

MITSUBISHI TOKYO FINANCIAL GROUP INC
Form 6-K
November 25, 2003

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, 2003

MITSUBISHI TOKYO FINANCIAL GROUP, INC.
(Translation of registrant's name into English)

4-1, Marunouchi 2-chome, Chiyoda-ku
Tokyo 100-6326, 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 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

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 25, 2003

MITSUBISHI TOKYO FINANCIAL GROUP, INC.

By: /s/ Atsushi Inamura

Name: Atsushi Inamura
Title: Chief Manager, General Affairs
Corporate Administration Division

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Interim Consolidated Summary Report
[under Japanese GAAP]
for the Fiscal Year Ending March 31, 2004

Date: November 25, 2003
 Company name (code number): Mitsubishi Tokyo Financial Group, Inc. (8306)
 (URL <http://www.mtfg.co.jp>)
 Stock exchange listings: Tokyo, Osaka, New York, London
 Headquarters: Tokyo
 Representative: Shigemitsu Miki, President & CEO
 For inquiry: Katsuhiko Ishizuka, Chief Manager -
 Financial Policy Division
 (Phone) +81-3-3240-8211

Date of resolution of Board of Directors with respect to the interim consolidated financial statements: November 25, 2003
 Trading accounts: Established

1. Consolidated financial data for the six months ended September 30, 2003

(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, 2003 |
|---|---|-------------|---|
| | 2003 | 2002 | |
| Ordinary income | 1,360,929 | 1,425,412 | 2,772,528 |
| Change from the previous year | (4.5)% | (15.6)% | |
| Ordinary profit (loss) | 273,432 | (193,300) | (360,262) |
| Change from the previous year | -- | -- | |
| Net income (loss) | 301,877 | (188,098) | (161,495) |
| Change from the previous year | -- | -- | |
| Net income (loss) per common share | 47,619.95 | (34,461.56) | (30,238.64) |
| Net income per common and common equivalent share | 45,810.42 | -- | -- |

Notes:

1. Equity in earnings (loss) of affiliates:

| | |
|--|---------------------|
| For the six months ended September 30, 2003: | 1,232 million yen |
| For the six months ended September 30, 2002: | (6,340) million yen |
| For the year ended March 31, 2003: | (3,532) million yen |

2. Average number of shares outstanding:

| | | |
|--------------------------|---------------------------|------------------|
| For the six months ended | | |
| September 30, 2003: | | |
| | (common stock) | 6,259,246 shares |
| | (preferred stock-class 1) | 81,022 shares |
| | (preferred stock-class 2) | 89,614 shares |
| For the six months ended | | |
| September 30, 2002: | | |
| | (common stock) | 5,579,156 shares |
| | (preferred stock-class 1) | 81,020 shares |
| | (preferred stock-class 2) | 100,000 shares |

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For the year ended
March 31, 2003:

| | | |
|--|---------------------------|------------------|
| | (common stock) | 5,616,357 shares |
| | (preferred stock-class 1) | 81,021 shares |
| | (preferred stock-class 2) | 100,000 shares |

3. Changes in accounting policy: Yes (See Notes to Consolidated Financial Statements.)

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(2) Financial condition

| | (in millions of yen except per share data and percentages) | | |
|---|--|------------|--------------------|
| | For the six months ended September 30, | | For the year ended |
| | 2003 | 2002 | March 31, 2003 |
| Total assets | 104,711,005 | 97,119,655 | 99,175,319 |
| Shareholders' equity | 3,742,207 | 2,934,909 | 3,046,420 |
| Shareholders' equity as a percentage of total liabilities, minority interest and shareholders' equity | 3.6% | 3.0% | 3.1% |
| Shareholders' equity per common share | 532,290.28 | 445,269.63 | 417,951.31 |
| Risk-adjusted capital ratio (based on the standards of the Bank for International Settlements, the "BIS") | (preliminary basis) 12.44% | 10.49% | 10.84% |

Note:

Number of shares outstanding as of:

| | | |
|---------------------|---------------------------|---------------------------------|
| September 30, 2003: | | (common stock) 6,355,414 shares |
| | (preferred stock-class 1) | 81,022 shares |
| | (preferred stock-class 2) | 56,200 shares |
| September 30, 2002: | | (common stock) 5,584,349 shares |
| | (preferred stock-class 1) | 81,020 shares |
| | (preferred stock-class 2) | 100,000 shares |
| March 31, 2003 | | (common stock) 6,228,850 shares |
| | (preferred stock-class 1) | 81,021 shares |
| | (preferred stock-class 2) | 100,000 shares |

(3) Cash flows

| | (in millions of yen) | |
|--|--|--------------------------------------|
| | For the six months ended September 30, | |
| | 2003 | 2002 |
| | | For the year ended March 31, 2003 |

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| | | | |
|---|-----------|-----------|-------------|
| Net cash provided by operating activities | 700,148 | 1,245,897 | 4,636,714 |
| Net cash provided by (used in) investing activities | 1,096,071 | (709,513) | (2,124,823) |
| Net cash provided by (used in) financing activities | 106,895 | (95,146) | (186,820) |
| Cash and cash equivalents at end of (interim) fiscal year | 5,955,417 | 2,145,354 | 4,049,530 |

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

Consolidated subsidiaries: 176 Affiliated companies accounted for by the equity method: 31

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

Consolidated subsidiaries: Newly included: 0 Excluded: 8
 Affiliated companies accounted for by the equity method: Newly included: 0 Excluded: 0

2. Earning projections for the fiscal year ending March 31, 2004

(in millions of yen)

| Ordinary income | Ordinary profit | Net income |
|-----------------|-----------------|------------|
| 2,700,000 | 530,000 | 425,000 |

Projected net income per common share for the year ending March 31, 2004 (yen): 65,672.20

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[Reference]

Formulas for computing ratios for the six months ended September 30, 2003 are as follows.

Net income per common share

Net income - Total dividends on preferred stock

 Average number of common stock during the period *

Net income per common and common equivalent share

Net income - Total dividends on preferred stock + Adjustments in net income

 Average number of common stock during the period * + Common equivalent share

Shareholders' equity per common share

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Shareholders' equity at end of period - Deduction from shareholders' equity**

Number of common stock at end of period *

Formula for computing projected earning ratio for the fiscal year ending March 31, 2004 is as follows.

Projected net income per common share

Projected net income - Projected total dividends on preferred stock

Number of common stock at end of period *

* excluding treasury stock

** number of preferred stock at end of period x 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 (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 evaluation with respect to general economic conditions, the results of operations, the financial condition, the company's 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. 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.

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1. Information on the Company

The Company is engaged primarily in the banking business and also conducts trust business, securities business, asset management business and other related financial businesses.

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The Company's corporate governance structure and its major subsidiaries are as follows:

[FLOW CHART APPEARS HERE]

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2. Management Policy

(1) Principal management policy

The Company's management philosophy set forth below represents the core set of principles that forms the foundation for our strategies and decision-making process.

[Group Management Philosophy]

Founded on the key principles of trust and reliability,
Mitsubishi Tokyo Financial Group
contributes to the prosperity of its customers at home and abroad
and of the communities it serves, and
continuously creates social and economic value,
by providing comprehensive financial services.

(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 focusing attention on improving the Company's overall strength in order to bolster its corporate constitution and continued sound management.

With respect to interim dividends for the six months ended September 30, 2003, the Company has decided not to pay any dividends on its common stock and to pay (Y)41,250 per share of class 1 preferred stock and (Y)8,100 per share of class 2 preferred stock.

With respect to annual dividends for the fiscal year ending March 31, 2004, the Company plans to pay (Y)4,000 per share of common stock; (Y)41,250 per share of class 1 preferred stock (which would result in a total of (Y)82,500 per share together with the interim dividend); and (Y)8,100 per share of class 2 preferred stock (which would result in a total of (Y)16,200 per share together with the interim dividend).

(3) Basic policy relating to the possible lowering of the minimum purchase price

With regard to the minimum purchase price for the Company's common stock, the Company does not believe that it needs to make any adjustments immediately in light of the current circumstances, such as market price, number of shareholders, liquidity and cost-benefit. The Company, however, will continue to consider, as appropriate, the possibility of lowering the minimum purchase price taking into account investors' needs and the above-described circumstances.

(4) Management targets/1/

The Company has set the following management targets for the fiscal year ending March 31, 2006:

- . The Company is striving toward the efficient management of its capital, setting a target ROE/2/ of over 13%,
- . The Company is striving toward the efficient management of its assets and capital, with a target BIS ratio of approximately 12%,
- . The Company is aiming to achieve consolidated net business profits before credit costs for trust accounts and provision for formula

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- allowance for loan losses of approximately (Y)1,140 billion, and
- . The Company is aiming to achieve a consolidated net income of approximately (Y)460 billion.

-
- /1/ The assumptions for these targets are: in the year ending March 31, 2006, the Euro-yen rate (3 months) of 0.6% (period average), Japanese yen-US dollar exchange rate of (Y)120 at the end of the period and actual GDP growth rate of 1.8%.
 - /2/ ROE shall be calculated as follows:

Consolidated net income - Dividends on non-convertible preferred stock

----- X 100
{(Consolidated shareholders' equity at the beginning of period - Number of outstanding shares of non-convertible preferred stock at the beginning of period x Issued price - Land revaluation excess at the beginning of period - Unrealized gains (losses) on securities available for sale at the beginning of period) + (Consolidated shareholders' equity at the end of period - Number of outstanding shares of non-convertible preferred stock at the end of period x Issued price - Land revaluation excess at the end of period - Unrealized gains (losses) on securities available for sale at the end of period)}/ 2

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- (5) Medium term management strategy
Through a further reform of its profit structure, the Company seeks to build swiftly a business structure that can achieve stable growth. In order to strive to achieve this target, the Company aims to restructure the business model of the entire group by shifting to a more consolidated and integrated management of the group. As a start, the Company established Strategy Council which is organized by the President & CEO and selected member of the Board of Directors.
In rebuilding the business model, Bank of Tokyo-Mitsubishi, Mitsubishi Trust and Banking and Mitsubishi Securities will seek to reallocate their resources, including personnel and facilities, to further enhance the expertise of each group company, and to create a structure that can provide customers with higher quality and more comprehensive financial services.
 - 1. Retail business: Strengthening strategy and improving efficiency
The Company plans to strengthen operations and raise efficiency in the growing retail business area. By developing strategies and through integrating operations group-wide, the Company aims to achieve rapid and customer-friendly delivery of the best products and services to each customer through efficient channels. As a concrete measure, the Company decided to establish MTFG Plazas, a new, integrated channel for retail customers that provide comprehensive financial services, including those from Bank of Tokyo-Mitsubishi, Mitsubishi Trust and Banking and Mitsubishi Securities, at one-stop location. The first office will open February 2004.
 - 2. Standardizing and integrating operations and systems
The Company further develops the standardization and integration of office operations and systems, and pursues reduction of total group costs while maintaining a high level of functionality, quality and dependability.
 - 3. Increasing expertise and operational efficiency
The Company plans to consolidate skills and functions within the group to further increase expertise and raise operational efficiency and productivity.
- (6) Issues facing the company

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The Japanese economy is still a long way off from emerging from deflationary state and the business environment could remain unstable although some brighter symptoms appear backed by recovering U.S. economy and so forth. In this environment, the Company is striving to improve its business results by promptly addressing its non-performing loan and shareholdings issues and moving towards an "aggressive" business strategy. In accordance with the Financial Services Agency's policy of halving the non-performing loan ratio by the end of fiscal 2004, which is highlighted in their "Program for Financial Revival", the Company has promoted the revitalization of troubled corporate customers and the disposal of non-performing loans so that the Company's aggregate non-performing loan ratio has decreased to the level which achieves the target set by the government policy one and half year in advance. However, the Company will continue the reduction of shareholdings in order to strengthen its balance sheet. The Company seeks to increase its profitability by increasing loan volume to creditworthy borrowers and improving the risk-adjusted returns on the lending business, by expanding the offerings of fee-generating value-added financial services in business areas such as commercial banking, asset management and investment banking, and by promoting cost efficiency through further streamlining the branch network and personnel structure while maintaining and improving customer convenience. In order to effectively carry out these business objectives, the Company intends to implement a consolidated, group management structure, while enhancing the relationship and cooperation with its subsidiaries. The Company will also review and modify functions and roles among the Company and its subsidiaries within its consolidated management framework.

- (7) Corporate governance principles and status of implementation of corporate governance changes

[Corporate Governance Principles]

The "Group Management Philosophy" is the basic policy for forming management strategies and all activities relating to the business decisions the Company makes. The Company also established the "MTFG Code of Ethics" which is a set of common values and ethical principles to be shared by the employees of the Company. The Company is committed to improving the corporate governance structure through the implementation of the "Group Management Philosophy" and "MTFG Code of Ethics."

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[MTFG Code of Ethics]

.. Establishment of Trust

Fully cognizant of the importance of the Group's social responsibilities and public role, we strive to maintain unwavering trust from society through the sound and proper management of our business activities, based on the principle of accountability.

.. Serving Our Clients First

We recognize that the satisfaction of our clients and their confidence in MTFG form the foundation of the Group's very existence. As such, we endeavor to always provide our clients with the highest quality products and services best suited to their needs.

.. Sound and Transparent Management

We endeavor to manage our affairs in a sound and transparent manner by maintaining appropriate and balanced relationships with all stakeholders, including clients, shareholders and others, while assuring fair, adequate and

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timely disclosure of corporate information.

.. Strict Observance of Laws, Regulations, and Internal Rules

We are committed to strictly observing relevant laws, regulations, and internal rules and to acting with fairness and integrity in conformity with the common values of society at large. As a diversified global financial services group, we also make continuous efforts to operate in ways that reflect internationally accepted standards.

.. Respect for Human Rights and the Environment

We respect human rights and the environment and seek to co-exist in harmony with society.

.. Disavowal of Anti-Social Elements

We stand firmly against supporting the activities of any group or individual that unlawfully threatens public order and safety.

[Status of Implementation of Corporate Governance Changes]

1. Corporate governance structures for decision making, administration and supervision

The Board of Directors of the Company is comprised of twelve directors, two of whom are outside directors. The Board of Directors decides the administration of affairs of the Company and supervises execution of duties of the officers.

The Company has a Board of Corporate Auditors pursuant to the Japanese Commercial Code. The Board of Corporate Auditors of the Company is comprised of five corporate auditors, two of whom are from outside the Company. Pursuant to the audit policies and plans adopted by the Board of Corporate Auditors, each corporate auditor oversees the execution of duties by the officers by attending meetings, including the Board of Directors meetings, and by reviewing business performance and financial conditions of the Company.

Corporate Administration Division provides staffing support to all directors and corporate auditors, including the outside directors and outside corporate auditors.

Pursuant to the basic policies adopted by the Board of Directors, the Executive Committee comprised of the Chairman, President and three Senior Managing Directors, deliberates on and decides important management affairs of the Company.

The Company has also set up various committees, including sixteen committees that serve as advisory bodies to the Executive Committee, the Compliance Advisory Committee comprised of external lawyers and accountants and the Advisory Board comprised of outside experts.

- .. Strategy Council: Strategy Council deliberates and makes decision on the significant affairs and policies to restructure the business model of the entire group. Strategy Council affiliates Strategic Coordination Committee and Strategic Planning Committees.
- .. Management Planning Committee: The Management Planning Committee deliberates on and follows up on overall group policies, capital policies and financial planning. The committee convenes on a quarterly basis.
- .. Business Planning Committee: The Business Planning Committee deliberates on general management affairs and important issues related to business operations of the Company. The committee convenes as needed.

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- .. Corporate Risk Management Committee: The Corporate Risk Management Committee deliberates on important matters relating to risk management of the Company.

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The committee convenes on a quarterly basis.

- .. Audit & Compliance Committee: The Audit & Compliance Committee deliberates on important matters relating to internal audits and legal compliance. The committee convenes on a quarterly basis.
- .. Disclosure Committee: The Disclosure Committee deliberates on the accuracy of disclosure and internal disclosure standards of the Company. The committee convenes at least four times a year.
- .. Compliance Advisory Committee: The Compliance Advisory Committee makes compliance related proposals and advice to the Board to improve the effectiveness of the Company's compliance activities from an independent standpoint. The committee convenes on a quarterly basis.
- .. Advisory Board: The Advisory Board advises the Executive Committee on all aspects of management from an independent standpoint. The committee convenes semi-annually.

The Company's framework of operation and audit and the framework of internal control are as follows:

[FLOW CHART APPERARS HERE]

The Company receives advice from external lawyers and accountants, if needed for execution of duties.

2. Summary of related party transactions between the company and outside corporate auditors and outside directors
The outside directors and outside corporate auditors have no personal ties with other directors and corporate auditors, and do not have related party transactions which are material or that are unusual in their nature or conditions with the Company.
Ryotaro Kaneko, an outside director, also serves as President of Meiji Life Insurance Company, with which the Company has a business relationship. Kunio Ishihara, an outside director, also serves as President of Tokio Marine & Fire Insurance Co., Ltd., with which the Company has a business relationship.
3. Implementation of measures to strengthen the corporate governance structure in this half fiscal year
During the first half fiscal year 2003, the Board of Directors met 8 times to decide the administration of affairs, and the Executive Committee met 20 times to deliberate on and decide important management affairs. The Board of Corporate

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Auditors met 10 times and decided audit policies and plans for the half fiscal year. Pursuant to the audit policies and plans, each corporate auditor oversaw the execution of duties by the officers by attending key meetings, including the Board of Directors meetings, and by reviewing the business performance and financial conditions of the Company. The Strategy Council met 5 times, the Management Planning Committee met twice, and the Business Planning Committee met once during the half fiscal year 2003, and the Corporate Risk Management Committee and the Audit & Compliance Committee each met quarterly during the half fiscal year, and the Disclosure Committee met 3 times, and the Strategy Coordination Committee met 6 times. The Compliance Advisory Committee met quarterly during the half fiscal year and advised and made proposals to the Board. The Advisory Board met twice during the half fiscal year and advised the Executive Committee.

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During the first half fiscal year 2003, the Company took active steps with respect to the disclosure of corporate information, including public disclosure of quarterly financial information which started in July, 2002, issuance of "Mini-Disclosure 2003" reports for individual customers and disclosure of corporate information of the Company on its website.

3. Results of Operations and Financial Condition

(1) Results of operations

With respect to the financial and economic environment for the six months ended September 30, 2003, as uncertainty in the economy was reduced with the end of the war in Iraq and the containment of the SARS epidemic, the economies outside of Japan, especially the United States economy, showed signs of recovery. In Japan, there were several trends that indicated signs of recovery, such as reports that exports and productivity are increasing and that capital investment sentiment is improving. However, consumer prices continued to decline and deflation is also continuing.

Looking at the financial situation in the United States, the Federal Fund Rate was lowered to 1 percent in June 2003 with a negative outlook. In the EU, the European Central Bank's policy rate was reduced to 2 percent in June 2003.

In Japan, the target balance for the current account held at the Bank of Japan was raised to around (Y)27 to (Y)30 trillion in May 2003 in order to ensure liquidity in the Japanese financial market. During the six months ended September 30, 2003, while the short-term interest rate remained at near zero percent, the yield on 10-year government bonds, used as a benchmark for long-term interest rates, reached a record low at around 0.4% in June 2003 and then jumped up to around 1.7% temporarily. In the foreign exchange markets, although the Japanese yen-US dollar exchange rate generally remained in the range of (Y)115 to (Y)120, after the meeting of the G-7 finance ministers and central bank governors held on September 20, 2003, the value of the Japanese yen rose rapidly against the US dollar.

Amidst this environment, the Company recorded a net income of (Y)301.8 billion for the six months ended September 30, 2003 compared to a net loss of (Y)188.0 billion for the six months ended September 30, 2002. The increase was primarily due to the following factors.

The first factor was a (Y)288.8 billion decrease in total credit costs from (Y)225.6 billion for the six months ended September 30, 2002 to (Y)63.2 billion reversal of total credit costs for the six months ended September 30, 2003.

The second factor was a (Y)233.8 billion decrease in net losses on equity securities from (Y)242.9 billion for the six months ended September 30, 2002 to (Y)9.0 billion for the six months ended September 30, 2003.

The third factor was a (Y)49.5 billion increase in net business profits before credit costs for trust accounts and provision for formula allowance for loan losses from (Y)368.3 billion for the six months ended September 30, 2002 to (Y)417.8 billion for the six months ended September 30, 2003. The increase was mainly due to increases in net fees and commissions and net trading profits.

The fourth factor was a (Y)58.0 billion decrease in other net non-recurring losses, due primarily to not having foreign exchange losses of (Y)43.6 billion relating to the redemption of convertible bonds as was the case in the same period in the prior fiscal year. Gains specific to the six months ended September 30, 2003 were special gains of (Y)41.9 billion recognized for the refund of enterprise taxes by the Tokyo Metropolitan Government and special gains of (Y)26.5 billion resulting from the transfer of the substitutional portion of future pension obligations.

As a result, for the six months ended September 30, 2003, ordinary profit was (Y)273.4 billion and net income was (Y)301.8 billion.

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Ordinary profit by business segment was; (Y)174.0 billion for the banking segment, (Y)65.4 billion for the trust banking segment and (Y)22.4 billion for the securities segment. Ordinary profit (loss) by geographic segment was; ordinary profit of (Y)158.3 billion in Japan, (Y)75.3 billion in North America, (Y)30.8 billion in Europe and the Middle East, (Y)18.6 billion in Asia and Oceania excluding Japan, respectively, and ordinary loss of (Y)0.9 billion in Latin America.

The Company has the following earning projections for the fiscal year ending March 31, 2004.

| | Consolidated | |
|------------------------------|--------------------|-------------------------|
| Consolidated ordinary income | ordinary profit | Consolidated net income |
| (Y)2,700,000 million | (Y)530,000 million | (Y)425,000 million |

(Reference)

| | |
|---|--------------|
| 1. Projected net income per common share (consolidated) | (Y)65,672.20 |
| 2. Projected net income per common share (non-consolidated) | (Y)8,869.21 |
| 3. Projected dividend per share (non-consolidated) | |
| Common stock | (Y)4,000 |
| Preferred stock-class 1 | (Y)82,500 |
| Preferred stock-class 2 | (Y)16,200 |

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:

- . Deterioration of economic conditions in Japan or elsewhere in the world (especially in Asian and Latin American countries);
- . Increase of problem loans and credit-related expenses;
- . Possible negative effects to our equity portfolio;
- . Inability to maintain BIS capital ratios above minimum levels;
- . Risks relating to trading and investment activities;
- . Changes in interest rates in Japan or elsewhere in the world;
- . Fluctuations in foreign currency exchange rates;
- . 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;
- . 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;
- . Risks inherent in the Company's holding company structure;
- . Risks relating to regulatory developments or changes in laws, rules, including accounting rules, governmental policies and economic controls;
- . Increase in competitive pressures;
- . Imposition of bank taxes or introduction of new taxes applicable to banks; and
- . Possible negative effects related to owning our shares.

For a detailed discussion of these risks and other risks, please see the Company's public filings.

(2) Financial condition

Loans and bills discounted decreased by (Y)529.6 billion from (Y)46,950.3 billion at March 31, 2003 to (Y)46,420.7 billion at September 30, 2003.

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This change consisted mainly of a decrease of (Y)30.3 billion in domestic loans, a decrease of (Y)748.4 billion in loans made by overseas branches and an increase of (Y)573.2 billion in domestic housing loans. Investment securities decreased by (Y)1,892.6 billion from (Y)24,158.3 billion at March 31, 2003 to (Y)22,265.6 billion at September 30, 2003. Total shareholders' equity increased by (Y)695.7 billion from (Y)3,046.4 billion at March 31, 2003 to (Y)3,742.2 billion at September 30, 2003.

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For the six months ended September 30, 2003, net cash provided by operating activities were (Y)700.1 billion, net cash provided by investing activities were (Y)1,096.0 billion and net cash provided by financing activities were (Y)106.8 billion. As a result, the balance of cash and cash equivalents at September 30, 2003 was (Y)5,955.4 billion.

The Company's consolidated risk adjusted capital ratio (based on the standards of the BIS) increased by 1.60% from 10.84% at March 31, 2003 to 12.44% at September 30, 2003.

The following table shows the Company's consolidated risk adjusted capital ratio at March 31, 2002, 2003 and September 30, 2003.

| | (in billions of Japanese yen, except for percentages) | | |
|--|--|----------------------|--|
| | At March 31, 2002 | At March 31, 2003 | At September 30, 2003 (Preliminary basis) |
| Tier I capital | 3,181.1 | 3,128.6 | 3,683.7 |
| Tier II capital | 3,145.3 | 2,847.6 | 3,127.2 |
| Tier III capital | -- | 30.0 | 29.9 |
| Deduction from total qualifying capital | 105.9 | 37.9 | 51.0 |
| Total qualifying capital | 6,220.5 | 5,968.4 | 6,789.7 |
| Risk-adjusted assets | 60,335.8 | 55,049.6 | 54,543.3 |
| Consolidated risk-adjusted capital ratio (based on the standards of the BIS) | 10.30% | 10.84% | 12.44% |

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

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(Japanese GAAP)

Mitsubishi Tokyo Financial Group, Inc. and Consolidated Subsidiaries

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Consolidated Balance Sheets

| (in millions of yen) | As of September 30, | | (A) - (B) | As |
|---|---------------------|-------------|-----------|-----|
| | 2003 (A) | 2002 (B) | | 31, |
| Assets: | | | | |
| Cash and due from banks | 9,912,534 | 6,311,583 | 3,600,951 | |
| Call loans and bills bought | 937,576 | 600,125 | 337,451 | |
| Receivables under resale agreements | 521,366 | 977,461 | (456,095) | |
| Receivables under securities borrowing transactions | 5,763,393 | 2,731,518 | 3,031,874 | |
| Commercial paper and other debt purchased | 1,167,667 | 530,599 | 637,067 | |
| Trading assets | 6,460,498 | 5,473,291 | 987,206 | |
| Money held in trust | 470,220 | 337,989 | 132,230 | |
| Investment securities | 22,265,644 | 23,118,954 | (853,309) | 2 |
| Allowance for losses on investment securities | (2,937) | (4,125) | 1,187 | |
| Loans and bills discounted | 46,420,701 | 46,961,813 | (541,111) | 4 |
| Foreign exchanges | 589,994 | 615,782 | (25,787) | |
| Other assets | 4,394,439 | 3,439,202 | 955,237 | |
| Premises and equipment | 942,775 | 1,014,900 | (72,125) | |
| Deferred debenture discounts and other costs | -- | 30 | (30) | |
| Deferred tax assets | 1,055,185 | 1,120,699 | (65,513) | |
| Deferred tax assets on land revaluation loss | 1,803 | 4,984 | (3,181) | |
| Customers' liabilities for acceptances and guarantees | 4,853,440 | 5,383,121 | (529,680) | |
| Allowance for loan losses | (1,043,299) | (1,498,277) | 454,978 | (|
| Total assets | 104,711,005 | 97,119,655 | 7,591,349 | 9 |
| Liabilities: | | | | |
| Deposits | 65,186,659 | 60,110,143 | 5,076,515 | 6 |
| Negotiable certificates of deposit | 3,729,540 | 3,062,225 | 667,314 | |
| Debentures | 516,603 | 1,198,024 | (681,421) | |
| Call money and bills sold | 4,334,966 | 3,335,976 | 998,990 | |
| Payables under repurchase agreements | 3,536,865 | 3,135,593 | 401,271 | |
| Payables under securities lending transactions | 4,558,290 | 3,519,242 | 1,039,048 | |
| Commercial paper | 717,989 | 908,040 | (190,051) | |
| Trading liabilities | 1,634,106 | 1,957,506 | (323,400) | |
| Borrowed money | 1,446,930 | 1,675,564 | (228,634) | |
| Foreign exchanges | 920,205 | 648,370 | 271,834 | |
| Short-term corporate bonds | 213,500 | -- | 213,500 | |
| Bonds and notes | 3,830,193 | 3,420,718 | 409,474 | |
| Bonds with warrants | 50,528 | 295,651 | (245,123) | |
| Due to trust account | 1,336,541 | 1,635,468 | (298,927) | |
| Other liabilities | 3,517,798 | 3,327,976 | 189,822 | |
| Reserve for employees' bonuses | 17,231 | 16,888 | 342 | |
| Reserve for employees' retirement benefits | 32,473 | 40,996 | (8,522) | |
| Reserve for losses on real estate-collateralized loans sold | -- | 2,039 | (2,039) | |
| Reserve for expenses related to EXPO 2005 Japan | 103 | -- | 103 | |
| Reserves under special laws | 1,049 | 540 | 508 | |
| Deferred tax liabilities | 65,638 | 54,190 | 11,447 | |
| Deferred tax liabilities on land revaluation excess | 128,396 | 126,561 | 1,835 | |
| Acceptances and guarantees | 4,853,440 | 5,383,121 | (529,680) | |
| Total liabilities | 100,629,052 | 93,854,844 | 6,774,207 | 9 |
| Minority interest | 339,745 | 329,902 | 9,843 | |

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|---|-------------|------------|-----------|
| ----- | | | |
| Shareholders' equity: | | | |
| Capital stock | 1,258,052 | 1,146,500 | 111,552 |
| Capital surplus | 931,304 | 835,048 | 96,255 |
| Retained earnings | 1,244,197 | 944,245 | 299,951 |
| Land revaluation excess | 186,364 | 198,590 | (12,225) |
| Unrealized gains (losses) on securities available for sale | 186,295 | (9,521) | 195,816 |
| Foreign currency translation adjustments | (60,670) | (81,228) | 20,558 |
| Less treasury stock | (3,335) | (98,724) | 95,388 |
| ----- | | | |
| Total shareholders' equity | 3,742,207 | 2,934,909 | 807,298 |
| ----- | | | |
| Total liabilities, minority interest and shareholders' equity | 104,711,005 | 97,119,655 | 7,591,349 |
| ===== | | | |

See Notes to Consolidated Financial Statements.

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(Japanese GAAP)

Mitsubishi Tokyo Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statements of Operations

| (in millions of yen) | For the six months ended | | | For en 3 |
|--|--------------------------|-----------|-----------|----------------|
| | 2003 (A) | 2002 (B) | (A) - (B) | |
| ----- | | | | |
| Ordinary income: | | | | |
| Interest income: | | | | |
| Interest on loans and discounts | 454,784 | 519,318 | (64,534) | |
| Interest and dividends on securities | 178,509 | 177,292 | 1,217 | |
| Other interest income | 123,071 | 186,518 | (63,447) | |
| ----- | | | | |
| Total interest income | 756,365 | 883,129 | (126,764) | |
| Trust fees | 36,452 | 47,957 | (11,504) | |
| Fees and commissions | 234,025 | 201,837 | 32,188 | |
| Trading profits | 76,177 | 54,283 | 21,893 | |
| Other business income | 169,633 | 133,006 | 36,627 | |
| Other ordinary income | 88,275 | 105,197 | (16,922) | |
| ----- | | | | |
| Total ordinary income | 1,360,929 | 1,425,412 | (64,482) | |
| ----- | | | | |
| Ordinary expenses: | | | | |
| Interest expense: | | | | |
| Interest on deposits | 84,492 | 119,535 | (35,042) | |
| Interest on debentures and amortization of debenture discounts | 2,310 | 5,654 | (3,343) | |
| Other interest expense | 137,472 | 236,621 | (99,149) | |
| ----- | | | | |
| Total interest expense | 224,276 | 361,811 | (137,535) | |
| Fees and commissions | 38,224 | 33,621 | 4,602 | |
| Trading losses | 4,136 | 10,549 | (6,413) | |

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|--|-----------|-----------|-----------|
| Other business expenses | 108,115 | 69,084 | 39,030 |
| General and administrative expenses | 523,123 | 511,825 | 11,298 |
| Other ordinary expenses | 189,621 | 631,820 | (442,198) |
| ----- | | | |
| Total ordinary expenses | 1,087,497 | 1,618,712 | (531,215) |
| ----- | | | |
| Ordinary profit (loss) | 273,432 | (193,300) | 466,732 |
| ----- | | | |
| Special gains | 249,702 | 27,271 | 222,431 |
| Special losses | 14,800 | 14,405 | 395 |
| ----- | | | |
| Income (Loss) before income taxes and others | 508,334 | (180,434) | 688,768 |
| ----- | | | |
| Income taxes-current | 25,503 | 31,920 | (6,416) |
| Income taxes-deferred | 159,516 | (27,033) | 186,550 |
| Minority interest | 21,436 | 2,777 | 18,658 |
| ----- | | | |
| Net income (loss) | 301,877 | (188,098) | 489,976 |
| ===== | | | |

See Notes to Consolidated Financial Statements.

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(Japanese GAAP)

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, 2003 (A) | 2002 (B) |
| ===== | | |
| Consolidated Statements of Capital Surplus | | |
| Balance of capital surplus at beginning of fiscal year | 932,016 | 834,6 |
| ----- | | |
| Increase: | -- | 4 |
| Issuance of common stock due to capital increase | -- | 4 |
| Gains on sales of treasury stock, net of income taxes | -- | 4 |
| ----- | | |
| Decrease: | (712) | |
| Losses on sales of treasury stock, net of income taxes | (712) | |
| ----- | | |
| Balance of capital surplus at end of (interim) fiscal year | 931,304 | 835,0 |
| ===== | | |
| Consolidated Statements of Retained Earnings | | |
| Balance of retained earnings at beginning of fiscal year | 962,347 | 1,189,7 |
| ----- | | |
| Increase: | 310,932 | 6,1 |
| Net income | 301,877 | |
| Reduction in land revaluation excess | 9,054 | 3,0 |
| Change in ownership percentage to a consolidated subsidiary due to stock repurchase by the subsidiary | -- | 2,7 |
| Decrease in companies accounted for by the equity method | -- | 3 |
| ----- | | |

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| | | |
|--|-----------|--------|
| Decrease: | (29,082) | (251,6 |
| Net loss | -- | (188,0 |
| Cash dividends | (29,078) | (41,7 |
| Bonuses to directors of consolidated subsidiaries | (3) | |
| Reduction in land revaluation excess | -- | |
| Change in ownership percentage to consolidated subsidiaries and a company accounted for by the equity method due to their merger | -- | (17,7 |
| Increase in consolidated subsidiaries and companies accounted for by the equity method | -- | (4,0 |
| ----- | ----- | ----- |
| Balance of retained earnings at end of (interim) fiscal year | 1,244,197 | 944,2 |
| ===== | ===== | ===== |

See Notes to Consolidated Financial Statements.

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(Japanese GAAP)
Mitsubishi Tokyo Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

| (in millions of yen) | For the six months ended | |
|--|--------------------------|------------------------|
| | September 30, 2003 (A) | September 30, 2002 (A) |
| ===== | ===== | ===== |
| Cash flows from operating activities: | | |
| Income (Loss) before income taxes and others | 508,334 | (180,334) |
| Depreciation | 46,061 | 39,061 |
| Goodwill amortization | (599) | (599) |
| Equity in loss (earnings) of affiliates | (1,232) | 6,232 |
| Increase (decrease) in allowance for loan losses | (253,853) | (153,853) |
| Increase (decrease) in allowance for losses on investment securities | 1,121 | 2,121 |
| Increase (decrease) in reserve for losses on real estate-collateralized loans sold | -- | (5,000) |
| Increase (decrease) in reserve for employees' bonuses | 202 | 202 |
| Increase (decrease) in reserve for employees' retirement benefits | (4,502) | 4,502 |
| Increase (decrease) in reserve for expenses related to EXPO 2005 Japan | 53 | 53 |
| Interest income recognized on statements of operations | (756,365) | (883,365) |
| Interest expenses recognized on statements of operations | 224,276 | 361,276 |
| Investment securities losses (gains) | 10,035 | 210,035 |
| Losses (gains) on money held in trust | (3,895) | 8,895 |
| Foreign exchange losses (gains) | 302,701 | 148,701 |
| Losses (gains) on sales of premises and equipment | 7,721 | 11,721 |
| Net decrease (increase) in trading assets | (831,976) | 200,976 |
| Net increase (decrease) in trading liabilities | 53,836 | 1,265,836 |
| Adjustment of unsettled trading accounts | (44,595) | (610,595) |
| Net decrease (increase) in loans and bills discounted | 587,495 | 1,639,495 |
| Net increase (decrease) in deposits | 2,511,203 | 592,203 |
| Net increase (decrease) in negotiable certificates of deposit | (317,583) | (119,583) |
| Net increase (decrease) in debentures | (119,456) | (1,077,456) |
| Net increase (decrease) in borrowed money (excluding subordinated borrowings) | (54,327) | (208,327) |
| Net decrease (increase) in due from banks (excluding cash equivalents) | 244,440 | 491,440 |
| Net decrease (increase) in call loans and bills bought and others | (589,857) | 623,857 |
| Net decrease (increase) in receivables under securities borrowing | | |

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| | | |
|--|--------------|----------|
| transactions | (3,284,170) | (736) |
| Net increase (decrease) in call money and bills sold and others | 961,881 | (1,112) |
| Net increase (decrease) in commercial paper | (54,575) | 69 |
| Net increase (decrease) in payables under securities lending transactions | 667,873 | 377 |
| Net decrease (increase) in foreign exchanges (assets) | 19,949 | (54) |
| Net increase (decrease) in foreign exchanges (liabilities) | 387,258 | 134 |
| Net increase (decrease) in short-term corporate bonds (liabilities) | 203,500 | |
| Net increase (decrease) in issuance and redemption of unsubordinated bonds and notes | 127,506 | 229 |
| Net increase (decrease) in due to trust account | (65,076) | (646) |
| Interest income (cash basis) | 810,788 | 958 |
| Interest expenses (cash basis) | (272,624) | (413) |
| Other | (301,910) | 104 |
| <hr/> | | |
| Sub-total | 719,638 | 1,276 |
| Income taxes | (19,489) | (30) |
| <hr/> | | |
| Net cash provided by operating activities | 700,148 | 1,245 |
| Cash flows from investing activities: | | |
| Purchases of investment securities | (23,411,837) | (22,905) |
| Proceeds from sales of investment securities | 17,576,271 | 12,765 |
| Proceeds from maturities of investment securities | 6,969,299 | 9,460 |
| Increase in money held in trust | (61,595) | (64) |
| Decrease in money held in trust | 5,043 | 48 |
| Purchases of premises and equipment | (15,173) | (29) |
| Proceeds from sales of premises and equipment | 32,040 | 15 |
| Purchases of equity of newly consolidated subsidiaries | -- | |
| Proceeds from sales of equity of subsidiaries resulting deconsolidation | 2,022 | |
| <hr/> | | |
| Net cash provided by (used in) investing activities | 1,096,071 | (709) |
| Cash flows from financing activities: | | |
| Increase in subordinated borrowings | 104,345 | 115 |
| Decrease in subordinated borrowings | (139,845) | (70) |
| Increase in subordinated bonds and notes and bonds with warrants | 191,642 | 161 |
| Decrease in subordinated bonds and notes and bonds with warrants | (17,057) | (279) |
| Proceeds from issuance of common stock | -- | |
| Proceeds from issuance of common stock to minority shareholders | 9,422 | 11 |
| Dividend paid by the parent | (29,010) | (41) |
| Dividend paid by subsidiaries to minority shareholders | (13,372) | (3) |
| Purchases of treasury stock | (139) | |
| Proceeds from sales of treasury stock | 910 | 11 |
| <hr/> | | |
| Net cash provided by (used in) financing activities | 106,895 | (95) |
| Effect of exchange rate changes on cash and cash equivalents | 2,772 | (72) |
| <hr/> | | |
| Net increase in cash and cash equivalents | 1,905,887 | 368 |
| Cash and cash equivalents at beginning of fiscal year | 4,049,530 | 1,741 |
| Increase in cash and cash equivalents due to consolidation of new subsidiaries | -- | 34 |
| Decrease in cash and cash equivalents due to deconsolidation of subsidiaries | -- | |
| <hr/> | | |
| Cash and cash equivalents at end of (interim) fiscal year | 5,955,417 | 2,145 |
| <hr/> | | |

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Notes to Consolidated Financial Statements

Notes related to the Consolidated Balance Sheet as of September 30, 2003 are as follows:

1. Basis of Presentation

The accompanying Consolidated Balance Sheet of Mitsubishi Tokyo Financial Group, Inc. ("MTFG") and its subsidiaries is compiled as required by the Banking Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as compared to the application and disclosure requirements of International Accounting Standards. The Consolidated Balance Sheet is not intended to present the financial position in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. 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 securities and monetary claims purchased for trading purposes are stated at market value at interim fiscal year end. Trading-related financial derivatives such as swaps, futures or options are stated at the estimated amounts that would be received or paid for settlement if such transactions were terminated 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.

4. Securities in Money Held in Trust

Securities included in Money held in trust are stated at the same method as described in notes 2. and 3.

5. Derivatives

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

In the previous fiscal year, MTFG's domestic banking subsidiary and trust banking subsidiary adopted the transitional treatments prescribed in the Industry Audit Committee Report No. 25, "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" issued by the Japanese Institute of Certified Public Accountants (the "JICPA") on July 29, 2002. According to the transitional treatments, currency swap transactions and fund swap transactions for the purpose of funds borrowing/lending in different currencies were accounted for on an accrual basis as financing transactions in accordance with the Industry Audit Committee Report No. 20, "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" issued by the JICPA on November 14, 2000. In the current interim fiscal year, such swap transactions are stated at market value as derivative transactions and net assets or liabilities are recorded on the balance sheet in accordance with the standard treatments of the Industry Audit Committee Report No. 25.

As a result, "Other assets" and "Other liabilities" increased by (Y)81,105 million, respectively. With respect to the currency swap transactions and fund swap transactions which had been accounted for on an accrual basis, the change had no effects on the results of operations since MTFG's domestic banking subsidiary and trust banking subsidiary applied hedge accounting in accordance with the Industry Audit Committee Report No. 25. Summary of the hedge accounting is described in Note 16.

In the previous fiscal year, the translation adjustments of forward exchange transactions and other relevant transactions in MTFG's domestic banking subsidiary were reported as other in "Other assets" or other in "Other liabilities" on a net basis by applying the transitional treatments prescribed in the Industry Audit Committee Report No. 25. In the current interim fiscal year, they are reported as trading derivative financial instruments in "Trading assets" and "Trading liabilities" or as derivative financial instruments in "Other assets" and "Other liabilities" on a gross basis in accordance with the standard treatments of the Report No. 25. The translation adjustments of forward exchange transactions and other relevant transactions in MTFG's domestic trust banking subsidiary were reported as other in "Other assets" or other in "Other liabilities." In the current interim fiscal year, they are reported as trading derivative financial instruments in "Trading assets" and "Trading liabilities" or as derivative financial instruments in "Other assets" and "Other liabilities." As a result, "Trading assets" increased by (Y)60,878 million, "Trading liabilities" decreased by (Y)377 million, "Other assets" increased by (Y)715,102 million and "Other liabilities" increased by (Y)776,358 million.

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 | 5 years to 20 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. Bonds Issuance Costs

Bonds 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 equity securities of affiliated companies which are translated into yen equivalents at the exchange rates prevailing at the acquisition date for 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

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

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For claims to debtors who are legally bankrupt (due to bankruptcy, special liquidation, 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 the charge-off as stated below, 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 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 claims, 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 and to be closely watched for which future cash flows could be reasonably estimated, an allowance is provided for the difference between the present value of 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.

The 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 collateral or guarantees, which is deemed uncollectible, has been charged-off and the amount was (Y)605,373 million.

An allowance for loan losses of other consolidated subsidiaries is provided based on historical loan losses 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 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 estimated amounts 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. The unrecognized net retirement benefit obligation at the adoption of new accounting standard is being amortized using the straight-line method over 5 years.

14. Equipment Used under Finance Lease Agreements

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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, in the previous fiscal year,

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MTFG's domestic banking subsidiary and trust banking subsidiary principally applied the "macro hedge" accounting for which they manage interest rate risks arising from various deposits and loans etc. with derivative transactions as a whole in conformity with the transitional treatments prescribed in the 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 JICPA on February 13, 2002. Since the beginning of the current interim fiscal year, they have adopted portfolio hedges or individual hedges prescribed in the Report No. 24 and the Accounting Committee Report No. 14, "Practical Guidelines for Accounting for Financial Instruments" issued by the JICPA on January 31, 2000. The method of the hedge accounting is the deferral method.

In 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 in accordance with the Industry Audit Committee Report No. 24. In hedging activities offsetting changes in the fair value of fixed rate bonds, they distinguish hedged items by individual bond or identical type 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, hedge relationship is deemed to be highly effective and the hedge effectiveness testing is substituted. MTFG's domestic trust banking subsidiary applies exceptional treatments permitted for interest rate swaps for certain assets and liabilities and, therefore, omits testing hedge effectiveness.

In 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, hedge relationship is deemed to be highly effective and the hedge effectiveness testing is substituted. 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. Deferred hedge losses and deferred hedge gains attributable to the macro hedge accounting as of September 30, 2003 were (Y)304,517 million and (Y)363,926 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, since the beginning of the current interim fiscal year, MTFG's domestic banking subsidiary and trust banking subsidiary have applied the deferral hedge accounting by distinguishing hedged items by grouping the foreign-currency-denominated financial assets and liabilities by currencies and designating currency swap

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transactions and forward exchange contracts (funds swap transactions) as hedging instruments, pursuant to the Industry Audit Committee Report No. 25.

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 the 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 designated as hedging instruments are appropriately conducted in conformity with the non-arbitrary and strict hedging policy in accordance with the

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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 to be held in Aichi Prefecture in 2005. The reserve is provided pursuant to Article 43 of the Commercial Code and includes the allowance provided pursuant to Article 68-52 of the Special Taxation Measures Law.

20. Reserves under Special Laws

Pursuant to Article 82 of the Financial Futures Transactions Law, a reserve for contingent liabilities from brokering of financial futures transactions of (Y)31 million was provided.

Pursuant to Article 51 of the Securities and Exchange Law, a reserve for contingent liabilities from brokering of securities transactions of (Y)1,017 million was provided.

21. Consolidated Corporate-tax System

MTFG and certain domestic consolidated subsidiaries adopt consolidated corporate-tax system, with MTFG being a parent company under the system.

22. Due from Directors of MTFG

Due from directors of MTFG was (Y)102 million.

23. Accumulated Depreciation

Accumulated depreciation on premises and equipment was (Y)636,810 million.

24. Accumulated Deferred Gains on Sales of Real Estate

Accumulated deferred gains on sales of real estate of (Y)49,407 million were deducted from the acquisition cost of newly acquired premises and equipment.

25. Nonaccrual Loans

Loans to customers in bankruptcy and past due loans are included in Loans and bills discounted, and the amounts were (Y)74,545 million and (Y)933,469 million, respectively. The amount of past due loans included loans of (Y)22,426 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, which are defined in Article 96, Paragraph 1, Subparagraph 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.

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26. 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 (Y)17,682 million. Loans classified as loans to customers in bankruptcy or past due loans are excluded.

27. Restructured Loans

Restructured loans are included in Loans and bills discounted, and the amount was (Y)887,341 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 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.

28. Nonaccrual Loans, Accruing Loans Contractually Past Due 3 Months or More and Restructured Loans

Total amount of nonaccrual loans, accruing loans contractually past due 3 months or more and restructured loans was (Y)1,913,039 million. The amount of past due loans included loans of (Y)22,426 million entrusted to the Resolution and Collection Corporation, which facilitates the removal of problem loans from balance sheet.

The amounts reflected in Notes 25. to 28. represent the gross receivable amounts prior to reduction for the allowance for loan losses.

29. 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 and the total face value was (Y)747,615 million.

30. Assets Pledged

Assets pledged as collateral were as follows:

| | |
|----------------------------|----------------------|
| Cash and due from banks | (Y)3,375 million |
| Trading assets | (Y)169,993 million |
| Investment securities | (Y)1,154,950 million |
| Loans and bills discounted | (Y)1,945,083 million |
| Premises and equipment | (Y)5,351 million |

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Liabilities related to the pledged assets were as follows:

| | |
|----------------------------|----------------------|
| Deposits | (Y)268,540 million |
| Call money and bills sold | (Y)2,741,800 million |
| Borrowed money | (Y)76,205 million |
| Other liabilities | (Y)150 million |
| Acceptances and guarantees | (Y)3,173 million |

In addition, Cash and due from banks of (Y)182,338 million, Trading assets of (Y)2,876 million, Investment securities of (Y)2,544,781 million, Loans and bills discounted of (Y)1,452,017 million and Other assets of (Y)88,348 million were pledged as collateral for settlement of exchange or derivatives transactions or as valuation margin.

Trading assets of (Y)2,185,564 million and Investment securities of (Y)2,541,945 million were sold under repurchase agreements or lent under secured lending transactions, and Payables under repurchase agreements of (Y)2,728,651 million and

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Payables under securities lending transactions of (Y)2,582,123 million were corresponding.

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 (Y)22,678 million.

31. Land Revaluation Excess

Pursuant to the Law concerning Revaluation of Land, promulgated on March 31, 1998 and revised on March 31, 2001, land used for business operations of domestic subsidiaries has been revalued as of the following dates. 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 National Tax Agency in order to calculate the land value for a basis of determining 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.

32. Subordinated Borrowings

Subordinated borrowings of (Y)735,104 million were included in Borrowed money.

33. Subordinated Bonds

Subordinated bonds of (Y)1,704,200 million were included in Bonds and notes.

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34. Guaranteed Trusts

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 (Y)961,844 million and (Y)1,281,285 million, respectively.

35. Net Assets per Common Share

Net assets per common share were (Y)532,290.27.

36. 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 lower than cost
 Issuers who are to be closely watched: Market value is 30% or more lower than cost
 Other issuers: Market value is 50% or more lower than cost

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37. Market Value of Securities

Market value and valuation differences of securities were as follows. 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 38. to 40.

Trading securities

| | |
|--|----------------------|
| Balance sheet amount | (Y)5,976,417 million |
| Valuation losses included in Income before income taxes and others | (Y)(2,347) million |

Marketable debt securities being held to maturity

| | Balance sheet amount | Market value | Differences | (in millions of yen) | |
|------------------|----------------------|--------------|-------------|----------------------|--------|
| | | | | Gains | Losses |
| Domestic bonds | 180,862 | 187,271 | 6,408 | 6,411 | 2 |
| Government bonds | 3,269 | 3,408 | 138 | 138 | -- |
| Municipal bonds | 116,762 | 120,589 | 3,826 | 3,828 | 2 |
| Corporate bonds | 60,829 | 63,273 | 2,444 | 2,444 | -- |
| Other securities | 257,265 | 261,231 | 3,966 | 3,967 | 0 |
| Foreign bonds | 74,926 | 78,892 | 3,966 | 3,967 | 0 |
| Other | 182,338 | 182,338 | -- | -- | -- |
| ----- | | | | | |
| Total | 438,127 | 448,502 | 10,375 | 10,378 | 3 |

Marketable securities available for sale

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| | Cost | Balance sheet amount | Valuation differences | (in millions of yen) | |
|----------------------------|-------------------|----------------------|-----------------------|----------------------|----------------|
| | | | | Gains | Losses |
| Domestic equity securities | 3,023,771 | 3,277,796 | 254,024 | 494,697 | 240,672 |
| Domestic bonds | 11,144,886 | 11,110,315 | (34,570) | 28,869 | 63,440 |
| Government bonds | 9,354,067 | 9,315,897 | (38,169) | 18,519 | 56,689 |
| Municipal bonds | 390,704 | 393,589 | 2,885 | 4,415 | 1,530 |
| Corporate bonds | 1,400,114 | 1,400,828 | 713 | 5,934 | 5,220 |
| Other securities | 7,727,136 | 7,822,282 | 95,145 | 154,136 | 58,991 |
| Foreign equity securities | 16,764 | 34,512 | 17,748 | 18,089 | 340 |
| Foreign bonds | 6,162,404 | 6,252,956 | 90,552 | 121,124 | 30,571 |
| Other | 1,547,968 | 1,534,812 | (13,155) | 14,923 | 28,078 |
| Total | 21,895,795 | 22,210,394 | 314,599 | 677,703 | 363,104 |

Valuation differences, net of (Y)126,965 million of related deferred tax liabilities, were (Y)187,634 million. Net valuation differences, excluding minority interest of (Y)2,528 million and adding MTFG's ownership percentage of affiliates' unrealized gains on securities available for sale of (Y)1,000 million, were (Y)186,106 million which were included in Unrealized gains on securities available for sale.

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38. 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 |
|---------------------|------------|------------|
| (Y)17,766,183 | (Y)144,633 | (Y)145,376 |

39. 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 | (Y)20,442 million |
| Securities available for sale | |
| Domestic equity securities | (Y)170,093 million |
| Domestic corporate bonds | (Y)339,304 million |
| Foreign bonds | (Y)65,148 million |

40. 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 |
|------------------|-------------------|----------------------------------|------------------------------------|--------------------|
| Domestic bonds | 2,637,158 | 7,006,505 | 1,405,163 | 587,533 |
| Government bonds | 2,295,817 | 5,281,191 | 1,154,670 | 587,487 |
| Municipal bonds | 82,719 | 308,358 | 125,152 | -- |
| Corporate bonds | 258,620 | 1,416,955 | 125,339 | 46 |
| Other bonds | 1,804,545 | 4,166,856 | 660,569 | 949,711 |

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| | | | | |
|---------------|-----------|------------|-----------|-----------|
| Foreign bonds | 1,542,180 | 3,935,334 | 532,537 | 369,950 |
| Other | 262,365 | 231,521 | 128,031 | 579,760 |
| | | | | |
| Total | 4,441,704 | 11,173,361 | 2,065,732 | 1,537,244 |

41. Money Held in Trust

Classification of Money held in trust was as follows:

Money held in trust for trading purposes

Balance sheet amount (Y)335,712 million

Valuation gains included in Income before income taxes and others (Y)8,088 million

Other Money held in trust

| | | | (in millions) | |
|------------|----------------------|-----------------------|---------------|--------|
| Cost | Balance sheet amount | Valuation differences | Gains | Losses |
| (Y)134,190 | (Y)134,508 | (Y)317 | (Y)317 | -- |

Valuation differences, net of (Y)128 million of related deferred tax liabilities, were (Y)189 million which were included in Unrealized gains on securities available for sale.

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42. Securities Lent/Borrowed

Unsecured securities lent for which borrowers have rights of sale or pledge were included in Investment securities and the amount was (Y)49,592 million.

With respect to borrowed securities and purchased securities under resale agreements that are permitted to be sold or pledged, (Y)3,945,324 million were pledged, (Y)677,937 million were lent and (Y)5,082,471 million were held at hand at this interim fiscal year end.

43. Loan Commitments

Contracts of overdraft facilities and loan commitment limits are contracts under which customers are lent to up to the prescribed limits in response to the customers' application for a loan as long as there is no violation of any condition in the contracts. The unused amount within the limits relating to these contracts was (Y)28,811,652 million.

Since many of these commitments expire without being drawn, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that allow MTFG and its consolidated subsidiaries to refuse the customers' application for a loan or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness, etc.). At the inception of contracts, MTFG and its consolidated subsidiaries obtain real estate, securities, etc. as collateral if considered to be necessary. Subsequently, MTFG and its consolidated subsidiaries perform periodic reviews of the customers' business results based on internal rules, and take necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

44. Transfer of Substitutional Portion of Pension Obligations

On August 1, 2003, according to the enactment of the Defined Benefit Pension Plan Law, MTFG's domestic banking subsidiary obtained an approval of exemption from the substitutional portion of its future pension obligations by the Minister of Health, Labor and Welfare. MTFG's domestic banking subsidiary recognized extinguishment of benefit obligation and plan assets as of the date of approval in accordance with a transitional measurement prescribed in Article 47-2 of the Accounting Committee Report No. 13, "Practical Guidelines for Accounting for Retirement Benefits (Interim Report)" issued by the JICPA on September 14, 1999.

As a result, special gains of (Y)26,503 million were recorded in this

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interim fiscal year.

The substitutional portion of the plan assets which will be transferred to the government in the subsequent year measured at the interim fiscal year-end was (Y)98,002 million.

45. Derivatives Embedded in Hybrid Financial Instruments

The derivatives, which were embedded in hybrid financial instruments and not required to be accounted separately from the host contracts, had been accounted for on an accrual basis together with the host contracts. Since the beginning of the current interim fiscal year, such embedded derivatives have been measured at market value and their valuation gains (losses) have been reported in current earnings if they are managed separately from the host contracts.

Such hybrid financial instruments had been risk adjusted items in the macro hedge accounting. Since the beginning of the current interim fiscal year, MTFG's domestic banking subsidiary and trust banking subsidiary have adopted the standard treatments of the Industry Audit Committee Report No. 24 and, therefore, valuation gains (losses) on the derivatives which used to be risk adjusting instruments in the macro hedge accounting are reported in current earnings. In response to this change, they changed the accounting for the embedded derivatives, which had been accounted together with the host contracts, and measured them at market value and reported their valuation gains (losses) in current earnings if they are managed separately from the host contracts.

As a result, ordinary profit and income before income taxes and others increased by (Y)7,442 million, respectively.

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Notes related to the Consolidated Statement of Operations for the six months ended September 30, 2003 are as follows:

1. Basis of Presentation

The accompanying Consolidated Statement of Operations is compiled as required by the Banking Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as compared to application and disclosure requirements of International Accounting Standards. The Consolidated Statement of Operations is not intended to present the results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. 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. Net Income per Common Share

Net income per common share was (Y)47,619.95.

3. Net Income per Common and Common Equivalent Share

Net income per common and common equivalent share was (Y)45,810.42.

4. Trading Profits and Losses

Profits and losses on trading transactions are shown as Trading profits or Trading losses on a trade date basis.

The amounts of the above profits and losses presented are the sum of (1) the difference between the valuation gains or losses at the beginning and end of the current interim fiscal year in the case of securities and monetary claims purchased, and the difference between the amount of unrealized gains or losses at the beginning and end of current interim fiscal year in the case of trading-related financial derivatives, and (2) interest received or paid in cash during the interim fiscal year.

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5. Other Ordinary Income

Other ordinary income included gains on sales of equity securities of (Y)48,009 million.

6. Other Ordinary Expenses

Other ordinary expenses included losses on sales of equity securities of (Y)53,429 million, losses on loan charge-offs of (Y)49,840 million and losses on sales of loans and other claims of (Y)20,471 million.

7. Special Gains

Special gains included reversal of allowance for loan losses of (Y)163,548 million, refund of enterprise taxes by the Tokyo Metropolitan Government plus accrued interest of (Y)41,958 million and gains on transfer of the substitutional portion of future pension obligations of (Y)26,503 million.

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Note related to the Consolidated Statement of Capital Surplus and Retained Earnings for the six months ended September 30, 2003 is as follows:

1. Basis of Presentation

The accompanying Consolidated Statement of Capital Surplus and Retained Earnings is compiled as required by the Banking Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as compared to application and disclosure requirements of International Accounting Standards. The Consolidated Statement of Capital Surplus and Retained Earnings is not intended to present the results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. 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.

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Notes related to the Consolidated Statement of Cash Flows for the six months ended September 30, 2003 are as follows:

1. Basis of Presentation

The accompanying Consolidated Statement of Cash Flows is compiled as required by the Banking Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as compared to application and disclosure requirements of International Accounting Standards. The Consolidated Statement of Cash Flows is not intended to present the results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. 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. Definition of Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as those amounts included in Cash and due from banks excluding time deposits and negotiable certificates of deposits in other banks.

3. Reconciliation to the Cash and Cash Equivalents

The reconciliation of the Cash and due from banks in the Consolidated Balance Sheet to the Cash and cash equivalents at end of interim fiscal year is

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as follows:

| | |
|--|---------------|
| | (in millions) |
| Cash and due from banks | (Y) 9,912,534 |
| Time deposits and negotiable certificates of deposit in other banks | (3,957,116) |
| | ----- |
| Cash and cash equivalents at end of interim fiscal year | (Y) 5,955,417 |
| | ===== |

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Mitsubishi Tokyo Financial Group, Inc., and Subsidiaries

Significant Policies in Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 176

Significant companies

The Bank of Tokyo-Mitsubishi, Ltd. The Mitsubishi Trust and Banking Corporation

(2) Number of non-consolidated subsidiaries: 3

Non-consolidated subsidiaries are excluded from the scope of consolidation since their assets, ordinary income, and our ownership percentage of their net income or retained earnings do not have a material impact on our results of operations or financial condition.

2. Application of the Equity Method

(1) Number of affiliated companies accounted for by the equity method: 31

Significant companies

Diamond Lease Co., Ltd. The Master Trust Bank of Japan, Ltd.
Diamond Computer Service Co., Ltd. M&T Information Technology Co., Ltd.
BOT Lease Co., Ltd. MTBC Bank Deutschland GmbH

(2) Number of non-consolidated subsidiaries and affiliated companies not accounted for by the equity method: 3

Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method are excluded from the scope of the equity method since our ownership percentage of their net income or retained earnings do not have a material impact on our consolidated financial statements.

(3) Although we own 29.3% of voting rights for Sanwa Tatemono Co., Ltd., we do not regard it as an affiliated company since we do not have the ability to exercise significant influence over the company due to its commencement of corporate rehabilitation proceedings pursuant to the Corporate Rehabilitation Law in June 1994.

3. Interim Fiscal Year Ends of Consolidated Subsidiaries

(1) Interim fiscal year ends of consolidated subsidiaries are as follows:

| | | | | | | | |
|----------|---|-----|--------------|--------------|---|----|--------------|
| April 30 | : | 2 | subsidiaries | August 31 | : | 1 | subsidiary |
| June 30 | : | 107 | subsidiaries | September 30 | : | 66 | subsidiaries |

(2) Subsidiaries whose interim fiscal year ends are April 30 are consolidated based on their financial statements ended on July 31. Other subsidiaries are consolidated based on financial statements for their respective interim fiscal year ends. Significant transactions occurred during the intervening periods are reflected in the consolidated

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financial statements.

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Mitsubishi Tokyo Financial Group, Inc. and Consolidated Subsidiaries

Segment Information

1. Business segment information

[For the six months ended September 30, 2003]

(in

| | Banking | Trust Banking | Securities | Other | Total | (Eliminatio |
|---|---------|------------------|------------|---------|-----------|-------------|
| Ordinary income: | | | | | | |
| (1) Ordinary income from customers | 937,791 | 262,566 | 92,013 | 68,557 | 1,360,929 | |
| (2) Internal ordinary income among segments | 11,140 | 9,811 | 6,063 | 45,841 | 72,857 | (72,8 |
| Total ordinary income | 948,932 | 272,378 | 98,077 | 114,398 | 1,433,786 | (72,8 |
| Ordinary expenses | 774,880 | 206,952 | 75,610 | 66,289 | 1,123,732 | (36,2 |
| Ordinary profit (loss) | 174,051 | 65,426 | 22,467 | 48,108 | 310,054 | (36,6 |