



Mitsubishi UFJ Financial Group Basel II Disclosure

Fiscal 2007

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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.

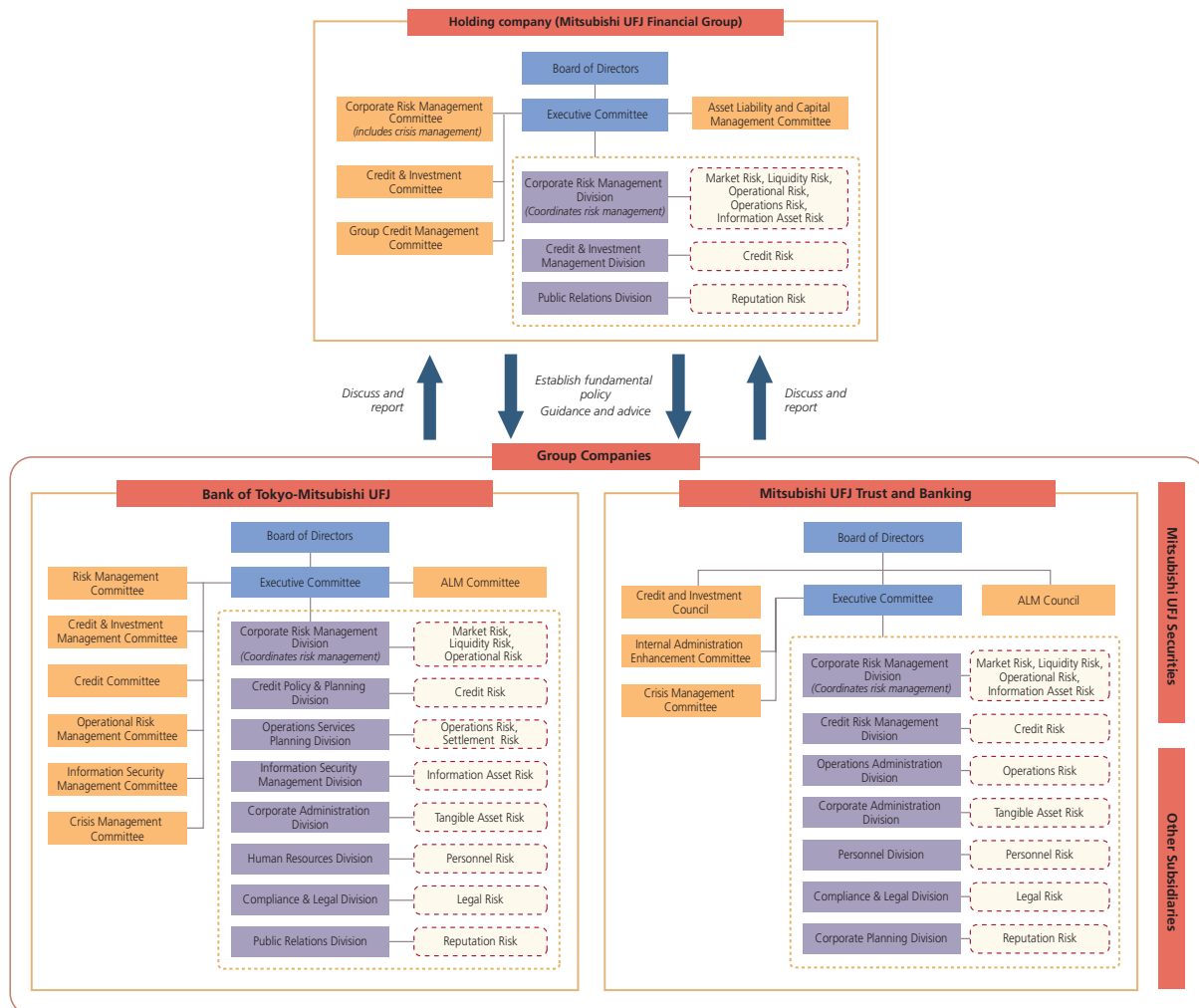
Type of Risk	Definition
Credit Risk	The risk of financial loss in credit assets (including off-balance sheet instruments) caused by deterioration in the credit conditions of counterparties. This category includes country risk.
Market Risk	Market risk is the risk of financial loss where the value of our 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 this 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 based on this policy.

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 has set 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. Compared to the previous framework, 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 has 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 our overall capital requirements and a few subsidiaries have adopted a phased rollout of the internal ratings-based approach.

MUFG has adopted the Standardized Approach to calculate its capital requirements for operational risk. As for market risk, MUFG has 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.

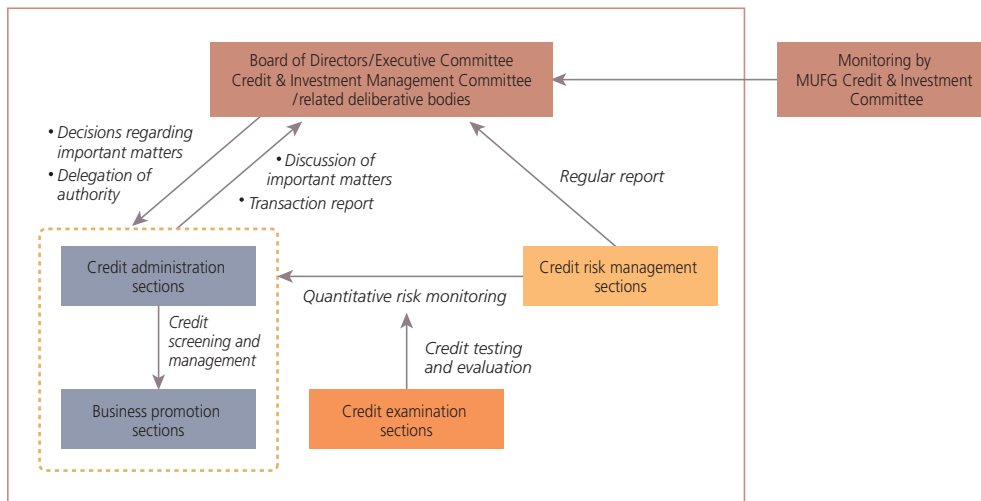
MUFG continually seeks to upgrade credit portfolio management (CPM) expertise to achieve an improved risk-adjusted return, based on the group's credit portfolio status and flexible response capability to economic and other external changes.

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 Ratings

<i>Borrower rating</i>	<i>Definition</i>	<i>Borrower category</i>	<i>NPL Classifications under FRL</i>
1~2	Borrower capacity to meet financial obligations deemed high and stable	Normal	
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	Normal claims
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		
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

<i>Asset class under Basel II</i>	<i>Details</i>
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.
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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 records for each borrower rating are used. For the purpose of calculating capital requirements and measuring economic capital, the definition of default is borrower rating 12 to 15 and any disposal that generates material economic loss. For the purpose of other internal risk management, including conducting write-offs and allocating allowances based on asset evaluation and assessments and loan pricing, PD is estimated with default defined as borrower rating 13 to 15.

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.

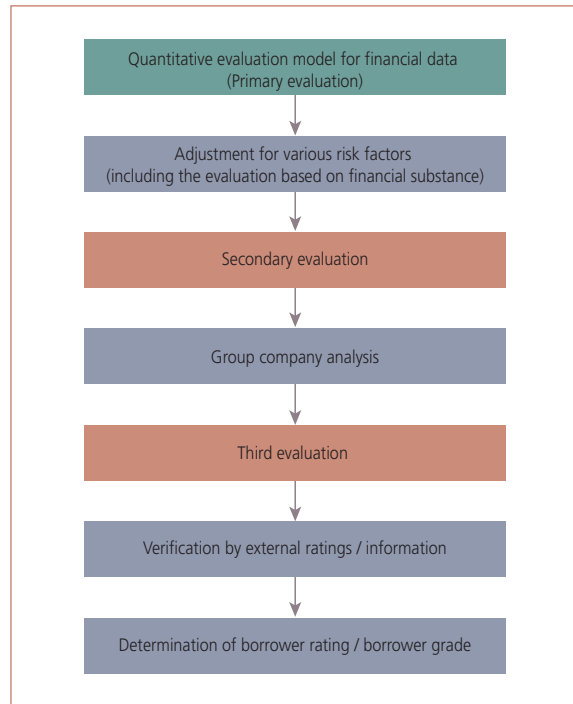
For eligible purchased corporate receivables, PDs are estimated using external ratings or other external information. Evaluation of the external data with regard to explanation capability to default rates and other things is conducted to ensure conservativeness.

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.

Example of Borrower Rating Assignment Process



Retail Exposure Categories

<i>Categories under Basel II</i>	<i>Details</i>
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.

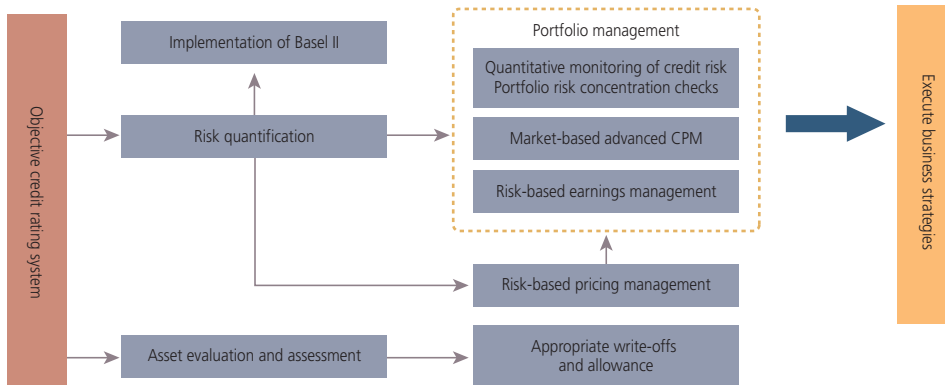
To manage country risk, MUFG has established specific credit ceilings by country. These ceilings are reviewed when there is any material change in a country's credit standing, in addition to regular review.

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.

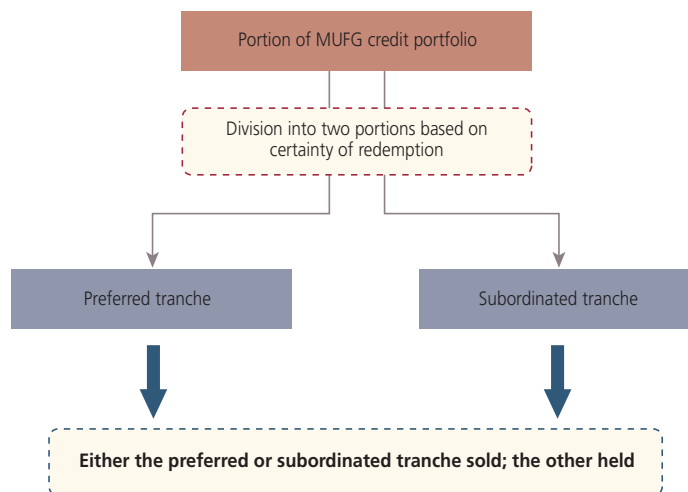
• **Securitization of loans and other assets held by MUFG**

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**

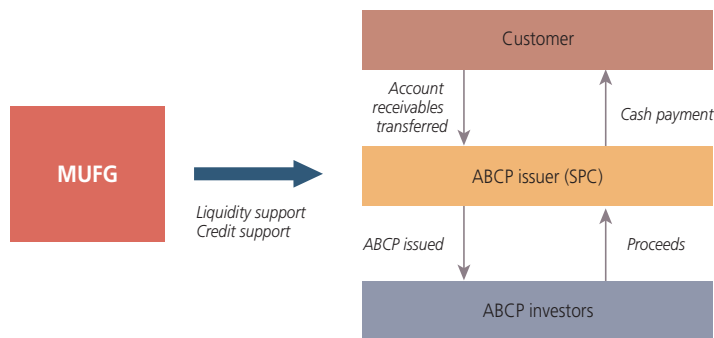
MUFG holds some asset-backed securities for investment purposes.

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 Long Settlement Transactions, 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 and long settlement transactions (hereafter "derivatives transactions") 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 transactions 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 significant exposures to counterparty credit risk are also 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, 2008 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.

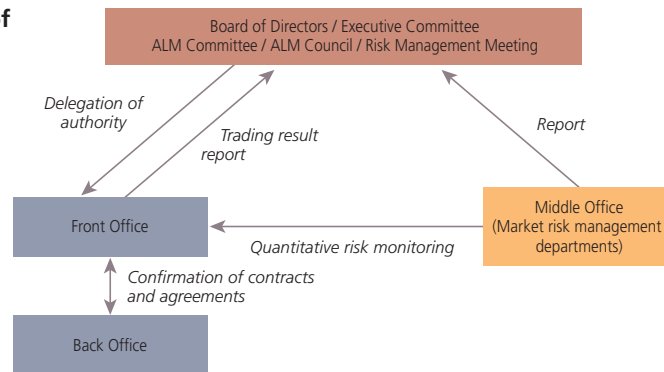
Market Risk Management System

MUFG has adopted an integrated system to manage market risk from its trading and non-trading activities. The holding company monitors group-wide market risk, while each of the major subsidiaries manages its 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, separate Asset-Liability Management, or ALM, Committee, ALM Council and Risk Management Meetings are held at each of the major subsidiaries 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 their allocated economic capital. In addition, in order to keep losses within predetermined limits, the major subsidiaries have also set limits for the maximum amount of losses arising from market activities. The diagram on the next page summarizes the market risk management system of each major subsidiary.

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, the 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

Market risks consist of general risks and specific risks. General market risks result from changes in entire markets, while specific risks relate to changes in the prices of individual stocks and bonds which are independent of the overall direction of the market.

To measure general market risks, MUFG uses the VaR method which estimates changes in the market value of portfolios within a certain period by statistically analyzing past market data. Since the daily variation in market risk is significantly greater than that in 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 uniform 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 amounts by estimating the profit and loss on the current portfolio by applying actual fluctuations in market rates and prices over a fixed period in the past. This method is capable of capturing certain statistically infrequent movements, such as 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 Financial Services Agency of its use as the internal market risk model, and received approval for its use of the model in March 2007.

In calculating VaR using the HS method, MUFG has implemented an integrated market risk measurement system throughout the group. The major subsidiaries calculate their VaR based on the risk and market data prepared by the information systems of their front offices and other departments. The major subsidiaries provide this risk data to the holding company, which calculates overall VaR taking into account the diversification effect among all portfolios of the major subsidiaries.

For the purpose of internally evaluating capital adequacy on an economic capital basis in terms of 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%.

Monitoring and managing our sensitivity to interest rate fluctuations is the key to managing market risk in MUFG's non-trading activities. The major banking subsidiaries take the following approach to measuring risks concerning core deposits, loan prepayments and early deposit withdrawals.

To measure interest rate risk relating to deposits without contract-based fixed maturities, the amount of "core deposits" is calculated through a statistical analysis based on deposit balance trend data and the outlook for interest rates on deposits, business decisions, and other factors. The amount of "core deposit" is categorized into various groups of maturity terms of up to five years (2.5 years on average) to recognize interest risk. The calculation assumptions and methods to determine the amount of core deposits and maturity term categorization are regularly reviewed.

Meanwhile, deposits and loans with contract-based maturities are sometimes cancelled or repaid before their maturity dates. To measure interest rate risk for these deposits and loans, MUFG reflects these early termination events mainly by applying early termination rates calculated based on a statistical analysis of historical repayment and cancellation data together 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 2008)

• Trading activities

The aggregate VaR for MUFG's total trading activities as of March 31, 2008 was ¥6.61 billion, comprising interest-rate risk exposure of ¥5.65 billion, foreign exchange risk exposure of ¥0.70 billion, and equity-related risk exposure of ¥1.39 billion. Compared with the VaR as of March 31, 2007, MUFG experienced a large decrease in market risk during the fiscal year in review, particularly in its exposure to foreign exchange and equity-related risk.

MUFG's average daily VaR for the fiscal year ended March 2008 was ¥10.99 billion, rising sharply from the daily VaR of ¥6.40 billion for the fiscal year ended March 2007. This primarily reflected an increase in interest-rate risk and foreign exchange risk.

Due to the nature of trading operations which involves frequent changes in trading positions, market risk varied substantially during the fiscal year depending on our trading positions.

The following tables set forth the VaR related to our trading activities by risk category for the period indicated:

VaR for Trading Activities									
April 1, 2006~March 31, 2007				Billions of Yen	April 1, 2007~March 31, 2008				Billions of Yen
	Average	Maximum	Minimum	Mar 31, 2007		Average	Maximum	Minimum	Mar 31, 2008
MUFG	6.40	20.80	2.79	16.04	MUFG	10.99	16.72	5.88	6.61
Interest rate	4.60	8.48	2.78	4.68	Interest rate	8.80	14.80	3.69	5.65
Yen	2.55	5.13	1.10	2.37	Yen	5.90	11.26	1.97	3.88
U.S. dollar	1.25	3.27	0.43	1.32	U.S. dollar	1.92	4.54	0.73	0.94
Foreign exchange	2.03	5.98	0.46	5.98	Foreign exchange	3.32	7.88	0.70	0.70
Equities	1.52	14.64	0.24	8.77	Equities	1.31	8.39	0.17	1.39
Commodities	0.11	0.34	0.04	0.16	Commodities	0.21	0.51	0.06	0.23
(Diversification effect)	1.85	-	-	3.55	(Diversification effect)	2.65	-	-	1.36

Assumptions for VaR calculations:
 Historical simulation method
 Holding period: 10 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.
 A simple summation of VaR by risk category is not equal to total VaR due to the effect of diversification.

• **Non-trading activities**

The aggregate VaR for MUFG's total non-trading activities as of March 31, 2008, excluding market risks related to our strategic equity portfolio and measured using the same standards as trading activities, was ¥251.6 billion. Market risks related to interest rates equaled ¥211.0 billion and equities-related risks equaled ¥72.0 billion. Compared with the VaR for MUFG at March 31, 2007, the increase in overall market risk was ¥52.0 billion. Market risks related to interest-rate risk increased by ¥36.2 billion. Equities-related risks decreased by ¥22.7 billion.

Based on a simple sum of figures across market risk categories, interest rate risks accounted for approximately 75% of our total non-trading activity market risks. Looking at a breakdown of interest rate-related risk by currency, at March 31, 2008, the yen accounted for roughly 57% while the U.S. dollar generated roughly 35%.

The aggregate VaR for MUFG's total non-trading activities in the fiscal year ended March 2008 increased from the previous fiscal year, and there also was a larger variation in market risk exposure. This was partly attributable to larger changes in market conditions during the fiscal year ended March 2008 than in the previous fiscal year.

The following table shows the VaR related to non-trading activities by risk category for the fiscal years ended March 31, 2007 and 2008:

VaR for Non-trading Activities									
April 1, 2006~March 31, 2007					April 1, 2007~March 31, 2008				
	Billions of Yen					Billions of Yen			
	Average	Maximum	Minimum	Mar 31, 2007		Average	Maximum	Minimum	Mar 31, 2008
Interest rate	168.5	185.8	142.4	174.8	Interest rate	172.6	222.7	128.2	211.0
Yen	106.9	127.7	80.1	115.8	Yen	112.0	137.5	83.9	128.6
U.S. dollar	94.8	106.6	79.0	88.3	U.S. dollar	63.6	96.1	37.6	79.2
Euro	19.1	25.7	13.8	17.8	Euro	16.0	21.8	10.1	18.4
Equities	97.1	111.7	62.9	94.7	Equities	87.2	101.0	67.9	72.0
Total	197.1	220.3	176.6	199.6	Total	204.1	258.9	156.4	251.6

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.
- A simple summation of VaR by risk category is not equal to total VaR due to the effect of diversification.

• **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 the “outlier” ratio of the holding company as well as of the two major banking subsidiaries. At March 31, 2008, the outlier ratios of the holding company, BTMU and MUTB were all less than 20%.

Outlier Ratio	Mar 31, 2007	Mar 31, 2008
MUFG	7.92%	10.01%
Bank of Tokyo-Mitsubishi UFJ	7.00%	9.09%
Mitsubishi UFJ Trust and Banking	13.82%	17.03%

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**

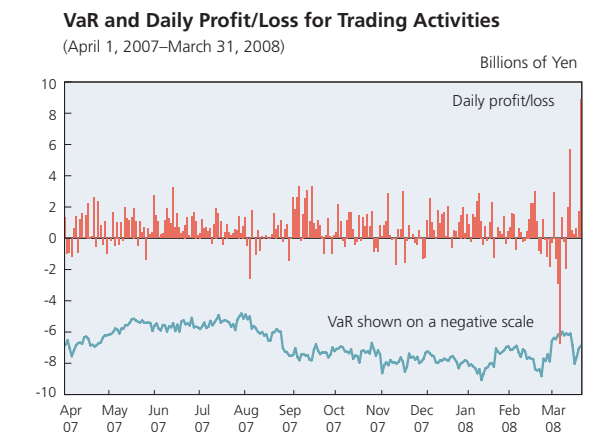
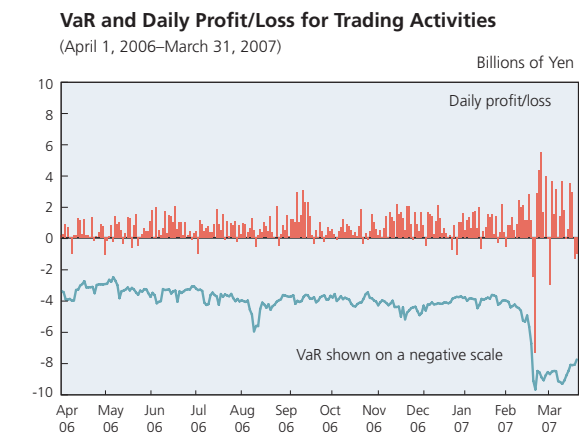
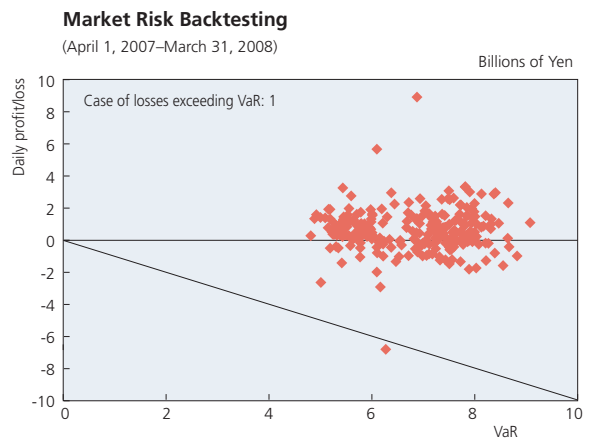
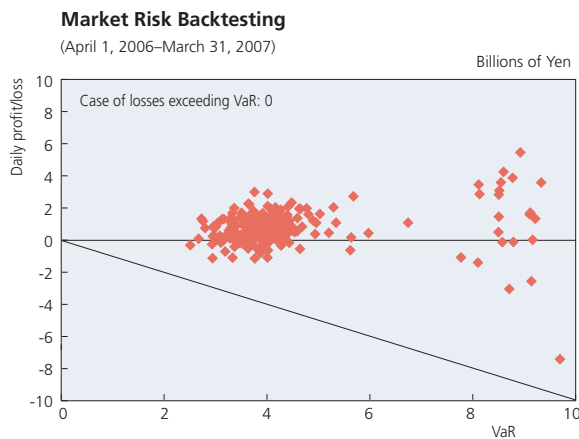
The Second Pillar of the Basel II Framework introduced a new “outlier bank” criterion to control interest rate risk in the banking book, of which the most of the products held are not measured at fair value. As part of measuring interest rate risk in the banking book, MUFG and the major banking subsidiaries 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 a 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

MUFG conducts backtesting in which estimated VaR, calculated using our VaR measurement model, is compared with actual realized and unrealized losses on a daily basis to verify the accuracy of our VaR measurement model. We also conduct additional backtesting using other methods, including testing VaR against hypothetical losses and testing VaR by such changing various parameters as confidence intervals and 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 graph in the upper right on this page plots the results of backtesting for trading activities over one year, showing actual losses exceeded VaR once in the fiscal year ended March 2008. This means that MUFG's VaR model provided reasonably accurate measurements of market risk during the fiscal year.

The graphs in the lower row on this page illustrate MUFG's VaR and daily profit/loss for trading activities during the fiscal years ended March 2007 and 2008. Given the nature of trading activities, the front offices of the major subsidiaries control their trading positions dynamically to market volatility.



Stress Testing

MUFG has adopted an HS-VaR model, which calculates a VaR as a statistically possible amount of losses in a fixed confidence interval based on historical market volatility. However, the HS-VaR model is not designed to capture certain abnormal market fluctuations. 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 by applying various scenarios. For example, the holding company tests estimated 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 of 701 days. As of March 31, 2008, the maximum predicted losses at the group level on this basis were ¥8.4 billion for trading activities and ¥282.8 billion for non-trading activities.

In light of dramatic shifts in market conditions since the sub-prime loan issue surfaced in the previous year, MUFG and its subsidiaries have additionally implemented various types of stress tests to supplement VaR, and are applying the test results to risk management.

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.

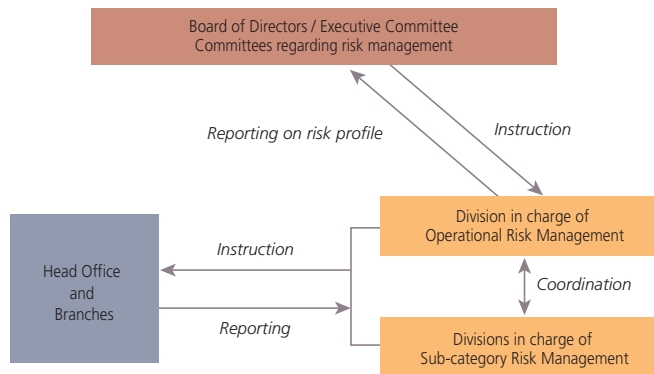
MUFG has established the group-wide system for liquidity risk by categorizing the risk in the following three stages: Normal, With-Concern, and Critical. The front offices and risk management offices of the major subsidiaries and the holding company exchange information and data on liquidity risk even 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 subcategory 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, and the risk management system and processes. The policy also requires the Board of Directors and the Executive Committee to 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.

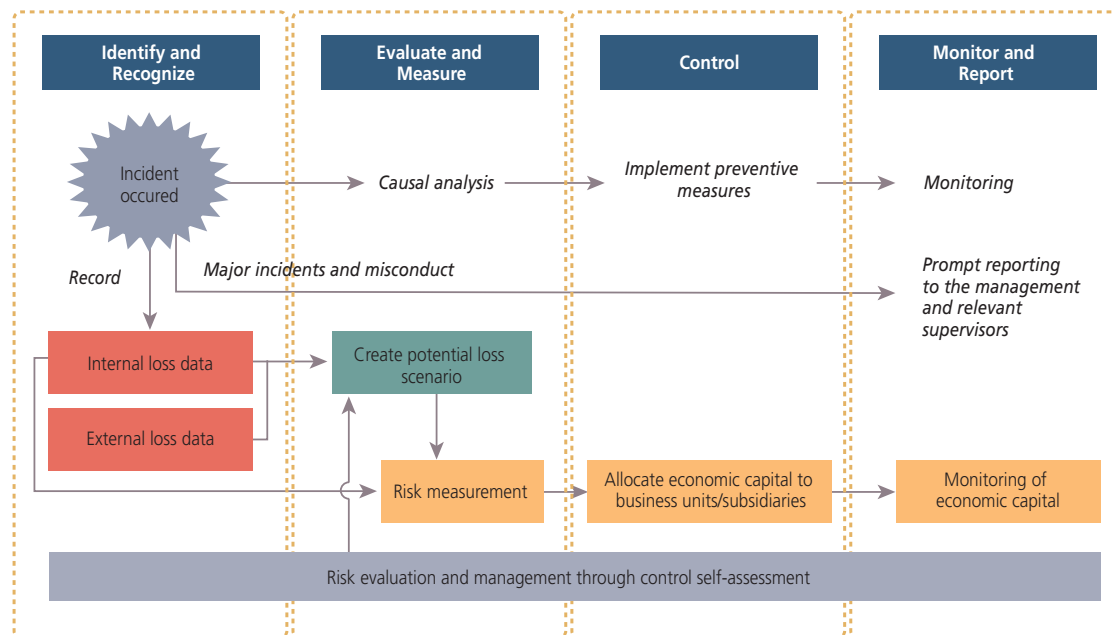
Management System of the Major Banking Subsidiaries



As set forth in the following diagram, MUFG has established a risk management framework for 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. MUFG focuses its efforts 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.

Risk Management Framework



Operations Risk Management

Operations risk refers to the risk of loss that is attributable to the actions of executives or employees, whether accidental or the result of neglect or deliberate misconduct. MUFG companies offer a wide range 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. Cognizant of the potentially significant impact that operations risk-related events could have in terms of both economic losses and damage to MUFG's reputation, our banking subsidiaries are developing management systems to create and apply appropriate operations risk-related controls.

Specific ongoing measures to reduce operations risk include the development of databases to manage, analyze and prevent the recurrence of related loss events; efforts to tighten controls over administrative procedures and related operating authority, while striving to improve human resources management; investments in systems to improve the efficiency of administrative operations; and programs to expand and upgrade internal auditing and operational guidance systems.

Senior management receives regular reports on the status of MUFG businesses from an operations risk management perspective. MUFG works to promote the sharing within the Group of information and expertise concerning any operational incidents and the measures implemented to prevent any recurrence.

Efforts to upgrade the management of operations risk 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 ensure 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 designed for 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 systems and has also been investing in duplication of the group's IT infrastructure to minimize damage in the event of any system failure. Emergency drills are conducted to help 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.

<i>Business Lines</i>	<i>Explanation</i>	<i>Factors</i>
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%



MUFG

Basel II Data (Consolidated)

Fiscal 2007

Mitsubishi UFJ Financial Group, Inc.

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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.

Scope of Consolidation

Notes on the scope of consolidation

<p>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</p>	<p>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."</p> <p>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).</p> <p>MUFG Group had one company qualifying as an insurance-related subsidiary as of March 31, 2007 and 2008, but no other companies to which the above exception apply.</p>
<p>Number of consolidated subsidiaries, and names and principal businesses of major consolidated subsidiaries of the holding company group</p>	<p>252 companies as of March 31, 2007; 241 companies as of March 31, 2008 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.</p>
<p>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</p>	<p>Not applicable as of March 31, 2007 and 2008</p>
<p>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</p>	<p>One company as of March 31, 2007 and 2008 UBOC Insurance Inc. (insurance business)</p>



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 as of March 31, 2007 and 2008
Outline of restrictions on transfer of funds or capital within the holding company group	As of March 31, 2007 and 2008, 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

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 as of March 31, 2007 and 2008
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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 <i>pari passu</i> 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.
(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

Note: The Preferred Securities issued by Tokai Preferred Capital Company L.L.C. were redeemed in full on June 30, 2008.

	[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 <i>pari passu</i> with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions (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;

(Continued)

	<p>(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</p> <p>(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.</p> <p>(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.</p>
(8) Conditions for Dividend Suspension	<p>Notwithstanding the "(7) Dividend Payment" above, if any of the following occurs, no dividends shall become due and payable on the Preferred Securities.</p> <p>(i) MUFG has delivered to the Issuer a certificate stating that MUFG is "Insolvent". MUFG shall be deemed "Insolvent" if (a) MUFG is insolvent (<i>shiharai-funo</i>) 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.</p> <p>(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.</p> <p>(iii) A "Liquidation Event" has occurred and is continuing. A "Liquidation Event" shall be deemed to occur if (a) liquidation proceedings (<i>seisan</i>) 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 (<i>hasan</i>) 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 (<i>jigyo no zenbu no haishi wo naiyotosuru kousei keikakuan</i>) of MUFG pursuant to the provisions of the Corporate Reorganisation Law.</p>
(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 <i>pari passu</i> with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions (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	<p>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; provided however that, with respect to any Dividend Payment Date falling in or after January 2017, if such day would fall in the next calendar month, such day shall be the immediately preceding business day).</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p>

(Continued)

	<p>Distributable Profits Limitation:</p> <p>(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:</p> <p>(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</p> <p>(b) any dividends and other distributions which have been declared since the end of such financial year of MUFG in relation to parity securities.</p> <p>(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.</p>
(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 <i>pari passu</i> with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions (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	<p>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; provided however that, with respect to any Dividend Payment Date falling in or after January 2017, if such day would fall in the next calendar month, such day shall be the immediately preceding business day).</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p>

(Continued)

	<p>Distributable Profits Limitation:</p> <p>(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:</p> <p>(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</p> <p>(b) any dividends and other distributions which have been declared since the end of such financial year of MUFG in relation to parity securities.</p> <p>(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.</p>
(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 <i>pari passu</i> with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions (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	<p>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; provided however that, with respect to any Dividend Payment Date falling in or after January 2017, if such day would fall in the next calendar month, such day shall be the immediately preceding business day).</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p>

(Continued)

	<p>Distributable Profits Limitation:</p> <p>(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:</p> <p>(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</p> <p>(b) any dividends and other distributions which have been declared since the end of such financial year of MUFG in relation to parity securities.</p> <p>(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.</p>
(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 <i>pari passu</i> with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions (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	<p>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; provided however that, with respect to any Dividend Payment Date falling in or after January 2017, if such day would fall in the next calendar month, such day shall be the immediately preceding business day).</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p>

(Continued)

	<p>Distributable Amounts Limitation:</p> <p>(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:</p> <p>(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</p> <p>(b) any dividends and other distributions which have been declared since the end of such fiscal year of MUFG in relation to parity securities.</p> <p>(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.</p>
(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 <i>pari passu</i> with those of the preferred shares issued by MUFG which rank the most senior in priority of payment as to liquidation distributions (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	<p>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; provided however that, with respect to any Dividend Payment Date falling in or after January 2017, if such day would fall in the next calendar month, such day shall be the immediately preceding business day).</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p>

(Continued)

	<p>Distributable Amounts Limitation:</p> <p>(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:</p> <p>(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</p> <p>(b) any dividends and other distributions which have been declared since the end of such fiscal year of MUFG in relation to parity securities.</p> <p>(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.</p>
(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

		<i>Billions of yen</i>	
		March 31, 2007	March 31, 2008
Tier 1 (core) capital	(A)	8,054.8	8,293.7
Capital stock		1,383.0	1,383.0
Stock subscription advances		—	—
Capital surplus		1,916.3	1,865.6
Retained earnings		4,102.1	4,592.9
Treasury stock		(1,001.4)	(726.0)
Treasury stock subscription advances		—	—
Planned distribution		(64.5)	(75.8)
Net unrealized losses on securities available for sale		—	—
Foreign currency translation adjustments		(26.4)	(52.5)
Subscription rights to shares		0.0	2.5
Minority interests in consolidated subsidiaries and affiliates (Note 1)		1,997.1	1,714.4
Amount equivalent to goodwill		(206.0)	(336.2)
Intangible assets acquired via business combinations		(3.4)	(24.4)
Amount equivalent to capital increase due to securitization transactions		(41.7)	(33.8)
Amount equivalent to 50% of expected losses in excess of qualifying allowances		—	(16.0)
Deductions for deferred tax assets (Note 2)		—	—
Qualified Tier 2 (supplementary) and Tier 3 (quasi-supplementary) capital (Note 3)	(B)	5,717.9	4,441.8
Deductions from total qualifying capital (Note 4)	(C)	428.3	519.7
Total capital	(A) + (B) – (C)	13,344.4	12,215.8

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 Consolidated Capital Adequacy Notification was 1,015.3 billion yen as of March 31, 2007, 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.

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 955.3 billion yen as of March 31, 2008, all of which was contained within "minority interests in consolidated subsidiaries and affiliates." The amount of these instruments accounted for 11% of Tier 1 capital.

2. As of March 31, 2007, 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. As of March 31, 2008, the amount equivalent to net deferred tax assets totaled 689.5 billion yen and the regulatory ceiling on the net amount of deferred tax assets allowable for capital inclusion equaled 1,658.7 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

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
Capital requirements for credit risk (excluding equity exposures under the IRB Approach, exposures relating to funds (Note 3), and portfolios with phased rollout of the IRB Approach)	7,360.4	7,685.5
IRB Approach (excluding securitization exposures)	6,569.9	6,680.7
Corporate exposures (excluding specialized lending) (the FIRB Approach)	4,718.0	4,557.5
Corporate exposures: specialized lending (the FIRB Approach)	324.5	386.9
Sovereign exposures (the FIRB Approach)	134.1	184.6
Bank exposures (the FIRB Approach)	378.6	408.1
Residential mortgage exposures	386.3	481.6
Other retail exposures	366.8	341.8
Exposures related to unsettled transactions (Note 4)	—	2.5
Exposures for other assets	261.2	317.4
Standardized Approach (excluding securitization exposures)	406.8	545.7
Securitization exposures (Note 5)	383.7	459.0
Portfolios under the IRB Approach	368.8	426.7
Portfolios under the Standardized Approach	14.8	32.3
Capital requirements for credit risk of equity exposures under the IRB Approach	946.6	736.3
Exposures subject to transitional arrangements (grandfathering provisions) (Note 6)	650.6	480.4
Market-Based Approach (Simple Risk Weight Method) (Note 7)	139.5	92.3
Market-Based Approach (Internal Models Method) (Note 7)	—	—
PD/LGD Approach (Note 7)	156.5	163.5
Capital requirements for exposures relating to funds	567.9	500.2
Capital requirements for portfolios with phased rollout of the IRB Approach	797.5	780.9
Total	9,672.6	9,703.0

- 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 March 2013 at UnionBanCal Corporation and from the end of March 2009 at Mitsubishi UFJ NICOS Co., Ltd.
2. Capital requirement for portfolios under the IRB 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. Capital requirements for exposures related to unsettled transactions as of March 31, 2007 are not shown based on the transitional arrangements stipulated in Article 14 of the Supplementary Provisions to the FSA Consolidated Capital Adequacy Notification.
5. Including amounts equivalent to increase in equity capital resulting from a securitization exposure, as a deduction from Tier 1 capital elements.
6. 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.
7. 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

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
Standardized Method	118.7	101.2
Interest rate risk	42.2	56.3
Equity position risk	47.7	29.6
Foreign exchange risk	28.7	15.1
Commodity risk	—	0.0
Options transactions	—	—
Internal Models Approach	51.7	70.5
Total	170.5	171.8

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

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
The Standardized Approach	480.2	477.2
Total	480.2	477.2

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)

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
Consolidated total capital adequacy ratio	12.54%	11.19%
Consolidated Tier 1 capital adequacy ratio	7.57%	7.60%
Consolidated total capital requirements	8,511.6	8,726.0
8% of credit risk-weighted assets	7,860.8	8,076.9
Capital requirements for market risk	170.5	171.8
Capital requirements for operational risk	480.2	477.2
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 the 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 and default exposures
(By approach)

<i>Billions of yen</i>				
March 31, 2007				
Credit risk exposures (Note 1)				
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total
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

<i>Billions of yen</i>				
March 31, 2008				
Credit risk exposures (Note 1)				
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total
The IRB approach	113,487.2	29,907.9	5,846.9	172,980.4
The Standardized approach	12,636.4	774.7	1,944.3	18,212.4
Phased rollout	9,113.3	753.2	95.3	12,098.8
Total	135,236.9	31,436.0	7,886.6	203,291.7

Notes: 1. Figures are without taking into account the effects of credit risk mitigation techniques. Furthermore, figures do not include any securitization exposures or exposures relating to funds.

2. Loans, etc. include loans, commitments and other non-derivative off balance sheet exposures.

3. Regarding on balance sheet exposures to loans and debt securities, etc., and off balance sheet exposures to commitments, etc., no significant disparity was observed between the interim term-end position and the average risk positions during this period.

(By geographic area)

<i>Billions of yen</i>					
March 31, 2007					
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Credit risk exposures (Note 1)	
				Total	Default exposures
Domestic	103,445.1	34,073.2	5,461.6	168,088.9	2,535.7
Foreign	27,257.5	2,282.2	339.9	35,276.8	47.6
Total	130,702.6	36,355.5	5,801.5	203,365.8	2,583.4

<i>Billions of yen</i>					
March 31, 2008					
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Credit risk exposures (Note 1)	
				Total	Default exposures
Domestic	103,809.3	28,646.4	7,408.1	163,783.4	2,072.4
Foreign	31,427.6	2,789.5	478.4	39,508.3	43.3
Total	135,236.9	31,436.0	7,886.6	203,291.7	2,115.7

Notes: 1. Figures are without taking into account the effects of credit risk mitigation techniques. Furthermore, figures do not include any securitization exposures or exposures relating to funds.

2. Loans, etc. include loans, commitments and other non-derivative off balance sheet exposures.

3. Figures correspond to exposures as of the period-end 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 IRB Approach. Figures do not include any securitization exposures or exposures relating to funds.

4. 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

	Credit risk exposures (Note 1)				Default exposures
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total	
Manufacturing	14,089.7	1,586.3	521.9	21,345.8	409.2
Wholesale and retail	10,296.3	1,219.6	678.4	13,529.8	267.8
Construction	2,146.1	234.2	37.5	2,680.2	121.0
Finance and insurance	24,033.4	1,730.2	2,849.4	30,767.1	74.4
Real estate	11,144.3	385.8	58.5	11,882.8	379.1
Services	8,100.4	707.7	236.8	9,177.9	246.8
Transport	3,906.8	251.3	98.9	4,913.0	332.1
Individuals	22,543.2	—	0.1	22,691.4	326.9
Governments and local authorities	17,625.3	28,651.4	11.8	46,963.6	5.4
Others	16,816.6	1,588.7	1,307.8	39,413.8	420.3
Total	130,702.6	36,355.5	5,801.5	203,365.8	2,583.4

Billions of yen

March 31, 2008

	Credit risk exposures (Note 1)				Default exposures
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total	
Manufacturing	16,314.8	1,473.9	720.0	22,552.6	402.1
Wholesale and retail	10,946.7	1,076.9	1,157.5	14,312.3	261.8
Construction	2,378.5	243.6	38.0	2,806.8	109.1
Finance and insurance	24,863.7	3,995.2	4,597.9	35,731.9	67.7
Real estate	11,123.2	381.4	77.4	11,774.9	156.1
Services	8,412.5	411.4	320.6	9,257.7	209.4
Transport	4,346.3	226.6	199.5	5,325.7	132.9
Individuals	22,746.0	—	0.8	23,065.0	486.2
Governments and local authorities	17,786.3	21,875.9	29.7	42,126.7	0.0
Others	16,318.5	1,750.6	744.8	36,337.7	290.1
Total	135,236.9	31,436.0	7,886.6	203,291.7	2,115.7

Notes: 1. Figures are without taking into account the effects of credit risk mitigation techniques. Furthermore, figures do not include any securitization exposures or exposures relating to funds.

2. Loans, etc. include loans, commitments and other non-derivative off balance sheet exposures.

3. Figures correspond to exposures as of the period-end 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 IRB Approach. Figures do not include any securitization exposures or exposures relating to funds.

4. 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				
Credit risk exposures (Note 1)				
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total
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

Billions of yen

March 31, 2008				
Credit risk exposures (Note 1)				
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total
Due in 1 year or less	43,385.3	9,547.3	1,052.0	62,633.9
Due over 1 year to 3 years	15,440.1	4,357.1	2,467.8	22,287.5
Due over 3 years to 5 years	14,336.5	6,368.3	1,340.0	22,048.8
Due over 5 years to 7 years	5,097.2	1,157.8	404.6	6,663.4
Due over 7 years	19,713.5	9,038.4	547.7	29,301.0
Others	37,264.2	966.8	2,074.3	60,356.9
Total	135,236.9	31,436.0	7,886.6	203,291.7

Notes: 1. Figures are without taking into account the effects of credit risk mitigation techniques. Furthermore, figures do not include any securitization exposures or exposures relating to funds.

2. Loans, etc. include loans, commitments and other non-derivative off balance sheet exposures.

3. The "Others" category includes exposures of indeterminate maturity etc. Exposures held by certain subsidiaries whose credit risk weighted assets are considered minor relative to the overall total are included in the "Others" category.

General allowance for credit losses, specific allowance for credit losses and allowance for loans to specific foreign borrowers
(Balances by geographic area)

	<i>Millions of yen</i>			
	March 31, 2007	Against March 31, 2006	March 31, 2008	Against March 31, 2007
General allowance for credit losses	805,245	(196,407)	776,577	(28,668)
Specific allowance for credit losses	376,068	26,603	303,250	(72,817)
Domestic	366,360	23,984	283,457	(82,903)
Foreign	9,707	2,618	17,766	8,058
Allowance for loans to specific foreign borrowers	71	(10)	56	(14)
Total	1,181,385	(169,813)	1,079,885	(101,500)

(Balances by type of industry)

	<i>Millions of yen</i>			
	March 31, 2007	Against March 31, 2006	March 31, 2008	Against March 31, 2007
General allowance for credit losses	805,245	(196,407)	776,577	(28,668)
Specific allowance for credit losses	376,068	26,603	303,250	(72,817)
Manufacturing	18,090	(57,811)	20,237	2,147
Wholesale and retail	25,279	(19,937)	39,156	13,877
Construction	9,579	2,341	7,031	(2,548)
Finance and insurance	27,513	10,136	21,919	(5,594)
Real estate	17,925	(19,197)	20,791	2,866
Services	38,785	12,531	43,546	4,761
Transport	105,406	98,170	5,339	(100,066)
Individuals	14,676	(7,352)	12,372	(2,303)
Governments and local authorities	7	(22)	6	(1)
Others	118,804	7,743	132,848	14,043
Allowance for loans to specific foreign borrowers	71	(10)	56	(14)
Total	1,181,385	(169,813)	1,079,885	(101,500)

Notes: 1. Although the specific allowance for credit losses does not include 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)

	<i>Millions of yen</i>	
	FY2006	FY2007
Manufacturing	15,527	31,847
Wholesale and retail	29,025	51,532
Construction	13,025	18,057
Finance and insurance	39	8,326
Real estate	5,805	5,497
Services	31,223	39,539
Transport	3,238	2,740
Individuals	5,263	5,203
Governments and local authorities	—	—
Others	90,215	88,853
Total	193,364	251,597

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

	March 31, 2007		March 31, 2008	
		Including: Balances for which risk weights are determined by external rating		Including: Balances for which risk weights are determined by external rating
Risk weight: 0%	958.4	198.8	1,429.8	232.4
Risk weight: 10%	127.5	—	269.9	—
Risk weight: 20%	1,589.5	1,520.6	2,753.6	2,675.2
Risk weight: 35%	913.6	—	861.3	—
Risk weight: 50%	100.8	98.4	250.6	249.6
Risk weight: 75%	185.7	—	418.6	—
Risk weight: 100%	4,134.5	56.5	5,336.7	78.1
Risk weight: 150%	3.6	1.3	9.1	0.9
Capital deductions	—	—	9.3	—
Others	10.6	—	10.5	—
Total	8,024.7	1,875.8	11,349.8	3,236.4

Notes: 1. Figures are taking into account the effects of credit risk mitigation techniques.

2. Figures do not contain any securitization exposures.

3. "Others" includes investment funds leveraged by debt loans, etc., for which the weighted average risk weight was 424% as of March 31, 2007 and 340% as of March 31, 2008.

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

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
Risk weight: 0%	124.5	99.9
Risk weight: 10%	—	—
Risk weight: 20%	1,340.4	1,109.7
Risk weight: 50%	2,737.0	2,699.3
Risk weight: 100%	8,332.9	8,189.8
Total	12,534.8	12,098.8

**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	March 31, 2008
Specialized lending exposures subject to supervisory slotting criteria	2,608.4	3,405.4
Risk weight: 50%	122.9	165.9
Risk weight: 70%	734.3	934.0
Risk weight: 90%	630.9	940.6
Risk weight: 95%	78.9	199.5
Risk weight: 115%	513.7	566.6
Risk weight: 120%	31.1	36.4
Risk weight: 140%	18.9	112.9
Risk weight: 250%	467.7	440.5
Risk weight: 0%	9.5	8.7
Equity exposures subject to the Market-Based Approach (simple risk weight method)	469.1	304.2
Risk weight: 300%	231.0	128.6
Risk weight: 400%	238.0	175.6

Exposures subject to the IRB Approach: corporate exposures

Billions of yen

March 31, 2007						
Credit rating	EAD			Weighted average PD	Weighted average LGD	Weighted average RW
	On balance sheet EAD	Off balance sheet EAD				
Borrower ratings 1~3	26,281.9	16,765.4	9,516.5	0.19%	44.79%	36.95%
Borrower ratings 4~9	36,139.0	31,247.6	4,891.4	0.72%	43.30%	68.16%
Borrower ratings 10~11	4,693.9	3,898.4	795.5	11.72%	42.71%	192.70%
Borrower ratings 12~15	1,938.6	1,820.0	118.5	100.00%	43.31%	/

Billions of yen

March 31, 2008						
Credit rating	EAD			Weighted average PD	Weighted average LGD	Weighted average RW
	On balance sheet EAD	Off balance sheet EAD				
Borrower ratings 1~3	27,759.2	17,712.5	10,046.7	0.19%	44.76%	36.22%
Borrower ratings 4~9	36,435.1	30,860.6	5,574.5	0.75%	43.56%	69.28%
Borrower ratings 10~11	4,686.3	3,815.2	871.1	11.35%	42.97%	189.31%
Borrower ratings 12~15	1,440.1	1,349.0	91.1	100.00%	43.34%	/

Notes: 1. Figures exclude specialized lending exposures subject to supervisory slotting criteria and any exposures relating to funds.

2. Weighted average PD and weighted average LGD represent weighted average figures based on EAD.

3. 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	EAD			Weighted average PD	Weighted average LGD	Weighted average RW
	On balance sheet EAD	Off balance sheet EAD				
Borrower ratings 1~3	39,404.0	35,229.0	4,174.9	0.01%	44.85%	2.53%
Borrower ratings 4~9	602.7	587.3	15.4	0.53%	44.92%	53.60%
Borrower ratings 10~11	85.2	76.9	8.2	17.97%	44.27%	231.34%
Borrower ratings 12~15	6.7	5.8	0.8	100.00%	42.01%	/

Billions of yen

March 31, 2008						
Credit rating	EAD			Weighted average PD	Weighted average LGD	Weighted average RW
	On balance sheet EAD	Off balance sheet EAD				
Borrower ratings 1~3	36,793.3	31,775.8	5,017.4	0.01%	44.97%	3.07%
Borrower ratings 4~9	1,003.2	913.1	90.0	0.33%	44.90%	50.98%
Borrower ratings 10~11	196.4	190.4	5.9	14.73%	44.83%	223.53%
Borrower ratings 12~15	3.7	2.9	0.8	100.00%	38.85%	/

Exposures subject to the IRB Approach: bank exposures
Billions of yen

March 31, 2007						
Credit rating	EAD			Weighted average PD	Weighted average LGD	Weighted average RW
	On balance sheet EAD	Off balance sheet EAD				
Borrower ratings 1~3	16,185.5	11,789.1	4,396.4	0.10%	45.23%	23.19%
Borrower ratings 4~9	1,770.9	1,216.8	554.1	0.40%	44.96%	47.77%
Borrower ratings 10~11	46.9	25.1	21.8	16.18%	44.33%	215.85%
Borrower ratings 12~15	1.0	0.9	0.1	100.00%	45.00%	/

Billions of yen

March 31, 2008						
Credit rating	EAD			Weighted average PD	Weighted average LGD	Weighted average RW
	On balance sheet EAD	Off balance sheet EAD				
Borrower ratings 1~3	16,919.2	12,157.6	4,761.5	0.09%	45.18%	22.03%
Borrower ratings 4~9	1,334.2	713.3	620.9	0.43%	45.04%	51.60%
Borrower ratings 10~11	167.8	21.0	146.7	16.42%	44.99%	237.07%
Borrower ratings 12~15	1.8	1.7	0.0	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
Borrower ratings 1~3	257.1	0.14%	171.64%
Borrower ratings 4~9	157.1	0.44%	196.47%
Borrower ratings 10~11	0.7	18.06%	548.56%
Borrower ratings 12~15	105.6	100.00%	/

Billions of yen

March 31, 2008			
Credit rating	Amount of exposures	Weighted average PD	Weighted average RW
Borrower ratings 1~3	421.5	0.14%	147.26%
Borrower ratings 4~9	106.0	0.37%	220.44%
Borrower ratings 10~11	1.5	16.40%	535.40%
Borrower ratings 12~15	103.7	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

	EAD				
		On balance sheet EAD	Amount of undrawn commitments	Weighted average factor on undrawn commitments	Other off balance sheet EAD
Residential mortgage	14,009.2	13,475.9	—	—	533.3
Non-defaulted	13,885.0	13,354.8	—	—	530.1
Defaulted	124.2	121.0	—	—	3.1
Other retail (non-business)	3,354.5	1,641.1	6,658.3	21.98%	250.1
Non-defaulted	3,188.3	1,479.6	6,646.8	22.01%	245.9
Defaulted	166.1	161.5	11.5	4.21%	4.1
Other retail (business-related)	2,165.7	2,094.6	1.4	0.21%	71.0
Non-defaulted	2,154.5	2,084.0	1.4	0.21%	70.4
Defaulted	10.6	10.6	—	—	0.5

March 31, 2007

	Number of pools	Weighted average PD	Weighted average LGD	Weighted average EL 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.

<i>Billions of yen</i>					
March 31, 2008					
	EAD				
		On balance sheet EAD	Amount of undrawn commitments	Weighted average factor on undrawn commitments	Other off balance sheet EAD
Residential mortgage	14,243.0	13,765.0	—	—	478.0
Non-defaulted	14,131.2	13,655.7	—	—	475.5
Defaulted	111.7	109.3	—	—	2.4
Other retail (non-business)	3,144.8	1,445.8	7,042.9	21.05%	215.9
Non-defaulted	3,004.5	1,309.8	7,033.2	21.08%	212.0
Defaulted	140.3	136.0	9.7	4.10%	3.9
Other retail (business-related)	1,954.4	1,893.2	1.0	0.54%	61.1
Non-defaulted	1,945.3	1,884.5	1.0	0.54%	60.7
Defaulted	9.1	8.6	—	—	0.4

<i>March 31, 2008</i>					
	Number of pools	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average RW
Residential mortgage	120	1.44%	44.05%	—	32.63%
Non-defaulted	91	0.66%	43.89%	—	32.59%
Defaulted	29	99.97%	64.11%	61.32%	36.93%
Other retail (non-business)	137	6.14%	41.60%	—	39.33%
Non-defaulted	93	1.75%	40.54%	—	39.54%
Defaulted	44	100.00%	64.46%	61.83%	34.89%
Other retail (business-related)	24	3.88%	41.68%	—	59.08%
Non-defaulted	16	3.43%	41.66%	—	59.32%
Defaulted	8	100.00%	44.31%	43.77%	7.19%

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
FY2005						(377,841)
FY2006	23,025	(1,571)	(6,941)	84	26,725	5,940
Interim FY2007	78,894	12,479	234	513	3,525	2,461
Interim FY2007: <i>Discussion of the factors</i>	Actual losses on exposures were lower than initial estimates, 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.

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 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 actual losses	23,025	(1,571)	(6,941)	84	26,725	5,940
Interim FY2007 estimated losses	1,200,881	13,051	15,572	96,176	76,518	121,380
Initial EAD	66,584,415	39,998,750	19,100,674	520,689	13,705,023	5,469,071
Estimated weighted average PD	4.12%	0.07%	0.18%	20.52%	1.50%	5.61%
Estimated weighted average LGD	43.75%	44.96%	45.28%	90.00%	37.78%	39.56%
Interim FY2007 actual losses	78,894	12,479	234	513	3,525	2,461

Notes: 1. The initial EAD under FY2006 estimated losses 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 under FY2006 estimated losses 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	—

Billions of yen

March 31, 2008

	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives
Portfolios under the FIRB Approach	13,719.5	4,781.4	2,085.7	1,331.6
Corporate exposures	4,048.0	4,776.4	1,177.9	1,281.4
Sovereign exposures	207.3	4.4	618.3	—
Bank exposures	9,464.1	0.6	15.6	34.2
Residential mortgage exposures	—	—	—	—
Other retail exposures	—	—	273.7	—
Portfolios under the Standardized Approach	6,950.9	—	15.7	—

Note: Eligible financial collateral includes collateral for repo transactions but does not include deposits in our banks subject to on balance sheet netting.

Derivative Transactions and Long Settlement Transactions
Matters relating to counterparty credit risk

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
Aggregated gross replacement costs	6,359.6	10,769.2
Credit equivalent amounts prior to credit risk mitigation benefits due to collateral	5,801.5	7,987.7
Foreign exchange and gold	3,911.1	5,578.9
Interest rate	6,162.6	8,830.6
Equity	33.6	61.5
Precious metals (except gold)	17.7	23.4
Other commodities	465.4	444.7
Credit derivative	279.5	564.4
Long settlement transactions (Note 2)	—	101.0
Netting benefits due to close out netting agreements (Note 3)	(5,068.6)	(7,617.0)
Collateral held	—	186.2
Deposits	—	111.6
Marketable securities	—	26.5
Others	—	48.1
Credit equivalent amounts after credit risk mitigation benefits due to collateral	5,801.5	7,854.4
Notional principal amount of credit derivatives included in calculation of credit equivalent amounts	4,661.2	7,175.3
Purchased credit protection through credit default swaps	2,686.1	4,127.4
Purchased credit protection through total return swaps	265.0	52.1
Purchased credit protection through credit options	—	—
Purchased other credit protection	—	—
Provided credit protection through credit default swaps	1,709.9	2,955.6
Provided credit protection through total return swaps	—	40.0
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	1,722.8

Notes: 1. Credit equivalent amounts are calculated using the Current Exposure Method.

2. Long settlement transactions as of March 31, 2007 are not shown based on the transitional arrangements stipulated in Article 14 of the Supplementary Provisions to the FSA Consolidated Capital Adequacy Notification.

3. 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

Information on underlying assets

Billions of yen

	March 31, 2007		FY2006		
	Amount of underlying assets at period-end (Note 1)		Cumulative amount of underlying assets in default or contractually past due 3 months or more		Losses on underlying assets incurred during this period (Note 4)
	Underlying assets relating to retained securitization exposures	Underlying assets relating to securitization transactions during this period with no retained securitization exposures (Note 2)	Underlying assets relating to retained securitization exposures	Underlying assets relating to securitization transactions during this period with no retained securitization exposures (Note 3)	
Traditional securitizations (asset transfer type)					
Residential mortgage	2,545.2	—	5.7	—	2.7
Apartment loan	391.0	—	1.0	—	0.6
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) program	32,048.3	—	669.5	1,607.9	877.8
Residential mortgage	—	—	—	—	—
Apartment loan	—	—	—	—	—
Credit card receivables	22,140.5	—	486.0	1,294.9	725.3
Account receivables	3,925.3	—	130.1	208.1	61.2
Leasing receivables	997.1	—	2.0	1.3	3.0
Other assets	4,985.3	—	51.2	103.5	88.2
Total as an originator	35,349.4	—	676.3	1,607.9	881.2



	March 31, 2008		FY2007		
	Amount of underlying assets at period-end (Note 1)		Cumulative amount of underlying assets in default or contractually past due 3 months or more		Losses on underlying assets incurred during this period (Note 4)
	Underlying assets relating to securitization exposures	Underlying assets relating to securitization transactions during this period with no retained securitization exposures (Note 2)	Underlying assets relating to securitization exposures	Underlying assets relating to securitization transactions during this period with no retained securitization exposures (Note 3)	
Traditional securitizations (asset transfer type)	2,856.5	—	10.2	—	4.3
Residential mortgage	2,519.2	—	9.6	—	4.2
Apartment loan	337.2	—	0.5	—	0.1
Credit card receivables	—	—	—	—	—
Other assets	—	—	—	—	—
Synthetic securitizations	431.1	—	—	—	—
Residential mortgage	—	—	—	—	—
Apartment loan	—	—	—	—	—
Credit card receivables	—	—	—	—	—
Other assets	431.1	—	—	—	—
Sponsor of asset-backed commercial paper (ABCP) program	38,431.7	—	841.5	1,868.1	1,164.6
Residential mortgage	—	—	—	—	—
Apartment loan	—	—	—	—	—
Credit card receivables	28,170.7	—	686.9	1,521.5	1,011.7
Account receivables	4,859.9	—	143.3	330.7	122.7
Leasing receivables	1,917.7	—	3.6	1.7	9.7
Other assets	3,483.2	—	7.5	14.1	20.4
Total as an originator	41,719.4	—	851.7	1,868.1	1,169.0

- Notes: 1. The amount of underlying assets relating to sponsor of ABCP programs includes underlying assets related to ABCP programs sponsored by multiple financial institutions, including certain consolidated subsidiaries of MUFG.
2. The amount of underlying assets refers only to those cases in which the securitization exposures associated with a securitization conducted during this period was wholly transferred to third parties.
3. 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.
4. 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 programs, since it is extremely rare for such schemes to result in losses on 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 actual economic losses have been recognized with cases where the loss has been valued on the same basis as the underlying defaulted assets. Losses on underlying assets relating to sponsor of ABCP programs differ from losses incurred by MUFG.



Billions of yen

	FY2006		FY2007	
	Cumulative amount of underlying assets securitized during the period	Recognized gains or losses in this period arising from securitization transactions	Cumulative amount of underlying assets securitized during the period	Recognized gains or losses in this period arising from securitization transactions
Traditional securitizations (asset transfer type)	1,577.5	38.7	207.0	7.6
Residential mortgage	1,577.5	38.7	207.0	7.6
Apartment loan	—	—	—	—
Credit card receivables	—	—	—	—
Other assets	—	—	—	—
Synthetic securitizations	268.0	/	69.3	/
Residential mortgage	—	/	—	/
Apartment loan	—	/	—	/
Credit card receivables	—	/	—	/
Other assets	268.0	/	69.3	/
Sponsor of asset-backed commercial paper (ABCP) program	80,700.9	/	84,934.3	/
Residential mortgage	—	/	—	/
Apartment loan	—	/	—	/
Credit card receivables	41,576.3	/	44,739.8	/
Account receivables	32,637.6	/	36,813.0	/
Leasing receivables	721.4	/	695.7	/
Other assets	5,765.5	/	2,685.8	/
Total as an originator	82,546.5	38.7	85,210.7	7.6

**Information on securitization exposures retained
(By type of underlying asset)**
Billions of yen

March 31, 2007

	Amount of securitization exposures	Amount of securitization exposures that have been deducted from Tier 1 capital (Amount equivalent to increase in capital) (Note 1)	Capital deductions related to securitization exposures (Note 2)
Total as an originator	4,259.8	41.7	3.9
Traditional securitizations (asset transfer type)	713.0	41.7	0.3
Residential mortgage	508.7	36.5	—
Apartment loan	203.2	5.2	—
Credit card receivables	—	—	—
Other assets	1.0	—	0.3
Synthetic securitizations	344.5	—	—
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	—	—	—
Other assets	344.5	—	—
Sponsor of asset-backed commercial paper (ABCP) program	3,202.1	—	3.6
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	513.7	—	—
Account receivables	1,296.6	—	—
Leasing receivables	656.1	—	3.6
Other assets	735.6	—	—
As an investor	3,349.0	/	23.8
Residential mortgage	1,133.0	/	—
Apartment loan	5.8	/	—
Credit card receivables	314.3	/	—
Corporate loans	1,046.0	/	1.6
Other assets	849.8	/	22.1

Notes: 1. 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 includes any gains on disposal of the underlying assets relating to the securitization.

2. 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 1,250% or where a rating is lower than a certain threshold when calculating credit risk-weighted assets under the Ratings-Based Approach.



Billions of yen

March 31, 2008

	Amount of securitization exposures	Amount of securitization exposures that have been deducted from Tier 1 capital (Amount equivalent to increase in capital) (Note 1)	Capital deductions related to securitization exposures (Note 2)
Total as an originator	4,512.4	33.8	21.4
Traditional securitizations (asset transfer type)	717.0	33.8	—
Residential mortgage	510.9	32.2	—
Apartment loan	206.1	1.5	—
Credit card receivables	—	—	—
Other assets	—	—	—
Synthetic securitizations	409.3	—	—
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	—	—	—
Other assets	409.3	—	—
Sponsor of asset-backed commercial paper (ABCP) program	3,386.0	—	21.4
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	661.9	—	5.0
Account receivables	1,448.1	—	13.3
Leasing receivables	877.6	—	2.0
Other assets	398.2	—	0.9
As an investor	3,737.5	/	29.5
Residential mortgage	1,004.5	/	—
Apartment loan	6.9	/	—
Credit card receivables	388.1	/	—
Corporate loans	1,687.7	/	9.9
Other assets	650.2	/	19.6

Notes: 1. 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 includes any gains on disposal of the underlying assets relating to the securitization.

2. 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 1,250% 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, as of March 31, 2007 and 2008, there were no securitization exposures subject to early amortization treatment that are retained by external investors and are used to calculate credit risk-weighted assets.

(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		March 31, 2008	
	Amount of securitization exposures	Capital requirement	Amount of securitization exposures	Capital requirement
Total as an originator	4,259.8	272.7	4,512.4	348.7
Traditional securitizations (asset transfer type)	713.0	86.5	717.0	102.4
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	78.2	5.3
Risk weight: over 100% to 250%	482.9	55.5	593.2	79.3
Risk weight: over 250% under 1250%	62.5	19.0	45.5	17.7
Risk weight: 1250%	0.3	0.3	—	—
Synthetic securitizations	344.5	3.4	409.3	3.2
Risk weight: to 20%	327.0	1.9	389.7	2.3
Risk weight: over 20% to 50%	—	—	—	—
Risk weight: over 50% to 100%	—	—	17.4	0.7
Risk weight: over 100% to 250%	17.5	1.4	2.1	0.1
Risk weight: over 250% under 1250%	—	—	—	—
Risk weight: 1250%	—	—	—	—
Sponsor of asset-backed commercial paper (ABCP) program	3,202.1	182.7	3,386.0	243.1
Risk weight: to 20%	1,683.7	10.8	1,849.8	11.6
Risk weight: over 20% to 50%	383.0	12.0	231.7	7.0
Risk weight: over 50% to 100%	413.8	25.4	504.3	29.6
Risk weight: over 100% to 250%	544.3	73.7	487.1	63.7
Risk weight: over 250% under 1250%	173.6	57.0	291.5	109.6
Risk weight: 1250%	3.6	3.6	21.4	21.4
As an investor	3,349.0	69.2	3,740.8	76.4
Risk weight: to 20%	2,809.8	18.5	3,261.3	23.2
Risk weight: over 20% to 50%	228.9	4.7	175.7	4.0
Risk weight: over 50% to 100%	249.4	15.5	247.3	16.1
Risk weight: over 100% to 250%	25.3	3.0	22.5	2.5
Risk weight: over 250% under 1250%	11.6	3.4	4.2	0.9
Risk weight: 1250%	23.8	23.8	29.5	29.5

(Credit risk-weighted asset amount calculated using transitional arrangements for securitization exposures)
Billions of yen

	March 31, 2007	March 31, 2008
As an originator	5.6	—
As an investor	16.0	10.1
Total	21.7	10.1

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, 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 or 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

	FY2006				FY2007			
	Average	Maximum	Minimum	Mar 31, 2007	Average	Maximum	Minimum	Mar 31, 2008
Total	6.40	20.80	2.79	16.04	10.99	16.72	5.88	6.61
Interest rate	4.60	8.48	2.78	4.68	8.80	14.80	3.69	5.65
Yen	2.55	5.13	1.10	2.37	5.90	11.26	1.97	3.88
U.S. dollar	1.25	3.27	0.43	1.32	1.92	4.54	0.73	0.94
Foreign exchange	2.03	5.98	0.46	5.98	3.32	7.88	0.70	0.70
Equities	1.52	14.64	0.24	8.77	1.31	8.39	0.17	1.39
Commodities	0.11	0.34	0.04	0.16	0.21	0.51	0.06	0.23
Diversification effect	1.85	—	—	3.55	2.65	—	—	1.36

Assumptions for VaR calculations:

Historical simulation method

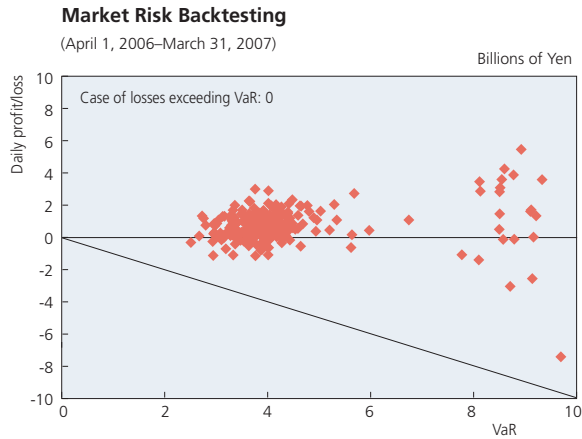
Holding period: 10 business days

Confidence interval: 99%

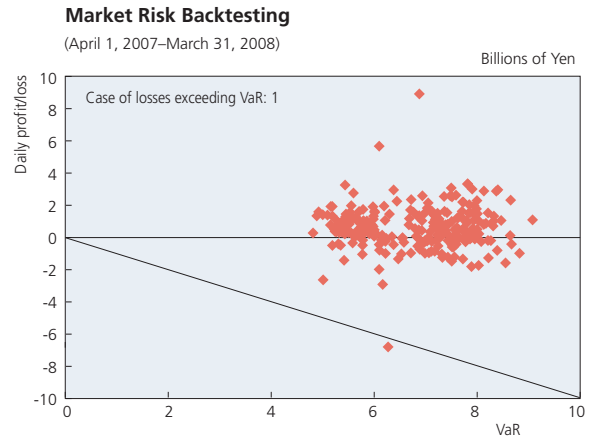
Observation period: 701 business days

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

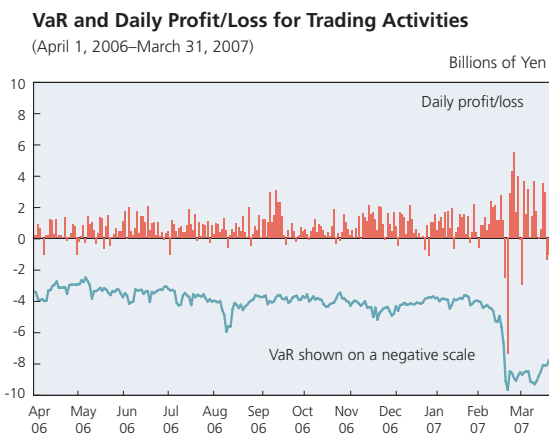
Results of market risk backtesting and explanations of any actual trading losses significantly in excess of VaR



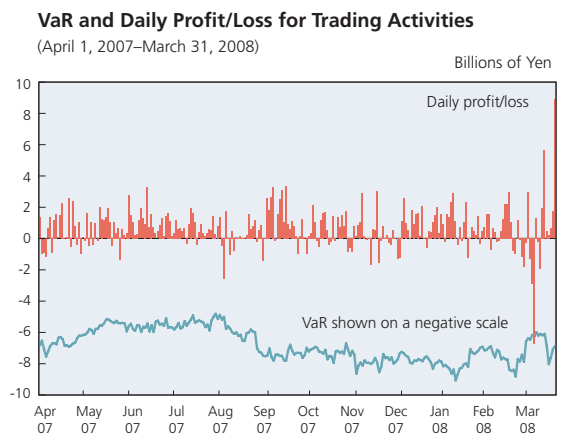
Note: Actual trading losses never exceeded VaR throughout the period studied.



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



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



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Equity Exposures in Banking Book
Amount on consolidated balance sheet and market values
• Exposures to publicly traded equities
Billions of yen

	March 31, 2007		March 31, 2008	
	Amount on consolidated balance sheet	Market value	Amount on consolidated balance sheet	Market value
Exposures to publicly traded equities	7,863.5	7,863.5	5,866.9	5,866.9

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
Billions of yen

	March 31, 2007		March 31, 2008	
	Amount on consolidated balance sheet	Amount on consolidated balance sheet	Amount on consolidated balance sheet	Amount on consolidated balance sheet
Equity exposures other than above		598.2		518.8

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

	FY2006			FY2007		
	Gains on sales	Losses on sales	Write-offs	Gains on sales	Losses on sales	Write-offs
Exposures to equities	169,738	(3,830)	(38,731)	176,970	(14,739)	(187,104)

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
Billions of yen

	March 31, 2007			March 31, 2008		
	Acquisition cost	Amount on consolidated balance sheet	Unrealized gains or losses	Acquisition cost	Amount on consolidated balance sheet	Unrealized gains or losses
Exposures to equities	4,525.5	7,863.5	3,337.9	4,393.8	5,866.9	1,473.1

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 as of March 31, 2007 and 2008

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

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
Amounts equivalent to 45% of unrealized gains on securities available for sale counted as Tier 2 capital	1,541.7	462.4

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)

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
Exposures to publicly traded equities subject to transitional arrangements	7,393.7	5,426.9
Equity exposures other than above subject to transitional arrangements	278.7	239.2
Total	7,672.4	5,666.1

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

	<i>Billions of yen</i>	
	March 31, 2007	March 31, 2008
Exposures relating to funds	2,591.0	2,312.3
Exposures where fund components are identifiable (look-through approach) (Note 1)	1,847.9	1,769.8
Exposures not included above where equity exposures constitute majority of total value of fund components (Note 2)	156.0	65.4
Exposures not included in any category above where investment mandates of funds are known (Note 3)	84.8	24.1
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)	484.4	438.6
Exposures not included in any category above (Note 5)	17.8	14.1

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

	<i>Billions of yen</i>							
	FY2006				FY2007			
	Average	Maximum	Minimum	Mar 31, 2007	Average	Maximum	Minimum	Mar 31, 2008
Interest rate (overall)	168.5	185.8	142.4	174.8	172.6	222.7	128.2	211.0
Yen	106.9	127.7	80.1	115.8	112.0	137.5	83.9	128.6
U.S. dollar	94.8	106.6	79.0	88.3	63.6	96.1	37.6	79.2
Euro	19.1	25.7	13.8	17.8	16.0	21.8	10.1	18.4
Equities	97.1	111.7	62.9	94.7	87.2	101.0	67.9	72.0
Overall	197.1	220.3	176.6	199.6	204.1	258.9	156.4	251.6

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.