

**Mitsubishi UFJ Financial Group**

**Fiscal 2007 Interim Results Presentation**

**November 26, 2007**

**This document contains forward-looking statements in regard to forecasts, targets and plans of Mitsubishi UFJ Financial Group, Inc. (“MUFG”) and its group companies (collectively, “the group”). These forward-looking statements are based on information currently available to the group and are stated here on the basis of the outlook at the time that this document was produced. In addition, in producing these statements certain assumptions (premises) have been utilized. These statements and assumptions (premises) are subjective and may prove to be incorrect and may not be realized in the future. Underlying such circumstances are a large number of risks and uncertainties. Please see other disclosure and public filings made or will be made by MUFG and the other companies comprising the group, including the latest kessantanshin, financial reports, Japanese securities reports and annual reports, for additional information regarding such risks and uncertainties. The group has no obligation or intent to update any forward-looking statements contained in this document.**

**In addition, information on companies and other entities outside the group that is recorded in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the group and cannot be guaranteed.**

**The financial information used in this document was prepared in accordance with accounting standards generally accepted in Japan, or Japanese GAAP.**

# <Definition of Figures used in this document>



## Consolidated

PL items

After FY2005 H2 : Mitsubishi UFJ Financial Group (consolidated)  
Up to FY2005 H1: Mitsubishi Tokyo Financial Group (consolidated) + UFJ Holdings (consolidated) (without other adjustments)

BS items

After March 31, 2006: Mitsubishi UFJ Financial Group (consolidated)  
Up to September 30, 2005: Mitsubishi Tokyo Financial Group (consolidated) + UFJ Holdings (consolidated) (without other adjustments)

## Non-consolidated\*

PL items

After FY2006 H1: Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + Mitsubishi UFJ Trust & Banking Corporation (non-consolidated) (without other adjustments)  
FY2005 H2: Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + UFJ Bank (non-consolidated, October - December) + Mitsubishi UFJ Trust & Banking Corporation (non-consolidated) (without other adjustments)  
Up to FY2005 H1: Bank of Tokyo-Mitsubishi (non-consolidated) + UFJ Bank (non-consolidated) + Mitsubishi Trust & Banking Corporation (non-consolidated) + UFJ Trust Bank (non-consolidated) (without other adjustments)

BS items

After March 31, 2006: Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + Mitsubishi UFJ Trust & Banking Corporation (non-consolidated) (without other adjustments)  
March 31, 2005: Bank of Tokyo-Mitsubishi (non-consolidated) + UFJ Bank (non-consolidated) + Mitsubishi Trust & Banking Corporation (non-consolidated) + UFJ Trust Bank (non-consolidated) (without other adjustments)

\*Unless specifically stated otherwise figures do not include the separate subsidiaries (UFJ Strategic Partner, UFJ Equity Investments and UFJ Trust Equity).

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**Introduction**

Outline of Fiscal 2007 Interim Results

Key Business issues

- **Deposit/lending spread continued to expand. Net interest income also increased**
- **Overall customer asset balance grew steadily amid the *shift from savings to investments***
- **Decided on fundamental restructuring of consumer finance business**
- **Net income down from FY06 H1 due to higher credit related costs mainly as a result of lower reversal gains on loan loss provisions**
- **Minor impact from sub-prime issue**

Introduction

**Outline of Fiscal 2007 Interim Results**

Key Business issues

## ● Gross profits up ¥2bn on FY06 H1

- Net interest income up due to effect of higher interest rate
- Net fees & commissions down due to decrease in investment banking revenue, while investment trust related income increased
- Hedge costs for market business were posted in net other business income

## ● G&A expenses up ¥49.2bn on FY06 H1

- Main causes of increase were integration costs and costs for strengthening compliance framework
- Expense ratio 59.0% (+2.6 points on FY06 H1)  
Non-consolidated expense ratio 56.3% (+3.4 points on FY06 H1)

## ● Net income ¥256.7bn

## ● Credit related costs showed an expense of ¥267.4bn

- Provision for allowances for loan losses became net expenses from net reversal

## Income statement (¥bn)

	FY06 H1	FY07 H1	Change	
1	Gross profits (before credit costs for trust accounts)	1,794.8	1,796.8	2.0
2	Net interest income	945.6	966.7	21.1
3	Net fees and commissions	557.4	547.1	(10.2)
4	Net trading profits	133.8	189.1	55.2
5	Net other business profits	78.4	14.7	(63.7)
6	General and administrative expenses	1,012.2	1,061.4	49.2
7	Net business profits	782.5	735.4	(47.1)
8	Non-recurring gains (losses)	(118.9)	(235.9)	(116.9)
9	Ordinary profits	663.5	497.5	(166.0)
10	Net special gains (losses)	170.7	(47.8)	(218.5)
11	Net income	507.2	256.7	(250.5)
12	Credit related costs* <sup>1</sup>	82.6	(267.4)	(350.1)
13	Credit related costs* <sup>1</sup> (sum of non-consolidated)	153.2	(156.4)	(309.6)

Negative numbers refer to costs or losses

\*<sup>1</sup> Credit related costs= Credit costs for trust accounts (included in Gross profits)  
+Provision for formula allowance for loan losses + Credit related costs (included in non-recurring gains/losses) + Reversal of allowance for loan losses

### Reference

14	Net operating profit from customer businesses* <sup>2</sup> (% of total)	700.0 (91%)	699.2 (98%)	(0.7) 6.8points
15	Fee income* <sup>3</sup> (Share of gross profits)	787.5 (43.9%)	776.8 (43.2%)	(10.7) (0.6)points
16	EPS (thousand of yen)* <sup>4</sup>	49.6	24.6	(25.0)
17	ROE * <sup>5</sup>	17.7%	7.9%	(9.8)points

\*<sup>2</sup> Net operating profit from the three customer businesses—Retail, Corporate (including UNBC) and Trust Assets

\*<sup>3</sup> Fee income= Net fees and commissions + trust fees (excluding loan trusts and jointly operated money trust fees) +customer derivative income (managements account basis) + forex profit (managements account basis)

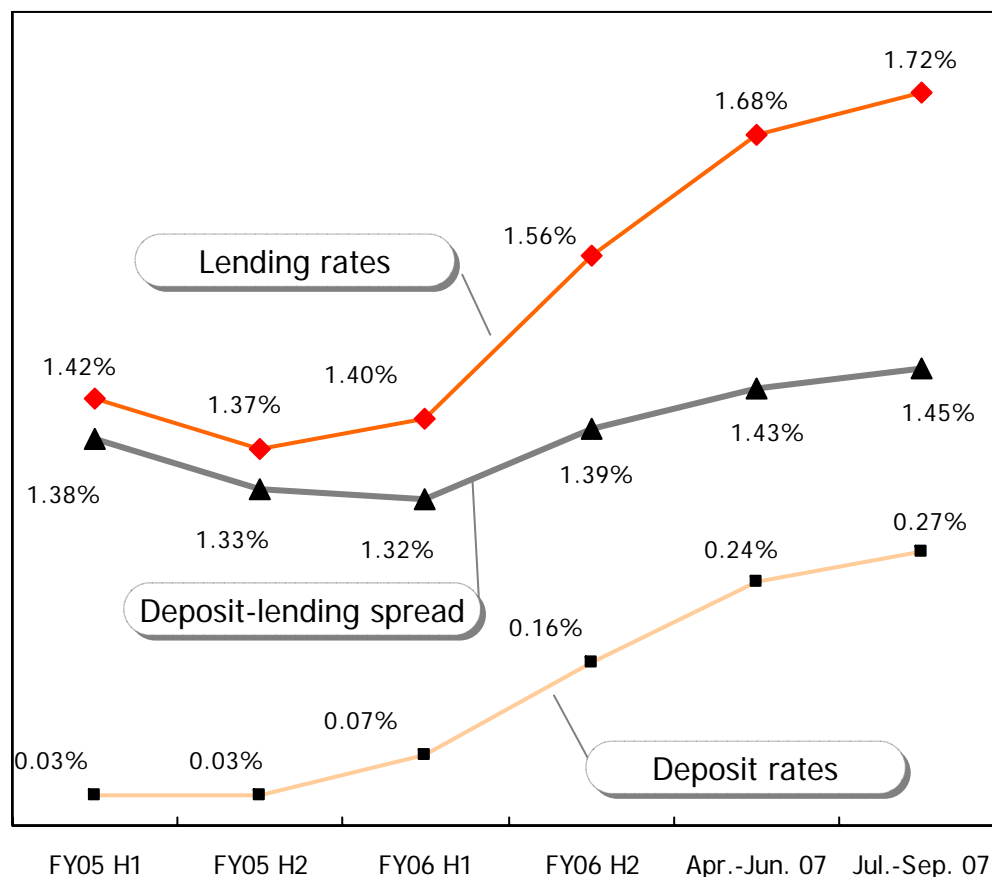
\*<sup>4</sup> Earnings per 1 thousand shares for FY07 H1, considering stock split

\*<sup>5</sup> Denominator of ROE does not include land revaluation excess and unrealized gains on securities available for sale



- Deposit-lending spread continued to improve and net interest income increased

## Changes in domestic deposit/lending rates (non-consolidated)



Note: Apr.-Jun. 07 and Jul.-Sep. 07 figures are estimation

## Recent interest rate changes

July 18, 2006	Ordinary deposit rate	0.001%	0.100%
Aug. 10, 2006	Short-term prime rate	1.375%	1.625%
Oct. 1, 2006	Variable mortgage rate of new loans	2.375%	2.625%
Jan. 1, 2007	Variable mortgage rate of existing loans	2.375%	2.625%
Feb. 26, 2007	Ordinary deposit rate	0.100%	0.200%
Mar. 20, 2007	Short-term prime rate	1.625%	1.875%
Jul. 1, 2007	Variable mortgage rate of existing loans	2.625%	2.875%
Oct. 1, 2007	Variable mortgage rate of new loans	2.625%	2.875%

- **Loan balance increased by ¥1.9tn from end Mar. 07**

- Overseas lending significantly increased
- Housing loans down due to securitization

- **Deposit balance decreased by ¥1tn from end Mar. 07**

- Individual deposits continued to grow
- Corporate deposits declined along with rise in interest rates

- **NPLs declined from end Mar. 07**

- **Appraisal gains on available-for-sale securities decreased by ¥0.4 tn (mainly equities)**

- **BIS ratio 12.54% on Basel II basis (Tier1 ratio 7.67%)**

- **Deferred tax assets/Tier1 ratio 1.1%**

### Balance sheet (¥bn)

	End Mar 07	End Sep 07	Change	
1	Loans (Banking + Trust accounts)	85,150.7	87,043.5	1,892.8
	Loans (Banking accounts)	[84,831.9]	[86,751.0]	[1,919.1]
2	Domestic corporate loans <sup>*1*2</sup>	49,417.2	48,892.1	(525.0)
3	Housing loans <sup>*2*3</sup>	17,190.1	17,013.2	(176.8)
4	Overseas loans <sup>*4</sup>	14,527.7	16,943.4	2,415.6
5	Investment securities (Banking accounts)	48,207.6	42,990.2	(5,217.3)
6	Deposits	118,708.6	117,630.8	(1,077.8)
7	Individual deposits (domestic branch)	60,858.3	61,408.7	550.4
8	Deposit-lending spread (non-consolidated)	FY06 H2 1.39%	FY07 H1 1.44%	0.05points
9	FRL disclosed loans <sup>*2</sup>	1,325.8	1,179.4	(146.3)
10	NPL ratio <sup>*2</sup>	1.46%	1.29%	(0.16)points
11	Available-for-sale securities - Appraisal difference	3,384.2	2,980.7	(403.5)
12	BIS capital ratio (Tier1 ratio)	12.54% (7.57%)	12.54% (7.67%)	0.00points 0.10points
13	Equity holdings/Tier1 ratio	56%	54%	(1)points
14	Net deferred tax assets/Tier1 ratio	0.8%	1.1%	0.2points

\*1 Excludes loans from the group banks to the holding company

\*2 Sum of non-consolidated + trust accounts

\*3 Loan securitization (FY07H1) : approx. ¥0.2 tn

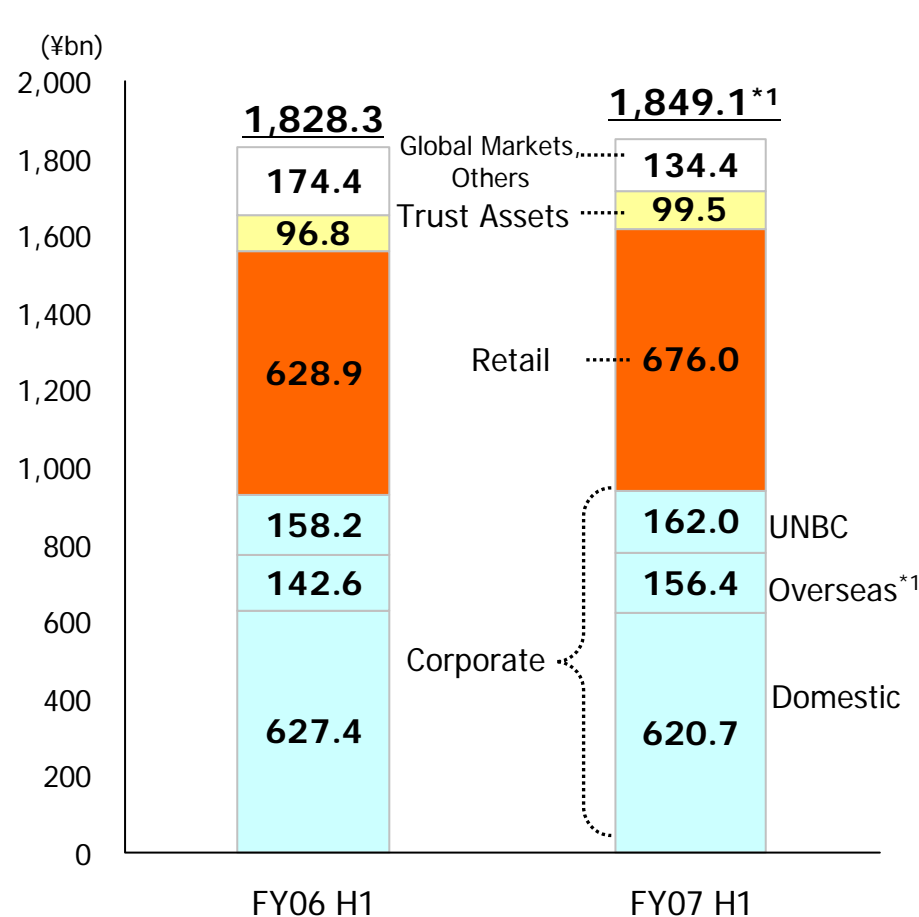
\*4 Loans booked in overseas branches, UnionBanCal Corporation and BTMU (China)

# Outline of results by business segments (Consolidated)

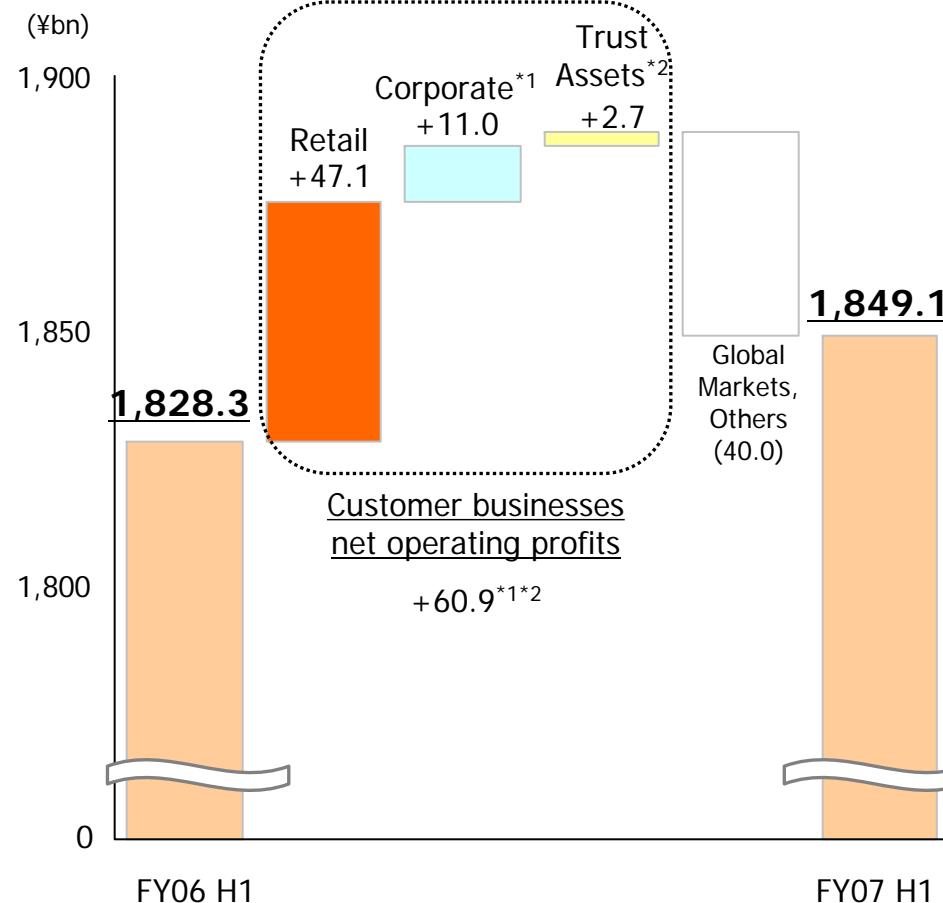


- Gross profits in three customer businesses increased by ¥60.9 bn<sup>\*1\*2</sup>

### Gross profit by segment<sup>\*3</sup>



### Breakdown of changes in Gross profits<sup>\*3</sup>



<sup>\*1</sup> Due to a change in the accounting period resulting from the creation of a locally incorporated subsidiary in China, figures for FY07 H1 only include results of the China business for 3 months. The impact for the 3 month results was approx. ¥8.0bn for gross profits  
<sup>\*2</sup> In FY06 H1 accrued fees as of the end of Mar. 06 were included as a result of a change in accounting standards (the introduction of accrual accounting for trust fees). The impact included in FY06 H1 gross profits was approx. ¥6.0bn  
<sup>\*3</sup> On management accounts basis (Consolidated gross profits before adjusting intra-group transactions except dividends from subsidiaries)

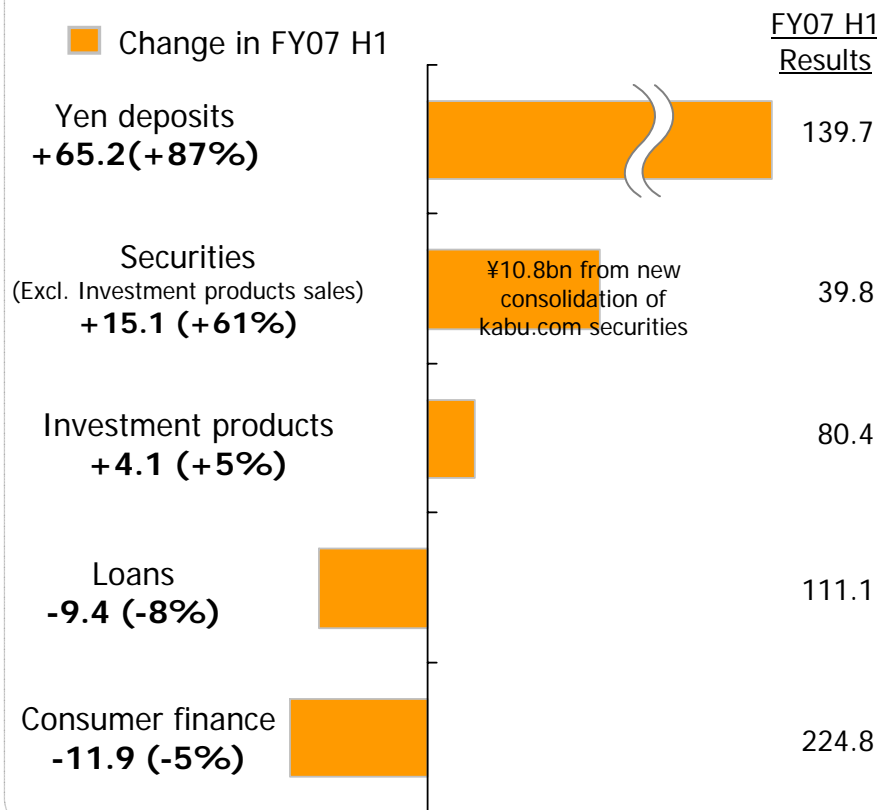
Please see page 34 of the MUFG Databook

● **Gross profits ¥676.0bn, up ¥47.1bn on FY06 H1**

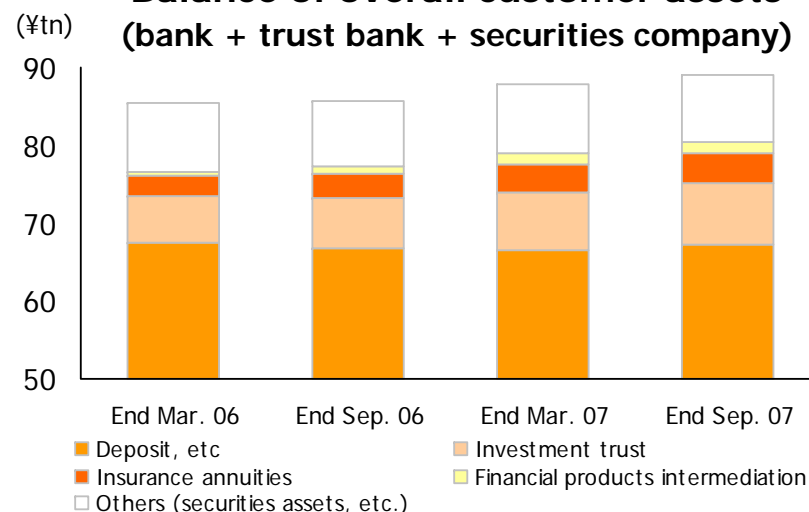
—Increase in deposit income and steady growth in investment products sales due to strengthened 'overall customer assets' sales approach

**Integrated Retail Banking Business Group: Gross Profits**

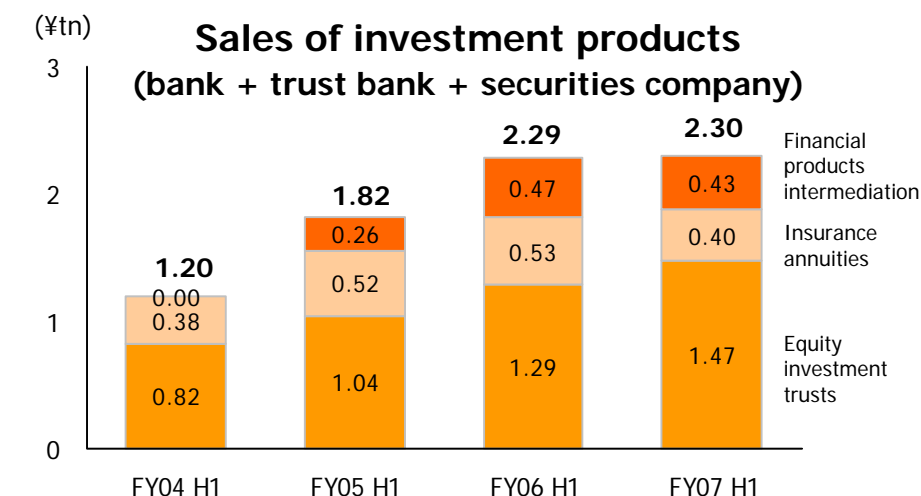
**FY07 H1 ¥676.0bn (up ¥47.1bn on FY06 H1)**



**Balance of overall customer assets (bank + trust bank + securities company)**



**Sales of investment products (bank + trust bank + securities company)**

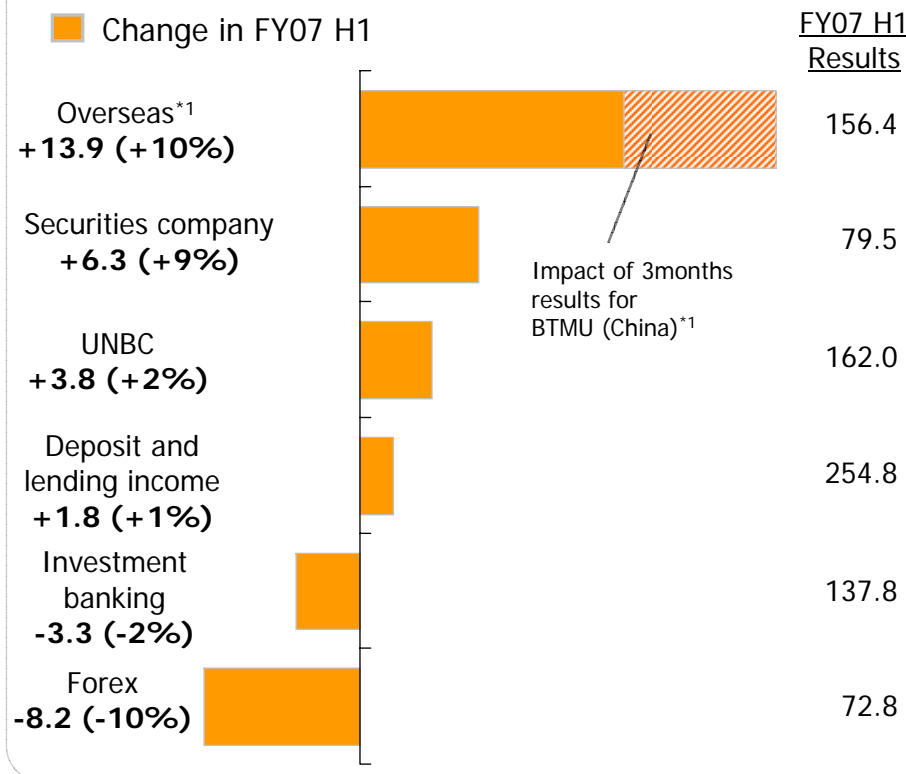


● **Gross profits ¥939.1bn<sup>\*1</sup>, up ¥11.0bn on FY06 H1**

— Good performance in overseas business, increase in domestic deposit income due to improvement in deposit spread

## Integrated Corporate Banking Business Group: Gross Profits

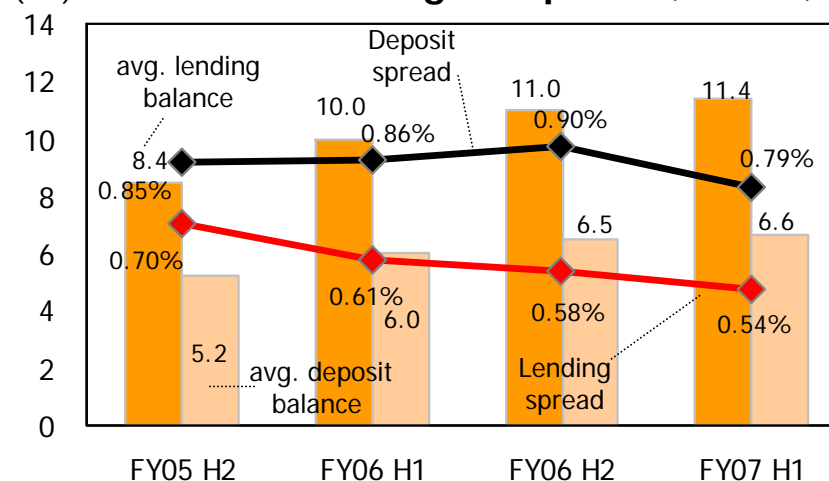
**FY07 H1 ¥939.1bn<sup>\*1</sup> (up ¥11.0bn on FY06 H1)**



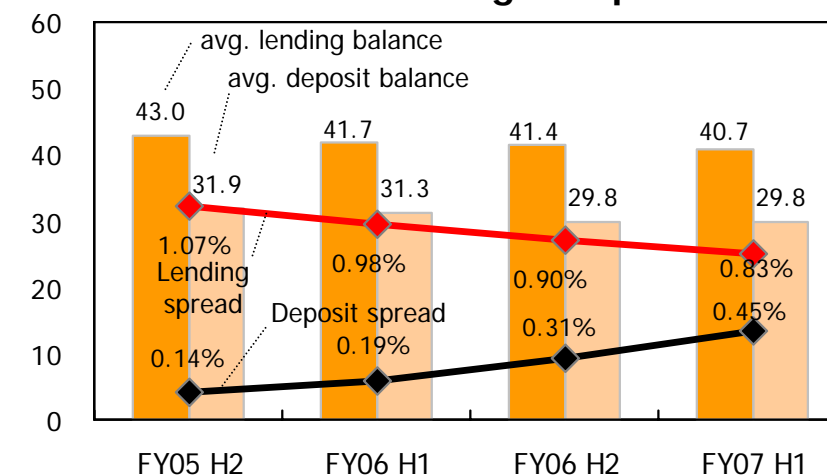
<sup>\*1</sup> Due to a change in the accounting period resulting from the creation of a locally incorporated subsidiary in China, figures for FY07 H1 only include results of the China business for 3 months. The impact for the 3 month results was approx. ¥8.0bn for gross profits

Please see pages 40-48 of the MUFG Databook

### Overseas lending & deposits (excl. UNBC)



### Domestic lending & deposits

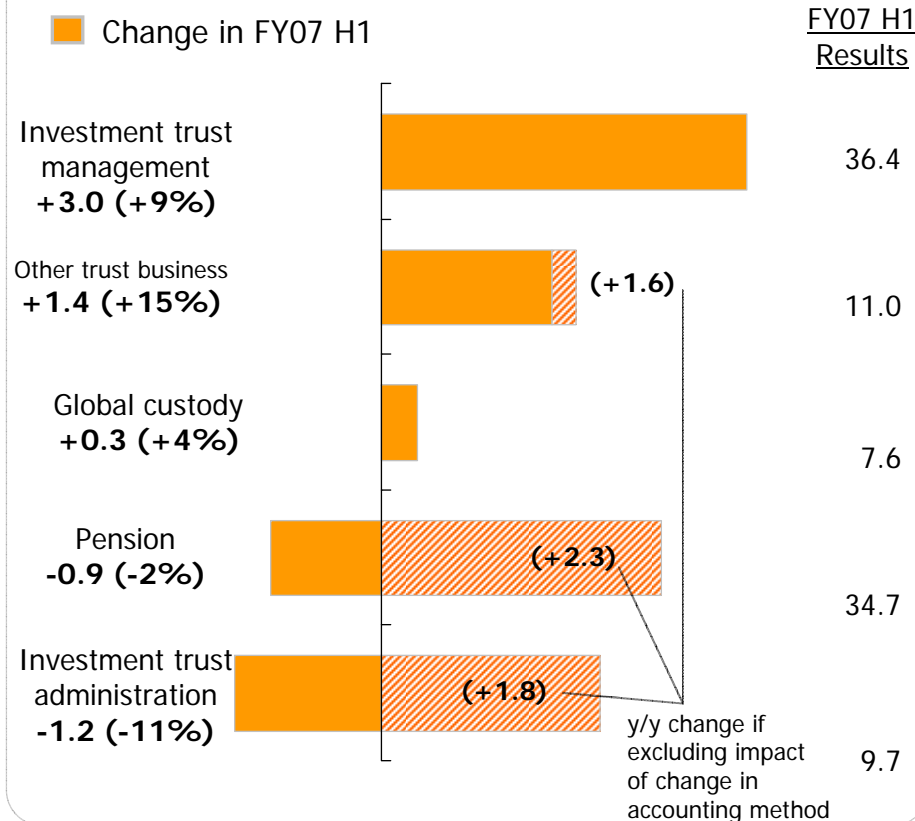


● **Gross profits ¥99.5bn, up ¥2.7bn\*<sup>1</sup> on FY06 H1**

— Strong performance in investment trust management business in line with *shift from savings to investments*

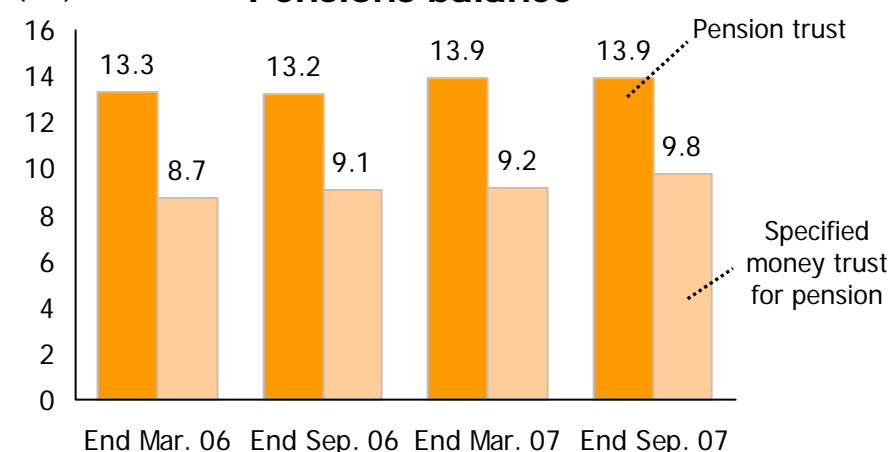
**Integrated Trust Assets Business Group: Gross Profits**

**FY07 H1 ¥99.5bn (up ¥2.7bn on FY06 H1)**

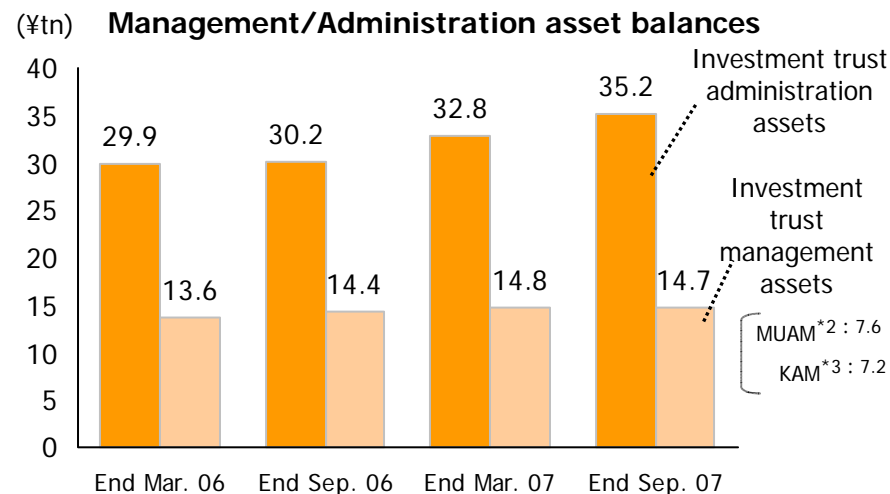


\*2 In FY06 H1 accrued fees as of the end of Mar. 06 were included as a result of a change in accounting standards (the introduction of accrual accounting for trust fees). The impact included in FY06 H1 gross profits was ¥6.0bn.

**Pensions balance**



**Investment trusts: Management/Administration asset balances**

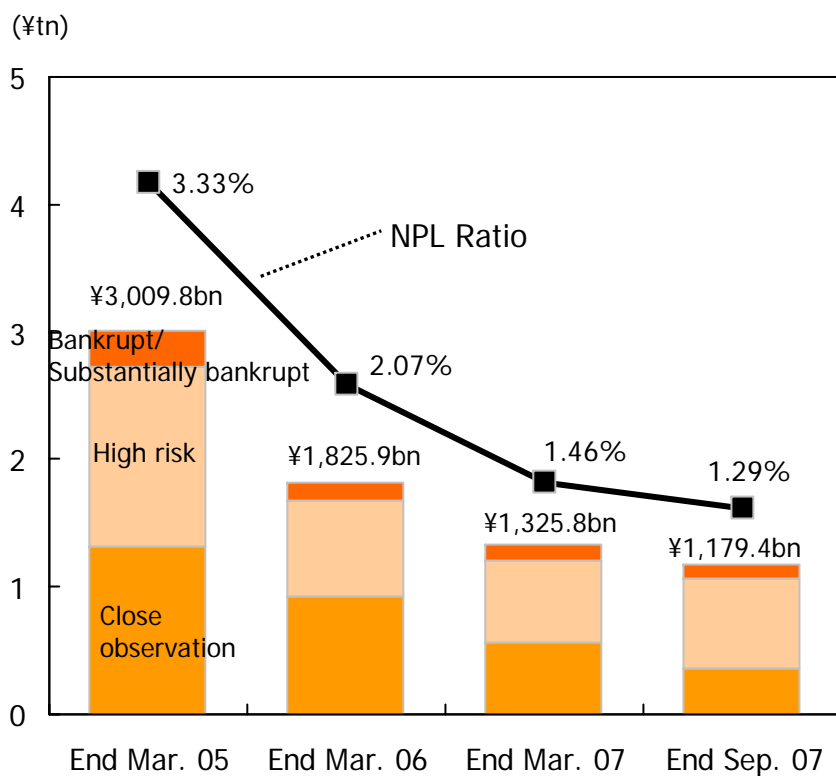


\*2 MUAM: Mitsubishi UFJ Asset Management

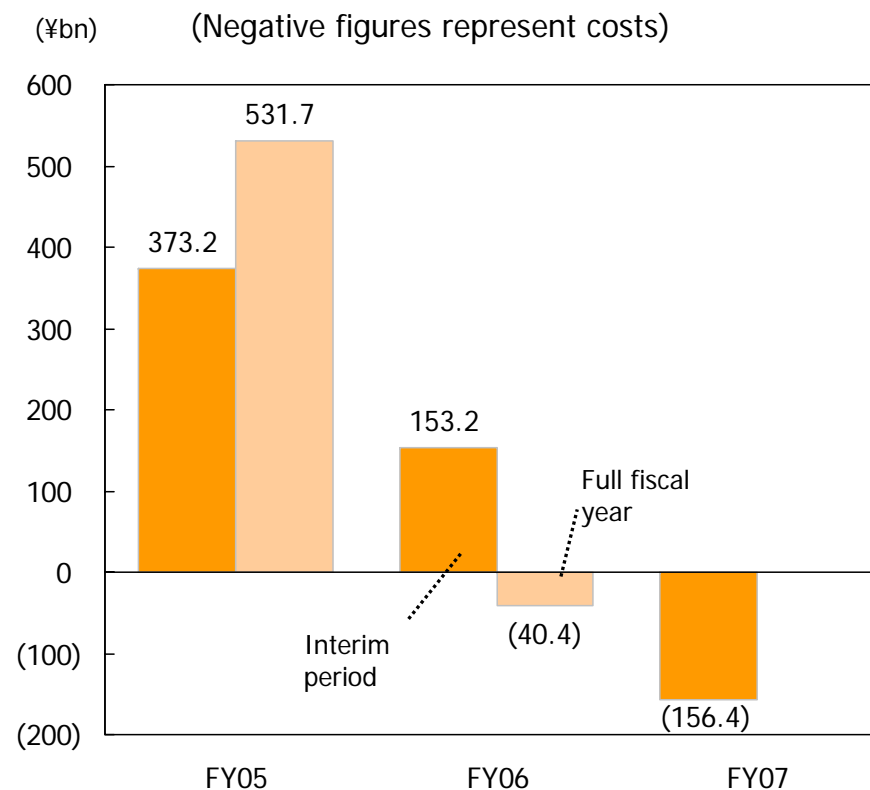
\*3 KAM : Kokusai Asset Management

- NPL ratio declined 0.16 points from end Mar. 07 to 1.29%
- Credit related costs showed an expense of ¥156.4 bn

## Balance of FRL disclosed loans



## Credit related costs



# Holdings of investment securities

(Consolidated)



- Unrealized Gains on available-for-sale securities approx. ¥3tn (down ¥0.4tn from end Mar. 07)

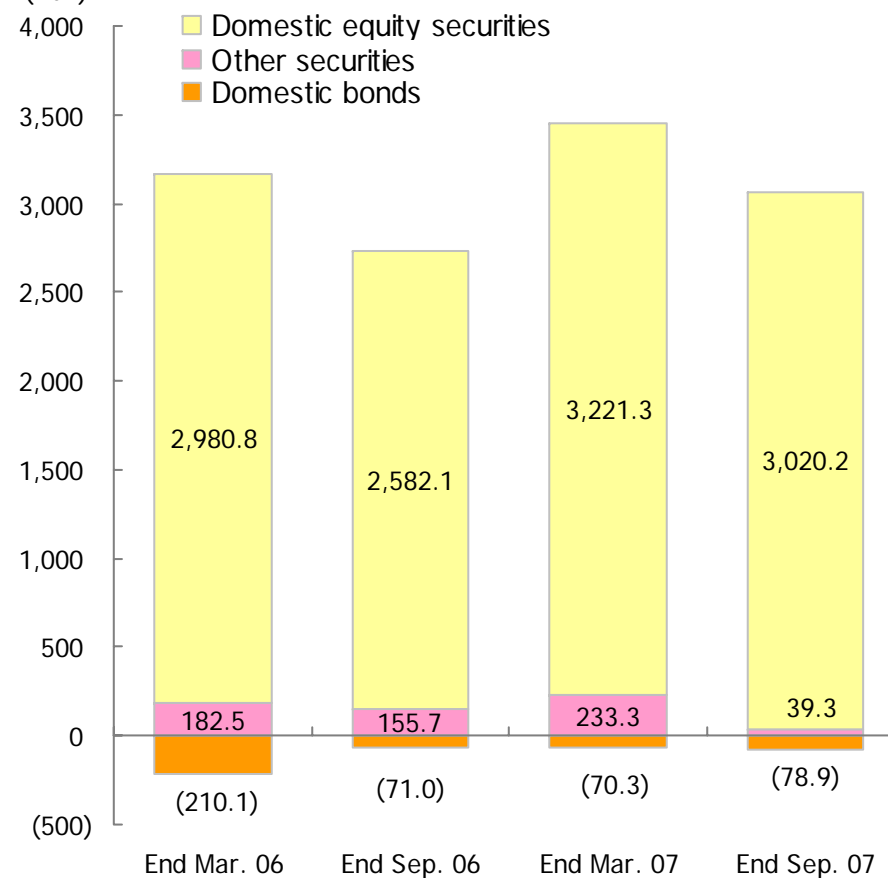
## Breakdown of available-for-sale securities

(¥bn)

	End Sep. 07	Unrealized gains (losses)	
			Change from end Mar. 07
<b>Total</b>	38,338.7	2,980.7	(403.5)
Domestic equity securities	7,413.8	3,020.2	(201.0)
Domestic bonds	17,994.3	(78.9)	(8.5)
Government bonds	16,489.5	(73.8)	(8.0)
Municipal bonds	201.7	(0.2)	(0.2)
Corporate bonds	1,303.0	(4.8)	(0.3)
Other securities	12,930.5	39.3	(193.9)
Foreign equity securities	239.6	131.4	14.7
Foreign bonds	7,443.2	(87.1)	(38.9)
Other	5,247.6	(4.9)	(169.6)

## Unrealized gains (losses) on available-for-sale securities

(¥bn)





- Sub-prime issue has had limited impact on our results and net appraisal differences

## U.S. sub-prime related investment (consolidated)

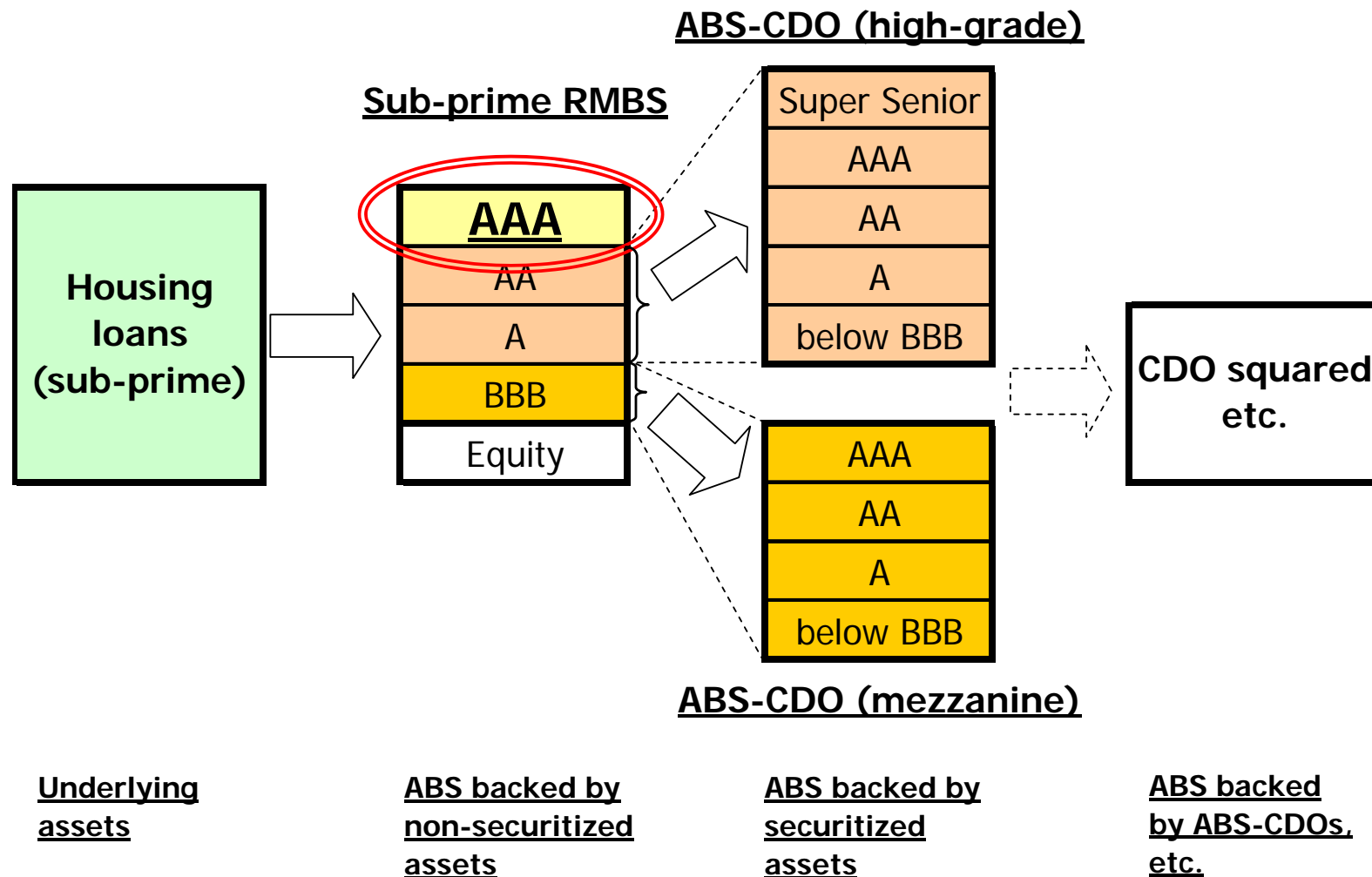
	As of End Jul. 07	As of End Oct. 07
<b>Exposure</b>	Approx. ¥280 bn	Approx. ¥260 bn
<b>Net unrealized gains (losses)</b>	Approx. ¥(5) bn	Approx. ¥(23) bn
<b>Ratings</b>	Around 97% are AAA	Around 96% are AAA

## Key points

- Recorded an impairment loss of approx. ¥4.0 bn in FY07 H1
- Unrealized losses at end of FY07 H1 (end Sep. 07) approx. ¥20 bn
- No Group involvement in sub-prime loan securitization arrangement business nor in sub-prime asset-backed warehousing loans
- ABCP programs which MUFG Group sponsors do not include sub-prime loan related assets
- No cases of organizing SIV ourselves nor providing liquidity assistance to such SIV
- Union Bank of California does not engage in sub-prime real estate lending
- Mitsubishi UFJ Securities has no sub-prime loan investments, and extremely limited impact from the sub-prime issue on its securitized product structuring business

# Sub-prime related exposure

- More than 90% of our exposure is to ABS backed by non-securitized assets (AAA rated RMBS) whose declines in prices have been very limited compared to ABS-CDOs and other securitized products



# Holdings of securitized products

## Background to and objective for holding securitized products, etc.

- Considering substantial excess of deposits on balance sheet, MUFG holds securitized products for the purpose of diversifying investments as well as optimizing and diversifying of overall credit portfolio

## Summary of holdings of securitized products, etc.\*1

- All securitized products, etc. are held in the banking account
- Balance of securitized products, etc. is approx. ¥3.65 tn<sup>\*2</sup> which accounts for 1.9% of overall balance sheet
- Approx. 96% of the total are securitized products backed by non-securitized assets
- Approx. 80% have AAA ratings
- Market value evaluated using quoted price provided by Bloomberg, etc. (no product is evaluated using internal pricing model)

Securitized products:  
¥3.65tn  
1.9% of total assets

## MUFG consolidated assets

¥189.8tn

		(¥tn)	
Securitized products, etc.	Securities held to maturity, etc	8.2	
	Others	Domestic equities	7.4
		Domestic bonds	17.9
		Other	7.6
		Other	5.2
Others	56.8		
Loans	86.7		

\*1 Total of BTMU (incl. UBOC), MUTB and MUS on management accounts basis, excluding agency bonds, etc.

\*2 Of which sub-prime related investments are approx. ¥260.0bn

- Consolidated capital ratio is 12.54%, Tier 1 ratio 7.67% as of end Sep. 07

## <Capital>

		(¥bn)	
		End Mar. 07	End Sep. 07
1	Capital ratio	12.54%	12.54%
2	Tier I ratio	7.57%	7.67%
3	Tier I	8,054.8	8,230.7
4	Preferred shares	336.8	336.8
5	Preferred securities	1,256.3	1,272.2
6	Tier II	5,717.9	5,643.2
7	Total capital (Tier I+II+III-deductions)	13,344.4	13,456.4
8	Risk-adjusted assets	106,395.5	107,270.3
9	Credit risk portion	98,260.7	99,010.8
10	Market risk portion	2,131.6	2,199.8
11	Operational risk portion	6,003.0	6,059.5
12	Outlier ratio	7.9%	7.5%

- **Capital ratio:**
  - 12.54%, the same level as end Mar. 07
- **Tier1 ratio:**
  - 7.67%, up 0.10 pts from end Mar. 07
- **Total capital:**
  - Up ¥112.0 bn as increase in Tier1 resulting from accumulation of net income exceeded decrease in Tier2 resulting from lower unrealized gains on securities investment
- **Risk assets:**
  - Up approx. ¥870.0 bn mainly due to increase in credit risk portion
- **Adopted method:**
  - Credit risk: Foundation Internal Ratings-based Approach (FIRB)
  - Operational risk: The Standardized Approach (TSA)

- FY07 net income forecast was revised to ¥600.0bn
- Dividend forecast was unchanged from original forecast

Earnings forecasts		Fiscal 2007	
		Interim results	Full year
1	Ordinary income	¥3,250.2bn	<b>¥6,500.0bn</b>
2	Ordinary profits	¥497.5bn	<b>¥1,150.0bn</b>
3	Net income	¥256.7bn	<b>¥600.0bn</b>

Macro-economic assumptions :

Unsecured call money (FY07 H2 average): 0.60%, 10 year JGB (FY07 H2 average): 1.78%

Yen/Dollar (value at end of period): ¥115

Dividend forecasts		Fiscal 2007		
		Interim dividend	Year-end dividend (forecast)	Annual dividend (forecast)
4	Dividend per common share	<b>¥7</b>	<b>¥7</b>	<b>¥14</b>

Introduction

Outline of Fiscal 2007 Interim Results

**Key Business issues**

- **Our business environment**

- **Extending our clear lead**

- **Growth strategy**

- **Capital policy**

- **Sub-prime issue will need to be closely monitored**
- **BOJ still intends to raise interest rates, despite delays**
- **Competition remains severe in domestic lending market**
- ***“Shift from savings to investments” and “Shift from loans to securities” continue***
- **High growth continues in Asian region**



- Our business environment

- **Extending our clear lead**

- Growth strategy

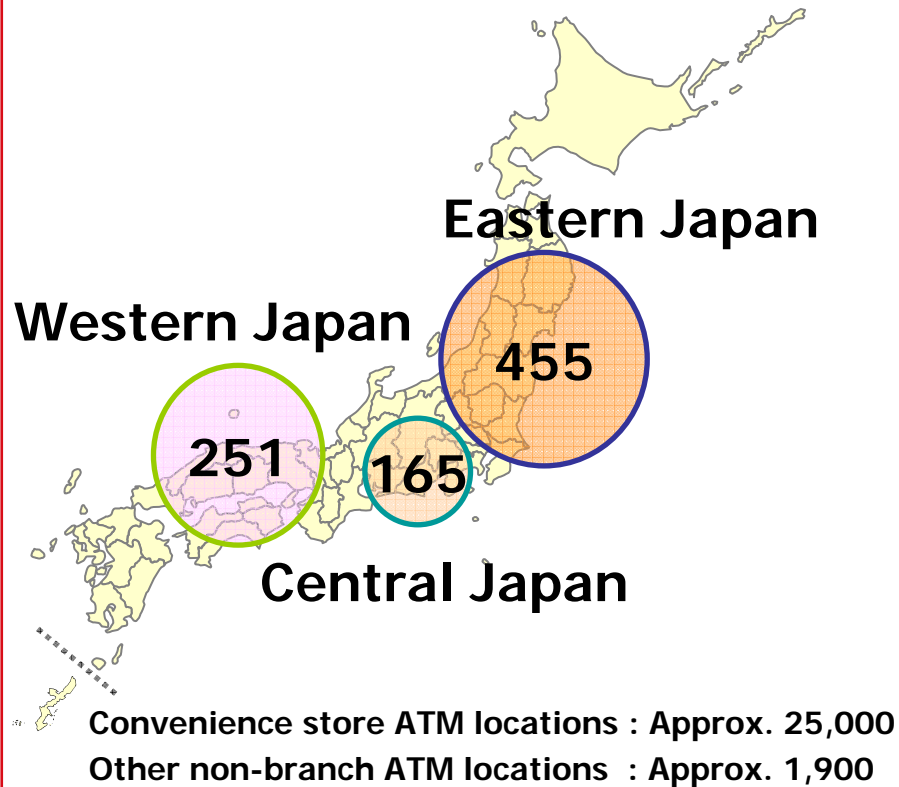
- Capital policy

# MUFG's clear lead in Japan



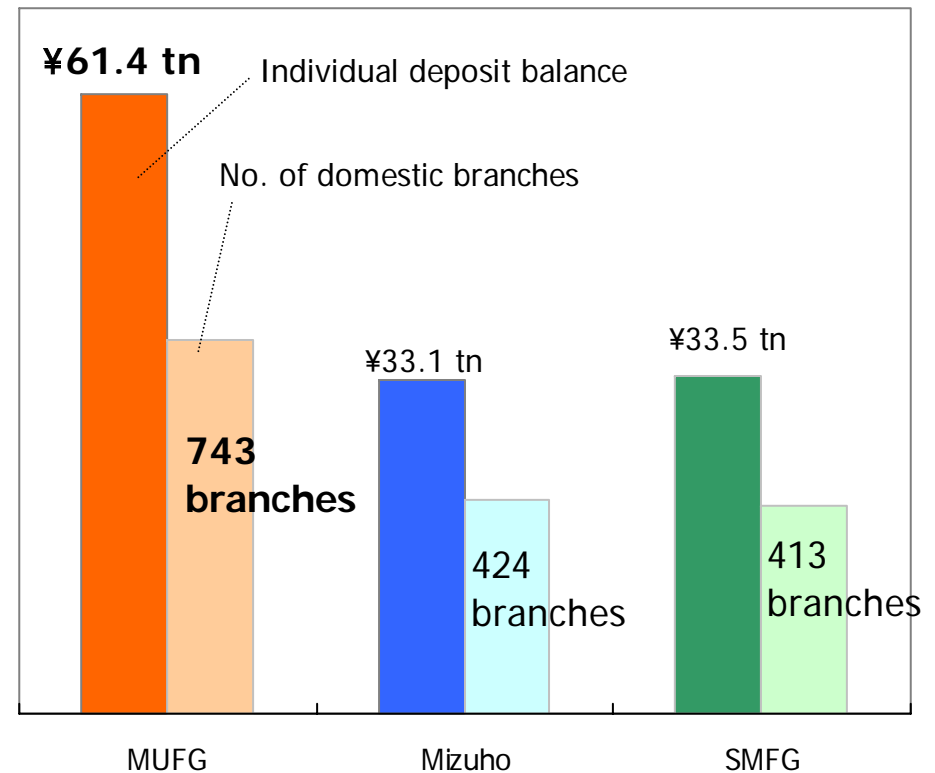
- Amid the *shift from savings to investments*, MUFG's strengths are Japan's leading branch network and an individual deposit balance around twice the size of those of other mega banks

## Domestic retail branches\*1



\*1 Total of Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities (as of end Sep. 2007)

## Domestic individual deposits and branches\*2



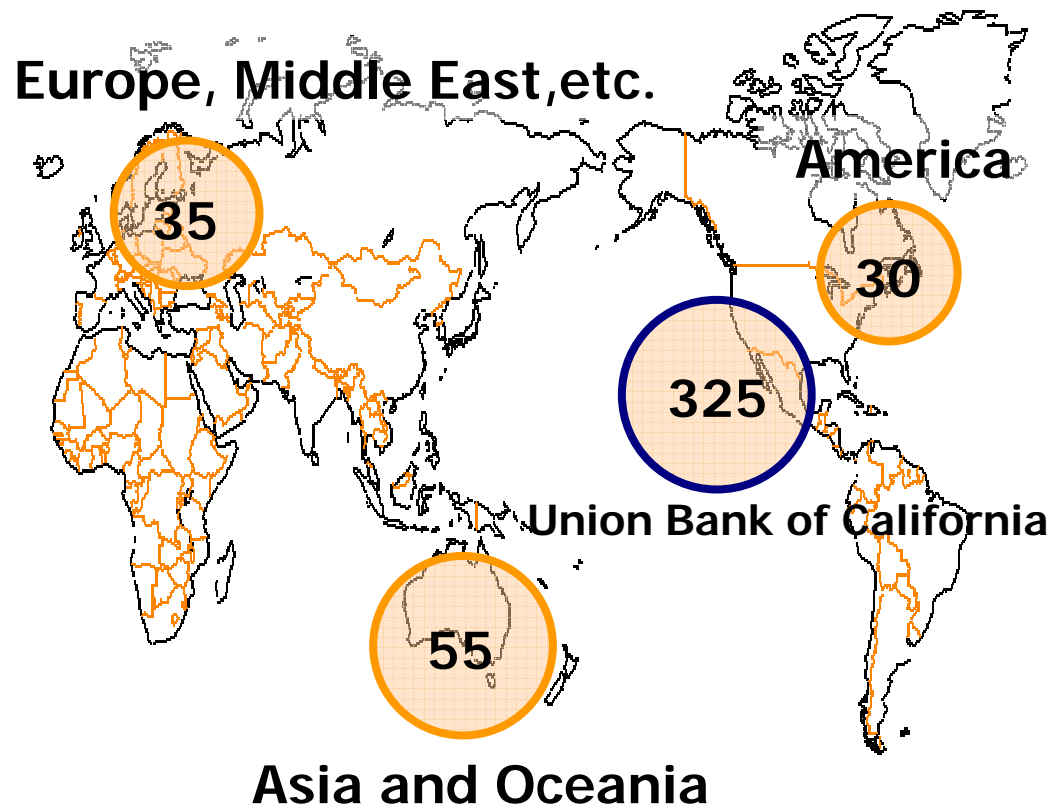
\*2 Sum of non-consolidated, as of end Sep. 2007

# MUFG's clear lead overseas



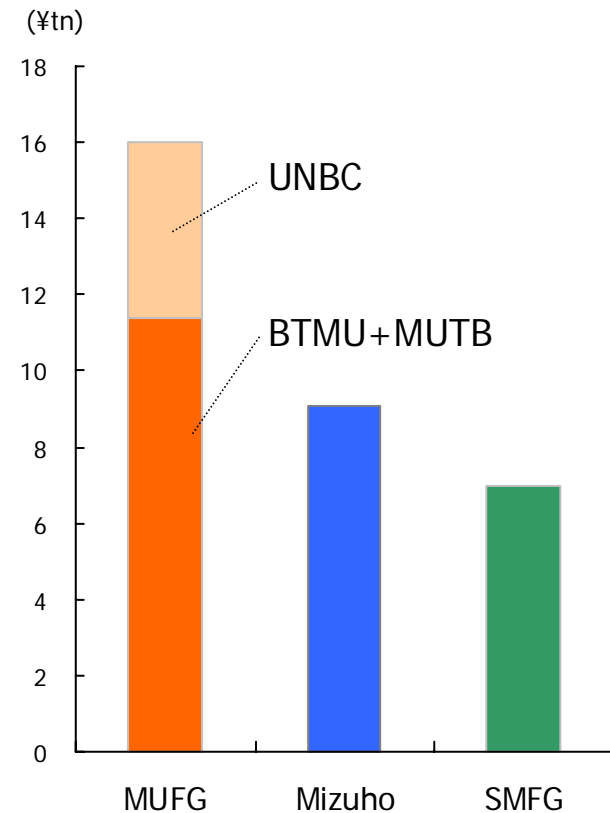
- The largest overseas network among Japanese banks, over 400 offices in more than 40 countries

## Global network\*1



\*1 Total of Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Securities and Union Bank of California (as of end Sep. 2007)

## Overseas loan balance\*2



\*2 Non-consolidated overseas lending balance as of end Sep. 2007 for Mizuho and SMFG

# Increasing convenience through transfer to new systems



- Transfer to new systems to provide major increase in customer convenience
- Project is proceeding on schedule towards safe and smooth full-system integration  
BTMU scheduled to change over to new systems from next May  
Planning to complete changeover at all branches in around six months

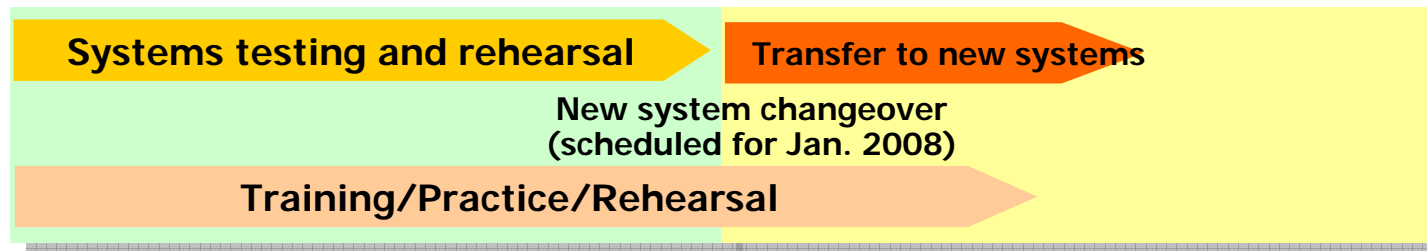
## Schedule for transfer to new systems

### BTMU



\* The nationwide branch network will be split into a number of groups and transfer to the system will be completed on a group-by-group basis

### MUTB



Completion of transfer to new systems

# Strengthening internal control framework



- Enhancing internal control framework as critical infrastructure to allow customers to conduct business with confidence and security
- Further strengthening response capability at branches, etc., based on changes to the environment such as the enforcement of the Financial Instruments and Exchange Law

## BTMU

- Assigned 800 compliance staff at head office & branches
  - [Retail]**
    - ✓ Assigned 260 Area Business Administrators
      - Planning to newly assign Business Administration Specialists and increase the number of compliance staff to 330 including Area Business Administrators
  - [Corporate]**
    - ✓ 100 compliance staff including Compliance Officers and Internal Control Managers
  - [International]**
    - ✓ 250 overseas compliance officers
      - Planning to increase number of staff for monitoring money laundering

## MUTB

- Strengthen tie-up and check-and-balance system among compliance section in head office, integrated business headquarters and branches

## MUS

- Increase staff especially internal control instructors

- Our business environment

- Extending our clear lead

- **Growth strategy**

- Capital policy

- **Growth strategy**

- (1) Strengthening sales aimed at overall customer assets**

- (2) Consumer finance**

- (3) CIB**

- (4) Asia strategy**

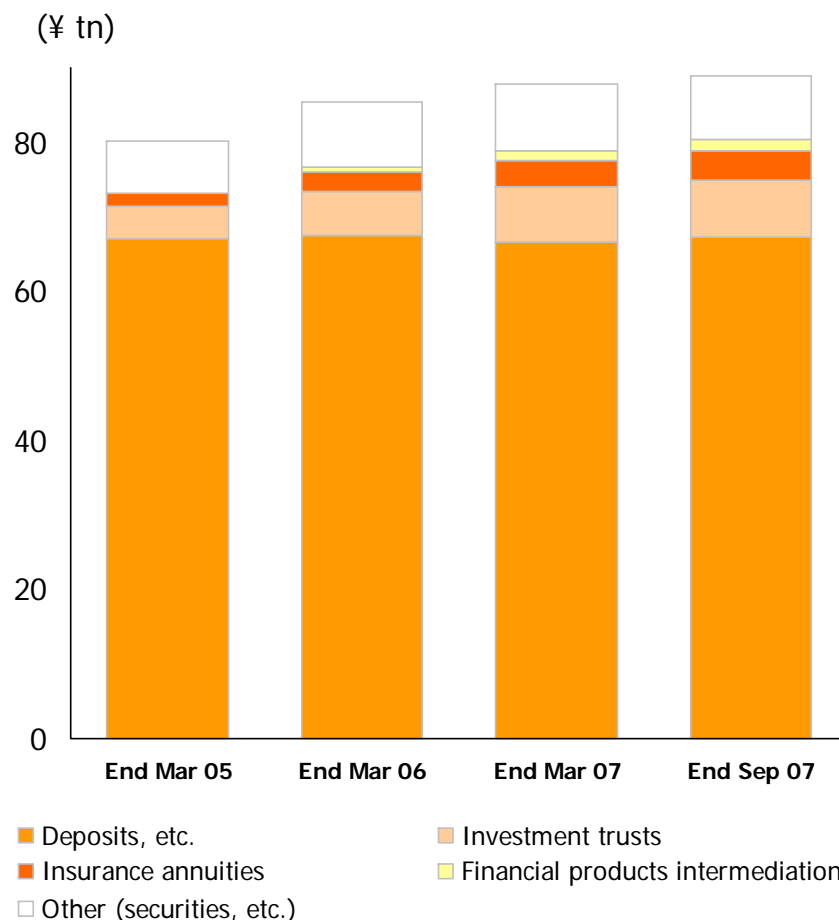
- (5) Strategic investments**

# Strengthening sales aimed at overall customer assets



- Strengthening sales of investment trusts, insurance annuities, etc. in response to *shift from savings to investments*
- Responding to full lifting of ban on sale of insurance products at banks

## Change in overall customer assets



## Future initiatives

### (1) Personnel

- Further increase sales staff (currently approx. 5,000 at BTMU)

### (2) Products and services

- Launch new products and services targeting influx of baby boomers' retirement money (Quality Life Club, etc.)
- Initiatives in response to full deregulation of insurance product sales by banks
  - Handle products including mortality, medical & cancer insurance, etc.
  - Assign insurance planners at bank branches

### (3) Channel

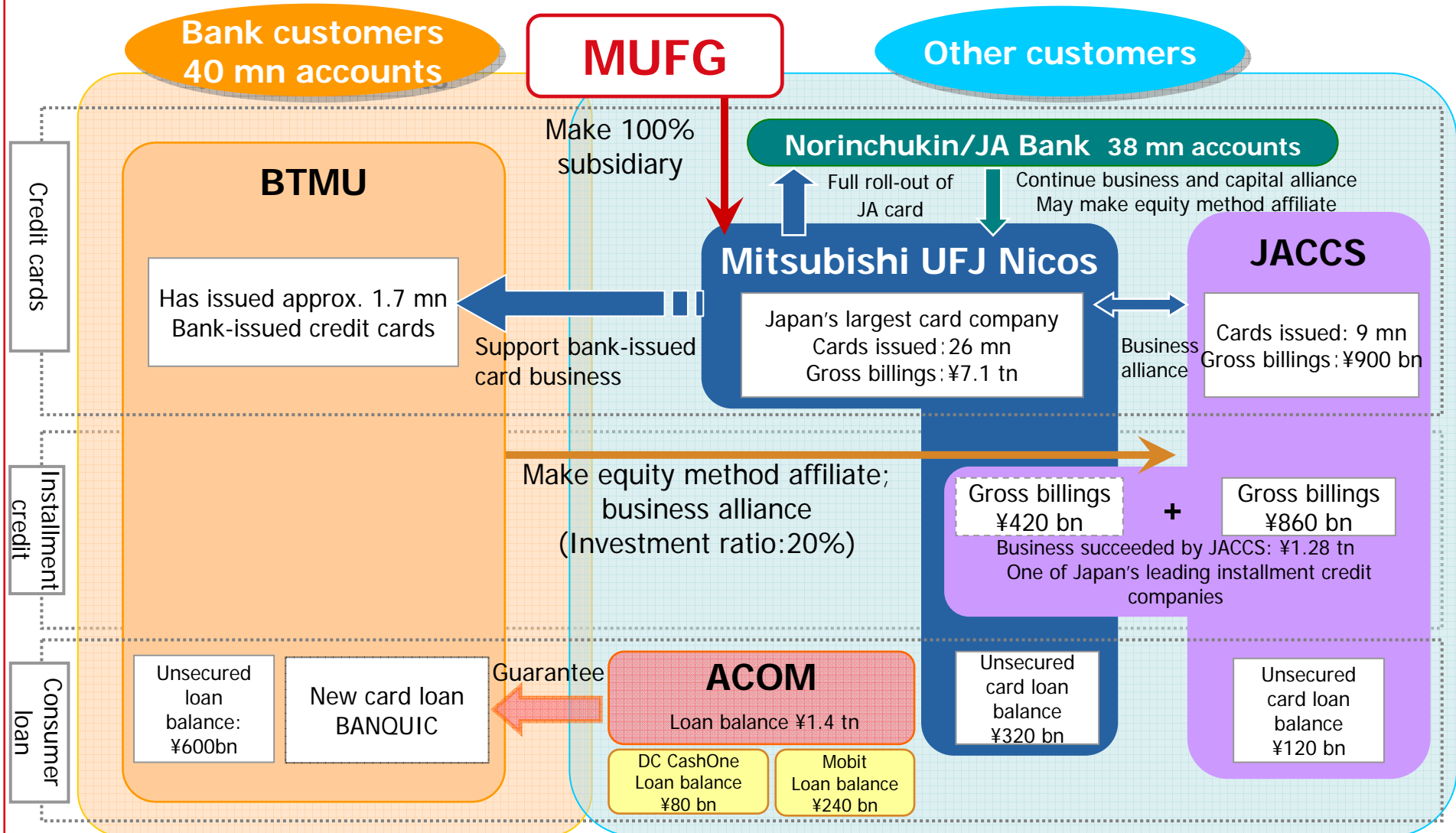
- Increase private banking offices (from 14 at present to around 30)
- Branch refurbishment, etc.



# Consumer finance



- Thorough business restructuring by Mitsubishi UFJ NICOS
- Launched new card loan guaranteed by ACOM

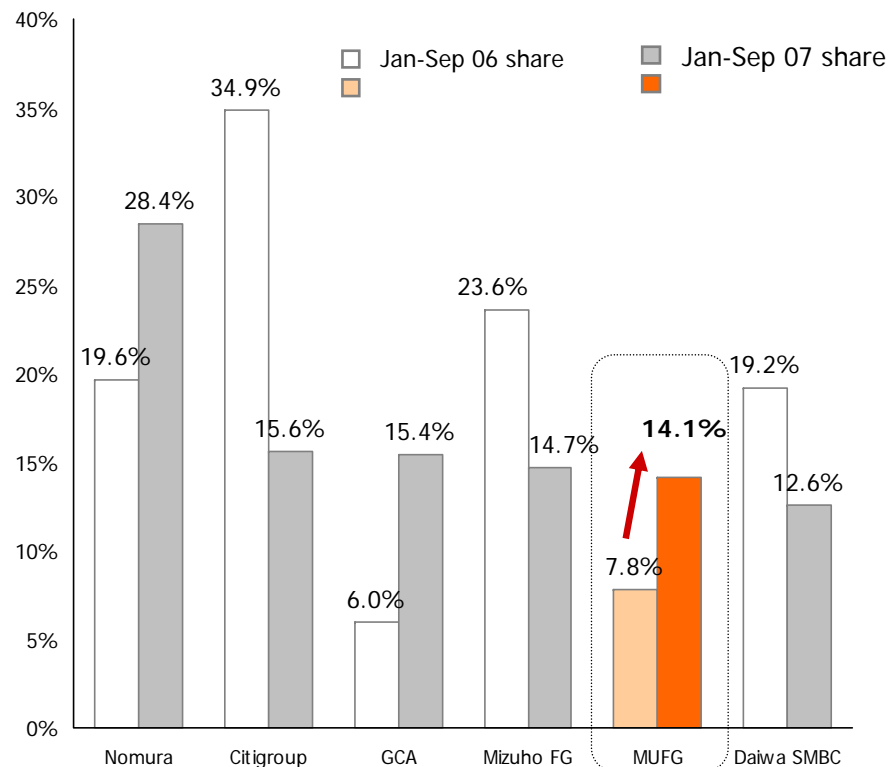


\* Figures are as of FY06, except bank-issued credit cards, end of Aug 07

## ● Strengthen investment banking business by promoting CIB model

### Achievements in CIB

#### M&A advisory: Share of total deal amount



Note: Publicly announced deals involving Japanese companies

Source: Thomson Financial

#### Major deals in 2007

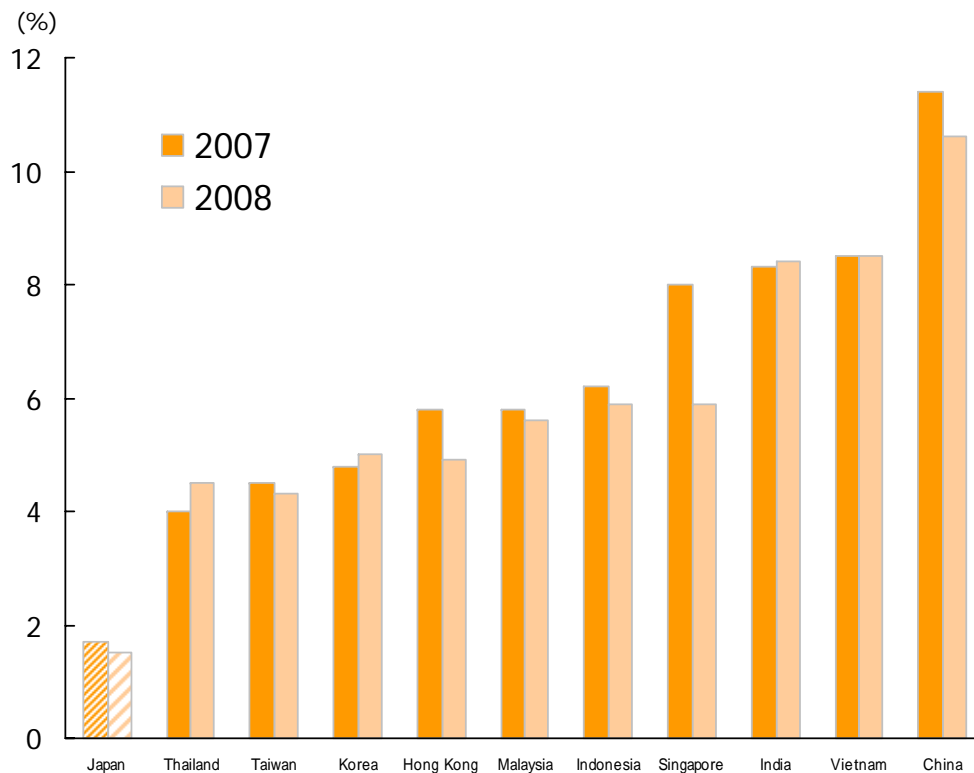
Client	Timing	Deal size	MUFG involvement
Daikin Industries	Jun.	¥118.9 bn	Manager for public offering through use of securities intermediation
Ministry of Finance	Jun.	-	Advisor for securitization of Fiscal Investment and Loan Program loans
Mitsubishi Chemical Holdings	Oct.	¥140.0 bn	Joint lead manager for Euroyen convertible bond

# Asia strategy (1): Asian market growth potential



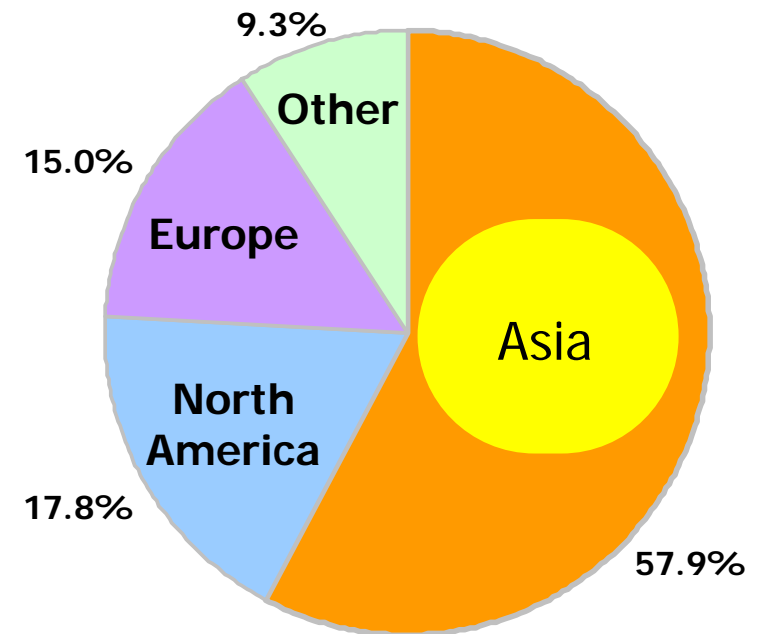
- Major potential business opportunity in Asia, high growth region where Japanese companies continue to set up operations

Growth forecasts for Asian economies



Source: Economic Research Office, Bank of Tokyo-Mitsubishi UFJ

Share of total Japanese overseas subsidiaries (15,850 companies) by region



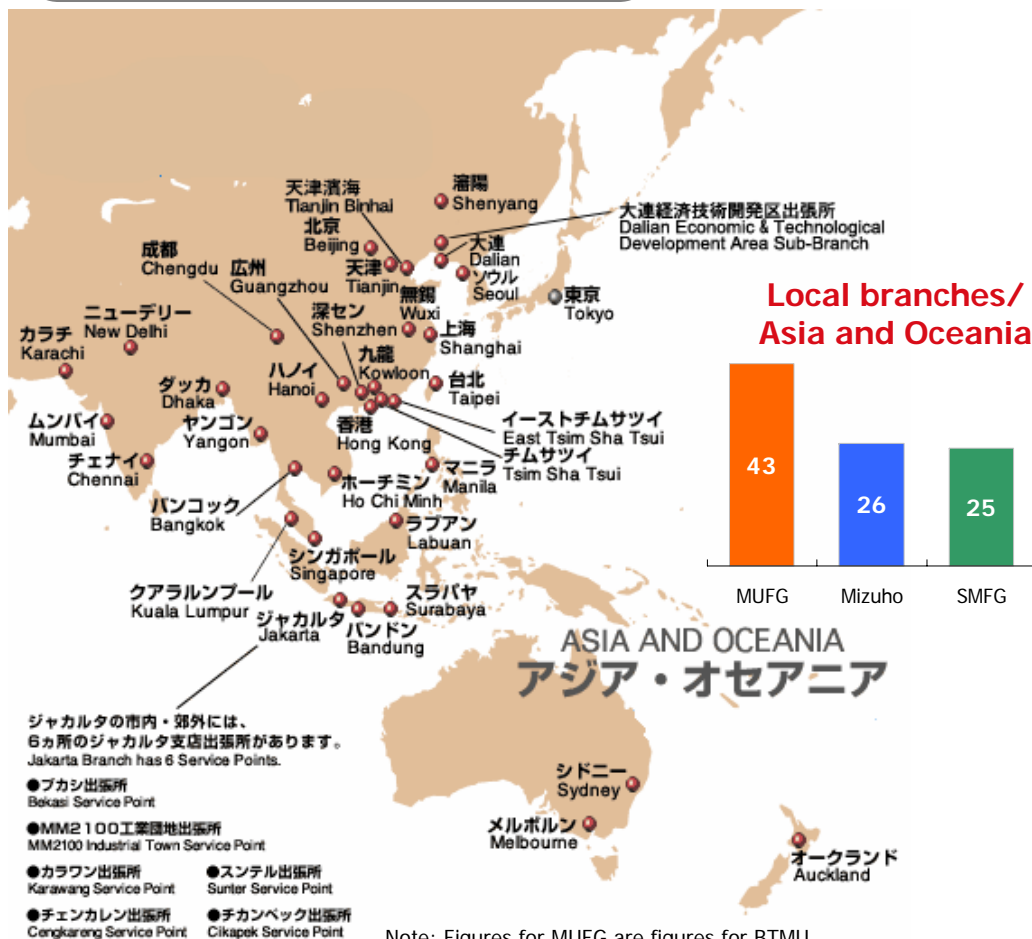
Source: Ministry of Economy, Trade and Industry, FY2005 figures

# Asia strategy (2): MUFG presence in Asia



- Leverage No. 1 network among Japan banks to further increase business opportunities in Asia

## BTMU network in Asia



Note: Figures for MUFG are figures for BTMU. Branch numbers are total of branches, sub-branches, representative offices and subsidiaries (formulated based on financial reports of each company, etc. as of Jun. 07)

Country	Japanese company coverage rate
China (excl. HK)	78% - 90%
Hong Kong	75%
Thailand	95%
Singapore	80%
Taiwan	55%
Malaysia	88%
Indonesia	80%
Korea	73%
Philippines	70%
Vietnam	70% - 80%
India	80% - 92%

Note: Coverage rate is for BTMU. Data based on BTMU research

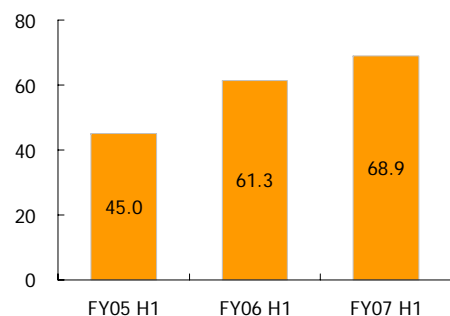
# Asia strategy (3): Future direction



- Increase business with Japanese and non-Japanese companies through organic growth, and also pursue an investment and alliance strategy

## Asia business income\*1

(¥ bn)



## Organic growth

### ◆ Business with Japanese companies

- Strengthening solutions business in ASEAN countries, NIEs, etc.
- Support for new business development in emerging countries such as China or Vietnam
- Strengthening Global Cash Management Service capabilities

### ◆ Business with non-Japanese companies

- Build portfolio of prime assets with particular focus on syndicated loans
- Strengthen involvement in LBOs/MBOs and commodity derivatives

### ◆ Business with both Japanese and non-Japanese companies

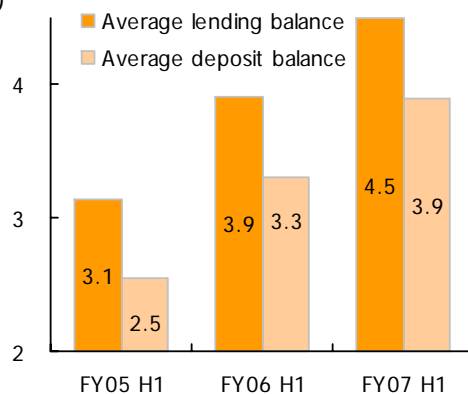
- Increase non-interest income, e.g. forex trading profit, fees and commissions, investment banking income

## Non-organic

- ◆ Securities/investment banking business (including Islamic financing)
- ◆ Asset management business
- ◆ Retail business (consumer finance, credit cards, installment finance)
- ◆ Business with local SMEs

## Asia business deposit/lending balances\*1

(¥ tn)



\*1 Due to a change in the accounting period resulting from the creation of a locally incorporated subsidiary in China, figures for FY07 H1 only include results of the China business for three months. The figures in the graphs are adjusted to correct this impact

# Asia strategy (4): Investment and alliance strategy



- Pursue an investment and alliance strategy attuned to the characteristics of each market

	Investment and alliance strategy : Investments		Population (mn)	Nominal GDP (US\$ bn)	Per capita GDP (US\$ thousand)
	Strategy	Amount of Investments			
China	BTMU investment in and business alliance with Bank of China (Jun. 06)	<b>approx. ¥21.0 bn</b>	1,315	2,626	2.0
India	MUS business alliance with ICICI (Aug. 06)		1,096	826	0.8
Indonesia	Planned BTMU investment in Bank Nusantara Parahyangan (scheduled for FY07)	<b>approx. ¥2.0 bn</b>	222	364	1.6
Vietnam	BTMU business alliance with Vietcombank (Nov. 06)		84	61	0.7
Thailand			63	206	3.3
Malaysia	BTMU additional investment in CIMB (Apr. 07)	<b>approx. ¥45.0 bn</b>	27	149	5.5
Korea	MUS business alliance with Daewoo Securities (Jan. 07)		48	888	18.5
Australia	BTMU and MUS investment in Challenger Financial Services Group (Oct. 07)	<b>approx. ¥22.0 bn</b>	20	636	31.8
Taiwan			23	365	15.9
Hong Kong			7	190	27.1
Singapore	MUS investment in Kim Eng Holdings decided (Nov. 07)	<b>TBD</b>	4	132	33.0






Growing

Developed

# Strategic investments



- Make investments targeting continued growth, with priority placed on profitability, growth potential and investment return

		Investment timing	Amount
Became/becoming wholly owned subsidiaries	 Mitsubishi UFJ Securities	Sep. 07:	Approx. ¥375.0 bn (exchange of shares)
	 Mitsubishi UFJ NICOS	Aug. 08 (planned):	TBD (exchange of shares)
Became consolidated subsidiary	 kabu.com Securities	Apr. 07:	Approx. ¥22.7 bn (cash, public tender offer)
		Dec. 07 (planned):	¥18.0 bn (cash, public tender offer)
Became/becoming equity-method affiliates	 Mitsubishi UFJ Merrill Lynch PB Securities	May 06:	¥3.0 bn (cash investment)
		Within FY07 (planned):	TBD (cash investment)
	 株式会社ベイジェント	May 06	¥0.32 bn (cash investment)

- Our business environment

- Extending our clear lead

- Growth strategy

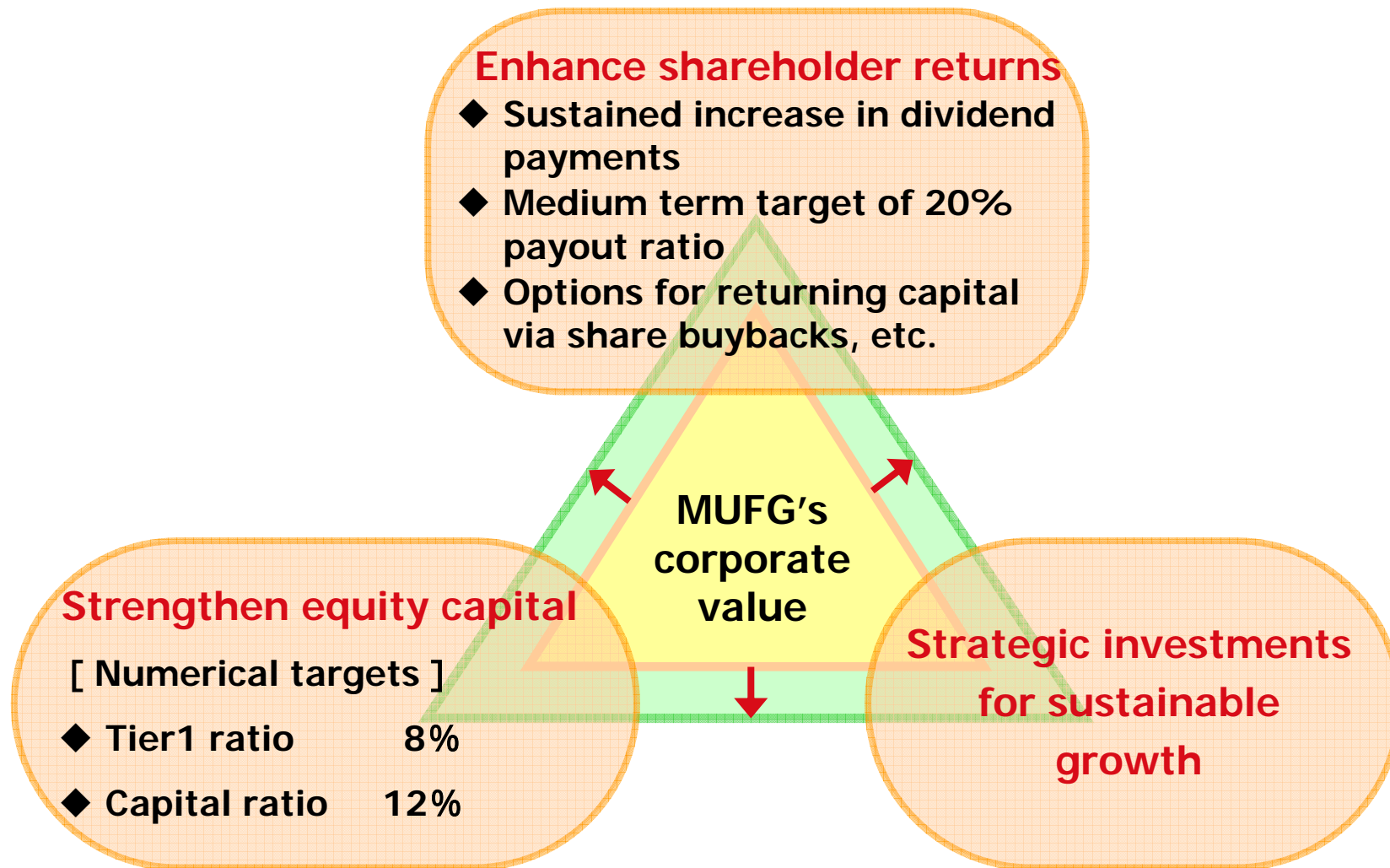
- **Capital policy**



# Implementing balanced capital policy



- Strengthen equity capital and enhance shareholder returns while using capital efficiently to achieve sustainable growth and enhanced profitability



# Repurchase of own shares



- Decided to repurchase own shares, aiming to enhance shareholder returns, improve capital efficiency and implement a flexible capital policy

## Outline of own share repurchase

Type of shares to be repurchased	Ordinary shares of MUFG
Aggregate amount of repurchase price	¥150.0 bn (upper limit)
Aggregate number of shares to be repurchased	150 mn shares (upper limit) (Percentage of issued shares (excl. treasury stock) : 1.43%)
Repurchase period	Dec. 3, 2007 – Mar. 24, 2008

Reference: No. of shares as of end Sep. 07

Total issued shares (excl. treasury stock) : 10,487,294,143 shares

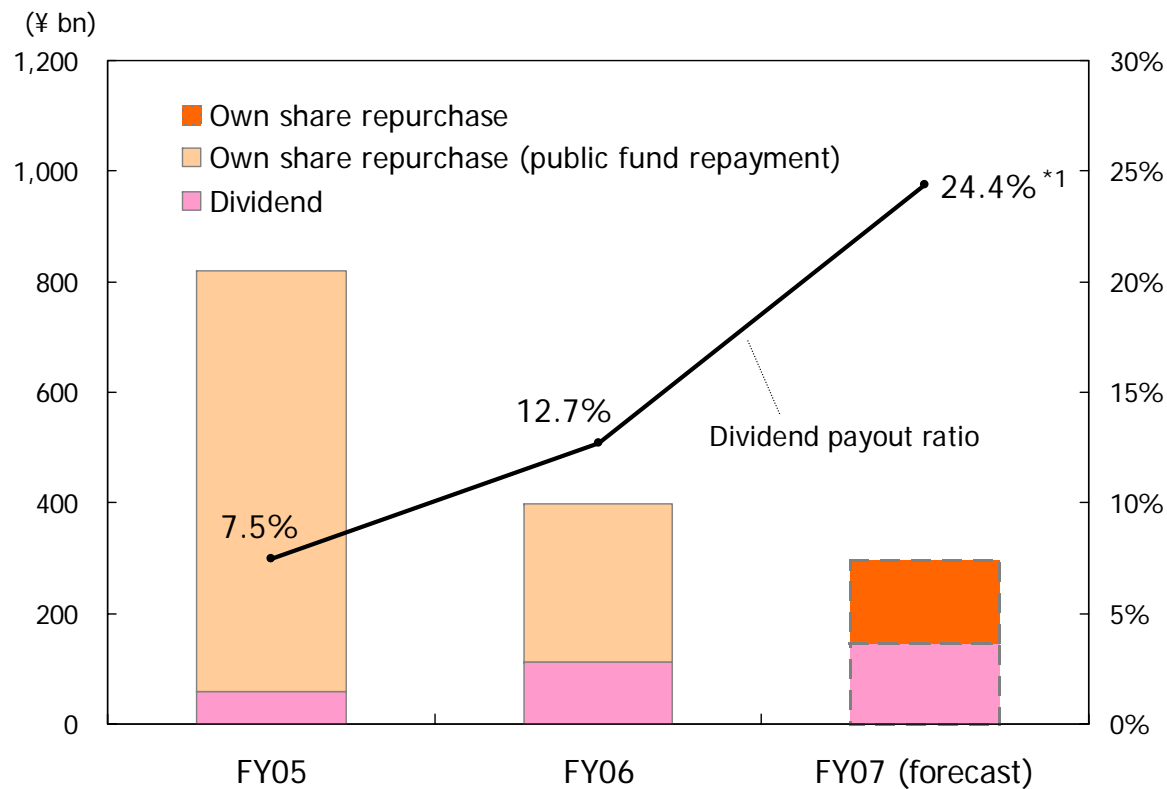
Treasury stock : 374,349,647 shares

# Enhancing shareholder returns



- Enhancing shareholder returns by sustained dividend increase and share repurchase (ratio of total distribution to shareholders for FY07 should be approx. 50%)
- Shifting from a stage of repurchasing shares to repay public funds (to avoid dilution) to a stage of repurchasing shares to enhance capital efficiency

## Shareholder returns—actual and forecast



\*1 Estimated payout ratio for FY07 is calculated based on dividend per ordinary share of ¥14, net income for the period of ¥600 bn, and other assumptions

No.1  
Service

Quality for You

No.1  
Reliability

No.1  
Global  
Coverage

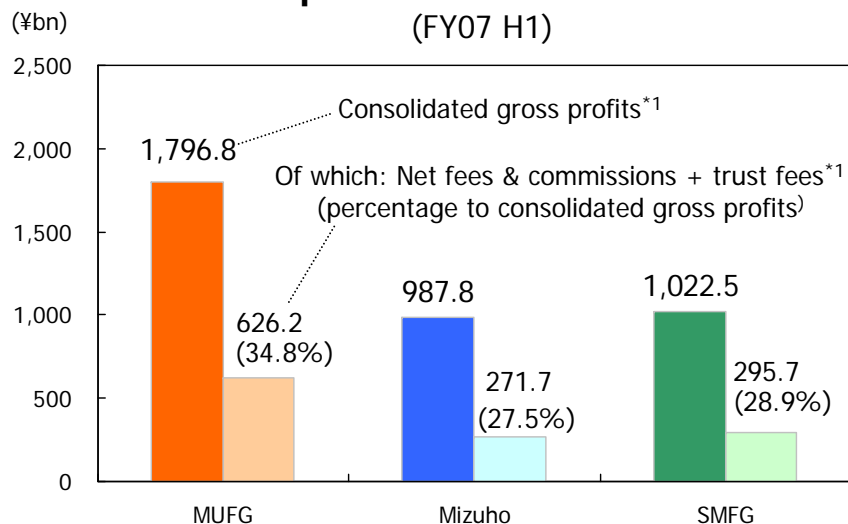
# Appendix

Quality for You   
MUFG

# Comparison with other Japanese financial groups

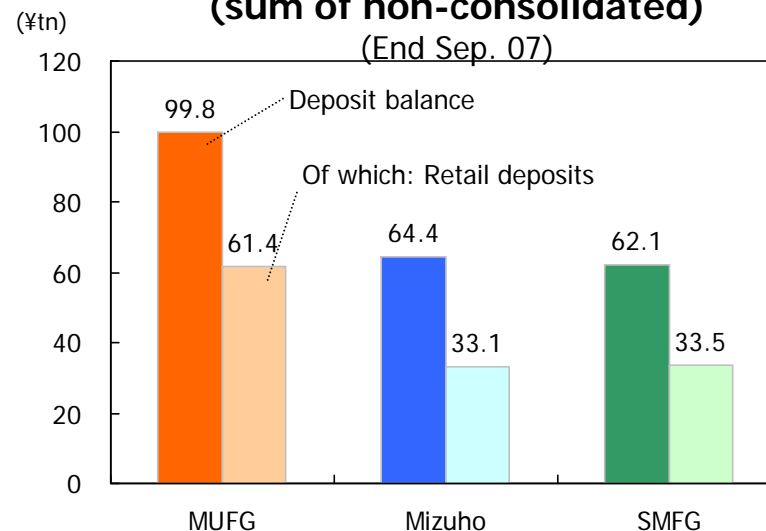


## Gross profits/ Fees + Trust fees (FY07 H1)

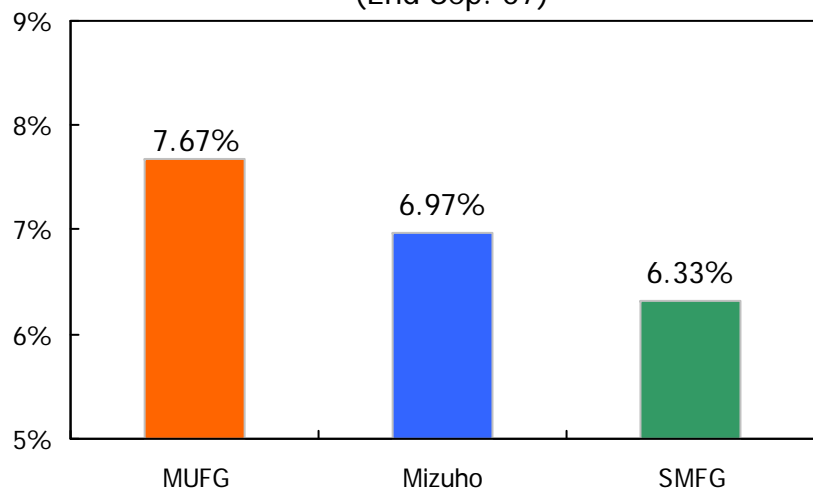


\*1 Before credit costs for trust accounts

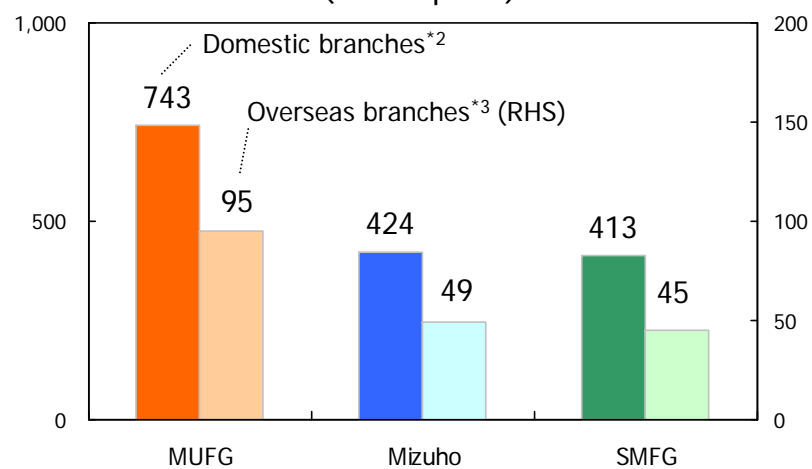
## Domestic deposit balance (sum of non-consolidated) (End Sep. 07)



## Consolidated Tier 1 ratio (End Sep. 07)



## Number of branches (sum of non-consolidated) (End Sep. 07)



\*2 Not including sub-branches, agencies and representative offices, etc.

\*3 Total of branches, sub-branches, representative offices and subsidiaries (as of end of Jun. 07, figures for commercial bank only)

Please see page 70 of the MUFG Databook