Mitsubishi UFJ Financial Group

# Fiscal 2009 Interim Results Presentation

November 27, 2009

Quality for You

MUFG

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.

# <Definition of Figures used in this document>

| | | |
|---|---|---|
| **Consolidated** | **PL items** | **After FY2005 H2 : Mitsubishi UFJ Financial Group (consolidated)**<br>**Up to FY2005 H1: Mitsubishi Tokyo Financial Group (consolidated) + UFJ Holdings (consolidated) (without other adjustments)** |
| | **BS items** | **After March 31, 2006: Mitsubishi UFJ Financial Group (consolidated)**<br>**Up to September 30, 2005: Mitsubishi Tokyo Financial Group (consolidated) + UFJ Holdings (consolidated) (without other adjustments)** |
| **Non-consolidated*** | **PL items** | **After FY2006 H1: Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + Mitsubishi UFJ Trust & Banking Corporation (non-consolidated) (without other adjustments)**<br>**FY2005 H2: Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + UFJ Bank (non-consolidated, October - December) + Mitsubishi UFJ Trust & Banking Corporation (non-consolidated) (without other adjustments)**<br>**Up to FY2005 H1: Bank of Tokyo-Mitsubishi (non-consolidated) + UFJ Bank (non-consolidated) + Mitsubishi Trust & Banking Corporation (non-consolidated) + UFJ Trust Bank (non-consolidated) (without other adjustments)** |
| | **BS items** | **After March 31, 2006: Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + Mitsubishi UFJ Trust & Banking Corporation (non-consolidated) (without other adjustments)**<br>**March 31, 2005: Bank of Tokyo-Mitsubishi (non-consolidated) + UFJ Bank (non-consolidated) + Mitsubishi Trust & Banking Corporation (non-consolidated) + UFJ Trust Bank (non-consolidated) (without other adjustments)** |

*Unless specifically stated otherwise figures do not include the separate subsidiaries (UFJ Strategic Partner, UFJ Equity Investments and UFJ Trust Equity)

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## FY2009 H1 key points

- **Increased consolidated net business profits, supported by integration benefits and other factors**

  **Interim net income ¥140.9 billion. Exceeded target**

- **Made steady progress on key issues in medium-term plan**

  **―Improved operational efficiency, reduced strategic equity holdings, etc.**

- **Further developed alliance with Morgan Stanley domestically and internationally**

- **Filed shelf registration in connection with the issuance of new common shares for boosting core capital, etc.**

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✓In the interim period of fiscal 2009, net business profits increased considerably, driven by a reduction in G&A expenses as cost synergies started to be realized following the completion of systems integration last December, and other factors. As a result, interim net income was 140.9 billion yen, exceeding our target for the interim period announced in May.

✓We also made steady progress on the key issues in the first half of our medium-term business plan—improving operational efficiency and reducing strategic equity holdings.

✓In terms of business strategy, we further developed the alliance with Morgan Stanley both domestically and internationally. In July we announced new initiatives including an alliance in corporate and investment banking. MUFG and Morgan Stanley also agreed and made an announcement on the integration of the companies' securities operations in Japan.

✓Lastly, on November 18 we resolved to file a shelf registration for the issuance of new common shares, in order to further boost our high-quality, core capital.

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## FY2009 H1 summary (P/L) (Consolidated)

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### Net business profits

- Gross profits increased mainly due to higher domestic and overseas lending income, market product income and a consolidation of ACOM, despite of lower deposit income caused by the decline of interest rates.
- G&A expenses decreased due to an intensive corporate-wide cost reduction as well as the effect of the system integration.
- As a result, net business profits significantly increased. Even excluding impact from the consolidation of ACOM, net business profits increased by ¥53.4bn.

### Credit costs

- While non-consolidated credit costs decreased, consolidated credit costs increased due to an increase at other subsidiaries and the consolidation of ACOM.

### Net gains (losses) on equity securities

- Net losses on equity securities turned to net gains mainly due to decrease in write-down of equity securities.

### Other non-recurring gains (losses)

- Other non-recurring losses increased mainly due to an increase in retirement benefit costs.

**Income statement (¥bn)**

| | | FY08 H1 | FY09 H1 | Change | excluding impact of ACOM |
|---|---|---|---|---|---|
| 1 | Gross profits (before credit costs for trust accounts) | 1,696.5 | 1,813.2 | 116.6 | (5.9) |
| 2 | Net interest income | 970.5 | 1,115.2 | 144.6 | 32.7 |
| 3 | Trust fees + Net fees and commissions | 572.1 | 545.6 | (26.5) | - |
| 4 | Net trading profits + Net other business profits | 153.8 | 152.4 | (1.4) | - |
| 5 | Net gains (losses) on debt securities | 11.3 | 24.8 | 13.5 | - |
| 6 | G&A expenses | 1,072.7 | 1 ,061.4 | (11.2) | (59.4) |
| 7 | Net business profits | 623.8 | 751.7 | 127.9 | 53.4 |
| 8 | Credit costs*1 | (334.9) | (444.2) | (109.3) | (43.1) |
| 9 | (Non-consolidated) | (242.2) | (224.0) | 18.2 | - |
| 10 | Net gains (losses) on equity securities | (75.2) | 13.3 | 88.6 | 88.2 |
| 11 | Other non-recurring gains (losses) | (25.4) | (87.7) | (62.3) | - |
| 12 | Ordinary profits | 188.1 | 233.0 | 44.9 | - |
| 13 | Net extraordinary gains (losses) | 0.6 | ( 18.6) | (19.3) | - |
| 14 | Total of income taxes-current and income taxes-deferred | 47.6 | 42.5 | (5.0) | - |
| 15 | Net income | 92.0 | 140.9 | 48.9 | 49.6 |

*1 Credit costs= Credit costs for trust accounts + Provision for general allowance for credit losses + Credit costs (included in non-recurring gains/losses)
(Negative numbers refer to costs or losses)

Reference (¥)

| | | | | |
|---|---|---|---|---|
| 16 | EPS | 8.46 | 11.08 | 2.62 |
| 17 | ROE*2 | 2.58% | 3.77% | 1.19% |

*2

$$\frac{\text{Net income for six months}\times 2-\text{Equivalent of annual dividends on nonconvertible preferred stocks}}{\{(\text{Total shareholders' equity at the beginning of the period} - \text{Number of nonconvertible preferred shares at the beginning of the period}\times\text{Issue price}+\text{Foreign currency translation adjustments at the beginning of the period}) + (\text{Total shareholders' equity at the end of the period} - \text{Number of nonconvertible preferred shares at the end of the period}\times\text{Issue price}+\text{Foreign currency translation adjustments at the end of the period})\}/2}\times 100$$

Please see pages 6-20 of the MUFG Databook

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✓As the consolidation of ACOM makes comparison with the previous interim period difficult, the column on the far right of the table shows the year-on-year change excluding the impact of the consolidation of ACOM.

✓Consolidated gross profits (line 1) increased 116.6 billion yen compared to the previous interim period. Net interest income (line 2) increased substantially, reflecting strong domestic and overseas lending income, dividends from Morgan Stanley, the consolidation of ACOM, and other factors. Trust fees and net fees and commissions (line 3) decreased, mainly due to a decline in investment trust-related fees, impacted by the protracted market downturn, despite strong performance in overseas lending-related fees and other areas. Meanwhile net trading profits and net other business profits (line 4) were broadly level, as a substantial improvement in net trading profits offset higher losses relating to credit default swaps entered into for hedging purposes.

✓Even though there were factors for increase such as the consolidation of ACOM, G&A expenses (line 6) declined 11.2 billion yen, due to the emergence of integration benefits and Group-wide initiatives to reduce costs. Excluding the consolidation of ACOM, G&A expenses decreased 59.4 billion yen.

✓As a result, net business profits (line 7) increased 127.9 billion yen to 751.7 billion yen.

✓Credit costs decreased on a non-consolidated basis, but on a consolidated basis increased 109.3 billion yen to 444.2 billion yen, impacted by the consolidation of ACOM and higher credit costs at Union Bank.

✓Net gains (losses) on equity securities (line 10) increased 88.6 billion yen, reflecting lower write-downs on equity securities compared to the write-downs of 145.2 billion yen recorded in the previous interim period, due to a recovery in stock prices.

✓Other non-recurring losses (line 11) increased 62.3 billion yen, mainly reflecting an increase in amortization of unrecognized net actuarial loss, impacted by the decline in equity prices in the previous fiscal year.

✓Extraordinary profits (line 12) were down by 19.3 billion yen. Factors influencing this item included the absence in the interim period under review of a gain on the sale of affiliates' stock and the shedding of costs relating to systems integration recorded in the previous interim period, as well as the amortization of goodwill of ACOM in the interim period under review.

✓As a result, interim net income (line 14) increased 48.9 billion yen to 140.9 billion yen.

# FY2009 H1 summary (B/S)

(Consolidated)

- **Loans**
  - Decreased from End Mar. 09 due to lower domestic and overseas corporate loans
- **Investment securities**
  - Significantly increased from End Mar. 09 mainly due to JGBs
- **Deposits**
  - Increased because higher deposits from overseas branches from End Mar. 09, offset lower deposits from domestic branches
- **NPLs**
  - NPL ratio up from End Mar. 09 as a result of increase in FRL disclosed loans, but keeping a low level
- **Net unrealized gains (losses) on securities available for sale**
  - Turned to net unrealized gains due to improved appraisal gains on equity securities caused by higher stock prices

**Balance sheet (¥bn)**

| | | End Mar. 09 | End Sep. 09 | Change from End Mar. 09 |
|---|---|---|---|---|
| 1 | Loans (Banking+Trust accounts)<br>Loans (Banking accounts) | 92,256.6<br>[92,056.8] | 88,207.2<br>[88,032.0] | (4,049.3)<br>[(4,024.7)] |
| 2 | Domestic corporate loans*1 | 50,239.2 | 48,113.1 | (2,126.1) |
| 3 | Housing loans*1 | 17,364.2 | 17,301.5 | (62.6) |
| 4 | Overseas loans*2 | 19,488.5 | 17,500.9 | (1,987.6) |
| 5 | Investment securities (Banking accounts) | 48,314.1 | 57,384.3 | 9,070.2 |
| 6 | Deposits | 120,149.5 | 122,043.7 | 1,894.1 |
| 7 | Individual deposits (Domestic branches) | 62,881.6 | 62,844.4 | (37.1) |
| 8 | Loan-and-deposit rate margin (Non-consolidated) | FY08 H2<br>1.44% | FY09 H1<br>1.34% | Change from FY08 H2<br>( 0.09% ) |
| 9 | FRL disclosed loans*1 | 1,189.9 | 1,245.9 | 55.9 |
| 10 | NPL ratio*1 | 1.24% | 1.38% | 0.13% |
| 11 | Net unrealized gains (losses) on securities available for sale | (917.7) | 414.8 | 1,332.6 |
| 12 | BIS capital ratio<br>(Tier1 ratio) | 11.77%<br>7.76% | 13.29%<br>9.13% | 1.52%<br>1.36% |

*1 Non-consolidated + trust accounts
*2 Loans booked in overseas branches, UnionBanCal Corporation and BTMU (China)

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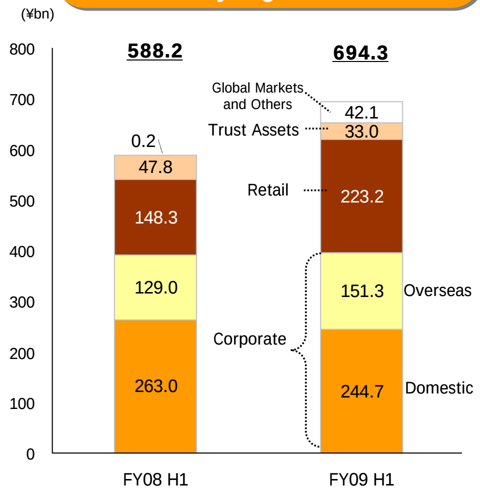
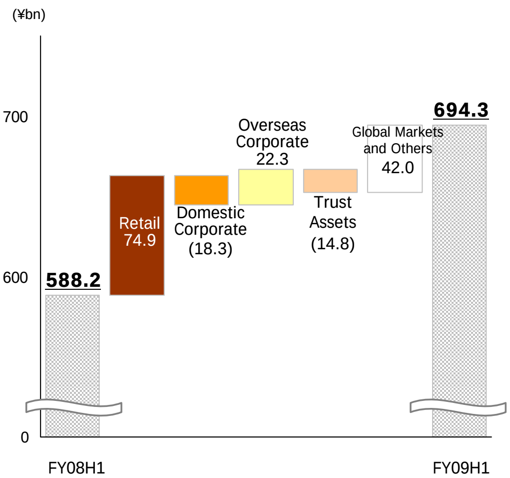
## Outline of results by business segments (Consolidated)

- **In Corporate, an increase in domestic and overseas lending income offset a decrease in deposits income, while net operating profits from Trust Assets decreased slightly due to sluggish stock prices. Net operating profits increased ¥106.1 bn in total compared to FY08 H1, mainly due to increases in Retail, Global Markets and Others.**

**Net operating profits by segment*1**




**Breakdown of changes in Net operating profits*1**




*1 Consolidated net business profits on a managerial accounting basis
Losses on credit derivatives for credit risk hedging are recorded in 'Global Markets and Others'

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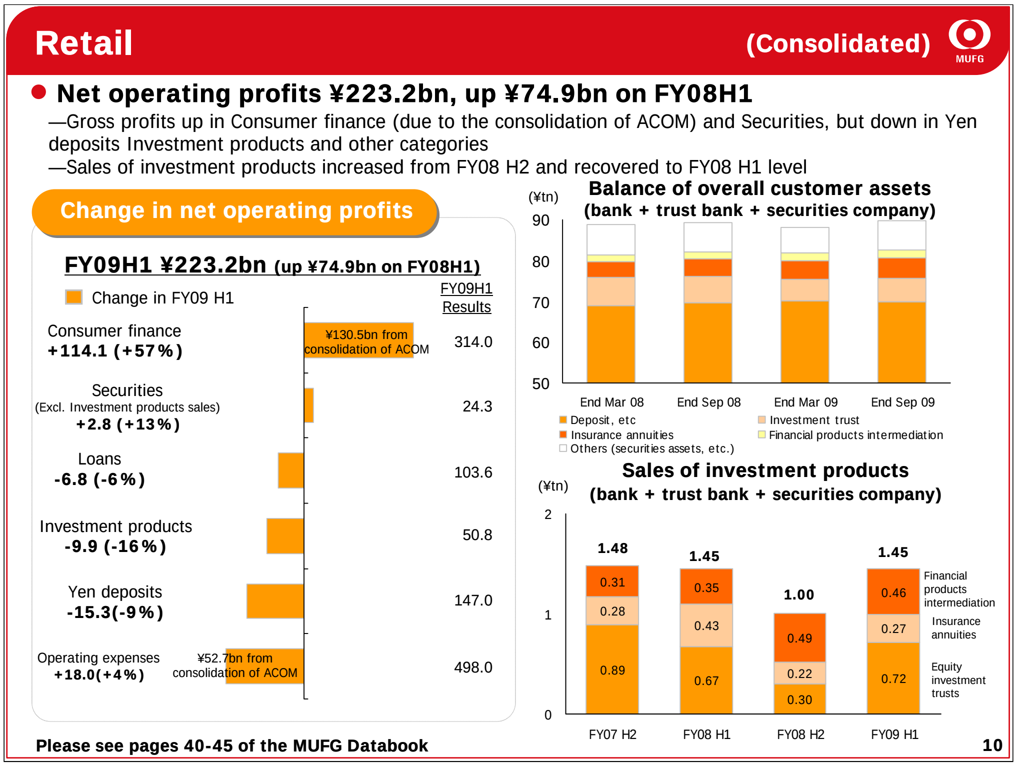
✓This slide gives a breakdown of net operating profits by business segment and a breakdown of changes in net operating profits.

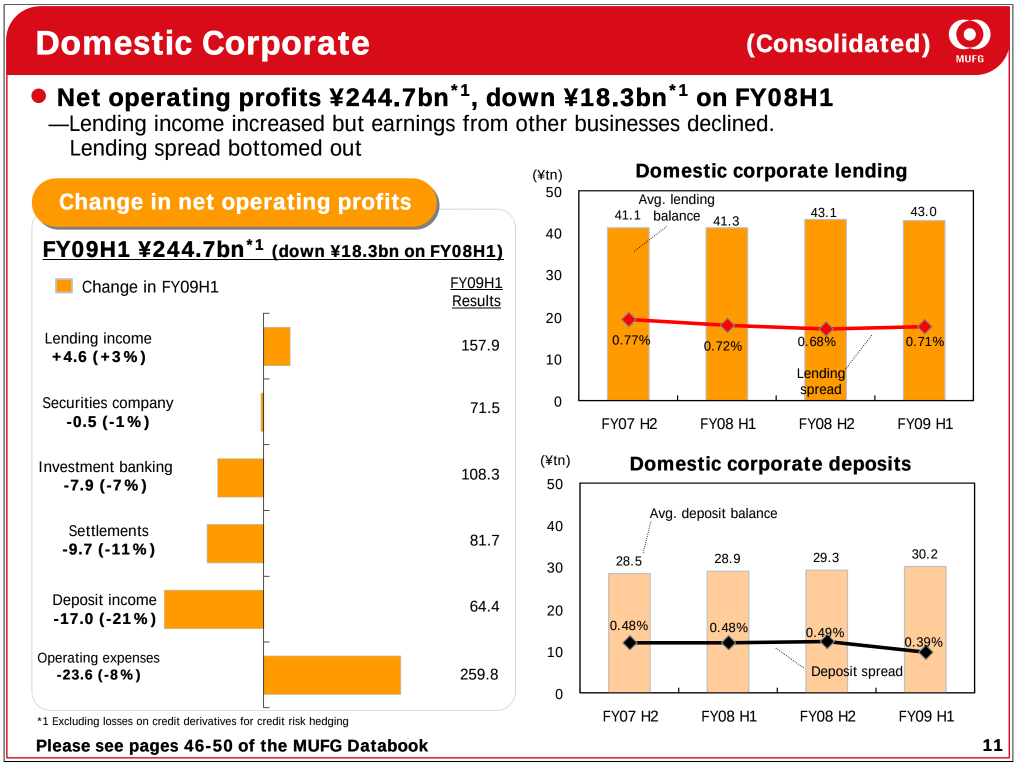
✓By business segment, the main drivers of the increase of 106.1 billion yen in net operating profits to 694.3 billion yen were Retail, Overseas Corporate and Global Markets and Others.




✓First, I will discuss Retail.

✓Net operating profits increased 74.9 billion yen from the previous interim period to 223.2 billion yen. The main factors for this increase were increases in consumer finance profits due to the consolidation of ACOM, and in profits from securities business reflecting the recovery in market conditions. On the other hand, profits from yen deposits decreased substantially, impacted by the lowering of interest rates last year, while profits from the sale of investment products also declined.

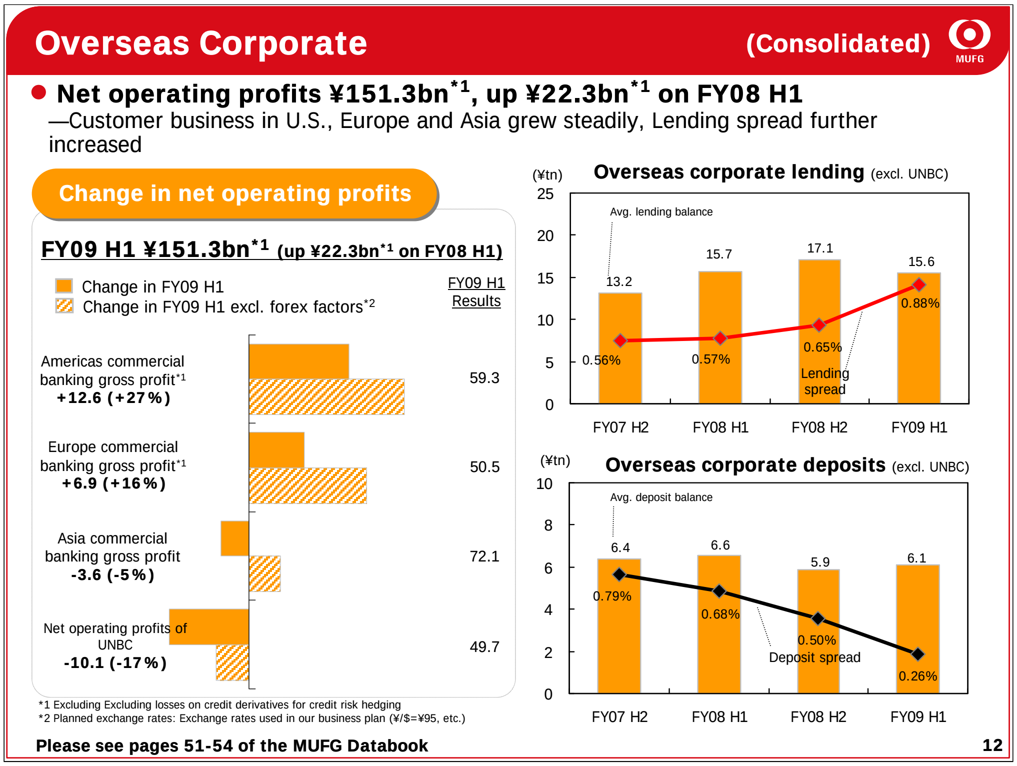
✓The graph on the top right shows the balance of overall customer assets. As you can see, the balance as of the end of September 2009 increased compared to the end of March 2009, due to an increase in the balance of assets such as investments trusts and equity securities in line with rising market values of such assets. Furthermore, as you can see from the graph on the bottom right, sales of investment products increased substantially compared to the second half of fiscal 2008, recovering to a level broadly similar to the first half of fiscal 2008.




✓Next is Domestic Corporate.

✓Net operating profits decreased 18.3 billion yen to 244.7 billion yen. As you can see from the graph on the left, lending income increased and we achieved a reduction in operating expenses, but profits declined in other businesses. As the graph on the top right shows, the average domestic corporate lending balance was maintained at broadly the same level as the second half of fiscal 2008. The lending spread, which had been on a declining trend, showed an increase compared to the second half of fiscal 2008, which was attributable to factors including an improvement in the spread for new lending.

✓Meanwhile, as you can see from the graph on the bottom right, the average domestic corporate deposit balance continued its rise, while the deposit spread decreased, impacted by lower interest rates.

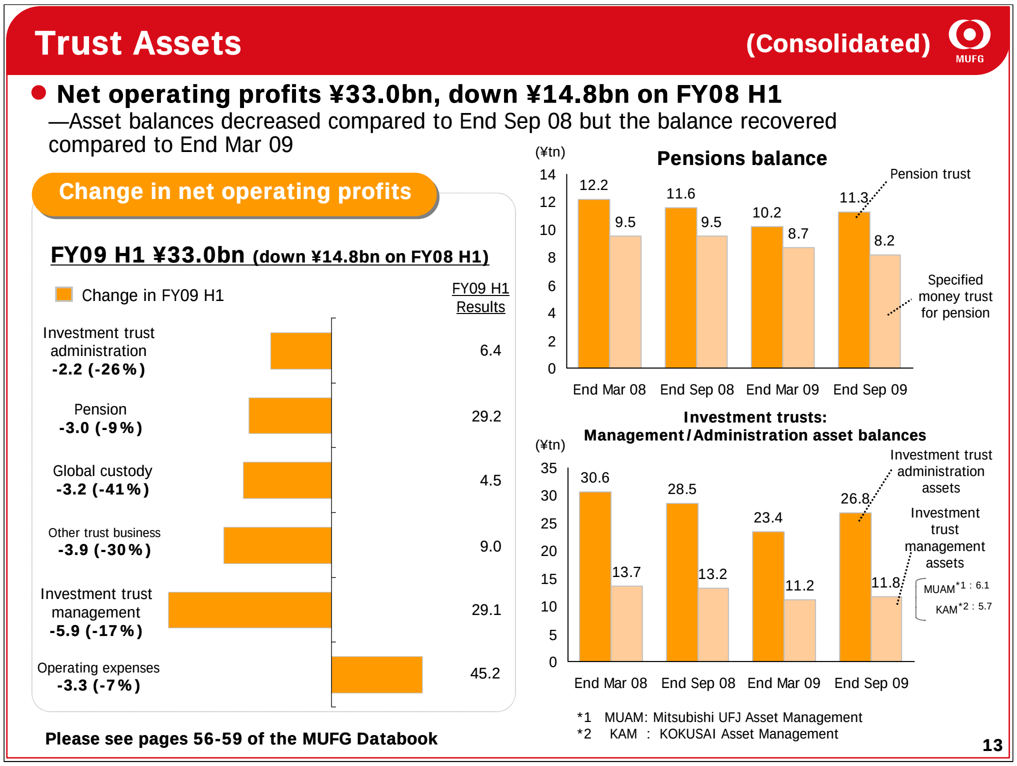



✓Next is Overseas Corporate.

✓Net operating profits increased 22.3 billion yen to 151.3 billion yen.

✓The graph on the left shows changes in net operating profits compared to the previous interim period, on two bases: exchange rates as of the accounts settlement date and excluding foreign exchange rate factors. Net operating profits increased overall, with strong performances in customer businesses in our commercial banking operations in the Americas, Europe and Asia, although net operating profits decreased at Union Bank.

✓As you can see in the graph on the top right, the average overseas corporate lending balance decreased reflecting weaker demand, but the lending spread increased significantly.




✓Next is the Trust Assets segment.

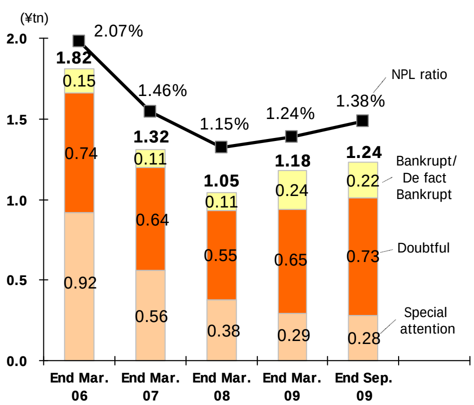
✓Net operating profits decreased 14.8 billion yen to 33.0 billion yen. As indicated in the two graphs on the right, asset balances decreased compared to the end of September last year, which had a bearing on the decline in net operating profits. However, asset balances generally increased compared to the end of March this year, in line with the recovery in market conditions and other factors.

# Loan assets

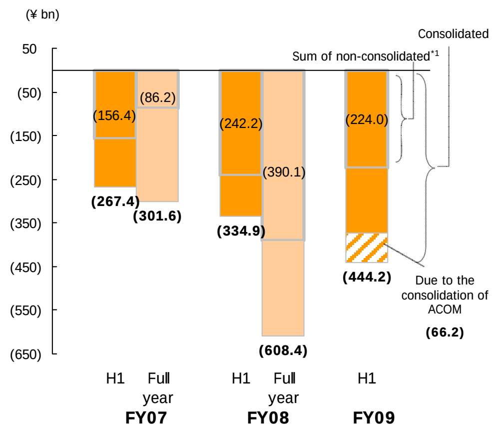
(Consolidated / Non-consolidated)

- NPL ratio up by 0.13% from the end of Mar. 09 to 1.38% due to increase in Doubtful category loans
- Total credit costs showed an expense of ¥224.0bn on a non-consolidated basis and ¥444.2bn on a consolidated basis

## Balance of FRL disclosed loans (Non-consolidated)




## Total credit costs

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# Holdings of investment securities (Consolidated)

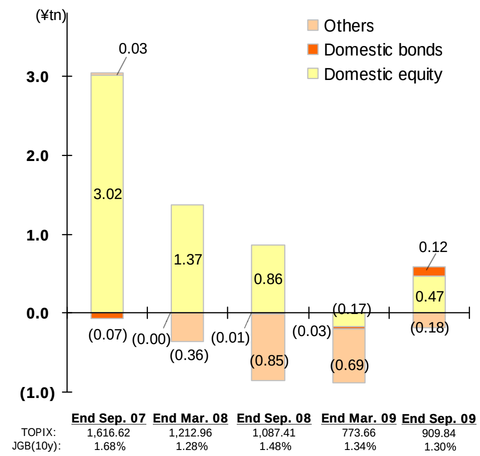
- **Total unrealized gains (losses) on securities available for sale improved by ¥1.33tn from End Mar. 09, due to improvement in all categories, especially domestic equity securities**

## Breakdown of securities available for sale (with market value)

(¥bn)

| | Balance (End Sep.09) | Unrealized gains (losses) | Change from End Mar. 09 |
|---|---|---|---|
| **Total** | 50,500.5 | 414.8 | 1,332.6 |
| **Domestic equity securities** | 4,272.2 | 476.8 | 656.6 |
| **Domestic bonds** | 33,462.0 | 124.2 | 162.7 |
| **Others** | 12,766.2 | (186.2) | 513.2 |
| **Foreign equity securities** | 307.9 | 63.6 | 84.3 |
| **Foreign bonds** | 10,496.4 | 61.1 | 90.2 |
| **Other** | 1,961.7 | (310.9) | 338.6 |

## Unrealized gains (losses) on securities available for sale

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# Holdings of securitized products (Consolidated)

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● **Balance of investments in securitized products approx. ¥1.98tn (down ¥0.31tn from end Mar. 09)**

Figures are on a managerial accounting basis and rounded off. Balance is the amount after impairment and before deducting net unrealized losses.

- The balance of investments in securitized products decreased to ¥1.98tn (down ¥0.31tn from end Mar. 09), due to the sales of securitized products, which have risk of being downgraded or deteriorated, and redemptions.
- Net unrealized losses improved by ¥178bn from end Mar.09 to ¥206bn.
- The effect on the P/L for the interim of fiscal 2009 (April to September 2009) was a loss of ¥16bn mainly due to losses on sales.

**Balance, net unrealized gains (losses)**

| | (¥bn) | Balance | | Unrealized gains (losses) | | of which securities being held to maturity* | |
|---|---|---|---|---|---|---|---|
| | | | Change from end Mar. 09 | | Change from end Mar. 09 | Balance | Unrealized gains (losses) |
| 1 | RMBS | 106 | (92) | (6) | 41 | 0 | 0 |
| 2 | Sub-prime RMBS | 34 | (16) | 0 | 9 | 0 | 0 |
| 3 | CMBS | 25 | (3) | (2) | 0 | 0 | 0 |
| 4 | CLOs | 1,567 | (129) | (186) | 100 | 1,229 | (145) |
| 5 | Others (card, etc.) | 273 | (80) | (10) | 36 | 28 | (1) |
| 6 | CDOs | 13 | (6) | (2) | 0 | 4 | (1) |
| 7 | SIV investments | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Total | 1,983 | (310) | (206) | 178 | 1,260 | (147) |

* Following the publication of "Tentative Solution on Reclassification of Debt Securities" (Practical Issue Task Force No.26), some of our securitized products were reclassified into "securities being held to maturity" from "securities available-for-sale" at and after the end of January 2009. The balance and net unrealized gains (losses) of the securities being held to maturity in the above table are based on book value before reclassification.

**Please see pages 66-70 of the MUFG Databook**

# Capital

(Consolidated)

● **Total capital**

■Increased ¥1.47 tn from End Mar. 09 because net unrealized losses on investment securities turned to net gains and preferred securities increased due to new issuance

● **Risk-adjusted assets**

■Almost flat because increase caused by higher stock prices and revision of parameter offset decrease in securitization exposures

**<Adopted method>**

■Credit risk:

〔End Sep. 08〕

FIRB (Foundation Internal Ratings-based Approach)

〔End Mar. 09, End Sep. 09〕

AIRB (Advanced Internal Ratings-based Approach)

■Operational risk: The Standardized Approach (TSA)

● **Capital ratio :13.29%**

**Tier1 ratio : 9.13%**

**Core Tier1 ratio[*1] : 6.83%**

(¥bn)

| | | End Sep. 08 | End Mar. 09 | End Sep. 09 | Change from End Mar. 09 |
|---|---|---|---|---|---|
| 1 | Capital ratio | 10.55% | 11.77% | 13.29% | 1.52% |
| 2 | Tier1 ratio | 7.63% | 7.76% | 9.13% | 1.36% |
| 3 | Core Tier1 ratio | 6.15% | 5.77% | 6.83% | 1.06% |
| 4 | Tier 1 | 8,380.4 | 7,575.1 | 8,894.3 | 1,319.1 |
| 5 | Preferred stock | 261.3 | 640.0 | 640.0 | - |
| 6 | Preferred securities | 1,370.3 | 1,307.1 | 1,601.0 | 293.9 |
| 7 | Net unrealized losses on securities available for sale | (41.6) | (803.8) | - | 803.8 |
| 8 | Tier 2 | 3,766.0 | 4,216.1 | 4,383.5 | 167.4 |
| 9 | Net unrealized gains on securities available for sale | - | - | 185.1 | 185.1 |
| 10 | Subordinated debt | 3,439.6 | 3,779.2 | 3,751.5 | (27.7) |
| 11 | Total capital | 11,590.2 | 11,478.4 | 12,948.9 | 1,470.4 |
| 12 | Risk-adjusted assets | 109,789.1 | 97,493.4 | 97,368.2 | (125.1) |
| 13 | Credit risk | 101,536.4 | 90,242.9 | 89,902.3 | (340.6) |
| 14 | Market risk | 2,320.2 | 1,587.6 | 1,777.6 | 189.9 |
| 15 | Operational risk | 5,932.4 | 5,662.7 | 5,688.3 | 25.5 |

*1 Core Tier1 = Tier1 - (Preferred Stock + Preferred securities)
Core Tier1 ratio = Core Tier1 ÷ Risk-adjusted assets

**Please see page 72 of the MUFG Databook**

# FY2009 targets / dividend forecasts (Consolidated / Non-consolidated)

## Earnings targets

### Consolidated

| | | FY2009 Interim (results) | FY2009 Full Year (targets) |
|---|---|---|---|
| 1 | Ordinary profits | **¥233.0 bn** | **¥600.0 bn** |
| 2 | Net income | **¥140.9 bn** | **¥300.0 bn** |

## Dividend forecasts

| | | FY2009 Interim dividend | FY2009 Year-end dividend (forecasts) | FY2009 Annual dividend (forecast) |
|---|---|---|---|---|
| 1 | Dividend per common share | **¥6** | **¥6** | **¥12** |

### Bank of Tokyo-Mitsubishi UFJ

| | (non-consolidated) | FY2009 Interim (results) | FY2009 Full Year (reference) |
|---|---|---|---|
| 1 | Net business profits | **¥408.0 bn** | **¥865.0 bn** |
| 2 | Ordinary profits | **¥125.0 bn** | **¥365.0 bn** |
| 3 | Net income | **¥130.7 bn** | **¥245.0 bn** |

### Mitsubishi UFJ Trust and Banking

| | (non-consolidated) | FY2009 Interim (results) | FY2009 Full Year (reference) |
|---|---|---|---|
| 1 | Net business profits | **¥52.9 bn** | **¥120.0 bn** |
| 2 | Ordinary profits | **¥35.3 bn** | **¥65.0 bn** |
| 3 | Net income | **¥24.7 bn** | **¥45.0 bn** |

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Introduction

Outline of Fiscal 2009 Interim Results

**Business strategy**

## Outline of Medium-term business plan

- Launched 3 year Medium-term business plan in April 2009

| Phase 1 (FY2009 to mid-FY2010) Risk management and enhancement of core business fundamentals | Phase 2 (Mid-FY2010 to FY2011) Growth acceleration |
|---|---|
| ① Respond to anticipated new regulatory capital requirements | ① Pursue growth in priority business areas |
| ② Improve operational efficiency | ② Maintain sound capital base |
| ③ Reduce strategic equity holdings | ③ Enhance shareholder returns |
| ④ Maintain stable shareholder returns | |

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✓MUFG launched its medium-term business plan this April. Based on the expected external environment, the three-year medium-term plan consists of two phases.

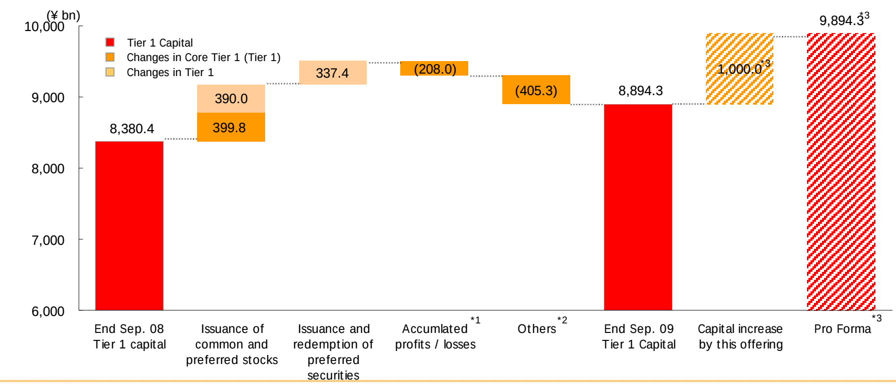
✓During the first phase, in which challenging economic conditions are expected to persist, MUFG plans to focus on risk management and build business foundation necessary for future growth. We will strive to maintain capital soundness complying with anticipated new capital regulation, rigorously improve our operational efficiency, and reduce our equity holdings.

✓During the second phase, considering the possible economic recovery, MUFG intends to accelerate the growth strategies and enhance shareholder returns while maintaining its financial soundness.

## Appropriate capital management with focus on quality

- **MUFG has been committed to improving capital in terms of both quality and quantity through appropriate and proactive capital management responding to changes in the business environment**

### Major changes in Tier 1 capital (since October 2008)




| | End Sep. 08 | | End Sep. 09 | | Pro Forma |
|---|---|---|---|---|---|
| Tier 1 ratio | 7.63% | Appropriate and proactive capital management | 9.13% | Capital increase | 10.16%*3 |
| Core Tier 1 ratio*4 | 6.15% | | 6.83% | | 7.86%*3 |
| Risk-adjusted assets | ¥ 109.7tn | | ¥ 97.3tn | | ¥ 97.3tn |

*1 Net loss was posted from October 2008 to September 2009
*2 Foreign currency translation adjustments, consolidation adjustments, net unrealized losses on other securities, increase / decrease of net DTAs, etc.
*3 On November 18, 2009, MUFG Board of Directors resolved to file a shelf registration in Japan in connection with the issuance of new common shares and expected issue amount is up to ¥1tn
*4 Core Tier 1 ratio = (Tier 1 capital - Preferred stocks - Preferred securities) / Risk-adjusted assets

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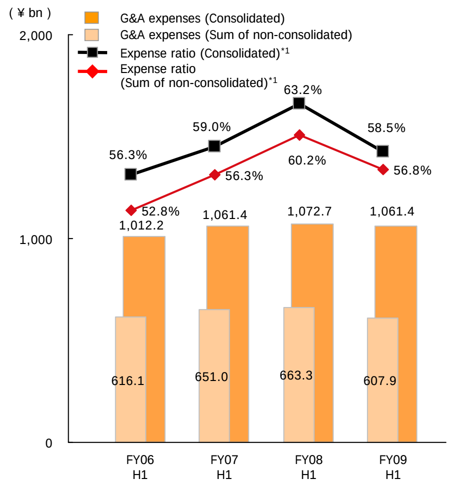
✓First, I would like to talk about our capital management. The graph tracks the developments in our Tier 1 capital since the end of September 2008. As you can see, both Tier 1 ratio and Core Tier 1 ratio increased in the past year.

✓If we carry out the capital raising for which we have filed a shelf registration, we believe it will further fortify our capital base in terms of both quality and quantity and allow us to secure sufficient capital base. We will continue to manage our capital appropriately.

# Progress in improving operational efficiency

- **Decrease in the sum of non-consolidated G&A expenses ¥ 55.3bn (-8%) on a year-on-year basis (first-half comparison) by achieving the benefits of system integration and improvement of operational efficiency**
- **Decrease in consolidated G&A expenses on a year-on-year basis (first-half comparison) despite the consolidation of ACOM**

## G&A expenses




*1 Expense ratio = G&A expenses / Gross profits (before credit costs for trust accounts)

## Breakdown of consolidated G&A expenses

(¥ bn)

| | FY08 H1 | FY09 H1 | Increase/ Decrease | ratio |
|---|---|---|---|---|
| Consolidated Expenses | 1,072.7 | 1,061.4 | (11.2) | (1.0%) |
| Expense ratio*1 | 63.2% | 58.5% | (4.6 point) | - |
| BTMU (Non-consolidated) | 563.4 | 509.9 | (53.5) | (9.5%) |
| MUTB (Non-consolidated) | 99.8 | 98.0 | (1.8) | (1.8%) |
| Sum of Non-consolidated | 663.3 | 607.9 | (55.3) | (8.3%) |
| Personnel | 225.0 | 222.7 | (2.2) | (0.9%) |
| Non-personnel | 397.0 | 353.7 | (43.2) | (10.8%) |
| Depreciation/ Lease | 95.2 | 83.0 | (12.1) | (12.7%) |
| Mitsubishi UFJ Securities | 102.1 | 100.1 | (1.9) | (1.9%) |
| UNBC | 92.3 | 86.9 | (5.4) | (5.8%) |
| Mitsubishi UFJ NICOS | 126.9 | 116.9 | (9.9) | (7.8%) |
| ACOM | - | 48.1 | 48.1 | - |

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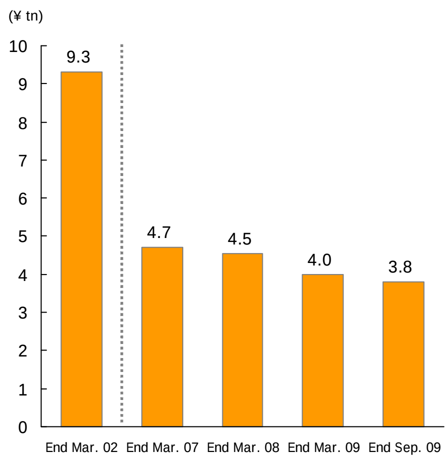
✓Next, let me touch upon our operational efficiency. With the completion of system integration in December 2008, we started to realize cost synergies. In addition, as a result of our group wide cost reduction efforts, the non-consolidated G&A expenses decreased significantly, while consolidated G&A expenses have also dropped more than offsetting the impact of ACOM consolidation.

✓We are currently in a challenging business environment. Therefore, we will strive to further streamline our operations in order to maintain a sound capital base and secure stable returns for our shareholders.

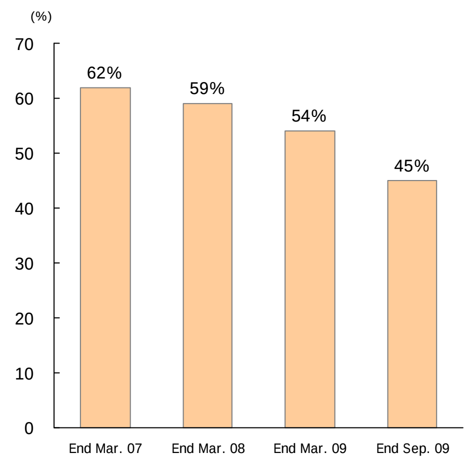
## Reduction of strategic equity holdings

- **MUFG is committed to reducing its strategic equity holdings to minimize stock price fluctuation risk on its capital**
  - **Utilize programs by Bank of Japan and Banks' Shareholdings Purchase Corporation to avoid adverse effects on the stock market**

**Equity holdings (acquisition price)*1**




**Ratio of equity holdings*1 (acquisition price) to Tier 1 capital*2 ratio**




*1 Domestic equity securities in the category of "other securities" with market value (Sum of non-consolidated)
*2 Tier 1 Capital (Sum of non-consolidated)

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✓We have been committed to reduce our equity holdings in order to minimize the impact of stock price fluctuations on our capital. We sold approximately 100 billion yen of equity securities in the first half of this fiscal year after acquiring understanding of our customers. Together with the increase in our Tier 1 capital, the ratio of our equity holdings to Tier 1 has come down to approximately 45%. As we have already obtained consent from some customers and also we will negotiate with customers for the sell-down of our equity holdings, we regard the second half of this fiscal year as the most important period to tackle this issue.

✓When reducing the equity holdings, MUFG plans to fully utilize the programs administered by the Bank of Japan and the Banks' Shareholdings Purchase Corporation programs to minimize potential negative impacts to the stock market.

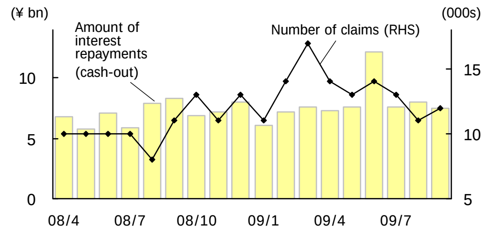
## Consumer finance strategy: ACOM

- Steadily expanding market share despite the severe operating environment
- Seek to build solid earning capacity by further streamlining operations
- Leveraging superior financial position, aim to be a winner in a less competitive market

### Profit and loss

| | (¥ bn) | FY07 | FY08 | FY09 H1 |
|---|---|---|---|---|
| 1 | Operating Revenue | 379.7 | 324.3 | 141.7 |
| 2 | Operating Expenses | 298.0 | 293.6 | 133.6 |
| 3 | Provision for allowance for credit losses | 115.8 | 87.8 | 61.0 |
| 4 | Provision for loss on interest repayment | 19.6 | 52.1 | 8.7 |
| 5 | Operating Income | 81.6 | 30.7 | 8.0 |
| 6 | Ordinary Income | 83.1 | 32.6 | 9.2 |
| 7 | Net Income | 35.4 | 13.6 | 2.4 |
| 8 | Market Share(%)*1 | 16.0% | 17.2% | 19.1% |

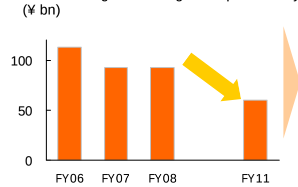
### Claims for interest repayment




Source: Company disclosures

### Strengthened management practices

- Strengthen management practices by further cost-cutting



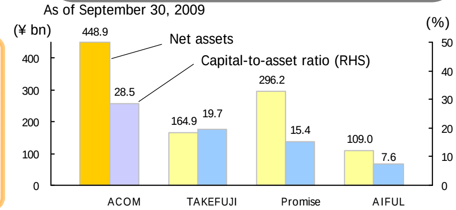

- Branch restructuring
- Effective personnel allocation
- Cost-savings in computing machineries and advertising

Source: Japan Financial Service Association (Figures for FY09 1H is based on the preliminary figures)

*1 Loan balance of loan business of ACOM (non-consolidated) / Loan balance of consumer finance sector

### Net assets and capital-to-asset ratio

As of September 30, 2009




Source: Company disclosures

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✓As shown in the graph on the top-left, ACOM is in a challenging situation with a drop in its revenues mainly due to market shrinkage and a continuing flow of interest repayment claims. Despite the severe operating environment, ACOM has managed to steadily expand its market share while other competitors have reduced their loans outstanding significantly.

✓In anticipation that market contraction will continue for a while, ACOM has just announced a new plan to further streamline operations in order to cut costs. The plan includes consolidation of branch networks and optimizing personnel allocation.

✓In this challenging environment, we will continue to see further consolidation in this industry. As shown in the bottom right chart, we believe ACOM is going to be a winner in a less competitive market by leveraging its superior financial position.

✓MUFG would like to meet the needs of its customers properly while contributing to the development of a sound consumer finance industry.

## US business strategy : UNBC

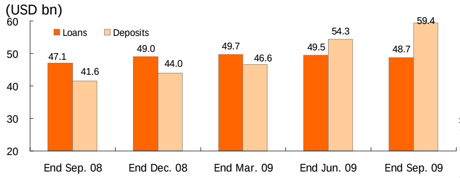
MUFG

- **Better performance compared to peers due to disciplined management, despite increase in credit costs**
  **– Deposits significantly increased against a backdrop of high credit worthiness**
- **Made USD 2bn pre-emptive capital injection based on pessimistic scenario**
- **Ensure a consistent business strategy and efficient resource allocation in the North American by making UNBC a wholly owned subsidiary**

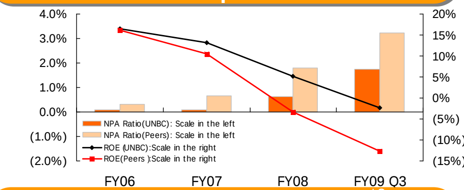
### Business performance

| (USD mm) | FY07 | FY08 | FY09 Q1 | FY09 Q2 | FY09 Q3 |
|---|---|---|---|---|---|
| Gross Profits | 2,532 | 2,833 | 737 | 736 | 748 |
| Operating Expenses | 1,574 | 1,896 | 521 | 532 | 505 |
| Net Business Profits | 957 | 936 | 215 | 204 | 242 |
| Provision for allowance for credit losses | 81 | 515 | 249 | 360 | 314 |
| Net Income | 608 | 268 | (9) | (80) | (17) |
| Net Income (excluding integration related cost (profits), discontinued operations) | 573 | 367 | 11 | (66) | (5) |

### Average balance of loans and deposits

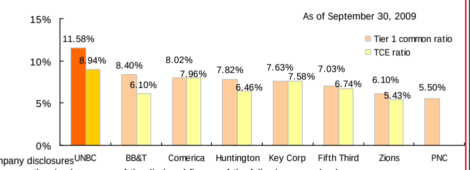



### Comparison of ROE[*1,2] and NPA ratio[*1,3] with peers




### Comparison of core capital ratio[*3] with peers

- Capital base comparable to US Banks supported by public funds
- Capital will be used for growth if the baseline scenario plays out




Source: Company disclosures
*1 Peer figures are the simple average of the disclosed figures of the following seven banks:
BB&T: BB&T Corporation、Comerica: Comerica Incorporated、Huntington: Huntington Bancshares Incorporated、Key Corp: Key Corp Ltd、Fifth Third: Fifth Third Bancorp、Zions: Zions Bancorporation、PNC: The PNC Financial Services Group, Inc. *2 For FY09Q3, annualized base
*3 Calculated based on each bank's definition

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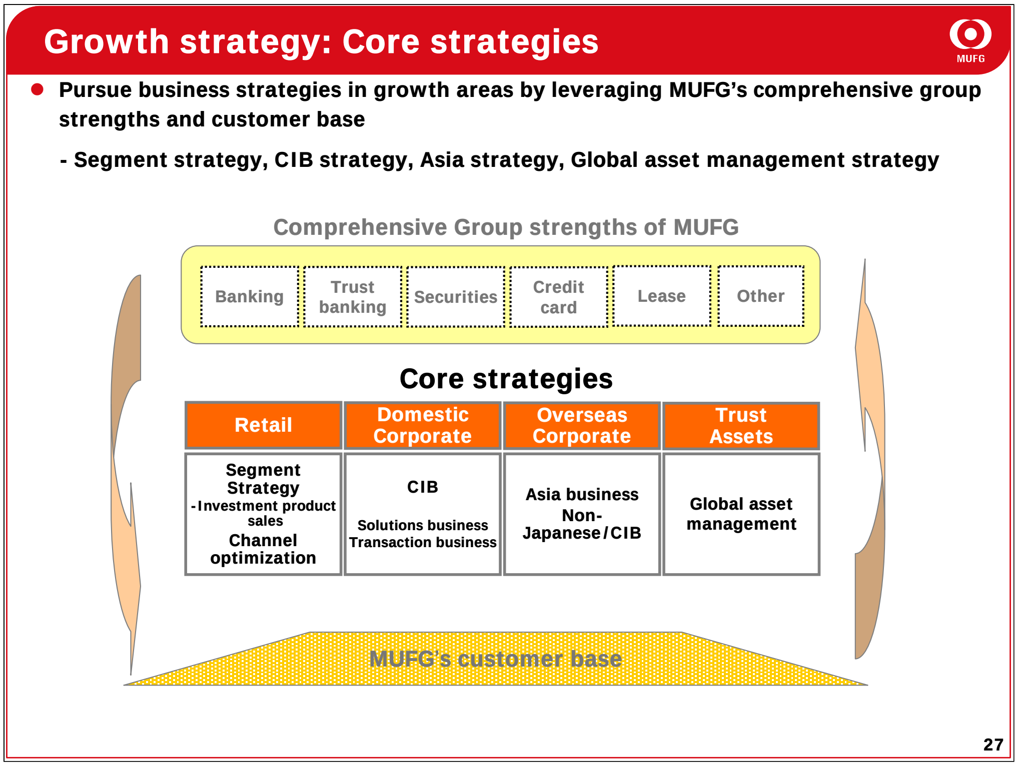
✓MUFG regards UNBC, which became a wholly-owned subsidiary in November 2008, as a keystone of its strategies in North America.

✓Although UNBC has been recently posting increased credit costs mainly due to its exposure to commercial real estate industry, its performance, as measured by ROE and NPA ratios, has been consistently better than its peers. As shown in the bottom-left chart, while maintaining a conservative loan underwriting standards, UNBC has significantly increased its deposits as a result of gaining the trust and confidence from its customers and markets.

✓MUFG made $2 billion preemptive capital injection in UNBC based on a pessimistic scenario. This enabled UNBC to maintain a capital base comparable to other regional banks which are supported by public funds. If this pessimistic scenario does not materialize and the economy improves steadily, the excess capital is planned to be allocated to future growth opportunities.




✓Next, I would like to talk about our growth strategy.

✓MUFG will focus on growth areas by leveraging its competitive advantages such as its comprehensive group strength and solid customer base. In the retail business, which is one of our primary areas of focus, MUFG will increase investment product sales by appropriately addressing customer needs in each segment.

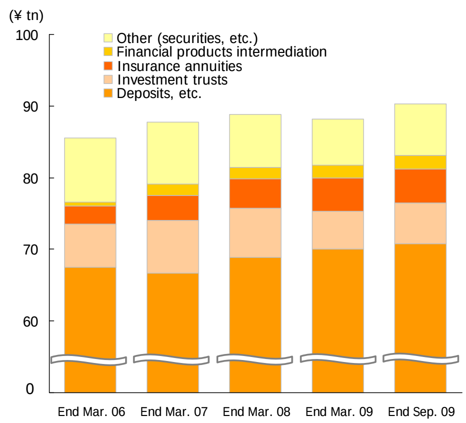
✓In the domestic corporate business, MUFG will further promote its CIB or corporate and investment banking strategy. In the overseas corporate business, MUFG will pursue well-balanced growth by not only enhancing business operations in Asia but also expanding businesses with non-Japanese customers in the Americas and Europe. In the trust assets business, MUFG will increase its presence as a global asset manager by expanding its global reach.

✓I will explain our growth strategies in more detail starting from the next page.

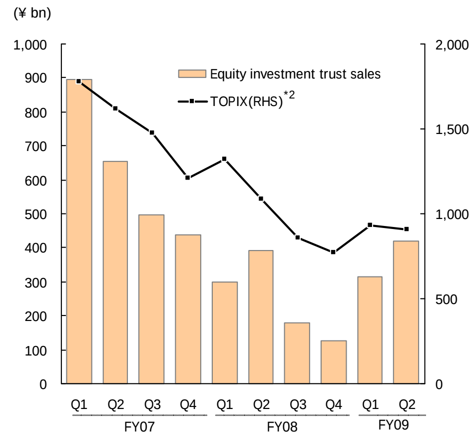
## Growth strategy: Retail

- Overall customer assets returned to growth trend due to steady increase in deposits and higher equity market
- Sales of equity investment trusts returned to increase

**Overall customer assets*1**




**Equity investment trust sales*1**




*1 Managerial accounting basis

*2 Closing price base

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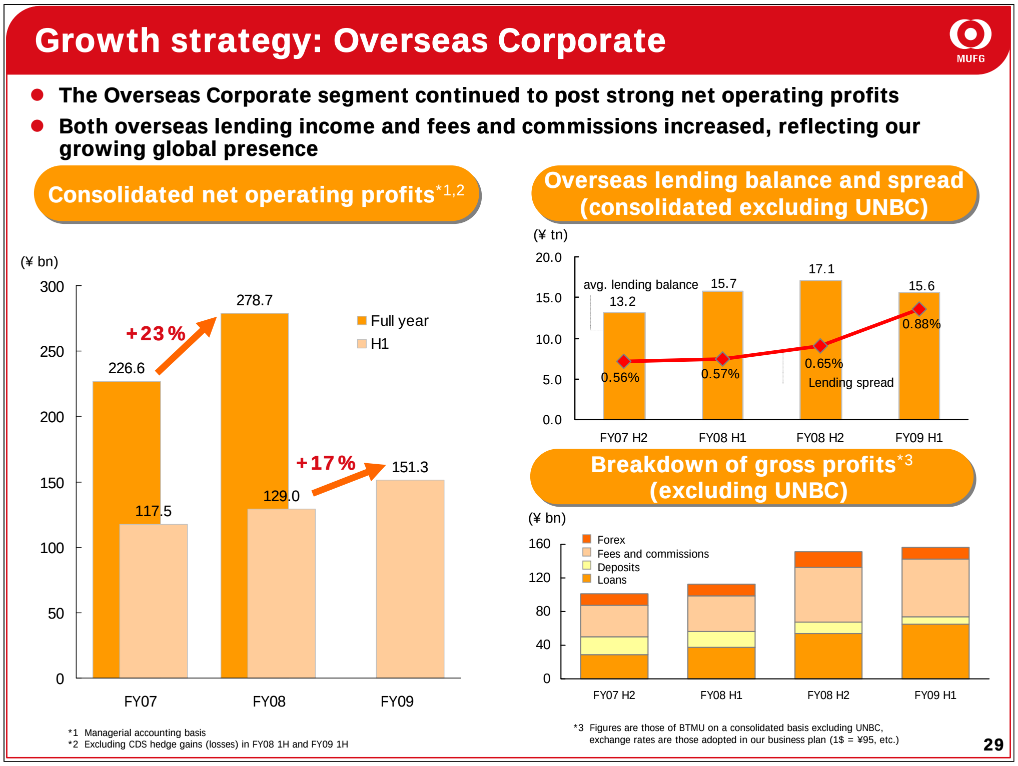
✓First, our retail business. Here, our strategy focuses on increasing overall customer assets by taking advantage of the trend of "the shift from savings to investments".

✓As shown in the chart, the overall customer assets increased from the end of March 2009 due to the increase in some assets such as investment trusts and equity securities along with rising of market prices. Sales of equity investment trusts also recovered to a level broadly similar to the second quarter of fiscal 2008.

✓MUFG intends to increase the sales of financial products with not only investment trusts but also insurance products and other financial products by meeting diverse customer needs.




- ✓ Next, our overseas corporate business. The Overseas Corporate segment continued to post strong profits with a year-on-year growth rate of 23% in fiscal 2008. We have also reported steady growth in the first half of this fiscal year. As you can see from the graph on the top-right, our lending spreads have increased reflecting the improved demand and supply balances in the international lending market.
- ✓ The graph on the bottom-right shows the growth and breakdown of gross profits. We would like to highlight here that the increase in our revenues was delivered not only from higher net interest income but also from higher commissions. This was mainly due to increased opportunities to participate in large-sized syndicated loan transactions with a higher status as a result of our increasing global presence.
- ✓ In Asia, where we expect a higher economic growth, MUFG will consider expanding into new businesses such as retail businesses, while building up high quality assets, especially loans to non-Japanese companies. In the Americas and Europe, MUFG intends to further increase revenues in the growth areas, including business with non-Japanese companies and CIB business.

## Global strategic alliance with Morgan Stanley①

MUFG

- **Making good progress in the strategic alliance on a global basis**
- **Continue to receive high returns from the investment**

### Global strategic alliance

① **Agreed to integrate securities business in Japan**

② **Global alliance in corporate financial services**

- Creation of Loan Marketing Joint Venture in the Americas
- Business referral arrangements in Asia and EMEA (Europe, Middle East and Africa)

③ **Commodities Referral Agreement**

④ **Secondment of personnel**

Possible initiatives in other business areas to be discussed in due course

### Outline of investment

**① Outline of investment**

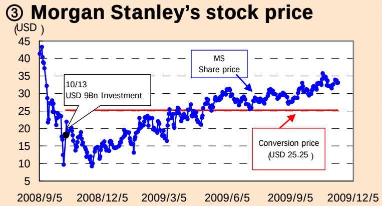
| | (USD MM) | (000 shares) |
|---|---|---|
| Common Stock | 1,176 | 46,553 |
| Perpetual non-cumulative convertible preferred stock | 7,839 | 7,839 |
| Perpetual non-cumulative non-convertible preferred stock | 519 | 519 |

**MUFG has the right to maintain the equivalent of a 20% fully diluted ownership interest in Morgan Stanley and also, providing that its fully diluted ownership interest remains above 10%, has the right to receive a Morgan Stanley board seat.**

**② FY09 1H contribution to revenues**

・ Dividends ￥39.1bn

**③ Morgan Stanley's stock price**

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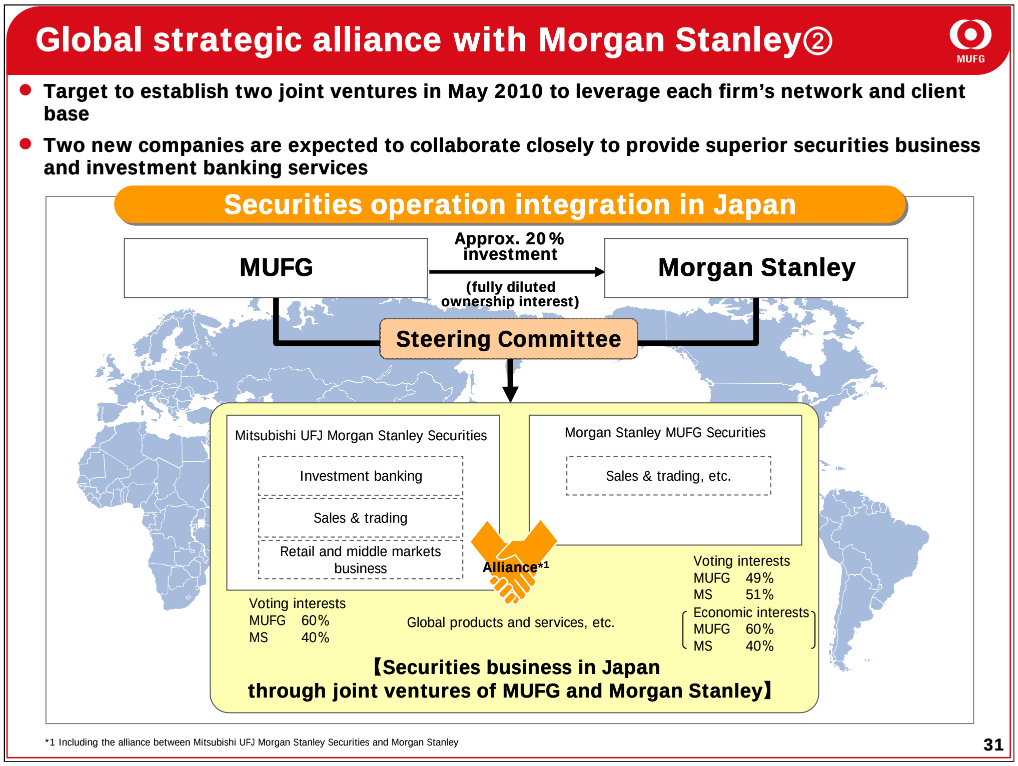
✓Next, I will explain our global strategic alliance with Morgan Stanley.

✓Since our investment in October 2008, we have made very good progress in a number of alliance initiatives on a global basis, including the announcement of integration of the securities business in Japan and global alliance in corporate finance.

✓While our investment in Morgan Stanley is strategic, meant to pursue operational synergy utilizing our respective strengths, it has also achieved a satisfactory return even from a purely financial standpoint. MUFG posted the profit from dividend of 39.1 billion yen in the first half of fiscal 2009. In addition, as the share price of Morgan Stanley rebounded to the above of 30 dollars, a significant unrealized capital gain on the preferred stock is accrued at the current stock price.

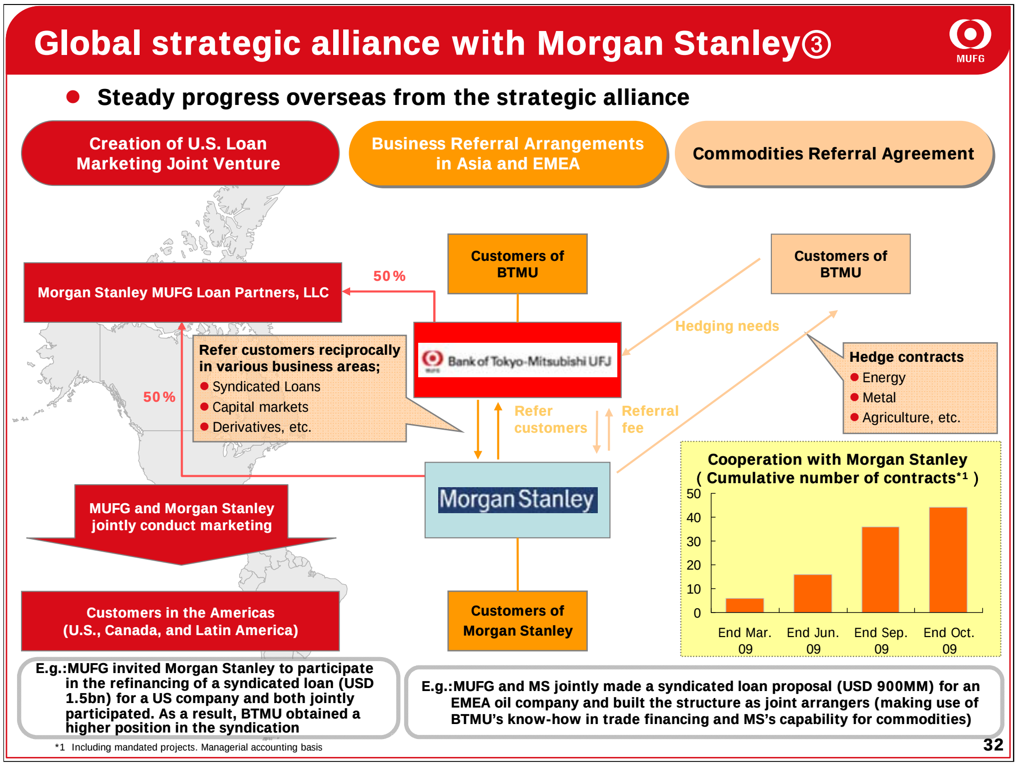



✓Next, I will talk about the integration of our securities operations in Japan.

✓MUFG and Morgan Stanley have agreed to set up two joint ventures in May 2010 and operate their securities businesses in Japan through these two new JVs. This is the best set up to leverage each firm's respective network and client base, considering the current trend of regulation in the global financial industry.

✓The new companies are expected to collaborate closely to provide each other's expertise and to enter into business alliances.

✓The management of MUFG and Morgan Stanley share the basic concept of developing global collaboration in the securities and investment banking businesses together as part of the overall alliance. The steering committee composed of each company's top management is tasked with developing overall strategies and will follow the progress of each initiative.




✓Our strategic alliance has already produced material results in overseas market as we see in the track record of collaboration in corporate finance.

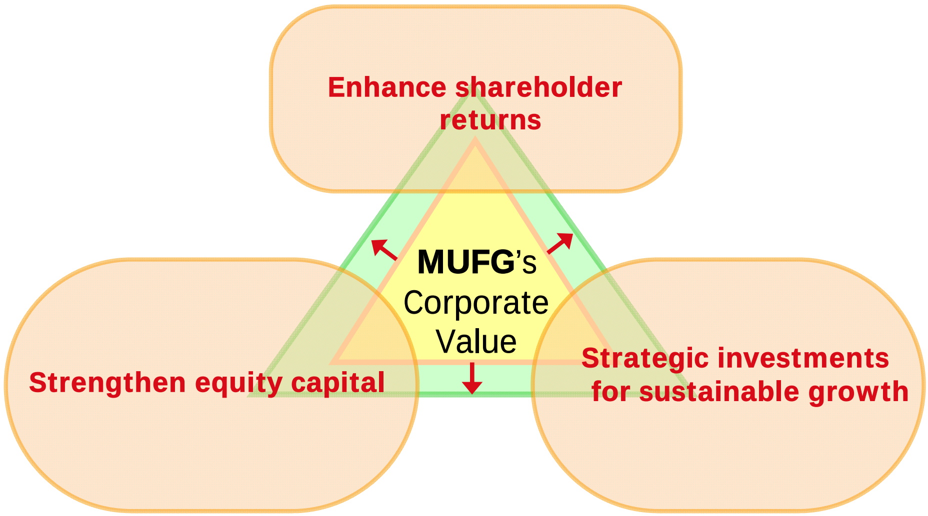
✓MUFG and Morgan Stanley established a marketing joint venture in last July in U.S. and it has already received mandates of syndicated loans. For example, BTMU and Morgan Stanley jointly participated in a syndicated loan for a US logistic company and BTMU obtained a higher position in the syndication.

✓In addition, joint-deals in other part of the world, such as in the Middle East, are also being executed, where MUFG and Morgan Stanley have jointly made a syndicated loan proposal for a local oil company and built the structure as joint arrangers, leveraging BTMU's know-how in trade financing and Morgan Stanley's capabilities in commodities business.

✓As you can see in the graph on the bottom-right, the number of collaborated transactions has been increasing.  MUFG is looking forward to the business opportunities including those in the pipelines.

## Capital policy

- **Aiming to secure stable shareholder returns while maintaining a balance between strengthening capital and making strategic investment for sustainable growth**

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✓ MUFG believes it is important to strike a good balance between the three priorities shown in this slide. MUFG aims to secure stable shareholder returns while maintaining a balance with strengthening capital and making strategic investments for sustainable growth.

## Management policy

- Meet the expectations of customers and society by providing products and services globally using our comprehensive Group strengths and further increasing trust in us as a financial institution
- Aim to raise shareholder value over the medium term by managing the business with awareness of a broad range of stakeholders

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✓Although the domestic and overseas economy have bottomed, the pace of the recovery is likely to remain slow. We believe the challenging business environment will continue for the time being not only for US and European financial institutions but also for us. In this circumstance, MUFG aims to meet our customer's expectations by fully leveraging our comprehensive group strengths, and raise shareholder value with business strategies focused on a broad range of stakeholders.

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# Appendix

Quality for You

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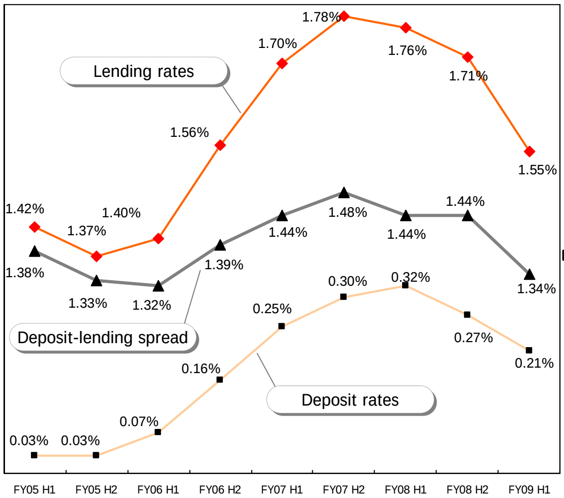
# Domestic deposit / lending rates (Non-consolidated)

● **Domestic deposit / lending spread was 1.34% in FY09 H1**

**Changes in domestic deposit / lending rates (non-consolidated)**




Recent interest rate changes

November 4, 2008
Interest on ordinary deposits: 0.200% ⇒ 0.120%

November 20, 2008
Short-term prime rate: 1.875% ⇒ 1.675%

December 22, 2008
Interest on ordinary deposits: 0.120% ⇒ 0.040%

January 13, 2009
Short-term prime rate: 1.675% ⇒ 1.475%

April 1, 2009
New variable rate housing loans :
⇒ Change based on the long-term lending rate linked to short-term prime rate as of March 1

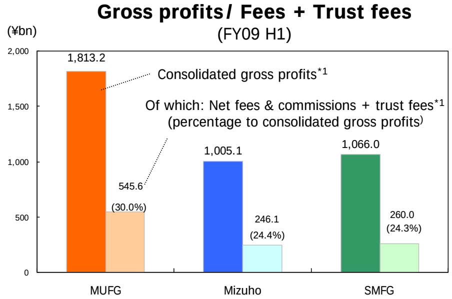
July 1, 2009
Existing variable rate housing loans
⇒ Change based on the long-term lending rate linked to short-term prime rate as of April 1

# Comparison with other Japanese financial groups

Source :Disclosure materials of each group

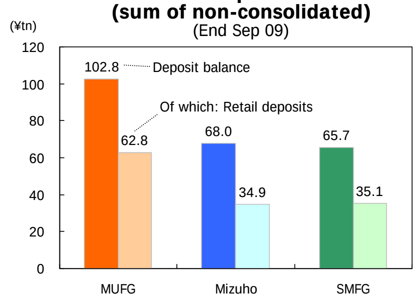
MUFG

**Gross profits/ Fees + Trust fees**
(FY09 H1)

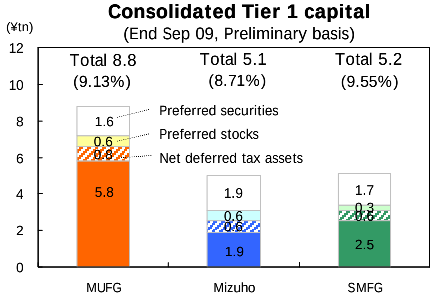



*1 Before credit costs for trust accounts

**Domestic deposit balance (sum of non-consolidated)**
(End Sep 09)

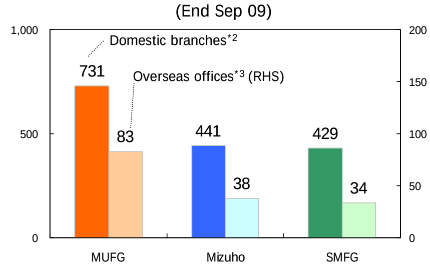



**Consolidated Tier 1 capital**
(End Sep 09, Preliminary basis)




Tier1 ratio in parenthesis

**Number of branches (sum of non-consolidated)**
(End Sep 09)




*2 Not including sub-branches, agencies and representative offices, etc.
*3 Total of branches, sub-branches and representative offices

**Please see page 85 of the MUFG Databook**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Quality for You
No.1
Reliability
No.1
Global
Coverage

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