



Mitsubishi UFJ Securities Holdings

# 2QFY2017 Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

October, 2017

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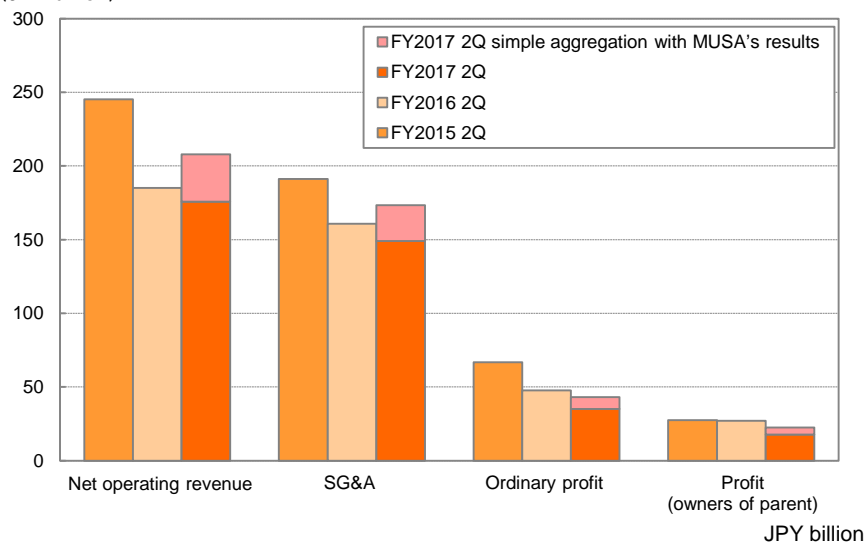
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## 2Q (cumulative) Performance Trends

- Net operating revenue of JPY 175.7 billion (-5% YoY), ordinary profit of JPY 35.1 billion (-26% YoY) and profit attributable to owners of parent of JPY 17.7 billion (-34% YoY). Both revenue and profit decreased from those in FY2016 2Q due to the struggle of domestic securities companies affected by intermittently heightened geopolitical risks and decreasing volatilities.
- Net operating revenue for 2Q in a simple aggregation with the results of MUFG Securities Americas Inc. (hereinafter "MUSA"), which was deconsolidated from FY2016 3Q, was JPY 208.1 billion (+12% YoY), and increased from that of FY2016 2Q.

## 2Q (cumulative) Trends

(JPY billion)



	FY2015 2Q (cumulative)	FY2016 2Q (cumulative)	FY2017 2Q (cumulative)
Net operating revenue	245.3	185.0	175.7
SG&A	191.2	160.9	149.1
Ordinary profit	66.8	47.7	35.1
Profit (owners of parent)	27.5	27.1	17.7

### Simple aggregation with MUSA's results

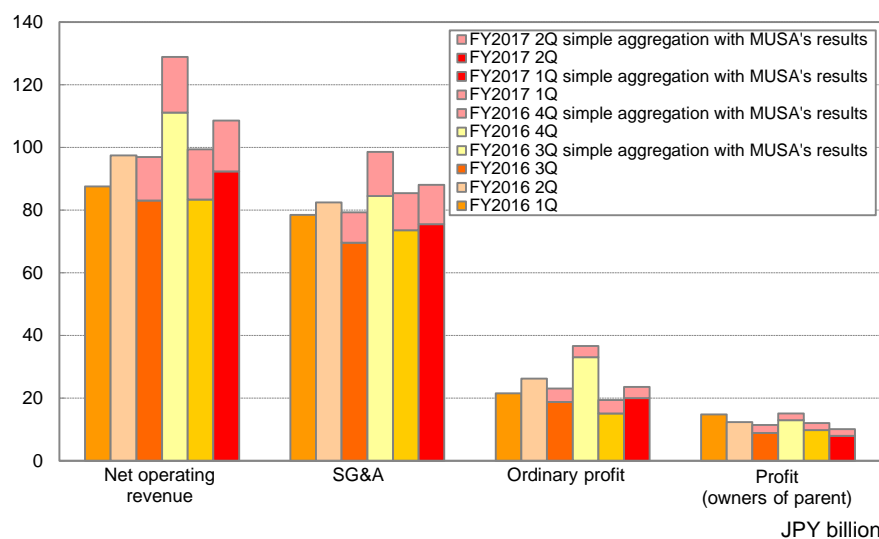
Net operating revenue	—	—	208.1
SG&A	—	—	173.5
Ordinary profit	—	—	43.2
Profit (owners of parent)	—	—	22.6

## Quarterly Performance Trends

- MUMSS increased its revenue and profit in Q2 from the previous quarter due to the recovery of retail business and net trading income thanks to the market recovery trend, and also became a main drive for the consolidated performance upturn from the previous quarter. Overseas subsidiaries continued to be strong, despite slowing down from the previous quarter.
- Ordinary profit in a simple aggregation with the results of MUSA was JPY 23.6 billion and profit attributable to owners of parent was JPY 10.1 billion.

## Quarterly Trends

(JPY billion)



	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Net operating revenue	87.5	97.4	83.0	111.1	83.3	92.3
SG&A	78.4	82.4	69.6	84.5	73.6	75.5
Ordinary profit	21.5	26.2	18.8	33.0	15.1	20.0
Profit (owners of parent)	14.8	12.3	8.9	12.9	9.8	7.9

### Simple aggregation with MUSA's results

Net operating revenue	—	—	97.0	128.9	99.5	108.6
SG&A	—	—	79.3	98.6	85.4	88.0
Ordinary profit	—	—	23.0	36.7	19.5	23.6
Profit (owners of parent)	—	—	11.4	15.1	12.4	10.1

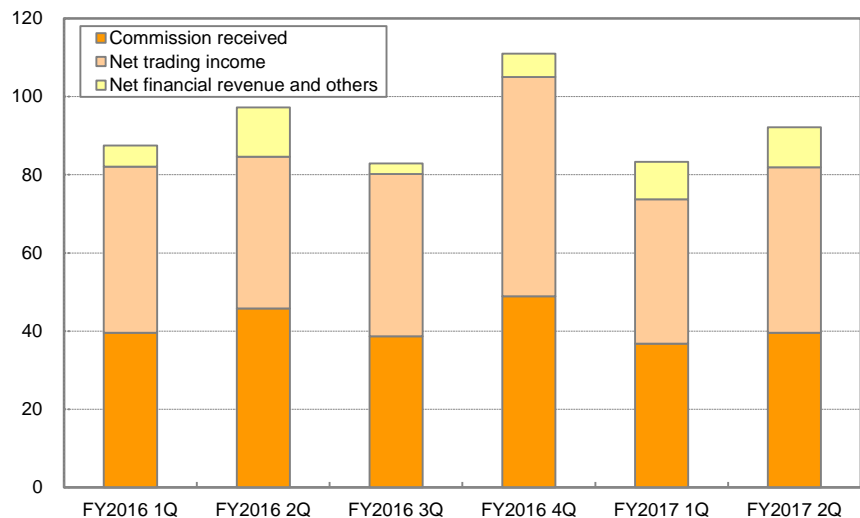
# Net Operating Revenue and SG & A (1)

## Net Operating Revenue

- Both commission received and net trading income increased from the previous quarter. Net operating revenue managed to revert to JPY 90.0 billion levels.

### Quarterly Trends

(JPY billion)



JPY billion

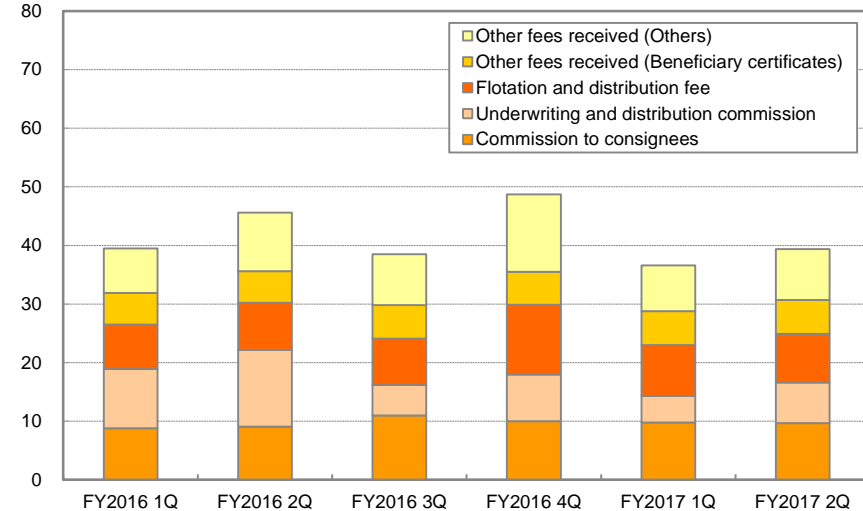
	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Commission received	39.6	45.8	38.7	48.9	36.8	39.6
Net trading income	42.5	38.8	41.5	56.1	36.9	42.3
Net financial revenue and others	5.4	12.6	2.7	6.0	9.6	10.2
<b>Total</b>	<b>87.5</b>	<b>97.4</b>	<b>83.0</b>	<b>111.1</b>	<b>83.3</b>	<b>92.3</b>

## Commission Received

- Commission to consignees: Recorded stable revenue due to a recovery in trading value.
- Underwriting and distribution commission: Increased from the previous quarter due to big deals in both stocks and bonds.
- Flotation and distribution fee: Increased from FY2016 2Q and maintained stable revenue, although sales of investment trusts decreased slightly from the previous quarter.
- Other fees received: Increased from the previous quarter due to strong performance in arranging finance deals, etc.

### Quarterly Trends

(JPY billion)



JPY billion

	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Commission to consignees	8.8	9.1	11.0	10.0	9.8	9.7
Underwriting and distribution commission	10.1	13.1	5.2	8.0	4.5	6.9
Flotation and distribution fee	7.6	8.0	7.9	11.9	8.7	8.3
Other fees received (Beneficiary certificates)	5.4	5.4	5.7	5.6	5.8	5.8
Other fees received (Others)	7.6	10.0	8.7	13.2	7.8	8.7
<b>Total</b>	<b>39.6</b>	<b>45.8</b>	<b>38.7</b>	<b>48.9</b>	<b>36.8</b>	<b>39.6</b>

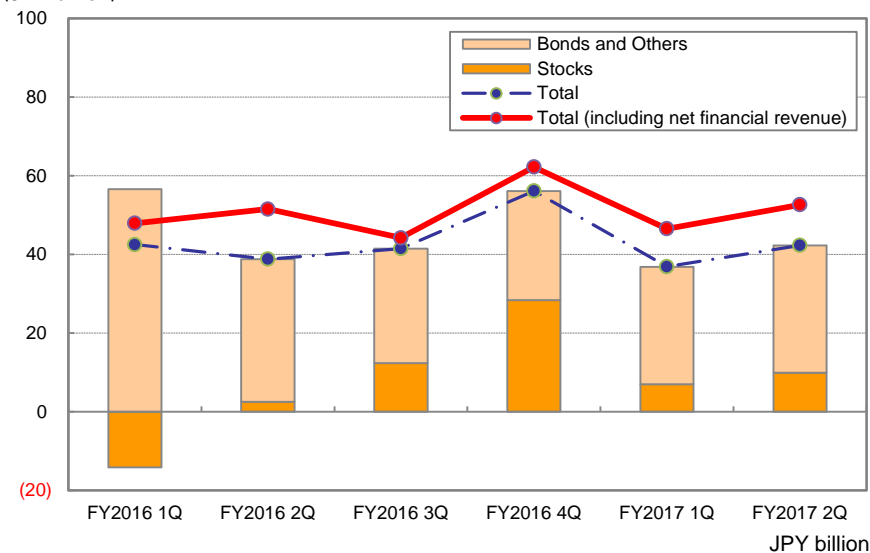
# Net Operating Revenue and SG & A (2)

## Net Trading Income

- Domestic subsidiaries increased revenue in both stocks and bonds from previous quarter, making up for the decreased revenue opportunities under low volatility by capturing investment needs for foreign bonds / structured bonds under low-yield domestic bond market and flow from integrated S&T business of BTMU and MUS. Overseas subsidiaries continued to be strong, despite slowing down from the previous quarter. Total trading income including net financial revenue maintained a stable level.

## Quarterly Trends

(JPY billion)



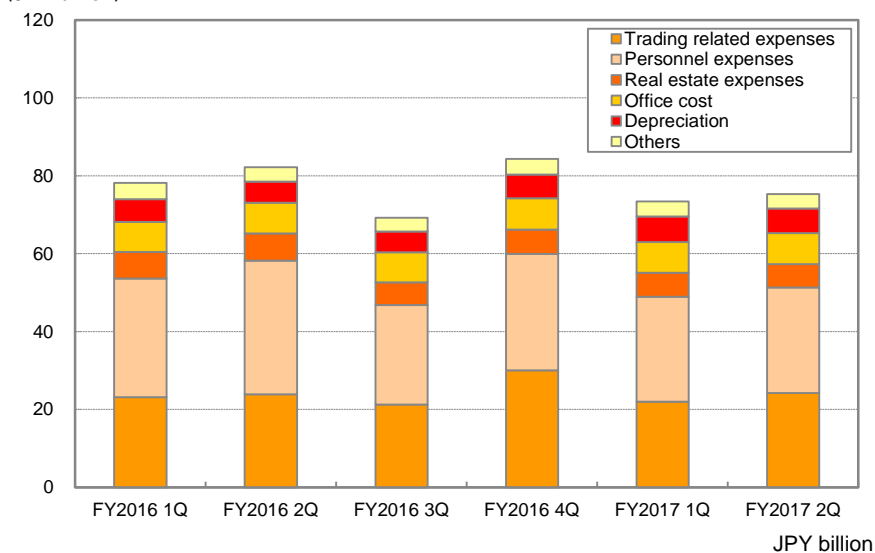
	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Stocks	(14.1)	2.5	12.4	28.4	7.0	9.9
Bonds and Others	56.6	36.3	29.1	27.7	29.8	32.4
<b>Total</b>	<b>42.5</b>	<b>38.8</b>	<b>41.5</b>	<b>56.1</b>	<b>36.9</b>	<b>42.3</b>
Net financial revenue	5.4	12.6	2.7	6.0	9.6	10.2
<b>Total (including net financial revenue)</b>	<b>47.9</b>	<b>51.5</b>	<b>44.2</b>	<b>62.2</b>	<b>46.5</b>	<b>52.6</b>

## SG & A

- Increased due to higher trading related expenses, which are strongly linked to revenues. Despite incremental increase in depreciation, fixed costs continued to be curbed in domestic and overseas subsidiaries, restraining increase in costs.

## Quarterly Trends

(JPY billion)



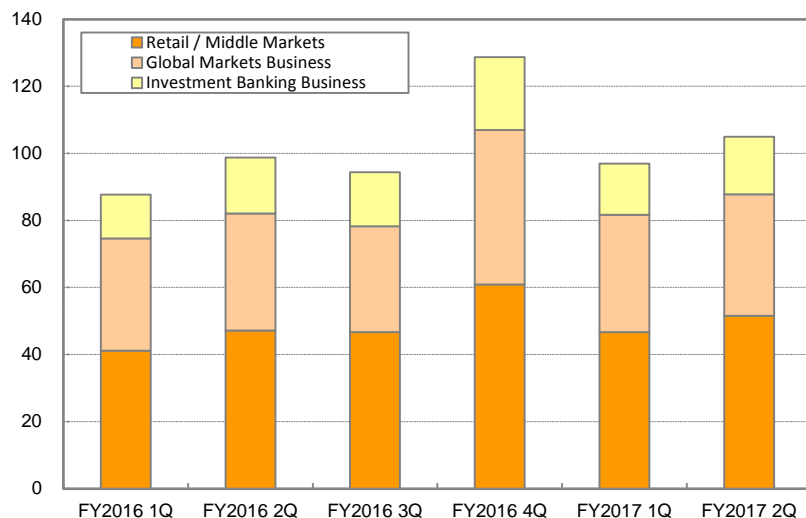
	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Trading related expenses	23.1	23.9	21.2	30.0	22.0	24.2
Personnel expenses	30.5	34.3	25.6	29.9	26.9	27.1
Real estate expenses	6.8	7.0	5.8	6.3	6.2	6.0
Office cost	7.7	7.9	7.7	8.0	7.9	8.0
Depreciation	5.9	5.4	5.4	6.1	6.5	6.3
Others	4.2	3.7	3.5	4.0	3.9	3.7
<b>Total</b>	<b>78.4</b>	<b>82.4</b>	<b>69.6</b>	<b>84.5</b>	<b>73.6</b>	<b>75.5</b>

## Overview by Business Segments

- Retail / Middle Markets, Global Markets and Investment Banking increased revenue from the previous quarter.
- Retail / Middle Markets: Showed solid performances supported by recovery trend of stock prices despite intermittently heightened geopolitical risks. Consignment transactions of domestic stock and structured bond sales were strong.
- Global Markets: For domestic revenue, fixed income business, which had struggled in the previous quarter, picked up. Overseas revenue (April – June) slowed down due to lower customer flow caused by political events such as the French presidential election and the UK general election, as well as heightened geopolitical risks stemming from countries including Syria and North Korea.
- Investment Banking: Increased both domestic and overseas revenue from the previous quarter driven by strong performances in underwriting business.

## Quarterly Trends

(JPY billion)



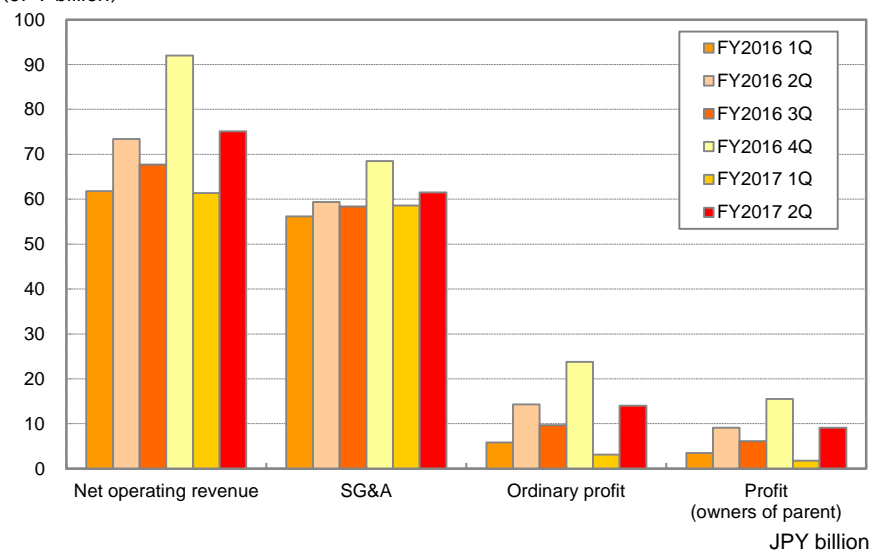
\* Figures are based on management accounting basis (before internal transaction elimination) including MUSA which was deconsolidated since FY2016 3Q.

### Quarterly Performance Trends

- Increased in both revenue and profit from the previous quarter due to strong performance in the Retail / Middle Market Division by capturing investment needs for stocks supported by the stock price recovery and foreign bonds / structured bonds. Underwriting business and trading business also recovered. Ordinary profit was JPY 14.0 billion, and profit attributable to owners of parent was JPY 9.1 billion.
- Strong revenues by MUMSPB, which accurately anticipated customer needs, contributed to the performance results.

### Quarterly Trends

(JPY billion)



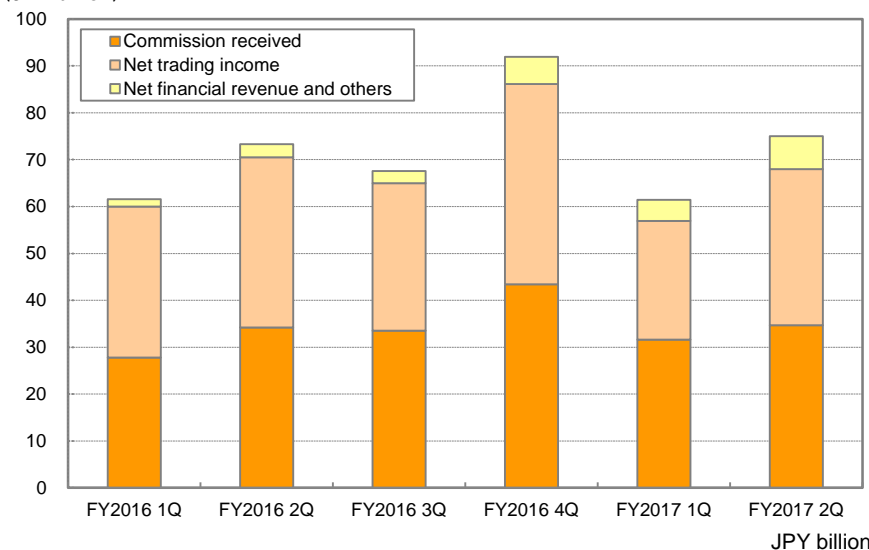
	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Net operating revenue	61.8	73.4	67.7	92.0	61.4	75.1
SG&A	56.2	59.4	58.4	68.5	58.6	61.5
Ordinary profit	5.8	14.3	9.7	23.8	3.1	14.0
Profit (owners of parent)	3.5	9.1	6.1	15.5	1.8	9.1

### Net Operating Revenue

- Revenue increased significantly from the previous quarter, recording JPY 75.1 billion, following FY2016 4Q, which recorded a strong performance of the past six quarters.
- Growth in the equity underwriting and debt capital markets businesses, together with recovery in trading of bonds from the previous quarter resulted in increases in commission received and net trading income.

### Quarterly Trends

(JPY billion)



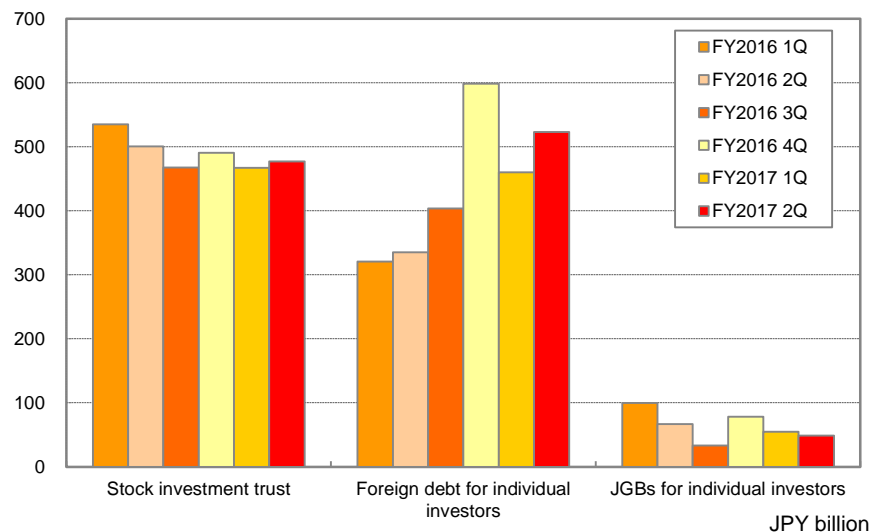
	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Commission received	27.8	34.2	33.5	43.4	31.6	34.7
Net Trading income	32.2	36.3	31.5	42.7	25.3	33.3
Net financial revenue and others	1.6	2.8	2.6	5.8	4.5	7.0
Total	61.8	73.4	67.7	92.0	61.4	75.1

### Sales of Retail / Middle Market Division

- Investment trusts, mainly emerging countries' stock related ones, were strong, and increased from the previous quarter.
- Foreign bonds for individual investors remained on a recovery trend mainly due to solid sales of structured bonds.

### Quarterly Trends

(JPY billion)



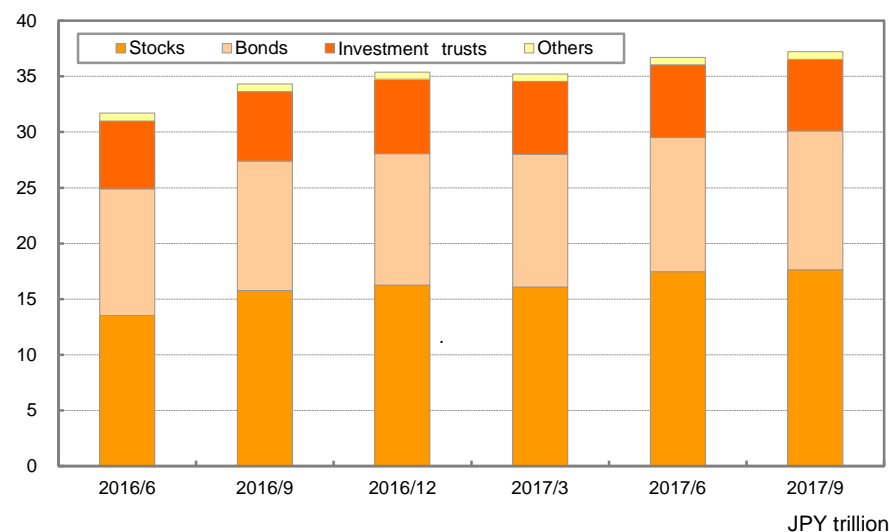
	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Stock investment trusts	535.1	500.4	467.4	490.7	466.9	476.7
Foreign bonds for individual investors	320.7	335.1	403.4	598.3	460.0	522.7
JGBs for individual investors	99.6	66.7	33.4	78.3	54.7	48.5

### Trends of AUM

- AUM recorded approximately JPY 37.2 trillion at the end of September, 2017, increasing from the previous quarter mainly due to increased bonds.
- Of the above, AUM for the Retail / Middle Market Division recorded JPY 30.6 trillion (JPY 29.9 trillion at the end of June, 2017).

### Quarterly Trends

(JPY trillion)



	2016/6	2016/9	2016/12	2017/3	2017/6	2017/9
Stocks	13.5	15.8	16.3	16.1	17.5	17.6
Bonds	11.4	11.6	11.8	11.9	12.1	12.5
Investment trusts	6.1	6.2	6.7	6.5	6.5	6.4
Others	0.7	0.7	0.7	0.7	0.7	0.7
Total	31.7	34.3	35.4	35.2	36.7	37.2

\* From this disclosure, the scope of calculation of AUM for the Retail / Middle Market Division (of which, stocks and bonds) has been changed.



## Investment banking business ~ League Table (from April, 2017 to September, 2017)

Japan Domestic Debt\*<sup>1</sup>

Rank	Securities Firm	Share (%)
1	Mizuho Securities	23.2
2	Mitsubishi UFJ Morgan Stanley	21.5
3	Nomura Securities	18.8
4	Daiwa Securities	16.6
5	SMBC Nikko Securities	15.0
6	Tokai Tokyo Securities	1.4
7	Goldman Sachs Japan	1.2
8	Shinkin Securities	1.1
9	Okasan Securities	0.3
10	Merrill Lynch Japan Securities	0.3

Japan Equity and Equity-linked\*<sup>2</sup>

Rank	Securities Firm	Share (%)
1	Nomura	26.5
2	Daiwa Securities Group	25.0
3	Mitsubishi UFJ Morgan Stanley	11.7
4	Sumitomo Mitsui Financial Group	9.5
5	Goldman Sachs & Co	6.9
6	Mizuho Financial Group	6.8
7	Bank of America Merrill Lynch	3.7
8	JP Morgan	3.4
9	SBI Holdings	1.1
10	OKASAN Securities Group	0.8

M&A Advisory / Based on Rank Value\*<sup>3</sup>

Rank	Financial Advisor	JPY billion
1	Nomura	4,056
2	Goldman Sachs & Co	3,073
3	Mitsubishi UFJ Morgan Stanley	2,978
4	Sumitomo Mitsui Financial Group	920
5	Bank of America Merrill Lynch	825
6	Citi	556
7	JP Morgan	546
8	Mizuho Financial Group	527
9	PricewaterhouseCoopers	354
10	UBS	343

\*1 Source: Thomson Reuters, Thomson Reuters DealWatch (data compiled by Mitsubishi UFJ Morgan Stanley)

Includes Japanese Straight Bonds, Ex-FILP Agency Bonds (incl. Expressway company's Bonds) and Municipal Bonds Related. Based on lead manager's credit.

\*2 Source: Thomson Reuters (data compiled by Mitsubishi UFJ Morgan Stanley)

Mitsubishi UFJ Morgan Stanley includes domestic offerings of Japanese issuers underwritten by Morgan Stanley MUFG Securities as well as global offerings of Japanese issuers underwritten by Morgan Stanley. Based on underwriting amount.

\*3 Source: Thomson Reuters (data compiled by Mitsubishi UFJ Morgan Stanley)

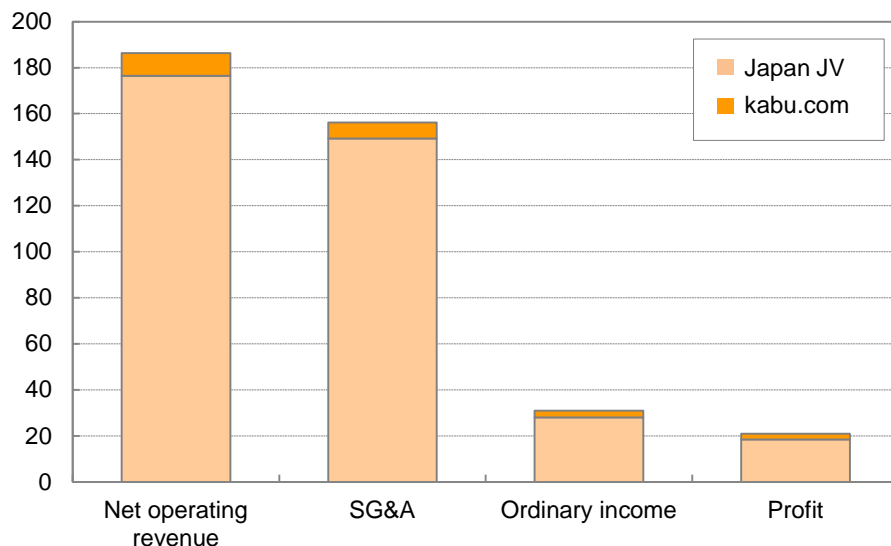
Any Japanese involvement announced including property acquisitions. Mitsubishi UFJ Morgan Stanley includes deals advised by Morgan Stanley.

## Securities Companies' Performance

- Net operating revenue of Domestic Securities Companies is over JPY 180 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) 2017

(JPY billion)



\* The figures in the graph above represent the simple sum of the Domestic Securities Companies.

(JPY billion)

(Simple sum of the figures for Domestic Securities Companies)	FY 2017 2Q(cumulative)
<b>Net Operating Revenue</b>	<b>186.4</b>
Japan JV	176.5
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Consolidated base ("MUMSS" + "MUMSPB") *1	136.6
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *2	39.8
kabu.com Securities Co., Ltd. ("kabu.com")	9.9
<b>SG &amp; A</b>	<b>156.2</b>
Japan JV	149.2
MUMSS Consolidated base	120.1
MSMS	29.0
kabu.com	7.0
<b>Ordinary profit</b>	<b>30.9</b>
Japan JV	28.0
MUMSS Consolidated base	17.1
MSMS	10.8
kabu.com	2.9
<b>Profit</b>	<b>21.0</b>
Japan JV	18.4
MUMSS Consolidated base (Profit attributable to owners of parent)	11.0
MSMS	7.3
kabu.com	2.5

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

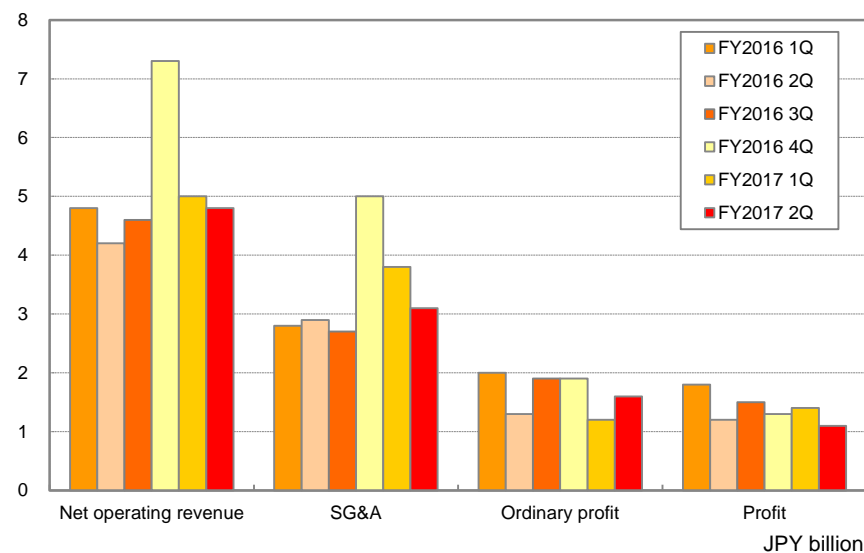
\*2 MSMS is an associated company accounted for by using the equity-method.

## kabu.com Quarterly Trends

- Ordinary profit increased from the previous quarter due to a decrease in SG&A from the previous quarter, in which SG&A had increased attributable to temporary causes, while net operating revenue remained almost unchanged.

## Quarterly Trends

(JPY billion)



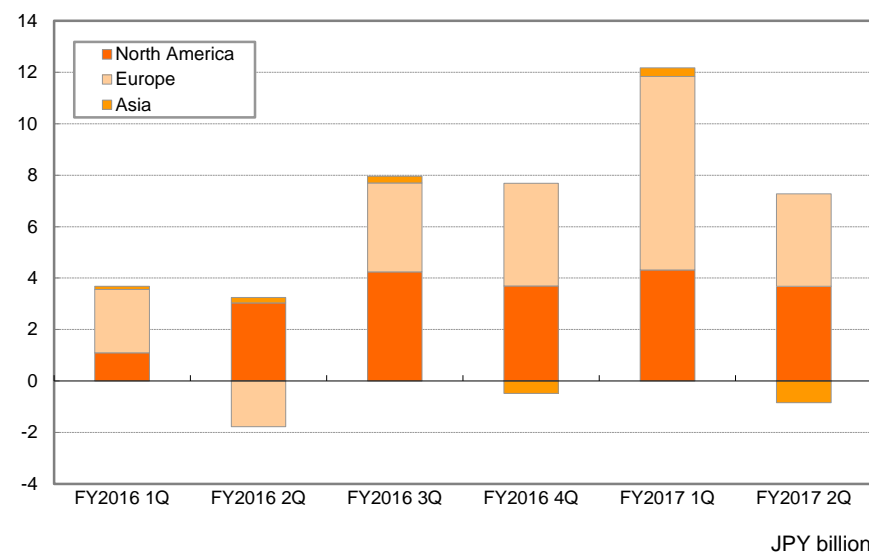
	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q	FY2017 2Q
Net operating revenue	4.8	4.2	4.6	7.3	5.0	4.8
SG&A	2.8	2.9	2.7	5.0	3.8	3.1
Ordinary profit	2.0	1.3	1.9	1.9	1.2	1.6
Profit	1.8	1.2	1.5	1.3	1.4	1.1

## Overseas Business Quarterly Trends

- Business in Europe maintained favorable level of revenue despite a slowdown in the secondary business from the previous quarter due to the political events and the heightened geopolitical risks.
- Business in Asia decreased revenue due to lower customer flow and the revenue could not cover costs.
- Business in North America maintained steady performance mainly in the underwriting business. Overseas business as a whole including business in North America recorded JPY 6.4 billion of ordinary profit.

## Ordinary profit (loss): Quarterly Trends

(JPY billion)



	FY2016 1Q	FY2016 2Q	FY2016 3Q *	FY2016 4Q *	FY2017 1Q *	FY2017 2Q *
North America	1.09	3.04	4.24	3.69	4.32	3.68
Europe	2.47	(1.78)	3.46	4.00	7.52	3.59
Asia	0.12	0.21	0.26	(0.49)	0.34	(0.84)
Total	3.70	1.48	7.97	7.20	12.19	6.43

\* Figures represent the aggregation with MUSA's results.

JPY million

	Full year		Quarter					
	FY2015	FY2016	FY2016				FY2017	
			1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating revenue</b>	474,449	404,497	98,805	101,774	87,038	116,879	86,684	94,947
Commission received	226,105	173,279	39,633	45,883	38,779	48,983	36,821	39,692
Net trading income	178,770	179,112	42,557	38,889	41,524	56,141	36,943	42,389
Other operating revenue	0	0	0	0	-	-	0	0
Financial revenue	69,573	52,105	16,613	17,001	6,735	11,755	12,918	12,865
<b>Financial expenses</b>	36,706	25,260	11,213	4,341	4,018	5,687	3,305	2,568
<b>Net operating revenue</b>	437,742	379,237	87,592	97,432	83,020	111,191	83,378	92,379
<b>SG &amp; A</b>	357,055	315,125	78,489	82,486	69,607	84,542	73,660	75,528
<b>Operating profit</b>	80,687	64,111	9,103	14,946	13,413	26,648	9,718	16,850
<b>Non-operating income</b>	27,885	37,075	12,541	11,942	5,380	7,210	6,195	3,185
<b>Non-operating expenses</b>	715	1,591	107	680	(30)	833	733	25
<b>Ordinary profit</b>	107,857	99,595	21,536	26,208	18,823	33,026	15,181	20,010
<b>Extraordinary income</b>	275	180	196	(1)	19	(34)	83	11
<b>Extraordinary losses</b>	3,513	3,465	455	427	1,806	775	7	9
<b>Income taxes</b>	33,971	21,695	1,808	5,461	4,274	10,150	2,792	6,667
<b>Profit attributable to non-controlling interests</b>	27,384	25,529	4,597	7,990	3,840	9,099	2,646	5,413
<b>Profit attributable to owners of parent</b>	43,262	49,085	14,872	12,327	8,922	12,964	9,817	7,930

# Appendix

## Consolidated Balance Sheet

JPY billion

	As of Mar. 31, 2017	As of Sep. 30, 2017	Change
<b>ASSETS</b>			
<b>Current assets</b>	29,807	25,300	(4,507)
Cash and deposits	1,620	1,792	+172
Trading products	14,756	12,867	(1,889)
Loans secured by securities	10,826	8,321	(2,505)
Others	2,604	2,318	(285)
<b>Non-current assets</b>	685	575	(109)
PP & E	39	38	(1)
Intangible assets	109	107	(1)
Investments and other assets	536	429	(106)
<b>Total assets</b>	30,493	25,876	(4,616)

	As of Mar. 31, 2017	As of Sep. 30, 2017	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	27,986	23,349	(4,637)
Trading products	14,156	10,907	(3,249)
Loans payable secured by securities	8,462	6,374	(2,087)
Short-term loans payable	1,855	2,024	+168
Others	3,511	4,041	+530
<b>Non-current liabilities</b>	1,543	1,549	+5
Bonds payable	1,022	995	(26)
Long-term loans payable	505	538	+33
Others	16	15	(0)
<b>Total liabilities</b>	29,533	24,902	(4,631)
<b>NET ASSETS</b>			
Shareholders' equity	700	707	+7
Accumulated other comprehensive income	(25)	(22)	+3
Subscription rights to shares	0	0	+0
Non-controlling interests	284	288	+4
<b>Total net assets</b>	959	974	+14
<b>Total liabilities and net assets</b>	30,493	25,876	(4,616)

# Appendix

## Mitsubishi UFJ Morgan Stanley Securities (MUMSS)

MUMSS (non-consolidated)

JPY million

### ■ Statement of Income

	Full year	
	FY2015	FY2016
<b>Operating revenue</b>	302,534	270,069
Commission received	149,536	122,569
Net trading income	132,248	126,070
Others	0	0
Financial revenue	20,748	21,428
<b>Financial expenses</b>	9,636	8,284
<b>Net operating revenue</b>	292,897	261,784
<b>SG &amp; A</b>	225,938	218,219
<b>Operating profit</b>	66,958	43,564
<b>Net non-operating income (expenses)</b>	10,885	6,918
<b>Ordinary profit</b>	77,844	50,482
<b>Net extraordinary income (losses)</b>	0	(1,945)
<b>Income taxes</b>	22,095	12,817
<b>Profit</b>	55,749	35,720

### ■ Balance Sheet

	As of Mar. 31, 2017	As of Sep. 30, 2017	Change
<b>Current assets</b>	14,742	12,952	(1,789)
Cash and deposits	1,254	1,343	+89
Trading products	8,254	7,941	(313)
Loans secured by securities	4,051	2,786	(1,265)
Others	1,180	881	(299)
<b>Non-current assets</b>	158	156	(2)
PP& E	27	25	(1)
Intangible assets	61	59	(1)
Investments and other assets	70	70	+0
<b>Total assets</b>	14,900	13,108	(1,792)

	Quarter				FY2017	
	FY2016				1Q	2Q
	1Q	2Q	3Q	4Q	1Q	2Q
	57,005	66,641	61,750	84,672	53,133	66,746
	24,383	30,373	29,765	38,047	26,862	29,716
	28,898	31,581	27,668	37,922	19,927	28,589
	0	0	—	—	0	0
	3,723	4,686	4,316	8,702	6,342	8,439
	1,989	1,748	1,667	2,879	1,794	1,394
	55,016	64,892	60,082	81,792	51,338	65,351
	50,728	53,138	52,792	61,560	51,888	54,722
	4,287	11,753	7,290	20,232	(549)	10,629
	2,983	579	2,772	582	3,462	721
	7,271	12,333	10,062	20,815	2,912	11,350
	(449)	(385)	(379)	(730)	(7)	(9)
	1,176	3,617	2,142	5,881	(442)	3,351
	5,645	8,331	7,540	14,203	3,347	7,989

JPY billion

	As of Mar. 31, 2017	As of Sep. 30, 2017	Change
<b>Current liabilities</b>	14,108	12,287	(1,820)
Trading products	7,819	6,251	(1,568)
Loans payable secured by securities	2,795	1,935	(859)
Short-term loans payable	2,174	2,275	+100
Others	1,319	1,826	+506
<b>Non-current liabilities</b>	366	383	+17
Long-term loans payable	355	372	+17
Others	10	10	(0)
<b>Total liabilities</b>	14,476	12,672	(1,803)
<b>Net assets</b>	424	435	+11
<b>Total liabilities and net assets</b>	14,900	13,108	(1,792)

JPY million

MUMSPB (non-consolidated)

### ■ Statement of Income

	Full year	
	FY2015	FY2016
<b>Net operating revenue</b>	38,642	33,375
<b>Ordinary profit</b>	12,703	9,493
<b>Profit</b>	8,582	6,510

	Quarter				FY2017	
	FY2016				1Q	2Q
	1Q	2Q	3Q	4Q	1Q	2Q
	6,812	8,595	7,725	10,241	10,170	9,816
	1,468	2,463	2,135	3,426	3,535	3,109
	1,008	1,685	1,461	2,354	2,435	2,127

### 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.

### Capital Adequacy

- Capital adequacy ratio at the end of September, 2017 maintained a sufficient level of capital base.
- Capital base of MUSHD (consolidated) marked no major change.

### 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	Fitch
Long-term	AA-	AA	A1	A+	A
Short-term	a-1+ *	-	P-1	A-1	F1

\*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 Ratio MUMSS (non-consolidated)

Capital adequacy ratio of MUMSS at 2Q FY2017 can be found on the following URL.

[http://www.sc.mufig.jp/company/finance/cp\\_ratio.html](http://www.sc.mufig.jp/company/finance/cp_ratio.html)

### Net Assets MUSHD (Consolidated) / MUMSS

JPY billion

MUSHD (Consolidated)		2016/6	2016/9	2016/12	2017/3	2017/6	2017/9
Capital stock		75.5	75.5	75.5	75.5	75.5	75.5
Net assets (Total)		1,012.9	932.3	924.1	959.4	955.0	974.0
MUMSS		2016/6	2016/9	2016/12	2017/3	2017/6	2017/9
Capital stock		40.5	40.5	40.5	40.5	40.5	40.5
Net assets (Total)	Consolidated	395.7	405.0	411.1	427.5	428.9	438.4
	Non-consolidated	393.9	402.1	409.9	424.2	427.6	435.5

### Value at Risk (VaR) associated with the trading activities

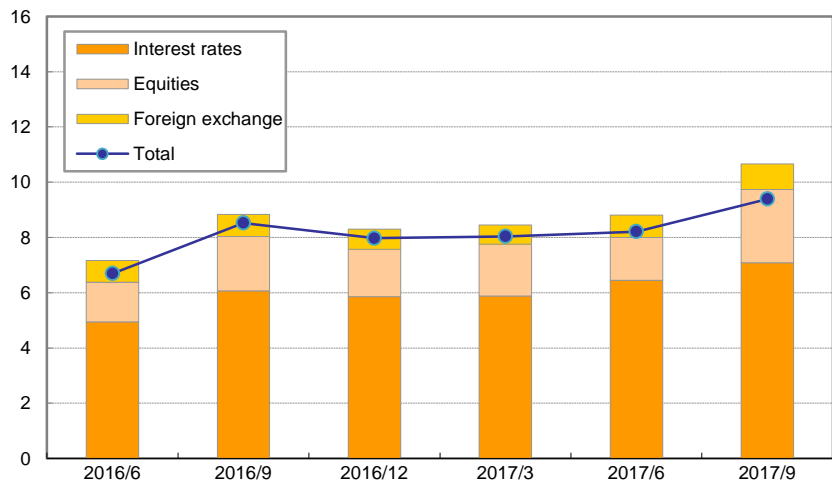
- Amount of risks increased respectively due to a temporary increase in stock risks accompanying customer trading in domestic subsidiaries and an increase in interest rate risks in overseas subsidiaries.

### 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

(JPY billion)

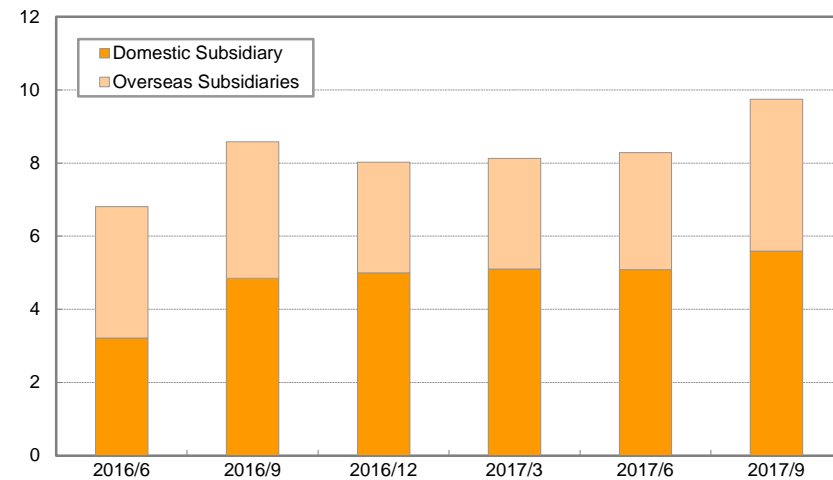


JPY billion

	2016/6	2016/9	2016/12	2017/3	2017/6	2017/9
Interest rates	4.9	6.1	5.9	5.9	6.5	7.1
Equities	1.4	2.0	1.7	1.9	1.5	2.7
Foreign exchange	0.8	0.8	0.7	0.7	0.8	0.9
<b>Total</b>	<b>6.7</b>	<b>8.5</b>	<b>8.0</b>	<b>8.0</b>	<b>8.2</b>	<b>9.4</b>

### Quarterly trends of VaR by type of subsidiary

(JPY billion)



JPY billion

	2016/6	2016/9	2016/12	2017/3	2017/6	2017/9
Domestic Subsidiary	3.2	4.9	5.0	5.1	5.1	5.6
Overseas Subsidiaries	3.6	3.7	3.0	3.0	3.2	4.1
<b>Total</b>	<b>6.7</b>	<b>8.5</b>	<b>8.0</b>	<b>8.0</b>	<b>8.2</b>	<b>9.4</b>

Domestic Subsidiary: Mitsubishi UFJ Morgan Stanley Securities

Overseas Subsidiaries: MUFG Securities EMEA plc , MUFG Securities Asia Limited





# Mitsubishi UFJ Securities Holdings

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