UFJ

moving forward

ANNUAL REPORT 2004

Year ended March 31, 2004

UFJ Holdings, Inc.

THE UFJ GROUP

One of Japan's largest providers of financial services, the UFJ Group has solid market positions in banking, trust services and other financial market segments. Furthermore, in addition to solid customer bases in Tokyo, Nagoya and Osaka in Japan, the UFJ Group has built an expansive network overseas in China and Southeast Asia. For a long time, the UFJ Group has concentrated on attracting customers, particularly small and medium-sized companies and retail customers, by adding innovative products, making services more accessible and taking many other steps. Now, the UFJ Group is taking new steps to develop further.

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FINANCIAL HIGHLIGHTS

	UFJ Bank[1] and UFJ Trust[2] (Non-consolidated)		
	Billions of Yen		Billions of U.S. Dollars[3]
Fiscal Years ended March 31	**2004**	2003	**2004**
Gross Operating Profit[4]	**¥ 1,362.3**	¥1,371.5	**$12.9**
Net Interest Income	**780.2**	791.4	**7.4**
Net Fees and Commissions	**220.4**	167.2	**2.1**
Trust Fees[4]	**66.6**	77.4	**0.6**
General and Administrative Expenses	**567.7**	592.5	**5.4**
Business Profit before Net Transfer to General Reserve[4]	**794.6**	778.9	**7.5**
Net Transfer to General Reserve	**342.3**	252.0	**3.2**
Business Profit[4]	**452.2**	526.9	**4.3**
Net Gains (Losses) on Stocks and Other Equity Securities	**327.5**	(617.7)	**3.1**
Credit Costs[4]	**(1,048.9)**	(588.9)	**(9.9)**
Ordinary Profit (Loss)	**(427.2)**	(699.7)	**(4.0)**
Net Income (Loss)	**(375.5)**	(625.6)	**(3.6)**
Net Income (Loss) of UFJ Holdings (Consolidated)	**(402.8)**	(608.9)	**(3.8)**

1. UFJ Bank's results for the fiscal year ended March 31, 2003 and 2004 includes the results of UFJ Strategic Partner Co., Ltd. and UFJ Equity Investments Co., Ltd.
2. UFJ Trust's results for the fiscal year ended March 31, 2004 includes the results of UFJ Trust Equity Co., Ltd.
3. Converted into U.S. dollars at ¥105.64 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	**2004**	2003
UFJ Holdings	**9.24%**	9.96%
UFJ Bank	**8.36%**	10.05%
UFJ Trust*	**12.34%**	7.54%

* UFJ Trust applies domestic standards. The consolidated capital ratio based on uniform international standards would be 12.87% as of March 31, 2004 and 8.14% as of March 31, 2003.

CREDIT RATINGS

As of March 31, 2004	UFJ Bank	UFJ Trust
Moody's (Long Term)	A3	Baa1
Standard & Poor's (Long Term)	BBB	BBB

To Our Shareholders

In the fiscal year that ended in March 2004, UFJ Bank and UFJ Trust exceeded their business profit targets. Most noteworthy were increases in housing loans and income from fee-based services, two strategic categories that we have consistently targeted for growth. Despite these accomplishments, UFJ Holdings recorded a consolidated net loss of ¥402.8 billion, the third consecutive net loss since its establishment, mainly due to more than ¥1.3 trillion in credit-related expenses. As a result, no dividend was paid to shareholders of common stock.

Since my appointment as president of UFJ Holdings in June 2004, I have focused my energies on determining the best course of action for the UFJ Group. We must deal with the causes of our current difficulties, particularly problem loans and corporate governance, to build a sound base of operations. Another priority is laying the groundwork for the long-term growth and prosperity of the UFJ Group. After studying as many options as possible, we decided that a management integration with Mitsubishi Tokyo Financial Group, Inc. (MTFG) would be the best way to accomplish this.

Ryosuke Tamakoshi
President and
Chief Executive Officer

PROPOSED INTEGRATION WITH MITSUBISHI TOKYO FINANCIAL GROUP

Shareholder value was our highest priority as we looked for the most suitable integration format and partner. Needless to say, any integration is dependent on receiving the approval of our shareholders. To obtain independent advice, we appointed Merrill Lynch Japan Securities Co., Ltd. and J.P. Morgan Securities Asia Pte. Limited as our financial advisers.

On August 12, 2004, we reached a basic agreement with MTFG concerning the integration of the holding companies, commercial banks, trust banks and securities companies of the two groups. The target for completing the integration is October 1, 2005. In accordance with the basic agreement, UFJ Holdings and MTFG concluded a capital injection agreement on September 10 and MTFG purchased ¥700 billion of preferred stock issued by UFJ Bank on September 17, 2004. I strongly believe that this increase in capital is essential to maximizing the benefits of the planned management integration as well as to preserving shareholder value. This capital will enable us to maintain the level of BIS capital needed to conduct international operations. The capital will thus preserve our business franchises not only overseas but also in Japan, since many domestic clients rely on us for services related to their international business activities.

We made the decision to pursue the management integration with MTFG after careful consideration of all applicable issues. Our examinations included the consideration of a proposal from Sumitomo Mitsui Financial Group, Inc. (SMFG) and the receipt of independent advice from third parties such as financial advisers and legal specialists.

We ultimately decided to integrate our operations with those of MTFG for several reasons. One is the certainty of completing the capital injection by the end of September 2004. Another is the current superior financial soundness of MTFG relative to SMFG, which has more problem loans and a greater dependence on deferred tax assets than MTFG. Furthermore, the absence of outstanding public fund obligations at MTFG will allow us to select from a broader range of capital management options, including an early buyback of public funds, to improve shareholder value. The MTFG integration also offers complementary advantages in terms of cost reductions, products and services, and the client profiles and geographic coverage of the two groups. For these reasons, we are convinced that a combination of UFJ Holdings and MTFG will produce the greatest benefits for the shareholders of UFJ Holdings as well as the customers of its group companies.

We are working closely with MTFG and obtaining advice from independent third parties, including financial advisers, to decide on the merger ratio. The ratio will be finalized only after the due diligence process is completed by each party. However, the directors strongly believe that UFJ Holdings can obtain a merger ratio with MTFG that is fair and likely to be comparable to the one proposed by SMFG.

A QUICK RESOLUTION TO THE PROBLEM LOAN ISSUE

Restoring a sound financial position is one of the UFJ Group's highest priorities. Above all, we must put the problem loan issue behind us once and for all to build a sound balance sheet. This is particularly true of loans to large troubled borrowers. Our current goal is to lower problem loans to less than 4% of total loans by the end of March 2005. To accomplish this goal, we have accelerated our efforts to revitalize troubled borrowers. These actions will cause us to incur more credit-related expenses than we had initially expected. As a result, we released a revised earnings forecast for the current fiscal year on September 10, 2004 that reflects these expenses. We are forecasting a large non-consolidated net loss and plan to suspend dividend payments for common stock as well as preferred shares, including those held by the government.

However, we will maintain the required BIS capital ratio because of the capital injection of MTFG at UFJ Bank. Furthermore, despite this projected loss, we foresee considerable progress in the current fiscal year with regard to raising efficiency and improving our ability to generate earnings. I am therefore confident that we are on the right path to returning to profitability as quickly as possible.

STRENGTHENING CORPORATE GOVERNANCE

In June 2004, we received administrative actions from the Japanese Financial Services Agency (FSA). These actions resulted from our failure to meet the profit target in the plan to revitalize management, which led to the resignation of the top management of UFJ Holdings, UFJ Bank and UFJ Trust Bank, and from serious deficiencies in our entire internal control framework, such as improper responses to FSA inspections and inadequate management of credit risk. These developments are matters of the utmost seriousness. On behalf of senior management, I would like to express my sincere apologies for the considerable confusion and concern these problems have caused shareholders. The new management team has made a strong commitment to taking the lead in enacting all necessary reforms. To provide a blueprint for these reforms, business improvement plans were submitted to the FSA in July 2004.

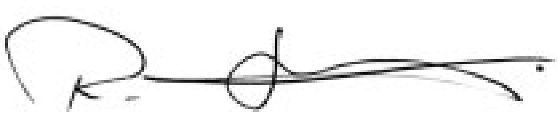
To prevent a reoccurrence of these problems, measures are being taken to raise the awareness of management and employees concerning the need for strict compliance with laws and regulations. We are also enacting far-reaching measures to bolster our corporate governance systems. Through the reorganization of the UFJ Group, we have already established a framework under which mutual checks and balances can function more effectively. At UFJ Bank, we plan to add individuals from outside the UFJ Group to the board. These non-executive directors will be devoted exclusively to supervising management from a perspective that is independent of the UFJ Group.

I am well aware of the areas where our corporate culture must change in order to truly separate ourselves from events of the past. This new spirit must form the basis for every aspect of the UFJ Group's activities. I am convinced that embracing this spirit is the first step toward becoming worthy of the trust of shareholders and the public.

A CRITICAL JUNCTURE FOR THE UFJ GROUP

The UFJ Group was formed in April 2001 with the corporate vision of "becoming an innovative financial group with deep commitments to society, growing together with customers." Today, we stand at a critical stage of our development. Our actions will determine whether or not we can restore the trust of shareholders.

As I explained earlier, we have chosen to pursue a management integration. At the same time, however, we will fulfill our obligations as an independent bank, taking every step required, regardless of how difficult, to set matters straight. In particular, we will retain a relentless focus on solving the problem loan issue as quickly as possible and dealing with other management issues. With this mind-set, we will forcefully enact reforms and take other decisive actions that are aimed at maximizing shareholder value.



Ryosuke Tamakoshi
President and Chief Executive Officer
UFJ Holdings, Inc.

September 17, 2004

PROBLEM LOANS

The UFJ Group is placing the highest priority on quickly resolving the problem loan issue. Actions include increasing coverage and reserves for these loans as well as assisting borrowers to return to financial health. The group is also moving quickly to achieve a final disposition of problem loans.

REPORT FOR YEAR ENDED MARCH 31, 2004

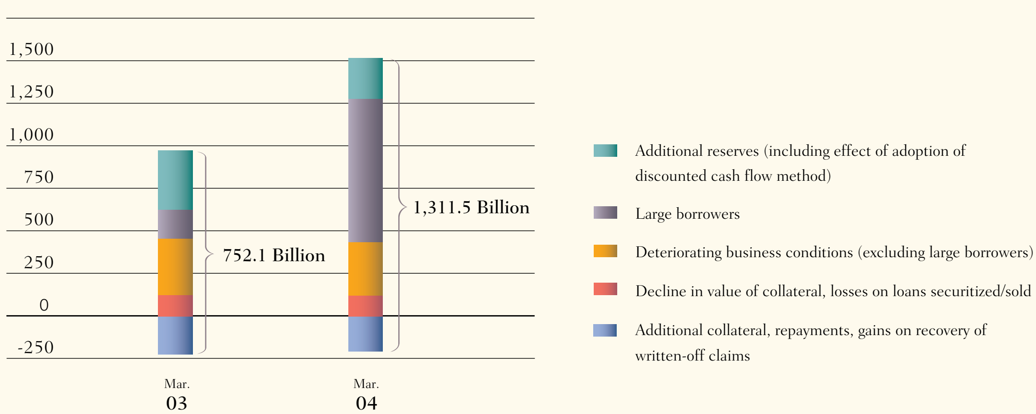
CREDIT-RELATED EXPENSES

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

In the fiscal year ended March 31, 2004, credit-related expenses amounted to ¥1,311.5 billion. This was ¥559.3 billion more than in the previous fiscal year, and approximately ¥800 billion more than the ¥500 billion forecast in November 2003. The increase was mainly due to an addition to reserves of about ¥840 billion associated with large borrowers, and additional reserves associated with loans to other borrowers.

Credit-Related Expenses

Billions of Yen



PROBLEM LOANS OUTSTANDING AS OF MARCH 31, 2004

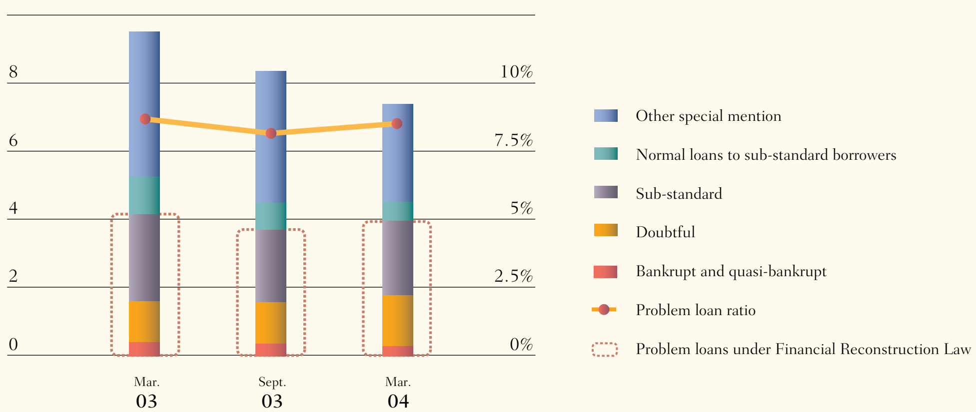
(UFJ Bank, UFJ Trust and UFJ Strategic Partner combined, non-consolidated)

Problem loans at the two banks and UFJ Strategic Partner, based on the Financial Reconstruction Law, totaled ¥3.9 trillion. This was about ¥240 billion more than the balance as of September 30, 2003 because of the downgrading from "normal" of loans totaling approximately ¥1.2 trillion, mainly loans to large borrowers. Problem loans were 8.5% of total loans, 0.4 percentage point higher than as of September 30, 2003.

However, problem loans in the broader sense, which includes loans to other special mention borrowers, were about ¥1.0 trillion less than as of September 30, 2003.

Problem Loan Balance and Ratio

Trillions of Yen



Balance of Problem Loans under Financial Reconstruction Law

			Billions of Yen
	March 31, 2004	September 30, 2003	March 31, 2003
Bankrupt and Quasi-Bankrupt	**¥ 304.4**	¥ 373.2	¥ 419.5
Doubtful	**1,483.6**	1,218.0	1,208.0
Sub-Standard	**2,161.2**	2,116.5	2,535.9
Total Problem Loans	**3,949.3**	3,707.9	4,163.5
Normal	**42,463.3**	41,838.1	43,834.3
Normal Loans to Sub-Standard Borrowers	**570.3**	792.0	1,119.8
Normal Loans to Other Special Mention Borrowers	**2,850.9**	3,842.0	4,227.2
Total Loans	**¥46,412.7**	¥45,546.1	¥47,997.8

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

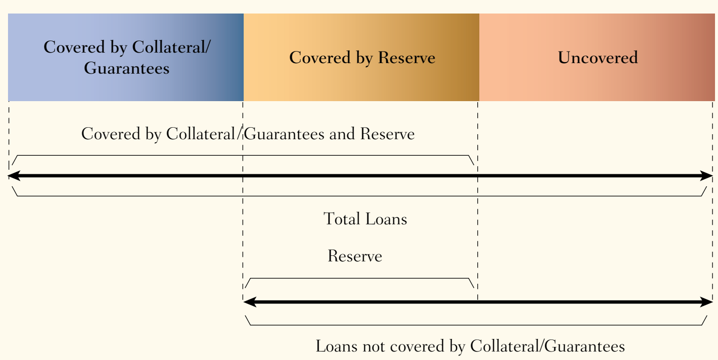
COVERAGE AND RESERVES FOR PROBLEM LOANS

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

To expedite measures to deal with problem loans, the two banks and UFJ Strategic Partner increased reserves during the past fiscal year. The resulting coverage ratios and reserve ratios as of March 31, 2004 are shown in the table on the opposite page. The reserve ratio for loans not covered by collateral, guarantees or other means rose from 30.55% as of September 30, 2003 to 48.54% as of March 31, 2004 for sub-standard borrowers, and from 54.11% to 81.38% for doubtful borrowers. The coverage ratio, including collateral, guarantees and reserves, for problem loans was 74.11% as of March 31, 2004, 11.60 percentage points higher than as of September 30, 2003.

The reserve ratios for loans to borrowers classified as normal and other special mention, including the portion of loans covered by collateral and guarantees, were 0.26% and 7.62%, respectively, as of March 31, 2004. These figures represent increases of 0.08 percentage points and 2.12 percentage points, respectively, compared with September 30, 2003.

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

			%
	March 31, 2004	September 30, 2003	March 31, 2003
Bankrupt and Quasi-Bankrupt	**100.00**	100.00	100.00
Doubtful	**89.58**	73.88	85.85
Sub-Standard*	**62.82**	52.93	52.62
Total Problem Loans	**74.11**	62.51	63.98

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

			%
	March 31, 2004*	September 30, 2003	March 31, 2003
Bankrupt and Quasi-Bankrupt	**100.00**	100.00	100.00
Doubtful	**81.38**	54.11	73.73
Sub-Standard*	**48.54**	30.55	29.89

Reserve Ratio for Other Special Mention Borrowers	**7.62**	5.50	4.53
Reserve Ratio for Normal Borrowers	**0.26**	0.18	0.18

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

MEASURES TO QUICKLY RESOLVE THE PROBLEM LOAN ISSUE

To achieve a rapid resolution of the problem loan issue, the UFJ Group is moving problem loans off its balance sheet and stepping up assistance to help borrowers return to financial health. During the fiscal year ending March 31, 2005, the group is focusing actions on large borrowers. The group's plan calls for a reduction in problem loans to ¥1.6 trillion by the end of March 2005 compared with about ¥3.9 trillion at the end of March 2004. This would reduce problem loans from 8.5% to less than 4% of total loans.

MEASURES TO RESTORE THE FINANCIAL HEALTH OF BORROWERS

The UFJ Group extends support to borrowers by drawing on its collective resources in cases where the decision is made that a borrower, while having an excessive amount of liabilities, is sufficiently competitive in its core businesses to return to financial health through restructuring and other initiatives.

Initiatives for Large Borrowers

At large borrowers where the UFJ Group is the primary source of financial services, the group is strengthening assistance aimed at returning companies to financial health and ultimately upgrade these borrowers to the "normal" category. The group is focusing its actions on measures to deal with problem loans to large borrowers, which totaled about ¥1.8 trillion at the end of March 2004, by the end of March 2005.

Initiatives for Small and Medium-Sized Companies

To deal with problem loans to small and medium-sized companies, the role of subsidiary UFJ Strategic Partner will be expanded. In addition, a newly established investment fund will be used to assist in the financial rehabilitation of these borrowers.

■ ***Greater Role of UFJ Strategic Partner***

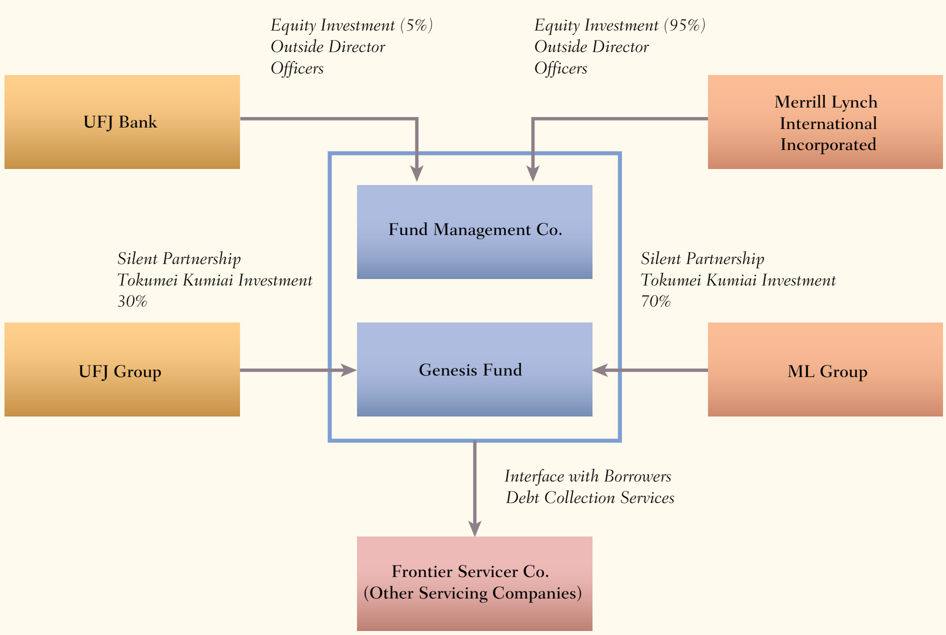
UFJ Strategic Partner was established in March 2003 by UFJ Bank and Merrill Lynch for the purpose of rehabilitating small and medium-sized companies categorized as doubtful, quasi-bankrupt and bankrupt, and dealing with problem loans to these borrowers. This provides a means of combining UFJ Bank's expertise with know-how from outside the UFJ Group to formulate and execute financial rehabilitation plans. Advice provided by UFJ Strategic Partner was instrumental in the reduction of about ¥410 billion during the past fiscal year in problem loans to small and medium-sized companies.

Beginning in July 2004, the activities of UFJ Strategic Partner were extended to include other loans, chiefly those to borrowers classified as "sub-standard" to assist more companies return to financial health. UFJ Strategic Partner will thus now handle problem loans to small and medium-sized companies classified as "sub-standard" or lower. UFJ Bank will shift its focus to preventive measures involving borrowers in all higher-ranking categories.

■ *Establishment of Investment Fund for Corporate Rehabilitation*

In July 2004, UFJ Bank and Merrill Lynch established the Genesis Fund, a corporate rehabilitation investment fund. The fund purchases loans extended by UFJ Bank and other financial institutions mainly to small and medium-sized companies and works with these borrowers to increase their corporate value. The fund mainly targets companies classified as "sub-standard" that have basically sound business operations but are experiencing difficulties because of excessive investments or debt and where prospects are good for increasing corporate value by conducting financial restructuring programs and taking other actions. The fund purchases these loans at market prices and, while extending additional financing as required, works with borrowers to return them to financial health. The fund, which is owned 70% by Merrill Lynch and 30% by the UFJ Group, can have assets of up to ¥100 billion.

Structure of Genesis Fund



MOVING FASTER TOWARD FINAL DISPOSITION

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 proceeds with the final disposal of loans. Actions include the sale of loans to The Resolution and Collection Corporation or other buyers and other measures to minimize losses. To collect amounts due, the expertise of Frontier Servicer, a UFJ Group company, is fully utilized. While this company was established initially to collect retail loans of the UFJ Group, in the fiscal year ended March 2003 it also began handling corporate loans. In July 2004 this company began collecting loans on behalf of the Genesis Fund.

PREVENTING THE 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 signs 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. If 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, through an alliance partner, 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.

INTEREST RATES THAT 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 place a cap on credit extensions to individual borrowers and corporate groups in accordance with their individual internal credit ratings. Enforcing these rules will allow the UFJ Group to build a balanced loan portfolio in which risks are spread among many types of borrowers.

CREDIT RATING CATEGORIES

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.

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

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)

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 1999 to the end of September 2003.

Claims against special mention borrowers (excluding sub-standard borrowers): Large borrowers (¥10 billion or more) upgraded from sub-standard or below: General reserve established in the amount of expected loss, calculated by the discounted cash flow method.

Other borrowers (Less than ¥10 billion): 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: Large borrowers (¥10 billion or more): General reserve established in the same manner as for claims against large borrowers (¥10 billion or more) upgraded from sub-standard or below, categorized as special mention borrowers.

Other borrowers (Less than ¥10 billion): General reserve established in the same manner as for claims against other borrowers (less than ¥10 billion) categorized as 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 loss 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.

Even though a loan has not been approved by management for sale, if the potential sale price of a claim in this category can be reasonably estimated, such as being 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.

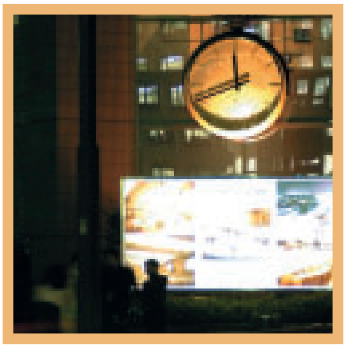
Claims against bankrupt and quasi-bankrupt borrowers: Claims that fall under Category III or IV are written off or transferred to the specific reserve.

Activities in Retail S

To provide services of more value to customers, the UFJ Group enacts numerous initiatives that put the customer first. Symbolizing this dedication to convenience is UFJ24, a program designed to maximize accessibility and save customers time.

• UFJ24

Launched in September 2003, UFJ24 is a program aimed at maximizing the quality and convenience of services through a variety of actions. Among the main UFJ24 initiatives are a substantial increase in the number of branches and outlets offering 24-hour ATM services, expansion of Call Center operations to 24 hours, more TV service windows that operate into the evening hours and on weekends, and the opening of new types of branches with greatly extended operating hours for teller services. To make customers feel more welcome, UFJ Bank is starting various services including setting up teller windows exclusively for individuals, and introducing a reservation system to eliminate waiting time.



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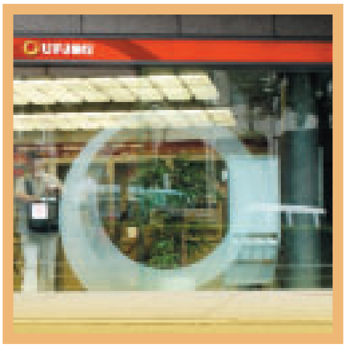
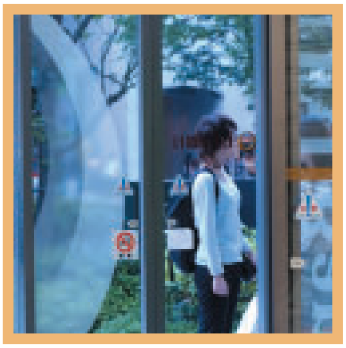




Convenience

• Broad and Balanced Network

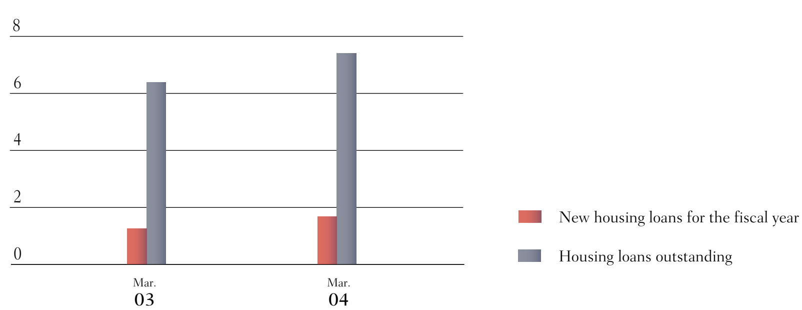
UFJ Bank and UFJ Trust have extensive branch networks in Japan's three largest metropolitan areas: Tokyo, Osaka and Nagoya. At the end of March 2004, there were 459 branches, including 168 in the Tokyo area, 146 in the Osaka area and 127 in the Nagoya area. In addition, UFJ Bank has a proprietary nationwide network of about 6,000 ATMs.

Activities in Retail S

• Housing Loans

A strategic business of UFJ Bank, housing loans have consistently been one of the bank's most successful business segments. During the fiscal year that ended in March 2004, housing loans increased about ¥1 trillion, or 15.8%, to ¥7.37 trillion. Flexibility is one reason for this growth. UFJ Bank offers loans with a variety of interest rate and repayment structures. Speed is another factor. Applications are processed quickly and efficiently due to the use of a computerized evaluation system and efficient clerical processes. In addition, UFJ Bank is using its network of 133 housing loan offices, as of March 2004, to deepen and increase relationships with developers and real estate brokers, through which customers often apply for its housing loans.

Housing Loans (UFJ Bank)
Trillions of Yen



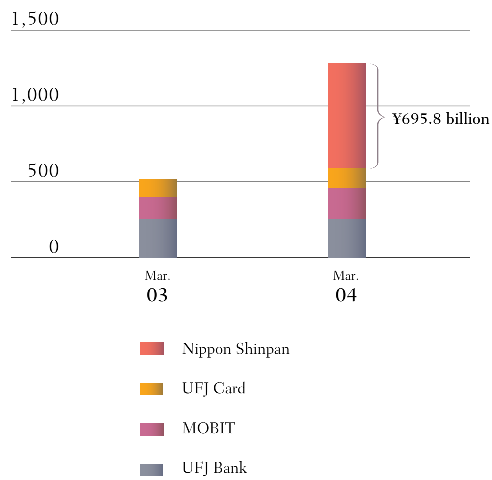
e r v i c e s

• Consumer Loans

The UFJ Group's strategy of channeling resources to consumer loans produces enormous benefits. The inclusion of Nippon Shinpan in the group would raise total consumer loans outstanding by ¥695.8 billion to more than ¥1.2 trillion (Nippon Shinpan is scheduled to become a UFJ Bank subsidiary by the end of March 2005). Cross-selling activities at UFJ Bank were also highly effective, helping attract 245,000 new card loan customers at the bank, 130% more than in the previous fiscal year. Furthermore, loans outstanding at group consumer loan company MOBIT rose about ¥47 billion, or 38%, to ¥170 billion.

Balance of Consumer Loans

Billions of Yen



- Nippon Shinpan includes securitized loans (¥390.8 billion).
- UFJ Card includes revolving/installment credit and does not include cashing.
- MOBIT includes guarantees. UFJ Mobit Cashing is included in UFJ Bank.

• Credit Cards

Backed by cross-selling activities by UFJ Bank, UFJ Card is posting steady growth in the number of cardholders. During the fiscal year that ended in March 2004, there were 347,000 new cardholders, 61% more than in the previous fiscal year. In 2005, the number of cardholders will rise dramatically when UFJ Card and Nippon Shinpan, which issues the NICOS card, jointly form a company called UFJ NICOS Co., Ltd. The new company is expected to become Japan's largest credit card issuer, serving about 20 million cardholders and handling annual transactions of about ¥3.7 trillion.

Corporate

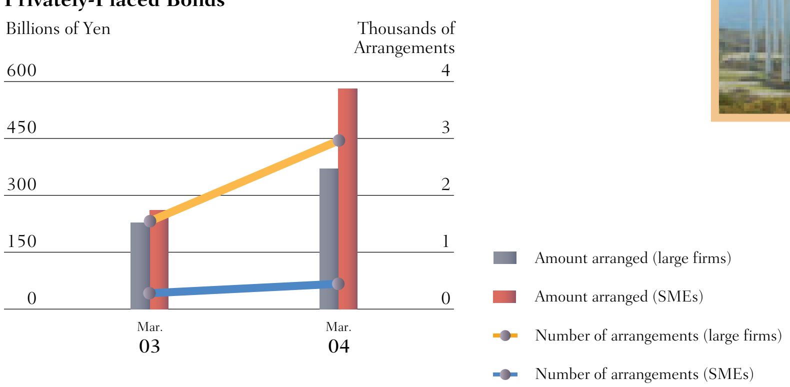
By offering a large selection of services covering fund procurement and management as well as consulting, the UFJ Group has the resources to supply all corporate clients with the best possible solution for each requirement.

Diversity

• A Broader Approach to Credit for Corporate Clients

Until recently, Japanese banks have tended to base credit decisions heavily on real estate and other collateral held by borrowers. UFJ Bank is currently taking actions to move away from this traditional lending policy and to offer various types of lending. The bank is aggressively meeting customers' funding requirements by taking into consideration cash flows, current liablities, intangible assets and other applicable items.

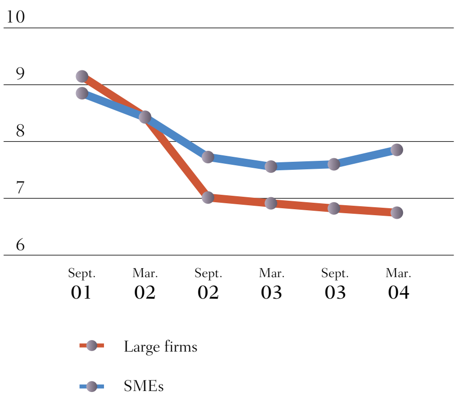
Privately-Placed Bonds



Services

Credit* Granted

Trillions of Yen



* Average balance of loans, privately-placed bonds and CLO

• Greater Diversity for Small and Medium-Sized Enterprises

The UFJ Group meets the funding needs of small and medium-sized enterprises (SMEs) not only through loans, but also CLOs, private placements of bonds, syndicated loans and other means that until now have been offered mainly to large corporations. The group is developing new types of loans particularly for small companies. During the past fiscal year, UFJ Bank began offering a new loan based on a scoring model for smaller companies.

• An Extensive Network in China and Southeast Asia

UFJ Bank has five branches and one representative office in mainland China, and one branch and one sub-branch in Hong Kong, as well as alliances with a number of local banks. This provides a powerful platform for extending financial services and other forms of assistance to Japanese companies and other clients. Four Chinese branches are licensed to conduct deposit, loan and settlement services in Chinese yuan. In November 2003, the China Business Planning Department was established in Shanghai to strengthen and promote business strategies for China. In addition, China Business Promotion Offices are located in Tokyo, Osaka and Nagoya to provide extensive services and information on business opportunities in China to clients. UFJ Bank also has branches and subsidiaries in major cities in the ASEAN region, including the largest branch network of any Japanese bank operating in Jakarta.

Activities in Corporate

• Assistance That Goes Beyond Loans

UFJ Bank offers many types of support to help client companies reach their goals. Companies often turn to the bank for assistance in conducting mergers and acquisitions linked to strategic objectives. Succession planning is another field where the bank is highly experienced. To contribute more directly to growth, UFJ Bank assists client companies locate new customers. Through business forums and other means, the bank matches the procurement and sales needs of different companies. Several business forums have been held for this purpose, including one in Shanghai in February 2004.

• Leasing and Factoring

The UFJ Group's leasing operations were integrated in April 2004 to form UFJ Central Leasing Co., Ltd. With consolidated assets for leasing of about ¥9.5 billion, this new company ranks third in Japan's leasing industry and serves approximately 72,000 corporate clients. Group member UFJ Business Finance Co., Ltd. specializes in the provision of factoring services.

• Securities Business

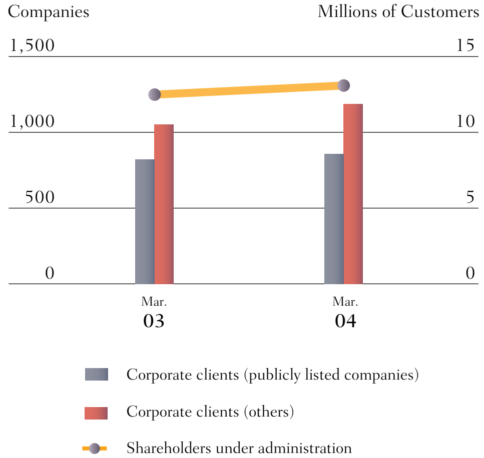
UFJ Tsubasa Securities offers a full line of wholesale services for corporate clients. This company offers support for equity financing and asset management needs (bond and stock trading); and works with UFJ Bank to bolster investment banking services, particularly mergers & acquisitions and securitization.

Services

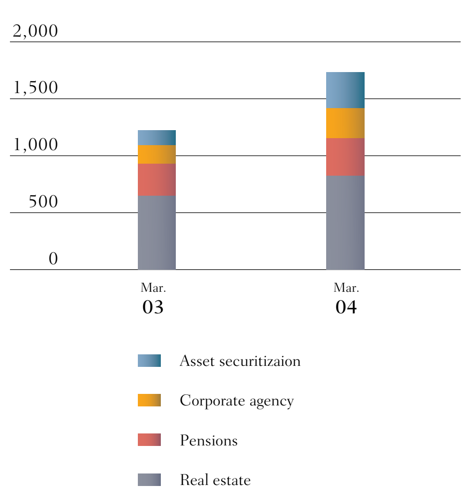
• Trust Services

Through UFJ Trust, the UFJ Group extends a full line of trust services for its own customers as well as those of UFJ Bank and other group companies. Corporate agency services are a particular strength. A pioneer in this field in Japan, UFJ Trust leverages a powerful brand, extensive service network and other strengths to serve as the transfer agent for 2,041 companies, ranking it first in Japan. Through collaboration with UFJ Bank, UFJ Trust is also active in the securitization of real estate and use of other trust services to package assets for sale to investors.

Number of Clients for Corporate Agency Services



Number of Deals by Cooperation with UFJ Bank



ANALYSIS OF OPERATIONS AND FINANCIAL POSITION FOR FISCAL YEAR ENDED MARCH 31, 2004

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

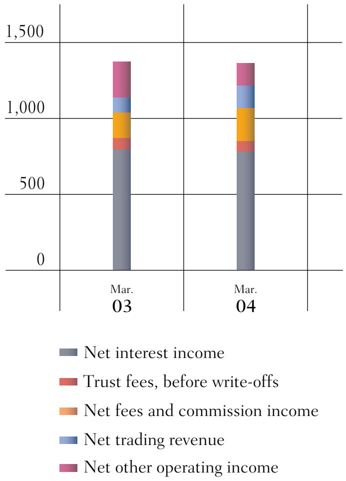
All figures in this section are the sum of the non-consolidated results of operations of UFJ Bank, including UFJ Strategic Partner and UFJ Equity Investments, and UFJ Trust, including UFJ Trust Equity.

Gross operating profit decreased ¥9.1 billion to ¥1,362.3 billion. Net interest income decreased ¥11.2 billion to ¥780.2 billion. One reason was a decline in loans outstanding because of weak demand for corporate loans and progress in achieving the final resolution of problem loans. The decrease was also caused by a downturn in earnings on deposits and loans due to maturities of loans extended when interest rates were higher and pressure on housing loan interest rates from intense competition. Trust fees, before write-offs, decreased ¥10.8 billion to ¥66.6 billion because of the transfer of the custody business for trust assets to The Master Trust Bank of Japan, Ltd. and a decrease in the balance of loan trusts. Net fees and commission income increased ¥53.1 billion to ¥220.4 billion, mainly the result of strong growth in commissions from settlement and investment banking operations. Net trading revenue increased ¥48.7 billion to ¥146.6 billion because of growth in sale of derivative products. Net other operating income decreased ¥89.0 billion to ¥148.4 billion. Bond trading income was ¥121.3 billion, mainly from gains recorded in the fiscal year's first half, but this was ¥75.6 billion less than in the previous fiscal year.

General and administrative expenses decreased ¥24.8 billion to ¥567.7 billion. There was a ¥12.9 billion decline in personnel expenses, mainly the result of continued workforce reductions and enforcement of a merit-based personnel system. Non-personnel expenses decreased ¥10.8 billion, mainly reflecting benefits of bank branch consolidations in previous fiscal years and cost-cutting at head offices, office expense reductions and other items.

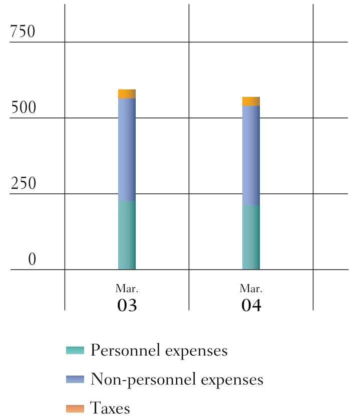
Gross Operating Profit

Billions of Yen



General and Administrative Expenses

Billions of Yen



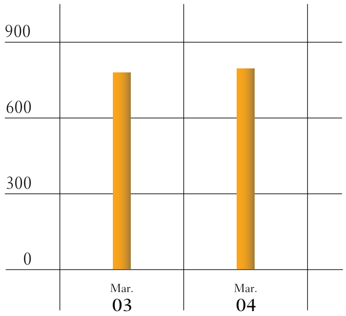
As a result, business profit before net transfer to the general reserve and trust account write-offs increased ¥15.6 billion to ¥794.6 billion. Business profit after net transfer to the general reserve but prior to trust account write-offs decreased ¥74.6 billion to ¥452.2 billion.

Net other expenses were ¥879.4 billion. Income on stocks and other equity securities was ¥327.5 billion, an improvement of ¥945.2 billion over the loss in the previous fiscal year. Due to a rebound in Japan's equity markets, there was a large improvement in gains on sales of stocks and other equity securities and a substantial decline in expenses for the revaluation of stocks . Credit-related expenses, which encompasses all credit items, including those in the trust account, the net transfer to the general reserve and collection of written off claims, increased ¥559.3 billion to ¥1,311.5 billion. This was mainly the result of ongoing measures to move problem loans off the balance sheet and a substantial addition to reserves for loans to large borrowers.

After these expenses, there was an ordinary loss of ¥427.2 billion. After the inclusion of an extraordinary profit of ¥90.5 billion, including a gain on establishment of retirement benefit trusts and a gain on a tax refund and its interest from the Tokyo Metropolitan Government, there was a net loss of ¥375.5 billion.

Business Profit

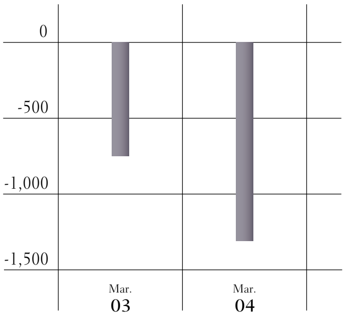
Billions of Yen



Before write-offs in trust account (loan trust and jointly operated designated money trust with principal indemnification clause).

Credit-Related Expenses

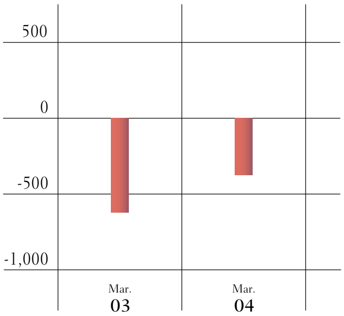
Billions of Yen



Including trust account (loan trust and jointly operated designated money trust with principal indemnification clause), net transfer to general reserve and collection of written off claims.

Net Income/Loss

Billions of Yen



RESULTS BY BUSINESS UNIT (NON-CONSOLIDATED)

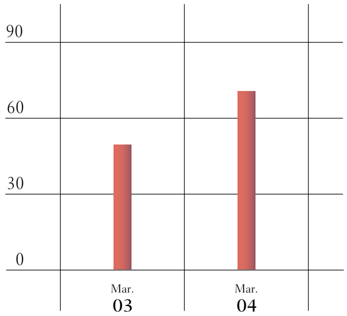
In the Retail Banking operations of UFJ Bank, gross operating profit increased ¥9.5 billion to ¥288.5 billion. Net interest income was higher mainly because of growth in the balance of housing loans and there was an increase in non-interest income due to strong sales of investment trusts and other asset management products and other factors. Expenses decreased ¥11.7 billion to ¥217.9 billion because of the benefits of branch consolidations conducted in prior fiscal years. Business profit increased ¥21.1 billion to ¥70.6 billion.

In the Corporate Banking operations of UFJ Bank, gross operating profit increased ¥52.5 billion to ¥512.9 billion. Net interest income was lower because of a decline in loans caused by weak corporate demand and loan interest rate margins being flat. Offsetting this decline was a substantial increase in fees and commissions, mainly related to settlements, investment banking activities and the sale of derivative products. Expenses decreased ¥15.6 billion to ¥203.2 billion. The result was a ¥68.1 billion increase in business profit to ¥309.6 billion.

In the Global Banking and Trading operations of UFJ Bank, gross operating profit increased ¥16.6 billion to ¥192.1 billion. There was a ¥11.5 billion increase to ¥55.6 billion in gross operating profit from overseas commercial banking because of an increase in fees from foreign exchange transactions, strong sales of derivative products, and growth in the number of transactions in structured finance. In market-related activities, gross operating profit increased ¥5.1 billion to ¥136.5 billion, mainly the result of strong trading activities and sales of derivative products. As expenses decreased ¥7.5 billion to ¥48.2 billion, business profit rose ¥24.1 billion to ¥143.9 billion.

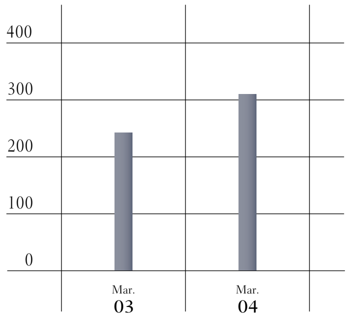
Retail Banking (UFJ Bank, Non-Consolidated) Business Profit

Billions of Yen



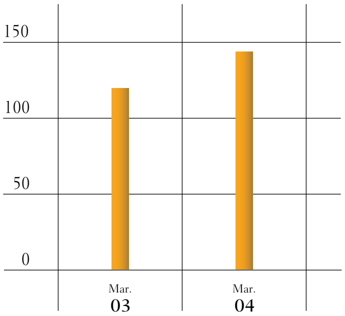
Corporate Banking (UFJ Bank, Non-Consolidated) Business Profit

Billions of Yen



Global Banking and Trading (UFJ Bank, Non-Consolidated) Business Profit

Billions of Yen



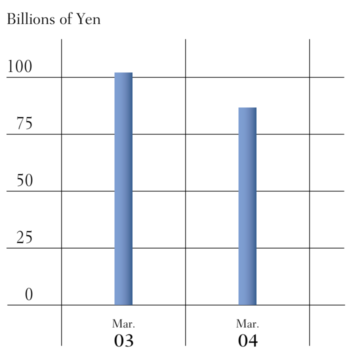
The Planning & Administration operations of UFJ Bank mainly include asset-liability management, bond investments and the operations of the Corporate Advisory Group, UFJ Strategic Partner and UFJ Equity Investments. Gross operating profit from bond investments decreased ¥53.8 billion to ¥158.0 billion compared with the strong performance of the previous fiscal year. This decline occurred despite the sale of bonds during the fiscal year's first half to generate capital gains as interest rates declined. Business profit decreased ¥81.9 billion to ¥184.1 billion.

At UFJ Trust, including UFJ Trust Equity, gross operating profit decreased ¥18.9 billion to ¥164.1 billion. However, there was a ¥1.3 billion increase to ¥81.3 billion in gross operating profit from the trust business, mainly the result of benefits of cooperation with UFJ Bank, such as trust agency services and joint branches. Expenses decreased ¥3.4 billion to ¥77.6 billion, resulting in a decrease of ¥15.5 billion in business profit to ¥86.4 billion.

RESULTS OF OPERATIONS OF UFJ HOLDINGS (CONSOLIDATED)

Consolidated gross operating profit increased ¥11.7 billion to ¥1,625.2 billion. However, there was a consolidated net loss of ¥402.8 billion due to credit-related expenses of ¥1,376.0 billion that resulted primarily from an increase in reserves at UFJ Bank, primarily for large borrowers, in order to quickly resolve the problem loan issue.

UFJ Trust (Non-Consolidated*)
Business Profit



*Includes figures for UFJ Trust Equity.

RESULTS OF OPERATIONS AT MAJOR SUBSIDIARIES

UFJ Tsubasa Securities (Consolidated)

Revenues increased ¥21.3 billion to ¥86.7 billion. There were increases in stock brokerage and underwriting commissions due to the stock market's strength and an increase in investment banking income, primarily associated with M&A and advisory services. As a result, operating income increased ¥23.0 billion to ¥21.8 billion.

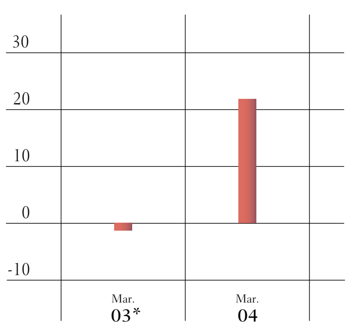
UFJ Asset Management

Operating income decreased ¥0.1 billion to ¥0.2 billion because of a decline in assets under management caused by pension fund terminations and return of the substitutional portion of the Welfare Pension Fund by many Japanese companies.

UFJ Partners Asset Management

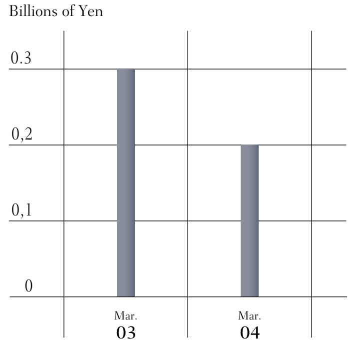
Operating income increased ¥1.8 billion to ¥70 million as the expanded use of UFJ Group sales channels contributed to an increase in assets in stock investment trusts.

UFJ Tsubasa Securities (Consolidated)
Operating Income
Billions of Yen

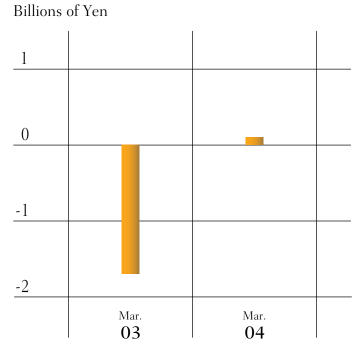


*Results for the year ended March 31, 2003 are simple additions of April – May 2002 results for UFJ Capital Markets Securities to results of UFJ Tsubasa Securities.

UFJ Asset Management
Operating Income
Billions of Yen



UFJ Partners Asset Management
Operating Income
Billions of Yen



ASSETS AND LIABILITIES

Assets and Liabilities of UFJ Bank and UFJ Trust (Non-Consolidated)

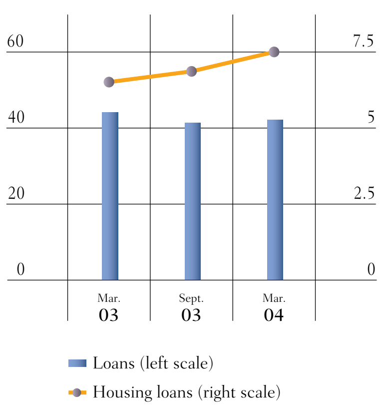
As of March 31, 2004, loans at UFJ Bank and UFJ Trust, including loans in the trust account, totaled ¥42,051.6 billion, ¥1,971.0 billion less than one year earlier. Loans to small and medium-sized companies, a category that also includes loans to individuals, decreased ¥1,903.0 billion to ¥27,047.9 billion due to weak demand for loans and sales of securitized loans. Growth in housing loans, a market the UFJ Group is aggressively targeting for expansion, continued with the balance rising ¥987.7 billion to ¥7,488.4 billion.

Equity investments, on a consolidated basis for UFJ Holdings, increased ¥142.7 billion to ¥2,994.2 billion as of March 31, 2004. The UFJ Group has been reducing its equity investments to prevent fluctuations in stock prices from having a material impact on bank earnings and equity. During the past fiscal year, UFJ Bank and UFJ Trust (including their subsidiaries) sold equities valued at approximately ¥900.0 billion. However, this was offset by an increase of approximately ¥1,100.0 billion because of new investments and an increase in the value of holdings as stock prices climbed.

Domestic deposits and trust account products increased ¥2,166.7 billion to ¥51,433.5 billion. This included a ¥171.9 billion increase to ¥26,754.3 billion in domestic deposits by individuals.

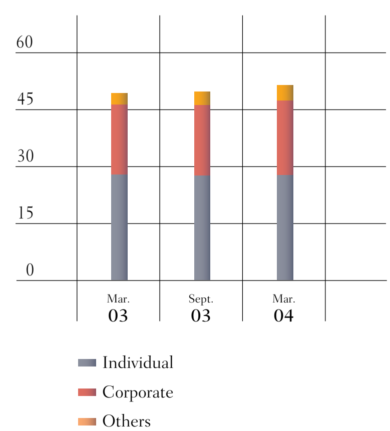
Loans and Housing Loans

Trillions of Yen



Domestic Deposits and Trust Account Products

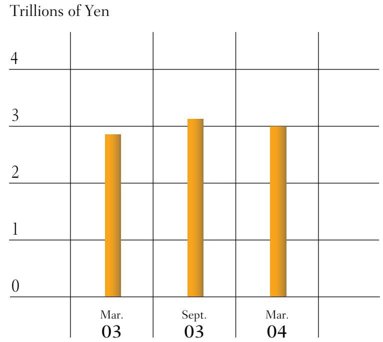
Trillions of Yen



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

Equity Investments (Consolidated)

Trillions of Yen



STOCKHOLDERS' EQUITY

Stockholders Equity as of March 31, 2004

As of March 31, 2004, total capital of UFJ Holdings (consolidated) based on BIS standards was ¥4,268.6 billion, ¥348.7 billion less than one year earlier. Tier 1 capital was down ¥385.2 billion to ¥2,175.2 billion, mainly the result of the net loss caused by the increase in credit-related expenses. Tier 2 capital increased ¥46.2 billion to ¥2,175.2 billion. Risk-weighted assets were about the same as one year earlier at ¥46,185.9 billion.

As a result, the consolidated capital ratio of UFJ Holdings was 9.24% as of March 31, 2004, 72 basis points lower than one year earlier. The consolidated capital ratio of UFJ Bank declined 169 basis points to 8.36%.

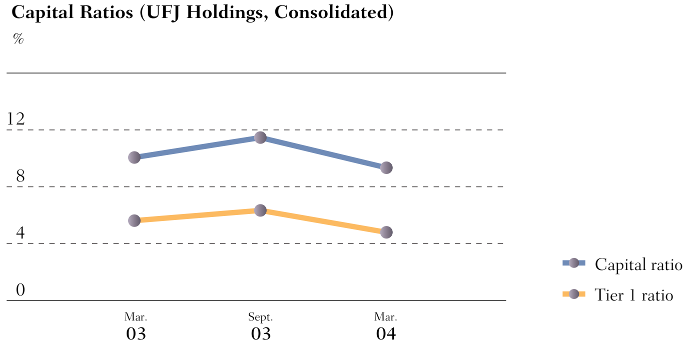
Consolidated Capital Ratio

Billions of Yen

	March 31, 2004			September 30, 2003			March 31, 2003		
	UFJ Holdings	UFJ Bank	UFJ Trust	UFJ Holdings	UFJ Bank	UFJ Trust	UFJ Holdings	UFJ Bank	UFJ Trust
Total Capital	**¥ 4,268.6**	**¥ 3,500.3**	**¥ 507.1**	¥ 5,121.0	¥ 4,521.0	¥ 459.6	¥ 4,617.3	¥ 4,208.2	¥ 336.3
Tier 1 Capital	**2,175.2**	**1,789.0**	**361.0**	2,812.6	2,422.5	323.6	2,560.4	2,256.8	217.4
Tier 2 Capital	**2,175.2**	**1,789.0**	**150.4**	2,387.0	2,173.8	139.9	2,128.9	2,019.7	123.3
Risk-weighted Assets	**46,185.9**	**41,849.9**	**4,109.8**	45,074.6	40,733.6	4,340.5	46,328.2	41,868.7	4,455.9
Capital Ratio	**9.24%**	**8.36%**	**12.34%**	11.36%	11.09%	10.59%	9.96%	10.05%	7.54%
Tier 1 Ratio	**4.70%**	**4.27%**	**8.78%**	6.24%	5.94%	7.45%	5.52%	5.39%	4.88%

UFJ Trust figures are based on domestic standards.
Based on international standards, the capital ratios for March 31, 2003, September 30, 2003 and March 31, 2004 would be 8.14%, 11.18% and 12.87%, respectively.

Capital Ratios (UFJ Holdings, Consolidated)

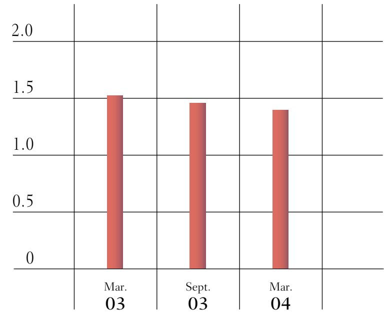


DEFERRED TAX ASSETS

As of March 31, 2004, consolidated net deferred tax assets totaled ¥1,395.7 billion, ¥126.5 billion less than one year earlier. On a non-consolidated basis, net deferred tax assets were ¥1,173.9 billion at UFJ Bank and ¥195.6 billion at UFJ Trust. Strict rules are applied in line with generally accepted accounting methods in the recognition of deferred tax assets.

Deferred Tax Assets (UFJ Holdings, Consolidated)

Trillions of Yen



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. Through this system, the group aims to provide fair and transparent management.

FRAMEWORK OF CORPORATE GOVERNANCE

The Board of Directors of UFJ Holdings has seven members, three 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 departments as well as the independent accountants. The two outside auditors conduct audits from a standpoint that is even more objective and independent.

In addition, UFJ Bank plans to add more than one non-executive director who can concentrate exclusively on the oversight of management from a perspective that is independent of the UFJ Group.

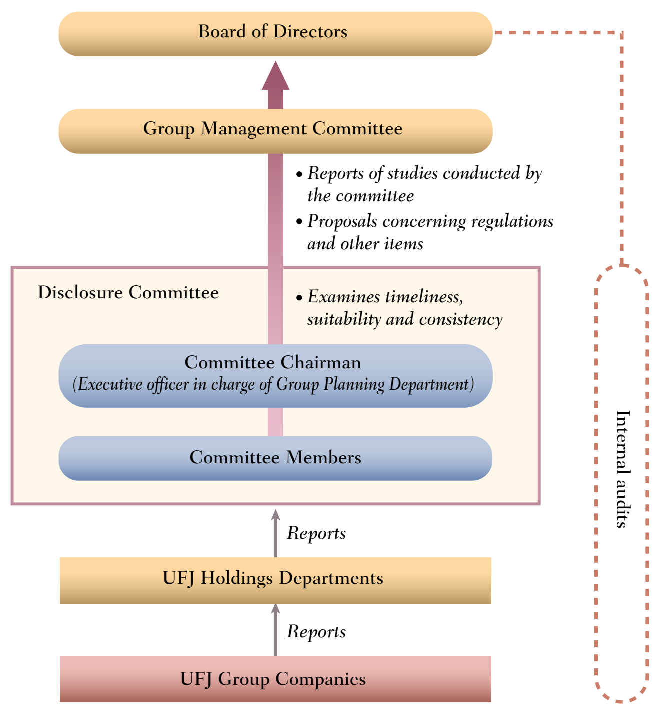
EXECUTION OF BUSINESS ACTIVITIES

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.

ESTABLISHMENT OF DISCLOSURE COMMITTEE

For the purpose of strengthening the internal management of disclosure activities, the UFJ Group established a Disclosure Committee and prepared regulations for its activities in July 2004. This committee evaluates the effectiveness of the internal management of information disclosure and takes steps to improve the effectiveness of disclosure activities. The committee also examines the timeliness, suitability and consistency of information disclosure and submits reports to the UFJ Holdings Board of Directors. The Disclosure Committee is made up of the UFJ Holdings executive officer in charge of the Group Planning Department, and the general managers of departments engaged in disclosure activities at UFJ Holdings as well as the two banks, thereby strengthening the internal oversight system for all group information disclosure activities.

Internal Management Framework for Group Information Disclosure Activities



ROLE OF THE HOLDING COMPANY

To conduct the business activities of the UFJ Group, UFJ Holdings allocates resources to group companies that conduct each activity and sets performance targets and policies for these companies. The holding company also monitors and evaluates the operations of each group company, 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	7 directors, including 3 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 management 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 at law	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 management and compliance, and group company presidents and others as required	Serves as an advisory body to the holding company president, deliberating 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 expected credit losses. 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.

MEASURES TO STRENGTHEN CORPORATE GOVERNANCE

UFJ Holdings and UFJ Bank received administrative actions from the Financial Services Agency in June 2004. We regret and sincerely apologize for this and the concern among our customers and shareholders.

The UFJ Group views these as matters of the utmost seriousness. To restore the trust of the public as quickly as possible, the UFJ Group is working in every way possible to strengthen its internal management systems and corporate governance framework in order to prevent a reoccurrence of this type of problem.

OUTLINE OF ADMINISTRATIVE ACTIONS:

Directives were received by UFJ Holdings and UFJ Bank from the Financial Services Agency in June 2004 for the following reasons.

(Summary of content)

1. **Response to Financial Services Agency inspections**

   Evasion of inspections, such as by moving and concealing documents, data and other information, and improper responses to inspections. These actions resulted in an extension in time being required for inspections and other adjustments.

2. **Failure to meet the earnings target stated in plan to revitalize management**

   Despite having received a business improvement order based on financial results for the fiscal year ended March 31, 2003, the group's earnings were far less than the target for the fiscal year ended March 31, 2004, as stated in the plan to revitalize management.

3. **Loans to small and medium-sized enterprises (SMEs)**

   Inadequacies were found with regard to UFJ's procedures to monitor and verify loans to SMEs. This was judged to be "a case where a bank is deemed to have not complied properly with the plan to revitalize management" as stated in "administrative treatment related to follow up of banks receiving capital injections."

4. **Large difference between the revised financial forecast and financial results**

   Serious problems were found regarding UFJ's internal control framework, including inadequacies concerning appropriate procedures to manage credit risk and intersectional monitoring functions. These problems were evident in the fact that additions to provisions for credit losses were increased by ¥500 billion when UFJ Holdings announced its financial results for the fiscal year that ended March 31, 2004. This increase was deemed necessary because the UFJ Group did not make a management decision to revise its earnings forecasts for the fiscal year ended March 31, 2004 based on an adequate review of provisions.

MEASURES TO PREVENT A REOCCURRENCE OF THESE PROBLEMS

Viewing the administrative actions as a matter of the utmost seriousness, the UFJ Group is taking the following actions to dramatically strengthen its corporate governance system. In conjunction with these initiatives, the group submitted in July 2004 to the Financial Services Agency a business improvement plan for administrative actions concerning three areas: responses to inspections; loans to SMEs; and substantial differences between earnings forecasts and actual results.

RECONSTRUCTION OF CORPORATE GOVERNANCE FRAMEWORK CENTERED ON EXTERNAL DIRECTORS

UFJ Bank plans to elect more than one non-executive director from outside the UFJ Group who can concentrate exclusively on management oversight from an independent perspective. For the extension of credit to large borrowers, the participation of the Board of Directors will be strengthened and other steps taken to properly supervise management and establish suitable policies.

■ *Fundamental reorganization of the Audit & Compliance Committee*

The UFJ Bank Audit & Compliance Committee will be made up entirely of external directors, and one of the newly elected external directors will serve as the chairperson. Furthermore, this committee will have complete control over the supervision and direction of internal auditing departments.

■ *Reinforcement of compliance system*

The president & CEO, directors and executive officers, will submit compliance oaths with respect to compliance to the Audit & Compliance Committee. Furthermore, senior management will take the lead in compliance activities, and every opportunity will be taken to make employees more aware of the importance of compliance. In addition, compliance will be firmly positioned as a central element of business operations through training and other activities, and the monitoring system will be strengthened through a whistle-blower system.

■ *Reorganization to strengthen internal control*

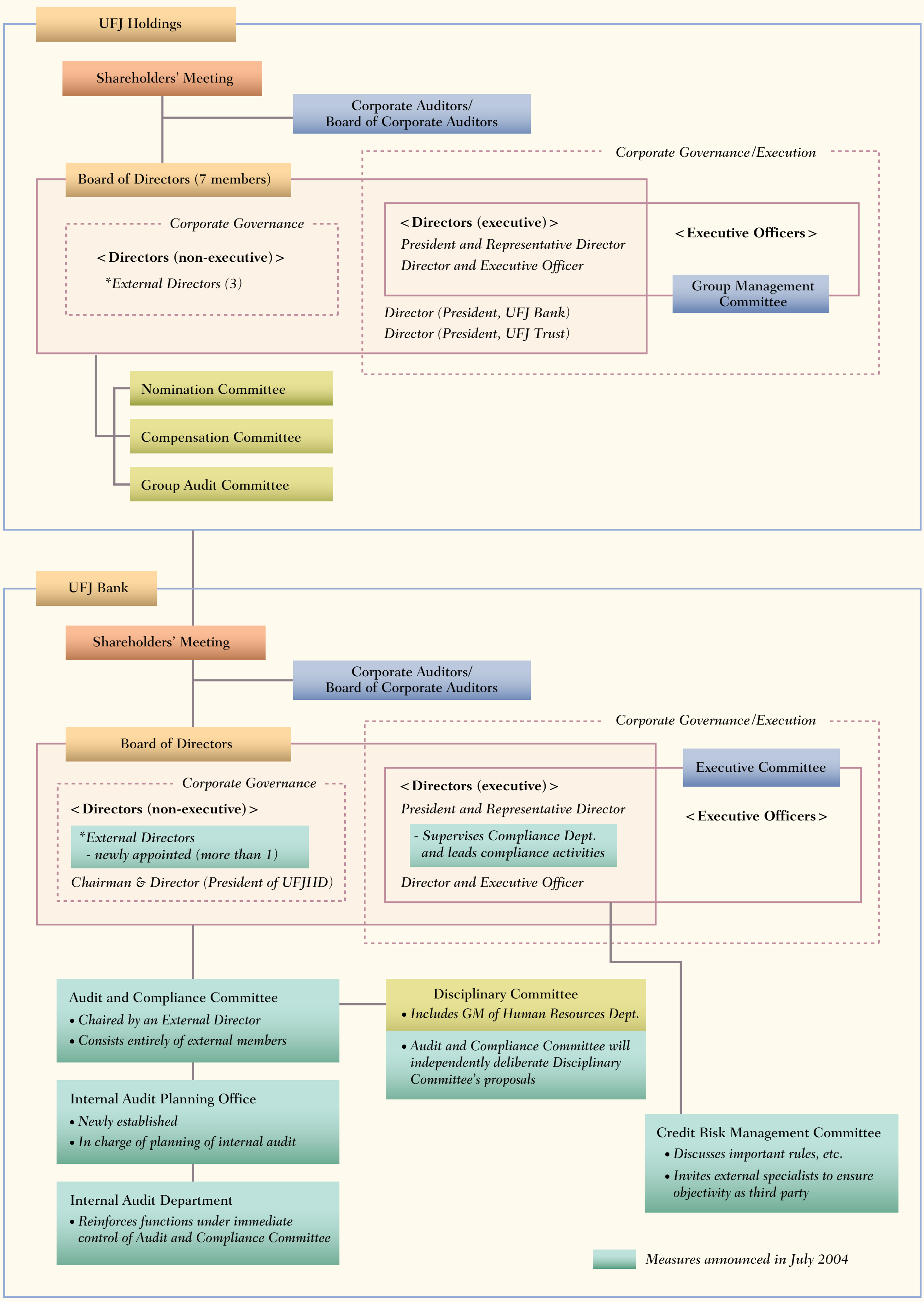
A team dedicated exclusively to large borrowers has been formed within the Internal Audit Department of UFJ Bank. This further enhances the suitability of monitoring and verification activities concerning credit risk associated with large borrowers. Furthermore, the Internal Audit Department has been placed under the direct supervision of the Audit & Compliance Committee. This move strengthens monitoring functions of executive sections by completely separating internal audits from management. In addition, an Internal Audit Planning Office will be established under the auspices of the Audit & Compliance Committee. The office improves the auditing functions by managing, supervising and planning internal audits.

A Credit Risk Management Committee made up entirely of external specialists has been established to ensure the suitability of credit risk management processes. Furthermore, the accounting and finance functions have been separated from the Corporate Planning Department to create the Financial Accounting Department in order to ensure the autonomy, suitability and transparency of financial disclosure activities.

REBUILDING FRAMEWORK FOR LOANS TO SMES

The UFJ Group will develop and reinforce its framework for managing and promoting lending to SMEs by reinforcing internal control systems and reconsidering the inadequate efforts made in the past. In addition, the group will increase the accuracy of databases through reforming its database management, including revising the rules for the registration and maintenance of customer information. UFJ Bank will continue promoting reform in its lending business, aiming to increase loans to SMEs.

Reform of Corporate Governance Framework



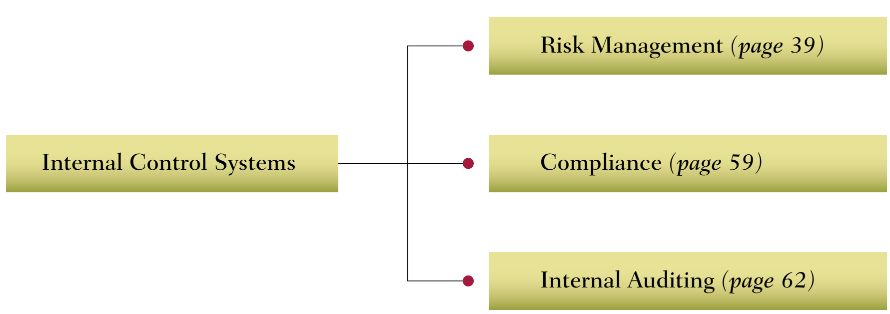
* As stipulated in Commercial Law Article 188-2-7-2

INTERNAL CONTROL SYSTEMS OF THE UFJ GROUP

The strengthening of internal control systems such as risk management, compliance and internal audits is one of the highest priorities of UFJ Holdings.

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 and periodically reviews these guidelines. Based on these policies, internal control is clearly positioned as one of the most important activities in the day-to-day management of the UFJ Group. The Group Risk Management Committee, Risk Management Department and Compliance Department serve as the primary system of checks for the execution of business activities, and the Internal Audit Department provides a secondary check. 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 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.

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 by a higher interest rate of funding due to deterioration in the ability to procure funds. 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 and/or credibility 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 shutdowns, 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, and due to the failure to act or prevent actions (excluding those that are covered by other risk categories) that are problematic from the perspective of compliance with laws by directors, staff and other members of relevant organizations.
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 primary 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 primary 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 a risk management organization and functions, and assigned particular roles and responsibilities for each type of risk management. The following organizations and functions have been established at UFJ Holdings, UFJ Bank and UFJ Trust.

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 the three companies, 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 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 sections in charge of risk management dedicated to the management of each type of risk.

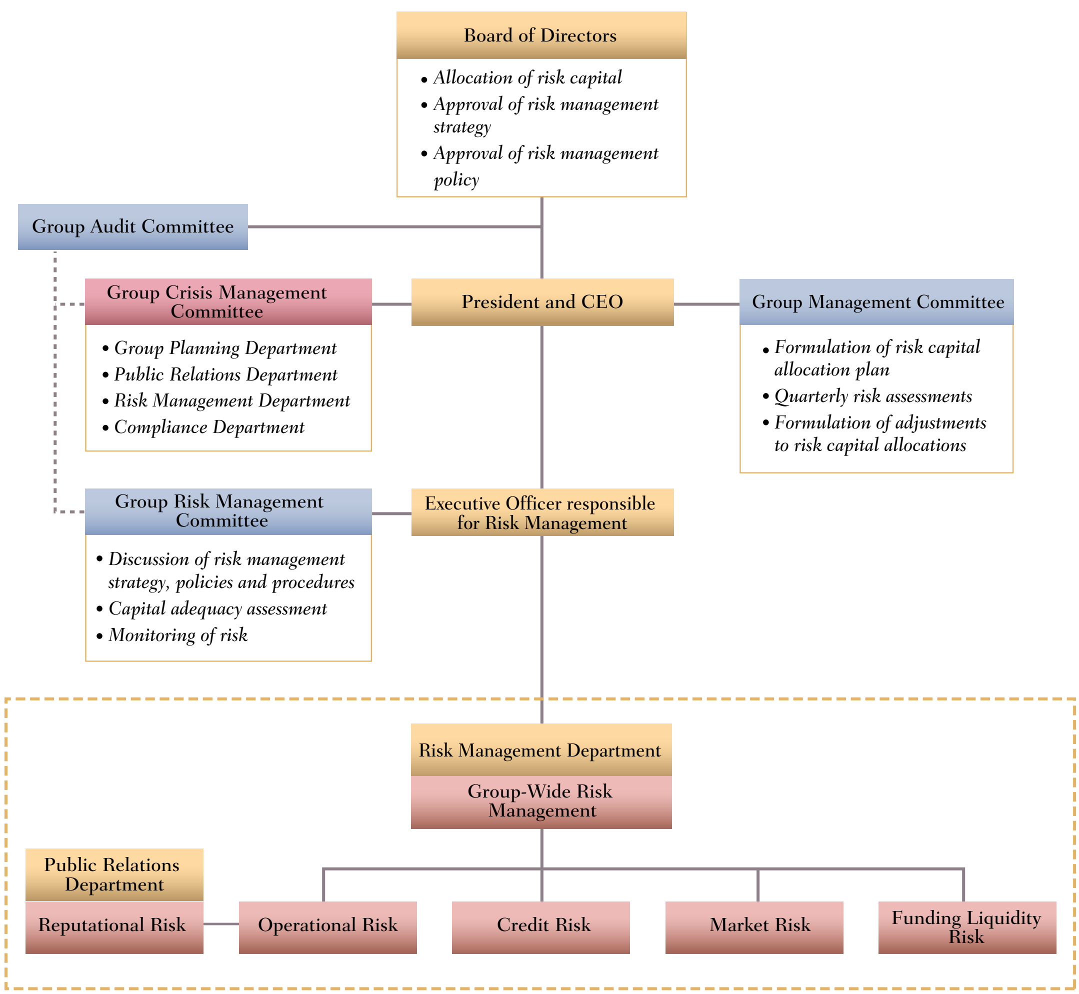
At UFJ Trust, the Risk Management and Compliance Department supervises and coordinates risk management activities. The Asset Management Supervision Office, which is part of this department, manages risks associated with UFJ Trust's fiduciary duty as trustee for trust accounts. The Credit Planning Department 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 conducts "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, to restore normal operations smoothly 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, which controls risk in individual business activities, is implemented in a uniform manner at UFJ Bank, UFJ Trust and other major group companies 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 events 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 actions.

Allocation of Risk Capital and Profitability Indicators

Risk capital also provides the basis for calculating business unit performance indicators such as the risk-adjusted profit ratio and economic profit. In this manner, risk capital calculations play a key role in the efficient operation of business activities. Numerical plans for risk capital allocation and profitability indicators are determined by the Board of Directors as part of a comprehensive management plan.

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 coverage 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.

However, UFJ Holdings and UFJ Bank received administrative actions from the Financial Services Agency in June 2004 relating to their internal control frameworks, including inadequacy regarding appropriate procedures to manage credit risk. The management of these two companies regard this action as a matter of the utmost importance. Management extends its sincere apologies to customers, shareholders and investors for the confusion and concerns caused by this matter. Sweeping initiatives are being taken to strengthen the credit risk management framework to prevent a reoccurrence of this problem and restore confidence.

Organization and Framework

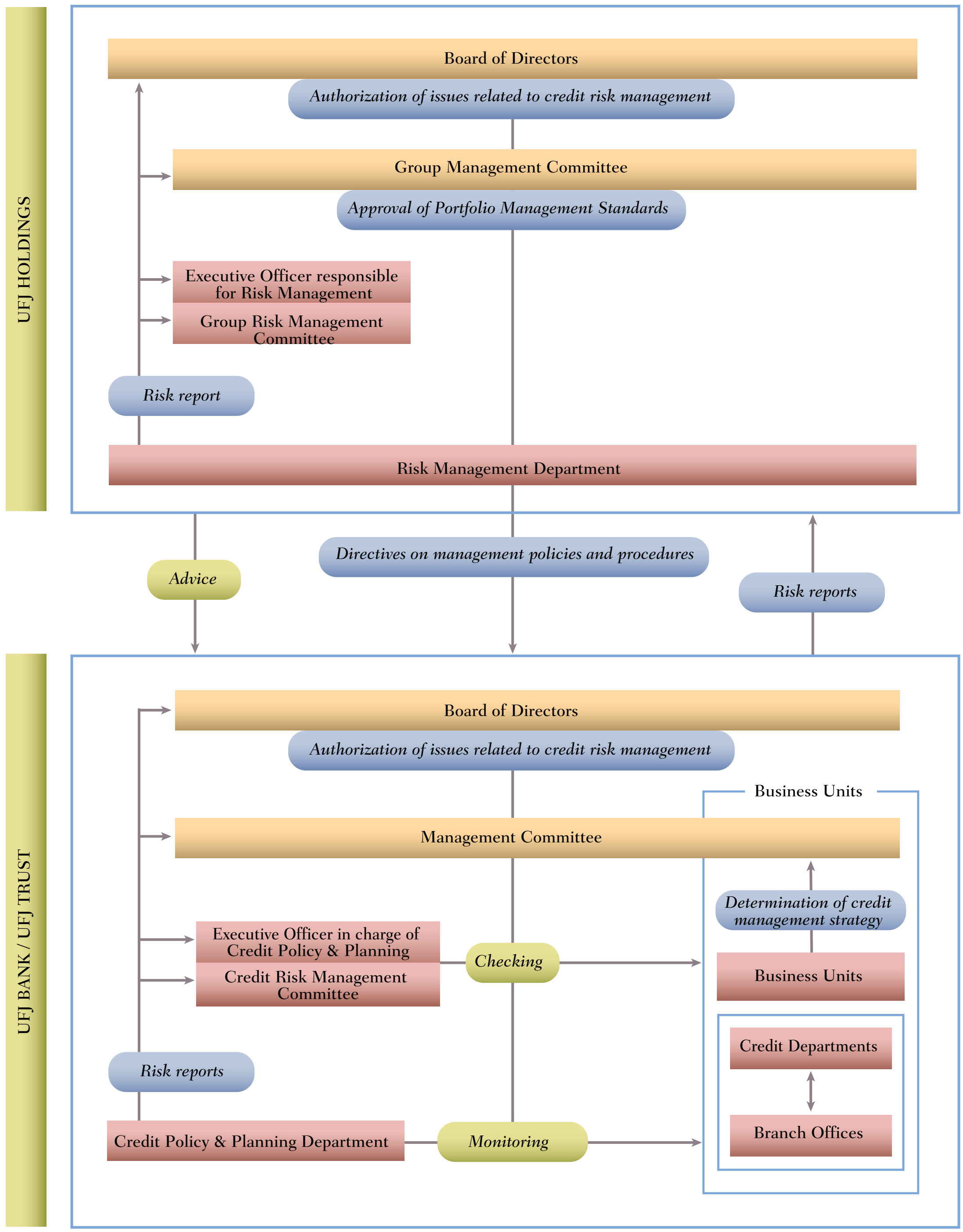
Credit risk management and monitoring at the group level are performed by UFJ Holdings. The results of monitoring activities are reported periodically to the Board of Directors, the Group Management Committee and senior management.

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.

UFJ Bank has established a Credit Risk Management Committee to strengthen risk management systems. Made up of experts from outside the UFJ Group, this committee examines the suitability of regulations, standards and other items involving credit risk. These activities are then incorporated in the decisions reached by the Board of Directors and other management bodies.

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 Framework of 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 a company's base of operations 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

Rating		Borrower Category	Classification under the Financial Reconstruction Law
1A 1B 1C	Excellent	Normal	Normal
2 3 4 5 6 7	Prime Good Above Standard Standard Below Standard Acceptable		
8A 8B 8C 8D	Special Mention Past Due 1 Month or More Past Due 3 Months or More Restructured	Special Mention	Sub-Standard
9	Doubtful	Doubtful	Doubtful
10A	Quasi-Bankrupt	Quasi-Bankrupt	Bankrupt and Quasi-Bankrupt
10B	Bankrupt	Bankrupt	

- ***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, losses on foreign exchange movements, 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 standing are, as a rule, conducted at the end of each fiscal period and the results are reported to senior management. The primary assessment is performed by branch offices and head office divisions engaged in business promotion. The secondary assessment is performed by credit administration departments. After that, self-assessments are examined by the Internal Audit Department, which is independent of the departments engaged in the business promotion and credit administration.

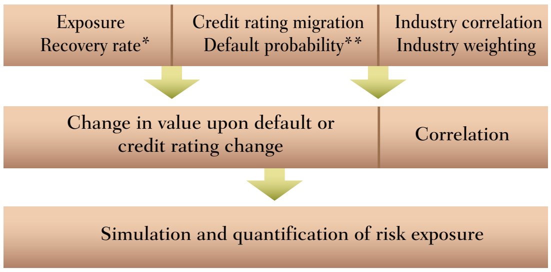
- ***Credit Risk Measurement***

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



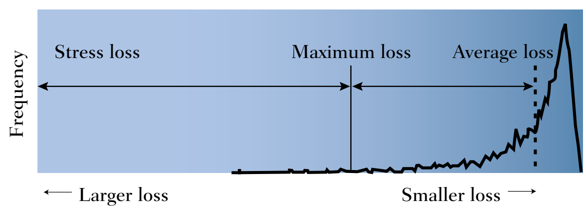
Past data are employed to calculate probable losses over the following one-year using a statistical technique.

* 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

A Risk and Cost Adjusted Return (RACAR) is calculated for each loan and customer by deducting the expected credit losses, 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. In addition, credit risk capital is used as a performance indicator to achieve the optimum balance between risk and return.

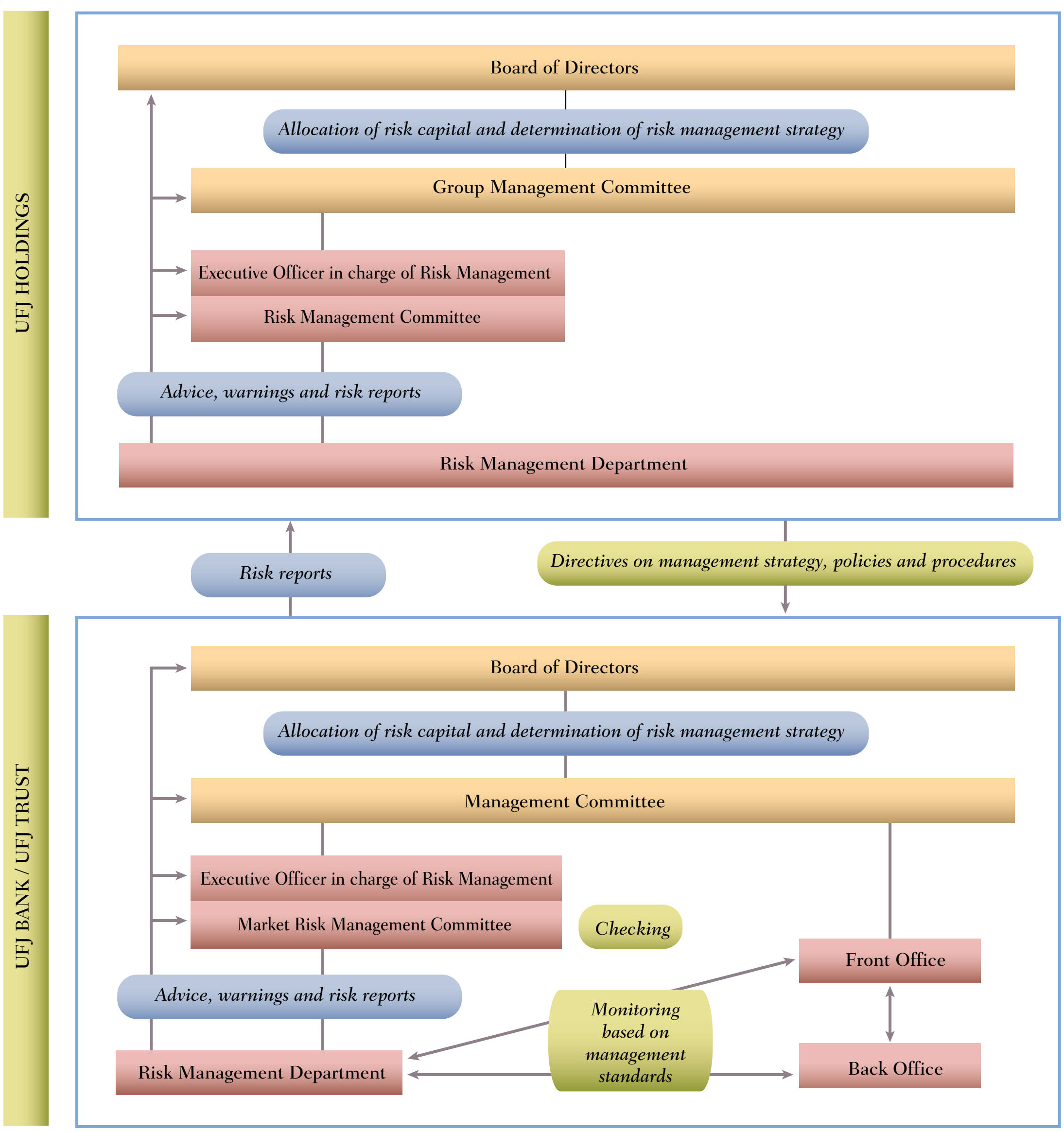
MARKET RISK MANAGEMENT

The UFJ Group has established a framework for managing market risk in a comprehensive, consistent and coordinated manner that is consistent with the group's risk policies (see page 39).

• *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 subsequent fiscal years. 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***

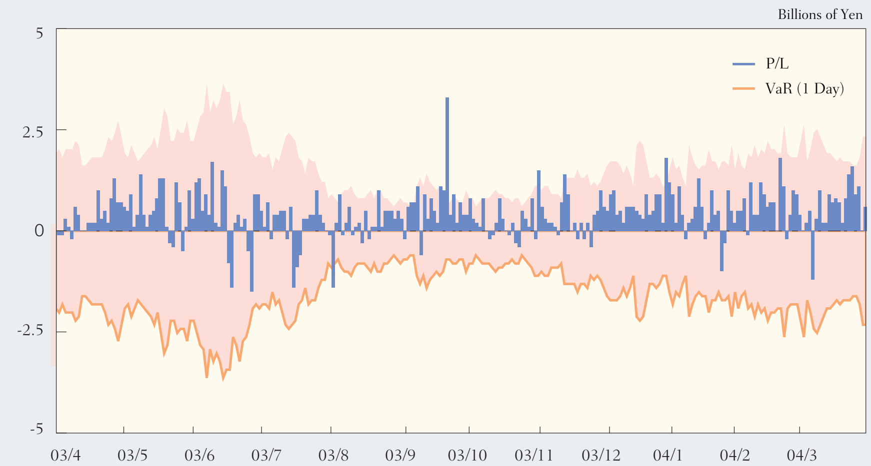
Two methods are employed to measure VaR at the UFJ Group. With the historical simulation method, VaR is calculated by performing simulations based on past market volatility data. With the variance-covariance method, VaR is calculated based on the assumption that the markets will fluctuate in relation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

• *Market Risk Profile for Fiscal Year Ended March 31, 2004*

During the year ended March 31, 2004, 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 two UFJ Group banks and for 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	3.5	0.5	1.6
UFJ Trust	0.0	0.0	0.0

*Banking Book Equity Holdings**

			Billions of Yen
	Maximum	Minimum	Average
UFJ Bank	180.1	126.0	162.8
UFJ Trust	40.3	26.7	32.2

* Risk shown is for equities with a market value.

Yen-Denominated Bond Holdings

			Billions of Yen
	Maximum	Minimum	Average
UFJ Bank	182.8	34.1	115.2
UFJ Trust*	26.1	8.1	16.8

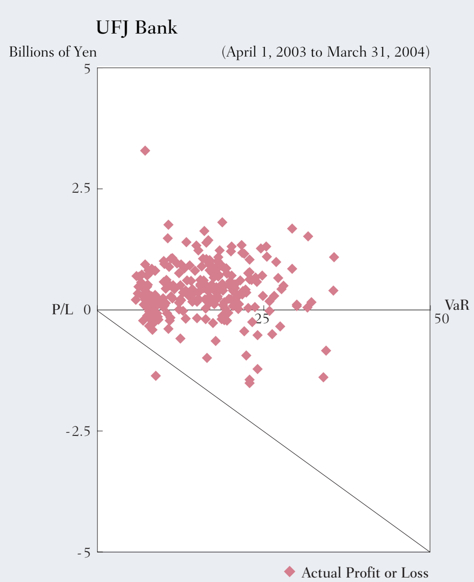
* Figures for UFJ Trust include bonds in foreign currency and investment trust portfolios.

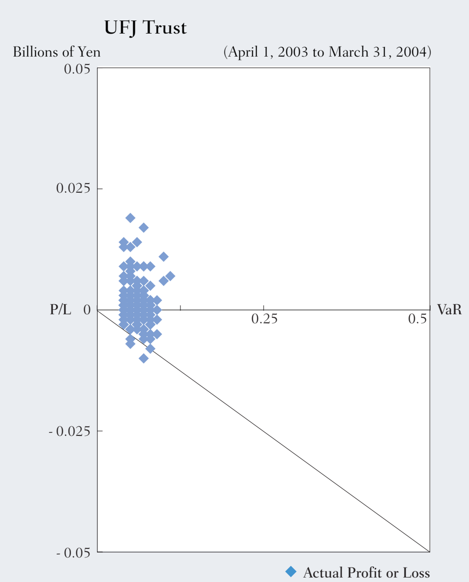
• *Daily Value at Risk and Actual Profit and Loss*

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, 2004, losses that exceeded VaR were within the expected range, 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, caution, constrained 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 work together to preserve 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 of their products and services and the growing use of IT systems and networks. Further underscoring the importance of managing this risk are instances outside Japan of the fraudulent use of systems and, in Japan, large-scale system failures and related problems associated with the integration of banks and other events. In addition, due to regulatory demands, such as BIS capital requirements, banks are being required to apply increasingly sophisticated quantitative management techniques along with the existing management activities that are centered mainly on qualitative items.

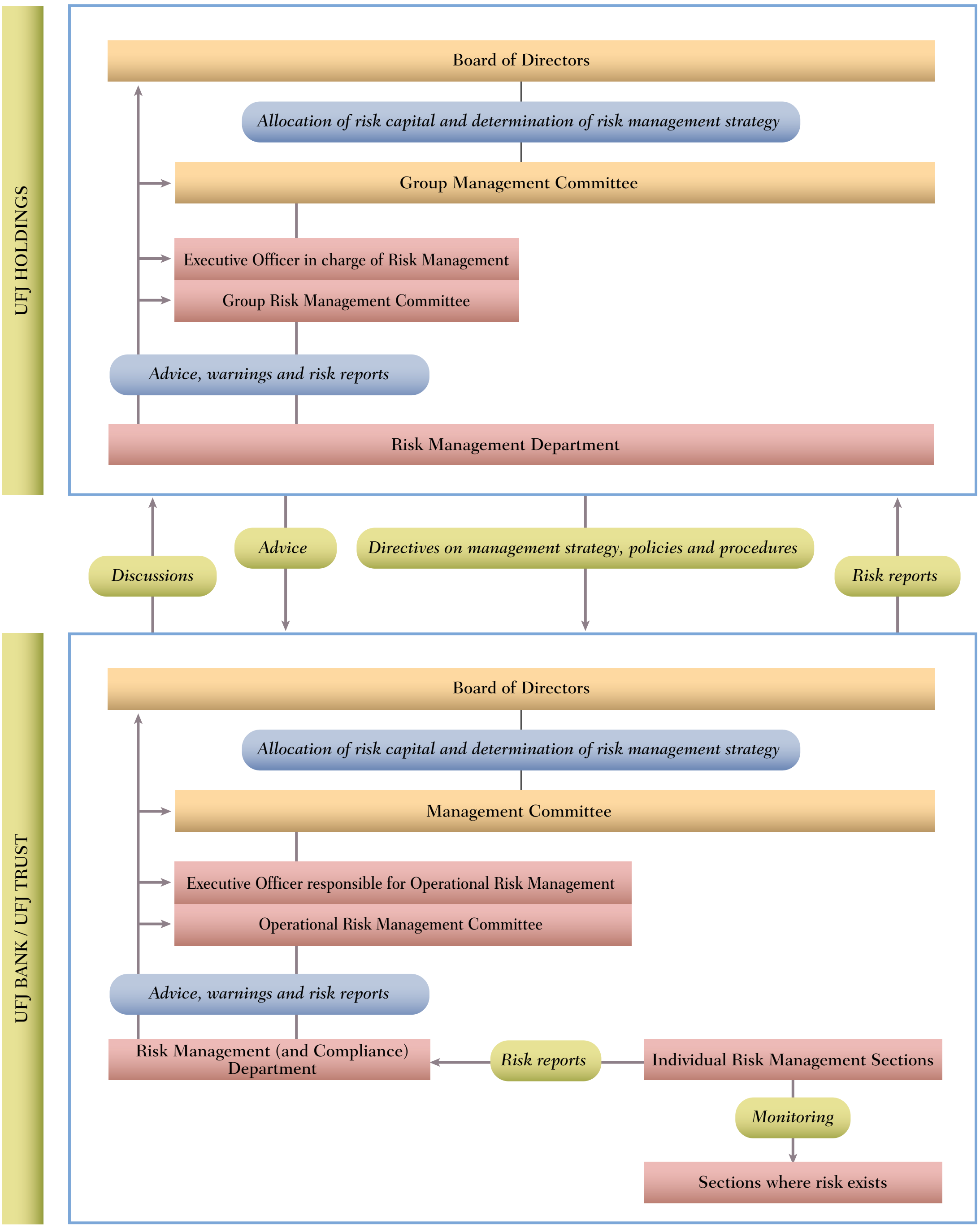
The UFJ Group has been constantly taking steps to make its operational risk management framework more comprehensive and sophisticated since 1998, when the group began to study ways to manage processing risk and system risk in a quantitative manner. The UFJ Group was among the first financial services organizations in Japan to assemble and begin operating an integrated operational risk management system that combines qualitative and quantitative elements.

Organization and Framework

At the UFJ Group, the Risk Management Department of UFJ Holdings is responsible for managing and monitoring operational risk for the entire group. The status of risk and other items are reported to senior management periodically at meetings of the Board of Directors, the Group Risk Management Committee and other management units. By determining policies and standards for the entire group and providing group companies with guidance and advice, the Risk Management Department provides a framework that facilitates unified and coordinated operational risk management for the entire group.

At the two banks, departments responsible for managing each category of risk monitor departments where processing risk, system risk and other categories of operational risk exist. Results are reported periodically to the UFJ Bank Risk Management Department or UFJ Trust's Risk Management and Compliance Department, which supervise all forms of risk. These two risk management departments periodically report on the status of each category of risk to the management at meetings of the Board of Directors and risk-related committees.

Operational Risk Management Framework of the UFJ Group

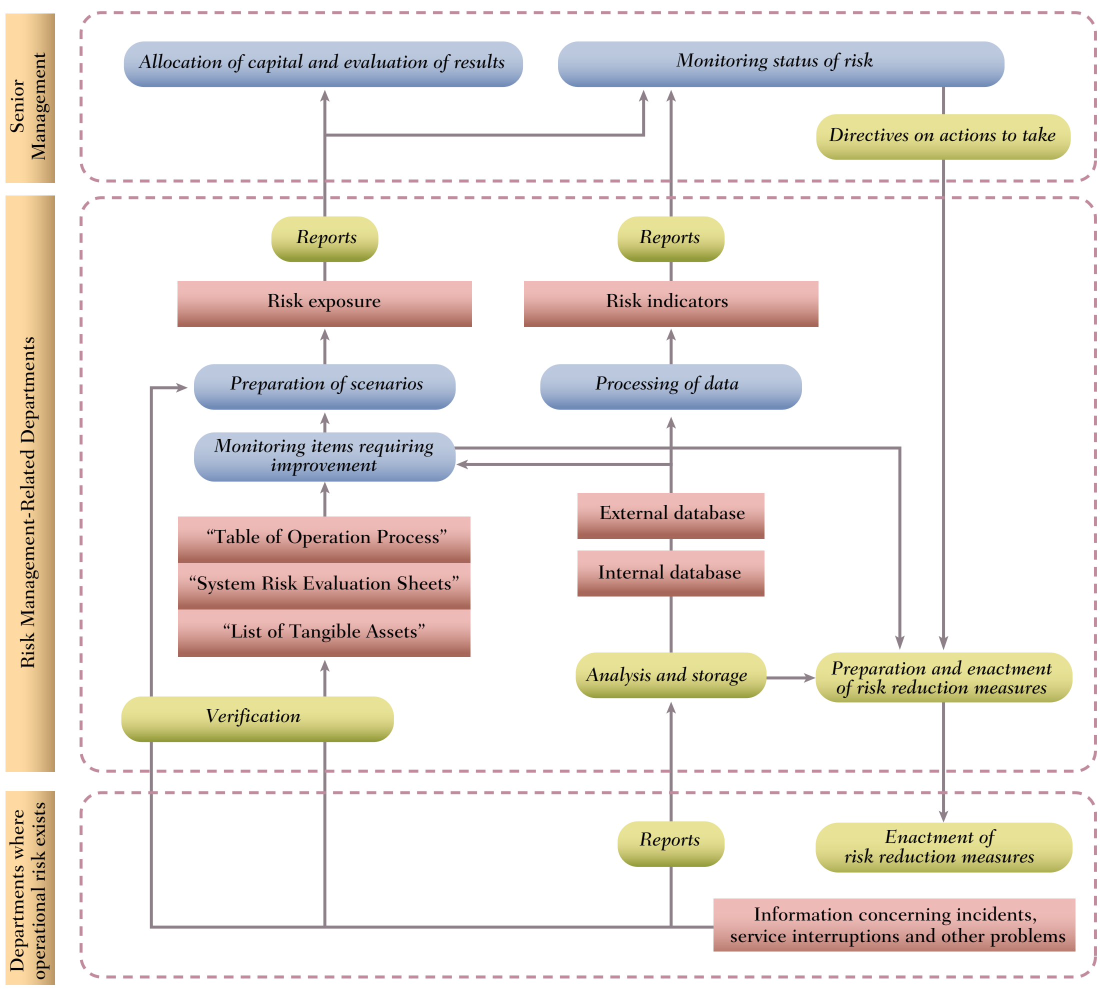


Structure of Risk Management Framework

In establishing its processing and system risk management framework to provide ongoing recognition, evaluation, control and reporting of risks, 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 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



Measures to Upgrade Operational Risk Management

The UFJ Group has established a method for the quantification of operational risk and is working on increasing its effectiveness. The method is based on scenarios formulated by using historical loss experience associated with processing risk, system risk and tangible asset risk (involving the occurrence of processing errors, accidents, computer malfunctions and damage to tangible assets) and by evaluating the nature of each process, system, building and other item. Areas that require attention are identified and improvements made, thereby preventing problems from occurring while facilitating quantitative judgments concerning the effectiveness of these improvements. Results of these quantitative analyses are also used to efficiently allocate resources among the group's operating activities. With regard to human resources risk, the group is working on managing it in the same manner as with the portion of risk involving compliance.

Concerning other risks linked to external factors, regulatory risk is managed by monitoring revisions to laws and regulations and verifying that the proper actions have been taken in response. Regarding reputational risk, UFJ Holdings and the UFJ Group banks have a Reputational Risk Management Policy. To ensure that the group quickly learns of information affecting its reputation and takes suitable actions, a Code for Public Relations Activities has been established 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.

The UFJ Group's "Operational Risk Management Policy" defines the fundamental thinking regarding these operational risk management activities as well as fundamental items concerning the risk management organization and systems.

Risk Monitoring at UFJ Group Companies

The UFJ 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. In accordance with these standards, all major UFJ Group companies submit quarterly reports to the UFJ Holdings Board of Directors and Group Risk Management Committee concerning the status of operational risk.

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 or afterward.

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

UFJ GROUP'S APPROACH TO COMPLIANCE

The UFJ Group positions compliance activities as one of its highest management priorities. The group adopts a broad view of compliance, ensuring strict observance of rules and social standards as well as laws.

The UFJ Group believes that compliance activities are essential to achieving its management vision, which is "to be an innovative financial group with a deep commitment to society, growing together with customers."

Although the group has executed a compliance program based on this approach, UFJ Holdings and UFJ Bank received administrative actions announced by the Financial Services Agency in June 2004 concerning four items. Management is fully committed to responding to these actions in every way, as they indicate the existence of serious deficiencies in the internal management systems of both companies. Management extends its sincere apologies to customers, shareholders and investors for the confusion and concerns caused by this matter. Sweeping initiatives are being taken to strengthen the compliance framework to prevent a reoccurrence of this problem and restore the public's trust.

COMPLIANCE PHILOSOPHY AND BASIC POLICIES

The UFJ Group has established "transparency and fairness" as the core philosophy for the execution of compliance programs. The group is conducting many activities to foster a culture in which this philosophy is the basis for the actions of all employees.

Furthermore, the UFJ Group has established the following basic policy to guide decisions and activities concerning compliance activities, and is working to raise awareness of this policy among all employees.

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

UFJ Holdings has a Compliance Department that prescribes and executes basic measures relating to compliance of all group companies. This department also monitors and oversees the compliance activities of group companies. In addition, each member of the group has a department that is in charge of compliance, providing a means of conducting compliance activities at each company. Important matters at group companies are reported to the Compliance Department of UFJ Holdings so that the entire group can respond to issues when necessary.

UFJ HOLDINGS GROUP AUDIT COMMITTEE

The UFJ Holdings Group Audit Committee is a sub-committee of the Board of Directors and is responsible for the oversight of internal management and compliance of all activities at UFJ Holdings and group companies. Members of this committee are non-executive directors and external specialists such as attorneys. To achieve an internal management system with a high degree of transparency, the committee examines and verifies the suitability of the UFJ Group's internal management activities. Serious issues are reported to the Board of Directors.

(See diagram on following page.)

PREPARATION AND DISTRIBUTION OF COMPLIANCE MANUAL

To provide a basic reference for compliance activities, a group compliance manual has been prepared that sets standards for behavior and rules applicable to everyone who works at the UFJ Group. This manual is distributed to all employees of group companies.

In addition, each group company prepares its own compliance manual containing rules specific to its operations that every employee should follow. This system makes it possible for employees to conduct their work in line with compliance rules that apply even more directly to their respective jobs.

PREPARATION OF COMPLIANCE PROGRAM

UFJ Group companies periodically prepare and monitor the execution of compliance programs, which contain action plans for the establishment of compliance frameworks, training programs and other activities. Each company's board of directors is responsible for preparing these programs and monitoring their execution.

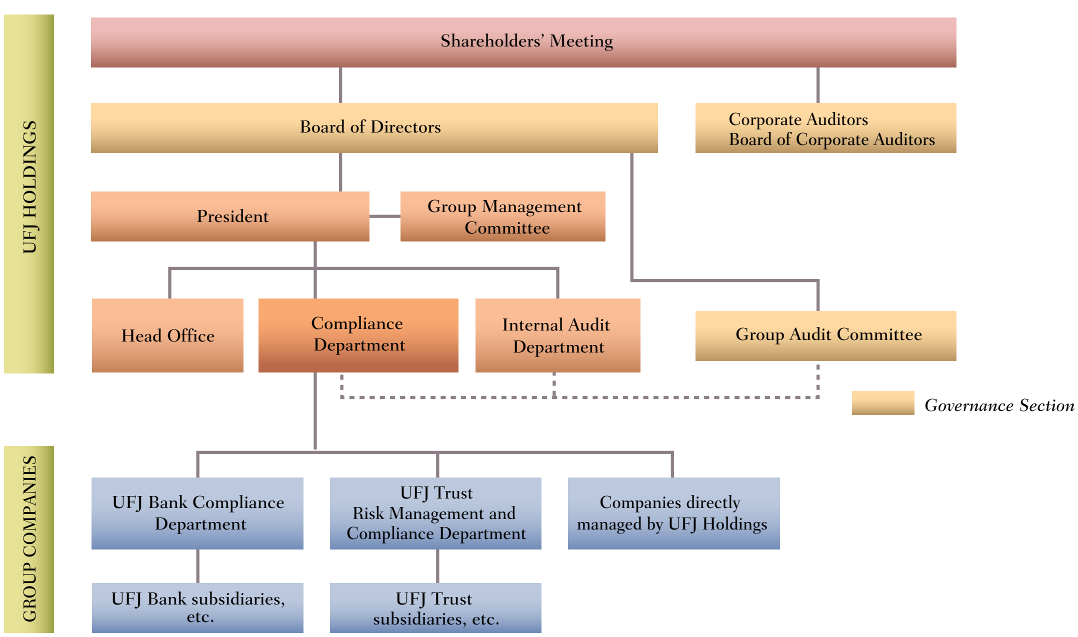
RESPONSES TO NEW ISSUES

The UFJ Group is constantly taking steps to improve its compliance activities by responding quickly and appropriately to new issues, such as changes in the operating environment and new and revised laws and regulations.

A whistle-blower system is currently being established at group companies for two purposes. First is to prevent the occurrence of illegal actions by group employees. Second is to quickly identify and strengthen the group's ability to deal with illegal actions should they occur. This system involves establishing a hotline at the compliance departments of each group company, or outside the company, so that problems can be identified and solved before they become serious. Such a system is already in place at UFJ Holdings, UFJ Bank, UFJ Trust and other major group companies. Progress is continuing in setting up this system at other group companies.

The UFJ Holdings Compliance Department gathers and analyzes information concerning new and revised laws and regulations that could significantly affect the activities of the group. The department also examines ways for the group to respond to these events. This system provides for the suitable execution of business activities in accordance with laws and regulations for the entire group. For example, the UFJ Holdings Compliance Department is monitoring the establishment of laws and guidelines for specific industries associated with the enactment of legislation in Japan to protect personal information, a development that the department regards as an issue affecting the entire UFJ Group.

Compliance Framework of UFJ Holdings and Group Companies



INTERNAL AUDITING SYSTEMS OF THE UFJ GROUP

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, and 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 prepared an Internal Audits 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.

Although the UFJ Group has consistently worked on strengthening its internal audit functions, UFJ Holdings and UFJ Bank received administrative actions from the Financial Services Agency in June 2004 concerning their internal controls system. The group will work on enhancing the quality of its internal audit functions for the purpose of ensuring that an adequate and effective system of internal controls is established and maintained.

SUMMARY OF GROUP INTERNAL AUDIT DEPARTMENTS

UFJ Holdings has an Internal Audit Department overseen by an executive officer who has no other responsibilities. This department supervises, monitors and evaluates the internal audit functions of the entire group and performs audits of all departments at UFJ Holdings.

UFJ Bank and UFJ Trust also have internal audit departments overseen by senior executives who have no other responsibilities. These departments conduct audits of headquarters, branch offices, subsidiaries and other units. The internal audit departments monitor credit ratings, self-assessments, write-offs and reserves, and the process for calculating capital ratios. Audits are also performed to check compliance with relevant regulations, rules and procedures. At UFJ Bank, there are units under the direct supervision of the Internal Audit Department at offices in London, Singapore, Hong Kong and New York to ensure an effective internal auditing framework for overseas operations.

At UFJ Bank, an audit team dedicated exclusively to large borrowers has been formed within the Internal Audit Department to strengthen the system of checks and balances with regard to credit risk management for large borrowers. Furthermore, to bolster the functions of the Internal Audit Department, this department will be placed under the direct supervision of the Audit & Compliance Committee, which will be composed of external directors. This move will strengthen the system of checks for departments involved with business operations by making the Internal Audit Department independent of these departments. In addition, an Audit Planning Office will be established and placed under the supervision of the Audit & Compliance Committee. By managing and supervising internal audits, this office is expected to help upgrade auditing functions.

At other UFJ Group companies, internal audit departments are established as required in consideration of the nature and scale of business activities, the types of risks that exist, and other factors.

EFFECTIVENESS OF INTERNAL AUDITS

Internal audit departments at the UFJ Group perform audits in accordance with the appropriate evaluation of risks. Consequently, the frequency, thoroughness and other aspects of internal auditors depend on the nature and scale of risks that exist at each department in order to conduct audits that are effective and efficient. In addition, data and materials related to each audited unit are monitored off-site at internal audit offices so that changes in risks can be monitored on a real-time basis.

Audit manuals have been prepared and are used by the internal audit departments of UFJ Group companies for the purpose of performing all group internal audits in a uniform manner and in accordance with the same standards. The UFJ Group will continue to take actions aimed at further enhancing the quality of audits by taking steps to conduct even more effective audits that reflect changes in the business environment for financial institutions.

CORPORATE CITIZENSHIP

The UFJ Group is firmly committed to fulfilling its role as a responsible corporate citizen. Listed on these pages are some examples how the Group is supporting cultural, charitable and other worthwhile programs in various ways.

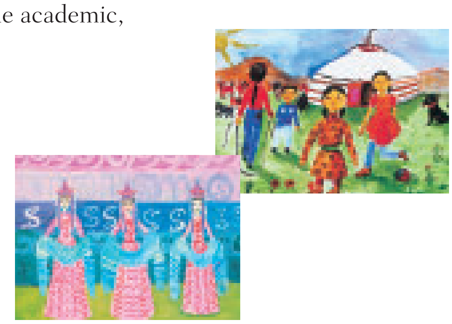
SUPPORT FOR VENTURE BUSINESSES

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 197 grants amounting to ¥639 million for research into seminal technologies and the development of new products, as well as 254 guarantees for loans totaling ¥7,586 million to finance venture businesses. In December 2003, to celebrate its 20th anniversary, the foundation published a book that analyzes the performance of actual venture companies by looking at the strategies they relied on to be competitive. Through the UFJ New Frontier Company Development Foundation, UFJ Bank extends financial support for the development of new products, technologies and services. By conducting these activities, the UFJ Group is supporting 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 has played a pioneering role in the establishment of a scholarship system for Asian countries. Over the past 20 years, scholarships have been given to a total of 6,107 students. Today, many scholarship recipients are playing important roles in government, the private sector and other areas. During the fiscal year ending in March 2005, the foundation plans to give scholarships to 323 students from 18 universities in seven Asian countries.

Through the overseas bases of UFJ Bank, the foundation has sponsored visits to Japan for a total of 112 students from 17 countries who have a special interest in Japan. The foundation also supports painting exhibitions called *Asia Drawn by Children*. Other support is extended to help preserve ancient ruins in Cambodia, and for 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 become academic, political and economic experts on Japan.



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).

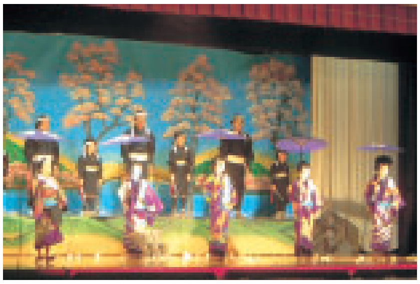
IN THE COMMUNITY

• *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, coins from ancient Greece and Rome, and a silver Egyptian coin with the image of Cleopatra. The museum attracts large numbers of visitors, including students from more than 200 elementary and junior high schools every year.

• *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, 693 organizations, representing 303 municipalities in all 47 Japanese prefectures, have received a total of ¥419 million.



ENVIRONMENTAL ACTIVITIES

The UFJ Group is strengthening its activities with regard to environmental issues in order to help create a sustainable society. A committee for environmental management facilitates the sharing of environmental information throughout the group and studies measures to reduce the group's environmental risk and impact. In addition, the group conducts research concerning ways to provide customers with advice concerning environmental matters.

MEASURES TAKEN THROUGH BUSINESS OPERATIONS

Global warming is one of the world's most serious environmental issues. In anticipation of the enactment of the provisions of the 1997 Kyoto Protocol on Climate Change in the coming years, countries worldwide are taking a variety of actions to prevent global warming.

In July 2002, UFJ Bank and UFJ Institute held seminars in Tokyo, Osaka and Nagoya on trading in greenhouse gas emission rights. Attracting a total of about 250 customers, the seminars featured presentations on a variety of global warming countermeasures.

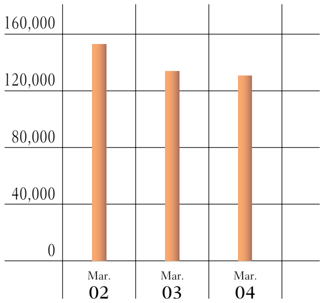
UFJ Bank began to conduct studies following enactment of tighter regulations on soil pollution associated with the Soil Contamination Countermeasures Law in 2002 in order to assist customers such as landowners as well as soil remediation companies.

ENVIRONMENTAL ACTIONS AT UFJ BANK OFFICES

UFJ Bank has programs designed to reduce electricity consumption and increase the use of recycled paper at all its offices. To cut power requirements, the bank installs energy-efficient equipment, such as inverter-equipped devices, when updating facilities, utilizes late-night electricity, reduces the number of lights in use, and takes other actions. A steady decline in electricity used at the head office buildings in Tokyo, Nagoya and Osaka demonstrates the effectiveness of these measures. UFJ Bank uses recycled paper wherever possible, including the immense volume of forms and envelopes used by customers, as well as documents and other forms used by bank employees. UFJ Bank employs kenaf tree-free paper instead of wood-based paper for name cards and is using other environmentally sensitive materials.

Electricity Consumed by UFJ Bank*

Thousands of kWh



*Amounts for Tokyo Headquarters, and Nagoya and Osaka head offices.

ENVIRONMENTAL PROTECTION ACTIVITIES

The UFJ Environment Foundation has planted trees at schools, parks, nursing homes and other facilities. The foundation has also conducted 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 involved in greenery programs for riverbanks, the protection of forests and the creation of "biotopes" at schools. Activities also include programs to raise awareness of the need for environmental protection, such as the publication and distribution of a botanical picture book series, guidebooks on birds and the mountains of Central Japan, and many other publications related to the environment. The foundation holds an academic course on environmental issues for a university and shows films with environmental themes. An afforestation program provides an opportunity for participants to gain an understanding of locations that supply water, and of the need to protect the natural environment and view forests as a cultural asset. For 28 years, the foundation has been sponsoring the Pictures of Green children's art contest, giving many children the opportunity to feel closer to nature and learn about its beauty and importance. In April 2004, the foundation was honored for its sponsorship of this activity by Japan's Ministry of the Environment.

UFJ Bank to Open a Branch at EXPO 2005 AICHI, JAPAN

A BANK READILY ACCESSIBLE TO ALL CUSTOMERS

The 2005 World Exposition, Aichi, Japan, to be held near the city of Nagoya from March to September 2005, will be Japan's first international exposition since Osaka in 1970. Based on the overall theme "nature's wisdom," this event will focus on the goals of environmental responsibility, promoting global interaction, encouraging the participation of the public, and making use of information technology. As one means of supporting this event as a local financial institution, UFJ Bank will operate the only bank branch on the expo grounds. Although different from conventional branches, the branch will still offer a broad lineup of services to its customers.

- ***Services that all customers can easily utilize***

  The branch is designed to provide services that are readily accessible to all customers, including senior citizens, people with handicaps and visitors from overseas.

- ***A relaxing atmosphere for all customers***

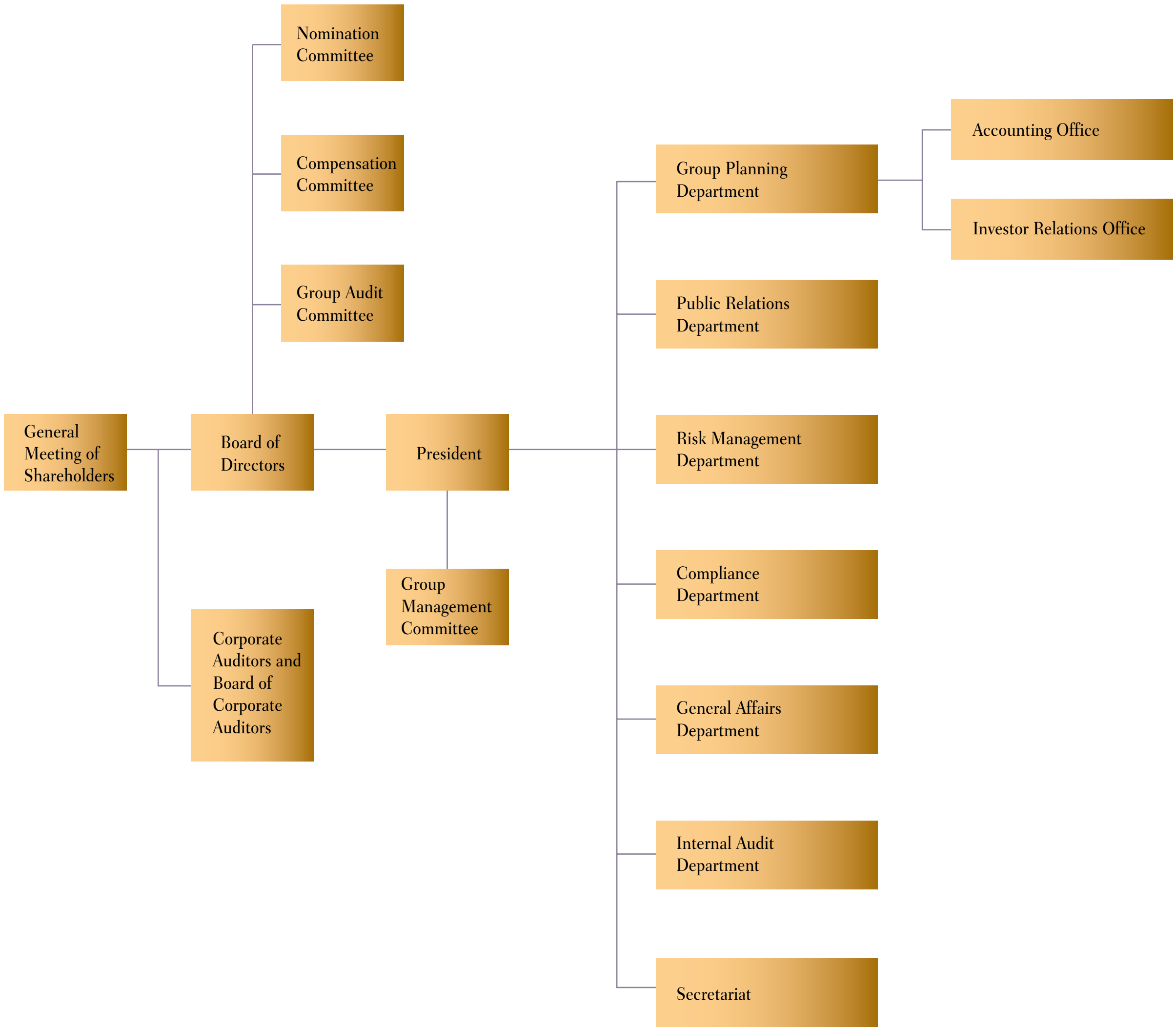
  The branch will incorporate a natural design motif so that customers can do their banking in a pleasant atmosphere.

- ***Information ranging from financial matters to the region***

  Through information terminals and a plasma display, the branch will provide customers of all ages with a broad spectrum of information.

UFJ Bank is positioning the branch as a means of gathering feedback from customers that can be used to improve and enlarge the service lineups at conventional branches.

ORGANIZATION OF UFJ HOLDINGS



(As of July 1, 2004)

MANAGEMENT

BOARD OF DIRECTORS

NON EXECUTIVE DIRECTORS

Directors

Iwao Okijima
Senior Advisor to the Board,
Hino Motors, Ltd.

Hiroshi Hamada
Principal Advisor,
RICOH COMPANY, LTD.

Shosaku Yasui
Chairman, TEIJIN LIMITED

EXECUTIVE DIRECTORS

President and CEO

Ryosuke Tamakoshi
Chairman of UFJ Bank

Director and Senior Executive Officer

Toshihide Mizuno
Director of UFJ Bank and UFJ Trust

DIRECTORS

Directors

Takamune Okihara
President & CEO of UFJ Bank

Shintaro Yasuda
President of UFJ Trust

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 Officer

Katsuyoshi Narumiya

(As of July 1, 2004)

UFJ HOLDINGS' MAJOR SUBSIDIARIES AND AFFILIATES

	Country or Region	Capital	Main Business	Percentage of UFJ Holdings' Ownership (Note 1)
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	70.1 (70.1)
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)
UFJ Trust Equity Co., Ltd.	Japan	¥47,822 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	73.2 (73.2)
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	58.9 (58.9)
UFJ Institute Ltd.	Japan	¥1,200 million	Research, consulting	55.1 (55.1)
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 1)
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$4.6 million	Securities	100.0 (100.0)
UFJ Australia Limited	Australia	A$93 million	Finance	100.0 (100.0)
71 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)
Central Leasing Co., Ltd. (Note 2)	Japan	¥6,567 million	Leasing	14.0 (14.0)
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)
19 other companies				

(As of March 31, 2004)

Notes: 1. ( ) indicates the percentage of ownership by subsidiaries.
2. Central Leasing Co., Ltd. is currently UFJ Central Leasing Co., Ltd. after a merger with the leasing business of UFJ Business Finance Co., Ltd. in April 2004.

UFJ GROUP OVERSEAS NETWORK

THE AMERICAS

U.S.A.

New York Branch
Park Avenue Plaza, 55 East 52nd Street,
New York, NY 10055, U.S.A.
Tel: 1-212-339-6300
Fax: 1-212-754-1851

Chicago Branch
10 South Wacker Drive, 18th Floor,
Chicago, IL 60606, U.S.A.
Tel: 1-312-368-3000
Fax: 1-312-346-6677

Houston Representative Office
1200 Smith Street,
Houston, TX 77002, U.S.A.
Tel: 1-713-654-9970
Fax: 1-713-654-1462

Los Angeles Branch
601 South Figueroa Street, W5-2,
Los Angeles, CA 90017, U.S.A.
Tel: 1-213-533-7400
Fax: 1-213-533-7494

San Francisco Branch
One Front Street, 18th Floor,
San Francisco, CA 94111, U.S.A.
Tel: 1-415-981-9180
Fax: 1-415-788-5459

Kentucky Representative Office
7310 Turfway Road, Suite 210 Florence,
KT 41042, U.S.A.
Tel: 1-859-746-1800
Fax: 1-859-746-1799

UFJ Futures L.L.C.
141 West Jackson Boulevard, Suite 1755,
Chicago, IL 60604, U.S.A.
Tel: 1-312-341-6530
Fax: 1-312-922-7194
http://www.ufjfutures.com/

UFJ Trust Company of New York
666 Fifth Avenue, 33rd Floor,
New York, NY 10103-3395, U.S.A.
Tel: 1-212-307-3450
Fax: 1-212-307-3498 Swift: TTNY US 33

CANADA

UFJ Bank Canada
Toronto Head Office
BCE Place, Canada Trust Tower,
P.O. Box 525, Suite 4400,
161 Bay Street, Toronto,
Ontario M5J 2S1, Canada
Tel: 1-416-366-2583
Fax: 1-416-366-8599

BRAZIL

Banco Bradesco S.A.
Av. Paulista 1450, 5 Andar, Sao Paulo,
SP, Federative Republic of Brazil
Tel: 55-11-2178-4604
Fax: 55-11-2178-4503, 4504
http://corporatebradesco.com.br/

EUROPE AND THE MIDDLE EAST

UNITED KINGDOM

London Branch
P.O. Box 36, City Place House,
55 Basinghall Street, London EC2V 5DL,
United Kingdom
Tel: 44-20-7330-5000
Fax: 44-20-7330-5555

UFJ International plc
One Exchange Square,
London EC2A 2JL, United Kingdom
Tel: 44-20-7638-6030
Fax: 44-20-7588-5875
http://www.ufji.com

UFJ Deutsche Asset Management Limited
One Appold Street,
London EC2A 2UU, United Kingdom
Tel: 44-20-7545-0565
Fax: 44-20-7545-0552

UFJ Baillie Gifford Asset Management Limited
1 Rutland Court,
Edinburgh EH3 8EY, United Kingdom
Tel: 44-131-222-4000
Fax: 44-131-222-4487

THE NETHERLANDS

UFJ Bank Nederland N.V.
Keizersgracht 452, 1016 GD,
Amsterdam, The Netherlands
Tel: 31-20-627-1616
Fax: 31-20-624-1872

GERMANY

Düsseldorf Branch
3rd Floor, Wehrhahn Center,
Oststrasse 10, 40211 Düsseldorf,
Federal Republic of Germany
Tel: 49-211-160000
Fax: 49-211-359703

UFJ Leasing Deutschland GmbH
Wehrhahn Center, Oststrasse 10,
40211 Düsseldorf,
Federal Republic of Germany
Tel: 49-211-1600037
Fax: 49-211-359703

SWITZERLAND

UFJ Bank (Schweiz) AG
Badenerstrasse 6, 8004 Zürich, Switzerland
Tel: 41-1-296-1400
Fax: 41-1-296-1494

Hong Kong Representative Office
6th Floor,
The Hong Kong Club Building,
3A Chater Road, Central, Hong Kong
Tel: 852-2971-2100
Fax: 852-2877-0538

IRAN

Tehran Representative Office
4th Floor of a Building Registered
Under No. 6933/6985,
No. 34/1 Haghani Expressway, Tehran,
The Islamic Republic of Iran
Tel: 98-21-879-1105
Fax: 98-21-879-1106

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

CHINA

Shanghai Branch
16th Floor, Marine Tower, No.1,
Pudong Avenue, Shanghai,
The People's Republic of China
Tel: 86-21-5879-3818
Fax: 86-21-5879-3816~7

Tianjin Branch
Room 811, Tianjin International Building,
75 Nanjing Lu, Tianjin,
The People's Republic of China
Tel: 86-22-2330-4852
Fax: 86-22-2330-4660

Beijing Branch
Room 410, Office Tower 2,
Henderson Centre,
18 Jianguomennei Dajie, Beijing,
The People's Republic of China
Tel: 86-10-6518-2780
Fax: 86-10-6518-2770

Dalian Branch
13th Floor, Senmao Building 147,
Zhongshan Road, Dalian,
The People's Republic of China
Tel: 86-411-8360-3111
Fax: 86-411-8360-3377

Shenzhen Branch
17th Floor,
Shenzhen International Financial Building,
2022 Jian She Road, Shenzhen,
Guangdong Province,
The People's Republic of China
Tel: 86-755-8220-2202
Fax: 86-755-8222-8135, 8225-2255

Guangzhou Representative Office
Room No. 510, China Hotel Office Tower,
Liu Hua Lu, Guangzhou,
The People's Republic of China
Tel: 86-20-8667-7731
Fax: 86-20-8667-7720

United Leasing Company, Limited
Room 2007, 20th Floor, Union Building,
100 Yanan Road (East), Shanghai,
The People's Republic of China
Tel: 86-21-6328-7295
Fax: 86-21-6320-2813

HONG KONG

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

Kowloon Sub-Branch
Room 1701, Miramar Tower,
132 Nathan Road, Tsimshatsui,
Kowloon, Hong Kong
Tel: 852-2378-5111
Fax: 852-2730-3566

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/

Asia Financial Holdings Limited
Asia Financial Centre,
120 Des Voeux Road, Central, Hong Kong
Tel: 852-2853-4600
Fax: 852-2541-0009

TAIWAN

Taipei Branch
33F Shin Kong Life Tower 66, Section 1,
Chung-Hsiao West Road, Taipei, Taiwan
Tel: 886-2-2371-8888
Fax: 886-2-2371-8000

ASIA AND OCEANIA

REPUBLIC OF KOREA

Seoul Branch
Lotte Building, 22nd Floor,
1 Sogong-Dong, Chung-ku, Seoul,
Republic of Korea
Tel: 82-2-752-7321
Fax: 82-2-754-3870

SINGAPORE

Singapore Branch
6 Raffles Quay,
#24-01 John Hancock Tower,
Singapore 048580, Republic of Singapore
Tel: 65-6538-4838, 6535-8222
Fax: 65-6538-4636, 6532-5453

MALAYSIA

Labuan Branch
Level 10 (D) Main Office Tower,
Financial Park, Labuan,
Jalan Merdeka, 87000,
Federal Territory of Labuan, Malaysia
Tel: 60-87-419200~1, 411203
Fax: 60-87-419202, 410204

Kuala Lumpur Marketing Office
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/

THAILAND

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

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

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

Bangkok Central Leasing Co., Ltd.
16th Floor, Sethiwan Tower,
139 Pan Road, Silom,
Bangkok 10500, Kingdom of Thailand
Tel: 66-2-266-6040
Fax: 66-2-237-4492

Bangkok Bank Public Company Limited
333 Silom Road, Bangkok 10500,
Kingdom of Thailand
Tel: 66-2230-1053
Fax: 66-2231-4192

VIETNAM

Ho Chi Minh City Branch
18th Floor, Sun Wah Tower,
115 Nguyen Hue Street, District 1,
Ho Chi Minh City,
Socialist Republic of Vietnam
Tel: 84-8-8278-020
Fax: 84-8-8278-021

INDONESIA

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

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

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

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

Sunter Sub-Branch
Graha Kirana Building,
Jl. Yos Sudarso No. 88,
Jakarta Utara 14350,
Republic of Indonesia
Tel: 62-21-6531-1010
Fax: 62-21-6531-1110

Cenkareng Sub-Branch
Wisma Soewarna 3rd Floor,
Suite 3W, Soewarna Business Park,
Block E Lot 1&2,
Soekarno-Hatta International Airport,
Jakarta 19110, Republic of Indonesia
Tel: 62-21-5591-3600
Fax: 62-21-5591-3601

Cikampek Sub-Branch
Wisma Bukit Indah 1st Floor,
Blok L. Kota Bukit Indah,
Purwakarta 41181, Republic of Indonesia
Tel: 62-264-350-533
Fax: 62-264-350-531

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

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

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

PT U Finance Indonesia Head Office
PRO Motor Building, 3rd Floor,
Jl. Teuku Nyak Arif No.14 Simprug, Jakarta,
Selatan 12240, Republic of Indonesia
Tel: 62-21-7279-2888
Fax: 62-21-7279-1955

Bandung Branch
Jl. Lodaya No. 111, Bandung 40264,
Republic of Indonesia
Tel: 62-22-730-6308
Fax: 62-22-730-5021

Surabaya Branch
Jl. Bali No.12, Surabaya 60281,
Republic of Indonesia
Tel: 62-31-503-7377
Fax: 62-31-503-7378

PHILIPPINES

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

Metropolitan Bank and Trust Company
METRO BANK PLAZA 8F,
Sen. Gil J. Puyat Avenue, Makati City,
Republic of the Philippines
Tel: 63-2-812-5242
Fax: 63-2-817-6249

INDIA

New Delhi Branch
Upper Ground Floor, Mercantile House,
15 Kasturba Gandhi Marg,
New Delhi 110001, India
Tel: 91-11-2331-8008, 4100, 3333
Fax: 91-11-2331-5162

AUSTRALIA

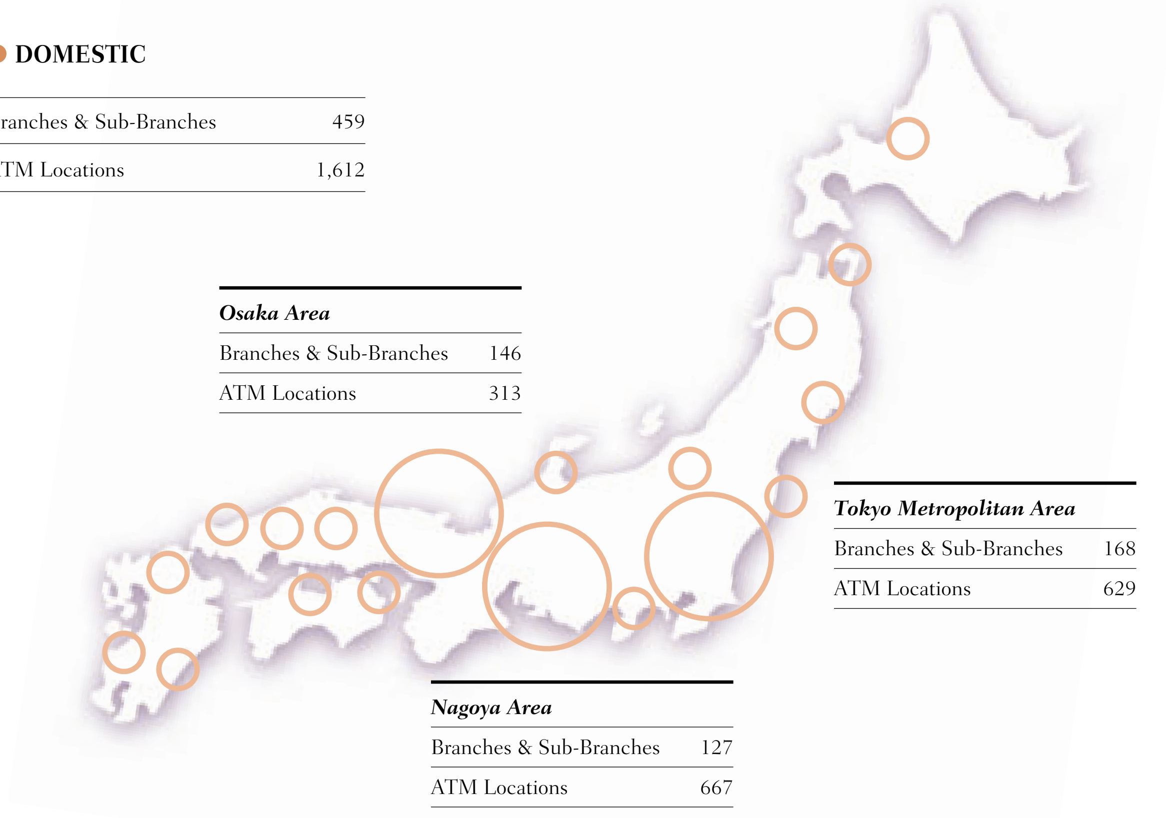
UFJ Australia Limited
Suite 11.01, 135 King Street, Sydney,
N.S.W. 2000, Australia
Tel: 61-2-9238-6400
Fax: 61-2-9238-6490

(As of August 31, 2004)

UFJ GROUP NETWORK

DOMESTIC

Branches & Sub-Branches	459
ATM Locations	1,612

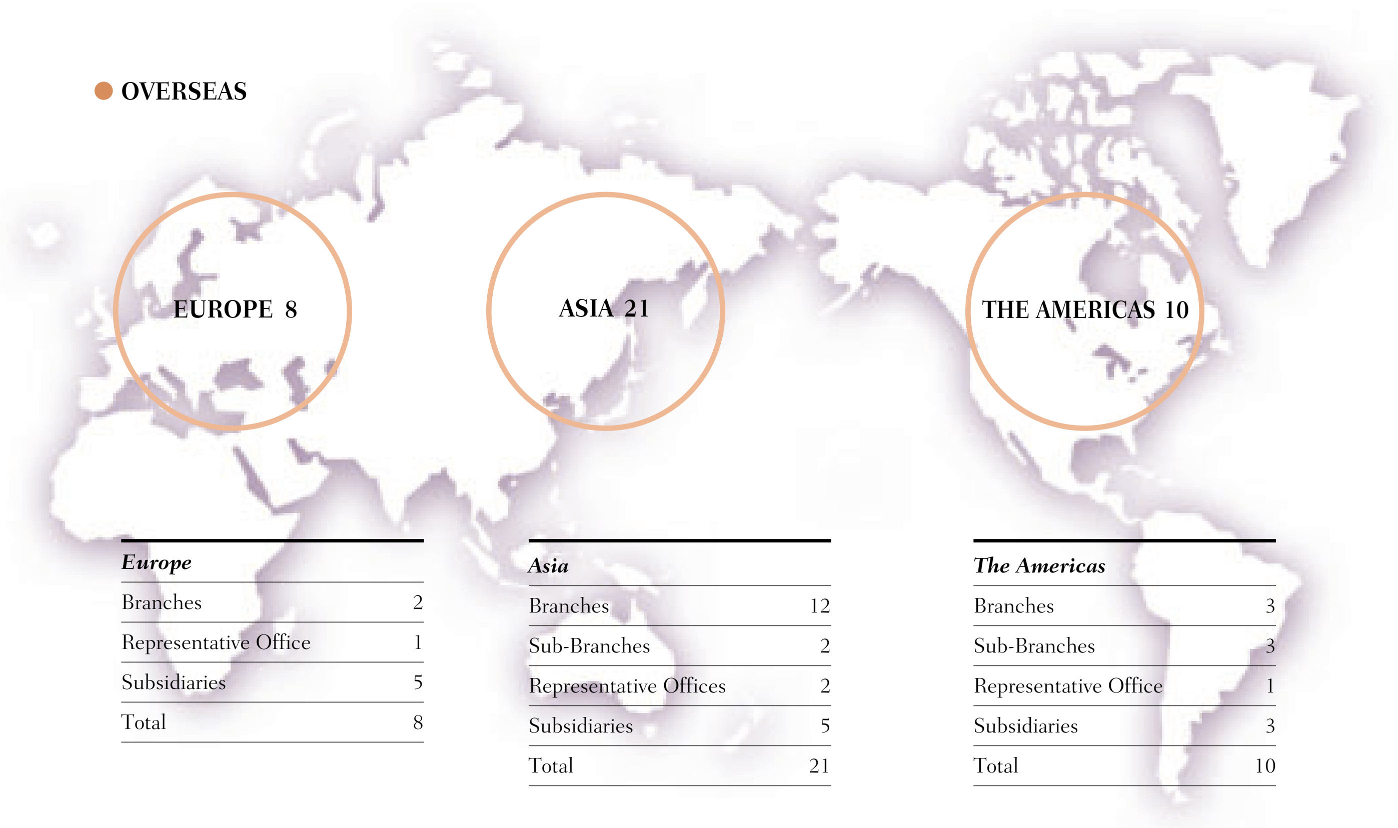


Osaka Area	
Branches & Sub-Branches	146
ATM Locations	313

Tokyo Metropolitan Area	
Branches & Sub-Branches	168
ATM Locations	629

Nagoya Area	
Branches & Sub-Branches	127
ATM Locations	667

OVERSEAS



Europe	
Branches	2
Representative Office	1
Subsidiaries	5
Total	8

Asia	
Branches	12
Sub-Branches	2
Representative Offices	2
Subsidiaries	5
Total	21

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

(As of March 31, 2004)

FINANCIAL SECTION

AUDITED FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

REPORT OF INDEPENDENT AUDITORS

ChuoAoyama PricewaterhouseCoopers

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, 2004, 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, in all material respects, the consolidated financial position of UFJ Holdings, Inc. and its consolidated subsidiaries as of March 31, 2004, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 38(a) to the consolidated financial statements, effective August 12, 2004, UFJ Holdings, Inc., UFJ Bank Limited, UFJ Trust Bank Limited and UFJ Tsubasa Securities Co., Ltd. concluded a basic agreement under which each company would integrate its businesses with Mitsubishi Tokyo Financial Group, Inc. ("MTFG"), The Bank of Tokyo Mitsubishi, Ltd., The Mitsubishi Trust and Banking Corporation and Mitsubishi Securities Co., Ltd. On September 10, 2004, UFJ Holdings, Inc., UFJ Bank Limited and MTFG concluded a further agreement regarding MTFG's cooperation in strengthening UFJ Group's capital, under the terms of which the Company's main subsidiary, UFJ Bank Limited, issued ¥700 billion in preferred shares to MTFG on September 17, 2004.

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 recomputed 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 PricewaterhouseCoopers

Tokyo, Japan
June 25, 2004, except for Note 38(a), as to which the date is September 17, 2004.

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

UFJ Holdings, Inc. and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of March 31, 2004 and 2003	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars (Note 1) 2004
ASSETS:			
Cash and Due from Banks (Notes 9, 33 and 34)	**¥ 4,476,660**	¥ 4,663,012	**$ 42,377**
Call Loans	**292,119**	209,082	**2,765**
Receivables under Resale Agreements	**632,784**	789,772	**5,990**
Cash Collateral Pledged for Bonds Borrowed	**2,269,420**	2,440,978	**21,483**
Monetary Receivables Bought (Note 34)	**304,500**	222,380	**2,882**
Trading Assets (Notes 3, 9 and 34)	**2,792,948**	3,045,053	**26,438**
Money Held in Trust (Note 34)	**132,524**	35,928	**1,255**
Securities (Notes 4, 9 and 34)	**22,025,991**	18,132,858	**208,501**
Loans and Bills Discounted (Notes 5 and 9)	**42,462,644**	44,178,615	**401,956**
Foreign Exchanges (Note 6)	**613,382**	566,249	**5,806**
Other Assets (Notes 7 and 9)	**2,753,638**	2,243,009	**26,066**
Premises and Equipment (Notes 8 and 9)	**678,113**	725,725	**6,419**
Deferred Tax Assets (Note 31)	**1,413,766**	1,522,606	**13,383**
Goodwill	**9,229**	15,382	**87**
Customers' Liabilities for Acceptances and Guarantees (Note 17)	**3,398,200**	3,092,455	**32,168**
Reserve for Credit Losses	**(2,120,260)**	(1,674,377)	**(20,071)**
Reserve for Losses on Securities	**(1,217)**	(1,324)	**(11)**
Total Assets	**¥82,134,447**	¥80,207,409	**$777,494**
LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Deposits (Notes 9 and 10)	**¥58,490,143**	¥56,078,338	**$553,674**
Call Money (Note 9)	**4,863,792**	5,183,204	**46,041**
Payables under Repurchase Agreements (Note 9)	**669,520**	1,422,205	**6,338**
Cash Collateral Received for Bonds Loaned (Note 9)	**1,764,098**	2,909,178	**16,699**
Commercial Paper (Note 9)	**297,079**	343,775	**2,812**
Trading Liabilities (Note 11)	**2,167,596**	1,965,375	**20,519**
Borrowed Money (Notes 9 and 12)	**1,495,260**	1,462,536	**14,154**
Foreign Exchanges (Note 13)	**187,987**	88,833	**1,780**
Bonds and Notes (Note 14)	**2,756,367**	2,276,313	**26,092**
Borrowed Money from Trust Account	**1,754,077**	1,250,246	**16,604**
Other Liabilities (Notes 9 and 15)	**1,668,144**	1,288,432	**15,791**
Reserve for Employee Bonus	**17,016**	23,564	**161**
Reserve for Retirement Benefits (Note 30)	**14,354**	13,165	**136**
Reserve for Contingent Liabilities Related to Loans Sold	**—**	18,807	**—**
Reserve for Losses on Supports of Specific Borrowers	**5,057**	—	**48**
Other Reserves (Note 16)	**295**	207	**3**
Deferred Tax Liabilities (Note 31)	**17,985**	306	**170**
Deferred Tax Liabilities for Revaluation Reserve for Land	**76,958**	82,762	**728**
Acceptances and Guarantees (Note 17)	**3,398,200**	3,092,455	**32,168**
Total Liabilities	**79,643,938**	77,499,707	**753,918**
Minority Interests:			
Minority Interests	**825,410**	843,357	**7,814**
Stockholders' Equity:			
Capital Stock (Note 20)	**1,000,000**	1,000,000	**9,466**
Capital Surplus (Note 20)	**1,233,725**	1,233,702	**11,679**
Retained Earnings (Accumulated Deficit)	**(760,566)**	(359,380)	**(7,200)**
Revaluation Reserve for Land, Net of Taxes	**112,964**	121,792	**1,069**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes (Note 34)	**172,640**	(65,722)	**1,634**
Foreign Currency Translation Adjustments	**(91,434)**	(64,132)	**(865)**
Treasury Stock	**(2,231)**	(1,913)	**(21)**
Total Stockholders' Equity	**1,665,098**	1,864,344	**15,762**
Total Liabilities, Minority Interests and Stockholders' Equity	**¥82,134,447**	¥80,207,409	**$777,494**

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, 2004 and 2003	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars (Note 1) 2004
REVENUES:			
Interest Income:			
Interest on Loans and Bills Discounted	**¥ 771,488**	¥ 856,002	**$ 7,303**
Interest on and Dividends from Securities	**174,723**	187,289	**1,654**
Other Interest Income (Note 21)	**81,305**	113,702	**770**
Trust Fees	**49,408**	58,458	**468**
Fees and Commissions (Note 22)	**454,711**	361,047	**4,304**
Trading Gains, Net (Note 23)	**188,019**	140,612	**1,780**
Other Operating Income (Note 24)	**492,556**	549,561	**4,662**
Other Income (Note 25)	**477,698**	253,985	**4,522**
Total Revenues	**2,689,911**	2,520,659	**25,463**
EXPENSES:			
Interest Expenses:			
Interest on Deposits	**71,859**	111,591	**680**
Interest on Borrowings and Rediscounts	**24,299**	32,635	**230**
Other Interest Expenses (Note 26)	**106,345**	144,314	**1,007**
Fees and Commissions (Note 27)	**66,914**	68,538	**633**
Trading Losses, Net (Note 23)	**—**	438	**—**
Other Operating Expenses (Note 28)	**334,458**	314,447	**3,166**
General and Administrative Expenses	**773,036**	775,121	**7,318**
Provision for Credit Losses	**838,372**	401,771	**7,936**
Other Expenses (Note 29)	**806,370**	1,290,747	**7,633**
Total Expenses	**3,021,656**	3,139,606	**28,603**
Income (Loss) before Income Taxes and Minority Interests	**(331,745)**	(618,946)	**(3,140)**
Income Taxes (Note 31)**:**			
Provision for Income Taxes	**14,127**	7,675	**134**
Deferred Income Taxes	**36,929**	(37,903)	**349**
	51,056	(30,227)	**483**
Minority Interests in Net Income (Loss)	**20,003**	20,204	**190**
Net Income (Loss)	**¥ (402,806)**	¥ (608,923)	**$ (3,813)**

	Yen 2004	Yen 2003	U.S. Dollars 2004
Net Income (Loss) per Common Share:			
Basic	**¥(82,174.74)**	¥(126,805.12)	**$(777.88)**
Diluted	**—**	—	**—**
Dividends Declared per Share:			
Class I Preferred Share	**37,500**	37,500	**355**
Class II Preferred Share	**15,900**	15,900	**151**
Class III Preferred Share	**68,750**	68,750	**651**
Class IV Preferred Share	**18,600**	18,600	**176**
Class V Preferred Share	**19,400**	19,400	**184**
Class VI Preferred Share	**5,300**	5,300	**50**
Class VII Preferred Share	**11,500**	11,500	**109**
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

	Millions of Yen		Millions of U.S. Dollars (Note 1)
Fiscal Years ended March 31, 2004 and 2003	**2004**	2003	**2004**
Capital Stock:			
Balance, at Beginning of the Fiscal Year	**¥1,000,000**	¥ 1,000,000	**$ 9,466**
Net Change during the Fiscal Year	**—**	—	**—**
Balance, at End of the Fiscal Year	**¥1,000,000**	¥ 1,000,000	**$ 9,466**
Capital Surplus:			
Balance, at Beginning of the Fiscal Year	**¥1,233,702**	¥ 1,266,626	**$11,679**
Gain (Loss) on Sales of Treasury Stock	**23**	(32,924)	**0**
Balance, at End of the Fiscal Year	**¥1,233,725**	¥ 1,233,702	**$11,679**
Retained Earnings (Accumulated Deficit):			
Balance, at Beginning of the Fiscal Year	**¥ (359,380)**	¥ 254,225	**$ (3,402)**
Reversal of Revaluation Reserve for Land	**8,651**	6,158	**82**
Retained Earnings Carried Forward from Acquired Subsidiary	**—**	12,449	**—**
Net Income (Loss)	**(402,806)**	(608,923)	**(3,813)**
Cash Dividends	**(7,028)**	(23,282)	**(67)**
Bonuses to Directors	**(2)**	(8)	**(0)**
Balance, at End of the Fiscal Year	**¥ (760,566)**	¥ (359,380)	**$ (7,200)**
Revaluation Reserve for Land, Net of Taxes:			
Balance, at Beginning of the Fiscal Year	**¥ 121,792**	¥ 130,638	**$ 1,153**
Reversal of Revaluation Reserve for Land	**(8,651)**	(6,158)	**(82)**
Other	**(176)**	(2,687)	**(2)**
Balance, at End of the Fiscal Year	**¥ 112,964**	¥ 121,792	**$ 1,069**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes:			
Balance, at Beginning of the Fiscal Year	**¥ (65,722)**	¥ 60,110	**$ (622)**
Net Change during the Fiscal Year	**238,362**	(125,832)	**2,256**
Balance, at End of the Fiscal Year	**¥ 172,640**	¥ (65,722)	**$ 1,634**
Foreign Currency Translation Adjustments:			
Balance, at Beginning of the Fiscal Year	**¥ (64,132)**	¥ (37,834)	**$ (607)**
Net Change during the Fiscal Year	**(27,301)**	(26,298)	**(258)**
Balance, at End of the Fiscal Year	**¥ (91,434)**	¥ (64,132)	**$ (865)**
Treasury Stock:			
Balance, at Beginning of the Fiscal Year	**¥ (1,913)**	¥ (72,987)	**$ (18)**
Net Change during the Fiscal Year	**(317)**	71,073	**(3)**
Balance, at End of the Fiscal Year	**¥ (2,231)**	¥ (1,913)	**$ (21)**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years ended March 31, 2004 and 2003	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars (Note 1) 2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income (Loss) before Income Taxes and Minority Interests	**¥ (331,745)**	¥ (618,946)	**$ (3,140)**
Depreciation	**22,856**	28,005	**216**
Amortization of Goodwill	**3,643**	3,433	**34**
Equity in Earnings of Affiliates	**(6,974)**	380	**(66)**
Increase (Decrease) in Reserve for Credit Losses	**445,608**	(5,759)	**4,218**
Increase (Decrease) in Reserve for Losses on Securities	**(107)**	661	**(1)**
Increase (Decrease) in Reserve for Contingent Liabilities Related to Loans Sold	**(18,807)**	(37,909)	**(178)**
Increase (Decrease) in Reserve for Losses on Supports of Specific Borrowers	**5,057**	(579,157)	**48**
Increase (Decrease) in Reserve for Retirement Benefits	**117,884**	21,968	**1,116**
Increase (Decrease) in Reserve for Employee Bonus	**(6,339)**	1,277	**(60)**
Interest Income	**(1,027,517)**	(1,156,993)	**(9,727)**
Interest Expenses	**202,504**	288,542	**1,917**
Net (Gain) Loss on Securities	**(360,417)**	419,023	**(3,412)**
Net (Gain) Loss on Money Held in Trust	**406**	595	**4**
Net (Gain) Loss on Foreign Currency Translation	**164,411**	58,893	**1,556**
Net (Gain) Loss on Sales of Premises and Equipment	**20,834**	26,941	**197**
(Gain) Loss from Contribution of Securities to Employee Retirement Benefit Trust	**(40,887)**	(17,428)	**(387)**
Net (Increase) Decrease in Trading Assets	**231,346**	(270,782)	**2,190**
Net Increase (Decrease) in Trading Liabilities	**215,460**	193,410	**2,040**
Net (Increase) Decrease in Loans and Bills Discounted	**1,682,714**	1,932,023	**15,929**
Net Increase (Decrease) in Deposits	**1,882,377**	354,979	**17,819**
Net Increase (Decrease) in Negotiable Certificates of Deposit	**585,522**	(1,437,104)	**5,543**
Net Increase (Decrease) in Borrowed Money (Non-Subordinated)	**6,764**	171,072	**64**
Net (Increase) Decrease in Due from Banks other than Due from Central Banks	**122,062**	1,113,153	**1,155**
Net (Increase) Decrease in Call Loans and Monetary Receivables Bought	**(19,027)**	(54,643)	**(180)**
Net (Increase) Decrease in Cash Collateral Pledged for Bonds Borrowed	**169,084**	(646,167)	**1,601**
Net Increase (Decrease) in Call Money and Other Funding Related to Operating Activities	**(1,064,614)**	2,539,721	**(10,078)**
Net Increase (Decrease) in Commercial Paper	**(58,325)**	(250,487)	**(552)**
Net Increase (Decrease) in Cash Collateral Received for Bonds Loaned	**(1,145,080)**	713,087	**(10,840)**
Net (Increase) Decrease in Foreign Exchange Assets	**(46,918)**	(15,244)	**(444)**
Net Increase (Decrease) in Foreign Exchange Liabilities	**98,054**	(78,685)	**928**
Net Increase (Decrease) in Corporate Bonds and Notes (Non-Subordinated) from Issuance, Redemption and Repurchase	**289,293**	342,343	**2,739**
Net Increase (Decrease) in Borrowed Money from Trust Account	**503,831**	(442,593)	**4,769**
Interest Received	**1,076,042**	1,238,860	**10,186**
Interest Paid	**(221,657)**	(338,450)	**(2,098)**
Other, Net	**2,338**	(228,204)	**22**
Subtotal	**3,499,683**	3,269,818	**33,128**
Income Taxes Paid	**(5,620)**	(7,832)	**(53)**
Net Cash Provided by (Used in) Operating Activities	**3,494,062**	3,261,985	**33,075**

Fiscal Years ended March 31, 2004 and 2003	Millions of Yen 2004	2003	Millions of U.S. Dollars (Note 1) 2004
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Securities	**¥(54,413,577)**	¥(50,778,318)	**$(515,085)**
Proceeds from Sales of Securities	**36,081,218**	36,361,278	**341,549**
Proceeds from Maturities of Securities	**14,631,033**	11,152,674	**138,499**
Increase in Money Held in Trust	**(180,066)**	(70,846)	**(1,704)**
Decrease in Money Held in Trust	**83,064**	184,818	**786**
Purchases of Premises and Equipment	**(26,472)**	(25,215)	**(251)**
Proceeds from Sales of Premises and Equipment	**15,563**	41,337	**147**
Purchases of Consolidated Subsidiaries	**—**	(13,275)	**—**
Proceeds from Sales of Consolidated Subsidiaries	**955**	9,487	**9**
Other, Net	**(4)**	—	**(0)**
Net Cash Provided by (Used in) Investing Activities	**(3,808,285)**	(3,138,059)	**(36,050)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Issuance of Subordinated Debts	**33,500**	163,500	**317**
Repayment of Subordinated Debts	**(7,500)**	(465,500)	**(71)**
Proceeds from Issuance of Subordinated Bonds and Notes	**331,760**	34,932	**3,141**
Redemption and Repurchase of Subordinated Bonds and Notes	**(90,363)**	(719,937)	**(855)**
Proceeds from Issuance of Capital Stocks to Minority Interests Holders	**—**	231,000	**—**
Dividends Paid	**(7,028)**	(23,282)	**(67)**
Dividends Paid to Minority Interests Holders	**(27,020)**	(26,667)	**(256)**
Acquisition of Treasury Stock	**(534)**	(256)	**(5)**
Proceeds from Sales of Treasury Stock	**70**	8,280	**1**
Other, Net	**(3,244)**	—	**(31)**
Net Cash Provided by (Used in) Financing Activities	**229,638**	(797,931)	**2,174**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,519)**	(1,425)	**(14)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(86,103)**	(675,431)	**(815)**
Cash and Cash Equivalents at Beginning of the Fiscal Year	**3,703,931**	4,378,042	**35,062**
Increase of Cash and Cash Equivalents due to Change in Scope of Consolidation	**—**	1,338	**—**
Increase in Cash and Cash Equivalents due to Subsidiaries' Merger	**—**	0	**—**
Decrease in Cash and Cash Equivalents due to Exclusion of Consolidated Subsidiaries	**—**	(18)	**—**
Cash and Cash Equivalents at End of the Fiscal Year	**¥ 3,617,827**	¥ 3,703,931	**$ 34,247**

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.

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 ¥105.64 to $1, the effective exchange rate prevailing as of March 31, 2004. 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) 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, 2004 was 220, of which 111 subsidiaries were consolidated, and 109 were not consolidated and accounted for at cost.

All 109 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. ("UFJ Tsubasa") (Japan)
The Senshu Bank, Ltd. (Japan)
UFJ Partners Asset Management Co., Ltd. (Japan)
UFJ International plc (United Kingdom)

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, 2004, the number of affiliates was 31, of which 27 affiliates were accounted for under the equity method, and 4 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)
Central Leasing Co., Limited (Japan)

As of March 31, 2004 and 2003, investments in non-consolidated subsidiaries and affiliates not accounted for under the equity method were ¥82 million ($1 million) and ¥387 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, 2004 and 2003 was as follows:

	2004	2003
Consolidated subsidiaries	**111**	115
Non-consolidated subsidiaries	**109**	100
Affiliates (accounted for under the equity method)	**27**	24
Affiliates (not accounted for under the equity method)	**4**	5

(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.

(b) 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, 2003, the consolidated domestic banking subsidiaries adopted the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 25, *Accounting and Auditing Treatment 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 continued to account for such transactions on the same basis as in the prior year under the JICPA Industry Audit Committee Report No. 20, *Temporary Treatment for Accounting and Auditing of Application of Accounting for Foreign Currency Transactions in the Banking Industry*, 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 the one-year extension afforded in the JICPA Industry Audit Committee Report No. 25.

In accordance with the JICPA Industry Audit Committee Report No. 20, 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 subsidiaries 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.

Effective April 1, 2003, the extension rule afforded under the JICPA Industry Committee Report No. 25 is no longer applicable. As a result, for the fiscal year ended March 31, 2004, funding related swap transactions and currency swap transactions, which were accounted for on an interest accrual basis, are valued at fair market values and related unrealized gains and losses are recognized in the balance sheet resulting in a decrease in "Other Assets" by ¥23,943 million ($227 million) on a net basis. Unrealized gains and losses arising from other forward foreign exchange contracts, which were included in "Other Assets" or "Other Liabilities" on a net basis, are included in the "Other Assets" and "Other Liabilities" on a gross basis. As a result, “Other Assets” increased by ¥126,232 million ($1,195 million) and “Other Liabilities” increased by ¥126,948 million ($1,202 million), respectively.

(c) 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.

Reconciliation between “Cash and Cash Equivalents” and “Cash and Due from Banks” is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Cash and Due from Banks	**¥4,476,660**	¥4,663,012	**$42,377**
Less: Due from Banks other than Central Banks	**(858,832)**	(959,081)	**(8,130)**
Cash and Cash Equivalents	**¥3,617,827**	¥3,703,931	**$34,247**

(d) 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.

(e) 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.

Interest Rate Risk Management

The JICPA Industry Audit Committee Report No. 24, *Accounting and Auditing Treatment Concerning Application of Accounting Standards for Financial Instruments in the Banking Industry* became effective for fiscal years beginning after April 1, 2002. The report requires, among other things, that banks apply a concept of “Portfolio Hedging” instead of applying the “Risk Adjusted Approach”.

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

Effective April 1, 2003, the consolidated domestic banking subsidiaries adopted the provisions of the JICPA Accounting Committee Report No. 14, *Practical Guidelines for Accounting for Financial Instruments*, an acceptable alternative to adopting the provisions of the JICPA Industry Audit Committee Report No. 24 previously discussed. The JICPA Accounting Committee Report No. 14 requires, among other things, that (1) each group of hedged items has a common risk factor and (2) the change in fair value or cash flows attributable to the hedged risk for each individual item in a portfolio must be expected to respond in a proportionate manner to the change in fair value or cash flows of the aggregate portfolio.

Deferred hedge gains and losses recorded on the balance sheet under the Risk Adjusted Approach as of March 31, 2003 are charged to income or expenses over the remaining lives of the hedging instruments. Deferred hedge gains and losses as of March 31, 2004 were ¥142,420 million ($1,348 million) and ¥121,424 million ($1,149 million), respectively.

Foreign Currency Risk Management

As described in the above (b), for the fiscal year ended March 31, 2003, the consolidated domestic banking subsidiaries continued to apply the JICPA Industry Audit Committee Report No. 20.

For the fiscal year ended March 31, 2004, the consolidated domestic banking subsidiaries adopted the JICPA Industry Audit Committee Report No. 25, and funding related swap transactions and currency swap transactions that are used to hedge currency risks of lending and borrowing in different currencies are accounted for using the deferral method of hedge accounting.

In applying hedge accounting to hedging instruments for foreign currency denominated assets and liabilities, such as loans and deposits, the hedge effectiveness is assessed by checking (1) whether the risk exposures from hedged items have been reduced and (2) the notional amounts of hedging instruments are compared with the balances of the hedged items to confirm there is no over-hedging. In applying hedge accounting to hedging instruments for foreign currency denominated securities (other than debt securities), the foreign currency denominated securities being hedged must be designated as hedged items at inception, and spot or forward exchange rate exposure of the liabilities is sufficient to offset the acquisition cost of the securities denominated in foreign currencies. The qualified hedges are designated as a portfolio hedge and accounted for under either of the deferral method or the fair value method of hedging accounting.

Intercompany / Internal transactions

For the fiscal year ended March 31, 2003, funding related swap transactions and currency swap transactions entered into internally or among consolidated companies are not eliminated through the application of one-year extension rule afforded in the JICPA Industry Audit Committee Report No. 25.

For the fiscal year ended March 31, 2004, derivatives transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts are not eliminated and the unrealized gains and losses are recognized in the statement of operations or deferred under hedge accounting because these derivatives transactions are covered with outside third parties and are designated as hedging instruments by adopting the strict hedging policy in accordance with the JICPA Industry Audit Committee Report Nos. 24 and 25.

For certain other assets and liabilities, the consolidated domestic banking subsidiaries apply the deferral method of hedge accounting, the fair value method of hedging accounting or an accrual method specifically allowed for certain interest swaps.

(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.

(f) 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, 2004 was below the carrying value, adjusted for one-time revaluation, by ¥86,041 million ($814 million).

(g) 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."

(h) 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 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 ¥1,498,233 million ($14,182 million) and ¥1,408,066 million as of March 31, 2004 and 2003, respectively.

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.

(i) 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.

(j) 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.

(k) 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 ($1,541 million) and ¥162,817 million as of March 31, 2004 and 2003, 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. In this connection, in accordance with the transitional provision contained in paragraph 47-2 of the JICPA Accounting Committee Report No. 13, *Practical Guidelines for Accounting for Retirement Benefits (Interim Report)*, UFJ Holdings and its domestic banking subsidiary derecognized its benefit obligation and plan assets of ¥126,504 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 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.

(l) 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.

(m) 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.

(n) 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.

(o) Appropriation of Retained Earnings
"Cash Dividends" and "Bonuses to Directors and Corporate 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.

(p) 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, 2004 and 2003, however, is not presented since a net loss was reported for the fiscal years.

(q) 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 standard requires, among other things, that gains from sales of treasury stock be credited to capital surplus and losses be charged to capital surplus.

(r) Recently Issued Accounting Pronouncement
Impairment of Fixed Assets
On August 9, 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets." The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. An impairment loss should be recognized in the consolidated statements of operations by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price or value in use. The standard is effective from the fiscal year ending March 31, 2006. Although application of the standard prior to the effective date is permitted, UFJ Group has not applied for early adoption or determined the impact of adoption in the consolidated financial statements.

3. TRADING ASSETS

Trading Assets as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Trading Securities	**¥2,217,811**	¥2,451,165	**$20,994**
Derivatives on Trading Securities	**7,220**	15,003	**68**
Securities used for Hedging Trading Transactions	**—**	—	**—**
Derivatives on Securities used for Hedging Trading Transactions	**606**	498	**6**
Derivatives used for other than Trading Securities	**380,925**	471,678	**3,606**
Other Trading Assets	**186,385**	106,706	**1,764**
Total	**¥2,792,948**	¥3,045,053	**$26,438**

4. SECURITIES

Securities as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Japanese National Government Bonds	**¥13,464,948**	¥10,417,779	**$127,461**
Japanese Local Government Bonds	**290,881**	339,509	**2,754**
Japanese Corporate Bonds and Notes	**2,022,339**	1,307,865	**19,144**
Japanese Equities	**3,047,427**	2,894,991	**28,847**
Other Securities	**3,200,393**	3,172,712	**30,295**
Total	**¥22,025,991**	¥18,132,858	**$208,501**

Other Securities consisted mainly of foreign government bonds.

5. LOANS AND BILLS DISCOUNTED

Loans and Bills Discounted as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Bills Discounted	**¥ 321,785**	¥ 415,454	**$ 3,046**
Loans on Notes	**5,405,545**	7,277,405	**51,169**
Loans on Deeds	**30,277,775**	28,840,082	**286,613**
Overdrafts	**6,297,491**	7,437,849	**59,613**
Receivables, including Leases	**160,045**	207,822	**1,515**
Total	**¥42,462,644**	¥44,178,615	**$401,956**

Problem loans held by consolidated subsidiaries, as defined by the Japanese Banking Law, as of March 31, 2004 and 2003 were as follows (before deducting "Reserves for Credit Losses"):

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Loans to Bankrupt Companies*1	**¥ 84,132**	¥ 135,436	**$ 796**
Other Delinquent Loans*2	**1,704,330**	1,583,872	**16,133**
Loans Past Due 3 Months or More*3	**88,531**	67,872	**838**
Restructured Loans*4	**2,206,052**	2,487,021	**20,883**
Total	**¥4,083,048**	¥4,274,203	**$38,650**

*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 ¥21,118 million ($200 million) and ¥41,795 million as of March 31, 2004 and 2003, for the purpose of restructuring borrowers and disposing of such loans.

6. FOREIGN EXCHANGES (ASSETS)

Foreign Exchanges (Assets) as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Due from Foreign Banks	**¥104,593**	¥124,987	**$ 990**
Foreign Exchange Bills Bought	**389,502**	336,427	**3,687**
Foreign Exchange Bills Receivable	**119,286**	104,834	**1,129**
Total	**¥613,382**	¥566,249	**$5,806**

7. OTHER ASSETS

Other Assets as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Accrued Income	**¥ 176,352**	¥ 205,407	**$ 1,669**
Prepaid Expenses	**3,591**	3,086	**34**
Financial Derivatives	**342,390**	389,699	**3,241**
Leased Assets	**417,364**	428,417	**3,951**
Other	**1,813,940**	1,216,398	**17,171**
Total	**¥2,753,638**	¥2,243,009	**$26,066**

8. PREMISES AND EQUIPMENT

Premises and Equipment, net of accumulated depreciation of ¥431,894 million ($4,088 million) and ¥462,696 million as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Land	**¥343,238**	¥365,221	**$3,249**
Buildings	**174,816**	183,828	**1,655**
Equipment	**52,353**	57,724	**496**
Other	**107,703**	118,950	**1,019**
Total	**¥678,113**	¥725,725	**$6,419**

9. PLEDGED ASSETS

The carrying amounts of assets pledged as collateral and the collateralized debts as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Cash and Due from Banks	**¥ 176**	¥ 44	**$ 1**
Trading Assets	**1,442,271**	1,800,901	**13,653**
Securities	**4,439,202**	5,747,223	**42,022**
Loans and Bills Discounted	**1,011,681**	40,330	**9,577**
Other Assets	**30,763**	49,111	**291**
Total	**¥6,924,096**	¥7,637,611	**$65,544**
Deposits	**¥ 681,035**	¥ 373,673	**$ 6,447**
Call Money	**3,225,363**	3,622,100	**30,531**
Payables under Repurchase Agreements	**633,528**	1,273,869	**5,997**
Cash Collateral Received for Bonds Loaned	**1,222,982**	2,011,614	**11,577**
Commercial Paper	**—**	931	**—**
Borrowed Money	**367,399**	68,975	**3,478**
Other Liabilities	**14,375**	14,305	**136**
Total	**¥6,144,684**	¥7,365,469	**$58,166**

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 as of March 31, 2003.

The following assets were pledged or deposited in connection with foreign exchange settlements and derivatives as of March 31, 2004 and 2003:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Cash and Due from Banks	**¥ 13,731**	¥ 27,732	**$ 130**
Trading Assets	**—**	290,660	**—**
Securities	**2,454,671**	2,587,917	**23,236**
Loans and Bills Discounted	**999,911**	—	**9,465**
Other Assets	**42,864**	4,187	**406**
Total	**¥3,511,178**	¥2,910,498	**$33,237**

In addition, the following assets were pledged or deposited as of March 31, 2004 and 2003:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Security Deposits (included in Premises and Equipment)	**¥106,960**	¥118,208	**$1,013**
Deposits for Futures Transactions (included in Other Assets)	**15,010**	8,183	**142**
Total	**¥121,970**	¥126,392	**$1,155**

As of March 31, 2004, uncollateralized securities loaned for which the borrowers have a right to sell or pledge (bonds loaned transactions) of ¥97,589 million ($924 million), are included in "Securities" under "Japanese National Government Bonds". 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, and securities loaned for which the borrowers have a right to pledge, but not the right to sell, of ¥405 million are included in "Securities" under "Japanese National Government Bonds".

As of March 31, 2004, of uncollateralized securities borrowed (bonds borrowed transactions), securities purchased under resale agreements and bonds borrowed versus cash transactions that can be sold or pledged, ¥756,183 million ($7,158 million) of securities were pledged, and ¥581,093 million ($5,501 million) of securities were not pledged or loaned. 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 of securities were pledged, ¥22,502 million of securities were loaned, and ¥1,079,684 million of securities were not pledged or loaned.

10. DEPOSITS

Deposits as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Demand Deposits	**¥ 4,247,208**	¥ 4,014,390	**$ 40,205**
Saving Deposits	**25,557,922**	23,870,052	**241,934**
Deposits at Notice*	**607,680**	641,048	**5,752**
Time Deposits	**18,537,517**	18,706,719	**175,478**
Other Deposits	**4,025,413**	3,917,429	**38,105**
Subtotal	**52,975,742**	51,149,640	**501,474**
Negotiable Certificates of Deposit	**5,514,401**	4,928,697	**52,200**
Total	**¥58,490,143**	¥56,078,338	**$553,674**

* 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, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Securities Sold, but not yet Purchased	**¥1,957,730**	¥1,557,081	**$18,532**
Derivatives on Trading Securities	**7,255**	2,338	**69**
Derivatives on Securities used for Hedging Trading Transactions	**684**	447	**7**
Derivatives used for other than Trading Securities	**201,926**	405,507	**1,911**
Total	**¥2,167,596**	¥1,965,375	**$20,519**

12. BORROWED MONEY

Borrowed Money as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars	Average Rate
	2004	2003	**2004**	**2004**
Borrowings from Financial Institutions	**¥1,495,260**	¥1,462,034	**$14,154**	**1.34%**
Bills Rediscounted	—	502	—	—%
Total	**¥1,495,260**	¥1,462,536	**$14,154**	**1.34%**

The average rates presented above represent the weighted average rates based on the balances as of March 31, 2004.

Borrowed Money included subordinated borrowings in the amount of ¥581,778 million ($5,507 million) and ¥550,415 million as of March 31, 2004 and 2003, respectively.

Annual maturities of Borrowings from Financial Institutions as of March 31, 2004 are as follows:

Fiscal Year Ending March, 31	Millions of Yen	Millions of U.S. Dollars
2005	¥ 741,360	$ 7,018
2006	100,591	952
2007	57,508	544
2008	34,914	330
2009	28,911	274
2010 and Thereafter	531,974	5,036
Total	¥1,495,260	$14,154

13. FOREIGN EXCHANGES (LIABILITIES)

Foreign Exchanges (Liabilities) as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Due to Foreign Banks	**¥181,035**	¥77,931	**$1,714**
Foreign Exchange Bills Sold	**1,707**	3,340	**16**
Foreign Exchange Bills Payable	**5,244**	7,561	**50**
Total	**¥187,987**	¥88,833	**$1,780**

14. BONDS AND NOTES

Bonds and Notes as of March 31, 2004 and 2003 consisted of the following:

		Millions of Yen		Millions of U.S.Dollars	Rate
Issuer	Description of Bonds and Notes	**2004**	2003	**2004**	**2004**
UFJ Holdings	Subordinated Bonds, perpetual, payable in Yen	**¥ 100,000**	¥ 100,000	**$ 947**	**0.41%**
UFJ Bank	Straight Bonds, due in 2004 to 2014, payable in Yen	**1,537,800**	1,314,600	**14,557**	**0.58%–2.08%**
	Short-term Corporate Bonds, due in 2004, payable in Yen	**70,000**	—	**663**	**0.04%**
	Subordinated Notes, due in 2013, payable in Yen	**64,300**	—	**609**	**1.30%**
	Subordinated Notes, due in 2009 to 2013, payable in Yen	**154,500**	154,800	**1,463**	**0.65%–1.27%**
	Subordinated Notes, due in 2011, payable in US Dollars	**210,476**	240,363	**1,992**	**7.40%**
UFJ Trust	Subordinated Bonds, due in 2010 to 2011, payable in Yen	**69,800**	38,900	**661**	**0.86%–2.20%**
UFJ Finance Aruba A.E.C.	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2009, payable in US Dollars	**286,941**	180,045	**2,716**	**6.75%–8.35%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, payable in US Dollars	**61,191**	—	**579**	**8.75%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2009 to 2014, payable in Yen	**27,700**	18,500	**262**	**0.22%–3.00%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, perpetual, payable in Yen	**81,600**	89,700	**772**	**3.62%–4.15%**
Tokai Finance (Curaçao) N.V.	Notes Guaranteed by UFJ Bank on a Subordinated Basis, due in 2010 to 2011, payable in Yen	**50,000**	52,400	**473**	**0.57%–4.90%**
	Notes Guaranteed by UFJ Bank on a Subordinated Basis, perpetual, payable in Yen	**22,200**	62,600	**210**	**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	**4,500**	5,500	**43**	**3.15%–4.00%**
Other Subsidiaries	Other Corporate Bonds and Notes Issued by Subsidiaries, due in 2003 to 2022	**15,356**	18,903	**145**	**0.57%–23.20%**
Total		**¥2,756,367**	¥2,276,313	**$26,092**	

Annual maturities of Bonds and Notes as of March 31, 2004 were as follows:

Fiscal Year Ending March, 31	Millions of Yen	Millions of U.S. Dollars
2005	¥ 222,151	$ 2,103
2006	395,568	3,745
2007	331,303	3,136
2008	317,482	3,005
2009	276,905	2,621
2010 and Thereafter	1,212,955	11,482
Total	¥2,756,367	$26,092

15. OTHER LIABILITIES

Other Liabilities as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Accrued Expenses	**¥ 114,232**	¥ 133,415	**$ 1,081**
Unearned Income	**151,780**	141,828	**1,437**
Income Taxes Payable	**12,324**	5,994	**117**
Securities Borrowed in Trading Account	**339,747**	137,371	**3,216**
Financial Derivatives	**223,210**	247,893	**2,113**
Deferred Hedging Gain	**95,728**	109,782	**906**
Other	**731,121**	512,146	**6,921**
Total	**¥1,668,144**	¥1,288,432	**$15,791**

16. OTHER RESERVES

Other Reserves as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Reserves for:			
Contingent Liabilities from Brokering of Financial Futures Transactions	**¥ 0**	¥ 3	**$0**
Contingent Liabilities from Brokering of Securities Transactions	**295**	204	**3**
Total	**¥295**	¥207	**$3**

"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, 2004 and 2003 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Acceptances	**¥ 31,485**	¥ 37,581	**$ 298**
Letters of Credit	**196,456**	298,928	**1,860**
Guarantees	**3,170,258**	2,755,944	**30,010**
Total	**¥3,398,200**	¥3,092,455	**$32,168**

18. GUARANTEE FOR TRUST PRINCIPAL

The outstanding balances of trust accounts managed by UFJ Trust as of March 31, 2004 and 2003, which are contractually indemnified, were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Money Trust	**¥1,534,085**	¥ 920,374	**$14,522**
Loan Trust	**845,353**	1,221,909	**8,002**
Total	**¥2,379,439**	¥2,142,284	**$22,524**

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 ¥23,514,588 million ($222,592 million) and ¥21,955,153 million as of March 31, 2004 and 2003, 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 ¥21,831,037 million ($206,655 million) and ¥20,616,472 million as of March 31, 2004 and 2003, 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, 2004 were as follows:

	Number of shares	
	Authorized	Issued and Outstanding
Common Stock	18,000,000	5,093,408.36
Class I Preferred Share	13,542	13,542
Class II Preferred Share	200,000	200,000
Class III Preferred Share	16,989	16,989
Class IV Preferred Share	150,000	150,000
Class V Preferred Share	150,000	150,000
Class VI Preferred Share	1,008	1,008
Class VII Preferred Share	200,000	200,000
Class VIII Preferred Share	700,000	—
Class IX Preferred Share	700,000	—

The portion designated as "Capital Stock" is determined by the resolution of the Board of Directors of UFJ Holdings, while at least 50% of the issue price of newly issued shares is required to be designated as "Capital Stock" under the Japanese Commercial Code. Proceeds in excess of the amounts designated as "Capital Stock" are credited to "Capital Surplus."

Preferred Shares as of March 31, 2004 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, 2004, 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, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Interest on Receivables under Resale Agreements	**¥11,990**	¥ 33,258	**$114**
Interest on Due from Banks	**18,307**	31,797	**173**
Interest on Interest Rate Swaps	**33,138**	17,549	**314**
Other Interest Income	**17,869**	31,096	**169**
Total	**¥81,305**	¥113,702	**$770**

22. FEES AND COMMISSIONS (INCOME)

The composition of Fees and Commissions (Income) for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Wire Transfer Service Charges	**¥ 97,264**	¥ 94,973	**$ 921**
Other	**357,446**	266,073	**3,383**
Total	**¥454,711**	¥361,047	**$4,304**

23. TRADING GAINS, NET / TRADING LOSSES, NET

The composition of Trading Gains, Net for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Gains on Trading Securities and Derivatives	**¥ 33,801**	¥ 32,817	**$ 320**
Gains on Trading Securities and Derivatives to Hedge Trading Transactions	**972**	—	**9**
Gains on Derivatives other than Trading Securities	**151,796**	106,374	**1,437**
Other Trading Gains	**1,448**	1,420	**14**
Total	**¥188,019**	¥140,612	**$1,780**

The composition of Trading Losses, Net for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Losses on Trading Securities and Derivatives to Hedge Trading Transactions	**¥—**	¥438	**$—**
Total	**¥—**	¥438	**$—**

24. OTHER OPERATING INCOME

The composition of Other Operating Income for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Foreign Exchange Transaction Gains, Net	**¥ 13,690**	¥ 44,213	**$ 129**
Gains on Sales of Bonds	**221,103**	248,060	**2,093**
Gains on Redemption of Bonds	**173**	94	**2**
Lease Related Income	**190,532**	204,319	**1,803**
Other	**67,056**	52,873	**635**
Total	**¥492,556**	¥549,561	**$4,662**

25. OTHER INCOME

The composition of Other Income for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Gains on Sales of Equities and Equity Derivatives	**¥306,590**	¥ 66,040	**$2,902**
Gains on Money Held in Trust	**35**	71	**0**
Equity in Earnings of Affiliates	**7,887**	321	**75**
Gains on Sales of Premises and Equipment	**703**	1,801	**7**
Collection of Written-off Claims	**54,993**	79,388	**521**
Gains from Contribution of Securities to Employee Retirement Benefit Trust	**40,887**	17,428	**387**
Gains from Transfer of Substitutional Portion of Employee's Pension Fund	**—**	10,997	**—**
Gains from Reversal of Reserve for Losses on Supports of Specific Borrowers	**—**	10,306	**—**
Refund of Tokyo Metropolitan Government's tax	**25,695**	—	**243**
Other	**40,905**	67,629	**387**
Total	**¥477,698**	¥253,985	**$4,522**

26. OTHER INTEREST EXPENSES

The composition of Other Interest Expenses for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Interest on Payables under Repurchase Agreements	**¥ 11,607**	¥ 26,314	**$ 110**
Interest on Corporate Bonds and Notes	**61,298**	60,874	**580**
Other Interest Expenses	**33,439**	57,125	**317**
Total	**¥106,345**	¥144,314	**$1,007**

27. FEES AND COMMISSIONS (EXPENSES)

The composition of Fees and Commissions (Expenses) for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Wire Transfer Service Charges	**¥19,352**	¥17,539	**$183**
Other	**47,561**	50,998	**450**
Total	**¥66,914**	¥68,538	**$633**

28. OTHER OPERATING EXPENSES

The composition of Other Operating Expenses for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Losses on Sales of Bonds	**¥ 97,650**	¥ 33,145	**$ 924**
Losses on Redemption of Bonds	**2,036**	21,084	**19**
Revaluation Loss on Bonds	**356**	2,173	**4**
Amortization of Bond Issue Cost	**413**	1,328	**4**
Lease Related Expenses	**194,495**	215,035	**1,841**
Other	**39,506**	41,679	**374**
Total	**¥334,458**	¥314,447	**$3,166**

29. OTHER EXPENSES

The composition of Other Expenses for the fiscal years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Write-off of Loans	**¥426,304**	¥ 274,081	**$4,035**
Losses on Sales of Stocks and Equity Derivatives	**55,139**	304,457	**522**
Revaluation Losses on Stocks and Equity Derivatives	**12,267**	372,357	**116**
Losses on Money Held in Trust	**442**	667	**4**
Amortization of Goodwill	**3,643**	3,433	**35**
Losses on Sales of Loans to the Cooperative Credit Purchasing Company, Limited	**717**	6,671	**7**
Losses on Delinquent Loans Sold	**97,681**	63,070	**925**
Losses from Financial Support Provided to Customers	**52,973**	137,581	**501**
Provision for Contingent Liabilities Related to Loans Sold	—	3,327	—
Provision for Losses on Supports of Specific Borrowers	**5,057**	—	**48**
Losses on Sales of Premises and Equipment	**21,537**	28,743	**204**
Amortization of Net Transitional Obligations for Employee Retirement Benefits	**26,692**	30,446	**253**
Merger Related Expenses for Consolidated Subsidiaries	—	6,206	—
Losses in Settlement of Land Trust Project for Osaka City	**9,000**	—	**85**
Other	**94,912**	59,701	**898**
Total	**¥806,370**	¥1,290,747	**$7,633**

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
	2004	2003	**2004**
Projected Benefit Obligation	**¥(687,109)**	¥(768,711)	**$(6,504)**
Fair Value of Plan Assets	**515,828**	419,008	**4,883**
Securities Held in Trust	**381,053**	192,480	**3,607**
Funded Status	**209,772**	(157,223)	**1,986**
Unrecognized Net Transitional Assets	**(197,057)**	—	**(1,865)**
Unrecognized Net Transitional Obligation	**30,336**	59,785	**287**
Unrecognized Net Actuarial Losses	**366,297**	409,679	**3,467**
Unrecognized Prior Service Costs	**(20,577)**	(24,698)	**(195)**
Net Asset	**388,771**	287,543	**3,680**
Prepaid Pension Costs	**403,125**	300,709	**3,816**
Reserve for Retirement Benefits	**¥ (14,354)**	¥ (13,165)	**$ (136)**

Components of Pension Costs:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Service Costs	**¥ 19,908**	¥ 23,385	**$ 188**
Interest Costs	**18,567**	23,679	**176**
Expected Return on Plan Assets	**(17,930)**	(27,171)	**(170)**
Amortization of Prior Service Costs	**(4,699)**	(135)	**(44)**
Amortization of Actuarial Losses	**38,684**	18,471	**366**
Amortization of Net Transitional Obligation	**26,541**	30,973	**251**
Other Costs	**10,643**	8,081	**101**
Net Periodic Benefit Costs	**91,714**	77,284	**868**
Gains from Transfer of Substitutional Portion of Employees' Pension Fund	**—**	(10,997)	**—**
Total	**¥ 91,714**	¥ 66,287	**$ 868**

Major Assumptions:

	2004	2003
Discount Rate	**2.0%–3.0%**	2.0%–3.0%
Expected Rate of Return on Plan Assets	**0.0%–4.5%**	0.0%–5.0%
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 Holdings and UFJ Bank amended their employees' pension plan in January 2004 and the corporate portion of the Employees' Pension Fund will be transferred to a funded contributory defined benefit pension plan. In accordance with the ASB Guideline No. 1, *Accounting Treatment for the Transition Period of the Retirement Benefit Plan*, the amendment resulted in a decrease of ¥59,152 million of the projected benefit obligation.

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, 2004 and 2003 was ¥40,887 million ($387 million) and ¥17,428 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. Additional retirement payments expected to be paid over the next twelve months included in "Other Liabilities" in the consolidated balance sheets amounted to ¥3,605 million ($34 million) at March 31, 2004 and ¥1,813 million at March 31, 2003.

Certain consolidated domestic subsidiaries apply the simplified method of accounting for pension obligations related to defined benefit pension plans, whereby pension costs are expensed as incurred and included in "General and Administrative Expenses" in the consolidated statements of operations.

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, 2004 and 2003 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Deferred Tax Assets:			
Reserve for Credit Losses	**¥1,228,118**	¥ 985,734	**$11,625**
Loss Carryforwards	**820,506**	912,352	**7,767**
Revaluation Loss on Securities	**174,012**	241,775	**1,647**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**—**	51,476	**—**
Other	**138,563**	131,922	**1,312**
Subtotal	**2,361,201**	2,323,261	**22,351**
Valuation Allowance	**(755,145)**	(691,988)	**(7,148)**
Total	**1,606,056**	1,631,273	**15,203**
Deferred Tax Liabilities:			
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(125,497)**	(42,506)	**(1,188)**
Gain from Contribution of Securities to Employee Retirement Benefit Trust and Others	**(84,778)**	(66,467)	**(802)**
Total	**(210,275)**	(108,973)	**(1,990)**
Net Deferred Tax Assets	**¥1,395,780**	¥1,522,299	**$13,213**

A reconciliation between the effective statutory tax rate for the fiscal years ended March 31, 2004 and 2003, and the actual effective tax rates reflected in the consolidated statements of operations were as follows:

	2004	2003
Effective Statutory Tax Rate	**42.0%**	42.0%
Valuation Allowance	**(39.3)**	(42.6)
Elimination of Intercompany Profits	**(11.6)**	—
Change in Tax Rate due to the Merger of Consolidated Subsidiaries	**4.7**	5.9
Other, Net	**(11.1)**	(0.4)
Actual Effective Income Tax Rate	**(15.3)%**	4.8%

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 “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 and decrease in “Deferred Tax Liabilities” of ¥15 million in the consolidated balance sheets, and a decrease in “Deferred Income Taxes” of ¥4,897 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, 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 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
	2004	2003	**2004**
Estimated Cost	**¥54,849**	¥33,534	**$519**
Estimated Accumulated Depreciation	**26,555**	16,469	**251**
Net Estimated Balance	**¥28,294**	¥17,064	**$268**

Total Future Lease Payments to be Paid:

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Due within One Year	**¥ 7,425**	¥ 5,498	**$ 70**
Due More than One Year	**22,713**	16,612	**215**
Total	**¥30,138**	¥22,110	**$285**

	Millions of Yen		Millions of U.S. Dollars
	2004	2003	**2004**
Lease Payment	**¥7,920**	¥6,384	**$75**
Estimated Depreciation	**9,594**	8,011	**91**
Estimated Interest Payment	**1,519**	886	**14**

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
	2004	2003	**2004**
Acquisition Cost	**¥754,852**	¥809,517	**$7,145**
Accumulated Depreciation	**389,115**	433,556	**3,683**
Net Balance	**¥365,737**	¥375,960	**$3,462**

Total Future Lease Payments to be Received:

		Millions of Yen	Millions of U.S. Dollars
	2004	2003	**2004**
Due within One Year	**¥123,372**	¥136,962	**$1,168**
Due More than One Year	**263,740**	263,243	**2,496**
Total	**¥387,112**	¥400,206	**$3,664**

		Millions of Yen	Millions of U.S. Dollars
	2004	2003	**2004**
Lease Receipt	**¥154,665**	¥163,247	**$1,464**
Depreciation	**140,849**	146,965	**1,333**
Estimated Interest Receipt	**12,445**	11,851	**118**

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
	2004	2003	**2004**
Due within One Year	**¥ 10,536**	¥ 12,302	**$ 100**
Due More than One Year	**105,144**	114,533	**995**
Total	**¥115,681**	¥126,835	**$1,095**

(2) Lessor

Total Future Lease Payments to be Received:

		Millions of Yen	Millions of U.S. Dollars
	2004	2003	**2004**
Due within One Year	**¥ 1,606**	¥ 1,280	**$ 15**
Due More than One Year	**9,699**	8,906	**92**
Total	**¥11,305**	¥10,187	**$107**

33. SIGNIFICANT TRANSACTIONS RELATED TO CASH FLOWS

There were no significant transactions related to cash flows for the fiscal year ended March 31, 2004.

Significant transactions related to cash flows for the fiscal year ended March 31, 2003 were as follows:

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
	2003
Assets (Total)	¥ 380,296
Loans and Bills Discounted	*144,193*
Liabilities (Total)	(357,729)
Borrowed Money	*(195,840)*
Minority Interests	(25)
Goodwill	1,721
Net Assets Originally Owned	(10,949)
Purchase Price of Additional Common Stock	13,313
Cash and Cash Equivalents of UFJ Card Co., Ltd.	(284)
Net Outflow of Cash and Cash Equivalents from the Acquisition of Common Stock	¥ 13,029

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
	2003
Assets (Total)	¥ 314,522
Trading Assets	*94,026*
Liabilities (Total)	(188,134)
Other Liabilities	*(79,247)*
Minority Interests	(90,057)
Net Assets Originally Owned	(36,330)
Cash and Cash Equivalents of TSUBASA Securities Co., Ltd.	1,337
Net Inflow of Cash and Cash Equivalents from Change in the Scope of Consolidation	¥ 1,337

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
	2003
Assets (Total)	¥ 65,740
Loans and Bills Discounted	*66,080*
Liabilities (Total)	(55,228)
Bonds and Notes	*(28,562)*
Foreign Currency Translation Adjustments	(1,205)
Gains on Sale of Stock	180
Proceeds from the Sales	9,487
Cash and Cash Equivalents of Sanwa Finance Hong Kong Limited	(0)
Net Inflow of Cash and Cash Equivalents from the Sale of the Stock	¥ 9,487

34. MARKET VALUES OF SECURITIES AND MONEY HELD IN TRUST

For the Fiscal Year ended March 31, 2004

(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	
	2004	
	Book Value	Valuation Gain (Loss)
Securities in Trading Account	**¥2,404,196**	**¥784**

	Millions of U.S. Dollars	
	2004	
	Book Value	Valuation Gain (Loss)
Securities in Trading Account	**$22,758**	**$7**

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

	Millions of Yen				
	2004				
			Unrealized Gain (Loss)		
	Book Value	Market Value	Net	Gain	Loss
Other	**¥18,422**	**¥18,686**	**¥263**	**¥294**	**¥30**
Total	**¥18,422**	**¥18,686**	**¥263**	**¥294**	**¥30**

	Millions of U.S. Dollars				
	2004				
			Unrealized Gain (Loss)		
	Book Value	Market Value	Net	Gain	Loss
Other	**$174**	**$177**	**$3**	**$3**	**$0**
Total	**$174**	**$177**	**$3**	**$3**	**$0**

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

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

	Millions of Yen				
	2004				
			Unrealized Gain (Loss)		
	Aggregate Cost	Market Value	Net	Gain	Loss
Japanese Equities	**¥ 1,764,291**	**¥ 2,122,914**	**¥ 358,622**	**¥429,967**	**¥ 71,345**
Japanese National Government Bonds	**13,531,746**	**13,464,948**	**(66,797)**	**44,731**	**111,528**
Japanese Local Government Bonds	**276,291**	**281,283**	**4,991**	**5,095**	**103**
Japanese Corporate Bonds and Notes	**208,934**	**213,092**	**4,158**	**4,446**	**287**
Other	**3,117,229**	**3,114,569**	**(2,659)**	**33,472**	**36,132**
Total	**¥18,898,493**	**¥19,196,809**	**¥ 298,316**	**¥517,714**	**¥219,397**

	Millions of U.S. Dollars				
	2004				
			Unrealized Gain (Loss)		
	Aggregate Cost	Market Value	Net	Gain	Loss
Japanese Equities	**$ 16,701**	**$ 20,096**	**$3,395**	**$4,070**	**$ 675**
Japanese National Government Bonds	**128,093**	**127,461**	**(632)**	**424**	**1,056**
Japanese Local Government Bonds	**2,615**	**2,662**	**47**	**48**	**1**
Japanese Corporate Bonds and Notes	**1,978**	**2,017**	**39**	**42**	**3**
Other	**29,508**	**29,483**	**(25)**	**317**	**342**
Total	**$178,895**	**$181,719**	**$2,824**	**$4,901**	**$2,077**

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, 2004 was ¥2,793 million ($26 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.

(4) Available-for-sale Securities sold during the fiscal year ended March 31, 2004

	Millions of Yen		
	2004		
	Proceeds from Sales	Realized Gain	Realized Loss
Available-for-sale Securities	**¥37,171,549**	**¥494,839**	**¥156,217**

	Millions of U.S. Dollars		
	2004		
	Proceeds from Sales	Realized Gain	Realized Loss
Available-for-sale Securities	**$351,870**	**$4,684**	**$1,479**

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

	Millions of Yen
	2004
	Book Value
Held-to-maturity Debt Securities:	
Unlisted Foreign Securities	**¥ 44**
Available-for-sale Securities:	
Unlisted Japanese Bonds	**1,818,799**
Unlisted Japanese Equities other than Over-the-counter	**871,321**

	Millions of U.S. Dollars
	2004
	Book Value
Held-to-maturity Debt Securities:	
Unlisted Foreign Securities	**$ 0**
Available-for-sale Securities:	
Unlisted Japanese Bonds	**17,217**
Unlisted Japanese Equities other than Over-the-counter	**8,248**

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

	Millions of Yen			
	2004			
(year)	1 or less	Over 1 to 5	Over 5 to 10	Over 10
Japanese National Government Bonds	**¥5,576,606**	**¥3,349,551**	**¥4,173,814**	**¥364,976**
Japanese Local Government Bonds	**13,299**	**29,709**	**242,276**	**5,596**
Japanese Corporate Bonds and Notes	**110,841**	**1,217,714**	**581,190**	**112,543**
Other	**951,520**	**1,006,601**	**297,876**	**253,695**
Total	**¥6,652,267**	**¥5,603,576**	**¥5,295,157**	**¥736,811**

	Millions of U.S. Dollars			
	2004			
(year)	1 or less	Over 1 to 5	Over 5 to 10	Over 10
Japanese National Government Bonds	**$52,789**	**$31,707**	**$39,510**	**$3,455**
Japanese Local Government Bonds	**126**	**281**	**2,293**	**53**
Japanese Corporate Bonds and Notes	**1,049**	**11,527**	**5,502**	**1,065**
Other	**9,007**	**9,529**	**2,820**	**2,402**
Total	**$62,971**	**$53,044**	**$50,125**	**$6,975**

(b) Money Held in Trust

	Millions of Yen	
	2004	
	Book Value	Valuation Gain (Loss)
Money Held in Trust for Trading Purposes	**¥132,524**	**¥(396)**

	Millions of U.S. Dollars	
	2004	
	Book Value	Valuation Gain (Loss)
Money Held in Trust for Trading Purposes	**$1,254**	**$(4)**

(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, 2004 as follows:

	Millions of Yen	Millions of U.S. Dollars
	2004	2004
Net Unrealized Gain	**¥298,316**	**$2,824**
Deferred Tax Assets	**181**	**2**
Less: Deferred Tax Liabilities	**126,025**	**1,193**
Net Unrealized Gain on Available-for-sale Securities (Before Adjustment for Minority Interests)	**172,472**	**1,633**
Less: Minority Interests	**3,987**	**38**
Parent Company's Interests in Net Unrealized Gain on Available-for-sale Securities Held by Affiliates Accounted for under the Equity Method	**4,155**	**39**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**¥172,640**	**$1,634**

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)

(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

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

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. 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 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

(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

(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

(b) Money Held in Trust

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

(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
	2003
Net Unrealized Gain	¥(22,441)
Deferred Tax Assets	230
Less: Deferred Tax Liabilities	43,145
Net Unrealized Gain on Available-for-sale Securities (Before Adjustment for Minority Interests)	(65,356)
Less: Minority Interests	966
Parent Company's Interests in Net Unrealized Gain on Available-for-sale Securities Held by Affiliates Accounted for under the Equity Method	600
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	¥(65,722)

35. DERIVATIVE FINANCIAL INSTRUMENTS

1. Details Related to Transactions

(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. The "designated hedges" are applicable when hedged items and hedging instruments are specifically identified. The methods of identifying hedged items and hedging instruments, hedging policy and evaluating hedge effectiveness are as follows:

- Hedging by means of interest rate swaps and other derivatives as hedges of long-term fixed rate loans, deposits, bonds, borrowed money 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 semiannually.

(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, 2003 to March 31, 2004

Assumption

Confidence Interval: One Side 99%

Holding Period: 1 Business Day (Trading Account)

(2) VaR

From April 1, 2003 to March 31, 2004

	Billions of Yen		
	Maximum Value	Minimum Value	Average Value
UFJ Bank	**¥3.5**	**¥0.5**	**¥1.6**
UFJ Trust	**0**	**0**	**0**

From April 1, 2003 to March 31, 2004

	Millions of U.S. Dollars		
	Maximum Value	Minimum Value	Average Value
UFJ Bank	**$34**	**$5**	**$15**
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
	2004	**2004**
Interest Rate Swaps	**¥ 2,392.6**	**$ 22,649**
Currency Swaps	**402.8**	**3,813**
Foreign Exchange Forward Contracts	**244.1**	**2,311**
Interest Rate Options Purchased	**134.2**	**1,271**
Currency Options Purchased	**235.2**	**2,227**
Other Derivative Instruments	**82.1**	**778**
Netting Effect through Master Netting Agreements	**(1,794.0)**	**(16,983)**
Total	**¥ 1,697.2**	**$ 16,066**

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, which is in charge of monitoring and managing 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.

UFJ Holdings quantifies and manages credit risk of off-balance sheet transactions, the same as on-balance sheet transactions under the credit rating framework, establishing 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, 2004

Contractual or notional amounts, market values or estimated market values and unrealized gain (loss) on derivative financial instruments as of March 31, 2004, are shown in the following tables:

(a) Interest Rate Derivatives

	Millions of Yen			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Interest Rate Futures				
Sold	¥21,636,413	¥ 3,141,362	¥ (109,428)	¥ (109,428)
Bought	22,386,609	3,154,514	112,570	112,570
Interest Rate Options				
Sold	12,587,851	148,436	5,163	62
Bought	11,354,057	26,680	4,725	405
Over-the-counter:				
Forward Rate Agreements				
Sold	244,110	—	452	452
Bought	391,084	—	(539)	(539)
Interest Rate Swaps				
Receipts Fixed / Payments Fixed	28,325	28,325	949	949
Receipts Fixed / Payments Floating	72,807,671	50,699,743	1,319,161	1,319,161
Receipts Floating / Payments Fixed	71,041,134	50,489,371	(1,129,799)	(1,129,799)
Receipts Floating / Payments Floating	9,206,279	6,681,755	4,625	4,625
Other				
Sold	7,291,563	5,376,444	45,632	(3,602)
Bought	5,735,764	4,070,211	64,923	31,240
Total	/	/	¥ 216,844	¥ 226,096

	Millions of U.S. Dollars			
	2004			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Interest Rate Futures				
Sold	**$204,813**	**$ 29,736**	**$ (1,036)**	**$ (1,036)**
Bought	**211,914**	**29,861**	**1,066**	**1,066**
Interest Rate Options				
Sold	**119,158**	**1,405**	**49**	**0**
Bought	**107,479**	**253**	**45**	**4**
Over-the-counter:				
Forward Rate Agreements				
Sold	**2,311**	**—**	**4**	**4**
Bought	**3,702**	**—**	**(5)**	**(5)**
Interest Rate Swaps				
Receipts Fixed / Payments Fixed	**268**	**268**	**9**	**9**
Receipts Fixed / Payments Floating	**689,206**	**479,929**	**12,487**	**12,487**
Receipts Floating / Payments Fixed	**672,483**	**477,938**	**(10,695)**	**(10,695)**
Receipts Floating / Payments Floating	**87,148**	**63,250**	**44**	**44**
Interest Rate Options				
Other				
Sold	**69,023**	**50,894**	**432**	**(34)**
Bought	**54,295**	**38,529**	**615**	**296**
Total			**$ 2,053**	**$ 2,140**

Notes: 1. Certain transactions are included in the above table "2004" since they were revalued at March 31, 2004 and their gains and losses are recorded in the consolidated statement of operations. For the year ended March 31, 2003, such transactions have been accounted for using the Risk Adjusted Approach, under which the deferral method of hedge accounting was used in accordance with the one-year extension rule afforded in the JICPA Industry Audit Committee Report No. 24.

2. Derivatives transactions to which hedge accounting is applied are excluded.

3. 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			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Currency Swaps	**¥6,225,292**	**¥4,765,009**	**¥ 41,295**	**¥ 41,295**
Foreign Exchange Forward Contracts				
Sold	**5,196,548**	**82,683**	**(56,878)**	**(56,878)**
Bought	**5,061,551**	**224,751**	**95,480**	**95,480**
Currency Options				
Sold	**4,342,269**	**844,634**	**128,685**	**25,923**
Bought	**3,936,141**	**158,988**	**150,241**	**50,599**
Total	/	/	**¥101,453**	**¥156,419**

	Millions of U.S. Dollars			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Currency Swaps	**$58,929**	**$45,106**	**$ 391**	**$ 391**
Foreign Exchange Forward Contracts				
Sold	**49,191**	**783**	**(538)**	**(538)**
Bought	**47,913**	**2,128**	**903**	**904**
Currency Options				
Sold	**41,104**	**7,995**	**1,218**	**245**
Bought	**37,260**	**1,505**	**1,422**	**479**
Total	/	/	**$ 960**	**$1,481**

Notes: 1. The above transactions are revalued at the end of the fiscal year and the unrealized gains and losses are included in the consolidated statement of operations. Derivatives transactions to which hedge accounting is applied are excluded. Certain transactions are excluded since they are included in receivables/payables which are reflected in the consolidated balance sheet, or eliminated in the consolidation process.

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

3. Foreign exchange forward contracts, currency options and certain other transactions that are revalued at the end of the fiscal year are included. In addition, certain currency swaps are excluded since such currency swaps have been accounted for using the deferral method of hedge accounting in accordance with the JICPA Industry Audit Committee Report No. 25.

(c) Equity Derivatives

	Millions of Yen			
	2004			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Equity Index Futures				
Sold	¥215,943	¥ —	¥ (6,381)	¥ (6,381)
Bought	206,404	—	4,428	4,428
Equity Index Options				
Sold	763,165	284,259	78,197	(8,440)
Bought	839,376	306,536	59,165	(7,493)
Equity Options				
Sold	28,825	6,018	2,738	(423)
Bought	63,516	27,987	6,441	(1,365)
Over-the-counter:				
Equity Forward Contracts				
Sold	33,708	—	(3,614)	(3,614)
Bought	2,078	—	159	159
Equity-related Options				
Sold	119,496	62,677	11,510	(4,017)
Bought	138,586	59,778	9,373	2,624
Equity-related Index Swaps				
Receipts Fixed / Payments Dividend Equivalents	12,847	12,847	5,259	5,259
Receipts Dividend Equivalents / Payments Fixed	6,116	—	(402)	(402)
Receipts or Payments Based on the Equity Price	87,782	—	(3,584)	(3,584)
Total	/	/	¥(21,600)	¥(23,250)

	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
	2004			
	Millions of U.S. Dollars			
Listed:				
Equity Index Futures				
Sold	**$2,044**	**$ —**	**$ (60)**	**$ (60)**
Bought	**1,954**	**—**	**42**	**42**
Equity Index Options				
Sold	**7,224**	**2,691**	**740**	**(80)**
Bought	**7,946**	**2,902**	**560**	**(71)**
Equity Options				
Sold	**273**	**57**	**26**	**(4)**
Bought	**601**	**265**	**61**	**(13)**
Over-the-counter:				
Equity Forward Contracts				
Sold	**319**	**—**	**(34)**	**(34)**
Bought	**20**	**—**	**1**	**1**
Equity-related Options				
Sold	**1,131**	**593**	**109**	**(38)**
Bought	**1,312**	**566**	**89**	**25**
Equity-related Index Swaps				
Receipts Fixed / Payments Dividend Equivalents	**122**	**122**	**50**	**50**
Receipts Dividend Equivalents / Payments Fixed	**58**	**—**	**(4)**	**(4)**
Receipts or Payments Based on the Equity Price	**831**	**—**	**(34)**	**(34)**
Total	/	/	**$(204)**	**$(220)**

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			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Bond Futures				
Sold	**¥1,645,446**	**¥—**	**¥4,742**	**¥4,742**
Bought	**1,528,796**	**—**	**1,760**	**1,760**
Bond Futures Options				
Sold	**630,903**	**—**	**1,541**	**580**
Bought	**378,371**	**—**	**1,472**	**(472)**
Over-the-counter:				
Bond Options				
Sold	**200,000**	**—**	**2,034**	**(617)**
Bought	**165,000**	**—**	**416**	**(290)**
Total			**¥4,816**	**¥5,703**

	Millions of U.S. Dollars			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Listed:				
Bond Futures				
Sold	**$15,576**	**$—**	**$45**	**$45**
Bought	**14,472**	**—**	**17**	**17**
Bond Futures Options				
Sold	**5,972**	**—**	**15**	**5**
Bought	**3,582**	**—**	**14**	**(4)**
Over-the-counter:				
Bond Options				
Sold	**1,893**	**—**	**19**	**(6)**
Bought	**1,562**	**—**	**4**	**(3)**
Total			**$46**	**$54**

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			
	2004			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Commodity Swaps (Fuel)	**¥129,909**	**¥129,759**	**¥2,891**	**¥2,891**
Commodity Options (Fuel)				
Sold	**7,113**	**7,113**	**420**	**(64)**
Bought	**7,113**	**7,113**	**419**	**299**
Total	/	/	**¥2,890**	**¥3,126**

	Millions of U.S. Dollars			
	2004			
	Contractual or Notional Amounts			
		Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Commodity Swaps (Fuel)	**$1,230**	**$1,228**	**$27**	**$28**
Commodity Options (Fuel)				
Sold	**67**	**67**	**4**	**(1)**
Bought	**67**	**67**	**4**	**3**
Total	/	/	**$27**	**$30**

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			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Credit Default Swaps				
Sold	¥ 238,412	¥ 225,993	¥319	¥319
Bought	1,137,302	1,101,501	639	639
Credit Default Options				
Sold	6,000	6,000	29	(29)
Bought	1,000	—	0	0
Total			¥930	¥930

	Millions of U.S. Dollars			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Credit Default Swaps				
Sold	$ 2,257	$ 2,139	$3	$ 3
Bought	10,766	10,427	6	6
Credit Default Options				
Sold	57	57	0	(0)
Bought	9	—	0	0
Total			$9	$ 9

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			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Weather Options				
Sold	**¥183**	**¥10**	**¥ 6**	**¥28**
Bought	—	—	—	—
Total	／	／	**¥(6)**	**¥28**

	Millions of U.S. Dollars			
	2004			
	Contractual or Notional Amounts	Over One Year	Market Values	Unrealized Gain (Loss)
Over-the-counter:				
Weather Options				
Sold	**$ 2**	**$ 0**	**$ 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, 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

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		Market Values	Unrealized Gain (Loss)
		Over One Year		
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)

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

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

(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

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)

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	Over One Year	Market Values	Unrealized Gain (Loss)
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

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	Over One Year	Market Values	Unrealized Gain (Loss)
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

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

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.

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					
	2004					
	Banking / Trust Business	Leasing	Other	Total	Eliminations	Consolidated
Ordinary Income:						
Outside Customers	¥ 2,101,926	¥209,823	¥ 254,931	¥ 2,566,680	¥ —	¥ 2,566,680
Inter-Business Transfers	132,247	15,343	57,735	205,326	(205,326)	—
	2,234,174	225,166	312,666	2,772,007	(205,326)	2,566,680
Ordinary Expenses	2,566,340	219,031	283,144	3,068,516	(104,181)	2,964,335
Ordinary Profit (Loss)	¥ (332,165)	¥ 6,134	¥ 29,522	¥ (296,509)	¥ (101,145)	¥ (397,654)
Assets	¥79,037,411	¥808,038	¥9,661,804	¥89,507,254	¥(7,372,807)	¥82,134,447
Depreciation	47,297	1,231	6,147	54,676	—	54,676
Capital Expenditures	60,362	1,786	8,977	71,125	—	71,125

	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 U.S. Dollars					
	2004					
	Banking / Trust Business	Leasing	Other	Total	Eliminations	Consolidated
Ordinary Income:						
Outside Customers	$ 19,897	$1,986	$ 2,414	$ 24,297	$ —	$ 24,297
Inter-Business Transfers	1,252	145	546	1,943	(1,943)	—
	21,149	2,131	2,960	26,240	(1,943)	24,297
Ordinary Expenses	24,293	2,073	2,681	29,047	(986)	28,061
Ordinary Profit (Loss)	$ (3,144)	$ 58	$ 279	$ (2,807)	$ (957)	$ (3,764)
Assets	$748,177	$7,649	$91,460	$847,286	$(69,792)	$777,494
Depreciation	448	12	58	518	—	518
Capital Expenditures	571	17	85	673	—	673

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, 2004

(1) **Foreign Currency Translation and Revaluation**

From the fiscal year ended March 31, 2004, funding related swap transactions and currency swap transactions, which are originated for the purpose of hedging the foreign exchange risk of funding transactions, are accounted for using the deferral method of hedge accounting. Funding related swap transactions and currency swap transactions, which were accounted for on an interest accrual basis, are valued at fair values and related unrealized gains and losses are recognized on a net basis in the balance sheet. As a result, "Assets" decreased by ¥23,943 million ($227 million) for Banking / Trust business. In addition, unrealized gains and losses arising from the revaluation of other forward foreign exchange contracts, which were included in assets or liabilities on a net basis, are included in assets or liabilities on a gross basis. As a result, "Assets" increased by ¥126,232 million ($1,195 million) for Banking / Trust business.

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 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 for "Banking / Trust Business," and decreased by ¥180 million for "Leasing" and ¥70 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 for "Banking / Trust Business" and ¥948 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						
	2004						
	Japan	Americas	Europe	Asia / Oceania Excluding Japan	Total	Eliminations	Consolidated
Ordinary Income:							
Outside Customers	**¥ 2,379,749**	**¥ 65,322**	**¥ 56,835**	**¥ 64,773**	**¥ 2,566,680**	**¥ —**	**¥ 2,566,680**
Inter-Regional Transfers	**75,007**	**66,704**	**25,120**	**5,520**	**172,354**	**(172,354)**	**—**
	2,454,757	**132,026**	**81,956**	**70,294**	**2,739,034**	**(172,354)**	**2,566,680**
Ordinary Expenses	**2,819,343**	**120,405**	**98,792**	**74,963**	**3,113,504**	**(149,169)**	**2,964,335**
Ordinary Profit (Loss)	**¥ (364,586)**	**¥ 11,621**	**¥ (16,836)**	**¥ (4,668)**	**¥ (374,469)**	**¥ (23,184)**	**¥ (397,654)**
Assets	**¥79,764,300**	**¥3,118,486**	**¥3,376,740**	**¥2,249,628**	**¥88,509,155**	**¥(6,374,708)**	**¥82,134,447**

	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 U.S. Dollars						
	2004						
	Japan	Americas	Europe	Asia / Oceania Excluding Japan	Total	Eliminations	Consolidated
Ordinary Income:							
Outside Customers	**$ 22,527**	**$ 619**	**$ 538**	**$ 613**	**$ 24,297**	**$ —**	**$ 24,297**
Inter-Regional Transfers	**710**	**631**	**238**	**52**	**1,631**	**(1,631)**	**—**
	23,237	**1,250**	**776**	**665**	**25,928**	**(1,631)**	**24,297**
Ordinary Expenses	**26,688**	**1,140**	**936**	**709**	**29,473**	**(1,412)**	**28,061**
Ordinary Profit (Loss)	**$ (3,451)**	**$ 110**	**$ (160)**	**$ (44)**	**$ (3,545)**	**$ (219)**	**$ (3,764)**
Assets	**$755,058**	**$29,520**	**$31,965**	**$21,295**	**$837,838**	**$(60,344)**	**$777,494**

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, 2004

(1) **Foreign Currency Translation and Revaluation**

From the fiscal year ended March 31, 2004, funding related swap transactions and currency swap transactions, which are originated for the purpose of hedging the foreign exchange risk of funding transactions, are accounted for using the deferral method of hedge accounting. Funding related swap transactions and currency swap transactions, which were accounted for on an interest accrual basis, are valued at fair values and related unrealized gains and losses are recognized on a net basis in the balance sheet. As a result, "Assets" of "Europe" and "Asia / Oceania Excluding Japan" decreased by ¥23,489 million ($222 million) and ¥454 million ($4 million), respectively. In addition, unrealized gains and losses arising from the revaluation of other forward foreign exchange contracts, which were included in assets or liabilities on a net basis, are included in assets or liabilities on a gross basis. As a result, "Assets" of "Japan" increased by ¥108,065 million ($1,023 million), "Assets" of "Americas" increased by ¥269 million ($3 million), "Assets" of "Europe" increased by ¥12,274 million ($116 million) and "Assets" of "Asia / Oceania Excluding Japan" increased by ¥5,622 million ($53 million), respectively.

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 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 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 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
	2004	2003	**2004**
Ordinary Income from Overseas Operations	**¥ 186,931**	¥ 288,172	**$ 1,770**
Consolidated Ordinary Income	**2,566,680**	2,400,575	**24,296**
Ratio of Ordinary Income from Overseas Operations to Consolidated Ordinary Income	**7.2%**	12.0%	**7.2%**

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, 2004 and 2003	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
ASSETS:			
Current Assets:			
Cash and Due from Banks	**¥ 532**	¥ 610	**$ 5**
Deferred Tax Assets	**80**	33	**1**
Other	**2,749**	2,395	**26**
Total Current Assets	**3,362**	3,039	**32**
Non-current Assets:			
Tangible Fixed Assets			
Equipment and Furniture	**119**	3	**1**
Intangible Fixed Assets			
Trademarks	**200**	228	**2**
Software	**26**	35	**0**
Software in Progress	**339**	—	**3**
Investments and Other Assets			
Investments in Securities	**13,176**	6,905	**125**
Investments in Subsidiaries (Stocks)	**4,191,691**	3,971,599	**39,679**
Bonds of Subsidiaries	**100,000**	100,000	**947**
Deferred Tax Assets	**1,257**	17	**12**
Other	**18**	7	**0**
Total Non-current Assets	**4,306,830**	4,078,797	**40,769**
Deferred Charges:			
Organization Costs	**600**	900	**5**
Total Deferred Charges	**600**	900	**5**
Total Assets	**¥4,310,792**	¥4,082,737	**$40,806**
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Current Liabilities:			
Short-term Loan Payable	**¥ 18,000**	¥ 11,600	**$ 171**
Accounts Payable	**213,958**	83	**2,025**
Accrued Expenses	**125**	121	**1**
Accrued Income Taxes	**320**	128	**3**
Accrued Consumption Taxes	**30**	—	**0**
Other	**6**	7	**0**
Total Current Liabilities	**232,441**	11,941	**2,200**
Non-current Liabilities:			
Bonds	**100,000**	100,000	**947**
Loan-term Loan Payable from Subsidiary	**24,835**	24,500	**235**
Reserve for Retirement Benefits	**40**	43	**0**
Total Non-current Liabilities	**124,876**	124,543	**1,182**
Total Liabilities	**357,318**	136,484	**3,382**
Stockholders' Equity:			
Capital Stock	**1,000,000**	1,000,000	**9,466**
Capital Surplus	**1,882,953**	1,882,953	**17,824**
Other Capital Surplus	**1,000,000**	1,000,000	**9,466**
Gain (Loss) from Sales of Treasury Stock	**1,722**	1,703	**16**
Retained Earnings	**66,478**	62,860	**629**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**3,211**	(857)	**31**
Treasury Stock	**(891)**	(407)	**(8)**
Total Stockholders' Equity	**3,953,474**	3,946,252	**37,424**
Total Liabilities and Stockholders' Equity	**¥4,310,792**	¥4,082,737	**$40,806**

Non-consolidated Statements of Operations

Fiscal Year Ended March 31, 2004 and 2003	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S. Dollars 2004
Operating Revenues:			
Dividends on Investments in Subsidiaries (Stocks)	**¥ 15,593**	¥ 11,136	**$ 147**
Management Fees from Subsidiaries	**4,404**	4,475	**42**
Interest on Investments in Subsidiaries (Bonds)	**418**	1,674	**4**
Interest on Loans to Subsidiaries	**—**	999	**—**
Total Operating Revenues	**20,416**	18,286	**193**
Operating Expenses:			
General and Administrative Expenses	**2,372**	3,186	**22**
Interest on Bonds	**418**	2,674	**4**
Total Operating Expenses	**2,791**	5,860	**26**
Operating Income	**17,625**	12,426	**167**
Non-operating Revenues:			
Interest Income	**0**	7	**0**
Dividends on Investments in Securities	**168**	—	**2**
Fees and Commissions	**5**	3	**0**
Gains from Transfer of Substitutional Portion of Employee's Pension Fund	**—**	7	**—**
Other	**11**	16	**0**
Total Non-operating Revenues	**186**	33	**2**
Non-operating Expenses:			
Interest Expenses on Short-Term Bank Loans	**924**	209	**9**
Amortization of Organization Costs	**300**	300	**3**
Revaluation Losses on Investments in Subsidiaries	**8,464**	—	**80**
Other	**—**	1	**—**
Total Non-operating Expenses	**9,688**	511	**92**
Income (Loss) Before Income Taxes	**8,123**	11,948	**77**
Income Taxes:			
Provision for Income Taxes	**967**	358	**9**
Deferred Income Taxes	**(3,489)**	49	**(33)**
	(2,522)	407	**(24)**
Net Income (Loss)	**10,646**	11,540	**101**
Retained Earnings at Beginning of the Fiscal Year	**62,860**	74,602	**595**
Cash Dividends	**7,028**	23,282	**67**
Retained Earnings at End of the Fiscal Year	**66,478**	62,860	**629**

	Yen 2004	Yen 2003	U.S. Dollars 2004
Net Income (Loss) Per Common Share:			
Basic	**¥(437.71)**	¥ (632.91)	**$(4.14)**
Diluted	**—**	—	**—**

38. SUBSEQUENT EVENTS

(a) On May 21, 2004, UFJ Holdings, UFJ Trust, UFJ Bank and The Sumitomo Trust & Banking Co., Ltd. ("Sumitomo Trust") entered into a basic agreement that UFJ Trust and Sumitomo Trust would integrate management and operate the UFJ Group's trust and custody businesses jointly. Under this agreement, the UFJ Group would have transferred all operations of UFJ Trust except its corporate lending business, to Sumitomo Trust or to the new trust banking entity that Sumitomo Trust would have established.

On July 14, 2004, UFJ Holdings withdrew from the basic agreement with Sumitomo Trust dated May 21, 2004, and initiated discussions with Mitsubishi Tokyo Financial Group, Inc. ("MTFG") on an integration of the two groups.

In response to the withdrawal from the basic agreement by the UFJ Group, on July 16, 2004, Sumitomo Trust filed a complaint with the Tokyo District Court to restrain the UFJ Group from entering into discussions with any third party in breach of the basic agreement between the UFJ Group and Sumitomo Trust. On August 4, 2004, the Tokyo District Court ruled in favor of Sumitomo Trust and ordered for a provisional injunction to prohibit the UFJ Group from including UFJ Trust in discussions with any third party in breach of the basic agreement, including management integration discussions with MTFG, and also rejected an objection by the UFJ Group to the injunction.

However, on August 11, 2004, the Tokyo High Court allowed the appeal by the UFJ Group against the decision of the Tokyo District Court. On August 30, 2004, the Supreme Court also rejected the complaint by Sumitomo Trust and allowed the appeal by the UFJ Group. With this decision, the UFJ Group resumed its integration negotiations with MTFG, including UFJ Trust.

On August 12, 2004, UFJ Holdings, MTFG, UFJ Bank, The Bank of Tokyo Mitsubishi, Ltd., UFJ Trust, The Mitsubishi Trust and Banking Corporation, UFJ Tsubasa and Mitsubishi Securities Co., Ltd. concluded a basic agreement regarding the integration of the holding companies, banks, trust banks and securities companies of the two groups. The integration is scheduled to be completed by October 1, 2005, subject to regulatory approval.

The UFJ Group has accelerated the aim of reducing its non-performing loan ratio and, as a result, these actions have incurred additional credit-related expenses. On September 10, 2004, UFJ Holdings, UFJ Bank and MTFG concluded an agreement regarding MTFG's cooperation in strengthening UFJ Group's capital, based on approvals from the respective board of directors meetings. Under the terms of this agreement, UFJ Bank would issue ¥700 billion in preferred shares to MTFG. This capital strengthening is a part of the proposed management integration, as outlined in the basic agreement between the two groups.

On September 17, 2004, the capital injection from MTFG to UFJ Bank was completed, based on the agreement dated September 10, 2004.

Name of Newly Issued Shares:	Class E Preferred Shares Series 1 of UFJ Bank
Number of Shares to be Issued:	3,500,000,000 shares
Issue Price:	¥200 per share
Aggregate Issue Price:	¥700 billion
Payment Date:	September 17, 2004
Date of the Effect of the Newly Issued Shares:	September 18, 2004
Right to Convert into Class F Preferred Shares:	The Class E Preferred Shares Series 1 shareholders will, on or after the day following the payment date, have the right to convert one Class E Preferred Share Series 1 into one Class F Preferred Share which have voting rights at a meeting of shareholders. MTFG may not exercise the conversion right, among other things, unless any of the Conversion Triggering Events, as defined in the Basic Agreement of Recapitalization dated September 10, 2004, occurs. Such Conversion Triggering Events include the commencement of a tender offer or if any person comes to own more than one-third of UFJ Holdings' shares.

(b) The following plan of UFJ Holdings for the appropriation of unappropriated profit was approved at the ordinary stockholders meeting held on June 25, 2004:

	Millions of Yen	Millions of U.S. Dollars
	2004	**2004**
Year-End Dividends:		
Class I Preferred Share, ¥37,500 ($354.98) per Share	**¥ 507**	**$ 5**
Class II Preferred Share, ¥15,900 ($150.51) per Share	**3,180**	**30**
Class III Preferred Share, ¥68,750 ($650.80) per Share	**1,167**	**11**
Class IV Preferred Share, ¥18,600 ($176.07) per Share	**2,790**	**26**
Class V Preferred Share, ¥19,400 ($183.64) per Share	**2,910**	**28**
Class VI Preferred Share, ¥5,300 ($50.17) per Share	**5**	**0**
Class VII Preferred Share, ¥11,500 ($108.86) per Share	**2,300**	**22**
Total	**¥12,861**	**$122**

UFJ Bank Limited

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2004 and 2003	Millions of Yen 2004 UFJ Bank	Millions of Yen 2003 UFJ Bank	Millions of U.S. Dollars 2004 UFJ Bank
ASSETS:			
Cash and Due from Banks	**¥ 4,191,074**	¥ 4,220,815	**$ 39,673**
Call Loans	**301,393**	284,514	**2,853**
Cash Collateral Pledged for Bonds Borrowed	**966,711**	816,165	**9,151**
Monetary Receivables Bought	**100,978**	71,008	**956**
Trading Assets	**861,683**	934,769	**8,157**
Money Held in Trust	**50**	4,588	**0**
Securities	**20,455,305**	16,767,956	**193,632**
Loans and Bills Discounted	**37,876,399**	39,721,610	**358,542**
Foreign Exchanges	**603,630**	558,066	**5,714**
Other Assets	**1,865,196**	1,711,690	**17,656**
Premises and Equipment	**522,770**	555,747	**4,949**
Deferred Tax Assets	**1,173,952**	1,256,748	**11,113**
Customers' Liabilities for Acceptances and Guarantees	**3,698,224**	3,242,752	**35,008**
Reserve for Credit Losses	**(1,850,723)**	(1,320,181)	**(17,519)**
Reserve for Losses on Securities	**(54,062)**	(1,848)	**(512)**
Total Assets	**¥70,712,583**	¥68,824,402	**$669,373**
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Deposits	**¥54,129,852**	¥51,770,158	**$512,399**
Call Money	**4,548,178**	4,599,028	**43,053**
Payables under Repurchase Agreements	**226,051**	651,981	**2,140**
Cash Collateral Received for Bonds Loaned	**796,698**	1,579,556	**7,542**
Commercial Paper	**185,400**	257,000	**1,755**
Trading Liabilities	**167,211**	320,498	**1,583**
Borrowed Money	**1,814,574**	1,850,239	**17,177**
Foreign Exchanges	**189,607**	94,571	**1,795**
Bonds and Notes	**2,242,280**	1,821,400	**21,226**
Other Liabilities	**1,055,397**	711,895	**9,990**
Reserve for Employee Bonus	**6,792**	7,668	**64**
Reserve for Contingent Liabilities Related to Loans Sold	—	13,635	—
Reserve for Losses on Supports of Specific Borrowers	**5,057**	—	**48**
Other Reserves	**0**	3	**0**
Deferred Tax Liabilities for Revaluation Reserve for Land	**69,291**	75,045	**656**
Acceptances and Guarantees	**3,698,224**	3,242,752	**35,008**
Total Liabilities	**69,134,617**	66,995,433	**654,436**
Stockholders' Equity:			
Capital Stock	**843,582**	843,582	**7,985**
Capital Surplus	**806,184**	845,556	**7,631**
Other Capital Surplus	—	445,000	—
Retained Earnings (Accumulated Deficit)	**(331,858)**	(484,372)	**(3,141)**
Revaluation Reserve for Land, Net of Taxes	**101,166**	109,568	**958**
Net Unrealized Gain on Available-for-sale Securities, Net of Taxes	**158,889**	69,633	**1,504**
Total Stockholders' Equity	**1,577,965**	1,828,969	**14,937**
Total Liabilities and Stockholders' Equity	**¥70,712,583**	¥68,824,402	**$669,373**

UFJ Bank Limited

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years ended March 31, 2004 and 2003	Millions of Yen 2004 UFJ Bank	Millions of Yen 2003 UFJ Bank	Millions of U.S. Dollars 2004 UFJ Bank
REVENUES:			
Interest Income:			
Interest on Loans and Discounts	**¥ 662,358**	¥ 753,032	**$ 6,270**
Interest on and Dividends from Securities	**192,269**	169,587	**1,820**
Other Interest Income	**64,626**	75,342	**612**
Fees and Commissions	**267,818**	214,147	**2,535**
Trading Gains, Net	**143,667**	97,825	**1,360**
Other Operating Income	**239,533**	266,984	**2,267**
Other Income	**419,130**	204,791	**3,968**
Total Revenues	**1,989,404**	1,781,711	**18,832**
EXPENSES:			
Interest Expenses:			
Interest on Deposits	**58,794**	96,784	**557**
Interest on Borrowings and Rediscounts	**69,227**	69,446	**655**
Other Interest Expenses	**56,269**	83,270	**533**
Fees and Commissions	**96,816**	89,623	**916**
Trading Losses, Net	—	438	—
Other Operating Expenses	**98,218**	49,222	**930**
General and Administrative Expenses	**528,880**	536,092	**5,006**
Provision for Credit Losses	**854,207**	353,821	**8,086**
Other Expenses	**552,174**	1,048,987	**5,227**
Total Expenses	**2,314,590**	2,327,686	**21,910**
Income (Loss) before Income Taxes	**(325,185)**	(545,974)	**(3,078)**
Income Taxes:			
Provision for Income Taxes	**(833)**	833	**(8)**
Deferred Income Taxes	**15,908**	(2,890)	**151**
	15,074	(2,057)	**143**
Net Income (Loss)	**(340,260)**	(543,917)	**(3,221)**
Retained Earnings (Accumulated Deficit) at Beginning of the Fiscal Year	**(484,372)**	64,406	**(4,585)**
Reversal of Revaluation Reserve for Land	**8,401**	6,136	**80**
Transfer from Capital Surplus	**39,372**	—	**373**
Transfer from Other Capital Surplus	**445,000**	—	**4,212**
Cash Dividends	—	(10,998)	—
Retained Earnings (Accumulated Deficit) at End of the Fiscal Year	**¥ (331,858)**	¥ (484,372)	**$ (3,141)**

	Yen		U.S. Dollars
Net Income (Loss) per Common Share:			
Basic	**¥(75.84)**	¥(122.66)	**$(0.72)**
Diluted	—	—	—

UFJ Trust Bank Limited

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2004 and 2003	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S.Dollars 2004
ASSETS:			
Cash and Due from Banks	**¥ 384,889**	¥ 442,987	**$ 3,643**
Call Loans	**40,000**	—	**379**
Cash Collateral Pledged for Bonds Borrowed	—	299,997	—
Monetary Receivables Bought	**44,827**	41,188	**424**
Trading Assets	**16,229**	18,114	**154**
Securities	**1,975,235**	1,742,461	**18,698**
Loans and Bills Discounted	**3,274,497**	3,031,408	**30,997**
Foreign Exchanges	**703**	1,913	**7**
Other Assets	**145,504**	145,674	**1,377**
Premises and Equipment	**42,450**	49,041	**402**
Deferred Tax Assets	**195,660**	214,547	**1,852**
Customers' Liabilities for Acceptances and Guarantees	**85,469**	150,942	**809**
Reserve for Credit Losses	**(107,628)**	(144,765)	**(1,019)**
Reserve for Losses on Securities	—	(0)	—
Total Assets	**¥6,097,839**	¥5,993,511	**$57,723**
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Liabilities:			
Deposits	**¥3,468,863**	¥3,662,739	**$32,837**
Call Money	**229,025**	533,889	**2,168**
Payables under Repurchase Agreements	**999**	—	**9**
Trading Liabilities	**8,535**	15,061	**81**
Borrowed Money	**57,501**	58,504	**544**
Foreign Exchanges	**0**	0	**0**
Bonds and Notes	**69,900**	38,900	**662**
Borrowed Money from Trust Account	**1,754,077**	1,250,246	**16,604**
Other Liabilities	**39,067**	38,342	**370**
Reserve for Employee Bonus	**1,034**	1,147	**10**
Reserve for Retirement Benefits	**153**	140	**1**
Other Reserves	—	0	—
Acceptances and Guarantees	**85,469**	150,942	**809**
Total Liabilities	**5,714,630**	5,749,914	**54,095**
Stockholders' Equity:			
Capital Stock	**280,536**	280,536	**2,656**
Capital Surplus	**57,699**	138,329	**546**
Retained Earnings	**57,106**	(56,903)	**541**
Revaluation Reserve for Land, Net of Taxes	**(1,590)**	(1,357)	**(15)**
Net Unrealized Gain (Loss) on Available-for-sale Securities, Net of Taxes	**(10,542)**	(117,006)	**(100)**
Total Stockholders' Equity	**383,209**	243,597	**3,628**
Total Liabilities and Stockholders' Equity	**¥6,097,839**	¥5,993,511	**$57,723**

UFJ Trust Bank Limited

NON-CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years ended March 31, 2004 and 2003	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S.Dollars 2004
REVENUES:			
Trust Fees	**¥ 49,691**	¥ 58,678	**$ 470**
Interest Income:			
Interest on Loans and Discounted	**40,211**	47,263	**381**
Interest on and Dividends from Securities	**15,065**	17,159	**142**
Other Interest Income	**410**	1,130	**4**
Fees and Commissions	**55,670**	47,321	**527**
Trading Gains, Net	**3,018**	583	**28**
Other Operating Income	**9,896**	23,838	**94**
Other Income	**74,655**	38,099	**707**
Total Revenues	**248,619**	234,075	**2,353**
EXPENSES:			
Interest Expenses:			
Interest on Deposits	**7,302**	11,395	**69**
Interest on Borrowings and Rediscounts	**2,585**	3,487	**24**
Other Interest Expenses	**7,657**	8,027	**73**
Fees and Commissions	**7,204**	4,580	**68**
Other Operating Expenses	**2,774**	4,157	**26**
General and Administrative Expenses	**82,533**	83,577	**782**
Provision for Credit Losses	—	35,303	—
Other Expenses	**86,440**	174,754	**818**
Total Expenses	**196,498**	325,284	**1,860**
Income (Loss) before Income Taxes	**52,121**	(91,209)	**493**
Income Taxes:			
Provision for Income Taxes	**85**	410	**1**
Deferred Income Taxes	**18,887**	(10,998)	**178**
	18,973	(10,588)	**179**
Net Income (Loss)	**33,148**	(80,621)	**314**
Retained Earnings at Beginning of the Fiscal Year	**(56,903)**	(90,620)	**(538)**
Transfer from Capital Surplus	**80,629**	114,347	**763**
Reversal of Reserve for Land	**232**	(8)	**2**
Retained Earnings at End of the Fiscal Year	**¥ 57,106**	¥ (56,903)	**$ 541**

	Yen 2004	Yen 2003	U.S.Dollars 2004
Net Income (Loss) per Common Share:			
Basic	**¥25.62**	¥(77.33)	**$0.24**
Diluted	**15.69**	—	**0.14**

UFJ Trust Bank Limited

NON-CONSOLIDATED BALANCE SHEETS

Trust Account

As of March 31, 2004 and 2003	Millions of Yen 2004 (Unaudited)	Millions of Yen 2003 (Unaudited)	Millions of U.S.Dollars 2004 (Unaudited)
ASSETS:			
Loans and Bills Discounted	**¥ 813,690**	¥ 1,010,519	**$ 7,703**
Securities	**3,370,580**	3,678,996	**31,906**
Securities of Investment Trusts	—	6,897,147	—
Overseas Investments of Investment Trusts	—	1,877,472	—
Beneficiary Rights in Trust	**12,482,661**	8,342	**118,162**
Securities in Trust	**307,821**	402,007	**2,914**
Securities Lent	**623,100**	396,300	**5,898**
Money Claims	**3,005,587**	3,784,824	**28,451**
Premises and Equipment	**1,736,919**	1,302,169	**16,442**
Superficies	**8,887**	4,700	**84**
Leasing Rights on Land	**23,456**	16,976	**222**
Other Claims	**149,164**	131,800	**1,412**
Call Loans	**145,654**	1,358,263	**1,379**
Lending Money to Banking Account	**1,754,077**	1,250,246	**16,605**
Cash and Due from Banks	**719,433**	620,136	**6,810**
Total Assets	**¥25,141,034**	¥22,739,902	**$237,988**
LIABILITIES:			
Money Trust	**¥ 5,238,745**	¥ 4,856,467	**$ 49,591**
Pension Trust	**7,267**	10,927	**69**
Property Formation Trusts	**4,453**	4,613	**42**
Loan Trusts	**731,876**	1,080,701	**6,928**
Investment Trusts	**12,473,690**	11,762,451	**118,077**
Money in Trust other than Money Trusts	**78,136**	48,210	**740**
Securities in Trust	**1,600,276**	1,221,583	**15,148**
Money Claims in Trust	**3,120,649**	2,332,749	**29,540**
Equipment in Trust	**117,118**	149,196	**1,109**
Real Estate in Trust	**93,674**	97,824	**887**
Leasing Rights on Land in Trust	**255**	254	**2**
Composite Trusts	**1,674,890**	1,174,922	**15,855**
Other Trusts	**0**	0	**0**
Total Liabilities	**¥25,141,034**	¥22,739,902	**$237,988**

Notes: 1. The total amount of Co-operative Trusts with other trust companies administrated were ¥17,908,758 million ($169,526 million) and ¥17,862,169 million as of March 31, 2004 and 2003, respectively.

2. Total amounts of loans in trust account with principal indemnification of clause were ¥747,727 million ($7,078 million) and ¥972,915 million as of March 31, 2004 and 2003, respectively.
Problem Loans in trust account with principal indemnification of clause were as follows.

As of March 31, 2004 and 2003	Millions of Yen 2004	Millions of Yen 2003	Millions of U.S.Dollars 2004
Loans to Bankrupt Companies	**¥ 5,587**	¥11,696	**$ 53**
Other Delinquent Loans	**13,963**	23,354	**132**
Loans Past Due 3 Months or More	**1,750**	1,425	**16**
Restructured Loans	**20,883**	42,275	**198**
Total	**¥42,184**	¥78,752	**$399**

Trust Account

<Reference>

The total amount of Co-operative Trusts administrated with other trust companies includes the trust assets of the Service-Shared Co-Trusteeship with The Master Trust Bank of Japan (MTBJ), amounting to ¥11,987,997 million ($113,480 million) and ¥10,342,817 million as of March 31, 2004 and 2003, respectively.

The Balance Sheets of Trust Assets which are obtained by adding up Trust Assets under Service-Shared Co-Trusteeship are as follows.

	Millions of Yen		Millions of U.S.Dollars
As of March 31, 2004 and 2003	**2004 (Unaudited)**	2003 (Unaudited)	**2004 (Unaudited)**
ASSETS:			
Loans and Bills Discounted	**¥ 813,690**	¥ 1,010,519	**$ 7,703**
Securities	**13,040,481**	13,053,701	**123,443**
Securities of Investment Trusts	—	6,897,147	—
Overseas Investments of Investment Trusts	—	1,877,472	—
Beneficiary Rights in Trust	**12,492,721**	8,342	**118,257**
Securities in Trust	**326,674**	402,007	**3,092**
Securities Lent	**623,100**	396,300	**5,898**
Money Claims	**3,017,933**	3,788,583	**28,568**
Premises and Equipment	**1,736,919**	1,302,169	**16,442**
Superficies	**8,887**	4,700	**84**
Leasing Rights on Land	**23,456**	16,976	**222**
Other Claims	**545,925**	240,132	**5,168**
Call Loans	**486,666**	1,680,843	**4,607**
Lending Money to Banking Account	**1,953,808**	1,290,906	**18,495**
Cash and Due from Banks	**1,114,558**	850,386	**10,551**
Total Assets	**¥36,184,823**	¥32,820,188	**$342,530**
LIABILITIES:			
Money Trust	**¥ 8,485,883**	¥ 7,864,881	**$ 80,329**
Pension Trust	**4,167,629**	4,322,275	**39,451**
Property Formation Trusts	**4,453**	4,613	**42**
Loan Trusts	**731,876**	1,080,701	**6,928**
Investment Trusts	**12,473,690**	11,762,451	**118,077**
Money in Trust other than Money Trusts	**706,699**	740,509	**6,690**
Securities in Trust	**1,619,130**	1,221,583	**15,327**
Money Claims in Trust	**3,120,649**	2,332,749	**29,540**
Equipment in Trust	**117,118**	149,196	**1,109**
Real Estate in Trust	**93,674**	97,824	**887**
Leasing Rights on Land in Trust	**255**	254	**2**
Composite Trusts	**4,663,763**	3,243,148	**44,148**
Other Trusts	**0**	0	**0**
Total Liabilities	**¥36,184,823**	¥32,820,188	**$342,530**

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, 2004 and 2003	**2004**	2003
Tier I (Core Capital):		
Common Stock	**¥ 1,000,000**	¥ 1,000,000
Capital Surplus	**1,233,725**	1,233,702
Retained Earnings	**(774,906)**	(367,654)
Minority Interests (*)	**821,423**	842,391
Less: Net Unrealized Loss on Available-for-sale Securities	**—**	64,756
Less: Treasury Stock	**2,231**	1,913
Foreign Currency Translation Adjustments	**(91,434)**	(64,132)
Less: Goodwill	**11,308**	17,142
Total Tier I Capital	**¥ 2,175,269**	¥ 2,560,494
Tier II (Supplementary Capital):		
Net Unrealized Gain on Available-for-sale Securities, after 55% Discount	**137,281**	—
Revaluation Reserve for Land, after 55% Discount	**85,438**	92,095
Reserve for Credit Losses, excluding Specific Reserve	**577,324**	579,103
Subordinated Debts	**1,671,808**	1,457,794
Total Tier II Capital	**¥ 2,471,853**	¥ 2,128,993
Tier II Capital included as Qualifying Capital	**¥ 2,175,269**	¥ 2,128,993
Deductions	**81,921**	72,161
Total Capital	**¥ 4,268,616**	¥ 4,617,325
Risk-Weighted Assets:		
Credit Risk Related Items:	**45,262,948**	45,860,502
Market Risk Related Items	**923,041**	467,758
Total Risk-Weighted Assets	**¥46,185,989**	¥46,328,261
Capital Ratio (%)	**9.24%**	9.96%

* "Minority Interests" in the above table includes the preference shares issued by UFJ Holdings' consolidated subsidiaries. The total balance of such preference shares was ¥616,100 million and ¥628,900 million as of March 31, 2004 and 2003, 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.

	[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 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.

	[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(s)	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.

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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: 5,093,408.36
Preferred Shares: 731,539.00

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 Outstanding
STATE STREET BANK AND TRUST COMPANY 505010	270,000.00	5.30%
Japan Trustee Services Bank, Ltd. (Trust Account)	251,244.00	4.93%
The Master Trust Bank of Japan, Ltd. (Trust Account)	221,078.00	4.34%
STATE STREET BANK AND TRUST COMPANY	147,401.00	2.89%
Nippon Life Insurance Company	140,001.51	2.74%
TOYOTA MOTOR CORPORATION	137,149.05	2.69%
Daido Life Insurance Company	98,751.74	1.93%
THE CHASE MANHATTAN BANK 385036	72,103.00	1.41%
MELLON BANK TREATY CLIENTS OMNIBUS	57,734.00	1.13%
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	53,985.00	1.05%

(As of March 31, 2004)

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Forward-Looking Statements

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

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