

**Mitsubishi UFJ Financial Group**

**Fiscal 2007 Interim Results Presentation**

**November 26, 2007**

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MUFG

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**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>



<b>Consolidated</b>	<b>PL items</b>	After FY2005 H2 : Mitsubishi UFJ Financial Group (consolidated) Up to FY2005 H1: Mitsubishi Tokyo Financial Group (consolidated) + UFJ Holdings (consolidated) (without other adjustments)
	<b>BS items</b>	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)
<b>Non-consolidated*</b>	<b>PL items</b>	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)
	<b>BS items</b>	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**

- ✓ In the first half of the fiscal year, the Japanese economy continued its rather lackluster expansion, despite factors such as the market turmoil caused by the sub-prime issue. In this context, there are five key points with respect to our interim results.
- ✓ The first is that the deposit/lending spread continues to expand, and interest income has also started to increase. The second is that we are steadily enlarging our revenue growth base, as evidenced by solid growth in our overall customer asset balance and other factors.
- ✓ The third is that we decided on a fundamental restructuring of our consumer finance business, which had a negative impact in the fiscal first half but will lay the foundations for medium-term growth.
- ✓ The fourth is that net income is down substantially from the first half of fiscal 2006. This is due to higher credit costs mainly as a result of lower reversal gains on loan loss provisions, as credit costs return to normal.
- ✓ The fifth is the minor impact that the sub-prime issue has had on our results. This will be covered in detail later in the presentation.

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

\*1 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

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

\*3 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)

\*4 Earnings per 1 thousand shares for FY07 H1, considering stock split

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

Please see pages 5-19 of the MUFG Databook

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- ✓ Gross profits were 1,796.8 billion yen, broadly the same as in the interim period of last fiscal year. Net interest income has at last shown an improvement, increasing by 21.1 billion yen. This was due to rising interest rates and the resulting increase in deposit income, which offset a lower spread on domestic corporate loans. Net fees and commissions declined by 10.2 billion yen as increased investment trust-related income was offset by a decline in income from investment banking. Due in part to hedge costs for foreign bonds, which were affected by fluctuations in U.S interest rates, other business profits also declined.
- ✓ Operating expenses increased by 49.2 billion yen due to an increase in costs required for systems integration and the strengthening of compliance systems in Japan and overseas, as well as higher costs linked to increased profits at Mitsubishi UFJ Securities and other subsidiaries. As a result net business profits declined by 47.1 billion yen to 735.4 billion yen.
- ✓ Interim net income was 256.7 billion yen, down 250.5 billion. However, the main reason was that credit costs turned to be net expenses from net reversal in the same period of last fiscal year as a result of a large decline in reversal gains of credit loss provisions. A large decline in gains on loans written-off also affected the decline in the interim net income.

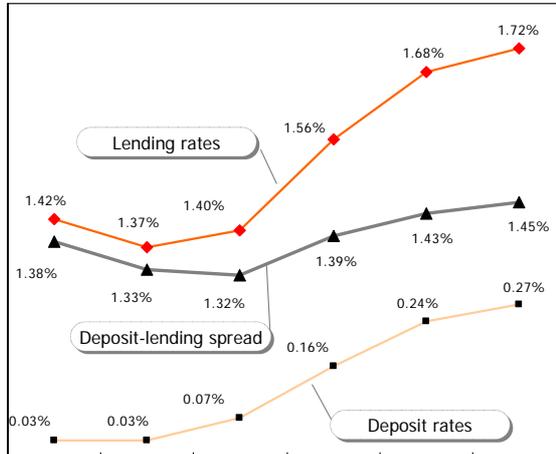
## Domestic deposit/lending rates

(Non-consolidated)



- 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

Please see pages 9-14 of the MUFG Databook

### 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%

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✓ The deposit and lending spread has continued to expand since the ending of the BOJ's zero-interest rate policy in July last year. In the first half of fiscal 2007 the average spread was 1.44%, an improvement of 0.12 percentage points from the first half of fiscal 2006. If we look at recent quarterly trends, in the first quarter the spread was 1.43%. In the second quarter, due in part to the revision of interest rates on existing variable-rate mortgages, the spread improved to 1.45%.

● **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 12.65% on Basel III basis (Tier1 ratio 7.73%)**

● **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)	12.58% (7.59%)	12.65% (7.73%)	0.06points 0.14points
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)

Please see page 20 of the MUFG Databook

✓ Regarding loans, domestic corporate loans declined, however, overseas loans showed a large increase and as a result overall loans increased by about 1.9 trillion yen compared to the end of the previous fiscal year.

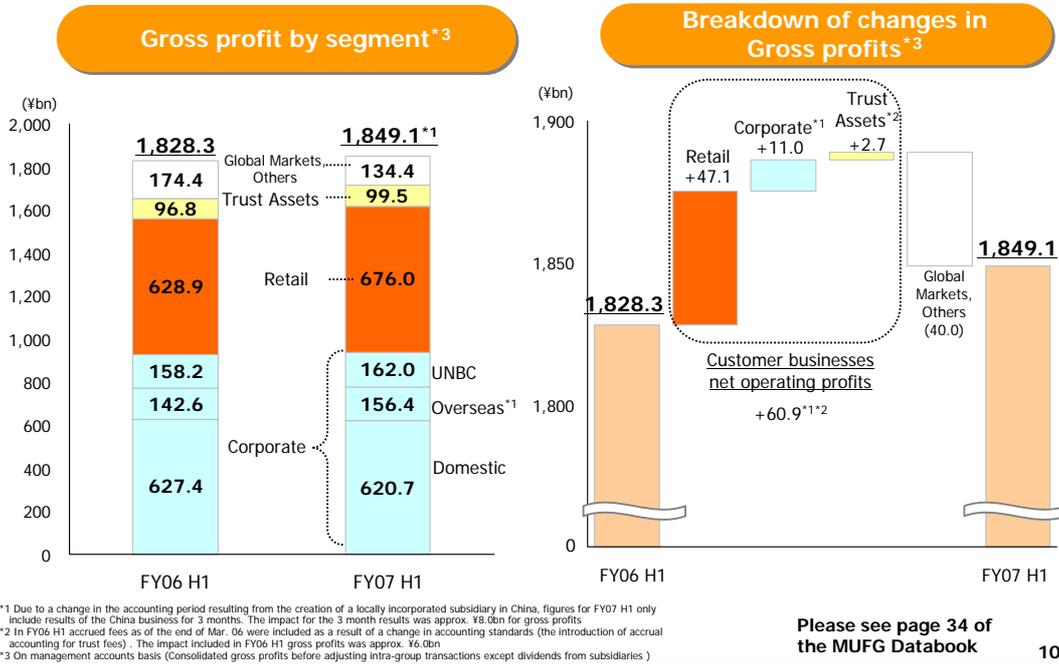
✓ Deposits were 117.6 trillion yen, a decrease of 1 trillion yen compared to the end of the previous fiscal year, due largely to a decline in liquid corporate deposits along with the increase in interest rates. However, individuals' deposits performed well and increased by 550 billion yen compared to the end of the previous fiscal year.

✓ The items below line 9 will be discussed in another slide later on.

## Outline of results by business segments (Consolidated)



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



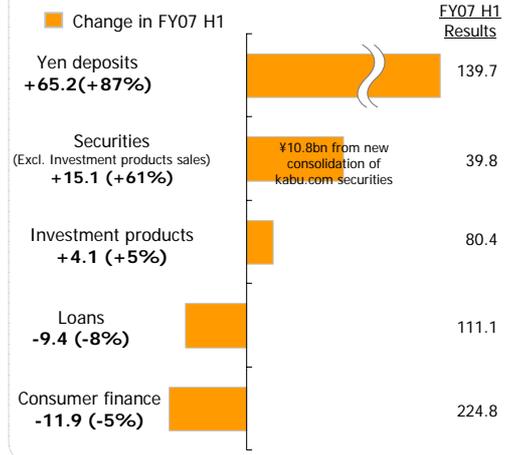
- ✓ Overall gross profits rose by 20.9 billion yen compared to the interim period of last fiscal year, however, for our three customer businesses as a whole the increase was 60.9 billion yen. The Retail segment, the Corporate segment and the Trust Assets segment each recorded an increase in profits, however, income declined in the Global Markets and Other segment mainly due to hedging losses related to fluctuations in U.S interest rates.
- ✓ As shown in the footnote, the creation of our China subsidiary led to a change in accounting period. This factor and the effects of accruing trust fees that was started in the interim period of last fiscal year, have led to growth in the current interim period appearing weaker than it actually was. Taking into account these factors, the actual performance of our three customer businesses increased by around 75 billion yen from the interim period of last fiscal year.

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

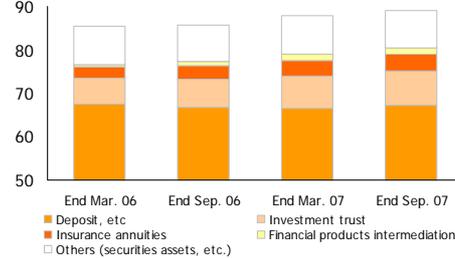
—Increase in deposit income and steady growth in investment products sales due to strengthened 'overall customer assets' sales approach

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

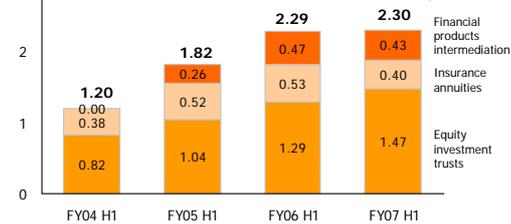
**FY07 H1 ¥676.0bn (up ¥47.1bn on FY06 H1)**



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



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



Please see pages 35-39 of the MUFG Databook

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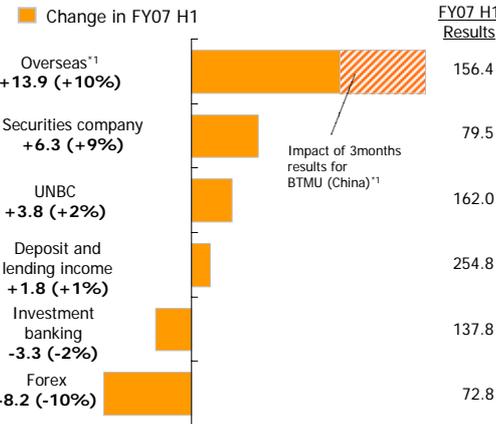
- ✓ Gross profits rose by 47.1 billion yen to 676 billion yen. The main contributors were: A large increase in income from deposits, which rose by 87%, driven largely by interest rate increases; An increase in securities income, up 61%, partly due to the new consolidation of kabu.com Securities; And increased commissions from the sale of investment products, up 5%. On the other hand, in consumer finance, the lowering of interest rates as a result of response to changes in regulations led to a lower contribution from Mitsubishi UFJ NICOS.
- ✓ Our overall customer assets, including deposits and investment products, has continued its strong performance in the first half. Sales of investment products have remained largely the same as the interim period of last fiscal year, in part due to market conditions. However, the trend towards a shift from savings to investment is expected to continue its steady progress.

● **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**

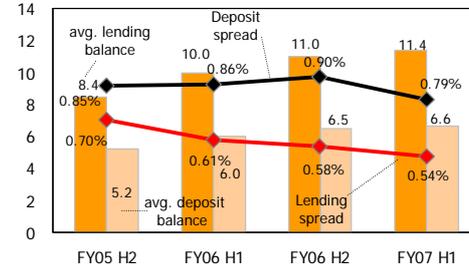
**FY07 H1 ¥939.1bn\*<sup>1</sup> (up ¥11.0bn on FY06 H1)**



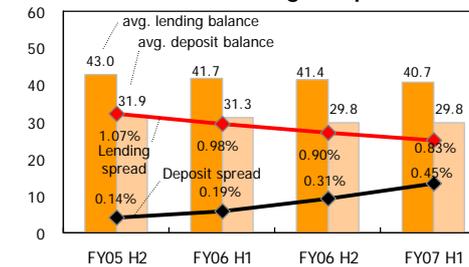
\*<sup>1</sup> Due to a change in the accounting period resulting from the creation of a locally incorporated subsidiary in China, figures for FY07 H1 only include results of the China business for 3 months. The impact for the 3 month results was approx. ¥8.0bn for gross profits

Please see pages 40-48 of the MUFG Databook

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



**Domestic lending & deposits**



✓Gross profits rose by 11 billion yen compared to the interim period of last fiscal year to 939.1 billion yen. The reason for this was growth of 10% in overseas business, one of MUFG’s key strengths. Furthermore, as mentioned earlier, if the effects resulting from the creation of our China subsidiary are taken into account, the rate of growth would be even higher. Also, increased income from domestic deposits offset the decline in income from domestic loans, leading to an overall increase in domestic loans and deposits income compared to the interim period of last fiscal year.

✓As you can see in the graph at the bottom right, even though the domestic deposit spread is increasing, tough domestic lending conditions are continuing.

# Trust Assets

(Consolidated)

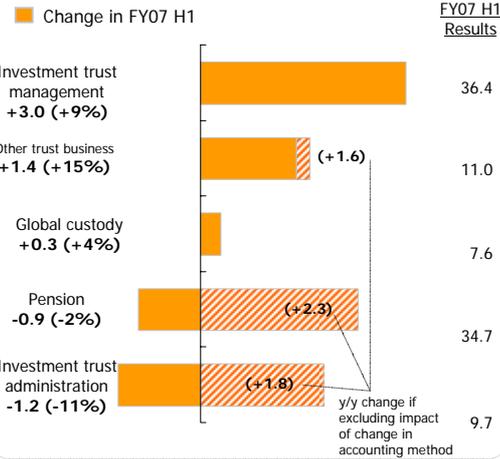


● **Gross profits ¥99.5bn, up ¥2.7bn\*1 on FY06 H1**

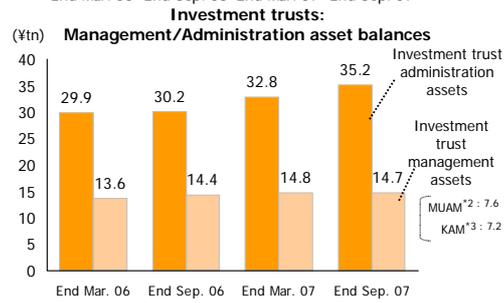
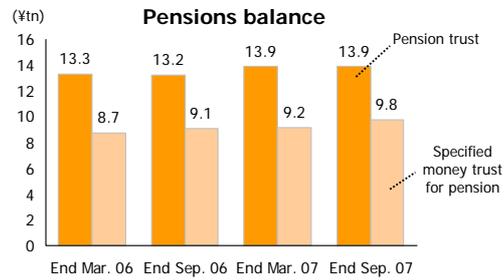
— Strong performance in investment trust management business in line with *shift from savings to investments*

**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.



\*2 MUAM: Mitsubishi UFJ Asset Management  
\*3 KAM: Kokusai Asset Management

Please see pages 49-52 of the MUFG Databook 13

✓Gross profits rose by 2.7 billion yen to 99.5 billion yen. As the trend towards shifting from savings to investment continues, performance of our investment trust management operations has remained strong. Income from our pensions and investment trust administration operations declined, however, this was due to the one-off factor just mentioned, the start of accrual of trust fees from last year. Aside from this, income from pensions and investment trust administration both grew strongly.

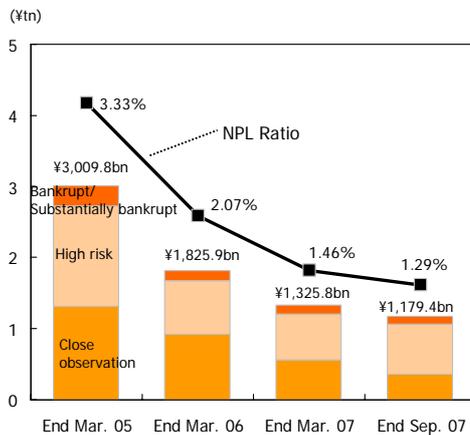
## Loan assets

(Non-consolidated)

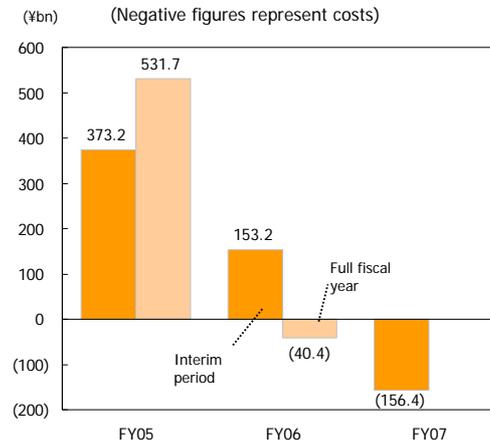


- NPL ratio declined 0.16 points from end Mar. 07 to 1.29%
- Credit related costs showed an expense of ¥156.4 bn

### Balance of FRL disclosed loans



### Credit related costs



Please see pages 54-57 of the MUFG Databook

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- ✓ Both the balance and ratio of FRL disclosed loans declined compared to the end of last fiscal year, and as can be seen in the graph on the left, the pace of decline is slowing down, and is starting to reach normal levels.
- ✓ As is shown on the graph on the right, in last years interim period we recorded a gain in credit related costs, due to the reversal of allowance for credit losses. However, in the current interim period we have recorded an expense of 156.4 billion yen, which also indicates that we are more or less reaching normalization.

## Holdings of investment securities

(Consolidated)

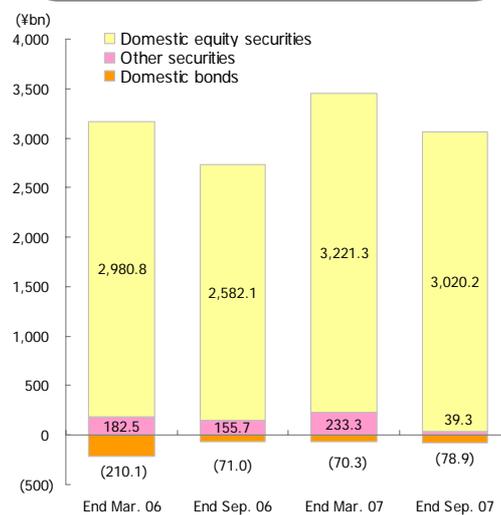


- **Unrealized Gains on available-for-sale securities approx. ¥3tn (down ¥0.4tn from end Mar. 07)**

### Breakdown of available-for-sale securities

	End Sep. 07	Unrealized gains (losses)	
			Change from end Mar. 07
Total	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



Please see page 58 of the MUFG Databook

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✓ The balance of available-for-sale securities and appraisal gains and losses as of the end of September, are as shown. The appraisal gain has declined by around 400 billion yen from the end of March partly due to a decline in stock markets, however, we have nearly 3 trillion yen in unrealized gains and so our financial buffer remains at a comfortable level.

## Impact of sub-prime issue

(Consolidated)



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

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

### Key points

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

- 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

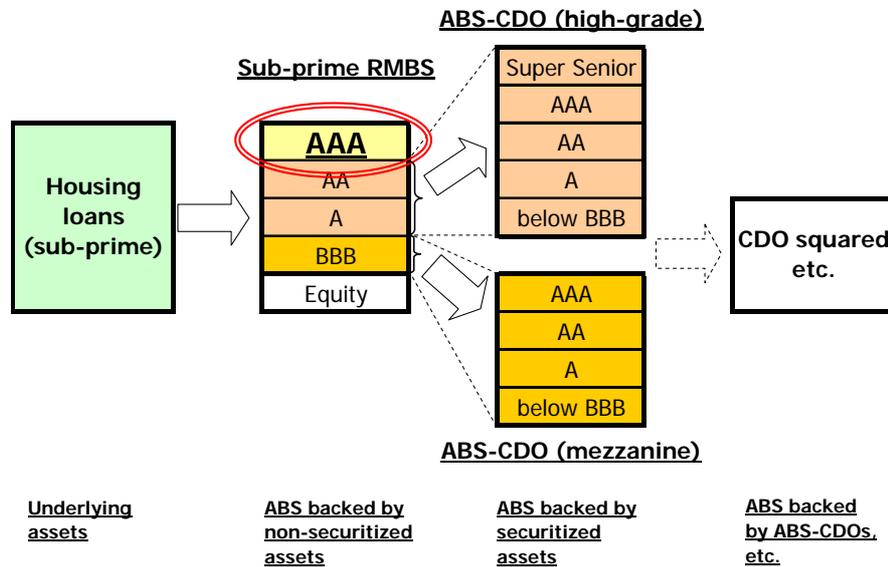
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✓ In general, the effects of the sub-prime problem on our interim results and appraisal gains and losses are limited. As is shown in the left table, our exposure to sub-prime related investments was around 260 billion yen, and our appraisal loss at the end of September was about 20 billion yen. Even as of the end of October, when markets took a further downward turn, our overall appraisal losses were limited to about 23 billion yen. The effects were limited for two main reasons, first MUFG is not involved in the creation of sub-prime related products, and second, over 90% of our securitized products are highly rated products backed by non-securitized assets.

## 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



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✓ Sub-prime RMBS are securitized products backed by sub-prime housing loans. ABS-CDOs are structured repackaging mainly double-A to triple B tranche of the RMBS. Even highly-rated ABS-CDOs are based on lower graded RMBS so they are relatively easily affected by rising default rates in the underlying sub-prime housing loan market. From October onwards it was these highly-rated ABS-CDOs that saw large price declines, however over 90% of MUFG's holdings are triple-A rated RMBS. This is the reason that our appraisal losses have been low relative to the balance that we hold.

## Holdings of securitized products

(Consolidated)



### 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, etc	Securities held to maturity, etc	8.2
	Domestic equities	7.4
	Domestic bonds	17.9
	Foreign equities and bonds	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

- ✓ Against a background of a large excess of deposits on our balance sheet, our aim is to diversify our investments and disperse and optimize our credit portfolio.
- ✓ Securitized products are held in our banking account, and our current balance is around 3.65 trillion yen, however, this comprises less than 2% of our total assets. Also, around 96% of this is securitized products backed by non-securitized assets and approximately 80% of these are rated Triple A. We evaluate market value of these products using quoted prices. We do not use internal pricing model in our determinations of the market value.

- Consolidated capital ratio is 12.65%, Tier 1 ratio 7.73% as of end Sep. 07

		(¥bn)	
		End Mar. 07	End Sep. 07 (Preliminary basis)
1	Capital ratio	12.58%	12.65%
2	Tier I ratio	7.59%	7.73%
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	5,718.2	5,644.6
7	Total capital (Tier I + II + III - deductions)	13,349.1	13,459.5
8	Risk-adjusted assets	106,048.2	106,396.2
9	Credit risk portion	97,913.5	98,136.8
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%	approx. 7.5%

## <Capital>

- **Capital ratio:**
  - 12.65%, up 0.06 pts from end Mar. 07
- **Tier1 ratio:**
  - 7.73%, up 0.14 pts from end Mar. 07
- **Total capital:**
  - Up approx. ¥110.0 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. ¥340.0 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)

Please see page 60 of the MUFG Databook

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- ✓ Our equity capital ratio is 12.65% and our Tier 1 ratio is 7.73%, both improvements from the end of last fiscal year.
- ✓ Regarding our equity capital, you can see that the increase in Tier 1 capital resulting from the accumulation of net income, exceeded the decline in Tier 2 caused mainly by the decline in unrealized gains on securities. So as a whole, equity capital has increased by about 110 billion yen.
- ✓ Also risk assets increased by 340 billion yen, this was due to an increase in the credit risk portion.

## FY 2007 earnings / dividend forecasts

(Consolidated)



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

Please see page 69 of the MUFG Databook

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- ✓As we have already announced, we have revised our forecast for full year consolidated net income to 600 billion yen, in light of our performance in the interim period, instability in financial markets, and the competitive environment in domestic loans.
- ✓On the other hand, regarding common stock dividends, we maintain our fundamental policy to achieve sustained increases in dividends, therefore we have not revised our initial forecast for interim and year end dividends of 7 yen.

Introduction

Outline of Fiscal 2007 Interim Results

**Key Business issues**

- **Our business environment**

- **Extending our clear lead**

- **Growth strategy**

- **Capital policy**

✓With respect to our key business issues, these four points will be discussed.

- **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**

- ✓ We recognize the following five points with respect to the outlook for our business environment.
- ✓ First, close monitoring will be needed regarding the sub-prime issue. Second, the BOJ still intends to raise interest rates, despite delays in doing so caused by market turmoil and so forth.
- ✓ Third, competition remains severe in the domestic lending market, and fourth, the shift from savings to investment and from loans to securities is expected to continue, representing a major structural change.
- ✓ Finally, continued high growth is expected in Asia.

- Our business environment

- **Extending our clear lead**

- Growth strategy

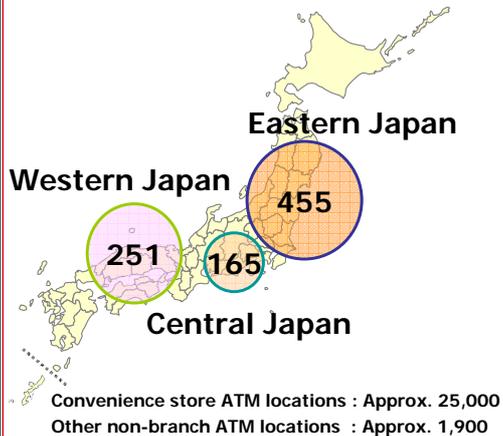
- Capital policy

## MUFG's clear lead in Japan



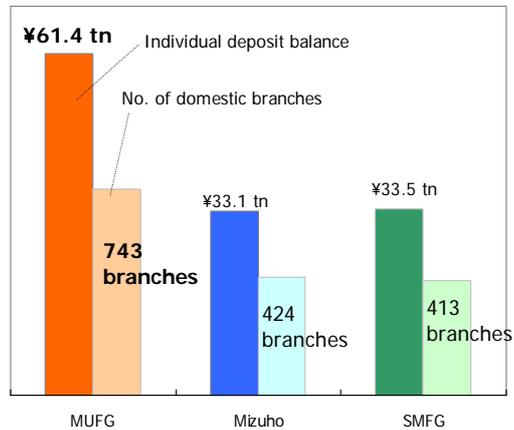
- Amid the *shift from savings to investments*, MUFG's strengths are Japan's leading branch network and an individual deposit balance around twice the size of those of other mega banks

### 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

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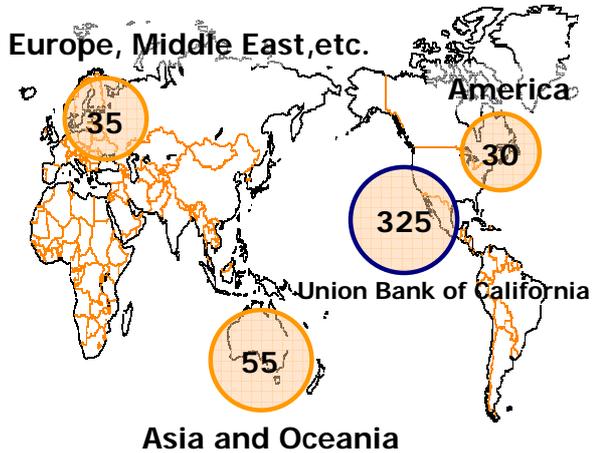
- ✓ In the domestic market, MUFG has the leading network and customer base among Japanese banks, and is the financial group in the strongest position to enjoy the benefits of the shift from savings to investments.
- ✓ In particular, our individual deposit balance, which is around twice the size of those of the other mega banks, is a major strength from the perspective of pursuing retail business.

## MUFG's clear lead overseas



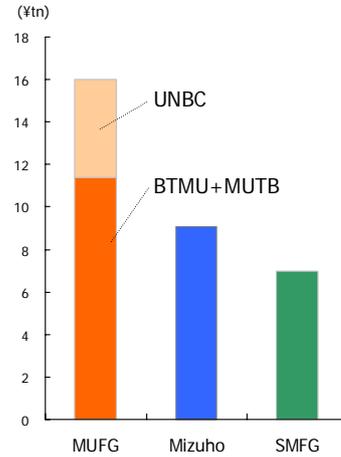
- The largest overseas network among Japanese banks, over 400 offices in more than 40 countries

### 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

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✓ In overseas markets, also, we have a network that is unrivalled among other Japanese banks, and we believe that MUFG has greater potential than other Japanese banks, both in Japan and overseas.

## 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

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- ✓ There are two pressing issues for converting our potential into a quantum leap in growth.
- ✓ The first is to achieve full systems integration. The changeover to new systems will start from next May, and is expected to significantly enhance customer convenience. Full integration benefits are expected from fiscal 2009.
- ✓ The transfer project is proceeding smoothly.

## 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

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- ✓ The other issue is strengthening our internal control framework.
- ✓ Our receipt of administrative orders in Japan and overseas has caused concern, but the bank, the trust bank and the securities company have each already been implementing thorough and sufficient responses and measures in this regard, including measures in response to the introduction of the Financial Instruments and Exchange Law.

- 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**

✓ There are five key areas to our growth strategy.

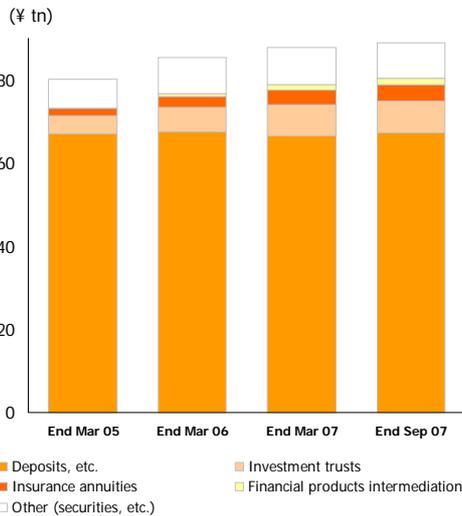
✓ They are: (1) Strengthening sales aimed at overall customer assets, (2) Consumer finance, (3) CIB (Corporate and Investment Banking), (4) Asia strategy, and (5) Strategic investments.

## 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

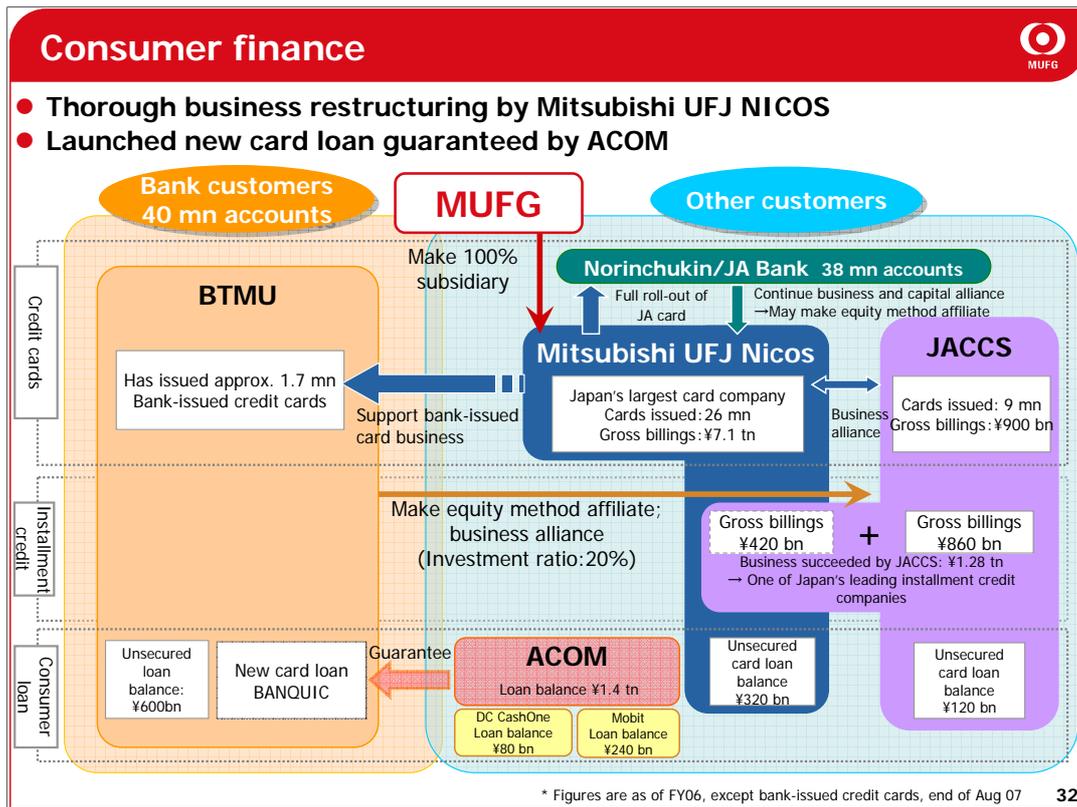
- Launch new products and services targeting influx of baby boomers' retirement money (Quality Life Club, etc.)
- Initiatives in response to full deregulation of insurance product sales by banks
  - Handle products including mortality, medical & cancer insurance, etc.
  - Assign insurance planners at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

#### (3) Channel

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

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- ✓ In Retail, the most important area is how to tie the shift from savings to investments to higher profits.
- ✓ To date, we have been steadily increasing our overall customer assets, and particularly our individual deposit balance of more than 60 trillion yen, and in the future we aim to increase earnings by strengthening (1) personnel, (2) products and services, and (3) branches, et cetera.
- ✓ In particular, we will focus on insurance products, for which the ban on sale at banks will be fully lifted from December.

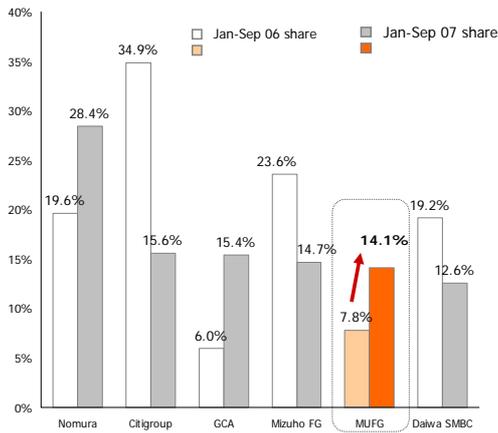


- ✓The second area in Retail business is consumer finance.
- ✓In September, as the foundation for medium-term growth, we announced a fundamental business reorganization at Mitsubishi UFJ NICOS.
- ✓We aim to increase our business opportunities, with bank customers handled by the bank, and for non-bank customers, Mitsubishi UFJ NICOS (credit cards), JACCS (installment finance), and ACOM (consumer finance) serving as the core companies.

● 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

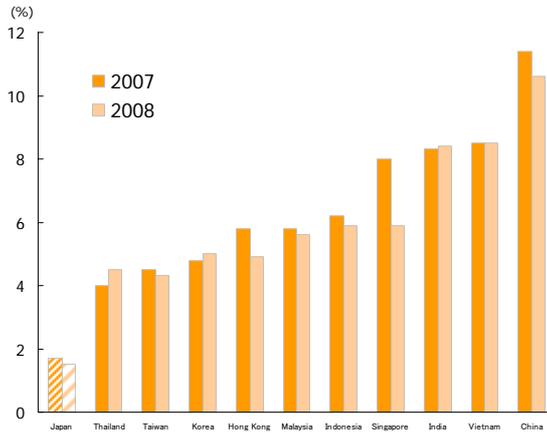
- ✓ If the momentum behind Retail business growth is the shift from savings to investments, in Corporate business it is the shift from lending to securities.
- ✓ MUFG aims to strengthen its investment banking business by promoting the CIB model through significantly tightening the links between the bank and the securities company.
- ✓ As you can see, we have already made some achievements, and we intend to devote ourselves to this area over the medium term.

## Asia strategy (1): Asian market growth potential



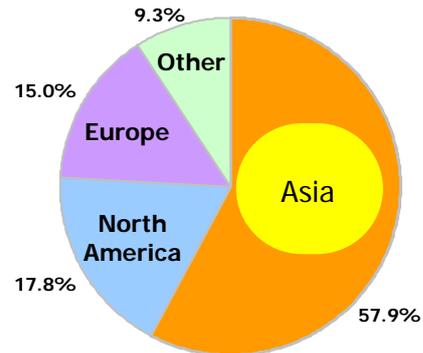
- Major potential business opportunity in Asia, high growth region where Japanese companies continue to set up operations

### 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

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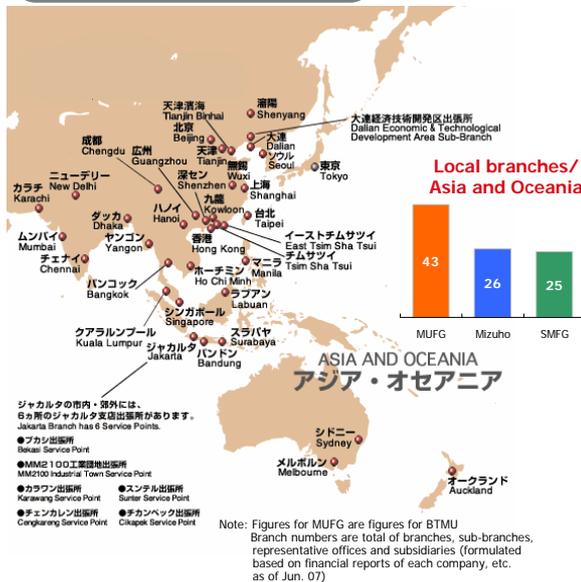
- ✓The Asian market is attractive because (1) the various countries that comprise it have high growth rates, and (2) it is the region where Japanese corporations are making the greatest inroads.

## 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



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

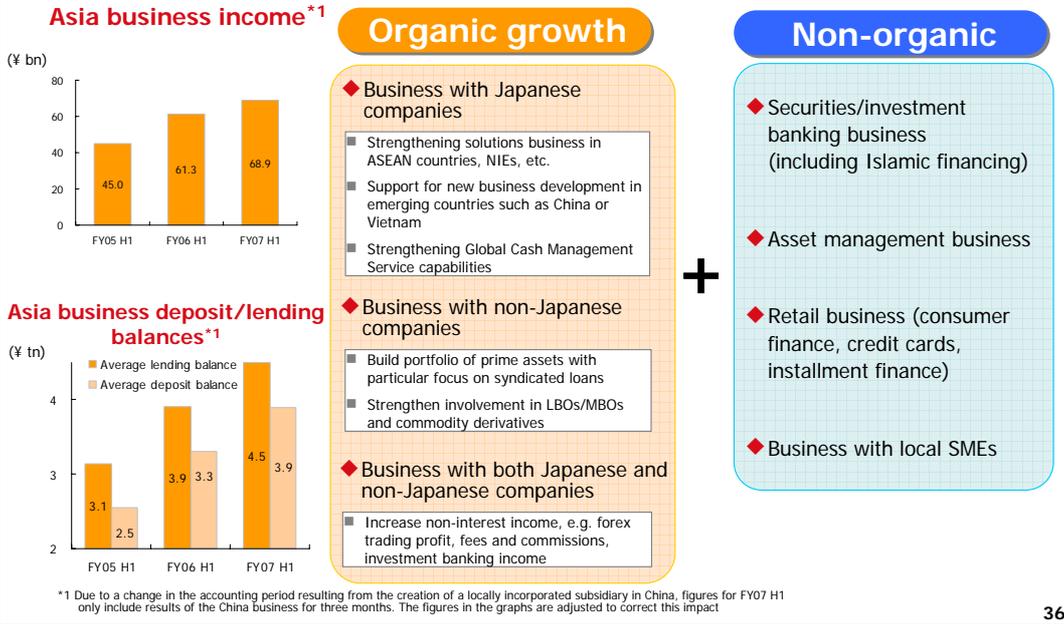
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- ✓ Having a network is crucial to ensure that the rich opportunities this market presents are not missed but rather taken appropriately.
- ✓ In that sense, our network in the Asia-Oceania region has a clear lead over those of other Japanese banks, and our coverage rate for Japanese companies is, as you can see, at high levels of around 70-80%.

## Asia strategy (3): Future direction



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



- ✓ As the future direction of our Asia business, it is important to (1) steadily increase earnings through organic growth focusing mainly on business with Japanese and non-Japanese companies.
- ✓ In addition, our policy is to (2) set our sights on expanding our securities and investment banking business, asset management business, retail business and others through the use of a non-organic growth strategy.

## 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				
Growing	China	BTMU investment in and business alliance with Bank of China (Jun. 06)	approx. ¥21.0 bn	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)	approx. ¥2.0 bn	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)	approx. ¥45.0 bn	27	149	5.5
	Korea	MUS business alliance with Daewoo Securities (Jan. 07)		48	888	18.5
Developed	Australia	BTMU and MUS investment in Challenger Financial Services Group (Oct. 07)	approx. ¥22.0 bn	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)	TBD	4	132	33.0

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✓With respect to our non-organic growth strategy, as you can see we have made a number of achievements, and in the future we plan to pursue an investment and alliance strategy attuned to the characteristics and conditions of the markets of each country in the region.

## 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)
	JACCS	Within FY07 (planned):	TBD (cash investment)
	PAYGENT 株式会社ペイジェント	May 06	¥0.32 bn (cash investment)

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- ✓ Strategic investment is not limited to overseas. This page shows our achievements in Japan.
- ✓ Until now, we have been strengthening the structure of the Group, such as by making Mitsubishi UFJ Securities a wholly owned subsidiary.
- ✓ In the future we aim to further strengthen the Group's all-round capabilities, and make investments targeting continued growth, with priority placed on profitability, growth potential and investment return.

- Our business environment

- Extending our clear lead

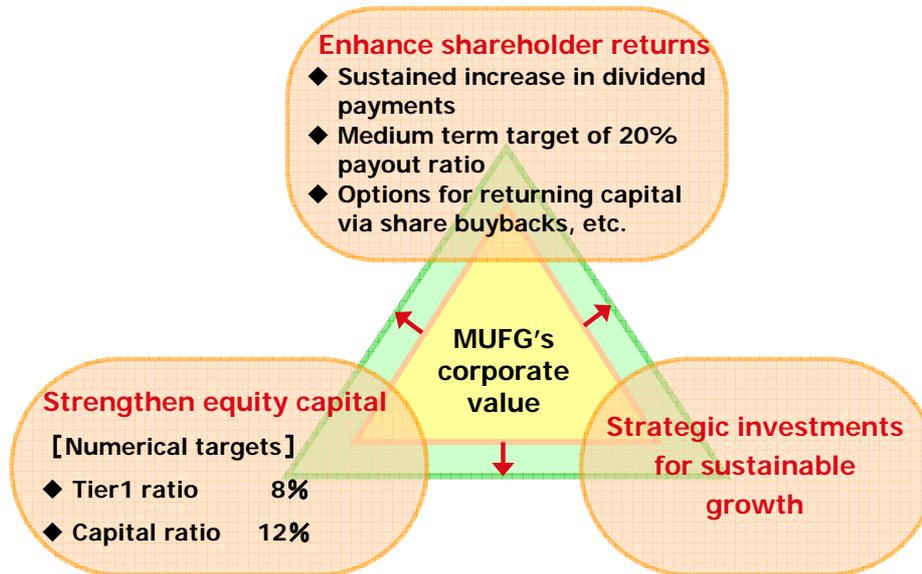
- Growth strategy

- **Capital policy**

## Implementing balanced capital policy



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



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- ✓ We announced our basic philosophy regarding capital policy almost exactly one year ago.
- ✓ We have already explained this philosophy a number of times, but to recap, we aim to increase corporate value while pursuing a capital policy that is balanced between the three items that you can see on the slide.

## 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

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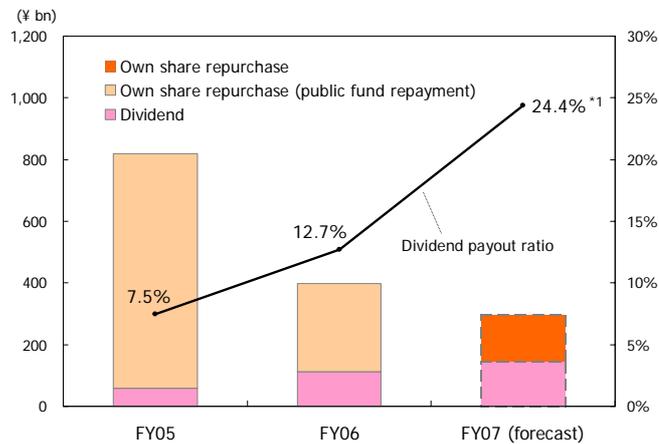
- ✓ We have been saying that we may consider options for returning capital via share buybacks, etc., and as you can see we made the decision to repurchase some of our own shares.
- ✓ We also repurchased our own shares in the past for repayment of public funds, but the repurchase this time has a completely different significance.

## 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



<sup>\*1</sup> 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

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- ✓ Furthermore, with respect to dividends, the core pillar of our shareholder returns, we have been striving to ensure sustained increases, based on our policy announced last autumn.
- ✓ The ratio of total distribution to shareholders for this fiscal year will be around 50%, due in part to our repurchase of our own shares.
- ✓ We will make appropriate decisions on future share buybacks from perspectives including enhancing shareholder returns, improving capital efficiency and implementing a flexible capital policy.

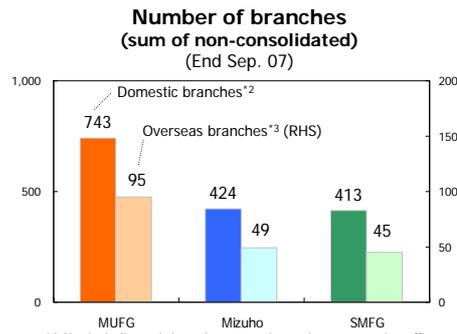
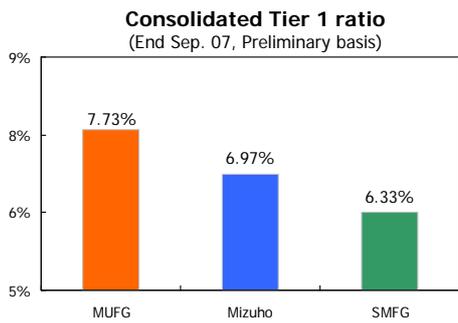
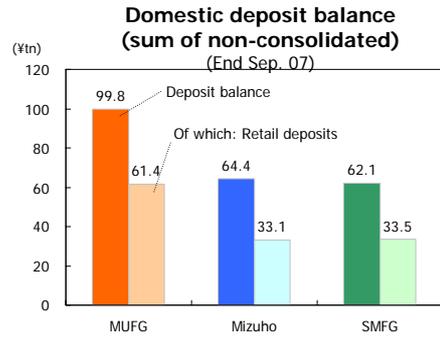
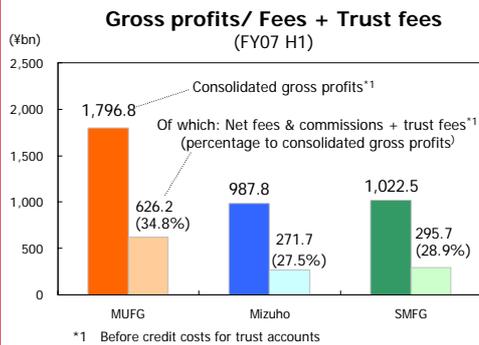


- ✓MUFG is now in its third year.
- ✓Over the past two years we have been focusing mainly on laying the groundwork for medium-term growth, through repayment of public funds, strengthening of MUFG's all-round capabilities, strengthening of compliance and other initiatives.
- ✓Currently the sub-prime issue is a cause of some uncertainty in our business environment, but the medium-term outlook is not necessarily bad.
- ✓We intend to devote every effort to successfully transferring to the new systems and raising corporate value in order to demonstrate MUFG's true worth.
- ✓We ask you for your continued support. Thank you.

# Appendix

Quality for You   
MUFG

# Comparison with other Japanese financial groups



Please see page 70 of the MUFG Databook

\*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)