

Mitsubishi UFJ Financial Group, Inc.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Acquisition of a Financial Institution in Cambodia by Krungsri

Tokyo, January 27, 2016—Bank of Ayudhya Public Company Limited (Krungsri), a consolidated subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), which is wholly owned by Mitsubishi UFJ Financial Group, Inc. (MUFG), has reached an agreement with all shareholders of Hattha Kaksekar Limited (HKL), a financial institution in Cambodia, to acquire all of the outstanding shares (with voting rights) of HKL, subject to the approval of Krungsri's shareholders' meeting and relevant authorities.

1. Objectives and Strategic Rationale of the Transaction

Cambodia has achieved an economic growth rate of more than 7%, driven by its stable security situation, relatively inexpensive and abundant labor, and the geographical advantage of being located between the economic centers of Greater Mekong, Thailand and Vietnam. Cambodia is expected to maintain high economic growth led by increasing demand for infrastructure following the completion of the Southern Economic Corridor (an arterial road connecting Ho Chi Minh City—Phnom Penh with Bangkok) in April 2015 and regional economic revitalization through the launch of the ASEAN Economic Community (AEC).

MUFG and BTMU have focused on expanding their business platform in ASEAN and the Mekong region through investments in VietinBank, one of the top state-owned commercial banks in Vietnam, the acquisition of Krungsri, one of the leading commercial banks in Thailand, a business alliance with Co-operative Bank Ltd., a leading private bank in Myanmar, and the opening of a branch in Yangon, Myanmar, as the first foreign bank to open a branch in the country since its transition to civilian rule. In addition, MUFG and BTMU have continued to upgrade financial services to customers, such as by concluding capital and business alliances with Security Bank Corporation, a leading commercial bank in the Philippines.

Since February 2012, when BTMU established the Phnom Penh Representative Office, the first in Cambodia by a Japanese bank, BTMU has been analyzing Cambodia's economic information and providing an environment conducive to investment.

This acquisition will enable MUFG and BTMU to tap into the growth of the Cambodian market by leveraging the knowhow of Ngern Tid Lor Co., Ltd.(headquarters: Bangkok), a subsidiary of Krungsri engaging in microfinance in Thailand, in the promotion and development of microfinance businesses.

2. Overview of HKL

HKL is the fourth largest microfinance financial institution with a deposit-taking license in Cambodia. It provides financial services primarily to sole proprietors through its network of 151 branches (as of December 31, 2015) across the country.

(USD mil)

Financial Year	2012	2013	2014
Operating Income	17.4	21.0	28.9
Income before Tax	5.4	5.4	10.2
Net Income	4.4	4.2	8.1
Loan Balance	102	144	250
Deposit Balance	44	83	172
No. of Offices	121	136	142

3. Overview of Krungsri

Krungsri is the fifth largest commercial bank in Thailand with over 70 years of history in the country. It provides a comprehensive range of corporate and retail banking including consumer finance, investment, asset management, and other financial products and services to individual consumers, SMEs, and large corporations through over 670 branches and over 26,000 service outlets nationwide. Through its subsidiaries, Krungsri is the largest card issuer in Thailand with 6.6 million accounts (credit cards, sales finance/personal loans) in its portfolio, a major automobile financing service provider (Krungsri Auto), one of the fastest growing asset management companies (Krungsri Asset Management), and a pioneer in microfinance (Ngern Tid Lor).

4. Prospects for the Future

Krungsri's acquisition of HKL is not expected to have a material impact on MUFG's or BTMU's financial results.

* * *