



Mitsubishi UFJ Securities Holdings

1QFY2016 Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

July, 2016

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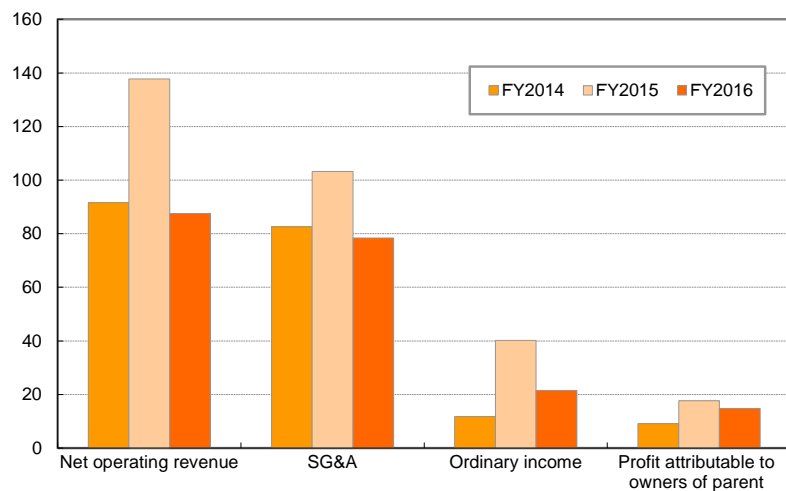
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1Q Performance Trends

- Both revenue and profit decreased from those in FY2015 1Q, when performance was strong, with net operating revenue JPY 87.5 billion (-36% YoY), ordinary income JPY 21.5 billion (-46% YoY) and profit attributable to owners of parent JPY 14.8 billion (-16% YoY).

1Q Trends

(JPY billion)



JPY billion

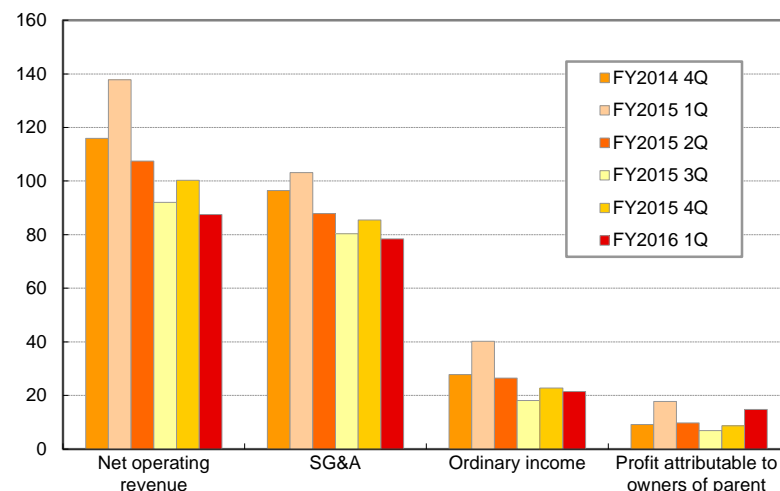
	FY2014 1Q	FY2015 1Q	FY2016 1Q
Net operating revenue	91.6	137.8	87.5
SG&A	82.6	103.2	78.4
Ordinary income	11.8	40.2	21.5
Profit attributable to owners of parent	9.1	17.7	14.8

Quarterly Performance Trends

- Compared with the previous quarter, while the performance of overseas subsidiaries recovered, ordinary income slightly decreased from the previous quarter due to a drop in the results of domestic subsidiaries under severe market conditions with a stronger yen and lower stock price trend.
- Meanwhile, profit attributable to owners of parent increased due to decreases in income taxes and profit attributable to non-controlling interests.

Quarterly Trends

(JPY billion)



JPY billion

	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Net operating revenue	115.9	137.8	107.5	92.0	100.3	87.5
SG&A	96.5	103.2	87.9	80.3	85.5	78.4
Ordinary income	27.8	40.2	26.5	18.1	22.8	21.5
Profit attributable to owners of parent	9.1	17.7	9.7	6.9	8.7	14.8

Net Operating Revenue

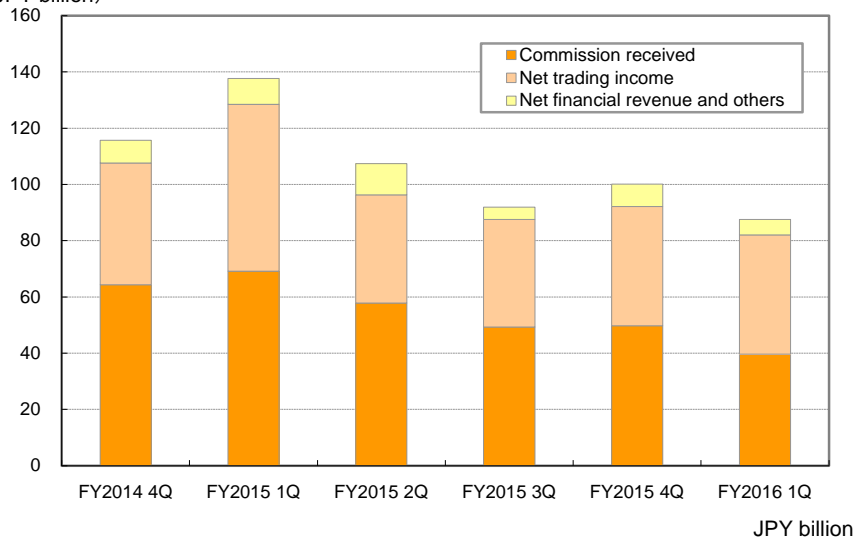
- Net trading income kept nearly the same level as in the previous quarter. Commission received decreased due to weak willingness to invest, reflecting deteriorating market conditions, and net operating revenue decreased by 13% from the previous quarter.

SG & A

Mainly in trading related expenses, which have high linkage with revenue, SG&A decreased overall by approximately 8% from the previous quarter, reaching the lowest level in the last 6 quarters.

Quarterly Trends

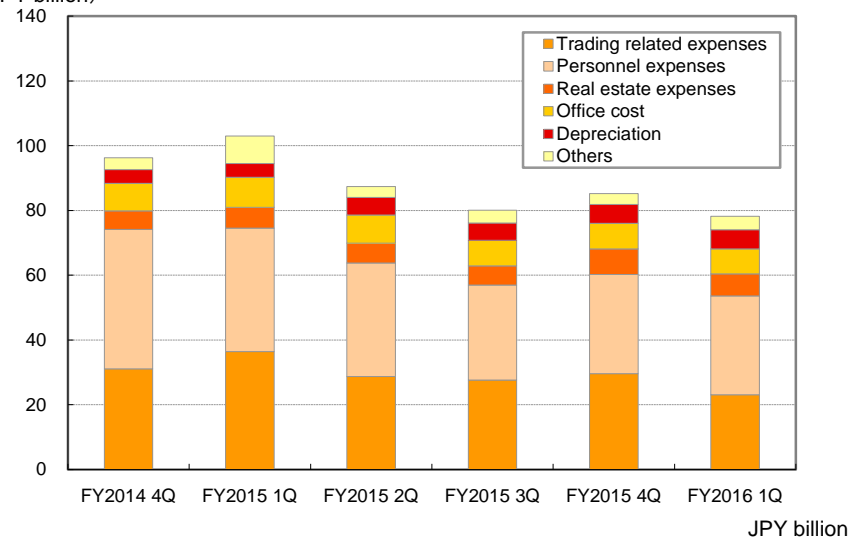
(JPY billion)



	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Commission received	64.3	69.1	57.8	49.3	49.8	39.6
Net trading income	43.3	59.4	38.5	38.2	42.4	42.5
Net financial revenue and others	8.1	9.2	11.1	4.4	7.9	5.4
Total	115.9	137.8	107.5	92.0	100.3	87.5

Quarterly Trends

(JPY billion)



	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Trading related expenses	31.1	36.4	28.7	27.6	29.6	23.1
Personnel expenses	43.0	38.1	35.1	29.4	30.6	30.5
Real estate expenses	5.8	6.5	6.1	5.9	7.9	6.8
Office cost	8.5	9.2	8.7	7.9	7.9	7.7
Depreciation	4.2	4.3	5.4	5.3	5.8	5.9
Others	3.7	8.5	3.4	4.0	3.4	4.2
Total	96.5	103.2	87.9	80.3	85.5	78.4

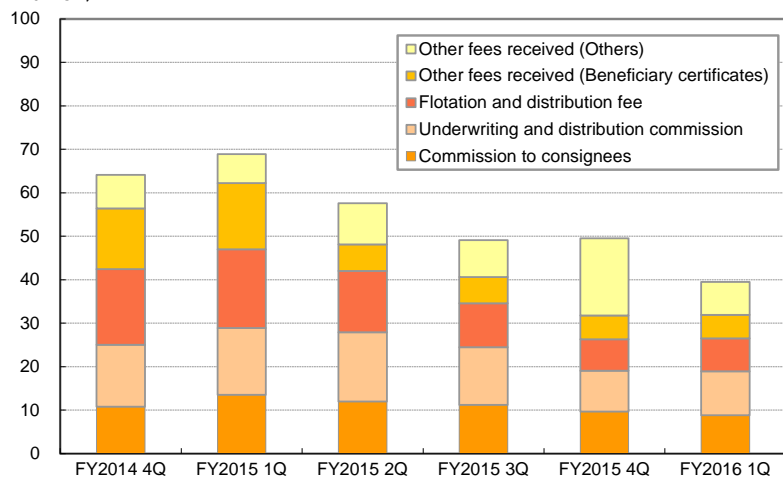
Net Operating Revenue Breakdown

Commission Received

- Commission to consignees: Continued to decrease due to a decrease in stock trading volume.
- Underwriting and distribution commission: Improved from the previous quarter mainly due to recovery in debt capital markets business of overseas subsidiaries.
- Floatation and distribution fee: Remained weak due to a slowdown in sales of investment trusts.
- Other fees received: Decreased from the previous quarter, when multiple big deals generated profit. Kept an adequate level compared with FY2015 1Q.

Quarterly Trends

(JPY billion)



JPY billion

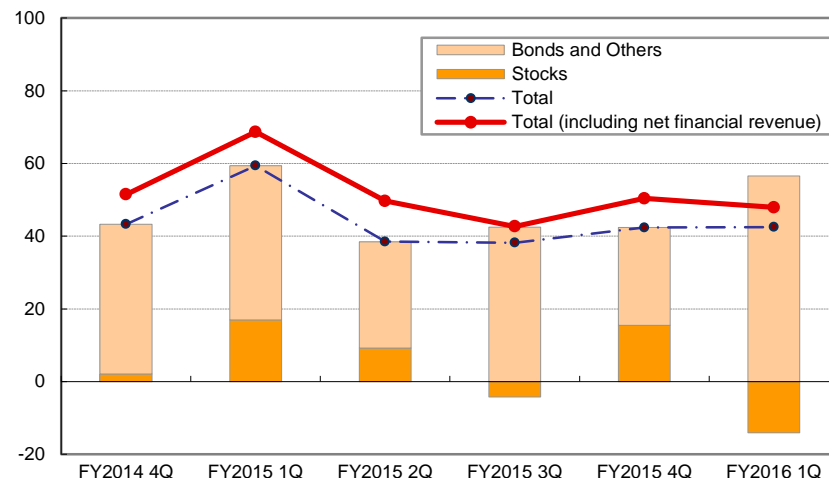
	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Commission to consignees	10.8	13.5	12.0	11.2	9.7	8.8
Underwriting and distribution commission	14.2	15.4	15.9	13.3	9.4	10.1
Flotation and distribution fee	17.4	18.1	14.1	10.1	7.2	7.6
Other fees received (Beneficiary certificates)	14.0	15.2	6.1	6.0	5.5	5.4
Other fees received (Others)	7.7	6.7	9.5	8.5	17.7	7.6
Total	64.3	69.1	57.8	49.3	49.8	39.6

Net Trading Income

- Amid drastic environmental change such as negative interest rates and Brexit, net trading income as a whole stayed at nearly the same level as in the previous quarter. Total net trading income (including net financial revenue) also kept a stable level.
- The significant drop in "Stocks" is mainly due to hedge transactions gains and losses for the arrangements of structured bonds; however, P&L raised from the bonds are booked on "Bonds and others".

Quarterly Trends

(JPY billion)



JPY billion

	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Stocks	2.1	17.0	9.2	(4.2)	15.5	(14.1)
Bonds and Others	41.2	42.4	29.2	42.5	26.9	56.6
Total	43.3	59.4	38.5	38.2	42.4	42.5
Net financial revenue	8.1	9.2	11.1	4.4	7.9	5.4
Total (including net financial revenue)	51.5	68.7	49.7	42.7	50.4	47.9

Consolidated Statement of Income (Full year, Quarter)

JPY million

	Full year		Quarter					
	FY2014	FY2015	FY2014	FY2015				FY2016
			4Q	1Q	2Q	3Q	4Q	1Q
Operating revenue	482,541	474,449	127,021	146,899	118,416	99,914	109,218	98,805
Commission received	231,825	226,105	64,347	69,108	57,828	49,323	49,844	39,633
Net trading income	177,948	178,770	43,392	59,455	38,543	38,272	42,498	42,557
Other operating revenue	(17)	0	(3)	1	0	(1)	-	0
Financial revenue	72,785	69,573	19,285	18,333	22,043	12,319	16,876	16,613
Financial expenses	46,784	36,706	11,090	9,066	10,872	7,879	8,888	11,213
Net operating revenue	435,757	437,742	115,930	137,833	107,544	92,035	100,329	87,592
SG & A	345,074	357,055	96,576	103,298	87,920	80,329	85,507	78,489
Operating income	90,683	80,687	19,354	34,535	19,623	11,705	14,822	9,103
Non-operating income	26,840	27,885	8,833	6,308	6,882	6,534	8,160	12,541
Non-operating expenses	2,593	715	377	548	(8)	72	102	107
Ordinary income	114,930	107,857	27,810	40,294	26,514	18,168	22,880	21,536
Extraordinary income	9,406	275	595	120	154	-	-	196
Extraordinary losses	2,444	3,513	1,982	638	2,195	134	545	455
Income taxes	37,748	33,971	6,787	14,130	7,905	5,707	6,226	1,808
Profit attributable to non-controlling interests	33,149	27,384	10,496	7,908	6,779	5,332	7,364	4,597
Profit attributable to owners of parent	50,995	43,262	9,139	17,737	9,789	6,992	8,743	14,872

Consolidated Balance Sheet

JPY billion

	As of Mar. 31, 2016	As of Jun. 30, 2016	Change
ASSETS			
Current assets	30,357	33,659	+3,302
Cash and deposits	1,202	1,455	+253
Trading products	14,549	18,393	+3,844
Loans secured by securities	12,304	11,663	(640)
Others	2,301	2,146	(154)
Non-current assets	665	728	+62
PP & E	37	43	+5
Intangible assets	100	103	+3
Investments and other assets	528	582	+53
Total assets	31,023	34,387	+3,364

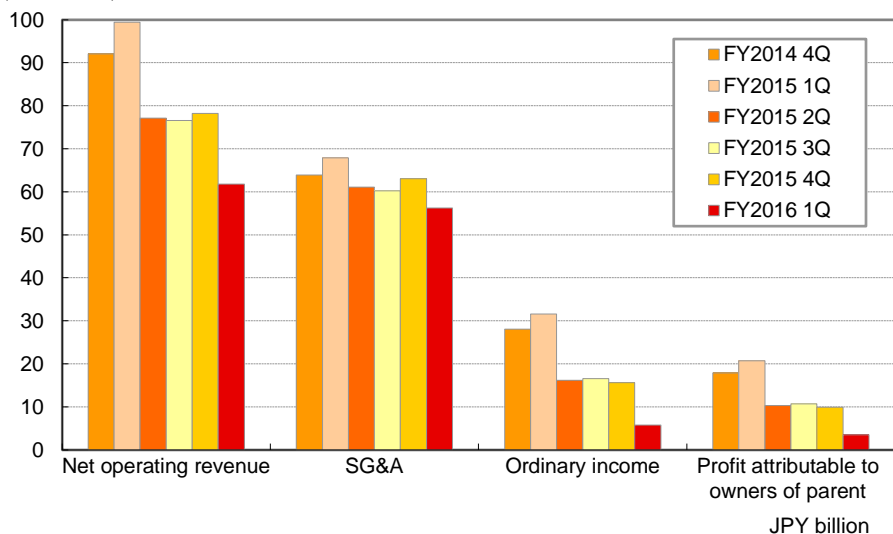
	As of Mar. 31, 2016	As of Jun. 30, 2016	Change
LIABILITIES			
Current liabilities	28,569	31,992	+3,422
Trading products	12,932	17,182	+4,249
Loans payable secured by securities	11,172	10,315	(857)
Short-term loans payable	1,147	1,329	+182
Others	3,316	3,164	(151)
Non-current liabilities	1,416	1,378	(37)
Bonds payable	918	915	(3)
Long-term loans payable	488	451	(37)
Others	9	12	+2
Total liabilities	29,990	33,374	+3,384
NET ASSETS			
Shareholders' equity	755	759	+4
Accumulated other comprehensive income	21	(4)	(26)
Subscription right to shares	—	0	+0
Non-controlling interests	256	258	+1
Total net assets	1,033	1,012	(20)
Total liabilities and net assets	31,023	34,387	+3,364

Quarterly Performance Trends

- Amid sluggish market conditions, willingness to invest did not recover mainly in retail customers, and thus revenue was weak mainly in secondary business. Both revenue and profit decreased from the previous quarter with ordinary income JPY 5.8 billion and profit attributable to owners of parent JPY 3.5 billion.
- At Mitsubishi UFJ Morgan Stanley PB Securities, revenue and profit decreased from the previous quarter due to the effects of environmental change, despite recording steady profit.

Quarterly Trends

(JPY billion)



	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Net operating revenue	92.1	99.4	77.1	76.6	78.2	61.8
SG&A	63.9	67.9	61.1	60.2	63.0	56.2
Ordinary income	28.1	31.6	16.2	16.6	15.6	5.8
Profit attributable to owners of parent	17.9	20.7	10.3	10.7	9.9	3.5

Trends of AUM

- AUM recorded approximately JPY 31.7 trillion at the end of June, 2016. Stocks and investment trusts decreased due to the decline in market prices and redemptions and sales of short-term investment trusts, despite of an increase in bonds.
- Of the above, AUM for the domestic Retail and Middle Market Sales Division recorded JPY 24.7 trillion (JPY 25.6 trillion at the end of March, 2016).

Quarterly Trends

(JPY trillion)



	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6
Stocks	15.6	16.5	15.4	16.5	14.2	13.5
Bonds	11.2	10.7	10.8	10.6	11.2	11.4
Investment trusts	6.4	6.7	6.2	6.6	6.5	6.1
Others	0.4	0.4	0.4	0.4	0.6	0.7
Total	33.6	34.2	32.9	34.1	32.5	31.7

JPY trillion

* Simple aggregation of MUMSS and MUMSPB.

MUMSS (non-consolidated)

JPY million

■ Statement of Income

	Full year	
	FY2014	FY2015
Operating revenue	309,252	302,534
Commission received	142,156	149,536
Net trading income	138,038	132,248
Others	1	0
Financial revenue	29,056	20,748
Financial expenses	10,797	9,636
Net operating revenue	298,455	292,897
SG & A	207,225	225,938
Operating income	91,229	66,958
Net non-operating income(expenses)	4,923	10,885
Ordinary income	96,153	77,844
Net extraordinary income (losses)	5,012	0
Income taxes	29,128	22,095
Profit	72,036	55,749

■ Balance Sheet

	As of Mar. 31, 2016	As of Jun. 30, 2016	Change
Current assets	13,930	16,184	+2,254
Cash and deposits	1,033	1,176	+142
Trading products	9,038	10,386	+1,347
Loans secured by securities	2,972	3,699	+727
Others	885	922	+37
Non-current assets	134	145	+11
PP& E	19	25	+6
Intangible assets	46	51	+4
Investments and other assets	68	68	+0
Total assets	14,064	16,330	+2,265

MUMSPB (non-consolidated)

■ Statement of Income

	Full year	
	FY2014	FY2015
Net operating revenue	43,827	38,642
Ordinary income	16,189	12,703
Profit	10,192	8,582

Quarter

FY2014	FY2015				FY2016
4Q	1Q	2Q	3Q	4Q	1Q
81,316	88,938	69,743	70,754	73,098	57,005
38,166	38,821	37,703	36,372	36,640	24,383
32,932	44,013	26,305	31,318	30,610	28,898
(3)	1	0	(1)	—	0
10,220	6,102	5,733	3,065	5,847	3,723
2,787	2,367	2,405	2,513	2,349	1,989
78,528	86,571	67,337	68,240	70,748	55,016
55,736	60,157	54,131	54,169	57,480	50,728
22,792	26,413	13,206	14,071	13,267	4,287
186	4,986	660	4,579	658	2,983
22,979	31,399	13,867	18,650	13,926	7,271
(1,348)	730	(113)	(116)	(498)	(449)
5,853	8,897	4,399	4,521	4,277	1,176
15,777	23,232	9,354	14,013	9,150	5,645

JPY billion

	As of Mar. 31, 2016	As of Jun. 30, 2016	Change
Current liabilities	13,310	15,582	+2,272
Trading products	8,036	9,710	+1,673
Loans payable secured by securities	2,575	3,063	+487
Short-term loans payable	1,430	1,638	+208
Others	1,268	1,171	(97)
Non-current liabilities	363	351	(11)
Long-term loans payable	356	341	(15)
Others	7	10	+3
Total liabilities	13,676	15,936	+2,260
Net assets	388	393	+5
Total liabilities and net assets	14,064	16,330	+2,265

JPY million

Quarter

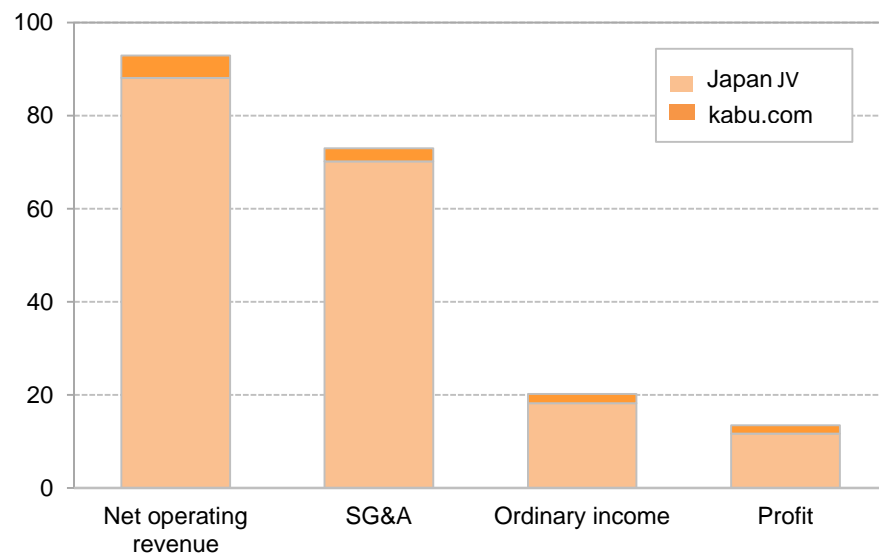
FY2014	FY2015				FY2016
4Q	1Q	2Q	3Q	4Q	1Q
13,643	12,894	9,790	8,417	7,538	6,812
5,585	5,259	2,840	2,439	2,163	1,468
3,410	3,494	1,863	1,615	1,608	1,008

Securities Companies' Performance

- Net operating revenue of Domestic Securities Companies is over JPY 90 billion on a simple sum basis. It includes the full net operating revenue from Morgan Stanley MUFG Securities Co., Ltd. ("MSMS"); this is one of the joint venture securities companies with Morgan Stanley in Japan and an associated company accounted for by using the equity-method.
- Domestic Securities Companies consist of four companies including three joint venture companies with Morgan Stanley ("Japan JV") and kabu.com Securities Co., Ltd.

Performance of FY 1Q 2016

(JPY billion)



※ The figures above the graph represent the simple sum of the Domestic Securities Companies.

(JPY billion)

(Simple sum of the figures for Domestic Securities Companies)	FY 2016 1Q
Net Operating Revenue	93.0
Japan JV	88.1
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Consolidated base ("MUMSS" + "MUMSPB") * 1	61.8
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") * 2	26.3
kabu.com Securities Co., Ltd. ("kabu.com")	4.8
SG & A	73.1
Japan JV	70.2
MUMSS Consolidated base	56.2
MSMS	14.0
kabu.com	2.8
Ordinary income	20.3
Japan JV	18.2
MUMSS Consolidated base	5.8
MSMS	12.3
kabu.com	2.0
Profit	13.6
Japan JV	11.7
MUMSS Consolidated base (Profit attributable to owners of parent)	3.5
MSMS	8.2
kabu.com	1.8

* 1 MUMSS consolidated base which includes Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. (MUMSPB).

* 2 MSMS is an associated company accounted for by using the equity-method.

kabu.com Quarterly Trends

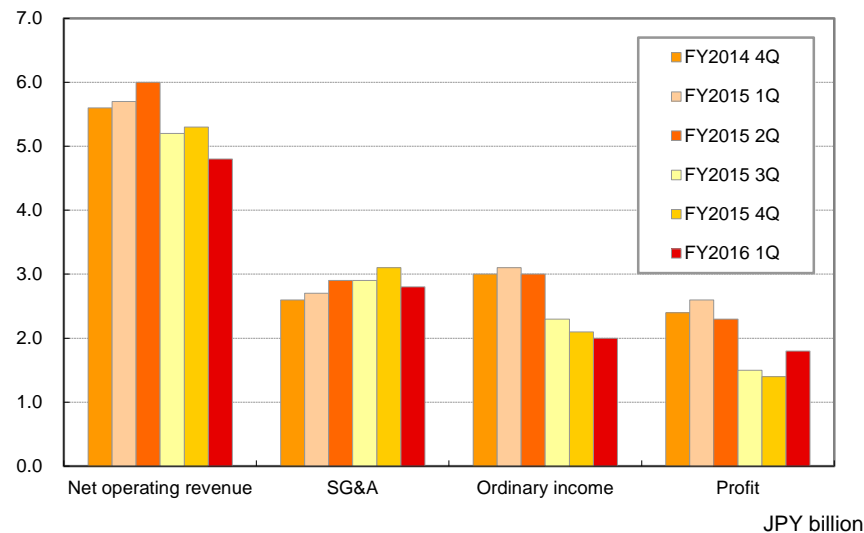
- Kabu.com Securities Co., Ltd., amid sluggish stock market conditions, continued to contribute to consolidated revenue by posting relatively stable revenue, with ordinary income of JPY 2.0 billion and profit of JPY 1.8 billion.

Overseas Subsidiaries Quarterly Trends

- Both businesses in Europe and Asia turned profitable due to efforts including the promotion of the customer-flow-oriented business model and bank/securities collaboration, the appropriate control of inventory and cost reduction.
- Overseas subsidiaries as a whole kept approximately JPY 3.7 billion of ordinary income.

Quarterly Trends

(JPY billion)

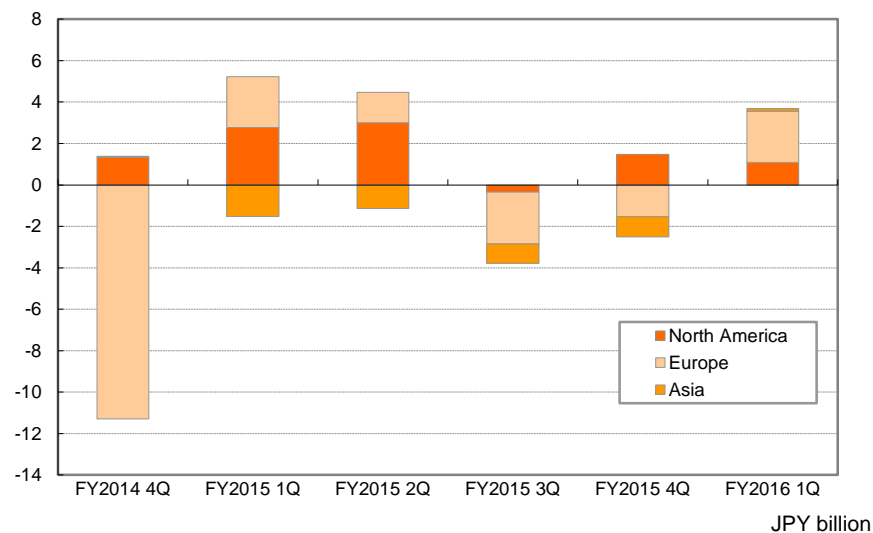


	FY2014 4Q	FY2015 1Q *1	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Net operating revenue	5.6	5.7	6.0	5.2	5.3	4.8
SG&A	2.6	2.7	2.9	2.9	3.1	2.8
Ordinary income	3.0	3.1	3.0	2.3	2.1	2.0
Profit	2.4	2.6	2.3	1.5	1.4	1.8

*1 kabu.com Securities Co., Ltd. has become a subsidiary of the MUSHD Group from FY2015 1Q.

Ordinary income (loss): Quarterly Trends

(JPY billion)



	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
North America	1.34	2.78	3.01	(0.35)	1.48	1.09
Europe	(11.29)	2.44	1.46	(2.49)	(1.53)	2.47
Asia	0.05	(1.52)	(1.14)	(0.93)	(0.97)	0.12
Total	(9.88)	3.69	3.34	(3.78)	(1.03)	3.70

Financial Soundness Indicators (Credit Rating, Capital Adequacy Ratio, etc.)

Credit Rating

- Moody's raised credit rating of MUSHD 2 notches for long-term and 1 notch for short-term. Credit rating of MUMSS and MUS(EMEA) for long-term was also raised 1 notch. The credit rating outlooks were also stable. (as of June 30, 2016)

Mitsubishi UFJ Securities Holdings (MUSHD)

	R&I	JCR	Moody's	S&P
Long-term	AA-	AA	A1	A
Short-term	a-1+ *	-	P-1	A-1

*CP rating

Mitsubishi UFJ Morgan Stanley Securities (MUMSS)

	R&I	JCR	Moody's	S&P
Long-term	AA-	AA	A1	A+
Short-term	a-1+ *	-	P-1	A-1

*CP rating

MUFG Securities EMEA plc (MUS(EMEA))

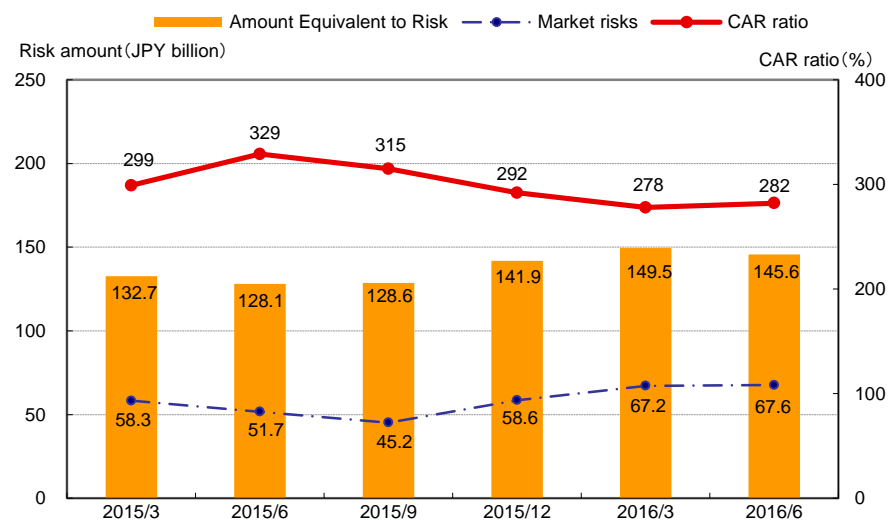
	R&I	JCR	Moody's	S&P
Long-term	AA- **	AA **	A1	A+
Short-term	-	-	P-1	A-1

**Euro Medium Term Note Programme rating (senior bonds)

Capital Adequacy

- Capital adequacy ratio at the end of June, 2016 stood at 282%, maintaining a sufficient level of capital base.
- Capital base of MUSHD (consolidated) marked no major change.

Capital Adequacy Ratio MUMSS (non-consolidated)



Net Assets MUSHD (Consolidated) / MUMSS

JPY billion

MUSHD (Consolidated)	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6
Capital stock	75.5	75.5	75.5	75.5	75.5	75.5
Net assets (Total)	1,025.7	1,022.6	1,046.0	1,025.6	1,033.0	1,012.9

MUMSS	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6
Capital stock	40.5	40.5	40.5	40.5	40.5	40.5
Net assets Consolidated	398.1	381.6	391.9	385.4	392.9	395.7
Net assets Non-consolidated	385.7	372.5	381.6	379.4	388.3	393.9

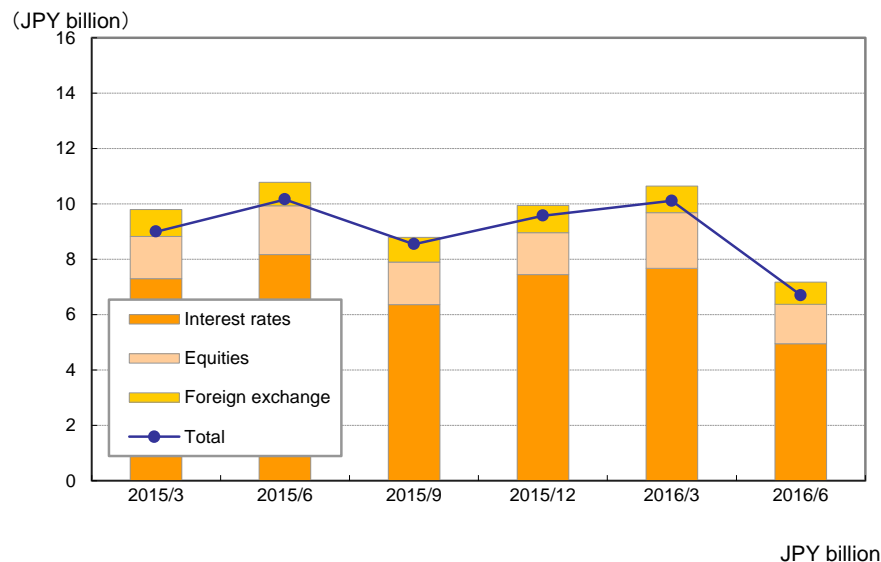
Value at Risk (VaR) associated with the trading activities

- Interest rate risks decreased significantly mainly due to the reduction in the interest rate positions in domestic subsidiaries.

Methodology of VaR

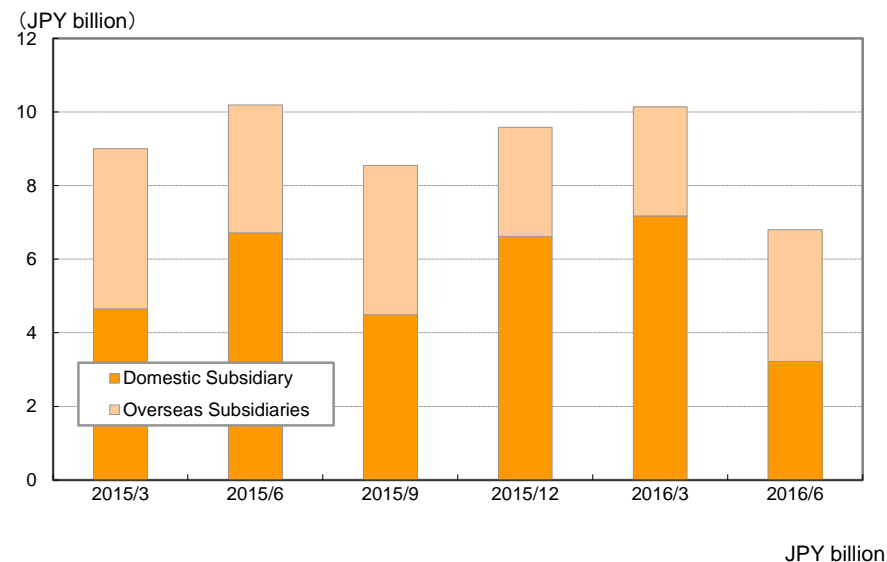
Historical simulation method (10-day holding period, 99% of confidence interval and 701-business day observation period)

Quarterly trends of VaR by risk category



	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6
Interest rates	7.3	8.2	6.4	7.4	7.7	4.9
Equities	1.5	1.8	1.5	1.5	2.0	1.4
Foreign exchange	1.0	0.8	0.9	1.0	1.0	0.8
Total	9.0	10.2	8.5	9.6	10.1	6.7

Quarterly trends of VaR by type of subsidiary



	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6
Domestic Subsidiary	4.7	6.7	4.5	6.6	7.2	3.2
Overseas Subsidiaries	4.4	3.5	4.1	3.0	3.0	3.6
Total	9.0	10.2	8.5	9.6	10.1	6.7

Domestic Subsidiary: Mitsubishi UFJ Morgan Stanley Securities
 Overseas Subsidiaries: MUFG Securities EMEA plc , MUFG Securities Americas Inc.
 MUFG Securities Asia Limited



Mitsubishi UFJ Securities Holdings

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