Annual Securities Report

"Yukashoken Hokokusho"

(Excerpt)

for the fiscal year ended March 31, 2010

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

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[Document Submitted]	Annual Securities Report ("Yukashoken Hokokusho")
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[Accounting Period]	The 5th Fiscal Year (from April 1, 2009 to March 31, 2010)
[Company Name]	Kabushiki-Kaisha Mitsubishi Tokyo UFJ Ginko
[Company Name in English]	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
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I. Overview of the Company

1. Key Financial Data and Trends

(1) Key consolidated financial data and trends over the current and previous four fiscal years

(Millions of yen, unless otherwise stated)

	Fiscal 2005 From April 1, 2005 to March 31, 2006	Fiscal 2006 From April 1, 2006 to March 31, 2007	Fiscal 2007 From April 1, 2007 to March 31, 2008	Fiscal 2008 From April 1, 2008 to March 31, 2009	Fiscal 2009 From April 1, 2009 to March 31, 2010
Consolidated ordinary income	2,931,816	4,879,528	5,083,631	4,240,043	3,515,787
Consolidated ordinary profit (loss)	687,515	1,178,478	794,409	(103,819)	458,286
Consolidated net income (loss)	484,147	744,484	591,452	(213,962)	362,886
Consolidated total equity	6,774,059	8,890,555	7,985,225	6,857,089	9,300,572
Consolidated total assets	160,772,959	155,863,048	155,801,981	160,826,160	165,095,177
Total equity per share (yen)	608.36	678.60	587.12	451.70	574.78
Net income (loss) per share (yen)	77.02	73.40	56.93	(21.86)	30.16
Diluted net income per share (yen)	75.10	71.66	56.79	-	30.16
Capital ratio (%)	-	4.66	4.06	3.45	4.69
Consolidated risk-adjusted capital ratio (under uniform international standards; %)	12.48	12.77	11.20	12.02	15.54
Consolidated return on equity (%)	10.35	11.38	8.99	(4.16)	5.63
Net cash provided by operating activities	(4,595,900)	(4,963,523)	(3,732,540)	5,488,114	13,339,631
Net cash used in investing activities	561,152	2,422,088	5,015,761	(6,632,746)	(14,168,589)
Net cash provided by financing activities	2,408	(347,870)	(243,620)	1,069,287	1,006,620
Cash and cash equivalents at end of period	5,413,714	2,526,701	3,546,580	3,271,131	3,449,274
Number of employees [Besides the above, average number of temporary employees]	60,406	60,085 [5,940]	59,122 [7,363]	56,024 [7,140]	55,549 [25,300]

(Notes)
1. National and local consumption taxes of the Bank and its domestic consolidated subsidiaries are accounted for using the tax-excluded method.
2. In calculating the amount of consolidated total equity and consolidated total assets, the Bank has adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8) from fiscal 2006.
3. In calculating "Total equity per share," "Net income (loss) per share" and "Diluted net income per share" (hereinafter referred to as "Per Share Information"), the Bank has adopted the "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4). With the revision of the ASBJ Guidance No. 4, the Bank has calculated the total equity per share by including deferred gain (loss) on derivatives under hedge accounting from fiscal 2006.
   The basis of calculation of Per Share Information is described in "Per share information" under Section "Notes to Consolidated Financial Statements" of "Financial Information."
4. Diluted net income per share for fiscal 2008 was not available as the Bank posted a consolidated net loss.

5. Capital ratio is calculated by dividing ("total equity at the end of fiscal year" - "subscription rights to shares at the end of fiscal year" - "minority interests at the end of fiscal year") by "total assets at the end of fiscal year."
6. From the end of fiscal 2006, the consolidated risk-adjusted capital ratio has been calculated according to the formula specified in the Financial Services Agency Notification No. 19 of 2006, which is based on the provisions of Article 14-2 of the Banking Act. The Bank applies uniform international standards to the calculation of its risk-adjusted capital ratio. The ratio for fiscal 2005 was calculated according to the formula specified in the Ministry of Finance Notification No. 55 of 1993, which is based on the provisions of Article 14-2 of the Banking Act.
7. Consolidated price earnings ratio is not available as shares of the Bank are unlisted.
8. From fiscal 2009, the average number of temporary employees has included dispatched employees and figures have been rounded to the nearest hundred. The number of dispatched employees counted as temporary employees during fiscal 2009 was 19,100 (the figure is rounded to the nearest hundred).
9. The Bank merged with UFJ Bank Limited on January 1, 2006 and changed its business name to The Bank of Tokyo-Mitsubishi UFJ, Ltd. Therefore, figures for fiscal 2005 represent those for The Bank of Tokyo-Mitsubishi, Ltd. until December 31, 2005; from January 1, 2006, figures for The Bank of Tokyo-Mitsubishi UFJ, Ltd. have been applied.

(2) Key non-consolidated financial data and trends of the Bank over the current and previous four fiscal years

(Millions of yen, unless otherwise stated)

Fiscal period	1st Term	2nd Term	3rd Term	4th Term	5th Term
Period of account	March 2006	March 2007	March 2008	March 2009	March 2010
Ordinary income	2,217,015	3,651,533	3,810,444	3,513,112	2,916,427
Ordinary profit (loss)	562,892	834,549	567,287	(199,439)	407,826
Net income (loss)	450,799	669,298	550,985	(366,392)	342,667
Capital stock	996,973	996,973	996,973	1,196,295	1,711,958
Total number of shares issued (thousands of shares)	Common stock 9,822,054 1st series Class 2 preferred stock 100,000 1st series Class 3 preferred stock 27,000 1st series Class 4 preferred stock 79,700 1st series Class 5 preferred stock 150,000	Common stock 10,257,961 1st series Class 2 preferred stock 100,000 1st series Class 3 preferred stock 27,000 1st series Class 4 preferred stock 79,700 1st series Class 5 preferred stock 150,000	Common stock 10,257,961 1st series Class 2 preferred stock 100,000 1st series Class 3 preferred stock 27,000 1st series Class 4 preferred stock 79,700 1st series Class 5 preferred stock 150,000 1st series Class 6 preferred stock 1,000	Common stock 10,833,384 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000	Common stock 12,350,038 1st series Class 2 preferred stock 100,000 1st series Class 4 preferred stock 79,700 1st series Class 6 preferred stock 1,000 1st series Class 7 preferred stock 177,000
Total equity	6,605,581	7,021,917	6,099,871	5,436,278	7,559,752
Total assets	147,091,292	140,613,892	139,661,343	148,971,788	153,924,815
Balance of deposits	101,092,544	100,276,681	101,861,554	100,208,977	103,976,222
Balance of loans and bills discounted	69,587,196	68,194,957	70,397,804	73,786,503	69,106,624
Balance of securities	42,159,651	40,705,727	33,191,095	38,731,570	52,068,380
Total equity per share (yen)	591.25	654.67	564.23	441.01	558.86
Dividends per share (yen) [Of the above, interim dividends per share(yen)]	Common stock 137.45 [124.89] 1st series Class 2 preferred stock 60.00 [30.00] 1st series Class 3 preferred stock 15.90 1st series Class 4 preferred stock 18.60 1st series Class 5 preferred stock 19.40	Common stock 46.32 [30.96] 1st series Class 2 preferred stock 60.00 [30.00] 1st series Class 3 preferred stock 15.90 [7.95]	Common stock 46.45 [28.83] 1st series Class 2 preferred stock 60.00 [30.00] 1st series Class 3 preferred stock 15.90 [7.95] 1st series Class 6 preferred stock 80.68	Common stock 5.45 [-] 1st series Class 2 preferred stock 60.00 [-] 1st series Class 6 preferred stock 210.90 [-] 1st series Class 7 preferred stock 43.00	Common stock 17.13 [6.57] 1st series Class 2 preferred stock 60.00 [30.00] 1st series Class 6 preferred stock 210.90 [105.45] 1st series Class 7 preferred stock 115.00 [57.50]
Net income (loss) per share (yen)	71.66	66.02	53.09	(36.38)	28.37
Diluted net income per share (yen)	69.93	64.46	52.95	-	-
Capital ratio (%)	-	4.99	4.36	3.64	4.91

Fiscal period	1st Term	2nd Term	3rd Term	4th Term	5th Term
Period of account	March 2006	March 2007	March 2008	March 2009	March 2010
Non-consolidated risk-adjusted capital ratio (under uniform international standards; %)	13.28	13.15	11.44	12.74	16.34
Return on equity (%)	9.96	10.57	8.70	(7.16)	5.44
Dividend payout ratio (%)	172.82	71.66	87.48	-	63.29
Number of employees [Besides the above, average number of temporary employees]	33,533	33,059	33,280 [3,946]	33,827 [4,895]	34,902 [15,421]

(Notes)
1. National and local consumption taxes are accounted for using the tax-excluded method.
2. In calculating the amount of total equity and total assets, the Bank has adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8) from the 2nd Term.
3. In calculating "Total equity per share," "Net income (loss) per share" and "Diluted net income per share" (hereinafter referred to as "Per Share Information"), the Bank has adopted the "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4). With the revision of the ASBJ Guidance No. 4, the Bank has calculated the total equity per share by including deferred gain (loss) on derivatives under hedge accounting from the 2nd Term.
4. The interim dividends per share for the 1st Term represent the interim dividends per share for the 10th Term of The Bank of Tokyo-Mitsubishi, Ltd. The dividends per share for the 1st Term represent the combination of the interim dividends per share for the 10th Term of The Bank of Tokyo-Mitsubishi, Ltd. and the year-end dividends per share for the 1st Term of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
5. Diluted net income per share for the 4th Term and 5th Term were not available as the 4th Term posted a net loss and the 5th Term had no dilutive shares.
6. The interim dividends for the 5th Term were resolved at the Board of Directors meeting held on November 18, 2009.
7. Capital ratio is calculated by dividing ("total equity at the end of fiscal year" - "subscription rights to shares at the end of fiscal year") by "total assets at the end of fiscal year."
8. From the 2nd Term, the non-consolidated risk-adjusted capital ratio has been calculated according to the formula specified in the Financial Services Agency Notification No. 19 of 2006, which is based on the provisions of Article 14-2 of the Banking Act. The Bank applies uniform international standards to the calculation of its risk-adjusted capital ratio. The ratio for the 1st Term was calculated according to the formula specified in the Ministry of Finance Notification No. 55 of 1993, which is based on the provisions of Article 14-2 of the Banking Act.
9. Price earnings ratio is not available as shares of the Bank are unlisted.
10. Dividend payout ratio is calculated by dividing the total dividends on common stock by net income after the deduction of the total dividends on preferred stock.
11. The number of employees excludes employees loaned to other companies but includes employees loaned to the Bank and locally hired overseas staff members.
12. From the 5th Term, the average number of temporary employees has included dispatched employees. The number of dispatched employees counted as temporary employees during the 5th Term was 11,149.
13. The Bank merged with UFJ Bank Limited on January 1, 2006 and changed its business name to The Bank of Tokyo-Mitsubishi UFJ, Ltd. Therefore, figures for the 1st Term represent those for The Bank of Tokyo-Mitsubishi, Ltd. (for the 10th Term) until December 31, 2005; from January 1, 2006, figures for The Bank of Tokyo-Mitsubishi UFJ, Ltd. have been applied.

2. History

August 1919	The Mitsubishi Bank, Limited was founded with capital of ¥50.00 million (of which ¥30.00 million was paid in), inheriting the business of the Banking Division of Mitsubishi Goshi Kaisha, and started operation on October 1, 1919.
December 1933	The Sanwa Bank, Limited was founded with capital of ¥107.20 million (of which ¥72.20 million was paid in), as a result of the merger of The Thirty-Fourth Bank Limited, The Yamaguchi Bank, Ltd. and The Konoike Bank, Limited.
June 1941	The Tokai Bank, Limited was founded with capital of ¥37.60 million (of which ¥27.25 million was paid in), as a result of the merger of The Aichi Bank, Ltd., The Bank of Nagoya, Ltd. and The Itoh Bank Limited.
December 1946	The Bank of Tokyo, Ltd. was founded with capital of ¥50.00 million (fully paid in), on the basis of business transfer from The Yokohama Specie Bank, Ltd. and started operation on January 4, 1947.
April 1996	The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd. were merged to become The Bank of Tokyo-Mitsubishi, Ltd.
April 2001	The Bank of Tokyo-Mitsubishi, Ltd., Nippon Trust Bank Limited and The Mitsubishi Trust and Banking Corporation jointly established by share transfer the wholly-owning parent company, Mitsubishi Tokyo Financial Group, Inc. The Sanwa Bank, Limited, The Tokai Bank, Limited and The Toyo Trust and Banking Company, Limited jointly established by share transfer the wholly-owning parent company, UFJ Holdings, Inc.
January 2002	The Sanwa Bank, Limited and The Tokai Bank, Limited were merged to become UFJ Bank Limited.
October 2005	Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc. were merged to become Mitsubishi UFJ Financial Group, Inc.
January 2006	The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited were merged to become The Bank of Tokyo-Mitsubishi UFJ, Ltd.

3. Business Outline

Under its parent company, Mitsubishi UFJ Financial Group, Inc., the Group comprises the Bank, 140 subsidiaries (all consolidated), and 46 affiliates (of which 45 are equity-method affiliates and one is a non-equity-method affiliate), and is engaged in banking and other financial services (including trading of financial instruments and leasing).

Structure of the Group operation by business segment is as follows.

(As of March 31, 2010)

*consolidated subsidiaries, **equity-method affiliates

Mitsubishi UFJ Financial Group, Inc. (Parent Company)

<Banking>

The Bank of Tokyo-Mitsubishi UFJ, Ltd.	**Banking**

* MU Frontier Servicer Co., Ltd.	Servicer
* The Mitsubishi UFJ Factors Limited	Factoring
* Mitsubishi UFJ Research and Consulting Co., Ltd.	Research, study and consulting
* UnionBanCal Corporation	Bank holding company
* PT U Finance Indonesia	Consumer finance and leasing
* BTMU Participation (Thailand) Co., Ltd.	Investment
**Jibun Bank Corporation	Banking
**BOT Lease Co., LTD.	Leasing
**Mitsubishi UFJ Capital Co., Ltd.	Venture capital
**Senshu Ikeda Holdings, Inc.	Bank holding company
**The Chukyo Bank, Limited	Banking
**Mitsubishi UFJ Wealth Management Bank (Switzerland), Ltd.	Banking and securities business
**Dah Sing Financial Holdings Limited	Bank holding company
**PT. Bank Nusantara Parahyangan, Tbk.	Banking
**Bangkok BTMU Limited	Finance
**BTMU Holding (Thailand) Co., Ltd.	Investment

<Others>

* kabu. com Securities Co., Ltd.	Financial instruments trading
* Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd.	Financial instruments trading
* NBL Co., Ltd.	Leasing
* BTMU Capital Corporation	Leasing
* BTMU Leasing & Finance, Inc.	Leasing
* BTMU Lease (Deutschland) GmbH	Leasing
* PT. BTMU-BRI Finance	Consumer finance and leasing
**JACCS CO., LTD.	Installment sales finance
**MOBIT CO., Ltd.	Finance and credit guarantee
**JALCARD, INC.	Credit cards

Mitsubishi UFJ Trust and Banking Corporation	Trust banking
Mitsubishi UFJ Securities Co., Ltd.	Financial instruments trading
Mitsubishi UFJ NICOS Co., Ltd.	Credit cards
Mitsubishi UFJ Lease & Finance Company Limited	Leasing

4. Information on Subsidiaries and Affiliates

(Parent company)

Company name	Address	Ratio of voting rights holding (held) (%)
Mitsubishi UFJ Financial Group, Inc.	Chiyoda-ku, Tokyo	100.0 (0.0)

(Consolidated subsidiaries)

Company name	Address	Ratio of voting rights holding (held) (%)
kabu.com Securities Co., Ltd.	Chiyoda-ku, Tokyo	43.3
Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd.	Chuo-ku, Tokyo	41.1
MU Frontier Servicer Co., Ltd.	Nakano-ku, Tokyo	75.9
TOKYO ASSOCIATES FINANCE CORPORATION	Chuo-ku, Tokyo	100.0
TOKYO CREDIT SERVICES, LIMITED	Chiyoda-ku, Tokyo	47.5 (42.5)
NBL Co., Ltd.	Chuo-ku, Tokyo	79.7
Japan Electronic Monetary Claim Organization	Chuo-ku, Tokyo	100.0
The Mitsubishi UFJ Factors Limited	Chiyoda-ku, Tokyo	82.6 (9.7)
Mitsubishi UFJ Research and Consulting Co., Ltd.	Minato-ku, Tokyo	44.9 (9.5)
MU Business Engineering, Ltd.	Chuo-ku, Tokyo	100.0
UnionBanCal Corporation	San Francisco, California, the United States	100.0
Bank of Tokyo-Mitsubishi UFJ Trust Company	New York, New York, the United States	100.0
BTMU Capital Corporation	Boston, Massachusetts, the United States	100.0
BTMU Leasing & Finance, Inc.	New York, New York, the United States	100.0
Bank of Tokyo-Mitsubishi UFJ (Canada)	Toronto, Ontario, Canada	100.0
Banco de Tokyo-Mitsubishi UFJ Brasil S/A	Sao Paulo, Sao Paulo, Federative Republic of Brazil	99.0
Bank of Tokyo-Mitsubishi UFJ (Mexico), S.A.	Mexico City, United Mexican States	100.0 (99.0)
Bank of Tokyo-Mitsubishi UFJ (Holland) N.V.	Amsterdam, Kingdom of the Netherlands	100.0
ZAO Bank of Tokyo-Mitsubishi UFJ (Eurasia)	Moscow, the Russian Federation	100.0
Bank of Tokyo-Mitsubishi UFJ (Polska) Spolka Akcyjna	Warsaw, Republic of Poland	100.0 (100.0)
BTMU Lease (Deutschland) GmbH	Dusseldorf, Federal Republic of Germany	95.0
Bank of Tokyo-Mitsubishi UFJ (China), Ltd.	Shanghai, People’s Republic of China	100.0

Company name	Address	Ratio of voting rights holding (held) (%)
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	Kuala Lumpur, Malaysia	100.0
PT U Finance Indonesia	Jakarta, Republic of Indonesia	65.0
PT. BTMU-BRI Finance	Jakarta, Republic of Indonesia	55.0
BTMU Participation (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	12.2 (2.2) [57.3]
BTMU Preferred Capital 1 Limited	Grand Cayman, The Cayman Islands	100.0
BTMU Preferred Capital 9 Limited	Grand Cayman, The Cayman Islands	100.0
112 Other Companies		

(Equity-method affiliates)

Company name	Address	Ratio of voting rights holding (held) (%)
JACCS CO., LTD.	Hakodate City, Hokkaido	20.1 (0.0)
Jibun Bank Corporation	Minato-ku, Tokyo	50.0
MOBIT CO.LTD.	Shinjuku-ku, Tokyo	50.0
Mitsubishi UFJ Personal Financial Advisers Co., Ltd.	Chuo-ku, Tokyo	34.5
Paygent Co., Ltd.	Shibuya-ku, Tokyo	40.0
JALCARD, INC.	Shinagawa-ku, Tokyo	49.3
BOT Lease Co.,LTD.	Chuo-ku, Tokyo	17.5 (12.5)
Defined Contribution Plan Consulting of Japan Co., Ltd.	Chiyoda-ku, Tokyo	38.7
Mitsubishi UFJ Capital Co., Ltd.	Chuo-ku, Tokyo	26.9 (5.2)
The Mitsubishi Asset Brains Co., Ltd.	Chiyoda-ku, Tokyo	25.0
Senshu Ikeda Holdings, Inc.	Kita-ku, Osaka City	23.0 (0.0)
The Chukyo Bank, Limited	Naka-ku, Nagoya City	39.7 (0.0)
THE TAISHO BANK, LTD.	Chuo-ku, Osaka City	22.4 (3.0)
Nippon Mutual Housing Loan Co., Ltd.	Taito-ku, Tokyo	4.7 [37.6]
Mitsubishi UFJ Wealth Management Bank (Switzerland), Ltd.	Geneva, Swiss Confederation	30.0
Dah Sing Financial Holdings Limited	Hong Kong, People’s Republic of China	15.0
PT. Bank Nusantara Parahyangan, Tbk.	Bandung City, West Java, Republic of Indonesia	20.0

Company name	Address	Ratio of voting rights holding (held) (%)
Bangkok BTMU Limited	Bangkok, Kingdom of Thailand	39.0
BTMU Holding (Thailand) Co., Ltd.	Bangkok, Kingdom of Thailand	11.1 [29.8]
26 Other Companies		

(Notes) 1. Of the above affiliates, BTMU Preferred Capital 1 Limited, and BTMU Preferred Capital 9 Limited are classified as Specified Subsidiaries.

2. Of the above affiliates, Mitsubishi UFJ Financial Group, Inc., kabu.com Securities Co., Ltd. JACCS CO., LTD., Senshu Ikeda Holdings, Inc., The Chukyo Bank, Limited and THE TAISHO BANK, LTD. submit annual securities reports or securities registration statements.
Apart from the above, Mitsubishi UFJ Asset Management Co., Ltd., Mitsubishi UFJ Global Custody S.A., MUGC Lux Management S.A. and The Senshu Bank, Ltd. are equity-method affiliates that submit annual securities reports and securities registration statements.

3. ( ) in the "Ratio of voting rights holding (held)" column refers to indirect ownership via subsidiaries, while [ ] indicates the ratio of ownership by "persons who are found to exercise their voting rights in the same manner as the Company due to having a close relationship with the Company in terms of contribution, personnel affairs, funds, technology, transactions or other matters" or "persons who agree to exercise their voting rights in the same manner as the Company."

5. Employees

(1) Number of employees in consolidated companies

As of March 31, 2010

	Banking	Others	Total
Number of employees	54,302 [25,100]	1,247 [300]	55,549 [25,300]

(Notes)
1. Number of employees includes locally hired overseas staff members, but excludes 3,446 contract employees and 23,900 temporary employees.
2. Numbers within brackets indicate average number of temporary employees over the current fiscal year.
3. Number of temporary employees includes dispatched employees and is rounded to the nearest hundred for the end of the current fiscal year as well as for an average over the year.
4. Number of dispatched employees counted as temporary employees was 17,500 at the end of the current fiscal year while 19,100 on average over the year (both numbers are rounded to the nearest hundred).

(2) Employees of the Bank

As of March 31, 2010

Number of employees	Average age (years)	Average years of service (years)	Average annual salary (thousands of yen)
34,902 [15,421]	37.5	14.5	7,870

(Notes)
1. Number of employees excludes employees loaned to other companies but includes employees loaned to the Bank, while it includes locally hired overseas staff members, but excludes 2,008 contract employees and 14,392 temporary employees.
2. Number within brackets indicates average number of temporary employees for the current fiscal year.
3. Number of temporary employees includes dispatched employees. Number of dispatched employees was 10,143 at the end of the current fiscal year and 11,149 on average over the year.
4. Number of employees excludes 73 Executive Officers (13 of whom serving as Directors concurrently).
5. Average age, average years of service and average annual salary reflect neither locally hired overseas staff members nor employees loaned to the Bank.
6. Average annual salary includes bonus and extra wages.
7. Employees union of the Bank is called The Bank of Tokyo-Mitsubishi UFJ Union with the membership of 24,383. No significant issues exist between the union and the management.

II. Business Overview

1. Summary of Results

With regard to financial and economic conditions for the current consolidated fiscal year, overseas economies showed a steady recovery, with the U.S. and European markets achieving positive economic growth thanks to the all-out monetary and financial measures taken to address the global financial crisis. Asian economies also benefited from economic stimulus packages allowing earlier recovery than their U.S. and European counterparts. Meanwhile, the Japanese economy witnessed a recovery in its exports and production levels, reflecting overseas economic improvement, the unprecedented scale of economic stimulus measures, progress in inventory adjustments and other factors, while consumer spending was also lifted by economic stimulus packages. However, the overall economic activities have remained stagnant, continuing weak capital investment, labor and income conditions amid a harsh earnings environment.

On the financial front, the US authority maintained its virtually zero interest rate policy in the face of mounting non-performing loans, while the rate in Euro zone was left at its all-time low of 1.0%. In Japan, short-term interest rates declined moderately as the Bank of Japan retained its effectively zero-interest-rate policy and implemented operations including the supply of special funds to facilitate corporate financing and an increase in the supply of fixed-rate funds. Meanwhile, long-term interest rates fluctuated at low levels, on the back of growing deflationary pressures and concerns over the deterioration of public finances. In the foreign exchange market, the yen’s exchange rate against the U.S. dollar tended to be stronger, reflecting the narrowing spread between domestic and overseas interest rates.

Under such economic and financial environments, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter referred to as “the Bank”) continued efforts to achieve its vision of becoming a bank “with dignity and a solid footing” and “holding a proud position on the global level.” In order to realize this goal and respond to expectations and trust of customers and other concerned parties, the Bank implemented rigorous cost control and securitized products reduction initiatives with the aim of establishing strong financial foundations and further promotion of better financial facilitation. Consequently, the Bank achieved the results set out below in collaboration with Mitsubishi UFJ Financial Group, Inc. (hereinafter referred to as “MUFG”) and MUFG Group companies.

Retail Banking Business Unit, despite a lowered interest margin of yen deposits due to a decline in interest rates, capitalized on a recovery of the market and succeeded in selling more than 1 trillion yen worth of fund management products for two fiscal terms in a row. In Corporate Banking Business Unit, the Bank improved lending margins with the help of risk-return management and obtained strong results in the solutions business. Global Business Unit also expanded lending margins and increased commission income mainly from non-Japanese businesses in Asia, the U.S. and Europe, while Global Markets Unit posted a high profit through the active management of positions.

In addition, toward the achievement of providing “customer-oriented” services, the Bank has set out “ten promises to customers” as its rules of conduct for customer service and ensured all employees act based on the principles of “customer-orientation” and “customer protection.” Furthermore, the Bank intends to gain greater customer satisfaction by swiftly responding to the opinions and requests of customers collected through call centers or “customer voice cards” put in the lobby of each business office or elsewhere.

Separately, in an effort to implement corporate social responsibility (CSR)-focused management in the financial sector, its main business, the Bank has been working to contribute to the creation of an environment-conscious society by providing products and services to assist customers in dealing with environmental issues and actively involving itself in various social welfare programs.

The Bank is committed to enhancing and reinforcing the management, internal control and compliance, and also aiming to earn customers’ complete confidence.

Under the above business circumstances, results for the current consolidated fiscal year are as follows.

Assets as of the end of the current fiscal year increased by ¥4,269.0 billion to ¥165,095.1 billion. Major components were loans and bills discounted amounting to ¥74,892.5 billion and securities of ¥52,565.7 billion. Liabilities as of the end of the current fiscal year rose by ¥1,825.5 billion to ¥155,794.6 billion. Major components included deposits and negotiable certificates of deposit of ¥120,899.3 billion.

As for profits and losses, ordinary income decreased by ¥724.2 billion year-on-year to ¥3,515.7 billion and ordinary expenses dropped by ¥1,286.3 billion year-on-year to ¥3,057.5 billion. As a result, the Bank posted ordinary profit of ¥458.2 billion, up ¥562.1 billion year-on-year and a net income of ¥362.8 billion, up ¥576.8 billion year-on-year, for the current fiscal year.

Results by business segment are as follows.

1. Banking

   Ordinary income declined by ¥639.1 billion year-on-year to ¥3,429.6 billion, while ordinary profit was ¥437.1 billion, up ¥542.2 billion year-on-year.

2. Others

   Ordinary income fell by ¥99.1 billion year-on-year to ¥104.4 billion, while ordinary profit was ¥11.1 billion, up ¥8.6 billion year-on-year.

Results by geographic segment are as follows.

1. Japan

   Ordinary income dropped by ¥503.8 billion year-on-year to ¥2,599.6 billion, while ordinary profit rose by ¥639.4 billion year-on-year to ¥277.2 billion.

2. North America

   Ordinary income fell by ¥130.7 billion year-on-year to ¥553.1 billion, and the segment posted ordinary loss of ¥1.1 billion, down ¥63.6 billion from ordinary profit for the previous fiscal year.

3. Latin America

   Ordinary income fell by ¥16.9 billion year-on-year to ¥109.3 billion, while ordinary profit rose by ¥17.9 billion year-on-year to ¥66.3 billion.

4. Europe and Middle East

   Ordinary income decreased by ¥184.0 billion year-on-year to ¥196.7 billion, while ordinary profit decreased by ¥58.3 billion year-on-year to ¥7.5 billion.

5. Asia and Oceania

   Ordinary income dropped by ¥75.4 billion year-on-year to ¥277.9 billion, while ordinary profit increased by ¥16.1 billion year-on-year to ¥105.2 billion.

With regard to cash flows, operating activities generated net cash of ¥13,339.6 billion with a ¥7,851.5 billion decrease in expenses from the previous fiscal year. Investing activities used net cash of ¥14,168.5 billion, as a result of ¥7,535.8 billion lower cash inflows compared with the previous fiscal year. Financing activities generated net cash of ¥1,006.6 billion, with a ¥62.6 billion increase in expenses from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥3,449.2 billion, up ¥178.1 billion from the previous fiscal year.

The consolidated risk-adjusted capital ratio based on uniform international standards as of March 31, 2010 was 15.54%.

(1) Income and expenses for domestic and overseas operations

Details of income and expenses for domestic and overseas operations are as follows.

The total amount of interest income and expenses, fees and commissions, trading income and expenses and other ordinary income and expenses for the current fiscal year were ¥2,392.7 billion, showing a ¥16.1 billion increase over the previous fiscal year. Of this, domestic operations posted an income of ¥1,792.2 billion, down ¥19.9 billion from the previous fiscal year, and overseas operations recorded an income of ¥685.2 billion, up ¥4.4 billion from the previous fiscal year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Interest income and expenses	Previous fiscal year	1,264,419	456,324	(20,456)	1,700,287
	Current fiscal year	1,138,784	505,179	2,101	1,646,065
Of which, interest income	Previous fiscal year	1,861,478	1,103,820	(173,575)	2,791,722
	Current fiscal year	1,504,882	750,336	(103,662)	2,151,556
Of which, interest expenses	Previous fiscal year	597,058	647,495	(153,118)	1,091,435
	Current fiscal year	366,098	245,157	(105,764)	505,491
Fees and commissions	Previous fiscal year	529,348	144,908	(91,836)	582,420
	Current fiscal year	462,035	154,319	(82,461)	533,893
Of which, fees and commissions income	Previous fiscal year	664,865	153,923	(123,078)	695,710
	Current fiscal year	600,223	164,016	(108,790)	655,449
Of which, fees and commissions expenses	Previous fiscal year	135,516	9,015	(31,242)	113,289
	Current fiscal year	138,187	9,696	(26,328)	121,555
Trading income and expenses	Previous fiscal year	121,018	16,569	1,338	138,926
	Current fiscal year	114,001	15,294	(11,346)	117,950
Of which, trading income	Previous fiscal year	121,019	17,368	538	138,926
	Current fiscal year	114,001	18,065	(14,116)	117,950
Of which trading expenses	Previous fiscal year	1	799	(800)	-
	Current fiscal year	-	2,770	(2,770)	-
Other ordinary income and expenses	Previous fiscal year	(102,577)	62,995	(5,478)	(45,060)
	Current fiscal year	77,416	10,451	6,936	94,803
Of which, other ordinary income	Previous fiscal year	342,287	145,383	(46,703)	440,966
	Current fiscal year	274,867	160,607	(71,422)	364,052
Of which, Other ordinary expenses	Previous fiscal year	444,864	82,388	(41,225)	486,027
	Current fiscal year	197,451	150,156	(78,358)	269,249

(Notes)
1. "Domestic" includes offices of the Bank (excluding its overseas offices) and consolidated subsidiaries whose principal offices are located in Japan (hereinafter referred to as "domestic consolidated subsidiaries"). "Overseas" includes the Bank's overseas offices and consolidated subsidiaries whose principal offices are located abroad (hereinafter referred to as "overseas consolidated subsidiaries").
2. Interest expenses are stated excluding expenses related to money held in trust.
3. "Amount of elimination" is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

(2) Interest-earning assets and interest-bearing liabilities for domestic and overseas offices

1) Domestic

Status of interest-earning assets and interest-bearing liabilities in domestic offices are shown below.

The average balance of interest-earning assets in the current fiscal year rose by ¥5,772.6 billion year-on-year to ¥110,829.9 billion. Yield on interest-earning assets declined by 0.41% to 1.35% and total interest income stood at ¥1,504.8 billion, down ¥356.5 billion year-on-year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥4,825.9 billion year-on-year to ¥109,830.0 billion. Yield on interest-bearing liabilities declined by 0.23% to 0.33% and total interest expenses came in at ¥366.0 billion, down ¥230.9 billion year-on-year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	105,057,361	1,861,478	1.77
	Current fiscal year	110,829,993	1,504,882	1.35
Of which, loans and bills discounted	Previous fiscal year	60,796,724	1,156,238	1.90
	Current fiscal year	59,722,597	934,429	1.56
Of which, securities	Previous fiscal year	34,358,392	459,773	1.33
	Current fiscal year	41,971,662	360,458	0.85
Of which, call loans and bills bought	Previous fiscal year	245,790	2,434	0.99
	Current fiscal year	79,103	155	0.19
Of which, receivables under resale agreements	Previous fiscal year	18,966	92	0.49
	Current fiscal year	14,135	21	0.14
Of which, receivables under securities borrowing transactions	Previous fiscal year	2,241,350	11,580	0.51
	Current fiscal year	4,064,754	6,210	0.15
Of which, due from banks	Previous fiscal year	2,496,839	34,445	1.37
	Current fiscal year	1,245,133	5,459	0.43
Interest-bearing liabilities	Previous fiscal year	105,004,107	597,058	0.56
	Current fiscal year	109,830,061	366,098	0.33
Of which, deposits	Previous fiscal year	90,985,602	291,604	0.32
	Current fiscal year	91,305,635	143,313	0.15
Of which, negotiable certificates of deposit	Previous fiscal year	3,899,565	25,741	0.66
	Current fiscal year	4,319,642	15,411	0.35
Of which, call money and bills sold	Previous fiscal year	1,747,578	8,548	0.48
	Current fiscal year	1,124,759	2,007	0.17
Of which, payables under repurchase agreements	Previous fiscal year	4,418,400	56,341	1.27
	Current fiscal year	5,431,162	12,999	0.23
Of which, payables under securities lending transactions	Previous fiscal year	1,074,253	5,095	0.47
	Current fiscal year	1,148,066	2,032	0.17
Of which, commercial paper	Previous fiscal year	25,000	218	0.87
	Current fiscal year	20,273	105	0.52
Of which, borrowed money	Previous fiscal year	5,641,953	156,181	2.76
	Current fiscal year	4,774,794	107,339	2.24

(Notes) 1. The average balance of each asset and liability was generally computed based on an average of daily balances, but figures for certain subsidiaries were calculated based on an average of month-end balances.

2. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries.

3. The amount of “interest-earning assets” is stated excluding the average balance of interest-free due from banks. The amount of interest-bearing liabilities is stated excluding the average balance of money held in trust and corresponding interest payments.

2) Overseas

Status of interest-earning assets and interest-bearing liabilities in overseas offices are shown below.

The average balance of interest-earning assets in the current fiscal year rose by ¥748.8 billion to ¥29,167.8 billion. Yield on interest-earning assets declined by 1.31% to 2.57% and total interest income stood at ¥750.3 billion, down ¥353.4 billion year-on-year. The average balance of interest-bearing liabilities in the current fiscal year increased by ¥59.9 billion year-on-year to ¥25,871.2 billion. Yield on interest-bearing liabilities declined by 1.56% to 0.94% and total interest expenses came in at ¥245.1 billion, down ¥402.3 billion year-on-year.

(Millions of yen)

Item	Fiscal year	Average balance	Interest	Yield
		Amount	Amount	(%)
Interest-earning assets	Previous fiscal year	28,418,949	1,103,820	3.88
	Current fiscal year	29,167,805	750,336	2.57
Of which, loans and bills discounted	Previous fiscal year	21,486,462	874,103	4.06
	Current fiscal year	21,212,102	583,192	2.74
Of which, securities	Previous fiscal year	1,784,155	64,874	3.63
	Current fiscal year	2,519,445	70,979	2.81
Of which, call loans and bills bought	Previous fiscal year	413,573	9,951	2.40
	Current fiscal year	384,869	3,887	1.01
Of which, receivables under resale agreements	Previous fiscal year	182,743	6,325	3.46
	Current fiscal year	306,366	4,525	1.47
Of which, receivables under securities borrowing transactions	Previous fiscal year	-	-	-
	Current fiscal year	-	-	-
Of which, due from banks	Previous fiscal year	3,259,085	84,782	2.60
	Current fiscal year	3,668,399	25,155	0.68
Interest-bearing liabilities	Previous fiscal year	25,811,307	647,495	2.50
	Current fiscal year	25,871,279	245,157	0.94
Of which, deposits	Previous fiscal year	12,601,726	239,982	1.90
	Current fiscal year	14,660,056	104,869	0.71
Of which, negotiable certificates of deposit	Previous fiscal year	2,159,688	62,256	2.88
	Current fiscal year	4,333,699	27,813	0.64
Of which, call money and bills sold	Previous fiscal year	715,091	17,523	2.45
	Current fiscal year	601,809	3,844	0.63
Of which, payables under repurchase agreements	Previous fiscal year	358,962	7,277	2.02
	Current fiscal year	151,688	688	0.45
Of which, payables under securities lending transactions	Previous fiscal year	-	-	-
	Current fiscal year	-	-	-
Of which, commercial paper	Previous fiscal year	125,046	3,082	2.46
	Current fiscal year	96,468	639	0.66
Of which, borrowed money	Previous fiscal year	1,331,361	41,673	3.13
	Current fiscal year	1,640,127	26,896	1.63

(Notes)
1. The average balance of each asset and liability was generally computed based on an average of daily balances, but figures for certain subsidiaries were calculated based on an average of month-end balances.
2. “Overseas” includes overseas offices of the Bank and overseas consolidated subsidiaries.
3. The amount of “interest-earning assets” is stated excluding the average balance of interest-free due from banks. The amount of interest-bearing liabilities is stated excluding the average balance of money held in trust and corresponding interest payments.

3) Total

(Millions of yen)

Item	Fiscal year	Average balance			Interest			Yield (%)
		Subtotal	Amount of elimination	Total	Subtotal	Amount of elimination	Total	
Interest-earning assets	Previous fiscal year	133,476,310	(6,394,628)	127,081,682	2,965,298	(173,575)	2,791,722	2.19
	Current fiscal year	139,997,798	(6,411,183)	133,586,614	2,255,219	(103,662)	2,151,556	1.61
Of which, loans and bills discounted	Previous fiscal year	82,283,186	(3,398,366)	78,884,820	2,030,342	(122,119)	1,908,223	2.41
	Current fiscal year	80,934,699	(3,244,554)	77,690,145	1,517,622	(92,279)	1,425,343	1.83
Of which, securities	Previous fiscal year	36,142,547	(1,506,920)	34,635,626	524,648	(20,511)	504,136	1.45
	Current fiscal year	44,491,108	(1,759,933)	42,731,174	431,437	(7,057)	424,379	0.99
Of which, call loans and bills bought	Previous fiscal year	659,363	(68,565)	590,798	12,386	(888)	11,498	1.94
	Current fiscal year	463,973	(81,291)	382,681	4,042	(247)	3,795	0.99
Of which, receivables under resale agreements	Previous fiscal year	201,709	-	201,709	6,418	-	6,418	3.18
	Current fiscal year	320,502	-	320,502	4,546	-	4,546	1.41
Of which, receivables under securities borrowing transactions	Previous fiscal year	2,241,350	-	2,241,350	11,580	-	11,580	0.51
	Current fiscal year	4,064,754	-	4,064,754	6,210	-	6,210	0.15
Of which, due from banks	Previous fiscal year	5,755,924	(1,403,724)	4,352,200	119,228	(23,372)	95,855	2.20
	Current fiscal year	4,913,533	(1,277,569)	3,635,963	30,615	(7,336)	23,278	0.64
Interest-bearing liabilities	Previous fiscal year	130,815,415	(4,917,643)	125,897,771	1,244,554	(153,118)	1,091,435	0.86
	Current fiscal year	135,701,340	(4,697,714)	131,003,626	611,255	(105,764)	505,491	0.38
Of which, deposits	Previous fiscal year	103,587,328	(588,757)	102,998,570	531,586	(12,310)	519,275	0.50
	Current fiscal year	105,965,691	(633,094)	105,332,597	248,182	(4,084)	244,098	0.23
Of which, negotiable certificates of deposit	Previous fiscal year	6,059,253	(626,117)	5,433,135	87,998	(4,509)	83,488	1.53
	Current fiscal year	8,653,341	(616,311)	8,037,029	43,225	(2,221)	41,003	0.51
Of which, call money and bills sold	Previous fiscal year	2,462,670	(152,837)	2,309,832	26,072	(4,670)	21,402	0.92
	Current fiscal year	1,726,569	(141,322)	1,585,247	5,851	(623)	5,228	0.32
Of which, payables under repurchase agreements	Previous fiscal year	4,777,363	-	4,777,363	63,618	-	63,618	1.33
	Current fiscal year	5,582,850	-	5,582,850	13,687	-	13,687	0.24
Of which, payables under securities lending transactions	Previous fiscal year	1,074,253	-	1,074,253	5,095	-	5,095	0.47
	Current fiscal year	1,148,066	-	1,148,066	2,032	-	2,032	0.17
Of which, commercial paper	Previous fiscal year	150,046	-	150,046	3,301	-	3,301	2.20
	Current fiscal year	116,742	-	116,742	745	-	745	0.63
Of which, borrowed money	Previous fiscal year	6,973,314	(3,505,477)	3,467,836	197,855	(123,316)	74,538	2.14
	Current fiscal year	6,414,921	(3,260,650)	3,154,271	134,236	(96,119)	38,117	1.20

(Note) “Amount of elimination” is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

(3) Fees and commissions by domestic and overseas office

Fees and commissions income and expenses are as follows.

Fees and commissions income of domestic offices for the current fiscal year was ¥600.2 billion, down ¥64.6 billion year-on-year. Fees and commissions expenses were up 2.6 billion year-on-year to ¥138.1 billion, resulting in a net fees and commissions income of ¥462.0 billion, down ¥67.3 billion year-on-year. Fees and commissions income of overseas offices during the current fiscal year were ¥164.0 billion, up ¥10.0 billion year-on-year, while fees and commissions expenses were ¥9.6 billion, up ¥0.6 billion year-on-year, resulting in a net fees and commissions income of ¥154.3 billion, up ¥9.4 billion year-on-year.

Consequently, total net fees and commissions income for the current fiscal year stood at ¥533.8 billion, down ¥48.5 billion year-on-year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Fees and commissions income	Previous fiscal year	664,865	153,923	(123,078)	695,710
	Current fiscal year	600,223	164,016	(108,790)	655,449
Of which, domestic and foreign exchange services	Previous fiscal year	158,302	13,326	(342)	171,286
	Current fiscal year	155,982	11,553	(438)	167,097
Of which, other commercial banking services	Previous fiscal year	201,067	124,445	(5,765)	319,746
	Current fiscal year	210,670	135,449	(3,693)	342,426
Of which, guarantee services	Previous fiscal year	94,898	8,781	(25,481)	78,198
	Current fiscal year	78,260	11,141	(20,346)	69,055
Of which, securities-related services	Previous fiscal year	46,582	2,467	(49)	49,001
	Current fiscal year	42,432	1,004	(51)	43,386
Fees and commissions expenses	Previous fiscal year	135,516	9,015	(31,242)	113,289
	Current fiscal year	138,187	9,696	(26,328)	121,555
Of which, domestic and foreign exchange services	Previous fiscal year	35,627	295	(104)	35,819
	Current fiscal year	32,818	355	(78)	33,095

(Notes) 1. "Domestic" includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. "Overseas" includes the Bank's overseas offices and overseas consolidated subsidiaries.

2. "Other commercial banking services" includes deposit-taking and lending services, agency services, custody and safe deposit services, trust-related services and others.

3. "Amount of elimination" is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

(4) Trading results by domestic and overseas office

Details of trading income and expenses

Trading income and expenses of domestic and overseas offices are as follows.

Trading income of domestic offices for the current fiscal year was down ¥7.0 billion year-on-year to ¥114.0 billion. As trading expenses of domestic offices for the current fiscal year declined by ¥0.0 billion, net trading income was ¥114.0 billion, down ¥7.0 billion year-on-year. Meanwhile the trading income of overseas offices for the current fiscal year was ¥18.0 billion, up ¥0.6 billion year-on-year. Trading expenses of overseas offices were up ¥1.9 billion year-on-year to ¥2.7 billion. As a result, net trading income for the current fiscal year decreased by ¥1.2 billion year year-on-year to ¥15.2 billion.

Consequently, total net trading income posted by both domestic and overseas offices for the current fiscal year stood at ¥117.9 billion, down ¥20.9 billion year-on-year.

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Trading income	Previous fiscal year	121,019	17,368	538	138,926
	Current fiscal year	114,001	18,065	(14,116)	117,950
Of which, income from trading securities	Previous fiscal year	10,615	1,307	(1)	11,921
	Current fiscal year	20,205	2,417	-	22,623
Of which, income from securities related to trading transactions	Previous fiscal year	2,521	(2,029)	(31)	460
	Current fiscal year	1,304	(1,236)	(44)	24
Of which, income from trading-related financial derivatives	Previous fiscal year	83,161	17,573	571	101,305
	Current fiscal year	81,677	16,884	(14,072)	84,489
Of which, income from other trading transactions	Previous fiscal year	24,721	517	-	25,239
	Current fiscal year	10,812	-	-	10,812
Trading expenses	Previous fiscal year	1	799	(800)	-
	Current fiscal year	-	2,770	(2,770)	-
Of which, expenses on trading securities	Previous fiscal year	1	-	(1)	-
	Current fiscal year	-	-	-	-
Of which, expenses on securities related to trading transactions	Previous fiscal year	-	31	(31)	-
	Current fiscal year	-	44	(44)	-
Of which, expenses on trading-related financial derivatives	Previous fiscal year	-	767	(767)	-
	Current fiscal year	-	2,726	(2,726)	-
Of which, expenses on other trading transactions	Previous fiscal year	-	-	-	-
	Current fiscal year	-	-	-	-

(Notes) 1. “Domestic” includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. “Overseas” includes the Bank’s overseas offices and overseas consolidated subsidiaries.

2. “Amount of elimination” is the total amount of elimination associated with the internal transactions, etc. between consolidated companies.

(5) Balance of deposits by domestic and overseas office

・Deposits by classification (ending balance)

(Millions of yen)

Item	Fiscal year	Domestic	Overseas	Amount of elimination	Total
		Amount	Amount	Amount	Amount
Total deposits	Previous fiscal year	93,965,117	14,113,862	(696,910)	107,382,069
	Current fiscal year	95,815,665	16,450,472	(660,568)	111,605,569
Of which, liquid deposits	Previous fiscal year	56,810,460	5,410,378	(162,101)	62,058,737
	Current fiscal year	60,105,475	8,028,652	(172,618)	67,961,509
Of which, fixed-term deposits	Previous fiscal year	31,801,397	8,498,630	(523,605)	39,776,422
	Current fiscal year	30,869,272	8,236,764	(462,991)	38,643,046
Of which, other deposits	Previous fiscal year	5,353,259	204,853	(11,203)	5,546,908
	Current fiscal year	4,840,916	185,055	(24,958)	5,001,013
Negotiable certificates of deposit	Previous fiscal year	4,052,446	2,827,446	(622,700)	6,257,192
	Current fiscal year	4,221,099	5,695,112	(622,400)	9,293,811
Total	Previous fiscal year	98,017,563	16,941,309	(1,319,610)	113,639,262
	Current fiscal year	100,036,764	22,145,584	(1,282,968)	120,899,380

(Notes)
1. "Domestic" includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. "Overseas" includes the Bank's overseas offices and overseas consolidated subsidiaries.
2. "Amount of elimination" is the total amount of elimination associated with internal transactions between consolidated companies.
3. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
4. Fixed-term deposits = Time deposits + Installment savings

(6) Balance of loans and bills discounted at domestic and overseas offices

・Loans by type of industry (outstanding balances, composition ratios)

Industry	As of March 31, 2009	
	Loans and bills discounted (Millions of yen)	Composition ratio (%)
Domestic (excluding Japan offshore market account)	61,504,359	100.00
Manufacturing	8,327,173	13.54
Construction	1,297,062	2.11
Wholesale and retail	6,603,183	10.74
Finance and insurance	6,404,151	10.41
Real estate	8,307,572	13.51
Services	4,578,447	7.44
Other industries	25,986,767	42.25
Overseas and Japan offshore market account	20,053,825	100.00
Governments and public organizations	269,591	1.35
Financial institutions	2,246,360	11.20
Others	17,537,873	87.45
Total	81,558,184	-

Industry	As of March 31, 2010	
	Loans and bills discounted (Millions of yen)	Composition ratio (%)
Domestic (excluding Japan offshore market account)	57,721,274	100.00
Manufacturing	7,581,124	13.13
Construction	1,055,438	1.83
Wholesale and retail	5,925,637	10.27
Finance and insurance	6,174,197	10.70
Real estate, goods rental and leasing	8,984,644	15.56
Services	3,033,866	5.26
Other industries	24,966,365	43.25
Overseas and Japan offshore market account	17,171,318	100.00
Governments and public organizations	374,779	2.18
Financial institutions	2,595,844	15.12
Others	14,200,694	82.70
Total	74,892,593	-

(Notes) 1. "Domestic" includes offices of the Bank (excluding its overseas offices) and domestic consolidated subsidiaries. "Overseas" includes the Bank's overseas offices and overseas consolidated subsidiaries.

2. Following the revision of the Japan Standard Industrial Classification in November 2007, the presentation of certain industries has been changed from the current fiscal year.

(Reference)

For reference, part of the Bank's non-consolidated financial data is set out below.

1. Results of Operations (non-consolidated)

(1) Summary of Operations (non-consolidated)

(Millions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Increase (decrease) (B) - (A)
Gross profit	1,801,446	1,875,670	74,224
General and administrative expenses, excluding non-recurring expenses	1,090,618	1,012,487	(78,130)
Personnel expenses	371,862	372,218	355
Non-personnel expenses	653,978	587,767	(66,211)
Taxes	64,776	52,501	(12,275)
Net business profit before provision for general allowance for credit losses	710,828	863,183	152,355
Provision for general allowance for credit losses	(17,230)	(42,290)	(25,059)
Net business profit	728,058	905,473	177,414
Of which, net gains (losses) on debt securities	64,418	67,074	2,655
Net non-recurring gains (losses)	(927,498)	(497,647)	429,851
Net gains (losses) on equity securities	(448,792)	13,437	462,229
Credit costs	441,270	420,921	(20,348)
Write-offs of loans	350,765	219,700	(131,065)
Provision for specific allowance for credit losses	81,094	189,000	107,906
Other credit costs	9,410	12,220	2,810
Other non-recurring gains (losses)	(37,435)	(90,162)	(52,726)
Ordinary profit (loss)	(199,439)	407,826	607,266
Net extraordinary gains (losses)	4,276	52,281	48,005
Of which, gains on loans written-off	30,639	40,783	10,144
Of which, impairment loss of long-lived assets	(3,961)	(9,646)	(5,684)
Income (loss) before income taxes	(195,163)	460,108	655,271
Income taxes-current	32,838	42,031	9,193
Refund of income taxes	-	(8,712)	(8,712)
Income taxes-deferred	138,389	84,121	(54,268)
Total taxes	171,228	117,440	(53,787)
Net income (loss)	(366,392)	342,667	709,059

(Notes)
1. Gross profit = (net interest income + expenses related to money held in trust) + net fees and commissions income + net trading income + net other ordinary income.
2. "Expenses related to money held in trust" represents interest expenses on the acquisition of money held in trust. As gains (losses) on money held in trust are recorded as non-recurring gains (losses), these expenses related to money held in trust are excluded from interest expenses.
3. Net business profit = gross profit - general and administrative expenses (excluding non-recurring expenses) - provision for general allowance for credit losses.
4. Net non-recurring gains (losses) represent "Other income (expenses)" plus non-recurring portions of expenses related to money held in trust and retirement benefit costs, after deducting provision for general allowance for credit losses..
5. Net gains (losses) on debt securities = gains on sales of bonds - losses on sales of bonds - losses on redemption of

bonds - losses on write-down of bonds

6. Net gains (losses) on equity securities = gains on sales of equity securities and other securities - losses on sales of equity securities and other securities - losses on write-down of equity securities and other securities

(2) Details of general and administrative expenses (non-consolidated)

(Millions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Increase (decrease) (B) - (A)
Salaries and allowances	315,940	310,132	(5,808)
Retirement benefit costs	14,803	76,440	61,636
Welfare expenses	54,847	54,383	(463)
Depreciation and amortization	133,790	123,048	(10,742)
Rent on land, buildings and machinery	80,374	75,583	(4,790)
Building and repair expenses	5,199	4,518	(680)
Supplies expenses	9,078	8,096	(981)
Utility charges	9,381	7,975	(1,405)
Traveling expenses	6,364	5,388	(975)
Communication expenses	20,278	18,055	(2,223)
Advertising expenses	8,199	7,993	(205)
Taxes and dues	64,776	53,231	(11,545)
Others	372,395	335,649	(36,746)
Total general and administrative expenses	1,095,432	1,080,498	(14,933)

2. Average Interest Rate Spread (Domestic Business Segment) (non-consolidated)

	Previous fiscal year (%) (A)	Current fiscal year (%) (B)	Increase (decrease) (B) - (A)
(1) Total average interest rate on interest-earning assets (i)	1.39	1.15	(0.24)
(a) Average interest rate on loans and bills discounted	1.78	1.56	(0.22)
(b) Average interest rate on securities	0.96	0.66	(0.29)
(2) Total average interest rate on interest-bearing liabilities (ii)	1.20	0.96	(0.23)
(a) Average interest rate on deposits and NCD	0.25	0.15	(0.10)
(b) Average interest rate on other liabilities	0.95	0.57	(0.38)
(3) Overall interest rate spread (i) - (ii)	0.19	0.18	(0.00)

(Notes) 1. “Domestic business segment” represents yen-denominated transactions at the Bank’s offices in Japan.

2. “Other liabilities” = call money + bills sold - borrowed money

3. ROE (non-consolidated)

	Previous fiscal year (%) (A)	Current fiscal year (%) (B)	Increase (decrease) (B) - (A)
On a net business profit basis (before provision for general allowance for credit losses)	13.19	14.33	1.14
On a net business profit basis	13.51	15.05	1.54
On a net income (loss) basis	(7.16)	5.44	12.61

(Note)

$$\text{ROE} = \frac{\text{(Profits - total amount of dividends on preferred stocks)}}{\left\{\left(\begin{array}{c}\text{Total equity}\\ \text{at the beginning of}\\ \text{the fiscal year}\\ \text{(Total shareholders'}\\ \text{equity)}\end{array} - \begin{array}{c}\text{Number of preferred}\\ \text{stocks outstanding at}\\ \text{the beginning of the}\\ \text{fiscal year}\end{array} \times \begin{array}{c}\text{Issue}\\ \text{price}\end{array}\right) + \left(\begin{array}{c}\text{Total equity}\\ \text{at the end of}\\ \text{the fiscal year}\end{array} - \begin{array}{c}\text{Number of preferred}\\ \text{stocks outstanding}\\ \text{at the end of}\\ \text{the fiscal year}\end{array} \times \begin{array}{c}\text{Issue}\\ \text{price}\end{array}\right)\right\} \div 2} \times 100$$

4. Status of Debt Guarantees (Acceptances and Guarantees) (non-consolidated)

・Breakdown of the balance of acceptances and guarantees (non-consolidated)

Item	Previous fiscal year		Current fiscal year	
	Number of accounts	Amount (Millions of yen)	Number of accounts	Amount (Millions of yen)
Bill acceptances	816	28,962	941	29,299
Letters of credit	26,883	1,477,745	26,784	1,479,699
Guarantees	37,931	4,919,134	35,923	4,651,691
Total acceptances and guarantees	65,630	6,425,841	63,648	6,160,690

5. Domestic Exchange Transactions (non-consolidated)

Classification		Previous fiscal year		Current fiscal year	
		Number of accounts	Amount (Millions of yen)	Number of accounts	Amount (Millions of yen)
Exchange for remittance	Destined for various locations of the country	472,142	1,169,737,376	464,719	1,112,139,048
	Received from various locations of the country	454,490	1,188,503,792	458,057	1,116,546,256
Bill collections	Destined for various locations of the country	5,085	13,043,286	4,326	9,366,193
	Received from various locations of the country	5,896	14,802,005	5,146	12,055,467

6. Foreign Exchange Transactions (non-consolidated)

Classification		Previous fiscal year	Current fiscal year
		Amount (Millions of U.S. dollars)	Amount (Millions of U.S. dollars)
Outward exchanges	Foreign bills sold	1,992,212	1,953,491
	Foreign bills bought	686,956	572,110
Incoming exchanges	Foreign bills payable	3,196,407	3,191,228
	Foreign bills receivable	210,200	141,558
Total foreign exchange transactions		6,085,778	5,858,390

(Status of Risk-Adjusted Capital Ratio)

(Reference)

In accordance with the provisions of Article 14-2 of the Banking Act, the Bank calculates both consolidated and non-consolidated risk-adjusted capital ratios, based on the computation method defined by the Standards to Determine the Adequacy of its Capital Base in Light of the Assets Held by the Bank (Financial Services Agency Notification No. 19, 2006, hereinafter referred to as the "Notification").

Upon the adoption of uniform international standards, the Bank employs the Advanced Internal Ratings-Based Approach for the computation of the value of credit risk-adjusted assets and the Standardized Approach for the computation of the equivalent amount of operational risks, as well as implementing the Market Risk Regulation.

Consolidated risk-adjusted capital ratio (under uniform international standards)

(Millions of yen)

Item			As of March 31, 2009	As of March 31, 2010
			Amount	Amount
Core equity capital (Tier 1)	Capital stock		1,196,295	1,711,958
	Of which, perpetual non-cumulative preferred stock		125,000	125,000
	Deposit for subscriptions to shares		-	-
	Capital surplus		3,362,612	3,878,275
	Retained earnings		1,641,630	1,854,127
	Treasury stock (decrease)		-	-
	Deposit for subscriptions to treasury stock		-	-
	Estimated distributed income (decrease)		71,960	142,694
	Gains or losses on revaluation of available-for-sale securities (decrease)		730,762	-
	Foreign currency translation adjustments		(234,987)	(201,194)
	Subscription rights to shares		-	-
	Minority interests of consolidated subsidiaries		1,320,665	1,558,601
	Of which, preferred equity investment certificates issued by overseas special purpose companies		1,207,129	1,471,593
	Business rights equivalent amount (decrease)		-	-
	Goodwill equivalent amount (decrease)		302,042	275,442
	Equivalent amount of intangible fixed assets recorded by business combinations, etc.		29,598	13,937
	Equivalent amount of increased equity capital as a result of securitization transactions (decrease)		24,228	20,193
	50% equivalent of the excess amount of expected losses over qualifying reserves (decrease)		-	-
	Total Tier 1 capital before the deduction of deferred tax assets (aggregate sum of the above items)		6,127,624	8,349,499
	Deduction of deferred tax assets (decrease) (Note 1)		-	-
	Total Tier 1 Capital	(A)	6,127,624	8,349,499
	Of which, preferred equity investment certificates with step-up coupon clauses (Note 2)		824,729	964,193
Supplementary capital items (Tier 2)	45% of the total amount of available-for-sale securities recorded on the consolidated balance sheets after the deduction of the total book value of them.		-	238,112
	45% equivalent amount of the difference between the revaluated amount of land and its book value before the revaluation		185,012	179,896
	General allowance for credit losses		111,978	147,857
	The excess amount of qualifying reserves over expected losses		27,394	58,967
	Hybrid debt capital instruments, etc.		3,440,919	3,276,484
	Of which, perpetual subordinated debt (Note 3)		321,260	339,820
	Of which, limited-life subordinated debt and limited-life redeemable preferred stock (Note 4)		3,119,659	2,936,663
	Total Tier 2 Capital		3,765,305	3,901,318
	Of which, included as qualifying capital	(B)	3,709,457	3,901,318

Item			As of March 31, 2009	As of March 31, 2010
			Amount	Amount
Quasi-supplementary capital items (Tier 3)	Short-term subordinated debt		-	-
	Of which, included as qualifying capital	(C)	-	-
Deductions	Deduction items (Note 5)	(D)	200,030	285,732
Total qualifying capital	(A) + (B) + (C) - (D)	(E)	9,637,051	11,965,085
Risk-adjusted assets	Asset (on-balance sheet) items		62,060,391	59,427,167
	Off-balance transaction items		12,497,935	12,608,295
	Amount of credit risk-adjusted assets	(F)	74,558,327	72,035,463
	Amount of market risk equivalent assets ((H) / 8%)	(G)	460,176	288,705
	(Reference) Market risk equivalent amount	(H)	36,814	23,096
	Operational risk equivalent assets ((J) / 8%)	(I)	4,182,612	4,652,391
	(Reference) Operational risk equivalent amount	(J)	334,609	372,191
	Amount obtained by multiplying the excess amount of "formerly required capital multiplied by the rate prescribed by the Notification" over "the new required capital" by 12.5	(K)	972,737	-
	Total ((F) + (G) + (I) +(K))	(L)	80,173,853	76,976,561
Consolidated risk-adjusted capital ratio (under uniform international standards) = (E) / (L) × 100 (%)			12.02	15.54
(Reference) Tier 1 ratio = (A) / (L) × 100 (%)			7.64	10.84

(Notes)
1. Equivalent amount of the net deferred tax assets as of March 31, 2009 was ¥1,012,771 million, and the maximum amount of deferred tax assets allowed for the inclusion in core equity capital was ¥1,225,524 million.
   The equivalent amount of the net deferred tax assets as of March 31, 2010 was ¥535,806 million and the maximum allowable amount of deferred tax assets included in core equity capital was ¥1,669,899 million.
2. They are the assets specified by Article 5, Paragraph 2 of the Notification, that is, the shares (including preferred equity investment certificates issued by overseas special purpose companies) that have the possibility of redemption (e.g. a special clause such as a step-up coupon, etc. is incorporated).
3. This is a hybrid debt capital instrument that is specified by Article 6, Paragraph 1, Item 4 of the Notification and satisfies all the following features:
   (1) It is unsecured, paid-up and subordinate to other debts
   (2) It is not redeemed except in certain circumstances
   (3) It is appropriable to cover losses while staying in business
   (4) The obligation of interest payment may be postponed
4. They are specified by Article 6, Paragraph 1, Items 5 and 6 of the Notification. However, the redemption period of the limited-life subordinated debt at the time of contract should be more than five years.
5. These items are specified in Article 8, Paragraph 1, Items 1 to 6 of the Notification. They include the equivalent amount of intentional holding of other financial institutions' capital instruments as specified in Item 1 of the said Article, and the equivalent amount of the investments in the institutions that fall under the category specified in Item 2 of the said Article.

Non-consolidated risk-adjusted capital ratio (under uniform international standards)

(Millions of yen)

Item			As of March 31, 2009 Amount	As of March 31, 2010 Amount
Core equity capital (Tier 1)	Capital stock		1,196,295	1,711,958
	Of which, perpetual non-cumulative preferred stock		125,000	125,000
	Deposit for subscriptions to shares		-	-
	Capital reserve		1,196,295	1,711,958
	Other capital surplus		2,166,317	2,166,317
	Legal reserve		190,044	190,044
	Other retained earnings		994,799	1,188,997
	Other		1,210,552	1,472,983
	Treasury stock (decrease)		-	-
	Deposit for subscriptions to treasury stock		-	-
	Estimated distributed income (decrease)		71,960	142,491
	Gains or losses on revaluation of available-for-sale securities (decrease)		655,895	-
	Subscription rights to shares		-	-
	Business rights equivalent amount (decrease)		-	-
	Goodwill equivalent amount (decrease)		-	-
	Equivalent amount of intangible fixed assets recorded by business combinations, etc.		-	-
	Equivalent amount of increased equity capital as a result of securitization transactions (decrease)		24,228	20,193
	50% equivalent of the excess amount of expected losses over qualifying reserves (decrease)		26,781	3,413
	Total Tier 1 capital before the deduction of deferred tax assets (aggregate sum of the above items)		6,175,438	8,276,159
	Deduction of deferred tax assets (decrease) (Note 1)		-	-
	Total Tier 1 Capital	(A)	6,175,438	8,276,159
	Of which, preferred equity investment certificates with step-up coupon clauses (Note 2)		824,729	964,193
	Of which, preferred equity investment certificates issued by overseas special purpose companies		1,207,129	1,471,593
Supplementary capital items (Tier 2)	45% of the total amount of available-for-sale securities recorded on the consolidated balance sheets after the deduction of the total book value of them.		-	245,415
	45% equivalent amount of the difference between the revaluated amount of land and its book value before the revaluation		185,012	179,896
	General allowance for credit losses		-	-
	The excess amount of qualifying reserves over expected losses		-	-
	Hybrid debt capital instruments, etc.		3,303,166	3,177,869
	Of which, perpetual subordinated debt (Note 3)		321,260	339,820
	Of which, limited-life subordinated debt and limited-life redeemable preferred stock (Note 4)		2,981,906	2,838,048
	Total Tier 2 Capital		3,488,179	3,603,181
	Of which, included as qualifying capital	(B)	3,488,179	3,603,181
Quasi-supplementary capital items (Tier 3)	Short-term subordinated debt		-	-
	Of which, included as qualifying capital	(C)	-	-
Deductions	Deduction items (Note 5)	(D)	231,944	212,267
Total qualifying capital	(A) + (B) + (C) - (D)	(E)	9,431,674	11,667,072

Item			As of March 31, 2009	As of March 31, 2010
			Amount	Amount
Risk-adjusted assets	Asset (on-balance sheet) items		57,635,301	56,890,321
	Off-balance transaction items		11,936,035	10,391,922
	Amount of credit risk-adjusted assets	(F)	69,571,336	67,282,244
	Amount of market risk equivalent assets ((H) / 8%)	(G)	457,131	288,111
	(Reference) Market risk equivalent amount	(H)	36,570	23,048
	Operational risk equivalent assets ((J) / 8%)	(I)	3,972,789	3,822,074
	(Reference) Operational risk equivalent amount	(J)	317,823	305,765
	Amount obtained by multiplying the excess amount of “formerly required capital multiplied by the rate prescribed by the Notification” over “the new required capital” by 12.5	(K)	-	-
	Total ((F) + (G) + (I) +(K))	(L)	74,001,256	71,392,430
Non-consolidated risk-adjusted capital ratio (under uniform international standards) = (E) / (L) × 100 (%)			12.74	16.34
(Reference) Tier 1 ratio = (A) / (L) × 100 (%)			8.34	11.59

(Notes)
1. Equivalent amount of the deferred tax assets as of March 31, 2009 was ¥953,104 million, and the maximum amount of deferred tax assets allowed for the inclusion in core equity capital was ¥1,235,087 million.
   The equivalent amount of the deferred tax assets as of March 31, 2010 was ¥507,267 million and the maximum allowable amount of deferred tax assets included in core equity capital was ¥1,655,231 million.
2. They are the assets specified by Article 17, Paragraph 2 of the Notification, that is, the shares (including preferred equity investment certificates issued by overseas special purpose companies) that have the possibility of redemption (e.g. a special clause such as a step-up coupon, etc. is incorporated).
3. This is a hybrid debt capital instrument that is specified by Article 18, Paragraph 1, Item 4 of the Notification and satisfies all the following features:
   (1) It is unsecured, paid-up and subordinate to other debts
   (2) It is not redeemed except in certain circumstances
   (3) It is appropriable to cover losses while staying in business
   (4) The obligation of interest payment may be postponed
4. They are specified by Article 18, Paragraph 1, Items 5 and 6 of the Notification. However, the redemption period of the limited-life subordinated debt at the time of contract should be more than five years.
5. These items are specified in Article 20, Paragraph 1, Items 1 to 5 of the Notification. They include the equivalent amount of intentional holding of other financial institutions’ capital instruments as specified in Item 1 of the said Article.

(Reference information)

In accordance with Article 6 of the Act on Emergency Measures for the Reconstruction of the Financial Functions (Act No. 132 of 1998), the Bank assesses assets stated on its balance sheets and classifies them as shown below, based on financial standings and the current business conditions of borrowers, etc. These assets include corporate bonds (limited to the corporate bonds on which the payment of all or part of the principal and interest is guaranteed by financial institutions holding such bonds and which were issued through private placement as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)), loans and bills discounted, foreign exchange assets, other assets booked as accrued interests, suspense payments or customers' liabilities for acceptance and guarantee, and securities, if the Bank lent such securities which are required to be disclosed in a note to its balance sheets (they are limited to loans for use or lending under rental contract).

Of the classified corporate bonds, the amount of the bonds that are held for the purpose of "Available-for-sales securities" has been stated at fair value (i.e. balance sheet amount) from the current fiscal year.

1. Claims against bankrupt or de facto bankrupt borrowers

Claims against bankrupt or de facto bankrupt borrowers represent claims held against borrowers who have been declared insolvent or in a substantially similar condition, on the grounds of the commencement of bankruptcy or restructuring proceedings, filing for the proceedings of rehabilitation or other similar legal proceedings.

2. Doubtful claims

Doubtful claims are those against borrowers who have not yet failed but their financial conditions and business performances have deteriorated, with a high possibility that the principal and interest on these claims are not received as per agreement.

3. Claims in need of special attention

These claims include those for which payments of principal or interest are three months or more in arrears or for which terms and conditions have been relaxed.

4. Normal claims

Claims held against borrowers who are not experiencing particular problems in respect of their financial positions or management performances, hence classified as claims other than the preceding three categorizes.

2. Issues to be Addressed

What the Bank aspires to be is “a strong bank with dignity” and “a bank with prestigious position on a global level.” Despite the current severe management environment, we would like to fulfill our social responsibility by contributing to our customers’ real businesses namely the real economy, by assisting our customers to develop on a global scale, thereby contributing to the development not only of the Japanese economy but also of the global economy.

Having started in the fiscal year ended March 31, 2010 to implement Medium-term Business Plan (from the fiscal year ended March 31, 2010 to the fiscal year ending March 31, 2012), with a view to achieving the above objectives, the Bank, with smoother supply of finance and other priority issues in mind, will endeavor to meet the expectations of clients and society, by globally providing products and services that take advantage of the Group’s all-round strength, while enhancing trustworthiness as a financial institution.

(Growth strategies)

The Bank, as the core bank of MUFG, will keep providing quality products, services and advices on a global scale leveraging its operation network both at home and abroad which is the most extensive among the Japanese banks, to satisfy the customer needs that are increasingly diversified and sophisticated. Specifically, for individual customers, we will, through precisely grasping their needs by enhanced marketing efforts, provide sophisticated services taking advantages of capabilities of MUFG group companies including trust banking and securities business. For corporate customers, we will vigorously seek business by providing solutions through our consulting and banking services along with CIB (Corporate & Investment Banking) strategies in cooperation with Morgan Stanley, while actively developing overseas businesses including those in Asia as well as transactions with non-Japanese firms.

(Strengthening of operation basis)

In the meantime, we will strengthen the basis of our growth strategies. We will further focus on developing fully professional staff talented with expertise and skills as well as great personality, since it is human resources that provide our competitiveness after all. Also, we will redeploy head office staff onto field operations and strategically focused areas, through streamlining head office organization and operations, while further streamlining cost structure. Meanwhile, we will keep enhancing the internal control including compliance.

(Pursuit of management based on CSR)

The Bank, as a member of MUFG, will be focused on corporate social responsibility (CSR) in its management, while endeavoring to enhance customer satisfaction (CS) by providing services unique to MUFG. To this end, each and every employee will think and act on his or her own initiative, with customer-oriented as well as field-oriented mind.

By formulating the MUFG Environmental Action Policy, whole MUFG shall share crisis awareness in respect of the global environmental issues, to specifically address each environmental problem. In the area of financial services in particular, which is the core business of the Group, we will provide products and services in support of our customers addressing environmental issues, as part of our effort to create an environment-conscious society.

3. Risks Related to Business

The following is the main risks associated with business activities and other activities of the Bank and its Group (hereinafter referred to collectively as "the Bank") that are deemed to have potential significant impact on the judgment of investors. Items that do not necessarily involve such risks, but are deemed to be of importance to the investment decision by investors, are disclosed likewise for the purpose of active information disclosure to investors. Based on the awareness of these potential risks, the Bank is focused on the prevention of their materialization while preparing itself to deal with them in case they materialize.

Forward-looking statements contained in this section are, unless otherwise stated specifically, based on the judgment of the situation as of the date of submission of this annual securities report.

(1) Risks associated with shareholdings

The Bank is holding sizable amount of shares that are subject to market fluctuation. Decline in share prices in the future could result in further impairment or valuation loss of the securities held by the Bank, with adverse impact on the Bank's financial position and business performance, along with potential decline in risk-adjusted capital ratio.

(2) Risks associated with lending business

1) Status of non-performing loans

The Bank's non-performing loans which had been constantly decreasing for a while since its establishment in 2006, started to increase in recent years as adversely affected by the worsening economy after the so called Lehman Shock in September 2008. In the future, due to worsening economic situation both at home and abroad, falling prices of shares and real estates, increasing volatility in management conditions of the Bank's borrowers, as well as in the global economic environment, the Bank's non-performing loans and credit costs may further increase, with potential adverse impact on the Bank's financial position as well as business performance, resulting in a reduction of its shareholders' equity.

2) Status of allowance for credit losses

The Bank records allowance for credit losses based on the conditions of each borrower, value of the collateral pledged as well as the assumptions and estimation of the general economic trend. Actual loan losses could far exceed the allowance for credit losses, as the initial assumption and estimation could prove inadequate with some discrepancy from the actual status. Also the initial assumption and estimation might have to be amended due to deterioration of the general economic conditions, where the Bank might be forced to increase allowance for credit losses in response to falling collateral value or other unexpected developments.

3) Status of poorly performing companies

Some of the Bank's borrowers are not performing adequately. These include companies under restructuring by legal arrangements, or by voluntary resolutions procedure including debt waiver via ADR (Alternative Dispute Resolution) for Business Restructuring.

The Bank's non-performing loans situation has been adversely impacted by these developments. In case the restructuring effort proves unsuccessful due to general economic deterioration, intensifying competition in the concerned sector, cancellation or downscaling of support by other creditors, concerned companies can go bankrupt. If financial distress and other troubles at such ailing borrowers should prolong or get aggravated, or the Bank is forced to waive loans to such borrowers, the Bank's credit costs could soar, further exacerbating the Bank's non-performing loans problems.

4) Action toward borrowers

In the event of a borrower's default, the Bank may not necessarily enforce all of the legal rights it has as creditor, in consideration of factors such as efficiency and effectiveness in debt collection.

Meanwhile, the Bank may waive its claim, or extend further support in the form of additional loans or investments to the troubled borrowers, if such actions are believed rational. Such support could result in a sizable increase in the outstanding balance of loans, as well as the credit costs, thus giving rise to risks of decline in its share price associated with such additional investments.

5) Difficulty in enforcing its rights

The Bank may find it practically impossible to cash out the encumbered real estate or securities, or to enforce execution on such assets held by the borrower, due to the circumstances such as lack of liquidity or falling prices in the real estate market, or decline in securities prices.

6) Other factors that could influence non-performing loans problems

i) Future increase in interest rates could result in falling value of the bond holdings including the Japanese government bonds, change in loan spread and increase in non-performing loans due to some borrowers becoming unable to service debts, which could adversely impact on the Bank's financial position and business performance.

ii) Increase in non-performing loans mainly to the borrowers, that cannot sufficiently transfer to their sales prices the rise in costs of purchase and transport due to soaring raw materials costs including crude oil and steel, could adversely impact on the Bank's financial position and business performance.

iii) Impairment of assets and other financial problems may remain unsolved at some of the Japanese financial institutions (including banks, non-banks, securities companies and insurance companies), which could further deteriorate in the future, or such new cases could emerge among them. If such financial difficulties at the Japanese financial institutions prolong, get worse or newly emerge, liquidity or solvency at such financial institutions may become questionable, which could have negative impact on the Bank's operation via the following potential development.

- A financial institution that developed such problem might cancel or reduce its commitment to its borrower which happens to be the Bank's borrower as well. As a result, such borrower could go bankrupt, and/or the Bank's non-performing loans in such borrower could increase.
- The Bank might be requested to participate in the collective support for failing financial institutions.
- The Bank holds shares in some of the Japanese financial institutions.
- The Bank might suffer competitive disadvantages, in case the government affords special treatments in regulatory, taxation, financing and other terms, for the purpose of reinforcing capital base or revenues of the financial institutions under governmental control.
- Deposit insurance premiums could be increased if the deposit insurance fund proved to be inadequate.
- In the event of bankruptcy of a financial institution, or the government taking over the controlling interest of a financial institution, depositors' confidence in financial institutions might be undermined or general management environment that surrounds financial institutions could be adversely impacted.
- Negative or skeptical media coverage against banking business (regardless of its authenticity or its relevance) could jeopardize the reputation of and confidence in the Bank.

(3) Risks associated with trading and investment activities

The Bank is engaged in a wide range of trading and investment activities dealing in various financial instruments including derivatives, where its financial position and business performance is exposed to the risks associated with such activities, including interest rate risks both at home and abroad, foreign exchange risks, risks associated with fluctuations in the market of stocks and bonds. For example, rising interest rates at home or abroad could adversely impact the value of the Bank's bonds portfolio including its massive government bond holdings, while yen appreciation could reduce financial statement value of the Bank's foreign currency-denominated investments, resulting in realized losses or valuation losses. The Bank defines market risk as the risk of losses associated with various market fluctuations including interest rates at home or abroad, exchange rates and securities prices, and classifies it into two subclasses, namely general market risk and specific risk. The former is defined as the risk of loss due to the general market volatility while the latter is defined as the risk of loss due to the volatility of specific financial instruments such as bonds and stocks irrespective of the general market trend. The Bank determines the size of such risk, by statistically estimating the maximum probable loss of the market value of its portfolio during a certain period to come, based on the past market fluctuations, where the aggregate of the value of general market risk and that of specific risk is defined as the value of market risk. With the purpose to refine the measurement of risk associated with option transactions, as well as to reflect the changes in market environment at hand, new method of measuring the value of market risk, as part of the Bank's internal control system has been in place since January 2010. However, effectiveness of measured value of the market risk has its own obvious limitation, and cannot always accurately represent the actual risk, where risks beyond such measured value could potentially materialize.

Value of the market risk for the current fiscal year for trading activities including derivative transactions, and banking activities are as follows:

Value of market risk for trading activities (April 2009 – March 2010)

(Billions of yen)

		Daily average	Maximum	Minimum	At the end of the period
Overall		4.57	9.05	2.29	4.67
	Interest rate	3.19	6.26	1.31	5.23
	Of the above, in JPY	1.86	4.23	0.82	3.14
	in USD	2.78	5.94	0.83	3.96
	Foreign exchange	4.23	7.95	1.71	5.64
	Stocks	0.28	0.72	0.00	0.00
	Commodity	0.02	0.15	0.00	0.15
	Variance effect (decrease)	3.15	-	-	6.35

Based on the historical simulation method

Holding period: 10 business days; confidence interval: 99%; observation period: 701 business days

For both maximum and minimum columns above, date of realization for each risk category is different from that for the overall.

Value of market risk for banking activities (April 2009 – March 2010)

(Billions of yen)

		Daily average	Maximum	Minimum	At the end of the period
Overall		419.2	457.9	383.7	404.7
	Interest rate overall	397.9	437.8	368.5	387.4
	Of the above, in JPY	144.1	164.2	121.0	160.9
	in USD	262.1	315.3	227.2	237.9
	in EUR	37.2	55.9	24.7	50.8
	Shares	51.7	103.1	30.9	103.1

Based on the historical simulation method

Holding period: 10 business days; confidence interval: 99%; observation period: 701 business days

For both maximum and minimum columns above, date of realization for each risk category is different from that for the overall.

Market risk for shares does not include stocks held for strategic purposes.

(4) Foreign exchange risks

The Bank’s operation is affected by the fluctuation in exchange rates. If yen fluctuates against other currencies, yen equivalent of the Bank’s foreign currency-denominated transactions including the majority of those at the Bank’s wholly-owned subsidiary, UnionBanCal Corporation (hereinafter referred to collectively as “UNBC” including its banking subsidiary, Union Bank, N.A.) will fluctuate as well. Moreover, part of the Bank’s assets and liabilities are foreign currency-denominated. Unless the amounts of such foreign currency-denominated assets and liabilities are equally offset with each other for each foreign currency, or are not adequately hedged, the Bank’s financial position and business performance including risk-adjusted capital ratio may be adversely affected by the fluctuations in exchange rates.

(5) Risks of liquidity deterioration as a result of downgrading of the Bank’s financial rating

In case the Bank’s financial rating is downgraded by a rating agency, the Bank’s activities including treasury activities may suffer. In the event of such downgrading, the Bank’s treasury operation may be forced to accept disadvantageous trading terms, or may become unable to do certain transactions altogether, making it difficult for the Bank to raise capital or finance. In such event, profitability of the Bank’s treasury and other activities may suffer, with knock-on effect on the Bank’s financial position and business performance.

(6) Risks of the Bank’s business strategies not working

Although the Bank is implementing a range of business strategies with the purpose to enhance profitability, some of those strategies may not work out or fail to produce the originally anticipated results, or even have to be amended, due to various factors that emerge which include:

- Loan portfolio for profitable clients may not be boosted.
- Loan margin on the existing loans cannot be expanded.
- Fee revenues cannot be increased as targeted by the Bank due to the competitive situation and market conditions.
- Implementation of the streamlining strategies including cost-cutting exercise cannot progress as anticipated.
- Consolidation and restructuring of businesses within the Group (including those to be implemented in the future; hereinafter referred to as "consolidation and restructuring") may be delayed due to factors such as late decision-making within the Group or change in the market environment, resulting in loss of customers and/or business opportunities.
- Costs associated with consolidation and restructuring could go beyond the originally anticipated level, or the implementation process of the strategies of streamlining via consolidation and restructuring may take longer than originally anticipated.
- System integration associated with consolidation and restructuring may not progress smoothly.
- An investee of the Bank may become reluctant to progress or cancel collaboration with the Bank as a result of the company's financial or operational difficulties, change in its business strategies or its decision that it no longer sees the Bank as an attractive partner.

(7) Risks associated with the expansion of the scope of activities

Insofar as permissible under the relevant laws and regulations and other restrictions, the Bank has been expanding its scope of activities beyond the realm of traditional banking activities. The further such expansion progresses, the more unfamiliar and complicated risks the Bank is exposed to. In some cases the Bank has limited or no experience at all in dealing with risks associated with the area of activities added by the expansion. Market activities involving greater volatility mean potentially larger profit, which, however, comes with the risk of loss. Unless appropriate internal control system and risk management system are established, along with capital adequacy commensurate with the risks involved, the Bank's financial position and business performance could be adversely affected. Besides, if the expansion of the scope of activities would not progress as anticipated, or if the profitability of the concerned activities would suffer as a result of severe competition, such expansion strategies of the Bank could prove unsuccessful at all.

(8) Risks associated with the exposure in the emerging markets

The Bank is operating in the emerging markets such as Asia, Latin America, Central and Eastern Europe, Middle East through the network of its branches and subsidiaries, thus is exposed to the various credit risks and market risks related to each local market. Deepening global financial crisis and associated simultaneous recession tend to magnify these risks. For example, further depreciation of the local currencies of these countries could adversely affect the credit status of the Bank's local borrowers. Loans provided to the borrowers in the emerging markets are often denominated in foreign currencies such as US dollars or Euros. As those borrowers usually do not bother to hedge their business against the fluctuation of their local currencies, depreciation of local currencies could make it difficult for them to repay the debt to their international lenders including the Bank. Furthermore, authorities in these countries may raise interest rates in an effort to support the value of local currencies, where borrowers will be forced to allocate more management resources to repay their domestic debt, potentially at the cost of their capacity to repay international debt to lenders including the Bank. Such circumstance or an associated credit crunch could adversely affect the local economy, with repercussions on the credit status of local borrowers and banks, which could eventually lead to losses at the Bank.

Moreover, materialization of various other risks unique to, or shared by each territory or country, could result in corresponding financial loss or other adverse effect at the Bank.

(9) Risks associated with UNBC

UNBC recorded net loss in the fiscal year ended March 31, 2010, and the Bank's financial position and business performance might further be affected by the deterioration of UNBC's business or management. Factors that adversely affect UNBC's financial position and business performance include deterioration of the economy in California, as well as local real estate and housing market, tough competition in the banking sector in California, uncertainty in the U.S. economy, possible terrorists attack, volatility in the prices of resources including petroleum, increase in interest rate, restrictions imposed by the U.S. financial system, loss associated with litigations, downgrading of financial rating or decline in share price of UNBC's borrowers and resultant potential bankruptcies, and accrual of costs associated with the inadequate internal control or compliance at UNBC or its subsidiaries.

(10) Risks associated with consumer finance activities

The Bank has affiliates engaged in consumer finance business while lending money to consumer finance operators. In association with consumer finance business, there were a series of recent court decisions that facilitate borrowers' request for refund of excess interest, including one that rules on stricter definition of the so called constructive repayment referred to in the Money Lending Business Act, resulting in an increase in litigations involving the request for refund of excess interest. Furthermore, as part of the revisions of the Money Lending Business Act that have been implemented step-by-step since December 2007, a revision was enforced in June 2010, in which constructive repayment system was abolished while total volume control was introduced. Meanwhile, as a result of the revision of the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates, maximum interest rate for contract of cash loan for consumption was reduced from 29.2% to 20%. As such, business environment surrounding consumer finance operators is getting tougher, and if the Bank's affiliates engaged in consumer finance business are adversely affected by factors including these developments, the Bank's financial position and business performance may suffer as well. Furthermore, if the Bank's borrowers operating consumer finance business are adversely affected by these developments, the Bank's loans to them may be impaired.

(11) Risk of recording losses as a result of the deepening global financial crisis and simultaneous recession

Recently, part of the Bank's investment portfolio and loans were adversely impacted by the global financial crisis and associated simultaneous recession originated in the U.S. and Europe, and such impact may be greater in the future. For example, the Bank may suffer greater loss due to further decline in the market values of the securities it holds, including obligations such as securitized financial instruments and company stocks. Changing business environment in the credit market could cause financial difficulty and default at the Bank's borrowers, resulting in a credit crunch. Moreover, further decline in the market value of those securities, along with credit crunch in the capital market could lower the creditworthiness of financial institutions both at home and abroad, resulting in further increase in bankruptcies of financial institutions via shortage of capital or liquidity crisis. The Bank may suffer loss resulting from the transactions with such failing financial institutions, which could give adverse impact on the Bank's financial position and business performance. Furthermore, in case the global economy suffers prolonged aftermath of the global financial crisis due to turmoil in the market caused by remaining drastic volatility in the global bonds and stocks markets as well as the foreign exchange market, its impact on the Bank may become even more serious.

In response to these financial and economic problems on a global scale, various measures for stabilizing and promoting economy are implemented or considered by governments and central banks around the globe, which, however, may not be effective enough to provide short-term solutions to improve current conditions of both Japanese and global financial markets and economy. In the future, Japanese and global management environment could become even tougher than currently anticipated by the Bank, where the Bank's financial position and business performance could get even worse.

Moreover, the Bank's balance sheet assets largely comprise financial instruments recorded at fair value which is generally determined in reference to their market value. In the event of decline in the value of financial instruments recorded at fair value, corresponding impairment may be recognized for the purpose of the statements of operations. Under the impact of the global financial crisis and associated simultaneous recession, the market is increasingly exposed to a situation in which the market value of financial instruments significantly falls and such reference becomes practically impossible. Thus, significant volatility in, or serious malfunction of the financial market may have critically adverse impact on the fair value of financial instruments held by the Bank.

Besides, international accounting standard setters are discussing about the need to review current accounting treatment of the fair value of financial instruments, and the potential revisions of concerned system and standards may have significant impact on the fair value of financial instruments held by the Bank.

(12) Risks of operational disruption due to external events (disasters, terrorism and natural disasters, etc.)

The whole or part of the Bank's operation can be suspended if the social infrastructure suffers severe disturbance due to, or the Bank's administration centers or system centers are affected by, external events such as conflicts (including serious political uncertainty), terrorism, natural disasters (including global pandemics such as new influenza). The Bank and its facilities are exposed to the risks of natural disasters, not least earthquakes. Although the Bank is taking every measure deemed necessary to be prepared against such risks, it may not necessarily be able to cope with all future events.

Information and telecommunications system plays an extremely important part of the Bank's business, constituting the core of the Bank's operation and account, including customer services via the internet or ATM, which is exposed to risk of failure or breakdown due to factors including accidents, power failures, hacking, computer virus, defective service provision by a third party telecommunications operator, let alone the aforementioned external events.

Under any of the above circumstance, the Bank's financial position and business performance may be adversely affected.

(13) Risks associated with competition

In recent years, deregulation has significantly progressed in the Japanese financial system, resulting in increasingly competitive market environment, while mega mergers are under way in the industry. Various types of collaborations among the financial players are likely to keep emerging in the future, which could make competition even tougher. On the other hand, postal business was privatized in October 2007, which is yet another potential factor to add to the competition in the financial market. Unless the Bank can obtain competitive advantage in such competitive business environment, its financial position and business performance may be adversely affected.

(14) Risks of being criticized for unfair or inappropriate transactions or conducts, and of being penalized as a result

The Bank is operating subject to the current regulations, and thus exposed to compliance risk associated with regulations (including the impact from the changes in laws, government policies, voluntary regulations, etc. both at home and in the overseas markets where the Bank is operating). The Bank's arrangement and programs for compliance risk management may not always be effective enough to totally eliminate violations of all laws and regulations.

If the Bank is unable to wholly comply with applicable laws and regulations, it may be subject to fines, disciplinary actions, reputational degradation, business suspension orders, and revocation of business license in extreme cases, as a result of which the Bank's financial position and business performance could be adversely affected. Record of such regulation-related penalty may have negative influence in case the Bank will need to apply for official approvals as prerequisite for strategic business development.

In July 2009, the Bank's subsidiary kabu.com Securities Co., Ltd. received an administrative disposition (order to improve business operations) from the Financial Services Agency, according to Article 51 of the Financial Instruments and Exchange Act, with respect to a case of insider trading by its ex-employee. Unless an appropriate action for improvement is taken within a reasonable time frame, or if follow-up official investigation or implementation process of such action for improvement reveals further violations of law, additional penalty may ensue.

Incidentally in June 2007, the Bank received two orders to improve business operations from the Financial Services Agency, one with respect to mutual fund sales and the other with respect to overseas operations. The former was removed in September 2009 and the latter in October 2009. Meanwhile, the Bank received another order to improve business operations from the Financial Services Agency in February 2007, with respect to the Bank's transactions that were deemed questionable for the purpose of compliance management, and it was removed in November 2009.

(15) Risks associated with changes in regulations

The Bank is operating subject to the current regulations, and thus exposed to risks associated with the regulations (including the impact from the changes in laws and regulations, accounting standards, government policies, business practices, interpretations, fiscal policies, etc. both at home and in the markets of other regions where the Bank is operating). Future changes in laws and regulations, accounting standards, government policies, business practices, interpretations, fiscal policies and other policies, and developments derived therefrom may have adverse impact of the Bank's financial position and business performance, where it would be difficult to predict the nature, contents and severity of such adverse impact, and thus they would be beyond the Bank's control.

(16) Risks associated with transactions with the states harboring terrorists

The Bank has transactions with the legal entities in, or related to the countries designated by the U.S. Department of State as the "state sponsors of terrorism," including Islamic Republic of Iran (hereinafter referred to as “Iran”) and Syrian Arab Republic (hereinafter referred to as “Syria”). Furthermore, the Bank has a representative office in Iran.

The United States law generally bars or restricts its citizen from dealing with the state sponsors of terrorism. Furthermore it is recognized that institutional investors in the U.S. including the U.S. government and pension funds are considering the restriction of transactions with or investment to the parties doing business with the state sponsors of terrorism such as Iran and Syria. Depending on the development of such situation, the Bank may no longer be able to acquire or maintain as its clients or investors the U.S. institutional investors including the U.S. government and pension funds, or otherwise those parties applicable to such restrictions. In addition, the Bank’s reputation, in light of its social and political implication, could be undermined because of its relationship with those states in question. These developments could have adverse impact on the Bank’s financial position and business performance.

(17) Risks associated with capital adequacy ratio

1) Capital adequacy requirement and the factors that could cause its deterioration

The Bank is subject to the capital adequacy requirement based on the new Basel Accord (Basel II) for bank capital adequacy since fiscal year ended March 2007. As the Bank has overseas business operations, its consolidated as well as non-consolidated risk-adjusted capital ratio must meet the uniform international standards (i.e. maintenance of 8% or higher), as set out by the “Criteria for Judging Whether A Financial Institution’s Own Capital Is Sufficient in Light of the Assets Held, etc. under the Provision of Article 14-2 of the Banking Act” (the Financial Services Agency Notification No. 19 of 2006).

In the event of the Bank’s risk-adjusted capital ratio falling below the required level, orders of various levels from the Financial Services Agency including whole or partial business suspension orders will ensue.

Meanwhile, as the Bank and some of its banking subsidiaries are subject to capital adequacy regulations in the United States and other countries, in the event of their capital adequacy falling below the required level, orders of various levels from the concerned local authorities will ensue.

Factors that affect the Bank’s risk-adjusted capital ratio include:

· Increase in credit risk-adjusted assets or expected loss due to portfolio volatility that could result from the deteriorating creditworthiness of obligors, or issuing entities of stocks or bonds
· Increase in credit costs that could result from the disposal of bad debt, or deteriorating creditworthiness of obligors
· Decline in the value of securities portfolio
· Change in the criterion of bank capital adequacy requirement or its calculation method
· Reduction in the amount of deferred tax assets
· Difficulty in refinancing by converting the Bank’s existing subordinated debt into other subordinated debt on equivalent terms
· Adverse fluctuations in foreign exchange
· Other adverse developments described herein

2) New regulation

The Basel Committee on Banking Supervision is considering measures to enhance the existing capital adequacy regulation based on Basel II, in view of the current global financial crisis. If such new regulation will be implemented, Japan’s current capital adequacy regulation based on Basel II is likely to be revised for tougher control.

3) Deferred tax assets

The aforementioned FSA Notification restricts the types of deferred tax assets that may be included in the basic items of a bank’s own capital for the purpose of calculating risk-adjusted capital ratio (hereinafter referred to as “Own Capital” in this 3) and the following 4)). In case the amount of deferred tax assets currently included in the basic items of the Bank’s Own Capital is considered in conflict with such restriction, the Bank’s risk-adjusted capital ratio may be lowered.

Current accounting standard in Japan, subject to certain conditions, allows tax benefits likely to be realized within five years, to be recorded as deferred tax assets. Calculation of deferred tax assets involves various estimations and assumptions including those in respect of the future taxable income, where actual outcome could differ from such estimations and assumptions. Even in case the amount of deferred tax assets allowable to be included in the Bank’s Own Capital is not affected by the aforementioned FSA Notification, if the Bank considers that part or whole of deferred tax assets cannot be realized based on the estimations and assumptions in respect of the future taxable income, the amount of deferred tax assets at the Bank will be reduced, as a result of which the Bank's financial position and business performance should be adversely affected, along with the reduction of its risk-adjusted capital ratio.

4) Subordinated debt

Subordinated debt meeting certain requirement can be included, within a certain limit, in the Bank's Own Capital as supplementary or quasi-supplementary item, for the purpose of calculating its risk-adjusted capital ratio. When the time limit arrives for the inclusion of such subordinated debt into the Bank's Own Capital, it may prove impossible for the Bank to refinance the existing subordinated debt on the equivalent terms, subject to the then market conditions. In such case, the Bank's Own Capital will be reduced, resulting in a lower risk-adjusted capital ratio.

(18) Risks associated with retirement benefit obligation

In the event of decline in the fair value of the Bank's plan assets, or its rate of return, or if there are changes in the actuarial premises and assumptions for the calculation of projected benefit obligation, losses may accrue. Also unrecognized prior service cost may accrue due to changes in the pension system. Furthermore, other factors such as changes in interest rate environment may have adverse impact on the unfunded pension obligation as well as annual funding amount.

(19) Risks associated with leakage of information

The Bank is required to prudently handle customer information under the Banking Act as well as the Financial Instruments and Exchange Act. The Bank, as a business operator handling personal information, is also required to comply with the duty for the purpose of protecting personal information under the Act on the Protection of Personal Information (Personal Information Protection Act).

Under such circumstance, in the event of illegal access by an insider or outsider to the Bank's customer information or other classified information and resultant leakage and misuse of such information, the Bank may suffer direct financial losses including compensation for the concerned customer's economic as well as non-economic loss. In addition, the Bank's business environment may become more severe if such incident is reported by the media, materializing the Bank's reputation risk, causing the loss of confidence by its customers and in the market, where the Bank's business operation, financial position and business performance may be adversely affected.

(20) Reputation risk

The Bank's reputation is a critically important asset in maintaining favorable relationship with customers, investors, supervising authorities and society at large, which, however, can be compromised as a result of violations of laws and regulations, misconduct of its employees, inappropriate handling of potential conflict of interest, litigations, system failures, action of the customers or counterparties, control of which is difficult or impossible, inappropriate trade practice or abuse of its superior bargaining position in dealing with customers, or other various events. If the Bank cannot preempt such events, or fails to adequately deal with them once they take place, it is likely to lose its existing or potential customers or investors, resulting in an adverse impact on the Bank's financial position and business performance.

(21) Risks of failing to recruit and develop adequate human resources

Despite the Bank's constant effort to recruit and develop capable human resources, failure in this endeavor could result in an adverse impact on the Bank's operation and business performance, etc.

4. Analyses of Financial Position, Business Results and Cash Flows

The Bank's financial position, business results and cash flows for the current consolidated fiscal year are as follows.

Forward-looking statements in this section are based on management's expectations at the end of the current fiscal year. They involve risks and uncertainties and therefore actual results in the future may materially differ from those set forth in the statements.

(1) While the current fiscal year ended March 31, 2010 saw some effects from the exclusion of Mitsubishi UFJ NICOS Co., Ltd. (hereinafter referred to as "Mitsubishi UFJ NICOS") from the scope of consolidation of the Bank, an improvement of other ordinary income and other factors lifted its consolidated gross profit for the current fiscal year to ¥2,405.1 billion, up ¥13.5 billion year-on-year.

Consolidated net business profit (before provision for general allowance for credit losses) rose by ¥134.7 billion year-on-year to ¥1,099.2 billion, as the Bank's intensive cost-cutting efforts helped reduce general and administrative expenses.

Meanwhile, consolidated net income increased by ¥576.8 billion year-on-year to ¥362.8 billion, primarily reflecting a reduction in losses on write-down of equity securities and other securities.

(2) In addition to the above results, the current fiscal year witnessed two significant achievements set out below.

1) Initiative for the restructuring of management foundation

The Bank implemented the new Medium-term Business Plan (from the fiscal year ended March 31, 2010 to the fiscal year ending March 31, 2012) from April 2009.

Amid the persistently difficult business environment, the Bank regarded the first half of the Plan's period as the phase to restructure its management foundation. With stronger awareness of its social responsibility, the Bank emphasized the steady provision of funds and other efforts. At the same time, it addressed an increase in operational efficiency including a cost curtailment along with a reduction in shareholdings.

2) Strengthening of the capital base

With the aim of reinforcing its financial base and making preparations for further growth, the Bank raised funds through an issue of common stock in December 2009.

Fiscal year ending March 31, 2011 is the half way point in the Medium-term Business Plan which began in the fiscal year ended March 31, 2010. The Bank believes that this is a crucial year to shift from a phase of "management foundation restructuring to navigate the financial crisis" to a phase of "realizing sustainable growth." The Bank continues its commitment to rigorously pursue higher business efficiency along with maintaining a strong financial base, steady funds provision and other efforts to fulfill the social responsibilities of a financial institution.

The main items for the current consolidated fiscal year are shown in the table below.

(Billions of yen)

		Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Interest income	(1)	2,791.7	2,151.5	(640.1)
Interest expenses (after deduction of expenses related to money held in trust)	(2)	1,091.4	505.4	(585.9)
Trust fees	(3)	15.0	12.4	(2.6)
Of which, credit costs for trust accounts	(4)	-	-	-
Fees and commissions income	(5)	695.7	655.4	(40.2)
Fees and commissions expenses	(6)	113.2	121.5	8.2
Trading income	(7)	138.9	117.9	(20.9)
Trading expenses	(8)	-	-	-
Other ordinary income	(9)	440.9	364.0	(76.9)
Other ordinary expenses	(10)	486.0	269.2	(216.7)
Consolidated gross profit (= (1) - (2) + (3) + (5) - (6) + (7) - (8) + (9) - (10))	(11)	2,391.6	2,405.1	13.5
General and administrative expenses (after deduction of non-recurring expenses)	(12)	1,427.1	1,305.8	(121.2)
Consolidated net business profit (before provision for general allowance for credit losses = (11) + (4) - (12))		964.5	1,099.2	134.7
Other expenses (Provision for general allowance for credit losses)	(13)	44.1	80.1	35.9
Consolidated net business profit (= (11) - (12) - (13))		920.3	1,019.1	98.8
Other income	(14)	157.6	214.3	56.6
Of which, gains on sales of equity securities		86.6	131.1	44.4
Interest expenses (expenses related to money held in trust)	(15)	0.5	0.1	(0.3)
General and administrative expenses (non-recurring expenses)	(16)	5.1	68.2	63.1
Other expenses (after deduction of provision for general allowance for credit losses)	(17)	1,176.1	706.7	(469.4)
Of which, credit costs		531.7	477.6	(54.1)
Of which, losses on sales of equity securities		32.5	86.6	54.1
Of which, losses on write-down of equity securities		496.3	45.4	(450.8)
Net non-recurring gains (losses) (= (14) - (15) - (16) - (17))		(1,024.1)	(560.8)	463.3
Ordinary profit (loss)		(103.8)	458.2	562.1
Net extraordinary gains (losses)		132.6	97.8	(34.8)
Of which, reversal of allowance for credit losses		-	-	-
Of which, gains on loans written-off		33.1	51.3	18.1
Of which, impairment loss of long-lived assets		(4.4)	(9.6)	(5.2)
Income before income taxes and others		28.8	556.1	527.2
Total taxes		174.3	131.7	(42.5)
Minority interests		68.4	61.4	(7.0)
Net income (loss)		(213.9)	362.8	576.8

1. Analysis of Results of Operations

(1) Credit costs

Total credit costs for the current fiscal year decreased by ¥18.1 billion year-on-year to ¥557.7 billion.

Write-offs of loans fell by ¥99.6 billion year-on-year to ¥263.4 billion, provision for specific allowance for credit losses was up ¥37.4 billion to ¥191.6 billion and other credit costs rose by ¥8.0 billion year-on-year to ¥22.4 billion.

(Billions of yen)

		Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Of the trust fees, credit costs for trust accounts	(1)	-	-	-
Of other expenses, provision for general allowance for credit losses	(2)	44.1	80.1	35.9
Of other expenses, credit costs	(3)	531.7	477.6	(54.1)
Write-offs of loans		363.1	263.4	(99.6)
Provision for specific allowance for credit losses		154.1	191.6	37.4
Other credit costs		14.4	22.4	8.0
Of the extraordinary gains, reversal of allowance for credit losses	(4)	-	-	-
Of the extraordinary gains, reversal of reserve for contingent losses	(5)	-	-	-
Total credit costs (= (1) + (2) + (3) - (4) - (5))		575.9	557.7	(18.1)
Consolidated net business profit (before credit costs for trust accounts and provision for general allowance for credit losses)		964.5	1,099.2	134.7
Consolidated net business profit (after deduction of total credit costs)		388.5	541.5	152.9

(2) Net gains (losses) on equity securities

Mainly due to a reduction in losses on write-down of equity securities, the Bank posted ¥1.0 billion losses on equity securities. The loss for the current fiscal year was ¥441.1 billion lower than that of the previous fiscal year.

Gains on sales of equity securities rose by ¥44.4 billion year-on-year to ¥131.1 billion while losses on sales of equity securities were up ¥54.1 billion year-on-year to ¥86.6 billion. Losses on write-down of equity securities decreased by ¥450.8 billion year-on-year to ¥45.4 billion.

(Billions of yen)

	Previous fiscal year (A)	Current fiscal year (B)	Change (B - A)
Net gains (losses) on equity securities	(442.2)	(1.0)	441.1
Of other income, gains on sales of equity securities	86.6	131.1	44.4
Of other expenses, losses on sales of equity securities	32.5	86.6	54.1
Of other expenses, losses on write-down of equity securities	496.3	45.4	(450.8)

2. Analysis of Financial Positions

(For reference) Status of claims disclosed under the Financial Reconstruction Act

Claims disclosed under the Financial Reconstruction Act increased by ¥141.8 billion year-on-year to ¥1,255.9 billion. The percentage of disclosed claims to total claims rose by 0.26 percentage points year-on-year to 1.58%.

Claims by borrowers' classification show claims against bankrupt or de facto bankrupt borrowers fell by ¥38.7 billion, while doubtful claims and claims in need of special attention rose by ¥168.7 billion and ¥12.0 billion, respectively.

With regard to the coverage situation at the end of the current fiscal year for these disclosed claims totaling ¥1,255.9 billion, the covered amount by collaterals, guarantees and others was ¥603.0 billion and allowance for credit losses covered ¥379.4 billion claims, representing a percentage of covered claims to total disclosed claims (coverage ratio) of 78.22%.

The Bank has been addressing non-performing loans and other claims as a management issue of importance. It continues making efforts to reduce these assets through disposals by write-offs and sales or the implementation of turnaround programs for recoverable borrowers.

Claims disclosed under the Financial Reconstruction Act (non-consolidated)

(Billions of yen)

Category	Loan amount (A)	Allowance for credit losses (B)	Covered by collateral and/or guarantees (C)	Allowance ratio for unsecured portion (B) / [(A) - (C)]	Coverage ratio [(B) + (C)] / (A)
Claims against bankrupt or de facto bankrupt borrowers	183.0 (221.7)	2.5 (7.0)	180.4 (214.6)	100.00% (100.00%)	100.00% (100.00%)
Doubtful claims	782.8 (614.1)	297.9 (179.8)	307.1 (293.2)	62.64% (56.05%)	77.29% (77.03%)
Claims in need of special attention	290.1 (278.1)	78.9 (86.8)	115.3 (72.2)	45.18% (42.18%)	66.98% (57.20%)
Subtotal	1,255.9 (1,114.1)	379.4 (273.8)	603.0 (580.2)	58.11% (51.28%)	78.22% (76.65%)
Normal claims	77,776.4 (83,223.1)	-	-	-	-
Total	79,032.4 (84,337.2)	-	-	-	-
Percentage of disclosed claims to total claims	1.58% (1.32%)	-	-	-	-

(Note) The upper figures are as of March 31, 2010. The lower figures with parentheses are as of March 31, 2009.

Securities

Securities at the end of the current fiscal year increased by ¥14,284.4 billion year-on-year to ¥52,565.7 billion. Corporate bonds and other securities reduced by ¥369.7 billion and ¥924.3 billion, respectively, but government bonds and equity securities rose by ¥15,133.2 billion and ¥438.0 billion, respectively.

(Billions of yen)

	As of March 31, 2009 (A)	As of March 31, 2010 (B)	Change (B) - (A)
Securities	38,281.2	52,565.7	14,284.4
Government bonds	20,180.7	35,313.9	15,133.2
Municipal bonds	272.4	279.8	7.3
Corporate bonds	4,402.3	4,032.5	(369.7)
Equity securities	3,363.8	3,801.9	438.0
Other securities	10,061.8	9,137.4	(924.3)

(Note) "Other securities" include foreign bonds and equity securities.

3. Cash Flows

With regard to cash flows, operating activities generated net cash of ¥13,339.6 billion with a ¥7,851.5 billion decrease in expenses from the previous fiscal year. Investing activities used net cash of ¥14,168.5 billion, as a result of ¥7,535.8 billion lower cash inflows compared with the previous fiscal year. Financing activities generated net cash of ¥1,006.6 billion, with a ¥62.6 billion increase in expenses from the previous fiscal year.

Cash and cash equivalents at the end of the current fiscal year were ¥3,449.2 billion, up ¥178.1 billion from the previous fiscal year.

4. Results of Operations by Business Division

Results of operations for the current consolidated fiscal year posted by business units which are segmented based on the internal management classification.

[Principal business conducted by each business unit]

Retail Banking Business Unit	: Provision of financial services to individual customers in Japan
Corporate Banking Business Unit	: Provision of financial services to corporations in Japan
Global Business Unit	: Provision of financial services to overseas individual customers and corporations
Of which, UNBC	: UnionBanCal Corporation (a bank holding company that controls U.S. Union Bank, N.A. as its subsidiary)
Global Markets Unit	: Trades foreign exchange, funds, securities with customers and in the market and manages liquidity and financing
Other units	: Inter-unit adjustments, funds flows management, administration, settlement, custody services, etc.

(Billions of yen)

	Retail Banking Business Unit	Corporate Banking Business Unit	Global Business Unit	UNBC	Global Markets Unit	Other units (Note 2)	Total
Gross profit (loss)	693.3	688.4	564.6	265.2	472.5	(45.7)	2,373.3
Interest income	502.6	388.6	143.4	—	297.7	(36.6)	1,295.7
Commissions	71.9	260.2	104.9	—	0.4	(45.8)	391.7
Others	11.5	11.7	(16.7)	—	173.0	(3.8)	175.7
Subsidiaries	107.1	27.8	333.0	265.2	1.2	40.6	510.0
General and administrative expenses	483.0	348.3	336.5	168.0	42.7	133.1	1,343.9
Net business profit (loss) (Note 1)	210.2	340.1	228.1	97.1	429.8	(178.9)	1,029.4

(Notes) 1. The profit (loss) is a consolidated net business profit (loss) before consolidation adjustments (eliminating dividends from subsidiaries only).
Above profits and losses are computed for the purpose of internal management and differ from those for financial accounting.
2. Other units' gross profit (loss) excludes dividends from subsidiaries and income from the loans to Mitsubishi UFJ Financial Group, Inc.

(1) Retail Banking Business Unit

Despite sluggish yen deposits in the face of lowering market rates, the unit saw strong investment trust sales and a solid performance of Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd. In addition, the unit took the effort to reduce costs.

(2) Corporate Banking Business Unit

Although the unit suffered from sluggish yen deposits and foreign exchange trading due to low market rates and stagnation of trade, it obtained good results in the solutions business as it adequately responded to corporate capital needs. Its performance also benefited from improved lending margins.

(3) Global Business Unit

The unit maintained a solid level of commission income primarily from syndicated loans to non-Japanese companies in Europe and the U.S. and asset finance transactions. An expansion in lending margins also lifted the division's earnings.

(4) Global Markets Unit

The unit accumulated income from active position management in the yen and foreign currency asset and liability management. It also posted trading profits by exercising timely operations during a declining interest rate phase.

III. Equipment and Facilities

Overview of capital investment

With the purpose to maintain and improve our extensive customer services while rationalizing and streamlining internal operations, the Bank made information system investment to enhance our products and services, apart from the investment for branch elimination and consolidation, as well as their relocation, reconstruction and renovation, along with refurbishment of head office building/center.

Primarily due to the above measures, the total capital investment for the current fiscal year amounted to ¥208.7 billion. Its breakdown by business segment is as follows:

(Billions of yen)

Banking	Others	Total
163.0	45.7	208.7

(Notes) 1. The above total capital investment includes investment in intangible fixed assets including software.

2. Majority of the capital investment in others segment above is accounted for by the acquisition of assets for operating lease at the consolidated subsidiaries engaged in leasing business.

There was no noteworthy retirement or disposal of significant equipment in the current fiscal year.

IV. Company Information

1. Information on the Company's shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued
Common stock	15,000,000,000
Class 2 preferred stock	100,000,000
Class 4 preferred stock	79,700,000
Class 6 preferred stock	1,000,000
Class 7 preferred stock	177,000,000
Total	15,357,700,000

(Note) Total number of shares of common stock authorized to be issued and the total number of shares authorized to be issued were increased by 18,000,000,000, to 33,000,000,000 and 33,357,700,000, respectively, on June 28, 2010, on the basis of the amendment to the Articles of Incorporation as resolved at the Ordinary General Meeting of Shareholders held on the same day.

2) Total number of shares issued

Class	Number of shares issued as of the end of the current fiscal year (March 31, 2010)	Number of shares issued as of the date of submission (June 29, 2010)	Financial instruments exchange on which the stock is listed or other market	Description
Common stock	12,350,038,122	Same as left	-	(Notes) 1, 2, 3
1st series of Class 2 preferred stock	100,000,000	Same as left	-	(Notes) 1, 2
1st series of Class 4 preferred stock	79,700,000	Same as left	-	(Notes) 1, 2
1st series of Class 6 preferred stock	1,000,000	Same as left	-	(Notes) 1, 2
1st series of Class 7 preferred stock	177,000,000	Same as left	-	(Notes) 1, 2
Total	12,707,738,122	Same as left	-	

(Notes)
1. Number of shares constituting one unit is 1,000 for both common stock and preferred stock, and there are no provisions in the Articles of Incorporation in respect of Article 322, Paragraph 2 of the Companies Act.
2. Different provisions in respect of matters including voting rights apply to common stock and preferred stock, to allow our financial policy to operate in a flexible manner.
3. Standard stock involving no restriction on shareholders' rights.

(2) Changes in the total number of shares issued and the amount of capital stock and other

Date		Change in total number of shares issued (thousands of shares)	Total number of shares issued (thousands of shares)	Change in capital stock (thousands of yen)	Balance of capital stock (thousands of yen)	Change in capital reserve (thousands of yen)	Balance of capital reserve (thousands of yen)
January 1, 2006	(Note) 1	-	5,200,869	-	996,973,118	1,960,661,729	2,767,590,244
January 4, 2006	(Note) 2	4,786,351	9,987,221	-	996,973,118	-	2,767,590,244
March 31, 2006	(Note) 3	191,533	10,178,754	-	996,973,118	-	2,767,590,244
September 29, 2006	(Note) 4	435,906	10,614,661	-	996,973,118	-	2,767,590,244
November 12, 2007	(Note) 5	1,000	10,615,661	-	996,973,118	5,700,000	2,773,290,244
August 1, 2008	(Note) 6	43,895	10,659,557	-	996,973,118	-	2,773,290,244
December 25, 2008	(Note) 7	496,960	11,156,517	186,360,000	1,183,333,118	186,360,000	2,959,650,244
January 30, 2009	(Note) 8	34,567	11,191,084	12,962,625	1,196,295,743	12,962,625	2,972,612,869
March 10, 2009	(Note) 9	-	11,191,084	-	1,196,295,743	(1,776,317,126)	1,196,295,743
December 28, 2009	(Note) 10	1,516,654	12,707,738	515,662,360	1,711,958,103	515,662,360	1,711,958,103

(Notes) 1. This was due to the merger with UFJ Bank Limited.

2. This was due to the merger with UFJ Bank Limited in which shares were allotted by the following merger ratios.
   - 0.62 shares of common stock of the Bank to one share of common stock of UFJ Bank Limited.
   - One share of 1st series of Class 3 preferred stock of the Bank to one share of 1st series of Class A preferred stock of UFJ Bank Limited.
   - One share of 1st series of Class 4 preferred stock of the Bank to one share of 1st series of Class D preferred stock of UFJ Bank Limited.
   - One share of 1st series of Class 5 preferred stock of the Bank to one share of 2nd series of Class D preferred stock of UFJ Bank Limited.
   - 0.34 shares of common stock of the Bank to one share of 1st series of Class E preferred stock of UFJ Bank Limited.
   - 0.34 shares of common stock of the Bank to one share of 1st series of Class G preferred stock of UFJ Bank Limited.
   - 0.34 shares of common stock of the Bank to one share of 2nd series of Class G preferred stock of UFJ Bank Limited.
   - 3.44 shares of common stock of the Bank to one share of 1st series of Class H preferred stock of UFJ Bank Limited.

   Numbers of shares allotted were as follows:

Common stock	4,286,351 thousand shares
1st series of Class 3 preferred stock	200,000 thousand shares
1st series of Class 4 preferred stock	150,000 thousand shares
1st series of Class 5 preferred stock	150,000 thousand shares

3. This was due to the conversion of 173,000 thousand shares of 1st series of Class 3 preferred stock into 306,465 thousand shares of common stock, as well as the conversion of 70,300 thousand shares of 1st series of Class 4 preferred stock into 128,367 thousand shares of common stock.
4. This was due to the issue of common stock in consideration for request for the acquisition of 1st series of Class 3 preferred stock, 1st series of Class 4 preferred stock and 1st series of Class 5 preferred stock.
5. This was due to the issue of 1st series of Class 6 preferred stock, as a result of absorption-type demerger with Mitsubishi UFJ Trust and Banking Corporation, which involved no change in amount of capital stock.
6. This was due to the issue of common stock in consideration for the simultaneous acquisition of 1st series of Class 3 preferred stock.
7. This was due to the private placement (496,960 thousand shares of common stock), in which offering price and paid-in capital per share were ¥750 and ¥375, respectively.
8. This was due to the private placement (34,567 thousand shares of common stock), in which offering price and paid-in capital per share were ¥750 and ¥375, respectively.
9. This was due to the reversal of capital reserve into other capital surplus, according to the provisions of Article 448, Paragraph 1 of the Companies Act, with the purpose to allow our capital policy to operate in a flexible and agile way.
10. This was due to the private placement (1,516,654 thousand shares of common stock), in which offering price and

paid-in capital per share were ¥680 and ¥340, respectively.

11. 81,400 thousand shares of Class 1 preferred stock were converted into 81,400 thousand shares of common stock on June 28, 2005, involving no change in total number of shares issued, amount of capital stock nor amount of capital reserve.
12. 27,000 thousand shares of 1st series of Class 3 preferred stock and 150,000 thousand shares of 1st series of Class 5 preferred stock were changed/integrated into 177,000 thousand shares of 1st series of Class 7 preferred stock on October 31, 2008, involving no change in total number of shares issued, amount of capital stock nor amount of capital reserve.

(3) Status of major shareholders

By number of shares held

As of March 31, 2010

Company name	Address	Number of shares held (thousands of shares)	Ratio of number of shares held against total number of shares issued (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	12,599,238	99.14
(Treasury stock) The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	100,700	0.79
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	7,800	0.06
Total	-	12,707,738	100.00

By number of voting rights held

As of March 31, 2010

Company name	Address	Number of voting rights held	Ratio of number of voting rights held against total number of shareholders' voting rights (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	12,343,238	99.94
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	6,800	0.05
Total	-	12,350,038	100.00

(4) Status of voting rights

1) Issued shares

As of March 31, 2010

Class	Number of shares		Number of voting rights	Description
Shares with no voting rights	1st series of Class 2 preferred stock	100,000,000	-	As stated in 1.Status of Shares, etc., (1) Total number of shares, etc.
	1st series of Class 4 preferred stock	79,700,000	-	
	1st series of Class 6 preferred stock	1,000,000	-	
	1st series of Class 7 preferred stock	177,000,000	-	
Shares with restricted voting rights (treasury stock, etc.)	-		-	-
Shares with restricted voting right (others)	-		-	-
Shares with full voting rights (treasury stock, etc.)	-		-	-
Shares with full voting rights (others)	Common stock	12,350,038,000	12,350,038	Standard stock involving no restriction on shareholders' rights
Shares of less than one unit	Common stock	122	-	-
Total number of shares issued		12,707,738,122	-	-
Total number of shareholders' voting rights	-		12,350,038	-

2) Treasury stock, etc.

As of March 31, 2010

Company name	Address	Number of shares held in its own name	Number of shares held in other than its own name	Total number of shares held	Ratio of number of shares held against total number of shares issued (%)
-	-	-	-	-	-
Total	-	-	-	-	-

(Note) Of the shares with no voting rights above, 79,700,000 shares of 1st series of Class 4 preferred stock and 21,000,000 shares of 1st series of Class 7 preferred stock are treasury stock.

(5) Details of stock option plans

None applicable

2. Policy on Dividends

The Bank makes it a principle to pay out constant dividend, with consideration to the strengthening of its financial position including the building up of adequate internal reserves, to ensure sound bank management necessitated by the public nature of banking business, along with consideration to the reinforcement of the capital base of its parent company Mitsubishi UFJ Financial Group, Inc.

According to the provisions in Article 454, Paragraph 5 of the Companies Act., the Bank, by its Articles of Incorporation, is allowed to offer dividends from surplus, with the record date set on September 30 each year, based on the resolution of the Board of Directors. Thus, the Bank makes it a principle to pay out dividend from surplus twice a year, namely interim dividend and year-end dividend, whose amounts are decided by Board of Directors' meeting and the Ordinary General Meeting of Shareholders, respectively.

According to the dividend policy as described above, for common stock dividend for the current fiscal year ended March 31, 2010, it was decided to pay out year-end dividend of ¥10.56 per share, while interim dividend of ¥6.57 per share, amounting to annual dividend of ¥17.13 per share.

In the meantime, it was decided to pay out preferred stock dividend as scheduled by the rule, where year-end dividend of ¥30.00 per share, ¥105.45 per share and ¥57.50 were paid to 1st series of Class 2 preferred stock, 1st series of Class 6 preferred stock and 1st series of Class 7 preferred stock, respectively. Thus annual dividend of ¥60.00 (combined with interim dividend of ¥30.00), ¥210.90 (combined with interim dividend of ¥105.45) and ¥115.00 (combined with interim dividend of ¥57.50) were paid to 1st series of Class 2 preferred stock, 1st series of Class 6 preferred stock and 1st series of Class 7 preferred stock, respectively.

(Note) Dividends from surplus whose record dates belongs to the current fiscal year were as follows.

<table>
<tr><th>Date of resolution</th><th>Aggregate amount of dividend</th><th colspan="2">Dividend per share</th></tr>
<tr><td rowspan="4">November 18, 2009
Resolution by the Board of Directors' meeting</td><td rowspan="4">¥83,250 million</td><td>Common stock</td><td>¥ 6.57</td></tr>
<tr><td>1st series of Class 2 preferred stock</td><td>30.00</td></tr>
<tr><td>1st series of Class 6 preferred stock</td><td>105.45</td></tr>
<tr><td>1st series of Class 7 preferred stock</td><td>57.50</td></tr>
<tr><td rowspan="4">June 28, 2010
Resolution by the Ordinary General Meeting of Shareholders</td><td rowspan="4">¥142,491 million</td><td>Common stock</td><td>¥ 10.56</td></tr>
<tr><td>1st series of Class 2 preferred stock</td><td>30.00</td></tr>
<tr><td>1st series of Class 6 preferred stock</td><td>105.45</td></tr>
<tr><td>1st series of Class 7 preferred stock</td><td>57.50</td></tr>
</table>

3. Changes in Share Prices

Not applicable as the Bank's stock is not listed.

4. Directors and Corporate Auditors

Title	Position	Name	Date of birth	Term	Number of shares of the Company held	Concurrent positions
Chairman	(Representative Director)	Nobuo Kuroyanagi	December 18, 1941	One year from June 2010	-	-
Deputy Chairman	(Representative Director) In charge of Internal Audit & Credit Examination Division	Takamune Okihara	July 11, 1951	One year from June 2010	-	Chairman of Mitsubishi UFJ Financial Group, Inc.
President	(Representative Director)	Katsunori Nagayasu	April 6, 1947	One year from June 2010	-	President and CEO of Mitsubishi UFJ Financial Group, Inc.
Deputy President	(Representative Director) Chief Executive, Global Business Unit	Tatsuo Tanaka	September 19, 1949	One year from June 2010	-	Managing Officer and Deputy Group Head, Integrated Corporate Banking Business Group of Mitsubishi UFJ Financial Group, Inc.
Deputy President	(Representative Director) Chief Executive, Corporate Banking Business Unit	Toshiro Toyoizumi	October 26, 1949	One year from June 2010	-	Managing Officer and Group Head, Integrated Corporate Banking Business Group of Mitsubishi UFJ Financial Group, Inc.
Deputy President	(Representative Director)	Nobuyuki Hirano	October 23, 1951	One year from June 2010	-	Director and Chief Strategic Alliance Officer of Mitsubishi UFJ Financial Group, Inc.
Deputy President	(Representative Director) In charge of Central Region of Japan	Tamotsu Kokado	November 8, 1950	One year from June 2010	-	-
Deputy President	(Representative Director) In charge of Western Region of Japan	Takashi Hara	August 24, 1951	One year from June 2010	-	-
Managing Director	(Representative Director) Chief Compliance Officer, and in charge of Corporate Risk Management Division and Credit Policy & Planning Division	Takeshi Ogasawara	August 1, 1953	One year from June 2010	-	Managing Officer and Deputy Chief Compliance Officer of Mitsubishi UFJ Financial Group, Inc.
Managing Director	(Representative Director) Chief Executive, Global Markets Unit	Hitoshi Suzuki	January 8, 1954	One year from June 2010	-	-
Managing Director	(Representative Director) Chief Executive, Retail Banking Business Unit	Hidekazu Fukumoto	November 6, 1955	One year from June 2010	-	Managing Officer and Group Head, Integrated Retail Banking Business Group of Mitsubishi UFJ Financial Group, Inc.
Managing Director	(Representative Director) Chief Executive, Corporate Services	Takehiko Nemoto	August 20, 1953	One year from June 2010	-	Managing Officer in charge of Operations & Systems Planning Division of Mitsubishi UFJ Financial Group, Inc.
Managing Director	(Representative Director) In charge of Corporate Administration Division, Corporate Planning Division, Public Relations Division and CSR Promotion Division	Takashi Oyamada	November 2, 1955	One year from June 2010	-	Director of Mitsubishi UFJ Financial Group, Inc.
Managing Director	(Representative Director) In charge of Human Resources Division	Hidenobu Fujii	November 29, 1955	One year from June 2010	-	-
Director		Hiroshi Saito	July 13, 1951	One year from June 2010	-	Senior Managing Director and Chief Financial Officer of Mitsubishi UFJ Financial Group, Inc.
Director		Kunio Ishihara	October 17, 1943	One year from June 2010	-	Chairman of the Board of Tokio Marine Holdings, Inc. Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.
Director		Teruo Ozaki	December 29, 1944	One year from June 2010	-	Managing Partner of Teruo Ozaki & Co. CEO, President of Andersen Business Associates Inc.
Corporate Auditor (full-time)		Tatsunori Imagawa	October 15, 1943	Four years from June 2010	-	-
Corporate Auditor (full-time)		Jun Sato	October 26, 1951	Four years from June 2009	-	-
Corporate Auditor (full-time)		Mikiyasu Hiroi	September 21, 1955	Four years from June 2010	-	-
Corporate Auditor (full-time)		Hiroshi Sato	January 2, 1958	Four years from June 2008	-	-

Title	Position	Name	Date of birth	Term	Number of shares of the Company held	Concurrent positions
Corporate Auditor (full-time)		Tsutomu Takasuka	February 11, 1942	Four years from June 2008	-	Corporate Auditor of Mitsubishi UFJ Financial Group, Inc.
Corporate Auditor		Kotaro Muneoka	October 30, 1940	Four years from June 2009	-	Advisor of Hitachi, Ltd.
Corporate Auditor		Kenji Matsuo	June 22, 1949	Four years from June 2009	-	Presidnet, Director, Representative Executive Officer of Meiji Yasuda Life Insurance Company
Corporate Auditor		Tetsuya Nakagawa	September 24, 1951	Four years from June 2008	-	-
Total		25 members				

(Notes)
1. Directors Hiroshi Saito, Kunio Ishihara, and Teruo Ozaki are all Outside Directors stipulated under Article 2, Item 15 of the Companies Act.
2. Corporate Auditors Tsutomu Takasuka, Kotaro Muneoka, Kenji Matsuo, and Tetsuya Nakagawa are all Outside Corporate Auditors stipulated under Article 2, Item 16 of the Companies Act.
3. We have an executive officer system, and the Bank has 75 Executive Officers as of the date of submission. All the Directors listed above, except for Chairman Nobuo Kuroyanagi, Directors Hiroshi Saito, Kunio Ishihara, and Teruo Ozaki, serve concurrently as Executive Officers.

5. Corporate Governance

(1) Corporate governance

1) Status of corporate governance of the Submitting Company

A) Basic concept on the corporate governance

The Bank is making efforts to enhance corporate governance as a member of MUFG Group based on the concept described in the “Group’s Management Philosophy” and the “Code of Ethics.”

Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank, is a company with Auditors which has both Corporate Auditors and Directors. Taking advantage of management supervisory function performed by the Corporate Auditors and by incorporating “external perspectives” through the three measures as mentioned below, the Group is striving to establish stable and highly effective corporate governance structure while improving transparency of its corporate management and enhancing accountability to its shareholders.

a) Half or more of the members of the Board of Corporate Auditors shall be Outside Corporate Auditors.

b) The Group actively appoints Outside Directors and has established the voluntary “Internal Audit and Compliance Committee” and “Nomination and Compensation Committee” chaired by Outside Directors and consisting mainly of external committee members as committees under the Board of Directors.

c) The Group has established the “Advisory Board” consisting of external experts to provide valuable guidance to the Executive Committee regarding overall corporate management from an independent standpoint.

Being the same company with corporate auditors as Mitsubishi UFJ Financial Group, Inc., the Bank strengthens audits conducted by Corporate Auditors and internal audit functions as its basis of corporate governance, while making efforts to enhance management supervisory function of the Board of Directors and realize proper corporate management structure through appointment of Outside Directors and establishment of voluntary “Internal Audit and Compliance Committee.” The Bank also introduced the business unit system where management authorities are accompanied by management responsibilities in each business unit, along with executive officer system, in order to enhance and strengthen business operation function in each business or business unit.

B) Status of corporate management organizations regarding management decision making, execution and supervision, and other corporate governance systems

The Bank’s principal corporate management organizations regarding management decision making, execution and supervision are as follows.

a) Board of Directors

The board of Directors meets once a month in principle and makes decisions on the Bank’s important business executions and oversees execution of duties by the Directors. The Bank has 17 Directors including 3 Outside Directors as of the submission date of this report.

b) Internal Audit and Compliance Committee

Aiming at strengthening management supervisory function from an external perspective and improving transparency of management, the Bank has established the Internal Audit and Compliance Committee as an organization under the Board of Directors consisting mainly of external committee members. To contribute to discussion by the Board of Directors, the Internal Audit and Compliance Committee has the function to deliberate matters relating to internal audit and compliance, and make reports and suggestions to the Board of Directors. In addition, matters discussed at the Internal Audit and Compliance Committee are reported to the Internal Audit and Compliance Committee of Mitsubishi UFJ Financial Group, Inc.

Furthermore, in order to establish more advanced compliance structure and information security management system, the Bank has set up the Compliance Expert Committee and Information Security Expert Committee. Each Committee consists of two or more external experts such as attorneys at law and certified public accountants, and conduct exhaustive discussion in each area from the viewpoints of expert.

c) Corporate Auditor/Board of Corporate Auditors

The Bank is a company with Auditors. The Board of Corporate Auditors consists of 8 Corporate Auditors including 4 Outside Corporate Auditors (comprising a half of the committee) as of the submission date of this report.

In accordance with the audit policies and audit plans formulated by the Board of Corporate Auditors, each Corporate Auditor audits Directors’ executions of duties through attendance to important meetings including the Board of Directors' meetings and investigation on status of business operations and assets.

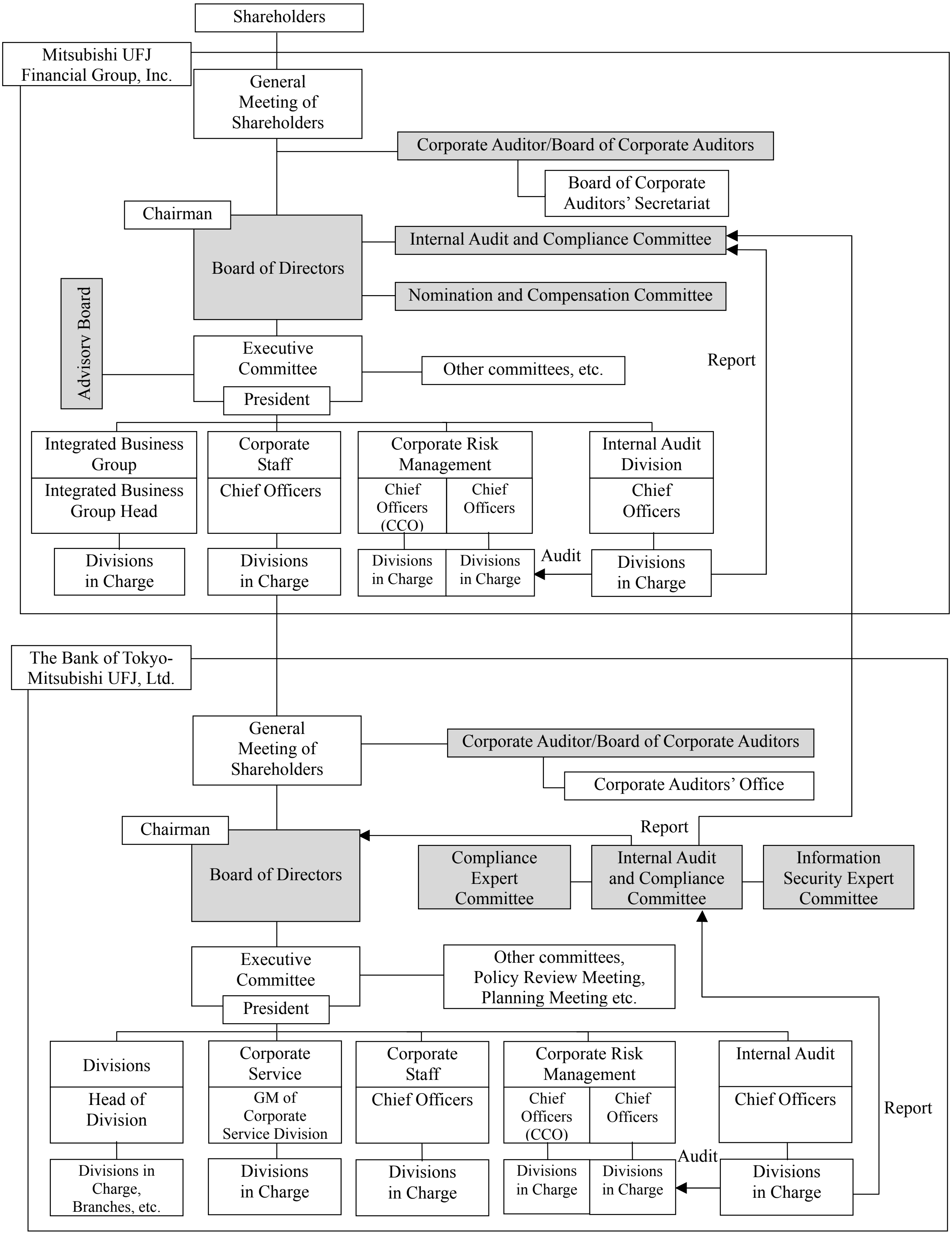
d) Executive Committee

The Bank has established the Executive Committee under the Board of Directors. The Executive Committee discusses and decides important matters of entire management based on the basic policies determined by the Board of Directors. The Executive Committee meets once a week in principle.

e) Other Committees under the Executive Committee

To contribute to discussions at the Executive Committee, various committees under the Executive Committee have been established, and important matters relating to risk management, personnel/labor management and other issues have been discussed regularly at such committees. For example, Risk Management Committee, Compliance Committee, Customer Protection Management Committee, Information Security Management Committee, Credit Committee, ALM Committee, Disclosure Committee, and CSR Promotion Committee have been established.

In addition, as forums to contribute to the discussions at the Executive Committee, the Policy Review Meeting that deliberates from time to time important matters regarding overall management and operation and the Planning Meeting that deliberates regularly annual and semi-annual business/profit plans and other matters have been established.



[shaded box] ·······Organization with outside members

*CCO: Chief Compliance Officer

C) Status of implementation of initiatives to enhance the Bank's corporate governance and development of internal control system

Mitsubishi UFJ Financial Group, Inc. has established the Compliance Division as a division to administer matters related to compliance, and also established the Group Compliance Committee and the Internal Audit and Compliance Committee as a voluntary committee consisting mainly of external committee members. Mitsubishi UFJ Financial Group, Inc. has also introduced the "Chief Compliance Officer (CCO)," enabling prompt reporting of group-wide compliance-related matters to the CCO. In addition, the "Group CCO Committee" has been established to strengthen sharing of compliance-related information among the Group companies and the Group's incident prevention controls which realize the proactive response to problematic matters, as well as to improve compliance structure of the Group as a whole. Internal reporting system has been established, in addition to the ordinary reporting line within business organizations, and made available for officers and employees of the Group companies, in order to identify issues early and proactively rectify such issues through timely and proper reporting to the Group CCO Committee and other committees.

The Bank has also established the Compliance & Legal Division as a division to administer compliance as well as the Compliance Committee chaired by the CCO and the Compliance Expert Committee consisting of external experts such as experts of legal and accounting areas to deliberate important matters for the development and strengthening of compliance structure and thus ensure effectiveness of compliance. Furthermore, as the Bank adopts business unit system, it has established the structure to enable compliance management based on actual businesses by establishing department to be responsible for planning and supervision regarding compliance matters in each business unit in cooperation with the Compliance & Legal Division. To prevent money laundering, the Bank has also set up a specialized organization in the Compliance & Legal Division to consolidate related activities.

The Bank has introduced the Balanced Score Card (BSC) as a common platform for all the branches to improve effectiveness of management control and internal control and make efforts to disseminate it firmly in the Head Office as well as its branches. By utilizing BSC, the Bank aims at the target setting and performance evaluation where "short-term and long-term" as well as "offense and defense" are well-balanced.

In accordance with Article 362, Paragraph 4, Item 6 and Article 362, Paragraph 5 of the Companies Act and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, "systems to ensure the properness of operations of the Company (Internal Control System)" was resolved at the Board of Directors' meeting held in April, 2006.

The Bank will continue to enhance its corporate governance through appropriate responses to enactments and revisions of laws and regulations in Japan and overseas, and other measures.

D) Compensation to Directors and Corporate Auditors

	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation by type (Millions of yen)				Number of recipients
		Annual compensation	Compensation in the form of subscription rights to share as stock options	Bonuses	Retirement benefits	
Inside Director	1,342	520	387	140	295	18
Outside Director	37	27	10	-	-	3
Inside Corporate Auditor	190	113	52	-	25	5
Outside Corporate Auditor	67	46	13	-	8	5

(Notes) 1. No payment of compensation for Directors and Corporate Auditors of the Bank is made by the consolidated subsidiaries.

2. In addition to the above, the Bank paid retirement pension of ¥271 million and ¥16 million to the Inside Directors and Inside Corporate Auditors, respectively, who retired prior to June 2007.

E) Policies on determination of amount or calculation method of compensation for Directors and Corporate Auditors.

The Bank does not determine policies on amount or calculation method of compensation for Directors and Corporate Auditors. The detail of the system of compensation for Directors and Corporate Auditors is as follows.

1. The total amount of annual compensation, compensation in the form of subscription rights to share as stock options and bonuses to be paid to Directors of the Bank is determined at the General Meeting of Shareholders. The amount of compensation for each individual Director is decided by the Board of Directors within such determined amount, reflecting the contents of deliberation made by Nomination and Compensation Committee of the Mitsubishi UFJ Financial Group, Inc.

・Compensation, etc. for Directors is paid in three different forms: annual compensation, compensation in the form of subscription rights to share as stock options, and bonuses.

・Annual compensation is paid as fixed amount based on the performance of business execution and degree of contribution of Directors in each rank. The annual compensation is being paid every month in cash.

・Compensation in the form of subscription rights to share as stock options, aiming at further motivating Directors to contribute to the improvement of stock price and long-term financial performance of Mitsubishi UFJ Financial Group, Inc., is paid based on the performance of business execution and degree of contribution of Directors in each rank. It is being paid once a year by granting subscription rights to share issued by Mitsubishi UFJ Financial Group, Inc. which can be exercised from the next day of the day the term of office is expired.

・Bonuses are paid as a performance-based compensation to further motivate Directors to contribute to the improvement of financial performance based on the Bank's performance and each Director's performance in execution of duties.

・Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank, has the Nomination/Compensation Committee consisting of its Outside Directors and President as committee members. With respect to compensation, the Committee deliberates implementation, revision and abolishment of systems regarding compensation for Directors and Corporate Auditors of the Group and its major subsidiaries including the Bank, as well as compensation for Chairperson, Vice-Chairperson and President of such subsidiaries including the Bank.

2. The total amount of annual compensation and compensation in the form of subscription rights to share as stock options to be paid to Corporate Auditors of the Bank is determined at the General Meeting of Shareholders. The amount of compensation for each individual Corporate Auditor is decided within such determined amount, through discussions of Corporate Auditors.

F) The contents of agreement stipulated in Article 427, Paragraph 1 of the Companies Act (the liability limitation agreements) in case the Bank has entered into such agreement with its Outside Directors, Outside Corporate Auditors or Accounting Auditors

In accordance with Article 427, Paragraph 1 of the Companies Act, the Bank has entered into agreements with Mr. Kunio Ishihara and Mr. Teruo Ozaki who are Outside Directors and also with all of the Outside Corporate Auditors stipulating that, with respect to the damages set forth in Article 423, Paragraph 1 of the Companies Act, when an Outside Director or an Outside Corporate Auditor acts in good faith and is not grossly negligent in executing their duties, he/she shall assume liability for damages limited by the greater of ¥10 million or the total of the amounts prescribed in each Items of Article 425, Paragraph 1 of the Companies Act.

2) Organization, personnel and procedures of internal audit and audit by Corporate Auditors, and cooperation between internal audit, audit by Corporate Auditors and accounting audit

The Bank defines role of internal audit to "verify and evaluate internal control structure with focus on effectiveness and efficiency of business operation, reliability of financial reporting and compliance with laws and regulations, and report on the evaluation of internal control structure and propose measures to improve problem areas to the management of the Bank."

Basic matters regarding purposes, authorities and responsibilities, and implementation and reporting of internal audit are stipulated in the regulation established by the Board of Directors. The Bank has set up the Internal Audit Division under Chief Officers who do not have responsibility for functions other than internal audit, as a division independent of operational divisions. Internal Audit Division has 540 staff members as of the end of March 2010. The division has the Business Audit Office to conduct business audits and the Credit Audit Office to conduct credit audits. In addition, for overseas, the Bank established the Business Audit Office and the Credit Audit Office in the Americas and Europe, and Internal Corporate Auditors have been appointed to major business sites in Asia.

Important matters including basic policies on internal audit plan and result of internal audit implemented are directly reported to the Internal Audit and Compliance Committee from internal audit divisions, and then reported to the Board of Directors after deliberation by the Internal Audit and Compliance Committee. For the implementation of internal audit, the risk-based audit method is adopted to allocate audit resources and to determine scope and degree of verification by type and degree of risks.

The Board of Corporate Auditors and Corporate Auditors, including Outside Corporate Auditors, closely share information and exchange opinions with each other, and audit the Directors' execution of duties in accordance with the audit policies and audit plans, as described in "B) Status of corporate management organizations regarding management decision making, execution and supervision, and other corporate governance systems " above.

In addition, the Corporate Auditors, the Accounting Auditor and the Internal Audit Division hold meetings for mutual reporting and exchange of opinion among them and share information regarding audit measures and audit results, and strive to strengthen mutual cooperation.

3) Personal relationship, capital relationship, transactional relationship and other conflicts of interests between Outside Directors and Outside Corporate Auditors and the Submitting Company

Mr. Hiroshi Saito, an Outside Director, is the Representative Director of Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank. The relationship between the Bank and Mitsubishi UFJ Financial Group, Inc. is described in "Related Party Transactions" under Section "Notes to Consolidated Financial Statements" of "Financial Information."

There is transactional relationship between Mr. Kunio Ishihara, an Outside Director, and the Bank. Details of such relationship are described in "Related Party Transactions" under Section "Notes to Consolidated Financial Statements, etc." of "Financial Information."

Mr. Teruo Ozaki, an Outside Director, is the Representative Director of Andersen Business Associates Inc., which has deposit transaction relationship with the Bank.

Mr. Tsutomu Takasuka, an Outside Corporate Auditor, is an Outside Corporate Auditor of Mitsubishi UFJ Financial Group, Inc., the parent company of the Bank.

There is transactional relationship between Mr. Tetsuya Nakagawa, an Outside Corporate Auditor, and the Bank. Details of such relationship are described in "Related Party Transactions" under Section "Notes to Consolidated Financial Statements, etc." of "Financial Information."

Mr. Kenji Matsuo, an Outside Auditor, is Director and Representative Executive Officer of Meiji Yasuda Life Insurance Company, which has deposit transaction and other transactional relationship with the Bank.

The rest of the Outside Directors and Outside Corporate Auditors have no special conflict of interests with the Bank.

4) Name of certified public accountants who has conducted audit, name of auditing firm to which they belongs, and structure of assistant regarding audit

The certified public accountants who have conducted accounting audit of the Bank are Mr. Kazutoshi Kogure, Mr. Shun Nonaka, Mr. Ryota Fukui and Mr. Kazumasa Momose, who belong to Deloitte Touche Tohmatsu LLC. In addition, 51 certified public accountants, 70 assistant certified public accountants etc. and 61 other staff members have assisted the accounting audit of the Bank.

5) Content of provisions in case the Articles of Incorporation of the Bank set forth provisions regarding the number of Directors or limitation on qualification of Directors, and in case provisions regarding requirements for the resolution on appointment and termination of Directors are different from the Companies Act

The Bank's Articles of Incorporation set forth the following provisions.

・The Bank shall have not more than twenty Directors.

・At the time of the election of the Bank's Directors, there shall be in attendance shareholders who hold voting rights representing in the aggregate one-third or more of the total number of voting rights of all shareholders who are entitled to vote, and no cumulative voting shall shall be made for the election of Directors.

6) Among matters to be resolved the General Meeting of Shareholders, those allowed to be resolved by the Board of Directors and the reasons for such provision

The Articles of Incorporation of the Bank set forth that unless otherwise provided for by laws or regulations, the Bank may determine by a resolution of the Board of Directors to acquire its own shares by obtaining consent of the shareholders as provided for in Article 459, Paragraph 1, Item 1 of the Companies Act.

To enable payment of interim dividend to shareholders without holding the General Meeting of Shareholders, the Bank's Articles of Incorporation set forth that by a resolution of the Board of Directors, the Bank may distribute cash dividends from surplus pursuant to Article 454, Paragraph 5 of the Companies Act to the shareholders or registered share pledgees whose names have been entered or recorded in the latest register of shareholders as of September 30 each year.

7) In case requirements for special resolutions of the General Meeting of Shareholders have been changed, detail of such changes and their reasons

For the purpose of smooth operation of the General Meeting of Shareholders, the Bank's Articles of Incorporation set forth that resolutions of a general meeting of shareholders provided for in Article 309, Paragraph 2 of the Companies Act and resolutions of a general meeting of shareholders for which the method of resolution provided for in the said Paragraph shall be applied mutatis mutandis pursuant to the Companies Act and other laws and regulations shall be adopted by an affirmative vote of two-thirds or more of the voting rights of the shareholders in attendance who hold in the aggregate not less than one-third of the total number of voting rights of all shareholders who are entitled to vote.

8) In case the company issues different classes of shares and there are shares with or without voting rights or there are differences in voting rights by class of shares, their details and reasons

To secure flexibility for the Bank's financial policy, the Bank issues preferred stock without voting rights which is different from common stock regarding the contents set forth in Article 108, Paragraph 1, Item 3 of the Companies Act (limitation on voting rights.)

(2) Details of Compensation for Audits

1) Details of Compensation for Certified Public Accountants

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Compensation for audit services	Compensation for non-audit services	Compensation for audit services	Compensation for non-audit services
The Bank	1,933	78	1,820	4
Consolidated subsidiaries	292	216	221	32
Total	2,226	294	2,042	36

2) Other important details concerning compensation

The Bank and some of its consolidated subsidiaries including UnionBanCal Corporation pay compensation for audit and non-audit services to audit firms which belong to the same network as the Accounting Auditor of the Bank. The total amount paid for the previous fiscal year was ¥1,603 million, and that for the current fiscal year was ¥1,368 million.

3) Details of non-audit services for the Submitting Company by certified public accountants

The non-audit services for which the Bank paid compensation to the certified public accountants include research on internal management systems with respect to calculation of capital adequacy ratio and other audit-related services.

4) Policies concerning compensation for auditors

The compensation for audit is determined by verifying adequacy of audit plan, including audit system, processes and schedules, and estimated hours for audit, etc. submitted by the Accounting Auditors, and with the approval of the Board of Corporate Auditors.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Bank of Tokyo-Mitsubishi UFJ, Ltd.:

We have audited the accompanying consolidated balance sheets of The Bank of Tokyo-Mitsubishi UFJ, Ltd. and subsidiaries (the "Company") as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Bank of Tokyo-Mitsubishi UFJ, Ltd. and subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 23, 2010

Member of
Deloitte Touche Tohmatsu

Consolidated Financial Statements

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2010 and 2009

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2010	2009	2010
ASSETS:			
Cash and due from banks (Notes 3, 4 ,11 and 24)	¥6,309,015	¥5,239,373	$67,810
Call loans and bills bought (Note 24)	407,622	272,085	4,381
Receivables under resale agreements	610,605	134,638	6,563
Receivables under securities borrowing transactions (Note 24)	4,827,881	4,478,999	51,890
Monetary claims bought (Notes 4, 11 and 24)	2,915,209	3,326,640	31,333
Trading assets (Notes 4, 11 and 24)	7,625,318	10,636,985	81,957
Money held in trust (Notes 5 and 24)	265,824	241,889	2,857
Securities (Notes 4, 6, 11 and 24)	52,565,731	38,281,258	564,980
Allowance for investment loss	—	(36,656)	—
Loans and bills discounted (Notes 7, 11, 24 and 27)	74,892,593	81,558,184	804,950
Foreign exchange assets (Note 24)	1,045,928	1,057,725	11,242
Tangible fixed assets (Notes 8 and 11):	1,094,776	1,100,776	11,767
Buildings	236,154	252,355	2,538
Land (Note 9)	614,728	625,621	6,607
Lease assets (Note 22)	4,448	1,399	48
Construction in progress	14,309	11,360	154
Other tangible fixed assets	225,135	210,039	2,420
Intangible fixed assets (Note 11):	632,398	647,324	6,797
Software	269,433	284,311	2,896
Goodwill (Note 26)	275,442	290,557	2,960
Lease assets (Note 22)	353	139	4
Other intangible fixed assets	87,167	72,315	937
Deferred tax assets (Note 21)	563,531	1,036,580	6,057
Customers' liabilities for acceptances and guarantees (Note 10)	7,753,270	8,210,537	83,333
Other assets (Notes 11 and 27)	4,555,204	5,489,877	48,960
Allowance for credit losses	(969,733)	(850,061)	(10,423)
Total assets	¥165,095,177	¥160,826,160	$1,774,454

See the accompanying notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2010 and 2009

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2010	2009	2010
LIABILITIES:			
Deposits (Notes 11 and 24)	¥111,605,569	¥107,382,069	$1,199,545
Negotiable certificates of deposit (Notes 3 and 24)	9,293,811	6,257,192	99,890
Call money and bills sold (Notes 11 and 24)	1,109,684	1,627,320	11,927
Payables under repurchase agreements (Note 24)	4,718,493	7,377,148	50,715
Payables under securities lending transactions (Note 24)	2,681,559	1,465,090	28,822
Commercial paper (Notes 13 and 24)	196,929	141,436	2,117
Trading liabilities (Notes 11 and 24)	4,927,159	6,103,804	52,957
Borrowed money (Notes 11, 13 and 24)	2,853,926	4,015,265	30,674
Foreign exchange liabilities (Note 24)	728,714	809,169	7,832
Short-term bonds payable (Note 14)	79,464	31,472	854
Bonds payable (Notes 14 and 24)	5,471,632	4,960,713	58,809
Reserve for bonuses	21,785	21,094	234
Reserve for bonuses to directors	140	—	2
Reserve for retirement benefits (Note 15)	33,010	66,188	355
Reserve for retirement benefits to directors	548	812	6
Reserve for loyalty award credits	857	850	9
Reserve for contingent losses	61,641	52,486	663
Reserve under special laws	1,237	1,475	13
Acceptances and guarantees (Notes 10 and 11)	7,753,270	8,210,537	83,333
Deferred tax liabilities (Note 21)	27,724	23,808	298
Deferred tax liabilities for land revaluation (Note 9)	182,300	186,927	1,959
Other liabilities (Notes 13, 11 and 27)	4,045,141	5,234,205	43,477
Total liabilities	¥155,794,605	¥153,969,071	$1,674,491
EQUITY (Notes 16, 18 and 23):			
Common stock, Authorized, 15,000,000 thousand shares; Issued, 12,350,038 thousand shares in 2010 and 10,833,384 thousand shares in 2009, with no stated value	¥1,586,958	¥1,071,295	$17,057
Preferred stock, Authorized, 357,700 thousand shares; Issued, 357,700 thousand shares in 2010 and 2009, with no stated value	125,000	125,000	1,343
Capital surplus	3,878,275	3,362,612	41,684
Retained earnings	1,854,127	1,641,630	19,928
Unrealized gain (loss) on available-for-sale securities (Note 6)	226,987	(712,608)	2,440
Deferred gain on derivatives under hedge accounting	105,955	127,312	1,139
Land revaluation surplus (Note 9)	217,470	224,212	2,337
Foreign currency translation adjustments	(201,194)	(234,987)	(2,162)
Pension liability adjustments under US GAAP recognized at foreign subsidiaries	(36,930)	(51,822)	(397)
Total	7,756,650	5,552,645	83,369
Minority interests	1,543,922	1,304,444	16,594
Total equity	9,300,572	6,857,089	99,963
Total liabilities and equity	¥165,095,177	¥160,826,160	$1,774,454

See the accompanying notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Operations
Years Ended March 31, 2010 and 2009

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2010	2009	2010
INCOME:			
Interest income:			
Interest on loans and bills discounted	¥1,425,343	¥1,908,223	$15,319
Interest and dividends on securities	424,379	504,136	4,561
Interest on call loans and bills bought	3,795	11,498	41
Interest on receivables under resale agreements	4,546	6,418	49
Interest on receivables under securities borrowing transactions	6,210	11,580	67
Interest on due from banks	23,278	95,855	250
Other interest income	264,003	254,009	2,838
Trust fees	12,433	15,043	134
Fees and commissions	655,449	695,710	7,045
Trading income	117,950	138,926	1,268
Other operating income	364,052	440,966	3,913
Other income (Note 19)	341,501	402,514	3,670
Total income	3,642,943	4,484,883	39,155
EXPENSES:			
Interest expenses:			
Interest on deposits	244,098	519,275	2,624
Interest on negotiable certificates of deposit	41,003	83,488	441
Interest on call money and bills sold	5,228	21,402	56
Interest on payables under repurchase agreements	13,687	63,618	147
Interest on payables under securities lending transactions	2,032	5,095	22
Interest on commercial paper	745	3,301	8
Interest on borrowed money	38,117	74,538	410
Interest on short-term bonds payable	477	729	5
Interest on bonds payable	122,566	131,931	1,317
Other interest expenses	37,690	188,581	405
Fees and commissions	121,555	113,289	1,306
Other operating expenses	269,249	486,027	2,894
General and administrative expenses	1,374,153	1,432,249	14,770
Provision of allowance for credit losses	270,665	204,943	2,909
Other expenses (Note 20)	545,555	1,127,590	5,864
Total expenses	3,086,828	4,456,064	33,178
Income before income taxes and minority interests	556,114	28,820	5,977
Income taxes (Note 21):			
Current	52,310	63,086	562
Deferred	79,487	111,243	855
Total income taxes	131,797	174,329	1,417
Minority interests in net income	61,430	68,453	660
Net income (loss)	¥362,886	¥(213,962)	$3,900
	Yen		U.S. Dollars
Per common stock (Note 23):			
Basic net income (loss) per common share	¥30.16	¥ (21.86)	$0.32
Diluted net income per common share	30.16	—	0.32
Cash dividends applicable to the year per common share	17.13	5.45	0.18

See the accompanying notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2010 and 2009

	Millions of Yen 2010	Millions of Yen 2009	Millions of U.S. Dollars (Note 1) 2010
Capital stock:			
Beginning of year	¥1,196,295	¥ 996,973	$12,858
Issuance of common stock	515,662	199,322	5,542
End of year	¥1,711,958	¥1,196,295	$18,400
Capital surplus:			
Beginning of year	¥3,362,612	¥2,773,290	$36,142
Issuance of common stock	515,662	199,322	5,542
Disposal of treasury stock	—	390,000	—
End of year	¥3,878,275	¥3,362,612	$41,684
Retained earnings:			
Beginning of year	¥1,641,630	¥2,032,903	$17,645
Accounting changes at foreign subsidiaries	—	(6,210)	—
Net income (loss)	362,886	(213,962)	3,900
Cash dividends	(155,211)	(183,966)	(1,668)
Reversal of land revaluation surplus	6,742	7,120	72
Change in scope of application of the equity method	(1,919)	5,746	(21)
End of year	¥1,854,127	¥1,641,630	$19,928
Unrealized gain (loss) on available-for-sale securities:			
Beginning of year	¥ (712,608)	¥266,877	$(7,659)
Net change in the year	939,596	(979,486)	10,099
End of year	¥226,987	¥ (712,608)	$2,440
Deferred gain on derivatives under hedge accounting:			
Beginning of year	¥127,312	¥82,737	$1,368
Net change in the year	(21,356)	44,574	(229)
End of year	¥105,955	¥127,312	$1,139
Land revaluation surplus:			
Beginning of year	¥224,212	¥231,333	$2,410
Net change in the year	(6,742)	(7,120)	(73)
End of year	¥217,470	¥224,212	$2,337
Foreign currency translation adjustments:			
Beginning of year	¥ (234,987)	¥ (48,871)	$(2,526)
Net change in the year	33,793	(186,116)	364
End of year	¥ (201,194)	¥ (234,987)	$(2,162)
Pension liability adjustments under US GAAP recognized at foreign subsidiaries:			
Beginning of year	¥ (51,822)	¥—	$(557)
Net change in the year	14,891	(51,822)	160
End of year	¥ (36,930)	¥ (51,822)	$(397)
Total:			
Beginning of year	¥5,552,645	¥6,335,243	$59,681
Accounting changes at foreign subsidiaries	—	(6,210)	—
Issuance of common stock	1,031,324	398,645	11,084
Net income (loss)	362,886	(213,962)	3,900
Cash dividends	(155,211)	(183,966)	(1,668)
Disposal of treasury stock	—	390,000	—
Reversal of land revaluation surplus	6,742	7,120	72
Change in scope of application of the equity method	(1,919)	5,746	(21)
Net change in the year	960,183	(1,179,971)	10,321
End of year	¥7,756,650	¥5,552,645	$83,369
Minority interests:			
Beginning of year	¥1,304,444	¥1,649,981	$14,020
Net change in the year	239,478	(345,537)	2,574
End of year	¥1,543,922	¥1,304,444	$16,594
Total equity:			
Beginning of year	¥6,857,089	¥7,985,225	$73,701
Accounting changes at foreign subsidiaries	—	(6,210)	—
Issuance of common stock	1,031,324	398,645	11,084
Net income (loss)	362,886	(213,962)	3,900
Cash dividends	(155,211)	(183,966)	(1,668)
Disposal of treasury stock	—	390,000	—
Reversal of land revaluation surplus	6,742	7,120	72
Change in scope of application of the equity method	(1,919)	5,746	(21)
Net change in the year	1,199,661	(1,525,509)	12,895
End of year	¥9,300,572	¥6,857,089	$99,963

See the accompanying notes to consolidated financial statements.

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2010 and 2009

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2010	2009	2010
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥556,114	¥28,820	$5,977
Adjustments for:			
Income taxes—paid, net of refund	(70,107)	(48,684)	(754)
Depreciation and amortization	151,129	168,083	1,624
Impairment loss of long-lived assets	9,685	4,472	104
Amortization of goodwill	15,878	9,103	171
Amortization of negative goodwill	—	(90)	—
Equity in losses of the equity method investees	1,709	3,672	18
Increase in allowance for credit losses	141,961	45,456	1,526
(Decrease) increase in allowance for investment loss	(34,058)	7,619	(366)
Increase (decrease) in reserve for bonuses	1,559	(4,334)	17
Increase (decrease) in reserve for bonuses to directors	140	(141)	2
(Decrease) increase in reserve for retirement benefits	(24,744)	30,879	(266)
Increase in reserve for retirement benefits to directors	8	90	0
Increase in reserve for loyalty award credits	59	1,086	1
Increase (decrease) in reserve for contingent losses	9,186	(38,649)	99
Increase (decrease) in reserve for losses relating to business restructuring	—	(14,879)	—
Interest income (accrual basis)	(2,151,556)	(2,791,722)	(23,125)
Interest expense (accrual basis)	505,649	1,091,964	5,435
(Gains) losses on securities	(69,988)	381,073	(752)
Gains on sales of the parent company's shares	—	(172,096)	—
Losses (gains) on money held in trust	3,849	(1,121)	41
Foreign exchange losses	215,363	106,142	2,315
Losses on disposition of fixed assets	11,598	16,311	125
Earnings from business divestiture	(10,843)	—	(117)
Decrease (increase) in trading assets	3,014,727	(1,141,212)	32,402
(Decrease) increase in trading liabilities	(1,179,063)	140,728	(12,673)
Adjustment of unsettled trading accounts	(102,895)	14,175	(1,106)
Net decrease (increase) in loans and bills discounted	5,086,870	(5,266,853)	54,674
Net increase (decrease) in deposits	6,025,537	(670,058)	64,764
Net increase in negotiable certificates of deposit	3,047,831	1,036,742	32,758
Net (decrease) increase in borrowed money (excluding subordinated borrowings)	(917,443)	3,072,996	(9,861)
Net (increase) decrease in due from banks (excluding cash equivalents)	(878,268)	3,529,266	(9,440)
Net (increase) decrease in call loans and bills bought and receivables under resale agreements	(183,135)	2,168,540	(1,968)
Net (increase) decrease in receivables under securities borrowing transactions	(348,882)	395,658	(3,750)
Net (decrease) increase in call money and bills sold and payables under repurchase agreements	(3,153,558)	3,360,029	(33,895)
Net increase (decrease) in commercial paper	54,124	(174,641)	582
Net increase (decrease) in payables under securities lending transactions	1,291,749	(1,081,576)	13,884
Net decrease in foreign exchange assets	10,867	176,476	117
Net decrease in foreign exchange liabilities	(81,215)	(162,337)	(873)
Net increase in short-term bonds payable	47,992	178,048	516
Increase (decrease) in straight bonds issuance and redemption	399,612	(312,802)	4,295
Interest and dividends received (cash basis)	2,243,476	2,832,010	24,113
Interest paid (cash basis)	(529,455)	(1,120,973)	(5,691)
Other—net	228,165	(309,157)	2,452
Total adjustments	12,783,516	5,459,294	137,398
Net cash provided by operating activities	¥13,339,631	¥5,488,114	$143,375

The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2010 and 2009

	Millions of Yen		Millions of U.S. Dollars (Note 1)
	2010	2009	2010
INVESTING ACTIVITIES:			
Purchases of securities	¥(116,867,356)	¥(97,996,887)	$(1,256,098)
Proceeds from sales of securities	61,820,372	64,548,080	664,449
Proceeds from redemption of securities	40,998,455	27,076,741	440,654
Proceeds from sales of the parent company's shares	—	238,971	—
Increase in money held in trust	(678,483)	(290,208)	(7,292)
Decrease in money held in trust	698,240	328,840	7,505
Purchases of tangible fixed assets	(90,900)	(128,536)	(977)
Purchases of intangible fixed assets	(105,895)	(274,360)	(1,138)
Proceeds from sales of tangible fixed assets	11,293	49,052	121
Proceeds from sales of intangible fixed assets	1,384	191,678	15
Proceeds from business divestitures	4,682	1,055	50
Purchase of equity of subsidiaries	(2,716)	(389,310)	(29)
Proceeds from sales of equity of subsidiaries	42,334	503	455
Proceeds from purchases of subsidiaries' equity affecting scope of consolidation	—	758	—
Proceeds from sales of subsidiaries' equity affecting the scope of consolidation	—	10,874	—
Net cash used in investing activities	(14,168,589)	(6,632,746)	(152,285)
FINANCING ACTIVITIES:			
Increase in subordinated borrowings	24,000	184,250	258
Decrease in subordinated borrowings	(261,500)	(418,500)	(2,811)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	437,300	876,100	4,700
Payments for redemption of subordinated bonds and bonds with subscription rights to shares	(245,831)	(242,152)	(2,642)
Proceeds from issuance of stocks	1,031,324	398,645	11,084
Proceeds from issuance of common stock to minority shareholders	557	225,523	6
Repayments to minority shareholders	(1,463)	(2,332)	(16)
Proceeds from issuance of preferred stock to the parent company	370,000	—	3,977
Payments for redemption of preferred stock	(135,000)	(91,030)	(1,451)
Repayment of lease liabilities	—	(184)	—
Cash dividends paid	(155,211)	(183,966)	(1,668)
Cash dividends paid to minority shareholders	(57,631)	(59,382)	(619)
Proceeds from sales of treasury stock	—	390,000	—
Purchases of treasury stock by subsidiaries	(3)	(7,699)	(0)
Proceeds from sales of treasury stock by subsidiaries	80	14	1
Net cash provided by financing activities	1,006,620	1,069,287	10,819
Effect of foreign exchange rate changes on cash and cash equivalents	19,899	(164,417)	214
Net increase (decrease) in cash and cash equivalents	197,561	(239,762)	2,123
Cash and cash equivalents, beginning of year	3,271,131	3,546,580	35,159
Decrease in cash and cash equivalents due to deconsolidation of subsidiaries	(19,418)	(35,686)	(209)
Cash and cash equivalents, end of year (Note 3)	¥3,449,274	¥3,271,131	$37,073

See the accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, Ordinance for Enforcement of Banking Law, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 consolidated financial statements to conform to the classifications used in 2010.

In conformity with the Companies Act of Japan (the "Companies Act") and the other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share information. Accordingly, the total of each account may not be equal to the combined total of individual items.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Bank") is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to U.S. $1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidation*

The consolidated financial statements include the accounts of the Bank and its subsidiaries (together, the "Group"). There were 140 and 155 subsidiaries as of March 31, 2010 and 2009, respectively.

Under the control or influence concept, the companies over which the Bank, directly or indirectly, is able to exercise control are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for using the equity method.
Investments in 45 and 47 affiliates are accounted for using the equity method as of March 2010 and 2009, respectively. Investments in the remaining affiliates are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

"Goodwill" on consolidation of UnionBanCal Corporation and kabu.com Securities Co., Ltd., goodwill equivalent on JALCARD, Inc. and Senshu Ikeda Holdings, Inc. and negative goodwill equivalent on JACCS Co., Ltd. are amortized using the straight-line method over 20 years commencing from the period of the consolidation. Insignificant amounts of "goodwill", goodwill equivalent or negative goodwill are charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits and losses resulting from intercompany transactions are eliminated.

(1) Scope of consolidation
(a) Major consolidated subsidiaries are as follows:
kabu.com Securities Co., Ltd.
UnionBanCal Corporation

Changes in the subsidiaries in the fiscal year ended March 31, 2010 were as follows:
Two companies including BTMU Preferred Capital 9 Limited were newly included due to incorporation.
In addition, 10 companies including UFJ & Hitachi Systems Co., Ltd. were excluded from the scope of consolidation due to mergers or liquidation. Seven companies including The Senshu Bank, Ltd. were excluded from the scope of consolidation due to the decrease in ownership of voting rights resulting from share transfers.

Changes in the subsidiaries in the fiscal year ended March 31, 2009 were as follows:
Six companies including Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd. were newly included due to the transfer from affiliates or new incorporations.
In addition, 16 companies including Mitsubishi UFJ NICOS Co., Ltd. were excluded from the scope of consolidation due to business divestitures by share exchanges or liquidation.

(b) There were no unconsolidated subsidiaries as of March 31, 2010 and 2009.

(c) There were no companies which were not regarded as subsidiaries, although the majority of voting rights (execution rights) was owned by the Bank as of March 31, 2010 and 2009.

(d) There were no special purpose entities which were excluded from the scope of consolidation pursuant to Article 8, Paragraph 7 of the Financial Statements Regulations for Terminology, Forms and Preparation of Financial Statements, which does not regard a special purpose entity as a subsidiary of an investor irrespective of indicators of control if the entity is established and operated for the purpose of asset securitization and satisfies certain eligible criteria as of March 31, 2010 and 2009.

(2) Application of the equity method
(a) Major affiliates accounted for using the equity method are as follows:
Senshu Ikeda Holdings, Inc.
The Chukyo Bank, Ltd.

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2010 were as follows:
Four companies including Senshu Ikeda Holdings, Inc. were newly included in affiliates accounted for using the equity method due to transfers from subsidiaries or incorporation.

In addition, six companies including The Gifu Bank, Ltd. were excluded from affiliates accounted for using the equity method due to the decrease in ownership of voting rights or liquidation.

Changes in the affiliates accounted for using the equity method in the fiscal year ended March 31, 2009 were as follows:
Six companies including JALCARD, Inc. were newly included in affiliates due to the acquisition of shares or new incorporations.

In addition, six companies including Mitsubishi UFJ Merrill Lynch PB Securities Co., Ltd. were excluded from affiliates due to the transfer to subsidiaries.

(b) There were no unconsolidated subsidiaries which were not accounted for using the equity method as of March 31, 2010 and 2009.

(c) Major affiliate not accounted for using the equity method is as follows:
SCB Leasing Public Company Limited

Affiliates not accounted for using the equity method are excluded from the scope of application of the equity method since the impact on the consolidated financial statements is not material considering the attributable share of net income (loss), retained earnings and deferred gain on derivatives under hedge accounting in equity.

(d) The following six companies of which the Group owns the voting rights (execution rights) between 20% and 50% were not recognized as affiliates accounted for using the equity method, since the Bank's subsidiaries hold such ownerships as venture capital for the purpose of incubating their investees or earning capital gains

through business revitalization, not for the purpose of controlling those entities:
Kyoto Remedis Co., Ltd.
Kyoto Constella Technologies Co., Ltd.
Past Co., Ltd.
Pharma Frontier Co., Ltd.
Spring Co., Ltd.
Beaunet Corporation Limited

(3) The fiscal year ending dates of subsidiaries
(a) The fiscal year ending dates of subsidiaries are as follows:

	Number of subsidiaries	
	2010	2009
May 31	-	2
October 31	1	1
December 31	89	94
January 24	11	10
January 31	1	1
February 28	1	1
March 31	37	46

(b) The subsidiaries with fiscal year ended as of May 31 were consolidated based on the financial information for the twelve months ended at February 28.

The subsidiary with fiscal year ended as of October 31 is consolidated based on the financial information for the twelve months ended at January 31.

Other subsidiaries are consolidated based on the financial information as of their fiscal year ending dates.

Adjustments are made in the consolidated financial statements to reflect the significant transactions occurred in the period between the fiscal year ending dates of subsidiaries and March 31,2010 and 2009, respectively.

b. Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements
The Accounting Standards Board of Japan (ASBJ) issued "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No.18, May 17, 2006). This PITF permits foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States to be used for the consolidation process with certain limitations. PITF No.18 is applicable to fiscal years beginning on or after April 1, 2008, and the Group has adopted this practical solution starting in the year ended March 31, 2009.

Financial statements of foreign subsidiaries in accordance with either International Financial Reporting Standards ("IFRSs") or generally accepted accounting principles in the United States of America ("US GAAP") are used in the consolidation. However, when the financial statements of foreign subsidiaries are prepared in accordance with the generally accepted accounting principles in each domicile country which are different from IFRSs or US GAAP, they are adjusted to conform to US GAAP. In addition, necessary adjustments for consolidation are made, if any.

c. Business Combination and Business Divestitures
In October 2003, the Business Accounting Council of Japan ("BAC") issued a Statement of Opinion, "Accounting Standard for Business Combinations," and in December 2005, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows the Group to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

d. Cash and Cash Equivalents
For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent "Cash and

due from banks" excluding time deposits and “negotiable certificates of deposit” included in due from banks.

e. Trading Assets or Liabilities, Securities and Money Held in Trust

Securities other than investments in affiliates are classified into three categories, based principally on the Group’s intent, as follows:

(1) Trading assets or liabilities which are held for the purpose of earning capital gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices and other market indices in the financial instruments or from variation among markets are reported as “Trading assets” or “Trading liabilities” in the consolidated balance sheets at fair value. The related unrealized or realized gains and losses are included in “Trading income (expenses)” in the consolidated statements of operations.

(2) Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost (using the straight-line method) based on the moving average method.

(3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gain (loss), net of applicable taxes, reported in a separate component of equity, except for unrealized gain (loss) on embedded derivatives combined with the host contracts which are charged to income.

Investments in affiliates not accounted for using the equity method are reported at cost based on the moving average method.

The cost of trading securities and available-for-sale securities sold is determined based on the moving average method.

Available-for-sale securities without readily determinable fair value are reported at acquisition cost or amortized cost based on the moving average method.

For other than recoverable declines in fair value, securities are reduced to net realizable value by a charge to income.

Floating-rate Japanese government bonds included in “Securities”, previously evaluated based on market price, are valued based on reasonable estimates in accordance with ASBJ Practical Issues Task Force (PITF） No. 25 “Practical Solution on Measurement of Fair Value for Financial Assets” (issued on October 28, 2008 by the ASBJ), since market prices cannot be deemed as fair value due to the current market environment. The estimated values of floating-rate Japanese government bonds are calculated by discounting the future cash flows estimated using the yields of government bonds, with adjustments made based on implied option value and liquidity premium based on historical market performance.

In addition, securitized products collateralized by corporate loans which are reclassified to “Held-to-maturity debt securities” or some of those classified as “Available-for-sale securities” are evaluated based on estimated amounts derived using the Bank’s own calculation methods in order to enhance the reasonableness of the Bank’s valuation.

Reasonable estimates of securitized products collateralized by corporate loans are obtained using both (A) the amounts calculated by discounting future cash flows estimated based on the Bank’s determination, through an analysis of the relevant loans, of the probability of default of the borrowers and pre-payment on the loans and other factors at discount rates, considering liquidity premiums obtained from historical market data and (B) prices quoted by brokers, information vendors or other sources.

Other securitized products are reported at the value based on the reasonable estimation using the price quoted by brokers, information vendors or other sources as a substitute for market values based on various periodical monitoring methods, including price comparison among similar products, price trend analysis on individual products, compatibility analysis against market indices, etc.

Securities included in “money held in trust” are also classified into the three categories outlined above.

The components of trust assets in “money held in trust” are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gain (loss) are recorded in trading income (expenses). Securities as components of trust assets in “money held in trust” which are held for purposes other than trading or held-to-maturity are recorded at fair value with the unrealized gain (loss) recorded in a separate component of equity. Instruments held in trust classified as held to maturity are carried at amortized cost.

f. Tangible Fixed Assets

"Tangible fixed assets" are stated at cost less accumulated depreciation. Depreciation of "tangible fixed assets" of the Bank, except for "lease assets", is computed using the declining-balance method over the estimated useful lives of the assets. The range of useful lives is principally from 15 to 50 years for "buildings" and from 2 to 20 years for equipment.

Depreciation of "tangible fixed assets" of the subsidiaries is mainly computed using the straight-line method over the estimated useful lives.

g. Intangible Fixed Assets

Amortization of "intangible fixed assets", except for "lease assets", is calculated using the straight-line method. The capitalized cost of computer software developed/obtained for internal use is amortized using the straight-line method over the estimated useful lives (mainly three to ten years) determined by the Bank or its subsidiaries.

Amortization of "lease assets" included in "intangible fixed assets" is mainly computed using the straight-line method over respective lease periods.

h. Long-lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows from the continued use and salvage value. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and salvage value or the net selling price at disposition.

i. Deferred Charges

Bond and stock issuance costs are charged to expense as incurred.

Discounts on bonds issued prior to March 31, 2006 are amortized using the straight-line method over the terms of the bonds. The unamortized portion is deducted from the bonds in accordance with ASBJ PITF No.19 "Tentative Solution on Accounting for Deferred Assets" (issued on August 11, 2006 by the ASBJ).

j. Allowance for Credit Losses

The Bank and domestic subsidiaries determine the amount of the "allowance for credit losses" in accordance with the predetermined self-assessment standards and internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ("bankrupt borrowers") or borrowers that are not legally or formally insolvent but are regarded as substantially in the similar situation ("virtually bankrupt borrowers"), an allowance is provided for based on the amount of claims, after the write-offs as stated below, net of the expected amounts of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy ("likely to become bankrupt borrowers"), where cash flows from collection of principal and interest cannot be reasonably estimated, an allowance is provided for in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

For claims on likely to become bankrupt borrowers and borrowers requiring close monitoring whose cash flows from collection of principal and interest can be reasonably estimated, an allowance is provided for based on the difference between the relevant cash flows discounted by the initial contractual interest rate and the carrying value of the claims.

For other claims, an allowance is provided for based on historical credit losses ratio during the defined periods.

For specified overseas claims, an additional allowance is provided for based on the estimated loss resulting from the political and economic conditions of those countries.

The operating branches and assessment divisions implement the self-assessment for all claims in accordance with the Bank's self-assessment standards. And the Credit Audit Department independent from the operating divisions and audits the results of the assessment and the above allowances are provided based on the results of the assessment.

For collateralized or guaranteed claims of bankrupt borrowers or virtually bankrupt borrowers, the amount of claims less the expected amount of recoveries from collateral and guarantee is deemed to be uncollectible and written off against the outstanding amount of claims. The amount of write-offs was ¥860,582 million ($9,250 million) and ¥854,084 million at March 31, 2010 and 2009, respectively.

Other subsidiaries determine the “allowance for credit losses” based on the necessary amounts considering the historical loss ratio for general claims and the uncollectible amount estimated considering the specific collectability for specific deteriorated claims.

k. Allowance for Investment Loss

“Allowance for investment loss” is provided for based on the possible loss amounts estimated considering the financial position of the issuers of the relevant securities.

l. Reserve for Bonuses

Reserve for bonuses is provided for estimated payment of bonuses to employees attributable to the respective fiscal year.

m. Reserve for Bonuses to Directors

Reserve for bonuses to directors is provided for estimated payment of bonuses to directors attributable to the respective fiscal year.

n. Reserve for Retirement Benefits

“Reserve for retirement benefits”, which is provided for future pension payments to employees, is recorded in the amount deemed accrued at the consolidated balance sheet date based on the projected benefit obligation and the estimated plan asset amount at the end of each fiscal year.

Unrecognized prior service cost is amortized under the straight-line method for a period within the employees' average remaining service period, primarily over ten years, commencing on the fiscal year in which the cost is incurred.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method for a period within the employees' average remaining service period, primarily over ten years, commencing on the fiscal year immediately following the fiscal year in which the gain (loss) is incurred.

On July 31, 2008, the ASBJ issued ASBJ Statement No. 19 “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3),” which requires companies to use the discount rate determined by reference to market yields at the end of the fiscal year on high quality bonds such as long-term Japanese government bonds, government agency bonds and high quality corporate bonds. Effective from the year ended March 31, 2010, the Group adopted this amendment. The effect of the change on unrecognized net actuarial gain (loss) is immaterial and there is no effect on the accompanying consolidated financial statements since any such difference will be amortized commencing on the fiscal year following the fiscal year in which it is incurred.

Net actuarial gain (loss) not recognized as net periodic cost of retirement benefits, which is recorded on the financial statements of foreign subsidiaries under US GAAP in accordance with “Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)” (FASB Statement No. 158) is recorded separately, net of related tax effects and minority interests portion, as “Pension liability adjustments under US GAAP recognised at foreign subsidiaries" in equity.

o. Reserve for Retirement Benefits to Directors

Reserve for retirement benefits to directors, which is provided for payments of retirement benefits to directors of certain subsidiaries, is recorded in the amount deemed accrued at the consolidated balance sheet date based on the estimated amount of benefits.

p. ***Reserve for Loyalty Award Credits***

Reserve for loyalty award credits, which is provided to meet future use of points granted to "Super IC Card" customers, is recorded based on the estimated future use of unused points.

q. ***Reserve for Contingent Losses***

Reserve for contingent losses, which is provided for possible losses from contingent events related to off-balance sheet and other transactions, is calculated by estimating the impact of such contingent events.

r. ***Reserve under Special Laws***

Reserve under special laws represents a reserve for contingent liabilities from financial instruments transactions set aside in accordance with Article 46-5-1and Article 48-3-1 of the Financial Instruments and Exchange Act and Article 175 and 189 of the Cabinet Office Ordinance on Financial Instruments Business.

s. ***Assets and Liabilities Denominated in Foreign Currencies***

Assets and liabilities denominated in foreign currencies and accounts of the overseas branches of the Bank are translated into yen primarily at exchange rates in effect on the consolidated balance sheet date, except for investments in affiliates which are translated into yen at exchange rates in effect on the acquisition dates.

Assets and liabilities denominated in foreign currencies of the subsidiaries are translated into yen at the exchange rates in effect on the respective fiscal year ending date.

t. ***Leases***

(As lessee)

The Bank's and domestic subsidiaries' finance leases other than those that are deemed to transfer the ownership of leased property to the lessees, which commenced in fiscal years beginning on or after April 1, 2008, are accounted for in a similar way to purchases, and depreciation for "lease assets" is computed using the straight-line method over the lease term with zero residual value unless residual value is guaranteed in the corresponding lease contracts.

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees, which commenced in fiscal years beginning prior to April 1, 2008, are accounted for in a similar way to operating leases.

(As lessor)

Finance leases other than those that are deemed to transfer the ownership of leased property to the lessees are accounted for in a similar way to sales, and income and expenses related to such leases are recognized by allocating interest equivalents to applicable fiscal periods instead of recording sales and costs of goods sold.

u. ***Income Taxes***

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize "deferred tax assets" and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

v. ***Derivatives and Hedging Activities***

Derivatives are stated at fair value.

(1) Hedge accounting for interest rate risks

(a) The Bank has adopted the deferred hedge accounting method for hedging transactions for interest rate risks arising from monetary assets and liabilities. Individual hedging or portfolio hedging, as described in the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24, "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (February 13, 2002) and JICPA Accounting Committee Report No. 14, "Practical Guidelines for Accounting for Financial Instruments" (January 31, 2000), are primarily applied to determine hedged items.

(b) With respect to hedging transactions to offset fluctuations in the fair value of fixed rate deposits, loans and other instruments, hedging instruments (e.g. interest rate swaps) are designated to hedged items individually or collectively by their maturities in accordance with Industry Audit Committee Report No. 24. With respect to hedging transactions to offset fluctuations in fair value of fixed rate bonds classified as available-for-sale securities, hedging instruments (e.g. interest rate swaps) are designated to hedged items

collectively by bond type.
Since material terms related to hedged items and hedging instruments are substantially identical, and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms.

(c) With respect to hedging transactions to fix the cash flows of forecasted transactions related to floating rate deposits and loans as well as short-term fixed rate deposits, loans and other instruments, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by interest rate indices and definite interest rate reset terms in accordance with Industry Audit Committee Report No. 24. Since material terms related to hedged items and hedging instruments are substantially identical, and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms. The effectiveness of hedging transactions is also assessed by verifying the correlation of interest rate movement factors.

(d) As of March 31, 2003, deferred hedge losses and gains were recorded in the consolidated balance sheet as a result of the application of macro hedge accounting based on JICPA Industry Audit Committee Report No. 15 "Tentative Treatment for Accounting and Auditing in Adoption of Accounting Standards for Banking Industry" (February 15, 2000), under which the overall interest rate risks arising from numerous deposits, loans and other instruments are hedged collectively by derivative transactions. These losses and gains are amortized as expense or income over the remaining lives of the macro hedging instruments (for a maximum period of 14 years from April 1, 2003). Deferred hedge losses and gains attributable to macro hedge accounting were loss of ¥5,654 million ($61 million) (before tax effect adjustment) and gain of ¥6,478 million ($70 million) (before tax effect adjustment) as of March 31, 2010 and loss of ¥13,333 million (before tax effect adjustment) and gain of ¥21,046 million (before tax effect adjustment) as of March 31, 2009.

(2) Hedge accounting for foreign currency risks
(a) The Bank has adopted the deferred hedge accounting method for hedging transactions for foreign currency risks arising from monetary assets and liabilities denominated in foreign currencies. Portfolio hedging is applied to determine hedged items as described in JICPA Industry Audit Committee Report No. 25 "Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry" (July 29, 2002). Hedging instruments (e.g. currency swaps and forward exchange contracts) are designated to hedged items collectively by currency.

(b) The Bank also has adopted the deferred hedge accounting method for hedging transactions for foreign currency risks arising from investments in affiliates denominated in foreign currencies while adopting the fair value hedge accounting method for hedging transactions for foreign currency risks arising from foreign currency denominated securities (other than bonds). Portfolio hedging and individual hedging are applied to specific hedged items. Liabilities denominated in foreign currencies and forward exchange contracts are used as hedging instruments.

(3) Transactions among consolidated companies
Derivative transactions, including interest rate swaps and currency swaps which are designated as hedging instruments, among consolidated companies or between trading accounts and other accounts (or among internal sections) are not eliminated from the consolidated statements of operations and related gains and losses are recognized or deferred under hedge accounting because these derivative transactions are executed, meeting certain criteria under JICPA Industry Audit Committee Reports No. 24 and No. 25 to be regarded as equivalent to external third party transactions.

w. Consumption Taxes

National and local consumption taxes are excluded from transaction amounts. Non-deductible portions of consumption taxes on the purchases of "tangible fixed assets" are expensed when incurred.

x. Per Share Information

Basic net income (loss) per common share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per common share reflects the potential dilution that could occur if securities were exercised or converted into common shares. Diluted net income per common share assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per common share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

y. New Accounting Pronouncement

Business Combinations—On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows;

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires accounting for such business combination using the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard requires that the research and development costs be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in a business combination is capitalized as an intangible asset.

(3) The current accounting standard requires that a bargain purchase gain (negative goodwill) be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of Accounting Policies Applied to Foreign Affiliated Companies for the Equity Method—The current accounting standard requires uniform accounting policies within the consolidation group. However, the current guidance allows the Bank to apply the equity method for the financial statements of its foreign affiliated companies which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without conforming to accounting policies within the group.

On December 26, 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the affiliate's accounting policies for similar transactions and events to those of the parent company when the affiliate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign affiliated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of "goodwill"; 2) scheduled amortization of actuarial gain (loss) related to pensions that has been directly recorded in equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if applicable.

This standard is applicable to equity method investments effective on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations—On March 31, 2008, the ASBJ published the new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

***Accounting Changes and Error Corrections*—**In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies:

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

***Segment Information Disclosures*—**In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No.20 "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" at the end of the fiscal year and "Cash and due from banks" in the consolidated balance sheets at March 31, 2010 and 2009 is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Cash and due from banks	¥6,309,015	¥5,239,373	$67,810
Less: Time deposits and negotiable certification of deposit included in due from banks	(2,859,740)	(1,968,242)	(30,737)
Cash and cash equivalents at the end of year	¥3,449,274	¥3,271,131	$37,073

Non-cash transactions:

Year ended March 31, 2010

Assets and liabilities of a company which ceased to be a subsidiary due to a share transfer are as follows:
Name of the company: The Senshu Bank, Ltd. (including its six consolidated subsidiaries)
Total assets: ¥2,234,685 million ($24,019 million), including ¥1,747,135 million ($18,778 million) of loans
Total liabilities: ¥2,160,519 million ($23,221 million), including ¥1,913,630 million ($20,568 million) of deposits

Year ended March 31, 2009

Assets and liabilities of a company which ceased to be a subsidiary due to a share exchange are as follows:
Name of the company: Mitsubishi UFJ NICOS Co., Ltd.
Total assets: ¥3,456,514 million, including ¥1,441,028 million of customers' liabilities for acceptances and guarantees
Total liabilities: ¥3,279,146 million, including ¥1,441,028 million of "acceptances and guarantees"

4. TRADING ASSETS OR LIABILITIES AND SECURITIES

Securities at March 31, 2010 and 2009 include equity securities in affiliates of ¥181,085 million ($1,946 million) and ¥130,749 million respectively and capital subscriptions to entities such as limited liability companies of ¥6,068 million ($65 million) and ¥2,207 million, respectively. They also include investments in jointly controlled entities in the amounts of ¥9,566 million ($103 million) and ¥8,965 million at March 31, 2010 and 2009, respectively.

Securities loaned under unsecured securities lending transactions amounted to ¥129,977 million ($1,397 million) and ¥199,972 million at March 31, 2010 and 2009, respectively.

Securities repledged, which the Bank has the rights to sell or repledge without restrictions amounted to ¥663,551 million ($7,132 million) and ¥371,509 million at March 31, 2010 and 2009, respectively. And securities loaned amounted to ¥391 million ($4 million) at March 31, 2010. Securities held without disposition are in the amounts of ¥9,891,719 million ($106,317 million) and ¥12,659,525 million at March 31, 2010 and 2009, respectively.

The following tables include securities in "Trading assets," "negotiable certificates of deposit" in "Cash and due from banks" and beneficiary certificates of commodity investment trusts in "Monetary claims bought" in addition to "Securities."

a. Trading securities:

Net unrealized (losses) gains on trading securities were ¥(1,827) million ($(20) million) and ¥419 million for the years ended March 31, 2010 and 2009, respectively.

b. Held-to-maturity debt securities with fair value:

	Millions of Yen				
	2010				
March 31	Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gains	Unrealized losses
Japanese government bonds	¥250,176	¥254,500	¥4,323	¥4,323	¥—
Foreign bonds	5,605	6,608	1,002	1,002	—
Other	1,155,370	1,211,347	55,978	56,120	(142)
Total	¥1,411,153	¥1,472,456	¥61,302	¥61,445	¥(142)

March 31	Millions of Yen 2009 Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gains	Unrealized losses
Japanese government bonds	¥514,895	¥516,563	¥1,668	¥3,421	¥1,753
Foreign bonds	15,467	16,625	1,157	1,361	204
Other	1,097,596	1,088,549	(9,046)	9,991	19,037
Total	¥1,627,959	¥1,621,738	¥ (6,221)	¥14,774	¥20,996

March 31	Millions of U.S. Dollars 2010 Carrying amount	Fair value	Net unrealized gain (loss)	Unrealized gains	Unrealized losses
Japanese government bonds	$2,689	$2,735	$46	$46	$—
Foreign bonds	60	71	11	11	—
Other	12,418	13,020	602	604	(2)
Total	$15,167	$ 15,826	$659	$661	$(2)

Note: Fair value is stated using mainly quoted market prices at fiscal year-end.

c. Available-for-sale securities:

March 31	Millions of Yen 2010 Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gains	Unrealized losses
Domestic equity securities	¥3,377,563	¥2,986,196	¥391,367	¥713,035	¥321,668
Domestic bonds	39,376,146	39,271,755	104,392	155,591	51,199
Japanese government bonds	35,063,795	34,994,551	69,244	98,291	29,047
Municipal bonds	279,812	271,771	8,042	8,117	75
Corporate bonds	4,032,538	4,005,431	27,107	49,182	22,075
Foreign equity securities	153,608	97,448	56,160	56,161	1
Foreign bonds	7,849,097	7,799,510	49,587	91,945	42,358
Other	1,245,526	1,318,375	(72,849)	27,583	100,432
Total	¥52,001,945	¥51,473,288	¥528,657	¥1,044,317	¥515,660

March 31	Millions of Yen 2009 Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	¥2,967,386	¥3,260,950	¥(293,563)	¥285,249	¥578,812
Domestic bonds	21,143,463	21,171,990	(28,526)	38,280	66,806
Japanese government bonds	19,665,871	19,686,130	(20,258)	31,968	52,227
Municipal bonds	268,021	264,433	3,588	3,768	179
Corporate bonds	1,209,570	1,221,426	(11,855)	2,544	14,399
Foreign equity securities	83,251	101,060	(17,809)	4,837	22,646
Foreign bonds	8,524,797	8,513,408	11,389	89,482	78,093
Other	1,580,505	2,069,369	(488,864)	4,168	493,033
Total	¥34,299,404	¥35,116,778	¥ (817,373)	¥422,018	¥1,239,392

March 31	Millions of U.S. Dollars 2010 Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Domestic equity securities	$ 36,302	$ 32,096	$ 4,206	$ 7,663	$ 3,457
Domestic bonds	423,217	422,095	1,122	1,673	551
Japanese government bonds	376,868	376,123	745	1,057	312
Municipal bonds	3,007	2,921	86	87	1
Corporate bonds	43,342	43,051	291	529	238
Foreign equity securities	1,651	1,047	604	604	0
Foreign bonds	84,363	83,830	533	988	455
Other	13,387	14,170	(783)	296	1,079
Total	$ 558,920	$ 553,238	$ 5,682	$ 11,224	$ 5,542

Notes:

1. Carrying amount, which is recorded on the consolidated balance sheet, is determined based on the fair value calculated using mainly quoted market price.

2. Securities with the fair value determined using the quoted market prices or reasonable estimates, whose fair value significantly declined compared with the acquisition cost, and is considered to be other than recoverable decline, are written down to the respective fair value which is recorded as the carrying amount on the consolidated balance sheets. Impairment losses for the year ended March 31, 2010 were ¥64,179 million ($690 million) consisting of ¥28,439 million ($306 million) on equity securities and ¥35,739 million ($384 million) on bonds.

The criteria for determining whether the fair value is "significantly declined" are defined based on the asset classification of the issuer in the Bank's internal standards standards for asset quality self-assessment as follows:

(a) Bankrupt, virtually bankrupt, likely to become bankrupt issuers: Fair value is lower than acquisition cost.
(b) Issuers requiring close monitoring: Fair value has declined by 30% or more of the acquisition cost.
(c) Normal issuers: Fair value has declined by 50% or more of the acquisition cost.

"Bankrupt issuer" means an issuer who has entered into bankruptcy, special liquidation proceedings or similar legal proceedings or whose notes have been dishonored and suspended from processing through clearing houses. "Virtually bankrupt issuer" means an issuer who is not legally or formally bankrupt but regarded as substantially in a similar condition. "Likely to become bankrupt issuer" means an issuer who is not legally bankrupt but deemed to have high possibility of becoming bankrupt. "Issuer requiring close monitoring" means issuer who requires close monitoring of the management. "Normal issuer" means an issuers other than "bankrupt issuer," "virtually bankrupt issuer," "likely to become bankrupt issuer" or "Issuer requiring close monitoring".

3. "Unrealized gain (loss)" includes losses of ¥20,220 million ($217 million) and ¥10,194 million and for the years ended March 31, 2010 and 2009, respectively, resulting from the accounting treatment of embedded derivatives, which are not separated from underlying securities.

d. Proceeds from sales of available-for-sale securities and related realized gains and losses for the years ended March 31, 2010 and 2009 were as follow:

	Millions of Yen 2010	Millions of Yen 2009	Millions of U.S. Dollars 2010
Sales proceeds	¥61,921,821	¥64,165,681	$665,540
Realized gains	337,886	520,990	3,632
Realized losses	189,020	285,577	2,032

e. Major securities stated at acquisition cost and amortized cost at March 31, 2009 were as follows:
Note that securities which are not stated at fair value at March 31, 2010 are explained in Note 24 "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES".

	Millions of Yen 2010	Millions of Yen 2009	Millions of U.S. Dollars 2010
Held-to-maturity debt securities:			
Foreign bonds	¥—	¥78	$—
Available-for-sale securities:	—		—
Domestic equity securities	—	296,465	—
Corporate bonds	—	3,192,780	—
Foreign equity securities	—	65,476	—
Foreign bonds	—	340,963	—

f. Reclassification of securities:

Year ended March 31, 2010

Certain overseas subsidiaries which close their accounts in December reclassified securitized products from "Available-for-sale" to "Held-to-maturity" securities at March 31, 2010 using the fair value of ¥112,356 million ($1,208 million) on February 28, 2009 pursuant to US GAAP. The foregoing reclassification has been made because the Group considered the reclassification of these securities into "Held-to-maturity" securities to be more appropriate since the Group has the intent and ability to hold them until maturity.

Year ended March 31, 2009

Securitized products in the amount of ¥1,162,444 million ($12,494 million) which were classified as "Available-for-sale" securities at March 31, 2008 were reclassified into "Held-to-maturity" securities at March 31, 2009 using the fair values of ¥1,053,029 million on January 30, 2009. The foregoing reclassification was made due to the drastic reduction in liquidity of certain debt securities in extreme market conditions resulting from the recent global financial market turmoil, making securities difficult to sell at the fair value in the foreseeable future.

Securities reclassified from available-for-sale securities into held-to-maturity debt securities as of March 31, 2010 are as follows:

	Millions of Yen		
	Fair value	Carrying amount	Net unrealized gain (loss) on available-for-sale securities
Other (monetary claims bought)	¥134,230	¥113,063	¥ (41,975)

	Millions of U.S. Dollars		
	Fair value	Carrying amount	Net unrealized gain (loss) on available-for-sale securities
Other (monetary claims bought)	$ 1,443	$ 1,215	$ (451)

Securities reclassified from available-for-sale securities into held-to-maturity debt securities prior to April 1, 2009 and outstanding at March 31, 2010 are as follows:

	Millions of Yen		
	Fair value	Carrying amount	Net unrealized gain (loss) on available-for-sale securities
Other (monetary claims bought)	¥1,007,126	¥972,327	¥ (72,076)

	Millions of U.S. Dollars		
	Fair value	Carrying amount	Net unrealized gain (loss) on available-for-sale securities
Other (monetary claims bought)	$ 10,825	$ 10,451	$ (775)

Floating-rate Japanese government bonds included in "Securities", previously evaluated based on market prices, are now valued based on reasonable estimates in accordance with ASBJ PITF No. 25 "Practical Solution on Measurement of Fair Value for Financial Assets" (issued on October 28, 2008 by the ASBJ) since market prices cannot be deemed as fair value due to the current market environment.

The estimated values of floating-rate Japanese government bonds are calculated by discounting the future cash flows using the yields of government bonds, with adjustments made based on implied option value and liquidity premiums.

Securitized products which were collateralized by corporate loans reclassified to "Held-to-maturity debt securities" or some of those classified as "Available-for-sale securities" were previously valued based on prices quoted by brokers, information vendors or other sources as a substitute for market values. Such sucuritized products are now evaluated based on reasonably estimated amounts derived using our own models.

Such sucuritized products were reclassified to "Held-to-maturity debt securities" based on reasonably estimated amounts.

The estimated values of the securitized products collateralized by corporate loans are obtained using both (A) the amounts calculated using discounted future cash flows estimated based on the probability of default of the borrowers and pre-payment on the loans and other factors such as liquidity premiums obtained from historical market data and (B) prices quoted by brokers, information vendors or other sources.

Other securitization products are reported at fair value based on the price quoted by brokers or information vendors. For some instances, other sources are used as a substitute for market values and are based on various periodical monitoring methods, including price comparison among similar products, price trend analysis on individual products, compatibility analysis against market indices, etc.

5. MONEY HELD IN TRUST

"Money held in trust" classified as trading at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Carrying amount	¥42,573	¥32,818	$458
Net unrealized gain (loss)	44	(106)	0

"Money held in trust" classified as other than trading and held-to-maturity at March 31, 2010 and 2009 were as follows:

	Millions of Yen				
	2010				
March 31	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gains	Unrealized losses
Money held in trust classified as other than trading and held-to-maturity	¥223,250	¥222,758	¥492	¥492	¥0

	Millions of Yen				
	2009				
March 31	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gains	Unrealized losses
Money held in trust classified as other than trading and held-to-maturity	¥209,071	¥208,695	¥375	¥375	¥ —

	Millions of U.S. Dollars				
	2010				
March 31	Acquisition cost	Carrying amount	Net unrealized gain (loss)	Unrealized gains	Unrealized losses
Money held in trust classified as other than trading and held-to-maturity	$2,400	$2,394	$5	$5	$0

Note: Carrying amount on the consolidated balance sheets is determined based on the fair value calculated using quoted market prices and other information.

6. UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE SECURITIES

Unrealized gain (loss) on available-for-sale securities at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Unrealized gain (loss):	¥394,404	¥(914,731)	$4,239
Available-for-sale securities	554,785	(803,549)	5,963
Money held in trust except for trading and held-to-maturity purpose	492	375	5
Securities reclassified from available-for-sale securities into held-to-maturity debt securities	(160,872)	(111,557)	(1,729)
Deferred tax assets (liabilities):	(166,444)	203,768	(1,789)
Unrealized gain (loss) on available-for-sale securities before adjustments by ownership share	227,960	(710,962)	2,450
Minority interests	14,679	17,460	158
Bank's ownership share in unrealized gain (loss) on available-for-sale securities held by companies accounted for using the equity method	(15,651)	(19,106)	(168)
Unrealized gain (loss) on available-for-sale securities	¥226,987	¥ (712,608)	$2,440

Notes:

1. Unrealized gain (loss) in the above table excludes ¥20,220 million ($217 million) and ¥10,194 million of losses resulting from the accounting treatment for embedded derivatives at March 31, 2010 and 2009, respectively.
2. Unrealized gain (loss) in the above table includes ¥5,908 million ($63 million) and ¥3,629 million of unrealized gain on available-for-sale securities invested in limited partnerships.

7. LOANS AND BILLS DISCOUNTED

Bills discounted and rediscounted are accounted for as financial transactions in accordance with "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee Report No. 24). The Bank has rights to sell or pledge these bills discounted. The total face value of bills discounted was ¥801,515 million ($8,615 million) and ¥816,853 million at March 31, 2010 and 2009, respectively. The total face value of banker's acceptance bills, commercial bills, documentary bills and foreign exchanges bills bought amounted to ¥15,405 million ($166 million) and ¥22,802 million at March 31, 2010 and 2009, respectively.

"Loans and bills discounted" at March 31, 2010 and 2009 included the following loans:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Loans to bankrupt borrowers	¥99,433	¥130,515	$1,069
Non-accrual delinquent loans	976,028	744,871	10,490
Loans past due for three months or more	25,295	22,190	272
Restructured loans	265,780	268,451	2,857
Total	¥1,366,537	¥1,166,030	$14,688

Loans to bankrupt borrowers are loans, after write-offs, to bankrupt borrowers as defined in Article 96-1-3-1 to 5 or 96-1-4 of the Enforcement Ordinance of the Corporate Tax Law (No. 97 in 1965) on which accrued interest income is not recognized ("Non-accrual loans") as there is substantial doubt as to the collection of principal and/or interest because of delinquencies in payment of principal and/or interest for a significant period of time or for some other reasons.
Non-accrual delinquent loans represent non-accrual loans other than loans to bankrupt borrowers and loans renegotiated at concessionary terms, which includes reduction or deferral of interest due to the borrower's weakened financial condition.

Loans past due for three months or more represent loans whose principal and/or interest payments have been past due for three months or more, excluding loans to bankrupt borrowers and non-accrual delinquent loans.

Restructured loans represent loans renegotiated at concessionary terms, including reduction or deferral of interest or principal and waiver of the claims, due to the borrower's weakened financial condition, excluding loans to bankrupt borrowers, non-accrual delinquent loans and loans past due for three months or more.

8. TANGIBLE FIXED ASSETS

The accumulated depreciation of "tangible fixed assets" at March 31, 2010 and 2009 amounted to ¥848,976 million ($9,125 million) and ¥846,147 million, respectively.

Deferred gains on "tangible fixed assets" deducted for tax purposes at March 31, 2010 and 2009 amounted to ¥81,784 million ($879 million) and ¥82,961 million, respectively.

9. LAND REVALUATION SURPLUS

In accordance with the "Act on Revaluation of Land" (the "Law") (No. 34, March 31, 1998), land used for business operations of the Bank has been revalued as of the dates indicated below. The excess of revaluation to carrying value at the time of revaluation, net of income taxes corresponding to the excess which are recognized as "Deferred tax liabilities for land revaluation," is stated as "land revaluation surplus" in equity.

Date of revaluation: March 31, 1998
The method of revaluation asset forth in Article 3, Paragraph 3 of the "Law":
Fair values are determined based on (1) "published land price under the Land Price Publication Law" stipulated in Article 2-1of the "Order for Enforcement on Law on Revaluation of Land" ("Ordinance") (No. 119, March 31, 1998), (2) "standard land price determined on measurement spots under the Enforcement Ordinance of National Land Planning Law" stipulated in Article 2-2 of the "Ordinance," (3) "land price determined using the method established and published by the Director General of the National Tax Agency in order to calculate land value which is used for determining taxable amounts subject to landholding tax articulated in Article 16 of the Landholding Tax Law" stipulated in Article 2-4 of the "Ordinance" with price adjustments by shape and time.

The difference between the total fair value of land used for business operations revalued pursuant to article 10 of the "Law" at March 31, 2010 and book value after revaluation of the relevant land was ¥54,247 million ($583 million).

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from "acceptances and guarantees" are reflected in "Acceptances and guarantees." "Customers' liabilities for acceptances and guarantees" are shown as contra assets, representing the Bank's right to receive indemnity from the applicants.

Guarantee obligations for private placement bonds included in "Securities" (provided in accordance with the Article 2-3 of the Financial Instruments and Exchange Act) at March 31, 2010 and 2009 were ¥2,538,370 million ($27,283 million) and ¥2,859,231 million, respectively .

In accordance with the Cabinet Office Ordinance for the Partial Revision of the Ordinance for Enforcement of the Banking Law (Cabinet Office Ordinance No. 38, April 17, 2007), "Customers' liabilities for acceptances and guarantees" and "Acceptances and guarantees" of the bonds stated above are offset.

11. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Assets pledged as collateral:			
Cash and due from banks	¥2,159	¥1,679	$23
Trading assets	499,910	328,040	5,373
Securities	1,057,965	1,235,691	11,371
Loans and bills discounted	760,676	2,573,385	8,176
Other assets	71,729	403	771
Tangible fixed assets	—	604	—
Intangible fixed assets	—	654	—
Total	¥2,392,440	¥4,140,460	$25,714
Relevant liabilities to above assets:			
Deposits	¥408,098	¥445,370	$4,386
Call money and bills sold	540,000	565,000	5,804
Trading liabilities	48,902	88,680	526
Borrowed money	1,086,802	2,291,831	11,680
Other liabilities	56,162	—	604
Acceptances and guarantees	985	1,124	11
Total	¥2,140,951	¥3,392,006	$23,011

In addition to the above, the following assets are pledged as collateral for cash settlements and other transactions or as deposits for margin accounts of futures and other transactions:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Assets pledged as collateral:			
Cash and due from banks	¥12,625	¥39,022	$136
Monetary claims bought	155,200	765,299	1,668
Trading assets	20,961	14,743	225
Securities	4,718,265	8,088,688	50,712
Loans and bills discounted	7,656,106	7,029,348	82,288
Other assets	—	4,551	—
Total	¥12,563,160	¥15,941,653	$135,029

Furthermore, trading assets and securities sold under repurchase agreements or loaned under securities lending with cash collateral were ¥1,441,426 million ($15,493 million) and ¥8,940,086 million ($96,089 million), respectively at March 31, 2010 and ¥2,702,538 million and ¥6,285,264 million at March 31, 2009.

Relevant payables under resale agreements were ¥4,715,183 million ($50,679 million) and ¥7,350,406 million at March 31, 2010 and 2009, respectively.

Relevant payables under securities lending transactions were ¥2,597,241 million ($27,915 million) and ¥1,416,039 million at March 31, 2010 and 2009, respectively.

12. LOAN COMMITMENTS

Overdraft facilities and commitment lines of credit are binding contracts under which the Bank and its subsidiaries have obligations to disburse funds up to predetermined limits upon the borrower's request as long as there has been no breach of contract. The total amount of the unused portion of these facilities were ¥56,557,663 million ($607,885 million) and ¥55,024,100 million at March 31, 2010 and 2009, respectively.

The total amount of the unused portion does not necessarily represent actual future cash requirements because many of these contracts are expected to expire without being drawn upon. In addition, most of these contracts include clauses which allow the Bank and its subsidiaries to decline the borrower's request for disbursement or decrease contracted limits for cause, such as changes in financial conditions or deterioration in the borrower's creditworthiness. The Bank and its subsidiaries may request the borrowers to pledge real property and/or securities as collateral upon signing of the contract and will perform periodic monitoring on the borrower's business conditions in accordance with internal procedures, which may lead to renegotiation of the terms and conditions of the contracts and/or initiate the request for additional collateral and/or guarantees.

13. BORROWED MONEY, LEASE LIABILITIES AND COMMERCIAL PAPER

"Borrowed money", "lease liabilities" and "negotiable certificates of deposit" at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Borrowings from banks and other, due 2010 – 2026, 0.96% on the average	¥2,853,926	¥4,006,743	$30,674
Bills rediscounted, 8.50% average	—	8,521	—
Total borrowed money	¥2,853,926	¥4,015,265	$30,674
Lease liabilities, due 2010-2018	5,075	1,631	55
Commercial paper, 0.46% average	196,929	141,436	2,117

Notes:

1. The above interest rate is calculated using the weighted average method based on the "interest rate" as of March 31 and "balance as of March 31". As lease liabilities are recorded on the consolidated balance sheet at the amount before excluding the amount equivalent to interest included in the total lease payments, the average interest rate is not presented.
2. Above borrowings include subordinated borrowings in the amounts of ¥442,500 million ($4,756 million) and ¥688,000 million at March 31, 2010 and 2009, respectively.
3. Lease liabilities are included in "Other liabilities" in the accompanying consolidated balance sheets.
4. "negotiable certificates of deposit" is issued in the form of promissory notes as a fund raising activity.

Annual maturities of borrowings at March 31, 2010 were as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2011	¥1,912,285	$ 20,553
2012	107,669	1,157
2013	33,265	358
2014	1,123	12
2015	327,868	3,524
2016 and thereafter	471,714	5,070
Total	¥2,853,926	$30,674

Annual maturities of lease liabilities at March 31, 2010 are as follows:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2011	¥1,557	$ 16
2012	1,447	16
2013	1,080	12
2014	722	8
2015	234	3
2016 and thereafter	33	0
Total	¥5,075	$55

14. BONDS PAYABLE

Short-term and long-term bonds payable at March 31, 2010 and 2009 consisted of the following:

Description	Issued	Millions of Yen 2010	Millions of Yen 2009	Millions of U.S. Dollars 2010	Coupon rate (%)	Secured or unsecured	Due
The Bank;							
2nd-11th series of Straight bonds payable in yen	Oct. 1999-Jan. 2010	¥1,655,000 [470,000]	¥1,514,997 [259,997]	$17,788 [5,052]	0.39-2.69	Unsecured	Apr. 2009-Apr. 2027
Euro bonds payable in US$	Jul. 27, 2009	33,494 (USD360 million)		360	2.51	Unsecured	Jul.27, 2012
Euro bonds payable in A$	Jul.27, 2009	17,056 (AUD200million)		183	5.40	Unsecured	Jul.27, 2012
Senior bonds payable in US$	Jan.22, 2010	93,030 (USD1,000 million)		1,000	2.60	Unsecured	Jan.22, 2013
Senior bonds payable in US$	Jan.22, 2010	93,003 (USD1,000 million)		1,000	3.85	Unsecured	Jan.22, 2015
1st series of Subordinated bonds payable in US$	Feb. 25, 2000	180,002 (USD1,935 million) [180,002]	190,025 (USD1,934 million)	1,935 [1,935]	8.40	Unsecured	Apr. 15, 2010
Subordinated bonds payable in US$	Jun. 15, 2001	185,898 (USD1,998 million)	196,110 (USD1,996 million)	1,998	7.40	Unsecured	Jun. 15, 2011
1st series of Subordinated bonds payable in yen	Jul. 27, 2000	70,000 [70,000]	70,000	752 [752]	2.25	Unsecured	Jul. 27, 2010
2nd series of Subordinated bonds payable in yen	Jul. 31, 2001	50,000	50,000	538	1.93	Unsecured	Jul. 29, 2011
3rd series of Subordinated bonds payable in yen	Jun. 25, 2002	50,000	50,000	538	2.39	Unsecured	Jun. 25, 2012
3rdNo. 2 series of Subordinated bonds payable in yen	Jun. 26, 2003	80,000	80,000	860	1.30	Unsecured	Jun. 26, 2013
4th series of Subordinated bonds payable in yen	May 22, 2003	100,000	100,000	1,075	1.13	Unsecured	May 22, 2013
6th series of Subordinated bonds payable in yen	Dec. 22, 2004	70,000	70,000	752	1.73	Unsecured	Dec. 22, 2014
7th series of Subordinated bonds payable in yen	Dec. 22, 2004	30,000	30,000	322	2.11	Unsecured	Dec. 20, 2019
8th series of Subordinated bonds payable in yen	Jul. 22, 2005	60,000	60,000	645	1.64	Unsecured	Jul. 22, 2015
9th series of Subordinated bonds payable in yen	Jul. 22, 2005	20,000	20,000	215	2.01	Unsecured	Jul. 22, 2020
11th series of Subordinated bonds payable in yen	Oct. 31, 2006	50,000	50,000	538	2.28	Unsecured	Oct. 31, 2016
12th series of Subordinated bonds payable in yen	Jul. 30, 2007	50,000	50,000	538	2.16	Unsecured	Jul. 28, 2017
13th series of Subordinated bonds payable in yen	Nov. 16, 2007	10,000	10,000	107	2.04	Unsecured	Nov. 16, 2022
14th series of Subordinated bonds payable in yen	Apr. 15, 2008	40,000	40,000	430	1.12	Unsecured	Apr. 16, 2018
15th series of Subordinated bonds payable in yen	Aug. 29, 2008	170,000	170,000	1,827	2.30	Unsecured	Aug. 26, 2016
16th series of Subordinated bonds payable in yen	Dec. 26, 2008	34,000	34,000	365	2.49	Unsecured	Dec. 26, 2018
17th series of Subordinated bonds payable in yen	Dec. 18, 2008	35,300	35,300	379	2.49	Unsecured	Dec. 18, 2018
18th series of Subordinated bonds payable in yen	Dec, 18, 2008	22,700	22,700	244	1.88	Unsecured	Dec. 18, 2018
19th series of Subordinated bonds payable in yen	Mar. 13, 2009	450,000	450,000	4,837	2.75	Unsecured	Apr. 25, 2017
20th series of Subordinated bonds payable in yen	Jun.10, 2009	52,000		559	1.99	Unsecured	Jun. 10, 2019
21st series of Subordinated bonds payable in yen	Jun.10, 2009	31,000		333	1.48	Unsecured	Jun. 10, 2019
22nd series of Subordinated bonds payable in yen	Aug.28, 2009	250,000		2,687	2.20	Unsecured	Aug. 28, 2017
23rd series of Subordinated bonds payable in yen	Oct.16, 2009	30,000		322	2.91	Unsecured	Oct. 16, 2029
Subordinated bonds payable in Euro (issued under MTN program)	Dec. 16, 2005	124,444 (EUR 996 million)	129,280 (EUR 995 million)	1,338	3.50	Unsecured	Dec. 16, 2015

Description	Issued	Millions of Yen 2010	Millions of Yen 2009	Millions of U.S. Dollars 2010	Coupon rate (%)	Secured or unsecured	Due
Subsidiaries*1;							
Short-term bonds payable*2	Jan. 2009-Mar. 2010	79,464 [79,464]	31,472 [31,472]	854 [854]	0.25-1.70	Unsecured	Apr. 2009-Jun.. 2010
Straight bonds payable	Jun. 1997-Mar. 2009	99,200 (USD 1,000 million [46,050]	75,672 (USD 750 million) [68,272]	1,066 [495]	0.32-4.00	*2	Mar. 2009-Dec. 2017
Subordinated bonds payable	Mar. 1997-Nov. 2009	918,681 (USD 4,826 million) (EUR 900 million) (GBP 275 million) [−]	1,186,866 (USD 6,326 million) (EUR 900 million) (GBP 275 million) [147,345]	9,874 [−]	0.47-10.87	*3	May 2009- Mar. 2035
Undated subordinated bonds payable	Mar. 2000-Nov. 2009	316,820 (USD 150 million)	275,760 (USD 150 million)	3,405	0.78-5.82	Unsecured	−
Total		¥5,551,097	¥4,992,186	$59,664			

Notes:

1. *1 Subsidiaries include UnionBanCal Corporation, BTMU (Curacao) Holdings N.V., UFJ Finance Aruba A.E.C., Nihon Business Lease and Tokyo Godo Finance.

   Bonds issued by The Senchu Bank, Ltd., which is not considered to be a subsidiary due to the decrease in ownership of

voting rights as a result of a transfer of shares, are included in the balance at March 31, 2009.
2. *2 The straight bonds payable include two issues of secured straight bonds payable issued by a subsidiary. Other issues are unsecured.
3. *3 The subordinated bonds payable include four issues of secured subordinated bonds payable issued by the subsidiaries. All other bonds payable are unsecured.
4. (   ) denotes the amounts of foreign currency denominated bonds payable.
5. [   ] denotes the amounts expected to be redeemed within one year.

The following is a summary of maturities of bonds subsequent to March 31, 2010:

Year ending March 31	Millions of Yen	Millions of U.S. Dollars
2011	¥845,517	$9,088
2012	565,748	6,081
2013	589,581	6,337
2014	498,304	5,356
2015	393,003	4,224
2016 and thereafter	2,658,941	28,578
Total	¥5,551,097	$59,664

15. RESERVE FOR RETIREMENT BENEFITS

The Bank and domestic subsidiaries have retirement benefit plans with defined benefits, such as defined benefit corporate pension plans, welfare pension funds, tax qualified pension plans and lump sum severance payment plans. In certain cases of severance of employees, additional severance benefits may be paid which are not included in retirement benefit obligations calculated actuarially pursuant to applicable accounting standard for retirement benefits.

Certain overseas branches of the Bank and the overseas subsidiaries also have benefit plans with defined benefits.

"Reserve for retirement benefits" at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥(1,367,387)	¥(1,468,613)	$(14,697)
Plan assets	1,492,645	1,295,437	16,043
Overfunded projected benefit obligation	125,257	(173,176)	1,346
Unrecognized actuarial gain	240,258	561,606	2,582
Unrecognized prior service cost	(15,172)	(29,993)	(163)
Net amount recorded on the consolidated balance sheets	350,343	358,435	3,765
Prepaid pension cost	383,353	424,624	4,120
Reserve for retirement benefits	¥(33,010)	¥ (66,188)	$(355)

Note: Some overseas branches of the Bank and some overseas subsidiaries adopt the shortcut method in calculating the projected benefit obligation.

The components of net periodic retirement benefit costs for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Service cost	¥34,152	¥32,765	$367
Interest cost	29,381	34,714	316
Expected return on plan assets	(44,738)	(54,218)	(481)
Amortization of unrecognized prior service cost	(6,201)	(6,383)	(67)
Amortization of unrecognized actuarial gain	58,207	5,178	626
Other (additional severance benefits temporary)	10,327	7,598	111
Net periodic retirement benefit costs	¥81,128	¥19,654	$872

Note: Retirement benefit costs of some overseas branches of the Bank and some overseas subsidiaries which adopt the simple method are included in "Service cost."

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

Year ended March 31		2010	2009
Discount rate	The Bank and domestic subsidiaries	1.00%-2.10%	1.30%-2.10%
	Overseas subsidiaries	5.60%-12.00%	5.00%-12.00%
Expected return on plan assets	The Bank and domestic subsidiaries	1.70%-2.90%	1.00%-3.33%
	Overseas subsidiaries	4.00%-8.50%	4.50%-8.50%
Interperiod allocation method of estimated retirement benefits		Straight-line method over the period	
Amortization period of unrecognized prior service costs		Mainly ten years (using the straight-line method within the employees' average remaining service period upon the incurrence	
Amortization period of unrecognized actuarial gain (loss)		Mainly ten years (using the straight-line method within the employees' average remaining service period, commencing on the fiscal year immediately following the fiscal year in which the services were provided.	

16. CAPITAL REQUIREMENT

Japanese banks are subject to the Banking Law and to the Companies Act.

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all of the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Bank can do so because it stipulates this in its articles of incorporation. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Capital Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as capital reserve (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and capital reserve equals 100% of capital stock.

Under the Companies Act and the Banking Law, the aggregate amount of capital reserve and legal reserve that exceeds 100% of the capital stock may be made available for dividends by resolution of the shareholders after transferring such excess to other capital surplus and other retained earnings in accordance with the Companies Act. Under the Companies Act, the total amount of capital reserve and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, capital reserve, other capital surplus and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of net assets. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

17. CAPITAL STOCK

Capital stock consists of common stock and preferred stock. The changes in the number of issued shares of common stock and preferred stock during the years ended March 31, 2010 and 2009 were as follows:

	Number of shares in thousands				
	April 1, 2009	Increase	Decrease	March 31, 2010	Note
Outstanding shares issued:					
Common stock	10,833,384	1,516,654	—	12,350,038	1
Preferred stock-first series of Class 2	100,000	—	—	100,000	
Preferred stock-first series of Class 4	79,700	—	—	79,700	
Preferred stock-first series of Class 6	1,000	—	—	1,000	
Preferred stock-first series of Class 7	177,000	—	—	177,000	
Total	11,191,084	1,516,654	—	12,707,738	
Treasury stock:					
Preferred stock-first series of Class 4	79,700	—	—	79,700	
Preferred stock-first series of Class 7	21,000	—	—	21,000	
Total	100,700	—	—	100,700	

	Number of shares in thousands				
	April 1, 2008	Increase	Decrease	March 31, 2009	Note
Outstanding shares issued:					
Common stock	10,257,961	575,422	—	10,833,384	1
Preferred stock-first series of Class 2	100,000	—	—	100,000	
Preferred stock-first series of Class 3	27,000	—	27,000	—	2
Preferred stock-first series of Class 4	79,700	—	—	79,700	
Preferred stock-first series of Class 5	150,000	—	150,000	—	3
Preferred stock-first series of Class 6	1,000	—	—	1,000	
Preferred stock-first series of Class 7	—	177,000	—	177,000	4
Total	10,615,661	752,422	177,000	11,191,084	
Treasury stock:					
Preferred stock-first series of Class 3	9,300	17,700	27,000	—	5
Preferred stock-first series of Class 4	79,700	—	—	79,700	
Preferred stock-first series of Class 5	150,000	—	150,000	—	6
Preferred stock-first series of Class 7	—	177,000	156,000	21,000	7
Total	239,000	194,700	333,000	100,700	

Notes:

2010

1. Increase in common stock (1,516,654 thousand shares) consists of issuance of common stock.
2. There was no issuance of stock acquisition rights and treasury stock acquisition rights.

2009

1. Increase in common stock (575,422 thousand shares) consists of issuance of common stock (43,895 thousand shares) with the acquisition of preferred stock-first series of Class 3 and capital increase (531,527 thousand shares).
2. Decrease in preferred stock-first series of Class 3 (27,000 thousand shares) is due to the replacement to preferred stock-first series of Class 7.
3. Decrease in preferred stock-first series of Class 5 (150,000 thousand shares) is due to the replacement to preferred stock-first series of Class 7.
4. Increase in preferred stock-first series of Class 7 (177,000 thousand shares) is due to the replacement from preferred stock-first series of Class 3 and preferred stock-first series of Class 5.
5. Increase in treasury stock of preferred stock-first series of Class 3 (17,700 thousand shares) is due to the acquisition and decrease (27,000 thousand shares) is due to the replacement to preferred stock-first series of Class 7.
6. Decrease in treasury stock of preferred stock-first series of Class 5 (150,000 thousand shares) is due to the

replacement to preferred stock-first series of Class 7.

7. Increase in treasury stock of preferred stock-first series of Class 7 (177,000 thousand shares) is due to the replacement from preferred stock-first series of Class 3 and preferred stock-first series of Class 5 and decrease of 156,000 thousand shares is due to the disposal by allotment.

18. STOCK OPTIONS

The stock options are granted by kabu.com Securities Co., Ltd. (the "Company"), which is a subsidiary.

The stock options outstanding at March 31, 2010 are as follows:

	2003 Stock Option	2004 Stock Option	2006 Stock Option
Persons granted*3	1 director 36 employees	1 director 1 corporate auditor 4 employees	1 director 1 officer 31 employees
Number of options granted*1 and 2	Common stock: 12,861 shares	Common stock: 1,854 shares	Common stock: 4,314 shares
Date of grant	Dec. 31, 2003	Apr. 30, 2004	Mar. 31, 2006
Vesting conditions	Those who were granted stock options shall be in the position of a director, an officer or an employee at the time of exercise.		
Eligible service period	Not defined	Not defined	Not defined
Exercise period	Jan. 1, 2006-Dec. 31, 2010	May 1, 2006-Dec. 31, 2010	Jul. 1, 2007-Jun. 30, 2012

Notes:

*1 The number is shown in the number of shares of the Company.

*2 The number of options for the 2003 Stock Option and the 2004 Stock Option are adjusted by reflecting the three for one stock splits effective on September 28, 2004 and July 20, 2005.

*3 The corporate auditor of the Company who was granted 2004 Stock Option retired from the corporate auditor and took office as a director of the Company at the shareholders' meeting of the Company held on June 22, 2004.

The stock option activity is as follows:

a. Number of stock options (in shares)	2003 Stock Option	2004 Stock Option	2006 Stock Option
Non-vested:			
March 31, 2008 – Outstanding	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
March 31, 2009 – Outstanding	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
March 31, 2010 – Outstanding	—	—	—
Vested:			
March 31, 2008 – Outstanding	783	513	3,642
Vested	—	—	—
Exercised	405	342	—
Forfeited	—	—	441
March 31, 2009 – Outstanding	378	171	3,201
Vested	—	—	—
Exercised	—	63	—
Forfeited	—	—	51
March 31, 2010 – Outstanding	378	108	3,150

b. Price information (in yen per share)

Exercise price	¥15,000	¥22,366	¥327,022
Average stock price at exercise*1	—	116,000	—
Fair value at grant date*2	—	—	—

Notes:

1. *1 The exercise prices for the 2003 Stock Option and the 2004 Stock Option are adjusted by reflecting the three for one stock splits effective on September 28, 2004 and July 20, 2005.
   The average stock price at exercise means the average stock price of the Company at the time of exercise.
2. *2 The fair value at grant date is not presented since these options were granted before the enforcement of the Companies Act.

19. OTHER INCOME

Other income for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Gains on sales of equity securities and other securities	¥131,103	¥86,635	$1,409
Gains on sales of shares of the parent company	—	172,096	—
Gains on collection of bad debts	51,345	33,147	552
Other	159,053	110,636	1,709
Total	¥341,501	¥ 402,514	$3,670

20. OTHER EXPENSES

Other expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Losses on write-down or sales of equity securities and other securities	¥86,673	¥496,351	$932
Write-offs of loans	263,483	363,148	2,832
System integration charges	—	83,964	—
Loss on disposal of fixed assets	18,421	23,763	198
Other	176,978	160,364	1,902
Total	¥545,555	¥1,127,590	$5,864

21. INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.57% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences which resulted in “deferred tax assets” and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2010	2009	2010
Deferred tax assets:			
Excess over deductible limit of provision of allowance for credit losses and written-off of loans	¥578,288	¥540,385	$6,216
Tax loss carryforwards	296,164	491,966	3,183
Revaluation loss on securities	290,931	362,873	3,127
Unrealized losses on available-for-sale securities	115,780	376,282	1,244
Reserve for retirement benefits	88,836	78,650	955
Other	532,676	564,984	5,725
Subtotal	1,902,678	2,415,142	20,450
Less valuation allowances	(714,277)	(949,667)	(7,677)
Total	¥1,188,400	¥ 1,465,474	$12,773
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	¥(276,904)	¥(97,335)	$(2,976)
Deferred gains on derivatives under hedge accounting	(77,811)	(88,574)	(836)
Revaluation gain on securities at merger	(68,617)	(44,465)	(738)
Gain on establishment of retirement benefit trust	(65,996)	(66,016)	(709)
Unrealized gain on lease transactions	(63,227)	(60,325)	(680)
Retained earnings of overseas subsidiaries	(18,160)	(18,544)	(195)
Other	(81,876)	(77,440)	(880)
Total	¥(652,594)	¥(452,703)	$(7,014)
Net deferred tax assets	¥535,806	¥1,012,771	$5,759

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of operations for the years ended March 31, 2010 and 2009 was as follows:

	2010	2009
Normal effective statutory tax rate	40.57%	40.57%
Change in valuation allowances	(13.61)	896.13
Consolidation adjustment on shares in parent company	—	(166.20)
Tax rate difference of overseas subsidiaries	(5.01)	(89.77)
Foreign taxes	1.94	69.71
Permanent non-taxable differences (e.g. Non-taxable dividend income)	(2.56)	(65.67)
Retained earnings of overseas subsidiaries	—	(53.22)
Difference of taxable base between national income tax and local tax	—	(41.88)
Elimination of dividends received from subsidiaries	0.25	26.18
Other—net	2.11	(10.97)
Actual effective tax rate	23.69%	604.88%

22. LEASES

a. Lessee

Finance leases

The Group leases various tangible and “intangible fixed assets” under finance lease arrangements.

The Group accounts for finance leases other than those that are deemed to transfer the ownership of leased property to the lessee, which commenced in fiscal years beginning before April 1, 2008, in a similar way to operating leases as permitted by the revised accounting standard.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, liabilities under finance leases, depreciation expense and interest expense of finance leases that existed at April 1, 2008 and other than those that are deemed to transfer the ownership of leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2010 and 2009 was as follows:

	Millions of Yen					
	2010			2009		
March 31	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Tangible fixed assets	¥81,119	¥56,206	¥24,912	¥110,803	¥69,022	¥41,781
Intangible fixed assets	1,827	1,327	499	2,363	1,531	831
Total	¥82,946	¥57,534	¥25,412	¥113,167	¥70,554	¥42,612

	Millions of U.S. Dollars		
	2010		
March 31	Acquisition cost	Accumulated depreciation	Net leased property
Tangible fixed assets	$872	$604	$268
Intangible fixed assets	20	14	5
Total	$892	$618	$273

Note 1: The acquisition costs include interest expense since the future lease payments are immaterial when compared with the balance of the "tangible fixed assets" as of March 31, 2010.

Note 2: Future lease payments include interest expense since the future lease payments are immaterial when compared to the balance of the "tangible fixed assets" as of March 31, 2010.

Liabilities under finance leases:

	Millions of Yen		Millions of U.S. Dollars
March 31	2010	2009	2010
Due within one year	¥12,560	¥16,829	$135
Due after one year	13,043	26,001	140
Total	¥25,603	¥42,830	$275

Total lease payments under finance leases for the years ended March 31, 2010 and 2009 were ¥16,199 million ($174 million) and ¥40,734 million, respectively.

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Millions of U.S. Dollars
Year ended March 31	2010	2009	2010
Depreciation expense	¥16,209	¥39,601	$174
Interest expense	—	832	—
Total	¥16,209	¥40,433	$174

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of operations, are computed using the straight-line method over the lease term with zero residual value and the interest method, respectively.

Operating leases

Future lease payments including interest expense under non-cancelable operating leases at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2010	2009	2010
Due within one year	¥28,221	¥26,088	$303
Due after one year	134,678	117,893	1,448
Total	¥162,900	¥143,982	$1,751

b. Lessor

Operating leases

Future lease receivables including interest receivables under non-cancelable operating leases at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2010	2009	2010
Due within one year	¥16,238	¥13,375	$175
Due after one year	54,368	43,432	584
Total	¥70,606	¥56,807	$759

23. PER SHARE INFORMATION

	Yen		U.S. Dollars
March 31	2010	2009	2010
Total equity per share	¥574.78	¥451.70	$6.18

	Yen		U.S. Dollars
Year ended March 31	2010	2009	2010
Net income(loss) per share	¥30.16	¥(21.86)	$0.32
Diluted net income per share	30.16	—	0.32

*Diluted net income per share was not recorded as net loss was recognized for the year ended March 31, 2009.

Notes:

1. Net income (loss) per share and diluted net income per share are calculated based on the following:

	Millions of Yen, except number of shares		Millions of U.S. Dollars
Year ended March 31	2010	2009	2010
Net income (loss) per share	¥362,886	¥(213,962)	$3,900
Amount not attributable to common shareholders	(24,353)	(13,938)	(262)
Preferred dividends	(24,353)	(13,938)	(262)
Net income (loss) per share attributable to common shares	338,532	(227,901)	3,638
Average number of common shares during the year (in thousand shares)	11,223,974	10,425,031	120,636

Outline of dilutive shares which were not included in the calculation of "Diluted net income per share," since they do not have dilutive effect is as follows:

Year ended March 31, 2010

- Stock options issued by a subsidiary
  kabu.com Securities Co., Ltd.

	2006 Stock Option
Date of grant	Mar. 31, 2006
Expiry date	Jun. 30, 2012
Exercise price	¥327,022
Number of options initially granted	1,438
Outstanding number of options at March 31, 2010	1,050

Year ended March 31, 2009

- Preferred stocks issued by a subsidiary:
  The Senshu Bank, Ltd.
    First preferred stocks: 7,530 thousand shares issued
- Preferred stocks issued by an affiliate accounted for using the equity method
  The Gifu Bank, Ltd.
    First Type 1 preferred stocks: 30,000 thousand shares issued
    First Type 4 preferred stocks: 5,000 thousand shares issued
- Stock options issued by a subsidiary
  kabu.com Securities Co., Ltd.

	2003 Stock Option	2004 Stock Option	2006 Stock Option
Date of grant	Dec. 31, 2003	Apr. 30, 2004	Mar. 31, 2006
Expiry date	Dec. 31, 2010	Dec. 31, 2010	Jun. 30, 2012
Exercise price	¥15,000	¥22,366	¥327,022
Number of options initially granted	4,287	618	1,438
Outstanding number of options at March 31, 2009	126	57	1,067

2. Total equity per share is calculated based on the following:

	Millions of Yen, except number of shares		Millions of U.S. Dollars
March 31	2010	2009	2010
Total equity	¥9,300,572	¥6,857,089	$99,963
Deductions from total equity:			
Minority interests	1,543,922	1,304,444	16,594
Preferred shares	645,700	645,700	6,940
Preferred dividends	12,278	13,430	132
Total	2,201,900	1,963,574	23,666
Total equity attributable to common shares	7,098,671	4,893,514	76,297
Number of common shares used in computing total equity per share (in thousand shares)	12,350,038	10,833,384	

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No.10 “Accounting Standard for Financial Instruments” and issued ASBJ Guidance No.19 "Guidance on Disclosures about Fair Value of Financial Instruments." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective from the year ended March 31, 2010.

1. Disclosures on Financial Instruments

(1) Policy on Financial Instruments
The Group provides comprehensive financial services such as deposit-taking and lending services, securities investment and other securities services and foreign exchange services. In order to prevent these businesses from being negatively affected by fluctuations in interest and foreign exchange rates, the Group conducts comprehensive asset and liability management (ALM) by adjusting market exposure and the balance between short-term and long-term assets and liabilities. To do so, among other things, the Group raises capital from the market and hedges risks through derivative transactions.

(2) Nature and Extent of Risks Arising from Financial Instruments
The Group holds various types of financial instruments such as loans, securities, and derivatives and is thus exposed to credit and market risks.
Credit risk is the risk of loss on receivables such as loans due to nonperformance of contractual obligations caused by factors such as deterioration in the financial condition of a borrower.
Market risk mainly arises from changes in domestic and overseas interest rates, foreign exchange rates, and fluctuations in market prices of stocks and bonds. For example, an increase in domestic and overseas interest rates would reduce the value of the Bank’s bond portfolio consisting of government and other bonds, and a rise in yen would reduce the value of foreign currency denominated securities and other assets when converted into yen. The Bank also invests in marketable equity securities, and a fall in the market price would decrease the fair value of these securities. As part of trading and ALM activities, the Bank holds derivative products such as interest rate swaps. A significant change in foreign exchange or interest rates may cause a significant fluctuation in the fair value of these derivative products. In conducting transactions for purposes of hedging risks associated with derivative products, the Bank hedges against interest rate risks with instruments including fixed rate deposits, loans and bonds, variable rate deposits and loans, and forecasted transactions involving fixed rate deposits and loans through designated hedging methods including interest rate swaps. The Bank

hedges against foreign exchange rate fluctuation risks associated with instruments such as Foreign currency denominated monetary assets and liabilities through hedging methods including currency swap transactions and forward exchange contracts. In lieu of effectiveness determination, the Bank designs hedging activities so that the material terms of the hedging methods are almost identical to those of the hedged items. In limited circumstances, effectiveness of hedging activities is assessed based on the correlation between factors that cause changes in interest rates.

(3) Risk Management for Financial Instruments
Credit Risk Management
The Bank regularly monitors and assesses the credit portfolios and uses credit rating systems and asset self-assessment systems to ensure timely and proper evaluation of credit risk. Based on the credit risk control rules, the Bank has established a credit risk control system throughout the Bank. In addition, the Bank controls credit risks of the whole Group through guidance to the Group companies on each credit risk control system. In screening individual transactions and managing credit risk, the Bank has in place a check-and- balance system in which the credit administration section and the business promotion section are kept separate. The Bank holds regular management committee meetings to ensure full reporting and discussion of important credit risk management and administration matters. In addition to providing check-and-balance between different functions and conducting management level deliberations, the audit department also undertakes to verify credit operations to ensure appropriate credit administration.

Market Risk Management
(a) Risk Management System
The Bank has established back office (the operations administration section) and middle office (the risk control section) which are independent from front office (the market department), by which checks and balances are maintained. As part of risk control by management, the Board of Directors establishes the framework for the market risk management system while responsibilities relating to market operations are defined at management meetings. Furthermore, the Bank allocates economic capital corresponding to the volume of market risk within the scope of the Bank's capital base, and establishes quantitative limits on market risk based on the allocated economic capital as well as limits on losses to contain the Bank's exposure to risks and losses within a certain range.

(b) Market Risk Management
The Bank daily reports status on the exposure to market risk and compliance with quantitative limits on market risk and losses to its risk management officer and also reports to the ALM Committee and the Corporate Risk Management Committee, conducting comprehensive analyses on risk profiles including stress testing. The Bank administers risks at each business unit by hedging against interest rate and exchange rate fluctuation risks associated with marketable assets and liabilities with various hedging transactions using securities and derivatives as appropriate. With respect to trading account transactions and their administration, the Bank documents the process and periodically verifies through internal audits that the valuation methods and operation of such transactions are appropriate.

(c) Market Risk Measurement Model
Since the daily variation in market risk is significantly greater than that in other types of risks, the Bank measures and manages market risk using the Value at Risk (VaR) method on a daily basis. Market risk volume for both trading and banking activities is measured using a market risk measurement model. The principal method used for the model is the historical simulation method (holding period — 10 business days; confidence interval — 99%; and observation period — 701 business days).
*The historical simulation method calculates the VaR amount by estimating the profit and loss on the current portfolio by applying actual fluctuations in market rates and prices that occurred over a fixed period in the past. The noted features of the historical simulation method include the ability to directly reflect the characteristics of the market fluctuations and the ability to rigorously measure the risk arising from options.

Management of Liquidity Risk Associated with Fund Raising Activities
The Bank strives to secure appropriate liquidity in both Japanese yen and foreign currencies by managing the sources of capital and liquidity gap, liquidity-supplying products such as commitment lines, as well as buffer assets that help maintain liquidity level. Specifically, the Board of Directors provides the framework for liquidity risk management, operates businesses in various stages according to the urgency of funding needs and exercises management at each such stage. The department responsible for liquidity risk management is designed to perform checking functions independent from other departments. The department reports to the ALM Committee and the Board of Directors the results from its activities such as evaluation of funding

urgency and monitoring of compliance with quantitative limits. The department responsible for funding management performs funding and management activities, and regularly reports the current funding status and forecast as well as the current liquidity risk status to the department responsible for liquidity risk management and other appropriate bodies such as the ALM Committee.

(4) *Supplementary* Explanation on Fair Value, etc. of Financial Instruments
The fair value of financial instruments includes, in addition to the value determined based on the market price, a valuation calculated on a reasonable basis if no market price is available. Certain assumptions are used for the calculation of such amount. Accordingly, the result of such calculation may vary if different assumptions are used.

2. Fair value of financial instruments

The following table summarizes the carrying amount and the fair value of financial instruments as of March 31, 2010 together with their differences. Note that the following table does not include unlisted equity securities and certain other securities for which fair value is extremely difficult to determine (see Note 2).

	Millions of Yen		
March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
(1) Cash and due from banks	¥6,309,015	¥6,309,015	¥—
(2) Call loans and bills bought	407,622	407,622	—
(3) Receivables under resale agreements	610,605	610,605	—
(4) Receivables under securities borrowing transactions	4,827,881	4,827,881	—
(5) Monetary claims bought (*1)	2,915,209	2,971,186	55,977
(6) Trading assets	2,585,099	2,585,099	—
(7) Money held in trust	265,824	265,824	—
(8) Securities:			
Held-to-maturity securities	258,612	263,937	5,325
Available-for-sale securities	51,587,353	51,587,353	—
(9) Loans and bills discounted	74,892,593		
Allowance for credit losses (*1)	(841,589)		
	74,051,003	74,637,077	586,073
(10) Foreign exchange assets (*1)	1,045,928	1,045,928	
Total assets	¥144,864,155	¥145,511,532	¥647,376
(1) Deposits	¥111,605,569	¥111,669,981	¥64,412
(2) Negotiable certificates of deposit	9,293,811	9,305,284	11,473
(3) Call money and bills sold	1,109,684	1,109,684	—
(4) Payables under repurchase agreements	4,718,493	4,718,493	—
(5) Payables under securities lending transactions	2,681,559	2,681,559	—
(6) Commercial paper	196,929	196,929	—
(7) Trading liabilities	12,981	12,981	—
(8) Borrowed money	2,853,926	2,874,515	20,588
(9) Foreign exchange liabilities	728,714	728,714	—
(10) Short-term bonds payable	79,464	79,464	—
(11) Bonds payable	5,471,632	5,601,865	130,232
Total liabilities	¥138,752,768	¥138,979,475	¥226,707
Derivatives (*2):			
To which hedge accounting is not applied	¥103,866	¥103,866	¥—
To which hedge accounting is applied	309,945	309,945	—
Total derivatives	¥413,811	¥413,811	¥—

March 31, 2010	Carrying amount	Fair value	Unrealized gain/loss
	Millions of U.S. Dollars		
(1) Cash and due from banks	$67,810	$67,810	$—
(2) Call loans and bills bought	4,381	4,381	—
(3) Receivables under resale agreements	6,563	6,563	—
(4) Receivables under securities borrowing transactions	51,890	51,890	—
(5) Monetary claims bought	31,333	31,935	602
(6) Trading assets	27,784	27,784	—
(7) Money held in trust	2,857	2,857	—
(8) Securities:			
Held-to-maturity securities	2,780	2,837	57
Available-for-sale securities	554,464	554,464	—
(9) Loans and bills discounted	804,950		
Allowance for credit losses	(9,045)		
	795,905	802,204	6,299
(10) Foreign exchange assets	11,242	11,242	
Total assets	$1,557,009	$1,563,967	$6,958
(1) Deposits	$1,199,545	$1,200,237	$692
(2) Negotiable certificates of deposit	99,890	100,013	123
(3) Call money and bills sold	11,927	11,927	—
(4) Payables under repurchase agreements	50,715	50,715	—
(5) Payables under securities lending transactions	28,822	28,822	—
(6) Commercial paper	2,117	2,117	—
(7) Trading liabilities	139	139	—
(8) Borrowed money	30,674	30,895	221
(9) Foreign exchange liabilities	7,832	7,832	—
(10) Short-term bonds payable	854	854	—
(11) Bonds payable	58,809	60,209	1,400
Total liabilities	$1,491,324	$1,493,760	$2,436
Derivatives:			
To which hedge accounting is not applied	$1,116	$1,116	$—
To which hedge accounting is applied	3,332	3,332	—
Total derivatives	$4,448	$4,448	$—

(*1) General and specific reserves for credit losses corresponding to loans are deducted. However, with respect to items other than loans, the carrying amount is shown because the amount of reserve for credit losses corresponding to these items is insignificant.
(*2) Derivatives in trading assets and liabilities and in other assets and liabilities are shown together. Assets and liabilities arising from derivative transactions are presented on a net basis.

(Note 1) Method used for determining the fair value of financial instruments

Assets

(1) "Cash and due from banks"

For deposits without maturity, the carrying amount is presented as the fair value as the fair value approximates such carrying amount. For deposits with maturity, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the remaining maturity period of the majority of such deposits is short (maturity within one year).

(2) "Call loans and bills bought", (3) "receivables under resale agreements", and (4) "receivables under securities borrowing transactions"

For each of these items, the majority of transactions are short contract terms (one year or less). Thus, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount.

(5) "Monetary claims bought"

The fair value of "monetary claims bought" is determined based on the price quoted by the financial institutions from which these claims were purchased or on the amount reasonably calculated based on the reasonable estimation. For certain "monetary claims bought" for which these methods do not apply, the carrying amount is presented as the fair value as the fair value approximates such carrying value.

(6) “Trading assets”

For securities such as bonds that are held for trading purpose, the fair value is determined based on the price quoted by the exchange or the financial institutions from which these securities are purchased.

(7) “Money held in trust”

For securities that are part of trust property in an independently managed monetary trust with the primary purpose to manage securities, the fair value is determined based on the price quoted by the financial institutions from which these securities were purchased.

See Note 5 “Money Held in Trust” for notes on “money held in trust” by categories based on different holding purposes.

(8) “Securities”

The fair value of equity securities is determined based on the price quoted by the exchange and the fair value of bonds is determined based on the price quoted by the exchange or the financial institutions from which they were purchased. The fair value of investment trusts is determined based on the publicly available price. For privately placed guaranteed bonds held by the Bank, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk, amount to be collected from collateral and guarantees and guarantee fees, and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments. With respect to variable rate Japanese government bonds that are included in “Securities” in the table above, the Bank values them at an amount calculated on a reasonable basis according to Practical Issue Task Force No. 25 “Practical Solution on Measurement of Fair Value for Financial Assets” (issued on October 28, 2008 by the ASBJ), as the Bank determined that taking into account the current market conditions, the market price of these securities as of the consolidated balance sheet date cannot be regarded as the fair value. The value of variable rate Japanese government bonds calculated on a reasonable basis is determined by discounting the expected future cash flow, estimated based on factors such as the yield of government bonds and discounted at a rate based on such yield of government bonds adjusted for the value of embedded options and the liquidity premium based on the actual market premiums observed in the past.

For certain securitized products whose underlying assets are corporate loan receivables, the fair value is determined by taking into account both an amount calculated by discounting the expected future cash flow, which is derived from such factors as default probability and prepayment rate derived from analyses of the underlying assets and discounted at a rate, which is the yield of such securitized products adjusted for the liquidity premium based on the actual historical market data, as well as the price obtained from external parties (brokers or information vendors). For other securitized products, the fair value is determined based on the price obtained from external parties after considering the result of periodic confirmation of the current status of these products, including price comparison with similar products, time series data comparison of the same product, and analysis of consistency with publicly available market indices. See Note 4 “Trading Assets or Liabilities and Securities” for notes on securities by categories based on holding purposes.

(9) “Loans and bills discounted”

With respect to loans, for each category of loans based on types of loans, internal ratings and maturity length, the fair value is determined based on the present value of expected future cash flows, which is adjusted to reflect default risk and expected amount to be collected from collateral and guarantees and discounted at an interest rate based on the market interest rate as of the date of evaluation with certain adjustments. For loans with variable interest rates such as certain residential loans provided to individual homeowners, the carrying amount is presented as the fair value as the fair value approximates such carrying amount, unless the creditworthiness of the borrower has changed significantly since the loan origination. For receivables from “bankrupt,” “virtually bankrupt,” and “likely to become bankrupt” borrowers, credit loss is estimated based on factors such as the present value of expected future cash flow or the expected amount to be collected from collateral and guarantees. Since the fair value of these items approximates the carrying amount net of the currently expected credit loss amount, such carrying amount is presented as the fair value.

(10) “Foreign exchange assets”

“Foreign exchange assets” consist of foreign currency deposits with other banks (due from foreign banks (our accounts)), short-term loans involving foreign currencies (due from foreign banks (their accounts)), export bills and traveler’s checks, etc. (foreign bills bought), and loans on notes using import bills (foreign bills receivable). For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because most of these items are deposits without maturity or have short contract terms (one year or less).

<u>Liabilities</u>

(1) “Deposits” and (2) “Negotiable certificates of deposit”

For demand deposits, the amount payable on demand as of the consolidated balance sheet date (i.e., the carrying amount) is considered to be the fair value. For variable rate time deposits, the carrying amount is presented as the fair value as the fair value approximates such carrying amount because the market interest rate is reflected in such deposits within a short time period. Fixed rate time deposits are grouped by certain maturity lengths. The fair value of such deposits is the present value of discounted expected future cash flow. The discount rate used is the interest rate that would be applied to newly accepted deposits.

(3) “Call money and bills sold”, (4) “Payables under repurchase agreements”, (5) “Payables under securities lending transactions” and (6) “Commercial paper”

For these items, the carrying amount is presented as the fair value, as the fair value approximates such carrying amount because the majority of them are short contract terms (one year or less).

(7) “Trading liabilities”

For securities such as bonds that are sold short for trading purposes, the fair value is determined based on the price quoted by the exchange or the financial institutions to which these securities were sold.

(8) “Borrowed money”

For floating rate borrowings, the carrying amount is presented as the fair value as the fair value approximates such carrying

amount. This is done so on the basis that the market interest rate is reflected in the interest rate set within a short time period for such floating rate borrowings and that there has been no significant change in the Bank's nor the subsidiaries' creditworthiness before and after such borrowings were made. For fixed rate borrowings, the fair value is calculated as the present value of expected future cash flow from these borrowings grouped by certain maturity lengths, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank or subsidiaries.
(9) "Foreign exchange liabilities"
Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident yen deposits are deposits without maturity (due to other foreign banks). Moreover, foreign currency short-term borrowings have short contract terms (one year or less). Thus, the carrying amount is presented as the fair value for these contracts as the fair value approximates such carrying amount.
(10) "Short-term bonds payable"
For "short-term bonds payable", the carrying amount is presented as the fair value as the fair value approximates such carrying amount because they carry short contract terms (one year or less).
(11) "Bonds payable"
The fair value of corporate bonds issued by the Bank and its subsidiaries is determined based on their market price. For certain corporate bonds, the fair value is calculated as the present value of expected future cash flow discounted at an interest rate generally applicable to issuance of similar corporate bonds. For variable rate corporate bonds without market prices, the carrying amount of such bonds is presented as the fair value as the fair value approximates such carrying amount. This is on the basis that the market interest rate is reflected in the fair value of such corporate bonds because such bond terms were set within a short time period and that there has been no significant change in the creditworthiness of the Bank and its subsidiaries before and after the issuance. For fixed rate corporate bonds, the fair value is the present value of expected future cash flow from these borrowings, which is discounted at an interest rate generally applicable to similar borrowings reflecting the premium applicable to the Bank and its subsidiaries.

(Note 2) The following table summarizes financial instruments whose fair value is extremely difficult to estimate. These securities are not included in the amount presented under the line item "Assets – Available-for-sale securities" in the table summarizing fair value of financial instruments.

	Carrying amount	
March 31, 2010	Millions of Yen	Millions of U.S. Dollars
Unlisted equity securities (*1) (*2)	¥338,359	$ 3,637
Investment in partnerships, etc. (*2) (*3)	194,225	2,088
Other (*2)	26	0
Total	¥532,611	$ 5,725

(*1) Unlisted equity securities do not carry quoted market prices. Since it is extremely difficult to estimate the fair value of these securities, their fair value is not disclosed.
(*2) With respect to unlisted equity securities, an impairment loss of ¥32,538 million ($350 million) was recorded in the current fiscal year.
(*3) Investments in partnerships mainly include anonymous partnerships and investment business partnerships, etc. Since it is extremely difficult to estimate the fair value of these securities, their fair value is not disclosed.

(Note 3) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
March 31, 2010	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Securities:(*1)(*2)						
Held-to-maturity securities:						
Japanese government bonds	¥—	¥250,176	¥—	¥—	¥—	¥—
Foreign bonds	2,797	40	—	—	1,940	828
Other	2,748	170	10,680	96,669	260,175	717,695
Available-for-sale securities with contractual maturities:						
Japanese government bonds	13,464,223	9,453,312	8,052,668	390,013	2,004,171	1,699,406
Municipal bonds	2,346	23,024	54,496	27,956	171,567	420
Corporate bonds	483,801	1,059,264	1,138,017	335,854	253,746	761,879

Foreign bonds	1,172,951	1,309,161	1,385,127	332,281	1,095,264	2,525,969
Other	88	3,054	65,373	218,235	192,190	378,664
Loans(*1)(*3)	34,243,222	13,201,759	8,005,482	4,554,998	4,193,915	9,617,752
Total	¥49,372,179	¥25,299,966	¥18,711,847	¥5,956,009	¥8,172,971	¥15,702,617

	Millions of U.S. Dollars					
March 31, 2010	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Securities:						
Held-to-maturity securities:						
Japanese government bonds	$—	$2,689	$—	$—	$—	$—
Foreign bonds	30	0	—	—	21	9
Other	30	2	115	1,039	2,796	7,714
Available-for-sale securities with contractual maturities:						
Japanese government bonds	144,714	101,605	86,551	4,192	21,541	18,265
Municipal bonds	25	247	586	300	1,844	5
Corporate bonds	5,200	11,385	12,231	3,610	2,727	8,189
Foreign bonds	12,607	14,071	14,887	3,571	11,772	27,149
Other	1	33	703	2,346	2,066	4,070
Loans(*1) (*3)	368,048	141,894	86,043	48,958	45,077	103,372
Total	$530,655	$271,926	$201,116	$64,016	$87,844	$168,773

(*1) The above amounts are stated using the carrying amounts.
(*2) Securities include trust beneficiaries of "Monetary claims bought."
(*3) Loans do not include those amounts whose repayment schedules cannot be determined including due from "bankrupt" borrowers, "virtually bankrupt" borrowers and "likely to become bankrupt" borrowers amounting to ¥1,075,461 million ($11,559 million).

(Note 4) Maturity analysis for time deposits, "negotiable certificates of deposit" and other interest bearing liabilities

	Millions of Yen					
March 31, 2010	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
Time deposits and negotiable certificates of deposit(*1)	¥43,296,186	¥5,179,318	¥820,675	¥70,539	¥54,944	¥112
Borrowed money(*1)(*2)(*3)	1,912,285	140,934	328,991	90,437	148,494	232,782
Bonds(*1)(*2)	766,052	1,155,329	891,308	891,613	1,310,262	457,066
Total	¥45,974,525	¥6,475,583	¥2,040,975	¥1,052,589	¥1,513,701	¥689,961

March 31, 2010	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
	Millions of U.S. Dollars					
Time deposits and negotiable certificates of deposit(*1)	$465,350	$55,667	$8,821	$758	$591	$1
Borrowed money(*1) (*2) (*3)	20,553	1,515	3,536	972	1,596	2,502
Bonds(*1) (*2)	8,234	12,418	9,580	9,583	14,082	4,913
Total	$494,137	$69,600	$21,937	$11,313	$16,269	$7,416

(*1) The above amounts are stated using the carrying amount.
(*2) "Borrowed money" and bonds whose maturities are not defined are recorded under "Due after ten years."
(*3) There was no outstanding balance of rediscounted bills at March 31, 2010.

25. DERIVATIVES

The Bank uses derivatives primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives to meet the needs of its clients, and enters into derivative contracts as a part of its trading activities.

The Bank and its subsidiaries enter into futures contracts on interest rate, currency, etc., forward contracts on interest rate and currency, foreign exchange forward contracts, swaps contracts on interest rate, currency, etc. and option contracts on interest rate, currency, etc.

The Bank uses derivatives for the following purposes based on the internally defined risk management and operating policies.
- To provide clients with hedge instruments
- Trading based on the short-term prospect on foreign exchange, interest rate, etc.
- Adjustments or hedging of foreign exchange risk and interest rate risk associated with assets and liabilities

For hedging activities, fixed rate deposits, loans, bonds, etc., floating rate deposits, loans, etc. and forecasted transactions of fixed rate deposits, loans, bonds, etc., are designated as hedged items and interest rate swaps are designated as hedging instruments. Regarding effectiveness of hedging, since hedged items and hedging instruments may be almost identical, the Bank considers the hedges to be highly effective. In addition, the Bank may assess effectiveness based on the correlation of floating elements of interest rate.

Significant risk related to derivatives includes market risk and credit risk to be incurred in the course of transactions.

Market risk is the possibility that future changes in market indices make the financial instruments less valuable and credit risk is the possibility that a loss may result from a counterparty's failure to perform according to terms and conditions of the contract, which may exceed the value of underlying collateral. The Bank measures and manages its exposure on derivatives as well as other transactions using a uniform method as much as possible by market risk and credit risk.

As for market risk, the Management Committee grants an authority with Value-at-Risk (VaR) (risk index which estimates statistically maximum probable loss to be incurred in the portfolios within a holding period) to the Corporate Risk Management Division. The Corporate Risk Management Division measures and manages overall exposures across the Bank on a global and consolidation basis and reports directly to the Bank's management.

As for credit risk, the Bank identifies and manages credit balances considering the replacement cost and future changes in the replacement cost using a system based on the judgment of the credit risk management division independent from front office function.

Derivative transactions with the same counterparty are recorded in the financial statements on a gross basis without offsetting derivative assets and liabilities regardless of whether there is a legal valid master netting agreement between the two parties.

The Bank has the following derivative contracts outstanding at March 31, 2010 and 2009:

Derivative contracts to which hedge accounting is not applied:
With respect to derivatives to which hedge accounting is not applied, contract amount or notional principal, fair value related valuation gain(loss) at the balance sheet date by transaction type and valuation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate derivatives

		Millions of Yen			
		2010			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥821,481	¥325,735	¥(178)	¥(178)
	Bought	1,284,520	364,181	1,402	1,402
Interest rate options	Sold	3,645,623	—	(1,409)	(8)
	Bought	3,163,366	—	1,415	(343)
OTC transactions:					
Forward rate agreements	Sold	1,611,266	—	16	16
	Bought	1,661,415	—	(72)	(72)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	152,837,664	109,558,043	3,926,511	3,926,511
	Receivable floating rate/ Payable fixed rate	153,633,702	109,677,738	(3,714,965)	(3,714,965)
	Receivable floating rate/ Payable floating rate	27,797,396	20,543,675	(78,598)	(78,598)
	Receivable fixed rate/ Payable fixed rate	363,860	331,627	(1,286)	(1,286)
Interest rate swaptions	Sold	7,019,308	4,373,317	(106,342)	(77,729)
	Bought	5,974,967	3,665,579	108,879	84,556
Other	Sold	1,946,756	1,457,652	(10,071)	(5,408)
	Bought	1,609,023	1,075,405	10,425	8,441
Total				¥135,727	¥142,338

		Millions of Yen			
		2009			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Interest rate futures	Sold	¥4,195,321	¥1,153,784	¥ (9,048)	¥(9,048)
	Bought	4,706,914	209,937	3,383	3,383
Interest rate options	Sold	5,224,757	—	(577)	427
	Bought	5,799,676	—	827	(435)
OTC transactions:					
Forward rate agreements	Sold	2,251,331	—	369	369
	Bought	2,152,415	—	(371)	(371)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	196,907,372	145,033,050	5,053,348	5,053,348
	Receivable floating rate/ Payable fixed rate	189,908,994	141,271,325	(4,581,418)	(4,581,418)
	Receivable floating rate/ Payable floating rate	28,579,974	20,374,242	(87,140)	(87,140)
	Receivable fixed rate/ Payable fixed rate	501,526	363,469	(1,495)	(1,495)
Interest rate options	Sold	42	—	(0)	0
	Bought	—	—	—	—
Interest rate swaptions	Sold	6,590,167	4,498,735	(122,508)	(86,798)
	Bought	6,182,261	4,125,058	125,867	90,379
Other	Sold	2,606,387	1,845,895	(8,628)	(3,300)
	Bought	2,182,277	1,732,208	11,432	9,270
Total				¥384,041	¥387,169

March 31		Millions of U.S. Dollars 2010 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Interest rate futures	Sold	$8,829	$3,501	$(2)	$(2)
	Bought	13,806	3,914	15	15
Interest rate options	Sold	39,183	—	(15)	(0)
	Bought	34,000	—	15	(4)
OTC transactions:					
Forward rate agreements	Sold	17,318	—	0	0
	Bought	17,857	—	(0)	(0)
Interest rate swaps	Receivable fixed rate/ Payable floating rate	1,642,709	1,177,537	42,202	42,202
	Receivable floating rate/ Payable fixed rate	1,651,265	1,178,823	(39,928)	(39,928)
	Receivable floating rate/ Payable floating rate	298,768	220,805	(845)	(845)
	Receivable fixed rate/ Payable fixed rate	3,911	3,564	(14)	(14)
Interest rate swaptions	Sold	75,444	47,005	(1,143)	(835)
	Bought	64,219	39,398	1,170	908
Other	Sold	20,924	15,667	(108)	(58)
	Bought	17,294	11,559	112	91
Total				$1,459	$1,530

Notes:

1. The above transactions are stated at fair value and the related unrealized gain (loss) is reported in the consolidated statements of operations.
2. Fair value of transactions listed on exchange is calculated using the last quoted market price at the Tokyo Financial Exchange or others. Fair value of OTC transactions is calculated using discounted present value or option pricing models or others.

(2) Currency derivatives

March 31		Millions of Yen 2010 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Currency futures	Sold	¥23,621	¥ —	¥147	¥147
	Bought	11,292	—	(18)	(18)
OTC transactions:					
Currency swaps		27,239,544	22,360,903	(175,147)	(175,147)
Forward contracts on foreign exchange	Sold	17,044,362	249,908	(10,652)	(10,652)
	Bought	34,788,525	910,610	(63,069)	(63,069)
Currency options	Sold	9,448,228	5,029,829	(448,818)	30,570
	Bought	9,049,860	4,863,275	659,212	267,839
Total				¥ (38,347)	¥49,668

March 31		Millions of Yen 2009 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Currency futures	Sold	¥2,563	¥888	¥(4)	¥(4)
	Bought	8,508	—	(9)	(9)
OTC transactions:					
Currency swaps		34,004,037	26,450,131	(263,792)	(263,792)
Forward contracts on foreign exchange	Sold	32,174,263	607,025	192,418	192,418
	Bought	34,024,547	620,287	(178,580)	(178,580)
Currency options	Sold	14,285,416	7,162,247	(696,451)	(45,663)
	Bought	13,306,618	6,757,637	855,991	329,347
Total				¥ (90,427)	¥33,716

		Millions of U.S. Dollars			
		2010			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Currency futures	Sold	$254	$—	$2	$2
	Bought	121	—	(0)	(0)
OTC transactions:					
Currency swaps		292,772	240,336	(1,882)	(1,882)
Forward contracts on foreign exchange	Sold	183,194	2,686	(114)	(114)
	Bought	373,909	9,787	(678)	(678)
Currency options	Sold	101,550	54,061	(4,824)	329
	Bought	97,268	52,271	7,084	2,877
Total				$ (412)	$534

Notes:

1. The above transactions are stated at fair value and the related unrealized gain (loss) are reported in the consolidated statements of operations.
2. Fair value is calculated using discounted present value or other methods.

(3) Equity related derivatives

		Millions of Yen			
		2010			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
OTC options on securities	Sold	¥11,713	¥11,713	¥ (1,301)	¥ (519)
	Bought	11,713	11,713	1,301	519
Total				¥ —	¥ —

		Millions of U.S. Dollars			
		2010			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
OTC options on securities	Sold	$126	$126	$(14)	$(6)
	Bought	126	126	14	6
Total				$ —	$ —

Notes:

1. The above transactions are stated at fair value and the related unrealized gain (loss) are reported in the consolidated statements of operations.
2. Fair value is calculated using option pricing models or other methods.

(4) Bond related derivatives

		Millions of Yen			
		2010			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Bond futures	Sold	¥627,022	¥ —	¥677	¥677
	Bought	580,592	—	(595)	(595)
Bond futures options	Sold	159,039	—	(314)	60
	Bought	165,731	—	730	2
Total				¥496	¥144

March 31		Millions of Yen 2009 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Bond futures	Sold	¥333,572	¥ —	¥113	¥113
	Bought	372,852	—	151	151
Bond futures options	Sold	229,907	—	(594)	215
	Bought	65,779	—	293	(105)
Total				¥ (35)	¥375

March 31		Millions of U.S. Dollars 2010 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
Transactions listed on exchange:					
Bond futures	Sold	$6,739	$ —	$7	$7
	Bought	6,240	—	(6)	(6)
Bond futures options	Sold	1,709	—	(3)	1
	Bought	1,781	—	7	0
Total				$5	$2

Notes:

1. The above transactions are stated at fair value and the related unrealized gain (loss) are reported in the consolidated statements of operations.
2. Fair value is calculated using the last quoted market price at the Tokyo Stock Exchange or others.

(5) Commodity derivatives

March 31		Millions of Yen 2010 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥200,611	¥134,594	¥(59,076)	¥(59,076)
	Receivable floating rate/ Payable index volatility	224,307	165,588	63,256	63,256
Commodity options	Sold	84,461	46,485	(6,060)	(5,944)
	Bought	84,461	46,485	6,060	5,952
Total				¥4,179	¥4,187

March 31		Millions of Yen 2009 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	¥226,378	¥159,136	¥(24,815)	¥(24,815)
	Receivable floating rate/ Payable index volatility	333,653	226,790	29,664	29,664
Commodity options	Sold	130,697	64,490	(18,512)	(18,044)
	Bought	130,697	64,490	18,508	18,154
Total				¥4,845	¥4,959

		Millions of U.S. Dollars			
		2010			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Commodity swaps	Receivable index volatility/ Payable floating rate	$2,156	$1,447	$(635)	$(635)
	Receivable floating rate/ Payable index volatility	2,411	1,780	680	680
Commodity options	Sold	908	500	(65)	(64)
	Bought	908	500	65	64
Total				$45	$45

Notes:

1. The above transactions are stated at fair value and the related unrealized gain (loss) are reported in the consolidated statements of operations.
2. Fair value is calculated using the price, contract period of the underlying transactions and other factors composing the transactions.
3. Commodity is mainly related to oil.

(6) Credit derivatives

		Millions of Yen			
		2010			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Credit default options	Sold	¥3,221,430	¥1,943,322	¥(6,561)	¥(6,561)
	Bought	3,817,308	2,269,999	8,371	8,371
Total				¥1,810	¥1,810

		Millions of Yen			
		2009			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Credit default options	Sold	¥4,035,606	¥3,452,917	¥(268,147)	¥(268,147)
	Bought	4,935,151	4,197,281	344,609	344,609
Total				¥76,461	¥76,461

		Millions of U.S. Dollars			
		2010			
		Contract amount			
March 31		Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Credit default options	Sold	$34,624	$20,887	$(71)	$(71)
	Bought	41,029	24,398	90	90
Total				$19	$19

Notes:

1. The above transactions are stated at fair value and the related unrealized gain (loss) are reported in the consolidated statements of operations.
2. Fair value is calculated using discounted present value, option pricing models or other methods.
3. “Sold” refers to transactions accepting credit risk and “Bought” refers to transactions delivering credit risk.

(7) Other

March 31		Millions of Yen 2010 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Weather derivatives	Sold	¥19	¥—	¥(1)	¥(0)
	Bought	14	—	1	1
Total				¥—	¥1

March 31		Millions of Yen 2009 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Weather derivatives	Sold	¥211	¥14	¥(5)	¥16
	Bought	211	14	5	(5)
Total				¥ —	¥10

March 31		Millions of U.S. Dollars 2010 Contract amount Total	Over one year	Fair value	Valuation gain(loss)
OTC transactions:					
Weather derivatives	Sold	$0	$—	$(0)	$(0)
	Bought	0	—	0	0
Total				$—	$0

Notes:

1. The above transactions are stated at fair value and the related unrealized gain (loss) are reported in the consolidated statements of operations.
2. Fair value is calculated using option pricing models or other methods.

Derivatives to which hedge accounting is applied:

With respect to derivatives to which hedge accounting is applied, contract amount or notional principal and fair value at the balance sheet date by transaction type and hedge accounting method and valuation method of fair value are as follows: Note that contract amounts do not represent the market risk exposure associated with derivatives.

(1) Interest rate related derivatives at March 31, 2010

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen Contract amount	Contract amount due after one year	Fair value
Principal method	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits, etc.	¥12,740,888	¥4,892,903	¥257,459
	Receivable floating rate/ Payable fixed rate		2,630,086	1,445,014	(55,243)
	Receivable floating rate/ Payable floating rate		20,000	20,000	1,138
	Interest rate futures		2,047,073	198,685	879
	Other		534,180	414,450	8,675
Note 3	Interest rate swaps:				
	Receivable floating rate/ Payable fixed rate	Borrowed money	918	336	Note 3
Total					¥212,910

Hedge accounting method	Transaction type	Major hedged item	Millions of U.S. Dollars Contract amount	Contract amount due after one year	Fair value
Principal method	Interest rate swaps:				
	Receivable fixed rate/ Payable floating rate	Interest bearing financial assets or liabilities such as loans, deposits, etc.	$136,940	$52,589	$2,768
	Receivable floating rate/ Payable fixed rate		28,268	15,531	(594)
	Receivable floating rate/ Payable floating rate		215	215	12
	Interest rate futures		22,002	2,135	9
	Other		5,741	4,455	93
Note 3	Interest rate swaps:				
	Receivable floating rate/ Payable fixed rate	Borrowed money	10	4	Note 3
Total					$2,288

Notes:

1. These derivatives are mainly accounted for using hedge accounting in accordance with JICPA Industry Audit Committee Report No. 24 "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."
2. Fair value of the exchange transactions is determined based on the closing price at the Tokyo Financial Exchanges, Inc. and etc.
   Fair value of OTC transactions is calculated using discounted present value, option pricing models or others.
3. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements are recognized and included in interest expenses of the "borrowed money" as hedged items. Accordingly, the fair value of the interest rate swaps is considered to be included in the fair value of the "borrowed money."

(2) Currency related derivatives at March 31, 2010

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen Contract amount	Contract amount due after one year	Fair value
Principal method	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	¥5,064,331	¥1,070,863	¥67,127
	Forward foreign currency contracts		413,856	—	27,563
Total					¥94,691

Hedge accounting method	Transaction type	Major hedged item	Millions of U.S. Dollars Contract amount	Contract amount due after one year	Fair value
Principal method	Currency swaps	Loans, securities, deposits and others denominated in foreign currencies	$54,432	$11,510	$722
	Forward foreign currency contracts		4,448	—	296
Total					$1,018

Notes:

1. These derivatives are mainly accounted for using hedge accounting in accordance with JICPA Industry Audit Committee Report No. 25, "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry."
2. Fair value is calculated using discounted present value or other methods.

(3) Bond related derivatives at March 31, 2010

Hedge accounting method	Transaction type	Major hedged item	Millions of Yen Contract amount	Contract amount due after one year	Fair value
Principal method	OTC bond options	Available-for-sale securities (debt securities)	¥3,220,000	¥—	¥2,343

Hedge accounting method	Transaction type	Major hedged item	Millions of U.S. Dollars Contract amount	Contract amount due after one year	Fair value
Principal method	OTC bond options	Available-for-sale securities (debt securities)	$34,609	$—	$25

Note: Fair value is calculated using option pricing models or other methods.

26. BUSINESS COMBINATIONS OR DIVESTITURES

Year ended March 31, 2010

(Business combination between companies under common control of the parent company)

On July 21, 2009, Mitsubishi UFJ Home Loan CREDIT Co., Ltd. ("MULC"), which is a subsidiary of the Bank, entered into an absorption-type company split agreement with Acom Co., Ltd. ("ACOM"), which is a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc. ("MUFG"). On September 1, 2009, the unsecured card loan guarantee business was succeeded to ACOM after the company split. This absorption-type company split was treated as a business divestiture between companies under common control.

1. Summary information
   a. Companies involved and business to be split
      (1) Name of the company which is a splitting company: The Mitsubishi UFJ Home Loan Credit Co., Ltd.
      (2) Name of the company which is a succeeding company: Acom Co., Ltd.
      (3) Nature of the business transferred: Guarantee business of unsecured card loan issued by BTMU
   b. Legal form: Absorption-type company split
   c. Purpose of the transaction: Under an agreement among the Bank, MUFG and ACOM, to further strengthen its strategic business and capital alliance on September 8, 2008, this company split is conducted as part of the business reorganization within the MUFG.
2. Accounting method

   The Bank adopted ASBJ No.7 "Accounting Standard for Business Divestitures" and ASBJ Guidance No.10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on December 27, 2005 by the ASBJ). As a result of this adoption, profit on transfer in the business divestiture was incurred for the year ended March 31, 2010 as follows:

	Millions of yen	Millions of U.S. dollars
Liabilities for guarantee	¥188,234	$2,023
Profit on transfer in the business divestiture	10,843	117
Details of the profit:		
Consideration for business transfer due to the company split	4,682	50
Reversal of allowance for credit losses	6,161	66
Profit on transfer in the business divestiture	10,843	117

(Business combination between subsidiaries)

On October 1, 2009, The Senshu Bank, Ltd. ("Senshu"), which is a subsidiary of the Bank, and The Bank of Ikeda, Ltd. ("Ikeda"), which is an affiliate not accounted for using the equity method, established Senshu Ikeda Holdings, Inc. in accordance with the business integration agreement entered into by the Bank, Senshu and Ikeda on May 25, 2009. Senshu and Ikeda became wholly owned subsidiaries of Ikeda Senshu Holdings, Inc. and as a result, Senshu was excluded from the scope of consolidation.

1. Summary information
   (1) Companies that were merged and their business:
       The Ikeda Bank, Ltd. Banking
       The Senshu Bank, Ltd. Banking
   (2) Purpose of the business combination
       Both banks achieved its business integration in order to become a leading independent financial group in the Kansai region. The new financial group consisting of Ikeda, Senshu and the joint holding company will not only contribute to the stabilization of regional finance and the sound development of the regional economy through the expansion and development of the management bases, but will also secure the independence of the management and aim for the improvement of convenience and services for the customers in the region and quality of the internal control system.
   (3) Date of business combination: October 1, 2009
   (4) Legal form: Share transfer
   (5) Name of the company after the business combination: Ikeda Senshu Holdings, Inc.
2. Accounting method

   The Bank adopted ASBJ No.7 "Accounting Standard for Business Divestitures" and ASBJ Guidance No.10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on December 27, 2005 by the ASBJ). As a result of this adoption, goodwill equivalent and profit on transfer in the business divestiture were incurred for the year ended March 31, 2010 as follows:

   Goodwill equivalent, which is calculated as the difference between the amount deemed to be invested to Ikeda and fair value of equity of Ikeda on the date of business combination corresponding to the investment, was ¥24,875 million ($267 million). The goodwill equivalent will be amortized using the straight-line method over twenty years.

Profit on transfer in the business divestiture was ¥10,431 million ($112 million).

3. Name of the business segment which Senshu belonged to
   Banking
4. Summary of income related to Senshu included in the accompanying statement of operations for the year ended March 31, 2010:

Income:	¥ 26,320 million ($283 million)
Expenses:	¥ 25,341 million ($272 million)
Income before income taxes and minority interests:	¥ 978 million ($11 million)

Year ended March 31, 2009

(Business combination between companies under common control of the parent company)

Through a share exchange transaction effective on August 1, 2008 between Mitsubishi UFJ Financial Group ("MUFG") which is the parent company of the Bank and Mitsubishi UFJ NICOS Co., Ltd.("Mitsubishi UFJ NICOS"), which is a subsidiary of the Bank, Mitsubishi UFJ NICOS became a wholly owned subsidiary of MUFG. As a result, Mitsubishi UFJ NICOS was excluded from the scope of consolidation of the Bank. This transaction was treated as a business divestiture between companies under common control.

1. Summary information
   (1) Name of the company which became a 100% parent company after the share exchange: Mitsubishi UFJ Financial Group
   Main business: Bank holding company
   (2) Name of the company which became a wholly owned subsidiary after the share exchange: Mitsubishi UFJ NICOS Co., Ltd.
   Main business: Credit card business
   (3) Legal form: Share exchange
   (4) Purpose of the transaction
   On September 20, 2007, in order to deal with changes in the regulatory environment and expansion of the credit card market, MUFG and Mitsubishi UFJ NICOS agreed in a memorandum of understanding that MUFG would underwrite the entirety of a third-party allotment of new shares in the amount of ¥120 billion to be conducted by Mitsubishi UFJ NICOS, and that Mitsubishi UFJ NICOS would become a wholly owned subsidiary of MUFG by means of a share exchange followed by the delisting of Mitsubishi UFJ NICOS.
   The agreement was made with the following objectives: (1) to strengthen the financial foundation of Mitsubishi UFJ NICOS, (2) to further enhance the strategic integrity and flexibility of the MUFG, including Mitsubishi UFJ NICOS, and to strive for effective utilization of managerial resources within the Group, (3) to clearly position Mitsubishi UFJ NICOS as a core business entity of the MUFG on par with banks, trusts, and securities firms, and (4) to further strengthen and nurture the card business operated by Mitsubishi UFJ NICOS as a strategic focus of MUFG's consumer finance business.

   Based on the aforementioned agreement, Mitsubishi UFJ NICOS became a wholly owned subsidiary of MUFG through a share exchange transaction.

2. Accounting method
   The share exchange was accounted for in accordance with the "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003), "Accounting Standard for Business Divestitures" (issued on December 27, 2005 by the ASBJ) and ASBJ Guidance No. 10 "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (issued on December 27, 2005 by the ASBJ) and the acquisition cost of the common share of MUFG acquired in exchange for the common share of Mitsubishi UFJ NICOS is computed using the appropriate book value recorded in the financial statements .

3. Outline of the share exchange
   (1) Method of the share exchange
   MUFG acquired the shares of Mitsubishi UFJ NICOS from its shareholders except for MUFG and

allotted common stock of MUFG to the shareholders of Mitsubishi UFJ NICOS in accordance with Article 767 of the Companies Act of Japan.

(2) Share exchange ratio

(a) Share allotment:

1 MUFG share to each 0.37 share of Mitsubishi UFJ NICOS

1 MUFG share to each 1.39 Class 1 shares of Mitsubishi UFJ NICOS

(b) Basis for determining the share exchange ratio

In an effort to ensure a fair and appropriate share exchange ratio, MUFG and Mitsubishi UFJ NICOS separately hired Nomura Securities Co., Ltd. and KPMG FAS Co., Ltd. as their respective independent third-party financial advisers on the share exchange ratio. The share exchange ratio was determined through negotiations and discussions between the parties considering the advice received from the financial advisers.

4. Name of the business segment which Mitsubishi UFJ NICOS belonged to
   Credit card business

5. Summary of income related to Mitsubishi UFJ NICOS included in the accompanying consolidated statement of operations for the year ended March 31, 2009:

Income:	¥ 93,813 million
Expenses:	¥ 90,095 million
Income before income taxes and minority interests:	¥ 3,717 million

(Complete Acquisition of All Outstanding Shares of UnionBanCal Corporation)

The Bank acquired all of the outstanding shares of UnionBanCal Corporation ("UNBC") (except for the shares held indirectly by MUFG through the Bank or other subsidiaries) by a cash tender offer in the United States from August 29, 2008 (EDT) until September 26, 2008 (EDT).

On November 4, 2008 (EST), UNBC became a wholly owned subsidiary of the Bank through a merger with a wholly owned special purpose vehicle which was established by the Bank in the United States.

1. Summary information

(1) Name: UnionBanCal Corporation

(2) Main business: Bank holding company

(3) Purpose

It is a primary pillar of the Bank's strategies to enhance overseas operations, and the Bank is pursuing expansion of its business especially in Asia where the Bank expects high growth and in major financial markets in the United States and Europe.

In the United States, while the Bank has operated its branches and subsidiaries in major cities including New York, the Bank has owned a majority of the voting rights of UNBC on the West Coast since 1996. UNBC owns Union Bank of California N.A., a commercial bank that has mainly operated in the State of California that ranks 20th in the United States in terms of deposit size, as its wholly owned subsidiary.

Under such circumstances, the Bank decided to acquire full ownership of UNBC as part of efforts to strengthen its strategies in the United States. The Bank views this transaction as a first step of its growth strategies in the United States, and will achieve greater management flexibility and aim to further strengthen its presence in the United States. In addition, the Bank believes that acquiring full ownership will enable the Bank to build an integrated corporate governance and unified risk management structure.

(4) Legal form: Purchase of additional shares through a cash tender offer

(5) Additional share of voting rights: 35.59%

2. Additional information

(1) Cost of the acquisition of shares: ¥389,310 million

Shares: ¥387,918 million

Fees and charges: ¥1,391million

(2) Goodwill

(i) Amount of "goodwill": ¥221,605 million

(ii)The "goodwill" is recognized as the difference between the increased value in the ownership interest and the acquisition costs.

(iii)Amortization: using the straight-line method over 20 years

27. RELATED PARTY TRANSACTIONS

Related party transactions for the years ended March 31, 2010 and 2009 were as follows:

a. Parent company and major shareholders

Year ended March 31, 2010

Type	Name:	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Financial Group, Inc.	Tokyo	¥2,136,582	Bank holding company	Direct: 99.94% Indirect: 0.05% Total 100.00%	Loans or others, Directors or others	Loans (Note 1) Receipt of interest (Note 1)	¥143,855 30,317	Loans and bills discounted Other assets Other liabilities	¥1,800,150 2,198 506

Year ended March 31, 2009

Type	Name:	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Parent	Mitsubishi UFJ Financial Group, Inc.	Tokyo	¥1,620,896	Bank holding company	Direct: 99.93% Indirect: 0.06% Total 100.00%	Loans or others, Directors or others	Loans (Note 1) Receipt of interest (Note 1)	¥1,423,670 33,395	Loans and bills discounted Other assets Other liabilities	¥1,716,168 20,904 633
							Sales of shares of parent (Note2) Sales proceeds Gain on sales	¥238,513 172,096	— —	— —

Year ended March 31, 2010

Type	Name:	Location	Capital (Millions of U.S. Dollars)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of U.S. Dollars)	Account	Outstanding balance (Millions of U.S. Dollars)
Parent	Mitsubishi UFJ Financial Group, Inc.	Tokyo	$22,964	Bank holding company	Direct: 99.94% Indirect: 0.05% Total 100.00%	Loans or others, Directors or others	Loans (Note 1) Receipt of interest (Note 1)	$1,546 326	Loans and bills discounted Other assets Other liabilities	$19,348 24 5

Terms and conditions on transactions and transaction policy:
Notes:

1. The interest rate on loans is reasonably determined considering the market rate. Repayment term is the lump sum payment method at maturity or installment method annually after a six year grace period. No pledged assets are received.
2. Shares of the parent company were sold in a negotiated transaction considering the market price at the exchange.

b. Companies which are owned by the same parent company with the Bank (“sister company”) and other affiliates’ subsidiaries

Year ended March 31, 2009

Type	Name:	Location	Capital (Millions of Yen)	Business	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Sister company	Mitsubishi UFJ Securities, Inc.	Tokyo	¥65,518	Securities broker/dealer	None	Loans or others	Derivative transactions (Note 1)	— (Note 2) — (Note 2) — (Note 2) — (Note 2)	Trading assets Other assets Trading liabilities Other liabilities	¥1,522,110 83,338 1,781,501 75,673

Terms and conditions on transactions and transaction policy:
Notes:
1. Terms and conditions on transactions are determined considering the market trend and other factors.
2. Since the transactions are recurring in frequency and involving large amounts, only the outstanding balances are presented in the above table.

Directors or major individual shareholders

Year ended March 31, 2010

Type	Name:	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director	Kunio Ishihara	Director of the Bank	None	Loans	Loan (Note 1) Receipt of interest (Note 1) Loan (Note 2) Receipt of interest (Note 2)	¥— 1 — 0	Loans Other assets Loans Other assets	¥53 0 5 0
Director	Tetsuya Nakagawa	Corporate auditor of the Bank	None	Loans	Loan (Note 3) Receipt of interest (Note 3)	— 0	Loans Other assets	22 0

Year ended March 31, 2009

Type	Name:	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Director	Kunio Ishihara	Director of the Bank	None	Loans	Loan (Note 1) Receipt of interest (Note 1) Loan (Note 2) Receipt of interest (Note 2)	— 1 — 0	Loans Other assets Loans Other assets	¥55 0 10 0
Director	Tetsuya Nakagawa	Corporate auditor of the Bank	None	Loans	Loan (Note 3) Receipt of interest (Note 3)	— 0	Loans Other assets	24 0

Year ended March 31, 2010

Type	Name:	Occupation	Ownerships	Relationship	Transactions	Transaction amount (Millions of U.S. Dollars)	Account	Outstanding balance (Millions of U.S. Dollars)
Director	Kunio Ishihara	Director of the Bank	None	Loans	Loan (Note 1) Receipt of interest (Note 1) Loan (Note 2) Receipt of interest (Note 2)	$— 0 — 0	Loans Other assets Loans Other assets	$1 0 0 0
Director	Tetsuya Nakagawa	Corporate auditor of the Bank	None	Loans	Loan (Note 3) Receipt of interest (Note 3)	— 0	Loans Other assets	0 0

Terms and conditions on transactions and transaction policy:
Notes:
1. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 25 years.
2. The interest rate on loans is determined considering the market rate and repayment term is the lump sum payment method at maturity (one year).
3. The interest rate on loans is determined considering the market rate and repayment term is the monthly equal payment method for 19 years and six months.

c. Information of the parent company

Mitsubishi UFJ Financial Group, Inc. (listed on Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange and New York Stock Exchange)

28. SEGMENT INFORMATION

"Ordinary income (expenses)" and "ordinary profit (loss)" are defined as follows:
(a). "Ordinary profit (loss)" means "Ordinary income" less "Ordinary expenses".
(b). "Ordinary income" means total income less certain special income included in "Other income" in the accompanying consolidated statement of operations.

(c). "Ordinary expenses" means total expenses less certain special expenses included in "Other expenses" in the accompanying consolidated statement of operations.

A reconciliation of the ordinary profit (loss) under the internal management reporting system for the years ended March 31, 2010 and 2009 to income before income taxes and minority interests shown on the accompanying consolidated statements of operations is as follows:

	Millions of Yen		Millions of U.S. Dollars
March 31	2010	2009	2010
Ordinary profit (loss):	¥458,286	¥(103,819)	$4,925
Gain on sales of fixed assets	6,822	7,452	73
Gain on collection of written -down receivables	51,345	33,147	551
Reversal of reserve under special laws	238	430	3
Gain on sales of shares in the parent company	—	172,096	—
Prior year adjustments	—	15,689	—
Effect from application of accounting standard for leases	—	6,186	—
Gain on sales of shares in subsidiaries	13,361	1,632	144
Reversal of allowance for investment loss	34,027	—	366
Earnings from business divestiture	10,843	—	117
Earnings from changes in interest	10,516	—	113
Loss on disposition of fixed assets	(18,421)	(23,763)	(198)
Impairment loss	(9,685)	(4,472)	(104)
System integration costs	—	(83,964)	—
Loss on sales of shares in subsidiaries	(1,220)	—	(13)
Other	—	8,205	—
Income before income taxes and minority interests	¥556,114	¥28,820	$5,977

(1) Business Segment Information

Information about operations in different business segments of the Group for the years ended March 31, 2010 and 2009 is as follows:

	Millions of Yen				
	2010				
Year ended March 31	Banking	Other	Total	Elimination/ Corporate	Consolidated
I. Ordinary income					
(1) External customers	¥3,415,858	¥99,928	¥3,515,787	¥ —	¥3,515,787
(2) Intersegment	13,832	4,561	18,393	(18,393)	—
Total	3,429,690	104,489	3,534,180	(18,393)	3,515,787
Ordinary expenses	2,992,546	93,291	3,085,838	(28,336)	3,057,501
Ordinary profit (loss)	¥437,144	¥11,198	¥448,342	¥9,943	¥458,286
II. Assets, depreciation and capital expenditure					
Total assets	¥164,533,815	¥1,086,344	¥165,620,160	¥(524,982)	¥165,095,177
Depreciation	141,165	9,963	151,129	—	151,129
Capital expenditure	163,003	45,731	208,735	—	208,735

	Millions of U.S. Dollars				
	2010				
Year ended March 31	Banking	Other	Total	Eliminations/ Corporate	Consolidated
I. Ordinary income					
(1) External customers	$36,714	$1,074	$37,788	$—	$37,788
(2) Intersegment	149	49	198	(198)	—
Total	36,863	1,123	37,986	(198)	37,788
Ordinary expenses	32,164	1,003	33,167	(305)	32,862
Ordinary profit (loss)	$4,699	$120	$4,819	$107	$4,926
II. Assets, depreciation and capital expenditure					
Total assets	$1,768,420	$11,676	$1,780,096	$(5,643)	$1,774,454
Depreciation	1,517	107	1,624	—	1,624
Capital expenditure	1,752	492	2,243	—	2,243

Notes:

1. "Ordinary income" and "Ordinary profit" correspond to "Net sales" and "Operating profits" on the statement of

operations of companies in non-banking industries.

2. "Other" includes the credit card business, securities business, leasing business and other business.

3. Accounting standard for financial instruments
Effective the year ended March 31, 2010, the Bank adopted ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and Guidance No.19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures" (issued on March 10, 2008 by the ASBJ). This change resulted in a ¥7,875 million ($85 million) increase in ordinary expenses in the "Banking" business, ¥7,875 million ($85 million) decrease in ordinary profit in "Banking" business and a ¥33,486 million ($360 million) increase in assets in the "Banking" business.

	Millions of Yen				
	2009				
Year ended March 31	Banking	Other	Total	Elimination/ Corporate	Consolidated
I. Ordinary income					
(1) External customers	¥4,049,909	¥190,134	¥4,240,043	¥ —	¥4,240,043
(2) Intersegment	18,958	13,460	32,418	(32,418)	—
Total	4,068,867	203,594	4,272,462	(32,418)	4,240,043
Ordinary expenses	4,173,984	201,076	4,375,060	(31,197)	4,343,863
Ordinary profit (loss)	¥(105,117)	¥2,518	¥(102,598)	¥(1,220)	¥(103,819)
II. Assets, depreciation and capital expenditure					
Total assets	¥160,329,334	¥1,076,892	¥161,406,227	¥(580,067)	¥160,826,160
Depreciation	151,402	16,680	168,083	—	168,083
Capital expenditure	324,441	73,715	398,156	—	398,156

Notes:

1. "Ordinary income" and "Ordinary profit" correspond to "Net sales" and "Operating profits" on the statement of operations of companies in non-banking industries.

2. "Other" includes the credit card business, securities business, leasing business and other business.

3. Change in business segment
"Credit card business" which was previously separately presented is included in "Other" since Mitsubishi UFJ NICOS Co., Ltd., which was a subsidiary, became a subsidiary directly owned by Mitsubishi UFJ Financial Group, Inc. in August 2008.

4. Fair value assessment on "Available-for-sale securities"

Prior to April 1, 2008, floating-rate Japanese government bonds included in securities had been reported at market prices. However, floating-rate Japanese government bonds included in "Securities" are valued based on reasonable estimates in accordance with ASBJ PITF No. 25 "Practical Solution on Measurement of Fair Value for Financial Assets" (issued on October 28, 2008 by the ASBJ), effective from the year ended March 31, 2009, since market prices cannot be deemed as fair value due to the current market environment.
This change resulted in a ¥59,219 million increase in "Assets" of "Banking" business

Securitized products which were collateralized by corporate loans reclassified to "Held-to-maturity debt securities" or some of those classified as "Available-for-sale securities" were previously valued based on prices quoted by brokers, information vendors or other sources as a substitute for market values. Such securitized products are now evaluated based in reasonably estimated amounts derived using our own estimates.
This change resulted in a ¥131,171 million decrease in "Ordinary expenses" of the "Banking" business, ¥131,171 million increase in "Ordinary profit" of the "Banking" business and a ¥274,892 million increase in "Assets" of the "Banking" business.

5. Accounting for leases
Finance leases other than those that were deemed to transfer the ownership of leased property to the lessees have previously been accounted for in a similar way to operating leases.

However, ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and ASBJ Guidance No. 16 "Guidance on Accounting Standard for Lease Transactions" (issued on March 30, 2008 by the ASBJ) became applicable to fiscal years beginning on or after April 1, 2008, and the Bank adopted this accounting standard and practical guideline starting in the year ended March 31, 2009.

(As lessee)
The adoption of the new standard did not have a material impact on each segment.

(As lessor)
This change resulted in a ¥1,322 million decrease in “Ordinary income” of the “Banking” business, ¥113,442 million decrease in “Ordinary income” of “Other” business, ¥1,346 million decrease in “Ordinary expenses” of the “Banking” business, ¥113,669 million decrease in “Ordinary expenses” of “Other” business, ¥23 million increase in “Ordinary profit” of the “Banking” business and a ¥226 million increase in “Ordinary profit” of “Other” business.

6. Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements
ASBJ PITF No. 18 “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (issued on May 17, 2006 by the ASBJ) is applicable to fiscal years beginning on or after April 1, 2008, and the Bank has adopted this practical solution starting in the year ended March 31, 2009.

This change resulted in a ¥111 million increase in “Ordinary income” of the “Banking” business, ¥3,452 million decrease in “Ordinary income” of “Other” business, ¥1,753 million increase in “Ordinary expenses” of the “Banking” business, ¥3,452 million decrease in “Ordinary expenses” of “Other” business and a ¥1,642 million decrease in “Ordinary profit” of the “Banking” business.

Net actuarial gain (loss) not recognized as net periodic cost of retirement benefits, which is recorded on the financial statements of foreign subsidiaries under US GAAP in accordance with FASB Statement No. 158 and which was previously deducted from net assets and allocated to “Other assets” or “Reserve for retirement benefits” in the consolidation process, is recorded separately, net of the related tax effects and minority interests portion, as “Pension liability adjustments of subsidiaries preparing financial statements under US GAAP,” under valuation and translation adjustments in net assets.
This change resulted in a ¥416 million decrease in “Assets” of the “Banking” business and a ¥13 million decrease in “Assets” of “Other” business.

7. Net presentation of derivative instruments subject to master netting agreements
Beginning in the fiscal year ended March 31, 2009, the Bank has started to record in its financial statements, on a gross basis, the fair value amounts recognized for derivative instruments executed with the same counterparty as assets and liabilities, which were previously netted out if there was a legally valid master netting agreement between the two parties. The Bank examined its relevant accounting presentation practice from a viewpoint of best financial disclosure practice relating to credit risk and determined that its financial statements under Japanese GAAP should be prepared without offsetting derivative assets and liabilities because the amounts of cash collateral received or payable for derivative transactions have recently been increasing and, as a result, it is no longer sufficiently reasonable to offset only the fair value amounts recognized as assets and liabilities for derivative instruments.

This change resulted in a ¥6,766,182 million increase in “Assets” of the “Banking” business.

8. Tentative Solution on Reclassification of Debt Securities
The Bank adopted ASBJ PITF No.26 “Tentative Solution on Reclassification of Debt Securities” (issued on December 5, 2008 by the ASBJ) beginning in the year ended March 31, 2009 and reclassified some “Available-for-sale securities” as “Held-to-maturity debt securities” on January 30, 2009.
This change resulted in a ¥10,837 million decrease in “Assets” of the “Banking” business.

(2) Geographic Segment Information

The geographic segments of the Bank and its subsidiaries for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen							
	2010							
Year ended March 31	Japan	North America	Latin America	Europe/ Middle East	Asia/ Oceania	Total	Eliminations/ Corporate	Consolidated
I. Ordinary income								
(1)External customers	¥2,550,242	¥524,694	¥19,124	¥171,771	¥249,954	¥3,515,787	¥ —	¥3,515,787
(2)Intersegment	49,417	28,442	90,271	25,011	28,035	221,178	(221,178)	—
Total	¥2,599,660	¥553,136	¥109,396	¥196,782	¥277,989	¥3,736,965	¥ (221,178)	¥3,515,787
Ordinary expenses	2,322,456	554,252	43,060	189,248	172,691	3,281,709	(224,207)	3,057,501
Ordinary profit	¥277,204	¥(1,115)	¥66,335	¥7,534	¥105,298	¥455,256	¥3,029	¥458,286
II. Assets	¥142,675,940	¥19,302,119	¥3,907,232	¥9,748,080	¥11,654,680	¥187,288,052	¥(22,192,874)	¥165,095,177

Year ended March 31	Millions of U.S. Dollars 2010 Japan	North America	Latin America	Europe/ Middle East	Asia/ Oceania	Total	Eliminations/ Corporate	Consolidated
I. Ordinary income								
(1)External customers	$27,410	$5,639	$206	$1,846	$2,687	$37,788	$—	$37,788
(2)Intersegment	531	306	970	269	301	2,377	(2,377)	—
Total	$27,941	$5,945	$1,176	$2,115	$2,988	$40,165	$(2,377)	$37,788
Ordinary expenses	24,962	5,957	463	2,034	1,856	35,272	(2,410)	32,862
Ordinary profit	$2,979	$(12)	$713	$81	$1,132	$4,893	$33	$4,926
II. Assets	$1,533,491	$207,460	$41,995	$104,773	$125,265	$2,012,984	$(238,530)	$1,774,454

Notes:

1. The above geographic segments have been determined considering various factors, including geographic proximity, similarity in economic activities involved and relevance in terms of business operations. “Ordinary income” and “Ordinary profit” correspond to “Net sales” and “Operating profits” on the statement of operations of companies in non-banking industries.

2. “North America” includes the United States and Canada. “Latin America” primarily includes Caribbean countries and Brazil. “Europe / Middle East” primarily includes the United Kingdom, Germany and Netherlands. “Asia / Oceania” primarily includes Hong Kong, Singapore and China.

3. Accounting standard for financial instruments
Effective the year ended March 31, 2010, the Bank adopted ASBJ Statement No. 10 “Accounting Standard for Financial Instruments” and Guidance No.19 “Guidance on Accounting Standard for Financial Instruments and Related Disclosures” (issued on March 10, 2008). This change resulted in a ¥7,875 million ($85 million) increase in ordinary expenses in the “Japan” business, ¥7,875 million ($85 million) decrease in ordinary profit in the “Japan” business and a ¥30,704 million ($330 million), ¥419 million ($5 million) and ¥2,362 million ($25 million) increase in assets in “Japan,” “Europe/Middle East” and “Asia/Oceania,” respectively.

Year ended March 31	Millions of Yen 2009 Japan	North America	Latin America	Europe/ Middle East	Asia/ Oceania	Total	Eliminations/ Corporate	Consolidated
I. Ordinary income								
(1)External customers	¥2,964,322	¥651,872	¥8,865	¥302,462	¥312,520	¥4,240,043	¥ —	¥4,240,043
(2)Intersegment	139,206	31,994	117,451	78,418	40,883	407,953	(407,953)	—
Total	3,103,529	683,867	126,316	380,880	353,403	4,647,997	(407,953)	4,240,043
Ordinary expenses	3,465,785	621,293	77,901	315,033	264,241	4,744,255	(400,392)	4,343,863
Ordinary profit (loss)	¥(362,256)	¥62,573	¥48,415	¥65,847	¥89,162	¥(96,258)	¥(7,561)	¥(103,819)
II. Assets	¥139,219,788	¥17,045,089	¥3,430,026	¥11,324,199	¥10,342,045	¥181,361,150	¥(20,534,990)	¥160,826,160

Notes:

1. The above geographic segments have been determined considering various factors, including geographic proximity, similarity in economic activities involved and relevance in terms of business operations. “Ordinary income” and “Ordinary profit” correspond to “Net sales” and “Operating profits” on the statement of operations of companies in non-banking industries.

2. “North America” includes the United States and Canada. “Latin America” primarily includes Caribbean countries and Brazil. “Europe / Middle East” primarily includes the United Kingdom, Germany and Netherlands. “Asia / Oceania” primarily includes Hong Kong, Singapore and China.

3. Fair value assessment on “Available-for-sale securities”

Prior to April 1, 2008, floating-rate Japanese government bonds included in securities had been reported at market prices. However, floating-rate Japanese government bonds included in “securities” are valued based on reasonable estimates in accordance with ASBJ PITF No. 25 “Practical Solution on Measurement of Fair Value for Financial Assets” (issued on October 28, 2008 by the ASBJ), effective from the year ended March 31, 2009. Market prices cannot be deemed as fair value due to the current market environment. .
This change resulted in a ¥59,219 million increase in “Assets” of “Japan.”

Securitized products which were collateralized by corporate loans reclassified to "Held-to-maturity debt securities" or some of those classified as “Available-for-sale securities” were previously valued based on prices quoted by brokers, information vendors or other sources as a substitute for market values. Such securitized products are now evaluated based in reasonably estimated amounts derived using our own estimates.
This change resulted in a ¥97,826 million and ¥33,345 million decrease in “Ordinary expenses” of “Japan” and “North America” respectively, ¥97,826 million and ¥33,345 million increase in “Ordinary profit” of “Japan” and “North

America", respectively, ¥131,492 million increase and a ¥143,399 million increase in "Assets" of "Japan" and "North America", respectively.

4. Accounting for leases
   Finance leases other than those that were deemed to transfer the ownership of leased property to the lessees have previously been accounted for in a similar way to operating leases.

   However, ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and ASBJ Guidance No. 16 "Guidance on Accounting Standard for Lease Transactions" (issued on March 30, 2007 by the ASBJ) became applicable to fiscal years beginning on or after April 1, 2008, and the Bank adopted this accounting standard and practical guideline starting in the year ended March 31, 2009.

   (As lessee)
   The adoption of the new standard did not have a material impact on each segment.

   (As lessor)
   This change resulted in a ¥114,765 million decrease in "Ordinary income," ¥115,015 million decrease in "Ordinary expenses" and a ¥250 million increase in "Ordinary profit" of "Japan."

5. Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements
   ASBJ PITF No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (issued on May 17, 2006 by the ASBJ) is applicable to fiscal years beginning on or after April 1, 2008, and the Bank has adopted this practical solution starting in the year ended March 31, 2009.

   This change resulted a ¥362 million decrease in "Ordinary income" of "North America," ¥2,978 million decrease in "Ordinary income" of "Europe / Middle East," ¥1,629 million increase in "Ordinary expenses" of "North America," ¥3,327 million decrease in "Ordinary expenses" of "Europe / Middle East," ¥1,992 million decrease in "Ordinary profit" of "North America" and a ¥349 million increase in "Ordinary profit" of "Europe / Middle East."

   Net actuarial gain (loss) not recognized as net periodic cost of retirement benefits, which is recorded on the financial statements of foreign subsidiaries under US GAAP and which was previously deducted from net assets and allocated to "Other assets" or "Reserve for retirement benefits" in the consolidation process, is recorded separately, net of related tax effects and minority interests portion, as "Pension liability adjustments of subsidiaries preparing financial statements under US GAAP," under valuation and translation adjustments in net assets.

   This change resulted in a ¥430 million decrease in "Assets" of "North America."

6. Net presentation of derivative instruments subject to master netting agreements
   Beginning in the current fiscal year, the Bank started to record in its financial statements, on a gross basis, the fair value amounts recognized for derivative instruments executed with the same counterparty as assets and liabilities, which were previously netted out if there was a legally valid master netting agreement between the two parties. The Bank examined its relevant accounting presentation practice from a viewpoint of best financial disclosure practice relating to credit risk and determined that its financial statements under Japanese GAAP should be prepared without offsetting derivative assets and liabilities because the amounts of cash collateral received or payable for derivative transactions have recently been increasing and, as a result, it is no longer sufficiently reasonable to offset only the fair value amounts recognized as assets and liabilities for derivative instruments.
   This change resulted in a ¥5,708,728 million increase, ¥723,958 million increase, ¥566 million increase, ¥267,090 million increase, and a ¥72,597 million increase in "Assets" of "Japan," "North America," "Latin America," "Europe / Middle East" and "Asia / Oceania", respectively.

7. Tentative Solution on Reclassification of Debt Securities
   The Bank adopted ASBJ PITF No. 26 "Tentative Solution on Reclassification of Debt Securities" (issued on December 5, 2008 by the ASBJ) beginning in the year ended March 31, 2009 and reclassified some "Available-for-sale securities" as "Held-to-maturity debt securities" on January 30, 2009.
   This change resulted in a ¥8,478 million decrease and a ¥2,359 million decrease in "Assets" of "Japan" and "North America", respectively.

(3) Ordinary Income from Overseas Operations

	Millions of Yen		Millions of U.S. Dollars
Year ended March 31	2010	2009	2010
I Consolidated ordinary income from overseas operations (A)	¥965,544	¥1,275,720	$10,378
II Consolidated ordinary income (B)	3,515,787	4,240,043	37,788
III Percentage (A)/(B)	27.46%	30.09%	27.46%

Notes:

1. "Ordinary income from overseas operations" corresponds to "Net sales from overseas operations" on the statement of income of companies in non-banking industries.
2. "Ordinary income from overseas operations" consists of income from operations of the overseas branches of the Bank and the Bank's overseas subsidiaries (excluding ordinary income from internal transactions). Geographic segment information regarding ordinary income from overseas is not available as such a number of transactions are not geographically categorized on a counterparty basis.

29. SUBSEQUENT EVENTS

(1) The Bank resolved at the Board of Directors' meeting held on February 24, 2010 that the Bank would acquire all the shares of the First Series of Class 2 preferred shares (100,000,000 shares) issued by the Bank as a part of the capital policy in exchange for cash (¥2,500 ($26.87) per share or an aggregate amount of ¥250 billion ($2,687 million)) determined in section 1 of Article 16 of the Articles of Incorporation of the Bank and also that the value date for the acquisition should be April 1, 2010. Based on the resolution, the Bank acquired all the shares of the First Series of Class 2 preferred shares on April 1, 2010.

(2) Appropriations of Retained Earnings
The following appropriation of retained earnings at March 31, 2010 was approved at the Board of Directors meeting held on May 18, 2010. The Shareholders' meeting is scheduled for approval on June 28, 2010.

	Millions of yen	Millions of U.S. Dollars
Year-end cash dividends:		
Common stock, ¥10.56 ($0.11) per share	¥130,416	$1,403
Preferred stock-first series of Class 2, ¥30.00 ($0.32) per share	3,000	32
Preferred stock-first series of Class 6, ¥105.45 ($1.13) per share	105	1
Preferred stock-first series of Class 7, ¥57.50 ($0.61) per share	8,970	96
Total	¥142,491	$1,532

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