MITSUBISHI UFJ FINANCIAL GROUP INC
Form 6-K
January 29, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

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

the Securities Exchange Act of 1934

For the month of January 2016

Commission File Number 000-54189

MITSUBISHI UFJ FINANCIAL GROUP, INC.

(Translation of registrant s name into English)

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

Tokyo 100-8330, Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or

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

Form 20-F __X__ Form 40-F ________

Indicate by check mark if the registrant is submitting the Form 6-K

in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K

in paper as permitted by Regulation S-T Rule 101(b)(7):

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EXHIBITS TO FORM 6-K

Exhibit Number	Description
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

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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: January 29, 2016

Mitsubishi UFJ Financial Group, Inc.

By:	/s/ Yasuo Matsumoto
Name:	Yasuo Matsumoto
Title:	Chief Manager Documentation & Corporate Secretary Department Corporate Administration Division

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FINANCIAL REVIEW

Introduction

We, Mitsubishi UFJ Financial Group, Inc., or MUFG, are a holding company for The Bank of Tokyo-Mitsubishi UFJ, Ltd., or BTMU, Mitsubishi UFJ Trust and Banking Corporation, or MUTB, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., or MUMSS (through Mitsubishi UFJ Securities Holdings Co., Ltd., or MUSHD, an intermediate holding company), Mitsubishi UFJ NICOS Co., Ltd., and other subsidiaries. Through our subsidiaries and affiliated companies, we engage in a broad range of financial businesses and services, including commercial banking, investment banking, trust banking and asset management services, securities businesses, and credit card businesses, and provide related services to individuals and corporate customers in Japan and abroad.

For the purposes of this Report, we have prepared our unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, except for otherwise specifically identified information, including business segment information and risk-adjusted capital ratios. Unless otherwise stated or the context otherwise requires, all amounts in our unaudited condensed consolidated financial statements are expressed in Japanese yen.

Summary of Our Recent Financial Results

We reported net income attributable to Mitsubishi UFJ Financial Group of ¥381.3 billion for the six months ended September 30, 2015, a decrease of ¥457.0 billion from ¥838.3 billion for the six months ended September 30, 2014. Our diluted earnings per common share (earnings applicable to common shareholders of Mitsubishi UFJ Financial Group) for the six months ended September 30, 2015 was ¥27.19, a decrease of ¥31.16 from ¥58.35 for the six months ended September 30, 2014. Income before income tax expense for the six months ended September 30, 2015 was ¥510.2 billion, a decrease of ¥763.8 billion from ¥1,274.0 billion for the six months ended September 30, 2014. Our business and results of operations, as well as our assets and liabilities, are heavily influenced by trends in economic conditions particularly in Japan. During the six months ended September 30, 2015, Japan s gross domestic product, or GDP, grew. This was due to a rebound in private spending after the sharp decline caused by the increase in the consumption tax rate in April 2014. Interest rates remained low under the Bank of Japan s monetary policy during the six months ended September 30, 2015, while the Japanese stock market experienced volatility and stock prices declined towards the end of the six-month period, as concerns over the strength of the Chinese economy arose following the devaluation of the Chinese yuan, and as oil prices decreased. Our results of operations for the six months ended September 30, 2015 were also affected by higher long-term interest rates, and fluctuations in foreign currency exchange rates. Long-term interest rates increased mainly due to weaker demand for European sovereign bonds. While the Japanese yen depreciated significantly against the U.S. dollar in the six months ended September 30, 2014, the Japanese yen traded at a similar level for the U.S. dollar at the beginning of the six-month period ended September 30, 2015 and at the end of the same period. While the Japanese yen appreciated against the Euro in the six months ended September 30, 2014, the Japanese yen depreciated against the Euro in the six months ended September 30, 2015.

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The following table presents some key figures relating to our financial results:

	Six months ended September 30, 2014	2015
	(in billions, except per share data)	
Net interest income	¥ 1,101.4	¥ 1,130.6
Credit for credit losses	68.1	7.2
Non-interest income	1,432.8	756.1
Non-interest expense	1,328.3	1,383.7
Income before income tax expense	1,274.0	510.2
Net income before attribution of noncontrolling interests	864.0	413.1
Net income attributable to Mitsubishi UFJ Financial Group	838.3	381.3
Diluted earnings per common share Earnings applicable to common shareholders of Mitsubishi UFJ Financial Group	58.35	27.19

Our net income attributable to Mitsubishi UFJ Financial Group mainly reflects the following:

Net interest income. Net interest income is a function of:

- the amount of interest-earning assets,
- the amount of interest-bearing liabilities,
- the general level of interest rates,
- the so-called spread, or the difference between the rate of interest earned on interest-earning assets and the rate of interest paid on interest-bearing liabilities, and
- the proportion of interest-earning assets financed by non-interest-bearing liabilities and equity.

Net interest income for the six months ended September 30, 2015 was ¥1,130.6 billion, an increase of ¥29.2 billion from ¥1,101.4 billion for the six months ended September 30, 2014. The increase in net interest income was primarily attributable to an increase in interest income from foreign loans reflecting the larger average volume, despite a decrease in the average loan interest rate, as well as an increase in interest income from foreign investment securities reflecting an increase in the average volume of such securities. Interest income from domestic loans, however, decreased reflecting the lower average interest rate despite an increase in the average balance. The increase in interest income was partially offset by an increase in interest expense. Interest expense increased mainly due to an increase in interest expense on foreign interest-bearing deposits. This was due to an increase in the average volume in foreign branches of our banking subsidiaries as well as an increase in interest expense on domestic long-term debt due to an increase in the average volume, despite the lower average interest rate. The average interest rate spread decreased 0.09 percentage points to 0.84% for the six months ended September 30, 2015 from 0.93% for the six months ended September 30, 2014. The average interest rate on foreign interest-earning assets decreased 0.19 percentage points, reflecting the lower average interest rates on foreign loans and trading account assets. The average interest rate on foreign interest-bearing liabilities decreased 0.08 percentage points, mainly reflecting a decrease in the average interest rate on long-term debt as well as decreases in the average interest rates on short-term borrowings and trading account liabilities. The average interest rate spread on domestic activities also declined since the average interest rate on interest-earning assets declined as interest rates continued to decline in Japan and competition further intensified in the domestic loan market, while the average interest rate on interest-bearing liabilities remained at near-zero levels.

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The following table is a summary of the amount of interest-earning assets and interest-bearing liabilities, the average interest rates, the interest rate spread and non-interest-bearing liabilities for the six months ended September 30, 2014 and 2015:

	Six months ended September 30,			
	2014		2015	
	Average balance	Average rate (Annualized)	Average balance	Average rate (Annualized)
	(in billions, except percentages)			
Interest-earning assets:				
Domestic	¥ 142,428.9	0.82%	¥ 153,157.0	0.73%
Foreign	84,150.0	2.01	101,114.1	1.82
Total	¥ 226,578.9	1.26%	¥ 254,271.1	1.16%
Financed by:				
Interest-bearing liabilities:				
Domestic	¥ 146,635.7	0.17%	¥ 157,941.6	0.18%
Foreign	54,943.5	0.74	64,757.4	0.66
Total	201,579.2	0.33	222,699.0	0.32
Non-interest-bearing liabilities	24,999.7		31,572.1	
Total	¥ 226,578.9	0.29%	¥ 254,271.1	0.28%
Interest rate spread		0.93%		0.84%
Net interest income as a percentage of total interest-earning assets		0.97%		0.89%

Provision (credit) for credit losses. Provision for credit losses is charged to operations to maintain the allowance for credit losses at a level deemed appropriate by management. When there is an improvement in asset quality, credit for credit losses is recorded to reduce the allowance for credit losses to an appropriate level. For the six months ended September 30, 2015, we recorded credit for credit losses of ¥7.2 billion, compared to credit for credit losses of ¥68.1 billion for the same period of the previous fiscal year. For details of the provision (credit) for credit losses and a description of the approach and methodology used to establish the allowance for credit losses, see Financial Condition Loan Portfolio.

Non-interest income. Non-interest income consists of:

- fees and commissions income, including:
  - fees and commissions on deposits,
  - fees and commissions on remittances and transfers,
  - fees and commissions on foreign trading business,

fees and commissions on credit card business,

fees and commissions on security-related services,

fees and commissions on administration and management services for investment funds,

trust fees,

guarantee fees,

insurance commissions,

fees and commissions on real estate business, and

other fees and commissions,

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foreign exchange gains (losses) net, which include gains (losses) on foreign exchange derivative contracts (for example, foreign exchange gains (losses) on currency derivatives), foreign exchange gains (losses) on other than derivative contracts (for example, gains (losses) on foreign exchange transactions), and foreign exchange gains (losses) related to the fair value option (for example, foreign exchange gains (losses) on securities under the fair value option),

trading account profits (losses) net, which primarily include net profits (losses) on trading account securities and derivative contracts entered into for trading purposes, including assets relating to the following activities:

trading purpose activities, which are conducted mainly for the purpose of generating profits either through transaction fees or arbitrage gains and involve frequent and short-term selling and buying of securities, commodities or other financial instruments, and

trading account assets relating to the application of certain accounting rules, which are generally not related to trading purpose activities but are classified as trading accounts due to the application of certain accounting rules, such as assets that are subject to fair value option accounting treatment or investment securities held by variable interest entities that are classified as trading account securities,

Of the two categories, trading account assets relating to the application of certain accounting rules represented a larger portion of our trading account losses for the six months ended September 30, 2015;

investment securities gains (losses) net, which primarily include net gains (losses) on sales and impairment losses on available-for-sale securities,

equity in earnings (losses) of equity method investees net, which includes our equity interest in the earnings of our equity method investees and impairment losses on our investments in equity method investees,

gains (losses) on sales of loans net, and

other non-interest income.

The following table is a summary of our non-interest income for the six months ended September 30, 2014 and 2015:

	Six months ended September 30, 2014	Six months ended September 30, 2015
	(in billions)	
Fees and commissions income	¥ 672.1	¥ 729.9
Foreign exchange gains (losses) net	(43.0)	41.6
Trading account profits (losses) net	562.5	(284.8)
Investment securities gains net	63.2	119.8
Equity in earnings of equity method investees net	121.5	114.3
Other non-interest income	56.5	35.3
Total non-interest income	¥ 1,432.8	¥ 756.1

Fees and commissions income for the six months ended September 30, 2015 was ¥729.9 billion, an increase of ¥57.8 billion from ¥672.1 billion for the six months ended September 30, 2014. This was mainly due to fees and commissions on administration and management services for investment funds reflecting higher assets under administration and higher assets under management in Japan and higher fees from foreign asset administration services due to the expansion of our foreign asset administration subsidiaries businesses, and fees and commissions on security-related services reflecting increases in fees related to underwriting and sales of equity products and investment funds.

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Net foreign exchange gains for the six months ended September 30, 2015 were ¥41.6 billion, compared to net losses of ¥43.0 billion for the six months ended September 30, 2014. The improvement of net foreign exchange gains was due to an improvement of ¥259.3 billion on net foreign exchange gains on derivative contracts reflecting an increase in currency swap related profits in our banking subsidiaries, and an improvement of ¥225.5 billion on net foreign exchange losses on other than derivative contracts reflecting the smaller negative impact of foreign exchange rate fluctuations between the Japanese yen and the U.S. dollar on our costs of Japanese yen funding for purchases of U.S. dollar-denominated securities. While the Japanese yen depreciated significantly against the U.S. dollar in the six months ended September 30, 2014, the Japanese yen traded at a similar level for the U.S. dollar at the beginning of the six-month period ended September 30, 2015 and at the end of the same period. However, the same foreign exchange rate fluctuations adversely affected net foreign exchanges gains related to the fair value option, resulting in a ¥400.2 billion decrease.

Net trading account losses for the six months ended September 30, 2015 were ¥284.8 billion, compared to net trading account profits of ¥562.5 billion for the six months ended September 30, 2014. This decrease was mainly due to a ¥965.6 billion decrease in net profits on trading account securities mainly due to a decrease in realized gains related to the foreign securities under the fair value option. The decrease in realized gains was mainly due to a decrease in the fair value of foreign bonds in our banking subsidiaries reflecting increases in long-term market interest rates in the Eurozone. A reduction in our holdings of foreign bonds under the fair value option also contributed to the decrease in the fair value of the foreign bonds. In addition, profits and losses on trading account securities were negatively impacted by lower gains on sales of trading account securities in our securities subsidiaries due to unfavorable movements in bond markets. These decreases were partially offset by an improvement of ¥118.3 billion in net profits from derivative contracts, including equity-related derivative products, in our banking subsidiaries, which we use to manage the risk of equity price fluctuations.

Net investment securities gains for the six months ended September 30, 2015 were ¥119.8 billion, an increase of ¥56.6 billion from ¥63.2 billion for the six months ended September 30, 2014. This was mainly due to an increase in net gains on sales of available-for-sale marketable equity securities, particularly exchange traded funds, or ETFs, as well as an increase in net gains on sales of available-for-sale debt securities reflecting higher volumes of sales of Japanese government bonds to reduce the holdings of such debt securities in our banking subsidiaries. These increases were partially offset by larger impairment losses on available-for-sale equity securities reflecting decreases in the prices of the stocks held by our commercial banking subsidiaries, including the stock of a large-scale domestic electronics manufacturer.

Non-interest expense. Non-interest expense consists of:

salaries and employee benefits, which include the amount of money paid as salaries and bonuses as well as the cost of fringe-benefits,

occupancy expenses net, which include the amount of money paid as rents for offices and other facilities,

fees and commission expenses, which include the amount of money paid as fees and commissions on services received,

outsourcing expenses, including data processing, which include the amount of money paid for the outsourcing services, including IT-related services,

depreciation of premise and equipment, which includes the depreciation of the value of buildings, equipment and furniture through the passage of time, amortization of intangible assets, which includes the amount of deductions of the cost of investments in software and other intangible assets over their estimated useful lives,

impairment of intangible assets, which includes the amount of reductions in the carrying amounts of intangible assets with indefinite useful lives in excess of their fair values,

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insurance premiums, including deposits insurance, which include the amount of money paid as the insurance premiums including the deposit insurance premiums paid to the Deposit Insurance Corporation of Japan,

communications, which include the amount of money paid for communications such as postal services and telecommunications,

taxes and public charges, which include the amount of tax payments and other public charges,

provision for repayment of excess interest, which includes the amount of money reserved for the estimated amount of repayment of excess interest payments received in our consumer finance and credit card subsidiaries,

impairment of goodwill, which includes the amount of reductions in the carrying amount of goodwill recorded in connection with the acquisition of companies in excess of their fair values, and

other non-interest expenses.

The following table is a summary of our non-interest expense for the six months ended September 30, 2014 and 2015:

	Six months ended September 30, 2014	2015
	(in billions)	
Salaries and employee benefits	¥ 534.9	¥ 574.2
Occupancy expenses net	82.6	87.8
Fees and commission expenses	118.5	139.5
Outsourcing expenses, including data processing	121.6	121.0
Depreciation of premises and equipment	54.5	46.2
Amortization of intangible assets	107.3	116.2
Impairment of intangible assets	0.1	0.2
Insurance premiums, including deposit insurance	57.2	45.8
Communications	26.7	29.0
Taxes and public charges	47.6	43.8
Other non-interest expenses	177.3	180.0
Total non-interest expense	¥ 1,328.3	¥ 1,383.7

Non-interest expense for the six months ended September 30, 2015 was ¥1,383.7 billion, an increase of ¥55.4 billion from ¥1,328.3 billion for the six months ended September 30, 2014. This increase was mainly attributable to an increase in salaries and employee benefits, particularly at MUFG Americas Holding Corporation, or MUAH, and an increase in fees and commission expenses in our commercial banking and securities subsidiaries. These increases were partially offset by a decrease in insurance premiums, including deposit insurance, reflecting lower deposit insurance premiums that became effective on April 1, 2015.

Core Business Groups

We operate our main businesses under an integrated business group system. This integrates the operations of BTMU, MUTB, MUMSS (through MUSHD), Mitsubishi UFJ NICOS and other subsidiaries in the following five business groups Retail Banking, Corporate Banking, Trust Assets, Global, and Global Markets, each of which is treated as a business segment. These five businesses serve as the core sources of our revenue. From April 1, 2015, Bank of Ayudhya Public Company Limited, or Krungsri, which did not belong to any of the five business groups, started to be included as part of the Global Business Group. Operations that were not covered under these five business groups, which mainly consists of the corporate center of MUFG, BTMU, MUTB and MUMSS and the elimination of net revenues among business segments, were classified under Other.

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Our business segment information is based on financial information prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP, as adjusted in accordance with internal management accounting rules and practices. Accordingly, the format and information are not consistent with our unaudited condensed consolidated financial statements included elsewhere in this Report, which have been prepared in accordance with U.S. GAAP. For a reconciliation of operating profit under our internal management reporting system to income before income tax expense shown on the unaudited condensed consolidated statements of income, see Note 18 to our unaudited condensed consolidated financial statements included elsewhere in this Report.

The following table sets forth the relative contributions to operating profit for the six months ended September 30, 2015 of the five core business groups and Other based on our business segment information:

	Retail Banking Business Group	Corporate Banking Business Group	Trust Assets Business Group	Global Business Group: Other than MUAH/ Krungsri	Global Business Group: MUAH	Global Business Group: Krungsri	Global Business Group: Total	Global Markets Business Group	Other	Total
	(in billions)									
Net revenue	¥ 646.6	¥ 444.4	¥ 87.9	¥ 295.9	¥ 218.3	¥ 138.0	¥ 652.2	¥ 330.9	¥ 14.1	¥ 2,176.1
Operating expenses	488.9	223.4	50.9	190.5	158.1	68.5	417.1	106.5	75.9	1,362.7
Operating profit (loss)	¥ 157.7	¥ 221.0	¥ 37.0	¥ 105.4	¥ 60.2	¥ 69.5	¥ 235.1	¥ 224.4	¥ (61.8)	¥ 813.4

Summary of Our Recent Financial Condition

The following table presents some key asset figures:

	March 31, 2015	September 30, 2015
	(in trillions)	
Total assets	¥ 280.89	¥ 283.98
Net loans	117.21	119.72
Loans, net of unearned income, unamortized premiums and deferred loan fees	118.27	120.67
Allowance for credit losses	(1.06)	(0.95)
Investment securities	52.21	46.84
Available-for-sale securities	47.49	42.27
Held-to-maturity securities	4.13	4.00
Trading account assets	46.90	44.00
Trading securities	30.18	27.52
Trading derivative assets	16.72	16.48
Interest-earning deposits in other banks	37.36	44.24

Total assets as of September 30, 2015 were ¥283.98 trillion, an increase of ¥3.09 trillion from ¥280.89 trillion as of March 31, 2015.

Total loans outstanding as of September 30, 2015 were ¥120.67 trillion, an increase of ¥2.40 trillion from ¥118.27 trillion as of March 31, 2015. The average total balance of loans increased ¥11.63 trillion to ¥121.91 trillion for the six months ended September 30, 2015 from ¥110.28 trillion for the same period of the previous fiscal year. Before unearned income, net unamortized premiums and net deferred loan fees, our loan balance as of September 30, 2015 consisted of ¥71.25 trillion of domestic loans and ¥49.71 trillion of foreign loans. Between March 31, 2015 and September 30, 2015, domestic loans increased ¥1.38 trillion, while foreign loans increased ¥1.03 trillion. The increase in domestic loans was primarily due to an increase in our loans outstanding to national government institutions. The increase in foreign loans was mainly due to increased lending to U.S. nonbank finance subsidiaries of Japanese manufacturing companies, securities and insurance companies in the United States, and borrowers in the banking industry in Thailand.

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The total allowance for credit losses as of September 30, 2015 was ¥947.3 billion, compared to ¥1,055.5 billion as of March 31, 2015. The total allowance for credit losses represented 0.79% of our total loan portfolio as of September 30, 2015, a decrease of 0.10 percentage points from 0.89% as of March 31, 2015. This improvement was primarily due to a decrease in allowance for credit losses provided for loans individually and collectively evaluated for impairment in the Commercial segment, which reflected an overall improvement in the credit quality of the portfolio in recent periods.

Total investment securities decreased to ¥46.84 trillion as of September 30, 2015 from ¥52.21 trillion as of March 31, 2015, primarily due to a decrease of ¥5.22 trillion in available-for-sale securities. The decrease in available-for-sale securities was mainly due to the sales of Japanese government bonds in response to the Bank of Japan s repurchase program and as part of our measures to manage the risk of a possible sudden increase in interest rates, as well as a decrease in unrealized gains on marketable equity securities.

Trading account assets as of September 30, 2015 were ¥44.00 trillion, a decrease of ¥2.90 trillion from ¥46.90 trillion as of March 31, 2015. This decrease reflected a decrease of ¥2.66 trillion in trading securities, particularly Euro-denominated bonds, as interest rates in the Eurozone rapidly increased in late April 2015 through early May 2015 and in early June 2015, reflecting the weaker demand for Euro-denominated bonds.

Interest-earning deposits in other banks as of September 30, 2015 were ¥44.24 trillion, an increase of ¥6.88 trillion from ¥37.36 trillion as of March 31, 2015 mainly due to increased interest-earning deposits with the Bank of Japan by our banking subsidiaries.

The following table presents some key liability figures:

	March 31, 2015	September 30, 2015
	(in trillions)	
Total liabilities	¥ 265.61	¥ 268.95
Total deposits	171.99	172.37
Domestic	125.80	126.99
Overseas	46.19	45.38
Short-term borrowings	45.76	48.09
Trading account liabilities	17.03	16.31
Long-term debt	19.97	20.75

Total liabilities as of September 30, 2015 were ¥268.95 trillion, an increase of ¥3.34 trillion from ¥265.61 trillion as of March 31, 2015.

Total deposits as of September 30, 2015 were ¥172.37 trillion, an increase of ¥0.38 trillion from ¥171.99 trillion as of March 31, 2015. The increase was due to an increase of ¥1.19 trillion in domestic deposits, which was partially offset by a decrease of ¥0.88 trillion in overseas interest-bearing deposits.

Trading account liabilities as of September 30, 2015 were ¥16.31 trillion, a decrease of ¥0.72 trillion from ¥17.03 trillion as of March 31, 2015. This decrease was mainly due to lower unrealized losses on foreign exchange forward contracts in our commercial banking subsidiaries, resulting from the reductions in the balances of such contracts.

Short-term borrowings increased ¥2.33 trillion to ¥48.09 trillion as of September 30, 2015 from ¥45.76 trillion as of March 31, 2015. This increase was mainly due to a ¥0.88 trillion increase in securities lending transactions as a result of increased trade volume of cross-currency securities lending transactions entered into as a means to raise foreign currency funds at relatively low costs and a ¥0.56 trillion increase in other short-term borrowings as a result of increased borrowings through issuances of commercial paper by our banking subsidiaries and short-term corporate bonds by our securities subsidiaries. These increases were partially offset by a decrease in borrowings from the Bank of Japan by our commercial banking subsidiaries.

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Long-term debt as of September 30, 2015 was ¥20.75 trillion, an increase of ¥0.78 trillion from ¥19.97 trillion as of March 31, 2015, primarily due to increased borrowings by our commercial banking subsidiaries as well as the issuance of subordinated bonds by MUFG.

Shareholders Equity

The following table presents some key shareholders equity figures:

	March 31, 2015	September 30, 2015
	(in trillions)	
Total Mitsubishi UFJ Financial Group shareholders equity	¥ 14.68	¥ 14.39
Capital Surplus	5.96	5.96
Retained earnings	3.66	3.92
Accumulated other comprehensive income, net of taxes	3.07	2.62

Shareholders equity as of September 30, 2015 was ¥14.39 trillion, a decrease of ¥0.29 trillion from ¥14.68 trillion as of March 31, 2015.

Retained earnings as of September 30, 2015 were ¥3.92 trillion, an increase of ¥0.26 trillion from ¥3.66 trillion as of March 31, 2015, reflecting the net income of our banking and securities subsidiaries for the six months ended September 30, 2015. We decided to pay semi-annual interim dividend of ¥9.0 per share of common stock for the six months ended September 30, 2015, and are currently planning to pay a year-end dividend of ¥9.0 per share of common stock for the six months ending March 31, 2016.

Accumulated other comprehensive income, net of taxes, as of September 30, 2015 was ¥2.62 trillion, a decrease of ¥0.45 trillion from ¥3.07 trillion as of March 31, 2015. The decrease was mainly due to a decrease of ¥0.40 trillion in unrealized gains on investment securities, reflecting sales of available-for-sale debt securities and unfavorable price movements in the equity market in Japan towards the end of the six months ended September 30, 2015.

Capital Ratios

The following tables present our risk-adjusted capital ratios in accordance with Basel III as of March 31, 2015 and September 30, 2015. Underlying figures are calculated in accordance with Japanese banking regulations based on information derived from our consolidated and non-consolidated financial statements prepared in accordance with Japanese GAAP, as required by the Japanese Financial Service Agency, or FSA. The figures in the tables below are rounded down.

Common Equity Tier 1 capital ratios (minimum capital ratio required: 4.50%)

	March 31, 2015[1][4]	September 30, 2015
MUFG (consolidated)	11.09%	11.23%
BTMU (consolidated)	10.77	10.70
BTMU (stand-alone)	11.76	11.67
MUTB (consolidated)	14.70	15.08
MUTB (stand-alone)	14.31	14.53

Tier 1 capital ratios (minimum capital ratio required: 6.00%)

	March 31, 2015(2)(4)	September 30, 2015
MUFG (consolidated)	12.58%	12.73%
BTMU (consolidated)	12.21	12.15
BTMU (stand-alone)	13.38	13.28
MUTB (consolidated)	15.26	15.59
MUTB (stand-alone)	14.86	15.03

Total capital ratios (minimum capital ratio required: 8.00%)

	March 31, 2015(3)(4)	September 30, 2015
MUFG (consolidated)	15.62%	15.69%
BTMU (consolidated)	15.45	15.30
BTMU (stand-alone)	17.03	16.79
MUTB (consolidated)	19.15	18.99
MUTB (stand-alone)	19.11	18.90

Notes:

(1) Common Equity Tier 1 capital ratio for MUFG as of March 31, 2015 has been revised from 11.14% to 11.09% on a consolidated basis. Common Equity Tier 1 capital ratio for BTMU as of March 31, 2015 has been revised from 10.88% to 10.77% on a consolidated basis and 11.90% to 11.76% on a stand-alone basis. Common Equity Tier 1 capital ratio for MUTB as of March 31, 2015 has been revised from 14.35% to 14.31% on a stand-alone basis.

(2) Tier 1 capital ratio for MUFG as of March 31, 2015 has been revised from 12.62% to 12.58% on a consolidated basis. Tier 1 capital ratio for BTMU as of March 31, 2015 has been revised from 12.33% to 12.21% on a consolidated basis and 13.54% to 13.38% on a stand-alone basis. Tier 1 capital ratio for MUTB as of March 31, 2015 has been revised from 14.90% to 14.86% on a stand-alone basis.

(3) Total capital ratio for MUFG as of March 31, 2015 has been revised from 15.68% to 15.62% on a consolidated basis. Total capital ratio for BTMU as of March 31, 2015 has been revised from 15.61% to 15.45% on a consolidated basis and 17.23% to 17.03% on a stand-alone basis. Total capital ratio for MUTB as of March 31, 2015 has been revised from 19.16% to 19.11% on a stand-alone basis.

(4) The revisions reflect corrections of errors in the risk weighting applied to certain assets, mostly residential mortgage loans, and certain other adjustments made under Basel I standards to obtain amounts that were used for floor adjustments in determining the amounts of risk-weighted assets of MUFG, BTMU and MUTB under Basel III standards.

As of September 30, 2015, our management believed that we were in compliance with all capital adequacy requirements to which we were subject.

Leverage Ratios

The following table presents our leverage ratios in accordance with Basel III as of March 31, 2015 and September 30, 2015. Underlying figures are calculated in accordance with Japanese banking regulations based on information derived from our consolidated and non-consolidated financial statements prepared in accordance with Japanese GAAP, as required by the FSA. The figures in the table below are rounded down. The minimum ratio required as of these dates was 3%.

	March 31, 2015	September 30, 2015
MUFG (consolidated)	4.72%	4.67%

BTMU (consolidated)	4.64	4.57
MUTB (consolidated)	4.72	4.78

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Liquidity Coverage Ratios

The following table presents our liquidity coverage ratios in accordance with Basel III as of June 30, 2015 and September 30, 2015. Underlying figures are calculated in accordance with Japanese banking regulations based on information derived from our consolidated and non-consolidated financial statements prepared in accordance with Japanese GAAP, as required by the FSA. The percentages in the table below are rounded down. The minimum ratio required as of these dates was 60%.

	June 30, 2015(1)	September 30, 2015(2)
MUFG (consolidated)	128.3%	130.4%
BTMU (consolidated)	128.8	130.8
BTMU (stand-alone)	139.0	141.3
MUTB (consolidated)	144.1	154.6
MUTB (stand-alone)	165.4	182.3

Notes:

(1) Each of the ratios is calculated by dividing the month-end average balance of High-Quality Liquid Assets as of the end of April, May and June 2015 by the monthly average amount of total net cash outflows for the same three months.

(2) Each of the ratios is calculated by dividing the month-end average balance of High-Quality Liquid Assets as of the end of July, August and September 2015 by the monthly average amount of total net cash outflows for the same three months.

Business Environment

Our results of operations and financial condition are exposed to changes in various external economic factors, including:

- general economic conditions,
- interest rates,
- foreign currency exchange rates, and
- stock and real estate prices.

Economic Environment in Japan

During the six months ended September 30, 2015, Japan s economy gradually recovered, particularly as compared to the same period of the previous fiscal year when private consumption significantly declined following the increase in the consumption tax rate from 5% to 8% in April 2014. Long-term interest rates remained low under the quantitative and qualitative monetary easing policy of the Bank of Japan. The stock market experienced significant volatility during the period, although it was on an upward trend for most of the six months ended September 30, 2015 and the Nikkei Stock Average rose above 20,000 for the first time in 15 years as the Japanese yen depreciated against the U.S. dollar. However, stock prices declined towards the end of August 2015 due to concerns over the slowdown in the Chinese economy. Japan s economic recovery has been weak, and there still remains significant uncertainty surrounding the future of Japan s economy.

In December 2015, the Bank of Japan announced the following guidelines for money market operations in addition to maintaining its previous monetary policy:

- the average remaining maturity of the Bank of Japan s Japanese government bond holdings will be extended to about seven to twelve years from seven to ten years beginning in the calendar year 2016; and

- a new program will be established to purchase ETFs at an annual rate of approximately ¥300 billion, in addition to the prior ETF purchase program pursuant to which the Bank of Japan has been purchasing about ¥3 trillion of ETFs per year.

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On January 29, 2016, the Bank of Japan decided to introduce a negative interest rate of minus 0.1% to certain current account amounts that financial institutions hold at the Bank of Japan.

The following table sets forth the growth rates of Japan s real GDP and its components on a quarter-on-quarter basis for the periods indicated:

	Calendar Year											(Unit: %)
	2012	**2013**				**2014**				**2015**		
	4Q	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**
Gross Domestic Product	(0.1)	1.0	0.8	0.5	(0.2)	1.2	(1.9)	(0.7)	0.5	1.1	(0.1)	0.3
Private Consumption	0.1	0.7	1.0	0.3	(0.1)	2.3	(4.8)	0.0	0.4	0.3	(0.5)	0.4
Private Residential Investment	1.4	0.9	1.4	4.2	2.9	2.1	(10.5)	(6.9)	(0.7)	2.0	2.5	2.0
Private Non-Residential Investment	(0.3)	(2.4)	3.0	0.3	1.1	4.4	(4.1)	(0.4)	0.2	2.7	(1.3)	0.6
Government Consumption	0.7	0.7	0.7	0.1	0.0	(0.1)	(0.2)	0.2	0.4	0.2	0.4	0.3
Public Investment	(0.9)	4.8	4.1	5.1	(0.2)	(1.8)	(2.5)	1.6	(0.5)	(2.0)	3.3	(1.5)
Exports	(3.8)	3.9	3.3	(0.3)	(0.2)	5.8	0.4	1.6	2.9	1.9	(4.3)	2.7
Imports	(2.5)	0.8	3.1	1.8	2.7	6.0	(4.3)	1.1	0.8	1.7		