

FY 2012 Results Presentation

Main Q&A

Q: Some regional banks have adopted targets for total shareholder return ratio, including dividend and share buybacks. Is MUFG thinking about introducing such target?

A: We have used a 30% dividend payout ratio as a guideline. There have been some fluctuations in the payout ratio historically, but it has generally trended in the 20-30% range. However, we do not subscribe to the view that the dividend should be automatically determined in accordance with the guideline of payout ratio. Decisions on an increase in the dividend are based on comprehensive judgment of various factors. The increase in the dividend on this occasion resulted from our assessment that the Group's profit generation capability has fundamentally improved, taking such factors into consideration as market fluctuations and future changes in the operating environment.

Q: MUFG's medium- to long-term vision is to be the world's most trusted financial group. Please explain the results and outstanding issues of your globalization after the first year of the medium-term business plan.

A: Our results for the past year reflect our long-term cumulative achievements. For example, we made a decision to commit to Union Bank, which has brought sustained benefits and a very strong position today. In Asia, the foundations of our success today were laid by the Bank of Tokyo which swiftly opened branches in Asia as soon as diplomatic relations were restored after the war. The challenge now is what to build on this platform. In the U.S, we will pursue our non-organic strategy through Union Bank and efficiencies by unifying the BTMU and Union Bank businesses on the East and West coasts. In Asia, we will build the business with non-Japanese customers, cross-border transactions and high value added activities such as project finance. We also want to capture growth within the Asian region. Our capital and business alliance with VietinBank is consistent with this

policy and we also want to pursue similar investments in other Asian countries.

Issues of which we are aware include putting in place a global governance structure comprising risk management, internal controls and a compliance framework. In this regard, we have resolved to establish a risk committee and a global advisory board.

Q: Please explain your thinking regarding comprehensive income in the context of your Common Equity Tier1 ratio.

A: Even among financial institutions sharing a common designation as G-SIFIs, there are differences in their business portfolios and the elasticity of their risk assets. We think our risk assets are relatively low elastic, and we will consider our Common Equity Tier1 ratio on that basis.

Q: Please comment on the outlook for overseas lending spreads.

A: The period following the Financial Crisis was a lender's market but that phase is now ending. European and U.S. banks are back in the market, though their activity level has not returned to pre-crisis levels. The bond market is active, so the lending spreads overall are on a downward trend, especially as regards lending to Asian and non-investment grade companies. However, our lending balance to non-investment grade companies is not significant, so the impact is small.

Q: Please comment on your response to Abenomics.

A: We will respond by setting up teams in each division for the various strategic growth areas such as medical care, sustainable energy and next-generation infrastructure. Areas such as the Japanese version of ISA and the gift tax exemption for educational support are ideally suited to MUFG's integrated commercial banking/trust banking/securities business model and we can respond with great speed. Furthermore, we believe Japanese companies will expand and advance their overseas business further.