UFJ

On course

for Fulfilling Strategic Objectives

ANNUAL REPORT 2003

Year ended March 31, 2003

UFJ Holdings, Inc.

Who We Are

The UFJ Group was formed in April 2001 upon the establishment of UFJ Holdings, integrating Sanwa Bank, Tokai Bank and Toyo Trust. UFJ Holdings ranks 4th in Japan and 14th in the world among banks in terms of assets. The UFJ Group is establishing a unique identity among Japan's financial service providers. One element is a growing focus on the core retail and medium-sized corporate markets. Another is a diverse array of financial services within the group, including securities, consumer finance, credit cards, asset management and many others. Making consistent headway in terms of financial stability and the quality and breadth of services, the UFJ Group is rapidly positioning itself as one of Japan's preeminent sources of financial services.

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FINANCIAL HIGHLIGHTS

	UFJ (Combined)		
	Billions of Yen		Billions of U.S. Dollars[3]
Fiscal Years ended March 31	**2003**[2]	2002[1]	**2003**[2]
Gross Operating Profit[4]	**¥1,371.5**	¥ 1,362.9	**$ 11.4**
Net Interest Income	**791.4**	935.2	**6.6**
Net Fees and Commissions	**167.2**	165.0	**1.4**
Trust Fees[4]	**77.4**	113.4	**0.6**
General and Administrative Expenses	**592.5**	652.8	**4.9**
Business Profit before Net Transfer to General Reserve[4]	**778.9**	710.0	**6.5**
Net Transfer to General Reserve	**252.0**	107.0	**2.1**
Business Profit[4]	**526.9**	603.0	**4.4**
Net Gains (Losses) on Stocks and Other Equity Securities	**(617.7)**	(222.4)	**(5.1)**
Credit Costs[4]	**(588.9)**	(1,834.6)	**(4.9)**
Ordinary Profit (Loss)	**(699.7)**	(1,539.0)	**(5.8)**
Net Income (Loss)	**(625.6)**	(1,146.4)	**(5.2)**
Net Income (Loss) of UFJ Holdings (Consolidated)	**(608.9)**	(1,227.4)	**(5.1)**

1. Result for the fiscal year ended March 31, 2002 includes the result of Tokai Bank from April 1, 2001 to January 14, 2002.
2. UFJ Bank's result for the fiscal year ended March 31, 2003 includes the results of UFJ Strategic Partner Co., Ltd. and UFJ Equity Investments Co., Ltd.
3. Converted into U.S. dollars at ¥120.20 to $1.
4. Including trust account (loan trust and jointly operated designated money trust with principal indemnification clause).

CAPITAL RATIO (CONSOLIDATED)

As of March 31	**2003**	2002
UFJ Holdings	**9.96%**	11.04%
UFJ Bank	**10.05%**	10.69%
UFJ Trust*	**7.54%**	9.61%

* UFJ Trust applies domestic standards. The consolidated capital ratio based on uniform international standards is 8.14% as of March 31, 2003 and 10.21% as of March 31, 2002.

CREDIT RATINGS

As of March 31, 2003	UFJ Bank	UFJ Trust
Moody's (Long Term)	A3	Baa1
Standard & Poor's (Long Term)	BBB	BBB

To Our Shareholders

In the past fiscal year, we made significant progress in numerous respects. We addressed many sources of risk, making great strides toward building an operating framework that can continue to earn the confidence of shareholders and customers. There was a consolidated net loss of ¥608.9 billion, but this was primarily the result of one-time factors: higher credit-related expenses caused by a revision in the method for calculating reserves for problem loans, and losses on sales and revaluations of our equity portfolio caused by declines in stock prices. On the positive side, we exceeded two important targets by considerable margins. The combined business profit of UFJ Bank and UFJ Trust was ¥778.9 billion versus our target of ¥610.0 billion and, excluding the effect of the new method for calculating reserves, credit-related expenses were ¥404.9 billion, well below the ¥480.0 billion that we had expected. Despite this progress, there was no dividend for holders of common stock because of the net loss.

A Year of Major Accomplishments

Japan's major banks continued to struggle with problem loans during the fiscal year, as the nation's economy remained mired in a persistent downturn and a deflationary environment. In October 2002, the Japanese government announced the Program for Financial Revival. The goal was to trigger economic growth by resolving the problem loan issue and restoring the public's trust in Japan's financial system. Despite this action, concerns about the outlook for the economy and the banking sector continued, subjecting Japan's financial system to even

Takeshi Sugihara
President and
Chief Executive Officer

closer scrutiny. One result was a steep decline in the price of bank stocks, including UFJ Holdings, that led to concerns among UFJ Group customers and shareholders.

Investors have been worried about many risk factors regarding asset quality, particularly the potential impact of expenses associated with loans to certain large borrowers and equity holdings amid a persistently deflationary environment. Uncertainty about the possible effect of these losses on our shareholders' equity also put pressure on our stock price. A second key issue affecting our stock price is competition. Investors want the UFJ Group not only to show signs of consistent progress in existing operations, such as lending and commission-based activities, but also to announce a blueprint for a business model that is clearly different from those of our competitors.

Our response to these demands was the announcement of our Accelerated Business Reform Plan in December 2002. The plan is rooted in our conviction that only a dramatic increase in the speed of our ongoing reforms can restore the faith of both the markets and our customers. There are four elements: rapidly improve asset quality through major reductions in problem loans and equity holdings; channel more resources to strategic business sectors, particularly the core retail and small and medium-sized corporate markets; raise productivity throughout the group; and build a more powerful equity base. These elements are accompanied by concrete action plans and timetables.

Achieving the goals of the Accelerated Business Reform Plan is every UFJ Group member's highest priority. I am pleased to report that we have already made steady progress in every component of the plan. There have been significant actions to reduce problem loans, including the extension of financial support required to revitalize large troubled borrowers, and the establishment of a joint venture with Merrill Lynch to handle problem loans to small and medium-sized enterprises. We have also sold a large volume of cross-shareholdings, met or surpassed several profit goals, and procured more capital.

Actions to Retain a Sound Capital Base

During the past fiscal year, we procured ¥231 billion of Tier 1 capital. In September 2002, we sold ¥111 billion of preferred securities through a private placement and in March 2003 a wholly owned subsidiary sold ¥120 billion of preferred stock to Merrill Lynch. Both issues reflect our policy of procuring capital in a manner that avoids dilution of common stock and that is cost efficient from the standpoint of common shareholders. By meeting both of these conditions, the UFJ Group continued to distinguish itself from other major Japanese banking groups in terms of its capital policy.

▸ As of March 31, 2003, our consolidated capital ratio based on international standards was 9.96%. Although not yet satisfactory, this level means that no further Tier 1 procurement actions are needed, given that the UFJ Group now has a much better risk profile. Much work remains to restore the health of large troubled borrowers, but virtually all necessary financial assistance has been extended. Our capital is no longer vulnerable to additional expenses associated with loans to these borrowers. With the establishment of UFJ Strategic Partner, which draws on the expertise of Merrill Lynch, we have a powerful framework for dealing with problem loans to medium-sized companies. Equity-related risks are shrinking, too. Exposure to stock price movements has fallen to a level where we can control the potential impact on our capital. Most significant in this regard has been the sale of ¥2.9 trillion of equities during the past two years and the establishment of UFJ Equity Investments to create effective hedges for remaining equity holdings as necessary.

▸ Although work remains to be done, we have already succeeded in creating a framework able to generate sufficient earnings to cover credit-related expenses. By consistently maintaining bottom-line profitability, we will be able to increase shareholders' equity while improving the quality of our capital.

Maximizing Shareholder Value by Becoming a Valued Partner for Customers

Since the UFJ Group was formed in April 2001, our overriding objective has been to maximize shareholder value by raising profitability. The primary means for achieving this is leveraging our strengths as a comprehensive financial group to deepen ties with our customers, chiefly individuals and small and medium-sized companies. We have realigned our business portfolio to optimize customer services and profitability. Regarding our cost structure, much progress has been made in integrating and streamlining group companies, domestic and international branches, and IT systems.

Now in our third year, we remain fully committed to fulfilling the strategic goals announced at our inception. We are determined to supply distinctive UFJ products and services through the distribution channels that are most convenient for our customers. We are equally determined to make every customer well aware of "the UFJ difference."

We are making steady headway in improving financial soundness, a characteristic that is critical to earning the trust of customers as well as shareholders. We want the UFJ Group to be the financial services provider that people choose over all others. This involves much more than reducing problem loans; it means becoming a trusted financial group with a sound financial base by offering greater customer satisfaction through higher quality services and by generating stronger earnings. Loan interest rates must reflect associated risks. Services must be priced to reflect our expenses. In these respects, we will carefully explain our position to customers to gain their full understanding. Furthermore, we will supply services that offer value over and above what customers are charged. At the same time, we will constantly work on reducing the cost of providing those services so we can price them more competitively.

- Cost-containment programs will be conducted so that the quality of our services is never compromised. This is true of branch and personnel reductions as well as the restructuring of business practices and work flows. We will make increasing use of distribution channels that are more convenient and cost-efficient. We will better allocate our finite resources across the UFJ Group so as to maximize benefits for customers and shareholders. In these and other areas, I am convinced there is much more that we can do to achieve further gains in making our services more convenient for customers.

- Delivering on promises. The UFJ Group is committed to carrying through on this most fundamental principle to become more attractive and trustworthy from the standpoint of global investors. In addition, the UFJ Group will constantly strive to improve its transparency to the investment community and earn an even higher level of trust by placing priority on investor relations programs. We are well aware that preserving a mutual understanding with investors through continuous and open communications is vital to raising our market value.

- The past fiscal year brought us much closer to our goals of achieving a final resolution of the problem loan issue and establishing a highly competitive and profitable organization. We have formulated plans that are firmly based on today's realities. Our plans are underpinned by the awareness that today's difficult operating environment will continue for some time. But we are also well aware of the great accomplishments that are possible by drawing on the aggregate strengths of the UFJ Group.

Staying on Course

Takeshi Sugihara

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

September 2003

1. *Progress in* Improving Asset Quality

2. Improving Profitability

3. Greater Efficiency

4. Increasing Capital

Staying on Course —

Quality Services from a Sound Financial Base

1. Progress in Improving Asset Quality

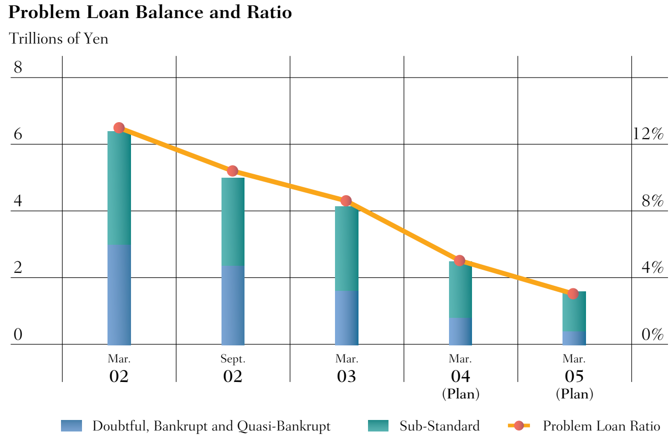
Measures to Deal with Problem Loans

With problem loans representing the most urgent issue at the UFJ Group, group companies are moving as quickly as possible to resolve this issue. In the fiscal year ended March 31, 2003, UFJ Bank's newly established Corporate Advisory Group took the lead in assisting borrowers' return to financial health in achieving a final resolution of problem loans. The UFJ Group also increased reserves in line with the Program for Financial Revival.

Through these measures, the UFJ Group plans to reduce problem loans from ¥6.4 trillion as of March 31, 2002 to ¥1.6 trillion by March 31, 2005, in line with the Accelerated Business Reform Plan that was announced in December 2002. Fulfilling this goal will lower problem loans from 12.7% of total loans, the level as of March 31, 2002, to less than 4%.

The following sections describe the roles of the Corporate Advisory Group. This section also outlines the UFJ Group's fundamental stance regarding the creation of a loan portfolio that is consistently profitable over the medium and long terms.

Problem Loan Balance and Ratio



Measures to Revitalize Large Troubled Borrowers

During the two-year period ended March 31, 2003, the UFJ Group extended intensive financial and other support needed to restore the financial soundness of large troubled borrowers where the UFJ Group is the primary source of financial services. These measures succeeded in laying the groundwork for the recovery of these borrowers. Having reached this stage, the UFJ Group is concentrating on using its diverse line of functions to assist these borrowers in implementing recovery plans on schedule and closely monitoring their progress.

Final Resolution of Problem Loans

In cases where the best efforts of a borrower and the UFJ Group are not enough to give the borrower a viable operating base, the group quickly proceeds with the final disposal of loans. Actions include sales of loans to the Resolution and Collection Corp. or other buyers, the liquidation of collateral and other means to minimize losses.

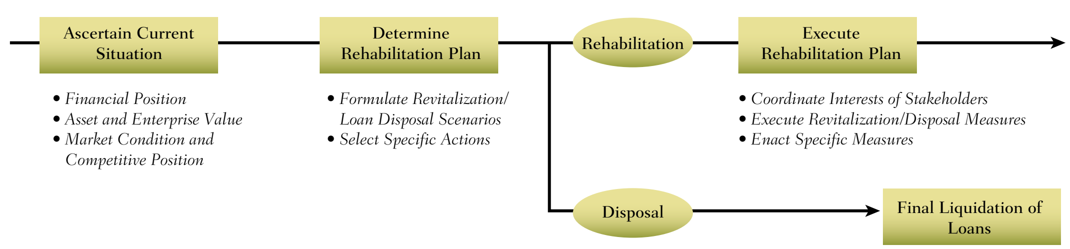
When resolving problem loans, the UFJ Group makes full use of group member The Frontier Servicer Co., Ltd. Although this company was established to handle retail loans of UFJ Group companies, during the fiscal year ended March 31, 2003, Frontier Servicer began handling loans to corporate clients and extending its customer base to outside the UFJ Group for the management and recovery of loans.

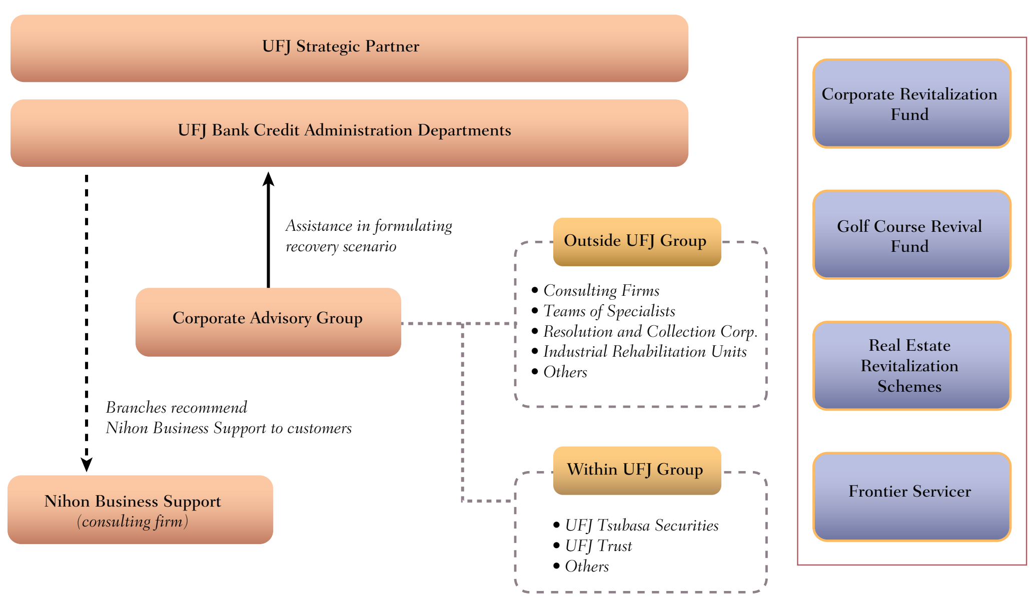
By March 31, 2003, 96.3% of the ¥1,968.0 billion in loans outstanding as of September 30, 2000 classified as “bankrupt and quasi-bankrupt” or “doubtful” had been resolved and completely removed from the balance sheet. The remaining loans of approximately ¥72.0 billion are primarily small loans to small and medium-sized companies and individuals classified as doubtful. The UFJ Group continues to work on revitalizing these borrowers.

Assisting Companies to Revitalize Their Operations and Finances

In July 2002, UFJ Bank established the Corporate Advisory Group to coordinate group-wide programs to restore the financial health of customers. The group assists large troubled borrowers where UFJ Bank is the lead bank as well as other borrowers in financial difficulty. In some cases, borrowers have highly competitive core businesses that make a restructuring program viable despite an excessive debt burden. For these companies, UFJ Bank's head office works closely with branches to extend a comprehensive line of services and support aimed at restoring their financial health.

UFJ Group Approach to Revitalizing Corporate Borrowers



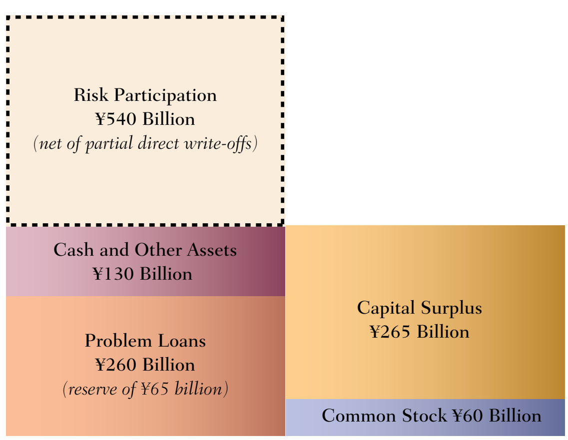


Measures to Revitalize Small and Medium-Sized Companies

In April 2002, the UFJ Group and Merrill Lynch & Co., Inc. established UFJ Solution Consulting Co., Ltd., primarily for the purpose of providing advice on restructuring to medium-sized companies. Drawing on knowledge gained through this company, UFJ Bank in March 2003 established UFJ Strategic Partner Co., Ltd., a wholly owned subsidiary, to provide its own platform for conducting corporate revitalization programs. Through the corporate separation method, about ¥670 billion (about ¥270 billion after partial direct write-offs) of UFJ Bank's loans, mainly to small and medium-sized companies, were transferred to UFJ Strategic Partner. Overall, this new company is involved in revitalization programs covering UFJ Bank problem loans totaling about ¥1,400 billion (about ¥800 billion after partial direct write-offs) through corporate separation, risk participation and other means.

UFJ Strategic Partner is tapping the expertise of UFJ Bank as well as the experience of Merrill Lynch in corporate recovery activities to extend a variety of advice in the preparation and execution of revitalization plans. To provide a highly transparent management framework, UFJ Strategic Partner's operations are guided in part by an advisory board made up of prominent individuals from outside the UFJ Group.

Assets of UFJ Strategic Partner (March 31, 2003)

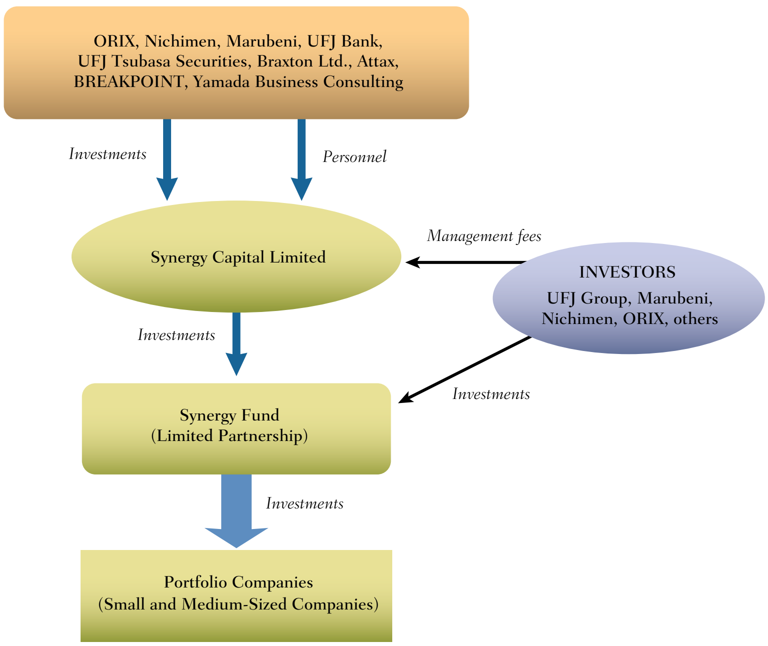


Establishment of Corporate Revitalization Fund and Golf Course Revival Fund

In February 2003, UFJ Bank and UFJ Tsubasa Securities collaborated with a number of other companies (see chart below) to establish Synergy Capital Limited, a company that manages a corporate revitalization fund. The fund established by Synergy Capital plans to invest ¥20 to ¥30 billion mainly in troubled small and medium-sized companies for a period of 10 years. Additionally, Synergy Capital will support recovery programs of portfolio companies by providing personnel with experience in specific businesses or financial administration to serve in senior management positions.

Separately, UFJ Bank established a Golf Course Revival Fund with Misawa Resort Co., Ltd. and Nomura Principal Finance Co., Ltd., a wholly owned subsidiary of Nomura Holdings. The fund supports golf courses experiencing difficulty but that are capable of returning to financial soundness. Misawa Resort invests in the fund through a subsidiary and manages golf courses acquired by the fund to assist in their revival by enhancing profitability and cash flows. UFJ Bank and Nomura Principal Finance provide the necessary financial support as well as advice and other forms of assistance.

Structure of the Corporate Revitalization Fund



Preventing Occurrence of New Problem Loans

To prevent the occurrence of new problem loans, branch offices as well as credit administration departments and other head office departments act quickly at the first sign of a need at borrowers for help in improving and restructuring their operations and financial positions. The initial 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. UFJ Bank has an alliance with consulting firm Nihon Business Support Co., Limited, which stands ready to help formulate and execute revitalization plans for small and medium-sized companies. To extend a full line of support, Nihon Business Support has numerous specialists in areas such as accounting, tax planning and manufacturing consulting.

Improving the Quality of the Loan Portfolio

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, the UFJ Group banks have been taking various steps in this regard. One theme is improving credit analysis by thoroughly focusing on the creditworthiness of each loan applicant without undue reliance on the value of collateral. Currently, the banks are focusing on two high-priority issues to upgrade the overall quality of their loan portfolios: resetting loan interest rates at levels that accurately reflect credit risk and eliminating excessive concentrations of credit risk in a single borrower or group of companies. The UFJ Group also places priority on better responding to changes in the financial position of borrowers, providing assistance for the restructuring and rehabilitation of borrowers, and accelerating the final resolution of problem loans.

Resetting 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 in the fiscal period in which they occur. Based on this principle, UFJ Bank has been taking steps to gain the understanding of customers for the need to match interest rates with risk. Negotiations are continuing along with explanations of how UFJ Bank evaluates each borrower and where interest rates should be set based on that evaluation. Such discussions often form the basis for proposals to borrowers on how to improve profitability or financial strength, thus contributing to better asset quality for UFJ Bank. In some instances, UFJ Bank discloses its internal credit ratings to promote better mutual understanding when negotiating interest rates.

Elimination of Excessive Concentrations of Credit Risk

To minimize risks associated with the concentration of loans, guarantees and other forms of credit in particular industries and borrowers, the UFJ Group has established credit limit rules. 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.

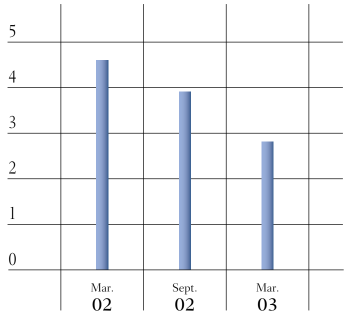
Progress in Reducing Equity Investments

The UFJ Group has been reducing investments in stocks for the purpose of improving its financial position and efficiently using assets. The stock holdings of Japanese banks have always represented an enormous source of market risk. With the adoption of market-value accounting and impairment accounting, which became effective from the interim period ended September 30, 2001, this risk has become much more apparent. 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 in September 2004, a deadline that had been extended by two years in July 2003. 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, UFJ Bank and UFJ Trust sold equities amounting to approximately ¥1.4 trillion. The book value of investments in stocks at UFJ Holdings was reduced to ¥2.8 trillion as of March 31, 2003, ¥1.8 trillion less than one year earlier. As a result, consolidated equity investments of UFJ Holdings to which the Tier 1 requirement applies amounted to ¥2.6 trillion, only ¥0.1 trillion higher than consolidated Tier 1 capital of ¥2.5 trillion. All UFJ Group equity sales

Investments in Stocks (Market Value)

Trillions of Yen



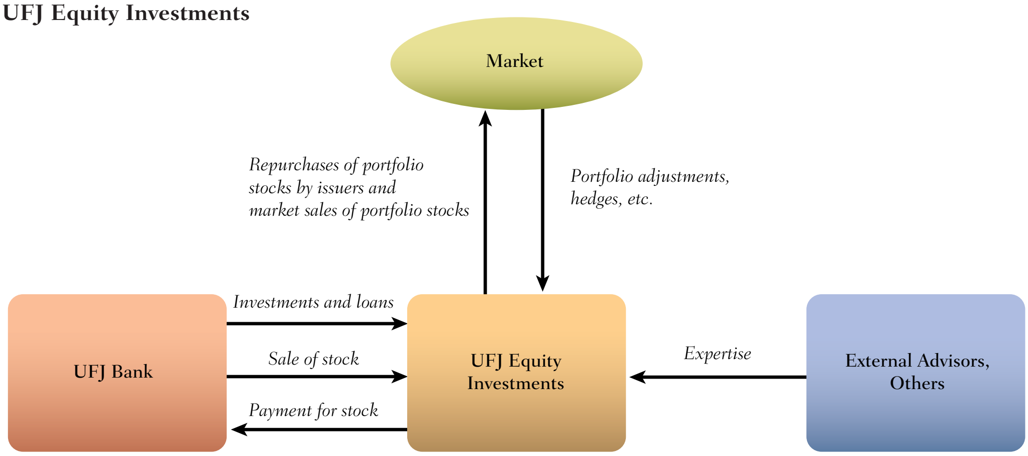
Consolidated figures for UFJ Holdings

were conducted in a manner that minimizes the impact of sales on equity markets, such as by selling stock to the Bank of Japan and Bank's Shareholdings Purchase Corporation. As a result, only about 15% of the group's stock sales during the past fiscal year involved direct stock market transactions.

The UFJ Group will continue to reduce its equity holdings while exercising care not to adversely affect equity markets. Sales totaling ¥800 billion are planned for the fiscal year ending March 31, 2004. Completion of these sales as scheduled would bring equity holdings below the Tier 1 limit by the end of September 2003, three years prior to the September 2006 deadline.

In March 2003, UFJ Bank established UFJ Equity Investments Co., Ltd. to provide a more effective means of managing market risk exposure associated with equity investments. Stock held by UFJ Bank with a market value of approximately ¥500 billion has been sold to the new company. UFJ Equity Investments employs a number of hedging techniques to control the degree to which the market value of its equity portfolio fluctuates. The company utilizes external advisors as well as resources of UFJ Group members to meet its objectives.

UFJ Equity Investments



Management of 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 improve the management of risks associated with these investments.

Staying on Course —

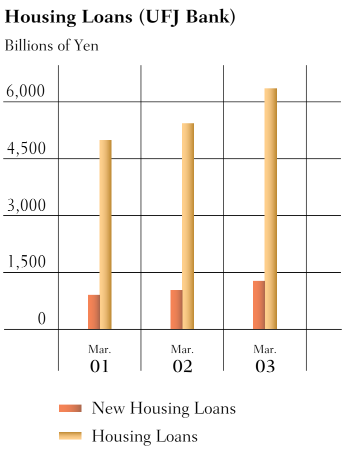
Quality Services from a Sound Financial Base

2. Improving Profitability

Increasing Emphasis on Strategic Markets

Guiding the UFJ Group's drive for higher profitability is the fundamental policy of channeling resources to the core small and medium-sized corporate and retail markets. UFJ Bank already has more than 60 thousand relationships with small and medium-sized companies and more than 15 million relationships with individual customers. Loans for these two strategic market segments generally offer opportunities for higher returns compared with business for larger corporations. Furthermore, the relatively small size of these accounts means that risk exposure can be spread over more customers. The shift in human resources is proceeding, too. At UFJ Bank, more personnel have been assigned to sales activities targeting middle-market companies, housing loans and high-net-worth individuals. Concurrently, the expense structure is being streamlined by integrating branch offices and downsizing head office administrative functions.

Growth in Loans and Interest Rate Spreads



In the lending business, the UFJ Group's focus on strategic markets is already yielding concrete benefits. During the past fiscal year, loans to small and medium-sized companies and individuals at UFJ Bank and UFJ Trust rose by ¥0.5 trillion to ¥29.9 trillion even as total bank loans in Japan declined. In order to improve its risk-return profile, UFJ Bank continued to hold discussions with borrowers and take other actions aimed at raising interest-rate spreads. The result was a 4bp improvement in the loan yield during the past fiscal year even though loan yields at Japan's other major banking group declined.

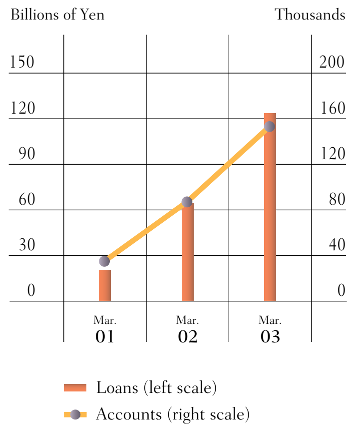
For Small and Medium-sized Companies

To speed the approval process, branch managers have been given higher credit limits for each borrower credit rating and certain industrial sectors. Additionally, a new type of loan has been introduced that uses an autoscoring model for credit examinations and requires no collateral. In April 2002, UFJ Bank began opening specialized offices to deal with new middle-market customers in the Tokyo area. In 2003, more of these offices were set up in the Nagoya and Osaka areas. Other moves include the adoption of a more advanced internal credit rating system, more extensive sharing of credit administration skills and more rigorous studies of specific businesses to accurately monitor the status of each borrower's operations. By taking into account a broader range of parameters at prospective borrowers, this approach enables UFJ Bank to extend loans while taking on suitable amounts of risk. Concurrently, measures will continue to set interest rates on loans so as to reflect associated risks.

For Individual Customers

To enlarge ties with individual customers, the UFJ Group is targeting a number of attractive markets. One is housing loans. To build on its already prominent position, UFJ Bank is deepening and increasing relationships with developers and real estate brokers, through which customers apply for UFJ Bank's housing loans. Leading this drive is the bank's growing network of housing loan offices, which currently number 130. More of these offices are to be opened in regions outside the three major metropolitan areas of Japan. Also targeted for growth is consumer loans. The nucleus of this business is MOBIT, which was formed in conjunction with Promise Co., Ltd. and Aplus Co., Ltd., and is steadily increasing its loans outstanding. Know-how of MOBIT will be leveraged to increase the UFJ Group's other consumer finance businesses, such as the UFJ Bank's newly introduced card loan. UFJ Card also takes part in the consumer finance business by providing credit cards, card loans and cash advances.

Loans and Accounts at MOBIT



Higher Non-Interest Income

Earning more fees and commissions is critical to raising profitability. Exemplifying improvements in this regard was the growth in the past fiscal year of fees and commissions as a percentage of income in UFJ Bank's corporate business. To build on this momentum, plans call for generating more non-interest income from sources such as transaction processing, investment banking and derivatives. Areas of particular interest are syndicated loans, collateralized loan obligations (CLO) and other forms of funding designed specifically for medium-sized companies. In retail banking, central themes for increasing fee income are increasing sales of foreign currency deposits, mutual funds and insurance, and increasing fees from the provision of cash advances through ATMs.

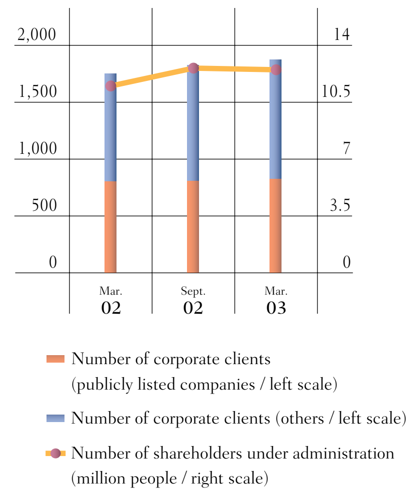
A Diverse Earnings Structure Supported by a Group-wide Customer Base

Integrations and realignments of UFJ Group companies and functions are playing a major role in raising profitability. Since its formation, the UFJ Group has moved faster than any other newly formed banking group in Japan to maximize the efficiency of its operations. With this process now basically completed, emphasis is shifting to specific measures to enhance the breadth and quality of services in each business domain. Furthermore, the immense customer base of UFJ Bank will be leveraged even more to create the largest possible pool of potential customers for these highly competitive products and services.

Trust Business

Prime opportunities for growth at UFJ Trust are its corporate agency business, where it ranks first in Japan based on the number of corporate clients; real estate services, a market with growing demand due to the introduction of impairment accounting in Japan; and the securitization business to meet customer needs for streamlining balance sheets. To expand sales and service channels, all UFJ Bank offices for corporate clients are offering trust banking services as agents for UFJ Trust.

Number of Clients for Corporate Agency Services



Securities Business

UFJ Tsubasa Securities is working with UFJ Bank to bolster investment banking services, particularly mergers and acquisitions, and enhancing its ability to generate earnings from bond-related activities.

Credit Cards

UFJ Card, which currently has approximately 8.7 million cardholders, plans to further increase the number of cardholders, and thus its volume of business. The primary means is marketing activities at UFJ Bank branches. Direct mail and other communication tools are being used to promote the convenient loan options that come with a UFJ Card.

Consumer Finance

MOBIT targets consumers positioned between the market segments served by conventional consumer finance companies and banks. This company has been sustaining rapid growth in consumer loans through the effective use of advertising campaigns and convenient distribution channels such as its automatic loan contract machines, which are placed at UFJ Bank ATM locations and other easily accessible sites. Another source of growth is guarantees of consumer loans. As of March 2003, MOBIT had guarantee agreements with 14 Japanese banks.

Leasing

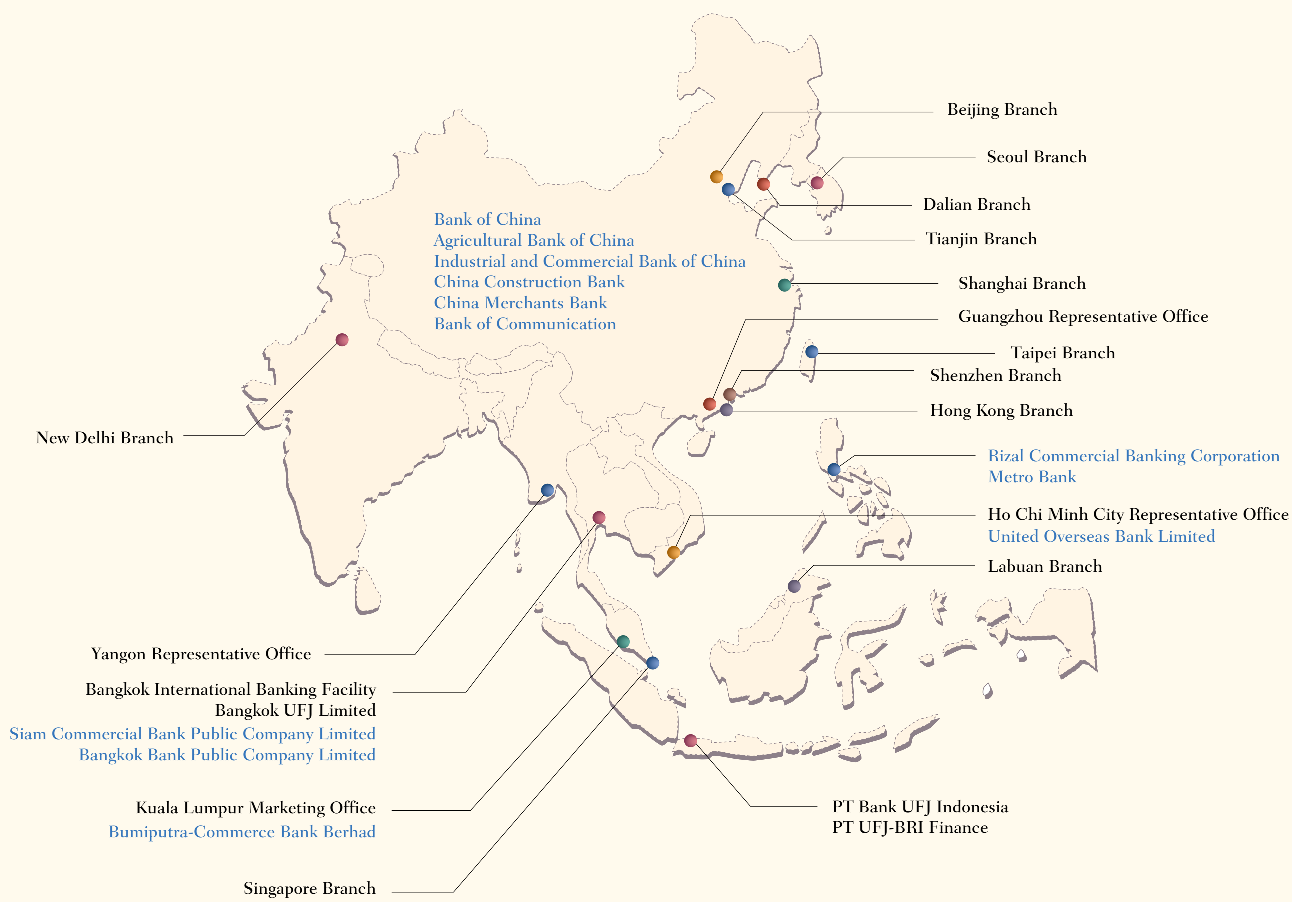
Leasing operations are to be reorganized by combining Central Lease and the leasing division of UFJ Business Finance to form a new company in April 2004 that is responsible for leases extended to end users. Vendor leases are provided through Nippon Business Lease Co., Ltd. This division of responsibilities provides the ideal distribution and service platform for each type of lease.

Revolutionizing Distribution Channels at UFJ Bank

To increase earnings, the UFJ Group is taking various actions to fully utilize its most powerful means of contacting customers: the branch banking and other service infrastructures of UFJ Bank. To serve corporate customers, for example, several group companies are making effective use of the bank's balanced network covering Tokyo, Nagoya and Osaka. UFJ Trust offers corporate agency, real estate and asset management services. UFJ Tsubasa Securities assists with mergers, acquisitions and other investment banking activities. In the retail market, UFJ Bank collaborates with UFJ Trust and UFJ Tsubasa Securities to create jointly operated branches that offer trust-related products and security brokerage services. Additionally, UFJ Bank is a prominent provider of automated financial services, most notably through its exclusive network of almost 2,000 ATM locations and 392 Automated Consulting and Contract Machine locations. The consulting and contract machines are an exclusive UFJ Bank innovation and enable customers to conduct a range of transactions through an audiovisual intercom connection with an operator even after regular business hours and on holidays.

UFJ Bank's Activities in the Global Arena

Operations outside Japan remain an important element of the activities of UFJ Bank and the UFJ Group. Measures taken by the bank in recent years have created a more strategically focused and efficient service network. In Asia outside Japan, UFJ Bank has 12 branches, three representative offices and six subsidiaries. A central mission of the overseas network is supporting Japanese corporate clients in China and other Asian markets, especially in the core market segment of medium-sized companies. UFJ Bank is skilled in everything from helping companies open their first overseas base to fostering the development of companies that already have a strong presence in foreign markets.



■ Overseas affiliates and partners are written in blue.

Deep Roots in China

UFJ Bank's involvement in China dates back to the 1960s when a branch office was opened in Hong Kong, giving the bank a gateway into the market. In 1986, the Shenzhen office was opened, the first branch to be established by a Japanese bank in China. Today, UFJ Bank offers a variety of banking services and other assistance from a network of five branches (Beijing, Dalian, Tianjin, Shanghai and Shenzhen) and the Guangzhou representative office. The branches in Shanghai, Shenzhen and Tianjin also handle Chinese yuan deposits, loans and foreign exchange. Agreements with Chinese banks extend UFJ Bank's coverage to other areas of the country and broaden the service lineup as well. To enhance support extended to customers within Japan, UFJ Bank established China Support Offices in Tokyo, Osaka and Nagoya, all staffed by employees experienced in Chinese business culture.

In March 2003, UFJ Bank signed an agreement with the Shanghai Municipal Government to help promote foreign investment by companies based in the Shanghai area. As the sole representative bank of Japan to participate in this undertaking, UFJ Bank is well positioned to assist Shanghai firms in making direct investments in Japanese companies. This alliance will also enable the UFJ Group to offer even higher-grade services and information to its Japanese customers, solidifying its position as the leading Japanese bank in China.

Expertise in Sophisticated Funding Schemes

To cut funding costs and maximize prospects for the success of its clients, the UFJ Bank offers a variety of highly sophisticated financing schemes. Much of this knowledge represents expertise gained through the bank's decades of experience outside Japan, where the bank often competed against and cooperated with the world's largest and best-known investment banks.

Project finance, mainly in Asia, has been an area of notable achievements in recent years. In fiscal 2001, a financing scheme for a power generation project in which UFJ Bank served as financial advisor and arranger, was selected as Power Deal of the Year in the Asia-Pacific region by *Project Finance International*. In the following years, the bank has continued to enhance its stature in project finance, playing an important part in a growing number of these transactions. Through project finance and other means, UFJ Bank looks forward to helping more clients in Asia procure capital in a cost-efficient manner.

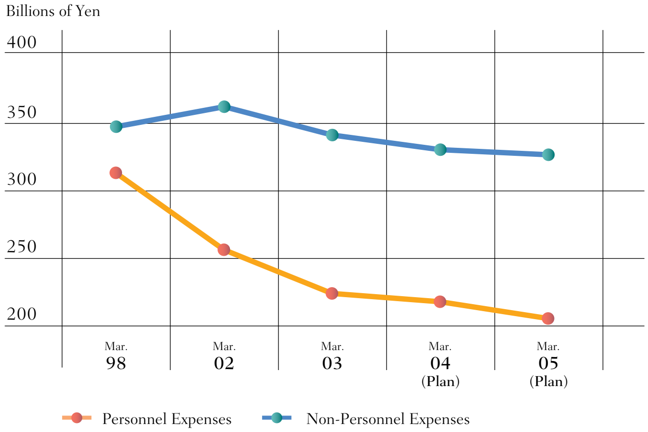
Quality Services from a Sound Financial Base

3. Greater Efficiency

In its drive for higher productivity and profitability, the UFJ Group has been surpassing the goals set forth in its Plan to Revitalize Management, a plan submitted to the predecessor of Japan's Financial Services Agency in December 2000 in conjunction with the injection of public funds. Personnel expenses at UFJ Bank and UFJ Trust, for example, were ¥223.1 billion in the past fiscal year, 28% less than in the fiscal year that ended in March 1998, as the headcount was reduced, bonuses were cut and a merit-based salary system was introduced. Non-personnel expenses are falling, too. After rising briefly due to IT investments and integration expenses, these expenses were down ¥20.6 billion in the past fiscal year to ¥339.9 billion as redundant branches were rapidly closed, head office expenses were cut and efficiency of a variety of administrative processes was raised.

Expenses—Actual and Planned

Billions of Yen

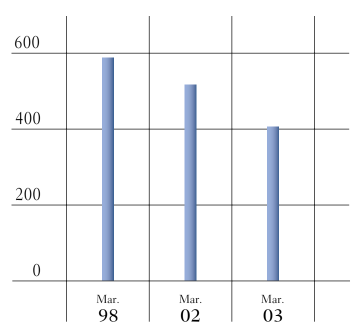


Simple aggregate on a non-consolidated basis of UFJ Bank (including UFJ Strategic Partner Co., Ltd. and UFJ Equity Investments Co., Ltd.) and UFJ Trust

Progress continues on many fronts. Advances include the streamlining of head offices of group companies, building more efficient branch networks at UFJ Bank and other companies, and increasing efforts to base salaries and promotions on individual performance. UFJ Trust is considering an integration of its deposit and loan operations with UFJ Bank by March 2005, a move that would allow UFJ Trust to concentrate exclusively on trust services. This would eliminate overlapping activities at the two banks while facilitating the more effective use of the UFJ Group's branch network, ultimately leading to better services for customers.

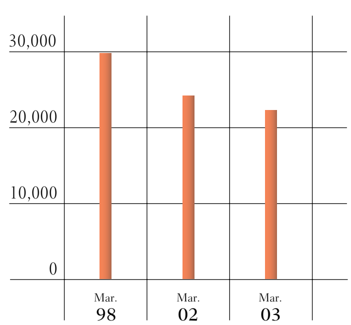
In the fiscal year that ended in March 2003, general and administrative expenses at UFJ Holdings were 48% of gross operating profit. Through the initiatives outlined above and other means, these expenses at all group companies are to be brought below 35% in the fiscal year ending in March 2008.

Domestic Branches



Simple aggregate on a non-consolidated basis of UFJ Bank and UFJ Trust

Number of Employees



Simple aggregate on a non-consolidated basis of UFJ Bank and UFJ Trust

Streamline Head Offices of Group Companies

The UFJ Group is in the process of slashing headcount at head office management divisions by over 1,000 between September 2002 and March 2004. As of March 2003, the September 2002 headcount of around 4,000 had been reduced by more than 10%. At the same time, employees are being reassigned to sales and customer service positions as well as to strategic business activities. Streamlining extends to the Board of Directors, too. The number of directors, which was 67 at the end of June 2002, is to fall by more than 20% to about 50 by March 2004.

A More Efficient Branch Network

In realigning branch offices, the UFJ Group is dedicated to maximizing customer convenience along with operating efficiency. One means is the ongoing creation of branches operated jointly by UFJ Bank and UFJ Trust, and UFJ Bank and UFJ Tsubasa Securities. As of August 2003, three bank branches are already operated jointly with UFJ Tsubasa Securities and 11 are operated jointly with UFJ Trust. In addition, all UFJ Bank corporate banking bases now provide trust-related businesses as agents for UFJ Trust. As of December 2002, there was a total of 664 branches of UFJ Bank, UFJ Trust and UFJ Tsubasa Securities. Consolidations have already reduced this by 54 as of March 2003, and a total decline of more than 100 offices is expected by March 2004.

A Personnel System That Puts Performance First

Creating a more fulfilling and rewarding workplace is a major goal of the UFJ Group. One significant step in this direction was the October 2001 adoption by UFJ Bank of a personnel system with heightened emphasis on merit. Since this time, the bank has been consistently refining and upgrading the system. During the current fiscal year, UFJ Trust is preparing to switch its personnel system to a similar framework. In the future, the group plans to establish remuneration and promotion systems that are best suited to individual business units.

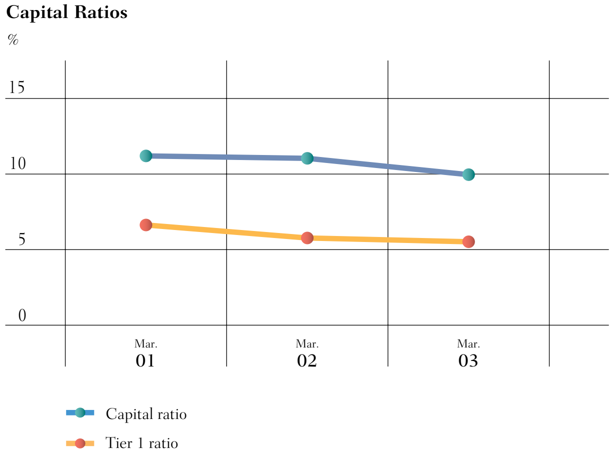
Staying on Course —

Quality Services from a Sound Financial Base

4. Increasing Capital

As of March 31, 2003, UFJ Holdings had a consolidated capital ratio of 9.96%, 1.08 percentage point lower than one year earlier. During the fiscal year, a total of ¥231.0 billion of Tier 1 capital was raised. UFJ Bank sold ¥111.0 billion of preferred securities and ¥120.0 billion of preferred stock was issued in conjunction with the establishment of a subsidiary to deal with problem loans. Offsetting these increases were a decline in retained earnings due to the year's net loss, the repayment of ¥250.0 billion in public funds received in the form of subordinated notes in March 1998, and other items that collectively reduced equity by approximately ¥1.0 trillion. There was also a decrease of ¥4,924.8 billion in risk-weighted assets to ¥46,328.2 billion, mainly the result of the final disposal of problem loans and sales of equities. As total risk assets fell, however, UFJ Holdings increased risk-weighted assets in activities serving individuals and small and medium-sized companies.

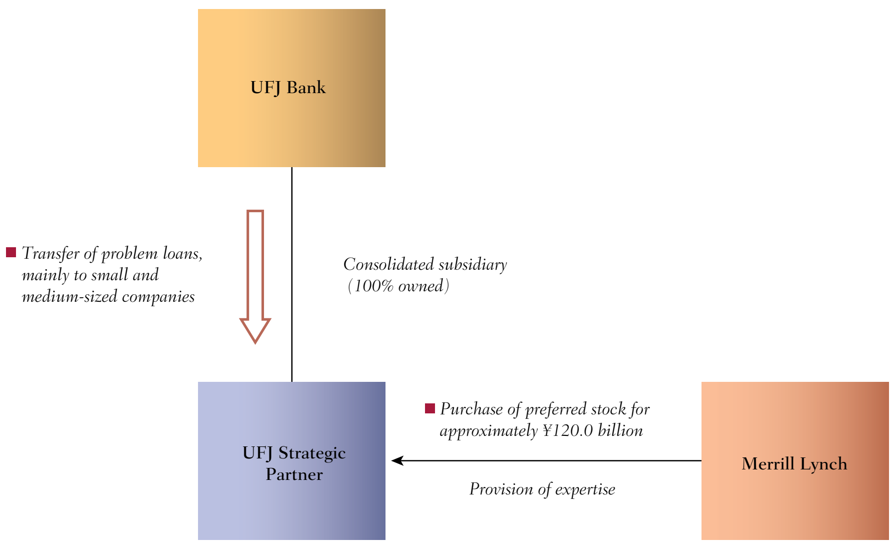
Capital Ratios



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

Sale of Preferred Stock by UFJ Strategic Partner

In March 2003, UFJ Bank procured ¥120.0 billion of Tier 1 capital through the sale to Merrill Lynch of preferred stock issued by wholly owned subsidiary UFJ Strategic Partner, which was established to deal with problem loans. As the preferred stock cannot be converted into UFJ Holdings common stock, this issue is not dilutive to common stock.



Stockholders' Equity

The UFJ Group has been taking actions to increase its equity in a manner that best reflects the interests of shareholders, mainly by exercising care to avoid dilution of common stock and limit the cost of equity procured. In addition, the group is making headway in resolving the problem loan issue by extending assistance needed to rehabilitate large troubled borrowers, implementing stringent self-assessments and increasing reserves. Selling equity investments to reduce associated risks is further improving the group's overall risk profile. Measures to improve profitability and operating efficiency have accompanied these risk-related initiatives. From now on, the group plans to increase equity steadily through retained earnings by consistently generating a business profit in excess of credit-related expenses.

Deferred Tax Assets

The UFJ Group recognizes deferred tax assets based on a rigorous examination using conservative assumptions to determine the likelihood of generating sufficient future taxable earnings to recover these assets. As a result, the group decided not to recognize consolidated deferred tax assets of ¥691.9 billion (including ¥461.1 billion at UFJ Bank and ¥100.7 billion at UFJ Trust), the amount shown in the table below as valuation allowance. The independent accountant of UFJ Holdings has issued an opinion that concurs with this decision.

Breakdown of Deferred Tax Assets

		Billions of Yen
As of March 31	**2003**	2002
Reserve for Credit Losses	**¥ 985.7**	¥ 1,087.1
Loss Carryforwards	**912.3**	164.1
Revaluation Loss on Securities	**241.7**	293.0
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**51.4**	40.0
Reserve for Contingent Liabilities Related to Loans Sold	**7.5**	18.6
Reserve for Losses on Supports of Specific Borrowers	**–**	240.3
Other	**124.3**	115.5
Subtotal	**2,323.2**	1,958.9
Valuation Allowance	**(691.9)**	(356.1)
Deferred Tax Assets	**1,631.2**	1,602.7
Deferred Tax Liabilities	**(108.9)**	(146.4)
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(42.5)**	(86.2)
Gain from Contribution of Securities to Employee Retirement Benefit Trust and Others	**(66.4)**	(60.2)
Net Deferred Tax Assets	**1,522.2**	1,456.2

Gaining momentum

ANALYSIS OF OPERATIONS AND FINANCIAL POSITION FOR FISCAL YEAR ENDED MARCH 31, 2003

SUMMARY OF CONSOLIDATED RESULTS

In the fiscal year ended March 31, 2003, UFJ Holdings saw consolidated gross operating profit fall ¥34.0 billion to ¥1,613.4 billion, and posted an ordinary loss of ¥669.3 billion and a net loss of ¥608.9 billion. One reason for this performance was an unexpected increase in credit-related expenses because of the adoption of the discounted cash flow method to calculate reserves for certain sub-standard and doubtful borrowers (see page 42). Another factor was losses resulting from lower stock prices in Japan.

RESULTS BY BUSINESS UNIT

In Retail Banking, gross operating profit was ¥377.1 billion, ¥9.8 billion more than in the previous fiscal year. Net interest income was higher because of a large increase in the balance of housing loans, and fee income from remittances and ATM utilization also increased. A decline in IT expenses was primarily responsible for a decrease of ¥12.6 billion in expenses to ¥311.8 billion. The net result was a ¥22.4 billion improvement in business profit to ¥65.3 billion.

In Corporate Banking, gross operating profit increased ¥29.3 billion to ¥473.6 billion. There was a decline in net interest income as an improvement in loan spreads was negated by a decline in the balance of corporate loans. However, there was an increase in non-interest income, mainly fees and commissions related to settlements and investment banking activities. Expenses were down ¥85.1 billion, resulting in a ¥37.9 billion increase in business profit to ¥248.3 billion.

In Global Banking and Trading, gross operating profit fell ¥63.1 billion to ¥228.7 billion. Trading and derivative activities both performed well, lifting earnings from market-related businesses. Offsetting this, however, was lower earnings in overseas commercial banking because of the sale of an overseas subsidiary. As expenses were down ¥49.6 billion, there was a ¥13.4 billion decrease in business profit to ¥141.4 billion.

At UFJ Trust, a decline in fees from loan trusts was mainly responsible for a ¥25.5 billion decrease in gross operating profit to ¥186.6 billion. Business profit before trust account write-offs was down ¥18.2 billion to ¥102.0 billion.

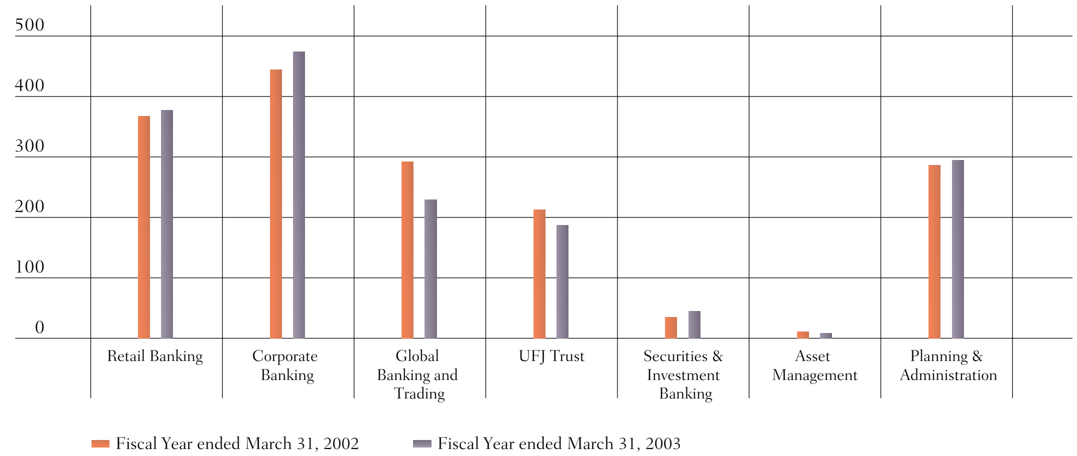
In Asset Management, a decline in bond investment trust assets at UFJ Partners Asset Management Co., Ltd. and other factors were offset by cost-cutting measures. The result was an improvement of ¥0.3 billion to a loss of ¥1.3 billion.

In Securities & Investment Banking, there was a loss of ¥0.4 billion, ¥1.0 billion less than the profit of one year earlier. The main reason was lower stock brokerage commissions and investment trust sales commissions at UFJ Tsubasa Securities Co., Ltd.

In Planning & Administration, business profit increased ¥38.0 billion to ¥308.5 billion, mainly the result of higher gains on sales of bonds.

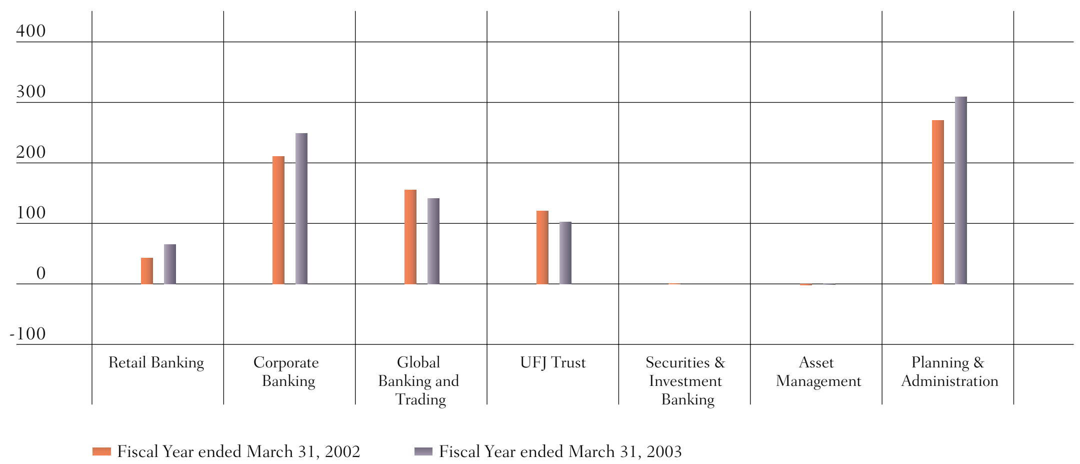
Gross Operating Profit

Billions of Yen



Business Profit

Billions of Yen



- ***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 and overseas securities subsidiaries' operations*
- ***UFJ Trust:*** *All operations of UFJ Trust*
- ***Asset Management:*** *Operations of UFJ Asset Management and UFJ Partners Asset Management*
- ***Securities & Investment Banking:*** *Operations of UFJ Tsubasa Securities and kabu.com Securities*
- ***Planning & Administration:*** *Asset-liability management, bond-related businesses, UFJ Bank's Corporate Advisory Department operations and other activities*

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

All figures in this section, including the discussion of problem loans, are the sum of the non-consolidated results of operations of UFJ Bank and UFJ Trust. UFJ Bank's figures for the fiscal year ended March 31, 2003 include operations of UFJ Strategic Partner Co., Ltd. and UFJ Equity Investments Co., Ltd. UFJ Bank's figures for the fiscal year ended March 31, 2002 include the former Tokai Bank's operations for the period from April 1, 2001 to January 14, 2002.

Gross operating profit of UFJ Bank and UFJ Trust increased ¥8.5 billion to ¥1,371.5 billion. Net interest income decreased ¥143.8 billion to ¥791.4 billion. There was an increase of ¥79.2 billion mainly from profits on loans and deposits in international operations as overseas market interest rates declined, and a decrease of ¥189.9 billion in net interest income other than deposits and loans at UFJ Bank because of lower interest and dividend income on securities caused primarily by a change in the method for recognizing accrued dividend income in the previous fiscal year. Net interest income at UFJ Bank on domestic deposits and loans, which accounts for a large share of total net interest income, was down only ¥21.2 billion despite a decline in the balance of loans because of an improvement in interest rate spreads. Trust fees, before write-offs, decreased ¥36.0 billion to ¥77.4 billion, mainly the result of a decline in fees from loan trusts. There was an increase in fees from real estate securitization schemes. Net fees and commission income increased ¥2.2 billion to ¥167.2 billion. Although guarantee fees paid increased, there were increases in settlement-related fees and investment banking fees. Strong performances by derivatives and bond trading were mainly responsible for increases of ¥48.2 billion in net trading revenue to ¥97.9 billion and ¥138.0 billion in net other operating income to ¥237.4 billion.

General and administrative expenses declined ¥60.2 billion to ¥592.5 billion. Personnel expenses decreased ¥32.1 billion because of workforce reductions, lower bonus payments and revisions to remuneration systems. Non-personnel expenses declined ¥20.6 billion as bank branches were consolidated, head office expenses reduced and efficiency gains achieved in administrative activities.

Due to these factors, business profit before net transfer to the general reserve and trust account write-offs increased ¥68.8 billion to ¥778.9 billion. Business profit after net general reserve transfer but prior to trust account write-offs was down ¥76.0 billion to ¥526.9 billion. This was mainly due to an increase in the net transfer to the general reserve related to the application of the discounted cash flow method.

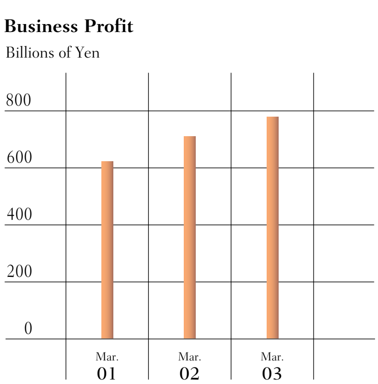
Net other expenses amounted to ¥1,226.6 billion. There were losses of ¥488.8 billion on sales of stocks and other equity securities as UFJ Bank and UFJ Trust continued to reduce their equity portfolios. There was also an expense of ¥191.5 billion to write down the carrying value of stock investments because of a downturn in Japan's equity markets. The result was an increase of ¥395.2 billion in losses on stocks and other equity securities to ¥617.7 billion. Credit-related expenses decreased ¥1,157.1 billion to ¥752.1 billion, a figure that encompasses all credit costs, including those in the trust account, the net transfer to the general reserve and collection of written off claims. The improvement was mainly due to aggressive actions taken in the previous fiscal year to restructure and rehabilitate large troubled borrowers.

After these expenses, the two banks had a combined ordinary loss of ¥699.7 billion and net loss of ¥625.6 billion, much less than the ¥1,146.4 billion net loss of the previous fiscal year. Excluding the ¥347.2 billion effect of the application of the discounted cash flow method to reserve allowances, credit-related expenses were ¥404.9 billion. This is well below the ¥480.0 billion that the two banks had forecast in May 2002 for the fiscal year and much less than the two banks' business profit.

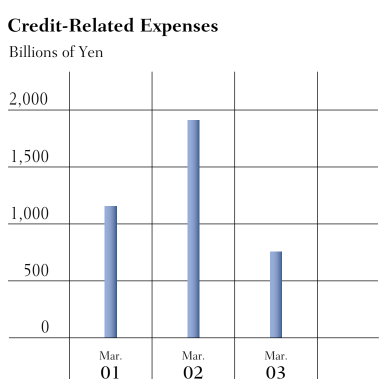
Results of Operations (Sum of Non-Consolidated Results of Operations of UFJ Bank and UFJ Trust)

		Billions of Yen
Fiscal Years ended March 31	**2003**	2002
Gross Operating Profit	**¥1,371.5**	¥ 1,362.9
Net Interest Income	**791.4**	935.2
Trust Fees*	**77.4**	113.4
Net Fees and Commissions	**167.2**	165.0
Trading Revenue	**97.9**	49.7
Other Operating Income	**237.4**	99.4
General and Administrative Expenses	**(592.5)**	(652.8)
Business Profit before Net Transfer to General Reserve*	**778.9**	710.0
Net Transfer to General Reserve*	**(252.0)**	(107.0)
Business Profit after Net Transfer to General Reserve*	**526.9**	603.0
Net Other Expenses	**(1,226.6)**	(2,142.1)
Net Gains (Losses) on Stocks and Other Equity Securities	**(617.7)**	(222.4)
Credit Costs	**(588.9)**	(1,834.6)
Ordinary Profit (Loss)	**(699.7)**	(1,539.0)
Net Income (Loss)	**¥ (625.6)**	¥(1,146.4)
Credit-Related Expenses	**¥ (752.1)**	¥(1,909.3)

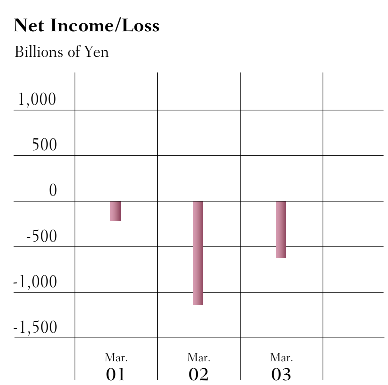
* Before write-offs in trust account.



Before write-offs in trust account.



Including trust account and net transfer to general reserve.



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

As of March 31, 2003, loans at UFJ Bank and UFJ Trust totaled ¥43,985.0 billion. This was ¥2,305.6 billion less than one year earlier because of weak demand for loans by companies due to Japan's lackluster economy and of progress in dealing with problem loans. This figure includes jointly operated designated money trust account and loan trust account with principal indemnification clauses. Loans to the strategic market segment of small and medium-sized companies, a category that also includes loans to individuals, increased ¥571.6 billion to ¥29,995.6 billion and rose from 69.3% to 72.3% of total loans excluding overseas branches and offshore accounts.

Loans to individuals continued to increase, due in large part to a ¥900.6 billion increase in housing loans to ¥6,500.6 billion.

Deposits, including jointly operated designated money trust account and loan trust account products with principal indemnification clauses, declined ¥56.2 billion to ¥52,364.5 billion. There was an increase of ¥169.3 billion in domestic deposits by individuals to ¥26,582.4 billion.

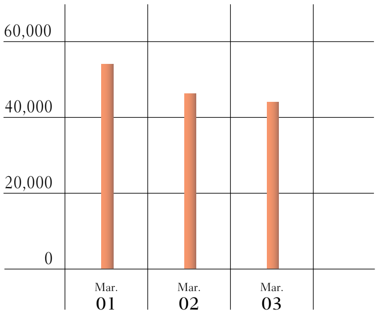
		Billions of Yen
As of March 31	**2003**	2002
Total Loans	**¥43,985.0**	¥46,290.7
Loans to Small and Medium-sized Companies and Individuals*	**¥29,995.6**	¥29,424.0
Share of Total Loans*	**72.3%**	69.3%
Housing Loans	**6,500.6**	5,599.9

* Excludes overseas branches and offshore accounts

		Billions of Yen
As of March 31	**2003**	2002
Deposits including Trust Account	**¥52,364.5**	¥52,420.7
Domestic Deposits by Individuals	**¥26,582.4**	¥26,413.0

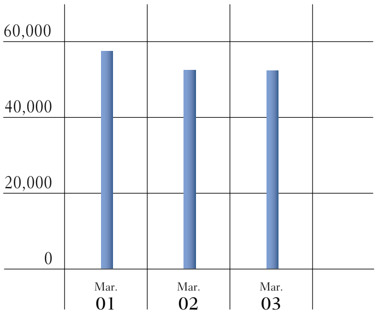
Loans and Bills Discounted*

Billions of Yen



Deposits and Trust Account Products*

Billions of Yen



* Including trust account (loan trust and jointly operated designated money trust with principal indemnification clause).

CREDIT-RELATED EXPENSES FOR THE YEAR ENDED MARCH 31, 2003

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

In the fiscal year ended March 31, 2003, combined credit-related expenses at UFJ Bank, UFJ Trust and UFJ Strategic Partner totaled ¥752.1 billion, ¥272.1 billion more than the ¥480.0 billion that had been forecast for the fiscal year. However, credit-related expenses include ¥347.2 billion resulting from the application of the newly introduced discounted cash flow method for calculating reserves for certain sub-standard and doubtful borrowers. Excluding this one-time amount, credit-related expenses were ¥404.9 billion, which was well below the forecast as well as business profit for the fiscal year.

Credit-Related Expenses

	Billions of Yen
Fiscal Year ended March 31	**2003**
Net Transfer to General Reserve	**¥ 252.0**
Credit Costs	
Loans Written-Off	**263.8**
Net Transfer to Specific Reserve	**138.1**
Losses on Sales of Loans to CCPC	**10.9**
Net Transfer to Reserve for Contingent Liabilities Related to Loans Sold	**2.3**
Net Losses on Loans Securitized/Sold	**31.5**
Losses on Supporting Specific Borrowers	**137.5**
Transfer to Reserve for Possible Losses on Support of Specific Borrowers	**–**
Transfer to Specific Reserve for Loans to Refinancing Countries	**(1.0)**
Total Credit Costs	**583.3**
Trust Account Losses Indemnified	**5.5**
Collection of Written-Off Claims	**(78.4)**
Reversal of Reserve for Possible Losses on Support of Specific Borrowers	**(10.3)**
Credit-Related Expenses	**¥ 752.1**

Factors Behind Credit-Related Expenses

	Billions of Yen
Deteriorating Operating Results at Borrowers	**¥111.2**
Loss on Loans Securitized and Decline in Collateral Value	**124.7**
Revitalization etc. of Large Troubled Borrowers	**¥169.0**
Effect of Applying DCF Method	**347.2**
Total	**¥752.1**

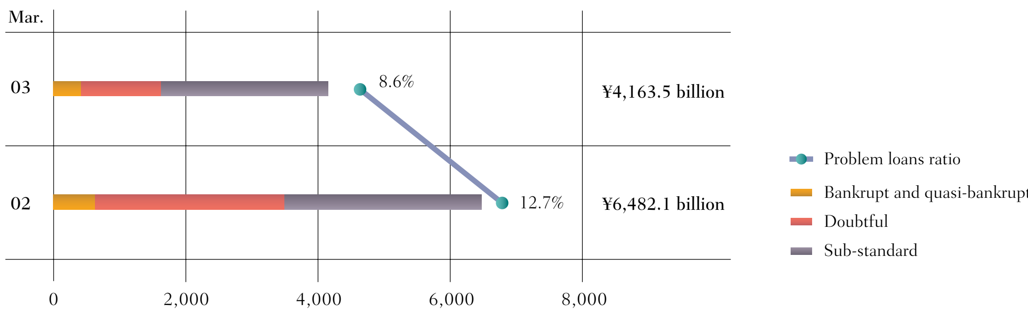
PROBLEM LOANS OUTSTANDING AS OF MARCH 31, 2003

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

Problem loans at the two banks and UFJ Strategic Partner, based on the Financial Reconstruction Law, totaled ¥4,163.5 billion as of March 31, 2003, ¥2,318.6 billion less than one year earlier. The decline was mainly the result of financial assistance extended to large troubled borrowers and progress regarding final resolutions, including the recovery, of problem loans. Problem loans were 8.6% of total loans, 4.0 percentage points lower than one year earlier.

Balance of Problem Loans under Financial Reconstruction Law and Problem Loans Ratio

Billions of Yen



Balance of Problem Loans under Financial Reconstruction Law

		Billions of Yen
As of March 31	**2003**	2002
Bankrupt and Quasi-Bankrupt	**¥ 419.5**	¥ 627.8
Doubtful	**1,208.0**	2,868.5
Sub-Standard	**2,535.9**	2,985.7
Total Problem Loans	**4,163.5**	6,482.1
Normal	**43,834.3**	44,515.6
Total Loans	**¥47,997.8**	¥50,997.8

Includes figures of UFJ Strategic Partner and jointly operated designated money trust account and loan trust account with principal indemnification clauses.

Balance of Domestic Loans and Risk Monitored Loans by Industry

		Billions of Yen
As of March 31	**2003**	2002
Domestic Loans*	**¥41,489.3**	¥ 42,466.5
Risk Monitored Loans	**4,014.0**	6,247.7
Manufacturing	**5,036.0**	5,424.6
Risk Monitored Loans	**390.7**	542.3
Agriculture/ Forestry/ Fishery/ Mining	**164.8**	177.8
Risk Monitored Loans	**7.5**	11.8
Construction	**1,506.7**	1,682.8
Risk Monitored Loans	**458.5**	478.3
Utilities	**226.5**	242.1
Risk Monitored Loans	**0.5**	0.5
Transportation & Communication	**2,494.5**	2,211.8
Risk Monitored Loans	**286.5**	343.3
Wholesale & Retail	**5,365.5**	6,257.2
Risk Monitored Loans	**600.3**	792.5
Finance & Insurance	**4,632.1**	3,609.2
Risk Monitored Loans	**161.4**	310.0
Real Estate	**5,700.8**	6,560.3
Risk Monitored Loans	**1,190.5**	2,509.1
Services	**4,766.2**	5,198.1
Risk Monitored Loans	**540.5**	721.2
Local Government	**581.3**	511.6
Risk Monitored Loans	**–**	–
Others	**11,014.3**	10,590.5
Risk Monitored Loans	**¥ 377.3**	¥ 538.2

* Including jointly operated designated money trust and loan trust account with principal indemnification clauses of UFJ Trust and excluding offshore transactions.

COVERAGE AND RESERVES FOR PROBLEM LOANS

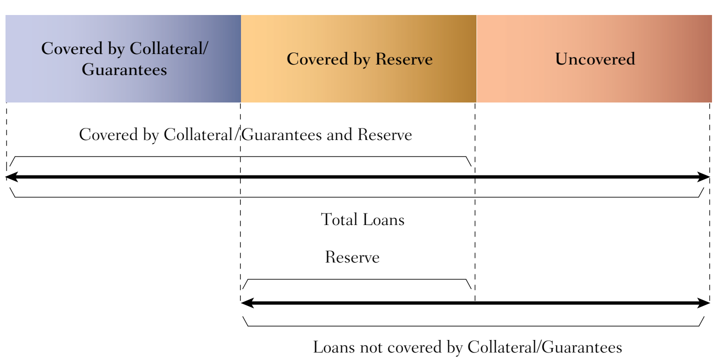
(UFJ Bank, UFJ Trust and UFJ Strategic Partner combined, non-consolidated)

The coverage and reserve ratios for problem loans of the two banks and UFJ Strategic Partner as of March 31, 2003 are shown in the table in the next page.

In the past fiscal year, the UFJ Group began applying the discounted cash flow method to calculate reserves for loans for sub-standard borrowers to which UFJ Bank and UFJ Trust have extended ¥10 billion or more and reserves for loans for doubtful borrowers to which UFJ Bank and UFJ Trust have extended ¥10 billion or more, and where reasonable estimates of future cash flows are possible. This change increased credit-related expenses in the fiscal year by ¥347.2 billion. As a result, the reserve ratio for loans to sub-standard borrowers not covered by collateral, guarantees or other means rose from 19.11% as of March 31, 2002 to 29.89% as of March 31, 2003. The reserve ratio was 35.46% for loans to sub-standard borrowers which the discounted cash flow method was applied. The coverage ratio for total problem loans, as defined by the Financial Reconstruction Law, increased 4.00 percentage points to 63.98%.

The reserve ratios for loans to borrowers classified as normal and other special mention, excluding loans to sub-standard borrowers, were 0.18% (down 0.08 of a percentage point) and 4.53% (down 0.86 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 Reconstruction Law



$$\text{Coverage Ratio (\%)} = \frac{\text{Collateral/Guarantees} + \text{Reserve}}{\text{Total Loans}} \times 100$$

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

Coverage Ratio for Problem Loans under Financial Reconstruction Law

		%
As of March 31	**2003***	2002
Bankrupt and Quasi-Bankrupt	**100.00**	100.00
Doubtful	**85.85**	72.35
Sub-Standard**	**52.62**	45.29
Total Problem Loans	**63.98**	59.97

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

		%
As of March 31	**2003***	2002
Bankrupt and Quasi-Bankrupt	**100.00**	100.00
Doubtful	**73.73**	67.12
DCF method applied	**98.10**	–
Sub-Standard**	**29.89**	19.11
DCF method applied	**35.46**	–

Reserve Ratio for Other Special Mention Borrowers***	**4.53**	5.39
Reserve Ratio for Normal Borrowers***	**0.18**	0.26

* Includes figures of UFJ Strategic Partner.
** Reserve ratio for all loans to sub-standard borrowers, including loans to same class of borrower which are not classified as sub-standard.
*** Banking account figures only.

The Discounted Cash Flow Method

Under the discounted cash flow method, the reserve required for a particular loan or other claim is obtained by subtracting the present value of the future stream of cash flows from the principal. This process must fully take into account (1) a thorough evaluation of the viability of a company's recovery plan; (2) an estimate of future cash flows based on conservative assumptions; and (3) possible future risk factors. Shown below is an example of how this method is applied.

Company A currently has outstanding loans of ¥150 billion that require annual repayments of principal of ¥10 billion. The annual interest rate is 1% and the initial contracted annual interest rate was 5%.

1. Based on a borrower's recovery plan, earnings outlook and other factors, estimate future cash flows that can be used to repay debt and the balance of the loan in five years. At this stage, deteriorating market conditions and other risks that could reduce future cash flows are taken into consideration.
2. Adjust the cash flows and loan balance obtained above based on the risk of default. (Use cumulative default rates, changing the rates at the time the borrower is expected to return to "normal" status.)
3. Obtain the present value by discounting future cash flows using the initial contracted interest rate.
4. Establish a reserve equal to the outstanding loan principal less the present value of future cash flows.

Billions of Yen

	First year	Second year	Third year	Fourth year	Fifth year	Balance
Repayment of principal (a)	10	10	10	10	10	100
Interest payments (b)	1.5	1.4	1.3	1.2	1.1	–
Risk probabilities* (c)	95%	90%	85%	80%	75%	60%
Adjusted cash flows (d) = [(a)+(b)] x (c)	10.925	10.260	9.605	8.960	8.325	60.000
Discount rate (initial contracted interest rate) (e)	1.05	$(1.05)^2$	$(1.05)^3$	$(1.05)^4$	$(1.05)^5$	$(1.05)^5$
Present value (d)/(e)	10.405	9.306	8.297	7.371	6.523	47.012

Total present value (repayments + balance) (f)	88.914
Required reserve (g) = Principal – (f)	61.086
Reserve ratio (g) / Principal x 100	40.72%

* Used merely for the purpose of illustrating the discounted cash flow calculation method.

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 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 Reconstruction 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	Normal	Category I	Normal		
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	Doubtful	Doubtful	III	Doubtful		Other Delinquent
10A	Quasi-Bankrupt	Quasi-Bankrupt	IV	Bankrupt and Quasi-Bankrupt		Other Delinquent
10B	Bankrupt	Bankrupt	IV	Bankrupt and Quasi-Bankrupt		Bankrupt

Other special mention borrowers   Sub-standard borrowers

■ *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; and borrowers posting a loss, or whose performance is sluggish or unstable.

Doubtful: Borrowers who are not bankrupt at present, but for whom the possibility of bankruptcy in the near future is high.

Quasi-Bankrupt: 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.

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

Borrower Category and Asset Classification

	Category I	Category II	Category III	Category IV
Normal	All credit			
Special Mention	Amount secured with high-grade collateral/ guarantees	All other amounts		
Doubtful	Amount secured with high-grade collateral/ guarantees	Amount secured with general collateral/ guarantees	All other amounts	
Quasi-Bankrupt Bankrupt	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 loss or devaluation.

Category I: Credits that have no identifiable risk of loss or devaluation.

Category II: Credits for which collection risks are above the normal level.

Category III: Credits 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 estimate the amount accurately.

Category IV: Credits that have no value or for which there is no possibility of collection.

Classification under the Financial Reconstruction Law

Normal: Loans and other credit extended to borrowers categorized as "normal" and extended to "special mention" borrowers if not past due for three months or more and if the terms and conditions have not been eased.

Sub-Standard: Loans and other credit extended to "special mention" borrowers if past due for three months or more or if the terms and conditions have been eased for the purpose of facilitating a restructuring, reorganization or similar support.

Doubtful: Loans and other credit extended to borrowers classified as "doubtful."

Bankrupt and Quasi-Bankrupt: Loans and other credit extended to borrowers classified as "bankrupt" or "quasi-bankrupt."

Reserve Standards

Claims against normal borrowers: General reserve established in the amount of expected loss, calculated by multiplying the loan amount by the expected loss ratio. The expected loss ratio is the average of actual loss ratios for one-year holding periods observed every six months from the end of September 1998 to the end of September 2002.

Claims against special mention borrowers (excluding sub-standard borrowers): General reserve established in the same manner as for claims against normal borrowers, except using three-year holding periods to calculate the actual loss ratio instead of a one-year period.

Claims against sub-standard borrowers: For claims against borrowers to which UFJ Bank and UFJ Trust have extended ¥10 billion or more, the expected loss amount is calculated by the discounted cash flow method and provisions are made to the general reserve for such amounts. Other claims against sub-standard borrowers are reserved in the same manner as other claims against special mention borrowers.

If, however, a loss can be estimated rationally based on planned assistance such as debt forgiveness, and an estimated loss is approved by management, the provision is equal to this estimated loss. In addition, if a loan is to be sold, the provision is equal to the anticipated sale amount.

Claims against doubtful borrowers: Same as claims against sub-standard borrowers, except that the amount is recorded in the specific reserve rather than the general reserve. The reserve amount is determined by multiplying the expected loss ratio by the amount of Category III credits.

For other claims against doubtful borrowers, if the potential sale price of a claim in this category can be estimated based on a purchase price indicated by a buyer, the difference between the carrying value of such claims and the potential sale price is set aside in the specific reserve.

Claims against bankrupt and quasi-bankrupt borrowers: Claims that fall under Category III or IV are written off or transferred to the specific reserve.

THE UFJ GROUP MANAGEMENT SYSTEM

The UFJ Group has a corporate governance system that is centered on the clear separation of responsibilities for governance and business execution. This system provides for fair and transparent management and maximizes efficiency.

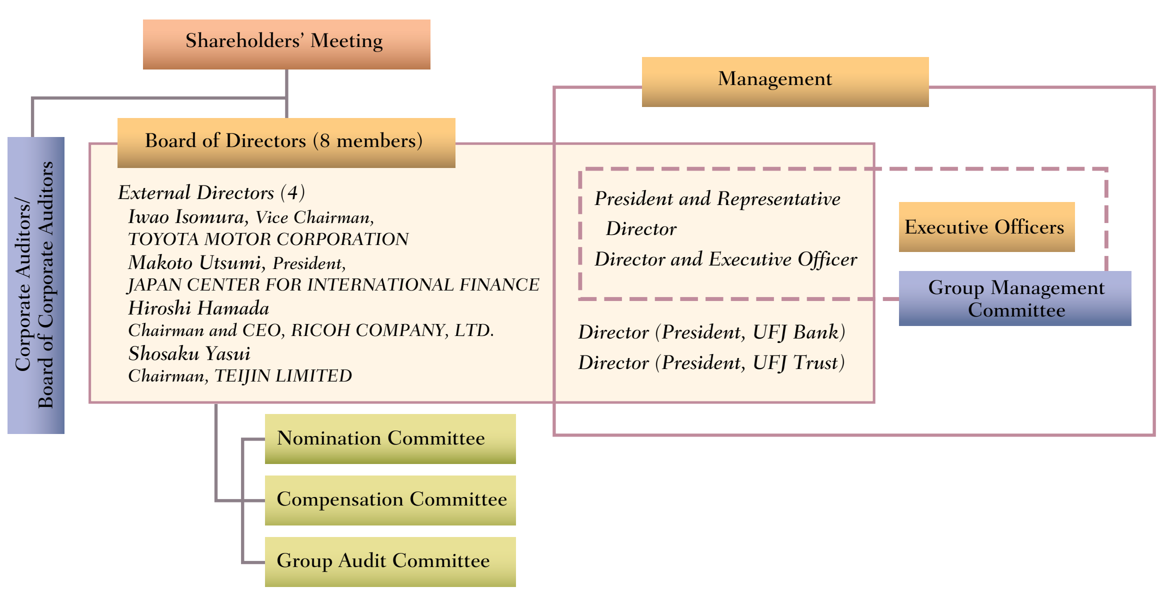
FRAMEWORK OF CORPORATE GOVERNANCE

The Board of Directors of UFJ Holdings has eight members, four of whom are external directors. Directors refine and reach decisions on proposals regarding management policies and strategies prepared by the president and CEO and other executive officers. The Board of Directors also motivates these executives to maximize the group's value by monitoring and evaluating their performance, making appointments and setting 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 the systems and decision-making processes for appointing directors and executive officers and determining their compensation are fair and transparent. The third sub-committee, the Group Audit Committee, assists the Board of Directors in overseeing internal management systems and the strict compliance with laws and regulations at the holding company and all group companies. This committee is made up of external directors and a highly trained professional (an attorney) from outside the group.

The Board of Corporate Auditors has five members, two of whom are outside auditors. To audit activities of the entire group, all three internal auditors concurrently serve as corporate auditors at UFJ Holdings, UFJ Bank and UFJ Trust, working closely together to share information and opinions. They also work with compliance and internal auditing divisions as well as the independent accountants. The two outside auditors conduct audits from a standpoint that is even more objective and independent.

The UFJ Group's corporate governance system, with the Board of Directors (and its sub-committees) and Board of Corporate Auditors as its nucleus, is an advanced framework that compares favorably even to the "Company with Committees" system, which was made possible by a May 2002 amendment to Japan's Commercial Code, from the standpoint of fulfilling "oversight" and "business execution."



EXECUTION OF BUSINESS ACTIVITIES

To strengthen the execution of business activities, UFJ Holdings has adopted the executive officer system under which the president serves as the chief executive officer. The president is assisted by the Group Management Committee, giving UFJ Holdings a speedy management system.

ROLE OF THE HOLDING COMPANY

The UFJ Group has six business units: Retail Banking, Corporate Banking, Global Banking and 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 sets performance targets and policies for these group companies. The holding company also monitors and evaluates the operations of each business, with the ultimate aim of managing the group so as to increase stockholder value.

Executive officers from UFJ Holdings are assigned to serve as non-executive directors at major group companies to increase the effectiveness of management and supervisory functions.

(Reference) Outline of Committees of the UFJ Group

Committee	*Members*	*Role*
Board of Directors	8 directors, including 4 external directors	Final decision-making involving the group's management policies, strategies, plans and other important matters; monitoring of the management of business activities
Nomination Committee	3 external directors	Holds discussions regarding personnel in senior management positions and submits reports to the Board of Directors.
Compensation Committee	3 external directors	Holds discussions regarding the evaluation and compensation of senior managers and submits reports to the Board of Directors. Also evaluates the performance of the holding company president and submits reports to the Board of Directors.
Group Audit Committee	2 external directors and 1 attorney	Monitors the status of internal control systems and compliance at the holding company and group companies and submits reports to the Board of Directors on significant problems and other important matters.
Group Management Committee	Holding company president, executive officers in charge of risk and compliance, and group company presidents and others as required	Serves as an advisory body to the holding company president, debating group management policies and strategies, overall plans and other matters.

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 stockholders' 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.

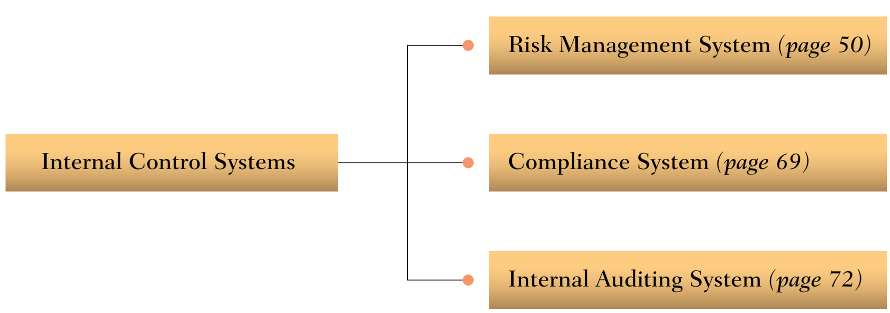
INTERNAL CONTROL SYSTEMS OF THE UFJ GROUP

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 activities in the day-to-day management of the UFJ Group. To heighten the effectiveness of these control functions, the 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.



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 identify, control and manage individual as well as aggregate risks appropriately under an effective internal control framework so as to preserve the group's capital base and 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 identifying, measuring and controlling the relevant risks appropriately. The policies and procedures are then communicated to group companies to foster a strong risk culture groupwide.

The group also continuously seeks to adopt more advanced 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 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 characteristics of those factors, the 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 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 in the 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 of unfounded rumors upon a company's reputation among customers or the market.

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 of credit risk and funding liquidity risk.

RISK MANAGEMENT ORGANIZATION

To ensure proper implementation of risk management activities throughout the group, the UFJ Group has established risk management organizations 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. The officer's responsibilities also include monitoring risk capital management.

Risk Management Committee

Risk management committees at each group company provide advice to the executive officer for risk management so as to ensure appropriate management of the relevant risks. At UFJ Holdings, for example, a Group Risk Management Committee discusses 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.

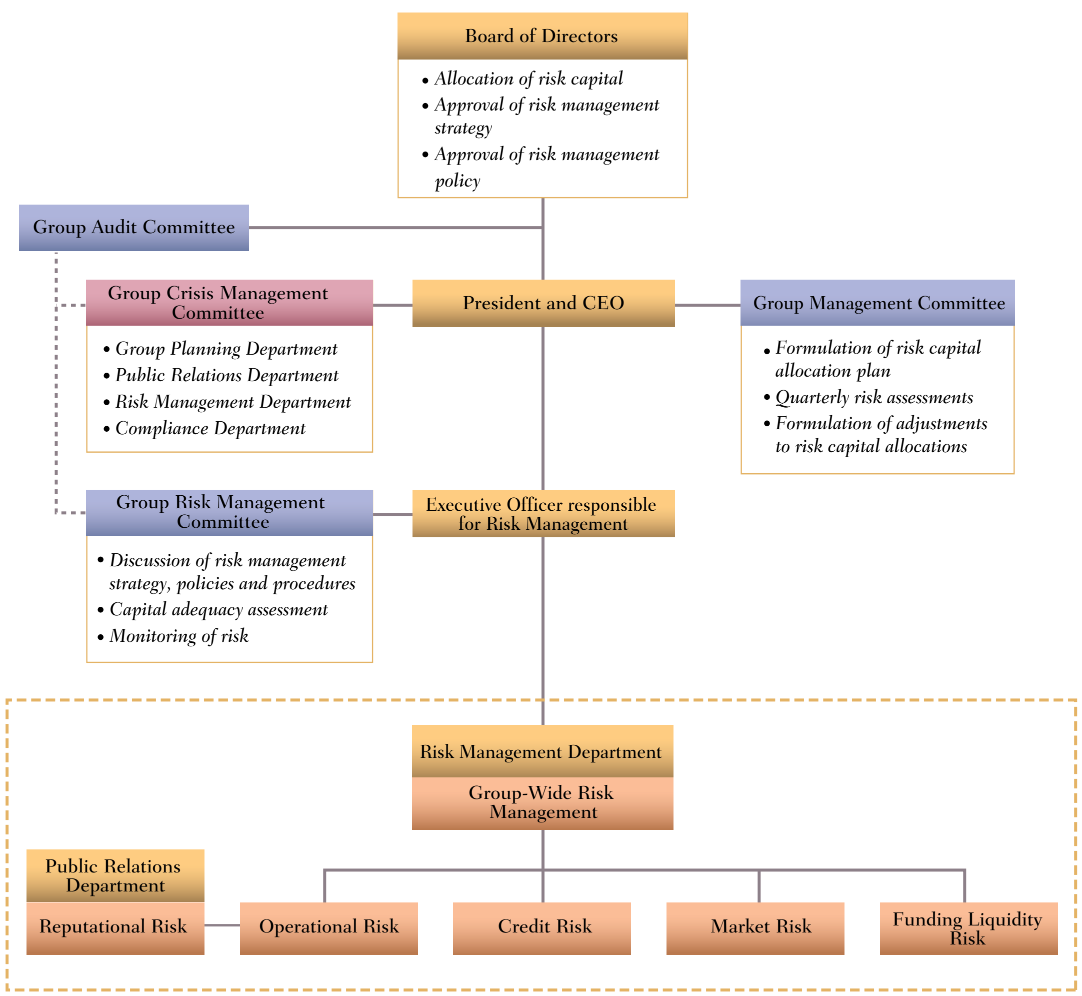
At UFJ Bank, the Risk Management Department supervises and coordinates risk management activities for the bank, and there are risk management departments dedicated to the management of each type of risk.

At UFJ Trust, the Risk Management and Compliance Department supervises and coordinates risk management activities. The Asset Management Supervision Office, which is part of this department, manages risks associated with UFJ Trust's fiduciary duty as trustee for trust accounts. The Credit Planning Department manages risks associated with credit related transactions, a major component of UFJ Trust's business activities. This provides a system for the specialized management of these two types of risks.

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/or physically. The UFJ Group has established a core policy and set clear standards to deal with crisis events. The crisis management framework is designed to minimize the impact of a crisis on the UFJ Group's customers and the markets. It is also intended 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. At each of the major group companies, the Crisis Management Committee is responsible for crisis management oversight. Each company has set its contingency plans which cover natural catastrophes, system failures and other potential crises, and periodic drills have been performed to improve the effectiveness of contingency plans.

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. This process is a means of verifying and monitoring the capital adequacy of the group as well as of providing a warning when the risk of degradation in capital increases. The risk capital management framework provides a supplementary means of ensuring financial soundness.

The amount of allocated risk capital is determined based on the maximum possible loss that could result from the risk factors associated with each business. As a key index to integrate risk and return, risk capital calculations provide the basis for a variety of management information. Specifically, capital adequacy is verified by monitoring the sum of utilized risk capital and the allocated risk capital compared to the actual available stockholders' equity. The usage of risk capital by each business unit is monitored against the allocated risk capital. 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.

In the event of a sudden change in markets or other event that could rapidly undermine the group's capital base, a "Group Trigger" and "Management Alert Limit" are used to provide a supplementary alarm mechanism. These facilities help senior management to make quick decisions in terms of risk capital management, such as a reduction of capital, reallocation, or other action.

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 calculations play a key role in the performance evaluation process of business activities.

CREDIT RISK MANAGEMENT

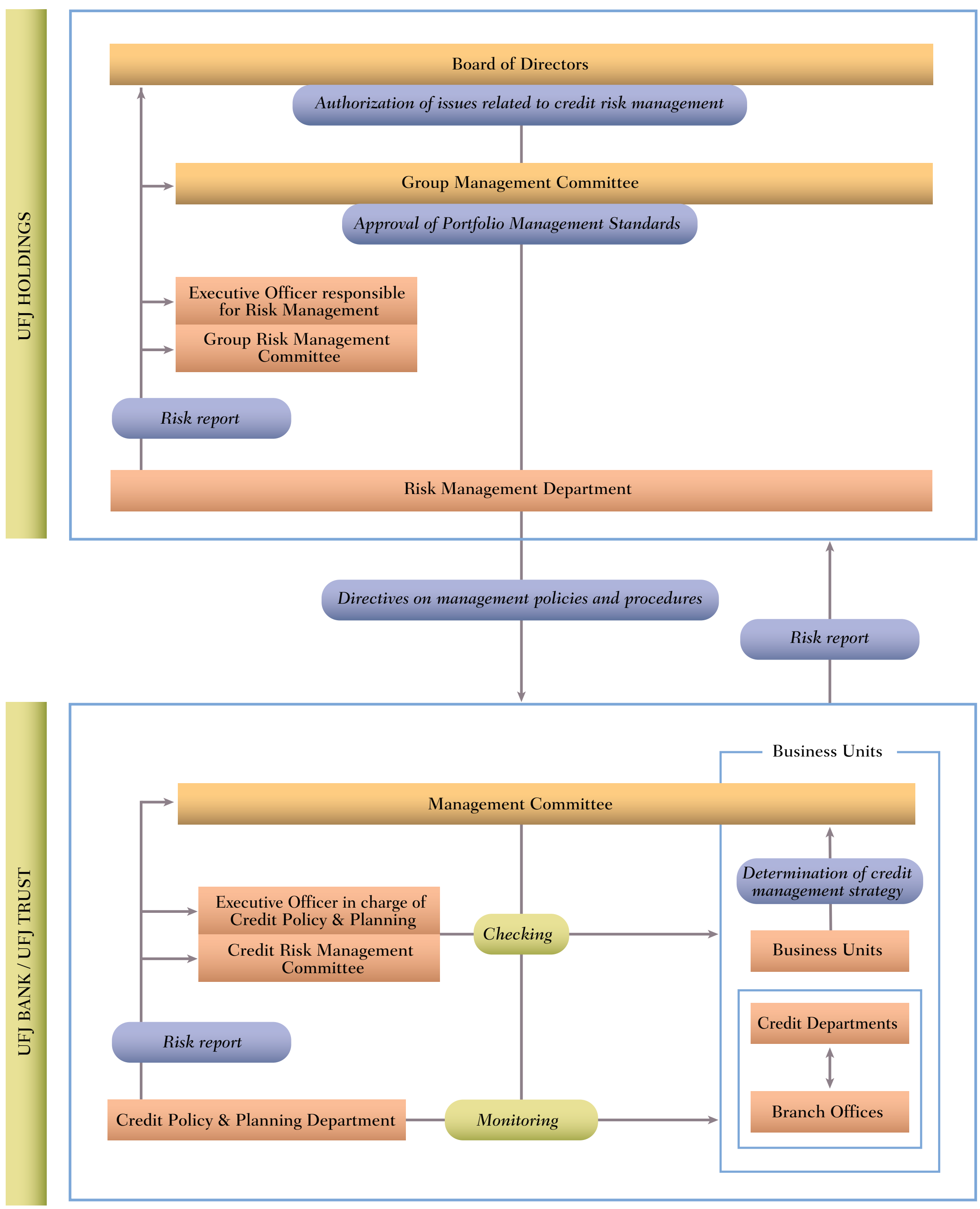
The UFJ Group conducts credit risk management not simply for the purpose of avoiding credit risk, but to take on risk while controlling credit risk at a suitable level in relation to the group's financial strength and maintaining adequate mitigations and profitability relative to the level of risk. Based 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 are 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 conducts 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 combined portfolio 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 credit 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 procedures for credit risk management. The two UFJ Group banks have a unified credit policy and standards for credit rating, country rating, self-assessment and credit risk quantification methodology.

• *Credit Rating Framework*

The credit rating system 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 financing. Second is profitability, which includes the 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.

Credit Rating System

<table>
<tr><th colspan="2">Rating</th><th>Borrower Category</th><th>Classification under the Financial Reconstruction 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>Doubtful</td><td>Doubtful</td><td>Doubtful</td></tr>
<tr><td>10A</td><td>Quasi-Bankrupt</td><td>Quasi-Bankrupt</td><td rowspan="2">Bankrupt and Quasi-Bankrupt</td></tr>
<tr><td>10B</td><td>Bankrupt</td><td>Bankrupt</td></tr>
</table>

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 applied to 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 extension activities. The secondary assessment is performed by credit analysis departments. After that, self-assessments are examined by the Internal Audit Department, which is independent of departments engaged in the extension and approval of loans.

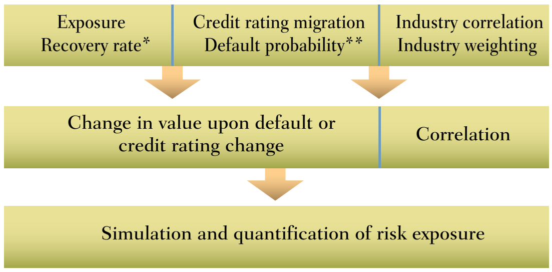
Credit Risk Measurement

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 credit 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 possible 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



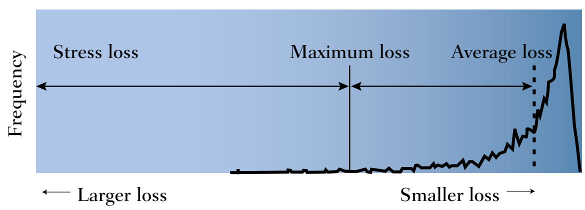
Past data are employed to calculate probable losses over the following one-year using a statistical technique.

* Separate recovery rates are established for each type of collateral.

**The default probability is based on past financial data.

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 on a single portfolio basis. 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 to diversify credit risk, the UFJ Group establishes credit limits for each borrower, industry and country.

Credit Management System

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 gross 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.

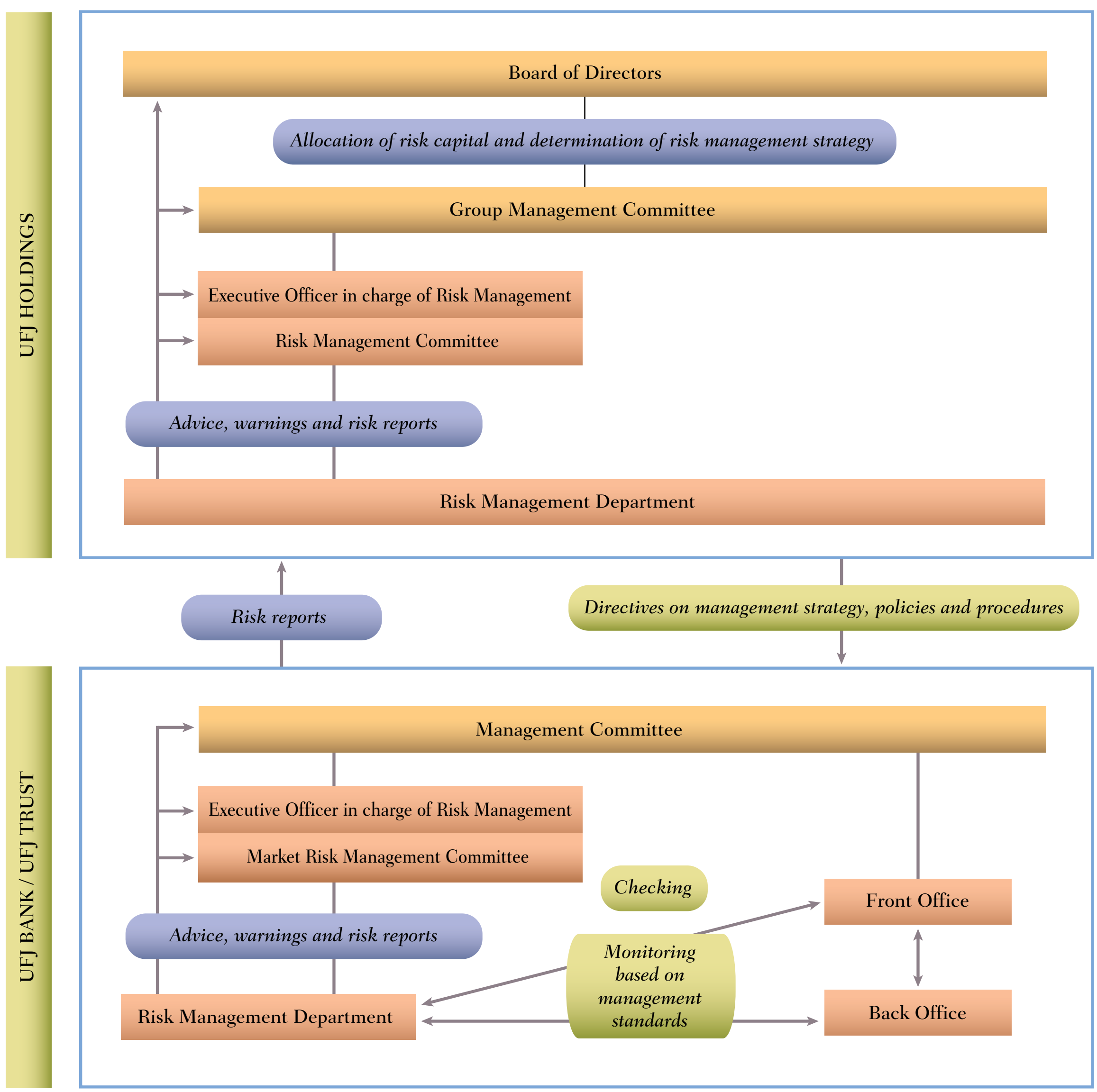
MARKET RISK MANAGEMENT

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



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.

• ***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" within its risk capital management framework. This creates a mechanism whereby a warning can be sent to senior management when needed.

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***

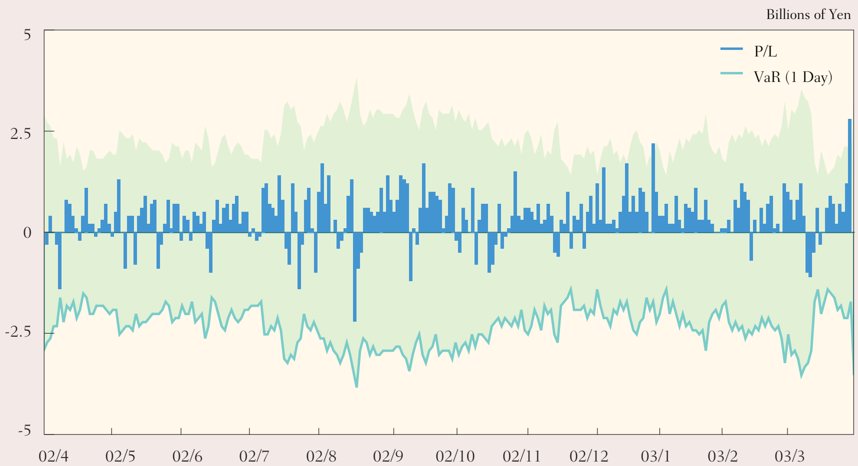
Two methods are employed to measure VaR at the UFJ Group. With the historical simulation method, VaR is calculated by performing simulations based on past market volatility data. With the variance-covariance method, VaR is calculated based on the assumption that the markets will fluctuate in relation 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 based on the common group yardstick: two-year look-back period, one-day holding period, one-tailed confidence interval of 99%.

• *Market Risk Profile for Fiscal Year Ended March 31, 2003*

During the year ended March 31, 2003, market-related profits and losses at domestic and overseas branches and the status of equity and yen-denominated bonds in the banking book, based on VaR methodology, were as shown in the graph below.

VaR is an estimate of the maximum expected loss that would occur at a statistical probability of 1% if, for example, a bond or foreign exchange instrument were held continuously for one day and interest rates or other markets moved in unfavorable directions. The VaR amount does not necessarily represent the loss that would actually occur.

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



Maximum, minimum and average VaR figures for the past fiscal year for market-related activities (one-day holding period) at the UFJ Group banks and equity and yen-denominated bonds (10-day holding period) in the banking book were as follows.

Trading Account

			Billions of Yen
	Maximum	Minimum	Average
UFJ Bank	3.8	1.3	2.2
UFJ Trust	0.0	0.0	0.0

*Banking Book Equity Holdings**

			Billions of Yen
	Maximum	Minimum	Average
UFJ Bank	377.1	181.0	284.9
UFJ Trust	55.7	31.5	44.7

* Risk shown is for equities with a market value.

Yen-Denominated Bond Holdings

			Billions of Yen
	Maximum	Minimum	Average
UFJ Bank	86.0	49.2	65.5
UFJ Trust*	13.5	7.9	9.9

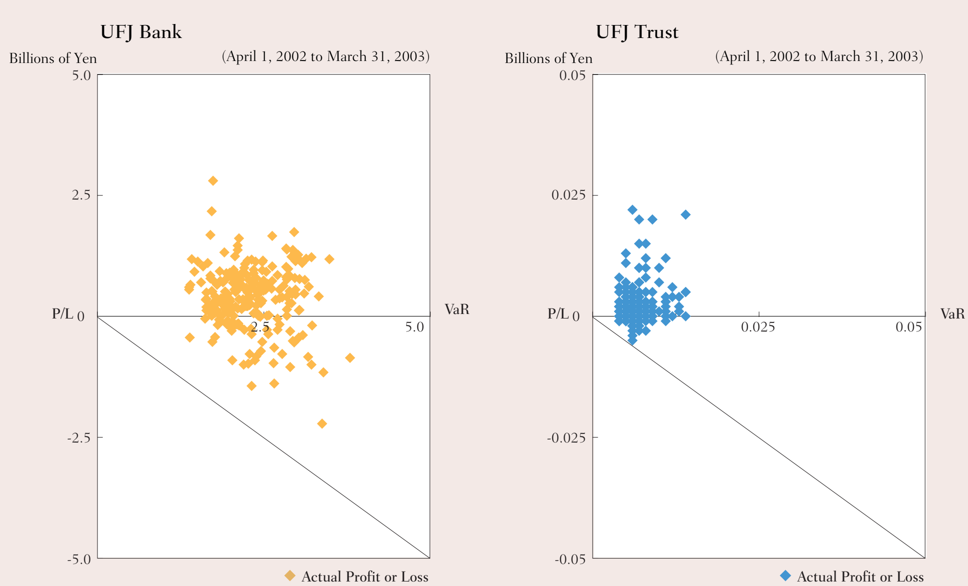
* Figures for UFJ Trust include bonds in foreign currency and investment trust portfolios.

• *Daily Value at Risk and Actual Profit and Loss*

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, 2003, there were no losses that exceeded VaR, demonstrating 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 stockholders' 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 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, unclear, crisis and emergency—depending on the probability that risks will actually materialize. The UFJ Group banks have 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 levels of 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.

• ***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.

To provide comprehensive guidelines for operational risk management, the UFJ Group formulated its "Operational Risk Management Policy" in the fiscal year ended March 31, 2003. The policy clearly defines processing risk, system risk and other components of operational risk as well as prescribe a fundamental concept and management framework for operational risk management.

Organization and Framework

Operational risk management and the group level monitoring 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 Holdings establishes group-wide policies and standard, provides guidance and advice for making decisions to ensure a consistent and uniform operational risk management system.

At UFJ Bank and UFJ Trust, risk management sections monitor individual operational risk such as process risk and report the results to the Risk Management Department.

The Risk Management Department reports the risk exposure to the Board of Directors, Risk Management Committee and senior management.

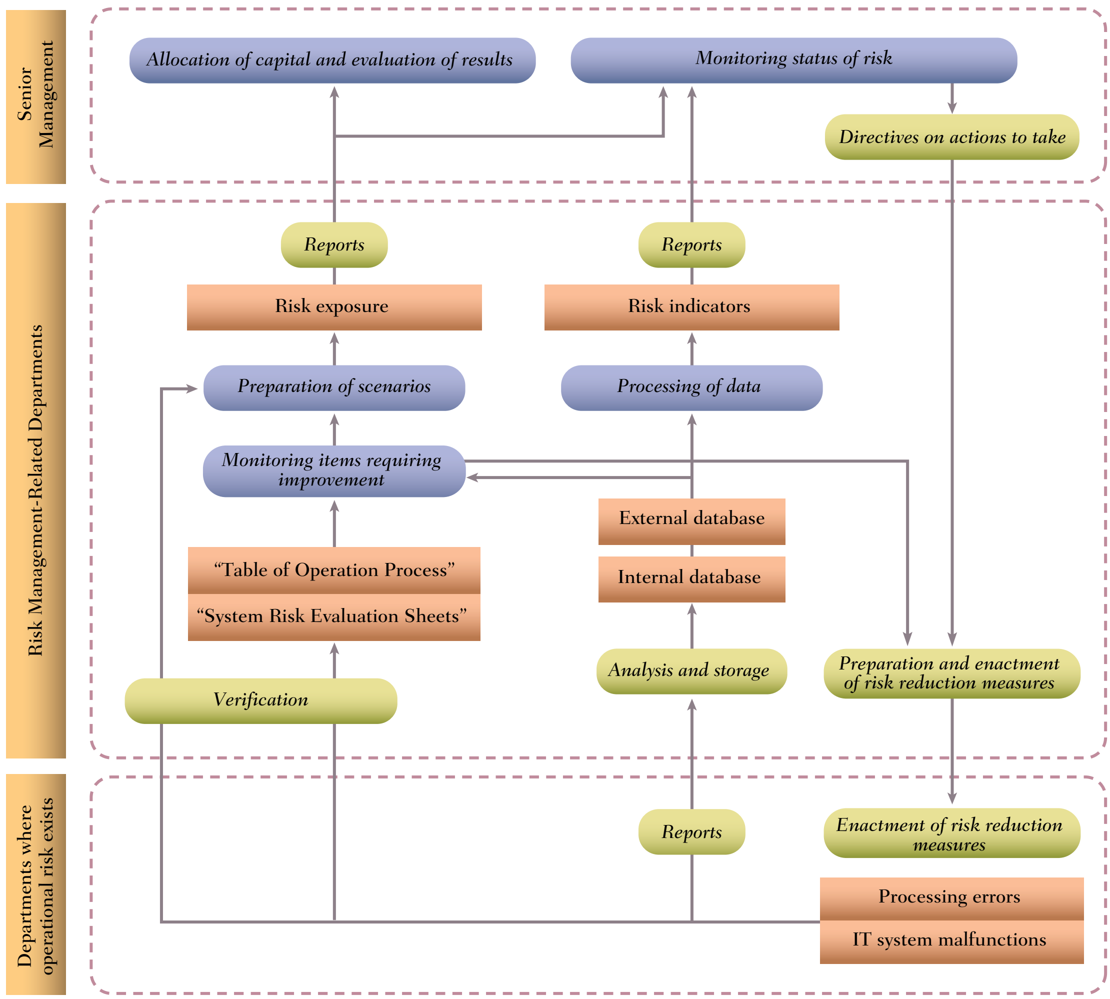
Management of Processing and System Risk

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

In establishing its processing and system 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 "Table of Operation Process" and "System Risk Evaluation Sheets" are developed and implemented to identify the area, type and size of processing and system 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 Process of the UFJ Group



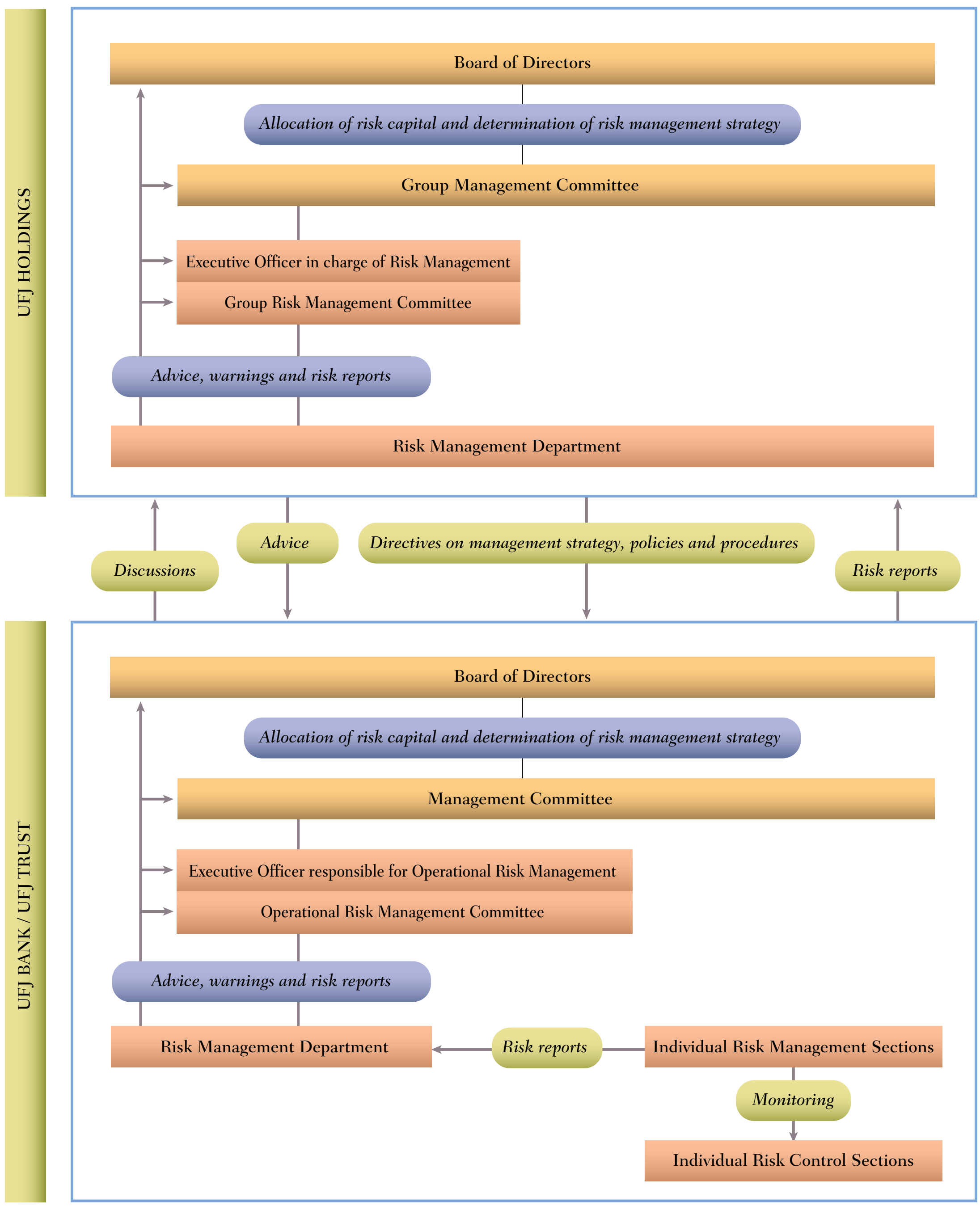
• *Quantification of Operational Risk*

The UFJ Group began efforts to measure its operational risk exposure quantitatively in 1998, first with processing risk and system risk. The group is currently improving the methodology 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 process and IT system based on assessments using the "Table of Operation Process" and "System Risk Evaluation Sheets" described above. Based on the combined internal loss data and the scenario-based loss possibilities, the UFJ Group calculates the operational risk amount using 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.

• *Risk Monitoring at UFJ Group Companies*

All major UFJ Group companies submit quarterly reports to UFJ Holdings concerning the occurrence of processing errors and IT system malfunctions. The group has formulated a unified set of standards for managing these risks for the purpose of establishing a consistent risk management system across the entire group.

Operational Risk Management Framework of the UFJ Group



Reputational Risk Management

UFJ Holdings and the 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 human resources risk as well as tangible asset risk and regulatory risk, both of which are linked to external factors, as components of operational risk. The group is currently assembling frameworks for the management of these risks.

With regard to human resources risk and tangible asset risk, the group is currently working on risk quantification. The objective is to use scenarios to build management frameworks within the scope of operational risk management processes as has been done for processing and system risk. Qualitative risk management methodologies are also incorporated for certain types of operational risk, namely regulatory risk and human resources risk, where the group monitors and prepares reports on various applicable issues. Among them are detrimental revisions in regulatory systems, laws and regulations and the group's ability to respond to them, and resignations of directors and senior executives prior to mandatory retirement.

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 April 2003, the committee issued its Third Consultative Paper on the New Basel Capital Accord. The proposal consists of three core elements, or "Pillars": requiring 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.

To reflect the nature of risks at each bank more closely in the regulatory capital requirement, the committee has offered a menu of options from which banks can choose not only for market risk, where the menu approach was introduced in 1998, but also for credit risk and operational risk in the proposed framework. Under this proposal, banks can choose to calculate their own regulatory capital requirement based on their own risk profiles and risk management methodology.

In the case of credit risk, for example, banks can choose either the standardized approach or the internal rating based approach. For operational risk, which has been newly included in the required capital framework, banks can choose from the basic indicator approach, the standardized approach, or the advanced measurement approach.

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

As an internationally active financial group, the UFJ Group is playing an active role in the process of revising the BIS regulations. The group believes that the proposed approach will contribute to fostering strong risk management practices and to encouraging ongoing improvements in banks' risk assessment capabilities. 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 this proposal through banking organizations in Japan and overseas to contribute to 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.

COMPLIANCE ACTIVITIES AT THE UFJ GROUP

Group Philosophy for Compliance Culture

"Transparency and Fairness"

UFJ GROUP'S APPROACH TO COMPLIANCE

Based on its management vision, which is "to be an innovative financial group with a deep commitment to society, growing together with customers," the UFJ Group aims to be a comprehensive financial group that can create a new paradigm for the provision of financial services in Japan. Pursuing a suitable level of earnings in today's extremely difficult operating climate is only one step toward achieving this goal. The group must also fulfill its social responsibilities in line with an awareness of its considerable public-service obligations as a provider of financial services, conducting management in a highly transparent manner to earn the trust of society.

Based on this thinking, the UFJ Group adopts a broad view of compliance, applying this activity to ensure strict observance of laws, rules and social standards. By conducting a comprehensive compliance program, the group intends to build a reputation as a financial services provider that meets high standards of fairness and transparency.

The UFJ Group is conducting 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 comprehensive financial group. Work to earn the unconditional trust of society by properly conducting business operations.
2. Maintain solid lines of communications 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

Each member of the UFJ Group has a department that is in charge of compliance. Additionally, UFJ Holdings has a Compliance Department that manages the compliance framework of the entire group.

The UFJ Holdings Compliance Department has two roles. One is overseeing and monitoring compliance activities within UFJ Holdings itself. The other is strengthening the entire group's compliance management framework. For this purpose, the department prescribes policies and basic rules for the establishment of compliance systems at each group company. The department also supplies information as needed, provides advice when a new issue or problem occurs, and extends other forms of assistance.

This system provides for the reporting of all important information at group companies to UFJ Holdings via the compliance departments of UFJ Bank and UFJ Trust, with some companies reporting directly to the holding company. Such information includes compliance issues at individual group companies and compliance information that could have a material impact on the group. This ensures that the entire group can respond to issues when necessary.

The results of audits performed by the Internal Audit Department are used to accurately monitor the management of compliance systems at group companies, as well as to provide guidance and advice when needed.

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 sub-committee 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 Audit Committee are also reported, as necessary, 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 activities, a group compliance manual has been prepared that sets rules applicable to everyone who works at the UFJ Group. In addition, each group company prepares its own compliance manual containing rules specific to its operations that every employee should follow.

• ***The Compliance Program***

Each group company periodically prepares a compliance program incorporating specific measures and an action plan aimed at meeting compliance objectives. The Board of Directors of each group company, as a rule, makes decisions regarding compliance programs and monitors the progress and status of these programs.

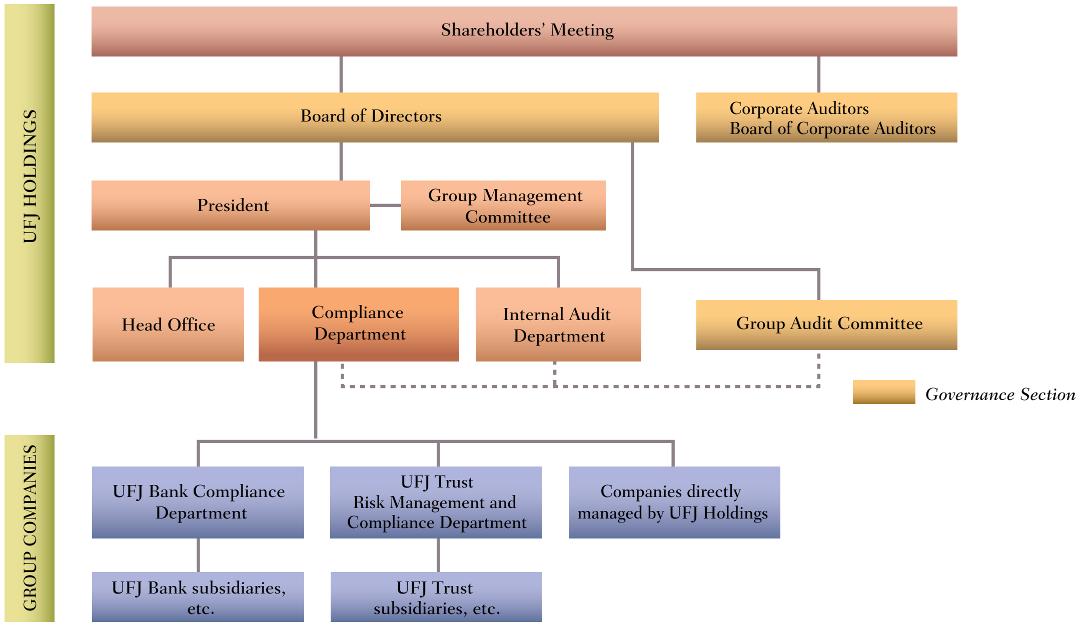
• *"Legal Risk" Management*

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

Legal issues 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 new laws, 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.

For example, the group has prepared a procedure based on the Law on Customer Identification and Retention of Records on Transactions by Financial Institutions to prevent money laundering and has established a system for fulfilling its obligation to submit reports on doubtful transactions. In this manner, the holding company is working with all related group companies to address issues that affect the entire group and establish the necessary systems. Additionally, UFJ Holdings is monitoring moves in Japan to establish a legal framework to protect personal data as it views this as another group-wide issue.

Compliance Framework of UFJ Holdings and Group Companies



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. The objective is to gain the confidence of customers and markets and to maximize the value of the group through the process of verification and evaluation from an independent standpoint. Internal audits are used to verify and evaluate internal control systems, including compliance and risk management, to confirm 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.

UFJ Holdings has established the Internal Audit Charter in which the purpose, authority and responsibilities for internal audit activities are defined. UFJ Bank, UFJ Trust and all other group companies conduct their auditing activities in conformity with this charter.

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 management, monitoring and evaluation of internal audits throughout the group, including audits of the departments and offices of UFJ Holdings. As part of their duty of monitoring UFJ Bank and UFJ Trust, representatives of this department participate as members of the Audit & Compliance Committee of these two banks, conducting audits as required.

• ***UFJ Bank and UFJ Trust***

UFJ Bank and UFJ Trust each 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. UFJ Bank has such organizations in London, Singapore, Hong Kong and New York that directly report to its Internal Audit Department.

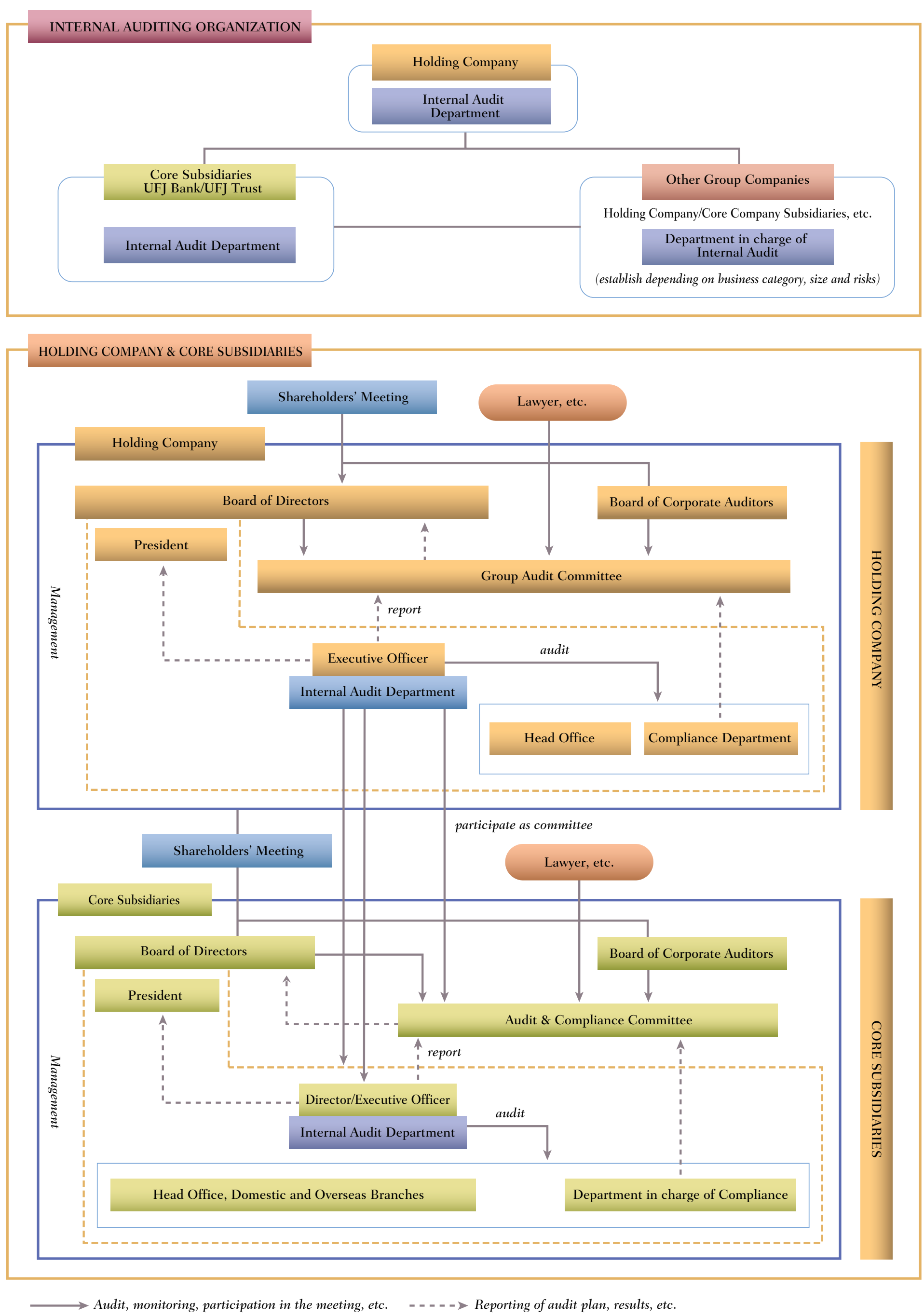
• ***Other Group Companies***

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 achieve further improvements in the quality of their internal auditing activities 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 at each auditee, as well as to conduct more efficient and effective audits by improving auditing methods and programs. Efforts are also made to increase the sophistication of internal audit activities, such as by introducing a system for off-site monitoring and the introduction of upgraded audit methods and audit programs.

Various manuals have been prepared and distributed to ensure that auditing methods and procedures are uniform and standardized. For audits requiring highly specialized knowledge and auditing skills, such as those involving information technology, market activities, or the head office and affiliated companies, specialist teams have been formed within the internal audit departments of UFJ Bank and UFJ Trust to accumulate expertise in these kinds of audits. The UFJ Group will continue to work on enhancing the quality of its audits to conduct even more effective audits that meet demands posed by changes in the operating environment for financial institutions.



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

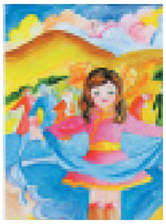
The UFJ Group is involved in a broad range of environmental activities. The UFJ Environment Foundation has planted trees throughout Japan at locations including schools, parks and nursing homes for senior citizens. The foundation has also conducted other activities rooted in communities, such as establishing the Tokai Forest at a Nagoya botanical garden and placing signposts and signboards along the Tokai Nature Trail. Recently, the foundation has been actively involved in greenery programs for riverbanks, the protection of forests and the creation of "biotopes" at schools. In addition, the foundation sponsors the *Pictures of Green* children's art contest and has contributed to the establishment of academic courses on environmental issues at universities. Activities also include support for activities of *JUNIOR GREEN FRIENDS* and the publication of a botanical picture book, the guidebook *The Mountains of Central Japan* and many other books related to the environment. All these activities promote environmental education and preservation activities. The foundation has an 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.

SUPPORT FOR VENTURE BUSINESSES

The 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 186 grants amounting to ¥607 million for research in seminal technologies and the development of new products, as well as 236 guarantees for loans totaling ¥7,166 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

Through the UFJ Foundation, the UFJ Group promotes international understanding mainly by providing scholarships, bringing foreign students to Japan, supplying research grants and extending assistance for international exchange activities. This foundation played a pioneering role in the establishment of a scholarship system for Asian countries. Over the past 19 years, scholarships have been given to a total of 5,783 students, a figure that is expected to exceed 6,000 during the current fiscal year. During the past 20 years, the foundation has invited 109 students from 17 countries to Japan for short-term academic programs. The foundation also supports painting exhibitions called *Asia Drawn by Children*. Other support is extended to the preservation of ancient ruins in Cambodia, lectures and concerts. In the research sector, the foundation supports the development of overseas 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.



SUPPORT FOR REFUGEES

• *Assistance for the UNHCR*

UFJ Bank offers 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

• *The Money Museum of UFJ Bank*

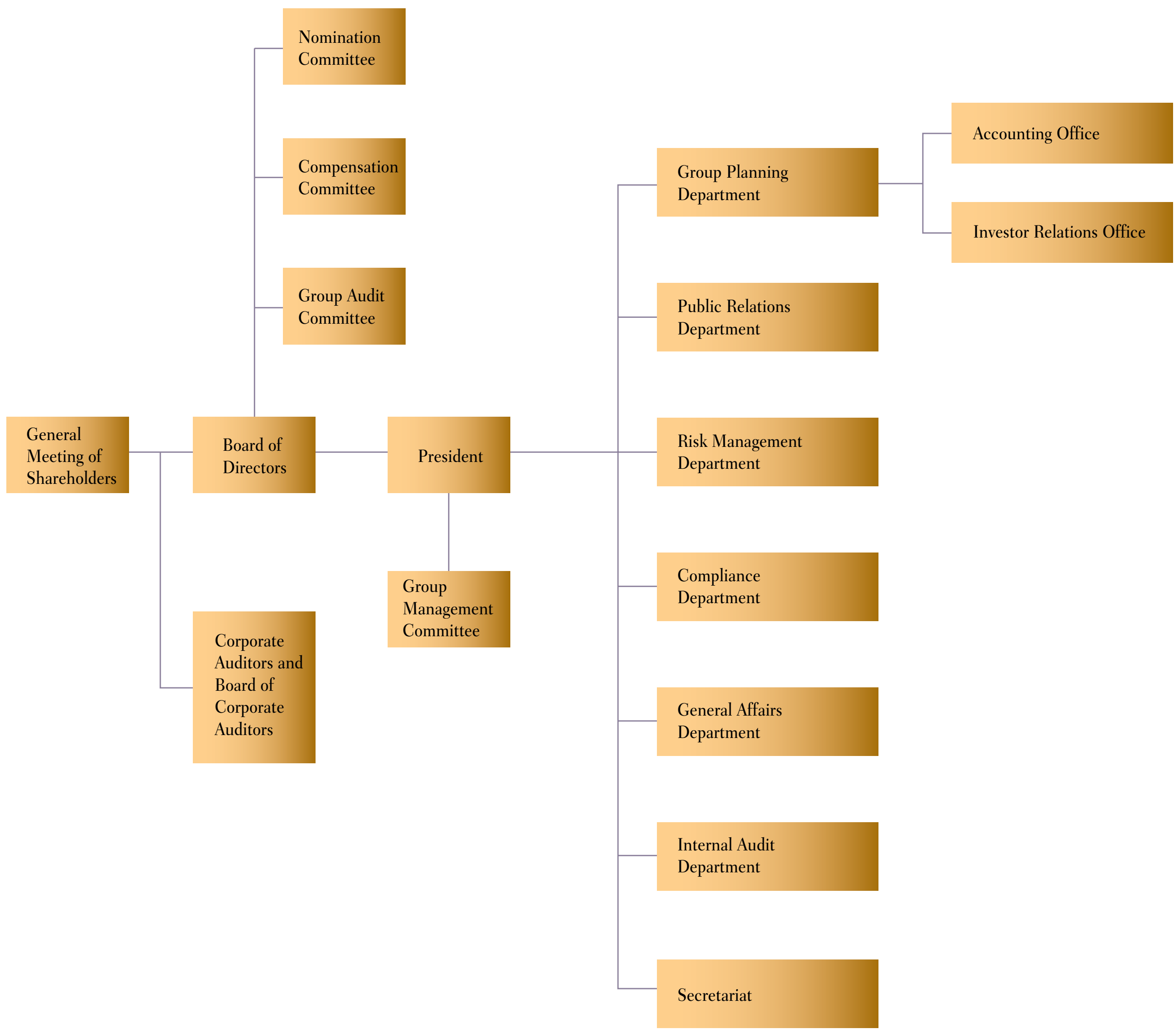
The Money Museum of UFJ Bank, which opened in 1961, has on display approximately 10,000 rare coins from around the world, with related information on each one. It is renowned for having the largest private coin collection in Japan.

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 seashell, and coins from ancient Greece and Rome. The museum also houses a collection of illustrious Japanese artist Hiroshige Utagawa's 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 performing arts. Since its establishment, 642 organizations in all 47 Japanese prefectures have received a total of ¥399 million.

ORGANIZATION OF UFJ HOLDINGS



(As of July 22, 2003)

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

Kanji Nakatsuka

Masateru Nakamura

Kanji Kobayashi
Senior Advisor,
Nippon Life Insurance Company

Yoshiharu Hayakawa
Representative of
KASUMI EMPOWERMENT RESEARCH INSTITUTE

EXECUTIVE OFFICERS

Senior Executive Officer

Youichi Fukae

Executive Officers

Toshiyuki Tada

Katsuyoshi Narumiya

(As of July 1, 2003)

UFJ HOLDINGS' MAJOR SUBSIDIARIES AND AFFILIATES

	Country or Region	Capital	Main Business	Percentage of UFJ Holdings' Ownership (Note)
Consolidated				
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	70.2 (70.2)
UFJ Credit Co., Ltd.	Japan	¥110,000 million	Credit guarantee operations	99.9 (99.9)
Toyo Hosho Services Co., Ltd.	Japan	¥2,000 million	Credit guarantee operations	100.0 (100.0)
UFJ Strategic Partner Co., Ltd.	Japan	¥60,010 million	Finance	100.0 (100.0)
UFJ Equity Investments Co., Ltd.	Japan	¥150,000 million	Stock investment and management	100.0 (100.0)
NBL Co., Ltd.	Japan	¥10,000 million	Leasing	79.7 (79.7)
UFJ Business Finance Co., Ltd.	Japan	¥1,180 million	Leasing	73.5 (73.5)
Toyo Trust Total Finance Co., Ltd.	Japan	¥100 million	Leasing	100.0 (100.0)
UFJ Tsubasa Securities Co., Ltd.	Japan	¥25,107 million	Securities	72.8 (72.8)
UFJ Partners Asset Management Co., Ltd.	Japan	¥15,174 million	Investment trust management	100.0
UFJ Asset Management Co., Ltd.	Japan	¥2,526 million	Investment advisory	100.0
UFIT Co., Ltd.	Japan	¥1,310 million	System development	64.3 (64.3)
UFJ Capital Co., Ltd.	Japan	¥2,200 million	Venture capital investment	61.8 (61.8)
UFJ Institute Ltd.	Japan	¥1,200 million	Research, consulting	55.6 (55.6)
UFJ Card Co., Ltd.	Japan	¥1,399 million	Credit card	99.9 (99.9)
UFJ Bank Canada	Canada	C$153 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
Sanwa Capital Finance 2 Limited	Cayman Islands	¥130,000 million	Finance	100.0
UFJ Capital Finance 1 Limited	Cayman Islands	¥90,000 million	Finance	100.0
UFJ Capital Finance 2 Limited	Cayman Islands	¥118,000 million	Finance	100.0

	Country or Region	Capital	Main Business	Percentage of UFJ Holdings' Ownership (Note)
UFJ Capital Finance 3 Limited	Cayman Islands	¥10,000 million	Finance	100.0
UFJ Capital Finance 4 Limited	Cayman Islands	¥111,000 million	Finance	100.0
UFJ Preferred Capital 1 Limited	Cayman Islands	¥509,002 million	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)
UFJ Finance Aruba A.E.C.	Aruba	US$10,000	Finance	100.0 (100.0)
Tokai Finance (Curaçao) N.V.	The 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£384 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)
76 other companies				
Affiliates Accounted for Under the Equity Method				
The Chukyo Bank, Ltd.	Japan	¥31,844 million	Banking	39.9 (39.9)
The Gifu Bank, Ltd.	Japan	¥18,321 million	Banking	21.3 (21.3)
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)
Mobit Co., Ltd.	Japan	¥20,000 million	Consumer finance	50.0 (50.0)
M&T Information Technology Co., Ltd.	Japan	¥5,010 million	System development	50.0 (50.0)
Dah Sing Financial Holdings Limited	Hong Kong	HK$493 million	Banking	15.1 (15.1)
17 other companies				

(As of March 31, 2003)

Note: ( ) indicates the percentage of ownership by subsidiaries.

UFJ GROUP OVERSEAS NETWORK

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Tel: 1-312-368-3000
Fax: 1-312-346-6677

Houston Representative Office
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Tel: 1-713-654-9970
Fax: 1-713-654-1462

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Tel: 1-213-533-7400
Fax: 1-213-533-7494

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Fax: 1-415-788-5459

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Fax: 1-312-922-7194
http://www.ufjfutures.com/

UFJ Trust Company of New York
666 Fifth Avenue, 33rd Floor,
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Tel: 1-212-307-3450
Fax: 1-212-307-3498 Swift: TTNY US 33

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Fax: 1-416-366-8599

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Predio Novissimo 4° Andar Cidade de Deus,
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SP, Federative Republic of Brazil
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Fax: 55-11-3684-9039
http://www.bradesco.com/index_eng.html

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Fax: 44-20-7330-5555

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Fax: 44-20-7588-5875
http://www.ufji.com

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Fax: 44-20-7545-0552

UFJ Baillie Gifford Asset Management Limited
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Fax: 44-131-222-4487

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Fax: 31-20-624-1872

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Fax: 49-211-359703

UFJ Leasing Deutschland GmbH
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40211 Düsseldorf,
Federal Republic of Germany
Tel: 49-211-1600037
Fax: 49-211-359703

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Fax: 41-1-296-1494

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The Hong Kong Club Building,
3A Chater Road, Central, Hong Kong
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Fax: 852-2877-0538

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Under No. 6933/6985,
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Fax: 98-21-879-1106

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

ASIA & OCEANIA

HONG KONG

Hong Kong Branch
Fairmont House, 8 Cotton Tree Drive,
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Tel: 852-2843-3888
Fax: 852-2840-0730

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Fax: 852-2730-3566

UFJ Investments Asia Limited
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16-20 Chater Road, Central, Hong Kong
Tel: 852-2978-6888
Fax: 852-2840-0069

Dah Sing Financial Holdings Limited
36th Floor, Dah Sing Financial Centre,
108 Gloucester Road, Hong Kong
Tel: 852-2507-8866
Fax: 852-2598-5052
http://www.dahsing.com.hk/dsb/index_e.html

Asia Financial Holdings Limited
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Tel: 852-2853-4600
Fax: 852-2541-0009

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Fax: 86-22-2330-4660

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Fax: 86-10-6518-2770

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147 Zhongshan Road, Dalian,
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Fax: 86-411-360-3377

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Fax: 86-755-8222-8135, 8225-2255

Guangzhou Representative Office
Room No. 510, China Hotel Office Tower,
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Fax: 86-20-8667-7720

United Leasing Company, Limited
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100 Yanan Road (East), Shanghai,
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Fax: 86-21-6320-2813

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Fax: 886-2-2371-8000

UFJ Finance Taiwan Limited
3F, 145, Section 2,
Chien Kuo North Road, Taipei, Taiwan
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Fax: 886-2-2505-6044

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Republic of Korea, CPO Box 4698
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Fax: 82-2-754-3870

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#24-01 John Hancock Tower,
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Fax: 65-6538-4636, 6532-5453

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

MALAYSIA

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Financial Park Labuan, IOFC
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Federal Territory of Labuan, Malaysia
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Fax: 60-87-419202, 410204

Kuala Lumpur Marketing Office
Level 11, Menara Dion 27,
Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia
Tel: 60-3-2032-4722, 2031-5234
Fax: 60-3-2032-4733, 2031-5239

Bumiputra-Commerce Bank Berhad
22nd Floor, 6 Jalan Tun Perak,
50050 Kuala Lumpur, Malaysia
Tel: 60-3-2693-1722
Fax: 60-3-2693-3136
http://www.bcb.com.my/

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Fax: 66-2287-3412

Bangkok UFJ Limited
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Kingdom of Thailand
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Fax: 66-2-287-3374

SCB Leasing Company Limited
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130-132 Sindhorn Building Tower 3,
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Fax: 66-2263-2991

Bangkok Central Leasing Co., Ltd.
8th Floor, Sethiwan Tower,
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Fax: 66-2-237-4492

Siam Commercial Bank Public Company Limited
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Fax: 66-2-544-3114
http://www.scb.co.th/

Bangkok Bank Public Company Limited
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Fax: 66-2231-4192

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Fax: 62-21-250-0410

Bekasi Sub-Branch
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Lemahabang, Bekasi 17550,
Republic of Indonesia
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Fax: 62-21-897-5159

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

Karawang Sub-Branch
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Sunter Sub-Branch
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Fax: 62-21-6531-1110

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Metropolitan Bank and Trust Company
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UFJ Finance Australia Limited
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Fax: 61-7-3231-3666

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Fax: 61-7-4931-6161

Mackay LPC
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Mackay, Queensland 4740, Australia
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Fax: 61-7-4952-5748

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Townsville, Queensland 4810,
Australia
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Fax: 61-7-4759-3131

Sydney Branch
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N.S.W. 2000, Australia
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Fax: 61-2-9238-6363

Canberra Branch
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Barton, ACT 2600, Australia
Tel: 61-2-6270-6222
Fax: 61-2-6270-6262

Melbourne Branch
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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, 2003)

UFJ GROUP NETWORK

DOMESTIC

Branches & Sub-Branches	567
ATM Locations	1,462

Osaka Area	
Branches & Sub-Branches	167
ATM Locations	253

Tokyo Metropolitan Area	
Branches & Sub-Branches	209
ATM Locations	579

Nagoya Area	
Branches & Sub-Branches	170
ATM Locations	627

OVERSEAS

Europe	
Branches	2
Representative Offices	2
Subsidiaries	6
Total	10

Asia	
Branches	12
Sub-Branches	2
Representative Offices	3
Subsidiaries	8
Total	25

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

(As of March 31, 2003)

FINANCIAL SECTION

AUDITED FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

REPORT OF INDEPENDENT AUDITORS

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

To the Board of Directors of
UFJ Holdings, Inc.

We have audited the accompanying consolidated balance sheet of UFJ Holdings, Inc. and its consolidated subsidiaries as of March 31, 2003, and the related consolidated statement of operations, changes in stockholders' equity, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

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, 2003, 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

Tokyo, Japan
June 26, 2003

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 SHEETS

As of March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars (Note 1) 2003
ASSETS:			
Cash and Due from Banks (Notes 9, 33 and 34)	**¥ 4,663,012**	¥ 6,404,825	**$ 38,794**
Call Loans	**209,082**	383,919	**1,739**
Receivables under Resale Agreements	**789,772**	614,314	**6,570**
Cash Collateral Pledged for Bonds Borrowed (Note 7)	**2,440,978**	—	**20,308**
Monetary Receivables Bought (Note 34)	**222,380**	127,674	**1,850**
Trading Assets (Notes 3, 9 and 34)	**3,045,053**	2,680,244	**25,333**
Money Held in Trust (Note 34)	**35,928**	111,429	**299**
Securities (Notes 4, 9 and 34)	**18,132,858**	15,606,367	**150,856**
Loans and Bills Discounted (Notes 5 and 9)	**44,178,615**	46,024,625	**367,542**
Foreign Exchanges (Note 6)	**566,249**	551,005	**4,711**
Other Assets (Notes 7 and 9)	**2,243,009**	3,584,120	**18,661**
Premises and Equipment (Note 8 and 9)	**725,725**	770,063	**6,038**
Deferred Tax Assets (Note 31)	**1,522,606**	1,458,282	**12,667**
Goodwill	**15,382**	21,534	**128**
Customers' Liabilities for Acceptances and Guarantees (Note 17)	**3,092,455**	3,106,505	**25,728**
Reserve for Credit Losses	**(1,674,377)**	(1,671,269)	**(13,930)**
Reserve for Losses on Securities	**(1,324)**	(663)	**(11)**
Total Assets	**¥80,207,409**	¥79,772,980	**$667,283**
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Deposits (Notes 9 and 10)	**¥56,078,338**	¥57,159,888	**$466,542**
Call Money (Note 9)	**5,183,204**	3,561,500	**43,121**
Payables under Repurchase Agreements (Note 9)	**1,422,205**	504,186	**11,832**
Cash Collateral Received for Bonds Loaned (Notes 9 and 15)	**2,909,178**	—	**24,203**
Commercial Paper (Note 9)	**343,775**	575,262	**2,860**
Trading Liabilities (Note 11)	**1,965,375**	1,743,440	**16,351**
Borrowed Money (Notes 9 and 12)	**1,462,536**	1,355,518	**12,167**
Foreign Exchanges (Note 13)	**88,833**	167,519	**739**
Bonds and Notes (Note 14)	**2,276,313**	2,672,663	**18,938**
Borrowed Money from Trust Account	**1,250,246**	1,692,839	**10,401**
Other Liabilities (Notes 9 and 15)	**1,288,432**	3,294,490	**10,719**
Reserve for Employee Bonus	**23,564**	20,425	**196**
Reserve for Retirement Benefits (Note 30)	**13,165**	8,599	**109**
Reserve for Contingent Liabilities Related to Loans Sold	**18,807**	56,716	**156**
Reserve for Losses on Supports of Specific Borrowers	**—**	579,157	**—**
Other Reserves (Note 16)	**207**	82	**2**
Deferred Tax Liabilities (Note 31)	**306**	1,992	**3**
Deferred Tax Liabilities for Revaluation Reserve for Land	**82,762**	83,936	**689**
Acceptances and Guarantees (Note 17)	**3,092,455**	3,106,505	**25,728**
Total Liabilities	**77,499,707**	76,584,726	**644,756**
Minority Interests:			
Minority Interests	**843,357**	587,474	**7,017**
Stockholders' Equity:			
Capital Stock (Note 20)	**1,000,000**	1,000,000	**8,320**
Capital Surplus (Note 20)	**1,233,702**	1,266,626	**10,264**
Retained Earnings (Accumulated Deficit)	**(359,380)**	254,225	**(2,990)**
Revaluation Reserve for Land, Net of Taxes	**121,792**	130,638	**1,013**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes (Note 34)	**(65,722)**	60,110	**(547)**
Foreign Currency Translation Adjustments	**(64,132)**	(37,834)	**(534)**
Treasury Stock	**(1,913)**	(72,987)	**(16)**
Total Stockholders' Equity	**1,864,344**	2,600,779	**15,510**
Total Liabilities, Minority Interests and Stockholders' Equity	**¥80,207,409**	¥79,772,980	**$667,283**

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

UFJ Holdings, Inc. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years ended March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars (Note 1) 2003
REVENUES:			
Interest Income:			
Interest on Loans and Bills Discounted	**¥ 856,002**	¥ 1,105,010	**$ 7,122**
Interest on and Dividends from Securities	**187,289**	308,145	**1,558**
Other Interest Income (Note 21)	**113,702**	239,159	**946**
Trust Fees	**58,458**	68,944	**486**
Fees and Commissions (Note 22)	**361,047**	315,361	**3,004**
Trading Gains, Net (Note 23)	**140,612**	104,847	**1,170**
Other Operating Income (Note 24)	**549,561**	508,806	**4,572**
Other Income (Note 25)	**253,985**	513,156	**2,113**
Total Revenues	**2,520,659**	3,163,431	**20,971**
EXPENSES:			
Interest Expenses:			
Interest on Deposits	**111,591**	345,921	**928**
Interest on Borrowings and Rediscounts	**32,635**	68,012	**271**
Other Interest Expenses (Note 26)	**144,314**	193,818	**1,201**
Fees and Commissions (Note 27)	**68,538**	65,537	**570**
Trading Losses, Net (Note 23)	**438**	—	**4**
Other Operating Expenses (Note 28)	**314,447**	373,685	**2,616**
General and Administrative Expenses	**775,121**	855,239	**6,449**
Provision for Credit Losses	**401,771**	834,921	**3,343**
Other Expenses (Note 29)	**1,290,747**	2,064,712	**10,738**
Total Expenses	**3,139,606**	4,801,847	**26,120**
Income (Loss) before Income Taxes and Minority Interests	**(618,946)**	(1,638,415)	**(5,149)**
Income Taxes (Note 31)**:**			
Provision for Income Taxes	7,675	21,266	64
Deferred Income Taxes	(37,903)	(455,793)	(315)
	(30,227)	(434,526)	**(251)**
Minority Interests in Net Income (Loss)	**20,204**	23,534	**168**
Net Income (Loss)	**¥ (608,923)**	¥(1,227,424)	**$ (5,066)**
	Yen	Yen	**U.S. Dollars**
Net Income (Loss) per Common Share:			
Basic	**¥(126,805.12)**	¥(262,851.12)	**$(1,054.95)**
Diluted	—	—	—
Dividends Declared per Share:			
Class I Preferred Share	**37,500**	37,500	**156**
Class II Preferred Share	**15,900**	15,900	**66**
Class III Preferred Share	**68,750**	68,750	**286**
Class IV Preferred Share	**18,600**	18,600	**77**
Class V Preferred Share	**19,400**	19,400	**81**
Class VI Preferred Share	**5,300**	5,300	**22**
Class VII Preferred Share	**11,500**	11,500	**48**
Common Stock	—	—	—

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

UFJ Holdings, Inc. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Fiscal Years ended March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars (Note 1) 2003
Capital Stock:			
Balance, at Beginning of the Fiscal Year	**¥1,000,000**	¥ 1,000,000	**$ 8,320**
Net Change during the Fiscal Year	—	—	—
Balance, at End of the Fiscal Year	**¥1,000,000**	¥ 1,000,000	**$ 8,320**
Capital Surplus:			
Balance, at Beginning of the Fiscal Year	**¥1,266,626**	¥ 2,483,709	**$10,538**
Merger Related Revaluation	—	(217,082)	—
Transfer to Retained Earnings	—	(1,000,000)	—
Gain (Loss) on Sales of Treasury Stock	**(32,924)**	—	**(274)**
Balance, at End of the Fiscal Year	**¥1,233,702**	¥ 1,266,626	**$10,264**
Retained Earnings:			
Balance, at Beginning of the Fiscal Year	**¥ 254,225**	¥ 417,025	**$ 2,115**
Transfer from Capital Surplus	—	1,000,000	—
Reversal of Revaluation Reserve for Land	**6,158**	72,875	**51**
Retained Earnings Carried Forward from Acquired Subsidiary	**12,449**	—	**104**
Net Income (Loss)	**(608,923)**	(1,227,424)	**(5,066)**
Cash Dividends	**(23,282)**	(8,246)	**(194)**
Bonuses to Directors	**(8)**	(5)	**(0)**
Balance, at End of the Fiscal Year	**¥ (359,380)**	¥ 254,225	**$ (2,990)**
Revaluation Reserve for Land, Net of Taxes:			
Balance, at Beginning of the Fiscal Year	**¥ 130,638**	¥ 204,303	**$ 1,087**
Reversal of Revaluation Reserve for Land	**(6,158)**	(72,875)	**(51)**
Transfer to Deferred Tax Liabilities from Revaluation Reserve for Land	**(2,687)**	(789)	**(23)**
Balance, at End of the Fiscal Year	**¥ 121,792**	¥ 130,638	**$ 1,013**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes:			
Balance, at Beginning of the Fiscal Year	**¥ 60,110**	¥ —	**$ 500**
Net Change during the Fiscal Year	**(125,832)**	—	**(1,047)**
Change in Accounting Standard for Financial Instruments	—	60,110	—
Balance, at End of the Fiscal Year	**¥ (65,722)**	¥ 60,110	**$ (547)**
Foreign Currency Translation Adjustments:			
Balance, at Beginning of the Fiscal Year	**¥ (37,834)**	¥ —	**$ (315)**
Net Change during the Fiscal Year	**(26,298)**	(37,834)	**(219)**
Balance, at End of the Fiscal Year	**¥ (64,132)**	¥ (37,834)	**$ (534)**
Treasury Stock:			
Balance, at Beginning of the Fiscal Year	**¥ (72,987)**	¥ (157,587)	**$ (607)**
Net Change during the Fiscal Year	**71,073**	77,925	**591**
Balance, at End of the Fiscal Year	**¥ (1,913)**	¥ (72,987)	**$ (16)**

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

UFJ Holdings, Inc. and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years ended March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars (Note 1) 2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (Loss) before Income Taxes and Minority Interests	**¥ (618,946)**	¥ (1,638,415)	**$ (5,149)**
Depreciation	**28,005**	36,881	**233**
Amortization of Goodwill	**3,433**	4,018	**29**
Equity in Earnings of Affiliates	**380**	18,893	**3**
Increase (Decrease) in Reserve for Credit Losses	**(5,759)**	348,911	**(48)**
Increase (Decrease) in Reserve for Losses on Securities	**661**	(2,859)	**6**
Increase (Decrease) in Reserve for Contingent Liabilities Related to Loans Sold	**(37,909)**	(67,870)	**(315)**
Increase (Decrease) in Reserve for Losses on Supports of Specific Borrowers	**(579,157)**	579,157	**(4,818)**
Increase (Decrease) in Reserve for Retirement Benefits	**21,968**	84,214	**183**
Increase (Decrease) in Reserve for Employee Bonus	**1,277**	2,740	**11**
Interest Income	**(1,156,993)**	(1,652,315)	**(9,626)**
Interest Expenses	**288,542**	607,751	**2,401**
Net (Gain) Loss on Securities	**419,023**	134,618	**3,486**
Net (Gain) Loss on Money Held in Trust	**595**	(477)	**5**
Net (Gain) Loss on Foreign Currency Translation	**58,893**	(197,505)	**490**
Net (Gain) Loss on Sales of Premises and Equipment	**26,941**	45,539	**224**
(Gain) Loss from Contribution of Securities to Employee Retirement Benefit Trust	**(17,428)**	(50,527)	**(145)**
Net (Increase) Decrease in Trading Assets	**(270,782)**	1,707,746	**(2,253)**
Net Increase (Decrease) in Trading Liabilities	**193,410**	(424,210)	**1,609**
Net (Increase) Decrease in Loans and Bills Discounted	**1,932,023**	7,193,312	**16,073**
Net Increase (Decrease) in Deposits	**354,979**	(3,496,130)	**2,953**
Net Increase (Decrease) in Negotiable Certificates of Deposit	**(1,437,104)**	(3,434,516)	**(11,956)**
Net Increase (Decrease) in Borrowed Money (Non-Subordinated)	**171,072**	(327,183)	**1,423**
Net (Increase) Decrease in Due from Banks other than Due from Central Banks	**1,113,153**	2,642,773	**9,261**
Net (Increase) Decrease in Call Loans and Monetary Receivables Bought	**(54,643)**	(557,760)	**(455)**
Net (Increase) Decrease in Cash Collateral Pledged for Bonds Borrowed	**(646,167)**	(152,345)	**(5,376)**
Net Increase (Decrease) in Call Money and Other Funding Related to Operating Activities	**2,539,721**	(2,649,806)	**21,129**
Net Increase (Decrease) in Commercial Paper	**(250,487)**	(257,448)	**(2,084)**
Net Increase (Decrease) in Cash Collateral Received for Bonds Loaned	**713,087**	(2,111,371)	**5,933**
Net (Increase) Decrease in Foreign Exchange Assets	**(15,244)**	78,387	**(127)**
Net Increase (Decrease) in Foreign Exchange Liabilities	**(78,685)**	31,233	**(655)**
Net Increase (Decrease) in Corporate Bonds and Notes (Non-Subordinated) from Issuance, Redemption and Repurchase	**342,343**	661,810	**2,848**
Net Increase (Decrease) in Borrowed Money from Trust Account	**(442,593)**	(1,097,385)	**(3,682)**
Interest Received	**1,238,860**	1,890,309	**10,307**
Interest Paid	**(338,450)**	(715,095)	**(2,816)**
Other, Net	**(228,204)**	(118,958)	**(1,899)**
Subtotal	**3,269,818**	(2,883,885)	**27,203**
Income Taxes Paid	**(7,832)**	(29,317)	**(65)**
Net Cash Provided by (Used in) Operating Activities	**3,261,985**	(2,913,202)	**27,138**

Fiscal Years ended March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars (Note 1) 2003
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Securities	**¥(50,778,318)**	¥(41,899,542)	**$(422,449)**
Proceeds from Sales of Securities	**36,361,278**	30,910,908	**302,506**
Proceeds from Maturities of Securities	**11,152,674**	16,183,009	**92,784**
Increase in Money Held in Trust	**(70,846)**	(86,784)	**(589)**
Decrease in Money Held in Trust	**184,818**	132,833	**1,538**
Purchases of Premises and Equipment	**(25,215)**	(101,535)	**(210)**
Proceeds from Sales of Premises and Equipment	**41,337**	147,440	**344**
Purchases of Consolidated Subsidiaries	**(13,275)**	—	**(110)**
Proceeds from Sales of Consolidated Subsidiaries	**9,487**	250,298	**79**
Other, Net	**—**	(188)	**—**
Net Cash Provided by (Used in) Investing Activities	**(3,138,059)**	5,536,440	**(26,107)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Issuance of Subordinated Debts	**163,500**	162,000	**1,360**
Repayment of Subordinated Debts	**(465,500)**	(237,500)	**(3,873)**
Proceeds from Issuance of Subordinated Bonds and Notes	**34,932**	637,331	**291**
Redemption and Repurchase of Subordinated Bonds and Notes	**(719,937)**	(606,304)	**(5,989)**
Proceeds from Issuance of Capital Stocks to Minority Interests	**231,000**	219,845	**1,922**
Dividends Paid	**(23,282)**	(8,246)	**(194)**
Dividends Paid to Minority Interests	**(26,667)**	(7,811)	**(222)**
Acquisition of Treasury Stock	**(256)**	(6,882)	**(2)**
Proceeds from Sales of Treasury Stock	**8,280**	6,564	**69**
Proceeds from Sales of Parent Company's Stock Held by Consolidated Subsidiaries	**—**	86,265	**—**
Net Cash Provided by (Used in) Financing Activities	**(797,931)**	245,261	**(6,638)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,425)**	11,763	**(12)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(675,431)**	2,880,262	**(5,619)**
Cash and Cash Equivalents at Beginning of the Fiscal Year	**4,378,042**	1,497,781	**36,423**
Increase of Cash and Cash Equivalents due to Change in Scope of Consolidation	**1,338**	—	**11**
Increase in Cash and Cash Equivalents due to Subsidiaries' Merger	**0**	—	**0**
Decrease in Cash and Cash Equivalents due to Exclusion of Consolidated Subsidiaries	**(18)**	(1)	**(0)**
Cash and Cash Equivalents at End of the Fiscal Year	**¥ 3,703,931**	¥ 4,378,042	**$ 30,815**

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 "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 standards and statements issued by the Accounting Standards Board of Japan and the Business Accounting Council, the Financial Statements Regulation and the 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 Financial Reporting 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 sheets, the related consolidated statements 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 statements of changes in stockholders' equity are not required as part of the basic financial statements in Japan and are 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 ¥120.20 to $1, the effective exchange rate prevailing as of March 31, 2003. 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 (Current UFJ Trust Bank Limited) 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, 2003 was 215, of which 115 subsidiaries were consolidated, and 100 were not consolidated and accounted for at cost.

All 100 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 managing 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 Limited ("UFJ Bank") (Japan)
UFJ Trust Bank Limited ("UFJ Trust") (Japan)
UFJ Tsubasa Securities Co., Ltd. (Japan)
The Senshu Bank, Ltd. (Japan)
UFJ International plc (United Kingdom)
UFJ Partners Asset Management Co., Ltd. (Japan)

On June 1, 2002, TSUBASA Securities Co., Ltd. merged with UFJ Capital Markets Securities Co., Ltd. and upon the consummation of the merger, TSUBASA Securities Co., Ltd. changed its name to UFJ Tsubasa Securities Co., Ltd., and became a subsidiary of UFJ Bank.

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, 2003, the number of affiliates was 29, of which 24 affiliates were accounted for under the equity method, and 5 non-material affiliates were carried at cost, less amounts written-off, if any.

Major affiliates accounted for under the equity method were:

The Chukyo Bank, Limited (Japan)
Dah Sing Financial Holdings Limited (Hong Kong)

As of March 31, 2003 and 2002, investments in non-consolidated subsidiaries and affiliates not accounted for under the equity method were ¥387 million ($3 million) and ¥1,251 million, respectively. These investments are included in "Securities" and "Other Assets" in the accompanying consolidated balance sheets.

The number of subsidiaries and affiliates as of March 31, 2003 and 2002 was as follows:

	2003	2002
Consolidated subsidiaries	**115**	120
Non-consolidated subsidiaries	**100**	95
Affiliates (accounted for under the equity method)	**24**	23
Affiliates (not accounted for under the equity method)	**5**	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 normally charged to the consolidated statements 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 "Minority Interests" and "Foreign Currency Translation Adjustments" in 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.

For the fiscal year ended March 31, 2002, in accordance with the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 20, *Temporary Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry*, the principal amounts of lending and borrowing, which are entered into in relation to funding related swap transactions, are translated into Japanese yen using the exchange rates at the balance sheet date, and the net amount is recognized on the balance sheets. 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.

Currency swap transactions are originated by consolidated domestic banking subsidiary 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 if the rates applied to principal and interest are in a reasonable range, the principal amounts 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 sheets. 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.

For the fiscal year ended March 31, 2003, the consolidated domestic banking subsidiaries adopted the JICPA Industry Audit Committee Report No. 25, *Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry*. The report requires that funding related swap transactions and currency swap transactions be carried at market values and that related unrealized gains or losses be recorded in the consolidated statements of operations. However, the consolidated domestic banking subsidiaries continue to account for such transactions on the same basis as in the prior year under the JICPA Industry Audit Committee Report No. 20 through the application of one-year extension period afforded in the JICPA Industry Audit Committee Report No. 25. In addition, funding related swap transactions and currency swap transactions entered into internally or among consolidated group companies are not eliminated through the application of one-year extension afforded in the JICPA Industry Audit Committee Report No. 25.

(d) Cash and Cash Equivalents

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

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

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Cash and Due from Banks	**¥4,663,012**	¥ 6,404,825	**$38,794**
Less: Due from Banks other than Central Banks	**(959,081)**	(2,026,783)	**(7,979)**
Cash and Cash Equivalents	**¥3,703,931**	¥ 4,378,042	**$30,815**

(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 foreign exchange rates. Such transactions are reported as "Trading Assets" or "Trading Liabilities" in the consolidated balance sheets 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 statements 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 for impairment. "Available-for-sale Securities" with readily determinable market values 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" in the consolidated balance sheets. "Available-for-sale Securities" without readily determinable market values are stated at moving average cost or amortized cost, less any amounts written-off for impairment. 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 consolidated statements of operations of the period in which they arise, except for derivatives that are designated as hedging instruments and qualify for hedge accounting.

For the fiscal year ended March 31, 2002, consolidated domestic banking subsidiaries utilized 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 JICPA Industry Audit Committee Report No. 15, *Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry* 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 from hedged items has been mitigated.

The JICPA Industry Audit Committee Report No. 24, *Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry* was issued in February 2002 and is effective for the fiscal year beginning after April 1, 2002. This report requires, among other things, that banks apply a concept of "Portfolio Hedging" instead of applying the Risk Adjusted Approach. Under the Portfolio Hedging, each group of hedged items consists of assets or liabilities with similar characteristics and the hedge effectiveness is assessed based on the basis point value or duration analysis of each group.

For the fiscal year ended March 31, 2003, consolidated domestic banking subsidiaries continued to apply the Risk Adjusted Approach, under which the deferral method of hedge accounting was used in accordance with one year extension rule afforded in the JICPA Industry Audit Committee Report No. 24.

The deferral method or fair value method of hedge accounting may be used for investments in affiliates and Available-for-sale Securities (other than debt securities) denominated in foreign currencies. 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 must be sufficient to offset the acquisition cost of the securities denominated in foreign currencies.

For certain other assets and liabilities, 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, 2003, gross amounts of deferred hedging gains and losses before netting were ¥383,692 million ($3,192 million) and ¥273,910 million ($2,279 million), respectively.

(iii) Repurchase and Resale Agreements (gensaki transactions)

Securities purchased and sold under agreements to resell or repurchase are accounted for as financing transactions, and recorded in "Receivables under Resale Agreements" or "Payables under Repurchase Agreements" in the consolidated balance sheets.

(iv) Bills Discounted

Bills Discounted are accounted for as financing transactions in accordance with the JICPA Industry Audit Committee Report No. 24. Consolidated domestic banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted and foreign exchanges bought without restrictions

(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.

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 consolidated domestic banking subsidiaries was revalued principally on March 31, 1998. Unrealized gain (net of taxes) from the revaluation is recorded as "Revaluation Reserve for Land, Net of Taxes" in Stockholders' Equity, and related deferred tax liability is recorded as "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 consolidated domestic banking subsidiaries as of March 31, 2003 was below the carrying value, adjusted for one-time revaluation, by ¥81,016 million ($674 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 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 was ¥1,408,066 million ($11,714 million) and ¥1,789,721 million as of March 31, 2003 and 2002, respectively.

For the fiscal year ended March 31, 2003, in accordance with *Audit Considerations with respect to Discounted Cash Flows Method used to Determine Reserve for Credit Losses by Banks and other Financial Institutions* issued by the JICPA on February 24, 2003, consolidated domestic banking subsidiaries estimated reserve for credit losses on claims on debtors who are currently not legally bankrupt but are likely to become bankrupt, and claims that are restructured in a troubled debt restructuring involving a modification of terms using the discounted cash flows method provided that (1) the future cash flows of principal and interest payments can be reasonably estimated and that (2) claims represent lending to “large borrowers,” as defined, and above a certain specific amount as prescribed in the Financial Services Agency Inspection Manual. Reserve for credit losses calculated using the discounted cash flows method represents the present value of the expected future cash flows of a loan discounted at the loan’s original contractual interest rate or the effective interest rate for loans restructured. As a result of applying the discounted cash flows method, Net Income (Loss) decreased by ¥347,279 million ($2,889 million) compared with the net loss had the historical reserving methodology been applied for the fiscal year ended March 31, 2003.

Other consolidated subsidiaries provide for General Reserve for Credit Losses based principally on historical credit loss experience and “Specific Reserve for Credit Losses” based on a solvency analysis of specific borrowers.

(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 (employee pension fund plan and 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 at the adoption of the new accounting standard for retirement benefits is amortized principally over five years using the straight-line method. The unrecognized net transitional obligation amount was ¥162,817 million ($1,355 million) and ¥185,107 million as of March 31, 2003 and 2002, respectively. 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.

Pursuant to the new law concerning the corporate defined contributions plan, on September 1, 2002, UFJ Holdings and its domestic banking subsidiary obtained an approval from the Minister of Health, Labor and Welfare for the exemption from the future benefit obligation to the substitutional portion of the Employees’ Pension Fund, a defined benefit pension plan established under the Japanese Welfare Pension Insurance Law. As such, in accordance with the JICPA Published Exposure Draft No. 13, UFJ Holdings and its domestic banking subsidiary derecognized its benefit obligation and plan assets of ¥126,504 million ($1,052 million) related to the substitutional portion of its Employee Pension Fund, and recorded a gain from the transfer of the substitutional portion of ¥10,997 million ($91 million) included in “Other Income” for the fiscal year ended March 31, 2003, as if such benefit obligations and plan assets were transferred to the Japanese government upon approval by the Minister of Health, Labor and Welfare.

(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 on 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 consolidated 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 statements 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.

"Diluted Net Income (Loss) 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. "Diluted Net Income per Common Share" for the fiscal years ended March 31, 2003 and 2002, however, is not presented since a net loss was reported for the fiscal years.

(r) Treasury Stock
UFJ Holdings adopted the Business Accounting Standard No. 1, *Accounting Standards for Treasury Stock and Transfers of Capital Surplus* from the fiscal year ended March 31, 2003. The new standard requires, among other things, that gains from sales of treasury stock be credited to capital surplus and losses be charged to capital surplus. Prior to April 1, 2002, the gains or losses from sales of treasury stock were recorded in "Other Income" or "Other Expenses" in the consolidated statements of operations. As a result, "Income (Loss) before Income Taxes and Minority Interests" and "Net Income (Loss)" increased by ¥52,344 million ($435 million) and ¥32,924 million ($274 million), respectively, when compared with the amount using the previous accounting method.

3. TRADING ASSETS

Trading Assets as of March 31, 2003 and 2002 consisted of the following:

		Millions of Yen	Millions of U.S. Dollars
	2003	2002	**2003**
Trading Securities	**¥2,451,165**	¥1,910,340	**$20,392**
Derivatives on Trading Securities	**15,003**	12,255	**125**
Securities used for Hedging Trading Transactions	**—**	301	**—**
Derivatives on Securities used for Hedging Trading Transactions	**498**	540	**4**
Derivatives used for other than Trading Securities	**471,678**	473,115	**3,924**
Other Trading Assets	**106,706**	283,691	**888**
Total	**¥3,045,053**	¥2,680,244	**$25,333**

4. SECURITIES

Securities as of March 31, 2003 and 2002 consisted of the following:

		Millions of Yen	Millions of U.S. Dollars
	2003	2002	**2003**
Japanese National Government Bonds	**¥10,417,779**	¥ 7,090,785	**$ 86,670**
Japanese Local Government Bonds	**339,509**	735,951	**2,825**
Japanese Corporate Bonds and Notes	**1,307,865**	877,007	**10,881**
Japanese Equities	**2,894,991**	4,716,288	**24,085**
Other Securities	**3,172,712**	2,186,334	**26,395**
Total	**¥18,132,858**	¥15,606,367	**$150,856**

Other Securities consisted mainly of foreign government bonds.

5. LOANS AND BILLS DISCOUNTED

Loans and Bills Discounted as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Bills Discounted	**¥ 415,454**	¥ 624,563	**$ 3,456**
Loans on Notes	**7,277,405**	7,844,005	**60,544**
Loans on Deeds	**28,840,082**	29,850,790	**239,934**
Overdrafts	**7,437,849**	7,609,358	**61,879**
Receivables, including Leases	**207,822**	95,907	**1,729**
Total	**¥44,178,615**	¥46,024,625	**$367,542**

Problem loans held by consolidated subsidiaries, as defined by the Japanese Banking Law, as of March 31, 2003 and 2002 were as follows (before deducting "Reserves for Credit Losses"):

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Loans to Bankrupt Companies*1	**¥ 135,436**	¥ 147,234	**$ 1,127**
Other Delinquent Loans*2	**1,583,872**	3,307,594	**13,177**
Loans Past Due 3 Months or More*3	**67,872**	82,979	**564**
Restructured Loans*4	**2,487,021**	2,893,240	**20,691**
Total	**¥4,274,203**	¥6,431,048	**$35,559**

*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.

"Loans to Bankrupt Companies" and "Other Delinquent Loans" include loans entrusted to the Resolution and Collection Corporation of ¥41,795 million for the purpose of restructuring borrowers and to dispose of such loans.

6. FOREIGN EXCHANGES (ASSETS)

Foreign Exchanges (Assets) as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Due from Foreign Banks	**¥124,987**	¥111,774	**$1,040**
Foreign Exchange Bills Bought	**336,427**	340,448	**2,799**
Foreign Exchange Bills Receivable	**104,834**	98,782	**872**
Total	**¥566,249**	¥551,005	**$4,711**

7. OTHER ASSETS

Other Assets as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Accrued Income	**¥ 205,407**	¥ 224,586	**$ 1,709**
Prepaid Expenses	**3,086**	4,296	**26**
Cash Collateral Pledged for Bonds Borrowed	**—**	1,470,740	**—**
Financial Derivatives	**389,699**	318,942	**3,242**
Leased Assets	**428,417**	465,367	**3,564**
Other	**1,216,398**	1,100,186	**10,120**
Total	**¥2,243,009**	¥3,584,120	**$18,661**

Due to amendments to the accounting principles and practices generally accepted in Japan, Cash Collateral Pledged for Bonds Borrowed, which was previously included in Other Assets, is presented as a separate account in the consolidated balance sheets as of March 31, 2003.

8. PREMISES AND EQUIPMENT

Premises and Equipment, net of accumulated depreciation of ¥462,696 million ($ 3,849 million) and ¥560,530 million as of March 31, 2003 and 2002, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Land	**¥365,221**	¥370,320	**$3,039**
Buildings	**183,828**	196,288	**1,529**
Equipment	**57,724**	78,628	**480**
Other	**118,950**	124,826	**990**
Total	**¥725,725**	¥770,063	**$6,038**

9. PLEDGED ASSETS

The carrying amounts of assets pledged as collateral and the collateralized debts as of March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Cash and Due from Banks	**¥ 44**	¥ 323	**$ 0**
Trading Assets	**1,800,901**	1,336,458	**14,983**
Securities	**5,747,223**	2,688,756	**47,814**
Loans and Bills Discounted	**40,330**	19,751	**335**
Other Assets	**49,111**	905	**409**
Total	**¥7,637,611**	¥4,046,195	**$63,541**
Deposits	**¥ 373,673**	¥ 156,059	**$ 3,109**
Call Money	**3,622,100**	1,782,300	**30,134**
Payables under Repurchase Agreements	**1,273,869**	398,359	**10,598**
Cash Collateral Received for Bonds Loaned	**2,011,614**	—	**16,735**
Commercial Paper	**931**	8,698	**8**
Borrowed Money	**68,975**	805	**574**
Other Liabilities	**14,305**	1,297,120	**119**
Total	**¥7,365,469**	¥3,643,342	**$61,277**

Due to an amendment to the accounting principles and practices generally accepted in Japan, Cash Collateral Received for Bonds Loaned is presented as a separate account in the consolidated balance sheets as of March 31, 2003. “Other Liabilities” included Cash Collateral Received for Bonds Loaned in the amount of ¥1,296,730 million as of March31, 2002.

Bills re-discounted are accounted for as financing transactions as specified in the JICPA Industry Audit Committee Report No .24, and UFJ Holdings’ consolidated domestic banking subsidiary re-discounted commercial bills with face values of ¥502 million ($4 million).

The following assets were pledged or deposited in connection with foreign exchange settlements and derivatives as of March 31, 2003 and 2002:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Cash and Due from Banks	**¥ 27,732**	¥ 26,640	**$ 231**
Trading Assets	**290,660**	—	**2,418**
Securities	**2,587,917**	2,536,075	**21,530**
Loans and Bills Discounted	—	194,735	—
Other Assets	**4,187**	5,835	**35**
Total	**¥2,910,498**	¥2,763,285	**$24,214**

In addition, the following assets were pledged or deposited as of March 31, 2003 and 2002:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Security Deposits (included in Premises and Equipment)	**¥118,208**	¥123,844	**$ 983**
Deposits for Futures Transactions (included in Other Assets)	**8,183**	11,392	**68**
Total	**¥126,392**	¥135,236	**$1,051**

As of March 31, 2003, uncollateralized securities loaned for which the borrowers have a right to sell or pledge (bonds loaned transactions) of ¥126,580 million ($1,053 million), and securities loaned for which the borrowers have a right to pledge, but not the right to sell, of ¥405 million ($3 million) are included in “Securities” under “Japanese National Government Bonds.” As of March 31, 2002, uncollateralized securities loaned for which the borrowers have a right to sell or pledge (bonds loaned transactions) of ¥15,327 million, and securities loaned for which the borrowers have a right to pledge, but not the right to sell, of ¥414 million are included in “Securities” under “Japanese National Government Bonds.”

As of March 31, 2003, of uncollateralized securities borrowed (bonds borrowed transactions), securities purchased under resale agreements and bonds borrowed versus cash transactions that can be sold or pledged, ¥2,301,626 million ($19,148 million) of securities were pledged, ¥22,502 million ($187 million) of securities were loaned, and ¥1,079,684 million ($8,982 million) of securities were not pledged or loaned. As of March 31, 2002, 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 of securities were pledged, ¥4,450 million of securities were loaned, and ¥360,266 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, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Demand Deposits	**¥ 4,014,390**	¥ 3,501,439	**$ 33,398**
Saving Deposits	**23,870,052**	21,640,404	**198,586**
Deposits at Notice*	**641,048**	965,055	**5,333**
Time Deposits	**18,706,719**	21,934,806	**155,630**
Other Deposits	**3,917,429**	2,752,379	**32,591**
Subtotal	**51,149,640**	50,794,085	**425,538**
Negotiable Certificates of Deposit	**4,928,697**	6,365,802	**41,004**
Total	**¥56,078,338**	¥57,159,888	**$466,542**

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

11. TRADING LIABILITIES

Trading Liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Securities Sold, but not yet Purchased	**¥1,557,081**	¥1,267,858	**$12,954**
Derivatives on Trading Securities	**2,338**	4,283	**19**
Derivatives on Securities used for Hedging Trading Transactions	**447**	22	**4**
Derivatives used for other than Trading Securities	**405,507**	471,276	**3,374**
Total	**¥1,965,375**	¥1,743,440	**$16,351**

12. BORROWED MONEY

Borrowed Money as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars	Average Rate
	2003	2002	**2003**	**2003**
Borrowings from Financial Institutions	**¥1,462,034**	¥1,355,007	**$12,163**	**1.40%**
Bills Rediscounted	**502**	510	**4**	**2.38%**
Total	**¥1,462,536**	¥1,355,518	**$12,167**	**1.40%**

The average rates presented above represent the weighted average rates based on the balances as of March 31, 2003.

Borrowed Money included subordinated borrowings in the amount of ¥550,415 million ($4,579 million) and ¥852,359 million as of March 31, 2003 and 2002, respectively.

Annual maturities of Borrowings from Financial Institutions as of March 31, 2003 are as follows:

Fiscal Year Ending March 31	Millions of Yen	Millions of U.S. Dollars
2004	¥ 707,795	$ 5,888
2005	76,315	635
2006	83,544	695
2007	49,135	409
2008	32,082	267
2009 and Thereafter	513,160	4,269
Total	¥1,462,034	$12,163

13. FOREIGN EXCHANGES (LIABILITIES)

Foreign Exchanges (Liabilities) as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Due to Foreign Banks	**¥77,931**	¥161,354	**$648**
Foreign Exchange Bills Sold	**3,340**	1,070	**28**
Foreign Exchange Bills Payable	**7,561**	5,095	**63**
Total	**¥88,833**	¥167,519	**$739**

14. BONDS AND NOTES

Bonds and Notes as of March 31, 2003 and 2002 consisted of the following:

		Millions of Yen		Millions of U.S.Dollars	Rate
Issuer	Description of Bonds and Notes	**2003**	2002	**2003**	**2003**
UFJ Holdings	Subordinated Bonds, payable in Yen	**¥ —**	¥ 100,000	**$ —**	**—%**
	Subordinated Bonds, perpetual, payable in Yen	**100,000**	100,000	**832**	**0.41%**
	Subordinated Bonds, payable in Yen	**—**	100,000	**—**	**—%**
	Subordinated Bonds, payable in Yen	**—**	50,000	**—**	**—%**
UFJ Bank	Straight Bonds, due in 2004 to 2014, payable in Yen	**1,314,600**	942,000	**10,937**	**0.58%–2.08%**
	Subordinated Notes, due in 2009 to 2013, payable in Yen	**154,800**	144,000	**1,288**	**0.66%–1.27%**
	Subordinated Notes, due in 2011, payable in US Dollars	**240,363**	266,400	**2,000**	**7.40%**
UFJ Trust	Subordinated Bonds, due in 2010 to 2011, payable in Yen	**38,900**	38,900	**323**	**0.87%–2.20%**
UFJ Finance Aruba A.E.C.	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2009, payable in US Dollars	**180,045**	199,800	**1,498**	**8.35%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, payable in US Dollars	**—**	17,449	**—**	**—%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2009 to 2014, payable in Yen	**18,500**	69,300	**154**	**0.23%–3.30%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, perpetual, payable in Yen	**89,700**	300,800	**746**	**0.98%–4.15%**
Tokai Finance (Curaçao) N.V.	Notes Guaranteed by UFJ Bank on a Subordinated Basis, payable in US Dollars	**—**	3,996	**—**	**—%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2010 to 2011, payable in Yen	**52,400**	140,800	**436**	**0.58%–4.90%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, perpetual, payable in Yen	**62,600**	106,000	**521**	**0.42%–4.03%**
TTB Finance Cayman Limited	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2008 to 2012, payable in Yen	**5,500**	6,500	**46**	**3.15%–4.00%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, payable in Yen	**—**	11,640	**—**	**—%**
Other Subsidiaries	Other Corporate Bonds and Notes Issued by Subsidiaries, due in 2003 to 2022	**18,903**	75,078	**157**	**0.61%–15.40%**
Total		**¥2,276,313**	¥2,672,663	**$18,938**	

Annual maturities of Bonds and Notes as of March 31, 2003 were as follows:

Fiscal Year Ending March, 31	Millions of Yen	Millions of U.S. Dollars
2004	¥ 15,647	$ 130
2005	149,700	1,246
2006	399,695	3,325
2007	348,403	2,899
2008	349,453	2,907
2009 and Thereafter	1,013,413	8,431
Total	¥2,276,313	$18,938

15. OTHER LIABILITIES

Other Liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Accrued Expenses	**¥ 133,415**	¥ 182,498	**$ 1,110**
Unearned Income	**141,828**	127,365	**1,180**
Income Taxes Payable	**5,994**	5,802	**50**
Securities Borrowed in Trading Account	**137,371**	98,975	**1,143**
Cash Collateral Received for Bonds Loaned	**—**	1,855,640	**—**
Financial Derivatives	**247,893**	244,462	**2,062**
Deferred Hedging Gain	**109,782**	47,038	**913**
Other	**512,146**	732,707	**4,261**
Total	**¥1,288,432**	¥3,294,490	**$10,719**

Due to the amendments of accounting principles and practices generally accepted in Japan, Cash Collateral Received for Bonds Loaned, which was previously included in "Other Liabilities," is presented as a separate account in the consolidated balance sheet as of March 31, 2003.

16. OTHER RESERVES

Other Reserves as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Reserves for:			
Contingent Liabilities from Brokering of Financial Futures Transactions	**¥ 3**	¥ 3	**$0**
Contingent Liabilities from Brokering of Securities Transactions	**204**	78	**2**
Total	**¥207**	¥82	**$2**

"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, 2003 and 2002 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Acceptances	**¥ 37,581**	¥ 48,056	**$ 313**
Letters of Credit	**298,928**	220,347	**2,487**
Guarantees	**2,755,944**	2,838,101	**22,928**
Total	**¥3,092,455**	¥3,106,505	**$25,728**

18. GUARANTEE FOR TRUST PRINCIPAL

The outstanding balances of trust accounts managed by UFJ Trust as of March 31, 2003 and 2002, which are contractually indemnified, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Money Trust	**¥ 920,374**	¥ 690,871	**$ 7,657**
Loan Trust	**1,221,909**	2,119,084	**10,166**
Total	**¥2,142,284**	¥2,809,955	**$17,823**

19. COMMITMENT LINE

A commitment line is a contract whereby UFJ Holdings' subsidiaries are obligated individually to advance funds up to 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 was ¥21,955,153 million ($182,655 million) and ¥21,278,378 million as of March 31, 2003 and 2002, respectively, 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 ¥20,616,472 million ($171,518 million) and ¥18,995,785 million as of March 31, 2003 and 2002, respectively.

Many of these commitment lines 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 and Preferred Shares "authorized," and "issued and outstanding" of UFJ Holdings as of March 31, 2003 were as follows:

	Number of shares	
	Authorized	Issued and Outstanding
Common Stock	18,000,000	5,036,313.99
Class I Preferred Share	14,069	14,069
Class II Preferred Share	200,000	200,000
Class III Preferred Share	33,487	33,487
Class IV Preferred Share	150,000	150,000
Class V Preferred Share	150,000	150,000
Class VI Preferred Share	9,023	9,023
Class VII Preferred Share	200,000	200,000
Class VIII Preferred Share	700,000	—
Class IX Preferred Share	700,000	—

Under the Japanese Commercial Code, at least 50% of the issue price of new shares is to be designated as "Capital Stock." The portion designated as "Capital Stock" is determined by the resolution of the Board of Directors of UFJ Holdings. Proceeds in excess of the amounts designated as "Capital Stock" 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 of UFJ Holdings. 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, 2003 consisted of the following:

Class I Preferred Share

UFJ Holdings issued 50,000 preferred shares, 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 statements 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 was/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 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 statements 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 was/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 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 statements 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 was/is subject to reset on October 5 of 2001, 2002 and 2003 to ¥2,000,000 divided by the average market price of the common stock for a certain period preceding each reset date, but will not be less than 0.888 or 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 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 statements 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 was/is subject to reset annually on October 5 between 2002 and 2008 to ¥2,000,000 divided by the 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 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 statements 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 to ¥2,000,000 divided by the 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 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 statements 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 was/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 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 statements 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 was/is subject to reset annually on June 30 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, 2003, UFJ Holdings had no Class VIII and Class IX Preferred Shares issued.

21. OTHER INTEREST INCOME

The composition of Other Interest Income for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Interest on Receivables under Resale Agreements	**¥ 33,258**	¥ 23,350	**$277**
Interest on Due from Banks	**31,797**	139,427	**264**
Interest on Interest Rate Swaps	**17,549**	32,540	**146**
Other Interest Income	**31,096**	43,841	**259**
Total	**¥113,702**	¥239,159	**$946**

22. FEES AND COMMISSIONS (INCOME)

The composition of Fees and Commissions (Income) for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Wire Transfer Service Charges	**¥ 94,973**	¥ 97,299	**$ 790**
Other	**266,073**	218,062	**2,214**
Total	**¥361,047**	¥315,361	**$3,004**

23. TRADING GAINS, NET / TRADING LOSSES, NET

The composition of Trading Gains, Net for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Gains on Trading Securities and Derivatives	**¥ 32,817**	¥ 50,544	**$ 273**
Gains on Trading Securities and Derivatives to Hedge Trading Transactions	**—**	852	**—**
Gains on Derivatives other than Trading Securities	**106,374**	52,340	**885**
Other Trading Gains	**1,420**	1,110	**12**
Total	**¥140,612**	¥104,847	**$1,170**

The composition of Trading Losses, Net for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Losses on Trading Securities and Derivatives to Hedge Trading Transactions	**¥438**	¥—	**$4**
Total	**¥438**	¥—	**$4**

24. OTHER OPERATING INCOME

The composition of Other Operating Income for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Foreign Exchange Transaction Gains, Net	**¥ 44,213**	¥ 46,830	**$ 368**
Gains on Sales of Bonds	**248,060**	197,069	**2,063**
Gains on Redemption of Bonds	**94**	570	**1**
Lease Related Income	**204,319**	201,748	**1,700**
Other	**52,873**	62,588	**440**
Total	**¥549,561**	¥508,806	**$4,572**

25. OTHER INCOME

The composition of Other Income for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Gains on Sales of Equities and Equity Derivatives	**¥ 66,040**	¥381,963	**$ 549**
Gains on Money Held in Trust	**71**	3,426	**1**
Gains on Sales of Premises and Equipment	**1,801**	1,520	**15**
Collection of Written-off Claims	**79,388**	33,232	**661**
Gains from Contribution of Securities to Employee Retirement Benefit Trust	**17,428**	57,865	**145**
Gains from Transfer of Substitutional Portion of Employee's Pension Fund	**10,997**	—	**91**
Gains from Reversal of Reserve for Losses on Supports of Specific Borrowers	**10,306**	—	**86**
Other	**67,950**	35,147	**565**
Total	**¥253,985**	¥513,156	**$2,113**

26. OTHER INTEREST EXPENSES

The composition of Other Interest Expenses for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Interest on Payables under Repurchase Agreements	**¥ 26,314**	¥ 24,512	**$ 219**
Interest on Corporate Bonds and Notes	**60,874**	71,661	**507**
Other Interest Expenses	**57,125**	97,643	**475**
Total	**¥144,314**	¥193,818	**$1,201**

27. FEES AND COMMISSIONS (EXPENSES)

The composition of Fees and Commissions (Expenses) for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Wire Transfer Service Charges	**¥17,539**	¥22,469	**$146**
Other	**50,998**	43,067	**424**
Total	**¥68,538**	¥65,537	**$570**

28. OTHER OPERATING EXPENSES

The composition of Other Operating Expenses for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Losses on Sales of Bonds	**¥ 33,145**	¥132,633	**$ 276**
Losses on Redemption of Bonds	**21,084**	3,055	**175**
Revaluation Loss on Bonds	**2,173**	1,625	**18**
Financial Derivatives Losses, Net	**—**	9,400	**—**
Amortization of Bond Issue Cost	**1,328**	1,735	**11**
Lease Related Expenses	**215,035**	205,388	**1,789**
Other	**41,679**	19,845	**347**
Total	**¥314,447**	¥373,685	**$2,616**

29. OTHER EXPENSES

The composition of Other Expenses for the fiscal years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Write-off of Loans	**¥ 274,081**	¥ 600,990	**$ 2,280**
Losses on Sales of Stocks and Equity Derivatives	**304,457**	176,515	**2,533**
Revaluation Losses on Stocks and Equity Derivatives	**372,357**	400,391	**3,098**
Losses on Money Held in Trust	**667**	2,949	**5**
Amortization of Goodwill	**3,433**	4,018	**28**
Equity in Earnings of Affiliates	**—**	15,483	**—**
Losses on Sales of Loans to the Cooperative Credit Purchasing Company, Limited	**6,671**	16,257	**55**
Losses on Delinquent Loans Sold	**63,070**	53,242	**525**
Losses from Financial Support Provided to Customers	**137,581**	100,147	**1,145**
Provision for Contingent Liabilities Related to Loans Sold	**3,327**	13,913	**28**
Provision for Losses on Support of Specific Borrowers	**—**	424,527	**—**
Provision for Losses on Securities	**803**	13,444	**7**
Losses on Sales of Premises and Equipment	**28,743**	47,059	**239**
Amortization of Net Transitional Obligations for Employee Retirement Benefits	**30,446**	36,081	**253**
Merger Related Expenses for Consolidated Subsidiaries	**6,206**	34,419	**52**
Other	**58,898**	125,271	**490**
Total	**¥1,290,747**	¥2,064,712	**$10,738**

30. 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. The following tables show funded status, components of pension costs, and major assumptions used in determining these amounts.

Funded Status of Pension Plans:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Projected Benefit Obligation	**¥(768,711)**	¥(908,675)	**$(6,395)**
Fair Value of Plan Assets	**419,008**	599,575	**3,486**
Securities Held in Trust	**192,480**	259,834	**1,601**
Funded Status	**(157,223)**	(49,264)	**(1,308)**
Unrecognized Net Transitional Assets	**—**	(14,475)	**—**
Unrecognized Net Transitional Obligation	**59,785**	113,094	**497**
Unrecognized Net Actuarial Losses	**409,679**	238,327	**3,408**
Unrecognized Prior Service Costs	**(24,698)**	(35,861)	**(205)**
Net Asset	**287,543**	251,819	**2,392**
Prepaid Pension Costs	**300,709**	260,419	**2,502**
Reserve for Retirement Benefits	**¥ (13,165)**	¥ (8,599)	**$ (110)**

Components of Pension Costs:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Service Costs	**¥ 23,385**	¥ 25,255	**$ 194**
Interest Costs	**23,679**	32,216	**197**
Expected Return on Plan Assets	**(27,171)**	(31,532)	**(226)**
Amortization of Prior Service Costs	**(135)**	(50)	**(1)**
Amortization of Actuarial Losses	**18,471**	8,621	**154**
Amortization of Net Transitional Obligation	**30,973**	36,081	**258**
Other Costs	**8,081**	6,904	**67**
Net Periodic Benefit Costs	**77,284**	77,496	**643**
Gains from Transfer of Substitutional Portion of Employees' Pension Fund	**(10,997)**	—	**(92)**
Total	**¥ 66,287**	¥ 77,496	**$ 551**

Major Assumptions:

	2003	2002
Discount Rate	**2.0%–3.0%**	2.8%–3.0%
Expected Rate of Return on Plan Assets	**0.0%–5.0%**	1.5%–9.25%
Recognition Period of Prior Service Costs	**Principally 11 years**	Principally 11 years
Recognition Period of Actuarial Gain/Loss	**Principally 11 years**	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, 2003 and 2002 was ¥17,428 million ($145 million) and ¥57,865 million, respectively, this being included in "Other Income."

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 included in "Other Liabilities" in the consolidated balance sheets amounted to ¥1,813 million ($15 million) at March 31,2003 and ¥915 million at March 31, 2002.

On September 1, 2002, UFJ Holdings and its domestic banking subsidiary obtained an approval from the Minister of Health, Labor and Welfare for the exemption from the future benefit obligation related to the substitutional portion of the Employees' Pension Fund. In accordance with the transitional provision contained in paragraph 47-2 of the JICPA Published Exposure Draft to Amend Accounting Committee Report No. 13, *Practical Guidance Concerning Pension Benefits Accounting* (September 1, 2002), UFJ Holdings and its domestic banking subsidiary derecognized its benefit obligations and plan assets related to the substitutional portion of the Employer's Pension Fund, as if such benefit obligations and plan assets were transferred to the Japanese government upon approval by the Minister of Health, Labor and Welfare.

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, 2003 and 2002 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Deferred Tax Assets:			
Reserve for Credit Losses	**¥ 985,734**	¥1,087,116	**$ 8,201**
Loss Carryforwards	**912,352**	164,124	**7,590**
Revaluation Loss on Securities	**241,775**	293,052	**2,011**
Reserve for Losses on Supports of Specific Borrowers	**—**	240,374	**—**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**51,476**	40,052	**428**
Reserve for Contingent Liabilities Related to Loans Sold	**—**	18,647	**—**
Other	**131,922**	115,556	**1,098**
Subtotal	**2,323,261**	1,958,925	**19,328**
Valuation Allowance	**(691,988)**	(356,134)	**(5,757)**
Total	**1,631,273**	1,602,790	**13,571**
Deferred Tax Liabilities:			
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(42,506)**	(86,259)	**(353)**
Gain from Contribution of Securities to Employee Retirement Benefit Trust and Others	**(66,467)**	(60,240)	**(553)**
Total	**(108,973)**	(146,499)	**(906)**
Net Deferred Tax Assets	**¥1,522,299**	¥1,456,290	**$12,665**

A reconciliation between the effective statutory tax rate for the fiscal years ended March 31, 2003 and 2002, and the actual effective tax rates reflected in the consolidated statements of operations were as follows:

	2003	2002
Effective Statutory Tax Rate	**42.0%**	42.0%
Valuation Allowance	**(42.6)**	(17.0)
Change in Tax Rate due to the Merger of Consolidated Subsidiaries	**5.9**	0.6
Other, Net	**(0.4)**	0.9
Actual Effective Income Tax Rate	**4.8%**	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, UFJ Bank and UFJ Trust ("Two 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. 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 ($93 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, and on April 9, 2002, the plaintiff banks from the first trial, including Two Subsidiary Banks, also filed an appeal with the Tokyo High Court. On January 30, 2003, the Tokyo High Court in the second trial ruled in favor of Two Subsidiary Banks and other plaintiff banks on the grounds that the Metropolitan Ordinance was illegal. The Tokyo High Court ordered the Metropolitan Government to return to Two Subsidiary Banks advance tax payments of ¥23,235 million ($193 million). On February 10, 2003, the Metropolitan Government filed a final appeal with the Supreme Court, and on February 13, 2003, the plaintiff banks, including Two Subsidiary Banks, also filed a final appeal with the Supreme Court.

The management of Two Subsidiary Banks believes that the Metropolitan Ordinance is both unconstitutional and illegal. Two Subsidiary Banks have asserted this opinion in the courts and the matter is still in litigation. For the fiscal year ended March 31, 2003 and 2002, Two Subsidiary Banks have determined that it would be appropriate to apply the same accounting treatment as in the previous years under the Metropolitan Ordinance. This accounting treatment does not constitute in any way an admission on the part of Two Subsidiary Banks either of the constitutionality or of the legality of the Metropolitan Ordinance. In connection with the Metropolitan Ordinance, enterprise taxes of ¥11,951 million ($99 million) and ¥10,648 million were recorded in "Other Expenses" for the years ended March 31, 2003 and 2002.

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, 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.

With the implementation of the "Revision of Municipal Ordinance regarding the imposition of enterprise taxes through 'external standards taxation' on banks in Osaka" (Osaka Municipal Ordinance No. 77, 2002) (the "Revised Municipal Ordinance 2002"), on May 30, 2002, and the implementation of the "Revision of Municipal Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Osaka" (Osaka Municipal Ordinance No. 14, 2003) (the "Revised Municipal Ordinance 2003") on April 1, 2003, the special treatment regarding the tax basis is to be applicable from the fiscal year beginning April 1, 2003. The enterprise taxes that Two Subsidiary Banks pay to Osaka Municipal Government this term are subject to the Supplementary Provision 2 of the Revised Municipal Ordinance 2003, which provides Two Subsidiary Banks shall pay the enterprise taxes based on the lesser of gross operating profit or taxable income. Two Subsidiary Banks, therefore, filed and paid the enterprise taxes based on taxable income. The fact that Two Subsidiary Banks will file and pay the enterprise taxes according to the Revised Municipal Ordinance 2003 does not constitute in any way an admission on the part of Two Subsidiary Banks either of the constitutionality or the legality of the Revised Municipal Ordinance and the Municipal Ordinance.

With the enactment of the "Amendments to the Local Tax Law" (Legislation No. 9, 2003) on March 31, 2003, the tax basis of enterprise taxes, which was previously levied on as "income and liquidation income" by Article 72, paragraph 12 of the Local Tax Law before the amendments, consists of "added value amount," "capital amount" and "income and liquidation income" from the fiscal year beginning April 1, 2004. The enterprise taxes based on the "added value amount" and "capital amount" are no longer treated as income taxes. The Amendments to the Local Tax Law also stipulates that the Metropolitan Ordinance and the Municipal Ordinance are to be abolished from the fiscal year beginning April 1, 2004.

Pursuant to the enactment of the Amendments to the Local Tax Law, the effective income tax rate used in the calculation of deferred tax assets and liabilities related to the fiscal years beginning April 1, 2004 decreased from 42.0% to 40.6%, which resulted in an increase in "Deferred Tax Assets" of ¥4,990 million ($42 million) and decrease in "Deferred Tax Liabilities" of ¥15 million ($0 million) in the consolidated balance sheets, and a decrease in "Deferred Income Taxes" of ¥4,897 million ($41 million) in the consolidated statements of operations for the fiscal year ended March 31, 2003. Also, "Deferred Tax Liabilities for Revaluation Reserve for Land" increased by ¥2,750 million ($ 23 million), and "Revaluation Reserve for Land, Net of Taxes" decreased by the same amount, and "Net Unrealized Gain on Available-for-sales Securities, Net of Taxes" decreased by ¥1,639 million ($ 14 million) for the fiscal year ended March 31, 2003.

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 been transferred to the lessee, were as follows:

(1) **Lessee**

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Estimated Cost	**¥33,534**	¥44,582	**$279**
Estimated Accumulated Depreciation	**16,469**	18,356	**137**
Net Estimated Balance	**¥17,064**	¥26,226	**$142**

Total Future Lease Payments to be Paid:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Due within One Year	**¥ 5,498**	¥ 6,704	**$ 46**
Due More than One Year	**16,612**	24,325	**138**
Total	**¥22,110**	¥31,030	**$184**

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Lease Payment	**¥6,384**	¥5,928	**$53**
Estimated Depreciation	**8,011**	7,048	**67**
Estimated Interest Payment	**886**	684	**7**

Estimated depreciation was computed using the declining balance method over the lease contract term in accordance with accounting principles and practices 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
	2003	2002	**2003**
Acquisition Cost	**¥809,517**	¥840,257	**$6,735**
Accumulated Depreciation	**433,556**	437,162	**3,607**
Net Balance	**¥375,960**	¥403,094	**$3,128**

Total Future Lease Payments to be Received:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Due within One Year	**¥136,962**	¥146,007	**$1,140**
Due More than One Year	**263,243**	288,548	**2,190**
Total	**¥400,206**	¥434,555	**$3,330**

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Lease Receipt	**¥163,247**	¥162,030	**$1,358**
Depreciation	**146,965**	152,843	**1,223**
Estimated Interest Receipt	**11,851**	11,554	**99**

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
	2003	2002	**2003**
Due within One Year	**¥ 12,302**	¥ 13,726	**$ 102**
Due More than One Year	**114,533**	128,086	**953**
Total	**¥126,835**	¥141,813	**$1,055**

(2) **Lessor**

Total Future Lease Payments to be Received:

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Due within One Year	**¥ 1,280**	¥1,155	**$11**
Due More than One Year	**8,906**	7,113	**74**
Total	**¥10,187**	¥8,268	**$85**

33. SIGNIFICANT TRANSACTIONS RELATED TO CASH FLOWS

(a) Significant transactions related to cash flows for the fiscal years ended March 31, 2003 and 2002 were as follows:

For the Fiscal Year ended March 31, 2003

Assets and liabilities of UFJ Card Co., Ltd., which was newly consolidated through the acquisition of additional common stock, were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2003	**2003**
Assets (Total)	**¥ 380,296**	**$ 3,164**
Loans and Bills Discounted	***144,193***	***1,200***
Liabilities (Total)	**(357,729)**	**(2,976)**
Borrowed Money	***(195,840)***	***(1,629)***
Minority Interests	**(25)**	**(0)**
Goodwill	**1,721**	**14**
Net Assets Originally Owned	**(10,949)**	**(91)**
Purchase Price of Additional Common Stock	**13,313**	**111**
Cash and Cash Equivalents of UFJ Card Co., Ltd.	**(284)**	**(3)**
Net Outflow of Cash and Cash Equivalents from the Acquisition of Common Stock	**¥ 13,029**	**$ 108**

Assets and liabilities of TSUBASA Securities Co., Ltd., which was newly consolidated through the merger with UFJ Capital Markets Securities Co., Ltd., were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2003	**2003**
Assets (Total)	**¥ 314,522**	**$ 2,616**
Trading Assets	***94,026***	**782**
Liabilities (Total)	**(188,134)**	**(1,565)**
Other Liabilities	***(79,247)***	***(659)***
Minority Interests	**(90,057)**	**(749)**
Net Assets Originally Owned	**(36,330)**	**(302)**
Cash and Cash Equivalents of TSUBASA Securities Co., Ltd.	**1,337**	**11**
Net Inflow of Cash and Cash Equivalents from Change in the Scope of Consolidation	**¥ 1,337**	**$ 11**

Assets and liabilities of Sanwa Finance Hong Kong Limited, which was excluded from the scope of consolidation through the sale of stock, were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2003	**2003**
Assets (Total)	**¥ 65,740**	**$ 547**
Loans and Bills Discounted	***66,080***	**550**
Liabilities (Total)	**(55,228)**	**(459)**
Bonds and Notes	***(28,562)***	***(238)***
Foreign Currency Translation Adjustments	**(1,205)**	**(10)**
Gains on Sale of Stock	**180**	**1**
Proceeds from the Sales	**9,487**	**79**
Cash and Cash Equivalents of Sanwa Finance Hong Kong Limited	**(0)**	**(0)**
Net Inflow of Cash and Cash Equivalents from the Sale of the Stock	**¥ 9,487**	**$ 79**

For the Fiscal Year ended March 31, 2002

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

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

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

	Millions of Yen
	2002
Assets (Total)	¥ 1,435,919
Loans and Bills Discounted	*1,186,396*
Liabilities (Total)	(1,295,652)
Deposits	*(1,119,108)*
Foreign Currency Translation Adjustments	15,651
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	(2,323)
Gains on Sale of Stock	154,710
Proceeds from the Sales	308,305
Cash and Cash Equivalents of United California Bank	(58,091)
Net Inflow of Cash and Cash Equivalents from the Sale of the Stock	¥ 250,214

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

For the Fiscal Year ended March 31, 2002

	Millions of Yen
	2002
Decrease in Capital Surplus due to Transfer of Capital Surplus	¥1,000,000
Increase in Retained Earnings due to Transfer of Capital Surplus	1,000,000

34. MARKET VALUES OF SECURITIES AND MONEY HELD IN TRUST

For the Fiscal Year ended March 31, 2003

(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	
	2003	
	Book Value	Valuation Gain (Loss)
Securities in Trading Account	**¥2,557,872**	**¥(2,292)**

	Millions of U.S. Dollars	
	2003	
	Book Value	Valuation Gain (Loss)
Securities in Trading Account	**$21,280**	**$(19)**

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

	Millions of Yen				
	2003				
			Unrealized Gain (Loss)		
	Book Value	Market Value	Net	Gain	Loss
Japanese Corporate Bonds and Notes	**¥ 19**	**¥ 19**	**¥ 0**	**¥ 0**	**¥—**
Other	**37,462**	**38,556**	**1,094**	**1,192**	**97**
Total	**¥37,482**	**¥38,576**	**¥1,094**	**¥1,192**	**¥97**

	Millions of U.S. Dollars				
	2003				
			Unrealized Gain (Loss)		
	Book Value	Market Value	Net	Gain	Loss
Japanese Corporate Bonds and Notes	**$ 0**	**$ 0**	**$0**	**$ 0**	**$—**
Other	**312**	**321**	**9**	**10**	**1**
Total	**$312**	**$321**	**$9**	**$10**	**$ 1**

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				
	2003				
			Unrealized Gain (Loss)		
	Aggregate Cost	Market Value	Net	Gain	Loss
Japanese Equities	**¥ 2,602,713**	**¥ 2,420,706**	**¥(182,006)**	**¥142,478**	**¥324,484**
Japanese National Government Bonds	**10,293,026**	**10,417,759**	**124,733**	**128,195**	**3,462**
Japanese Local Government Bonds	**310,392**	**328,169**	**17,777**	**17,777**	**—**
Japanese Corporate Bonds and Notes	**244,821**	**255,145**	**10,324**	**10,361**	**36**
Other	**3,060,694**	**3,067,424**	**6,729**	**51,170**	**44,440**
Total	**¥16,511,647**	**¥16,489,206**	**¥ (22,441)**	**¥349,983**	**¥372,424**

	Millions of U.S. Dollars				
	2003				
			Unrealized Gain (Loss)		
	Aggregate Cost	Market Value	Net	Gain	Loss
Japanese Equities	**$ 21,653**	**$ 20,139**	**$(1,514)**	**$1,186**	**$2,700**
Japanese National Government Bonds	**85,633**	**86,670**	**1,037**	**1,066**	**29**
Japanese Local Government Bonds	**2,582**	**2,730**	**148**	**148**	**—**
Japanese Corporate Bonds and Notes	**2,037**	**2,123**	**86**	**86**	**0**
Other	**25,463**	**25,519**	**56**	**426**	**370**
Total	**$137,368**	**$137,181**	**$ (187)**	**$2,912**	**$3,099**

Notes: 1. Market values for Japanese Equities are calculated by using the average market prices during the final month of the fiscal year.
Market values for securities other than Japanese Equities are primarily calculated by using the closing prices at the balance sheet date.

2. Available-for-sale Securities with readily determinable market values are considered to be impaired if their market value declines significantly below its acquisition cost or amortized cost, and also if such a decline is considered to be other than temporary. Available-for-sale Securities with readily determinable market values are carried at market value in the consolidated balance sheets, and the difference between the market value and the acquisition or amortized cost is written off as an impairment loss in the current year's consolidated statements of operations. The impairment loss arising from securities recognized in the year ended March 31, 2003 was ¥184,332 million ($1,534 million). The standards to be applied in determining a "significant decline" in the market value of Available-for-sale securities are based on the classification of issuers used in the self-assessment of the credit quality of UFJ Holdings Group's assets as follows:

Bankrupt, Quasi-Bankrupt and Doubtful	Market value declines by 30% or more from the acquisition cost or amortized cost
Special Mention	Market value declines by 40% or more from the acquisition cost or amortized cost
Normal	Market value declines by 50% or more from the acquisition cost or amortized cost

The "Bankrupt" category represents issuers who are legally or formally bankrupt or in liquidation. The "Quasi-Bankrupt" category represents issuers who are substantially bankrupt. The "Doubtful" category represents issuers who are currently not in bankruptcy, but are likely to be bankrupt in the future. The "Special Mention" category represents issuers who require close monitoring going forward. The "Normal" category represents issuers who are not in any of the other categories described above.

In addition to the impairment loss recorded in the fiscal year ended March 31, 2003, UFJ Bank recorded realized losses of ¥182,547 million ($1,519 million) included in "Other Expenses" in the consolidated statement of operations on sales of Available-for Sale Securities to UFJ Equity Investments Co., Ltd., a consolidated subsidiary of UFJ Holdings.

(4) Available-for-sale Securities sold during the fiscal year ended March 31, 2003

	Millions of Yen		
	2003		
	Proceeds from Sales	Realized Gain	Realized Loss
Available-for-sale Securities	**¥41,192,201**	**¥313,705**	**¥337,602**

	Millions of U.S. Dollars		
	2003		
	Proceeds from Sales	Realized Gain	Realized Loss
Available-for-sale Securities	**$342,697**	**$2,610**	**$2,809**

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

	Millions of Yen
	2003
	Book Value
Held-to-maturity Debt Securities:	
Unlisted Foreign Securities	**¥ 44**
Available-for-sale Securities:	
Unlisted Japanese Bonds	**1,064,014**
Unlisted Japanese Equities other than Over-the-counter	**430,801**
Negotiable Due from Banks	**44,213**
Beneficiary Securities Loaned in Trust	**31,140**

	Millions of U.S. Dollars
	2003
	Book Value
Held-to-maturity Debt Securities:	
Unlisted Foreign Securities	**$ 0**
Available-for-sale Securities:	
Unlisted Japanese Bonds	**8,852**
Unlisted Japanese Equities other than Over-the-counter	**3,584**
Negotiable Due from Banks	**368**
Beneficiary Securities Loaned in Trust	**259**

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

	Millions of Yen			
	2003			
(year)	1 or less	Over 1 to 5	Over 5 to 10	Over 10
Japanese National Government Bonds	**¥3,684,385**	**¥3,522,398**	**¥3,020,597**	**¥190,398**
Japanese Local Government Bonds	**32,976**	**38,632**	**261,856**	**6,043**
Japanese Corporate Bonds and Notes	**130,746**	**859,267**	**258,897**	**58,954**
Other	**674,999**	**1,589,605**	**143,791**	**566,233**
Total	**¥4,523,107**	**¥6,009,904**	**¥3,685,143**	**¥821,629**

	Millions of U.S. Dollars			
	2003			
(year)	1 or less	Over 1 to 5	Over 5 to 10	Over 10
Japanese National Government Bonds	**$30,652**	**$29,304**	**$25,130**	**$1,584**
Japanese Local Government Bonds	**274**	**321**	**2,178**	**50**
Japanese Corporate Bonds and Notes	**1,088**	**7,149**	**2,154**	**491**
Other	**5,616**	**13,225**	**1,196**	**4,711**
Total	**$37,630**	**$49,999**	**$30,658**	**$6,836**

(b) Money Held in Trust

	Millions of Yen	
	2003	
	Book Value	Valuation Gain (Loss)
Money Held in Trust for Trading Purposes	**¥35,928**	**¥—**

	Millions of U.S. Dollars	
	2003	
	Book Value	Valuation Gain (Loss)
Money Held in Trust for Trading Purposes	**$299**	**$—**

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

Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes, was reported as a separate component of Stockholders' Equity as of March 31, 2003 as follows:

	Millions of Yen	Millions of U.S. Dollars
	2003	2003
Net Unrealized Gain	**¥(22,441)**	**$(187)**
Deferred Tax Assets	**230**	**2**
Less: Deferred Tax Liabilities	**43,145**	**359**
Net Unrealized Gain on Available-for-sale Securities (Before Adjustment for Minority Interests)	**(65,356)**	**(544)**
Less: Minority Interests	**966**	**8**
Parent Company's Interests in Net Unrealized Gain on Available-for-sale Securities Held by Affiliates Accounted for under the Equity Method	**600**	**5**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**¥(65,722)**	**$(547)**

For the Fiscal Year ended March 31, 2002

(a) Securities

"Securities" includes 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	
	2002	
	Book Value	Valuation Gain (Loss)
Securities in Trading Account	¥2,194,333	¥(7,188)

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

	Millions of Yen				
	2002				
			Unrealized Gain (Loss)		
	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

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				
	2002				
			Unrealized Gain (Loss)		
	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 during the final month of the fiscal year.
Market values for securities other than Japanese Equities are primarily calculated by using the closing prices at the balance sheet date.

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

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

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

	Millions of Yen
	2002
	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

(6) Change in classification of securities

Available-for-sale Securities amounting to ¥61,634 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 and ¥12,948 million, respectively.

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

				Millions of Yen
	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

(b) Money Held in Trust

		Millions of Yen
	2002	
	Book Value	Valuation Gain (Loss)
Money Held in Trust for Trading Purposes	¥111,429	¥(11)

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

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
	2002
Net Unrealized Gain	¥110,496
Less: Deferred Tax Liabilities	50,777
Net Unrealized Gain on Available-for-sale Securities (Before Adjustment for Minority Interests)	59,718
Less: Minority Interests	570
Parent Company’s Interests in Net Unrealized Gain on Available-for-sale Securities Held by Affiliates Accounted for Under the Equity Method	962
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	¥ 60,110

35. DERIVATIVE FINANCIAL INSTRUMENTS

1. Details Related to Transaction

(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, covered transactions against those embedded derivatives and transactions controlling credit risk 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 results 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.

Some credit derivative transactions are not subject to mark-to-market valuation, majority of which are traded to hedge credit risk undertaken by UFJ Group. Other transactions that incur credit risk, e.g., credit-linked loans, are aggregated with the relevant on-balance sheet transactions and subject to credit risk management.

The following applies in regards to the amount of risk:

Market Risk

(1) Period of the VaR calculation

Period of Observation: From April 1, 2002 to March 31, 2003

Assumption

Confidence Interval: One Side 99%

Holding Period: 1 Business Day (Trading Account)

(2) VaR

From April 1, 2002 to March 31, 2003

	Billions of Yen		
	Maximum Value	Minimum Value	Average Value
UFJ Bank	**¥3.8**	**¥1.2**	**¥2.2**
UFJ Trust	**0**	**0**	**0**

From April 1, 2002 to March 31, 2003

	Millions of U.S. Dollars		
	Maximum Value	Minimum Value	Average Value
UFJ Bank	**$32**	**$10**	**$19**
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
	2003	2003
Interest Rate Swaps	**¥ 3,320.5**	**$ 27,625**
Currency Swaps	**334.5**	**2,783**
Foreign Exchange Forward Contracts	**197.1**	**1,640**
Interest Rate Options Purchased	**97.2**	**809**
Currency Options Purchased	**93.3**	**776**
Other Derivative Instruments	**34.7**	**289**
Netting Effect through Master Netting Agreements	**(2,518.0)**	**(20,948)**
Total	**¥ 1,559.5**	**$ 12,974**

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 to within the pre-established limits by carrying out daily VaR analysis, 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.

UFJ Holdings quantifies and manages credit risk of off-balance sheet transactions, the same as on-balance sheet transactions under the credit rating framework. The Risk Management Department, which is responsible for credit risk, market risk and so on, establishes credit limits for each borrower, limits for credit risk exposure and loss limits for post dealing transactions in order to limit its losses to within a pre-defined loss amount.

2. Information on Market Values of Derivative Financial Instruments

For the Fiscal Year ended March 31, 2003

Contractual or notional amounts, market values or estimated market values and unrealized gain (loss) on derivative financial instruments as of March 31, 2003, are shown in the following tables:

(a) Interest Rate Derivatives

	Millions of Yen			
	2003			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Interest Rate Futures				
Sold	**¥21,896,723**	**¥ 4,076,721**	**¥ (169,400)**	**¥ (169,400)**
Bought	**22,199,019**	**3,833,826**	**176,058**	**176,058**
Interest Rate Options				
Sold	**13,079,285**	**438,552**	**16,691**	**(10,000)**
Bought	**12,013,648**	**432,542**	**19,974**	**12,786**
Over-the-counter:				
Forward Rate Agreements				
Sold	**1,738,979**	**123,900**	**2,805**	**2,805**
Bought	**1,592,441**	**71,891**	**(2,876)**	**(2,876)**
Interest Rate Swaps				
Receipts Fixed / Payments Fixed	**41,737**	**30,410**	**1,767**	**1,767**
Receipts Fixed / Payments Floating	**82,172,007**	**57,016,212**	**2,389,315**	**2,389,315**
Receipts Floating / Payments Fixed	**80,140,686**	**54,135,072**	**(2,432,797)**	**(2,432,797)**
Receipts Floating / Payments Floating	**10,117,785**	**5,868,849**	**(2,036)**	**(2,036)**
Interest Rate Options				
Sold	**51,229**	**51,229**	**1,675**	**(650)**
Bought	**98,262**	**98,262**	**2,438**	**483**
Other				
Sold	**4,743,231**	**3,842,114**	**50,748**	**(17,520)**
Bought	**4,547,852**	**3,614,791**	**74,383**	**52,813**
Total	/	/	**¥ (9,482)**	**¥ 748**

	Millions of U.S. Dollars			
	2003			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Interest Rate Futures				
Sold	**$182,169**	**$ 33,916**	**$ (1,409)**	**$ (1,409)**
Bought	**184,684**	**31,895**	**1,465**	**1,465**
Interest Rate Options				
Sold	**108,813**	**3,649**	**139**	**(83)**
Bought	**99,947**	**3,599**	**166**	**106**
Over-the-counter:				
Forward Rate Agreements				
Sold	**14,467**	**1,031**	**23**	**23**
Bought	**13,248**	**598**	**(24)**	**(24)**
Interest Rate Swaps				
Receipts Fixed / Payments Fixed	**347**	**253**	**15**	**15**
Receipts Fixed / Payments Floating	**683,627**	**474,345**	**19,878**	**19,878**
Receipts Floating / Payments Fixed	**666,728**	**450,375**	**(20,240)**	**(20,240)**
Receipts Floating / Payments Floating	**84,175**	**48,826**	**(17)**	**(17)**
Interest Rate Options				
Sold	**426**	**426**	**14**	**(5)**
Bought	**817**	**817**	**20**	**4**
Other				
Sold	**39,461**	**31,964**	**422**	**(146)**
Bought	**37,836**	**30,073**	**619**	**439**
Total			**$ (79)**	**$ 6**

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

(b) Currency Derivatives

	Millions of Yen			
	2003			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Currency Swaps	**¥5,828,183**	**¥4,714,827**	**¥(32,716)**	**¥(32,716)**
Foreign Exchange Forward Contracts				
Sold	**51,796**	—	**1,130**	**1,130**
Bought	**321,937**	**1,129**	**1,545**	**1,545**
Currency Options				
Sold	**212,835**	**7,796**	**2,292**	**132**
Bought	**238,489**	**971**	**2,539**	**(457)**
Total	/	/	**¥(29,793)**	**¥(30,365)**

	Millions of U.S. Dollars			
	2003			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Currency Swaps	**$48,487**	**$39,225**	**$(272)**	**$(272)**
Foreign Exchange Forward Contracts				
Sold	**431**	—	**9**	**9**
Bought	**2,678**	**9**	**13**	**13**
Currency Options				
Sold	**1,771**	**65**	**19**	**1**
Bought	**1,984**	**8**	**21**	**(4)**
Total	/	/	**$(248)**	**$(253)**

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 Note 3 are excluded.

2. Market values for 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		
	2003		
	Contractual or Notional Amounts	Market Values	Unrealized Gain (Loss)
Currency Swaps	**¥1,641,231**	**¥2,425**	**¥2,425**

	Millions of U.S. Dollars		
	2003		
	Contractual or Notional Amounts	Market Values	Unrealized Gain (Loss)
Currency Swaps	**$13,654**	**$20**	**$20**

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
	2003
	Contractual or Notional Amounts
Listed:	
Currency Futures	
Sold	¥ —
Bought	**2,374**
Over-the-counter:	
Foreign Exchange Forward Contracts	
Sold	**4,470,577**
Bought	**4,232,189**
Currency Options	
Sold	**2,489,827**
Bought	**2,676,413**

	Millions of U.S. Dollars
	2003
	Contractual or Notional Amounts
Listed:	
Currency Futures	
Sold	$ —
Bought	**20**
Over-the-counter:	
Foreign Exchange Forward Contracts	
Sold	**37,193**
Bought	**35,210**
Currency Options	
Sold	**20,714**
Bought	**22,266**

(c) Equity Derivatives

	Millions of Yen			
	2003			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Equity Index Futures				
Sold	**¥44,984**	**¥ —**	**¥ 936**	**¥ 936**
Bought	**5,975**	**—**	**(125)**	**(125)**
Equity Index Options				
Sold	**90,597**	**12,406**	**8,058**	**(2,964)**
Bought	**12,831**	**—**	**364**	**(159)**
Equity Options				
Sold	**3,439**	**1,403**	**191**	**34**
Bought	**37,723**	**2,700**	**3,523**	**359**
Over-the-counter:				
Equity Forward Contracts				
Sold	**—**	**—**	**—**	**—**
Bought	**1,396**	**—**	**(40)**	**(40)**
Equity-related Options				
Sold	**20,728**	**1,678**	**1,618**	**2,815**
Bought	**7,135**	**62**	**2,565**	**2,438**
Equity-related Index Swaps				
Receipts Fixed / Payments Dividend Equivalents	**1,493**	**188**	**52**	**52**
Receipts Dividend Equivalents / Payments Fixed	**2,357**	**940**	**(11)**	**(11)**
Receipts or Payments Based on the Equity Price	**20,862**	**16,562**	**6,672**	**6,672**
Total	／	／	**¥4,067**	**¥10,006**

	Millions of U.S. Dollars			
	2003			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Equity Index Futures				
Sold	**$374**	**$ —**	**$ 8**	**$ 8**
Bought	**50**	**—**	**(1)**	**(1)**
Equity Index Options				
Sold	**754**	**103**	**67**	**(25)**
Bought	**107**	**—**	**3**	**(1)**
Equity Options				
Sold	**29**	**12**	**2**	**0**
Bought	**314**	**22**	**29**	**3**
Over-the-counter:				
Equity Forward Contracts				
Sold	**—**	**—**	**—**	**—**
Bought	**12**	**—**	**(0)**	**(0)**
Equity-related Options				
Sold	**172**	**14**	**13**	**23**
Bought	**59**	**1**	**21**	**20**
Equity-related Index Swaps				
Receipts Fixed / Payments Dividend Equivalents	**12**	**2**	**0**	**0**
Receipts Dividend Equivalents / Payments Fixed	**20**	**8**	**(0)**	**(0)**
Receipts or Payments Based on the Equity Price	**174**	**138**	**56**	**56**
Total	/	/	**$34**	**$ 83**

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 primarily using the closing prices of the Tokyo Stock Exchange and others at the balance sheet date. Market values for over-the-counter transactions are based primarily on discounted present values and option pricing calculation models.

(d) Bond Derivatives

	Millions of Yen			
	2003			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Bond Futures				
Sold	**¥2,260,804**	**¥—**	**¥(44,243)**	**¥(44,243)**
Bought	**2,288,690**	**—**	**42,699**	**42,699**
Bond Futures Options				
Sold	**350,370**	**—**	**498**	**114**
Bought	**278,087**	**—**	**443**	**(129)**
Over-the-counter:				
Bond Options				
Sold	**43,500**	**—**	**379**	**(234)**
Bought	**33,000**	**—**	**168**	**(77)**
Total			**¥ (1,809)**	**¥ (1,870)**

	Millions of U.S. Dollars			
	2003			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Bond Futures				
Sold	**$18,840**	**$—**	**$(369)**	**$(369)**
Bought	**19,072**	**—**	**356**	**356**
Bond Futures Options				
Sold	**2,920**	**—**	**4**	**1**
Bought	**2,317**	**—**	**4**	**(1)**
Over-the-counter:				
Bond Options				
Sold	**363**	**—**	**3**	**(2)**
Bought	**275**	**—**	**1**	**(1)**
Total			**$ (15)**	**$ (16)**

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 over-the-counter transactions are based primarily on the option pricing calculation models.

(e) Commodity Derivatives

	Millions of Yen			
	2003			
	Contractual or Notional Amounts		Market Values	Unrealized Gain (Loss)
		Over One Year		
Over-the-counter:				
Commodity Swaps (Fuel)	**¥64,135**	**¥63,002**	**¥1,277**	**¥1,277**
Commodity Options (Fuel)				
Sold	**639**	**639**	**66**	**58**
Bought	**639**	**639**	**66**	**(18)**
Total	／	／	**¥1,277**	**¥1,317**

	Millions of U.S. Dollars			
	2003			
	Contractual or Notional Amounts		Market Values	Unrealized Gain (Loss)
		Over One Year		
Over-the-counter:				
Commodity Swaps (Fuel)	**$534**	**$524**	**$11**	**$11**
Commodity Options (Fuel)				
Sold	**5**	**5**	**1**	**0**
Bought	**5**	**5**	**1**	**(0)**
Total	／	／	**$11**	**$11**

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

	Millions of Yen			
	2003			
	Contractual or Notional Amounts		Market Values	Unrealized Gain (Loss)
		Over One Year		
Over-the-counter:				
Credit Default Swaps				
Sold	**¥ 185,436**	**¥ 178,309**	**¥ (85)**	**¥ (85)**
Bought	**1,082,690**	**1,074,309**	**2,380**	**2,380**
Credit Default Options				
Sold	**80,000**	**80,000**	**43**	**(43)**
Bought	**36,208**	**31,826**	**64**	**4**
Total	／	／	**¥2,315**	**¥2,255**

	Millions of U.S. Dollars			
	2003			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Credit Default Swaps				
Sold	**$1,543**	**$1,483**	**$ (1)**	**$ (1)**
Bought	**9,007**	**8,938**	**20**	**20**
Credit Default Options				
Sold	**666**	**666**	**0**	**(0)**
Bought	**301**	**265**	**0**	**0**
Total	/	/	**$19**	**$19**

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

	Millions of Yen			
	2003			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Weather Options				
Sold	**¥398**	**¥—**	**¥ 13**	**¥58**
Bought	—	—	—	—
Total	/	/	**¥(13)**	**¥58**

	Millions of U.S. Dollars			
	2003			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Weather Options				
Sold	**$3**	**$—**	**$ 0**	**$0**
Bought	—	—	—	—
Total	/	/	**$(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 based primarily on option pricing models.

For the Fiscal Year ended March 31, 2002

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

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 over-the-counter transactions are based primarily on discounted present values and option pricing calculation models.

(b) Currency Derivatives

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

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 Note 3 are excluded

2. Market values for 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		
	2002		
	Contractual or Notional Amounts	Market Values	Unrealized Gain (Loss)
Currency Swaps	¥606,609	¥(5,109)	¥(5,109)

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
	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

(c) Equity Derivatives

	Millions of Yen			
	2002			
	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

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 over-the-counter transactions are based primarily on discounted present values and option pricing calculation models.

(d) Bond Derivatives

	Millions of Yen			
	2002			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
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

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 over-the-counter transactions are based primarily on the option pricing calculation models.

(e) Commodity Derivatives

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

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

	Millions of Yen			
	2002			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
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

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

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

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.

	Millions of Yen					
	2003					
	Banking/ Trust Business	Leasing	Other	Total	Eliminations	Consolidated
Ordinary Income:						
Outside Customers	**¥ 1,932,971**	**¥222,022**	**¥ 245,581**	**¥ 2,400,575**	**¥ —**	**¥ 2,400,575**
Inter-Business Transfers	**19,014**	**16,441**	**67,509**	**102,964**	**(102,964)**	**—**
	1,951,985	**238,464**	**313,090**	**2,503,540**	**(102,964)**	**2,400,575**
Ordinary Expenses	**2,636,137**	**243,658**	**287,146**	**3,166,942**	**(96,974)**	**3,069,968**
Ordinary Profit (Loss)	**¥ (684,151)**	**¥ (5,194)**	**¥ 25,943**	**¥ (663,402)**	**¥ (5,990)**	**¥ (669,392)**
Assets	**¥75,133,370**	**¥785,225**	**¥9,753,143**	**¥85,671,739**	**¥(5,464,330)**	**¥80,207,409**
Depreciation	**56,243**	**540**	**11,386**	**68,171**	**—**	**68,171**
Capital Expenditures	**51,592**	**1,884**	**13,149**	**66,626**	**—**	**66,626**

	Millions of Yen					
	2002					
	Banking/ Trust Business	Leasing	Other	Total	Eliminations	Consolidated
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					
	2003					
	Banking/ Trust Business	Leasing	Other	Total	Eliminations	Consolidated
Ordinary Income:						
Outside Customers	**$ 16,082**	**$1,847**	**$ 2,043**	**$ 19,972**	**$ —**	**$ 19,972**
Inter-Business Transfers	**157**	**137**	**562**	**856**	**(856)**	**—**
	16,239	**1,984**	**2,605**	**20,828**	**(856)**	**19,972**
Ordinary Expenses	**21,931**	**2,027**	**2,389**	**26,347**	**(806)**	**25,541**
Ordinary Profit (Loss)	**$ (5,692)**	**$ (43)**	**$ 216**	**$ (5,519)**	**$ (50)**	**$ (5,569)**
Assets	**$625,069**	**$6,533**	**$81,141**	**$712,743**	**$(45,460)**	**$667,283**
Depreciation	**468**	**4**	**95**	**567**	**—**	**567**
Capital Expenditures	**429**	**16**	**109**	**554**	**—**	**554**

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 businesses.

3. Change in accounting standards

For the fiscal year ended March 31, 2003

(1) Discounted Cash Flows Method

From the fiscal year ended March 31, 2003, reserve for credit losses on claims on debtors who are currently not legally bankrupt but are likely to become bankrupt and claims that are restructured in a troubled debt restructuring involving a modification of terms are calculated using the discounted cash flows method provided that (1) the future cash flows of principal and interest payments can be reasonably estimated and that (2) claims represent lending to “large borrowers,” as defined, and above a certain specific amount as prescribed in the Financial Services Agency Inspection Manual. As a result, the “Ordinary Expenses” increased by ¥347,279 million ($2,889 million) and “Ordinary Profit (Loss)” decreased by the same amount for “Banking/Trust Business” compared to the amounts had the previous reserving methodology been applied.

(2) Amendments to the Local Tax Law

Amendments to the Local Tax Law, effective from the fiscal year beginning after April 1, 2004, defines the tax basis of enterprise taxes, which was previously levied on as “income and liquidation income” by Article 72, paragraph 12 of the Local Tax Law, as consisting of “added value amount,” “capital amount” and “income and liquidation income,” and the enterprise taxes based on the “added value amount” and “capital amount” are no longer treated as income taxes. As a result, “Assets” increased by ¥5,241 million ($44 million) for “Banking/Trust Business,” and decreased by ¥180 million ($1 million) for “Leasing” and ¥70 million ($1 million) for “Other” compared to assets had the previous definition been used to determine the enterprise taxes.

(3) Adoption of the Accounting Standards for Treasury Stock and Transfers of Capital Surplus

From the fiscal year ended March 31, 2003, UFJ Holdings and its consolidated subsidiaries adopted the Business Accounting Standard No. 1, “Accounting Standards for Treasury Stock and Transfers of Capital Surplus.” As a result, “Ordinary Expenses” decreased by ¥53,293 million ($443 million) for “Banking/Trust Business” and ¥948 million ($8 million) for “Other” compared to the amounts had the previous accounting methodology been applied. “Ordinary Profit (Loss)” decreased by the same amount as “Ordinary Expenses” for “Banking/Trust Business” and “Other,” respectively.

(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						
	2003						
	Japan	Americas	Europe	Asia/Oceania Excluding Japan	Total	Eliminations	Consolidated
Ordinary Income:							
Outside Customers	**¥ 2,112,403**	**¥ 90,066**	**¥ 106,515**	**¥ 91,591**	**¥ 2,400,575**	**¥ —**	**¥ 2,400,575**
Inter-Regional Transfers	**49,529**	**56,268**	**16,231**	**4,646**	**126,676**	**(126,676)**	**—**
	2,161,932	**146,335**	**122,747**	**96,237**	**2,527,252**	**(126,676)**	**2,400,575**
Ordinary Expenses	**2,966,547**	**85,469**	**101,989**	**39,812**	**3,193,819**	**(123,850)**	**3,069,968**
Ordinary Profit (Loss)	**¥ (804,615)**	**¥ 60,865**	**¥ 20,757**	**¥ 56,425**	**¥ (666,567)**	**¥ (2,825)**	**¥ (669,392)**
Assets	**¥77,135,987**	**¥3,477,705**	**¥4,407,687**	**¥2,986,658**	**¥88,008,037**	**¥(7,800,628)**	**¥80,207,409**

	Millions of Yen						
	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-Regional 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						
	2003						
	Japan	Americas	Europe	Asia/Oceania Excluding Japan	Total	Eliminations	Consolidated
Ordinary Income:							
Outside Customers	**$ 17,574**	**$ 750**	**$ 886**	**$ 762**	**$ 19,972**	**$ —**	**$ 19,972**
Inter-Regional Transfers	**412**	**467**	**135**	**39**	**1,053**	**(1,053)**	**—**
	17,986	**1,217**	**1,021**	**801**	**21,025**	**(1,053)**	**19,972**
Ordinary Expenses	**24,680**	**711**	**848**	**332**	**26,571**	**(1,030)**	**25,541**
Ordinary Profit (Loss)	**$ (6,694)**	**$ 506**	**$ 173**	**$ 469**	**$ (5,546)**	**$ (23)**	**$ (5,569)**
Assets	**$641,730**	**$28,933**	**$36,670**	**$24,847**	**$732,180**	**$(64,897)**	**$667,283**

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.

3. Change in accounting standards

For the fiscal year ended March 31, 2003

(1) Discounted Cash Flows Method

From the fiscal year ended March 31, 2003, reserve for credit losses on claims on debtors who are currently not legally bankrupt but are likely to become bankrupt and claims that are restructured in a troubled debt restructuring involving a modification of terms are calculated using the discounted cash flows method provided that (1) the future cash flows of principal and interest payments can be reasonably estimated and that (2) claims represent lending to "large borrowers," as defined, and above a certain specific amount as prescribed in the Financial Services Agency Inspection Manual. As a result, the "Ordinary Expenses" increased by ¥347,279 million ($2,889 million) and "Ordinary Profit (Loss)" decreased by the same amount for "Japan" compared to the amounts had the previous reserving methodology been applied.

(2) Amendments to the Local Tax Law

Amendments to the Local Tax Law, effective from the fiscal year beginning after April 1, 2004, defines the tax basis of enterprise taxes, which was previously levied on as "income and liquidation income" by Article 72, paragraph 12 of the Local Tax Law, as consisting of "added value amount," "capital amount" and "income and liquidation income," and the enterprise taxes based on the "added value amount" and "capital amount" are no longer treated as income taxes. As a result, "Assets" of "Japan" increased by ¥4,990 million ($42 million) compared to assets had the previous definition been used to determine the enterprise taxes.

(3) Adoption of the Accounting Standards for Treasury Stock and Transfers of Capital Surplus

From the fiscal year ended March 31, 2003, UFJ Holdings and its consolidated subsidiaries adopted the Business Accounting Standard No. 1, "Accounting Standards for Treasury Stock and Transfers of Capital Surplus." As a result, "Ordinary Expenses" decreased by ¥52,344 million ($435 million) and "Ordinary Profit (Loss)" increased by the same amount for "Japan" compared to the amounts had the previous accounting methodology been applied.

(c) Ordinary Income from Overseas Operations

	Millions of Yen		Millions of U.S. Dollars
	2003	2002	**2003**
Ordinary Income from Overseas Operations	**¥ 288,172**	¥ 614,364	**$ 2,397**
Consolidated Ordinary Income	**2,400,575**	3,070,810	**19,972**
Ratio of Ordinary Income from Overseas Operations to Consolidated Ordinary Income	**12.0%**	20.0%	**12.0%**

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 Sheets

As of March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars 2003
ASSETS:			
Current Assets:			
Cash and Due from Banks	**¥ 610**	¥ 1,430	**$ 5**
Deferred Tax Assets	**33**	59	**0**
Other	**2,395**	15,150	**20**
Total Current Assets	**3,039**	16,640	**25**
Non-current Assets:			
Tangible Fixed Assets			
Equipment and Furniture	**3**	3	**0**
Intangible Fixed Assets			
Trademarks	**228**	256	**2**
Software	**35**	42	**0**
Investments and Other Assets			
Investments in Securities	**6,905**	6,075	**57**
Investments in Subsidiaries (Stocks)	**3,971,599**	3,934,190	**33,042**
Bonds of Subsidiaries	**100,000**	250,000	**832**
Investments in Subsidiaries (Bonds)	**—**	100,000	**—**
Other	**24**	41	**0**
Total Non-current Assets	**4,078,797**	4,290,609	**33,933**
Deferred Charges:			
Organization Costs	**900**	1,200	**8**
Total Deferred Charges	**900**	1,200	**8**
Total Assets	**¥4,082,737**	¥4,308,449	**$33,966**
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Current Liabilities:			
Short-term Loan Payable	**¥ 11,600**	¥ —	**$ 96**
Accounts Payable	**83**	96	**1**
Accrued Expenses	**121**	507	**1**
Accrued Income Taxes	**128**	143	**1**
Accrued Consumption Taxes	**—**	238	**—**
Other	**7**	18	**0**
Total Current Liabilities	**11,941**	1,004	**99**
Non-current Liabilities:			
Bonds	**100,000**	350,000	**832**
Loan-term Loan Payable from Subsidiary	**24,500**	—	**204**
Reserve for Retirement Benefits	**43**	96	**0**
Total Non-current Liabilities	**124,543**	350,096	**1,036**
Total Liabilities	**136,484**	351,101	**1,135**
Stockholders' Equity:			
Capital Stock	**1,000,000**	1,000,000	**8,319**
Capital Surplus	**1,882,953**	1,882,953	**15,665**
Other Capital Surplus	**1,000,000**	1,000,000	**8,320**
Gain (Loss) from Sales of Treasury Stock	**1,703**	—	**14**
Retained Earnings	**62,860**	74,602	**523**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(857)**	—	**(7)**
Treasury Stock	**(407)**	(208)	**(3)**
Total Stockholders' Equity	**3,946,252**	3,957,348	**32,831**
Total Liabilities and Stockholders' Equity	**¥4,082,737**	¥4,308,449	**$33,966**

Non-consolidated Statements of Operations

Fiscal Year Ended March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars 2003
Operating Revenues:			
Dividends on Investments in Subsidiaries (Stocks)	**¥ 11,136**	¥ 73,993	**$ 93**
Management Fees from Subsidiaries	**4,475**	7,969	**37**
Interest on Investments in Subsidiaries (Bonds)	**1,674**	1,734	**14**
Interest on Loans to Subsidiaries	**999**	1,028	**8**
Total Operating Revenues	**18,286**	84,725	**152**
Operating Expenses:			
General and Administrative Expenses	**3,186**	6,316	**27**
Interest on Bonds	**2,674**	2,763	**22**
Bond Issuance Costs	**—**	70	**—**
Total Operating Expenses	**5,860**	9,149	**49**
Operating Income	**12,426**	75,576	**103**
Non-operating Revenues:			
Interest Income	**7**	0	**0**
Fees and Commissions	**3**	13	**0**
Gains from Transfer of Substitutional Portion of Employee's Pension Fund	**7**	—	**0**
Other	**16**	6	**0**
Total Non-operating Revenues	**33**	19	**0**
Non-operating Expenses:			
Interest Expenses on Short-Term Bank Loans	**209**	20	**2**
Amortization of Organization Costs	**300**	300	**2**
Loss on Sales of Treasury Stocks	**—**	109	**—**
Other	**1**	13	**0**
Total Non-operating Expenses	**511**	444	**4**
Income (Loss) Before Income Taxes	**11,948**	75,152	**99**
Income Taxes:			
Provision for Income Taxes	**358**	649	**3**
Deferred Income Taxes	**49**	(100)	**0**
	407	549	**3**
Net Income (Loss)	**11,540**	74,602	**96**
Retained Earnings at Beginning of the Fiscal Year	**74,602**	—	**491**
Cash Dividends	**23,282**	—	**64**
Retained Earnings at End of the Fiscal Year	**62,860**	74,602	**523**

	Yen		U.S. Dollars
Net Income (Loss) Per Common Share:			
Basic	**¥(632.91)**	¥12,291.35	**$(5.27)**
Diluted	**—**	8,813.07	**—**

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, 2003:

	Millions of Yen	Millions of U.S. Dollars
	2003	**2003**
Year-End Dividends:		
Class I Preferred Share, ¥18,750 ($155.99) per Share	**¥ 263**	**$ 2**
Class II Preferred Share, ¥7,950 ($66.14) per Share	**1,590**	**13**
Class III Preferred Share, ¥34,375 ($285.98) per Share	**1,151**	**10**
Class IV Preferred Share, ¥9,300 ($77.37) per Share	**1,395**	**12**
Class V Preferred Share, ¥9,700 ($80.70) per Share	**1,455**	**12**
Class VI Preferred Share, ¥2,650 ($22.05) per Share	**23**	**0**
Class VII Preferred Share, ¥5,750 ($47.84) per Share	**1,150**	**9**
Total	**¥7,028**	**$58**

UFJ Bank Limited

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars 2003
ASSETS:			
Cash and Due from Banks	**¥ 4,220,815**	¥ 5,799,138	**$ 35,115**
Call Loans	**284,514**	498,059	**2,367**
Receivables under Resale Agreements	**—**	16,040	**—**
Cash Collateral Pledged for Bonds Borrowed	**816,165**	—	**6,790**
Monetary Receivables Bought	**71,008**	22,304	**591**
Trading Assets	**934,769**	1,091,539	**7,777**
Money Held in Trust	**4,588**	111,429	**38**
Securities	**16,767,956**	13,191,758	**139,500**
Loans and Bills Discounted	**39,721,610**	41,552,841	**330,463**
Foreign Exchanges	**558,066**	540,829	**4,643**
Other Assets	**1,711,690**	1,652,754	**14,240**
Premises and Equipment	**555,747**	610,920	**4,623**
Deferred Tax Assets	**1,256,748**	1,218,390	**10,455**
Customers' Liabilities for Acceptances and Guarantees	**3,242,752**	3,879,983	**26,978**
Reserve for Credit Losses	**(1,320,181)**	(1,375,914)	**(10,983)**
Reserve for Losses on Securities	**(1,848)**	(2,587)	**(15)**
Total Assets	**¥68,824,402**	¥68,807,488	**$572,582**
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Deposits	**¥51,770,158**	¥51,999,284	**$430,700**
Call Money	**4,599,028**	2,828,091	**38,262**
Payables under Repurchase Agreements	**651,981**	47,234	**5,424**
Cash Collateral Received for Bonds Loaned	**1,579,556**	—	**13,141**
Commercial Paper	**257,000**	487,000	**2,138**
Trading Liabilities	**320,498**	369,791	**2,666**
Borrowed Money	**1,850,239**	2,380,642	**15,393**
Foreign Exchanges	**94,571**	171,340	**787**
Bonds and Notes	**1,821,400**	1,597,400	**15,153**
Other Liabilities	**711,895**	1,892,493	**5,923**
Reserve for Employee Bonus	**7,668**	8,895	**64**
Reserve for Contingent Liabilities Related to Loans Sold	**13,635**	47,632	**113**
Reserve for Losses on Supports of Specific Borrowers	**—**	569,057	**—**
Other Reserves	**3**	3	**0**
Deferred Tax Liabilities for Revaluation Reserve for Land	**75,045**	76,224	**624**
Acceptances and Guarantees	**3,242,752**	3,879,983	**26,978**
Total Liabilities	**66,995,433**	66,355,075	**557,366**
Stockholders' Equity:			
Capital Stock	**843,582**	843,582	**7,018**
Capital Surplus	**845,556**	845,556	**7,035**
Other Capital Surplus	**445,000**	445,000	**3,702**
Retained Earnings (Accumulated Deficit)	**(484,372)**	64,406	**(4,030)**
Revaluation Reserve for Land, Net of Taxes	**109,568**	118,474	**912**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**69,633**	135,392	**579**
Total Stockholders' Equity	**1,828,969**	2,452,413	**15,216**
Total Liabilities and Stockholders' Equity	**¥68,824,402**	¥68,807,488	**$572,582**

UFJ Bank Limited

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years ended March 31, 2003 and 2002	Millions of Yen 2003	2002	Millions of U.S. Dollars 2003
REVENUES:			
Interest Income:			
Interest on Loans and Discounts	**¥ 753,032**	¥ 639,359	**$ 6,265**
Interest on and Dividends from Securities	**169,587**	202,957	**1,411**
Other Interest Income	**75,342**	179,491	**627**
Fees and Commissions	**214,147**	143,026	**1,781**
Trading Gains, Net	**97,825**	59,341	**814**
Other Operating Income	**266,984**	172,739	**2,221**
Other Income	**204,791**	388,479	**1,704**
Total Revenues	**1,781,711**	1,785,394	**14,823**
EXPENSES:			
Interest Expenses:			
Interest on Deposits	**96,784**	230,472	**805**
Interest on Borrowings and Rediscounts	**69,446**	68,438	**578**
Other Interest Expenses	**83,270**	95,744	**693**
Fees and Commissions	**89,623**	56,782	**746**
Trading Losses, Net	**438**	—	**4**
Other Operating Expenses	**49,222**	68,689	**409**
General and Administrative Expenses	**536,092**	390,097	**4,460**
Provision for Credit Losses	**353,821**	179,021	**2,943**
Other Expenses	**1,048,987**	1,288,951	**8,727**
Total Expenses	**2,327,686**	2,378,197	**19,365**
Income (Loss) before Income Taxes	**(545,974)**	(592,803)	**(4,542)**
Income Taxes:			
Provision for Income Taxes	**833**	3,523	**7**
Deferred Income Taxes	**(2,890)**	(294,547)	**(24)**
	(2,507)	(291,023)	**(17)**
Net Income (Loss)	**(543,917)**	(301,779)	**(4,525)**
Retained Earnings at Beginning of the Fiscal Year	**64,406**	184,758	**536**
Retained Earnings Carried Forward from the Merger	—	1,294	—
Reversal of Revaluation Reserve for Land	**6,136**	72,550	**51**
Transfer from Legal Reserve	—	184,609	—
Cash Dividends	**(10,998)**	(76,520)	**(92)**
Transfer to Legal Reserve	—	(505)	—
Retained Earnings (Accumulated Deficit) at End of the Fiscal Year	**¥ (484,372)**	¥ 64,406	**$ (4,030)**

	Yen		U.S. Dollars
Net Income (Loss) per Common Share:			
Basic	**¥(122.66)**	¥(96.85)	**$(1.02)**
Diluted	—	—	—

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars 2003
ASSETS:			
Cash and Due from Banks	**¥ 442,987**	¥ 582,567	**$ 3,685**
Call Loans	—	60,000	—
Cash Collateral Pledged for Bonds Borrowed	**299,997**	—	**2,496**
Monetary Receivables Bought	**41,188**	84,626	**342**
Trading Assets	**18,114**	27,790	**151**
Securities	**1,742,461**	2,596,924	**14,496**
Loans and Bills Discounted	**3,031,408**	3,520,861	**25,220**
Foreign Exchanges	**1,913**	3,352	**16**
Other Assets	**145,674**	145,953	**1,212**
Premises and Equipment	**49,041**	57,513	**408**
Deferred Tax Assets	**214,547**	239,199	**1,785**
Deferred Tax Assets for Revaluation Reserve for Land	—	534	—
Customers' Liabilities for Acceptances and Guarantees	**150,942**	197,520	**1,256**
Reserve for Credit Losses	**(144,765)**	(127,287)	**(1,204)**
Reserve for Losses on Securities	**(0)**	(59)	**(0)**
Total Assets	**¥5,993,511**	¥7,389,496	**$49,863**
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Deposits	**¥3,662,739**	¥4,075,118	**$30,472**
Call Money	**533,889**	724,852	**4,442**
Payables under Repurchase Agreements	—	299	—
Trading Liabilities	**15,061**	16,686	**125**
Borrowed Money	**58,504**	116,147	**487**
Bonds and Notes	**38,900**	88,900	**324**
Borrowed Money from Trust Account	**1,250,246**	1,692,839	**10,401**
Other Liabilities	**38,342**	54,646	**319**
Reserve for Employee Bonus	**1,147**	1,348	**9**
Reserve for Retirement Benefits	**140**	—	**1**
Reserve for Contingent Liabilities Related to Loans Sold	—	1,772	—
Reserve for Losses on Supports of Specific Borrowers	—	45,100	—
Acceptances and Guarantees	**150,942**	197,520	**1,256**
Total Liabilities	**5,749,914**	7,015,231	**47,836**
Stockholders' Equity:			
Capital Stock	**280,536**	280,536	**2,334**
Capital Surplus	**138,329**	252,676	**1,150**
Retained Earnings*	**(56,903)**	(114,347)	**(473)**
Legal Reserve*	—	23,726	—
Revaluation Reserve for Land, Net of Taxes	**(1,357)**	(836)	**(11)**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(117,006)**	(67,489)	**(973)**
Total Stockholders' Equity	**243,597**	374,265	**2,027**
Total Liabilities and Stockholders' Equity	**¥5,993,511**	¥7,389,496	**$49,863**

*Due to the revision of Financial Statements Regulation, Legal Reserve as of March 31, 2003 was included in Retained Earnings.

UFJ Trust Bank Limited

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years ended March 31, 2003 and 2002	Millions of Yen 2003	Millions of Yen 2002	Millions of U.S. Dollars 2003
REVENUES:			
Trust Fees	**¥ 58,678**	¥ 69,218	**$ 488**
Interest Income:			
Interest on Loans and Bills Discounted	**47,263**	55,017	**393**
Interest on and Dividends from Securities	**17,159**	30,597	**143**
Other Interest Income	**1,130**	2,398	**9**
Fees and Commissions	**47,321**	44,062	**394**
Trading Gains, Net	**583**	1,060	**5**
Other Operating Income	**23,838**	11,843	**198**
Other Income	**38,099**	59,207	**317**
Total Revenues	**234,075**	273,406	**1,947**
EXPENSES:			
Interest Expenses:			
Interest on Deposits	**11,395**	16,603	**95**
Interest on Borrowings and Rediscounts	**3,487**	8,621	**29**
Other Interest Expenses	**8,027**	17,369	**67**
Fees and Commissions	**4,580**	5,007	**38**
Trading Losses, Net	—	—	—
Other Operating Expenses	**4,157**	3,092	**34**
General and Administrative Expenses	**83,577**	89,030	**695**
Provision for Credit Losses	**35,303**	51,405	**294**
Other Expenses	**174,754**	267,161	**1,454**
Total Expenses	**325,284**	458,292	**2,706**
Income (Loss) before Income Taxes	**(91,209)**	(184,886)	**(759)**
Income Taxes:			
Provision for Income Taxes	**410**	100	**3**
Prior Year Tax Adjustment	—	1,944	—
Deferred Income Taxes	**(10,998)**	(51,299)	**(91)**
	(10,588)	(53,143)	**(88)**
Net Income (Loss)	**(80,621)**	(131,742)	**(671)**
Retained Earnings at Beginning of the Fiscal Year*	**(90,620)**	6,828	**(951)**
Transfer from Capital Surplus	**114,347**	—	**951**
Reversal of Reserve for Land	**(8)**	12,201	**(0)**
Cash Dividends	—	(1,362)	—
Transfer to Legal Reserve	—	(272)	—
Retained Earnings at End of the Fiscal Year	**¥ (56,903)**	¥(114,347)	**$ (671)**

	Yen 2003	Yen 2002	U.S. Dollars 2003
Net Income (Loss) per Common Share:			
Basic	**¥(77.33)**	¥(142.27)	**$(0.64)**
Diluted	—	—	—

*Due to the revision of Financial Statements Regulation, Retained Earnings at Beginning of the Fiscal Year ended March 31, 2003 includes Legal Reserve in the amount of ¥23,726 million.

NON-CONSOLIDATED BALANCE SHEETS

Trust Account

As of March 31, 2003 and 2002	Millions of Yen **2003 (Unaudited)**	2002 (Unaudited)	Millions of U.S. Dollars **2003 (Unaudited)**
ASSETS:			
Loans and Bills Discounted	**¥ 1,010,519**	¥ 1,300,544	**$ 8,407**
Securities	**3,678,996**	14,544,647	**30,607**
Securities of Investment Trusts	**6,897,147**	7,703,581	**57,381**
Overseas Investments of Investment Trusts	**1,877,472**	1,423,548	**15,620**
Beneficiary Rights in Trust	**8,342**	87,701	**69**
Securities in Trust	**402,007**	293,166	**3,345**
Securities Lent	**396,300**	481,500	**3,297**
Money Claims	**3,784,824**	3,552,805	**31,488**
Premises and Equipment	**1,302,169**	809,458	**10,833**
Superficies	**4,700**	—	**39**
Leasing Rights on Land	**16,976**	15,885	**141**
Other Claims	**131,800**	109,858	**1,097**
Call Loans	**1,358,263**	2,298,260	**11,300**
Lending Money to Banking Account	**1,250,246**	1,692,839	**10,401**
Cash and Due from Banks	**620,136**	599,842	**5,159**
Total Assets	**¥22,739,902**	¥34,913,641	**$189,184**
LIABILITIES:			
Money Trust	**¥ 4,856,467**	¥ 9,432,411	**$ 40,403**
Pension Trust	**10,927**	4,463,767	**91**
Property Formation Trusts	**4,613**	4,790	**39**
Loan Trusts	**1,080,701**	1,978,766	**8,991**
Investment Trusts	**11,762,451**	12,819,599	**97,857**
Money in Trust other than Money Trusts	**48,210**	1,129,100	**401**
Securities in Trust	**1,221,583**	1,150,120	**10,163**
Money Claims in Trust	**2,332,749**	1,833,911	**19,407**
Equipment in Trust	**149,196**	136,455	**1,241**
Real Estate in Trust	**97,824**	103,520	**814**
Leasing Rights on Land in Trust	**254**	725	**2**
Composite Trusts	**1,174,922**	1,847,847	**9,775**
Other Trusts	**0**	12,623	**0**
Total Liabilities	**¥22,739,902**	¥34,913,641	**$189,184**

Notes: 1. The total amount of Co-operative Trusts with other trust companies administrated were ¥17,862,169 million ($148,604 million) and ¥8,739,427 million ($72,707 million) as of March 31, 2003 and 2002, respectively.

2. Total amounts of loans in trust account with principal indemnification of clause were ¥972,915 million ($8,094 million) and ¥1,217,004 million ($10,125 million) as of March 31, 2003 and 2002, respectively.

Problem loans in trust account with principal indemnification of clause were as follows.

As of March 31, 2003 and 2002	Millions of Yen **2003**	2002	Millions of U.S. Dollars **2003**
Loans to Bankrupt Companies	**¥11,696**	¥ 14,932	**$ 97**
Other Delinquent Loans	**23,354**	59,908	**194**
Loans Past Due 3 Months or More	**1,425**	2,038	**12**
Restructured Loans	**42,275**	59,346	**352**
Total	**¥78,752**	¥136,227	**$655**

Trust Account

<Reference>
Since the fiscal year ended March 2003, UFJ Trust Bank has started the Service-Shared Co-Trusteeship with The Master Trust Bank of Japan (MTBJ) and transferred custody business of pension trust and other trust assets to MTBJ.
The total amount of Co-operative Trusts with other trust companies includes the trust assets of the Service-Shared Co-Trusteeship above, amounting to ¥10,342,817 million.
The Balance Sheet of Trust Assets which is obtained by adding up Trust Assets under Service-Shared Co-Trusteeship is as follows.

	Millions of Yen	Millions of U.S. Dollars
March 31, 2003	**2003 (Unaudited)**	**2003 (Unaudited)**
ASSETS:		
Loans and Bills Discounted	**¥ 1,010,519**	**$ 8,407**
Securities	**13,053,701**	**108,600**
Securities of Investment Trusts	**6,897,147**	**57,381**
Overseas Investments of Investment Trusts	**1,877,472**	**15,619**
Beneficiary Rights in Trust	**8,342**	**69**
Securities in Trust	**402,007**	**3,344**
Securities Lent	**396,300**	**3,297**
Money Claims	**3,788,583**	**31,519**
Premises and Equipment	**1,302,169**	**10,833**
Superficies	**4,700**	**39**
Leasing Rights on Land	**16,976**	**141**
Other Claims	**240,132**	**1,998**
Call Loans	**1,680,843**	**13,984**
Lending Money to Banking Account	**1,290,906**	**10,740**
Cash and Due from Banks	**850,386**	**7,075**
Total Assets	**¥32,820,188**	**$273,046**
LIABILITIES:		
Money Trust	**¥ 7,864,881**	**$ 65,432**
Pension Trust	**4,322,275**	**35,959**
Property Formation Trusts	**4,613**	**38**
Loan Trusts	**1,080,701**	**8,991**
Investment Trusts	**11,762,451**	**97,857**
Money in Trust other than Money Trusts	**740,509**	**6,161**
Securities in Trust	**1,221,583**	**10,163**
Money Claims in Trust	**2,332,749**	**19,407**
Equipment in Trust	**149,196**	**1,241**
Real Estate in Trust	**97,824**	**814**
Leasing Rights on Land in Trust	**254**	**2**
Composite Trusts	**3,243,148**	**26,981**
Other Trusts	**0**	**0**
Total Liabilities	**¥32,820,188**	**$273,046**

CAPITAL ADEQUACY

UFJ Group's capital ratio is subject to the capital adequacy guidelines issued 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 calculate UFJ Group's capital ratio under the guidelines.

		Millions of Yen
As of March 31, 2003 and 2002	**2003**	2002
Tier I (Core Capital):		
Common Stock	**¥ 1,000,000**	¥ 1,000,000
Capital Surplus	**1,233,702**	1,266,626
Retained Earnings	**(367,654)**	238,583
Minority Interests (*)	**842,391**	586,903
Less: Net Unrealized Loss on Available-for-sale Securities	**64,756**	—
Less: Treasury Stock	**1,913**	72,987
Foreign Currency Translation Adjustments	**(64,132)**	(37,834)
Less: Goodwill	**17,142**	23,934
Total Tier I Capital	**¥ 2,560,494**	¥ 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	**92,095**	96,655
Reserve for Credit Losses, excluding Specific Reserve	**579,103**	640,663
Subordinated Debts	**1,457,794**	2,019,408
Total Tier II Capital	**¥ 2,128,993**	¥ 2,807,238
Tier II Capital included as Qualifying Capital	**¥ 2,128,993**	¥ 2,807,238
Deductions	**72,161**	103,960
Total Capital	**¥ 4,617,325**	¥ 5,660,634
Risk-weighted Assets:		
Credit Risk Related Items	**45,860,502**	50,709,645
Market Risk Related Items	**467,758**	543,422
Total Risk-weighted Assets	**¥46,328,261**	¥51,253,067
Capital Ratio (%)	**9.96%**	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 ¥628,900 million and ¥529,950 million as of March 31, 2003 and 2002, respectively. The outlines of the preference shares are described 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 Holdings	100% subsidiaries	
Business of the Issuer(s)	The principal purposes of the Issuers are to issue the Offered Shares to investors and to purchase the preferred shares of UFJ Preferred Capital 1 Limited which is a 100% subsidiary of 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 Holdings' 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 Holdings 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 Holdings may determine in its discretion to reduce or eliminate dividends. If UFJ Holdings 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 Holdings has insufficient distributable profits as described below, and no dividends will be payable if UFJ Holdings 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 Holdings delivers to the Issuers a certificate stating that UFJ Holdings is Insolvent or in a Supervisory Period. Insolvent means (a) UFJ Holdings 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 Holdings based upon their determination that UFJ Holdings 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 Holdings' 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 bank holding companies 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 Holdings under the laws of Japan (including the special liquidation proceeding (*tokubetsu seisan*) of UFJ Holdings 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 Holdings 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 Holdings 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 Holdings' distributable profits (as determined under applicable Japanese law) for the fiscal year of UFJ Holdings 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 Holdings 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 Holdings in relation to securities issued by UFJ Holdings' subsidiaries ranking on a parity with any class of UFJ Holdings' preferred shares as to dividend rights and (c) any dividends which have been declared since the end of such fiscal year of UFJ Holdings in relation to any parity shares issued by the Issuers.
Availability of the Proceeds to UFJ Holdings	The full proceeds from the issuance of the Offered Shares were advanced to UFJ Holdings 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 Holdings	100% subsidiaries		
Business of the Issuer(s)	The principal purposes of the Issuers are to issue the Offered Shares to investors and to purchase the preferred shares of UFJ Preferred Capital 1 Limited which is a 100% subsidiary of 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 Holdings' 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 Holdings 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 Holdings may determine in its discretion to reduce or eliminate dividends. If UFJ Holdings 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 Holdings has insufficient distributable profits as described below, and no dividends will be payable if UFJ Holdings 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 Holdings delivers to the Issuers a certificate stating that UFJ Holdings is Insolvent or in a Supervisory Period. Insolvent means (a) UFJ Holdings 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 Holdings based upon their determination that UFJ Holdings 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 Holdings' 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 bank holding companies 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 Holdings under the laws of Japan (including the special liquidation proceeding (*tokubetsu seisan*) of UFJ Holdings 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 Holdings 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 Holdings 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 Issuer(s) may not pay more than an amount equal to UFJ Holdings' distributable profits (as determined under applicable Japanese law) for the fiscal year of UFJ Holdings 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 Holdings 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 Holdings in relation to securities issued by UFJ Holdings' subsidiaries ranking on a parity with any class of UFJ Holdings' preferred shares as to dividend rights and (c) any dividends which have been declared since the end of such fiscal year of UFJ Holdings in relation to any parity shares issued by the Issuers.
Availability of the Proceeds to UFJ Holdings	The full proceeds from the issuance of the Offered Shares were advanced to UFJ Holdings in the form of a subordinated loan.

	[6]		
Issuer	UFJ Capital Finance 4 Limited		
	Incorporated with limited liability in the Cayman Islands		
Relation to UFJ Holdings	100% subsidiary		
Business of the Issuer	The principal purposes of the Issuer are to issue the Offered Shares to investors and to purchase the preferred shares of UFJ Preferred Capital 1 Limited which is a 100% subsidiary of UFJ Bank.		
Offered Securities	9,450 Series A Floating Rate Non-cumulative Preference Shares, with a par value and liquidation preference of ¥10,000,000 per share (the “Offered Shares”).	1,150 Series B Fixed Rate Non-cumulative Preference Shares, with a par value and liquidation preference of ¥10,000,000 per share (the “Offered Shares”).	500 Series C 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 Holdings’ most senior preferred shares, and rights to dividends as described below under “Dividend Distribution Policy.”		
Amount	¥94.5 billion	¥11.5 billion	¥5 billion
Issuing Date	September 26, 2002	September 26, 2002	September 26, 2002
Maturity Date	Perpetual		
Redemption	The Offered Shares may be redeemed in whole or in part on any Dividend Payment Date commencing in January 2008 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 January 2010 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).	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 Holdings 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 Holdings may determine in its discretion to reduce or eliminate dividends. If UFJ Holdings 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 Holdings has insufficient distributable profits as described below, and no dividends will be payable if UFJ Holdings 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 Holdings delivers to the Issuers a certificate stating that UFJ Holdings is Insolvent or in a Supervisory Period. Insolvent means (a) UFJ Holdings 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 Holdings based upon their determination that UFJ Holdings 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 Holdings' 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 bank holding companies 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 Holdings under the laws of Japan (including the special liquidation proceeding (*tokubetsu seisan*) of UFJ Holdings 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 Holdings 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 Holdings 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 Holdings' distributable profits (as determined under applicable Japanese law) for the fiscal year of UFJ Holdings 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 Holdings 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 Holdings in relation to securities issued by UFJ Holdings' subsidiaries ranking on a parity with any class of UFJ Holdings' preferred shares as to dividend rights and (c) any dividends which have been declared since the end of such fiscal year of UFJ Holdings in relation to any parity shares issued by the Issuers.
Availability of the Proceeds to UFJ Holdings	The full proceeds from the issuance of the Offered Shares were advanced to UFJ Holdings in the form of a subordinated loan.

	[7]
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 $1,000 per security through the Dividend Payment Date in June 2008 and thereafter, at a floating rate with a step-up based on the London interbank offered rate for US$ 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) upon which Dividend Payment Dates the Issuer is required to pay full dividends ("Compulsory 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 generates 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: 5,036,313.99
Preferred Shares: 756,579.00

STOCK EXCHANGE LISTINGS:
Common Stock: Tokyo, Osaka, Nagoya, London

STOCK TRANSFER AGENT:
UFJ Trust Bank Limited

TEN LARGEST SHAREHOLDERS:

Shareholders	Number of Shares	Percentages of Total Shares Outstandings
DB LDN GENERAL NON-TREATY A/C	228,184.00	4.53%
Japan Trustee Services Bank, Ltd. (Trust Account)	166,139.00	3.30%
Nippon Life Insurance Company	145,001.51	2.88%
TOYOTA MOTOR CORPORATION	137,149.05	2.72%
The Master Trust Bank of Japan, Ltd. (Trust Account)	130,346.00	2.59%
Daido Life Insurance Company	105,311.74	2.09%
Meiji Life Insurance Company	51,456.94	1.02%
NIPPONKOA Insurance Company, Limited	51,150.80	1.02%
Teijin Limited	44,480.52	0.88%
DAIHATSU MOTOR CO., LTD.	43,414.86	0.86%

(As of March 31, 2003)

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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.

This annual report is printed on recycled paper.

UFJ Holdings, Inc.

Tokyo Headquarters: 1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8114, Japan