

Mitsubishi UFJ Financial Group

Union Bank and North American Strategy Update

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MUFG

April 2011

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 that could cause actual results to differ materially. Please see other disclosure and public filings made or that will be made by MUFG and the other companies comprising the group, including the latest kessantanshin, financial reports, Japanese and U.S. securities reports and annual reports and filings, 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 Peer Group is comprised of the following 19 banks>

Bank of America Corp, JP Morgan Chase, Citigroup, Wells Fargo Co., U.S. BanCorp, PNC Financial Services Group, Inc., SunTrust Banks, Inc., BB&T Corp, Regions Financial Corp, Fifth Third Bancorp, KeyCorp, M&T Bank Corp, Comerica, Inc., Huntington Bancshares Inc., Marshall & Ilsley Corp, Zions Bancorporation, First Horizon National Corp, Associated Banc-Corp, City National Corporation

Current State of Union Bank

● Overview of Union Bank			
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North American Strategy

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Current State of Union Bank

North American Strategy

- **Overview of Union Bank**
- Financial results for FY2010
- Business environment for FY2011

Company profile and history



- One of the largest regional banks headquartered in California, with approximately 150 years of history



UB Company Profile

Head office	San Francisco
Branches	400 (mainly in California)
Employees	10,686
Total assets	\$79 billion / ¥6.5 trillion
Total loans	\$48 billion / ¥3.9 trillion
Total deposits	\$60 billion / ¥4.9 trillion
Net business profits	\$985 million / ¥80.8 billion
Net Income	\$573 million / ¥47.0 billion

* Figures are for FY2010 or as of the end of 2010, converted at 82 yen to a dollar

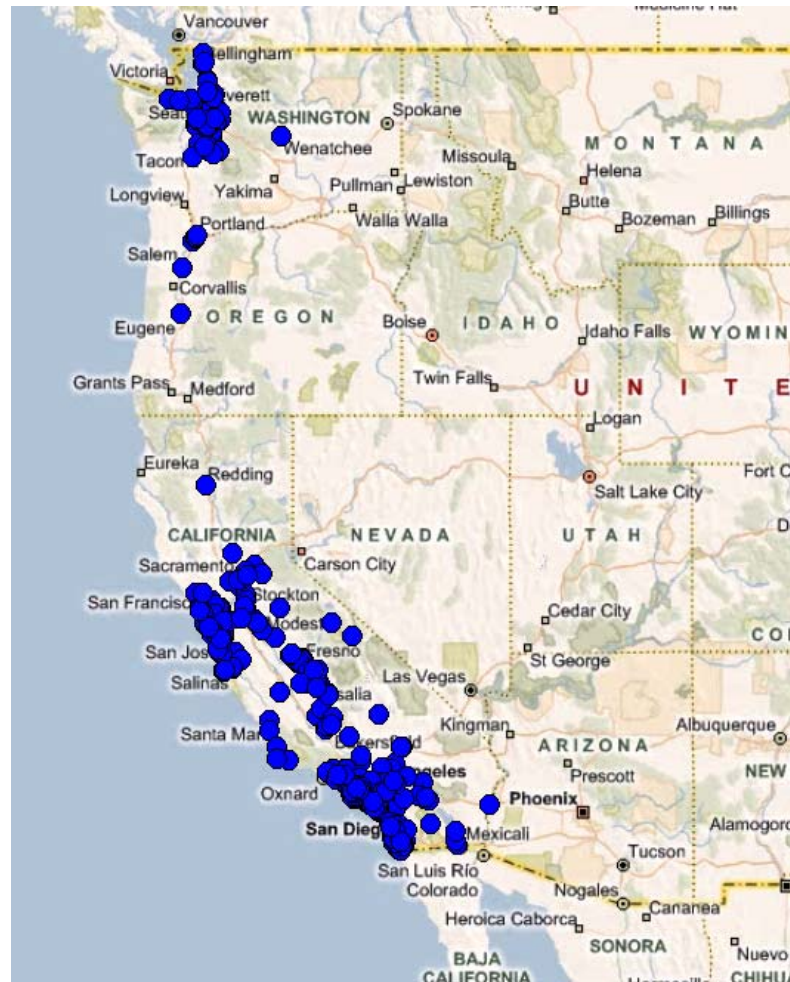
History

- 1864: The Bank of California established as the first commercial bank in the west coast of the USA
- 1883: First National Bank of San Diego (later changed its name to Southern California First National Bank) established
- 1914: Kaspare Cohn Commercial and Savings Bank (later changed name to Union Bank) established
- 1975: Bank of Tokyo California acquired Southern California First National Bank to form California First Bank
- 1984: The Mitsubishi Bank acquired The Bank of California
- 1988: California First Bank acquired Union Bank (Union Bank name retained)
- 1996: As a result of the merger of The Mitsubishi Bank and The Bank of Tokyo, The Bank of California and Union Bank merged to form Union Bank of California
- 2008: Became a wholly owned subsidiary of BTMU and Bank name was changed to Union Bank

Footprint



- 400 branches, mainly in California, provide a solid foundation
- Good coverage in many desirable west coast markets, including San Diego, Los Angeles, San Francisco, and Seattle



Note: UB owns corporate banking offices in Texas, New York and Illinois

Ranking in the U.S.



- Ranked 18th in the U.S. and 3rd in California in terms of total deposits as of June 2010 (most recent data available)

Ranking in the U.S.

	Bank name	Total deposits (\$ bn)
1	Bank of America	829
2	Wells Fargo Bank	719
3	JPMorgan Chase Bank	633
4	Citibank	255
5	PNC Bank	177
6	U.S. Bank	169
•	•	•
10	Regions Bank	96
•	•	•
18	Union Bank	64

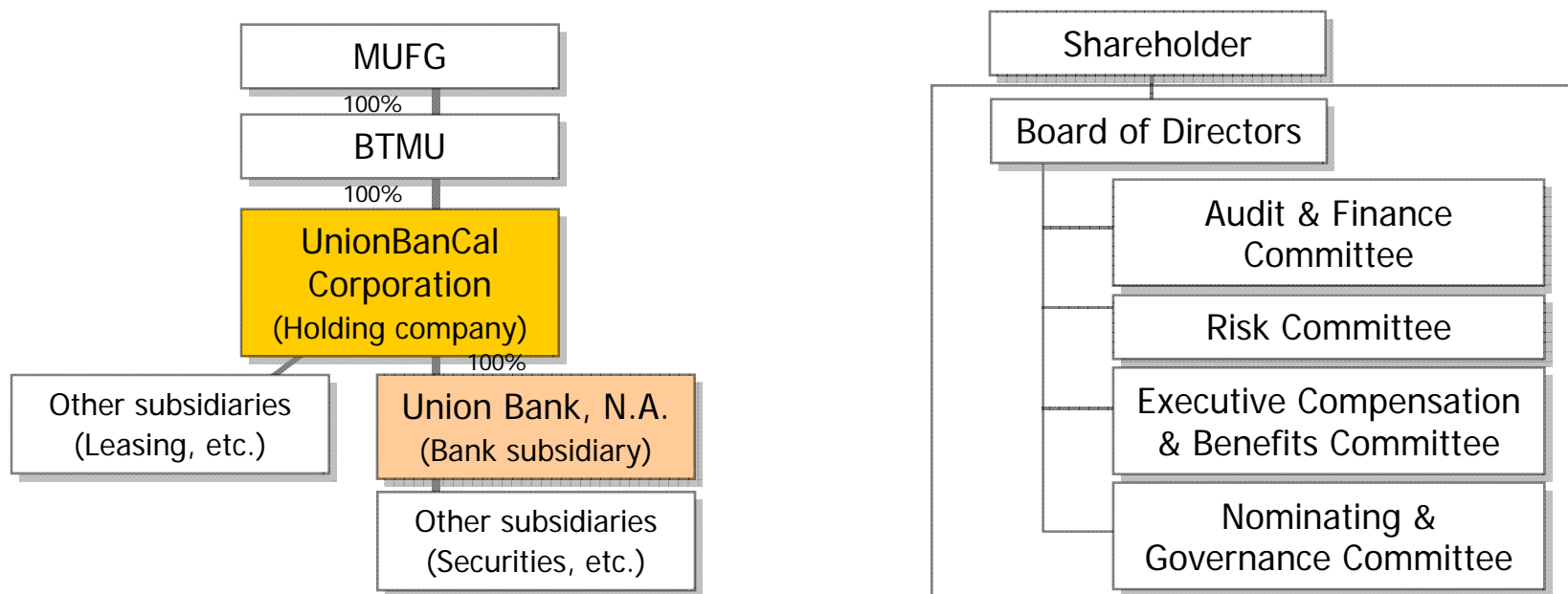
Ranking in California

	Bank name	Total deposits (\$ bn)
1	Bank of America	222
2	Wells Fargo Bank	163
3	Union Bank	61
4	JPMorgan Chase Bank	61
5	Citibank	48
6	U.S. Bank	31
7	Bank of the West	23
8	City National Bank	17
9	East West Bank	13
10	Comerica Bank	13

Corporate governance



- UnionBanCal's Board of Directors has 15 members, 11 of which are independent
- Established 4 committees under the Board, all chaired by independent directors
- Committed to good disclosure, including voluntarily issuing quarterly earnings releases and filing quarterly and annual financial statements with the SEC



Directors

- Nobuo Kuroyanagi (Chairman of BTMU)(*)
- Tatsuo Tanaka (Chairman, Deputy president of BTMU)
- Masaaki Tanaka (Managing executive officer, BTMU)
- Masashi Oka (President & CEO)

(*) Director of Union Bank only

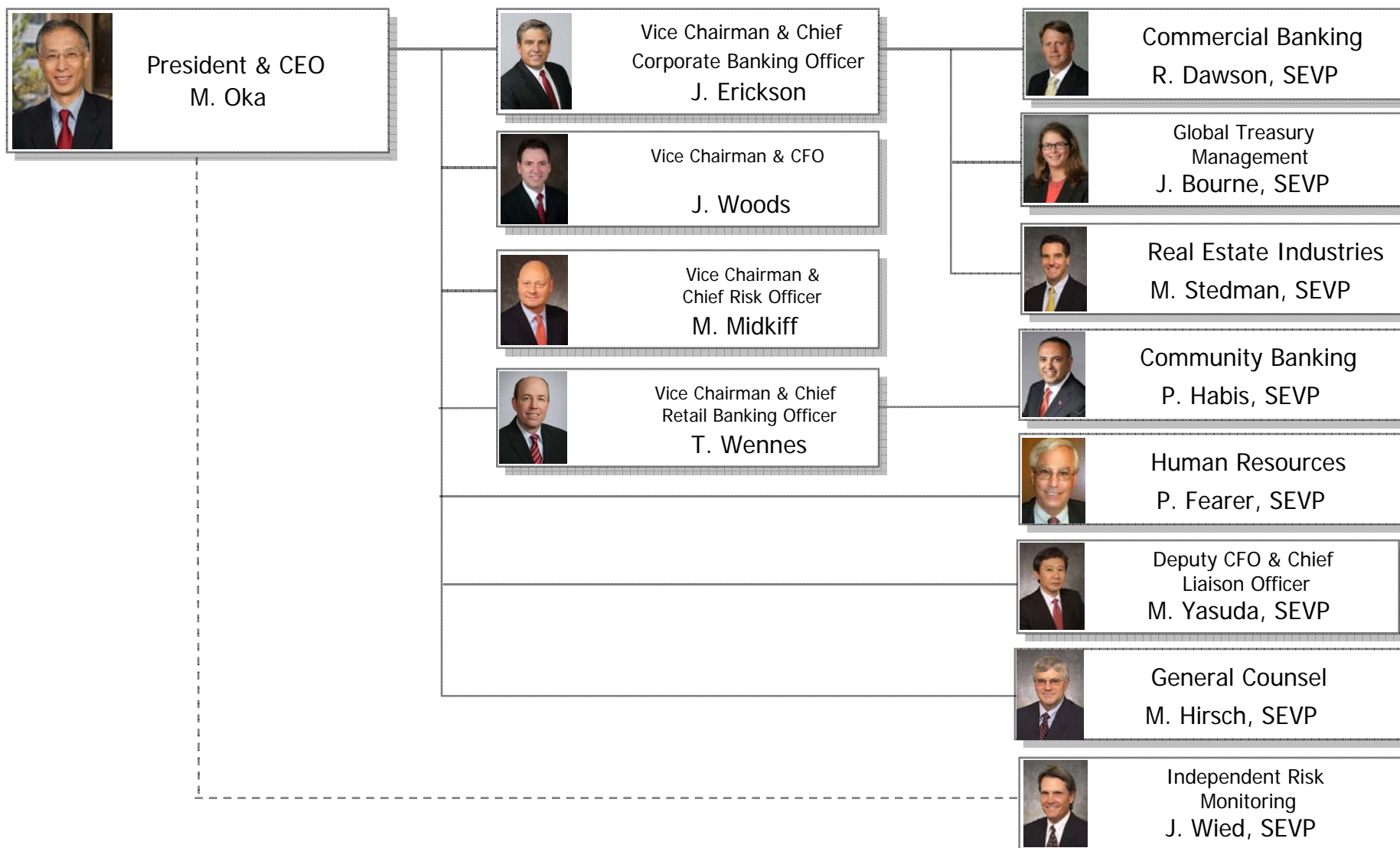
Independent Directors

- Aida Alvarez (former Administrator, Small Business Administration)
- David Andrews (retired SVP, Governmental Affairs, General Counsel & Secretary, PepsiCo, Inc.)
- Nicholas Binkley (Partner, Forest Binkley & Brown)
- Dale Crandall (President, Piedmont Corporate Advisors, Inc.)
- Murray Dashe (retired Chairman, CEO & President, Cost Plus, Inc.)
- Mohan Gyani (Vice Chairman, Roamware, Inc.)
- Christine Garvey (former global head of Corporate Real Estate & Services, Deutsche Bank AG)
- Takeo Hoshi (Professor, University of California, San Diego)
- Fernando Niebla (President, International Technology Partners, LLC)
- Barbara Rambo (CEO, Taconic Management Services)
- Dean Yoost (retired Partner, PriceWaterhouseCoopers)

Management team

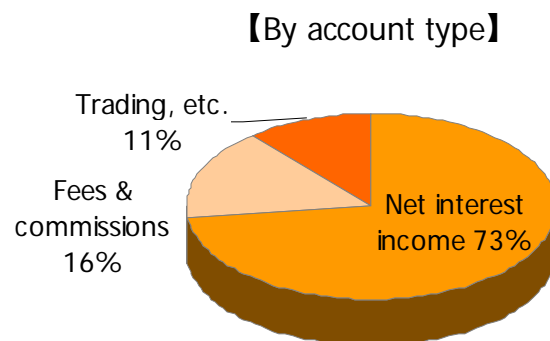
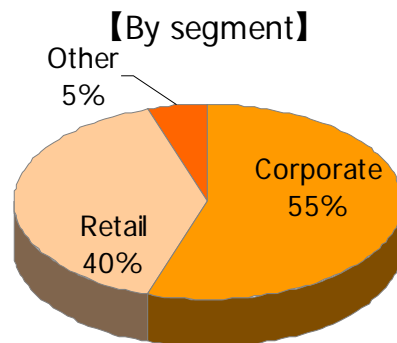


- A U.S.-based management team of mostly American executives
- Executive Committee members:



- Portfolio is well balanced between corporate and retail segments

Revenue breakdown (FY10)

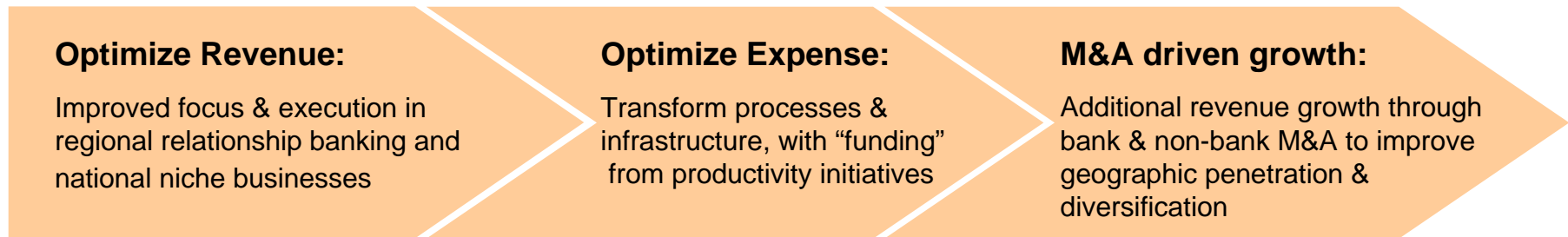


Business characteristics

- Corporate banking segment:
 - Serves middle market and corporate businesses headquartered throughout the U.S., with particular strength in California small & mid-sized companies
 - Commercial real estate
 - Examples of specialized corporate industries nationwide:
 - Highly competitive power & utilities player in the North America, MUFG ranked No. 1 in North America project finance
 - Corporate Cash Management Services
 - Wealth management services
- Retail banking segment:
 - Serves approximately 1 million households
 - High-touch, high-quality customer service
 - High-quality residential mortgage portfolio

Strategic Goals

- **Union Bank's strategic goal is to be a high profitability relationship bank, with national niches**
- **FY2011 Strategic focus is franchise optimization:**



Corporate Banking

- **Infill within Existing Core Geographies**
 - Expand presence in Pacific North West
 - Leverage existing presence in Texas
- **Wealth Management Expansion**
 - Leverage existing commercial relationships
 - Align product offerings and balance revenue mix
- **Niche and Product Expansion**
 - Expansion in existing niche business lines as well as development of new niche business lines

Retail Banking

- **Jumbo Lending Business**
 - Profitable, market share leader, high credit quality
 - Continue to grow jumbo California residential mortgages
- **Consumer credit offerings**
 - Expand product set, business line, and geographies
- **Business Banking**
 - Restructure the group for growth and scale
- **Distribution Channels**
 - Investing in alternative channels (online, mobile, ATM)

- Overview of Union Bank

- **Financial results for FY2010**

- Business environment for FY2011

Income statement summary



● Pre-tax, pre-provision income

■ Net interest income increased primarily due to:

- Balance sheet optimization and securities portfolio re-balancing strategy adopted in FY2010

■ Noninterest income increased primarily due to:

- Higher gains from securities sales in FY2010 (related to securities portfolio re-balancing)
- Higher Capital Markets and Commercial Banking fee income
- Partially offset by declining deposit fees from lower rates & regulatory pressures, an industry-wide challenge

■ Operating expenses increased primarily due to:

- Higher FTE from acquisitions
- Significant one-time charges in the 4th quarter due to certain reserves for contingencies and an asset impairment charge

■ Pre-tax pre-provision income up 10% over FY2009

● Provision for loan losses

- Significant reduction (84%) in provision due to improvement in credit environment, resulting in improved credit quality throughout the portfolio

● Net income

- Strong return to profitability in FY2010 with net income of \$573 mn

<Consolidated Income Statement> (\$ mn)

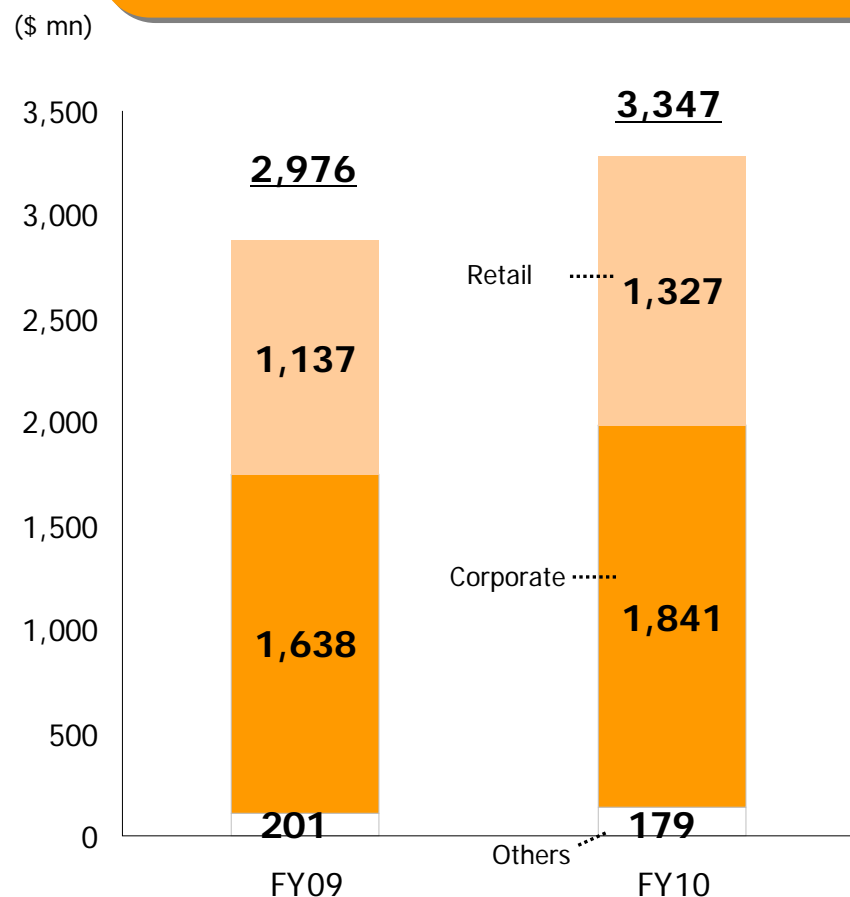
	FY2009	FY2010	Change
1 Total revenue	2,987	3,357	370
2 Net interest income	2,260	2,434	174
3 Noninterest income	727	923	196
4 Service charges on deposits accounts	291	250	(41)
5 Trust and investment management fees	135	133	(2)
6 Merchant banking fees	65	83	18
7 Brokerage commissions and fees	34	40	6
8 Card processing fees, net	32	41	9
9 Trading account activities	74	111	37
10 Securities gains, net	24	105	81
11 Noninterest expense	2,088	2,372	284
12 Salaries and employee benefits	972	1,230	258
13 Other than above	1,116	1,142	26
14 Pre-tax, pre-provision income	899	985	86
15 Provision for loan losses	(1,114)	(182)	932
16 Income (loss) before income taxes and including noncontrolling interests	(215)	803	1,018
17 Net income (loss)	(65)	573	638

Outline of results by business segment

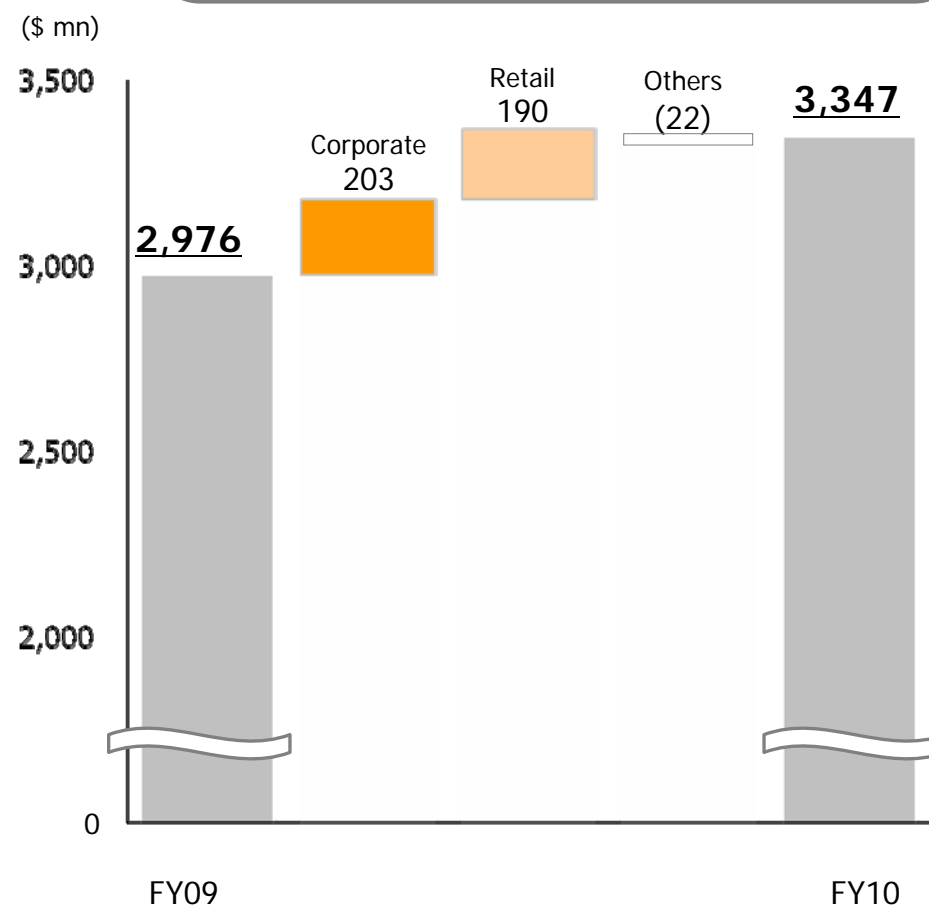


- Total revenue increased for corporate and retail segments from FY2009 to FY2010:
 - Corporate revenue growth driven primarily by increased fee income and higher net interest income on deposits
 - Retail revenue growth driven primarily by growth in average deposit and loan balances and an expansion in the margin on assets, slightly offset by a reduction in fee income driven by regulatory changes

Total revenue by segment



Breakdown of changes in total revenue



● Loans

- Increased due to acquisitions and a return to loan growth across most loan categories in FY10H2

● Securities

- Declined due to balance sheet optimization and securities portfolio re-balancing strategy

● Deposits

- Deposit optimization strategy reduced higher-rate deposit accounts volumes, supporting net interest margin expansion

● Non-performing assets

- NPA levels improved as economy strengthened and asset quality improved across the board
- NPA ratio^{*1} at low level of 1.15%, very favorable compared with peers

<Consolidated Balance Sheet>

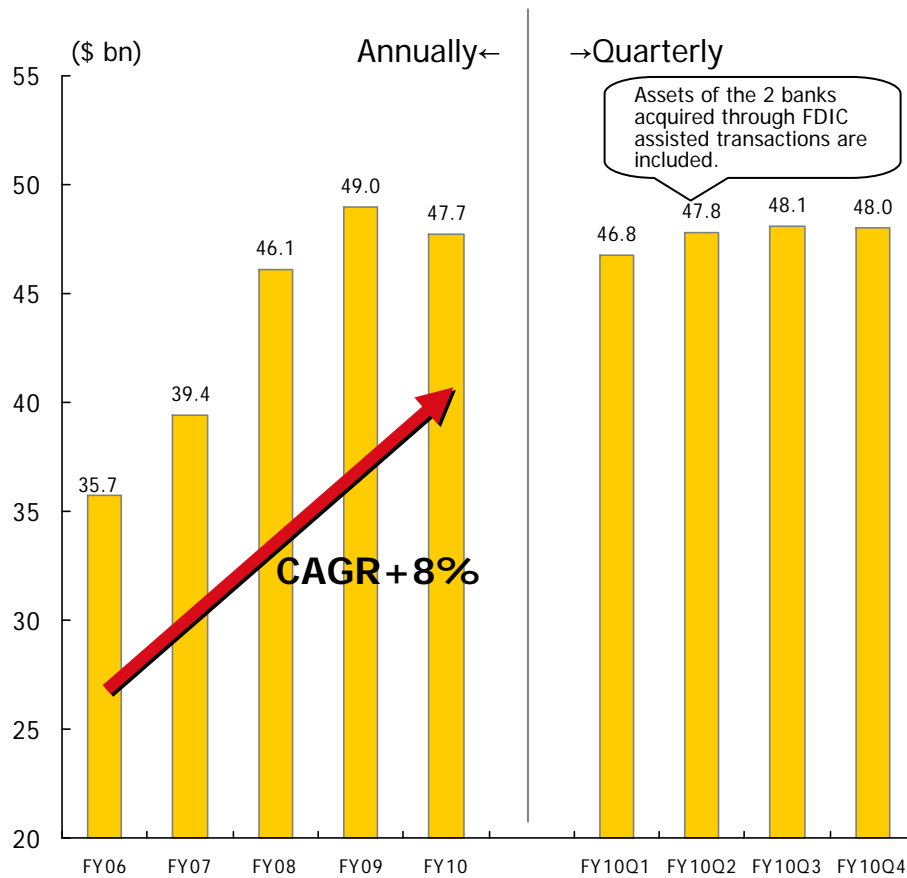
(\$ mn)

	End Dec. 09	End Dec. 10	Change
1 Total assets	85,598	79,097	(6,501)
2 Loans	47,220	48,094	874
3 Securities	23,787	22,114	(1,673)
4 Available for sale	22,559	20,791	(1,768)
5 Held to maturity	1,228	1,323	95
6 Total liabilities	76,018	68,706	(7,312)
7 Deposits	68,518	59,954	(8,564)
8 Noninterest bearing	14,559	16,343	1,784
9 Interest bearing	53,959	43,611	(10,348)
10 Total equity	9,580	10,391	811
11 Net interest margin	FY09 3.40%	FY10 3.24%	(0.16%)
12 Nonperforming assets	1,350	1,142	(208)
13 Nonperforming assets to total assets ^{*1}	1.58%	1.15%	(0.43%)

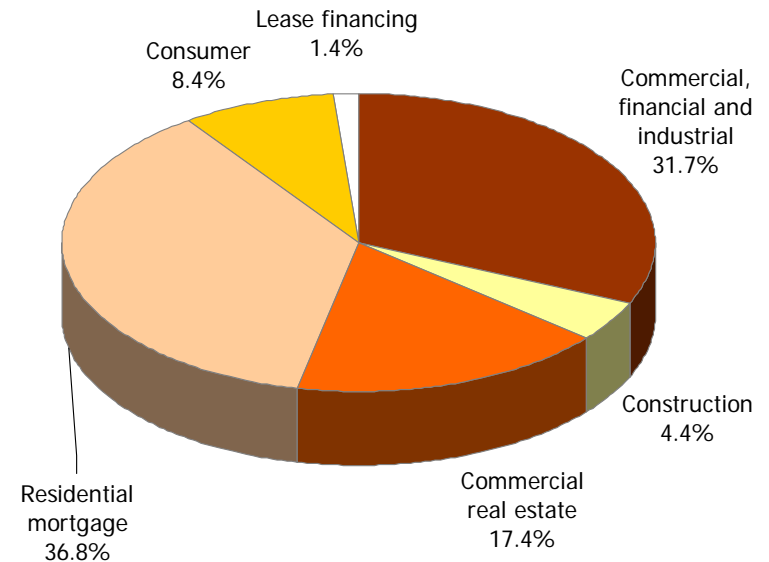
*1 Excluding FDIC covered assets

- Strong 5-year loan growth reflects franchise strength and balance
- Challenging economic environment in FY2010 made growth difficult, but UB held the portfolio nearly steady with acquisitions
- UB has a well-balanced loan portfolio with a relatively low concentration in CRE

Average loans



Loan portfolio*1



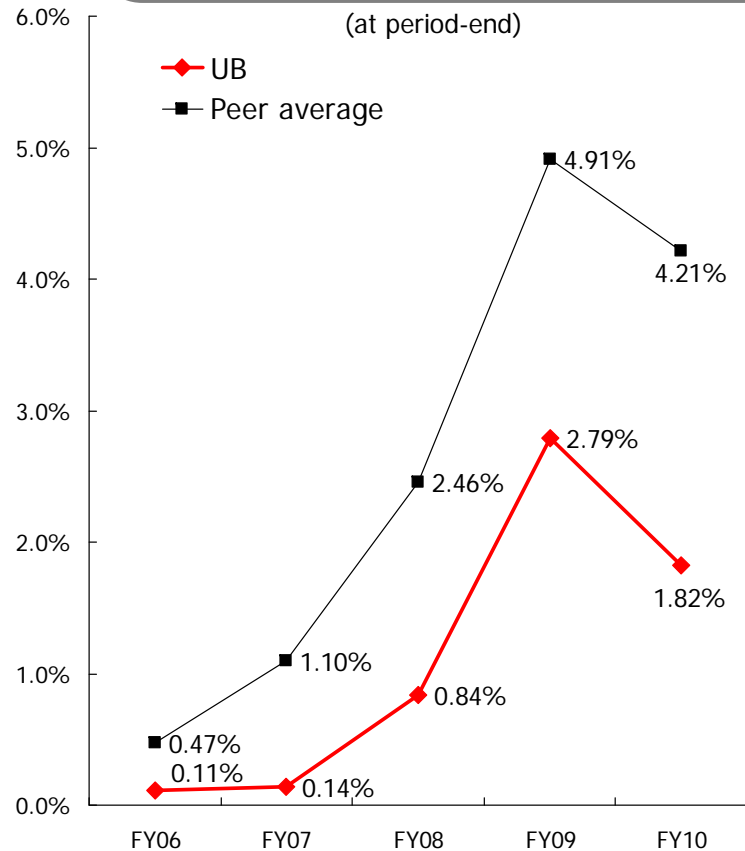
*1 Average loans for FY10, excluding FDIC covered assets

Credit quality



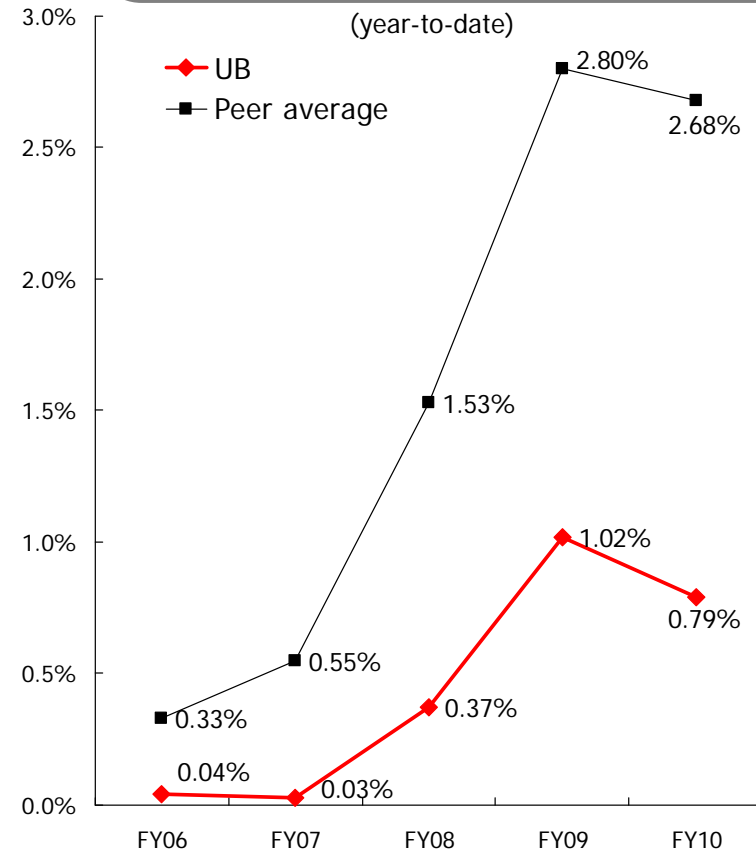
- NPL ratio consistently lower than peers, due to differentiated business model, loan mix, and long-term commitment to conservative credit management
- UB manages risk through portfolio diversification, industry concentration limits, loan limits, geographic distribution, and type of borrower
- No subprime or option ARM residential mortgages loans
- Low residential mortgage delinquency rate due to focus on prime loans, high FICO scores, and low LTVs

NPL/total loans



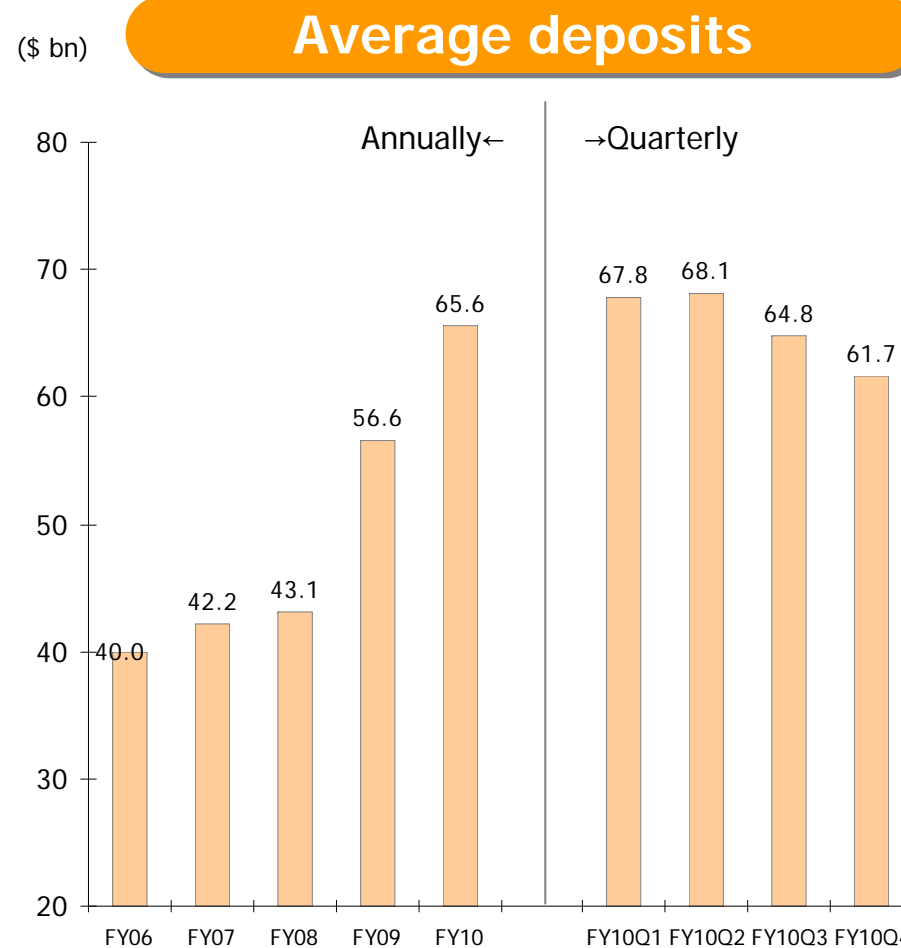
Source: SNL and company reports

Net Charge-offs/average loans



Source: SNL and company reports

- UB benefited from depositor flight-to-quality beginning in FY2008
- Lack of quality, risk-appropriate opportunities to invest the large pool of deposits led to the balance sheet optimization project in FY2010
- Balance sheet optimization targeted right-sizing the balance sheet through runoff of higher-rate deposits and remixing the securities portfolio to enable NIM expansion

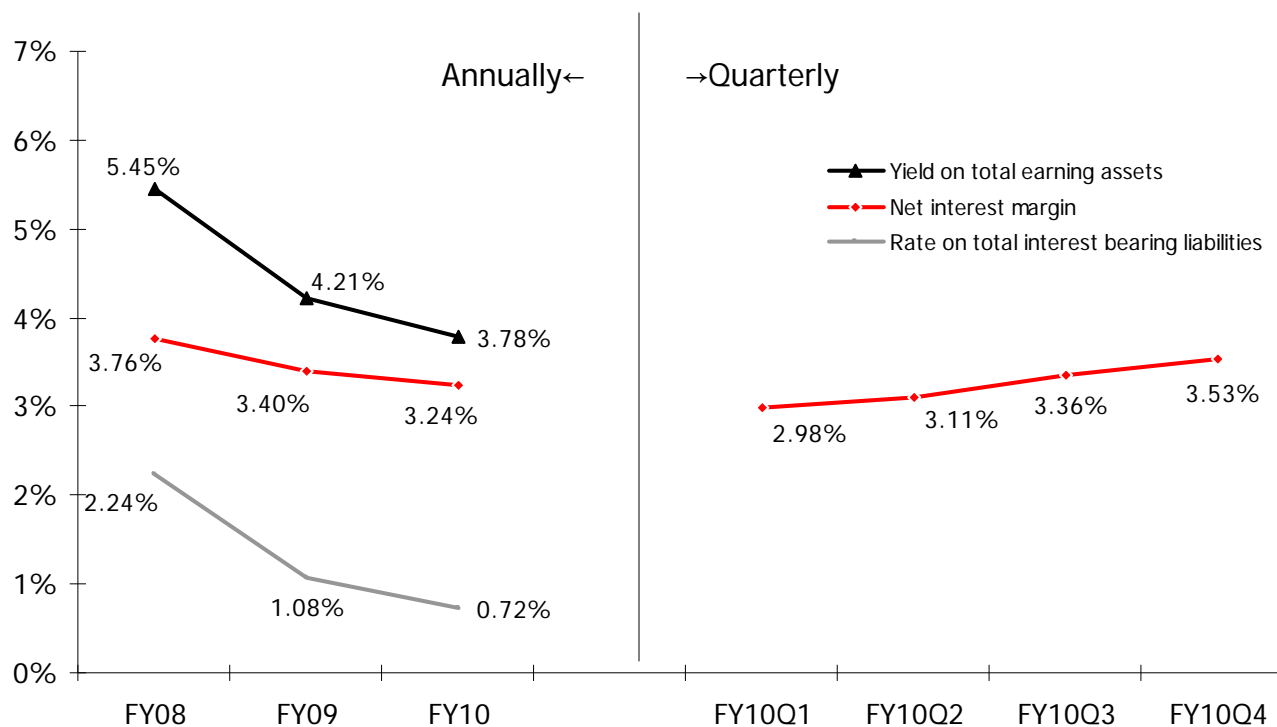


Net interest margin



- Annual net interest margin results on declining trend as fall in funding costs due to lower rates is largely complete, while decline in yield on earning assets continues
- Returned to NIM expansion in FY10Q2 as balance sheet optimization project succeeded

Net interest margin



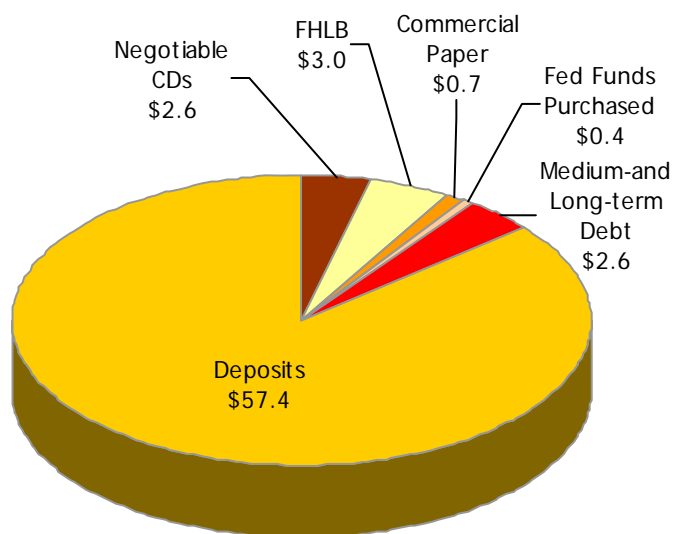
Source: 2010 10-K, Quarterly Earnings Releases

Yield on total earning assets=Interest Income/ Total earning assets Net interest margin = (Interest Income-Interest expense)/Total earning assets

Rate on total interest bearing liabilities=Interest Expense/ Total interest bearing liabilities

- UB maintains a robust liquidity profile anchored by a strong deposit base with diverse wholesale funding capacity
- Portfolio of high-quality securities, mainly U.S. government bonds and Agency RMBS, can be readily converted to cash or serve as collateral

Deposits & Wholesale Funding



\$66.7 billion
At December 31, 2010

Securities available for sale

(\$ mn)

	Amortized cost	Gross Unrealized Gains & Losses	Fair Value
Total	20,726	65	20,791
U.S. Treasury and other U.S. government	6,839	75	6,914
RMBS-agency	12,743	13	12,756
RMBS-non agency	710	(28)	682
State and municipal	25	1	26
ABS and debt securities	369	4	373
Equity securities	40	0	40

Capital position



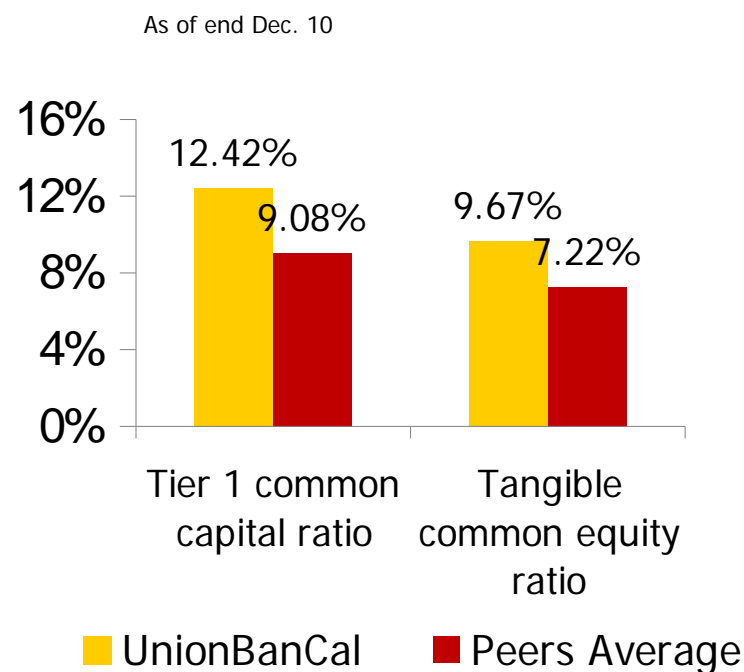
- Tier 1 common and TCE ratios compared very favorably with peers at December 31, 2010
- At December 31, 2010: BIS Tier 1 ratio 12.44%, total capital ratio 15.01%
- No government funds in capital structure
- Sizable capital cushion, available to support organic growth and acquisitions

Select Capital Ratios

(\$ mn)

	End Dec. 09	End Dec. 10	Change
1 Total capital ratio	14.54%	15.01%	0.47%
2 Tier 1 ratio	11.82%	12.44%	0.62%
3 Tangible common equity ratio	8.29%	9.67%	1.38%
4 Tier 1 capital	7,485	8,029	544
5 Tier 2 capital	1,718	1,656	(63)
6 Total capital	9,203	9,685	482
7 Risk-weighted assets	63,298	64,516	1,218

Comparison of Capital Ratios with Peers



Source: Company disclosures

- Completed integration of Tamalpais bank in January 2011
- On track to complete integration of Frontier bank in April 2011

Tamalpais Bank

■ Assets and deposits acquired

- Assets: approx. US\$0.6 bn
(including loans of approx. US\$0.5 bn)
- Deposits: approx. US\$0.4 bn

■ Network

- 7 branches in Marin County, California

■ Strategic implication

- Expand branch network and customer base in Marin County, home to many high-income individuals
- More efficient than de novo expansion



Frontier Bank

■ Assets and deposits acquired

- Assets: approx. US\$3.2 bn
(including loans of approx. US\$2.8 bn)
- Deposits: approx. US\$2.5 bn

■ Network

- 47 branches in Washington State, 3 branches and 1 loan production office in Oregon

■ Strategic implication

- Washington State is a growing market, highly ranked by market size and population growth among all 50 U.S. states
- Achieved strong coverage in Seattle, creating stronger footprint on west coast



- Overview of Union Bank
- Financial results for FY2010
- **Business environment for FY2011**

● Economic environment

✓ Economy/Interest rates

- ~ Clear signs of improvement but FRB cautious about early termination of monetary easing
- ~ Fed Funds rate expected to remain near zero in FY2011

● Regulatory environment

✓ Dodd Frank

- ~ Durbin amendment, Volcker rule, Regulation Q repeal, enhanced risk management

✓ Regulation E

- ~ Prohibit charging overdraft fees unless customers expressly opt-in

✓ Basel III

- ~ Need to address liquidity regulations (LCR ratio)

Current state of Union Bank

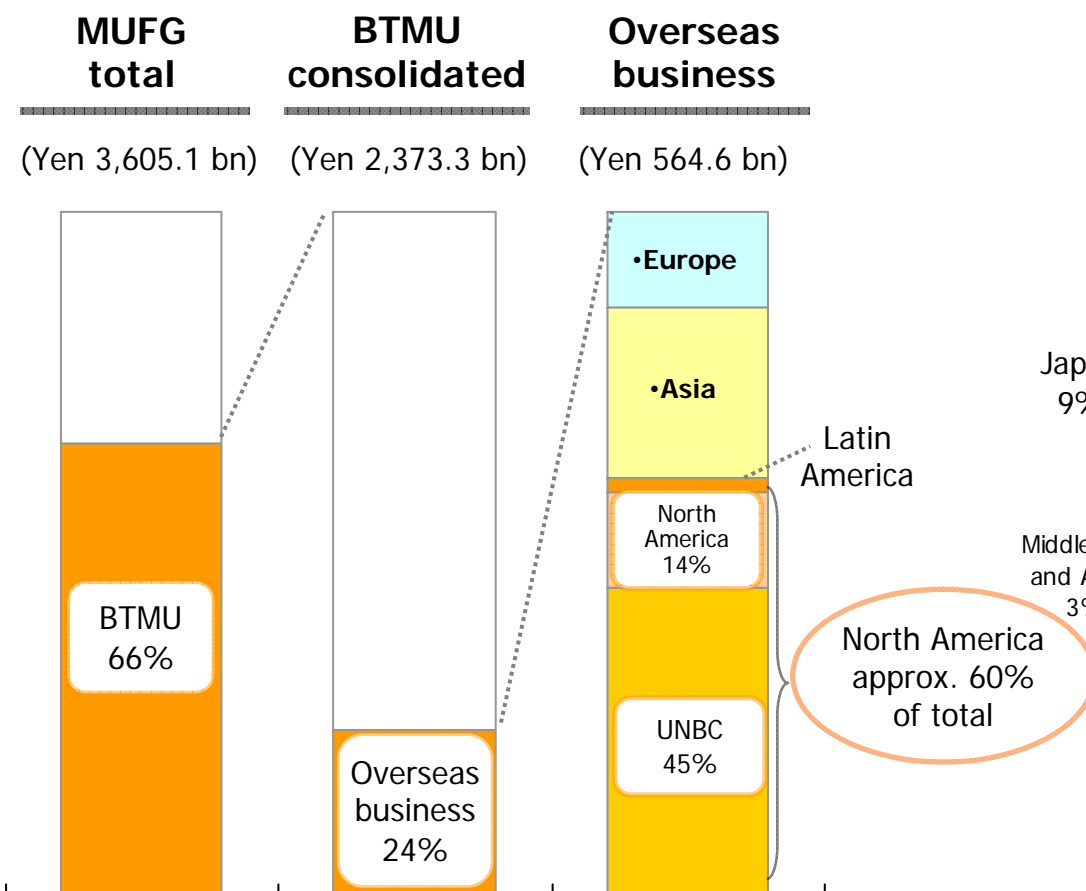
North American Strategy

Weight of North America business within BTMU

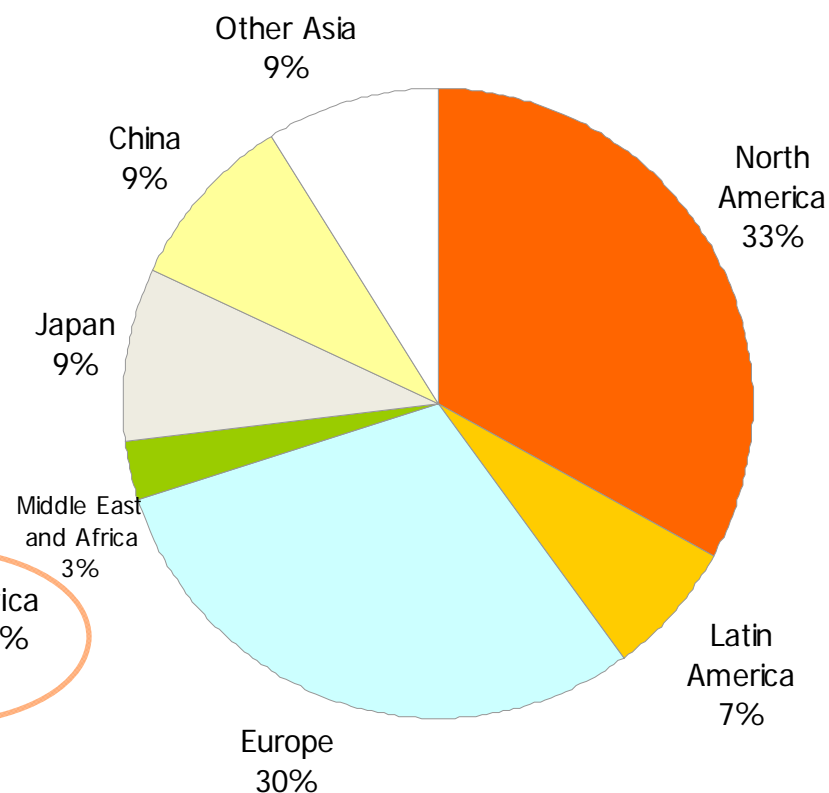


- North America gross profits approx. 60% of BTMU's overseas total
- North America accounts for one third of global revenue pool

Gross profits breakdown (FY09)



Global revenue pool



Source: Boston consulting group

Overview of Headquarters for the Americas, BTMU



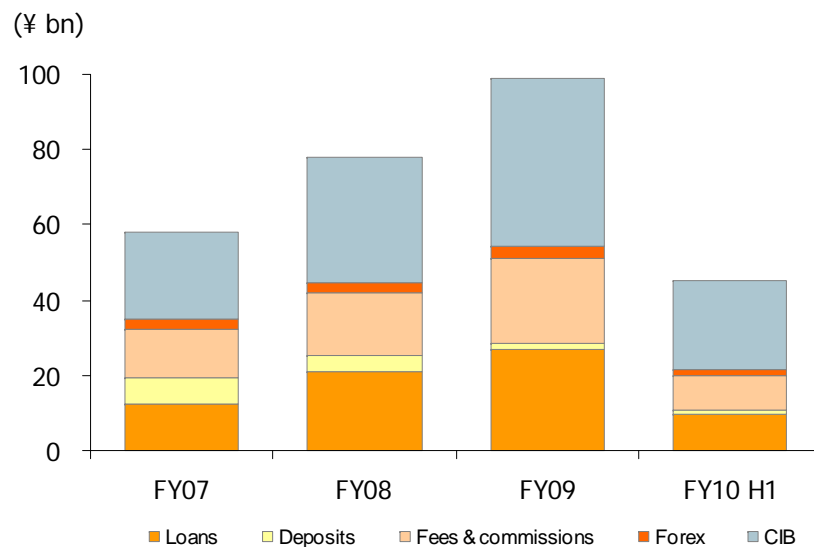
Business, customers and management

Business: Commercial banking in the Americas
 Customers: Japanese and non-Japanese
 Management: Masaaki Tanaka, CEO for the Americas
 Y. Nishio, Head of Asian Corporate Banking
 R. Chafetz, Head of Corporate and Investment Banking for the Americas
 C. Trunz, Chief Risk Officer for the Americas

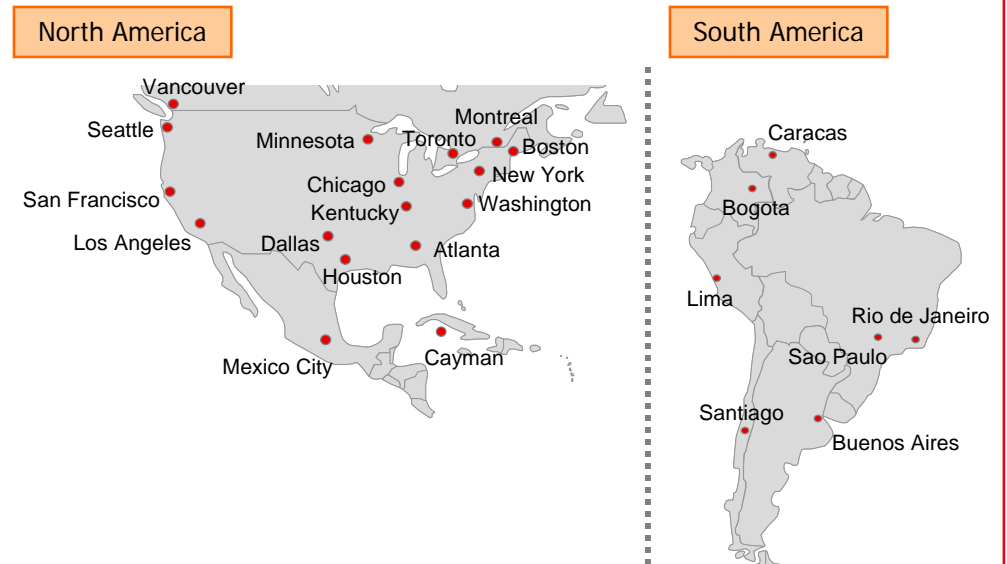
Business lines

Corporate Banking Division for the Americas No.1	.. . Promote Japanese & Asian corporate business (current NY branch)
Corporate Banking Division for the Americas No.2	.. . Promote Japanese & Asian corporate business (current Chicago branch)
Corporate Banking Division for the Americas No.3	.. . Promote Japanese & Asian corporate business (current LA and SF branch)
Corporate Banking Division for the Americas No.4	.. . Promote business with blue-chip Non-Japanese companies mainly included in Fortune 500
Investment Banking Division for the Americas	.. . Promote syndicated loans, asset finance and structured finance in the Americas
Global Markets Division for the Americas	.. . Promote market business including foreign currency treasury & exchange
Overseas branches	.. . Promote Japanese & Non-Japanese corporate business

Gross revenue in the Americas, BTMU



Network



Name: North American Management Committee (NAMCO)
Established: August 2009
Role: Creation of integrated business strategies and pursuit of group synergies among all U.S. units



Members:

- Tatsuo Tanaka, Chief Executive, Global Business Unit, BTMU (Chairman)
- Masaaki Tanaka, CEO for the Americas, BTMU
- Masashi Oka, President and CEO, Union Bank
- D. Andrews, Lead Director, UnionBanCal & UB Board
- P. Kelly, President, Knox & Co.
- B. Rambo, Strategy Designated Director, UnionBanCal & UB Board
- E. Ludwig, Founder and CEO, Promontory Financial Group

- Integrated North America strategy
 - Shared aspiration of becoming a top 10 US bank
 - Strengthen non-organic growth
- Strengthen overlapping businesses
 - Introduce a unified model in Power & Utility business and become No. 1 in North America
 - Start to incorporate P&U model in other overlapping business areas
- Enhance Cross Sell
 - Deposits and Cash Management Services, Investment banking products
- Promote cooperation of administration functions
 - Harmonize processes in risk management and financial control
 - Strengthen staff exchange program

Alliance with Morgan Stanley in the Americas

<Collaboration between BTMU and Morgan Stanley>

BTMU and Morgan Stanley collaborate through Morgan Stanley MUFG Loan Partners, LLC, a joint marketing company, to leverage the expertise of MUFG and Morgan Stanley in corporate finance and securities underwriting to provide first class financial services to corporate customers in the Americas.

- An example of a successful deal

- **Large acquisition by a Chemical fertilizer producer** (April 2010)

Acted as Joint Lead Arrangers and fully underwrote a \$4.05 bn syndicated loan facility for this large acquisition finance.

<Collaboration between UB and Morgan Stanley>

UB and Morgan Stanley promote collaborative business through corporate and personal trust businesses and asset management (sales of UB investment products through Morgan Stanley's distribution channels).

- An example of a successful progress

- Started sales of Union Bank's Market Linked CDs and trust products to Morgan Stanley customers.

- **In order to become a top 10 U.S. bank, actively pursue quality acquisition opportunities that meet key strategic and financial criteria**

(Examples of investment criteria)

- Strategic fit
 - Expand geographic reach
 - Improve market share in existing markets
 - Diversify revenue and profit streams
 - Scale benefits
 - Business model fit
- Cost synergies
- Revenue synergies
- Investment return

No.1
Service

Quality for You

No.1
Reliability

No.1
Global
Coverage