



Mitsubishi UFJ Securities Holdings

# 3Q FY2013 Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

January, 2014

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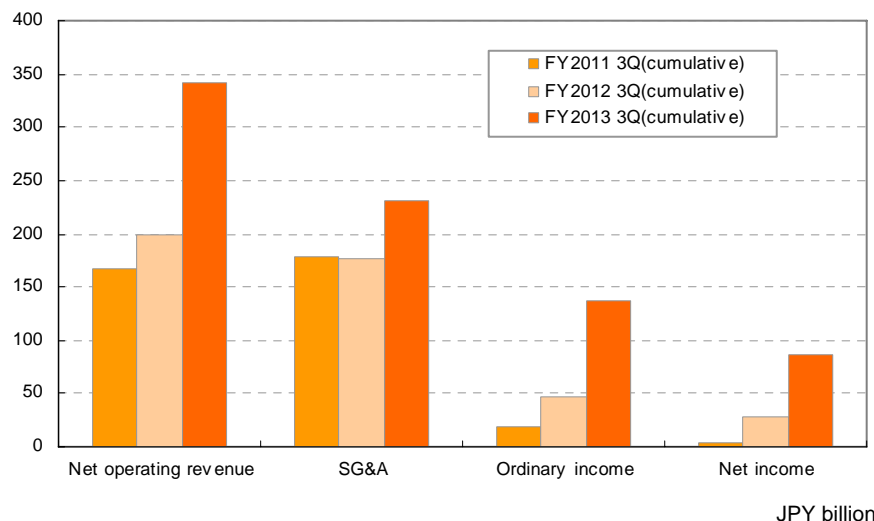
# Consolidated Performance Highlights

## 3Q (cumulative) Performance Trends

- Marked a substantial increase both in revenue and profit, with net operating revenue, ordinary income and net income standing at JPY 342.1 billion (+71% YoY), JPY 136.8 billion (+195% YoY) and JPY 86.9 billion (+209% YoY) respectively.
- Due to the deepening BTMU collaboration and the alliance with Morgan Stanley, in parallel with the upturn of Japanese market environment, income rose to a record high on a 3Q cumulative basis since the management integration in 2005.

## 3Q (cumulative) Trends

(JPY billion)



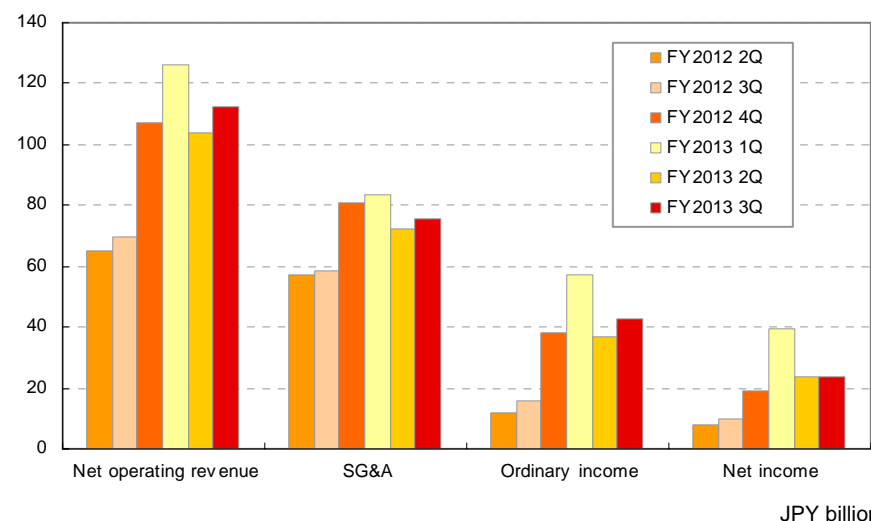
	FY2011 3Q(cumulative)	FY2012 3Q(cumulative)	FY2013 3Q(cumulative)
Net operating revenue	167.9	199.1	342.1
SG&A	177.5	175.9	231.8
Ordinary income	19.1	46.3	136.8
Net income	4.0	28.1	86.9

## Quarterly Performance Trends

- Marked a high level of income with ordinary income JPY42.8 billion (+16% QoQ) and net income JPY 23.8 billion (+0% QoQ)
- Steady developments of the customer flow-oriented business model and consulting-based sales approaches, along with the ongoing cost reduction initiatives, led to sustainable profitability.

## Quarterly Trends

(JPY billion)



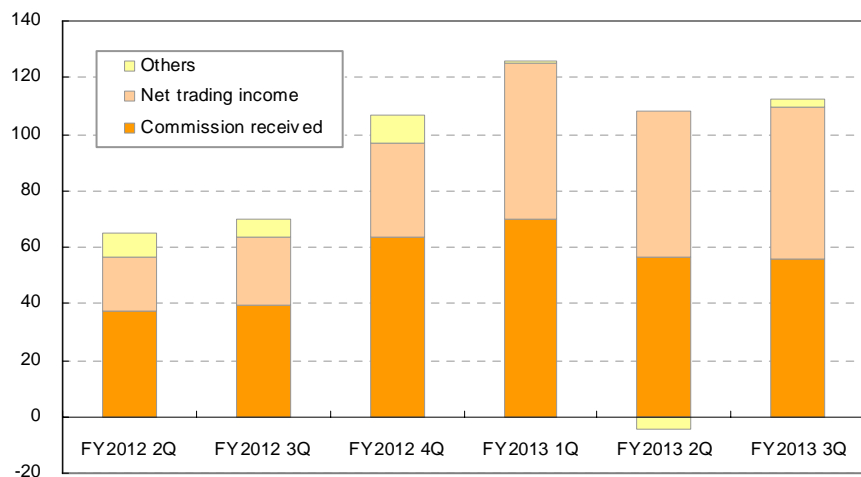
	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q
Net operating revenue	65.1	70.0	106.9	126.1	103.7	112.2
SG&A	57.5	58.4	80.8	83.6	72.5	75.6
Ordinary income	11.8	15.8	37.8	57.0	36.8	42.8
Net income	8.0	10.0	18.8	39.5	23.6	23.8

## Net Operating Revenue

- Commission received and net trading income showed a steady performance and exceeded JPY 100 billion for four consecutive quarters.

### Quarterly Trends

(JPY billion)



JPY billion

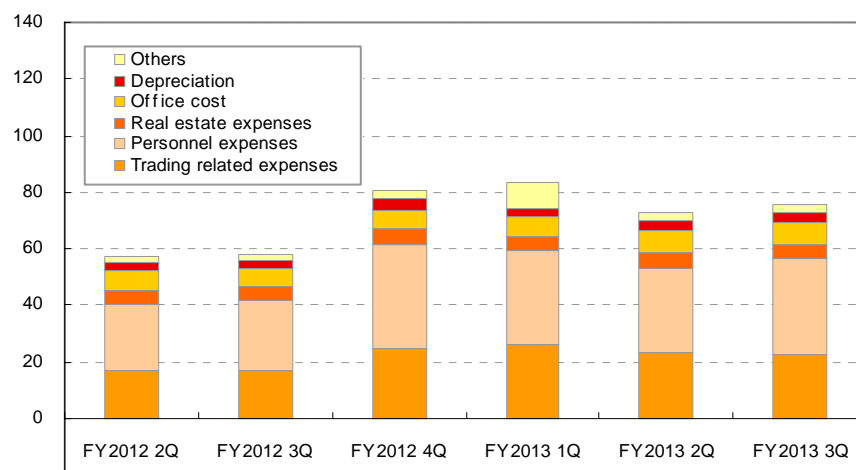
	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q
Commission received	37.4	39.4	63.3	69.8	56.3	56.0
Net trading income	19.4	24.3	33.6	55.0	52.1	53.9
Others	8.2	6.2	9.9	1.2	(4.7)	2.2
Total	65.1	70.0	106.9	126.1	103.7	112.2

## SG & A

- Expenses which interrelate with revenue such as trading related and personnel expenses increased from 4Q previous year due to the increase of business volume.
- Fixed costs such as real estate expenses and depreciation were still controlled at low levels.

### Quarterly Trends

(JPY billion)



JPY billion

	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q
Trading related expenses	16.6	16.5	24.9	25.8	23.0	22.5
Personnel expenses	23.6	25.3	36.8	33.5	29.9	33.7
Real estate expenses	5.1	4.7	5.3	5.1	5.7	5.4
Office cost	6.6	6.3	6.8	6.9	7.7	7.6
Depreciation	3.4	3.3	3.9	3.2	3.3	3.3
Others	2.0	2.0	2.9	9.0	2.8	2.8
Total	57.5	58.4	80.8	83.6	72.5	75.6

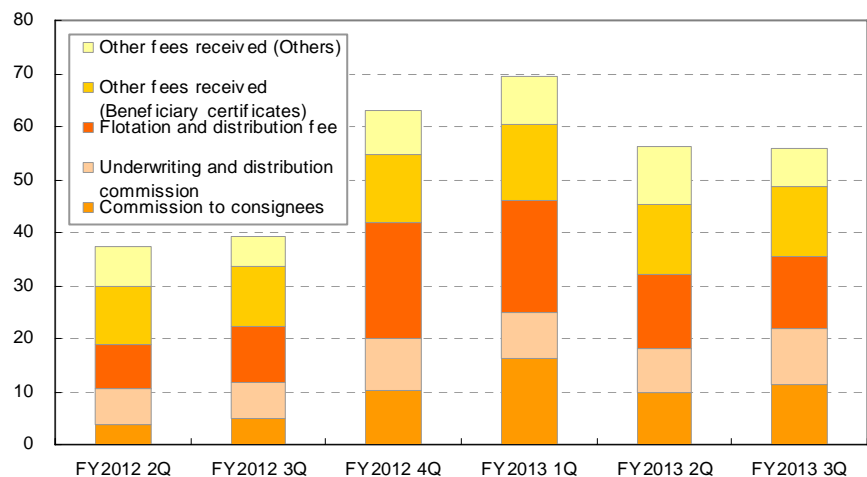
# Net Operating Revenue Breakdown

## Commission Received

- Commission to consignees: Increased by 16% (QoQ) in the booming Japanese stock market environment.
- Underwriting and distribution commission: Lead-manager mandate in large PO transactions in Japan and overseas contributed (+23% QoQ).
- Flotation and distribution fee: Sales of investment trusts maintained a high level.
- Other fees received: M&A revenue and investment trust commissions showed a steady performance.

## Quarterly Trends

(JPY billion)



JPY billion

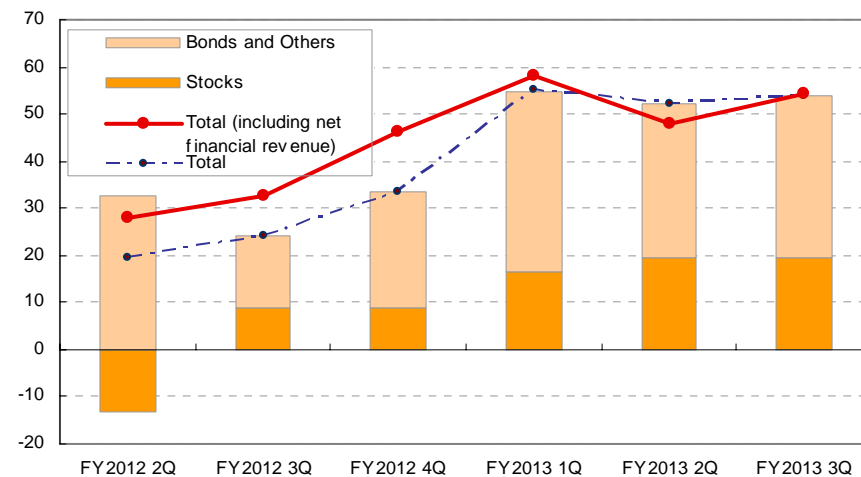
	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q
Commission to consignees	3.7	5.0	10.3	16.2	9.7	11.3
Underwriting and distribution commission	7.0	6.7	9.7	8.8	8.5	10.5
Flotation and distribution fee	8.0	10.7	21.7	21.2	13.7	13.5
Other fees received (Beneficiary certificates)	11.0	11.1	13.2	14.2	13.4	13.3
Other fees received (Others)	7.5	5.8	8.3	9.1	10.8	7.2
<b>Total</b>	<b>37.4</b>	<b>39.4</b>	<b>63.3</b>	<b>69.8</b>	<b>56.3</b>	<b>56.0</b>

## Net Trading Income

- Equity / equity-product trading reached the highest level in the last six quarters due to the successful capture of customer flow along with the good performance of foreign stocks.
- Fixed Income trading maintained a stable revenue due to the strong performance of trading of corporate bonds and structured bonds.

## Quarterly Trends

(JPY billion)



JPY billion

	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q
Stocks	(13.0)	9.0	8.8	16.6	19.3	19.6
Bonds and Others	32.5	15.2	24.7	38.3	32.8	34.3
<b>Total</b>	<b>19.4</b>	<b>24.3</b>	<b>33.6</b>	<b>55.0</b>	<b>52.1</b>	<b>53.9</b>
Net financial revenue	8.3	8.2	12.5	3.1	(4.2)	0.5
<b>Total (including net financial revenue)</b>	<b>27.8</b>	<b>32.5</b>	<b>46.1</b>	<b>58.2</b>	<b>47.9</b>	<b>54.5</b>

# Consolidated Statement of Income (Full year, Quarter)

JPY million

	Full year		Quarter					
	FY2011	FY2012	FY2012			FY2013		
			2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating revenue</b>	306,926	350,524	78,906	76,074	119,164	134,808	111,276	120,817
Commission received	143,016	171,957	37,432	39,472	63,393	69,814	56,340	56,072
Net trading income	86,031	107,329	19,468	24,304	33,617	55,031	52,153	53,915
Net gain on private equity and other securities	(2,173)	(4,735)	(88)	(2,036)	(2,659)	(2,000)	(572)	1,661
Other net gain on goods trading	(486)	125	31	51	30	105	3	14
Financial revenue	80,538	75,846	22,063	14,282	24,782	11,856	3,350	9,153
<b>Financial expenses</b>	68,341	44,441	13,714	6,062	12,212	8,662	7,554	8,565
<b>Net operating revenue</b>	238,585	306,082	65,192	70,011	106,951	126,145	103,722	112,251
<b>SG &amp; A</b>	240,124	256,881	57,597	58,436	80,896	83,623	72,558	75,681
<b>Operating income (loss)</b>	(1,539)	49,201	7,594	11,574	26,054	42,521	31,163	36,570
<b>Non-operating income</b>	42,473	36,717	4,445	4,065	12,855	15,032	5,775	7,373
<b>Non-operating expenses</b>	2,756	1,690	211	(193)	1,018	487	51	1,054
<b>Ordinary income</b>	38,177	84,228	11,828	15,834	37,891	57,066	36,887	42,888
<b>Extraordinary income</b>	18,238	5,154	2,001	1,273	1,270	8,043	118	387
<b>Extraordinary loss</b>	31,859	3,531	638	110	1,930	136	402	444
<b>Income taxes</b>	1,782	2,916	(1,379)	722	2,384	5,395	(4,376)	3,992
<b>Minority interests in income</b>	6,190	35,988	6,558	6,192	15,999	20,010	17,377	15,034
<b>Net income</b>	16,583	46,946	8,012	10,082	18,846	39,567	23,602	23,805

# Consolidated Balance Sheet

JPY billion

	As of Mar. 31, 2013	As of Dec. 31, 2013	Change
<b>ASSETS</b>			
<b>Current assets</b>	25,754	25,886	+132
Cash and deposits	719	941	+221
Trading products	15,530	12,832	(2,698)
Loans secured by securities	8,194	10,394	+2,199
Others	1,309	1,719	+409
<b>Noncurrent assets</b>	752	642	(109)
PP & E	27	30	+3
Intangible assets	43	47	+3
Investments and other assets	680	564	(116)
<b>Total assets</b>	26,506	26,529	+23

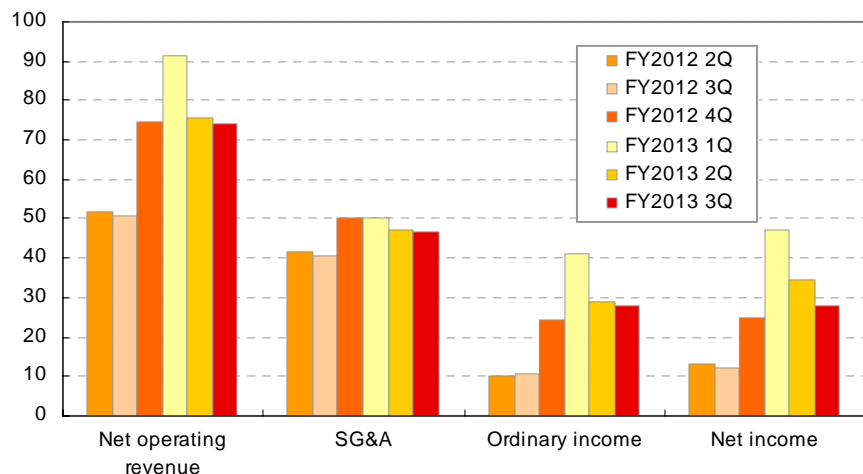
	As of Mar. 31, 2013	As of Dec. 31, 2013	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	24,372	24,090	(281)
Trading products	12,471	10,300	(2,171)
Loans payable secured by securities	9,142	10,734	+1,592
Short-term loans payable	996	1,073	+76
Others	1,761	1,982	+220
<b>Noncurrent liabilities</b>	1,208	1,400	+191
Bonds payable	803	996	+193
Long-term loans payable	379	380	+0
Others	26	23	(2)
<b>Total liabilities</b>	25,582	25,492	(89)
<b>NET ASSETS</b>			
Shareholders' equity	688	758	+70
Accumulated other comprehensive income	(21)	(0)	+20
Minority interests	257	279	+21
<b>Total net assets</b>	924	1,037	+112
<b>Total liabilities and net assets</b>	26,506	26,529	+23

### Quarterly Performance Trends

- Sustained solid income with ordinary income and net income standing at JPY 28.0 billion ( $\Delta 2\%$  QoQ) and JPY 27.8 billion ( $\Delta 19\%$  QoQ) respectively, due to the reinforcement of equity / equity-product business such as underwriting and sales & trading along with the high market share which the Company traditionally enjoys in fixed income business.

### Quarterly Trends

(JPY billion)



JPY billion

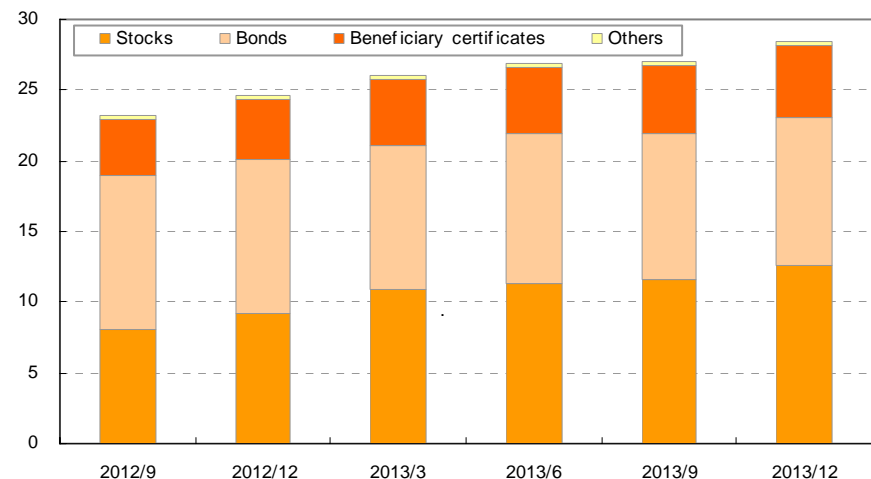
	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q
Net operating revenue	51.6	51.0	74.4	91.3	75.6	74.2
SG&A	41.5	40.6	50.1	50.5	47.1	46.6
Ordinary income	10.4	10.8	24.3	41.1	28.8	28.0
Net income	13.1	12.2	24.9	47.4	34.5	27.8

### Trends of AUM

- AUM at the end of December 2013 stood at approximately JPY 28.4 trillion, increasing significantly.
- Of the above, AUM for the domestic Retail Middle Market Sales Division was JPY 25.1 trillion (JPY 24.1 trillion as of the end of September 2013).

### Quarterly Trends

(JPY trillion)



JPY trillion

	2012/9	2012/12	2013/3	2013/6	2013/9	2013/12
Stocks	8.1	9.3	10.9	11.3	11.7	12.6
Bonds	10.9	10.8	10.1	10.6	10.2	10.4
Beneficiary certificates	3.9	4.2	4.7	4.8	4.8	5.1
Others	0.3	0.3	0.3	0.3	0.3	0.3
Total	23.2	24.6	26.0	26.9	27.0	28.4



JPY million

## Statement of Income

## Full year

	FY2011	FY2012
<b>Operating revenue</b>	181,157	230,427
Commission received	90,022	110,137
Net trading income	69,664	97,254
Others	(479)	125
Financial revenue	21,949	22,909
<b>Financial expenses</b>	11,027	10,158
<b>Net operating revenue</b>	170,130	220,268
<b>SG &amp; A</b>	169,631	172,418
<b>Operating income</b>	498	47,849
<b>Non-operating income</b>	2,277	1,622
<b>Ordinary income</b>	2,776	49,472
<b>Extraordinary income (loss)</b>	(21,977)	1,177
<b>Income taxes</b>	(2,405)	(5,448)
<b>Net income (loss)</b>	(16,794)	56,098

## Quarter

FY2012			FY2013		
2Q	3Q	4Q	1Q	2Q	3Q
54,273	53,338	76,771	93,591	77,608	76,487
25,285	26,315	40,179	48,946	38,739	37,436
21,786	23,090	28,823	41,547	32,619	35,372
32	53	24	107	6	15
7,169	3,879	7,744	2,989	6,242	3,662
2,629	2,288	2,353	2,223	1,930	2,231
51,644	51,049	74,417	91,367	75,678	74,255
41,564	40,621	50,189	50,569	47,134	46,612
10,079	10,427	24,228	40,798	28,543	27,643
322	390	74	327	334	438
10,402	10,818	24,303	41,126	28,878	28,082
1,522	91	149	7,800	(286)	15
(1,241)	(1,312)	(487)	1,473	(5,987)	291
13,166	12,222	24,939	47,453	34,579	27,807

## Balance Sheet

JPY billion

	As of Mar. 31, 2013	As of Dec. 31, 2013	Change
<b>Current assets</b>	14,071	12,827	(1,244)
Cash and deposits	621	822	+201
Trading products	9,772	7,799	(1,972)
Loans secured by securities	3,076	3,206	+130
Others	600	998	+397
<b>Noncurrent assets</b>	68	70	+2
PP & E	15	18	+2
Intangible assets	19	22	+2
Investments and other assets	33	30	(2)
<b>Total assets</b>	14,139	12,897	(1,241)

	As of Mar. 31, 2013	As of Dec. 31, 2013	Change
<b>Current liabilities</b>	13,606	12,215	(1,390)
Trading products	7,354	6,029	(1,324)
Loans payable secured by securities	4,066	3,828	(238)
Short-term loans payable	1,234	1,353	+118
Others	950	1,005	+54
<b>Noncurrent liabilities</b>	243	313	+69
Long-term loans payable	226	298	+71
Others	17	15	(2)
<b>Total liabilities</b>	13,851	12,530	(1,320)
<b>Net assets</b>	288	367	+79
<b>Total liabilities and net assets</b>	14,139	12,897	(1,241)

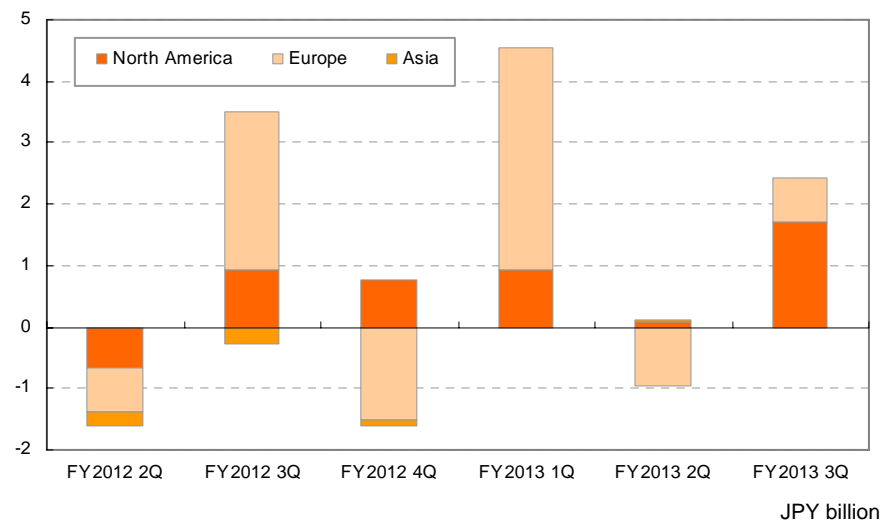
# Overseas Subsidiaries and KOKUSAI Asset Management (KAM)

## Overseas Subsidiaries Quarterly Trends

- Secured an income of approximately JPY 6.0 billion for the full year as BTMU collaboration has progressed.
- Business in North America secured profits for five consecutive quarters led by the ongoing robust performance in primary business. Business in Europe turned into profitable with the improvement in the secondary business.

## Ordinary income (loss): Quarterly Trends

(JPY billion)



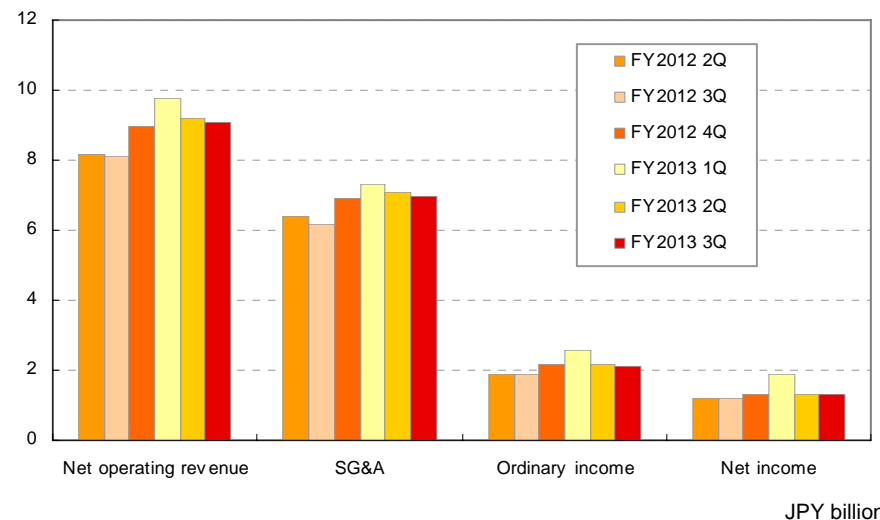
	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q
North America	(0.66)	0.94	0.78	0.94	0.09	1.72
Europe	(0.71)	2.57	(1.51)	3.60	(0.97)	0.70
Asia	(0.25)	(0.28)	(0.09)	(0.03)	0.03	(0.02)
Total	(1.63)	3.23	(0.82)	4.50	(0.84)	2.41

## KAM Quarterly Trends

- Revenues continued to show a stable level due to the expansion of its product lineups.

## Quarterly Trends

(JPY billion)



	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q	FY2013 3Q
Net operating revenue	8.2	8.1	9.0	9.8	9.2	9.1
SG&A	6.4	6.2	6.9	7.3	7.1	7.0
Ordinary income	1.9	1.9	2.2	2.6	2.2	2.1
Net income	1.2	1.2	1.3	1.9	1.3	1.3

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

## Credit Rating

- Maintained stable credit rating levels as the core securities company of the MUFG Group.  
The credit rating outlooks are also stable (as of Nov. 29, 2013).

### Mitsubishi UFJ Securities Holdings (MUSHD)

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

### 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

### Mitsubishi UFJ Securities International plc (MUSI)

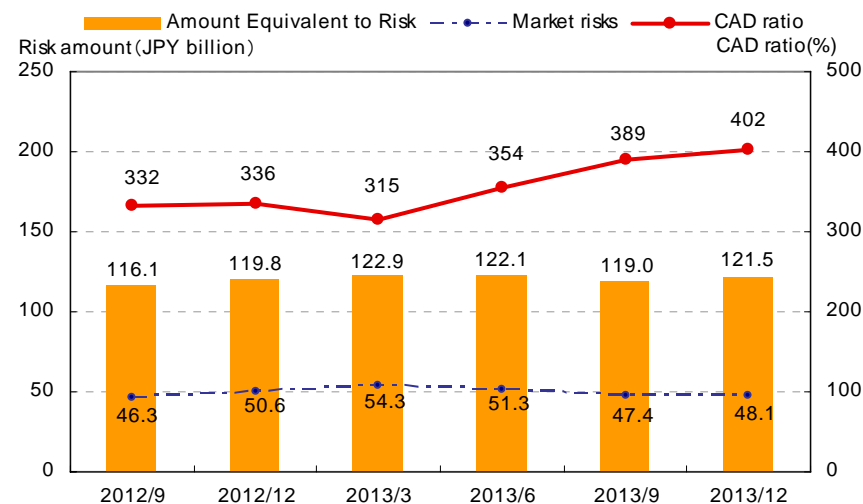
	R&I	JCR	Moody's	S&P
Long-term	AA- **	AA **	A1	A+
Short-term	-	-	P-1	A-1

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

## Capital Adequacy

- Capital adequacy ratio at the end of December 2013 stood at 402%, maintaining a sufficient level of capital base.
- A recent accumulation of profits has contributed to a steady increase in net assets of both MUSHD (consolidated) and MUMSS.

### Capital Adequacy Ratio MUMSS



### Net Assets MUSHD (Consolidated) / MUMSS

	JPY billion					
MUSHD (Consolidated)	2012/9	2012/12	2013/3	2013/6	2013/9	2013/12
Capital stock	75.5	75.5	75.5	75.5	75.5	75.5
Net assets (Total)	843.4	865.3	924.4	950.5	1,000.6	1,037.0
MUMSS	2012/9	2012/12	2013/3	2013/6	2013/9	2013/12
Capital stock	40.5	40.5	40.5	40.5	40.5	40.5
Net assets (Total)	243.9	256.7	288.5	304.5	339.9	367.6

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

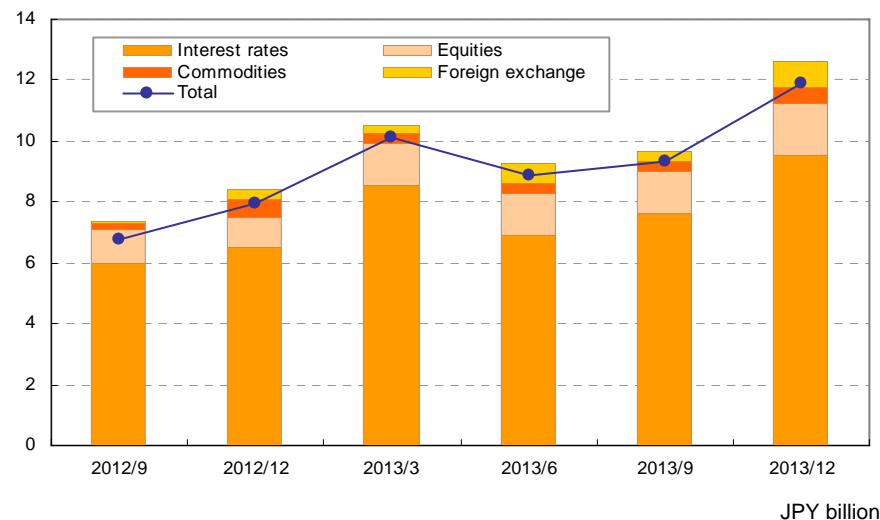
- Risk volumes increased temporarily due to customer flows.
- Interest rates risk increased in domestic subsidiaries due to customer flows while equities / foreign exchange risk increased in overseas subsidiaries due to the good market condition.

### 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

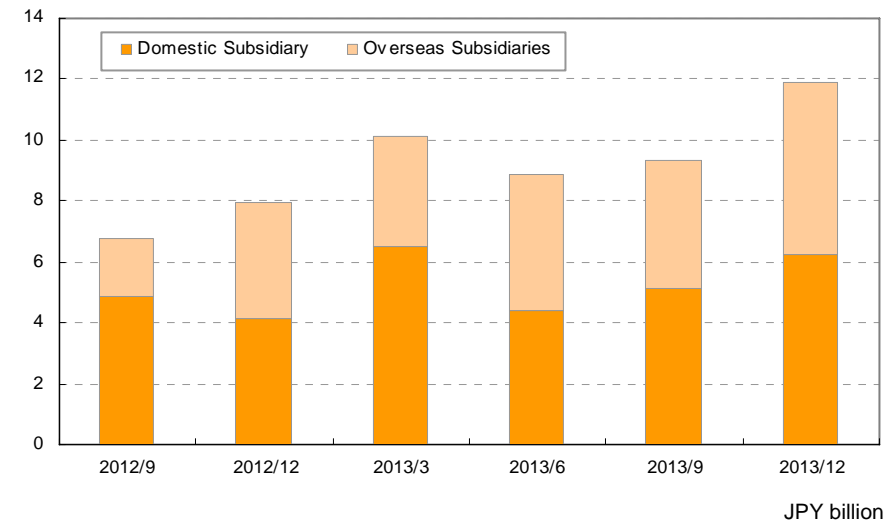
(JPY billion)



	2012/9	2012/12	2013/3	2013/6	2013/9	2013/12
Interest rates	6.0	6.5	8.5	6.9	7.6	9.5
Equities	1.1	0.9	1.3	1.4	1.4	1.8
Commodities	0.2	0.6	0.3	0.3	0.3	0.5
Foreign exchange	0.1	0.3	0.3	0.7	0.3	0.8
<b>Total</b>	<b>6.8</b>	<b>7.9</b>	<b>10.1</b>	<b>8.9</b>	<b>9.3</b>	<b>11.9</b>

### Quarterly trends of VaR by type of subsidiary

(JPY billion)



	2012/9	2012/12	2013/3	2013/6	2013/9	2013/12
Domestic Subsidiary	4.8	4.2	6.5	4.4	5.1	6.3
Overseas Subsidiaries	1.9	3.8	3.7	4.5	4.2	5.7
<b>Total</b>	<b>6.8</b>	<b>7.9</b>	<b>10.1</b>	<b>8.9</b>	<b>9.3</b>	<b>11.9</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 (Singapore)



# 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, 2014, 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, 2014. 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.