MUFG

Mitsubishi UFJ Financial Group Basel II Disclosure

Fiscal 2006

Risk Management

Overview

Numerous changes in MUFG's business environment have occurred as a result of deregulation and globalization of the financial industry, and the advancement of information technology. MUFG aims to be a global and comprehensive financial group encompassing leading commercial and trust banks, and securities firm in Japan. Risk management plays an increasingly important role as the risks faced by financial groups such as MUFG increase in scope and variety.

MUFG identifies various risks arising from businesses based on uniform criteria, and implements integrated risk management to ensure a stronger financial condition and to maximize shareholder value. Based on this policy, MUFG identifies, measures, controls and monitors a wide variety of risks so as to achieve a stable balance between earnings and risks. We undertake risk management to create an appropriate capital structure and to achieve optimal allocation of resources.

Risk Classification

At the holding company level, MUFG broadly classifies and defines risk categories faced by the group. Group companies perform more detailed risk management based on their respective operations.

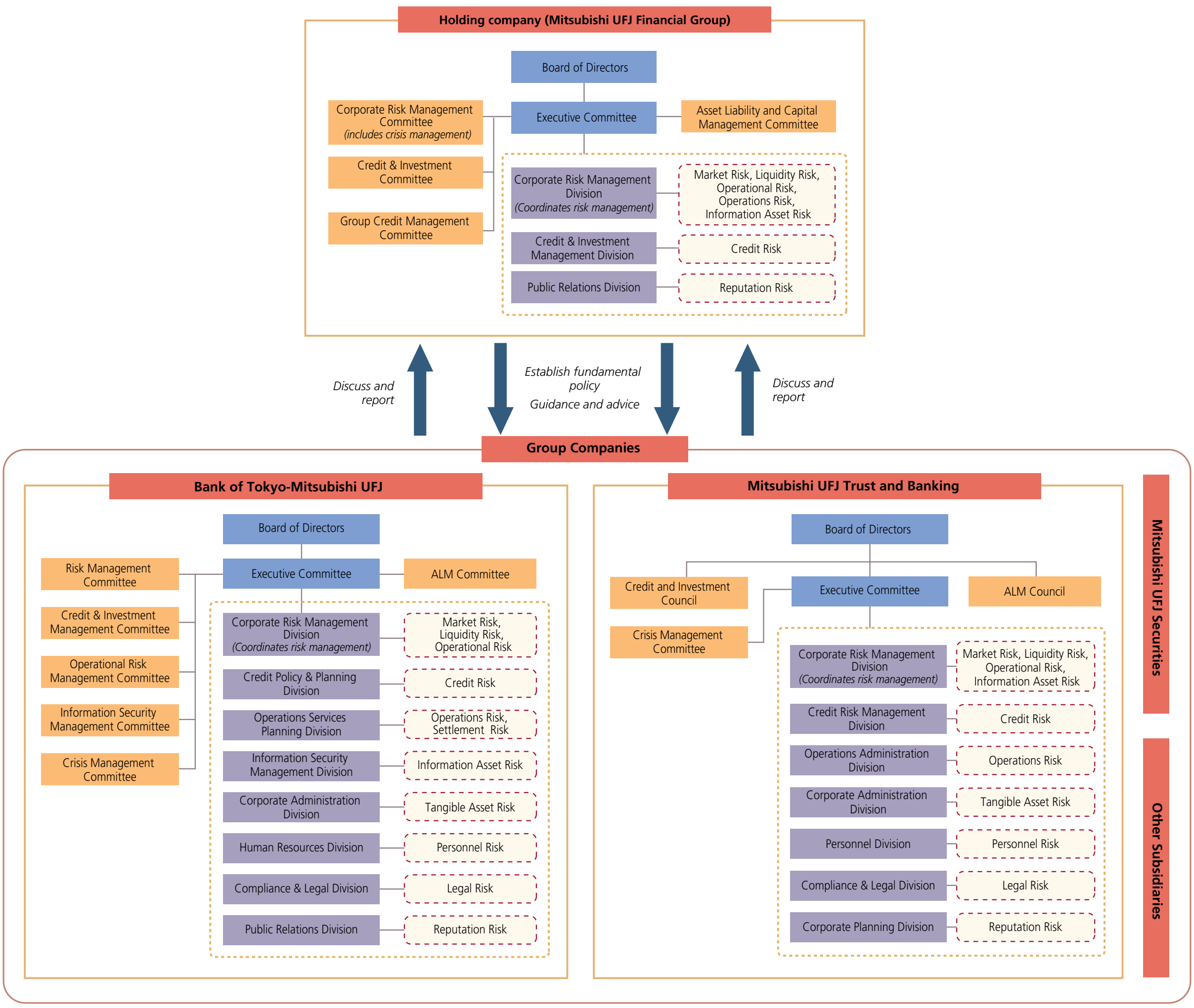
Type of Risk		*Definition*
Credit Risk		The risk of financial loss in credit assets (including off-balance sheet instruments) caused by deterioration in the credit conditions of counterparties. This category includes country risk.
Market Risk		Market risk is the risk of financial loss where the value of our assets and liabilities could be adversely affected by changes in market variables such as interest rates, securities prices and foreign exchange rates. Market liquidity risk is the risk of financial loss caused by the inability to secure market transactions at the required volume or price levels as a result of market turbulence or lack of trading liquidity.
Liquidity Risk		The risk of incurring loss if a poor financial position at a group company hampers the ability to meet funding requirements or necessitates fund procurement at interest rates markedly higher than normal.
Operational Risk		The risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.
	Operations Risk	The risk of incurring loss that might be caused by negligence of correct operational processing, or by incidents or misconduct by either officers or staff, as well as risks similar to this risk.
	Information Asset Risk	The risk of loss caused by loss, alteration, falsification or leakage of information, or by destruction, disruption, errors or misuse of information systems, as well as risks similar to this risk.
	Reputation Risk	The risk of loss due to deterioration in reputation as a consequence of the spread of rumors among customers or in the market, or as a consequence of inadequate response to the circumstance by MUFG, as well as risks similar to the risk.

Risk Management System

MUFG has adopted an integrated risk management system and promotes close cooperation among the holding company and group companies. The holding company and the major subsidiaries (,which include the Bank of Tokyo-Mitsubishi UFJ (BTMU), Mitsubishi UFJ Trust and Banking (MUTB) and Mitsubishi UFJ Securities (MUS)) each appoint Chief Risk Management Officers and establish independent risk management divisions. At Risk Management Committees, our management members discuss and dynamically manage various types of risks from both qualitative and quantitative perspectives. The Board of Directors determines risk management policies for various types of risk based on the discussions held by these committees.

The holding company seeks to enhance group-wide risk identification; to integrate and improve the group's risk management system and related methods; to maintain asset quality; and to eliminate concentrations of specific risks. Group-wide risk management policy is determined at the holding company level and each group company implements and improves its own risk management system. BTMU and MUTB have deliberated plans to upgrade risk management systems in line with the requirements for major banks stipulated by the Financial Services Agency (FSA) of Japan and have been constructing advanced risk management systems.

Risk Management System



Business Continuity Management

Based on a clear critical response rationale and associated decision-making criteria, MUFG has developed systems to ensure that operations are not interrupted or can be restored to normal quickly in the event of a natural disaster or system failure so as to minimize any disruption to customers and markets. A crisis management team within the holding company is the central coordinating body in the event of any emergency. Based on information collected from crisis management personnel at the major subsidiaries, this central body would assess the overall impact of a crisis on the group's business and establish task forces that could implement all countermeasures to restore full operations. MUFG has business continuity plans to maintain continuous operational viability in the event of natural disasters, system failures and other types of emergencies. Regular training drills are conducted to upgrade the practical effectiveness of these systems.

Implementation of Basel II

The Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) sets capital adequacy standards for all internationally active banks to ensure minimum levels of capital.

The Basel Committee worked over recent years to revise the 1988 Accord, and in June 2004, the committee released "International Convergence of Capital Measurement and Capital Standards: A Revised Framework." This new framework, called Basel II, has been applied to Japanese banks since March 31, 2007.

Basel II is based on "three pillars": (1) minimum capital requirements, (2) the self-regulation of financial institutions based on supervisory review process, and (3) market discipline through the disclosure of information. The goal of Basel II is to have these three pillars mutually reinforce each other to ensure the effectiveness of regulations. Basel II is thus a more comprehensive regulatory framework for ensuring the soundness and stability of the international banking system. In addition, with respect to credit risk and operational risk, Basel II provides more risk-sensitive approaches and a range of options for measuring risks and determining capital requirements. As a result, Basel II also reflects the nature of risks at each bank more closely.

Based on the principles of Basel II, MUFG adopted the Foundation Internal Ratings-Based (FIRB) Approach to calculate its capital requirements for credit risk. The Standardized Approach is used for some subsidiaries that are considered to be immaterial to the overall MUFG capital requirements and a few subsidiaries have adopted a phased rollout of the IRB approach.

MUFG adopted the Standardized Approach to calculate its capital requirements for operational risk. As for market risk, MUFG adopted the Internal Models Approach mainly to calculate general market risk and adopted the Standardized Method to calculate specific risk.

Credit Risk Management

Credit risk is the risk of losses due to deterioration in financial condition of a borrower.

MUFG has established risk management systems to maintain asset quality, manage credit risk exposure and achieve earnings commensurate with risk.

MUFG applies a uniform group-wide credit rating system for asset evaluation and assessment, loan pricing, and the quantitative measurement of credit risk. This system also underpins the calculation of capital requirements and management of credit portfolios.

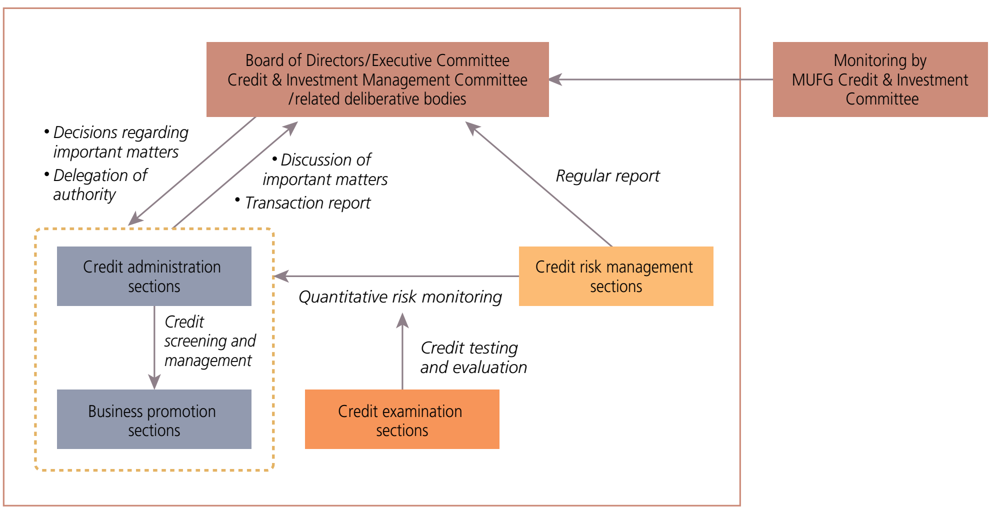
MUFG continually seeks to upgrade credit portfolio management (CPM) expertise to achieve an improved risk-adjusted return, based on the group's credit portfolio status and flexible response capability to economic and other external changes.

Credit Risk Management System

The credit portfolios of the major banking subsidiaries are monitored and assessed on a regular basis to maintain and improve asset qualities. Uniform group-wide credit rating as well as asset evaluation and assessment system is used to ensure timely and proper evaluation of all credit risks. Under the MUFG credit risk management system, each major banking subsidiary manages its respective credit risk on a consolidated and global basis, while the holding company oversees and manages credit risk on an overall group-wide basis. The holding company also convenes regular committee meetings to monitor credit risk management at subsidiary banks and to issue guidance where necessary.

Each major banking subsidiary has in place a system of checks and balances in which a credit administration section that is independent of the business promotion sections screens individual transactions and manages the extension of credit. At the management level, regular meetings of Credit and Investment Management Committees and related deliberative bodies ensure full discussion of important matters related to credit risk management. Besides such checks and balances and internal oversight systems, credit examination sections also undertake credit testing and evaluation to ensure appropriate credit risk management.

Management System of the Major Banking Subsidiaries



Internal Rating System

MUFG (MUFG and its major banking subsidiaries the Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking) has introduced an integrated group-wide credit rating system as unified criteria to evaluate credit risk.

The credit rating system is classified into borrower rating, facility risk rating, structured finance rating and asset securitization rating. In principle, the same client and clients with the same risk are given the same credit rating.

Country risk is assigned on a uniform group-wide basis. These ratings are reviewed periodically to take into account relevant political and economic factors, including foreign currency availability.

Risk exposure for small retail loans, such as residential mortgage loans, is managed assigning exposure at a pool level.

Definitions of Borrower Rating

Borrower rating	*Definition*	*Borrower category*	*NPL Classifications under FRL*
1~2	Borrower capacity to meet financial obligations deemed high and stable	Normal	Normal claims
3~5	Borrower capacity to meet financial obligations deemed free of problems		
6~8	Borrower capacity to meet short-term financial obligations deemed free of problems		
9	Borrower capacity to meet financial obligations deemed slightly poor		
10~12	Close monitoring of borrower required due to one or more of following conditions: [1] Borrower who has problems meeting financial obligations (e.g. principal repayments or interest payments in arrears) [2] Borrower whose business performance is poor or unsteady, or in an unfavorable financial condition [3] Borrower who has problems with loan conditions (e.g. interest rates have been reduced or deferred)	Close watch	
10	Causes for concern identified in borrower's business management necessitate ongoing monitoring, despite only minor problems or significant ongoing improvement		
11	Emergence of serious causes for concern in borrower's business management signal need for caution in debt repayment due to major problems or requiring protracted resolution		
12	Borrower applicable to the definition of rating 10 or 11 and holds restructured loan, or borrower with loan contractually past due 90 days or more due to particular reasons, such as an inheritance-related issue		Claims under close observation
13	Borrower where losses are expected due to major debt repayment problems (that is, although not yet bankrupt, borrower deemed likely to become bankrupt due to financial difficulties and failure to make significant progress with restructuring plans)	Likely to become bankrupt	Doubtful claims
14	Although not legally or officially bankrupt, borrower in virtual bankruptcy due to serious financial difficulties, without any realistic prospect of business recovery	Virtually bankrupt	Claims over bankrupt or virtually bankrupt borrowers
15	Borrower legally or officially bankrupt and subject to specific procedures, such as legal liquidation/business suspension/winding up of business/private liquidation	Bankrupt	

• *Borrower rating*

Borrower rating is classified into 15 grades based on evaluations of their debt-service capability over the next 3 to 5 years.

• *Facility risk rating*

Facility risk rating is used to evaluate and classify the quality of individual credit facilities (guarantees, collateral, etc.). This is done by measuring the quantitative estimated loss rate of a facility in the event of default.

• *Structured finance rating and asset securitization rating*

These ratings are used to evaluate and classify the quality of individual credit facilities (guarantees, collateral, credit period, structure, etc.). In evaluating debt service potential, it is critical to scrutinize underlying structure as whether or not planned future cash flow can be achieved.

• *Pool assignment*

Each of the major banking subsidiaries of MUFG has their own pool assignment system that clearly reflects the special features of their loan portfolios in terms of retail risk exposure.

• *Management and validation of rating system*

Management and validation of credit rating system

Based on a pre-determined procedure, quality assessment and backtesting are carried out on the credit rating system with a frequency of at least once a year to manage and validate the system, with revisions made as necessary.

Management and validation of pool assignment system

Similarly, based on a pre-determined procedure and with a frequency of at least once a year, each major banking subsidiary manages and validates the pool assignment system by evaluating and validating accuracy and consistency of assets in each pool.

Estimation of PD, LGD, and EAD

The risk components applicable to credit rating and pool assignment such as PD, LGD, and EAD are regularly estimated. Backtesting and comparison analysis with external data are conducted at least once a year to validate these estimations.

Glossary of terms:

• PD (Probability of Default)

The estimated default rate or the probability that the borrower will default. The definition of default is nonperformance in payments of interest or principal in the narrow sense; however, in quantifying credit risk, a wider definition of default is used.

• LGD (Loss Given Default)

The percentage loss at time of default, or in other words, the estimated percentage of loss on loan when a borrower defaults due to bankruptcy or other reasons.

• EAD (Exposure at Default)

The amount expressed in relevant currency of exposure to loss at time of default, or in other words, the estimated amount of exposure to loss on loan when a borrower defaults due to bankruptcy or other reasons.

Asset Evaluation and Assessment System

The asset evaluation and assessment system is used to classify assets held by financial institutions according to the probability of collection and the risk of any impairment in value taking into consideration borrower classifications consistent with borrower rating and the status of collateral, guarantees, or other conditions.

The system is used by financial institutions to conduct write-offs and allocate allowances against credit risk in a timely and adequate manner.

Outline of Rating Procedure

• Corporate exposures

Corporate exposures which are individually managed using borrower rating and other methods consist of the following types of exposures.

Corporate Exposure Categories

Asset class under Basel II	*Details*
Corporate exposures	Include exposures to corporates on which borrower rating is assigned and retail business exposures.
Specialized lending	Exposures being managed based on structured finance rating, including structured finance, real estate finance, and others.
Exposures for eligible purchased corporate receivables	Exposures for eligible purchased corporate receivables include pools of small claims among securitized account receivables, leasing receivables or other receivables for which individual assessment is inappropriate. In some cases, these pools become underlying assets of securitization exposures related to the asset-backed commercial paper (ABCP) programme sponsor business.
Sovereign exposures	In addition to exposures to central government and central bank, sovereign exposures include exposure to local public authorities, land development public corporations, regional housing supply corporations, and regional road corporations.
Bank exposures	Portfolio of the exposures to banks includes total credit exposures including off-balance sheet transactions.

Equity Exposures under PD/LGD Approach

Equity exposures under PD/LGD approach	Includes strategic equity investments. Such investments made before the end of September 2004 are excluded from this category because of the grandfathering provisions stipulated in the FSA Notification on Basel II.

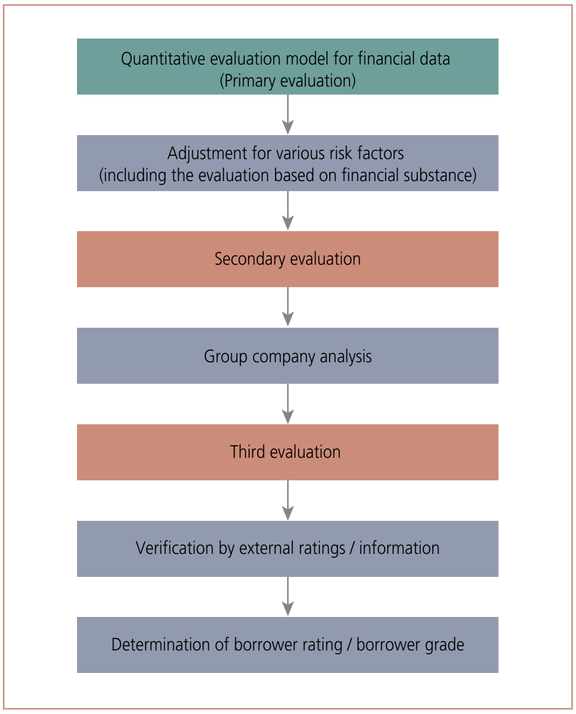
Borrower rating is assigned to these exposures by taking into consideration quantitative financial analysis, various risk adjustments, evaluation of business group, and external indexes and information.

In estimating an individual PD of each borrower rating, internal data regarding actual default result of each borrower rating are used. For the purpose of internal risk management, PD is estimated with default defined as borrower rating 13 to 15. For the purpose of calculating capital requirements, the definition of default is borrower rating 12 to 15 and any disposal that generates material economic loss.

When assigning a structured finance rating to specialized lending, similar procedures are followed in adjusting for various risks after conducting quantitative financial analysis. However, in calculating capital requirements, PD estimation is not used, instead, ratings are mapped to supervisory slotting criteria.

For eligible purchased corporate receivables, PDs are estimated using external ratings or other external information. Evaluation of the external data with regard to explanation capability to default rates and other things is conducted to ensure conservativeness.

Example of Borrower Rating Assignment Process



Glossary of terms:

- **PD/LGD approach**

A method of calculating capital requirements from estimation of both probability of default and loss given default. Other methods used to calculate capital requirements include the Market-Based Approach, which uses stock price volatility.

Retail Exposure Categories

Categories under Basel II	*Details*
Residential mortgage exposures	Include retail housing loans to individuals living in residential real estate to purchase the real estate
Other retail exposures	Include non-business related loans to individuals other than residential mortgage and small business exposures being managed in pools instead of borrower rating

• **Retail exposures**

Retail exposures being managed based on pool are comprised of the exposures shown in the above table. In the pool assignment system, the exposures are first divided into pools by product type and then the pools are partitioned after analyzing delinquency status, transaction risk characteristics and borrower risk characteristics.

In estimating parameters such as PDs, internal data with regard to actual default result of each pool classification are used (where default is defined as claims more than 3 months in arrears, the borrower category of close observation or below, or repayment by subrogation).

Quantitative Analysis of Credit Risk

MUFG and its major banking subsidiaries not only manage credit exposures and expected losses, but also run simulations based on internal models to estimate the amount of credit risk in the worst case scenarios. They are used for internal management purposes, including loan pricing and measurement of economic capital. When quantifying credit risk amounts using the internal model, MUFG and its major banking subsidiaries take into account PD, LGD, EAD applicable to borrower rating, facility risk rating, pool assignment, and any credit concentration risk in borrower groups or industry sectors. Depending on the degree of importance, MUFG and its major banking subsidiaries also store credit portfolio data for other subsidiaries and manage their credit risk.

In calculating regulatory capital requirements under the Basel II framework, as with quantification of credit risk amounts for internal risk management, MUFG and its major banking subsidiaries basically use PDs applicable to borrower rating and PD, LGD and EAD applicable to pool assignment based on the FIRB Approach. (However, in calculating capital requirements based on the Standardized Approach as an exemption of the FIRB Approach, a risk weight of 100% is used for corporate exposures continuously and uniformly while risk weights for bank and sovereign exposures are determined using external ratings of the rating agency R&I for domestic exposures and S&P for overseas exposures.)

Loan Portfolio Management

MUFG aims to achieve and maintain levels of earnings commensurate with credit risk exposure. Products are priced to take into account expected losses, based on the internal credit ratings.

MUFG assesses and monitors loan amounts and credit exposure by credit rating, industry and region. Portfolios are appropriately managed to limit concentrations of risk in specific categories by establishing large exposure guidelines.

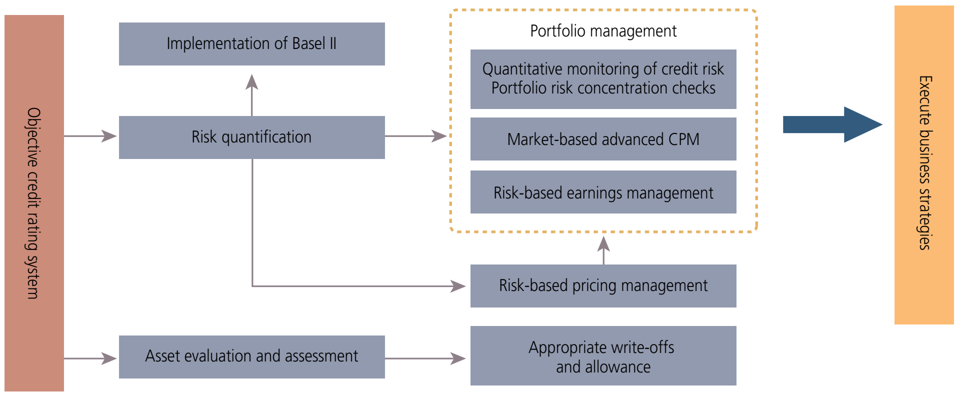
To manage country risk, MUFG has established specific credit ceilings by country. These ceilings are reviewed when there is any material change in a country's credit standing, in addition to regular review.

Continuous CPM Improvement

With the growth of securitized products and credit derivatives in global markets, MUFG actively seeks to supplement conventional CPM techniques with advanced methods based on the use of such market-based instruments.

Through credit risk quantification and portfolio management, MUFG aims to improve the risk return profile of the group's credit portfolio using financial markets to rebalance credit portfolios in a dynamic and active manner, based on an accurate assessment of credit risk.

Credit Portfolio Management (CPM) Framework



Securitization Exposures

For the purposes of its portfolio management, MUFG securitizes portions of its loans and other assets. In addition, MUFG acts as an originator of securitization transactions in its Asset-Backed Commercial Paper (ABCP) sponsor business. Moreover, some of the securitization exposure that MUFG holds as an investor includes asset-backed securities.

Against the backdrop of the growing diversification in securitization, MUFG uses a variety of methods to quantify credit risk of the securitization exposures internally, such as a method based on rating combining the credit risk of the underlying assets and the transferor risk, a method focusing on the price volatility of the credit exposures, and a method based on the approach established in Basel II.

In calculating regulatory capital requirements, MUFG uses both "the Ratings-Based Approach (RBA)" and "the Supervisory Formula (SF)." Where the securitization exposures are rated by qualified rating agency, MUFG uses RBA. Where external ratings are not available, MUFG uses the SF stipulated in the FSA Notification. In calculating capital requirements under the RBA, MUFG refers to the ratings of S&P, Moody's, Fitch, R&I, and JCR.

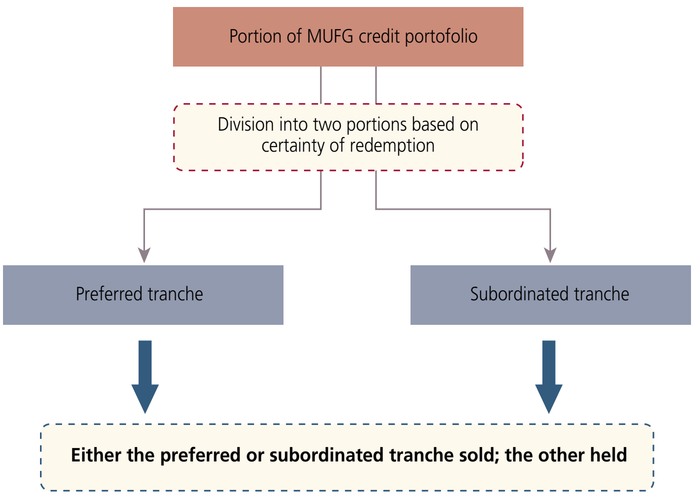
• Securitization of loans and other assets held by MUFG

MUFG securitizes some of its loans and other assets to transfer long-term interest rate risk on residential mortgage loans, and to transfer credit risk in its corporate loan portfolio.

Because the sections carrying out these types of transactions within MUFG are limited, the credit risk management sections directly collaborate with these sections to calculate the capital requirements.

As a credit risk control technique, the importance of securitization is growing. However, at this time, credit derivatives and guarantees account for a greater proportion of credit risk transfer transactions than securitization.

Example of Securitization of Loan Assets



• ABCP sponsor

MUFG serves as a sponsor of an ABCP conduit or similar asset securitization programme to offer solutions to its customers in order to utilize the customers' account receivables, note receivables and various types of assets. A typical transaction involves separating the transferred assets into preferred and subordinated tranches. An ABCP is issued using only the preferred tranche as the underlying assets. In some cases, MUFG provides liquidity support to the special purpose company which issues the ABCP.

Because information related to these types of transactions is concentrated in the sections in charge, the credit risk management sections directly collaborate with these sections to calculate the capital requirements.

• Asset-backed securities investment

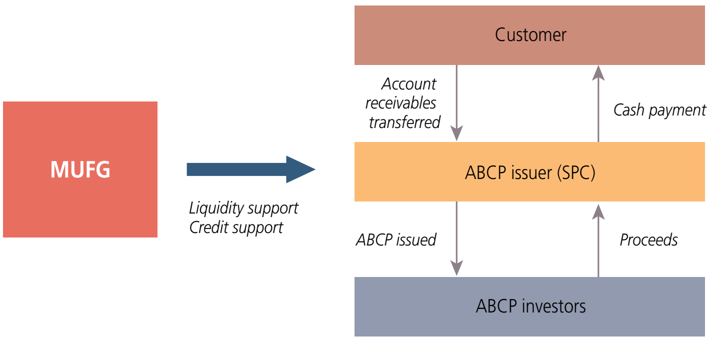
MUFG holds some asset-backed securities for investment purposes.

MUFG manages this type of transaction within the same framework as other securities investment and calculates the capital requirements accordingly.

• Accounting policy for securitization activities

MUFG complies with Accounting Standard Board of Japan Statement No. 10, Accounting Standard for Financial Instruments (Business Accounting Council, January 22, 1999) in recognizing, evaluating, and booking the occurrence or extinguishment of financial assets or liabilities related to securitization transactions.

Example of ABCP Sponsor Business



Derivatives and Credit Risk Mitigation Techniques (Collateral and guarantees)

While loan exposures are the main portion of the credit portfolio to be managed, a counterparty credit risk arising from derivatives is also included in the portfolio. In addition, when quantifying credit risk internally, MUFG takes into consideration an effect of credit risk mitigation (CRM) provided by collateral or guarantees.

1. Derivatives

Because counterparty credit risk of derivatives generally can vary over time with the movement of underlying market factors, MUFG calculates exposures to counterparty credit risk by adding increases in future potential exposure to the balance of present exposure. Counterparty credit risk is not just recognized when calculating capital requirements, but also it is managed in the same manner as loan exposures through allocation of capital for credit risk and setting limits for the purpose of internal risk management.

In addition, the establishment of collateral-based security and reserves for derivative transactions is, in principle, treated in the same manner as for loans.

Among generally used derivatives contracts, there are some contracts that provide for the requirement of additional collateral in the event that the credit capabilities of MUFG should deteriorate, and therefore, are a potential source of increased exposures.

2. Credit Risk Mitigation Techniques (Collateral, guarantees, and credit derivatives)

In quantifying credit risk internally, in principle, MUFG takes the CRM effects of collateral, guarantees, and credit derivatives into account using a method based on the amounts recovered in association with defaulted exposures.

When using the FIRB Approach or the Standardized Approach to calculate capital requirements, MUFG takes into consideration the effect of CRM techniques. Among these techniques are eligible financial collateral as typified by deposit collateral in our banks, eligible collateral as typified by real estate (eligible collateral is only recognized under the FIRB Approach), or guarantees and credit derivatives that meet the minimum requirements.

Management and evaluation of eligible collateral and guarantees in calculating the capital requirements are conducted in collaboration with the internal classification and management system. For example, through assessing real estate value accurately, MUFG endeavors to increase the sophistication of its internal risk management systems and use its advanced internal risk management systems in the calculation of capital requirements.

MUFG has a diversity of guarantors, such as local public authorities, credit guarantee corporations, financial institutions, and corporates, but its counterparties in credit derivative transactions are primarily financial institutions. Because the use of CRM effects is limited to eligible guarantees and credit derivatives in calculating capital requirements, credit quality of the counterparties is good.

With loans, MUFG mainly uses guarantees by Credit Guarantee Corporations or real estate collateral as CRM techniques. At this point of time, the use of CRM techniques has not lead to excessive concentration of credit or market risk.

Other credit risk mitigation techniques

When calculating capital requirements for corporate exposures applicable to the FIRB Approach or exposures applicable to the Standardized Approach, MUFG recognizes the effect of on-balance netting of loans and deposits. Deposits eligible for the netting process are limited to the fixed-term deposits in our banks and call money.

For derivatives, such as interest rate swaps and currency options, and repo-style transactions with legally enforceable netting agreements, the CRM effects are taken into account when calculating capital requirements.

Risk Management of Strategic Equity Portfolio

Strategic equity investment risk is the risk of loss caused by a decline in the prices of equity investments of MUFG.

MUFG uses quantitative analysis to manage the risks associated with the portfolio of equities held for strategic purposes. According to internal calculations, the market value of our strategically-held (TSE-listed) stock as of March 31, 2007 was subject to a variation of approximately ¥4.2 billion per point of movement in the TOPIX index.

MUFG seeks to manage and reduce strategic equity portfolio risk based on such types of simulation. The aim is to keep this risk at appropriate levels compared with Tier 1 capital while generating returns commensurate with the degree of risk exposure.

Furthermore, regarding shares of subsidiaries and affiliated companies, MUFG evaluates their actual net assets on a regular basis as a means of managing risk.

Market Risk Management

Market risk is the risk that the value of our assets and liabilities could be adversely affected by changes in market variables such as interest rates, securities prices, or foreign exchange rates.

Management of market risk at MUFG aims to control related risk exposure across the group while ensuring that earnings are commensurate with levels of risk.

Market Risk Management System

MUFG adopts uniformed systems to manage the market risks from its trading and non-trading activities. The holding company monitors group-wide market risk, while each of the major subsidiaries manages their market risks on a consolidated and global basis.

At each of the major subsidiaries, checks and balances are maintained through a system in which back and middle offices operate independently from front offices. In addition, ALM Committee, ALM Council and Risk Management Meetings are held respectively at BTMU, MUTB and MUS every month to deliberate important matters related to market risk and control.

The holding company and the major subsidiaries have allocated economic capital commensurate with level of market risk and determined within the scope of their capital bases. The major subsidiaries have established quantitative limits related to market risk based on the allocated capital. The major subsidiaries have also set limits for the maximum amount of losses arising from market activities.

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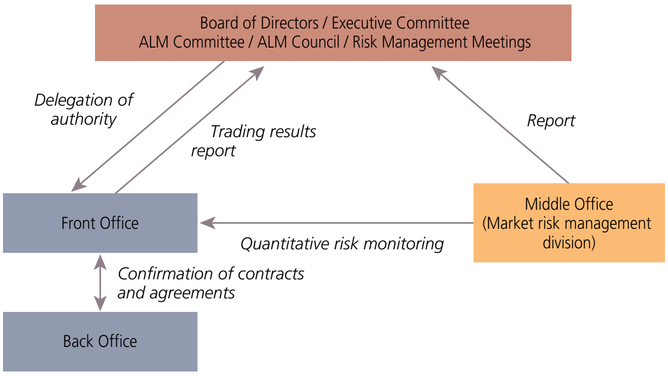
Management System of the Major Subsidiaries



Market Risk Management and Control

At the holding company and the major subsidiaries, market risk exposure is reported to the Chief Risk Management Officers on a daily basis. At the holding company, the Chief Risk Management Officer keeps track of market risk exposure across the group as well as the major subsidiaries' control over their quantitative limits for market risk and losses. Meanwhile, Chief Risk Management Officers at the major subsidiaries monitor their own market risk exposure and their control over their quantitative limits for market risk and losses. In addition, various analyses on risk profiles, including stress testing, are conducted and reported to the Executive Committees and the Corporate Risk Management Committees on a regular basis.

At the business unit levels in the major subsidiaries, the market risks on their marketable assets and liabilities, such as interest rate risk and foreign exchange rate risk, are controlled by entering into various hedging transactions using marketable securities and derivatives.

Activities in the trading business are performed in accordance with the predetermined rules and procedures. The internal auditors as well as independent accounting auditors regularly verify the appropriateness of the management controls over these activities and the risk evaluation models adopted.

Market Risk Measurement Model

Since the daily variation in market risk is significantly greater than with other types of risk, MUFG measures and manages market risk using VaR on a daily basis.

Market risk for trading and non-trading activities is measured using a uniformed market risk measurement model. The principle model used for these activities is historical simulation (HS) model (holding period, 10 days; confidence interval, 99%; and observation period, 701 business days). The HS model calculates VaR amount by estimating the profit and loss on the current portfolio by applying actual fluctuations in the market rates and prices over a fixed period in the past. This method is capable of capturing certain statistically infrequent movements, e.g., a fat tail, and accounts for the characteristics of financial instruments with non-linear behavior. Independent auditors have verified the accuracy and appropriateness of this internal market risk model. The holding company and banking subsidiaries also use the HS model to calculate Basel II regulatory capital adequacy ratios. MUFG has notified the FSA of its use as the internal market risk model, and received approval for its use in March 2007.

In calculating VaR by the HS method, MUFG has implemented a uniformed market risk measurement system throughout the group. The major subsidiaries calculate their VaR from the risk and market data prepared by the information systems of their front offices and other departments. This risk data is provided by the major subsidiaries to the holding company, which calculates overall VaR taking into account the diversification effect among all portfolios of the major subsidiaries.

For the internal purpose of evaluating capital adequacy on an economic capital basis with respect to market risk, we use this market risk measurement model to calculate risk amounts based on a holding period of one year and a confidence interval of 99%.

Sensitive monitoring of interest rate risk is the key to managing market risk in MUFG's non-trading activities. The major banking subsidiaries have set the following assumptions for measuring risks concerning core deposits, loan prepayments and early deposit withdrawals.

On recognizing interest rate risk from deposits without contract-based fixed maturities, "core deposits" amount is determined from the results of a statistical analysis of each product using deposit balance trend data and the outlook for interest rates on deposits, business decisions, and other factors. Then a portion of this amount is partitioned into maturity terms of up to five years (2.5 years on average) to recognize interest risk. These methods of determining the core deposits and partitioning them into maturity terms are regularly reviewed.

Meanwhile, deposits and loans with contract-based maturities are sometimes cancelled or repaid before their maturity dates. On measuring interest rate risk for these deposits and loans, MUFG reflects these early termination events mainly by applying early termination rates calculated from statistical analysis of historical repayment and cancellation data coupled with historical market interest rate data.

Glossary of terms:

- **Value at Risk (VaR)**

VaR is a statistical estimate of the amount by which the market value of a portfolio could vary going forward within a certain period of time, based on historical market changes.

Summary of Market Risks (Fiscal Year Ended March 2007)

• **Trading activities**

Aggregate VaR for MUFG's total trading activities as of March 31, 2007 was ¥16.04 billion, comprising interest rate risk exposure of ¥4.68 billion, foreign exchange risk exposure of ¥5.98 billion, and equity-related risk exposure of ¥8.77 billion. Compared with the VaR as of March 31, 2006, MUFG experienced a large increase in market risk during the fiscal year in review, particularly its exposure to foreign exchange and equity-related risk.

MUFG's average daily VaR for the fiscal year ended March 2007 was ¥6.40 billion, rising from the daily VaR of ¥4.13 billion for the period of January–March 2006. Interest rate risk and equity-related risk increased particularly.

VaR for Trading Activities

April 1, 2005~September 30, 2005 (Billions of Yen)

	Average	Maximum	Minimum	Sep 30, 2005
MTFG	7.69	15.39	2.53	4.11
Interest rate	7.76	15.14	2.17	4.04
Yen	6.99	14.39	1.24	3.36
U.S. dollar	0.70	1.77	0.25	0.50
Foreign exchange	1.16	2.46	0.20	0.94
Equities	0.55	4.04	0.23	0.25
Commodities	0.11	0.25	0.01	0.12
(Diversification effect)	(1.89)	–	–	(1.24)
UFJ Bank	2.5	3.2	1.5	1.8
UFJ Trust Bank	0	0	0	0

October 1, 2005~December 31, 2005 (Billions of Yen)

	Average	Maximum	Minimum	Dec 31, 2005
MUFG	3.53	5.36	2.25	2.29
Interest rate	2.60	4.11	2.00	2.11
Yen	1.69	3.48	1.02	1.38
U.S. dollar	0.71	1.20	0.39	1.03
Foreign exchange	2.71	4.62	0.99	1.86
Equities	0.42	1.07	0.27	0.27
Commodities	0.19	0.36	0.12	0.13
(Diversification effect)	(2.38)	–	–	(2.08)
UFJ Bank	1.2	1.9	0.6	0.7

January 1, 2006~March 31, 2006 (Billions of Yen)

	Average	Maximum	Minimum	Mar 31, 2006
MUFG	4.13	5.40	3.45	3.81
Interest rate	3.64	5.71	2.63	3.65
Yen	2.72	5.51	1.71	2.51
U.S. dollar	0.90	1.75	0.49	1.35
Foreign exchange	1.83	3.72	0.74	0.74
Equities	0.50	2.10	0.24	0.45
Commodities	0.12	0.16	0.07	0.07
(Diversification effect)	(1.97)	–	–	(1.10)

April 1, 2006~March 31, 2007 (Billions of Yen)

	Average	Maximum	Minimum	Mar 31, 2007
MUFG	6.40	20.80	2.79	16.04
Interest rate	4.60	8.48	2.78	4.68
Yen	2.55	5.13	1.10	2.37
U.S. dollar	1.25	3.27	0.43	1.32
Foreign exchange	2.03	5.98	0.46	5.98
Equities	1.52	14.64	0.24	8.77
Commodities	0.11	0.34	0.04	0.16
(Diversification effect)	1.85	–	–	3.55

Assumptions for VaR calculations:

MTFG/MUFG: Historical simulation method
Holding period: 10 days
Confidence interval: 99%
Observation period: 701 business days

UFJ Bank: Historical simulation method
Holding period: 1 day
Confidence interval: 99%
Observation period: 750 business days

UFJ Trust Bank: Variance-covariance method
Holding period: 1 day
Confidence interval: 99%
Observation period: 2 years

• The maximum and minimum VaR overall and for various risk categories were taken from different days

Note: The VaR for MUFG's total trading activities in the fiscal year ended March 31, 2006 are divided into separate periods to reflect the mergers of the holding companies and of the trust banks in October 2005 as well as the merger of the two commercial banks in January 2006. The former Mitsubishi Tokyo Financial Group (MTFG) and UFJ Group used different risk measurement methods, and the pre-merger figures are based on these respective approaches.

Reflecting the nature of trading operations, market risk varied substantially during the fiscal year depending on the fluctuations in trading positions.

Consolidated VaR for trading activities of the major banking subsidiaries as of March 31, 2007 were ¥7.34 billion at BTMU and ¥0.77 billion at MUTB. At both banks' trading operations, the market risk exposures were increased due to an increase in foreign exchange risk.

• Non-trading activities

Aggregate VaR for MUFG's total non-trading activities as of March 31, 2007, excluding market risks related to our strategic equity portfolio and measured using the same standards as trading activities, was ¥199.6 billion. Market risks related to interest rates equaled ¥174.8 billion and equities-related risks equaled ¥94.7 billion.

Based on a simple sum of figures across market risk categories, interest rate risks accounted for approximately 65% of our total non-trading activity market risks. Looking at a breakdown of interest rate related risk by currency, at March 31, 2007, the yen accounted for roughly 50% while the U.S. dollar generated roughly 40%.

VaR for non-trading activities of the major banking subsidiaries as of March 31, 2007 were ¥169.8 billion at BTMU and ¥60.2 billion at MUTB. Comparing with the simple sum of figures across market risk categories at the respective banks' non-trading activities, interest rate risk accounted for approximately 72% at Bank of Tokyo-Mitsubishi UFJ and approximately 60% at MUTB.

VaR for Non-trading Activities

April 1, 2006~March 31, 2007 — Billions of Yen

	Average	Maximum	Minimum	Mar 31, 2007
Interest rate	168.5	185.8	142.4	174.8
Yen	106.9	127.7	80.1	115.8
U.S. dollar	94.8	106.6	79.0	88.3
Euro	19.1	25.7	13.8	17.8
Equities	97.1	111.7	62.9	94.7
Total	197.1	220.3	176.6	199.6

Assumptions for VaR calculations:

Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

• The maximum and minimum VaR for each category and in total were taken from different days.
The equities-related risk figures do not include market risk exposure from our strategic equity portfolio.

• Outlier ratio

To monitor interest rate risk on its non-trading activities in accordance with the Second Pillar of the Basel II Framework, MUFG measures "outlier" ratio of the holding company as well as of the two major banking subsidiaries. At March 31, 2007, the outlier ratios of the holding company, BTMU and MUTB were all less than 20%.

Outlier Ratio

	As of March 31, 2007
MUFG	7.92%
Bank of Tokyo-Mitsubishi UFJ	7.00%
Mitsubishi UFJ Trust and Banking	13.82%

Assumptions for Outlier ratio calculations:

Measurement method:	Interest rate sensitivity method
Interest rate shock range:	1st and 99th percentile of observed interest changes using one-year holding period and five-year observation period

Glossary of terms:

• Outlier ratio

The Second Pillar of the Basel II Framework introduced a new "outlier bank" criterion to control interest rate risk in the banking book, of which the most of the products held are not measured at fair value. As part of measuring interest rate risk in the banking book, MUFG and the major banking subsidiaries monitor the "Outlier Ratio", the ratio of expected losses resulting from an interest rate shock in a certain range to capital. The capital is broadly defined as the sum of Tier 1 + Tier 2 capital. In case an outlier ratio for a bank exceeds 20%, the FSA, as part of its early warning framework, will conduct an preliminary interview with the bank to determine the appropriateness of bank's risk management and its improvement measures, if any. However, an outlier ratio of over 20% does not necessarily mean that a management improvement order is immediately issued by the FSA.

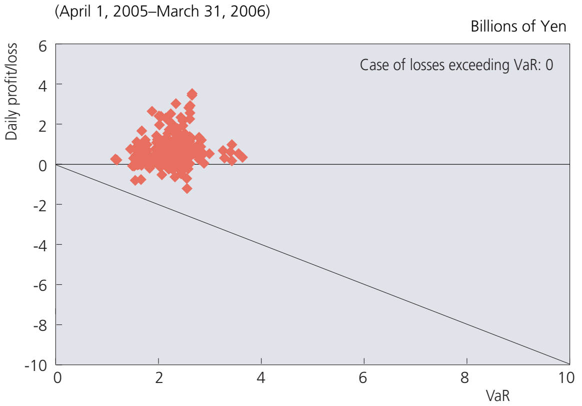
Backtesting

The holding company conducts backtesting in which estimated VaR, calculated using our VaR measurement model, are compared with actual realized and unrealized losses on a daily basis to verify the accuracy of the model. In addition, we conduct backtesting using various methods, including testing VaR against hypothetical losses, and testing VaR by changing various parameters, such as confidence intervals, observation periods, etc, used in the model. In this manner, we capture the characteristics of our VaR model and ensure the accuracy and appropriateness of our VaR measurement.

The upper right graph on this page plots the results of backtesting for trading activities over one year, showing actual losses never exceeded VaR in the fiscal year ended March 2007. This means that MUFG's VaR model provided reasonably accurate measurements of market risk.

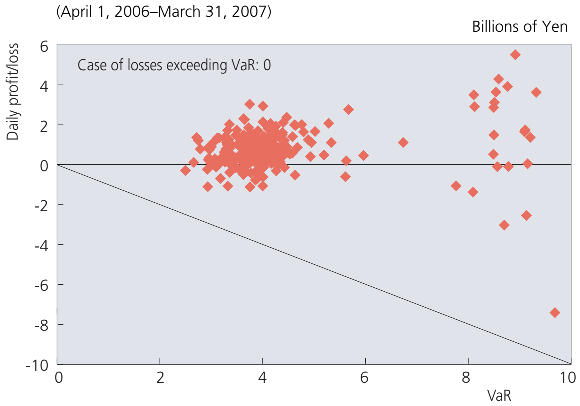
The graphs in the lower row on the next page illustrate MUFG's VaR and daily profit/loss for trading activities during the fiscal years ended March 2006 and 2007. Given the nature of trading activities, the front offices of the major subsidiaries control their trading positions dynamically to market volatility.

Market Risk Backtesting
(April 1, 2005–March 31, 2006)

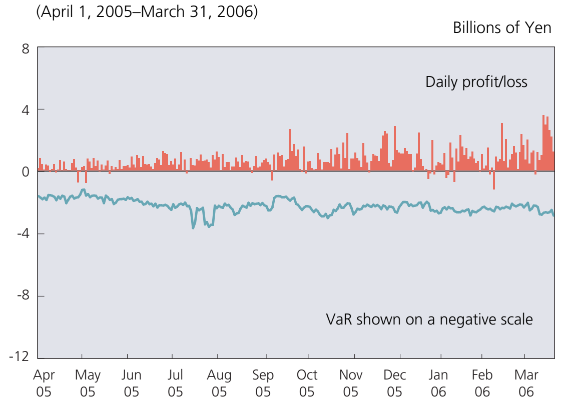


Backtesting for the fiscal year ended March 2006 applied only to data for surviving entities from the former MTFG.

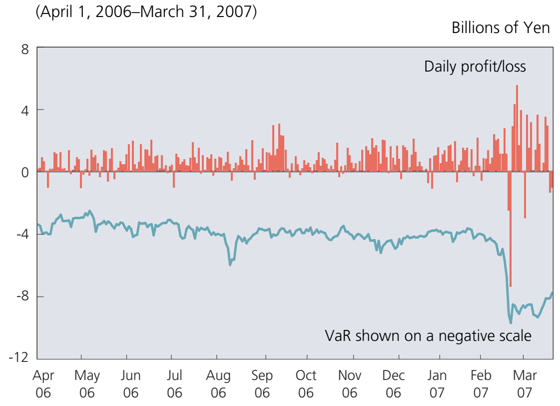
Market Risk Backtesting
(April 1, 2006–March 31, 2007)



VaR and Daily Profit/Loss for Trading Activities
(April 1, 2005–March 31, 2006)



VaR and Daily Profit/Loss for Trading Activities
(April 1, 2006–March 31, 2007)



BTMU and MUTB also conduct backtesting of their VaR models to ensure the accuracy of their VaR measurements. The number of cases, where actual losses exceeded VaR during the fiscal year, at BTMU and MUTB were 0 and 2, respectively. In the latter two cases, the gaps between VaR and actual losses were small. These results signify that the VaR models of the two major banking subsidiaries also provided reasonably accurate measurements.

Stress Testing

MUFG adopts the HS-VaR model, which calculates a VaR as statistically possible amount of losses in a fixed confidence occurrence based on historical market volatility. In stressful market conditions, where normally inconceivable changes are occurred in the market, there is a case where the HS-VaR model could not properly recognize market risks. In order to complement this weakness of the model, MUFG conducts portfolio stress testing to measure potential losses using a variety of scenarios.

The holding company and the major subsidiaries conduct stress testing on a daily, monthly and quarterly basis to monitor their overall portfolio risk applying various scenarios. For example, such tests estimate potential losses resulting from scenarios shifting individual interest rate or currency rate to reflect the market conditions at the time of testing; scenarios based on extreme historic market conditions, such as Black Monday or the 1994 bond sell-off; and scenarios involving the largest fluctuations in markets over a specific period in the past.

Daily stress testing at the holding company estimates maximum potential losses in each market on the current trading portfolio based on the worst ten-day historical volatility recorded during the VaR observation period. As of March 31, 2007, maximum predicted losses at the group level on this basis were ¥19.1 billion for trading activities and ¥249.7 billion for non-trading activities.

Liquidity Risk Management

Liquidity risk is the risk of incurring loss if a poor financial position hampers the ability to meet funding requirements.

The major subsidiaries maintain appropriate liquidity in both Japanese yen and foreign currencies by managing their funding sources and mechanism, such as liquidity gap, liquidity-supplying products such as commitment lines, and buffer assets for maintaining liquidity.

MUFG has established the group-wide system for liquidity risk by categorizing the risk in the following three stages: Normal, With-Concern, and Critical. The front offices and risk management offices of the major subsidiaries and the holding company exchange information and data on liquidity risk even at the Normal stage. At higher alert stages, we centralize information about liquidity risk and discuss issues of group-wide liquidity control actions among group companies, if necessary. We have also established a system for liaison and consultation on funding in preparation for contingency, such as natural disasters, wars and terrorist attacks. The holding company and the major subsidiaries conduct group-wide contingency preparedness drills on a regular basis to ensure smooth implementation in a state of emergency.

Operational Risk Management

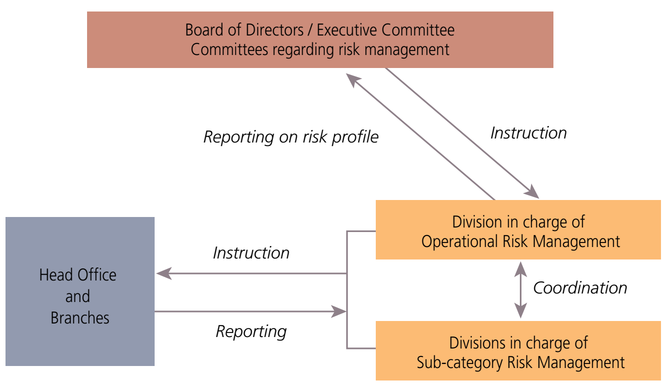
Operational risk refers to the risk of loss caused by either internal control issues, such as inadequate operational processes or misconduct; system failures; or external factors, such as a natural disaster. The term includes a broad range of risks that could lead to losses, including operations risk, information asset risk, reputation risk, legal risk, and tangible asset risk. These risks that comprise operational risk are referred to as sub-category risks.

MUFG's Board of Directors has approved the MUFG Operational Risk Management Policy as a group-wide policy for managing operational risk. This policy sets forth the core principles regarding operational risk management, including the definition of operational risk (please refer to the table on page 2 for details), and the risk management system and processes. The policy also clearly set forth the following: The Board of Directors and the Executive Committee formulate fundamental principles of operational risk management and establish and maintain an appropriate risk management system. The Chief Risk Management Officer is responsible for recognizing, evaluating, and appropriately managing operational risk in accordance with the fundamental principles formulated by the Board of Directors and the Executive Committee. A division in charge of operational risk management must be established that is independent of business promotion sections to manage overall operational risk in a comprehensive manner. These fundamental principles have also been approved by the Boards of Directors of the major subsidiaries, providing a consistent framework for operational risk management of MUFG group.

MUFG has introduced a risk management system that includes loss data collection, control self-assessment (CSA), and measurement of operational risk in order to appropriately identify, recognize, evaluate, measure, control, monitor and report operational risk.

MUFG has also established group-wide reporting guidelines with respect to loss data collection and its monitoring. Efforts are focused on ensuring accurate assessment of the status of operational risk losses and the implementation of appropriate countermeasures, while maintaining databases of internal and external loss events.

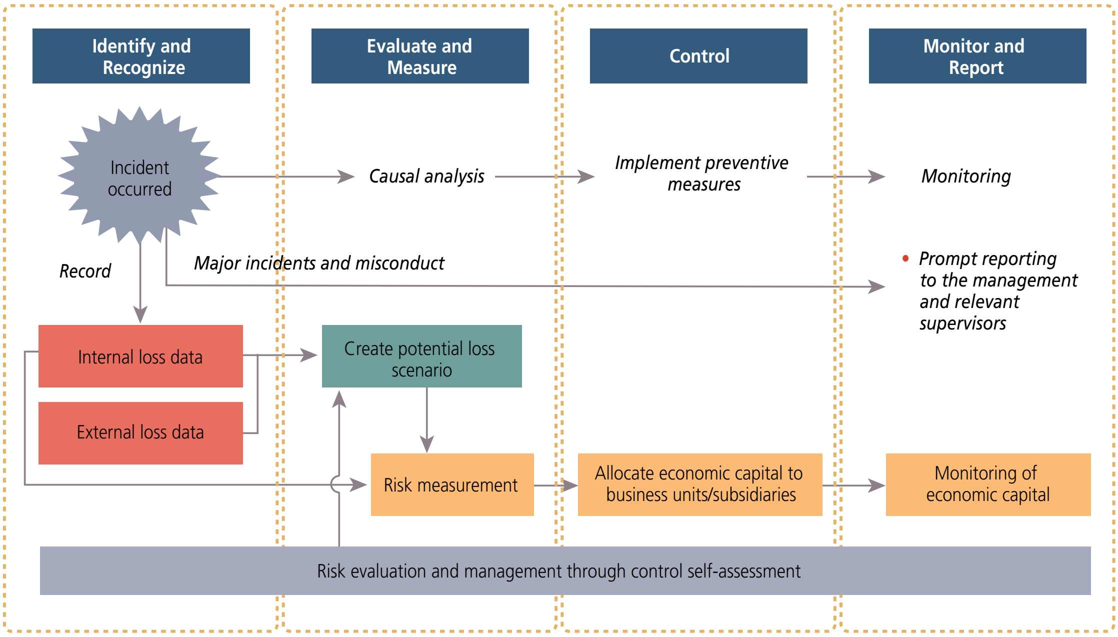
Management System of the Major Banking Subsidiaries



MUFG has introduced CSA as a mechanism for identifying potential issues and related risks, and voluntarily mitigating them according to their importance. In the CSA approach, each division identifies issues and risks inherent in business processes and evaluates their impact and the effectiveness of internal controls. Of these, important issues and risks are subject to necessary countermeasures to make improvements. In this way, CSA aims to strengthen the autonomous risk management capabilities of the entire organization.

Operational risk is measured by the statistical estimation utilizing two sets of data — actual loss data and potential loss scenario data that are estimated based on the assessments of internal and external business environment and internal control factors. This risk measure is used to allocate economic capital under MUFG’s capital allocation system and to assess its capital adequacy.

Risk Management Framework



Operations Risk Management

Operations risk refers to the risk of incurring loss that might be caused by negligence of correct operational processing, or by incidents or misconduct by either officers or staff, as well as risks similar to this risk. MUFG subsidiaries offer a variety of financial services, ranging from commercial banking products such as deposits, exchange services and loans to trust and related services covering pensions, securities, real estate and securitization, as well as transfer agent services. Based on the recognition that exposure to operations risk may have a significant impact on the MUFG group's management and business performance, subsidiary banks ensure that effective operations risk management systems are established, maintained and developed.

Specific efforts to minimize operations risk include the implementation of preventive measures through database analysis; the reinforcement of internal controls through revisions of operational procedures, related approval authority and personnel management system; the improvement of operational efficiency through introduction and update of computer systems; and the enhancement of operational education programs and internal audit.

The status of operations risk is reported regularly to the senior management including the Board of Directors, and information and expertise concerning operational incidents and preventive measures are shared within MUFG group where necessary.

Our efforts to enhance operations risk management continue with the aim of providing MUFG customers with a variety of services in good quality.

Information Asset Risk Management

Information asset risk refers to the risk of loss caused by loss, alteration, falsification or leakage of information, or by destruction, disruption, errors or misuse of information systems, as well as risks similar to this risk. In order to fulfill proper handling of information and prevent loss or leakage of information, the major banking subsidiaries are developing systems to manage and reduce such risks through the appointment of managers with specific responsibilities for information security issues, the establishment of internal procedures, training courses targeting all staff and the implementation of measures to ensure stable IT systems control. MUFG has also formulated the Personal Information Protection Policy as the basis for ongoing programs to protect the confidentiality of personal information.

Systems planning, development and operations include appropriate design and extensive testing phases to ensure that systems are designed to help prevent failures while providing sufficient safeguards for the security of personal information. The status of the development of any mission-critical IT systems is reported regularly to the senior management. MUFG has developed disaster countermeasures system and has also promoted the duplication of the group's IT infrastructure to minimize damage in the event of any system failure. Emergency drills help to increase staff preparedness.

With the aim of preventing any recurrence, MUFG also works to promote sharing of information within the group related to the causes of any loss or leakage of information, or system failure.

Basel II Regulatory Capital Requirements for Operational Risk

MUFG adopts the Standardized Approach for calculating operational risk capital charges under Basel II. The capital charge is calculated as follows.

The gross profit that is the basis for the calculation is the gross profit excluding realized gains or losses from the sale, redemption or devaluation of bonds; and fees and commissions expenses (Note that items and figures are based on accounting standards in Japan). At this point, interest expenses corresponding to money held in trust are deducted from interest expenses (gross profit increases by this amount). In addition, according to a concrete standard specific to MUFG, a portion of fees that are not recognized as those paid to outsourcing service providers are identified and deducted from fees and commissions expenses. (gross profit decreases by this amount).

Then, the above gross profit is allocated into the business lines shown in the table below. MUFG adopts two methods for this allocation and apply each one of them for each group subsidiary. One is the allocation in terms of accounting items and the other is the allocation according to the business characteristics of group subsidiaries. Accounting items that fall across multiple business lines are divided into several business lines based on a concrete standard specific to MUFG when the separation is possible in a reasonable manner using publicly disclosed figures. Accounting items and subsidiaries that are difficult to allocate to specific business lines are treated as Other Businesses and a conservative rate of 18% is applied.

Finally, the capital charge for each business line is calculated by multiplying allocated gross profit by a factor as shown in the table below. The total capital charge is the three-year average of the summation of the capital charges across each of the business lines in each year. In any given year, negative capital charges in any business line offset positive capital charges in other business lines. However, where the aggregate capital charge across all business lines within a given year is negative, then this amount is treated as zero in the calculation of the average.

Business Lines	*Explanation*	*Factors*
Retail Banking	Retail deposit and loan-related services	12%
Commercial Banking	Deposit and loan-related services except for Retail Banking business	15%
Payment and Settlement	Payment and settlement services for clients' transactions	18%
Retail Brokerage	Securities-related services mainly for individuals	12%
Trading and Sales	Market-related business (eg. fixed income, equity, foreign exchanges and funding)	18%
Corporate Finance	M&A, underwriting, secondary and private offerings, and other funding services for clients	18%
Agency Services	Agency services for clients such as custody	15%
Asset Management	Fund management services for clients	12%

Basel II Data (Consolidated) Fiscal 2006

Mitsubishi UFJ Financial Group, Inc.

Contents

In accordance with the provisions of Article 52-25 of the Banking Law of Japan, Mitsubishi UFJ Financial Group (MUFG) adopts the "First Standard" to calculate its capital adequacy ratio based on formulas contained in the standards for the consolidated capital adequacy ratio of bank holding companies (Notification of the Financial Services Agency No. 20, 2006; referred to hereinafter as the "FSA Consolidated Capital Adequacy Notification") to assess capital adequacy in light of the assets we own on a consolidated basis.

With regard to the internal controls structure governing calculation of the consolidated capital adequacy ratio, MUFG received a report from Deloitte Touche Tohmatsu (DTT) which conducted certain procedures as an independent auditing firm. The procedures that were agreed upon between MUFG and DTT were conducted in accordance with the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 30. The procedures were not conducted based on "generally accepted auditing principles," and we did not receive any audit opinion with regard to our internal controls structure or the related consolidated capital adequacy ratio.

The Basel II framework was implemented in Japan at the end of fiscal 2006 (the year ended March 31, 2007). With certain exceptions, this report does not contain any figures for fiscal 2005, the year prior to the implementation of Basel II, since such figures have not been calculated based on this standard.

Scope of Consolidation

Notes on the scope of consolidation

	FY2006
Differences between those companies belonging to the corporate group (hereinafter, the" holding company group") to which the calculation of consolidated capital adequacy ratio as stipulated in Articles 3 or 15 of the FSA Consolidated Capital Adequacy Notification is applicable and those companies that are included in the scope of consolidation based on the Japanese regulations pertaining to consolidated financial statements	Paragraph 1 of Article 3 of the FSA Consolidated Capital Adequacy Notification states that "the provisions of Paragraph 2 of Article 5 of the Japanese regulations pertaining to consolidated financial statements shall not apply" to "financial subsidiaries" of a bank holding company. Moreover, Paragraph 2 of the said Article 3 states that "insurance-related subsidiaries" of a bank holding company "shall not be included in the scope of consolidation." In addition, with regard to affiliated companies engaged in financial operations, the FSA Consolidated Capital Adequacy Notification states that, provided certain conditions are met, such companies "can be included in the scope of consolidation and in the calculation of the consolidated capital adequacy ratio using pro rata consolidation" (under which only those portions of the affiliated company's assets, liabilities, income and expenditures that are attributable to the bank holding company or any consolidated subsidiaries with investments in the said affiliated company are included in the scope of consolidation). MUFG Group has one company qualifying as an insurance-related subsidiary, but no other companies to which the above exception apply.
Number of consolidated subsidiaries, and names and principal businesses of major consolidated subsidiaries of the holding company group	252 companies The Bank of Tokyo-Mitsubishi UFJ, Ltd. (banking business), Mitsubishi UFJ Trust and Banking Corporation (trust/banking business), Mitsubishi UFJ Securities Co., Ltd. (securities business), etc.
Number of affiliated companies engaged in financial operations which are subject to Articles 9 or 21 of the FSA Consolidated Capital Adequacy Notification, and names and principal businesses of affiliated companies engaged in major financial operations	Not applicable
Number of companies qualifying for capital deductions under the provisions of Paragraph 1.2 (a)–(c) of Article 8 or Paragraph 1.2 (a)–(c) of Article 20 of the FSA Consolidated Capital Adequacy Notification, and names and principal businesses of any major companies therein	One company UBOC Insurance Inc. (insurance business)

(Continued)

	FY2006
Among the companies specified in Paragraph 1 of Article 52-23 of the Banking Law of Japan, number of companies not belonging to the holding company group that are either exclusively engaged in operations specified in Paragraph 1.10 (a), or that qualify under the provisions specified in Paragraph 1.11, of the said Article 52-23, and names and principal businesses of any major companies therein	Not applicable
Outline of restrictions on transfer of funds or capital within the holding company group	Transfer of funds or capital within the MUFG Group is conducted with all due consideration given to the appropriateness of each action. We give priority in ensuring that each group company maintains sufficient capital level for legal and regulatory compliance purposes. Care is also taken to ensure that actions do not compromise sound and proper operations, while eliminating negative effects on payment capacity, liquidity or profitability.

Companies that are deficient in regulatory capital and total regulatory capital deficiencies

	FY2006
Names of any companies qualifying for capital deductions under the provisions of Paragraph 1.2 (a)–(c) of Article 8, or Paragraph 1.2 (a)–(c) of Article 20, of the FSA Consolidated Capital Adequacy Notification that are deficient in regulatory capital, and corresponding total regulatory capital deficiencies	Not applicable

Composition of Equity Capital

Summary of equity financing methods

MUFG group is financing its equity by ordinary shares, non-cumulative perpetual preferred shares, preferred securities issued by overseas special purpose companies, perpetual subordinated debt and term subordinated debt. The followings are the terms and conditions of the preferred securities issued by overseas special purpose companies, which have a probability of being redeemed pursuant to special provisions for stepped-up interests, etc.

	[1]
(1) Issuer	Tokai Preferred Capital Company L.L.C.
(2) Type of Issued Securities	Noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Bank"), a subsidiary of MUFG, which rank the most senior in priority of payment as to liquidation distributions, and to preferred dividends.
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in June 2008, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date. Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed rate Provided, however, that with respect to each dividends period after June 2008, dividends will be payable on a noncumulative basis at a stepped-up floating rate.
(5) Aggregate Issue Amount	$1,000,000,000 ($1,000 per security)
(6) Closing Date	March 26, 1998
(7) Dividend Payment	Dividend Payment Date: Last day of June and December of each year (or if any such day is not a business day, the immediately preceding business day)
(8) Conditions for Dividend Suspension	If, on any Dividend Payment Date: (i) Tokai Preferred Capital Holdings Inc., being the common security holder of the Issuer and a wholly owned subsidiary of the Bank, instructs the Issuer not to pay dividends; or (ii) a Regulatory Event (as defined below) has occurred and is continuing, then no dividends shall become due and payable on the Preferred Securities, and dividends so suspended are noncumulative, except to the extent that the Bank causes the Issuer to pay dividends on the Preferred Securities on such Dividend Payment Date or such Dividend Payment Date is a Compulsory Dividend Payment Date defined below. A "Regulatory Event" shall be deemed to have occurred if the Bank's total risk-based capital ratio or Tier I risk-based capital ratio, calculated on a consolidated basis as of the end of any annual or semi-annual period in accordance with the applicable regulations, declines below the minimum percentage required by such regulations.
(9) Compulsory Dividends	If the Bank pays any dividends on any of its capital stock with respect to any fiscal year of the Bank, then the Issuer will be required to pay full dividends on the Preferred Securities on the Dividend Payment Dates that occur in December of the calendar year in which such fiscal year ends and June of the next succeeding calendar year (each "Compulsory Dividend Payment Date").
(10) Liquidation Preference	$1,000 per security

	[2]
(1) Issuer	MTFG Capital Finance Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in January 2011, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after January 2016, at a stepped-up floating rate.
(5) Aggregate Issue Amount	¥165,000,000,000 (¥10,000,000 per security)
(6) Closing Date	August 24, 2005
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day), the first Dividend Payment Date being July 25, 2006. Dividend Policy: (i) Except for certain cases, the Issuer will be required to pay full dividends on the Preferred Securities if MUFG pays any dividends on any of its common shares with respect to any financial year of MUFG, on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January (each a "Mandatory Dividend Payment Date"). (ii) MUFG may, at its option, cause the Issuer to pay less than full dividends or no dividends on the Preferred Securities on a Dividend Payment Date which is not a Mandatory Dividend Payment Date; provided, however, that if MUFG makes a final and conclusive declaration to pay no dividends or less than full dividends on its preferred shares which rank most senior in priority of payment as to dividends with respect to a financial year of MUFG, no dividends or less than full dividends will be paid on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January. Distributable Profits Limitation: (i) Notwithstanding the "Dividend Policy" above, in the case of any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer shall be limited to the amount (the "Distributable Profits Limitation") calculated for the financial year of MUFG most recently ended after deducting as of the date immediately preceding such Dividend Payment Date from MUFG's distributable profits as of the end of such financial year: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of MUFG in respect of such financial year;

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	(b) any dividends and other distributions which have been declared since the end of such financial year of MUFG in relation to securities issued by MUFG's subsidiaries ranking on a parity with any class of MUFG's preferred shares as to the payment of dividends; and (c) any dividends which have been declared since the end of such financial year of MUFG in relation to the shares of the Issuer ranking on a parity with the Preferred Securities as to payment of dividends and liquidation distributions. (ii) Notwithstanding the "Dividend policy" above, in the case of any Dividend Payment Date in January, amount of dividends to be payable by the Issuer shall be limited to the amount by which the amount of the Distributable Profits Limitation applicable to each immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions referred to in (b) and (c) of paragraph (i) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Conditions for Dividend Suspension	Notwithstanding the "(7) Dividend Payment" above, if any of the following occurs, no dividends shall become due and payable on the Preferred Securities. (i) MUFG has delivered to the Issuer a certificate stating that MUFG is "Insolvent". MUFG shall be deemed "Insolvent" if (a) MUFG is insolvent (*shiharai-funo*) within the meaning of the Bankruptcy Law or (b) MUFG's liabilities (other than debt linked to core capital or similar liabilities) exceed its assets or (c) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to MUFG based upon its determination that MUFG is insolvent. (ii) A "Supervisory Event" has occurred and is continuing. A "Supervisory Event" shall be deemed to have occurred if MUFG's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations. (iii) A "Liquidation Event" has occurred and is continuing. A "Liquidation Event" shall be deemed to occur if (a) liquidation proceedings (*seisan*) in respect of MUFG under the laws of Japan are commenced or (b) a competent court in Japan shall have (x) adjudicated the commencement of bankruptcy proceedings (*hasan*) in respect of MUFG pursuant to the provisions of the Bankruptcy Law or (y) approved a preparation of a reorganisation plan for abolishment of all business (*jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan*) of MUFG pursuant to the provisions of the Corporate Reorganisation Law.
(9) Liquidation Preference	¥10,000,000 per security

	[3]
(1) Issuer	MUFG Capital Finance 1 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in July 2016, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after July 2016, at a stepped-up floating rate.
(5) Aggregate Issue Amount	$2,300,000,000 ($1,000 per security)
(6) Closing Date	March 17, 2006
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Profits Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of MUFG if MUFG has no outstanding preferred shares and, for the most recently ended financial year, has not paid dividends on any of its common shares. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If MUFG makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends with respect to any financial year of MUFG, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding financial year bore to full dividends on such preferred shares.

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	Distributable Profits Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of MUFG as of the end of the most recently ended financial year of MUFG after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of MUFG in respect of such financial year, and (b) any dividends and other distributions which have been declared since the end of such financial year of MUFG in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Profits Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	$1,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of MUFG under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of MUFG pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of MUFG pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) MUFG is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) MUFG's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to MUFG based upon its determination that MUFG is insolvent.

A "Regulatory Event" shall be deemed to have occurred if MUFG's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

	[4]
(1) Issuer	MUFG Capital Finance 2 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in July 2016, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after July 2016, at a stepped-up floating rate.
(5) Aggregate Issue Amount	€750,000,000 (€1,000 per security)
(6) Closing Date	March 17, 2006
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Profits Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of MUFG if MUFG has no outstanding preferred shares and, for the most recently ended financial year, has not paid dividends on any of its common shares. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If MUFG makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends with respect to any financial year of MUFG, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding financial year bore to full dividends on such preferred shares.

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	Distributable Profits Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of MUFG as of the end of the most recently ended financial year of MUFG after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of MUFG in respect of such financial year, and (b) any dividends and other distributions which have been declared since the end of such financial year of MUFG in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Profits Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	€1,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of MUFG under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of MUFG pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of MUFG pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) MUFG is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) MUFG's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to MUFG based upon its determination that MUFG is insolvent.

A "Regulatory Event" shall be deemed to have occurred if MUFG's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

	[5]
(1) Issuer	MUFG Capital Finance 3 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in July 2011, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after July 2016, at a stepped-up floating rate.
(5) Aggregate Issue Amount	¥120,000,000,000 (¥10,000,000 per security)
(6) Closing Date	March 17, 2006
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Profits Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of MUFG if MUFG has no outstanding preferred shares and, for the most recently ended financial year, has not paid dividends on any of its common shares. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If MUFG makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends with respect to any financial year of MUFG, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding financial year bore to full dividends on such preferred shares.

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	Distributable Profits Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of MUFG as of the end of the most recently ended financial year of MUFG after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of MUFG in respect of such financial year, and (b) any dividends and other distributions which have been declared since the end of such financial year of MUFG in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Profits Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	¥10,000,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of MUFG under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of MUFG pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of MUFG pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) MUFG is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) MUFG's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to MUFG based upon its determination that MUFG is insolvent.

A "Regulatory Event" shall be deemed to have occurred if MUFG's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

	[6]
(1) Issuer	MUFG Capital Finance 4 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in January 2017, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after January 2017, at a stepped-up floating rate.
(5) Aggregate Issue Amount	€500,000,000 (€1,000 per security)
(6) Closing Date	January 19, 2007
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Amounts Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of MUFG if MUFG has no outstanding preferred shares and has not paid dividends on any of its common shares to holders of record as of any and all dates occurring in the most recently ended fiscal year. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If MUFG makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends to holders of record as of any and all dates occurring in any fiscal year of MUFG, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such fiscal year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding fiscal year bore to full dividends on such preferred shares.

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	Distributable Amounts Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of MUFG as of the end of the most recently ended fiscal year of MUFG after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of MUFG to holders of record as of the end of such fiscal year, and (b) any dividends and other distributions which have been declared since the end of such fiscal year of MUFG in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Amounts Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	€1,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of MUFG under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of MUFG pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of MUFG pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) MUFG is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) MUFG's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to MUFG based upon its determination that MUFG is insolvent.

A "Regulatory Event" shall be deemed to have occurred if MUFG's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

	[7]
(1) Issuer	MUFG Capital Finance 5 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in January 2017, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after January 2017, at a stepped-up floating rate.
(5) Aggregate Issue Amount	£550,000,000 (£1,000 per security)
(6) Closing Date	January 19, 2007
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Amounts Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of MUFG if MUFG has no outstanding preferred shares and has not paid dividends on any of its common shares to holders of record as of any and all dates occurring in the most recently ended fiscal year. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If MUFG makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends to holders of record as of any and all dates occurring in any fiscal year of MUFG, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such fiscal year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding fiscal year bore to full dividends on such preferred shares.

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	Distributable Amounts Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of MUFG as of the end of the most recently ended fiscal year of MUFG after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of MUFG to holders of record as of the end of such fiscal year, and (b) any dividends and other distributions which have been declared since the end of such fiscal year of MUFG in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Amounts Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	£1,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:
A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of MUFG under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of MUFG pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of MUFG pursuant to the provisions of the Corporate Reorganization Law.
A "Insolvency Event" shall be deemed to occur if (i) MUFG is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) MUFG's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to MUFG based upon its determination that MUFG is insolvent.
A "Regulatory Event" shall be deemed to have occurred if MUFG's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

Capital structure

Billions of yen

		March 31, 2007
Tier 1 (core) capital	(A)	8,054.8
Capital stock		1,383.0
Stock subscription advances		—
Capital surplus		1,916.3
Retained earnings		4,102.1
Treasury stock		1,001.4
Treasury stock subscription advances		—
Planned distribution		64.5
Net unrealized losses on securities available for sale		—
Foreign currency translation adjustments		(26.4)
Subscription rights to shares		0.0
Minority interests in consolidated subsidiaries and affiliates (Note 1)		1,997.1
Amount equivalent to goodwill		206.0
Intangible assets acquired via business combinations		3.4
Amount equivalent to capital increase due to securitization transactions		41.7
Amount equivalent to 50% of expected losses in excess of qualifying allowances		—
Deductions for deferred tax assets (Note 2)		—
Qualified Tier 2 (supplementary) and Tier 3 (quasi-supplementary) capital (Note 3)	(B)	5,717.9
Deductions from total qualifying capital (Note 4)	(C)	428.3
Total capital	(A)+(B)−(C)	13,344.4

Notes: 1. The amount of stocks and other securities with some probability of being redeemed pursuant to special provisions for stepped-up interests, etc., as stipulated in Paragraph 2 of Article 5 of the FSA Consolidated Capital Adequacy Notification was 1,015.3 billion yen, all of which was contained within "minority interests in consolidated subsidiaries and affiliates." The amount of these instruments accounted for 12% of Tier 1 capital.

2. The amount equivalent to net deferred tax assets totaled 71.3 billion yen and the regulatory ceiling on the net amount of deferred tax assets allowable for capital inclusion equaled 2,416.4 billion yen.

3. As stipulated in Articles 6 and 7 of the FSA Consolidated Capital Adequacy Notification.

4. As stipulated in Article 8 of the FSA Consolidated Capital Adequacy Notification.

Capital Adequacy

Capital requirements for credit risk

Billions of yen

	March 31, 2007
Capital requirements for credit risk (excluding equity exposures under the IRB Approach and exposures relating to funds (Note 3))	7,360.4
Standardized Approach	406.8
IRB Approach	6,569.9
Corporate exposures (excluding specialized lending) (the FIRB Approach)	4,537.2
Corporate exposures: specialized lending(the FIRB Approach)	323.5
Sovereign exposures (the FIRB Approach)	134.1
Bank exposures (the FIRB Approach)	374.4
Residential mortgage exposures	369.7
Other retail exposures	363.8
Exposures for purchased receivables	205.5
Exposures for other assets	261.2
Securitization exposures (Note 4)	383.7
Capital requirements for credit risk of equity exposures under the IRB Approach	946.6
Exposures subject to transitional arrangements (grandfathering provisions) (Note 5)	650.6
Market-Based Approach (Simple Risk Weight Method) (Note 6)	139.5
Market-Based Approach (Internal Models Method) (Note 6)	—
PD/LGD Approach (Note 6)	156.5
Capital requirements for exposures relating to funds	567.9
Capital requirements for credit risk for portfolios with phased rollout of the IRB Approach	797.5
Total	9,672.6

Notes: 1. Credit risk-weighted assets are calculated using the FIRB Approach. However, as an exemption to this approach, the Standardized Approach is used for calculations with credit risk-weighted assets at some subsidiaries in cases where the figures for such subsidiaries are expected to be minor compared with the total. In addition, the adoption of the IRB Approach is due to be phased in from the end of December 2010 at UnionBanCal Corporation and from the end of March 2009 at Mitsubishi UFJ NICOS Co., Ltd.

2. Capital requirement for portfolios under the FIRB Approach is calculated as "credit risk-weighted asset amount x 8% + expected losses." In this calculation, the amount of capital requirement is including any exposures qualifying as capital deduction, and the credit risk-weighted asset amount is multiplied by the scaling factor of 1.06. Capital requirements for portfolios under the Standardized Approach or a phased rollout of the IRB Approach are calculated as "credit risk-weighted asset amount x 8%."

3. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 145 of the FSA Consolidated Capital Adequacy Notification.

4. Including amounts equivalent to increase in equity capital resulting from a securitization exposure, as a deduction from Tier 1 capital elements.

5. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 13 of the Supplementary Provisions to the FSA Consolidated Capital Adequacy Notification.

6. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 144 of the FSA Consolidated Capital Adequacy Notification.

Capital requirements for market risk

Billions of yen

	March 31, 2007
Standardized Method	118.7
Interest rate risk	42.2
Equity position risk	47.7
Foreign exchange risk	28.7
Commodity risk	—
Options transactions	—
Internal Models Approach	51.7
Total	170.5

Note: As for market risk, Internal Models Approach is mainly adopted to calculate general market risk (in some cases the Standardized Method is adopted) and the Standardized Method is adopted to calculate specific risk.

Capital requirements for operational risk

Billions of yen

	March 31, 2007
The Standardized Approach	480.2
Total	480.2

Note: Operational risk is calculated using the Standardized Approach (the Basic Indicator Approach and the Advanced Measurement Approaches are not adopted).

Consolidated total capital adequacy ratio, Tier 1 capital adequacy ratio and total capital requirement (consolidated basis)

Billions of yen

	March 31, 2007
Consolidated total capital adequacy ratio	12.54%
Consolidated Tier 1 capital adequacy ratio	7.57%
Consolidated total capital requirements	8,511.6
8% of credit risk-weighted assets	7,860.8
Capital requirements for market risk	170.5
Capital requirements for operational risk	480.2
8% of the amount by which the capital floor value, which is obtained by multiplying the risk-weighted asset amount as calculated according to the Former Notification (Note) based on 1988 Accord by the adjustment factor, exceeds the risk-weighted asset amount as calculated according to the FSA Consolidated Capital Adequacy Notification	—

Note: Hereafter, this refers to Ministry of Finance (MOF) Notification No. 62, 1998, which was based on the provisions of Article 52-25 of the Banking Law of Japan.

Credit Risk

Credit risk exposures

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
The IRB approach	110,474.5	34,789.5	4,801.9	175,582.3
The Standardized approach	11,036.9	776.7	918.2	15,248.6
Phased rollout	9,191.1	789.3	81.3	12,534.8
Total	130,702.6	36,355.5	5,801.5	203,365.8

Notes: 1. Figures are without taking into account the effects of credit risk mitigation techniques.
2. Regarding on balance sheet exposures to loans and debt securities, etc., no significant disparity was observed between the year end position and the average risk positions during the fiscal year. Although the definition to calculate commitments and other off balance sheet exposures was changed at the end of March 2007, no significant change in portfolio risk was recognized between year end and during the fiscal year.

Fiscal year-end balances of credit risk exposures by major types

(By geographic area)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Domestic	103,445.1	34,073.2	5,461.6	168,088.9
Foreign	27,257.5	2,282.2	339.9	35,276.8
Total	130,702.6	36,355.5	5,801.5	203,365.8

Note: Geographic area refers to the locations of MUFG or our subsidiaries or the head and branch offices of our subsidiaries.

(By type of industry)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Manufacturing	14,089.7	1,586.3	521.9	21,345.8
Wholesale and retail	10,296.3	1,219.6	678.4	13,529.8
Construction	2,146.1	234.2	37.5	2,680.2
Finance and insurance	24,033.4	1,730.2	2,849.4	30,767.1
Real estate	11,144.3	385.8	58.5	11,882.8
Services	8,100.4	707.7	236.8	9,177.9
Transport	3,906.8	251.3	98.9	4,913.0
Individuals	22,543.2	—	0.1	22,691.4
Governments and local authorities	17,625.3	28,651.4	11.8	46,963.6
Others	16,816.6	1,588.7	1,307.8	39,413.8
Total	130,702.6	36,355.5	5,801.5	203,365.8

Note: Exposures held by certain subsidiaries whose credit risk weighted assets are considered minor relative to the overall total are included in the "Others" category.

(By residual contractual maturity)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Due in 1 year or less	40,792.4	11,293.9	1,733.8	65,005.6
Due over 1 year to 3 years	14,351.6	8,566.9	1,914.2	27,147.0
Due over 3 years to 5 years	14,903.9	6,462.4	671.0	23,442.9
Due over 5 years to 7 years	5,450.0	1,376.5	193.7	7,023.0
Due over 7 years	19,392.1	7,666.0	192.7	27,262.6
Others	35,812.3	989.5	1,095.9	53,484.3
Total	130,702.6	36,355.5	5,801.5	203,365.8

Note: The "Others" category includes exposures of indeterminate maturity etc.

Default exposures

(By geographic area)

Billions of yen

	March 31, 2007
Domestic	2,535.7
Foreign	47.6
Total	2,583.4

(By type of industry)

Billions of yen

	March 31, 2007
Manufacturing	409.2
Wholesale and retail	267.8
Construction	121.0
Finance and insurance	74.4
Real estate	379.1
Services	246.8
Transport	332.1
Individuals	326.9
Governments and local authorities	5.4
Others	420.3
Total	2,583.4

Notes: 1. Figures correspond to exposures where the amount of the credit risk-weighted asset is computed assuming default in cases subject to the IRB Approaches, and exposures where the amount of the credit risk-weighted asset is computed assuming past-due loan exposure in cases subject to the Standardized Approach. Exposures applicable to the phased rollout of the IRB Approach are treated in accordance with the Standardized Approach.

2. Exposures held by certain subsidiaries whose credit risk-weighted assets are considered minor relative to the overall total are included in the "Others" category.

3. Figures do not include any securitization exposures or exposures relating to funds.

General allowance for credit losses, specific allowance for credit losses and allowance for loans to specific foreign borrowers

(Balances by geographic area)

Millions of yen

	March 31, 2007		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Domestic		366,360	
Foreign		9,707	
Total	805,245	376,068	71

(Year-on-year changes by geographic area)

Millions of yen

	FY2006		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Domestic		23,984	
Foreign		2,618	
Total	(196,407)	26,603	(10)

(Balances by type of industry)

Millions of yen

	March 31, 2007		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Manufacturing		18,090	
Wholesale and retail		25,279	
Construction		9,579	
Finance and insurance		27,513	
Real estate		17,925	
Services		38,785	
Transport		105,406	
Individuals		14,676	
Governments and local authorities		7	
Others		118,804	
Total	805,245	376,068	71

(Year-on-year changes by type of industry)

Millions of yen

	FY2006		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Manufacturing		(57,811)	
Wholesale and retail		(19,937)	
Construction		2,341	
Finance and insurance		10,136	
Real estate		(19,197)	
Services		12,531	
Transport		98,170	
Individuals		(7,352)	
Governments and local authorities		(22)	
Others		7,743	
Total	(196,407)	26,603	(10)

Notes: 1. Although the specific allowance for credit losses does not contain the allowance relating to any securitization exposures and exposures relating to funds, the allowance relating to these exposures is not excluded from both the general allowance for credit losses and the allowance for loans to specific foreign borrowers, owing to the fact that MUFG does not manage provisioning with respect to each asset class based on Basel II.

2. Industry classifications apply primarily to allowances related to exposures held by the Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking (both on a non-consolidated basis). The bulk of provisions relating to exposures held by other subsidiaries are included in the "Others" category.

Loan charge-offs

(By type of industry)

Millions of yen

	FY2006
Manufacturing	15,527
Wholesale and retail	29,025
Construction	13,025
Finance and insurance	39
Real estate	5,805
Services	31,223
Transport	3,238
Individuals	5,263
Governments and local authorities	—
Others	90,215
Total	193,364

Note: Figures do not include loan charge-offs related to securitization exposures or exposures relating to funds.

Balances by risk weight category of exposures under the Standardized Approach

Billions of yen

	March 31, 2007
Risk weight: 0%	958.4
Risk weight determined by external rating	198.8
Others	759.6
Risk weight: from 10% to 50%	2,731.6
Risk weight determined by external rating	1,619.1
Others	1,112.5
Risk weight: from 75% to 150%	4,323.9
Risk weight determined by external rating	57.8
Others	4,266.0
Capital deductions	—

Notes: 1. Figures are taking into account the effects of credit risk mitigation techniques.
2. Figures do not contain any securitization exposures.

(Reference: Balances by risk weight category of exposures which are applicable to the Former Notification)

Billions of yen

	March 31, 2007
Risk weight: 0%	124.5
Risk weight: 10%	—
Risk weight: 20%	1,340.4
Risk weight: 50%	2,737.0
Risk weight: 100%	8,332.9

Exposures subject to the IRB Approach: specialized lending exposures subject to supervisory slotting criteria and equity exposures subject to the Market-Based Approach (simple risk weight method)

Billions of yen

	March 31, 2007
Specialized lending exposures subject to supervisory slotting criteria	2,608.4
Risk weight: from 50% to 95%	1,567.1
Risk weight: from 115% to 250%	1,031.6
Risk weight: 0%	9.5
Equity exposures subject to the Market-Based Approach (simple risk weight method)	469.1
Risk weight: 300%	231.0
Risk weight: 400%	238.0

Exposures subject to the IRB Approach: corporate exposures

Billions of yen

	March 31, 2007				
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	16,765.4	9,516.5	0.19%	44.79%	36.95%
Medium	31,247.6	4,891.4	0.72%	43.30%	68.16%
Medium-to-high	3,898.4	795.5	11.72%	42.71%	192.70%
High	1,820.0	118.5	100.00%	43.31%	/

Notes: 1. Figures exclude specialized lending exposures subject to supervisory slotting criteria and any exposures relating to funds.
2. RW stands for risk weight. Risk weight is calculated by dividing the amount of credit risk-weighted assets by EAD, and does not include any expected losses. Note that credit risk-weighted asset amounts are multiplied by 1.06.

Exposures subject to the IRB Approach: sovereign exposures

Billions of yen

	March 31, 2007				
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	35,229.0	4,174.9	0.01%	44.85%	2.53%
Medium	587.3	15.4	0.53%	44.92%	53.60%
Medium-to-high	76.9	8.2	17.97%	44.27%	231.34%
High	5.8	0.8	100.00%	42.01%	/

Exposures subject to the IRB Approach: bank exposures

Billions of yen

	March 31, 2007				
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	11,789.1	4,396.4	0.10%	45.23%	23.19%
Medium	1,216.8	554.1	0.40%	44.96%	47.77%
Medium-to-high	25.1	21.8	16.18%	44.33%	215.85%
High	0.9	0.1	100.00%	45.00%	/

Exposures subject to the IRB Approach: equity exposures under PD/LGD Approach

Billions of yen

	March 31, 2007		
Credit rating	Amount of exposures	Weighted average PD	Weighted average RW
Low	257.1	0.14%	171.64%
Medium	157.1	0.44%	196.47%
Medium-to-high	0.7	18.06%	548.56%
High	105.6	100.00%	/

Note: Figures exclude any equity exposures based on calculations where credit risk asset values are assessed using the Market-Based Approach as well as any equity exposures where a 100% risk weight is applied based on the transitional arrangements stipulated in Article 13 of the Supplementary Provisions to the FSA Consolidated Capital Adequacy Notification.

Exposures subject to the IRB Approach: retail exposures

Billions of yen

	March 31, 2007			
	On balance sheet EAD	Amount of undrawn commitments	Weighted average factor on undrawn commitments	Other off balance sheet EAD
Residential mortgage	13,475.9	—	—	533.3
Non-defaulted	13,354.8	—	—	530.1
Defaulted	121.0	—	—	3.1
Other retail (non-business)	1,641.1	6,658.3	21.98%	250.1
Non-defaulted	1,479.6	6,646.8	22.01%	245.9
Defaulted	161.5	11.5	4.21%	4.1
Other retail (business-related)	2,094.6	1.4	0.21%	71.0
Non-defaulted	2,084.0	1.4	0.21%	70.4
Defaulted	10.6	—	—	0.5

	March 31, 2007				
	Number of pools	Weighted average PD	Weighted average LGD	Weighted average EL on default	Weighted average RW
Residential mortgage	104	1.52%	37.17%	—	26.24%
Non-defaulted	74	0.63%	36.88%	—	26.18%
Defaulted	30	99.97%	51.33%	48.82%	33.32%
Other retail (non-business)	141	11.63%	41.68%	—	40.14%
Non-defaulted	93	1.88%	39.45%	—	40.42%
Defaulted	48	100.00%	60.95%	58.17%	36.94%
Other retail (business-related)	24	3.75%	38.46%	—	54.60%
Non-defaulted	16	3.26%	38.61%	—	54.86%
Defaulted	8	100.00%	39.66%	39.34%	4.18%

Note: In cases where purchased receivables are included, the weighted average PD reflects not only the PD but also a figure for which the annual expected loss corresponding to the dilution risk is prorated.

Actual losses on exposures subject to the IRB Approach

Millions of yen

	Corporate exposures	Sovereign exposures	Bank exposures	Equity exposures under PD/LGD Approach	Residential mortgage exposures	Other retail exposures
FY2006 H1	(155,524)	265	(6,919)	204	9,453	4,576
FY2005			(377,841)			
FY2006 H1: *Discussion of the factors*	Net losses on corporate exposures are shown as a negative amount (i.e., a profit), reflecting repayments on defaulted exposures and other factors such as loan normalization.					

Note: Actual losses include the following amounts related to defaulted exposures: write-offs against allowances, losses on the disposal of claims, debt forgiveness or loan waivers, and impairment losses on securities. However, in FY2005, credit-related costs are described as actual losses, since MUFG's credit risk management in that year was not based on Basel II asset classes. Actual losses and credit-related costs in FY2005 incurred by Mitsubishi UFJ Trust and Banking equal the aggregate figures for the banking account and for trust accounts for which repayment of the principal to the customers is guaranteed.

Long period comparison of estimated and actual losses for exposures subject to the IRB Approach

Millions of yen

	Corporate exposures	Sovereign exposures	Bank exposures	Equity exposures under PD/LGD Approach	Residential mortgage exposures	Other retail exposures
FY2006 H1 estimated losses	1,235,407	18,106	14,417	173,180	62,968	108,173
Initial EAD	72,143,293	43,809,530	16,865,540	375,755	14,985,264	5,648,325
Estimated weighted average PD	3.91%	0.09%	0.19%	51.21%	1.17%	5.21%
Estimated weighted average LGD	43.74%	44.79%	45.16%	90.00%	36.05%	36.78%
FY2006 H1 actual losses	(155,524)	265	(6,919)	204	9,453	4,576

Notes: 1. The initial EAD was used for a preliminary calculation under the FIRB Approach at the end of March 2006, and was not used to calculate an official figure of capital adequacy ratio.

2. Estimates for PD and LGD were used for preliminary calculations under the FIRB Approach at the end of September 2006, and were not used to calculate official figures of capital adequacy ratio. Estimates for PD and LGD that were used for preliminary calculations under the FIRB Approach at the end of March 2006 were not used, because such estimates included temporary factors due to the merger of Mitsubishi Tokyo Financial Group, Inc. with UFJ Holdings, Inc.

Credit Risk Mitigation

Exposures subject to application of credit risk mitigation techniques

Billions of yen

	March 31, 2007			
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives
Portfolios under the FIRB Approach	13,197.2	4,685.5	2,049.4	1,217.0
Corporate exposures	3,681.1	4,676.2	1,234.9	1,170.9
Sovereign exposures	1,679.7	6.5	554.7	—
Bank exposures	7,836.3	2.8	227.5	46.1
Residential mortgage exposures	—	—	—	—
Other retail exposures	—	—	32.1	—
Portfolios under the Standardized Approach	6,867.2	—	38.9	—

Derivative Transactions

Matters relating to counterparty credit risk

Billions of yen

	March 31, 2007
Aggregated gross replacement costs	6,359.6
Credit equivalent amounts prior to credit risk mitigation benefits due to collateral	5,801.5
Foreign exchange and gold	3,911.1
Interest rate	6,162.6
Equity	33.6
Precious metals (except gold)	17.7
Other commodities	465.4
Credit derivative	279.5
Netting benefits due to close out netting agreements (Note 2)	(5,068.6)
Collateral held	—
Credit equivalent amounts after credit risk mitigation benefits due to collateral	5,801.5
Notional principal amount of credit derivatives included in calculation of credit equivalent amounts	4,661.2
Purchased credit protection through credit default swaps	2,686.1
Purchased credit protection through total return swaps	265.0
Purchased credit protection through credit options	—
Purchased other credit protection	—
Provided credit protection through credit default swaps	1,709.9
Provided credit protection through total return swaps	—
Provided credit protection through credit options	—
Provided other credit protection	—
Notional principal amount of credit derivatives used for credit risk mitigation purposes	1,257.5

Notes: 1. Credit equivalent amounts are calculated using the Current Exposure Method.
2. These benefits are equal to the figure obtained by subtracting credit equivalent amounts prior to credit risk mitigation benefits due to collateral from the sum of aggregated gross replacement costs and total gross add-ons.

Securitization Exposures

Securitization exposures originated by MUFG group

Amount of underlying assets relating to securitization exposures

Billions of yen

	March 31, 2007	
	Amount of underlying assets relating to retained securitization exposures	Amount of underlying assets relating to securitization transactions during this period with no retained securitization exposures*
Traditional securitizations (asset transfer type)	2,936.9	—
Residential mortgage	2,545.2	—
Apartment loan	391.0	—
Credit card receivables	—	—
Other assets	0.7	—
Synthetic securitizations	364.1	—
Residential mortgage	—	—
Apartment loan	—	—
Credit card receivables	—	—
Other assets	364.1	—
Sponsor of asset-backed commercial paper (ABCP) programme	32,048.3	—
Residential mortgage	—	—
Apartment loan	—	—
Credit card receivables	22,140.5	—
Account receivables	3,925.3	—
Leasing receivables	997.1	—
Other assets	4,985.3	—
Total	35,349.4	—

* *Amount of underlying assets refer only to those cases in which the securitization exposures associated with a securitization conducted during that fiscal year was wholly transferred to third parties.*

Defaulted exposures and losses for underlying assets relating to securitization exposures

Millions of yen

	FY2006		
	Exposures in default or contractually past due 3 months or more		
	Underlying assets relating to retained securitization exposures	Underlying assets relating to securitization transactions during this period with no retained securitization exposures*	Losses incurred during this period **
Traditional securitizations (asset transfer type)	6,803	—	3,401
Residential mortgage	5,708	—	2,799
Apartment loan	1,095	—	601
Credit card receivables	—	—	—
Other assets	—	—	—
Synthetic securitizations	—	—	—
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	—	—	—
Other assets	—	—	—
Sponsor of asset-backed commercial paper (ABCP) programme	669,518	1,607,904	877,893
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	486,082	1,294,932	725,338
Account receivables	130,102	208,103	61,227
Leasing receivables	2,075	1,343	3,066
Other assets	51,257	103,525	88,261
Total	676,321	1,607,904	881,294

* *Figures show cumulative totals for this period of underlying assets either in default or contractually past due 3 months or more arising from securitization transactions in cases where the securitization exposures associated with a transaction conducted during this period was wholly transferred to third parties, or where no exposure was retained at the end of this period from a securitization conducted during this period due to related maturity.*

** *Figures indicate losses incurred on underlying assets in this period. Losses with traditional or synthetic securitizations are based on the projected accounting losses for holding the underlying assets without conducting the relevant securitization. With sponsor of ABCP programme, reflecting the fact that it is extremely rare for such schemes to result in losses arising from any retained securitization exposure, it is difficult to obtain generally relevant information relating to losses as based on certain definitions. These figures therefore aggregate cases where economic actual losses have been ascertained with cases where the loss has been valued on the same basis as the underlying defaulted assets.*

Amount of securitization exposures retained

Billions of yen

	March 31, 2007
Traditional securitizations (asset transfer type)	713.0
Residential mortgage	508.7
Apartment loan	203.2
Credit card receivables	—
Other assets	1.0
Synthetic securitizations	344.5
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	344.5
Sponsor of asset-backed commercial paper (ABCP) programme	3,202.1
Residential mortgage	—
Apartment loan	—
Credit card receivables	513.7
Account receivables	1,296.6
Leasing receivables	656.1
Other assets	735.6
Total	4,259.8

Amount of securitization exposures retained and the associated capital requirement for these exposures broken down into a number of risk weight bands

Billions of yen

	March 31, 2007	
	Amount of exposures	Capital requirement
Traditional securitizations (asset transfer type)	713.0	86.5
Risk weight: to 20%	0.2	—
Risk weight: over 20% to 50%	0.0	0.0
Risk weight: over 50% to 100%	167.0	11.6
Risk weight: over 100% to 250%	482.9	55.5
Risk weight: over 250% under 1250%	62.5	19.0
Risk weight: 1250%	0.3	0.3
Synthetic securitizations	344.5	3.4
Risk weight: to 20%	327.0	1.9
Risk weight: over 20% to 50%	—	—
Risk weight: over 50% to 100%	—	—
Risk weight: over 100% to 250%	17.5	1.4
Risk weight: over 250% under 1250%	—	—
Risk weight: 1250%	—	—
Sponsor of asset-backed commercial paper (ABCP) programme	3,202.1	182.7
Risk weight: to 20%	1,683.7	10.8
Risk weight: over 20% to 50%	383.0	12.0
Risk weight: over 50% to 100%	413.8	25.4
Risk weight: over 100% to 250%	544.3	73.7
Risk weight: over 250% under 1250%	173.6	57.0
Risk weight: 1250%	3.6	3.6

Amount of securitization exposures that have been deducted from Tier 1 capital
(Amounts equivalent to increase in capital)

Billions of yen

	March 31, 2007
	Amount of securitization exposures that have been deducted from Tier 1 capital
Traditional securitizations (asset transfer type)	41.7
Residential mortgage	36.5
Apartment loan	5.2
Credit card receivables	—
Other assets	—
Synthetic securitizations	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	—
Sponsor of asset-backed commercial paper (ABCP) programme	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Account receivables	—
Leasing receivables	—
Other assets	—
Total	41.7

Note: The amount of securitization exposures that have been deducted from Tier 1 capital counts as Tier 1 capital deductions in line with Article 5 of the FSA Consolidated Capital Adequacy Notification, and include any gains on disposal of the underlying assets relating to the securitization.

Amount of other securitization exposures that have been deducted from total capital

Billions of yen

	March 31, 2007
	Capital deductions
Traditional securitizations (asset transfer type)	0.3
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	0.3
Synthetic securitizations	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	—
Sponsor of asset-backed commercial paper (ABCP) programme	3.6
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Account receivables	—
Leasing receivables	3.6
Other assets	—
Total	3.9

Note: Figures listed refer to capital deductions as stipulated in Article 225 of the FSA Consolidated Capital Adequacy Notification. Other securitization exposures that have been deducted from total capital includes cases where the credit risk-weighted assets computed using the Supervisory Formula exceed 1250% or where a rating is lower than a certain threshold when calculating credit risk-weighted assets under the Ratings-Based Approach.

Securitization exposures subject to early amortization provisions retained

In line with the provisions of Articles 230 & 248 of the FSA Consolidated Capital Adequacy Notification, there are no securitization exposures subject to early amortization treatment that are retained by external investors and are used to calculate credit risk-weighted assets.

Summary of securitization activity conducted during this period

Billions of yen

	FY2006
Traditional securitizations (asset transfer type)	1,577.5
Residential mortgage	1,577.5
Apartment loan	—
Credit card receivables	—
Other assets	—
Synthetic securitizations	268.0
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	268.0
Sponsor of asset-backed commercial paper (ABCP) programme	80,700.9
Residential mortgage	—
Apartment loan	—
Credit card receivables	41,576.3
Account receivables	32,637.6
Leasing receivables	721.4
Other assets	5,765.5
Total	82,546.5

Note: Figures refer to cumulative underlying assets amount relating to securitizations conducted during this period.

Recognized gains or losses on sales in this period arising from securitization transactions

Billions of yen

	FY2006
Traditional securitizations (asset transfer type)	38.7
Residential mortgage	38.7
Apartment loan	—
Credit card receivables	—
Other assets	—
Synthetic securitizations	/
Sponsor of asset-backed commercial paper (ABCP) programme	/
Total	38.7

Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures

Billions of yen

	March 31, 2007
Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures	5.6

Note: Figures refer to credit risk-weighted assets computed using transitional arrangements as stipulated in Article 15 of the Supplementary Provisions to the FSA Consolidated Capital Adequacy Notification. Specifically, in those cases where the standardized approach is applied as an exception that include securitization exposures retained as originator, figures refer to credit risk-weighted assets computed using a transitional arrangement whereby such assets values are capped at the greater of the value based on the provisions of the Former Notification as stipulated in the Supplementary Provisions to the FSA Consolidated Capital Adequacy Notification or the value if the underlying assets were retained.

Securitization exposures in which MUFG group invests

Amount of securitization exposures retained

Billions of yen

	March 31, 2007
Retained securitization exposures	3,349.0
Residential mortgage	1,133.0
Apartment loan	5.8
Credit card receivables	314.3
Corporate loan	1,046.0
Others	849.8

Amount of securitization exposures retained and the associated capital requirement for these exposures broken down into a number of risk weight bands

Billions of yen

	March 31, 2007	
	Amount of exposures	Capital requirement
Risk weight: to 20%	2,809.8	18.5
Risk weight: over 20% to 50%	228.9	4.7
Risk weight: over 50% to 100%	249.4	15.5
Risk weight: over 100% to 250%	25.3	3.0
Risk weight: over 250% under 1250%	11.6	3.4
Risk weight: 1250%	23.8	23.8

Amount of securitization exposures retained qualifying as capital deductions

Billions of yen

	March 31, 2007
	Capital deductions
Retained securitization exposures	23.8
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Corporate loan	1.6
Others	22.1

Note: Figures listed refer to capital deductions as stipulated in Article 225 of the FSA Consolidated Capital Adequacy Notification. Securitization exposures qualifying as capital deductions include cases where the credit risk-weighted assets computed using the Supervisory Formula exceed 1250% or where a rating is lower than a certain threshold when calculating credit risk-weighted assets under the Ratings-Based Approach.

Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures

Billions of yen

	March 31, 2007
Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures	16.0

Note: Figures refer to credit risk-weighted assets calculated using transitional arrangements as stipulated in Article 15 of the supplementary provisions to the FSA Consolidated Capital Adequacy Notification. Specifically, in those cases where the standardized approach is applied as an exception that include securitization exposures retained as investor, figures refer to credit risk-weighted assets calculated using a transitional arrangement whereby such assets values are capped at the greater of the value based on the Former Notification as stipulated in the supplementary provisions to the FSA Consolidated Capital Adequacy Notification and the value if the underlying assets were retained.

Market Risk

Value-at-risk (VaR): maximum, minimum and average values by disclosure period and period-end

• *VaR for trading activities*

Billions of yen

	April 1, 2005–September 30, 2005			
	Average	Maximum	Minimum	September 30, 2005
MTFG	7.69	15.39	2.53	4.11
Interest rate	7.76	15.14	2.17	4.04
Yen	6.99	14.39	1.24	3.36
U.S. dollar	0.70	1.77	0.25	0.50
Foreign exchange	1.16	2.46	0.20	0.94
Equities	0.55	4.04	0.23	0.25
Commodities	0.11	0.25	0.01	0.12
(Diversification effect)	1.89	—	—	1.24
UFJ Bank	2.5	3.2	1.5	1.8
UFJ Trust Bank	0.0	0.0	0.0	0.0

• *VaR for trading activities*

Billions of yen

	October 1, 2005–December 31, 2005			
	Average	Maximum	Minimum	December 31, 2005
MUFG	3.53	5.36	2.25	2.29
Interest rate	2.60	4.11	2.00	2.11
Yen	1.69	3.48	1.02	1.38
U.S. dollar	0.71	1.20	0.39	1.03
Foreign exchange	2.71	4.62	0.99	1.86
Equities	0.42	1.07	0.27	0.27
Commodities	0.19	0.36	0.12	0.13
(Diversification effect)	2.38	—	—	2.08
UFJ Bank	1.2	1.9	0.6	0.7

• *VaR for trading activities*

Billions of yen

	January 1, 2006–March 31, 2006			
	Average	Maximum	Minimum	March 31, 2006
MUFG	4.13	5.40	3.45	3.81
Interest rate	3.64	5.71	2.63	3.65
Yen	2.72	5.51	1.71	2.51
U.S. dollar	0.90	1.75	0.49	1.35
Foreign exchange	1.83	3.72	0.74	0.74
Equities	0.50	2.10	0.24	0.45
Commodities	0.12	0.16	0.07	0.07
(Diversification effect)	1.97	—	—	1.10

• **_VaR for trading activities_**

Billions of yen

	April 1, 2006–March 31, 2007			
	Average	Maximum	Minimum	March 31, 2007
MUFG	6.40	20.80	2.79	16.04
Interest rate	4.60	8.48	2.78	4.68
Yen	2.55	5.13	1.10	2.37
U.S. dollar	1.25	3.27	0.43	1.32
Foreign exchange	2.03	5.98	0.46	5.98
Equities	1.52	14.64	0.24	8.77
Commodities	0.11	0.34	0.04	0.16
(Diversification effect)	1.85	—	—	3.55

Assumptions for VaR calculations:

MTFG/MUFG: Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

UFJ Bank: Historical simulation method
Holding period: 1 business day
Confidence interval: 99%
Observation period: 750 business days

UFJ Trust Bank: Variance-covariance method
Holding period: 1 business day
Confidence interval: 99%
Observation period: 2 years

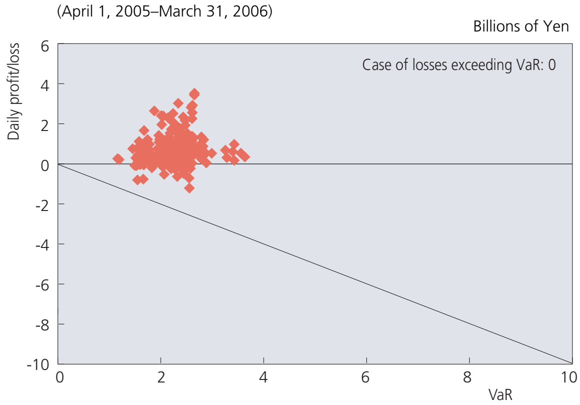
• The maximum and minimum VaR overall and for various risk categories were taken from different days.

Note: The VaR for MUFG's total trading activities in the fiscal year ended March 31, 2006 are divided into separate periods to reflect the mergers of the holding companies and trust banks in October 2005 as well as the merger of the two commercial banks in January 2006. The former Mitsubishi Tokyo Financial Group (MTFG) and UFJ Group used different risk measurement methods, and the pre-merger figures are based on these respective approaches.

Results of market risk backtesting and explanations of any actual trading losses significantly in excess of VaR

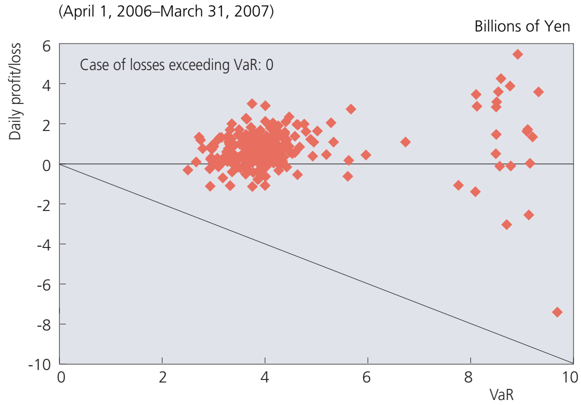
Market Risk Backtesting

(April 1, 2005–March 31, 2006)



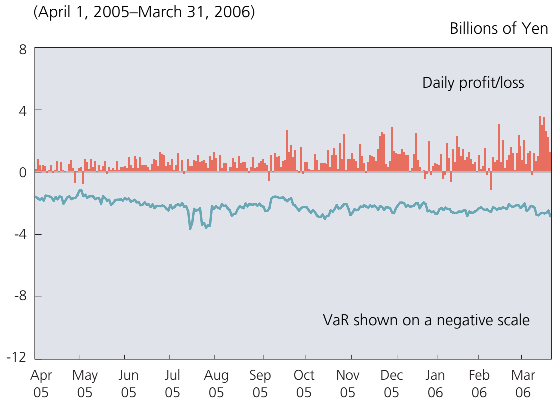
Market Risk Backtesting

(April 1, 2006–March 31, 2007)



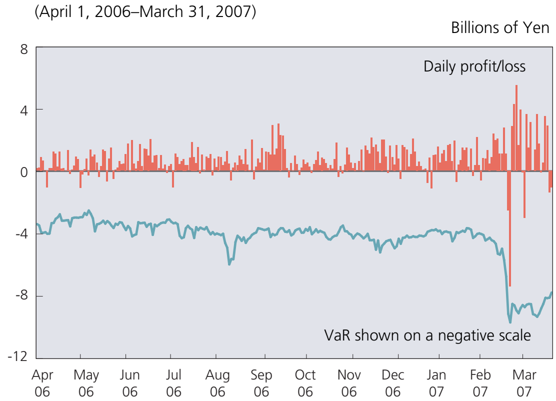
VaR and Daily Profit/Loss for Trading Activities

(April 1, 2005–March 31, 2006)



VaR and Daily Profit/Loss for Trading Activities

(April 1, 2006–March 31, 2007)



Notes: 1. Actual trading losses never exceeded VaR throughout the periods studied.
2. Backtesting for the fiscal year ended March 2006 applied only to data for surviving entities from the former MTFG.

Equity Exposures in Banking Book

Amount on consolidated balance sheet and market values

• *Exposures to publicly traded equities*

Millions of yen

	March 31, 2006		March 31, 2007	
	Amount on consolidated balance sheet	Market value	Amount on consolidated balance sheet	Market value
Exposures to publicly traded equities	7,625,646	7,625,646	7,863,576	7,863,576

Notes: 1. Figures only count Japanese and foreign equities held within securities available for sale with quoted market value.
2. There is no significant disparity between the share prices of publicly quoted share values and fair value.

• *Equity exposures other than above*

Millions of yen

	March 31, 2006	March 31, 2007
	Amount on consolidated balance sheet	Amount on consolidated balance sheet
Equity exposures other than above	782,072	598,284

Note: Figures only count Japanese and foreign equities held within securities available for sale whose market values are not readily determinable.

Cumulative gains or losses arising from sales or write-offs of exposures to equities

Millions of yen

	FY2005			FY2006		
	Gains on sales	Losses on sales	Write-offs	Gains on sales	Losses on sales	Write-offs
Exposures to equities	122,757	(26,146)	(35,708)	169,738	(3,830)	(38,731)

Note: Figures refer to net gains or losses on equity securities within net non-recurring gains or losses.

Unrealized gains or losses recognized on consolidated balance sheet but not on consolidated statement of income

Millions of yen

	March 31, 2006			March 31, 2007		
	Unrealized gains or losses			Unrealized gains or losses		
		Gains	Losses		Gains	Losses
Exposures to equities	3,072,375	3,088,408	16,032	3,337,982	3,441,143	103,160

Note: Figures only count Japanese and foreign equities held within securities available for sale with quoted market value.

Unrealized gains or losses not recognized either on consolidated balance sheet or on consolidated statement of income

Not applicable

Amounts equivalent to 45% of unrealized gains on securities available for sale counted as Tier 2 capital

Billions of yen

	March 31, 2006	March 31, 2007
Amounts equivalent to 45% of unrealized gains on securities available for sale counted as Tier 2 capital	1,343.1	1,541.7

Note: Figures refer to items counted as Tier 2 capital based on the provisions of Paragraph 1.1 of Article 6 of the FSA Consolidated Capital Adequacy Notification. Specifically, in cases where the total amount on the consolidated balance sheet of securities available for sale exceeds total book value for such securities (excluding instances where such securities are held intentionally as part of fund raising by other financial institutions, in line with the provisions of Paragraph 1.1 of Article 8 of the FSA Consolidated Capital Adequacy Notification), the figures show amounts equivalent to 45% of the corresponding unrealized gains.

Equity exposures subject to transitional arrangements (grandfathering provisions)

Billions of yen

	March 31, 2007
Exposures to publicly traded equities subject to transitional arrangements	7,393.7
Equity exposures other than above subject to transitional arrangements	278.7
Total	7,672.4

Note: Based on the transitional arrangements as stipulated in Article 13 of the Supplementary Provisions to the FSA Consolidated Capital Adequacy Notification, figures refer to the amount of equity exposures for which a 100% risk weight is used to calculate credit risk-weighted assets.

Exposures Relating to Funds

Exposures relating to funds

Billions of yen

	March 31, 2007
Exposures relating to funds	2,591.0
Exposures where fund components are identifiable (look-through approach) (Note 1)	1,847.9
Exposures not included above where equity exposures constitute majority of total value of fund components (Note 2)	156.0
Exposures not included in any category above where investment mandates of funds are known (Note 3)	84.8
Exposures not included in any category above where the internal models approach is applied (Note 4)	—
Exposures not included in any category above where there is a high probability of the weighted average risk weight applied to fund components being less than 400% (Note 5)	484.4
Exposures not included in any category above (Note 5)	17.8

Notes: 1. As stipulated in Paragraph 1 of Article 145 of the FSA Consolidated Capital Adequacy Notification.
2. As stipulated in Paragraph 2 of Article 145 of the FSA Consolidated Capital Adequacy Notification.
3. As stipulated in Paragraph 3 of Article 145 of the FSA Consolidated Capital Adequacy Notification.
4. As stipulated in Paragraph 4 of Article 145 of the FSA Consolidated Capital Adequacy Notification.
5. As stipulated in Paragraph 5 of Article 145 of the FSA Consolidated Capital Adequacy Notification.

Interest Rate Risk in the Banking Book (IRRBB)

Decline in economic values for applied interest rate shocks according to internal risk management

• ***VaR for non-trading activities***

Billions of yen

	April 1, 2006–March 31, 2007			
	Average	Maximum	Minimum	March 31, 2007
Interest rate (overall)	168.5	185.8	142.4	174.8
Yen	106.9	127.7	80.1	115.8
U.S. dollar	94.8	106.6	79.0	88.3
Euro	19.1	25.7	13.8	17.8
Equities	97.1	111.7	62.9	94.7
Overall	197.1	220.3	176.6	199.6

Assumptions for VaR calculations:

Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

• The maximum and minimum VaR overall and for each risk category were taken from different days.
The equity-related risk figures do not include market risk from our strategic equity portfolio.

Consolidated Capital Adequacy Ratio at March 31, 2006

MUFG's consolidated capital adequacy ratio as of March 31, 2006 was calculated based on formulas contained in the Former Notification. MUFG applies the First Standard and market risk regulation.

With regard to the internal controls structure governing calculation of the consolidated capital adequacy ratio, MUFG received a report from Deloitte Touche Tohmatsu (DTT) which conducted certain procedures as an independent auditing firm. The procedures that were agreed upon between MUFG and DTT were conducted in accordance with the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 30. The procedures were not conducted based on "generally accepted auditing principles," and we did not receive any audit opinion with regard to our internal controls structure or the related consolidated capital adequacy ratio.

Billions of yen

			March 31, 2006
Tier 1 (core) capital	Capital stock		1,383.0
	Non-cumulative perpetual preferred stock		125.0
	New stock subscriptions		—
	Capital surplus		1,915.8
	Retained earnings		3,277.1
	Minority interests in consolidated subsidiaries and affiliates (Note 1)		1,971.8
	Preferred securities issued by SPCs based outside Japan		1,237.2
	Net unrealized losses on securities available for sale		—
	Treasury stock subscriptions		—
	Treasury stock		773.9
	Foreign currency translation adjustments		(42.1)
	Amount equivalent to goodwill		(51.4)
	Intangible assets acquired via business combination		(5.0)
	Amount equivalent to consolidation adjustment account		(173.5)
	Tier 1 capital prior to deductions for deferred tax assets (subtotal of above items)		**7,501.6**
	Deductions for deferred tax assets (Note 2)		—
	Subtotal	**(A)**	**7,501.6**
	Preferred securities with step-up interest rate clauses (Note 3)		778.2
Tier 2 (supplementary) capital	Amounts equivalent to 45% of unrealized gains on securities available for sale		1,343.1
	Amount equal to 45% of the land revaluation excess		162.1
	General allowance for loan losses		1,001.6
	Debt capital		3,786.6
	Perpetual subordinated debt (Note 4)		646.4
	Non-perpetual subordinated debt and non-perpetual preferred stock (Note 5)		3,140.1
	Subtotal		**6,293.7**
	Total qualified Tier 2 capital	**(B)**	**6,293.7**
Tier 3 (quasi-supplementary) capital	**Short-term subordinated debt**		—
	Total qualified Tier 3 capital	**(C)**	—
Deductions from capital	**Deductions from capital (Note 6)**	**(D)**	**334.9**
Total capital		**(E) = [(A) + (B) + (C) – (D)]**	**13,460.3**
Risk-weighted assets	On balance sheet items		93,892.3
	Off balance sheet items		15,037.2
	Credit risk-weighted assets	**(F)**	**108,929.5**
	Risk assets derived from market-risk equivalent	**(G) = [H/8%]**	**1,363.0**
	(Reference) Amount equivalent to market risk	**(H)**	**109.0**
	Subtotal	**(I) = [(F) + (G)]**	**110,292.6**
Consolidated capital adequacy ratio (First Standard)		**[(E) / (I) x 100]**	**12.20%**

Notes: 1. The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc., agreed to purchase the preferred stock issued by MU Strategic Partner Co., Ltd., a consolidated subsidiary of BTMU, from the Merrill Lynch Group on May 22, 2006. As a result, 120.0 billion yen has been deducted from Tier 1 capital as of March 31, 2006.

2. The amount equivalent to net deferred tax assets totaled 623.1 billion yen as of March 31, 2006, and the regulatory ceiling on the net amount of deferred tax assets allowable for capital inclusion equaled 3,000.6 billion yen.

3. Refers to stocks and other securities with some probability of being redeemed pursuant to special provisions for stepped-up interests, etc., as stipulated in Paragraph 2 of Article 4 of the Former Notification (including preferred securities issued by SPCs based outside Japan).

4. This refers to capital market-issued debt instruments as listed in Paragraph 1.4 of Article 5 of the Former Notification with all of the following characteristics:

(1) Unsecured, fully paid and subordinated to senior debt

(2) Non-redeemable except under specified conditions

(3) Capital allocated to cover losses incurred in continuing operations

(4) Right retained to defer interest-payment obligations

5. This refers to instruments listed in Paragraph 1.5 of Article 5 and in Article 6 of the Former Notification. However, non-perpetual subordinated debt is limited to issues with an original maturity of over five years.

6. These figures refer to any amounts held intentionally as part of fund raising by other financial institutions in line with Paragraph 1.1 of Article 7 of the Former Notification and any amounts invested in line with the provisions of Paragraph 1.2 of Article 7 of said Notification.

MUFG

Basel II Data (Consolidated) Fiscal 2006

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Contents

In accordance with the provisions of Article 14-2 of the Banking Law of Japan, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) adopts the "International Standard" to calculate its capital adequacy ratio based on formulas contained in the standards for the consolidated capital adequacy ratio of banks (Notification of the Financial Services Agency No. 19, 2006; referred to hereinafter as the "FSA Capital Adequacy Notification") to assess capital adequacy in light of the assets we own on a consolidated basis.

With regard to the internal controls structure governing calculation of the consolidated capital adequacy ratio, BTMU received a report from Deloitte Touche Tohmatsu (DTT) which conducted certain procedures as an independent auditing firm. The procedures that were agreed upon between BTMU and DTT were conducted in accordance with the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 30. The procedures were not conducted based on "generally accepted auditing principles," and we did not receive any audit opinion with regard to our internal controls structure or the related consolidated capital adequacy ratio.

The Basel II framework was implemented in Japan at the end of fiscal 2006 (the year ended March 31, 2007). With certain exceptions, this report does not contain any figures for fiscal 2005, the year prior to the implementation of Basel II, since such figures have not been calculated based on this standard.

Scope of Consolidation

Notes on the scope of consolidation

	FY2006
Differences between those companies belonging to the corporate group (hereinafter, the "consolidated group") to which the calculation of consolidated capital adequacy ratio as stipulated in Articles 3 or 26 of the FSA Capital Adequacy Notification is applicable and those companies that are included in the scope of consolidation based on the Japanese regulations concerning terminology, format and preparation procedures for consolidated financial statements. (Ordinance of the Ministry of Finance (MOF) No. 28, 1976; referred to hereinafter as the "Consolidated Financial Statement Regulations")	Paragraph 1 of Article 3 of the FSA Capital Adequacy Notification states that "the provisions of Paragraph 2 of Article 5 of the Consolidated Financial Statement Regulations shall not apply" to "financial subsidiaries" of a bank. Moreover, Paragraph 2 of the said Article 3 states that "insurance-related subsidiaries" of a bank "shall not be included in the scope of consolidation." In addition, with regard to affiliated companies engaged in financial operations, the FSA Capital Adequacy Notification states that, provided certain conditions are met, such companies "can be included in the scope of consolidation and in the calculation of the consolidated capital adequacy ratio using pro rata consolidation" (under which only those portions of the affiliated company's assets, liabilities, income and expenditures that are attributable to the bank holding company or any consolidated subsidiaries with investments in the said affiliated company are included in the scope of consolidation). BTMU has one company qualifying as an insurance-related subsidiary, but no other companies to which the above exception apply.
Number of consolidated subsidiaries, and names and principal businesses of major consolidated subsidiaries of the consolidated group	178 companies UFJ NICOS Co., Ltd. (credit card business), UnionBanCal Corporation (bank holding company), The Senshu Bank, Ltd. (banking business), etc.
Number of affiliated companies engaged in financial operations which are subject to Articles 9 or 32 of the FSA Capital Adequacy Notification, and names and principal businesses of affiliated companies engaged in major financial operations	Not applicable
Number of companies qualifying for capital deductions under the provisions of Paragraph 1.2 (a)–(c) of Article 8 or Paragraph 1.2 (a)–(c) of Article 31 of the FSA Capital Adequacy Notification, and names and principal businesses of any major companies therein	One company UBOC Insurance Inc. (insurance business)

(Continued)

	FY2006
Among the companies specified in Paragraph 1 of Article 16-2 of the Banking Law of Japan (Law No. 59 of 1981; referred to hereinafter as "the Banking Law"), number of companies not belonging to the consolidated group that are either exclusively engaged in subordinate business specified in Paragraph 1.11, or that qualify under the provisions specified in Paragraph 1.12, of the said Article 16-2, and names and principal businesses of any major companies therein	Not applicable
Outline of restrictions on transfer of funds or capital within the consolidated group	Transfer of funds or capital within the consolidated group is conducted with all due consideration given to the appropriateness of each action. We give priority in ensuring that each group company maintains sufficient capital level for legal and regulatory compliance purposes. Care is also taken to ensure that actions do not compromise sound and proper operations, while eliminating negative effects on payment capacity, liquidity or profitability.

Companies that are deficient in regulatory capital and total regulatory capital deficiencies

	FY2006
Names of any companies qualifying for capital deductions under the provisions of Paragraph 1.2 (a)–(c) of Article 8, or Paragraph 1.2 (a)–(c) of Article 31, of the FSA Capital Adequacy Notification that are deficient in regulatory capital, and corresponding total regulatory capital deficiencies	Not applicable

Composition of Equity Capital

Summary of equity financing methods

BTMU is financing its equity by ordinary shares, non-cumulative perpetual preferred shares, preferred securities issued by overseas special purpose companies, perpetual subordinated debt and term subordinated debt. The followings are the terms and conditions of the preferred securities issued by overseas special purpose companies, which have a probability of being redeemed pursuant to special provisions for stepped-up interests, etc.

	[1]
(1) Issuer	Tokai Preferred Capital Company L.L.C.
(2) Type of Issued Securities	Noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to liquidation distributions, and to preferred dividends.
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in June 2008, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date. Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed rate Provided, however, that with respect to each dividends period after June 2008, dividends will be payable on a noncumulative basis at a stepped-up floating rate.
(5) Aggregate Issue Amount	$1,000,000,000 ($1,000 per security)
(6) Closing Date	March 26, 1998
(7) Dividend Payment	Dividend Payment Date: Last day of June and December of each year (or if any such day is not a business day, the immediately preceding business day)
(8) Conditions for Dividend Suspension	If, on any Dividend Payment Date: (i) Tokai Preferred Capital Holdings Inc., being the common security holder of the Issuer and a wholly owned subsidiary of BTMU, instructs the Issuer not to pay dividends; or (ii) a Regulatory Event (as defined below) has occurred and is continuing, then no dividends shall become due and payable on the Preferred Securities, and dividends so suspended are noncumulative, except to the extent that BTMU causes the Issuer to pay dividends on the Preferred Securities on such Dividend Payment Date or such Dividend Payment Date is a Compulsory Dividend Payment Date defined below. A "Regulatory Event" shall be deemed to have occurred if BTMU's total risk-based capital ratio or Tier I risk-based capital ratio, calculated on a consolidated basis as of the end of any annual or semi-annual period in accordance with the applicable regulations, declines below the minimum percentage required by such regulations.
(9) Compulsory Dividends	If BTMU pays any dividends on any of its capital stock with respect to any fiscal year of BTMU, then the Issuer will be required to pay full dividends on the Preferred Securities on the Dividend Payment Dates that occur in December of the calendar year in which such fiscal year ends and June of the next succeeding calendar year (each "Compulsory Dividend Payment Date").
(10) Liquidation Preference	$1,000 per security

	[2]
(1) Issuer	BTMU Preferred Capital Limited
(2) Type of Issued Securities	Series 1 Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in January 2011, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after January 2016, at a stepped-up floating rate.
(5) Aggregate Issue Amount	¥165,000,000,000 (¥10,000,000 per security)
(6) Closing Date	August 24, 2005
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day), the first Dividend Payment Date being July 25, 2006. Dividend Policy: (i) Except for certain cases, the Issuer will be required to pay full dividends on the Preferred Securities if BTMU pays any dividends on any of its common shares with respect to any financial year of BTMU, on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January (each a "Mandatory Dividend Payment Date"). (ii) BTMU may, at its option, cause the Issuer to pay less than full dividends or no dividends on the Preferred Securities on a Dividend Payment Date which is not a Mandatory Dividend Payment Date; provided, however, that if BTMU makes a final and conclusive declaration to pay no dividends or less than full dividends on its preferred shares which rank most senior in priority of payment as to dividends with respect to a financial year of BTMU, no dividends or less than full dividends (that represents the same proportion as the amount of dividends so declared on the preferred shares of BTMU bore to full dividends thereon) will be paid on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January. Distributable Profits Limitation: (i) Notwithstanding the "Dividend Policy" above, in the case of any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer shall be limited to the amount (the "Distributable Profits Limitation") calculated for the financial year of BTMU most recently ended after deducting as of the date immediately preceding such Dividend Payment Date from BTMU's distributable profits as of the end of such financial year: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of BTMU in respect of such financial year;

(Continued)

	(b) any dividends and other distributions which have been declared since the end of such financial year of BTMU in relation to securities issued by BTMU's subsidiaries ranking on a parity with any class of BTMU's preferred securities as to the payment of dividends; and (c) any dividends which have been declared since the end of such financial year of BTMU in relation to the shares of the Issuer ranking on a parity with the Preferred Securities as to payment of dividends and liquidation distributions. (ii) Notwithstanding the "Dividend policy" above, in the case of any Dividend Payment Date in January, amount of dividends to be payable by the Issuer shall be limited to the amount by which the amount of the Distributable Profits Limitation applicable to each immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions referred to in (b) and (c) of paragraph (i) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Conditions for Dividend Suspension	Notwithstanding the "(7) Dividend Payment" above, if any of the following occurs, no dividends shall become due and payable on the Preferred Securities. (i) BTMU has delivered to the Issuer a certificate stating that BTMU is "Insolvent". BTMU shall be deemed "Insolvent" if (a) BTMU is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (b) BTMU's liabilities (other than debt linked to core capital or similar liabilities) exceed its assets or (c) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to BTMU based upon its determination that BTMU is insolvent. (ii) A "Supervisory Event" has occurred and is continuing. A "Supervisory Event" shall be deemed to have occurred if BTMU's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations. (iii) A "Liquidation Event" has occurred and is continuing. A "Liquidation Event" shall be deemed to occur if (a) liquidation proceedings (*seisan*) in respect of BTMU under the laws of Japan are commenced or (b) a competent court in Japan shall have (x) adjudicated the commencement of bankruptcy proceedings (*hasan*) in respect of BTMU pursuant to the provisions of the Bankruptcy Law or (y) approved a preparation of a reorganisation plan for abolishment of all business (*jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan*) of BTMU pursuant to the provisions of the Corporate Reorganisation Law.
(9) Liquidation Preference	¥10,000,000 per security

	[3]
(1) Issuer	BTMU Preferred Capital 1 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in July 2016, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after July 2016, at a stepped-up floating rate.
(5) Aggregate Issue Amount	$2,300,000,000 ($1,000 per security)
(6) Closing Date	March 17, 2006
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Profits Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of BTMU if BTMU has no outstanding preferred shares and, for the most recently ended financial year, has not paid dividends on any of its common shares. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage Dividend Limitation: If BTMU makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends with respect to any financial year of BTMU, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding financial year bore to full dividends on such preferred shares.

(Continued)

	Distributable Profits Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of BTMU as of the end of the most recently ended financial year of BTMU after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of BTMU in respect of such financial year, and (b) any dividends and other distributions which have been declared since the end of such financial year of BTMU in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Profits Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	$1,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of BTMU under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of BTMU pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of BTMU pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) BTMU is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) BTMU's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to BTMU based upon its determination that BTMU is insolvent.

A "Regulatory Event" shall be deemed to have occurred if BTMU's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

	[4]
(1) Issuer	BTMU Preferred Capital 2 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in July 2016, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after July 2016, at a stepped-up floating rate.
(5) Aggregate Issue Amount	€750,000,000 (€1,000 per security)
(6) Closing Date	March 17, 2006
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Profits Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of BTMU if BTMU has no outstanding preferred shares and, for the most recently ended financial year, has not paid dividends on any of its common shares. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If BTMU makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends with respect to any financial year of BTMU, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding financial year bore to full dividends on such preferred shares.

(Continued)

	Distributable Profits Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of BTMU as of the end of the most recently ended financial year of BTMU after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of BTMU in respect of such financial year, and (b) any dividends and other distributions which have been declared since the end of such financial year of BTMU in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Profits Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	€1,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of BTMU under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of BTMU pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of BTMU pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) BTMU is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) BTMU's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to BTMU based upon its determination that BTMU is insolvent.

A "Regulatory Event" shall be deemed to have occurred if BTMU's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

	[5]
(1) Issuer	BTMU Preferred Capital 3 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in July 2011, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after July 2016, at a stepped-up floating rate.
(5) Aggregate Issue Amount	¥120,000,000,000 (¥10,000,000 per security)
(6) Closing Date	March 17, 2006
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Profits Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of BTMU if BTMU has no outstanding preferred shares and, for the most recently ended financial year, has not paid dividends on any of its common shares. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If BTMU makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends with respect to any financial year of BTMU, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such financial year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding financial year bore to full dividends on such preferred shares.

(Continued)

	Distributable Profits Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of BTMU as of the end of the most recently ended financial year of BTMU after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of BTMU in respect of such financial year, and (b) any dividends and other distributions which have been declared since the end of such financial year of BTMU in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Profits Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	¥10,000,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of BTMU under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of BTMU pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of BTMU pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) BTMU is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) BTMU's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to BTMU based upon its determination that BTMU is insolvent.

A "Regulatory Event" shall be deemed to have occurred if BTMU's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

	[6]
(1) Issuer	BTMU Preferred Capital 4 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in January 2017, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after January 2017, at a stepped-up floating rate.
(5) Aggregate Issue Amount	€500,000,000 (€1,000 per security)
(6) Closing Date	January 19, 2007
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Amounts Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of BTMU if BTMU has no outstanding preferred shares and has not paid dividends on any of its common shares to holders of record as of any and all dates occurring in the most recently ended fiscal year. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If BTMU makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends to holders of record as of any and all dates occurring in any fiscal year of BTMU, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such fiscal year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding fiscal year bore to full dividends on such preferred shares.

(Continued)

	Distributable Amounts Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of BTMU as of the end of the most recently ended fiscal year of BTMU after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of BTMU to holders of record as of the end of such fiscal year, and (b) any dividends and other distributions which have been declared since the end of such fiscal year of BTMU in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Amounts Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	€1,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of BTMU under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of BTMU pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of BTMU pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) BTMU is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) BTMU's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to BTMU based upon its determination that BTMU is insolvent.

A "Regulatory Event" shall be deemed to have occurred if BTMU's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

	[7]
(1) Issuer	BTMU Preferred Capital 5 Limited
(2) Type of Issued Securities	Fixed/floating rate noncumulative preferred securities (the "Preferred Securities") The holders of the Preferred Securities are entitled to liquidating distributions substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to liquidation distributions, and to dividends substantially *pari passu* with those of the preferred shares issued by BTMU which rank the most senior in priority of payment as to dividends (for the details of the priority of payment as to dividends, see "(7) Dividend payment" below).
(3) Maturity	Perpetual Provided, however, that on and after the Dividend Payment Date in January 2017, the Preferred Securities may be redeemed at the option of the Issuer, in whole or in part, on any Dividend Payment Date (and, in certain cases, the Preferred Securities may be redeemed at the option of the issuer, in whole, at any time prior to such Dividend Payment Date). Any redemption of the Preferred Securities is subject to compliance with applicable regulatory and other requirements, including the prior approval of the regulatory authority, if then required.
(4) Dividends	On a non-cumulative basis at a fixed/floating rate Dividends will be payable with respect to each dividends period during the first ten years, at a fixed rate, and with respect to each dividends period after January 2017, at a stepped-up floating rate.
(5) Aggregate Issue Amount	£550,000,000 (£1,000 per security)
(6) Closing Date	January 19, 2007
(7) Dividend Payment	Dividend Payment Date: 25th day of January and July of each year (or if such day is not a business day on the immediately succeeding business day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding business day). Dividend Policy: Dividends shall be due and payable on each Dividend Payment Date, unless a Mandatory Suspension Event or an Optional Suspension Event has occurred as described below. Mandatory Suspension Events: No dividends will be paid if a Liquidation Event, an Insolvency Event, or a Regulatory Event (Note) has occurred and is continuing. Dividends will be reduced or suspended to the extent of a Distributable Amounts Limitation or a Dividend Limitation (as described below). Optional Suspension Events: Dividends may be reduced or suspended at the option of BTMU if BTMU has no outstanding preferred shares and has not paid dividends on any of its common shares to holders of record as of any and all dates occurring in the most recently ended fiscal year. Any such reduction or suspension shall only be effective if the payment of dividends on any parity securities is reduced by at least the same percentage. Dividend Limitation: If BTMU makes a final and conclusive declaration to pay less than full dividends or no dividends on its preferred shares which rank most senior in priority of payment as to dividends to holders of record as of any and all dates occurring in any fiscal year of BTMU, then the aggregate amount of dividends that the Issuer may pay on the Preferred Securities on the Dividend Payment Dates that occur in July of the calendar year in which such fiscal year ends and the next succeeding January shall be equal to an amount that represents the same proportion of full dividends on the Preferred Securities as the amount of dividends so declared on such preferred shares with respect to such immediately preceding fiscal year bore to full dividends on such preferred shares.

(Continued)

	Distributable Amounts Limitation: (i) With respect to any Dividend Payment Date in July, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the distributable profits of BTMU as of the end of the most recently ended fiscal year of BTMU after deducting as of the date immediately preceding such Dividend Payment Date: (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of BTMU to holders of record as of the end of such fiscal year, and (b) any dividends and other distributions which have been declared since the end of such fiscal year of BTMU in relation to parity securities. (ii) With respect to any Dividend Payment Date in January, the amount of dividends to be payable by the Issuer on the Preferred Securities shall be the amount by which the amount of Distributable Amounts Limitation applicable to the immediately preceding Dividend Payment Date in July as described in (i) above exceeds the aggregate amount of (x) any dividends which have been declared to be paid in relation to the Preferred Securities on the immediately prior Dividend Payment Date in July and (y) (as of the date immediately preceding such succeeding Dividend Payment Date in January) any dividends and other distributions declared in relation to securities described in (i) (b) above which have been declared, on or after such prior Dividend Payment Date in July.
(8) Liquidation Preference	£1,000 per security

Note: A Liquidation Event, an Insolvency Event, or a Regulatory Event means as follows:

A "Liquidation Event" shall be deemed to occur if (i) liquidation proceedings (seisan) in respect of BTMU under the laws of Japan are commenced or (ii) a competent court in Japan shall have (a) adjudicated the commencement of bankruptcy proceedings (hasan) in respect of BTMU pursuant to the provisions of the Bankruptcy Law or (b) approved a preparation of a reorganization plan for abolishment of all business (jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan) of BTMU pursuant to the provisions of the Corporate Reorganization Law.

A "Insolvency Event" shall be deemed to occur if (i) BTMU is insolvent (shiharai-funo) within the meaning of the Bankruptcy Law or (ii) BTMU's liabilities (other than debt linked to core capital and similar liabilities) exceed its assets or (iii) an administrative agency in charge of financial supervision in Japan has taken any statutory action in relation to BTMU based upon its determination that BTMU is insolvent.

A "Regulatory Event" shall be deemed to have occurred if BTMU's risk-weighted total capital ratio or risk-weighted core capital ratio, calculated in accordance with the related regulations as of the end of any annual or semi annual period were to decline below the minimum percentages required by such regulations.

Capital structure

Billions of yen

		March 31, 2007
Tier 1 (core) capital	(A)	6,975.5
Capital stock		996.9
Stock subscription advances		—
Capital surplus		2,767.5
Retained earnings		1,914.9
Treasury stock		—
Treasury stock subscription advances		—
Planned distribution		(160.7)
Net unrealized losses on securities available for sale		—
Foreign currency translation adjustments		(30.6)
Subscription rights to shares		—
Minority interests in consolidated subsidiaries and affiliates (Note 1)		1,607.8
Amount equivalent to goodwill		(75.1)
Intangible assets acquired via business combinations		(3.4)
Amount equivalent to capital increase due to securitization transactions		(41.7)
Amount equivalent to 50% of expected losses in excess of qualifying allowances		—
Deductions for deferred tax assets (Note 2)		—
Qualified Tier 2 (supplementary) and Tier 3 (quasi-supplementary) capital (Note 3)	(B)	4,940.5
Deductions from total qualifying capital (Note 4)	(C)	314.2
Total capital	(A)+(B)−(C)	11,601.9

Notes: 1. The amount of stocks and other securities with some probability of being redeemed pursuant to special provisions for stepped-up interests, etc., as stipulated in Paragraph 2 of Article 5 of the FSA Capital Adequacy Notification was 1,015.3 billion yen, all of which was contained within "minority interests in consolidated subsidiaries and affiliates." The amount of these instruments accounted for 14% of Tier 1 capital.

2. The amount equivalent to net deferred tax assets totaled 166.3 billion yen and the regulatory ceiling on the net amount of deferred tax assets allowable for capital inclusion equaled 2,092.6 billion yen.

3. As stipulated in Articles 6 and 7 of the FSA Capital Adequacy Notification.

4. As stipulated in Article 8 of the FSA Capital Adequacy Notification.

Capital Adequacy

Capital requirements for credit risk

Billions of yen

	March 31, 2007
Capital requirements for credit risk (excluding equity exposures under the IRB Approach and exposures relating to funds (Note 3))	6,465.0
Standardized Approach	320.7
IRB Approach	5,778.9
Corporate exposures (excluding specialized lending) (the FIRB Approach)	3,880.7
Corporate exposures: specialized lending(the FIRB Approach)	259.1
Sovereign exposures (the FIRB Approach)	112.6
Bank exposures (the FIRB Approach)	402.5
Residential mortgage exposures	354.9
Other retail exposures	351.0
Exposures for purchased receivables	160.5
Exposures for other assets	257.2
Securitization exposures (Note 4)	365.3
Capital requirements for credit risk of equity exposures under the IRB Approach	774.0
Exposures subject to transitional arrangements (grandfathering provisions) (Note 5)	520.3
Market-Based Approach (Simple Risk Weight Method) (Note 6)	102.1
Market-Based Approach (Internal Models Method) (Note 6)	—
PD/LGD Approach (Note 6)	151.5
Capital requirements for exposures relating to funds	432.0
Capital requirements for credit risk for portfolios with phased rollout of the IRB Approach	797.9
Total	8,469.0

Notes: 1. Credit risk-weighted assets for BTMU, The Mitsubishi UFJ Home Loan Credit Co., Ltd., The Diamond Home Credit Company Limited, Otemachi Guarantee Co., Ltd., Shintokyo Guarantee Co., Ltd., and MU Strategic Partner Co., Ltd. are calculated using the FIRB Approach. As an exemption to this approach, the Standardized Approach is used for calculations with credit risk-weighted assets at other subsidiaries in cases where the figures for such subsidiaries are expected to be minor compared with the total. In addition, the adoption of the IRB Approach is due to be phased in from the end of December 2010 at UnionBanCal Corporation and from the end of March 2009 at Mitsubishi UFJ NICOS Co., Ltd.

2. Capital requirement for portfolios under the FIRB Approach is calculated as "credit risk-weighted asset amount x 8% + expected losses." In this calculation, the amount of capital requirement is including any exposures qualifying as capital deduction, and the credit risk-weighted asset amount is multiplied by the scaling factor of 1.06. Capital requirements for portfolios under the Standardized Approach or a phased rollout of the IRB Approach are calculated as "credit risk-weighted asset amount x 8%."

3. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 167 of the FSA Capital Adequacy Notification.

4. Including amounts equivalent to increase in equity capital resulting from a securitization exposure, as a deduction from Tier1 capital elements.

5. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 13 of the Supplementary Provisions to the FSA Capital Adequacy Notification.

6. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 166 of the FSA Capital Adequacy Notification.

Capital requirements for market risk

Billions of yen

	March 31, 2007
Standardized Method	8.6
Interest rate risk	8.5
Equity position risk	0.0
Foreign exchange risk	—
Commodity risk	—
Options transactions	—
Internal Models Approach	32.8
Total	41.4

Note: As for market risk, Internal Models Approach is adopted to calculate general market risk and the Standardized Method is adopted to calculate specific risk.

Capital requirements for operational risk

Billions of yen

	March 31, 2007
The Standardized Approach	367.6
Total	367.6

Note: Operational risk is calculated using the Standardized Approach (the Basic Indicator Approach and the Advanced Measurement Approaches are not adopted).

Consolidated total capital adequacy ratio, Tier 1 capital adequacy ratio and total capital requirement (consolidated basis)

Billions of yen

	March 31, 2007
Consolidated total capital adequacy ratio	12.77%
Consolidated Tier 1 capital adequacy ratio	7.68%
Consolidated total capital requirements	7,264.3
8% of credit risk-weighted assets	6,855.2
Capital requirements for market risk	41.4
Capital requirements for operational risk	367.6
8% of the amount by which the capital floor value, which is obtained by multiplying the risk-weighted asset amount as calculated according to the Former Notification (Note) based on 1988 Accord by the adjustment factor, exceeds the risk-weighted asset amount as calculated according to the FSA Capital Adequacy Notification	—

Note: Hereafter, this refers to Ministry of Finance (MOF) Notification No. 55, 1993, which was based on the provisions of Article 14-2 of the Banking Law of Japan.

Credit Risk

Credit risk exposures

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
The IRB approach	96,645.4	30,607.6	5,658.6	154,910.2
The Standardized approach	3,622.7	552.6	19.1	5,801.2
Phased rollout	9,196.0	789.3	81.3	12,540.2
Total	109,464.2	31,949.6	5,759.1	173,251.7

Notes: 1. Figures are without taking into account the effects of credit risk mitigation techniques.
2. Regarding on balance sheet exposures to loans and debt securities, etc., no significant disparity was observed between the year end position and the average risk positions during the fiscal year. Although the definition to calculate commitments and other off balance sheet exposures was changed at the end of March 2007, no significant change in portfolio risk was recognized between year end and during the fiscal year.

Fiscal year-end balances of credit risk exposures by major types

(By geographic area)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Domestic	83,066.1	30,506.0	5,457.1	140,173.2
Foreign	26,398.1	1,443.6	302.0	33,078.5
Total	109,464.2	31,949.6	5,759.1	173,251.7

Note: Geographic area refers to the locations of BTMU, our subsidiaries or the head and branch offices of our subsidiaries.

(By type of industry)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Manufacturing	12,230.7	1,379.1	512.3	18,320.5
Wholesale and retail	9,412.7	1,161.5	671.7	12,509.7
Construction	1,932.2	223.0	37.4	2,400.1
Finance and insurance	20,785.5	1,322.9	3,734.0	26,593.8
Real estate	9,187.9	339.2	53.5	9,803.6
Services	7,006.8	608.3	235.8	7,958.1
Transport	3,007.0	208.6	93.6	3,791.3
Individuals	21,291.2	—	0.1	21,427.4
Governments and local authorities	8,809.1	25,163.4	11.8	34,572.1
Others	15,800.7	1,543.3	408.3	35,874.6
Total	109,464.2	31,949.6	5,759.1	173,251.7

Note: Exposures held by certain subsidiaries whose credit risk-weighted assets are considered minor relative to the overall total are included in the "Others" category.

(By residual contractual maturity)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Due in 1 year or less	37,573.2	10,963.6	1,755.6	60,488.5
Due over 1 year to 3 years	11,983.3	8,297.1	1,844.3	24,438.6
Due over 3 years to 5 years	13,023.6	4,640.6	1,581.3	20,650.6
Due over 5 years to 7 years	4,646.0	745.1	189.8	5,582.8
Due over 7 years	17,625.5	6,313.6	191.1	24,132.6
Others	24,612.4	989.5	196.8	37,958.3
Total	109,464.2	31,949.6	5,759.1	173,251.7

Note: The "Others" category includes exposures of indeterminate maturity etc.

Default exposures

(By geographic area)

Billions of yen

	March 31, 2007
Domestic	2,304.9
Foreign	45.2
Total	2,350.2

(By type of industry)

Billions of yen

	March 31, 2007
Manufacturing	374.4
Wholesale and retail	256.7
Construction	114.7
Finance and insurance	68.5
Real estate	358.9
Services	224.8
Transport	236.3
Individuals	291.9
Governments and local authorities	5.4
Others	418.3
Total	2,350.2

Notes: 1. Figures correspond to exposures where the amount of the credit risk-weighted asset is computed assuming default in cases subject to the IRB Approaches, and exposures where the amount of the credit risk-weighted asset is computed assuming past-due loan exposure in cases subject to the Standardized Approach. Exposures applicable to the phased rollout of the IRB Approach are treated in accordance with the Standardized Approach.

2. Exposures held by certain subsidiaries whose credit risk-weighted assets are considered minor relative to the overall total are included in the "Others" category.

3. Figures do not include any securitization exposures or exposures relating to funds.

General allowance for credit losses, specific allowance for credit losses and allowance for loans to specific foreign borrowers

(Balances by geographic area)

Millions of yen

	March 31, 2007		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Domestic		331,190	
Foreign		9,707	
Total	717,853	340,898	71

(Year-on-year changes by geographic area)

Millions of yen

	FY2006		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Domestic		26,364	
Foreign		2,689	
Total	(194,190)	29,054	(10)

(Balances by type of industry)

Millions of yen

	March 31, 2007		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Manufacturing		17,844	
Wholesale and retail		24,208	
Construction		9,348	
Finance and insurance		24,045	
Real estate		17,761	
Services		32,530	
Transport		89,318	
Individuals		10,480	
Governments and local authorities		—	
Others		115,360	
Total	717,853	340,898	71

(Year-on-year changes by type of industry)

Millions of yen

	FY2006		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Manufacturing		(46,890)	
Wholesale and retail		(16,475)	
Construction		3,129	
Finance and insurance		7,458	
Real estate		(16,713)	
Services		7,462	
Transport		84,436	
Individuals		(7,188)	
Governments and local authorities		(22)	
Others		13,858	
Total	(194,190)	29,054	(10)

Notes: 1. Although the specific allowance for credit losses does not contain the allowance relating to any securitization exposures and exposures relating to funds, the allowance relating to these exposures is not excluded from both the general allowance for credit losses and the allowance for loans to specific foreign borrowers, owing to the fact that BTMU does not manage provisioning with respect to each asset class based on Basel II.

2. Industry classifications apply to allowances related to exposures held by BTMU because these exposures have the greatest overall impact. The bulk of provisions relating to exposures held by subsidiaries are included in the "Others" category.

Loan charge-offs

(By type of industry)

Millions of yen

	FY2006
Manufacturing	15,527
Wholesale and retail	29,025
Construction	13,015
Finance and insurance	39
Real estate	5,683
Services	29,903
Transport	3,105
Individuals	5,086
Governments and local authorities	—
Others	89,894
Total	191,280

Note: Figures do not include loan charge-offs related to securitization exposures or exposures relating to funds.

Balances by risk weight category of exposures under the Standardized Approach

Billions of yen

	March 31, 2007
Risk weight: 0%	449.3
Risk weight determined by external rating	173.6
Others	275.6
Risk weight: from 10% to 50%	1,487.6
Risk weight determined by external rating	411.4
Others	1,076.1
Risk weight: from 75% to 150%	3,601.2
Risk weight determined by external rating	57.8
Others	3,543.3
Capital deductions	—

Notes: 1. Figures are taking into account the effects of credit risk mitigation techniques.
2. Figures do not contain any securitization exposures.

(Reference: Balances by risk weight category of exposures which are applicable to the Former Notification)

Billions of yen

	March 31, 2007
Risk weight: 0%	124.5
Risk weight: 10%	—
Risk weight: 20%	1,340.8
Risk weight: 50%	2,737.8
Risk weight: 100%	8,336.9

Exposures subject to the IRB Approach: specialized lending exposures subject to supervisory slotting criteria and equity exposures subject to the Market-Based Approach (simple risk weight method)

Billions of yen

	March 31, 2007
Specialized lending exposures subject to supervisory slotting criteria	2,090.5
Risk weight: from 50% to 95%	1,263.9
Risk weight: from 115% to 250%	817.3
Risk weight: 0%	9.1
Equity exposures subject to the Market-Based Approach (simple risk weight method)	343.5
Risk weight: 300%	168.9
Risk weight: 400%	174.5

Exposures subject to the IRB Approach: corporate exposures

Billions of yen

					March 31, 2007
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	14,141.5	8,849.4	0.19%	44.88%	36.71%
Medium	27,319.3	4,477.4	0.73%	43.40%	68.61%
Medium-to-high	2,971.1	616.4	12.16%	43.11%	192.75%
High	1,586.0	115.8	100.00%	43.38%	

Notes: 1. Figures exclude specialized lending exposures subject to supervisory slotting criteria and any exposures relating to funds.
2. RW stands for risk weight. Risk weight is calculated by dividing the amount of credit risk-weighted assets by EAD, and does not include any expected losses. Note that credit risk-weighted asset amounts are multiplied by 1.06.

Exposures subject to the IRB Approach: sovereign exposures

Billions of yen

					March 31, 2007
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	31,456.2	2,513.5	0.01%	45.00%	2.46%
Medium	461.1	15.2	0.60%	44.97%	56.19%
Medium-to-high	68.5	3.5	17.92%	45.00%	233.08%
High	5.3	0.0	100.00%	42.54%	

Exposures subject to the IRB Approach: bank exposures

Billions of yen

					March 31, 2007
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	10,595.1	3,721.3	0.09%	45.00%	22.30%
Medium	1,201.3	1,574.4	0.37%	45.56%	57.38%
Medium-to-high	15.5	21.6	15.70%	44.16%	212.31%
High	0.4	0.1	100.00%	45.00%	

Exposures subject to the IRB Approach: equity exposures under PD/LGD Approach

Billions of yen

			March 31, 2007
Credit rating	Amount of exposures	Weighted average PD	Weighted average RW
Low	242.3	0.14%	174.22%
Medium	149.4	0.43%	197.21%
Medium-to-high	0.7	18.09%	548.82%
High	103.1	100.00%	

Note: Figures exclude any equity exposures based on calculations where credit risk asset values are assessed using the Market-Based Approach as well as any equity exposures where a 100% risk weight is applied based on the transitional arrangements stipulated in Article 13 of the Supplementary Provisions to the FSA Capital Adequacy Notification.

Exposures subject to the IRB Approach: retail exposures

Billions of yen

	March 31, 2007			
	On balance sheet EAD	Amount of undrawn commitments	Weighted average factor on undrawn commitments	Other off balance sheet EAD
Residential mortgage	12,815.2	—	—	435.6
Non-defaulted	12,697.1	—	—	432.6
Defaulted	118.1	—	—	2.9
Other retail (non-business)	1,584.7	6,638.4	21.97%	244.5
Non-defaulted	1,426.5	6,627.0	22.00%	240.5
Defaulted	158.2	11.4	4.19%	3.9
Other retail (business-related)	1,925.1	1.4	0.21%	64.6
Non-defaulted	1,918.4	1.4	0.21%	64.2
Defaulted	6.6	—	—	0.4

	March 31, 2007				
	Number of pools	Weighted average PD	Weighted average LGD	Weighted average EL on default	Weighted average RW
Residential mortgage	80	1.56%	36.73%	—	26.57%
Non-defaulted	58	0.65%	36.59%	—	26.50%
Defaulted	22	99.97%	51.44%	48.87%	34.19%
Other retail (non-business)	117	11.67%	41.68%	—	40.09%
Non-defaulted	77	1.87%	39.51%	—	40.35%
Defaulted	40	100.00%	61.23%	58.40%	37.70%
Other retail (business-related)	18	3.78%	38.28%	—	55.86%
Non-defaulted	12	3.45%	38.27%	—	56.03%
Defaulted	6	100.00%	39.71%	39.21%	6.65%

Note: In cases where purchased receivables are included, the weighted average PD reflects not only the PD but also a figure for which the annual expected loss rate corresponding to the dilution risk is prorated.

Actual losses on exposures subject to the IRB Approach

Millions of yen

	Corporate exposures	Sovereign exposures	Bank exposures	Equity exposures under PD/LGD Approach	Residential mortgage exposures	Other retail exposures
FY2006 H1	(118,364)	265	(7,044)	204	9,333	4,562
FY2005			(343,400)			
FY2006 H1: *Discussion of the factors*	Net losses on corporate exposures are shown as a negative amount (i.e., a profit), reflecting repayments on defaulted exposures and other factors such as loan normalization.				Actual PD, LGD and EAD results did not substantially exceeded long-term averages, and actual losses were therefore smaller than initially estimated losses. In addition, progress on repayment and loan normalization with respect to some default exposures has offset losses.	

Note: Actual losses include the following amounts related to defaulted exposures: write-offs against allowances, losses on the disposal of claims, debt forgiveness or loan waivers, and impairment losses on securities. However, in FY2005, credit-related costs are described as actual losses, since BTMU's credit risk management in that year was not based on Basel II asset classes.

Long period comparison of estimated and actual losses for exposures subject to the IRB Approach

Millions of yen

	Corporate exposures	Sovereign exposures	Bank exposures	Equity exposures under PD/LGD Approach	Residential mortgage exposures	Other retail exposures
FY2006 H1 estimated losses	1,099,175	16,889	12,810	170,378	60,981	103,186
Initial EAD	62,791,463	39,466,439	15,610,401	351,939	14,273,075	5,383,108
Estimated weighted average PD	3.98%	0.10%	0.18%	53.79%	1.20%	5.25%
Estimated weighted average LGD	43.97%	45.00%	45.15%	90.00%	35.68%	36.52%
FY2006 H1 actual losses	(118,364)	265	(7,044)	204	9,333	4,562

Notes: 1. Estimated losses are the product of EAD, PD, and LGD values used to calculate credit risk-weighted assets.
2. The initial EAD was used for a preliminary calculation under the FIRB Approach at the end of March 2006, and was not used to calculate an official figure of capital adequacy ratio.
3. Estimates for PD and LGD were used for preliminary calculations under the FIRB Approach at the end of September 2006, and were not used to calculate official figures of capital adequacy ratio. Estimates for PD and LGD that were used for preliminary calculations under the FIRB Approach at the end of March 2006 were not used, because such estimates included temporary factors due to the merger of the Bank of Tokyo-Mitsubishi with UFJ Bank Limited.

Credit Risk Mitigation

Exposures subject to application of credit risk mitigation techniques

Billions of yen

	March 31, 2007			
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives
Portfolios under the FIRB Approach	11,554.6	4,013.7	1,961.7	1,217.0
Corporate exposures	3,428.7	4,009.2	1,184.0	1,170.9
Sovereign exposures	763.7	1.6	532.9	—
Bank exposures	7,362.1	2.8	212.5	46.1
Residential mortgage exposures	—	—	—	—
Other retail exposures	—	—	32.1	—
Portfolios under the Standardized Approach	33.5	—	38.9	—

Derivative Transactions

Matters relating to counterparty credit risk

Billions of yen

	March 31, 2007
Aggregated gross replacement costs	5,466.7
Credit equivalent amounts prior to credit risk mitigation benefits due to collateral	5,759.1
Foreign exchange and gold	3,680.8
Interest rate	8,217.2
Equity	0.1
Precious metals (except gold)	—
Other commodities	303.4
Credit derivative	505.9
Netting benefits due to close out netting agreements (Note 2)	(6,948.4)
Collateral held	—
Credit equivalent amounts after credit risk mitigation benefits due to collateral	5,759.1
Notional principal amount of credit derivatives included in calculation of credit equivalent amounts	8,566.4
Purchased credit protection through credit default swaps	4,707.3
Purchased credit protection through total return swaps	—
Purchased credit protection through credit options	—
Purchased other credit protection	—
Provided credit protection through credit default swaps	3,859.0
Provided credit protection through total return swaps	—
Provided credit protection through credit options	—
Provided other credit protection	—
Notional principal amount of credit derivatives used for credit risk mitigation purposes	1,257.5

Notes: 1. Credit equivalent amounts are calculated using the Current Exposure Method.
2. These benefits are equal to the figure obtained by subtracting credit equivalent amounts prior to credit risk mitigation benefits due to collateral from the sum of aggregated gross replacement costs and total gross add-ons.

Securitization Exposures

■ *Securitization exposures originated by BTMU*

Amount of underlying assets relating to securitization exposures

Billions of yen

	March 31, 2007	
	Amount of underlying assets relating to retained securitization exposures	Amount of underlying assets relating to securitization transactions during this period with no retained securitization exposures*
Traditional securitizations (asset transfer type)	2,936.9	—
Residential mortgage	2,545.2	—
Apartment loan	391.0	—
Credit card receivables	—	—
Other assets	0.7	—
Synthetic securitizations	364.1	—
Residential mortgage	—	—
Apartment loan	—	—
Credit card receivables	—	—
Other assets	364.1	—
Sponsor of asset-backed commercial paper (ABCP) programme	32,037.8	—
Residential mortgage	—	—
Apartment loan	—	—
Credit card receivables	22,140.5	—
Account receivables	3,925.3	—
Leasing receivables	997.1	—
Other assets	4,974.8	—
Total	35,339.0	—

* *Amount of underlying assets refer only to those cases in which the securitization exposures associated with a securitization conducted during that fiscal year was wholly transferred to third parties.*

Defaulted exposures and losses for underlying assets relating to securitization exposures

Millions of yen

	FY2006		
	Exposures in default or contractually past due 3 months or more		
	Underlying assets relating to retained securitization exposures	Underlying assets relating to securitization transactions during this period with no retained securitization exposures*	Losses incurred during this period **
Traditional securitizations (asset transfer type)	6,803	—	3,401
Residential mortgage	5,708	—	2,799
Apartment loan	1,095	—	601
Credit card receivables	—	—	—
Other assets	—	—	—
Synthetic securitizations	—	—	—
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	—	—	—
Other assets	—	—	—
Sponsor of asset-backed commercial paper (ABCP) programme	669,518	1,607,904	877,893
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	486,082	1,294,932	725,338
Account receivables	130,102	208,103	61,227
Leasing receivables	2,075	1,343	3,066
Other assets	51,257	103,525	88,261
Total	676,321	1,607,904	881,294

* *Figures show cumulative totals for this period of underlying assets either in default or contractually past due 3 months or more arising from securitization transactions in cases where the securitization exposures associated with a transaction conducted during this period was wholly transferred to third parties, or where no exposure was retained at the end of this period from a securitization conducted during this period due to related maturity.*

** *Figures indicate losses incurred on underlying assets in this period. Losses with traditional or synthetic securitizations are based on the projected accounting losses for holding the underlying assets without conducting the relevant securitization. With sponsor of ABCP programme, reflecting the fact that it is extremely rare for such schemes to result in losses arising from any retained securitization exposure, it is difficult to obtain generally relevant information relating to losses as based on certain definitions. These figures therefore aggregate cases where economic actual losses have been ascertained with cases where the loss has been valued on the same basis as the underlying defaulted assets.*

Amount of securitization exposures retained

Billions of yen

	March 31, 2007
Traditional securitizations (asset transfer type)	713.0
Residential mortgage	508.7
Apartment loan	203.2
Credit card receivables	—
Other assets	1.0
Synthetic securitizations	344.5
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	344.5
Sponsor of asset-backed commercial paper (ABCP) programme	3,192.3
Residential mortgage	—
Apartment loan	—
Credit card receivables	513.7
Account receivables	1,296.6
Leasing receivables	656.1
Other assets	725.7
Total	4,249.9

Amount of securitization exposures retained and the associated capital requirement for these exposures broken down into a number of risk weight bands

Billions of yen

	March 31, 2007	
	Amount of exposures	Capital requirement
Traditional securitizations (asset transfer type)	713.0	86.5
Risk weight: to 20%	0.2	—
Risk weight: over 20% to 50%	0.0	0.0
Risk weight: over 50% to 100%	167.0	11.6
Risk weight: over 100% to 250%	482.9	55.5
Risk weight: over 250% under 1250%	62.5	19.0
Risk weight: 1250%	0.3	0.3
Synthetic securitizations	344.5	3.4
Risk weight: to 20%	327.0	1.9
Risk weight: over 20% to 50%	—	—
Risk weight: over 50% to 100%	—	—
Risk weight: over 100% to 250%	17.5	1.4
Risk weight: over 250% under 1250%	—	—
Risk weight: 1250%	—	—
Sponsor of asset-backed commercial paper (ABCP) programme	3,192.3	182.4
Risk weight: to 20%	1,683.7	10.8
Risk weight: over 20% to 50%	373.1	11.7
Risk weight: over 50% to 100%	413.8	25.4
Risk weight: over 100% to 250%	544.3	73.7
Risk weight: over 250% under 1250%	173.6	57.0
Risk weight: 1250%	3.6	3.6

Amount of securitization exposures that have been deducted from Tier 1 capital (Amounts equivalent to increase in capital)

Billions of yen

	March 31, 2007
	Amount of securitization exposures that have been deducted from Tier 1 capital
Traditional securitizations (asset transfer type)	41.7
Residential mortgage	36.5
Apartment loan	5.2
Credit card receivables	—
Other assets	—
Synthetic securitizations	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	—
Sponsor of asset-backed commercial paper (ABCP) programme	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Account receivables	—
Leasing receivables	—
Other assets	—
Total	41.7

Note: The amount of securitization exposures that have been deducted from Tier 1 capital counts as Tier 1 capital deductions in line with Article 5 of the FSA Capital Adequacy Notification, and include any gains on disposal of the underlying assets relating to the securitization.

Amount of other securitization exposures that have been deducted from total capital *Billions of yen*

	March 31, 2007
	Capital deductions
Traditional securitizations (asset transfer type)	0.3
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	0.3
Synthetic securitizations	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	—
Sponsor of asset-backed commercial paper (ABCP) programme	3.6
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Account receivables	—
Leasing receivables	3.6
Other assets	—
Total	3.9

Note: Figures listed refer to capital deductions as stipulated in Article 247 of the FSA Capital Adequacy Notification.
Other securitization exposures that have been deducted from total capital includes cases where the credit risk-weighted assets computed using the Supervisory Formula exceed 1250% or where a rating is lower than a certain threshold when calculating credit risk-weighted assets under the Ratings-Based Approach.

Securitization exposures subject to early amortization provisions retained

In line with the provisions of Articles 252 & 270 of the FSA Capital Adequacy Notification, there are no securitization exposures subject to early amortization treatment that are retained by external investors and are used to calculate credit risk-weighted assets.

Summary of securitization activity conducted during this period

Billions of yen

	FY2006
Traditional securitizations (asset transfer type)	1,577.5
Residential mortgage	1,577.5
Apartment loan	—
Credit card receivables	—
Other assets	—
Synthetic securitizations	268.0
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	268.0
Sponsor of asset-backed commercial paper (ABCP) programme	80,625.6
Residential mortgage	—
Apartment loan	—
Credit card receivables	41,576.3
Account receivables	32,637.6
Leasing receivables	721.4
Other assets	5,690.2
Total	82,471.2

Note: *Figures refer to cumulative underlying assets amount relating to securitizations conducted during this period.*

Recognized gains or losses on sales in this period arising from securitization transactions

Billions of yen

	FY2006
Traditional securitizations (asset transfer type)	38.7
Residential mortgage	38.7
Apartment loan	—
Credit card receivables	—
Other assets	—
Synthetic securitizations	/
Sponsor of asset-backed commercial paper (ABCP) programme	/
Total	38.7

Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures

Billions of yen

	March 31, 2007
Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures	5.6

Note: *Figures refer to credit risk-weighted assets computed using transitional arrangements as stipulated in Article 15 of the Supplementary Provisions to the FSA Capital Adequacy Notification. Specifically, in those cases where the standardized approach is applied as an exception that include securitization exposures retained as originator, figures refer to credit risk-weighted assets computed using a transitional arrangement whereby such assets values are capped at the greater of the value based on the provisions of the Former Notification as stipulated in the Supplementary Provisions to the FSA Capital Adequacy Notification or the value if the underlying assets were retained.*

Securitization exposures in which BTMU invests

Amount of securitization exposures retained

Billions of yen

	March 31, 2007
Retained securitization exposures	2,722.4
Residential mortgage	1,058.6
Apartment loan	—
Credit card receivables	208.8
Corporate loan	968.9
Others	485.9

Amount of securitization exposures retained and the associated capital requirement for these exposures broken down into a number of risk weight bands

Billions of yen

	March 31, 2007	
	Amount of exposures	Capital requirement
Risk weight: to 20%	2,450.6	15.8
Risk weight: over 20% to 50%	73.1	1.4
Risk weight: over 50% to 100%	162.0	10.3
Risk weight: over 100% to 250%	10.7	1.3
Risk weight: over 250% under 1250%	4.7	1.0
Risk weight: 1250%	21.1	21.1

Amount of securitization exposures retained qualifying as capital deductions

Billions of yen

	March 31, 2007
	Capital deductions
Retained securitization exposures	21.1
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Corporate loan	—
Others	21.1

Note: Figures listed refer to capital deductions as stipulated in Article 247 of the FSA Capital Adequacy Notification. Securitization exposures qualifying as capital deductions include cases where the credit risk-weighted assets computed using the Supervisory Formula exceed 1250% or where a rating is lower than a certain threshold when calculating credit risk-weighted assets under the Ratings-Based Approach.

Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures

Billions of yen

	March 31, 2007
Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures	16.0

Note: Figures refer to credit risk-weighted assets calculated using transitional arrangements as stipulated in Article 15 of the supplementary provisions to the FSA Capital Adequacy Notification. Specifically, in those cases where the standardized approach is applied as an exception that include securitization exposures retained as investor, figures refer to credit risk-weighted assets calculated using a transitional arrangement whereby such assets values are capped at the greater of the value based on the Former Notification as stipulated in the supplementary provisions to the FSA Capital Adequacy Notification and the value if the underlying assets were retained.

Market Risk

Value-at-risk (VaR): maximum, minimum and average values by disclosure period and period-end

• *VaR for trading activities*

Billions of yen

	April 1, 2005–December 31, 2005			
	Average	Maximum	Minimum	December 31, 2005
Bank of Tokyo-Mitsubishi	3.50	13.08	0.88	0.88
Interest rate	3.29	13.33	0.60	0.63
Yen	2.71	12.12	0.13	0.25
U.S. dollar	0.51	1.37	0.19	0.42
Foreign exchange	0.87	1.93	0.32	0.50
Equities	0.16	0.60	0.00	0.00
Commodities	0.03	0.17	0.00	0.00
(Diversification effect)	0.85	—	—	0.25
UFJ Bank	1.99	3.11	0.61	0.70

Assumptions for VaR calculations:

Bank of Tokyo-Mitsubishi: Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

UFJ Bank: Historical simulation method
Holding period: 1 business day
Confidence interval: 99%
Observation period: 750 business days

• The maximum and minimum VaR overall and for various risk categories were taken from different days.

• *VaR for trading activities*

Billions of yen

	January 1, 2006–March 31, 2006			
	Average	Maximum	Minimum	March 31, 2006
Overall	2.44	3.17	1.97	2.11
Interest rate	2.08	3.01	1.51	1.97
Yen	1.49	1.97	0.98	1.45
U.S. dollar	0.59	1.44	0.23	0.76
Foreign exchange	0.96	1.29	0.46	0.81
Equities	—	—	—	—
Commodities	—	—	—	—
(Diversification effect)	0.61	—	—	0.66

Assumptions for VaR calculations:

Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

• The maximum and minimum VaR overall and for various risk categories were taken from different days.

Note: The VaR for BTMU's total trading activities in the fiscal year ended March 31, 2006 are divided into separate periods to reflect the mergers of the two commercial banks in January 2006. The former Bank of Tokyo-Mitsubishi and UFJ Bank used different risk measurement methods, and the pre-merger figures are based on these respective approaches.

• *VaR for trading activities*

Billions of yen

	April 1, 2006–March 31, 2007			
	Average	Maximum	Minimum	March 31, 2007
Overall	2.71	7.34	1.58	7.34
Interest rate	1.80	3.93	0.88	2.14
Yen	1.25	2.49	0.62	1.48
U.S. dollar	0.81	2.91	0.22	0.65
Foreign exchange	1.57	6.50	0.53	6.50
Equities	—	—	—	—
Commodities	—	—	—	—
(Diversification effect)	0.66	—	—	1.30

Assumptions for VaR calculations:

Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

• The maximum and minimum VaR overall and for various risk categories were taken from different days.

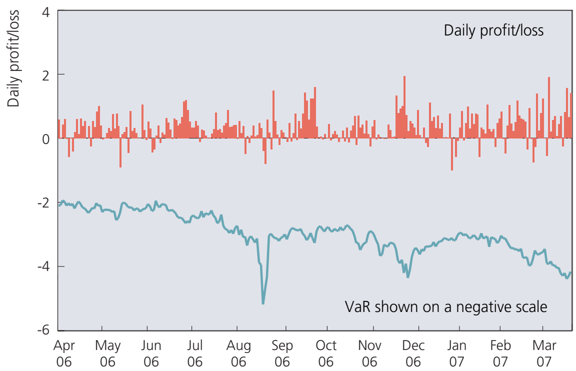
Results of market risk backtesting and explanations of any actual trading losses significantly in excess of VaR

Market Risk Backtesting

(April 1, 2006–March 31, 2007)

VaR and Daily Profit/Loss for Trading Activities

(April 1, 2006–March 31, 2007)



Note: Actual trading losses never exceeded VaR throughout the periods studied.

Equity Exposures in Banking Book

Amount on consolidated balance sheet and market values

• *Exposures to publicly traded equities*

Millions of yen

	March 31, 2006		March 31, 2007	
	Amount on consolidated balance sheet	Market value	Amount on consolidated balance sheet	Market value
Exposures to publicly traded equities	6,075,684	6,075,684	6,296,078	6,296,078

Notes: 1. Figures only count Japanese and foreign equities held within securities available for sale with quoted market value.
2. There is no significant disparity between the share prices of publicly quoted share values and fair value.

• *Equity exposures other than above*

Millions of yen

	March 31, 2006	March 31, 2007
	Amount on consolidated balance sheet	Amount on consolidated balance sheet
Equity exposures other than above	647,283	498,986

Note: Figures only count Japanese and foreign equities held within securities available for sale whose market values are not readily determinable.

Cumulative gains or losses arising from sales or write-offs of exposures to equities

Millions of yen

	FY2005			FY2006		
	Gains on sales	Losses on sales	Write-offs	Gains on sales	Losses on sales	Write-offs
Exposures to equities	107,860	(21,999)	(29,332)	138,811	(1,305)	(28,846)

Note: Figures refer to net gains or losses on equity securities within net non-recurring gains or losses.

Unrealized gains or losses recognized on consolidated balance sheet but not on consolidated statement of income

Millions of yen

	March 31, 2006			March 31, 2007		
	Unrealized gains or losses	Gains	Losses	Unrealized gains or losses	Gains	Losses
Exposures to equities	2,126,359	2,151,630	25,271	2,367,999	2,469,953	101,954

Note: Figures only count Japanese and foreign equities held within securities available for sale with quoted market value.

Unrealized gains or losses not recognized either on consolidated balance sheet or on consolidated statement of income

Not applicable

Amounts equivalent to 45% of unrealized gains on securities available for sale counted as Tier 2 capital

Billions of yen

	March 31, 2006	March 31, 2007
Amounts equivalent to 45% of unrealized gains on securities available for sale counted as Tier 2 capital	910.2	1,089.2

Note: Figures refer to items counted as Tier 2 capital based on the provisions of Paragraph 1.1 of Article 6 of the FSA Capital Adequacy Notification. Specifically, in cases where the total amount on the consolidated balance sheet of securities available for sale exceeds total book value for such securities (excluding instances where such securities are held intentionally as part of fund raising by other financial institutions, in line with the provisions of Paragraph 1.1 of Article 8 of the FSA Capital Adequacy Notification), the figures show amounts equivalent to 45% of the corresponding unrealized gains.

Equity exposures subject to transitional arrangements (grandfathering provisions)

Billions of yen

	March 31, 2007
Exposures to publicly traded equities subject to transitional arrangements	5,918.7
Equity exposures other than above subject to transitional arrangements	217.3
Total	6,136.1

Note: Based on the transitional arrangements as stipulated in Article 13 of the Supplementary Provisions to the FSA Capital Adequacy Notification, figures refer to the amount of equity exposures for which a 100% risk weight is used to calculate credit risk-weighted assets.

Exposures Relating to Funds

Exposures relating to funds

Billions of yen

	March 31, 2007
Exposures relating to funds	1,833.2
Exposures where fund components are identifiable (look-through approach) (Note 1)	1,243.7
Exposures not included above where equity exposures constitute majority of total value of fund components (Note 2)	100.5
Exposures not included in any category above where investment mandates of funds are known (Note 3)	20.8
Exposures not included in any category above where the internal models approach is applied (Note 4)	—
Exposures not included in any category above where there is a high probability of the weighted average risk weight applied to fund components being less than 400% (Note 5)	461.0
Exposures not included in any category above (Note 5)	7.1

Note: 1. As stipulated in Paragraph 1 of Article 167 of the FSA Capital Adequacy Notification.
2. As stipulated in Paragraph 2 of Article 167 of the FSA Capital Adequacy Notification.
3. As stipulated in Paragraph 3 of Article 167 of the FSA Capital Adequacy Notification.
4. As stipulated in Paragraph 4 of Article 167 of the FSA Capital Adequacy Notification.
5. As stipulated in Paragraph 5 of Article 167 of the FSA Capital Adequacy Notification.

Interest Rate Risk in the Banking Book (IRRBB)

Decline in economic values for applied interest rate shocks according to internal risk management

• *VaR for non-trading activities*

Billions of yen

	April 1, 2006–March 31, 2007			
	Average	Maximum	Minimum	March 31, 2007
Interest rate	152.5	168.9	123.9	150.4
Yen	87.9	103.3	59.7	87.8
U.S. dollar	93.2	104.5	76.6	85.9
Euro	15.5	19.1	12.0	14.1
Equities	61.7	73.5	44.6	58.7
Overall	169.1	186.5	145.1	169.8

Assumptions for VaR calculations:

Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

• The maximum and minimum VaR overall and for each risk category were taken from different days.
The equity-related risk figures do not include market risk from our strategic equity portfolio.

Consolidated Capital Adequacy Ratio at March 31, 2006

BTMU's consolidated capital adequacy ratio as of March 31, 2006 was calculated based on formulas contained in the Former Notification. BTMU applies the International Standard and market risk regulation.

With regard to the internal controls structure governing calculation of the consolidated capital adequacy ratio, BTMU received a report from Deloitte Touche Tohmatsu (DTT) which conducted certain procedures as an independent auditing firm. The procedures that were agreed upon between BTMU and DTT were conducted in accordance with the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 30. The procedures were not conducted based on "generally accepted auditing principles," and we did not receive any audit opinion with regard to our internal controls structure or the related consolidated capital adequacy ratio.

Billions of yen

			March 31, 2006
Tier 1 (core) capital	Capital stock		996.9
	Non-cumulative perpetual preferred stock		125.0
	New stock subscriptions		—
	Capital surplus		2,767.5
	Retained earnings		1,488.9
	Minority interests in consolidated subsidiaries and affiliates (Note 1)		1,588.8
	Preferred securities issued by SPCs based outside Japan		1,237.2
	Net unrealized losses on securities available for sale		—
	Treasury stock subscriptions		—
	Treasury stock		—
	Foreign currency translation adjustments		(43.4)
	Amount equivalent to goodwill		(51.4)
	Intangible assets acquired via business combination		(5.0)
	Amount equivalent to consolidation adjustment account		(7.1)
	Tier 1 capital prior to deductions for deferred tax assets (subtotal of above items)		**6,735.3**
	Deductions for deferred tax assets (Note 2)		—
	Subtotal	**(A)**	**6,735.3**
	Preferred securities with step-up interest rate clauses (Note 3)		778.2
Tier 2 (supplementary) capital	Amounts equivalent to 45% of unrealized gains on securities available for sale		910.2
	Amount equal to 45% of the land revaluation excess		201.6
	General allowance for loan losses		912.0
	Debt capital		3,308.8
	Perpetual subordinated debt (Note 4)		538.7
	Non-perpetual subordinated debt and non-perpetual preferred stock (Note 5)		2,770.0
	Subtotal		**5,332.7**
	Total qualified Tier 2 capital	**(B)**	**5,332.7**
Tier 3 (quasi-supplementary) capital	**Short-term subordinated debt**		—
	Total qualified Tier 3 capital	**(C)**	—
Deductions from capital	**Deductions from capital (Note 6)**	**(D)**	**146.6**
Total capital		**(E) = [(A) + (B) + (C) – (D)]**	**11,921.4**
Risk-weighted assets	On balance sheet items		81,066.0
	Off balance sheet items		14,123.5
	Credit risk-weighted assets	**(F)**	**95,189.5**
	Risk assets derived from market-risk equivalent	**(G) = [H/8%]**	**331.1**
	(Reference) Amount equivalent to market risk	**(H)**	**26.4**
	Subtotal	**(I) = [(F) + (G)]**	**95,520.6**
Consolidated capital adequacy ratio (International Standard)		**[(E) / (I) x 100]**	**12.48%**

Notes: 1. BTMU agreed to purchase the preferred stock issued by MU Strategic Partner Co., Ltd., a consolidated subsidiary of BTMU, from the Merrill Lynch Group on May 22, 2006. As a result, 120.0 billion yen has been deducted from Tier 1 capital as of March 31, 2006.

2. The amount equivalent to net deferred tax assets totaled 645.4 billion yen as of March 31, 2006, and the regulatory ceiling on the net amount of deferred tax assets allowable for capital inclusion equaled 2,694.1 billion yen.

3. Refers to stocks and other securities with some probability of redemption based on special clauses attached such as step-up call provisions as stipulated in Paragraph 2 of Article 4 of the Former Notification (including preferred securities issued by SPCs based outside Japan).

4. This refers to capital market-issued debt instruments as listed in Paragraph 1.4 of Article 5 of the Former Notification with all of the following characteristics:
(1) Unsecured, fully paid and subordinated to senior debt
(2) Non-redeemable except under specified conditions
(3) Capital allocated to cover losses incurred in continuing operations
(4) Right retained to defer interest-payment obligations

5. This refers to instruments listed in Paragraph 1.5 of Article 5 and in Article 6 of the Former Notification. However, non-perpetual subordinated debt is limited to issues with an original maturity of over five years.

6. These figures refer to any amounts held intentionally as part of fund raising by other financial institutions in line with Paragraph 1.1 of Article 7 of the Former Notification and any amounts invested in line with the provisions of Paragraph 1.2 of Article 7 of said Notification.

Basel II Data (Consolidated) Fiscal 2006

Mitsubishi UFJ Trust and Banking Corporation

Contents

In accordance with the provisions of Article 14-2 of the Banking Law of Japan, Mitsubishi UFJ Trust and Banking Corporation (MUTB) adopts the "International Standard" to calculate its capital adequacy ratio based on formulas contained in the standards for the consolidated capital adequacy ratio of banks (Notification of the Financial Services Agency No. 19, 2006; referred to hereinafter as the "FSA Capital Adequacy Notification") to assess capital adequacy in light of the assets we own on a consolidated basis.

With regard to the internal controls structure governing calculation of the consolidated capital adequacy ratio, BTMU received a report from Deloitte Touche Tohmatsu (DTT) which conducted certain procedures as an independent auditing firm. The procedures that were agreed upon between BTMU and DTT were conducted in accordance with the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 30. The procedures were not conducted based on "generally accepted auditing principles," and we did not receive any audit opinion with regard to our internal controls structure or the related consolidated capital adequacy ratio.

The Basel II framework was implemented in Japan at the end of fiscal 2006 (the year ended March 31, 2007). With certain exceptions, this report does not contain any figures for fiscal 2005, the year prior to the implementation of Basel II, since such figures have not been calculated based on this standard.

Scope of Consolidation

Notes on the scope of consolidation

	FY2006
Differences between those companies belonging to the corporate group (hereinafter, the "consolidated group") to which the calculation of consolidated capital adequacy ratio as stipulated in Articles 3 or 26 of the FSA Capital Adequacy Notification is applicable and those companies that are included in the scope of consolidation based on the Japanese regulations concerning terminology, format and preparation procedures for consolidated financial statements. (Ordinance of the Ministry of Finance (MOF) No. 28, 1976; referred to hereinafter as the "Consolidated Financial Statement Regulations")	Paragraph 1 of Article 3 of the FSA Capital Adequacy Notification states that "the provisions of Paragraph 2 of Article 5 of the Consolidated Financial Statement Regulations shall not apply" to "financial subsidiaries" of a bank. Moreover, Paragraph 2 of the said Article 3 states that "insurance-related subsidiaries" of a bank "shall not be included in the scope of consolidation." In addition, with regard to affiliated companies engaged in financial operations, the FSA Capital Adequacy Notification states that, provided certain conditions are met, such companies "can be included in the scope of consolidation and in the calculation of the consolidated capital adequacy ratio using pro rata consolidation" (under which only those portions of the affiliated company's assets, liabilities, income and expenditures that are attributable to the bank or any consolidated subsidiaries with investments in the said affiliated company are included in the scope of consolidation). MUTB contains no company to which the above exception apply. Therefore there is no difference between the scope of the consolidated group and the scope based on the Consolidated Financial Statement Regulations.
Number of consolidated subsidiaries, and names and principal businesses of major consolidated subsidiaries of the consolidated group	22 companies The Master Trust Bank of Japan, Ltd. (trust/banking business), Mitsubishi UFJ Trust & Banking Corporation (U.S.A.) (trust/banking business), MU Investments Co., Ltd. (Investment advisory business), Mitsubishi UFJ Real Estate Services Co., Ltd. (real estate brokerage business), Mitsubishi UFJ Trust International Limited (securities business), etc.
Number of affiliated companies engaged in financial operations which are subject to Articles 9 or 32 of the FSA Capital Adequacy Notification, and names and principal businesses of affiliated companies engaged in major financial operations	Not applicable
Number of companies qualifying for capital deductions under the provisions of Paragraph 1.2 (a)–(c) of Article 8 or Paragraph 1.2 (a)–(c) of Article 31 of the FSA Capital Adequacy Notification, and names and principal businesses of any major companies therein	Not applicable

(Continued)

	FY2006
Among the companies specified in Paragraph 1 of Article 16-2 of the Banking Law of Japan (Law No. 59 of 1981; referred to hereinafter as "the Banking Law"), number of companies not belonging to the consolidated group that are either exclusively engaged in subordinate business specified in Paragraph 1.11, or that qualify under the provisions specified in Paragraph 1.12, of the said Article 16-2, and names and principal businesses of any major companies therein	Not applicable
Outline of restrictions on transfer of funds or capital within the consolidated group	Transfer of funds or capital within the consolidated group is conducted with all due consideration given to the appropriateness of each action. We give priority in ensuring that each group company maintains sufficient capital level for legal and regulatory compliance purposes. Care is also taken to ensure that actions do not compromise sound and proper operations, while eliminating negative effects on payment capacity, liquidity or profitability.

Companies that are deficient in regulatory capital and total regulatory capital deficiencies

	FY2006
Names of any companies qualifying for capital deductions under the provisions of Paragraph 1.2 (a)–(c) of Article 8, or Paragraph 1.2 (a)–(c) of Article 31, of the FSA Capital Adequacy Notification that are deficient in regulatory capital, and corresponding total regulatory capital deficiencies	Not applicable

Composition of Equity Capital

Summary of Equity Financing Methods

MUTB is financing its equity by ordinary shares, non-cumulative perpetual preferred shares, perpetual subordinated debt and term subordinated debt.

Capital Structure

Billions of yen

		March 31, 2007
Tier 1 (core) capital	(A)	1,175.5
Capital stock		324.2
Stock subscription advances		—
Capital surplus		530.3
Retained earnings		471.9
Treasury stock		—
Treasury stock subscription advances		—
Planned distribution		(143.8)
Net unrealized losses on securities available for sale		—
Foreign currency translation adjustments		0.7
Subscription rights to shares		—
Minority interests in consolidated subsidiaries and affiliates (Note 1)		10.5
Amount equivalent to goodwill		—
Intangible assets acquired via business combinations		—
Amount equivalent to capital increase due to securitization transactions		—
Amount equivalent to 50% of expected losses in excess of qualifying allowances		(18.4)
Deductions for deferred tax assets (Note 2)		—
Qualified Tier 2 (supplementary) and Tier 3 (quasi-supplementary) capital (Note 3)	(B)	729.7
Deductions from total qualifying capital (Note 4)	(C)	57.4
Total capital	(A)+(B)−(C)	1,847.8

Notes: 1. The amount of stocks and other securities with some probability of being redeemed pursuant to special provisions for stepped-up interests, etc., as stipulated in Paragraph 2 of Article 5 of the FSA Capital Adequacy Notification is included in "minority interests in consolidated subsidiaries and affiliates" when such stocks or other securities are issued as a means of raising capital. However, no such amount was included as of the end of fiscal 2006.

2. No "deductions for deferred tax assets" are shown because MUTB recorded net deferred tax liabilities. The regulatory ceiling on the net amount of deferred tax assets allowable for capital inclusion was 352.6 billion yen.

3. As stipulated in Articles 6 and 7 of the FSA Capital Adequacy Notification.

4. As stipulated in Article 8 of the FSA Capital Adequacy Notification.

Capital Adequacy

Capital requirements for credit risk

Billions of yen

	March 31, 2007
Capital requirements for credit risk (excluding equity exposures under the IRB Approach and exposures relating to funds (Note 3))	925.4
Standardized Approach	11.2
IRB Approach	895.9
Corporate exposures (excluding specialized lending) (the FIRB Approach)	647.7
Corporate exposures: specialized lending(the FIRB Approach)	63.1
Sovereign exposures (the FIRB Approach)	21.5
Bank exposures (the FIRB Approach)	49.4
Residential mortgage exposures	14.7
Other retail exposures	12.8
Exposures for purchased receivables	45.5
Exposures for other assets	40.8
Securitization exposures (Note 4)	18.3
Capital requirements for credit risk of equity exposures under the IRB Approach	140.9
Exposures subject to transitional arrangements (grandfathering provision) (Note 5)	133.3
Market-Based Approach (Simple Risk Weight Method) (Note 6)	2.6
Market-Based Approach (Internal Models Method) (Note 6)	—
PD/LGD Approach (Note 6)	4.9
Capital requirements for exposures relating to funds	135.8
Total	1,202.2

Notes: 1. Credit risk-weighted assets are calculated using the FIRB Approach by MUTB and Mitsubishi UFJ Trust Hoshyo. However, as an exemption to this approach, the Standardized Approach is used for calculations with credit risk-weighted assets at some subsidiaries in cases where the figures for such subsidiaries are expected to be minor compared with the total.

2. Capital requirement for portfolios under the FIRB Approach is calculated as "credit risk-weighted asset amount x 8% + expected losses." In this calculation, the amount of capital requirement is including any exposures qualifying as capital deduction, and the credit risk-weighted asset amount is multiplied by the scaling factor of 1.06. Capital requirements for portfolios under the Standardized Approach are calculated as "credit risk-weighted asset amount x 8%."

3. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 167 of the FSA Capital Adequacy Notification.

4. Including amounts equivalent to increase in equity capital resulting from a securitization exposure, as a deduction from Tier1 capital elements.

5. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 13 of the Supplementary Provisions to the FSA Capital Adequacy Notification.

6. Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 166 of the FSA Capital Adequacy Notification.

Capital requirements for market risk

Billions of yen

	March 31, 2007
Standardized Method	29.3
Interest rate risk	0.5
Equity position risk	—
Foreign exchange risk	28.7
Commodity risk	—
Options transactions	—
Internal Models Approach	6.2
Total	35.5

Note: As for market risk, Internal Models Approach is mainly adopted to calculate general market risk (in some cases the Standardized method is adopted) and the Standardized Method is adopted to calculate specific risk.

Capital requirements for operational risk

Billions of yen

	March 31, 2007
The Standardized Approach	75.8
Total	75.8

Note: Operational risk is calculated using the Standardized Approach (the Basic Indicator Approach and the Advanced Measurement Approaches are not adopted).

Consolidated total capital adequacy ratio, Tier 1 capital adequacy ratio and total capital requirement (consolidated basis)

Billions of yen

	March 31, 2007
Consolidated total capital adequacy ratio	13.20%
Consolidated Tier 1 capital adequacy ratio	8.40%
Consolidated total capital requirements	1,119.5
8% of credit risk-weighted assets	1,008.1
Capital requirements for market risk	35.5
Capital requirements for operational risk	75.8
8% of the amount by which the capital floor value, which is obtained by multiplying the risk-weighted asset amount as calculated according to the Former Notification (Note) based on 1988 Accord by the adjustment factor, exceeds the risk-weighted asset amount as calculated according to the FSA Capital Adequacy Notification	—

Note: Hereafter, this refers to Ministry of Finance (MOF) Notification No. 55, 1993, which was based on the provisions of Article 14-2 of the Banking Law of Japan.

Credit Risk

Credit risk exposures

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
The IRB approach	14,618.6	4,181.8	182.1	22,328.3
The Standardized approach taking	370.6	224.0	—	967.1
Total	14,989.3	4,405.8	182.1	23,295.4

Notes: 1. Figures are without taking into account the effects of credit risk mitigation techniques.
2. Regarding on balance sheet exposures to loans and debt securities, etc., no significant disparity was observed between the year end position and the average risk positions during the fiscal year. Although the definition to calculate commitments and other off balance sheet exposures was changed at the end of March 2007, no significant change in portfolio risk was recognized between year end and during the fiscal year.

Fiscal year-end balances of credit risk exposures by major types

(By geographic area)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Domestic	14,039.2	3,567.2	144.2	20,976.6
Foreign	950.1	838.6	37.8	2,318.8
Total	14,989.3	4,405.8	182.1	23,295.4

Note: Geographic area refers to the locations of MUTB, our subsidiaries or the head and branch offices of our subsidiaries.

(By type of industry)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Manufacturing	1,862.0	207.2	9.5	3,028.1
Wholesale and retail	887.4	58.1	6.6	1,023.8
Construction	214.8	11.1	0.0	281.1
Finance and insurance	3,591.1	407.2	154.0	5,610.7
Real estate	1,956.3	46.6	4.9	2,079.1
Services	1,094.3	99.3	1.0	1,239.9
Transport	899.7	42.6	5.2	1,121.6
Individuals	1,252.0	—	—	1,264.4
Governments and local authorities	2,637.8	3,487.9	0.0	6,213.2
Others	593.4	45.4	0.5	1,433.0
Total	14,989.3	4,405.8	182.1	23,295.4

(By residual contractual maturity)

Billions of yen

	March 31, 2007			
	Loans, commitments and other non-derivative off balance sheet exposures	Debt securities	OTC derivatives	Total (excluding any securitization exposures and exposures relating to funds)
Due in 1 year or less	3,402.2	330.2	78.3	4,831.7
Due over 1 year to 3 years	2,439.6	269.8	71.7	2,781.5
Due over 3 years to 5 years	2,178.9	1,821.8	20.0	4,021.3
Due over 5 years to 7 years	804.0	631.4	3.8	1,440.2
Due over 7 years	1,980.5	1,352.4	8.2	3,351.0
Others	4,183.7	—	—	6,869.5
Total	14,989.3	4,405.8	182.1	23,295.4

Note: The "Others" category includes exposures of indeterminate maturity etc.

Default exposures

(By geographic area)

Billions of yen

	March 31, 2007
Domestic	229.0
Foreign	2.3
Total	231.4

(By type of industry)

Billions of yen

	March 31, 2007
Manufacturing	34.8
Wholesale and retail	11.0
Construction	6.2
Finance and insurance	5.8
Real estate	20.1
Services	22.0
Transport	95.7
Individuals	35.0
Governments and local authorities	0.0
Others	0.3
Total	231.4

Notes: 1. Figures correspond to exposures where the amount of the credit risk-weighted asset is computed assuming default in cases subject to the IRB Approaches, and exposures where the amount of the credit risk-weighted asset is computed assuming past-due loan exposure in cases subject to the Standardized Approach.
2. Figures do not include any securitization exposures or exposures relating to funds.

General allowance for credit losses, specific allowance for credit losses and allowance for loans to specific foreign borrowers

(Balances by geographic area)

Millions of yen

	March 31, 2007		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Domestic	/	33,194	/
Foreign	/	—	/
Total	90,675	33,194	—

(Year-on-year changes by geographic area)

Millions of yen

	FY2006		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Domestic	/	(2,379)	/
Foreign	/	(71)	/
Total	1,201	(2,450)	—

(Balances by type of industry)

Millions of yen

	March 31, 2007		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Manufacturing	/	246	/
Wholesale and retail	/	1,070	/
Construction	/	230	/
Finance and insurance	/	3,468	/
Real estate	/	163	/
Services	/	6,255	/
Transport	/	16,088	/
Individuals	/	4,195	/
Governments and local authorities	/	7	/
Others	/	1,467	/
Total	90,675	33,194	—

(Year-on-year changes by type of industry)

Millions of yen

	FY2006		
	General allowance for credit losses	Specific allowance for credit losses	Allowance for loans to specific foreign borrowers
Manufacturing	/	(10,920)	/
Wholesale and retail	/	(3,461)	/
Construction	/	(787)	/
Finance and insurance	/	2,678	/
Real estate	/	(2,484)	/
Services	/	5,069	/
Transport	/	13,734	/
Individuals	/	(164)	/
Governments and local authorities	/	(0)	/
Others	/	(6,114)	/
Total	1,201	(2,450)	—

Notes: 1. Although the specific allowance for credit losses does not contain the allowance relating to any securitization exposures and exposures relating to funds, the allowance relating to these exposures is not excluded from both the general allowance for credit losses and the allowance for loans to specific foreign borrowers, owing to the fact that MUTB does not manage provisioning with respect to each asset class based on Basel II.

2. Industry classifications apply to allowances related to exposures held by MUTB because these exposures have the greatest overall impact. The bulk of provisions relating to exposures held by subsidiaries are included in the "Others" category.

Loan charge-offs

(By type of industry)

Millions of yen

	FY2006
Manufacturing	—
Wholesale and retail	—
Construction	10
Finance and insurance	—
Real estate	122
Services	1,320
Transport	132
Individuals	176
Governments and local authorities	—
Others	321
Total	2,083

Note: Figures do not include loan charge-offs related to securitization exposures or exposures relating to funds.

Balances by risk weight category of exposures under the Standardized Approach

Billions of yen

	March 31, 2007
Risk weight: 0%	470.6
Risk weight determined by external rating	4.8
Others	465.7
Risk weight: from 10% to 50%	94.5
Risk weight determined by external rating	94.5
Others	—
Risk weight: from 75% to 150%	121.1
Risk weight determined by external rating	—
Others	121.1
Capital deductions	—

Notes: 1. Figures are taking into account the effects of credit risk mitigation techniques.
2. Figures do not contain any securitization exposures.

Exposures subject to the IRB Approach: specialized lending exposures subject to supervisory slotting criteria and equity exposures subject to the Market-Based Approach (simple risk weight method)

Billions of yen

	March 31, 2007
Specialized lending exposures subject to supervisory slotting criteria	517.8
Risk weight: from 50% to 95%	319.5
Risk weight: from 115% to 250%	197.8
Risk weight: 0%	0.4
Equity exposures subject to the Market-Based Approach (simple risk weight method)	9.2
Risk weight: 300%	5.6
Risk weight: 400%	3.5

Exposures subject to the IRB Approach: corporate exposures

Billions of yen

	March 31, 2007				
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	3,231.9	668.5	0.16%	44.16%	38.51%
Medium	3,947.1	419.0	0.63%	42.63%	64.82%
Medium-to-high	1,013.0	188.9	10.16%	41.67%	192.36%
High	213.0	2.7	100.00%	42.57%	

Notes: 1. Figures exclude specialized lending exposures subject to supervisory slotting criteria and any exposures relating to funds.
2. RW stands for risk weight. Risk weight is calculated by dividing the amount of credit risk-weighted assets by EAD, and does not include any expected losses. Note that credit risk-weighted asset amounts are multiplied by 1.06.

Exposures subject to the IRB Approach: sovereign exposures

Billions of yen

	March 31, 2007				
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	3,672.8	1,661.3	0.01%	43.89%	3.02%
Medium	126.1	0.2	0.28%	44.74%	43.84%
Medium-to-high	8.4	4.7	18.22%	40.30%	221.84%
High	0.5	0.8	100.00%	39.89%	／

Exposures subject to the IRB Approach: bank exposures

Billions of yen

	March 31, 2007				
Credit rating	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
Low	1,241.2	676.5	0.11%	46.95%	30.12%
Medium	75.1	18.8	0.31%	46.62%	51.60%
Medium-to-high	9.5	0.2	17.97%	45.00%	229.24%
High	0.5	—	100.00%	45.00%	／

Exposures subject to the IRB Approach: equity exposures under PD/LGD Approach

Billions of yen

	March 31, 2007		
Credit rating	Amount of exposures	Weighted average PD	Weighted average RW
Low	14.7	0.17%	129.31%
Medium	7.7	0.59%	182.07%
Medium-to-high	0.0	15.59%	521.48%
High	2.5	100.00%	／

Note: Figures exclude any equity exposures based on calculations where credit risk asset values are assessed using the Market-Based Approach as well as any equity exposures where a 100% risk weight is applied based on the transitional arrangements stipulated in Article 13 of the Supplementary Provisions to the FSA Capital Adequacy Notification.

Exposures subject to the IRB Approach: retail exposures

Billions of yen

	March 31, 2007			
	On balance sheet EAD	Amount of undrawn commitments	Weighted average factor on undrawn commitments	Other off balance sheet EAD
Residential mortgage	660.6	—	—	97.7
Non-defaulted	657.7	—	—	97.4
Defaulted	2.9	—	—	0.2
Other retail (non-business)	56.3	19.9	24.71%	6.0
Non-defaulted	53.0	19.8	24.76%	5.8
Defaulted	3.3	0.0	8.73%	0.1
Other retail (business-related)	169.5	—	—	6.3
Non-defaulted	165.5	—	—	6.2
Defaulted	4.0	—	—	0.1

	March 31, 2007				
	Number of pools	Weighted average PD	Weighted average LGD	Weighted average EL on default	Weighted average RW
Residential mortgage	24	0.70%	44.95%	—	20.45%
Non-defaulted	16	0.28%	41.89%	—	20.53%
Defaulted	8	100.00%	47.01%	47.01%	0.00%
Other retail (non-business)	24	7.93%	42.52%	—	45.03%
Non-defaulted	16	2.82%	33.09%	—	47.53%
Defaulted	8	100.00%	47.31%	47.31%	0.00%
Other retail (business-related)	6	3.46%	40.49%	—	40.34%
Non-defaulted	4	1.11%	42.46%	—	41.32%
Defaulted	2	100.00%	39.58%	39.58%	0.00%

Actual losses on exposures subject to the IRB Approach

Millions of yen

	Corporate exposures	Sovereign exposures	Bank exposures	Equity exposures under PD/LGD Approach	Residential mortgage exposures	Other retail exposures
FY2006 H1	(37,160)	0	124	—	120	14
FY2005			(34,441)			
FY2006 H1: *Discussion of the factors*	Net losses on corporate exposures are shown as a negative amount (i.e., a profit), reflecting repayments on defaulted exposures and other factors such as loan normalization.					

Note: *Actual losses include the following amounts related to defaulted exposures: write-offs against allowances, losses on the disposal of claims, debt forgiveness or loan waivers, and impairment losses on securities. However, in FY2005, credit-related costs are described as actual losses, since MUTB's credit risk management in that year was not based on Basel II asset classes. Actual losses and credit-related costs in FY2005 equal the aggregate figures for the banking account and for trust accounts for which repayment of the principal to the customers is guaranteed.*

Long period comparison of estimated and actual losses for exposures subject to the IRB Approach

Millions of yen

	Corporate exposures	Sovereign exposures	Bank exposures	Equity exposures under PD/LGD Approach	Residential mortgage exposures	Other retail exposures
FY2006 H1 estimated losses	136,363	1,217	1,834	3,197	1,986	5,003
Initial EAD	9,444,725	4,343,090	1,466,251	27,179	712,188	265,216
Estimated weighted average PD	3.42%	0.07%	0.28%	13.07%	0.64%	4.47%
Estimated weighted average LGD	42.22%	42.89%	45.24%	90.00%	43.47%	42.24%
FY2006 H1 actual losses	(37,160)	0	124	—	120	14

Notes: 1. Estimated losses are the product of EAD, PD, and LGD values used to calculate credit risk-weighted asset amounts.
2. The initial EAD was used for a preliminary calculation under the FIRB Approach at the end of March 2006, and was not used to calculate an official figure of capital adequacy ratio.
3. Estimates for PD and LGD were used for preliminary calculations under the FIRB Approach at the end of September 2006, and were not used to calculate official figures of capital adequacy ratio. Estimates for PD and LGD that were used for preliminary calculations under the FIRB Approach at the end of March 2006 were not used, because such estimates included temporary factors due to the merger of The Mitsubishi Trust and Banking Corporation with UFJ Trust Bank Limited.

Credit Risk Mitigation

Exposures subject to application of credit risk mitigation techniques

Billions of yen

	March 31, 2007			
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives
Portfolios under the FIRB Approach	1,645.8	672.6	88.5	—
Corporate exposures	252.5	667.8	51.8	—
Sovereign exposures	916.0	4.8	21.7	—
Bank exposures	477.2	—	15.0	—
Residential mortgage exposures	—	—	—	—
Other retail exposures	—	—	—	—
Portfolios under the Standardized Approach	280.8	—	—	—

Derivative Transactions

Matters relating to counterparty credit risk

	Billions of yen
	March 31, 2007
Aggregated gross replacement costs	133.0
Credit equivalent amounts prior to credit risk mitigation benefits due to collateral	182.1
Foreign exchange and gold	187.1
Interest rate	166.2
Equity	—
Precious metals (except gold)	—
Other commodities	—
Credit derivative	1.7
Netting benefits due to close out netting agreements (Note 2)	(172.9)
Collateral held	—
Credit equivalent amounts after credit risk mitigation benefits due to collateral	182.1
Notional principle amount of credit derivatives included in calculation of credit equivalent amounts	82.0
Purchased credit protection through credit default swaps	26.8
Purchased credit protection through total return swaps	—
Purchased credit protection through credit options	—
Purchased other credit protection	—
Provided credit protection through credit default swaps	55.2
Provided credit protection through total return swaps	—
Provided credit protection through credit options	—
Provided other credit protection	—
Notional principle amount of credit derivatives used for credit risk mitigation purposes	—

Notes: 1. Credit equivalent amounts are calculated using the Current Exposure Method.
2. These benefits are equal to the figure obtained by subtracting credit equivalent amounts prior to credit risk mitigation benefits due to collateral from the sum of aggregated gross replacement costs and total gross add-ons.

Securitization Exposures

■ *Securitization exposures originated by MUTB*

Amount of underlying assets relating to securitization exposures

Billions of yen

	March 31, 2007	
	Amount of underlying assets relating to retained securitization exposures	Amount of underlying assets relating to securitization transactions during this period with no retained securitization exposures*
Traditional securitizations (asset transfer type)	—	—
Residential mortgage	—	—
Apartment loan	—	—
Credit card receivables	—	—
Other assets	—	—
Synthetic securitizations	—	—
Residential mortgage	—	—
Apartment loan	—	—
Credit card receivables	—	—
Other assets	—	—
Sponsor of asset-backed commercial paper (ABCP) programme	10.4	—
Residential mortgage	—	—
Apartment loan	—	—
Credit card receivables	—	—
Account receivables	—	—
Leasing receivables	—	—
Other assets	10.4	—
Total	10.4	—

* *Amount of underlying assets refer only to those cases in which the securitization exposures associated with a securitization conducted during that fiscal year was wholly transferred to third parties.*

Defaulted exposures and losses for underlying assets relating to securitization exposures

Not applicable

Amount of securitization exposures retained

Billions of yen

	March 31, 2007
Traditional securitizations (asset transfer type)	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	—
Synthetic securitizations	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	—
Sponsor of asset-backed commercial paper (ABCP) programme	9.8
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Account receivables	—
Leasing receivables	—
Other assets	9.8
Total	9.8

Amount of securitization exposures retained and the associated capital requirement for these exposures broken down into a number of risk weight bands

Billions of yen

	March 31, 2007	
	Amount of exposures	Capital requirement
Traditional securitizations (asset transfer type)	—	—
Risk weight: to 20%	—	—
Risk weight: over 20% to 50%	—	—
Risk weight: over 50% to 100%	—	—
Risk weight: over 100% to 250%	—	—
Risk weight: over 250% under 1250%	—	—
Risk weight: 1250%	—	—
Synthetic securitizations	—	—
Risk weight: to 20%	—	—
Risk weight: over 20% to 50%	—	—
Risk weight: over 50% to 100%	—	—
Risk weight: over 100% to 250%	—	—
Risk weight: over 250% under 1250%	—	—
Risk weight: 1250%	—	—
Sponsor of asset-backed commercial paper (ABCP) programme	9.8	0.3
Risk weight: to 20%	—	—
Risk weight: over 20% to 50%	9.8	0.3
Risk weight: over 50% to 100%	—	—
Risk weight: over 100% to 250%	—	—
Risk weight: over 250% under 1250%	—	—
Risk weight: 1250%	—	—

Amount of securitization exposures that have been deducted from Tier 1 capital (Amounts equivalent to increase in capital)

Not applicable

Amount of other securitization exposures that have been deducted from total capital

Not applicable

Securitization exposures subject to early amortization provisions retained

In line with the provisions of Articles 252 & 270 of the FSA Capital Adequacy Notification, there are no securitization exposures subject to early amortization treatment that are retained by external investors and are used to calculate credit risk-weighted assets.

Summary of securitization activity conducted during this period

Billions of yen

	FY2006
Traditional securitizations (asset transfer type)	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	—
Synthetic securitizations	—
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Other assets	—
Sponsor of asset-backed commercial paper (ABCP) programme	75.2
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Account receivables	—
Leasing receivables	—
Other assets	75.2
Total	75.2

Note: Figures refer to cumulative underlying assets amount relating to securitizations conducted during this period.

Recognized gains or losses on sales in this period arising from securitization transactions

Not applicable

Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures

Not applicable

■ *Securitization exposures in which MUTB invests*

Amount of securitization exposures retained

Billions of yen

	March 31, 2007
Retained securitization exposures	626.5
Residential mortgage	74.3
Apartment loan	5.8
Credit card receivables	105.4
Corporate loan	77.0
Others	363.8

Amount of securitization exposures retained and the associated capital requirement for these exposures broken down into a number of risk weight bands

Billions of yen

	March 31, 2007	
	Amount of exposures	Capital requirement
Risk weight: to 20%	359.2	2.6
Risk weight: over 20% to 50%	155.7	3.3
Risk weight: over 50% to 100%	87.3	5.2
Risk weight: over 100% to 250%	14.6	1.7
Risk weight: over 250% under 1250%	6.9	2.4
Risk weight: 1250%	2.6	2.6

Amount of securitization exposures retained qualifying as capital deductions

Billions of yen

	March 31, 2007
	Capital deductions
Retained securitization exposures	2.6
Residential mortgage	—
Apartment loan	—
Credit card receivables	—
Corporate loan	1.6
Others	0.9

Note: Figures listed refer to capital deductions as stipulated in Article 247 of the FSA Capital Adequacy Notification. Securitization exposures qualifying as capital deductions include cases where the credit risk-weighted assets computed using the Supervisory Formula exceed 1250% or where a rating is lower than a certain threshold when calculating credit risk-weighted assets under the Ratings-Based Approach.

Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures

Not applicable

Market Risk

Value-at-risk (VaR): maximum, minimum and average values by disclosure period and period-end

• *VaR for trading activities*

Billions of yen

		March 31, 2006
Interest rate	Foreign exchange	Equities
0.06	0.34	—

• *VaR for trading activities*

Billions of yen

	April 1, 2006–March 31, 2007			
	Average	Maximum	Minimum	March 31, 2007
Overall	0.41	1.16	0.11	0.77
Interest rate	0.23	0.83	0.05	0.17
Yen	0.12	0.37	0.02	0.02
U.S. dollar	0.13	0.47	0.01	0.18
Foreign exchange	0.31	1.11	0.01	0.75
Equities	—	—	—	—
Commodities	—	—	—	—
(Diversification effect)	0.13	—	—	0.15

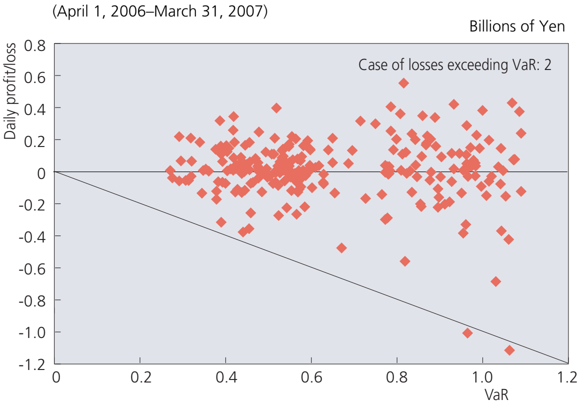
Assumptions for VaR calculations:

Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

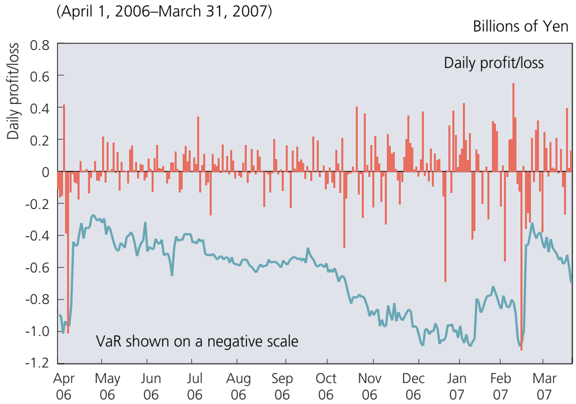
• The maximum and minimum VaR overall and for various risk categories were taken from different days.

Results of market risk backtesting and explanations of any actual trading losses significantly in excess of VaR

Market Risk Backtesting
(April 1, 2006–March 31, 2007)



VaR and Daily Profit/Loss for Trading Activities
(April 1, 2006–March 31, 2007)



Note: Actual trading losses were not significantly in excess of VaR.

Equity Exposures in Banking Book

Amount on consolidated balance sheet and market values

• *Exposures to publicly traded equities*

Millions of yen

	March 31, 2006		March 31, 2007	
	Amount on consolidated balance sheet	Market value	Amount on consolidated balance sheet	Market value
Exposures to publicly traded equities	1,512,342	1,512,342	1,531,720	1,531,720

Notes: 1. Figures only count Japanese and foreign equities held within securities available for sale with quoted market value.
2. There is no significant disparity between the share prices of publicly quoted share values and fair value.

• *Equity exposures other than above*

Millions of yen

	March 31, 2006	March 31, 2007
	Amount on consolidated balance sheet	Amount on consolidated balance sheet
Equity exposures other than above	92,891	72,089

Note: Figures only count Japanese and foreign equities held within securities available for sale whose market values are not readily determinable.

Cumulative gains or losses arising from sales or write-offs of exposures to equities

Millions of yen

	FY2005			FY2006		
	Gains on sales	Losses on sales	Write-offs	Gains on sales	Losses on sales	Write-offs
Exposures to equities	37,455	(3,193)	(2,910)	23,606	(1,949)	(6,008)

Note: Figures refer to net gains or losses on equity securities within net non-recurring gains or losses.

Unrealized gains or losses recognized on consolidated balance sheet but not on consolidated statement of income

Millions of yen

	March 31, 2006			March 31, 2007		
	Unrealized gains or losses	Gains	Losses	Unrealized gains or losses	Gains	Losses
Exposures to equities	620,729	625,619	4,890	656,824	673,235	16,411

Note: Figures only count Japanese and foreign equities held within securities available for sale with quoted market value.

Unrealized gains or losses not recognized either on consolidated balance sheet or on consolidated statement of income

Not applicable

Amounts equivalent to 45% of unrealized gains on securities available for sale counted as Tier 2 capital

Billions of yen

	March 31, 2006	March 31, 2007
Amounts equivalent to 45% of unrealized gains on securities available for sale counted as Tier 2 capital	288.8	314.1

Note: Figures refer to items counted as Tier 2 capital based on the provisions of Paragraph 1.1 of Article 6 of the FSA Capital Adequacy Notification. Specifically, in cases where the total amount on the consolidated balance sheet of securities available for sale exceeds total book value for such securities (excluding instances where such securities are held intentionally as part of fund raising by other financial institutions, in line with the provisions of Paragraph 1.1 of Article 8 of the FSA Capital Adequacy Notification), the figures show amounts equivalent to 45% of the corresponding unrealized gains.

Equity exposures subject to transitional arrangements (grandfathering provisions)

Billions of yen

	March 31, 2007
Exposures to publicly traded equities subject to transitional arrangements	1,510.5
Equity exposures other than above subject to transitional arrangements	61.3
Total	1,571.9

Note: Based on the transitional arrangements as stipulated in Article 13 of the Supplementary Provisions to the FSA Capital Adequacy Notification, figures refer to the amount of equity exposures for which a 100% risk weight is used to calculate credit risk-weighted assets.

Exposures Relating to Funds

Exposures relating to funds

Billions of yen

	March 31, 2007
Exposures relating to funds	756.3
Exposures where fund components are identifiable (look-through approach) (Note 1)	601.5
Exposures not included above where equity exposures constitute majority of total value of fund components (Note 2)	56.0
Exposures not included in any category above where investment mandates of funds are known (Note 3)	64.1
Exposures not included in any category above where the internal models approach is applied (Note 4)	—
Exposures not included in any category above where there is a high probability of the weighted average risk weight applied to fund components being less than 400% (Note 5)	23.3
Exposures not included in any category above (Note 5)	11.2

Note: 1. As stipulated in Paragraph 1 of Article 167 of the FSA Consolidated Capital Adequacy Notification.
2. As stipulated in Paragraph 2 of Article 167 of the FSA Consolidated Capital Adequacy Notification.
3. As stipulated in Paragraph 3 of Article 167 of the FSA Consolidated Capital Adequacy Notification.
4. As stipulated in Paragraph 4 of Article 167 of the FSA Consolidated Capital Adequacy Notification.
5. As stipulated in Paragraph 5 of Article 167 of the FSA Consolidated Capital Adequacy Notification.

Interest Rate Risk in the Banking Book (IRRBB)

Decline in economic values for applied interest rate shocks according to internal risk management

• *VaR for non-trading activities*

Billions of yen

	April 1, 2006–March 31, 2007			
	Average	Maximum	Minimum	March 31, 2007
Interest rate (overall)	32.8	52.9	15.8	52.9
Yen	31.3	51.3	14.3	51.3
U.S. dollar	2.7	5.0	0.2	3.1
Euro	3.9	7.6	1.9	3.9
Equities	35.7	53.1	23.3	36.0
Overall	45.9	68.1	24.4	60.2

Assumptions for VaR calculations:

Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

• The maximum and minimum VaR overall and for each risk category were taken from different days.
The equity-related risk figures do not include market risk from our strategic equity portfolio.

Consolidated Capital Adequacy Ratio at March 31, 2006

MUTB's consolidated capital adequacy ratio as of March 31, 2006 was calculated based on formulas contained in the Former Notification. MUTB applies the International Standard and market risk regulation.

With regard to the internal controls structure governing calculation of the consolidated capital adequacy ratio, MUTB received a report from Deloitte Touche Tohmatsu (DTT) which conducted certain procedures as an independent auditing firm. The procedures that were agreed upon between MUTB and DTT were conducted in accordance with the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 30. The procedures were not conducted based on "generally accepted auditing principles," and we did not receive any audit opinion with regard to our internal controls structure or the related consolidated capital adequacy ratio.

Billions of yen

			March 31, 2006
Tier 1 (core) capital	Capital stock		324.2
	Non-cumulative perpetual preferred stock		—
	Stock subscription advances		—
	New stock subscriptions		—
	Capital surplus		582.4
	Retained earnings		276.5
	Minority interests in consolidated subsidiaries and affiliates		11.0
	Preferred securities issued by SPCs based outside Japan		—
	Net unrealized losses on securities available for sale		—
	Treasury stock subscription advances		—
	Treasury stock subscriptions		—
	Treasury stock		—
	Foreign currency translation adjustments		(3.0)
	Amount equivalent to goodwill		—
	Intangible assets acquired via business combination		—
	Amount equivalent to consolidation adjustment account		—
	Tier 1 capital prior to deductions for deferred tax assets (subtotal of above items)		**1,191.3**
	Deductions for deferred tax assets		—
	Subtotal	**(A)**	**1,191.3**
	Preferred securities with step-up interest rate clauses (Note 1)		—
Tier 2 (supplementary) capital	Amounts equivalent to 45% of unrealized gains on securities available for sale		288.8
	Amount equal to 45% of the land revaluation excess		(1.1)
	General allowance for loan losses		89.4
	Debt capital		497.9
	Perpetual subordinated debt (Note 2)		110.6
	Non-perpetual subordinated debt and non-perpetual preferred stock (Note 3)		387.3
	Subtotal		**875.0**
	Total qualified Tier 2 capital	**(B)**	**875.0**
Tier 3 (quasi-supplementary) capital	**Short-term subordinated debt**		—
	Total qualified Tier 3 capital	**(C)**	—
Deductions from capital	**Deductions from capital (Note 4)**	**(D)**	**299.3**
Total capital		**(E) = [(A) + (B) + (C) − (D)]**	**1,766.9**
Risk-weighted assets	On balance sheet items		12,420.0
	Off balance sheet items		1,070.6
	Credit risk-weighted assets	**(F)**	**13,490.7**
	Risk assets derived from market-risk equivalent	**(G) = [H/8%]**	**43.1**
	(Reference) Amount equivalent to market risk	**(H)**	**3.4**
	Subtotal	**(I) = [(F) + (G)]**	**13,533.9**
Consolidated capital adequacy ratio (International Standard)		**[(E) / (I) x 100]**	**13.05%**

Notes: 1. Refers to stocks and other securities with some probability of redemption based on special clauses attached such as step-up call provisions as stipulated in Paragraph 2 of Article 4 of the Former Notification (including preferred securities issued by SPCs based outside Japan).

2. This refers to capital market-issued debt instruments as listed in Paragraph 1.4 of Article 5 of the Former Notification with all of the following characteristics:

(1) Unsecured, fully paid and subordinated to senior debt

(2) Non-redeemable except under specified conditions

(3) Capital allocated to cover losses incurred in continuing operations

(4) Right retained to defer interest-payment obligations

3. This refers to instruments listed in Paragraph 1.5 of Article 5 and in Article 6 of the Former Notification. However, non-perpetual subordinated debt is limited to issues with an original maturity of over five years.

4. These figures refer to any amounts held intentionally as part of fund raising by other financial institutions in line with Paragraph 1.1 of Article 7 of the Former Notification and any amounts invested in line with the provisions of Paragraph 1.2 of Article 7 of said Notification.

5. No "deductions for deferred tax assets" are shown because MUTB had recorded net deferred tax liabilities as of March 31, 2006. The regulatory ceiling on the net value of deferred tax assets allowable for capital inclusion was 476.5 billion yen.