the stock price of an investee below a certain level, that said stock price drop will stay low because of changing economic or financial conditions, that some or all of an investment may be lost, or that extra funding may be required. Other risks include the possibility that the Group will be unable to withdraw from or reorganize a business within the ideal time frame or via optimal methods, or that a lack of appropriate information from the investee could lead to unprofitability. These risks and others could affect business results. | <ul style="list-style-type: none"><li>• The Group holds investment council meetings according to the investment amount of and risks related to individual projects.</li><li>• The Group makes a comprehensive judgment after carefully assessing the future value of the investment and its liquidity.</li><li>• The Group conducts ongoing checks of the operational status of its assets and industry trends even after transactions are made.</li><li>• The Group engages in periodic monitoring to quantitatively measure risks pertaining to fluctuations in the value of investments in its portfolio.</li></ul>   | Investment Management Department<br><br>Each Business Division                              |
| Market Risk     | Interest Rate Fluctuations | The fees for leases and installment sales conducted by the Mitsubishi UFJ Lease & Finance Group are set based on the purchase price for the transacted property and the market interest rates at the time of finalizing a contract and do not fluctuate during the contract term as a general rule. Acquisition funds for the leased property, on the other hand, are procured via a balance of fixed interest rates and variable interest rates, and the cost of capital is affected by fluctuations in the market interest rate. Should the market interest rate rise precipitously, it could impact the Group's business results and financial position.   | <ul style="list-style-type: none"><li>• The Group takes part in asset liability management (ALM) to keep constant watch for any imbalances in the form of interest rates or exchange rates for asset management and for procurement of funds.</li><li>• The Group manages interest rate fluctuation risks through appropriate hedge operations while taking interest rate movements and other factors into account.</li><li>• As a general rule, the Group raises funds in the currency matching that of an operating asset to mitigate risk of foreign exchange rate fluctuations and works to minimize valuation gains and losses from foreign exchange.</li></ul>   | Treasury Department   |
|                 | Exchange Rate Fluctuations | The Mitsubishi UFJ Lease & Finance Group actively conducts business outside Japan, and assets in foreign currencies are increasing. In principle, overseas consolidated subsidiaries raise funds in the same currency as their assets. Since these companies record their financial statements in their local currency, fluctuations in exchange rates may affect business results when converted to Japanese yen.  | <ul style="list-style-type: none"><li>• The Group engages in periodic monitoring to quantitatively measure to what extent and the likelihood that its portfolio may incur a loss over a certain period of time.</li><li>• The ALM Committee meets quarterly or as necessary.</li></ul>   |   |

### Overview of Risk Management Framework





Major Risks and Management Systems

| Risk Category   |   | Nature of Risk   | Primary Management Systems  | Responsible Department(s)   |
|---|---|--|---|---|
| Liquidity Risk  |   | The Mitsubishi UFJ Lease & Finance Group procures large amounts of funds when conducting business such as monetary lending and the acquisition and installment sales of properties for leasing. Should financial institutions and investors become more risk averse as a result of a free fall in economic and financial conditions or a decline in the Group's creditworthiness, the Group may experience difficulty in procuring funds, which could impact its business results.   | <ul style="list-style-type: none"><li>• The Group tries to ensure the liquidity of funds through efforts to diversify by procuring funds via corporate bonds, commercial papers, and liquidation of lease receivables, in addition to borrowing from financial institutions.</li><li>• The Group ensures the liquidity of funds by implementing measures to supplement liquidity during emergencies, which includes the acquisition of commitment lines.</li><li>• The Group manages the liquidity of its funds in stages and confirms their liquid status to ensure that required funds can be secured even amid poor procurement conditions.</li></ul>                    | Treasury Department   |
| Risk Related to Expansion of Operating Base, Strategic Partnerships, and M&As, etc. |   | In pursuit of continuous growth through expansion of its operating base, the Mitsubishi UFJ Lease & Finance Group engages in strategic partnerships with outside entities and tries to diversify and expand business through M&As, in addition to expanding business on its own, and conducts these activities both domestically and overseas. However, changes in domestic or global economic and financial conditions, intensification of competition, changes in the business environment or strategy of partners, revision of relevant legislation or other systems, and other factors could cause a failure to achieve expected results or necessitate the recording of additional expenses. Such a situation could impact the Group's business results.  | <ul style="list-style-type: none"><li>• The Group considers the investment amount of each individual project and the degree of risk, and applicable departments conduct an examination in this regard. In addition, outside experts are appointed as well so as to make a comprehensive judgment on the future impact of an investment from a wide perspective.</li><li>• After execution of an M&amp;A project, the rules and regulations of the Group are applied and a system for appropriate operations is established.</li><li>• The Group sets up a system to monitor business plans and performance in order to take necessary actions in a timely manner.</li></ul> | Each Related Department   |
| Operational Risk  | Damage from Earthquakes, Wind, Floods, Disease, Terrorism, etc. | Business activities of the Mitsubishi UFJ Lease & Finance Group could be hindered by wind and flood damage, earthquakes, or other natural disasters as well as infectious diseases, terrorism, outbreaks of disease, or other unpredictable circumstances. Furthermore, it could take a long time for business activities to recover or considerable expenditure could be needed to restore systems and other facilities. Such a situation could impact the Group's business results.  | <ul style="list-style-type: none"><li>• The Group maintains a plan to establish a response headquarters in case of a crisis.</li><li>• The Group has formulated a business continuity plan (BCP).</li><li>• The Group has taken resiliency measures for key systems.</li><li>• The Group has established infrastructure to support teleworking for business continuity.</li><li>• The Group will limit work to essential duties and employ alternating shifts.</li></ul>  | Risk Management Department<br><br>General Affairs Department<br><br>Information Systems Department<br><br>Legal & Compliance Department |
|   | Information Systems   | The Mitsubishi UFJ Lease & Finance Group uses a variety of information systems to conduct account processing, management of various contracts, customer management, asset management of leased properties, and other operations. Improper maintenance of systems or inadequacies in the development thereof could result in a system suspension or failure, which could in turn cause operating and sales activities to come to a halt or cause economic losses, thereby affecting business results.   | <ul style="list-style-type: none"><li>• The Group has installed and operates a robust maintenance management system used with cooperating companies.</li><li>• The Group promptly coordinates information and initiates a response when system failure occurs.</li><li>• The Group has built a series of response systems, which include formulating and implementing measures to prevent recurrence.</li><li>• The Group has its own Group-based IT control system.</li></ul>  | Corporate Communications Department   |
|   | Cyber Security, Information Security                            | The Mitsubishi UFJ Lease & Finance Group uses a variety of information systems to conduct account processing, management of various contracts, customer management, asset management of leased properties, and other operations. These systems are susceptible to cyberattacks and similar risks. Unauthorized access to these systems from outside, penetration by computer viruses, human error, fraud, or other illegal activity could cause a system suspension or failure, financial damage, and leakage or unauthorized use of confidential information. Such a situation could cause operating and sales activities to come to a halt, economic losses, as well as a fall in social confidence caused by leakage of important information to external parties, and therefore impact the Group's business results. | <ul style="list-style-type: none"><li>• The Group has established the MUL Computer Security Incident Response Team (MUL-CSIRT).</li><li>• The Group employs management systems that update software to the latest version, detects cyberattacks from the outside, and prevents problems before they can occur.</li><li>• The Group implements incident training in cooperation with internal and external parties.</li><li>• The Group continuously implements in-house training for all employees related to target e-mail attacks and information security.</li></ul>   |   |
|   | Compliance  | The Mitsubishi UFJ Lease & Finance Group's operations are subject to a range of relevant legislation in and outside Japan. Should there be a failure of compliance with legislation, social norms, or Company rules, it could impact the Group's business results by causing restriction on or interruption of operations, claims for damages from customers or others, and a fall in social confidence.   | <ul style="list-style-type: none"><li>• The Group provides ongoing compliance-related training.</li><li>• The Group employs preventive measures to combat money laundering, terrorist financing, and fraud.</li></ul>   |   |
|   | System Changes and Revisions                                    | If the Mitsubishi UFJ Lease & Finance Group is unable to respond to changes or revisions to various legislation, taxation, accounting, and other systems in Japan or overseas, the Group may be subject to penalties for non-compliance, products may be discontinued, operations may be subject to restrictions, and sales may decrease as a result. If these situations occur, the Group's business results may be affected.   | <ul style="list-style-type: none"><li>• The Group maintains constant monitoring of relevant systems for changes or revisions.</li><li>• Group monitoring is supported by making active use of outside experts.</li><li>• The Group works to gather information in advance on changes and revisions to relevant systems and enacts measures in response.</li></ul>   |   |
|   | Operations  | The Mitsubishi UFJ Lease & Finance Group conducts business transactions over which administration may be affected by human error, fraud, or similar activities, which could result in the halt of operations and sales or cause a loss of confidence with customers, either of which could affect the Group's business results.  | <ul style="list-style-type: none"><li>• The Group sets administrative rules for each transaction and duties are performed in accordance with those rules.</li><li>• The Group revises rules as necessary.</li><li>• The Group has constructed a system for when an incident occurs that involves reporting the incident and formulating a response in a prompt manner, and identifying the cause and putting measures in place to prevent recurrence.</li></ul>   |   |

# Compliance / Internal Control

## Legal and Compliance Management System Check Sheet

As the Mitsubishi UFJ Lease & Finance Group expands its business domains to a variety of fields beyond leasing and finance, the need for a more sophisticated Groupwide compliance and risk management system is increasing.

The Group prepares and uses a Compliance and Risk Map and a System Management Check Sheet with the goal of enhancing its compliance and risk management system on a Groupwide basis. We confirm the level and status of compliance education systems at both the Group and Group company levels. We also continuously monitor each Group company, keeping a close eye on risk areas based on each company's specific operations. Through these actions, we are committed to the early detection of risks that can have a major impact on the Group and its business operations.

### Examples of Checked Items

- Compliance education system
  - Whistleblowing system
  - System for confirming documents at time of composition
  - Management of outsourced contracts
- System for dealing with various industry laws
  - Initiatives to improve in-house work culture
  - Personnel and labor management system

## Improvement of Compliance Awareness among Employees

Each Group employee receives level-based training and is subject to a self-check process based on e-learning, while the Group issues publications featuring compliance-related news and collections of specific case studies in order to improve employees' compliance awareness.

## Compliance Hotline (Whistleblowing System)

In order to facilitate earlier risk or problem detection and resolution and to improve compliance management, the Group has established a Compliance Hotline. This hotline allows corporate officers and employees who suspect or are aware of compliance violations to report or seek consultation. Contact information for each consultation desk of the hotline is provided via contact cards and the Group's intranet system.

### Group Compliance Hotline Consultation and Reporting Desks

- Head, or person assigned by head of the Legal & Compliance Department
- Outside lawyer
- Full-time auditor
- Workplace helpline (domestic)\*
- Support center (overseas)\*

\* In addition to existing consultation desks, Mitsubishi UFJ Lease & Finance established a Groupwide consultation desk in 2017, in response to the guidelines for private-sector companies in implementing and operating whistleblower systems based on the Whistleblower Protection Act. We hope that by utilizing an external contractor for this desk and facilitating anonymous reporting and consultation, we can encourage whistleblowers to use this desk with fewer psychological barriers.

## Basic Policy on Anti-Corruption

The Group abides by all relevant anti-corruption laws and regulations of each country or region in which it conducts business. To prohibit any transactions that would give rise to public suspicion and mistrust, the Group formulated and announced its Basic Anti-Corruption Policy in 2018.

In addition, all officers and employees of the Mitsubishi UFJ Lease & Finance Group shall:

1. not engage in corruption of any form, including money laundering, embezzlement, and obstruction of justice;
2. fully understand applicable laws and regulations, and shall not provide any entertainment or gifts that give rise to public suspicion or mistrust, or provide money or any other benefit to gain an improper advantage, to any national or foreign public official or any person similar thereto;
3. not provide or receive any entertainment or gifts from business partners or the like, which deviates from common sense or fair business practice; and
4. not make any request to receive personal benefits from business partners or the like by utilizing their position/authority at his or her company.

## Initiatives on Internal Control

To ensure the appropriate conduct of operations, Mitsubishi UFJ Lease & Finance works to continuously enhance and strengthen the internal control system. Each year, we review and expand the range of operations covered by the system. The relevant corporate departments, branches, and domestic and overseas Group companies report on the implementation status of internal control to the Accounting Department. Following an audit by the Internal Audit Department, this department presents an internal control implementation plan and a report evaluating the effectiveness of internal control to the Disclosure Committee on a quarterly basis. These documents are also submitted to the accounting auditor. Additionally, employees receive a copy of the Internal Controls Handbook to ensure full compliance with the standards of behavior under the internal control system.

## Action on Information Security

In the area of information management, we have put in place a set of information security management rules and produce a range of manuals. Together, these regulate areas including the use, management, and disposal of information, creating a strict security system. We also recognize that it is our social responsibility to handle customers' personal information appropriately, and we have established a personal information protection policy as part of measures to ensure stringent control.

We also hold regular information security audits and carry out awareness checks on all corporate officers and employees.

Note: On this page, "corporate officers and employees" refers to corporate officers, full-time employees, contract employees, dispatched employees, and other individuals involved in the operations of the Company.

## Initiatives toward Human Resources that Support Business Evolution

### WEB

Information regarding diversity initiatives is available on the Company's corporate website.  
<https://www.lf.mufg.jp/english/corporate/csr/actionplan.html>

## Expertise —Cultivation of Expert Human Resources—

### Initiative

**Establishment of a medium-to-long-term project to hire and cultivate expert human resources**  
**Establishment of a system for evaluations**

#### ■ Defining “The Qualities of Ideal Human Resources” and Career Paths

Under our New Medium-term Management Plan, we defined our desired corporate image in 10 years' time. To realize this image, it is important to foster growth in each and every employee, ensuring that they can develop expertise and then have the mindset to put that expertise to full use. To achieve our medium-to-long-term corporate image and bring about sustainable growth, we have defined “The Qualities of Ideal Human Resources,” a series of fundamental characteristics and values that we desire in all of our employees.

##### ■ “The Qualities of Ideal Human Resources”

###### • A focus on customers

Builds relationships with domestic and overseas customers by leveraging knowledge of their issues and needs, adopting the premise of working with customers as partners

###### • Professionalism

Possesses the professional self-awareness and sense of responsibility to increase their own expertise to better provide Mitsubishi UFJ Lease & Finance's unique value

###### • Creation and change

Pursues new business creation and constant change to provide added value and improve productivity

###### • Leadership

Shows strong leadership skills to complete their organization's mission by acting as a model employee and making responsible decisions

###### • Human resource development

Creates a working environment that allows a variety of human resources to prosper while carrying out fair evaluations and training in order to support medium-and-long-term career development

In addition, we have created career path models that detail the necessary traits to move toward a variety of careers. These models help employees visualize their own career paths and serve as an aid in their pursuits.

#### ■ Hiring and Cultivating Expert Human Resources

As one of the “resources to raise competitiveness” highlighted in the New Medium-term Management Plan, we regard the ability to enhance and utilize our human resources as crucial to realizing our management strategy, and are committed to enhancing the quality and quantity of those human resources, who can add sophistication and globalize our business. To that end, we conduct consolidated personnel management to ensure that each and every employee across the entire Group is strategically assigned in a configuration that allows them to display their abilities and maximize their contributions to the Group's results.

As part of this endeavor, we have adopted a medium-to-long-term perspective toward our employees and are actively

recruiting external specialists to increase their expertise levels. To achieve this goal, we are making efforts to increase communication regarding career paths and have investigated different training methods, including systematic job rotation, centered on business divisions that comprise priority fields.

In addition, we introduced the Specialized Certification System in 2014 as part of our human resource policies to augment the knowledge of our employees and increase their desire to expand their expertise. In this system, human resources with outstanding skills in their respective fields are treated according to their professional level and are classified into three categories based on their work achievements and expertise: executive expert (equivalent to a general manager), senior expert (equivalent to a chief manager), and chief expert (equivalent to a manager).

#### ■ Training and Career Development Support Systems

To improve staff knowledge and skills, we implement a range of training specific to different staff grades, from junior to mid-level staff to management-level staff. To support career development, we operate a system for changing careers and career paths and an internal job-posting system through which employees can take on the challenge of working in their desired field.

##### New Hires:

Introductory training, long-term training to cultivate ability to execute duties, mentoring by senior staff members, etc.

##### Junior to Mid-Level Staff:

Business school for gaining expert knowledge in finance and leadership training, overseas program for improving business English proficiency, management-track career development program for women, etc.

##### Management-Level Staff:

Management training, diversity management training, etc.

##### Locally Hired Employees:

Management training, practical training, etc.



Management-track career development program for women

## Diversity —Diversity Promotion—

### Initiative

**Create a work climate that enables diverse human resources with varied backgrounds and careers to actively contribute**

#### ■ Diversity Initiatives

We work to cultivate diverse human resources and do not discriminate on the basis of differences in personal traits, stages of life, experience, and values. Creating an organization where employees can perform to the best of their abilities is not only part of our management strategy, it is based on the idea that increasing diversity goes hand in hand with strengthening corporate competitiveness. To that end, the Diversity Promotion Office is moving forward with the creation of an organization that fully leverages the diversity of our human resources.

#### ■ Promoting the Active Participation of Women in the Workplace

Women represent over 40% of our workforce. As such, promoting their active participation is indispensable to growth. In order to construct an environment that encourages both the growth and participation of women as active employees, we are implementing a variety of policies aimed at expanding support systems for women taking on both work and childcare and for creating a workplace where women can display more of their expertise.

In addition to various types of training systems, the Company systematically cultivates and promotes female employees with ambition and ability via its career switch system and internal job-posting system. Our goal was to increase the proportion of female managers 5% above the fiscal 2015 level, to 10% or more by fiscal 2020. We achieved this target ahead of schedule, with 13.7% as of fiscal 2019.

##### ■ Career Development and Training

In addition to Companywide diversity and management-themed training of those in management-level positions, we are implementing various educational initiatives aimed at raising career awareness among, teaching leadership skills to, and creating networks for female employees.

##### ■ Receipt of “Eruboshi” Mark Certification

Mitsubishi UFJ Lease & Finance was awarded the second-level “Eruboshi” mark from the Ministry of Health, Labour and Welfare (MHLW) on February 9, 2018, recognizing the Company as implementing superior initiatives for promoting women's participation in the workplace after meeting all certification standards based on the Act on Promotion of Women's Participation and Advancement in the Workplace.



#### ■ Supporting a Balance between Working and Raising Children

We are executing a broad range of policies aimed at expanding support systems for women taking on both work and childcare. Specifically, we are pursuing support measures to ensure a smooth transition back to work for employees on

childcare leave. These measures include the distribution of tablets (iPads) with access to the Company intranet; career advice to support employees after they return to work and assistance with the mental transition; and “lunchcations,” or group lunches, with supervisors, employees returning from leave, or employees about to take leave, to exchange advice and spur communication.

In addition, we provide support for active career-building compatible with both work and child-rearing obligations. We have established a system that allows employees to select and change their work location based on their childcare and home circumstances. We also provide flexible work systems, including a telecommuting system and an hourly leave system. We have also founded a retirement and re-employment system for employees who are unable to work due to individual family circumstances. Moreover, we have set up an environment that allows these employees to put their abilities back on display again once conditions allow them to return to work.

##### ■ Acquisition of Platinum “Kurumin” Mark

The Company was awarded the Platinum “Kurumin” mark for companies providing high-level support for employees seeking to balance their work with raising small children by the MHLW on December 18, 2017, after meeting all certification standards based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



#### ■ Support for Staff with Nursing Care Responsibilities

We have put in place systems to support nursing care.

##### ■ Major Support Systems

**Nursing Care Leave:** Total of one year, can be taken in three-part increments

**Nursing Care Days:** Up to five days

**Shortened Working Hours:** Total of three years separate from nursing care leave, can be taken in increments

**Change and/or Choose Work Location Program:** Can change or choose work location depending on the circumstances of nursing care provided

#### ■ Employing Differently Aabled Individuals

As one facet of our efforts to promote a more diverse human resource profile, we are encouraging the employment of differently abled individuals. In fiscal 2017, we established the Business Support Group within the Human Resources Department for performing office work from other departments, with the aim of providing differently abled employees with a comfortable workplace environment. As of June 1, 2019, the ratio of differently abled employees is 2.21%, which exceeds the legal requirement.



## Efforts to Cultivate Global-Minded Human Resources

### Initiative

**Cultivate human resources Groupwide who can showcase their abilities at home or in different cultures**

#### ■ Opening of the Global Human Resources Development Office

In October 2019, the Mitsubishi UFJ Lease & Finance Group opened the Global Human Resources Development Office within its Human Resources Department in order to speed up cultivation of the human resources needed for global business development. The Group is making efforts centered on this office, in cooperation with related departments, to provide a full set of training programs, which include a new education system for domestic employees, and training for locally hired employees aimed at spreading the Group's corporate philosophy. Moreover, the office serves to enhance HR's ability to support development and exchange among the Group's human resources.

#### ■ Sharing of the Qualities of Ideal Human Resources

Global expansion has brought together employees with diverse backgrounds, with over 1,000 Group employees working overseas. Locally hired employees, who up to this point have kept their focus on business within their respective countries, are now required to think of a single business from a global perspective, and must work as Group members to share its corporate message. For this reason, we are building a system to ensure that the qualities of ideal human resources, as required by the Mitsubishi UFJ Lease & Finance Group, can take hold among employees of overseas subsidiaries and become adopted as one of the themes for locally hired employee training.

#### ■ The Importance of Cross-Cultural Communication

While locally hired employees have deepened their understanding of Japan through Head Office training, domestic employees have been working to improve their communication

skills with a focus on language proficiency. However, making headway with overseas business requires the ability to communicate with an understanding of the differing customs and cultures of the people in these countries, in addition to language. For this reason, we will focus on human skills that promote understanding of different cultures and diversity and enhance our efforts in this regard. This includes training, started in fiscal 2019, that values the importance of cross-cultural communication and which targets employees from Head Office who are dispatched overseas, in addition to efforts to enhance our pre-overseas dispatch training for all employees.

#### ■ Enhancing Locally Hired Employee Training

With the number of employees at overseas subsidiaries on the rise, it has become increasingly important to train locally hired employees. Since fiscal 2012, we have been conducting group training at Head Office for managers and young employees so that locally hired employees can deepen their understanding of Head Office operations and Japanese corporate culture. In fiscal 2019, we introduced a new initiative to gather and train such employees primed to manage our overseas subsidiaries in the future. In fiscal 2019, three training modules were held at Head Office, with 36 participants. We will continue to enhance our employee training from fiscal 2020 onward.



Training for Locally hired Employees



Training for executive-track locally hired employees

## Enthusiasm and Vitality—Cultivating an Open Work Environment—

### Initiative

**Fostering a corporate culture that maximizes the motivation and vitality of each employee**

#### ■ Training and Surveys to Raise Vitality in the Workplace

In order to increase the enthusiasm and vitality of each and every employee, we are trying to create an open work environment that encourages employees to express their opinions. Specifically, we are evaluating issues raised in morale surveys and working to improve the mindset of members of management—the people who set the tone when creating a work environment—for the purpose of improving the climate in the workplace, and teaching methods for leading

subordinates and communication techniques designed to inspire independence in employees. From fiscal 2019, we have been working to further enhance initiatives to improve work environments, such as by conducting 360-degree surveys of management-level employees as part of our efforts to obtain objective evaluations from employees who are not their superiors, such as their colleagues and subordinates.

## Workplace Enhancement Project

### Initiative

**Create a workplace where employees can perform their duties to the fullest (improve productivity by streamlining operational processes, improving work environments, and enhancing human resource development)**

#### ■ Major Initiatives within the Workplace Enhancement Project

##### ■ Office Work

- **Increased scope of business leader system\* in April 2019**
- ▶ Increased scope of administration section managers from sales departments to corporate departments and business divisions (11 business leaders as of March 31, 2018; 18 business leaders as of March 31, 2019; and 28 business leaders as of April 30, 2020)
- \* Framework for the delegation of responsibility for certain back-office review procedures normally performed by administrative employees to clerical employees.
- **Established the Productivity Improvement Office within the Operations Department and promoted Companywide measures to improve productivity in April 2019**
- ▶ Work hours saved by utilizing RPA\* and other methods: 39,066 hours (April 2018–March 2020)
- \* Robotic Process Automation
- **Held general job information liaison meetings with the themes of “transformation” and “communication” (February 2019, December 2019)**

##### ■ Information Systems

- **Improved work efficiency through digital technology (e.g., RPA and AI to replace routine work)**
- **Utilized chat and cloud tools to facilitate communication and provide work environment not tied to any one location**
- **Increased connectivity among overseas bases and raised efficiency**

##### ■ Communication

- **Created communication opportunities across departments, such as discussion opportunities between Heads of Business Divisions and Area Company / Machinery Business Company**
- **Facilitated communication among employees by introducing new communication tools**

##### ■ Human Resources

- **Launched selected staggered work hour system in February 2018, targeting all employees, with no restriction on reasons for use (used by 878 employees in fiscal 2019)**
- **Introduced teleworking system in October 2018**
- **Introduced by-hour leave acquisition system in October 2018**
- **Began new evaluation system in April 2019**
- **Held Human Resources Development Conference in January 2020 (with attendance by representatives of certain business divisions)**
- **Introduced multifaceted 360-degree survey for management-level employees in February 2020**

# Health Management —Facilitating Improvements to Employee Health—

## Initiative

Implementing health improvement measures for motivating and maintaining a sense of pride in each and every employee

### Health Improvement Measures

The corporate philosophy of Mitsubishi UFJ Lease & Finance states, “We will create a workplace environment that motivates each and every employee and in which they can take pride.” Based on this philosophy, we are developing a health-care system comprising self-care, line care overseen by supervisors, and care provided by internal healthcare staff (human resource representatives) that incorporates industrial physicians, public health nurses, outside experts, and other specialized organizations. Through this system, we aim to help all employees improve their health.

Specific initiatives on this front include the following.

- Regular health examinations (99.8% of employees underwent examinations in fiscal 2019)  
Note: A small number of employees refrained from having examinations in light of the COVID-19 outbreak in March 2020.
- Implemented stress checks (about 95% of employees took these checks in fiscal 2019)
- Health consultation venues for speaking with health insurance unions, industrial physicians, and public health nurses
- Establishment of dedicated hotline for phone and e-mail consultation on health and other concerns available 24-hours a day, free counseling services, and medical facility referrals offered through cooperation with external specialists
- Designation of mid-level employees as healthcare representatives in all workplaces to provide line care while working to prevent and quickly detect health issues among newer and other employees
- Discussions of themes related to health improvement and illness at meetings of the Health Committee and dissemination of information based on these discussions and on lectures by industrial physicians
- Launching of efforts to prevent the spread of COVID-19, including the continuance of business activities while minimizing the number of employees in the office by focusing on working from home as much as possible, staggered work hours, avoidance of unnecessary visits and business trips, and other online solutions

### Certified as a Health & Productivity Management Organization (Large Enterprise Category)

Mitsubishi UFJ Lease & Finance was certified as a 2020 White 500 Health & Productivity Management Organization in the large enterprise category. The certification is granted for strategic efforts to maintain employee health from a management perspective, under the Ministry of Economy, Trade and Industry created Certified Health & Productivity Management Organization Recognition Program, which aims to give social recognition to outstanding enterprises engaged in health and productivity management efforts. Enterprises are judged in terms of employee health management, improvement, and promotion utilizing 25 criteria, including initiatives to promote work-life balance, and whether industrial physicians and public health nurses are involved with planning and verifying health maintenance and improvement initiatives.



We will increase our understanding with regard to efforts to improve employee health and implement reforms to meet the needs of the times to ensure that they can perform their duties in a lively and healthy manner.

### Reduction of Overtime

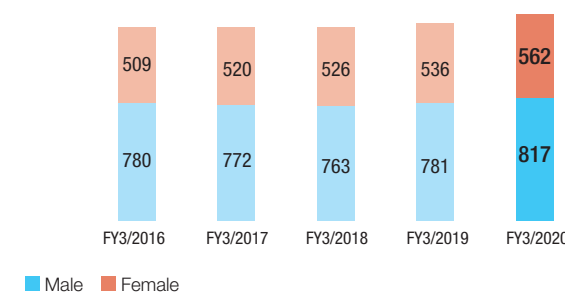
The Company seeks to minimize health issue risks resulting from fatigue accumulated through excessive work hours and to promote work-life balance. To this end, we encourage employees to take part in a weekly “no overtime day,” when employees leave work at 7:00 p.m. We have also set Companywide leave acquisition targets and are promoting systematic leave acquisition to meet these targets.

When an employee is judged to be at higher risk of health issues due to the accumulation of fatigue from excessive work hours, we ask this employee to consult with an industrial physician or public health nurse so that we can better keep track of their health condition and they can receive advice.

## Data on Human Resources

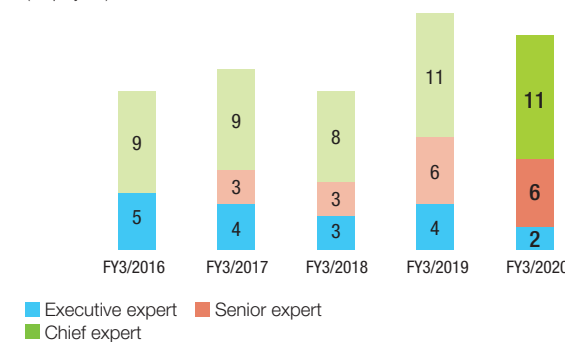
### Number of Employees (Non-Consolidated)

(Employees)



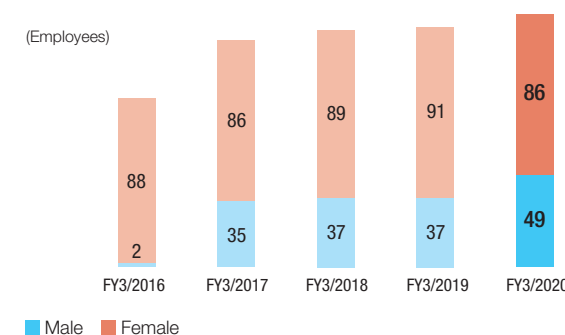
### Number of Experts

(Employees)



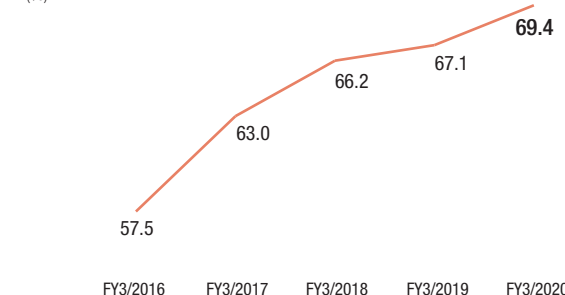
### Number of Employees Taking Childcare Leave

(Employees)



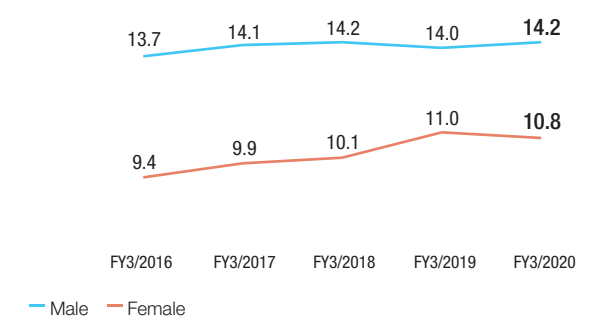
### Ratio of Employees Taking Annual Paid Leave

(%)



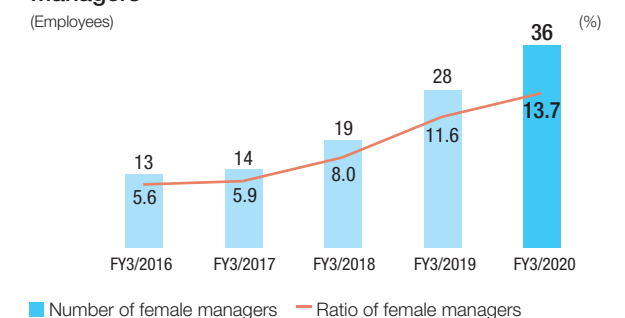
### Average Years of Service

(Years)



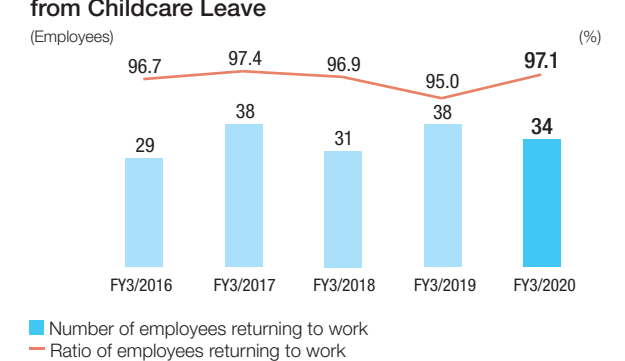
### Number of Female Managers and Ratio of Female Managers

(Employees)



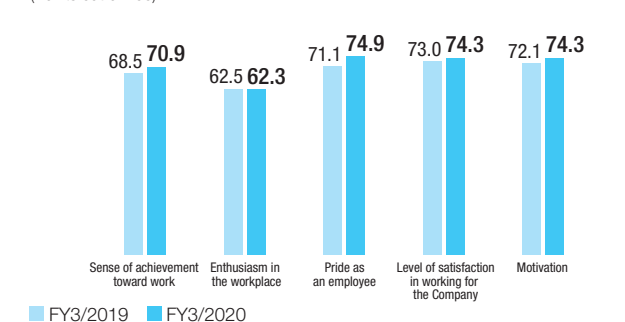
### Number and Ratio of Employees Returning to Work from Childcare Leave

(Employees)



### Results of Survey on Employee Morale

(Points out of 100)





# Efforts toward Preserving the Environment

WEB

More information is available on the Company's corporate website (Japanese only).  
<https://www.lf.mufg.jp/corporate/csr/>

PROFILE

STRATEGY

MANAGEMENT

DATA

## Basic Approach

Mitsubishi UFJ Lease & Finance views preserving the global environment as an important social responsibility, and engages in wide-ranging activities. With the aim of helping to realize a sustainable, recycling-oriented society with low environmental impact, we engage positively in environmental preservation activities, while working to raise the environmental awareness of all employees.

## Eco Policy

- We meet economic targets through our leasing business and promote environmental protection in all our business activities.
- We work to continuously improve systems, and thereby improve environmental performance, by setting and reviewing environmental aims and targets, performing management reviews, and implementing other measures.
- We strive to prevent pollution and preserve the environment through the following measures.
  - We promote resource saving, energy saving, waste reduction, and other objectives to improve efficiency and reduce costs.
  - We emphasize waste volume reduction, resource recycling, and reuse when handling lease-up assets.
- We strictly comply with all relevant laws and other requirements.

## Environmental Management System Organization

We are promoting our eco-activities under a Companywide management system.

## Key Environmental Aims and Targets (Summary)

| Medium-to-long-term targets  |  |
|--|--|
| <b>Office-Based Initiatives</b><br>(1) Switch to low-pollution vehicles and promote eco-friendly driving<br>(2) Monitor data on green procurement activities (for paper and stationery)<br>(3) Reduce use of photocopies, paper, and electricity <ul style="list-style-type: none"><li>Head Office electricity use reduction target: Reduce electricity use by 25% from the level of the fiscal year ended March 31, 2010, by the fiscal year ending March 31, 2021</li></ul><br>(4) Reduce energy consumption   |  |
| <b>Sales</b><br>(1) Promote reduced energy consumption in line with the revised Act on Rationalizing Energy Use<br>(2) Act in compliance with the Construction Material Recycling Law, the Soil Contamination Countermeasures Act, and other laws and regulations<br>(3) Contribute to reducing environmental impact through eco-related businesses<br>(4) Develop abilities and skills for selecting assets with a high resale value and high rate of successful re-leasing to secure secondary profit and promote reduction of waste volume  |  |
| <b>Lease-Up Asset Handling</b><br>(1) Strict enforcement of day-to-day management, improvement, and review in response to operational performance, etc.<br>(2) Efficient use of water resources<br>(3) Appropriate operations in line with the Waste Management and Public Cleansing Law<br>(4) Strict application of the waste treatment operator evaluation checklist and procedural manual, and building of good relationships with best-practice waste treatment operators to establish a system of appropriate checks and balances<br>(5) Appropriate operations in line with the Home Appliance Recycling Law, Act on Rational Use and Proper Management of Fluorocarbons, Construction Material Recycling Law, Air Pollution Control Act, PCB Special Measures Law, and other laws and regulations<br>(6) Appropriate management and operation of assets that are difficult to dispose of, and prevention of pollution<br>(7) Research and implement effective methods of asset sales to reduce waste volume<br>(8) Promote a recycling and reuse system through effective manual disassembly |  |

## Environmental Data

| No. | Statistical item                                       | Unit                                     | FY3/2018 results | FY3/2019 results | FY3/2020 results | FY3/2021 targets                                 | Baseline value |
|-----|--|--|------------------|------------------|------------------|--|----------------|
| 1   | Total energy input (Electricity consumption)           | Per m <sup>2</sup> (kWh)                 | 78.9             | 81.2             | 76.2             | Below baseline value (FY3/2018–FY3/2020 average) | 78.7           |
| 2   | Photocopy paper consumption                            | Per person (Sheets)                      | 862              | 775              | 695              | —  | —              |
| 3   | Paper consumption                                      | Per person (Sheets)                      | 8,211            | 7,918            | 7,639            | Below baseline value (FY3/2018–FY3/2020 average) | 7,922          |
| 4   | CO <sub>2</sub> emissions from electricity consumption | Per m <sup>2</sup> (kg-CO <sub>2</sub> ) | 38.73            | 38.43            | 34.62            | Below baseline value (FY3/2018–FY3/2020 average) | 37.26          |
| 5   | CO <sub>2</sub> emissions from gasoline                | Per vehicle (kg-CO <sub>2</sub> )        | 1,442.48         | 1,413.90         | 1,251.83         | Below baseline value (FY3/2018–FY3/2020 average) | 1,369.40       |
| 6   | Company vehicle fuel consumption                       | km / L                                   | 16.3             | 16.3             | 15.7             | Above baseline value (FY3/2018–FY3/2020 average) | 16.1           |
| 7   | Share of green procurement                             | %  | 76.5             | 75.2             | 77.0             | Promotion of green procurement                   | —              |

Note: Figures include Group companies co-certified under ISO 14001 (MUL Eco-Business Co., Ltd., and MUL Business Company Limited).

## Environmental Accounting

| (Millions of yen)   |   |           |
|---|---|-----------|
| Environmental Protection Costs                                    |   |           |
| Category  | Content of key initiatives  | FY 3/2020 |
| Costs within business area  | Pollution prevention (eco-vehicle leasing fees)   | 63        |
| Upstream and downstream costs                                     | Disposal costs of lease-up assets   | 499       |
| Management activity costs   | Environmental management system maintenance and operation costs, Corporate report costs, etc. | 16        |
| (Millions of yen)   |   |           |
| Economic Benefit from Environmental Protection                    |   |           |
| Content of key initiatives  |   | FY3/2020  |
| Revenue from sale of used components (MUL Eco-Business Co., Ltd.) |   | 30        |

## ISO 14001 Certification

We acquired certification in 2001 under ISO 14001, the international standard for environmental management systems. In 2019, we successfully completed our 13th surveillance audit.

Business sites certified under ISO 14001  
Mitsubishi UFJ Lease & Finance Company Limited, Head Office  
MUL Business Company Limited, Head Office  
MUL Eco-Business Co., Ltd., Tokyo Office



## Environmental Education

To raise environmental awareness, all employees are issued with an Eco Policy Card on which our Eco Policy is printed, and a quarterly Environmental Bulletin is circulated to present a variety of environmental information.

In addition, special education and training are provided to employees involved in operations closely linked to the environment, such as the disposal of lease-up assets and handling of assets covered by the Construction Material Recycling Law, the Soil Contamination Countermeasures Act, or the Air Pollution Control Act.



## Environmental Accidents and Legal Infringements

In fiscal 2019, there were no environmental accidents or legal infringements. We will continue working to prevent environmental accidents and ensure legal compliance.

## Biodiversity Guidelines

To contribute to preserving biodiversity, we have put in place a set of Biodiversity Guidelines, made up of business and office-based initiatives.

Our business-based initiatives include applying the “3Rs” (reduce, reuse, and recycle) to lease-up assets and conducting operations in used equipment trading and the eco- and energy-related sector.

Our office-based initiatives include use of paper certified by the Forest Stewardship Council (FSC), which supports the preservation of the forest ecosystem; reduced use of photocopies, paper, and electricity; green procurement; and eco-friendly driving. In this way, we promote efficient use of resources and reduced waste emissions.

## Acquisition of Value Assets

We actively seek to acquire value assets, which have long-term utility due to their resistance to depreciation, in order to reduce waste and lower our environmental impact.

## Waste Management and External Waste Disposal Operator Selection

We reduce waste emissions by applying the 3Rs consistently to lease-up assets. Assets that cannot be reused are disposed of appropriately in accordance with the Waste Management Law and other relevant laws and regulations. Products that use polychlorinated biphenyls (PCBs) are disposed of in accordance with the PCB Special Measures Law.

When selecting an external waste disposal operator, we do not merely request the business to cooperate with environmental preservation. We also carry out stringent checks on its financial condition, facilities, recycling rate, and legal compliance. After selection, we continue to carry out periodic site inspections to check the status of operations.

## Introduction of Low-Pollution Vehicles and Promotion of Eco-Friendly Driving

Our vehicle fleet consists entirely of low-pollution vehicles. We are also actively introducing hybrid vehicles and other eco-friendly models. To improve fuel efficiency, we also promote eco-friendly driving.

## Low-Pollution Vehicles in the Company's Fleet

|            | FY3/2018  | FY3/2019  | FY3/2020   |
|------------|---|---|--|
| Overall    | 150 low-pollution vehicles (entire fleet)                                 | 132 low-pollution vehicles (entire fleet)         | 128 low-pollution vehicles (entire fleet)        |
| Break-down | Low-emission vehicles: 35<br>Hybrid vehicles: 113<br>Electric vehicles: 2 | Low-emission vehicles: 31<br>Hybrid vehicles: 101 | Low-emission vehicles: 37<br>Hybrid vehicles: 91 |

## Principles for Financial Action towards a Sustainable Society

The Company has been a signatory to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century), a proactive initiative by financial institutions, since it was formulated in November 2011. The Principles for Financial Action for the 21st Century consist of seven principles for financial institutions that want to take an active role and responsibility in the creation of a sustainable society and guidelines tailored to each sector to implement the principles. We will continue to make active efforts for the environment and society based on these principles.

■ Supporting the Education of Future Generations

To contribute to future society by nurturing the younger generation, Mitsubishi UFJ Lease & Finance provides extensive educational support.

• Program Offering Rooms in Company Dormitories to Exchange Students

Since 2015, we have taken part in a program for providing economic support to exchange students by placing them in company dormitories or housing spearheaded by the Association for Promoting Corporate Support for Exchange Students. We continue to support exchange students through this program, thereby promoting mutual understanding between people in Japan and individuals from around the world.

• Job Shadow Program

Together with Junior Achievement Japan and the Tokyo Metropolitan Board of Education, we have implemented the Job Shadow work experience program since 2008. In this program, high school students are assigned an employee to “shadow” in order to gain an understanding of the meaning of work and a professional attitude so that they can use this insight in deciding their future career path.



Students in the Job Shadow work experience program

• The TOMODACHI Initiative

Since 2012, we have joined with companies of the Mitsubishi UFJ Financial Group to take part in the TOMODACHI Initiative organized by the U.S. Embassy and the U.S.–Japan Council. As part of this initiative, we run the TOMODACHI MUFG International Exchange Program, which allows Japanese students affected by the Great East Japan Earthquake and U.S. students to interact with each other through cultural exchange activities and home-stays opportunities. The Japanese students are also given the chance to take part in educational programs as a way of motivating them to work or study overseas or take part in other forms of cultural exchange in the future.



Picture provided by Mitsubishi UFJ Financial Group, Inc.

■ Social Contribution Activities

As a responsible member of the community, Mitsubishi UFJ Lease & Finance continues to take part in community-rooted social contribution activities, such as relief for disaster-stricken regions, in locations around the world.

• Donation of Lease-Up PCs

We have been instituting an ongoing campaign to donate lease-up PCs to educational institutions and other recipients in areas affected by natural disasters. Through this campaign, we have supplied a total of 263 PCs during the period from 2011 to March 31, 2020.



• Child Sponsorship Programs

Our Thailand subsidiary Bangkok Mitsubishi UFJ Lease Co., Ltd., takes part in child sponsorship programs of the international cooperation nongovernmental organization (NGO) World Vision. These programs offer children from poor and disadvantaged backgrounds support in education and everyday living.



Logo of the international cooperation NGO World Vision

• MUFG Gives Back Global Volunteer Month

In the wake of the Great East Japan Earthquake, Japan was blessed with support from across the world for its reconstruction efforts. In response, and as an opportunity to express gratitude for the support Japan received, MUFG instituted the MUFG Gives Back global volunteer month, in which employees around the world reach out to their communities. Mitsubishi UFJ Lease & Finance takes part in this annual event.



Employees at Mitsubishi UFJ Lease & Finance (Singapore) Inc. taking part in volunteer activities

• Social Investment

To achieve harmony between efforts to regenerate Japan's forests and business activities, the Mitsubishi UFJ Lease & Finance Group has been collaborating with the Gifu Prefecture Union of Forestry Cooperatives and other partners in a forest and forestry regeneration project since 2010. Creating frameworks in which regional forestry initiatives can function as a business requires performing production control and administration based on private-sector management expertise. We are utilizing our leasing and financial expertise to support new forms of forestry management.



# DATA

## DATA SECTION

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## Business Results and Financial Position

### Overview of Financial Results

In the fiscal year ended March 31, 2020, the business environment continued to be marked by future uncertainty largely due to destabilizing factors in the international situation, notably the issue of trade friction in the global economy. Although the Japanese economy showed solid progress in corporate earnings, rate of employment, level of personal income, and other positive influences, the impact of a consumption tax hike and destructive typhoons contributed to triggering a slowdown in the third quarter (October–December), with the real GDP growth rate turning negative. From January 2020, the spread of COVID-19 imposed restrictions on economic activity worldwide, inflicting major impacts on the world economy, including that of Japan, with fears of expanding fallout going forward. Against this backdrop, the Mitsubishi UFJ Lease & Finance Group moved forward steadily with the various strategies set out in its Medium-term Management Plan, Breakthrough for the Next Decade, launched in April 2017, pursuing these strategies through both offensive and defensive approaches in the plan's final fiscal year, ended March 31, 2020.

### Revenues and Profit

Consolidated revenues in the fiscal year ended March 31, 2020, grew ¥59.5 billion, or 6.9%, from the previous fiscal year, to ¥923.7 billion. In terms of profit, gross profit increased ¥23.6 billion, or 14.9%, to ¥181.9 billion, on the favorable performances of the real estate, aviation, and environment & energy businesses. Operating income also expanded ¥11.4 billion, or 14.3%, to ¥91.8 billion, while net income attributable to owners of the parent advanced ¥1.9 billion, or 2.8%, to ¥70.7 billion. Record income figures were thus achieved across the board.

### Volume of New Transactions

On the sales front, in the fiscal year ended March 31, 2020, the consolidation of U.S. commercial operating finance company ENGS Holdings Inc. and the accumulation of global assets contributed to an 8.8% year-on-year increase in the volume of new transactions, to ¥1,881.7 billion. By business segment, this breaks down as follows: the leasing business saw a 0.8% increase, to ¥912.3 billion (of which, ¥516.3 billion came from finance lease transactions and ¥395.9 billion was generated via operating lease transactions), the installment sales business faced an 18.3% decrease, to ¥73.0 billion, the loans business experienced an 18.3% increase, to ¥761.1 billion, and other businesses saw a 47.3% increase, to ¥135.2 billion.

### Financial Position

As of March 31, 2020, the total assets of Mitsubishi UFJ Lease & Finance stood at ¥6,285.9 billion, an increase of ¥495.0 billion compared with the previous fiscal year-end. Due, among other factors, to the growth in net income attributable to owners of the parent, total equity increased ¥20.2

billion from the previous fiscal year-end, to ¥798.8 billion. Conversely, the equity ratio fell 0.6 of a percentage point, to 12.4%, due to the widespread procurement of funds necessary for operating activities and the accumulation of additional cash and time deposits for preparations in light of the rapid changes in the financial environment at the end of March 2020. If the balance of cash and time deposits at the fiscal year-end had remained at the previous fiscal year-end's level, the equity ratio would have been 12.9%, very close to that of the previous fiscal year-end.

### Cash Flows

Cash and cash equivalents as of March 31, 2020, stood at ¥455.5 billion, an increase of ¥269.0 billion, or 144.3%, from the previous fiscal year-end. The ¥269.0 billion increase in cash was the result of net cash provided by financing activities of ¥552.3 billion, which outweighed net cash used in operating activities of ¥252.1 billion and net cash used in investing activities of ¥32.9 billion.

Operating activities used net cash of ¥252.1 billion. Major factors increasing cash included ¥99.0 billion in income before income taxes and ¥250.4 billion resulting from depreciation and amortization and loss on disposals and sales of leased assets. Major factors decreasing cash included ¥459.7 billion in purchases of leased assets and other operating assets, ¥39.3 billion in increase in loan receivables, ¥32.5 billion in increase in lease receivables and investments in leases, and ¥20.5 billion in income taxes paid.

Investing activities used net cash of ¥32.9 billion. Inflows, including ¥6.7 billion in proceeds from sales and redemption of investment securities and subsidiary company and other shares, were set against outflows such as ¥35.3 billion in purchases of investment securities and subsidiary company and other shares and ¥4.3 billion in purchases of own-used assets.

Financing activities provided net cash of ¥552.3 billion. Direct financing provided net proceeds of ¥124.5 billion, while indirect financing, such as bank loans, provided net proceeds of ¥453.4 billion. Among the main outflows was ¥25.7 billion in cash dividends paid.

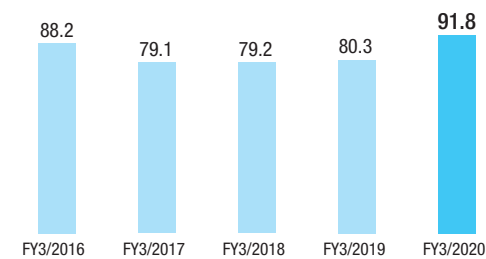
### Basic Policy on Profit Distribution and Dividend Payouts

Our basic policy on profit distribution is to provide continuous and stable dividend payouts while seeking to maintain adequate equity reserves.

Based on this policy, we set the dividend for fiscal 2019 at ¥25.00 per share (interim dividend of ¥12.50 and year-end dividend of ¥12.50), an increase of ¥1.50 from the previous fiscal year and the 21st consecutive year of dividend growth if the effect of the 10-for-1 stock split carried out on April 1, 2013, is applied retrospectively.

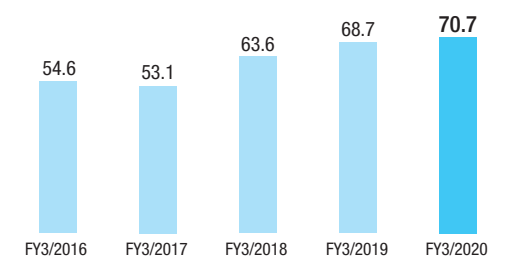
### Operating Income

(Billions of yen)



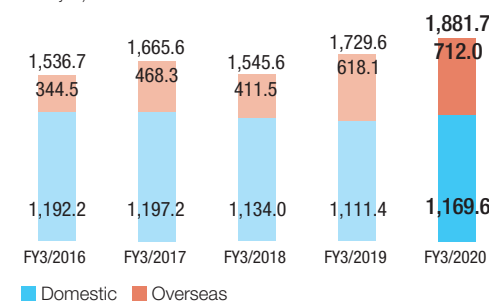
### Net Income Attributable to Owners of the Parent

(Billions of yen)



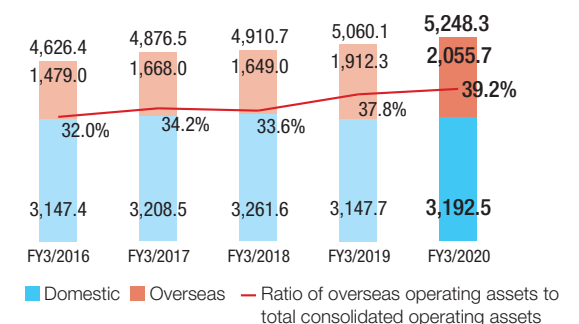
### Volume of New Transactions (Domestic and Overseas)

(Billions of yen)



### Operating Assets (Domestic and Overseas)\*

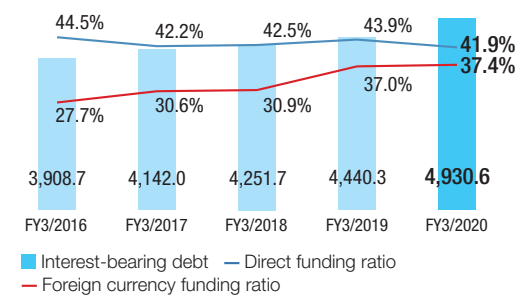
(Billions of yen)



\* Due to changes in definition of terms that took place in the first quarter of fiscal 2020, the figures given here may be different from those stated in the financial summaries for fiscal 2017–fiscal 2019.

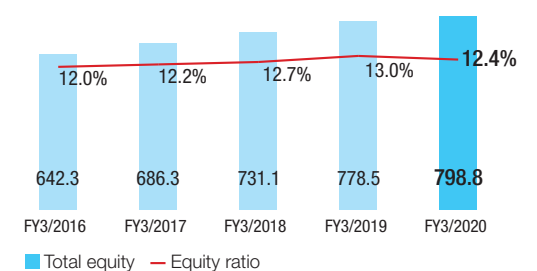
### Interest-Bearing Debt / Direct Funding Ratio / Foreign Currency Funding Ratio

(Billions of yen)



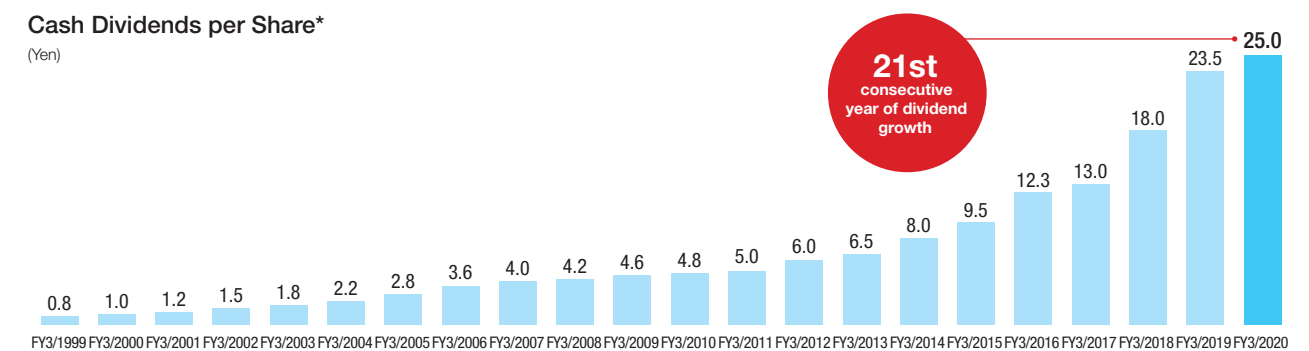
### Total Equity / Equity Ratio

(Billions of yen)



### Cash Dividends per Share\*

(Yen)



\* On April 1, 2013, Mitsubishi UFJ Lease & Finance split each share of its common stock, held by shareholders stated or recorded in the register of shareholders as of March 31, 2013, into 10 shares. "Cash dividends per share" has been retrospectively adjusted to reflect the stock split for all periods presented.

## Eleven-Year Summary

(Millions of yen)

|  | FY3/2010  | FY3/2011  | FY3/2012  | FY3/2013  | FY3/2014  | FY3/2015  | FY3/2016  | FY3/2017  | FY3/2018  | FY3/2019  | FY3/2020  |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Business Results</b>                              |           |           |           |           |           |           |           |           |           |           |           |
| Total revenues                                       | 747,043   | 724,762   | 724,611   | 698,155   | 717,760   | 742,452   | 825,845   | 838,886   | 869,948   | 864,224   | 923,768   |
| Leases   | 558,615   | 560,610   | 562,878   | 546,625   | 579,753   | 604,062   | 674,118   | 692,125   | 706,615   | 700,982   | 740,085   |
| Installment sales                                    | 122,615   | 99,414    | 92,533    | 85,021    | 83,270    | 83,408    | 85,673    | 92,232    | 94,668    | 89,451    | 75,099    |
| Loans  | 39,048    | 36,802    | 35,611    | 35,592    | 35,068    | 33,892    | 34,162    | 33,655    | 35,018    | 29,597    | 40,356    |
| Others   | 26,764    | 27,935    | 33,587    | 30,914    | 19,667    | 21,089    | 31,890    | 20,872    | 33,646    | 44,193    | 68,227    |
| Cost of revenues                                     | 637,474   | 606,033   | 609,533   | 580,121   | 589,086   | 609,172   | 659,846   | 688,655   | 713,779   | 705,904   | 741,804   |
| Gross profit   | 109,569   | 118,729   | 115,078   | 118,033   | 128,673   | 133,279   | 165,998   | 150,231   | 156,169   | 158,320   | 181,964   |
| Selling, general and administrative expenses         | 83,755    | 62,846    | 61,921    | 58,045    | 63,395    | 63,042    | 77,726    | 71,119    | 76,883    | 77,949    | 90,110    |
| Operating income                                     | 25,813    | 55,882    | 53,156    | 59,987    | 65,278    | 70,237    | 88,272    | 79,112    | 79,285    | 80,371    | 91,853    |
| Recurring Income                                     | 25,821    | 56,307    | 55,878    | 62,983    | 69,821    | 75,380    | 92,672    | 84,731    | 86,177    | 87,605    | 94,376    |
| Net income attributable to owners of the parent      | 20,727    | 25,755    | 34,640    | 36,038    | 37,675    | 44,068    | 54,631    | 53,157    | 63,679    | 68,796    | 70,754    |
| Comprehensive income                                 | —         | 27,781    | 38,060    | 46,018    | 74,253    | 84,690    | 35,357    | 55,551    | 65,283    | 66,718    | 48,296    |
| <b>Profitability (%)</b>                             |           |           |           |           |           |           |           |           |           |           |           |
| Cost of revenues to total revenues                   | 85.3      | 83.6      | 84.1      | 83.1      | 82.1      | 82.0      | 79.9      | 82.1      | 82.0      | 81.7      | 80.3      |
| Gross profit margin                                  | 14.7      | 16.4      | 15.9      | 16.9      | 17.9      | 18.0      | 20.1      | 17.9      | 18.0      | 18.3      | 19.7      |
| Overhead ratio                                       | 40.8      | 39.1      | 41.9      | 42.4      | 44.0      | 44.7      | 40.4      | 44.8      | 46.1      | 47.1      | 45.1      |
| Return on equity (ROE)*1                             | 6.1       | 7.1       | 8.9       | 8.5       | 7.9       | 8.0       | 9.0       | 8.4       | 9.3       | 9.4       | 9.2       |
| Return on assets (ROA)*1                             | 0.5       | 0.7       | 0.9       | 0.9       | 0.9       | 0.9       | 1.1       | 1.0       | 1.2       | 1.2       | 1.2       |
| <b>Sales Performance</b>                             |           |           |           |           |           |           |           |           |           |           |           |
| Volume of new transactions                           | 1,301,590 | 1,169,542 | 1,276,464 | 1,356,270 | 1,561,842 | 1,462,319 | 1,536,731 | 1,665,612 | 1,545,635 | 1,729,673 | 1,881,720 |
| Leases   | 516,455   | 438,713   | 472,899   | 581,479   | 718,390   | 720,868   | 787,463   | 904,018   | 747,335   | 904,968   | 912,335   |
| Installment sales                                    | 50,646    | 49,424    | 67,293    | 78,259    | 91,755    | 86,263    | 96,969    | 103,078   | 100,244   | 89,370    | 73,046    |
| Loans and others                                     | 734,487   | 681,403   | 736,271   | 696,531   | 751,696   | 655,187   | 652,297   | 658,514   | 698,054   | 735,333   | 896,338   |
| <b>Financial Position</b>                            |           |           |           |           |           |           |           |           |           |           |           |
| Total assets   | 3,885,161 | 3,721,136 | 3,682,299 | 4,177,784 | 4,497,502 | 5,035,676 | 5,121,253 | 5,388,844 | 5,552,712 | 5,790,929 | 6,285,966 |
| Operating assets*2                                   | 3,517,982 | 3,393,547 | 3,335,620 | 3,713,972 | 4,017,419 | 4,540,920 | 4,626,455 | 4,876,553 | 4,910,705 | 5,060,114 | 5,248,363 |
| Total equity   | 366,891   | 389,802   | 420,864   | 468,061   | 534,250   | 621,344   | 642,366   | 686,378   | 731,124   | 778,582   | 798,820   |
| Interest-bearing debt                                | 3,148,926 | 2,961,470 | 2,893,504 | 3,315,294 | 3,484,480 | 3,910,324 | 3,908,736 | 4,142,073 | 4,251,769 | 4,440,352 | 4,930,692 |
| Equity ratio (%)                                     | 9.1       | 10.0      | 10.9      | 10.7      | 11.4      | 11.8      | 12.0      | 12.2      | 12.7      | 13.0      | 12.4      |
| <b>Cash Flows</b>                                    |           |           |           |           |           |           |           |           |           |           |           |
| Net cash provided by (used in) operating activities  | 52,013    | 224,305   | 87,941    | (63,407)  | (41,776)  | (56,296)  | (36,819)  | (220,251) | (50,751)  | (239,403) | (252,199) |
| Net cash provided by (used in) investing activities  | (11,415)  | (5,402)   | (7,631)   | (102,372) | 8,739     | (31,453)  | (5,105)   | (28,865)  | (31,962)  | (34,063)  | (32,988)  |
| Net cash provided by (used in) financing activities  | (82,443)  | (191,694) | (68,631)  | 183,560   | 77,729    | 65,384    | 50,736    | 234,908   | 147,611   | 299,752   | 552,320   |
| Net increase (decrease) in cash and cash equivalents | (41,773)  | 27,047    | 11,582    | 18,766    | 47,585    | (17,942)  | 8,298     | (15,876)  | 61,689    | 25,527    | 268,803   |
| Cash and cash equivalents, end of year               | 12,980    | 40,408    | 51,765    | 72,954    | 120,540   | 102,773   | 111,071   | 95,263    | 160,124   | 186,489   | 455,588   |
| <b>Per Share Information*3 (Yen)</b>                 |           |           |           |           |           |           |           |           |           |           |           |
| Net income per share                                 | 23.14     | 28.76     | 38.72     | 40.56     | 42.40     | 49.58     | 61.45     | 59.77     | 71.57     | 77.28     | 79.44     |
| Cash dividends per share                             | 4.8       | 5.0       | 6.0       | 6.5       | 8.0       | 9.5       | 12.3      | 13.0      | 18.0      | 23.5      | 25.0      |
| <b>Number of Employees</b>                           |           |           |           |           |           |           |           |           |           |           |           |
|  | 2,219     | 2,245     | 2,275     | 2,402     | 2,511     | 2,729     | 2,828     | 2,969     | 3,126     | 3,217     | 3,301     |

\*1 Based on net income attributable to owners of the parent

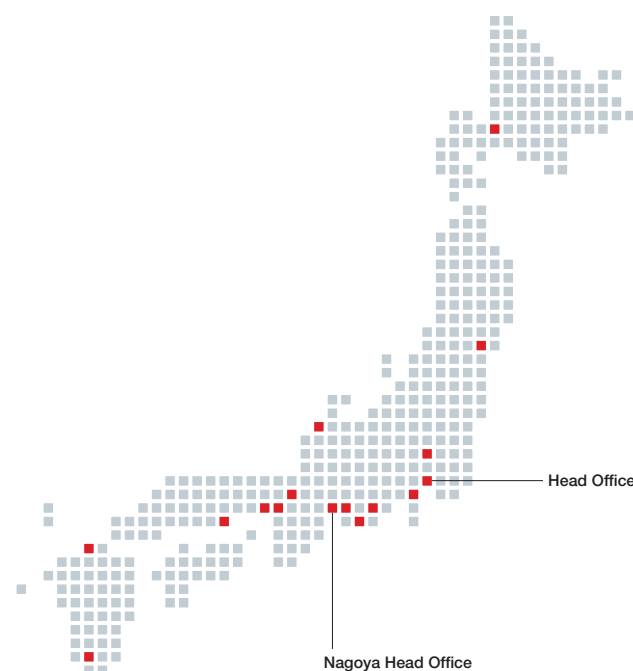
\*2 Due to changes in definition of terms that took place in the first quarter of fiscal 2020, the figures given here may be different from those stated in the financial summaries for fiscal 2017–fiscal 2019.

\*3 On April 1, 2013, Mitsubishi UFJ Lease &amp; Finance split each share of its common stock, held by shareholders stated or recorded in the register of shareholders as of March 31, 2013, into 10 shares. Net income per share and cash dividends per share have been retrospectively adjusted to reflect the stock split for all periods presented.



## Group Network

### Domestic Network



Offices, Branches, and  
Business Departments

20

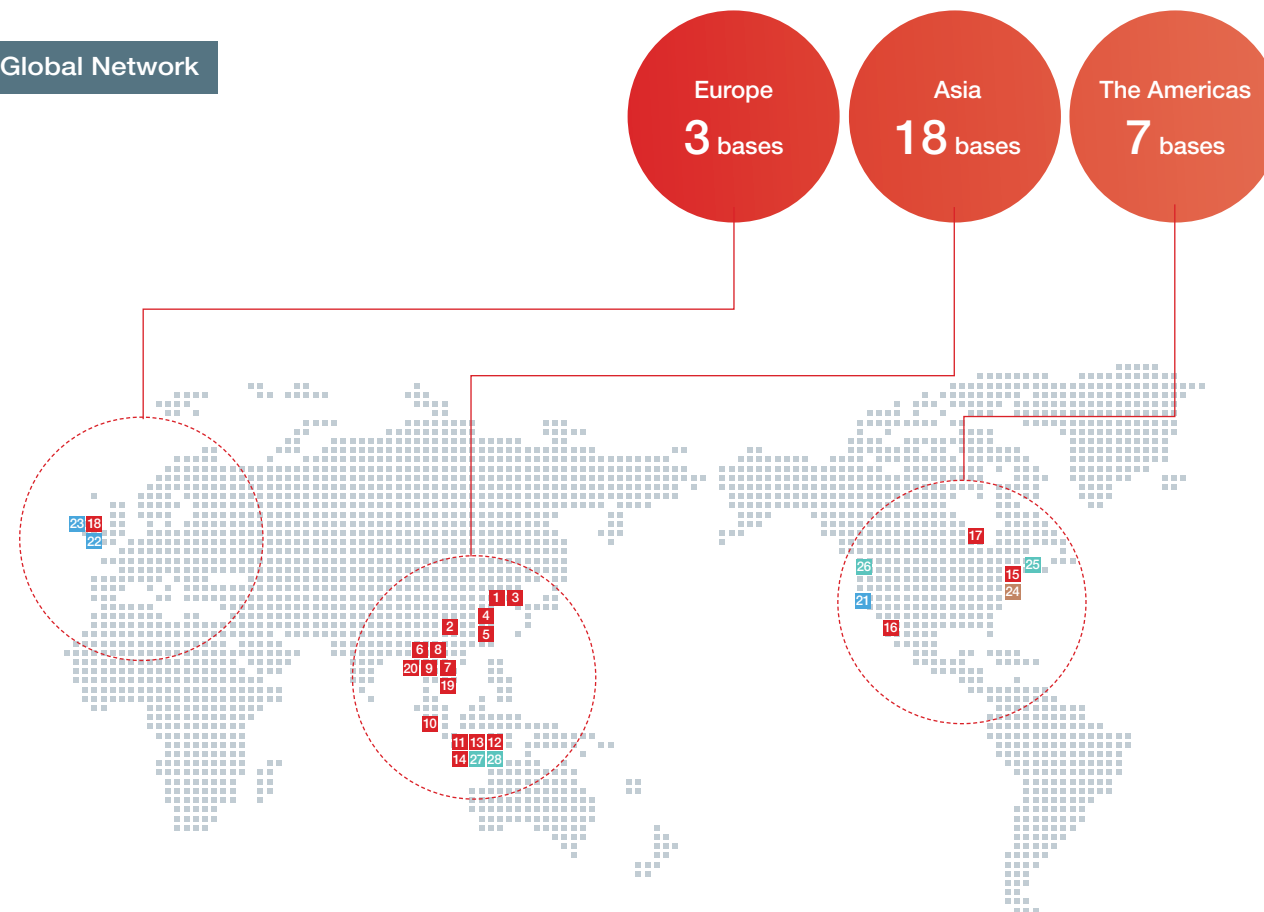
Main Consolidated  
Subsidiaries and Affiliates

24

### Offices, Branches, and Business Departments

- |                                  |                                 |
|----------------------------------|---------------------------------|
| ■ Head Office                    | ■ Yokohama Branch               |
| ■ Nagoya Head Office             | ■ Hokuriku Branch               |
| ■ Akasaka Office                 | ■ Shizuoka Business Office      |
| ■ Toyosu Office                  | ■ Hamamatsu Branch              |
| ■ Kanda Office                   | ■ Kariya Business Department    |
| ■ Osaka Office                   | ■ Kyoto Branch                  |
| ■ Sapporo Branch                 | ■ Kobe Branch                   |
| ■ Tohoku Branch                  | ■ Chushikoku Branch             |
| ■ Omiya Branch                   | ■ Kyushu Branch                 |
| ■ Tokyo Business Department No.4 | ■ Minami Kyushu Business Office |

### Global Network



Europe  
3 bases

Asia  
18 bases

The Americas  
7 bases

## Domestic Group Companies

### Customer Business

- DFL Lease Company Limited
- Hirogin Lease Co., Ltd.
- Shutoken Leasing Co., Ltd.
- CHUKYO GENERAL LEASE CO., LTD.
- DRS Company Limited
- MUL Eco-Business Co., Ltd.
- U-MACHINE Inc.
- MUL Insurance Company Limited
- MUL Business Company Limited
- Mitsubishi Electric Credit Corporation

### Real Estate

- MUL Property Co., Ltd.
- Diamond Asset Finance Company Limited
- Miyuki Building Co., Ltd.
- MUL Realty Investment Company Limited
- MUL Realty Advisers Company Limited
- Center Point Development Inc.

### Logistics

- Mitsubishi Auto Leasing Corporation

### Environment & Energy

- MUL Energy Investment Company Limited
- MUL Utility Innovation Company Limited

### Healthcare

- JAPAN MEDICAL LEASE CORPORATION
- M-cast, Inc.
- MUL HEALTHCARE CO., LTD.
- Healthcare Management Partners, Inc.

### Infrastructure & Investment

- Japan Infrastructure Initiative Company Limited

#### Alliances with Regional Banks' Leasing Companies

SHIZUGIN LEASE CO., LTD. / Hyakujushi Lease Co., Ltd. / Hachijuni Lease Co., Ltd. / The Daishi Lease Co., Ltd. / 77 Lease Co., Ltd. / Oita Lease Company Limited / YAMAGIN LEASE CO., LTD. / Hokkaido Leasing Co., Ltd. / Aigin Lease Co., Ltd. / Iwagin Lease Data Co., Ltd. / Nanto Lease Co., Ltd. / Aogin Lease Co., Ltd. / Senshu Ikeda Lease Co., Ltd. / Yamanashi Chugin Lease Co., Ltd. / Mebuki Lease Co., Ltd. / Juroku Lease Co., Ltd. / Ryukyu Leasing Co., Ltd. / The Kagoshima Lease Co., Ltd.

## Overseas Group Companies

- 1 Mitsubishi UFJ Lease & Finance (China) Co. Ltd. <Head Office>
- 2 Mitsubishi UFJ Lease & Finance (China) Co. Ltd. <Shenzhen Branch>
- 3 U-MACHINE (China) Co., Ltd.
- 4 Mitsubishi UFJ Lease & Finance (Hong Kong) Limited
- 5 DFL-Shutoken Leasing (Hong Kong) Company Limited
- 6 Bangkok Mitsubishi UFJ Lease Co., Ltd. <Head Office>
- 7 Bangkok Mitsubishi UFJ Lease Co., Ltd. <Chonburi Branch>
- 8 MUL (Thailand) Co., Ltd.
- 9 U-MACHINE (THAILAND) CO., LTD.
- 10 Mitsubishi UFJ Lease (Singapore) Pte. Ltd.
- 11 PT. Mitsubishi UFJ Lease & Finance Indonesia <Head Office>
- 12 PT. Mitsubishi UFJ Lease & Finance Indonesia <Surabaya Branch>
- 13 PT. Mitsubishi UFJ Lease & Finance Indonesia <Bandung Branch>
- 14 PT. Manajemem Unggul Lestari
- 15 Mitsubishi UFJ Lease & Finance (U.S.A.) Inc. <Head Office>
- 16 Mitsubishi UFJ Lease & Finance (U.S.A.) Inc. <San Diego Branch>
- 17 ENGS Commercial Finance Co.
- 18 Mitsubishi UFJ Lease & Finance (Ireland) Designated Activity Company

- 19 Ho Chi Minh City Representative Office
- 20 Yangon Representative Office

### Aviation

- 21 Jackson Square Aviation, LLC
- 22 Jackson Square Aviation Ireland Limited
- 23 Engine Lease Finance Corporation

### Real Estate

- 24 MUL Realty Investments, Inc.

### Logistics

- 25 Beacon Intermodal Leasing, LLC
- 26 MUL Railcars, Inc.
- 27 PT. Takari Kokoh Sejahtera <Head Office>
- 28 PT. Takari Kokoh Sejahtera <Surabaya Branch>

# Corporate Information

## ■ Corporate Profile (As of March 31, 2020)

### Company Name

Mitsubishi UFJ Lease & Finance Company Limited

### Head Office

Shin-Marunouchi Building, 5-1, Marunouchi 1-chome,  
Chiyoda-ku, Tokyo 100-6525, Japan

### Date of Establishment

April 12, 1971

### Paid-in Capital

¥33,196,047,500

### Number of Employees

Consolidated: 3,301; Parent: 1,379

### Business Activities

Leasing of assets  
Installment sales of assets  
Financing activities  
International business  
Other activities

### Fiscal Year

April 1 to March 31

### External Credit Ratings

| Rating Agency | Long-term | Short-term |
|---------------|-----------|------------|
| Moody's       | A3        | —          |
| S&P           | A—        | A-2        |
| JCR*1         | AA        | J-1+       |
| R&I*2         | A+        | a-1        |

\*1 Japan Credit Rating Agency, Ltd.

\*2 Rating and Investment Information, Inc.

## ■ Stock Information (As of March 31, 2020)

### Stock Numbers

Number of authorized shares: 3,200,000,000  
Number of issued shares: 895,834,160  
Number of shares per unit: 100

### Stock Listings

First Section of the Tokyo Stock Exchange (TSE)  
First Section of the Nagoya Stock Exchange (NSE)  
Securities code: 8593

### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation 4-5,  
Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212,  
Japan

### Accounting Auditor

Deloitte Touche Tohmatsu LLC

### Principal Shareholders

Mitsubishi Corporation  
Mitsubishi UFJ Financial Group, Inc.  
MUFG Bank, Ltd.  
Meiji Yasuda Life Insurance Company Mitsubishi UFJ  
Trust and Banking Corporation

# Investor Relations

## ■ Basic Policy on Information Disclosure

To promote the disclosure of corporate information in a way that is suitably prompt, accurate, and impartial, Mitsubishi UFJ Lease & Finance has established a set of regulations for handling information disclosure as well as policies regarding the Fair Disclosure Rule. In line with our IR Policy, meanwhile, we work to ensure fair and timely disclosure and two-way communication, engaging in proactive IR initiatives to gain the trust of shareholders and investors and assist them in reaching an accurate evaluation of the Company.

## ■ Communication with Shareholders and Investors

### ■ For Analysts and Institutional Investors

- We hold year-end and intermediate financial results briefings at which president & CEO gives presentations outlining financial results and management strategies, the progress of management plans, and other data.
- We hold individual meetings with institutional investors and analysts to promote two-way communication.
- We proactively take part in conferences and other events organized by stock exchanges and securities companies.

### ■ For Overseas Institutional Investors

- We make regular visits to major investors in the United States and countries in Europe and Asia, where we hold individual meetings and participate in a range of IR conferences.

### ■ For Individual Investors

- We participate in various conferences, events, and seminars organized by stock exchanges and securities companies.

### ■ Enhancement of Information Disclosure

- We provide detailed information on each business division in addition to posting documents concerning the latest Q&A sessions on financial results and financial results briefings with remarks from president & CEO in an effort to provide a greater level of information disclosure.

### ■ Company Website

- We post up-to-date charts and graphs with the latest stock prices and major financial data with the aim of providing a higher level of information disclosure.

### Published

October 2020

### Scope of Corporate Report 2020

This corporate report covers the activities of Mitsubishi UFJ Lease & Finance Company Limited and its Group companies.

### Period Covered

Fiscal year ended March 31, 2020  
(Information on certain activities from other periods is also included.)

### Contact

Corporate Communications Department  
Mitsubishi UFJ Lease & Finance Company Limited  
Shin-Marunouchi Building, 5-1, Marunouchi 1-chome, Chiyoda-ku,  
Tokyo 100-6525, Japan  
Tel: +81-3-6865-3002

## Distribution of Shareholders

