



Mitsubishi UFJ Financial Group

## Fiscal 2012 Interim Results Presentation

November 16, 2012

Quality for You



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

#### Definitions of figures used in this document

<b>Consolidated</b>	Mitsubishi UFJ Financial Group (consolidated)
<b>Non-consolidated</b>	Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + Mitsubishi UFJ Trust and Banking Corporation (non-consolidated) (without any adjustments)
<b>Commercial bank consolidated</b>	Bank of Tokyo-Mitsubishi UFJ (consolidated)

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## Outline of FY2012 Interim Results

## FY2012 interim key points



- **Interim net income was ¥290.4 bn, in line with target**

- Despite slowdown in Japan and overseas economies, initial target (¥290.0 bn) was achieved mainly due to strong Global Markets segment performance and low level of credit costs

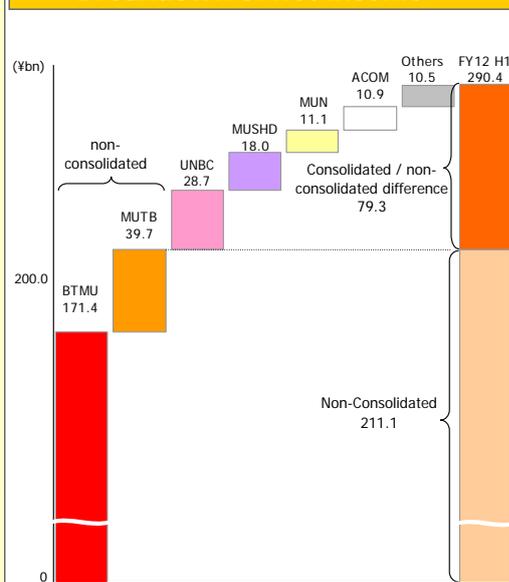
- **Solid performance of subsidiaries**

- MUSHD, MU NICOS and ACOM all posted profit along with UNBC. Difference between consolidated and non-consolidated net income was ¥79.3 bn

- **The implementation of medium-term business plan measures started well**

- Expanded our network and business alliance in emerging markets
- Strengthened cooperation between BTMU and MUSHD in Global Markets Business (established Integrated Global Markets Business Group). Increased offices co-managed with Global segment and Global Markets segment
- Increased cross-border M&A transactions by utilizing strategic alliance with Morgan Stanley

### Breakdown of net income\*1



\*1 The above figures take into consideration the percentage holding in each subsidiary (after-tax basis)

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- ✓ Consolidated interim net income was 290.4 billion yen. We achieved our initial target, despite ongoing challenges in our environment including weak equity market due to uncertainty in the domestic and overseas economies.
- ✓ UNBC, Mitsubishi UFJ Securities Holdings, Mitsubishi UFJ NICOS and ACOM are all recording steady profits and the difference between consolidated and non-consolidated net income was 79.3 billion yen.
- ✓ Six months has passed since the start of our medium-term business plan, and we are steadily establishing a firm foundation addressing the three-year period.
- ✓ Overseas, we have further expanded our network in emerging markets. With regards to our global markets business, we expanded offices co-managed by Global and Global Markets segment and we have established an integrated Global Markets Business Group. Further, regarding the alliance with Morgan Stanley, we are steadily building a good track record in cross-border M&A advisory and other areas.

## FY2012 H1 summary (Income statement) (Consolidated)



### Net business profits

- Net interest income decreased due to lower deposits and lending income, lower interest income in Global Markets segment and lower income from consumer-finance subsidiaries, partially offset by an increase in lending income in overseas business. Gross profits, however, increased mainly due to an increase in income from sales and trading, and net gains on debt securities
- G&A expenses increased slightly due to an increase in costs to strengthen overseas business
- Net business profits slightly increased

### Total credit costs

- Increased mainly due to non-consolidated credit costs caused by revision of debtor credit ratings which reflected downturn in businesses of large borrowers

### Net losses on equity securities

- Increased due to an increase in the cost of write-down, resulting from lower share prices

### Net income

- Net income excluding one-time negative goodwill decreased by ¥114.9 bn due to net extraordinary losses in addition to the above

Reference (¥)	FY11 H1	FY12 H1	Change
EPS	48.58	19.90	(28.68)
EPS <sup>3</sup>	28.03	19.90	(8.13)

<sup>3</sup> Excluding negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

### Income statement (¥bn)

Income statement (Consolidated)		FY11	FY12 H1	Change
1	Gross profits	3,502.0	1,831.6	41.7
	(before credit costs for trust accounts)			
2	Net interest income	1,840.5	876.2	(31.5)
3	Trust fees	96.9	46.0	(3.2)
4	Net fees and commissions	964.2	472.4	(1.6)
5	Net trading profits	225.5	133.9	36.5
6	Net other business profits	374.7	302.9	41.5
7	Net gains (losses) on debt securities	270.3	275.2	53.6
8	G&A expenses	1,994.5	1,014.4	24.2
9	Net business profits	1,507.4	817.1	17.4
10	Total credit costs <sup>1</sup>	(193.4)	(62.2)	(33.6)
11	Net gains (losses) on equity securities	(88.6)	(173.5)	(76.7)
12	Losses on write-down of equity securities	(79.2)	(186.8)	(79.6)
13	Other non-recurring gains (losses) <sup>2</sup>	246.6	(11.2)	(295.7)
14	Ordinary profits	1,471.9	570.0	(388.5)
15	Net extraordinary gains (losses)	(23.8)	(26.9)	(31.4)
16	Total of income taxes-current and income taxes-deferred	(376.4)	(194.7)	14.6
17	Minority interests	(90.2)	(57.8)	(0.1)
18	Net income	981.3	290.4	(405.6)
19	Without one-time effect of negative goodwill	690.6	290.4	(114.9)

Income statement (Non-consolidated)		FY11	FY12 H1	Change
20	Gross profits	2,362.0	1,257.8	40.9
	(before credit costs for trust accounts)			
21	G&A expenses	1,191.0	608.3	19.9
22	Net business profits	1,171.0	649.5	21.0
23	Total credit costs <sup>1</sup>	(134.5)	(28.5)	(134.0)
24	Ordinary profits	853.4	373.3	(107.3)
25	Net income	544.9	211.1	(106.7)

<sup>1</sup> Credit costs for trust accounts + Provision for general allowance for credit losses  
<sup>2</sup> Credit costs (included in non-recurring gains/losses) + Reversal of allowance for credit losses  
<sup>3</sup> Reversal of reserve for contingent losses included in credit costs + Gains on loans written-off

<sup>2</sup> Included Profits (losses) from investments in affiliates and provision for losses on interest repayment

Please see pages 10-20 of the MUFG Databook

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- ✓ Please see the table on the right.
- ✓ Gross profits (Line 1), increased 41.7 billion yen over the interim period of the previous fiscal year, primarily due to an increase in gains on sale of debt securities. Net interest income (Line 2), and net fees & commissions (Line 4), are explained in more detail on page 6.
- ✓ G&A expenses (Line 8), increased by 24.2 billion yen as we strengthened resource allocation, mainly overseas. As a result, net business profits (Line 9), increased 17.4 billion yen.
- ✓ Total credit costs (Line 10), were 62.2 billion yen, lower than our assumption of 100.0 billion yen for the interim period. Although credit costs increased compared to the interim period of last fiscal year, overall it remain very subdued.
- ✓ In net gains (losses) on equity securities (Line 11), we recorded a cost of 173.5 billion yen as lower share prices resulted in write-downs 76.7 billion yen greater than in the previous interim period.
- ✓ In other non-recurring gains (losses) (Line 13), worsened 295.7 billion yen due to the absence of 290.6 billion yen in negative goodwill recorded in June 2011 when Morgan Stanley was made an equity method affiliate.
- ✓ As a result, interim net income was 290.4 billion yen. Although this represents a year-on-year decrease, we achieved our target.



**Breakdown of net interest income (Managerial accounting base)**

Total : Down ¥31.5 bn	Non-consolidated : Down ¥17.1 bn. Subsidiaries : Down ¥14.3 bn
(1) Lending income (non-consolidated)	(1) Up ¥6.8 bn from FY11 H1 as declines in Retail and Corporate segments were offset by increased average lending balance and improved spread in Global segment
(2) Yen deposits income (non-consolidated)	(2) Down ¥17.6 bn from FY11 H1 as Retail segment decreased in particular due to lower market interest rates
(3) Market income & others (non-consolidated)	(3) Down ¥6.5 bn from FY11 H1 mainly due to effects of lower market interest rates on yen-denominated ALM
(4) MU NICOS/ACOM	(4) Down ¥17.8 bn from FY11 H1 as loan balance declined due to continued effects of the regulation of total borrowing amount
(5) UNBC	(5) Up ¥5.6 bn from FY11 H1 due to increase in residential mortgage and commercial and industrial lending

**Breakdown of net fees & commissions (Managerial accounting base)**

Total : Down ¥1.6 bn	Non-consolidated : Up ¥4.5 bn. Subsidiaries : Down ¥6.1 bn
(1) Investment products sales (non-consolidated)	(1) Unchanged (down ¥0.6 bn from FY11 H1) as investment trust sales income declined, but income from insurance annuity and financial products intermediation performed well
(2) Investment banking (domestic, non-consolidated)	(2) Up ¥3.4 bn from FY11 H1 on strong performance in the syndicated loan and structured finance businesses
(3) Overseas commissions (non-consolidated)	(3) Up ¥5.5 bn on strong performance in the structured finance and trade finance businesses
(4) Others (non-consolidated)	(4) Down ¥3.8 bn due to decrease in guarantee commission of private notes, etc
(5) Subsidiaries	(5) Down ¥6.1 bn due primarily to sluggish markets resulting in declines in income from investment management subsidiary in particular

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- ✓ I would like to explain the primary factors contributing to increases and decreases in net interest income and net fees & commissions, on a managerial accounting base.
- ✓ First, net interest income decreased 31.5 billion yen. 17.1 billion yen decrease in non-consolidated and 14.3 billion yen decline from subsidiaries.
- ✓ On a non-consolidated basis, lower interest rates led to declines in yen deposits income of 17.6 billion yen and Global Markets income including interest on debt securities of 6.5 billion yen.
- ✓ On the other hand, lending income increased by 6.8 billion yen as the Global banking segment offset decrease in the domestic business.
- ✓ At subsidiaries, a decline of 17.8 billion yen due to a decrease in loan balances at MU NICOS and ACOM, however UNBC and others increased.
- ✓ Next, non-consolidated net fees & commissions increased 4.5 billion yen, but decreased 1.6 billion yen on a consolidated basis due to 6.1 billion yen decline at subsidiaries.
- ✓ On a non-consolidated basis, earnings from insurance sales and financial products intermediation, offset a decrease in profits from sales of investment trusts. Earnings from investment banking in Japan and overseas commissions continued to be strong.
- ✓ At subsidiaries, income from investment management subsidiary declined primarily due to sluggish stock markets.

## Initiatives for FY2012 H2



- Aiming for achievement of medium-term business plan targets; Key initiatives in FY2012 H2:

### Retail

- (1) **Strengthen sales of investment products** : Enhance products, strengthen professional support staff for counter sales, roll out of about 2,000 tablet computers at BTMU branches
- (2) **Strengthen total asset marketing through intra-Group collaboration** : Address customers' inheritance/real estate/asset management needs by strengthening BTMU/MUTB/MUMSS collaboration
- (3) **Increase unsecured consumer loans** : Expand sales of BTMU card loans (BANQUIC). ACOM's loan balance is forecast to bottom-out
- (4) **Promote MU NICOS as main card for customers** : Increase acquisition of high-use cards and revolving payments on major allied cards

### Corporate

- (1) **Increase core transactions: lending, settlement, forex, etc** : Provide high value-added proposals for business inheritance, rationalization of settlement transaction and overseas expansion
- (2) **Increase event finance mandates** : Cooperate between BTMU and MUMSS, leverage Morgan Stanley's global network
- (3) **Strengthen trust businesses (securities agency, real estate, corporate pensions)** : Deepen BTMU/MUTB collaboration
- (4) **Discover and support growing companies** : Apply Group's diverse financial functions

### Global

- Please refer to pages 26-32

### Trust Assets

- (1) **Expand pension business** : Further reinforce BTMU/MUTB collaboration, improve investment performance and develop products with alliance partners
- (2) **Expand investment trust business** : Increase cooperation with distributors inside and outside of Group, strengthen asset management and product development
- (3) **Increase cooperation with alliance partners** : Provide new products from strategic partners (Aberdeen, AMP, etc) and expand sales of existing partner products

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✓Having discussed the first half results, we will now look at Initiatives at customer division for the second half of fiscal 2012.

## FY2012 financial targets

(Consolidated/Non-consolidated)



- No changes to FY12 net income target to ¥670.0 bn

### <Financial Targets>

#### <Consolidated>

	FY11		FY12		Change
	Interim (Results)	Full year (Results)	Interim (Results)	Full year (Targets)	
1 Ordinary profits	¥958.6 bn	¥1,471.9 bn	¥570.0 bn	¥1,110.0 bn	-
2 Net income	¥696.0 bn	¥981.3 bn	¥290.4 bn	¥670.0 bn	-
3 Net income (w/o MS negative goodwill)	¥405.4 bn	¥690.6 bn	¥290.4 bn	¥670.0 bn	-
4 Total credit costs	¥28.6 bn	¥193.4 bn	¥62.2 bn	¥160.0 bn	¥(50.0) bn

#### <Non-consolidated>

5 Net business profits	¥628.4 bn	¥1,171.0 bn	¥649.5 bn	¥1,145.0 bn	¥130.0 bn
6 Ordinary profits	¥480.6 bn	¥853.4 bn	¥373.3 bn	¥800.0 bn	¥(20.0) bn
7 Net income	¥317.9 bn	¥544.9 bn	¥211.1 bn	¥540.0 bn	-
8 Total credit costs	¥0.5 bn	¥134.5 bn	¥28.5 bn	¥85.0 bn	¥(25.0) bn

(Note) Total credit costs include gains on loans written-off

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- ✓ As regards our financial targets for the current fiscal year, and in light of results from the first half of the year, we have made some small revisions to non-consolidated net business profits and credit costs targets.
- ✓ However, there is no change to the initial target for net income as announced in May. By focusing on strengthening profits in customer division, we aim to achieve our targets for this year.
- ✓ That ends the explanation of financial results.
- ✓ Next, we will continue with discussion of our growth strategy. Please turn to page 25.

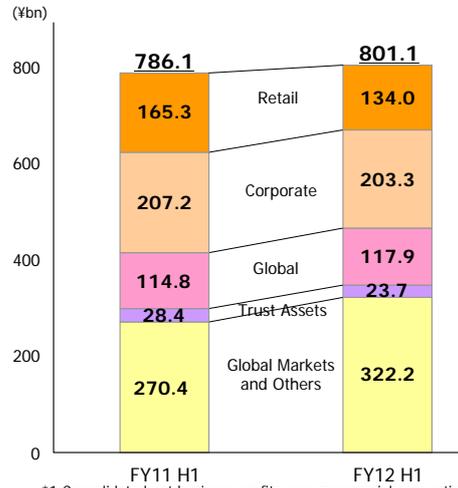
# Outline of results by business segment (Consolidated)

(Consolidated)

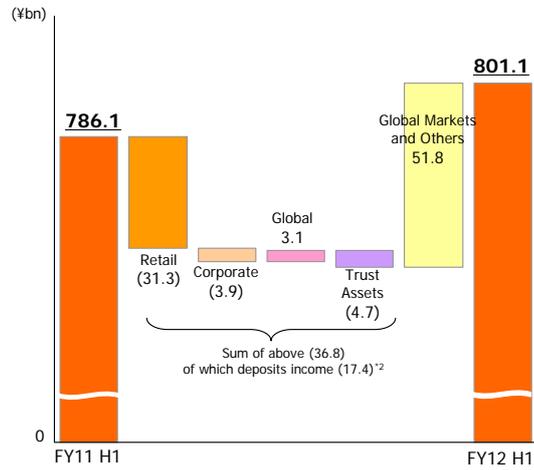


- Net operating profits increased by ¥15.0 bn from FY11 H1, mainly due to higher net business profits from Global Markets segment, coupled with those from Global segment by higher lending related income, which were offset by lower profits from Retail, Corporate and Trust Assets segments

## Net operating profits by segment\*1



## Breakdown of changes in net operating profits



\*1 Consolidated net business profits on a managerial accounting base

\*2 Deposits income is non-consolidated figures

Please see page 40 of the MUFG Databook

# Retail

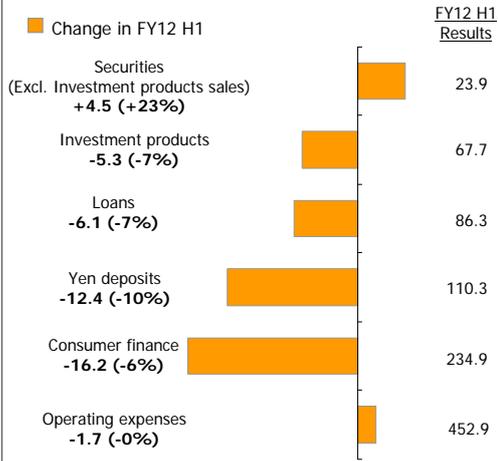
(Consolidated)



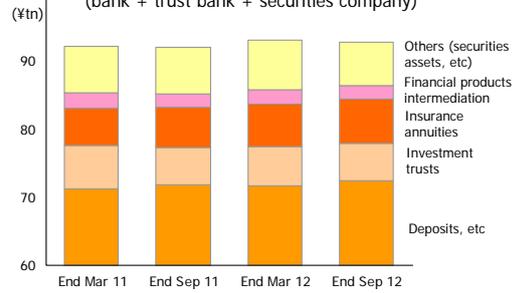
- Net operating profits ¥134.0 bn, down ¥31.3 bn from FY11 H1  
 — Securities were strong, while revenues from consumer finance and yen deposits decreased

## Change in net operating profits

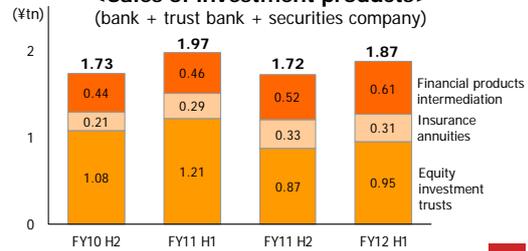
**FY12 H1 ¥134.0 bn (down ¥31.3 bn from FY11 H1)**



## <Balance of overall customer assets> (bank + trust bank + securities company)



## <Sales of investment products> (bank + trust bank + securities company)



Please see pages 41-46 of the MUFG Databook

# Corporate

(Consolidated)



- Net operating profits ¥203.3 bn, down ¥3.9 bn from FY11 H1  
 — Other investment banking and solutions income increased but lending and deposit income decreased

## Change in net operating profits

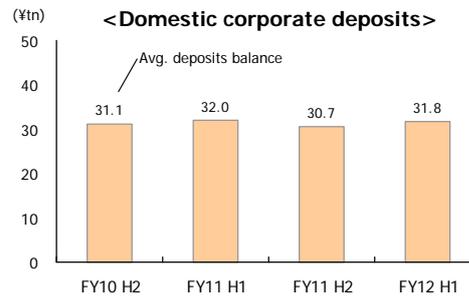
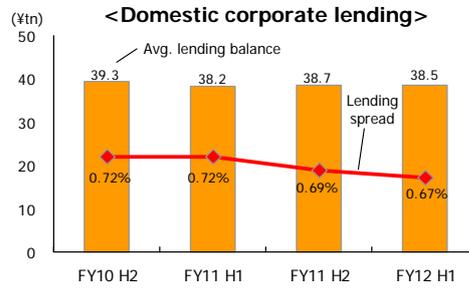
**FY12 H1 ¥203.3 bn (down ¥3.9 bn from FY11 H1)**

Change in FY12 H1	FY12 H1 Results
Other investment banking business <sup>*1</sup> +8.6 (+25%)	42.6
Solution business <sup>*2</sup> +7.4 (+10%)	81.7
Securities company +3.9(+14%)	31.2
Settlements -0.7 (-1%)	83.7
Deposits income -5.2 (-10%)	46.8
Lending income -7.9 (-6%)	133.2
Operating expenses -4.6 (-2%)	218.3

\*1 Customer derivatives, underwriting, etc

\*2 Structured finance, securitization and domestic syndicated loans

Please see pages 47-51 of the MUFG Databook



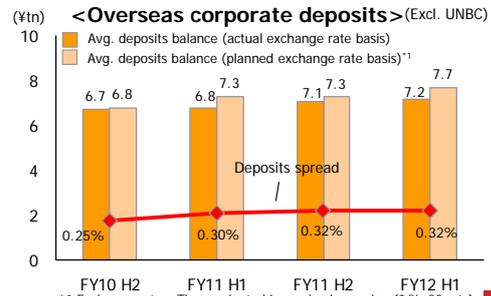
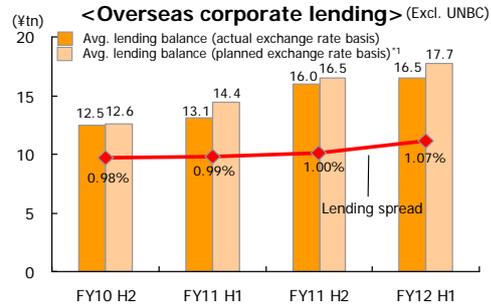
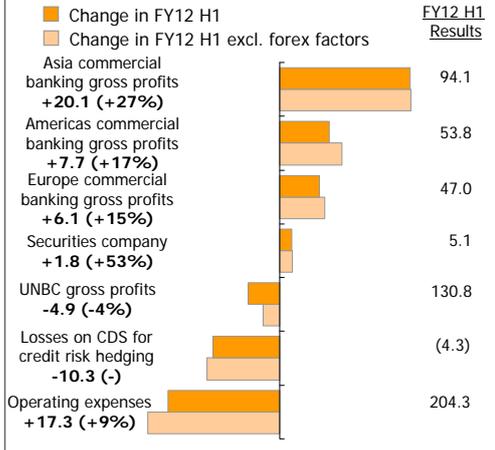


- Net operating profits ¥117.9 bn, up ¥3.1 bn from FY11 H1 (up ¥4.4 bn if excluding forex factors)

— Asia, Americas, Europe commercial banking were strong. Lending increased steadily

**Change in net operating profits**

**FY12 H1 ¥117.9 bn (up ¥3.1 bn from FY11 H1)**  
(up ¥4.4 bn from FY11 H1 excl. forex factors)



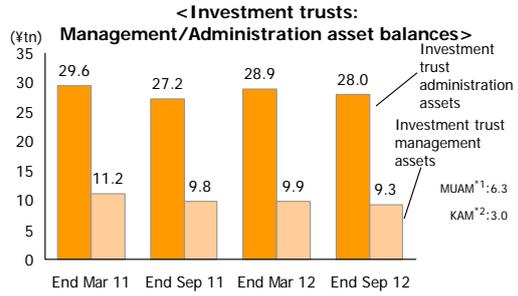
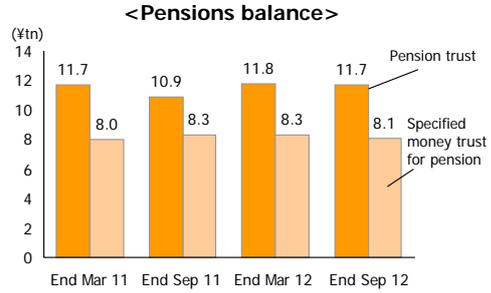
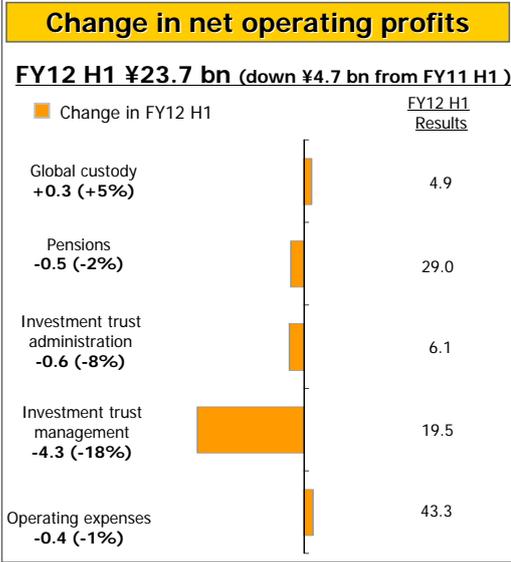
Please see pages 52-56 of the MUFG Databook

\*1 Exchange rates: Those adopted in our business plan (\$/¥=83, etc)

# Trust Assets

(Consolidated) 

- Net operating profits ¥23.7 bn, down ¥4.7 bn from FY11 H1
  - Global custody business was firm, but investment trust management profits decreased partly due to market slump



Please see pages 57-60 of the MUFG Databook

\*1 MUAM: Mitsubishi UFJ Asset Management  
\*2 KAM: KOKUSAI Asset Management

# FY2012 H1 summary (Balance sheets)

(Consolidated)



- **Loans**
  - Increased slightly from end Mar 12 mainly due to higher domestic corporate loans and overseas loans
- **Investment securities**
  - Decreased from end Mar 12 mainly due to a decrease in domestic equity securities, Japanese government bonds and foreign bonds
- **Deposits**
  - Increased slightly from end Mar 12 mainly due to higher individual deposits
- **Non performing loans (“NPLs”)**
  - Both NPLs and NPL ratio increased slightly from end Mar 12 caused by downgrade of debtor credit ratings of large borrowers
- **Net unrealized gains (losses) on securities available for sale**
  - Decreased from end Mar 12 mainly due to lower unrealized gains on equity securities, partially offset by an increase in unrealized gains on Japanese government bonds and foreign bonds

Balance sheets (¥bn)		End Mar 12	End Sep 12	Change from End Mar 12
1	Total assets	218,861.6	218,641.1	(220.4)
2	Loans(Banking+Trust accounts)	84,640.0	84,828.4	188.3
3	Loans(Banking accounts)	84,492.6	84,681.1	188.4
4	Domestic corporate loans <sup>**</sup>	45,634.7	45,770.0	135.3
5	Housing loans <sup>**</sup>	16,866.0	16,691.6	(174.3)
6	Overseas loans <sup>**</sup>	19,947.1	20,149.1	202.0
7	Investment securities (banking accounts)	78,264.7	77,276.8	(987.9)
8	Domestic equity securities	4,216.5	3,724.7	(491.8)
9	Japanese government bonds	48,562.7	48,073.9	(488.7)
10	Foreign bonds	18,772.0	18,671.9	(100.1)
11	Receivables under resale agreements and Receivables under securities borrowing transactions	7,809.5	8,114.9	305.4
12	Total liabilities	207,185.8	206,774.2	(411.5)
13	Deposits	124,789.2	125,085.8	296.6
14	Individual deposits (Domestic branches)	65,844.3	66,481.1	636.7
15	Payables under repurchase agreements and Payables under securities lending transactions	18,564.7	18,226.8	(337.9)
16	Total net assets	11,675.7	11,866.9	191.1
17	FRL disclosed loans <sup>**3</sup>	1,582.1	1,651.1	68.9
18	NPL ratio <sup>**1</sup>	1.77%	1.87%	0.09%
19	Net unrealized gains (losses) on securities available for sale	832.0	699.6	(132.4)
20	Capital ratio	14.91%	14.30%	(0.60%)
21	(Tier1 ratio)	12.31%	12.57%	0.26%
22	Risk-adjusted assets	85,456.5	86,117.9	661.3

<sup>\*\*1</sup> Non-consolidated+trust accounts  
<sup>\*\*2</sup> Loans booked in overseas branches, UnionBanCal Corporation and BTMU(China)  
<sup>\*\*3</sup> FRL=the Financial Reconstruction Law

Please see pages 21, 69 of the MUFG Databook

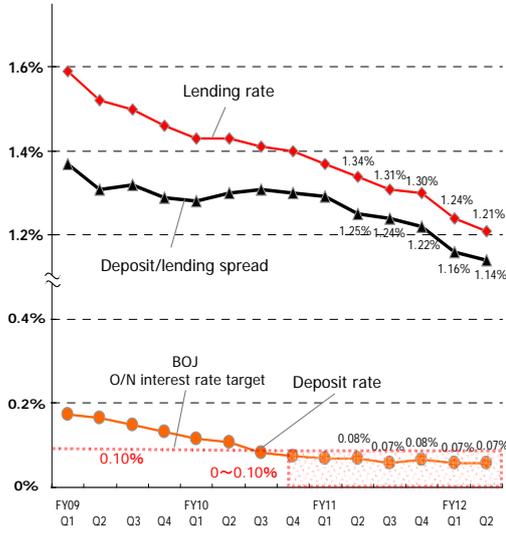
# Domestic deposit/lending rates

(Non-consolidated)

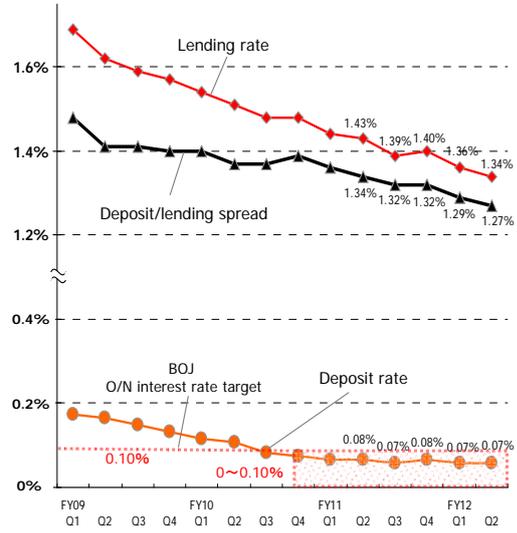


- Deposit/lending spread in FY12 Q2 decreased mainly due to a decline in lending rate

Domestic deposit/lending rates



Domestic deposit/lending rates (Excl. Lending for government)

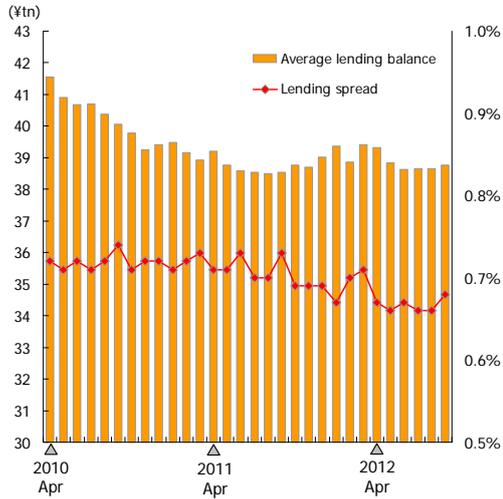


# Domestic and overseas lending(1)



- Balance of domestic corporate lending showing progress and retreat, while overseas corporate lending expanded constantly

Domestic corporate lending/Spread\*1

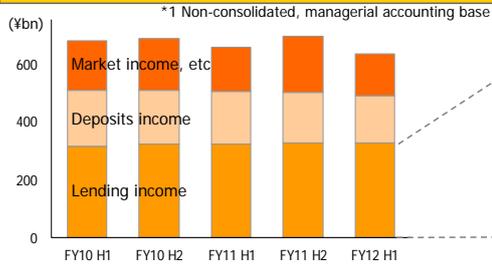


# Domestic and overseas lending(2)

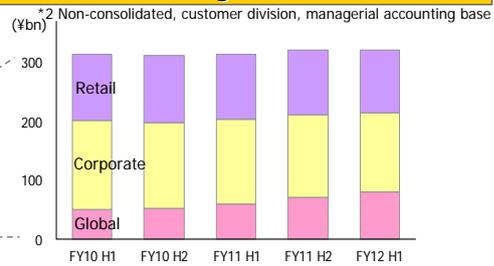


- Although net interest income was on a declining trend, growth in lending income from Global segment more than offset lower lending income from Corporate and Retail segments
- Total average lending balance of domestic corporate and overseas Japanese corporate is on an increasing trend

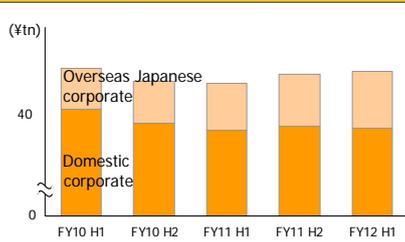
## Net interest income\*1



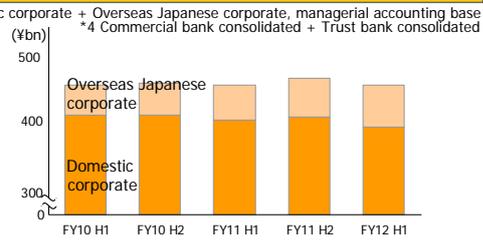
## Lending income\*2



## Average lending balance\*3\*4



## Gross profits\*3\*4



(Note) Exchange rates: Those adopted in our business plan (\$/¥=83, etc)

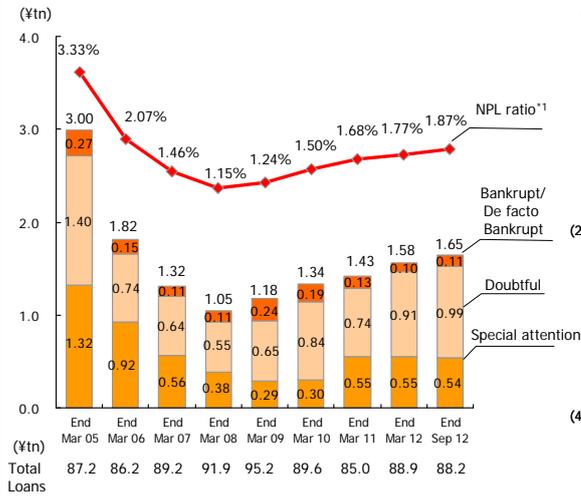
# Loan assets

(Consolidated/Non-consolidated)

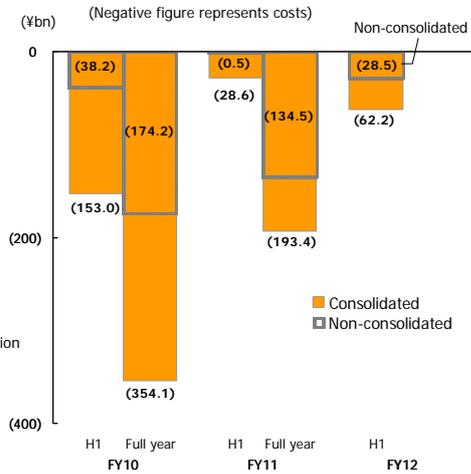


- NPLs increased from end Mar 12 mainly due to higher doubtful loans. NPL ratio was 1.87%
- Total credit costs increased by ¥33.6 bn from FY11 H1 to ¥62.2 bn on consolidated basis. ¥28.5 bn on non-consolidated basis

Balance of FRL disclosed loans (non-consolidated)



Total credit costs\*2



\*1 Non performing loan / Total loans

\*2 Figures included gains on loans written-off

Please see pages 62-64 of the MUFG Databook

## Exposures in European peripheral countries



- Exposures to European peripheral countries in BTMU consolidated were limited compared to the size of consolidated total assets

### Exposures (commercial bank consolidated)

	End Mar 12	End Sep 12
Spain	Approx.\$5.8 bn	Approx.\$5.2 bn
Italy	Approx.\$5.9 bn	Approx.\$6.1 bn
Ireland	Approx.\$0.3 bn	Approx.\$0.2 bn
Portugal	Approx.\$0.6 bn	Approx.\$0.6 bn
Greece	Approx.\$0.3 bn	Approx.\$0.2 bn
<b>Total</b>	Approx.\$12.9 bn	Approx.\$12.2 bn

### Balance of sovereign bonds (MUFG)

	End Mar 12	End Sep 12
Spain	Approx.\$0.7 bn	Approx.\$0.1 bn
Italy	Approx.\$2.8 bn	Approx.\$1.5 bn
Ireland	-	-
Portugal	\$0.0 bn	\$0.0 bn
Greece	-	-
<b>Total</b>	Approx.\$3.5 bn	Approx.\$1.6 bn

### Limited exposures

#### Exposures (BTMU consolidated)

- No exposures to sovereign borrowers
- More than 90% of exposures were to industrial corporations and structured finance
- Exposures to Spain and Italy were mainly for infrastructure, such as electricity, gas and telecommunications, etc
- Limited exposures to financial institutions
- Exposures including CDS hedge were approx. \$11.1bn

#### Balance of sovereign bonds (MUFG)

- No Greek or Irish government bonds
- Hold-to-Maturity accounting has been used for most of Italian government bonds which will be redeemed within next 2 years

# Holdings of investment securities

(Consolidated)



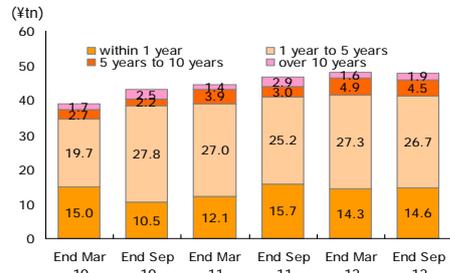
- Maintained high level of unrealized gains, though unrealized gains on domestic and foreign equity securities decreased followed by weak stock performance

## Breakdown of other securities (with market value)

(\$bn)	Balance		Unrealized gains(losses)	
	End Sep 12	Change from End Mar 12	End Sep 12	Change from End Mar 12
1 Total	74,094.1	(737.5)	699.6	(132.4)
2 Domestic equity securities	2,870.3	(463.5)	61.5	(260.1)
3 Domestic bonds	50,862.1	(704.6)	263.9	46.4
4 Government bonds	47,544.0	(461.7)	201.0	45.8
5 Others	20,361.6	430.6	374.0	81.2
6 Foreign equity securities	150.2	(20.0)	31.8	(18.3)
7 Foreign bonds	17,960.6	38.7	330.4	69.7
8 Others	2,250.7	412.0	11.7	29.8

End Sep 12 TOPIX:737.42, JGB(10yrs):0.77%

## Redemption schedule of JGB\*1



\*1 Other securities with maturities and debt securities being held to maturity. Non-consolidated

## JGB Duration\*2



\*2 Non-consolidated

Please see page 65 of the MUFG Databook

# Mitsubishi UFJ Securities Holdings

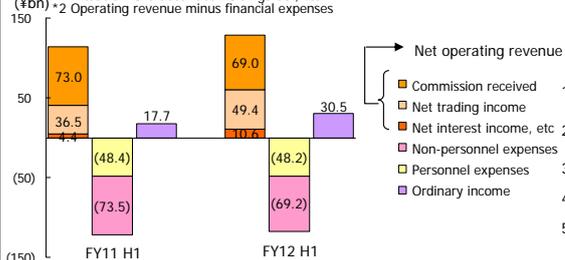


- FY12 H1 net income ¥18.0 bn as trading income increased driven by client transaction flow and G&A expenses steadily decreased, despite sluggish market conditions causing a decline in commission income
- MUMSS (non-consolidated) profits up strongly due to good trading performance and winning of lead manager mandates on large IPO

## Results of MUSHD

<MUSHD <sup>*1</sup> consolidated>		FY11	FY12 H1	Change from FY11 H1
(¥bn)				
1	Net operating revenue <sup>*2</sup>	238.5	129.1	15.0
2	Selling, general and administrative expenses	240.1	117.5	(4.4)
3	Operating income	(1.5)	11.5	19.4
4	Ordinary income	38.1	30.5	12.7
5	Extraordinary income	(13.6)	(1.1)	(5.6)
6	Net income	16.5	18.0	(1.6)

\*1 Mitsubishi UFJ Securities Holdings Co., Ltd.  
\*2 Operating revenue minus financial expenses



## Results of MUMSS

<MUMSS <sup>*3</sup> non-consolidated>		FY11	FY12 H1	Change from FY11 H1
(¥bn)				
1	Net operating revenue <sup>*2</sup>	170.1	94.8	13.3
2	Selling, general and administrative expenses	169.6	81.6	(5.0)
3	Operating income	0.4	13.1	18.3
4	Ordinary income	2.7	14.3	18.7
5	Net income	(16.7)	18.9	22.0

\*3 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

### <MUMSS non-consolidated quarterly base>

	(¥bn)	FY11				FY12	
		Q1	Q2	Q3	Q4	Q1	Q2
1	Net operating revenue <sup>*2</sup>	37.6	43.7	37.5	51.0	43.1	51.6
2	Selling, general and administrative expenses	43.6	42.9	39.2	43.7	40.0	41.5
3	Operating income	(5.9)	0.7	(1.6)	7.3	3.1	10.0
4	Ordinary income	(5.5)	1.1	(1.1)	8.3	3.9	10.4
5	Net income	(5.4)	2.2	(22.1)	8.4	5.7	13.1

# Consumer finance



- Number of requests for interest repayment declining at both MU NICOS and ACOM
- Both companies posted profits in FY12 H1

## Results of MU NICOS

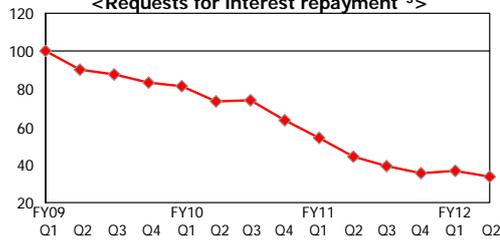
(¥bn)	FY11	FY12 H1	y-o-y	FY12 (plan)
1 Operating revenue	281.2	133.0	(8.3)	274.5
2 Card shopping	160.8	79.8	1.6	-
3 Operating expenses	252.2	119.9	(7.1)	244.5
4 G&A expenses	228.3	114.9	3.9	229.8
5 Credit related costs	23.8	4.9	(11.1)	14.6
6 Repayment expenses	0.0	0.0	0.0	0.0
7 Operating income	29.0	13.1	(1.1)	29.9
8 Underlying earnings(6+7)	29.0	13.1	(1.1)	29.9
9 Ordinary profits	29.5	13.2	(1.0)	30.4
10 Net income	28.7	13.1	(0.5)	31.0

## Results of ACOM

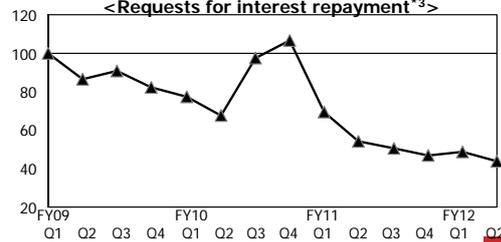
(¥bn)	FY11	FY12 H1	y-o-y	FY12 (plan)
1 Operating revenue	210.4	97.8	(10.1)	186.9
2 Operating expenses	179.5	69.4	(6.4)	145.6
3 G&A expenses	71.8	36.1	(0.1)	74.1
4 Provision for bad debts	34.7	21.8	(5.6)	47.2
5 Provision for loss on interest repayment	48.8	0.0	0.0	0.0
6 Operating income	30.8	28.3	(3.7)	41.3
7 Underlying earnings(5+6)	79.6	28.3	(3.7)	41.3
8 Net income	21.4	27.2	(1.1)	40.5
9 Guaranteed receivables (Non-consolidated)	483.2	557.0	92.8	570.0
10 Unsecured consumer loans (Non-consolidated)	779.9	713.7	(112.1)	698.0
11 Share of loans <sup>1</sup>	31.6%	31.2% <sup>2</sup>	+0.8 % <sup>2</sup>	

<sup>1</sup> ACOM unsecured consumer loan balance (non-consolidated) / Consumer finance industry loan balance (Source) Japan Financial Services Association  
<sup>2</sup> As of end Aug 12

<Requests for interest repayment\*3>



<Requests for interest repayment\*3>



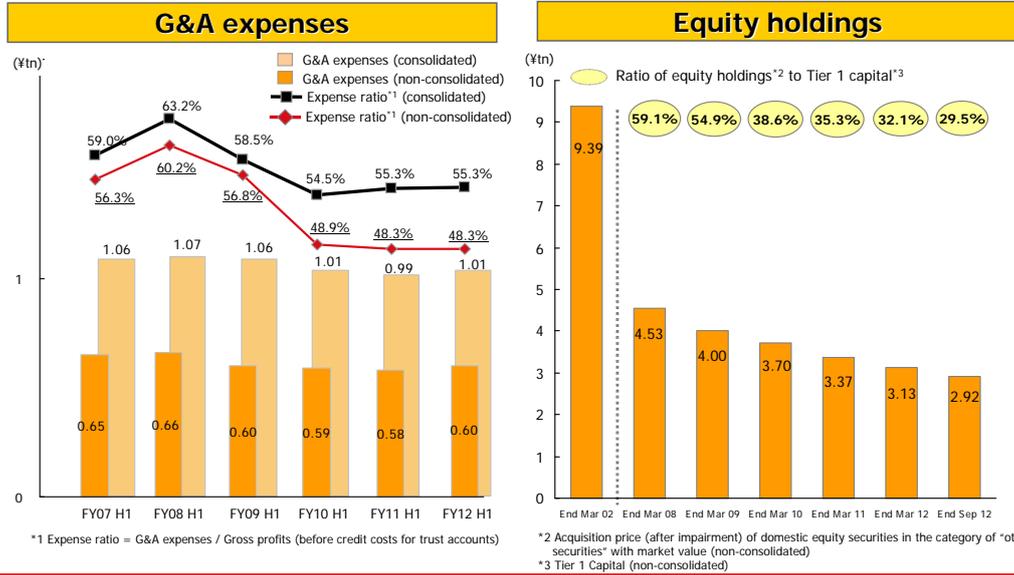
\*3 Requests for interest repayment in FY09 Q1 = 100

# Expenses/Equity holdings

(Consolidated/Non-consolidated)



- Expenses increased slightly due to distribute resource to strengthening business areas to increase profits while maintain corporate-wide cost reduction efforts. Consolidated expense ratio was flat 55.3% y-o-y, non-consolidated expense ratio also flat 48.3% y-o-y
- Sold equity holdings by approx. ¥15.0 bn in FY12 H1. Continue to reduce equity holdings to minimize stock price fluctuation risk on capital, while considering market conditions



## **Growth strategy of medium-term business plan**

## Growth strategy



- Above mentioned business strategies, the businesses below are the principal earnings drivers and aims for sustainable growth

- Global strategy by regions including emerging markets (Asia, Americas, EMEA)
- Transaction banking business
- Sales & Trading business
- Project finance
- Global strategic alliance with Morgan Stanley
- Integrated corporate & retail business
- Investment product sales
- Consumer finance
- Global asset management & administration strategy

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✓As I explained at the results meeting in May, the businesses listed on this page will be our earnings drivers under the new medium-term business plan. I will explain these growth strategies.

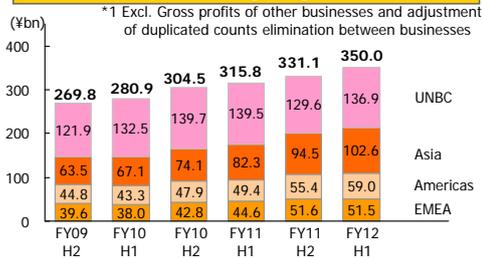
# Global strategy

(Commercial bank Consolidated)

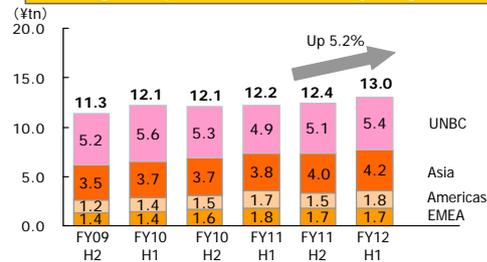


- Solid increase in gross profits
- Expanded our lending in the Asia, Americas and EMEA. Customer deposits also growing well. In addition, due to our strict credit controls, the risk-monitored overseas loans ratio remains at a low level

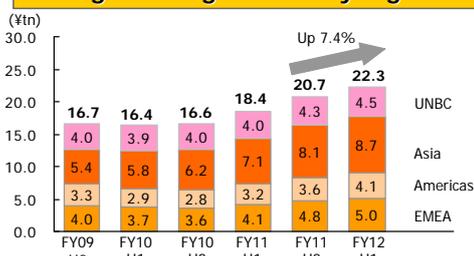
Gross profits by regions\*1\*2



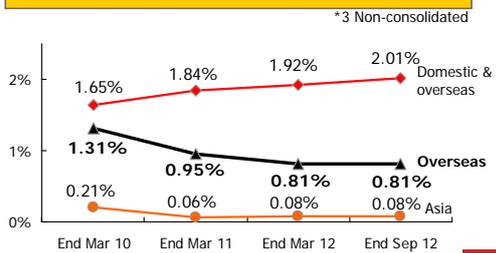
Average deposits balance by regions\*2



Average lending balance by regions\*2



Risk-monitored overseas loan ratio\*3



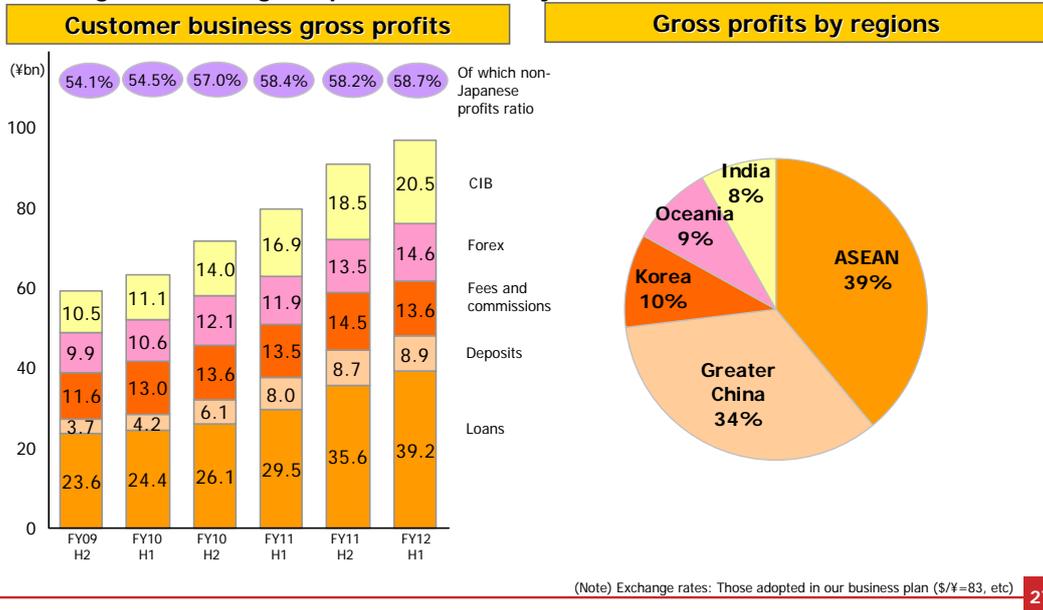
- ✓The first point is our global strategy.
- ✓The chart on the upper left shows that overseas gross profits are growing steadily in each region. The core driver of this growth is increases in the lending balance, as can be seen in the chart on the lower left. Funding is not a concern, and the graph on the upper right shows our steadily growing deposits balance.
- ✓The graph on the lower right shows that despite the rapid increase in overseas lending our risk-monitored overseas loan ratio has declined, and remains low. There will be no change to our strict credit risk management policy.

## Asia strategy(1)

(Commercial bank Consolidated)



- Solid increase in gross profits with both Japanese and non-Japanese. Growing in CIB and forex income in addition to income from loans. Ensuring a good revenue balance in each region
- Aiming to increase gross profits for FY14 by 50% from FY11



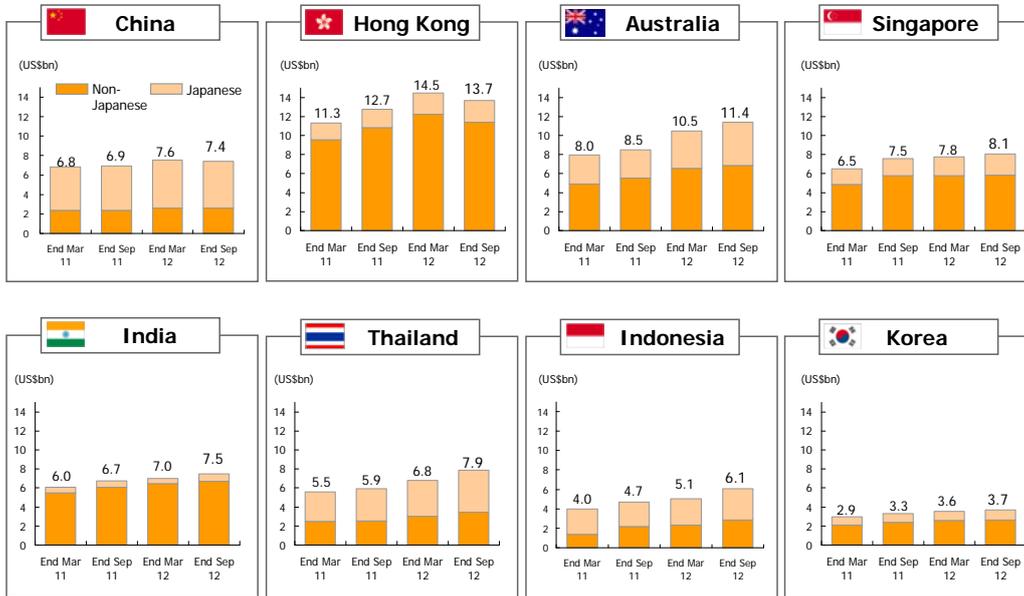
- ✓First is Asia, where growth expectations are high.
- ✓The chart on the left shows a steady uptrend in our gross profits from Asia. Together with increases in interest income (income from loans and deposits), non-interest income grew as well.
- ✓The pie chart on the right shows a regional breakdown of gross profits. You can see that there is a good profit balance across ASEAN, Greater China, India and the others.
- ✓We are continuing to work toward our stated target of increasing gross profits in Asia by 50% in the three years from 2011.

## Asia strategy(2)

(Commercial bank Consolidated)



- Increased total lending balance through adopting strategy to the characteristics of each market



(Note) Loans outstanding on consolidated basis, counted by the nationality of each borrower for internal management purpose. Excl. Financial institution. Please see page 74 of the MUFG databook for details

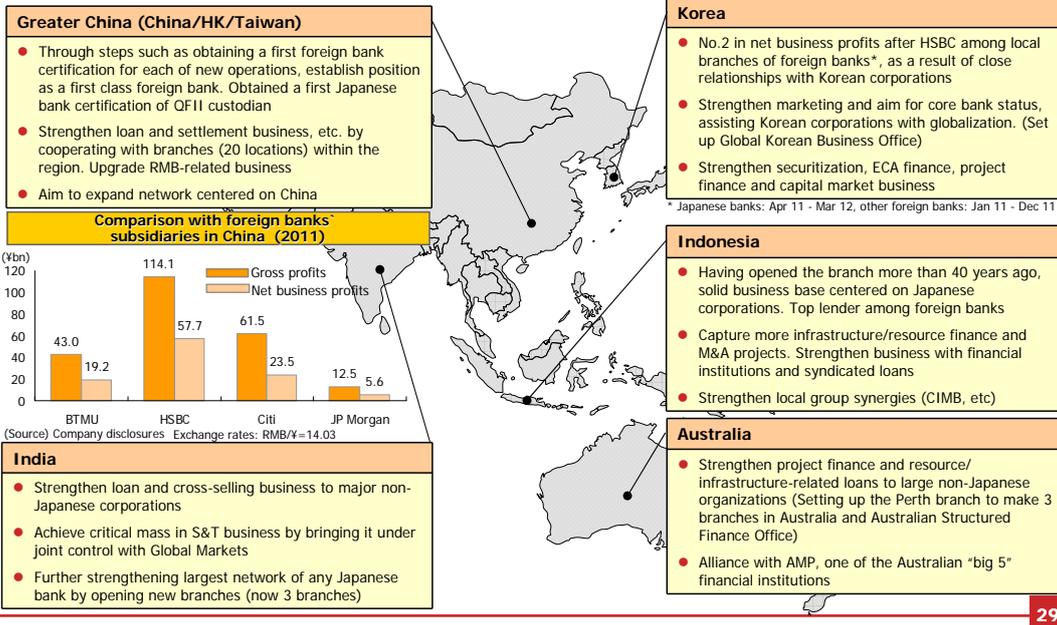
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- ✓ This page illustrates lending balances in Asian countries. Although China and Hong Kong are currently experiencing slight slowdown, lending is still growing steadily in the other countries.
- ✓ We are planning to further grow our lending balance by continuing to adopt our strategy to the characteristics of each market.

## Asia strategy(3)



- Upgrade the Asian business model and become established as the leading foreign bank
- Improve products and services while strengthening marketing within and beyond the region through BTMU/MUTB/MUSHD; improve regional governance by bringing Head Office functions to the Asian front line



- ✓ In Asia organic growth is the main pillar of our strategy, partly because of regulatory issues in various countries. As you can see we are implementing our strategies in each country and area.
- ✓ First, in Greater China shown on the upper left, we are further expanding our network, increasing cooperation within the region and enhancing RMB-related business.
- ✓ In India, the box below that, we are strengthening cross-selling to non-Japanese corporations and fully developing our sales and trading business.
- ✓ In South Korea on the upper right, we are to fully leveraging our experience in supporting Japanese companies' overseas expansion to make assisting Korean companies' global expansion a key strategic pillar of our business .
- ✓ In Indonesia, we are working to capture more infrastructure, natural resources finance and M&A deals and to further increase cooperation with our strategic and capital alliance partner CIMB.
- ✓ Finally, in Australia, we are looking to increase project finance and resources-related business and to deepen ties with AMP, one of Australia's top financial institutions.
- ✓ Through these initiatives, we aim to rapidly become one of Asia's top foreign banks.

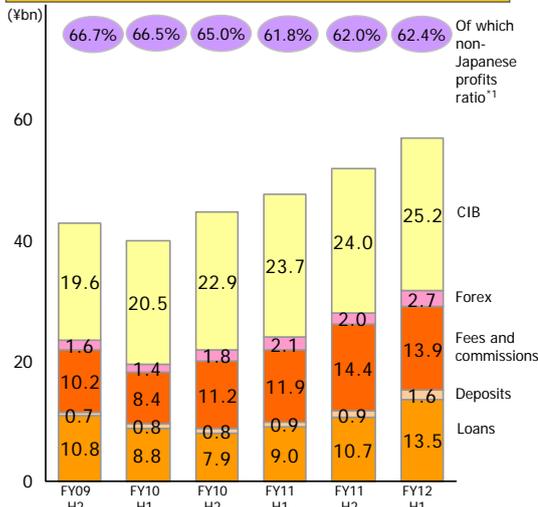
# Americas strategy(1)

(Commercial bank Consolidated)



- Americas gross profits (incl. UNBC) is approx. 60% of overseas revenues. Latin America business growing
- Aiming to increase gross profits for FY14 by 30% from FY11
- Aspire to achieve a premier position among U.S. banks by becoming one of the top 10 banking groups as measured by size and profitability

## Customer business gross profits (Excl. UNBC)



\*1 Excl. Latin America and others

## Key points of Americas strategies

- **Organic Growth**
  - Accelerate growth with expanding customer base and MUFG group collaboration
  - Achieve strong foundation with support functions, such as HR/IT/Risk management
- **Organizational Synergy between BTMU/UB**
  - Maximize opportunities with realizing revenue and cost synergies
- **Non-Organic Growth**
  - Unlock strategic potential. Actively pursue high value acquisition
- **Latin America**
  - Business promotion and enhancement based on country specific strategies by allocating necessary resources and enhancing structures. Gross profits FY12 H1 of Latin America and others ¥9.9 bn, up ¥2.9 bn from FY11 H1

(Note) Exchange rates: Those adopted in our business plan (\$/¥=83, etc)

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- ✓ Next is our Americas strategy. Including UNBC, gross profits from the Americas account for approximately 60% of overseas gross profits.
- ✓ In the chart on the left, you can see that Americas' gross profits are continuing to grow strongly.
- ✓ In North America, BTMU and Union Bank are focusing on organic growth and working to develop cooperative synergies. While if good investment opportunities arise, we will also use a non-organic approach. In Latin America, we are continuing to allocate resources and to improve our sales framework.
- ✓ Through these initiatives, we aim to increase gross profits for the Americas by 30% from 2011 in 2014, and to become a top 10 banking groups in the U.S. by size and profitability.

## Americas strategy(2)

(Commercial bank Consolidated)



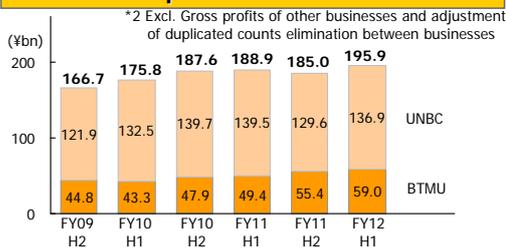
- UNBC performance was well. Loans and deposits increased steadily
- Actively consider high value acquisition fully using of strong equity capital base

### UNBC business performance

(US\$m)	FY10	FY11	FY12		
			Q1	Q2	Q3
1 Gross profits	3,347	3,294	855	834	843
2 Non-interest expenses	2,372	2,415	614	599	638
3 Net business profits	975	879	241	235	205
4 Provision for allowance for credit losses <sup>1</sup>	182	(202)	(1)	(14)	45
5 Net income	573	778	195	187	124

<sup>1</sup> Negative figures are reversal

### Gross profits in Americas<sup>\*2</sup>



Please see pages 26-29 of the MUFG Databook

### Acquisition of Pacific Capital Bancorp

#### ● Strategic implications

- Acquisition of a leading bank in Santa Barbara
- Expansion of retail business and branch network
- Provision of community-based banking services to customers in Santa Barbara and California's Central Coast area
- Provision of products and services in commercial and small business lending along with wealth management; expansion of revenue through enhancement of cross-selling and other approaches

#### ● Assets and deposits

- Assets: US\$ 5.9bn, Deposits: US\$ 4.6bn



(Note) Exchange rates: Those adopted in our business plan (\$/¥=83, etc)

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- ✓ In North America, our ownership of UNBC has proven to be a great strength for MUFG in comparison with other Japanese megabanks.
- ✓ As you can see in the table on the upper left, UNBC is performing well. The chart on the lower left shows that UNBC and BTMU delivered a combined gross profits approaching 200 billion yen for the six month period.
- ✓ UNBC will utilize its strong capital base to take advantage of opportunities for both organic and non-organic growth.
- ✓ Looking ahead, we will continue to proactively take advantage of high quality investment opportunities that comply with our internal standards.

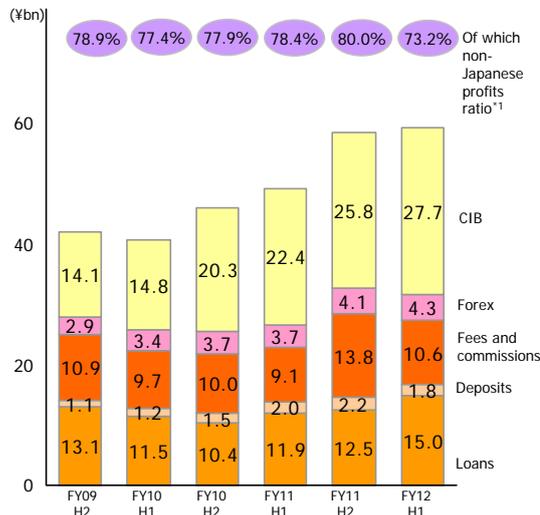
## EMEA strategy

(Commercial bank Consolidated)



- Based on individual strategies for each region, customer segment and operating segment, promoting cross selling to become a core bank of non-Japanese customers. CIB income growing due to successful cooperation with overseas securities subsidiaries
- Aiming to increase gross profits for FY14 by 20% from FY11

### Customer business gross profits



\*1 Incl. Middle East

### Key points of EMEA strategy

- **Expand business while taking into account European debt crisis, status of competitors and other factors**
  - Region: Core Europe, Middle East resource-rich countries, emerging countries (Russia, Turkey, South Africa, etc)
  - Customers: Quality non-Japanese major corporations, local entities of Japanese
  - Operations: CIB (project finance, syndicated loans, DCM in cooperation between BTMU and securities subsidiaries, etc), transaction banking
- **Enhance network in growth regions**
  - Increased capital at Russian subsidiary, established representative at Vladivostok
  - Upgraded Dubai office to branch status to strengthen supervisory functions in the Middle East
  - Decided to establish a subsidiary in Turkey and signed cooperation agreement with major Turkish bank Turkiye Is Bankasi A.S.
- **Strengthen operating base such as monitoring system of country conditions and risk management to support continuous growth**

(Note) Exchange rates: Those adopted in our business plan (\$/¥=83, etc)

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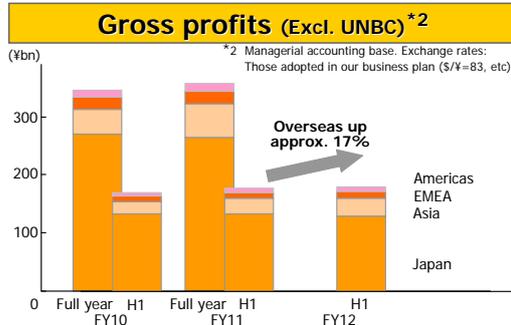
- ✓Next, I will explain our Europe, the Middle East and Africa strategy.
- ✓In Europe, despite its continuing unstable political and economic situation, our profits are growing steadily.
- ✓We will continue to expand business while carefully monitoring the macro environment and competitive situation as we formulate strategy for different geographic, customer and business segments.
- ✓In particular, we are working to expand initiatives in the growing emerging markets with good growth potential. In Russia, in the first half of the fiscal year we increased capital in our subsidiary and established a representative office in Vladivostok. We have also decided to establish a subsidiary in Turkey.
- ✓We are aiming to expand business and achieve our stated target of increasing gross profits by 20% over the three years to 2014 while fully considering country risk and risk management.

## Transaction banking business (Commercial bank Consolidated)



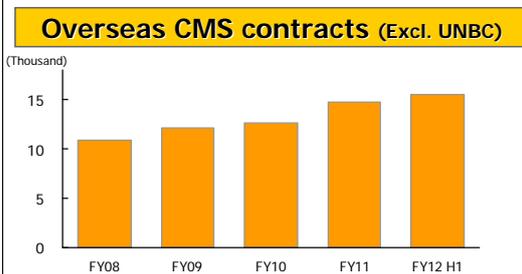
- Transaction banking business<sup>\*1</sup> gross profits increased mainly in overseas. CMS contracts at overseas also expanded steadily
- Aiming to increase revenue for FY14 by ¥100 bn from FY11

<sup>\*1</sup> Collectively refers to services capturing commercial flows of customers such as deposits, settlements and trade finance



### Strategies to strengthen the business

- **Develop a business targeting the entire supply chain particularly in Asia**
  - Make the greatest possible use of overseas network, the best among Japanese banks, and our strong Japanese customer base to effectively provide solutions combining trade finance and cash management
- **Substantially increase system investment and development personnel, expand lineup of strategic products and services**
  - Expand functionality of existing settlement-related systems products such as BizSTATION and GCMS Plus. Also expand strategic products and services, such as electric trade operation management (TSU<sup>\*3</sup>) and centralized payment operation management system (GPH<sup>\*4</sup>)
- **Strengthen new regions and businesses**
  - Intensify business promotion for multinational companies and local Asian companies while refining approach to project-related business such as account banking business



<sup>\*3</sup> TSU: Trade Services Utility <sup>\*4</sup> GPH: Global Payment Hub

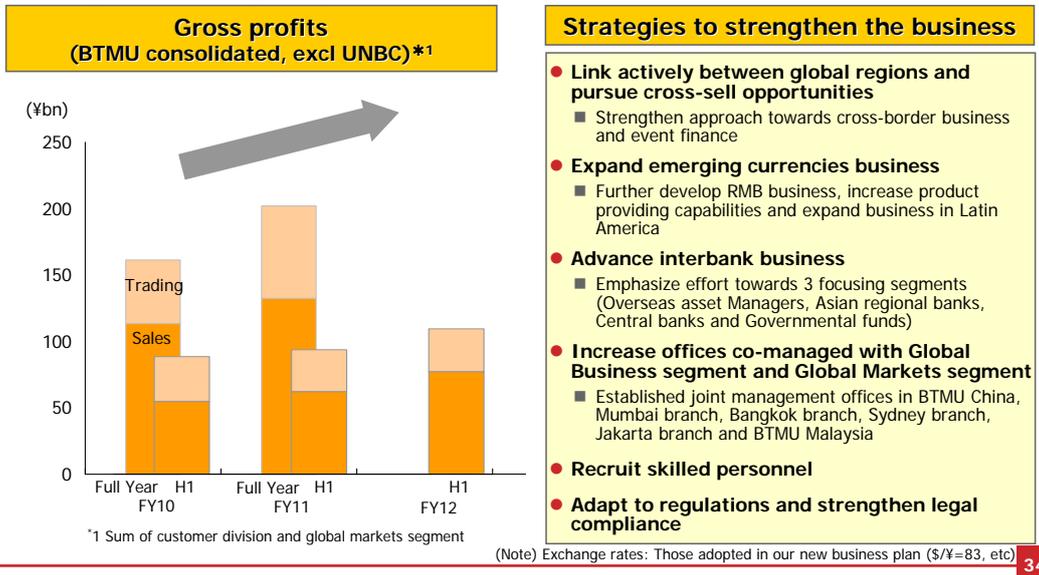
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- ✓ I will explain about our transaction banking business.
- ✓ The chart on the upper left illustrates the growing role that overseas transaction banking plays in driving gross profits. The chart on the lower left shows a steady increase in CMS contracts in overseas.
- ✓ Leveraging MUFG strengths, its strong transaction base with Japanese customers and the strongest overseas network among Japanese banks, we aim to identify shifting commercial flows and to increase transaction banking revenues by 100 billion yen over the next three years.

## Sales & Trading business



- Strengthen flow trading as a commercial bank, build on customer base
- Correspond to the diversifying and globalizing needs of customers by progressing high value-added proposals and actively linking business between global regions. Maximize profit from global interbank flow trading business
- Aiming to increase gross profits for FY14 by 30% from FY11



- ✓Next I will discuss our Sales and Trading business.
- ✓MUFG is aiming to provide basic products such as interest and forex hedges matched to customers' needs and to expand flow trading. Targeting both Japanese and non-Japanese customers, our high value-added proposals have resulted in increased gross profits for the period, as can be seen in the chart on the left.
- ✓To strengthen the business, based on our track record of increased profits in the overseas offices where we have implemented collaboration between the Global banking segment and Global Markets segments, we are working to expand the number of offices where they collaborate. In the period we established co-managed offices in Sydney, Jakarta and Malaysia.
- ✓We intend to intensify our efforts and initiatives with the target of increasing gross profits for 2014 by 30% from 2011.

# Project finance



- Ranked No.1 in 2012 Jan - Sep global rankings. Ranked No.1 in Americas for 3 consecutive years, rising our ranking in EMEA and Asia
- Increase personnel and take other steps to establish status as a leading bank. Solution business centered on project finance, aiming to increase gross profits for FY14 by 40% from FY11

## Global presence

<Global project finance league table (Jan-Sep 12)>

Rank	Mandated Arrangers	Origination Volumes (US\$ bn)	#	Rank Jan-Sep 11
1	MUFG	8.57	66	2
2	State Bank of India	7.29	25	1
3	SMFG	4.95	44	3

(Source) Thomson Reuters

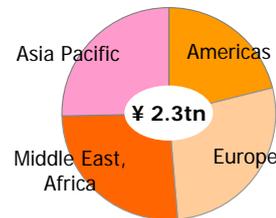
## Strategies to strengthen the business

- Global approach: strengthening our platform in the infrastructure sector, renewable energy business and others on a global basis
- Initiatives in Japan: enhancing our supports in relation to Japanese companies' acquisition of resource interests, infrastructure exports to Asia, and domestic reconstruction related PFI/renewable energy
- Strengthening marketing structure through staff increases

<By regions>	Jan-Dec 11		Jan-Sep 12	
	Rank	Share	Rank	Share
Americas	1	12.3%	1	15.4%
EMEA	9	3.0%	4	4.0%
Asia Pacific	12	2.5%	3	4.6%

(Source) Thomson Reuters

## Project finance loan portfolio\*1



\*1 Commercial bank (consolidated, excl. UNBC). As of end Jun 12

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- ✓ In project finance, MUFG ranked No.1 in the January to September global league tables, as can be seen in the table on the upper left.
- ✓ Our shares increased in each region globally, we have been ranked No.1 in the Americas for the past three years and improved our ranking in EMEA and Asia.
- ✓ We expect continued buoyant demand in the global infrastructure market. We will continue to strengthen its initiatives in project finance as we aim to be the leading bank in each region.

# Global strategic alliance with Morgan Stanley



- Enhance the strategic alliance and expand scope of collaboration, fully leveraging BTMU customer base
- Aiming to achieve No.1 position in cross-border M&A transactions involving Japanese corporations in FY14

Morgan Stanley performance							Results of cooperation				
(US\$m)	FY11			FY12			M&A advisory (Apr-Sep 12)				
	Q3	Q4	Full year	Q1	Q2	Q3	Rank	FA	#	Amount (¥bn)	Share (%)
Net Revenues	9,810	5,678	32,403	6,935	6,953	5,289	1	Nomura	56	2,836.8	43.8
Net Revenues (Excl. DVA) <sup>*1</sup>	6,400	5,462	28,722	8,913	6,603	7,551	2	MUMSS	68	2,467.5	38.1
Non-interest expenses	6,125	6,140	26,289	6,732	6,013	6,769	3	Mizuho FG	67	2,183.9	33.7
Income from continuing operations before taxes	3,685	(462)	6,114	203	940	(1,480)	4	JP Morgan	10	2,035.8	31.5
Income from continuing operations before taxes (Excl. DVA) <sup>*1</sup>	275	(678)	2,433	2,181	590	782	Deal value amount. Any Japanese involvement completed (Excl. Real estate) (Source) Thomson Reuters				
Net income applicable to MS	2,199	(250)	4,110	(94)	591	(1,023)	M&A advisory (cross border deals) (Apr-Sep 12)				
Earnings applicable to MS common shareholders	2,153	(275)	2,067	(119)	564	(1,047)	Rank	FA	#	Amount (¥bn)	Share (%)
*1 Calculated by MUFG based on Morgan Stanley public data							1	MUMSS	13	1,132.1	30.7
<b>Impact on MUFG P/L due to application of equity method</b> <ul style="list-style-type: none"> <li>● <b>Equity in net income of affiliates was taken in</b> <ul style="list-style-type: none"> <li>■ About 22% of post-tax profits of MS. MS Jul-Sep 12 earnings to be reflected in MUFG Oct-Dec 12 earnings</li> </ul> </li> <li>● <b>Fall of MS share price will not affect MUFG consolidated earnings</b> <ul style="list-style-type: none"> <li>■ No impairment from equity-method affiliates' shares in consolidated earnings</li> <li>■ No impairment from goodwill as there is no goodwill for the investment in MS</li> </ul> </li> </ul>							2	Nomura	11	1,039.1	28.2
							3	JP Morgan	7	861.0	23.4
							4	Goldman Sachs	12	654.4	17.7
							Any Japanese involvement announced (Source) Thomson Reuters				
<ul style="list-style-type: none"> <li>● <b>JAL IPO – Domestic and overseas bookrunner</b> <ul style="list-style-type: none"> <li>■ Deal value: approximately ¥660 bn</li> <li>■ World's largest airline IPO in history</li> <li>■ Japan's largest privatization IPO since book building method was introduced in Sep 97</li> <li>■ MUMSS and MSMS (MS) jointly involved in bookrunning both the domestic and overseas tranches</li> </ul> </li> <li>● <b>Advised DENTSU in the acquisition of Aegis Group</b> <ul style="list-style-type: none"> <li>■ Deal value: approximately ¥395.5 bn</li> <li>■ Fully utilized Morgan Stanley's global expertise</li> </ul> </li> </ul>							<ul style="list-style-type: none"> <li>● <b>JAL IPO – Domestic and overseas bookrunner</b> <ul style="list-style-type: none"> <li>■ Deal value: approximately ¥660 bn</li> <li>■ World's largest airline IPO in history</li> <li>■ Japan's largest privatization IPO since book building method was introduced in Sep 97</li> <li>■ MUMSS and MSMS (MS) jointly involved in bookrunning both the domestic and overseas tranches</li> </ul> </li> <li>● <b>Advised DENTSU in the acquisition of Aegis Group</b> <ul style="list-style-type: none"> <li>■ Deal value: approximately ¥395.5 bn</li> <li>■ Fully utilized Morgan Stanley's global expertise</li> </ul> </li> </ul>				

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- ✓ Next, is our strategic alliance with Morgan Stanley.
- ✓ As you can see in the chart on the upper left, Morgan Stanley has already reported its third quarter results. Although the results can be a little difficult to understand due to the effects of DVA (Debt Valuation Appraisal), excluding DVA effects we consider that they are performing solidly in the current severe environment.
- ✓ On the right hand side of the page you can see that our collaboration is steadily achieving success. In primary market business we are building a track record and in the first half of this fiscal year we acted as bookrunner on the JAL IPO for both domestic and overseas.
- ✓ We also acted as financial advisor for DENTSU in its acquisition of Aegis Group of the UK, and as a result of our success in winning mandates we are now ranked No.1 in cross-border M&A.
- ✓ We will continue to strengthen our collaboration with Morgan Stanley, including the expansion of our areas of cooperation.

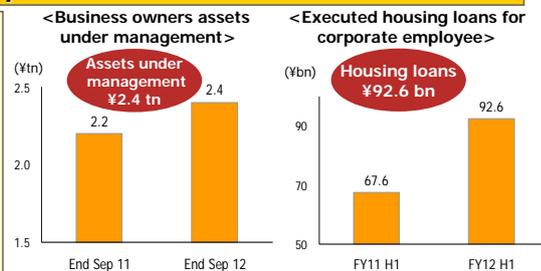
## Integrated corporate & retail business



- To expand integrated corporate & retail business, increase business owners assets under management and housing loans for corporate employee sales. Aiming to generate additional revenue for FY14 by ¥10 bn from FY11
- Have 53 offices that can offer combined corporate and retail business (one-stop sales locations) by the end of FY12 (31 as of end Sep 12)

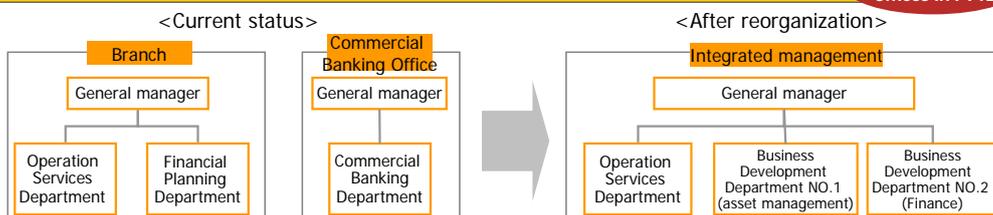
### Expand integrated corporate & retail business

- Expand owner business
  - Increase asset management business primarily through total asset marketing
  - Increase investment product sales through cooperation with MUMSS
- Expand business with corporate employee sales
  - Enhance framework for 'life event' products/initiatives
- Support for growing SMEs
  - Establish a specialist line within BTMU to support growing companies
- Integrated offices (one-stop sales locations)
  - Expand one-stop offices unifying corporate and retail business, increase regionally-centered business



### One-stop sales locations (unified corporate and retail business)

Expand to 53 offices in FY12



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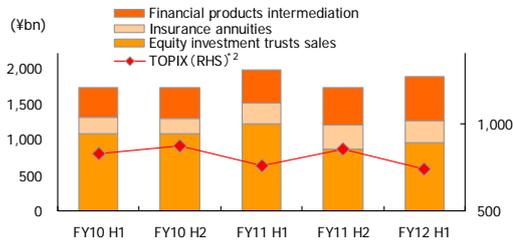
- ✓ I will explain our integrated corporate and retail business.
- ✓ At BTMU we have been integrating the operations of a number of our commercial banking offices and retail branches, focusing on the provision of one-stop services to our business-owner customers with the aim of expanding business with them. As of the end of September we were operating 31 such integrated offices. As a result of this initiative we have grown business-owner assets under management from 2.2 trillion yen to 2.4 trillion yen. We plan to expand the number of integrated offices to 53 locations during the current fiscal year.
- ✓ Another success of this integrated corporate and retail business is the growth in the amount of housing loans for corporate employees.
- ✓ Looking ahead we aim to strengthen our proposals in this area that combine BTMU, MUTB and MUMSS with the aim of increasing income by 10 billion yen over three years.

# Investment product sales



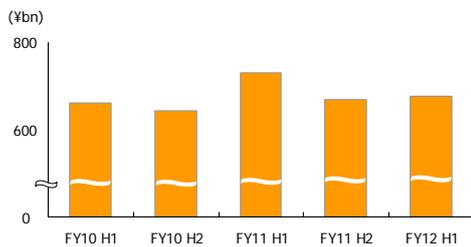
- Recovery seen in sales and income from investment products, led by investment trust and financial products intermediation. Aiming to increase gross profits for FY14 by 40% from FY11
- Continue strengthening of collaboration between the group companies

## Investment product sales<sup>\*1</sup>



\*1 Managerial accounting base \*2 Closing price base

## Income from investment products



## Group cooperation to strengthen 'Total Asset Sales'

### [BTMU]

- Strengthen retail money desk<sup>\*3</sup>
  - Increase staff seconded from MUMSS

- Increase total asset advisors<sup>\*4</sup>

- Increase number of private banking specialists to improve consulting services, who assess customer assets and advise on inheritance, etc

### [MUTB]

- Develop total asset marketing approach, based on trust capabilities in inheritance & real estate

- Strengthen proposal marketing through BTMU/MUTB joint promotion for inheritance business
- Fully function the real estate section of MUTB in order to strengthen approach to real estate related needs from succession and inheritance

### [MUMSS]

- Strengthen marketing of consulting business

- Extend business with company owners with BTMU
- Enhance internal training programs to foster and strengthen advisors

<sup>\*3</sup> Team of experts with high level investment product sales expertise. As of end Sep 12, assigned to 62 locations in Japan

<sup>\*4</sup> A team with specialist knowledge of investment assets, real estate, wills and trusts is assigned to use their skills to promote sales targeting overall customer assets. As of end Sep 12, 131 advisors

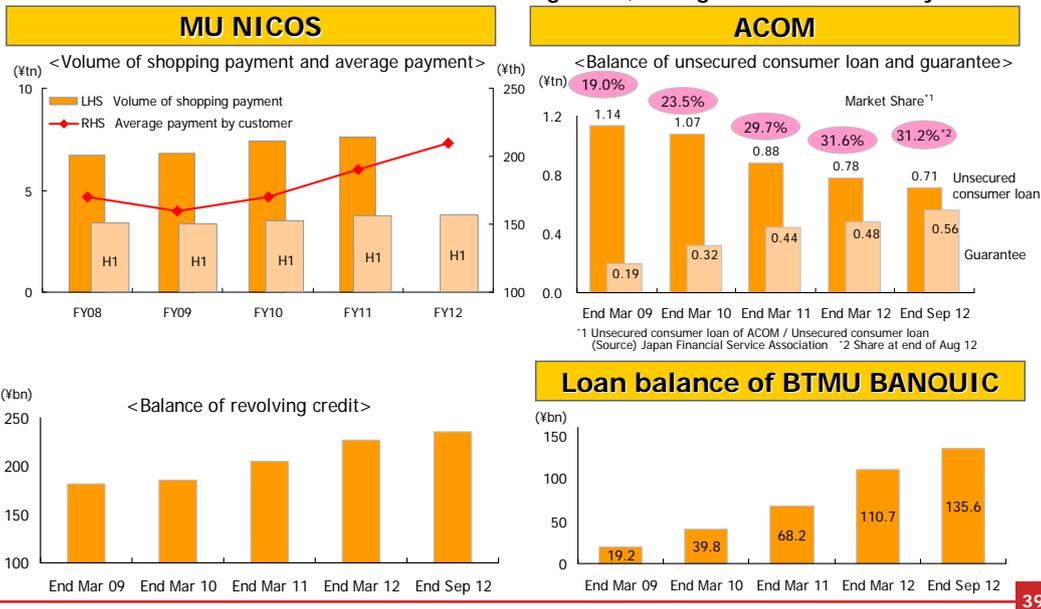
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- ✓Next I will discuss investment products.
- ✓During the first half of the fiscal year, markets remained challenging. However as shown in the chart on the upper left, sales of investment trusts and financial products intermediation were up on the second half of last fiscal year and as a result the overall sales amount recovered. As shown in the chart on the lower left, this led to growth in overall profits from sales of investment products compared to the previous six months.
- ✓Through BTMU, MUTB and MUMSS collaboration we will continue to strengthen our total asset marketing approach and we aim to grow profits from this business by 40% over three years.

## Consumer finance



- **MU NICOS:** Aiming to increase volume of shopping and balance of revolving credit in the growing credit card business
- **ACOM:** Pace of decline in unsecured consumer loan balance has slowed. Aiming to increase gross profits, including growth from guarantee business
- **BTMU:** Loan balance of BANQUIC shown consistent growth, aiming to double or more by FY14



- ✓ In the consumer finance business we aim to strengthen the top line by pursuing a growth strategy.
- ✓ First, as shown in the upper left chart, MU NICOS is successfully growing its shopping payment volume. Also, the average payment is steadily increasing due to initiatives to promote card usage focused on specific customer characteristics.
- ✓ The chart on the lower left shows strong growth in the revolving credit balance. Compared to competitors we feel there is still room for growth in MU NICOS revolving credit balance.
- ✓ As shown in the chart on the upper right the lending balance at ACOM continued to decline due to the effects of regulation, but the pace of decline is now moderating. New loan is increasing and during this fiscal year, or at the latest next fiscal year, we aim to reverse the decline in the balance.
- ✓ In contrast, the balance of the guarantee business is growing strongly. This is partly due to the strong growth in the balance of the BANQUIC loans with ACOM guarantee that BTMU is offering. Next fiscal year Mobit's guarantee business will be jointly taken on by BTMU and in the same way we will focus our efforts on the guarantee business.
- ✓ At both MU NICOS and ACOM we aim to achieve top line growth by focusing on meeting customers' needs.

## Global asset management & administration strategy



- Further expand robust operating base in Japan by meeting local demand for overseas investment, and develop business with overseas customers

Pension business	Global business						
<ul style="list-style-type: none"> <li>● Extend BTMU/MUTB cooperation and proposal marketing by integrating regulation, investment and accounting to suit customer needs</li> <li>● Increase product performance and develop products with alliance partners                             <ul style="list-style-type: none"> <li>■ <b>[MUTB]</b> Ranked No.1 as a trust bank in "Greenwich Survey 2012 Japan" for two years</li> </ul> </li> </ul> <p>~ Proposal marketing and Information service highly esteemed</p>	<ul style="list-style-type: none"> <li>● Become a globally competitive asset management company, including investments and alliances                             <ul style="list-style-type: none"> <li>■ Enhance foreign investment trust products and trust admin products lineup</li> <li>■ Use Group network to develop overseas customers</li> </ul> </li> </ul>						
<p>*1 Greenwich Associates 2012 survey to institutional investors</p> <th style="background-color: #FFD700;">Investment trust management business</th> <td style="background-color: #FFF9C4;"> <table border="1"> <tr> <td rowspan="2" style="writing-mode: vertical-rl; transform: rotate(180deg);">Asset management</td> <td style="background-color: #FFF9C4;"> <p><b>[MUTB]</b></p> <ul style="list-style-type: none"> <li>■ Enhance product lineup centered on Japan equities (Japan, global and Asia/emerging market equities, etc)</li> </ul> </td> </tr> <tr> <td style="background-color: #FFF9C4;"> <p><b>[Investment and alliances]</b></p> <ul style="list-style-type: none"> <li>■ Grow business through joint product development and other initiatives with strategic alliance partners</li> <li>• First joint developed retail product with AMP "MUAM AMP Global Infrastructure Bond Fund" was released in Jun 12. AUM of this fund by group companies totaled ¥30.7 bn by end Sep</li> <li>• Second joint developed retail product with AMP "MUAM AMP Australia High Income Fund" is to be launched on Dec 12</li> <li>■ Consider new alliances with foreign AM</li> </ul> </td> </tr> <tr> <td style="writing-mode: vertical-rl; transform: rotate(180deg);">Asset admin</td> <td style="background-color: #FFF9C4;"> <ul style="list-style-type: none"> <li>■ Grow customer base in foreign trust admin</li> <li>■ Gain new customers via group collaboration</li> </ul> </td> </tr> </table> </td>	Investment trust management business	<table border="1"> <tr> <td rowspan="2" style="writing-mode: vertical-rl; transform: rotate(180deg);">Asset management</td> <td style="background-color: #FFF9C4;"> <p><b>[MUTB]</b></p> <ul style="list-style-type: none"> <li>■ Enhance product lineup centered on Japan equities (Japan, global and Asia/emerging market equities, etc)</li> </ul> </td> </tr> <tr> <td style="background-color: #FFF9C4;"> <p><b>[Investment and alliances]</b></p> <ul style="list-style-type: none"> <li>■ Grow business through joint product development and other initiatives with strategic alliance partners</li> <li>• First joint developed retail product with AMP "MUAM AMP Global Infrastructure Bond Fund" was released in Jun 12. AUM of this fund by group companies totaled ¥30.7 bn by end Sep</li> <li>• Second joint developed retail product with AMP "MUAM AMP Australia High Income Fund" is to be launched on Dec 12</li> <li>■ Consider new alliances with foreign AM</li> </ul> </td> </tr> <tr> <td style="writing-mode: vertical-rl; transform: rotate(180deg);">Asset admin</td> <td style="background-color: #FFF9C4;"> <ul style="list-style-type: none"> <li>■ Grow customer base in foreign trust admin</li> <li>■ Gain new customers via group collaboration</li> </ul> </td> </tr> </table>	Asset management	<p><b>[MUTB]</b></p> <ul style="list-style-type: none"> <li>■ Enhance product lineup centered on Japan equities (Japan, global and Asia/emerging market equities, etc)</li> </ul>	<p><b>[Investment and alliances]</b></p> <ul style="list-style-type: none"> <li>■ Grow business through joint product development and other initiatives with strategic alliance partners</li> <li>• First joint developed retail product with AMP "MUAM AMP Global Infrastructure Bond Fund" was released in Jun 12. AUM of this fund by group companies totaled ¥30.7 bn by end Sep</li> <li>• Second joint developed retail product with AMP "MUAM AMP Australia High Income Fund" is to be launched on Dec 12</li> <li>■ Consider new alliances with foreign AM</li> </ul>	Asset admin	<ul style="list-style-type: none"> <li>■ Grow customer base in foreign trust admin</li> <li>■ Gain new customers via group collaboration</li> </ul>
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Asset admin	<ul style="list-style-type: none"> <li>■ Grow customer base in foreign trust admin</li> <li>■ Gain new customers via group collaboration</li> </ul>						
<ul style="list-style-type: none"> <li>● Support sales institutions to increase AUM</li> <li>● Strengthen investment management and product development skills</li> <li>● Increase efficiency in middle &amp; back office                             <ul style="list-style-type: none"> <li>■ <b>[MUAM]</b> Morningstar Award "Fund of the year 2011" Award of excellence</li> <li>~ 5 awarded funds, including award of excellence in global bond type fund (w/o currency hedge)</li> <li>■ <b>[KAM]</b> Ranked No.1 in "R&amp;I Poll on asset manager's business performance 2012*2" for two years</li> <li>~ Level of support to client has been No.1 for 6 years</li> </ul> </li> </ul>							
<p>*2 Rating and Investment Information, Inc. Newsletter 8<sup>th</sup> Oct 12 No.134 R&amp;I 2012 poll to Japanese mutual fund retail distributors</p> <p><small>*References to any specific securities do not constitute an offer to buy or sell securities. These awarded funds based upon the past performance cannot guarantee their future performance. Data or statements are obtained from sources Morningstar Japan K.K. believed to be reliable but are not guaranteed as to accuracy or completeness. All information is the property of Morningstar Japan K.K. or Morningstar, Inc. and protected by copyright and intellectual property laws. All rights reserved. *R&amp;I Poll is conducted to Japanese mutual fund retail distributors on client satisfaction and fact finding regarding AM companies.</small></p>							

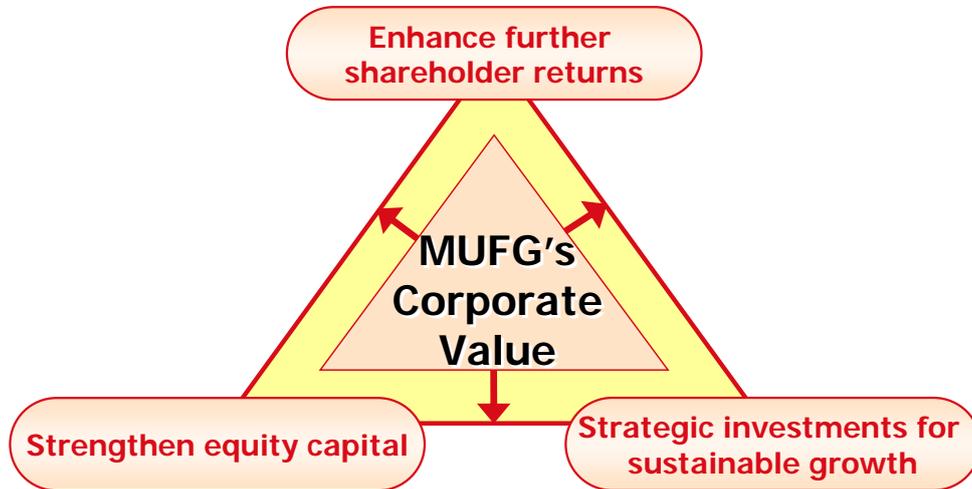
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- ✓ Asset management is a business where growth can be expected on a global basis. In Japan we are strengthening our operating platform to achieve further growth, while in overseas, the pillar of our strategy is to cultivate customers including through investments and alliances.
- ✓ In the domestic market, we aim to expand the pension business through collaboration between BTMU and MUTB, and to significantly enhance our investment trust management business.
- ✓ Also, in order to meet needs for overseas asset management we will strengthen our ties with Aberdeen of the UK, SWS MU Fund Management of China, Australia's AMP Capital, and others, and further enhance our product line-up.
- ✓ As regards developing overseas customers, in high-growing Asia as well as in the large-scale markets of Europe and the U.S. we will consider market entry, including by alliance and acquisition.
- ✓ That completes my explanation of our growth strategies.

## Capital policy



- Enhance further shareholder returns while maintaining a balance among 3 priorities including strengthening capital and making strategic investment for sustainable growth



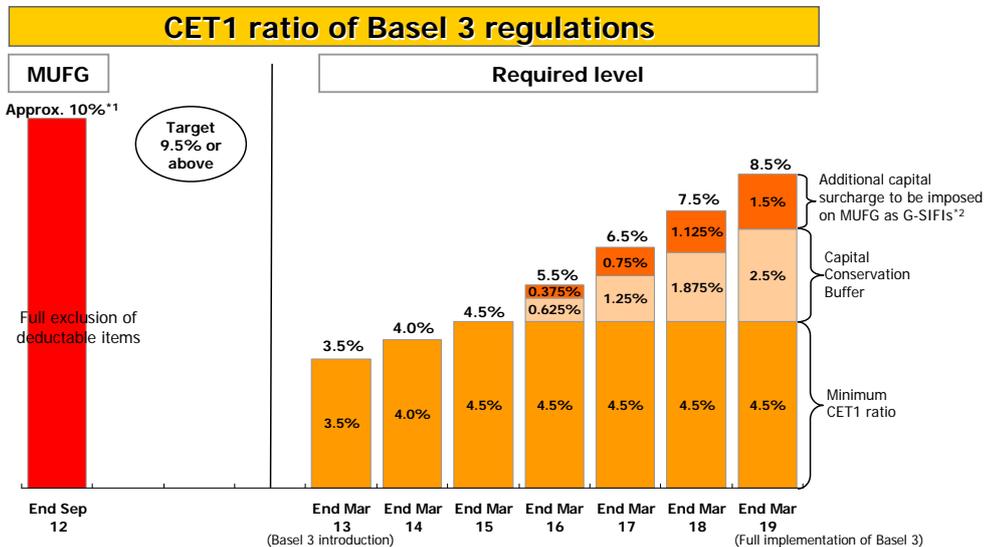
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- ✓ There is no change to our capital policy which aims to increase corporate value while carefully considering the balance between the three issues shown on the slide. We will enhance further shareholder returns while maintaining a balance among 3 priorities including strengthening capital and making strategic investments for sustainable growth.

## Strengthen equity capital



- CET1 ratio on the basis of full exclusion of deductible items is estimated to have approx. 10% as of the end Sep 12. Secured appropriate levels in response to regulations
- Taking into account buffer for market and economic uncertainty, targeting 9.5% or above



<sup>\*1</sup> Calculated on the basis of current information

<sup>\*2</sup> Level of surcharge (1.5%) is based on the classification into buckets announced by the Financial Stability Board in Nov 12. Assuming that this will be introduced from the end of Mar 16, in similar way (equally-phased in base) to Capital Conservation Buffer. The buckets classification imposed on the end of Mar 16 is expected to be announced in Nov 14

- ✓ Regarding our equity capital, as of the end of September our Basel 3 common equity Tier1 capital ratio, after full deduction of all deductible items, was estimated to be around 10%.
- ✓ In the revised list of Global SIFI-s announced recently, MUFG was classified in the 1.5% surcharge bucket. A final classification has not yet been made and we do not know what the future level of surcharge will be, but in terms of addressing regulatory requirements, we think that we have secured a reasonable level of capital based on Basel 3.
- ✓ In addition to the required minimum regulatory level, including a buffer to prepare for market and economic uncertainty, we aim to manage capital with a target of 9.5% or above.



- **Make strategic investments when good opportunities arise with due regard to the external environment and regulatory trends**
- **Asset purchases to be considered provided they contribute to strengthening existing business and offer reasonable returns**
- **Existing investments to be reviewed periodically based on established rules, taking into account investment efficiency and other factors**

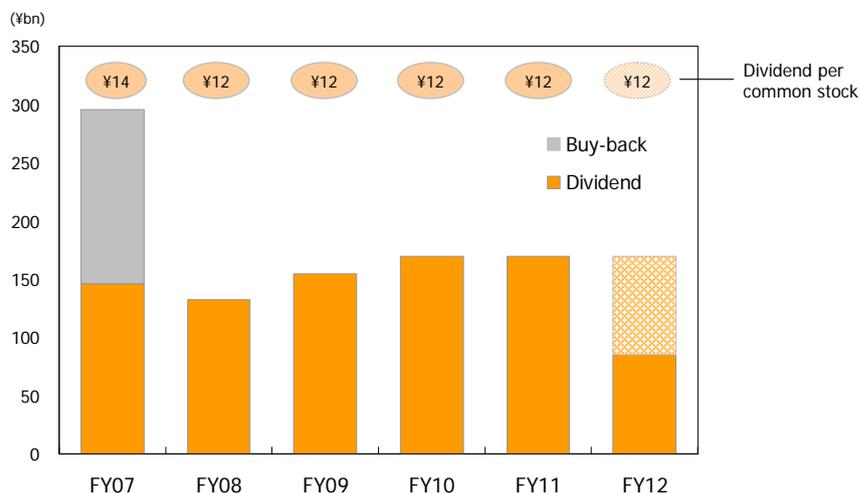
- ✓ From a global perspective our capital strength is at an advantageous level and we will utilize this strength to consider investments in strategic business areas and regions if suitable opportunities arise.
- ✓ Of course, in considering any investments we will thoroughly and carefully consider the risks and returns of any decision.
- ✓ Furthermore, in regard to investments that we have previously made we will regularly make rule-based assessments on investment efficiency and properly review them.

## Enhance further shareholder returns



- Policy of steady increase in dividends per share through sustainable strengthening of profitability
- Buy-back is also an option depending on the circumstances

### Results of shareholder returns/Dividend forecast



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- ✓ Regarding the dividend policy, which is the basis of returns to shareholders, our policy is to steadily increase dividends per share through enhancing our ability to generate sustained profits.
- ✓ Our current view is that now is an opportune time for deploying our capital both in organic and non-organic ways. If, in the future, our capital ratio rises to an even higher level, while no M&A opportunities are identified, share buy backs will be a option for us.
- ✓ That completes my explanation of our capital policy.



**—Be the world's most trusted financial group—**

**1. Work together to exceed the expectations of our customers**

Strive to understand and respond to the diversified needs of our customers.  
Maintain and expect the highest levels of professionalism and expertise, supported by our consolidated strength

**2. Provide reliable and constant support to our customers**

Give the highest priority to protecting the interests of our customers.  
Promote healthy, sustainable economic growth.  
Maintain a robust organization that is effective, professional, and responsive

**3. Expand and strengthen our global presence**

Leverage our strengths and capabilities to attract a loyal global customer base.  
Adapt rapidly to changes in the global economy and their impact on the needs of our customers

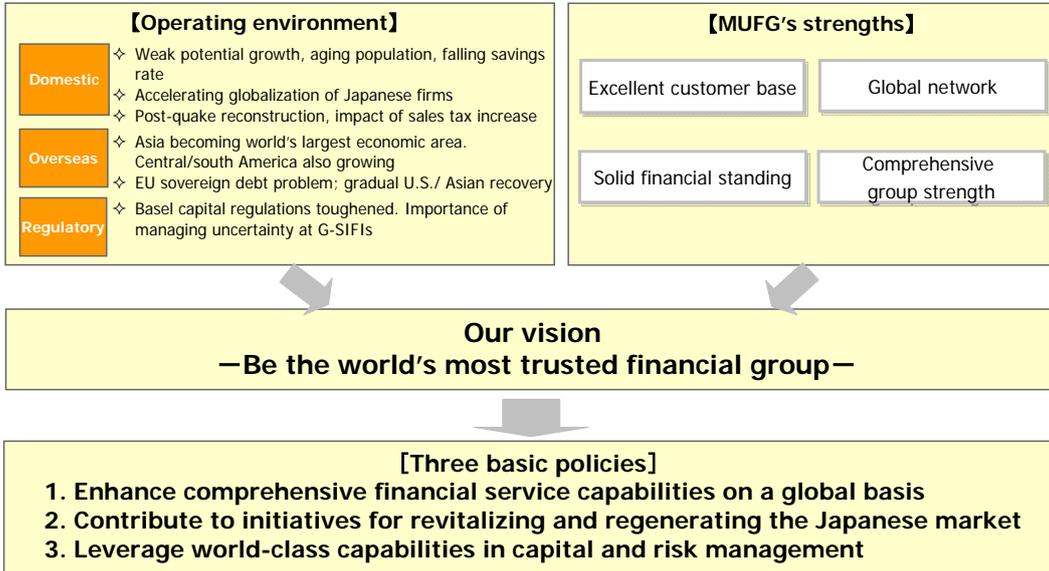
**Quality for You**

- ✓ This fiscal year is the first year of our medium-term plan and is the year in which we will establish a firm foundation for significant progress.
- ✓ We will strengthen domestic sales capabilities, pursue growth globally, and further advance collaboration within the Group as we seek to realize our plan.
- ✓ By sharing this aspiration across all staff and executives in our group companies and by steadily implementing our medium-term plan we aim to increase shareholder value and we look forward to your continued support in the future.

## Appendix: Basic policies of the medium-term business plan



- As structural change proceeds inside and outside Japan, the competitive environment remains challenging and global financial regulation is tighter
- Respond to the changing environment by maximizing MUFG's strengths. With the aim of "be the world's most trusted financial group", formulated the new medium-term plan



## Appendix: Financial targets



- Continue pursuit of sustainable increase of profitability and efficient capital management. Introduction of new economic capital framework in response to Basel 3
- The target for consolidated net operating profit (customer division) is 20% increase from FY11. Newly-established benchmark targets, consolidated net income RORA is approx. 0.9%, consolidated ROE of approx. 8%

		FY11 results	FY12 H1 results	FY14 Targets
<b>Growth</b>	Consolidated net operating profit (customer division) <sup>*1</sup>	¥1,050.9 bn	¥492.0 bn	20% increase from FY11
	Consolidated expense ratio	56.9%	55.3%	Between 55-60%
<b>Profitability</b>	(Non-consolidated)	50.4%	48.3%	Between 50-55%
	Consolidated net income RORA <sup>*2*3</sup>	0.8%	Approx. 0.7%	Approx. 0.9%
	Consolidated ROE <sup>*2</sup>	7.7%	6.14%	Approx. 8%
<b>Financial Strength</b>	CET1 ratio <sup>*3</sup>	Approx. 9%	Approx. 10%	9.5% or above

\*1 Simple sum of consolidated operating profits for retail, corporate, global and trust assets segments

\*2 FY11 figures exclude negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

\*3 Under Basel 3 regulatory regime, fully reflective of all necessary adjustment on capital

(Underlying macroeconomic assumptions)

	FY12	FY13	FY14
Unsecured call rate (period average)	0.07%	0.07%	0.17%
Dollar-yen (period-end rate)	¥83	¥83	¥83
Real GDP growth rate (annual rate)	2.5%	0.2%	2.3%

Consolidated net operating profit by segments : FY11 results

Retail	¥314.8 bn
Corporate	¥419.3 bn
Global	¥264.0 bn
Trust Assets	¥52.8 bn

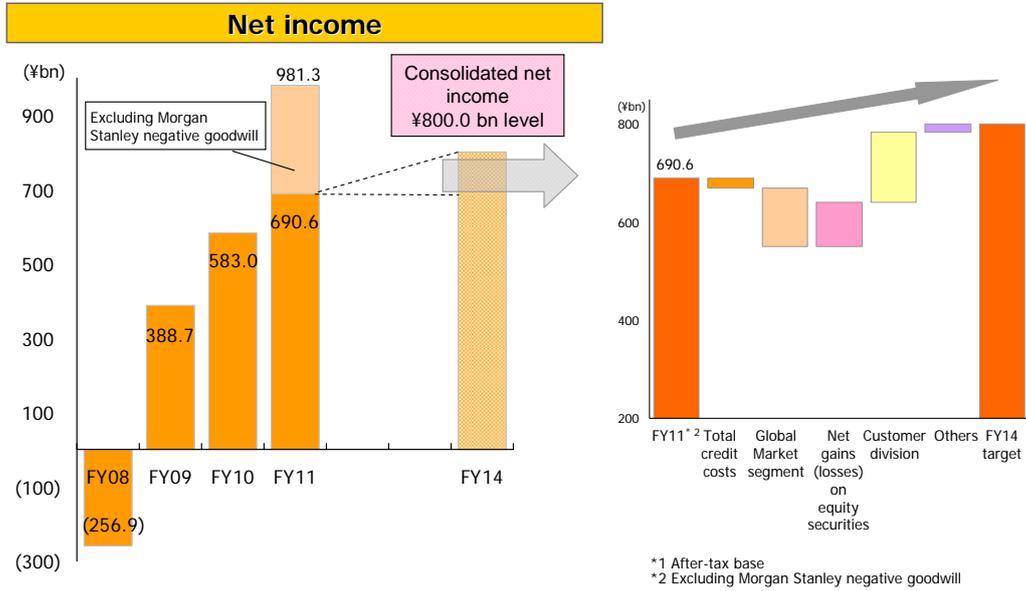
FY14 targets (from FY11)

Up 15%
Up 15%
Up 35%
Up 45%

## Appendix: (Reference) Estimation of net income growth



- Reduction in Global Market segment to be covered by increased profit in the customer division with a view to posting consolidated net income of ¥800.0 bn level in FY14



## Appendix: Basic strategy



- Advance the business strategy, strengthen management fundamentals and control according to the three basic policies

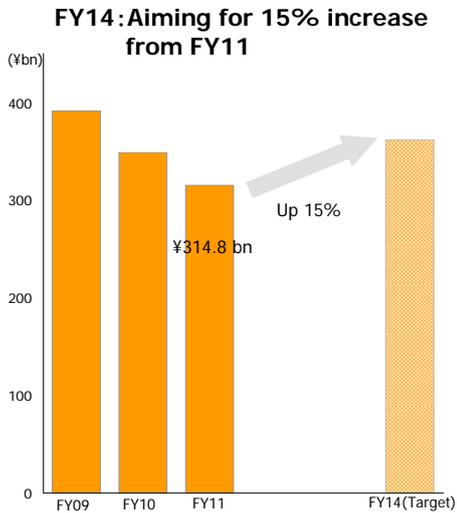


## Appendix: Retail strategy



- Provide services optimized for the life stage of each customer
- Leverage BTMU's customer base to build dominant presence as a comprehensive financial services group

### Net operating profits target



### Key strategies

- **Strengthen Internet Banking**
  - Expand internet banking channel services by improving smartphone applications, expanding transaction menu, etc
  - Review customer interface to improve usability and convenience
- **Enhance consulting business**
  - Expand customer contact and proposal opportunities by reforming outside visits, call centers and other operational processes
- **Grow private banking**
  - Boost personnel with specialist skills in asset management, inheritance, corporate owner transactions, etc
  - Deepen inter-group cooperation based on long-term relationships and specialist skills to service wider customer needs in areas such as asset management and intergenerational transactions

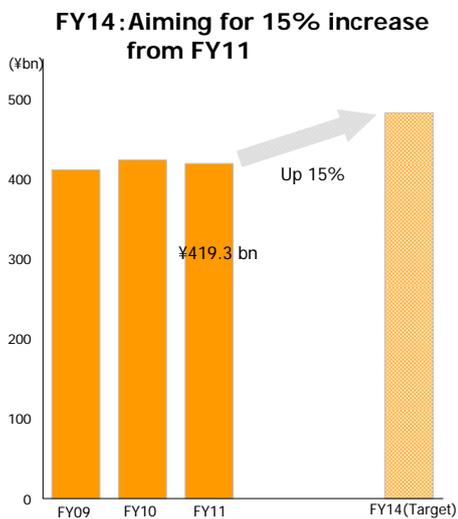
(Note) Exchange rates: Those adopted in our business plan (\$/¥=83, etc)

## Appendix: Corporate strategy



- Progress and reform each business model of BTMU, MUTB and MUMSS, aiming to achieve leading position in each operation
- Leverage MUFG group capabilities to provide compelling solutions and support customers' domestic and foreign growth

### Net operating profits target



### Key strategies

- **Expand global financial services (large/global corporate companies)**
  - Expand solutions business, such as project finance
  - Grow overseas business through deeper links with Global segments
  - Leverage Morgan Stanley's global network and strengthen primary business through cooperation between BTMU and MUMSS
  - Leverage commercial bank customer base to grow Trust Bank operations (securities agency service, real estate, DC pension plans) and corporate secondary transactions
- **Strengthen consulting business (medium-sized companies)**
  - Accelerate provision of tailored solutions-based services that address key management issues
  - Increase support for overseas expansion, business succession and other such needs
- **Develop integrated corporate and retail business (SMEs, owners)**
  - Expand integrated corporate/individual business for owners by integrating commercial bank's corporate and retail branches
  - Provide detailed support for SME growth

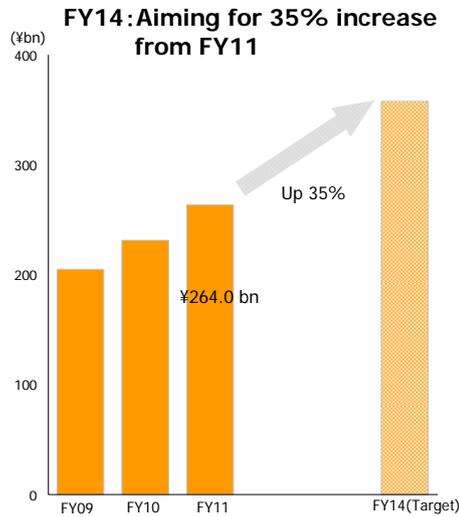
(Note) Exchange rates: Those adopted in our business plan (\$/¥=83, etc)

## Appendix: Global strategy



- Collaborate between regions and operations, using overseas customer base of commercial bank to construct competitive, added-value model
- Pursue non-organic growth while developing new businesses and emerging markets

### Net operating profits target



### Key strategies

- **Expand presence in Asia and other emerging markets**
  - Strengthen marketing to target non-Japanese and financial institutions
  - Within Asia and between Europe and Americas, enhance collaboration between BTMU and securities subsidiaries to support customers' business expansion outside Asia region
  - In Latin America, the Middle East and Russia, pursue business strategies that take into account national and regional differences, and expand network
- **Pursue Global CIB business**
  - Provide optimal solutions for customers in commercial banking to satisfy their needs in overseas markets in collaboration with Morgan Stanley and our local securities entities
  - Strengthen business in project finance, ECA finance and trade finance
- **Grow transaction banking business**

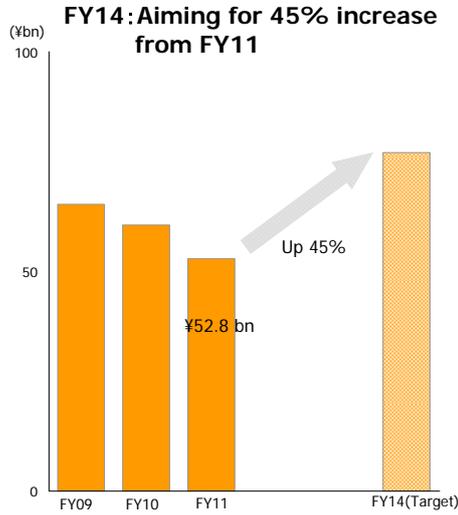
(Note) Exchange rates: Those adopted in our business plan (\$/¥=83, etc)

## Appendix: Trust assets strategy



- Leverage MUFG Group customer base and overseas network to develop as Japan's leading asset manager and administrator, recognized globally

### Net operating profits target



### Key strategies

- **Expand pension business**
  - Increase cooperation between BTMU and MUTB, strengthen marketing infrastructure
  - Lift performance of own products, and develop products that also incorporate characteristics of partners
- **Boost investment trust business**
  - Strengthen collaboration between internal and external distribution partners
  - Unify asset management operating platforms to boost management and product development
- **Develop globally**
  - Use investment and tie-ups to develop globally, focusing on high-growth Asia and large-scale Europe and U.S. markets
  - Aim to become globally competitive asset management company and also expand foreign investment trust management business

(Note) Exchange rates: Those adopted in our business plan (\$/¥=83, etc)