MUFG

Mitsubishi UFJ Financial Group

Financial Highlights under Japanese GAAP for 2nd Quarter of Fiscal Year Ending March 31, 2013

Nov 14, 2012

Quality for You

This document contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the "forward-looking statements"). The forward-looking statements are made based upon, among other things, the company's current estimations, perceptions and evaluations. In addition, in order for the company to adopt such estimations, forecasts, targets and plans regarding future events, certain assumptions have been made. Accordingly, due to various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result. For the main factors that may affect the current forecasts, please see Consolidated Summary Report, Annual Securities Report, Disclosure Book, Annual Report, and other current disclosures that the company has announced.
The financial information included in this financial highlights is prepared and presented in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"). Differences exist between Japanese GAAP and the accounting principles generally accepted in the United States ("U.S. GAAP") in certain material respects. Such differences have resulted in the past, and are expected to continue to result for this period and future periods, in amounts for certain financial statement line items under U.S. GAAP to differ significantly from the amounts under Japanese GAAP. For example, differences in consolidation basis or accounting for business combinations, including but not limited to amortization and impairment of goodwill, could result in significant differences in our reported financial results between Japanese GAAP and U.S. GAAP. Readers should consult their own professional advisors for an understanding of the differences between Japanese GAAP and U.S. GAAP and how those differences might affect our reported financial results. We will publish U.S. GAAP financial results in a separate disclosure document when such information becomes available.

＜Definitions of figures used in this document＞

Consolidated	: Mitsubishi UFJ Financial Group（Consolidated）
Non-consolidated	: Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + Mitsubishi UFJ Trust and Banking Corporation (non-consolidated) (without any adjustments)

Agenda

Income statement summary

【Consolidated】

Net business profits

- Net interest income decreased due to tighter domestic deposit-loan margin, lower interest income in Global Markets segment and lower income from consumer-finance subsidiary, partially offset by an increase in loan income in overseas business. Gross profits, however, increased mainly due to an increase in income from sales and trading and net gains on debt securities.
- G&A expenses increased slightly due to an increase in costs in strengthening overseas business.
- Net business profits slightly increased, as a result.

Total credit costs

- Increased mainly due to non-consolidated credit costs caused by revision of debtor credit ratings which reflected downturn in businesses of large borrowers.

Net losses on equity securities

- Increased due to an increase in the cost of write-down resulting from lower share prices.

Net income

- Net income excluding one-time negative goodwill decreased by ¥114.9bn due to net extraordinary losses in addition to the above.
- Achieved our target :¥290.0bn.

Income statement(¥bn)

	〈Consolidated〉	FY11 H1	FY12 H1	Change
1	Gross profits (before credit costs for trust accounts)	1,789.8	1,831.6	41.7
2	Net interest income	907.8	876.2	(31.5)
3	Trust fees+Net fees and commissions	523.3	518.4	(4.8)
4	Net trading profits	97.3	133.9	36.5
5	Net other business profits	261.3	302.9	41.5
6	Net gains (losses) on debt securities	221.5	275.2	53.6
7	G&A expenses	990.1	1,014.4	24.2
8	Net business profits	799.7	817.1	17.4
9	Total credit costs*1	(28.6)	(62.2)	(33.6)
10	Net gains (losses) on equity securities	(96.7)	(173.5)	(76.7)
11	Losses on write-down of equity securities	(107.2)	(186.8)	(79.6)
12	Other non-recurring gains (losses)*2	284.4	(11.2)	(295.7)
13	Ordinary profits	958.6	570.0	(388.5)
14	Net extraordinary gains (losses)	4.4	(26.9)	(31.4)
15	Total of income taxes-current and income taxes-deferred	(209.3)	(194.7)	14.6
16	Minority interests	(57.6)	(57.8)	(0.1)
17	Net income	696.0	290.4	(405.6)
18	Without one-time effect of negative goodwill	405.4	290.4	(114.9)

	〈Non-consolidated〉	FY11 H1	FY12 H1	Change
19	Gross profits (before credit costs for trust accounts)	1,216.9	1,257.8	40.9
20	G&A expenses	588.4	608.3	19.9
21	Net business profits	628.4	649.5	21.0
22	Total credit costs*1	(0.5)	(28.5)	(28.0)
23	Ordinary profits	480.6	373.3	(107.3)
24	Net income	317.9	211.1	(106.7)

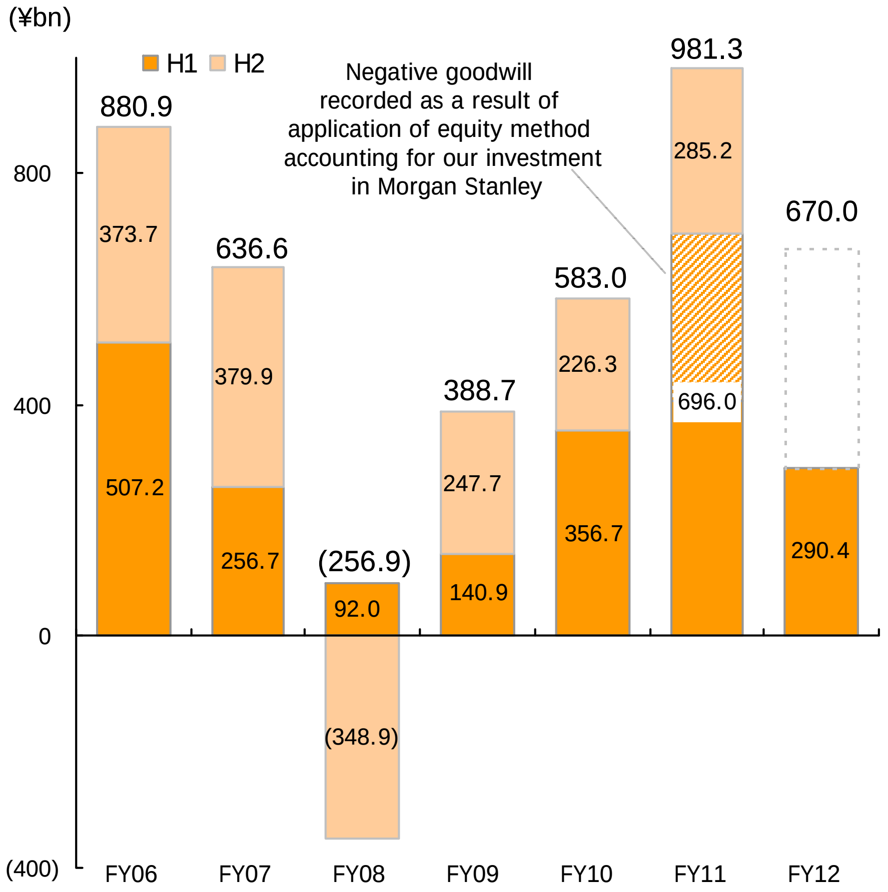
*1 Credit costs for trust accounts+Provision for general allowance for credit losses
+Credit costs(included in non-recurring gains/losses)+Reversal of allowance for credit losses
+Reversal of reserve for contingent losses included in credit costs+Gains on loans written-off.
*2 Included Profits (losses) from investments in affiliates and provision for losses on interest repayment.

Outline of net income

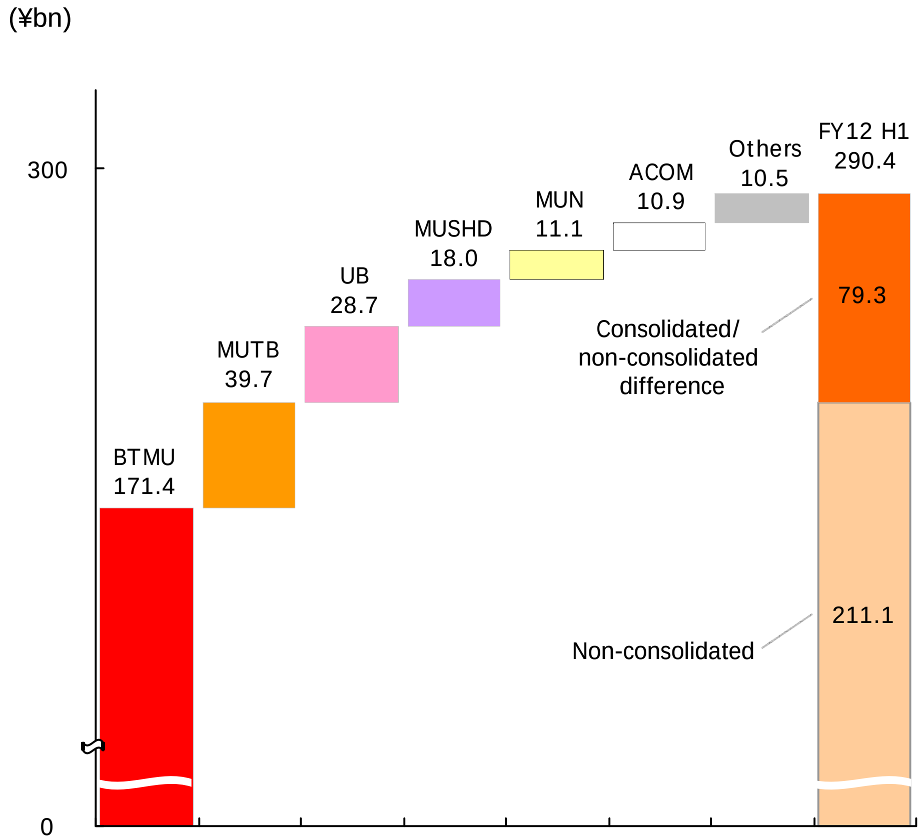
【Consolidated】

● Net income decreased compared to FY11 H1, but achieved our target:¥290.0bn.
● Net income from major subsidiaries were all in the black.

Net income history



Breakdown of net income*1

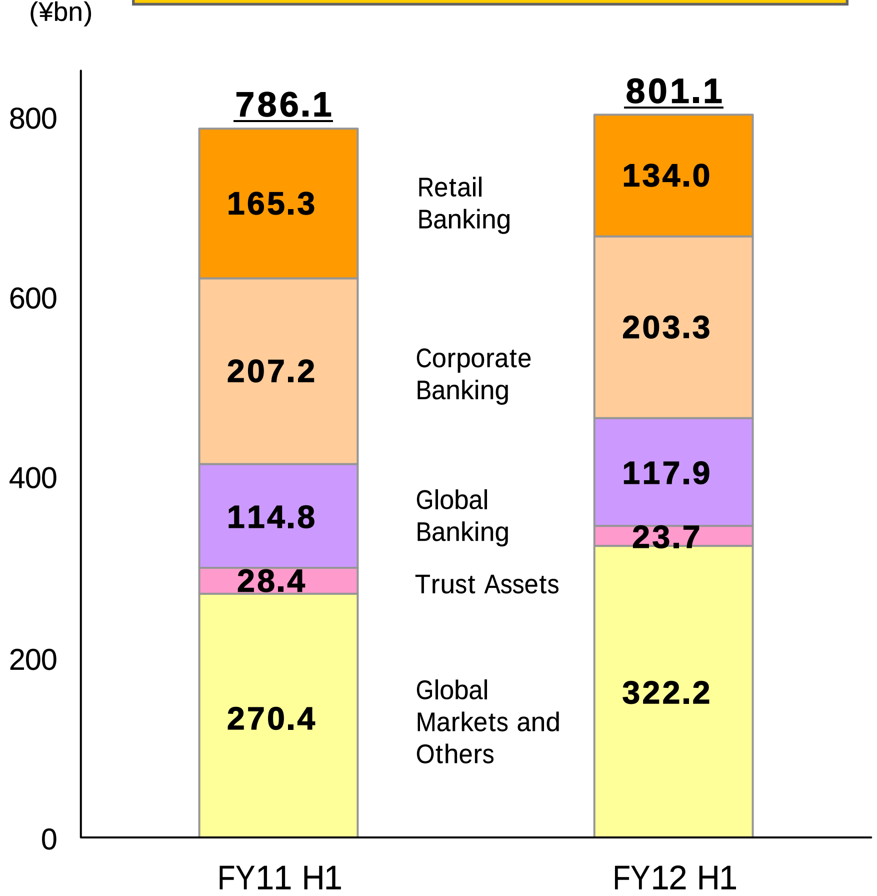


*1 The above figures take into consideration the percentage holding in each subsidiary (after-tax basis) .

Outline of results by business segment 【Consolidated】

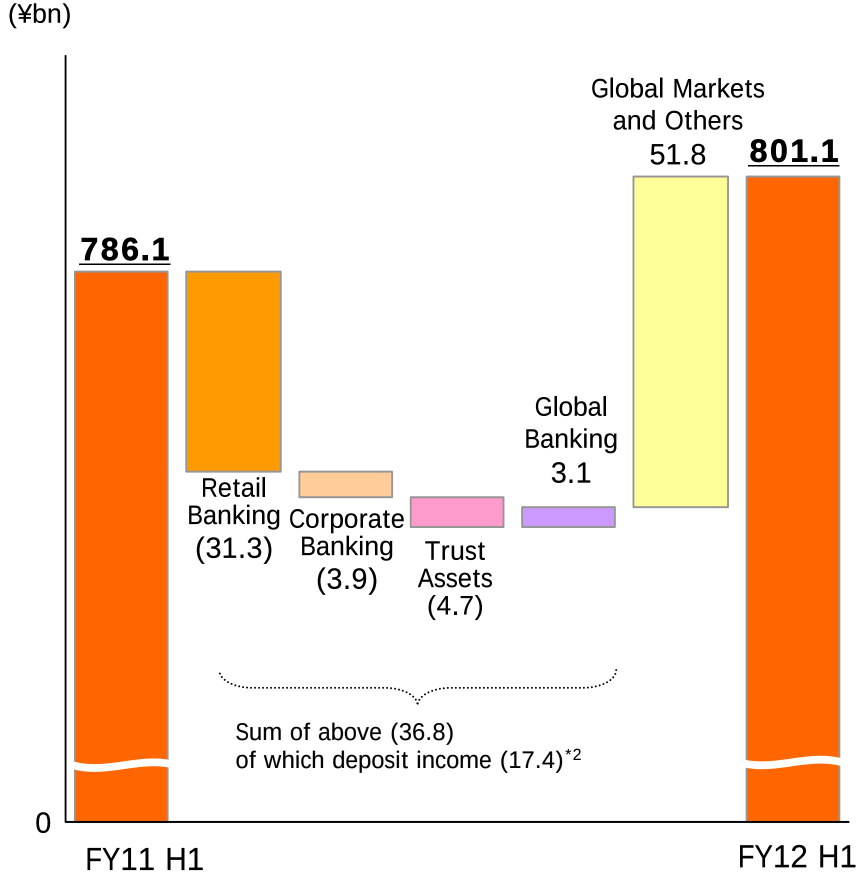
- Net operating profits increased by ¥15.0bn compared to FY11 H1, mainly due to higher net business profits from Global Markets segment, coupled with those from Global Banking segment mainly supported by higher lending related income which were partially offset by lower profits from Retail, Corporate Banking and Trust Assets segments reflecting weak performance in markets.

Net operating profits by segment*1



*1 Consolidated net business profits on a managerial accounting basis.

Breakdown of changes in net operating profits



*2 Deposit income (managerial accounting basis) is the total of BTMU and MUTB figures

Balance sheet summary

【Consolidated】

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- **Loans**
  - Increased slightly from End Mar. 12 mainly due to higher domestic corporate loans and overseas loans.
- **Investment securities**
  - Decreased from End Mar. 12 mainly due to a decrease in domestic equity securities, Japanese government bonds and foreign bonds.
- **Deposits**
  - Increased slightly from End Mar. 12 mainly due to higher individual deposits.
- **Non performing loans ("NPLs")**
  - NPLs and NPL ratio slightly deteriorated from End Mar. 12 caused by downgrade of debtor credit ratings of large borrowers.
- **Net unrealized gains (losses) on securities available for sale**
  - Decreased from End Mar. 12 mainly due to lower unrealized gains on equity securities, partially offset by an increase in unrealized gains on Japanese government bonds and foreign bonds.

	Balance sheet(¥bn)	End Mar.12	End Sep.12	Change from End Mar.12
1	Total assets	218,861.6	218,641.1	(220.4)
2	Loans(Banking+Trust accounts)	84,640.0	84,828.4	188.3
3	Loans(Banking accounts)	84,492.6	84,681.1	188.4
4	Housing loans*1	16,866.0	16,691.6	(174.3)
5	Domestic corporate loans*1	45,634.7	45,770.0	135.3
6	Overseas loans*2	19,947.1	20,149.1	202.0
7	Investment securities (banking accounts)	78,264.7	77,276.8	(987.9)
8	Domestic equity securities	4,216.5	3,724.7	(491.8)
9	Japanese government bonds	48,562.7	48,073.9	(488.7)
10	Foreign bonds	18,772.0	18,671.9	(100.1)
11	Receivables under resale agreements and Receivables under securities borrowing transactions	7,809.5	8,114.9	305.4
12	Total liabilities	207,185.8	206,774.2	(411.5)
13	Deposits	124,789.2	125,085.8	296.6
14	Individual deposits (Domestic branches)	65,844.3	66,481.1	636.7
15	Payables under repurchase agreements and Payables under securities lending transactions	18,564.7	18,226.8	(337.9)
16	Total net assets	11,675.7	11,866.9	191.1
17	FRL disclosed loans*1*3	1,582.1	1,651.1	68.9
18	NPL ratio*1	1.77%	1.87%	0.09%
19	Net unrealized gains (losses) on securities available for sale	832.0	699.6	(132.4)

*1 Non-consolidated+trust accounts
*2 Loans booked in overseas branches, UnionBanCal Corporation and BTMU(China)
*3 FRL=the Financial Reconstruction Law

Loans / deposits

【Consolidated】

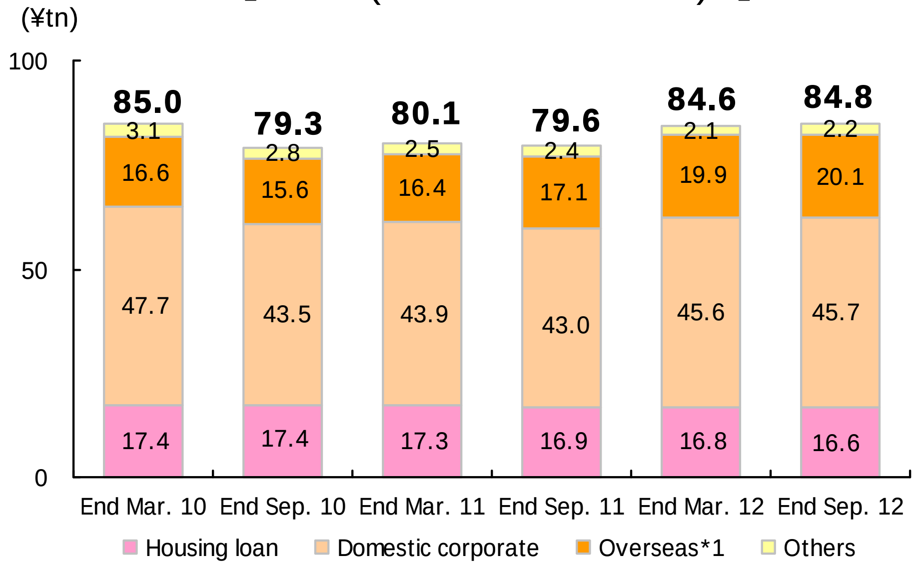
● Loan balance ¥84.8tn
(up by ¥0.1tn from End Mar. 12)

<Changes from End Mar. 12>

■ Housing Loan	(¥0.1tn)
■ Domestic corporate	+¥0.1tn
■ Overseas*1	+¥0.2tn
Excluding impact of foreign currency exchange	+¥0.8tn

*1 Overseas branches + UnionBanCal Corporation +BTMU (China)
*2 Sum of banking and trust accounts

【Loans (Period end balance)*2】

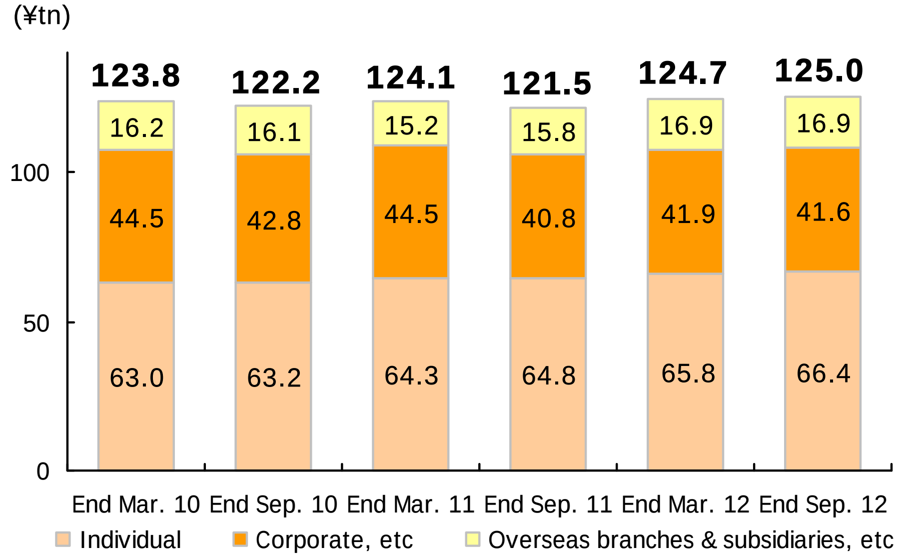


● Deposit balance ¥125.0tn
(up by ¥0.2tn from End Mar. 12)

<Changes from End Mar. 12>

■ Individual	+¥0.6tn
■ Corporate, etc.	(¥0.3tn)
■ Overseas and others	(¥0.0tn)
Excluding impact of foreign currency exchange	+¥0.3tn

【Deposits (Period end balance)】

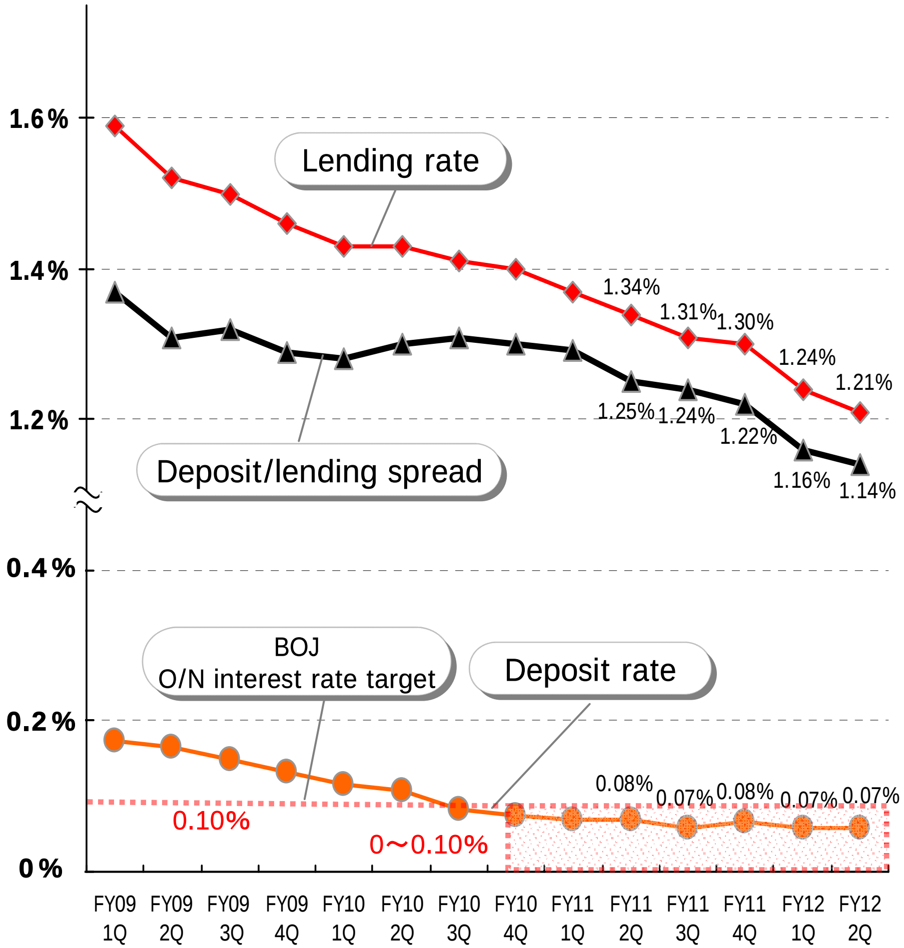


Domestic deposit / lending rates

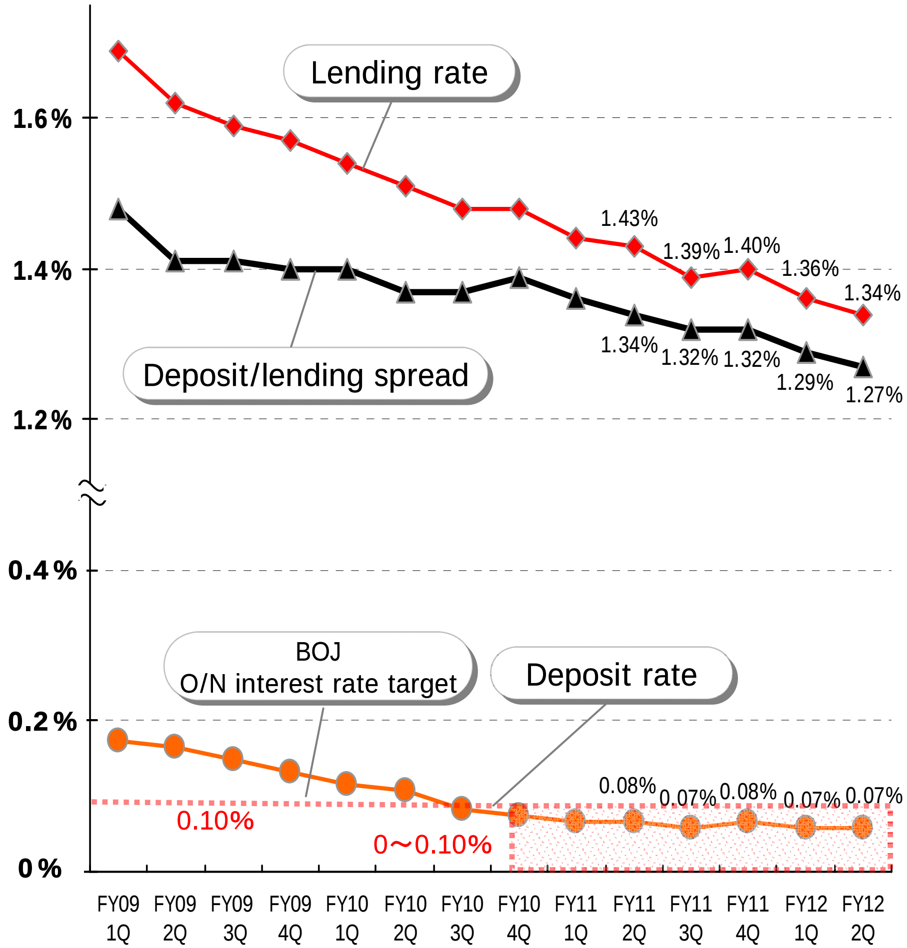
【Non-consolidated】

- Deposit/lending spread in FY12 2Q decreased mainly due to a decline in lending rate

Changes in domestic deposit / lending rates



Changes in domestic deposit / lending rates (Excluding lending to Government)

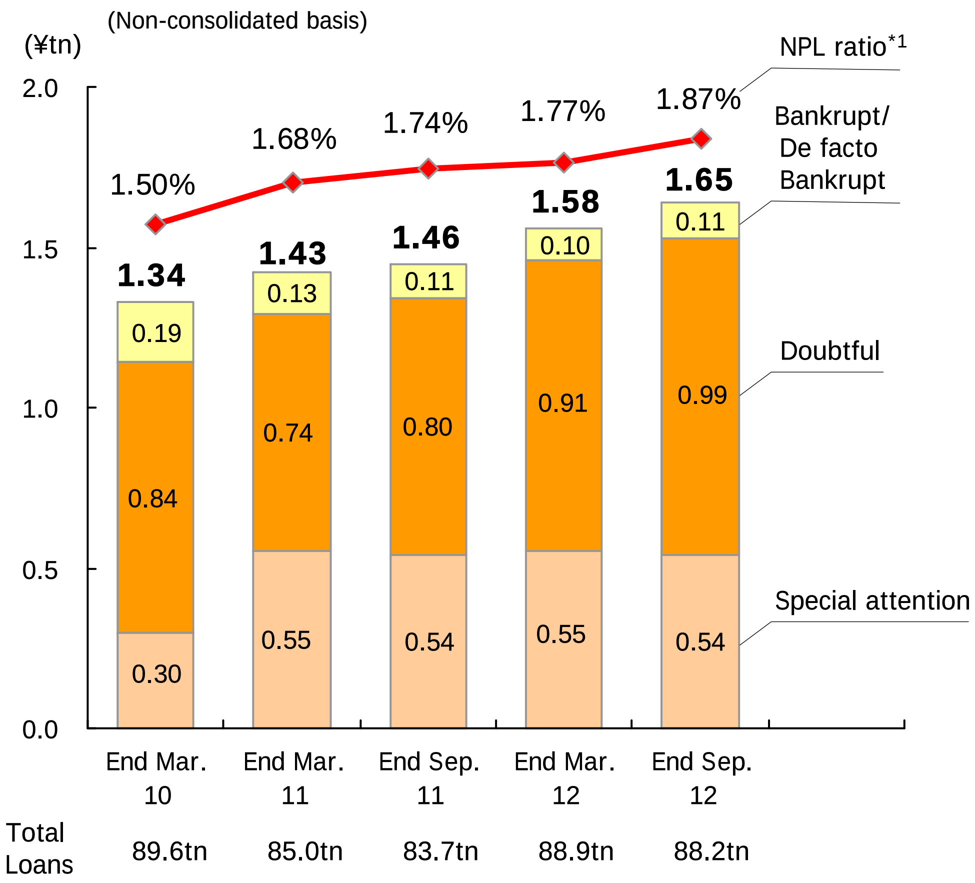


Loan assets

【Consolidated / Non-consolidated】

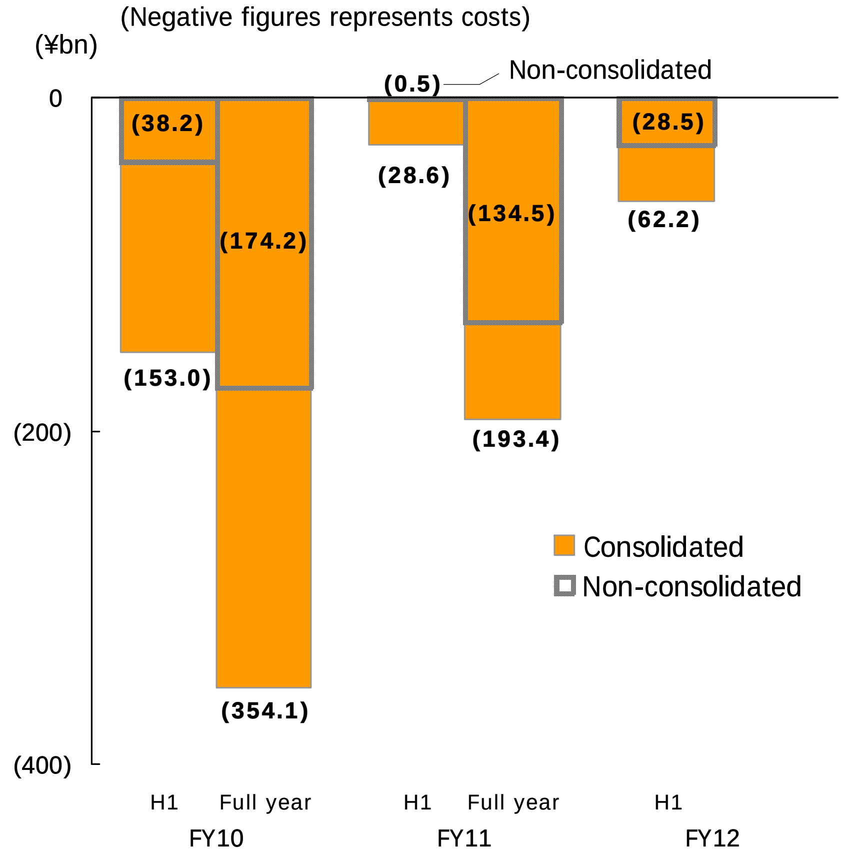
- NPLs increased from End Mar. 12 mainly due to higher doubtful loans. NPL ratio was 1.87%.
- Total credit costs increased by ¥33.6bn compared with FY11 H1 to ¥62.2bn on consolidated basis. (¥28.5bn on non-consolidated basis)

Balance of FRL disclosed loans



*1 Non performing loans ÷ Total loans

Total credit costs



Holdings of investment securities

【Consolidated】

- **Total unrealized gains on securities available for sale decreased by ¥132.4bn from End Mar. 12, mainly due to a decrease in unrealized gains on domestic and foreign equity securities followed by weak stock markets. Unrealized gains in domestic and foreign bonds continued to increase, on the other hand.**

Breakdown of securities available for sale

(¥bn)

		Balance		Unrealized gains(losses)	
		End Sep.12	Change from End Mar.12	End Sep.12	Change from End Mar.12
1	Total	74,094.1	(737.5)	699.6	(132.4)
2	Domestic equity securities	2,870.3	(463.5)	61.5	(260.1)
3	Domestic bonds	50,862.1	(704.6)	263.9	46.4
4	Government bonds	47,544.0	(461.7)	201.0	45.8
5	Others	20,361.6	430.6	374.0	81.2
6	Foreign equity securities	150.2	(20.0)	31.8	(18.3)
7	Foreign bonds	17,960.6	38.7	330.4	69.7
8	Others	2,250.7	412.0	11.7	29.8

Unrealized gains on securities available for sale

	End Sep. 10	End Mar. 11	End Sep. 11	End Mar. 12	End Sep. 12
TOPIX:	829.51	869.38	761.17	854.35	737.42
JGB(10yrs):	0.93%	1.26%	1.02%	0.99%	0.77%

Exposures in European peripheral countries

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- **Exposures to European peripheral countries in BTMU consolidated were limited compared to the size of its consolidated total assets.**

Exposures (BTMU consolidated)

	End Mar. 12	End Sep. 12
Spain	Approx.$5.8 bn	Approx.$5.2 bn
Italy	Approx.$5.9 bn	Approx.$6.1 bn
Ireland	Approx.$0.3 bn	Approx.$0.2 bn
Portugal	Approx.$0.6 bn	Approx.$0.6 bn
Greece	Approx.$0.3 bn	Approx.$0.2 bn
Total	Approx.$12.9 bn	Approx.$12.2 bn

Balance of sovereign bonds (MUFG)

	End Mar. 12	End Sep. 12
Spain	Approx.$0.7 bn	Approx.$0.1 bn
Italy	Approx.$2.8 bn	Approx.$1.5 bn
Ireland	—	—
Portugal	$0.0 bn	$0.0 bn
Greece	—	—
Total	Approx.$3.5 bn	Approx.$1.6 bn

Limited exposures

Exposures (BTMU consolidated)

- No exposures to sovereign borrowers.
- More than 90% of exposures were to industrial corporations and structured finance.
- Exposures to Spain and Italy were mainly for infrastructure, such as electricity, gas and telecommunications, etc.
- Limited exposures to financial institutions.
- Exposures including CDS hedge were approx. $11.1bn.

Balance of sovereign bonds (MUFG)

- No Greek or Irish government bonds.
- Held-to-Maturity accounting has been used for most of Italian government bonds which will be redeemed in approximately 2years.

Capital

【Consolidated】

MUFG

●Total capital

- Tier1 increased ¥309.9bn from End Mar. 12 mainly due to an increase in retained earnings.
- Total capital decreased ¥424.0bn from End Mar. 12 reflecting a decrease in Tier2 by ¥770.0bn mainly due to redemption of subordinated debt.

●Risk-adjusted assets

- Increased ¥661.3bn from End Mar. 12 mainly due to an adjustment to the transitional floor, partially offset by a decrease in credit risk due to refinement in calculation.

●Capital ratio

- Capital ratio : 14.30%
- Tier1 ratio : 12.57%

	(¥bn)	End Sep.11	End Mar.12	End Sep.12	Change from End Mar.12
1	Capital ratio	15.42%	14.91%	14.30%	(0.60%)
2	Tier1 ratio	13.04%	12.31%	12.57%	0.26%
3	Tier 1	10,471.0	10,522.2	10,832.2	309.9
4	Capital stock and capital surplus	4,313.7	4,313.7	4,315.5	1.7
5	Preferred stock	390.0	390.0	390.0	—
6	Retained earnings	5,406.9	5,602.3	5,798.9	196.6
7	Minority interests	1,721.1	1,691.6	1,707.5	15.8
8	Preferred securities	1,231.7	1,207.3	1,204.3	(2.9)
9	Tier 2	3,776.5	4,038.7	3,268.7	(770.0)
10	Net unrealized gains on securities available for sale	147.5	343.0	264.3	(78.7)
11	Subordinated debt	3,353.7	3,446.5	2,676.5	(770.0)
12	Deductions from total qualifying capital	(1,862.8)	(1,818.4)	(1,782.4)	36.0
13	Total capital	12,384.7	12,742.5	12,318.4	(424.0)
14	Risk-adjusted assets	80,276.9	85,456.5	86,117.9	661.3
15	Credit risk	71,964.9	71,672.0	64,882.7	(6,789.2)
16	Market risk	1,851.9	2,380.0	2,191.1	(188.8)
17	Operational risk	6,459.9	4,798.5	4,952.6	154.1
18	Transitional floor	—	6,606.0	14,091.2	7,485.2

FY2012 targets/dividend forecasts

【Consolidated/ Stand-alone】

●FY2012 net income target remains ¥670.0bn

【Earnings targets】

〔Consolidated〕

		FY 2012		FY 2011	
		Interim (results)	Full Year	Interim (results)	Full Year (results)
1	Ordinary profits	¥570.0 bn	¥1,110.0 bn	¥958.6 bn	¥1,471.9 bn
2	Net income	¥290.4 bn	¥670.0 bn	¥696.0 bn	¥981.3 bn
3	Total credit costs	(¥62.2 bn)	(¥160.0 bn)	(¥28.6 bn)	(¥193.4 bn)

〔Stand-alone〕

(Bank of Tokyo-Mitsubishi UFJ)

		FY 2012 Interim (results)	FY 2012 Full Year	FY 2011 Interim (results)	FY 2011 Full Year (results)
4	Net business profits	¥569.6 bn	¥990.0 bn	¥553.8 bn	¥1,022.8 bn
5	Ordinary profits	¥326.4 bn	¥690.0 bn	¥416.5 bn	¥743.3 bn
6	Net income	¥171.4 bn	¥460.0 bn	¥271.9 bn	¥469.0 bn
7	Total credit costs	(¥26.8 bn)	(¥75.0 bn)	(¥7.5 bn)	(¥125.3 bn)

(Mitsubishi UFJ Trust and Banking Corporation)

		FY 2012 Interim (results)	FY 2012 Full Year	FY 2011 Interim (results)	FY 2011 Full Year (results)
8	Net business profits	¥79.8 bn	¥155.0 bn	¥74.6 bn	¥148.1 bn
9	Ordinary profits	¥46.8 bn	¥110.0 bn	¥64.1 bn	¥110.1 bn
10	Net income	¥39.7 bn	¥80.0 bn	¥46.0 bn	¥75.8 bn
11	Total credit costs	(¥1.7 bn)	(¥10.0 bn)	¥7.0 bn	(¥9.2 bn)

【Dividend forecasts】

		FY 2012			FY 2011		
		Interim	Year-end (forecasts)	Annual (forecasts)	Interim (results)	Year-end (results)	Annual (results)
12	Dividend per common share	¥6	¥6	¥12	¥6	¥6	¥12

Medium-term business plan

【Consolidated】

Outline of business results

〈Consolidated statement〉 (¥bn)

		FY11 H1	FY12 H1	Change
1	Gross profits	1,789.8	1,831.6	41.7
2	G&A expenses	990.1	1,014.4	24.2
3	Net business profits	799.7	817.1	17.4
4	Net income	696.0	290.4	(405.6)
5	EPS(¥)	48.58	19.90	(28.68)

〈Major index〉

			FY11 H1	FY12 H1	FY14 (Targets)
6	Expenses ratio	Consolidated	55.3%	55.3%	Between 55-60%
7		Non-consolidated	48.3%	48.3%	Between 50-55%
8	Consolidated net income RORA*1*2		Between 0.85-0.9%	Approx. 0.7%	Approx. 0.9%
9	Consolidated ROE*1		9.16%	6.14%	Approx. 8.0%
10	Common Equity Tier1 ratio*2		Approx. 8.0%	Approx. 10.0%	9.5% or above

*1 FY2011 figures do not include negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

*2 Under Basel Ⅲ regulatory regime, fully reflective of all necessary adjustments on capital

Progress of Medium-term business plan

● Promotion of Group-wide Business Strategy

(Global Strategy)

- Expand our network and business alliance in Emerging Markets
- Increase offices co-managed with Global Business Division and Global Market Division
  （Sydney branch, Jakarta branch, and BTMU Malaysia）
- Strengthen business in emerging currencies, especially RMB business

(Strengthen cooperation)

- Strengthen cooperation between BTMU and MUSHD in Global Markets Business
  (establish Integrated Global Markets Business Group)
- Increase cross-border M&A transactions by utilizing strategic alliance with Morgan Stanley
- Increase Integrated sales locations
  (unified corporate and retail business)
- Strengthen BTMU Retail Money Desk by increasing staff seconded from MUMSS
- Jointly develop investment trusts product with strategic alliance partners, such as AMP Capital

● Strengthen Administrative Practices

- Promote global sharing of the new Group Corporate Vision
- Enhance regional MUFG-wide organizational structure in EMEA and the U.S.