UFJ

The First Year

- Goals
- Commitments
- Actions

Accelerating the pace of progress!

ANNUAL REPORT 2002

Year ended March 31, 2002

UFJ Holdings, Inc.

The First Year

UFJ—LEVERAGING DISTINCTIVE SKILLS TO REACH STRATEGIC GOALS

The UFJ Group was formed in April 2001 upon the establishment of UFJ Holdings, integrating Sanwa Bank, Tokai Bank and Toyo Trust. The central objective is to become a leading comprehensive financial group in Japan, offering banking, trust, securities, asset management, credit card and many other services from a unified platform.

To realize this goal, the UFJ Group has been aggressively building a framework capable of supporting a broad range of financial services. In January 2002, UFJ Bank was established through the merger of Sanwa Bank and Tokai Bank, and Toyo Trust was renamed UFJ Trust. Integrations of other group companies are proceeding smoothly as well. These actions are making the UFJ brand synonymous with quality, competitive services in all sectors of the financial marketplace.

As the UFJ Group makes progress toward its strategic goal, numerous actions are being taken to improve profitability. In this regard, the group is focusing on three critical areas: building on strengths in the core retail and medium-sized corporate markets; restoring asset quality; and maximizing integration benefits.

Combining a clear strategic focus with a commitment to producing concrete results, the UFJ Group is determined to lead the way in creating a new paradigm in Japan for the provision of financial services.

CONTENTS

Goals

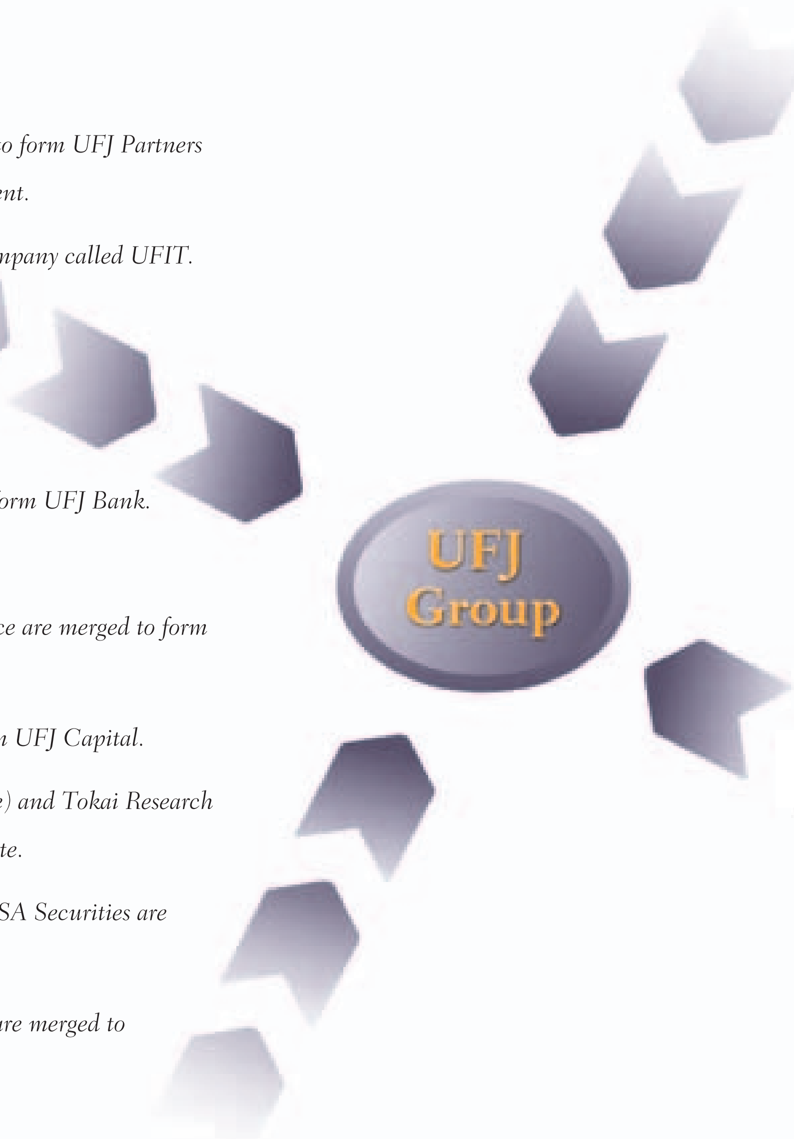
Toward the New Financial Services

2001

April	• *UFJ Holdings is established.*
	• *Asset management companies are integrated to form UFJ Partners Asset Management and UFJ Asset Management.*
	• *IT operations are unified in newly formed company called UFIT.*
July	• *Securities subsidiaries are merged to form UFJ Capital Markets Securities.*

2002

January	• *Sanwa Bank and Tokai Bank are merged to form UFJ Bank.*
	• *Toyo Trust is renamed UFJ Trust.*
	• *Financial One Card and Million Card Service are merged to form UFJ Card.*
	• *Venture capital companies are merged to form UFJ Capital.*
April	• *SRIC Corporation (Sanwa Research Institute) and Tokai Research & Consulting are merged to form UFJ Institute.*
June	• *UFJ Capital Markets Securities and TSUBASA Securities are merged to form UFJ Tsubasa Securities.*
July	• *Sanwa Business Credit and Central Factors are merged to form UFJ Business Finance.*



Actions

INNOVATION

Solutions—Excellence in customer service demands a powerful infrastructure and the ability to approach issues from many angles. The UFJ Group's solutions for customers encompass financing, restructuring , e-business platforms and much more.

Action:
The UFJ Group offers advanced solutions such as global cash management, payroll and other settlement-related services for corporate clients. In addition to such services, our solutions encompass credit enhancement, streamlined clerical tasks, authentication for e-commerce.

IT Infrastructure—The UFJ Group is investing aggressively in IT, retaining a tight focus on structuring systems and software that will contribute most to making the group more competitive.

Action:
The UFJ Group made much progress in developing a new mainframe system that excels in terms of flexibility, performance and efficiency. The new system can easily accommodate new businesses and alliances with partners, making it well suited to supporting a comprehensive line of financial services.

SPEED

Group Integration—Just over one year after the group's formation, a unified framework is in place for all core businesses. The UFJ Group can now channel all its energy toward becoming a comprehensive financial group.

System Integration—Banking IT systems were integrated in January 2002, when Sanwa Bank and Tokai Bank merged to form UFJ Bank. A first in Japan's banking industry, this feat enabled all branches of the new bank to extend an identical line up of products and services.

Restructuring—In terms of the number of offices, workforce reductions and many other areas, the post-integration restructuring of the UFJ Group has been implemented with speed and efficiency.

Accelerating the pace of progress!

DIVERSITY

Core Businesses—The UFJ Group is focusing on two strategic market segments: retail, especially housing loans and consumer loans, and medium-sized companies.

Action:

In fiscal 2001, UFJ Bank extended more than ¥1,000 billion in new housing loans. The bank is taking many actions to increase housing loans, including the addition of offices to better facilitate business with developers and real estate brokers.

New Directions—The UFJ Group is seeking opportunities in many fields outside the traditional banking domain. MOBIT, a joint venture with two consumer finance companies, is targeting customer segments that are new to the group.

Alliances—Tie-ups with other financial service providers enable the UFJ Group to offer its customers an extremely broad array of services.

Action:

UFJ Bank, UFJ Trust and UFJ Tsubasa Securities are members of an unprecedented alliance called "Financial One." The other members are Daido Life Insurance, Taiyo Mutual Life Insurance and NIPPONKOA Insurance. UFJ Card acts as the gateway vehicle for this alliance.

UFJ GROUP

- *Banking*: UFJ Bank*
- *Trust Banking*: UFJ Trust Bank*
- *Securities*: UFJ Tsubasa Securities*; kabu.com Securities
- *Asset Management*: UFJ Asset Management; UFJ Partners Asset Management
- *Credit Card*: UFJ Card*
- *Consumer Finance*: Mobit
- *Private Banking*: Private Securities Management
- *Leasing*: UFJ Business Finance; NBL
- *Venture Capital*: UFJ Capital
- *Life Insurance*: Daido Life Insurance*; The Taiyo Mutual Life Insurance*
- *Non-Life Insurance*: NIPPONKOA Insurance*

* *Member of the Fincancial One alliance*

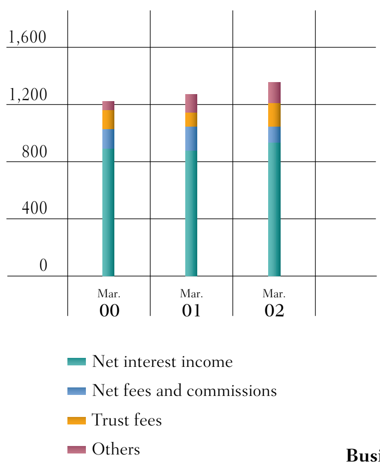
FINANCIAL HIGHLIGHTS

			UFJ (Combined)[1]
	Billions of Yen		Billions of U.S. Dollars[3]
Fiscal Years ended March 31	**2002**[2]	2001	**2002**[2]
Gross Operating Profit[4]	**¥1,362.9**	¥ 1,276.5	**$ 10.2**
Net Interest Income	**935.2**	879.8	**7.0**
Net Fees and Commissions	**165.0**	169.9	**1.2**
Trust Fees[4]	**113.4**	95.9	**0.8**
General and Administrative Expenses	**652.8**	655.1	**4.9**
Business Profit before Net Transfer to General Reserve[4]	**710.0**	621.3	**5.3**
Net Transfer to General Reserve	**107.0**	212.4	**0.8**
Business Profit[4]	**603.0**	408.9	**4.5**
Net Gains (Losses) on Stocks and Other Equity Securities	**(222.4)**	310.0	**(1.6)**
Credit Costs[4]	**(1,834.6)**	(957.7)	**(13.7)**
Ordinary Profit (Loss)	**(1,539.0)**	(267.0)	**(11.5)**
Net Income (Loss)	**(1,146.4)**	(220.1)	**(8.6)**
Net Income (Loss) of UFJ Holdings (Consolidated)	**(1,227.4)**	—	**(9.2)**

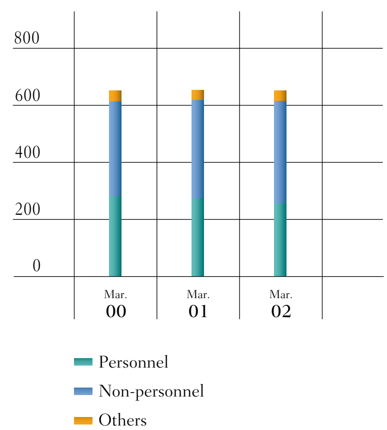
1. Simple aggregate on a non-consolidated basis of UFJ Bank and UFJ Trust for the fiscal year ended March 31, 2002, and of Sanwa Bank, Tokai Bank and Toyo Trust for the fiscal year ended March 31, 2001.
2. UFJ Bank's result for the fiscal year ended March 31, 2002 inludes the result of Tokai Bank from April 1, 2001 to January 14, 2002.
3. Converted into U.S. dollars at ¥133.20 to $1.
4. Including trust account (with principal indemnification clause).

DATA USING AGGREGATE FIGURES FOR UFJ BANK AND UFJ TRUST

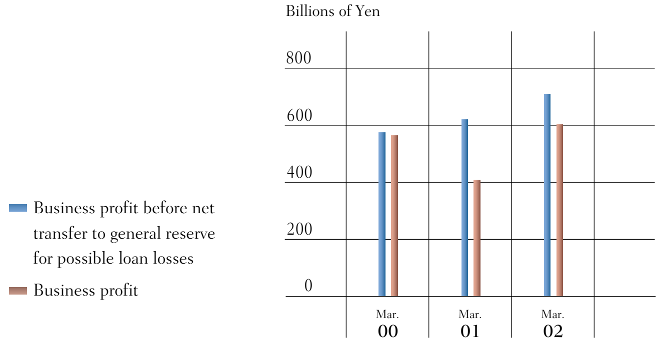
Gross Operating Profit
Billions of Yen



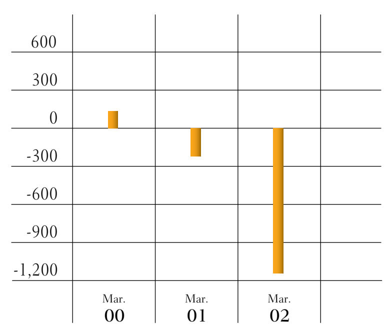
General and Administrative Expenses
Billions of Yen



Business Profit
Billions of Yen



Net Income/Loss
Billions of Yen

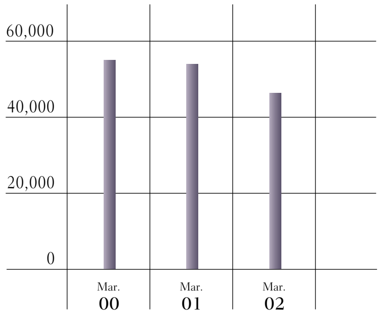


	UFJ (Combined)[1]		
	Billions of Yen		Billions of U.S. Dollars[2]
As of March 31	**2002**	2001	**2002**
Total Assets	**¥ 79,033.1**	¥ 96,624.6	**$ 593.3**
Banking Account	**76,196.9**	92,217.7	**572.0**
Trust Account[3]	**2,836.1**	4,406.8	**21.2**
Loans and Bills Discounted	**46,290.7**	53,961.5	**347.5**
Banking Account	**45,073.7**	52,373.2	**338.3**
Trust Account[3]	**1,217.0**	1,588.3	**9.1**
Deposits and Trusts	**52,420.7**	57,489.2	**393.5**
Deposits	**49,610.7**	53,133.7	**372.4**
Trusts[3]	**2,809.9**	4,355.4	**21.0**
Total Stockholders' Equity	**2,826.6**	4,123.9	**21.2**

1. Simple aggregate on a non-consolidated basis of UFJ Bank and UFJ Trust as of March 31, 2002, and of Sanwa Bank, Tokai Bank, and Toyo Trust as of March 31, 2001.
2. Converted into U.S. dollars at ¥133.20 to $1.
3. Including trust account (with principal indemnification clause).

Loans and Bills Discounted

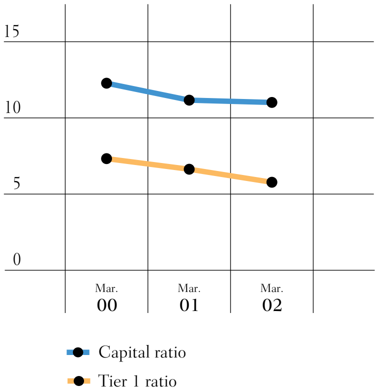
Billions of Yen



Including trust account (with principal indemnification clause).

Capital Ratios (Consolidated)

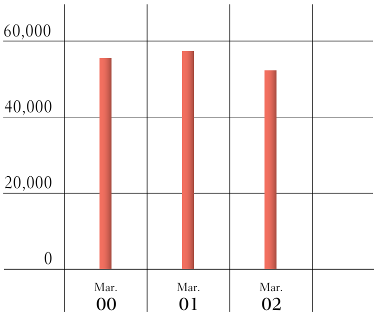
%



Capital ratio as of March 31, 2002 is for UFJ Holdings. Capital ratios as of March 31, 2000 and 2001 are computed based on data for Sanwa Bank, Tokai Bank and Toyo Trust. Toyo Trust began using domestic standards in the fiscal year ended March 31, 2001, but figures shown here are based on the uniform international standards.

Deposits and Trust Account Products

Billions of Yen



Including trust account (with principal indemnification clause).

CREDIT RATINGS

(As of March 31, 2002)

	UFJ Bank	UFJ Trust
Moody's (Long Term)	A3	Baa1
Standard & Poor's (Long Term)	BBB	BBB

Commitments:
MESSAGE FROM THE PRESIDENT

In our first year of operations, we surpassed our initial goals in many respects, despite facing extremely challenging economic conditions in Japan. Perhaps most noteworthy were the numerous actions we took to quickly reap the benefits of the April 2001 integration that formed the UFJ Group. In January 2002, Sanwa Bank and Tokai Bank merged to create UFJ Bank, and Toyo Trust was renamed UFJ Trust; two moves that greatly increased the visibility of the UFJ brand. Other actions were branch consolidations, workforce reductions and various steps to improve customer services while streamlining our infrastructure. We also took decisive actions that bring within sight an end to the problem loan issue. Collectively, our first-year accomplishments give us a solid base for reaching our goal of becoming a comprehensive financial group offering services that are both innovative and highly sophisticated. As this year's annual report states, we are accelerating the pace of progress.

PROGRESS AMID INSTABILITY AND UNCERTAINTY

Our first year was a tumultuous period in economic terms. Japan's economy was weakened by declining corporate earnings and deflationary forces, as well as the U.S. slowdown. Deregulation and advances in IT created a more unrestricted operating environment for us, but these developments have also led to more intense competition in the financial services market. Furthermore, we witnessed a series of large-scale bankruptcies. This prompted special inspections of Japanese banks by the Financial Services Agency and put the problem loan issue in the headlines for much of the year.

As these events unfolded, the UFJ Group integrated its operations in a speedy manner. Exemplifying this was the January 2002 merger that formed UFJ Bank. We completed all computer system integration processes immediately prior to this merger, a feat unmatched by any other Japanese bank. To improve profitability, we focused on reaping economies of scale created by the formation of UFJ Group while also drawing on our much broader resource base to enhance customer services. These efforts enabled us to secure solid core earnings in the past fiscal year. But our decision to achieve the final resolution of the problem loan issue led to ¥2 trillion in credit-related expenses, causing UFJ Holdings to report a net loss of more than ¥1.2 trillion.

Due to this loss, the difficult decision was made to suspend the common stock dividend for the year. This move reflects our belief that limiting outflows of capital and preserving a sound financial position are in the best interests of shareholders in this time of uncertainty.

EARNING THE TRUST OF CUSTOMERS AND SOCIETY

The UFJ Group's vision is "to be an innovative financial group with deep commitments to society, growing together with customers." To translate this vision into concrete actions and be the customers' preferred financial group, we are concentrating on the following three issues.

Takeshi Sugihara
President and
Chief Executive Officer

• *A Financial Group That Is a Responsible Corporate Citizen*

Above all, we must improve our financial strength and stability to earn the trust of customers. As a provider of banking, trust and other financial services, financial soundness is, of course, essential to fulfilling our social obligations, as well as to gaining a reputation that makes us the first choice of customers.

An exceptional arrangement that protected the entire amount of all deposits under the Deposit Insurance Corporation of Japan partially expired at the end of March 2002. This change caused the public to take a much closer look at the financial condition of banks. The UFJ Group is addressing this issue from many angles: bold actions regarding loans to troubled large borrowers; decisive steps aimed at resolving the entire problem loan issue; sales of stock to reduce exposure to market risk; workforce reductions, branch consolidations and other actions to cut costs that are well ahead of our initial revitalization plan target; a program to improve interest rate spreads on loans to strengthen our profit structure; and a drive to increase non-interest income. We are also enhancing our disclosure activities to make our strategies and operations as transparent and easy to understand as possible.

• *A Financial Group That Grows Alongside Its Customers*

Developing and prospering hand in hand with our customers is a central tenet of our corporate vision. This is why we are looking beyond conventional boundaries of banking and trust services. Our goal is to make full use of our position as a comprehensive financial group, supplying an array of solutions that span the broadest possible range of issues in our customers' personal lives and businesses. We want to offer these solutions with the optimal content, timing and service channels. This is how we intend to become our customers' first choice for financial services such as fund procurement and asset management products, for pension, real estate and other trust services, and for a variety of sophisticated financial tools ranging from securitization to derivatives. Through this stance, we plan to establish the UFJ brand as a symbol of excellence to all customers, with particular emphasis on our two strategic market sectors: services for individuals and for small and medium-sized companies.

• *A Group That Takes a Long-Term Perspective*

We must always think innovatively. Our activities must reflect a visionary approach that is not limited by the bounds of traditional banking, but instead aim to create a new paradigm in financial services. The UFJ Group will always seek new heights in convenience, value and creativity in ways to serve customers. As one way to accomplish this, we will remain open-minded about alliances with various non-bank financial companies outside the group. The result will be the ability to offer our customers greater value. Ultimately, we want to position the UFJ Group as one of Japan's preeminent providers of a comprehensive line of financial services.

• *More Progress in Our Second Year and Beyond*

In June 2002, I became president of UFJ Holdings, succeeding Hideo Ogasawara. I pledge to carry on with the same forceful actions to achieve the financial goals that Mr. Ogasawara set in motion during our first year. As I outlined earlier in this letter, two key words are guiding our actions: speed and innovation. The difficulties faced by the UFJ Group and many other Japanese banks have been well publicized. On the other hand, the considerable strengths of the UFJ Group tend to be overlooked sometimes. This year's annual report is structured to present a balanced view of our group—it covers both pressing issues and the reasons we are confident about the future. I firmly believe that the many achievements of our first year bode well for the long-term prospects of every member of the UFJ Group.

Takeshi Sugihara

Takeshi Sugihara
President and Chief Executive Officer
UFJ Holdings, Inc.

September 2002

Actions:
Accelerating Progress in Building a Profitable Operating Base

The UFJ Group aims to become one of Japan's leading comprehensive financial groups, offering customers a diverse array of innovative and competitive products and services. As part of this drive, the group is channeling resources to strategic business fields and taking other actions to enhance profitability. This section explains the numerous initiatives now under way to ensure that the group generates a solid profit while offering services of the highest caliber.

1. Focusing Resources on Strategic Business Fields

2. Improving Loan Spreads

3. Increasing Non-Interest Income

4. Maximizing Integration Effects

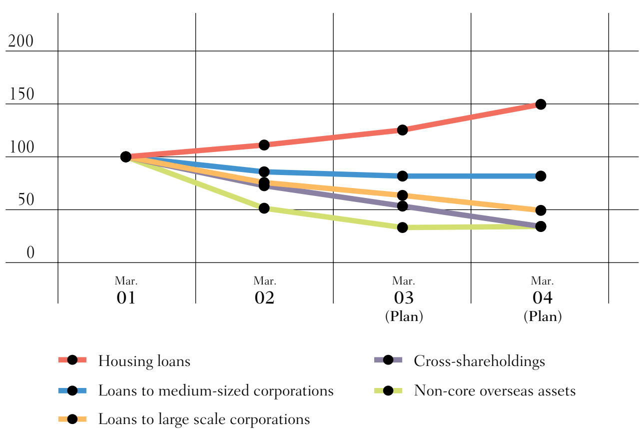
5. Implementing an IT Strategy Ideally Suited for Offering Comprehensive Financial Services

1. Focusing Resources on Strategic Business Fields

The UFJ Group has positioned the retail and medium-sized corporate sectors as core customer segments. Building a consistently profitable operating base demands that resources be concentrated to an even higher degree in strategically important business activities that can produce solid returns. At the same time, the group is downsizing and withdrawing from low-margin and non-strategic businesses.

Change in Asset Allocation

Mar. 31, 01 = 100



Retail Market

Retail services are firmly positioned as a core business at the UFJ Group. To build on its strength in this sector, the group is taking steps to increase loans to individuals, better serve asset management needs and add more channels for serving consumers. This section highlights housing loans and consumer loans, two business fields that are of particular importance to increase the UFJ Group's stature in the retail market and improve profitability.

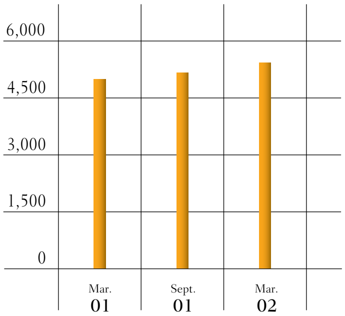
• *Housing Loans*

Already a core strength of UFJ Bank, housing loans are positioned as a key driver of growth in retail services, providing a reliable source of long-term income. The goal is to be Japan's leading provider of housing loans. One initiative is deepening and increasing relationships with developers and real estate brokers, through whom customers apply for UFJ Bank's housing loans. About three-quarters of UFJ Bank's new housing loans come through these companies. To serve customers better, the time required for the loan application process has been significantly shortened by increasing the efficiency of the credit investigation process and by improving the auto-scoring model. Due to these efforts, UFJ Bank booked more than ¥1,000 billion in new housing loans during the fiscal year ended March 2002, recording a net increase in housing loans of ¥440.5 billion to ¥5,439.0 billion.

There is still more room for growth. The downsizing of the Government Housing Loan Corporation may result in more demand for private sector funding. UFJ Bank is responding aggressively by introducing new types of products, such as a 30-year fixed rate housing loan, and increasing the number of housing loan offices to build more ties with developers and real estate brokers. Additionally, steps to streamline administrative tasks at housing loan offices are giving sales personnel more time to reinforce relationships with more developers and real estate brokers. Through these measures, UFJ Bank expects to increase both housing loans outstanding and its market share.

Housing Loans

Billions of Yen



THE UFJ GROUP'S STRENGTHS IN HOUSING LOANS

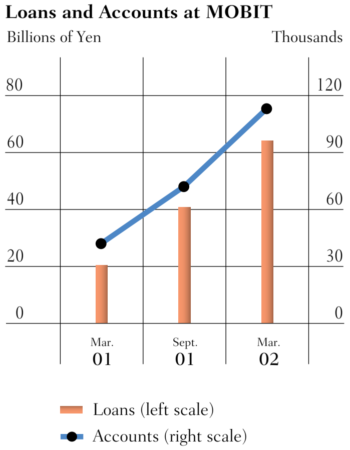
- Strong ties with developers and real estate brokers
- Quick response to loan applications
- Diverse loan line up

• *Consumer Loans*

Along with housing loans, consumer loans are positioned as a growing retail business at the UFJ Group. Offering comparatively high returns and the advantage of spreading risk over many borrowers, consumer loans represent an opportunity for the UFJ Group to increase profitability.

Our main growth engine in this field is MOBIT Co., Ltd., which was formed with consumer finance companies Promise Co., Ltd. and Aplus Co., Ltd. Operations began in September 2000. Backed by the specialized skills of the two partner consumer finance companies and the UFJ brand, MOBIT has grown steadily. As of March 31, 2002, there were 113,000 customer accounts and total loans of ¥64.1 billion. MOBIT also guarantees consumer loans of regional banks. By the end of March 2002, this company had guaranteed ¥5.9 billion of loans at eight regional banks. Adding another service channel, MOBIT in May 2002 began installation of automated loan contract machines at UFJ Bank ATM service locations.

Loans and Accounts at MOBIT



MOBIT—A NEW KIND OF CONSUMER FINANCE COMPANY

- Targeting new market segments not served by banks and consumer finance companies.
- Offering unsurpassed convenience; allows customers to apply for loans by phone, fax, the Internet and automated loan contract machines; allows customers to receive cash and make loan payments at the nationwide ATM network of UFJ Bank.
- Combining consumer finance company expertise and the trusted UFJ brand.

Medium-Sized Corporate Market

The UFJ Group has been focusing on the needs of medium-sized and smaller companies, which rely more on bank loans than do large corporations. In addition to loans, the group offers payment and settlement services, foreign exchange services, and other support for day-to-day business activities. Expertise extends to support for entering overseas markets.

Overseas, the UFJ Group is placing emphasis on assisting medium-sized and small Japanese companies, including their local subsidiaries and affiliates, especially in their activities in Asia. Potential is particularly great in China, which recently joined the World Trade Organization. UFJ Bank has five branches and one representative office in China (excluding Hong Kong), which help customers expand their business activities in this market by providing high-grade services and information that has been gathered and analyzed through an effective, well-balanced service network.

Other Actions to Allocate Resources Strategically

STRATEGIC ACTIVITIES

- Assist large corporations procure funds by such means as syndicated loans, management buyouts and securitization.
- Offer various services targeting the asset management needs of individuals; enhance product line-ups, such as in foreign-currency deposits and investment trusts; reinforce sales personnel at branches, including the posting of specialists in serving high-net-worth individuals.
- Improve service channels to make more of UFJ Bank's services available at any time and location; actions include enhancing the convenience at conventional branches, the more efficient allocation of ATM and other automated facilities, and the use of other direct means of customer contact such as the Internet.

NON-STRATEGIC ACTIVITIES

The selective focus of resources on strategic fields also entails moving assets out of low-return investments and activities that are inconsistent with long-term strategies. The following are a few examples.

- Restructure the portfolio of overseas loans to non-Japanese borrowers (UFJ Bank sold its banking subsidiary in California in March 2002).
- Reduce cross-shareholdings, freeing up capital for use in strategic, high-return activities and making the balance sheet more productive.

2 Improving Loan Spreads

The UFJ Group is moving quickly on many fronts to improve the performance of its loan business, the largest source of its revenue. Insufficient spreads on loans relative to risks are the main cause of the low level of profitability at Japanese banks. Correcting this problem is therefore one of the UFJ Group's highest priorities.

Actions Toward Achieving Targeted Loan Spread

Although the UFJ Group banks have long been addressing the issue of improving loan profitability, low interest rate spreads continue to hold back group earnings. Recently, however, market conditions have become more conducive to improving interest rate spreads. The decline in the number of banks through mergers is alleviating the over-supply problem. Additionally, borrowers are becoming more receptive to the idea that loan spreads should cover credit risk and other costs of banks.

To capitalize on this opportunity, UFJ Bank is taking broad-based actions to fundamentally alter how loan operations are conducted. Targets have been set for loans where spreads are currently insufficient, and the bank is conducting negotiations with the applicable borrowers. To make this process go smoothly and increase transparency, UFJ Bank, in April 2002, began disclosing its internal credit ratings to borrowers, providing one more way to implement appropriate interest rates.

TARGETS FOR LOAN SPREAD INCREASES

- Spreads for ¥12 trillion of loans to 22,000 borrowers, where spreads are currently below the standard, are to be increased by an average of 50 bp (basis points) from the present 100 bp to about 150 bp by the end of March 2004.
- With 50 bp improvement for targeted ¥12 trillion of loans, the average spread for the entire corporate loan portfolio is to be increased by 20 bp (excluding loans to sub-standard borrowers and lower, public and financial institutions, and large troubled borrowers).

Disclosure of Internal Credit Ratings

UFJ Bank has adopted a policy of providing borrowers with their credit ratings, along with supporting information, where necessary. This process allows the bank to negotiate interest rates based on an open discussion of each borrower's financial condition and other issues that need to be addressed. In addition to providing greater transparency in the interest-rate setting process, such discussions allow UFJ Bank to provide recommendations to help borrowers improve their profitability and financial strength. The disclosure process goes well beyond ratings alone. The bank explains the entire rating determination process, including how quantitative and qualitative parameters are combined to reach a final decision.

Disclosure Process

1. *Credit rating*

The bank explains the credit rating system and the rating assigned to the particular borrower.

2. *Rating process*

The bank explains the rating process: revision of borrower's financial statements to reflect actual conditions, quantitative analysis, qualitative analysis and rating determination.

3. *Quantitative analysis*

The bank explains the "adjusted balance sheet," in which several adjustments are made to reflect the actual financial position of the borrower. The bank's evaluation includes various performance indicators calculated from this adjusted balance sheet.

4. *Qualitative analysis*

The bank explains some important qualitative factors that were not sufficiently incorporated in the quantitative analysis, such as market position and industry conditions, that were also used to determine the borrower's credit standing.

5. *Recommendations to improve financial condition*

The bank provides recommendations on how borrowers can improve their financial condition.

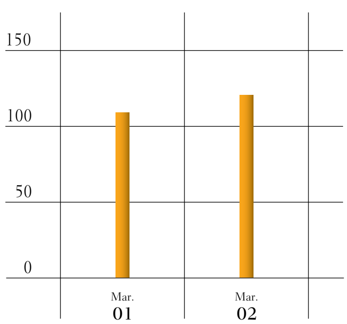
6. *Interest rate standard*

The bank explains the standard interest rate bracket for the borrower's credit rating.

3. Increasing Non-Interest Income

The UFJ Group plans to increase the percentage of fees and commissions relative to total revenues as one way to make earnings less susceptible to interest rate fluctuations and other changes in market conditions. With a balanced base of branches and customers in Japan's three major metropolitan areas, the group has an excellent base for increasing fees and commissions from payment processing, settlement and other services.

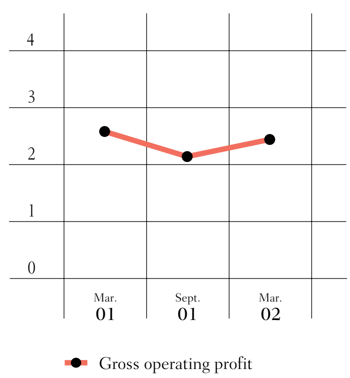
Corporate Non-Interest Income
Billions of Yen



Serving Corporate Clients

In the corporate banking sector, there are several attractive fields. One is fees for processing payments and settlements using electronic banking. Others are fees from sales of derivative products and arrangement fees from corporate finance services such as syndicated loans and asset securitization.

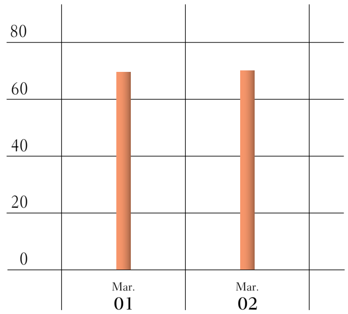
Syndicated Loans
Billions of Yen



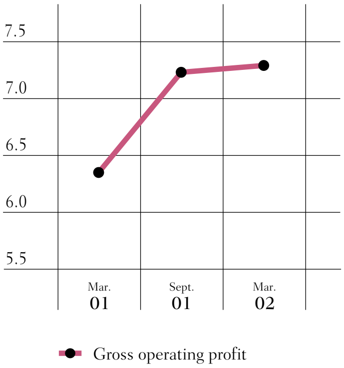
Serving Retail Customers

In the retail banking sector, the group is revising fee schedules for fund transfers, ATM use and other services so as to match costs more accurately.

Retail Non-Interest Income
Billions of Yen



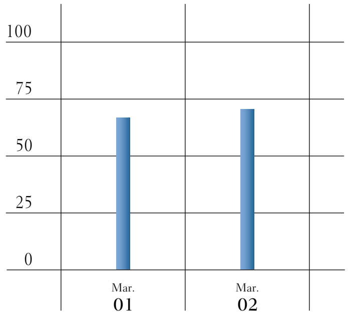
ATM-Related Commissions
Billions of Yen



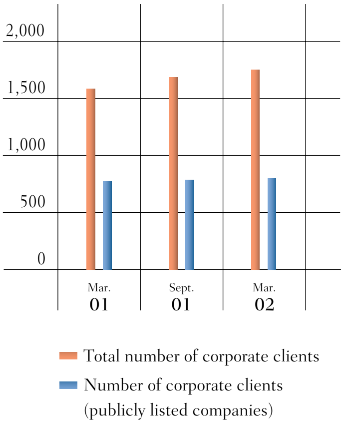
Providing Trust Services

In the trust business, UFJ Trust plans to increase non-interest income by placing emphasis on real estate services, a sector with much growth potential; corporate agency services, a field where UFJ Trust is highly competitive; and pension-related services and inheritance-related services for individuals. UFJ Trust and UFJ Bank are utilizing a newly introduced trust agency system and joint branches to provide these services to the broad customer base of UFJ Bank.

Trust-Related Non-Interest Income
Billions of Yen



Number of Clients for Corporate Agency Services



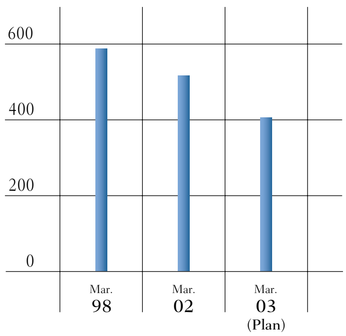
4. Maximizing Integration Effects

The key aims of the integration that formed the UFJ Group were enhancing customer services by offering a comprehensive line of financial sources and becoming more efficient through economies of scale and scope. Only one year after the integration, the group is already reaping benefits that exceed initial targets in many respects. The group will continue to concentrate on obtaining the greatest possible integration benefits as quickly as possible.

Make the Most Efficient Use of Resources

Combining the resources of the original three banks is enabling the UFJ Group to provide the high volume and caliber of services from a leaner, more efficient base.

Domestic Branches

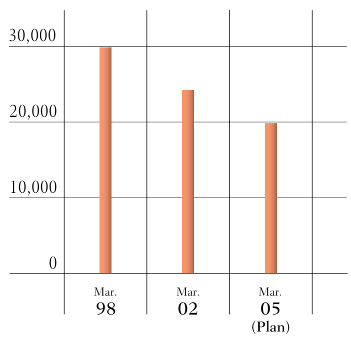


RESTRUCTURING INITIATIVES

Due to restructuring initiatives, both personnel and non-personnel expenses for the fiscal year ended March 31, 2002 were lower than the targets in the Revitalization Plan reported to the Financial Services Agency. More cost savings are projected.

- Consolidate overlapping branch offices; the number of branches will be reduced from 517 for the fiscal year ended March 31, 2002 to 406 by March 2003, the schedule was moved up six months from the original target in the Revitalization Plan.
- Downsize workforce from 24,205 as of March 31, 2002 to less than 20,000 by March 2005, a reduction of 1,000 more than the UFJ Group's original target in the Revitalization Plan.

Number of Employees



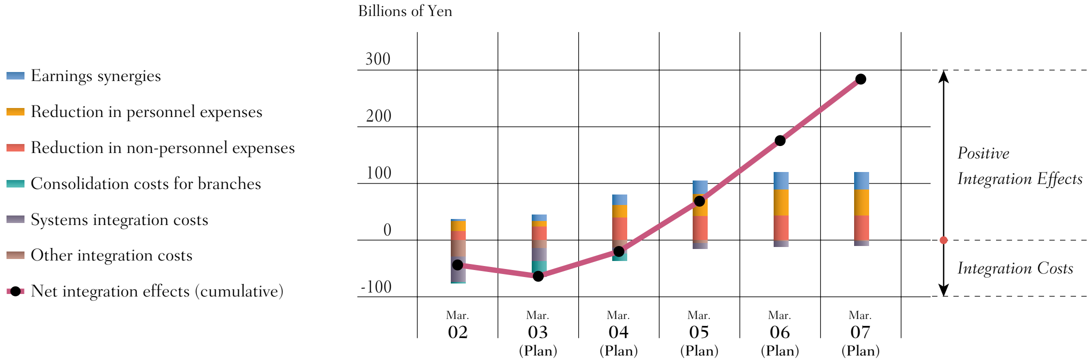
OTHER INTEGRATION-RELATED GAINS IN EFFICIENCY AND SYNERGIES

- Joint branches in the Tokyo, Osaka and Nagoya areas and other forms of cooperation between UFJ Bank and UFJ Trust allow for the efficient provision of trust services to retail customers.
- UFJ Bank began serving as an agent for UFJ Trust in March 2002; as of July 31, 2002, 68 UFJ Bank branches were offering trust banking services for corporate customers. More moves are planned to promote UFJ Trust's services to customers of UFJ Bank.

Integration Effects

The integration had a net negative impact of about ¥40 billion on earnings in the UFJ Group's first year due to one-time integration costs. The negative figure for the fiscal year ended March 31, 2002 included expenses for integrating the systems of Sanwa Bank and Tokai Bank, and the consolidation of branch offices. However, a rapid improvement is projected, with the integration expected to produce its first positive impact in the fiscal year ending in March 2004. And during the six-year period ending in March 2007, the UFJ Group estimates that the integration will add a total of about ¥290 billion to its earnings.

Integration Effects
Billions of Yen



5. Implementing an IT Strategy Ideally Suited for Offering Comprehensive Financial Services

In recent years, information technology has become vital to the competitiveness of financial institutions. The UFJ Group is constructing IT infrastructure with the strategic capabilities required to deliver innovative and distinctive services.

Speedy Integration of Banking Systems Produces Many Advantages

Sanwa Bank and Tokai Bank accomplished the complete integration of their respective IT infrastructures upon their merger in January 2002. Most significant was the fact that no intermediary, or "bridging," system was needed. This was the fastest integration at any newly merged bank in Japan, giving the UFJ Group numerous competitive advantages.

ADVANTAGES

- Unified system supports a diverse and consistent line of products and services at all UFJ Bank branches.
- With no more system integration expenses needed, the bank can now make investments targeting new products and services, as well as technology to increase internal productivity.
- Unified system facilitates the speedy consolidation of branch networks and improvements in other customer service channels.

Using IT to Make the UFJ Group More Competitive

The UFJ Group's integrated IT system features many sophisticated capabilities that enable the group to compete more effectively. The new mainframe system and branch operation systems give the group a key competitive edge over other financial groups in Japan.

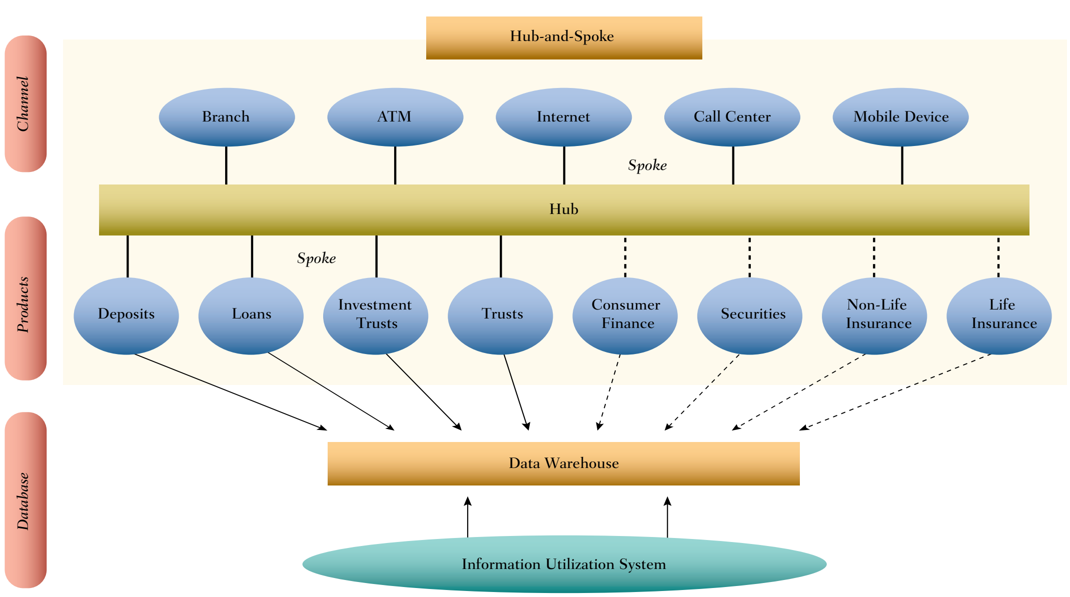
• *Leading-Edge Mainframe System*

Most Japanese banks depend on a single enormous computer system that covers all operations. Although highly reliable, this structure does not have the flexibility needed to accommodate new products, services and business alliances. The UFJ Group's system is designed specifically to support the provision of a full line of financial services. The system can be easily adapted to allow the group to benefit from deregulation, to incorporate alliances with other financial companies, and to accommodate new products and services.

MAIN ADVANTAGES OF THE UFJ GROUP MAINFRAME SYSTEM

- "Hub-and-spoke" structure: This structure offers the flexibility and efficiency needed to easily add new channels, products and services; business alliances and other strategic actions can be implemented easily.
- "Component" format: The system will be made up of independent components for specific business sectors, such as loans and deposits. This will greatly simplify the development of new systems and upgrading of existing ones. Work is now under way to create this format.
- "Data Warehouse" framework: This framework enables the centralized management of all data throughout the entire system, facilitating more effective analysis and decision-making by management. The "data warehouse" is also expected to lead to more effective marketing activities by the UFJ Group, allowing it to accurately target customer needs over a broad spectrum of financial services.

New Structure Schematic



• *A State-of-the-Art Branch Operating System*

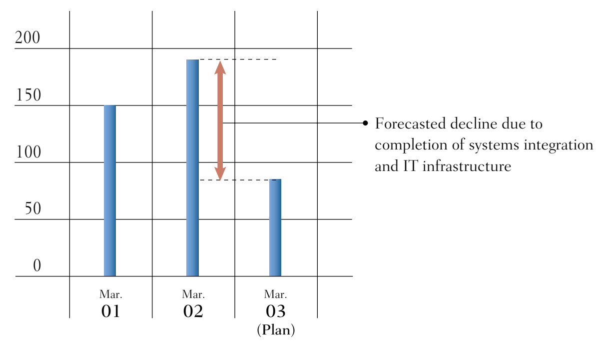
UFJ Bank employs a revolutionary branch operating system called FITS21 (Financial Innovation Terminal Systems 21). Image processing and other sophisticated capabilities dramatically simplify the processing of hand-written forms and other back-office tasks. This system also centralizes many clerical functions that were previously performed at individual branches.

MAIN ADVANTAGES OF THE NEW BRANCH OPERATING SYSTEM

- Smaller staffs and more efficient operations at branch offices.
- Branch personnel spend more time serving customers because teller and back-office tasks are more efficient, leading to significant gains in the quality of services.

IT Investment

Billions of Yen



Basic Policy Regarding IT Investments

IT-related investments at UFJ Bank and UFJ Trust totaled about ¥190 billion in the fiscal year ended March 31, 2002. This included about ¥100 billion to integrate the systems of Sanwa Bank and Tokai Bank as well as install the new branch operating system and the new mainframe system.

In the fiscal year ending in March 2003, the group plans to make IT-related outlays of about ¥85 billion. These investments will target carefully selected areas of core activities such as services for individuals and small and medium-sized companies, where the investments can produce the greatest benefits. Although much smaller than in the previous fiscal year, this figure nevertheless represents the same amount in terms of IT system investments, as the previous fiscal year included large one-time expenses for integration.

UFJ Bank has signed an agreement with Hitachi, Ltd. to outsource the development of systems for domestic banking operations and the operation of these systems, beginning in October 2002. Lower system operating costs, more efficient development of new systems and more reliable risk management for system operations will be the primary benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As efforts to increase earnings continue, the UFJ Group is taking forceful actions to resolve a number of issues that stand in the way of progress toward fulfilling long-term objectives. Priority is being placed on problem loans, exposure to market risk and capital adequacy to build an operating base consistent with the group's strategies and vision. This section explains in concrete terms how the group is addressing each of these issues

MEASURES TO ACHIEVE A FINAL RESOLUTION OF THE PROBLEM LOAN ISSUE —IMPROVEMENTS IN THE QUALITY OF THE LOAN PORTFOLIO

Japanese banks have been grappling with problem loans since the end of the "bubble economy" in the early 1990s. A decade later, a final resolution to this issue remains elusive. Progress has been hindered by new problem loans caused by corporate failures amid Japan's protracted economic downturn and the falling value of real estate used as collateral. Dealing with problem loans has been positioned as a matter of the highest priority at the UFJ Group.

Resolving the problem loan issue demands both actions to deal with existing problem loans as well as efforts from a medium- to long-term perspective aimed at improving the quality of the loan portfolio. Based on lessons learned in the past, UFJ Bank and UFJ Trust have been taking various steps in this regard. One theme is conducting credit analysis by focusing on the creditworthiness of each loan applicant without undue reliance on the value of collateral. Each loan is examined with emphasis on the use of funds, repayment period and other conditions. Currently, the banks are focusing on two high-priority issues to upgrade the overall quality of their loan portfolios: setting loan interest rates at levels that accurately reflect credit risk and eliminating excessive concentrations of credit risk in a single borrower and a group of companies. The UFJ Group also places priority on better responding to changes in the operations and financial position of borrowers, providing assistance for the restructuring and rehabilitation of borrowers, and accelerating the final resolution of problem loans.

Setting Loan Interest Rates to Reflect Associated Credit Risks

As the provision of loans entails the assumption of credit risk, there will inevitably be some non-performing loans. To structure a loan portfolio that generates a suitable level of earnings, banks must set interest rates that reflect credit risk so as to cover credit-related expenses. Present interest rates, however, do not always achieve this goal. The UFJ Group must take immediate action to earn an appropriate return on its loan portfolio.

The UFJ Group manages earnings by using a profitability indicator called RACAR, which stands for risk and cost adjusted return. RACAR helps the group banks calculate suitable interest rates for each borrower and loan. Furthermore, UFJ Bank began disclosing its internal credit ratings to corporate borrowers in April 2002 to promote better mutual understanding when negotiating interest rates. (Please refer to page 15 for details on the disclosure of internal credit ratings.)

Elimination of Excessive Concentrations of Credit Risk

The concentration of credit risk in particular industries and borrowers has been a major reason that problem loans grew to the current level. Banks use past default data and other factors to set aside reserves for future losses. In recent years, the deterioration in the financial condition at a number of large borrowers exceeded these reserves, resulting in substantial losses.

To prevent the reoccurrence of this problem, the UFJ Group has established, and strictly enforces, credit limit rules designed to minimize losses resulting from loans, guarantees and other forms of credit extended to a particular borrower and a particular group of companies. The rules put a cap on credit extensions to individual borrowers and corporate groups in accordance with their individual internal credit rating. Enforcing these rules will allow the UFJ Group to build a balanced loan portfolio in which risks are spread among many types of borrowers.

Preventing the Occurrence of New Problem Loans

Branch offices, the Credit Administration Department, and other head office departments cooperate to assist borrowers when needed to formulate plans to improve and restructure their operations and financial position. UFJ Bank has a system under which problems are identified early so that support can be supplied quickly. The first step is formulation of a First Action Plan, whereby UFJ Bank openly discusses problems with the borrower. This leads to recommendations and concrete support for improving the borrower's financial condition and business activities. Where necessary, a management consulting company is also brought in to help achieve the needed improvements.

Assisting Customers to Revitalize Their Operations and Finances

A central role of any bank is to grow along with customers by extending the financial support they need to fulfill their objectives. In this spirit, the UFJ Group takes very seriously the task of helping revitalize the operations of customers. Such assistance is extended to companies that, despite serious financial problems, have a sound core business that allows the company to regain its strength through business restructuring and financial support. The UFJ Group is taking steps to extend support in an even more aggressive and broad-based manner.

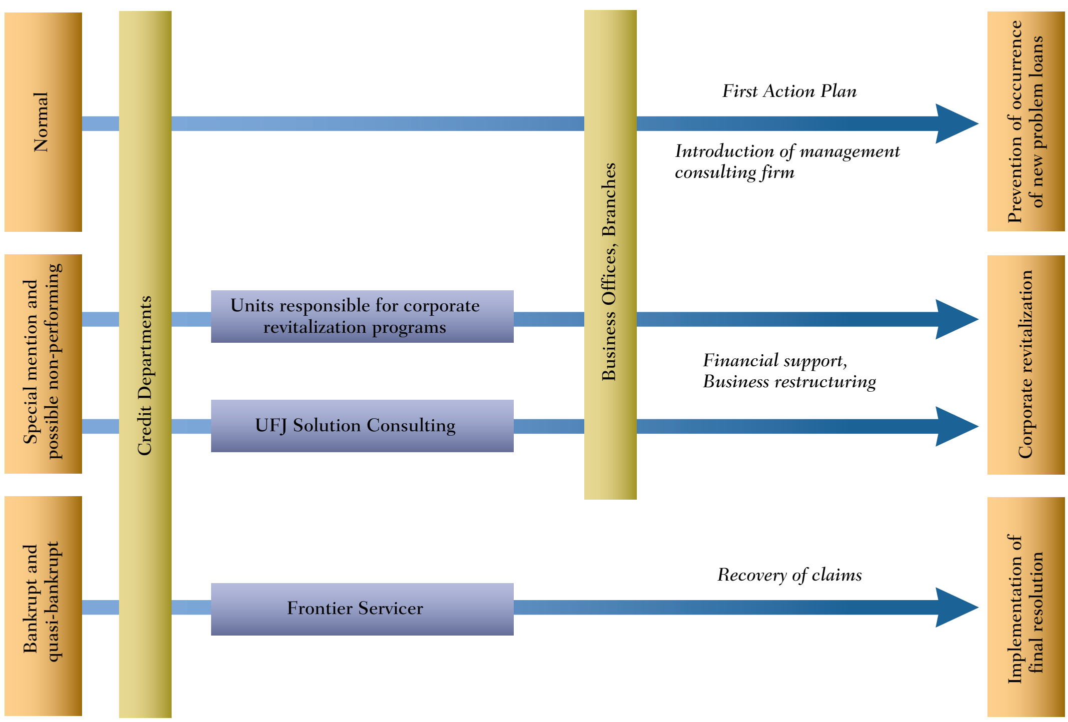
For large and medium-sized companies, a head office department specializing in corporate revitalization programs takes leading charge. UFJ Solution Consulting Co., Ltd., established with Merrill Lynch & Co., Inc. in April 2002, also plays an active role. Among the many restructuring options considered are debt-equity swaps, debt forgiveness, management buyouts, mergers and spin-offs. The programs incorporate both financial support and steps to restructure business activities. For smaller companies, specialized offices extend detailed support by closely working with these customers.

Final Resolutions for Troubled Borrowers

Sometimes, the best efforts of a borrower and the UFJ Group are not enough to give the borrower a viable operating base. In these cases, the group quickly proceeds with a final disposal of loans to these borrowers, including sales of loans to the Resolution and Collection Corp., or other buyers, to minimize losses.

In respect of companies that have filed for bankruptcy protection, the collection of loans and other claims is handled by The Frontier Servicer Co., Ltd., a UFJ Group company. Even after the loans are transferred to buyers outside the UFJ Group, such as funds that purchase distressed debt, this company often receives mandates for collection services from the buyers.

How the UFJ Group Assists Borrowers

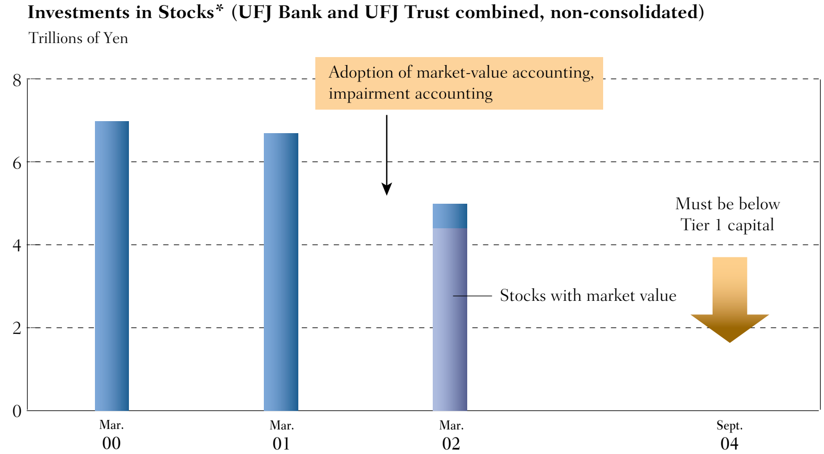


PROGRESS IN REDUCING STOCK INVESTMENTS

The UFJ Group has been selling investments in stocks to improve its financial position and efficiently use assets. The stock holdings of Japanese banks have always represented an enormous source of market risk. This risk became more apparent in 2001 with the adoption of market-value accounting and impairment accounting, which became effective from the interim period ended September 30, 2001. Share price movements now directly affect net income and stockholders' equity, increasing the urgency of reducing market risk. Furthermore, a law promulgated in November 2001 mandates that banks hold the balance of stock holdings with a market value below their Tier 1 capital, beginning September 30, 2004. The UFJ Group further views the reduction of equity investments as an essential step in redeploying assets strategically to increase returns.

During the past fiscal year, sales of stock holdings by UFJ Bank and UFJ Trust totaled ¥1,480.0 billion. This reduced investments in stocks with a market value to ¥4.4 trillion, while Tier 1 capital as of March 31, 2002 was ¥2.8 trillion. The two banks plan to reduce their stock investments by about the same amount during the fiscal year ending March 31, 2003. At this pace, the banks will bring their stock investments below Tier 1 capital prior to the September 2004 deadline. Plans call for continuing sales of stocks even after the requirement is met.

Investments in Stocks* (UFJ Bank and UFJ Trust combined, non-consolidated)



* Book value

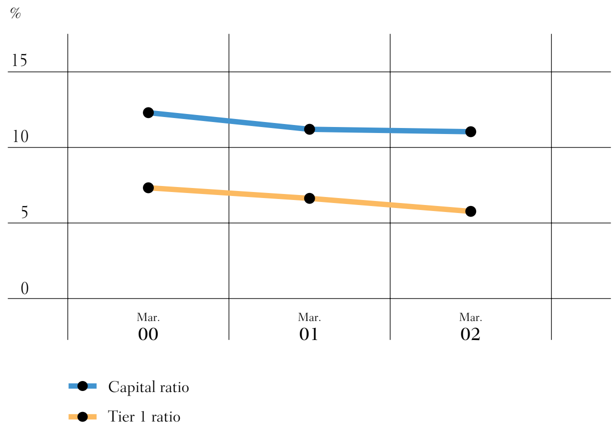
Risks Associated With Cross-Shareholdings

The UFJ Group places priority on managing risks associated with its stock investments. To manage market risk, VaR (value at risk) is calculated daily and fluctuations in the market value of all equities are monitored in relation to the level of net assets. Risk management committees of the group and other units monitor the reductions in cross-shareholdings to bolster the management of risks associated with these investments.

CAPITAL ADEQUACY

The UFJ Group is taking many steps to maintain an adequate level of capital. During the past fiscal year, UFJ Bank issued US$2.0 billion in subordinated bonds in overseas markets and ¥218.0 billion of preferred securities in Japan. To reduce risk-weighted assets, the group accelerated the final disposal of problem loans and sales of investments in equities. In addition, UFJ Bank sold its entire interest in United California Bank in the past fiscal year. Due to these and other actions, UFJ Holdings consolidated BIS capital adequacy ratio was 11.04% as of March 31, 2002, well above international standards.

Capital Ratios*



* Capital ratios as of March 31, 2000 and 2001 are computed based on data for Sanwa Bank, Tokai Bank and Toyo Trust. Toyo Trust began using domestic standards in the fiscal year ended March 31, 2001, but figures shown here are based on the uniform international standards.

ANALYSIS OF OPERATIONS AND FINANCIAL POSITION FOR FISCAL YEAR ENDED MARCH 31, 2002

SUMMARY OF CONSOLIDATED RESULTS

In the fiscal year ended March 31, 2002, UFJ Holdings posted a consolidated gross operating profit of ¥1,647.5 billion. Net interest income accounted for ¥1,044.5 billion of this amount. Credit-related expenses, which include net transfer to the general reserve and trust account write-offs, totaled ¥2,083.0 billion as UFJ Bank and UFJ Trust took decisive actions to deal with problem loans. Due to these expenses, there was an ordinary loss of ¥1,603.7 billion and a net loss of ¥1,227.4 billion. The net loss was ¥80.9 billion higher than the sum of the non-consolidated net losses of UFJ Bank and UFJ Trust. The difference is due primarily to expenses resulting from the accelerated pace of dealing with problem loans at loan guarantee subsidiaries.

RESULTS BY BUSINESS UNIT

In Retail Banking, gross operating profit was ¥349.4 billion about the same as in the previous fiscal year.* Income from loans improved as the balance of housing loans continued to grow, but income from deposits was impacted by the low level of interest rates in Japan. Expenses rose ¥22.5 billion to ¥321.9 billion. Although personnel expenses were lower, there was an increase in IT investments associated with the merger of Sanwa Bank and Tokai Bank. The net effect of these items was a ¥21.9 billion decline in business profit to ¥27.4 billion.

In Corporate Banking, a decline in the balance of loans brought down net interest income, but domestic fees and commissions, mainly those related to settlements, continued to grow. Earnings from syndicated loans and other investment banking activities were higher. The result was gross operating profit of ¥528.2 billion, an increase of ¥25.7 billion. Business profit increased ¥32.3 billion to ¥322.8 billion.

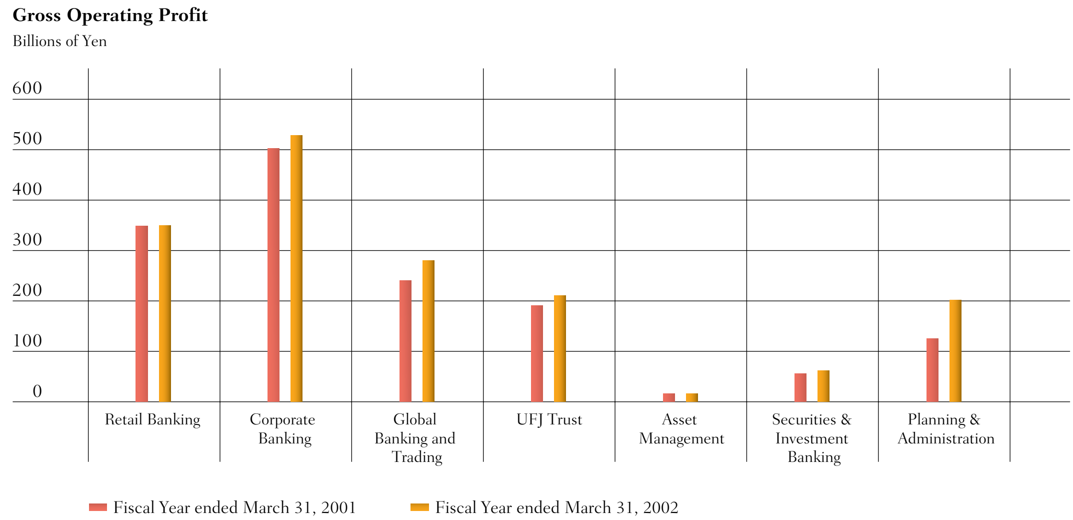
In Global Banking and Trading, gross operating profit improved by ¥39.9 billion to ¥280.3 billion due to a strong performance by investment activities in the banking account, and business profit increased ¥42.3 billion to ¥153.2 billion.

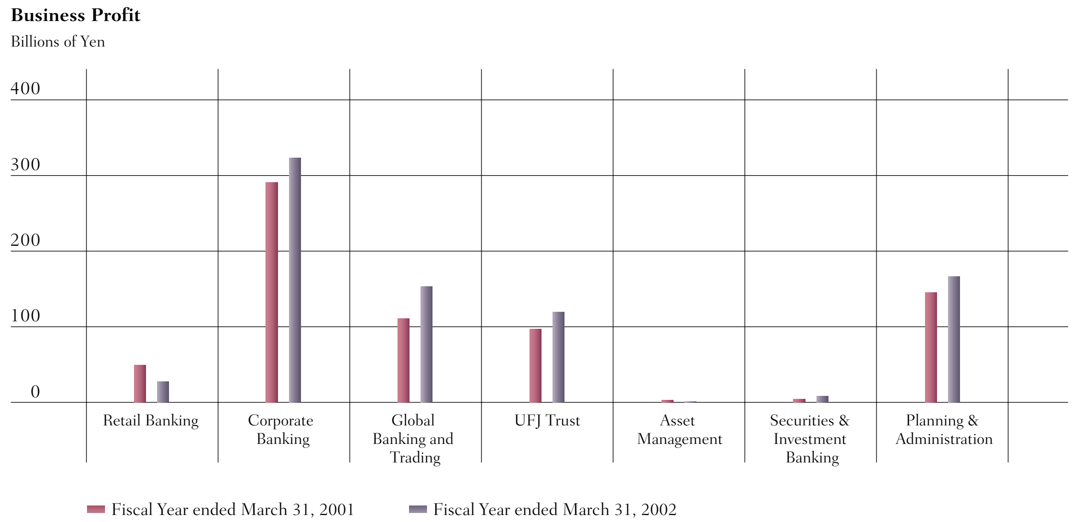
At UFJ Trust, growth in trust fees and other factors caused gross operating profit to climb ¥19.7 billion to ¥210.4 billion and business profit before trust account write-offs was up ¥22.1 billion to ¥119.3 billion.

In Asset Management, a downturn in investment trust assets at UFJ Partners Asset Management Co., Ltd. due to the stock market's weakness caused gross operating profit to decline ¥0.5 billion to ¥15.8 billion and business profit to decline ¥2.5 billion to ¥0.8 billion.

In Securities & Investment Banking, gross operating profit rose ¥5.5 billion to ¥61.5 billion. The slumping stock market caused customer assets and stock brokerage commissions at TSUBASA Securities Co., Ltd. to fall. Offsetting this decline were strong performances by corporate finance operations at UFJ Capital Markets Securities Co., Ltd. and trading activities at overseas securities subsidiaries. The net result was a ¥3.5 billion improvement in business profit to ¥8.0 billion.

* Figures for the previous fiscal year are aggregate of consolidated results of Sanwa Bank, Tokai Bank and Toyo Trust.





- ***Retail Banking:*** *UFJ Bank's retail banking operations*
- ***Corporate Banking:*** *UFJ Bank's corporate banking operations*
- ***Global Banking and Trading:*** *UFJ Bank's global banking and trading operations*
- ***UFJ Trust:*** *All operations of UFJ Trust*
- ***Asset Management:*** *Asset management operations of UFJ Trust and all the operations of UFJ Asset Management and UFJ Partners Asset Management*
- ***Securities & Investment Banking:*** *Operations of UFJ Tsubasa Securities (the former TSUBASA Securities and UFJ Captal Markets Securities), kabu.com Securities and overseas securities subsidiaries*
- ***Planning & Administration:*** *Asset-liability management and other activities*

RESULTS OF OPERATIONS OF UFJ BANK AND UFJ TRUST (NON-CONSOLIDATED)

The figures in this section are the sum of the non-consolidated results of operations of UFJ Bank and UFJ Trust. UFJ Bank's statement of operations does not include the operations of Tokai Bank prior to January 15, 2002, the date this bank and Sanwa Bank merged to form UFJ Bank. However, the figures in this section include Tokai Bank's operations for the period from April 1, 2001 through January 14, 2002 to permit direct comparisons with prior fiscal years.

Gross operating profit of UFJ Bank and UFJ Trust increased ¥86.3 billion to ¥1,362.9 billion. Net interest income increased ¥55.4 billion to ¥935.2 billion. This was mainly attributable to higher interest income from investments in foreign bonds, a change in the recognition of dividend income due to the adoption of new accounting standards for financial instruments, and a decline in interest expenses as UFJ Bank repaid subordinated loans, which carried comparatively high interest rates.

General and administrative expenses declined ¥2.3 billion to ¥652.8 billion. Personnel expenses were down by ¥17.7 billion because of workforce reductions, lower bonus payments and other measures to streamline the banks' cost structure. However, non-personnel expenses increased ¥13.9 billion, largely the result of higher investments in IT systems and other facilities. The net result was a small decrease in general and administrative expenses.

Due to these factors, business profit before net transfer to the general reserve and trust account write-offs increased ¥88.7 billion to ¥710.0 billion. Business profit after net general reserve transfer but prior to trust account write-offs increased ¥194.0 billion to ¥603.0 billion.

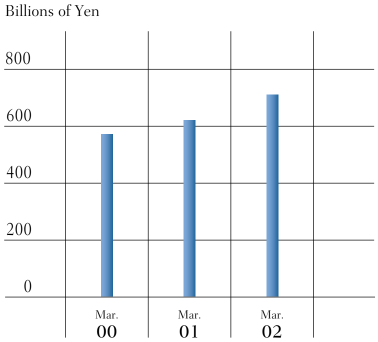
Net other expenses totaled ¥2,142.1 billion, including a net loss of ¥222.4 billion on stocks and other equity securities. There were gains of ¥417.1 billion on sales of stocks, including the gain from the sale of UFJ Bank's U.S. banking subsidiary. Losses on sales of stocks totaled ¥174.2 billion. Furthermore, there was an expense of ¥465.3 billion to write down the carrying value of stock investments because of a sharp decline in market prices. Credit costs, including in the trust account, increased ¥876.8 billion to ¥1,834.6 billion as the two banks took decisive actions to restructure and rehabilitate large troubled borrowers. Together with the ¥107.0 billion net transfer to the general reserve, credit-related expenses totaled ¥1,941.7 billion. After these expenses, the two banks had a combined ordinary loss of ¥1,539.0 billion, ¥1,272.0 billion more than the loss in the previous fiscal year.

Net extraordinary losses were ¥26.7 billion. This included a gain of ¥50.5 billion on the establishment of retirement benefit trusts by UFJ Bank and UFJ Trust, a loss of ¥44.4 billion on the disposal of premises and equipment, and a loss of ¥34.9 billion on the amortization of the unfunded pension obligation at transition due to the adoption of a new method of accounting for retirement benefit liabilities. The net result of the above items was a net loss of ¥1,146.4 billion, ¥926.3 billion more than the net loss in the previous fiscal year.

		Billions of Yen
Fiscal Years ended March 31	**2002**	2001
Gross Operating Profit*	**¥ 1,362.9**	¥1,276.5
General and Administrative Expenses	**(652.8)**	(655.1)
Business Profit*	**710.0**	621.3
Net Gains (Losses) on Stocks and Other Equity Securities	**(222.4)**	310.0
Credit Costs**	**(1,834.6)**	(957.7)
Ordinary Profit (Loss)	**(1,539.0)**	(267.0)
Net Income (Loss)	**¥(1,146.4)**	¥ (220.1)

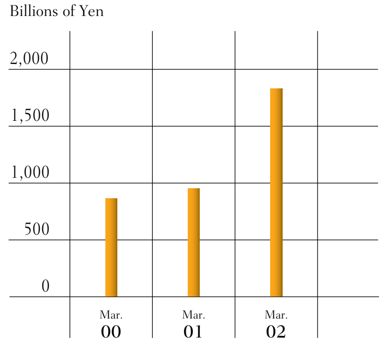
* Before trust account write-offs.
** Including trust account.

Business Profit
Billions of Yen



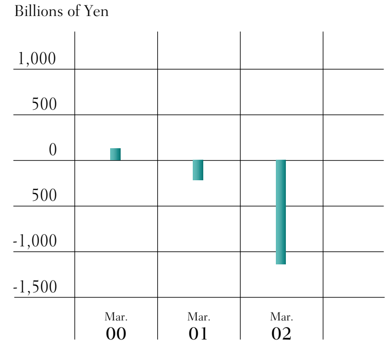
Before write-offs in trust account.

Credit Costs
Billions of Yen



Including trust account.

Net Income/Loss
Billions of Yen



LOANS AND DEPOSITS OF UFJ BANK AND UFJ TRUST (NON-CONSOLIDATED)

As of March 31, 2002, loans at UFJ Bank and UFJ Trust totaled ¥46,290.7 billion, ¥7,670.8 billion less than one year earlier. This figure includes trust accounts with principal indemnification clauses. Banking account loans were ¥45,073.7 billion and trust account loans were ¥1,217.0 billion. The decline in loans during the fiscal year was mainly attributable to weak corporate demand for loans and the write-off of problem loans.

Loans to small and medium-sized companies and others decreased ¥3,779.1 billion to ¥29,424.0 billion, but were largely unchanged as a share of total loans at 69.3%.

		Billions of Yen
Fiscal Years ended March 31	**2002**	2001
Loans to Small and Medium-sized Companies and Others	**¥29,424.0**	¥33,203.1
Share of Total Loans	**69.3%**	68.3%

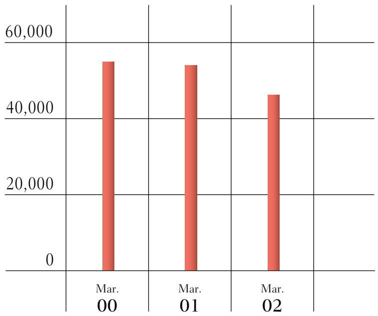
Loans to individuals continued to climb, including a ¥422.6 billion increase in housing loans to ¥5,599.9 billion.

Deposits, including trust account products with principal indemnification clauses, declined ¥5,068.5 billion to ¥52,420.7 billion. There was an increase of ¥1,299.5 billion in domestic deposits by individuals to ¥26,413.0 billion.

		Billions of Yen
Fiscal Years ended March 31	**2002**	2001
Deposits including Trust Account	**¥52,420.7**	¥57,489.2
Domestic Deposits by Individuals	**¥26,413.0**	¥25,113.4

Loans and Bills Discounted

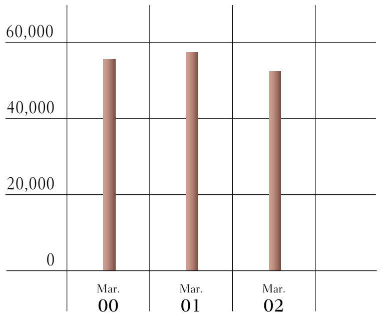
Billions of Yen



Including trust account (with principal indemnification clause).

Deposits and Trust Account Products

Billions of Yen



Including trust account (with principal indemnification clause).

MERGER ACCOUNTING UPON ESTABLISHMENT OF UFJ BANK

Sanwa Bank and Tokai Bank merged on January 15, 2002 to form UFJ Bank. As Sanwa Bank was treated as the surviving institution, the net assets of Tokai Bank were passed on to Sanwa Bank at the merger. Furthermore, to give UFJ Bank a sound equity base, a total of ¥217.1 billion was deducted from the capital surplus of Tokai Bank immediately prior to the merger to remove from the balance sheet unrealized losses on investments in securities, land and certain other assets. After this deduction, ¥717.7 billion in equity from Tokai Bank was added to Sanwa Bank's equity to form UFJ Bank's equity. All of the equity transferred from Tokai Bank, including capital, was classified as capital surplus.

TOKAI BANK FINANCIAL SUMMARY THROUGH JANUARY 14, 2002

For the period from April 1, 2001 through January 14, 2002, Tokai Bank reported a business profit before net transfer to the general reserve of ¥94.2 billion. There was a loss of ¥149.6 billion on stocks and other equity securities, mainly due to a revaluation loss of ¥177.7 billion. Credit-related expenses, including net transfer to general reserve, were ¥669.6 billion. The result was an ordinary loss of ¥766.1 billion and a net loss of ¥712.9 billion.

Tokai Bank Financial Summary *(April 1, 2001 through January 14, 2002)*

	Billions of Yen
Business profit before net transfer to general reserve	¥ 94.2
Losses on stocks and other equity securities	(149.6)
Revaluation losses	(177.7)
Credit-related expenses (including net transfer to general reserve)	(669.6)
Ordinary loss	(766.1)
Net loss	(712.9)

Stockholders' Equity of the Former Tokai Bank
(Billions of Yen)

	As of March 31, 2001*	Gains and Losses before Merger	Utilization of Merger Gains		Amount Transferred to UFJ Bank
Capital Stock	723.1	–	(723.1)		–
Capital Surplus	649.2	–	(93.3)	• transferred from Capital Stock 723.1 • transferred to Retained Earnings (681.0) • used to deal with unrealized losses (217.1) • the former tax effect realized** 81.7	555.9
Legal Reserve	77.9	–	–		77.9
Revaluation Reserve for Land, Net of Taxes	55.6	(1.7)	–		53.9
Retained Earnings	32.2	(711.9)	681.0	• transferred from Capital Surplus	1.3
Net Unrealized Profit (Loss) on Available-for-Sale Securities, Net of Taxes	–	(96.2)	124.7	• generated by disposal of revaluation losses	28.5
Total Stockholders' Equity	1,538.1	(809.8)	(10.5)		717.7

* After profit appropriation

** The former Tokai Bank's part of the tax effect realized in UFJ Bank's profit

TRANSFER OF STATUTORY RESERVE TO RETAINED EARNINGS

UFJ Holdings

UFJ Holdings has drawn down ¥1,000 billion of its capital surplus and transferred this amount to retained earnings. This action did not alter total equity. The purpose of this transfer was to achieve a sufficient level of retained earnings. This will permit the acquisition of treasury stock, giving UFJ Holdings more flexibility to rebuild a group structure capable of providing comprehensive financial services. UFJ Holdings plans to use treasury stock purchases mainly to acquire UFJ Holdings stock held by subsidiaries, acquire stock that can be used to increase holdings in group companies through exchanges of stock, and purchase odd-lot holdings from stockholders.

UFJ Holdings used this treasury stock system to purchase 33,633 shares of UFJ Holdings common stock from UFJ Bank, a banking subsidiary, on May 27, 2002 at a cost of ¥10.4 billion. This represented 0.69% of total shares issued by UFJ Holdings as of May 24, 2002. These shares are to be used for an exchange of stock to acquire the minority interest of UFJ Partners Asset Management, raising UFJ Holdings' ownership from 78.51% to 100%.

UFJ Bank

Of the ¥717.7 billion in equity transferred to UFJ Bank from Tokai Bank, ¥555.9 billion was classified as capital surplus. When added to the capital surplus of Sanwa Bank, this transfer gave UFJ Bank capital surplus of ¥1,290.5 billion. UFJ Bank then drew down ¥629.6 billion of its statutory reserves (capital surplus of ¥445.0 billion and legal reserve of ¥184.6 billion) and transferred this amount to retained earnings. There was no change in total equity. This draw-down of statutory reserves was conducted to facilitate actions to deal with problem loans and ensure a stable base for procuring capital in the future.

During the fiscal year ended March 31, 2002, UFJ Bank, including Tokai Bank prior to January 15, 2002, incurred credit-related expenses, including net transfers to the general reserve, of ¥1,744.2 billion. Despite these expenses, UFJ Bank had retained earnings of ¥509.4 billion as of March 31, 2002 due to the above transfer to retained earnings.

Stockholders' Equity of UFJ Bank

(Billions of Yen)

	As of March 31, 2001*	Amount Transferred from Tokai Bank	Amount of Draw Down	Amount of Interim Dividends Paid	Financial Results of FY March 31, 2002	As of March 31, 2002
Capital Stock	843.6	–	–	–	–	843.6
Capital Surplus	734.6	555.9	(445.0)	–	–	845.5
Legal Reserve	106.6	77.9	(184.6)	–	–	–
Revaluation Reserve for Land, Net of Taxes	137.3	53.9	–	–	(72.5)	118.4
Retained Earnings	181.7	1.3	629.6	(74.0)	(229.2)	509.4
Net Unrealized Profit (Loss) on Available-for-Sale Securities, Net of Taxes	–	28.5	–	–	106.8	135.3
Total Stockholders' Equity	2,003.8	717.7	–	(74.0)	(194.9)	2,452.4

* Balance of Sanwa Bank as of March 31, 2001 after profit appropriation

Problem loans remain the most pressing issue at the UFJ Group. This section provides an overview of the problem loans and credit-related expenses of UFJ Bank and UFJ Trust for the year ended March 31, 2002.

CREDIT-RELATED EXPENSES FOR THE YEAR ENDED MARCH 31, 2002

(UFJ Bank and UFJ Trust combined, non-consolidated)

In the fiscal year ended March 31, 2002, UFJ Bank and UFJ Trust recorded approximately ¥2,000 billion in expenses to deal with problem loans. These expenses can be broken down into three major categories: about ¥1,150 billion for the restructuring and revitalization of large troubled borrowers; about ¥740 billion for other troubled borrowers, including about ¥50 billion to cover declines in the value of collateral; and a transfer to the general reserve of about ¥110 billion.

The two banks provide financial assistance, such as debt forgiveness, to help troubled borrowers return to financial soundness through their own efforts. The past fiscal year's expenses of about ¥1,150 billion include losses resulting from support extended by March 31, 2002, as well as reserves to cover expected future assistance for those large troubled borrowers.

Credit-Related Expenses

	Billions of Yen
Fiscal Year ended March 31	**2002**
Net Transfer to General Reserve	**¥ 107.0**
Credit Costs	
Loans Written-Off	**613.8**
Net Transfer to Specific Reserve	**673.8**
Losses on Sales of Loans to CCPC	**19.2**
Net Transfer to Reserve for Contingent Liabilities Related to Loans Sold	**14.4**
Net Losses on Loans Securitized/Sold	**9.1**
Losses on Supporting Specific Borrowers	**100.1**
Transfer to Reserve for Possible Losses on Support of Specific Borrowers	**402.7**
Transfer to Specific Reserve for Loans to Refinancing Countries	**(6.3)**
Trust Account Losses Indemnified	**7.6**
Total Credit Costs	**1,834.6**
Total Credit-Related Expenses	**¥1,941.7**
Revaluation Losses from Reverse Stock Split of Preferred Shares of Supporting Borrowers	**54.0**

Factors Behind Credit Costs

	Billions of Yen
Revitalization etc. of Large Troubled Borrowers*	**¥1,150.0**
Measures for Other Borrowers	**740.0**
Decline in Collateral Value	**50.0**
Net Transfer to General Reserve	**110.0**
Total Approx.	**¥2,000.0**

* Large troubled borrowers: Consolidated exposure over ¥100 billion.

PROBLEM LOANS OUTSTANDING AS OF MARCH 31, 2002

(UFJ Bank and UFJ Trust combined, non-consolidated)

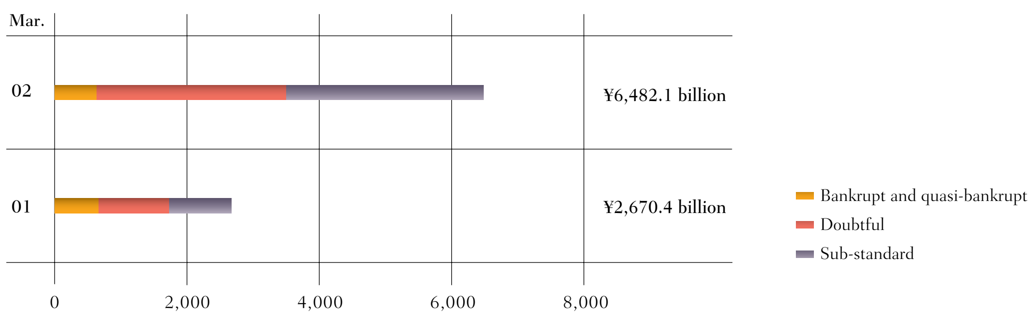
Problem loans at the two banks, based on the Financial Revitalization Law, totaled ¥6,482.1 billion as of March 31, 2002, ¥3,811.7 billion more than one year earlier.

Doubtful loans increased ¥1,805.9 billion to ¥2,868.5 billion. This figure includes approximately ¥1,300 billion in loans to large troubled borrowers where a need for further assistance, including debt forgiveness, is foreseen. The volume of doubtful loans will decline as debts are forgiven and other forms of financial assistance are extended. Furthermore, it is likely that the remaining doubtful loans to such large troubled borrowers will be upgraded as this assistance helps return these borrowers to financial soundness.

Sub-standard loans increased ¥2,039.2 billion to ¥2,985.7 billion. This resulted from the application of stricter assessment standards in determining the credit standings of corporate borrowers, reflecting Japan's still severe economic conditions. In particular, the standards were tightened for recognition of a "restructured loan," which is a criterion for classifying a loan as sub-standard. In addition to the existing standards, the banks began recognizing as "restructured" all loans where there has been an actual or effective easing in repayment terms.

Balance of Problem Loans under Financial Revitalization Law*

Billions of Yen



Balance of Problem Loans under Financial Revitalization Law*

		Billions of Yen
As of March 31	**2002**	2001
Bankrupt and Quasi-Bankrupt	**¥ 627.8**	¥ 661.3
Doubtful	**2,868.5**	1,062.6
Sub-Standard	**2,985.7**	946.4
Total Problem Loans	**6,482.1**	2,670.4
Normal	**44,515.6**	56,974.1
Total Loans	**¥50,997.8**	¥59,644.6

* Figures include trust accounts (with principal indemnification clause) and are caluculated after the write-offs of category IV.

The following table shows the balance of domestic loans and risk monitored loans by industry. Risk monitored loans are problem loans based on classifications under the Banking Law, which consist of bankrupt, delinquent, past due 3 months or more, and restructured. (Details of these categories are provided on page 43.)

Balance of Domestic Loans and Risk Monitored Loans by Industry

		Billions of Yen
As of March 31	**2002**	2001
Domestic Loans*	**¥42,466.5**	¥48,646.8
Risk Monitored Loans	**6,247.7**	2,479.1
Manufacturing	**5,424.6**	6,601.0
Risk Monitored Loans	**542.3**	229.8
Agriculture/ Forestry/ Fishery/ Mining	**177.8**	198.3
Risk Monitored Loans	**11.8**	4.6
Construction	**1,682.8**	2,127.2
Risk Monitored Loans	**478.3**	287.1
Utilities	**242.1**	479.1
Risk Monitored Loans	**0.5**	0.6
Transportation & Communication	**2,211.8**	2,308.5
Risk Monitored Loans	**343.3**	49.1
Wholesale & Retail	**6,257.2**	7,408.3
Risk Monitored Loans	**792.5**	305.4
Finance & Insurance	**3,609.2**	4,629.4
Risk Monitored Loans	**310.0**	96.3
Real Estate	**6,560.3**	7,216.6
Risk Monitored Loans	**2,509.1**	848.2
Services	**5,198.1**	6,360.2
Risk Monitored Loans	**721.2**	382.4
Local Government	**511.6**	514.3
Risk Monitored Loans	**–**	–
Others	**10,590.5**	10,803.4
Risk Monitored Loans	**¥ 538.2**	¥ 275.1

* Including Principal Indemnified Trust Accounts of UFJ Trust (excluding IBF Transactions).

COVERAGE AND RESERVES FOR PROBLEM LOANS

(UFJ Bank and UFJ Trust, non-consolidated)

The coverage and reserve ratios for problem loans of the two banks as of March 31, 2002 are shown in the following table.

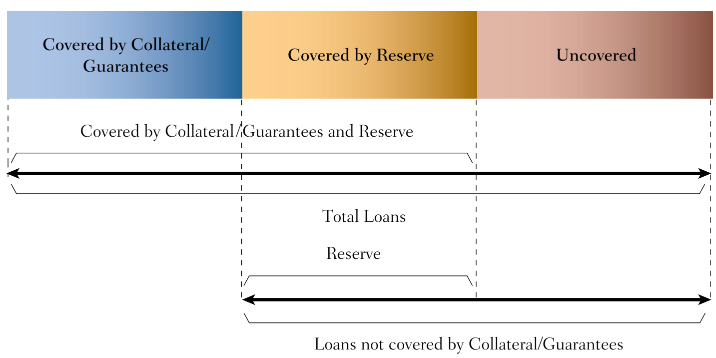
In the past fiscal year, the UFJ Group altered its reserve policy for the portion of doubtful loans not covered by collateral or guarantees. The new policy divides the doubtful loans into two categories. The first is loans where reserves are determined based on estimates of losses according to a restructuring or financial assistance plan, a planned sale of the loan or some other reason. For these loans, the reserve ratio was 51.62% as of March 31, 2002. The second category is all other loans. Here, the two banks set aside reserves based on historical loss experience. This policy resulted in a reserve ratio of 67.12% for these loans. Under the previous policy, reserves were generally provided for at 70% of all uncovered exposure.

Due to this new policy, the reserve ratio for doubtful loans declined 13.55 percentage points to 59.39% and the coverage ratio declined 12.79 percentage points to 72.35%. During the fiscal year ending in March 2003, restructuring and revitalization plans are to be implemented at many large troubled borrowers. This is expected to cause the reserve ratio for doubtful loans to rise to a level that approximates the banks' past experience.

The coverage ratio for total problem loans under the Financial Revitalization Law declined 10.53 percentage points to 59.97%. The decline was mainly attributable to the decrease in the coverage ratio for doubtful loans as stated earlier and the large increase in sub-standard loans, which require a lower coverage ratio due to their high credit quality relative to other categories of problem loans.

The reserve ratios for loans classified as normal and special mention, excluding those that are also classified as sub-standard, were 0.26% (up 0.12 of a percentage point) and 5.39% (up 0.30 of a percentage point), respectively. To calculate these ratios, the portions of loans covered by collateral and guarantees are included in total loans.

Coverage Ratio and Reserve Ratio for Problem Loans under Financial Revitalization Law



$$\text{Coverage Ratio (\%)} = \frac{\text{Collateral/Guarantees} + \text{Reserve}}{\text{Total Loans}} \times 100 \qquad \text{Reserve Ratio (\%)} = \frac{\text{Reserve}}{\text{Loans not covered by Collateral/Guarantees}} \times 100$$

Coverage Ratio for Problem Loans under Financial Revitalization Law

		%
As of March 31	**2002**	2001
Bankrupt and Quasi-Bankrupt	**100.0%**	100.0%
Doubtful	**72.35%**	85.14%
Sub-Standard*	**45.29%**	42.25%
Total Problem Loans	**59.97%**	70.50%

Reserve Ratio for the Portion of Loans not Covered by Collateral/Guarantees

		%
As of March 31	**2002**	2001
Bankrupt and Quasi-Bankrupt	**100.0%**	100.0%
Doubtful	**59.39%**	72.94%
Based on the Reliable Estimates of Possible Losses on Specific Loans	**51.62%**	
Based on the Default Rate	**67.12%**	
Sub-Standard*	**19.11%**	18.29%
Total Problem Loans	**36.62%**	43.92%

Reserve Ratio for Other Special Mention Borrowers	**5.39%**	5.09%
Reserve Ratio for Normal Borrowers	**0.26%**	0.14%

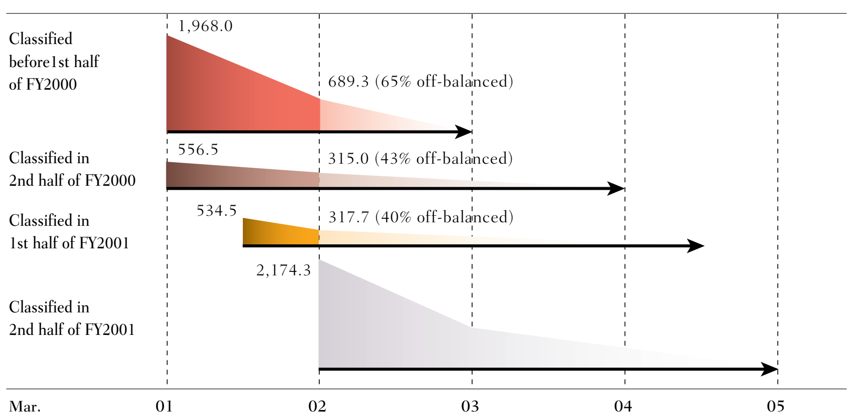
* Reserve ratio for all loans to sub-standard borrowers, including loans which are not classified as sub-standard.

PROGRESS TOWARD A FINAL RESOLUTION

Emergency economic measures announced by the Japanese government in April 2001 call for banks to eliminate problem loans in accordance with a strict schedule. All loans classified as possible non-performing or lower under the self-assessment criteria (doubtful or bankrupt and quasi-bankrupt under the Financial Revitalization Law) as of September 30, 2000 are to be off-balanced or upgraded by March 31, 2003. Loans newly placed in one of these categories after September 30, 2000 are to be off-balanced or upgraded within three years of the following fiscal year-end. In this context, off-balancing includes write-offs and recoveries. Upgrading refers to the reclassification of loans to a higher category due to an improvement in creditworthiness of borrowers. The UFJ Group is making steady progress toward the final resolution of problem loans in accordance with this schedule.

Final Disposal of Problem Loans

Billions of Yen



FRAMEWORK FOR MANAGING CREDIT EXPOSURE

UFJ Bank and UFJ Trust periodically conduct reviews of internal credit ratings of borrowers and self-assessments of assets. These ratings and self-assessments are the basis for decisions regarding reserve transfers, write-offs and other actions.

■ ***Internal Ratings***—Credit rating assignments begin with two steps. First is the revision of a borrower's financial statements to reflect actual conditions. Second is a quantitative analysis of the financial statements. Statistical methods are employed to analyze the borrower's stability, profitability, cash flows, ability to repay loans and other measures of financial health. This process is followed by a qualitative evaluation that factors in the operating base, market conditions and other items that are not sufficiently accounted for by a quantitative evaluation. A credit rating is then assigned using this combination of quantitative and qualitative factors. UFJ Bank and UFJ Trust employ the same rating system, which uses a scale of one to ten. There are 16 ratings in total, including subdivisions. These ratings are used as part of the credit approval and credit risk management systems as well as in conjunction with self-assessments of asset quality.

■ ***Self-Assessments***—The banks use the internal credit rating system to conduct self-assessments of loans and certain other assets. This process is performed in accordance with self-assessment standards prepared by the banks in conformity with the financial inspection manual of Japan's Financial Services Agency. Borrowers are placed in one of five categories depending on factors such as the condition of their financial position and businesses. Assets are placed in one of four categories depending on collateral, guarantees and other factors affecting the likelihood that obligations can be recovered. UFJ Bank and UFJ Trust use the same standards for performing self-assessments.

■ ***Reserve Transfers and Write-Offs***—Based on the classification of assets through the self-assessment process, additions to reserves (to prepare for possible future write-offs), write-offs (removal of assets from the balance sheet) and other actions are taken in accordance with the probability of recovery. The resulting costs are reflected in the statement of operations. Problem loan balances and other asset-related figures as well as coverage and reserve information are released together with the banks' interim and year-end financial statements.

Credit Rating System

Problem Loans

Internal Rating		Self-Assessment: Borrower Category	Self-Assessment: Asset Classification	Classification under the Financial Revitalization Law	Credits other than Loans and Bills Discounted (for acceptances and guarantees, etc.)	Classification under the Risk Monitored Loans
1A 1B 1C	Excellent	Normal	Category I	Normal		
2 3 4 5 6 7	Prime Good Above Standard Standard Below Standard Acceptable					
8A 8B 8C 8D	Special Mention Past Due 1 Month or More Past Due 3 Months or More Restructured	Special Mention	II	Sub-Standard		Restructured Past Due 3 Months or More
9	Possible Non-Performing	Possible Non-Performing	III	Doubtful		Delinquent
10A	Quasi Non-Performing	Quasi Non-Performing	IV	Bankrupt and Quasi-Bankrupt		
10B	Non-Performing	Non-Performing				Bankrupt

■ *Internal Rating:*

Ratings are assigned based on the credit risks of each borrower.

■ *Self-Assessment:*

Borrower Category

Each borrower is placed in one of five categories according to its financial condition, cash flows, profitability and other parameters.

Normal: Borrowers whose performance is sound and for whom there are no specific concerns regarding their financial situation.

Special Mention: Borrowers whose loan terms and conditions have been eased or whose loan repayment performance is poor.
Borrowers posting a loss, or whose performance is sluggish or unstable.

Possible Non-Performing: Borrowers who are not bankrupt at present, but where the possibility of bankruptcy in the near future is high.

Quasi Non-Performing: Borrowers who are essentially bankrupt. Although there is no legal or formal evidence of bankruptcy, the borrower is in serious financial difficulties and there is no prospect of revitalization.

Non-Performing: Borrowers who are legally or formally bankrupt, including borrowers in the process of bankruptcy procedures, liquidation, reorganization, suspension of banking business or similar actions.

Balance of Problem Loans under the New Disclosure Standard

	Category I	Category II	Category III	Category IV
Normal	All credit			
Special Mention	Amount secured with high-grade collateral/ guarantees	All other amounts		
Possible Non-Performing	Amount secured with high-grade collateral/ guarantees	Amount secured with general collateral/ guarantees	All other amounts	
Quasi Non-Performing/ Non-Performing	Amount secured with high-grade collateral/ guarantees	Amount deemed collectable with collateral/guarantees	Amount where collection through collateral is in doubt	All other amounts (Expected loss)

Asset Classification

Loans and other forms of credit are classified according to the possibility of default or devaluation.

Category I: Assets that have no possibility of loss or devaluation.

Category II: Assets where collection risks are above the standard level.

Category III: Assets for which there are fears of devaluation or serious doubt as to their complete collection. The possibility of incurring a loss is high, but it is difficult to accurately estimate the amount.

Category IV: Assets that have no value or where there is no possibility of collection.

■ *Classification under the Financial Revitalization Law*

Normal: Credit granted to borrowers categorized as “Normal” or “Special Mention” whose credit is not classified as “sub-standard.”

Sub-Standard: Among credit extended to borrowers classified as “Special Mention,” those past due for three months or more, or those of which terms and conditions have been eased.*

Doubtful: Credit extended to borrowers categorized as “Possible Non-Performing.”

Bankrupt and Quasi-Bankrupt: Credit extended to borrowers categorized as “Quasi Non-Performing” or “Non-Performing.”

■ *Classification under the Risk Monitored Loans*

Restructured: Loans to “Special Mention” borrowers with eased terms and conditions.*

Past due 3 Months or More: Loans to “Special Mention” borrowers with principal or interest payments past due for three months or more.

Delinquent: Loans to “Possible Non-Performing” and “Quasi Non-Performing” borrowers.

Bankrupt: Loans to “Non-Performing” borrowers.

* Terms and conditions have been amended by making certain concessions to borrowers for the purpose of conducting a reorganization or supporting borrowers in some other way.

THE UFJ GROUP MANAGEMENT SYSTEM

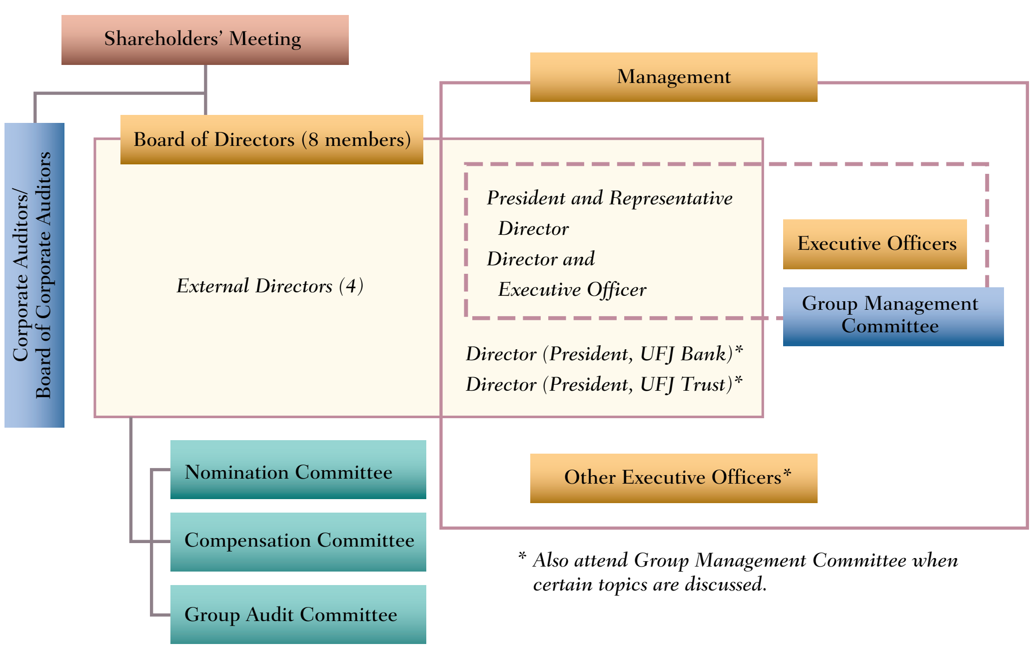
The UFJ Group has a holding company structure with UFJ Holdings as the nucleus, which is highly conducive to both fair and transparent corporate governance and effective management.

FRAMEWORK OF CORPORATE GOVERNANCE AND MANAGEMENT

At the UFJ Group, responsibilities for decision-making and management oversight are separated from those for the execution of business activities to maintain fairness and transparency. The Board of Directors, half of which is made up of external directors, refines and approves or rejects proposals from the management. The board is also charged with monitoring the management of UFJ Holdings and motivating executives to improve operating results and increase stockholder value by using its power to make appointments and set remuneration. The Board of Directors has three sub-committees. The Nomination Committee and the Compensation Committee, which are both made up entirely of external directors, ensure that appointments of directors and executive officers, as well as the determination of their compensation, are performed in a fair and transparent manner. The third sub-committee, the Group Audit Committee, assists the Board of Directors in their duty to oversee the activities of the group's management. This committee is made up entirely of external directors and highly trained professionals from outside the group, including attorneys.

The UFJ Group has adopted a system in which executive officers are responsible for the management of business activities. At the same time, a Group Management Committee was established to provide assistance to the president. This system facilitates the rapid execution of management functions within the group.

In June 2002, the UFJ Group decided to adopt a stock option program. The purpose is to promote a management approach that reflects the importance of raising market valuations and stockholder value.



* Also attend Group Management Committee when certain topics are discussed.

BUSINESS UNIT MANAGEMENT

The UFJ Group has six business units: Retail Banking, Corporate Banking, Global Banking & Trading, Trust, Asset Management and Securities & Investment Banking. UFJ Holdings allocates resources to the companies that conduct each of these activities: UFJ Bank (retail banking, corporate banking, global banking & trading), UFJ Trust (trust), and the group's asset management and securities companies. UFJ Holdings also sets performance targets and policies for these group companies. This holding company also monitors and evaluates the operations of each business for the purpose of managing the group, with the ultimate aim of increasing stockholder value.

An executive officer from UFJ Holdings is assigned to serve as a non-executive director of each major group company to ensure management and supervisory functions are carried out more effectively.

INDICATORS FOR MANAGING GROUP ACTIVITIES

To heighten the fairness and objectivity of group management functions, three clearly defined management indicators have been established: Risk and Cost Adjusted Return (RACAR), Risk-Adjusted Profit Ratio and Economic Profit. These indicators are used to monitor the profitability of individual businesses and ensure the group's business portfolio management fully reflects the associated risks and costs.

■ *Risk and Cost Adjusted Return (RACAR)*

Maximizing returns compared with risk

This figure represents earnings after adjustments for expenses and credit risk costs. The UFJ Group uses RACAR to maximize returns in relation to risks.

■ *Risk-Adjusted Profit Ratio (similar to ROE)*

Pursuing the efficient use of capital

The Risk-Adjusted Profit Ratio, which is similar to ROE, is obtained by dividing RACAR by the applicable risk capital. By using this indicator, the UFJ Group strives to conduct business activities efficiently in relation to the amount of risk capital allocated from the holding company.

■ *Economic Profit*

Creating and maximizing corporate value

Economic Profit is the amount of value created from the standpoint of stockholders. This figure is obtained by deducting the cost of capital, which is calculated by multiplying equity and shareholders' expected return, from net income. Using this indicator, the UFJ Group will create and maximize corporate value by conducting business activities in a manner that reflects the cost of capital.

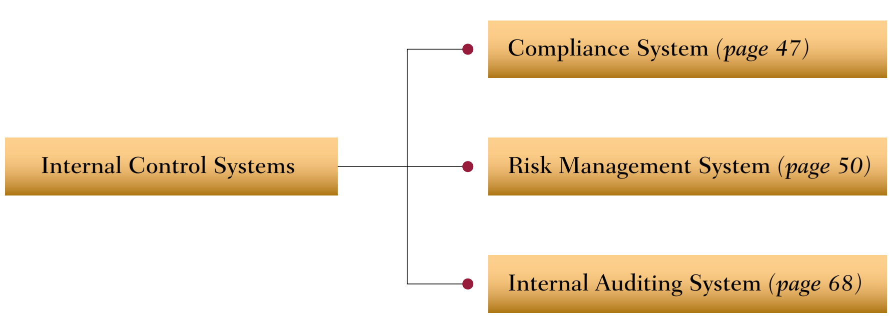
INTERNAL CONTROL SYSTEMS OF THE UFJ GROUP

In providing a broad range of financial services, the UFJ Group takes on various forms of risk in pursuit of maximizing corporate value. To control risk exposure in an appropriate manner, a risk management framework based on a consistent philosophy is essential. Furthermore, the UFJ Group conducts a compliance program that ensures fairness and transparency in its business activities to conform to acceptable social standards of conduct as well as to laws, regulations and the group's internal rules.

Based on this concept, UFJ Holdings positions risk management and compliance as the primary means of internal control for the purpose of conducting the group's business activities properly. Also internal audits are used to evaluate internal control systems, including risk management and compliance, to verify that these systems are appropriate and effective.

The UFJ Holdings' Board of Directors, which functions as a decision-making and management supervisory body, approves fundamental guidelines governing all risk management, compliance and internal audit activities. Based on these policies, internal control is clearly positioned as the most important activity in the day-to-day management of the UFJ Group. To heighten the effectiveness of these control functions, a Group Audit Committee has been established as a sub-committee of the Board of Directors. This committee is charged with monitoring the status of the group's internal control systems.

Each UFJ Group company maintains and refines its respective risk management and compliance frameworks, which are structured to reflect the unique nature of each company's activities, while complying with the key policies and guidelines set by UFJ Holdings. Companies must first consult with UFJ Holdings with regard to items of particular importance, such as those that have a material impact on the operations of the group. Group companies regularly submit reports on their risk exposure and compliance issues to UFJ Holdings.



COMPLIANCE ACTIVITIES AT THE UFJ GROUP

Group Philosophy for Compliance Culture

"Transparency and Fairness"

UFJ GROUP'S APPROACH TO COMPLIANCE

The UFJ Group understands that fulfilling its social responsibilities as a highly trusted financial organization is vital to realizing the group's management vision: "To be an innovative financial group with a deep commitment to society, growing together with customers." To earn the trust of society, the group adopts a broad view of compliance, applying this activity to ensure strict observance of laws, rules and social standards. Compliance is also conducted to build a reputation for the UFJ Group as a financial services provider that meets high standards of fairness and transparency.

The UFJ Group conducts many compliance activities to establish a culture throughout the group in which the concept of "transparency and fairness" is the basis for the actions of all its employees.

BASIC COMPLIANCE POLICY

The UFJ Group has established the following basic policy to guide compliance activities and strictly enforce compliance guidelines.

BASIC COMPLIANCE POLICY AND CODE OF CONDUCT FOR EMPLOYEES

Conducting yourself in a spirit of transparency and fairness by strictly adhering to this basic policy is essential to realizing the UFJ Group's management vision.

1. At all times, be aware of the social responsibility and the mission of the UFJ Group as a financial services group. Work to earn the unconditional trust of society by properly conducting business operations.
2. Maintain solid lines of communication with the public, in particular through the consistent and fair disclosure of accurate information regarding operations. The goal is to earn a reputation among the public as an organization with highly transparent management.
3. Strictly observe all laws and regulations, conduct business activities that are sincere, fair and comply with accepted ethical standards of behavior.
4. Contribute to local and global economies and societies by fulfilling the UFJ Group's mission as a responsible corporate citizen that upholds high ethical standards which prevail in the global society.
5. Reject all anti-social influences that are disruptive or pose a threat to society.

UFJ GROUP COMPLIANCE SYSTEMS AND PROGRAMS

The UFJ Group has established a system under which each group company places priority on compliance. Additionally, the Compliance Department was established when UFJ Holdings was formed in April 2001, to upgrade compliance programs throughout the group.

The UFJ Holdings Compliance Department has two roles. One is overseeing and monitoring compliance activities across the entire group. The other is prescribing basic rules for the establishment of compliance systems at each group company, as well as maintaining appropriate communications and providing assistance in the event of a problem.

Based on these rules, there is an effective system for reporting all important information to UFJ Holdings via UFJ Bank and UFJ Trust, with some companies reporting directly to the holding company. This information includes compliance information that could have a material impact on the group and compliance issues that need to be addressed by the group. This ensures a system in which the entire group can respond to issues when necessary.

The UFJ Holdings Compliance Department utilizes data from audits performed by the Internal Audit Department, which gathers information from internal audits performed by the relevant internal audit departments at each bank and group company. The Compliance Department uses these data to accurately monitor the management of compliance systems at group companies, as well as provide guidance and advice when needed. This gives the UFJ Group an effective system for making further improvements in group-wide compliance programs.

REPORTS TO THE UFJ HOLDINGS GROUP AUDIT COMMITTEE

Significant problems regarding compliance at group companies are reported to the UFJ Holdings Compliance Department, and in turn, by this department to the Group Audit Committee, a subcommittee of the Board of Directors chaired by a non-executive director. This committee then discusses ways to improve the group's management systems. Members of this committee are non-executive directors and external specialists such as attorneys. This system ensures an internal management system with a high degree of transparency.

Compliance issues reported to the Group Auditing Committee are also reported to executive officers responsible for business activities, with the aim of strengthening compliance systems throughout the group (see diagram on following page).

IMPLEMENTATION OF COMPLIANCE ACTIVITIES

• ***The Compliance Manual***

To provide a basic reference for compliance programs throughout the group, a group compliance manual has been prepared that sets rules applicable to everyone who works at the UFJ Group. Each group company conducts its own compliance training programs and other activities. In this way, the group deepens employee understanding of compliance from a number of angles.

In addition to the group manual, each group company, as a rule, prepares its own compliance manual containing rules specific to its field of business that every employee should follow. In principle, the UFJ Group's compliance manual therefore has two components for each company: a group manual and a company-specific manual.

• ***The Compliance Program***

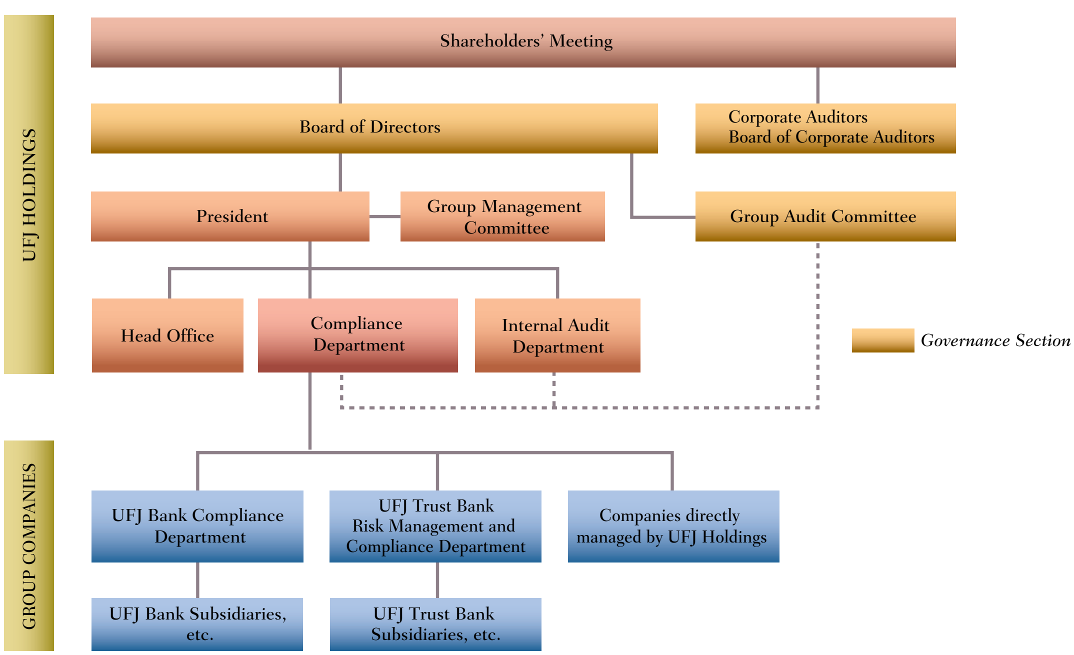
Each group company periodically prepares a compliance program incorporating an action plan aimed at meeting certain compliance objectives. The Board of Directors of each group company, as a rule, makes all the policy decisions regarding compliance programs and evaluates the preparation, progress and status of compliance programs.

• ***"Legal Risk" Management***

The UFJ Group conducts "legal risk" management in a number of ways. To minimize the possibility of incurring losses and other harm due to inadequate pre-examinations from a legal perspective, the group takes preventive measures such as adopting a system whereby documents undergo a legal examination before being finalized and employing a legal consulting system.

Legal issues occurring at UFJ Group companies are resolved by the legal departments of each company. In addition, issues involving legal risk associated with group-wide corporate governance and the holding company's group management activities are handled by the Compliance Department of UFJ Holdings, which works closely with attorneys and other specialists to prevent disputes and provide advice to group companies. Information related to important amendments and the abolishment of laws and regulations is gathered and analyzed by the Compliance Department, enabling the group to conduct business activities that are in full compliance with all laws and regulations.

Compliance Framework of UFJ Holdings and Group Companies



RISK MANAGEMENT AT THE UFJ GROUP

As a purveyor of a broad range of financial services, the UFJ Group, in the process of conducting its business activities in pursuit of maximizing corporate value, takes on various forms of risk, namely credit risk, market risk, funding liquidity risk and operational risk. The UFJ Group's objective is not to avoid exposure to risk, but rather to control risk exposure in an appropriate and efficient manner. From this standpoint, the UFJ Group's philosophy regarding risk management is to establish an effective internal control framework and identify, control and manage individual as well as aggregate risks appropriately so as to improve the overall soundness of the group's management and to promote the group's operating efficiency.

To achieve these objectives, the UFJ Group has developed its risk management framework with a view not only to the sophistication of the approach but also to the consistency and integrity of the framework throughout the group. It has formulated a consistent risk management policy and procedure framework for all types of risk for the purpose of suitably identifying, measuring and managing risk. The policies and procedures are then communicated to all group companies to secure the same view on risks and on risk management.

The group also places priority on the adoption of more sophisticated risk management methodologies such as value-at-risk and the risk capital management framework. In this manner, the UFJ Group aims to contribute to the establishment of a global standard for risk management.

Key features of the UFJ Group's risk management framework are described as follows.

RISK FACTORS

The UFJ Group defines "risk" as "factors that potentially cause unexpected financial losses and cause losses to the capital of the group." Depending on the different features of those factors, UFJ Group classifies and defines risk factors as follows.

Type of Risk	*Definition*
Credit Risk	Credit risk refers to the risk of financial losses in credit assets caused by deterioration in the credit conditions of any counterparty. This category also includes settlement risk, which refers to the risk of financial losses that a firm incurs when it does not receive funds or instruments from its counterparties at the expected time.
Market Risk	Market risk refers to the risk of financial losses in the value of a financial position held or executed due to an adverse financial market movement.
Funding Liquidity Risk	Funding liquidity risk refers to the risk of insolvency in financing assets held or the risk of financial losses caused from a higher interest rate of funding due to a deterioration of funding ability. This category also includes settlement risk, which refers to the risk of financial losses incurred when a company does not receive funds or instruments from its counterparties at the expected time.
Operational Risk	Operational risk refers to the risk of direct and indirect losses resulting from inadequate or failed internal processes, people and systems, or from external events. Due to the different causes of operational risk, it is subdivided into the following sub-factors.
Processing Risk	Processing risk refers to the risk of financial losses from failed processing due to mistakes, negligence, accidents or fraud by directors, staff and other personnel within the organization.
System Risk	System risk refers to the risk of financial losses due to systems and telecommunications failure, including temporary systems shutdown, system malfunctions, system hacking and system disruptions caused by external events.
Human Resources Risk	Human resources risk refers to the risk of financial losses due to the loss of key personnel or failure to maintain staff morale.
Tangible Asset Risk	Tangible asset risk refers to the risk of financial loss arising from loss or damage to tangible assets or from degradation of the working environment caused by natural disasters or facility management failures. Tangible assets refer to self-owned/rented real estate/movables such as land, buildings and accompanying equipment or fixtures/fittings.
Regulatory Risk	Regulatory risk refers to the risk of financial losses due to a change of regulatory environment, including tax systems, accounting systems or regulatory treatment.
Reputational Risk	Reputational risk refers to the risk of financial losses from the adverse impact upon reputation among customers or the market due to untrue rumors.

This table lists generic risk factors. There are more risks that the UFJ Group identifies, which are either sub-categories of the generic risks or composite risks of multiple generic risk factors. For example, the UFJ Group manages interest rate risk, which is a sub-category of market risk. Another example is settlement risk, which is the composite risk of credit risk and funding liquidity risk.

RISK MANAGEMENT ORGANIZATION

To ensure the proper implementation of risk management activities throughout the group, the UFJ Group has established a risk management organization and functions, and assigned particular roles and responsibilities for each type of risk management. The following organizations and functions have been established at UFJ Holdings, UFJ Bank, UFJ Trust and the group's other core companies.

Executive Officer Responsible for Risk Management

The executive officer in charge of risk management is responsible for identifying and monitoring individual and total risks taken on by each group company, as well as for the appropriate management of that risk. This officer is also responsible for submitting risk reports to senior management and, as necessary, making risk management recommendations. Providing information on the management of risk capital is another role of this officer.

Risk Management Committee

Risk Management Committees, at each group company, are established to provide advice to the executive officer for risk management so as to ensure the identification and appropriate management of risks. At UFJ Holdings, for example, Group Risk Management Committee is held to discuss risk management issues at the group level.

Risk Management Department

At UFJ Holdings, the Risk Management Department monitors and manages all types of risk, including credit risk, market risk, funding liquidity risk and operational risk, at the group level. It has responsibility to articulate the risk management framework, policy and procedures for group-wide risk management activities. The Public Relations Department is responsible for managing reputational risk because this risk is closely tied to public relations activities.

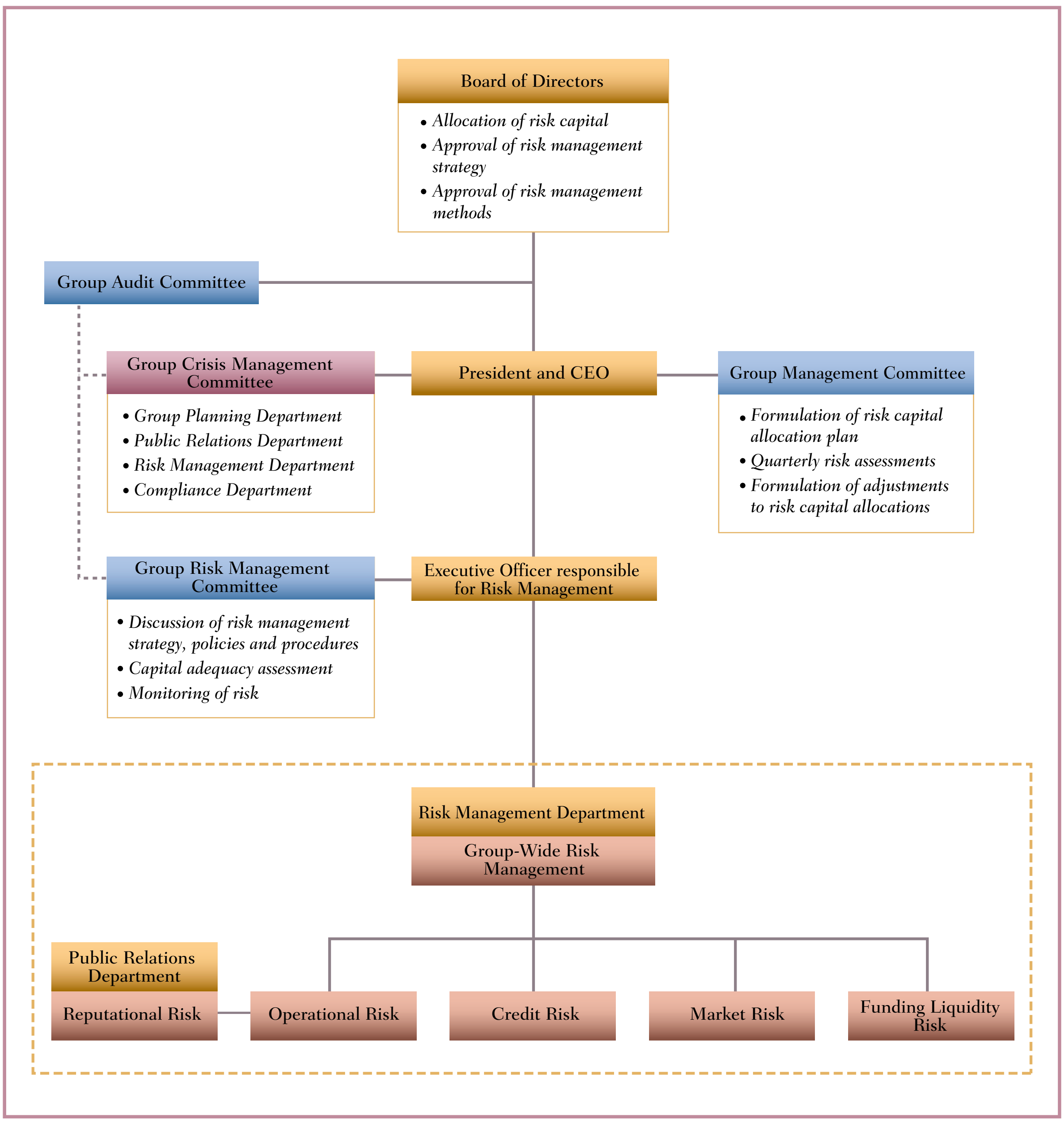
At UFJ Bank, the Risk Management Department supervises and coordinates risk management activities for the bank, while there are risk management units dedicated to manage each type of risk.

At UFJ Trust, the Risk Management and Compliance Department oversees all types of risks and manages risks associated with UFJ Trust's fiduciary duty as trustee for trust assets.

CRISIS MANAGEMENT

In addition to normal risk management activities, the UFJ Group identifies "crisis management" separately. A "crisis" is regarded as an extreme case of relevant risk events that can potentially cause critical damage to the operations of the UFJ Group, financially and physically. The UFJ Group has established a core policy and set clear standards to deal with crisis situations. The crisis management framework designed to minimize the impact of a crisis on customers and markets. It also intends to minimize business disruptions and to implement effective contingency planning. Crisis management oversight at the group level is the responsibility of the Group Crisis Management Committee at UFJ Holdings.

Risk Management Framework of the UFJ Group



INTEGRATED MANAGEMENT OF RISK AND RETURN

The UFJ Group utilizes an integrated management framework for the purpose of maintaining the proper balance between the risks and returns associated with its business activities. The risk capital management framework is implemented in a uniform manner at the UFJ Group based on the "Risk Capital Management Policy."

Risk Capital Management

Risk capital management is used to control the scale of specific business activities that entail risk by allocating a suitable amount of risk capital.

The amount of allocated risk capital is determined based on the maximum expected loss that could result from the risk factors associated with each business. As a key index to integrate risk and return, risk capital calculation provides the basis for a variety of management information. Specifically, capital adequacy is verified by comparing the sum of utilized risk capital and the allocated risk capital with the actual available shareholders' equity. The usage of risk capital by each business unit is monitored against the allocated risk capital. These performance indicators are reported periodically to management. By allocating risk capital to each business unit, the UFJ Group ensures that the scale of each business unit remains within the scope of the group's financial resources and that each unit seeks to generate earnings that are commensurate with the associated risks, thus securing the capital adequacy of the group.

Allocation of Risk Capital and Profitability Indicators

Risk capital also provides the basis for calculating business unit performance indicators such as the economic profit. In this manner, risk capital calculation plays a key role in the performance evaluation process of business activities.

CREDIT RISK MANAGEMENT

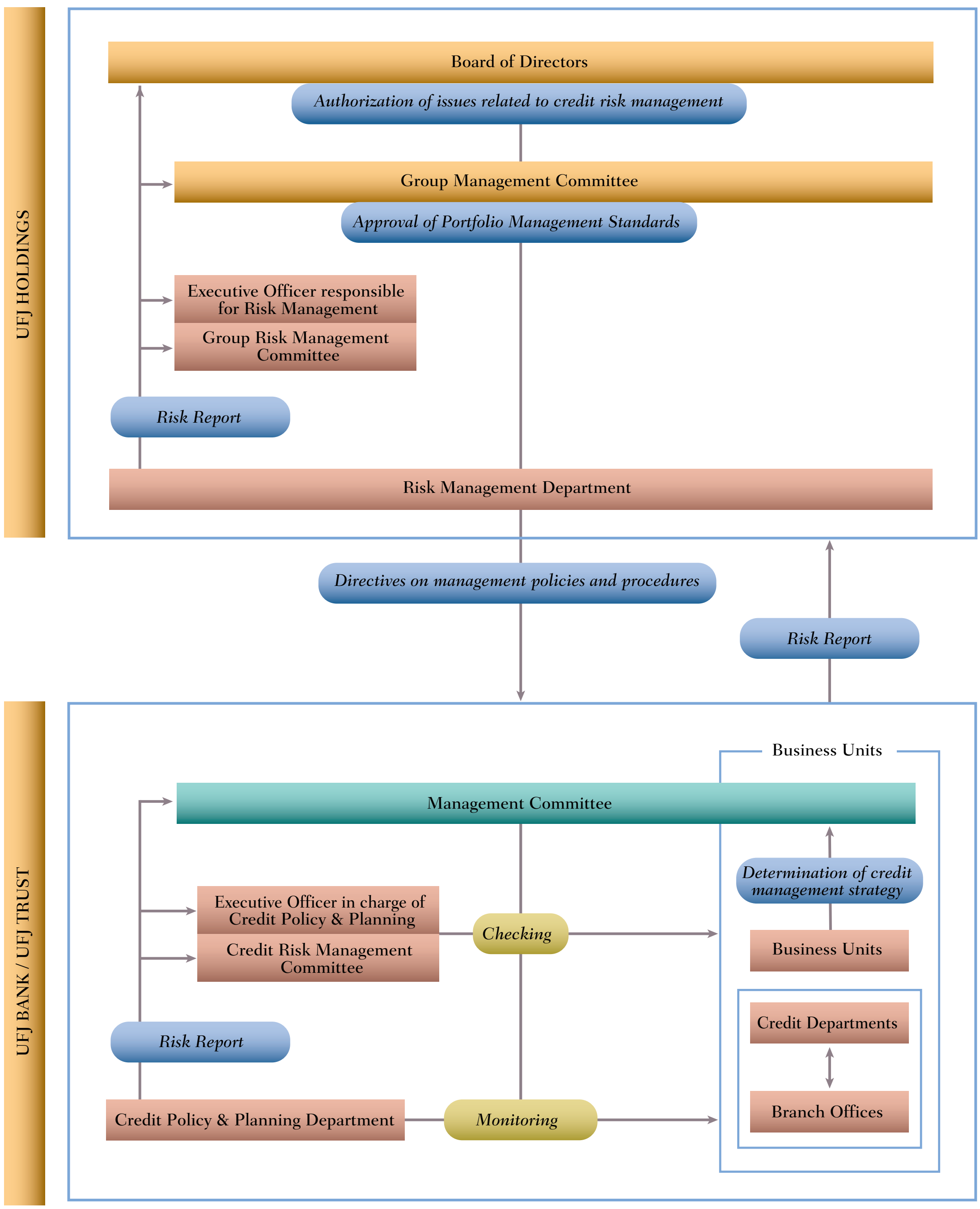
The UFJ Group conducts credit risk management not simply for the purpose of avoiding credit risk, but to take on risk while managing credit risk at a suitable level in relation to the group's financial strength and maintaining adequate mitigations and profitability relative to the level of risk. Based on this policy, the group conducts credit risk management and improvement of its organization for the purpose of controlling credit risk and maximizing risk adjusted returns.

Organization and Framework

Credit risk management and monitoring at the group level is performed by UFJ Holdings. The results of monitoring activities are reported periodically to the Board of Directors, the Group Management Committee and senior management.

UFJ Bank and UFJ Trust each conduct credit risk management suited to the characteristics of its portfolio. These programs are implemented in accordance with group-wide policies and standards. UFJ Holdings monitors the portfolios and credit risk management of the two banks. UFJ Holdings provides guidance and advice for making decisions regarding important credit risk issues.

Credit Risk Management Framework of the UFJ Group



Through this process, the entire UFJ Group can maintain a consistent and uniform risk management system while enabling the two banks to conduct credit risk management as required by their respective business activities. A similar risk management system has been established for other major companies within the UFJ Group.

Credit Risk Management Policy Framework

UFJ Holdings has established a Credit Risk Management Policy to create a framework for the management of credit risk at the UFJ Group. Based on this policy, the two UFJ Group banks establish their own policies, standards and detailed rules for credit risk management. The two UFJ Group banks have a unified credit policy and standards for credit rating, country rating, credit risk quantification methodology and self-assessment.

• ***Credit Rating Framework***

The credit rating framework is the basis for all credit risk management activities. Under this framework, the financial status of current and prospective borrowers is evaluated from three perspectives. First is safety, which includes the equity ratio, retained earnings to total assets ratio, debt to total assets and room for more finance. Second is profitability, which includes EBT ratio and EBITA ratio. Third is the ability to repay debts and the years to repay debts. In addition to these quantitative measures, credit ratings include qualitative items such as business basis and the condition of the entire industry. The result is the assignment of a credit rating on a scale of one to ten. Including subdivisions, there are 16 ratings in total. Ratings undergo an annual ordinary review as well as additional reviews depending on changes in a borrower's status. This system makes it possible to monitor the current status of individual borrowers and strengthen credit assessment capabilities, both of which are crucial for credit risk management. Furthermore, the credit rating system is the foundation for management systems that utilize the quantification of credit risk.

• ***Country Rating Framework***

Country rating measures the risk of a change in the status of credit caused by political, economic or social developments in a country. Such changes in status include the inability to remit funds, foreign exchange losses, defaults, interest-rate reductions, debt forgiveness and other events. There are eight grades in country rating, and ten altogether, including subdivisions. Country rating is an important risk measuring system at the UFJ Group for managing the concentration of credit risk, establishing country ceilings based on credit rating and monitoring and analyzing the quality of the overall non-Japanese portfolio.

• *Self-Assessment Framework*

Self-assessments of credit approvals are conducted twice each year and the results are reported to senior management. The primary assessment is performed by operating bases and head office divisions engaged in credit-related activities. Self-assessments are further examined by the Internal Audit Department, which is independent of departments engaged in the extension and approval of loans.

Credit Rating System

<table>
<tr><th colspan="2">Rating</th><th>Borrower Category</th><th>Classification under the Financial Revitalization Law</th></tr>
<tr><td>1A
1B
1C</td><td>Excellent</td><td rowspan="2">Normal</td><td rowspan="2">Normal</td></tr>
<tr><td>2
3
4
5
6
7</td><td>Prime
Good
Above Standard
Standard
Below Standard
Acceptable</td></tr>
<tr><td>8A
8B
8C
8D</td><td>Special Mention
Past Due 1 Month or More
Past Due 3 Months or More
Restructured</td><td>Special Mention</td><td>Sub-Standard</td></tr>
<tr><td>9</td><td>Possible Non-Performing</td><td>Possible Non-Performing</td><td>Doubtful</td></tr>
<tr><td>10A</td><td>Quasi Non-Performing</td><td>Quasi Non-Performing</td><td rowspan="2">Bankrupt and Quasi-Bankrupt</td></tr>
<tr><td>10B</td><td>Non-Performing</td><td>Non-Performing</td></tr>
</table>

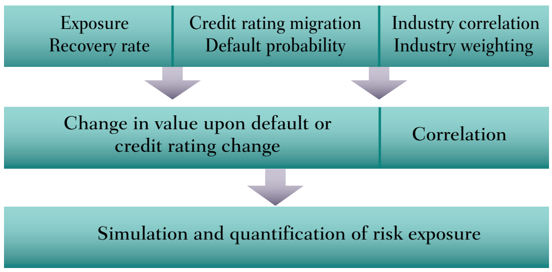
• *Credit Risk Measurement*

The UFJ Group employs the internal rating framework to quantify credit risk for use in credit risk management. Quantifying risk entails the use of statistical analysis of the loan portfolio to calculate expected future losses, which correspond to the risk exposure, related to the inability of borrowers to meet their obligations. Using historical financial data about borrowers to obtain a default probability for each credit-rating category, the distribution of probable losses is then calculated based on simulations. From these computations, the group obtains two figures expressing the total risk of the portfolio. One is the average expected loss, which represents the average expected loss that may be incurred over a one-year period. The other is the maximum loss, which is the largest expected loss that may occur over the same one-year period.

These estimates cover loans, guarantees, foreign exchange assets, off-balance-sheet transactions, bonds and other items. Furthermore, they are applicable to domestic and foreign corporations, individuals and financial institutions. The main advantage of this quantification process is the ability to determine the precise effects of concentrating and diversifying credit risk.

Quantifying and Managing Credit Risk

The Quantification Process



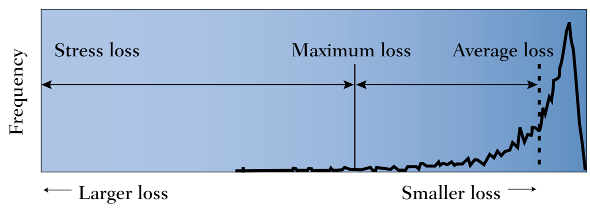
Past data are employed to calculate probable losses over the following year using a statistical technique.

The default probability is based on past financial data.

Separate recovery rates are established for each type of collateral.

The portfolio loss depends on which borrowers default. Therefore, the probabilities of portfolio losses are calculated based on a simulation using 100,000 scenarios for all borrowers.

Example of the Diversification of Losses in a Sample Credit Portfolio



Average loss: Weighted average of all projected losses

Maximum loss: Highest probable loss (99% level)

Stress loss: Losses exceeding the assumptions used for quantification

Credit risk management places priority on controlling the difference between the average and maximum losses.

Portfolio Risk Management

Under this system, risk exposure is evaluated as a single portfolio. This makes it possible to search for any excessive concentration of risk based on such parameters as individual borrowers, industries and regions. To prevent such concentrations and diversify credit risk, the UFJ Group establishes credit limits for each borrower, industry and country.

Risk and Cost Adjusted Return

Risk and Cost Adjusted Return (RACAR) is calculated for each loan and customer by deducting the credit risk cost, which is the average expected loss, and other operational costs from the apparent revenues. RACAR is then used to set lending rates that account for the associated risks and cost of each loan.

Credit Risk Capital Management

The average expected loss, a figure that should be covered by revenues, is deducted from the maximum loss to yield the credit risk exposure, or "unexpected loss," that should be covered by capital. This exposure is then monitored so as to remain within the allocated credit risk capital under the risk capital management framework described above.

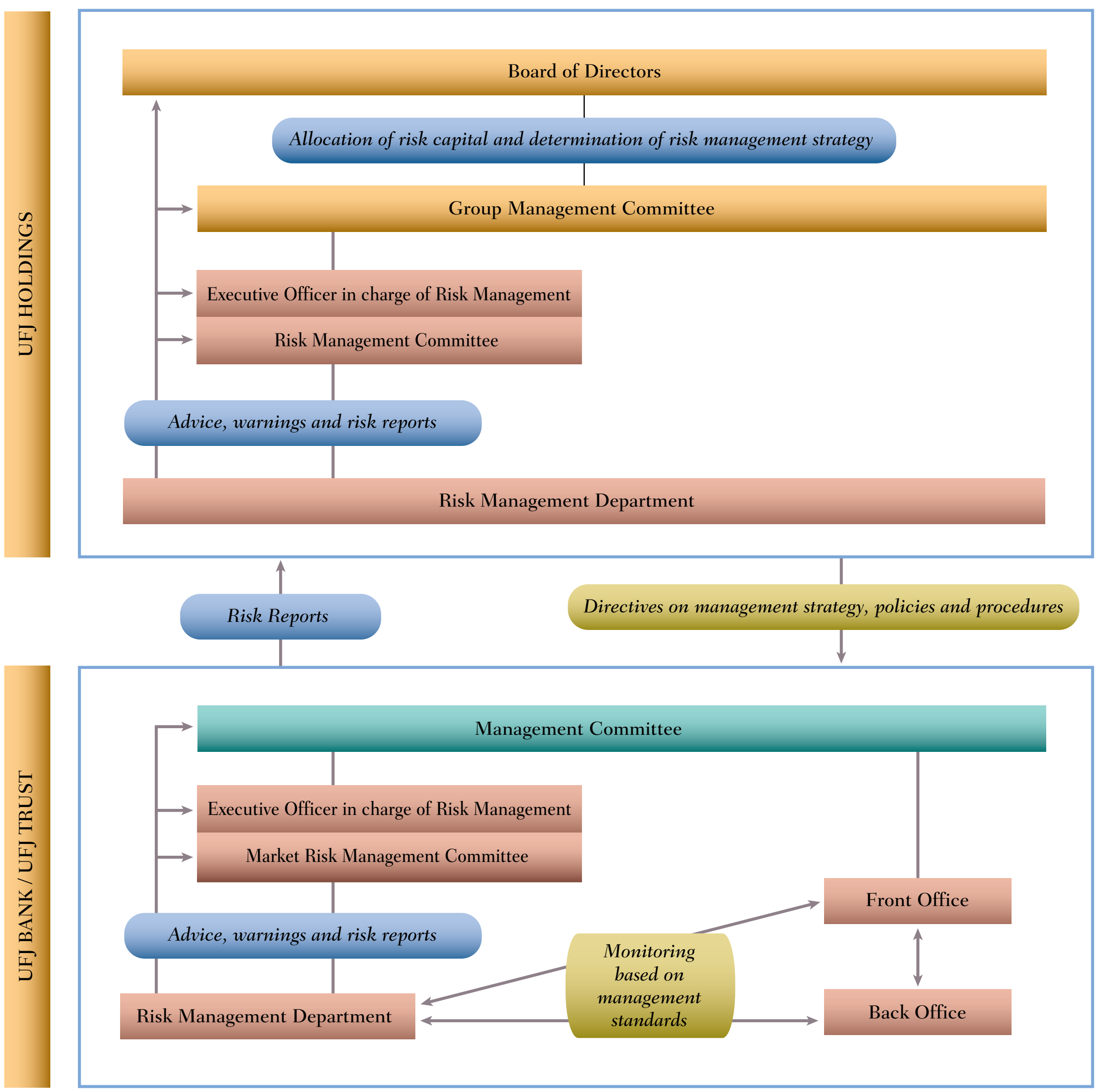
MARKET RISK MANAGEMENT

The UFJ Group has established a framework for managing market risk in a comprehensive, consistent and coordinated manner.

• *Market Risk Management Framework*

The two UFJ Group banks have risk management departments that are independent of front-office activities and are responsible for the objective monitoring of market risk in accordance with systematic and comprehensive risk management policy and procedures. The main objectives are to ensure the efficient allocation of resources and preserve a highly responsive market risk management framework. Furthermore, these departments conduct research to add risk management systems for new financial instruments and introduce more sophisticated risk management tools.

Market Risk Management Framework of the UFJ Group



• *Market Risk Management Methodology*

Market risk at all UFJ Group companies is managed as required in accordance with the scale, nature, complexity and other characteristics of the applicable risks.

Establishment and Monitoring of Limit Structure

The UFJ Group has established limits for market risk exposure and losses. Managing these limits enables the group to keep market risk exposure and possible unexpected losses within the amount of applicable risk capital.

In addition to these market risk limits, a warning-line guideline (Management Alert Limit) with regard to the performance of equity holdings and other investment activities in the banking book has been established and is monitored daily at UFJ Group banks. This guideline is created to deal with the risk of a decline in the group's equity to a level that would hinder operations in the subsequent six months. At the group level, UFJ Holdings monitors a similar guideline called the "Group Trigger Limit" for the same purpose. This creates a mechanism whereby a warning can be sent to senior management when needed.

Reporting

Risk exposure, performance and other items related to the market risk monitoring process are reported on a daily basis by the Risk Management Department to the UFJ Holdings Executive Officer in charge of risk management. The risk management-related committees of UFJ Holdings and the two banks discuss market risk management activities and implement specific measures to ensure the effectiveness of these frameworks.

Value at Risk (VaR)

The UFJ Group employs VaR – a means of calculating the maximum expected loss with a one-day holding period, and one-tailed confidence interval of 99% as its common yardstick to measure market risk in the trading book. To supplement VaR methodology, the group performs a variety of other forms of risk analysis. Among them are stress tests that assume extreme market volatility, interest rate sensitivity analysis, scenario analysis and earnings-at-risk (EaR) measurements for ALM.

Measurement of Value at Risk

Two methods are employed to measure VaR at the UFJ Group. With the historical simulation method, VaR is calculated by performing simulations based on past market volatility data. With the variance-covariance method, VaR is calculated based on the assumption that the markets will fluctuate in relation to its statistical standard deviation. UFJ Bank employs the historical simulation method, while UFJ Trust employs the variance-covariance method. Risk exposure in all markets was calculated using the following methods, based on the common group yardstick (one-day holding period, one-tailed confidence interval of 99%).

(April 2, 2001 to January 11, 2002)

	Holding Period	Calculation Method
Sanwa Bank	One Year	Variance/Covariance
Tokai Bank	Two Years	Historical Simulation
Toyo Trust	Two Years	Variance/Covariance

(January 15, 2002 to March 29, 2002)

	Holding Period	Calculation Method
UFJ Bank	Two Years	Historical Simulation
UFJ Trust Bank	Two Years	Variance/Covariance

• *Market Risk Profile for Fiscal Year Ended March 31, 2002*

During the year ended March 31, 2002, market-related profits and losses at domestic and overseas branches, based on VaR methodology, excluding those related to equity holdings and other investment activities in the banking book, were as shown in the graph below.

Maximum, minimum and average VaR figures for the past fiscal year were as follows.

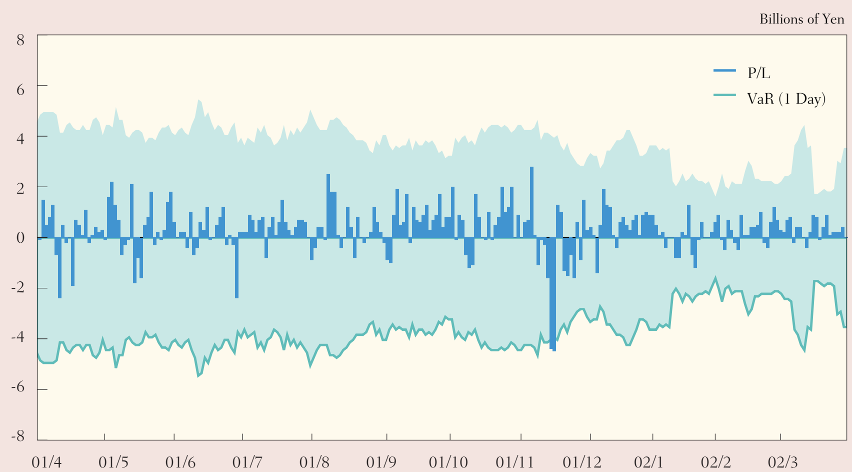
(April 2, 2001 to January 11, 2002)

			Billions of Yen
	Maximum	Minimum	Average
Sanwa Bank	2.5	1.0	1.7
Tokai Bank	3.4	1.2	2.2
Toyo Trust	0.0	0.0	0.0

(January 15, 2002 to March 29, 2002)

			Billions of Yen
	Maximum	Minimum	Average
UFJ Bank	4.3	1.6	2.4
UFJ Trust Bank	0.0	0.0	0.0

VaR and Actual Profit or Loss
(UFJ Bank* and UFJ Trust combined, non-consolidated)



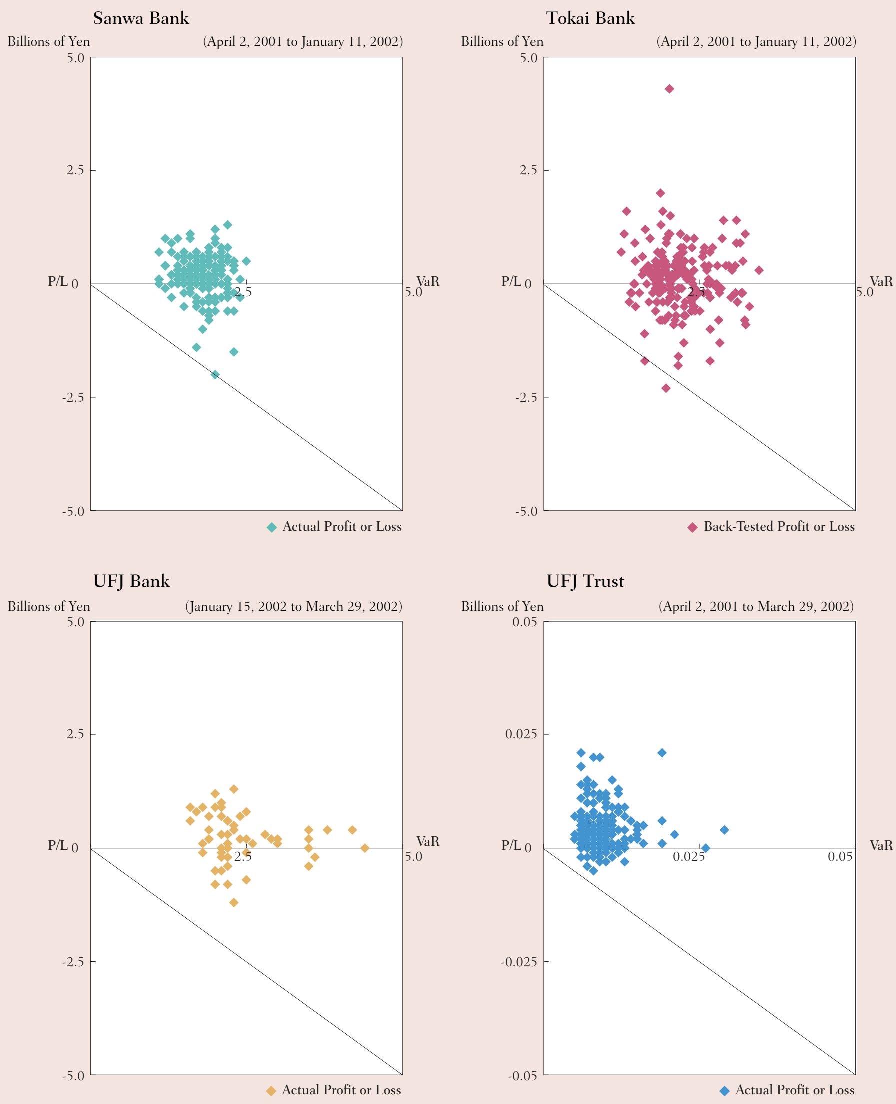
* Includes Tokai Bank from April 1, 2001 through January 14, 2002.

• *Backtesting*

Backtesting is used to evaluate the accuracy of risk calculations by comparing the VaR with actual gains and losses over a specific period. The reliability of the risk measurement model can be verified if the number of times gains and losses exceed VaR is within the forecast range.

The graphs below show daily fluctuations in VaR and gains and losses in market value. Dots below the diagonal lines represent values that exceed VaR. During the year ended March 31, 2002, there were losses that exceeded VaR on one occasion at Sanwa Bank and two occasions at Tokai Bank. In mid-November a sudden and unexpected rise in U.S. dollar interest rates caused losses at both banks to exceed VaR. And in mid-December another rise in U.S. dollar interest rates caused losses at Tokai Bank to exceed VaR. This frequency of exceeding VaR demonstrates that the risk measurement model (one-tailed confidence interval of 99%) is sufficiently accurate to measure market risk exposure.

VaR and Actual Profit or Loss



• *Stress Testing*

As described earlier, VaR is the maximum expected loss estimated using the 99th percentile. However, this is an estimated value when the normal market assumption stands. So, the UFJ Group must still consider the possibility that sudden, abnormal movements in factors affecting markets could lead to significant losses that are not predictable by VaR calculations. The group therefore supplements VaR with stress testing. Stress testing uses historical market data and hypothetical scenarios to measure potential losses in the event of extreme market movements. The group conducts constant safety checks through both VaR and stress testing, allowing the group to ensure that losses under any conditions stay within the scope of shareholders' equity.

FUNDING LIQUIDITY RISK MANAGEMENT

The UFJ Group regards the implementation of a suitable funding liquidity risk management program as essential to the sound management of the entire group. As such, the group has a comprehensive framework for funding liquidity risk management, both for Japanese yen and foreign currencies.

Based on the fundamental policy of preserving the stability of fund procurement activities, all related departments, led by risk management-related departments, work together to ensure the suitable management of funding liquidity risk. This stance allows the group to conduct business activities with confidence in fund procurement activities in yen or foreign currencies.

Risk Phase

To create a unified risk management framework for the entire group, the UFJ Group has categorized the environment for fund procurement into four risk phases – normal, possible, tight and crisis – depending on the probability that risks will actually materialize. Each UFJ Group bank has established clear management methods, including contingency plans, for each of these risk phases.

Preservation of Stable Cash Flows

The UFJ Group establishes limits for the estimated volume of funds that will need to be procured on the following business day, and for other related items. These limits prevent the group from developing an over-reliance on short-term funding. The group also preserves consistently adequate cash flows and liquidity by holding a sufficient volume of Japanese government bonds, U.S. treasuries and other highly liquid instruments for fund procurement in the event of a crisis.

• ***Funding Liquidity Risk Management Framework***

The UFJ Group banks have separate liquidity management departments for yen and foreign currency procurement activities. Risk management-related departments are responsible for the comprehensive management of funding liquidity risk.

Action plans are in place to respond to changes in market conditions and other events. Contingency plans are activated in the event of instability in financial systems or other unforeseen problems, enabling the group to respond to a liquidity crisis immediately. In all, the group is adequately prepared for rapid changes in the operating environment.

The UFJ Group responded in a unified manner to turmoil in U.S. dollar funding liquidity caused by the September 2001 terrorist attacks in the U.S. With the coordinated efforts of the relevant departments to share information, to support affected operating units and provide management with sufficient information to appropriately judge the situation, the group addressed the crisis in a suitable fashion.

• ***Funding Liquidity Risk Management Monitoring***

Departments responsible for funding liquidity risk management monitor liquidity on a daily basis to confirm strict compliance to rules (liquidity risk limits and others). Risk management-related committees periodically monitor funding liquidity risk, discuss necessary policies and submit reports to management.

OPERATIONAL RISK MANAGEMENT

Operational risk management at financial institutions is becoming increasingly important due to the diversification in their products and services and the growing use of IT systems and networks. The UFJ Group is constantly taking steps to make its operational risk management framework more comprehensive and sophisticated.

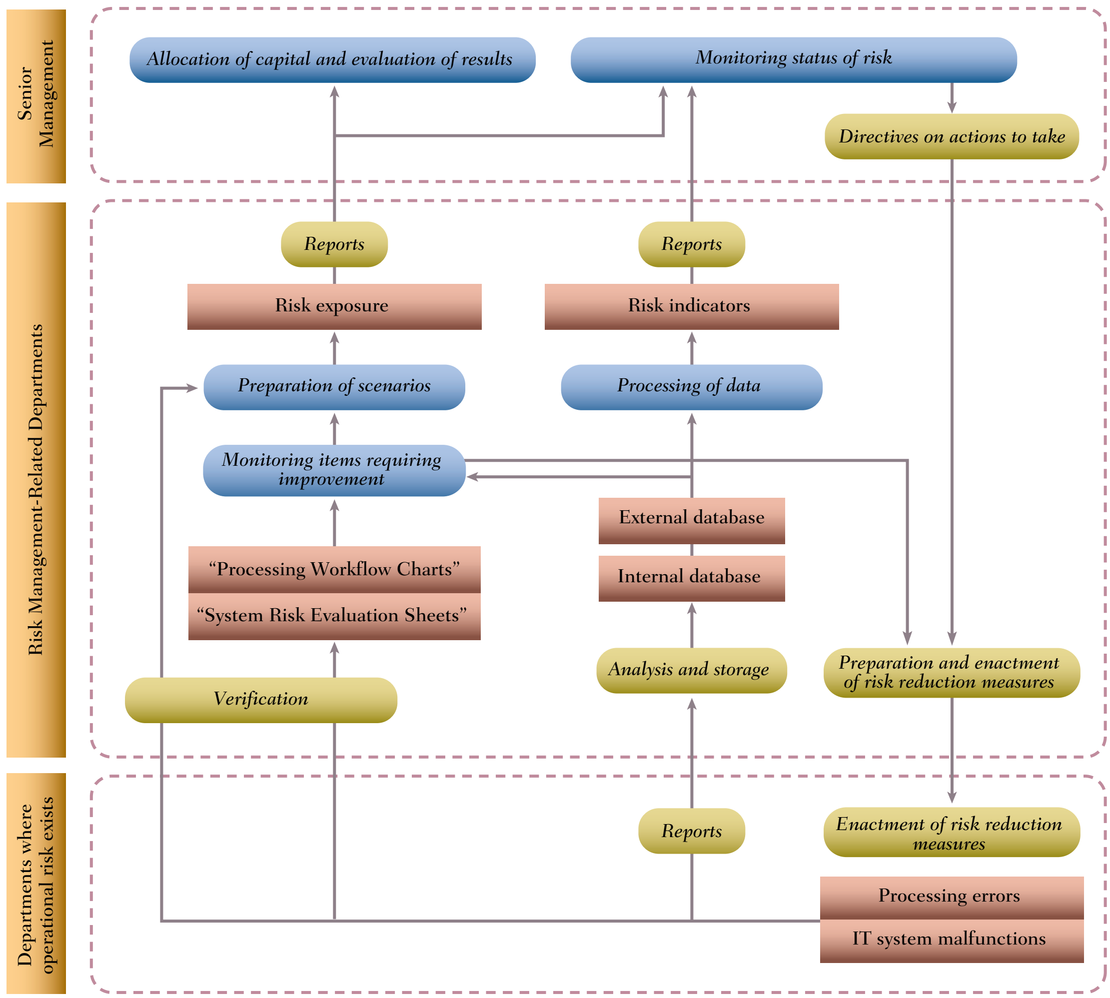
Management of Processing and System Risk

• ***Structure of Operational Risk Management Framework***

In establishing its operational risk management framework, the UFJ Group has chosen a combination of qualitative assessment and quantitative approaches consistently throughout the entire group. Proprietary tools such as "Processing Workflow Charts" and "System Risk Evaluation Sheets" are developed and implemented to identify the area, type and size of operational risk within the group. The result of the risk assessment helps, in the form of an integrated scoring system, to identify the area where weakness lies in terms of operational risk. This assessment process enables the UFJ Group to take immediate action to control and mitigate the applicable risks in the problem area. It also becomes the basis of the quantitative approach described above.

Information gathered, along with risk indicators at major group companies, such as processing errors and IT system malfunctions, are reported periodically to senior management.

Operational Risk Management Framework of the UFJ Group



• *Quantification of Operational Risk*

The UFJ Group began efforts to measure its operational risk exposure quantitatively in 1998, firstly with processing risk and system risk. The UFJ Group is currently improving the method used to quantify processing risk and system risk. The method incorporates historical loss experience in the occurrence of processing errors, accidents and computer malfunctions. It also formulates scenarios by evaluating the nature of each processing and IT system based on the assessment by Processing Workflow Charts and System Risk Evaluation Sheets described above. Combining the internal loss data and the scenario-based loss possibilities, the UFJ Group calculates the operational risk amount by VaR methodology. Results of these quantitative analyses are also used to calculate the operational risk capital, to efficiently allocate resources among the group's operating activities.

Reputational Risk Management

UFJ Holdings and all UFJ Group banks have formulated a Reputational Risk Management Policy. To ensure that the group quickly learns of information affecting its reputation and takes suitable actions, The Practice of Public Relations and other means are employed to make all employees of the UFJ Group aware of reputational risk. Responsibility for managing reputational risk is centralized in the Public Relations Department of UFJ Holdings.

Other Types of Operational Risk

In addition to the risks described above, the UFJ Group defines tangible asset risk, human resources risk and regulatory risk as types of operational risk. The group is currently assembling frameworks for the management of these risks.

RESPONSE TO PROPOSED NEW BIS REGULATIONS

The Basel Committee on Banking Supervision of the Bank for International Settlements sets BIS guidelines that prescribe capital adequacy standards for all internationally active banks.

In January 2001, this committee issued a proposal for a New Basel Capital Accord. The proposal has three core elements: required regulatory capital in line with the risks at each financial institution; supervisory reviews by national banking regulators, and market discipline through the disclosure of information. The Committee believes that these three "pillars" will collectively ensure the stability and soundness of financial systems.

The new regulations themselves will reflect the nature of risks at banks more closely. To calculate the regulatory required capital, the Committee has offered a menu of options from which banks can choose not only for market risk, where the menu approach has been implemented since 1998, but also for credit risk and operational risk in the proposed framework. Under this framework, banks can choose to calculate their own required regulatory capital based on their own risk profiles and risk management methodology.

The Committee, in discussions with the industry, is currently finalizing the proposal. The new regulations are expected to become effective in 2006.

As an internationally active financial group, the UFJ Group is playing an active role in the process of revising BIS regulations. The group believes that the proposed menu approach will contribute to improve risk management practices in the financial services industry. Accordingly, the UFJ Group has started work to conform to the proposed regulations. This includes the selection of a more advanced approach in the proposed menu in line with the group's risk profiles. Furthermore, the group is actively submitting comments regarding the proposal through banking organizations in Japan and overseas to play a part in this new development in the global financial industry.

ASSET-LIABILITY MANAGEMENT (ALM)

ALM is conducted primarily to strategically manage interest rate risk and funding liquidity risk associated with deposits and loans. The main objectives are to maintain a sound financial position and increase profitability. The UFJ Group regards ALM as a vital tool for preserving stability in the event of rapid financial and economic shifts.

The UFJ Group's overall ALM policy is formulated at the Group Management Committee of UFJ Holdings, and material risks and profits associated with the ALM activities of each core subsidiary are monitored by the Risk Management Department. ALM policies at core subsidiaries, namely UFJ Bank and UFJ Trust, are discussed and formulated by their respective management committees. These committees take into consideration all items affecting ALM operations, including the financial and economic outlook, profit and funding plans, hedging policies and other factors. Relevant departments within UFJ Bank and UFJ Trust are responsible for conducting ALM operations. Results of these operations, namely the associated risks and profits, are overseen by the respective risk management departments. To respond quickly to sudden market movements, the results of this monitoring are reported to senior management on a daily basis. ALM operations undergo monthly inspections by senior management at risk management committees so that policies can be revised as necessary.

INTEREST RATE RISK

As net interest income is the largest source of earnings at the UFJ Group, operating results are susceptible to fluctuations in market interest rates. To eliminate the potential negative impact of these fluctuations on the earnings of each business unit, the management of bank-wide interest rate risk at UFJ Bank and UFJ Trust has been transferred to a centralized department within each of these two banks. This specialist department is charged with controlling interest rate risk to ensure that losses never exceed preset limits. To accomplish this, interest rate risk is quantified using interest rate gap analysis, Value at Risk, Earnings at Risk and other methods. The department also forecasts and analyzes the potential medium- and long-term impact on earnings of interest rate movements. This analysis is not limited to financial and economic parameters. A variety of other factors that could affect earnings, such as the adoption of new accounting standards for financial instruments and other changes in rules and regulations affecting the UFJ Group, are also examined.

FUNDING LIQUIDITY RISK

Funding liquidity risk primarily represents the risk that funding operations could be insufficient to cover the UFJ Group's payment obligations, as well as the risk that market turmoil could prevent the group from procuring funds when needed or at an appropriate cost. The UFJ Group's fundamental policy is to constantly maintain a level of liquidity needed to ensure the smooth operation of its business activities. Specialized departments at UFJ Bank and UFJ Trust monitor liquidity on a daily basis so that each bank's exposure to liquidity risk can be controlled. Furthermore, medium- and long-term funding liquidity risk is measured through such means as maturity gap management and scenario analysis. The results of this analysis are used not only to keep risk within preset limits at all times, but also to formulate fund procurement and other plans.

UFJ Bank and UFJ Trust are chiefly dependent on deposits from customers and other savings and asset-management products. Liquidity at each bank is supplemented by a portfolio of securities with high credit ratings that can be quickly converted into cash at any time. Each bank has also formulated a contingency plan to be prepared for instability in the financial system or other unforeseeable events affecting its ability to procure funds.

INTERNAL AUDITING SYSTEMS OF THE UFJ GROUP

PURPOSE OF INTERNAL AUDITS

At the UFJ Group, internal audits are conducted for the purpose of contributing to the soundness and fairness of the management of the UFJ Group in order to gain the confidence of customers and markets, and maximize the value of the group through the process of verification and evaluation from an independent standpoint. Internal audits are used to evaluate internal control systems, including compliance and risk management, to verify that these systems are appropriate and effective. Based on these internal audits, reports and recommendations are submitted to the group's management, including managers in charge of corporate governance and senior executives who directly oversee operations. As such, the UFJ Group regards internal audits as one of the most important management systems.

SUMMARY OF GROUP INTERNAL AUDIT ORGANIZATION

• ***UFJ Holdings***

UFJ Holdings has an Internal Audit Department that is overseen by an executive officer who is responsible for no other divisions. This department is responsible for the coordination, management and monitoring of internal audits throughout the group, including audits of the departments and offices of UFJ Holdings. Representatives of this department participate as members of the Audit & Compliance Committee of each core company, conducting audits as required.

• ***Core Companies***

Each core company has its own Internal Audit Department that is overseen by a director or an executive officer who is responsible for no other divisions. These departments are charged with auditing the respective companies' head offices, operating bases, subsidiaries and other components of their organizations. The internal audit departments are also responsible for checking the status of credit ratings, self-assessments of assets, and loan write-offs and reserves. The departments also confirm that all rules and procedures are being strictly followed. At UFJ Bank, effective internal audit systems are also in place outside Japan. The UFJ Group has such organizations in London, Singapore, Hong Kong and New York that directly report to UFJ Bank's Internal Audit Department.

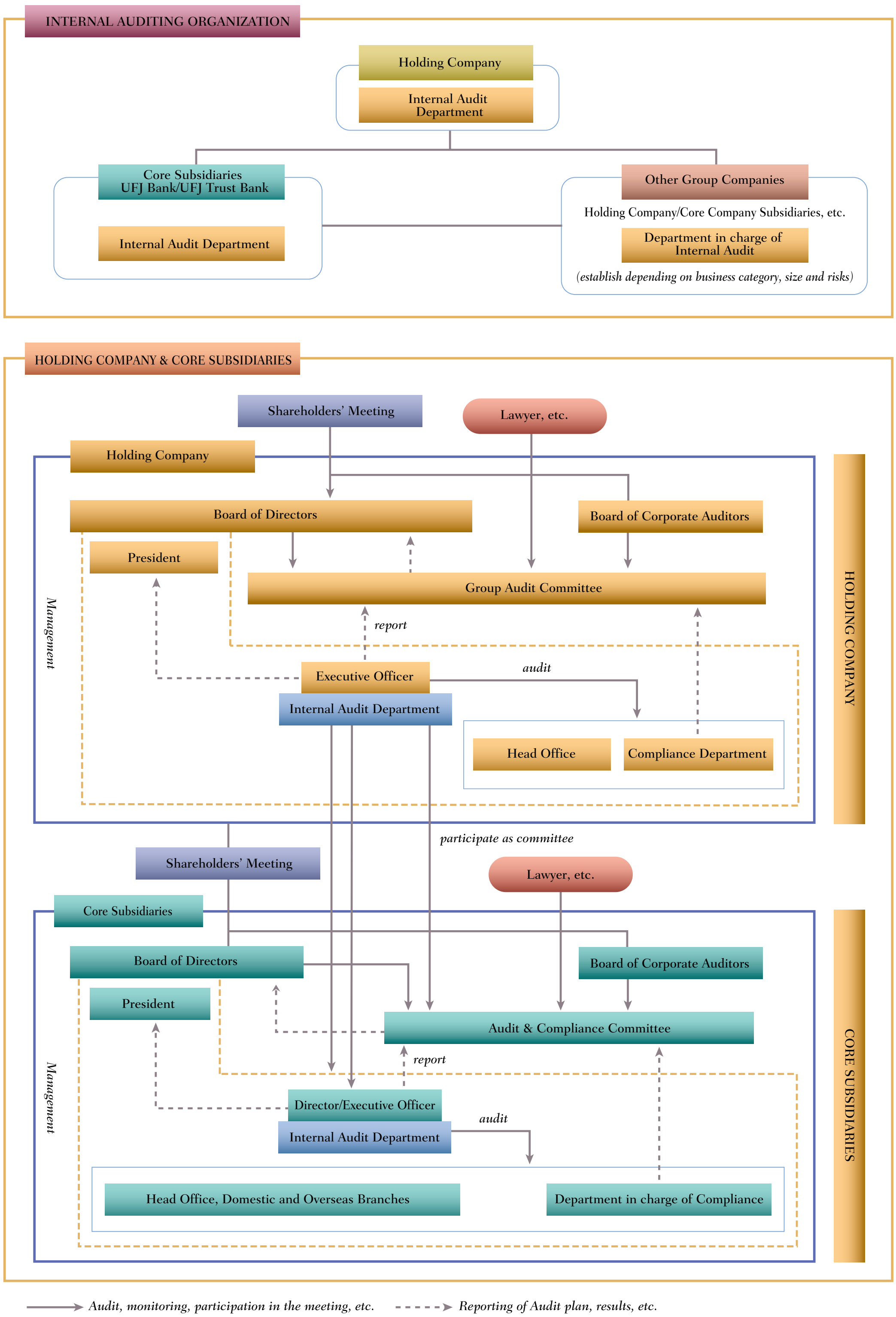
• ***Other Group Companies***

At other group companies, internal audit units have been formed as required by the business activities, scale and types of risk at each company.

QUALITY IMPROVEMENT OF INTERNAL AUDIT ACTIVITIES

Internal audit departments at the UFJ Group are constantly working to further improve the quality of their internal auditing activities in accordance with/by conducting appropriate risk assessments. Specifically, efforts are made to conduct audits having a cycle and depth that reflect the nature and degree of risk of each audit, as well as to conduct more efficient and effective audits by improving auditing methods and programs.

Various manuals have been prepared to ensure that auditing methods and procedures are uniform and standardized. For audits requiring highly specialized knowledge and auditing skills, such as those involving market activities, information technology or affiliated companies, specialist teams have been formed within the internal audit department of each bank to ensure that internal audits are appropriate.



Listed on these pages are just a few of the many ways in which the UFJ Group is supporting cultural, charitable and other worthwhile programs in the communities where its companies are active.

ENVIRONMENTAL PRESERVATION

The UFJ Group is involved in a broad range of environmental activities. The Sanwa Midori Fund (*midori* means “green” in Japanese) has planted trees throughout Japan at locations including schools, parks and nursing homes for senior citizens. Recently, the fund has been actively involved in greenery programs for riverbanks, the protection of forests and the creation of “biotopes” at schools. In addition, the fund sponsors the *Pictures of Green* children’s art contest and has contributed to the establishment of academic courses on environmental issues at universities. The fund has another afforestation project called “*Forests as a Water Source*.” This project aims to develop forestlands that serve as a source of water and a means to protect the natural environment while promoting greater public awareness of the importance of forests. The Tokai Foundation provides assistance for the development of local environmental facilities. The foundation established Tokai Forest at a Nagoya botanical garden and placed signposts and signboards along the Tokai Nature Trail. It also works to raise environmental awareness among communities. Efforts include the publication and donation of various guidebooks, such as *The Mountains of Central Japan*, and support for activities of *JUNIOR GREEN FRIENDS*.

SUPPORT FOR VENTURE BUSINESSES

UFJ High-Tech Venture Development Foundation, formerly the Sanwa High-Tech Venture Development Foundation, was established in 1983 as Japan’s first private-sector foundation to support venture companies. Since its establishment, the foundation has provided a total of 173 grants amounting to ¥576 million for research in seminal technologies and the development of new products, as well as 226 guarantees for loans totaling ¥6,911 million to finance venture businesses. Through the UFJ New Frontier Company Development Foundation, UFJ Bank itself extends support for the development of new products, technologies and services. By conducting these activities, the bank is helping companies and entrepreneurs who have innovative ideas for new products, technologies and business models.

PARTICIPATION IN INTERNATIONAL PROGRAMS

The UFJ Group is engaged in international cultural and educational programs for the purpose of promoting international understanding. The Sanwa Bank Foundation provides assistance in three areas: scholarships, research grants and assistance for international exchange activities. This foundation played a pioneering role in the establishment of a scholarship program for Asian countries. Over the past 18 years, scholarships have been given to a total of 5,364 students. In the research sector, the foundation supports the development of specialists in fields related to Japan. Many recipients of these grants from the United States, Europe and Australia have advanced to prominent positions in academic, political and business fields. The Tokai Bank Foundation also provides assistance for international exchange. During its 19 years, the foundation has invited 106 students from 17 countries to Japan for short-term academic programs. The foundation also sponsors a painting exhibition called "*Asia Drawn by Children*." Other support is extended to the preservation of ancient ruins in Cambodia, lectures and concerts.

SUPPORT FOR REFUGEES

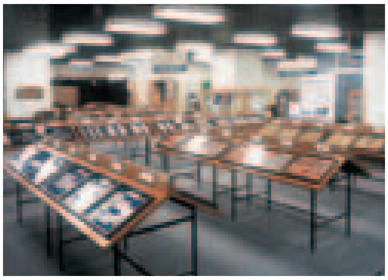
• ***Assistance for the UNHCR***

The UJF Group banks offer customers in Japan a special savings account that automatically sets aside a portion of the interest earned for donation to the Office of the United Nations High Commissioner for Refugees (UNHCR).

IN THE COMMUNITY

• ***UFJ Money Museum***

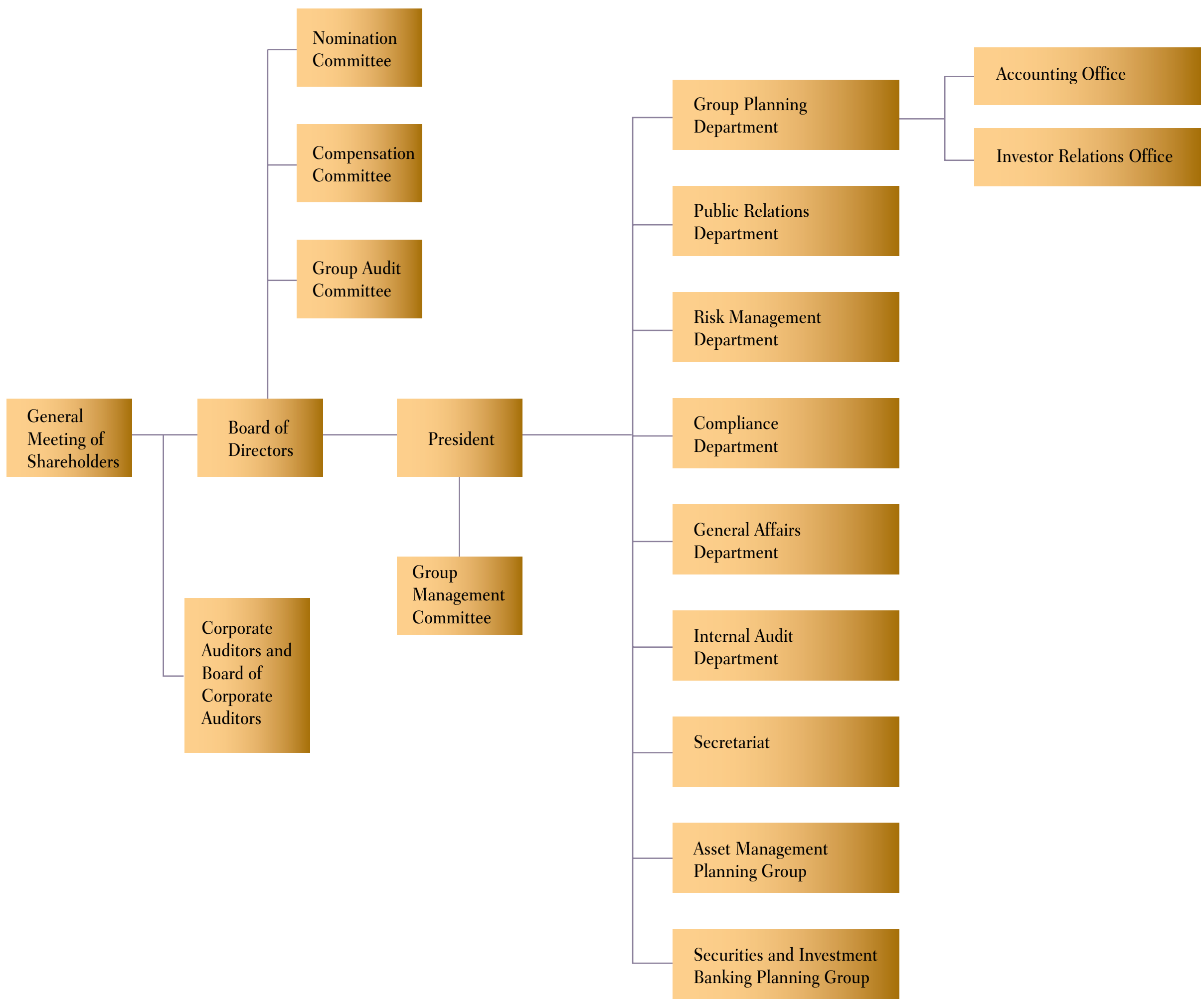
The UFJ Money Museum, which opened in 1961, has on display approximately 10,000 rare coins from around the world, with related information on each one. It is renowned for having the largest private coin collection in Japan. The collection includes rare items that illustrate the history of money, such as the largest gold coin in the world, the world's oldest coin (made of a sea shell), and coins from ancient Greece and Rome. The museum also houses illustrious Japanese artist Hiroshige Utagawa's collection of Ukiyoe paintings known as "*The Fifty-three Stages of the Tokaido*."



• ***UFJ Trust Cultural Foundation***

The UFJ Trust Cultural Foundation was formed in November 1989 to commemorate the 30th anniversary of UFJ Trust, formerly Toyo Trust. The foundation extends financial assistance to various organizations in all regions of Japan involved in music, art, theater and traditional arts. Since its establishment, 601 organizations in all 47 Japanese prefectures have received a total of ¥379 million.

ORGANIZATION OF UFJ HOLDINGS



(As of July 22, 2002)

MANAGEMENT

BOARD OF DIRECTORS

Directors

Iwao Isomura
Vice Chairman,
TOYOTA MOTOR CORPORATION

Makoto Utsumi
President,
JAPAN CENTER
FOR INTERNATIONAL FINANCE

Hiroshi Hamada
Chairman and CEO,
RICOH COMPANY, LTD.

Shosaku Yasui
Chairman, TEIJIN LIMITED

President and CEO

Takeshi Sugihara

Director and Senior Executive Officer

Toshihide Mizuno

Directors and Executive Officers of Subsidiaries

Masashi Teranishi
President and CEO, UFJ Bank Limited

Yasukuni Doi
President,
UFJ Trust Bank Limited

CORPORATE AUDITORS

Nobuo Sugie

Akio Imanishi

Kanji Nakatsuka

Kanji Kobayashi
Senior Advisor,
Nippon Life Insurance Company

Yoshiharu Hayakawa
Representative,
KASUMI EMPOWERMENT RESEARCH
INSTITUTE

EXECUTIVE OFFICERS

Senior Executive Officer

Katsunori Konishi

Executive Officers

Toshiyuki Tada

Hirokazu Ando

Fumiyasu Mori

Takashi Hara

Katsuyoshi Narumiya

(As of July 22, 2002)

UFJ HOLDINGS MAJOR SUBSIDIARIES AND AFFILIATES

	Country or Region	Capital	Main Business	Percentage of UFJ Holdings' Ownership (Note 1)
Consolidated Subsidiaries				
UFJ Bank Limited	Japan	¥843,582 million	Banking	100.0
UFJ Trust Bank Limited	Japan	¥280,536 million	Trust and banking	100.0
The Senshu Bank, Ltd.	Japan	¥44,575 million	Banking	69.8 (69.8)
UFJ Credit Co., Ltd.	Japan	¥110,000 million	Credit guarantee operations	99.8 (99.8)
The Million Credit Co., Ltd.	Japan	¥206 millon	Credit guarantee operations	22.5 (22.5)
Toyo Hosho Services Co., Ltd	Japan	¥2,000 million	Credit guarantee operations	100.0 (100.0)
NBL Co., Ltd.	Japan	¥10,000 million	Leasing	79.7 (79.7)
Sanwa Business Credit Co., Ltd.	Japan	¥1,180 million	Leasing	73.5 (73.5)
Toyo Trust Total Finance Co., Ltd.	Japan	¥100 million	Leasing	30.0 (30.0)
UFJ Capital Markets Securities Co., Ltd.	Japan	¥59,111 million	Securities	100.0 (100.0)
UFJ Partners Asset Management Co., Ltd.	Japan	¥15,174 million	Investment trust management	78.5
UFJ Asset Management Co., Ltd.	Japan	¥2,526 million	Investment advisory	88.7
UFIT Co., Ltd.	Japan	¥1,310 million	System development	60.4 (60.4)
UFJ Capital Co., Ltd.	Japan	¥2,200 million	Venture capital investment	58.4 (58.4)
SRIC Corporation	Japan	¥1,000 million	Research, consulting	39.0 (39.0)
Tokai Research & Consulting Inc.	Japan	¥200 million	Research, consulting	45.5 (45.5)
UFJ Bank Canada	Canada	C$170 million	Banking	100.0 (100.0)
PT Bank UFJ Indonesia	Indonesia	Rp817,449 million	Banking	96.2 (96.2)
UFJ Bank Nederland N.V.	The Netherlands	EUR 51 million	Banking	100.0 (100.0)
Sanwa Capital Finance 1 Limited	Cayman Islands	¥50,000 million	Finance	100.0 (100.0)
Sanwa Capital Finance 2 Limited	Cayman Islands	¥130,000 million	Finance	100.0 (100.0)
UFJ Capital Finance 1 Limited	Cayman Islands	¥90,000 million	Finance	100.0 (100.0)
UFJ Capital Finance 2 Limited	Cayman Islands	¥118,000 million	Finance	100.0 (100.0)
UFJ Capital Finance 3 Limited	Cayman Islands	¥10,000 million	Finance	100.0 (100.0)

	Country or Region	Capital	Main Business	Percentage of UFJ Holdings' Ownership (Note 1)
Sanwa Finance (Aruba) A.E.C.	Aruba	US$10,000	Finance	100.0 (100.0)
Tokai Preferred Capital Holdings Inc.	U.S.A.	US$125 million	Finance	100.0 (100.0)
Tokai Preferred Capital Company L.L.C.	U.S.A.	US$1,125 million	Finance	100.0 (100.0)
Tokai Finance (Curaçao) N.V.	Netherlands Antilles	US$0.2 million	Finance	100.0 (100.0)
TTB Finance Cayman Limited	Cayman Islands	US$1,000	Finance	100.0 (100.0)
Sanwa Cayman Treasury Fund Limited	Cayman Islands	US$50,000	Finance	100.0 (100.0)
Sanwa Cayman Monetary Fund Limited	Cayman Islands	US$50,000	Finance	100.0 (100.0)
Sanwa Cayman International Investment Limited	Cayman Islands	US$50,000	Finance	100.0 (100.0)
Sanwa Cayman Securities Investment Limited	Cayman Islands	US$50,000	Finance	100.0 (100.0)
UFJ International plc	U.K.	Stg£428 million	Securities	100.0 (100.0)
UFJ Investments Asia Limited	Cayman Islands	US$84 million	Securities	100.0 (100.0)
UFJ Australia Limited	Australia	A$93 million	Finance	100.0 (100.0)
84 other companies				
Affiliates Accounted for Under the Equity Method				
The Chukyo Bank, Ltd.	Japan	¥31,844 million	Banking	39.6 (39.6)
The Gifu Bank, Ltd.	Japan	¥18,321 million	Banking	20.9 (20.9)
The Taisho Bank, Ltd.	Japan	¥2,689 million	Banking	25.9 (25.9)
The Master Trust Bank of Japan, Ltd.	Japan	¥10,000 million	Trust and banking	29.0 (29.0)
TSUBASA Securities Co., Ltd.	Japan	¥25,107 million	Securities	39.0 (39.0)
UFJ Card Co., Ltd.	Japan	¥1,399 million	Credit card	39.7 (39.7)
Mobit Co., Ltd.	Japan	¥20,000 million	Consumer finance	50.0 (50.0)
M&T Information Technology Co., Ltd.	Japan	¥20 million	System development	50.0 (50.0)
Dah Sing Financial Holdings Limited	Hong Kong	HK$493 million	Banking	15.1 (15.1)
14 other companies				

(As of March 31, 2002)

Notes: 1. ( ) indicates the percentage of ownership by subsidiaries.
2. Sanwa Business Credit Co., Ltd. is currently UFJ Business Finance Co., Ltd. after merger with The Central Factor, Ltd. in July 2002.
3. TSUBASA Securities Co., Ltd. is currently UFJ Tsubasa Securities Co., Ltd after merger with UFJ Capital Markets Securities Co., Ltd. in June 2002.
4. UFJ Partners Asset Management Co., Ltd. will be a wholly owned subsidiary of UFJ Holdings in September 2002, through an exchange of stock.
5. SRIC Corporation is currently UFJ Institute Ltd. after merger with Tokai Research & Consulting Inc. in April 2002.

UFJ GROUP OVERSEAS NETWORK

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UFJ Bank's operations appear in black and UFJ Trust's operations appear in blue.

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http://www.dahsing.com.hk/dsb/index_e.html

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UFJ Finance Taiwan Limited
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Chien Kuo North Road, Taipei, Taiwan
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Fax: 886-2-2505-6044

UFJ Auto Leasing Taiwan Limited
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■ UFJ Bank's operations appear in black and UFJ Trust's operations appear in blue.

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179/117-119 28th Floor,
Bangkok City Tower, South Sathorn Road,
Thungmahamek, Sathorn, Bangkok 10120,
Kingdom of Thailand
Tel: 66-2684-0900, 66-2287-3411
Fax: 66-2287-3412

Bangkok UFJ Limited
179/117-119 28th Floor,
Bangkok City Tower, South Sathorn Road,
Thungmahamek, Sathorn, Bangkok 10120,
Kingdom of Thailand
Tel: 66-2-684-0999
Fax: 66-2-287-3374

SCB Leasing Company Limited
15th & 27th Floor,
130-132 Sindhorn Building Tower 3,
Wittayu Road, Lumpini, Patumwan,
Bangkok 10330, Kingdom of Thailand
Tel: 66-2263-2990
Fax: 66-2263-2991

Bangkok Central Leasing Co., Ltd.
16th Floor, Sethiwan Tower,
139 Pan Road, Silom, Bangkok,
Kingdom of Thailand
Tel: 66-2-266-6040
Fax: 66-2-237-4492

Siam Commercial Bank Public Company Limited
9 Rutchadapisek Road, Ladyao, Jatujak,
Bangkok 10900, Kingdom of Thailand
Tel: 66-2-544-3041~2, 3046
Fax: 66-2-544-3114
http://www.scb.co.th/

VIETNAM

Ho Chi Minh City Representative Office
Suite E, 9th Floor, OSIC Building No.8,
Nguyen Hue Street, District 1,
Ho Chi Minh City,
Socialist Republic of Vietnam
Tel: 84-8-8242-230
Fax: 84-8-8241-962

INDONESIA

PT Bank UFJ Indonesia
Bank Bali Building, 4th & 5th Floors,
Jl. Jend. Sudirman Kav. 27,
Jakarta 12920, Republic of Indonesia
Tel: 62-21-250-0401
Fax: 62-21-250-0410

Bekasi Sub-Branch
EJIP Center, EJIP Industrial Park,
Lemahabang, Bekasi 17550,
Republic of Indonesia
Tel: 62-21-897-5148
Fax: 62-21-897-5159

MM2100 Industrial Town Sub-Branch
Ruko Mega Mall D-12,
MM2100 Industrial Town,
Cibitung, Bekasi 17520,
Republic of Indonesia
Tel: 62-21-898-1167
Fax: 62-21-898-1168

Karawang Sub-Branch
Graha KIIC, Kawasan Industri KIIC,
Jl. Permata Raya Lot C 1B,
Karawang 41361, Republic of Indonesia
Tel: 62-21-8910-8288
Fax: 62-21-8910-8289

Surabaya Branch
Gedung Bumi Mandiri, 8th Floor,
Jl. Basuki Rakhmat 129-137,
Surabaya 60271, Republic of Indonesia
Tel: 62-31-531-9135
Fax: 62-31-531-9144

PT UFJ-BRI Finance
Wisma 46, 6th Floor, Kota BNI,
Jl. Jend. Sudirman Kav. 1,
Jakarta 10220, Republic of Indonesia
Tel: 62-21-574-5333, 4545, 5454
Fax: 62-21-574-5444

Surabaya Branch
6th Floor, Bumi Mandiri,
Jl. Basuki Rakhmat 129-137,
Surabaya 60271, Republic of Indonesia
Tel: 62-31-531-9121
Fax: 62-31-531-6756

PHILIPPINES

Rizal Commercial Banking Corporation
Yuchengco Tower, RCBC Plaza,
6819 Ayala Avenue, Makati City 0727,
Republic of the Philippines
Tel: 63-2-844-8909
Fax: 63-2-878-3491
http://www.rcbc.com/

Global Business Bank
Global Bank Center, 777 Paseo De Roxas,
Makati City, Republic of the Philippines
Tel: 63-2-811-4880
Fax: 63-2-811-4519

INDIA

New Delhi Branch
Upper Ground Floor, Mercantile House,
15 Kasturba Gandhi Marg,
New Delhi 110001, India
Tel: 91-11-331-8008, 4100, 3333
Fax: 91-11-331-5162

AUSTRALIA

UFJ Australia Limited
AMP Centre, Level 30, 50 Bridge Street,
Sydney, N.S.W. 2000, Australia
Tel: 61-2-9238-6400
Fax: 61-2-9238-6490

UFJ Finance Australia Limited
Level 12, 240 Queen Street,
Brisbane Queensland 4000, Australia
Tel: 61-7-3231-3555
Fax: 61-7-3231-3666

Rockhampton Branch
QTV House, 1 Aquatic Place,
North Rockhampton,
Queensland 4701, Australia
Tel: 61-7-4931-6111
Fax: 61-7-4931-6161

Mackay LPC
2 Marlborough Street, Planlands,
Mackay, Queensland 4740, Australia
Tel: 61-7-4952-5746
Fax: 61-7-4952-5748

Townsville Branch
Suite 2, 62 Walker Street,
Townsville, Queensland 4810,
Australia
Tel: 61-7-4759-3111
Fax: 61-7-4759-3131

Sydney Branch
AMP Centre, Level 30, 50 Bridge Street,
Sydney, N.S.W. 2000, Australia
Tel: 61-2-9238-6333
Fax: 61-2-9238-6363

Canberra Branch
Suite 11, 40 Brisbane Avenue,
Barton, ACT 2600, Australia
Tel: 61-2-6270-6222
Fax: 61-2-6270-6262

Melbourne Branch
L19, 459 Collins Street,
Melbourne, Victoria 3000, Australia
Tel: 61-3-9613-6000
Fax: 61-3-9613-6060

Perth Branch
Level 5, Septimus Roe Square,
256 Adelaide Terrace,
Perth, W.A. 6000, Australia
Tel: 61-8-9421-6999
Fax: 61-8-9421-6969

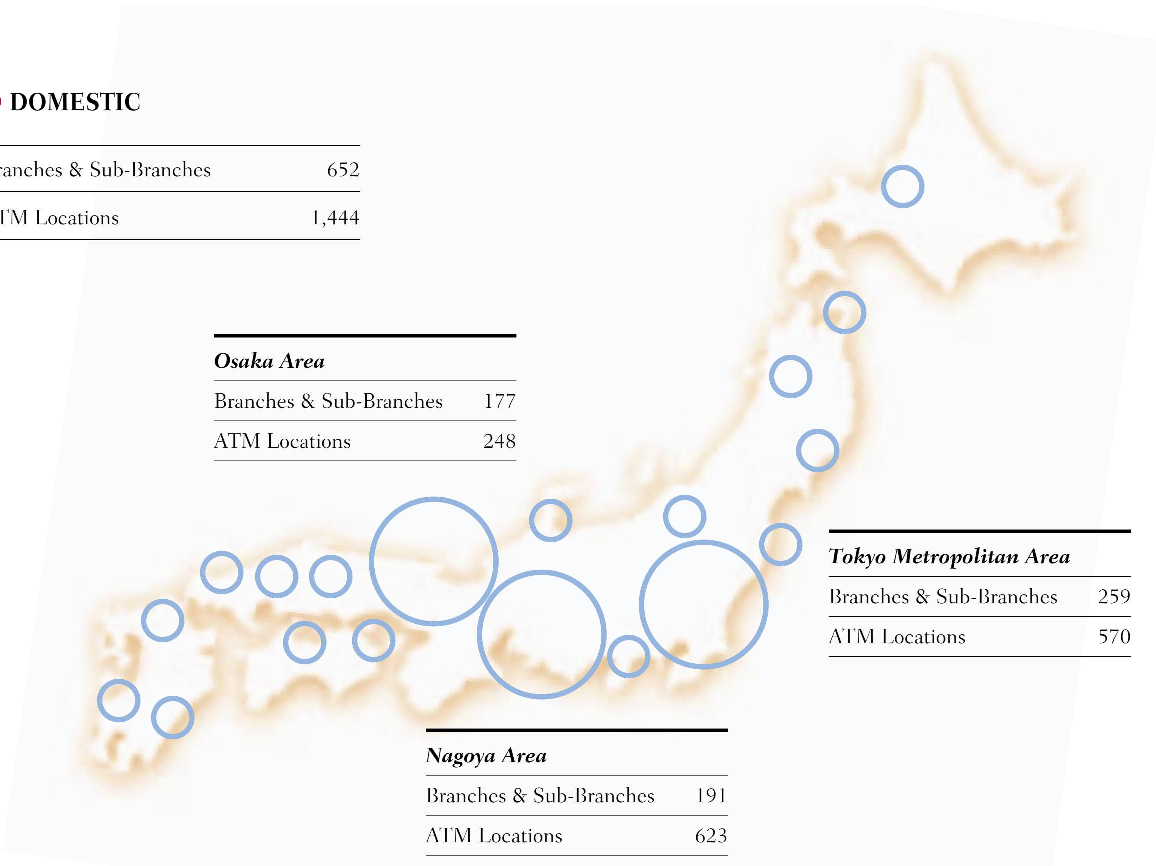
New Zealand Branch
Level 20, ASB Building,
135 Albert Street, Auckland, New Zealand
Tel: 64-9-359-7441
Fax: 64-9-358-7340

(As of August 31, 2002)

UFJ GROUP NETWORK

● DOMESTIC

Branches & Sub-Branches	652
ATM Locations	1,444

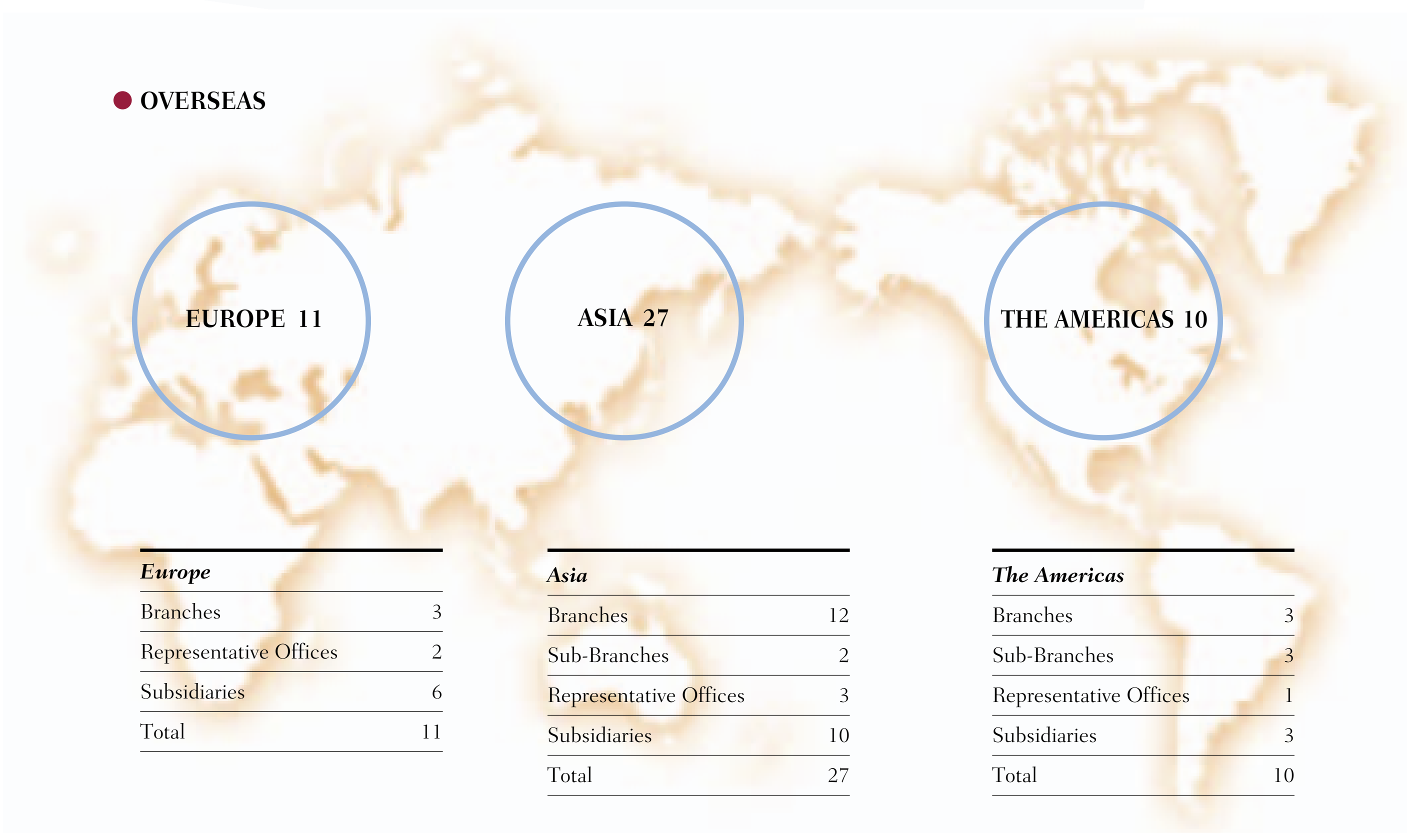


Osaka Area	
Branches & Sub-Branches	177
ATM Locations	248

Tokyo Metropolitan Area	
Branches & Sub-Branches	259
ATM Locations	570

Nagoya Area	
Branches & Sub-Branches	191
ATM Locations	623

● OVERSEAS



Europe	
Branches	3
Representative Offices	2
Subsidiaries	6
Total	11

Asia	
Branches	12
Sub-Branches	2
Representative Offices	3
Subsidiaries	10
Total	27

The Americas	
Branches	3
Sub-Branches	3
Representative Offices	1
Subsidiaries	3
Total	10

(As of March 31, 2002)

FINANCIAL SECTION

• AUDITED FINANCIAL STATEMENTS

• SUPPLEMENTARY INFORMATION

REPORT OF INDEPENDENT ACCOUNTANTS

ChuoAoyama Audit Corporation

Deloitte Touche Tohmatsu

To the Board of Directors
UFJ Holdings, Inc.

We have audited the accompanying consolidated balance sheet of UFJ Holdings, Inc. and its consolidated subsidiaries as of March 31, 2002, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended, all expressed in Japanese yen. Our audit was made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of UFJ Holdings, Inc. and its consolidated subsidiaries as of March 31, 2002, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

The amounts expressed in U.S. dollars in the accompanying consolidated financial statements are provided solely for the convenience of readers outside Japan. We have also reviewed the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been prepared in accordance with the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Tokyo, Japan
June 26, 2002

UFJ Holdings, Inc. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEET

As of March 31, 2002	Millions of Yen 2002	Millions of U.S. Dollars (Note 1) 2002
ASSETS:		
Cash and Due from Banks (Notes 9, 33 and 34)	¥ 6,404,825	$ 48,084
Call Loans	383,919	2,882
Receivables under Resale Agreements	614,314	4,612
Monetary Receivables Bought (Note 34)	127,674	958
Trading Assets (Notes 3, 9 and 34)	2,680,244	20,122
Money Held in Trust (Note 34)	111,429	837
Securities (Notes 4, 9 and 34)	15,606,367	117,165
Loans and Bills Discounted (Notes 5 and 9)	46,024,625	345,530
Foreign Exchanges (Note 6)	551,005	4,137
Other Assets (Notes 7 and 9)	3,584,120	26,908
Premises and Equipment (Notes 8 and 9)	770,063	5,781
Deferred Tax Assets (Note 31)	1,458,282	10,948
Goodwill	21,534	162
Customers' Liabilities for Acceptances and Guarantees (Note 17)	3,106,505	23,322
Reserve for Credit Losses	(1,671,269)	(12,547)
Reserve for Losses on Securities	(663)	(5)
Total Assets	**¥79,772,980**	**$598,896**
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Deposits (Notes 9 and 10)	¥57,159,888	$429,128
Call Money (Note 9)	3,561,500	26,738
Payables under Repurchase Agreements (Note 9)	504,186	3,785
Commercial Paper (Note 9)	575,262	4,319
Trading Liabilities (Note 11)	1,743,440	13,089
Borrowed Money (Notes 9 and 12)	1,355,518	10,176
Foreign Exchanges (Note 13)	167,519	1,258
Bonds and Notes (Note 14)	2,672,663	20,065
Borrowed Money from Trust Account	1,692,839	12,709
Other Liabilities (Notes 9 and 15)	3,294,490	24,733
Reserve for Employee Bonus	20,425	153
Reserve for Retirement Benefits (Note 30)	8,599	65
Reserve for Contingent Liabilities Related to Loans Sold	56,716	426
Reserve for Losses on Supports of Specific Borrowers	579,157	4,348
Other Reserves (Note 16)	82	1
Deferred Tax Liabilities (Note 31)	1,992	15
Deferred Tax Liabilities for Revaluation Reserve for Land	83,936	630
Acceptances and Guarantees (Note 17)	3,106,505	23,322
Total Liabilities	**76,584,726**	**574,960**
Minority Interests:		
Minority Interests	587,474	4,411
Stockholders' Equity:		
Capital Stock (Note 20)	1,000,000	7,507
Capital Surplus (Note 20)	1,266,626	9,509
Revaluation Reserve for Land, Net of Taxes	130,638	981
Retained Earnings	254,225	1,909
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes (Note 34)	60,110	451
Foreign Currency Translation Adjustments	(37,834)	(284)
Treasury Stock	(208)	(2)
Parent Company Stock Held by Subsidiaries	(72,779)	(546)
Total Stockholders' Equity	**2,600,779**	**19,525**
Total Liabilities, Minority Interests and Stockholders' Equity	**¥79,772,980**	**$598,896**

The accompanying notes are an integral part of these consolidated financial statements.

UFJ Holdings, Inc. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF OPERATIONS

Fiscal Year ended March 31, 2002	Millions of Yen 2002	Millions of U.S. Dollars (Note 1) 2002
REVENUES:		
Interest Income:		
Interest on Loans and Discounts	¥ 1,105,010	$ 8,296
Interest on and Dividends from Securities	308,145	2,313
Other Interest Income (Note 21)	239,159	1,795
Trust Fees	68,944	518
Fees and Commissions (Note 22)	315,361	2,368
Trading Gains, Net (Note 23)	104,847	787
Other Operating Income (Note 24)	508,806	3,820
Other Income (Note 25)	513,156	3,853
Total Revenues	3,163,431	23,750
EXPENSES:		
Interest Expenses:		
Interest on Deposits	345,921	2,597
Interest on Borrowings and Rediscounts	68,012	511
Other Interest Expenses (Note 26)	193,818	1,455
Fees and Commissions (Note 27)	65,537	492
Other Operating Expenses (Note 28)	373,685	2,805
General and Administrative Expenses	855,239	6,421
Provision for Credit Losses	834,921	6,268
Other Expenses (Note 29)	2,064,712	15,501
Total Expenses	4,801,847	36,050
Income (Loss) before Income Taxes and Minority Interests	(1,638,415)	(12,300)
Income Taxes (Note 31)		
Provision for Income Taxes	21,266	160
Deferred Income Taxes	(455,793)	(3,422)
	(434,526)	(3,262)
Minority Interests in Net Income (Loss)	23,534	177
Net Income (Loss)	¥(1,227,424)	$ (9,215)

	Yen	U.S. Dollars
Net Income (Loss) per Common Share:		
Basic	¥(262,851.12)	$(1,973.36)
Fully Diluted	—	—
Dividends Declared per Share:		
Class I Preferred Share	37,500	281.53
Class II Preferred Share	15,900	119.37
Class III Preferred Share	68,750	516.14
Class IV Preferred Share	18,600	139.64
Class V Preferred Share	19,400	145.65
Class VI Preferred Share	5,300	39.79
Class VII Preferred Share	11,500	86.34
Common Stock	—	—

The accompanying notes are an integral part of these consolidated financial statements.

UFJ Holdings, Inc. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Fiscal Year ended March 31, 2002	Millions of Yen 2002	Millions of U.S. Dollars (Note 1) 2002
Capital Stock:		
Balance, at Beginning of the Fiscal Year	¥ 1,000,000	$ 7,507
Issuance	—	—
Balance, at End of the Fiscal Year	¥ 1,000,000	$ 7,507
Capital Surplus:		
Balance, at Beginning of the Fiscal Year	¥ 2,483,709	$18,646
Merger Related Revaluation	(217,082)	(1,630)
Transfer to Retained Earnings	(1,000,000)	(7,507)
Balance, at End of the Fiscal Year	¥ 1,266,626	$ 9,509
Revaluation Reserve for Land, Net of Taxes:		
Balance, at Beginning of the Fiscal Year	¥ 204,303	$ 1,534
Reversal of Revaluation Reserve for Land	(72,875)	(547)
Transfer to Deferred Tax Liabilities for Revaluation Reserve for Land	(789)	(6)
Balance, at End of the Fiscal Year	¥ 130,638	$ 981
Retained Earnings:		
Balance, at Beginning of the Fiscal Year	¥ 417,025	$ 3,131
Transfer from Capital Surplus	1,000,000	7,507
Reversal of Revaluation Reserve for Land	72,875	547
Net Loss	(1,227,424)	(9,215)
Cash Dividends	(8,246)	(61)
Bonuses to Directors	(5)	(0)
Balance, at End of the Fiscal Year	¥ 254,225	$ 1,909
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes:		
Balance, at Beginning of the Fiscal Year	¥ —	$ —
Change in Accounting Standard for Financial Instruments	60,110	451
Balance, at End of the Fiscal Year	¥ 60,110	$ 451
Foreign Currency Translation Adjustments:		
Balance, at Beginning of the Fiscal Year	¥ —	$ —
Net Change during the Fiscal Year	(37,834)	(284)
Balance, at End of the Fiscal Year	¥ (37,834)	$ (284)
Treasury Stock:		
Balance, at Beginning of the Fiscal Year	¥ —	$ —
Acquire of Treasury Stock	(6,882)	(52)
Sales of Treasury Stock	6,674	50
Balance, at End of the Fiscal Year	¥ (208)	$ (2)
Parent Company Stock Held by Subsidiaries:		
Balance, at Beginning of the Fiscal Year	¥ (157,587)	$ (1,183)
Sales of Parent Company Stock	84,807	637
Balance, at End of the Fiscal Year	¥ (72,779)	$ (546)

The accompanying notes are an integral part of these consolidated financial statements.

UFJ Holdings, Inc. and Consolidated Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Fiscal Year ended March 31, 2002	Millions of Yen 2002	Millions of U.S. Dollars (Notes 1) 2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) before Income Taxes and Minority Interests	¥(1,638,415)	$(12,300)
Depreciation	36,881	277
Amortization of Goodwill	4,018	30
Equity in Earnings of Affiliates	18,893	142
Increase in Reserve for Credit Losses	348,911	2,619
(Decrease) in Reserve for Losses on Securities	(2,859)	(21)
(Decrease) in Reserve for Contingent Liabilities Related to Loans Sold	(67,870)	(510)
Increase in Reserve for Losses on Supports of Specific Borrowers	579,157	4,348
Increase in Reserve for Retirement Benefits	84,214	632
Increase in Reserve for Employee Bonus	2,740	21
Interest Income	(1,652,315)	(12,405)
Interest Expenses	607,751	4,563
Net Loss on Securities	134,618	1,011
Net (Gain) on Money Held in Trust	(477)	(4)
Net (Gain) on Foreign Currency Translation	(197,505)	(1,483)
Net Loss on Sales of Premises and Equipment	45,539	342
(Gain) from Contribution of Securities to Employee Retirement Benefit Trust	(50,527)	(379)
Net Decrease in Trading Assets	1,707,746	12,821
Net (Decrease) in Trading Liabilities	(424,210)	(3,185)
Net Decrease in Loans and Bills Discounted	7,193,312	54,004
Net (Decrease) in Deposits	(3,496,130)	(26,247)
Net (Decrease) in Negotiable Certificates of Deposit	(3,434,516)	(25,785)
Net (Decrease) in Borrowed Money (Non-Subordinated)	(327,183)	(2,456)
Net Decrease in Due from Banks other than Due from Central Banks	2,642,773	19,841
Net (Increase) in Call Loans and Monetary Receivables Bought	(557,760)	(4,187)
Net (Increase) in Collateral Deposits on Securities Borrowed	(152,345)	(1,144)
Net (Decrease) in Call Money and Other Funding Related to Operating Activities	(2,649,806)	(19,893)
Net (Decrease) in Commercial Paper	(257,448)	(1,933)
Net (Decrease) in Collateral Deposits on Securities Loaned	(2,111,371)	(15,851)
Net Decrease in Foreign Exchange Assets	78,387	588
Net Increase in Foreign Exchange Liabilities	31,233	234
Net Increase in Corporate Bonds and Notes (Non-Subordinated) from Issuance, Redemption and Repurchase	661,810	4,969
Net (Decrease) in Borrowed Money from Trust Account	(1,097,385)	(8,239)
Interest Received	1,890,309	14,191
Interest Paid	(715,095)	(5,369)
Other, Net	(118,958)	(893)
Subtotal	(2,883,885)	(21,651)
Income Taxes Paid	(29,317)	(220)
Net Cash Used in Operating Activities	(2,913,202)	(21,871)

Fiscal Year ended March 31, 2002	Millions of Yen 2002	Millions of U.S. Dollars (Notes 1) 2002
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Securities	**¥(41,899,542)**	**$(314,561)**
Proceeds from Sales of Securities	**30,910,908**	**232,064**
Proceeds from Maturities of Securities	**16,183,009**	**121,494**
Increase in Money Held in Trust	**(86,784)**	**(652)**
Decrease in Money Held in Trust	**132,833**	**997**
Purchases of Premises and Equipment	**(101,535)**	**(762)**
Proceeds from Sales of Premises and Equipment	**147,440**	**1,107**
Proceeds from Sales of Consolidated Subsidiaries	**250,298**	**1,879**
Other, Net	**(188)**	**(1)**
Net Cash Provided by Investing Activities	**5,536,440**	**41,565**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Subordinated Debts	**162,000**	**1,216**
Repayment of Subordinated Debts	**(237,500)**	**(1,783)**
Proceeds from Issuance of Subordinated Bonds and Notes	**637,331**	**4,785**
Redemption and Repurchase of Subordinated Bonds and Notes	**(606,304)**	**(4,552)**
Proceeds from Issuance of Capital Stocks to Minority Interests	**219,845**	**1,651**
Dividends Paid	**(8,246)**	**(62)**
Dividends Paid to Minority Interests	**(7,811)**	**(59)**
Acquisition of Treasury Stock	**(6,882)**	**(52)**
Proceeds from Sales of Treasury Stock	**6,564**	**49**
Proceeds from Sales of Parent Company's Stock Held by Consolidated Subsidiaries	**86,265**	**648**
Net Cash Provided by Financing Activities	**245,261**	**1,841**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**11,763**	**88**
Net Increase in Cash and Cash Equivalents	**2,880,262**	**21,623**
Cash and Cash Equivalents at Beginning of the Fiscal Year	**1,497,781**	**11,245**
Decrease in Cash and Cash Equivalents Due to Exclusion of Consolidated Subsidiaries	**(1)**	**(0)**
Cash and Cash Equivalents at End of the Fiscal Year	**¥ 4,378,042**	**$ 32,868**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of UFJ Holdings, Inc. ("UFJ Holdings") and its consolidated subsidiaries (together the "UFJ Group") after the elimination of all material intercompany transactions. These statements have been prepared in conformity with accounting principles and practices generally accepted in Japan, including the statements and guidelines issued by the Accounting Standards Board of Japan and the Business Accounting Council, Financial Statements Regulation and Consolidated Financial Statements Regulation issued by the Cabinet Office, and industry practices for banks in Japan.

On April 2, 2001, UFJ Holdings was established by The Sanwa Bank, Limited ("Sanwa Bank"), The Tokai Bank, Limited ("Tokai Bank") and The Toyo Trust and Banking Company, Limited ("Toyo Trust") (collectively, the "Subsidiary Banks") through concurrent share transfers (*kabushiki-iten*), and became the holding company for the Subsidiary Banks.

Accounting principles and practices generally accepted in Japan are different from International Accounting Standards in certain respects as to application and disclosure requirements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The accompanying consolidated balance sheet, the related consolidated statement of operations and cash flows have been compiled from the consolidated financial statements, which were filed with the Financial Services Agency as required by the Securities and Exchange Law of Japan. The consolidated statement of changes in stockholders' equity is not required as a part of the basic financial statements in Japan and is prepared solely for the benefit of readers outside Japan.

For the convenience of readers outside Japan, certain items presented in the consolidated financial statements filed with the Financial Services Agency have been reclassified. Furthermore, certain Japanese yen balances are converted into U.S. dollars at ¥133.20 to $1, the effective exchange rate prevailing as of March 31, 2002. This conversion, however, should not be construed as implying that the Japanese yen amounts have been, or could have been, translated, realized, or settled in U.S. dollars at that or any other exchange rate.

The amounts in Japanese yen are presented in millions of yen by rounding down figures. Accordingly, the sum of each amount appearing in the accompanying consolidated financial statements and the notes thereto may not be equal to the sum of the individual account balances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting for Share Transfer

Currently, there are two accounting standards and practices in Japan related to business combinations; accounting standards related to consolidation and accounting practices related to mergers.

The share transfer by the Subsidiary Banks in connection with the formation of UFJ Holdings on April 2, 2001 was, in substance, similar to a merger utilizing a holding company because Sanwa Bank and Tokai Bank would be merged to create UFJ Bank Limited ("UFJ Bank"), and the banking business of Toyo Trust would be combined with UFJ Bank under the common control of UFJ Holdings. Furthermore, the share transfer by the Subsidiary Banks was legally deemed to be a quasi-merger under the Japanese Commercial Code.

Based on the legal aspects and the substance of the transaction, the share transfer by the Subsidiary Banks in connection with the formation of UFJ Holdings was similar to a merger, and was accounted for under the accounting practices related to mergers. As such, the consolidated financial statements of the Subsidiary Banks have been combined at respective book value on the consummation of the share transfer.

(b) Consolidation

(i) Scope of consolidation

The scope of consolidation is determined based on UFJ Holdings' control and influence over the decision-making body of investees as well as its voting shares as described below:

Subsidiaries

Subsidiaries are, in general, companies in which UFJ Holdings holds (1) directly and/or indirectly, more than 50% of the voting shares, or (2) directly and/or indirectly, 40% or more of the voting shares and has effective control over the decision making body responsible for the business policies and financial and operating matters through personnel, finance, and other relationships, unless evidence to the contrary exists which shows that UFJ Holdings does not have such control.

The number of subsidiaries as of March 31, 2002 was 215, of which 120 subsidiaries were consolidated, and 95 were not consolidated and accounted for at cost.

All 95 non-consolidated subsidiaries were not consolidated based on Article 5 Paragraph 1 Item 2 of the Consolidated Financial Statements Regulation. Such subsidiaries are special purpose companies organized solely for entering into lease transactions, and their assets and profits/losses substantially belonged to the investors who invested in the leased assets.

Major consolidated subsidiaries were:

UFJ Bank (Japan)
UFJ Trust Bank Limited ("UFJ Trust") (Japan)
UFJ Partners Asset Management Co., Ltd. (Japan)
The Senshu Bank, Ltd. (Japan)
UFJ Capital Markets Securities Co., Ltd. (Japan)
UFJ International plc (United Kingdom)

On January 15, 2002, Tokai Bank merged with and into Sanwa Bank and, on the consummation of the merger, Sanwa Bank changed its name to UFJ Bank Limited. On the same date, Toyo Trust changed its name to UFJ Trust Bank Limited.

In addition, on June 1, 2002, UFJ Capital Markets Securities Co., Ltd. merged with and into TSUBASA Securities Co., Ltd. and, on the consummation of the merger, TSUBASA Securities Co., Ltd. changed its name to UFJ Tsubasa Securities Co., Ltd.

Affiliates

Affiliates are companies other than subsidiaries in which UFJ Holdings holds (1) directly and/or indirectly, 20% or more of the voting shares, or (2) directly and/or indirectly, 15% or more of voting shares and is able to influence to a significant degree decision making through personnel, finance, and other relationships, unless evidence to the contrary exists which shows that UFJ Holdings does not have such influence.

As of March 31, 2002, the number of affiliates was 29, of which 23 affiliates were accounted for under the equity method, and 6 non-material affiliates were carried at cost, less amounts written off, if any.

Major affiliates accounted for under the equity method were:

TSUBASA Securities Co., Ltd. (Japan)
The Chukyo Bank, Limited. (Japan)
Dah Sing Financial Holdings Limited (Hong Kong)

As of March 31, 2002, investments in non-consolidated subsidiaries and affiliates not accounted for under the equity method were ¥1,251 million ($9 million). These investments are included in "Securities" and "Other Assets" in the accompanying consolidated balance sheet.

The number of subsidiaries and affiliates as of March 31, 2002 was as follows:

	2002
Consolidated subsidiaries	**120**
Non-consolidated subsidiaries	**95**
Affiliates (accounted for under the equity method)	**23**
Affiliates (not accounted for under the equity method)	**6**

(ii) Balance Sheet Date of Subsidiaries

The accompanying consolidated financial statements include the accounts of consolidated subsidiaries, some of which have fiscal year ends other than March 31. The fiscal year ends of such subsidiaries are principally December 31, and the accounts of these subsidiaries have been included after making appropriate adjustments for any material transactions during the period between January 1 and March 31.

(iii) Goodwill

Goodwill associated with the acquisition of The Senshu Bank, Ltd. is amortized over 5 years, and other goodwill is charged generally to the consolidated statement of operations in the fiscal year of acquisition.

(iv) Translation of financial statements of overseas subsidiaries

Financial statements of overseas subsidiaries denominated in foreign currencies are generally translated into Japanese yen using the exchange rate prevailing at each subsidiary's balance sheet date, except for items in "Stockholders' Equity" which are translated at historical rates. The resulting differences are recorded in foreign currency translation adjustments accounts in "Minority Interests" and "Stockholders' Equity."

(c) Foreign Currency Translation and Revaluation

UFJ Holdings' consolidated domestic banking subsidiaries maintain their accounting records in Japanese yen. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the exchange rates prevailing at each balance sheet date, except for certain accounts translated at historical rates.

In accordance with the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 20, the deferral method or fair value method of hedge accounting may be used on investments in affiliates and Available-for-sale Securities denominated in foreign currencies (other than debt securities). To qualify for hedge accounting, investments in affiliates and Available-for-sale Securities must be designated as hedged items at inception, and spot or forward exchange rate exposure of the liabilities be sufficient to offset the acquisition cost of the securities denominated in foreign currencies.

For funding related swap transactions, the principal equivalent of lending and borrowing are translated into Japanese yen using the exchange rates at the balance sheet date, and the net amount is recognized on the balance sheet. Differences between spot and forward exchange rates in the funding related swap transactions are recorded as interest income or expense on an accrual basis over the period from the settlement date of spot foreign exchange contract to the settlement date of forward foreign exchange contract.

The funding related swap transaction consists of a spot foreign exchange contract and a forward foreign exchange contract. Such contracts are originated for the purpose of hedging the foreign exchange risk of funding transactions in different currencies. The principal amounts of lending and borrowing are equal to the amounts of foreign exchange contracts bought or sold as spot transactions. The amount of future payments for and proceeds from borrowing and lending with contractual interest payments or receipts denominated in foreign currencies are equal to the amount of foreign exchange contracts bought or sold as forward transactions.

UFJ Holdings' consolidated domestic banking subsidiary utilizes currency swap transactions originated for the purpose of hedging foreign exchange risk on borrowing or lending in different currencies. If the amounts payable or receivable at the maturity date are equal to amounts receivable or payable at the contract date, and the rates applied to principal and interest are reasonable, the principal equivalent of assets and liabilities are translated into Japanese yen using the exchange rates at the balance sheet date, and the net amount is recognized on the balance sheet. Differences between spot and forward rates in the currency swap transactions are amortized over the life of the swap contract, and recorded as interest income or expense on an accrual basis.

(d) Cash and Cash Equivalents

For the purpose of preparing consolidated statement of cash flows, "Cash and Cash Equivalents" consist of cash and due from central banks included in "Cash and Due from Banks" in the consolidated balance sheet.

A reconciliation between "Cash and Cash Equivalents" and "Cash and Due from Banks" is as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Cash and Due from Banks	**¥ 6,404,825**	**$ 48,084**
Less: Due from Banks other than Central Banks	**(2,026,783)**	**(15,216)**
Cash and Cash Equivalents	**¥ 4,378,042**	**$ 32,868**

(e) Transactions for Trading Purposes

Transactions for trading purposes are those seeking to capture gains arising from short-term market movements or from the differences between markets, interest rates or currency exchange rates. Such transactions are reported as "Trading assets" and "Trading liabilities" in the consolidated balance sheet on a trade date basis. Gains and losses on the transactions for trading purposes are shown as "Trading Gains, Net" or "Trading Losses, Net" in the consolidated statement of operations on a trade date basis.

Trading account securities, monetary receivables and other financial instruments held for trading purposes are stated at market value at the fiscal year end. Trading-related financial derivatives such as swaps, futures and options are valued on the assumption that they were settled at the fiscal year end.

In the case of securities, monetary receivables and other financial instruments held for trading purposes, "Trading Gains, Net" and "Trading Losses, Net" include interest received and paid, and valuation gains and losses during the fiscal year. For trading-related financial derivatives, "Trading Gains, Net" and "Trading Losses, Net" include interest received and paid and valuation gains and losses based on the assumption that transactions were settled at the fiscal year end.

Transactions entered into by consolidated subsidiaries for trading purposes are accounted for principally in a similar manner as described above.

(f) Financial Instruments

(i) Securities

Securities other than those classified as trading securities and equity securities of affiliates accounted for under the equity method are classified into three categories: "Held-to-maturity Debt Securities," "Investments in Non-consolidated Subsidiaries and Affiliates that are not accounted for under the equity method," and "Available-for-sale Securities," as defined in the Accounting Standard for Financial Instruments issued by the Business Accounting Council.

Held-to-maturity Debt Securities are carried at amortized cost, using the moving-average method. Investments in non-consolidated subsidiaries and affiliates that are not accounted for under the equity method are carried at moving average cost, less any amounts written-off. Available-for-sale Securities with market quotations are carried at market value and the net unrealized gains and losses are reported as Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes on the consolidated balance sheet. Available-for-sale Securities without market quotations are stated at moving average cost or amortized cost. Securities included in money held in trust primarily for the purpose of investing in securities are carried at market value.

(ii) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are carried at market value, with changes in market value included in the statement of operations of the period in which they arise, except for derivatives that are designated as hedging instruments and qualify for hedge accounting.

UFJ Holdings' consolidated domestic banking subsidiaries utilize a macro hedging strategy, using derivatives to manage the overall interest rate risk arising from various financial assets and liabilities, such as loans and deposits. The macro hedging strategy is a risk management method described in the "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 15) as "the Risk Adjusted Approach" under which the deferral method of hedge accounting is used. Hedge effectiveness is assessed by monitoring: (1) that the total market risk amount on derivative instruments used for hedging purposes is within the established risk limit as set out in the risk management policies, and (2) that total interest rate risk amount from hedged items has been mitigated.

For certain other assets and liabilities, UFJ Holdings' consolidated domestic banking subsidiaries apply the deferral method of hedge accounting or an accrual method specifically allowed for certain interest swaps under the Accounting Standards for Financial Instruments. Under the deferral method of hedge accounting, the recognition of income or expense arising from a hedging instrument is deferred until expense or income arising from the hedged item is recognized.

Other consolidated domestic subsidiaries apply the deferral method of hedge accounting.

For the fiscal year ended March 31, 2002, gross amounts of deferred hedging gains and losses before netting were ¥309,746 million ($2,325 million) and ¥262,708 million ($1,972 million), respectively.

(iii) Repurchase and Resale Agreements (gensaki transactions)

Securities purchased or sold under agreements to resell or repurchase are accounted for as fiancing transactions, and included in "Receivables under Resale Agreements" or "Payables under Repurchase Agreements" on the consolidated balance sheet.

(g) Premises and Equipment

(i) Premises and equipment

Premises are depreciated principally using the straight-line method. Equipment is depreciated principally using the declining-balance method. The range of useful lives is from 3 years to 60 years for premises, and from 2 years to 20 years for equipment.

Depreciation on premises and equipment owned by consolidated subsidiaries is computed principally using the declining balance method over their estimated useful lives.

Major consolidated overseas subsidiaries capitalize finance lease equipment in accordance with accounting principles and practices generally accepted in their respective countries.

(ii) Land revaluation

In accordance with the Law Concerning Revaluation of Land enacted on March 31, 1998 (amended on March 31, 1999), the land owned and used by UFJ Holdings' domestic banking subsidiaries was revalued principally on March 31, 1998. Unrealized gain (net of taxes) from the revaluation was recorded in "Revaluation Reserve for Land, Net of Taxes" in "Stockholders' Equity," and related deferred tax liability was included in "Deferred Tax Liabilities for Revaluation Reserve for Land" in "Liabilities". Such revaluation, however, is permitted only once under the Law Concerning Revaluation of Land.

The fair value of the land used by UFJ Holdings' domestic banking subsidiaries as of March 31, 2002 was below the carrying value adjusted for one-time revaluation, by ¥70,190 million ($527 million).

(h) Software

Software used by UFJ Holdings and its consolidated domestic subsidiaries is amortized using the straight line method based on the estimated useful life (mainly five years) and is included in "Other Assets."

(i) Reserve for Credit Losses

"Reserve for Credit Losses" of UFJ Holdings' consolidated domestic banking subsidiaries is provided as follows in accordance with internal criteria regarding write-offs and reserves for credit losses:

1) The reserve for claims on debtors who are legally or substantially bankrupt is provided based on the remaining amount of the claims after the write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
2) The reserve for claims on debtors who are currently not legally bankrupt, but are likely to become bankrupt is provided based on the amount necessary, given the overall solvency assessment of the debtors after deducting the amount expected to be collected through the disposal of collateral or the execution of guarantees.
3) The reserve for claims on debtors other than the above is provided primarily based on the default rate, which is based on actual defaults over a certain historical period.
4) The specific reserve for loans to certain refinancing countries is provided based on the expected loss amount, considering the political and economic situations of such countries.

All claims are assessed by the operating divisions based on the internal rules for self-assessment on credit quality. Subsequently, divisions for credit assessment and auditing, which are independent of the operating divisions, review the self assessments, and the reserves are provided based on the results of the self-assessments.

With respect to the claims with collateral or guarantees on debtors who are legally or substantially bankrupt, the remaining amount of the claims, after deducting amounts deemed collectible through disposal of collateral or execution of guarantees, was written-off against the respective claims. The amount of accumulated write-off as of March 31, 2002 was ¥1,789,721 million ($13,436 million).

Other consolidated subsidiaries provide for the "Reserve for Credit Losses" based principally on past experience and management's assessment of the loan portfolio.

(j) Reserve for Losses on Securities

"Reserve for Losses on Securities" is provided for losses on securities and other investments deemed necessary given the overall solvency assessment of issuers and investees, after deducting amounts expected to be collected through the disposal of collateral or execution of guarantees.

(k) Reserve for Employee Bonus

"Reserve for Employee Bonus" is provided for the payment of bonuses to employees based on estimated amounts of future payments attributable to the current fiscal year.

(l) Employee Retirement Benefits

UFJ Holdings and its major domestic subsidiaries have defined benefit plans including employee pension fund plan, tax qualified pension plans and lump-sum severance indemnity plans.

"Reserve for Retirement Benefits" is provided for future pension and lump-sum severance indemnity payments to employees based on the projected benefit obligations and plan assets. The unrecognized net transitional obligation, amounting to ¥185,107 million ($1,390 million) at the adoption of the new accounting standard for retirement benefits is amortized principally over a period of five years using the straight-line method. Unrecognized net actuarial gains or losses and prior service costs are amortized using the straight-line method over the average remaining service period of the employees.

Substantially all of UFJ Holdings' consolidated overseas subsidiaries have funded pension plans for employees.

(m) Reserve for Contingent Liabilities Related to Loans Sold
"Reserve for Contingent Liabilities related to Loans Sold" is provided for estimated losses on loans sold to the Cooperative Credit Purchasing Company, Limited, taking into account the fair value of collateral of the loans sold.

(n) Reserve for Losses on Supports of Specific Borrowers
"Reserve for Losses on Supports of Specific Borrowers" is provided based on the amount expected to be necessary to provide financial support to specific borrowers undergoing restructuring or those already supported by UFJ Holdings' domestic banking subsidiaries.

(o) Lease Transactions
As lessees, UFJ Holdings and its consolidated domestic subsidiaries account for finance lease transactions, other than those in which the ownership of the leased equipment is deemed to have transferred to lessees, as operating leases.

(p) Appropriation of Retained Earnings
"Cash Dividends" and "Bonuses to Directors and Statutory Auditors" are reported in the consolidated statement of changes in stockholders' equity in the fiscal year in which a proposed appropriation of retained earnings is approved by the board of directors and/or the general meeting of stockholders.

(q) Net Income (Loss) per Common Share
"Basic Net Income (Loss) per Common Share" is computed as Net Income (Loss) less preferred share dividends divided by the weighted average number of shares of common stock outstanding during the fiscal year, excluding treasury stock held by UFJ Holdings and its consolidated subsidiaries.

"Fully Diluted Net Income per Common Share" reflects the potential dilution that could occur if convertible preferred shares and other similar securities or contracts were fully converted into common stock. "Fully Diluted Net Income per Common Share" for the fiscal year ended March 31, 2002, however, is not presented since a net loss was reported for the fiscal year.

3. TRADING ASSETS

Trading Assets as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Trading Securities	**¥1,910,340**	**$14,342**
Derivatives on Trading Securities	**12,255**	**92**
Securities used for Hedging Trading Transactions	**301**	**2**
Derivatives on Securities used for Hedging Trading Transactions	**540**	**4**
Derivatives used for other than Trading Securities	**473,115**	**3,552**
Other Trading Assets	**283,691**	**2,130**
Total	**¥2,680,244**	**$20,122**

4. SECURITIES

Securities as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Japanese National Government Bonds	**¥ 7,090,785**	**$ 53,234**
Japanese Local Government Bonds	**735,951**	**5,525**
Japanese Corporate Bonds and Notes	**877,007**	**6,584**
Japanese Equities	**4,716,288**	**35,408**
Other Securities	**2,186,334**	**16,414**
Total	**¥15,606,367**	**$117,165**

Other Securities consisted mainly of foreign government bonds.

5. LOANS AND BILLS DISCOUNTED

Loans and Bills Discounted as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Bills Discounted	**¥ 624,563**	**$ 4,689**
Loans on Notes	**7,844,005**	**58,889**
Loans on Deeds	**29,850,790**	**224,105**
Overdrafts	**7,609,358**	**57,127**
Receivables, including Leases	**95,907**	**720**
Total	**¥46,024,625**	**$345,530**

Problem loans held by consolidated subsidiaries, as defined by the Japanese Banking Law, as of March 31, 2002 were as follows (before deducting "Reserves for Credit Losses"):

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Loans to Bankrupt Companies*1	**¥ 147,234**	**$ 1,105**
Other Delinquent Loans*2	**3,307,594**	**24,832**
Loans Past Due 3 Months or More*3	**82,979**	**623**
Restructured Loans*4	**2,893,240**	**21,721**
Total	**¥6,431,048**	**$48,281**

*1. "Loans to Bankrupt Companies" are loans to legally bankrupt borrowers. The recognition of accrued interest has been suspended in accordance with the results of the self-assessment of credit quality.

*2. "Other Delinquent Loans" are loans on which the recognition of accrued interest has been suspended in accordance with the results of the self-assessment of credit quality, other than "Loans to Bankrupt Companies."

*3. "Loans Past Due 3 Months or More" are loans on which principal and/or interest are past due 3 months or more, other than "Loans to Bankrupt Companies" and "Other Delinquent Loans."

*4. "Restructured Loans" are loans with concessionary interest rates, as well as loans with re-negotiated terms regarding the timing of principal and interest payments.

6. FOREIGN EXCHANGES (ASSETS)

Foreign Exchanges (Assets) as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Due from Foreign Banks	**¥111,774**	**$ 839**
Foreign Exchange Bills Bought	**340,448**	**2,556**
Foreign Exchange Bills Receivable	**98,782**	**742**
Total	**¥551,005**	**$4,137**

7. OTHER ASSETS

Other Assets as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Accrued Income	¥ 224,586	$ 1,686
Prepaid Expenses	4,296	32
Collateral Deposits on Securities Borrowed	1,470,740	11,042
Financial Derivatives	318,942	2,394
Leased Assets	465,367	3,494
Other	1,100,186	8,260
Total	¥3,584,120	$26,908

8. PREMISES AND EQUIPMENT

Premises and Equipment, net of accumulated depreciation of ¥560,530 million ($4,208 million), as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Land	¥370,320	$2,780
Buildings	196,288	1,474
Equipment	78,628	590
Other	124,826	937
Total	¥770,063	$5,781

9. PLEDGED ASSETS

The carrying amounts of assets pledged as collateral and the collateralized debts as of March 31, 2002 were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Cash and Due from Banks	¥ 323	$ 2
Trading Assets	1,336,458	10,034
Securities	2,688,756	20,186
Loans and Bills Discounted	19,751	148
Other Assets	905	7
Total	¥4,046,195	$30,377
Deposits	¥ 156,059	$ 1,171
Call Money	1,782,300	13,381
Payables under Repurchase Agreements	398,359	2,991
Commercial Paper	8,698	65
Borrowed Money	805	6
Other Liabilities	1,297,120	9,738
Total	¥3,643,342	$27,352

"Other Liabilities" included collateral deposits on securities loaned in the amount of ¥1,296,730 million ($9,735 million).

The following assets were pledged or deposited in connection with foreign exchange settlements and derivatives as of March 31, 2002:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Cash and Due from Banks	**¥ 26,640**	**$ 200**
Securities	**2,536,075**	**19,039**
Loans and Bills Discounted	**194,735**	**1,462**
Other Assets	**5,835**	**44**
Total	**¥2,763,285**	**$20,745**

In addition, the following assets were pledged or deposited as of March 31, 2002:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Security Deposits (included in Premises and Equipment)	**¥123,844**	**$ 930**
Deposits for Futures Transactions (included in Other Assets)	**11,392**	**85**
Total	**¥135,236**	**$1,015**

Uncollateralized securities loaned for which the borrowers have a right to sell or pledge (bonds loaned transactions) of ¥15,327 million ($115 million), and securities loaned for which the borrowers have a right to pledge, but not the right to sell, of ¥414 million ($3 million) are included in "Securities" under "Japanese National Government Bonds."

Of uncollateralized securities borrowed (bonds borrowed transactions), securities purchased under resale agreements and bonds borrowed versus cash transactions that can be sold or pledged, ¥1,233,686 million ($9,262 million) of securities were pledged, ¥4,450 million ($33 million) of securities were loaned, and ¥360,266 million ($2,705 million) of securities were not pledged or loaned at the balance sheet date. In addition, the UFJ Group may pledge the securities borrowed with a right to pledge, but not the right to sell.

10. DEPOSITS

Deposits as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Demand Deposits	**¥ 3,501,439**	**$ 26,287**
Saving Deposits	**21,640,404**	**162,465**
Deposits at Notice*	**965,055**	**7,245**
Time Deposits	**21,934,806**	**164,676**
Other Deposits	**2,752,379**	**20,664**
Subtotal	**50,794,085**	**381,337**
Negotiable Certificates of Deposit	**6,365,802**	**47,791**
Total	**¥57,159,888**	**$ 429,128**

* Deposits at Notice are deposits that are not redeemable for one week, but can be withdrawn at anytimme thereafter with two days prior notice.

11. TRADING LIABILITIES

Trading Liabilities as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Securities Sold, but not yet Purchased	**¥1,267,858**	**$ 9,519**
Derivatives on Trading Securities	**4,283**	**32**
Derivatives on Securities used for Hedging Trading Transactions	**22**	**0**
Derivatives used for other than Trading Securities	**471,276**	**3,538**
Total	**¥1,743,440**	**$13,089**

12. BORROWED MONEY

Borrowed Money as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars	Average Rate
	2002	**2002**	**2002**
Borrowings from Financial Institutions	**¥1,355,007**	**$10,172**	**2.20%**
Bills Rediscounted	**510**	**4**	**3.04%**
Total	**¥1,355,518**	**$10,176**	**2.20%**

The average rates presented above represent the weighted average rates based on the balances as of March 31, 2002.

Borrowed money included subordinated borrowings, in the amount of ¥852,359 million ($6,399 million).

Annual maturities of borrowings from financial institutions as of March 31, 2002 are as follows:

Fiscal Year Ending March 31	Millions of Yen	Millions of U.S. Dollars
2003	¥ 718,992	$ 5,398
2004	36,616	275
2005	90,009	676
2006	61,976	465
2007	63,382	476
2008 and Thereafter	384,030	2,883
Total	¥1,355,007	$10,173

13. FOREIGN EXCHANGES (LIABILITIES)

Foreign Exchanges (Liabilities) as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Due to Foreign Banks	**¥161,354**	**$1,212**
Foreign Exchange Bills Sold	**1,070**	**8**
Foreign Exchange Bills Payable	**5,095**	**38**
Total	**¥167,519**	**$1,258**

14. BONDS AND NOTES

Bonds and Notes as of March 31, 2002 consisted of the following:

Issuer	Description of Bonds and Notes	Millions of Yen 2002	Millions of U.S. Dollars 2002	Rate 2002
UFJ Holdings	Subordinated Bonds, due in 2008, payable in Yen	**¥ 100,000**	**$ 751**	**0.65%**
	Subordinated Bonds, perpetual, payable in Yen	**100,000**	**751**	**0.44%**
	Subordinated Bonds, perpetual, payable in Yen	**100,000**	**751**	**0.99%**
	Subordinated Bonds, perpetual, payable in Yen	**50,000**	**375**	**1.20%**
UFJ Bank	Straight Bonds, due in 2004 to 2014, payable in Yen	**942,000**	**7,072**	**0.58%–2.08%**
	Subordinated Notes, due in 2009 to 2013, payable in Yen	**144,000**	**1,081**	**0.70%–1.27%**
	Subordinated Notes, due in 2011, payable in U.S. Dollars	**266,400**	**2,000**	**7.40%**
UFJ Trust	Subordinated Bonds, due in 2010 to 2011, payable in Yen	**38,900**	**292**	**0.90%–2.20%**
Sanwa Finance Aruba A.E.C.	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2009, payable in U.S. Dollars	**199,800**	**1,500**	**8.35%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, perpetual, payable in U.S. Dollars	**17,449**	**131**	**2.72%–2.95%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2007 to 2014, payable in Yen	**69,300**	**520**	**0.25%–3.52%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, perpetual, payable in Yen	**300,800**	**2,258**	**0.41–4.15%**
Tokai Finance (Curaçao) N.V.	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2007, payable in U.S. Dollars	**3,996**	**30**	**2.78%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2007 to 2011, payable in Yen	**140,800**	**1,057**	**0.34%–4.90%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, perpetual, payable in Yen	**106,000**	**796**	**0.44%–4.03%**
TTB Finance Cayman Limited	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2008 to 2012, payable in Yen	**6,500**	**49**	**3.10%–4.00%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, perpetual, payable in Yen	**11,640**	**87**	**0.75%**
Other Subsidiaries	Other Corporate Bonds and Notes Issued by Subsidiaries, due in 2002 to 2016	**75,078**	**564**	**0.61%–18.70%**
Total		**¥2,672,663**	**$20,065**	

Annual maturities of Bonds and Notes as of March 31, 2002 were as follows:

Fiscal Year Ending March 31	Millions of Yen	Millions of U.S. Dollars
2003	¥ 28,487	$ 214
2004	13,536	102
2005	146,900	1,103
2006	384,953	2,890
2007	341,459	2,563
2008 and Thereafter	1,757,326	13,193
Total	¥2,672,663	$20,065

15. OTHER LIABILITIES

Other Liabilities as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Accrued Expenses	¥ 182,498	$ 1,370
Unearned Income	127,365	956
Income Taxes Payable	5,802	44
Securities Borrowed in Trading Account	98,975	743
Collateral Deposits on Securities Loaned	1,855,640	13,931
Financial Derivatives	244,462	1,835
Deferred Hedging Gain	47,038	353
Other	732,707	5,501
Total	¥3,294,490	$24,733

16. OTHER RESERVES

Other Reserves as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Reserves for:		
Contingent Liabilities from Brokering of Financial Futures Transactions	¥ 3	$0
Contingent Liabilities from Brokering of Securities Transactions	78	1
Total	¥82	$1

"Reserve for Contingent Liabilities from Brokering of Financial Futures Transactions" was computed on the basis prescribed by the Financial Futures Transactions Law of Japan.

"Reserve for Contingent Liabilities from Brokering of Securities Transactions" was computed on the basis prescribed by the Securities and Exchange Law of Japan.

17. ACCEPTANCES AND GUARANTEES

Acceptances and Guarantees as of March 31, 2002 consisted of the following:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Acceptances	¥ 48,056	$ 361
Letters of Credit	220,347	1,654
Guarantees	2,838,101	21,307
Total	¥3,106,505	$23,322

18. GUARANTEE FOR TRUST PRINCIPAL

The outstanding balances of trust accounts managed by UFJ Trust as of March 31, 2002, which are contractually indemnified, were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Jointly Operated Designated Money Trust	¥ 690,871	$ 5,187
Loan Trust	2,119,084	15,909

19. COMMITMENT LINE

A commitment line is a contract whereby UFJ Holdings' subsidiaries are obligated individually to advance funds up to a a predetermined amount to a customer upon request, provided that the customer has met the terms and conditions of the contract. The total balance of unused commitment lines as of March 31, 2002 was ¥21,278,378 million ($159,748 million), of which commitment lines whose maturities are less than one year or whose contracts can be terminated at any time without any conditions at the subsidiaries' option were ¥18,995,785 million ($142,611 million).

Many of these commitment lines often mature without the subsidiaries advancing any funds to the customers. As such, the total balance of unused commitment lines does not necessarily impact the subsidiaries' future cash flows. Furthermore, many commitment lines contain provisions that allow the subsidiaries to refuse to advance funds to the customers or reduce the contract amount of the commitment lines under certain conditions.

The subsidiaries may also request customers to provide collateral, if necessary, such as real estate or securities on the execution date of the contract. After the execution date, the subsidiaries periodically monitor the customers' creditworthiness over the term of the contracts in accordance with internal policies, and take measures to manage the credit exposures such as by revising the terms of the contracts, if necessary.

20. CAPITAL STOCK AND CAPITAL SURPLUS

Common Stock with a par value of ¥50,000 per share and Preferred Shares with no par value authorized and issued as of March 31, 2002 were as follows:

	Number of shares	
	Authorized	Issued
Common Stock	18,000,000	4,858,855.61
Class I Preferred Share	17,571	17,571
Class II Preferred Share	200,000	200,000
Class III Preferred Share	49,149	49,149
Class IV Preferred Share	150,000	150,000
Class V Preferred Share	150,000	150,000
Class VI Preferred Share	80,000	80,000
Class VII Preferred Share	200,000	200,000
Class VIII Preferred Share	700,000	—
Class IX Preferred Share	700,000	—

Under the Commercial Code of Japan (the "Code"), at least 50% of the issue price of new shares, with a minimum par value thereof, is to be designated as stated capital. The portion which is to be designated as stated capital is determined by the resolution of the Board of Directors of UFJ Holdings. Proceeds in excess of the amounts designated as stated capital are credited to "Capital Surplus".

Under the revised Code, effective October 1, 2001, UFJ Holdings' capital surplus may be transferred to other capital surplus account, which is available for dividends, as long as the sum of the capital surplus and legal reserve (rieki-jyunbikin) does not fall below one-fourth of the capital stock amount. In March 2002, UFJ Holdings transferred ¥1 trillion yen from "Capital Surplus" to "Other Capital Surplus" (See Note 37).

Preferred Shares as of March 31, 2002 consisted of the following:

Class I Preferred Share

UFJ Holdings issued 50,000 shares of preferred share, at a price of ¥3,000,000 per share for gross proceeds of ¥150 billion, of which ¥75 billion was transferred to "Capital Surplus" in accordance with the Code. The issuance costs were charged to the statement of operations when incurred. The preferred shareholders are entitled, with priority over any payment of dividends and distributions upon liquidation of UFJ Holdings over common stockholders, to receive annual non-cumulative dividends of ¥37,500 per preferred share and a distribution of ¥3,000,000 per preferred share.

The preferred shares are convertible at the election of the holders from and including the day of establishment of UFJ Holdings to and including July 31, 2005, except during certain excluded periods, into fully paid shares of common stock of UFJ Holdings at an initial conversion price of ¥850,600 per common stock, subject to adjustment in certain events. The conversion price is subject to reset on August 1 of 2001, 2003 and 2004 to the average market price of the common stock for a certain period preceding each reset date, if such average market price is less than the conversion price prior to such reset, but will not be less than ¥750,000. All preferred shares outstanding on August 1, 2005 will be mandatorily converted into common stock at a conversion ratio of ¥3,000,000 divided by the higher of (x) the average market price of the common stock for a certain period preceding August 1, 2005 and (y) ¥750,000.

Class II Preferred Share

UFJ Holdings issued 200,000 shares of preferred shares, at a price of ¥3,000,000 per share for gross proceeds of ¥600 billion, of which ¥300 billion was transferred to "Capital Surplus" in accordance with the Code. The issuance costs were charged to the statement of operations when incurred. The preferred shareholders are entitled, with priority over any payment of dividends and distributions upon the liquidation of UFJ Holdings over common stockholders, to receive annual non-cumulative dividends of ¥15,900 per preferred share and a distribution of ¥3,000,000 per preferred share.

The preferred shares are convertible at the election of the holders from and including July 1, 2001 to and including July 31, 2008, except during certain excluded periods, into fully paid shares of common stock of UFJ Holdings at an initial conversion price of ¥1,050,000 per common stock, subject to adjustment in certain events. The conversion price is subject to reset annually on August 1 between 2001 and 2007 to the average market price of the common stock for a certain period preceding each reset date multiplied by 1.025, but will not be less than ¥1,050,000. All preferred shares outstanding on August 1, 2008 will be mandatorily converted into common stock at a conversion ratio of ¥3,000,000 divided by the higher of (x) the average market price of the common stock for a certain period preceding August 1, 2008 and (y) ¥750,000.

Class III Preferred Share

UFJ Holdings issued 50,000 shares of preferred shares, at a price of ¥2,000,000 per share for gross proceeds of ¥100 billion, of which ¥50 billion was transferred to "Capital Surplus" in accordance with the Code. The issuance costs were charged to the statement of operations when incurred. The preferred shareholders are entitled, with priority over any payment of dividends and distributions upon the liquidation of UFJ Holdings over common stockholders, to receive annual non-cumulative dividends of ¥68,750 per preferred share and a distribution of ¥2,000,000 per preferred share.

The preferred shares are convertible at the election of the holders from and including the day of establishment of UFJ Holdings to and including September 30, 2004, except during certain excluded periods, into fully paid shares of common stock of UFJ Holdings at an initial conversion ratio of 0.888 common stocks per preferred share, subject to adjustment in certain events. The conversion price is subject to reset on October 5 of 2001, 2002 and 2003 as ¥2,000,000 divided by average market price of the common stock for a certain period preceding each reset date, but will not be less than 0.888 and more than 2.480. All preferred shares outstanding on October 1, 2004 will be mandatorily converted into common stock at a conversion ratio of ¥2,000,000 divided by the higher of (x) the average market price of the common stock for a certain period preceding October 1, 2004 and (y) ¥806,500.

Class IV Preferred Share

UFJ Holdings issued 150,000 shares of preferred shares, at a price of ¥2,000,000 per share for gross proceeds of ¥300 billion, of which ¥150 billion was transferred to "Capital Surplus" in accordance with the Code. The issuance costs were charged to the statement of operations when incurred. The preferred shareholders are entitled, with priority over any payment of dividends and distributions upon the liquidation of UFJ Holdings over common stockholders, to receive annual non-cumulative dividends of ¥18,600 per preferred share and a distribution of ¥2,000,000 per preferred share.

The preferred shares are convertible at the election of the holders from and including July 1, 2002 to and including March 30, 2009, except during certain excluded periods, into fully paid shares of common stock of UFJ Holdings at an initial conversion ratio of 2.202 common stocks per preferred share, subject to adjustment in certain events. The conversion ratio is subject to reset annually on October 5 between 2002 and 2008 as ¥2,000,000 divided by average market price of the common stock for a certain period preceding each reset date multiplied by 1.035, but will not be more than 3.543. All preferred shares outstanding on March 31, 2009 will be mandatorily converted into common stock at a conversion ratio of ¥2,000,000 divided by the higher of (x) the average market price of the common stock for a certain period preceding March 31, 2009 and (y) ¥564,500.

Class V Preferred Share

UFJ Holdings issued 150,000 shares of preferred shares, at a price of ¥2,000,000 per share for gross proceeds of ¥300 billion, of which ¥150 billion was transferred to "Capital Surplus" in accordance with the Code. The issuance costs were charged to the statement of operations when incurred. The preferred shareholders are entitled, with priority over any payment of dividends and distributions upon the liquidation of UFJ Holdings over common stockholders, to receive annual non-cumulative dividends of ¥19,400 per preferred share and a distribution of ¥2,000,000 per preferred share.

The preferred shares are convertible at the election of the holders from and including July 1, 2003 to and including March 30, 2009, except during certain excluded periods, into fully paid shares of common stock of UFJ Holdings at an initial conversion ratio of 2.202 common stocks per preferred share, subject to adjustment in certain events. The conversion ratio is subject to reset annually on October 5 between 2003 and 2008 as ¥2,000,000 divided by average market price of the common stock for a certain period preceding each reset date multiplied by 1.035, but will not be more than 3.543. All preferred shares outstanding on March 31, 2009 will be mandatorily converted into common stock at a conversion ratio of ¥2,000,000 divided by the higher of (x) the average market price of the common stock for a certain period preceding March 31, 2009 and (y) ¥564,500.

Class VI Preferred Share

UFJ Holdings issued 80,000 shares of preferred shares, at a price of ¥1,000,000 per share for gross proceeds of ¥80 billion, of which ¥40 billion was transferred to "Capital Surplus" in accordance with the Code. The issuance costs were charged to the statement of operations when incurred. The preferred shareholders are entitled, with priority over any payment of dividends and distributions upon the liquidation of UFJ Holdings over common stockholders, to receive annual non-cumulative dividends of ¥5,300 per preferred share and a distribution of ¥1,000,000 per preferred share.

The preferred shares are convertible at the election of the holders from and including the day of establishment of UFJ Holdings to and including July 31, 2014, except during certain excluded periods, into fully paid shares of common stock of UFJ Holdings at an initial conversion price of ¥710,900 per common stock, subject to adjustment in certain events. The conversion price is subject to reset annually on August 1 between 2001 and 2013 to the average market price of the common stock for a certain period preceding each reset date, if such average market price is less than the conversion price prior to such reset, but will not be less than ¥569,600. All preferred shares outstanding on August 1, 2014 will be mandatorily converted into common stock at a conversion ratio of ¥1,000,000 divided by the higher of (x) the average market price of the common stock for a certain period preceding August 1, 2014 and (y) ¥497,600.

Class VII Preferred Share

UFJ Holdings issued 200,000 shares of preferred shares, at a price of ¥1,000,000 per share for gross proceeds of ¥200 billion, of which ¥100 billion was transferred to "Capital Surplus" in accordance with the Code. The issuance costs were charged to the statement of operations when incurred. The preferred shareholders are entitled, with priority over any payment of dividends and distributions upon the liquidation of UFJ Holdings over common stockholders, to receive annual non-cumulative dividends of ¥11,500 per preferred share and a distribution of ¥1,000,000 per preferred share.

The preferred shares are convertible at the election of the holders from and including the day of establishment of UFJ Holdings to and including July 31, 2009, except during certain excluded periods, into fully paid shares of common stock of UFJ Holdings at an initial conversion price of ¥704,300 per common stock, subject to adjustment in certain events. The conversion price is subject to reset annually on June 30th between 2001 and 2008 to the average market price of the common stock for a certain period preceding each reset date, if such average market price is less than the conversion price prior to such reset, but will not be less than ¥493,500. All preferred shares outstanding on August 1, 2009 will be mandatorily converted into common stock at a conversion ratio of ¥1,000,000 divided by the higher of (x) the average market price of the common stock for a certain period preceding August 1, 2009 and (y) ¥493,000.

In addition, UFJ Holdings has 700,000 Class VIII Preferred Shares and Class IX Preferred Shares authorized, respectively. As of March 31, 2002, UFJ Holdindgs had no Class VIII and Class IX Preferred Shares issued.

21. OTHER INTEREST INCOME

The composition of Other Interest Income for the fiscal year ended March 31, 2002 was as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Interest on Receivables under Resale Agreements	**¥ 23,350**	**$ 175**
Interest on Due from Banks	**139,427**	**1,047**
Interest on Interest Rate Swaps	**32,540**	**244**
Other Interest Income	**43,841**	**329**
Total	**¥239,159**	**$1,795**

22. FEES AND COMMISSIONS (INCOME)

The composition of Fees and Commissions (Income) for the fiscal year ended March 31, 2002 was as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Wire Transfer Service Charges	**¥ 97,299**	**$ 731**
Other	**218,062**	**1,637**
Total	**¥315,361**	**$2,368**

23. TRADING GAINS, NET

The composition of Trading Gains, Net for the fiscal year ended March 31, 2002 was as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Gains on Trading Securities and Derivatives	¥ 50,544	$380
Gains on Trading Securities and Derivatives to Hedge Trading Transactions	852	6
Gains on Derivatives other than Trading Securities	52,340	393
Other Trading Gains	1,110	8
Total	¥104,847	$787

24. OTHER OPERATING INCOME

The composition of Other Operating Income for the fiscal year ended March 31, 2002 was as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Foreign Exchange Transaction Gains, Net	¥ 46,830	$ 352
Gains on Sales of Bonds in Securities	197,069	1,479
Gains on Redemption of Bonds in Securities	570	4
Lease Related Income	201,748	1,515
Other	62,588	470
Total	¥508,806	$3,820

25. OTHER INCOME

The composition of Other Income for the fiscal year ended March 31, 2002 was as follows :

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Gains on Sales of Equities and Equity Derivatives	¥381,963	$2,868
Gains on Money Held in Trust	3,426	26
Gains on Sales of Premises and Equipment	1,520	11
Collection of Written-off Claims	33,232	250
Gains from Contribution of Securities to Employee Retirement Benefit Trust	57,865	434
Other	35,147	264
Total	¥513,156	$3,853

26. OTHER INTEREST EXPENSES

The composition of Other Interest Expenses for the fiscal year ended March 31, 2002 was as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	2002
Interest on Payables under Repurchase Agreements	¥ 24,512	$ 184
Interest on Corporate Bonds and Notes	71,661	538
Other Interest Expenses	97,643	733
Total	¥193,818	$1,455

27. FEES AND COMMISSIONS (EXPENSES)

The composition of Fees and Commissions (Expenses) for the fiscal year ended March 31, 2002 was as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Wire Transfer Service Charges	**¥22,469**	**$169**
Other	**43,067**	**323**
Total	**¥65,537**	**$492**

28. OTHER OPERATING EXPENSES

The composition of Other Operating Expenses for the fiscal year ended March 31, 2002 was as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Losses on Sales of Bonds in Securities	**¥132,633**	**$ 996**
Losses on Redemption of Bonds in Securities	**3,055**	**23**
Revaluation Loss on Bonds in Securities	**1,625**	**12**
Financial Derivatives Losses, Net	**9,400**	**70**
Amortization of Bond Issue Cost	**1,735**	**13**
Lease Related Expenses	**205,388**	**1,542**
Other	**19,845**	**149**
Total	**¥373,685**	**$2,805**

29. OTHER EXPENSES

The composition of Other Expenses for the fiscal year ended March 31, 2002 was as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Write-off of Loans	**¥ 600,990**	**$ 4,512**
Losses on Sales of Stocks and Equity Derivatives	**176,515**	**1,325**
Revaluation Losses on Stocks and Equity Derivatives	**400,391**	**3,006**
Losses on Money Held in Trust	**2,949**	**22**
Amortization of Goodwill	**4,018**	**30**
Equity in Earnings of Affiliates	**15,483**	**116**
Losses on Sales of Loans to the Cooperative Credit Purchasing Company, Limited	**16,257**	**122**
Losses on Delinquent Loans Sold	**53,242**	**400**
Losses from Financial Supports Provided to Customers	**100,147**	**752**
Provision for Contingent Liabilities Related to Loans Sold	**13,913**	**105**
Provision for Losses on Supports of Specific Borrowers	**424,527**	**3,187**
Provision for Losses on Securities	**13,444**	**101**
Losses on Sales of Premises and Equipment	**47,059**	**353**
Amortization of Net Transitional Obligations for Employee Retirement Benefits	**36,081**	**271**
Merger Related Expenses for Consolidated Subsidiaries	**34,419**	**258**
Other	**125,271**	**941**
Total	**¥2,064,712**	**$15,501**

30. EMPLOYEE RETIREMENT BENEFITS

UFJ Holdings and its consolidated domestic subsidiaries have defined benefit plans including employee pension fund plan, tax qualified pension plans and lump-sum severance indemnity plans. The following tables show funded status, components of pension costs, and major assumptions used in determination of these amounts.

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Funded Status of Pension Plans:		
Projected Benefit Obligation	**¥(908,675)**	**$(6,822)**
Fair Value of Plan Assets	**599,575**	**4,501**
Securities Held in Trust	**259,834**	**1,951**
Funded Status	**(49,264)**	**(370)**
Unrecognized Net Transitional Assets	**(14,475)**	**(109)**
Unrecognized Net Transitional Obligation	**113,094**	**849**
Unrecognized Net Actuarial Losses	**238,327**	**1,789**
Unrecognized Prior Service Costs	**(35,861)**	**(269)**
Net Asset	**251,819**	**1,890**
Prepaid Pension Costs	**260,419**	**1,955**
Reserve for Retirement Benefits	**¥ (8,599)**	**$ (65)**
Components of Pension Costs:		
Service Costs	**¥ 25,255**	**$ 189**
Interest Costs	**32,216**	**242**
Expected Return on Plan Assets	**(31,532)**	**(237)**
Amortization of Prior Service Costs	**(50)**	**(0)**
Amortization of Actuarial Losses	**8,621**	**65**
Amortization of Net Transitional Obligation	**36,081**	**271**
Other Costs	**6,904**	**52**
Net Periodic Benefit Costs	**¥ 77,496**	**$ 582**
Major Assumptions:		
Discount Rate		**2.8%–3.0%**
Expected Rate of Return on Plan Assets		**1.5%–9.25%**
Recognition Period of Prior Service Costs		**Principally 11 years**
Recognition Period of Actuarial Gain/Loss		**Principally 11 years**

UFJ Bank and UFJ Trust contributed certain securities to an employee retirement benefit trust to provide funding for their retirement benefit plans. The gains recognized on the contribution of securities to the trust for the fiscal year ended March 31, 2002 was ¥57,865 million ($434 million), this being included in "Other Income."

In addition, additional retirement payments, which are not included in the actuarial calculation for the projected benefit obligation and other figures, may be paid to employees under certain circumstances, such as early retirement plans. Additional retirement payments expected to be paid over the next twelve months amounted to ¥915 million ($7 million), this being included in "Other Liabilities" in the consolidated balance sheet.

31. ACCOUNTING FOR INCOME TAXES

Deferred Tax Assets and Liabilities reflect the temporary timing differences in recognizing profits and losses between accounting and tax purposes. The significant temporary differences as of March 31, 2002 were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Deferred Tax Assets:		
Reserve for Credit Losses	**¥1,087,116**	**$ 8,161**
Revaluation Loss on Securities	**293,052**	**2,200**
Reserve for Losses on Supports of Specific Borrowers	**240,374**	**1,805**
Loss Carryforwards	**164,124**	**1,232**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**40,052**	**301**
Reserve for Contingent Liabilities Related to Loans Sold	**18,647**	**140**
Other	**115,556**	**868**
Subtotal	**1,958,925**	**14,707**
Valuation Allowance	**(356,134)**	**(2,674)**
Total	**1,602,790**	**12,033**
Deferred Tax Liabilities:		
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(86,259)**	**(648)**
Gain from Contribution of Securities to Employee Retirement Benefit Trust and Others	**(60,240)**	**(452)**
Total	**(146,499)**	**(1,100)**
Net Deferred Tax Assets	**¥1,456,290**	**$10,933**

A reconciliation between the effective statutory tax rate for the fiscal year ended March 31, 2002, and the actual effective tax rate reflected in the consolidated statement of operations was as follows:

	2002
Effective Statutory Tax Rate	**42.0%**
Valuation Allowance	**(17.0)**
Change in Tax Rate Due to the Merger of Consolidated Subsidiaries	**0.6**
Other, Net	**0.9**
Actual Effective Income Tax Rate	**26.5%**

In accordance with the "Metropolitan Ordinance regarding the imposition of enterprise taxes through 'external standards taxation' on banks in Tokyo" (Tokyo Metropolitan Ordinance No.145, April 1, 2000) ("the Metropolitan Ordinance"), enterprise taxes which were levied on taxable income are being levied on gross operating profit (*gyomu ararieki*) as defined in the Metropolitan Ordinance.

On October 18, 2000, the Subsidiary Banks filed a lawsuit with the Tokyo District Court against the Tokyo Metropolitan Government and the Governor of Tokyo seeking to void the Metropolitan Ordinance. UFJ Bank and UFJ Trust (the "Two Subsidiary Banks") won the case on March 26, 2002, on the grounds that the Metropolitan Ordinance was illegal. The Tokyo District Court ordered the Tokyo Metropolitan Government to return the tax payments of ¥11,178 million ($84 million), and also awarded damages of ¥ 300 million ($2 million). On March 29, 2002, the Tokyo Metropolitan Government filed an appeal with the Tokyo High Court.

The management of the Two Subsidiary Banks believes that the Metropolitan Ordinance is both unconstitutional and illegal. The Two Subsidiary Banks have asserted this opinion in the courts and the matter is still in litigation. For the fiscal year ended March 31, 2002, the Two Subsidiary Banks have applied the same accounting treatment as in the previous term, under the Metropolitan Ordinance because the Two Subsidiary Banks have deemed it appropriate at this stage to continue with the same accounting treatment as before. This accounting treatment does not constitute in any way an admission on the part of the Two Subsidiary Banks either of the constitutionality or of the legality of the Metropolitan Ordinance.

In connection with the Metropolitan Ordinance, enterprise taxes of ¥10,648 million ($80 million) were recorded in "Other Expenses" for the year ended March 31, 2002.

Since the enterprise taxes in question are not reflected in the calculation of deferred taxes, had the enterprise taxes been levied on taxable income, the deferred tax asset would have been increased by ¥62,630 million ($470 million) from the recorded amount based on gross operating profit, as defined. In addition, “Deferred Tax Liabilities for Revaluation Reserve for Land” would have been increased by ¥3,647 million ($27 million), the “Revaluation Reserve for Land, Net of Taxes” and “Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes” would have been decreased by ¥ 3,647 million ($27 million) and ¥ 2,683 million ($20 million), respectively, from the recorded amount based on gross operating profit, as defined.

In accordance with the “Municipal Ordinance regarding the imposition of enterprise taxes through ‘external standards taxation’ on banks in Osaka” (Osaka Municipal Ordinance No.131, June 9, 2000) (“the Municipal Ordinance”), enterprise taxes, which were levied on taxable income, are being levied on gross operating profit, as defined.

On April 4, 2002, the Two Subsidiary Banks filed a lawsuit with the Osaka District Court against the Osaka Municipal Government and the Governor of Osaka seeking to void the Municipal Ordinance.

The management of the Two Subsidiary Banks believes that the Municipal Ordinance is both unconstitutional and illegal. The Two Subsidiary Banks have asserted this opinion in the Osaka District Court and the matter is still in litigation. For the fiscal year ended March 31, 2002, the Two Subsidiary Banks have applied the accounting treatment under the Municipal Ordinance because the Two Subsidiary Banks have deemed it appropriate at this stage to apply the same accounting treatment consistent with the Metropolitan Ordinance. This accounting treatment does not constitute in any way an admission on the part of the Two Subsidiary Banks either of the constitutionality or of the legality of the Municipal Ordinance.

In connection with the Municipal Ordinance, enterprise taxes of ¥7,389 million ($55 million) were recorded in “Other Expenses.” Since the enterprise taxes in question are not reflected in the calculations for deferred taxes, had the enterprise taxes been levied on taxable income, the deferred tax assets would have been increased by ¥40,108 million ($30 million) from the recorded amount based on gross operating profit, as defined. In addition, “Deferred Tax Liabilities for Revaluation Reserve for Land” would have been increased by ¥2,455 million ($18 million), the “Revaluation Reserve for Land, Net of Taxes” and “Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes” would have been decreased by ¥2,455 million ($18 million) and ¥2,517 million ($19 million), respectively, from the recorded amount based on gross operating profit, as defined.

In connection with the “Revision of Municipal Ordinance regarding the imposition of the enterprise taxes through ‘external standards taxation’ on banks in Osaka”(Osaka Municipal Ordinance No.77) (“the Revised Municipal Ordinance”) on May 30, 2002, the treatment regarding the tax basis is to be applicable from the fiscal year beginning on April 1, 2002.

The enterprise taxes which the Two Subsidiary Banks pay to Osaka Municipal Government for the fiscal year ended March 31, 2002, are subject to the Supplementary Provision 2 of the Revised Municipal Ordinance, which requires that the Two Subsidiary Banks pay the enterprise taxes based on the lesser of gross operating profit or taxable income. The Subsidiary Banks, therefore, will file and pay the enterprise taxes based on taxable income.

The fact that the Two Subsidiary Banks will file and pay the enterprise taxes according to the Revised Municipal Ordinance does not constitute in any way an admission on the part of the Two Subsidiary Banks the constitutionality or the legality of the Revised Municipal Ordinance and the Municipal Ordinance.

32. LEASE TRANSACTIONS

(a) Finance Leases

Information on finance lease transactions, other than those in which the ownership of the leased equipment is deemed to have transferred to the lessee, were as follows:

(1) **Lessee**

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Estimated Cost	**¥44,582**	**$335**
Estimated Accumulated Depreciation	**18,356**	**138**
Net Estimated Balance	**¥26,226**	**$197**

Total Future Lease Payments to be Paid:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Due Within One Year	**¥ 6,704**	**$ 50**
Due More than One Year	**24,325**	**183**
Total	**¥31,030**	**$233**

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Lease Payment	**¥5,928**	**$45**
Estimated Depreciation	**7,048**	**53**
Estimated Interest Payment	**684**	**5**

Estimated depreciation was computed using the declining balance method over the lease contract term in accordance with accounting principles generally accepted in Japan, and estimated interest expense was computed using the effective interest method.

(2) **Lessor**

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Acquisition Cost	**¥840,257**	**$6,308**
Accumulated Depreciation	**437,162**	**3,282**
Net Balance	**¥403,094**	**$3,026**

Total Future Lease Payments to be Received:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Due Within One Year	**¥146,007**	**$1,096**
Due More than One Year	**288,548**	**2,166**
Total	**¥434,555**	**$3,262**

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Lease Receipt	**¥162,030**	**$1,216**
Depreciation	**152,843**	**1,147**
Estimated Interest Receipt	**11,554**	**87**

Estimated interest income was computed using the effective interest method.

(b) Operating Leases

Information on operating lease transactions was as follows:

(1) **Lessee**

Total Future Lease Payments to be Paid:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Due Within One Year	**¥ 13,726**	**$ 103**
Due More than One Year	**128,086**	**962**
Total	**¥141,813**	**$1,065**

(2) **Lessor**

Total Future Lease Payments to be Received:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Due Within One Year	**¥1,155**	**$ 9**
Due More than One Year	**7,113**	**53**
Total	**¥8,268**	**$62**

33. SIGNIFICANT TRANSACTIONS RELATED TO CASH FLOWS

(a) Significant transactions related to cash flows for the fiscal year ended March 31, 2002 were as follows:

Assets and liabilities of NBL Co., Ltd., which was included in the scope of consolidation through acquisition of newly issued common stock, were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Assets (Total)	**¥ 314,262**	**$ 2,359**
Other Assets	***297,674***	***2,235***
Liabilities (Total)	**(313,927)**	**(2,357)**
Borrowed Money	***(313,056)***	***(2,350)***
Minority Interests	**(211)**	**(1)**
Goodwill	**(123)**	**(1)**
Cash and Cash Equivalents of NBL Co., Ltd.	**0**	**0**
Net Inflow of Cash and Cash Equivalents from the Acquisition of Stock of NBL Co., Ltd.	**¥ 0**	**$ 0**

Assets and liabilities of United California Bank, which was excluded from the scope of consolidation through sale of stock, were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Assets (Total)	**¥ 1,435,919**	**$10,780**
Loans and Bills Discounted	***1,186,396***	***8,907***
Liabilities (Total)	**(1,295,652)**	**(9,727)**
Deposits	***(1,119,108)***	***(8,402)***
Foreign Currency Translation Adjustments	**15,651**	**117**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(2,323)**	**(17)**
Gain of Sale of Stock	**154,710**	**1,161**
Proceeds from the Sales	**308,305**	**2,314**
Cash and Cash Equivalents of United California Bank	**(58,091)**	**(436)**
Net Inflow of Cash and Cash Equivalents from the Sale of the Stock	**¥ 250,214**	**$ 1,878**

(b) Significant non-cash financing activities were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Decrease in Capital Surplus due to Transfer of Capital Surplus	**¥1,000,000**	**$7,507**
Increase in Retained Earnings due to Transfer of Capital Surplus	**1,000,000**	**7,507**

34. MARKET VALUES OF SECURITIES AND MONEY HELD IN TRUST

(a) Securities

"Securities" include trading securities, securities used for hedging trading transactions, negotiable due from banks and commercial paper in "Trading Assets," negotiable due from banks in "Cash and Due from Banks," and the commodity fund in "Monetary Receivables Bought."

(1) Trading securities

	Millions of Yen	
March 31, 2002	Book Value	Valuation Gain (Loss)
Securities in Trading Account	**¥2,194,333**	**¥(7,188)**

	Millions of U.S. Dollars	
March 31, 2002	Book Value	Valuation Gain (Loss)
Securities in Trading Account	**$16,474**	**$ (54)**

(2) Held-to-maturity Debt Securities with market values

	Millions of Yen				
			Unrealized Gain (Loss)		
March 31, 2002	Book Value	Market Value	Net	Gain	Loss
Japanese Corporate Bonds and Notes	**¥ 2,002**	**¥ 2,010**	**¥ 7**	**¥ 7**	**¥—**
Other	**23,981**	**24,034**	**52**	**68**	**15**
Total	**¥25,984**	**¥26,045**	**¥60**	**¥76**	**¥15**

	Millions of U.S. Dollars				
			Unrealized Gain (Loss)		
March 31, 2002	Book Value	Market Value	Net	Gain	Loss
Japanese Corporate Bonds and Notes	**$ 15**	**$ 15**	**$0**	**$0**	**$—**
Others	**180**	**181**	**1**	**1**	**0**
Total	**$195**	**$ 196**	**$1**	**$1**	**$ 0**

Note: Market values are primarily calculated by using the closing prices at the balance sheet date.

(3) Available-for-sale Securities with market values

	Millions of Yen				
			Unrealized Gain (Loss)		
March 31, 2002	Aggregate Cost	Market Value	Net	Gain	Loss
Japanese Equities	**¥ 4,307,018**	**¥ 4,411,761**	**¥104,743**	**¥542,569**	**¥437,825**
Japanese National Government Bonds	**7,085,085**	**7,090,785**	**5,699**	**13,299**	**7,599**
Japanese Local Government Bonds	**574,842**	**578,459**	**3,616**	**6,259**	**2,642**
Japanese Corporate Bonds and Notes	**257,691**	**260,865**	**3,174**	**4,395**	**1,221**
Other	**1,849,417**	**1,842,679**	**(6,737)**	**52,008**	**58,745**
Total	**¥14,074,054**	**¥14,184,551**	**¥110,496**	**¥618,531**	**¥508,035**

Note: Market values for Japanese Equities are calculated by using the average market prices over a month that ended on the balance sheet date.
Market values for securities other than Japanese Equities are primarily calculated by using the closing prices at the balance sheet date.

March 31, 2002	Millions of U.S. Dollars				
			Unrealized Gain (Loss)		
	Aggregate Cost	Market Value	Net	Gain	Loss
Japanese Equities	$ 32,335	$ 33,121	$786	$4,073	$3,287
Japanese National Government Bonds	53,191	53,234	43	100	57
Japanese Local Government Bonds	4,316	4,343	27	47	20
Japanese Corporate Bonds and Notes	1,935	1,959	24	33	9
Other	13,884	13,834	(50)	391	441
Total	$105,661	$106,491	$830	$4,644	$3,814

(4) Available-for-sale Securities sold during the fiscal year ended March 31, 2002

March 31, 2002	Millions of Yen		
	Proceeds From Sales	Realized Gain	Realized Loss
Available-for-sale Securities	¥33,089,672	¥420,849	¥260,418

March 31, 2002	Millions of U.S. Dollars		
	Proceeds From Sales	Realized Gain	Realized Loss
Available-for-sale Securities	$248,421	$3,160	$1,955

(5) Held-to-maturity Debt Securities and Available-for-sale Securities whose market values are not readily determinable

March 31, 2002	Millions of Yen Book Value
Held-to-maturity Debt Securities:	
Unlisted Foreign Securities	¥ 2,383
Available-for-sale Securities:	
Unlisted Japanese Bonds	771,631
Unlisted Japanese Equities other than Over-the-counter	211,029
Beneficiary Securities Loaned in Trust	260,673
Negotiable Due from Banks	54,621
Unlisted Foreign Securities	33,148

March 31, 2002	Millions of U.S. Dollars Book Value
Held-to-maturity Debt Securities:	
Unlisted Foreign Securities	$ 18
Available-for-sale Securities:	
Unlisted Japanese Bonds	5,793
Unlisted Japanese Equities other than Over-the-counter	1,584
Beneficiary Securities Loaned in Trust	1,957
Negotiable Due from Banks	410
Unlisted Foreign Securities	249

(6) Change in classification of securities

Available-for-sale Securities amounting to ¥61,634 million ($463 million) were reclassified to stocks of affiliates accounted for under the equity method during the fiscal year. As a result, “Securities” and “Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes” decreased by ¥21,287 million ($160 million) and ¥12,948 million ($97 million), respectively.

(7) Redemption schedule of Held-to-maturity Debt Securities and Available-for-sale Securities with maturity

Millions of Yen

March 31, 2002 (year)	1 or less	Over 1 to 5	Over 5 to 10	Over 10
Japanese National Government Bonds	**¥1,981,034**	**¥1,901,116**	**¥2,957,696**	**¥250,937**
Japanese Local Government Bonds	**45,526**	**129,582**	**555,097**	**5,744**
Japanese Corporate Bonds and Notes	**110,287**	**574,580**	**155,119**	**37,019**
Other	**1,030,543**	**698,572**	**219,650**	**75,848**
Total	**¥3,167,392**	**¥3,303,852**	**¥3,887,564**	**¥369,549**

Millions of U.S. Dollars

March 31, 2002 (year)	1 or less	Over 1 to 5	Over 5 to 10	Over 10
Japanese National Government Bonds	**$14,872**	**$14,273**	**$22,205**	**$1,884**
Japanese Local Government Bonds	**342**	**973**	**4,167**	**43**
Japanese Corporate Bonds and Notes	**828**	**4,314**	**1,165**	**278**
Other	**7,737**	**5,244**	**1,649**	**569**
Total	**$23,779**	**$24,804**	**$29,186**	**$2,774**

(b) Money Held in Trust

Millions of Yen

March 31, 2002	Book Value	Market Value
Money Held in Trust for Trading Purposes	**¥ 111,429**	**¥(11)**

Millions of U.S. Dollars

March 31, 2002	Book Value	Market Value
Money Held in Trust for Trading Purposes	**$837**	**$(0)**

(c) Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes

The Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes, was reported as a separate component of "Stockholders' Equity" as of March 31, 2002 as follows:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Net Unrealized Gain	**¥110,496**	**$829**
Less: Deferred Tax Liabilities	**50,777**	**381**
Net Unrealized Gain on Available-for-sale Securities (Before Adjustment for Minority Interests)	**59,718**	**448**
Less: Minority Interests	**570**	**4**
Parent Company's Interests in Net Unrealized Gain on Available-for-sale Securities Held by Affiliates Accounted for Under the Equity Method	**962**	**7**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**¥ 60,110**	**$451**

35. DERIVATIVE FINANCIAL INSTRUMENTS

1. Details Related to Transaction

Current Fiscal Year (from April 1, 2001 to March 31, 2002)
(Details)
Derivative instruments conducted by UFJ Group are as follows:

- Interest Rate Derivatives
  Interest Rate Futures
  Interest Rate Options
  Interest Rate Swaps
  FRAs (Forward Rate Agreements)
  Interest Rate Caps, etc.
- Currency Derivatives
  Currency Futures
  Currency Options
  Currency Swaps
  Foreign Exchange Forwards
  FXAs (Forward Exchange Agreements), etc.
- Bond and Equity Derivatives
  Bond Futures
  Options on Bond Futures
  OTC Bond Options
  Equity Index Futures
  Options on Equity Index Futures
  OTC Equity Index Options, etc.
- Commodity Derivatives
  Commodity Swaps
  Commodity Caps, etc.
- Credit Derivatives
  Credit Default Swaps
  Credit Default Options, etc.
- Other Derivatives
  Weather Options, etc.

(Policy)
Low transaction costs and ease of entering into derivative contracts provide the users of derivatives with tools to manage risks in a particular transaction. UFJ Group actively provides derivative instruments to its customers, and also engages in derivative transactions to manage its own risks and for trading purposes.

(Purpose)
Derivative transactions are delineated between those which are used for trading purposes and purposes other than trading. Transactions for trading purposes refer to transactions for which the goal is to earn profit from price differences among markets and short-term market movements. In addition, covered trades and trades to meet the needs of our customers are included.

Transactions for non-trading purposes are conducted for the purpose of achieving stable mid- and long-term interest income, managing asset and liability interest rate exposures with the combination of on-balance sheet transactions or as a supplement to on-balance sheet transactions, and for hedging purposes. Derivatives embedded in loans and deposits and covered transactions against those embedded derivatives are also included.

Hedge accounting is applied to hedging transactions evaluated as effective hedges. There are two types of hedges: "designated hedges" in which hedged items and hedging instruments are specifically identified, and the "macro hedge" in which hedging instruments are utilized for managing a group of assets and liabilities as a whole. The methods of identifying hedged items and hedging instruments, hedging policy and evaluating hedge effectiveness are as follows:

- Designated Hedges (including Grouping Hedges): Hedging by means of interest rate swaps and other derivatives as hedges of long-term fixed rate loans, deposits, bonds and other instruments. UFJ Holdings and its consolidated domestic subsidiaries evaluate the effectiveness of the hedges at inception by matching the principal, maturity, and interest rate index of the hedging instruments with the hedged items. On an on-going basis, hedge effectiveness is assessed by comparing the changes in the market values of the hedged items and hedging instruments.
- Macro Hedges: In Tokyo and at the principal overseas branches, the Risk Management Department ensures that the amount of risks from hedging instruments, such as interest rate swaps, is controlled so that it lies between the amount of risks of assets and that of liabilities. The Risk Management Department evaluates the hedge effectiveness quarterly by reviewing whether the interest rate risks of hedged items are diminished.

(Risks and Risk Management Framework)
In recent years, the volume of derivative transactions, such as options and swaps, has increased. Because derivative transactions involve various market and credit risks it is imperative that these risks are managed properly.

UFJ Holdings assesses potential volatilities in the result of its operations by utilizing the Value-at-Risk (VaR) methodology along with daily analysis of mark-to-market valuation, and seeks to contain volatilities in earnings within certain pre-established limits. In particular, UFJ Holdings manage risks unique to options by establishing limits on delta, gamma, vega, and theta, respectively.

Counterparty risk in derivative transactions varies with changes in their market values, which may increase from future changes in market conditions. As with the case of ordinary loans, these credit risks can potentially result in losses due to the counterparty's financial insolvency, bankruptcy and other conditions; thus necessitating active management in responding to the changes in creditworthiness of the counterparties.

UFJ Holdings monitors the credit risks associated with the derivative transactions with financial institutions based on the amount of credit risk at present (current exposure) and the amount of risk potentially incurred in the future (potential exposure), together with on-balance sheet transactions.

The following applies in regards to the amount of risk:

Market Risk

(1) Period of the VaR calculation

Period of Observation: From April 1, 2001 to January 14, 2002 (the period before the merger of Sanwa Bank and Tokai Bank)

From January 15, 2002 to March 31, 2002 (the period after the merger of Sanwa Bank and Tokai Bank)

Assumption

Confidence Interval: One Side 99%

Holding Period: 1 Business Day (Trading Account)

(2) VaR

From April 1, 2001 to January 14, 2002

	Billions of Yen		
	Maximum Value	Minimum Value	Average Value
Sanwa Bank	**¥2.5**	**¥1.0**	**¥1.7**
Tokai Bank	**3.4**	**1.2**	**2.2**
Toyo Trust	**0.0**	**0.0**	**0.0**

From April 1, 2001 to January 14, 2002

	Millions of U.S. Dollars		
	Maximum Value	Minimum Value	Average Value
Sanwa Bank	**$19**	**$8**	**$13**
Tokai Bank	**26**	**9**	**17**
Toyo Trust	**0**	**0**	**0**

From January 15, 2002 to March 31, 2002

	Billions of Yen		
	Maximum Value	Minimum Value	Average Value
UFJ Bank	**¥4.3**	**¥1.6**	**¥2.4**
UFJ Trust	**0.0**	**0.0**	**0.0**

From January 15, 2002 to March 31, 2002

	Millions of U.S. Dollars		
	Maximum Value	Minimum Value	Average Value
UFJ Bank	**$32**	**$12**	**$18**
UFJ Trust	**0**	**0**	**0**

- The VaR calculation incorporates market risks of the subsidiary banks and their principal subsidiaries such as UFJ International plc.
- In addition to VaR, market risk limits have been established for trading and banking accounts.

Credit Exposure

	Billions of Yen	Millions of U.S. Dollars
	2002	**2002**
Interest Rate Swaps	**¥ 2,970.0**	**$ 22,298**
Currency Swaps	**431.4**	**3,239**
Foreign Exchange Forward Contracts	**333.4**	**2,503**
Interest Rate Options Purchased	**78.9**	**593**
Currency Options Purchased	**56.9**	**427**
Other Derivative Instruments	**41.3**	**310**
Netting Effect through Master Netting Agreements	**(2,435.1)**	**(18,281)**
Total	**¥ 1,477.0**	**$ 11,089**

The above calculations are on a consolidated basis based on the capital adequacy ratio as determined in accordance with the Bank for International Settlements uniform standard, utilizing the current exposure method in calculating the equivalent credit exposure. In addition, we apply netting on derivative transactions, offsetting by counterparty the mark-to-market values of all off-balance sheet transactions, and adopting the amount after offsetting as credit exposure.

(Risk Management Structure)

UFJ Holdings has established the Risk Management Department, monitoring both market risk and credit risk of the UFJ Group's entire portfolio. UFJ Holdings has strengthened the UFJ Group management structure by establishing specialized risk management sections, independent of operating sections, at principal subsidiaries such as UFJ Bank, UFJ Trust and UFJ International plc.

UFJ Holdings limits its potential losses within our pre-established limits by carrying out daily VaR analysis, and reviewing daily revenues and positions. Derivative transactions related to Assets and Liabilities Management ("ALM") are managed in accordance with internal policies and procedures. The management evaluates regularly the UFJ Group's ALM policies, and monitors derivatives utilized for ALM for adherence to such policies.

2. Information on Market Values of Derivative Financial Instruments

Contractual or notional amounts, market values or estimated market values and unrealized gain (loss) on derivative financial instruments as of March 31, 2002, are shown in the following tables:

(a) Interest Rate Derivatives

	Millions of Yen			
	2002			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Interest Rate Futures				
Sold	¥17,115,026	¥ 3,359,873	¥ (65,319)	¥ (65,319)
Bought	16,718,903	2,993,223	38,765	38,765
Interest Rate Options				
Sold	10,118,765	111,465	13,109	(2,109)
Bought	6,892,065	126,501	12,098	4,154
Over-the-counter:				
Forward Rate Agreements				
Sold	2,955,364	1,166,750	403	403
Bought	3,327,780	932,668	(1,998)	(1,998)
Interest Rate Swaps				
Receipts Fixed / Payments Fixed	1,620	1,620	51	51
Receipts Fixed / Payments Floating	90,090,046	62,468,018	1,426,225	1,426,225
Receipts Floating / Payments Fixed	89,682,658	61,208,721	(1,389,233)	(1,389,233)
Receipts Floating / Payments Floating	7,345,246	6,167,126	(162)	(162)
Other				
Sold	5,449,007	3,896,392	27,223	8,787
Bought	4,979,859	3,722,621	51,844	29,430
Total	/	/	¥ 32,343	¥ 48,995

	Millions of U.S. Dollars			
	2002			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Interest Rate Futures				
Sold	**$128,491**	**$ 25,224**	**$ (490)**	**$ (490)**
Bought	**125,517**	**22,472**	**291**	**291**
Interest Rate Options				
Sold	**75,967**	**837**	**98**	**(16)**
Bought	**51,742**	**950**	**91**	**31**
Over-the-counter:				
Forward Rate Agreements				
Sold	**22,187**	**8,759**	**3**	**3**
Bought	**24,983**	**7,002**	**(15)**	**(15)**
Interest Rate Swaps				
Receipts Fixed / Payments Fixed	**12**	**12**	**1**	**1**
Receipts Fixed / Payments Floating	**676,352**	**468,979**	**10,707**	**10,707**
Receipts Floating / Payments Fixed	**673,293**	**459,525**	**(10,430)**	**(10,430)**
Receipts Floating / Payments Floating	**55,144**	**46,300**	**(1)**	**(1)**
Other				
Sold	**40,908**	**29,252**	**204**	**660**
Bought	**37,386**	**27,948**	**389**	**221**
Total	/	/	**$ 243**	**$ 368**

Notes: 1. Unrealized gain (loss) is included in the consolidated statement of operations. Derivatives transactions to which hedge accounting is applied are excluded.

2. Market values for listed products are primarily calculated by using the closing prices on the Tokyo International Financial Futures Exchange at the balance sheet date.
Market values for the over-the-counter transactions are based primarily on discounted present values and option pricing calculation models.

(b) Currency Derivatives

	Millions of Yen			
	Contractual or Notional Amounts			
March 31, 2002		Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Currency Swaps	**¥6,287,501**	**¥4,539,717**	**¥(49,288)**	**¥(49,288)**

	Millions of U.S. Dollars			
	Contractual or Notional Amounts			
March 31, 2002		Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Currency Swaps	**$47,203**	**$34,082**	**$(370)**	**$(370)**

Notes: 1. Unrealized gain (loss) is included in the consolidated statement of operations. Derivatives transactions to which hedge accounting is applied and transactions stated in the Note 3 are excluded.

2. Market values for the over-the-counter transactions are based primarily on discounted present values.

3. Certain currency swaps have been excluded from the above tables since such currency swaps have been accounted for using the accrual method of accounting in accordance with "Temporary Treatment for Accounting and Auditing of 'Revised Accounting for Foreign Currency Transaction' in Banking Industry" (JICPA April 10, 1999).

The contractual amounts, market values and unrealized gain (loss) of currency swaps accounted for using the accrual method are as follows:

	Millions of Yen		
March 31, 2002	Contractual or Notional Amounts	Market Values	Unrealized Gain (Loss)
Currency Swaps	**¥606,609**	**¥(5,109)**	**¥(5,109)**

	Millions of U.S. Dollars		
March 31, 2002	Contractual or Notional Amounts	Market Values	Unrealized Gain (Loss)
Currency Swaps	**$4,554**	**$(38)**	**$(38)**

Foreign exchange forward contracts, currency options and certain other transactions are excluded from the above tables since they are revalued at the end of the fiscal year and their gains and losses are recorded in the consolidated statement of operations, or included in receivables/payables which are reflected in the consolidated balance sheet or eliminated in the consolidation process. The following table shows the contractual amounts of currency related transactions included in the consolidated statement of operations through revaluation at the end of the fiscal year:

	Millions of Yen
March 31, 2002	Contractual or Notional Amounts
Listed:	
Currency Futures	
Sold	**¥ 1,290**
Bought	—
Over-the-counter:	
Foreign Exchange Forward Contracts	
Sold	**4,904,472**
Bought	**6,051,811**
Currency Options	
Sold	**1,494,556**
Bought	**1,664,564**

March 31, 2002	Millions of U.S. Dollars Contractual or Notional Amounts
Listed:	
Currency Futures	
Sold	**$ 10**
Bought	**—**
Over-the-counter:	
Foreign Exchange Forward Contracts	
Sold	**36,820**
Bought	**45,434**
Currency Options	
Sold	**11,220**
Bought	**12,497**

(c) Equity Derivatives

March 31, 2002	Millions of Yen Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Equity Index Futures				
Sold	**¥29,805**	**¥ —**	**¥ 203**	**¥ 203**
Bought	**1,525**	**—**	**(20)**	**(20)**
Equity Index Options				
Sold	**2,771**	**2,770**	**415**	**9**
Bought	**0**	**—**	**108**	**(11)**
Equity Options				
Sold	**—**	**—**	**—**	**—**
Bought	**1,939**	**1,809**	**494**	**4**
Over-the-counter:				
Equity Forward Contracts				
Sold	**—**	**—**	**—**	**—**
Bought	**2,765**	**—**	**37**	**37**
Equity-related Options				
Sold	**52,388**	**20,617**	**4,075**	**2,266**
Bought	**13,184**	**3,213**	**3,194**	**2,376**
Equity-related Index Swaps				
Receipts Fixed / Payments Dividend Equivalents	**27,532**	**27,435**	**(2)**	**(2)**
Receipts Dividend Equivalents / Payments Fixed	**12,735**	**12,735**	**6**	**6**
Receipts or Payments Based on the Equity Price	**36,111**	**22,037**	**(1,159)**	**(1,159)**
Total	/	/	**¥(1,628)**	**¥ 3,710**

	Millions of U.S. Dollars			
	Contractual or Notional Amounts			
March 31, 2002		Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Equity Index Futures				
Sold	**$224**	**$ —**	**$ 2**	**$ 2**
Bought	**11**	**—**	**(0)**	**(0)**
Equity Index Options				
Sold	**21**	**21**	**3**	**0**
Bought	**0**	**—**	**1**	**(0)**
Equity Options				
Sold	—	—	—	—
Bought	**15**	**14**	**4**	**0**
Over-the-counter:				
Equity Forward Contracts				
Sold	—	—	—	—
Bought	**21**	**—**	**0**	**0**
Equity-related Options				
Sold	**393**	**155**	**31**	**17**
Bought	**99**	**24**	**24**	**18**
Equity-related Index Swaps				
Receipts Fixed / Payments Dividend Equivalents	**207**	**206**	**(0)**	**(0)**
Receipts Dividend Equivalents / Payments Fixed	**96**	**96**	**0**	**0**
Receipts or Payments Based on the Equity Price	**271**	**165**	**(9)**	**(9)**
Total	/	/	**$(12)**	**$28**

Notes: 1. Unrealized gain (loss) is included in the consolidated statement of operations. Derivatives transactions to which hedge accounting is applied are excluded.
2. Market values for listed products are calculated using the closing prices of the Tokyo Stock Exchange and others at the balance sheet date. Market values for the over-the-counter transaction are based primarily on discounted present values and option pricing calculation models.

(d) Bond Derivatives

March 31, 2002	Contractual or Notional Amounts		Market Values	Unrealized Gain (Loss)
		Over One Year		
	Millions of Yen			
Listed:				
Bond Futures				
Sold	**¥1,318,053**	**¥ —**	**¥ 6,319**	**¥ 6,319**
Bought	**1,050,566**	**—**	**(3,832)**	**(3,832)**
Bond Futures Options				
Sold	**101,543**	**—**	**1,668**	**(166)**
Bought	**52,101**	**—**	**389**	**(24)**
Over-the-counter:				
Bond Options				
Sold	**39,429**	**34,429**	**479**	**(47)**
Bought	**36,561**	**34,561**	**672**	**(440)**
Total			**¥ 1,401**	**¥ 1,807**

March 31, 2002	Contractual or Notional Amounts		Market Values	Unrealized Gain (Loss)
		Over One Year		
	Millions of U.S. Dollars			
Listed:				
Bond Futures				
Sold	**$9,895**	**$ —**	**$ 47**	**$ 47**
Bought	**7,887**	**—**	**(29)**	**(29)**
Bond Futures Options				
Sold	**762**	**—**	**12**	**(1)**
Bought	**391**	**—**	**3**	**(0)**
Over-the-counter:				
Bond Options				
Sold	**296**	**258**	**3**	**(0)**
Bought	**274**	**259**	**5**	**(3)**
Total			**$ 11**	**$ 14**

Notes: 1. Unrealized gain (loss) is included in the consolidated statement of operations. Derivatives transactions to which hedge accounting is applied are excluded.
2. Market values for listed products are calculated using the closing prices of the Tokyo Stock Exchange and others at the balance sheet date. Market values for the over-the-counter transactions are based primarily on the option pricing calculation models.

(e) Commodity Derivatives

March 31, 2002	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
	Millions of Yen			
Over-the-counter:				
Commodity Swaps (Fuel)	**¥13,707**	**¥2,343**	**¥58**	**¥58**

March 31, 2002	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
	Millions of U.S. Dollars			
Over-the-counter:				
Commodity Swaps (Fuel)	**$103**	**$18**	**$0**	**$0**

Notes: 1. Unrealized gain (loss) is included in the consolidated statement of operations. Derivatives transactions to which hedge accounting is applied are excluded.
2. Market values are calculated by using the quoted prices of the commodity, contractual term or other contractual elements.

(f) Credit Derivatives

March 31, 2002	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
	Millions of Yen			
Over-the-counter:				
Credit Default Swaps				
Sold	**¥ 73,022**	**¥58,644**	**¥(171)**	**¥(171)**
Bought	**507,315**	**67,000**	**429**	**429**
Credit Default Options				
Sold	**18,249**	**8,958**	**146**	**129**
Bought	**20,242**	**9,310**	**165**	**(115)**
Total	/	/	**¥ 277**	**¥ 272**

March 31, 2002	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
	Millions of U.S. Dollars			
Over-the-counter:				
Credit Default Swaps				
Sold	**$ 548**	**$440**	**$(1)**	**$(1)**
Bought	**3,809**	**503**	**3**	**3**
Credit Default Options				
Sold	**137**	**67**	**1**	**1**
Bought	**152**	**70**	**1**	**(1)**
Total	/	/	**$ 2**	**$ 2**

Notes: 1. Unrealized gain (loss) is included in the consolidated statement of operations. Derivatives transactions to which hedge accounting is applied are excluded.
2. Market values are based primarily on the discounted present values.
3. 'Sold' means the underwriting of credit risk and 'Bought' means the transferring of credit risk.

(g) Other Derivatives

March 31, 2002	Contractual or Notional Amounts	Contractual or Notional Amounts: Over One Year	Market Values	Unrealized Gain (Loss)
				Millions of Yen
Over-the-counter:				
Weather Options				
Sold	¥1,040	¥ —	¥ 49	¥124
Bought	715	—	25	(31)
Total	／	／	¥(23)	¥ 93

March 31, 2002	Contractual or Notional Amounts	Contractual or Notional Amounts: Over One Year	Market Values	Unrealized Gain (Loss)
				Millions of U.S. Dollars
Over-the-counter:				
Weather Options				
Sold	$8	$ —	$ 0	$ 1
Bought	5	—	0	(0)
Total	／	／	$(0)	$ 1

Notes: 1. Unrealized gain (loss) is included in the consolidated statement of operations. Derivatives transactions to which hedge accounting is applied are excluded.
2. Market values are based primarily on the discounted present values.

36. SEGMENT INFORMATION

(a) Segment Information by Business Lines

The following tables present profits and assets of UFJ Group by business lines, based on internal management reporting.

Year ended March 31, 2002	Banking/ Trust Business	Leasing	Other	Total	Eliminations	Consolidated
						Millions of Yen
Ordinary Income:						
Outside Customers	¥ 2,619,801	¥216,183	¥ 234,825	¥ 3,070,810	¥ —	¥ 3,070,810
Inter-Business Transfers	39,203	13,183	143,378	195,765	(195,765)	—
	2,659,004	229,367	378,203	3,266,575	(195,765)	3,070,810
Ordinary Expenses	4,275,795	231,271	290,499	4,797,566	(123,029)	4,674,536
Ordinary Profit (Loss)	¥(1,616,790)	¥ (1,903)	¥ 87,703	¥(1,530,990)	¥ (72,735)	¥(1,603,726)
Assets	¥76,635,442	¥685,360	¥8,436,045	¥85,756,848	¥(5,983,867)	¥79,772,980
Depreciation	62,043	421	4,772	67,238	—	67,238
Capital Expenditures	146,331	768	6,813	153,913	—	153,913

Millions of U.S. Dollars

Year ended March 31, 2002	Banking/ Trust Business	Leasing	Other	Total	Eliminations	Consolidated
Ordinary Income:						
Outside Customers	**$ 19,668**	**$1,623**	**$ 1,763**	**$ 23,054**	**$ —**	**$ 23,054**
Inter-Business Transfers	**294**	**99**	**1,076**	**1,469**	**(1,469)**	**—**
	19,962	**1,722**	**2,839**	**24,523**	**(1,469)**	**23,054**
Ordinary Expenses	**32,100**	**1,736**	**2,181**	**36,017**	**(923)**	**35,094**
Ordinary Profit (Loss)	**$(12,138)**	**$ (14)**	**$ 658**	**$ (11,494)**	**$ (546)**	**$ (12,040)**
Assets	**$575,341**	**$5,145**	**$63,334**	**$643,820**	**$(44,924)**	**$ 598,896**
Depreciation	**466**	**3**	**36**	**505**	**—**	**505**
Capital Expenditures	**1,099**	**6**	**51**	**1,156**	**—**	**1,156**

Notes: 1. Ordinary Income represents "Total Revenues" less certain items such as "Gains on Sales of Premises and Equipment" and "Collection of Written-off Claims." Ordinary Expense represents "Total Expenses" less certain items such as "Losses on Sales of Premises and Equipment" and "Amortization of Net Transitional Obligation for Employee Retirement Benefits."
2. "Other" business lines include securities, credit card, financing, venture capital, investment trust management and investment advisory business.

(b) Segment Information by Geographic Areas

The following tables present profits and assets relating to international and domestic operations of UFJ Group by major geographic areas, as determined by proximity, similarity of economic activities, and relationships of operations by location.

Millions of Yen

Year ended March 31, 2002	Japan	Americas	Europe	Asia/Oceania Excluding Japan	Total	Eliminations	Consolidated
Ordinary Income:							
Outside Customers	**¥ 2,456,445**	**¥ 272,237**	**¥ 164,010**	**¥ 178,117**	**¥ 3,070,810**	**¥ —**	**¥ 3,070,810**
Inter-Area Transfers	**223,990**	**95,029**	**9,082**	**71,610**	**399,712**	**(399,712)**	**—**
	2,680,435	**367,266**	**173,092**	**249,728**	**3,470,523**	**(399,712)**	**3,070,810**
Ordinary Expenses	**4,288,313**	**328,552**	**168,355**	**255,547**	**5,040,768**	**(366,231)**	**4,674,536**
Ordinary Profit (Loss)	**¥(1,607,877)**	**¥ 38,713**	**¥ 4,737**	**¥ (5,819)**	**¥(1,570,245)**	**¥ (33,480)**	**¥(1,603,726)**
Assets	**¥74,811,763**	**¥4,199,638**	**¥3,152,883**	**¥4,423,886**	**¥86,588,171**	**¥(6,815,191)**	**¥79,772,980**

Millions of U.S. Dollars

Year ended March 31, 2002	Japan	Americas	Europe	Asia/Oceania Excluding Japan	Total	Eliminations	Consolidated
Ordinary Income:							
Outside Customers	**$ 18,442**	**$ 2,044**	**$ 1,231**	**$ 1,337**	**$ 23,054**	**$ —**	**$ 23,054**
Inter-Area Transfers	**1,681**	**714**	**68**	**538**	**3,001**	**(3,001)**	**—**
	20,123	**2,758**	**1,299**	**1,875**	**26,055**	**(3,001)**	**23,054**
Ordinary Expenses	**32,194**	**2,467**	**1,264**	**1,919**	**37,844**	**(2,750)**	**35,094**
Ordinary Profit (Loss)	**$ (12,071)**	**$ 291**	**$ 35**	**$ (44)**	**$ (11,789)**	**$ (251)**	**$ (12,040)**
Assets	**$561,650**	**$31,529**	**$23,670**	**$33,212**	**$650,061**	**$(51,165)**	**$598,896**

Notes: 1. Ordinary Income represents "Total Revenues" less certain items such as "Gains on Sales of Premises and Equipment" and "Collection of Written-off Claims." Ordinary Expense represents "Total Expenses" less certain items such as "Losses on Sales of Premises and Equipment" and "Amortization of Net Transitional Obligation for Employee Retirement Benefits."
2. "Americas" includes the United States and Canada. "Europe" includes United Kingdom and Germany. "Asia/Oceania Excluding Japan" includes Hong Kong, Singapore and Australia.

(c) Ordinary Income from Overseas Operations

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Ordinary Income from Overseas Operations	**¥ 614,364**	**$ 4,612**
Consolidated Ordinary Income	**3,070,810**	**23,054**
Ratio of Ordinary Income from Overseas Operations to Consolidated Ordinary Income	**20.0%**	**20.0%**

Notes: 1. Ordinary Income from Overseas Operations is presented as a substitute for "Overseas Sales" utilized by non-financial companies.

2. Ordinary Income from Overseas Operations primarily includes ordinary income from domestic transactions in foreign currencies, and from transactions of the UFJ Bank's overseas branches and of consolidated overseas subsidiaries (excluding ordinary income from intercompany transactions). Segment Information for Ordinary Income from Overseas Operations by location is not presented since the counterparties to the large number of transactions are not classified by location.

37. UFJ HOLDINGS (PARENT COMPANY ONLY)

The following tables present the non-consolidated financial information of UFJ Holdings.

Non-consolidated Balance Sheet

As of March 31, 2002	Millions of Yen 2002	Millions of U.S. Dollars 2002
ASSETS:		
Current Assets:		
Cash and Due from Banks	¥ 1,430	$ 11
Deferred Tax Assets	59	0
Other	15,150	114
Total Current Assets	16,640	125
Non-current Assets:		
Tangible Fixed Assets		
Equipment and Furniture	3	0
Intangible Fixed Assets		
Trademarks	256	2
Software	42	0
Investments and Other Assets		
Investments in Securities	6,075	46
Investments in Subsidiaries (Stocks)	3,934,190	29,536
Bonds of Subsidiaries	250,000	1,877
Investments in Subsidiaries (Bonds)	100,000	751
Other	41	0
Total Non-current Assets	4,290,609	32,212
Deferred Charges:		
Organization Costs	1,200	9
Total Deferred Charges	1,200	9
Total Assets	**¥4,308,449**	**$32,346**
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Current Liabilities:		
Accounts Payable	¥ 96	$ 1
Accrued Expenses	507	4
Accrued Income Taxes	143	1
Accrued Consumption Taxes	238	2
Other	18	0
Total Current Liabilities	1,004	8
Non-current Liabilities		
Bonds	350,000	2,627
Reserve for Retirement Benefits	96	1
Total Non-current Liabilities	350,096	2,628
Total Liabilities	**351,101**	**2,636**
Stockholders' Equity:		
Capital Stock	1,000,000	7,507
Capital Surplus	1,882,953	14,137
Other Capital Surplus	1,000,000	7,507
Retained Earnings	74,602	561
Treasury Stock	(208)	(2)
Total Stockholders' Equity	**3,957,348**	**29,710**
Total Liabilities and Stockholders' Equity	**¥4,308,449**	**$32,346**

Non-consolidated Statement of Operations

Fiscal Year Ended March 31, 2002	Millions of Yen 2002	Millions of U.S. Dollars 2002
Operating Revenues:		
Dividends on Investments in Subsidiaries (Stocks)	¥ 73,993	$ 555
Management Fees from Subsidiaries	7,969	60
Interest on Investments in Subsidiaries (Bonds)	1,734	13
Interest on Loans to Subsidiaries	1,028	8
Total Operating Revenues	84,725	636
Operating Expenses:		
General and Administrative Expenses	6,316	47
Interest on Bonds	2,763	21
Bond Issuance Costs	70	1
Total Operating Expenses	9,149	69
Operating Income	75,576	567
Non-Operating Revenues:		
Fees and Commissions	13	0
Other	6	0
Total Non-operating Revenues	19	0
Non-Operating Expenses:		
Interest Expenses on Short-Term Bank Loans	20	0
Amortization of Organization Costs	300	2
Loss on Sales of Treasury Stocks	109	1
Other	13	0
Total Non-operating Expenses	444	3
Income (Loss) Before Income Taxes	75,152	564
Income Taxes:		
Provision for Income Taxes	649	5
Deferred Income Taxes	(100)	(1)
	549	4
Net Income (Loss)	74,602	560
Retained Earnings at End of the Fiscal Year	74,602	560

	Yen	U.S. Dollars
Net Income (Loss) Per Common Share:		
Basic	¥12,291.35	$92.28
Fully Diluted	8,813.07	66.16

38. SUBSEQUENT EVENTS

The following plan of UFJ Holdings for the appropriation of unappropriated profit was approved at the ordinary stockholders meeting held on June 26, 2002:

	Millions of Yen	Millions of U.S. Dollars
	2002	**2002**
Year-End Dividends:		
Class I Preferred Share, ¥37,500 ($281.53) per Share	**¥ 658**	**$ 5**
Class II Preferred Share, ¥15,900 ($119.37) per Share	**3,180**	**24**
Class III Preferred Share, ¥68,750 ($516.14) per Share	**3,378**	**25**
Class IV Preferred Share, ¥18,600 ($139.64) per Share	**2,790**	**21**
Class V Preferred Share, ¥19,400 ($145.65) per Share	**2,910**	**22**
Class VI Preferred Share, ¥ 5,300 ($ 39.79) per Share	**424**	**3**
Class VII Preferred Share, ¥11,500 ($ 86.34) per Share	**2,300**	**17**
Total	**¥15,641**	**$117**

UFJ Bank Limited

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2001	Millions of Yen 2002 UFJ Bank	2001 Sanwa Bank	2001 Tokai Bank	Millions of U.S. Dollars 2002 UFJ Bank
ASSETS:				
Cash and Due from Banks	**¥ 5,799,138**	¥ 4,125,178	¥ 1,065,624	**$ 43,537**
Call Loans	**498,059**	340,611	250,256	**3,739**
Receivables under Resale Agreements	**16,040**	—	—	**120**
Monetary Receivables Bought	**22,304**	11,659	4,147	**168**
Trading Assets	**1,091,539**	836,533	1,718,955	**8,195**
Money Held in Trust	**111,429**	45,693	105,707	**837**
Securities	**13,191,758**	11,854,663	7,239,693	**99,037**
Loans and Bills Discounted	**41,552,841**	29,702,566	18,784,473	**311,958**
Foreign Exchanges	**540,829**	369,024	250,338	**4,060**
Other Assets	**1,652,754**	1,084,223	1,171,961	**12,408**
Premises and Equipment	**610,920**	516,309	267,720	**4,587**
Deferred Tax Assets	**1,218,390**	591,114	308,933	**9,147**
Customers' Liabilities for Acceptances and Guarantees	**3,879,983**	2,842,996	1,780,645	**29,129**
Reserve for Credit Losses	**(1,375,914)**	(725,027)	(331,160)	**(10,330)**
Reserve for Losses on Securities	**(2,587)**	(3,324)	(708)	**(19)**
Total Assets	**¥68,807,488**	¥51,592,221	¥32,616,584	**$ 516,573**
LIABILITIES AND STOCKHOLDERS' EQUITY:				
Liabilities:				
Deposits	**¥51,999,284**	¥37,470,877	¥21,570,936	**$ 390,385**
Call Money	**2,828,091**	3,546,926	2,861,227	**21,232**
Payables under Repurchase Agreements	**47,234**	—	—	**355**
Commercial Paper	**487,000**	409,500	—	**3,656**
Trading Liabilities	**369,791**	310,349	784,745	**2,776**
Borrowed Money	**2,380,642**	1,720,940	1,455,305	**17,873**
Foreign Exchanges	**171,340**	111,906	30,469	**1,286**
Bonds and Notes	**1,597,400**	891,000	—	**11,992**
Other Liabilities	**1,892,493**	2,068,194	2,506,302	**14,208**
Reserve for Employee Bonus	**8,895**	—	—	**67**
Reserve for Retirement Benefits	**—**	29,524	—	**—**
Reserve for Contingent Liabilities Related to Loans Sold	**47,632**	66,775	47,000	**358**
Reserve for Losses on Supports of Specific Borrowers	**569,057**	32,763	—	**4,272**
Other Reserves	**3**	5	—	**0**
Deferred Tax Liabilities for Revaluation Reserve for Land	**76,224**	84,112	37,252	**572**
Acceptances and Guarantees	**3,879,983**	2,842,996	1,780,645	**29,129**
Total Liabilities	**66,355,075**	49,585,871	31,073,881	**498,161**
Stockholders' Equity:				
Capital Stock	**843,582**	843,582	723,138	**6,333**
Capital Surplus	**845,556**	734,574	649,202	**6,348**
Legal Reserve	**—**	106,140	77,049	**—**
Revaluation Reserve for Land, Net of Taxes	**118,474**	137,293	55,645	**890**
Other Capital Surplus	**445,000**	—	—	**3,341**
Retained Earnings	**64,406**	184,758	37,669	**483**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**135,392**	—	—	**1,017**
Total Stockholders' Equity	**2,452,413**	2,006,350	1,542,703	**18,412**
Total Liabilities and Stockholders' Equity	**¥68,807,488**	¥51,592,221	¥32,616,584	**$ 516,573**

UFJ Bank Limited

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

	Millions of Yen					Millions of U.S. Dollars
	2002	2001		2000		**2002**
Fiscal Years Ended March 31, 2002, 2001 and 2000	UFJ Bank	Sanwa Bank	Tokai Bank	Sanwa Bank	Tokai Bank	UFJ Bank
REVENUES:						
Interest Income:						
Interest on Loans and Discounts	**¥ 639,359**	¥ 701,708	¥ 388,138	¥ 700,058	¥ 381,387	**$ 4,800**
Interest on and Dividends from Securities	**202,957**	164,972	87,069	138,251	99,842	**1,524**
Other Interest Income	**179,491**	185,671	45,845	378,806	358,964	**1,347**
Fees and Commissions	**143,026**	122,204	66,228	110,480	59,741	**1,074**
Trading Gains, Net	**59,341**	29,392	16,119	19,382	12,965	**445**
Other Operating Income	**172,739**	70,983	79,073	214,365	117,247	**1,297**
Other Income	**388,479**	330,532	161,193	431,249	483,059	**2,917**
Total Revenues	**1,785,394**	1,605,465	843,665	1,992,593	1,513,205	**13,404**
EXPENSES:						
Interest Expenses:						
Interest on Deposits	**230,472**	379,419	141,665	261,881	121,601	**1,730**
Interest on Borrowings and Rediscounts	**68,438**	86,796	46,912	66,048	46,504	**514**
Other Interest Expenses	**95,744**	53,897	26,335	378,111	330,623	**719**
Fees and Commissions	**56,782**	44,305	14,995	50,212	15,711	**426**
Trading Losses, Net	—	1,780	30,645	2,536	224	—
Other Operating Expenses	**68,689**	35,767	7,407	162,392	126,099	**516**
General and Administrative Expenses	**390,097**	339,187	231,443	349,885	235,563	**2,928**
Provision for Credit Losses	**179,021**	293,731	128,654	39,243	4,875	**1,344**
Other Expenses	**1,288,951**	546,152	312,903	516,450	517,235	**9,677**
Total Expenses	**2,378,197**	1,781,039	940,959	1,826,763	1,398,435	**17,854**
Income (Loss) before Income Taxes	**(592,803)**	(175,574)	(97,294)	165,830	114,770	**(4,450)**
Income Taxes:						
Provision for Income Taxes	**3,523**	15,400	2,427	58,214	2,278	**27**
Deferred Income Taxes	**(294,547)**	(42,895)	(31,424)	24,601	67,756	**(2,211)**
	(291,023)	(27,494)	(28,997)	82,815	70,034	**(2,184)**
Net Income (Loss)	**(301,779)**	(148,079)	(68,297)	83,014	44,736	**(2,266)**
Retained Earnings at Beginning of the Fiscal Year	**184,758**	347,211	103,107	276,773	78,805	**1,387**
Retained Earnings Carried Forward from the Merger	**1,294**	—	—	—	—	**10**
Reversal of Revaluation Reserve for Land	**72,550**	16,091	32,751	13,361	4,033	**544**
Transfer from Legal Reserve	**184,609**	—	—	—	—	**1,386**
Cash Dividends	**(76,520)**	(25,385)	(24,901)	(21,614)	(20,378)	**(574)**
Transfer to Legal Reserve	**(505)**	(5,078)	(4,991)	(4,323)	(4,089)	**(4)**
Retained Earnings at End of the Fiscal Year	**¥ 64,406**	¥ 184,758	¥ 37,669	¥ 347,211	¥ 103,107	**$ 483**

	Yen					U.S. Dollars
Net Income (Loss) per Common Share:						
Basic	**¥(96.85)**	¥(52.72)	¥(34.38)	¥26.85	¥15.81	**$(0.73)**
Fully Diluted	—	—	—	23.68	13.20	—

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2002 and 2001	Millions of Yen 2002	Millions of Yen 2001	Millions of U.S. Dollars 2002
ASSETS:			
Cash and Due from Banks	**¥ 582,567**	¥ 523,102	**$ 4,374**
Call Loans	**60,000**	20,300	**450**
Monetary Receivables Bought	**84,626**	33,730	**635**
Trading Assets	**27,790**	110,604	**209**
Securities	**2,596,924**	2,766,701	**19,496**
Loans and Bills Discounted	**3,520,861**	3,886,196	**26,433**
Foreign Exchanges	**3,352**	3,544	**25**
Other Assets	**145,953**	208,157	**1,096**
Premises and Equipment	**57,513**	88,666	**432**
Deferred Tax Assets	**239,199**	159,995	**1,796**
Deferred Tax Assets for Revaluation Reserve for Land	**534**	—	**4**
Customers' Liabilities for Acceptances and Guarantees	**197,520**	298,285	**1,483**
Reserve for Credit Losses	**(127,287)**	(90,146)	**(956)**
Reserve for Losses on Securities	**(59)**	(183)	**(0)**
Total Assets	**¥7,389,496**	¥ 8,008,956	**$ 55,477**
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Deposits	**¥4,075,118**	¥ 3,678,929	**$ 30,594**
Call Money	**724,852**	218,458	**5,442**
Payables under Repurchase Agreements	**299**	—	**2**
Trading Liabilities	**16,686**	17,752	**125**
Borrowed Money	**116,147**	216,049	**872**
Bonds and Notes	**88,900**	78,900	**668**
Convertible Bonds	**—**	19,140	**—**
Due to Trust Account	**1,692,839**	2,736,497	**12,709**
Other Liabilities	**54,646**	158,149	**410**
Reserve for Employee Bonus	**1,348**	724	**10**
Reserve for Contingent Liabilities Related to Loans Sold	**1,772**	3,944	**13**
Reserve for Losses on Supports of Specific Borrowers	**45,100**	—	**339**
Deferred Tax Liabilities for Revaluation Reserve for Land	**—**	7,265	**—**
Acceptances and Guarantees	**197,520**	298,285	**1,483**
Total Liabilities	**7,015,231**	7,434,097	**52,667**
Stockholders' Equity:			
Capital Stock	**280,536**	280,536	**2,106**
Capital Surplus	**252,676**	252,676	**1,897**
Legal Reserve	**23,726**	23,453	**178**
Revaluation Reserve for Land, Net of Taxes	**(836)**	11,364	**(6)**
Retained Earnings	**(114,347)**	6,828	**(858)**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(67,489)**	—	**(507)**
Total Stockholders' Equity	**374,265**	574,859	**2,810**
Total Liabilities and Stockholders' Equity	**¥7,389,496**	¥ 8,008,956	**$ 55,477**

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years ended March 31, 2002, 2001 and 2000	2002 (Millions of Yen)	2001 (Millions of Yen)	2000 (Millions of Yen)	2002 (Millions of U.S. Dollars)
REVENUES:				
Trust Fees	**¥ 69,218**	¥ 56,111	¥ 48,417	**$ 520**
Interest Income:				
Interest on Loans and Discounts	**55,017**	68,874	76,815	**413**
Interest on and Dividends from Securities	**30,597**	24,818	34,303	**230**
Other Interest Income	**2,398**	9,549	22,196	**18**
Fees and Commissions	**44,062**	44,573	40,165	**331**
Trading Gains, Net	**1,060**	886	456	**8**
Other Operating Income	**11,843**	12,310	8,270	**89**
Other Income	**59,207**	104,086	240,835	**444**
Total Revenues	**273,406**	321,211	471,459	**2,053**
EXPENSES:				
Interest Expenses:				
Interest on Deposits	**16,603**	23,676	25,417	**125**
Interest on Borrowings and Rediscounts	**8,621**	14,803	13,580	**65**
Other Interest Expenses	**17,369**	25,139	59,212	**130**
Fees and Commissions	**5,007**	3,796	6,398	**38**
Trading Losses, Net	—	474	220	—
Other Operating Expenses	**3,092**	1,772	18,343	**23**
General and Administrative Expenses	**89,030**	90,309	93,573	**668**
Provision for Credit Losses	**51,405**	20,661	18,989	**386**
Other Expenses	**267,161**	141,570	207,127	**2,006**
Total Expenses	**458,292**	322,205	442,862	**3,441**
Income (Loss) before Income Taxes	**(184,886)**	(993)	28,596	**(1,388)**
Income Taxes:				
Provision for Income Taxes	**100**	100	100	**1**
Reversal of Income Taxes Paid	**1,944**	—	—	**15**
Deferred Income Taxes	**(51,299)**	2,641	20,678	**(385)**
	(49,254)	2,741	20,778	**(369)**
Net Income (Loss)	**(131,742)**	(3,735)	7,818	**(989)**
Retained Earnings at Beginning of the Fiscal Year	**6,828**	19,881	19,033	**51**
Reversal of Revaluation Reserve for Land	**12,201**	(493)	(10)	**92**
Cash Dividends	**(1,362)**	(7,353)	(5,799)	**(10)**
Transfer to Legal Reserve	**(272)**	(1,470)	(1,159)	**(2)**
Retained Earnings at End of the Fiscal Year	**¥(114,347)**	¥ 6,828	¥ 19,881	**$ (858)**

	2002 (Yen)	2001 (Yen)	2000 (Yen)	2002 (U.S. Dollars)
Net Income (Loss) per Common Share:				
Basic	**¥(142.27)**	¥(6.97)	¥5.68	**$ (1.06)**
Fully Diluted	—	—	4.28	—

NON-CONSOLIDATED BALANCE SHEETS

Trust Account

As of March 31, 2002 and 2001	Millions of Yen 2002	2001	Millions of U.S. Dollars 2002
ASSETS:			
Loans and Bills Discounted	**¥ 1,300,544**	¥ 1,767,754	**$ 9,763**
Securities	**14,544,647**	12,796,772	**109,194**
Securities of Investment Trusts	**7,703,581**	7,401,596	**57,834**
Overseas Investments of Investment Trusts	**1,423,548**	934,340	**10,687**
Beneficiary Rights in Trust	**87,701**	131,525	**658**
Securities in Trust	**293,166**	202,693	**2,200**
Securities Lent	**481,500**	364,900	**3,614**
Money Claims	**3,552,805**	2,958,438	**26,672**
Premises and Equipment	**809,458**	570,943	**6,077**
Leasing Rights on Land	**15,885**	15,885	**119**
Other Claims	**109,858**	833,685	**824**
Bills Purchased	**—**	1,010,000	**—**
Call Loans	**2,298,260**	3,778,728	**17,254**
Lending Money to Banking Account	**1,692,839**	2,736,497	**12,709**
Cash and Due from Banks	**599,842**	661,316	**4,503**
Total Assets	**¥34,913,641**	¥36,165,079	**$262,114**
LIABILITIES:			
Money Trust	**¥ 9,432,411**	¥ 8,428,003	**$ 70,813**
Pension Trust	**4,463,767**	4,494,590	**33,511**
Property Formation Trusts	**4,790**	4,481	**35**
Loan Trusts	**1,978,766**	3,302,042	**14,855**
Investment Trusts	**12,819,599**	15,744,706	**96,243**
Money in Trust Other than Money Trusts	**1,129,100**	1,315,758	**8,476**
Securities in Trust	**1,150,120**	956,393	**8,634**
Money Claims in Trust	**1,833,911**	834,543	**13,768**
Equipment in Trust	**136,455**	108,674	**1,024**
Real Estate in Trust	**103,520**	111,223	**777**
Leasing Rights on Land in Trust	**725**	718	**5**
Composite Trusts	**1,847,847**	853,741	**13,872**
Other Trusts	**12,623**	10,203	**94**
Total Liabilities	**¥34,913,641**	¥36,165,079	**$262,114**

Notes: 1. The total amount of Co-operative Trusts with other trust companies administrated were ¥8,739,427 million ($65,611million) and ¥9,764,976 million as of March 31, 2002 and 2001, respectively.

2. Total amounts of loans in trust account with principal indemnification of clause were ¥1,217,004 million ($9,136 million) and ¥1,588,361 million as of March 31,2002 and 2001,respectively.

Problem Loans in trust account with principal indemnification of clause defined by the Japanese Banking Law were as follows;

As of March 31, 2002 and 2001	Millions of Yen 2002	2001	Millions of U.S. Dollars 2002
Loans to Bankrupt Companies	**¥ 14,932**	¥ 20,169	**$ 112**
Other Delinquent Loans	**59,908**	65,618	**449**
Loans Past Due 3 Months or More	**2,038**	954	**15**
Restructured Loans	**59,346**	32,509	**445**
Total	**¥136,227**	¥119,252	**$1,022**

CAPITAL ADEQUACY

UFJ Group's capital ratio is subject to the capital adequacy guidelines by the Financial Services Agency which closely follow the risk-weighted approach proposed by the Bank for International Settlements (BIS).
The following table presents the components of the capital and the risk-weighted assets used to calcurate UFJ Group's capital ratio under the guidelines.

	Millions of Yen
March 31,2002	**2002**
Tier I (Core Capital):	
Common Stock	**¥ 1,000,000**
Capital Surplus	**1,266,626**
Retained Earnings	**238,583**
Minority Interests (*)	**586,903**
Treasury Stock and Parent Company Stock Held by Subsidiaries	**72,987**
Foreign Currency Translation Adjustments	**(37,834)**
Less: Goodwill	**23,934**
Total Tier I Capital	**¥ 2,957,357**
Tier II (Supplementary Capital):	
Net Unrealized Gain on Available-for-sale Securities, after 55% Discount	**50,510**
Revaluation Reserve for Land, after 55% Discount	**96,655**
Reserve for Credit Losses, excluding Specific Reserve	**640,663**
Subordinated Debts	**2,019,408**
Total Tier II Capital	**¥ 2,807,238**
Tier II Capital included as Qualifying Capital	**¥ 2,807,238**
Deductions	**103,960**
Total Capital	**¥ 5,660,634**
Risk-weighted Assets:	
Credit Risk Related Items	**50,709,645**
Market Risk Related Items	**543,422**
Total Risk-weighted Assets	**¥51,253,067**
Capital Ratio (%)	**11.04%**

* "Minority Interests" in the above table includes the preference shares issued by UFJ Holdings' consolidated subsidiaries. The total balance of such preference shares was ¥529,950 million as of March 31, 2002. The outlines of the preference shares are provided in the following pages.

OUTLINES OF PREFERENCE SHARES

	[1]	[2]
Issuer(s)	Sanwa Capital Finance 1 Limited	Sanwa Capital Finance 2 Limited
	Both incorporated with limited liability in the Cayman Islands	
Relation to UFJ Bank	100% subsidiaries	
Business of the Issuer(s)	The principal purposes of the Issuers are to issue the Offered Shares to investors and to make subordinated loans to UFJ Bank.	
Offered Securities	5,000 Floating Rate Non-cumulative Preference Shares, with a par value and liquidation preference of ¥10,000,000 per share (the "Offered Shares").	13,000 Floating Rate Non-cumulative Preference Shares, with a par value and liquidation preference of ¥10,000,000 per share (the "Offered Shares").
	The Offered Shares were privately placed. The Offered Shares are intended to provide holders with rights to liquidation preferences that are similar to those provided by UFJ Bank's most senior preferred shares, and rights to dividends as described below under "Dividend Distribution Policy".	
Amount	¥50 billion	¥130 billion
Issuing Date	March 18, 1999	March 25, 1999
Maturity Date	Perpetual	
Redemption	The Offered Shares may be redeemed in whole or in part on any Dividend Payment Date commencing in July 2004 at the option of the Issuer. The Offered Shares may not be redeemed prior thereto except in whole upon the occurrence of certain tax events or capital events. Any redemption of the Offered Shares is subject to compliance with applicable regulatory requirements, including the prior approval of the Japanese regulatory authorities if then required.	The Offered Shares may be redeemed in whole or in part on any Dividend Payment Date commencing in July 2009 at the option of the Issuer. The Offered Shares may not be redeemed prior thereto except in whole upon the occurrence of certain tax events or capital events. Any redemption of the Offered Shares is subject to compliance with applicable regulatory requirements, including the prior approval of the Japanese regulatory authorities if then required.
Dividend Rate	Non-cumulative dividends are payable at a floating rate (with a step-up rate of 100bp for each dividend period in and after July 2009).	Non-cumulative dividends are payable at a floating rate (with no step-up rate).
Dividend Payment Dates	January 25 and July 25 of each year (or if such day is not a Business Day on the immediately succeeding Business Day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding Business Day).	
Dividend Distribution Policy	The Offered Shares provide holders with rights to dividends as follows: (1) If UFJ Bank pays any dividends on its common shares for any fiscal year, dividends will be paid on the subsequent two Dividend Payment Dates ("Mandatory Dividend Payment Dates"). (2) If a Dividend Payment Date is not a Mandatory Dividend Payment Date, UFJ Bank may determine in its discretion to reduce or eliminate dividends. If UFJ Bank declares less than 100% of dividends payable on its most senior preferred shares for any fiscal year, dividends on the Offered Shares for the subsequent two Dividend Payment Dates will be limited to the same percentage. Notwithstanding (1) or (2), dividends will be reduced or eliminated if UFJ Bank has insufficient distributable profits as described below, and no dividends will be payable if UFJ Bank is insolvent or in liquidation ("Liquidation Period") or fails to meet applicable capital requirements ("Supervisory Period").	

Loss Absorption Event	As Loss Absorption Events, dividends will not be paid if UFJ Bank delivers to the Issuers a certificate stating that UFJ Bank is Insolvent or in a Supervisory Period. Insolvent means (a) UFJ Bank is not able or will not be able to pay its debts as they become due (meaning insolvent, *shiharai-funo*, within the meaning of the Japanese Bankruptcy Law (Law No. 71 of 1922 as amended) or its liabilities (other than certain core capital related loan and similar liabilities) exceed its assets or (b) the Japanese regulatory authorities have taken any statutory action in relation to UFJ Bank based upon their determination that UFJ Bank is insolvent. Supervisory Period means any period during which a Supervisory Event has occurred and is continuing. A Supervisory Event shall be deemed to have occurred if UFJ Bank's risk-adjusted total capital ratio or risk-adjusted core capital ratio, calculated in accordance with each applicable standard set forth in the Japanese banking regulations as of the end of any annual or semi-annual period, were to decline below the minimum percentages required by Japanese banking regulations. (Japanese banking regulations currently require Japanese banks engaged in international operations to maintain a minimum risk-adjusted total capital ratio of at least 8.0 percent and a minimum risk-adjusted core capital ratio of at least 4.0 percent.)
Liquidation Event	Dividends will not be paid during any period when a Liquidation Event has occurred and is continuing ("Liquidation Period"). A Liquidation Event shall be deemed to occur if (a) liquidation proceedings (*seisan*) in respect of UFJ Bank under the laws of Japan (including the special liquidation proceeding (*tokubetsu seisan*) of UFJ Bank under the Japanese Commercial Code (Law No. 48 of 1899 as amended)) are commenced or (b) a competent court in Japan shall have (i) adjudicated the commencement of bankruptcy proceedings (*hasan*) of UFJ Bank pursuant to the provisions of the Japanese Bankruptcy Law (Law No. 71 of 1922 as amended) or (ii) approved a preparation of a reorganization plan for liquidation (*seisanteki-kaisha-kosei*) of UFJ Bank pursuant to the provisions of the Japanese Corporate Reorganization Law (Law No. 172 of 1952 as amended).
Limitation by Distributable Profit	On any Dividend Payment Date, the Issuers may not pay more than an amount equal to UFJ Bank's distributable profits (as determined under applicable Japanese law) for the fiscal year of UFJ Bank most recently ended, after deducting as of the date immediately preceding such Dividend Payment Date (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of UFJ Bank in respect of its then most recently ended fiscal year, (b) any dividends and other distributions which have been declared since the end of such fiscal year of UFJ Bank in relation to securities issued by UFJ Bank's subsidiaries ranking on a parity with any class of UFJ Bank's preferred shares as to dividend rights and (c) any dividends which have been declared since the end of such fiscal year of UFJ Bank in relation to any parity shares issued by the Issuers.
Availability of the Proceeds to UFJ Bank	The full proceeds from the issuance of the Offered Shares were advanced to UFJ Bank in the form of a subordinated loan.

	[3]	[4]	[5]
Issuer(s)	UFJ Capital Finance 1 Limited	UFJ Capital Finance 2 Limited	UFJ Capital Finance 3 Limited
	Each incorporated with limited liability in the Cayman Islands		
Relation to UFJ Bank	100% subsidiaries		
Business of the Issuer(s)	The principal purposes of the Issuers are to issue the Offered Shares to investors and to make subordinated loans to UFJ Bank.		
Offered Securities	9,000 Floating Rate Non-cumulative Preference Shares, with a par value and liquidation preference of ¥10,000,000 per share (the “Offered Shares”).	11,800 Floating Rate Non-cumulative Preference Shares, with a par value and liquidation preference of ¥10,000,000 per share (the “Offered Shares”).	1,000 Fixed Rate Non-cumulative Preference Shares, with a par value and liquidation preference of ¥10,000,000 per share (the “Offered Shares”).
	The Offered Shares were privately placed. The Offered Shares are intended to provide holders with rights to liquidation preferences that are similar to those provided by UFJ Bank’s most senior preferred shares, and rights to dividends as described below under “Dividend Distribution Policy”.		
Amount	¥90 billion	¥118 billion	¥10 billion
Issuing Date	October 24, 2001	November 8, 2001	November 8, 2001
Maturity Date	Perpetual		
Redemption	The Offered Shares may be redeemed in whole or in part on any Dividend Payment Date commencing in January 2007 at the option of the Issuer. The Offered Shares may not be redeemed prior thereto except in whole upon the occurrence of certain tax events or capital events. Any redemption of the Offered Shares is subject to compliance with applicable regulatory requirements, including the prior approval of the Japanese regulatory authorities if then required.		
Dividend Rate	Non-cumulative dividends are payable at a floating rate (with no step-up rate).		Non-cumulative dividends are payable at a fixed rate (with no step-up rate).
Dividend Payment Dates	January 25 and July 25 of each year (or if such day is not a Business Day on the immediately succeeding Business Day unless such day would fall in the next calendar month in which case such day shall be the immediately preceding Business Day).		
Dividend Distribution Policy	The Offered Shares provide holders with rights to dividends as follows: (1) If UFJ Bank pays any dividends on its common shares for any fiscal year, dividends will be paid on the subsequent two Dividend Payment Dates (“Mandatory Dividend Payment Dates”). (2) If f a Dividend Payment Date is not a Mandatory Dividend Payment Date, UFJ Bank may determine in its discretion to reduce or eliminate dividends. If UFJ Bank declares less than 100% of dividends payable on its most senior preferred shares for any fiscal year, dividends on the Offered Shares for the subsequent two Dividend Payment Dates will be limited to the same percentage. Notwithstanding (1) or (2), dividends will be reduced or eliminated if UFJ Bank has insufficient distributable profits as described below, and no dividends will be payable if UFJ Bank is insolvent or in liquidation (“Liquidation Period”) or fails to meet applicable capital requirements (“Supervisory Period”).		

Loss Absorption Event	As Loss Absorption Events, dividends will not be paid if UFJ Bank delivers to the Issuers a certificate stating that UFJ Bank is Insolvent or in a Supervisory Period. Insolvent means (a) UFJ Bank is not able or will not be able to pay its debts as they become due (meaning insolvent, *shiharai-funo*, within the meaning of the Japanese Bankruptcy Law (Law No. 71 of 1922 as amended) or its liabilities (other than certain core capital related loan and similar liabilities) exceed its assets or (b) the Japanese regulatory authorities have taken any statutory action in relation to UFJ Bank based upon their determination that UFJ Bank is insolvent. Supervisory Period means any period during which a Supervisory Event has occurred and is continuing. A Supervisory Event shall be deemed to have occurred if UFJ Bank's risk-adjusted total capital ratio or risk-adjusted core capital ratio, calculated in accordance with each applicable standard set forth in the Japanese banking regulations as of the end of any annual or semi-annual period, were to decline below the minimum percentages required by Japanese banking regulations. (Japanese banking regulations currently require Japanese banks engaged in international operations to maintain a minimum risk-adjusted total capital ratio of at least 8.0 percent and a minimum risk-adjusted core capital ratio of at least 4.0 percent.)
Liquidation Event	Dividends will not be paid during any period when a Liquidation Event has occurred and is continuing ("Liquidation Period"). A Liquidation Event shall be deemed to occur if (a) liquidation proceedings (*seisan*) in respect of UFJ Bank under the laws of Japan (including the special liquidation proceeding (*tokubetsu seisan*) of UFJ Bank under the Japanese Commercial Code (Law No. 48 of 1899 as amended)) are commenced or (b) a competent court in Japan shall have (i) adjudicated the commencement of bankruptcy proceedings (*hasan*) of UFJ Bank pursuant to the provisions of the Japanese Bankruptcy Law (Law No. 71 of 1922 as amended) or (ii) approved a preparation of a reorganization plan for liquidation (*seisanteki-kaisha-kosei*) of UFJ Bank pursuant to the provisions of the Japanese Corporate Reorganization Law (Law No. 172 of 1952 as amended).
Limitation by Distributable Profit	On any Dividend Payment Date, the Issuers may not pay more than an amount equal to UFJ Bank's distributable profits (as determined under applicable Japanese law) for the fiscal year of UFJ Bank most recently ended, after deducting as of the date immediately preceding such Dividend Payment Date (a) any dividends (other than interim dividends, if any) which have been declared, finally and conclusively, to be paid in relation to any class of preferred shares of UFJ Bank in respect of its then most recently ended fiscal year, (b) any dividends and other distributions which have been declared since the end of such fiscal year of UFJ Bank in relation to securities issued by UFJ Bank's subsidiaries ranking on a parity with any class of UFJ Bank's preferred shares as to dividend rights and (c) any dividends which have been declared since the end of such fiscal year of UFJ Bank in relation to any parity shares issued by the Issuers.
Availability of the Proceeds to UFJ Bank	The full proceeds from the issuance of the Offered Shares were advanced to UFJ Bank in the form of a subordinated loan.

	[6]
Issuer	Tokai Preferred Capital Company L.L.C.
	Incorporated with limited liability in the State of Delaware
Relation to UFJ Bank	100% indirect subsidiary. UFJ Bank owns entire shares of the common securities of the Issuer through Tokai Preferred Capital Holdings Inc., which is a wholly owned subsidiary of UFJ Bank.
Business of the Issuer	The principal purpose of the Issuer is to issue the Offered Securities to investors and to hold and acquire a perpetual Credit-Linked Note issued by UFJ Bank.
Offered Securities	Non-cumulative Preferred Securities, Series A, liquidation preference of $1,000 per share (the "Offered Securities") representing preferred limited liability interest in the Issuer.
	The Offered Securities are intended to provide holders with rights to liquidation preferences that are substantially *pari passu* to those provided by UFJ Bank's most senior class of preferred shares, and rights to dividends as described below.
Amount	$1 billion
Issuing Date	March 26, 1998
Maturity Date	Perpetual
Redemption	The Offered Securities may be redeemed in whole or in part on any Dividend Payment Date commencing in June 2008 at the option of the Issuer at the redemption price of $1,000 per security plus unpaid dividends therein. Any redemption of the Offered Securities is subject to compliance with applicable regulatory requirements, including the prior approval of the Financial Services Agency of Japan if then required.
Dividend Rate	Non-cumulative dividends are payable at a fixed rate per annum on the liquidation preference of $1,000 per security equal to through the Dividend Payment Date in June 2008 and thereafter, at a floating rate with a step-up based on the London interbank offered rate for US$ deposits with a maturity of six months.
Dividend Payment Dates	The last day of June and December of each year or, if such day is not a Business Day, the immediately preceding Business Day. A "Dividend Period" commences and includes such Dividend Payment Date and ends on but does not include the next succeeding Dividend Payment Date.
Dividends	Dividends will become irrevocably due and payable on each Dividend Payment Date unless either a Regulatory Event has occurred and is continuing or the Issuer receives (or deems to receive) a notice from the holder of the common securities instructing not to pay dividends on such Dividend Payment Date (the "Dividend Shift Notice"), in which case no dividend shall become due and payable on such Dividend Payment Date; provided, however, that if the Dividend Payment Date as to which such Dividend Shift Notice is delivered is a Compulsory Dividend Payment Date, then such Dividend Shift Notice will apply to the first Dividend Payment Date thereafter that is not a Compulsory Dividend Payment Date. "Regulatory Event" means an event where UFJ 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 period in respect of which UFJ Bank submits financial statements to the Financial Services Agency of Japan, declines below the minimum percentage required by Japanese banking regulation. If UFJ Bank pays any dividends on any of its capital stock with respect to any fiscal year of UFJ Bank, then the Issuer will be required to pay full dividends on the Offered 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 (irrespective of whether a Regulatory Event has occurred or a Dividend Shift Notice has been delivered) ("Compulsory Dividends") upon which Dividend Payment Dates the Issuer is required to pay full dividends on the Offered Securities.

Liquidation Event	A "Liquidation Event" shall be deemed to occur if (a) a liquidation proceeding (*Seisan*) under the laws of Japan (including the special liquidation proceeding (*Tokubetsu Seisan*) of UFJ Bank under the Commercial Code (Law No. 48 of 1899, as amended)) is commenced by or against UFJ Bank (for the avoidance of doubt, otherwise than for the purpose of or pursuant to any merger or amalgamation of UFJ Bank under the Commercial Code or the Special Law regarding Merger Procedures of Bank for Bank Holding Company (Law No. 121 of 1997), the terms of which are approved by UFJ Bank's shareholders and where the continuing company or the company formed as a result of which has effectively succeeded to all or substantially all of the assets of UFJ Bank and assumes the entire obligation of UFJ Bank under the Credit-Linked Note and the Parent Contribution Agreement), or (b) a competent court in Japan shall have either (x)adjudicated UFJ Bank to be bankrupt (*Hasan*) pursuant to the provisions of the Japanese Bankruptcy Law (Law No. 71 of 1922, as amended) or (y) approved the preparation of a reorganization plan for liquidation (*Seisan-o-Naiyotosuru-Keikaku*) of UFJ Bank pursuant to the provisions of the Japanese Corporate Reorganization Law (Law No. 172 of 1952, as amended).
Parent Contribution Agreement	Pursuant to the Parent Contribution Agreement, UFJ Bank will be obligated to contribute (or cause to be contributed) to the Issuer such additional funds as are necessary for the payment of Compulsory Dividends, except that, as long as the Credit-Linked Note is outstanding, (i) if UFJ Bank is not in default under the Credit-Linked Note on either such Compulsory Dividend Payment Date on which such Compulsory Dividends are payable, dividends so payable by the Issuer on such Dividend Payment Date will be limited to amounts received by the Issuer under the Credit-Linked Note, and (ii) the amount UFJ Bank is obligated to contribute to the Issuer during any Dividend Period, together with interest payments actually made by UFJ Bank under the Credit-Linked Note, shall not exceed the scheduled amount of interest payments under the Credit-Linked Note due during such Dividend Period.
Credit-Linked Note	The Issuer acquired and holds the Credit-Linked Note having a principal amount of $1,125,000,000 issued by UFJ Bank. The Credit-Linked Note has generated net income for distribution to the holders of the Offered Securities and its common securities. The Credit-Linked Note evidences a subordinated perpetual obligation of UFJ Bank under which UFJ Bank will make payments only of interest and not principal. The Credit-Linked Note will provide that, if a Liquidation Event occurs and for so long as it continues, (i) the obligation of UFJ Bank to make payments of interest under the Credit-Linked Note will be suspended, (ii) the obligation of UFJ Bank to make payments under the Parent Contribution Agreement will be suspended and (iii) the Credit-Linked Note will evidence a subordinated claim in the liquidation of UFJ Bank and the Issuer will have no other financial claim against or interest in UFJ Bank under the Credit-Linked Note. The subordinated claim evidenced by the Credit-Linked Note will entitle the Issuer to substantially the same liquidating distributions in the liquidation of UFJ Bank that the Issuer would be entitled to if the Credit-Linked Note were *pari passu* to the most senior class of preferred stock of UFJ Bank having an aggregate liquidation preference at least equal to the aggregate liquidation preference of the Offered Securities.

FURTHER INFORMATION

UFJ HOLDINGS, INC.

Registered Head Office: 5-6, Fushimimachi 3-chome, Chuo-ku, Osaka 541-0044, Japan
Tokyo Headquarters: 1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8114, Japan
Nagoya Head Office: 21-24, Nishiki 3-chome, Naka-ku, Nagoya 460-8660, Japan

CAPITAL STOCK:

¥1 trillion

NUMBER OF SHARES ISSUED:

Common Stock: 4,858,855.61
Preferred Shares: 846,720.00

STOCK EXCHANGE LISTINGS:

Common Stock: Tokyo, Osaka, Nagoya, London

STOCK TRANSFER AGENT:

UFJ Trust Bank Limited

TEN LARGEST SHAREHOLDERS

Shareholders	Number of Shares (in thousands)	Percentage of Total Shares Outstanding
Japan Trustee Services Bank, Ltd. (Trust Account)	200,167.00	4.12%
Nippon Life Insurance Company	161,048.57	3.31%
The Mitsubishi Trust & Banking Corporation (Trust Account)	152,780.00	3.14%
Toyota Motor Corporation	137,149.05	2.82%
Daido Life Insurance Company	105,311.74	2.17%
NIPPONKOA Insurance Company, Limited	62,150.80	1.28%
Meiji Life Insurance Company	58,265.00	1.20%
UFJ Trust Bank Limited (Trust Account A)	57,206.00	1.18%
The Dai-ichi Mutual Life Insurance Company	52,385.00	1.08%
UFJ Bank Limited	47,113.20	0.97%

(As of March 31, 2002)

CONTACT:
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URL: www.ufj.co.jp

Forward-Looking Statement

This annual report contains forward-looking statements with respect to the financial condition, results of operations and businesses of UFJ Holdings, Inc., UFJ Bank Limited, UFJ Trust Bank Limited (collectively hereinafter, "the UFJ Group") and their group companies. These forward-looking statements involve certain risks and uncertainties resulting from changes in the UFJ Group's business environment.

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