

Mitsubishi UFJ Financial Group



## Corporate Review 2006

Year ended March 31, 2006



**Mitsubishi UFJ Financial Group (MUFG) was formed in October 2005 through the merger of Mitsubishi Tokyo Financial Group (MTFG) and UFJ Group. With total assets of almost ¥190 trillion as of March 31, 2006, MUFG is one of the world's largest and most diversified financial groups. MUFG's services include commercial banking, trust banking, securities, credit cards, consumer finance, asset management, leasing and many more fields of financial services. The group has the largest overseas network of any Japanese bank, comprising offices and subsidiaries, including Union Bank of California, in more than 40 countries.**

## Contents

Financial Highlights	1
To Our Shareholders	3
A Discussion with the President	4
Financial and Operation Review	11
Global Activities	26
Corporate Social Responsibility	30
Corporate Governance	34
Group Business Management	36
Risk Management	38
Compliance	51
Internal Audit	54
Corporate Management	56
Global Network	58
Company Overview	64

All figures contained in this report are calculated according to Japanese GAAP, unless otherwise noted.

This document contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements represent targets that management will strive to achieve by implementing MUFG's business strategies, but are not projections nor a guarantee of future performance. All forward-looking statements involve risks and uncertainties. MUFG may not be successful in implementing its business strategies, and management may fail to achieve its targets, for a wide range of possible reasons, including adverse economic conditions in Japan, the United States, or other markets; declining real estate or stock prices; additional corporate bankruptcies or additional problems in business sectors to which MUFG companies lend; difficulties or delays in integrating MUFG's businesses and achieving desired cost savings; difficulties in achieving the benefits of proposed business integration transactions; increased competitive pressures; changes in laws and regulations applicable to MUFG's businesses; and adverse changes in Japanese economic policies. Please see the annual report on Form 20-F for the fiscal year ended March 31, 2006, which is due to be filed in September 2006, for additional information regarding the risks relating to our businesses. Unlike this report, all figures that will be contained in the annual report to be filed with the SEC will be calculated according to U.S. GAAP, unless otherwise noted.

# Financial Highlights

Consolidated Financial Summary and Data of MUFG under Japanese GAAP (not U.S. GAAP\*1)

In billions of yen

	FY 2005*2	FY 2004*2	% change
<b>Operating Results</b>			
Gross profits	¥3,609.9	¥ 3,401.9	6.1%
Net interest income	1,857.9	1,812.3	2.5%
Trust fees	146.6	152.1	(3.6%)
Net fees and commissions	1,099.7	924.8	18.9%
Net trading profits	161.5	179.2	(9.8%)
Net other business income	344.1	333.3	3.2%
General and administrative expenses	1,925.3	1,697.7	13.4%
Net business profit before credit costs for trust accounts and provision for formula allowance for loan losses	1,685.5	1,716.3	(1.7%)
Ordinary profit	1,433.3	96.4	1,385.9%
Net income (loss)	1,181.7	(216.1)	–
Total credit costs*3	389.7	(1,075.5)	–
<b>Profits by Business Segment</b>			
Gross profits*4	¥3,731.6	¥ 3,488.6	7.0%
Retail	1,130.9	916.9	23.3%
Corporate	2,065.8	1,915.4	7.9%
Trust assets	125.8	94.3	33.3%

- Figures of FY2005 are simple sum of MUFG and UFJH (April to September). Figures of FY2004 are simple sum of MTFG and UFJH.

\*1 Please refer to the Form 20-F for financial numbers under U.S. GAAP (to be released in September 2006)

\*2 FY2005: Fiscal year ended March 31, 2006, FY2004: Fiscal year ended March 31, 2005

\*3 Total credit costs=Credit costs for trust accounts+Provision for formula allowance for loan losses+Credit related costs+Reversal of allowance for loan losses (A positive amount of credit costs means a net reversal gain.)

\*4 On a management accounts basis (consolidated gross profits before adjusting intra-group transactions except dividends from subsidiaries)

*These financial highlights are prepared solely for your convenience and do not include the notes to financial information. Readers are strongly recommended to refer to the notes contained in Consolidated Summary Reports <under Japanese GAAP>. (<http://www.mufg.jp/english/ir/irfs/>)*

In billions of yen except per share amounts

	Mar 31 2006	Mar 31 2005*5	% change
<b>Balance Sheet Data</b>			
Total assets	¥187,046.7	¥192,839.1	(3.0%)
Loans and bills discounted	85,763.1	83,801.0	2.3%
Total liabilities	177,220.4	184,991.9	(4.2%)
Deposits	118,988.0	118,274.4	0.6%
Shareholders' equity	7,727.8	5,957.9	29.7%
<b>Asset Quality Data</b>			
Disclosed claims under the financial reconstruction law	¥ 1,827.4*6	¥ 3,008.0*6	(39.2%)
NPL ratio	2.07%*6	3.33%*6	
Unrealized gains on securities available for sale	2,953.2	1,384.9	113.2%
<b>Capital Data</b>			
BIS risk-adjusted capital ratio	12.20%	11.52%*7	
Tier 1 ratio	6.80%	5.91%*8	
Shareholders' equity per common share (yen)	¥692,792.39	¥673,512.65*9	2.8%

\*5 Date as of March 31, 2005 reflects the simple sum of MUFG and UFJH, except as noted below.

\*6 Figures of March 31, 2006 are the simple sum of BTMU and MUTB. Figures of March 31, 2005 are the simple sum of BTM, UFJB, MTB and UFJTB. Figures include separate subsidiaries.

\*7 The amount in Tier 2, which UFJH could not recognize as Tier 2, has been adjusted.

\*8 Capital injection of ¥700 billion from MTFG to UFJ Bank has been adjusted.

\*9 Figure of shareholders' equity per common share as of March 31, 2005 represents the figure of MTFG.

## To Our Shareholders



*From left: Haruya Uehara, Deputy Chairman; Nobuo Kuroyanagi, President and CEO; Ryosuke Tamakoshi, Chairman*

MUFG has made significant progress since its formation in October 2005. The integration of MTFG and UFJ companies, including the critical bank merger that took place in January 2006, has gone smoothly. Another significant event was the full repayment of public funds, which totaled ¥1,400 billion in October 2005. This gives us much greater flexibility in managing our capital and returning earnings to shareholders. With respect to asset quality, our nonperforming loan ratio is substantially lower since October 2005. All these achievements have far-reaching implications for our performance in the coming years.

Gross profits increased 6.1% to ¥3,609.9 billion. Net operating profits from the three core businesses, Retail, Corporate and Trust Assets, increased ¥187.7 billion, or 13.6%, to ¥1,567.7 billion. Due to this performance, and our positive outlook, we raised the year-end dividend per common share from ¥3,000 to ¥4,000.

The central objective of MUFG is to serve customers and communities as a premier diversified financial group, combining our quality with our extensive operations to offer a comprehensive line of competitive services. That means working to become a market leader in terms of services, reliability and global coverage. MUFG looks forward to using its unprecedented resources to be a primary driving force and beneficiary of upcoming change in Japan's financial services markets.

Ryosuke Tamakoshi  
Chairman

Haruya Uehara  
Deputy Chairman

Nobuo Kuroyanagi  
President and CEO

August 2006

## A Discussion with the President

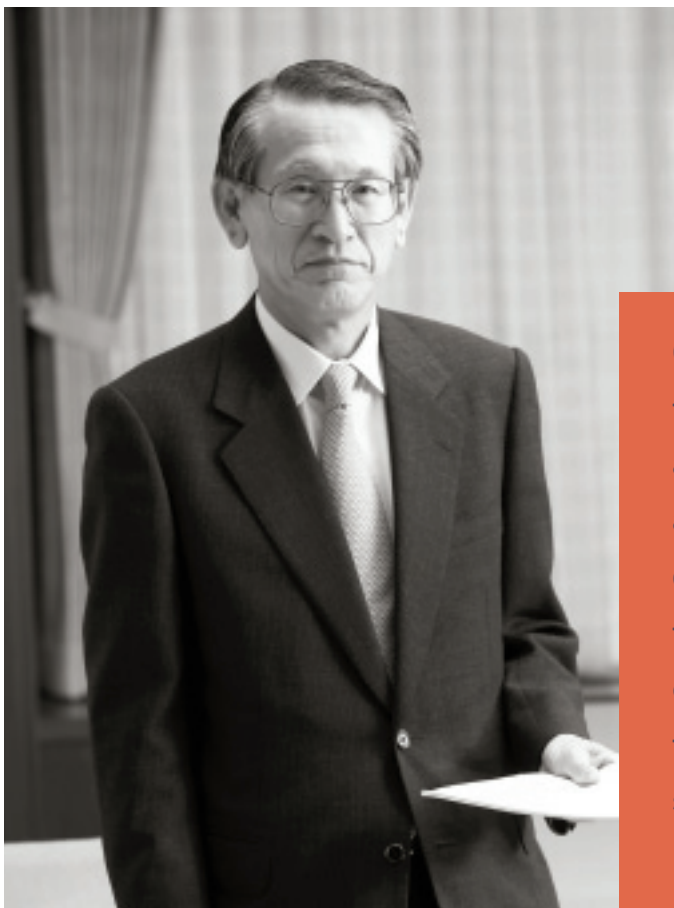
### Perspectives on Accomplishments and Goals

#### *❖ A strong performance following the October 2005 integration*

**How has MUFG performed since its October 2005 formation?**

**What are the most important issues that remain in order to complete the integration process?**

MUFG was created last October with the merger of the Mitsubishi Tokyo Financial Group (MTFG) and UFJ Group. At that time, we also combined the trust banks and securities companies of the two groups. Safety and reliability have always been our highest priorities with regard to the integration process, which is why we delayed the commercial bank merger until January 2006. Due to the magnitude of the operations of the two commercial



**Our objectives are clear. We intend to reap the growing amount of integration benefits and be a leading source of quality products and services that meet our customers' expectations. Overall, I believe that we have the resources and strategies necessary to be No. 1 in services, reliability and global coverage.**

banks that were combined, we wanted to be certain that the integration would go smoothly in every way. We performed exhaustive tests that included full-scale operation of systems. We even completed the integration of some systems and services prior to the integration. Thanks to this intensive preparation, The Bank of Tokyo-Mitsubishi UFJ served customers with no major disruptions or other difficulties from day one.

Since last October, I have been constantly urging our employees to concentrate on making MUFG a financial group that is No. 1 in terms of services, reliability and global coverage. Momentum toward reaching these goals is growing. Our highly motivated and talented workforce has been producing an increasing amount of benefits since the integration. One example is the strong sales of investment trusts, insurance annuities and other investment products. This performance reflects our ability to supply innovative products and services that precisely match our customers' needs. Another highlight is the growing strength of our investment banking and settlement businesses as we tap the collective knowledge of MTFG and UFJ.

We are making steady progress concerning many integration-related issues. Work is proceeding on schedule toward the complete integration of domestic computer systems. Other initiatives target the rapid generation of cost savings from the integration. For example, we are streamlining our branch office network and downsizing our workforce while reassigning people strategically. "Branch within a branch" is an effective way to reduce our occupancy expenses quickly. This approach involves using a single location for a former BTM branch and former UFJ branch until the two banks' domestic computer systems are fully integrated.

Our objectives are clear. We intend to reap the growing amount of integration benefits and be a leading source of quality products and services that meet our customers' expectations. Our comprehensive expertise in financial services and our enormous service network in Japan and overseas give us an invaluable competitive edge. Overall, I believe that we have the resources and strategies necessary to be No. 1 in services, reliability and global coverage.

❖ *Responding to new trends in the operating environment*

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**What is your view of trends in the operating environment for Japanese financial institutions? Is MUFG prepared to overcome the resulting challenges and capitalize on emerging opportunities?**

Most important is the broad-based economic recovery that is taking place in Japan. Companies have finally eliminated excessive debt and property and equipment, and reduced workforce. Corporate debt as a percentage of Japan's GDP is now less than it was prior to the asset bubble period. Companies are stepping up capital spending and recruiting as they adopt a more positive stance. One result is a rebound in corporate need for financing. This creates opportunities for us ranging from conventional loans to the arrangement of sophisticated financing schemes. Furthermore, the Bank of Japan has started raising interest rates as the economy rebounds. This will probably allow Japanese banks to increase the spread between interest rates on deposits and loans.

Another important trend is the growth in opportunities involving fee-based businesses. A full-scale shift in individuals' financial assets is taking place in Japan as people move money from savings to investments. Demand is climbing for asset management products and services. Deregulation is another positive force. Banks can now handle a much broader

spectrum of activities, including sales of investment trusts and insurance products. Restrictions on securities intermediary services at banks were lifted in December 2004. We expect deregulation to create more opportunities in the coming years.

These events are benefiting the entire banking industry in Japan, but I think MUFG is in the best position because





we serve the largest number of customers in Japan and offer a full line of financial services, including banking, trust and securities services. We are targeting every new opportunity that may contribute to growth in our corporate value.

### ❖ *Core strengths of MUFG*

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**MUFG has one of the world's largest banks in terms of assets and ranks among the world's top financial service groups in terms of market capitalization. How does this scale translate into competitive advantages?**

**Are there any negative aspects of MUFG's size?**

The integration that formed MUFG produced many advantages other than the size of our balance sheet. Above all, we have become a comprehensive financial group with market leadership in terms of both quality and quantity. Four key strengths underpin this leadership.

First is our customer base that is large and well-balanced. We rank ahead of Japan's two other major banking groups with regard to loans and deposits. Deposits from individuals total about ¥60 trillion, roughly twice as much as at either of the other two megabanks. As interest rates climb and individuals shift money from savings instruments to investments, these customer relationships will give us an enormous competitive advantage.

Second is our extensive network of branches in Japan and overseas. We have a balanced branch banking network covering the Tokyo, Osaka and Nagoya areas. Outside Japan, our network is much larger than those of the other two Japanese megabanks.

Third is the broad array of competitive businesses of our group companies. In addition to our commercial bank, trust bank and securities company, we have group companies that are playing leading roles in credit cards, leasing, asset management and many other fields. The group even includes a prominent U.S. regional bank. No other financial group in Japan can match this scale and breadth.

The fourth core strength is our sound financial position. Our asset quality is solid and our regulatory capital ratios are more than adequate. Furthermore, we have a corporate governance system that meets the high standards required by our New York Stock Exchange listing. Our financial soundness is thus accompanied by reliable management systems.

One challenge presented by our scale of operations is the need for highly effective management systems. We are constantly looking for ways to maintain and enhance these systems. One of our highest priorities is establishing internal controls that comply with the U.S. Sarbanes-Oxley Act of 2002. We are also preparing to comply with Basel II, which will become effective at the end of March 2007. Risk management is another priority. We will be measuring risk in greater detail and using more sophisticated methodologies to measure and manage our risk exposure.

#### ❖ *Becoming more profitable*

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#### **Please outline MUFG's medium-term earnings targets and the strategies you plan to use to reach those targets.**

Regarding financial performance, our goal is to achieve earnings, financial soundness and long-term growth that are on par with the leading financial institutions in Europe and the United States. Last February, we announced targets for fiscal 2009 (under Japanese GAAP): consolidated net operating profit of ¥2.5 trillion and net income of ¥1.1 trillion. The targets incorporated our revised outlook for interest rates and credit costs based on the latest economic trends. We also factored in the cost of ensuring safety and reliability during the computer system integration process.

Raising the profitability of the Corporate, Retail and Trust Assets businesses will be essential to reaching these targets. All three are core businesses, but Retail has the best growth prospects. We plan to raise the contribution (under Japanese GAAP) of Retail earnings from 22% of net operating profit in fiscal 2005 to more than 35% in fiscal 2009. We foresee several growth drivers: the increasing shift of individual financial assets from savings to investments; expansion in Japan's consumer finance market, including credit card services;

and opportunities for new businesses, such as services that use the Internet.

Investment product sales, consumer finance and housing loans are the main sources of earnings in our retail operations. We intend to upgrade our activities in all three categories. At the same time, we will reinforce internal management systems, execute a strategy to increase distribution channels and take many other actions to increase Retail earnings.

Even as we significantly raise Retail earnings, we expect that the Corporate segment, our largest busi-

ness group, will still account for more than half of total earnings in fiscal 2009 (under Japanese GAAP). Higher profits will come from many sources: SME products and services, international services, investment banking, settlement services, real estate services, and securities services. We have concrete plans for achieving growth in each of these areas.

For growth in the Trust Assets segment, we are providing a wide range of products and services to meet a variety of customers' needs. Expanding product lineups of pension funds, including actively managed funds and alternative funds, should be noted. Of course, we are strengthening our investment trust business in accordance with favorable market conditions and upgrading our custody business.



#### ❖ *Capital policy following repayment of all public funds*

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**MUFG has greater flexibility concerning its equity now that all public funds have been repaid. What are your plans for the use of excess capital, including actions to benefit shareholders?**

Our capital policy will maintain the proper balance among measures to distribute earnings to shareholders, raise our equity capital and make strategic investments aimed at growth. The full repayment of public funds gave us flexibility on raising dividends, repurchasing

stock and taking other shareholder-oriented actions. We will frequently review the amount of dividends based on operating results, dividends at other major Japanese companies and large European and U.S. banks, and other factors.

Earnings distributions to shareholders will also reflect two other important uses of earnings. First, we need to increase our equity capital, which is still inadequate in comparison to major European and U.S. banks. Second, we need to retain sufficient capital to make strategic investments for growth whenever opportunities arise. Above all, we will aim to allocate earnings in a manner that is best suited to raising shareholder value over the long term.

#### *❖ Customer satisfaction and corporate social responsibility*

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**You have explained the financial indicators that guide MUFG. But what is MUFG doing to enhance equally important qualitative aspects of performance like customer satisfaction and corporate social responsibility?**

Earning the satisfaction and trust of all stakeholders is pivotal to our ability to raise our corporate value. MUFG is dedicated to growing and prospering along with its stakeholders. Our management philosophy includes the goal of “contributing to the development of communities and helping achieve a sustainable society through environmentally responsible corporate activities.” Customer satisfaction and corporate social responsibility are integral parts of all our activities. For example, departments that deal directly with customers are constantly seeking ways to enhance the quality of services. Our banking operations extend special financing for environmental programs. We participate in socially responsible investment funds. In addition, every MUFG company uses its unique strengths to conduct social and charitable activities. As MUFG continues to grow, we will seek to offer even more benefits to our stakeholders.

## Financial and Operation Review

<b>Financial Review</b>	<b>12</b>
<b>Retail Business</b>	<b>14</b>
<b>Corporate Business</b>	<b>18</b>
<b>Trust Assets Business</b>	<b>22</b>

# Financial Review for Fiscal Year Ended March 31, 2006

The following discussion reflects the simple sum of MUFG and UFJH (April to September) for FY2005, the simple sum of MTFG and UFJH for FY2004 and as of the end of March 2005.

## Highlights of Consolidated Statements of Operations

Consolidated gross profits were up ¥208.0 billion compared to fiscal 2004, mainly due to growth in fees and commissions. However, expenses increased ¥227.5 billion, largely owing to integration-related expenses and an increase in subsidiaries' expenses. As a result, consolidated net business profit was ¥1,685.5 billion, ¥30.7 billion less than the previous year.

Consolidated net income was ¥1,181.7 billion, up ¥1.3 trillion mainly because of an improvement in equity-related gains (losses) of ¥0.2 trillion as a result of reduced write-downs of equity securities, etc., and an improvement in credit-related costs of ¥1.4 trillion as a large gain was recorded from the reversal of allowances for loan losses.

## Highlights of Consolidated Balance Sheets

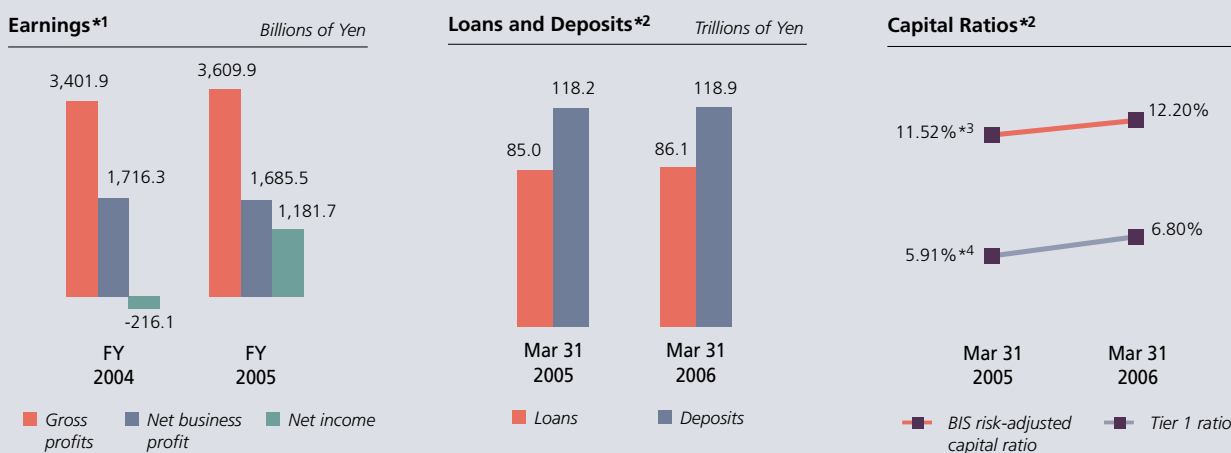
### • Loans and Deposits

Loans and bills discounted (including trust accounts) increased ¥1.1 trillion to ¥86.1 trillion, mainly due to growth in lending by overseas branches and subsidiaries.

Deposits amounted to ¥118.9 trillion, up ¥0.7 trillion compared with one year earlier.

### • BIS Risk-adjusted Capital Ratio

Despite the repurchase of shares totaling ¥760.9 billion in fiscal 2005 (implemented at the time of the repayment of public funds), as of March 31, 2006 the consolidated BIS risk-adjusted capital ratio and the Tier 1 ratio both remained at adequate levels.



\*1 Figures of FY2005 are the simple sum of MUFG and UFJH (April to September), and FY2004 are the simple sum of MTFG and UFJH.

\*2 Figures of March 31, 2005 are the simple sum of MTFG and UFJH. Loans figures include trust accounts.

\*3 The amount in Tier 2, which UFJH could not recognize as Tier 2, has been adjusted.

\*4 Capital injection of ¥700 billion from MTFG to UFJ Bank has been adjusted.

- **Non-performing loans**

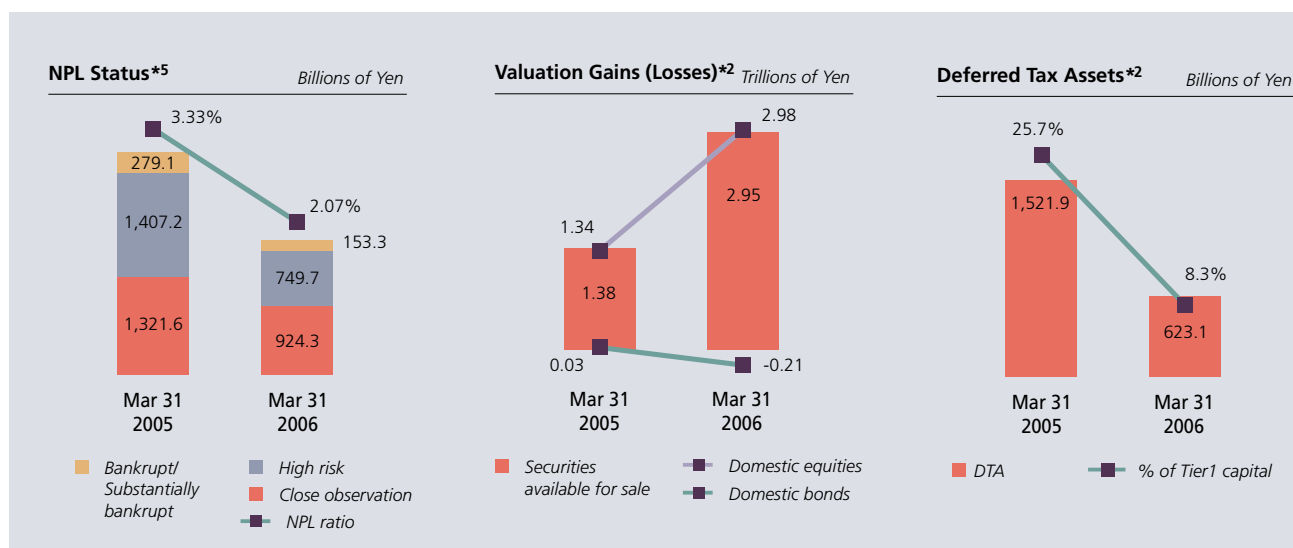
The disclosed claims ratio at the end of March 2006 was 2.07%, 1.26 points lower than one year earlier. This was the result of a decline in newly arising non-performing loans (due to the assignment of a lower debtor category), an increase in borrowers improving their debtor category as a result of improved operating results, and progress in the disposal of non-performing loans.

- **Valuation gains (losses) on securities**

Valuation losses on bonds were recorded as a result of a downturn in bond markets, but valuation gains on equities were up substantially because of strength in equity markets. As a result, valuation gains (losses) on securities available for sale at the end of March 2006 were ¥2.95 trillion, an increase of ¥1.56 trillion compared to one year earlier.

- **Deferred tax assets**

Net deferred tax assets as of the end of March 2006 were ¥623.1 billion (representing 8.3% of Tier 1 capital), ¥898.7 billion less than one year earlier. Progress in the final disposal of non-performing loans made it possible to convert the corresponding allowance for credit losses, originally a non-deductible expense for tax purposes, to a deductible expense. The decline also reflected the decrease in net operating loss carryforwards. There was an increase in deferred tax liabilities as unrealized gains on securities available for sale increased due to higher stock prices in Japan.

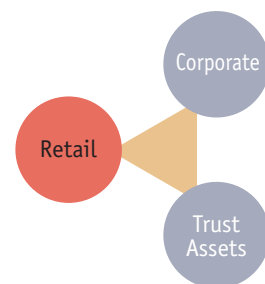


\*5 Figures of March 31, 2006 are the simple sum of BTMU and MUTB. Figures of March 31, 2005 are the simple sum of BTM, UFJB, MTB and UFJTB. Figures include separate subsidiaries.



## Retail Business

- Net operating profits up 43.3% to ¥382.7 billion
- Sales of investment products up significantly
- Income from consumer finance grows through consolidation of UFJ NICOS



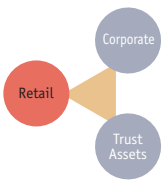


<i>In billions of yen</i>	FY2005	FY2004	% Change
Gross Profits	1,130.9	916.9	23.3%
Net Operating Profits	382.7	267.1	43.3%

Gross profits increased ¥213.9 billion, or 23.3%, to ¥1,130.9 billion. Sales of investment products were strong and the securities business performed well as individuals in Japan continued to shift assets from savings to investments. There was a large increase in consumer finance earnings, due to the consolidation of UFJ NICOS in October 2005. The volume of housing loans continued to increase, but the interest rate spread narrowed due to competition. Net operating profits increased ¥115.6 billion, or 43.3%, to ¥382.7 billion.

■ MUFG views the Retail segment as a core business, and future growth expectations are high for this segment. In fiscal 2006, we emphasize sales of investment products, housing loans, consumer finance, and services involving inheritance and real estate. We will also develop new channel strategies and we plan to build a new generation of business models, including Internet-based activities aiming for long-term sustainable growth. Accompanying these actions will be broad-based actions to strengthen internal control and enhance the skills of employees.

To increase sales of investment products, we are building a stronger framework that combines MUFG's banking and securities operations. For housing loans, we are introducing more value-added products, extending office operating hours and taking other actions. To become more competitive in consumer finance, we plan to launch new value-added products.



## Investment Product Sales

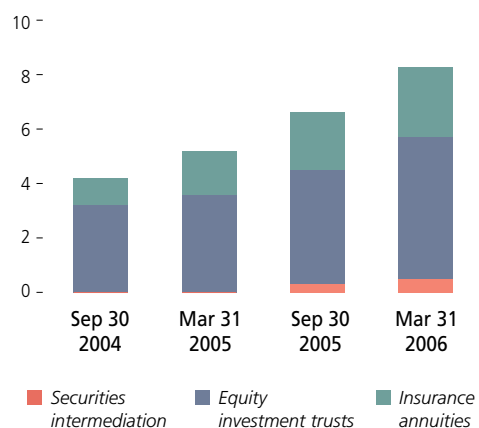
Income from investment products increased ¥35.6 billion to ¥149.3 billion. Total sales of investment products, including investment trusts, insurance annuities and securities intermediation products, surged 57% to ¥4.1 trillion. The securities intermediation business, which was started in the second half of fiscal 2004, continues to post consistent growth. Due to these factors, investment product assets in customer accounts increased 61% to ¥8.4 trillion at March 31, 2006.

■ A central goal for fiscal 2006 is achieving a significant improvement in earnings from investment products by increasing collaboration among MUFG group companies. To bolster sales, we are enlarging the sales force and upgrading their skills. During fiscal 2006, about 600 consultation specialists from Mitsubishi UFJ Securities will be seconded to BTMU offices. In another move to bolster investment product sales, additional personnel will be assigned to bank branches through reduction of head office staff and increased hiring. We are taking many steps to enhance the capabilities of sales personnel. The number of instructors has been doubled and we greatly increased time allocated to training programs. We also strengthened the system for managing the skills of sales personnel. Concerning products, we will continue to use strategic alliances with companies in Japan and overseas to introduce competitive new products that match customer needs.



**Customer Account Balances:  
Equity Investment Trusts,  
Insurance Annuities,  
Securities Intermediation**

*Trillions of Yen*

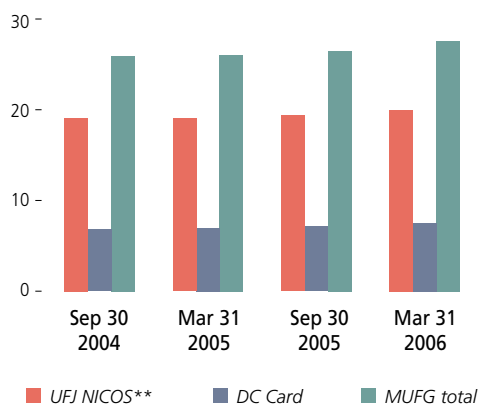


## Consumer Finance

Income from consumer finance rose ¥141.6 billion to ¥292.2 billion. This large increase reflects the consolidation of UFJ NICOS in October 2005. After the consolidation of UFJ NICOS, the number of credit cards issued by group companies (UFJ NICOS and DC Card) reached to 27.6 million. In addition, the number of comprehensive cards issued, which serve as both an ATM card and credit card, rose to about 500,000 as of March 31, 2006.

■ As part of the business and capital alliance between MUFG and The Norinchukin Bank in the retail business, we plan to merge UFJ NICOS and Kyodo Credit Service (a subsidiary of The Norinchukin Bank) on October 1, 2006. In April 2007, UFJ NICOS and DC Card will be combined to create Mitsubishi UFJ NICOS. As Japan's largest credit card issuer, the new company will be the leader in Japan's credit card industry in terms of scale and earnings. To enhance security for customers, we plan to install the Palm Vein Verification ATM (used at the former Bank of Tokyo-Mitsubishi) at the former UFJ Bank branches. We plan to install more than 1,000 of these ATMs during fiscal 2006. By the end of September 2006, we plan to have these ATMs at all bank branches, about 650 locations, including the former network of UFJ Bank.

**Group Company Credit Cards Issued\*** *Millions*



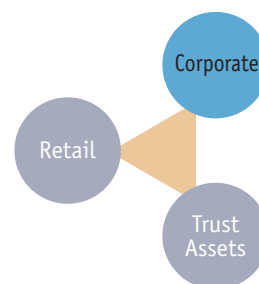
\* DC Card figures are non-consolidated and for membership.  
 \*\* Sep. 30, 2005 and prior figures are the sum of figures for the former UFJ Card and Nippon Shinpan.





## Corporate Business

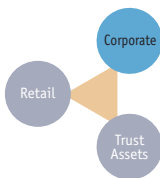
- Net operating profits up 5.0% to ¥1,146.4 billion
- Strong growth in loans and other business in overseas business
- Syndicated loans and other investment banking businesses grow



<i>In billions of yen</i>	FY2005	FY2004	% Change
Gross Profits	2,065.8	1,915.4	7.9%
Net Operating Profits	1,146.4	1,091.5	5.0%

Gross profits increased ¥150.4 billion, or 7.9%, to ¥2,065.8 billion. Overseas income, including earnings at UnionBanCal Corporation, was strong, partly due to the weaker yen. Corporate results also benefited from solid growth in domestic settlement fees, foreign exchange fees and investment banking fees. Earnings from domestic deposits and loans were lower, primarily due to a decrease in the volume of loans classified as “close observation” or lower categories. Net operating profits increased ¥54.9 billion, or 5.0%, to ¥1,146.4 billion.

■ The Corporate segment is a core business of MUFG, accounting for more than 50% of earnings. The central theme in fiscal 2006 is building momentum in core earnings drivers through five measures. The first is increasing SME business by serving customers better and taking advantage of business alliances. The second is strengthening international operations by using the largest global network of any Japanese bank and collaboration among group companies. The third is serving a broader range of corporate clients by offering investment banking products in smaller amounts and enlarging the product lineup. The fourth is increasing settlement services through the capture of commercial flows. The fifth is expanding real estate operations by actively pursuing a segmented customer strategy.

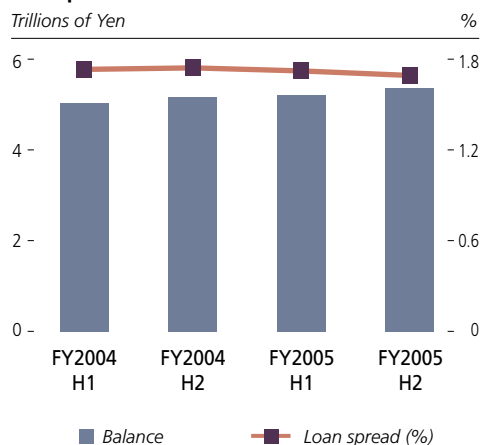


## SME Business

The average balance of loans to SMEs increased ¥179.9 billion, or 3.5%, from the previous year to ¥5.3 trillion at the end of March 2006. This included the extension of approximately ¥950 billion in standardized unsecured SME loans during fiscal 2005, raising the balance of these loans to approximately ¥1 trillion at the end of March 2006. To expand the sales network, more loan production offices, which are streamlined offices created specifically for SMEs, and other locations that specialize in SME services were opened during the fiscal year. Regarding products, we developed a new business card called “BIZWAY” for small companies and sole proprietorships.

■ MUFG plans to further enlarge its SME customer base by forming alliances with the TKC (a nationwide association of certified public accountants and licensed tax accountants), insurance companies, regional banks and other financial institutions. Japan’s easing of restrictions on the use of bank agents is creating even more opportunities to grow by forging alliances. The Bank of Tokyo-Mitsubishi UFJ opened 11 loan production offices during fiscal 2005, and at the end of March 2006, we had a total of 373 offices in Japan to serve SME clients. In fiscal 2006, we plan to open more of these types of offices to reinforce our infrastructure for serving this important client segment.

**SME Average Loan Balance and Spread**

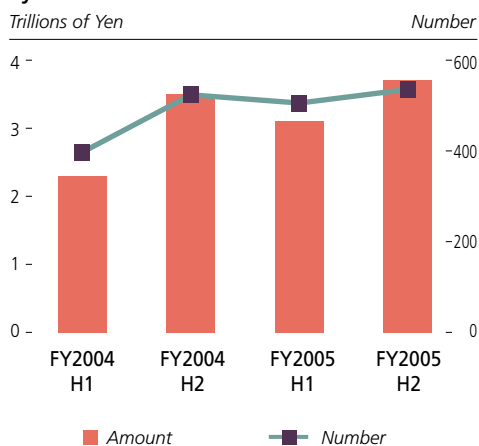


## Investment Banking

Domestic investment banking income increased ¥13.7 billion to ¥313.2 billion. Growth in syndicated loans was an important source of this increase. By broadening the customer base of these loans to middle-market companies and SMEs, we raised the number of syndicated loans arranged in fiscal 2005 by 120 to 1,040 and increased the volume of syndicated loans extended by approximately ¥1 trillion to ¥6.8 trillion. Due to the change in the interest rate environment in Japan, there was increased demand for derivatives in order to hedge risks associated with expected higher interest rates and for deposits with derivatives. Currency options also performed well as a result of strong sales of products to Japanese importers to hedge against a weaker yen.

■ MUFG is building a stronger framework for serving customers by using the resources of the entire group. To support customers' business and capital strategies, our corporate banking staff, who are highly knowledgeable about the customers' industries, coordinate the function of banking, trust, securities and other fields to deliver timely advice that precisely matches each requirement. We will continue to deepen collaboration among these fields to formulate comprehensive solutions for our customers. With respect to products, we plan to strengthen operations in areas such as syndicated loans, asset-backed financing, M&As and leveraged and management buyouts. In addition, we plan to broaden our customer base both in Japan and overseas by offering a larger product lineup as well as more accessible products available in smaller denominations.

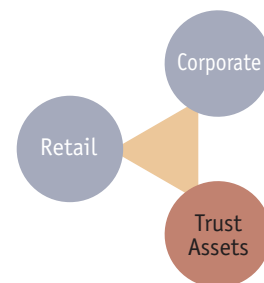
**Arrangement of Domestic Syndicated Loans**





## Trust Assets Business

- Net operating profits up 80.8% to ¥38.6 billion
- Higher business income from investment trust management and administration business
- Expansion of pension business continues



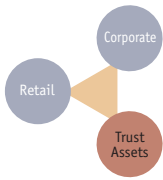


<i>In billions of yen</i>	FY2005	FY2004	% Change
Gross Profits	125.8	94.3	33.3%
Net Operating Profits	38.6	21.3	80.8%

Gross profits increased ¥31.5 billion, or 33.3%, to ¥125.8 billion. Income from businesses in investment trust management and administration increased, backed by the expansion of the investment trust market. Another source of growth was the steady increase of income from the pension business and the custody business. In addition, consolidation of The Master Trust Bank of Japan in October 2005 also contributed to the increase in gross profits. Net operating profits rose ¥17.3 billion, or 80.8%, to ¥38.6 billion.

■ MUFG is focusing on the Trust Assets business as a growing market. Regarding the pension business, which is a key area, we are enhancing the lineup of investment products and strengthening sales of non-passive investment products. In the investment trust business, our goal is to increase the balance of managed investment trusts by strengthening sales channels both within and outside the MUFG group. We also plan to increase the balance of administered investment trusts by enhancing administrative services. In the custody business, we are offering value-added services and taking other steps to increase the volume of assets.

We are also introducing the “MU Japan Fund,” which allows foreign investors to benefit from the investment expertise in Japanese equities that we have cultivated over the years as a major institutional investor in Japan.



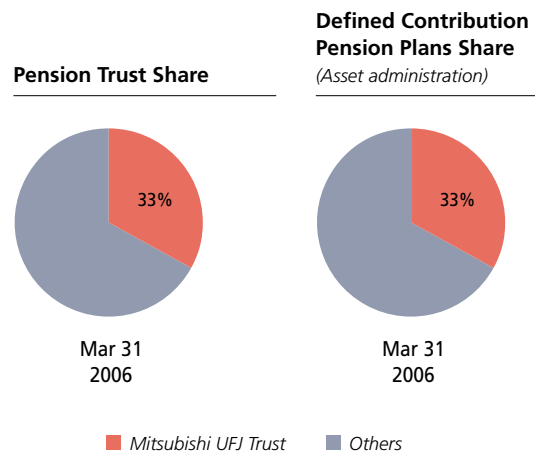
## Pension Business

Gross profits from the pension business increased ¥3.4 billion to ¥50.4 billion. For pension trusts, we strengthened sales of non-passive investment products. As a result of the merger, we have a 33% share of the Japanese pension trusts market.

■ For defined-benefit pensions, we are introducing new products targeted at each specific customer segment and reinforcing sales activities involving non-passive investment products. Reflecting the growing interest in corporate social responsibility, we have established the SRI Fund, a new type of investment product designed for corporate pensions. For defined-contribution pensions, we are drawing on the collective strengths of MUFG to become more competitive. We are upgrading Internet-based services and pension plan consulting as well as presentation skills. We are also refining maintenance services for our current customers. In addition, BTMU and MUTB are working together to offer pension plans tailored to the needs of the SME market.

## Investment Trust Management and Administration

Gross profits from investment trust activities increased ¥9.2 billion to ¥28.9 billion as the balance of managed and/or administered investment trusts continued to grow. Backed by strong sales of equity investment trusts, the balance of managed investment trusts as of March 31, 2006 increased by ¥2.4 trillion and the balance of administered investment trusts increased by ¥7.0 trillion from the previous year.



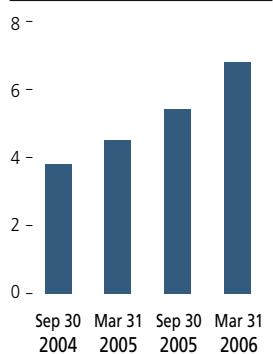
■ MUFG is deepening ties among the retail operations of its bank, trust bank and securities company to further enhance the ability to offer high-quality products to customers in a timely manner. As for sales channels outside the group, efforts are focused mainly on providing more products to regional banks. In the investment trust administration activities, we will try to maintain and increase the dominant share in the market by upgrading administrative services to serve the growing volume of securities investments in developing countries.

### Custody

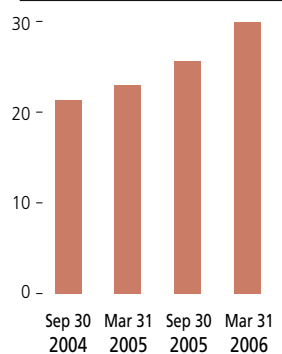
Gross profits increased ¥5.4 billion to ¥17.5 billion. The balance of both the domestic and global custody assets continued to grow.

■ MUFG is providing further value-added services by using an integrated securities lending framework in association with our domestic and overseas network (Japan, North America and Europe). Other objectives are to increase the volume of assets under custody through further sales efforts directed toward companies outside the MUFG group and gathering custodial assets held within MUFG companies.

**Investment Trust Management Balance**  
Trillions of Yen



**Investment Trust Administration Balance**  
Trillions of Yen





## Global Activities

- MUFG No.1 Japanese financial group in serving retail and corporate customers
- The Group tops Japanese banks with 436-outlet overseas network, including Union Bank of California
- Aiming to become a premier, highly competitive, global comprehensive financial group



In addition to having the largest corporate and retail customer base of any bank in Japan, MUFG has the largest overseas network as well. As of July 2006, MUFG had 436 locations outside Japan, including the Union Bank of California (UBOC) network. This extensive network and a large number of customer relationships offer a sound base to offer value-added services. MUFG has a significant competitive edge in yen-related services such as financing, settlements and custody services. The group is concentrating on leveraging the immense resources of this global network to maximize benefits for Japanese and foreign customers.

### **Americas**

We have 25 branch offices, representative offices and subsidiaries in the Americas, and our subsidiary UBOC has 321 branches in the U.S. In the Americas, MUFG offers many forms of fund-raising support, including securitization, leases, bond arrangement and other services. One of our goals is to increase the volume of services to assist companies based in the Americas to do business in Asia. In fiscal 2005, we participated as a core bank in a number of large mergers and acquisitions. For example, we were one of the primary sources of funding for the acquisition of a major U.S. telecommunications company. In Central and South America, MUFG has a presence in seven countries. Notably, BTMU has an alliance with Banco Bradesco, the largest private-sector bank in Brazil. We serve customers by offering syndicated loans, structured finance and project finance for natural resource projects.

#### **• Union Bank of California**

As one of the 25 largest commercial banks in the United States, UBOC has 321 branch offices located primarily in California. The bank is headquartered in San Francisco and has more than 10,000 employees. The bank provides a full line of financial services to businesses and individuals. UBOC also offers investment and financial management, trust

services, private banking, insurance services and global custody services. UnionBanCal Corporation, the bank's holding company, has been listed on the New York Stock Exchange since 1999. BTMU currently holds 62% of the equity of UnionBanCal.

### **Europe, Russia, Middle East and Africa**

MUFG is steadily enhancing its stature in these regions, where the group has 26 branches, representative offices and subsidiaries. BTMU signed agreements in 2005 to cooperate with the Slovakia Investment Agency and the City of St. Petersburg. In April 2006, BTMU became the first Japanese bank to establish a banking presence in Prague by opening a branch office of its wholly owned subsidiary Bank of Tokyo-Mitsubishi UFJ (Holland) N.V. These actions better allow us to assist corporate clients investing in these regions and to provide these clients with valuable information concerning business activities and opportunities.

In the Middle East, where local economies are benefiting from higher crude oil prices, MUFG is engaged mainly in syndicated loans, project finance and trade finance. A number of recent high league-table rankings demonstrates the high profile of BTMU in this region. Among them was a first-place ranking in 2005 for the third consecutive year by *EuroWeek* as "Best Arranger of Turkish Loans" in the syndicated loan category. In addition, *EuroWeek* ranked BTMU second in the "Best Arranger of Middle Eastern Loans" category and third in the "Best Arranger of Financial Institute Loans" category.



## Asia and Oceania

MUFG covers this region with a total of 46 branches, representative offices and subsidiaries, all of which work closely with Headquarters, the Asian Business Division and the Asian Investment Banking Division. Through this network, we assist Japanese and foreign corporate clients in many ways. We meet our clients' financing needs by using diversified finance schemes such as syndicated loans and project finance, giving us a solid reputation among Japanese as well as foreign companies. Additionally, we offer cash management services to make settlements easier and more efficient. In this region, we are recognized as a source of sophisticated hedging techniques for foreign exchange and interest rates. Clients also count on us for their needs in trade finance, securitization and sales of receivables. In the trust sector, a major focus in this region is assistance for investments in Japanese real estate. MUFG continues to take action to strengthen its relationships with governments and banks in the region. In December 2005, BTMU signed a cooperative agreement with Vietnam's Ministry of Planning and Investment. In China, where BTMU has five branch offices, the bank made an equity investment in the Bank of China. All five offices in China are licensed to handle yuan transactions, including derivatives. BTMU plans to open more branches in China.



# Corporate Social Responsibility

Fulfilling its obligations as a responsible corporate citizen is one of the highest priorities of MUFG. Reflecting this stance, we take various steps to support the economic and social development of areas where we operate. Our operations also reflect an awareness of environmental issues. For employees, MUFG provides the opportunities and work environment needed to upgrade skills and realize their full potential. In recognition of this commitment to CSR, MUFG has been selected as a member of the SRI Index, which includes Ethibel, the FTSE4Good Index Series and others. In addition, MUTB in May 2006 pledged to abide by the United Nation's Principles for Responsible Investments.

## *For Customers*

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MUFG is working in many ways to enhance customer satisfaction with the aim of making the "customers first" concept a central element of all activities.

- **Continuous improvements in customer services**

As part of our commitment to putting the customer first, we are constantly working on improving services from the standpoint of our customers and the employees who provide those services.

MUFG uses a PDCA (plan, do, check, act) cycle with regard to products and services. We begin by establishing policies and targets that reflect customers' needs, and then develop and supply products and services as required. The cycle includes an evaluation of these products and services based on feedback from customers.

As an objective verification of the quality of our systems and a means to constantly improve customer services, in August 2005, the Bank of Tokyo-Mitsubishi earned ISO 9001 quality management system. We plan to extend the scope of certification to the entire BTMU organization. In addition, we established a Customer Satisfaction Planning Division in January 2006 when BTMU was formed. At MUTB, we established a Customer Satisfaction Promotion Division in April 2006 to promote improvement of customer services in all business areas.

## *For Employees*

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The operations of MUFG reflect the belief that enhancing employee motivation and job satisfaction translates directly into greater customer satisfaction while contributing to communities and society. We offer employees many opportunities to refine their skills. Our commitment extends to ensuring equal opportunity and fair performance evaluations for all employees.



### ***(Japan)***

To provide workplaces that make it even easier for employees to perform their jobs, MUFG is increasing efforts to create work processes and systems that reflect needs and suggestions of employees. At BTMU, an Intranet is used to maintain a dialog between employees and management. Executives and managers of the departments involved provide responses to inquiries and suggestions, making changes to work practices as required. As part of activities to optimize working conditions, BTMU and MUTB conduct regular employee satisfaction surveys.

At MUFG, we are expanding the opportunities of our female employees as part of our diversification program. In BTMU, a working group and Equal Partnership Office were formed to support our female employees in maximizing their capabilities, and to create a conducive workplace environment and personnel system that allow for a balance between work and home life. In another step to tap talents of a more diverse workforce, we offer many work opportunities to individuals with disabilities.

### ***(Outside Japan)***

As part of our diversity program outside Japan, we have a Cross-Cultural Training program in New York. One objective is to maintain sound communications by providing Japanese staff and non-Japanese staff with a greater understanding of their respective cultures. We also have an employee referral program and a tuition reimbursement program.

Training programs are offered to employees recruited outside Japan to help improve their skills. For instance, in July 2006, BTMU held a training seminar in Singapore on accounting, financial analysis and credit risk management. In September, we plan to hold a more practical, case study-driven training seminar in Tokyo for employees recruited in Asia outside Japan. This seminar will focus on products and services, as well as skills related to credit risk management.

### ***For the Environment***

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We are constantly seeking ways to help resolve environmental issues through our activities as a global finance group and the provision of support to other organizations.

#### **• Environmental Management System**

The Bank of Tokyo-Mitsubishi received ISO 14001 certification for its environmental management system in April 2005. We established the MUFG Group Environmental Philosophy in March 2006 to clarify our positive stance regarding environmental issues. Conducting environmental management based on this philosophy, we are active on various environmental issues.

### Environmental Statement

We, the directors and employees of MUFG, recognize that protection of the global environment is the responsibility of all human beings and, as a good corporate citizen, MUFG fulfills its social responsibility by working actively toward the realization of a sustainable environment. Through our business activities, we will support environmental protection efforts by both industry and individuals that contribute to realizing a sustainable society.

#### • Environmental Loans

BTMU uses financial services to support environmental protection. Within three years, the bank plans to establish an environmental fund totaling ¥100 billion to extend loans to environmental businesses backed by the Japanese government, such as power generation from wind turbines and solar cells. Financing is also extended to recycling businesses and other activities with environmental benefits. In December 2005, the bank's project finance operations announced that its activities will comply with the Equator Principles, which are environmental and social guidelines for ethical project financing.

#### • Clean Development Mechanism (CDM)

The Kyoto Protocol became effective in February 2005 as a major step toward slowing the advance of global warming. One element is the establishment of a system of creating credits for the emission of greenhouse gases. Mitsubishi UFJ Securities is studying the feasibility of clean development mechanism (CDM) projects and providing consulting services including the preparation of Project Design Documents (PDD). Mitsubishi UFJ Securities is the only company in Japan that has had four CDM baseline and monitoring methodologies approved by the United Nations.

### For the Community

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As a responsible corporate citizen, MUFG uses its resources as a diversified financial group to contribute to the community, charities and other important social programs.

#### • Socially Responsible Investments (SRI)

As one element of incorporating CSR in our core business activities, we are engaged in a number of socially responsible investments.

MUTB launched an SRI Fund, which is managed by Mitsubishi UFJ Asset Management. Investments are directed to family-friendly companies, an unprecedented step for an investment trust in Japan. Fund managers look for companies that, in addition to having sound financial



*Mitsubishi UFJ Securities provided advice for Cambodia's first power plant fueled by rice husk.*

positions, offer benefits for children, families and people in general. Selections are also based on the ability of a company to provide varied and flexible work arrangements to allow employees to balance work and family life. The fund received a Fiscal 2005 Good Design Award in October 2005 from the Japan Industrial Design Promotion Organization. In July 2006, BTMU also launched the same SRI fund.

Mitsubishi UFJ Asset Management has established and managed the Eco Partners Fund, which invests in companies with active environmental programs.

In June 2006, MUTB established an SRI fund that would be sold to pension funds customers.

#### • **MUFG in the Community**

The MUFG Group collects donations from employees and group companies following major natural disasters such as earthquakes. In May 2006, BTMU donated US\$100,000 to Japan Platform and the Japanese Red Cross as a contribution to relief efforts for those affected by an earthquake that struck Central Java.

In addition to broad-based charitable activities, in Japan, departments, offices and branches of MUFG companies are deeply rooted in their host communities and employees are encouraged to participate in community activities, thereby contributing to the community as a whole. MUFG holds a "MUFG Hands-on Classroom" for the children and workers of selected childcare facilities. Additionally, BTMU takes part in the "Kids' Market Camp," a financial education program for elementary and junior high school students. Moreover, MUFG companies, through their charitable foundations, extend financial support for international exchange programs, academic research, environmental protection, and a variety of artistic and cultural activities.

Outside Japan, BTMU has a scholarship program for students from Asia who attend graduate schools in Japan. There are also scholarship programs for university students in China, the Philippines, Vietnam, Myanmar and India. Furthermore, branch offices conduct their own activities, such as funding scholarships and making contributions to local charities. Other activities include encouraging employees to volunteer for various events.

In the U.S., activities include matching charitable donations by employees and encouraging employees to volunteer through bank-sponsored projects, paid time-off for community service, and donations to organizations where employees volunteer. The New York Branch participates in many community activities. Among them are the annual fundraising walk for the March of Dimes, a charity dedicated to improving the health of babies, New York Cares Day, which mobilizes thousands of volunteers to revitalize schools and raise money, and an elementary school lunch time tutoring program.



*New York Cares Day*



*Elementary school lunch time tutoring program*

# Corporate Governance

MUFG regards the establishment and operation of properly functioning corporate governance systems as an important management issue.

## **Corporate Governance Framework at Holding Company**

The holding company has developed a corporate governance framework based on a system comprising corporate auditors and directors and the inclusion of various “external perspectives” and a system of voluntary committees.

- **Outside directors and voluntary committees**

Three members of the 15-member Board of Directors are outside directors. This arrangement aims to enhance transparency in decision-making as well as introduce checks to strengthen oversight of directors who have operational responsibilities. Outside directors help to maintain and enhance corporate governance functions by overseeing the operational execution duties of directors at board meetings.

The holding company has also established three voluntary committees that report to the Board of Directors. Outside directors chair the Internal Audit and Compliance Committee, the Nomination Committee and the Compensation Committee. Outside members constitute a majority of each of these committees.

- **Oversight from the Board of Corporate Auditors**

The Board of Corporate Auditors has five members, with the three outside corporate auditors comprising a majority. The outside members help to improve the quality of auditing activities by corporate auditors by expressing opinions at meetings of the Board of Corporate Auditors from an independent and objective viewpoint.

- **External support from the Advisory Board**

Composed of external experts, the Advisory Board convenes regularly and reports to the Executive Committee. This body provides valuable input and guidance to senior management by discussing and debating corporate strategy, business planning and other key management topics from an independent standpoint.

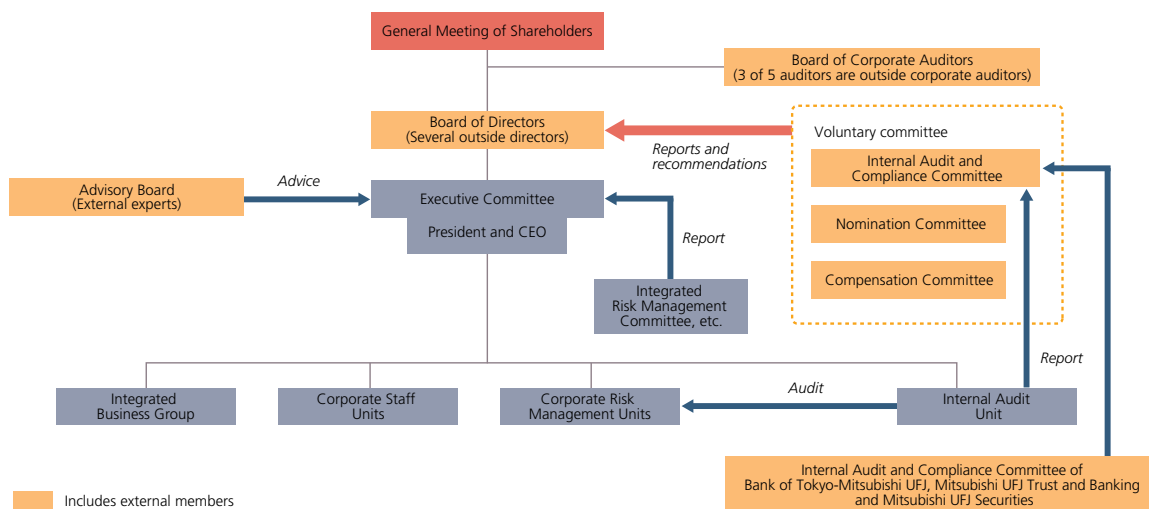
## **Corporate Governance Framework at Major Subsidiaries**

Cross-group governance frameworks covering risk management, compliance and internal controls bolster the governance of MUFG and aid the holding company in supervising group business activities. The holding company assigns directors to Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities to provide additional oversight of the operations of these major subsidiaries.

In addition, Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities have each appointed outside directors as a means of actively stimulating objective discussion at board meetings and promoting greater transparency. Each of these major sub-

subsidiaries has also voluntarily established an audit committee that reports to their respective directors. These committees have a majority of external members, including outside directors and externally appointed legal or accounting experts.

### Group Corporate Governance Structure



### Members of Committees Reporting to the Board of Directors

(As of June 29, 2006)

	Scope of committee deliberations	Members
Internal Audit and Compliance Committee	Matters related to internal audits and statutory compliance at the holding company and group subsidiaries	Chairman: Iwao Okijima (Outside director) Akio Harada (Outside director) Koji Tajika (External expert/certified public accountant) Yoshinari Tsutsumi (External expert/attorney-at-law) Haruya Uehara (Deputy Chairman and CAO, MUFG)
Nomination Committee	Matters related to the selection of holding company directors and the selection or dismissal of directors of group subsidiaries	Chairman: Iwao Okijima (Outside director) Akio Harada (Outside director) Takuma Otoshi (Outside director) Nobuo Kuroyanagi (President and CEO, MUFG)
Compensation Committee	Matters related to the evaluation and remuneration of senior management at the holding company and group subsidiaries, and related executive compensation systems	Chairman: Takuma Otoshi (Outside director) Iwao Okijima (Outside director) Akio Harada (Outside director) Nobuo Kuroyanagi (President and CEO, MUFG)

### Members of Advisory Board

(As of April 1, 2006)

Kazuhito Ikeo Professor, Keio University	Kunio Egashira Chairman, Ajinomoto Co., Inc.	Yuko Kawamoto Professor, Waseda University (Graduate School)	Tetsuo Seki Senior Corporate Auditor, Nippon Steel Corporation
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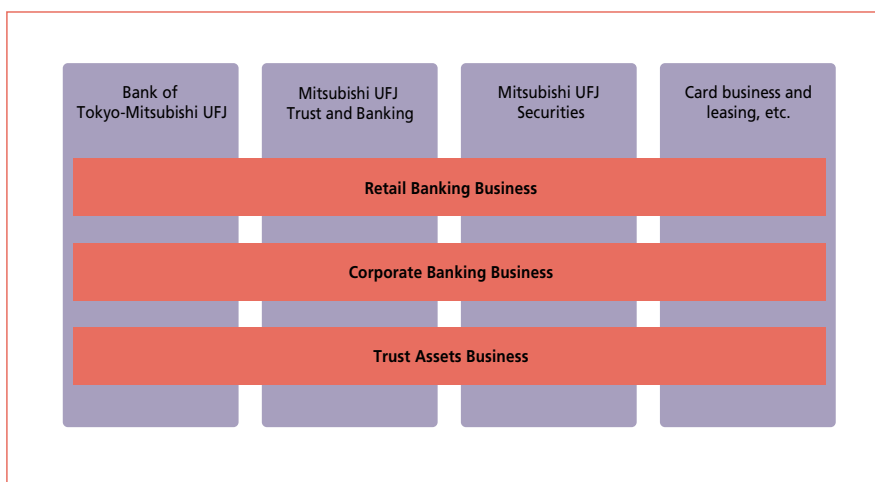
# Group Business Management

## Operational Management Framework

MUFG has adopted a group organizational structure that features cross-integration along functional lines to deliver timely and value-added financial products and services that address the needs of a wide range of customers. This framework involves close cooperation among group companies and is based on an integrated business group system to develop operations in line with a

unified strategy. The holding company has established integrated business groups to focus on MUFG's three core businesses of retail banking, corporate banking and trust assets. This framework aims to ensure that MUFG can address customer needs with speed and accuracy.

## Integrated Business Group System



## Internal Performance Indicators

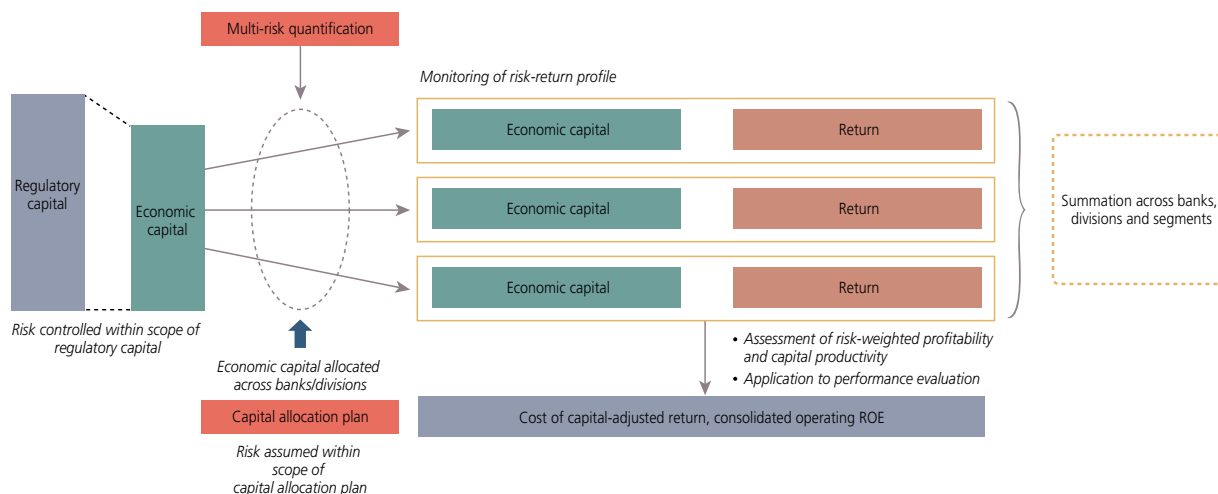
MUFG has introduced a system to monitor and allocate capital across subsidiary banks, divisions and segments, and between different categories of risk. Based on quantitative measurement of the various banking risks involved, the system guides the risk-weighted allocation of capital (economic capital) with the aim of improving the overall risk-return profile for MUFG and ensuring that the proper allocation of economic resources delivers returns that are commensurate with risk. Under this system, the holding company formulates a capital allocation plan for each six-month period based on discussions with subsidiary banks to target capital distribution in accordance with credit risk, strategic equity portfolio risk, market risk and

operational risk. To preserve the sound financial health of the MUFG Group, the overall scale of capital allocation under this plan is kept within the scope of regulatory capital. MUFG also closely monitors and manages trends in economic capital over the term of each plan. In addition, MUFG has introduced two internal performance indicators (cost of capital-adjusted return and consolidated operating ROE) to help assess and manage risk-weighted profitability and capital productivity.

### Glossary of terms:

- **Cost of capital-adjusted return** is a post-tax performance indicator (derived from Japanese GAAP data) equal to net business profit (gross profits minus expenses), from which credit costs and the cost of capital are also deducted. MUFG aims to build corporate value over the medium and long term by assessing the returns from business development after fully taking into account the cost of capital (the expected return for shareholders).
- **Consolidated operating ROE** is a post-tax performance indicator (derived from Japanese GAAP data) equal to net business profit minus credit costs, which is then divided by the value of allocated capital. MUFG pursues higher returns on capital by seeking to maximize the returns generated from allocated capital at each division.

## Management of Allocated Capital



# Risk Management

Numerous changes in MUFG's business environment have resulted from the deregulation and globalization of finance, and the advancement of information technology. MUFG aims to be a global and comprehensive financial group encompassing leading Japanese players in commercial and trust banking, and securities. Risk management plays an increasingly important role as the risks faced by financial groups such as MUFG increase in scope and variety.

MUFG identifies various risks arising from businesses based on a uniform criteria, and implements integrated risk management to ensure a stronger financial condition and to maximize

shareholder value. Based on this policy, MUFG identifies, measures, controls and monitors a wide variety of risks so as to achieve a stable balance between earnings and risks. We enforce the risk management to create an appropriate capital structure and to achieve optimal allocation of resources.

## Risk Classification

At the holding company level, MUFG broadly classifies and defines risk factors faced by the group. Group companies perform more detailed risk management based on their respective operations.

Type of Risk	Definition
Credit Risk	The risk of financial losses in credit assets (including off-balance sheet instruments) caused by deterioration in the credit conditions of our counterparty. This category includes country risk.
Market Risk	Market risk is the risk of financial losses where the value of our assets and liabilities could be adversely affected by changes in market variables such as interest rates, securities prices or foreign exchange rates. Market liquidity risk is the risk of financial losses caused by the inability to secure market transactions at the required volume or price levels as the result of market turbulence or a lack of trading liquidity.
Liquidity Risk	The risk of incurring losses if a poor financial position at a group company hampers the ability to meet funding requirements, or necessitates fund procurement at interest rates markedly higher than normal.
Operational Risk	The risk of losses resulting from inadequate or failed internal processes, people or systems, or caused by external events.
Operations Risk	The risk of losses caused by accidents, or by neglect or deliberate misconduct on the part of executives or employees.
Information Asset Risk	The risk of losses caused by the loss, alteration, falsification, wrongful use or unauthorized disclosure of information, or to the destruction, interruption, malfunction or improper use of information systems.

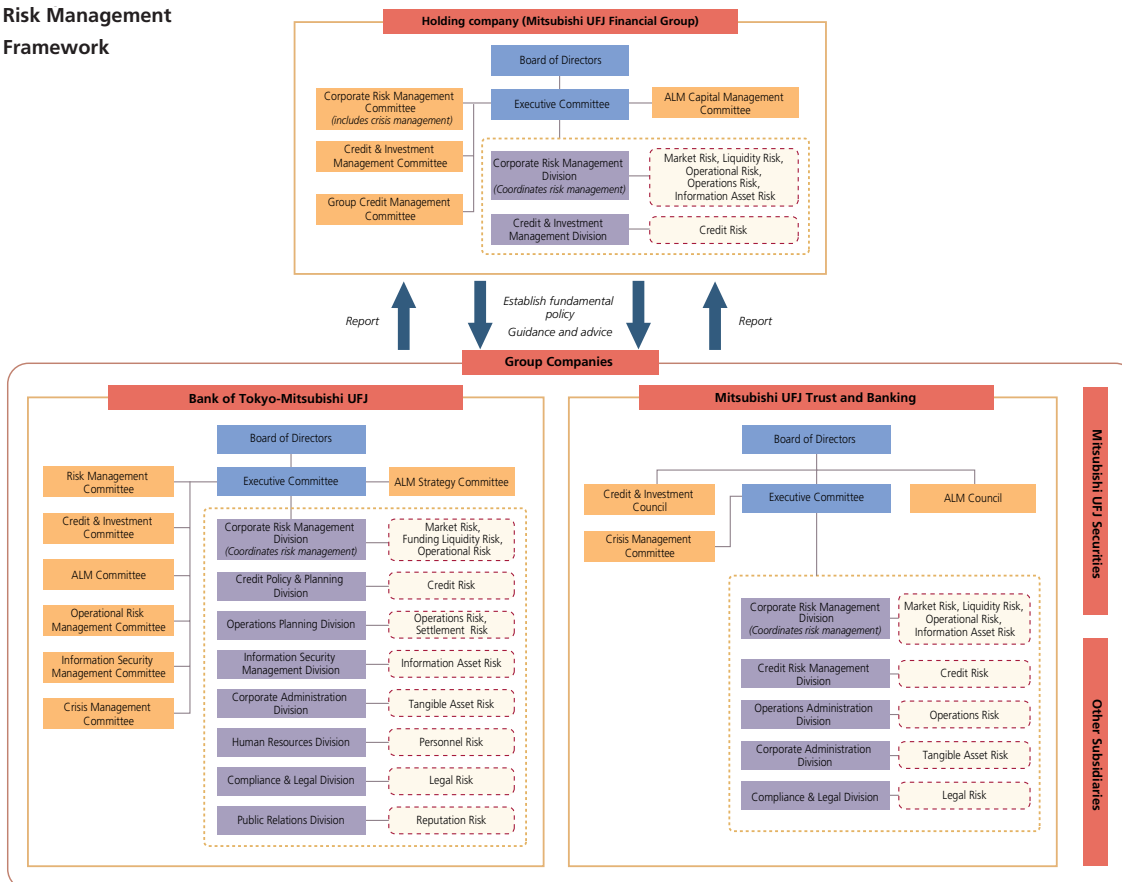


## Risk Management System

MUFG has adopted an integrated risk management framework and promotes close cooperation among the holding company and group companies. The holding company and major group companies each appoint chief risk management officers and establish independent risk management divisions. At risk management committees, our management members discuss and dynamically manage various types of risks from both qualitative and quantitative perspectives. The Board of Directors determines risk management policies for various types of risk based on the discussions held by these committees.

The holding company seeks to enhance group-wide risk identification; to integrate and improve the group's risk management framework and related methods; to maintain asset quality; and to eliminate concentrations of specific risks. Group-wide risk management policy is determined at the holding company level, and each group company implements and improves its own risk management framework. Bank of Tokyo-Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking have deliberated plans to upgrade risk management systems in line with the requirements for major banks stipulated by the Financial Services Agency (FSA) of Japan and have been constructing advanced risk management systems compliant with the Basel II framework.

## Risk Management Framework



## Business Continuity Management

Based on a clear critical response rationale and associated decision-making criteria, MUFG has developed systems to ensure that operations are not interrupted or can be restored to normal quickly in the event of a natural disaster or system failure, to minimize any disruption to customers and markets. A crisis management team within the holding company is the central coordinating body in the event of any emergency. Based on information collected from crisis management

personnel at the major subsidiaries, this central body would assess the overall impact of a crisis on the group's business and establish task forces that could implement all countermeasures to restore full operations. MUFG has business continuity plans to maintain continuous operational viability in the event of natural disasters, system failures and other types of emergencies. Regular training drills are conducted to upgrade the practical effectiveness of these systems.

## Credit Risk Management

Credit risk is the risk of losses due to deterioration in the financial condition of a borrower.

MUFG has established risk management systems to maintain asset quality, manage credit risk exposure and achieve earnings commensurate with risk.

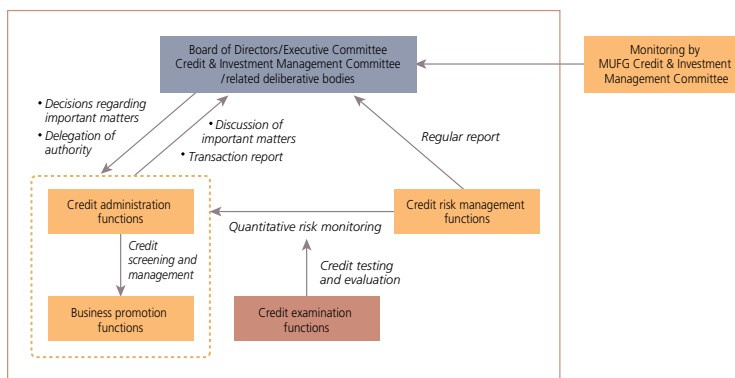
MUFG applies a uniform group-wide rating system for asset evaluation and assessment as well as the quantitative measurement of credit risk. This system also underpins management of loan pricing and credit portfolios.

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

### Credit Risk Management System

The credit portfolios of subsidiary banks are monitored and assessed on a regular basis to maintain and improve asset quality. Uniform group-wide credit rating as well as asset evaluation and assessment systems are used to ensure timely and proper evaluation of all credit risks. Under the MUFG credit risk management framework, each subsidiary bank manages its respective credit risk on a consolidated and global basis, while the holding company oversees and manages credit risk on an overall group-wide basis. The holding company also convenes regular committee meetings to monitor credit risk management at subsidiary banks and to issue guidance where necessary.

### Management Framework for Subsidiary Banks



At each subsidiary bank, we have in place a system of checks and balances in which a credit administration section that is independent of the business promotion sections screens individual transactions and manages the extension of credit. At the management level, regular meetings of credit and investment management committees and related deliberative bodies ensure full discussion of important matters related to credit risk management. Besides such checks and balances and internal oversight systems, credit examination functions also undertake credit testing and evaluation to ensure appropriate credit risk management.

### Credit Rating System

MUFG has introduced a unified criteria, an integrated group-wide credit rating system to evaluate credit risk. This rating system underpins credit risk management across MUFG. The system classifies borrowers into 15 grades using probability of default rates as a common criterion, an approach that conforms to Basel II and is also consistent with the borrower grades used in asset evaluation and assessment. We believe MUFG's credit rating system is a highly objective framework that also incorporates timely market factors such as share prices and external ratings where appropriate.

Country risk is evaluated and managed under a separate system. MUFG assigns uniform group-wide ratings for countries. These ratings are reviewed periodically to take into account relevant political and economic factors, including foreign currency availability.

### Asset Evaluation and Assessment System

The asset evaluation and assessment system classifies assets according to the probability of collection and the risk of any impairment in value, based on the borrower grades consistent with the borrower ratings and status of collateral or guarantees. The system enables MUFG to conduct write-offs and allocate allowances against any credit in a timely and adequate manner.

### Relation between MUFG Borrower Ratings and Nonperforming Loans Classifications under the Financial Reconstruction Law (FRL)

Borrower rating	Definition	NPL Classifications under FRL
1~2	Borrower capacity to meet financial obligations deemed high and stable	Normal loans
3~5	Borrower capacity to meet financial obligations deemed free of problems	
6~8	Borrower capacity to meet short-term financial obligations deemed free of problems	
9	Borrower capacity to meet financial obligations deemed slightly insufficient	
10~12	Close monitoring of borrower required due to one or more of following conditions: [1] Borrower who has problems meeting financial obligations (e.g. principal repayments or interest payments in arrears) [2] Borrower whose business performance is poor or unsteady, or in an unfavorable financial condition [3] Borrower who has problems with loan conditions (e.g. interest rates have been reduced or deferred)	
10	Causes for concern identified in borrower's business management necessitate ongoing monitoring, despite only minor problems or significant ongoing improvement	Credit under close observation
11	Emergence of serious causes for concern in borrower's business management signal need for caution in debt repayment due to major problems or requiring protracted resolution	
12	Borrower applicable to the definition of rating 10 or 11 and holds restructured loan, or borrower with loan contractually past due 90 days or more due to particular reasons, such as an inheritance-related issue	
13	Borrower where losses are expected due to major debt repayment problems (that is, although not yet bankrupt, borrower deemed likely to become bankrupt due to financial difficulties and failure to make significant progress with restructuring plans)	Doubtful loans
14	Although not legally or officially bankrupt, borrower in virtual bankruptcy due to serious financial difficulties, without any realistic prospect of business recovery	Bankrupt/ de facto bankrupt-loans
15	Borrower legally or officially bankrupt and subject to specific procedures, such as legal liquidation/business suspension/winding up of business/private liquidation	

### Quantitative Analysis of Credit Risk

MUFG manages credit risk using a sophisticated quantitative model to measure risks based on data such as credit amount, probability of default and estimated recovery rates. This model also takes into account the correlation between borrowers.

### Loan Portfolio Management

MUFG aims to achieve and maintain levels of earnings commensurate with credit risk exposure. Products are priced to take into account expected losses, based on internal credit ratings.

MUFG assesses and monitors loan amounts and credit exposure by credit rating, industry and region. Portfolios are appropriately managed to limit concentrations of risk in specific categories by establishing large exposure guidelines.

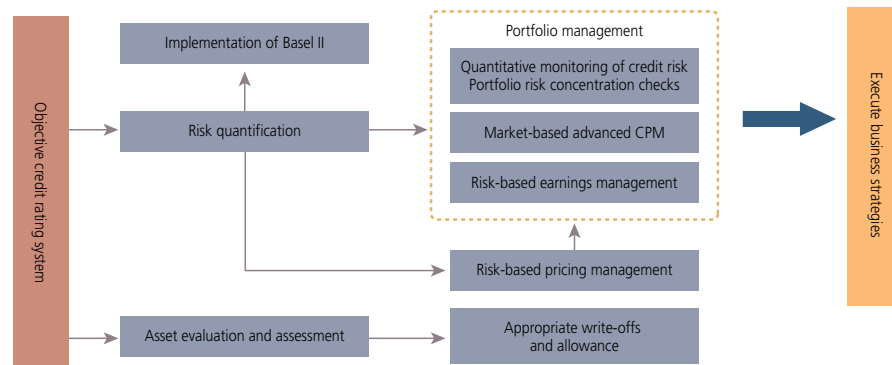
To manage country risk, MUFG has established specific credit ceilings by country. These ceilings are reviewed when there is any material change in a country's credit standing, in addition to regular review.

### Continuous CPM Improvement

Reflecting the growth in global markets for securitized products and credit derivatives, MUFG actively seeks to supplement conventional CPM techniques with advanced methods based on the use of such market-based instruments.

Through credit risk quantification and portfolio management, MUFG aims to improve the risk-return profile of the group's credit portfolio using financial markets to rebalance credit portfolios in a dynamic and active manner, based on an accurate assessment of credit risk.

### Credit Portfolio Management (CPM) Framework



## Risk Management of Strategic Equity Portfolio

Strategic equity investment risk is the risk of losses caused by a decline in the prices of equity investments of MUFG.

MUFG uses quantitative analysis to manage the risks associated with the portfolio of equities held for strategic purposes. According to internal calculations, the market value of our strategically-held (TSE-listed) stocks as of March 31, 2006 was

subject to a variation of approximately ¥4.0 billion per point of movement in the TOPIX index.

MUFG seeks to manage and reduce strategic equity portfolio risk based on such types of simulation. The aim is to keep this risk at appropriate levels compared with Tier I capital while generating returns commensurate with the degree of risk exposure.

## Market Risk Management

Market risk is the risk that the value of our assets and liabilities could be adversely affected by changes in market variables such as interest rates, securities prices, or foreign exchange rates.

Management of market risk at MUFG aims to control related risk exposure across the group while ensuring that earnings are commensurate with levels of risk.

### Market Risk Management System

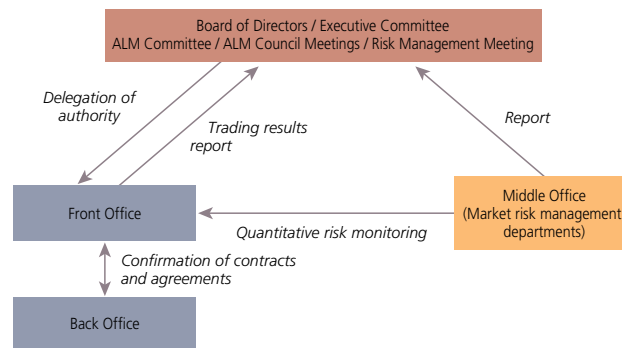
Through its market risk management system, MUFG monitors group-wide market risk and coordinates important matters at the holding company level, while major subsidiaries manage the market risks related to their own trading and non-trading activities on a global consolidated basis.

At each of the major subsidiaries, checks and balances are maintained through a system in which back and middle offices operate independently from front offices. In addition, ALM Committee, ALM Council Meetings and Risk Management Meetings are held at Bank of

Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities, respectively, every month to review important matters related to market risk and control.

Major subsidiaries have established quantitative limits relating to market risk based on their allocated economic capital. In addition, in order to keep losses within predetermined limits, major subsidiaries have established stop-loss rules which set limits for the maximum amount of losses arising from market activities.

### Management System at Major Subsidiaries



### Market Risk Management and Control

At the holding company, VaR\* and other indicators of market risk exposure across the group, as well as major subsidiaries' control over their quantitative limits for market risk and stop-loss are monitored, and reported to the chief risk management officer on a daily basis. Various risk profiles are analyzed and evaluated through stress tests and other means, and findings are reported to the executive committee and the corporate risk management committee of the holding company.

In addition, with respect to the operation of each of the business units, each of the major subsidiaries manages the market risks relating to our assets and liabilities, such as interest rate risk and exchange rate risk, by entering into various hedging transactions using marketable securities and derivatives, including futures, options and swaps.

### Market Risk Measurement Model

Since the daily variation in market risk is significantly greater than with other types of risk, the holding company measures and manages market risk using VaR on a daily basis, taking into account risk diversification effects among all portfolios of major subsidiaries.

We use a historical simulation (HS) model in VaR risk calculation. The HS model assumes that historical changes in market value are representative of future changes and involves fewer assumptions about the distribution of portfolio losses than parameter-based methodologies. Accordingly, it is capable of capturing certain statistically infrequent movements, e.g., a fat tail and accounts for the characteristics of instruments with non-linear behavior. External auditors have verified the accuracy and appropriateness of this internal market risk model used by the holding company and major subsidiaries. We also use the historical simulation model to calculate BIS capital adequacy ratios\* and have notified the FSA of its use as the company's internal market risk model.

#### **Glossary of terms:**

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● **Value at Risk (VaR)**

VaR is a statistical estimate of the amount by which the market value of a portfolio could vary going forward within a certain period of time, based on historical market changes.

● **BIS capital adequacy ratio**

Unified international standards prescribed by the Bank for International Settlements (BIS) require that banks take into account market risk when calculating risk-weighted capital adequacy ratios. This market risk is either general (relating to overall market changes) or specific (relating to changes in individual securities). MUFG uses the internal model to calculate general market risk and applies standardized methods to calculate specific risks. The holding company and subsidiary banks began using the historical simulation method for the internal market risk model in the fiscal year ended March 2005.

## Summary of Market Risks (Fiscal Year Ended March 2006)

### • Trading activities

The VaR for MUFG's total trading activities in the fiscal year ended March 31, 2006 are divided into separate periods to reflect the mergers of the holding companies and of the trust banks in October 2005 as well as the merger of the two commercial banks in January 2006. The former Mitsubishi Tokyo Financial Group (MTFG) and UFJ Group companies used different risk measurement methods, and the pre-merger figures are based on these respective approaches. Hence, valid year-on-year VaR comparisons can only be made between

MUFG and surviving entities from MTFG.

The total amount of VaR for MUFG as of March 31, 2006 was ¥3.81 billion, of which the major component was exposure to interest-rate risk (¥3.65 billion). Compared to the VaR for the former MTFG at March 31, 2005, although overall market risk was lower and yen interest-rate risk exposure was significantly lower, exposures to U.S. dollar interest-rate risk and foreign exchange risk were both higher.

The average daily VaR (MUFG) in January–March 2006 (¥4.13 billion) was slightly higher compared to the former MTFG in the year ended March 2005 (¥3.64 billion). This reflected an

### VaR for Trading Activities

April 1, 2004~March 31, 2005					April 1, 2005~September 30, 2005				
	Billions of Yen					Billions of Yen			
	Average	Maximum	Minimum	Mar 31, 2005		Average	Maximum	Minimum	Sep 30, 2005
MTFG	3.64	12.77	1.87	6.06	MTFG	7.69	15.39	2.53	4.11
Interest rate	3.08	13.02	1.27	6.83	Interest rate	7.76	15.14	2.17	4.04
Yen	2.36	12.24	0.66	6.47	Yen	6.99	14.39	1.24	3.36
U.S. dollar	1.01	2.24	0.45	0.78	U.S. dollar	0.70	1.77	0.25	0.50
Foreign exchange	1.49	2.73	0.32	0.38	Foreign exchange	1.16	2.46	0.20	0.94
Equities	0.79	3.11	0.51	0.51	Equities	0.55	4.04	0.23	0.25
Commodities	0.05	0.13	0.02	0.04	Commodities	0.11	0.25	0.01	0.12
(Diversification effect)	(1.77)	–	–	(1.69)	(Diversification effect)	(1.89)	–	–	(1.24)
UFJ Bank	1.5	3.5	0.5	2.4	UFJ Bank	2.5	3.2	1.5	1.8
UFJ Trust Bank	0	0	0	0	UFJ Trust Bank	0	0	0	0

October 1, 2005~December 31, 2005					January 1, 2006~March 31, 2006				
	Billions of Yen					Billions of Yen			
	Average	Maximum	Minimum	Dec 31, 2005		Average	Maximum	Minimum	Mar 31, 2006
MUFG	3.53	5.36	2.25	2.29	MUFG	4.13	5.40	3.45	3.81
Interest rate	2.60	4.11	2.00	2.11	Interest rate	3.64	5.71	2.63	3.65
Yen	1.69	3.48	1.02	1.38	Yen	2.72	5.51	1.71	2.51
U.S. dollar	0.71	1.20	0.39	1.03	U.S. dollar	0.90	1.75	0.49	1.35
Foreign exchange	2.71	4.62	0.99	1.86	Foreign exchange	1.83	3.72	0.74	0.74
Equities	0.42	1.07	0.27	0.27	Equities	0.50	2.10	0.24	0.45
Commodities	0.19	0.36	0.12	0.13	Commodities	0.12	0.16	0.07	0.07
(Diversification effect)	(2.38)	–	–	(2.08)	(Diversification effect)	(1.97)	–	–	(1.10)
UFJ Bank	1.2	1.9	0.6	0.7					

#### Assumptions for VaR calculations:

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

UFJ Bank: Historical simulation method  
Holding period: 1 day  
Confidence interval: 99%  
Observation period: 750 trading days

UFJ Trust Bank: Variance-covariance method  
Holding period: 1 day  
Confidence interval: 99%  
Observation period: 2 years

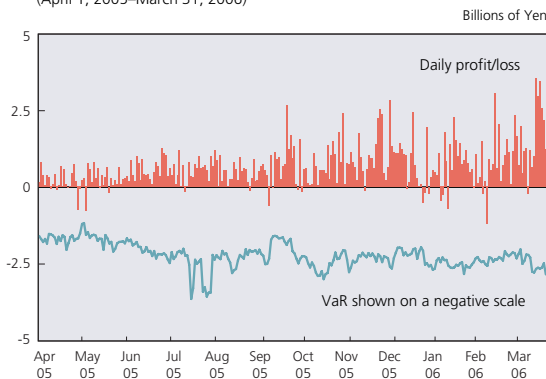
- The maximum and minimum VaR overall and for various risk categories were taken from different days.

increase in interest-rate risk and foreign exchange risk but a decrease in equity-related risk.

The graph illustrates VaR and daily profit/loss recorded for trading activities during the fiscal year ended March 2006. Quantitative market risks tend to fluctuate substantially in line with market volatility. MUFG aims to respond dynamically to such changes by giving special consideration to the characteristics of the trading activities.

**VaR and Daily Profit/Loss for Trading Activities**

(April 1, 2005–March 31, 2006)



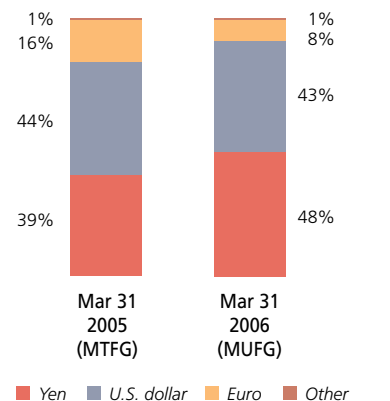
• **Non-trading Activities**

VaR for MUFG’s total non-trading activities as of March 31, 2006, excluding market risks related to our strategic equity portfolio and measured using the same standard as used for trading activities, was ¥212.0 billion. Market risks related to interest rates equaled ¥188.4 billion. Equities-related risks equaled ¥99.6 billion. Compared to the VaR for the former MTFG at March 31, 2005, the increase in overall market risk was ¥78.1 billion. Market

risks related to interest rates risks rose by ¥60.4 billion. Equities-related risks rose by ¥44.8 billion.

Based on a simple summation of the figures across risk categories, interest rate risks accounted for approximately 63% of our total non-trading activity market risks, consisting of interest rate risk, foreign exchange rate risk, equities risk and commodities risk. The graph compares the breakdown of interest-rate risk by currency for MUFG as of March 31, 2006 against that for MTFG a year earlier. During the year, interest-rate risk exposure for yen-denominated instruments increased in relative terms while euro-related exposure decreased.

**Breakdown by Currency of Interest-rate Risk for Non-trading Activities**



Calculations of VaR breakdown by currency based on a 10-day holding period with a confidence interval of 99%.



### Backtesting

The holding company conducts backtesting in which estimated quantitative risks are compared with actual realized and unrealized losses to verify the accuracy of its VaR measurement model.

The graph plots the results of backtesting for trading activities, showing actual losses never exceeded VaR, in the fiscal year ended March 2006. This means that our VaR model provided reasonably accurate measurements.

### Stress Testing

MUFG conducts portfolio stress testing on a regular basis and as necessitated by particularly volatile market conditions. The holding company runs multiple stress tests under a range of scenarios on a daily, monthly and quarterly basis to gauge overall portfolio risk. Such tests estimate potential group trading losses under a number of interest-rate scenarios as well as market conditions if volatility were to surge to 60-month historical highs.



Daily stress testing estimates maximum potential losses in each market on the current trading portfolio based on the worst ten-day historical volatility recorded during the VaR observation period. As of March 31, 2006, maximum predicted losses at the group level on this basis were ¥4.5 billion for trading activities and ¥246.3 billion for non-trading activities.

## Liquidity Risk Management

Liquidity risk is the risk of incurring losses if a poor financial position at a group company hampers the ability to meet funding requirements, or necessitates fund procurement at interest rates markedly higher than normal.

Major subsidiaries maintain appropriate liquidity in both Japanese yen and foreign currencies. Major subsidiaries manage the daily funding mechanism and the funding sources, such as liquidity gap, liquidity-supplying products such as commitment lines and buffer assets.

In relation to its total liquidity risk, MUFG has established the following categories to assess group-wide liquidity risks: Normal, With-Concern, and Critical. The front offices and risk management offices of the holding company and of major subsidiaries exchange information and data on cash flows even at the Normal stage. At higher alert stages, we centralize information about liquidity risk and group-wide responses. We have also established a system for liaison and consultation on funding in preparation for emergencies, such as natural disasters, wars and terrorist attacks.

## Operational Risk Management

Operational risk is the risk of losses caused by defective internal controls or by external factors. Operational risk refers to the risk of losses caused either by internal factors (defective, inadequate or erroneous operational systems or processes), systems failure or external factors such as a natural disaster or other major emergency. The term includes a broad range of risks that could lead to losses, including operations risk, information asset risk, legal and compliance risk, and tangible asset risk. As an inherent part of business activities, such risks affect not only financial institutions but also other enterprises. Many examples of these risks have come to light in the media in recent years. The Basel II international capital framework requires banks to charge operational risks to

capital, underlining the need to build and develop systems to manage such risk.

For appropriate operational risk identification, assessment and measurement, as well as monitoring and control, we are developing a risk management system that includes loss data collection and monitoring, control self-assessment (CSA), and measurement of operational risk.

Group subsidiaries have established internal standards on loss data collection and monitoring. Efforts are focused on ensuring accurate assessment of the status of operational risk-related losses and the implementation of appropriate countermeasures, while also building up databases on loss events.

MUFG has introduced CSA to promote internal self-improvement for any operational problems or related risks discovered, depending on the gravity of the relevant issue. The CSA approach involves functional representatives identifying problems or risks regarding individual internal processes to enable evaluation of the impact and management status of risk-related issues. Measures to make improvements are then developed to address any significant problems thus identified. In this way, CSA aims to strengthen autonomous risk management capabilities through the work of the functional representatives.

Development of risk quantification methods involves not only actual loss data but constructed data based on assessments of internal and external business environments as well as internal risk control status.

### **Operations Risk Management**

Operations risk refers to the risk of losses that are attributable to the actions of executives or employees, whether accidental or the result of neglect or deliberate misconduct. MUFG companies offer a wide range of financial services, ranging from commercial banking products such as deposits, exchange services and loans to trust and related services covering pensions, securities, real estate and securitization, as well as transfer agent services. Cognizant of the potentially significant impact that operations risk-related events could have in terms both of economic losses and dam-

age to MUFG's reputation, subsidiary banks are developing management systems to create and apply appropriate operations risk-related controls.

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

Specific ongoing measures to reduce operations risk include the development of databases to manage, analyze and prevent the reoccurrence of related loss events; efforts to tighten controls over administrative procedures and related operating authority, while striving to improve human resources management; investments in systems to boost the efficiency of administrative operations; and programs to expand and upgrade internal auditing and operational guidance systems. Efforts to upgrade the management of operations risk continue with the aim of providing MUFG customers with a variety of high-quality services.

### **Information Asset Risk Management**

Information asset risk refers to the risk of losses caused by the loss or unauthorized disclosure of information or by systems failure. In order to fulfill proper handling of information and prevent loss or unauthorized disclosure of information, subsidiary banks are developing systems to manage and reduce such risks through the appointment

of managers with specific responsibilities for information security issues, the establishment of internal rules and procedures, training courses targeting all staff and the implementation of measures to ensure stable IT systems control. MUFG has also formulated the Personal Information Protection Policy as the basis for ongoing programs to protect the confidentiality of personal information.

Systems planning, development and operations include extensive testing phases to ensure that systems are designed to help prevent failures while providing sufficient safeguards for the

security of personal information. The status of the development of any mission-critical IT systems is reported regularly through senior management channels. MUFG has invested in systems for emergency countermeasures and has also built extensive redundancy into the group's IT infrastructure to minimize damage in the event of any system failure. Emergency drills help to increase staff preparedness. With the aim of preventing any reoccurrence, MUFG also works to promote sharing of information within the group related to the causes of any loss or unauthorized disclosure of information or system failure.

### Introduction of Basel II Framework

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 June 2004, "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" called Basel II was released. These revised standards will apply to Japanese banks beginning in April 2007. Basel II has three core elements, or "pillars": requiring minimum regulatory capital, the self-regulation of financial institutions based on supervisory review, and market discipline through the disclosure of information. Basel II is based on the belief that these

three "pillars" will collectively ensure the stability and soundness of financial systems, and also reflects the nature of risks at each bank more closely.

MUFG recognizes that Basel II will raise the standard of risk management of the financial industry. As an internationally active financial group, MUFG firmly makes efforts to implement Basel II, and has established the Basel 2 Implementation Office within the Corporate Risk Management Division at the holding company to coordinate steps to upgrade systems to comply with Basel II by April 2007.

## **Basic Policy**

An internal code of ethics outlines the behavior expected of executives and employees of MUFG group companies to maintain full legal and regulatory compliance.

## ■ **Ethical Framework**

We, the directors and employees of MUFG, will comply with this Ethical Framework and Code of Conduct as the basis of our daily work, seeking to put into practice the management philosophy of our global comprehensive financial group and to build a corporate culture in which **we act with integrity and fairness.**

### **1. Establishment of trust**

We will remain keenly aware of the group's social responsibilities and public mission and will exercise care and responsibility in the handling of customer and other information. By conducting sound and appropriate business operations and disclosing corporate information in a timely and appropriate manner we will seek to establish enduring public trust in the group.

### **2. Putting customers first**

We will always consider our customers, and through close communication will endeavor to satisfy them and gain their support by providing financial services that best meet their needs.

### **3. Strict observance of laws, regulations and internal rules**

We will strictly observe applicable laws, regulations and internal rules, and will conduct our business in a fair and trustworthy manner that conforms to societal norms. As a global comprehensive financial group we will also respect internationally accepted standards.

### **4. Respect for human rights and the environment**

We will respect the character and individuality of others, work to maintain harmony with society, and place due importance on the protection of the global environment that belongs to all mankind.

### **5. Disavowal of anti-social elements**

We will stand resolutely against any anti-social elements that threaten public order and safety.

### **Compliance Framework**

Management and coordination of compliance-related matters is the responsibility of separate compliance management divisions established at the holding company, Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities. Each division formulates, revises and oversees implementation of programs to ensure compliance with applicable laws, regulations and internal rules. Compilation, publication, revision and dissemination of compliance manuals form a major part of these programs. The compliance management divisions also organize training courses and other activities to promote greater internal awareness of compliance-related issues. The Board of Directors and Executive Committee of each company receive regular reports concerning the status of compliance activities.

Each of the four companies listed above has also established an Internal Audit & Compliance Committee where members from outside MUFG form a majority. To bolster the overall compliance framework, Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, and Mitsubishi

UFJ Securities have each established a Compliance Committee as an internal deliberative body to discuss key related matters.

Note: Bank of Tokyo-Mitsubishi UFJ also has a Compliance Special Committee composed entirely of members from outside MUFG that reports to its Audit Committee.

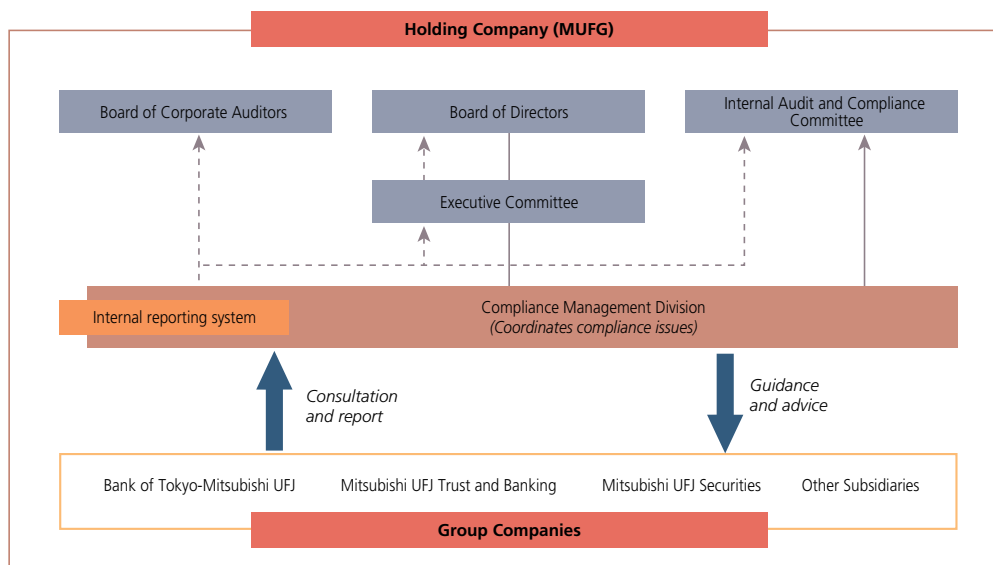
### **Internal Reporting System and Accounting**

#### **Auditing Hotline**

The holding company, Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, and Mitsubishi UFJ Securities have established internal reporting systems that aim to identify compliance issues early so that any problems can be quickly rectified. This system includes an independent external compliance hotline.

In addition to these internal reporting systems, the holding company has also established an accounting auditing hotline that provides a means to report any problems related to MUFG accounting.

## Compliance Framework



### ● Accounting Auditing Hotline

MUFG has set up an accounting auditing hotline to be used to make reports related to instances of improper practices (violations of laws and regulations) and inappropriate practices, or of practices raising questions about such impropriety or inappropriateness, regarding accounting and internal control or audits related to accounting in Group companies. The reporting process works as follows, and may be carried out via letter or e-mail.

#### Hokusei Law Office

Address: Kojimachi 4-3-4, Chiyoda-ku, Tokyo

e-mail: MUFG-accounting-audit-hotline@hokusei-law.com

*When reporting information please pay attention to the following:*

- Please include the name of the company concerned, and provide detailed information with respect to the matter. Without detailed factual information there is a limit to how much our investigations can achieve.
- Anonymous information will be accepted.
- No information regarding the identity of the informant will be passed on to third parties without the approval of the informant themselves. However, this excludes instances where disclosure is legally mandated, or to the extent that the information is necessary for surveys or reports, when data may be passed on following the removal of the informant's name.
- Please submit reports in either Japanese or English.
- If the informant wishes, we will endeavor to report back to the informant on the response taken within a reasonable period of time following the receipt of specific information, but cannot promise to do so in all instances.

# Internal Audit

## **The Role of Internal Audit**

Internal audit functions within MUFG seek to provide independent verification of the adequacy and effectiveness of internal control systems. This includes monitoring the status of risk management and compliance systems, which are critical to the maintenance of sound and appropriate business operations. Internal audit results are reported to senior management. An additional role for internal audit is to make suggestions to help improve or rectify any issues or specific problems that are identified.

## **Group Internal Audit Framework**

The Board of Directors at the holding company level has instituted MUFG's Internal Audit Policy to define the mission, goals, function and organizational position of internal audit. Separate divisions have been created within the holding company and the major group subsidiaries to conduct internal audits based on this policy (called the Internal Audit Division at the holding company, the Internal Audit & Credit Examination Division at Bank of Tokyo-Mitsubishi UFJ and the Audit Division at Mitsubishi UFJ Trust and Banking, and the Internal Audit Division and Inspections Division at Mitsubishi UFJ Securities). These divisions perform the core internal audit functions of the group. Through close cooperation and collaboration between the divisions in each of the four companies, the internal audit divisions provide coverage for the entire group and also support the Board of Directors at the holding company to monitor and oversee all MUFG operations.

The boards of Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking and Mitsubishi UFJ Securities have also formulated separate internal audit policies consistent with MUFG's Internal Audit Policy. This arrangement ensures that a consistent and integrated internal audit framework applies to all MUFG operations, including subsidiaries of the major group subsidiaries.

In addition to having primary responsibility for initiating and preparing plans and proposals related to internal audits of the entire group, the Internal Audit Division at the holding company monitors, and as necessary, guides, advises and administers the internal audit divisions of subsidiaries and affiliated companies. The internal audit divisions within the major subsidiaries conduct audits of the respective head office and branch operations of these companies. In addition, each of these three divisions undertakes direct audits of their respective subsidiaries, and monitors and oversees the separate internal audit functions established within them. This helps to evaluate and verify the adequacy and effectiveness of internal controls within the MUFG group on a consolidated basis.

## **Implementing Efficient and Effective Internal Audits**

To ensure that internal audit processes use available resources with optimal efficiency and effectiveness, the internal audit divisions implement risk-focused internal audits in which the nature and magnitude of the associated risks are considered in determining audit priorities and the



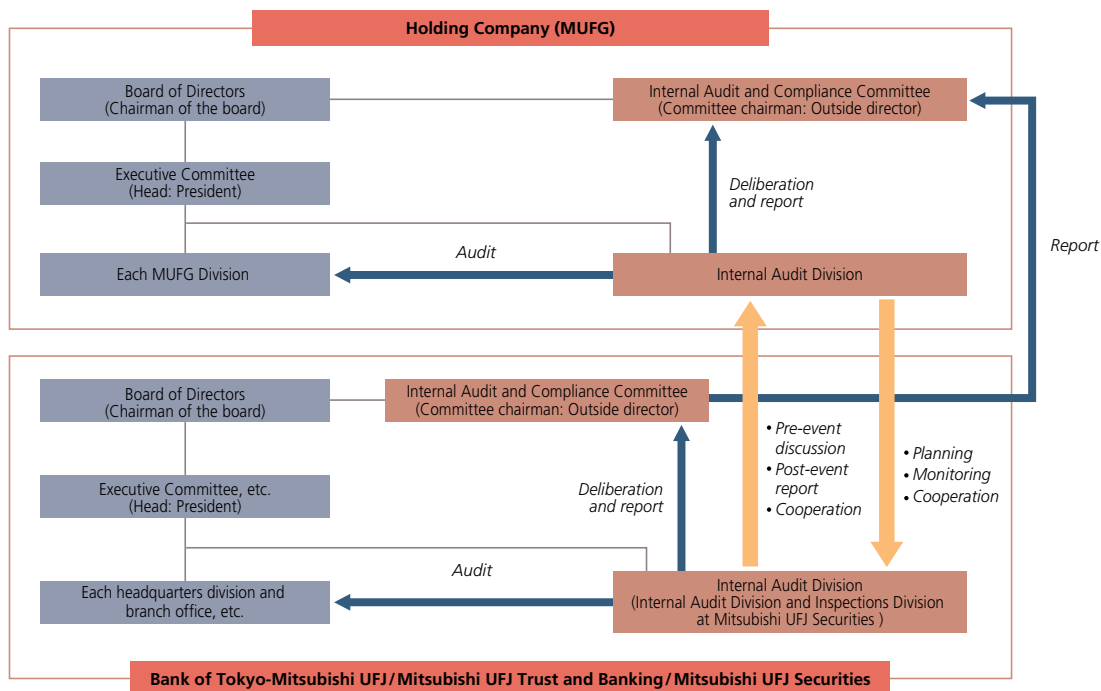
frequency and depth of internal audit activities. The internal audit divisions ensure that audit personnel attend key meetings, collect important internal control documents, and access databases to facilitate efficient off-site monitoring.

**Measures to Enhance Internal Audit Independence and Supervision by the Boards of Directors**

To strengthen the respective boards of directors' monitoring and supervision of operational execution status and to enhance the independence of the internal audit divisions, the holding company, Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ

Trust and Banking and Mitsubishi UFJ Securities have established Internal Audit and Compliance Committees that are chaired by external directors. These committees receive direct reports from the internal audit divisions on important internal audit-related matters, including the results of all internal audits and internal auditing plans requiring board approval. The deliberations of the audit committees concerning such matters are then reported to the respective boards of directors. This structure enhances the independence of internal audit functions from functions responsible for business execution.

**Internal Audit**



# Corporate Management

## ● Mitsubishi UFJ Financial Group

As of June 29, 2006

<b>Board of Directors</b>	Kinya Okauchi	Hajime Mita	Takashi Oyamada
<b>Chairman</b>	Nobuyuki Hirano	Akira Naito	Hatsuhito Kaneko
Ryosuke Tamakoshi	Iwao Okijima	Kyota Omori	Tadachiyo Osada
<b>Deputy Chairman</b>	Akio Harada	Ryusaburo Harasawa	Takami Onodera
Haruya Uehara	Takuma Otoshi	<b>Executive Officers</b>	Kazuaki Kido
<b>President and CEO</b>	<b>Corporate Auditors</b>	Kazuhiro Shimanuki	Taihei Yuki
Nobuo Kuroyanagi	Setsuo Uno*	Takehiko Nemoto	Masaaki Tanaka
<b>Deputy President</b>	Haruo Matsuki*	Yukiharu Kiho	Juichi Nishimura
Katsunori Nagayasu	Takeo Imai	Toshiaki Kajiura	Takashi Kawasaki
<b>Senior Managing Directors</b>	Tsutomu Takasuka	Akira Kamiya	Hide Nobu Fujii
Hajime Sugizaki	Kunie Okamoto	Yoshitsugu Yokogoshi	Toshikazu Nakanishi
Yoshihiro Watanabe	*Full-time	Takashi Kimura	Tomoo Masuda
Toshihide Mizuno	<b>Managing Officers</b>	Takeshi Ogasawara	Masayoshi Nakamura
<b>Directors</b>	Takamune Okihara	Mitsuo Imai	Yoshiaki Masuda
Shintaro Yasuda	Toshio Goto	Takashi Morisaki	Shigenobu Tokuoka
Hirohisa Aoki	Tetsuya Wada	Hidekazu Fukumoto	Yuya Saijo
Fumiyuki Akikusa	Norimichi Kanari	Kaoru Wachi	Mikiyasu Hiroi
	Noriaki Hanamizu	Shunichi Nakajima	

## ● The Bank of Tokyo-Mitsubishi UFJ

As of June 28, 2006

<b>Board of Directors</b>	<b>Senior Managing Directors</b>	<b>Directors</b>	<b>Senior Managing Executive Officer</b>
<b>Chairman</b>	Kazuo Sassa	Hajime Sugizaki	Yoshinobu Onishi
Shigemitsu Miki	Shota Yasuda	Kunio Ishihara	
<b>Deputy Chairman</b>	<b>Managing Directors</b>	Teruo Ozaki	<b>Managing Executive Officers</b>
Ryosuke Tamakoshi	Takao Kawanishi	<b>Corporate Auditors</b>	Tetsuo Iwata
<b>President</b>	Sohei Sasaki	Tatsunori Imagawa*	Kyota Omori
Nobuo Kuroyanagi	Ryusaburo Harasawa	Tadashi Yanagisawa*	Yoshiaki Kawamata
<b>Deputy Presidents</b>	Nobuyuki Hirano	Kazuhiko Hasegawa*	Saburo Sano
Norimichi Kanari	Junichi Itoh	Akira Enomoto*	Tatsuo Tanaka
Katsunori Nagayasu	Tetsuya Wada	Tsutomu Takasuka*	Toshiro Toyozumi
Takamune Okihara		Kotaro Muneoka	Tamotsu Kokado
Ryuichi Murata		Yoshiharu Hayakawa	Akira Naito
		Tetsuya Nakagawa	
		*Full-time	

Masakazu Fukamachi	Takehiko Nemoto	Mitsuo Imai	Mikiyasu Hiroi
Takashi Hara	Takashi Nishida	Muneo Kurauchi	Yoshihiko Kasuya
Nobushige Kamei	Toshiaki Arai	Yoshiaki Masuda	Makoto Motooka
Naoki Matsumoto	Akira Kamiya	Takashi Morisaki	Akihiko Sasaki
Takashi Morimura	Takashi Kimura	Takashi Muraoka	Akihiko Kagawa
Tadashi Shiraishi	Atsushi Nakaishi	Shigenobu Tokuoka	Yasuhiro Maeda
Takashi Nagaoka	Takeshi Ogasawara	Hiroshi Akiyama	Takami Onodera
Kiyoshi Sono	Takeo Sato	Yoshihiro Hashimoto	Tadachiyo Osada
<b>Executive Officers</b>	Minoru Shimada	Shigeyasu Kobayashi	
Jun Sato	Hitoshi Suzuki	Kanetsugu Mike	
Shinji Goto	Masaaki Tanaka	Masashi Oka	
Yukiharu Kiho	Yoshitsugu Yokogoshi	Takashi Oyamada	
Akihiko Minato	Hidekazu Fukumoto	Hidenobu Fujii	
	Ichiro Hamakawa	Haruo Hayashi	

## ● Mitsubishi UFJ Trust and Banking

As of June 28, 2006

<b>Board of Directors</b>	<b>Managing Directors</b>	<b>Senior Managing Executive Officers</b>	Yoshinari Morisaki
<b>Chairman</b>	Kozo Yamada	Yoichi Fukae	Yutaka Hongo
Akio Utsumi	Hajime Mita	Yuji Suzuki	Minoru Sakurai
<b>President</b>	Hiroshi Saito	<b>Managing Executive Officers</b>	Yoshiyuki Hirano
Haruya Uehara	Shigeru Tsuburaya	Shunsuke Teraoka	Mikio Kobayashi
<b>Deputy Presidents</b>	<b>Directors</b>	Shingo Asakura	Hirokazu Nakamura
Shintaro Yasuda	Toshihide Mizuno	Takashi Kanagami	Kesafumi Kobayashi
Noriaki Hanamizu	Tadao Takashima	Tomoo Masuda	Kaoru Wachi
<b>Senior Managing Directors</b>	<b>Corporate Auditors</b>	Taihei Yuki	Kenichi Ihara
Toshiro Fujikawa	Akira Nakamura*	Tatsuo Wakabayashi	Yuya Saijo
Koji Kaihotsu	Tadashi Takahashi*	Yoshikazu Ueda	Kunio Takahashi
Kinya Okauchi	Yoshio Yamada*	<b>Executive Officers</b>	Haruhisa Yazaki
Tetsuo Maeda	Takeshi Fukuzawa	Toshikazu Nakanishi	Yutaka Ishii
Toshio Goto	Eiji Katayama	Kazuaki Kido	Hatsuhito Kaneko
	Shigetake Ogata	Yoshiyasu Ito	Takashi Kawasaki
	<i>*Full-time</i>	Toshiaki Kajiura	Shigetsugu Nakata
			Juichi Nishimura
			Tsuyoshi Noda

# Global Network

## NORTH AMERICA

### Canada

Bank of Tokyo-Mitsubishi UFJ (Canada), Toronto Head Office	Suite 1700, Royal Bank Plaza, South Tower, Toronto, Ontario, Canada M5J 2J1	1-416-865-0220
(Montreal Office)	Suite 2780, Tour de la Banque Nationale, 600 de la Gauchetiere St. W., Montreal, Quebec, Canada H3B 4L8	1-514-875-9261
(Vancouver Office)	Suite 950, Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 3L1	1-604-691-7300

### U.S.A.

New York Branch	1251 Avenue of the Americas, New York, NY 10020-1104 U.S.A.	1-212-782-4000
(Atlanta Agency)	Georgia-Pacific Center, Suite 3450, 133 Peachtree Street, N.E. Atlanta, GA 30303-1808 U.S.A.	1-404-577-2960
New York Branch	520 Madison Avenue, 26th Floor, New York, NY 10022 U.S.A.	1-212-838-7700
Chicago Branch	227 West Monroe Street, Suite 2300, Chicago, IL 60606 U.S.A.	1-312-696-4500
(Minnesota Corporate Banking Office)	601 Carlson Parkway, Suite 370, Minnetonka, MN 55305 U.S.A.	1-952-473-5090
Seattle Branch	900 Fourth Avenue, Suite 4000, Seattle, WA 98164-1068 U.S.A.	1-206-382-6000
(Portland Branch)	2300 Pacwest Center, 1211 South West 5th Avenue, Portland, OR 97204 U.S.A.	1-503-222-3661
San Francisco Branch	400 California Street, 11th Floor, San Francisco, CA 94104 U.S.A.	1-415-765-2050
Los Angeles Branch	777 South Figueroa Street, Suite 600, Los Angeles, CA 90017 U.S.A.	1-213-488-3700
Houston Agency	1100 Louisiana Street, Suite 2800, Houston, TX 77002-5216 U.S.A.	1-713-658-1160
(Dallas Corporate Banking Office)	Trammell Crow Center, Suite 3150, 2001 Ross Avenue, Dallas, TX 75201 U.S.A.	1-214-954-1200
Washington, D.C. Representative Office	1909 K Street, N.W. Suite 350, Washington, D.C., 20006-1101 U.S.A.	1-202-463-0477
Kentucky Representative Office	7300 Turfway Road, Suite 440, Florence, KY 41042 U.S.A.	1-859-746-1800
Union Bank of California, N.A.	400 California Street, San Francisco, CA 94104 U.S.A.	1-415-705-7000
Bank of Tokyo-Mitsubishi UFJ Trust Company	1251 Avenue of the Americas, New York, NY 10020-1104 U.S.A.	1-212-782-4000 (Retail: 1-212-782-4603)
Mitsubishi UFJ Trust & Banking Corporation (U.S.A.)	520 Madison Avenue, 39th Floor, New York, NY 10022 U.S.A.	1-212-891-8500
BTMU Leasing & Finance, Inc.	1251 Avenue of the Americas, New York, NY 10020-1104 U.S.A.	1-212-782-4000
BTMU Capital Corporation	111 Huntington Avenue, Suite 400, Boston, Massachusetts 02199 U.S.A.	1-617-573-9000

## LATIN AMERICA

### Argentina

Buenos Aires Branch	Av. Corrientes 420, 1043 Buenos Aires, The Argentine Republic (mailing address: C. Correo 5494, Correo Central, 1000 Capital Federal, The Argentine Republic)	54-11-4348-2001
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### Brazil

Banco de Tokyo-Mitsubishi UFJ Brasil S/A	Av. Paulista 1274, Bela Vista, Sao Paulo, SP, Brasil CEP: 01310-925	55-11-3268-0211
(Rio de Janeiro Office)	Praia de Botafogo 228, 12 andar, Sala 1201, Rio de Janeiro, RJ, Brasil CEP 22250-906	55-21-2553-1840

<i>Cayman Islands</i>		
Cayman Branch	c/o The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch	—
Cayman Branch	c/o CIBC Bank and Trust Company (Cayman) Limited, P.O. Box 694 GT, Grand Cayman, Cayman Islands	—
<i>Chile</i>		
Santiago Branch	Avda. Mariano Sanchez Fontecilla 310, Las Condes, Santiago, Republic of Chile	56-2-345-1000
<i>Colombia</i>		
Bogota Representative Office	c/o The Bank of Tokyo-Mitsubishi UFJ, Ltd., Caracas Representative Office	—
<i>Mexico</i>		
Mexico City Representative Office	Av. Paseo de Las Palmas 405, Piso 17, Col. Lomas de Chapultepec, C.P.11000, Mexico D.F., Mexico	52-55-5540-7912
Bank of Tokyo-Mitsubishi UFJ (Mexico) S.A.	Av. Paseo de Las Palmas 405, Piso 17, Col. Lomas de Chapultepec, C.P.11000, Mexico D.F., Mexico	52-55-5540-8800
<i>Venezuela</i>		
Caracas Representative Office	Edificio Parque Cristal, Torre Este, Piso 15, Oficina Top 15-12, Avenida Francisco de Miranda, Los Palos Grandes, Caracas, Bolivarian Republic of Venezuela	58-212-283-3076 58-212-283-3254
<b>EUROPE</b>		
<i>Austria</i>		
Bank of Tokyo-Mitsubishi UFJ (Holland) N.V. (Vienna Branch)	Theresianumgasse 11/E.1, A-1041 Vienna, Republic of Austria (mailing address: P.O. Box 99, A-1041 Vienna, Republic of Austria)	43-1-50262
<i>Belgium</i>		
Brussels Branch	Avenue des Arts 58 Bte 1, B-1000 Brussels, Kingdom of Belgium	32-2-551-4411
<i>Czech</i>		
Bank of Tokyo-Mitsubishi UFJ (Holland) N.V. (Prague Branch)	Klicperova 3208/12, 150 00 Prague 5, Czech Republic	420-257-257-911
<i>France</i>		
Paris Branch	4-8, rue Sainte-Anne, 75001 Paris, Republic of France (mailing address: B.P. 2101, 75021 Paris, Cedex 01, Republic of France)	33-1-4926-4927
<i>Germany</i>		
Dusseldorf Branch	Immermannstrasse 43, 40210 Dusseldorf, F.R. Germany (mailing address: Postfach 10 49 51, 40040 Dusseldorf, F.R. Germany)	49-211-36670
(Munchen Sub-Branch)	Elisenstrasse 3, 80335 Munchen, F.R. Germany	49-89-225354
(Frankfurt Sub-Branch)	Bockenheimer Landstrasse 55, 60325 Frankfurt am Main, F.R. Germany	49-69-7137490
(Hamburg Branch)	ABC Bogen, ABC Strasse 19, 20354 Hamburg, F.R. Germany (mailing address: Postfach 30 05 40, 20302 Hamburg, F.R. Germany)	49-40-34990
Berlin Representative Office	Internationales Handelszentrum, 5th Floor, Friedrichstrasse 95, 10117 Berlin, F.R. Germany	49-30-2096-3037
BTMU Lease (Deutschland) GmbH	Immermannstrasse 43, 40210 Dusseldorf, F.R. Germany (mailing address: Postfach 10 49 51, 40040 Dusseldorf, F.R. Germany)	49-211-366783
<i>Italy</i>		
Milano Branch	Viale della Liberazione 18, 20124 Milano, Republic of Italy	39-02-669931

<i>Luxembourg</i>		
Bank of Tokyo-Mitsubishi UFJ (Luxembourg) S.A.	287-289, route d'Arlon L-1150 Luxembourg, Luxembourg (mailing address: P.O. Box 364, L-2013 Luxembourg, Luxembourg)	352-445180-1
<i>Netherlands</i>		
Bank of Tokyo-Mitsubishi UFJ (Holland) N.V.	World Trade Center, Tower D-5th floor, Strawinskylaan 565, 1077 XX, Amsterdam, The Netherlands (mailing address: P.O. Box 75682, 1070 AR, Amsterdam, The Netherlands)	31-20-5737737
<i>Poland</i>		
Bank of Tokyo-Mitsubishi UFJ (Polska) Spolka Akcyjna	ul. Emilii Plater 53, 00-113 Warszawa, Republic of Poland (mailing address: Warsaw Financial Center 19F, ul. Emilii Plater 53, 00-113 Warszawa, Republic of Poland)	48-22-520-5233
<i>Portugal</i>		
London Branch (Lisbon Office)	Avenida da Liberdade 180 E-6ESQ. 1250-146 Lisboa, Portugal	351-21-351-4550
<i>Russia</i>		
Moscow Representative Office	Romanov Dvor Building II 7F, 4 Romanov Pereulok, Moscow, 125009, Russian Federation	7-495-797-4501
<i>Spain</i>		
Madrid Branch	Jose Ortega y Gasset 29, 28006 Madrid, Spain	34-91-432-8500
(Barcelona Sub-Branch)	Paseo de Gracia, 56, 6-C, 08007 Barcelona, Spain	34-93-494-7450
<i>Switzerland</i>		
Mitsubishi UFJ Wealth Management Bank (Switzerland), Ltd.	67, rue du Rhone 1207 Geneve, Switzerland	41-22-718-6600
<i>U.K.</i>		
London Branch	Finsbury Circus House, 12-15 Finsbury Circus, London EC2M 7BT, U.K. (mailing address: P.O. Box 280, London EC2M 7DX, U.K.)	44-20-7588-1111
(Birmingham Sub-Branch)	3rd Floor, Bank House, 8 Cherry Street, Birmingham B2 5AL, U.K.	44-121-633-7953
(Broadgate Sub-Branch)	6 Broadgate, London EC2M 2SX, U.K. (mailing address: P.O. Box 280, London EC2M 7DX, U.K.)	44-20-7588-1111
<a href="#">London Branch</a>	<a href="#">24 Lombard Street, London EC3V 9AJ, U.K.</a>	<a href="#">44-20-7929-2323</a>
Mitsubishi UFJ Asset Management (UK) Ltd.	Finsbury Circus House, 12-15 Finsbury Circus, London EC2M 7BT, U.K.	44-20-7577-2149
Mitsubishi UFJ Trust International Limited	<a href="#">24 Lombard Street, London EC3V 9AJ, U.K.</a>	<a href="#">44-20-7929-2866</a>
Mitsubishi UFJ Baillie Gifford Asset Management Limited	<a href="#">Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, U.K.</a>	<a href="#">44-131-275-3145</a>
<b>MIDDLE EAST AND AFRICA</b>		
<i>Bahrain</i>		
Bahrain Branch	6th Floor Standard Chartered Bank Building, Government Avenue, Manama, Kingdom of Bahrain (mailing address: P.O. Box 5850, Manama, Kingdom of Bahrain)	973-17227518
<i>Egypt</i>		
Cairo Representative Office	Nile Hilton Annex No. 247, Tahrir Square, Cairo, Arab Republic of Egypt	20-2-3945647

<i>Iran</i>		
Tehran Representative Office	4th Floor, 239 Ostad Mottahari Avenue, Tehran 15876, Islamic Republic of Iran (mailing address: P.O. Box No. 15875-1383, Tehran, Islamic Republic of Iran)	98-21-8873-0505
<i>South Africa</i>		
Johannesburg Representative Office	15th Floor, The Forum, Corner Fifth and Maude Streets, Sandown, Sandton 2146, Republic of South Africa (mailing address: P.O. Box 78519, Sandton 2146, Republic of South Africa)	27-11-884-4721
<i>Turkey</i>		
Istanbul Representative Office	Maya-Akar Center, Buyukdere Caddesi, No. 100-102, B Blok D.79, Esentepe 34394, Istanbul, Republic of Turkey	90-212-288-5645
<i>U.A.E.</i>		
Abu Dhabi Representative Office	17th floor, Office 17A, One NBAD Tower, Sheikh Khalif Street, Abu Dhabi, United Arab Emirates (mailing address: P.O. Box 2174, Abu Dhabi, United Arab Emirates)	971-2-6277762
<b>ASIA AND OCEANIA</b>		
<i>Australia</i>		
Sydney Branch	Level 25, Gateway, 1 Macquarie Place, Sydney, N.S.W. 2000 Australia	61-2-9296-1111
(Melbourne Branch)	Level 18, 600 Bourke Street, Melbourne, Victoria 3000 Australia	61-3-9602-8999
<i>Bangladesh</i>		
Dhaka Representative Office	Sena Kalyan Bhaban 5th Floor, 195, Motijheel Commercial Area, Dhaka-1000, Bangladesh	880-2-9553057
<i>China</i>		
Beijing Branch	Beijing Fortune Building, 5 Dong Sanhuan Bei-Lu, Chaoyang District, Beijing, People's Republic of China	86-10-6590-8888
Beijing Representative Office	Room 304, 3rd Floor, Chang Fu Gong Office Building, No. Jia 26, Jianguomenwai Dajie, Chaoyang District, Beijing 100022, People's Republic of China	86-10-6513-9016 86-10-6513-9017
Shanghai Branch	20F, AZIA Center, No.1233 Lujiazui Ring Road, Pudong New District, Shanghai 200120, People's Republic of China	86-21-6888-1666
Shanghai Representative Office	24-04, Rui Jin Building, 205 Mao Ming Road (South), Shanghai, People's Republic of China	86-21-6472-6270 86-21-6472-3963
Dalian Branch	11F, Senmao Building, 147 Zhongshan Road, Xigang District, Dalian, Liaoning Province, People's Republic of China	86-411-8360-6000
Shenzhen Branch	16F, Shenzhen International Financial Building, 2022 Jianshe Road, Luohu District, Shenzhen, Guangdong Province, People's Republic of China	86-755-8222-3060
Tianjin Branch	21F Tianjin International Building, 75 Nanjing Road, Tianjin, People's Republic of China	86-22-2311-0088
Guangzhou Representative Office	Room 28-02, Citic Plaza, 233 Tianhe North Road, Guangzhou, Guangdong Province, People's Republic of China	86-20-3877-0268
Chengdu Representative Office	Room 2617, Holiday Inn Crowne Plaza Chengdu, 31 Zong Fu Street, Chengdu, Sichuan Province, People's Republic of China	86-28-8674-5575
Wuxi Representative Office	Room 1903, People's Bank of China Building, 33 Wuai Road, Wuxi, Jiangsu, People's Republic of China	86-510-8275-2005
Shenyang Representative Office	Room 705, 7F Fangyuan Mansion, No. 1 Yuebin Street, Shenhe District, Shenyang, Liaoning, People's Republic of China	86-24-2250-5599

<i>&lt;Hong Kong&gt;</i>		
Hong Kong Branch	8F, AIG Tower, 1 Connaught Road, Central, Hong Kong, People's Republic of China	852-2823-6666
(Tsim Sha Tsui Sub-Branch)	Room 1701, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong, People's Republic of China	852-2378-5111
Kowloon Branch	15F Peninsula Office Tower, 18 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong, People's Republic of China	852-2315-4333
(East Tsim Sha Tsui Sub-Branch)	Rooms 127-130, 1st Floor East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong, People's Republic of China	852-2369-5407
Hong Kong Branch	38th Floor, Gloucester Tower, 11 Pedder Street, Central, Hong Kong, People's Republic of China	852-2844-8000
<i>&lt;Taiwan&gt;</i>		
Taipei Branch	9th Floor, Union Enterprise Plaza, 109 Min Sheng East Road Sec. 3, Taipei 105, Taiwan	886-2-2514-0598
<i>India</i>		
Mumbai Branch	15th Floor, Hoechst House, 193 Vinay K. Shah Marg, (Backbay Reclamation) Nariman Point, Mumbai 400 021, India	91-22-6669-3000
New Delhi Branch	Jeevan Vihar 3, Parliament Street, New Delhi 110001, India (mailing address: P.O. Box 717, New Delhi, India)	91-11-4100-3456 91-11-4100-4567
Chennai Branch	6th Floor, Venkataramana Centre, 563/2 Anna Salai, Teynampet, Chennai 600018, India	91-44-2432-0034
<i>Indonesia</i>		
Jakarta Branch	Midplaza Building 1F-3F, Jl. Jenderal Sudirman Kav. 10-11, Jakarta 10227, Republic of Indonesia	62-21-570-6185 62-21-573-6565
(Bekasi Service Point)	EJIP Center, EJIP Industrial Park, Cikarang Selatan, Bekasi 17550, Republic of Indonesia	62-21-570-6185
(MM2100 Industrial Town Service Point)	Ruko Mega Mall D-12, MM2100 Industrial Town, Cikarang Barat, Bekasi 17520, Republic of Indonesia	62-21-570-6185
(Karawang Service Point)	Graha KIIC, Kawasan Industri KIIC, Jalan Permata Raya Lot C 1B, Karawang 41361, Republic of Indonesia	62-21-570-6185
(Sunter Service Point)	Graha Kirana Building, 1st Floor Jalan Yos Sudarso No. 88, Jakarta 14350, Republic of Indonesia	62-21-570-6185
(Cengkareng Service Point)	Wisma Soewarna, 3rd Floor, Suite 3W, Soewarna Business Park, Block E Lot 1 & 2, Soekarno-Hatta International Airport, Jakarta 19110, Republic of Indonesia	62-21-570-6185
(Cikampek Service Point)	Wisma Bukit Indah 1st Floor, Block L, Kota Bukit Indah Purwakarta 41181, Republic of Indonesia	62-21-570-6185
(Surabaya Sub-Branch)	Graha Bumi Modern, Jl. Jenderal Basuki Rakhmat 106-128, Surabaya 60271, Republic of Indonesia	62-31-531-6711
(Bandung Sub-Branch)	Graha Internasional Jl. Asia Afrika No. 129, Bandung 40112, Republic of Indonesia	62-22-424-1870 62-22-424-1871 62-22-423-2958
PT U Finance Indonesia	Wisma Standard Chartered Bank Building, 20 & 21 Floor, Jl. Jenderal Sudirman Kav., 33A, Jakarta 1022, Republic of Indonesia	62-21-571-1109



<i>Korea</i>		
Seoul Branch	4th Floor Young Poong Bldg., 33 Seorin-Dong, Chongro-ku, Seoul, Republic of Korea	82-2-399-6400
Busan Branch	Kyobo Life Building 12F, 88-7, 4Ka, Chungang-Dong, Chung-Ku, Busan, Republic of Korea	82-51-463-0927
<i>Malaysia</i>		
Labuan Branch	Level 12 (A & F), Main Office Tower Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia	60-87-410-487
Kuala Lumpur Marketing Office	Level 9, Menara IMC, No. 8, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	60-3-2034-8080
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	Level 9, 10 and 11, Menara IMC, No. 8, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia	60-3-2034-8000 60-3-2034-8008
<i>Myanmar</i>		
Yangon Representative Office	Room No. 04-09, Sedona Business Suites, Sedona Hotel, No. 1 Kaba Aye Pagoda Road, Yankin Township, Yangon, Union of Myanmar	95-1-557080 95-1-557085
<i>New Zealand</i>		
Auckland Branch	Level 22, 151 Queen Street, Auckland, New Zealand (mailing address: P.O. Box 105160, Auckland, New Zealand)	64-9-302-3554
<i>Pakistan</i>		
Karachi Branch	1st Floor Shaheen Complex, M.R. Kayani Road, Karachi, Islamic Republic of Pakistan	92-21-2630171
<i>Philippines</i>		
Manila Branch	15th Floor, 6788 Ayala Avenue, Makati City, Philippines	63-2-886-7371
<i>Singapore</i>		
Singapore Branch	9 Raffles Place, #01-01 Republic Plaza, Singapore 048619, Republic of Singapore	65-6538-3388
Singapore Branch	50 Raffles Place #42-01, Singapore Land Tower, Singapore 048623, Republic of Singapore	65-6225-9155
<i>Thailand</i>		
Bangkok Branch	Harindhorn Tower, 54 North Sathorn Road, Bangrak, Bangkok 10500, Kingdom of Thailand	66-2-266-3011
BTMU Participation (Thailand) Co., Ltd.	4th Floor, Harindhorn Tower, 54 North Sathorn Road, Bangrak, Bangkok 10500, Kingdom of Thailand	66-2-266-3070
BTMU Holding (Thailand) Co., Ltd.	4th Floor, Harindhorn Tower, 54 North Sathorn Road, Bangrak, Bangkok 10500, Kingdom of Thailand	66-2-266-3056
BTMU Leasing (Thailand) Co., Ltd.	4th Floor, Harindhorn Tower, 54 North Sathorn Road, Bangrak, Bangkok 10500, Kingdom of Thailand	66-2-266-3060
Bangkok BTMU Limited	Harindhorn Tower, 54 North Sathorn Road, Bangrak, Bangkok 10500, Kingdom of Thailand	66-2-266-3075
<i>Vietnam</i>		
Ho Chi Minh City Branch	8th Floor, The Landmark, 5B Ton Duc Thang Street, District 1, Ho Chi Minh City, Socialist Republic of Vietnam	84-8-8231-560
Hanoi Branch	601 Metropole Centre, 56 Ly Thai To Street, Hanoi, Socialist Republic of Vietnam	84-4-8244-855

# Company Overview

## Mitsubishi UFJ Financial Group, Inc.

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Date of Establishment:	April 2, 2001
Head Office:	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8330, Japan
Amount of Capital:	¥1,383.0 billion
Stock Exchange Listings:	Tokyo, Osaka, Nagoya, New York (NYSE ticker: MTU) <i>(As of June 30, 2006)</i>
Long-term Ratings:	AA- (JCR), A (R&I), A- (S&P) <i>(As of July 31, 2006)</i>
BIS Risk-adjusted Capital Ratio:	12.20%
Contact:	Investor Relations Office, Corporate Planning Division
Tel:	81-3-3240-8111
Website:	<a href="http://www.mufg.jp/english/">www.mufg.jp/english/</a>

## The Bank of Tokyo-Mitsubishi UFJ, Ltd.

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Date of Establishment:	August 25, 1919
Head Office:	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8388, Japan
Amount of Capital:	¥996.9 billion
Long-term Ratings:	A1 (Moody's), A (S&P), A (FITCH), AA (JCR), A+ (R&I) <i>(As of July 31, 2006)</i>
BIS Risk-adjusted Capital Ratio:	12.48%
Contact:	Public Relations Division
Tel:	81-3-3240-1111
Website:	<a href="http://www.bk.mufg.jp/english/">www.bk.mufg.jp/english/</a>

## Mitsubishi UFJ Trust and Banking Corporation

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Date of Establishment:	March 10, 1927
Head Office:	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan
Amount of Capital:	¥324.2 billion
Long-term Ratings:	A1* (Moody's), A (S&P), A (FITCH), AA- (JCR), A+ (R&I) *Deposit Rating Only <i>(As of July 31, 2006)</i>
BIS Risk-adjusted Capital Ratio:	13.05%
Contact:	Public Relations Section, Corporate Planning Division
Tel:	81-3-3212-1211
Website:	<a href="http://www.tr.mufg.jp/english/">www.tr.mufg.jp/english/</a>

*(As of March 31, 2006)*

*This corporate review is printed on recycled paper with soy ink.*





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