

## **Main Questions and Answers at Fiscal 2007 Interim Results Presentation**

Q: Regarding strategic investments, I have gained a good understanding of your active initiatives in Asia, but what is your strategy in the United States and Europe?

A: I wouldn't say we are inactive in the United States and Europe, but considering the economic growth, our primary focus currently has to be Asia. Also the impact of the sub-prime loan problem requires careful monitoring for a while. In the United States and Europe credit rating agencies' outlooks have gradually become more severe. We have been increasing our lending to non-Japanese corporations in the United States and Europe, but we have been taking credit ratings and other things into consideration and lending to companies that we believe have solid creditworthiness. This means lower lending spreads, but for now we intend to focus on the quality of the credits.

Q: With respect to your consumer finance strategy, there have been major changes to the regulatory environment since you started to strengthen your business in this area around two years ago. Would I be correct in assuming that there is still no change from your initial thinking?

A: Since last year, there have been major changes to the consumer finance business environment, including the revision to the Money Lending Business Law, and our thinking with respect to the consumer finance business has changed to some degree in response to those changes. Nevertheless, consumer finance markets in a broad sense will continue to be important, and at this time, there is no change to our policy that we intend to address the consumer finance business squarely and intend to have this business one of our core businesses. There was a clear need for a strategic overhaul, and we have recently initiated the required fundamental business reorganization at Mitsubishi UFJ NICOS. We believe that steadfastly carrying out such reorganization is an important task at present.

Q: You have explained that you plan to introduce professional insurance staff seconded from insurance companies in response to the full deregulation of insurance sales by banks, but what impact will this have on bank profits?

A: It is a fact that we aim to raise profits through sales of insurance products, but insurance is an area that requires a lot of specialist knowledge, and it takes a long time to train employees from scratch. Consequently, we decided to introduce professional insurance staff from insurance companies. We are aiming to solidify our business base in the fiscal second half, and are aiming for profit growth from the following fiscal year onward.

Q: What level of impact has strengthening the compliance framework had on costs? Also, how about the costs of meeting the requirements of the Financial Instruments and Exchange Law?

A: Costs have been increasing recently in two main areas: the costs of laying the groundwork to benefit from the shift from savings to investments, which includes compliance costs, and those associated with the transfer to new systems. Responding to the Financial Instruments and Exchange Law, such as increasing the number of employees dealing with a customer from one to two initially, undoubtedly involves additional costs. However, apart from handling this initial period, as the full effects of the law become apparent, we intend to devise an efficient response.

Q: What are your reasons for deciding to repurchase your own shares? Why did you choose this particular timing? Was your decision based on the notable recent fall in your share price?

A: The first reason for repurchasing our own shares is to provide returns to shareholders, and the second is our aim to increase capital efficiency (improve ROE). Furthermore, next year we plan to make Mitsubishi UFJ NICOS a wholly owned subsidiary through an exchange of shares, and there is also the aspect of preparing a flexible capital policy for such events. The recent fall in our share price was triggered by the sub-prime issue and happened very suddenly. However, before the market turmoil caused by the sub-prime issue, we had been thinking of repurchasing our own shares as a management issue to be examined.