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October 27, 2017

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 [under Japanese GAAP]

Company name: **Mitsubishi UFJ Securities Holdings Co., Ltd.**

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Supplementary material on quarterly financial results: Yes

Quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts disregarded)

1. Consolidated performance for the second quarter of fiscal year 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenue		Net operating revenue		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months of FY2017	181,631	(9.4)	175,757	(5.0)	26,568	10.5	35,191	(26.3)
First six months of FY2016	200,579	(24.4)	185,024	(24.6)	24,049	(55.6)	47,745	(28.5)

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
First six months of FY2017	17,748	(34.7)	24.08	24.08
First six months of FY2016	27,199	(1.2)	36.91	36.91

(Note) Comprehensive income First six months of FY2017: 28,714 million yen — %
First six months of FY2016: (20,466) million yen — %

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	25,876,191	974,014	2.6
As of March 31, 2017	30,493,167	959,450	2.2

(Reference) Equity As of September 30, 2017: 685,348 million yen As of March 31, 2017: 674,860 million yen

(Note) "Equity ratio" is computed under the formula shown below:

(Total net assets – Subscription rights to shares – Non-controlling interests) / Total assets

***Notes**

- (1) **Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the change in scope of consolidation):** None
- (2) **Application of particular accounting for preparing quarterly consolidated financial statements:** None
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement of prior period financial statements after error corrections: None

(4) **Number of issued shares (common stock)**

- a. Total number of issued shares at the end of the period (including treasury stock)

As of September 30, 2017	736,985,496 shares
As of March 31, 2017	736,985,496 shares

- b. Number of shares of treasury stock at the end of the period

As of September 30, 2017	– shares
As of March 31, 2017	– shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

First six months of the fiscal year ending March 31, 2018	736,985,496 shares
First six months of the fiscal year ended March 31, 2017	736,985,496 shares

< * >

This quarterly financial results report is not subject to quarterly review.

< * **Other special matters** >

None

Attached Material

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Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018

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1. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
ASSETS		
Current assets		
Cash and deposits	1,620,266	1,792,727
Cash segregated as deposits	768,679	853,089
Trading products	14,756,676	12,867,587
Trading securities and other	3,381,146	3,529,851
Derivatives	11,375,529	9,337,735
Trade date accrual	238,148	—
Margin transaction assets	287,718	283,511
Loans secured by securities	10,826,770	8,321,430
Short-term guarantee deposits	1,026,110	886,867
Short-term investment securities	56,697	72,125
Income taxes receivable	629	2,401
Other current assets	226,292	220,502
Allowance for doubtful accounts	(0)	—
Total current assets	29,807,989	25,300,242
Non-current assets		
Property, plant and equipment	39,954	38,764
Intangible assets	109,110	107,301
Investments and other assets	536,113	429,882
Total non-current assets	685,178	575,948
Total assets	30,493,167	25,876,191

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
LIABILITIES		
Current liabilities		
Trading products	14,156,731	10,907,710
Trading securities and other	2,925,489	1,752,314
Derivatives	11,231,241	9,155,395
Trade date accrual	—	395,785
Margin transaction liabilities	229,484	248,925
Loans payable secured by securities	8,462,325	6,374,932
Short-term loans payable	1,855,938	2,024,902
Current portion of bonds	137,573	198,323
Current portion of long-term loans payable	122,820	98,943
Commercial papers	592,078	628,454
Income taxes payable	11,192	7,850
Provision for contingent loss	1,336	28
Asset retirement obligations	6	73
Other current liabilities	2,416,904	2,463,109
Total current liabilities	27,986,392	23,349,038
Non-current liabilities		
Bonds payable	1,022,165	995,354
Long-term loans payable	505,000	538,146
Net defined benefit liability	3,249	2,464
Provision for directors' retirement benefits	30	28
Asset retirement obligations	7,634	7,597
Other non-current liabilities	5,170	5,531
Total non-current liabilities	1,543,249	1,549,122
Reserves under the special laws		
Reserve for financial products transaction liabilities	4,075	4,016
Total reserves under the special laws	4,075	4,016
Total liabilities	29,533,717	24,902,177
NET ASSETS		
Shareholders' equity		
Capital stock	75,518	75,518
Capital surplus	438,916	438,805
Retained earnings	185,688	193,207
Total shareholders' equity	700,123	707,531
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	840	1,340
Deferred gains or losses on hedges	43	48
Foreign currency translation adjustment	(26,992)	(24,276)
Remeasurements of defined benefit plans	846	704
Total accumulated other comprehensive income	(25,262)	(22,183)
Subscription rights to shares	16	19
Non-controlling interests	284,574	288,645
Total net assets	959,450	974,014
Total liabilities and net assets	30,493,167	25,876,191

(2) Consolidated statements of income and Consolidated statements of comprehensive income
Consolidated statements of income (cumulative)

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)
Operating revenue		
Commission received	85,517	76,513
Net trading income	81,446	79,333
Financial revenue	33,615	25,783
Other operating revenue	0	0
Total operating revenue	200,579	181,631
Financial expenses	15,554	5,873
Net operating revenue	185,024	175,757
Selling, general and administrative expenses	160,975	149,188
Operating profit	24,049	26,568
Non-operating income		
Share of profit of entities accounted for using equity method	19,511	6,119
Other	4,972	3,261
Total non-operating income	24,484	9,381
Non-operating expenses		
Loss on sales of investment securities	10	609
Other	777	148
Total non-operating expenses	788	758
Ordinary profit	47,745	35,191
Extraordinary income		
Gain on sales of investment securities	0	35
Reversal of reserve for financial products transaction liabilities	194	59
Total extraordinary income	195	94
Extraordinary losses		
Loss on sales of investment securities	34	—
Loss on valuation of investment securities	—	0
Impairment loss	110	16
Head office transfer cost	738	—
Total extraordinary losses	883	16
Profit before income taxes	47,057	35,269
Income taxes-current	5,302	6,576
Income taxes-deferred	1,967	2,883
Total income taxes	7,269	9,460
Profit	39,787	25,809
Profit attributable to non-controlling interests	12,588	8,060
Profit attributable to owners of parent	27,199	17,748

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)
Profit	39,787	25,809
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,086)	141
Deferred gains or losses on hedges	84	5
Foreign currency translation adjustment	(58,606)	2,804
Remeasurements of defined benefit plans, net of tax	(269)	(261)
Share of other comprehensive income of entities accounted for using equity method	(376)	215
Total other comprehensive income	<u>(60,254)</u>	<u>2,904</u>
Comprehensive income	<u>(20,466)</u>	<u>28,714</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(32,216)	20,828
Comprehensive income attributable to non-controlling interests	11,749	7,886

(3) Notes to consolidated financial statements

(Notes on premise of going concern)

None

(Notes on significant changes in the amount of shareholders' equity)

None

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2018

1. Commission received

(1) Breakdown by item

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Commission to consignees	17,944	19,567	1,623	39,056
Stocks	16,972	18,970	1,997	37,253
Bonds	47	14	(33)	78
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	23,325	11,521	(11,803)	36,696
Stocks	5,679	3,725	(1,954)	11,537
Bonds	17,645	7,796	(9,849)	25,158
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	15,715	17,099	1,384	35,623
Beneficiary certificates	13,897	15,476	1,579	31,860
Other fees received	28,531	28,324	(207)	61,901
Beneficiary certificates	10,895	11,670	775	22,299
Total	85,517	76,513	(9,003)	173,279

(2) Breakdown by product

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Stocks	24,673	23,538	(1,135)	52,448
Bonds	20,678	11,386	(9,291)	30,997
Beneficiary certificates	25,607	27,651	2,044	55,678
Other	14,557	13,936	(621)	34,153
Total	85,517	76,513	(9,003)	173,279

2. Net trading income

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Stocks	(11,624)	17,031	28,655	29,210
Bonds and other	93,071	62,302	(30,768)	149,902
Total	81,446	79,333	(2,113)	179,112

Quarterly Trends in Consolidated Statements of Income

(Millions of yen)

	2Q of FY2016 (July 1 to September 30, 2016)	3Q of FY2016 (October 1 to December 31, 2016)	4Q of FY2016 (January 1 to March 31, 2017)	1Q of FY2017 (April 1 to June 30, 2017)	2Q of FY2017 (July 1 to September 30, 2017)
Operating revenue	101,774	87,038	116,879	86,684	94,947
Commission received	45,883	38,779	48,983	36,821	39,692
Commission to consignees	9,108	11,062	10,049	9,848	9,718
Stocks	8,697	10,546	9,735	9,502	9,467
Bonds	24	15	14	7	6
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	13,195	5,299	8,071	4,553	6,968
Stocks	3,131	2,636	3,221	1,499	2,225
Bonds	10,063	2,662	4,850	3,053	4,742
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	8,058	7,953	11,955	8,716	8,383
Beneficiary certificates	7,107	7,351	10,612	7,875	7,601
Other fees received	15,521	14,463	18,906	13,702	14,621
Beneficiary certificates	5,486	5,761	5,643	5,810	5,859
Net trading income	38,889	41,524	56,141	36,943	42,389
Net trading income from securities (stocks)	2,508	12,407	28,427	7,096	9,934
Net trading income from bonds and other	36,380	29,117	27,714	29,847	32,455
Financial revenue	17,001	6,735	11,755	12,918	12,865
Other operating revenue	0	—	—	0	0
Financial expenses	4,341	4,018	5,687	3,305	2,568
Net operating revenue	97,432	83,020	111,191	83,378	92,379
Selling, general and administrative expenses	82,486	69,607	84,542	73,660	75,528
Trading related expenses	23,962	21,281	30,001	22,013	24,275
Personnel expenses	34,317	25,661	29,900	26,920	27,176
Real estate expenses	7,015	5,888	6,386	6,205	6,001
Office cost	7,971	7,795	8,076	7,960	8,007
Depreciation	5,475	5,472	6,113	6,565	6,342
Taxes and dues	1,333	2,031	1,695	2,246	1,403
Other	2,410	1,475	2,369	1,748	2,321
Operating profit	14,946	13,413	26,648	9,718	16,850
Non-operating income	11,942	5,380	7,210	6,195	3,185
Non-operating expenses	680	(30)	833	733	25
Ordinary profit	26,208	18,823	33,026	15,181	20,010
Extraordinary income	(1)	19	(34)	83	11
Extraordinary losses	427	1,806	775	7	9
Profit before income taxes	25,779	17,037	32,215	15,257	20,012
Income taxes-current	5,165	5,540	9,325	2,890	3,686
Income taxes-deferred	296	(1,266)	825	(97)	2,981
Total income taxes	5,461	4,274	10,150	2,792	6,667
Profit	20,318	12,763	22,064	12,464	13,344
Profit attributable to non-controlling interests	7,990	3,840	9,099	2,646	5,413
Profit attributable to owners of parent	12,327	8,922	12,964	9,817	7,930

<Reference>

Mitsubishi UFJ Morgan Stanley Securities, Co., Ltd.
for the Second Quarter of the Fiscal Year Ending March 31, 2018

(1) Consolidated operating results

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Operating revenue	139,183	139,964	781	303,649
Commission received	62,063	66,409	4,345	139,146
Net trading income	68,632	58,694	(9,938)	142,930
Net operating revenue	135,288	136,648	1,360	295,082
Operating profit	19,646	16,467	(3,178)	52,440
Ordinary profit	20,250	17,179	(3,071)	53,802
Profit attributable to owners of parent	12,711	11,031	(1,680)	34,429

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Commission to consignees	13,421	15,439	2,017	29,991
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	7,657	6,982	(674)	16,400
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	15,642	17,042	1,400	35,479
Other fees received	25,341	26,944	1,602	57,275
Total	62,063	66,409	4,345	139,146

<Breakdown by product of commission received>

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Stocks	18,222	19,302	1,079	41,402
Bonds	7,032	7,137	104	12,934
Beneficiary certificates	25,230	27,265	2,034	54,918
Other	11,577	12,704	1,127	29,891
Total	62,063	66,409	4,345	139,146

<Net trading income>

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Stocks	15,581	14,013	(1,567)	36,875
Bonds and other	53,051	44,680	(8,370)	106,054
Total	68,632	58,694	(9,938)	142,930

(2) Consolidated financial position

(Millions of yen)

	As of September 30, 2016	As of September 30, 2017	Increase (Decrease)	As of March 31, 2017
Total assets	15,320,538	13,180,548	(1,783,733)	14,964,282
Net assets	405,020	438,443	10,913	427,529

<Reference>

(3) Non-consolidated operating results

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Operating revenue	123,646	119,879	(3,767)	270,069
Commission received	54,756	56,579	1,822	122,569
Net trading income	60,479	48,517	(11,962)	126,070
Net operating revenue	119,908	116,690	(3,218)	261,784
Operating profit	16,041	10,079	(5,961)	43,564
Ordinary profit	19,604	14,263	(5,341)	50,482
Profit	13,976	11,337	(2,638)	35,720

(Breakdown of operating revenue)

<Breakdown by item of commission received>

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Commission to consignees	13,170	15,133	1,962	29,156
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	7,657	6,982	(674)	16,400
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	11,431	10,830	(600)	25,695
Other fees received	22,496	23,631	1,134	51,317
Total	54,756	56,579	1,822	122,569

<Breakdown by product of commission received>

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Stocks	18,065	19,067	1,002	40,741
Bonds	6,126	6,199	72	10,664
Beneficiary certificates	19,115	18,800	(314)	41,560
Other	11,449	12,510	1,061	29,602
Total	54,756	56,579	1,822	122,569

<Net trading income>

(Millions of yen)

	First six months of FY2016 (From April 1, 2016 to September 30, 2016)	First six months of FY2017 (From April 1, 2017 to September 30, 2017)	Increase (Decrease)	FY2016 (From April 1, 2016 to March 31, 2017)
Stocks	12,859	12,911	52	32,137
Bonds and other	47,620	35,605	(12,015)	93,932
Total	60,479	48,517	(11,962)	126,070

(4) Non-consolidated financial position

(Millions of yen)

	As of September 30, 2016	As of September 30, 2017	Increase (Decrease)	As of March 31, 2017
Total assets	15,259,586	13,108,472	(1,792,344)	14,900,816
Net assets	402,118	435,572	11,294	424,278