



Mitsubishi UFJ Financial Group

# BTMU/Bank of Ayudhya Strategic Partnership

July 2, 2013

Quality for You

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**The financial information used in this document was prepared in accordance with accounting standards generally accepted in Japan, or Japanese GAAP**

#### 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)

**1. Transaction Summary**

**2. Strategic Rationale**

**3. Bank of Ayudhya Overview**

**4. Financial Impact**

**Appendix**

# 1. Transaction Summary

# Outline of the Transaction



## Acquisition of a majority stake in BAY

- Acquisition of a majority stake in BAY through Voluntary Tender Offer (VTO)
- GE Capital has agreed to tender its entire stake
- Ratanarak Group (an existing group of major shareholders in BAY) will remain as a significant minority shareholder

## VTO offer price

- THB 39 per share
  - Implied premium of 15.1% over 3months VWAP as of Jun 28th
  - Implied P/B of 2.02x Mar-2013

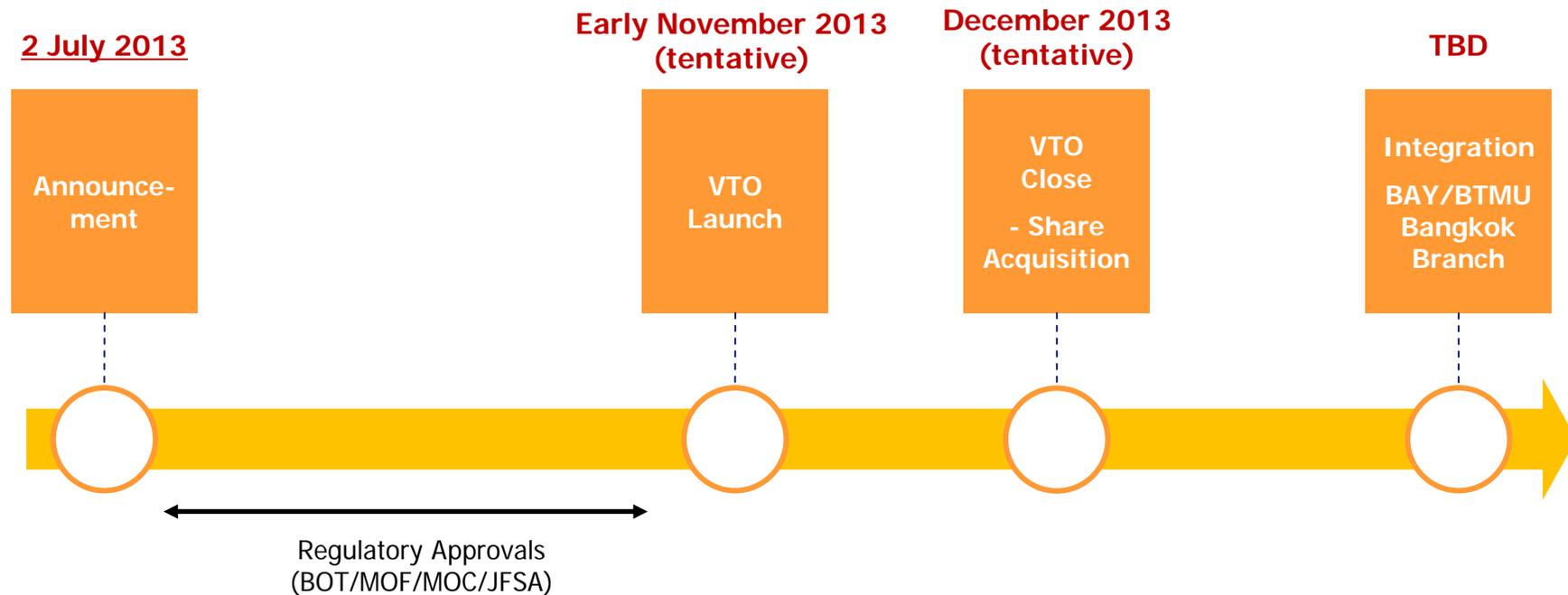
## Acquisition process

- Expected Timeline of the VTO
  - Aiming to launch early November, 2013 and close December, 2013
  - Subject to satisfactory regulatory approvals, corporate approvals and fulfillment of certain conditions

# Timeline of the Transaction



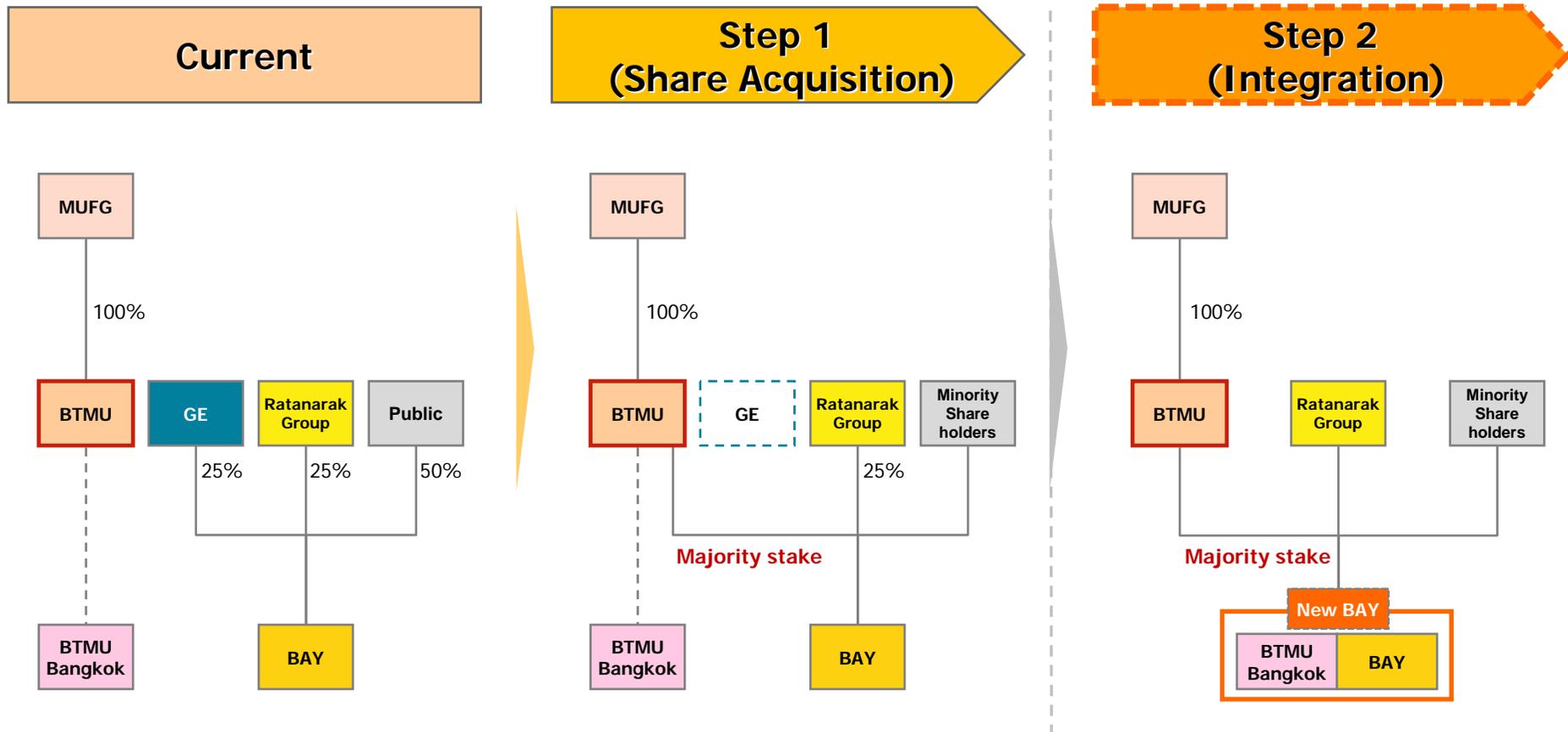
- We're aiming to launch VTO early November, 2013



# Transaction Structure



- We're aiming to take a majority stake in BAY through VTO
- We will be in discussion on the potential integration of BTMU Bangkok Branch with BAY



# Key Strengths of BAY (Krungsri)



## Market Position <sup>(1)</sup>

	Position	Market Share
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### Consumer

Personal Loan	#1	29%
Credit Card	#1	18%
Auto Hire Purchase	#2	17%

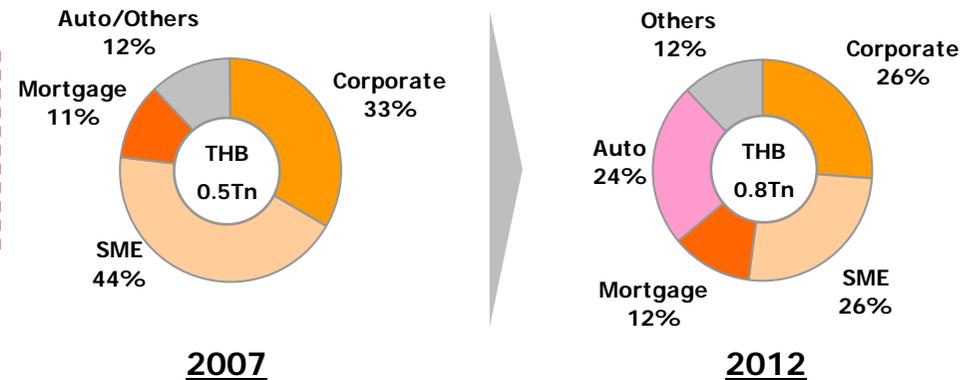
SME	#5	8%
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Corporate	#5	7%
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Branch Network	#6	605
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(1) As of Mar, 2013 (2) Number of Branches

## Loan Portfolio



## 2. Strategic Rationale

# Accelerated Asian Growth Strategy



- We strengthen our position as a leading bank in Asia through this transaction

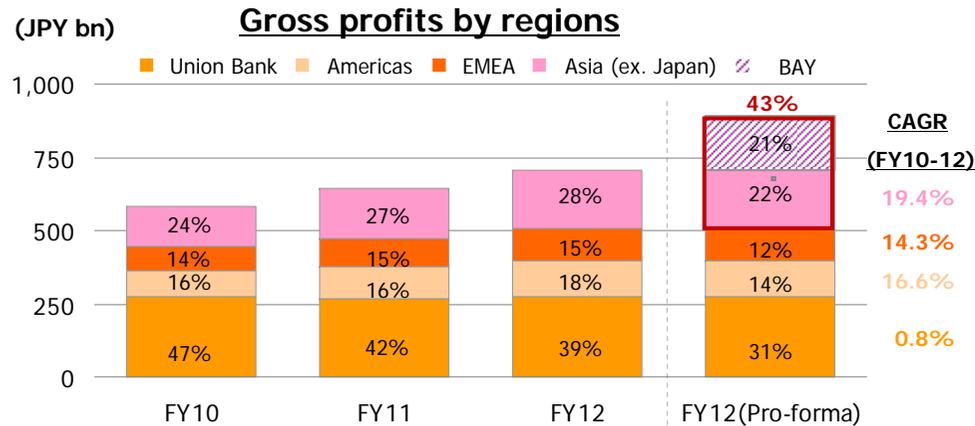
- 1 Further Diversifies Geographic Mix  
- Capturing Asian Growth
- 2 Establishes Full-fledged Commercial Banking Platform in Asia
- 3 Implements Hybrid Global-Local Bank Model in Thailand

# Further Diversifies Geographic Mix- Capturing Asian Growth



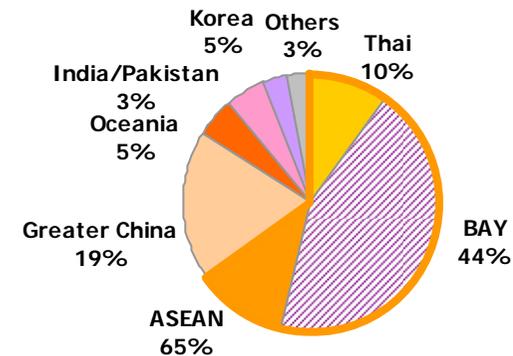
- Acquisition of BAY bring in further diversification of geographic mix
- Leveraging BAY platform, we would expand our footprint across the Greater Mekong

## Diversified geographic mix



## Significant footprint in ASEAN

Gross profits by regions in Asia (FY2012 Pro-forma)



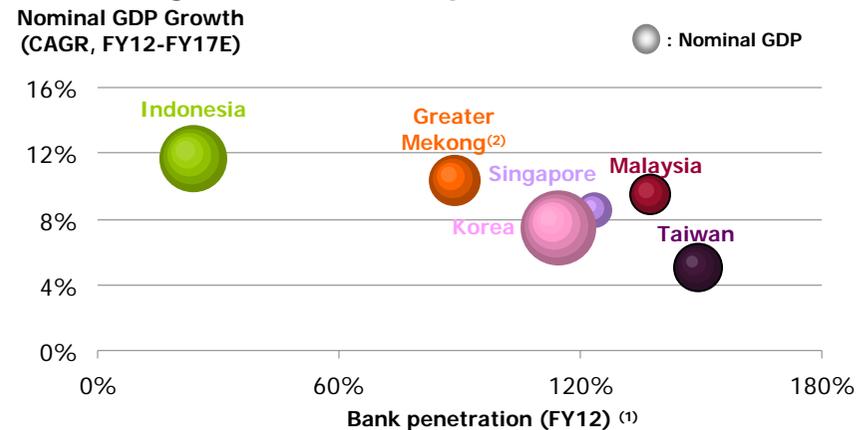
## Expansion of business in Greater Mekong with high growth potential



### Thailand as Investment Destination

- Industrial center "Detroit of the East"
- Leading role in establishing AEC 2015
- Historically deep relationship with Japan

### GDP growth and bank penetration<sup>(1)</sup> in Asia



(Source) EIU, SNL, (1) Total loan amount / Nominal GDP (2) Thailand and Vietnam

# Establishes Full-fledged Commercial Banking Platform in Asia



- We can enter into the Retail/SME banking through the acquisition of BAY(Krungsri)
- By mutually complementing each other, we can achieve well-balanced loan portfolio and unique position in Thailand

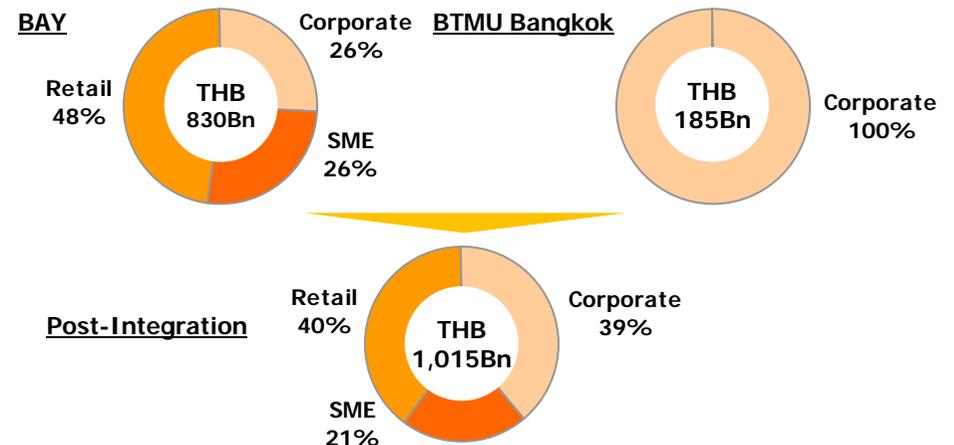
## Acquiring a platform for Retail/SME banking in Asia

	Japan	Asia	US	EMEA
Corporate Banking	Strong Footprint	Strong Footprint	Strong Footprint	Strong Footprint
SME Banking	Strong Footprint	Present but Subscale	Focus to Grow (UnionBank)	Strong Footprint
Retail Banking	Strong Footprint	Present but Subscale	Focus to Grow	Strong Footprint

Strong Footprint  
 Focus to Grow  
 Present but Subscale

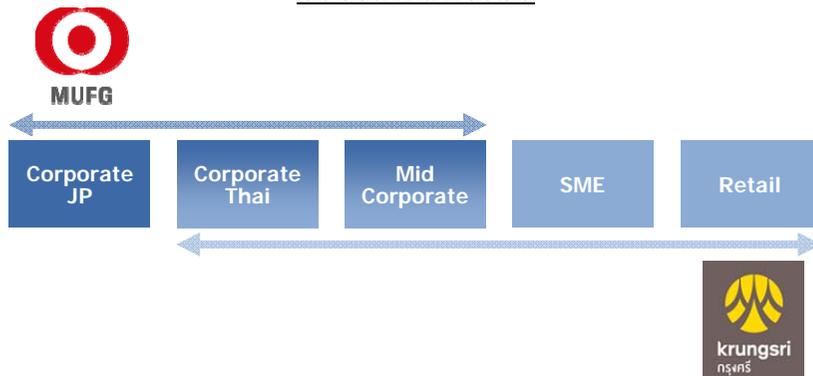


## Well-balanced loan portfolio mix

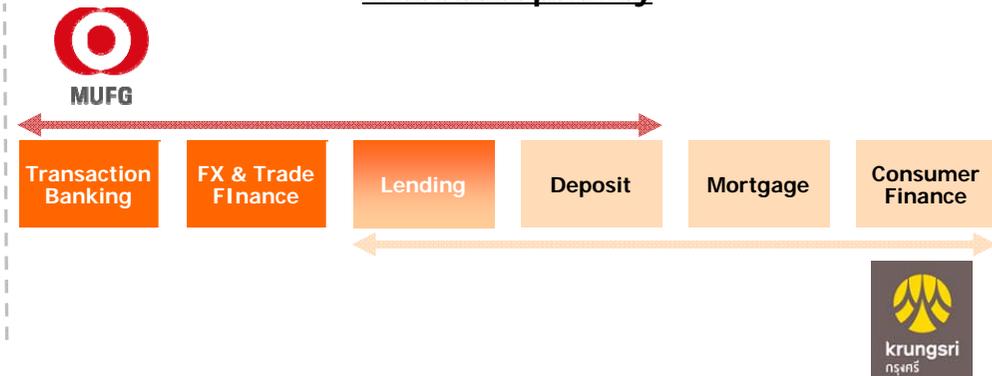


## Complementary strengths by customer base and products

### Customer base



### Product capability

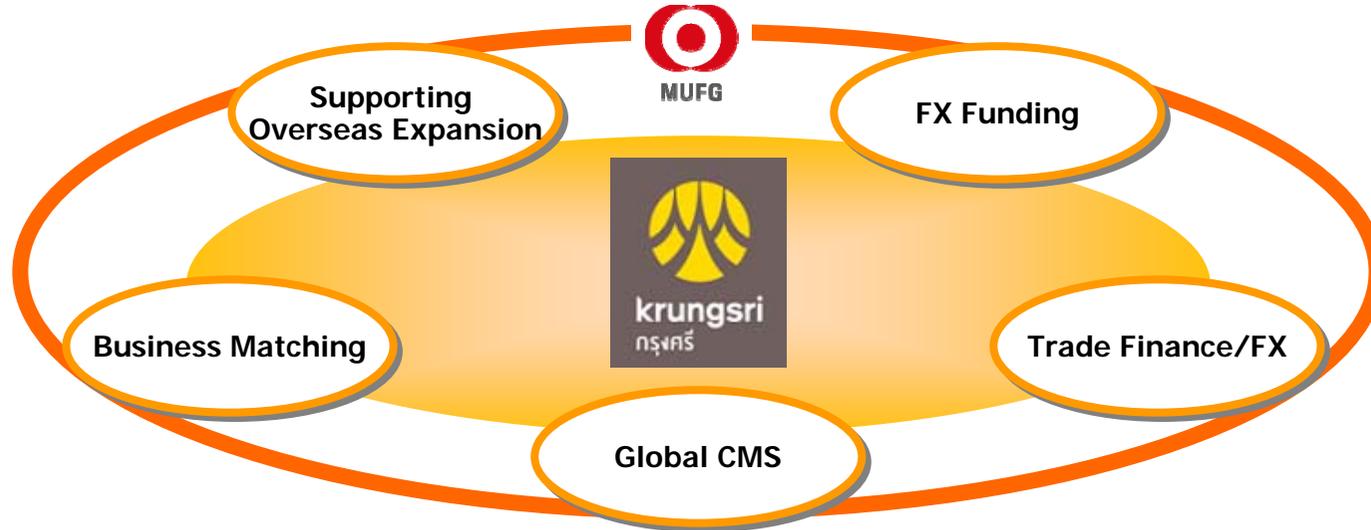


# Implements Hybrid Global-Local Bank Model in Thailand



- The combination of BTMU and BAY (Krungsri) will bring in lots of synergy

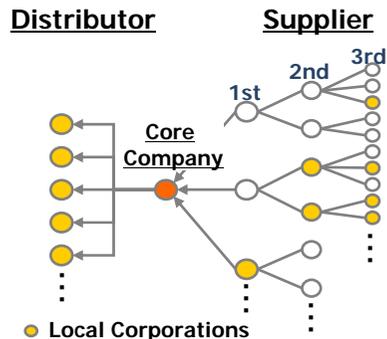
MUFG's global capability to BAY's existing customers



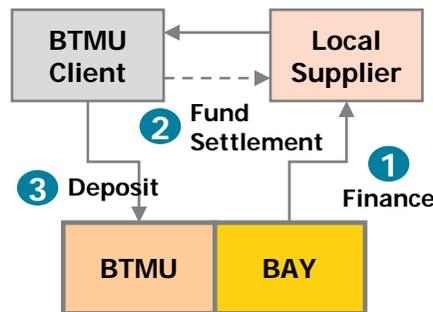
## Supply Chain Approach

## Cross-sell retail baking service

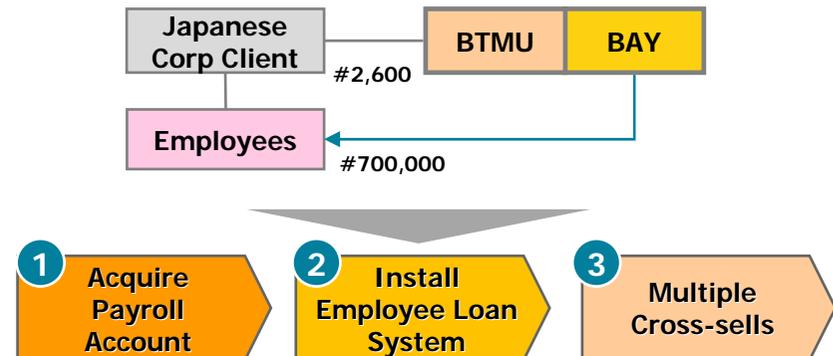
### Pattern of supply chain



### Targeted synergy areas



### Business flows & targeted opportunities



## 3. Bank of Ayudhya Overview

# BAY (Krungsri) at a Glance

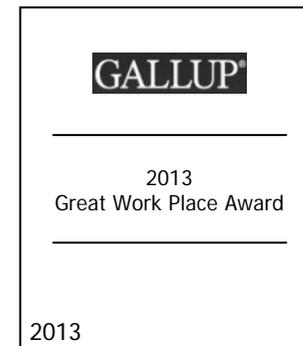


- Ranked fifth largest bank by total assets, BAY offers a range of financial products and services to corporate, SMEs, and individual customers

## Basic Information\*

Establishment	1945
Workforce	18,515 staff
Branches	605 (4 overseas)
ATMs	4,388
Exchange Booths	80
First Choice Branches + Dealers	27 + 10,686
Krungsri Auto Branches + Dealers	43 + 6,300
Micro Finance CFGS Branches	250

## Awards



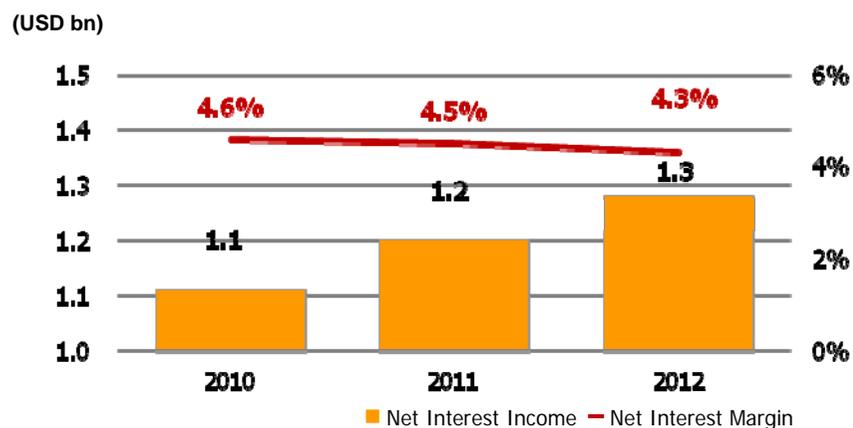
\*As of Mar, 2013

# Key Financials Highlights – 1/3

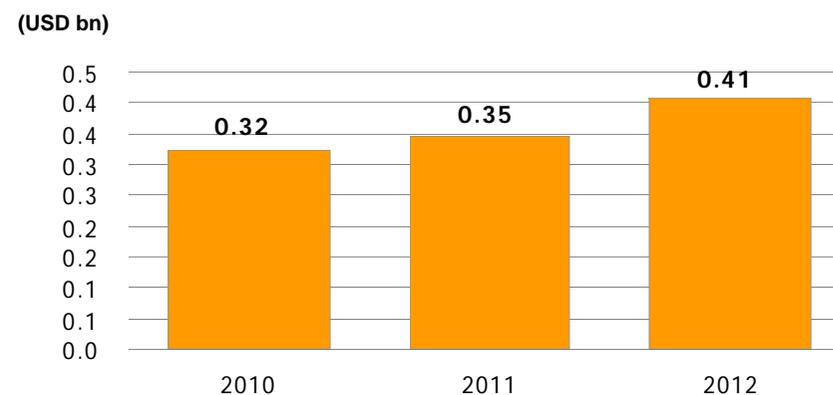


- BAY has demonstrated strong income growth and maintained an attractive level of profitability in recent years

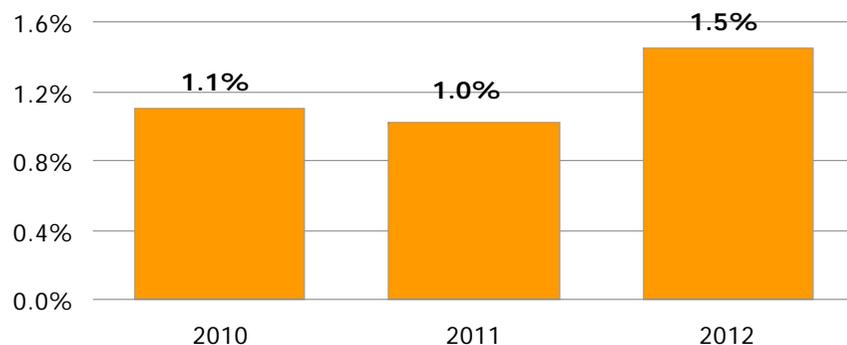
## Net Interest Income



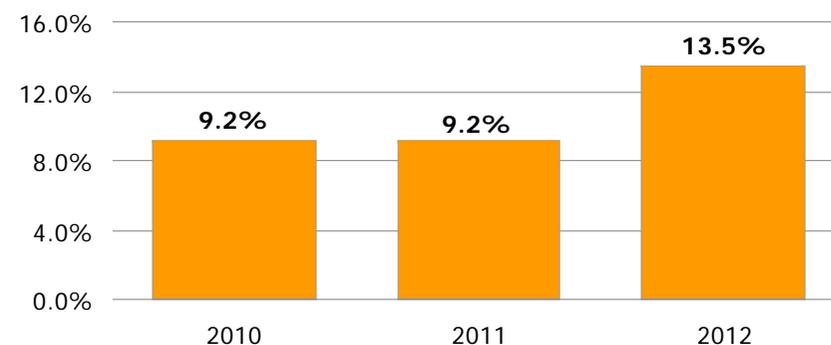
## Net Fees & Service Income



## ROA\*2



## ROE\*2



\*Exchange rate \$1/THB=31.20

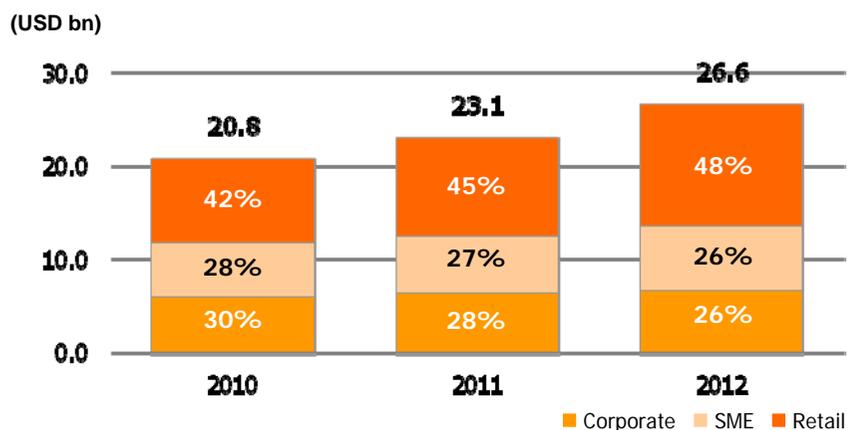
\*2 In 2011, our ROA and ROE were impacted by "floods and deferred tax assets devaluation"

# Key Financials Highlights – 2/3

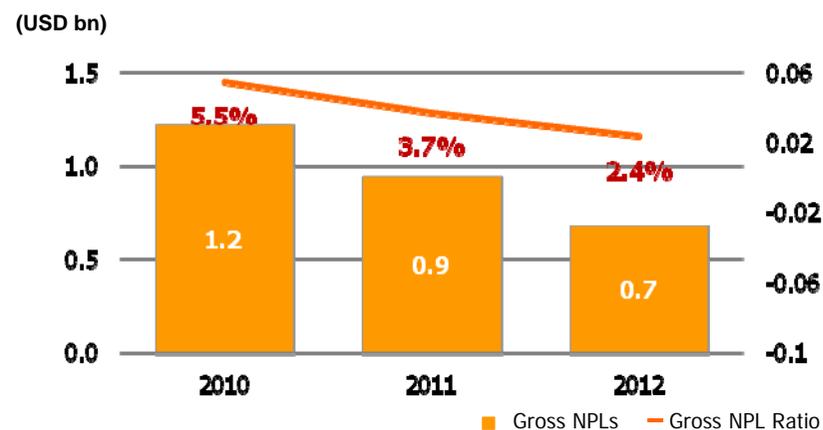


- BAY has achieved solid loan and deposit growth while maintaining strong asset quality and high levels of capital adequacy

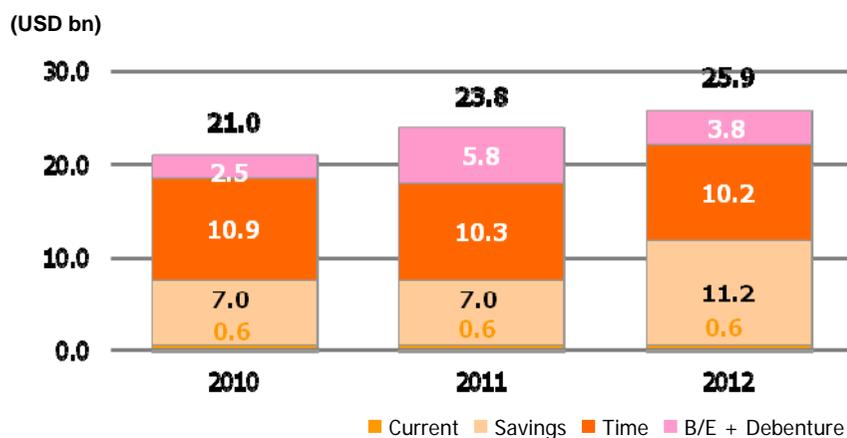
## Loan Portfolio



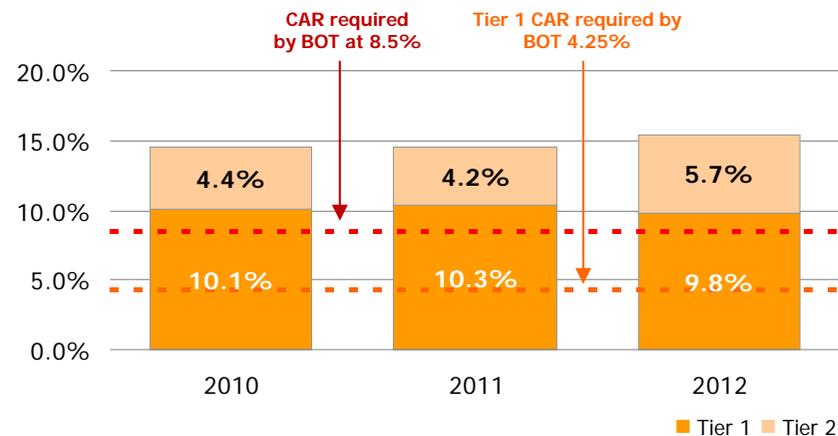
## Asset Quality



## Funding Base



## Capital Base

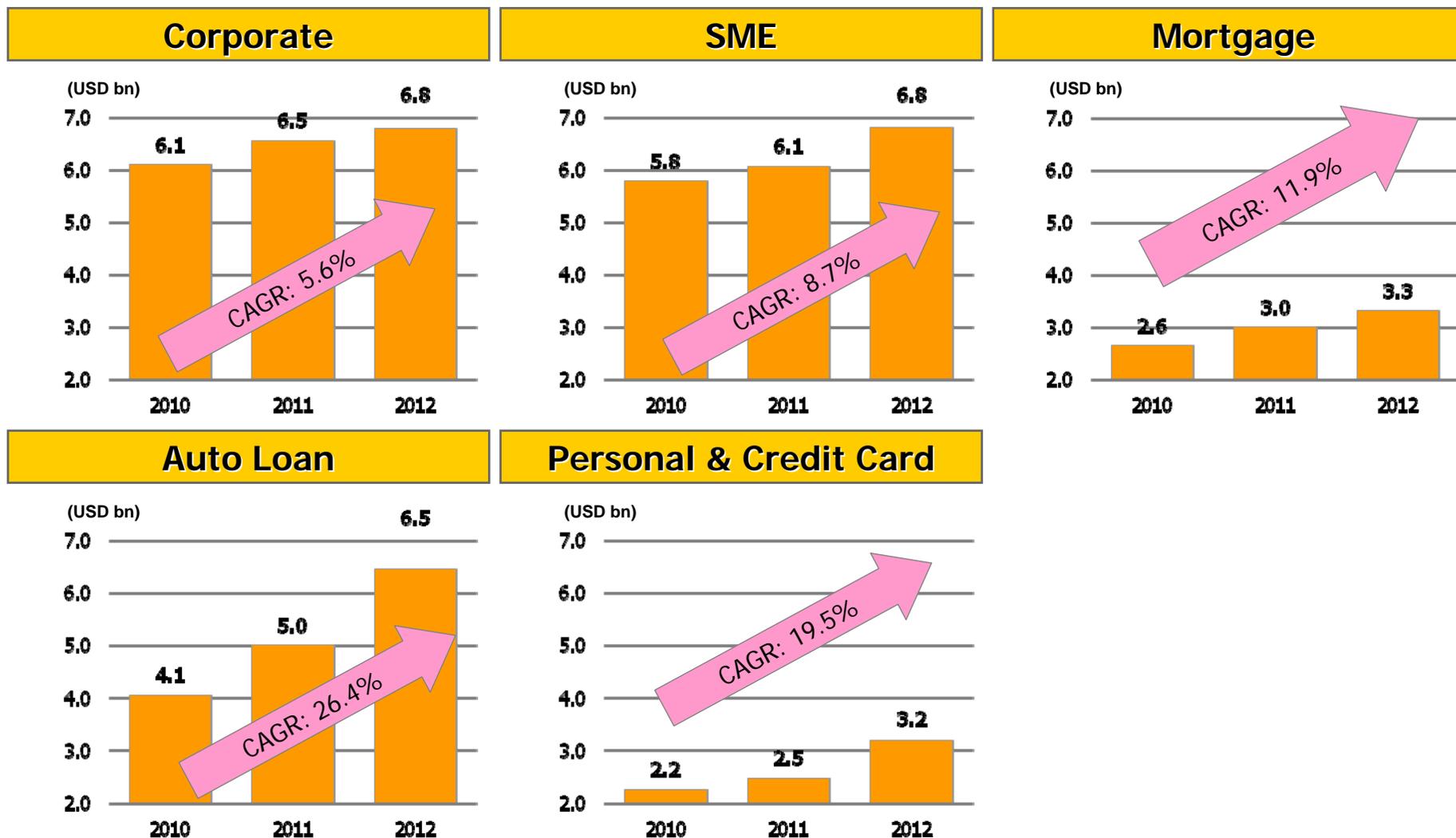


\*Exchange rate \$1/THB=31.20

# Key Financials Highlights – 3/3



- Dramatic growth in the retail sector mainly focusing on consumer loans and auto loans



\*Exchange rate \$1/THB=31.20

## 4. Financial Impact

# MUFG Capital Position Remains Strong post Transaction



## Estimated Capital Impact

- **Common Equity Tier1 ratio: -50~60 b.p.  
(Full implementation\*)**

Assuming BTMU holds 50.1% stake in BAY VTO

\*Based on the regulations applied at the end of March 2019

## EPS and ROE Impact

- **Financing for the Acquisition**
  - **All cash, no equity finance**
- **Positive impact on EPS and ROE**

# Appendix

# BAY - Financials



(THB mm)	FY2010*	FY2011*	FY2012*	CAGR(FY 10-12)
<b>PL</b>				
Total Operating Income	51,527	55,305	61,189	9.0%
Other Operating Expenses	26,796	27,477	30,798	7.2%
Operating Income Before Provision	24,731	27,828	30,391	10.9%
Net Income Attributable to Shareholders	8,793	9,264	14,625	29.0%
<b>BS</b>				
Loan	648,960	719,507	830,008	13.1%
Corporate	190,046	204,286	211,914	5.6%
SME	180,104	188,955	212,834	8.7%
Retail	278,810	326,266	405,260	20.6%
Deposit	576,479	560,540	687,159	9.2%
Total Assets	869,834	947,797	1,071,965	11.0%
Total Shareholder's Equity	99,104	102,696	113,486	7.0%
	FY2010*	FY2011*	FY2012*	CAGR(FY 10-12)
<b>Key Indicators</b>				
NIM	4.6%	4.5%	4.3%	
CIR	52.0%	49.7%	50.3%	
NPL	5.5%	3.7%	2.4%	
LDR	99.0%	96.9%	102.9%	
Tier 1 Ratio (Basel II)	10.1%	10.3%	9.8%	
ROA	1.1%	1.0%	1.5%	
ROE	9.2%	9.2%	13.5%	
<b>Others</b>				
# of Branches	590	588	605	1.3%
# of Employees (Bank)	9,727	10,077	10,410	3.5%

\*Fiscal Year End December

# BTMU Bangkok Branch - Financials



(THB mm)	FY 2009*	FY 2010*(1)	FY 2011*	CAGR(FY 09-11)
<b>PL</b>				
Total Operating Income	5,207	5,967	6,911	15.2%
Other Operating Expenses	2,032	1,396	1,875	-3.9%
Operating Income Before Provision	3,175	4,570	5,036	25.9%
Net Income	2,218	3,096	3,168	19.5%
<b>BS</b>				
Loan	155,333	160,048	184,709	9.0%
Deposit	113,152	111,134	125,958	5.5%
Deposit (including B/E)	221,791	233,162	181,985	-9.4%
Total Assets	330,813	449,267	500,218	23.0%
	FY 2009*	FY 2010*(1)	FY 2011*	CAGR(FY 09-11)
<b>Key Indicators</b>				
NIM	1.2%	1.0%	1.5%	
CIR	56.2%	33.7%	25.4%	
ROA	0.8%	0.8%	0.7%	

\*Fiscal Year End March (FY2011=FY end March 2012)  
 (1) New accounting policy has been applied since 2010