



Mitsubishi UFJ Securities Holdings

3QFY2018

Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

January, 2019

## Consolidated Financial Results

- Consolidated Performance Highlights P2
- Net Operating Revenue and SG & A P3
- Overview by Business Segments P5

## Financial Results of Significant Subsidiaries

- Mitsubishi UFJ Morgan Stanley Securities (MUMSS) P6
- 【Reference】 Domestic Securities Companies P9
- kabu.com Securities Co., Ltd. ( kabu.com ) and Overseas Business P10

## Appendix

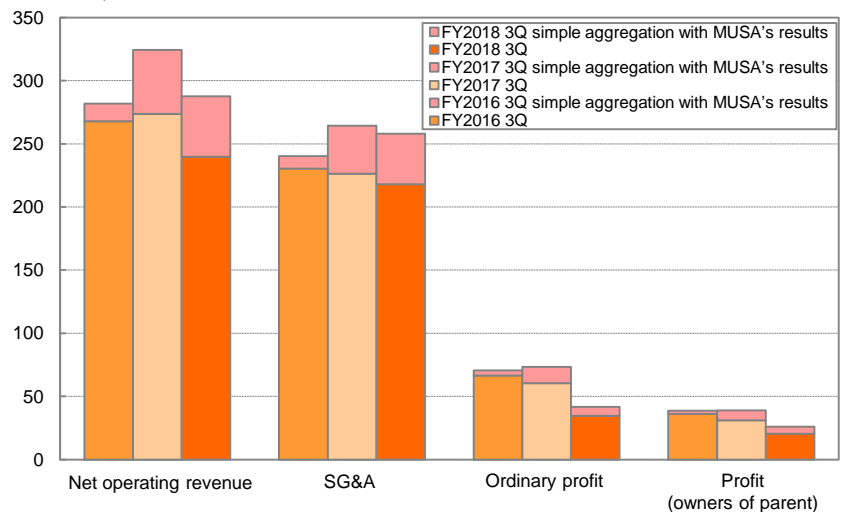
- Consolidated Statement of Income (Full year, Quarter) P11
- Consolidated Balance Sheet P12
- Mitsubishi UFJ Morgan Stanley Securities (MUMSS) P13
- Financial Soundness Indicators (Credit Rating, Capital Adequacy Ratio, etc.) P14
- Market Risks P15

## 3Q (cumulative) Performance Trends

- Net operating revenue of JPY 239.8 billion (-12% YoY), ordinary profit of JPY 34.7 billion (-42% YoY) and profit attributable to owners of parent of JPY 20.5 billion (-34% YoY).
- Net operating revenue for 3Q18 in a simple aggregation with the results of MUFG Securities Americas Inc. (hereinafter "MUSA"), which was deconsolidated from 3Q16, was JPY 287.7 billion. Ordinary profit was JPY 41.9 billion.
- Mitsubishi UFJ Kokusai Asset Management Co., Ltd. was excluded from the scope of equity-method affiliates due to the functional realignment of MUFG.

## 3Q (cumulative) Trends

(JPY billion)



	FY2016 3Q (cumulative)	FY2017 3Q (cumulative)	FY2018 3Q (cumulative)
Net operating revenue	268.0	273.6	239.8
SG&A	230.5	226.4	218.0
Ordinary profit	66.5	60.5	34.7
Profit (owners of parent)	36.1	31.1	20.5

**[Substantial basis]** \* Figures represent the aggregation with MUSA's results

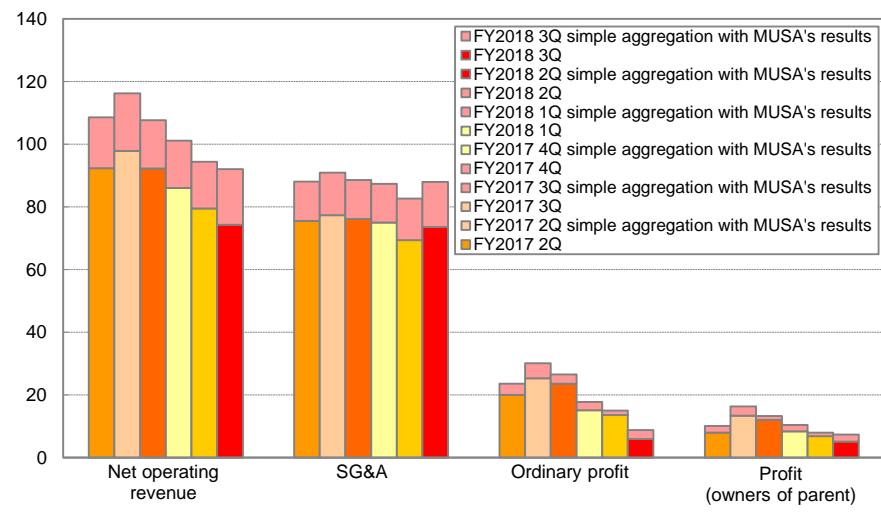
Net operating revenue	282.0	324.4	287.7
SG&A	240.3	264.4	258.1
Ordinary profit	70.8	73.3	41.9
Profit (owners of parent)	38.6	38.9	25.9

## Quarterly Performance Trends

- Domestic subsidiaries decreased both revenue and profit from the previous quarter mainly due to a slowdown in fixed income business, despite investment banking business performing well with large-scale underwriting and M&A deals. Overseas subsidiaries increased revenue but decreased profit from the previous quarter, due to a rebounding increase in SG&A which had decreased in the previous quarter from a temporary factor, although revenue increased after the turmoil in markets.
- Ordinary profit in a simple aggregation with the results of MUSA was JPY 8.8 billion and profit attributable to owners of parent was JPY 7.4 billion.

## Quarterly Trends

(JPY billion)



	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Net operating revenue	92.3	97.8	92.2	86.0	79.5	74.3
SG&A	75.5	77.3	76.1	75.0	69.4	73.5
Ordinary profit	20.0	25.3	23.6	15.1	13.6	5.9
Profit (owners of parent)	7.9	13.4	12.0	8.4	6.8	5.1

**[Substantial basis]** \* Figures represent the aggregation with MUSA's results

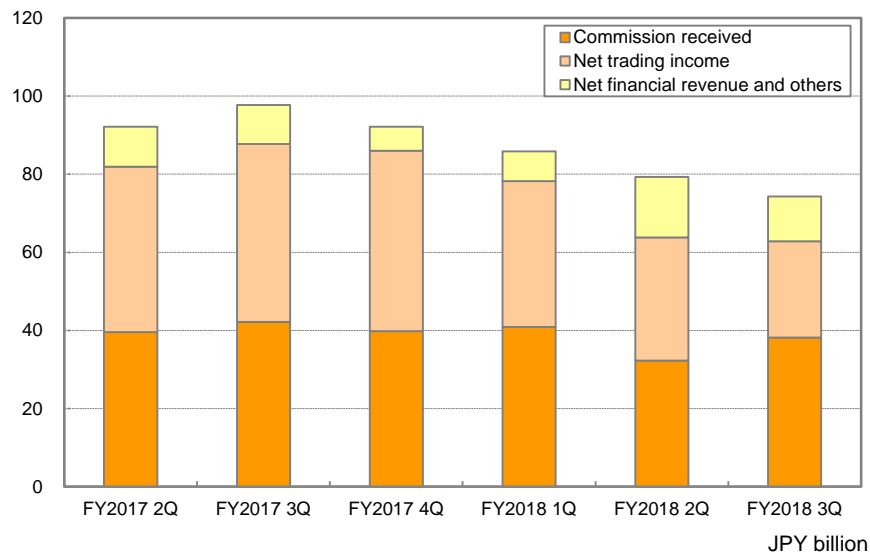
Net operating revenue	108.6	116.3	107.6	101.1	94.4	92.0
SG&A	88.0	90.9	88.5	87.4	82.7	87.9
Ordinary profit	23.6	30.1	26.6	17.8	15.1	8.8
Profit (owners of parent)	10.1	16.3	13.3	10.4	8.0	7.4

## Net Operating Revenue

- Net operating revenue of JPY 74.3 billion (-6% QoQ), of which commission received was JPY 38.2 billion (+18% QoQ) and net trading income including net financial revenue was JPY 36.1 billion (-23% QoQ).
- While commission received increased from the previous quarter, net trading income including net financial revenue decreased from the previous quarter.

### Quarterly Trends

(JPY billion)



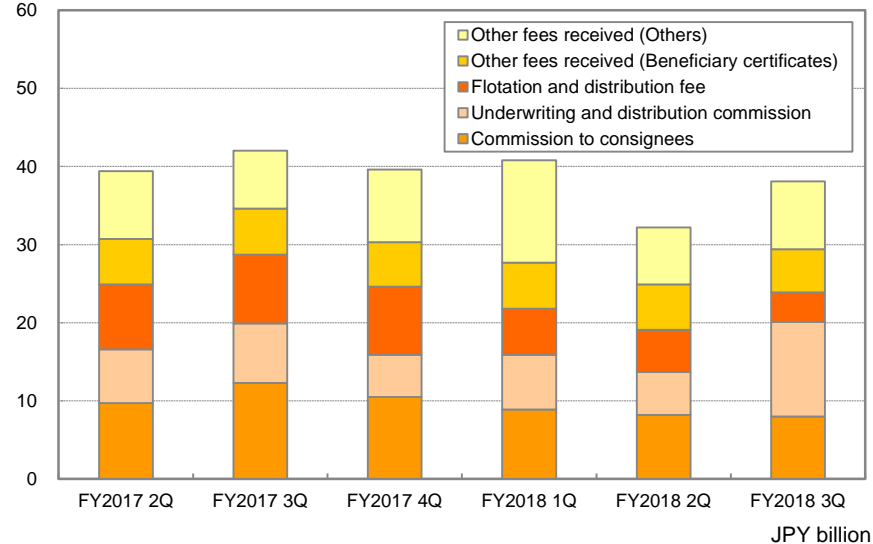
	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Commission received	39.6	42.2	39.8	40.9	32.3	38.2
Net trading income	42.3	45.5	46.2	37.3	31.5	24.6
Net financial revenue and others	10.2	10.0	6.1	7.6	15.5	11.5
<b>Total</b>	<b>92.3</b>	<b>97.8</b>	<b>92.2</b>	<b>86.0</b>	<b>79.5</b>	<b>74.3</b>

## Commission Received

- Commission to consignees: Decreased from the previous quarter due to low stock trading volume.
- Underwriting and distribution commission: Significantly increased due to large-scale deals in both debt and equity in domestic subsidiaries.
- Flotation and distribution fee: Decreased from the previous quarter due to a decrease in sales volume of stock investment trusts impacted by inactive investor activities.
- Other fees received: Increased from the previous quarter mainly due to strong M&A business.

### Quarterly Trends

(JPY billion)



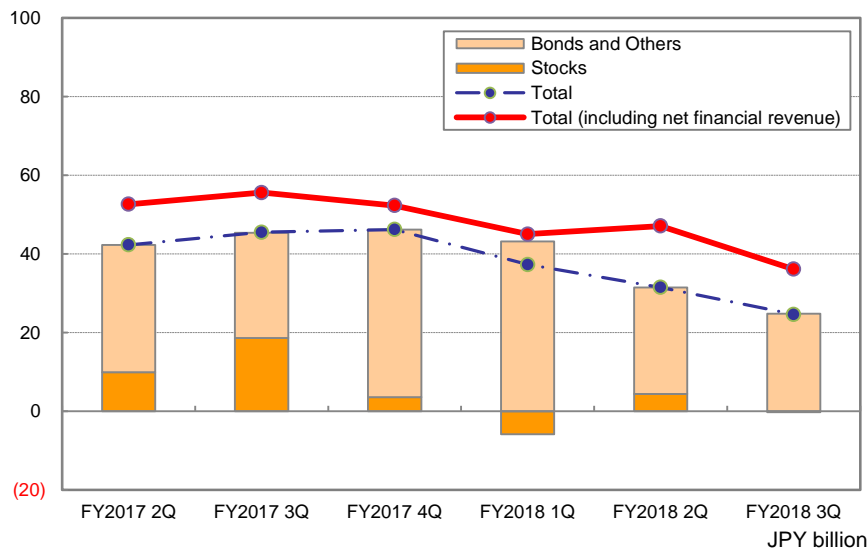
	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Commission to consignees	9.7	12.3	10.5	8.9	8.2	8.0
Underwriting and distribution commission	6.9	7.6	5.4	7.0	5.5	12.1
Flotation and distribution fee	8.3	8.8	8.7	5.9	5.4	3.8
Other fees received (Beneficiary certificates)	5.8	5.9	5.7	5.9	5.8	5.5
Other fees received (Others)	8.7	7.4	9.3	13.1	7.3	8.7
<b>Total</b>	<b>39.6</b>	<b>42.2</b>	<b>39.8</b>	<b>40.9</b>	<b>32.3</b>	<b>38.2</b>

## Net Trading Income

- Domestic subsidiaries struggled with weak domestic and overseas stock markets and decreased revenue opportunities caused by a decline in customer flow amid low volatility in the bond market.
- Overseas subsidiaries increased revenue from the previous quarter due to recovery of credit and rates businesses.

### Quarterly Trends

(JPY billion)



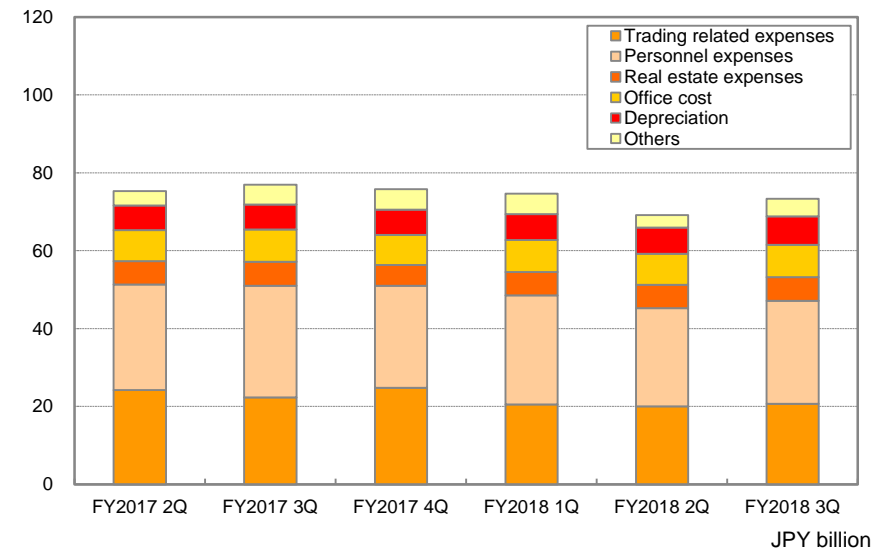
	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Stocks	9.9	18.6	3.6	(5.8)	4.4	(0.2)
Bonds and Others	32.4	26.8	42.6	43.2	27.1	24.8
<b>Total</b>	<b>42.3</b>	<b>45.5</b>	<b>46.2</b>	<b>37.3</b>	<b>31.5</b>	<b>24.6</b>
Net financial revenue	10.2	10.0	6.1	7.6	15.5	11.5
Total (including net financial revenue)	52.6	55.6	52.3	45.0	47.1	36.1

## SG & A

- The continued curbing of fixed costs in domestic and overseas subsidiaries led to the second lowest level of SG&A in the past six quarters. However, SG&A increased from the previous quarter due to factors such as the increase in retirement benefit expenses, which had decreased in the previous quarter, and the increase in depreciation.

### Quarterly Trends

(JPY billion)



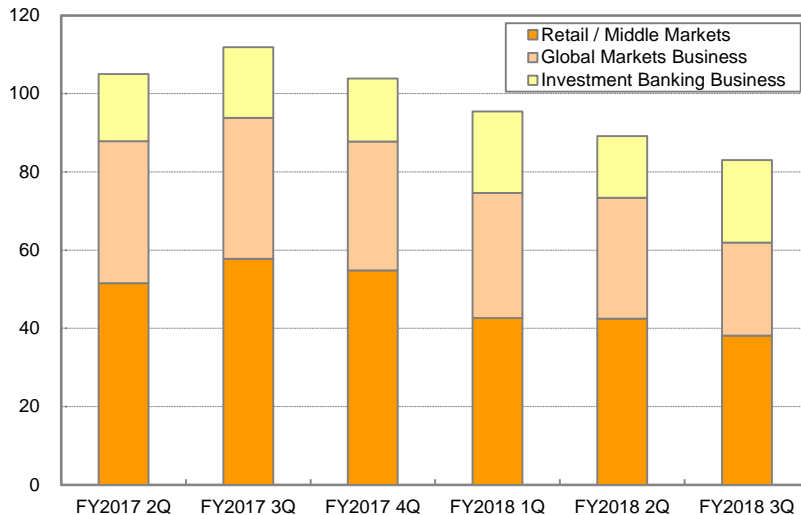
	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Trading related expenses	24.2	22.3	24.8	20.5	20.0	20.7
Personnel expenses	27.1	28.7	26.2	28.0	25.2	26.4
Real estate expenses	6.0	6.1	5.3	6.0	6.0	6.1
Office cost	8.0	8.3	7.7	8.2	8.0	8.3
Depreciation	6.3	6.4	6.5	6.7	6.7	7.3
Others	3.7	5.1	5.3	5.2	3.2	4.5
<b>Total</b>	<b>75.5</b>	<b>77.3</b>	<b>76.1</b>	<b>75.0</b>	<b>69.4</b>	<b>73.5</b>

## Overview by Business Segments

- While Retail / Middle Markets and Global Markets decreased revenue from the previous quarter, Investment Banking increased revenue.
- Retail / Middle Markets: Revenue decreased from the previous quarter due to struggling sales of stock investment trusts and structured notes amid customers' risk-off sentiment under uncertain market conditions.
- Global Markets: Domestic revenue decreased from the previous quarter mainly due to struggling flow of fixed income business and position losses. Meanwhile, overseas subsidiaries (July - September) increased revenue due to recovery of rates and credit businesses.
- Investment Banking: Both domestic and overseas subsidiaries increased revenue from the previous quarter driven by favorable underwriting business. Specifically, the involvement of a large-scale deal contributed to domestic subsidiaries.

## Quarterly Trends

(JPY billion)



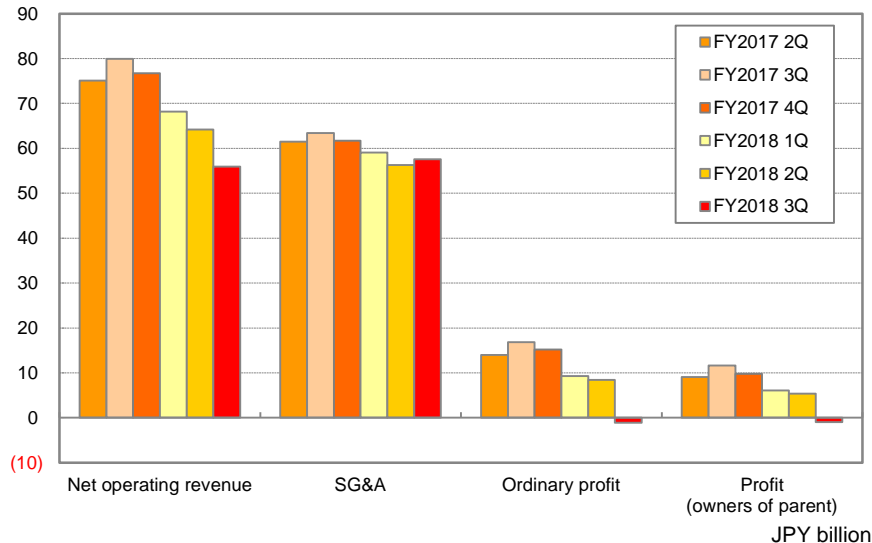
\* Figures are based on management accounting basis (before internal transaction elimination) including MUSA.

## Quarterly Performance Trends

- Net operating revenue of JPY 55.9 billion (-12% QoQ), ordinary profit of JPY -1.1 billion (JPY 8.4 billion at the previous quarter) and profit attributable to owners of parent of JPY -1.0 billion (JPY 5.4 billion at the previous quarter).
- Although investment banking business performed well due to involvement of debt and equity underwriting and large-scale M&A deals, MUMSS decreased both revenue and profit from the previous quarter due to the struggling trading business.
- Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd. (MUMSPB) decreased both revenue and profit from the previous quarter due mainly to inactive investor activities.

## Quarterly Trends

(JPY billion)



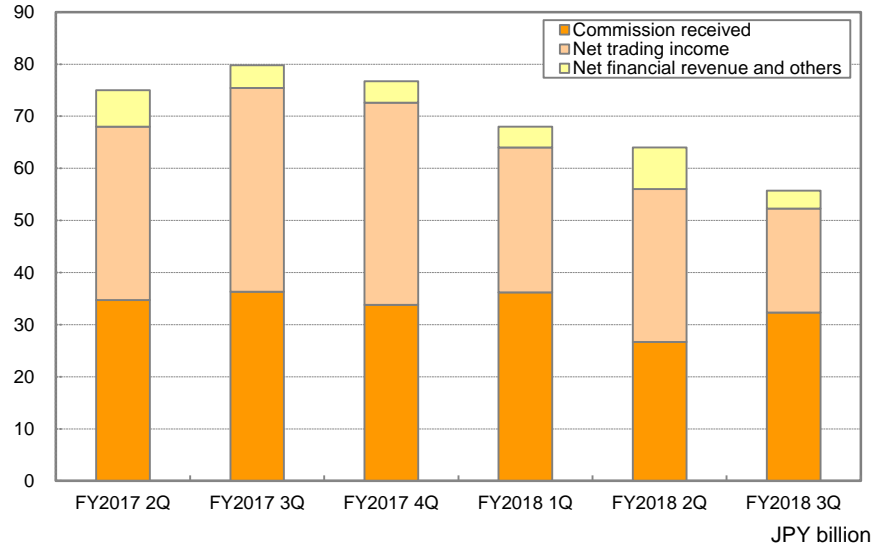
	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Net operating revenue	75.1	79.9	76.7	68.2	64.2	55.9
SG&A	61.5	63.4	61.7	59.1	56.3	57.6
Ordinary profit	14.0	16.8	15.2	9.3	8.4	(1.1)
Profit (owners of parent)	9.1	11.6	9.8	6.1	5.4	(1.0)

## Net Operating Revenue

- Net operating revenue of JPY 55.9 billion, of which commission received was JPY 32.3 billion and net trading income including net financial revenue was JPY 23.5 billion.
- While commission received increased from the previous quarter, net trading income including net financial revenue decreased from the previous quarter.

## Quarterly Trends

(JPY billion)



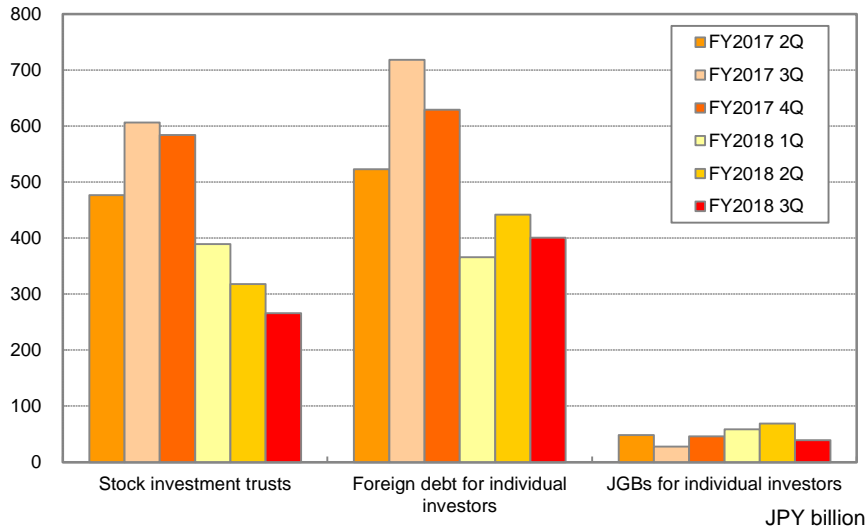
	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Commission received	34.7	36.3	33.8	36.2	26.7	32.3
Net trading income	33.3	39.1	38.8	27.8	29.3	20.0
Net financial revenue and others	7.0	4.4	4.1	4.0	8.0	3.4
Total	75.1	79.9	76.7	68.2	64.2	55.9

## Sales of Retail / Middle Market Division

- Revenue from sales of stock investment trusts decreased from the previous quarter despite efforts to focus on investment trusts that invest in medical technology-related companies.
- Revenue from sales of foreign bonds for individual investors decreased from the previous quarter in both MUMSS and MUMSPB.

## Quarterly Trends

(JPY billion)



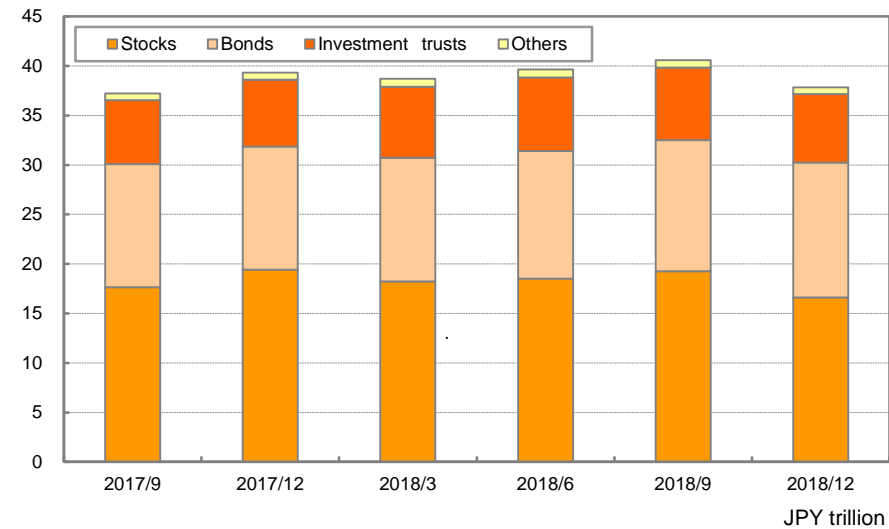
	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Stock investment trusts	476.7	606.3	583.8	389.4	317.6	266.1
Foreign bonds for individual investors	522.7	718.2	628.8	365.5	441.9	400.9
JGBs for individual investors	48.5	27.7	46.1	58.4	68.7	39.0

## Trends of AUM

- AUM recorded approximately JPY 37.8 trillion at the end of December 2018, decreasing from the previous quarter due to market prices, despite positive net money inflow.
- Of the above, AUM for the Retail / Middle Market Division recorded JPY 30.6 trillion (JPY 32.8 trillion at the end of September, 2018).

## Quarterly Trends

(JPY trillion)



	2017/9	2017/12	2018/3	2018/6	2018/9	2018/12
Stocks	17.6	19.4	18.2	18.5	19.3	16.6
Bonds	12.5	12.5	12.5	12.9	13.2	13.6
Investment trusts	6.4	6.7	7.2	7.4	7.3	6.9
Others	0.7	0.7	0.8	0.8	0.7	0.7
Total	37.2	39.3	38.7	39.6	40.6	37.8



Investment banking business ~ League Table (from April, 2018 to December, 2018)

Japan Domestic Debt\*1

Rank	Securities Firm	Share (%)
1	Mizuho Securities	23.2
2	Nomura Securities	19.8
3	SMBC Nikko Securities	18.5
4	Daiwa Securities	17.4
5	Mitsubishi UFJ Morgan Stanley	16.1
6	Tokai Tokyo Securities	1.6
7	Shinkin Securities	1.1
8	Goldman Sachs Japan	0.8
9	SBI Securities	0.5
10	Okasan Securities	0.3

Japan Equity and Equity-linked\*2

Rank	Securities Firm	Share (%)
1	Nomura	22.5
2	Daiwa Securities Group	17.5
3	Sumitomo Mitsui Financial Group	15.4
4	Mizuho Financial Group	14.9
5	Mitsubishi UFJ Morgan Stanley	14.1
6	SBI Holdings	4.7
7	JP Morgan	2.4
8	Bank of America Merrill Lynch	2.3
9	Citi	1.4
10	Goldman Sachs & Co	0.8

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

Rank	Financial Advisor	JPY billion
1	Mitsubishi UFJ Morgan Stanley	21,221
2	Goldman Sachs & Co	19,440
3	JP Morgan	17,921
4	Evercore Partners	14,793
5	Nomura	11,619
6	Mizuho Financial Group	10,900
7	Citi	9,410
8	Credit Suisse	8,687
9	Sumitomo Mitsui Financial Group	8,321
10	Deutsche Bank Group	7,526

\*1 Source: REFINITIV, REFINITIV 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: REFINITIV (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: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

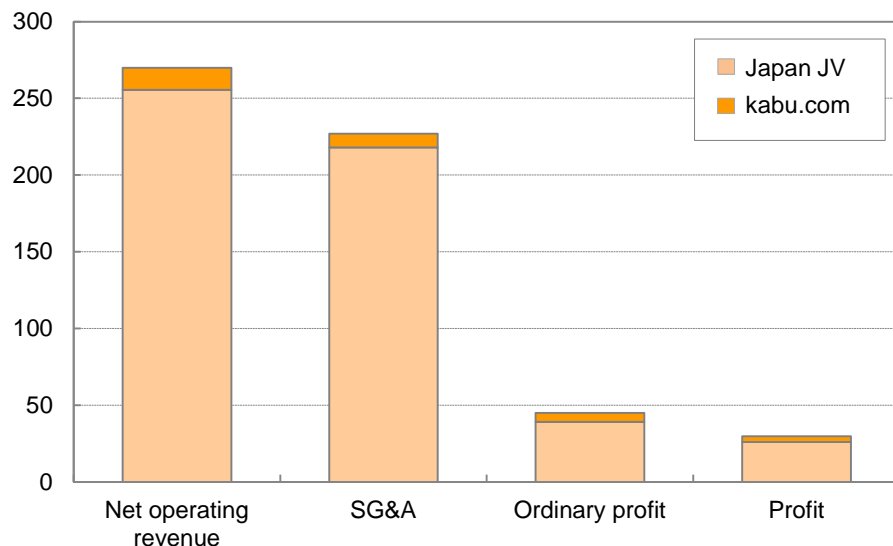
Any Japanese involvement announced including property acquisitions. Mitsubishi UFJ Morgan Stanley includes deals advised by Morgan Stanley.

## Domestic Securities Companies' Performance

- Net operating revenue of the Domestic Securities Companies is over JPY 270 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" consists of four companies including three joint venture companies with Morgan Stanley ("Japan JV") and kabu.com Securities Co., Ltd.

### Performance of FY 3Q (cumulative) 2018

(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 the Domestic Securities Companies)	FY 2018 3Q (cumulative)
Net operating revenue	270.1
Japan JV	255.5
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Consolidated base ("MUMSS" + "MUMSPB") *1	188.3
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *2	67.2
kabu.com Securities Co., Ltd. ("kabu.com")	14.5
SG & A	226.9
Japan JV	218.0
MUMSS Consolidated base	173.1
MSMS	44.8
kabu.com	8.9
Ordinary profit	44.9
Japan JV	39.2
MUMSS Consolidated base	16.6
MSMS	22.5
kabu.com	5.7
Profit	29.9
Japan JV	25.9
MUMSS Consolidated base (Profit attributable to owners of parent)	10.5
MSMS	15.3
kabu.com	3.9

\*1 MUMSS Consolidated base 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

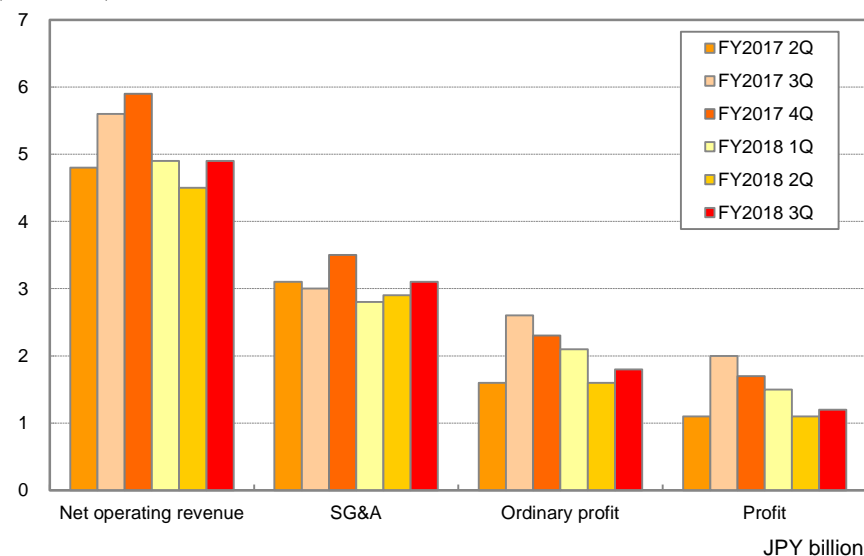
- Net operating revenue increased from the previous quarter to JPY 4.9 billion thanks to increases in stock-related revenue and FX-related revenue. Both revenue and profit increased from the previous quarter, with ordinary profit at JPY 1.8 billion, as a result of suppressing the rise in expenses through reducing advertising expenses and others.

## Overseas Business Quarterly Trends

- Business in Europe decreased in profit from the previous quarter. Although credit and rates businesses increased revenue from the previous quarter, underwriting business and structured bond business decreased revenue. SG&A increased mainly due to increase in retirement benefit expenses, which had decreased in the previous quarter.
- Business in Asia diminished losses thanks to good performance of underwriting business.
- Business in North America increased in profit from the previous quarter, thanks to underwriting business performing well with the sealing of a large-scale deal.
- Overseas business as a whole recorded an increase in profit from the previous quarter, with JPY 3.8 billion of ordinary profit.

### Quarterly Trends

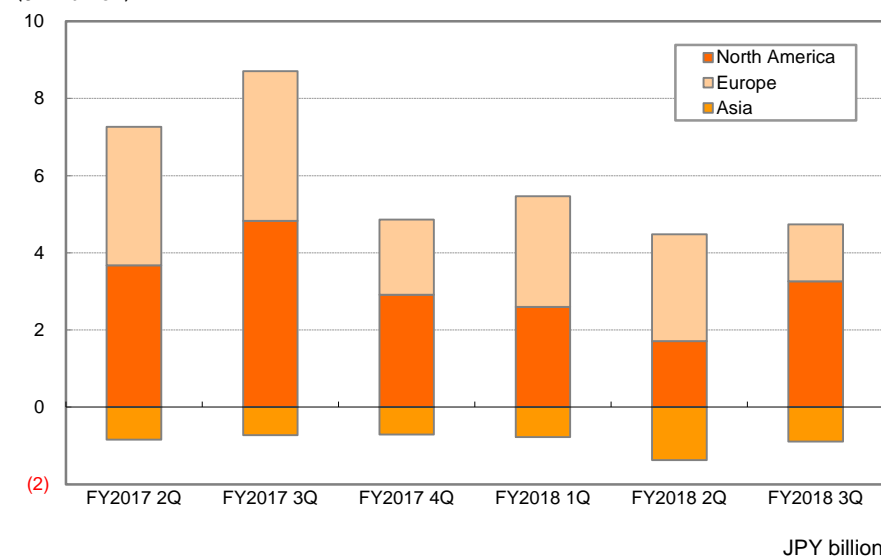
(JPY billion)



	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
Net operating revenue	4.8	5.6	5.9	4.9	4.5	4.9
SG&A	3.1	3.0	3.5	2.8	2.9	3.1
Ordinary profit	1.6	2.6	2.3	2.1	1.6	1.8
Profit	1.1	2.0	1.7	1.5	1.1	1.2

### Ordinary profit (loss): Quarterly Trends

(JPY billion)



	FY2017 2Q	FY2017 3Q	FY2017 4Q	FY2018 1Q	FY2018 2Q	FY2018 3Q
North America	3.68	4.83	2.91	2.60	1.71	3.26
Europe	3.59	3.88	1.95	2.87	2.77	1.48
Asia	(0.84)	(0.73)	(0.71)	(0.78)	(1.37)	(0.89)
Total	6.43	7.98	4.14	4.69	3.11	3.86

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

JPY million

	Full year		Quarter					
	FY2016	FY2017	FY2017			FY2018		
			2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating revenue</b>	404,497	376,901	94,947	100,449	94,820	92,611	92,925	91,152
Commission received	173,279	158,576	39,692	42,234	39,828	40,974	32,379	38,218
Net trading income	179,112	171,147	42,389	45,551	46,262	37,354	31,575	24,606
Other operating revenue	0	0	0	—	0	3	—	—
Financial revenue	52,105	47,176	12,865	12,663	8,728	14,279	28,970	28,327
<b>Financial expenses</b>	25,260	11,075	2,568	2,584	2,616	6,608	13,414	16,815
<b>Net operating revenue</b>	379,237	365,825	92,379	97,864	92,203	86,003	79,511	74,337
<b>SG &amp; A</b>	315,125	302,603	75,528	77,305	76,109	75,042	69,473	73,535
<b>Operating profit</b>	64,111	63,222	16,850	20,559	16,094	10,960	10,037	801
<b>Non-operating income</b>	37,075	22,482	3,185	5,291	7,810	5,616	3,892	4,997
<b>Non-operating expenses</b>	1,591	1,498	25	523	216	1,380	262	(103)
<b>Ordinary profit</b>	99,595	84,206	20,010	25,326	23,688	15,196	13,668	5,903
<b>Extraordinary income</b>	180	179	11	—	84	53	1,611	(1)
<b>Extraordinary losses</b>	3,465	827	9	304	505	218	68	46
<b>Income taxes</b>	21,695	20,946	6,667	5,357	6,127	3,468	4,262	(575)
<b>Profit attributable to non-controlling interests</b>	25,529	19,419	5,413	6,229	5,129	3,091	4,055	1,293
<b>Profit attributable to owners of parent</b>	49,085	43,192	7,930	13,435	12,009	8,471	6,892	5,137

# Appendix

## Consolidated Balance Sheet

	As of Mar. 31, 2018	As of Dec. 31, 2018	Change
<b>ASSETS</b>			
<b>Current assets</b>	21,761	23,682	+1,921
Cash and deposits	2,148	2,058	(89)
Trading products	9,665	10,068	+402
Loans secured by securities	7,266	9,220	+1,953
Others	2,681	2,336	(344)
<b>Non-current assets</b>	582	537	(45)
PP & E	37	35	(2)
Intangible assets	109	108	(1)
Investments and other assets	436	393	(42)
<b>Total assets</b>	22,344	24,219	+1,875

JPY billion

	As of Mar. 31, 2018	As of Dec. 31, 2018	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	19,712	21,313	+1,600
Trading products	8,608	8,982	+373
Loans payable secured by securities	5,040	6,675	+1,635
Short-term loans payable	2,155	2,140	(14)
Others	3,909	3,515	(394)
<b>Non-current liabilities</b>	1,630	1,942	+311
Bonds payable	1,013	1,265	+251
Long-term loans payable	604	665	+60
Others	12	12	(0)
<b>Total liabilities</b>	21,347	23,259	+1,912
<b>NET ASSETS</b>			
Shareholders' equity	725	704	(21)
Accumulated other comprehensive income	(13)	(19)	(5)
Share acquisition rights	0	0	+0
Non-controlling interests	284	275	(9)
<b>Total net assets</b>	996	960	(36)
<b>Total liabilities and net assets</b>	22,344	24,219	+1,875

# Appendix

## Mitsubishi UFJ Morgan Stanley Securities (MUMSS)

MUMSS (non-consolidated)

JPY million

### Statement of Income

	Full year	
	FY2016	FY2017
<b>Operating revenue</b>	270,069	261,997
Commission received	122,569	117,905
Net trading income	126,070	116,744
Others	0	0
Financial revenue	21,428	27,345
<b>Financial expenses</b>	8,284	7,130
<b>Net operating revenue</b>	261,784	254,866
<b>SG &amp; A</b>	218,219	218,732
<b>Operating profit</b>	43,564	36,134
<b>Net non-operating income (expenses)</b>	6,918	7,830
<b>Ordinary profit</b>	50,482	43,964
<b>Net extraordinary income (losses)</b>	(1,945)	(160)
<b>Income taxes</b>	12,817	10,744
<b>Profit</b>	35,720	33,060

### Balance Sheet

	As of	As of	Change
	Mar. 31, 2018	Dec. 31, 2018	
<b>Current assets</b>	12,699	13,339	+640
Cash and deposits	1,775	1,694	(80)
Trading products	6,561	6,551	(9)
Loans secured by securities	3,250	4,170	+919
Others	1,111	923	(188)
<b>Non-current assets</b>	169	164	(5)
PP& E	24	22	(1)
Intangible assets	59	58	(1)
Investments and other assets	85	82	(2)
<b>Total assets</b>	12,868	13,504	+635

	Quarter					
	FY2017			FY2018		
	2Q	3Q	4Q	1Q	2Q	3Q
	66,746	72,335	69,781	61,911	58,639	51,228
	29,716	31,683	29,642	32,398	23,167	29,342
	28,589	34,441	33,786	23,717	25,146	15,819
	0	—	0	3	—	—
	8,439	6,211	6,351	5,792	10,324	6,066
	1,394	1,716	2,224	1,769	2,284	2,617
	65,351	70,619	67,557	60,142	56,354	48,610
	54,722	56,883	55,238	53,084	50,402	51,918
	10,629	13,736	12,318	7,058	5,952	(3,307)
	721	3,057	588	4,606	918	3,039
	11,350	16,794	12,907	11,665	6,870	(268)
	(9)	—	(143)	(218)	(56)	(45)
	3,351	3,877	3,958	1,944	2,015	(1,031)
	7,989	12,917	8,805	9,502	4,798	717

JPY billion

	As of	As of	Change
	Mar. 31, 2018	Dec. 31, 2018	
<b>Current liabilities</b>	12,007	12,651	+643
Trading products	6,243	6,191	(51)
Loans payable secured by securities	2,012	3,070	+1,058
Short-term loans payable	2,324	2,354	+29
Others	1,427	1,034	(392)
<b>Non-current liabilities</b>	456	451	(5)
Long-term loans payable	445	440	(5)
Others	11	10	(0)
<b>Total liabilities</b>	12,466	13,105	+638
<b>Net assets</b>	402	399	(3)
<b>Total liabilities and net assets</b>	12,868	13,504	+635

JPY million

MUMSPB (non-consolidated)

### Statement of Income

	Full year	
	FY2016	FY2017
<b>Net operating revenue</b>	33,375	38,519
<b>Ordinary profit</b>	9,493	12,312
<b>Profit</b>	6,510	8,447

	Quarter					
	FY2017			FY2018		
	2Q	3Q	4Q	1Q	2Q	3Q
	9,816	9,348	9,184	8,107	7,878	7,361
	3,109	2,853	2,814	2,161	2,019	1,696
	2,127	1,954	1,929	1,487	1,384	1,155

### Credit Rating

- Stable credit rating levels were maintained in light of the fact that the Company is the core general securities company of the MUFG Group.
- MUFG Securities (Canada), Ltd. and MUFG Securities (Europe) N.V. newly acquired credit rating.

	R&I	JCR	Moody's	S&P	Fitch
--	-----	-----	---------	-----	-------

#### Mitsubishi UFJ Securities Holdings

	R&I	JCR	Moody's	S&P	Fitch
Long-term	AA-	AA	A1	A-	-
Short-term	a-1+ *	-	P-1	A-2	-

#### Mitsubishi UFJ Morgan Stanley Securities

	R&I	JCR	Moody's	S&P	Fitch
Long-term	AA-	AA	A1	A	A
Short-term	a-1+ *	-	P-1	A-1	F1

#### MUFG Securities EMEA plc

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

#### MUFG Securities (Canada), Ltd.

	R&I	JCR	Moody's	S&P	Fitch
Long-term	-	-	-	A	A
Short-term	-	-	-	A-1	F1

#### MUFG Securities (Europe) N.V.

	R&I	JCR	Moody's	S&P	Fitch
Long-term	-	-	-	A	-

\*CP rating

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

### Capital Adequacy

- Capital adequacy ratio at the end of December, 2018 maintained a sufficient level of capital base.
- Capital base of MUSHD (consolidated) marked no major change.

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

Capital adequacy ratio of MUMSS at 3Q FY2018 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)	2017/9	2017/12	2018/3	2018/6	2018/9	2018/12
Capital stock	75.5	75.5	75.5	75.5	75.5	75.5
Net assets (Total)	976.9	989.1	996.6	963.1	961.4	960.0

MUMSS	2017/9	2017/12	2018/3	2018/6	2018/9	2018/12	
Capital stock	40.5	40.5	40.5	40.5	40.5	40.5	
Net assets (Total)	Consolidated	438.4	424.3	406.6	400.8	407.2	397.8
	Non-consolidated	435.5	423.1	402.4	401.0	406.4	399.2

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

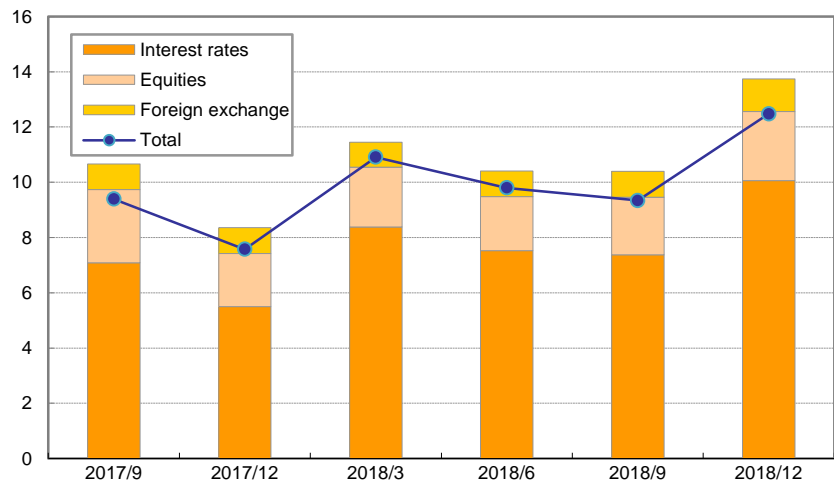
- Interest rate risks for both domestic and overseas subsidiaries increased due mainly to an increase in positions of JGBs and corporate and public bonds in line with customer flow.

### 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)

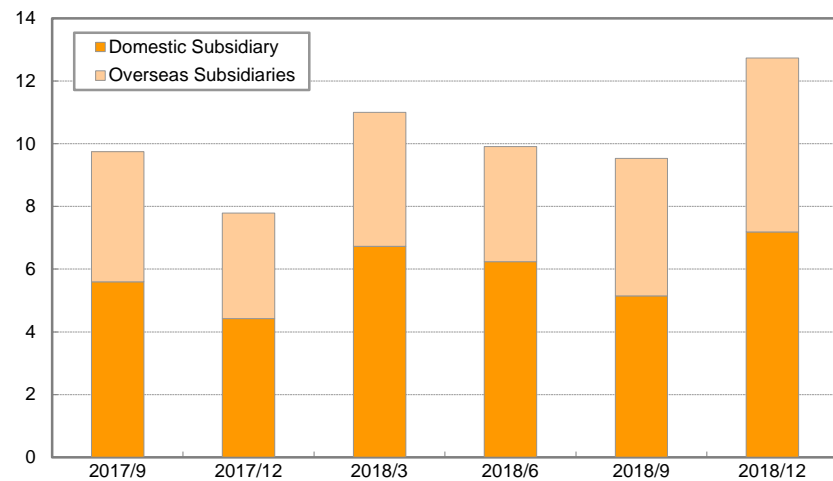


JPY billion

	2017/9	2017/12	2018/3	2018/6	2018/9	2018/12
Interest rates	7.1	5.5	8.4	7.5	7.4	10.1
Equities	2.7	1.9	2.2	2.0	2.1	2.5
Foreign exchange	0.9	0.9	0.9	0.9	0.9	1.2
<b>Total</b>	<b>9.4</b>	<b>7.6</b>	<b>10.9</b>	<b>9.8</b>	<b>9.3</b>	<b>12.5</b>

### Quarterly trends of VaR by type of subsidiary

(JPY billion)



JPY billion

	2017/9	2017/12	2018/3	2018/6	2018/9	2018/12
Domestic Subsidiary	5.6	4.4	6.7	6.2	5.1	7.2
Overseas Subsidiaries	4.1	3.4	4.3	3.7	4.4	5.5
<b>Total</b>	<b>9.4</b>	<b>7.6</b>	<b>10.9</b>	<b>9.8</b>	<b>9.3</b>	<b>12.5</b>

Domestic Subsidiary: Mitsubishi UFJ Morgan Stanley Securities  
 Overseas Subsidiaries: MUFG Securities EMEA plc, MUFG Securities Asia Limited, MUFG Securities (Canada), Ltd.





# 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, 2019, 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, 2019. 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.