



Mitsubishi UFJ Securities Holdings

FY2019 Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

April, 2020

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Annual Performance Trends

- Net operating revenue was JPY 322.1bn (+2% YoY), ordinary profit was JPY 48.5bn (+14% YoY) and profit attributable to owners of parent was JPY 21.1bn (-15% YoY) on financial accounting basis. Net operating revenue was JPY 384.6bn (+4% YoY), ordinary profit was JPY 57.2bn (+17% YoY) and profit attributable to owners of parent was JPY 27.8bn (-4% YoY) on substantial basis including MUSA.
- Commission received decreased YoY due to low individual trading volume and the absence of large-scale IPO deals of the previous year. Meanwhile, net trading income (including net financial revenue) significantly increased at overseas subsidiaries.
 - Domestic subsidiaries saw decreases in both revenue and profit due to the impact of sluggish Retail / middle markets and global markets businesses in 1H, although the investment banking business including debt underwriting and M&As performed strongly.
 - Overseas subsidiaries saw significant increases in both revenue and profit due to the strong performance of the flow products business in Europe and in Americas, despite sluggish capital markets in 1H.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2018	FY2019	YoY %	FY2018	FY2019	YoY %
Net operating revenue	313.3	322.1	+2%	369.8	384.6	+4%
SG&A	287.8	293.5	+2%	336.9	345.4	+2%
Ordinary profit	42.3	48.5	+14%	48.6	57.2	+17%
Profit (owners of parent)	25.1	21.1	(15)%	29.2	27.8	(4)%

Quarterly Performance Trends

- While commission received remained almost at the same level, net trading income (including net financial revenue) performed strongly, resulting in an increase in both revenue and profit for three consecutive quarters.
 - Domestic subsidiaries led the consolidated performance of the Company on the back of the recovery of the Retail / middle markets and global markets businesses.
 - Overseas subsidiaries maintained the level of performance that recovered in 3Q in the capital markets business while struggled due to factors including the impact of the absence of large-scale deals of 3Q in the flow products business in Europe.

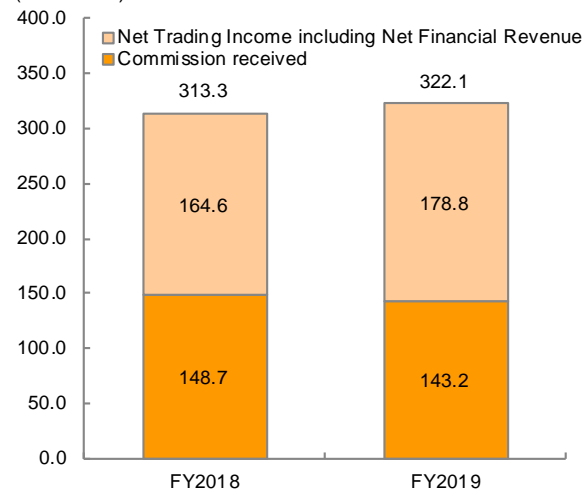
(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2019 3Q	FY2019 3Q	QoQ %	FY2019 3Q	FY2019 4Q	QoQ %
Net operating revenue	86.0	94.4	+9%	102.4	112.7	+10%
SG&A	75.0	75.9	+1%	87.7	89.8	+2%
Ordinary profit	14.3	24.1	+68%	17.6	28.0	+58%
Profit (owners of parent)	6.3	10.5	+66%	8.9	13.4	+50%

* Figures represent the aggregation with the results of MUFG Securities America Inc. (hereinafter "MUSA"), given that MUSA, despite its deconsolidation in 3Q16 as a result of the application of the U.S. Enhanced Prudential Standards, continues to be included in the Company's internal revenue management.

Annual Performance Trends

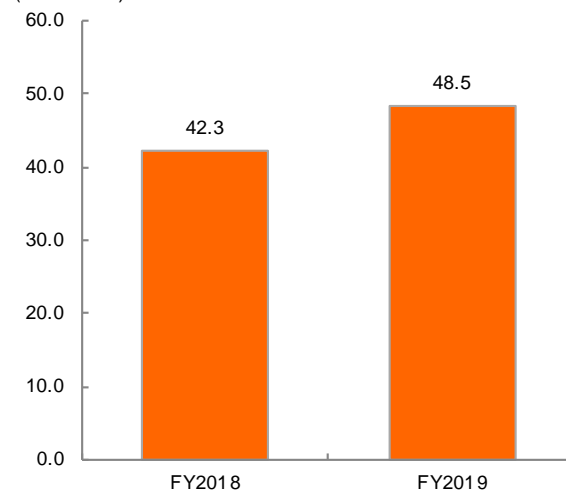
Net operating revenue

(JPY billion)



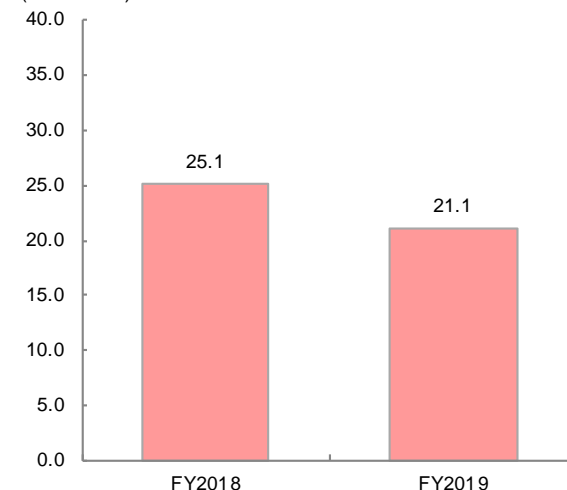
Ordinary profit

(JPY billion)



Profit (owners of parent)

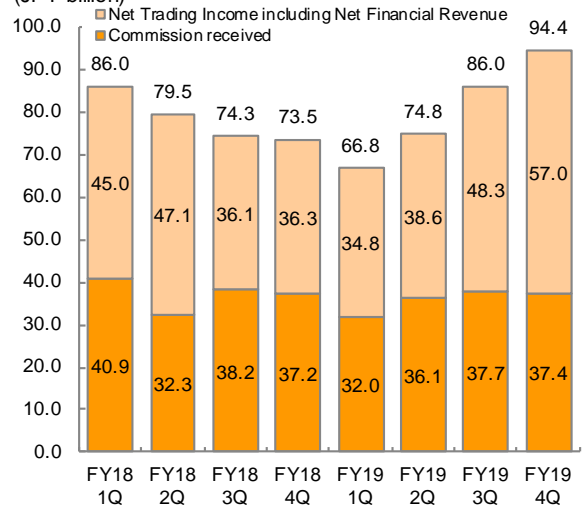
(JPY billion)



Quarterly Performance Trends

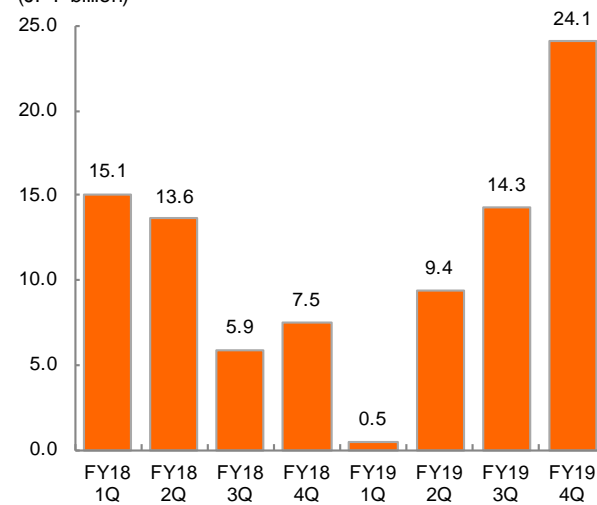
Net operating revenue

(JPY billion)



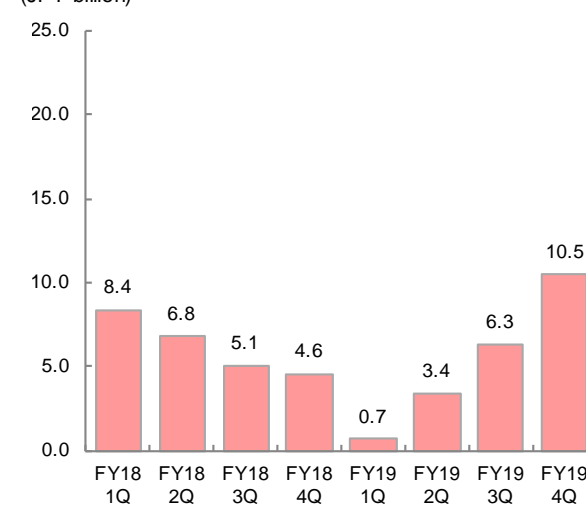
Ordinary profit

(JPY billion)



Profit (owners of parent)

(JPY billion)



Consolidated Financial Summary (1)

Commission Received (Financial basis)

Commission received

FY2019 : JPY 143.2 billion

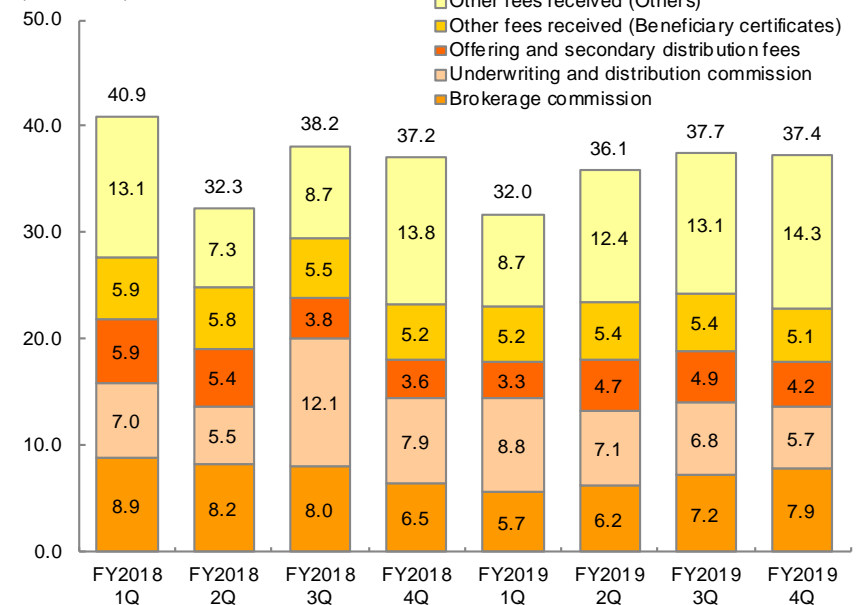
- YoY JPY (5.4) billion (3)%
- Brokerage commission: Decreased due to low stock trading volume.
- Underwriting and distribution commission: Decreased due to factors including the impact of the absence of large-scale equity deals of the previous year, despite contribution by large-scale domestic bond deals.
- Offering and secondary distribution fees: Decreased due to the impact of sluggish sales of stock investment trusts in 1Q.
- Other fees received: Maintained a high level mainly due to the strong performance of M&As.

FY2019 4Q : JPY 37.4 billion

- QoQ JPY (0.2) billion (0)%
- Brokerage commission: Increased for three consecutive quarters on the back of recovery in stock trading volume.
- Underwriting and distribution commission: Decreased due to factors including the shrinking primary market.
- Offering and secondary distribution fees: Decreased due to a decline in sales of stock investment trusts.

Quarterly Trends

(JPY billion)



(JPY billion)	FY2018	FY2019	YoY %	FY2019 3Q	FY2019 4Q	QoQ %
Brokerage commission	31.7	27.2	(14)%	7.2	7.9	+9%
Underwriting and distribution commission	32.5	28.5	(12)%	6.8	5.7	(16)%
Offering and secondary distribution fees	18.8	17.3	(7)%	4.9	4.2	(14)%
Other fees received (Beneficiary certificates)	22.5	21.3	(5)%	5.4	5.1	(5)%
Other fees received (Others)	43.0	48.7	+13%	13.1	14.3	+9%
Total	148.7	143.2	(3)%	37.7	37.4	(0)%

Consolidated Financial Summary (2)

Net Trading Income • Net Financial Revenue (Financial basis)

Net Trading Income • Net Financial Revenue

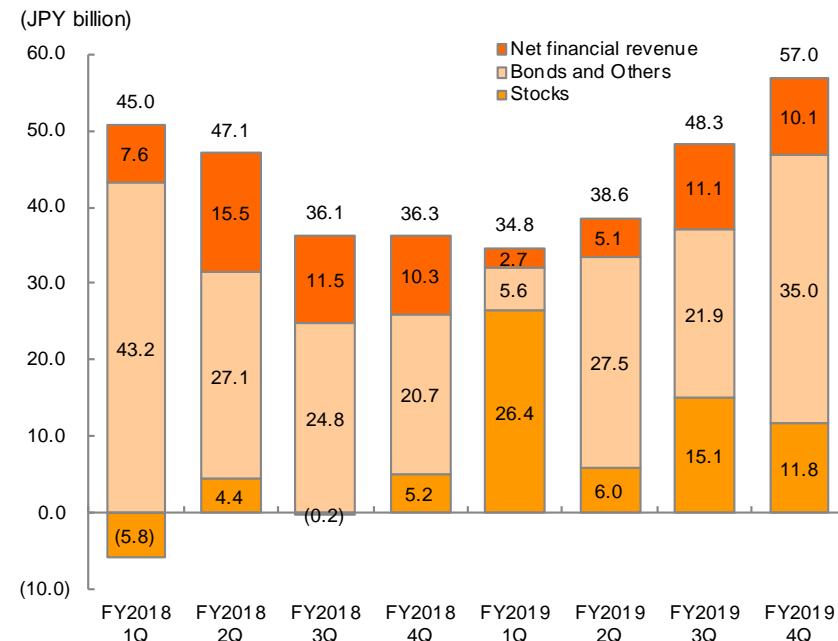
FY2019 : JPY 178.8 billion

- YoY JPY +14.2 billion +8%
- Domestic subsidiaries: Revenue decreased in total due to the sluggish equity business resulting from factors including weak retail customer flow of foreign stocks, while the fixed income business increased revenue due to strong rates as interest rates fluctuated, and the accumulation of customer flow in the derivative business.
- Overseas subsidiaries: Revenue increased significantly due to growth in the derivative and interest trading businesses in Europe and the strong performance in repo business in Americas.

FY2019 4Q : JPY 57.0 billion

- QoQ JPY +8.6 billion +17%
- Domestic subsidiaries: The fixed income business increased revenue significantly due to recovery in rates and customer flow in the derivative business on the back of a rebound in interest rate volatility. The equity business also increased revenue due to the accumulation of customer flow.
- Overseas subsidiaries: Strong performance of repo business in Europe and the Americas partially covered the impact of the absence of derivative transactions of 3Q.

Quarterly Trends



(JPY billion)			
Stocks	3.5	59.5	—
Bonds and Others	115.9	90.1	(22)%
Net financial revenue	45.0	29.2	(35)%
Total	164.6	178.8	+8%

	FY2018	FY2019	YoY %
Stocks	3.5	59.5	—
Bonds and Others	115.9	90.1	(22)%
Net financial revenue	45.0	29.2	(35)%
Total	164.6	178.8	+8%

	FY2019 3Q	FY2019 4Q	QoQ %
Stocks	15.1	11.8	(22)%
Bonds and Others	21.9	35.0	+59%
Net financial revenue	11.1	10.1	(8)%
Total	48.3	57.0	+17%

Consolidated Financial Summary (3)

SG & A (Financial basis)

SG & A

FY2019 : JPY 293.5 billion

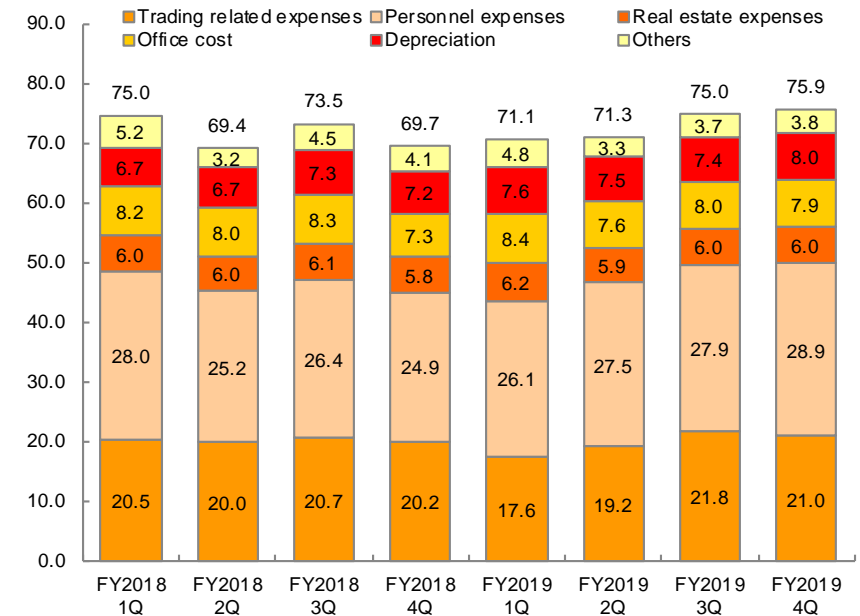
- YoY JPY +5.7 billion +2%
- Domestic subsidiaries: Trading related expenses and provision for bonuses that are linked to performance decreased. In addition, effects of curbing fixed costs in operation and cost cutting from branch office consolidations and other measures yielded results.
- Overseas subsidiaries: In addition to an increase in provision for bonuses that are linked to performance, costs increased for retirement benefit expenses with a decline in European interest rates, and depreciation related to IT system investments for compliance with regulations, among others. Costs related to structural reforms and restructuring were also recorded.

FY2019 4Q : JPY 75.9 billion

- QoQ JPY +0.8 billion +1%
- SG&A at overseas subsidiaries increased due to depreciation of the yen against the pound.

Quarterly Trends

(JPY billion)

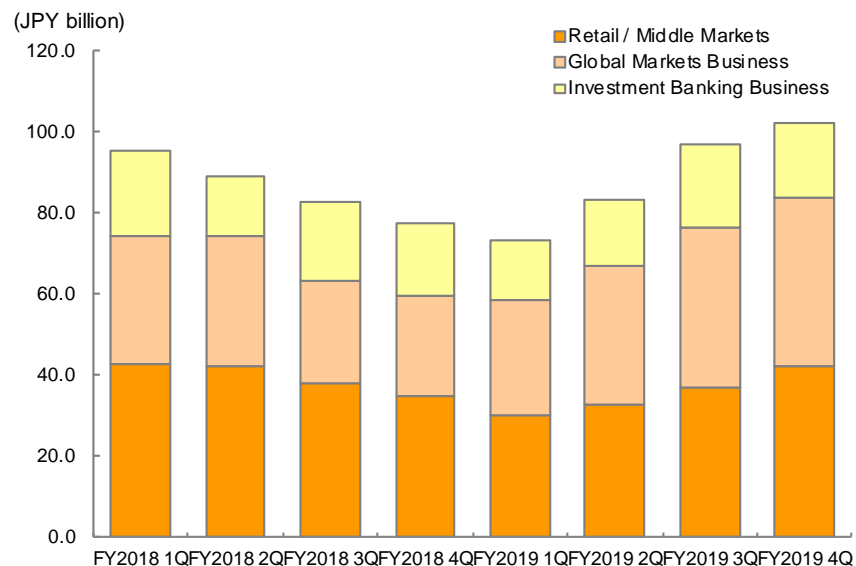


(JPY billion)	FY2018	FY2019	YoY %	FY2019 3Q	FY2019 4Q	QoQ %
Trading related expenses	81.6	79.8	(2)%	21.8	21.0	(3)%
Personnel expenses	104.6	110.6	+5%	27.9	28.9	+3%
Real estate expenses	24.1	24.3	+0%	6.0	6.0	(0)%
Office cost	31.9	32.1	+0%	8.0	7.9	(0)%
Depreciation	28.1	30.6	+9%	7.4	8.0	+7%
Others	17.2	15.8	(8)%	3.7	3.8	+3%
Total	287.8	293.5	+2%	75.0	75.9	+1%

Overview by Business Segments in FY2019 4Q

- The Retail / middle markets business and the global markets business increased revenue for three and four consecutive quarters, respectively. The investment banking business also performed strongly.
- Retail / Middle Markets: Sales recovered to the level before the abolition of profit and product sales targets with a tailwind from improvements of market conditions.
- Global Markets: Overseas subsidiaries saw strong performance of repo business while struggled due to the absence of large-scale deals of 3Q. Domestic subsidiaries performed strongly by leveraging customer flow as interest rates fluctuated and the recording of profits upon closing positions, resulting in an overall increase in revenue.
- Investment Banking: While overseas subsidiaries remained at the same level compared to 3Q due to the strong performance of debt underwriting, domestic subsidiaries slightly decreased revenue.

Quarterly Trends



* Figures are based on management accounting basis including MUSA.

Appendix

Consolidated Statement of Income

JPY million

	Cumulative		Quarter							
	FY2018	FY2019	FY2018				FY2019			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating revenue	371,484	455,781	92,611	92,925	91,152	94,794	97,828	106,826	117,999	133,125
Commission received	148,788	143,291	40,974	32,379	38,218	37,216	32,012	36,117	37,720	37,441
Net trading income	119,559	149,668	37,354	31,575	24,606	26,022	32,114	33,555	37,162	46,836
Other operating revenue	3	4	3	—	—	—	4	0	—	—
Financial revenue	103,133	162,817	14,279	28,970	28,327	31,555	33,698	37,153	43,116	48,848
Financial expenses	58,085	133,616	6,608	13,414	16,815	21,248	30,997	32,023	31,937	38,658
Net operating revenue	313,399	322,164	86,003	79,511	74,337	73,546	66,830	74,802	86,062	94,467
SG & A	287,812	293,586	75,042	69,473	73,535	69,760	71,132	71,370	75,096	75,987
Operating profit (loss)	25,586	28,577	10,960	10,037	801	3,785	(4,301)	3,432	10,966	18,480
Non-operating income	18,863	21,542	5,616	3,892	4,997	4,357	4,934	6,055	3,426	7,126
Non-operating expenses	2,086	1,618	1,380	262	(103)	547	32	75	72	1,438
Ordinary profit	42,363	48,502	15,196	13,668	5,903	7,595	599	9,412	14,320	24,169
Extraordinary income	5,877	1,702	53	1,611	(1)	4,213	1	531	—	1,169
Extraordinary losses	1,379	2,470	218	68	46	1,046	265	345	40	1,819
Income taxes	10,574	15,390	3,468	4,262	(575)	3,418	(441)	2,867	5,532	7,432
Profit attributable to non-controlling interests	11,145	11,200	3,091	4,055	1,293	2,704	24	3,297	2,385	5,492
Profit attributable to owners of parent	25,141	21,142	8,471	6,892	5,137	4,640	753	3,433	6,362	10,594

Appendix

Consolidated Balance Sheet

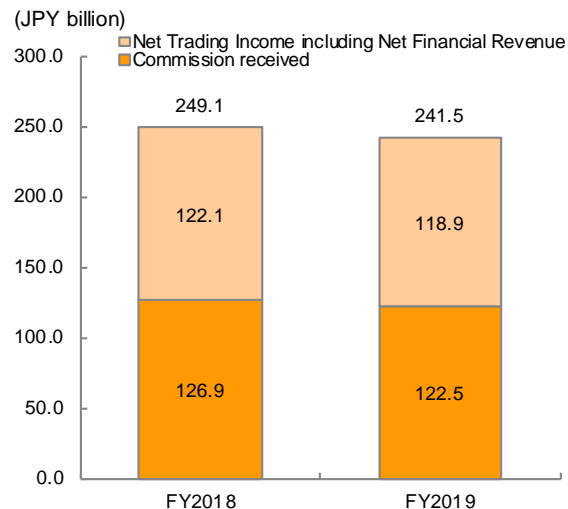
JPY billion

	As of Mar. 31, 2019	As of Mar. 31, 2020	Change
ASSETS			
Current assets	23,957	31,238	+7,281
Cash and deposits	1,977	2,185	+207
Trading products	10,607	12,869	+2,261
Loans secured by securities	8,981	13,241	+4,260
Others	2,390	2,941	+551
Non-current assets	551	627	+76
PP & E	28	32	+4
Intangible assets	108	106	(1)
Investments and other assets	414	488	+73
Total assets	24,508	31,866	+7,357

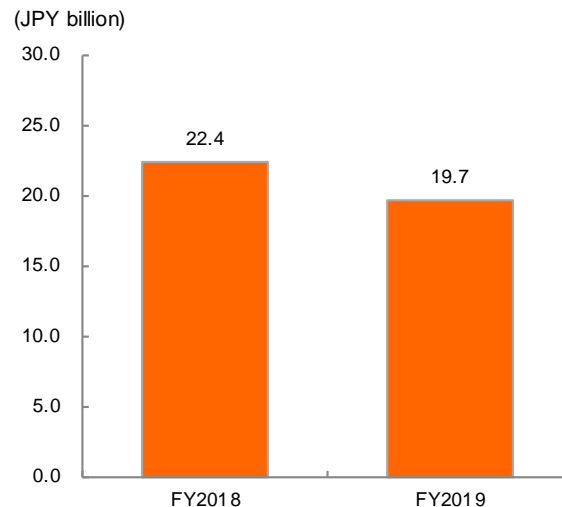
	As of Mar. 31, 2019	As of Mar. 31, 2020	Change
LIABILITIES			
Current liabilities	21,670	29,128	+7,457
Trading products	9,321	11,765	+2,443
Borrowings secured by securities	6,173	10,234	+4,060
Short-term borrowings	2,517	3,259	+741
Others	3,657	3,868	+211
Non-current liabilities	1,885	1,789	(95)
Bonds payable	1,244	1,017	(227)
Long-term borrowings	628	753	+124
Others	12	19	+7
Total liabilities	23,559	30,922	+7,362
NET ASSETS			
Shareholders' equity	702	701	(1)
Accumulated other comprehensive income	(30)	(27)	+3
Share acquisition rights	0	—	(0)
Non-controlling interests	276	270	(6)
Total net assets	948	943	(4)
Total liabilities and net assets	24,508	31,866	+7,357

Annual Performance Trends

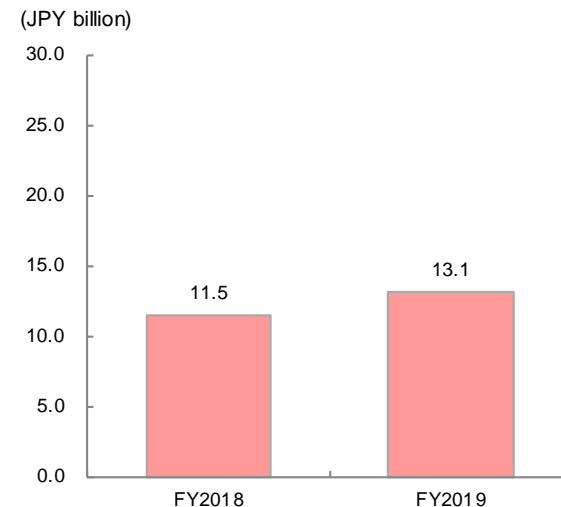
Net operating revenue



Ordinary profit (loss)

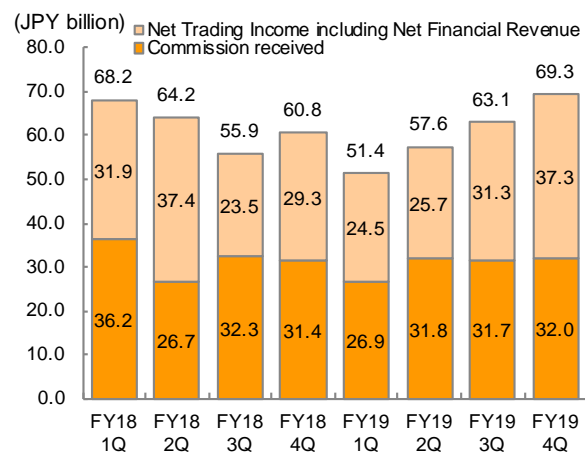


Profit (loss) (owners of parent)

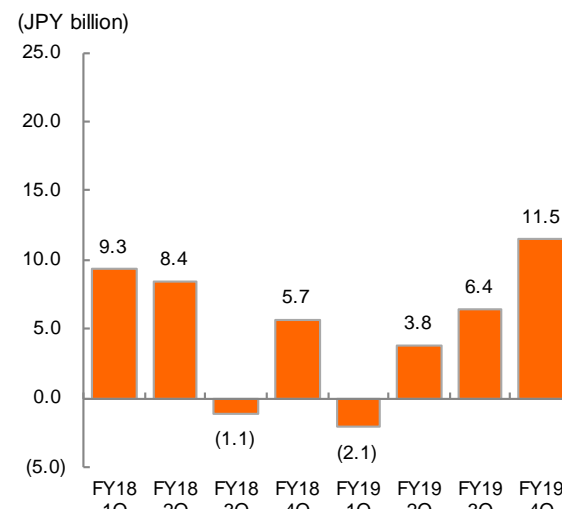


Quarterly Performance Trends

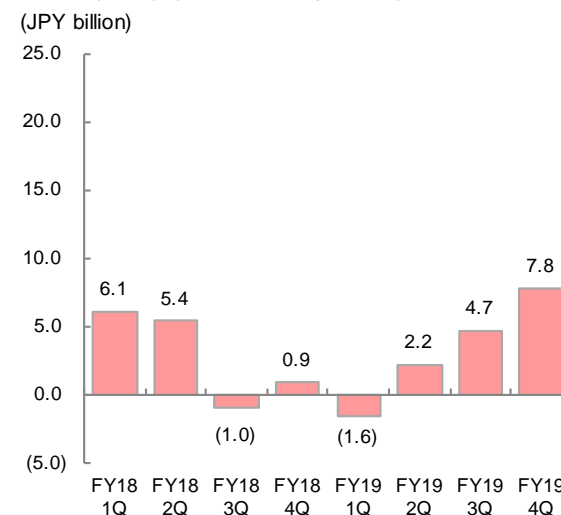
Net operating revenue



Ordinary profit (loss)

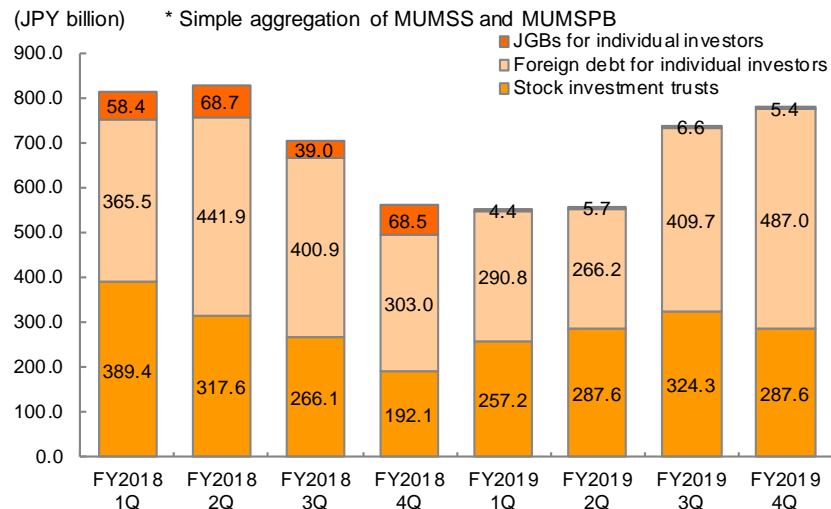


Profit (loss) (owners of parent)



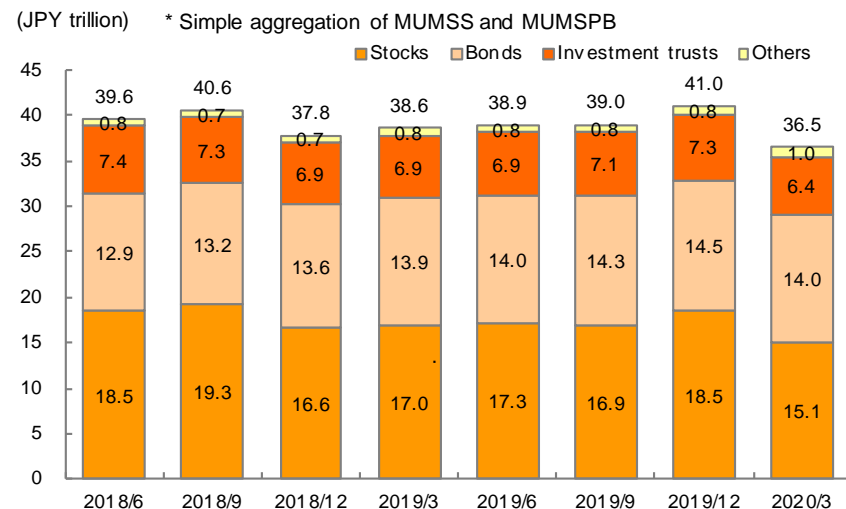
Sales of Retail / Middle Market Division

Quarterly Trends



Trends of AUM

Quarterly Trends





Investment banking business ~ League Table (from April, 2019 to March, 2020)

- In collaboration with Morgan Stanley, M&A Advisory is involved in a wide range of projects centered on cross-border trading, and maintained top-level position. Debt and equity underwriting also maintained high presence in the overall investment banking business through involvement in large-scale deals.
- Highly evaluated by leading media
 - Awarded the Bond House of the year by *Deal Watch*
 - Awarded the Best Corporate and Investment Bank by *Asiamoney*(*1)
 - Awarded the Best Investment Bank in Japan by *Euromoney*(*2)
 - Awarded the International M&A Financial Adviser of the Year by *Mergermarket*(*2)

(*1) Awarded as MUFG and Morgan Stanley

(*2) Awarded as Japanese Securities Joint Venture between MUFG and Morgan Stanley (comprising Mitsubishi UFJ Morgan Stanley Securities and Morgan Stanley MUFG Securities)

Japan Domestic Debt*1

Rank	Securities Firm	Share (%)
1	Mizuho Securities	21.6
2	Mitsubishi UFJ Morgan Stanley	19.4
3	SMBC Nikko Securities	18.6
4	Nomura Securities	17.7
5	Daiwa Securities	17.6
6	Tokai Tokyo Securities	1.3
7	Goldman Sachs Japan	1.2
8	Shinkin Securities	0.8
9	SBI Securities	0.7
10	Okasan Securities	0.4

Japan Equity and Equity-linked*2

Rank	Securities Firm	Share (%)
1	Sumitomo Mitsui Financial Group	20.1
2	Nomura	18.8
3	Mitsubishi UFJ Morgan Stanley	16.4
4	Daiwa Securities Group	15.2
5	Mizuho Financial Group	14.2
6	Bank of America Merrill Lynch	4.8
7	Goldman Sachs & Co	4.3
8	JP Morgan	2.3
9	SBI Holdings	1.2
10	Credit Suisse	0.9

M&A Advisory / Based on Rank Value*3

Rank	Financial Advisor	JPY billion
1	Nomura	8,474
2	Mitsubishi UFJ Morgan Stanley	7,543
3	Mizuho Financial Group	6,837
4	Bank of America Merrill Lynch	5,031
5	JP Morgan	4,005
6	Goldman Sachs & Co	3,955
7	Deutsche Bank Group	2,578
8	Deloitte	2,342
9	Sumitomo Mitsui Financial Group	2,137
10	Citi	1,623

*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.

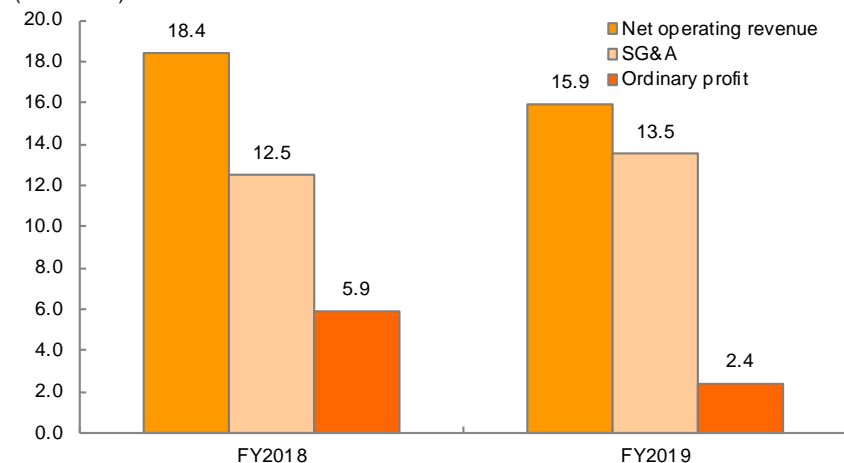
*3 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

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

au Kabucom Annual Performance Trends

Trends

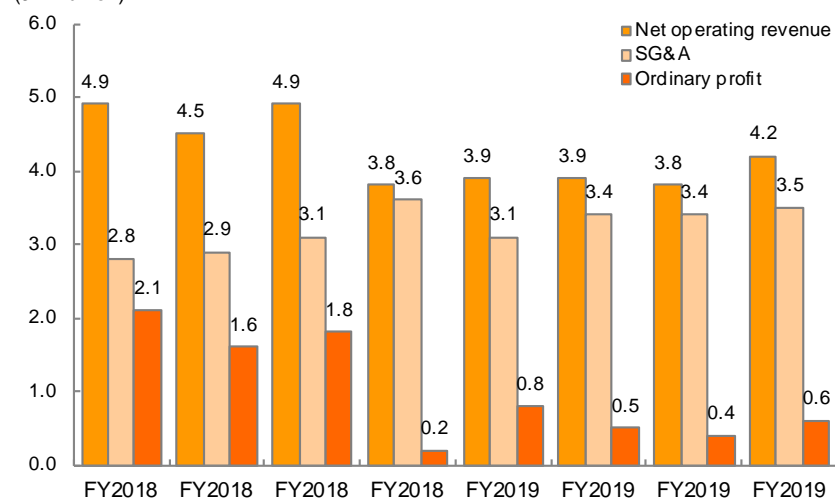
(JPY billion)



au Kabucom Quarterly Performance Trends

Quarterly Trends

(JPY billion)

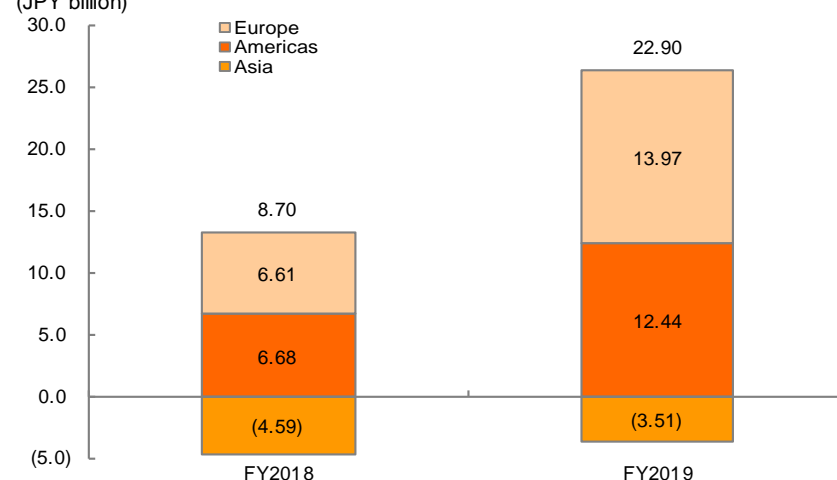


Overseas Business Annual Performance Trends

Ordinary profit (loss) : Trends

(JPY billion)

*Figures are based on substantial basis including MUSA.

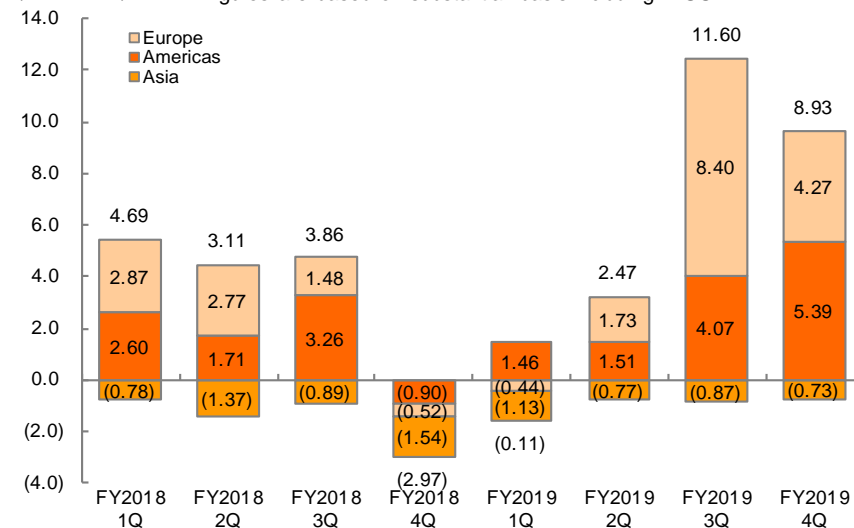


Overseas Business Quarterly Performance Trends

Ordinary profit (loss) : Quarterly Trends

(JPY billion)

*Figures are based on substantial basis including MUSA.

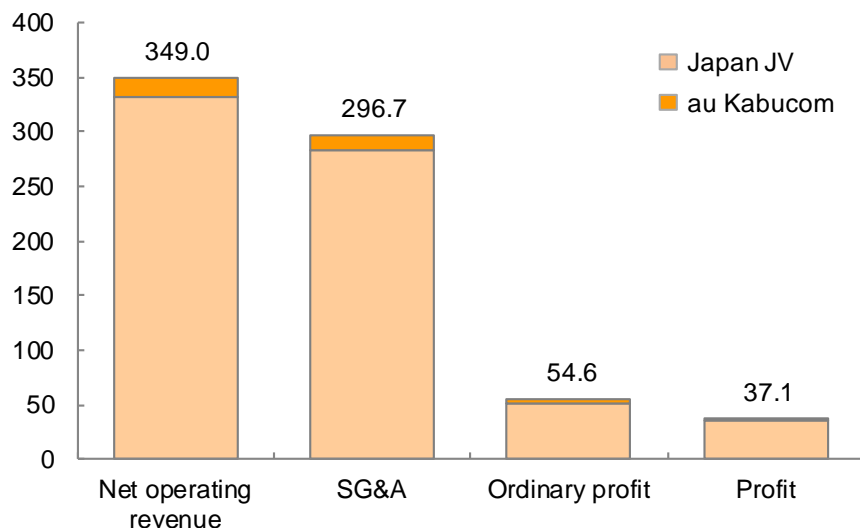


Domestic Securities Companies' Performance

- Net operating revenue of the Domestic Securities Companies is approximately JPY 350 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 au Kabucom Securities Co., Ltd.

Performance of FY 2019

(JPY billion)



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

Simple sum of the figures for the Domestic Securities Companies (JPY billion)	FY 2019
Net operating revenue	349.0
Japan JV	333.0
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Consolidated base ("MUMSS" + "MUMSPB") *1	241.5
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *2	91.5
au Kabucom Securities Co., Ltd. ("au Kabucom")	15.9
SG & A	296.7
Japan JV	283.1
MUMSS Consolidated base	224.0
MSMS	59.1
au Kabucom	13.5
Ordinary profit	54.6
Japan JV	52.1
MUMSS Consolidated base	19.7
MSMS	32.4
au Kabucom	2.4
Profit	37.1
Japan JV	35.5
MUMSS Consolidated base (Profit attributable to owners of parent)	13.1
MSMS	22.4
au Kabucom	1.5

*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.

Credit Rating

	R&I	JCR	Moody's	S&P	Fitch
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Mitsubishi UFJ Securities Holdings

Long-term	AA-	AA	A1	A-	—
Short-term	a-1+ *	—	P-1	A-2	—

Mitsubishi UFJ Morgan Stanley Securities

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

MUFG Securities EMEA plc

Long-term	AA- **	AA **	A1	A	—
Short-term	—	—	P-1	A-1	—

MUFG Securities (Canada), Ltd.

Long-term	—	—	—	A	A-
Short-term	—	—	—	A-1	F1

MUFG Securities (Europe) N.V.

Long-term	—	—	A1	A	—
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*CP rating

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

Capital Adequacy

Capital Adequacy Ratio MUMSS (non-consolidated)

Capital adequacy ratio of MUMSS at FY2019 can be found on the following URL.

https://www.sc.mufig.jp/company/finance/cp_ratio.html

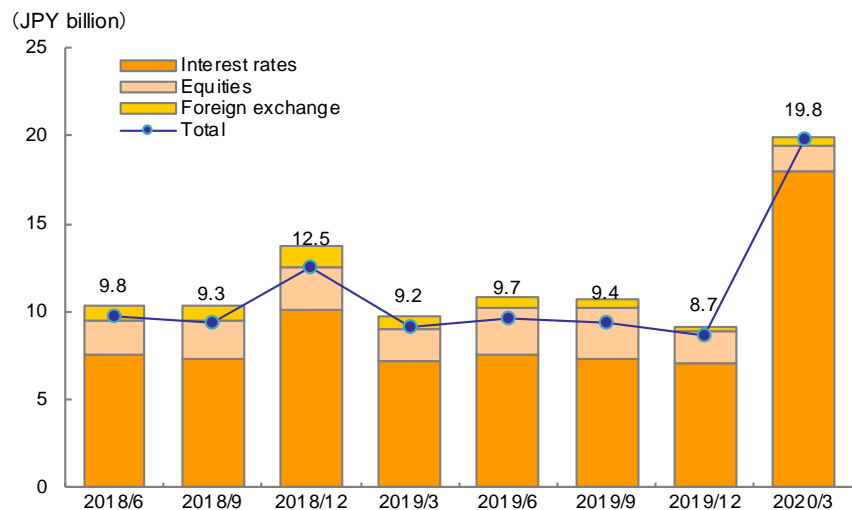
Value at Risk (VaR) associated with the trading activities

- Since March 2020, credit risks at overseas subsidiaries have increased along with expanded market fluctuations due to the impact of the novel coronavirus outbreak.

Methodology of VaR

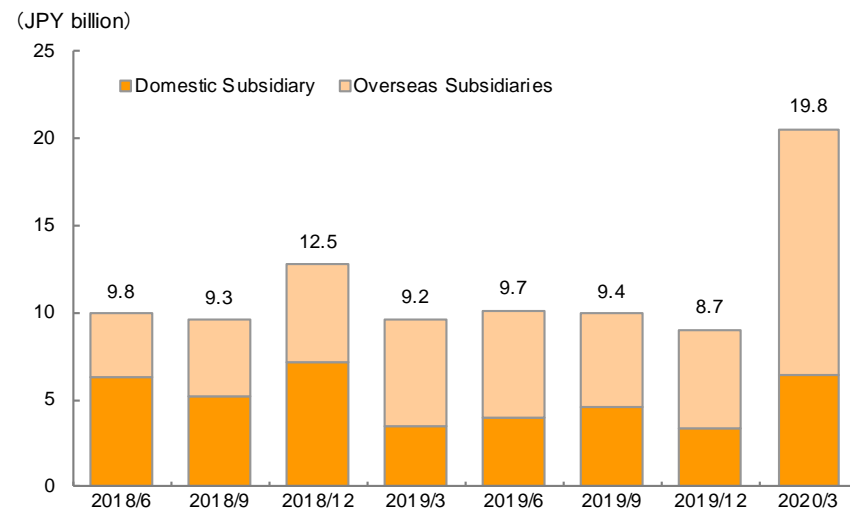
Historical simulation method (10-day holding period, 99% of confidence interval and 701-business day observation period)

Quarterly trends of VaR by risk category



(JPY billion)	2018/6	2018/9	2018/12	2019/3	2019/6	2019/9	2019/12	2020/3
Interest rates	7.5	7.4	10.1	7.2	7.6	7.3	7.1	18.0
Equities	2.0	2.1	2.5	1.7	2.6	2.9	1.7	1.4
Foreign exchange	0.9	0.9	1.2	0.8	0.7	0.5	0.2	0.6
Total	9.8	9.3	12.5	9.2	9.7	9.4	8.7	19.8

Quarterly trends of VaR by type of subsidiary



(JPY billion)	2018/6	2018/9	2018/12	2019/3	2019/6	2019/9	2019/12	2020/3
Domestic Subsidiary	6.2	5.1	7.2	3.5	4.0	4.5	3.3	6.5
Overseas Subsidiaries	3.7	4.4	5.5	6.1	6.1	5.4	5.7	14.1
Total	9.8	9.3	12.5	9.2	9.7	9.4	8.7	19.8

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

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