Mitsubishi UFJ Financial Group Basel II Disclosure

Interim Fiscal 2007

Basel II Data (MUFG, Consolidated)

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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.

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

Scope of Consolidation

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

	September 30, 2007
Names of any companies qualifying for capital deductions under the provisions of Paragraph 1.2 (a)–(c) of Article 8, or Paragraph 1.2 (a)–(c) of Article 20, of the FSA Consolidated Capital Adequacy Notification that are deficient in regulatory capital, and corresponding total regulatory capital deficiencies	Not applicable

Composition of Equity Capital

Capital structure

Billions of yen

		September 30, 2007
Tier 1 (core) capital	(A)	8,230.7
Capital stock		1,383.0
Stock subscription advances		—
Capital surplus		1,865.9
Retained earnings		4,286.0
Treasury stock		(576.4)
Treasury stock subscription advances		—
Planned distribution		(76.7)
Net unrealized losses on securities available for sale		—
Foreign currency translation adjustments		9.8
Subscription rights to shares		0.0
Minority interests in consolidated subsidiaries and affiliates (Note 1)		1,715.1
Amount equivalent to goodwill		(311.5)
Intangible assets acquired via business combinations		(26.6)
Amount equivalent to capital increase due to securitization transactions		(37.8)
Amount equivalent to 50% of expected losses in excess of qualifying allowances		—
Deductions for deferred tax assets (Note 2)		—
Qualified Tier 2 (supplementary) and Tier 3 (quasi-supplementary) capital (Note 3)	(B)	5,643.2
Deductions from total qualifying capital (Note 4)	(C)	417.5
Total capital	(A) + (B) − (C)	13,456.4

Notes: 1. The amount of stocks and other securities with some probability of being redeemed pursuant to special provisions for stepped-up interests, etc., as stipulated in Paragraph 2 of Article 5 of the FSA Consolidated Capital Adequacy Notification was 1,031.2 billion yen, all of which was contained within "minority interests in consolidated subsidiaries and affiliates." The amount of these instruments accounted for 12% of Tier 1 capital.

2. The amount equivalent to net deferred tax assets totaled 93.2 billion yen and the regulatory ceiling on the net amount of deferred tax assets allowable for capital inclusion equaled 2,469.2 billion yen.

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

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

Capital Adequacy

Capital requirements for credit risk

Billions of yen

	September 30, 2007
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)	7,305.7
IRB Approach (excluding securitization exposures)	6,375.7
Corporate exposures (excluding specialized lending) (the FIRB Approach)	4,468.6
Corporate exposures: specialized lending (the FIRB Approach)	327.3
Sovereign exposures (the FIRB Approach)	192.9
Bank exposures (the FIRB Approach)	351.3
Residential mortgage exposures	404.3
Other retail exposures	355.4
Exposures for other assets	275.8
Standardized Approach (excluding securitization exposures)	535.9
Securitization exposures (Note 4)	394.0
Portfolios under the IRB Approach	385.9
Portfolios under the Standardized Approach	8.0
Capital requirements for credit risk of equity exposures under the IRB Approach	911.2
Exposures subject to transitional arrangements (grandfathering provisions) (Note 5)	627.1
Market-Based Approach (Simple Risk Weight Method) (Note 6)	106.2
Market-Based Approach (Internal Models Method) (Note 6)	—
PD/LGD Approach (Note 6)	177.8
Capital requirements for exposures relating to funds	552.3
Capital requirements for portfolios with phased rollout of the IRB Approach	810.0
Total	9,579.3

Notes:
1. *Credit risk-weighted assets are calculated using the FIRB Approach. However, as an exemption to this approach, the Standardized Approach is used for calculations with credit risk-weighted assets at some subsidiaries in cases where the figures for such subsidiaries are expected to be minor compared with the total. In addition, the adoption of the IRB Approach is due to be phased in from the end of December 2010 at UnionBanCal Corporation and from the end of March 2009 at Mitsubishi UFJ NICOS Co., Ltd.*
2. *Capital requirement for portfolios under the 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. *Including amounts equivalent to increase in equity capital resulting from a securitization exposure, as a deduction from Tier 1 capital elements.*
5. *Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 13 of the Supplementary Provisions to the FSA Consolidated Capital Adequacy Notification.*
6. *Exposures to calculate the amount of credit risk-weighted assets as stipulated in Article 144 of the FSA Consolidated Capital Adequacy Notification.*

Capital requirements for market risk

Billions of yen

	September 30, 2007
Standardized Method	120.3
Interest rate risk	50.2
Equity position risk	54.5
Foreign exchange risk	15.0
Commodity risk	0.4
Options transactions	—
Internal Models Approach	55.6
Total	175.9

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

Capital requirements for operational risk

Billions of yen

	September 30, 2007
The Standardized Approach	484.7
Total	484.7

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

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

Billions of yen

	September 30, 2007
Consolidated total capital adequacy ratio	12.54%
Consolidated Tier 1 capital adequacy ratio	7.67%
Consolidated total capital requirements	8,581.6
8% of credit risk-weighted assets	7,920.8
Capital requirements for market risk	175.9
Capital requirements for operational risk	484.7
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)

Billions of yen

	September 30, 2007			
	Credit risk exposures (Note 1)			
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total
The IRB approach	108,651.3	30,181.6	5,047.3	169,984.2
The Standardized approach	15,737.8	839.1	1,630.0	21,095.8
Phased rollout	9,362.5	834.6	75.6	12,688.8
Total	133,751.7	31,855.4	6,753.1	203,768.9

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)

Billions of yen

	September 30, 2007				
	Credit risk exposures (Note 1)				Default exposures
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total	
Domestic	103,191.7	29,083.1	6,396.7	164,194.0	2,325.1
Foreign	30,559.9	2,772.3	356.3	39,574.9	51.8
Total	133,751.7	31,855.4	6,753.1	203,768.9	2,377.0

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

	September 30, 2007				
	Credit risk exposures (Note 1)				Default exposures
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total	
Manufacturing	15,864.9	1,468.5	585.0	23,130.9	466.5
Wholesale and retail	10,991.5	1,165.0	820.1	14,224.0	292.6
Construction	2,317.3	288.0	38.1	2,874.1	109.6
Finance and insurance	23,189.5	4,062.3	2,806.2	32,532.6	103.1
Real estate	11,094.9	393.1	56.6	11,798.1	223.8
Services	8,060.9	597.0	280.8	9,067.6	211.9
Transport	4,181.0	255.5	118.3	5,193.8	148.5
Individuals	22,450.0	—	0.7	22,455.0	527.9
Governments and local authorities	20,113.4	21,973.7	11.8	43,424.0	0.0
Others	15,487.9	1,652.0	2,035.1	39,068.2	292.6
Total	133,751.7	31,855.4	6,753.1	203,768.9	2,377.0

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

	September 30, 2007			
	Credit risk exposures (Note 1)			
	Loans, etc. (Note 2)	Debt securities	OTC derivatives	Total
Due in 1 year or less	41,666.6	11,056.0	764.4	63,389.3
Due over 1 year to 3 years	13,776.5	6,609.5	2,125.7	23,227.1
Due over 3 years to 5 years	15,768.8	4,653.0	1,300.3	21,725.7
Due over 5 years to 7 years	4,893.6	1,011.0	374.9	6,654.0
Due over 7 years	19,252.2	7,429.5	460.3	27,425.6
Others	38,393.9	1,096.2	1,727.1	61,346.9
Total	133,751.7	31,855.4	6,753.1	203,768.9

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)

Millions of yen

	September 30, 2007	Against March 31, 2007
General allowance for credit losses	830,152	21,532
Specific allowance for credit losses	430,809	54,741
Domestic	419,177	52,816
Foreign	11,632	1,924
Allowance for loans to specific foreign borrowers	82	11
Total	1,261,044	76,285

(Balances by type of industry)

Millions of yen

	September 30, 2007	Against March 31, 2007
General allowance for credit losses	830,152	21,532
Specific allowance for credit losses	430,809	54,741
Manufacturing	19,673	1,583
Wholesale and retail	39,744	14,465
Construction	6,541	(3,037)
Finance and insurance	40,178	12,665
Real estate	38,605	20,680
Services	40,281	1,496
Transport	109,254	3,847
Individuals	13,486	(1,189)
Governments and local authorities	7	0
Others	123,035	4,231
Allowance for loans to specific foreign borrowers	82	11
Total	1,261,044	76,285

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)

Millions of yen

	FY2007 H1
Manufacturing	13,477
Wholesale and retail	17,368
Construction	8,815
Finance and insurance	8,284
Real estate	1,078
Services	14,819
Transport	1,033
Individuals	3,383
Governments and local authorities	—
Others	18,749
Total	87,010

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

Balances by risk weight category of exposures under the Standardized Approach

Billions of yen

	September 30, 2007	
		Including: Balances for which risk weights are determined by external rating
Risk weight: 0%	1,281.2	197.2
Risk weight: 10%	232.6	—
Risk weight: 20%	2,806.6	2,742.0
Risk weight: 35%	877.0	—
Risk weight: 50%	175.2	172.9
Risk weight: 75%	254.3	—
Risk weight: 100%	5,473.8	62.5
Risk weight: 150%	4.9	0.0
Capital deductions	3.9	—
Others	10.5	—
Total	11,120.2	3,174.7

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 is 459%.

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

Billions of yen

	September 30, 2007
Risk weight: 0%	91.3
Risk weight: 10%	—
Risk weight: 20%	1,357.3
Risk weight: 50%	2,773.0
Risk weight: 100%	8,467.1
Total	12,688.8

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

	September 30, 2007
Specialised lending exposures subject to supervisory slotting criteria	2,875.4
Risk weight: 50%	203.9
Risk weight: 70%	916.0
Risk weight: 90%	697.9
Risk weight: 95%	71.9
Risk weight: 115%	491.8
Risk weight: 120%	47.5
Risk weight: 140%	28.3
Risk weight: 250%	404.4
Risk weight: 0%	13.3
Equity exposures subject to the Market-Based Approach (simple risk weight method)	368.3
Risk weight: 300%	220.8
Risk weight: 400%	147.5

Exposures subject to the IRB Approach: corporate exposures

Billions of yen

Credit rating	EAD	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
	September 30, 2007					
Borrower ratings 1~3	26,809.9	16,880.7	9,929.2	0.17%	44.74%	34.97%
Borrower ratings 4~9	35,654.4	30,561.2	5,093.1	0.70%	43.45%	67.68%
Borrower ratings 10~11	4,535.0	3,680.3	854.6	11.33%	42.96%	191.65%
Borrower ratings 12~15	1,633.9	1,522.4	111.4	100.00%	43.19%	/

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

Exposures subject to the IRB Approach: sovereign exposures

Billions of yen

Credit rating	EAD	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
	September 30, 2007					
Borrower ratings 1~3	36,766.1	31,154.3	5,611.7	0.01%	44.69%	3.01%
Borrower ratings 4~9	1,197.3	1,101.0	96.2	0.37%	44.84%	51.86%
Borrower ratings 10~11	150.8	145.1	5.6	16.63%	44.93%	233.41%
Borrower ratings 12~15	25.9	23.8	2.1	100.00%	43.98%	/

Exposures subject to the IRB Approach: bank exposures

Billions of yen

Credit rating	EAD	On balance sheet EAD	Off balance sheet EAD	Weighted average PD	Weighted average LGD	Weighted average RW
	September 30, 2007					
Borrower ratings 1~3	17,956.8	13,682.4	4,274.3	0.07%	45.19%	18.98%
Borrower ratings 4~9	1,389.8	795.8	594.0	0.43%	44.88%	53.14%
Borrower ratings 10~11	42.0	23.1	18.8	11.60%	44.98%	218.27%
Borrower ratings 12~15	2.9	2.8	0.0	100.00%	45.00%	/

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

Billions of yen

Credit rating	Amount of exposures	Weighted average PD	Weighted average RW
	September 30, 2007		
Borrower ratings 1~3	388.4	0.13%	209.04%
Borrower ratings 4~9	115.1	0.25%	190.47%
Borrower ratings 10~11	1.4	16.81%	539.78%
Borrower ratings 12~15	104.2	100.00%	/

Notes: 1. *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.*
2. *For equity exposures under the PD/LGD approach, the weighted average PD may not match the weighted average RW because risk weight minimums including expected losses are set 100% for strategic equity investments, 200% for other publicly traded equities and 300% for other non-listed equities.*

Exposures subject to the IRB Approach: retail exposures

Billions of yen

	September 30, 2007				
	EAD	On balance sheet EAD	Amount of undrawn commitments	Weighted average factor on undrawn commitments	Other off balance sheet EAD
Residential mortgage	13,876.8	13,366.0	—	—	510.8
Non-defaulted	13,772.3	13,264.3	—	—	508.0
Defaulted	104.4	101.6	—	—	2.8
Other retail (non-business)	3,228.4	1,541.9	6,829.3	21.30%	231.6
Non-defaulted	3,073.1	1,391.7	6,818.8	21.32%	226.9
Defaulted	155.3	150.2	10.5	3.95%	4.6
Other retail (business-related)	2,136.5	2,067.7	1.2	0.35%	68.7
Non-defaulted	2,126.8	2,058.7	1.2	0.35%	68.0
Defaulted	9.6	8.9	—	—	0.6

	September 30, 2007				
	Number of pools	Weighted average PD	Weighted average LGD	Weighted average EL default	Weighted average RW
Residential mortgage	117	1.40%	39.79%	—	28.40%
Non-defaulted	90	0.65%	39.44%	—	28.34%
Defaulted	27	99.98%	54.79%	52.10%	35.76%
Other retail (non-business)	138	6.52%	41.64%	—	41.10%
Non-defaulted	94	1.80%	40.44%	—	41.32%
Defaulted	44	99.99%	62.20%	59.42%	36.79%
Other retail (business-related)	22	3.59%	38.53%	—	55.25%
Non-defaulted	15	3.15%	38.46%	—	55.47%
Defaulted	7	100.00%	36.83%	36.45%	5.05%

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

Actual losses on exposures subject to the IRB Approach

Millions of yen

	Corporate exposures	Sovereign exposures	Bank exposures	Equity exposures under PD/LGD Approach	Residential mortgage exposures	Other retail exposures
FY2006	23,025	(1,571)	(6,941)	84	26,725	5,940
FY2005			(377,841)			
FY2006: *Discussion of the factors*	Actual losses on exposures were lower than initial loss 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

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

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

Credit Risk Mitigation

Exposures subject to application of credit risk mitigation techniques

Billions of yen

	September 30, 2007			
	Eligible financial collateral	Other eligible IRB collateral	Guarantees	Credit derivatives
Portfolios under the FIRB Approach	9,926.3	4,725.5	2,045.8	1,286.3
Corporate exposures	1,556.8	4,721.7	1,000.1	1,241.8
Sovereign exposures	166.9	3.2	734.6	—
Bank exposures	8,202.5	0.6	15.4	44.4
Residential mortgage exposures	—	—	—	—
Other retail exposures	—	—	295.5	—
Portfolios under the Standardized Approach	9,975.5	—	17.7	—

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

Matters relating to counterparty credit risk

Billions of yen

	September 30, 2007
Aggregated gross replacement costs	6,787.7
Credit equivalent amounts prior to credit risk mitigation benefits due to collateral	6,753.1
Foreign exchange and gold	4,412.0
Interest rate	6,672.9
Equity	45.5
Precious metals (except gold)	22.8
Other commodities	423.1
Credit derivative	337.2
Netting benefits due to close out netting agreements (Note 2)	(5,160.6)
Collateral held	144.1
Deposits	98.7
Marketable securities	5.4
Others	39.9
Credit equivalent amounts after credit risk mitigation benefits due to collateral	6,654.8
Notional principal amount of credit derivatives included in calculation of credit equivalent amounts	5,842.6
Purchased credit protection through credit default swaps	3,093.5
Purchased credit protection through total return swaps	93.8
Purchased credit protection through credit options	—
Purchased other credit protection	—
Provided credit protection through credit default swaps	2,655.1
Provided credit protection through total return swaps	—
Provided credit protection through credit options	—
Provided other credit protection	—
Notional principal amount of credit derivatives used for credit risk mitigation purposes	1,596.9

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

Securitization Exposures

Information on underlying assets

Billions of yen

	September 30, 2007				FY2007 H1
	Amount of underlying assets at period-end (Note 1)		Cumulative amount of underlying assets in default or contractually past due 3 months or more		
	Underlying assets relating to retained securitization exposures	Underlying assets relating to securitization transactions during this period with no retained securitization exposures (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)	Losses on underlying assets incurred during this period (Note 4)
Traditional securitizations (asset transfer type)	2,934.1	—	9.3	—	4.2
Residential mortgage	2,566.2	—	8.4	—	3.7
Apartment loan	367.9	—	0.8	—	0.4
Credit card receivables	—	—	—	—	—
Other assets	—	—	—	—	—
Synthetic securitizations	431.6	—	—	—	—
Residential mortgage	—	—	—	—	—
Apartment loan	—	—	—	—	—
Credit card receivables	—	—	—	—	—
Other assets	431.6	—	—	—	—
Sponsor of asset-backed commercial paper (ABCP) program	32,418.4	—	652.7	840.6	438.8
Residential mortgage	—	—	—	—	—
Apartment loan	—	—	—	—	—
Credit card receivables	23,666.3	—	499.3	557.1	319.0
Account receivables	5,294.4	—	124.5	124.9	29.4
Leasing receivables	1,924.5	—	1.1	2.9	5.3
Other assets	1,533.0	—	27.6	155.6	85.0
Total as an originator	35,784.2	—	662.0	840.6	443.0

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

	FY2007 H1	
	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)	139.5	4.1
Residential mortgage	139.5	4.1
Apartment loan	—	—
Credit card receivables	—	—
Other assets	—	—
Synthetic securitizations	69.3	／
Residential mortgage	—	／
Apartment loan	—	／
Credit card receivables	—	／
Other assets	69.3	／
Sponsor of asset-backed commercial paper (ABCP) program	48,649.1	／
Residential mortgage	—	／
Apartment loan	—	／
Credit card receivables	25,781.0	／
Account receivables	19,111.6	／
Leasing receivables	2,159.8	／
Other assets	1,596.6	／
Total as an originator	48,857.9	4.1

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

Billions of yen

	September 30, 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	4,430.5	37.8	9.8
Traditional securitizations (asset transfer type)	716.1	37.8	0.1
Residential mortgage	510.9	34.6	—
Apartment loan	204.3	3.2	—
Credit card receivables	—	—	—
Other assets	0.9	—	0.1
Synthetic securitizations	409.8	—	—
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	—	—	—
Other assets	409.8	—	—
Sponsor of asset-backed commercial paper (ABCP) program	3,304.4	—	9.6
Residential mortgage	—	—	—
Apartment loan	—	—	—
Credit card receivables	561.0	—	5.7
Account receivables	1,448.3	—	—
Leasing receivables	816.1	—	2.4
Other assets	478.9	—	1.4
As an investor	3,787.1	/	15.5
Residential mortgage	1,110.8	/	0.0
Apartment loan	7.6	/	0.0
Credit card receivables	330.3	/	0.0
Corporate loans	1,674.4	/	1.5
Other assets	663.8	/	14.0

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, there are no securitization exposures subject to early amortization treatment that are retained by external investors and are used to calculate credit risk-weighted assets.

(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

	September 30, 2007	
	Amount of securitization exposures	Capital requirement
Total as an originator	4,430.5	291.2
Traditional securitizations (asset transfer type)	716.1	91.7
Risk weight: to 20%	0.7	—
Risk weight: over 20% to 50%	—	—
Risk weight: over 50% to 100%	79.5	4.9
Risk weight: over 100% to 250%	566.1	65.9
Risk weight: over 250% under 1250%	69.5	20.5
Risk weight: 1250%	0.1	0.1
Synthetic securitizations	409.8	3.9
Risk weight: to 20%	390.2	2.3
Risk weight: over 20% to 50%	—	—
Risk weight: over 50% to 100%	—	—
Risk weight: over 100% to 250%	19.6	1.6
Risk weight: over 250% under 1250%	—	—
Risk weight: 1250%	—	—
Sponsor of asset-backed commercial paper (ABCP) program	3,304.4	195.5
Risk weight: to 20%	1,763.0	11.9
Risk weight: over 20% to 50%	244.1	7.6
Risk weight: over 50% to 100%	524.3	31.5
Risk weight: over 100% to 250%	609.3	77.3
Risk weight: over 250% under 1250%	153.9	57.4
Risk weight: 1250%	9.6	9.6
As an investor	3,787.1	64.9
Risk weight: to 20%	3,218.5	23.4
Risk weight: over 20% to 50%	210.8	4.6
Risk weight: over 50% to 100%	312.8	16.9
Risk weight: over 100% to 250%	24.0	3.0
Risk weight: over 250% under 1250%	5.2	1.2
Risk weight: 1250%	15.5	15.5

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

Billions of yen

	September 30, 2007
As an originator	—
As an investor	12.2
Total	12.2

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 H1				FY2007 H1			
	Average	Maximum	Minimum	Sep 30, 2006	Average	Maximum	Minimum	Sep 30, 2007
Total	5.32	8.06	3.75	4.98	10.77	14.97	7.79	12.22
Interest rate	4.56	6.93	2.99	4.64	7.41	11.56	3.69	11.53
Yen	2.36	3.69	1.43	2.87	4.44	8.58	1.97	8.47
U.S. dollar	1.51	3.27	0.42	1.17	2.22	4.54	0.97	2.12
Foreign exchange	2.09	3.86	0.46	1.33	3.62	6.18	1.55	1.90
Equities	0.51	1.94	0.23	0.30	2.04	8.39	0.43	0.64
Commodities	0.11	0.34	0.06	0.08	0.28	0.51	0.10	0.11
Diversification effect	(1.95)	—	—	(1.37)	(2.58)	—	—	(1.96)

Assumptions for VaR calculations:

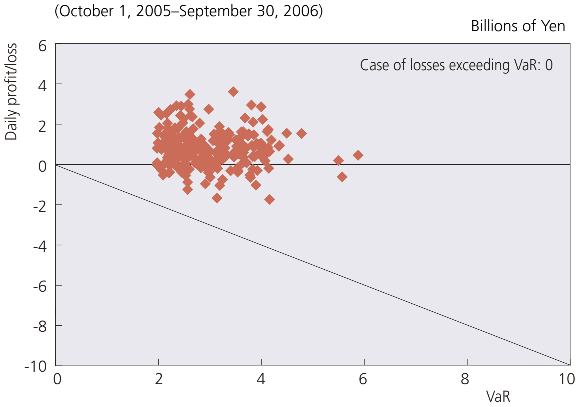
Historical simulation method
Holding period: 10 business days
Confidence interval: 99%
Observation period: 701 business days

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

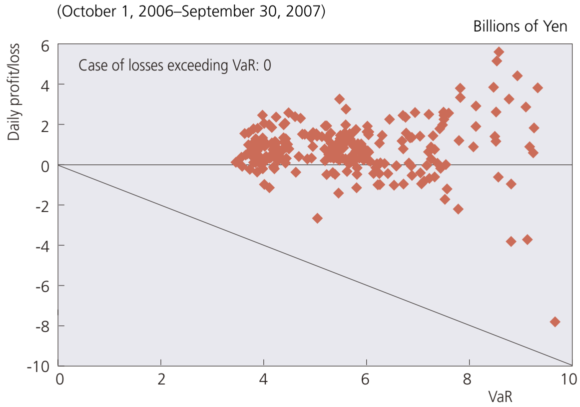
Results of market risk backtesting and explanations of any actual trading losses significantly in excess of VaR

Market Risk Backtesting

(October 1, 2005–September 30, 2006)

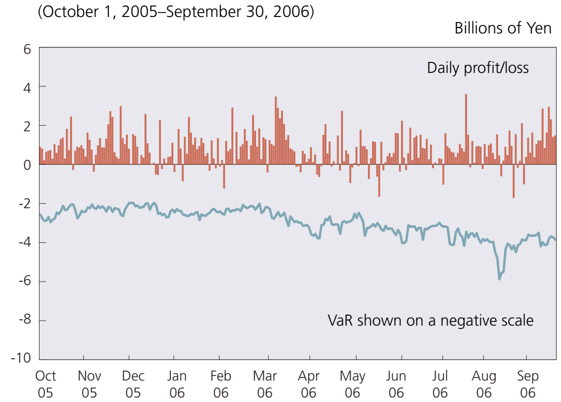


(October 1, 2006–September 30, 2007)

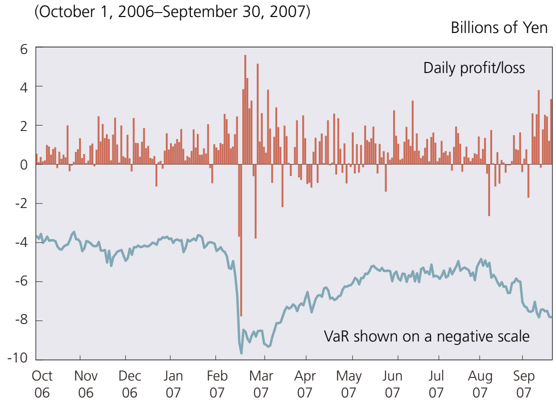


VaR and Daily Profit/Loss for Trading Activities

(October 1, 2005–September 30, 2006)



(October 1, 2006–September 30, 2007)



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

Equity Exposures in Banking Book

Amount on consolidated balance sheet and market values

• *Exposures to publicly traded equities*

Billions of yen

	September 30, 2006		September 30, 2007	
	Amount on consolidated balance sheet	Market value	Amount on consolidated balance sheet	Market value
Exposures to publicly traded equities	7,224.3	7,224.3	7,653.4	7,653.4

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

	September 30, 2006	September 30, 2007
	Amount on consolidated balance sheet	Amount on consolidated balance sheet
Equity exposures other than above	760.4	493.9

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

	September 30, 2006			September 30, 2007		
	Gains on sales	Losses on sales	Write-offs	Gains on sales	Losses on sales	Write-offs
Exposures to equities	32,431	(821)	(17,816)	105,818	(6,392)	(45,010)

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

	September 30, 2006			September 30, 2007		
	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	4,548.8	7,224.3	2,675.5	4,501.7	7,653.4	3,151.6

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

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

Not applicable

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

Billions of yen

	September 30, 2006	September 30, 2007
Amounts equivalent to 45% of unrealized gains on securities available for sale counted as Tier 2 capital	1,209.5	1,355.6

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

Equity exposures subject to transitional arrangements (grandfathering provisions)

Billions of yen

	September 30, 2007
Exposures to publicly traded equities subject to transitional arrangements	7,133.4
Equity exposures other than above subject to transitional arrangements	262.0
Total	7,395.5

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

Exposures Relating to Funds

Exposures relating to funds

Billions of yen

	September 30, 2007
Exposures relating to funds	2,329.4
Exposures where fund components are identifiable (look-through approach) (Note 1)	1,720.4
Exposures not included above where equity exposures constitute majority of total value of fund components (Note 2)	77.6
Exposures not included in any category above where investment mandates of funds are known (Note 3)	64.5
Exposures not included in any category above where the internal models approach is applied (Note 4)	—
Exposures not included in any category above where there is a high probability of the weighted average risk weight applied to fund components being less than 400% (Note 5)	461.3
Exposures not included in any category above (Note 5)	5.5

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

Interest Rate Risk in the Banking Book (IRRBB)

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

• *VaR for non-trading activities*

Billions of yen

	FY2006 H1				FY2007 H1			
	Average	Maximum	Minimum	Sep 30, 2006	Average	Maximum	Minimum	Sep 30, 2007
Interest rate (overall)	167.9	185.7	145.4	145.4	158.4	183.1	128.2	156.2
Yen	108.0	127.7	83.6	84.4	108.0	137.5	83.9	99.6
U.S. dollar	95.3	106.6	79.0	83.3	59.0	96.1	37.6	55.7
Euro	18.8	25.7	13.8	21.6	14.1	17.6	10.1	12.9
Equities	90.7	104.9	62.8	104.9	84.2	100.1	67.9	87.4
Overall	190.4	203.5	176.6	188.8	188.8	214.4	156.4	191.0

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.

Outlier ratio

	September 30, 2007
Outlier ratio	7.54%

Assumptions for outlier ratio calculations:

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

Consolidated Capital Adequacy Ratio as of September 30, 2006

MUFG's consolidated capital adequacy ratio as of September 30, 2006 was calculated based on formulas contained in the Former Notification. MUFG applies the "First Standard" and market risk regulation.

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

Billions of yen

			September 30, 2006
Tier 1 (core) capital	Capital stock		1,383.0
	Non-cumulative perpetual preferred stock		125.0
	Stock subscription advances		—
	Capital surplus		1,916.3
	Retained earnings		3,781.9
	Treasury stock		(1,000.4)
	Treasury stock subscription advances		—
	Planned distribution		(54.3)
	Net unrealized losses on securities available for sale		—
	Foreign currency translation adjustments		(56.3)
	Subscription rights to shares		0.0
	Minority interests in consolidated subsidiaries and affiliates		1,943.8
	Preferred securities issued by SPCs based outside Japan		1,236.3
	Amount equivalent to goodwill		(227.7)
	Intangible assets acquired via business combination		(4.1)
	Tier 1 capital prior to deductions for deferred tax assets (subtotal of above items)		**7,682.1**
	Deductions for deferred tax assets (Note 1)		—
	Subtotal	**(A)**	**7,682.1**
	Preferred securities with step-up interest rate clauses (Note 2)		777.3
Tier 2 (supplementary) capital	Amounts equivalent to 45% of unrealized gains on securities available for sale		1,209.5
	Amount equal to 45% of the land revaluation excess		161.4
	General allowance for loan losses		878.0
	Debt capital		3,827.1
	Perpetual subordinated debt (Note 3)		658.4
	Non-perpetual subordinated debt and non-perpetual preferred stock (Note 4)		3,168.7
	Subtotal		**6,076.2**
	Total qualified Tier 2 capital	**(B)**	**6,076.2**
Tier 3 (quasi-supplementary) capital	**Short-term subordinated debt**		–
	Total qualified Tier 3 capital	**(C)**	–
Deductions from capital	**Deductions from capital (Note 5)**	**(D)**	**296.2**
Total capital		**(E) = [(A) + (B) + (C) – (D)]**	**13,462.0**
Risk-weighted assets	On balance sheet items		95,144.0
	Off balance sheet items		15,679.7
	Credit risk-weighted assets	**(F)**	**110,823.7**
	Risk assets derived from market-risk equivalent	**(G) = [(H) / 8%]**	**1,743.7**
	(Reference) Amount equivalent to market risk	**(H)**	**139.5**
	Subtotal	**(I) = [(F) + (G)]**	**112,567.5**
Consolidated capital adequacy ratio (First Standard)		**[(E) / (I) x 100]**	**11.95%**

Notes: 1. *The amount equivalent to net deferred tax assets totaled 549.3 billion yen as of September 30, 2006, and the regulatory ceiling on the net amount of deferred tax assets allowable for capital inclusion equaled 3,072.8 billion yen.*
2. *Refers to stocks and other securities with some probability of being redeemed pursuant to special provisions for stepped-up interests, etc., as stipulated in Paragraph 2 of Article 4 of the Former Notification (including preferred securities issued by SPCs based outside Japan).*
3. *This refers to capital market-issued debt instruments as listed in Paragraph 1.4 of Article 5 of the Former Notification with all of the following characteristics:*
   (1) Unsecured, fully paid and subordinated to senior debt
   (2) Non-redeemable except under specified conditions
   (3) Capital allocated to cover losses incurred in continuing operations
   (4) Right retained to defer interest-payment obligations
4. *This refers to instruments listed in Paragraph 1.5 and 1.6 of the Former Notification. However, non-perpetual subordinated debt is limited to issues with an original maturity of over five years.*
5. *These figures refer to any amounts held intentionally as part of fund raising by other financial institutions in line with Paragraph 1.1 of Article 7 of the Former Notification and any amounts invested in line with the provisions of Paragraph 1.2 of Article 7 of said Notification.*