



April 26, 2019

Summary of Consolidated Financial Statements for the Fiscal Year Ended March 31, 2019 Under Japanese GAAP

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

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

Representative: Koichi Iida, President

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

Preparation of supplemental explanatory documents: Yes

Holding of presentation meeting: No

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	%
Year ended March 31, 2019	381,531	0.0	283,891	(7.2)	21,217	(50.2)	22,754	(47.4)
Year ended March 31, 2018	381,474	(10.4)	306,072	(16.4)	42,620	(43.2)	43,260	(42.9)

(Note) Comprehensive income: March 31, 2019: -3,733 million yen (-%)
 March 31, 2018: 41,186 million yen (-78.9%)

	Net income attributable to owners of parent		Net income per share	Net income per share - fully diluted	Return on Equity
	millions of yen	%	yen	yen	%
Year ended March 31, 2019	4,377	(87.8)	2.17	—	0.5
Year ended March 31, 2018	35,751	(81.0)	17.74	—	4.0

Reference: Equity in net earnings of affiliated companies: Year ended March 31, 2019: 325 million yen
 Year ended March 31, 2018: 94 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, 2019	15,642,380	894,460	5.7	441.08
March 31, 2018	15,153,012	910,839	6.0	448.52

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

March 31, 2019: 888,823 million yen
March 31, 2018: 903,811 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, 2019:	2,015,102,652 shares
March 31, 2018:	2,015,102,652 shares

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

March 31, 2019:	- shares
March 31, 2018:	- shares

3) Average number of outstanding shares for the period:

March 31, 2019	2,015,102,652 shares
March 31, 2018	2,015,102,652 shares

* Note on the status of audit procedures

This summary of financial statements is not subject to certified public accountant's or audit firm's audits.

* Other important matters

Not applicable

**APPENDIX
[INDEX]**

I.	Consolidated Financial Statements	p.2
	1. Consolidated Balance Sheets	p.2
	2. Consolidated Statements of Income and Comprehensive Income	p.5
	3. Consolidated Statements of Changes in Shareholders' Equity	p.7
	4. Note on the going-concern assumption	p.9
	5. Significant accounting policies in the preparation of consolidated financial statements	p.9
	6. Change in presentation of financial statements	p.11
	7. Notes to Consolidated Financial Statements	p.12
	(Consolidated Balance Sheets)	p.12
	(Consolidated Statements of Changes in Shareholders' Equity)	p.12
	(Per share information)	p.13
II.	Supplemental Information (Consolidated)	p.14
	1. Commissions	p.14
	2. Net gain on trading	p.14
	3. Consolidated Capital Adequacy Requirement Ratio	p.15
	4. Quarterly Consolidated Statements of Income	p.16
III.	Non-consolidated Financial Statements	p.17
	1. Non-consolidated Balance Sheets	p.17
	2. Non-consolidated Statements of Income	p.20
	3. Non-consolidated Statements of Changes in Shareholders' Equity	p.21
	4. Note on the going-concern assumption	p.23
IV.	Supplemental Information (Non-consolidated)	p.23
	Capital adequacy requirement ratio	p.23

I. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and bank deposits	465,193	517,824
Cash segregated as deposits for customers and others	331,160	342,521
Trading assets	6,133,034	7,740,146
Trading securities and others	3,275,192	3,799,556
Derivatives	2,857,841	3,940,589
Operating investment securities	49,592	59,880
Operating loans receivable	7,332	11,532
Receivables related to margin transactions	127,764	34,162
Loans receivable under margin transactions	49,424	23,975
Cash collateral for borrowed securities under margin transactions	78,339	10,187
Collateralized short-term financing agreements-receivable	7,260,658	6,204,646
Deposits paid for securities borrowed	4,572,426	2,353,557
Securities purchased under agreements to resell	2,688,232	3,851,088
Advances paid	938	970
Securities: fail to deliver	47,204	36,088
Short-term loans receivable	6,653	1,613
Securities	1,696	85
Other current assets	471,316	473,851
Less: Allowance for doubtful accounts	(587)	(1,067)
Total current assets	14,901,957	15,422,257
Noncurrent assets		
Property and equipment	32,705	29,065
Buildings	13,328	11,329
Equipment	10,176	9,140
Land	9,080	8,595
Leased assets	119	—
Intangible assets	94,986	87,350
Software	66,716	63,211
Customer related assets	27,484	23,503
Other	785	635
Investments and other assets	123,362	103,707
Investment securities	72,742	51,511
Long-term loans receivable	66	57
Long-term guarantee deposits	12,436	12,064
Net defined benefit asset	24,030	24,418
Deferred tax assets	9,830	6,749
Other	7,740	12,394
Less: Allowance for doubtful accounts	(3,484)	(3,490)
Total noncurrent assets	251,054	220,123
Total assets	15,153,012	15,642,380

(Millions of yen)

As of March 31, 2018 As of March 31, 2019

Liabilities		
Current liabilities		
Trading liabilities	5,400,098	6,013,716
Trading securities and others	2,744,544	2,264,094
Derivatives	2,655,554	3,749,621
Payables - unsettled trades	64,631	39,128
Payables related to margin transactions	44,176	53,591
Borrowings on margin transactions	8,814	10,773
Cash collateral for loaned securities under margin transactions	35,361	42,818
Collateralized short-term financing agreements-payable	5,658,671	5,470,030
Deposits received for securities loaned	1,212,941	914,017
Securities sold under agreements to repurchase	4,445,730	4,556,012
Deposits received	297,058	315,662
Guarantee deposits received	219,771	359,172
Securities: fail to receive	21,048	30,528
Short-term borrowings	940,836	886,930
Commercial paper	334,200	333,200
Bonds and notes due within one year	157,942	135,292
Lease obligations	364	174
Income taxes payable	6,178	2,364
Accrued employees' bonuses	19,877	18,465
Provision for variable compensation	954	927
Provision for bonus point redemption	639	686
Other current liabilities	118,956	107,885
Total current liabilities	13,285,406	13,767,756
Noncurrent liabilities		
Bonds and notes	652,800	779,312
Long-term borrowings	277,000	173,000
Lease obligations	216	59
Deferred tax liabilities	146	11
Provision for directors' retirement benefits	187	193
Provision for executive officers' retirement benefits	129	152
Net defined benefit liability	21,648	21,860
Other noncurrent liabilities	2,276	3,099
Total noncurrent liabilities	954,405	977,690
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,361	2,473
Total statutory reserves	2,361	2,473
Total liabilities	14,242,173	14,747,920

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus	358,276	358,445
Retained earnings	452,233	444,011
Total shareholders' equity	<u>935,677</u>	<u>927,624</u>
Accumulated other comprehensive income (loss)		
Net unrealized gains on (operating) investment securities, net of tax	26,453	22,131
Foreign currency translation adjustments	(62,237)	(63,401)
Remeasurement of defined benefit plans	3,918	2,469
Total accumulated other comprehensive income (loss)	<u>(31,865)</u>	<u>(38,800)</u>
Non-controlling interests	<u>7,027</u>	<u>5,636</u>
Total net assets	<u>910,839</u>	<u>894,460</u>
Total liabilities and net assets	<u>15,153,012</u>	<u>15,642,380</u>

2. Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Operating revenues		
Commissions	168,429	167,998
Brokerage commissions	37,319	29,774
Underwriting and selling fees, and commissions from solicitation to qualifying investors	29,574	41,996
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	41,704	36,942
Other commissions and fees	59,831	59,284
Net gain on trading	124,225	101,382
Net gain on operating investment securities	10,069	7,704
Interest and dividend income	78,750	104,446
Total operating revenues	381,474	381,531
Interest expenses	75,401	97,640
Net operating revenues	306,072	283,891
Selling, general and administrative expenses	263,451	262,673
Transaction-related expenses	46,302	46,982
Personnel expenses	117,111	117,338
Real estate expenses	31,956	31,687
Administrative expenses	30,395	27,222
Depreciation and amortization	26,722	28,488
Taxes and dues	5,385	5,737
Provision of allowance for doubtful accounts	464	541
Other	5,114	4,675
Operating income	42,620	21,217
Non-operating income	3,284	3,208
Non-operating expenses	2,644	1,671
Ordinary income	43,260	22,754
Extraordinary gain	4,572	2,939
Gain on sales of noncurrent assets	1,214	1
Gain on sales of investment securities	3,315	2,937
Gain on sales of shares of subsidiaries and affiliates	41	—
Extraordinary loss	5,319	14,347
Loss on sales of noncurrent assets	90	6
Loss on disposal of noncurrent assets	369	1,583
Loss on sales of investment securities	19	291
Loss on impairment of investment securities	—	163
Loss on impairment of golf club membership	0	—
Impairment losses	2,895	9,555
Loss on software development	1,789	—
Head office transfer cost	83	—
Loss on computer system failure	—	732
Loss on business liquidation of subsidiaries and affiliates	—	1,901
Provision of reserve for financial instruments transaction liabilities	70	112
Income before income taxes and non-controlling interests	42,513	11,347
Income taxes – current	7,370	4,024
Income taxes – refund	—	(1,364)
Income taxes – deferred	(1,182)	5,412
Total income taxes	6,187	8,072
Net income	36,325	3,275
Net income attributable to non-controlling interests (loss)	573	(1,102)
Net income attributable to owners of parent	35,751	4,377

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net income	36,325	3,275
Other comprehensive income		
Net unrealized gains on (operating) investment securities, net of tax	4,881	(4,427)
Foreign currency translation adjustments	(610)	(1,109)
Remeasurement of defined benefit plans	589	(1,469)
Share in other comprehensive income of affiliates accounted for using equity method	1	(1)
Total other comprehensive income (loss)	4,861	(7,008)
Comprehensive income (loss)	41,186	(3,733)
(Breakdown)		
Attributable to:		
Owners of parent	40,713	(2,557)
Non-controlling interests	473	(1,176)

3. Consolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2018

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	125,167	357,794	442,677	925,639
Changes during the period				
Dividends of surplus			(26,196)	(26,196)
Net income attributable to owners of parent			35,751	35,751
Changes in treasury shares of parent arising from transactions with non-controlling shareholders		482		482
Net changes of items other than shareholders' equity				
Total changes during the period	—	482	9,555	10,038
Balance at end of period	125,167	358,276	452,233	935,677

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	21,529	(61,703)	3,346	(36,827)	9,799	898,611
Changes during the period						
Dividends of surplus						(26,196)
Net income attributable to owners of parent						35,751
Changes in treasury shares of parent arising from transactions with non-controlling shareholders						482
Net changes of items other than shareholders' equity	4,923	(534)	572	4,961	(2,772)	2,189
Total changes during the period	4,923	(534)	572	4,961	(2,772)	12,227
Balance at end of period	26,453	(62,237)	3,918	(31,865)	7,027	910,839

Year ended March 31, 2019

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	125,167	358,276	452,233	935,677
Changes during the period				
Dividends of surplus			(12,594)	(12,594)
Net income attributable to owners of parent			4,377	4,377
Changes in scope of consolidation			(5)	(5)
Changes in treasury shares of parent arising from transactions with non-controlling shareholders		168		168
Net changes of items other than shareholders' equity				
Total changes during the period	—	168	(8,222)	(8,053)
Balance at end of period	125,167	358,445	444,011	927,624

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Foreign currency translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	26,453	(62,237)	3,918	(31,865)	7,027	910,839
Changes during the period						
Dividends of surplus						(12,594)
Net income attributable to owners of parent						4,377
Changes in scope of consolidation						(5)
Changes in treasury shares of parent arising from transactions with non-controlling shareholders						168
Net changes of items other than shareholders' equity	(4,322)	(1,163)	(1,449)	(6,935)	(1,390)	(8,325)
Total changes during the period	(4,322)	(1,163)	(1,449)	(6,935)	(1,390)	(16,378)
Balance at end of period	22,131	(63,401)	2,469	(38,800)	5,636	894,460

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 (13 subsidiaries)

Mizuho International plc
Mizuho Securities Europe GmbH
Mizuho Bank (Switzerland) Ltd.
Mizuho Securities Asia Limited
Mizuho Securities (Singapore) Pte. Ltd.
Mizuho Securities India Private Limited
Mizuho Investment Consulting (Shanghai) Co., Ltd.
Mizuho Securities Principal Investment 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.
Other 1 company

Newly consolidated:

Mizuho Securities Europe GmbH

Excluded from the scope of consolidation:

Basic Capital Management Ltd.

2. Matters concerning the application of equity method

Equity-method affiliates (4 affiliates)

Neostella Capital Co., Ltd.
Mobile Internet Capital, Inc.
Other 2 companies

Excluded from the scope of consolidation:

MIC Asia Technology Limited Liability Fund

3. Matters related to the period of consolidated subsidiaries

The closing dates of consolidated subsidiaries are as follows:

March 31, 2019	12 subsidiaries
December 31, 2018	1 subsidiary

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

4. Matters related to the accounting policies

(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 (hereinafter, 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:

Other securities

a) 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.

b) 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 Act, 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 (excluding the leased assets)

Buildings are mainly depreciated using the straight-line method and Equipment is mainly depreciated using declining-balance 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) Provision for variable compensation

To prepare for the payments of performance payments and stock compensation to be paid as variable compensation within compensation for directors and executive officers, the estimated payment based on the standard amount regarding variable compensation of this consolidated fiscal year has been recorded.

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 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.

6) 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.

7) 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) Accounting for retirement benefits

1) Allocation of expected benefit payments

When calculating retirement benefits, the benefit formula method is used to allocate expected benefit payments to the period until this fiscal year end. Under the straight-line method for the retirement benefit payments calculation, the expected benefit divided by the total service years would be deemed as arising in each period.

2) Actuarial differences

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.

(5) 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 adjustments” and “Non-controlling interests”.

(6) 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) The method of fair value hedge is applied for forward foreign exchange transactions in order to minimize the risk of exchange-rate fluctuations for foreign-currency-denominated investment securities.

(7) Accounting for consumption tax

The tax exclusion method is applied.

(8) Application of the consolidated taxation system

The Company and some of its subsidiaries apply the consolidated taxation system from this consolidated fiscal year.

6. Change in presentation of financial statements

(Consolidated balance sheets)

The Company applied the partial amendments to “Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Statement No.28, February 16, 2018) from this consolidated fiscal year.

As a result, the Company changed the method to display deferred tax assets in the category of investments and other assets, and to display deferred tax liabilities in the category of noncurrent liabilities.

In the previous consolidated fiscal year, “Deferred tax assets” of “Current assets” is 14,554 million yen, “Deferred tax assets” of “Investments and other assets” is 830 million yen, and “Deferred tax liabilities” of “Noncurrent liabilities” is 5,702 million yen.

7. Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

	Year ended March 31, 2018	Year ended March 31, 2019 (Millions of yen)
1. Accumulated depreciation deducted from property and equipment	40,644	41,389
2. Obligations under guarantees (potential guarantee obligation)	781 (30)	60 (20)
3. The balance for affiliate companies is as follows:		
	March 31, 2018	March 31, 2019 (Millions of yen)
Investment Securities	373	439

(Consolidated Statements of Changes in Shareholders' Equity)

Fiscal Year Ended March 31, 2018 (April 1, 2017 - March 31, 2018)

1. Matters related to outstanding shares

(Thousands of shares)

	Shares as of April 1, 2017	Shares increased in this year	Shares decreased in this year	Shares as of March 31, 2018
Shares outstanding Common stock	2,015,102	—	—	2,015,102
Total	2,015,102	—	—	2,015,102

2. Matters related to treasury stock

Not applicable

Fiscal Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

1. Matters related to outstanding shares

(Thousands of shares)

	Shares as of April 1, 2018	Shares increased in this year	Shares decreased in this year	Shares as of March 31, 2019
Shares outstanding Common stock	2,015,102	—	—	2,015,102
Total	2,015,102	—	—	2,015,102

2. Matters related to treasury stock

Not applicable

(Per share information)

(Yen)

Year ended March 31, 2018		Year ended March 31, 2019	
Net assets per share	448.52	Net assets per share	441.08
Net income per share	17.74	Net income per share	2.17

(Notes)

1. Net income per share (diluted) was not shown due to no potential securities.

2. Net income per share was calculated based on the following:

	Year ended March 31, 2018	Year ended March 31, 2019
Net income attributable to owners of parent (Millions of yen)	35,751	4,377
Amount not attributable to common stock shareholders (Millions of yen)	—	—
Net income attributable to common stock owners of parent (Millions of yen)	35,751	4,377
Average number of common shares outstanding (Thousands of shares)	2,015,102	2,015,102

II. Supplemental Information (Consolidated)

1. Commissions

1) Breakdown by items

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Brokerage commissions	37,319	29,774	(7,544)	(20.2)
Equities	35,949	28,539	(7,410)	(20.6)
Bonds	856	822	(34)	(4.0)
Underwriting and selling fees, and commissions from solicitation to qualifying investors	29,574	41,996	12,421	42.0
Equities	14,460	21,837	7,376	51.0
Bonds	14,913	19,546	4,632	31.1
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	41,704	36,942	(4,761)	(11.4)
Other commissions and fees	59,831	59,284	(546)	(0.9)
Total	168,429	167,998	(431)	(0.3)

2) Breakdown by instruments

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Equities	54,709	55,899	1,190	2.2
Bonds	42,813	39,107	(3,706)	(8.7)
Beneficiary certificates	45,439	40,062	(5,376)	(11.8)
Other	25,467	32,928	7,461	29.3
Total	168,429	167,998	(431)	(0.3)

2. Net gain on trading

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Increase/(Decrease)	
			Amount	Percentage (%)
Equities, etc.	18,366	48,858	30,492	166.0
Bonds, etc. and others	105,859	52,523	(53,335)	(50.4)
Total	124,225	101,382	(22,842)	(18.4)

3. Consolidated Capital Adequacy Requirement Ratio

(Millions of yen)

		As of March 31, 2018	As of March 31, 2019
Basic items	Total capital (A)	867,860	865,313
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	30,372	24,600
	Reserve for financial instruments transaction liabilities, etc.	2,361	2,473
	Allowance for doubtful accounts	62	16
	Subordinated short-term borrowings	90,000	90,000
	Total (B)	122,795	117,090
Deducted assets	(C)	207,804	207,585
Equity after deduction	(A) + (B) - (C) (D)	782,851	774,817
Amount equivalent to risk	Amount equivalent to market risk	118,937	119,114
	Amount equivalent to counterparty risk	59,496	49,586
	Amount equivalent to fundamental risk	67,431	70,098
	Total (E)	245,865	238,798
Capital adequacy requirement ratio	(D)/(E) * 100	318.4%	324.4%

4. Quarterly Consolidated Statements of Income

(Millions of yen)

	Fourth quarter ended March 2018	First quarter ended June 2018	Second quarter ended September 2018	Third quarter ended December 2018	Fourth quarter ended March 2019
	Jan. 1, 2018 - Mar. 31, 2018	Apr. 1, 2018 - Jun. 30, 2018	Jul. 1, 2018 - Sep. 30, 2018	Oct. 1, 2018 - Dec. 31, 2018	Jan. 1, 2019 - Mar. 31, 2019
Operating revenues	102,260	92,756	109,661	90,728	88,384
Commissions	42,823	38,927	45,424	45,198	38,447
Brokerage commissions	9,377	8,058	8,102	7,168	6,445
Equities	8,989	7,812	7,767	6,816	6,143
Bonds	199	162	235	191	231
Underwriting and selling fees, and commissions from solicitation to qualifying investors	7,669	7,371	11,312	17,278	6,034
Equities	5,518	2,649	4,457	12,508	2,221
Bonds	2,133	4,636	6,473	4,751	3,684
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	10,286	9,877	11,002	7,772	8,290
Other commissions and fees	15,489	13,619	15,006	12,979	17,678
Net gain on trading	38,565	26,195	31,250	25,431	18,504
Equities, etc.	(446)	23,626	23,703	(1,115)	2,644
Bonds, etc. and others	39,011	2,568	7,547	26,547	15,860
Net gain (loss) on operating investment securities	(387)	4,284	1,951	874	593
Interest and dividend income	21,258	23,350	31,034	19,223	30,838
Interest expenses	23,474	19,766	26,226	22,221	29,425
Net operating revenues	78,785	72,990	83,435	68,506	58,959
Selling, general and administrative expenses	67,597	64,745	68,507	64,257	65,162
Transaction-related expenses	11,882	11,148	11,713	12,287	11,832
Personnel expenses	29,481	29,701	32,057	27,989	27,588
Real estate expenses	8,527	7,717	8,256	7,728	7,986
Administrative expenses	7,548	6,584	6,861	6,802	6,974
Depreciation and amortization	6,816	6,923	7,175	7,000	7,388
Taxes and dues	1,564	1,429	1,357	1,424	1,526
Other	1,776	1,240	1,084	1,024	1,866
Operating income	11,188	8,244	14,927	4,249	(6,203)
Non-operating income	1,166	1,161	846	422	779
Non-operating expenses	721	629	343	755	(56)
Ordinary income	11,632	8,775	15,430	3,915	(5,367)
Extraordinary gain	2,254	1,848	418	69	603
Extraordinary loss	3,013	33	1,397	485	12,430
Income before income taxes and non-controlling interests	10,873	10,590	14,452	3,499	(17,194)
Income taxes - current	1,347	561	2,491	1,202	(1,595)
Income taxes - deferred	(2,549)	2,176	(817)	187	3,866
Net income	12,075	7,852	12,778	2,109	(19,465)
Net income attributable to non-controlling interests	382	(166)	(709)	(116)	(109)
Net income attributable to owners of parent	11,692	8,019	13,488	2,225	(19,356)

III. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and bank deposits	294,441	388,516
Cash segregated as deposits for customers and others	323,923	335,712
Trading assets	4,923,373	6,061,110
Trading securities and others	2,493,898	3,064,131
Derivatives	2,429,474	2,996,979
Operating investment securities	25,362	28,640
Receivables related to margin transactions	127,764	34,162
Loans receivable under margin transactions	49,424	23,975
Cash collateral for borrowed securities under margin transactions	78,339	10,187
Collateralized short-term financing agreements-receivable	4,998,221	3,871,953
Deposits paid for securities borrowed	4,572,426	2,353,557
Securities purchased under agreements to resell	425,795	1,518,395
Advances paid	431	488
Advance payments for customers	398	454
Advance payments for others	32	34
Short-term guarantee deposits	404,739	387,042
Securities: fail to deliver	29,956	9,613
Variation margin paid	1,548	—
Short-term loans receivable	55,741	52,652
Advance payments	535	733
Prepaid expenses	2,978	3,208
Accounts receivable-other	21,697	7,082
Accrued income	27,406	35,006
Other current assets	6,538	1,410
Less: Allowance for doubtful accounts	(9)	(3)
Total current assets	11,244,651	11,217,332
Noncurrent assets		
Property and equipment	14,647	12,527
Buildings	5,704	4,673
Equipment	7,746	6,823
Land	1,076	1,030
Leased assets	119	—
Intangible assets	55,378	50,829
Software	54,632	50,233
House leasehold rights	57	51
Telephone subscription rights	486	486
Other intangible assets	201	58
Investments and other assets	317,378	315,137
Investment securities	52,626	45,575
Investments in subsidiaries and affiliates	199,441	199,101
Long-term loans receivable to subsidiaries and affiliates	7,985	14,360
Long-term guarantee deposits	11,202	10,966
Long-term prepaid expenses	2,468	6,947
Prepaid pension cost	16,716	18,616
Deferred tax assets	25,345	19,790
Other	5,074	5,329
Less: Allowance for doubtful accounts	(3,482)	(3,488)
Less: Allowance for possible losses on securities	—	(2,062)
Total noncurrent assets	387,404	378,493
Total assets	11,632,056	11,595,825

(Millions of yen)

As of March 31, 2018 As of March 31, 2019

Liabilities		
Current liabilities		
Trading liabilities	4,311,658	4,340,952
Trading securities and others	2,068,613	1,511,888
Derivatives	2,243,045	2,829,063
Payables - unsettled trades	62,243	36,888
Payables related to margin transactions	44,176	53,591
Borrowings on margin transactions	8,814	10,773
Cash collateral for loaned securities under margin transactions	35,361	42,818
Collateralized short-term financing agreements-payable	3,739,715	3,575,497
Deposits received for securities loaned	1,212,841	914,264
Securities sold under agreements to repurchase	2,526,874	2,661,233
Deposits received	267,579	308,251
Deposits from customers	237,044	258,976
Deposits for subscription	18	—
Deposits for others	30,517	49,274
Guarantee deposits received	198,003	297,472
Securities: fail to receive	2,930	2,064
Variation margin received	—	3,426
Short-term borrowings	833,668	773,484
Commercial paper	334,200	333,200
Bonds and notes due within one year	46,672	76,393
Lease obligations	364	174
Advances received	174	193
Accounts payable-other	961	1,812
Accrued expenses	33,127	34,869
Income taxes payable	3,984	2,220
Accrued employees' bonuses	9,563	9,359
Provision for variable compensation	954	927
Provision for bonus point redemption	639	686
Other current liabilities	187	497
	Total current liabilities	9,890,805
		9,851,965
Noncurrent liabilities		
Bonds and notes	571,334	679,688
Long-term borrowings	277,000	173,000
Lease obligations	139	—
Provision for retirement benefits	19,744	19,799
Other noncurrent liabilities	1,540	2,263
	Total noncurrent liabilities	869,758
		874,751
Statutory reserves		
Reserve for financial instruments transaction liabilities	2,361	2,473
	Total statutory reserves	2,361
		2,473
Total liabilities	10,762,925	10,729,189

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Common stock	125,167	125,167
Capital surplus		
Additional paid - in capital	285,831	285,831
Other capital surplus	95,817	95,817
Total capital surpluses	381,649	381,649
Retained earnings		
Other retained earnings		
Retained earnings brought forward	346,786	346,585
Total retained earnings	346,786	346,585
Total shareholders' equity	853,602	853,401
Valuation and translation adjustments		
Net unrealized gains on (operating) investment securities, net of tax	27,497	23,023
Net deferred gains or losses on hedges, net of tax	(11,969)	(9,789)
Total valuation and translation adjustments	15,527	13,233
Total net assets	869,130	866,635
Total liabilities and net assets	11,632,056	11,595,825

2. Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Operating revenues		
Commissions	142,534	151,810
Brokerage commissions	30,818	23,947
Underwriting and selling fees, and commissions from solicitation to qualifying investors	24,966	36,912
Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors	31,378	27,772
Other commissions and fees	55,370	63,177
Net gain on trading	114,858	93,568
Net gain on operating investment securities	2,300	5,287
Interest and dividend income	67,061	90,465
Total operating revenues	<u>326,755</u>	<u>341,131</u>
Interest expenses	<u>57,147</u>	<u>77,794</u>
Net operating revenues	<u>269,607</u>	<u>263,337</u>
Selling, general and administrative expenses	236,574	236,229
Transaction-related expenses	49,676	53,157
Personnel expenses	85,562	86,662
Real estate expenses	26,630	25,585
Administrative expenses	49,272	43,374
Depreciation and amortization	17,346	18,931
Taxes and dues	4,854	5,452
Provision of allowance for doubtful accounts	(58)	2
Other	3,290	3,064
Operating income	<u>33,032</u>	<u>27,107</u>
Non-operating income	6,947	9,044
Non-operating expenses	1,400	196
Ordinary income	<u>38,580</u>	<u>35,955</u>
Extraordinary gain	4,286	2,512
Gain on sales of noncurrent assets	63	1
Gain on sales of investment securities	3,668	2,511
Gain on sales of shares of subsidiaries and affiliates	553	—
Extraordinary loss	5,015	16,467
Loss on disposal of noncurrent assets	314	1,463
Loss on sales of investment securities	6	338
Loss on impairment of investment securities	60	163
Loss on impairment of golf club membership	0	—
Impairment losses	2,758	8,763
Loss on software development	1,805	—
Loss on computer system failure	—	410
Provision of allowance for possible losses on securities	—	5,215
Provision of reserve for financial instruments transaction liabilities	70	112
Income before income taxes	<u>37,850</u>	<u>22,000</u>
Income taxes - current	4,092	3,006
Income taxes - deferred	1,596	6,600
Total income taxes	<u>5,689</u>	<u>9,607</u>
Net income	<u>32,161</u>	<u>12,393</u>

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

Year ended March 31, 2018

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	Total Shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	
					Retained earnings brought forward	
Balance at beginning of period	125,167	285,831	95,817	381,649	332,177	838,993
Cumulative impact of changes in accounting policies					8,644	8,644
Balance at beginning of period after retroactive processing	125,167	285,831	95,817	381,649	340,821	847,637
Changes during the period						
Dividends of surplus					(26,196)	(26,196)
Net income					32,161	32,161
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	—	5,965	5,965
Balance at end of period	125,167	285,831	95,817	381,649	346,786	853,602

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Net deferred hedge gain (loss), net of tax	Total valuation and translation adjustments	
Balance at beginning of period	22,719	(8,831)	13,887	852,881
Cumulative impact of changes in accounting policies				8,644
Balance at beginning of period after retroactive processing	22,719	(8,831)	13,887	861,525
Changes during the period				
Dividends of surplus				(26,196)
Net income				32,161
Net changes of items other than shareholders' equity	4,777	(3,138)	1,639	1,639
Total changes during the period	4,777	(3,138)	1,639	7,604
Balance at end of period	27,497	(11,969)	15,527	869,130

Year ended March 31, 2019

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	Total Shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	
Retained earnings brought forward						
Balance at beginning of period	125,167	285,831	95,817	381,649	346,786	853,602
Changes during the period						
Dividends of surplus					(12,594)	(12,594)
Net income					12,393	12,393
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	—	(200)	(200)
Balance at end of period	125,167	285,831	95,817	381,649	346,585	853,401

(Millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on (operating) investment securities, net of tax	Net deferred hedge gain (loss), net of tax	Total valuation and translation adjustments	
Balance at beginning of period	27,497	(11,969)	15,527	869,130
Changes during the period				
Dividends of surplus				(12,594)
Net income				12,393
Net changes of items other than shareholders' equity	(4,474)	2,180	(2,293)	(2,293)
Total changes during the period	(4,474)	2,180	(2,293)	(2,494)
Balance at end of period	23,023	△9,789	13,233	866,635

4. Note on the going-concern assumption

Not applicable

IV. Supplemental Information (Non-consolidated)

Capital adequacy requirement ratio

(Millions of yen)

		As of March 31, 2018	As of March 31, 2019
Basic items	Total capital (A)	832,364	848,867
Supplemental items	Net unrealized gains on (operating) investment securities, net of tax, etc.	15,527	13,233
	Reserve for financial instruments transaction liabilities, etc.	2,361	2,473
	Allowance for doubtful accounts	9	3
	Subordinated short-term borrowings	90,000	90,000
	Total (B)	107,897	105,710
Deducted assets	(C)	334,296	356,513
Equity after deduction	(A) + (B) - (C) (D)	605,966	598,065
Amount equivalent to risk	Amount equivalent to market risk	93,750	86,849
	Amount equivalent to counterparty risk	48,354	36,241
	Amount equivalent to fundamental risk	61,801	65,700
	Total (E)	203,905	188,791
Capital adequacy requirement ratio	(D)/(E) * 100	297.1%	316.7%