

# 3Q FY2012 Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

January, 2013

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## Information Relating to Financial Stability

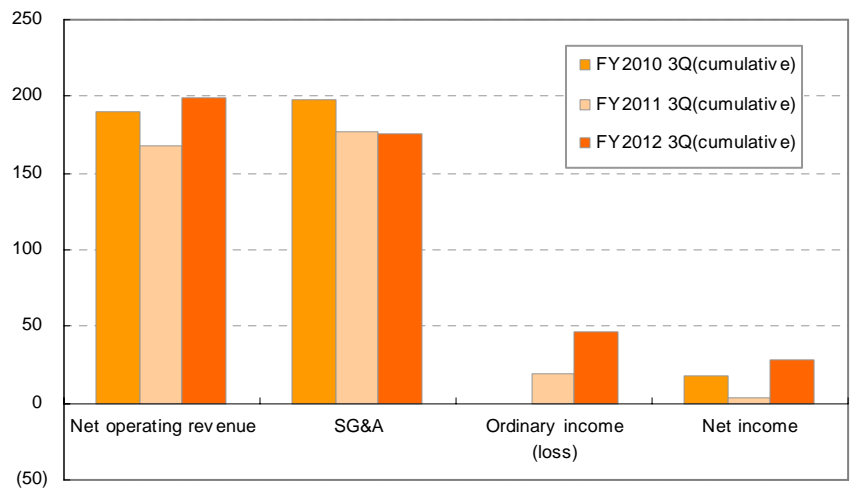
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## 3Q (cumulative) Performance Trends

- A substantial increase in net operating revenue and a steady reduction in SG&A have been achieved by BTMU collaboration and the alliance with Morgan Stanley, along with the promotion of management optimization efforts.
- Ordinary income and net income amounted to JPY 46.3 billion and JPY 28.1 billion respectively, both marking a substantial increase compared to the previous corresponding period.

### 3Q (cumulative) Trends

(JPY billion)



JPY billion

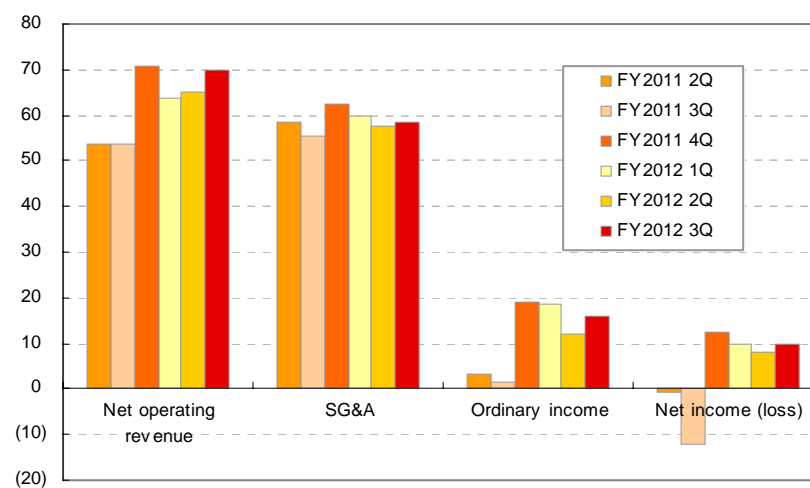
	FY2010 3Q(cumulative)	FY2011 3Q(cumulative)	FY2012 3Q(cumulative)
Net operating revenue	190.2	167.9	199.1
SG&A	198.1	177.5	175.9
Ordinary income (loss)	(0.7)	19.1	46.3
Net income	18.3	4.0	28.1

## Quarterly Performance Trends

- As the customer transactions-driven business model further developed, high levels of net operating revenue have been maintained. Efforts to cut back on expenses continued, achieving profits at the ordinary income level for seven consecutive quarters.
- 3Q saw a rise in profits compared with 2Q, thanks in part to a recovery in the Japanese stock market, with net income reaching the JPY 10 billion level.

### Quarterly Trends

(JPY billion)



JPY billion

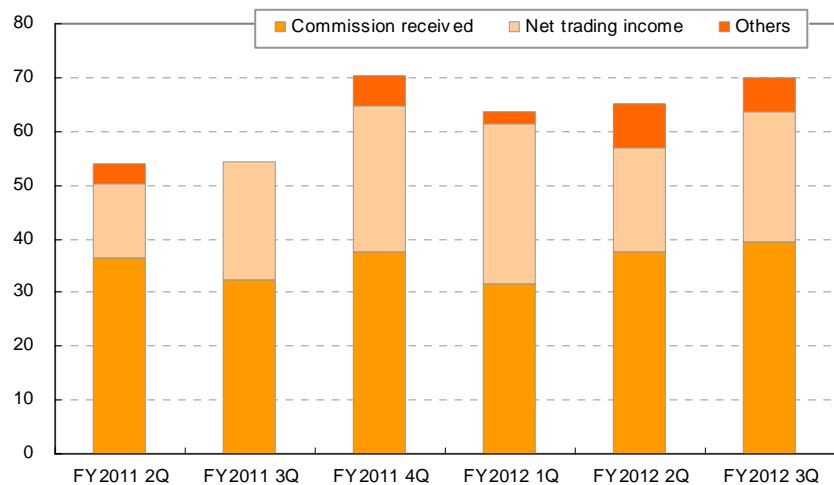
	FY2011 2Q	FY2011 3Q	FY2011 4Q	FY2012 1Q	FY2012 2Q	FY2012 3Q
Net operating revenue	53.8	53.8	70.6	63.9	65.1	70.0
SG&A	58.4	55.5	62.5	59.9	57.5	58.4
Ordinary income	3.3	1.4	18.9	18.6	11.8	15.8
Net income (loss)	(0.5)	(12.2)	12.5	10.0	8.0	10.0

## Net Operating Revenue

- On the back of an improving Japanese market environment, commission received for 3Q surpassed those for 2Q, which captured a large IPO transaction administered as a lead manager, reaching the highest level in the last six quarters.
- Net trading income has shown a steady performance over the last few quarters, with its 3Q topping that of 2Q, due to a recovery of stock-related trading income.

### Quarterly Trends

(JPY billion)



JPY billion

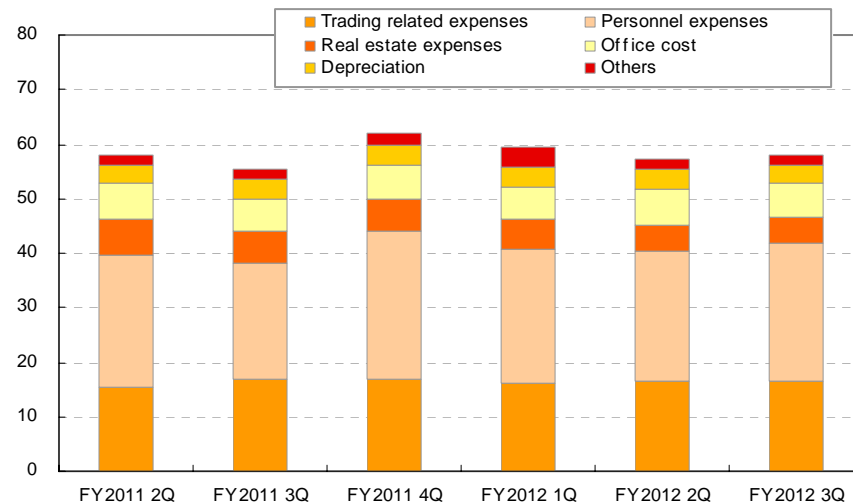
	FY2011 2Q	FY2011 3Q	FY2011 4Q	FY2012 1Q	FY2012 2Q	FY2012 3Q
Commission received	36.5	32.3	37.5	31.6	37.4	39.4
Net trading income	13.9	22.2	27.3	29.9	19.4	24.3
Others	3.4	(0.6)	5.7	2.3	8.2	6.2
<b>Total</b>	<b>53.8</b>	<b>53.8</b>	<b>70.6</b>	<b>63.9</b>	<b>65.1</b>	<b>70.0</b>

## SG & A

- Personnel expenses increased along with a rise in revenue; but total SG&A remained flat due to a steady reduction in SG&A.
- Fixed costs such as real estate expenses and depreciation decreased against the backdrop of various measures implemented in the previous fiscal year, which has been instrumental in the establishment of a streamlined expense structure.

### Quarterly Trends

(JPY billion)



JPY billion

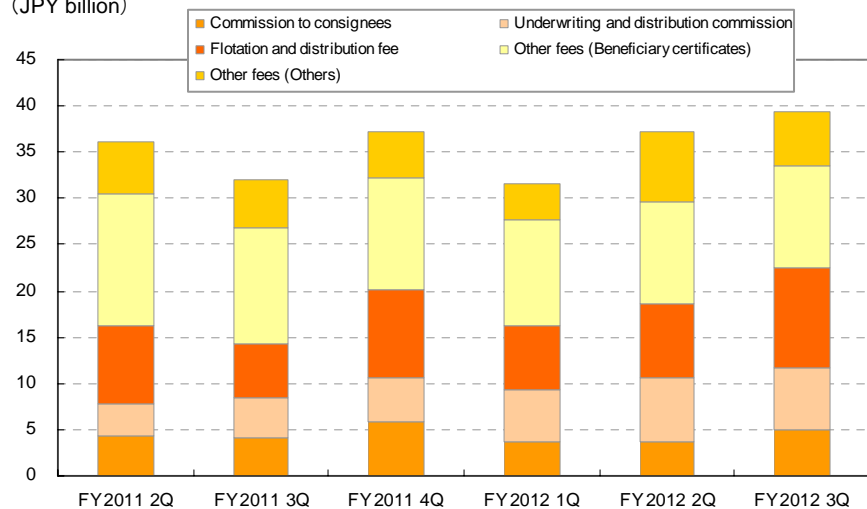
	FY2011 2Q	FY2011 3Q	FY2011 4Q	FY2012 1Q	FY2012 2Q	FY2012 3Q
Trading related expenses	15.5	16.9	16.7	16.1	16.6	16.5
Personnel expenses	24.1	21.3	27.4	24.5	23.6	25.3
Real estate expenses	6.6	6.0	5.9	5.5	5.1	4.7
Office cost	6.6	5.7	6.2	6.1	6.6	6.3
Depreciation	3.4	3.7	3.8	3.5	3.4	3.3
Others	1.9	1.7	2.2	3.8	2.0	2.0
<b>Total</b>	<b>58.4</b>	<b>55.5</b>	<b>62.5</b>	<b>59.9</b>	<b>57.5</b>	<b>58.4</b>

## Commission Received

- Brokerage commission increased compared with 2Q, reflecting an increase in the volume of trading in the Japanese stock market.
- Underwriting and distribution commission remained high levels, supported by the progress of BTMU collaboration overseas.
- Floatation and distribution fee exceeded JPY 10 billion, due to the strong sales of emerging market investment trusts. A downward trend in other fees received in connection with beneficiary certificates was put an end to.

## Quarterly Trends

(JPY billion)



JPY billion

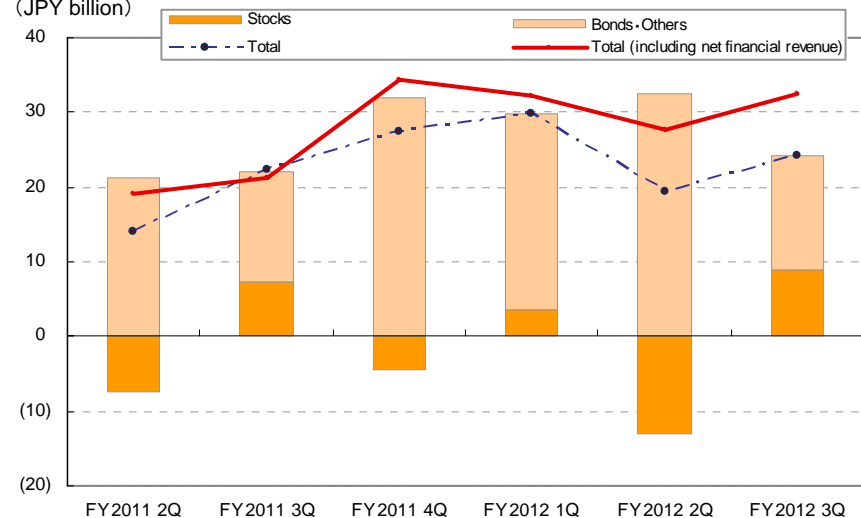
	FY2011 2Q	FY2011 3Q	FY2011 4Q	FY2012 1Q	FY2012 2Q	FY2012 3Q
Commission to consignees	4.3	4.2	5.8	3.6	3.7	5.0
Underwriting and distribution commission	3.4	4.2	4.9	5.7	7.0	6.7
Floatation and distribution fee	8.5	5.8	9.5	6.9	8.0	10.7
Other fees received (Beneficiary certificates)	14.2	12.6	12.0	11.4	11.0	11.1
Other fees received (Others)	5.8	5.3	5.0	3.9	7.5	5.8
<b>Total</b>	<b>36.5</b>	<b>32.3</b>	<b>37.5</b>	<b>31.6</b>	<b>37.4</b>	<b>39.4</b>

## Net Trading Income

- Stock-related trading successfully met customer needs and posted a high level of revenue amid a recovery of the Japanese market environment toward the end of December 2012.
- Bond-related trading steadily marked strong revenue as it maintained major market share in yen bonds.

## Quarterly Trends

(JPY billion)



JPY billion

	FY2011 2Q	FY2011 3Q	FY2011 4Q	FY2012 1Q	FY2012 2Q	FY2012 3Q
Stocks	(7.4)	7.4	(4.5)	3.6	(13.0)	9.0
Bonds·Others	21.3	14.7	31.9	26.2	32.5	15.2
<b>Total</b>	<b>13.9</b>	<b>22.2</b>	<b>27.3</b>	<b>29.9</b>	<b>19.4</b>	<b>24.3</b>
Net financial revenue	5.1	(0.8)	7.1	2.2	8.3	8.2
Dividend income *	3.0	0.6	4.9	0.5	11.6	2.7
<b>Total (including net financial revenue)</b>	<b>19.0</b>	<b>21.3</b>	<b>34.4</b>	<b>32.2</b>	<b>27.8</b>	<b>32.5</b>

\*Dividend income from trading products (in financial revenue)

# Consolidated Statement of Income

(JPY million)

	Full year		Quarter					
	FY2010	FY2011	FY2011			FY2012		
			2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating revenue</b>	202,262	306,926	73,209	67,838	86,287	76,379	78,906	76,074
Commission received	161,494	143,016	36,524	32,343	37,583	31,659	37,432	39,472
Net trading income	(27,195)	86,031	13,911	22,201	27,319	29,939	19,468	24,304
Net gain on private equity and other securities	186	(2,173)	(1,713)	191	(942)	49	(88)	(2,036)
Other net gain on goods trading	4	(486)	(6)	2	(495)	12	31	51
Financial revenue	67,772	80,538	24,493	13,099	22,822	14,718	22,063	14,282
<b>Financial expenses</b>	62,395	68,341	19,343	13,939	15,680	12,452	13,714	6,062
<b>Net operating revenue</b>	139,866	238,585	53,866	53,899	70,607	63,926	65,192	70,011
Selling, general and administrative expenses	254,894	240,124	58,459	55,586	62,571	59,949	57,597	58,436
<b>Operating income (loss)</b>	(115,027)	(1,539)	(4,593)	(1,687)	8,035	3,977	7,594	11,574
<b>Non-operating income</b>	22,114	42,473	9,219	3,946	10,917	15,351	4,445	4,065
<b>Non-operating expenses</b>	2,946	2,756	1,289	817	(38)	654	211	(193)
<b>Ordinary income (loss)</b>	(95,859)	38,177	3,336	1,442	18,992	18,674	11,828	15,834
<b>Extraordinary income</b>	29,608	18,238	4,050	8	1,375	609	2,001	1,273
<b>Extraordinary loss</b>	13,199	31,859	3,875	20,926	884	851	638	110
<b>Income taxes</b>	21,130	1,782	521	418	(207)	1,189	(1,379)	722
<b>Minority interests in income (loss)</b>	(50,140)	6,190	3,494	(7,623)	7,190	7,237	6,558	6,192
<b>Net income (loss)</b>	(50,440)	16,583	(504)	(12,270)	12,501	10,005	8,012	10,082

# Consolidated Balance Sheet

(JPY billion)

	As of Mar. 31, 2012	As of Dec. 31, 2012	Change
<b>ASSETS</b>			
<b>Current assets</b>	21,728	23,482	1,753
Cash and deposits	452	371	(81)
Trading products	12,183	14,296	2,112
Loans secured by securities	7,684	7,581	(103)
Others	1,407	1,233	(173)
<b>Noncurrent assets</b>	707	736	28
Property, plant and equipment	29	27	(1)
Intangible assets	26	44	18
Investments and other assets	652	663	11
<b>Total assets</b>	22,436	24,218	1,782

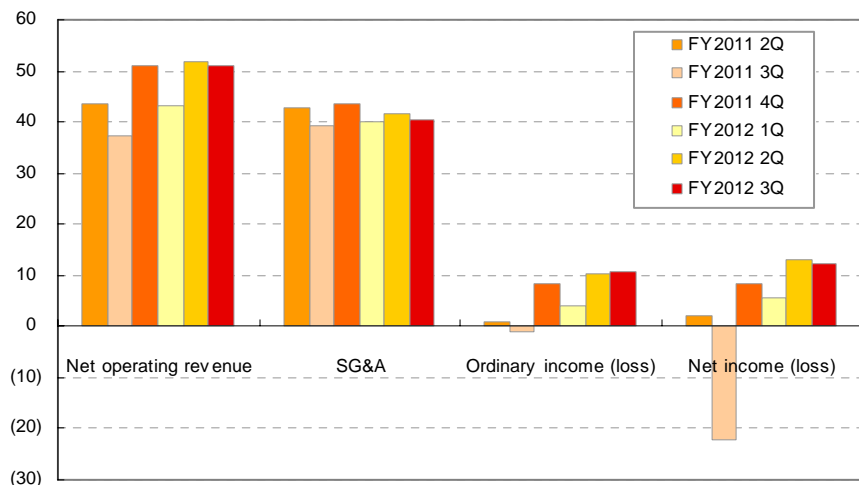
	As of Mar. 31, 2012	As of Dec. 31, 2012	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	20,595	22,303	1,708
Trading products	10,762	11,484	721
Loans payable secured by securities	7,486	7,960	474
Short-term loans payable	617	963	345
Others	1,729	1,895	166
<b>Noncurrent liabilities</b>	1,020	1,048	28
Bonds payable	689	708	19
Long-term loans payable	310	317	7
Others	20	21	1
<b>Total liabilities</b>	21,616	23,353	1,736
<b>NET ASSETS</b>			
Shareholders' equity	648	669	20
Accumulated other comprehensive income	(52)	(44)	8
Minority interests	224	240	16
<b>Total net assets</b>	819	865	45
<b>Total liabilities and net assets</b>	22,436	24,218	1,782

### Quarterly Performance Trends

- MUMSS secured solid revenue by steadily acquiring customer flow and promoting BTMU collaboration, achieving profits at the ordinary income level for four consecutive quarters.
- 3Q enjoyed a high level of revenue from the business relating to stock and investment trust, on the back of the booming stock market. Following 2Q, 3Q continued to see ordinary income and net income above the JPY 10 billion level.

### Quarterly Trends

(JPY billion)



JPY billion

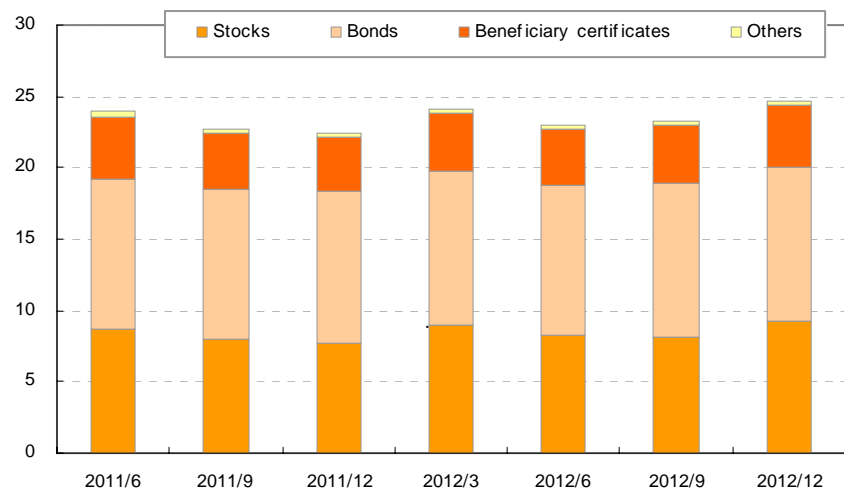
	FY2011 2Q	FY2011 3Q	FY2011 4Q	FY2012 1Q	FY2012 2Q	FY2012 3Q
Net operating revenue	43.7	37.5	51.0	43.1	51.6	51.0
SG&A	42.9	39.2	43.7	40.0	41.5	40.6
Ordinary income (loss)	1.1	(1.1)	8.3	3.9	10.4	10.8
Net income (loss)	2.2	(22.1)	8.4	5.7	13.1	12.2

### Trends of AUM

- AUM increased, driven in large part by a turnaround in the stock market environment. AUM at the end of December 2012 stood at JPY 24.6 trillion, climbing back to the JPY 24 trillion levels for the first time since the end of March 2012.
- Of the above, AUM for the domestic Retail Middle Market Sales Division at the end of December 2012 was JPY 21.4 trillion.

### Quarterly Trends

(JPY trillion)



JPY trillion

	2011/6	2011/9	2011/12	2012/3	2012/6	2012/9	2012/12
Stocks	8.7	8.1	7.7	9.0	8.3	8.1	9.3
Bonds	10.5	10.4	10.6	10.7	10.5	10.9	10.8
Beneficiary certificates	4.4	3.9	3.9	4.1	3.9	3.9	4.2
Others	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Total	23.9	22.7	22.5	24.1	22.9	23.2	24.6



(JPY million)

## Statement of Income

## Full year

	FY2010	FY2011
<b>Operating revenue</b>	75,752	181,157
Commission received	97,394	90,022
Net trading income	(48,643)	69,664
Others	12	(479)
Financial revenue	26,988	21,949
<b>Financial expenses</b>	14,309	11,027
<b>Net operating revenue</b>	61,443	170,130
Selling, general and administrative expenses	190,010	169,631
<b>Operating income (loss)</b>	(128,567)	498
<b>Non-operating income (expenses)</b>	1,857	2,277
<b>Ordinary income (loss)</b>	(126,709)	2,776
<b>Extraordinary income (loss)</b>	(11,624)	(21,977)
<b>Income taxes</b>	6,606	(2,405)
<b>Net income (loss)</b>	(144,940)	(16,794)

## Quarter

	FY2011			FY2012		
	2Q	3Q	4Q	1Q	2Q	3Q
	46,721	40,333	53,768	46,043	54,273	53,338
Commission received	22,438	19,053	26,291	18,357	25,285	26,315
Net trading income	16,580	18,472	19,907	23,554	21,786	23,090
Others	(4)	4	(493)	15	32	53
Financial revenue	7,707	2,802	8,062	4,116	7,169	3,879
	2,962	2,744	2,681	2,886	2,629	2,288
<b>Net operating revenue</b>	43,758	37,589	51,086	43,156	51,644	51,049
Selling, general and administrative expenses	42,974	39,268	43,705	40,043	41,564	40,621
<b>Operating income (loss)</b>	783	(1,678)	7,380	3,113	10,079	10,427
<b>Non-operating income (expenses)</b>	402	522	939	834	322	390
<b>Ordinary income (loss)</b>	1,186	(1,155)	8,319	3,948	10,402	10,818
<b>Extraordinary income (loss)</b>	797	(20,887)	(1,570)	(585)	1,522	91
<b>Income taxes</b>	(299)	62	(1,720)	(2,407)	(1,241)	(1,312)
<b>Net income (loss)</b>	2,283	(22,106)	8,469	5,769	13,166	12,222

## Balance Sheet

(JPY billion)

	As of Mar. 31, 2012	As of Dec. 31, 2012	Change
<b>Current assets</b>	12,740	12,416	(323)
Cash and deposits	349	280	(69)
Trading products	8,299	9,037	738
Loans secured by securities	3,376	2,546	(829)
Others	715	552	(163)
<b>Noncurrent assets</b>	65	60	(5)
Property, plant and equipment	16	15	(1)
Intangible assets	22	21	(1)
Investments and other assets	25	23	(1)
<b>Total assets</b>	12,805	12,477	(328)

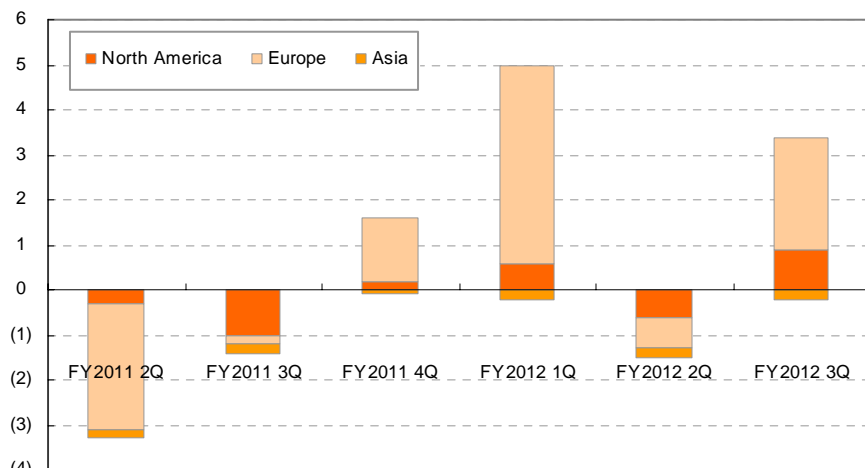
	As of Mar. 31, 2012	As of Dec. 31, 2012	Change
<b>Current liabilities</b>	12,282	11,985	(297)
Trading products	7,109	6,769	(340)
Loans payable secured by securities	3,460	3,008	(451)
Short-term loans payable	749	1,123	374
Others	964	1,084	120
<b>Noncurrent liabilities</b>	295	233	(61)
Long-term loans payable	280	219	(61)
Others	14	14	(0)
<b>Total liabilities</b>	12,579	12,220	(359)
<b>Net assets</b>	226	256	30
<b>Total liabilities and net assets</b>	12,805	12,477	(328)

## Overseas Subsidiaries Quarterly Trends

- 3Q saw a rise in profit from the 2Q by JPY 4.8 billion, moving back into profit following the slumping 2Q faced with the re-emergence of the European debt crisis. Overseas subsidiaries secured a year-to-date ordinary income of JPY 6.4 billion.
- Securities services matching customer needs were expanded, and BTMU collaboration overseas was also further developed. In addition to the management by each overseas subsidiary, a management structure that links the operations across the international locations is being promoted.

## Ordinary income (loss): Quarterly Trends

(JPY billion)



JPY billion

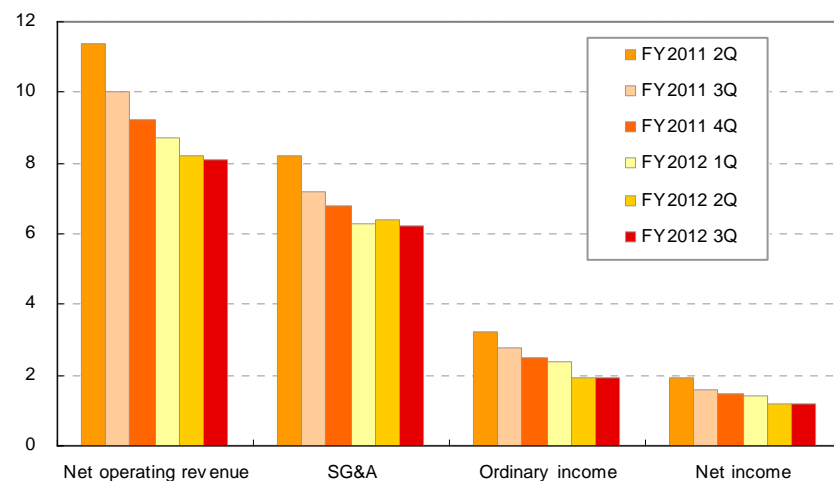
	FY2011 2Q	FY2011 3Q	FY2011 4Q	FY2012 1Q	FY2012 2Q	FY2012 3Q
North America	(0.3)	(1.0)	0.2	0.6	(0.6)	0.9
Europe	(2.8)	(0.2)	1.4	4.4	(0.7)	2.5
Asia	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
Total	(3.4)	(1.4)	1.5	4.8	(1.6)	3.2

## KAM Quarterly Trends

- The downward trend in the balance of the Global Sovereign Open appeared to be ending. Downward trends in the growth of ordinary income and net income turned to be leveling off compared to the previous quarters.
- To improve its earning capacity, KAM continues to be pressing ahead with product diversification and sales channels reinforcement measures.

## Quarterly Trends

(JPY billion)



JPY billion

	FY2011 2Q	FY2011 3Q	FY2011 4Q	FY2012 1Q	FY2012 2Q	FY2012 3Q
Net operating revenue	11.4	10.0	9.2	8.7	8.2	8.1
SG&A	8.2	7.2	6.8	6.3	6.4	6.2
Ordinary income	3.2	2.8	2.5	2.4	1.9	1.9
Net income	1.9	1.6	1.5	1.4	1.2	1.2

# Financial Soundness Indicators

## (Credit Rating, Capital Adequacy Ratio, etc.)

### Credit Rating (MUMSS<sup>\*1</sup>/MUSHD<sup>\*2</sup>)

- As the core securities company of the MUFG Group, MUMSS and MUSHD have maintained stable credit rating levels.
- In December 2012, R&I upgraded the MUMSS and MUSHD ratings from A+ to AA-. The rating agency positively evaluated our drastic review of the risk management structure, improved productivity of retail business on the back of cost cutting efforts, reformation leading towards the business based on customer flow, etc.
- The credit rating outlooks are also stable.

### Credit Rating MUMSS

As of Dec. 3, 2012

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

\*CP rating

### Credit Rating MUSHD

As of Dec. 3, 2012

Rating Agency	Long-term	Short-term
R&I	AA-	-
JCR	AA	-
Moody's	A2	P-1
S&P	A	A-1

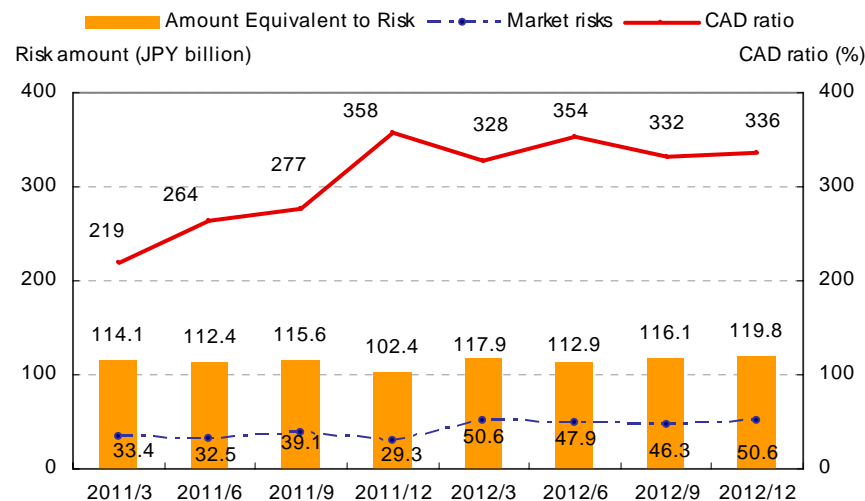
\*1 MUMSS : Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

\*2 MUSHD : Mitsubishi UFJ Securities Holdings Co., Ltd.

### Capital Adequacy

- Due to the changes in the method of calculation of market risks in conjunction with the amendment to administrative notice on capital adequacy rules for securities companies (applicable from the end of March 2012), MUMSS' market risk increased at the end of the previous fiscal year.
- As a result of the capital increase executed by MUMSS in the previous fiscal year (JPY 75 billion) and the measures implemented to reduce various risks and noncurrent assets, satisfactory capital adequacy ratios are being maintained.
- A recent accumulation of profits also contributed to an increase in net assets of consolidated MUSHD and MUMSS.

### Capital Adequacy Ratio MUMSS



### Net Assets MUSHD (Consolidated) / MUMSS

(JPY billion)

MUSHD (Consolidated)	2011/3	2011/6	2011/9	2011/12	2012/3	2012/6	2012/9	2012/12
Capital stock	65.5	65.5	65.5	75.5	75.5	75.5	75.5	75.5
Net assets (Total)	802.1	814.3	813.3	799.4	819.6	838.3	843.4	865.3

MUMSS	2011/3	2011/6	2011/9	2011/12	2012/3	2012/6	2012/9	2012/12
Capital stock	3.0	18.0	18.0	40.5	40.5	40.5	40.5	40.5
Net assets (Total)	168.7	193.4	195.1	218.3	226.4	231.8	243.9	256.7



# Mitsubishi UFJ Securities Holdings

This document has been compiled solely for the purpose of providing information regarding the financial results for the third quarter of the fiscal year ending March 31, 2013, and is not intended as a solicitation or recommendation to invest in or dispose of the securities issued by the Company. This document was prepared based on information available as of January 31, 2013. Financial information and other information contained in this document are not subject to reviews by the accounting auditors. The facts and opinions presented in this document are facts that the Company acknowledged and opinions held by the Company as of the time of the preparation of this document. No guarantees or warranties are made by the Company as to the accuracy or completeness of the information contained therein, and such information is subject to change without notice. In addition, the Company is not liable for any omissions or errors in the data or representations contained in this document. Please note that all rights, including copyrights, to this document, in whole or in part, belong to Mitsubishi UFJ Securities Holdings Co., Ltd., and are not permitted to reproduce, distribute or transmit this document, digitally or otherwise in any format, for any purpose, without the express consent of Mitsubishi UFJ Securities Holdings Co., Ltd.