

The Asian Strategy

July, 2012

Quality for You



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.

Contents



_	The Outline of Asia	
	The Outline of Asia	
	(1) Millenary Changes in GDP (AD1~2050)	5
	(2) Changes from Asian Financial Crisis	6
	(3) Shift in Demographics	7
	(4) Overview of Japan's Financial History	8
	(5) Financial Markets in Major Countries in Asia	9
	The Asian Strategy	
	(1) Commitment to Asia Spanning Two Centuries	11
	(2) Mid-Term Business Plan in Asia	12
	(3) Targeted Countries / Region and Key Strategies	13
	(4) Asian Strategy (i)~(iii)	14~16
	Appendix	
	(1) Global Network (China, Hong Kong, Taiwan, Korea)	18
	(2) Global Network (South East Asia, India, Oceania)	19
	(3) Overview of Recent Investments and Alliances in Asia	20

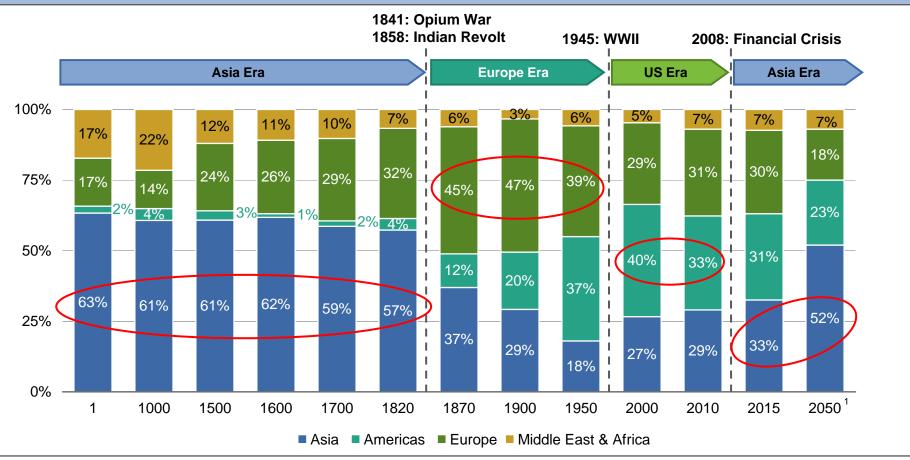


Millenary Changes in GDP (AD1~2050)



- Asia was the economic center with more than half of the world GDP until the middle of the 19th century.
- The center has moved to Europe and the US since then, however, it is widely expected to return to Asia by the middle of the 21st century.





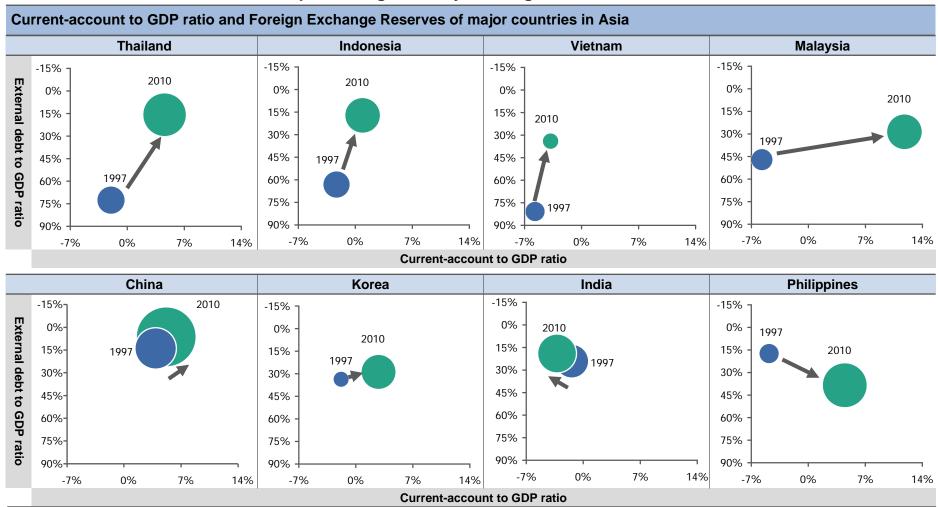
(Source) AD1~1950: Angus Maddison, 2000~2015: IMF, 2050: Asian Development Bank

(Note) 1. Asia includes 5 Central Asia, 3 Caucasian countries and Iran only for 2050.

Changes from Asian Financial Crisis



- Current-account to GDP ratio and foreign exchange reserves of major countries in Asia have improved and increased while the external debt to GDP ratio has declined since the Asian financial crisis.
- The economic situation has improved significantly with higher resistance to economic crisis.



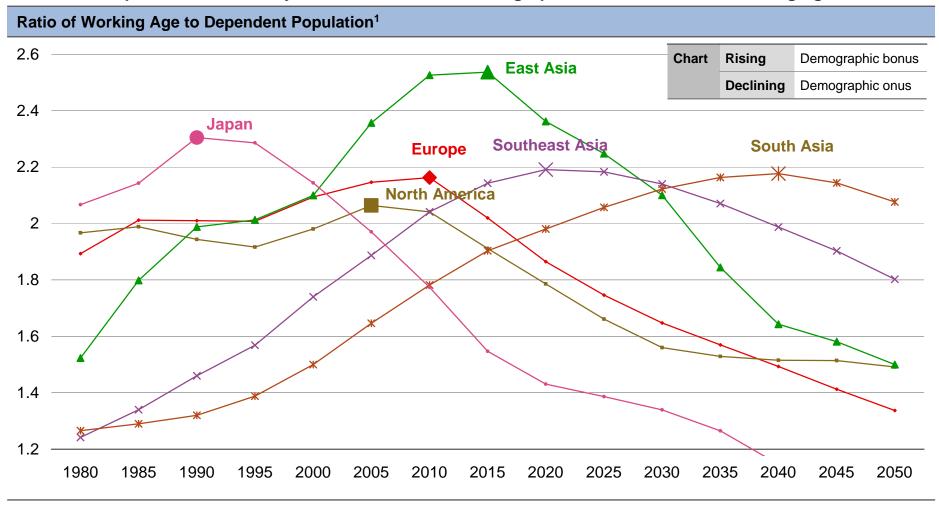
(Source) BTMU Economic Research Office

Foreign exchange reserves / Imports

Shift in Demographics



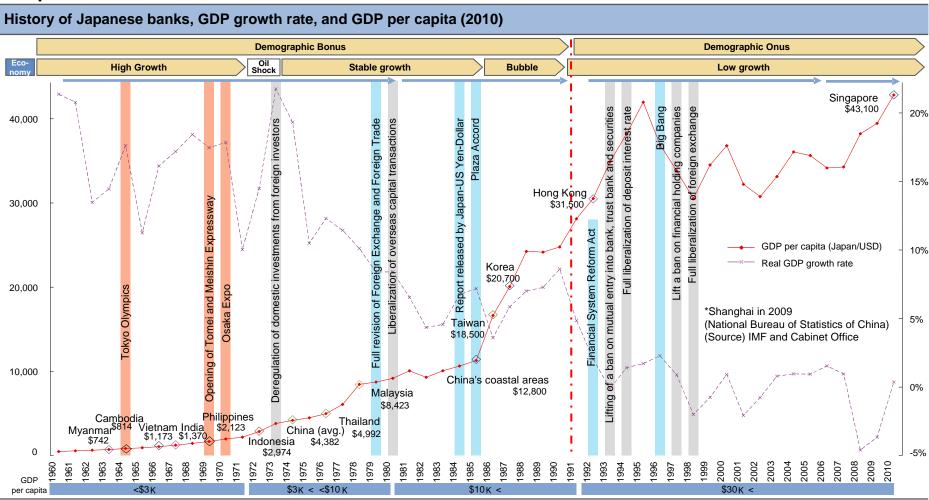
- One of the factors of Asia's economic growth is its demographic bonus where the working age population shows increase over the dependent population.
- Asia is expected to constantly have countries with demographic bonus and to maintain high growth.



Overview of Japan's Financial History



- Asia consists of various countries which vary in economic fundamentals, regulations, and financial development.
- It is essential to consider what and how each country is in making the strategies and business plans.

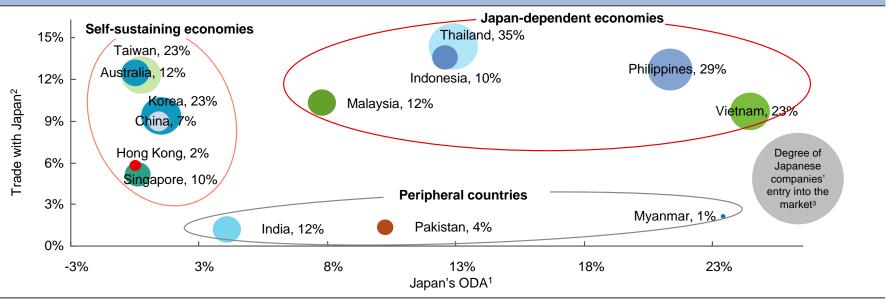


Financial Markets in Major Countries in Asia



- Diverse Asian countries are classified into three categories.
- As the degree of economic / financial development differs, expected financial needs and banking business also vary.





(Source) IMF and Ministry of Foreign Affairs of Japan

	Self-sustaining economies	Japan-dependent economies	Peripheral countries
GDP per capita	USD 13,000 or more	Under USD 8,000	Under USD 1,000
Stage	Growth - Maturity	Development	Dawn
Banking business	Advanced	Advancement started	Mainly deposits and loans

(Note) 1. Japan's cumulative ODA to the country divided by GDP of the country (2009) 2. Volume of trade with Japan divided by total trade of the country (2010)

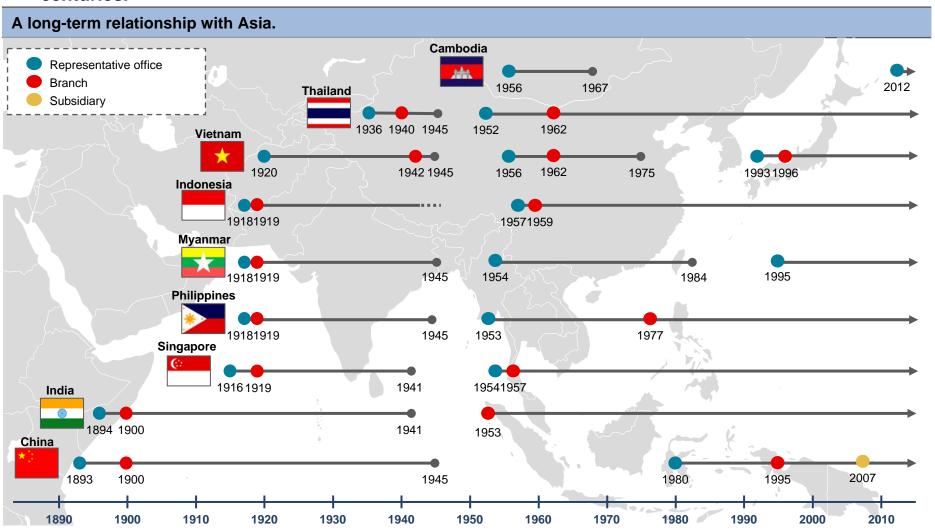
3. Cumulative direct investment by Japan divided by the total direct investments to the country (2009)



Commitment to Asia Spanning Two Centuries



- BTMU's presence in Asian stretches back to the 19th century (as Yokohama Shokin Bank).
- Despite interruptions due to war and internal conflicts our commitment has continued through two centuries.



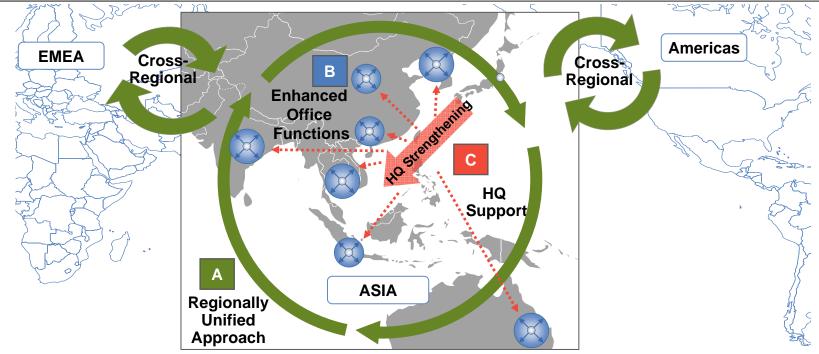
Mid-Term Business Plan in Asia



Next stage in Asia business - to become a financial group with an increasing global presence

Build a solid industry position as a No.1 foreign bank in Asia (outside Japan) by constantly upgrading the business model from the perspectives of business expansion and internal controls.

	Strategies	Content
А	Unified Approach	Strengthen cooperation within and beyond Asia to support companies expanding business globally.
В	Enhanced Office Functions	Build a strong organization to address the accelerated business expansion of clients into Asia and tightening local regulations.
С	Strengthening of Asian HQ Functions	Support office administration, assisting expansion of businesses in Asia.



Targeted Countries / Region and Key Strategies

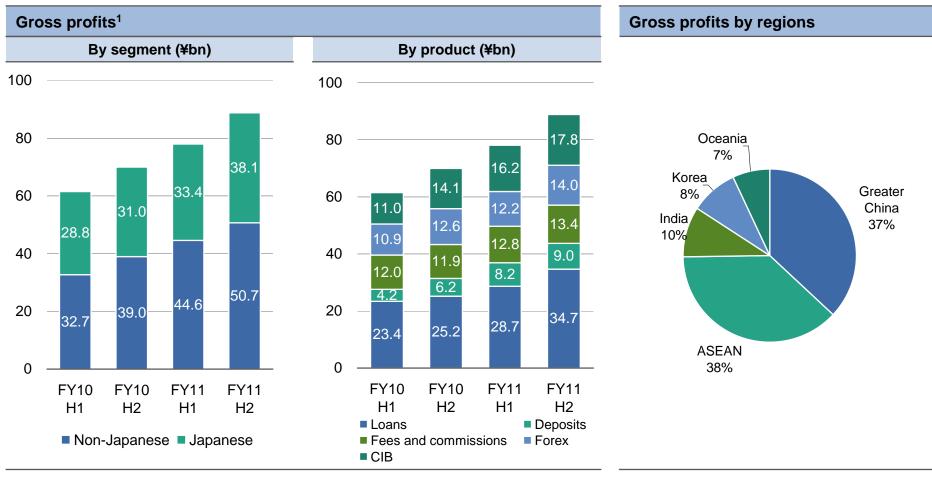


	Greater China (China, Taiwan and Hong Kong)	India	Indonesia	Korea
Туре	Self-sustaining economies (Stage of growth – maturity)	Peripheral countries (Stage of dawn)	Japan-dependent economies (Stage of development)	Self-sustaining economies (Stage of growth)
GDP per capita	USD 4,000 (China) – USD 31,000 (HK)	USD 1,000	USD 3,000	USD 20,000
Population	1.37 billion (top in the world)	1.21 billion (second in the world)	0.24 billion (fourth in the world)	0.05 billion (twenty-fifth in the world)
GDP	USD 6.6 trillion	USD 1.6 trillion	USD 0.7 trillion	USD 1 trillion
Revenue pool (2015E)	USD 1,021.0 billion	USD 135.0 billion	USD 61.0 billion	USD 71.0 billion
The remaining years of population bonus	5 years	30 years	15 years	0 years
RORA (=pretax income / risk assets)	ax income / Taiwan 0.7% - China 1.6% 1.6% 3.3%		1.3%	
Outstanding of securitization (2009)	USD 5.0billion	USD 20.0billion	USD 0.01billion	USD 30.0billion
Key strategies	 Promote trade finance business by capturing trade flow of client companies. Capture RMB settlement business associated with trading / investments. Participation in primary and secondary bond markets business. 	 Expand settlement business for client companies focusing on domestic sales. Capture large infrastructure development deals and investment deals. Opening branches in areas favored by Japanese companies. 	 Support collaboration between client companies focusing on domestic sales and local companies. Promote trade finance business, capturing company's trade flow. Consider moving into SMEs, retail business. 	 Strengthen marketing to global companies in Korea. Providing support for divers financing needs including securitizations and oversea projects.

Asian Strategy (i)



- Solid increase in gross profits with both Japanese and non-Japanese. Growing in CIB and forex income in addition to loans income. Ensuring a good revenue balance in each region.
- Aiming to increase gross profits for FY14 by 50% from FY11.



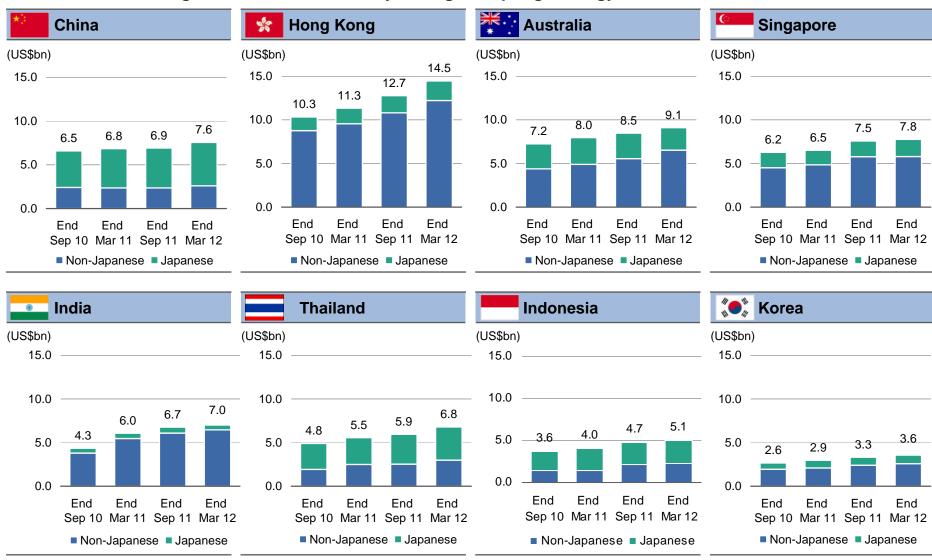
(Note) Exchange rates: Those adopted in business plan (\$/¥=95, others)

^{1.} Figures for gross profits are those from customer business

Asian Strategy (ii)



Increased lending balance in each country through adopting strategy to the characteristics of each market.



(Note) Loans outstanding on consolidated basis, counted by the nationality of each borrower for internal management purpose. Excl. financial institution.

Asian Strategy (iii)

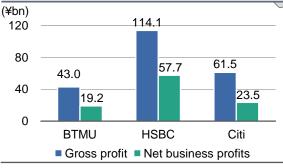


- Upgrade the Asian business model and become established as the leading foreign bank.
- Improve products and services while strengthening marketing within and beyond the region through commercial bank/trust bank/securities cooperation; improve regional governance by bringing Head Office functions to the Asian front line.

Greater China (China/HK/Taiwan)

- Through steps such as obtaining a first foreign bank certification for each of new operations, such as issuing RMB bonds in China mainland, establish position as a first class foreign bank
- Strengthen loan and settlement business, etc. by cooperating with branches (20 locations) within the region. Upgrade RMB-related business
- Aim to expand network centered on China

Comparison with foreign banks' subsidiaries in China (2011)



(Source) Company disclosures Exchange rates: RMB/¥=14.03

India

- Strengthen loan and cross-selling business to major non-Japanese corporations
- Achieve critical mass in S&T business by bringing it under joint control with Global Markets
- Further strengthening largest network of any Japanese bank by opening new branches (now 3 branches)

Korea

- No.2 in net business profits after HSBC among local branches of foreign banks¹, as a result of close relationships with Korean corporations
- Strengthen marketing and aim for core bank status, assisting Korean corporations with globalization. (Set up Global Korean Business Office)
- Strengthen securitization, ECA finance, project finance and capital market business

(Note) 1. Japanese banks: Apr 10 - Mar 11, other foreign banks: Jan 10 - Dec 10

Indonesia

- Having opened the branch more than 40 years ago, solid business base centered on Japanese corporations. Top lender among foreign banks
- Capture more infrastructure/resource finance and M&A projects. Strengthen business with financial institutions and syndicated loans
- Strengthen local group synergies (CIMB, etc)

Australia

- Strengthen project finance and resource/ infrastructure-related loans to large non-Japanese organizations (Setting up the Perth branch to make 3 branches in Australia and Australian Structured Finance Office)
- Alliance with AMP, one of the Australian "big 5" financial institutions



Global Network (China, Hong Kong, Taiwan, Korea)



China, Hong Kong, Taiwan, Korea

China

- Bank of Tokyo-Mitsubishi UFJ (China) established in 2007.
- BTMU (China) operates a total of sixteen offices, eleven branches and five sub-branches.
- Headquartered in Shanghai, each BTMU (China) branch provides full banking services including foreign currency and RMB deposits, loans, remittances, trade settlement, and exchange. In addition, derivative transactions, internet banking, and information services are provided.

Beijing

- First foreign bank rep. office opened in 1980; BTMU was the first foreign bank to upgrade Beijing rep. office to branch status (1995).
- First Japanese bank to open sub-branch in Beijing Economic-Technological Development Area, a concentrated area for Western companies (2011).
- Covers North China, excluding Tianjin.

Tianjin

- First Japanese bank rep. office opened in 1987, upgraded to branch status in 1995
- Tianjin Binhai Sub-branch opened in Binhai Finance Zone (2007) with a high concentration of Japanese companies.

Chengdu

Rep. office opened in 1995, upgraded to branch status in 2010 (sole Japanese bank branch in Western China).

Chengdu

Shenzhen

■ Branch opened in 1986 (first Japanese bank to establish a branch

Guangzhou

- Rep. office opened in 1984, upgraded to branch status in 2008.
- First Japanese bank sub-branch opened in Guangzhou Nansha Development Zone (2010), a concentrated area for leading international companies (automobile, petrochemical, steel, IT).

Hong Kong

- Over fifty years history with rep. office opened in 1952, becoming Hong Kong Branch in 1953.
- Three offices: Hong Kong and Kowloon branches, East Tsim Sha Tsui sub-branch.
- Supports business connections between Japanese and non-Japanese companies.
- The Hong Kong, Shenzhen and Guangzhou branches jointly support customers in the South China region.

Shenvana Korea Rep. office opened in 1966, a year after the restoration of diplomatic ties. First Japanese bank to open a branch in Beijing Dalian Tianjin Seoul Qinadao First Japanese bank rep. office opened in 2005, upgraded to branch status in 2012. Collects and analyses information on Liaoning (excl. Dalian), Jilin, and Heilongjiang provinces. Rep. office opened in 1984, upgraded to branch status in Wuxi First foreign bank sub-branch opened in Dalian Economic & Shanghai Technological Development Area in 2007, a concentrated area for Japanese companies. Wuhan Qingdao Branch opened in 2011. Covers Shandong Province. Wuhan Shanghai ■ Branch opened in 2012. Rep. office opened in 1982, upgraded to branch status in Covers Hubei and Hunan 1991, first among foreign banks. provinces. ■ Sub-branch opened in Honggiao (Western Shanghai) in Taipei 2011, a concentrated area for Japanese companies. Covers East China excluding Jiangsu Province. 00 Wuxi First Japanese bank rep. office opened in 1997, upgraded Shenzhen to branch status in 2006. Covers Jiangsu Province. Guangzhou Kowloon Subsidiary (incl. subsidiary's branch. Rep. office opened in 1990, became Taipei Branch in 1993. Hong Kong sub-branch) Supports business connections between Japanese and local companies.

Branch, Sub-branch

▲ Representative Office

Global Network (South East Asia, India, Oceania)

acquired branch status in 1996.



South East Asia, India, Oceania **Pakistan** Bangladesh Myanmar ■ Dhaka Rep. Office opened in 1990 (only Karachi Branch opened in 1953 (only Yangon Rep. Office opened in 1995. Japanese bank office); has an over eighty Japanese bank office). Maintains a nearly uninterrupted business history year history through the former Yokohama Focusing on collection of information related since the opening of the former Rangoon Rep. Shokin Bank. to Japan's ODA. Office in 1954. New Delhi Focusing on collection of information related to Japan's ODA. Vietnam Ho Chi Minh City Branch opened in 1996, Hanoi Branch in 1998; has a long business history Karachi (including temporary closure) through the 1920 establishment of the former Yokohama Shokin Bank's Saigon Branch. India Dhaka Presence in India for more than fifty years: ■ Through alliance with local bank, offers cash Mumbai Mumbai Branch opened in 1953, New Delhi Hanoi collection service using local bank networks. Branch in 1963, Chennai Branch in 1996. Yangon 4 Covering all India through three branches: **Philippines** BTMU is the only Japanese bank with an Bangkok Rep. office opened in 1953, became Manila Manila office in South India Branch in 1977; has an over ninety year history Japanese staff provide Indian market Phnom Penh through the former Yokohama Shokin Bank. information from Mumbai Branch Sales & Business alliance with the Board of Investments, Chennai Ho Chi Trading Department. Philippine Economic Zone Authority (PEZA). Minh City Malavsia Australia Rep. office opened in 1957, upgraded to Kuala Thailand Subsidiary opened in 1985. Labuan Kuala Lumpur Lumpur Branch in 1959, became BTMU Covering entire country through a three office Over fifty years history with rep. office opened in (Malaysia) in 1994. 1952, becoming Bangkok Branch in 1962. network in Sydney, Melbourne and Perth. Handles Ringgit as a commercial bank (local Singapore Retains BTMU Leasing (Thailand) Co., Ltd. which Engages in investment banking business offers equipment and other leasing services. including Japan Bank for International Offers offshore financial services at Labuan Cooperation (JBIC) syndicated loans and Business alliance with the Board of Investment Branch. of Thailand (BOI). Offers financial services including investment Jakarta Business alliance with investment promotion banking and Islamic finance. agency for Victoria state, Invest Victoria. Surabaya Penang Sub-branch opened in 2012. Opened rep. office in Phnom Penh in 2012. Bandung Indonesia Over fifty years history with rep. office opened in 1957, becoming Jakarta Branch in 1968. Over fifty years history with rep. office opened in 1954, becoming Singapore Branch in 1957. Nine offices: Jakarta Branch, Surabaya and Bandung sub-branches, six service points in Retains head office functions for Asian Business industrial towns near Jakarta Division, Asian Investment Banking Division, eBusiness and IT Initiatives Division, Corporate Through alliance with local bank, offers cash Perth Sydney Research Division, and more. collection service using local bank networks. **Auckland** Business alliance with the Indonesia Investment Subsidiary (incl. subsidiary's branch, Coordinating Board (BKPM). **New Zealand** sub-branch) Rep. office opened in Wellington in 1972, moved Branch, Sub-branch Melbourne to Auckland (only Japanese bank office) and

▲ Representative office

Overview of Recent Investments and Alliances in Asia



■ Pursued investments and alliances, focusing on high-quality Asian companies.

Investments and alliances ¹		
*; c	China	Investment in and business alliance with Bank of China (BTMU, Jun 06)
*} c	China	Invest in asset management subsidiary of Shenyin & Wanguo Securities to make an equity method affiliate (MUTB, Apr 11)
• Ir	ndia	Business alliance with ICICI (MUSHD, Aug 06), Tata Capital (MUSHD, Aug 08)
Ir	ndonesia	Investment in Bank Nusantara Parahyangan (BTMU, Dec 07)
* v	/ietnam	Business alliance with Vietcombank (BTMU, Nov 06)
◯	l alaysia	Business alliance with CIMB (BTMU, Oct 06), additional investment in CIMB (BTMU, Aug 11)
# ● # K	Korea	Business alliance with Daewoo Securities (MUSHD, Jan 07)
% н	long Kong	Additional investment in Dah Sing Financial Holdings to make an equity method affiliate (BTMU, Jun 08), business alliance with Dah Sing Financial Holdings (BTMU, Sep 08)
* * A	Australia	Capital and business alliance with AMP Capital Holdings to make an equity method affiliate (MUTB, Mar 12)

(Note) 1. As of End Mar 12