FY 2009 Interim Results Meeting
Main Q&As

Q. With respect to your growth strategy, which of your businesses do you think has the most potential? Could it be your overseas business which includes your alliance with Morgan Stanley?

A. Looking at our first half results, our overseas business is growing on the strength of our customer base and network. Looking forward, we believe that growth in Asia including China, is important.

With respect to our CIB (Corporate & Investment Banking) business, we believe that the need for investment banking services will increase globally. Our alliance with Morgan Stanley is part of our initiatives to address these needs, and we intend to fully leverage the alliance. Further, our large base of deposits is one of our major strengths and we will seek to steadily grow sales of investment products to customers seeking a higher return on their investments.

Q. With respect to your North American strategy, I understand that you want to utilize Union Bank's capital toward growth when the economy improves. Please provide details on how and when you will do this?

A. At this time, we are not able to provide a specific timeline or details on our growth strategy relating to Union Bank. However, the conversion of Union Bank into a wholly owned subsidiary last year enables us to act quickly when the opportunity arises. From the perspective of MUFG's overall North American businesses including Union Bank, we want to explore strategies that will steadily expand our revenues from North America.

Q. I recall that the expense ratio was in the 40% to 50% range prior to the management integration between MTFG and UFJ. What are your medium term targets for the expense ratio now?

A. The expense ratio fluctuates along with changes to the level of gross profits. We believe that the 40% to 50% range was appropriate for periods when we had relatively strong revenues. In a severe current environment, we believe that reducing the absolute amount of expenses is important. We were able to make reductions of about 60.0 billion yen in the first half of the current fiscal year based on the simple sum of the two banks on a non-consolidated basis, compared to the same period of the previous fiscal year. Of the reduced amount, about 40.0 billion yen was due to an effect related to systems integration, primarily at BTMU. We are working to achieve further reductions in the second half of the current fiscal year. Although not directly related to expense reductions, we will also continue to reduce head office staff and reallocate these staff to front offices.

As mentioned in our medium-term business plan, our target expense ratio on sum of non-consolidated basis for fiscal 2011 is in the 50 to 55% range.

Q. Although conditions in overseas credit markets have improved, your overseas lending spread seems to have expanded. Can you tell us to whom you are lending?

A. We had been increasing loans with relatively higher spreads during the second half of the previous fiscal year, which contributed to the expansion of our lending spreads in the first half of the current fiscal year. Our lending targets continue to be major blue chip companies.