



Mitsubishi UFJ Securities Holdings

2QFY2016

Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

October, 2016

Consolidated Financial Results

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Information Relating to Financial Stability

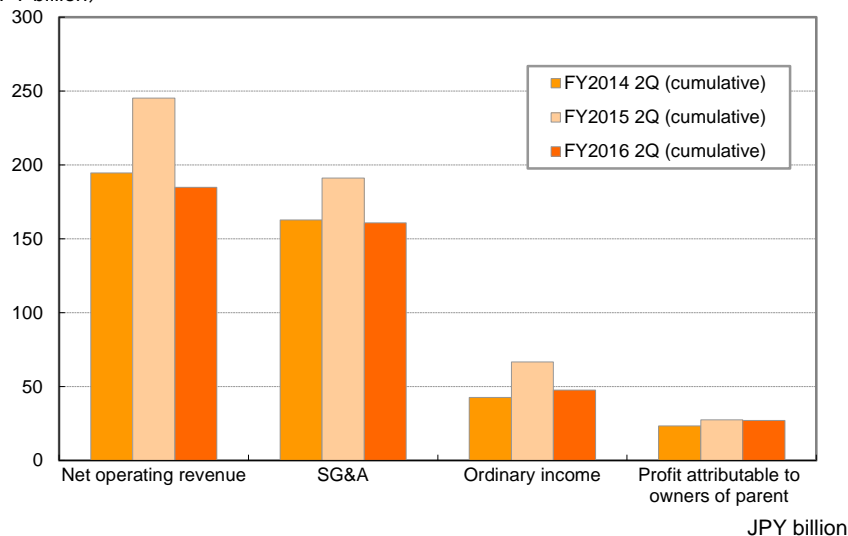
▪ Financial Soundness Indicators (Credit Rating, Capital Adequacy Ratio, etc.)	P11
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2Q (cumulative) Performance Trends

- Net operating revenue was JPY 185.0 billion (-24% YoY), ordinary income was JPY 47.7 billion (-28% YoY) and profit attributable to owners of parent was JPY 27.1 billion (-1% YoY).
- Both revenue and profit decreased from those in FY2015 2Q, when performance was strong, but profit attributable to owners of parent achieved nearly the same level as in FY2015 2Q and exceeded that of FY2014 (2Q cumulative).

2Q (cumulative) Trends

(JPY billion)



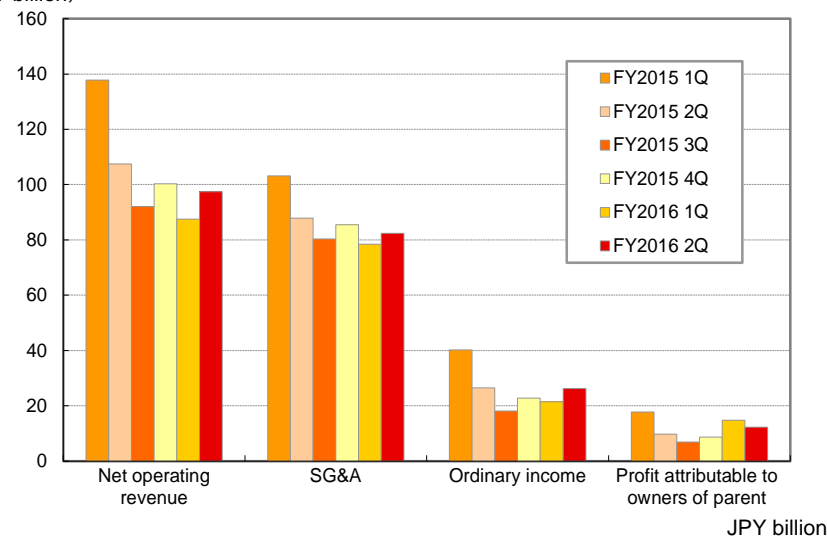
	FY2014 2Q (cumulative)	FY2015 2Q (cumulative)	FY2016 2Q (cumulative)
Net operating revenue	194.6	245.3	185.0
SG&A	162.8	191.2	160.9
Ordinary income	42.7	66.8	47.7
Profit attributable to owners of parent	23.4	27.5	27.1

Quarterly Performance Trends

- Following the previous quarter, while the market witnessed little volatility, performance improved compared to 1Q. Overseas subsidiaries maintained strong performance despite a slight slowdown, while domestic subsidiaries reported increases in both revenue and profit, resulting in an ordinary income of JPY 26.2 billion, an increase of 21% from the previous quarter.

Quarterly Trends

(JPY billion)



	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Net operating revenue	137.8	107.5	92.0	100.3	87.5	97.4
SG&A	103.2	87.9	80.3	85.5	78.4	82.4
Ordinary income	40.2	26.5	18.1	22.8	21.5	26.2
Profit attributable to owners of parent	17.7	9.7	6.9	8.7	14.8	12.3

Net Operating Revenue

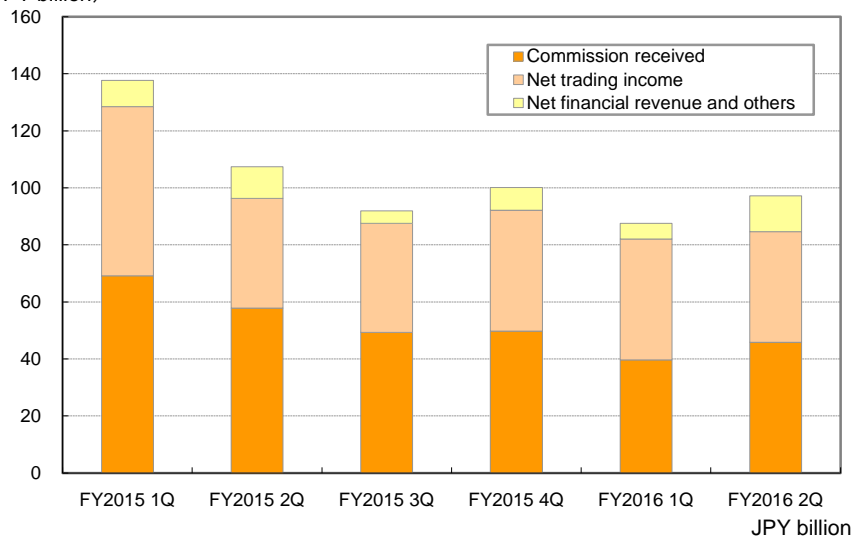
- Commission received recovered from the previous quarter. Despite a decrease in net trading income, total of net trading income and net financial revenue increased from the previous quarter. Net operating revenue marked 97.4 billion (+11% from the previous quarter).

SG & A

As a special factor, personnel expenses increased at a U.K. subsidiary mainly as a result of the increase in retirement benefit expenses. Nevertheless, other items remained almost unchanged, due to the reinforced cost control under a harsh business climate.

Quarterly Trends

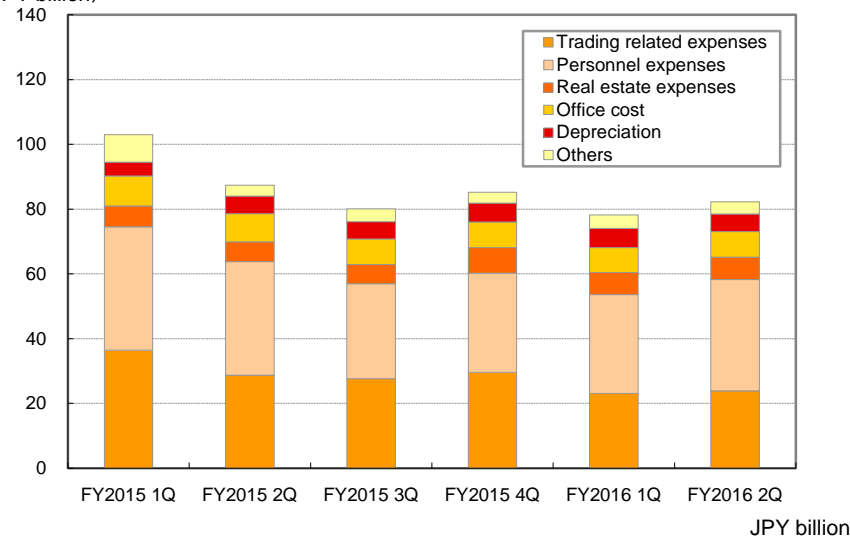
(JPY billion)



	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Commission received	69.1	57.8	49.3	49.8	39.6	45.8
Net trading income	59.4	38.5	38.2	42.4	42.5	38.8
Net financial revenue and others	9.2	11.1	4.4	7.9	5.4	12.6
Total	137.8	107.5	92.0	100.3	87.5	97.4

Quarterly Trends

(JPY billion)



	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Trading related expenses	36.4	28.7	27.6	29.6	23.1	23.9
Personnel expenses	38.1	35.1	29.4	30.6	30.5	34.3
Real estate expenses	6.5	6.1	5.9	7.9	6.8	7.0
Office cost	9.2	8.7	7.9	7.9	7.7	7.9
Depreciation	4.3	5.4	5.3	5.8	5.9	5.4
Others	8.5	3.4	4.0	3.4	4.2	3.7
Total	103.2	87.9	80.3	85.5	78.4	82.4

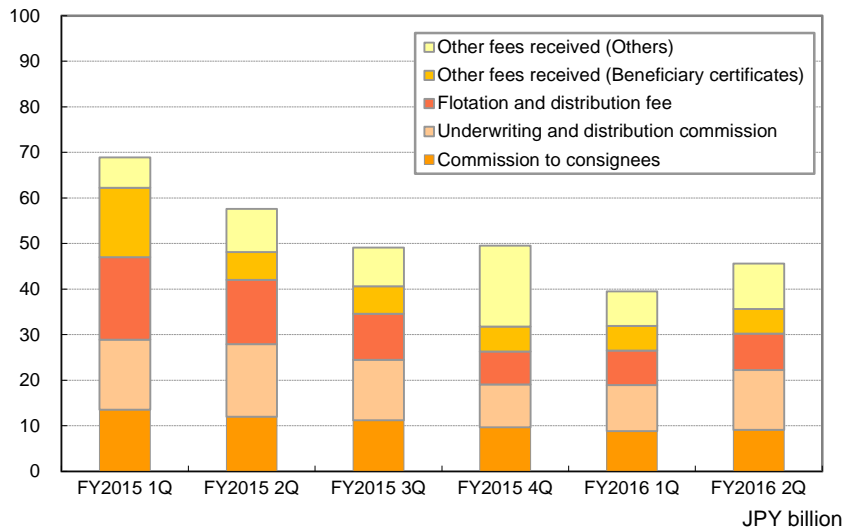
Net Operating Revenue Breakdown

Commission Received

- Commission to consignees: Increased slightly from the previous quarter despite weak performance as a result of the prolonged impact of the sluggish stock market.
- Underwriting and distribution commission: Increased from the previous quarter mainly due to strong performance by the debt capital markets business of domestic subsidiaries.
- Floatation and distribution fee: Sales of investment trusts recovered steadily from FY2015 4Q.
- Other fees received: Increased from the previous quarter mainly due to big deals in stock-related and M&A business.

Quarterly Trends

(JPY billion)



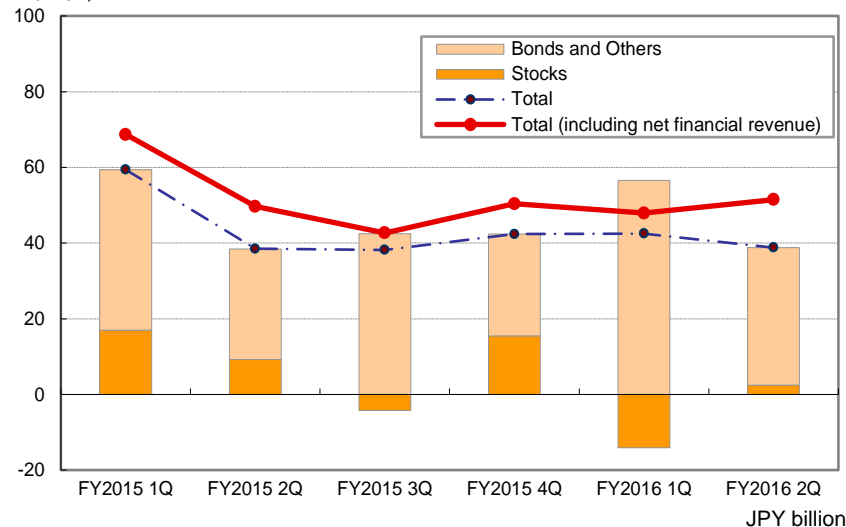
	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Commission to consignees	13.5	12.0	11.2	9.7	8.8	9.1
Underwriting and distribution commission	15.4	15.9	13.3	9.4	10.1	13.1
Flotation and distribution fee	18.1	14.1	10.1	7.2	7.6	8.0
Other fees received (Beneficiary certificates)	15.2	6.1	6.0	5.5	5.4	5.4
Other fees received (Others)	6.7	9.5	8.5	17.7	7.6	10.0
Total	69.1	57.8	49.3	49.8	39.6	45.8

Net Trading Income

- Amid still unstable global markets including currencies caused by Brexit, total net trading income (including net financial revenue) managed to revert to JPY 50.0 billion levels. Net trading income (stocks) improved.

Quarterly Trends

(JPY billion)



	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Stocks	17.0	9.2	(4.2)	15.5	(14.1)	2.5
Bonds and Others	42.4	29.2	42.5	26.9	56.6	36.3
Total	59.4	38.5	38.2	42.4	42.5	38.8
Net financial revenue	9.2	11.1	4.4	7.9	5.4	12.6
Total (including net financial revenue)	68.7	49.7	42.7	50.4	47.9	51.5

Consolidated Statement of Income (Full year, Quarter)

JPY million

	Full year		Quarter					
	FY2014	FY2015	FY2015				FY2016	
			1Q	2Q	3Q	4Q	1Q	2Q
Operating revenue	482,541	474,449	146,899	118,416	99,914	109,218	98,805	101,774
Commission received	231,825	226,105	69,108	57,828	49,323	49,844	39,633	45,883
Net trading income	177,948	178,770	59,455	38,543	38,272	42,498	42,557	38,889
Other operating revenue	(17)	0	1	0	(1)	-	0	0
Financial revenue	72,785	69,573	18,333	22,043	12,319	16,876	16,613	17,001
Financial expenses	46,784	36,706	9,066	10,872	7,879	8,888	11,213	4,341
Net operating revenue	435,757	437,742	137,833	107,544	92,035	100,329	87,592	97,432
SG & A	345,074	357,055	103,298	87,920	80,329	85,507	78,489	82,486
Operating income	90,683	80,687	34,535	19,623	11,705	14,822	9,103	14,946
Non-operating income	26,840	27,885	6,308	6,882	6,534	8,160	12,541	11,942
Non-operating expenses	2,593	715	548	(8)	72	102	107	680
Ordinary income	114,930	107,857	40,294	26,514	18,168	22,880	21,536	26,208
Extraordinary income	9,406	275	120	154	-	-	196	(1)
Extraordinary losses	2,444	3,513	638	2,195	134	545	455	427
Income taxes	37,748	33,971	14,130	7,905	5,707	6,226	1,808	5,461
Profit attributable to non-controlling interests	33,149	27,384	7,908	6,779	5,332	7,364	4,597	7,990
Profit attributable to owners of parent	50,995	43,262	17,737	9,789	6,992	8,743	14,872	12,327

Consolidated Balance Sheet

JPY billion

	As of Mar. 31, 2016	As of Sep. 30, 2016	Change
ASSETS			
Current assets	30,357	29,620	(736)
Cash and deposits	1,202	1,152	(49)
Trading products	14,549	17,989	+3,440
Loans secured by securities	12,304	8,376	(3,928)
Others	2,301	2,101	(199)
Non-current assets	665	737	+71
PP & E	37	39	+2
Intangible assets	100	102	+2
Investments and other assets	528	595	+67
Total assets	31,023	30,358	(664)

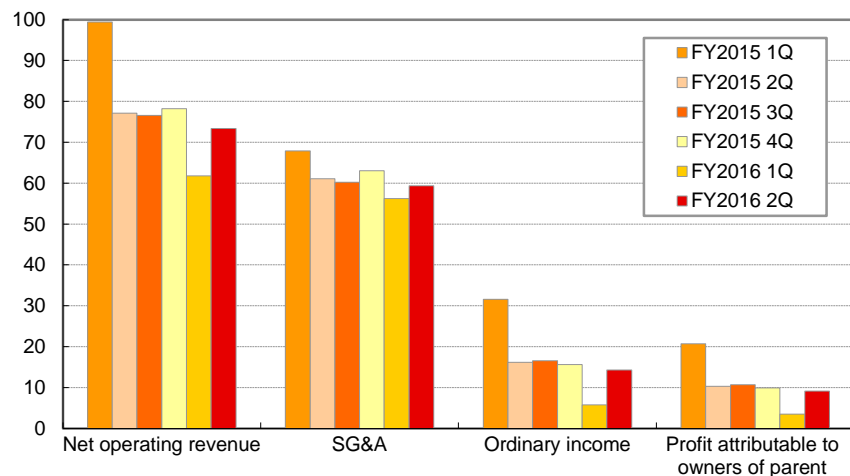
	As of Mar. 31, 2016	As of Sep. 30, 2016	Change
LIABILITIES			
Current liabilities	28,569	28,042	(527)
Trading products	12,932	16,843	+3,911
Loans payable secured by securities	11,172	6,816	(4,356)
Short-term loans payable	1,147	1,079	(67)
Others	3,316	3,302	(14)
Non-current liabilities	1,416	1,380	(36)
Bonds payable	918	889	(29)
Long-term loans payable	488	476	(12)
Others	9	14	+5
Total liabilities	29,990	29,426	(563)
NET ASSETS			
Shareholders' equity	755	700	(54)
Accumulated other comprehensive income	21	(33)	(54)
Subscription rights to shares	—	0	+0
Non-controlling interests	256	264	+8
Total net assets	1,033	932	(100)
Total liabilities and net assets	31,023	30,358	(664)

Quarterly Performance Trends

- Amid sluggish market conditions, the debt capital markets business in the primary business was steady, while the secondary business also performed strongly, resulting in recovery compared to the previous quarter in ordinary income and profit attributable to owners of parent of JPY 14.3 billion and JPY 9.1 billion, respectively.
- Mitsubishi UFJ Morgan Stanley PB Securities also steadily recorded profits with increases in both revenue and profit from the previous quarter.

Quarterly Trends

(JPY billion)



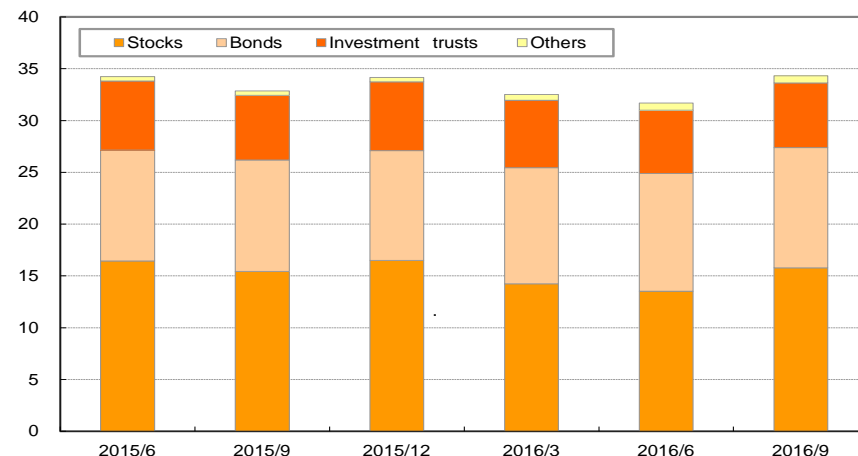
JPY billion

	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Net operating revenue	99.4	77.1	76.6	78.2	61.8	73.4
SG&A	67.9	61.1	60.2	63.0	56.2	59.4
Ordinary income	31.6	16.2	16.6	15.6	5.8	14.3
Profit attributable to owners of parent	20.7	10.3	10.7	9.9	3.5	9.1

Trends of AUM

- AUM recorded approximately JPY 34.3 trillion at the end of September, 2016. Due to market prices, stocks increased significantly from the previous quarter. The uptrend for capital inflow also continued.
- Of the above, AUM for the domestic Retail and Middle Market Sales Division recorded JPY 25.5 trillion (JPY 24.7 trillion at the end of June, 2016).

Quarterly Trends



JPY trillion

	2015/6	2015/9	2015/12	2016/3	2016/6	2016/9
Stocks	16.5	15.4	16.5	14.2	13.5	15.8
Bonds	10.7	10.8	10.6	11.2	11.4	11.6
Investment trusts	6.7	6.2	6.6	6.5	6.1	6.2
Others	0.4	0.4	0.4	0.6	0.7	0.7
Total	34.2	32.9	34.1	32.5	31.7	34.3

* 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 Sep. 30, 2016	Change
Current assets	13,930	15,109	+1,179
Cash and deposits	1,033	944	(89)
Trading products	9,038	9,284	+245
Loans secured by securities	2,972	4,026	+1,054
Others	885	855	(29)
Non-current assets	134	149	+15
PP&E	19	26	+7
Intangible assets	46	53	+6
Investments and other assets	68	69	+1
Total assets	14,064	15,259	+1,194

	Quarter				FY2016	
	FY2015				1Q	2Q
	1Q	2Q	3Q	4Q	1Q	2Q
	88,938	69,743	70,754	73,098	57,005	66,641
	38,821	37,703	36,372	36,640	24,383	30,373
	44,013	26,305	31,318	30,610	28,898	31,581
	1	0	(1)	—	0	0
	6,102	5,733	3,065	5,847	3,723	4,686
	2,367	2,405	2,513	2,349	1,989	1,748
	86,571	67,337	68,240	70,748	55,016	64,892
	60,157	54,131	54,169	57,480	50,728	53,138
	26,413	13,206	14,071	13,267	4,287	11,753
	4,986	660	4,579	658	2,983	579
	31,399	13,867	18,650	13,926	7,271	12,333
	730	(113)	(116)	(498)	(449)	(385)
	8,897	4,399	4,521	4,277	1,176	3,617
	23,232	9,354	14,013	9,150	5,645	8,331

JPY billion

	As of Mar. 31, 2016	As of Sep. 30, 2016	Change
Current liabilities	13,310	14,478	+1,167
Trading products	8,036	8,686	+649
Loans payable secured by securities	2,575	3,115	+540
Short-term loans payable	1,430	1,371	(58)
Others	1,268	1,305	+36
Non-current liabilities	363	377	+13
Long-term loans payable	356	367	+11
Others	7	10	+2
Total liabilities	13,676	14,857	+1,181
Net assets	388	402	+13
Total liabilities and net assets	14,064	15,259	+1,194

JPY million

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

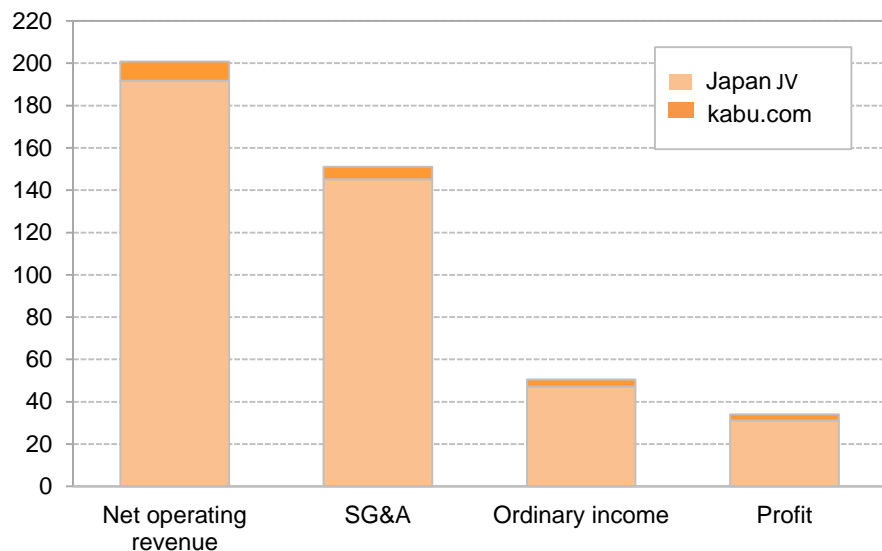
	Quarter				FY2016	
	FY2015				1Q	2Q
	1Q	2Q	3Q	4Q	1Q	2Q
	12,894	9,790	8,417	7,538	6,812	8,595
	5,259	2,840	2,439	2,163	1,468	2,463
	3,494	1,863	1,615	1,608	1,008	1,685

Securities Companies' Performance

- Net operating revenue of Domestic Securities Companies is over JPY 200 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 2Q (cumulative) 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 2Q(cumulative)
Net Operating Revenue	200.8
Japan JV	191.7
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Consolidated base ("MUMSS" + "MUMSPB") * 1	135.2
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") * 2	56.4
kabu.com Securities Co., Ltd. ("kabu.com")	9.1
SG & A	151.0
Japan JV	145.2
MUMSS Consolidated base	115.6
MSMS	29.5
kabu.com	5.8
Ordinary income	50.6
Japan JV	47.2
MUMSS Consolidated base	20.2
MSMS	26.9
kabu.com	3.3
Profit	34.2
Japan JV	31.1
MUMSS Consolidated base (Profit attributable to owners of parent)	12.7
MSMS	18.4
kabu.com	3.0

* 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

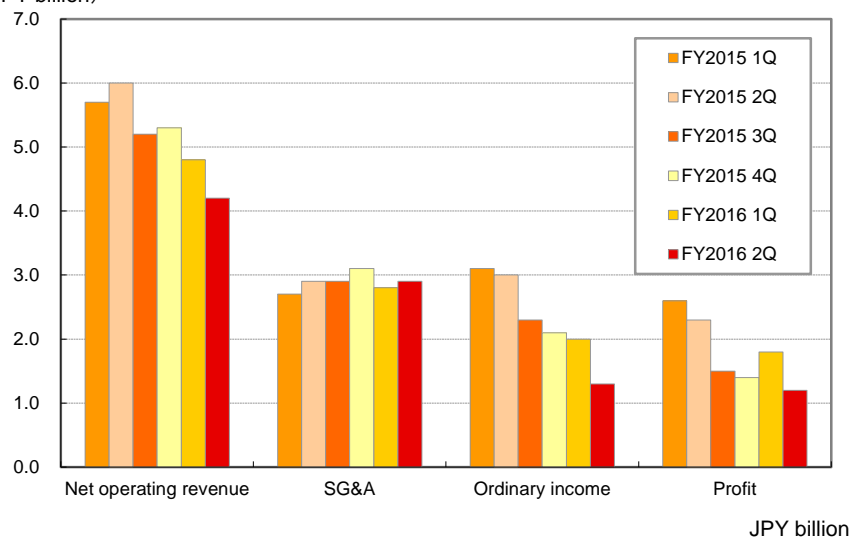
- kabu.com Securities Co., Ltd., due to sluggish stock trading volume, both revenue and profit decreased from the previous quarter, with ordinary income of JPY 1.3 billion and profit of JPY 1.2 billion.

Overseas Subsidiaries Quarterly Trends

- Business in North America recorded an increase in profit from the previous quarter due to strong performances in the bond-related business including the pick-up in the debt capital markets business.
- Business in Europe maintained strong performance due to efforts including the promotion of the customer-flow-oriented business model and bank/securities collaboration as well as the appropriate control of inventory. While the business posted losses due to the increase in retirement benefit expenses, it maintained profitability on an actual basis.
- Business in Asia continued to be profitable and overseas subsidiaries as a whole recorded JPY 1.4 billion of ordinary income.

Quarterly Trends

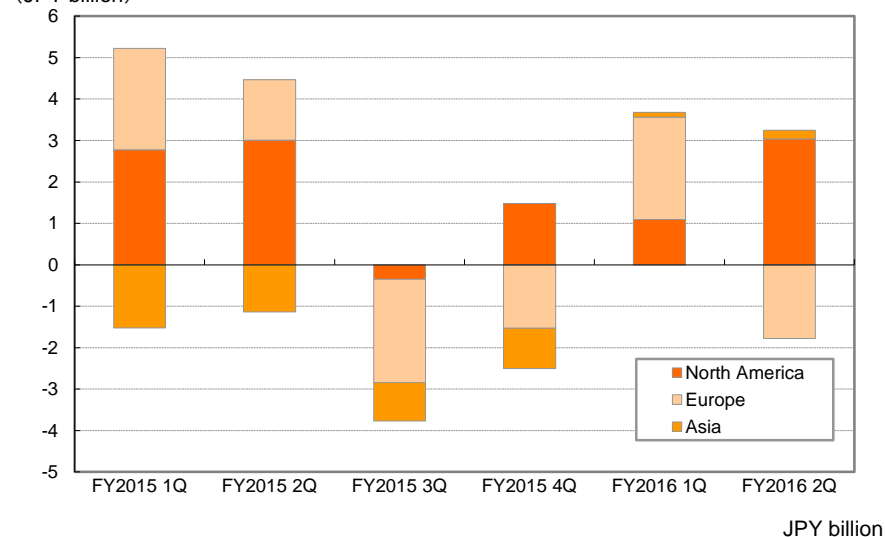
(JPY billion)



	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
Net operating revenue	5.7	6.0	5.2	5.3	4.8	4.2
SG&A	2.7	2.9	2.9	3.1	2.8	2.9
Ordinary income	3.1	3.0	2.3	2.1	2.0	1.3
Profit	2.6	2.3	1.5	1.4	1.8	1.2

Ordinary income (loss): Quarterly Trends

(JPY billion)



	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q	FY2016 2Q
North America	2.78	3.01	(0.35)	1.48	1.09	3.04
Europe	2.44	1.46	(2.49)	(1.53)	2.47	(1.78)
Asia	(1.52)	(1.14)	(0.93)	(0.97)	0.12	0.21
Total	3.69	3.34	(3.78)	(1.03)	3.70	1.48

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

Credit Rating

- Credit ratings remained unchanged. Stable credit rating levels were maintained in light of the fact that the Company is the core general securities company of the MUFG Group.

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))

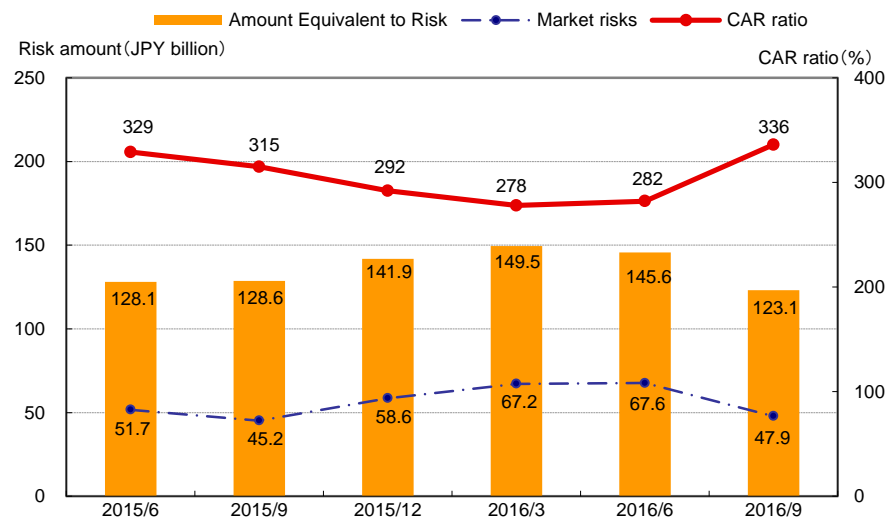
	R&I	JCR	Moody's	S&P
Long-term	AA- **	AA **	A1	A+
Short-term	-	-	P-1	A-1

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

Capital Adequacy

- Capital adequacy ratio at the end of September, 2016 stood at 336%, 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)		2015/6	2015/9	2015/12	2016/3	2016/6	2016/9
Capital stock		75.5	75.5	75.5	75.5	75.5	75.5
Net assets (Total)		1,022.6	1,046.0	1,025.6	1,033.0	1,012.9	932.3
MUMSS		2015/6	2015/9	2015/12	2016/3	2016/6	2016/9
Capital stock		40.5	40.5	40.5	40.5	40.5	40.5
Net assets	Consolidated	381.6	391.9	385.4	392.9	395.7	405.0
(Total)	Non-consolidated	372.5	381.6	379.4	388.3	393.9	402.1

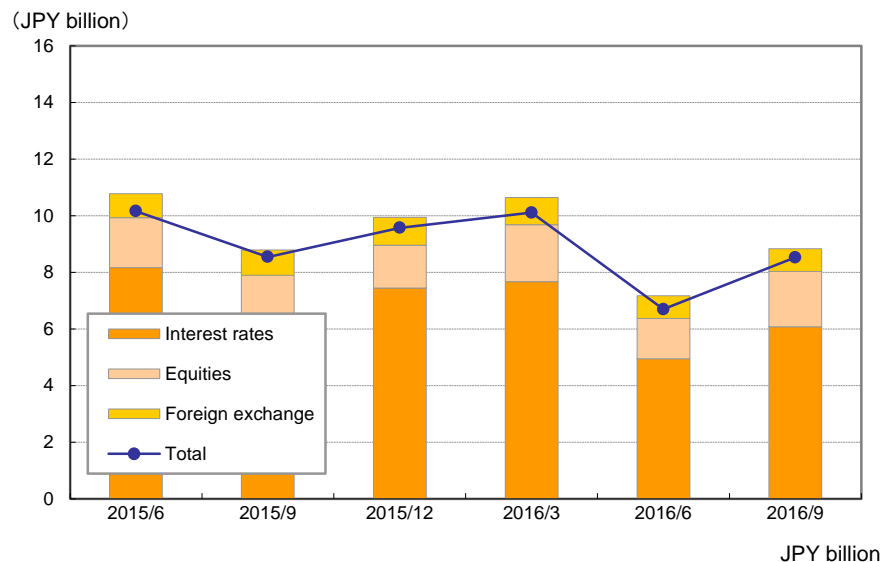
Value at Risk (VaR) associated with the trading activities

- Amount of risks as a whole increased due to an increase in interest rate risks accompanying customer trading in domestic subsidiaries. The amount of risks of overseas subsidiaries remained almost unchanged.

Methodology of VaR

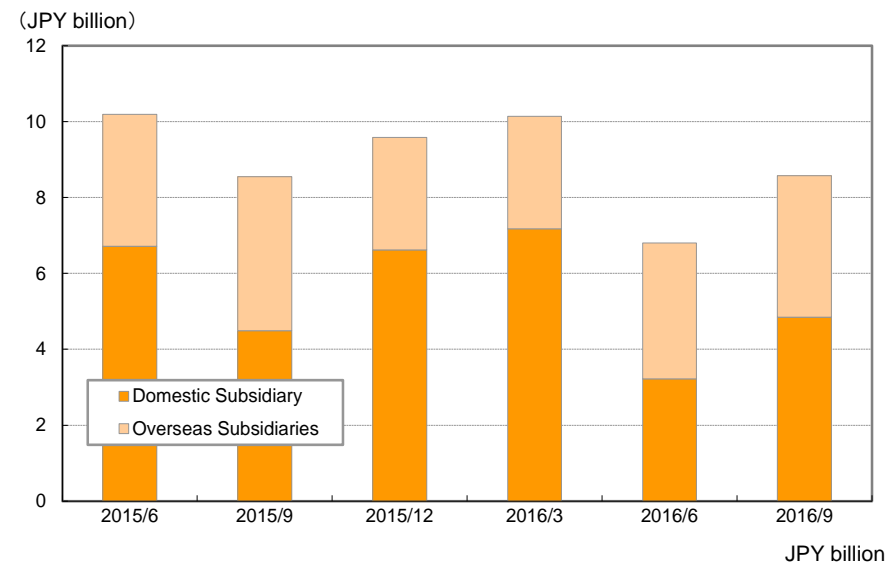
Historical simulation method (10-day holding period, 99% of confidence interval and 701-business day observation period)

Quarterly trends of VaR by risk category



	2015/6	2015/9	2015/12	2016/3	2016/6	2016/9
Interest rates	8.2	6.4	7.4	7.7	4.9	6.1
Equities	1.8	1.5	1.5	2.0	1.4	2.0
Foreign exchange	0.8	0.9	1.0	1.0	0.8	0.8
Total	10.2	8.5	9.6	10.1	6.7	8.5

Quarterly trends of VaR by type of subsidiary



	2015/6	2015/9	2015/12	2016/3	2016/6	2016/9
Domestic Subsidiary	6.7	4.5	6.6	7.2	3.2	4.9
Overseas Subsidiaries	3.5	4.1	3.0	3.0	3.6	3.7
Total	10.2	8.5	9.6	10.1	6.7	8.5

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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