



Mitsubishi UFJ Securities Holdings

3QFY2021

Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

January, 2022

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(Note) Figures hereafter contained in this document are rounded down to the nearest whole unit, unless otherwise specified.

In addition, since the settlement date at overseas subsidiaries are three months earlier than the consolidation date, the cumulative performance trends refer to the results for the period between January and September, while the quarterly performance trends refer to the results for the period between July and September.

## 3Q cumulative Performance Trends

- Net operating revenue was JPY 219.7bn (-7% YoY), ordinary profit was JPY 30.4bn (-37% YoY) and profit attributable to owners of parent was JPY 7.9bn (-68% YoY) on financial accounting basis.  
Net operating revenue was JPY 278.0bn (-7% YoY), ordinary profit was JPY 45.2bn (-34% YoY) and profit attributable to owners of parent was JPY 19.0bn (-52% YoY) on substantial basis including MUSA.  
Profit returned to the black on financial accounting basis as well despite the recording of the loss of around JPY 28.7bn incurred as a result of transactions with a customer in the U.S. in the first quarter. Both revenue and profit increased on a financial accounting and substantial basis, excluding the impact of the loss.
- Domestic subsidiaries continued to perform well for the full year. Ordinary profit was the highest level in 6 years since the third quarter of 2015. Retail and primary business remained strong, continuing the trend of the first half of the year. Secondary business slowed down due to the authorities in Europe and the U.S. began preparing for the normalization of their monetary policies, but recorded revenue from large solutions deals.
- Overseas subsidiaries reported a decrease in revenue mainly due to the loss from transactions with a customer in the U.S. While the flow products business such as interest rate derivatives struggled, securitization and structured solutions showed a strong performance.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %
Net operating revenue	236.7	219.7	(7)%	300.1	278.0	(7)%
SG&A	200.1	207.9	+3%	242.7	250.8	+3%
Ordinary profit	49.1	30.4	(37)%	68.9	45.2	(34)%
Profit (owners of parent)	25.1	7.9	(68)%	40.0	19.0	(52)%

## Quarterly Performance Trends

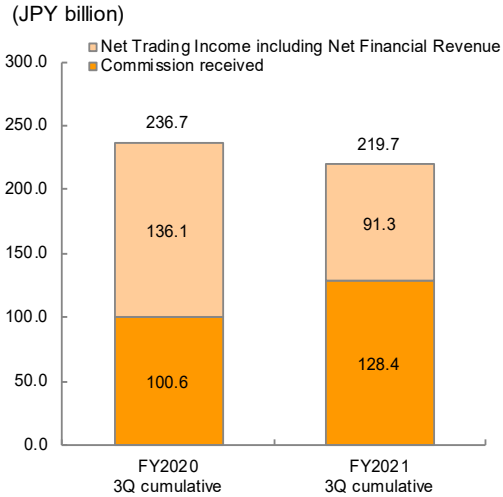
- Domestic subsidiaries saw Retail / Middle Markets and the primary market business perform strongly.
- Overseas subsidiaries saw a strong performance of the capital markets business, despite continued struggle of the flow products business.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2021 2Q	FY2021 3Q	QoQ %	FY2021 2Q	FY2021 3Q	QoQ %
Net operating revenue	86.8	83.7	(3)%	104.0	104.9	+0%
SG&A	66.9	71.2	+6%	79.4	87.3	+9%
Ordinary profit	25.3	18.3	(27)%	29.9	23.2	(22)%
Profit (owners of parent)	12.6	9.3	(26)%	16.1	12.9	(20)%

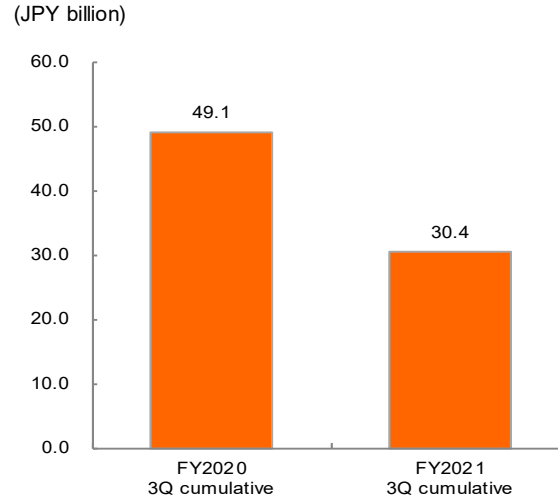
\* Figures represent the aggregation with the results of MUFG Securities America Inc. (hereinafter "MUSA"), given that MUSA, despite its deconsolidation in 3Q16 as a result of the application of the U.S. Enhanced Prudential Standards, continues to be included in the Company's internal revenue management.

## 3Q cumulative Performance Trends

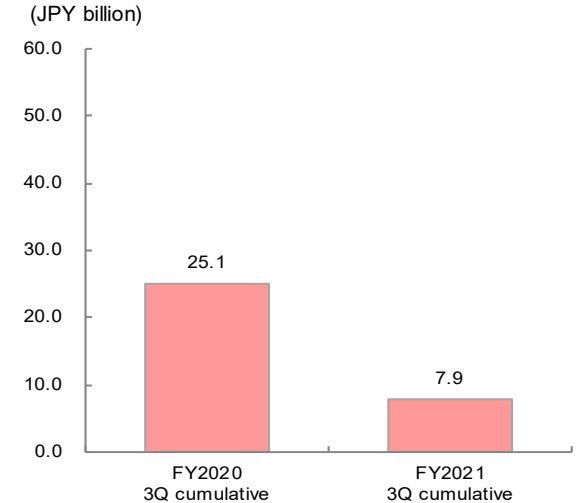
### Net operating revenue



### Ordinary profit

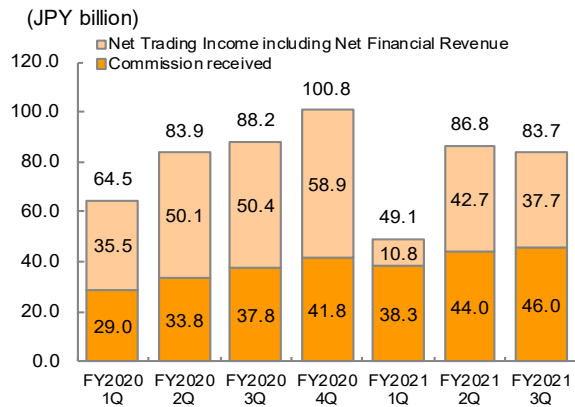


### Profit (owners of parent)

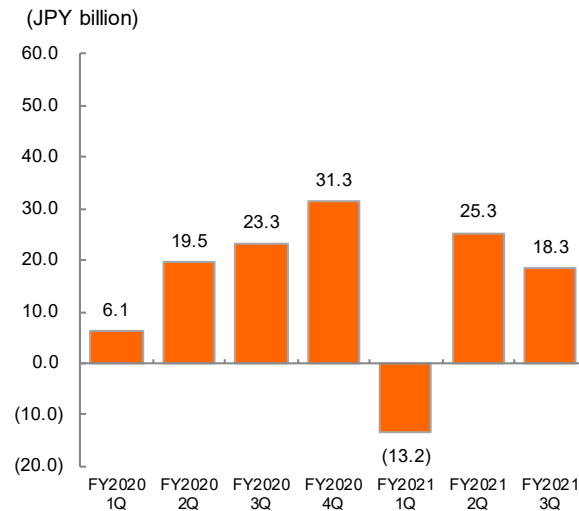


## Quarterly Performance Trends

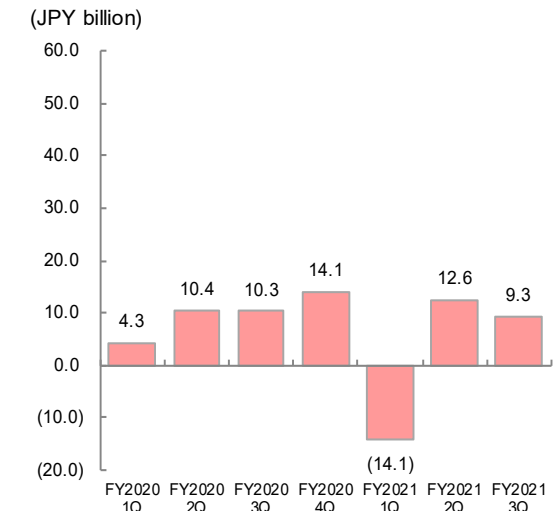
### Net operating revenue



### Ordinary profit (loss)



### Profit (loss) (owners of parent)



# Consolidated Financial Summary (1)

## Commission Received (Financial basis)

### Commission received

FY2021 3Q cumulative : JPY 128.4 billion

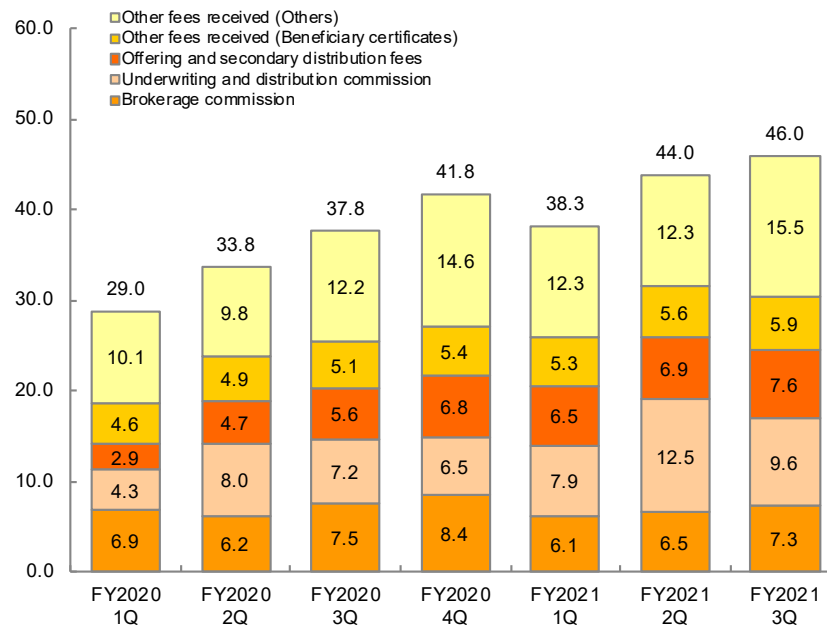
- YoY JPY +27.8 billion +27%
- Brokerage commission: Remained almost flat.
- Underwriting and distribution commission: Many lead manager roles were achieved in equity underwriting in addition to large-scale subordinated debt and foreign bonds.
- Offering and secondary distribution fees: Revenue increased significantly due to initiatives to increase stock assets.
- Other fees received (Beneficiary certificates): Steadily accumulating stock investment trusts and rising market prices contributed.
- Other fees received (Others): Revenue was recorded from the closing of global offerings and M&A deals.

FY2021 3Q : JPY 46.0 billion

- QoQ JPY +1.9 billion +4%
- Brokerage commission: Revenue increased in a favorable environment where stock trading volume rose.
- Underwriting and distribution commission: Growth was seen in equity underwriting for which many lead manager roles were obtained.
- Offering and secondary distribution fees: A growing trend continued and a high level was recorded for the first time in 15 quarters.
- Other fees received (Others): Revenue was recorded for large-scale solution deals.

### Quarterly Trends

(JPY billion)



(JPY billion)	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %	FY2021 2Q	FY2021 3Q	QoQ %
Brokerage commission	20.7	20.0	(3)%	6.5	7.3	+11%
Underwriting and distribution commission	19.6	30.1	+53%	12.5	9.6	(23)%
Offering and secondary distribution fees	13.3	21.1	+58%	6.9	7.6	+9%
Other fees received (Beneficiary certificates)	14.7	16.9	+15%	5.6	5.9	+4%
Other fees received (Others)	32.2	40.2	+24%	12.3	15.5	+26%
Total	100.6	128.4	+27%	44.0	46.0	+4%

(JPY billion)	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %	FY2021 2Q	FY2021 3Q	QoQ %
Brokerage commission	20.7	20.0	(3)%	6.5	7.3	+11%
Underwriting and distribution commission	19.6	30.1	+53%	12.5	9.6	(23)%
Offering and secondary distribution fees	13.3	21.1	+58%	6.9	7.6	+9%
Other fees received (Beneficiary certificates)	14.7	16.9	+15%	5.6	5.9	+4%
Other fees received (Others)	32.2	40.2	+24%	12.3	15.5	+26%
Total	100.6	128.4	+27%	44.0	46.0	+4%

(JPY billion)	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %	FY2021 2Q	FY2021 3Q	QoQ %
Brokerage commission	20.7	20.0	(3)%	6.5	7.3	+11%
Underwriting and distribution commission	19.6	30.1	+53%	12.5	9.6	(23)%
Offering and secondary distribution fees	13.3	21.1	+58%	6.9	7.6	+9%
Other fees received (Beneficiary certificates)	14.7	16.9	+15%	5.6	5.9	+4%
Other fees received (Others)	32.2	40.2	+24%	12.3	15.5	+26%
Total	100.6	128.4	+27%	44.0	46.0	+4%

# Consolidated Financial Summary (2)

## Net Trading Income · Net Financial Revenue (Financial basis)

### Net Trading Income · Net Financial Revenue

FY2021 3Q cumulative : JPY 91.3 billion

■ YoY JPY (44.7) billion (32)%

➢ Equity business:

Domestic subsidiaries saw revenue remain flat due to a strong performance of derivatives provided for structured bonds, despite a decrease in spot transactions. Overseas subsidiaries reported a decrease in revenue due to the impact of the loss from transactions with a customer in the U.S. in the first quarter.

➢ Fixed income business:

Domestic subsidiaries were supported by derivative-related revenue, in spite of a decrease in revenue from spot transactions caused by the toning down of the volatile market. Overseas subsidiaries struggled in derivatives and repo, etc., mainly of U.S. interest rates.

FY2021 3Q : JPY 37.7 billion

■ QoQ JPY (4.9) billion (11)%

➢ Equity business:

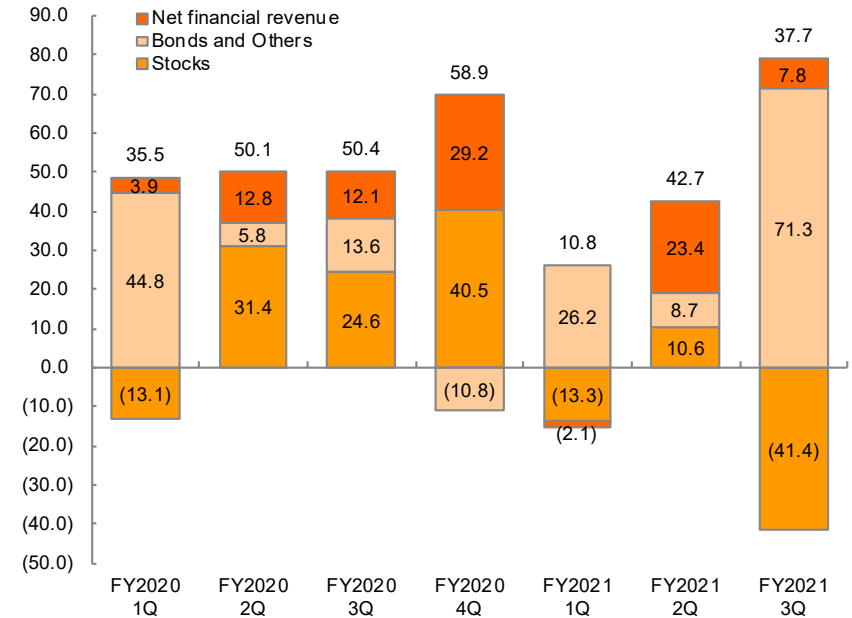
Domestic subsidiaries remained almost flat mainly because derivative transactions recovered to the level of the first quarter. Overseas subsidiaries remained almost flat from the previous quarter.

➢ Fixed income business:

Both domestic and overseas subsidiaries saw management of positions become increasingly difficult as the authorities in Europe and the U.S. began preparing for the normalization of their monetary policies.

### Quarterly Trends

(JPY billion)



(JPY billion)
Stocks
Bonds and Others
Net financial revenue
Total

	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %
Stocks	42.9	(44.1)	—
Bonds and Others	64.2	106.3	+65%
Net financial revenue	28.8	29.1	+0%
Total	136.1	91.3	(32)%

	FY2021 2Q	FY2021 3Q	QoQ %
Stocks	10.6	(41.4)	—
Bonds and Others	8.7	71.3	+720%
Net financial revenue	23.4	7.8	(66)%
Total	42.7	37.7	(11)%

### 【Reference】 Management accounting basis \*

Equity business
Fixed income business
Total

	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %
Equity business	39.0	14.2	(63)%
Fixed income business	79.2	51.9	(34)%
Total	118.2	66.0	(44)%

	FY2021 2Q	FY2021 3Q	QoQ %
Equity business	13.4	11.9	(11)%
Fixed income business	20.2	17.1	(15)%
Total	33.7	29.0	(13)%

\* Figures represent the simple aggregation of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (MUMSS) and overseas subsidiaries including MUSA which based on management accounting basis.

# Consolidated Financial Summary (3)

SG & A (Financial basis)

## SG & A

FY2021 3Q cumulative : JPY 207.9 billion

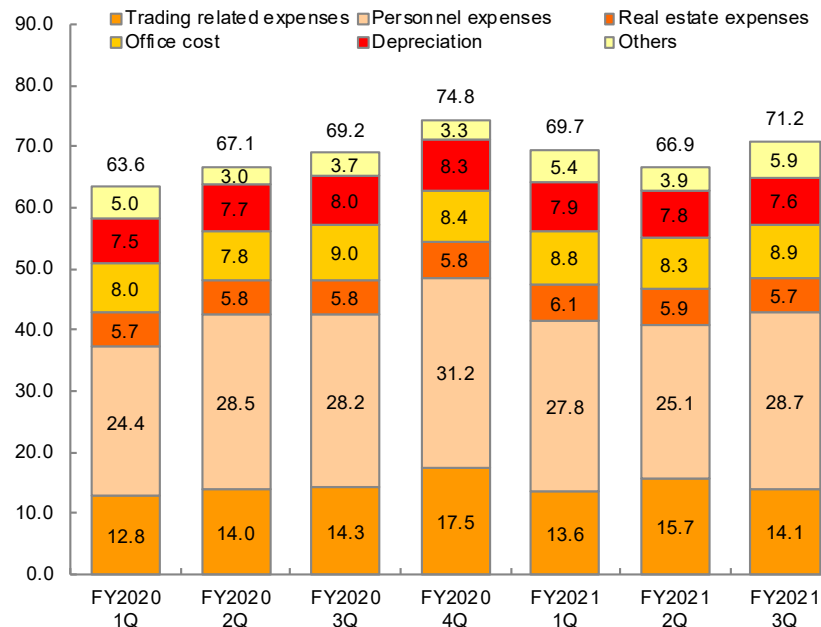
- YoY JPY +7.7 billion +3%
- Domestic subsidiaries: Performance-linked bonuses and trading-related expenses increased.
- Overseas subsidiaries: Retirement benefit expenses decreased in line with rising interest rates.

FY2021 3Q : JPY 71.2 billion

- QoQ JPY +4.2 billion +6%
- Personnel expenses increased mainly due to the absence of the impact of a decrease in retirement benefit expenses recorded at overseas subsidiaries in the previous quarter.

## Quarterly Trends

(JPY billion)



(JPY billion)	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %
Trading related expenses	41.2	43.5	+5%
Personnel expenses	81.2	81.7	+0%
Real estate expenses	17.5	17.7	+1%
Office cost	24.9	26.1	+4%
Depreciation	23.3	23.5	+0%
Others	11.8	15.2	+29%
Total	200.1	207.9	+3%

(JPY billion)	FY2021 2Q	FY2021 3Q	QoQ %
Trading related expenses	15.7	14.1	(9)%
Personnel expenses	25.1	28.7	+14%
Real estate expenses	5.9	5.7	(3)%
Office cost	8.3	8.9	+7%
Depreciation	7.8	7.6	(2)%
Others	3.9	5.9	+49%
Total	66.9	71.2	+6%

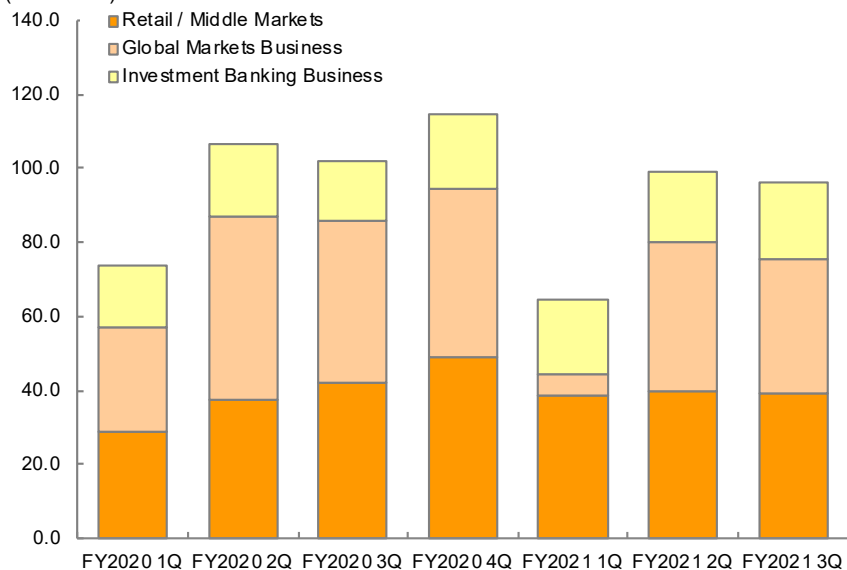
(JPY billion)	FY2020 3Q cumulative	FY2021 3Q cumulative	YoY %
Trading related expenses	41.2	43.5	+5%
Personnel expenses	81.2	81.7	+0%
Real estate expenses	17.5	17.7	+1%
Office cost	24.9	26.1	+4%
Depreciation	23.3	23.5	+0%
Others	11.8	15.2	+29%
Total	200.1	207.9	+3%

## Overview by Business Segments in FY2021 3Q

- Revenue from Global Markets decreased from the previous quarter, although Retail / Middle Markets and Investment Banking continued to show a strong performance.
- Retail / Middle Markets: Investment trust sales performed strongly due to the progress of the advisory-oriented business model and drove performance.
- Global Markets: Both domestic and overseas subsidiaries slowed down as the authorities in Europe began preparing for the normalization of their monetary policies.
- Investment Banking: Domestic subsidiaries were driven by revenues related to bond underwriting and M&A deals. Overseas subsidiaries saw an increase in revenue backed by a favorable market environment.

## Quarterly Trends

(JPY billion)



\* Figures are based on management accounting basis including MUSA.



# Appendix

## Consolidated Statement of Income

JPY million

	Cumulative		Quarter						
	FY2020	FY2021	FY2020				FY2021		
	3Q cumulative	3Q cumulative	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating revenue</b>	280,515	255,525	107,264	84,455	88,795	107,542	69,015	92,233	94,276
Commission received	100,650	128,455	29,014	33,825	37,810	41,887	38,337	44,068	46,050
Net trading income	107,212	62,165	31,676	37,278	38,256	29,745	12,944	19,331	29,889
Other operating revenue	4	4	4	—	—	—	3	0	—
Financial revenue	72,648	64,900	46,568	13,351	12,728	35,909	17,730	28,833	18,336
<b>Financial expenses</b>	43,750	35,750	42,665	527	557	6,703	19,839	5,426	10,484
<b>Net operating revenue</b>	236,765	219,774	64,599	83,927	88,238	100,838	49,175	86,806	83,792
<b>SG &amp; A</b>	200,124	207,913	63,669	67,197	69,257	74,857	69,768	66,924	71,220
<b>Operating profit (loss)</b>	36,640	11,861	929	16,729	18,980	25,981	(20,592)	19,881	12,572
<b>Non-operating income</b>	13,149	19,284	5,839	2,863	4,446	5,499	7,765	5,427	6,090
<b>Non-operating expenses</b>	670	685	587	28	54	118	402	(48)	331
<b>Ordinary profit (loss)</b>	49,119	30,460	6,181	19,564	23,373	31,362	(13,229)	25,357	18,331
<b>Extraordinary income</b>	6	126	—	6	—	—	—	126	—
<b>Extraordinary losses</b>	2,188	1,359	138	331	1,718	2,303	38	380	940
<b>Income taxes</b>	13,363	7,968	1,526	5,778	6,058	7,848	(2,821)	6,473	4,316
<b>Profit attributable to non-controlling interests</b>	8,389	13,342	156	2,990	5,241	7,078	3,667	5,950	3,724
<b>Profit (loss) attributable to owners of parent</b>	25,184	7,916	4,359	10,469	10,354	14,131	(14,114)	12,680	9,350

# Appendix

## Consolidated Balance Sheet

JPY billion

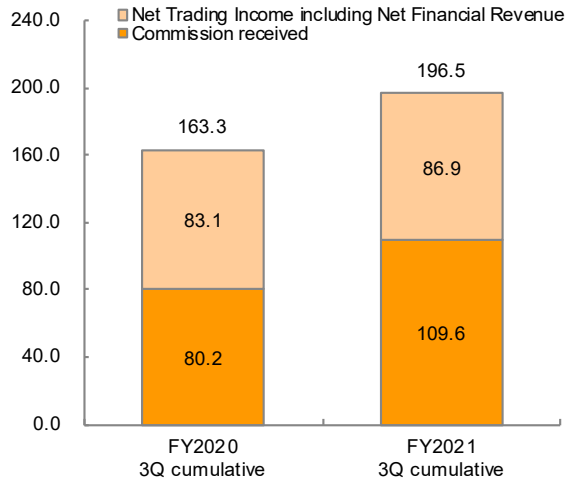
	As of Mar. 31, 2021	As of Dec. 31, 2021	Change
<b>ASSETS</b>			
<b>Current assets</b>	32,911	30,072	(2,838)
Cash and deposits	1,840	1,798	(41)
Trading products	15,020	13,067	(1,953)
Loans secured by securities	13,364	12,268	(1,096)
Others	2,685	2,938	+253
<b>Non-current assets</b>	591	573	(17)
PP & E	29	27	(1)
Intangible assets	100	100	(0)
Investments and other assets	461	446	(15)
<b>Total assets</b>	33,502	30,646	(2,855)

	As of Mar. 31, 2021	As of Dec. 31, 2021	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	30,953	27,824	(3,128)
Trading products	11,953	10,092	(1,860)
Borrowings secured by securities	11,533	11,175	(357)
Short-term borrowings	2,759	2,211	(547)
Others	4,706	4,344	(362)
<b>Non-current liabilities</b>	1,567	1,830	+262
Bonds payable	804	871	+66
Long-term borrowings	743	940	+196
Others	18	18	(0)
<b>Total liabilities</b>	32,525	29,659	(2,865)
<b>NET ASSETS</b>			
Shareholders' equity	725	719	(5)
Accumulated other comprehensive income	(31)	(10)	+20
Non-controlling interests	282	277	(4)
<b>Total net assets</b>	977	987	+10
<b>Total liabilities and net assets</b>	33,502	30,646	(2,855)

### 3Q cumulative Performance Trends

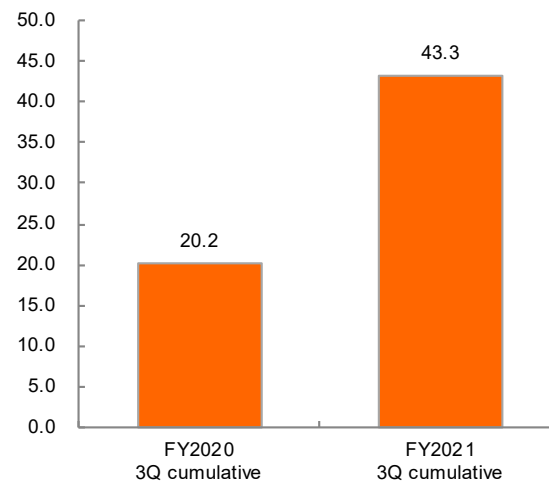
#### Net operating revenue

(JPY billion)



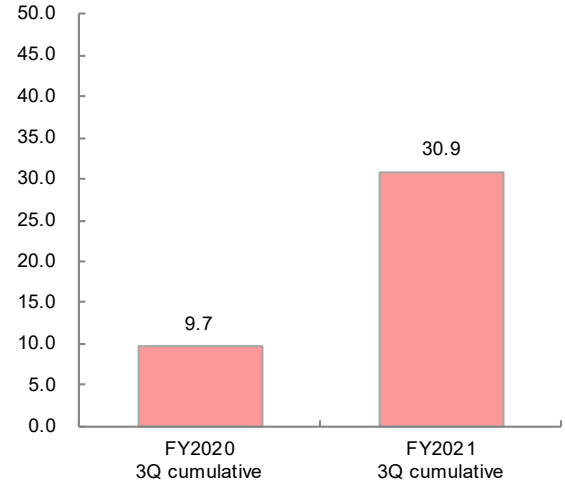
#### Ordinary profit

(JPY billion)



#### Profit

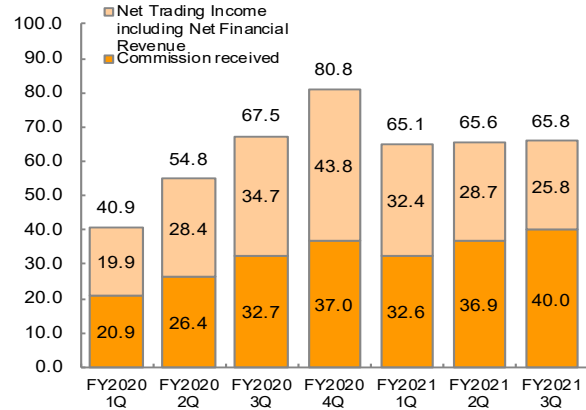
(JPY billion)



### Quarterly Performance Trends

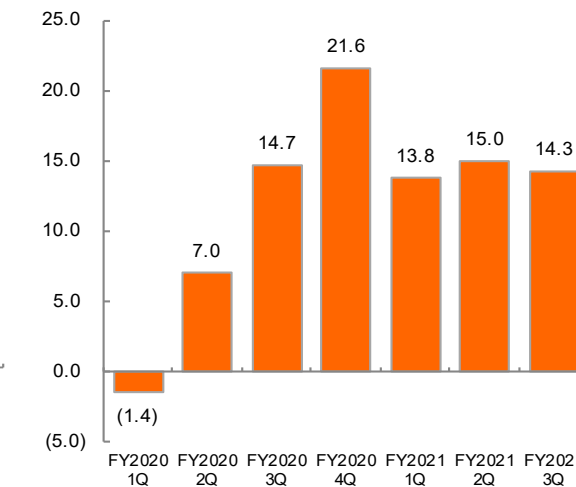
#### Net operating revenue

(JPY billion)



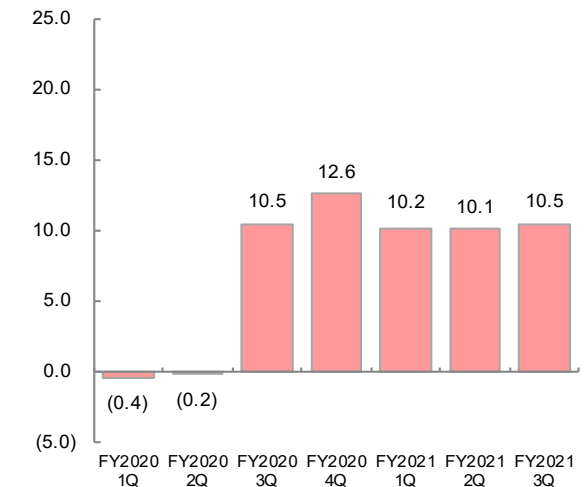
#### Ordinary profit (loss)

(JPY billion)



#### Profit (loss)

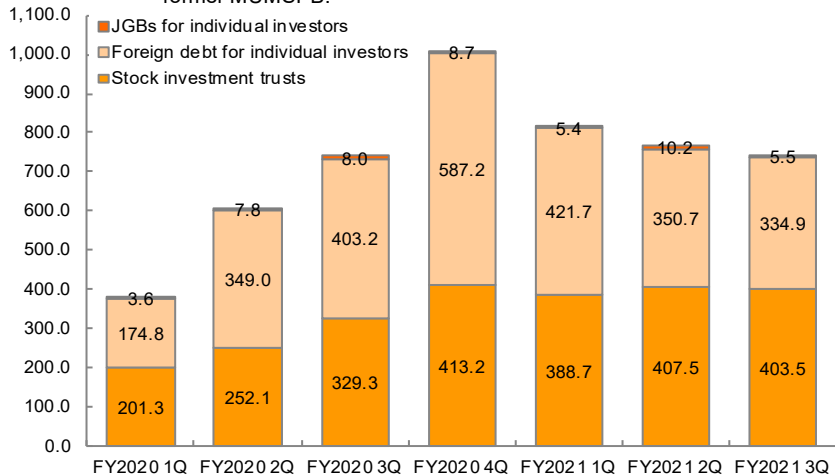
(JPY billion)



### Sales of Retail / Middle Market Division

#### Quarterly Trends

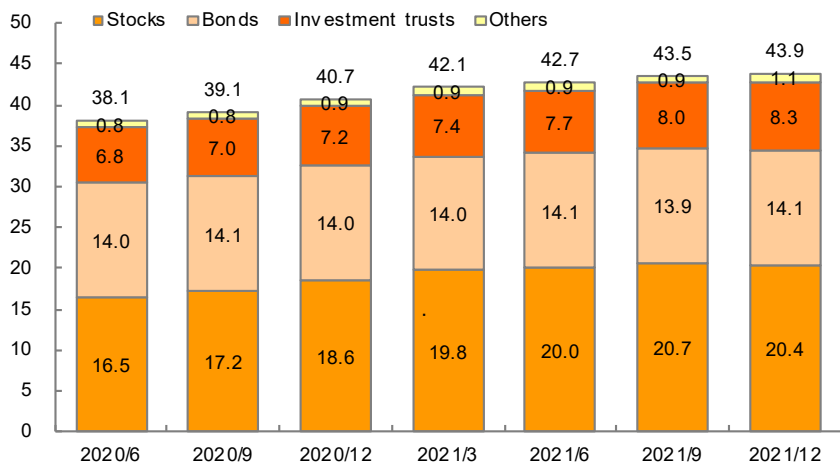
(JPY billion) \*FY2020 1Q figures represent the simple aggregation of MUMSS and the former MUMSPB.



### Trends of AUM

#### Quarterly Trends

(JPY trillion) \*Jun.2020 figures represent the simple aggregation of MUMSS and the former MUMSPB.



(Rounding off)

## Investment banking business ~ League Table (from April, 2021 to December, 2021)

Debt (Domestic and Foreign Bonds)<sup>\*1</sup>

Rank	Securities Firm	Share (%)
1	Mitsubishi UFJ Morgan Stanley	17.5
2	Mizuho Securities	17.1
3	Nomura Securities	16.4
4	Daiwa Securities	14.0
5	SMBC Nikko Securities	12.4
6	Goldman Sachs Japan	3.9
7	JP Morgan	3.7
8	BofA Securities	3.3
9	Citigroup Global Markets Japan	2.9
10	Barclays	1.9

Japan Equity and Equity-linked<sup>\*2</sup>

Rank	Securities Firm	Share (%)
1	Nomura	18.2
2	Daiwa Securities Group	15.9
3	Mizuho Financial Group	14.3
4	Sumitomo Mitsui Financial Group	13.5
5	Mitsubishi UFJ Morgan Stanley	13.5
6	Goldman Sachs & Co	8.9
7	BofA Securities	6.9
8	JP Morgan	4.0
9	SBI Holdings	1.4
10	Credit Suisse	0.7

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

Rank	Financial Advisor	JPY billion
1	Mitsubishi UFJ Morgan Stanley	5,455
2	BofA Securities	4,966
3	Goldman Sachs & Co	4,544
4	Nomura	2,366
5	JP Morgan	2,047
6	Citi	1,982
7	Mizuho Financial Group	1,735
8	Sumitomo Mitsui Financial Group	1,350
9	Jefferies LLC	931
10	Credit Suisse	858

\*1 Source: Domestic bonds are compiled by Mitsubishi UFJ Morgan Stanley based on REFINITIV and DealWatchDB. Includes Japanese Straight Bonds, Ex-FILP Agency Bonds (incl. Expressway company's Bonds) and Municipal Bonds Related. Based on lead manager's credit. Foreign bonds are compiled by Morgan Stanley MUFG Securities based on corporate disclosure data, Dealogic, Bloomberg, IFR, and Informa.

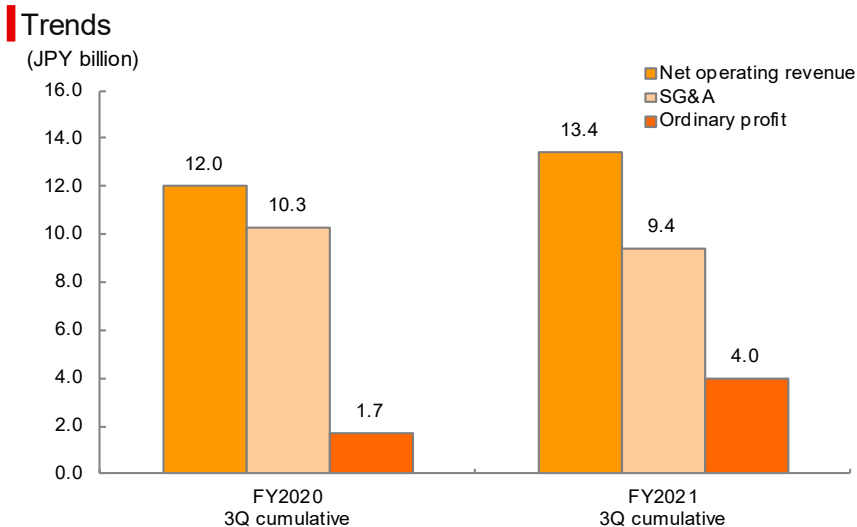
\*2 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

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

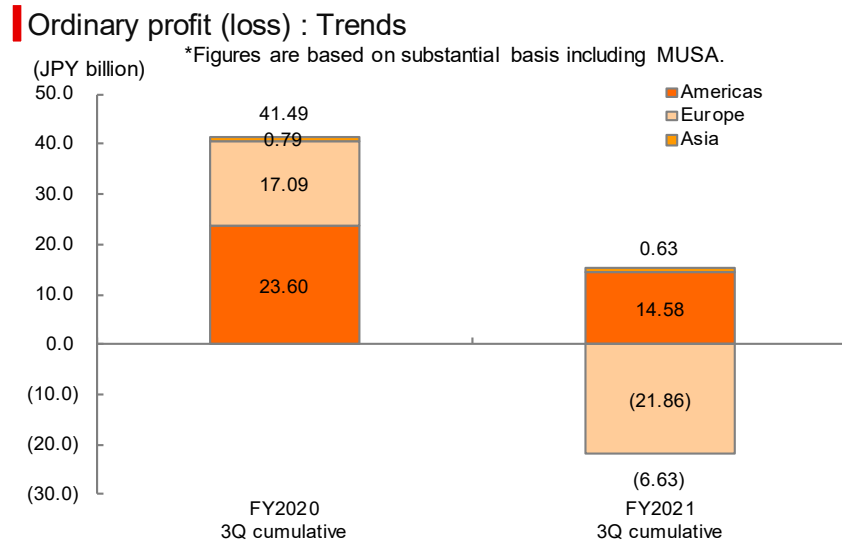
\*3 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

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

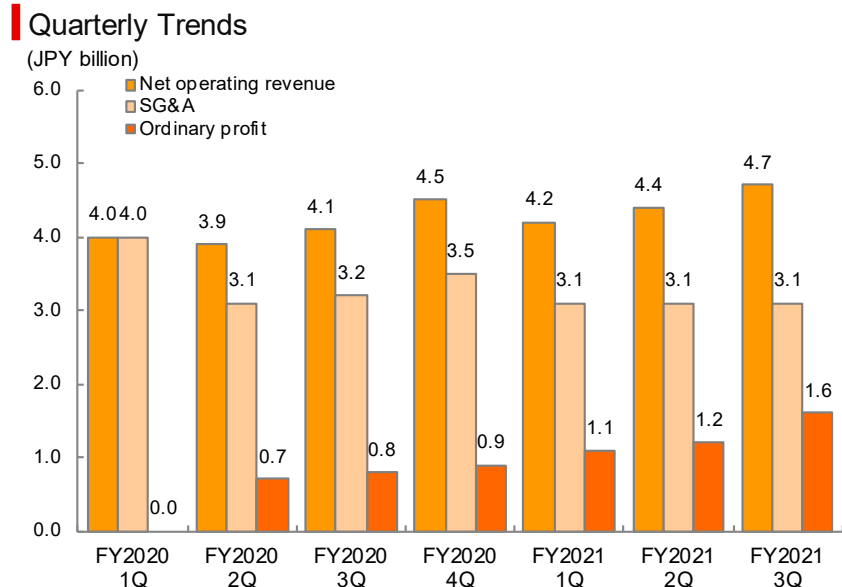
au Kabucom 3Q cumulative Performance Trends



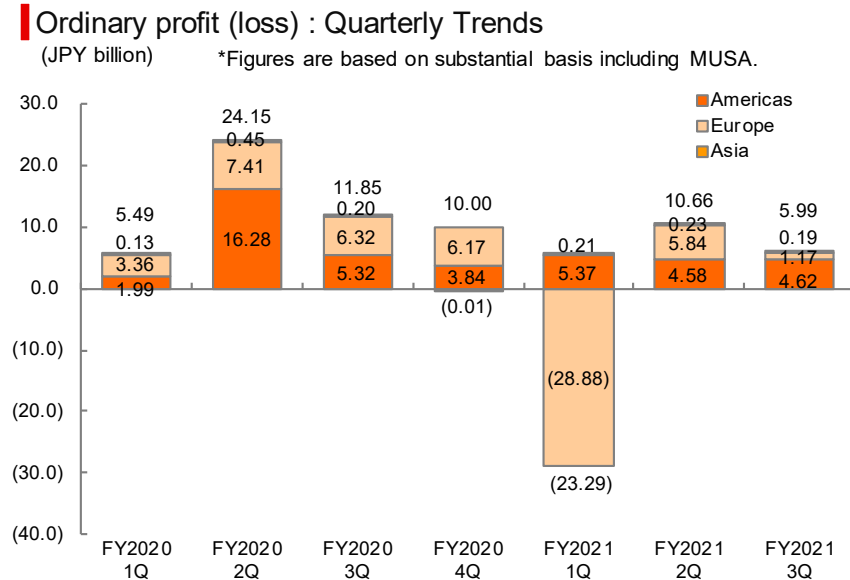
Overseas Business 3Q cumulative Performance Trends



au Kabucom Quarterly Performance Trends



Overseas Business Quarterly Performance Trends

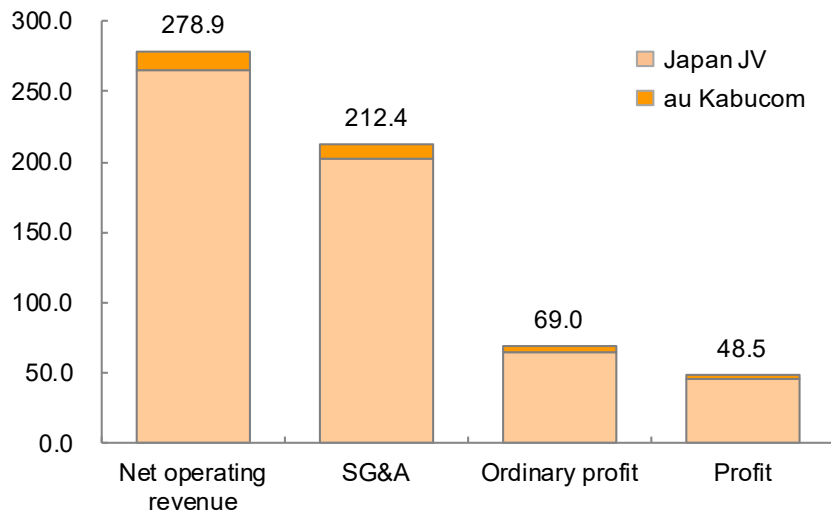


## Domestic Securities Companies' Performance

- 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 three companies including two joint venture companies with Morgan Stanley ("Japan JV") and au Kabucom Securities Co., Ltd.

### Performance of FY 2021 3Q (cumulative)

(JPY billion)



Simple sum of the figures for the Domestic Securities Companies (JPY billion)	FY 2021 3Q (cumulative)
<b>Net operating revenue</b>	<b>278.9</b>
Japan JV	265.4
MUMSS	196.5
Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") *	68.8
au Kabucom Securities Co., Ltd. ("au Kabucom")	13.4
<b>SG &amp; A</b>	<b>212.4</b>
Japan JV	203.0
MUMSS	155.7
MSMS	47.3
au Kabucom	9.4
<b>Ordinary profit</b>	<b>69.0</b>
Japan JV	64.9
MUMSS	43.3
MSMS	21.6
au Kabucom	4.0
<b>Profit</b>	<b>48.5</b>
Japan JV	45.6
MUMSS	30.9
MSMS	14.7
au Kabucom	2.8

\* 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

Capital adequacy ratio of MUMSS at FY2021 3Q can be found on the following URL.

[https://www.sc.mufg.jp/company/finance/cp\\_ratio.html](https://www.sc.mufg.jp/company/finance/cp_ratio.html)





# Mitsubishi UFJ Securities Holdings

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