MITSUBISHI UFJ FINANCIAL GROUP INC
Form 6-K
November 25, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the month of November, 2005

MITSUBISHI UFJ FINANCIAL GROUP, INC.

(Translation of registrant s name into English)

7-1, Marunouchi 2-chome, Chiyoda-ku

Tokyo 100-8330, Japan

(Address of principal executive offices)

[Indicate by check mark whether the registrant files or

will file annual reports under cover Form 20-F or Form 40-F.]

Form 20-F __X__ Form 40-F ______

[Indicate by check mark whether the registrant by furnishing the information

contained in this Form is also thereby furnishing the information to the Commission

pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.]

Yes ______ No __X__

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 24, 2005

MITSUBISHI UFJ FINANCIAL GROUP, INC.

By: /S/ Ryutaro Kusama

Name: Ryutaro Kusama
Title: Chief Manager, General Affairs
Corporate Administration Division

Interim Consolidated Summary Report

<under Japanese GAAP>

for the Fiscal Year Ending March 31, 2006

Date:	November 24, 2005
Company name (code number):	Mitsubishi UFJ Financial Group, Inc. (8306) (Former company name : Mitsubishi Tokyo Financial Group, Inc.) (URL http://www.mufg.jp/)
Stock exchange listings:	Tokyo, Osaka, Nagoya, New York, London
Headquarters:	Tokyo
Representative:	Nobuo Kuroyanagi, President & CEO
For inquiry:	Yoshihisa Harata, Chief Manager Financial Planning Division (Phone) +81-3-3240-8154
Date of resolution of Board of Directors with respect to the interim consolidated financial statements:	November 24, 2005
Trading accounts:	Established

1. Consolidated financial data for the six months ended September 30, 2005

(1) Operating results

(in millions of yen except per share data and percentages)

	For the six months ended September 30,		For the year ended March 31, 2005
	2005	2004	
Ordinary income	**1,401,294**	1,258,164	2,628,509
Change from the previous year	**11.4%**	(7.6)%	
Ordinary profit	**381,152**	310,306	593,291
Change from the previous year	**22.8%**	13.5%	
Net income	**300,699**	171,678	338,416
Change from the previous year	**75.2%**	(43.1)%	
Net income per common share	**45,529.68**	25,924.96	51,086.02
Net income per common and common equivalent share			

Notes:

1. *Equity in earnings of affiliates:*

For the six months ended September 30, 2005:	*7,196*	*million yen*
For the six months ended September 30, 2004:	*7,573*	*million yen*

For the year ended March 31, 2005:	*17,686 million yen*

2. *Average number of shares outstanding:*

For the six months ended September 30, 2005:	
(common stock)	*6,538,585 shares*
(preferred stock class 3)	*100,000 shares*
For the six months ended September 30, 2004:	
(common stock)	*6,492,611 shares*
(preferred stock class 1)	*81,022 shares*
(preferred stock class 2)	*8,196 shares*
For the year ended March 31, 2005:	
(common stock)	*6,510,652 shares*
(preferred stock class 1)	*60,779 shares*
(preferred stock class 2)	*4,109 shares*
(preferred stock class 3)	*11,780 shares*

3. *Changes in accounting policy: No*

(2) Financial condition

	(in millions of yen except per share data and percentages)		
	For the six months ended September 30,		For the year ended March 31, 2005
	2005	2004	
Total assets	**115,619,705**	113,408,478	110,285,508
Shareholders equity	**5,296,081**	4,306,432	4,777,825
Shareholders equity as a percentage of total liabilities, minority interest and shareholders equity	**4.6%**	3.8%	4.3%
Shareholders equity per common share	**771,314.08**	623,070.24	673,512.65
Risk-adjusted capital ratio (based on the standards of the Bank for International Settlements, the BIS)	**(preliminary basis) 12.01%**	10.92%	11.76%

Note:

Number of shares outstanding as of:

September 30, 2005:	
(common stock)	*6,538,298 shares*
(preferred stock class 3)	*100,000 Shares*
September 30, 2004:	
(common stock)	*6,516,155 shares*
(preferred stock class 1)	*81,022 shares*
March 31, 2005:	
(common stock)	*6,538,751 shares*
(preferred stock class 1)	*40,482 shares*
(preferred stock class 3)	*100,000 shares*

(3) Cash flows

	(in millions of yen)		
	For the six months ended September 30,		For the year ended March 31, 2005
	2005	2004	
Net cash provided by operating activities	**2,168,358**	6,106,171	1,289,492
Net cash provided by (used in) investing activities	**(1,276,206)**	(5,490,858)	(402,229)
Net cash provided by (used in) financing activities	**338,701**	(30,770)	331,922
Cash and cash equivalents at end of (interim) fiscal year	**5,505,687**	3,625,125	4,243,076

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 152 Affiliated companies accounted for by the equity method: 23

(5) Change in the scope of consolidation and application of the equity method

Consolidated subsidiaries:	Newly included: 6	Excluded: 0
Affiliated companies accounted for by the equity method:	Newly included: 1	Excluded: 3

2. Earning projections for the fiscal year ending March 31, 2006

(in millions of yen)

Ordinary income	Ordinary profit	Net income
4,085,000	**990,000**	**520,000**

Projected net income per common share for the year ending March 31, 2006 (yen): 62,178.35

(Reference)

Formulas for computing ratios for the six months ended September 30, 2005 are as follows.

Net income per common share

$$\frac{\text{Net income} \quad \text{Total dividends on preferred stock}}{\text{Average number of common stock during the period *}}$$

Net income per common and common equivalent share

$$\frac{\text{Net income} \quad \text{Total dividends on preferred stock + Adjustments in net income}}{\text{Average number of common stock during the period * + Common equivalent share}}$$

Shareholders   equity per common share

$$\frac{\text{Shareholders} \quad \text{equity at end of period} \quad \text{Deduction from shareholders} \quad \text{equity**}}{\text{Number of common stock at end of period *}}$$

Formula for computing projected earning ratio for the fiscal year ending March 31, 2006 is as follows.

Projected net income per common share

$$\frac{\text{Projected net income - Projected total dividends on preferred stock}}{\text{Projected average number of common stock for the fiscal year *}}$$

* excluding treasury stock

** number of preferred stock at end of period × issue price + total dividends on preferred stock

This financial summary report and the accompanying financial highlights contain forward-looking statements and other forward-looking information relating to the company and/or the group as a whole (the forward-looking statements). The forward-looking statements are not historical facts and include, reflect or are otherwise based upon, among other things, the company s current estimations, projections, views, policies, business strategies, targets, expectations, assumptions and evaluations with respect to general economic conditions, its results of operations, its financial condition, its management in general and other future events. Accordingly, they are inherently susceptible to uncertainties, risks and changes in circumstances and are not guarantees of future performance.

Some forward-looking statements represent targets that the company s management will strive to achieve through the successful implementation of the company s business strategies. The company may not be successful in implementing its business strategy, and actual results may differ materially, for a wide range of possible reasons. In particular, the targets of the combined entity reflect assumptions about the successful implementation of the integration plan. Other forward-looking statements reflect the assumptions and estimations upon which the calculation of deferred tax assets has been based and are themselves subject to the full range of uncertainties, risks and changes in circumstances outlined above.

In light of the many risks, uncertainties and possible changes, you are advised not to put undue reliance on the forward-looking statements. The company is under no obligation and expressly disclaims any obligation to update or alter the forward-looking statements, except as may be required by any applicable laws and regulations or stock exchange rules.

For detailed information relating to uncertainties, risks and changes regarding the forward-looking statements, please see the company s latest annual report and other disclosures.

1. Information on Mitsubishi Tokyo Financial Group (MTFG)

MTFG is engaged primarily in the banking business and also conducts trust business, securities business, asset management and administration business and other related financial businesses. The following is an illustration of the Company s corporate governance structure and major subsidiaries as of September 30, 2005.

Main Subsidiaries

Mitsubishi UFJ Financial Group, Inc. Organizational Chart (As of October 1, 2005)

Main Affiliate Companies

2. Management Policy

(1) Principal management policy

The group s management philosophy serves as the basic policy in conducting its business activities, and will provide guidelines for all group activities.

The group s management philosophy will also be the foundation for management decisions, including the formulation of management strategies and management plans, and will serve as the core values for all employees.

The details of the group management philosophy are set forth below. The group s holding company, commercial bank, trust bank and securities company will adopt the group s management philosophy as their own respective management philosophy, and the entire group will strive to comply with this philosophy.

Group s Management Philosophy

1. We will respond promptly and accurately to the diverse needs of our customers around the world and seek to inspire their trust and confidence.
2. We will offer innovative and high-quality financial services by actively pursuing the cultivation of new business areas and developing new technologies.
3. We will comply strictly with all laws and regulations and conduct our business in a fair and transparent manner to gain the public s trust and confidence.
4. We will seek to inspire the trust of our shareholders by enhancing corporate value through continuous business development and appropriate risk management, and by disclosing corporate information in a timely and appropriate manner.
5. We will contribute to progress toward a sustainable society by assisting with development in the areas in which we operate and conducting our business activities with consideration for the environment.
6. We will provide the opportunities and work environment necessary for all employees to enhance their expertise and make full use of their abilities.

(2) Basic policy regarding profit distribution

Given the public nature of a bank holding company, it is the Company s policy to endeavor to maintain stable dividends while improving the Company s overall strength in order to bolster its financial health and continued sound management.

With respect to interim dividends for the six months ended September 30, 2005, the Company has decided to pay ¥3,000 per share for common stock and ¥30,000 per share for class 3 preferred stock.

With respect to fiscal year end dividends for the fiscal year ending March 31, 2006, the Company plans to pay ¥3,000 per share for common stock (which, together with the interim dividend, shall result in a total of ¥6,000 per share for the fiscal year ending March 31, 2006) and ¥30,000 per share for class 3 preferred stock (which, together with the interim dividend, shall result in a total of ¥60,000 per share for the fiscal year ending March 31, 2006).

(3) Basic policy relating to the possible lowering of the minimum investment amount

With regard to the possible lowering of the minimum investment amount of the Company s common stock, the Company does not believe that it needs to make any actions immediately, after taking into account such factors as the stock price, the number of shareholders, liquidity issues and the transaction costs and potential benefits. The Company, however, will continue to consider, as appropriate, the possibility of lowering the minimum purchase price while taking into account investor needs and the above-described factors.

(4) Management targets

On October 1, 2005, management integration of Mitsubishi Tokyo Financial Group and UFJ Group was implemented to form Mitsubishi UFJ Financial Group. (MUFG).

MUFG aims to achieve its aspiration to become one of the top five global financial institutions in terms of market value by the end of fiscal year 2008. The financial targets set to achieve the aspiration are as follows:

	Fiscal year 2004 Results[*1]	Fiscal year 2008 Targets
Consolidated net operating profit[*2]	Approximately 1,710 billion yen	Approximately 2,500 billion yen
Consolidated expense ratio	Approximately 50%	40-45% Range
Consolidated net income	(Δ216 billion yen)	Approximately 1,100 billion yen
Consolidated ROE	(Δ4.8%)	Approximately 17%

[*1] Combined base of MTFG Groups and UFJ Groups financial results

[*2] Consolidated net operating profit before consolidation adjustments(management accounting basis, excluding dividend income from subsidiaries.)

Underlying macroeconomic assumptions:

	FY2005	FY 2006	FY 2007	FY 2008
3M Tibor (period average)	0.13%	0.29%	0.41%	0.46%
10 year JGB (period average)	1.81%	2.22%	2.29%	2.29%
JPY to 1USD (at FY end)	105 yen	105 yen	105 yen	105 yen
Real GDP growth rate (annual)	1.1%	1.9%	1.0%	1.8%

(5) Medium- and long-term management strategy

MUFG is a fully-fledged comprehensive financial group comprising commercial banks, a trust bank, and a securities company, as well as credit card companies, consumer finance companies, investment trust companies, leasing companies and a U.S. bank (Union Bank of California). The Group has set an aspiration of becoming one of the world s top five financial institutions by market capitalization by the end of fiscal 2008 and is pursuing the following strategy.

1. Business strategy

MUFG has defined Retail, Corporate and Trust Assets (asset management and administration) as its three core businesses and has established integrated business groups in the holding company for each core business. In this way MUFG aims to transcend the boundaries between business types and fully meet customer needs in a timely manner.

The retail banking business aims to achieve the highest level of customer satisfaction by providing world class products and services in diverse areas such as sales of investments products, housing loans, consumer finance, testamentary trusts and real estate while enhancing product development through global strategic alliances.

The corporate banking business aims to provide top-quality services and innovative products through a broad-ranging and global operational network comprising banking, trust banking and securities business and aims to secure a clear lead as the No.1 financial services provider to Japanese companies in Japan and overseas.

The trust assets business will aim to enhance its product lineup in both asset management and asset administration, and provide full-line services to meet all types of customer needs based on an efficient system that leverages economies of scale.

2. Integration benefits (Pursuing efficiency)

By steadily pursuing the integration of its businesses and systems MUFG aims to rapidly realize efficiency benefits, including cost reductions, while also pursuing efficiency as a consolidated Group through allocation of resources within the Group and management and sourcing of funds in the most appropriate way.

3. Delivering value to customers and to society

In the first article of its Management Philosophy the Group states, We will respond promptly and accurately to the diverse needs of our customers around the world and seek to inspire their trust and confidence . This customer-focused management approach forms the basis of all our activities.

In addition, we have identified the entrustment to the next generation of a better society and environment as the Group s social responsibility. Through responding to the trust placed in us by customers and shareholders, we will seek to continuously raise corporate value.

4. Strengthening of internal controls

As a leading comprehensive financial services group comprising diverse Group companies and as the world s largest by assets, MUFG is pursuing a significant strengthening of its internal control framework. Specifically, to prevent inaccurate financial reporting and to ensure thorough compliance with the law throughout the Group, we will create an internal control framework based on the COSO* framework. Furthermore, as a New York Stock Exchange listed company, the Group will comply with the U.S. Sarbanes-Oxley Act of 2002 and the standards of the SEC, and establish and maintain a sophisticated internal control and risk management framework that meets the criteria of the new BIS regulations. Furthermore the Balanced Score Card (BSC) will be introduced as a management administration tool in order to improve the monitoring of business strategy execution.

(*) COSO is the abbreviation for the Committee of Sponsoring Organizations of the Treadway Commission, which was established in 1985 sponsored by the American Institute of Certified Public Accountants and other organizations. COSO also refers to the internal control framework proposed by the Committee of Sponsoring Organizations of the Treadway Commission. As a standard framework, it has had significant influence on the financial inspection methods of government entities in various countries. In September 2004, COSO expanded the structural elements of internal control systems (first announced in 1992) and also released a more refined COSO ERM (COSO Enterprise Risk Management Framework).

By mobilizing the comprehensive strengths of the Group to execute the strategy described above, we will seek to realize our aspiration. We aim to create new value, and thus maximize corporate value, by delivering high quality and diverse comprehensive financial services to customers faster and in a more integrated way.

(6) Issues facing the company

MUFG was formed on October 1, 2005 through the merger of MTFG and UFJ Holdings. The new Group will pursue a thoroughly customer-focused approach, and aim to win the strong support of customers as a comprehensive financial group, and realize its target of joining the global top five.

Under the integrated business group system, through product development strengths backed by strategic global business alliances, the Retail business will aim to provide global standard products and services in Japan and meet customers diverse needs. Specifically, while focusing on investment products, loans, consumer finance, and inheritance and real estate business we will also develop integrated retail sales outlets that combine banking, trust and securities services in a single location.

In the Corporate business, based on a full-line business base including banking, trust banking, securities, and global business we will provide the highest quality service and deliver innovative products. Specifically, for large corporate customers we will provide practical and timely solutions to their business issues, for medium-sized corporates we will aim to promote IPOs and business-matching services, etc., and for small- to medium-sized corporates we aim to further enhance our simple and rapid screening model in order to provide standardized and efficient small scale financing that is advantageous to them.

In the Trust Assets business, in both asset management and asset administration, we will aim to strengthen our product line-up and provide a full-line service, leveraging scale merits to provide an efficient system that can meet all types of customer requirements.

At the same time, the new group, as the world s largest by assets and with its diverse array of subsidiaries, will establish a stable and effective system of corporate governance in order to achieve sound and appropriate management. Specifically, in order to improve transparency and fulfill its duty of accountability to shareholders more precisely and fully, based on a system of a Board of Directors and Board of Corporate Auditors, the new holding company has introduced a voluntary committee system and Advisory Board and strengthened oversight of the Group from an outside viewpoint.

With respect to the governance of the entire group we will establish a Group-wide risk management and internal audit systems, strengthen the supervision of our main subsidiaries for example by the dispatch of board members, and create a governance system.

The new Group aims to create a premier, comprehensive, global financial group that can grow corporate value while competing and succeeding on the global stage.

(7) Corporate governance principles and status of implementation of corporate governance measures
Corporate Governance Principles

As described above, the Group s management philosophy serves as the basic policy that provides the foundation for the formulation of management strategies and management decision making. In addition MUFG has formulated a Code of Ethics that embody the common values and ethical principles of the Group, and provide a set of conduct guidelines to be reflected in business activity.

In order to realize the precepts of MUFG s Management Philosophy and Code of Ethics the Group is implementing strong corporate governance.

MUFG Code of Ethics

1. Establishment of trust

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

2. Putting customers first

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

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

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

4. Respect for human rights and the environment

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

5. Disavowal of anti-social elements

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

Status of implementation of corporate governance measures

MUFG aims to create a system of corporate governance that is appropriate to a premier, comprehensive, global financial group.

1. Governance functions of the holding company

Based on a system comprising corporate auditors and directors, the holding company (MUFG) has enhanced the role of external viewpoints in its governance and has introduced a voluntary committee system in order to establish stable and effective corporate governance.

(1) Appointment of outside directors and establishment of voluntary committees

We have appointed several outside directors to the Board of Directors. Furthermore, as a measure to enhance supervision of management, we have introduced a voluntary system of board committees comprised mainly of outside members and chaired by an outside director, such as the Internal Audit and Compliance Committee, the Nomination Committee and the Compensation Committee.

(2) Appointment of a majority of outsiders to the Board of Corporate Auditors

We have appointed three outside corporate auditors such that the Board of Corporate Auditors comprises a majority of outside corporate auditors.

(3) Establishment of an Advisory Board

The Advisory Board is composed of external experts and, from an independent perspective, advises the Executive Committee on important management topics such as corporate strategy and business planning.

2. Governance functions of the commercial bank and trust bank

Internal audit and compliance committees composed of a majority of outside members have also been set up in the Group s commercial bank* and trust bank. These committees deliberate on matters relating to internal audit and compliance, and report them to Internal Audit and Compliance Committee of the holding company.

* Bank of Tokyo-Mitsubishi UFJ , which is scheduled to be established on January 1, 2006.

3. Governance system of the whole Group (see charts)

The holding company also aims to develop its group-wide corporate governance structure by implementing group-wide risk management and internal audit systems, and by promoting strengthened supervision of management, for example by dispatching senior management to its major subsidiaries.

Appendix 1

Corporate Governance Structure of the New Holding Company and the New Bank

Appendix 2

Corporate Governance Structure of the New Trust Bank

Corporate Governance Structure of the New Securities Company

3. Results of Operations and Financial Condition

(1) Results of operations

With respect to the financial and economic environment for the fiscal year ended September 30, 2005, overseas economies generally remained strong. The US economy steadily expanded even though the rise in crude oil prices and the onslaught of the hurricane had some negative effects on the economy. The Chinese economy continued its high growth, mainly led by increases in investments and exports.

In Japan, our economy has taken steps towards recovery during the first part of the current fiscal year. This can be seen in the increase in capital expenditures, the steady rise in private consumption due to improvements in the job market and personal income, and the increase in exports due to worldwide advancement in inventory adjustment. Meanwhile, the level of decline in consumer prices was much smaller than previous periods.

Regarding the financial environment, in the EU, the European Central Bank s policy rate remained at 2%. In the United States, the target for the federal funds rate was raised from 2.75% to 3.75%. In Japan, the Bank of Japan continued its current easy monetary policy and kept short-term interest rates at near zero percent. On the other hand, the long-term interest rate in Japan declined temporarily before rising to new levels due to market expectations regarding an end to deflation and a change in the current easy monetary policy. In the foreign exchange markets, the yen depreciated against the US dollar due to the rising US interest rates environment during the fiscal year ended September 30, 2005.

Amidst this economic environment, net income for the six months ended September 30, 2005 was ¥300.6 billion, an increase of ¥129.0 billion from the six months ended September 30, 2004. This increase was primarily due to the following factors. The first factor was a ¥116.3 billion decrease in total credit costs, from ¥56.3 billion in total credit costs for the six months ended September 30, 2004 to ¥59.9 billion reversal of total credit costs for the six months ended September 30, 2005. The second factor was a ¥36.4 billion increase in net business profits before credit costs for trust accounts and provision for formula allowance for loan losses, from ¥388.9 billion for the six months ended September 30, 2004 to ¥425.3 billion for the six months ended September 30, 2005. The third factor was an increase in special gains of ¥95.6 billion due to the reversal of our allowance for credit losses, from ¥17.5 billion for the six months ended September 30, 2004 to ¥113.1 billion for the six months ended September 30, 2005.

Ordinary profit by business segment was ¥293.0 billion for the banking segment, ¥63.4 billion for the trust banking segment and ¥16.0 billion for the securities segment. Ordinary profit (loss) by geographic segment was ¥304.1 billion in Japan, ¥66.4 billion in North America, ¥1.8 billion in Europe and the Middle East, ¥17.3 billion in Asia and Oceania excluding Japan, and an ordinary loss of ¥0.6 billion in Latin America.

The Company has the following earning projections for the fiscal year ending March 31, 2006.

Consolidated ordinary income	Consolidated ordinary profit	Consolidated net income
¥4,085,000 million	¥990,000 million	¥520,000 million

* The aggregate amount of Mitsubishi Tokyo Financial Group, inc. s operating results (from April to September for the fiscal year ending March 31, 2006) and Mitsubishi UFJ Financial Group, inc. s projected earnings (from October to March for the fiscal year ending March 31, 2006)

(Reference)

1. Projected net income per common share (consolidated)		¥	62,178.35
2. Projected net income per common share (non-consolidated)		¥	121,223.30
3. Projected dividend per share (non-consolidated)	Common stock	¥	6,000
	Preferred stock class3	¥	60,000
	Preferred stock class8	¥	15,900
	Preferred stock class9	¥	18,600
	Preferred stock class10	¥	19,400
	Preferred stock class11	¥	5,300
	Preferred stock class12	¥	11,500

(2) Financial condition

Loans and bills discounted increased by ¥685.8 billion from ¥46,446.6 billion at March 31, 2005 to ¥47,132.5 billion at September 30, 2005. This change consisted mainly of a decrease of ¥397.9 billion in domestic loans, an increase of ¥401.2 billion in loans made by overseas subsidiaries and an increase of ¥195.2 billion in domestic housing loans.

Investment securities increased by ¥1,652.6 billion, from ¥28,823.4 billion at March 31, 2005 to ¥30,476.0 billion at September 30, 2005.

Total shareholders equity increased by ¥518.2 billion, from ¥4,777.8 billion at March 31, 2005 to ¥5,296.0 billion at September 30, 2005.

For the six months ended September 30, 2005, net cash provided by operating activities was ¥2,168.3 billion, net cash used in investing activities was ¥1,276.2 billion and net cash used in financing activities was ¥338.7 billion. As a result, the balance of cash and cash equivalents at September 30, 2005 was ¥5,505.6 billion.

The Company s consolidated risk adjusted capital ratio (based on applicable regulatory standards) was 12.01% (preliminary basis) at September 30, 2005, an increase of 0.24% from March 31, 2005.

The following table shows the Company s consolidated risk adjusted capital ratio at September 30, 2004, March 31, 2005 and September 30, 2005.

	(in billions, except for percentages)		
	At September 30, 2004	At March 31, 2005	At September 30, 2005 (Preliminary basis)
Tier I capital	¥ 4,025.9	¥ 4,286.7	¥ 4,646.9
Tier II capital	¥ 2,818.0	¥ 3,250.9	¥ 3,498.9
Tier III capital			
Deduction from total qualifying capital	¥ 894.3	¥ 915.0	¥ 922.5
Total qualifying capital	¥ 5,949.6	¥ 6,622.6	¥ 7,223.3
Risk-adjusted assets	¥ 54,457.1	¥ 56,270.5	¥ 60,140.3
Consolidated risk-adjusted capital ratio (based on applicable regulatory standards)	10.92%	11.76%	12.01%

Note) Tier II and Tier III capital represent amounts includable as qualifying capital.

(3) Risk relating to business ets.

The Company s business and results of operations may be materially affected for a wide range of possible reasons (which may include those material to investors), including:

Risks relating to the integration of our group s operation (including the risk that the proposed merger of The Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank Limited may be delayed, materially altered or abandoned);

Increase of problem loans and credit-related expenses;

Possible negative effects to our equity portfolio;

Risks relating to trading and investment activities;

Changes in interest rates in Japan or elsewhere in the world;

Inability to maintain BIS capital ratios above minimum levels;

Downgrade of the Company s credit ratings and the negative effect on the Company s treasury operations;

Ineffectiveness or failure of the Company s business strategies;

Risks accompanying the expansion of the Company s operation and the range of products and services;

Decline in the results of operations and financial conditions of the Company s subsidiaries;

Deterioration of economic conditions in Japan or elsewhere in the world (especially in Asian and Latin American countries);

Fluctuations in foreign currency exchange rates;

Risks relating to the increase of the Company s pension obligations;

Events that obligate the Company to compensate for losses in loan trusts and jointly operated designated money in trusts;

Disruption or impairment of the Company s business or operations due to external circumstances or events (such as the destruction or impairment of the Company s business sites and terrorist attacks);

Risks relating to the Company s capabilities to protect confidential information;

Risks relating to regulatory developments or changes in laws, rules, including accounting rules, governmental policies and economic controls;

Increase in competitive pressures;

Risks inherent in the Company s holding company structure; and

Possible negative effects related to owning our shares.

For a detailed discussion of these risks and other risks, uncertainties, possible changes and others, please see the Company s most recent public filings.

(Japanese GAAP) Mitsubishi UFJ Financial Group, Inc.

Mitsubishi Tokyo Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

	As of September 30,			As of March 31,	
(in millions of yen)	**2005(A)**	2004(B)	(A) (B)	2005(C)	(A) (C)
Assets:					
Cash and due from banks	**10,005,210**	7,641,687	2,363,523	8,655,835	1,349,375
Call loans and bills bought	**1,585,947**	343,348	1,242,598	930,495	655,451
Receivables under resale agreements	**1,232,312**	951,074	281,237	500,490	731,821
Receivables under securities borrowing transactions	**5,322,442**	4,637,860	684,581	5,791,884	(469,442)
Commercial paper and other debt purchased	**2,361,547**	1,633,157	728,389	2,055,184	306,362
Trading assets	**7,660,530**	7,626,950	33,579	7,552,891	107,638
Money held in trust	**348,707**	451,935	(103,227)	456,481	(107,773)
Investment securities	**30,476,088**	33,690,393	(3,214,304)	28,823,427	1,652,660
Allowance for losses on investment securities	**(1,695)**	(1,262)	(432)	(1,198)	(497)
Loans and bills discounted	**47,132,564**	47,420,986	(288,422)	46,446,670	685,893
Foreign exchanges	**728,024**	653,654	74,369	677,907	50,116
Other assets	**3,449,933**	2,997,373	452,560	3,203,407	246,525
Premises and equipment	**958,771**	863,350	95,420	851,166	107,604
Deferred tax assets	**102,615**	719,396	(616,780)	485,078	(382,462)
Customers liabilities for acceptances and guarantees	**4,878,890**	4,580,375	298,514	4,595,401	283,489
Allowance for loan losses	**(622,186)**	(801,804)	179,618	(739,617)	117,431
Total assets	**115,619,705**	113,408,478	2,211,226	110,285,508	5,334,196
Liabilities:					
Deposits	**68,385,654**	67,082,418	1,303,235	67,548,724	836,929
Negotiable certificates of deposit	**3,160,845**	3,896,695	(735,850)	2,824,981	335,864
Debentures		30,752	(30,752)		
Call money and bills sold	**7,838,254**	9,083,330	(1,245,075)	9,169,566	(1,331,312)
Payables under repurchase agreements	**4,480,043**	5,182,015	(701,971)	2,908,795	1,571,247
Payables under securities lending transactions	**4,965,918**	4,221,383	744,534	2,923,613	2,042,304
Commercial paper	**192,972**	632,079	(439,106)	495,034	(302,061)
Trading liabilities	**2,829,637**	2,933,887	(104,249)	3,364,589	(534,951)
Borrowed money	**1,395,051**	1,304,542	90,508	1,258,600	136,450
Foreign exchanges	**1,443,687**	1,134,219	309,467	927,845	515,841
Short-term corporate bonds	**698,500**	368,900	329,600	905,700	(207,200)
Bonds and notes	**4,306,521**	3,818,578	487,943	4,161,181	145,340
Bonds with warrants	**49,165**	49,165		49,165	
Due to trust account	**1,410,842**	1,367,460	43,381	1,231,315	179,527
Other liabilities	**3,461,342**	2,794,984	666,357	2,514,606	946,736
Reserve for employees bonuses	**19,797**	19,727	69	20,444	(647)
Reserve for employees retirement benefits	**43,987**	38,320	5,666	39,483	4,503
Reserve for expenses related to EXPO 2005 Japan	**323**	211	111	265	57
Reserves under special laws	**1,605**	1,305	300	1,457	148
Deferred tax liabilities	**65,903**	65,440	462	56,792	9,110
Deferred tax liabilities on land revaluation excess	**132,309**	134,023	(1,714)	133,149	(840)
Acceptances and guarantees	**4,878,890**	4,580,375	298,514	4,595,401	283,489

Total liabilities	**109,761,255**	108,739,818	1,021,436	105,130,715	4,630,539
Minority interest	**562,368**	362,227	200,140	376,966	185,401
Shareholders equity:					
Capital stock	**1,383,052**	1,258,052	125,000	1,383,052	
Capital surplus	**832,990**	931,154	(98,163)	955,067	(122,076)
Retained earnings	**2,075,151**	1,659,442	415,709	1,824,292	250,859
Land revaluation excess	**150,055**	151,260	(1,204)	149,583	472
Unrealized gains on securities available for sale	**952,126**	422,926	529,200	591,142	360,984
Foreign currency translation adjustments	**(93,907)**	(112,955)	19,047	(121,752)	27,844
Less treasury stock	**(3,387)**	(3,447)	60	(3,559)	172
Total shareholders equity	**5,296,081**	4,306,432	989,649	4,777,825	518,255
Total liabilities, minority interest and shareholders equity	**115,619,705**	113,408,478	2,211,226	110,285,508	5,334,196

See Notes to Consolidated Financial Statements.

(Japanese GAAP) Mitsubishi UFJ Financial Group, Inc.

Mitsubishi Tokyo Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statements of Operations

	For the six months ended September 30,			For the year ended
(in millions of yen)	**2005(A)**	2004(B)	(A) (B)	March 31, 2005
Ordinary income:				
Interest income:				
Interest on loans and discounts	459,511	414,602	44,908	849,596
Interest and dividends on securities	181,572	165,661	15,910	350,725
Other interest income	151,701	109,401	42,299	226,346
Total interest income	792,784	689,664	103,119	1,426,668
Trust fees	41,089	46,115	(5,025)	100,959
Fees and commissions	296,861	273,568	23,293	567,954
Trading profits	66,643	51,609	15,033	126,712
Other business income	142,024	103,940	38,084	211,297
Other ordinary income	61,891	93,266	(31,374)	194,917
Total ordinary income	**1,401,294**	1,258,164	143,130	2,628,509
Ordinary expenses:				
Interest expense:				
Interest on deposits	**154,557**	87,029	67,528	198,454
Interest on debentures		348	(348)	351
Other interest expense	**154,998**	96,628	58,369	220,886
Total interest expense	**309,556**	184,006	125,549	419,691
Fees and commissions	**28,715**	32,249	(3,534)	68,402
Trading losses		1,362	(1,362)	1,385
Other business expenses	**56,684**	62,232	(5,547)	113,072
General and administrative expenses	**553,795**	526,211	27,583	1,046,421
Other ordinary expenses	**71,390**	141,793	(70,402)	386,245
Total ordinary expenses	**1,020,142**	947,857	72,285	2,035,218
Ordinary profit	**381,152**	310,306	70,845	593,291
Special gains:				
Gains on sales of premises and equipment	**704**	2,584	(1,880)	5,037
Gains on loans charged-off	**20,277**	12,358	7,919	26,182
Reversal of allowance for loan losses	**96,082**	11,340	84,742	45,091
Other special gains	**52**	512	(460)	543

Total Special gains	**117,117**	26,795	90,321	76,855
Special losses:				
Losses on sales of premises and equipment	**1,943**	5,107	(3,163)	9,314
Losses on impairment of fixed assets	**1,841**	3,978	(2,136)	5,059
Provision for reserve for contingent liabilities from brokering of securities transactions	**148**	144	3	296
Total Special losses	**3,933**	9,230	(5,296)	14,670
Income before income taxes and others	**494,336**	327,872	166,463	655,475
Income taxes-current	**30,550**	39,605	(9,054)	69,321
Income taxes-deferred	**138,830**	95,687	43,143	208,966
Minority interest	**24,255**	20,901	3,353	38,771
Net income	**300,699**	171,678	129,021	338,416

See Notes to Consolidated Financial Statements.

Mitsubishi Tokyo Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statements of Capital Surplus and Retained Earnings

(in millions of yen)	For the six months ended September 30, 2005(A)	2004(B)	(A) (B)	For the year ended March 31, 2005
Consolidated Statements of Capital Surplus				
Balance of capital surplus at beginning of fiscal year	**955,067**	931,309	23,758	931,309
Increase:	**23**		23	146,005
Gains on sales of treasury stock, net of income taxes	**23**		23	
Issuance of common stock due to capital increase				125,000
Issuance of common stock due to stock exchange				21,005
Decrease:	**(122,100)**	(155)	(121,944)	(122,246)
Redemption of preferred stock	**(122,100)**		(122,100)	(122,100)
Losses on sales of treasury stock, net of income taxes		(155)	155	(146)
Balance of capital surplus at end of (interim) fiscal year	**832,990**	931,154	(98,163)	955,067
Consolidated Statements of Retained Earnings				
Balance of retained earnings at beginning of fiscal year	**1,824,292**	1,506,576	317,716	1,506,576
Increase:	**300,776**	195,262	105,513	363,470
Net income	**300,699**	171,678	129,021	338,416
Decrease in company accounted for by the equity method	**76**		76	
Increase in company accounted for by the equity method		16,802	(16,802)	16,802
Reduction in land revaluation excess		6,782	(6,782)	8,057
Decrease in consolidated subsidiaries				195
Decrease:	**(49,917)**	(42,396)	(7,520)	(45,754)
Cash dividends	**(41,611)**	(42,316)	705	(45,674)
Standard accounting change in overseas consolidated subsidiary	**(8,023)**		(8,023)	
Reduction in land revaluation excess	**(235)**		(235)	
Bonuses to directors of consolidated subsidiaries	**(47)**	(80)	33	(80)
Balance of retained earnings at end of (interim) fiscal year	**2,075,151**	1,659,442	415,709	1,824,292

See Notes to Consolidated Financial Statements.

(Japanese GAAP) Mitsubishi UFJ Financial Group, Inc.

Mitsubishi Tokyo Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

(in millions of yen)	For the six months ended September 30, 2005(A)	2004(B)	(A) (B)	For the year ended March 31, 2005
Cash flows from operating activities:				
Income before income taxes and others	**494,336**	327,872	166,463	655,475
Depreciation	**34,270**	53,131	(18,861)	109,558
Impairment losses	**1,841**	3,978	(2,136)	5,059
Goodwill amortization	**3,219**	1,586	1,632	6,301
Equity in loss (earnings) of affiliates	**(7,196)**	(7,573)	376	(17,686)
Increase (decrease) in allowance for loan losses	**(120,313)**	(30,563)	(89,749)	(89,569)
Increase (decrease) in allowance for losses on investment securities	**497**	(512)	1,009	(523)
Increase (decrease) in reserve for employees bonuses	**(4,599)**	2,846	(7,445)	3,560
Increase (decrease) in reserve for employees retirement benefits	**2,655**	3,110	(455)	6,403
Increase (decrease) in reserve for expenses related to EXPO 2005 Japan	**57**	53	3	107
Interest income recognized on statement of operations	**(792,784)**	(689,664)	(103,119)	(1,426,668)
Interest expenses recognized on statement of operations	**309,556**	184,006	125,549	419,691
Investment securities losses (gains)	**(26,409)**	(23,933)	(2,476)	13,414
Losses (gains) on money held in trust	**(868)**	918	(1,787)	(2,091)
Foreign exchange losses (gains)	**(216,801)**	(270,271)	53,470	(109,940)
Losses (gains) on sales of premises and equipment	**901**	2,522	(1,620)	4,277
Net decrease (increase) in trading assets	**(482,197)**	(1,043,781)	561,584	(962,201)
Net increase (decrease) in trading liabilities	**(354,892)**	101,583	(456,476)	526,116
Adjustment of unsettled trading accounts	**272,781**	46,792	225,988	(435,610)
Net decrease (increase) in loans and bills discounted	**(418,761)**	(787,427)	368,665	134,069
Net increase (decrease) in deposits	**574,659**	937,980	(363,320)	1,430,647
Net increase (decrease) in negotiable certificates of deposit	**336,863**	1,077,314	(740,451)	5,295
Net increase (decrease) in debentures		(234,304)	234,304	(265,056)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	**19,346**	(52,776)	72,122	(45,093)
Net decrease (increase) in due from banks (excluding cash equivalents)	**(86,196)**	(536,777)	450,580	(934,998)
Net decrease (increase) in call loans and bills bought and others	**(2,116,764)**	675,893	(2,792,657)	112,285
Net decrease (increase) in receivables under securities borrowing transactions	**278,075**	945,922	(667,846)	(231,517)
Net increase (decrease) in call money and bills sold and others	**1,052,346**	4,041,454	(2,989,107)	1,830,923
Net increase (decrease) in commercial paper	**(267,775)**	(6,196)	(261,579)	(138,458)
Net increase (decrease) in payables under securities lending transactions	**2,307,158**	791,198	1,515,960	(475,861)
Net decrease (increase) in foreign exchanges (assets)	**(50,116)**	(94,272)	44,156	(118,525)
Net increase (decrease) in foreign exchanges (liabilities)	**515,841**	52,948	462,893	(153,425)
Net increase (decrease) in issuance and redemption of short-term corporate bonds	**(203,200)**	28,700	(231,900)	565,500
Net increase (decrease) in issuance and redemption of unsubordinated bonds and notes	**64,995**	50,569	14,426	150,572
Net increase (decrease) in due to trust account	**179,527**	(12,808)	192,335	(148,953)
Interest income (cash basis)	**798,007**	722,444	75,563	1,437,507
Interest expenses (cash basis)	**(307,272)**	(193,029)	(114,242)	(370,437)
Other	**410,239**	64,899	345,340	(81,723)

Sub-total	**2,201,026**	6,133,834	(3,932,807)	1,408,420
Income taxes	**(32,668)**	(27,662)	(5,006)	(118,928)
Net cash provided by (used in) operating activities	**2,168,358**	6,106,171	(3,937,813)	1,289,492
Cash flows from investing activities:				
Purchases of investment securities	**(35,708,868)**	(41,117,087)	5,408,218	(73,847,581)
Proceeds from sales of investment securities	**24,429,573**	19,947,002	4,482,570	38,695,854
Proceeds from maturities of investment securities	**10,027,627**	15,664,556	(5,636,928)	34,765,675
Increase in money held in trust	**(31,426)**	(29,075)	(2,351)	(42,996)
Decrease in money held in trust	**136,031**	48,374	87,656	56,450
Purchases of premises and equipment	**(140,054)**	(17,770)	(122,284)	(38,372)
Proceeds from sales of premises and equipment	**11,011**	14,460	(3,448)	24,782
Decrease in transfer of operations by consolidated subsidiaries				(14,739)
Additional purchases of equity of consolidated subsidiaries	**(100)**	(1,319)	1,219	(1,319)
Proceeds from sales of equity of subsidiaries resulting exclusion from consolidation				17
Net cash provided by (used in) investing activities	**(1,276,206)**	(5,490,858)	4,214,652	(402,229)
Cash flows from financing activities:				
Increase in subordinated borrowings	**317,100**	85,200	231,900	128,200
Decrease in subordinated borrowings	**(170,473)**	(77,150)	(93,322)	(118,150)
Increase in subordinated bonds and notes and bonds with warrants	**275,525**	67,306	208,219	349,028
Decrease in subordinated bonds and notes and bonds with warrants	**(234,052)**	(49,607)	(184,444)	(88,540)
Proceeds from issuance of common stock	**165,500**		165,500	252,683
Proceeds from issuance of common stock to minority shareholders	**171,487**	4,581	166,906	7,852
Decrease in redemption of preferred stock	**(122,100)**		(122,100)	(122,100)
Dividend paid by the parent	**(41,553)**	(42,264)	710	(45,645)
Dividend paid by subsidiaries to minority shareholders	**(12,464)**	(11,607)	(856)	(10,499)
Purchases of treasury stock	**(510)**	(416)	(94)	(921)
Proceeds from sales of treasury stock	**113**	1,105	(992)	1,163
Purchases of treasury stock by consolidated subsidiaries	**(9,886)**	(8,176)	(1,709)	(21,436)
Proceeds from sales of treasury stock by consolidated subsidiaries	**15**	259	(244)	287
Net cash provided by (used in) financing activities	**338,701**	(30,770)	369,471	331,922
Effect of exchange rate changes on cash and cash equivalents	**31,757**	6,057	25,699	(8,208)
Net increase (decrease) in cash and cash equivalents	**1,262,610**	590,600	672,010	1,210,977
Cash and cash equivalents at beginning of fiscal year	**4,243,076**	3,034,525	1,208,551	3,034,525
Decrease in cash and cash equivalents due to deconsolidation of subsidiaries				(2,425)
Cash and cash equivalents at end of (interim) fiscal year	**5,505,687**	3,625,125	1,880,562	4,243,076

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Notes related to the Consolidated Balance Sheet as of September 30, 2005 are as follows:

1. Basis of Presentation

The accompanying Consolidated Balance Sheet of Mitsubishi UFJ Financial Group, Inc. (MUFG). (The previous name was Mitsubishi Tokyo Financial Group, Inc. (MTFG)) and its subsidiaries is compiled as required by the Banking Law and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as compared to the application and disclosure requirements of International Accounting Standards. For the convenience of readers, the presentation is modified in certain respects from the original Japanese report. The amounts are presented in millions of yen and are rounded down to the nearest million.

2. Trading Assets and Liabilities

Transactions for trading purposes (for purposes of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from gaps among markets) are included in Trading assets and Trading liabilities on a trade date basis.

Trading assets and Trading liabilities are stated at market value at interim fiscal year end.

3. Investment Securities

Debt securities being held to maturity are stated at amortized cost computed by the moving-average method (straight-line amortization). Other securities (securities available for sale) whose current value can be estimated are stated at market value at interim fiscal year end (sale cost is calculated by the moving-average method) and other non-marketable securities are stated at cost or amortized cost computed by the moving-average method. Unrealized gains and losses on securities available for sale are included in shareholders equity, net of income taxes, except in the case of securities with embedded derivatives, which are measured at fair value in their entirety and with the change in fair value recognized in current earnings.

4. Securities in Money Held in Trust

Securities included in Money held in trust of sole investments mainly for the purpose of securities investments are stated at the same method as described in notes 2. and 3. Unrealized gains and losses on Money held in trust other than for trading purpose and being held to maturity are included in shareholders equity, net of income taxes.

5. Derivatives

Derivatives for purposes other than trading are stated at market value in principle.

6. Premises and Equipment

Depreciation for buildings and equipment of MTFG and its domestic banking subsidiary and trust banking subsidiary is computed using the declining-balance method.

Principal estimated useful lives are as follows:

Buildings	15 years to 50 years
Equipment and furniture	4 years to 15 years

Depreciation for buildings and equipment of other consolidated subsidiaries is computed principally using the straight-line method based on the estimated useful lives.

7. Software

Costs of computer software developed or obtained for internal use are deferred and amortized using the straight-line method over the estimated useful lives of 5 to 10 years.

8. Bond Discounts, Bonds Issuance Costs

Bond discounts are amortized over the remaining life of the bond.

In addition, bond issuance costs are charged to expenses when incurred.

9. Translation of Foreign Currency Items

Foreign currency assets and liabilities and overseas branches accounts of MTFG s domestic banking subsidiary and trust banking subsidiary are principally translated into yen equivalents at the exchange rates prevailing at interim fiscal year end, except for equity securities of affiliated companies which are translated into yen equivalents at exchange rates prevailing at the acquisition date of those securities.

Foreign currency assets and liabilities of other consolidated subsidiaries are principally translated into yen equivalents at the exchange rates prevailing at interim fiscal year end of each company.

10. Allowance for Loan Losses

An allowance for loan losses of MTFG s primary domestic consolidated subsidiaries is provided as detailed below, pursuant to the internal rules for the self-assessment of asset quality and the internal rules for providing allowances for credit losses:

For claims to debtors who are legally bankrupt (due to bankruptcy, special liquidation, the suspension of transactions with banks by the rules of clearing houses, etc.) or virtually bankrupt, an allowance is provided based on the amount of claims, after charge-offs as stated below, and net of amounts expected to be collected through the disposal of collateral or the execution of guarantees.

For claims to debtors who are likely to become bankrupt and for which future cash flows could not be reasonably estimated, an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of the claim, net of amounts expected to be collected through the disposal of collateral or execution of guarantees.

For claims to debtors who are likely to become bankrupt or are to be closely watched and for which future cash flows could be reasonably estimated, an allowance is provided for the difference between the present value of the expected future cash flows discounted at the contracted interest rate and the carrying value of the claim.

For other claims, an allowance is provided based on historical loan loss experience.

An allowance for loans to specific foreign borrowers is provided based on the amount of expected losses due to the political and economic situation of their respective countries.

All claims are assessed by the branches and credit supervision divisions based on the internal rules for self-assessment of asset quality. The credit examination divisions, which are independent from branches and credit supervision divisions, subsequently conduct audits of their assessments, and an allowance is provided based on audit results.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount of claims exceeding the estimated value of the collateral or guarantees, which is deemed uncollectible, has been charged-off. The amount was ¥419,959 million.

An allowance for loan losses of other consolidated subsidiaries is provided based on historical loan loss experience or estimated collectibility of specific claims.

11. Allowance for Losses on Investment Securities

An allowance for losses on investment securities is provided based on the estimated losses on non-marketable debt securities.

12. Reserve for Employees Bonuses

A reserve for employees bonuses is provided for the payment of employees bonuses based on the estimated amounts of the future payments attributed to the current interim fiscal year.

13. Reserve for Employees Retirement Benefits

A reserve for employees retirement benefits is provided for the payment of employees retirement benefits based on the estimated amount of the actuarial retirement benefit obligation and the related pension assets. Prior service cost is amortized using the straight-line method over 10 years. Net actuarial gain (loss) is amortized using the straight-line method over 10 years commencing from the next fiscal year of incurrence.

14. Equipment Used under Finance Lease Agreements

Equipment used under finance lease agreements is accounted for as equipment leased under operating leases, except for those leases which transfer ownership of leased equipment to the lessee, in which case the equipment is capitalized.

15. Hedge Accounting for Interest Rate Risks

With respect to hedge accounting for interest rate risks arising from financial assets and liabilities, MTFG s domestic banking subsidiary and trust banking subsidiary, have principally adopted portfolio hedges or individual hedges as prescribed in Industry Audit Committee Report No. 24, Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry , issued by the Japanese Institute of Certified Public Accountants (the JICPA) on February 13, 2002 and Accounting Committee Report No. 14, Practical Guidelines for Accounting for Financial Instruments , issued by the JICPA on January 31, 2000. The method of hedge accounting is the deferral method.

With respect to hedging activities to offset changes in the fair value of fixed rate deposits and loans etc., MTFG s domestic banking subsidiary and trust banking subsidiary distinguish hedged items by grouping the hedged items by their maturities and designate interest rate swap transactions etc. as hedging instruments individually or in accordance with the Industry Audit Committee Report No. 24. With respect to hedging activities offsetting changes in the fair value of fixed rate bonds, they distinguish hedged items by the individual bond or identical types of bonds and designate interest rate swap transactions etc. as hedging instruments. Since material terms related to the hedged items and hedging instruments are substantially identical, the hedge relationship is deemed to be highly effective and hedge effectiveness testing is substituted by the identicalness.

With respect to hedging activities to fix forecasted cash flows on variable rate or short-term fixed rate deposits and loans etc., MTFG s domestic banking subsidiary and trust banking subsidiary distinguish hedged items by grouping the hedged items by their index interest rates and repricing terms and designate interest rate swap transactions etc. as hedging instruments in accordance with the Industry Audit Committee Report No. 24. Since material terms related to the hedged items and hedging instruments are substantially identical, the hedge relationship is deemed to be highly effective and the hedge effectiveness testing is substituted by the identicalness. Hedge effectiveness is also tested by correlation of fluctuation factors in interest rates.

Deferred hedge losses and deferred hedge gains recorded on the balance sheet as of March 31, 2003 as a result of the macro hedge accounting are realized as expenses or income over the remaining lives of the hedging instruments (at most 15 years from 2003). Deferred hedge losses and deferred hedge gains attributable to the macro hedge accounting as of September 30, 2005 were ¥89,824 million and ¥120,254 million, respectively.

16. Hedge Accounting for Foreign Exchange Risks

With respect to hedge accounting for foreign exchange risks attributable to foreign currency denominated financial assets and liabilities, MTFG s domestic banking subsidiary and trust banking subsidiary have applied the deferral hedge accounting. They have distinguished hedged items by grouping the foreign currency denominated financial assets and liabilities by currencies and designating currency swap transactions and forward exchange contracts (funds swap transactions) as hedging instruments, pursuant to Industry Audit Committee Report No. 25, Treatment of Accounting and Auditing concerning Accounting for Foreign Currency Transactions in the Banking Industry , issued by the JICPA on July 29, 2002.

They also engage in portfolio hedge to hedge foreign exchange risk attributable to foreign-currency-denominated investments in affiliated companies and foreign-currency-denominated securities available for sale (other than bonds), using foreign-currency-denominated liabilities and forward exchange contracts as hedging instruments. They apply the deferral hedge method to foreign currency denominated investments in affiliated companies and the fair value hedge method to foreign-currency-denominated securities available for sale (other than bonds).

17. Intercompany and Intracompany Swap Transactions

With respect to the intercompany and intracompany derivative transactions, realized gains (losses) or valuation gains (losses) on interest rate swap transactions and currency swap transactions are reported in current earnings or deferred as assets or liabilities without elimination, if mirror transactions with the third parties against these swap transactions are designated as hedging instruments, and are appropriately conducted in conformity with the non-arbitrary and strict hedging policy in accordance with the Industry Audit Committee Report No. 24 and No. 25.

18. Consumption Taxes

The National Consumption Tax and the Local Consumption Tax are excluded from transaction amounts. The portion of the National Consumption Tax and the Local Consumption Tax, which were paid on the purchase of premises and equipment and which are not deductible as a tax credit, are charged to expenses when incurred.

19. Reserve for Expenses Related to EXPO 2005 Japan

A reserve for expenses related to EXPO 2005 Japan is provided for the expenses related to the participation in the EXPO 2005 Japan based on the estimated contractual participation expenses allocated over the period. The reserve is provided pursuant to Article 43 of the Commercial Code and includes the allowance provided pursuant to Article 57-2 of the Special Taxation Measures Law.

20. Reserves under Special Laws

Pursuant to Article 81 of the Financial Futures Transactions Law, a reserve for contingent liabilities from brokering of financial futures transactions of ¥31 million was provided.

Pursuant to Article 51 of the Securities and Exchange Law, a reserve of ¥1,574 million for contingent liabilities from brokering of securities transactions was provided.

21. Amount Due from Directors of MTFG

The amount due from directors of MTFG was ¥84 million.

22. Accumulated Depreciation

Accumulated depreciation on premises and equipment was ¥628,092 million.

23. Accumulated Deferred Gains on Sales of Real Estate

Accumulated deferred gains on sales of real estate of ¥42,528 million were deducted from the acquisition cost of newly acquired premises and equipment.

24. Nonaccrual Loans

Loans to customers in bankruptcy and past due loans are included in Loans and bills discounted, and the amounts were ¥21,763 million and ¥644,765 million, respectively. The amount of past due loans included loans of ¥547 million entrusted to the Resolution and Collection Corporation, which facilitates the removal of problem loans from balance sheet.

Loans are generally placed on nonaccrual status when substantial doubt is judged to exist as to ultimate collectibility of either principal or interest if they are past due for a certain period or for other reasons. Loans to customers in bankruptcy represent nonaccrual loans, after the partial charge-off of claims deemed uncollectible, to debtors who are legally bankrupt, as defined in Article 96, Paragraph 1, Subparagraphs 3 and 4 of Enforcement Ordinance for the Corporation Tax Law. Past due loans are nonaccrual loans other than loans to customers in bankruptcy and loans for which interest payments are deferred in order to assist the financial recovery of debtors in financial difficulties.

25. Accruing Loans Contractually Past Due 3 Months or More

Accruing loans contractually past due 3 months or more are included in Loans and bills discounted, and the amount was ¥13,286 million. Loans classified as loans to customers in bankruptcy or past due loans are excluded.

26. Restructured Loans

Restructured loans are included in Loans and bills discounted, and the amount was ¥375,290 million. Such restructured loans are loans on which concessions (e.g. reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount or maturity amount of the debt or accrued interest) have been granted to debtors in financial difficulties to assist them in their financial recovery and in eventually to be able to repay to creditors. Loans classified as loans to customers in bankruptcy, past due loans or accruing loans contractually past due 3 months or more are excluded.

27. Non accrual Loans, Accruing Loans Contractually Past Due 3 Months or More and Restructured Loans

The total amount of nonaccrual loans, accruing loans contractually past due 3 months or more and restructured loans was ¥1,055,106 million. The amount of past due loans included loans of ¥547 million entrusted to the Resolution and Collection Corporation, which facilitates the removal of problem loans from balance sheet.

The amounts reflected in Notes 24. to 27. represent the gross receivable amounts, prior to reduction for the allowance for loan losses.

28. Bills Discounted

Bills discounted are accounted for as secured lending transactions in conformity with the Industry Audit Committee Report No.24. Bills accepted by other banks, commercial bills, bills of exchange, and foreign bills bought discounted by MTFG s domestic banking subsidiary and trust banking subsidiary are permitted to be sold or pledged, the total face value was ¥696,657 million.

29. Assets Pledged

Assets pledged as collateral were as follows:

Cash and due from banks	¥ 4,233 million
Monetary claims bought	¥ 4,083 million
Trading assets	¥ 239,331 million
Investment securities	¥ 3,516,715 million
Loans and bills discounted	¥ 3,672,265 million
Premises and equipment	¥ 5,237 million

Liabilities related to the pledged assets were as follows:

Deposits	¥ 198,526 million
Call money and bills sold	¥ 6,981,600 million
Borrowed money	¥ 3,052 million
Bonds	¥ 33,181 million
Other liabilities	¥ 9,692 million
Acceptances and guarantees	¥ 1,520 million

In addition, Cash and due from banks of ¥293,806 million, Monetary claims bought of ¥13 million, Trading assets of ¥10,719 million, Investment securities of ¥4,255,997 million, Loans and bills discounted of ¥1,059,618 million and Other assets of ¥3,334 million were pledged as collateral for settlement of exchange or derivatives transactions or as valuation margin.

Commercial paper and other debt purchased of ¥96,912 million, Trading assets of ¥2,875,330 million and Investment securities of ¥3,365,387 million were sold under repurchase agreements or lent under secured lending transactions. There ware corresponding payables under repurchase agreements of ¥3,699,918 million and Payables under securities lending transactions of ¥2,593,132 million.

Bills rediscounted are accounted for secured borrowing transactions in conformity with the Industry Audit Committee Report No.24. The total face value of bills accepted by other banks, commercial bills, and bills of exchange rediscounted by MTFG s domestic banking subsidiary and trust banking subsidiary was ¥12,074 million.

30. Land Revaluation Excess

Pursuant to the Law concerning Revaluation of Land, promulgated on March 31, 1998, land used for business operations of domestic subsidiaries has been revalued as of the following dates. The land revaluation excess is included in Shareholders equity, net of income taxes. The land revaluation excess includes MTFG s ownership percentage of affiliated companies land revaluation excess.

Date of the revaluation:

Domestic banking subsidiary	March 31, 1998
Domestic trust banking subsidiary	March 31, 2002
Other domestic subsidiaries	December 31, 2001

The method of the revaluation as set forth in Article 3, Paragraph 3 of the Law:

Pursuant to Article 2, Subparagraph 4 of the Enforcement Ordinance for the Law concerning Revaluation of Land, the land price for the revaluation is determined based on the method established and published by the Director General of the National Tax Agency in order to calculate the land value to determine the taxable amount subject to land value tax prescribed by Article 16 of the Land Value Tax Law, reflecting appropriate adjustments for land shape and timing of the assessment and based on real estate appraisal information defined by Article 5 of the Law.

Land used for business operations of a certain affiliated company has been revalued as of March 31, 2002.

31. Subordinated Borrowings

Subordinated borrowings of ¥817,300 million were included in Borrowed money.

32. Subordinated Bonds

Subordinated bonds of ¥1,842,291 million were included in Bonds and notes.

33. Guaranteed Trusts

The principal amounts of Jointly-operated designated money trusts and loan trusts of MTFG s trust banking subsidiary, for which repayment of the principal to the customers is guaranteed, were ¥960,789 million and ¥726,928 million, respectively.

34. Net Assets per Common Share

Net assets per common share were ¥771,314.08.

35. Write Down of Investment Securities

Marketable securities other than trading securities are written down when a decline in the market value below the cost of the securities is substantial and the valuation differences are recognized as losses, based upon the judgment that the decline in market value is other than temporary at the current interim fiscal year-end. A substantial decline in the market value is recognized based on the classification of issuers as follows, pursuant to the internal rules for self-assessment of asset quality:

Issuers who are legally bankrupt, virtually bankrupt or likely to become bankrupt: Market value is below cost

Issuers who are to be closely watched: Market value is 30% or more below cost

Other issuers: Market value is 50% or more below cost

36. Market Value of Securities

Market value and valuation differences of securities are explained below. Securities below include trading securities, trading commercial paper and trading short-term corporate bonds classified as Trading assets, negotiable certificates of deposits classified as Cash and due from banks and investments in commodity investment trusts classified as Commercial paper and other debt purchased. The same definition is applied in Notes 36. to 39.

Trading securities

Balance sheet amount	¥ 6,878,614 million
Valuation losses included in Income before income taxes and others	¥ 6,582 million

Marketable debt securities being held to maturity

	(in millions of yen)				
	Balance sheet amount	Market value	Differences	Gains	Losses
Domestic bonds	2,117,645	2,128,955	11,309	11,764	454
Government bonds	1,999,500	2,006,657	7,157	7,611	454
Municipal bonds	88,762	91,691	2,928	2,928	
Corporate bonds	29,382	30,605	1,223	1,223	
Other securities	322,134	323,656	1,521	1,708	187
Foreign bonds	28,295	29,817	1,521	1,708	187
Other	293,839	293,839			
Total	2,439,780	2,452,611	12,831	13,473	641

Marketable securities available for sale

	(in millions of yen)				
	Cost	Balance sheet amount	Valuation differences	Gains	Losses
Domestic equity securities	2,377,533	3,850,008	1,472,474	1,510,933	38,458
Domestic bonds	15,308,428	15,298,740	(9,687)	17,460	27,148
Government bonds	13,387,010	13,375,134	(11,875)	11,198	23,073
Municipal bonds	136,670	137,440	769	1,064	294
Corporate bonds	1,784,747	1,786,165	1,418	5,198	3,779
Other securities	8,444,255	8,569,307	125,052	182,682	57,630
Foreign equity securities	23,513	39,712	16,199	16,628	428
Foreign bonds	5,655,469	5,666,877	11,408	50,692	39,284
Other	2,765,272	2,862,717	97,444	115,361	17,917

Total	26,130,217	27,718,056	1,587,839	1,711,076	123,236

Among the valuation differences above, the amounts of shareholders equity, net of income taxes were ¥1,588,007 million as a result of recognizing ¥168 million losses, which related to the securities embedded derivatives and measured in their entirety, in current earnings. This amount, gross of ¥11,187 million of unrealized gains on securities as composition asset of unions and net of ¥649,276 million of related deferred tax liabilities, was ¥949,918 million. Net valuation differences, excluding minority interest of ¥2,962 million and adding MTFG s ownership percentage of affiliates unrealized gains on securities available for sale of ¥5,170 million, were ¥952,126 million. These were recorded in Unrealized gains on securities available for sale.

37. Securities Available for Sale Sold

Securities available for sale sold during the interim fiscal year were as follows:

(in millions)		
Proceeds from sales	Gains	Losses
¥24,610,402	¥ 86,734	¥ 57,831

38. Securities Not Stated at Market Value

The balance sheet amounts of principal securities not stated at market value were as follows:

	Balance sheet amount
Debt Securities being held to maturity	
Foreign bonds	¥ 29,371 million
Securities available for sale	
Domestic equity securities	¥ 1,046,084 million
Domestic corporate bonds	¥ 792,379 million
Foreign bonds	¥ 87,427 million

39. Redemption Schedule of Bonds

Redemption schedule of bonds classified as securities available for sale and being held to maturity was as follows:

(in millions of yen)			
Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years