

# 3QFY2015 Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

January, 2016

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## 3Q(cumulative) Performance Trends

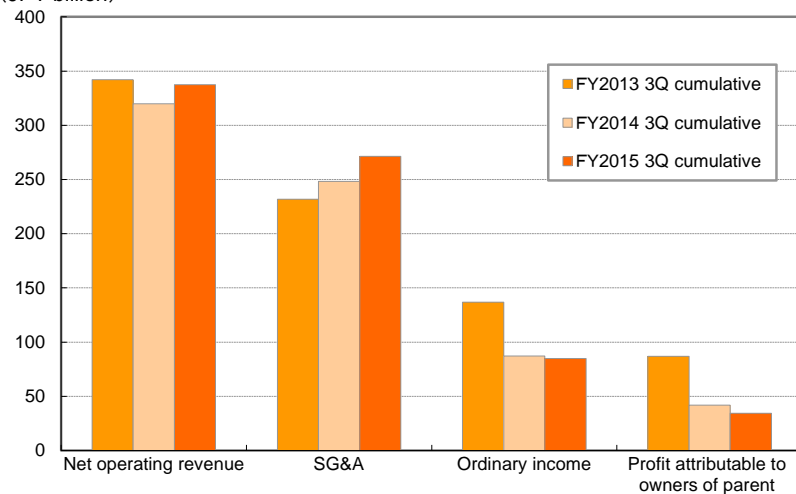
- Revenue increased while profit decreased from those in FY2014 3Q, with net operating revenue JPY 337.4 billion (+5% YoY), ordinary income JPY 84.9 billion (-2% YoY) and profit attributable to owners of parent JPY 34.5 billion (-17% YoY).

## Quarterly Performance Trends

- Amid unstable market conditions inside and outside Japan, domestic subsidiaries maintained revenue at nearly the same level as in the previous quarter, while overseas subsidiaries recorded a decrease. Ordinary income and profit attributable to owners of parent decreased overall by 31% and 29% respectively.

### 3Q (cumulative) Trends

(JPY billion)

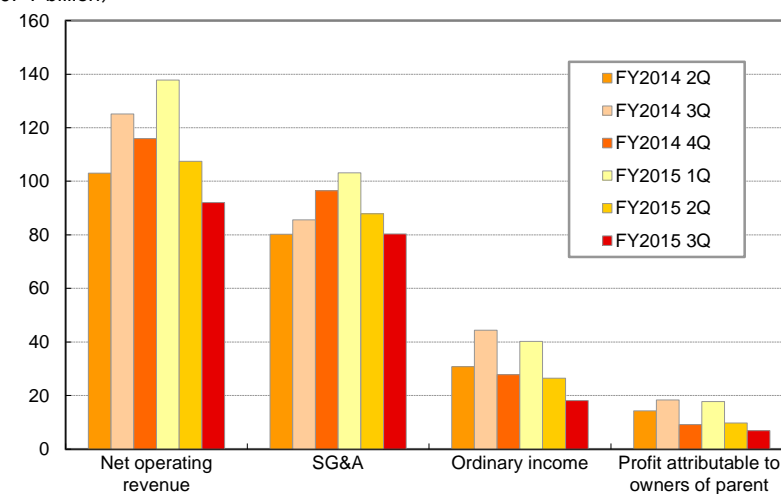


JPY billion

	FY2013 3Q (cumulative)	FY2014 3Q (cumulative)	FY2015 3Q (cumulative)
Net operating revenue	342.1	319.8	337.4
SG&A	231.8	248.4	271.5
Ordinary income	136.8	87.1	84.9
Profit attributable to owners of parent	86.9	41.8	34.5

### Quarterly Trends

(JPY billion)



JPY billion

	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
Net operating revenue	103.0	125.1	115.9	137.8	107.5	92.0
SG&A	80.2	85.6	96.5	103.2	87.9	80.3
Ordinary income	30.8	44.4	27.8	40.2	26.5	18.1
Profit attributable to owners of parent	14.3	18.3	9.1	17.7	9.7	6.9

## Net Operating Revenue

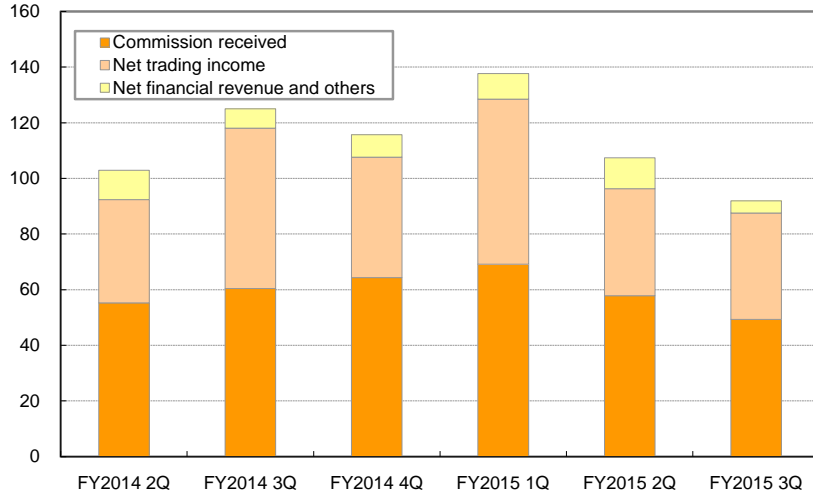
- Despite a decline in revenue due to a decrease in commission received reflecting inactive market both inside and outside Japan, solid primary business including IPO of Japan Post Group and stable net trading income supported revenue.

## SG & A

- Continued restrained cost management. SG & A decreased overall by approximately 9% from the previous quarter primarily due to decreases in trading related expenses and personnel expenses as a result of the decrease in revenue.

### Quarterly Trends

(JPY billion)

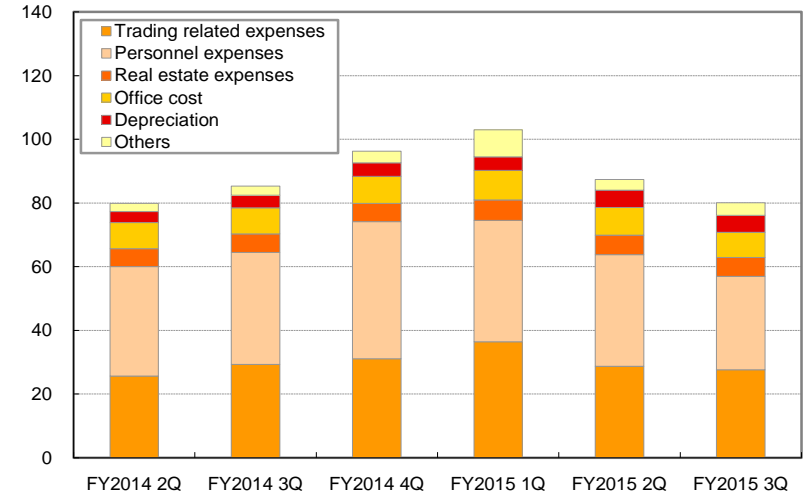


JPY billion

	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
Commission received	55.3	60.4	64.3	69.1	57.8	49.3
Net trading income	37.1	57.7	43.3	59.4	38.5	38.2
Net financial revenue and others	10.5	6.9	8.1	9.2	11.1	4.4
<b>Total</b>	<b>103.0</b>	<b>125.1</b>	<b>115.9</b>	<b>137.8</b>	<b>107.5</b>	<b>92.0</b>

### Quarterly Trends

(JPY billion)



JPY billion

	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
Trading related expenses	25.6	29.3	31.1	36.4	28.7	27.6
Personnel expenses	34.4	35.2	43.0	38.1	35.1	29.4
Real estate expenses	5.6	5.8	5.8	6.5	6.1	5.9
Office cost	8.2	8.2	8.5	9.2	8.7	7.9
Depreciation	3.5	3.9	4.2	4.3	5.4	5.3
Others	2.6	2.9	3.7	8.5	3.4	4.0
<b>Total</b>	<b>80.2</b>	<b>85.6</b>	<b>96.5</b>	<b>103.2</b>	<b>87.9</b>	<b>80.3</b>

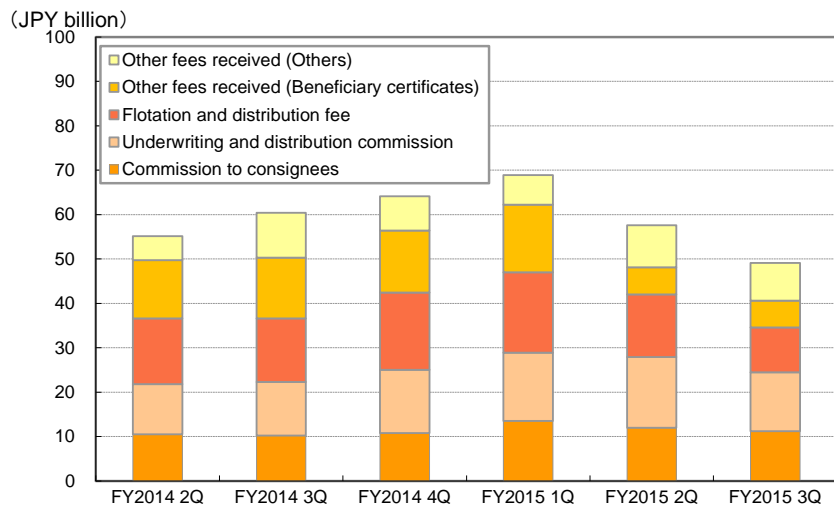
## Commission Received

- Commission to consignees: Kept stable revenue, despite a decrease in revenue from the previous quarter.
- Underwriting and distribution commission: Decreased from the previous quarter due to a slowdown in the debt capital markets business in U.S. while solid domestic business driven by the IPO of Japan Post Group.
- Flotation and distribution fee: Decrease continued from the previous quarter due to a slowdown in sales of investment trusts.
- Other fees received: Fees received related to M&As and investment trusts remained robust.

## Net Trading Income

- Despite a significant drop in stock trading due to unstable market conditions, net trading income as a whole kept nearly the same level as the previous quarter through appropriate risk control based on the customer-flow-oriented business model.

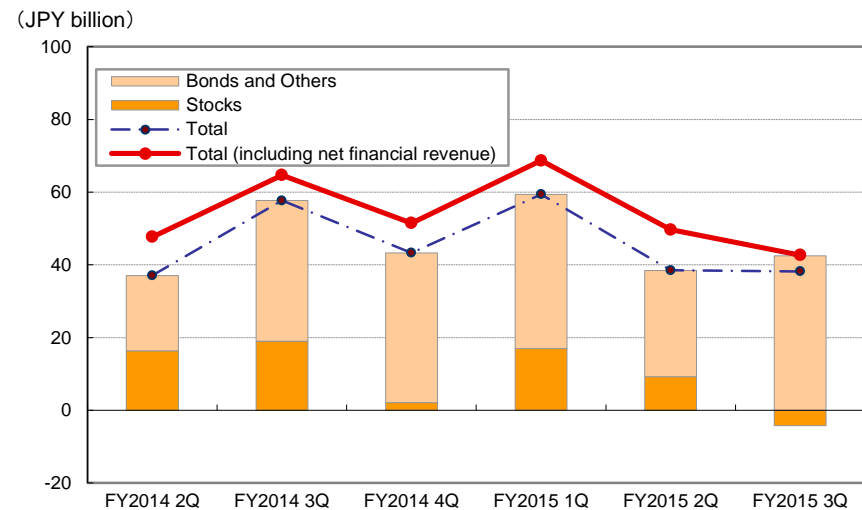
### Quarterly Trends



JPY billion

	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
Commission to consignees	10.5	10.2	10.8	13.5	12.0	11.2
Underwriting and distribution commission	11.3	12.1	14.2	15.4	15.9	13.3
Flotation and distribution fee	14.8	14.3	17.4	18.1	14.1	10.1
Other fees received (Beneficiary certificates)	13.1	13.7	14.0	15.2	6.1	6.0
Other fees received (Others)	5.4	10.1	7.7	6.7	9.5	8.5
<b>Total</b>	<b>55.3</b>	<b>60.4</b>	<b>64.3</b>	<b>69.1</b>	<b>57.8</b>	<b>49.3</b>

### Quarterly Trends



JPY billion

	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
Stocks	16.4	19.0	2.1	17.0	9.2	(4.2)
Bonds and Others	20.6	38.7	41.2	42.4	29.2	42.5
<b>Total</b>	<b>37.1</b>	<b>57.7</b>	<b>43.3</b>	<b>59.4</b>	<b>38.5</b>	<b>38.2</b>
Net financial revenue	10.5	6.9	8.1	9.2	11.1	4.4
Total (including net financial revenue)	47.7	64.7	51.5	68.7	49.7	42.7

# Consolidated Statement of Income (Full year, Quarter)

JPY million

	Full year		Quarter					
	FY2013	FY2014	FY2014			FY2015		
			2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating revenue</b>	487,796	482,541	112,996	139,365	127,021	146,899	118,416	99,914
Commission received	242,578	231,825	55,341	60,481	64,347	69,108	57,828	49,323
Net trading income	210,448	177,948	37,114	57,789	43,392	59,455	38,543	38,272
Net gain on private equity and other securities	(1,045)	(18)	(17)	0	(3)	1	0	(1)
Other net gain on goods trading	123	1	1	-	0	-	-	-
Financial revenue	35,692	72,785	20,556	21,093	19,285	18,333	22,043	12,319
<b>Financial expenses</b>	37,163	46,784	9,969	14,171	11,090	9,066	10,872	7,879
<b>Net operating revenue</b>	450,633	435,757	103,027	125,193	115,930	137,833	107,544	92,035
<b>SG &amp; A</b>	316,710	345,074	80,248	85,634	96,576	103,298	87,920	80,329
<b>Operating income</b>	133,923	90,683	22,778	39,559	19,354	34,535	19,623	11,705
<b>Non-operating income</b>	32,121	26,840	9,186	5,655	8,833	6,308	6,882	6,534
<b>Non-operating expenses</b>	2,740	2,593	1,121	801	377	548	(8)	72
<b>Ordinary income</b>	163,304	114,930	30,842	44,413	27,810	40,294	26,514	18,168
<b>Extraordinary income</b>	8,807	9,406	3,976	808	595	120	154	-
<b>Extraordinary losses</b>	3,263	2,444	240	130	1,982	638	2,195	134
<b>Income taxes</b>	12,386	37,748	9,656	14,181	6,787	14,130	7,905	5,707
<b>Profit attributable to non-controlling interests</b>	58,679	33,149	10,563	12,523	10,496	7,908	6,779	5,332
<b>Profit attributable to owners of parent</b>	97,781	50,995	14,359	18,387	9,139	17,737	9,789	6,992

# Consolidated Balance Sheet

	As of Mar. 31, 2015	As of Dec. 31, 2015	Change
<b>ASSETS</b>			
<b>Current assets</b>	29,399	34,693	+5,293
Cash and deposits	1,157	1,185	+28
Trading products	15,525	18,300	+2,775
Loans secured by securities	11,270	13,032	+1,762
Others	1,447	2,174	+727
<b>Non-current assets</b>	593	600	+7
PP & E	33	37	+4
Intangible assets	55	94	+39
Investments and other assets	504	468	(35)
<b>Total assets</b>	29,993	35,294	+5,301

JPY billion

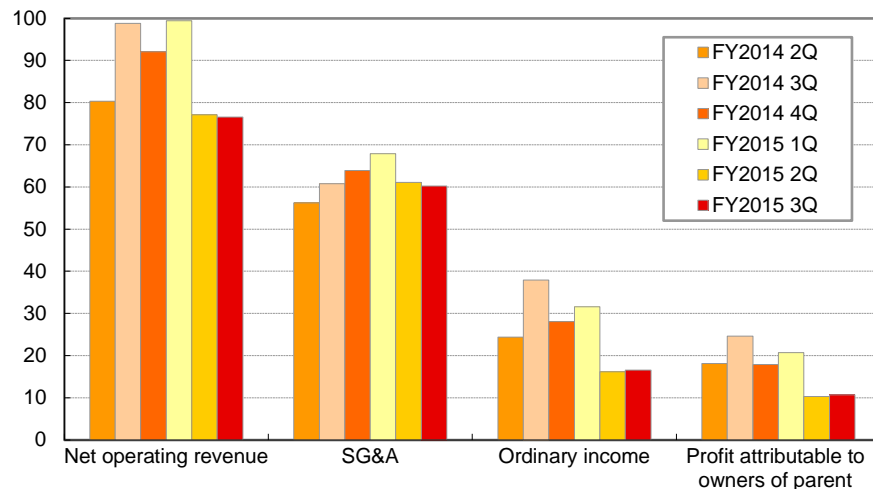
	As of Mar. 31, 2015	As of Dec. 31, 2015	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	27,582	32,837	+5,254
Trading products	11,921	13,100	+1,179
Loans payable secured by securities	10,739	15,101	+4,361
Short-term loans payable	1,308	1,263	(45)
Others	3,612	3,371	(241)
<b>Non-current liabilities</b>	1,382	1,427	+44
Bonds payable	949	898	(51)
Long-term loans payable	416	517	+100
Others	15	11	(4)
<b>Total liabilities</b>	28,967	34,268	+5,301
<b>NET ASSETS</b>			
Shareholders' equity	735	746	+11
Accumulated other comprehensive income	40	26	(14)
Non-controlling interests	249	252	+2
<b>Total net assets</b>	1,025	1,025	(0)
<b>Total liabilities and net assets</b>	29,993	35,294	+5,301

## Quarterly Performance Trends

- While the secondary business slowed down mainly due to the stagnating sales of investment trusts under unstable market conditions, strong performance in the primary business and trading activities secured slight increases from the previous quarter, in both ordinary income and profit attributable to owners of parent, marking JPY 16.6 billion and JPY 10.7 billion, respectively.
- Mitsubishi UFJ Morgan Stanley PB Securities(MUMSPB) continued its steady contribution to MUMSS's performance, despite a decrease in revenue from the previous quarter.

### Quarterly Trends

(JPY billion)



JPY billion

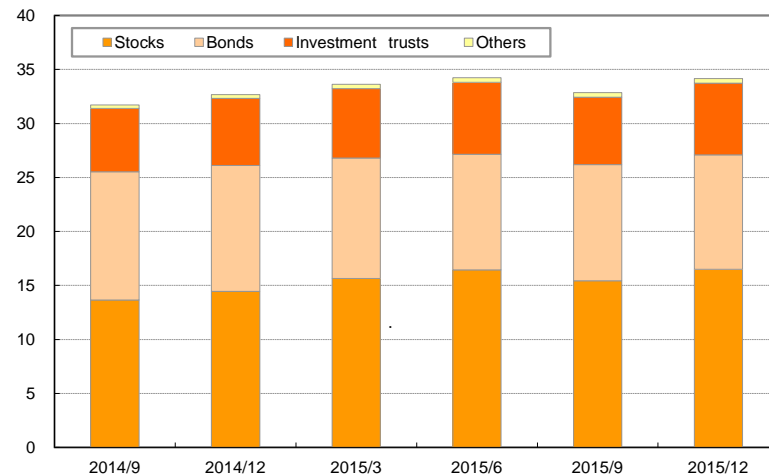
	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
Net operating revenue	80.3	98.8	92.1	99.4	77.1	76.6
SG&A	56.2	60.8	63.9	67.9	61.1	60.2
Ordinary income	24.4	37.9	28.1	31.6	16.2	16.6
Profit attributable to owners of parent	18.1	24.6	17.9	20.7	10.3	10.7

## Trends of AUM

- AUM recorded approximately JPY 34.1 trillion at the end of December 2015, nearly at the same level as 1Q, due to an increase in stocks and investment trusts.
- Of the above, AUM for the domestic Retail and Middle Market Sales Division recorded JPY 27.2 trillion. (JPY 26.2 trillion at the end of September 2015)

### Quarterly Trends

(JPY trillion)



JPY trillion

	2014/9	2014/12	2015/3	2015/6	2015/9	2015/12
Stocks	13.6	14.4	15.6	16.5	15.4	16.5
Bonds	11.9	11.7	11.2	10.7	10.8	10.6
Investment trusts	5.9	6.2	6.4	6.7	6.2	6.6
Others	0.3	0.3	0.4	0.4	0.4	0.4
Total	31.7	32.7	33.6	34.2	32.9	34.1

\* Figures are on a consolidated basis, which include those of MUMSPB.

\* Simple aggregation of MUMSS and MUMSPB.



**MUMSS (non-consolidated)**

JPY million

**Statement of Income**

	Full year	
	FY2013	FY2014
<b>Operating revenue</b>	321,842	309,252
Commission received	165,465	142,156
Net trading income	136,984	138,038
Others	124	1
Financial revenue	19,268	29,056
<b>Financial expenses</b>	8,857	10,797
<b>Net operating revenue</b>	312,984	298,455
<b>SG &amp; A</b>	196,644	207,225
<b>Operating income</b>	116,340	91,229
<b>Net non-operating income(expenses)</b>	1,468	4,923
<b>Ordinary income</b>	117,808	96,153
<b>Net extraordinary income (losses)</b>	5,386	5,012
<b>Income taxes</b>	2,071	29,128
<b>Profit</b>	121,123	72,036

**Balance Sheet**

	As of	As of	Change
	Mar. 31, 2015	Dec. 31, 2015	
<b>Current assets</b>	14,425	17,614	+3,188
Cash and deposits	973	965	(7)
Trading products	9,493	11,848	+2,354
Loans secured by securities	3,220	4,112	+892
Others	738	687	(51)
<b>Non-current assets</b>	116	128	+12
PP& E	19	19	+0
Intangible assets	27	42	+14
Investments and other assets	69	66	(3)
<b>Total assets</b>	14,542	17,742	+3,200

**MUMSPB (non-consolidated)**
**Statement of Income**

	Full year	
	FY2013	FY2014
<b>Net operating revenue</b>	36,944	43,827
<b>Ordinary income</b>	13,093	16,189
<b>Profit</b>	7,999	10,192

**Quarter**

	FY2014			FY2015		
	2Q	3Q	4Q	1Q	2Q	3Q
	72,872	90,548	81,316	88,938	69,743	70,754
	34,076	37,194	38,166	38,821	37,703	36,372
	30,003	48,399	32,932	44,013	26,305	31,318
	2	0	(3)	1	0	(1)
	8,789	4,954	10,220	6,102	5,733	3,065
	2,781	2,558	2,787	2,367	2,405	2,513
	70,090	87,990	78,528	86,571	67,337	68,240
	49,316	54,113	55,736	60,157	54,131	54,169
	20,773	33,876	22,792	26,413	13,206	14,071
	639	3,432	186	4,986	660	4,579
	21,412	37,308	22,979	31,399	13,867	18,650
	2,702	(24)	(1,348)	730	(113)	(116)
	7,177	11,092	5,853	8,897	4,399	4,521
	16,937	26,192	15,777	23,232	9,354	14,013

JPY billion

	As of	As of	Change
	Mar. 31, 2015	Dec. 31, 2015	
<b>Current liabilities</b>	13,783	16,990	+3,206
Trading products	6,908	6,649	(258)
Loans payable secured by securities	3,309	7,507	+4,198
Short-term loans payable	1,608	1,464	(143)
Others	1,956	1,367	(589)
<b>Non-current liabilities</b>	371	371	+0
Long-term loans payable	360	362	+1
Others	10	9	(1)
<b>Total liabilities</b>	14,156	17,363	+3,206
<b>Net assets</b>	385	379	(6)
<b>Total liabilities and net assets</b>	14,542	17,742	+3,200

JPY million

**Quarter**

	FY2014			FY2015		
	2Q	3Q	4Q	1Q	2Q	3Q
	10,221	10,856	13,643	12,894	9,790	8,417
	3,467	4,284	5,585	5,259	2,840	2,439
	2,213	2,749	3,410	3,494	1,863	1,615

## Securities Companies' Performance

- Net operating revenue of Domestic Securities Companies is over JPY 330 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 3Q (cumulative) 2015

(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 2015 3Q(cumulative)
<b>Net Operating Revenue</b>	<b>338.4</b>
Japan JV	321.3
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Consolidated base ("MUMSS" + "MUMSPB") * 1	253.1
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") * 2	68.1
kabu.com Securities Co., Ltd. ("kabu.com")	17.0
<b>SG &amp; A</b>	<b>243.1</b>
Japan JV	234.5
MUMSS Consolidated base	189.3
MSMS	45.1
kabu.com	8.6
<b>Ordinary income</b>	<b>96.1</b>
Japan JV	87.5
MUMSS Consolidated base	64.5
MSMS	23.0
kabu.com	8.5
<b>Profit</b>	<b>63.6</b>
Japan JV	57.0
MUMSS Consolidated base (Profit attributable to owners of parent)	41.8
MSMS	15.1
kabu.com	6.6

\* 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

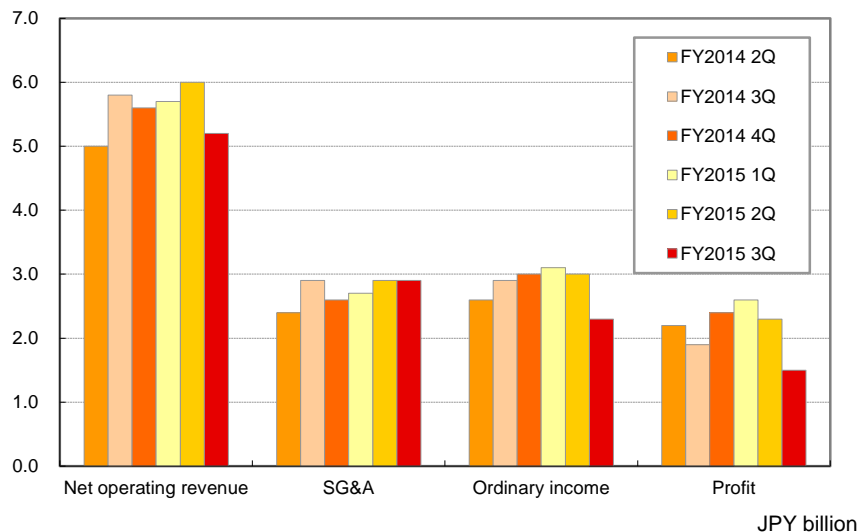
- kabu.com Securities Co., Ltd., despite QoQ slowdown, continued to contribute to consolidated revenue by posting stable revenue, with ordinary income of JPY 2.3 billion and profit of JPY 1.5 billion.

## Overseas Subsidiaries Quarterly Trends

- Both businesses in North America and Europe posted losses in 3Q under the unstable market environment affected by the concern about the economic slowdown in China, though securing profit on a 3Q cumulative basis.
- Business in Asia is reducing losses.

### Quarterly Trends

(JPY billion)

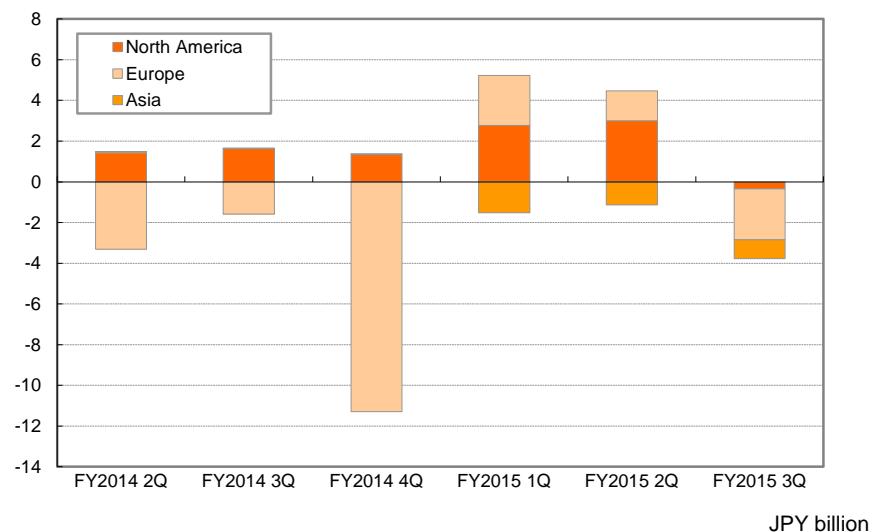


	FY2014 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q *1	FY2015 2Q	FY2015 3Q
Net operating revenue	5.0	5.8	5.6	5.7	6.0	5.2
SG&A	2.4	2.9	2.6	2.7	2.9	2.9
Ordinary income	2.6	2.9	3.0	3.1	3.0	2.3
Profit	2.2	1.9	2.4	2.6	2.3	1.5

\*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 2Q	FY2014 3Q	FY2014 4Q	FY2015 1Q	FY2015 2Q	FY2015 3Q
North America	1.41	1.63	1.34	2.78	3.01	(0.35)
Europe	(3.31)	(1.58)	(11.29)	2.44	1.46	(2.49)
Asia	0.08	0.03	0.05	(1.52)	(1.14)	(0.93)
Total	(1.81)	0.09	(9.88)	3.69	3.34	(3.78)

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

## Credit Rating

- Credit ratings remained unchanged. The credit rating outlooks were also stable. (as of December 31, 2015)

## Capital Adequacy

- Capital adequacy ratio at the end of December, 2015 stood at 292%, maintaining 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	A3	A
Short-term	a-1+ *	-	P-2	A-1

\*CP rating

### Mitsubishi UFJ Morgan Stanley Securities (MUMSS)

	R&I	JCR	Moody's	S&P
Long-term	AA-	AA	A2	A+
Short-term	a-1+ *	-	P-1	A-1

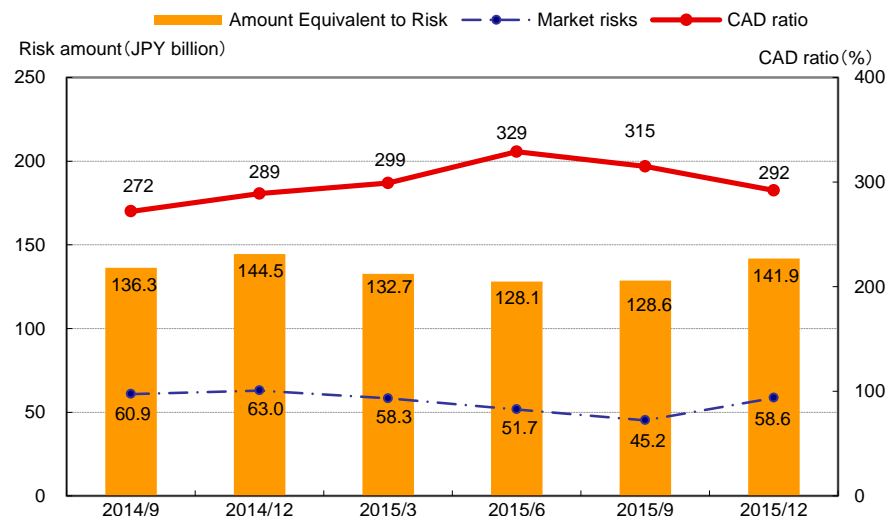
\*CP rating

### Mitsubishi UFJ Securities International plc (MUSI)

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

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

### Capital Adequacy Ratio MUMSS (non-consolidated)



### Net Assets MUSHD (Consolidated) / MUMSS

JPY billion

MUSHD (Consolidated)		2014/9	2014/12	2015/3	2015/6	2015/9	2015/12
Capital stock		75.5	75.5	75.5	75.5	75.5	75.5
Net assets (Total)		968.7	995.9	1,025.7	1,022.6	1,046.0	1,025.6
MUMSS		2014/9	2014/12	2015/3	2015/6	2015/9	2015/12
Capital stock		40.5	40.5	40.5	40.5	40.5	40.5
Net assets	Consolidated	353.4	377.7	398.1	381.6	391.9	385.4
(Total)	Non-consolidated	343.2	369.6	385.7	372.5	381.6	379.4

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

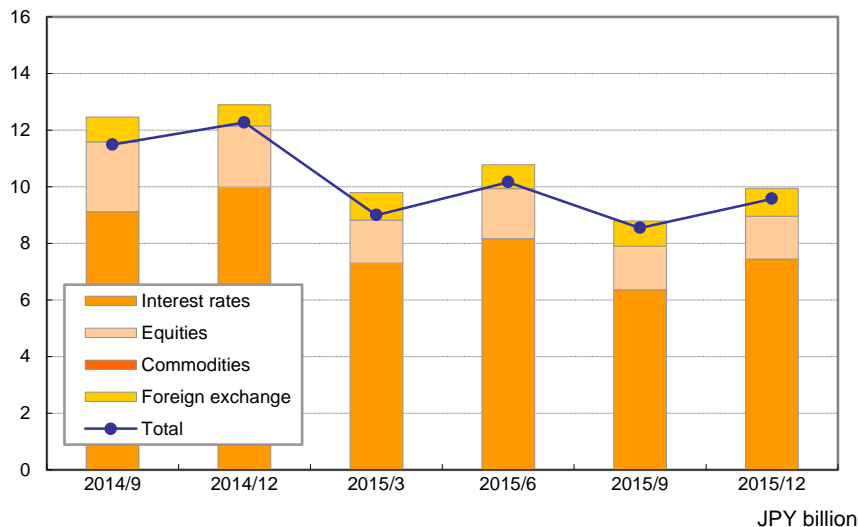
- Amount of market risks on a company-wide basis slightly increased from the previous quarter.
- Such increase is primarily due to an increase in interest rate risks of domestic subsidiary associated with customer trading, while overseas subsidiaries reduced the amount of risks.

### 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

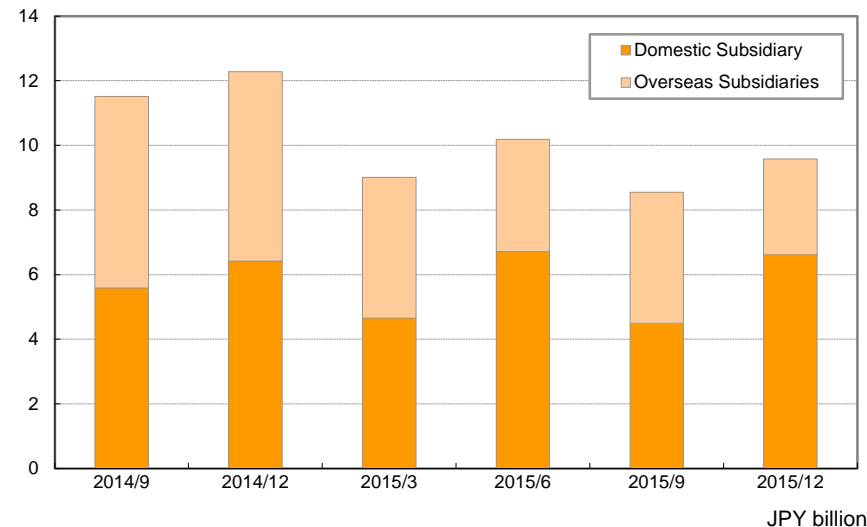
(JPY billion)



	2014/9	2014/12	2015/3	2015/6	2015/9	2015/12
Interest rates	9.1	10.0	7.3	8.2	6.4	7.4
Equities	2.5	2.2	1.5	1.8	1.5	1.5
Commodities	0.0	—	—	—	—	—
Foreign exchange	0.9	0.7	1.0	0.8	0.9	1.0
<b>Total</b>	<b>11.5</b>	<b>12.3</b>	<b>9.0</b>	<b>10.2</b>	<b>8.5</b>	<b>9.6</b>

### Quarterly trends of VaR by type of subsidiary

(JPY billion)



	2014/9	2014/12	2015/3	2015/6	2015/9	2015/12
Domestic Subsidiary	5.6	6.4	4.7	6.7	4.5	6.6
Overseas Subsidiaries	5.9	5.9	4.4	3.5	4.1	3.0
<b>Total</b>	<b>11.5</b>	<b>12.3</b>	<b>9.0</b>	<b>10.2</b>	<b>8.5</b>	<b>9.6</b>

Domestic Subsidiary: Mitsubishi UFJ Morgan Stanley Securities  
 Overseas Subsidiaries: Mitsubishi UFJ Securities International, Mitsubishi UFJ Securities (USA), Mitsubishi UFJ Securities (HK)



# Mitsubishi UFJ Securities Holdings

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