



July 29, 2016

Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2016 Under Japanese GAAP

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Preparation of supplemental explanatory documents: Yes

Holding of quarterly presentation meeting: No

1. Consolidated Financial Results for the Three Months Ended June 30, 2016 (April 1, 2016 to June 30, 2016)

(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	%
Three months ended								
June 30, 2016	124,315	2.8	106,726	(2.4)	24,948	0.9	25,343	2.9
June 30, 2015	120,985	34.3	109,307	35.2	24,732	129.8	24,640	127.4

(Note) Comprehensive income: June 30, 2016: 3,427 million yen (-82.3 %)
June 30, 2015: 19,351 million yen (228.7 %)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted
	millions of yen	%	yen	yen
Three months ended				
June 30, 2016	9,467	(42.4)	4.70	-
June 30, 2015	16,445	161.8	8.16	-

(2) Consolidated financial positions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
June 30, 2016	22,329,283	724,824	3.1
March 31, 2016	20,659,503	739,645	3.5

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

June 30, 2016: 700,224 million yen

March 31, 2016: 714,377 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):

June 30, 2016:	2,015,102,652 shares
March 31, 2016:	2,015,102,652 shares

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

June 30, 2016:	- shares
March 31, 2016:	- shares

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

Three months ended June 30, 2016	2,015,102,652 shares
Three months ended June 30, 2015	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, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and bank deposits	468,021	624,375
Cash segregated as deposits for customers and others	175,926	188,438
Trading assets	7,587,509	8,785,743
Trading securities and others	4,595,554	5,073,094
Derivatives	2,991,955	3,712,649
Receivables - unsettled trades	153,682	—
Operating investment securities	39,886	41,857
Operating loans receivable	13,835	14,296
Receivables related to margin transactions	101,224	99,788
Loans receivable under margin transactions	56,392	51,294
Cash collateral for borrowed securities under margin transactions	44,832	48,493
Collateralized short-term financing agreements-receivable	11,144,682	11,647,168
Deposits paid for securities borrowed	3,698,505	3,805,140
Securities purchased under agreements to resell	7,446,177	7,842,028
Advances paid	2,044	2,601
Securities: fail to deliver	119,202	59,807
Short-term loans receivable	6,058	5,656
Securities	6,831	2,925
Deferred tax assets	13,045	9,313
Other current assets	586,598	612,985
Less: Allowance for doubtful accounts	(87)	(73)
Total current assets	20,418,463	22,094,887
Noncurrent assets		
Property and equipment	41,564	40,928
Intangible assets	93,390	94,466
Investments and other assets	106,084	99,001
Investment securities	68,605	61,063
Long-term guarantee deposits	13,432	13,240
Net defined benefit asset	16,745	17,010
Deferred tax assets	1,035	1,062
Other	9,904	10,202
Less: Allowance for doubtful accounts	(3,638)	(3,578)
Total noncurrent assets	241,039	234,396
Total assets	20,659,503	22,329,283

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Trading liabilities	5,550,897	6,295,601
Trading securities and others	2,630,040	2,660,464
Derivatives	2,920,857	3,635,137
Receivables - unsettled trades	—	398,249
Payables related to margin transactions	42,887	34,877
Borrowings on margin transactions	11,390	4,962
Cash collateral for loaned securities under margin transactions	31,496	29,915
Collateralized short-term financing agreements-payable	11,151,298	11,732,490
Deposits received for securities loaned	1,908,957	1,719,648
Securities sold under agreements to repurchase	9,242,340	10,012,842
Deposits received	164,745	207,861
Guarantee deposits received	525,163	572,224
Securities: fail to receive	17,012	38,593
Short-term borrowings	619,650	718,088
Commercial paper	513,700	371,300
Bonds and notes due within one year	143,009	172,605
Lease obligations	662	622
Income taxes payable	7,126	5,441
Deferred tax liabilities	3	5,490
Accrued employees' bonuses	32,077	11,828
Provision for variable compensation	790	993
Provision for bonus point redemption	623	684
Other current liabilities	71,361	57,447
Total current liabilities	<u>18,841,010</u>	<u>20,624,403</u>
Noncurrent liabilities		
Bonds and notes	620,666	613,030
Long-term borrowings	409,400	321,400
Lease obligations	858	872
Deferred tax liabilities	22,320	19,199
Provision for directors' retirement benefits	290	215
Provision for executive officers' retirement benefits	186	195
Net defined benefit liability	20,764	21,131
Other noncurrent liabilities	2,335	1,921
Total noncurrent liabilities	<u>1,076,822</u>	<u>977,965</u>
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,024	2,090
Total statutory reserves	<u>2,024</u>	<u>2,090</u>
Total liabilities	<u>19,919,857</u>	<u>21,604,459</u>

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,874	358,874
Retained earnings	272,310	263,547
Total shareholders' equity	<u>756,352</u>	<u>747,589</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax	21,115	16,108
Foreign currency translation adjustments	(64,240)	(64,593)
Remeasurement of defined benefit plans	1,149	1,120
Total accumulated other comprehensive income (loss)	<u>(41,974)</u>	<u>(47,365)</u>
Non-controlling interests	<u>25,268</u>	<u>24,599</u>
Total net assets	<u>739,645</u>	<u>724,824</u>
Total liabilities and net assets	<u>20,659,503</u>	<u>22,329,283</u>

(2) Quarterly Consolidated Statements of Income and Comprehensive IncomeQuarterly Consolidated Statements of Income
For the three months ended June 30, 2015 and 2016

	(Millions of yen)	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Operating revenues		
Commissions	65,118	54,643
Brokerage commissions	16,319	13,624
Underwriting and selling fees, and commissions from solicitation to qualifying investors	14,451	14,036
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	12,840	6,925
Other commissions and fees	21,506	20,056
Net gain on trading	32,036	44,350
Net gain (loss) on operating investment securities	5,630	(43)
Interest and dividend income	18,200	25,364
Total operating revenues	<u>120,985</u>	<u>124,315</u>
Interest expenses	<u>11,677</u>	<u>17,589</u>
Net operating revenues	<u>109,307</u>	<u>106,726</u>
Selling, general and administrative expenses	84,574	81,777
Transaction-related expenses	18,491	17,778
Personnel expenses	37,550	35,550
Real estate expenses	8,664	8,355
Administrative expenses	8,075	7,831
Depreciation and amortization	5,669	6,176
Taxes and dues	1,524	1,361
Provision of allowance for doubtful accounts	16	(64)
Other	4,581	4,788
Operating income	<u>24,732</u>	<u>24,948</u>
Non-operating income	909	1,390
Non-operating expenses	1,001	995
Ordinary income	<u>24,640</u>	<u>25,343</u>
Extraordinary gain	552	92
Gain on sales of noncurrent assets	—	4
Gain on sales of investment securities	552	8
Gain on sales of shares of subsidiaries and affiliates	—	78
Extraordinary loss	421	606
Loss on sales of noncurrent assets	8	—
Loss on disposal of noncurrent assets	29	6
Loss on sales of investment securities	5	14
Loss on sales of shares of subsidiaries and affiliates	—	0
Loss on impairment of investment securities	0	221
Loss on impairment of golf club membership	0	—
Impairment losses	59	—
Head office transfer cost	172	291
Cost incurred in opening of joint branches	—	5
Provision of reserve for financial instruments transaction liabilities	145	66
Income before income taxes and non-controlling interests	<u>24,771</u>	<u>24,829</u>
Income taxes – current	3,990	4,969
Income taxes – deferred	3,702	9,316
Total income taxes	<u>7,693</u>	<u>14,285</u>
Net income	<u>17,078</u>	<u>10,543</u>
Net income attributable to non-controlling interests	633	1,075
Net income attributable to owners of parent	<u>16,445</u>	<u>9,467</u>

Quarterly Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2015 and 2016

	(Millions of yen)	
	Three months ended June 30, 2015	Three months ended June 30, 2016
Net income	17,078	10,543
Other comprehensive income (loss)		
Net unrealized gains (losses) on (operating) investment securities, net of tax	1,758	(5,018)
Foreign currency translation adjustments	692	(2,067)
Remeasurement of defined benefit plans	(177)	(28)
Share in other comprehensive income of affiliates accounted for using equity method	—	(0)
Total other comprehensive income (loss)	<u>2,273</u>	<u>(7,115)</u>
Comprehensive income	<u>19,351</u>	<u>3,427</u>
(Breakdown)		
Attributable to:		
Owners of parent	18,203	4,077
Non-controlling interests	1,148	(649)

(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)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	16,319	13,624	(2,694)	(16.5)
Equities	11,742	9,188	(2,553)	(21.7)
Bonds	4,405	4,238	(166)	(3.8)
Underwriting and selling fees, and commissions from solicitation to qualifying investors	14,451	14,036	(415)	(2.9)
Equities	4,267	4,202	(65)	(1.5)
Bonds	10,129	9,756	(372)	(3.7)
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	12,840	6,925	(5,914)	(46.1)
Other commissions and fees	21,506	20,056	(1,450)	(6.7)
Total	65,118	54,643	(10,475)	(16.1)

2) Breakdown by instruments

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	17,323	14,174	(3,148)	(18.2)
Bonds	19,693	16,933	(2,759)	(14.0)
Beneficiary certificates	22,926	16,476	(6,449)	(28.1)
Others	5,175	7,058	1,882	36.4
Total	65,118	54,643	(10,475)	(16.1)

(2) Net gain on trading

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	11,779	(718)	(12,498)	—
Bonds, etc. · Others	20,256	45,069	24,813	122.5
Bonds, etc.	14,040	34,823	20,782	148.0
Others	6,215	10,246	4,031	64.9
Total	32,036	44,350	12,314	38.4

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

(Millions of yen)

		As of March 31, 2016	As of June 30, 2016
Basic items	Total capital (A)	699,225	705,682
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	22,265	17,228
	Reserve for financial instruments transaction liabilities, etc.	2,024	2,090
	Allowance for doubtful accounts	68	57
	Subordinated long-term borrowings	49,000	39,000
	Subordinated short-term borrowings	256,000	256,000
	Total (B)	329,357	314,377
Deducted assets	(C)	204,694	211,983
Equity after deduction	(A) + (B) - (C) (D)	823,888	808,077
Amount equivalent to risk	Amount equivalent to market risk	129,846	123,448
	Amount equivalent to counterparty risk	51,713	56,295
	Amount equivalent to fundamental risk	83,293	81,848
	Total (E)	264,853	261,591
Consolidated capital adequacy requirement ratio	(D)/(E) * 100	311.0%	308.9%

2) Non-consolidated base

(Millions of yen)

		As of March 31, 2016	As of June 30, 2016
Basic items	Total capital (A)	638,275	651,984
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	2,644	9,983
	Reserve for financial instruments transaction liabilities, etc.	2,005	2,072
	Allowance for doubtful accounts	13	11
	Subordinated long-term borrowings	49,000	39,000
	Subordinated short-term borrowings	256,000	256,000
	Total (B)	309,663	307,066
Deducted assets	(C)	331,633	344,653
Equity after deduction	(A) + (B) - (C) (D)	616,305	614,397
Amount equivalent to risk	Amount equivalent to market risk	92,356	86,451
	Amount equivalent to counterparty risk	29,077	33,836
	Amount equivalent to fundamental risk	59,682	60,029
	Total (E)	181,116	180,318
Capital adequacy requirement ratio	(D)/(E) * 100	340.2%	340.7%

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter ended June 2015	Second quarter ended September 2015	Third quarter ended December 2015	Fourth quarter ended March 2016	First quarter ended June 2016
	Apr. 1, 2015 - Jun. 30, 2015	Jul. 1, 2015 - Sep. 30, 2015	Oct. 1, 2015 - Dec. 31, 2015	Jan. 1, 2016 - Mar. 31, 2016	Apr. 1, 2016 - Jun. 30, 2016
Operating revenues	120,985	116,042	118,787	116,133	124,315
Commissions	65,118	59,870	64,781	54,385	54,643
Brokerage commissions	16,319	14,595	15,995	13,324	13,624
Equities	11,742	10,428	11,601	9,433	9,188
Bonds	4,405	3,876	4,178	3,643	4,238
Underwriting and selling fees, and commissions from solicitation to qualifying investors	14,451	15,315	16,707	13,434	14,036
Equities	4,267	5,092	6,544	5,504	4,202
Bonds	10,129	10,140	10,049	7,852	9,756
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	12,840	10,179	8,573	7,043	6,925
Other commissions and fees	21,506	19,779	23,504	20,583	20,056
Net gain on trading	32,036	29,716	28,024	38,356	44,350
Equities, etc.	11,779	3,821	8,615	2,852	(718)
Bonds, etc. · Others	20,256	25,894	19,408	35,504	45,069
Bonds, etc.	14,040	23,622	5,046	28,943	34,823
Others	6,215	2,271	14,362	6,560	10,246
Net gain (loss) on operating investment securities	5,630	8,387	3,655	(720)	(43)
Interest and dividend income	18,200	18,068	22,326	24,112	25,364
Interest expenses	11,677	13,430	15,655	15,940	17,589
Net operating revenues	109,307	102,612	103,132	100,193	106,726
Selling, general and administrative expenses	84,574	81,041	82,831	81,184	81,777
Transaction-related expenses	18,491	18,761	18,791	18,898	17,778
Personnel expenses	37,550	34,874	37,434	34,350	35,550
Real estate expenses	8,664	8,584	8,479	8,970	8,355
Administrative expenses	8,075	8,830	7,060	7,712	7,831
Depreciation and amortization	5,669	5,999	5,984	6,476	6,176
Taxes and dues	1,524	782	1,033	638	1,361
Other	4,597	3,208	4,047	4,137	4,723
Operating income	24,732	21,570	20,300	19,008	24,948
Non-operating income	909	1,638	(88)	976	1,390
Non-operating expenses	1,001	497	1,367	752	995
Ordinary income	24,640	22,711	18,844	19,232	25,343
Extraordinary gain	552	12,824	69	170	92
Extraordinary loss	421	603	812	1,587	606
Income before income taxes and non-controlling interests	24,771	34,933	18,101	17,815	24,829
Income taxes - current	3,990	2,510	3,409	8,055	4,969
Income taxes - deferred	3,702	9,670	2,498	(1,983)	9,316
Net income	17,078	22,752	12,194	11,743	10,543
Net income attributable to non-controlling interests	633	473	556	935	1,075
Net income attributable to owners of parent	16,445	22,278	11,637	10,807	9,467

3. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and bank deposits	283,049	347,513
Cash segregated as deposits for customers and others	170,684	183,960
Trading assets	5,990,021	7,132,075
Trading securities and others	3,115,313	3,566,531
Derivatives	2,874,707	3,565,544
Receivables - unsettled trades	27,923	—
Operating investment securities	19,010	19,542
Operating loans receivable	3,100	2,880
Receivables related to margin transactions	98,958	97,799
Loans receivable under margin transactions	54,181	49,356
Cash collateral for borrowed securities under margin transactions	44,776	48,442
Collateralized short-term financing agreements-receivable	3,949,642	4,091,745
Deposits paid for securities borrowed	3,718,958	3,858,472
Securities purchased under agreements to resell	230,684	233,273
Advances paid	107	755
Securities: fail to deliver	11,937	21,731
Short-term loans receivable	50,711	43,470
Deferred tax assets	8,735	5,565
Other current assets	404,314	462,149
Less: Allowance for doubtful accounts	(16)	(12)
Total current assets	11,018,181	12,409,176
Noncurrent assets		
Property and equipment	14,540	14,275
Intangible assets	42,370	45,482
Investments and other assets	308,153	305,931
Investment securities	241,992	234,634
Long-term guarantee deposits	12,216	12,020
Prepaid pension cost	15,020	15,207
Deferred tax assets	1,394	—
Other	41,163	47,645
Less: Allowance for doubtful accounts	(3,634)	(3,575)
Total noncurrent assets	365,065	365,689
Total assets	11,383,246	12,774,865

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Trading liabilities	4,445,062	5,124,854
Trading securities and others	1,642,885	1,632,937
Derivatives	2,802,176	3,491,917
Receivables - unsettled trades	—	420,857
Payables related to margin transactions	42,278	34,391
Borrowings on margin transactions	10,835	4,527
Cash collateral for loaned securities under margin transactions	31,443	29,864
Collateralized short-term financing agreements-payable	3,861,722	4,221,597
Deposits received for securities loaned	1,909,797	1,720,708
Securities sold under agreements to repurchase	1,951,925	2,500,889
Deposits received	136,356	175,516
Guarantee deposits received	154,013	195,464
Securities: fail to receive	4,271	15,183
Short-term borrowings	479,403	570,948
Commercial paper	513,700	371,300
Bonds and notes due within one year	55,602	78,063
Lease obligations	377	379
Income taxes payable	4,400	2,240
Accrued employees' bonuses	13,217	4,543
Provision for variable compensation	790	993
Provision for bonus point redemption	623	684
Other current liabilities	31,422	23,134
Total current liabilities	<u>9,743,240</u>	<u>11,240,153</u>
Noncurrent liabilities		
Bonds and notes	548,766	527,147
Long-term borrowings	409,400	321,400
Lease obligations	857	771
Deferred tax liabilities	—	1,429
Provision for retirement benefits	18,034	18,432
Other noncurrent liabilities	1,885	1,491
Total noncurrent liabilities	<u>978,944</u>	<u>870,671</u>
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,005	2,072
Total statutory reserves	<u>2,005</u>	<u>2,072</u>
Total liabilities	<u>10,724,190</u>	<u>12,112,897</u>
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	381,649	381,649
Retained earnings	149,594	145,168
Total shareholders' equity	<u>656,411</u>	<u>651,984</u>
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax	21,626	16,812
Net deferred gains or losses on hedges, net of tax	(18,982)	(6,829)
Total valuation and translation adjustments	<u>2,644</u>	<u>9,983</u>
Total net assets	<u>659,056</u>	<u>661,968</u>
Total liabilities and net assets	<u>11,383,246</u>	<u>12,774,865</u>

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

For the three months ended June 30, 2015 and 2016

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Operating revenues		
Commissions	38,454	30,463
Net gain on trading	34,855	40,358
Net gain (loss) on operating investment securities	1,080	(162)
Interest and dividend income	5,411	8,325
Total operating revenues	79,801	78,985
Interest expenses	5,301	7,392
Net operating revenues	74,500	71,593
Selling, general and administrative expenses	57,488	55,731
Transaction-related expenses	12,748	11,586
Personnel expenses	21,816	20,697
Real estate expenses	6,451	6,315
Administrative expenses	11,005	10,910
Depreciation and amortization	3,403	3,998
Taxes and dues	1,073	1,218
Provision of allowance for doubtful accounts	20	(61)
Other	967	1,065
Operating income	17,012	15,861
Non-operating income	3,442	2,983
Non-operating expenses	209	411
Ordinary income	20,245	18,434
Extraordinary gain	320	184
Gain on sales of noncurrent assets	—	4
Gain on sales of investment securities	320	1
Gain on sales of shares of subsidiaries and affiliates	—	178
Extraordinary loss	394	309
Loss on sales of noncurrent assets	8	—
Loss on disposal of noncurrent assets	28	5
Loss on sales of investment securities	1	15
Loss on impairment of investment securities	0	216
Loss on impairment of shares of subsidiaries and affiliates	115	—
Loss on impairment of golf club membership	0	—
Impairment losses	59	—
Head office transfer cost	35	—
Cost incurred in opening of joint branches	—	5
Provision of reserve for financial instruments transaction liabilities	145	66
Income before income taxes	20,171	18,309
Income taxes – current	992	1,834
Income taxes – deferred	3,862	2,765
Total income taxes	4,855	4,600
Net income	15,316	13,709