



Mitsubishi UFJ Securities Holdings

1QFY2022

# Financial Summary

Mitsubishi UFJ Securities Holdings Co., Ltd.

July, 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 and the quarterly performance trends refer to the results for the period between January and March.

## 1Q Performance Trends

- Net operating revenue was JPY 79.8bn (+62% YoY), ordinary profit (loss) was JPY 12.4bn and profit attributable to owners of parent was JPY 8.5bn on financial accounting basis. Net operating revenue was JPY 93.9bn (+36% YoY), ordinary profit (loss) was JPY 11.2bn and profit attributable to owners of parent was JPY 7.5bn on substantial basis including MUSA.  
The loss of approximately JPY 29.0 bn recorded in the first quarter of the previous fiscal year as a result of transactions with a customer in the U.S. moved off the accounts, which consequently resulted in a rise in both revenue and profit. Exclude that impact, and revenue and profit both declined on a substantial basis.
- Revenue and profit from domestic subsidiaries decreased as revenue from primary market business declined on the back of a reduction in the size of the issuance market. Meanwhile, net trading income increased as revenue opportunities during fluctuating markets were appropriately captured.
- Overseas reported a significant increase in revenue after the loss related to transactions with a customer in the U.S. moved off the accounts. However, both the capital markets and flow products businesses slowed.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2021 1Q	FY2022 1Q	YoY %	FY2021 1Q	FY2022 1Q	YoY %
Net operating revenue	49.1	79.8	+62%	69.0	93.9	+36%
SG&A	69.7	73.3	+5%	84.0	88.4	+5%
Ordinary profit (loss)	(13.2)	12.4	—	(7.8)	11.2	—
Profit (loss) (owners of parent)	(14.1)	8.5	—	(10.0)	7.5	—

## Quarterly Performance Trends

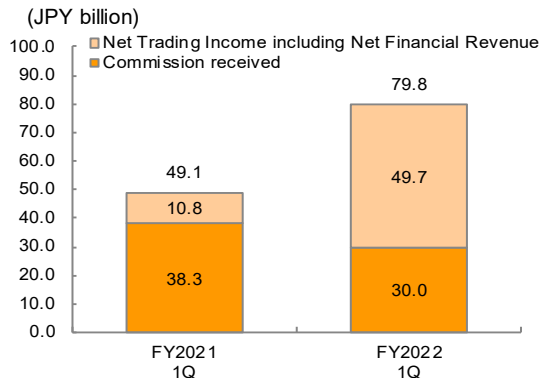
- Quarterly results: First-quarter revenue and profit decreased compared to the previous quarter on both a financial accounting and substantial basis.
- Domestic subsidiaries: Revenue and profit decreased primarily on lower primary market-related revenue. However, ordinary profit held steady compared to the previous quarter thanks to strong net trading income and an increase in stock assets.
- Overseas subsidiaries: Performance struggled on the back of a weaker flow products business, which was impacted by rising interest rates, widening credit spreads, and falling stock prices.

(JPY billion)	Financial basis			Substantial basis including MUSA *		
	FY2021 4Q	FY2022 1Q	QoQ %	FY2021 4Q	FY2022 1Q	QoQ %
Net operating revenue	88.3	79.8	(9)%	108.7	93.9	(13)%
SG&A	77.1	73.3	(5)%	92.8	88.4	(4)%
Ordinary profit	17.6	12.4	(29)%	22.1	11.2	(49)%
Profit (owners of parent)	9.2	8.5	(8)%	12.6	7.5	(40)%

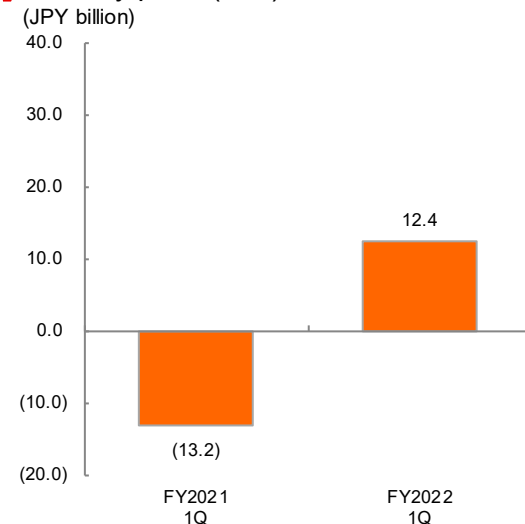
\* Figures represent the aggregation with the results of MUFG Securities America Inc. (hereinafter "MUSA"), given that MUSA, despite its deconsolidation in 3Q16 as a result of the application of the U.S. Enhanced Prudential Standards, continues to be included in the Company's internal revenue management.

## 1Q Performance Trends

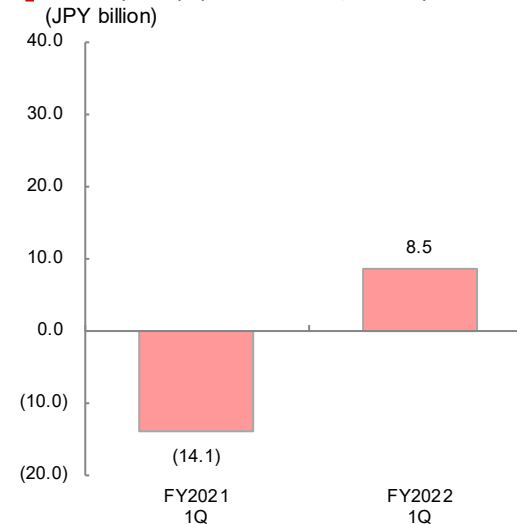
### Net operating revenue



### Ordinary profit (loss)

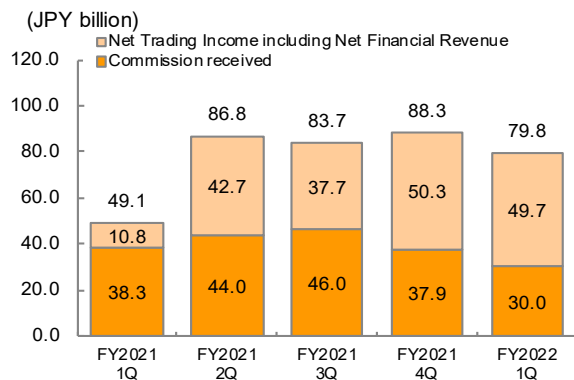


### Profit (loss) (owners of parent)

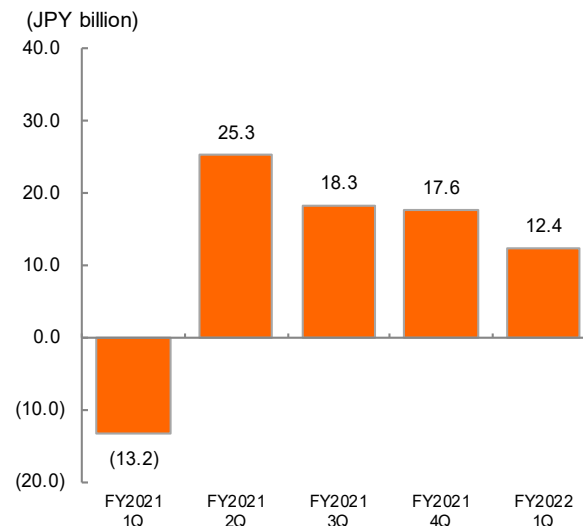


## Quarterly Performance Trends

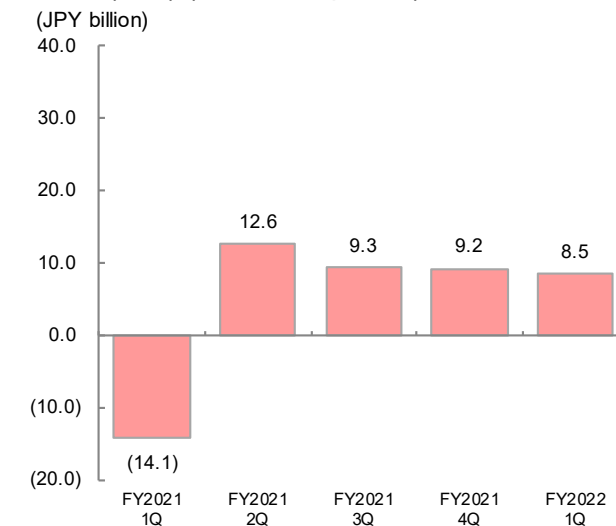
### Net operating revenue



### Ordinary profit (loss)



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



# Consolidated Financial Summary (1)

## Commission Received (Financial basis)

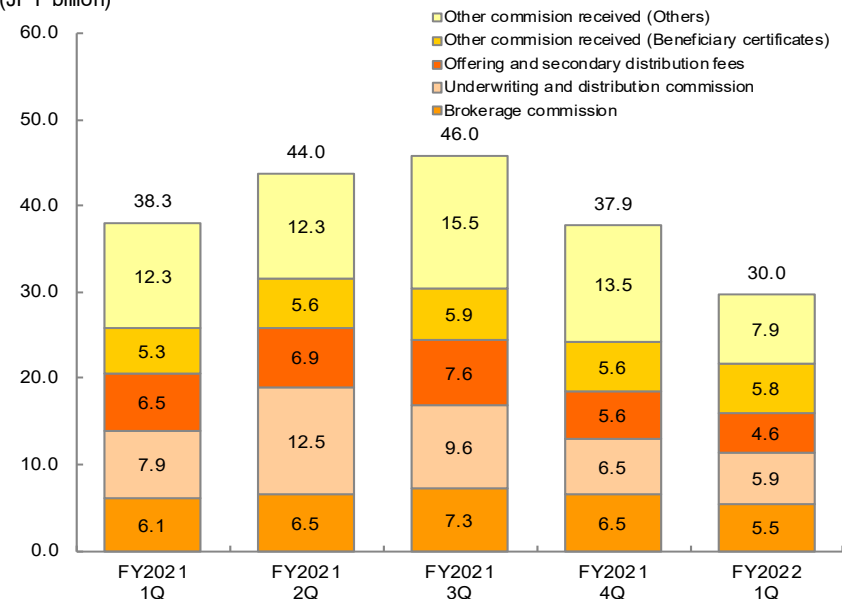
### Commission received

FY2022 1Q : JPY 30.0 billion

- YoY JPY (8.2) billion (21)%
- Brokerage commission: Revenue decreased against a weaker stock market backdrop.
- Underwriting and distribution commission : Despite acquiring large-scale subordinated debt and foreign bond deals, revenue decreased due to the heavy impact of the smaller issuance market caused by rising interest rates and falling stock prices.
- Offering and secondary distribution fees: Sales of stock investment trusts decreased in light of market conditions.
- Other commission received (Beneficiary certificates): Asset balances increased as a result of steadily accumulating stock investment trusts.
- Other commission received (Others): M&A revenue decreased.
- QoQ JPY (7.8) billion (20)%
- Only other commission received (beneficiary certificates) increased thanks to efforts to expand stock assets to date.

### Quarterly Trends

(JPY billion)



(JPY billion)	FY2021 1Q	FY2022 1Q	YoY %
Brokerage commission	6.1	5.5	(9)%
Underwriting and distribution commission	7.9	5.9	(24)%
Offering and secondary distribution fees	6.5	4.6	(29)%
Other commission received (Beneficiary certificates)	5.3	5.8	+10%
Other commission received (Others)	12.3	7.9	(35)%
<b>Total</b>	<b>38.3</b>	<b>30.0</b>	<b>(21)%</b>

(JPY billion)	FY2021 4Q	FY2022 1Q	QoQ %
Brokerage commission	6.5	5.5	(15)%
Underwriting and distribution commission	6.5	5.9	(9)%
Offering and secondary distribution fees	5.6	4.6	(16)%
Other commission received (Beneficiary certificates)	5.6	5.8	+5%
Other commission received (Others)	13.5	7.9	(41)%
<b>Total</b>	<b>37.9</b>	<b>30.0</b>	<b>(20)%</b>

(JPY billion)	FY2021 4Q	FY2022 1Q	QoQ %
Brokerage commission	6.5	5.5	(15)%
Underwriting and distribution commission	6.5	5.9	(9)%
Offering and secondary distribution fees	5.6	4.6	(16)%
Other commission received (Beneficiary certificates)	5.6	5.8	+5%
Other commission received (Others)	13.5	7.9	(41)%
<b>Total</b>	<b>37.9</b>	<b>30.0</b>	<b>(20)%</b>

# Consolidated Financial Summary (2)

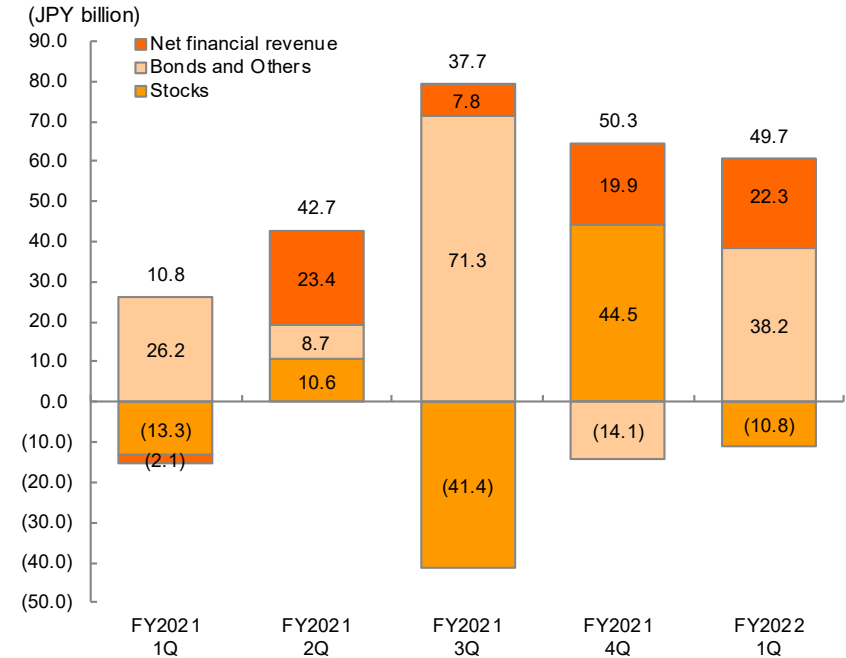
## Net Trading Income · Net Financial Revenue (Financial basis)

### Net Trading Income · Net Financial Revenue

FY2022 1Q : JPY 49.7 billion

- YoY JPY +38.9 billion +359%
- Equity business:
  - Domestic subsidiaries recorded a decline in revenue due to sluggish foreign stock flows.
  - Overseas subsidiaries recorded an increase in revenue after the loss related to transactions with a customer in the U.S. moved off the accounts.
- Fixed income business:
  - Domestic subsidiaries recorded a large increase in revenue on the back of strong rates, credit, and derivatives-related business. The rates business successfully managed positions during times of rising interest rates, the credit business captured customers' foreign bond flows following the rise in U.S. interest rates, and interest-rate and foreign-exchange structured bond-related derivatives also proved strong.
  - Overseas subsidiaries recorded an increase in revenue on the back of a recovery in interest-rate derivatives.
- QoQ JPY (0.6) billion (1)%
- Equity business:
  - Both domestic and overseas subsidiaries performed weakly.
- Fixed income business:
  - Domestic subsidiaries maintained a high level of performance in all businesses, resulting in a large increase in revenue.
  - Overseas subsidiaries struggled after MBS and credit businesses were impacted by rising interest rates and wider credit spreads.

### Quarterly Trends



(JPY billion)	FY2021 1Q	FY2022 1Q	YoY %
Stocks	(13.3)	(10.8)	—
Bonds and Others	26.2	38.2	+45%
Net financial revenue	(2.1)	22.3	—
Total	10.8	49.7	+359%

FY2021 4Q	FY2022 1Q	QoQ %
44.5	(10.8)	—
(14.1)	38.2	—
19.9	22.3	+12%
50.3	49.7	(1)%

### 【Reference】 Management accounting basis \*

Equity business	(11.2)	8.2	—
Fixed income business	14.5	22.7	+56%
Total	3.4	31.0	+821%

18.4	8.2	(55)%
25.0	22.7	(9)%
43.4	31.0	(28)%

\* 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)

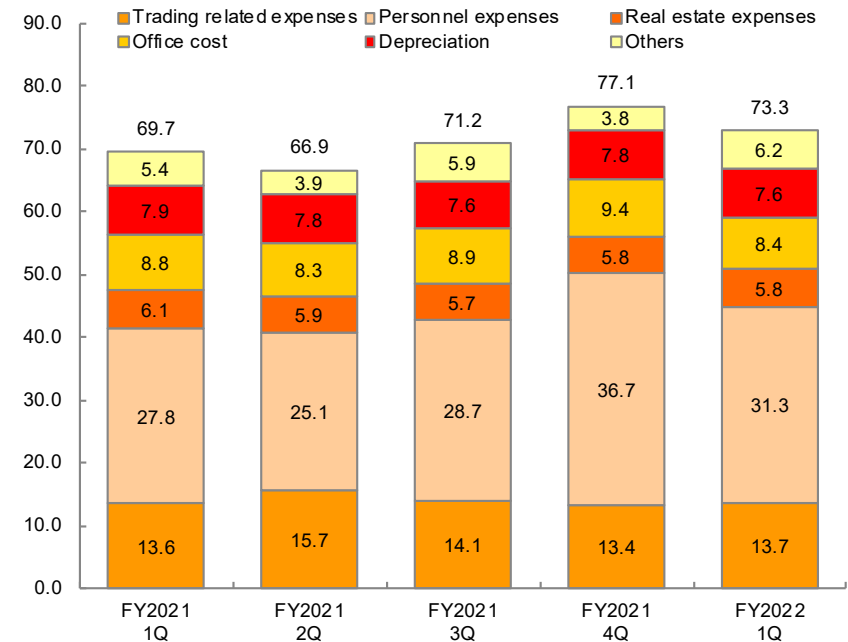
## SG & A

FY2022 1Q : JPY 73.3 billion

- YoY JPY +3.5 billion +5%
- Domestic subsidiaries : Decreased due to the restrained fixed cost and the decrease in trading related expenses linked to revenue.
- Overseas subsidiaries: Increased mainly due to the foreign exchange effect as well as the increase in performance-linked bonuses and trading related expenses.
- QoQ JPY (3.8) billion (5)%
- Expenses decreased mainly due to lower of temporary expenses in relation to the retirement benefit plan for overseas subsidiaries

## Quarterly Trends

(JPY billion)



(JPY billion)	FY2021 1Q	FY2022 1Q	YoY %	FY2021 4Q	FY2022 1Q	QoQ %
Trading related expenses	13.6	13.7	+0%	13.4	13.7	+2%
Personnel expenses	27.8	31.3	+12%	36.7	31.3	(14)%
Real estate expenses	6.1	5.8	(3)%	5.8	5.8	+0%
Office cost	8.8	8.4	(4)%	9.4	8.4	(10)%
Depreciation	7.9	7.6	(4)%	7.8	7.6	(2)%
Others	5.4	6.2	+15%	3.8	6.2	+64%
Total	69.7	73.3	+5%	77.1	73.3	(5)%

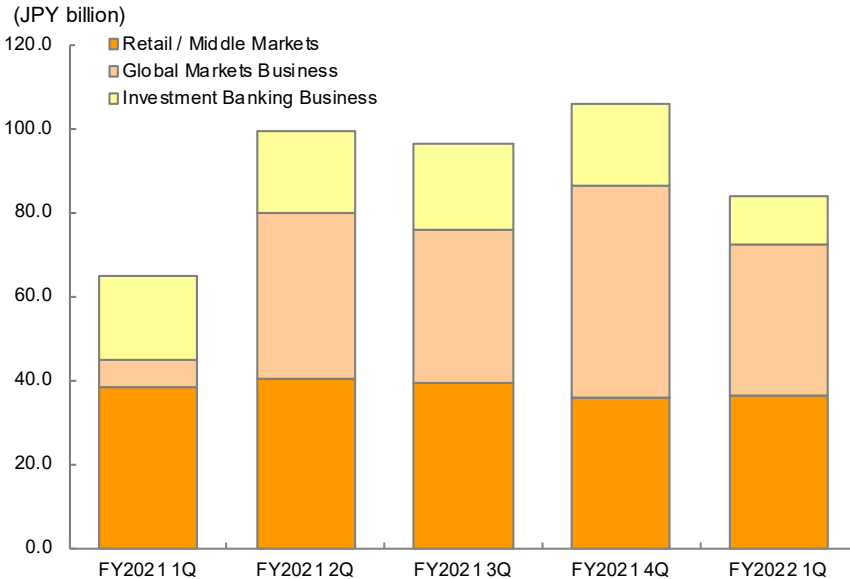
(JPY billion)	FY2021 1Q	FY2022 1Q	YoY %	FY2021 4Q	FY2022 1Q	QoQ %
Trading related expenses	13.6	13.7	+0%	13.4	13.7	+2%
Personnel expenses	27.8	31.3	+12%	36.7	31.3	(14)%
Real estate expenses	6.1	5.8	(3)%	5.8	5.8	+0%
Office cost	8.8	8.4	(4)%	9.4	8.4	(10)%
Depreciation	7.9	7.6	(4)%	7.8	7.6	(2)%
Others	5.4	6.2	+15%	3.8	6.2	+64%
Total	69.7	73.3	+5%	77.1	73.3	(5)%

(JPY billion)	FY2021 1Q	FY2022 1Q	YoY %	FY2021 4Q	FY2022 1Q	QoQ %
Trading related expenses	13.6	13.7	+0%	13.4	13.7	+2%
Personnel expenses	27.8	31.3	+12%	36.7	31.3	(14)%
Real estate expenses	6.1	5.8	(3)%	5.8	5.8	+0%
Office cost	8.8	8.4	(4)%	9.4	8.4	(10)%
Depreciation	7.9	7.6	(4)%	7.8	7.6	(2)%
Others	5.4	6.2	+15%	3.8	6.2	+64%
Total	69.7	73.3	+5%	77.1	73.3	(5)%

## Overview by Business Segments in FY2022 1Q

- While revenue from Retail/Middle Markets proved strong, revenue from Investment Banking and Global Markets decreased compared with the previous quarter.
- Retail / Middle Markets: Despite the uncertain market environment, revenue held steady compared to the previous quarter as the segment successfully captured customers foreign bond flows following the rise in U.S. interest rates, and stock assets accumulated through the promotion of our asset advisory business expanded.
- Global Markets: Revenue from domestic subsidiaries proved strong on the back of successful management of positions in the fixed-income business and the capturing of customer flows. However, revenue from overseas subsidiaries decreased from the previous quarter due to a reactionary decline in the structured solution business, which performed strongly in the previous quarter, and a sluggish flow product business.
- Investment Banking: Revenue from both domestic and overseas subsidiaries decreased from the previous quarter. M&A-related revenue at domestic subsidiaries decreased. Securitization and bond underwriting at overseas subsidiaries struggled after rising U.S. interest rates dampened the bond issuance market.

## Quarterly Trends



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



# Appendix

## Consolidated Statement of Income

JPY million

	Cumulative		Quarter				FY2022 1Q
	FY2021 1Q	FY2022 1Q	FY2021				
			1Q	2Q	3Q	4Q	
<b>Operating revenue</b>	69,015	86,759	69,015	92,233	94,276	95,756	86,759
Commission received	38,337	30,070	38,337	44,068	46,050	37,959	30,070
Net trading income	12,944	27,413	12,944	19,331	29,889	30,464	27,413
Other operating revenue	3	4	3	0	—	—	4
Financial revenue	17,730	29,271	17,730	28,833	18,336	27,331	29,271
<b>Financial expenses</b>	19,839	6,899	19,839	5,426	10,484	7,405	6,899
<b>Net operating revenue</b>	49,175	79,860	49,175	86,806	83,792	88,351	79,860
<b>SG &amp; A</b>	69,768	73,311	69,768	66,924	71,220	77,192	73,311
<b>Operating profit (loss)</b>	(20,592)	6,548	(20,592)	19,881	12,572	11,158	6,548
<b>Non-operating income</b>	7,765	7,046	7,765	5,427	6,090	7,221	7,046
<b>Non-operating expenses</b>	402	1,122	402	(48)	331	757	1,122
<b>Ordinary profit (loss)</b>	(13,229)	12,472	(13,229)	25,357	18,331	17,622	12,472
<b>Extraordinary income</b>	—	0	—	126	—	5	0
<b>Extraordinary losses</b>	38	520	38	380	940	50	520
<b>Income taxes</b>	(2,821)	33	(2,821)	6,473	4,316	2,616	33
<b>Profit attributable to non-controlling interests</b>	3,667	3,397	3,667	5,950	3,724	5,666	3,397
<b>Profit (loss) attributable to owners of parent</b>	(14,114)	8,520	(14,114)	12,680	9,350	9,294	8,520

# Appendix

## Consolidated Balance Sheet

	As of Mar. 31, 2022	As of Jun. 30, 2022	Change
<b>ASSETS</b>			
<b>Current assets</b>	31,164	31,017	(147)
Cash and deposits	2,186	2,523	+336
Trading products	12,870	12,070	(800)
Loans secured by securities	13,227	13,276	+48
Others	2,880	3,146	+266
<b>Non-current assets</b>	560	667	+107
PP & E	26	26	(0)
Intangible assets	101	104	+2
Investments and other assets	432	537	+105
<b>Total assets</b>	31,724	31,684	(40)

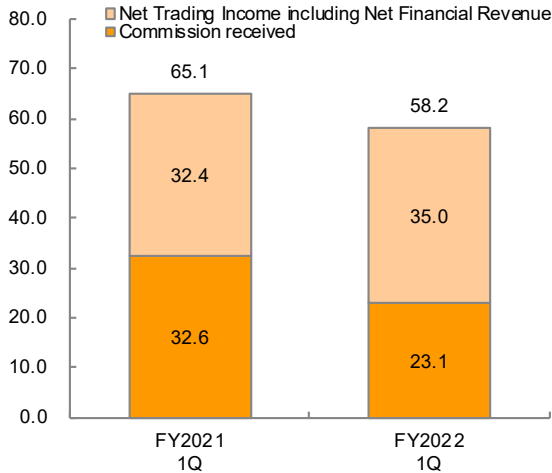
JPY billion

	As of Mar. 31, 2022	As of Jun. 30, 2022	Change
<b>LIABILITIES</b>			
<b>Current liabilities</b>	28,835	28,776	(59)
Trading products	10,432	12,072	+1,640
Borrowings secured by securities	10,702	9,220	(1,482)
Short-term borrowings	2,874	3,055	+181
Others	4,826	4,428	(398)
<b>Non-current liabilities</b>	1,879	1,893	+14
Bonds payable	896	918	+21
Long-term borrowings	964	956	(7)
Others	18	18	+0
<b>Total liabilities</b>	30,720	30,675	(44)
<b>NET ASSETS</b>			
Shareholders' equity	722	723	+0
Accumulated other comprehensive income	(1)	10	+11
Non-controlling interests	283	275	(7)
<b>Total net assets</b>	1,004	1,009	+4
<b>Total liabilities and net assets</b>	31,724	31,684	(40)

### 1Q Performance Trends

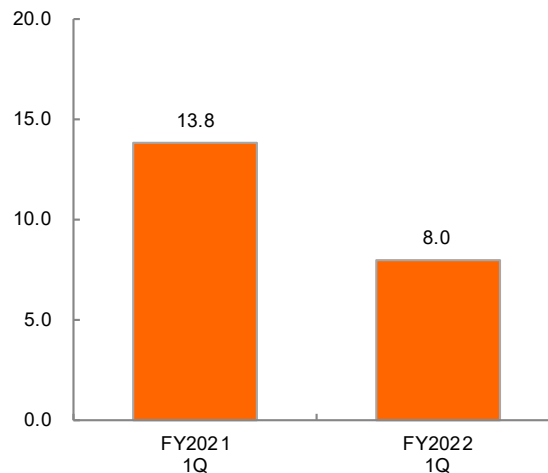
#### Net operating revenue

(JPY billion)



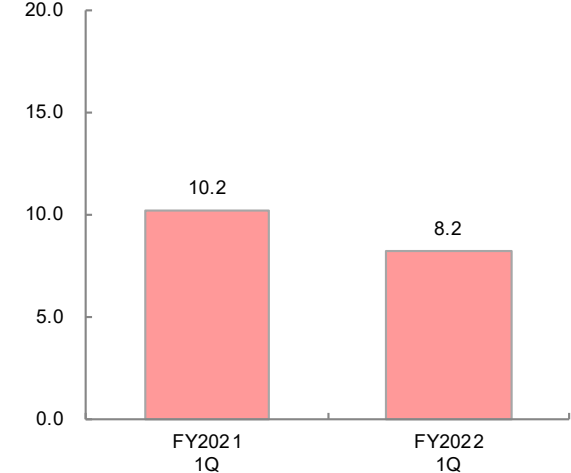
#### Ordinary profit

(JPY billion)



#### Profit

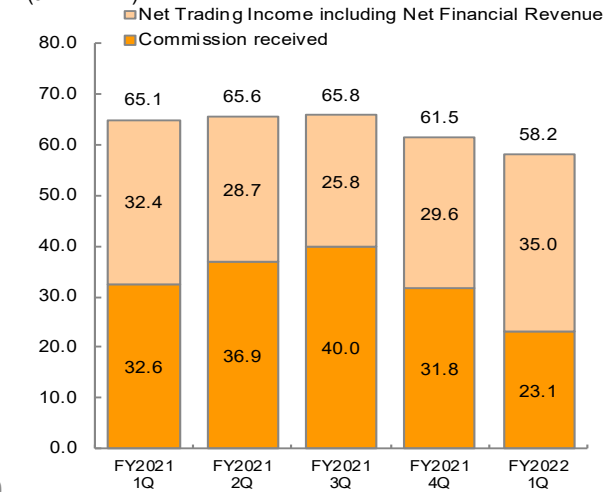
(JPY billion)



### Quarterly Performance Trends

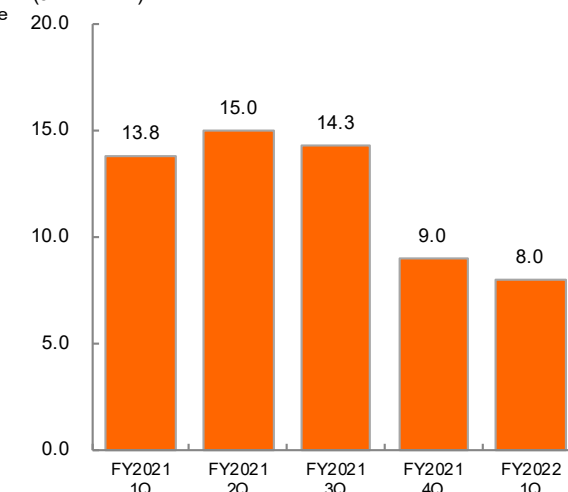
#### Net operating revenue

(JPY billion)



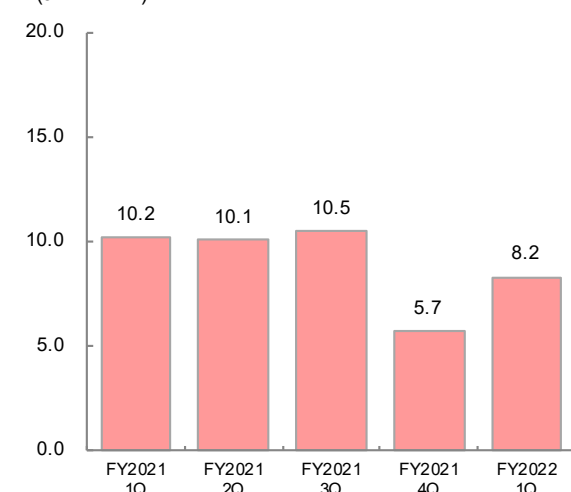
#### Ordinary profit

(JPY billion)



#### Profit

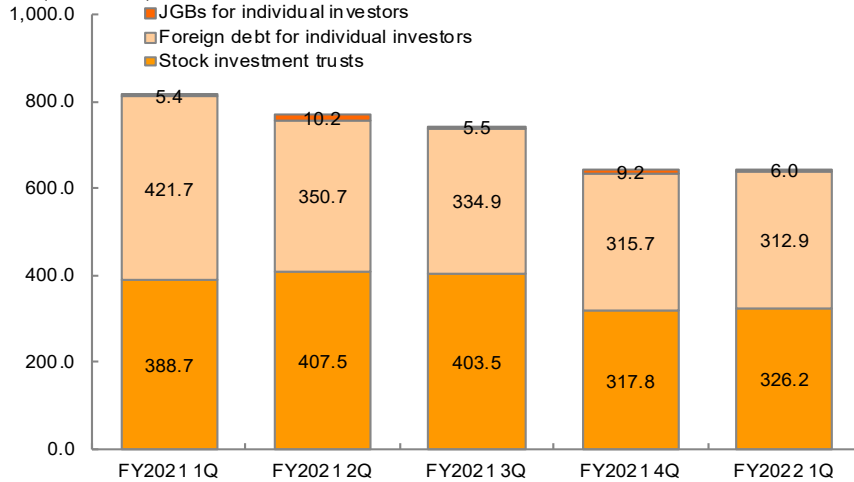
(JPY billion)



### Sales of Retail / Middle Market Division

#### Quarterly Trends

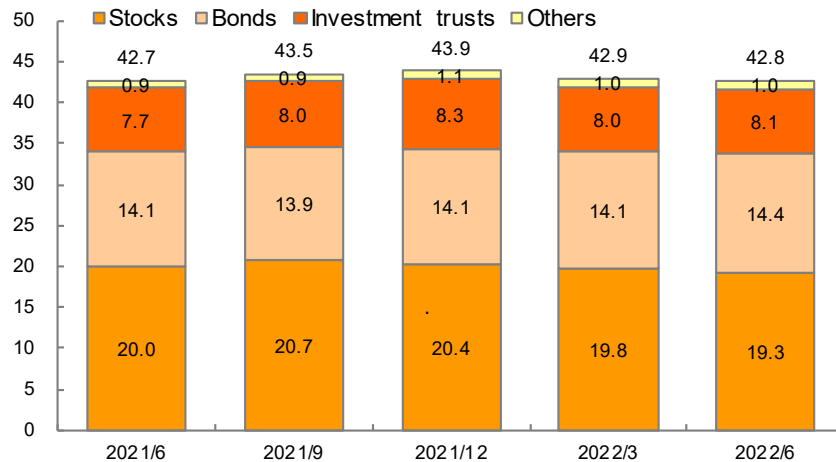
(JPY billion)



### Trends of AUM

#### Quarterly Trends

(JPY trillion)



(Rounding off)

## Investment banking business ~ League Table (from April, 2022 to June, 2022)

## Debt (Domestic and Foreign Bonds)\*1

Rank	Securities Firm	Share (%)
1	Mitsubishi UFJ Morgan Stanley	20.9
2	Nomura Securities	18.9
3	Mizuho Securities	18.9
4	Daiwa Securities	17.3
5	Goldman Sachs Japan	2.9
6	Citigroup Global Markets Japan	2.7
7	Barclays	2.4
8	Tokai Tokyo Securities	2.3
9	Crédit Agricole	1.9
10	BofA Securities	1.8

## Japan Equity and Equity-linked\*2

Rank	Securities Firm	Share (%)
1	Daiwa Securities Group	18.8
2	JP Morgan	15.2
3	Nomura	14.2
4	Sumitomo Mitsui Financial Group	13.8
5	Mizuho Financial Group	13.2
6	SBI Holdings	8.2
7	Tokai Tokyo Financial Holdings	7.5
8	Mitsubishi UFJ Morgan Stanley	4.4
9	Ichiyoshi Securities	1.4
10	Rakuten Securities	0.6

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

Rank	Financial Advisor	JPY billion
1	Mitsubishi UFJ Morgan Stanley	1,730
2	Sumitomo Mitsui Financial Group	1,202
3	BofA Securities	1,176
4	UBS	1,019
5	Nomura	805
6	Daiwa Securities Group	512
7	Deloitte	511
8	JP Morgan	308
9	Citi	272
10	YAMADA Consulting Group	269

\*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

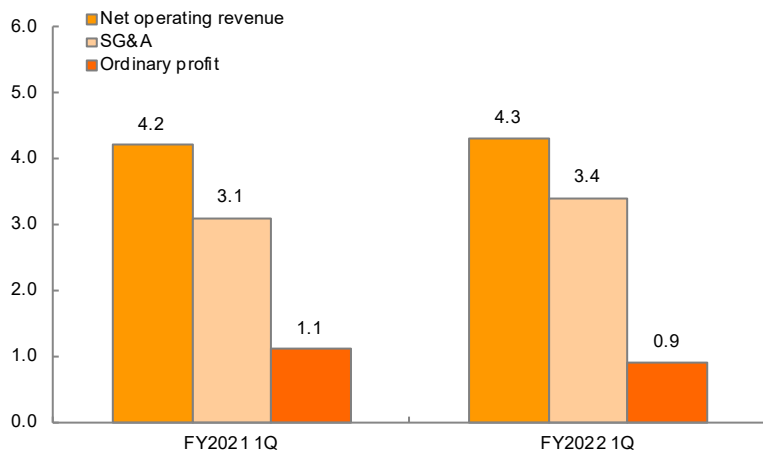
\*3 Source: REFINITIV (data compiled by Mitsubishi UFJ Morgan Stanley)

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

au Kabucom 1Q Performance Trends

Trends

(JPY billion)

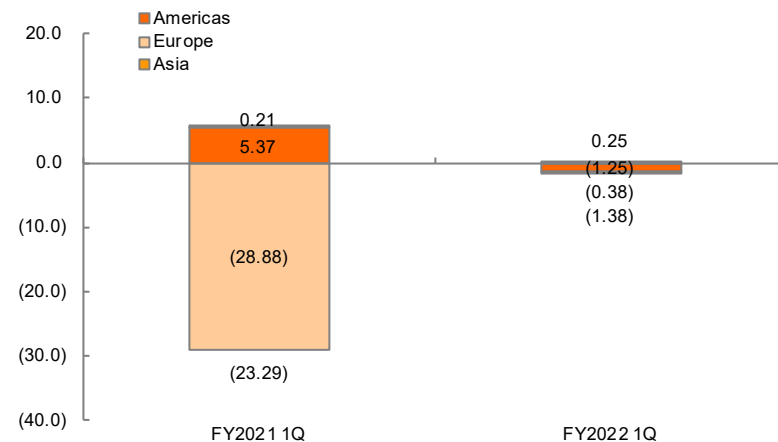


Overseas Business 1Q Performance Trends

Ordinary profit (loss) : Trends

(JPY billion)

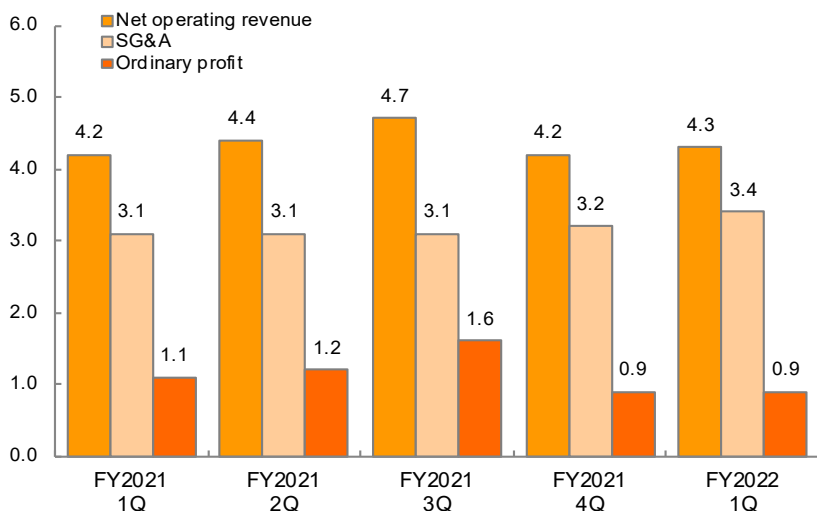
\*Figures are based on substantial basis including MUSA.



au Kabucom Quarterly Performance Trends

Quarterly Trends

(JPY billion)

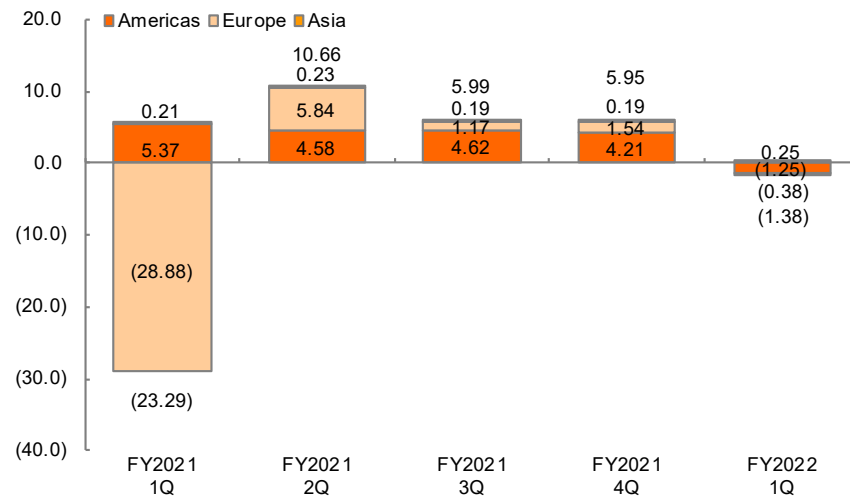


Overseas Business Quarterly Performance Trends

Ordinary profit (loss) : Quarterly Trends

(JPY billion)

\*Figures are based on substantial basis including MUSA.

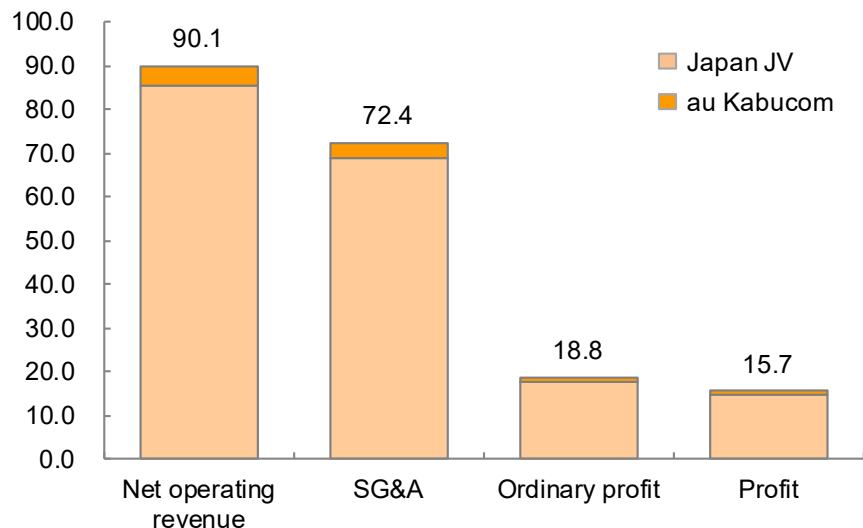


## Domestic Securities Companies' Performance

- Net operating revenue of the Domestic Securities Companies is over JPY 90 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 2022 1Q

(JPY billion)



Simple sum of the figures for the Domestic Securities Companies (JPY billion)	FY 2022 1Q
<b>Net operating revenue</b>	<b>90.1</b>
Japan JV	85.7
MUMSS	58.2
Morgan Stanley MUFG Securities Co., Ltd. (“MSMS”) *	27.5
au Kabucom Securities Co., Ltd. (“au Kabucom”)	4.3
<b>SG &amp; A</b>	<b>72.4</b>
Japan JV	69.0
MUMSS	50.8
MSMS	18.2
au Kabucom	3.4
<b>Ordinary profit</b>	<b>18.8</b>
Japan JV	17.8
MUMSS	8.0
MSMS	9.7
au Kabucom	0.9
<b>Profit</b>	<b>15.7</b>
Japan JV	15.0
MUMSS	8.2
MSMS	6.8
au Kabucom	0.6

\* 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 FY2022 1Q 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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