Thank you very much for attending UFJ Holdings’ financial results briefing today despite the short notice of the invitation. I wanted to give an explanation of our results as promptly as possible. This being the case, I decided to hold a briefing on the day after the results announcement. Today, I would like to talk to you in detail about our latest financial results and our recent decisions.

First of all, I would like to sincerely apologize to you and to all market participants that we are revising our results once again after the last revision on April 28th. The current and future management of UFJ Holdings, UFJ Bank, UFJ Trust Bank will take your questions immediately after my presentation, which I expect to finish in 20 minutes.

(Slide 1: Outline of today's briefing)

Today I would like to talk about the management integration of UFJ Trust Bank and Sumitomo Trust & Banking, our financial results, the actions we are taking to improve our financial position, our equity capital, and the actions we are taking towards improvement of profitability.

(Slide 2: Trust integration plan with Sumitomo Trust)

On May 21, 2004, UFJ Holdings, Sumitomo Trust and Banking, UFJ Trust Bank and UFJ Bank reached a basic agreement that will lead to the transfer of the trust and custody business of UFJ Trust Bank to Sumitomo Trust & Banking Co., and to the joint operation of that business.

Since the establishment of the UFJ Group, it has been our theme to strengthen our ability to provide full services as an integrated financial service company. As a part of our efforts, we have been integrating the financing operations for corporate clients of UFJ Trust Bank to UFJ Bank as
well as strengthening cooperation between UFJ Trust Bank and UFJ Bank. These efforts are aimed at strengthening the Group’s corporate trust and custody services.

Furthermore, with deregulation, harsh competition, and the strong economies of scale that operate in the financial administration field, I believe that integrating the trust business of UFJ Trust to that of Sumitomo Trust is the best for us to demonstrate its inherent strengths in the market but will also be able to provide better products and solutions.

Our plans are for our corporate trust and custody business and real estate business to be integrated with the Sumitomo Trust Bank Group during the current fiscal year and for our retail business to be integrated in next fiscal year. We will also have an exclusive agency contract with Sumitomo Trust and Banking.

(Slide 3: Strengthening comprehensive financial functions)

The UFJ Group is focused on providing comprehensive financial services of the highest quality to its customer base, which is centered on UFJ Bank.

For its trust services, UFJ Bank will sign an exclusive agency contract with Sumitomo Trust & Banking Co. As a result, our customers will have access not only to the products and services of UFJ Trust Bank, but also to products and services in which Sumitomo Trust already has a competitive advantage.

In our securities business operations, we are working towards making UFJ Tsubasa Securities a wholly owned subsidiary in the belief that it is the best way to take advantage of the progress being made in Japanese financial market deregulation, such as the lifting of prohibitions on securities brokerage operations by a bank.

We are also moving forward steadily in areas that are our primary focus, one example being the progress being made in preparations for making Nippon Shinpan a consolidated subsidiary and merging it to UFJ Card.
At this point we would like to ensure that we have your full understanding, especially in terms of what led to the significant increase in credit related expenses and a large net loss.

First of all, the gross operating profit and business profit (before net transfer to general reserves) are above forecasts and is a sign of strengthening profitability.

Secondly, we recorded a consolidated loss of 402.8 billion yen, with the primary reason being the increase of credit-related expenses by 811.5 billion yen from the original forecast. The revised credit-related expenses were 1.3 trillion yen.

The credit-related expense is 1.3115 trillion yen, 500 billion yen more than our April projections. Of that amount, 839.7 billion yen went to large-scale borrowers, which included another 320 billion yen than forecasted on April 28th. As a result, coverage ratios and reserve ratios have significantly improved as shown on page 18 of the "Data Book".

With respect to smaller borrowers, loan-loss charges for deteriorating business performance declined from 330.5 billion yen to 310.7 billion yen.

Compared to the end of September 2003, the amount of problem loans has increased by 240 billion yen.

The cause of this increase was the downgrading of the classifications of borrowers, which were formerly classified as "normal" or "other special mention", primarily those for large borrowers.
As of the end of March 2004 our problem loan balance was 3.9 trillion yen and our problem loan ratio was 8.5%, with both figures being higher than our peers, as we announced on April 28th, fully reflecting the result of the FSA’s inspection.

On the other hand, our balance of unhealthy loans that includes “special mention” and lower categories has steadily declined. It stands at 7.3 trillion yen at the end of March 2004, a drop of about 1 trillion yen from the level at the end of last September. I think this shows that we have made a certain degree of progress in improving the status of our loan portfolio as a whole.

**(Slide 7: Change of borrower category)**

For your reference, the next slide shows the changes of loan-balance status by borrower category from the end of last September to the end of the fiscal year. The amount downgraded from the “normal” to the “sub-standard” and “doubtful” categories is not necessarily large. On the other hand, as a result of significantly tightening asset evaluation and cash flow forecast standards, larger amount of loans were downgraded from “special mention” and “sub-standard” to even lower categories. You can also see upgrading from the “doubtful” to “sub-standard” category.

***(Slide 8: Loan portfolio)***

Slide 8 shows the breakdown of loan portfolio.

Our loan portfolio is segregated by the size of exposure to a single borrower starting from 100 billion yen or more, and going down to those whose balances are less than 3 billion yen.

The box on the lower left shows the balance for small borrowers with loans of 30 billion yen or less. You can see these numbers decreased, which shows improvement in situation of small- and mid-sized corporations.

However, the one at upper right indicates our loan balance to large borrowers, to which we have exposure more than 50 billion yen each, at the end of March 2004. This includes 2 trillion yen of
loans classified as “sub-standard” and “doubtful”, and reducing the amount through upgrading or removing from the balance sheet is of utmost importance. We plan to reduce this amount by 1.8 trillion yen within this fiscal year.

(Slide 9: Collateral and reserve)

With respect to “doubtful” loans and loans to “sub-standard” borrowers, the total portion not covered by collateral and reserve is now 1.17 trillion yen. This corresponds to a 0.5 trillion yen reduction compared to the end of September with a significantly reduced remaining risk.

(Slide 10: Current conditions of large borrowers)

As you can see, these borrowers are for the most part making steady progress in their recovery plans, and the situations at each company are without a doubt improving.

Nevertheless, it is also a fact that borrower category downgrades have occurred, primarily among the large borrowers. These downgrades are a result of our including the maximum level of potential risk when evaluating the values of their assets and cash flow outlook. This was done to raise the certainty of the borrowers’ recovery and revitalization. In other words, it was done so as we would be fully provided for even when unseen circumstances delays the borrowers’ recovery and revitalization. This was conducted to put an end to the non-performing loan problems as soon as possible. More details are provided on and after page 23 of “Data Book”.

(Slide 11: Problem loan reduction/credit cost forecasts)

We will resolve the non-performing loan problems this fiscal year. We will reduce the non-performing loan balance by 2.3 trillion yen to 1.6 trillion yen by the end of March 2005. That would bring the problem loan ratio to less than 4%. This is why we have decided to significantly increase the amount of provisions in fiscal year 2003.

In the past, we had announced that we would reduce the problem loan ratio to less than 6% by March 2004 and to less than 4% by March 2005. It is my regret that we could not meet the
projection for March 2004. We cannot give up our targets for this fiscal year. It would damage the confidence of the market and increase the uncertainty of our future financial results.

It is needless to say that UFJ's challenge is to quickly reform and revitalize the large borrowers and resolve non-performing loans with these large borrowers. As shown in the graph, we are planning to reduce the total large borrower loans outstanding, of those that we see the need to address immediately, from 1.8 trillion yen to less than 100 billion yen in one year. We will carry out these measures mainly in the first half of the year. We are now studying a number of concrete measures including harnessing the resources of the Industrial Revitalization Corporation of Japan, working with external investors and business partners, and initiating out-of-court work-out.

In terms of problem loans related to small- and mid-sized companies, we have recently signed an advisory contract with UFJ Strategic Partner Co., Ltd., and will receive advice on 400 billion yen of problem loans, mainly “sub-standard”.

The financial results of fiscal 2003 reflect a comprehensive review and estimate of plans for individual problem loans. We do not anticipate the significant addition of costs as we further reduce the balance of bad loans. As indicated here, our projections for credit-related expenses are 380 billion yen, including 110 billion yen for those related to large borrowers.

(Slide12: Equity and bond portfolio)

Our stock and bond portfolios are presented on this slide. We plan to dispose of 130 billion yen worth of equity holdings.

(Slide13: BIS capital ratio)

The capital ratio of UFJ Holdings on a consolidated basis as at the end of March 2004, declined to 9.2% and that of UFJ Bank on a consolidated basis dropped to 8.36%. Evidently, we need to improve these ratios.
We are expecting that the equity capital ratio of UFJ Holdings will improve when we realize gains on the sales of our trust banking business to Sumitomo Trust & Banking Co., Ltd, however we cannot provide an exact figure at this current point in time. Moreover, we are more certain that we will achieve our revenue goals in the current fiscal year. We are confident that this will build up our capital base.

We are also studying a plan under which UFJ Holdings will subscribe to a capital increase in order to raise UFJ Bank’s equity capital ratio.

(Slide14: Deferred tax assets)

Deferred tax assets as of March 31, 2004 were approximately 1.4 trillion yen. These assets decreased by 120 billion yen year-on-year. However, as a result of the steep decline in Tier 1 capital, the ratio of deferred tax assets to Tier 1 capital rose to 64%.

We expect that deferred tax assets will decrease in the future, as temporary differences resulting from reductions in problem loans will disappear and taxable income will be posted in keeping with strengthened earnings.

(Slide 15: Financial highlights)

Let me now turn to our earnings. All Divisions achieved our planned goals in the fiscal 2003, as fee businesses were brisk. The aggregate of business profit (before net transfer to general reserves) for the two banks reached 794.6 billion yen. We are aiming to expand that to 828 billion yen with a focus on loans and non-interest income-generating businesses.

(Slide 16: Loans)

The total loans outstanding as of March 31, 2004, decreased by 1.7 trillion yen from the previous year to 41.2 trillion yen. The domestic loan yield also declined by 5 basis points, to 1.74%, compared to that a year ago.
However, compared to September 30 last year, our total loans outstanding have increased by 0.8 trillion yen and the loan yield has leveled off, showing signs of improvement.

(Slide 17: Corporate lending)

As shown in the graph on the lower right, total lending to corporates has increased on a credit extension basis, including privately placed bonds and other products.

(Slide 18: Small corporate lending)

We have strengthened our commitment to smaller corporate customers whose annual sales are less than one billion yen. We allocated more resources to promote this business and introduced a number of new loan products such as business loans. We are pleased to see that we achieved an increase in loan balance by 2,000 as well as an increase of borrowers. In the current fiscal year, we will further promote this business, aiming to expand the loan balance.

(Slide 19: Housing loans)

In the preceding fiscal year, we extended a total of 1.6 trillion yen in new loans, mainly through the housing agencies. We also actively purchased loans from other institutions. As a result, total housing loans outstanding as of March 31, 2004 increased by 1 trillion yen year-on-year to reach 7.3 trillion yen.

We are aiming to expand total housing loans at the end of the current fiscal year to 8.4 trillion yen, by achieving the planned goal of extending 1.8 trillion yen in new loans.

(Slide 20: Consumer loans)

The UFJ Group will place greater emphasis on consumer loans. These loans are highly profitable assets in smaller lots. The Group's total non-collateralized card loans outstanding have significantly increased to 1.2 trillion yen, as the result of the alliance with Nippon Shinpan. UFJ Bank, Mobit and UFJ Card, in addition to the alliance with Nippon Shinpan (NICOS). From
now on, effectively utilizing the distribution channels of UFJ Bank, Mobit, UFJ Card and NICOS, we will further increase total consumer loans.

(Slide 21: Non-interest income: corporate)

In the corporate sector, non-interest income from medium- and small-sized companies grew rapidly, centering on privately placed bonds and derivatives. Although we expect that the growth rate may slow down compared to this year, we expect to maintain a high level of non-interest income.

(Slide 22: Non-interest income: retail)

In the retail sector, we significantly expanded our sales force of financial planners who sell our investment trusts, annuity and other investment products to individual customers. As a result, profits from selling these retail investment products increased by 125% compared to the previous year. In the current fiscal year, we will further enhance our position in this business by strengthening the marketing operations and by providing products that meets customer needs. We are pleased to see steady increase of ATM related fees reflecting effects of “UFJ24” project.

(Slide 23: Strategy for mass sector in retail business)

We started the UFJ 24 Project in September last year, and slide 23 shows its performance. As you can see, we saw 250,000 increase in the number of effective accounts. In order to make this a more profitable business, we will focus on growing the number of customers by providing added convenience. We will also increase earnings per customer by achieving a higher level of cross-selling and product utilization.

The consolidated business profit for the mass sectors improved by 38.3 billion yen and turned black ink, as you can see on page 46.

(Slide 24: Forecasts for fiscal year ending March 2005)
We forecast the net income of the two banks to be 828 billion yen roughly in line with the revitalization plans. Credit-related costs is forecasted to be 380 billion yen, which is 160 billion yen more than the revitalization plan and intended to provide a buffer of potential risks related to clearing non performing loans. The net income for the term is 301 billion yen, which is below the target of 412.2 billion yen in the revitalization plan. 301 billion yen is the minimum amount that we are committed to achieve.

Please note that we have not taken into account the effect of the transfer of our trust and banking business when making these projections.