



# U.S. Business Strategy



September 30, 2016 in Tokyo

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- This document is being released by MUFG outside of the United States and is not targeted at persons located in the United States.

#### <Descriptions of terms used in this document>

Americas	: North America and Latin America in terms of geographical area or MUFG’s business operations there and belonging to Global Banking Business Group; does not include business belonging to Global Markets Business Group or Asset Management / Investor Services Business Group
The U.S.	: The United States or MUFG’s business operated there and belonging to Global Banking Business Group
BTMU U.S. Branches	: Branches and subsidiaries in the U.S., excluding MUAH
MUB	: MUFG Union Bank, N.A., a wholly-owned subsidiary of MUAH; provides a range of financial services to individual consumers, small businesses, middle-market companies and major corporations
MUSA	: MUFG Securities Americas Inc., a wholly-owned subsidiary of MUAH since 7/1/2016
MUAH	: MUFG Americas Holdings Corporation, the U.S. Intermediate Holding Company over MUB and MUSA, etc.
Wholesale Bank	: Provides a variety of services to U.S. based corporate customers with revenues generally greater than \$500mm and corporate customers with home offices in Japan and Asia
Regional Bank	: Provides range of services to individuals and businesses with generally up to \$500mm in annual revenues

# Introduction

- Stephen Cummings is Managing Executive Officer of MUFG and BTMU as well as CEO for the U.S. and President and CEO of MUFG Americas Holdings Corporation (MUAH), which includes MUFG Union Bank, N.A., MUFG Securities Americas Inc. and MUFG Fund Services (USA) LLC.
- He is the first American to serve as President and CEO of MUFG Union Bank, positions he assumed in May 2015. Mr. Cummings is also the Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), the first non-Japanese to serve in this capacity.
- Mr. Cummings began his career in 1979 with Kidder, Peabody & Co. Incorporated in its New York Corporate Finance Department. He left that position in 1984 to join Bowles Hollowell Conner & Co. in Charlotte, N.C., and was named Chairman and Chief Executive Officer in 1992. In 1998, he led the sale of Bowles Hollowell Conner & Co. to Wachovia Corporation and was named Head of M&A. He subsequently served in a number of leadership roles in Wachovia's investment banking, corporate banking and capital markets businesses. Mr. Cummings joined UBS in 2011 as Managing Director and Chairman for the Americas. His most recent positions before his appointment to MUFG were Head of Corporate Client Solutions for the Americas and Chairman, Investment Banking for the Americas.



**Stephen Cummings**

- John Woods is Executive Officer of MUFG and BTMU and Chief Financial Officer of MUFG Americas Holdings Corporation (MUAH), which includes MUFG Union Bank, N.A. He has previously served as Vice Chairman and Chief Financial Officer of UnionBanCal Corporation and Union Bank, N.A., since December 2009.
- Before that, Mr. Woods was Chief Financial Officer of JPMorgan Chase's Home Lending business based in New York. He also held the same role at a predecessor entity, Washington Mutual, Inc. based in Seattle starting in 2005.
- Prior to that, he spent three years at Federal Home Loan Mortgage Corporation (Freddie Mac) with various roles including Chief Financial Officer of the Funding & Investments Division.
- Mr. Woods began his career in 1986 at Arthur Andersen & Co. based in Washington, D.C. focusing on financial institutions and real estate entities. He became a partner in the firm in 1998 and thereafter led a financial and commodity risk consulting practice on the east coast of the United States.



**John Woods**



# Agenda

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# 1 MUFG in the Americas and U.S.

# Experienced Management Team -

## A leading, local management team with an average of 30 years experience



### **Kanetsugu Mike**

*Group Head of Global Business Group*

*Regional Executive for the Americas*

*Executive Chairman of MUFG Americas Holding Corporation*

Over 35 years of experience in International Finance, Corporate Planning, Business & Systems Integration, Financial Institutions & Public Enterprise Business, Corporate Services



### **Stephen Cummings**

*CEO for the U.S., President and CEO of MUFG Americas Holding Corporation*

Over 35 years of experience in Corporate Finance, Investment Banking, Corporate Banking, Capital Markets, Sales and Trading, Mergers and Acquisitions, Principal Investing, Commercial Real Estate, Global Cash Management, Asset Lending/Leasing, Global Correspondent Banking



### **Koji Asada**

*Chief of Staff*

Over 25 years of experience in Investment Banking, Asian Corporate Banking, Structured Finance, Mergers and Acquisitions, and Strategic Alliance



### **Ranjana Clark**

*Head of Transaction Banking*

Over 30 years of experience in Treasury Management, Global Trust & Custody, Payments and Strategy. Consistently recognized as one of the most influential women in banking by American Banker Magazine and other national publications



### **Michael Coyne**

*General Counsel*

Over 30 years of experience in Litigation (including International Law specializing in securities, corporate, commercial, and real estate litigation), Regulatory Law, Corporate Governance, and Board of Directors liaison



### **Kevin Cronin**

*Head of U.S. Wholesale Banking*

Over 25 years of experience in Corporate Banking Business including Syndicated Finance, Public and Private Debt Instruments, Risk Mitigation Techniques, Global Treasury and Trade Services, Credit and Business Risk Assessment



### **Donna Delloso**

*Chief Risk Officer*

Over 30 years of experience in Risk and Credit Management, Enterprise-wide Risk Management, Compliance and Business Security



### **Masato Miyachi**

*Deputy Regional Executive for the Americas*

Over 30 years of experience in Investment Banking including Capital Markets, Mergers and Acquisitions, and Structured Finance, and Corporate Banking, Corporate Planning



### **William Mansfield**

*CEO of MUFG Securities Americas Inc.*

Over 30 years of experience in Fixed Income, Interest Rate Derivatives, Structured Products, Interest Rate Hedging Strategies, Hedge Funds, Swaps Markets, Global Markets Management



### **Satoru Nakayama**

*Head of Asian Corporate Banking*

Over 25 years of experience in Japanese Corporate Banking Business including Automotive, Transportation and Logistics sector



### **Chris Perretta**

*Chief Information & Operations Officer*

Over 35 years of experience in Information Technology Business and Activities, Technology Strategy, Information Management



### **Timothy Wennes**

*Head of the Regional Bank*

Over 25 years of experience in Retail Banking including Consumer Banking, Residential Lending, Wealth Markets as well as Commercial Banking, Real Estate Industries, Corporate Social Responsibility



### **Annemieke van der Werff**

*Chief Human Resources Officer*

Over 30 years of experience in Talent Acquisition and Management, Organizational Performance, Change Management, Employee Engagement, Compensation and Benefits, Diversity & Inclusion, Employee Relations



### **John Woods**

*Chief Financial Officer*

Over 30 years of experience in Financial Services and Real Estate Industries, holding a range of leadership positions across various large banks and other financial institutions



### **Johannes Worsoe**

*Head of Investment Banking & Markets*

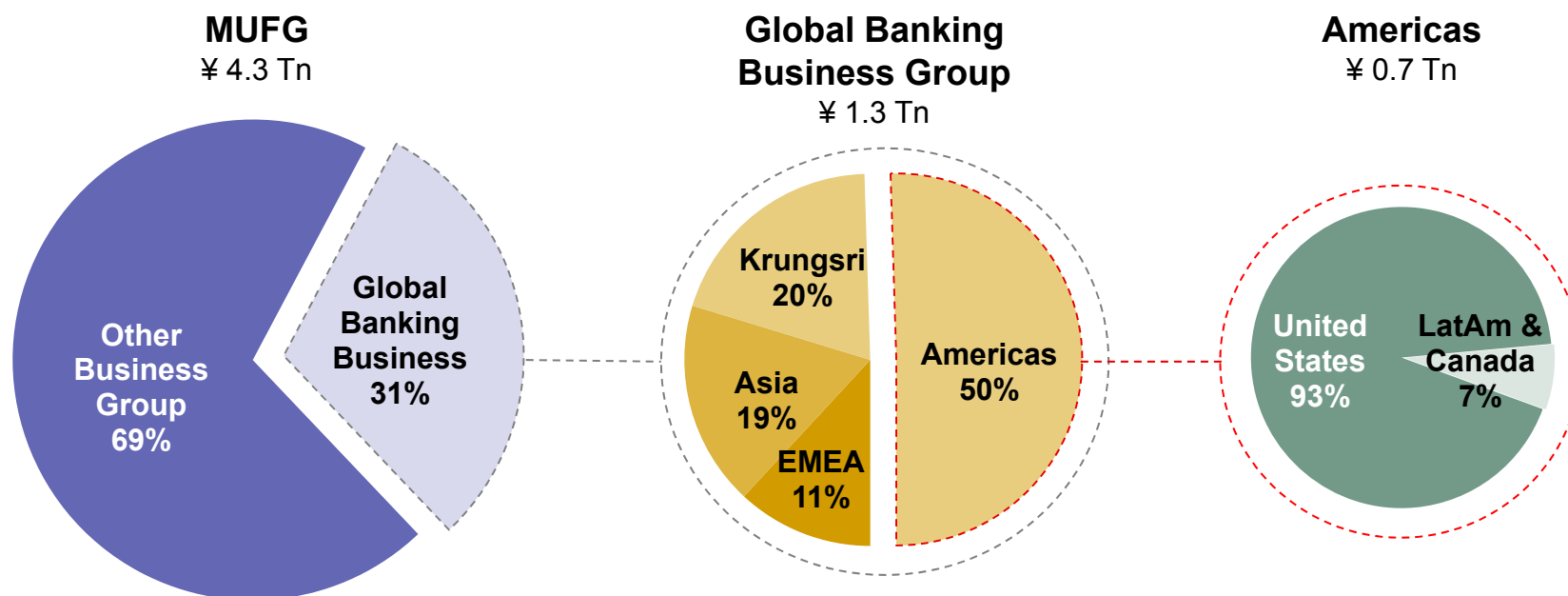
Over 30 years of experience in Investment Banking and Markets including Capital Markets, Structured & Project Finance, Syndications, Securitization, Leasing, Merchant Banking, Structured Trade, Markets Businesses, and Financial Management and Strategy



# Contribution to MUFG / Global Banking Business

The Americas contributes 50% of Gross Profits of Global Banking Business Group  
U.S. operations represents 93% of Gross Profits in the Americas

FY 2015 Gross Profits for MUFG, Global Banking Business Group and the Americas <sup>1</sup>



1. Managerial accounting basis in accordance with JGAAP. Calculated by exchange rate for current Medium Term Business Plan (JPY115 per USD)

# MUFG in the Americas and U.S.

## Americas<sup>1</sup>



### The Americas<sup>2</sup>

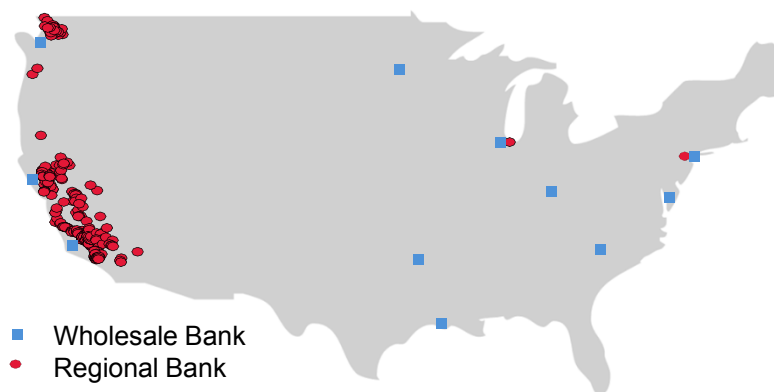
FTE:

~12,500<sup>4</sup>

Loans<sup>6</sup>:

\$171B

## U.S.



### Regional Bank

~4,800

\$59B<sup>7</sup>

### Wholesale Bank<sup>3</sup>

~1,850

\$90B<sup>7</sup>

## Canada & LatAm



### Canada & Latin America

~750<sup>5</sup>

\$22B

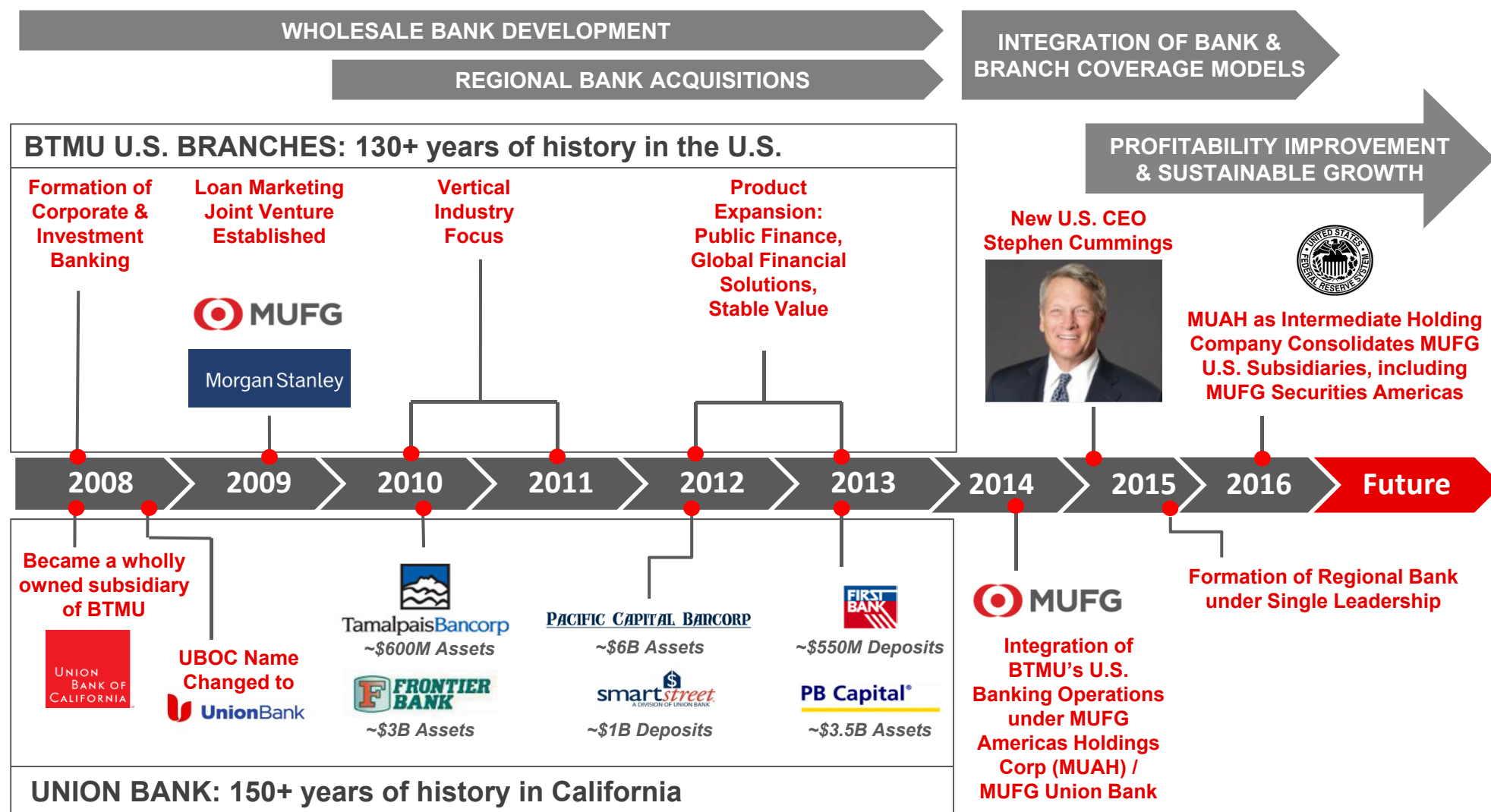
**Focus of presentation on  
growth strategy**

1. As of June 30, 2016 unless otherwise noted
2. Includes BTMU U.S. Branches, MUAH and MUSA
3. Includes USWB(U.S. Wholesale Banking), ACB(Asian Corporate Banking), IB&M(Investment Banking and Markets), TB(Transaction Banking)
4. 7,400 employees in lines of business and ~5,100 in support functions (e.g., Finance, Risk, Legal, HR)
5. As of March 31, 2016
6. Managerial accounting basis in accordance with JGAAP. Eliminates \$4.55B intercompany loans
7. Includes MUAH and BTMU U.S. Branches but excludes LatAm from BTMU U.S. Branches








# MUFG's Journey in the Americas



# MUFG's Wholesale and Regional Lending Businesses Rank in Top 10 in the U.S.

Rank	Total Loans <sup>1</sup>	USD Bn
1	Wells Fargo	938
2	Bank of America	822
3	JPMorgan	806
4	Citi	381
5	U.S. Bank	271
6	Capital One	228
7	PNC	208
8	 <b>MUFG<sup>2</sup> MUAH + BTMU U.S.</b>	<b>150</b>
9	BB&T	144
10	SunTrust	144
11	TD	139
12	Morgan Stanley	117
13	Ally	113
14	Citizens	105
15	Fifth Third	94
⋮		
22	 <b>MUFG<sup>2</sup> MUAH</b>	<b>79</b>

Rank	Total Deposits <sup>1</sup>	USD Bn
1	Bank of America	1,204
2	JPMorgan	1,155
3	Wells Fargo	1,146
4	Citi	466
5	U.S. Bank	298
6	PNC	249
7	TD	229
8	Capital One	220
9	BB&T	167
10	SunTrust	155
11	Morgan Stanley	151
12	BNY Mellon	149
13	Charles Schwab	137
14	HSBC	136
15	 <b>MUFG<sup>2</sup> MUAH + BTMU U.S.</b>	<b>129</b>
⋮		
23	 <b>MUFG<sup>2</sup> MUAH</b>	<b>83</b>

1. Total USD loans and deposits booked in U.S. domestic offices as of Jun 30, 2016

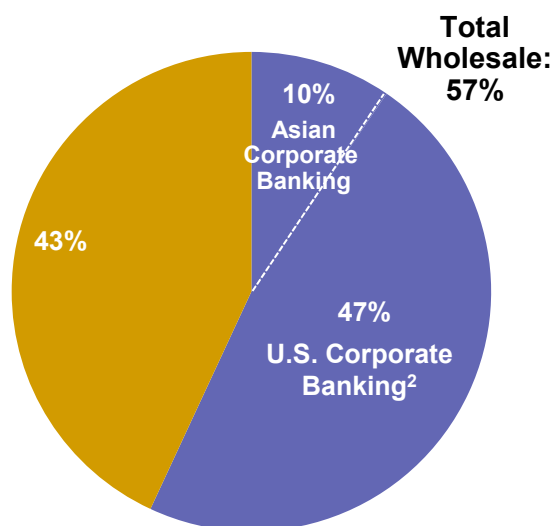
2. Managerial accounting in accordance with JGAAP. Includes MUAH and BTMU U.S. Branches but excludes LatAm from BTMU U.S. Branches.  
Eliminates \$4.55B intercompany loans



# Business Mix

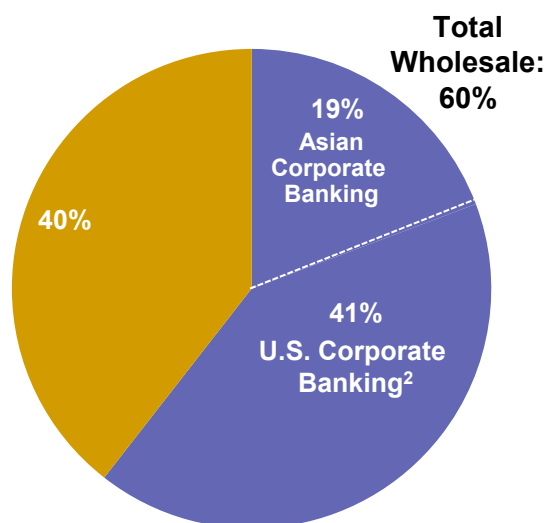
Well-balanced mix between Wholesale Bank and Regional Bank

Gross Profits<sup>1</sup>



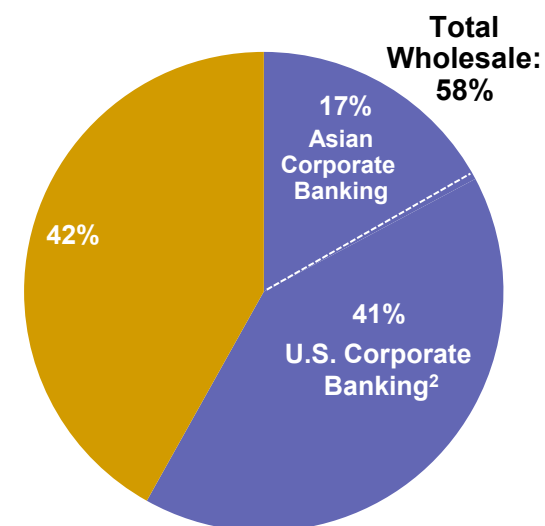
Regional Wholesale

Loans<sup>1</sup>



Regional Wholesale

Deposits<sup>1</sup>



Regional Wholesale

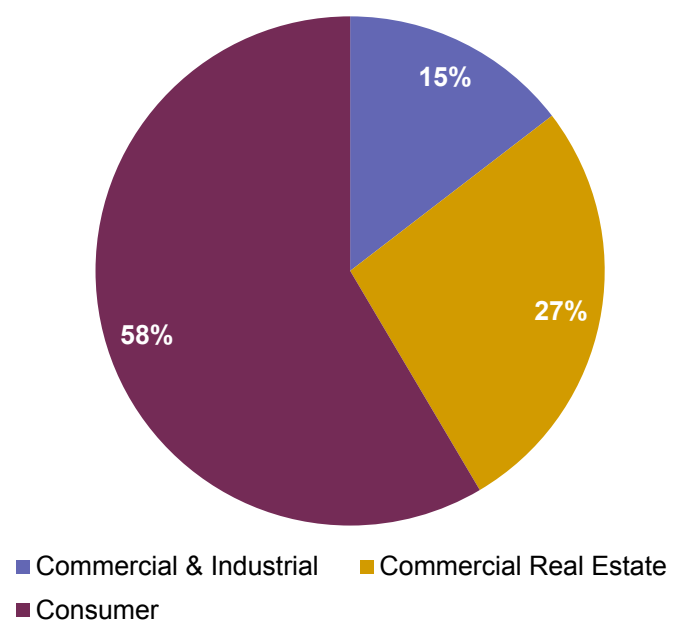
1. Managerial accounting in accordance with JGAAP. Includes MUAH and BTMU U.S. Branches but excludes LatAm from BTMU U.S. Branches. Gross profits include MUSA. Gross Profits Period = Jan-Mar 2016. Eliminates \$4.55Bn intercompany loans. Loan and deposit balances are ending balances as of Jun 30, 2016
2. Includes USWB(U.S. Wholesale Banking), IB&M(Investment Banking and Markets), TB(Transaction Banking) and MUSA



# Diversified Loan Book

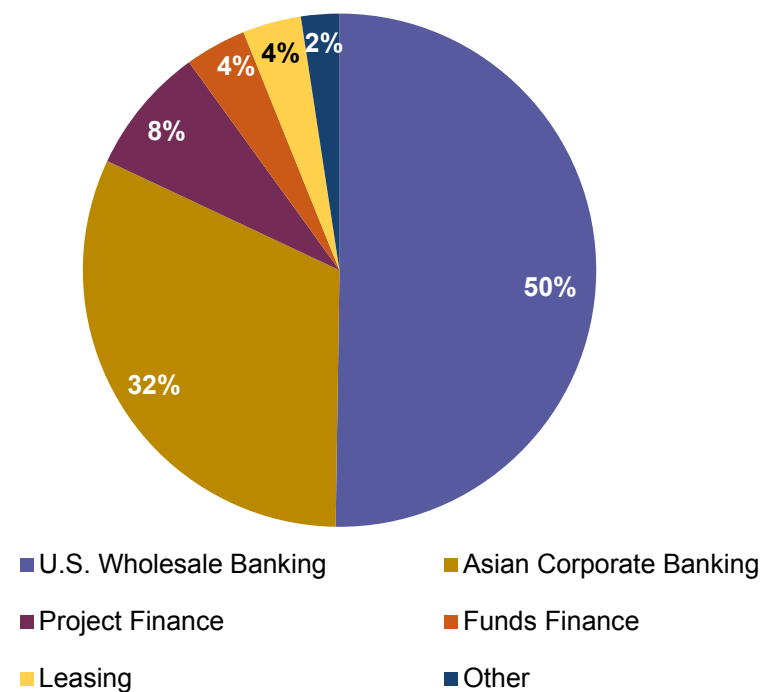
Regional Bank's footprint lending is complemented by Wholesale Bank's national focus

Regional Bank<sup>1</sup>



Total: \$59B

Wholesale Bank<sup>1</sup>



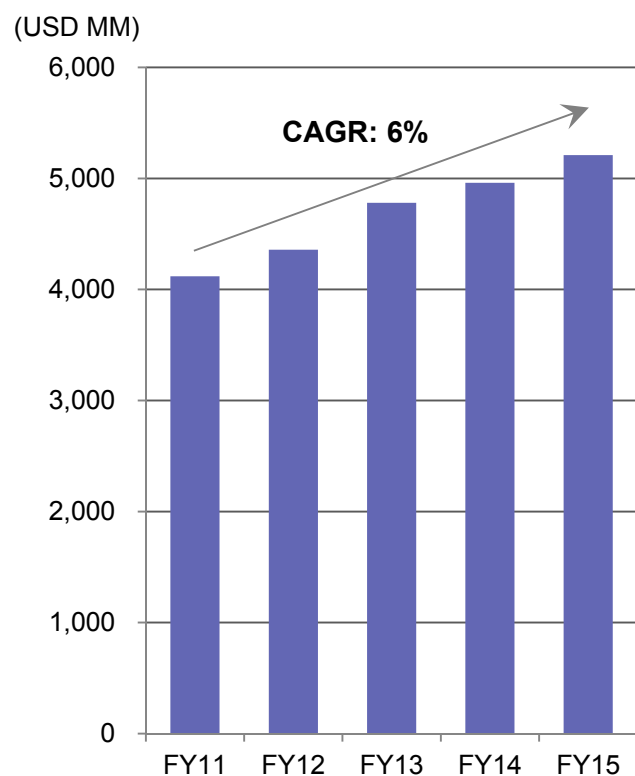
Total: \$90B

1. Managerial accounting in accordance with JGAAP. Includes MUAH and BTMU U.S. Branches but excludes LatAm from BTMU U.S. Branches. Eliminates \$4.55B intercompany loans. Ending balances as of Jun 30, 2016

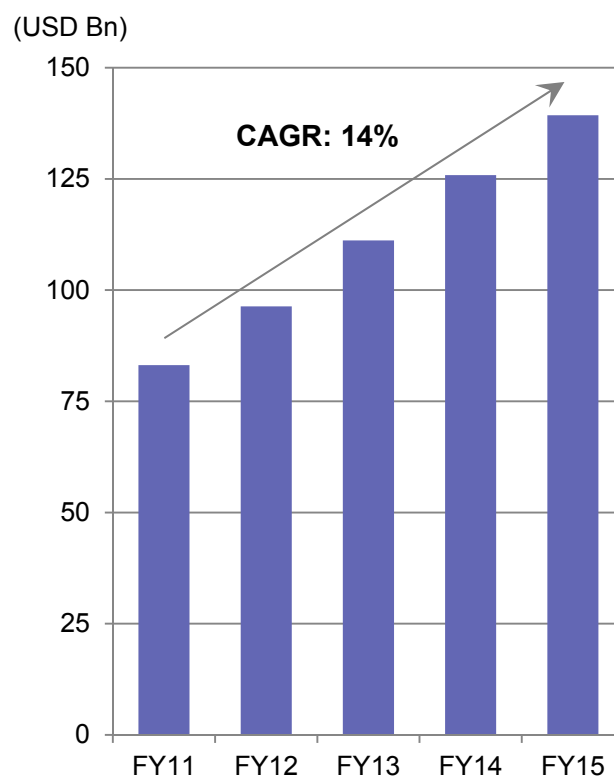
# U.S. Financial Highlights

Strong loan and deposit growth has driven revenue growth despite margin compression

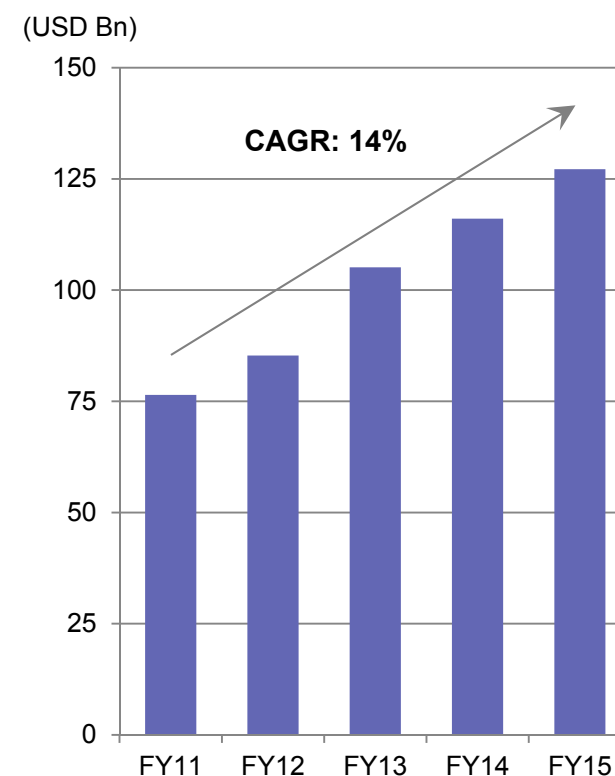
Gross Profits<sup>1</sup>



Loans<sup>1</sup>



Deposits<sup>1</sup>

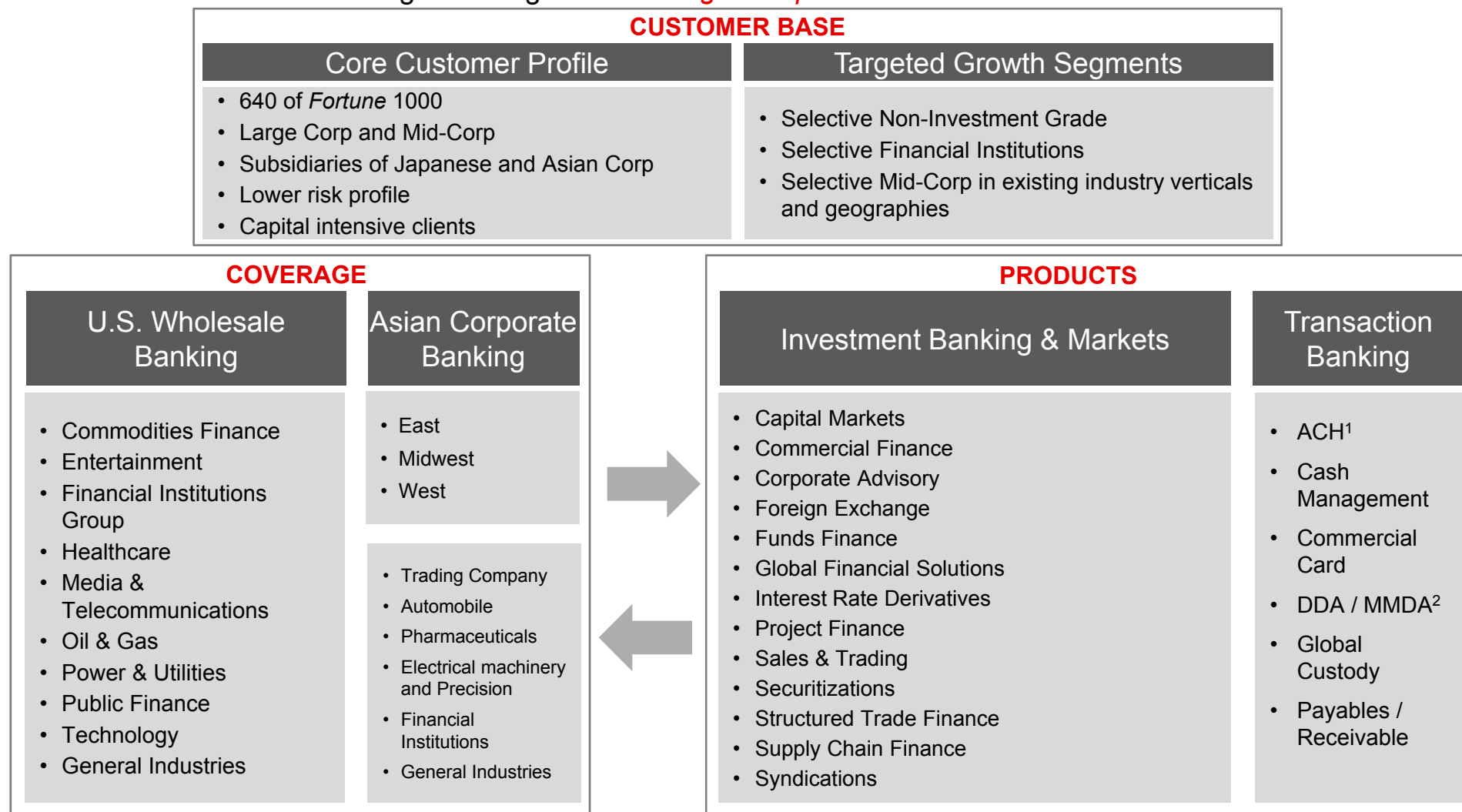


1. Managerial accounting in accordance with JGAAP. Includes MUAH and BTMU U.S. Branches but excludes LatAm from BTMU U.S. Branches. Gross profits include MUSA. Loans and deposits are average balances. Period: BTMU U.S. Branches = Apr-Mar : MUAH = Jan-Dec

## 2 Our Customer Franchise

# Wholesale Bank - Overview

Post-financial crisis, **MUFG** took advantage of turmoil in the market and among competitors to selectively expand its wholesale businesses through an integrated *coverage* and *product* model



1. ACH: Automated Clearing House

2. DDA: Demand Deposit Account, MMDA: Money Market Demand Account

# Wholesale Bank - Go-Forward Value Proposition

## Strategic Vision

To be the **TRUSTED PROVIDER** of diversified financial solutions for our customers

## Value Proposition

**Deep industry expertise delivers sophisticated solutions by leveraging the MUFG global platform**

## Select League Table Positions

**#1** Project Finance      **#3** Debt Capital Markets – Power & Utilities  
**#3** Securitizations  
**TOP 5** Investment Grade Syndicated Loans

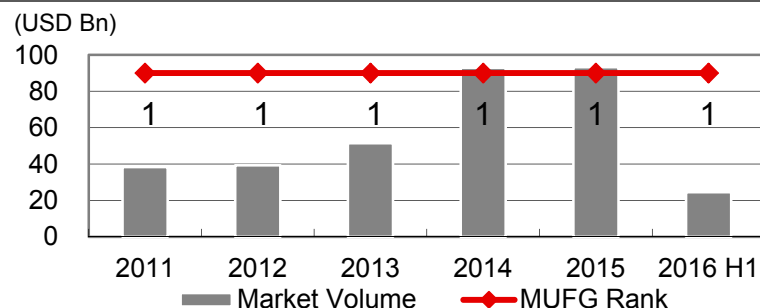
## Recent Momentum

- Rapid growth in Debt Capital Markets, recently launched Leveraged Capital Markets in April
- Integrated securitization marketing efforts won 11 asset-backed securitization bookrunner roles
- Supply Chain Finance closed 11 new deals and continues to build pipeline
- New Head of Aviation Business coming onboard in late September



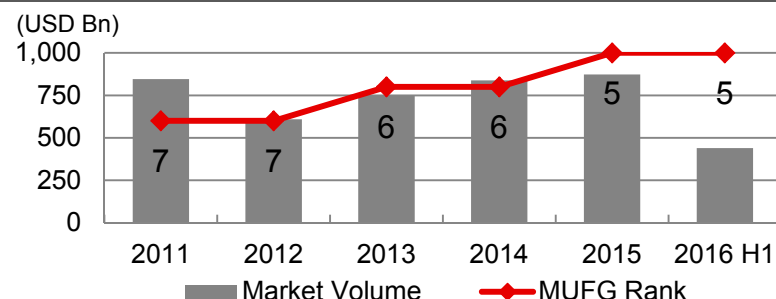
# Wholesale Bank - Momentum in Select League Tables

## Project Finance – Initial Mandated Lead Arrangers in the Americas<sup>1</sup>



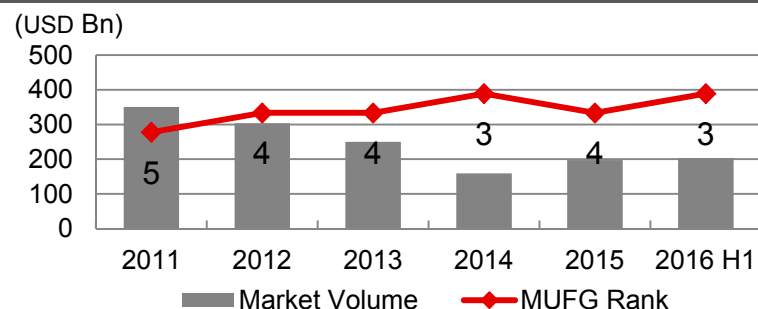
Rank	2016 1H	Volume (USD MM)	Share (%)	# of Deals
1	<b>MUFG</b>	2,500	10.2	31
2	Sumitomo Mitsui	1,690	6.9	19
3	Bank of America ML	1,137	4.6	7
4	Santander	1,119	4.6	15
5	Mizuho Financial	1,075	4.4	12

## Syndicated Loan – IG Bookrunners in the U.S.<sup>1</sup>



Rank	2016 1H	Volume (USD Bn)	# of Deals
1	Bank of America ML	103	229
2	JP Morgan	80	218
3	Citi	62	127
4	Wells Fargo & Company	44	173
5	<b>MUFG</b>	22	72

## Securitization – ABCP Program Administrators in the U.S.<sup>1</sup>



Rank	2016 1H	Volume (USD Bn)
1	Citi	24.9
2	JP Morgan	21.2
3	<b>MUFG</b>	18.5
4	RBC	17.5
5	Credit Agricole	9.0

1. Source: Thomson Reuters, Federal Reserve, Moody's

# Wholesale Bank - Strong Financial Performance

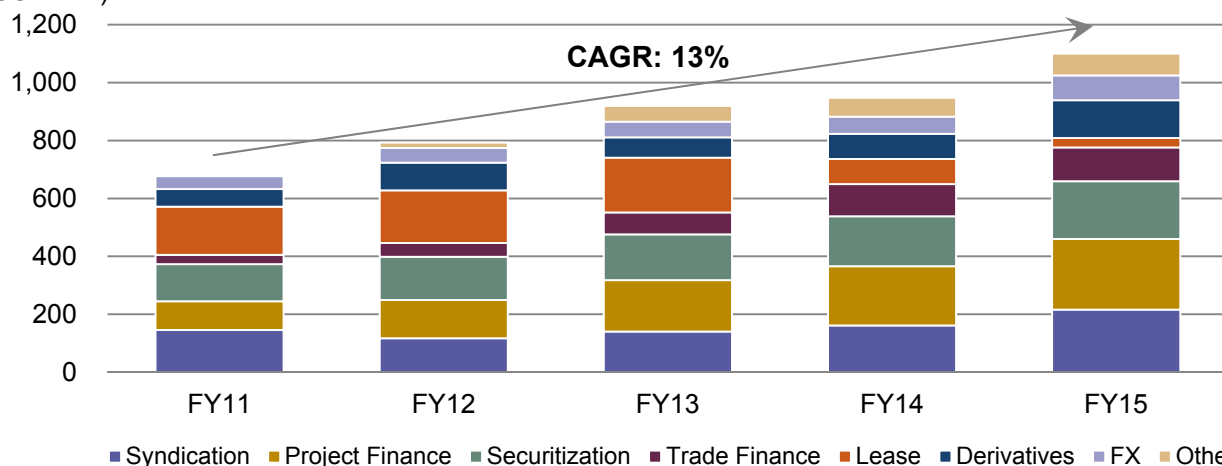
## Coverage View - Income Statement <sup>1</sup>

(USD MM)

	Jan-Mar Quarter		YoY	YoY
	FY15	FY16		
Gross Profits	682	770	87	13%
Non-Interest Expense	340	348	7	2%
Operating Profits	342	422	80	23%
Efficiency Ratio	50%	45%	(5ppt)	(9%)

## Gross Profits Growth from Key Products <sup>2</sup>

(USD MM)



- Wholesale growth driven by up-tiering client relationships and providing financial solutions to meet clients' needs
- Ongoing balance sheet expansion driving expansion of both loan and deposit net interest income
- Continuing fee income growth for event-based and ordinary course activities
- Positive operating leverage of 11% drove efficiency ratio decline from 50% to 45%

1. Managerial accounting basis in accordance with JGAAP. Does not reflect 3-month lag in MUAH. Includes MUAH, BTMU U.S. Branches and MUSA but excludes LatAm from BTMU U.S. Branches

2. Managerial accounting basis in accordance with JGAAP. Scope of profit is Americas excluding MUAH. Decrease in revenue from lease in 2014 & 2015 is due to divestiture of a lease subsidiary

# Regional Bank - Overview

The Regional Bank serves West Coast customers with high-touch local delivery and global capabilities leveraging the 150-year history and brand of **UNION BANK**, with core strengths in **DEPOSITS**, **JUMBO MORTGAGE**, **COMMERCIAL BANKING** and **COMMERCIAL REAL ESTATE**, in **one of the strongest demographic footprints in the world**

<b>#5</b> Retail Deposit Market Share in California	Leading California Commercial Bank	<b>TOP 10</b> CRE Portfolio in the U.S. <sup>1</sup>	<b>TOP 5</b> West Coast Jumbo Mortgage Originator
Consumer Banking	Commercial Banking	Real Estate Industries	Wealth Markets
Loans: \$33B <sup>2</sup>	Loans: \$10B <sup>2</sup>	Loans: \$16B <sup>2</sup>	AUM / AUA <sup>4</sup> : \$30B
<ul style="list-style-type: none"> <li>• Branch Banking</li> <li>• Private Banking</li> <li>• Residential Mortgages</li> <li>• Home Equity</li> <li>• Small Business</li> <li>• Consumer Lending and Credit Card</li> </ul>	<ul style="list-style-type: none"> <li>• Middle Market</li> <li>• Business Banking</li> <li>• Centralized Business Banking</li> <li>• Professional Services</li> <li>• SBA Lending<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Institutional Markets                             <ul style="list-style-type: none"> <li>• REITs</li> <li>• Fund managers</li> <li>• Institutional owners</li> </ul> </li> <li>• Regional Markets</li> <li>• Community Development Finance</li> <li>• Commercial Mortgage</li> </ul>	<ul style="list-style-type: none"> <li>• Wealth Planning</li> <li>• Trust &amp; Estate Services</li> <li>• Investment Management / HighMark<sup>5</sup></li> <li>• Brokerage / UBIS<sup>6</sup></li> <li>• Private Wealth Management</li> </ul>

1. CRE: Commercial Real Estate

2. Managerial accounting basis in accordance with JGAAP. Loan balances as of Jun 30, 2016

3. SBA: Small Business Administration

4. AUM / AUA: Assets Under Management / Assets Under Administration

5. HighMark: HighMark Capital Management, Inc (a registered investment advisor, a subsidiary of MUB)

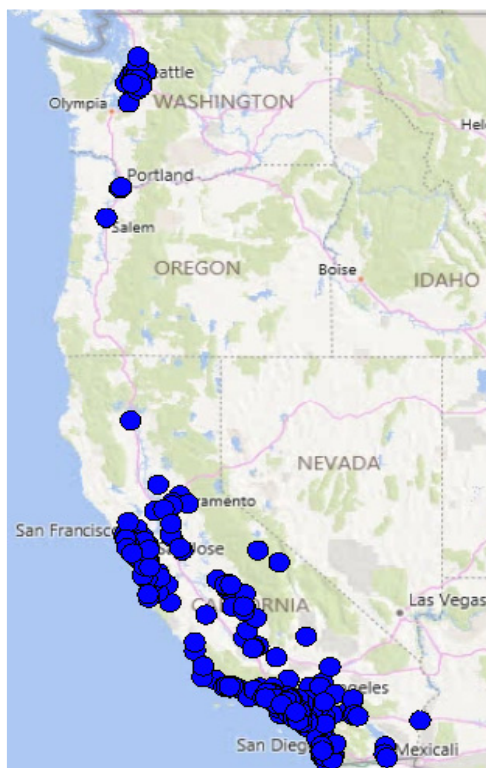
6. UBIS: UnionBanc Investment Services LLC (a registered broker-dealer and investment advisor, a subsidiary of MUB)



# Regional Bank - Well-positioned with an Attractive Geographic Footprint

California is the **8<sup>th</sup> largest economy in the world** | **Largest jumbo market** in the US

12% of **small businesses** in the US | **Median incomes** 15% higher than the US median



Demographic Attributes <sup>1</sup>	CA	USA	Feature of CA markets
Small Businesses	875,000	7,500,000	Includes 12% of small businesses in the US
Median Household Value	\$366,400	\$176,700	The largest jumbo residential market in the US, driving median home value ~2x US median
Median Household Income	\$61,000	\$53,000	Median income is ~15% higher than the US median
GDP <sup>2</sup>	\$2.3T	\$17.4T	Ranked 8 <sup>th</sup> among world's largest national economies
Population	39M	319M	Includes ~12% of the US population

## MUFG Union Bank in California

- Long history of Union Bank presence, including 150+ years in California
- One of the few banks with outstanding credit performance during the economic downturn, with continuing high-credit standards
- Top 10 bank reputation in the past three years<sup>3</sup> and top 3 customer satisfaction rating<sup>4</sup>

1. United States Census Bureau  
 2. U.S. Bureau of Economic Analysis for 2014  
 3. American Banker / Reputation Institute Survey of Bank Reputations  
 4. JD Power 2015 Retail Banking Satisfaction Study CA Region



# Regional Bank - Go-Forward Value Proposition

## Strategic Vision

To be **THE PREMIER AND MOST TRUSTED**  
West Coast bank that is the local  
alternative to national banks

## Value Proposition

For ambitious individuals and businesses,  
a local relationship bank  
providing holistic solutions  
to help achieve financial aspirations

## Strategic Objectives

- 1 Deepen Existing Customer Relationships
- 2 Diversify Products & Drive Fee Income
- 3 Improve Efficiency & Effectiveness
- 4 Provide Meaningful Liquidity to MUAH
- 5 Increase Customer Acquisition
- 6 Core Foundational Technology Investments

Improving Profitability and Generating  
Sustainable Growth



# Regional Bank Financial Performance

## Income Statement<sup>1</sup>

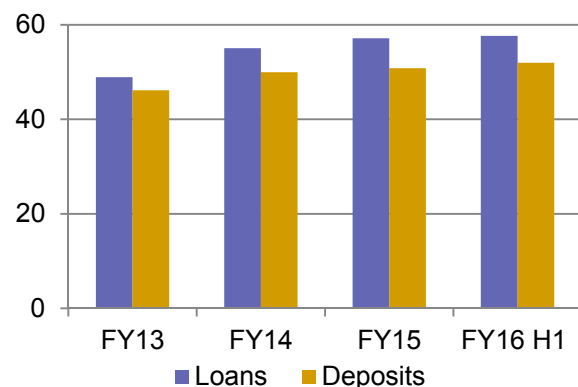
(USD MM)

	Jan-Mar Quarter		YoY	
	FY15	FY16		
Gross Profits	590	596	6	1%
Non-Interest Expense	425	399	(26)	(6%)
Operating Profits <sup>2</sup>	165	197	32	19%
Efficiency Ratio	72%	67%	(5ppt)	(7%)

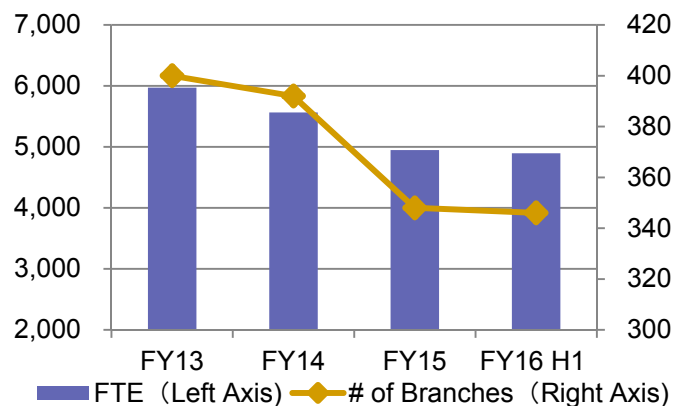
- In challenging rate environment, Regional Bank has been focused on steady loan and fee growth and efficiency
- Initiatives are continuing to drive revenues despite low rates
- Expense decline driven by non-recurring events in addition to ongoing expense management

## Steady Loan & Deposit Growth<sup>1</sup>

(USD Bn)



## Improving Efficiency



1. As disclosed in MUAH's 2016 Q1-Q2 10-Q and 2015 10-K statutory report under US GAAP. Loans and deposits are average balance
2. Pre-tax, pre-provision



# 3

## Key Initiatives for Profitability and Sustainable Growth

# Key Initiatives for Profitability and Sustainable Growth

Strategic Objectives	Initiatives	
	Wholesale Bank	Regional Bank
<b>Improve Profitability and Generate Sustainable Growth</b> <ul style="list-style-type: none"> <li>• Increase Fee Income</li> <li>• Acquire Customers</li> <li>• Optimize Balance Sheet</li> <li>• Diversify Business Mix</li> <li>• Manage Expenses</li> </ul>	<b>1 Focusing on Client Solutions</b> <ul style="list-style-type: none"> <li>• Allocating capital to drive “lead left” positioning</li> <li>• Building out additional industry expertise</li> <li>• Rigorous client and deal screening maintains balance sheet discipline</li> <li>• Banker scorecards drive solutions-based dialogue</li> </ul>	<b>1 Diversifying Lending Products</b> <ul style="list-style-type: none"> <li>• Expand in key product areas to diversify business mix, including credit card expansion</li> <li>• Extend partnerships with FinTech firms to expand product offering</li> </ul>
	<b>2 Integrating Capital Markets Platforms</b> <ul style="list-style-type: none"> <li>• Integration of IB&amp;M and MUSA platforms improve client execution (e.g., seamless loan to bond capabilities) and improves efficiency</li> </ul>	<b>2 Deepening Existing Relationships</b> <ul style="list-style-type: none"> <li>• Unified Regional Bank under single leadership to enhance collaboration across business lines (e.g., Commercial Banking, Jumbo Mortgages and Wealth)</li> <li>• Grow Wealth business by hiring wealth advisors and broadening capabilities</li> <li>• Expand commercial banking account planning with product partners and targeting new segments (e.g., healthcare and technology)</li> </ul>
	<b>3 Gathering Deposits Central to Client Strategy</b> <ul style="list-style-type: none"> <li>• Relationship Management (“RM”) scorecards modified to incent deposit gathering</li> <li>• Corporate MMDA/IOC<sup>1</sup> product developed</li> <li>• Resulted in deposit growth of \$30.8B since 2011</li> </ul>	
	<b>4 Bridging Asia and the Americas</b> <ul style="list-style-type: none"> <li>• Asian Corporate Banking (“ACB”) serves subsidiaries of Japanese and Asian corporates in the Americas</li> <li>• Global Subsidiary Banking (“GSB”) unit within Global Corporate &amp; Investment Banking drives solutions for U.S. corporate client needs in Asia</li> </ul>	<b>3 Providing Meaningful Liquidity</b> <ul style="list-style-type: none"> <li>• Increase core Retail deposit gathering leveraging digital and database marketing techniques</li> <li>• Grow the Transaction Banking deposit portfolio through cross-sell to new and existing customers</li> <li>• Launch a national direct bank - to come in the near future</li> </ul>
<b>Safety &amp; Soundness</b> <ul style="list-style-type: none"> <li>• Reinforce Strong Foundation &amp; Infrastructure</li> </ul>		

1. MMDA: Money Market Demand Account, IOC: Interest on Checking



# Wholesale Bank - Key Initiative 1

## Focusing on Client Solutions

Deep industry expertise builds strong relationships to provide thought leadership and advice on complex financing solutions

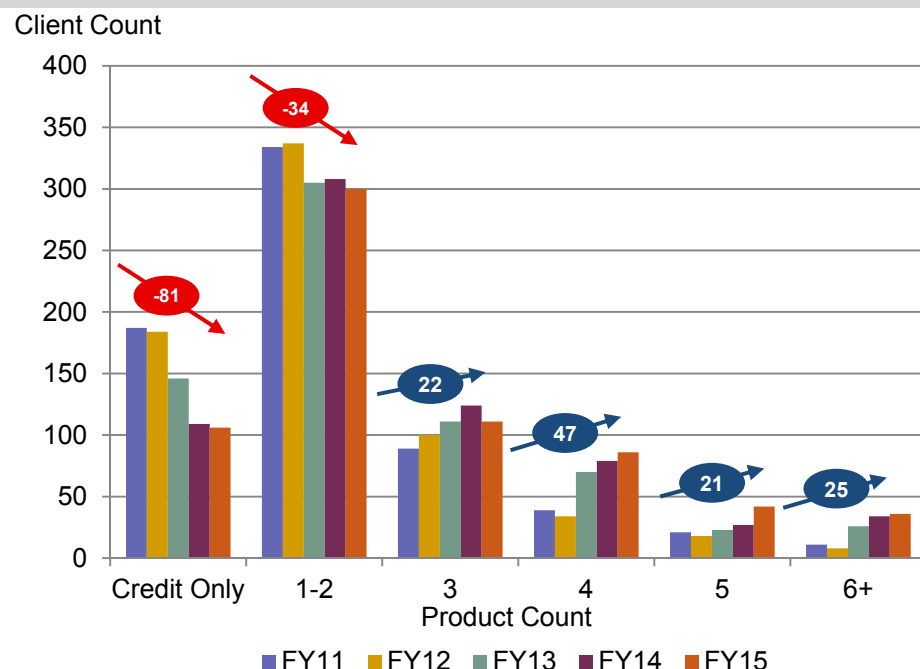
Extensive product offerings and continuous enhancement of product capabilities allow world-class execution of solution sets

Disciplined client selection strategically matches our suite of products

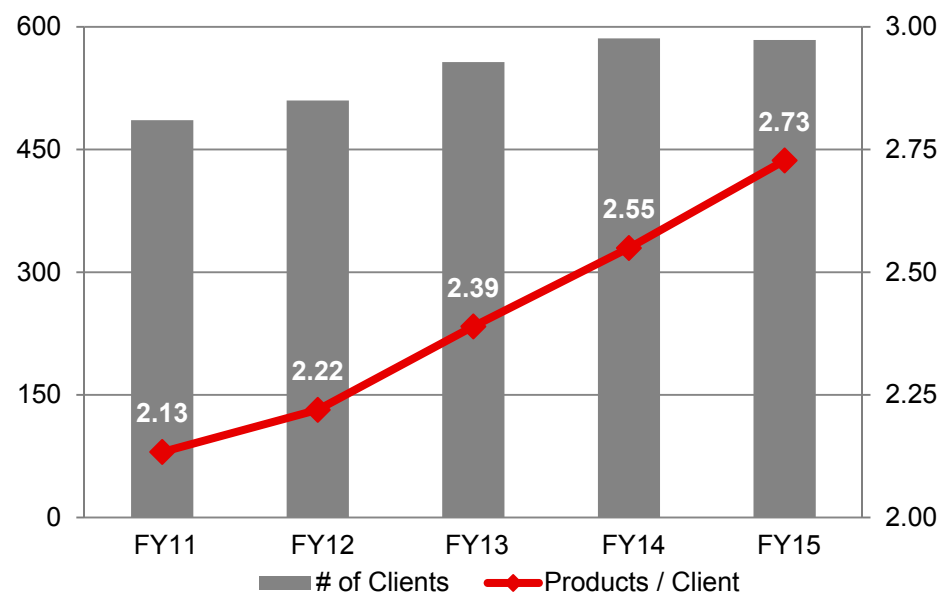
Comprehensive management review with detailed analytics to measure and manage the improvement of our risk-adjusted return profile

### Client Solutions Activity<sup>1</sup>

#### Product Penetration



#### Products Per Client



# Wholesale Bank - Key Initiative 2

## Integrating Capital Markets Platform

### Evolution into Integrated Operation Model between Banking and Securities Businesses (Next Stage of O&D<sup>1</sup> Business Model)

As our first step, **Leveraged Capital Markets group** was established in April 2016  
Key focus is to have **customer-centric/product agnostic approach** to clients, ensuring a competitive market position

#### Previous Actions

- Obtained Financial Holding Company status (2008)
- **Enhanced Industry-Vertical model**
- Build-out of **DCM/ECM<sup>2</sup> Capabilities** and **Loan Markets & Advisory Capabilities**

#### Current Status

- **Established Stronger Presence** in **Investment Grade** transactions
- **Expansion into Non-Investment Grade arena**
- Successful Collaboration / Cross-Sell in **Capital Market Business**
- **Enhanced Deal Screening / Risk Management Framework** for O&D<sup>1</sup> model (e.g., Bridge to Bond)

#### Initiatives Towards Next Step

**Establish MUFG Americas-wide O&D<sup>1</sup> platform** which seamlessly integrates primary & secondary businesses

**Expand risk appetite** to tier-up, build scale and depth in verticals and drive additional wallet share through O&D<sup>1</sup> model

**Maximize the leverage / cross-sell** based on the relationship-driven franchise, especially in Sales & Trading area

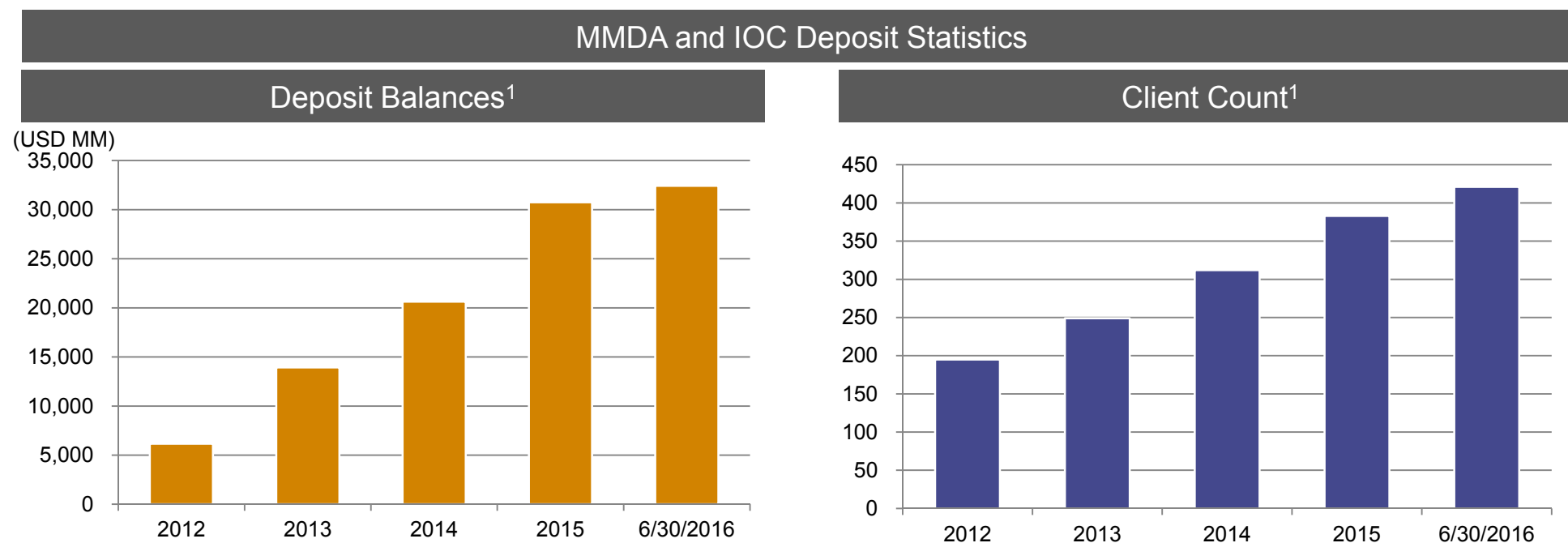
1. O&D: Origination & Distribution  
2. DCM: Debt Capital Markets, ECM: Equity Capital Markets

## Wholesale Bank - Key Initiative 3

### Gathering Deposits Central to Client Strategy

Launched capability in 2012 for BTMU Branches to offer Money Market Demand Account (MMDA) and Interest on Checking (IOC) products to meet client needs for non-maturity deposits

- MMDA and IOC balance growth allows alternative, less costly funding to support U.S. loan book locally versus JPY / USD conversion
- Proactive sales strategy for new client conversion as well as balance retention
- Technology, Media, Telecom, and General Industries dominate current client base



1. Managerial accounting basis in accordance with JGAAP. Balances and client count are as of end of period

# Wholesale Bank - Key Initiative 4

## Bridging Asia and the Americas: Asian Corporate Banking and Global Subsidiary Banking

### Inbound to the U.S.

#1 Japanese Bank with broad Asian Corporate client base<sup>1</sup>

#1 Japanese Bank with office networks in the U.S.

### Outbound to Asia

As the Leading Asian Bank for US Global Corporates, we are in a unique position to support our clients' growth initiatives in Asia

### Strategic Initiatives


Provide Post-merger Solution	<ul style="list-style-type: none"> <li>Serve multiple banking needs for clients in post-merger stage, with full-range solution</li> <li>Leverage strong relationship with acquirers (Asian) and acquirees (US)</li> </ul>
Develop Asian Corp	<ul style="list-style-type: none"> <li>Extend business promotion to Chinese, Indian, ASEAN, Oceania &amp; Korean Corps</li> </ul>
Cross-Sell Revenue	<ul style="list-style-type: none"> <li>Global cash management services collaborating with primary offices</li> <li>Deposit products, e.g., MMDA<sup>2</sup></li> <li>Collaboration with MUSA and Morgan Stanley(MS)</li> </ul>

### Strategic Initiatives

Leading Asian Bank	<ul style="list-style-type: none"> <li>Leverage MUFG's extensive network in Asia</li> <li>Leading Asian Bank with strong US client relationships</li> <li>Main bank in Japan</li> </ul>
In-country Support	<ul style="list-style-type: none"> <li>Clients value our expert advice and guidance in regulated countries such as China and India</li> </ul>
Cross-Sell Revenue	<ul style="list-style-type: none"> <li>Global cash management services</li> <li>FX, Derivatives, Trade Finance</li> <li>Support in Asia elevates client relationship and generates additional cross-sell in the U.S.</li> </ul>


### Post-Merger Integration Related Financings

2016  
DELPHI



\$600 million  
Revolving Credit  
Facility and Term  
Loan Facility


2015  
HCC



\$700 million  
Revolving Credit  
Facility

### Capital Markets

2016  
TOYOTA AUTO  
RECEIVABLES 2016-C  
OWNER TRUST



\$778 million  
Asset Backed Notes  
Structuring  
Lead-Manager

2016  
NISSAN MOTOR  
ACCEPTANCE  
CORPORATION



\$1.5 billion  
USD Bond  
Joint Bookrunner


### Notable Transactions

SYNNEX INFOTEC  
JAPAN




Sole Lead Arranger  
of 5-year  
Syndicated  
Yen RCF

DEERE  
INDIA




INR 4-year  
Term Loan

PVH CORP



Japan Cash  
Management

FORD AUTO  
FINANCE  
CHINA



RMB  
2-year  
Term Loan

1. The number of ACB customers in the U.S. is about 4,000  
2. MMDA: Money Market Demand Account

# Regional Bank - Key Initiative 1

## Diversifying Lending Products: Consumer Credit Card Expansion

In August 2016, MUB converted its consumer and small business credit card portfolio from First National Bank of Omaha and initiated the sale of new Union Bank-issued credit cards

Initial activation rates, retention rates, and new card production volumes have been strong and in-line with forecasts

The Regional Bank is focused on driving incremental credit card balance growth through the following priorities and initiatives:



### Strategic Priorities & Initiatives

<p><b>Increase Application Volume</b></p>	<ul style="list-style-type: none"> <li>• Deliver targeted marketing offers across bank channels</li> <li>• Enhance digital account opening processes</li> </ul>	<p><b>Improve Approval Rates</b></p>	<ul style="list-style-type: none"> <li>• Expand card offerings to optimize penetration within our risk profile</li> <li>• Enhance relationship-based underwriting processes</li> </ul>
<p><b>Enhance Servicing</b></p>	<ul style="list-style-type: none"> <li>• Deliver expanded card controls and alerts</li> <li>• Enhance Union Bank rewards program to drive greater relationship value</li> <li>• Enable digital wallet support and integration</li> </ul>	<p><b>Expand Product Suite</b></p>	<ul style="list-style-type: none"> <li>• Launch small business, vertical-based card offering</li> <li>• Launch card offering for high net worth segment</li> <li>• Provide U.S. card offerings to Japanese expats</li> </ul>



## Regional Bank - Key Initiative 2

### Deepening Existing Relationships: Collaboration Among Business Segments

Unified Regional Bank under single leadership to enhance collaboration across business lines (e.g., Commercial Banking, Jumbo Mortgages and Wealth)

Wealth Markets represents a significant opportunity to deepen existing client relationships and to generate recurring fee income

Strategic Priorities			
Cross Regional Bank Initiatives		Example: Wealth Initiatives	
Increase Sales Execution	<ul style="list-style-type: none"> <li>• Scale salesforce</li> <li>• Disciplined sales management</li> <li>• Align incentives</li> <li>• Leverage data</li> <li>• Enhance sales support</li> </ul>	Upgrade Core & Digital Technology	<ul style="list-style-type: none"> <li>• Unify online and mobile experience and increase functionality</li> <li>• Partner to develop low-cost automated investment platform</li> <li>• Upgrade core tools and technology</li> </ul>
Drive Partner Dialogue	<ul style="list-style-type: none"> <li>• Expand relationship mortgage program with wealth</li> <li>• Increase investment penetration among Retail clients</li> <li>• Improve joint account planning and referrals between wealth and commercial</li> </ul>	Enhance Capabilities	<ul style="list-style-type: none"> <li>• Expand high net worth products</li> <li>• Leverage client events and social media to drive increased client engagement, thought leadership and brand awareness</li> </ul>

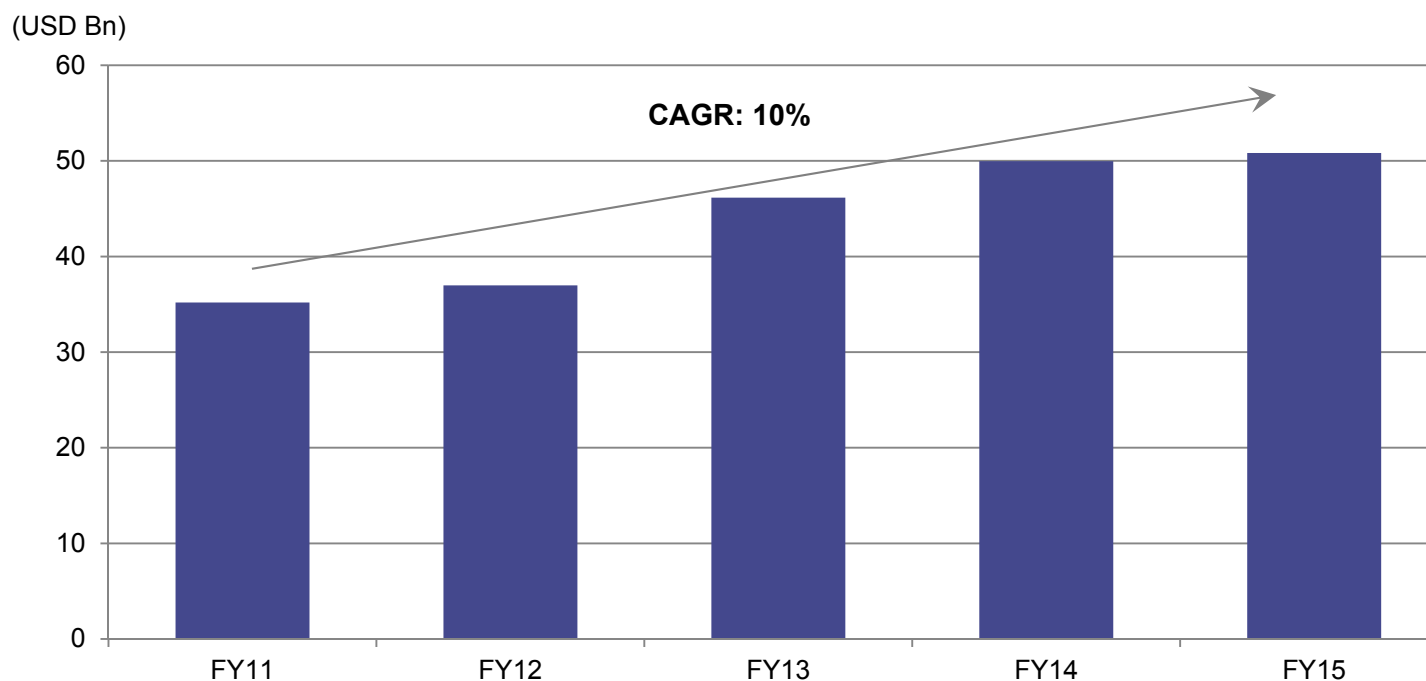
## Regional Bank - Key Initiative 3

### Providing Meaningful Liquidity

The Regional Bank is focused on becoming a larger net liquidity contributor to the MUAH organization

- Increase core Retail deposit gathering, leveraging digital and database marketing techniques
- Grow the Transaction Banking deposit portfolio through cross-sell to new and existing customers
- Launch a national direct bank in the near future

Regional Bank Deposit Balances<sup>1</sup>



1. Average balances. Based on managerial accounting methodologies as disclosed in MUAH's 2015 10-K statutory report under US GAAP. Includes deposits acquired from Tamalpais Bank, Frontier Bank and Pacific Capital Bancorp

## 4 Enterprise-wide Initiatives for Strong Foundation and Profitability



# Enterprise-wide Initiatives for Strong Foundation and Profitability

## Initiatives

### Improving ROE via Expense Management and Balance Sheet Discipline

- Instituted multiple efficiency programs in the face of persistent low interest rates, higher regulatory costs and increased technology investments
- Reallocating capital and liquidity from low-returning clients and segments using disciplined client profitability analysis and rigorous deal screening process

### Reinforcing a Strong Regulatory Foundation

- Successfully implemented the Intermediate Holding Company (“IHC”) effective July 1
- Received no objection on all CCAR<sup>1</sup> tests to date
- Completed major process and data improvements

### Continuing Focus on Stable Funding for Growth

- Corporate deposit growth at BTMU US branches has grown from \$16B to \$44B from 2011 – 2015
- Continue to grow core retail deposits, which have expanded from \$27B to \$40B from 2011 – 2015
- Loan to deposit gap covered by diversified wholesale funding

### Investing in Payments Capabilities

- Achieved market parity on a broad range of payment products for US and Asian Corporates
- Continue to invest ~\$30M annually to close remaining gaps, maintain parity, and drive client implementation/on-boarding efforts
- Achieving industry-leading fee growth, leveraging record pipelines for Wholesale Bank

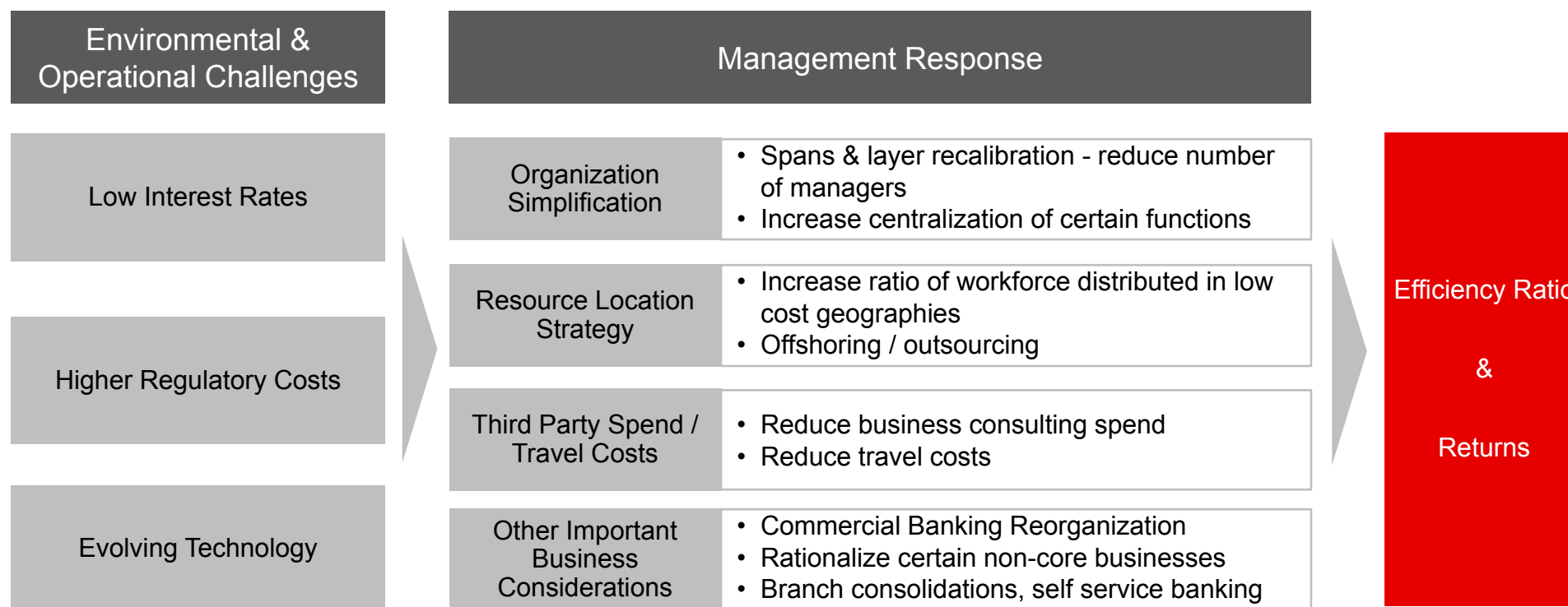
1. CCAR: Comprehensive Capital Analysis and Review

# Improving ROE via Expense Management and Balance Sheet Discipline: Focus on Efficiency and Effectiveness

Over the past two years, instituted efficiency programs in the face of persistent low interest rates, higher regulatory costs and increased technology investments

Expect to reduce a meaningful portion of our annual cost base thanks to programs implemented in 2015 and 2016

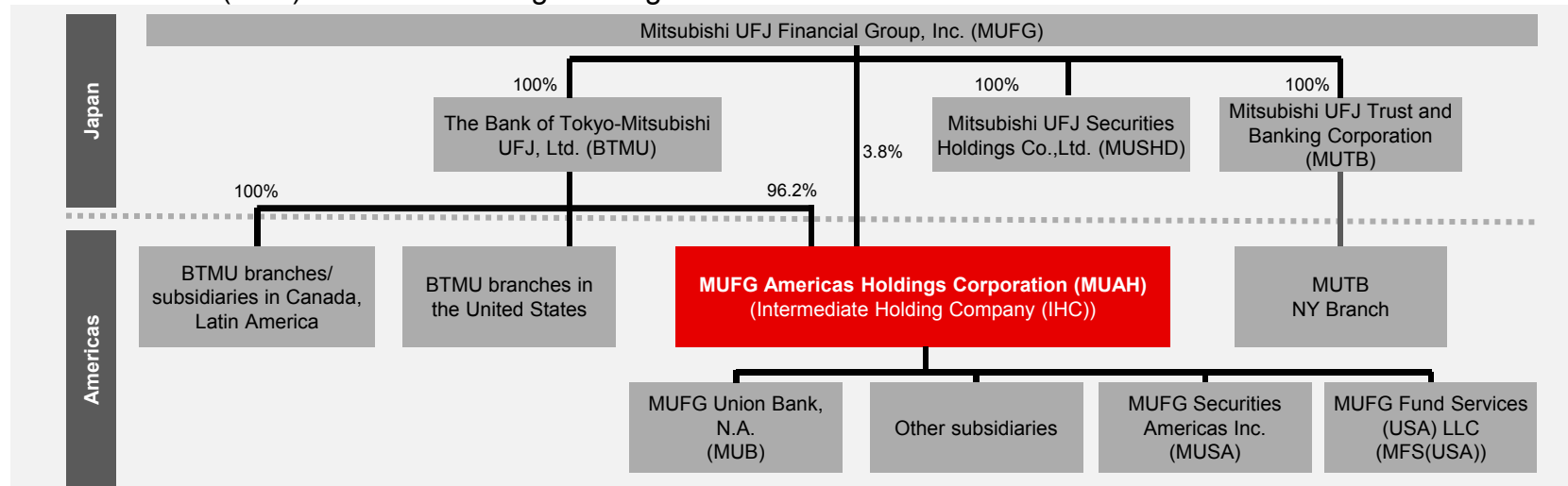
Current initiatives particularly focused on organization simplification (reduce management layers), resource location strategy (roles out of high cost locations), reduce third party spend and non-essential travel costs



# Reinforcing a Strong Regulatory Foundation: Successful IHC Formation and CCAR Outcome

## IHC Formation

Successfully completed Intermediate Holding Company (IHC) formation July 1, 2016 to meet Federal Reserve's Enhanced Prudential Standards (EPS) and further strengthen alignment across the U.S.

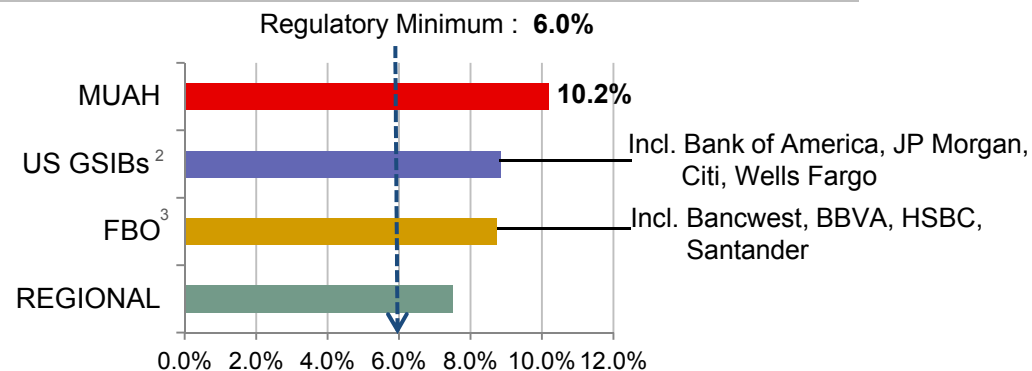


## CCAR Stress Capital

Solid post stress capital position given conservative assumptions associated with 1st time IHC CCAR<sup>1</sup> submission

Robust internal regulatory process – no objection from Federal Reserve on any CCAR submissions

## Tier 1 Capital Ratio : Median of Projected Minimums



1. CCAR: Comprehensive Capital Analysis and Review. Capital ratios are results under Supervisory Severely Adverse scenarios from 2016Q1-2018Q1
2. GSIBs: Global Systemically Important Banks
3. FBO: Foreign Banking Organization



# Continuing Focus on Stable Funding for Growth: Customer Deposits and Diversified Wholesale Funding

Continuing focus on growing stable customer deposits to support strong foundation for balance sheet and liquidity objectives

Large customer deposit base complemented by well-diversified wholesale funding mix

## External Funding Sources

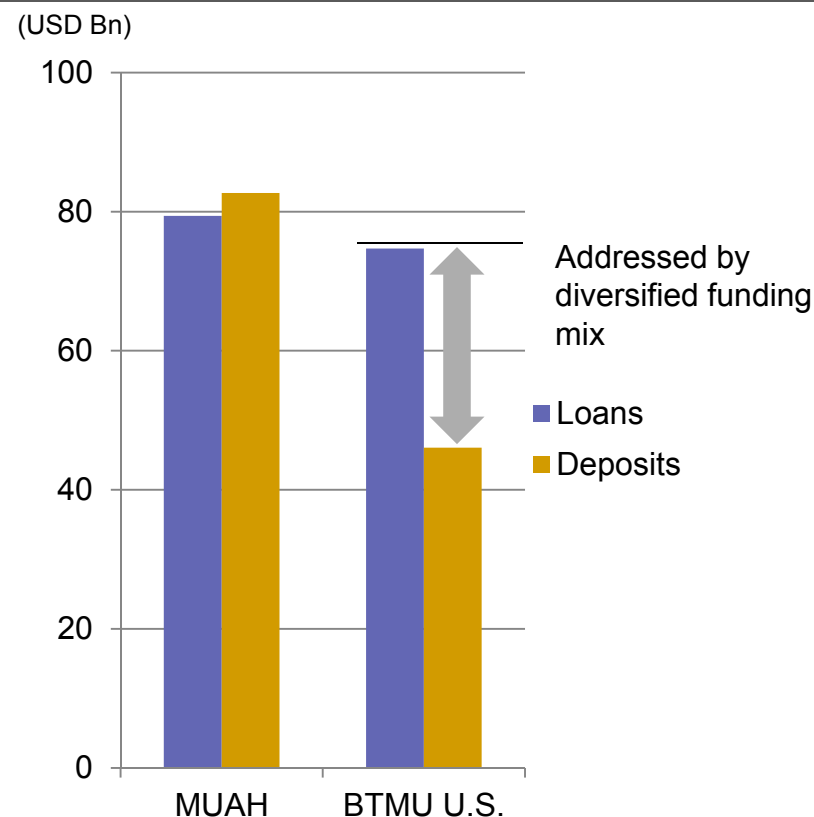
### MUFG BTMU U.S. Branches

- Corporate Customer Deposits
- Commercial Paper
- Yankee CDs
- Head Office also provides medium-long term funding sourced from cross currency swaps/bonds

### MUFG MUAH

- Retail & Corporate Customer Deposits
- Commercial Paper & CDs
- Federal Home Loan Bank (collateralized borrowing)
- Long-Term Bond Issuance via SEC Shelf & Bank Note Program

## Loan to Deposit Ratios at 6/30/2016 <sup>1</sup>



1. Managerial accounting basis in accordance with JGAAP. Includes MUAH and BTMU U.S. Branches but excludes LatAm from BTMU U.S. Branches. Includes \$4.55B intercompany loans

# Investing in Payments Capabilities

## Strategic Objective

**Our vision is to become the trusted provider of working capital management and asset servicing solutions in our target markets**

## Initiatives

### Sales Team Effectiveness

- Grow fees with Franchise Client Strategy, new banker scorecards and greater incentive alignment
- Continue to increase penetration into ACB, LatAm and Canada
- Focus on sales execution for Trade Finance and Global Trust businesses

### Onboarding and Client Experience

- Redefine client segmentation and service coverage model
- Launch e-Signature, reengineer telephony, and enhance self-service to fully leverage Unified Case Manager
- Launch Clients-At-Risk-Evaluation program

### Investing in Products

- 2016: Focus on maintaining parity gains, closing remaining domestic parity gaps, and enhancing onboarding efforts
- 2017-forward: Build international and global capabilities to serve corporates and multi-national companies

### Pricing & Marketing

- Launch substantial new pricing initiative to drive growth
- Continue to execute on development of new billing platform
- Enhance sales and marketing tools to improve Go-To-Market efficiency

## 5 Closing Remarks

# MUFG Americas Strategic and Operating Guideposts

1. Live by our Values: Most Trusted Financial Institution

**Ethics**

2. Disciplined approach to client selection, products & services

3. Deliver appropriate products, services & distribution

4. Optimize our processes and build capabilities with efficiency focus

5. Build and maintain a strong foundation

**Strategy &  
Execution**

6. Add Shareholder Value

a.  $ROE > COE$  <sup>1</sup>

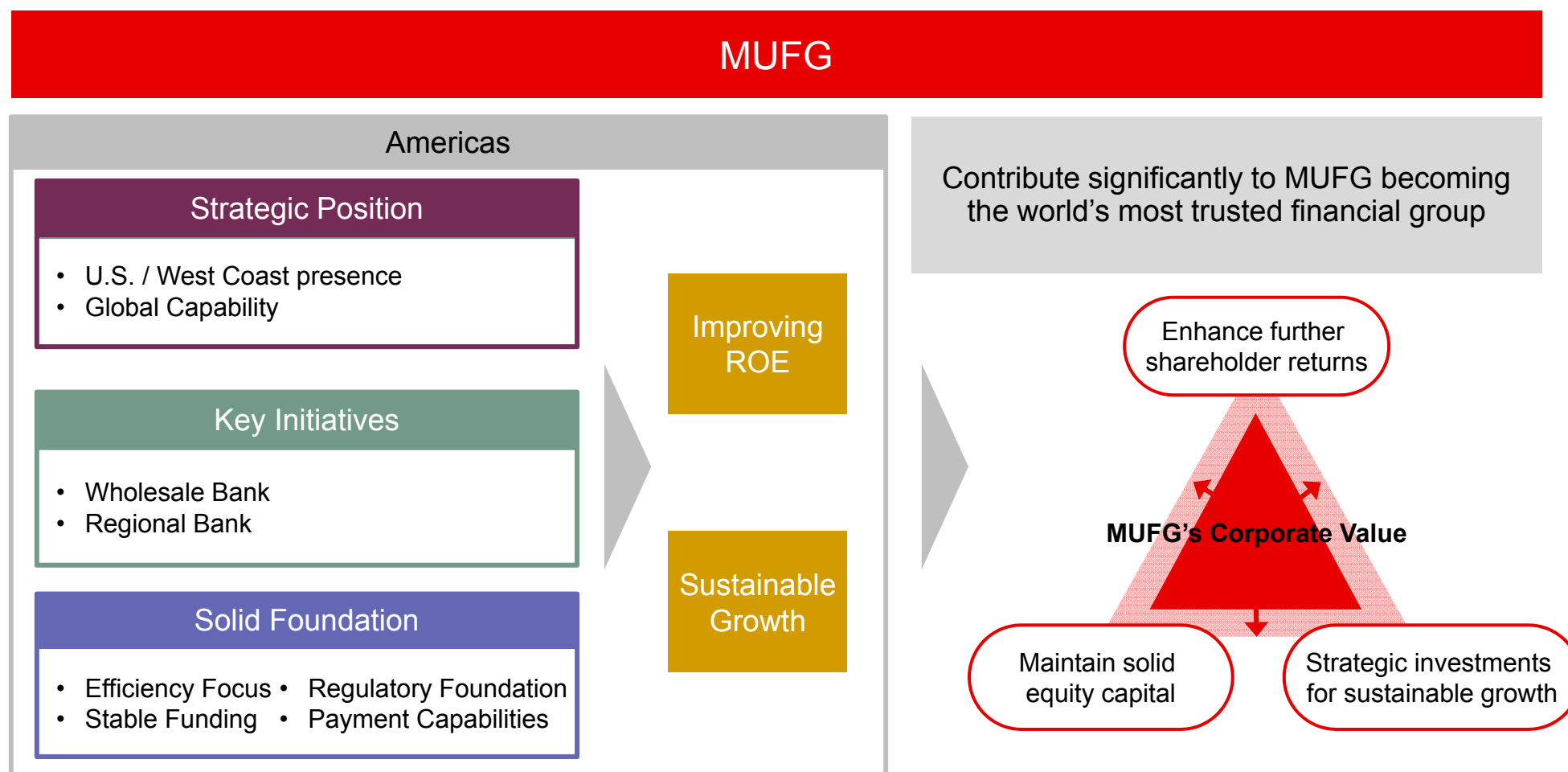
b. Sustainable growth

**Results**

1. Cost of Equity

# Contribution to Maximize MUFG's Corporate Value

**MUFG Americas is committed to improving profitability and delivering sustainable growth**





6

Q&A

## 7 Appendix

# Business Strategy and Key Entity Matrix

Business	Key Strategy	Initiatives	U.S.				Japan	Asia	EMEA
			BTMU U.S	MUB	MUSA	MFS (USA) <sup>1</sup> or Others			
Wholesale Banking (Global)	Strengthen cross-sell and drive fee income growth	Introduced integrated operation between lending business and DCM for non-IG segment clients	○	○	○				
		Enhance products line-up and global coverage model	○	○	○		○	○	○
Wholesale Banking (Japanese)	Enhance Japanese subsidiaries business	Set up Collaboration Strategy Office	○	○	○		○	○	○
Regional Banking	Expand retail and SMEs business in the U.S. and Asia	Plan to start Global Commercial Banking Partnership <sup>2</sup> (in Dec 2016)		○			○	○ (KS/SB/VB) <sup>3</sup>	
Global Markets	Develop optimal S&T business structure	Integrate S&T functions	○	○	○		○	○	○
AM / IS <sup>4</sup>	Step up AM / IS business	Expand global AM / IS business with both organic and inorganic strategies		○ <sup>5</sup>		○		○ (AMP) <sup>6</sup>	○ (Aberdeen) <sup>7</sup>

1. MUFG Fund Services (USA)

2. A New initiative aiming to develop a unique collaboration model and partnership through sharing each other's business model and successful experiences in the regional bank business

3. KS: Krungsri (Bank of Ayudhya), SB: Security Bank Corporation, VB: Vietnam Joint Stock Commercial Bank for Industry and Trade

4. Asset Management / Investor Services Business

5. UnionBanc Investment Services, HighMark Capital Management

6. AMP Capital Holdings

7. Aberdeen Asset Management

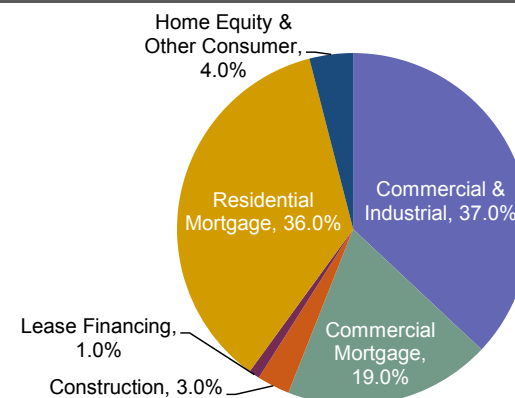
# MUAH Financials

## Financial Results <sup>1</sup>

	USD MM	FY14	FY15		FY16	
		Full	Full	YoY	1H	YoY
1 Net interest income		2,862	2,815	(47)	1,417	+15
2 Interest income		3,270	3,236	(34)	1,642	+36
3 Interest expense		408	421	+13	225	+21
4 Non-interest income		1,123	1,530	+407	861	+141
5 Service charges on depo a/c		203	196	(7)	95	(3)
6 Credit facility fees		122	115	(7)	55	(5)
7 Merchant banking fees		124	79	(45)	37	(3)
8 Fees from affiliates <sup>2</sup>		319	747	+428	439	+81
9 Total Revenue		3,985	4,345	+360	2,278	+156
10 Non-interest expense <sup>3</sup>		2,823	3,438	+615	1,686	(6)
11 Operating income		1,162	907	(255)	592	+162
12 Provision		6	228	+222	125	+107
13 Net income attribute to MUAH		816	573	(243)	354	+36
14 Lending balance <sup>4</sup>		72,406	77,016	+4,610	79,193	+2,167
15 Deposit balance <sup>4</sup>		81,988	83,186	+1,198	83,836	+724
16 NIM		2.93%	2.75%	(0.18%)	2.73%	(0.04%)
17 NPL ratio		0.49%	0.71%	+0.22%	0.80%	+0.33%
18 NPL coverage ratio		143.35%	130.53%	(12.82%)	118.24%	(29.74%)

- Financial results as disclosed in MUAH's statutory reports based on U.S. GAAP
- Represents income resulting from the business integration of BTMU & MUB
- Includes expense associated with employees providing support services to BTMU
- Average balances

## Loan Portfolio <sup>5</sup>



## Capital Ratios

	Reference Banks' Average <sup>6</sup>	MUAH Capital Ratios		
	June 30, 2016	June 30, 2016	March 31, 2016	
<b>Regulatory:</b>				
Common Equity Tier 1 risk-based capital ratio	11.03%	13.58%	13.33%	
Tier 1 risk-based capital ratio	12.00%	13.58%	13.33%	
Total risk-based capital ratio	14.33%	15.44%	15.32%	
Tier 1 leverage ratio	9.86%	11.59%	11.41%	

5. Average balances as of quarter ended Jun 2016

6. Reference Banks' consist of the 13 CCAR-filing public regional banks, plus the four largest U.S. money center banks. Reference Banks' average based on reporting through August 8, 2016 (Source: SNL Financial)



# Credit Ratings

## Credit Ratings<sup>1</sup>

		MUFG Union Bank, N.A.		MUFG Americas Holdings Corporation	MUFG Securities Americas Inc.	The Bank of Tokyo-Mitsubishi UFJ, Ltd	Mitsubishi UFJ Financial Group, Inc.
		Deposits	Senior Debt	Senior Debt	Senior Debt	Senior Debt	Senior Debt
Moody's	Long-Term	Aa2	A2	A3	—	A1	A1 <sup>3</sup>
	Short-Term	P-1	P-1	—	—	P-1	P-1
Standard & Poor's	Long-Term	—	A+	A	A+ <sup>2</sup>	A+ <sup>2</sup>	A <sup>2</sup>
	Short-Term	—	A-1	A-1	A-1	A-1	—
Fitch	Long-Term	A+	A	A	A	A	A <sup>4</sup>
	Short-Term	F1	F1	F1	F1	F1	F1 <sup>4</sup>

1. Ratings as of September 27, 2016

2. Negative outlook as of November 30, 2015

3. Upgraded from A2 as of February 10, 2016

4. Ratings assigned as of February 12, 2016



# Oil and Gas Overview

As of end Mar 16, credit exposure in Americas was ¥3.8 tn or approx. 37% of overall energy related exposure, which includes ¥0.5 tn of Reserve Based Lending (“RBL”) in MUAH (loans collateralized by the value of oil and gas reserves)

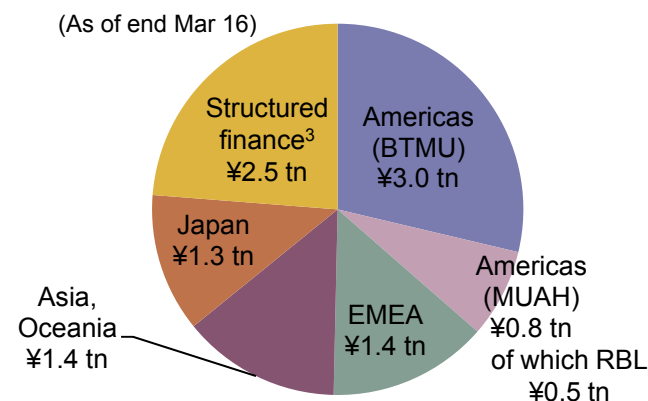
## Americas exposure and non-performing loans<sup>1</sup>

(As of end Mar 16)		(JPY Bn)		
Integrated		Total	Americas (BTMU)	Americas (MUAH) <sup>2</sup>
1	Credit exposure	1,690	523	0
2	Loans outstanding	1,011	274	0
3	NPLs	0	0	0
Upstream (Petroleum Exploration and Production)				
4	Credit exposure	2,984	637	683
5	Loans outstanding	1,591	97	347
6	NPLs	99	15	62
Mid/downstream and related industry (Transportation, Service and Other)				
7	Credit exposure	4,555	1,353	120
8	Loans outstanding	2,271	258	30
9	NPLs	1	0	0
Mining				
10	Credit exposure	1,175	478	0
11	Loans outstanding	613	283	0
12	NPLs	20	0	0

## RBL (Reserve Based Lending) held by MUAH

- Most of MUAH's loans to oil & gas companies involved in exploration, development and production are RBLs where loans are collateralized by the value of such companies' reserves in the US and Canada
- RBL collateral values are regularly re-evaluated in light of the oil/gas prices
- MUAH has an established track record in RBL lending business with over 30 years of experience. Engineers with long term experience in major multinational oil & gas firms conduct the evaluation of collateral reserves based on their professional expertise

## MUFG oil & gas exposure breakdown by region



1. All figures are on managerial accounting basis, aggregating internal management figures of each subsidiary. Subject to the relevant criteria applying to each subsidiary
2. Converted at USD/JPY = 112.68 as of the end of March 2016
3. Project finance and trade finance

# Strategic Alliance with Morgan Stanley

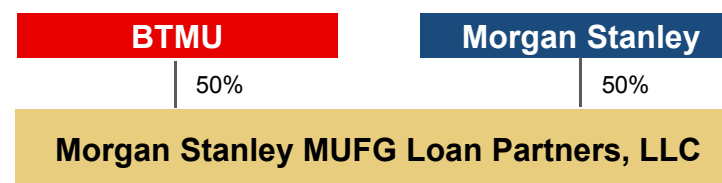
The alliance with Morgan Stanley is a key strategic focus for MUFG globally

Several hundred collaborative transactions outside of Japan since the relationship began, the majority in the Americas

## Lending Collaboration in the Americas

- Loan Marketing Joint Venture (LMJV): Joint venture established in June 2009 for promoting lending and capital markets services in the Americas
- The LMJV offers MUFG and MS clients a world-class lending platform. MUFG and MS are able to act quickly and confidentially on a combined basis to support clients' revolving credit facilities and acquisition financing
- Since the LMJV's inception, MUFG and MS have jointly provided commitments for numerous transactions

## U.S. Loan Marketing Joint Venture



**MUFG and Morgan Stanley jointly conduct marketing**

Clients in the Americas (U.S., Canada, Latin America)

## MUFG / Morgan Stanley Joint Transactions in the Americas

2015

**ABBVIE**  
**abbvie**

**\$18.0 billion**  
**Bridge Facility**  
Acquisition of Pharmacyclics

*Joint Lead Arranger and Joint Bookrunner*

 **MUFG**   **Morgan Stanley**

2016

**MICROSEMI**  
 **Microsemi**

**\$2.9 billion**  
**Acquisition Facilities**  
Acquisition of PMC-Sierra

*Joint Lead Arranger and Joint Bookrunner*


 **MUFG**   **Morgan Stanley**

2016

**SAMSONITE**  
**Samsonite**

**\$2.43 billion**  
**Acquisition Facilities**  
Acquisition of Tumi

*Joint Lead Arranger and Joint Bookrunner*

 **MUFG**   **Morgan Stanley**