

(Provisional Translation)

June 18, 2004

Financial Services Agency

The Government of Japan

Administrative Actions on the UFJ Holdings and the UFJ Bank
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1. In response to the UFJ Holdings' [hereinafter referred to as the "HD"] announcement of the financial results as of end-March, 2004 ["Financial Results for the Fiscal Year Ended March 31, 2004" announced on May 24 by the HD], which contained significantly different numbers from the revised financial forecast as of end-March, 2004, announced on April 28 ["Forecasts of Financial Results and Dividends Declared for Fiscal Period Ending Mar. 31, 2003" announced on April 28 by the HD], the Financial Services Agency [hereinafter referred to as the "FSA"] ordered the HD and the UFJ Bank [hereinafter referred to as the "Bank"] to report to the FSA, based on Article 52-31.1 and Article 24.1 of the Banking Law, the reason for large difference between the two announcements. According to the submitted reports, it was found that, as for the fact that the amount of provisions in the financial results announced on May 24 increased by about 500 billion Yen from that in the revised financial forecast announced on April 28, the HD and the Bank did not make proper managerial decisions on April 28, with sufficiently cautious attitude for the future uncertainty. This showed that there existed problems concerning internal controls including improper credit risk management and weak intersectional monitoring functions.
2. With the findings above, the FSA today took the following administrative actions on the HD based on Article 52-33.1 of the Banking Law and on the Bank based on Article 26.1 of the Banking Law.

Business Improvement Orders based on Article 52-33.1 and Article 26.1 of the Banking Law

[1] With a view to further enhancing credit risk management through timely and correct understanding and control of future risk factors, the HD and the Bank must strengthen internal controls, with due emphasis on the following points.

- 1] To clarify the commitment of the management on credit risk management and also to clarify who should be held responsible for the lack of proper credit risk management explained above
- 2] To strengthen the function to examine the sufficiency of the level of provisions according to borrowers' credit risk by enhancing functions of the board and the headquarters [including clarification as regards who, among executive officers, should be responsible for what

roles]

- 3] To strengthen intersectional monitoring functions regarding credit risk management
- [2] The HD and the Bank must submit Business Improvement Plans to the FSA by July 20, 2004 and implement them steadily.
- [3] The HD and the Bank must report the progress in the implementation of the plans to the FSA within one month after the end of every quarter starting from end-September, 2004, until their completions.

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