



January 31, 2018

## Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2017 Under Japanese GAAP

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

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Preparation of supplemental explanatory documents: Yes

Holding of quarterly presentation meeting: No

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)

(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 |        | Ordinary income |        |
|-------------------|--------------------|--------|------------------------|--------|------------------|--------|-----------------|--------|
|                   | millions of yen    | %      | millions of yen        | %      | millions of yen  | %      | millions of yen | %      |
| Nine months ended |                    |        |                        |        |                  |        |                 |        |
| December 31, 2017 | 279,213            | (14.4) | 227,286                | (19.3) | 31,432           | (47.5) | 31,627          | (48.0) |
| December 31, 2016 | 326,046            | (8.4)  | 281,672                | (10.6) | 59,924           | (10.0) | 60,791          | (8.2)  |

(Note) Comprehensive income: December 31, 2017: 31,773 million yen (-82.4%)  
December 31, 2016: 180,298 million yen (264.6%)

|                   | Net income attributable to owners of parent |        | Net income per share | Net income per share - fully diluted |
|-------------------|---|--------|----------------------|--------------------------------------|
|                   | millions of yen                             | %      | yen                  | yen                                  |
| Nine months ended |   |        |                      |                                      |
| December 31, 2017 | 24,059                                      | (86.4) | 11.94                | —                                    |
| December 31, 2016 | 176,437                                     | 250.3  | 87.56                | —                                    |

#### (2) Consolidated financial positions

|                   | Total assets    | Net assets      | Equity ratio |
|-------------------|-----------------|-----------------|--------------|
|                   | millions of yen | millions of yen | %            |
| December 31, 2017 | 14,368,009      | 901,700         | 6.2          |
| March 31, 2017    | 13,403,230      | 898,611         | 6.6          |

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

December 31, 2017: 894,179 million yen

March 31, 2017: 888,812 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) Application of specific accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) 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

(4) Number of outstanding shares (common stock)

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

December 31, 2017: 2,015,102,652 shares

March 31, 2017: 2,015,102,652 shares

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

December 31, 2017: - shares

March 31, 2017: - shares

3) Average number of outstanding shares for the nine months:

Nine Months Ended December 31, 2017 2,015,102,652 shares

Nine Months Ended December 31, 2016 2,015,102,652 shares

\* Other important matters

Not applicable

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# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

|   | As of March 31, 2017 | As of December 31, 2017 |
|---|----------------------|-------------------------|
| <b>Assets</b>   |                      |                         |
| Current assets  |                      |                         |
| Cash and bank deposits  | 378,334              | 534,156                 |
| Cash segregated as deposits for customers and others              | 240,279              | 294,602                 |
| Trading assets  | 5,751,602            | 6,917,091               |
| Trading securities and others                                     | 3,204,715            | 4,364,780               |
| Derivatives   | 2,546,887            | 2,552,310               |
| Receivables - unsettled trades                                    | 74,011               | 1,301                   |
| Operating investment securities                                   | 43,021               | 48,491                  |
| Operating loans receivable  | 9,676                | 8,383                   |
| Receivables related to margin transactions                        | 98,324               | 69,478                  |
| Loans receivable under margin transactions                        | 37,276               | 40,416                  |
| Cash collateral for borrowed securities under margin transactions | 61,048               | 29,062                  |
| Collateralized short-term financing agreements-receivable         | 5,967,330            | 5,705,126               |
| Deposits paid for securities borrowed                             | 3,506,714            | 2,967,412               |
| Securities purchased under agreements to resell                   | 2,460,615            | 2,737,714               |
| Advances paid   | 809                  | 971                     |
| Securities: fail to deliver                                       | 51,337               | 38,875                  |
| Short-term loans receivable                                       | 6,855                | 6,688                   |
| Securities  | 27                   | 1,411                   |
| Deferred tax assets   | 15,653               | 14,267                  |
| Other current assets  | 524,051              | 480,054                 |
| Less: Allowance for doubtful accounts                             | (62)                 | (61)                    |
| Total current assets  | 13,161,255           | 14,120,842              |
| Noncurrent assets   |                      |                         |
| Property and equipment  | 39,951               | 33,308                  |
| Intangible assets   | 94,446               | 95,784                  |
| Investments and other assets                                      | 107,577              | 118,075                 |
| Investment securities   | 67,750               | 78,413                  |
| Long-term guarantee deposits                                      | 12,917               | 12,486                  |
| Net defined benefit asset   | 20,772               | 21,756                  |
| Deferred tax assets   | 857                  | 913                     |
| Other   | 8,861                | 8,027                   |
| Less: Allowance for doubtful accounts                             | (3,583)              | (3,522)                 |
| Total noncurrent assets   | 241,974              | 247,167                 |
| <b>Total assets</b>   | <b>13,403,230</b>    | <b>14,368,009</b>       |

(Millions of yen)

As of March 31, 2017 As of December 31, 2017

| <b>Liabilities</b>  |                   |                   |
|---|-------------------|-------------------|
| <b>Current liabilities</b>                                      |                   |                   |
| Trading liabilities   | 4,434,285         | 4,423,927         |
| Trading securities and others                                   | 1,804,288         | 1,913,133         |
| Derivatives   | 2,629,997         | 2,510,793         |
| Payables related to margin transactions                         | 55,689            | 39,835            |
| Borrowings on margin transactions                               | 8,231             | 7,195             |
| Cash collateral for loaned securities under margin transactions | 47,457            | 32,640            |
| Collateralized short-term financing agreements-payable          | 5,451,881         | 6,175,640         |
| Deposits received for securities loaned                         | 1,255,797         | 2,029,331         |
| Securities sold under agreements to repurchase                  | 4,196,083         | 4,146,308         |
| Deposits received   | 268,646           | 318,829           |
| Guarantee deposits received                                     | 202,072           | 232,488           |
| Securities: fail to receive                                     | 31,682            | 9,577             |
| Short-term borrowings   | 811,535           | 847,292           |
| Commercial paper  | 111,300           | 236,300           |
| Bonds and notes due within one year                             | 142,932           | 166,822           |
| Lease obligations   | 376               | 380               |
| Income taxes payable  | 1,942             | 5,483             |
| Accrued employees' bonuses                                      | 23,812            | 13,909            |
| Provision for variable compensation                             | 855               | 715               |
| Provision for bonus point redemption                            | 596               | 540               |
| Other current liabilities                                       | 39,116            | 39,706            |
| <b>Total current liabilities</b>                                | <b>11,576,726</b> | <b>12,511,449</b> |
| <b>Noncurrent liabilities</b>                                   |                   |                   |
| Bonds and notes   | 661,575           | 635,688           |
| Long-term borrowings  | 233,500           | 283,500           |
| Lease obligations   | 587               | 322               |
| Deferred tax liabilities  | 5,507             | 8,896             |
| Provision for directors' retirement benefits                    | 212               | 171               |
| Provision for executive officers' retirement benefits           | 136               | 118               |
| Net defined benefit liability                                   | 21,678            | 21,443            |
| Other noncurrent liabilities                                    | 2,386             | 2,433             |
| <b>Total noncurrent liabilities</b>                             | <b>925,583</b>    | <b>952,574</b>    |
| <b>Statutory reserves</b>                                       |                   |                   |
| Reserve for financial instruments transaction liabilities       | 2,309             | 2,285             |
| <b>Total statutory reserves</b>                                 | <b>2,309</b>      | <b>2,285</b>      |
| <b>Total liabilities</b>  | <b>12,504,619</b> | <b>13,466,309</b> |

(Millions of yen)

As of March 31, 2017 As of December 31, 2017

|   | As of March 31, 2017 | As of December 31, 2017 |
|---|----------------------|-------------------------|
| <b>Net assets</b>   |                      |                         |
| Shareholders' equity  |                      |                         |
| Common stock  | 125,167              | 125,167                 |
| Capital surplus   | 357,794              | 357,896                 |
| Retained earnings   | 442,677              | 440,540                 |
| Total shareholders' equity  | <u>925,639</u>       | <u>923,604</u>          |
| Accumulated other comprehensive income (loss)                         |                      |                         |
| Net unrealized gains on (operating) investment securities, net of tax | 21,529               | 29,339                  |
| Foreign currency translation adjustments                              | (61,703)             | (61,816)                |
| Remeasurement of defined benefit plans                                | 3,346                | 3,052                   |
| Total accumulated other comprehensive income (loss)                   | <u>(36,827)</u>      | <u>(29,424)</u>         |
| Non-controlling interests   | <u>9,799</u>         | <u>7,520</u>            |
| <b>Total net assets</b>   | <u>898,611</u>       | <u>901,700</u>          |
| <b>Total liabilities and net assets</b>                               | <u>13,403,230</u>    | <u>14,368,009</u>       |

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statements of Income  
For the nine months ended December 31, 2016 and 2017

|   | (Millions of yen)                      |  |
|---|--|--|
|   | Nine months ended<br>December 31, 2016 | Nine months ended<br>December 31, 2017 |
| Operating revenues  |  |  |
| Commissions   | 150,954                                | 125,605                                |
| Brokerage commissions   | 32,754                                 | 27,941                                 |
| Underwriting and selling fees, and commissions from solicitation to<br>qualifying investors                     | 35,813                                 | 21,905                                 |
| Offering, selling, and other commissions and fees, and commissions from<br>solicitation to qualifying investors | 24,079                                 | 31,417                                 |
| Other commissions and fees  | 58,307                                 | 44,341                                 |
| Net gain on trading   | 124,815                                | 85,659                                 |
| Net gain on operating investment securities   | 301                                    | 10,456                                 |
| Interest and dividend income  | 49,974                                 | 57,491                                 |
| Total operating revenues  | <u>326,046</u>                         | <u>279,213</u>                         |
| Interest expenses   | 44,374                                 | 51,927                                 |
| Net operating revenues  | <u>281,672</u>                         | <u>227,286</u>                         |
| Selling, general and administrative expenses  | 221,747                                | 195,854                                |
| Transaction-related expenses  | 45,267                                 | 34,419                                 |
| Personnel expenses  | 97,978                                 | 87,630                                 |
| Real estate expenses  | 24,141                                 | 23,429                                 |
| Administrative expenses   | 23,628                                 | 22,847                                 |
| Depreciation and amortization   | 19,019                                 | 19,905                                 |
| Taxes and dues  | 2,634                                  | 3,820                                  |
| Provision of allowance for doubtful accounts  | (5)                                    | (26)                                   |
| Other   | 9,083                                  | 3,828                                  |
| Operating income  | <u>59,924</u>                          | <u>31,432</u>                          |
| Non-operating income  | 2,734                                  | 2,118                                  |
| Non-operating expenses  | 1,867                                  | 1,922                                  |
| Ordinary income   | <u>60,791</u>                          | <u>31,627</u>                          |
| Extraordinary gain  | 100,077                                | 2,317                                  |
| Gain on sales of noncurrent assets  | 25                                     | 1,215                                  |
| Gain on sales of investment securities  | 196                                    | 1,055                                  |
| Gain on sales of shares of subsidiaries and affiliates  | 99,855                                 | 41                                     |
| Reversal of reserve for financial instruments transaction liabilities   | —                                      | 5                                      |
| Extraordinary loss  | 1,234                                  | 2,305                                  |
| Loss on sales of noncurrent assets  | 3                                      | 90                                     |
| Loss on disposal of noncurrent assets   | 111                                    | 316                                    |
| Loss on sales of investment securities  | 14                                     | 19                                     |
| Loss on sales of shares of subsidiaries and affiliates  | 0                                      | —                                      |
| Loss on impairment of investment securities   | 58                                     | —                                      |
| Loss on impairment of golf club membership  | 6                                      | 0                                      |
| Impairment losses   | 98                                     | —                                      |
| Loss on software development  | —                                      | 1,789                                  |
| Head office transfer cost   | 612                                    | 87                                     |
| Cost incurred in opening of joint branches  | 50                                     | —                                      |
| Provision of reserve for financial instruments transaction liabilities  | 277                                    | —                                      |
| Income before income taxes and non-controlling interests  | <u>159,634</u>                         | <u>31,639</u>                          |
| Income taxes - current  | 6,493                                  | 6,023                                  |
| Income taxes - deferred   | (25,421)                               | 1,366                                  |
| Total income taxes  | <u>(18,928)</u>                        | <u>7,389</u>                           |
| Net income  | <u>178,562</u>                         | <u>24,249</u>                          |
| Net income attributable to non-controlling interests  | 2,125                                  | 190                                    |
| Net income attributable to owners of parent   | <u>176,437</u>                         | <u>24,059</u>                          |

Quarterly Consolidated Statements of Comprehensive Income  
For the nine months ended December 31, 2016 and 2017

(Millions of yen)

|   | Nine months ended<br>December 31, 2016 | Nine months ended<br>December 31, 2017 |
|---|--|--|
| Net income  | 178,562                                | 24,249                                 |
| Other comprehensive income (loss)   |  |  |
| Net unrealized gains on (operating) investment securities, net of tax               | 940                                    | 7,786                                  |
| Foreign currency translation adjustments  | 708                                    | 27                                     |
| Remeasurement of defined benefit plans  | 88                                     | (292)                                  |
| Share in other comprehensive income of affiliates accounted for using equity method | (1)                                    | 2                                      |
| Total other comprehensive income (loss)   | <u>1,735</u>                           | <u>7,524</u>                           |
| Comprehensive income  | <u>180,298</u>                         | <u>31,773</u>                          |
| (Breakdown)   |  |  |
| Attributable to:  |  |  |
| Owners of parent  | 179,125                                | 31,461                                 |
| Non-controlling interests   | 1,172                                  | 312                                    |



**(3) Note on the going-concern assumption**

Not applicable

**(4) Note on material changes in shareholders' equity**

Not applicable

**2. Supplemental Information****(1) Commissions**

## 1) Breakdown by items

(Millions of yen)

|  | Nine months ended<br>December 31, 2016 | Nine months ended<br>December 31, 2017 | Increase/(Decrease) |                   |
|--|--|--|---------------------|-------------------|
|  |  |  | Amount              | Percentage<br>(%) |
| Brokerage commissions  | 32,754                                 | 27,941                                 | (4,812)             | (14.7)            |
| Equities   | 27,400                                 | 26,960                                 | (440)               | (1.6)             |
| Bonds  | 4,809                                  | 657                                    | (4,151)             | (86.3)            |
| Underwriting and selling fees, and<br>commissions from solicitation to<br>qualifying investors                     | 35,813                                 | 21,905                                 | (13,907)            | (38.8)            |
| Equities   | 12,154                                 | 8,941                                  | (3,212)             | (26.4)            |
| Bonds  | 23,491                                 | 12,780                                 | (10,711)            | (45.6)            |
| Offering, selling, and other commissions<br>and fees, and commissions from<br>solicitation to qualifying investors | 24,079                                 | 31,417                                 | 7,337               | 30.5              |
| Other commissions and fees   | 58,307                                 | 44,341                                 | (13,966)            | (24.0)            |
| Total  | 150,954                                | 125,605                                | (25,349)            | (16.8)            |

## 2) Breakdown by instruments

(Millions of yen)

|                          | Nine months ended<br>December 31, 2016 | Nine months ended<br>December 31, 2017 | Increase/(Decrease) |                   |
|--------------------------|--|--|---------------------|-------------------|
|                          |  |  | Amount              | Percentage<br>(%) |
| Equities                 | 42,325                                 | 38,016                                 | (4,309)             | (10.2)            |
| Bonds                    | 42,325                                 | 36,066                                 | (6,258)             | (14.8)            |
| Beneficiary certificates | 43,787                                 | 34,489                                 | (9,297)             | (21.2)            |
| Others                   | 22,516                                 | 17,032                                 | (5,483)             | (24.4)            |
| Total                    | 150,954                                | 125,605                                | (25,349)            | (16.8)            |

**(2) Net gain on trading**

(Millions of yen)

|                      | Nine months ended<br>December 31, 2016 | Nine months ended<br>December 31, 2017 | Increase/(Decrease) |                   |
|----------------------|--|--|---------------------|-------------------|
|                      |  |  | Amount              | Percentage<br>(%) |
| Equities, etc.       | 28,313                                 | 18,812                                 | (9,500)             | (33.6)            |
| Bonds, etc. · Others | 96,502                                 | 66,847                                 | (29,655)            | (30.7)            |
| Total                | 124,815                                | 85,659                                 | (39,155)            | (31.4)            |

**(3) Capital adequacy requirement ratio****1) Consolidated base**

(Millions of yen)

|   |   | As of March 31, 2017 | As of December 31, 2017 |
|---|---|----------------------|-------------------------|
| Basic items                                     | Total capital (A)   | 847,516              | 869,307                 |
| Supplemental items                              | Net unrealized gains on (operating) investment securities, net of tax, etc. | 24,876               | 32,392                  |
|   | Reserve for financial instruments transaction liabilities, etc.             | 2,309                | 2,285                   |
|   | Allowance for doubtful accounts   | 62                   | 61                      |
|   | Subordinated long-term borrowings   | 26,000               | —                       |
|   | Subordinated short-term borrowings  | 199,000              | 90,000                  |
|   | Total (B)   | 252,248              | 124,739                 |
| Deducted assets                                 | (C)   | 204,548              | 209,750                 |
| Equity after deduction                          | (A) + (B) - (C) (D)   | 895,216              | 784,297                 |
| Amount equivalent to risk                       | Amount equivalent to market risk  | 120,233              | 127,313                 |
|   | Amount equivalent to counterparty risk                                      | 35,175               | 35,243                  |
|   | Amount equivalent to fundamental risk                                       | 74,502               | 67,261                  |
|   | Total (E)   | 229,911              | 229,818                 |
| Consolidated capital adequacy requirement ratio | (D)/(E) * 100   | 389.3%               | 341.2%                  |

**2) Non-consolidated base**

(Millions of yen)

|                                    |   | As of March 31, 2017 | As of December 31, 2017 |
|------------------------------------|---|----------------------|-------------------------|
| Basic items                        | Total capital (A)   | 812,797              | 833,233                 |
| Supplemental items                 | Net unrealized gains on (operating) investment securities, net of tax, etc. | 13,887               | 14,983                  |
|                                    | Reserve for financial instruments transaction liabilities, etc.             | 2,291                | 2,285                   |
|                                    | Allowance for doubtful accounts   | 6                    | 7                       |
|                                    | Subordinated long-term borrowings   | 26,000               | —                       |
|                                    | Subordinated short-term borrowings  | 199,000              | 90,000                  |
|                                    | Total (B)   | 241,185              | 107,275                 |
| Deducted assets                    | (C)   | 330,260              | 335,903                 |
| Equity after deduction             | (A) + (B) - (C) (D)   | 723,721              | 604,606                 |
| Amount equivalent to risk          | Amount equivalent to market risk  | 95,380               | 102,274                 |
|                                    | Amount equivalent to counterparty risk                                      | 25,080               | 22,805                  |
|                                    | Amount equivalent to fundamental risk                                       | 60,753               | 61,330                  |
|                                    | Total (E)   | 181,215              | 186,411                 |
| Capital adequacy requirement ratio | (D)/(E) * 100   | 399.3%               | 324.3%                  |

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

|  | Third quarter<br>ended<br>December 2016 | Fourth quarter<br>ended<br>March 2017 | First quarter<br>ended<br>June 2017 | Second quarter<br>ended<br>September 2017 | Third quarter<br>ended<br>December 2017 |
|--|---|---------------------------------------|-------------------------------------|---|---|
|  | Oct. 1, 2016-<br>Dec. 31, 2016          | Jan. 1, 2017 -<br>Mar. 31, 2017       | Apr. 1, 2017 -<br>Jun. 30, 2017     | Jul. 1, 2017 -<br>Sep. 30, 2017           | Oct. 1, 2017-<br>Dec. 31, 2017          |
| Operating revenues   | 92,021                                  | 99,663                                | 82,272                              | 103,189                                   | 93,751                                  |
| Commissions  | 40,170                                  | 46,614                                | 37,653                              | 42,116                                    | 45,835                                  |
| Brokerage commissions  | 10,895                                  | 8,846                                 | 8,828                               | 8,428                                     | 10,684                                  |
| Equities   | 10,387                                  | 8,646                                 | 8,508                               | 8,076                                     | 10,375                                  |
| Bonds  | 310                                     | 104                                   | 192                                 | 264                                       | 200                                     |
| Underwriting and selling fees, and commissions from solicitation to qualifying investors                     | 5,842                                   | 11,088                                | 5,411                               | 9,192                                     | 7,301                                   |
| Equities   | 2,611                                   | 5,142                                 | 1,860                               | 2,874                                     | 4,206                                   |
| Bonds  | 3,188                                   | 5,619                                 | 3,499                               | 6,268                                     | 3,012                                   |
| Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors | 10,106                                  | 10,716                                | 9,763                               | 9,560                                     | 12,092                                  |
| Other commissions and fees   | 13,325                                  | 15,963                                | 13,649                              | 14,934                                    | 15,757                                  |
| Net gain on trading  | 36,134                                  | 29,327                                | 27,201                              | 29,829                                    | 28,629                                  |
| Equities, etc.   | 18,770                                  | 5,952                                 | 5,485                               | 5,714                                     | 7,612                                   |
| Bonds, etc. · Others   | 17,364                                  | 23,374                                | 21,715                              | 24,115                                    | 21,016                                  |
| Net gain on operating investment securities  | 3,450                                   | 3,567                                 | 511                                 | 6,872                                     | 3,072                                   |
| Interest and dividend income   | 12,265                                  | 20,153                                | 16,906                              | 24,372                                    | 16,213                                  |
| Interest expenses  | 14,215                                  | 15,343                                | 14,858                              | 20,828                                    | 16,240                                  |
| Net operating revenues   | 77,805                                  | 84,319                                | 67,414                              | 82,360                                    | 77,511                                  |
| Selling, general and administrative expenses   | 67,031                                  | 69,252                                | 61,532                              | 66,543                                    | 67,777                                  |
| Transaction-related expenses   | 12,264                                  | 11,511                                | 10,493                              | 11,345                                    | 12,581                                  |
| Personnel expenses   | 30,255                                  | 30,396                                | 27,163                              | 30,046                                    | 30,420                                  |
| Real estate expenses   | 7,877                                   | 8,470                                 | 7,530                               | 7,941                                     | 7,957                                   |
| Administrative expenses  | 8,085                                   | 9,464                                 | 7,003                               | 8,155                                     | 7,687                                   |
| Depreciation and amortization  | 6,616                                   | 6,678                                 | 6,519                               | 6,600                                     | 6,785                                   |
| Taxes and dues   | 888                                     | 820                                   | 1,401                               | 1,136                                     | 1,283                                   |
| Other  | 1,043                                   | 1,910                                 | 1,422                               | 1,317                                     | 1,062                                   |
| Operating income   | 10,774                                  | 15,067                                | 5,881                               | 15,817                                    | 9,733                                   |
| Non-operating income   | 755                                     | 1,249                                 | 888                                 | 499                                       | 730                                     |
| Non-operating expenses   | (72)                                    | 1,305                                 | 470                                 | 431                                       | 1,020                                   |
| Ordinary income  | 11,602                                  | 15,011                                | 6,298                               | 15,885                                    | 9,442                                   |
| Extraordinary gain   | 54,594                                  | 799                                   | 1,907                               | 86  | 323                                     |
| Extraordinary loss   | 265                                     | 1,918                                 | 133                                 | 1,664                                     | 507                                     |
| Income before income taxes and non-controlling interests   | 65,931                                  | 13,892                                | 8,072                               | 14,307                                    | 9,259                                   |
| Income taxes - current   | 2,471                                   | 565                                   | 1,273                               | 2,258                                     | 2,491                                   |
| Income taxes - deferred  | 17,436                                  | 904                                   | 1,343                               | 206                                       | (183)                                   |
| Net income   | 46,022                                  | 12,423                                | 5,455                               | 11,843                                    | 6,950                                   |
| Net income attributable to non-controlling interests   | 910                                     | 262                                   | 185                                 | (24)                                      | 29                                      |
| Net income attributable to owners of parent  | 45,111                                  | 12,160                                | 5,269                               | 11,868                                    | 6,921                                   |

### 3. (Reference) Quarterly Non-consolidated Financial Statements

#### (1) (Reference) Quarterly Non-consolidated Balance Sheets

(Millions of yen)

As of March 31, 2017 As of December 31, 2017

|   | As of March 31, 2017 | As of December 31, 2017 |
|---|----------------------|-------------------------|
| <b>Assets</b>   |                      |                         |
| Current assets  |                      |                         |
| Cash and bank deposits  | 249,691              | 398,949                 |
| Cash segregated as deposits for customers and others              | 230,214              | 289,448                 |
| Trading assets  | 5,019,291            | 6,066,572               |
| Trading securities and others                                     | 2,638,609            | 3,729,897               |
| Derivatives   | 2,380,682            | 2,336,675               |
| Receivables - unsettled trades                                    | 169,960              | —                       |
| Operating investment securities                                   | 21,762               | 24,292                  |
| Operating loans receivable  | 2,790                | —                       |
| Receivables related to margin transactions                        | 96,255               | 69,478                  |
| Loans receivable under margin transactions                        | 35,251               | 40,416                  |
| Cash collateral for borrowed securities under margin transactions | 61,003               | 29,062                  |
| Collateralized short-term financing agreements-receivable         | 3,821,571            | 3,421,041               |
| Deposits paid for securities borrowed                             | 3,506,714            | 2,967,412               |
| Securities purchased under agreements to resell                   | 314,856              | 453,629                 |
| Advances paid   | 191                  | 338                     |
| Securities: fail to deliver                                       | 28,695               | 13,167                  |
| Short-term loans receivable                                       | 22,459               | 38,674                  |
| Deferred tax assets   | 15,302               | 13,909                  |
| Other current assets  | 537,638              | 482,581                 |
| Less: Allowance for doubtful accounts                             | (6)                  | (7)                     |
| Total current assets  | 10,215,819           | 10,818,447              |
| Noncurrent assets   |                      |                         |
| Property and equipment  | 15,087               | 14,841                  |
| Intangible assets   | 50,195               | 54,520                  |
| Investments and other assets                                      | 297,330              | 297,093                 |
| Investment securities   | 246,267              | 255,748                 |
| Long-term guarantee deposits                                      | 11,759               | 11,149                  |
| Prepaid pension cost  | 15,761               | 16,501                  |
| Deferred tax assets   | 3,815                | 1,466                   |
| Other   | 23,304               | 15,748                  |
| Less: Allowance for doubtful accounts                             | (3,578)              | (3,520)                 |
| Total noncurrent assets   | 362,614              | 366,456                 |
| <b>Total assets</b>   | <b>10,578,433</b>    | <b>11,184,903</b>       |

(Millions of yen)

As of March 31, 2017 As of December 31, 2017

| <b>Liabilities</b>  |                   |                   |
|---|-------------------|-------------------|
| <b>Current liabilities</b>  |                   |                   |
| Trading liabilities   | 3,771,283         | 3,308,611         |
| Trading securities and others   | 1,299,676         | 1,012,208         |
| Derivatives   | 2,471,607         | 2,296,403         |
| Payables - unsettled trades   | —                 | 400               |
| Payables related to margin transactions                               | 55,287            | 39,835            |
| Borrowings on margin transactions                                     | 7,871             | 7,195             |
| Cash collateral for loaned securities under margin transactions       | 47,415            | 32,640            |
| Collateralized short-term financing agreements-payable                | 3,727,318         | 4,558,078         |
| Deposits received for securities loaned                               | 1,255,986         | 2,029,617         |
| Securities sold under agreements to repurchase                        | 2,471,331         | 2,528,460         |
| Deposits received   | 234,622           | 284,344           |
| Guarantee deposits received   | 184,821           | 212,126           |
| Securities: fail to receive   | 12,844            | 3,205             |
| Short-term borrowings   | 716,603           | 755,644           |
| Commercial paper  | 111,300           | 236,300           |
| Bonds and notes due within one year                                   | 55,323            | 56,389            |
| Lease obligations   | 375               | 380               |
| Income taxes payable  | —                 | 2,198             |
| Accrued employees' bonuses  | 13,432            | 4,220             |
| Provision for variable compensation                                   | 855               | 715               |
| Provision for bonus point redemption                                  | 596               | 540               |
| Other current liabilities   | 28,513            | 26,331            |
| <b>Total current liabilities</b>                                      | <b>8,913,179</b>  | <b>9,489,323</b>  |
| <b>Noncurrent liabilities</b>   |                   |                   |
| Bonds and notes   | 554,903           | 540,251           |
| Long-term borrowings  | 233,500           | 283,500           |
| Lease obligations   | 494               | 234               |
| Provision for retirement benefits                                     | 19,536            | 19,485            |
| Other noncurrent liabilities  | 1,647             | 1,606             |
| <b>Total noncurrent liabilities</b>                                   | <b>810,081</b>    | <b>845,077</b>    |
| <b>Statutory reserves</b>   |                   |                   |
| Reserve for financial instruments transaction liabilities             | 2,291             | 2,285             |
| <b>Total statutory reserves</b>                                       | <b>2,291</b>      | <b>2,285</b>      |
| <b>Total liabilities</b>  | <b>9,725,551</b>  | <b>10,336,687</b> |
| <b>Net assets</b>   |                   |                   |
| <b>Shareholders' equity</b>   |                   |                   |
| Common stock  | 125,167           | 125,167           |
| Capital surplus   | 381,649           | 381,649           |
| Retained earnings   | 332,177           | 326,417           |
| <b>Total shareholders' equity</b>                                     | <b>838,993</b>    | <b>833,233</b>    |
| <b>Valuation and translation adjustments</b>                          |                   |                   |
| Net unrealized gains on (operating) investment securities, net of tax | 22,719            | 30,475            |
| Net deferred gains or losses on hedges, net of tax                    | (8,831)           | (15,492)          |
| <b>Total valuation and translation adjustments</b>                    | <b>13,887</b>     | <b>14,983</b>     |
| <b>Total net assets</b>   | <b>852,881</b>    | <b>848,216</b>    |
| <b>Total liabilities and net assets</b>                               | <b>10,578,433</b> | <b>11,184,903</b> |

**(2) (Reference) Quarterly Non-consolidated Statements of Income**

For the nine months ended December 31, 2016 and 2017

(Millions of yen)

|  | Nine months ended<br>December 31, 2016 | Nine months ended<br>December 31, 2017 |
|--|--|--|
| Operating revenues   |  |  |
| Commissions  | 108,818                                | 103,286                                |
| Net gain on trading  | 116,815                                | 77,392                                 |
| Net gain on operating investment securities                            | 512                                    | 2,373                                  |
| Interest and dividend income   | 28,355                                 | 48,666                                 |
| Total operating revenues   | 254,501                                | 231,719                                |
| Interest expenses  | 26,576                                 | 37,620                                 |
| Net operating revenues   | 227,925                                | 194,099                                |
| Selling, general and administrative expenses                           | 177,036                                | 173,723                                |
| Transaction-related expenses   | 38,757                                 | 35,934                                 |
| Personnel expenses   | 66,246                                 | 62,306                                 |
| Real estate expenses   | 19,581                                 | 19,452                                 |
| Administrative expenses  | 35,175                                 | 37,454                                 |
| Depreciation and amortization  | 12,653                                 | 12,826                                 |
| Taxes and dues   | 2,105                                  | 3,321                                  |
| Provision of allowance for doubtful accounts                           | (7)                                    | (23)                                   |
| Other  | 2,523                                  | 2,450                                  |
| Operating income   | 50,888                                 | 20,375                                 |
| Non-operating income   | 7,186                                  | 6,301                                  |
| Non-operating expenses   | 913                                    | 971                                    |
| Ordinary income  | 57,162                                 | 25,705                                 |
| Extraordinary gain   | 118,478                                | 1,836                                  |
| Gain on sales of noncurrent assets                                     | 24                                     | 63                                     |
| Gain on sales of investment securities                                 | 179                                    | 1,213                                  |
| Gain on sales of shares of subsidiaries and affiliates                 | 118,274                                | 553                                    |
| Reversal of reserve for financial instruments transaction liabilities  | —                                      | 5                                      |
| Extraordinary loss   | 1,686                                  | 2,142                                  |
| Loss on disposal of noncurrent assets                                  | 108                                    | 279                                    |
| Loss on sales of investment securities                                 | 15                                     | 6                                      |
| Loss on impairment of investment securities                            | —                                      | 50                                     |
| Loss on liquidation of subsidiaries and affiliates                     | 1,129                                  | —                                      |
| Loss on impairment of golf club membership                             | 6                                      | 0                                      |
| Impairment losses  | 98                                     | —                                      |
| Loss on software development   | —                                      | 1,805                                  |
| Cost incurred in opening of joint branches                             | 50                                     | —                                      |
| Provision of reserve for financial instruments transaction liabilities | 277                                    | —                                      |
| Income before income taxes   | 173,953                                | 25,400                                 |
| Income taxes – current   | 121                                    | 1,764                                  |
| Income taxes – deferred  | (15,737)                               | 3,198                                  |
| Total income taxes   | (15,616)                               | 4,963                                  |
| Net income   | 189,569                                | 20,436                                 |