

Mitsubishi UFJ Financial Group

**Mitsubishi UFJ NICOS
FY2010 results and new medium term
business plan**

Quality for You 
MUFG

June 2011

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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.

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(before one-time write-offs)

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Overview of previous medium-term plan

Summary of FY2010 results

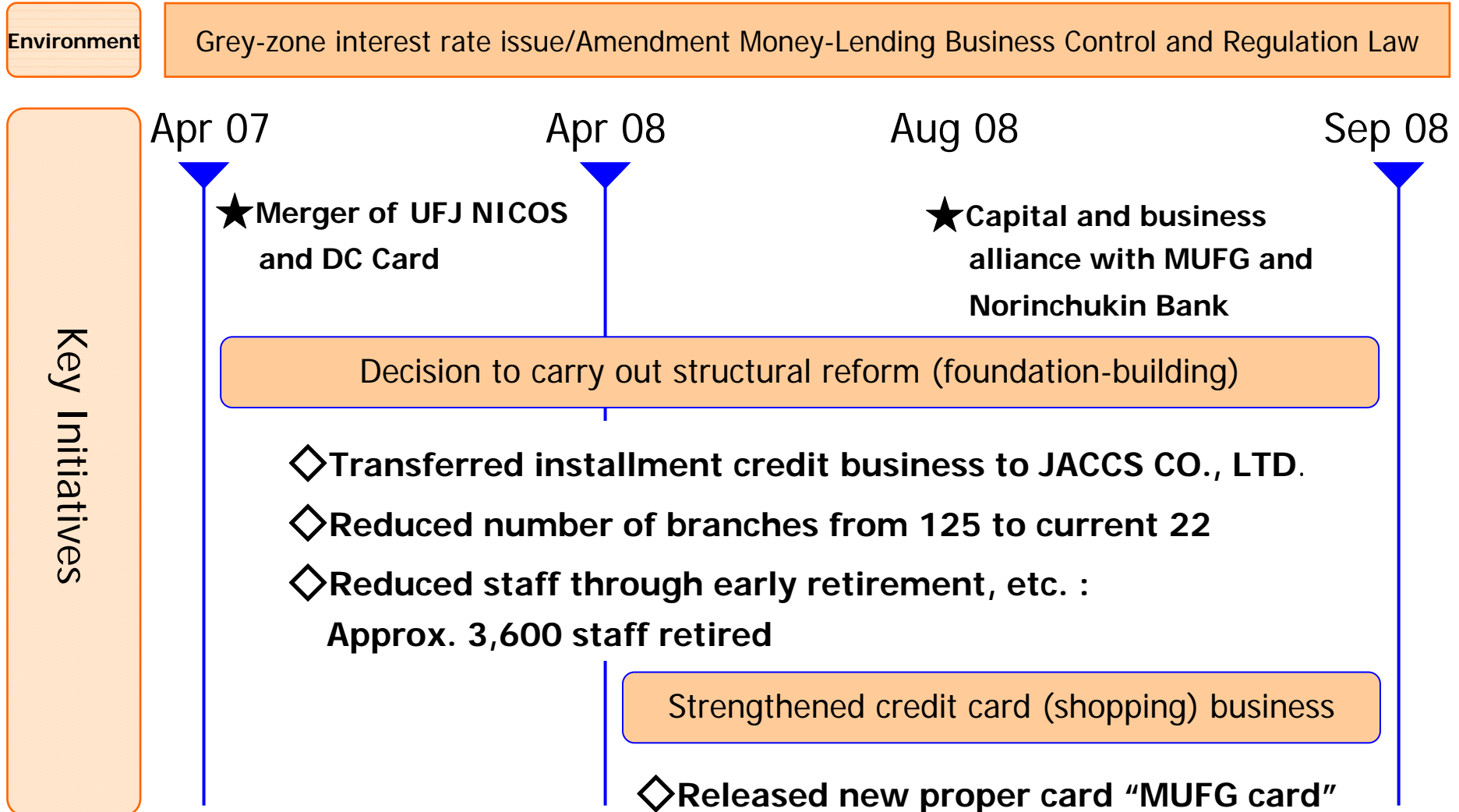
New Medium-term plan

FY2011 current conditions

Key initiatives (FY07 - 08 H1)



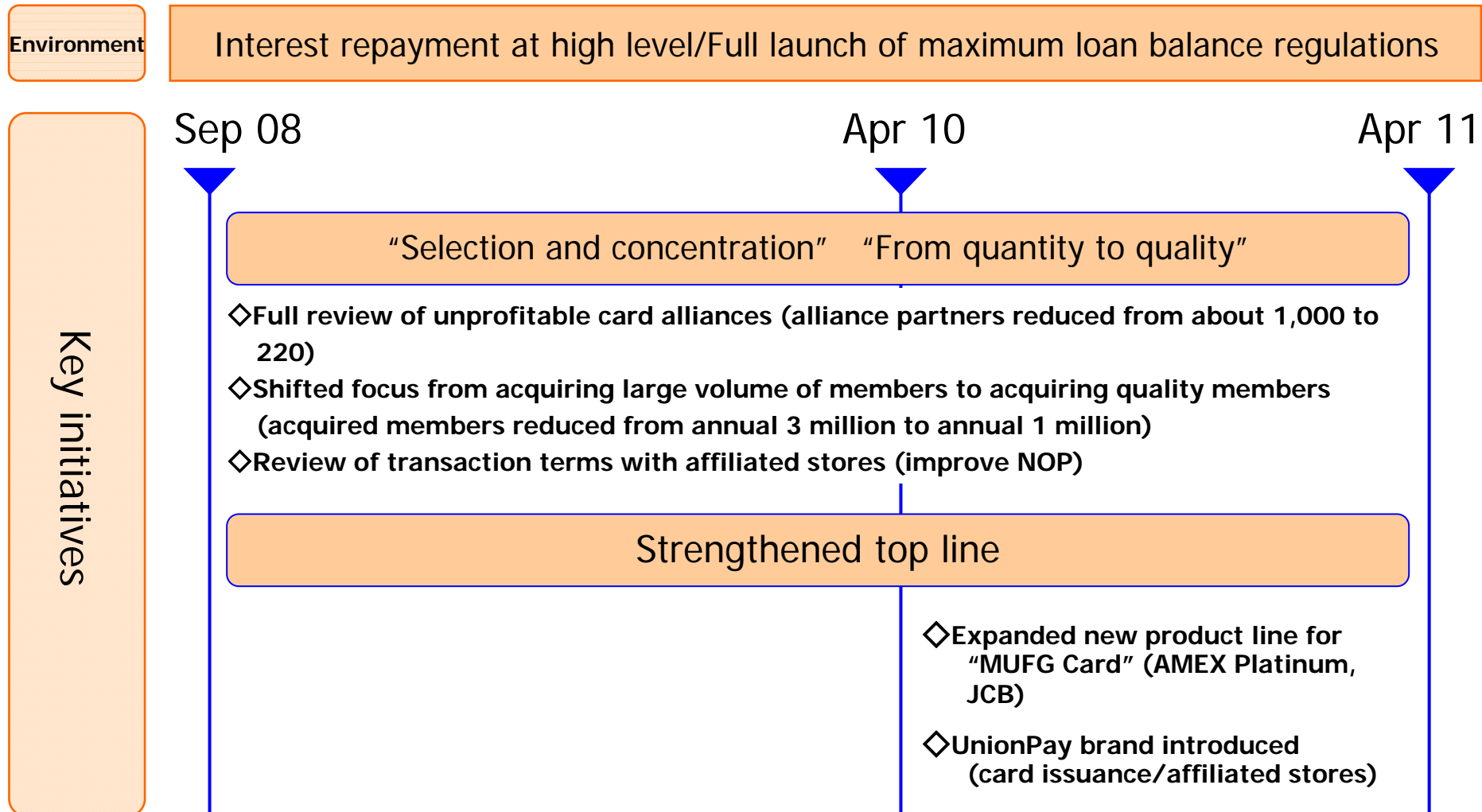
- In Apr 07, UFJ NICOS and DC Card merged to form Mitsubishi UFJ NICOS
- Decision to carry out structural reform in an effort to make the credit card business our core business



Key initiatives (FY08 H2 - FY10)



- Focused maximum resources on a business model reform based on “Selection and concentration” and “From quantity to quality” to drastically strengthen profitability

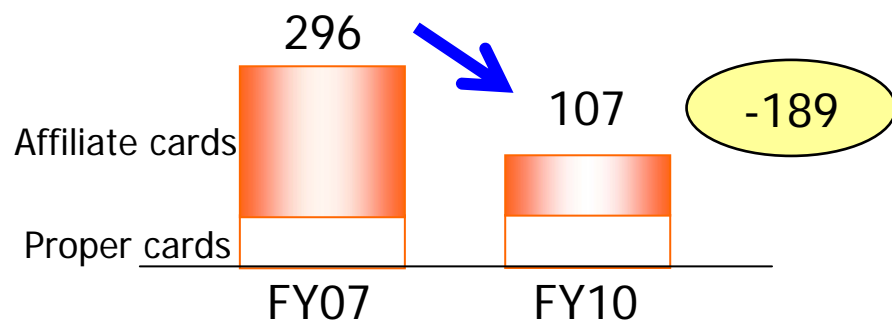


Outcomes - Business (FY07 - FY10)

- Achieved business optimization primarily in flow and stock and made major improvements in credit portfolio

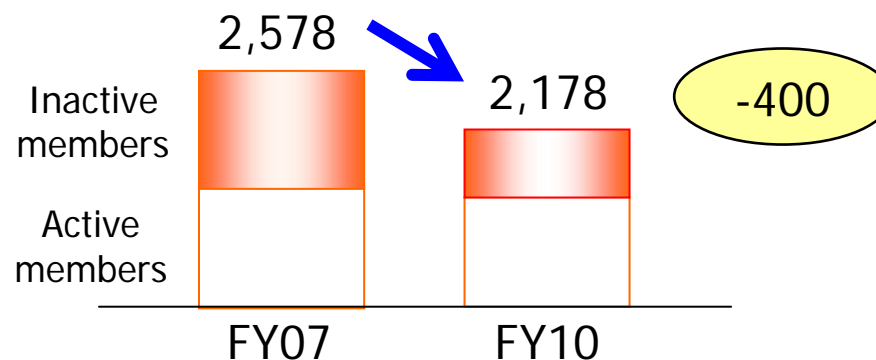
No. of newly acquired members (flow)

(#, tens of thousands)



Valid members (stock)

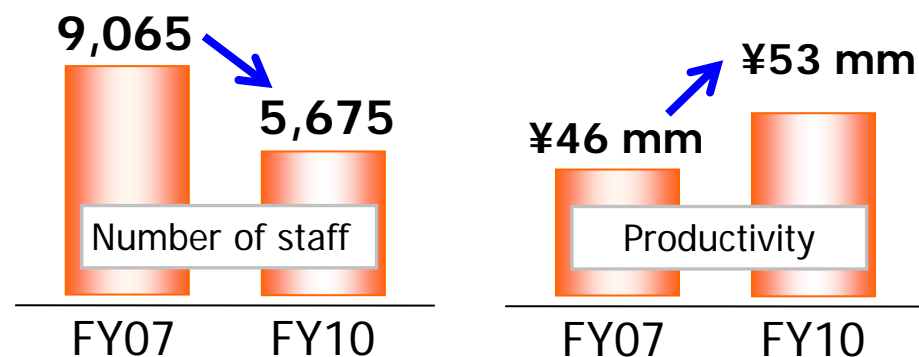
(#, tens of thousands)



*Valid members: Members who can use credit cards

*Active members: Members who used credit cards once or more (Members who only pay annual membership fee are classified as "inactive")

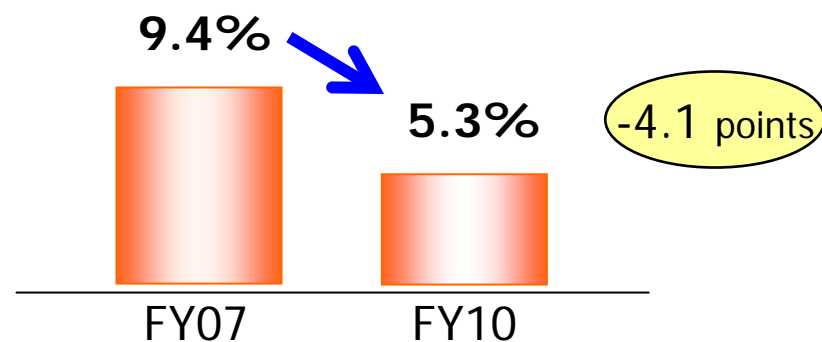
Number of staff/Productivity (per head revenue)



*Consolidated number of staff at period end : Actual figures for permanent staff. Theoretical figures are partly used for other staff

*Productivity (per head revenue): Revenue/number of staff (incl. other staff) at period end

Bad debt expense ratio



*Bad debt expense ratio = bad debt expense/end of previous fiscal year balance (Loans + revolving credit)

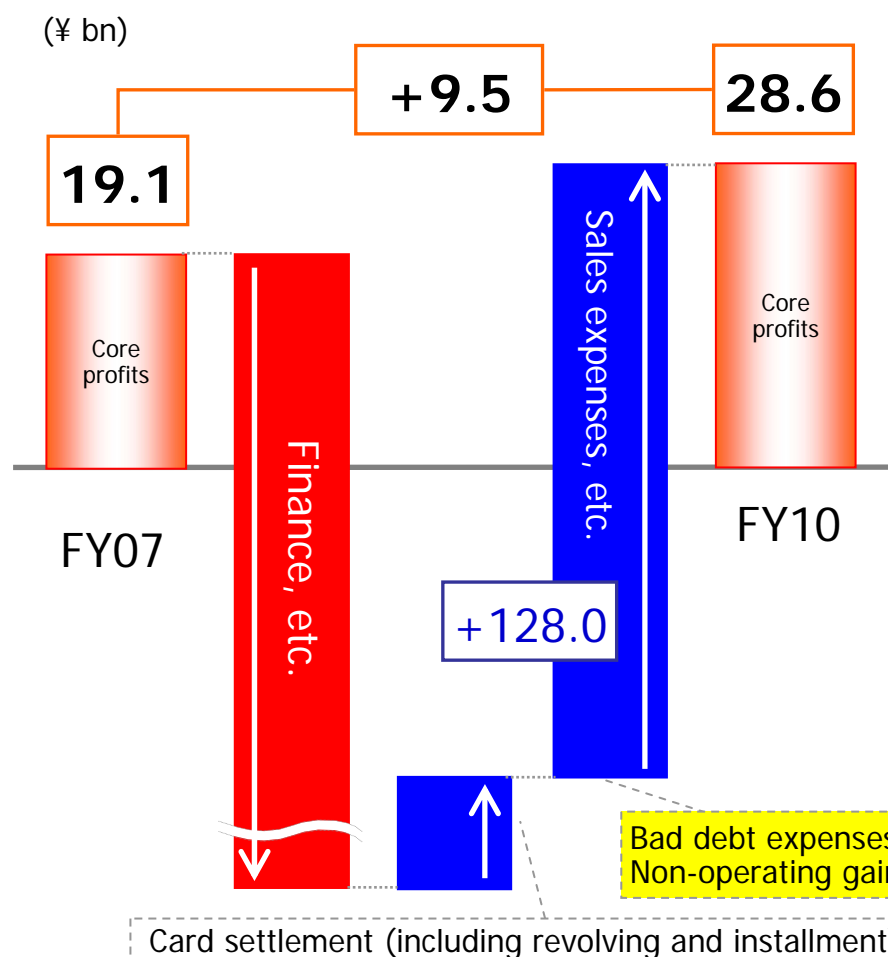
*Loans = Card cashing + Card loan (managerial accounts figures)

Outcomes - Core profits (FY07 - FY10)

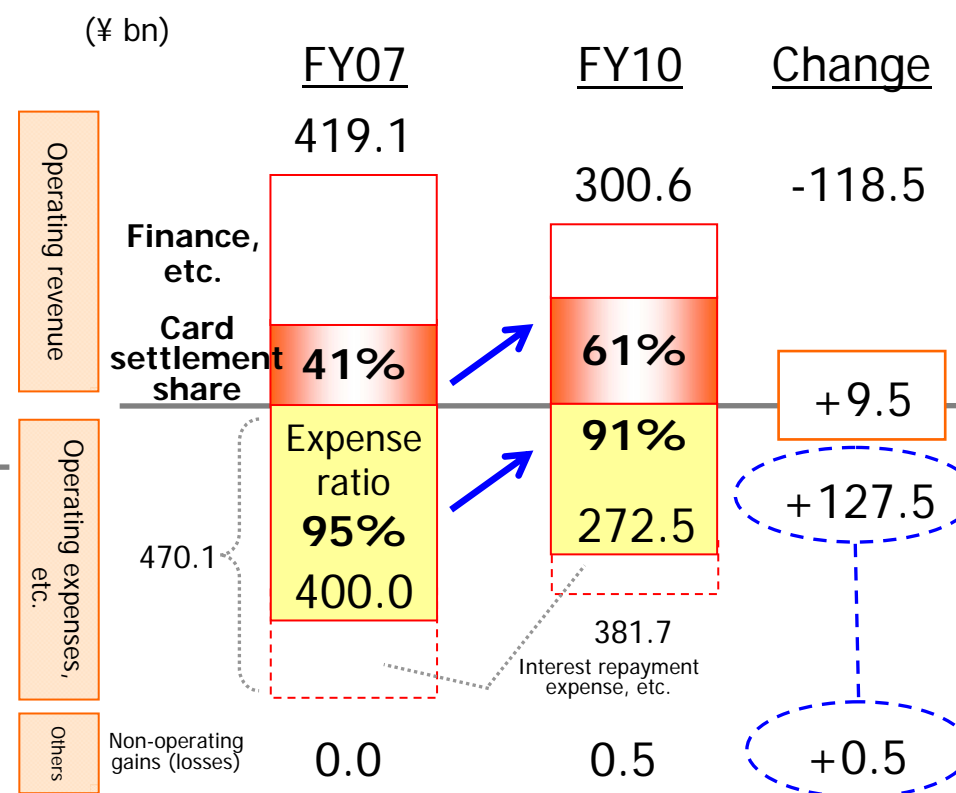


- Profitability in main business (core profits) improved by 1.5 times to ¥28.6bn in the three years from FY08

Trends in core profits



Payments portfolio



* Core profits is the underlying profitability of the core business (estimated)=Ordinary profits before interest repayment expenses, etc.

* Expense ratio = Operating expenses, etc. / Operating revenue

Outcomes – Net income (before one-time write-offs)



- Though core profits recovered to ¥20 bn level, still poor performance of profits after interest repayment expenses
 - Stable profits expected if interest repayment issue is managed appropriately

(¥ bn)	FY10
Core profits	28.6
Interest repayment expenses	(34.5)
Other bad debt expenses	(2.9)
Ordinary profits	(8.7)
Extraordinary gains (losses) and taxes, etc.	5.8
Net income (before one-time write-offs)	(2.9)

Overview of previous medium-term plan

Summary of FY2010 results

New Medium-term plan

FY2011 current conditions

- Achieved bottom line profit including interest repayment expenses in FY10 H2
 - Card shopping increased steadily, cost reductions also boosted profit
 - One step short of full-year profit, net loss of ¥2.9 bn prior to one-time write-offs

- Recorded a full year net loss of ¥106.8bn as a result of total ¥103.9bn one-time write-offs including provisions for allowances for interest repayment

- Implemented ¥100bn capital increase subscribed by MUFG and Norinchukin Bank
 - Year-end net assets of ¥131.7bn, capital ratio of 5.3%
 - Increased capital to be used for strategic investment in growth areas, and structural reform

FY2010 summary (P/L)

Please refer to Appendix for details



- Achieved bottom line surplus of ¥4.1 bn in FY10 H2 for the first time since FY08 H2
- Recorded huge net loss because of ¥103.9bn one-time write-offs including provisions for allowances for interest repayment

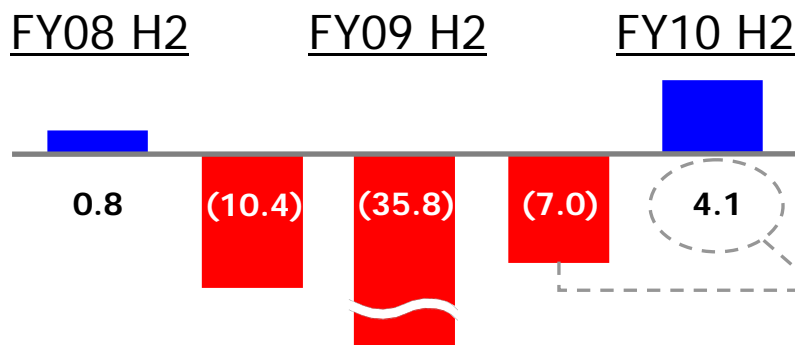
Business results

				(¥ bn)
Consolidated	FY09	FY10	Change	
1 Operating revenue	326.5	300.6	(25.9)	
2 Operating expenses	371.9	381.7	9.8	
3 Net income (loss)	(46.2)	(106.8)	(60.6)	

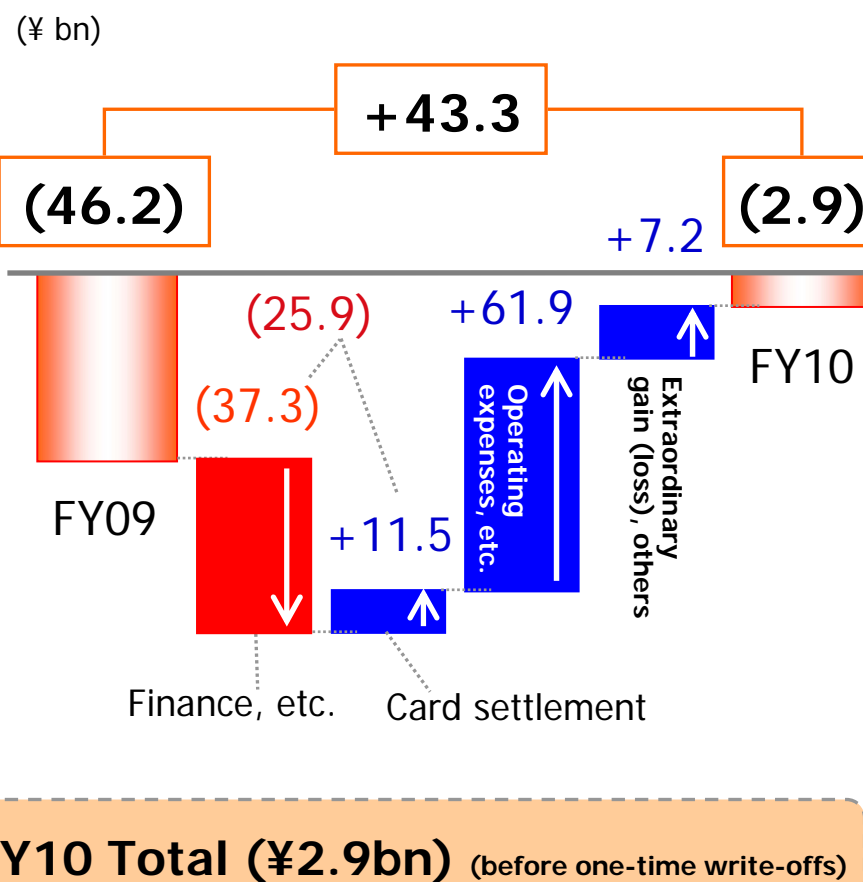
<Reference> Before one-time write-offs of ¥103.9 bn

4 Operating revenue	326.5	300.6	(25.9)
5 Operating expenses	371.9	310.0	(61.9)
6 Others (extraordinary items, etc)	(0.8)	6.4	7.2
7 Net income (4-5+6)	(46.2)	(2.9)	43.3

Semi-annual trends



Net income before one-time write-offs



* Core profits is the underlying profitability of the core business (estimated)=Ordinary profits before interest repayment expenses, etc.

Operating revenue (top line)



- Loan balance continued to decrease impacted by maximum loan balance regulations (finance revenue down ¥36.3bn)
- Card shopping transaction volume and revolving credit balance performed strongly (card settlement revenue up ¥11.5 bn)

Operating revenue

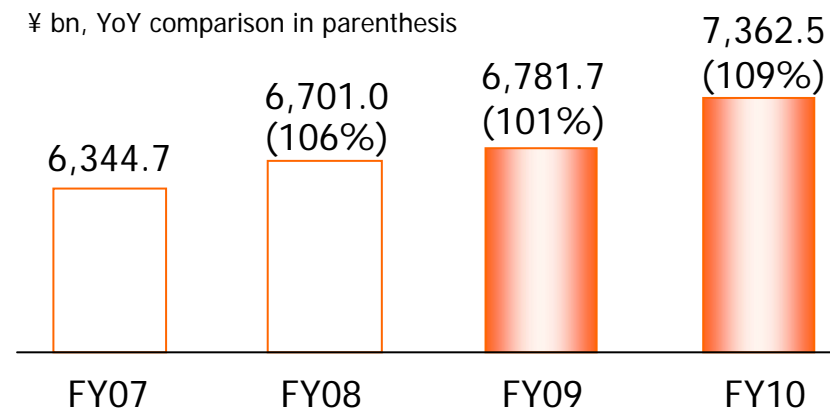
(¥ bn)

	Cosolidated	FY09	FY10	
			Change(%)	Change
1	Operating revenue	326.5	300.6	92% (25.9)
2	Loans and others	153.8	116.5	76% (37.3)
3	Loans *1	146.5	110.1	75% (36.3)
4	Others	7.3	6.4	87% (0.9)
5	Card settlement *2	172.6	184.1	107% 11.5

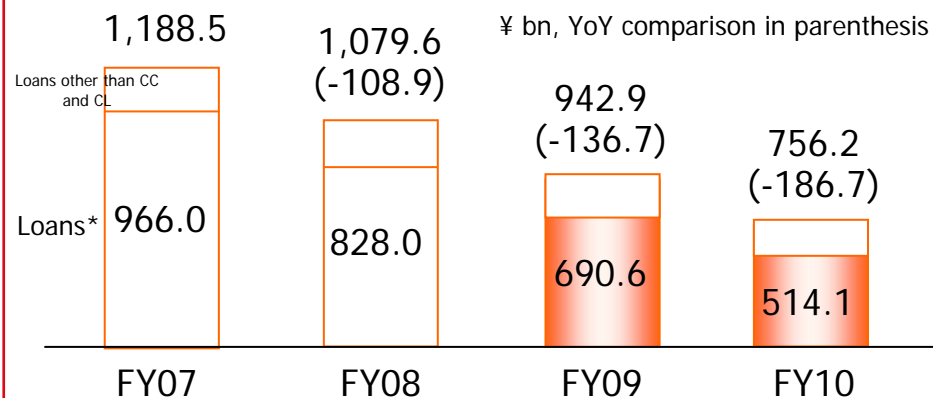
*1 Excl. revolving and installment credit *2 Incl. revolving and installment credit

Card shopping transaction volume

¥ bn, YoY comparison in parenthesis



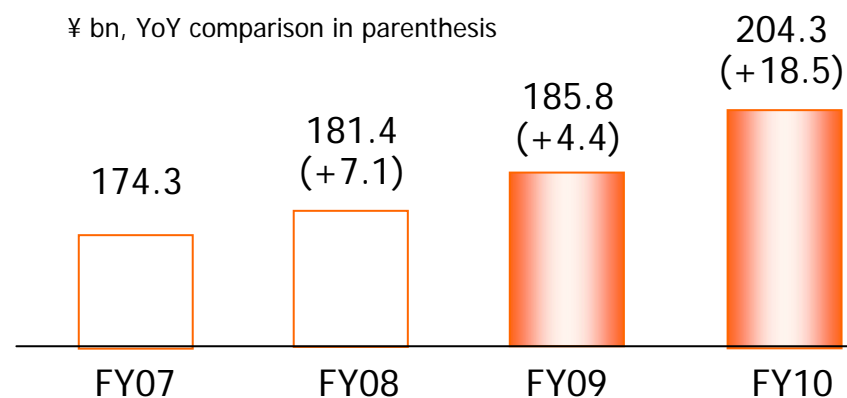
Loan balance



*Loans = Card cashing (CC) + Card loan (CL) on managerial accounting basis

Shopping revolving credit balance

¥ bn, YoY comparison in parenthesis



Operating expenses



- Reduced base expenses significantly through cost reduction efforts
- Bad debt expenses decreased more than reduction in loan balance through strengthened credit management of current loans

Operating expenses

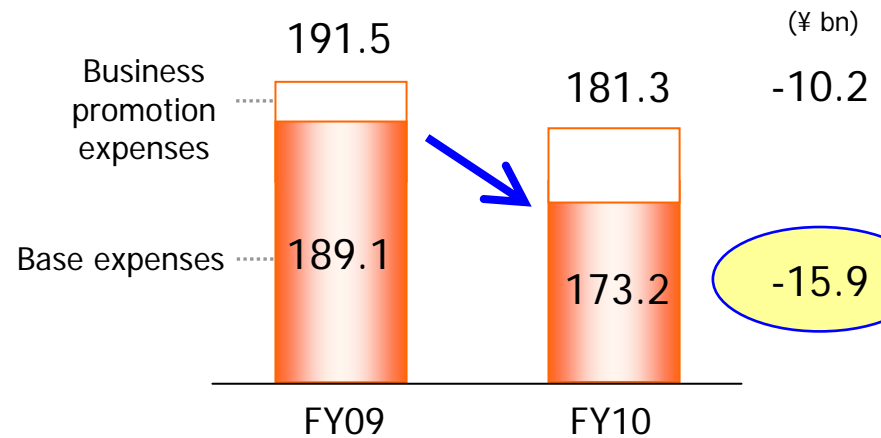
(¥ bn)

Consolidated	FY09	FY10	Change(%)	Change
1 Operating expenses	371.9	381.7	103%	9.8
2 before one-time write-offs *3	371.9	310.0	83%	(61.9)
3 General expenses etc. *4	244.8	229.1	94%	(15.7)
4 General expenses	191.5	181.3	95%	(10.2)
5 Bad debt expenses	66.9	46.3	69%	(20.6)
6 Interest repayment expenses	60.2	106.3	177%	46.1
7 before one-time write-offs *5	60.2	34.5	57%	(25.7)

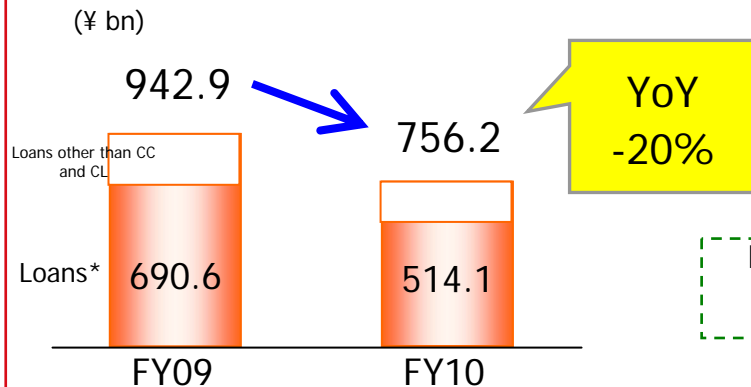
*3 Line3+5+7 *4 General expenses + Staff costs + Financial expenses

*5 ¥71.7 bn of provision for allowance for losses from interest repayment

General expenses

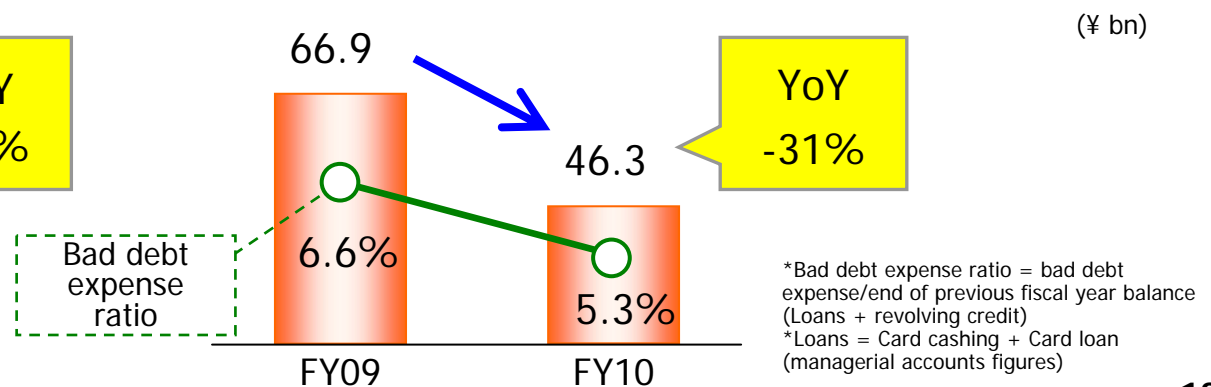


Loan balance



*Loans = Card cashing (CC) + Card loan (CL) on managerial accounting basis

Bad debt expenses/bad debt expense ratio



*Bad debt expense ratio = bad debt expense/end of previous fiscal year balance (Loans + revolving credit)

*Loans = Card cashing + Card loan (managerial accounts figures)

- Set aside sufficient provision for interest repayment, year-end balance of ¥136.7bn
- Capital increase of approx. ¥100bn. Secured net assets of ¥131.7 bn and capital ratio of 5.3%

Financial position

(¥ bn)

Consolidated		FY09	FY10	Change
1	Loans	942.9	756.2	(186.7)
2	Guarantee contracts receivable	1,158.6	*1 914.5	(244.1)
3	Allowance for doubtful accounts (Incl. fixed)	(236.2)	① (184.7)	51.5
4	Allowance for losses from interest repayment	(33.7)	*2 -	33.7
5	Total assets	2,937.0	2,477.1	(459.9)
6	Credit guarantee obligation advances	1,158.6	*1 914.5	(244.1)
7	Interest-bearing debt	1,131.5	840.0	(291.5)
8	Allowance for losses from interest repayment	43.6	136.7	93.1
9	Total liabilities	2,797.2	② 2,345.3	(451.9)
10	Total net assets	139.7	131.7	(8.0)
11	Total liabilities and net assets	2,937.0	2,477.1	(459.9)
12	Capital ratio	4.8%	5.3%	0.6points

*1 Amount of residential mortgage guarantee, etc.

*2 Changed account to allowance for losses from interest repayment

① Allowance for losses from interest repayment

➢ Changed account from allowance for doubtful accounts to allowance for losses from interest repayment and set aside ¥71.7 bn provision

✖ Balance at the end of FY09 : ¥77.3 bn

(¥33.7 bn in allowance for doubtful accounts + ¥43.6 bn in allowance for losses from interest repayment)

✓ Balance of allowance for losses from interest repayment : ¥136.7 bn or 2.8 years repayment equivalent
(Actual repayment results in FY10 : ¥49.7 bn)

② Net assets

➢ Total ¥103.9 bn of one-time write-offs

- one-time provision for interest repayment, amortization of computer systems, etc.

➢ Approx. ¥100 bn capital increase subscribed by MUFG and Norinchukin bank

✓ ¥131.7 bn net assets at the end of FY10
Secured 5.3% capital ratio, almost the same level as a year ago

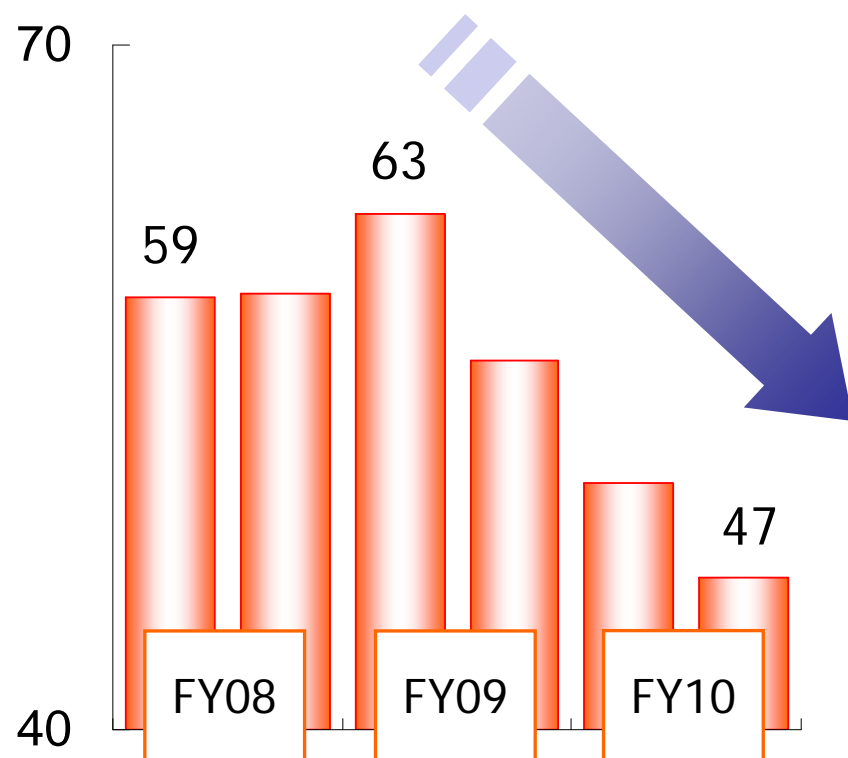
Interest repayment costs (1) (trends in number of requests)



- Number of repayment requests peaked in FY09 H1; FY10 requests at about 80% of the same period of FY09
- Reasonable forecast of repayments available thanks to a steady decline in requests

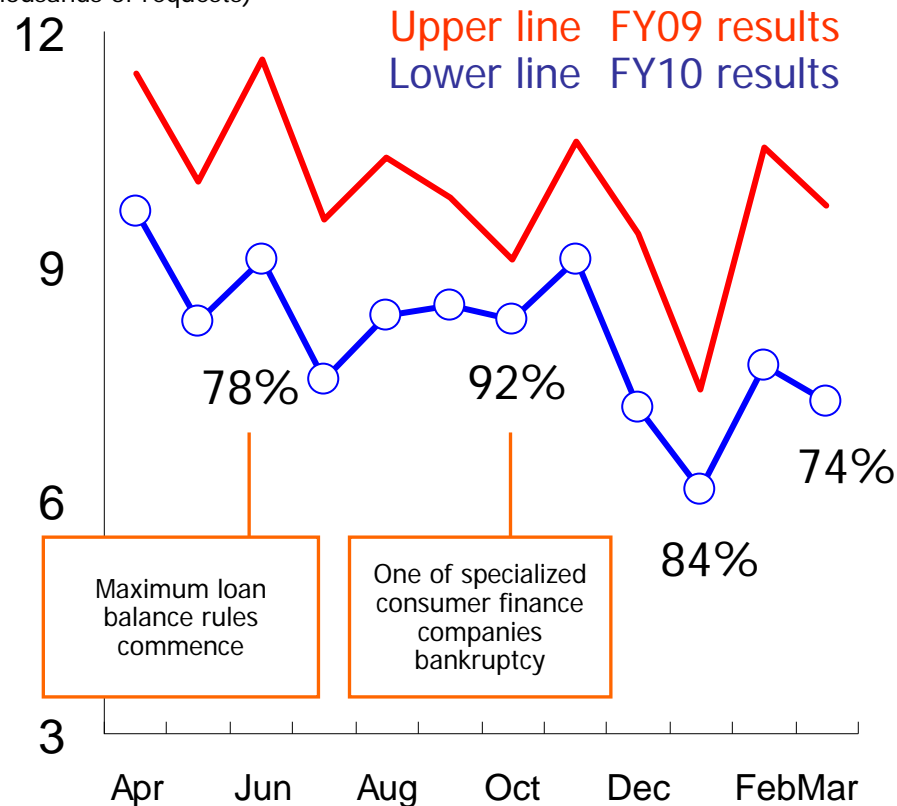
Request for repayment (semi-annual change)

(thousands of requests)



Request for repayment (monthly change)

(thousands of requests)



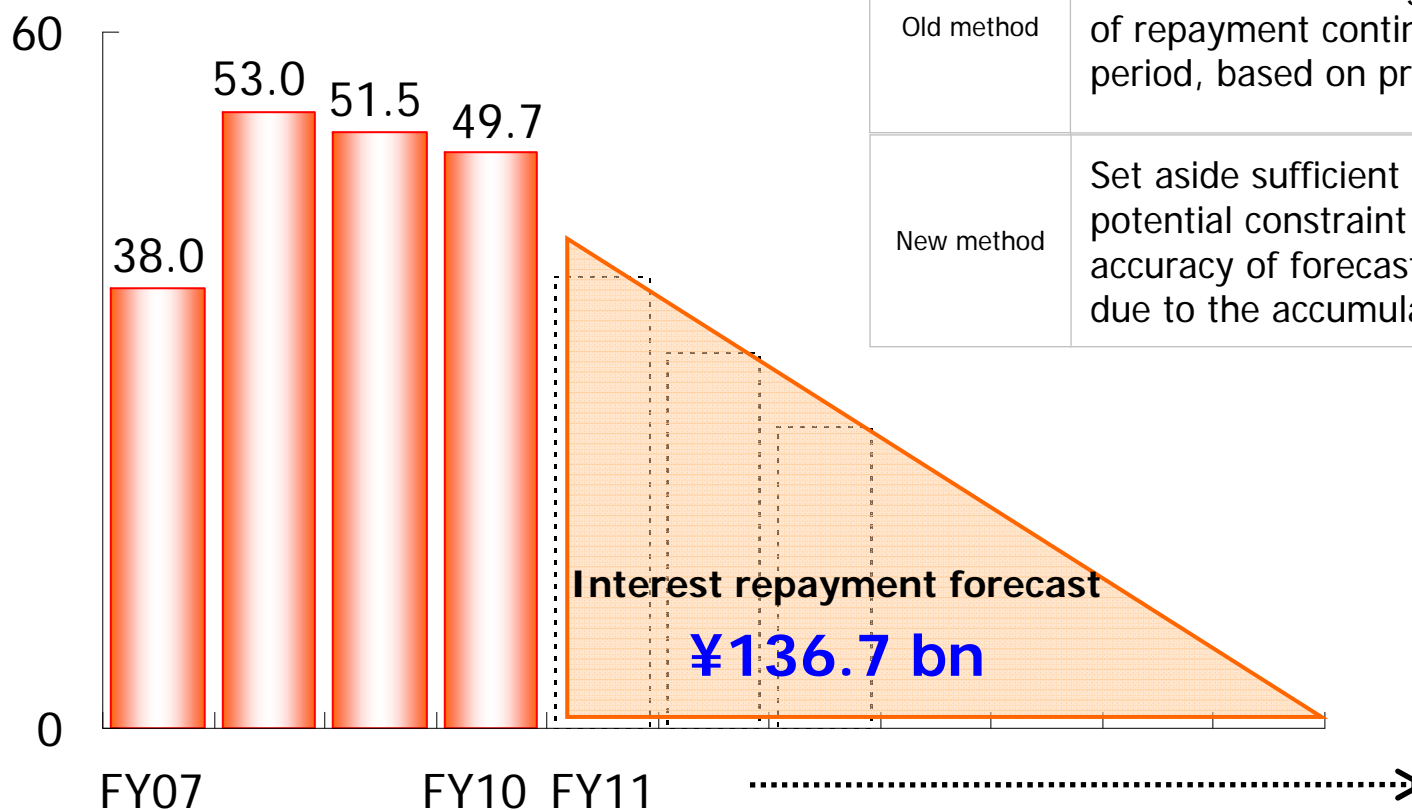
Interest repayment costs (2) (Changes to provisioning method)



- Set aside sufficient provision for interest repayment to remove potential constraint on future profits
- Balance of provisions at end Mar 2011 was ¥136.7bn

Interest repayment forecast

< Change to provisioning method >



Old method	Calculated assuming the current pace of repayment continues for certain period, based on practical guidelines
New method	Set aside sufficient provision to remove potential constraint on future profits as accuracy of forecasting has improved due to the accumulation of data

One-time write-off and capital reinforcement



- Conducted one-time financial restructuring write-off in addition to one-time provision for interest repayment (total ¥103.9 bn)
- Implemented ¥100 bn capital increase through allotment to existing shareholders (MUFG, Norinchukin Bank)

One –time write-offs

(¥bn)	FY10
① Provision for interest repayment	(71.7)
② Depreciation of system development expenses	(17.2)
③ Deferred tax assets, etc.	(14.9)
One-time write-offs (total)	(103.9)
Net income (before write-offs)	(2.9)
Net income (Final)	(106.8)

FY11/3 net assets (before capital increase) Approx. ¥30.0bn

Capital reinforcement

Approx. ¥100bn capital increase through allotment to existing shareholders

Strategic investment ¥50.0bn

- Strengthen MUFG/JA Card (measures, infrastructure)
- For HNW customers (AMEX, brand strategy)
- E-commerce settlement and IT business, etc.

Structural reform ¥50.0bn

- Review of procurement structure (reduction of interest-bearing debt)
- Further streamlining of operations, etc.

FY11/3 net assets **¥131.7bn**

Summary to date (towards a new medium-term plan)



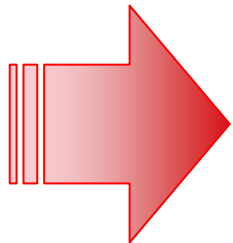
- **Completed shift to become specialized credit card company**

- Moved away from high-cost structure and excess reliance on loan revenue, where large volume of members are acquired but large volume of members depart, through decision to implement 'structural reform' and 'business model reform'

- **Steady progress in operational profitability (core profits) including quality improvements**

- However, interest repayments continue to restrain profits (challenge to bottom line)

- **Set aside sufficient provisions for interest repayments to remove potential constraint on future profits. Also conducted one-time write-offs for other financial risk**



- **Sustainable profitability at the core profits is ¥20bn-level**
- **Concentrate resources on the top line, and build a solid revenue base**

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Overview of previous medium-term plan

Summary of FY2010 results

New Medium-term plan

FY2011 current conditions

Operating environment (1)



- In the loan market, due to maximum loan balance regulations, decline in the balance of loans exceeding one-third of annual salary is expected to continue for some time
- Credit card market expected to expand along with diversification of settlement means, etc.

Loan market

Credit card (shopping) market

Environment

- ◇ Amendment Money-Lending Business Control and Regulation Law and Installment Sales Act implemented
- ◇ Interest repayments remain high
- ◇ Bankruptcy of major specialized consumer finance firm

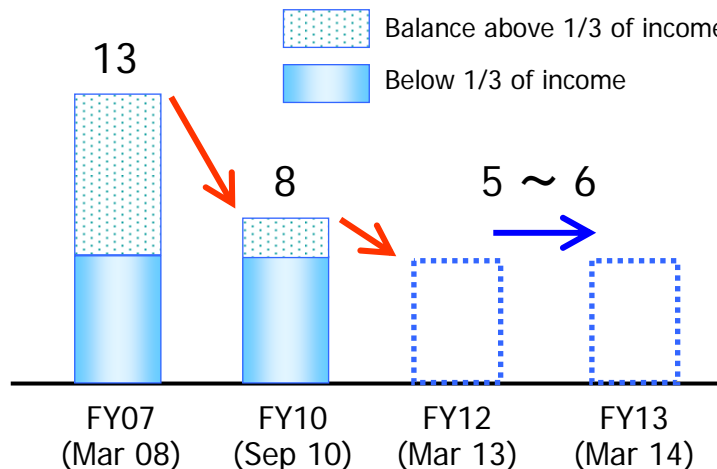
- ◇ Expansion of online shopping
- ◇ Growth of non-cash settlement needs
- ◇ Increase in foreign visitors to Japan (from Asia etc.)

Though market to contract for next two years or so, strong needs for consumer finance expected

Forecast annual growth of around 5%
Forecast growth of around 10% in e-commerce settlement

Outlook

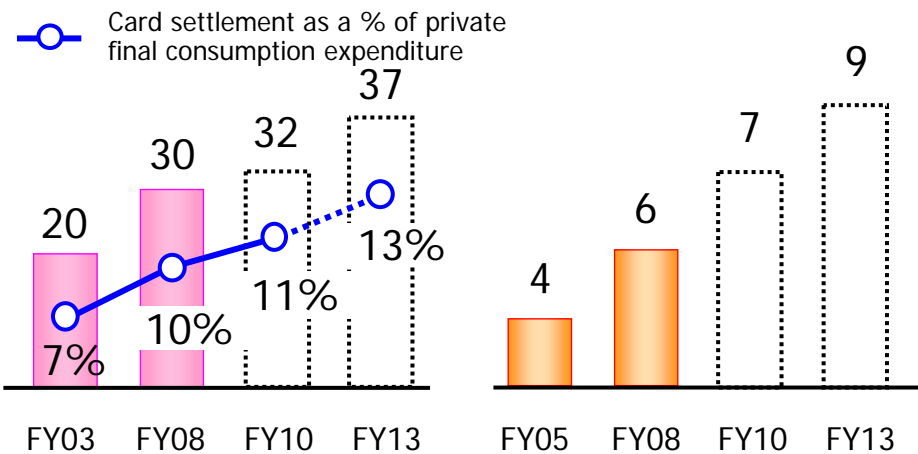
Balance of unsecured loans to individual consumers (¥tn)



Source: Japan Financial Services Association

Breakdown and figures for Mar 13 and Mar 14 are MUN estimates

Shopping transaction (¥ tn) EC market volume (¥ tn)



Source: METI Survey of Selected Service Industries. FY10 and FY13 are MUN estimates

Source: MUN estimates based on METI Survey of IT Usage in Japan, and other sources

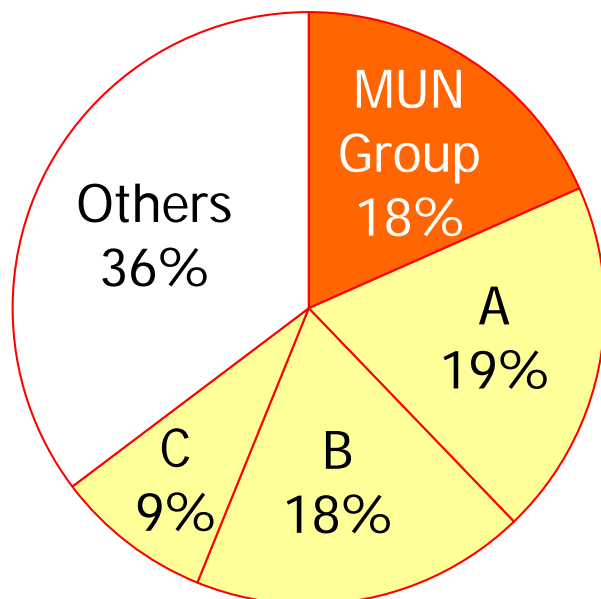
Operating environment (2)



- Largest 4 companies incl. MUN comprise about 65% of total transaction volume for card shopping
- MUN holds one of the largest customer base as one of 4 largest companies in Japan

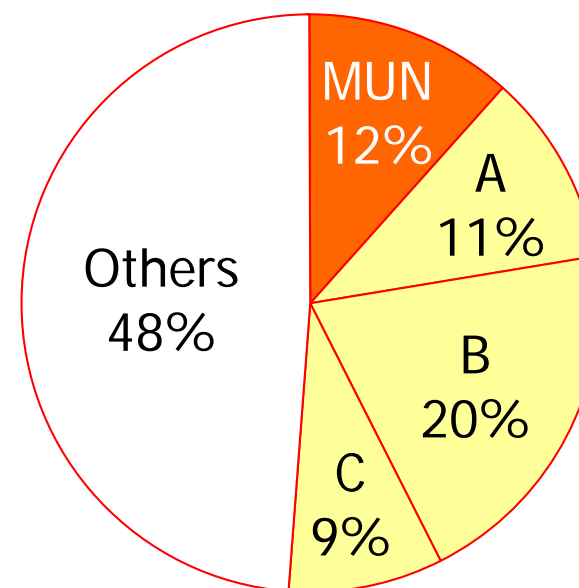
Transaction volume for card shopping

[Card shopping market in FY09 : ¥44 tn]



Card members (based on company disclosures)

[Number of issued cards in FY09 : 320 mm]



(¥ tn)	MUN group	MUN			Franchise related
		Consolidated	Issuing*	Acquiring*	
FY09	8.0	6.7	4.4	5.2	1.3
FY10	8.8	7.3	4.6	5.5	1.5

*Partly overlapped when MUN card members used cards at MUN affiliate stores (¥2.8 tn in FY10)

Sources: The Consumer Credit Monthly - FY10 credit card transactions ranking. Some figures compiled by MUN
Japan Consumer Credit Association- Extracts from Japan consumer credit statistics 2010

Strengths of MUN



- Fully leverage our key strengths—a leader in Japan in no. of card members and affiliate network, robust relationship with MUFG and Norinchukin—to radically strengthen our competitive position



*1 Comprehensive settlement system developed by MUN for unmanned transactions including card settlement and settlement at convenience stores

*2 Loans = Card cashing + Card loan (managerial accounts figures)

Issuing base (card issuance)

One of the largest in scale with 22mm members and shopping transactions of ¥8.8 tn

Acquiring base

One of the largest affiliate networks with E-commerce settlement system^{*1}

Loan base (includes revolving credit)

3 mm loan customers
¥720 bn loan balance^{*2}

Processing base (outsourcee)

Outsourcing track record and know-how, large number of customers including BTMU and 14 major regional banks, etc.

Collaboration framework



662 locations at BTMU
Retail deposit accounts approx. 40 mm
Deposits balance approx. ¥106 tn



Approx. 8,700 locations
Deposit accounts approx. 32 mm
Deposits balance approx. ¥86 tn

Key points of new medium-term plan



- Strategically reorganized the company's business into 4 core businesses including card settlement, which is expected to grow
- Establish stable and sustainable business model through synergies among 4 core businesses

<p>Business strategy (4 core businesses)</p>	<p>Issuing business</p>	<p>Improve revenue per customer (increase card usage amount) Actively promote 2 major proper card (MUFG card and JA card)</p>
	<p>Loan business</p>	<p>Grow loan balance, including revolving credit and installment credit</p>
	<p>Acquiring business</p>	<p>Acquire new growth areas (E-commerce, UnionPay, etc.) Leverage one of the largest affiliate networks</p>
	<p>Processing business</p>	<p>Leverage group customer base and strong ties with regional banks Maintain and expand stable earnings base</p>
<p>Operational efficiency</p>	<ul style="list-style-type: none"> ● Further curtail bad debt expenses (stringent loan screening, reduction in loan balance) ● Continue and intensify cost structure reform (personnel efficiencies, review of funding structure, etc.) 	
<p>Reinforce group strengths</p>	<ul style="list-style-type: none"> ● Unified management with MUFG (maximum use of BTMU and other group company channels) ● Strengthen collaboration with The Norinchukin Bank (partnership with JA Bank, development and expansion of alliances) 	
<p>Establish platform</p>	<ul style="list-style-type: none"> ● Transform IT investment strategy (focus on strengthening top line and developing earnings base) ● Rework personnel strategy (optimal personnel allocation, active promotion of mid-career and young staff, etc.) 	

Key performance indicators



- Establish sector-leading profitability and financial base through growth in the top line and sustained, deeper cost reductions

		Target	FY10	FY13 target
Top line	Number of active members (Shopping)	A sector leader	13.82mm	13.20mm
	Shopping transactions		¥8.8tn	¥10tn
	Balance ^{*1} (Loans + revolving credit)		¥718.4bn	¥763bn level
Cost control	Expense ratio (G&A expense/operating revenue)	Further efficiency	60%	50% level
	Bad debt expense ratio ^{*2}		5%	4% level
Profits	Net income ^{*3}	A sector leader	¥28.6bn	¥40.0bn
	Ordinary profit margin (Ordinary profit/operating revenue)		10%	13%
Financials	Capital ratio	Above 10%	5%	10%

*1 Loans = Card cashing + Card loan (managerial accounts figures)

*2 Bad debt expense ratio = bad debt expense/end of previous fiscal year balance (Finance + revolving credit)

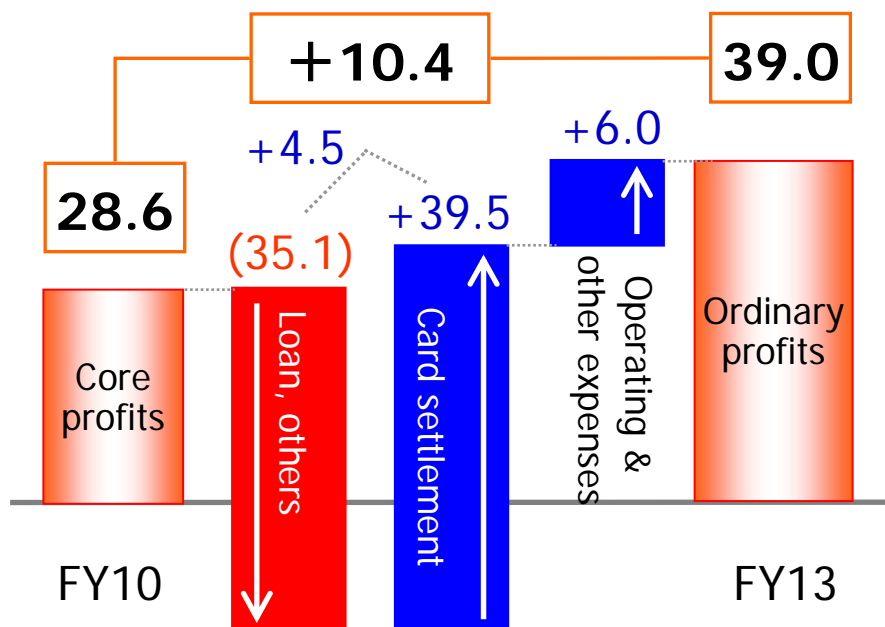
*3 "Core profits" for FY10

Plan metrics



- Targeting ordinary profits of around ¥40 bn in FY13 through improved business competitiveness and efficiency
 - Drastically strengthen financial base with capital of ¥221.5bn, capital ratio of 10%

Profits outlook



Revolving and installment credit +14.1,
Issuing +13.0, Acquiring +11.2,
Processing and others +1.2

Core profits is the underlying profitability of the core business (estimated)=Ordinary profits before interest repayment expenses, etc.

Plan metrics

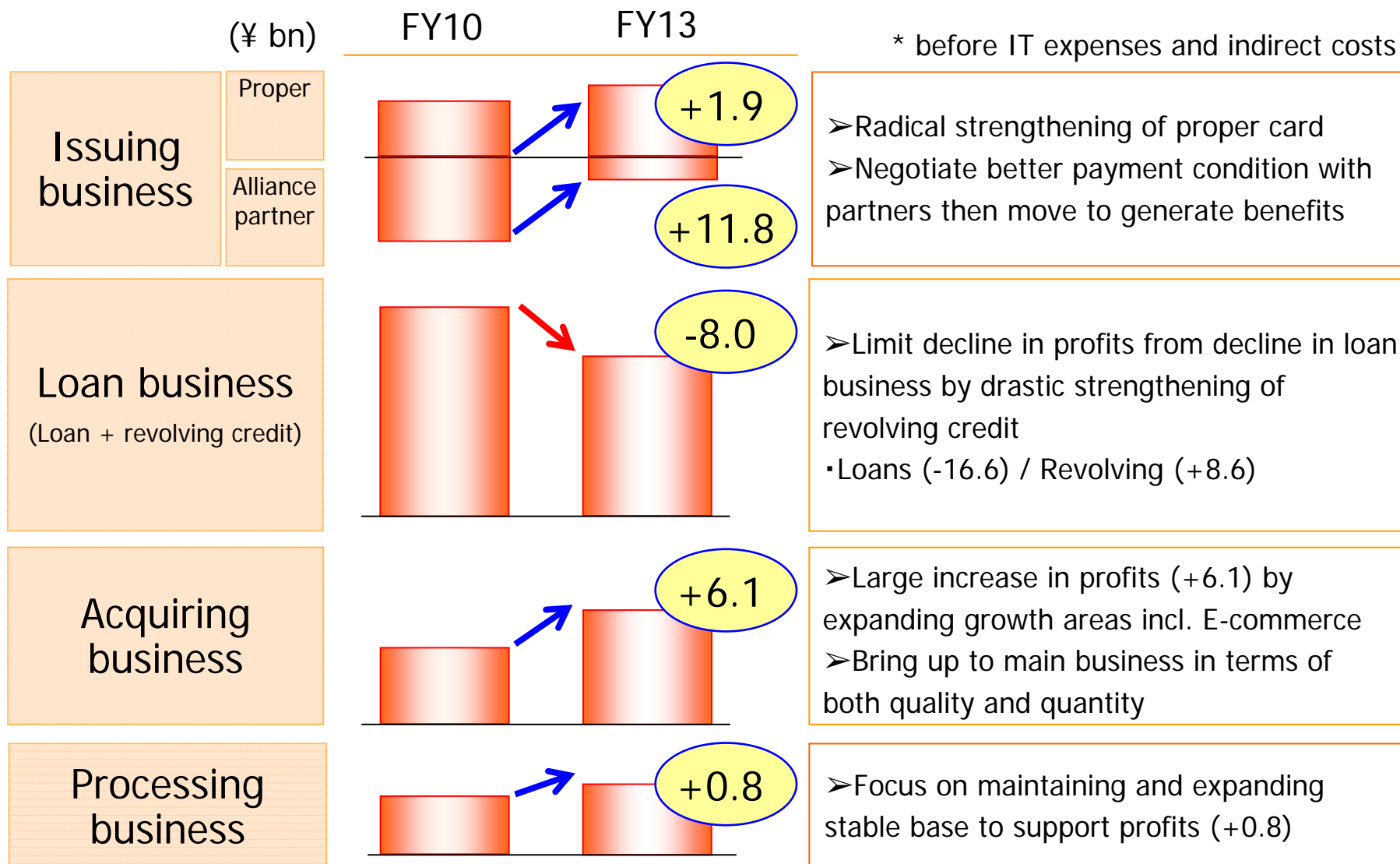
		(¥ bn)			
Consolidated		FY10	FY13	Change(%)	Change
1	Operating revenue	300.6	305.1	101%	4.5
2	Loans and others *1	116.5	81.4	70%	(35.1)
3	Card settlement *2	184.1	223.6	121%	39.5
4	Operating expenses	381.7	266.5	70%	(115.2)
5	On the basis of calculating core profits	272.5	266.5	98%	(6.0)
6	General expenses etc. *3	229.1	229.6	100%	0.5
7	Bad debt expenses	46.3	36.9	80%	(9.4)
8	excl. other credit costs	43.4	36.9	85%	(6.5)
9	Interest repayment expenses	106.3	-	-	(106.3)
10	Ordinary profits (losses)	(80.5)	39.0	-	119.5
11	Core profits	28.6	39.0	136%	10.4
12	Net income (loss)	(106.8)	39.0	-	145.8
13	Net assets	131.7	221.5	-	89.8
14	Capital ratio	5%	10%	-	5 points

*1 Excl. revolving and installment credit *2 Incl. revolving and installment credit
*3 General expenses + Staff costs + Financial expenses

Plans by segment (4 core businesses)



- Create a stable income base by strengthening 4 core businesses



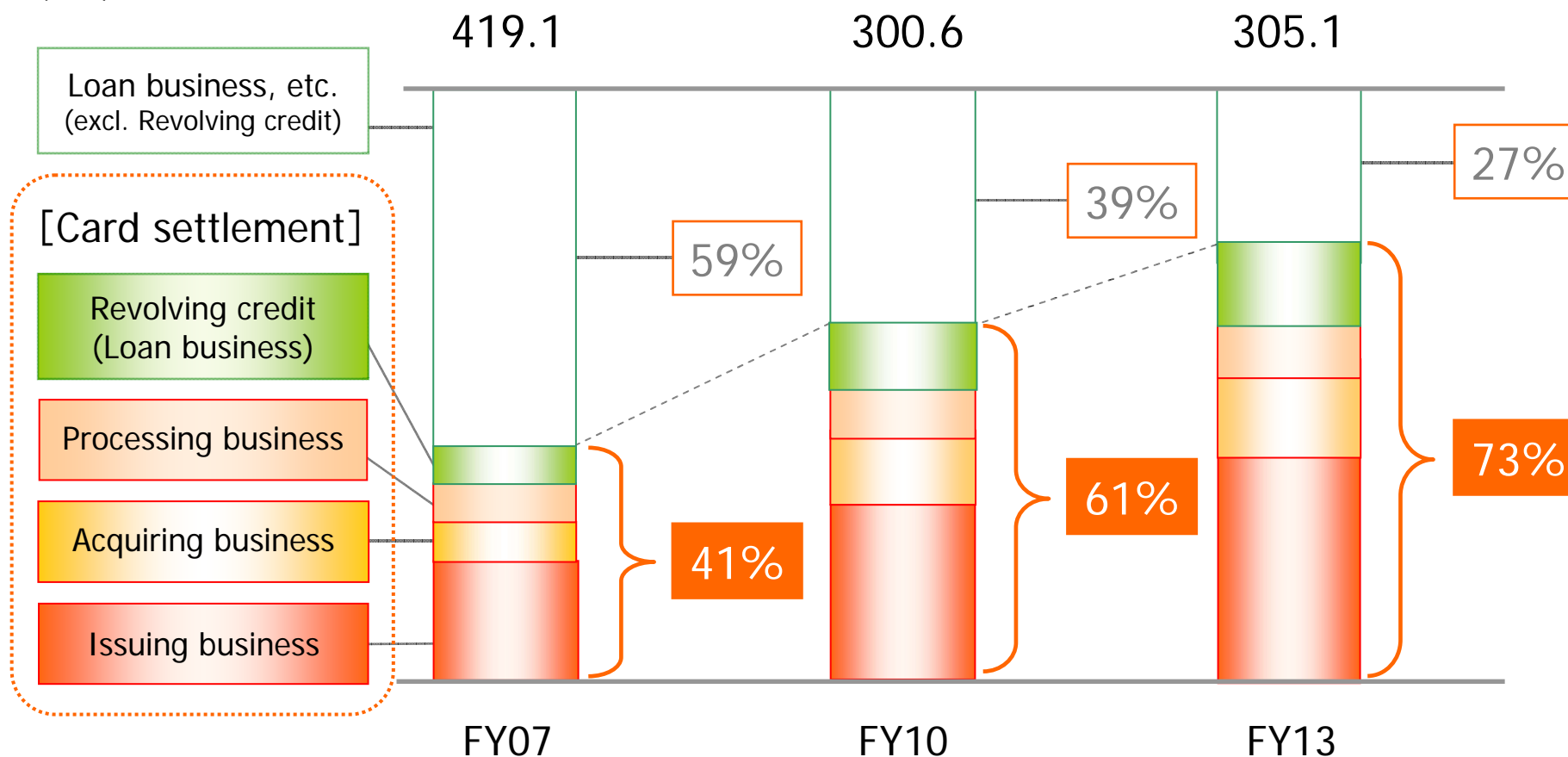
Business portfolio (Operating revenue)



- Strong performance in card settlement business to offset decline in loan revenues
 - In the final year of the mid-term business plan (FY13), the card settlement business should contribute 70% of total revenue

Operating revenue breakdown

(¥ bn)

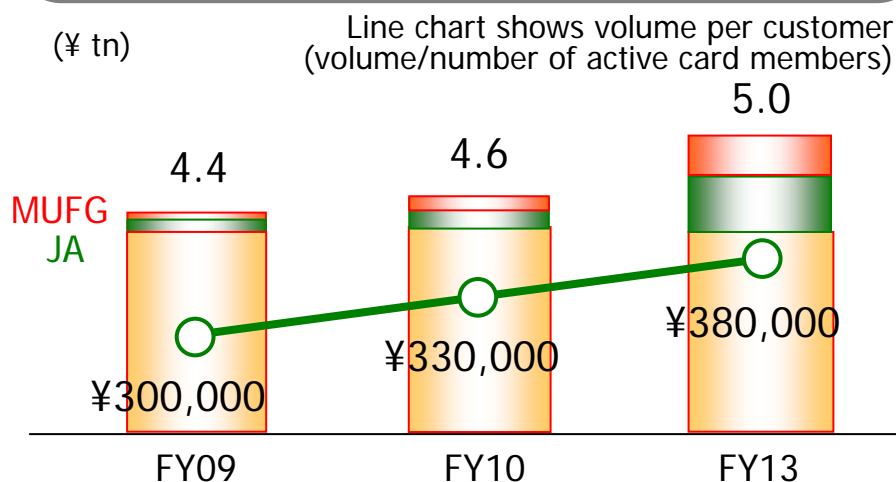


Segmental strategy (1) Issuing business

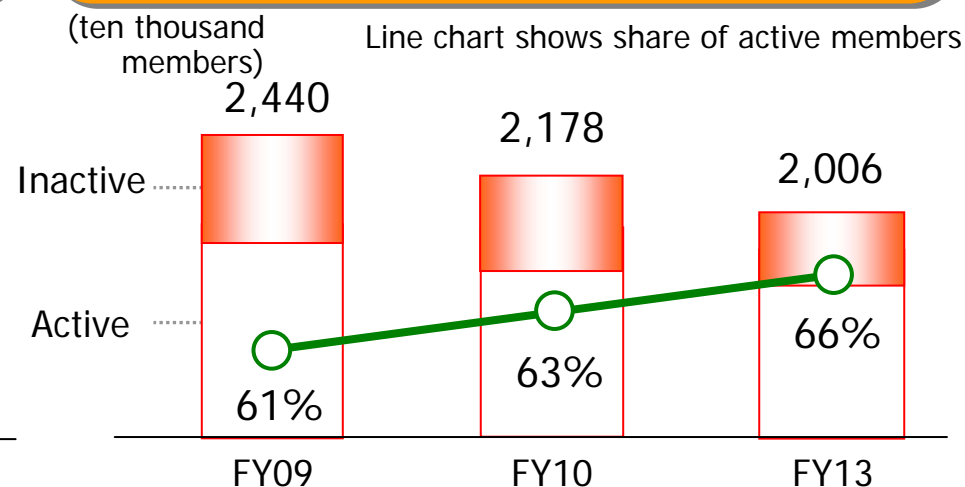


- Increase transaction volume by expanding card usage amount per customer
- Leverage group customer base, strategically strengthen 2 major proper cards of MUFG card and JA card

Card shopping transaction volume



Valid members



Key measures

- ✓ **Implement strategy to make MUN card as main card for customers**
 - Develop strategy attuned to each customer for expanding card usage amount, continue customer acquiring based on 'quality'
- ✓ **MUFG card/JA card**
 - Develop strategy for strengthening customer acquisition and promoting card usage through leveraging customer points such as banks' branches

*Valid members: Members who can use credit cards

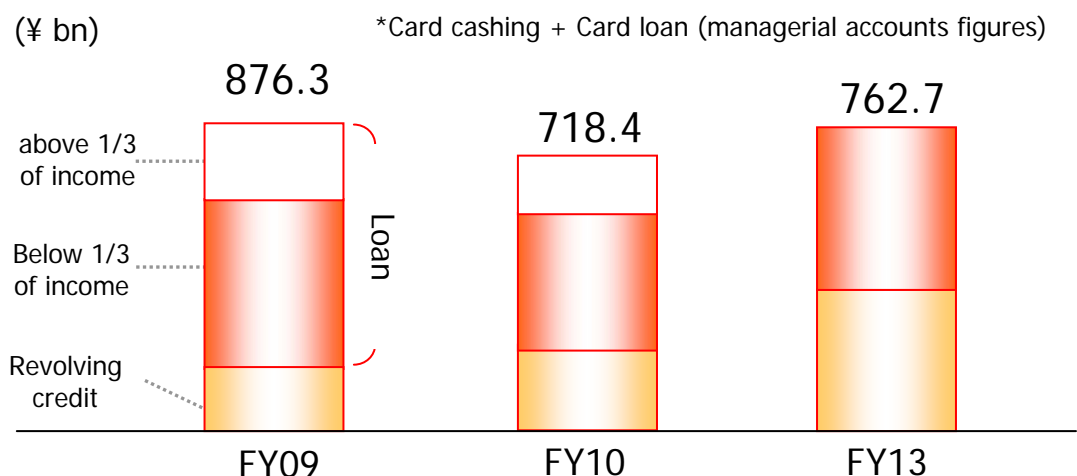
*Active members: Members who used credit cards once or more (Members who only pay annual membership fee are classified as "inactive")

Segmental strategy (2) Loan business



- **Grow total loan balance by strengthening revolving credit while the effects of maximum loan volume regulations expected to fade**
 - Room for further expansion of revolving credit business compared with peers

Balance of loans and revolving credit



Comparison

Comparison of revolving credit balance (FY09)

*Estimated by MUN

	Balance per shopping volume	balance per customer (¥ thousand)
MUN	3%	160
Industry avg.*	7%	270

✓ Strong performance in FY10 due to active promotion of revolving credit

Key measures

✓ Upgrade risk-return managements

- Promote most appropriate products at the best timing attuned to each customer, control risks

✓ Expand loan customer base

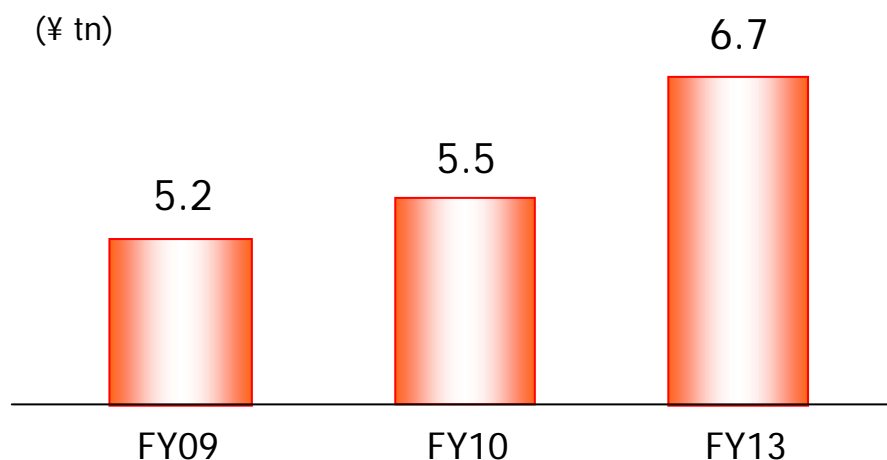
- Capture fund needs leveraging customer points including call center
- Increase number of registration of revolving credit, develop and introduce in new products

Segmental strategy (3) Acquiring business

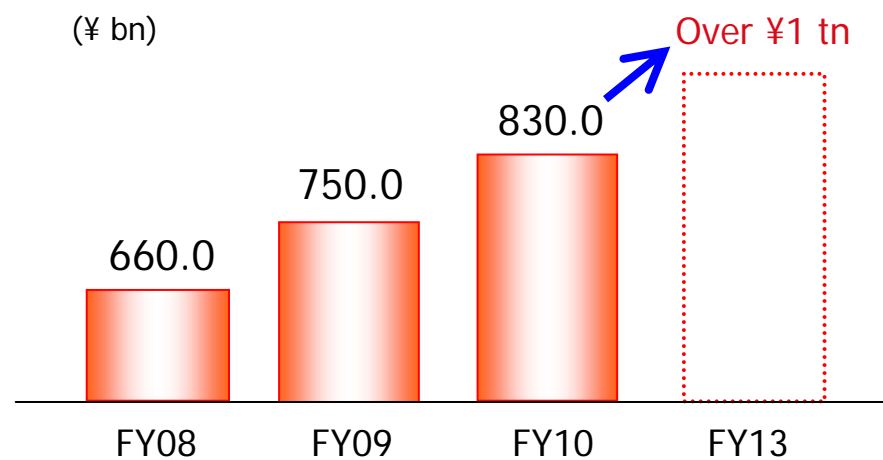


- Leverage one of the largest affiliate networks in Japan and acquire new growth areas (E-commerce, UnionPay, etc.)
- Establish business model to guide customers to affiliate stores by leveraging member base and affiliate network

Acquiring volume of card shopping



Acquiring volume for EC industry



Key measures

✓ Expand affiliate networks in growth areas

-Acquire affiliate stores in EC through making proposal of introducing EC settlement system, expand UnionPay affiliates with high needs

✓ Establish business model to guide customers to affiliate stores

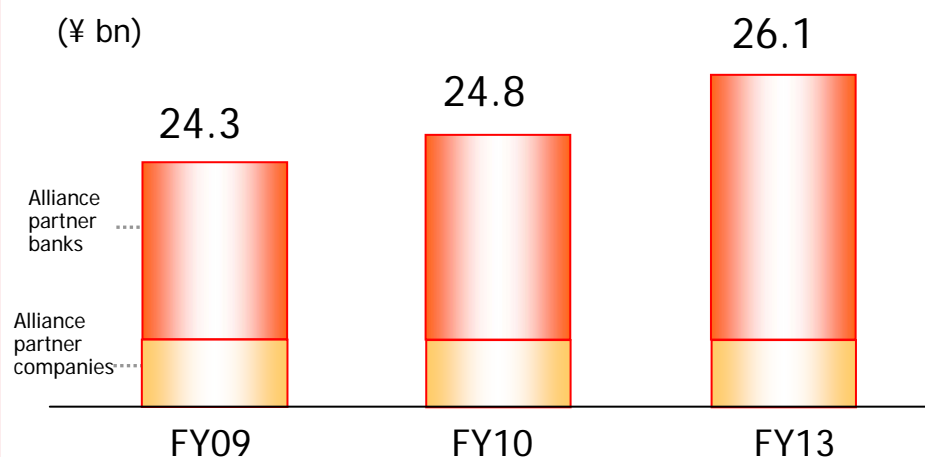
-Start initiative to guide customers to affiliate stores through distribution of information by Web and E-mail

Segmental strategy (4) Processing business



- Secure stable processing revenue leveraging MUFG customer base and keeping favorable relationship with regional banks

Revenue from processing business



Number of alliance partner banks

		MUN	Company A	Company B	Company C
Alliance partner banks	Bank issued	14	Approx. 70	Approx. 50	Approx. 20
	Franchisee	46			
Number of members (mm)		8.2	-	-	-

- ✓ The market is an oligopoly of the four majors (expected to continue)
- ✓ BTMU and major regional banks outsource to MUN

Key measures

- ✓ Strengthen credit card business at BTMU, regional banks and franchisee
 - Share measures to acquire members and to promote card usage among partner banks and companies

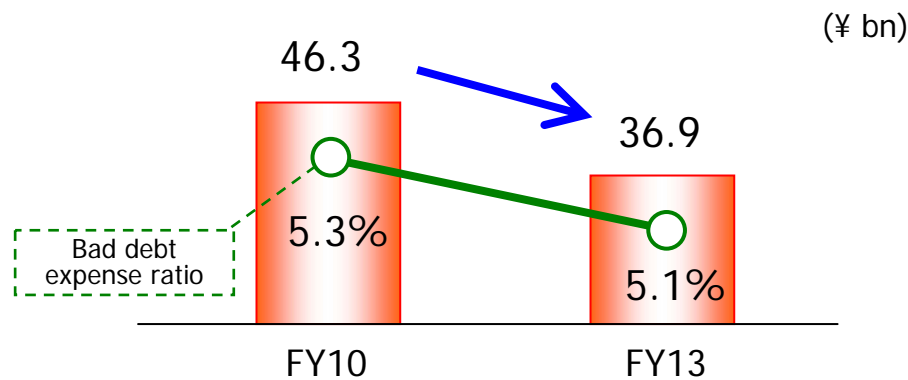
Increase in profits at franchisee ⇔ Increase in profits at MUN (Build Win-Win relationship)

Segmental strategy (5) Bad debt expenses



- Contain bad debt expenses as credit quality expected to improve through change in credit composition due to increase in revolving credit and decline in loan balance of above 1/3 of income

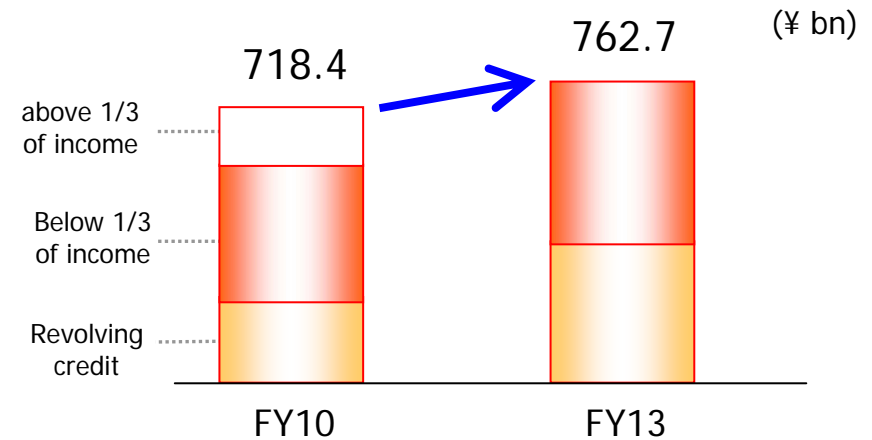
Bad debt expenses/bad debt expense ratio



*Bad debt expense ratio = bad debt expenses/end of previous fiscal year balance (Loans + revolving credit)

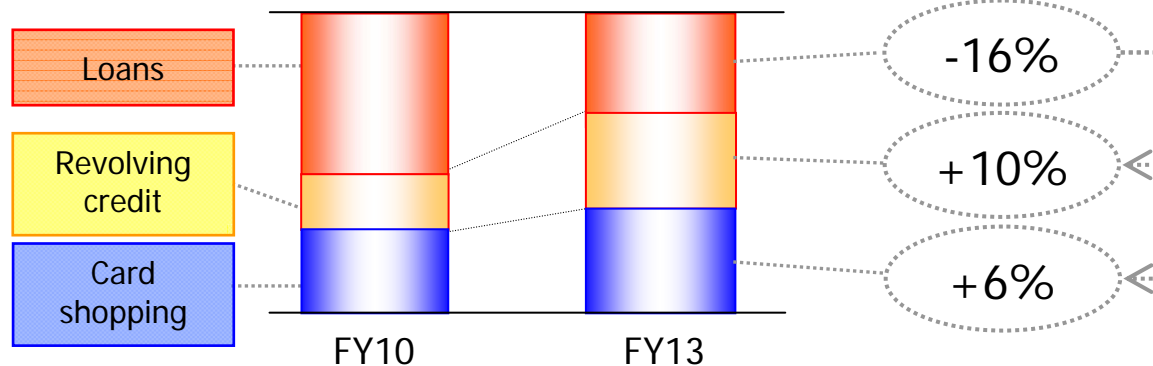
*Loans = Card cashing + Card loan (managerial accounts figures)

Balance of loans* and revolving credit



*Card cashing + Card loan (managerial accounts figures)

Credit portfolio



<Bad debt expense ratio>

(High) but expected to go down along with declining loan balance of above 1/3 of income

(Low)

(Extremely low)

Segmental strategy (6) Realize further efficiency

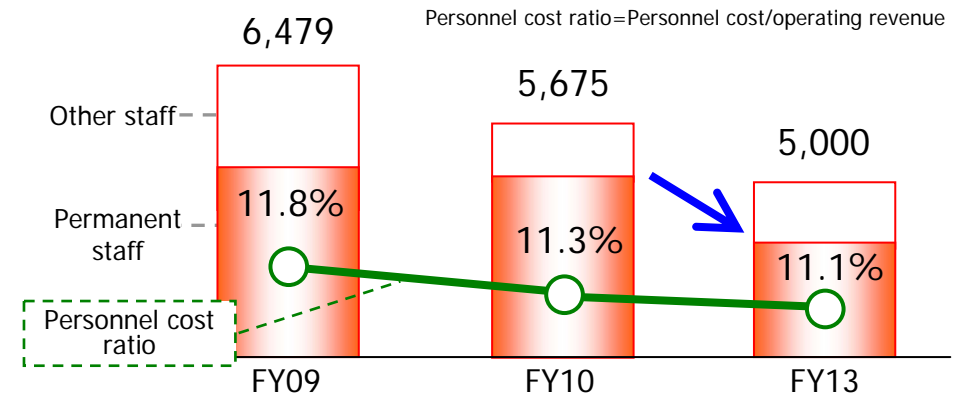


- Reduce base expenses thanks to continued and intensified cost reduction effort, increase business promotion expenses
- Personnel cost ratio expected to go down due to reduction in personnel to 5,000 staff
- Realize reduction of financial expenses by decrease in funding amount and funding cost associated with improved credit

Plan metrics

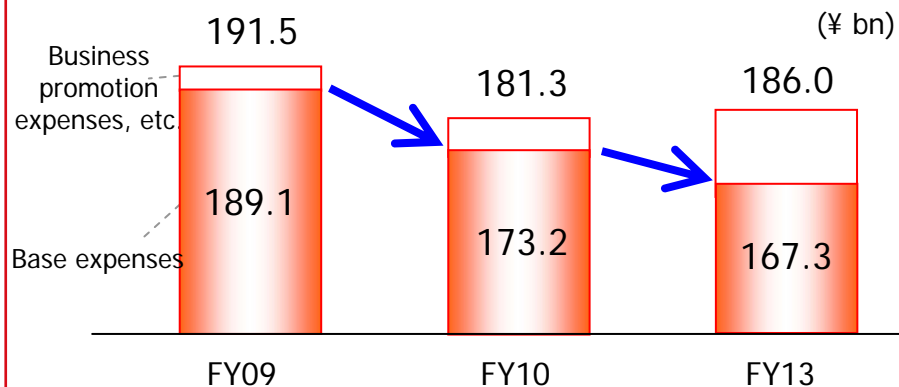
		¥ bn			
Consolidated		FY10	FY13	Change(%)	Change
1	Operating expenses	381.7	266.5	70%	(115.2)
2	General expenses etc.	229.1	229.6	100%	0.5
3	Personnel	34.0	33.8	99%	(0.2)
4	G&A	181.3	186.0	103%	4.7
5	Financial	13.7	9.7	71%	(4.0)

Number of staff/personnel cost ratio

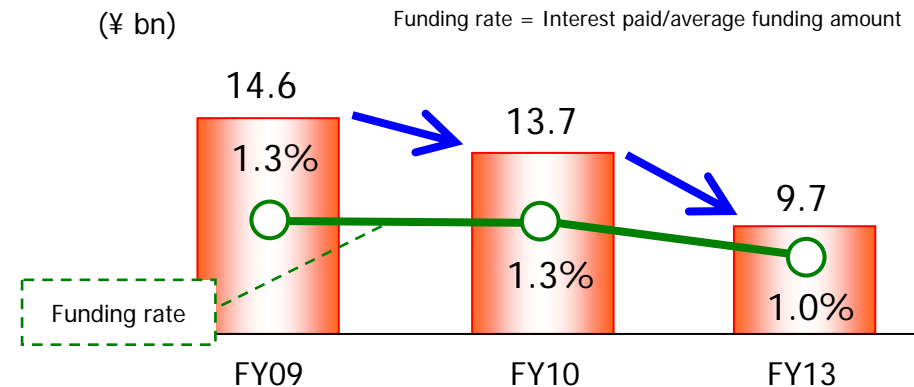


*Consolidated number of staff at period end : Actual figures for permanent staff. Theoretical figures are partly used for other staff

G&A expenses



Financial expenses/funding cost



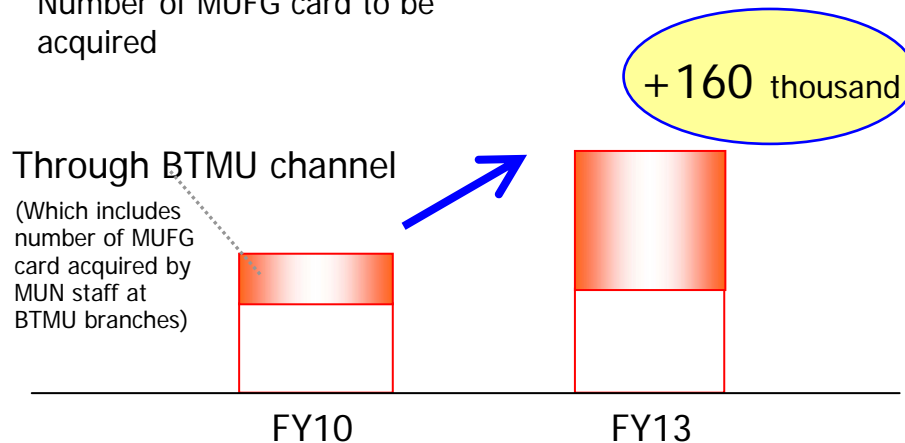
Segmental strategy (7) Cooperation with MUFG and JA



- Fully leverage customer base and network of MUFG group companies
- Increase profits through strengthened ties with The Norinchukin Bank and JA Bank, strengthen alliance in each business area

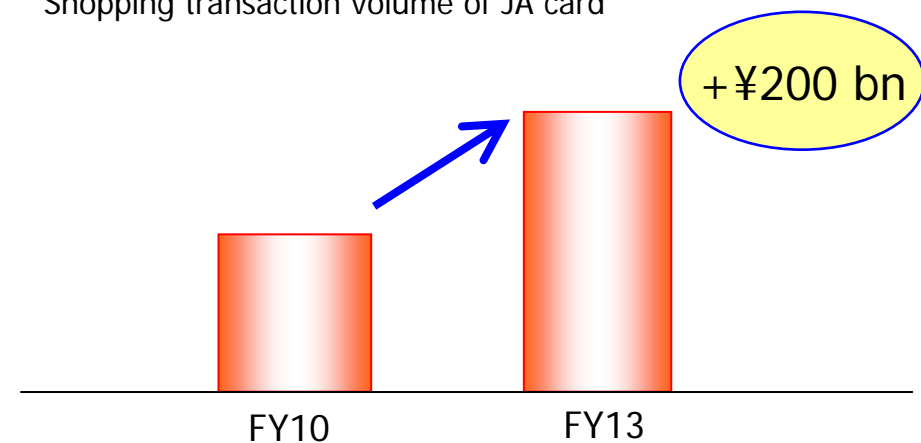
Cooperation with MUFG Group

Number of MUFG card to be acquired



Cooperation with JA Group

Shopping transaction volume of JA card



Key measures

- ✓ **Leverage customer base effectively**
 - Acquire MUFG card and quality affiliate stores
- ✓ **Improve profitability of BTMU comprehensive card**
 - Initiatives to increase transaction volume per customer

Key measures

- ✓ **Increase transaction volume of JA card**
 - Jointly promote initiatives to increase transaction volume per customer
- ✓ **Expand current alliance with JA**
 - Make JA related companies incl. JA-SS, A-Coop affiliate stores of MUN, etc.

Segmental strategy (8) Strengthen JCB alliance



- **Strengthen differentiation and competitiveness by continuing and deepening current alliance**
 - Position as best partner in the card industry

Issuing
business



VISA



Acquiring
business

- ✓ Strengthening cooperation with JMS and JNS
 - JMS: JV for marketing to small/medium-sized affiliated stores
 - JNS: Information network

Processing
business

- ✓ Exploring joint operations and a joint in-sourcing scheme

Cost
reductions

- ✓ Exploring joint business outsourcing

Overview of previous medium-term plan

Summary of FY2010 results

New Medium-term plan

FY2011 current conditions

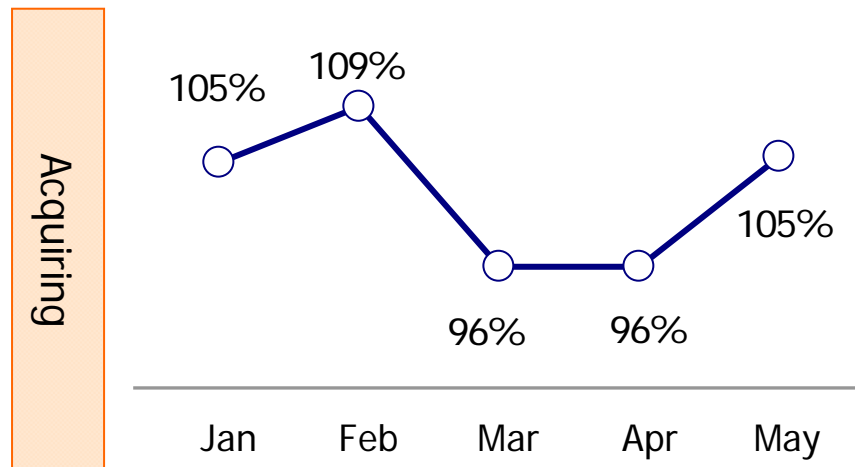
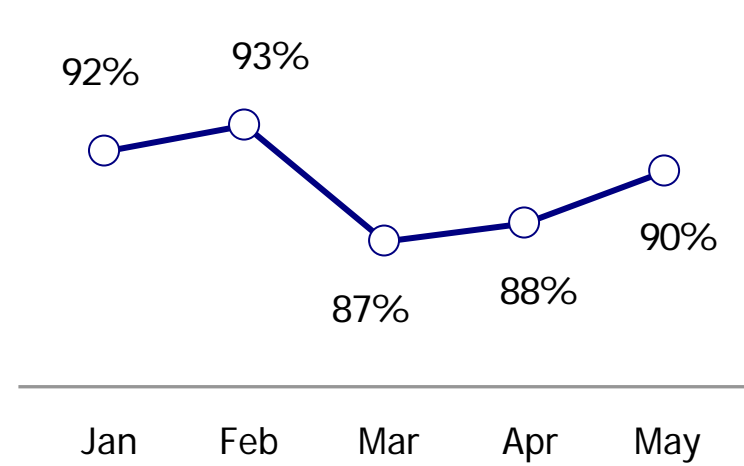
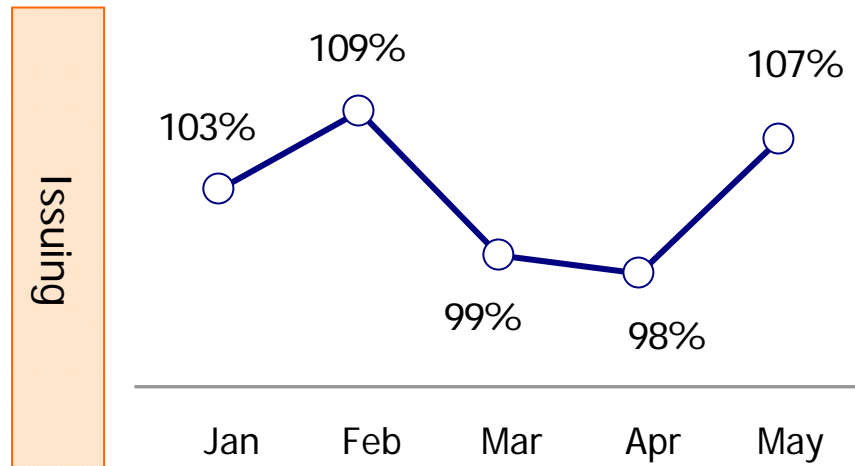
Current conditions (1) - Top line and loan loss



- Though transaction volumes dropped in Mar and Apr due to earthquake, they have already recovered close to planned levels in May
- Net income almost close to planned level so far due to cost reduction and other factors though continued and careful observation is necessary

Card shopping transaction (yoy)

Recovery rate of new delinquent debt



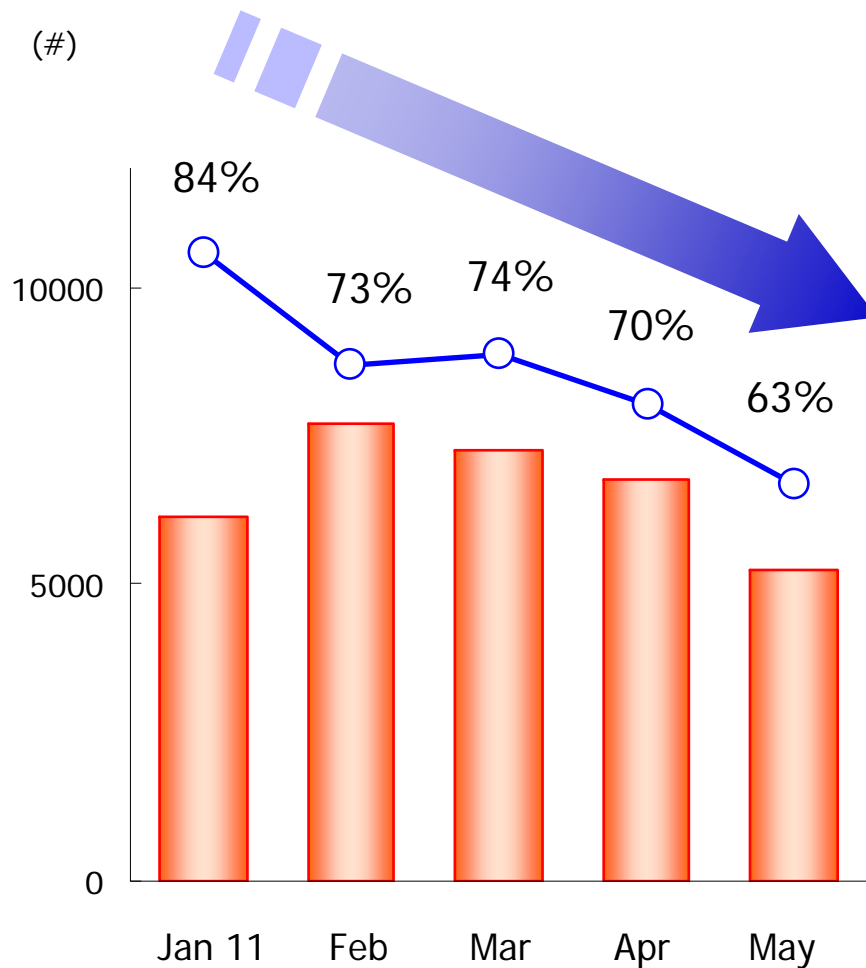
Recovery rate of new delinquent debt: Of amounts that are not settled by the agreed date, the proportion that is recovered within approx. one month.

Current conditions (2) - Interest repayment

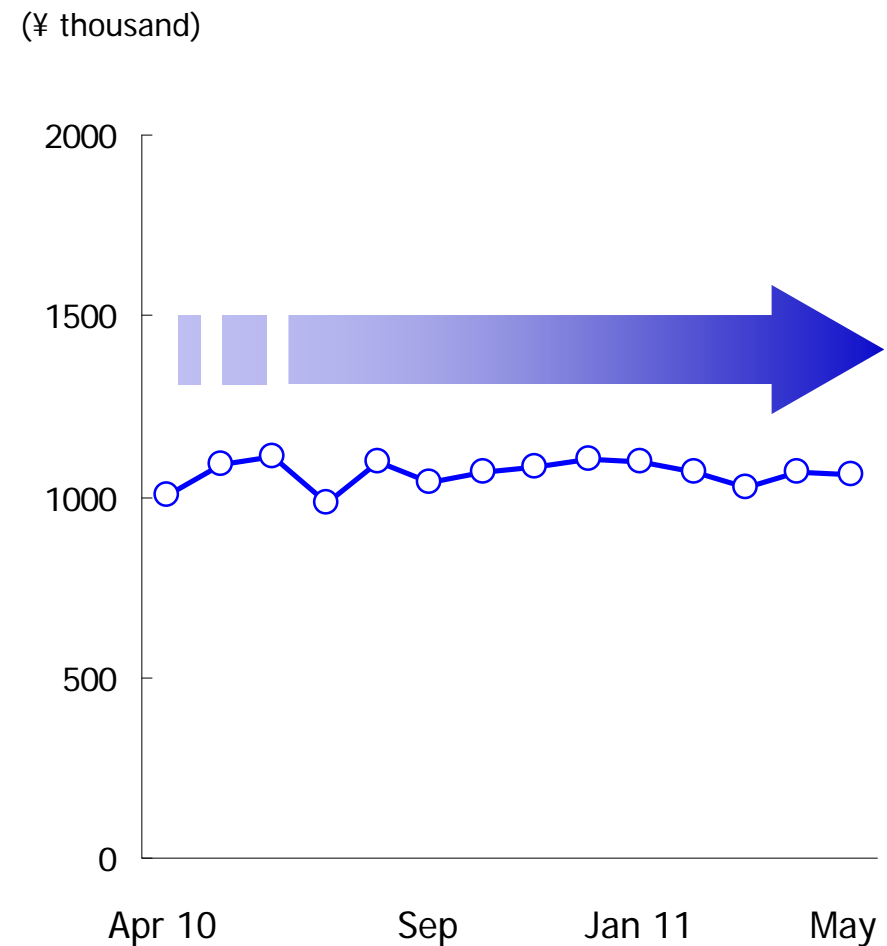


- Number of requests continues to decline for consecutive 18 months and repayment amount is steady and in line with plan

Number of request (yoy)



Repayment amount per customer



- Already set up plan for achieving Summer peak electric power usage reduction
- Planning medium to long term disaster recovery support measures, a key component of our CSR initiatives

～東日本大震災復旧・復興支援～

「日本を元気に！」

「東日本大震災」で被災された方々が一日も早く落ち着いた生活を取り戻せるよう、会員の皆様と一体となって、被災された方の復旧・復興支援活動行っております。被災された皆様のお役に立てるよう、復旧・復興支援に全力をあげて取り組んでまいります。



日本を元気に!

Main initiatives to date:

- ✓ Donated relief funds through Japanese Red Cross Society
- ✓ Card settlement of donations
- ✓ Received donation funds through point conversion
- ✓ Re-issued cards (commission free), delivery/receipt to other than home address
- ✓ Condolence messages (corporate), each brand established enquiry line

Appendix

Quality for You 
MUFG

FY2010 financial results (PL/BS/Key performance indicators)



	Consolidated (¥ bn)	FY09	FY10	
			Change (%)	Change
1	Operating revenue	326.5	300.6	92% (25.9)
2	Loans and others *1	153.8	116.5	76% (37.3)
3	Card settlement	172.6	184.1	107% 11.5
4	Operating expenses	371.9	381.7	103% 9.8
5	Personnel cost	38.5	34.0	88% (4.5)
6	G&A expenses	191.5	181.3	95% (10.2)
7	Bad debt expenses	66.9	46.3	69% (20.6)
8	Interest repayment expenses	60.2	106.3	177% 46.1
9	Financial expenses	14.6	13.7	94% (0.9)
10	Operating profits	(45.4)	(81.1)	- (35.7)
11	Non-operating gains (losses)	1.2	0.5	42% (0.7)
12	Ordinary profits	(44.1)	(80.5)	- (36.4)
13	Extraordinary gains	23.4	6.8	29% (16.6)
14	Extraordinary losses	25.7	22.9	89% (2.8)
15	Taxes, etc.	(0.1)	10.1	- 10.2
16	Net income (loss)	(46.2)	(106.8)	- (60.6)

	Transaction volume for card shopping *2	FY09	FY10	
			Change (%)	Change
17	MUN consolidated	8,079.6	8,814.5	109% 734.9
18	Commercial loans	6,781.7	7,362.5	109% 580.8
19	Commercial loans	942.9	756.2	80% (186.7)
20	①Loans *3	690.6	514.1	74% (176.5)
21	②Revolving credit	185.8	204.3	110% 18.5
22	Balance (①②)	876.3	718.4	82% (158.0)
23	New card holders (mm)	2.18	1.07	49% (1.11)
24	Valid card members (mm)	24.40	21.78	89% (2.62)
25	Active card members (Shopping) (mm)	14.82	13.82	93% (1.00)

*1 Excl. revolving credit *2 Group basis *3 Managerial accounts figures

	Consolidated (¥bn)	FY09	FY10	
			Change	Change
1	Cash and time deposit	71.9	29.7	(42.2)
2	Accounts receivable from cardholders	653.6	669.1	15.5
3	Commercial loans	942.9	756.2	(186.7)
4	Guarantee contracts receivable	1,158.6	*4 914.5	(244.1)
5	Allowance for doubtful accounts (including fixed)	(236.2)	(184.7)	51.5
6	Inter-set repayment related	(33.7)	*5 -	33.7
7	Tangible fixed assets	33.2	33.4	0.2
8	Other assets	312.7	258.6	(54.1)
9	Total assets	2,937.0	2,477.1	(459.9)
10	Notes and accounts payable to affiliated stores	243.6	220.8	(22.8)
11	Credit guarantee obligation advances	1,158.6	*4 914.5	(244.1)
12	Interest-bearing debt *1	1,131.5	840.0	(291.5)
13	Allowance for losses from reimbursement of loan payments	43.6	136.7	93.1
14	Other liabilities	219.8	233.2	13.4
15	Total liabilities	2,797.2	2,345.3	(451.9)
16	Total net assets	139.7	131.7	(8.0)
17	Total liabilities and net assets	2,937.0	2,477.1	(459.9)
18	Capital ratio	4.8%	5.3%	0.6 points

*4 Amount of residential mortgage guarantee, etc.

*5 Changed account to allowance for losses from interest repayment

	Loan classification *6 (¥ bn)	Mar		Change
		2010	2011	
1	Bankruptcies	13.4	13.5	0.1
2	NPLs	207.7	180.9	(26.8)
3	Loans with mitigated terms	86.5	92.6	6.1
4	Total	307.7	287.2	(20.5)

*6 Loan classification under Japanese banking law

Topics (Main press releases) Apr 2010 – Apr 2011



Period

Contents

※ Contents and related figures are as of the time of each release

- 2010: Apr ● Start of issue of Initial Card with membership age limit of 29 or younger (AMEX, Visa, Master)
- Apr ● Start of issue of three AMEX brands for MUFG card (Platinum, Gold, other)
- Apr ● Launch of repayment reduction system for limited period monthly cashing (Max. period of 24 months)
- Jul ● Alliance with China Union Pay in Japanese domestic acquiring business (China Union Pay card settlement service)
- Sep ● Developed dedicated Smartphone website (for iPhone and Android networks)
- Sep ● Alliance with major automatic ticket machine company/Toyo Networks & System Integration (joint launch of automatic ticket sales for e-money transport applications)
- Sep ● Joint development with JCB: Start of issue of three JCB brands for MUFG card
- Oct ● Alliance with major delivery pizza firm Domino's Pizza Japan (launch of EC card settlement service for online orders)
- Oct ● Card settlement business for online sales to fully comply with international standard PCIDSS
- Dec ● Development of 'Recurring System' to handle card settlement processing using mobile terminals
- 2011: Apr ● (A first in Japanese retail) iPhone credit card settlement solution at Tokyu Hands Umeda store/directly managed "HANDS CAFÉ"
- Apr ● "Be strong Japan!" Series and campaign for recovery and reconstruction following the Great East Japan Earthquake

Company outline and history



- April 2007, UFJ Nicos and DC Card merged to form one of the largest domestic card companies



Company outline

(As of Mar 2011)

Name	Mitsubishi UFJ NICOS Co., Ltd.
Date of establishment	June 7, 1951 (former Nippon Shinpan) April 1, 2007 (Mitsubishi UFJ NICOS)
Head office	14-1, Sotokanda 4-Chome, Chiyoda-ku, Tokyo 101-8960, Japan
Central branch	33-5, Hongo 3-Chome, Bunkyo-ku, Tokyo, Japan
Capital	¥109.3 billion
Members ※1	34.63 million (Group)
Transaction Volume ※1	¥9,233.4 billion (Group)
Employee ※2	3,770 (Consolidated)

*1 Including franchisee, alliance partners, etc. *2 Excluding temporary workers

History

- 2005 Oct UFJ Nicos formed (Nippon Shinpan/UFJ Card) and made a MUFG consolidated subsidiary
- 2006 Oct Merged with Kyodo Credit Service
- 2007 Jan Acquired ISO14001 certification
- Apr Mitsubishi UFJ NICOS formed (merged with DC Card)**
- Nov Capital increase (MUFG subscribed ¥120 bn)
- 2008 Apr Withdrawal from installment shopping credit business (transferred to JACCS)
- Jul Delisted from the 1st Section of the TSE
- Started issue of MUFG Card
- Aug Made equity method affiliate of Norinchukin Bank
- 2010 Jul Launched China Union Pay franchise business
- 2011 Feb Announced New Medium-term plan (2011-2013)**
- Mar Capital increase (MUFG and Norinchukin subscribed approx. ¥100 bn)

No.1
Service

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Coverage