

[Updated] Correction in "Summary of Consolidated Financial Statements  
for the Fiscal Year Ended March 31, 2012 Under Japanese GAAP"

Mizuho Securities Co., Ltd. hereby announces partial corrections in its "Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2012 Under Japanese GAAP".

[Updated]

"Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2012 Under Japanese GAAP"  
disclosed on April 27, 2012

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1. Capital adequacy requirement ratio

(before correction)

(Millions of yen)

		As of March 31, 2011	As of March 31, 2012
Basic items			
Total capital (A)		478,134	410,998
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	5,665	4,271
	Reserve for financial instruments transaction liabilities, etc.	1,173	1,013
	Allowance for doubtful accounts	39	23
	Subordinated long-term borrowings	108,000	72,900
	Subordinated short-term borrowings	200,300	271,458
Total (B)		315,179	349,666
Deducted assets (C)		249,627	275,269
Equity after deduction (A) + (B) - (C) (D)		543,686	485,395
Amount equivalent to risk	Amount equivalent to market risk	68,493	103,254
	Amount equivalent to counterparty risk	<u>30,497</u>	<u>32,797</u>
	Amount equivalent to fundamental risk	46,569	42,095
	Total (E)	<u>145,559</u>	<u>178,147</u>
Capital adequacy requirement ratio (D)/(E) * 100		373.5%	272.4%

(after correction)

		As of March 31, 2011	As of March 31, 2012
Basic items	Total capital (A)	478,134	410,998
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	5,665	4,271
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Equity after deduction	(A) + (B) - (C) (D)	543,686	485,395
Amount equivalent to risk	Amount equivalent to market risk	68,493	103,254
	Amount equivalent to counterparty risk	<u>30,488</u>	<u>32,788</u>
	Amount equivalent to fundamental risk	46,569	42,095
	Total (E)	<u>145,551</u>	<u>178,139</u>
Capital adequacy requirement ratio	(D)/(E) * 100	373.5%	272.4%



April 27, 2012

## Summary of Financial Statements for the Fiscal Year Ended March 31, 2012 Under Japanese GAAP

Company's name: **Mizuho Securities Co., Ltd.**

URL: <http://www.mizuho-sc.com/>

Representative: Hiroshi Motoyama, President

Contact: Takeo Konishi, General Manager of Accounting Dept. on +81 3-5208-3210

Scheduled date of filing of financial report: June 26, 2012

Preparation of supplemental explanatory documents: Yes

Holding of presentation meeting: No

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Amounts are rounded down to the nearest millions of yen)

#### (1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Operating revenues		Net operating revenues		Operating income (loss)		Ordinary income (loss)	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ended March 31, 2012	228,516	(14.9)	167,117	(13.3)	(51,284)		(49,796)	
Year ended March 31, 2011	268,595	(14.0)	192,827	(23.0)	(36,945)		(33,720)	

(Note) Comprehensive income: Year ended March 31, 2012: (97,233) million yen (- %)  
Year ended March 31, 2011: (36,930) million yen (- %)

	Net income (loss)		Net income (loss) per share	Net income per share - fully diluted	Return on Equity
	millions of yen	%	yen	yen	%
Year ended March 31, 2012	(95,671)		(60.30)		(19.8)
Year ended March 31, 2011	(29,312)		(18.45)		(5.3)

Reference: Equity in net earnings (losses) of affiliated companies: Year ended March 31, 2012: (85) million yen  
Year ended March 31, 2011: 73 million yen

#### (2) Consolidated financial positions

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
March 31, 2012	21,163,850	454,103	2.1	274.18
March 31, 2011	21,784,855	553,973	2.4	334.82

Reference: Equity (i.e. "Shareholders' equity" and "Accumulated other comprehensive income"):

March 31, 2012: 434,381 million yen

March 31, 2011: 532,011 million yen

## 2. Notes

(1) Changes in significant subsidiaries (changes in specified subsidiaries accompanying changes in the scope of consolidation) during the period: None

(2) Changes in accounting policies, estimates, and restatements:

1) Changes in accounting policies in accordance with revisions of accounting standards: None

2) Changes other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares issued at end of the period (including treasury stock):

March 31, 2012:	1,584,312,962 shares
March 31, 2011:	1,626,688,683 shares

2) Number of treasury stock at end of the period:

March 31, 2012:	shares
March 31, 2011:	37,749,070 shares

3) Average number of outstanding shares for the period:

March 31, 2012:	1,586,567,844 shares
March 31, 2011:	1,588,881,444 shares

\* Note on the status of audit procedures

This summary of financial statements is exempt from the audit procedures based on "Financial Instruments and Exchange Act", while the consolidated financial statements are being reviewed at the time of disclosure of this report.

\*Other important matters

Not applicable

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## I. Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
<b>Assets</b>		
Current assets		
Cash and bank deposits	377,668	207,528
Cash segregated as deposits for customers and others	103,765	57,467
Trading assets	8,035,368	8,665,939
Trading securities and others	7,274,959	7,728,940
Loans receivable	10,000	
Derivatives	750,408	936,998
Operating investment securities	84,106	75,282
Operating loans receivable	6,075	7,900
Receivables related to margin transactions	46,503	52,598
Loans receivable under margin transactions	26,028	21,321
Cash collateral for borrowed securities under margin transactions	20,475	31,276
Collateralized short-term financing agreements-receivable	12,717,153	11,591,972
Deposits paid for securities borrowed	4,732,533	4,367,651
Securities purchased under agreements to resell	7,984,619	7,224,320
Advances paid	1,094	4,730
Securities: fail to deliver	10,249	6,064
Short-term loans receivable	4,596	9,664
Securities	10,681	10,331
Deferred tax assets	13,914	12,863
Other current assets	143,821	265,309
Less: Allowance for doubtful accounts	(62)	(1,063)
Total current assets	21,554,937	20,966,590
Noncurrent assets		
Property and equipment	40,771	39,778
Buildings	13,482	13,032
Equipment	7,955	8,736
Land	18,746	17,837
Leased assets	409	172
Construction in progress	177	
Intangible assets	92,566	87,608
Software	26,562	26,999
Customer related assets	65,602	60,228
Other	401	381
Investments and other assets	96,580	69,873
Investment securities	58,495	43,229
Long-term loans receivable	7,915	1,156
Long-term guarantee deposits	14,437	14,179
Deferred tax assets	5,813	1,426
Other	13,539	13,454
Less: Allowance for doubtful accounts	(3,619)	(3,571)
Total noncurrent assets	229,917	197,260
<b>Total assets</b>	<b>21,784,855</b>	<b>21,163,850</b>

(Millions of yen)

As of March 31, 2011

As of March 31, 2012

**Liabilities**

	As of March 31, 2011	As of March 31, 2012
<b>Current liabilities</b>		
Trading liabilities	4,263,415	4,668,990
Trading securities and others	3,621,920	3,793,941
Derivatives	641,494	875,049
Payables—unsettled trades	323,891	296,239
Payables related to margin transactions	24,103	16,477
Borrowings on margin transactions	10,829	2,674
Cash collateral for loaned securities under margin transactions	13,274	13,802
Collateralized short-term financing agreements-payable	10,640,959	10,070,318
Deposits received for securities loaned	1,746,838	1,271,647
Securities sold under agreements to repurchase	8,894,121	8,798,670
Deposits received	80,454	84,490
Guarantee deposits received	217,211	287,150
Securities: fail to receive	18,558	4,713
Short-term borrowings	3,866,122	3,674,834
Commercial paper	484,100	333,300
Bonds and notes due within one year	49,169	95,794
Lease obligations	632	344
Income taxes payable	1,534	1,918
Accrued employees' bonuses	14,706	13,133
Accrued directors' bonuses	45	50
Deferred tax liabilities	522	
Provision for bonus point redemption	440	373
Provision for contingencies		9,035
Other current liabilities	48,465	50,412
<b>Total current liabilities</b>	<b>20,034,332</b>	<b>19,607,578</b>
<b>Noncurrent liabilities</b>		
Bonds and notes	554,068	483,844
Long-term borrowings	621,361	586,018
Lease obligations	519	157
Deferred tax liabilities	2,564	16,129
Provision for retirement benefits	14,566	12,836
Provision for directors' retirement benefits	337	265
Provision for executive officers' retirement benefits	215	201
Other noncurrent liabilities	1,721	1,681
<b>Total noncurrent liabilities</b>	<b>1,195,354</b>	<b>1,101,135</b>
<b>Statutory reserves</b>		
Reserve for financial instruments transaction liabilities	1,194	1,034
<b>Total statutory reserves</b>	<b>1,194</b>	<b>1,034</b>
<b>Total liabilities</b>	<b>21,230,882</b>	<b>20,709,747</b>

(Millions of yen)

As of March 31, 2011      As of March 31, 2012

<b>Net assets</b>		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	389,716	381,614
Retained earnings	90,278	(5,725)
Treasury stock	(7,367)	
Total shareholders' equity	<u>597,794</u>	<u>501,056</u>
Accumulated other comprehensive income		
Net unrealized gains on (operating) investment securities, net of tax	1,768	1,942
Foreign currency translation adjustments	(67,551)	(68,616)
Total accumulated other comprehensive income	<u>(65,783)</u>	<u>(66,674)</u>
Stock subscription rights	582	
Minority interests	21,380	19,721
<b>Total net assets</b>	<u>553,973</u>	<u>454,103</u>
<b>Total liabilities and net assets</b>	<u>21,784,855</u>	<u>21,163,850</u>



## 2. Consolidated Statements of Operations and Comprehensive Income

### Consolidated Statements of Operations

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating revenues		
Commissions	135,991	118,721
Brokerage commissions	32,466	27,193
Underwriting and selling fees, and commissions from solicitation to qualifying investors	36,043	22,741
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	26,846	25,161
Other commissions and fees	40,635	43,625
Net gain on trading	12,624	8,744
Net gain (loss) on operating investment securities	2,096	(299)
Interest and dividend income	117,883	101,349
Total operating revenues	<u>268,595</u>	<u>228,516</u>
Interest expenses	<u>75,768</u>	<u>61,398</u>
Net operating revenues	<u>192,827</u>	<u>167,117</u>
Selling, general and administrative expenses	229,773	218,401
Transaction-related expenses	38,512	40,673
Personnel expenses	104,178	95,968
Real estate expenses	28,006	28,692
Administrative expenses	22,316	18,284
Depreciation and amortization	23,825	21,172
Taxes and dues	3,349	3,530
Amortization of goodwill	72	
Provision of allowance for doubtful accounts		1,041
Other	9,512	9,038
Operating loss	<u>(36,945)</u>	<u>(51,284)</u>
Non-operating income	4,557	3,838
Dividend income	630	614
Equity in earnings of affiliates	73	
Rent revenue	864	508
Foreign exchange gains	520	
Other	2,468	2,715
Non-operating expenses	1,331	2,350
Equity in losses of affiliates		85
Rent expenses	602	346
Foreign exchange losses		964
Other	729	954
Ordinary loss	<u>(33,720)</u>	<u>(49,796)</u>

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Extraordinary gain	1,333	764
Gain on sales of investment securities	636	326
Gain on negative goodwill		2
Gain on reversal of litigation-related loss		275
Reversal of reserve for financial instruments transaction liabilities	689	160
Reversal of allowance for doubtful accounts	7	
Extraordinary loss	4,567	27,994
Loss on disposal of noncurrent assets	821	1,163
Loss on sales of investment securities	698	2,332
Loss on impairment of investment securities	93	2,489
Loss on impairment of golf club membership	63	14
Nonrecurring depreciation on noncurrent assets	1,759	
Cumulative effect of adoption of accounting standard for asset retirement obligations	36	
Litigation-related loss	1,094	
Impairment losses		1,138
Special retirement benefits		10,742
Merger expenses		1,078
Provision for contingencies		9,035
Loss before income taxes and minority interests	(36,954)	(77,026)
Income taxes - current	954	2,079
Income taxes - deferred	(7,832)	17,354
Total income taxes	(6,878)	19,434
Loss before minority interests	(30,076)	(96,460)
Minority interests	(763)	(789)
Net loss	(29,312)	(95,671)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Loss before minority interests	(30,076)	(96,460)
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax	(2,872)	294
Foreign currency translation adjustments	(3,868)	(1,010)
Share in other comprehensive income of affiliates accounted for using equity method	(114)	(56)
Total other comprehensive income (loss)	(6,854)	(772)
Comprehensive income (loss)	(36,930)	(97,233)
(Breakdown)		
Attributable to:		
Owners of the parent	(34,870)	(96,562)
Minority interests	(2,060)	(670)

### 3. Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Common stock		
Balance at beginning of period	125,167	125,167
Changes during the period		
Total changes during the period		
Balance at end of period	125,167	125,167
Capital surplus		
Balance at beginning of period	389,662	389,716
Changes during the period		
Disposition of treasury stock	53	28
Retirement of treasury stock		(8,130)
Total changes during the period	53	(8,101)
Balance at end of period	389,716	381,614
Retained earnings		
Balance at beginning of period	127,621	90,278
Changes during the period		
Dividends	(7,942)	
Net loss	(29,312)	(95,671)
Changes in scope of equity method	(87)	(332)
Changes in scope of consolidation		(0)
Total changes during the period	(37,342)	(96,003)
Balance at end of period	90,278	(5,725)
Treasury stock		
Balance at beginning of period	(7,450)	(7,367)
Changes during the period		
Acquisition of treasury stock	(28)	(985)
Disposition of treasury stock	110	222
Retirement of treasury stock		8,130
Changes in scope of equity method	0	0
Total changes during the period	82	7,367
Balance at end of period	(7,367)	
Total shareholders' equity		
Balance at beginning of period	635,000	597,794
Changes during the period		
Dividends	(7,942)	
Net loss	(29,312)	(95,671)
Acquisition of treasury stock	(28)	(985)
Disposition of treasury stock	163	250
Retirement of treasury stock		
Changes in scope of equity method	(86)	(331)
Changes in scope of consolidation		(0)
Total changes during the period	(37,206)	(96,737)
Balance at end of period	597,794	501,056

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Accumulated other comprehensive income		
Net unrealized gains on (operating) investment securities, net of tax		
Balance at beginning of period	4,628	1,768
Changes during the period		
Net changes in items other than shareholders' equity	(2,860)	173
Total changes during the period	(2,860)	173
Balance at end of period	1,768	1,942
Foreign currency translation adjustments		
Balance at beginning of period	(64,853)	(67,551)
Changes during the period		
Net changes in items other than shareholders' equity	(2,697)	(1,064)
Total changes during the period	(2,697)	(1,064)
Balance at end of period	(67,551)	(68,616)
Total accumulated other comprehensive income		
Balance at beginning of period	(60,225)	(65,783)
Changes during the period		
Net changes in items other than shareholders' equity	(5,558)	(891)
Total changes during the period	(5,558)	(891)
Balance at end of period	(65,783)	(66,674)
Stock subscription rights		
Balance at beginning of period	367	582
Changes during the period		
Net changes in items other than shareholders' equity	215	(582)
Total changes during the period	215	(582)
Balance at end of period	582	
Minority interests		
Balance at beginning of period	23,845	21,380
Changes during the period		
Net changes in items other than shareholders' equity	(2,465)	(1,658)
Total changes during the period	(2,465)	(1,658)
Balance at end of period	21,380	19,721
Total net assets		
Balance at beginning of period	598,988	553,973
Changes during the period		
Dividends	(7,942)	
Net loss	(29,312)	(95,671)
Acquisition of treasury stock	(28)	(985)
Disposition of treasury stock	163	250
Retirement of treasury stock		
Changes in scope of equity method	(86)	(331)
Changes in scope of consolidation		(0)
Net changes in items other than shareholders' equity	(7,808)	(3,132)
Total changes during the period	(45,014)	(99,870)
Balance at end of period	553,973	454,103

#### 4. Note on the going-concern assumption

Not applicable

#### 5. Significant accounting policies in the preparation of consolidated financial statements

##### 1. Scope of consolidation

Consolidated subsidiaries (29 subsidiaries)

Major subsidiaries

Mizuho Securities UK Holdings Ltd.  
Mizuho International plc  
Mizuho Bank (Switzerland) Ltd  
Mizuho Saudi Arabia Company  
Mizuho Securities USA Inc.  
Mizuho Securities Asia Limited  
Mizuho Securities (Singapore) Pte. Ltd.  
Mizuho Securities India Private Limited  
Mizuho Investment Consulting (Shanghai) Co., Ltd.  
Shinko Asset Management Co., Ltd.  
Mizuho Securities Principal Investment Co., Ltd.  
Basic Capital Management Ltd.  
Mizuho Securities Research & Consulting Co., Ltd.  
Japan Investor Relations and Investor Support, Inc.  
Nippon Securities Technology Co., Ltd.  
Mizuho Securities Business Services Co., Ltd.  
Mizuho Securities Property Management Co., Ltd.  
Mizuho Securities Office Services Co., Ltd.  
Shinwa Securities Co., Ltd.  
Mitsui Securities Co., Ltd.  
Shinko IPO Investment Business Fund No.1  
Other 8 companies

Newly consolidated:

Mizuho International plc Share Award Plan Employee Benefit Trust

Excluded from the scope of consolidation:

SPI No.1 Investment Limited Partnership  
Greater China Investments GP (Cayman) Limited

##### 2. Matters concerning the application of equity method

Equity-method affiliates (10 affiliates)

Mizuho Alternative Investments, LLC  
Neostella Capital Co., Ltd.  
Energy & Environment Investment, Inc.  
Mobile Internet Capital, Inc.  
The Neostella Capital No.1 Investment Business Limited Partnership  
Industrial Decisions, Inc.  
Other 4 companies

Newly applied:

MIC Innovation III Limited Liability Fund  
EEI Clean Technology Investment Limited Partnership

Excluded from the scope of application:

Eiwa Securities Co., Ltd.  
Japan Industrial Partners, Inc.  
Japan Industrial Fund II

### 3. Matters related to the period of consolidated subsidiaries

The closing dates of consolidated subsidiaries are as follows:

March 31, 2012	22 subsidiaries
December 31, 2011	7 subsidiaries

For 7 consolidated subsidiaries with different closing dates to the consolidated closing date, financial statements as of each subsidiary's closing date are used. However, for important transactions that took place between the last closing date of each company and the consolidated closing date, adjustments necessary for the consolidation are performed.

### 4. Matters related to the accounting standards

#### (1) Valuation method for significant assets

##### 1) Valuation method for securities classed as trading products (securities held for trading purpose):

Securities and derivative contracts classed as trading products and held by the Mizuho Securities Co., Ltd (the "Company") and its subsidiaries are recorded at fair value.

##### 2) Valuation method for securities not classed as trading products:

The following valuation methods are applied to securities that are not held for trading purposes:

###### a) Bonds that are to be held to maturity

The amortized cost (straight-line) method is used.

###### b) Other securities

Other securities with fair value:

Those are recorded at fair value on the consolidated balance sheets. Differences between the cost, using the moving average method, and fair value are recorded as net unrealized gains (or losses) on investment securities.

Other securities those are difficult to calculate fair value:

Those are recorded at cost using moving average method.

Moreover, with regard to contributions to investment business limited partnerships and similar partnerships (according to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law, such contributions are regarded as negotiable securities), the Company mainly uses, as the book value, the value of its holdings of partnership assets as designated on the partnership's most recent statement of accounts that the Company is able to obtain as of the day - stipulated in the partnership agreement - on which the latest statement of accounts is reported. With regard to profit and loss obtained from the operations of the partnership, etc., the Company uses a method whereby the Company records the value of its holdings.

#### (2) Depreciation methods used for significant depreciable assets

##### 1) Property and equipment

Both the Company and domestic consolidated subsidiaries mainly use declining-balance method.

However, buildings acquired after 1 April 1998 (excluding the equipment, etc. they contain) are depreciated using the straight-line method.

##### 2) Intangible assets and long-term prepaid expenses

The straight-line method is mainly used.

Moreover, software for own use is depreciated using a straight-line method determined by the duration of its potential internal use (up to 5 years).

##### 3) Leased Assets

Depreciation of assets under financing leases other than those for which the ownership of the leased property transfers to the lessee is calculated on declining-balance method over the period equal to lease period with the residual value of nil.

#### (3) Accounting standards for significant reserves and allowances

##### 1) Allowance for doubtful accounts

In preparation for possible loss from bad debt in loans and receivables, etc., allowance for general receivables is provided based on the ratio of past loss experience and also specific receivables such as non-recoverable receivables is provided for the estimated uncollectible amounts after reviewing collectability of receivables individually.

##### 2) Accrued employees' bonuses

To prepare for the payment of bonuses to employees, the Company calculates the estimated value of future payments and charges an appropriate portion of this obligation to the period.

##### 3) Accrued directors' bonuses

To prepare for the payment of bonuses to directors, the Company calculates the estimated value of future payments and charges an appropriate portion of this obligation to the period.

- 4) Provision for bonus point redemption  
To prepare for the cost burden for use of the Mizuho Point Service in the future, the expected required amount is calculated for this period based on the usage rate.
  - 5) Provision for contingencies  
To prepare for probable losses from contingencies, the amount is recorded if the losses can be reliably measured after assessing risks of individual contingencies.
  - 6) Provision for retirement benefits  
To prepare for the payment of employee retirement benefits, the amount considered to have arisen within the period is charged to the period on the basis of the estimated value of projected retirement benefit obligations and pension assets at the end of this period. Prior service cost is charged to expenses using the lump-sum or the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred. Actuarial differences are also charged to expenses from the following fiscal year using the straight-line method based on determined years (10 years) within average remaining service year of the employees when incurred.
  - 7) Provision for directors' retirement benefits  
To prepare for the payment of retirement benefits for directors, the necessary amount for the end of this period is recorded in accordance with the in-house regulations.
  - 8) Provision for executive officers' retirement benefits  
To prepare for the payment of retirement benefits for executive officers, the necessary amount for the end of this period is recorded in accordance with the in-house regulations.
  - 9) Reserve for financial instruments transaction liabilities  
Reserve for financial instruments transaction liabilities is provided for potential loss from accidents in security transactions in accordance with Article 46, Paragraph 5 of the Financial Instruments and Exchange Act, and Article 175 of "Cabinet Office Ordinance on the Financial Instruments and Exchange Business"
- (4) Standards for translating significant assets or liabilities denominated in foreign currencies into Japanese yen  
Foreign currency denominated claims and obligations are translated into Japanese yen at the spot rate prevailing on the closing day of this period. Currency translation losses or gains are recorded on the statements of operations as such. The assets, liabilities, revenues, and expenses of foreign subsidiaries are also translated into Japanese yen at the spot rate prevailing on the closing day of this period. Any translation losses or gains are recorded in the net assets under the account "Foreign currency translation adjustment" and "Minority interests".
- (5) Method of significant hedge accounting
- 1) Gains or losses resulting from forward foreign exchange transactions entered to hedge the exchange-rate risk of foreign-currency-dominated equity investments in subsidiaries, to the extent effective, are included in the foreign exchange translation adjustments in net assets.
  - 2) The method of fair value hedge is applied for foreign borrowing exposures in order to minimize the risk of exchange-rate fluctuations for foreign-currency-denominated securities and others.
  - 3) A special disposition method is applied for interest-rate swap agreements, which are adopted to reduce interest-rate risks of subordinated borrowings, under a condition that these agreements meet the requirements of the method.
- (6) Accounting for consumption tax  
The tax exclusion method is applied.

## 6. Changes in significant accounting policies in the preparation of consolidated financial statements

Not applicable

## 7. Additional information

With respect to accounting changes and corrections of past errors implemented on or after the beginning of the fiscal year ending March 31, 2012, the Company has adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and its accompanying "Guidance on Accounting Standards for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, December 4, 2009).



## 8. Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

	Year ended March 31, 2011	Year ended March 31, 2012 (Millions of yen)
1. Accumulated depreciation deducted from property and equipment	45,453	46,937
2. Obligations under guarantees	528	322
(potential guarantee obligation)	(425)	(258)

In accordance with Report No. 61 of the Auditing Committee of the Japanese Institute of Certified Public Accountants, titled "Auditing Procedures Concerning the Accounting for Guarantee Obligations and Quasi-Guarantees," those obligations of the Company deemed to cause the Company to be held liable as a guarantor are to be treated as quasi-guarantees and stated in notes.

3. The balance for affiliate companies is as follows:

	March 31, 2011	March 31, 2012 (Millions of yen)
Investment Securities	2,951	992

(Consolidated Statements of Changes in Shareholders' Equity)

Fiscal Year Ended March 31, 2011 (April 1, 2010 - March 31, 2011)

1. Matters related to outstanding shares

	(Thousands of shares)			
\	Shares at April 1, 2010	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2011
Shares outstanding				
Common stock	1,626,688			1,626,688
Total	1,626,688			1,626,688

2. Matters related to treasury stock

	(Thousands of shares)			
\	Shares at April 1, 2010	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2011
Treasury stock				
Common stock	38,190	127	569	37,749
Total	38,190	127	569	37,749

(Notes)

- The number of common stock held in treasury stock increased by 127 thousand shares due to the purchase of odd-lot shares.
- The number of common stock held in treasury stock decreased by 569 thousand shares. This mainly resulted from a 28 thousand shares of decrease due to a request to increase a purchase of odd-lot shares and a 536 thousand shares of decrease due to the exercise of stock option rights.

3. Matters related to stock subscription rights

Stock subscription rights (stock option) 582 million yen (Filing company: 582 million yen)

4. Matters related to dividends

(1) Dividends paid

Date of resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual shareholders' meeting held on June 22, 2010	Common shares	7,942	5.00	March 31, 2010	June 23, 2010

(Note) A dividend per share includes ordinary dividend 3 yen and commemorative dividend 2 yen.

(2) Dividends for which the record date falls within the current period (April 1, 2010 through March 31, 2011) and the effective date falls in the next period.

Not applicable

Fiscal Year Ended March 31, 2012 (April 1, 2011 - March 31, 2012)

1. Matters related to outstanding shares

(Thousands of shares)

	Shares at April 1, 2011	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2012
Shares outstanding Common stock	1,626,688		42,375	1,584,312
Total	1,626,688		42,375	1,584,312

(Note) The number of shares outstanding (common stock) decreased by 42,375 thousand shares due to the retirement of treasury stock.

2. Matters related to treasury stock

(Thousands of shares)

	Shares at April 1, 2011	Shares increased in this year	Shares decreased in this year	Shares at March 31, 2012
Treasury stock Common stock	37,749	5,739	43,488	
Total	37,749	5,739	43,488	

(Notes)

- The number of common stock held in treasury stock increased by 5,739 thousand shares. This increase resulted from a 27 thousands shares of increase due to the purchase of odd-lot shares and a 5,712 thousands shares of increase due to the purchase from dissenting shareholders.
- The number of common stock held in treasury stock decreased by 43,488 thousand shares. This mainly resulted from a 42,375 thousand shares of decrease due to the retirement of treasury stock and a 1,104 thousand shares of decrease due to the exercise of stock option rights.

3. Matters related to stock subscription rights

Not applicable

4. Matters related to dividends

(1) Dividends paid

Not applicable

(2) Dividends for which the record date falls within the current period (April 1, 2011 to March 31, 2012) and the effective date falls in the next period

Not applicable

(Per share information)

(Yen)

Year ended March 31, 2011		Year ended March 31, 2012	
Net assets per share	334.82	Net assets per share	274.18
Net income per share	(18.45)	Net income per share	(60.30)
Net income per share (diluted) was not shown due to the net loss per share for the year ended March 31, 2011.		Net income per share (diluted) for the year ended March 31, 2012 was not shown due to no potential securities.	

(Note) Net income per share and net income per share (diluted) were calculated based on the following:

	Year ended March 31, 2011	Year ended March 31, 2012
Net income (loss) per share		
Net loss (Millions of yen)	(29,312)	(95,671)
Amount not attributable to common stock shareholders (Millions of yen)		
Net loss attributable to common stock (Millions of yen)	(29,312)	(95,671)
Average number of common shares outstanding (Thousands of shares)	1,588,881	1,586,567
Net income per share (diluted)		
Adjustment amounts to net income (Millions of yen)		
Increase in common stock (Thousands of shares)		
(Those with stock subscription rights (thousands of shares))	( )	( )
Outline of significant change from the end of the previous fiscal year in potential common shares that were not included in the calculation of net income per share (diluted) due to their anti-dilutive effect		

**. Supplemental Information (Consolidated)**

**1. Commissions**

1) Breakdown by items

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Year on year	
			Increase/ (Decrease)	Comparison (%)
Brokerage commissions	32,466	27,193	(5,273)	83.8
Equities	26,784	17,487	(9,297)	65.3
Bonds	5,604	9,501	3,896	169.5
Underwriting and selling fees, and commissions from solicitation to qualifying investors	36,043	22,741	(13,302)	63.1
Equities	22,413	7,008	(15,404)	31.3
Bonds	13,347	15,408	2,061	115.4
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	26,846	25,161	(1,684)	93.7
Other commissions and fees	40,635	43,625	2,990	107.4
<b>Total</b>	<b>135,991</b>	<b>118,721</b>	<b>(17,269)</b>	<b>87.3</b>

2) Breakdown by instruments

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Year on year	
			Increase/ (Decrease)	Comparison (%)
Equities	51,339	25,094	(26,244)	48.9
Bonds	19,521	26,060	6,538	133.5
Beneficiary certificates	43,689	48,035	4,345	109.9
Other	21,441	19,531	(1,909)	91.1
<b>Total</b>	<b>135,991</b>	<b>118,721</b>	<b>(17,269)</b>	<b>87.3</b>

**2. Net gain on trading**

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012	Year on year	
			Increase/ (Decrease)	Comparison (%)
Equities, etc.	4,582	(5,021)	(9,604)	
Bonds, etc. • Others	8,041	13,766	5,725	171.2
Bonds, etc.	(1,628)	8,150	9,779	
Others	9,669	5,616	(4,053)	58.1
<b>Total</b>	<b>12,624</b>	<b>8,744</b>	<b>(3,879)</b>	<b>69.3</b>

### 3. Quarterly Consolidated Statements of Operations

(Millions of yen)

	Fourth quarter ended March 2011	First quarter ended June 2011	Second quarter ended September 2011	Third quarter ended December 2011	Fourth quarter ended March 2012
	Jan. 1, 2011 - Mar. 31, 2011	Apr. 1, 2011 - Jun. 30, 2011	Jul. 1, 2011 - Sep. 30, 2011	Oct. 1, 2011 - Dec. 31, 2011	Jan. 1, 2012 - Mar. 31, 2012
Operating revenues	42,694	57,551	60,376	48,857	61,730
Commissions	34,112	27,534	31,623	24,449	35,114
Brokerage commissions	9,803	6,873	6,150	5,210	8,958
Equities	8,565	4,984	4,114	2,622	5,765
Bonds	1,209	1,848	1,996	2,548	3,108
Underwriting and selling fees, and commissions from solicitation to qualifying investors	8,144	4,757	8,522	3,162	6,299
Equities	5,233	474	4,574	406	1,552
Bonds	2,860	4,281	3,750	2,681	4,694
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	6,832	7,434	5,353	5,560	6,813
Other commissions and fees	9,331	8,469	11,597	10,515	13,043
Net gain on trading	(21,477)	9,687	430	2,753	(4,125)
Equities, etc.	3,853	(2,064)	(8,374)	980	4,436
Bonds, etc. • Others	(25,331)	11,751	8,804	1,722	(8,562)
Bonds, etc.	(19,772)	8,706	(5,741)	6,139	(954)
Others	(5,558)	3,044	14,546	(4,367)	(7,608)
Net gain (loss) on operating investment securities	(8)	(1,637)	1,413	(491)	416
Interest and dividend income	30,067	21,967	26,909	22,146	30,326
Interest expenses	18,879	13,452	16,032	12,355	19,558
Net operating revenues	23,814	44,098	44,344	36,502	42,172
Selling, general and administrative expenses	60,000	55,131	55,344	52,889	55,037
Transaction-related expenses	9,693	9,320	10,305	9,850	11,197
Personnel expenses	27,702	25,025	24,487	23,655	22,799
Real estate expenses	6,825	6,888	7,240	7,088	7,474
Administrative expenses	5,826	5,127	4,559	4,261	4,335
Depreciation and amortization	6,109	5,512	5,599	4,983	5,077
Taxes and dues	1,270	1,095	842	818	773
Other	2,572	2,160	2,307	2,231	3,379
Operating income (loss)	(36,185)	(11,032)	(10,999)	(16,386)	(12,865)
Non-operating income	1,233	878	958	1,120	881
Non-operating expenses	375	540	278	400	1,130
Ordinary income (loss)	(35,328)	(10,694)	(10,320)	(15,667)	(13,114)
Extraordinary gain	256	190	279	55	239
Extraordinary loss	3,458	1,913	5,163	11,053	9,863
Income (loss) before income taxes and minority interests	(38,530)	(12,417)	(15,204)	(26,666)	(22,737)
Income taxes - current	(334)	224	799	(658)	1,714
Income taxes - deferred	(8,846)	(3,991)	2,343	10,927	8,075
Income (loss) before minority interests	(29,348)	(8,650)	(18,347)	(36,934)	(32,527)
Minority interests	(468)	(140)	(157)	(252)	(239)
Net income (loss)	(28,880)	(8,510)	(18,190)	(36,682)	(32,287)

. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
<b>Assets</b>		
Current assets		
Cash and bank deposits	325,808	120,089
Cash segregated as deposits for customers and others	101,074	54,676
Trading assets	6,494,813	7,405,021
Trading securities and others	5,761,206	6,489,752
Loans receivable	10,000	
Derivatives	723,607	915,269
Operating investment securities	28,129	26,954
Receivables related to margin transactions	42,866	49,948
Loans receivable under margin transactions	22,478	18,845
Cash collateral for borrowed securities under margin transactions	20,387	31,103
Collateralized short-term financing agreements-receivable	4,887,413	4,556,635
Deposits paid for securities borrowed	4,733,409	4,378,597
Securities purchased under agreements to resell	154,003	178,038
Advances paid	65	55
Advance payments for customers	14	28
Advance payments for others	50	27
Short-term guarantee deposits	60,819	103,903
Securities: fail to deliver	2,040	
Variation margin paid		7,237
Short-term loans receivable	57,839	49,757
Advance payments	233	1,145
Prepaid expenses	2,400	2,509
Accounts receivable-other	1,753	4,748
Accrued income	22,419	23,259
Deferred tax assets	12,286	11,471
Other current assets	28	2,051
Less: Allowance for doubtful accounts	(39)	(24)
Total current assets	12,039,952	12,419,439
Noncurrent assets		
Property and equipment		
Buildings	14,235	13,257
Equipment	6,215	5,437
Land	6,416	6,803
Leased assets	1,209	858
Leased assets	393	157
Intangible assets	23,729	24,391
Software	23,373	24,056
House leasehold rights	84	65
Telephone subscription rights	271	269
Investments and other assets	221,383	225,481
Investment securities	24,574	19,106
Investments in subsidiaries and affiliates	138,567	166,277
Long-term loans receivable to subsidiaries and affiliates		4,885
Long-term guarantee deposits	13,565	13,376
Long-term prepaid expenses	1,934	1,475
Deferred tax assets	31,939	9,384
Other	14,177	14,380
Less: Allowance for doubtful accounts	(3,374)	(3,404)
Total noncurrent assets	259,348	263,131
<b>Total assets</b>	12,299,300	12,682,570

As of March 31, 2011      As of March 31, 2012

<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading liabilities	3,791,467	4,129,564
Trading securities and others	3,184,530	3,286,020
Derivatives	606,936	843,543
Payables – unsettled trades	144,389	230,594
Payables related to margin transactions	23,083	15,559
Borrowings on margin transactions	9,889	1,927
Cash collateral for loaned securities under margin transactions	13,193	13,631
Collateralized short-term financing agreements-payable	2,425,765	2,821,691
Deposits received for securities loaned	1,750,751	1,271,673
Securities sold under agreements to repurchase	675,013	1,550,017
Deposits received	63,318	54,603
Deposits from customers	40,892	36,246
Deposits for subscription		6
Deposits for others	22,425	18,350
Guarantee deposits received	63,136	83,003
Securities: fail to receive	1,884	
Variation margin received	4,939	
Short-term borrowings	3,745,572	3,547,031
Commercial paper	484,100	333,300
Bonds and notes due within one year	31,970	46,755
Lease obligations	608	332
Advances received	393	533
Accounts payable-other	1,050	2,784
Accrued expenses	19,279	20,918
Income taxes payable	768	631
Accrued employees' bonuses	6,050	3,803
Provision for bonus point redemption	440	373
Other current liabilities	1,041	7,149
	<b>Total current liabilities</b>	<b>10,809,261</b>
<b>Noncurrent liabilities</b>		
Bonds and notes	390,642	376,885
Long-term borrowings	405,343	349,400
Long-term borrowings from subsidiaries and affiliates	194,100	228,500
Lease obligations	505	147
Provision for retirement benefits	13,206	11,471
Other noncurrent liabilities	1,268	1,251
	<b>Total noncurrent liabilities</b>	<b>1,005,065</b>
<b>Statutory reserves</b>		
Reserve for financial instruments transaction liabilities	1,173	1,013
	<b>Total statutory reserves</b>	<b>1,173</b>
<b>Total liabilities</b>	<b>11,815,500</b>	<b>12,267,300</b>

(Millions of yen)

	As of March 31, 2011	As of March 31, 2012
<b>Net assets</b>		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus		
Additional paid in capital	380,194	380,194
Other capital surplus	31,171	23,069
Total capital surplus	411,366	403,264
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(51,032)	(117,433)
Total retained earnings	(51,032)	(117,433)
Treasury stock	(7,367)	
Total shareholders' equity	478,134	410,998
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax	2,935	3,119
Net deferred gains or losses on hedges, net of tax	2,147	1,151
Total valuation and translation adjustments	5,083	4,271
Stock subscription rights	582	
<b>Total net assets</b>	<b>483,800</b>	<b>415,269</b>
<b>Total liabilities and net assets</b>	<b>12,299,300</b>	<b>12,682,570</b>



## 2. Non-consolidated Statements of Operations

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Operating revenues		
Commissions	107,690	82,351
Brokerage commissions	20,967	12,921
Underwriting and selling fees, and commissions from solicitation to qualifying investors	27,540	16,206
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	26,002	24,924
Other commissions and fees	33,179	28,298
Net gain on trading	37,782	21,857
Net gain (loss) on operating investment securities	(1,146)	(4,142)
Interest and dividend income	49,365	50,172
Total operating revenues	<u>193,692</u>	<u>150,238</u>
Interest expenses	<u>31,136</u>	<u>30,353</u>
Net operating revenues	<u>162,556</u>	<u>119,884</u>
Selling, general and administrative expenses	173,380	151,971
Transaction-related expenses	31,481	25,609
Personnel expenses	66,608	60,727
Real estate expenses	25,014	24,150
Administrative expenses	26,964	22,538
Depreciation and amortization	16,742	13,299
Taxes and dues	2,307	1,892
Provision of allowance for doubtful accounts	—	14
Other	4,262	3,738
Operating loss	<u>(10,824)</u>	<u>(32,086)</u>
Non-operating income	2,528	5,599
Dividend income	1,075	3,970
Other	1,453	1,628
Non-operating expenses	97	998
Ordinary loss	<u>(8,393)</u>	<u>(27,484)</u>
Extraordinary gain	1,311	2,010
Gain on sales of investment securities	609	1,850
Reversal of reserve for financial instruments transaction liabilities	687	160
Reversal of allowance for doubtful accounts	14	—
Extraordinary loss	90,113	16,430
Loss on disposal of noncurrent assets	660	1,070
Loss on sales of investment securities	433	1,082
Loss on impairment of investment securities	1,073	72
Loss on impairment of investments in subsidiaries and affiliates	85,832	1,821
Loss on impairment of golf club membership	57	14
Nonrecurring depreciation on noncurrent assets	1,626	—
Cumulative effect of adoption of accounting standard for asset retirement obligations	36	—
Loss on cancellation of system agreement	392	—
Impairment losses	—	512
Special retirement benefits	—	10,549
Merger expenses	—	1,307
Loss before income taxes	<u>(97,196)</u>	<u>(41,905)</u>
Income taxes-current	120	137
Income taxes-deferred	(5,103)	24,357
Total income taxes	<u>(4,983)</u>	<u>24,495</u>
Net loss	<u>(92,212)</u>	<u>(66,400)</u>

### 3. Non-consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity		
Common stock		
Balance at beginning of period	125,167	125,167
Changes during the period		
Total changes during the period		
Balance at end of period	<u>125,167</u>	<u>125,167</u>
Capital surplus		
Additional paid in capital		
Balance at beginning of period	380,194	380,194
Changes during the period		
Total changes during the period		
Balance at end of period	<u>380,194</u>	<u>380,194</u>
Other capital surplus		
Balance at beginning of period	31,117	31,171
Changes during the period		
Disposition of treasury stock	53	28
Retirement of treasury stock		(8,130)
Total changes during the period	<u>53</u>	<u>(8,101)</u>
Balance at end of period	<u>31,171</u>	<u>23,069</u>
Total capital surplus		
Balance at beginning of period	411,312	411,366
Changes during the period		
Disposition of treasury stock	53	28
Retirement of treasury stock		(8,130)
Total changes during the period	<u>53</u>	<u>(8,101)</u>
Balance at end of period	<u>411,366</u>	<u>403,264</u>
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at beginning of period	49,123	(51,032)
Changes during the period		
Dividends	(7,942)	
Net loss	(92,212)	(66,400)
Total changes during the period	<u>(100,155)</u>	<u>(66,400)</u>
Balance at end of period	<u>(51,032)</u>	<u>(117,433)</u>
Total retained earnings		
Balance at beginning of period	49,123	(51,032)
Changes during the period		
Dividends	(7,942)	
Net loss	(92,212)	(66,400)
Total changes during the period	<u>(100,155)</u>	<u>(66,400)</u>
Balance at end of period	<u>(51,032)</u>	<u>(117,433)</u>

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Treasury stock		
Balance at beginning of period	(7,449)	(7,367)
Changes during the period		
Acquisition of treasury stock	(28)	(985)
Disposition of treasury stock	110	222
Retirement of treasury stock		8,130
Total changes during the period	82	7,367
Balance at end of period	(7,367)	
Total shareholders' equity		
Balance at beginning of period	578,154	478,134
Changes during the period		
Dividends	(7,942)	
Net loss	(92,212)	(66,400)
Acquisition of treasury stock	(28)	(985)
Disposition of treasury stock	163	250
Retirement of treasury stock		
Total changes during the period	(100,019)	(67,135)
Balance at end of period	478,134	410,998
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax		
Balance at beginning of period	5,439	2,935
Changes during the period		
Net changes in items other than shareholders' equity	(2,504)	183
Total changes during the period	(2,504)	183
Balance at end of period	2,935	3,119
Net deferred hedge gain (loss), net of tax		
Balance at beginning of period	(535)	2,147
Changes during the period		
Net changes in items other than shareholders' equity	2,683	(996)
Total changes during the period	2,683	(996)
Balance at end of period	2,147	1,151
Total valuation and translation adjustments		
Balance at beginning of period	4,903	5,083
Changes during the period		
Net changes in items other than shareholders' equity	179	(812)
Total changes during the period	179	(812)
Balance at end of period	5,083	4,271
Stock subscription rights		
Balance at beginning of period	367	582
Changes during the period		
Net changes in items other than shareholders' equity	215	(582)
Total changes during the period	215	(582)
Balance at end of period	582	

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Total net assets		
Balance at beginning of period	583,425	483,800
Changes during the period		
Dividends	(7,942)	
Net loss	(92,212)	(66,400)
Acquisition of treasury stock	(28)	(985)
Disposition of treasury stock	163	250
Retirement of treasury stock		
Net changes in items other than shareholders' equity	394	(1,394)
Total changes during the period	(99,625)	(68,530)
Balance at end of period	483,800	415,269

#### 4. Note on the going-concern assumption

Not applicable

#### IV. Supplemental Information (Non-consolidated)

##### 1. Capital adequacy requirement ratio

(Millions of yen)

		As of March 31, 2011	As of March 31, 2012
Basic items	Total capital (A)	478,134	410,998
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	5,665	4,271
	Reserve for financial instruments transaction liabilities, etc.	1,173	1,013
	Allowance for doubtful accounts	39	23
	Subordinated long-term borrowings	108,000	72,900
	Subordinated short-term borrowings	200,300	271,458
	Total (B)	315,179	349,666
Deducted assets	(C)	249,627	275,269
Equity after deduction	(A) + (B) - (C) (D)	543,686	485,395
Amount equivalent to risk	Amount equivalent to market risk	68,493	103,254
	Amount equivalent to counterparty risk	30,488	32,788
	Amount equivalent to fundamental risk	46,569	42,095
	Total (E)	145,551	178,139
Capital adequacy requirement ratio	(D)/(E) * 100	373.5%	272.4%