

# MUFG / Morgan Stanley Strategic Alliance Update

July 2023

# Alliance 1.0 – Development of MUFG/MS Alliance (1/2)

- MUFG/MS Alliance has expanded from Investment Banking to the WM<sup>\*1</sup>, AM/IS<sup>\*2</sup> businesses
- The relationship has deepened over the years through ongoing activities

## History of MUFG/MS Alliance

### 2008

- Invested US\$9 billion in preferred stock in MS to fundamentally strengthen global operations

### 2009

- Established a LMJV<sup>\*3</sup> to provide corporate financing services in the Americas

### 2010

- Established MUMSS and MSMS in Japan

### 2011

- Appointed a second representative to MS Board of Directors and the MS preferred stock owned by MUFG were converted into common stock

### At present

- Deepening dialogues in WM and AM/IS businesses

## Continuous efforts to deepen the alliance

### Active dialogues between the top managements

Global Steering Committee held semi annually

- Senior managements of the two firms discuss periodically on the collaboration initiatives to further develop the alliance



Two Directors of MS' Board designated by MUFG<sup>\*4</sup>

## Secondment Program (since 2010)

- More than 80 secondees have completed the program<sup>\*5</sup>
- The secondees have learned MS' best in class practices in several areas including Investment Banking, WM and Risk Management

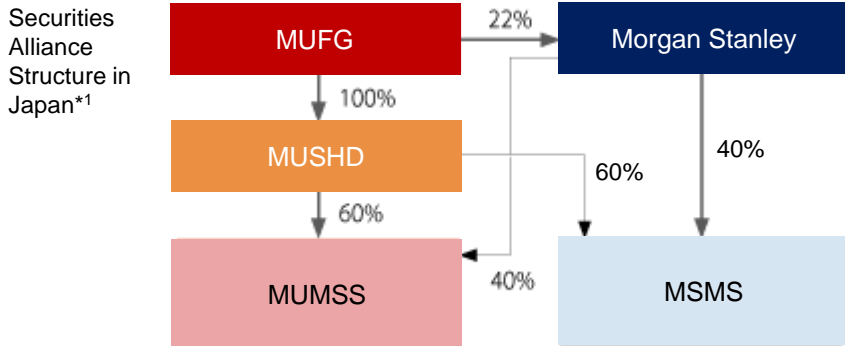
**Further Strengthening the Alliance to “Alliance 2.0”, a Deeper and Stronger Alliance**

# Alliance 1.0 – Development of MUFG/MS Alliance (2/2)

- MUFG/MS Alliance has expanded from Investment Banking to the WM, AM/IS businesses

## Collaborations on Investment Banking Business (Japan)

- MUMSS and MSMS have leveraged MUFG's domestic client relationships and MS' global operating platforms for the M&A and GCM businesses
- MS supported MUMSS in enhancing its WM business



## Collaborations on Investment Banking Business (Global)

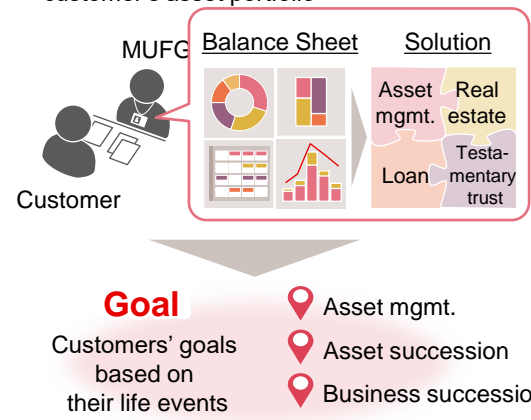
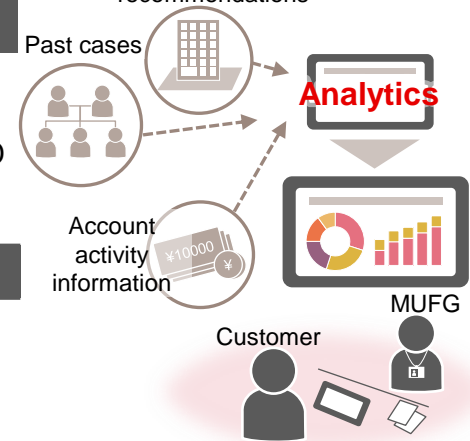
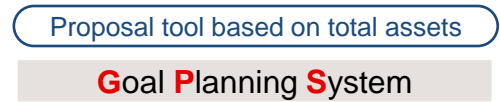
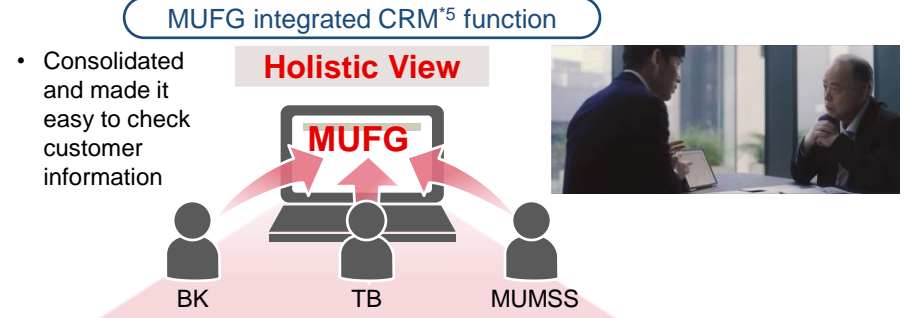
- In addition to LMJV collaborations in the U.S., client referrals for ECM and M&A deals have grown globally
- Client referrals for the Non-IG space in the U.S., and pre-IPO client referrals in Asia have been developing

## Collaborations on AM/IS business

- Collaborations between MUTB\*2, MUKAM\*3 and MSIM\*4 on formulating investment trusts, and MUTB and MUKAM providing AM/IS functions

## MUFG WM Digital Platform

Leveraged MS' know-how in the course of developing MUFG's unique platform



3 1. Voting rights in MSMS are held as follows: MUFG 49%, MS 51% 2. Mitsubishi UFJ Trust Bank 3. Mitsubishi UFJ Kokusai Asset Management 4. Morgan Stanley Investment Management 5. Customer Relationship Management

# Alliance 2.0 – Collaboration Initiative in Foreign Exchange Trading (1/3)

- MUFG Bank (MUBK) and Morgan Stanley (MS) have agreed on a memorandum of understanding for an FX collaboration to improve client service and efficiency

## Understanding of Background and Environment regarding the FX Trading Collaboration



The **competition in global FX markets has intensified** by the **rapid electrification** of trading and by new entrants driving technology innovation



The **increased operational and technology development challenges** coupled with the introduction of global financial regulation have further increased the **need to enhance the FX trading business**



**Global players** have responded by **scaling up FX trading volume** by **expanding and diversifying their customer base** and by **increasing technology investments**

Given such market trends,

## Provide improved client service

Leverage the unique and complementary strengths of MUBK and MS, through an FX collaboration utilizing Morgan Stanley MUFG Securities Co., Ltd. (MSMS)

 **MUFG MUFG Bank**

**MUBK's strengths in extensive trading relationships with Japanese and Global corporate clients, and in JPY/ Asian currencies**



**Morgan Stanley**

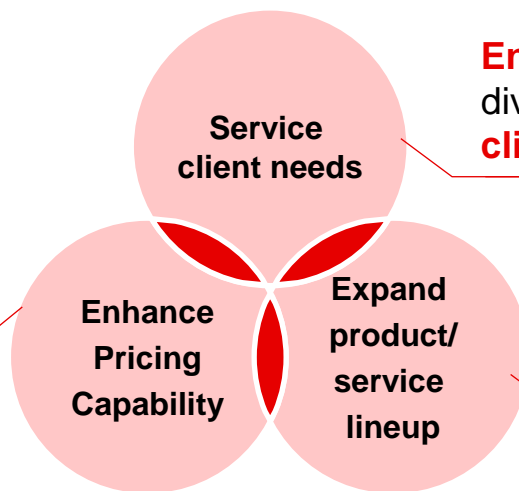
**MS' strengths in substantial trading relationships with global institutional and corporate clients and FX business platform**

# Alliance 2.0 – Collaboration Initiative in Foreign Exchange Trading (2/3)

- MUBK will link with Fixed Income at MSMS for FX trading and utilize Morgan Stanley's leading global FX business platform, enabling a more competitive offering to serve the diversified and complex needs of MUFG Bank's clients

## Aspirations

**Enhance Pricing Capability** for various currencies, transactions, and channels by leveraging MUBK and MS strengths



**Enabling service** to the diversified and complex **needs of clients** with speed and accuracy

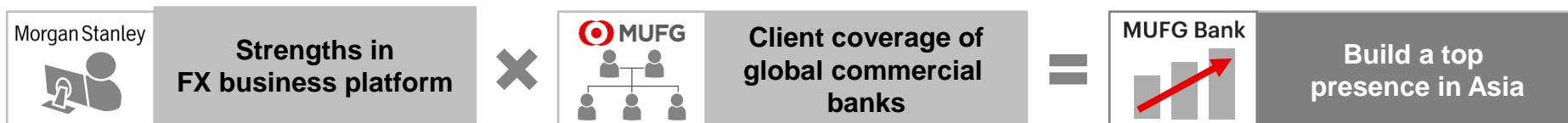
**Provide** leading edge online trading **services**, and **offer products** such as NDF, Options, and more



As a result

**MUBK to build a top presence in Asia**

MUBK to build a top presence in Asia by leveraging MS' strengths in FX trading platform and MUBK's client coverage of global commercial banks

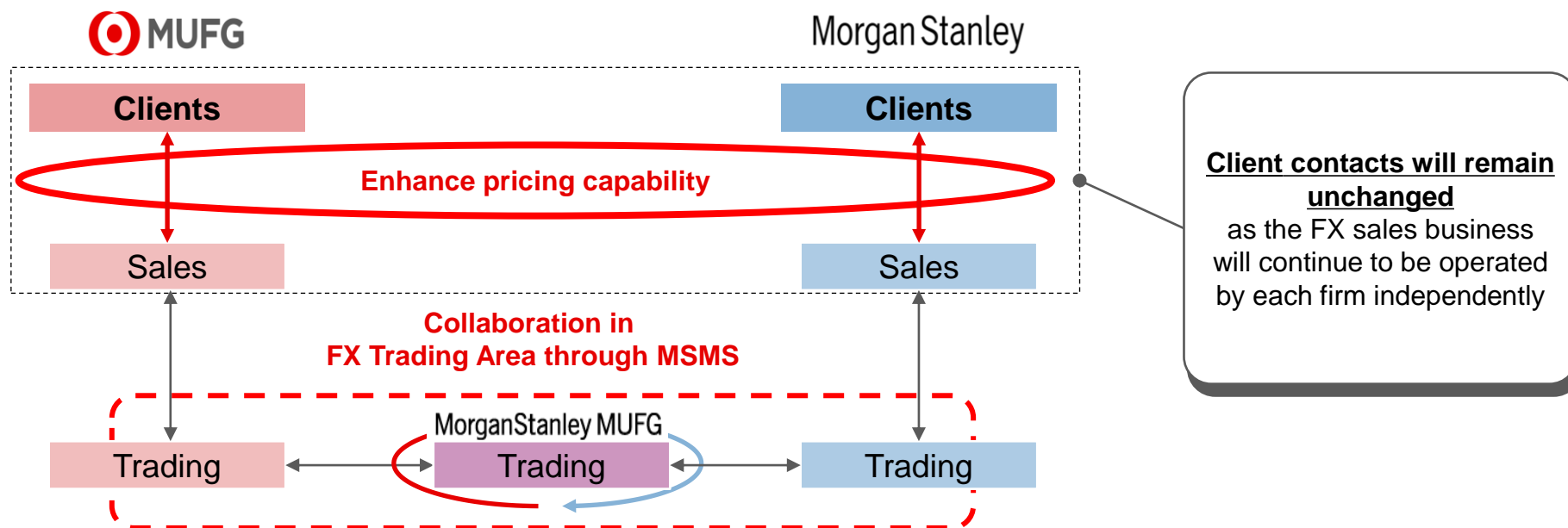


# Alliance 2.0 – Collaboration Initiative in Foreign Exchange Trading (3/3)

- In this new collaboration, MUBK will utilize Morgan Stanley's leading global FX business platform through MSMS in order to enhance pricing capability and expand product/services lineup. However, client contacts will remain unchanged as the FX sales business will continue to be operated by each firm independently

## Overview of the Collaboration in the FX Trading Area

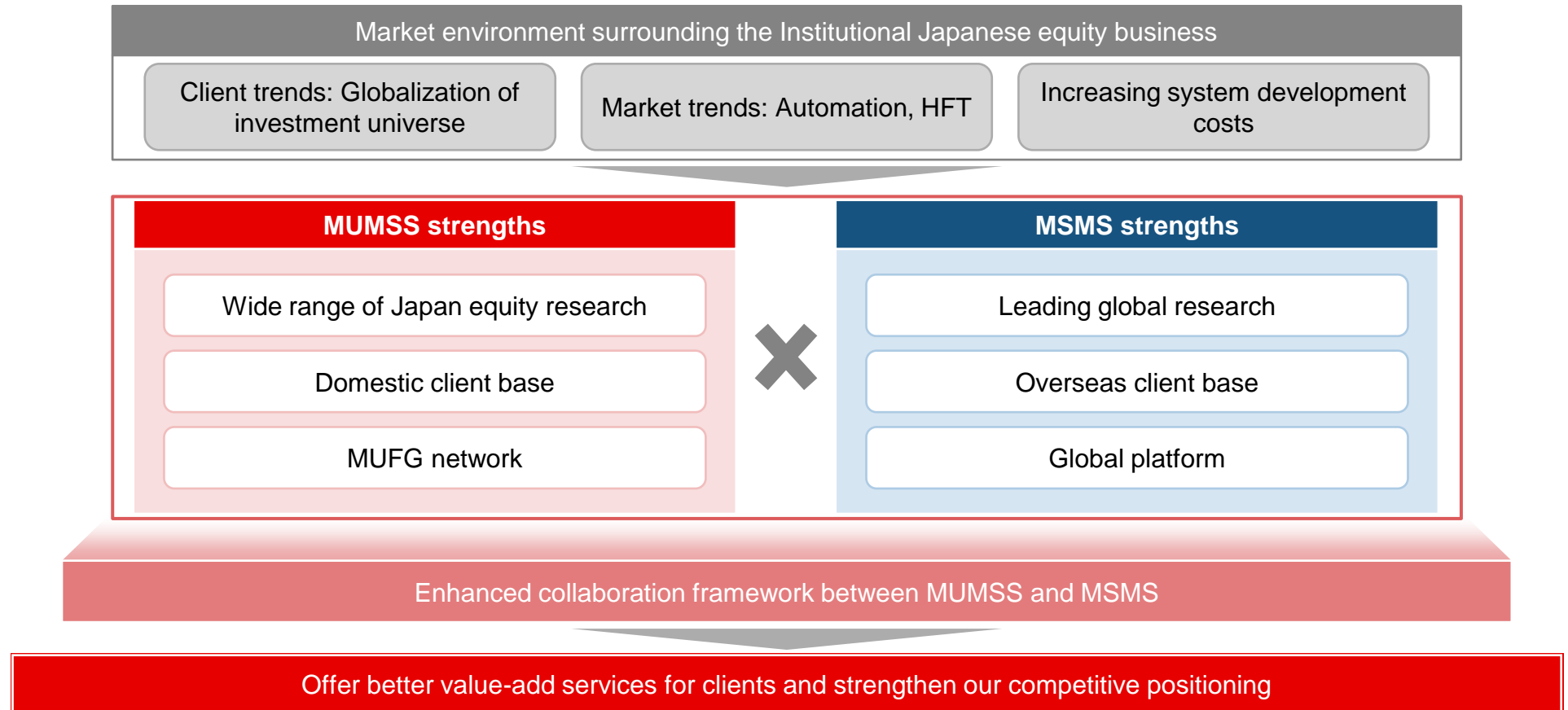
### Collaboration Structure



# Alliance 2.0

## – MUFG/MS Collaboration Initiative in Japanese Research and Equity Business for Institutional Clients (1/3)

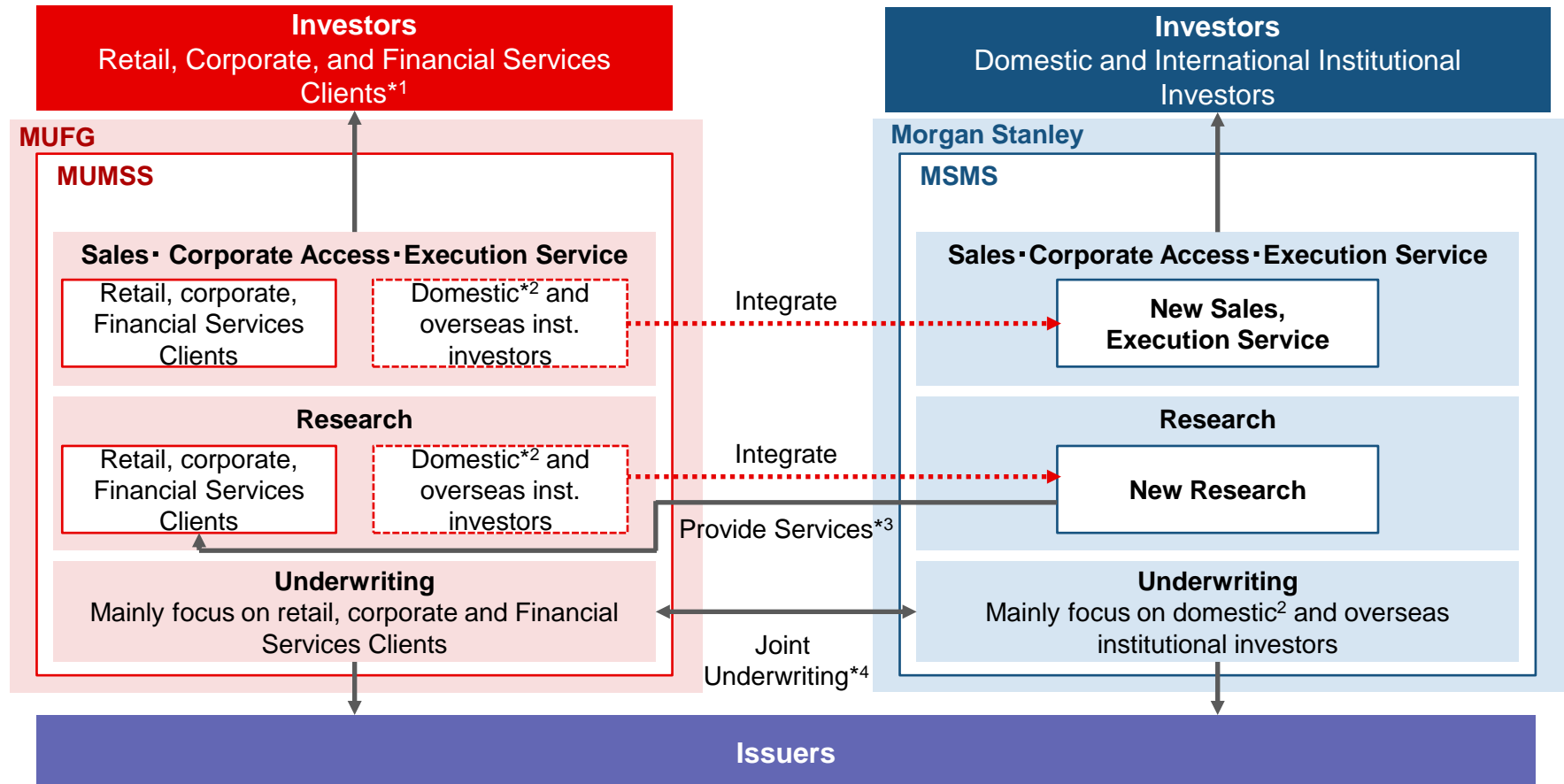
- MUFG and Morgan Stanley will establish a collaboration framework to leverage each other's strengths in the wholesale equity business to offer better value-add services for clients and strengthen our competitive positioning



# Alliance 2.0

## – MUFG/MS Collaboration Initiative in Japanese Research and Equity Business for Institutional Clients (2/3)

- Integrate the existing MUMSS and MSMS research, institutional equity sales, Corporate Access and a part of execution services within MSMS
- Following the integration, equity underwriting functions in MUMSS and MSMS will be optimized to further leverage the MSMS global platform



1. "Financial Services Clients" includes, among others, proprietary funds for domestic banks and insurance companies, and certain regional financial institutions

2. Other than "Financial Services Clients"

3. New Research provides services to MUMSS's retail, corporate, and financial institution clients through MUMSS

MSMS continues its services for MSMS's financial institutions clients

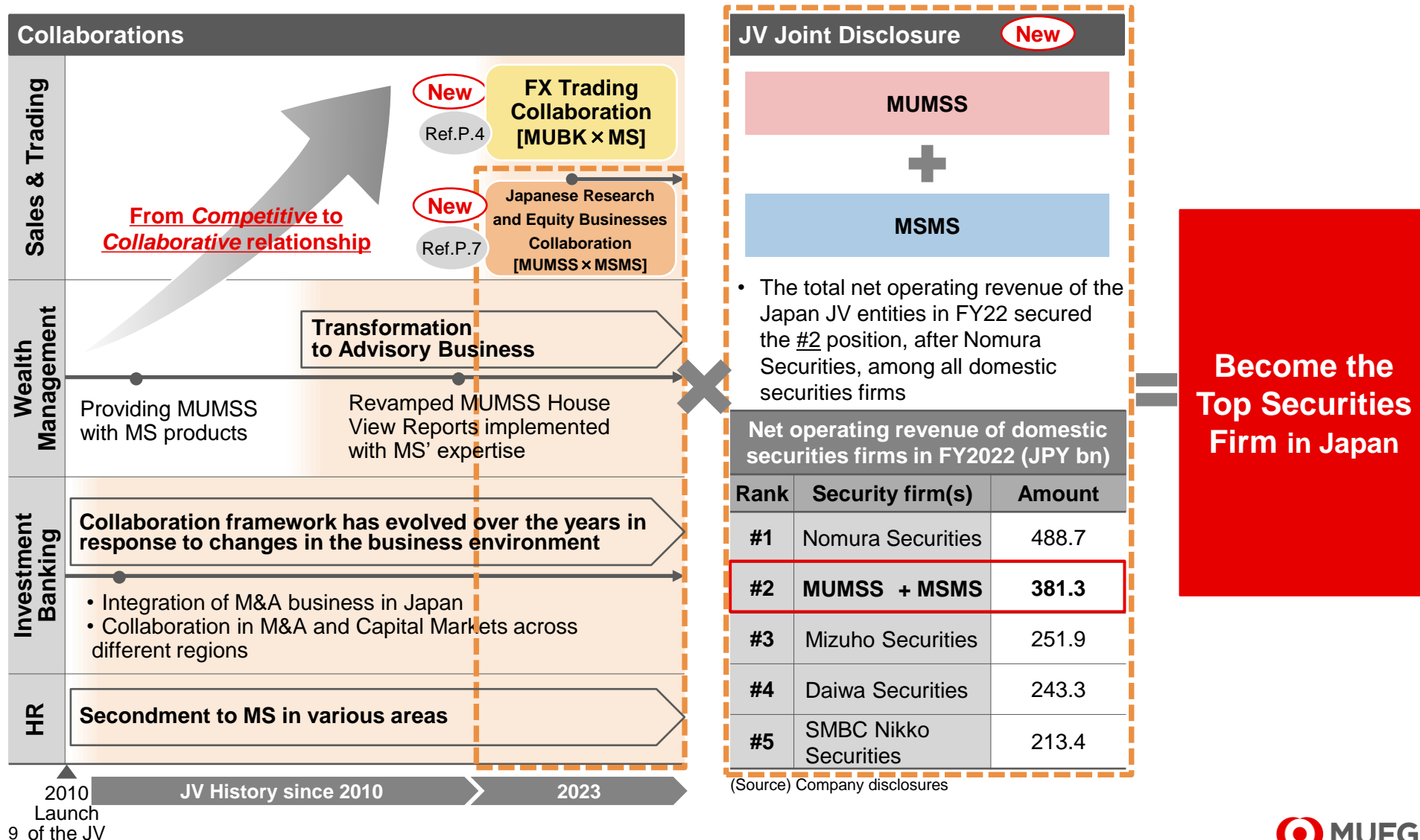
4. For certain domestic deals, MSMS may act as selling agent while MUMSS acts as underwriter



# Alliance 2.0

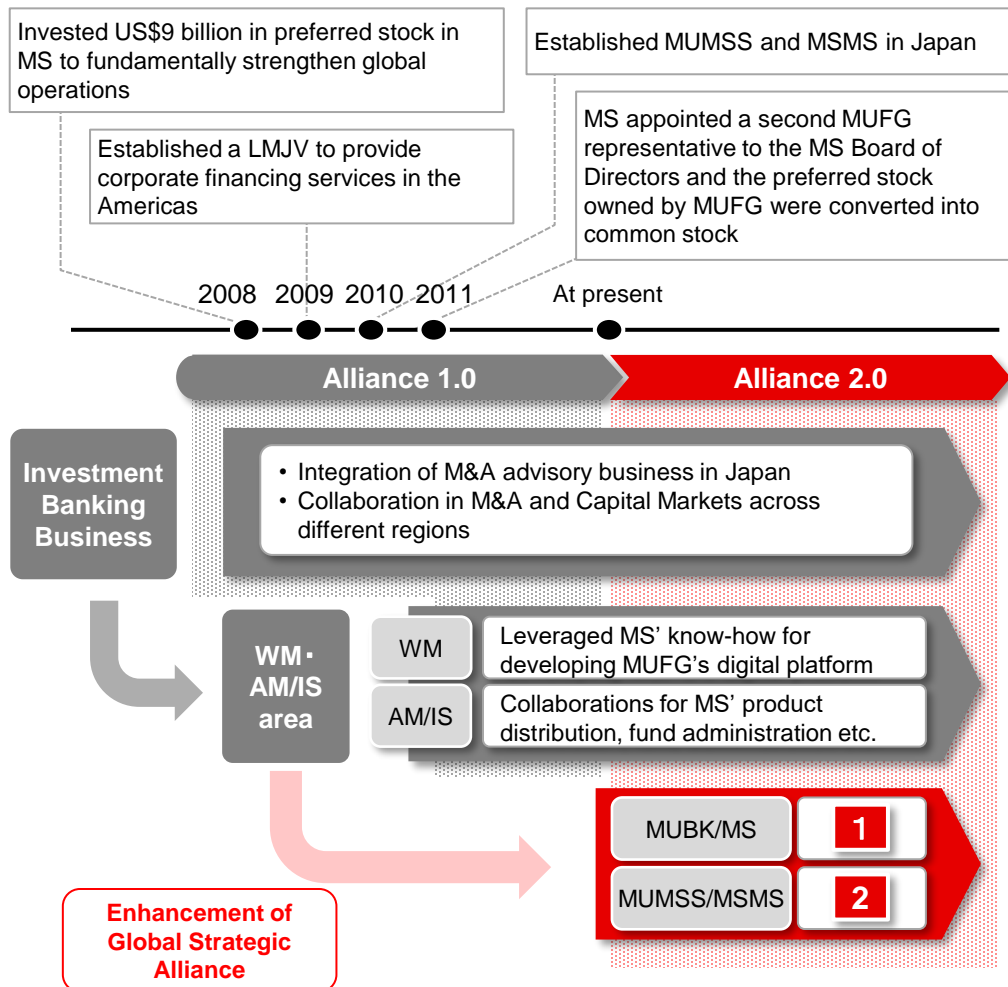
## – MUFG/MS Collaboration Initiative in Japanese Research and Equity Business for Institutional Clients (3/3)

- Build the top securities firm with a holistic view of the Joint Venture



# Alliance 2.0

- An enhanced Global Strategic Alliance for further collaboration between MUFG and Morgan Stanley (MS)



**Collaboration in Foreign Exchange Trading**



**Collaboration in Japanese Research and Equity businesses for Institutional Clients**

**JV Joint Disclosure**