

**Bank of America Merrill Lynch Japan Conference 2009**

# **Mitsubishi UFJ Financial Group**

**September 2009**

**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)  
Up to 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)

## Outline of FY2009 Q1 Results

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## Outline of Fiscal 2009 Q1 Results

 Key management issues

# Statement of operations summary

(Consolidated)



## ● Net business profits

- Net interest income increased mainly due to increase in overseas lending income, lower funding cost in foreign currency and consolidation of ACOM
- Trust fees + Net fees and commissions decreased mainly due to lower sales of investment trusts and trust fee, despite of increase loan related fees overseas
- Excluding impact from consolidation of ACOM, G&A expenses decreased due to progress in cost reduction and decrease in system integration costs, etc.

## ● Total credit costs

- While non-consolidated credit costs decreased, consolidated credit costs increased due to increase at other subsidiaries and consolidation of ACOM

## ● Net gains (losses) on equity securities

- Turned to net gains due to decrease in write-down of equity securities and increase in gains on sales of equity securities

## ● Other non-recurring gains (losses)

- Other non-recurring losses increased mainly due to increase in retirement benefit costs and decrease in profits from investments in affiliates

## Income statement (¥bn)

	FY08 Q1	FY09 Q1	Change
1 Gross profits (before credit costs for trust accounts)	801.2	873.4	72.1
2 Net interest income	470.0	555.2	85.2
3 Trust fees + Net fees and commissions	271.6	257.7	(13.9)
4 Net trading profits + Net other business profits	59.5	60.4	0.9
5 Net gains (losses) on debt securities	7.3	17.8	10.4
6 G&A expenses	536.5	541.5	5.0
7 Net business profits	264.7	331.8	67.1
8 Credit costs*1	(143.1)	(189.8)	(46.7)
9 Net gains (losses) on equity securities	(10.1)	30.2	40.3
10 Other non-recurring gains (losses)	(14.5)	(35.9)	(21.3)
11 Ordinary profits	96.8	136.3	39.4
12 Net extraordinary gains (losses)	9.5	2.9	(6.5)
13 Total of income taxes-current and income taxes-deferred	28.8	46.5	17.6
14 Net income	51.1	75.9	24.7
15 Total credit costs*2	(141.7)	(189.8)	(48.1)
16 (Non-consolidated)	(103.9)	(73.3)	30.5

\*1 Credit costs= Credit costs for trust accounts + Provision for general allowance for credit losses + Credit costs (included in non-recurring gains/losses)  
(Negative numbers refer to costs or losses)

\*2 Total credit costs= Credit costs + Reversal of reserve for contingent losses included in credit costs (Negative numbers refer to costs or losses)

Reference (¥)

17 EPS	4.91	6.52	1.61
18 ROE*3	2.94%	4.12%	1.17%

\*3

Net income for three months × 4—Equivalent of annual dividends on nonconvertible preferred stocks × 100  

$$\frac{\{(Total\ shareholders' \ equity \ at \ the \ beginning \ of \ the \ period - Number \ of \ nonconvertible \ preferred \ shares \ at \ the \ beginning \ of \ the \ period \times \ Issue \ price + Foreign \ currency \ translation \ adjustments \ at \ the \ beginning \ of \ the \ period) + (Total \ shareholders' \ equity \ at \ the \ end \ of \ the \ period - Number \ of \ nonconvertible \ preferred \ shares \ at \ the \ end \ of \ the \ period \times \ Issue \ price + Foreign \ currency \ translation \ adjustments \ at \ the \ end \ of \ the \ period)\} / 2}{Net \ income \ for \ three \ months \times 4} \times 100$$

### ● Net business profits

- Net interest income increased mainly due to increase in overseas lending income and lower funding cost in foreign currency
- Net fees and commissions increased as higher overseas lending related fees offset lower income from investment products sales and other businesses
- G&A expenses decreased due to realization of systems integration synergy and cost-cutting efforts

### ● Credit costs

- Posted an expense of ¥73.3 bn on factors including write-offs and revisions of debtor credit ratings, for overseas debtors and Japanese SMEs

### Income statement (¥bn)

	FY08 Q1	FY09 Q1	Change
1 Gross profits (before credit costs for trust accounts)	517.1	507.8	(9.3)
2 Net interest income	367.1	375.0	7.9
3 Net fees and commissions	105.4	108.8	3.3
4 Net trading profits + Net other business profits	20.0	5.7	(14.3)
5 Net gains (losses) on debt securities	9.0	16.4	7.4
6 G&A expenses	343.3	315.8	(27.4)
7 Net business profits	173.8	191.9	18.0
8 Credit costs*1	(104.8)	(78.5)	26.3
9 Net gains (losses) on equity securities	(11.6)	18.6	30.3
10 Other non-recurring gains (losses)	(18.3)	(32.9)	(14.6)
11 Ordinary profits	38.9	99.1	60.1
12 Net extraordinary gains (losses)	3.0	8.2	5.1
13 Total of income taxes-current and income taxes-deferred	9.3	34.8	25.5
14 Net income	32.6	72.5	39.8
15 Total credit costs*2	(103.9)	(73.3)	30.5

\*1 Credit costs= Credit costs for trust accounts + Provision for general allowance for credit losses + Credit costs (included in non-recurring gains/losses)  
(Negative numbers refer to costs or losses)

\*2 Total credit costs= Credit costs + Reversal of reserve for contingent losses included in credit costs (Negative numbers refer to costs or losses)



# Balance sheet summary

(Consolidated)



## ● Loans

- Decreased from End Mar. 09 due to lower domestic corporate loans

## ● Investment securities

- Significantly increased from End Mar. 09 mainly due to JGBs

## ● Deposits

- Increased mainly due to increase in deposit of individual, and overseas branches from End Mar. 09

## ● NPLs

- NPL ratio up from End Mar. 09 to 1.33% as a result of increase in FRL disclosed loans

## ● Net unrealized gains (losses) on available-for-sale securities

- Turned to net unrealized gains driven by improved appraisal gains on equity securities by the higher stock price

## Balance sheet (¥bn)

	End Mar. 09	End Jun. 09	Change
1 Loans (Banking + Trust accounts)	92,256.6	91,232.0	(1,024.5)
	[92,056.8]	[91,044.9]	[(1,011.8)]
2 Loans (Banking accounts)			
3    Domestic corporate loans*1	50,239.2	49,257.1	(982.1)
4    Housing loans*1	17,364.2	17,315.5	(48.7)
5    Overseas loans*2	19,488.5	19,399.1	(89.3)
6 Investment securities (Banking accounts)	48,314.1	53,157.1	4,843.0
7 Deposits	120,149.5	122,232.8	2,083.2
8    Individual deposits (Domestic branches)	62,881.6	63,600.8	719.2
9 Loan-and-deposit rate margin (Non-consolidated)	FY08 H2 1.44%	FY09 Q1 1.37%	(0.06%)
10 FRL disclosed loans*1	1,189.9	1,245.7	55.7
11 NPL ratio*1	1.24%	1.33%	0.08%
Net unrealized gains (losses) on available-for-sale securities	(917.7)	70.1	987.9

\*1 Non-consolidated + trust accounts

\*2 Loans booked in overseas branches, UnionBanCal Corporation and BTMU (China)



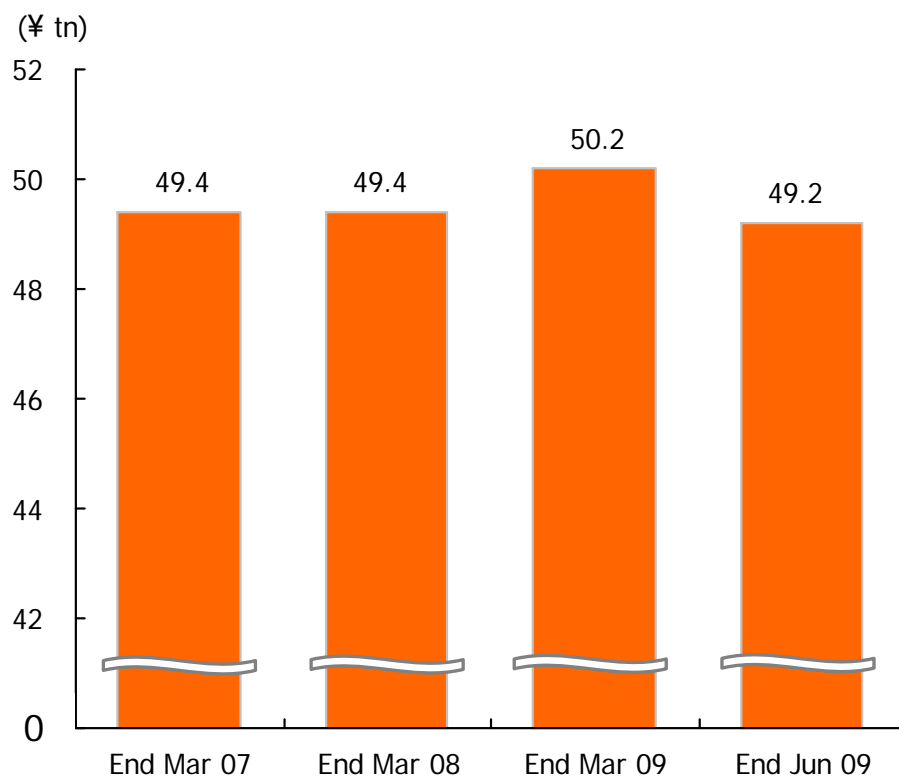
# Loans

(Consolidated/Non-consolidated)



- Domestic corporate loan balance decreased by approx. ¥1 tn from end Mar 09 due to normalization of capital markets and other factors
- Growth in the overseas loan balance also leveled out

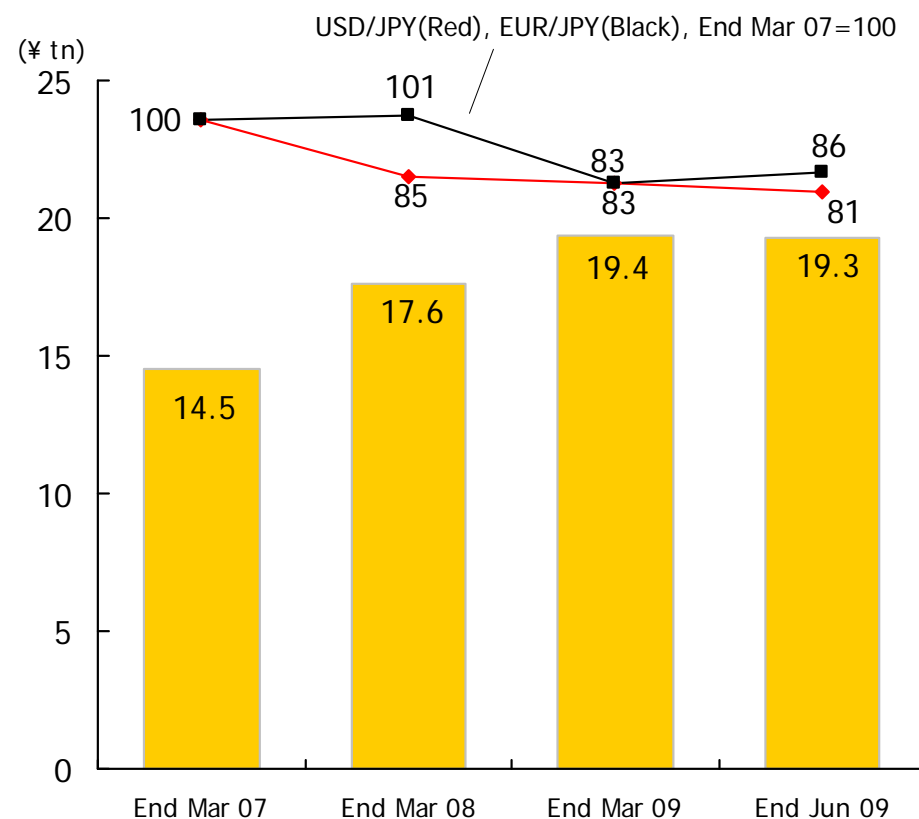
## Domestic corporate loan balance<sup>\*1\*2</sup>



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

\*2 Non-consolidated + trust accounts

## Overseas loan balance<sup>\*3</sup>



\*3 Overseas branches + UnionBanCal Corporation + BTMU (China)

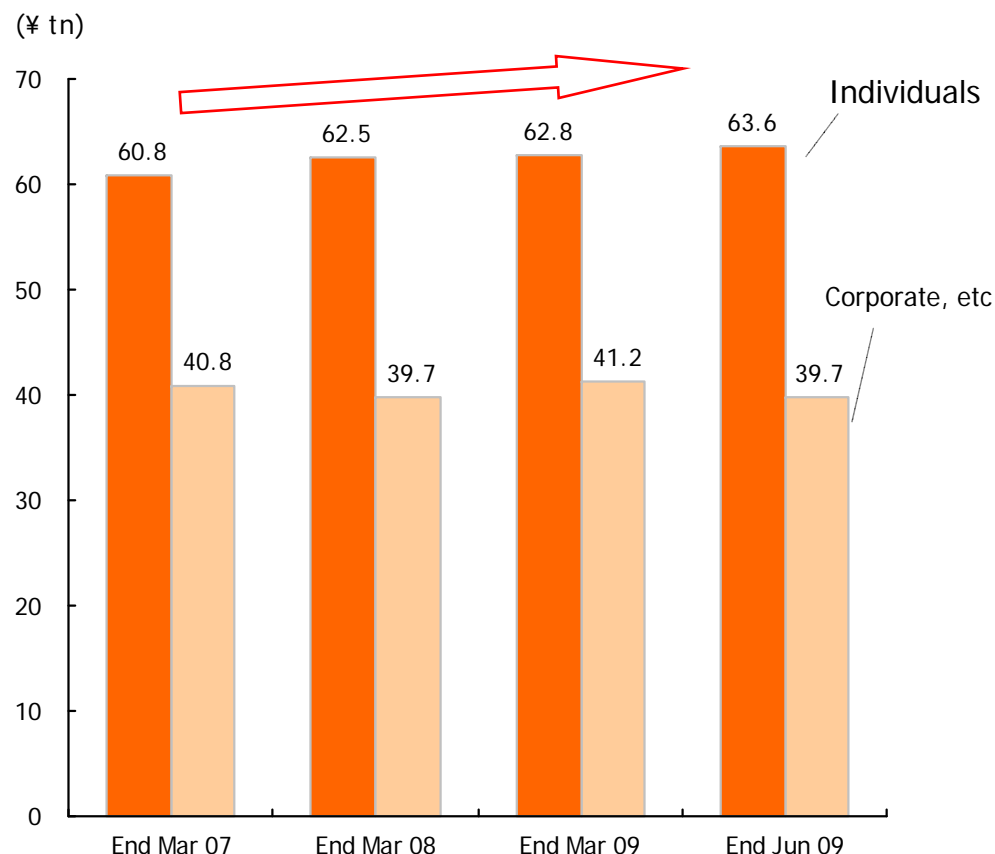
# Deposits

(Consolidated/Non-consolidated)

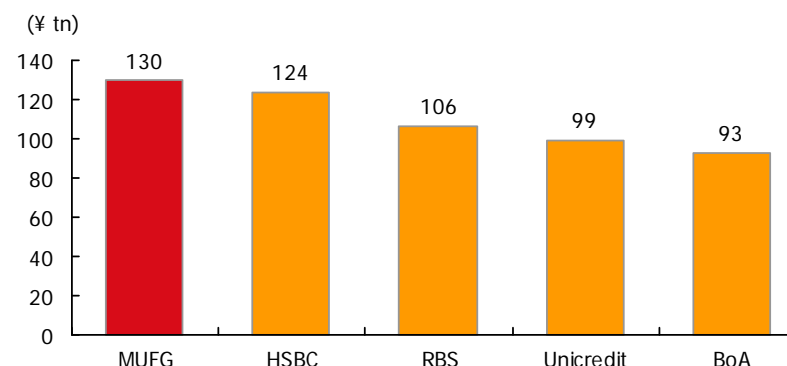


- Individuals' deposits continued to increase steadily, +¥0.7 tn from End Mar 2009
- Ample liquidity
  - Large excess of deposits supported by one of the largest deposit base in the world

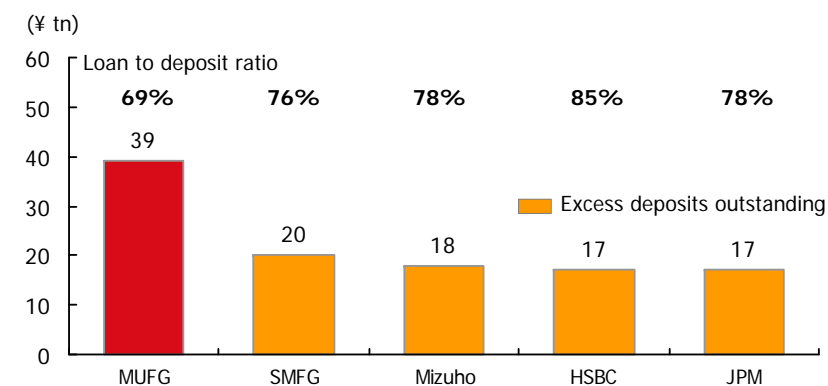
## Domestic deposit balance (Non-consolidated)



## Deposit balance ranking (Consolidated)



## Excess deposits ranking (Consolidated)



Source: Company disclosures (As of end Jun. 09)

Note1: Deposit balance = Deposits + CDs, Excess deposits outstanding = Deposits - Loan, Loan-to-deposit ratio = Loan / (Deposits + CDs)

Note2: MUFG, Mizuho and SMFG under JGAAP; RBS, HSBC, UniCredit under IFRS; JPM, BoA under U.S.GAAP

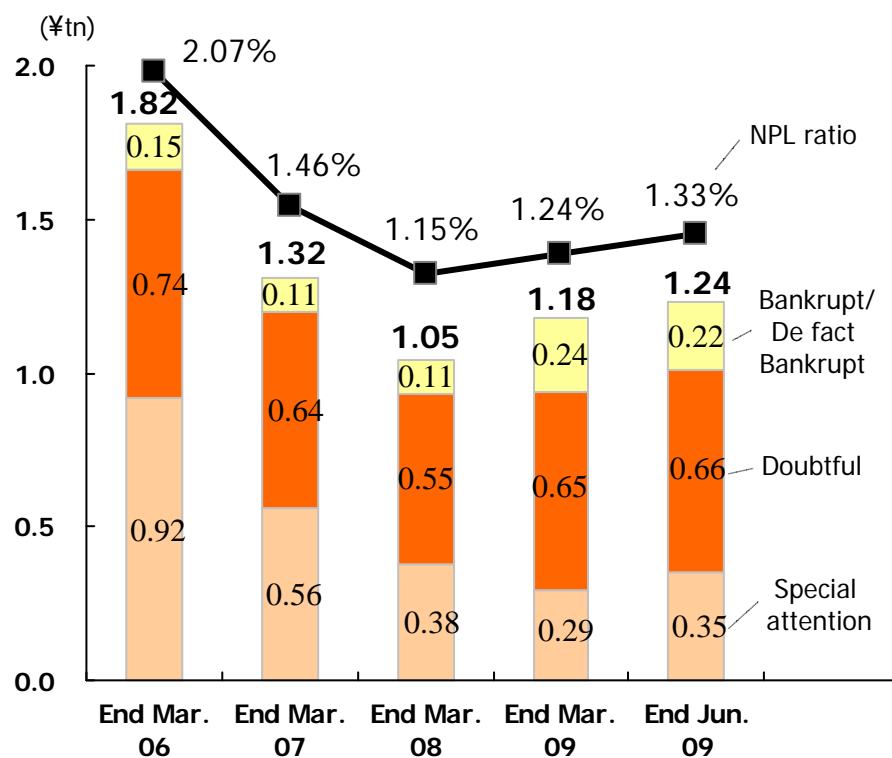
# Loan assets

(Consolidated/Non-consolidated)

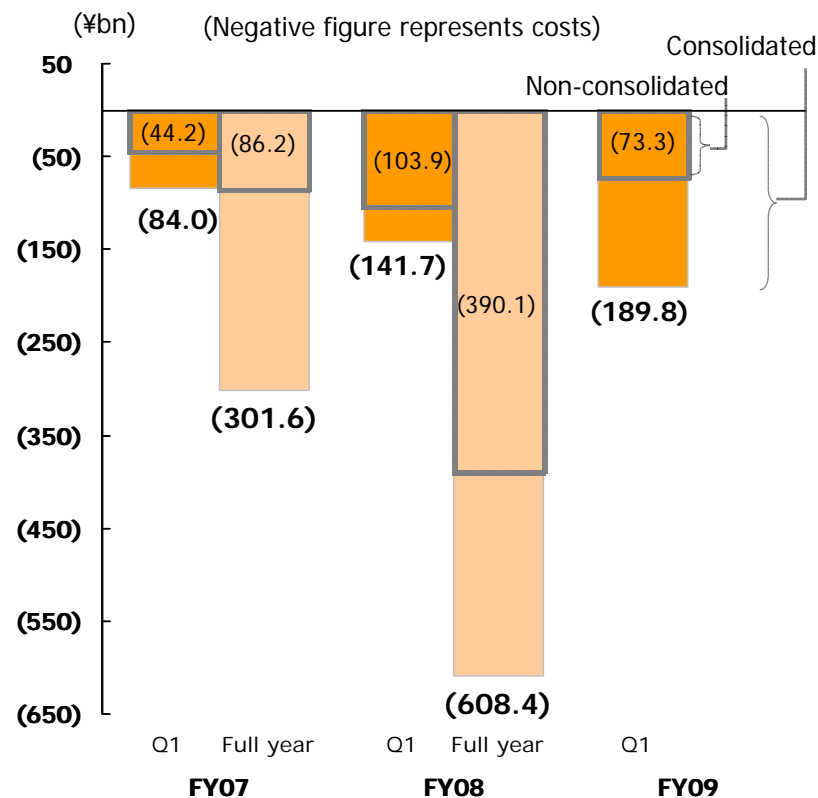


- NPL ratio continued to remain at a low level of 1.33%
- Total credit costs showed an expense of ¥73.3bn on non-consolidated basis and ¥189.8bn on consolidated basis

## Balance of FRL disclosed loans (Non-consolidated)



## Total credit costs



# Holdings of investment securities

(Consolidated)



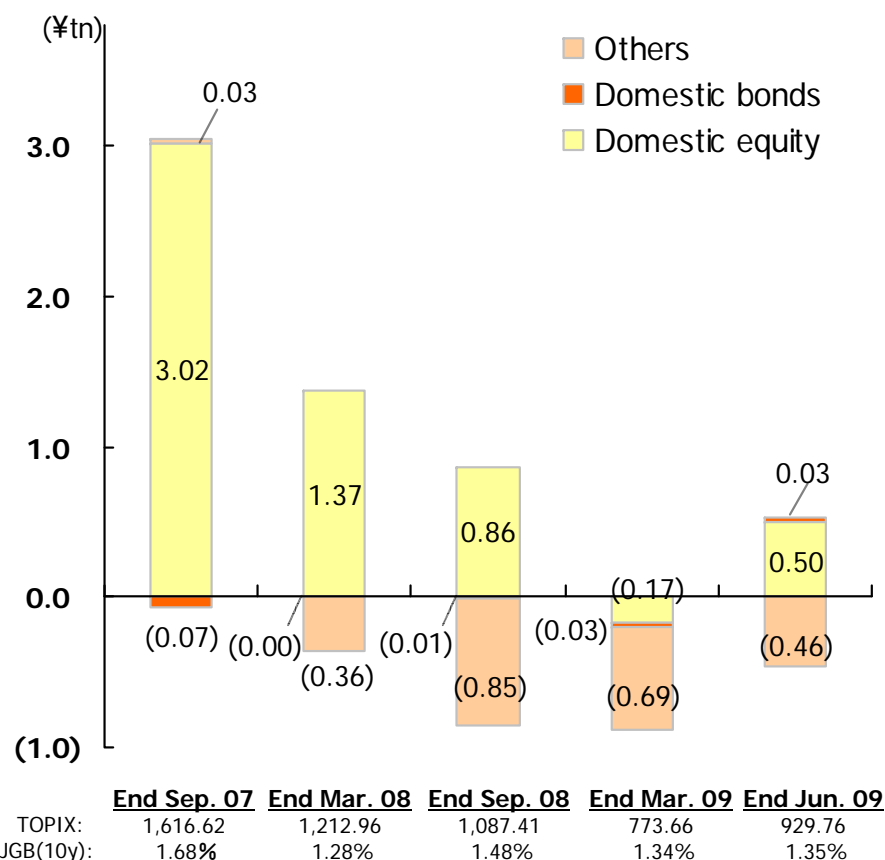
- Total unrealized gains (losses) on available-for-sale securities increased by ¥0.98tn from End Mar. 09, due to improvement in domestic equity securities categories

## Breakdown of available-for-sale securities (with market value)

(¥bn)

	Balance (End Jun.09)	Unrealized gains (losses)	Change from End Mar. 09
<b>Total</b>	46,257.1	70.1	987.9
Domestic equity securities	4,351.6	500.7	680.5
Domestic bonds	29,306.3	34.1	72.7
Others	12,599.1	(464.8)	234.6
Foreign equity securities	278.5	29.3	50.0
Foreign bonds	10,192.1	(54.4)	(25.3)
Other	2,128.3	(439.7)	209.8

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



- **Balance of investments in securitized products approx. ¥2.2tn (down ¥0.1tn from end Mar. 09)**

Figures are rounded off. Balance is the amount after impairment and before deducting net unrealized losses／managerial accounting basis

- The balance of investments in securitized products decreased to ¥2.2tn (down ¥0.1tn from end Mar. 09), due to the sales of securitized products, which have risk of being downgraded or deteriorated, and redemptions.
- The balance of net unrealized losses improved by ¥93bn from end Mar.09 to ¥291bn.
- The effect on the FY09 Q1 P&L was a loss of ¥6bn due to loss on sales.

## Balance, net unrealized gains (losses)

	(¥bn)	Balance		Unrealized gains (losses)		of which securities being held to maturity*	
			Change from end Mar. 09		Change from end Mar. 09	Balance	Unrealized gains (losses)
1	RMBS	148	(49)	(27)	19	0	0
2	Sub-prime RMBS	44	(7)	(5)	4	0	0
3	CMBS	26	(1)	(2)	0	0	0
4	CLOs	1,667	(28)	(235)	51	1,309	(181)
5	Others (card, etc.)	330	(23)	(24)	22	29	(2)
6	CDOs	15	(5)	(3)	0	4	(2)
7	SIV investments	0	0	0	0	0	0
8	Total	2,187	(106)	(291)	93	1,342	(184)

\* Following the publication of "Tentative Solution on Reclassification of Debt Securities" (Practical Issue Task Force No.26), some of our securitized products were reclassified into "securities being held to maturity" from "securities available-for-sale" at and after the end of January 2009. The balance and net unrealized gains (losses) of the securities being held to maturity in the above table are based on book value before reclassification.

# FY2009 targets/dividend forecasts

(Consolidated/  
Non-consolidated)



## Earnings targets

### Consolidated

		FY2009	
		Interim (targets)	Full Year (targets)
1	Ordinary profits	¥220.0 bn	¥600.0 bn
2	Net income	¥100.0 bn	¥300.0 bn

## Dividend forecasts

		FY2009		
		Interim dividend (forecasts)	Year-end dividend (forecasts)	Annual dividend (forecast)
1	Dividend per common share	¥6	¥6	¥12

## Bank of Tokyo-Mitsubishi UFJ

	(non-consolidated )	FY2009	
		Interim (targets)	Full Year (targets)
1	Net business profits	¥340.0 bn	¥785.0 bn
2	Ordinary profits	¥115.0 bn	¥320.0 bn
3	Net income	¥65.0 bn	¥175.0 bn

## Mitsubishi UFJ Trust and Banking

	(non-consolidated )	FY2009	
		Interim (targets)	Full Year (targets)
1	Net business profits	¥55.0 bn	¥120.0 bn
2	Ordinary profits	¥25.0 bn	¥60.0 bn
3	Net income	¥15.0 bn	¥40.0 bn

● Outline of Fiscal 2009 Q1 Results

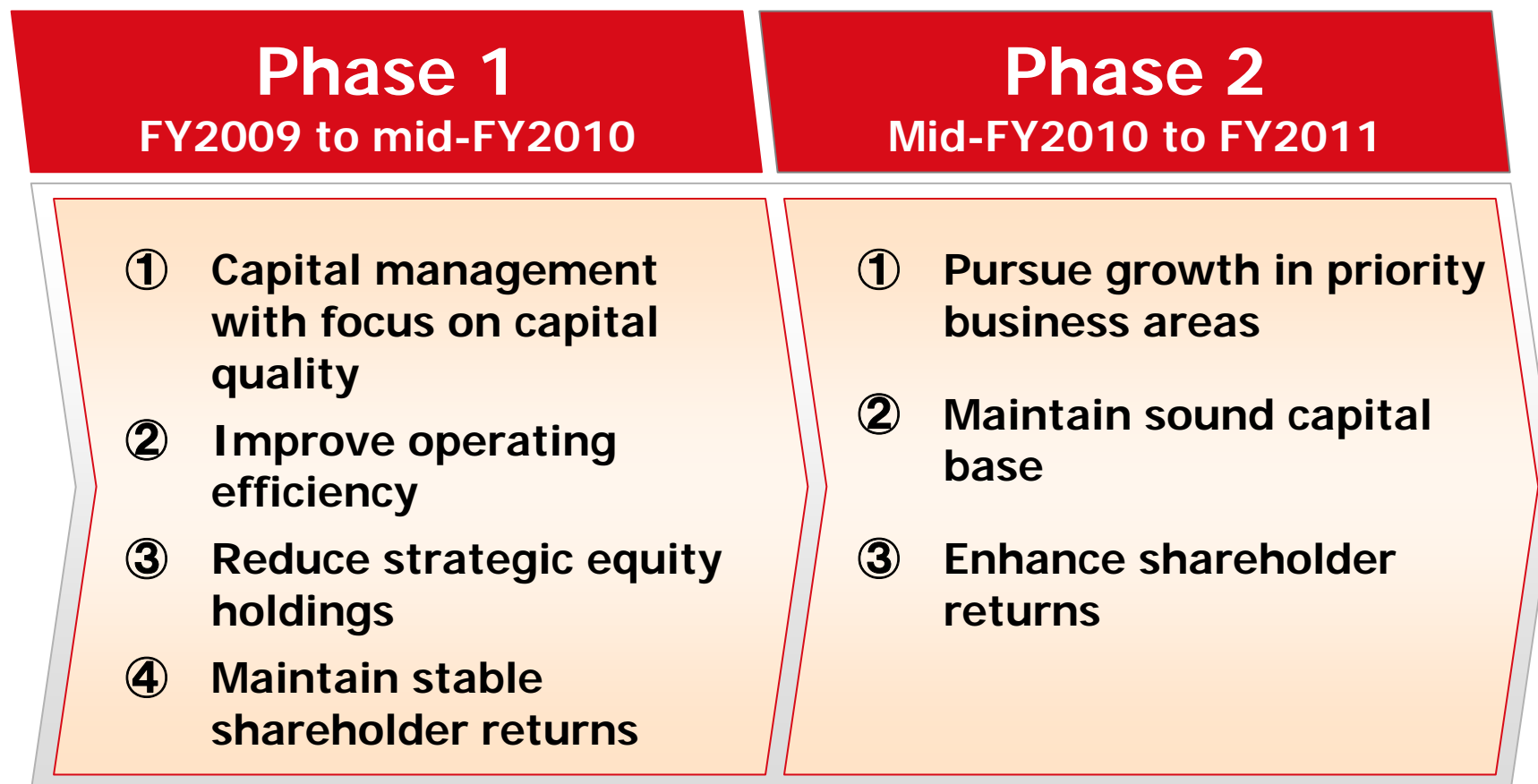
● **Key management issues**



# Outline of Medium-term business plan



- Started 3 years Medium-term business plan in Apr. 2009



# Capital management

(Consolidated)



- Capital ratio improved to 12.96%, Tier1 ratio to 8.82% and core Tier1 ratio<sup>\*1</sup> to 5.76%

(¥ bn)

		End Mar. 09	End Jun. 09	Change from End Mar. 09
1	Capital ratio	11.77%	12.96%	1.19%
2	Tier 1 ratio	7.76%	8.82%	1.05%
3	Core Tier 1 ratio <sup>*1</sup>	4.53%	5.76%	1.22%

4	Tier 1	7,575.1	8,467.1	891.9
5	Preferred stock	640.0	640.0	0.0
6	Preferred securities	1,307.1	1,353.9	46.7
7	Unrealized losses on investment securities	(803.8)	(126.5)	677.2
8	Tier 2	4,216.1	4,287.0	70.8
9	Deductions	312.8	318.7	5.8
10	Total capital	11,478.4	12,435.4	957.0

11	Risk-adjusted assets	97,493.4	95,915.7	(1,577.7)
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12	Net DTAs	1,206.1	944.4	(261.7)
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## Changes in Q1

### ● Total capital

- Increased ¥0.95 tn from End Mar. 09 mainly due to higher Tier1 capital resulting from lower unrealized losses on securities and recorded net income

### ● Risk-adjusted assets

- Decreased ¥1.57 tn from End Mar. 09 mainly due to lower lending balance, etc.

## Changes after July

### ● Tier1

+ **¥370.0 bn**: Issued of preferred securities through private placement to domestic investors (Jul. 09)

- **¥130.0 bn**: Redeemed preferred securities (Jul. 09)

### ● Tier2

+ **¥250.0 bn**: BTMU issued subordinated bonds to retail investors (Aug. 09)

<sup>\*1</sup> Core Tier1 = Tier1-(Preferred stock + Preferred securities + Net deferred tax assets)  
Core Tier1 ratio = Core Tier1 ÷ Risk-adjusted assets

# Improving operating efficiency



- Aim to keep consolidated G&A expenses at broadly the same level during medium-term plan (excl. new consolidation factors), by achieving benefits of systems integration following the completion of transfer to new systems and reforming personnel and operating cost structures
- Reduce personnel by 9% during medium-term plan through natural reductions and curtailment of hiring
- Enhance sales capabilities by reducing head office personnel and reallocating them to customer divisions

## Image of consolidated G&A expenses and employee numbers (BTMU + MUTB + MUS)

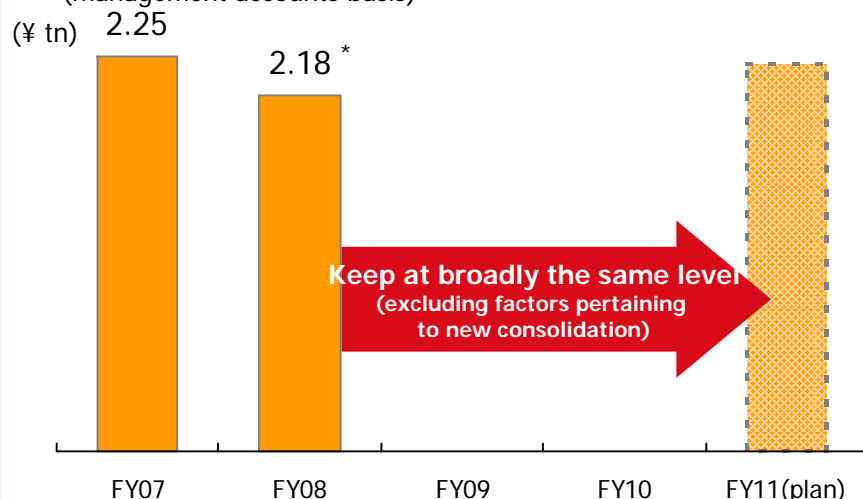
### No. of employees

(BTMU + MUTB + MUS ; management accounts basis)



### Consolidated G&A expenses

(management accounts basis)



\*Excluding the factor of newly consolidated ACOM

## Review of organization/employees

- ✓ Reduce head office personnel by 30% and reallocate to strategic areas (BTMU)
- ✓ Reduce head office personnel by 15% (MUTB)
- ✓ Scale down head office organization (reduce personnel by 20%)  
Concentration of sales outlets (MUS)

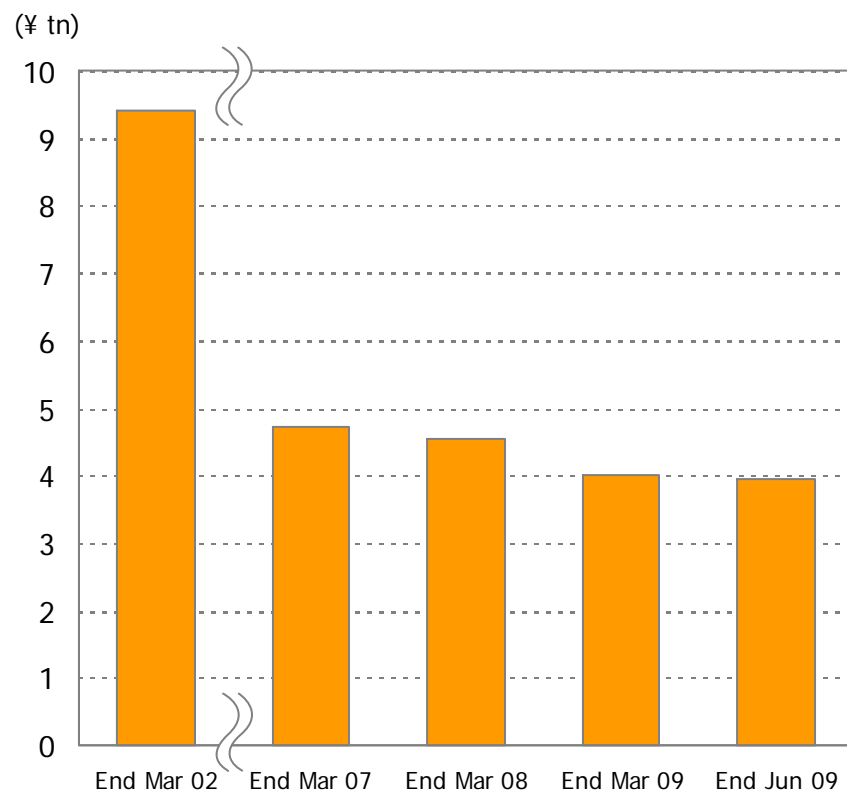
## Review of cost structure

- ✓ Reduce indirect costs through establishment of Cost Management Office (BTMU)
- ✓ Reduce facilities expenses (MUTB)
- ✓ Curtail real estate costs (MUS)

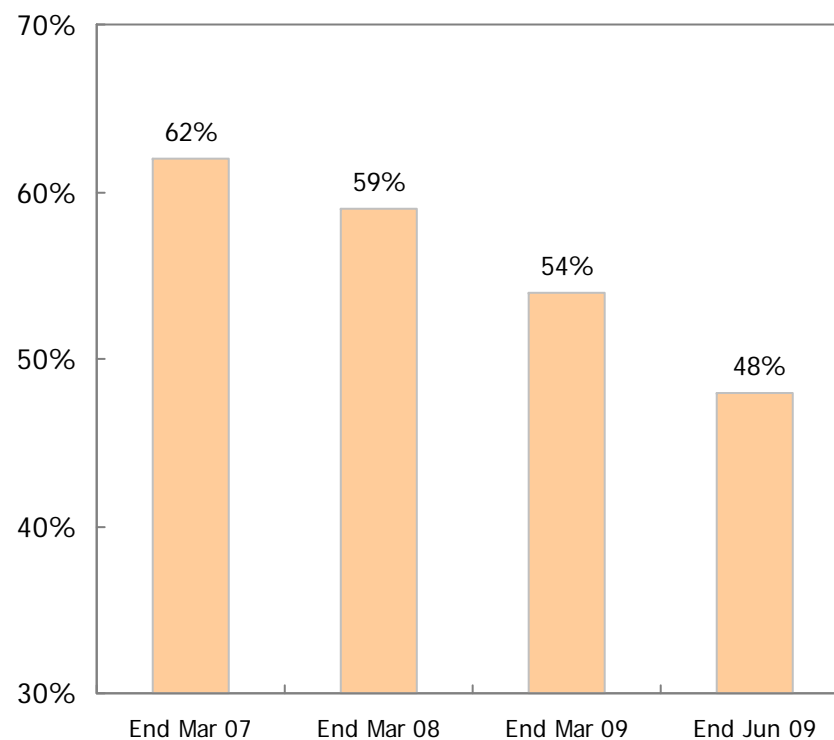
# Reduction in strategic equity holdings (Non-consolidated)

- Reduce strategic equity holdings to curtail the impact of share price fluctuations on capital
  - Execute after sounding our clients out and obtaining their understanding
  - Make every effort to avoid negative impact on markets utilizing the stock purchase programs provided by BOJ, Banks' Shareholdings Purchase Corp., etc.

Equity holdings (acquisition price)\*1



Ratio of equity holdings (acquisition price)\*1 to Tier 1



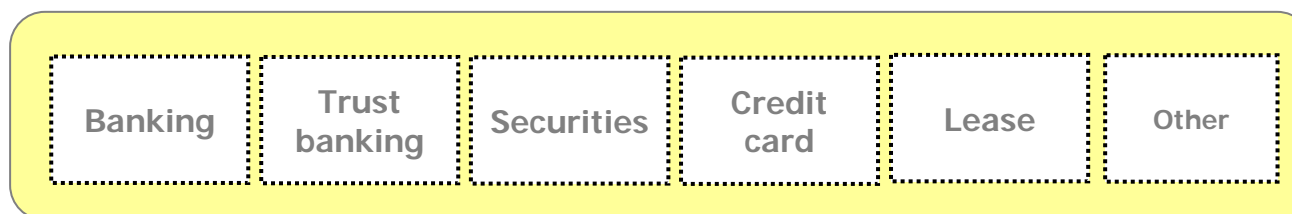
\*1 Domestic equity securities in the category of "other securities" with market value

# Growth strategy (1) Core strategies



- Pursue business strategy in growth areas leveraging MUFG's unrivalled comprehensive Group strengths and customer base
  - Segment strategy, CIB strategy, Asia strategy, Global asset management strategy

## MUFG comprehensive Group strengths



## Core strategies

Retail	Domestic Corporate	Overseas Corporate	Trust Assets
Segment Strategy - Investment product sales Channel optimization	CIB Solutions business Transaction business	Asia business Non-Japanese/CIB	Global asset management

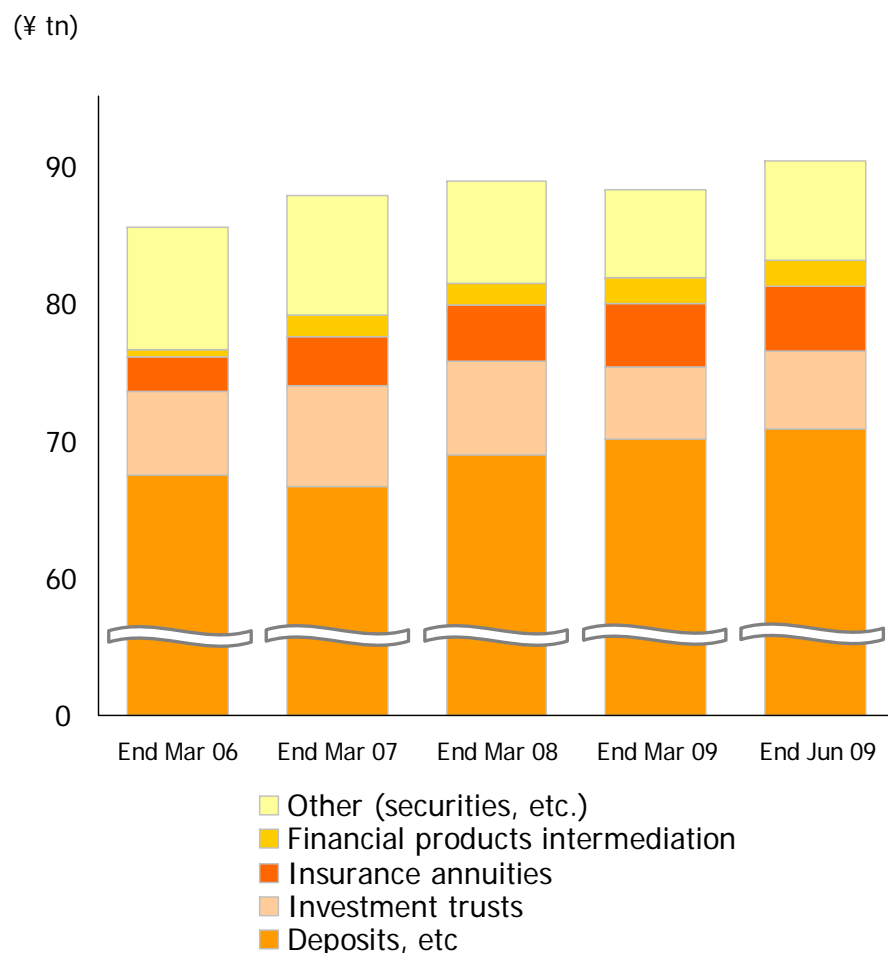
MUFG's customer base

# Growth strategy (2) Retail

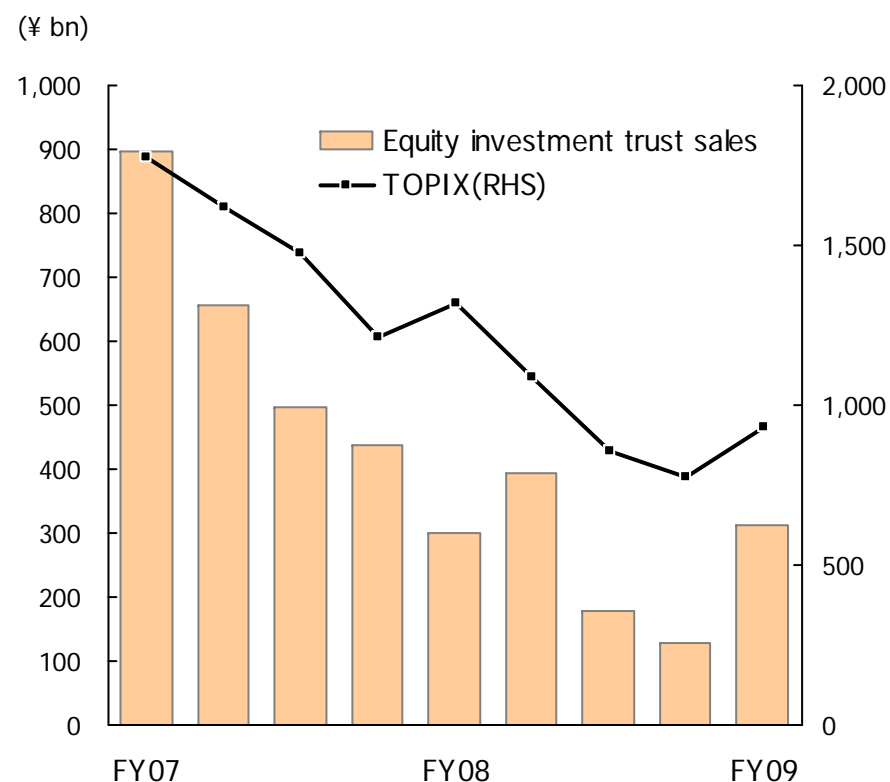


- Overall customer assets returned to growth trend due to steady increase in deposits and higher market value
- Sales of equity investment trusts turned to increase

## Change in overall customer assets



## Change in equity investment trust sales

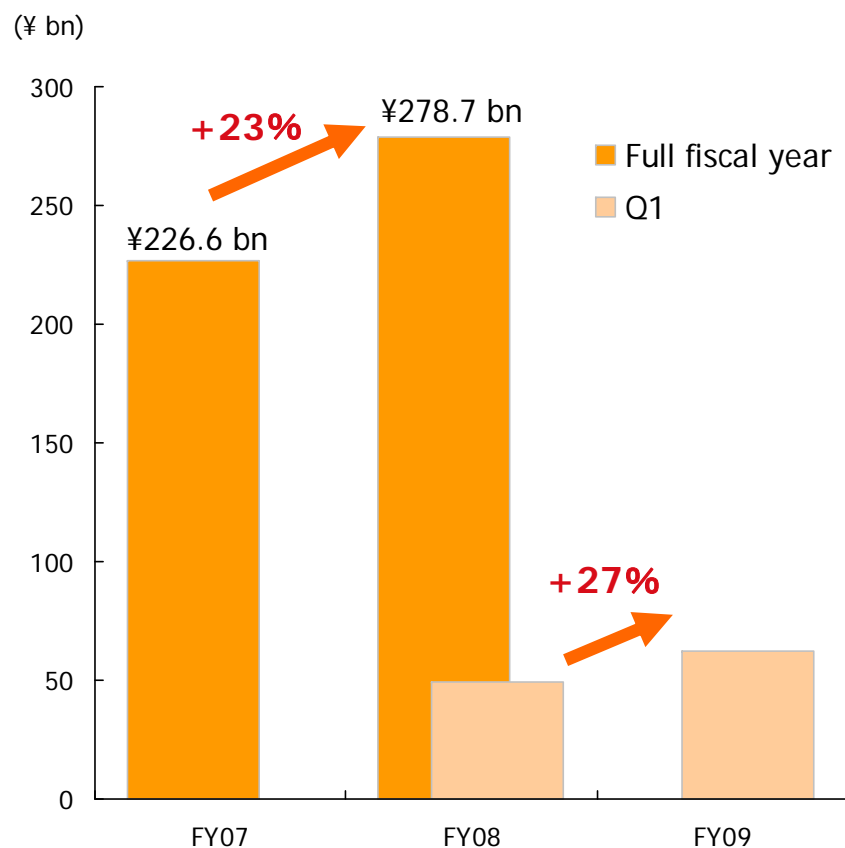


## Growth strategy (3) Overseas Corporate

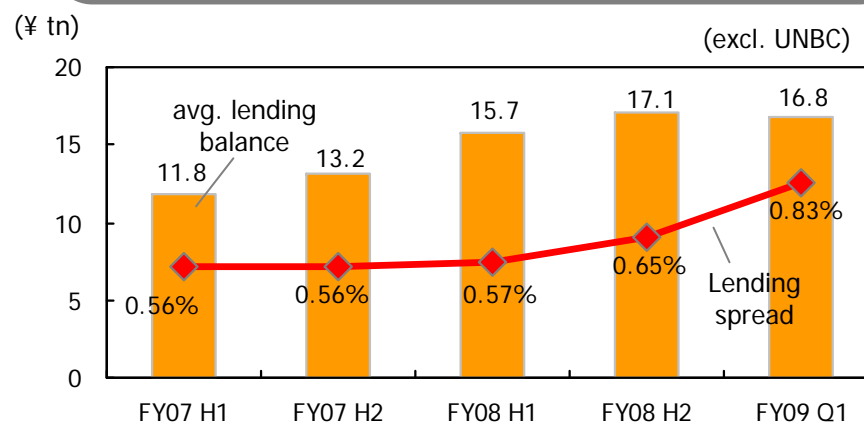


- The Overseas Corporate segment continued to post strong net operating profits
- Overseas lending income and fees and commissions both increased, reflecting our growing presence in overseas

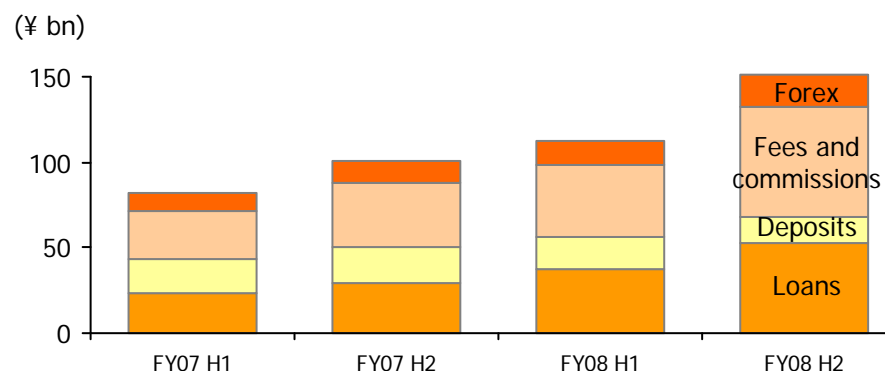
### Consolidated net operating profits



### Overseas lending balance and spread



### Breakdown of gross profits\*1



\*1 Figure are those of BTMU on a consolidated basis excluding UNBC, exchange rates are those adopted in our business plan (1\$=¥95, etc)



- Through the global strategic alliance, MUFG will aim to significantly increase its presence in the investment banking business and in the Japanese and global financial markets

### Global Strategic Alliance with Morgan Stanley

**(1) Securities joint venture in Japan**

**(2) Global alliance of corporate financial services**

- Creation of Loan Marketing Joint Venture in the Americas
- Business referral arrangements in Asia and EMEA  
(Europe, Middle East and Africa)

**(3) Commodities Referral Agreement**

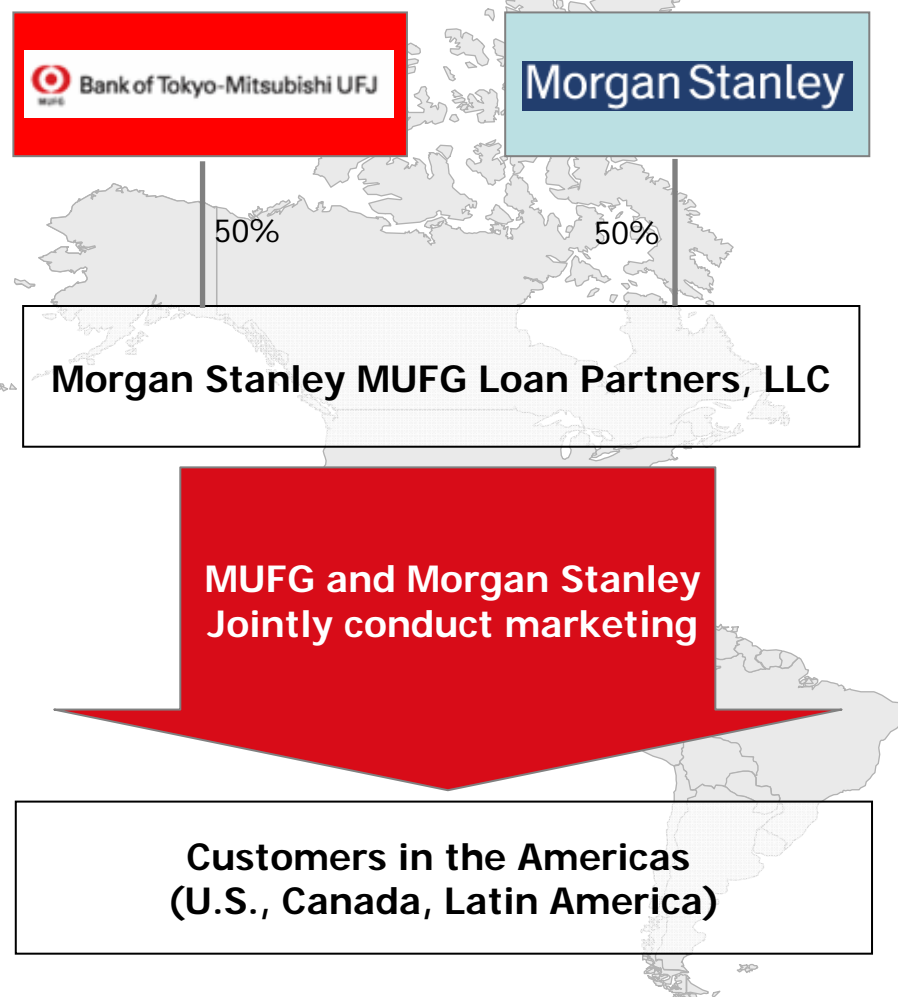
**(4) Secondment of personnel**

**Possible initiatives in other business areas will be discussed in due course**

## Growth strategy (4)-2 Creation of U.S. Loan Marketing Joint Venture



- Cooperation between MUFG and Morgan Stanley through LMJV will provide customers in the Americas with top level financial services leveraging the two firm's expertise in corporate finance and capital markets, and we expect to increase our market presence significantly



### <U.S. Investment Grade Agent-2008>

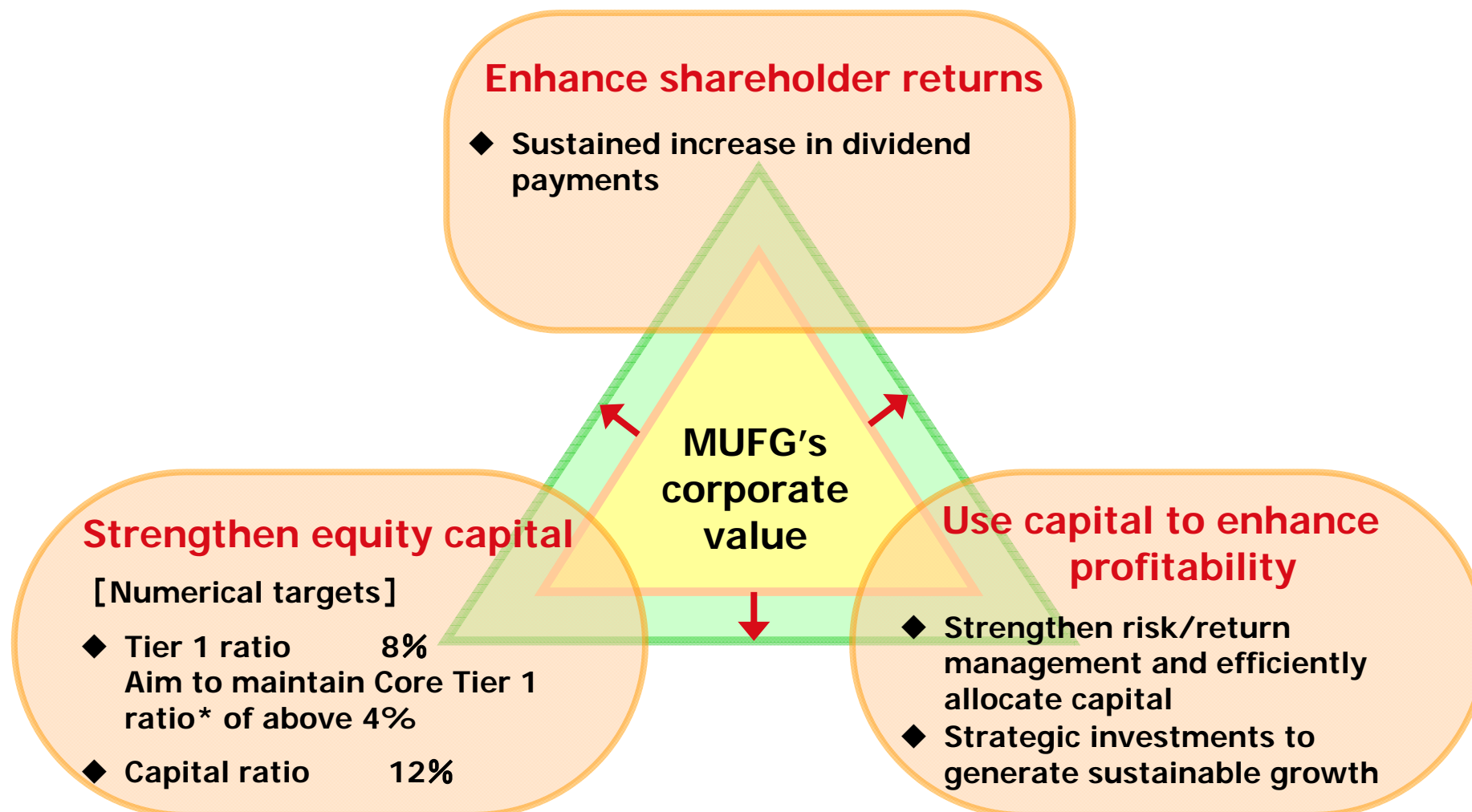
	Agent	Volume (\$ bn)
1	Bank of America / Merrill Lynch	232
2	JP Morgan	208
3	Citi	200
	<b>MUFG+Morgan Stanley</b>	<b><u>122</u></b>
4	RBS	108
5	Wells Fargo/Wachovia	78
6	<b>MUFG</b>	<b><u>67</u></b>
7	BNP Paribas	63
8	Deutsche Bank	62
9	<b>Morgan Stanley</b>	<b><u>56</u></b>
10	Barclays	50

(Source): Thomson Reuters

# Maintain stable shareholder returns



- Aiming to secure stable shareholder returns while maintaining a balance between strengthening capital, enhancing shareholder returns and using capital to enhance profitability



\*Core Tier1 ratio=(Tier1 capital – preferred stocks – preferred securities – net deferred tax assets) / risk weighted assets

- **Meet the expectations of customers and society by providing products and services globally using our comprehensive Group strengths and further increasing trust in us as a financial institution**
- **Aim to raise shareholder value over the medium term by managing the business with awareness of a broad range of stakeholders**



# Appendix



## ●Mid-term targets

	FY08 (actual)	FY11 (target)
Consolidated net operating profits	¥1,125.8 bn	Up 50% on FY08
Consolidated G&A expense ratio	63.6%	55-60%
Non-consolidated	60.4%	50-55%
Capital ratio	11.77%	12%
Tier 1 ratio	7.76%	8%

## <Underlying macroeconomic assumptions>

	FY09	FY10	FY11
Unsecured call rate (period average)	0.10%	0.17%	0.56%
10-year JGB (period average)	1.25%	1.57%	1.75%
Dollar-yen (period-end rate)	¥95	¥95	¥95
Real GDP growth rate (annual rate)	(1.4)%	1.5%	1.7%



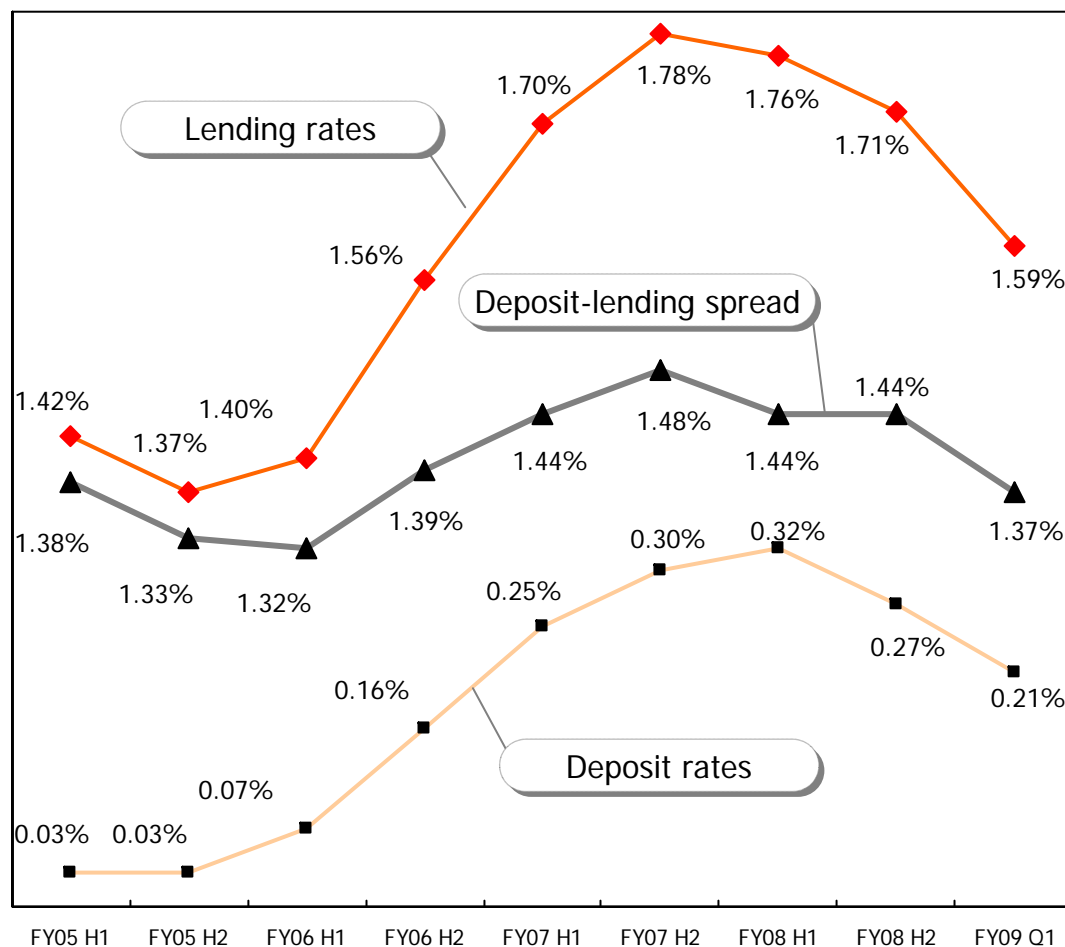
# Domestic deposit/lending rates

(Non-consolidated)



- Deposit/lending spread was 1.37% in FY09 Q1

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



## Recent interest rate changes

November 4, 2008

Interest on ordinary deposits: 0.200%  $\Rightarrow$  0.120%

November 20, 2008

Short-term prime rate: 1.875%  $\Rightarrow$  1.675%

December 22, 2008

Interest on ordinary deposits: 0.120%  $\Rightarrow$  0.040%

January 13, 2009

Short-term prime rate: 1.675%  $\Rightarrow$  1.475%

April 1, 2009

New variable rate housing loans :  
 $\Rightarrow$  Change based on the long-term lending rate  
 linked to short-term prime rate as of March 1

July 1, 2009

Existing variable rate housing loans  
 $\Rightarrow$  Change based on the long-term lending rate  
 linked to short-term prime rate as of April 1

# Exposure to securitized products 1: Overview

- Includes BTMU (including UB and Senshu bank), MUTB and MUS
- Products covered: Securitized products on managerial accounting basis (Includes Held To Maturity). Do not include MBS arranged and guaranteed by U.S. GSEs, etc. (stated separately), Japanese RMBS such as Japanese Housing Finance Agency Securities, and products held by funds such as investment trusts
- As of End Jun 09. Approximate figures, rounded off. Balance is after impairment and before deducting net unrealized losses
- Calculated based on US\$1 = ¥96.01

## Overview of holdings of securitized products

### (1) Balance, net unrealized gains(losses)

	Balance		Net unrealized gains(losses)		Of which, securities available for sale	
		Change from end Mar 09		Change from end Mar 09	Balance	Net unrealized gains(losses)
1 Securitized products	2,187	(106)	(291)	93	845	(107)
2 RMBS	148	(49)	(27)	19	148	(27)
3 Sub-prime RMBS	44	(7)	(5)	4	44	(5)
4 CMBS	26	(1)	(2)	0	26	(2)
5 CLOs	1,667	(28)	(235)	51	359	(54)
6 Others (card, etc.)	330	(23)	(24)	22	301	(22)
7 CDOs	15	(5)	(3)	0	11	(1)
8 SIV investments	0	(0)	0	(0)	0	0

### (2) Distribution of balance by region

	Americas	Europe	Asia	Japan	Total
1	1,664	465	4	53	2,187
2	110	38	-	-	148
3	44	-	-	-	44
4	1	3	-	22	26
5	1,229	418	-	20	1,667
6	318	-	1	11	330
7	6	6	4	0	15
8	0	-	-	-	0

### (3) Distribution of balance by rating

	AAA	AA	A	BBB	BB or lower	Unrated	Total
1 Securitized products	1,667	187	102	128	100	3	2,187
2 RMBS	73	28	25	9	13	-	148
3 Sub-prime RMBS	35	8	-	1	-	-	44
4 CMBS	14	7	4	1	-	-	26
5 CLOs	1,340	109	48	88	82	1	1,667
6 Others (card, etc.)	232	41	24	28	2	2	330
7 CDOs	7	2	1	2	3	-	15
8 SIV investments	-	-	-	-	0	-	0

### (4) Simple securitized products\*<sup>1</sup> ratio

	Balance	%
1 Simple securitized products* <sup>1</sup>	2,182	99.8%
2 Re-securitized products* <sup>2</sup>	5	0.2%
3 Total	2,187	100.0%

\*1 Securitized products backed by non-securitized assets

\*2 Sub-prime ABS CDOs, Synthetic CDOs(squared) and SIVs

# Exposure to securitized products 2: RMBS, CMBS Consolidated



## Residential Mortgage-Backed Securities (RMBS)

(1) Balance by underlying asset, net unrealized gains(losses)

(¥ bn)

	Balance	Net unrealized gains(losses)	Net unrealized gains(losses) as a % of balance	Change from end Mar 09
1 RMBS	148	(27)	(18.4)%	5.2%
2 Sub-prime RMBS	44	(5)	(10.4)%	6.7%
3 Prime RMBS	104	(23)	(21.7)%	4.1%

(2) Distribution of balance by region

(¥ bn)

	Americas	Europe	Asia	Total
1	110	38	-	148
2	44	-	-	44
3	67	38	-	104

(3) Distribution of balance by rating

(¥ bn)

	AAA	AA	A	BBB or lower	Total
1 RMBS	73	28	25	21	148
2 Sub-prime RMBS	35	8	-	1	44
3 Prime RMBS	38	20	25	21	104

(4) Distribution of balance by vintage

(¥ bn)

	Before 04	05	06	07	Total
1 RMBS	11	42	69	26	148
2 Sub-prime RMBS	-	12	30	2	44
3 Prime RMBS	11	30	39	24	104

(5) Distribution of Sub-prime RMBS unrealized gains(losses) by vintage

(¥ bn)

	05	06	07	Total
1 Sub-prime RMBS <sup>*3</sup>	12	30	2	44
2 Net unrealized gains(losses)	(2)	(3)	0	(5)
3 Net unrealized gains(losses) as a % of balance	(15.8)%	(9.6)%	7.6%	(10.4)%

\*3 Initial WAL (Weighted Average Life) was about 3.5 years

## Commercial Mortgage-Backed Securities (CMBS)

(1) Balance by underlying asset, net unrealized gains(losses)

(¥ bn)

	Balance	Net unrealized gains(losses)	Net unrealized gains(losses) as a % of balance	Change from end Mar 09
CMBS	26	(2)	(6.5)%	0.7%

(2) Distribution of balance by rating

(¥ bn)

	AAA	AA	A	BBB or lower	Total
	14	7	4	1	26

(3) Distribution of balance by region

(¥ bn)

	Americas	Europe	Asia	Japan	Total
CMBS	1	3	-	22	26

# Exposure to securitized products 3: CLOs, CDOs Consolidated



## Collateralized Loan Obligations (CLOs)

(1) Balance, net unrealized gains(losses) (¥ bn)

	Balance	Net unrealized gains(losses)	Net unrealized gains(losses) as a % of balance	Change from end Mar 09
1 CLOs	1,667	(235)	(14.1)%	2.8%
2 Balance sheet CLOs	379	(51)	(13.5)%	6.6%
3 Arbitrage CLOs	1,249	(179)	(14.3)%	(0.9)%

(2) Distribution of balance by rating (¥ bn)

	AAA	AA	A	BBB	BB or lower	Unrated	Total
1	1,340	109	48	88	82	1	1,667
2	279	36	37	23	4	-	379
3	1,022	73	10	65	78	1	1,249

(3) Distribution of balance by region (¥ bn)

	Americas	Europe	Asia	Japan	Total
1 CLOs	1,229	418	-	20	1,667
2 Balance sheet CLOs	122	253	-	4	379
3 Arbitrage CLOs	1,101	148	-	-	1,249

## Collateralized Debt Obligations (CDOs)

(1) Balance, net unrealized gains(losses) (¥ bn)

	Balance	Net unrealized gains(losses)	Net unrealized gains(losses) as a % of balance	Change from end Mar 09
1 CDOs	15	(3)	(17.3)%	(3.2)%
2 Sub-prime ABS CDOs	0	-	-	-
3 Synthetic CDOs <sup>*4</sup>	9	(2)	(20.6)%	(6.2)%
4 Other CDOs <sup>*5</sup>	6	(1)	(12.4)%	1.4%

<sup>\*4</sup> CDOs using CDS of diversified investment-grade companies as the reference assets, price movements largely influenced by CDS index price trends

<sup>\*5</sup> CDOs using leasing receivables, corporate bonds, etc. as the reference assets

(3) Distribution of balance by region (¥ bn)

	Americas	Europe	Asia	Japan	Total
1 CDOs	6	6	4	0	15
2 Sub-prime ABS CDOs	0	-	-	-	0
3 Synthetic CDOs	2	4	4	-	9
4 Other CDOs	4	2	-	0	6

(2) Distribution of balance by rating (¥ bn)

	AAA	AA	A	BBB	BB or lower	Total
1	7	2	1	2	3	15
2	-	-	-	-	0	0
3	2	2	1	2	3	9
4	6	-	-	-	0	6

(4) Distribution of balance by type (¥ bn)

	Simple securitized products	Re-securitized products	Total
1	10	5	15
2	-	0	0
3	5	4	9
4	6	-	6

# Exposure to securitized products 4: SPEs, Leveraged loan, etc.

## Monoline insurer related

- No credit outstanding and credit derivative transactions with monoline insurers

## Special Purpose Entities (SPEs)

### 【ABCP(Asset Backed CP)】

- We are engaged in sponsoring ABCP issuance for securitization of our clients's assets
- The balance of assets purchased by ABCP conduits (special purpose companies for issuing ABCP) as of end Jun 09 was ¥3.75tn (¥1.19tn overseas)
- The purchased assets are mainly receivables and they do not include residential mortgages

## Credit exposure related to leveraged loan

### 【Leveraged loan for structuring or distributing】

- Not engaged in origination and distribution of securitized products of leveraged loans, no balance of leveraged loan for securitization

### 【LBO loans】

#### (1) Balance of LBO loans (¥ bn)

	Balance	Change from end Mar 09
1 LBO loans (commitment basis)*6	548	(9)
2 Booking basis	478	3

\*6 Includes balance after refinancing

#### (2) Distribution of balance by region (¥ bn)

	Americas	Europe	Asia	Japan	Total
1	62	150	45	290	548
2	42	133	41	262	478

## U.S. GSE related

#### (1) Balance, net unrealized gains(losses) (¥ bn)

	Balance	Change from end Mar 09	Net unrealized gains(losses)	Change from end Mar 09	Net unrealized gains(losses) as a % of balance	Change from end Mar 09
1 MBS*7	2,823	(283)	7	(7)	0.3%	(0.2)%
2 Agency Securities*8	100	12	1	(0)	1.0%	(0.6)%

\*7 Arranged and guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae

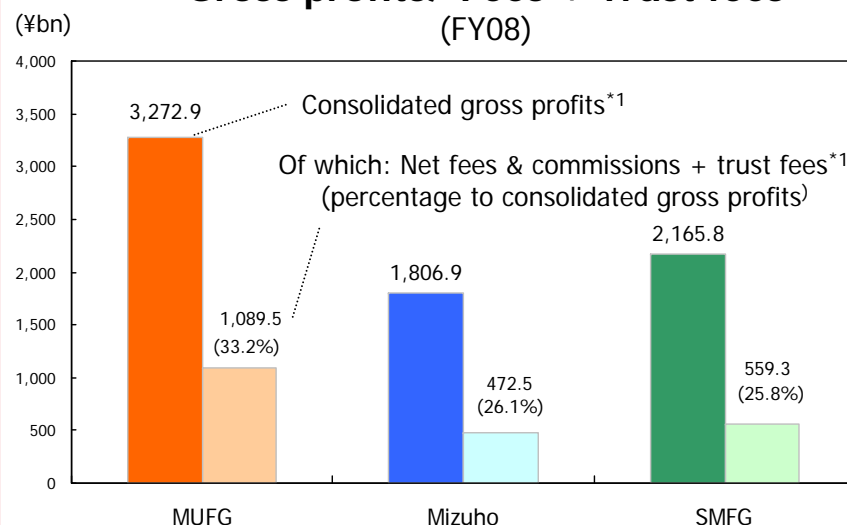
\*8 Issued by the above three institutions and Federal Home Loan Banks

# Comparison with other Japanese financial groups



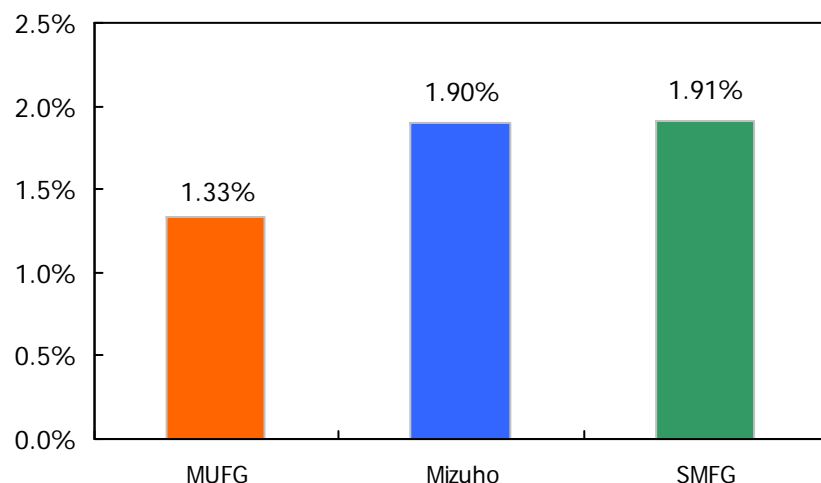
Source :Disclosure materials of each group

## Gross profits/ Fees + Trust fees (FY08)

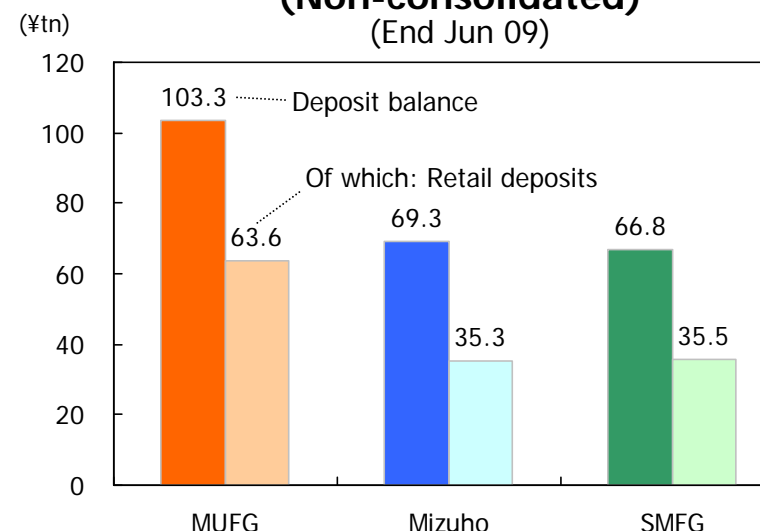


\*1 Before credit costs for trust accounts

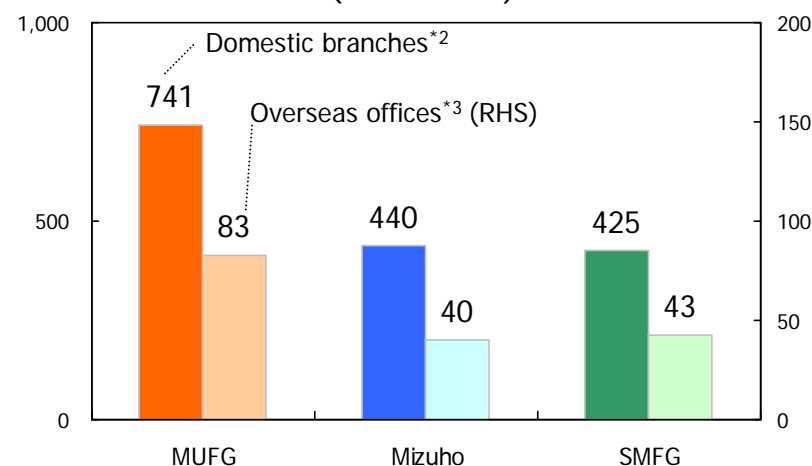
## NPL ratio (Non-consolidated) (End Jun 09)



## Domestic deposit balance (Non-consolidated)



## Number of branches (Non-consolidated) (End Mar 09)



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

\*3 Total of branches, sub-branches and representative offices