



July 31, 2020

Summary of Consolidated Financial Statements for the Three Months Ended June 30, 2020 Under Japanese GAAP

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

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

Representative: Koichi Iida, President

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

Preparation of supplemental explanatory documents: Yes

Holding of quarterly presentation meeting: No

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(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, 2020 | 94,762 | 11.8 | 80,463 | 26.9 | 19,233 | 742.0 | 19,694 | 843.0 |
| June 30, 2019 | 84,729 | (8.7) | 63,418 | (13.1) | 2,284 | (72.3) | 2,088 | (76.2) |

(Note) Comprehensive income: June 30, 2020: 18,202 million yen (— %)

June 30, 2019: (8,535) million yen (— %)

| | 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, 2020 | 14,464 | 878.2 | 7.18 | — |
| June 30, 2019 | 1,478 | (81.6) | 0.73 | — |

(2) Consolidated financial positions

| | Total assets | Net assets | Equity ratio |
|----------------|-----------------|-----------------|--------------|
| | millions of yen | millions of yen | % |
| June 30, 2020 | 18,401,529 | 905,823 | 4.9 |
| March 31, 2020 | 17,642,714 | 895,187 | 5.1 |

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

June 30, 2020: 901,536 million yen

March 31, 2020: 890,983 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, 2020: 2,015,102,652 shares

March 31, 2020: 2,015,102,652 shares

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

June 30, 2020: - shares

March 31, 2020: - shares

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

Three Months Ended June 30, 2020 2,015,102,652 shares

Three Months Ended June 30, 2019 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, 2020 | As of June 30, 2020 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and bank deposits | 690,952 | 513,002 |
| Cash segregated as deposits for customers and others | 394,097 | 412,067 |
| Trading assets | 9,237,670 | 10,272,628 |
| Trading securities and others | 3,022,488 | 4,156,586 |
| Loans receivable | — | 1,162 |
| Derivatives | 6,215,182 | 6,114,879 |
| Operating investment securities | 71,007 | 72,857 |
| Operating loans receivable | 8,360 | 6,686 |
| Receivables related to margin transactions | 22,055 | 25,741 |
| Loans receivable under margin transactions | 20,172 | 20,825 |
| Cash collateral for borrowed securities under margin transactions | 1,883 | 4,915 |
| Collateralized short-term financing agreements - receivable | 6,271,788 | 6,250,531 |
| Deposits paid for securities borrowed | 2,131,439 | 2,045,004 |
| Securities purchased under agreements to resell | 4,140,349 | 4,205,527 |
| Advances paid | 1,421 | 745 |
| Securities: fail to deliver | 96,388 | 31,654 |
| Short-term loans receivable | 180 | 408 |
| Securities | 106 | 154 |
| Other current assets | 633,598 | 602,746 |
| Less: Allowance for doubtful accounts | (14) | (17) |
| Total current assets | 17,427,614 | 18,189,207 |
| Noncurrent assets | | |
| Property and equipment | 29,195 | 28,443 |
| Intangible assets | 90,141 | 86,773 |
| Investments and other assets | 95,762 | 97,105 |
| Investment securities | 47,424 | 54,652 |
| Long-term guarantee deposits | 11,690 | 11,804 |
| Net defined benefit asset | 23,299 | 23,582 |
| Deferred tax assets | 6,281 | 655 |
| Other | 10,504 | 9,839 |
| Less: Allowance for doubtful accounts | (3,436) | (3,429) |
| Total noncurrent assets | 215,099 | 212,321 |
| Total assets | 17,642,714 | 18,401,529 |

(Millions of yen)

| | As of March 31, 2020 | As of June 30, 2020 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Trading liabilities | 7,660,089 | 7,903,972 |
| Trading securities and others | 1,712,066 | 2,154,606 |
| Derivatives | 5,948,022 | 5,749,366 |
| Payables - unsettled trades | 27,941 | 212,945 |
| Payables related to margin transactions | 47,395 | 49,149 |
| Borrowings on margin transactions | 7,427 | 6,514 |
| Cash collateral for loaned securities under margin transactions | 39,968 | 42,634 |
| Collateralized short-term financing agreements - payable | 5,410,004 | 6,195,760 |
| Deposits received for securities loaned | 790,145 | 591,371 |
| Securities sold under agreements to repurchase | 4,619,858 | 5,604,388 |
| Deposits received | 350,259 | 381,692 |
| Guarantee deposits received | 413,931 | 413,589 |
| Securities: fail to receive | 82,308 | 23,026 |
| Short-term borrowings | 1,183,544 | 849,987 |
| Commercial paper | 319,000 | 299,000 |
| Bonds and notes due within one year | 202,359 | 218,525 |
| Income taxes payable | 3,143 | 1,734 |
| Accrued employees' bonuses | 22,255 | 8,375 |
| Provision for variable compensation | 816 | 1,021 |
| Provision for bonus point redemption | 487 | 137 |
| Other current liabilities | 147,623 | 119,026 |
| Total current liabilities | <u>15,871,160</u> | <u>16,677,944</u> |
| Noncurrent liabilities | | |
| Bonds and notes | 710,635 | 650,272 |
| Long-term borrowings | 135,600 | 137,400 |
| Lease obligations | 3,279 | 3,172 |
| Deferred tax liabilities | 26 | 6 |
| Provision for directors' retirement benefits | 65 | 54 |
| Provision for executive officers' retirement benefits | 92 | 56 |
| Net defined benefit liability | 20,631 | 20,817 |
| Other noncurrent liabilities | 3,524 | 3,474 |
| Total noncurrent liabilities | <u>873,856</u> | <u>815,254</u> |
| Statutory reserves | | |
| Reserve for financial instruments transaction liabilities | 2,509 | 2,506 |
| Total statutory reserves | <u>2,509</u> | <u>2,506</u> |
| Total liabilities | <u>16,747,526</u> | <u>17,495,705</u> |

(Millions of yen)

| | As of March 31, 2020 | As of June 30, 2020 |
|---|----------------------|---------------------|
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 125,167 | 125,167 |
| Capital surplus | 358,414 | 358,414 |
| Retained earnings | 460,906 | 467,804 |
| Total shareholders' equity | <u>944,488</u> | <u>951,386</u> |
| Accumulated other comprehensive income (loss) | | |
| Net unrealized gains on (operating) investment securities, net of tax, etc. | 19,511 | 24,344 |
| Foreign currency translation adjustments | (72,854) | (74,059) |
| Remeasurement of defined benefit plans | (161) | (136) |
| Total accumulated other comprehensive income (loss) | <u>(53,504)</u> | <u>(49,850)</u> |
| Non-controlling interests | <u>4,203</u> | <u>4,287</u> |
| Total net assets | <u>895,187</u> | <u>905,823</u> |
| Total liabilities and net assets | <u>17,642,714</u> | <u>18,401,529</u> |

(2) Quarterly Consolidated Statements of Income and Comprehensive IncomeQuarterly Consolidated Statements of Income
For the three months ended June 30, 2019 and 2020

| | (Millions of yen) | |
|--|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2019 | Three months ended June 30, 2020 |
| Operating revenues | | |
| Commissions | 37,248 | 42,432 |
| Brokerage commissions | 6,385 | 8,336 |
| Underwriting and selling fees, and commissions from solicitation to qualifying investors | 8,820 | 4,908 |
| Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors | 9,695 | 12,626 |
| Other commissions and fees | 12,346 | 16,560 |
| Net gain on trading | 21,870 | 32,639 |
| Net gain on operating investment securities | 1,882 | 1,358 |
| Interest and dividend income | 23,728 | 18,332 |
| Total operating revenues | 84,729 | 94,762 |
| Interest expenses | 21,311 | 14,299 |
| Net operating revenues | 63,418 | 80,463 |
| Selling, general and administrative expenses | 61,133 | 61,230 |
| Transaction-related expenses | 10,439 | 9,322 |
| Personnel expenses | 26,885 | 28,645 |
| Real estate expenses | 7,537 | 6,558 |
| Administrative expenses | 6,621 | 7,423 |
| Depreciation and amortization | 7,043 | 7,064 |
| Taxes and dues | 1,338 | 1,260 |
| Provision of allowance for doubtful accounts | (21) | (4) |
| Other | 1,288 | 958 |
| Operating income | 2,284 | 19,233 |
| Non-operating income | 535 | 931 |
| Non-operating expenses | 731 | 471 |
| Ordinary income | 2,088 | 19,694 |
| Extraordinary gain | 181 | 5 |
| Gain on sales of noncurrent assets | 18 | — |
| Gain on sales of investment securities | 161 | 1 |
| Reversal of reserve for financial instruments transaction liabilities | 0 | 3 |
| Extraordinary loss | 34 | 733 |
| Loss on sales of noncurrent assets | — | 4 |
| Loss on disposal of noncurrent assets | 8 | 6 |
| Loss on impairment of investment securities | 26 | — |
| Loss on impairment of golf club membership | — | 4 |
| Impairment losses | — | 630 |
| Head office transfer cost | — | 18 |
| Loss related to novel coronavirus disease | — | 69 |
| Income before income taxes and non-controlling interests | 2,234 | 18,966 |
| Income taxes - current | 358 | 897 |
| Income taxes - refund | (21) | — |
| Income taxes - deferred | 636 | 3,504 |
| Total income taxes | 973 | 4,401 |
| Net income | 1,261 | 14,565 |
| Net income (loss) attributable to non-controlling interests | (217) | 100 |
| Net income attributable to owners of parent | 1,478 | 14,464 |

Quarterly Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2019 and 2020

(Millions of yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 |
|--|-------------------------------------|-------------------------------------|
| Net income | 1,261 | 14,565 |
| Other comprehensive income (loss) | | |
| Net unrealized gains (losses) on (operating) investment securities, net of tax, etc. | (1,914) | 4,833 |
| Foreign currency translation adjustments | (7,736) | (1,222) |
| Remeasurement of defined benefit plans | (146) | (38) |
| Share in other comprehensive income of affiliates accounted for using equity method | — | 64 |
| Total other comprehensive income (loss) | (9,797) | 3,637 |
| Comprehensive income (loss) | (8,535) | 18,202 |
| (Breakdown) | | |
| Attributable to: | | |
| Owners of parent | (8,245) | 18,118 |
| Non-controlling interests | (289) | 83 |

(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, 2019 | Three months ended June 30, 2020 | Increase/(Decrease) | |
|--|-------------------------------------|-------------------------------------|---------------------|-------------------|
| | | | Amount | Percentage (%) |
| Brokerage commissions | 6,385 | 8,336 | 1,951 | 30.6 |
| Equities | 6,043 | 7,877 | 1,834 | 30.3 |
| Bonds | 238 | 244 | 6 | 2.5 |
| Underwriting and selling fees, and commissions from solicitation to qualifying investors | 8,820 | 4,908 | (3,912) | (44.4) |
| Equities | 2,556 | 414 | (2,142) | (83.8) |
| Bonds | 6,197 | 4,471 | (1,726) | (27.9) |
| Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors | 9,695 | 12,626 | 2,931 | 30.2 |
| Other commissions and fees | 12,346 | 16,560 | 4,213 | 34.1 |
| Total | 37,248 | 42,432 | 5,184 | 13.9 |

2) Breakdown by instruments

(Millions of yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 | Increase/(Decrease) | |
|--------------------------|-------------------------------------|-------------------------------------|---------------------|-------------------|
| | | | Amount | Percentage (%) |
| Equities | 9,441 | 10,680 | 1,238 | 13.1 |
| Bonds | 10,413 | 8,788 | (1,625) | (15.6) |
| Beneficiary certificates | 11,495 | 14,381 | 2,885 | 25.1 |
| Others | 5,897 | 8,582 | 2,684 | 45.5 |
| Total | 37,248 | 42,432 | 5,184 | 13.9 |

(2) Net gain on trading

(Millions of yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 | Increase/(Decrease) | |
|------------------------|-------------------------------------|-------------------------------------|---------------------|-------------------|
| | | | Amount | Percentage (%) |
| Equities, etc. | 5,381 | 12,111 | 6,729 | 125.1 |
| Bonds, etc. and others | 16,489 | 20,528 | 4,038 | 24.5 |
| Total | 21,870 | 32,639 | 10,768 | 49.2 |

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

(Millions of yen)

| | | As of March 31, 2020 | As of June 30, 2020 |
|---|---|-------------------------|------------------------|
| Basic items | (A) | 868,281 | 881,614 |
| Supplemental items | Net unrealized gains on (operating) investment securities, net of tax, etc. | 19,349 | 24,208 |
| | Reserve for financial instruments transaction liabilities, etc. | 2,509 | 2,506 |
| | Allowance for doubtful accounts | 11 | 13 |
| | Subordinated short-term borrowings | 90,000 | 90,000 |
| Total | (B) | 111,871 | 116,728 |
| Deducted assets | (C) | 210,790 | 204,912 |
| Equity after deduction | (A) + (B) - (C) (D) | 769,361 | 793,431 |
| Amount equivalent to risk | Amount equivalent to market risk | 145,058 | 127,260 |
| | Amount equivalent to counterparty risk | 52,173 | 64,477 |
| | Amount equivalent to fundamental risk | 70,595 | 69,333 |
| | Total | (E) | 267,827 |
| Consolidated capital adequacy requirement ratio | (D)/(E) * 100 | 287.2% | 303.9% |

2) Non-consolidated base

(Millions of yen)

| | | As of March 31, 2020 | As of June 30, 2020 |
|------------------------------------|---|-------------------------|------------------------|
| Basic items | (A) | 870,521 | 888,108 |
| Supplemental items | Net unrealized gains on (operating) investment securities, net of tax, etc. | 10,312 | 15,063 |
| | Reserve for financial instruments transaction liabilities, etc. | 2,509 | 2,506 |
| | Allowance for doubtful accounts | 5 | 7 |
| | Subordinated short-term borrowings | 90,000 | 90,000 |
| Total | (B) | 102,827 | 107,576 |
| Deducted assets | (C) | 358,404 | 368,243 |
| Equity after deduction | (A) + (B) - (C) (D) | 614,943 | 627,442 |
| Amount equivalent to risk | Amount equivalent to market risk | 99,942 | 91,629 |
| | Amount equivalent to counterparty risk | 40,628 | 50,502 |
| | Amount equivalent to fundamental risk | 66,966 | 67,678 |
| | Total | (E) | 207,537 |
| Capital adequacy requirement ratio | (D)/(E) * 100 | 296.3% | 299.0% |

(4) Quarterly Consolidated Statements of Income

(Millions of yen)

| | First quarter ended June 2019 | Second quarter ended September 2019 | Third quarter ended December 2019 | Fourth quarter ended March 2020 | First quarter ended June 2020 |
|--|-------------------------------------|---|---|---------------------------------------|-------------------------------------|
| | Apr. 1, 2019 - Jun. 30, 2019 | Jul. 1, 2019 - Sep. 30, 2019 | Oct. 1, 2019 - Dec. 31, 2019 | Jan. 1, 2020 - Mar. 31, 2020 | Apr. 1, 2020 - Jun. 30, 2020 |
| Operating revenues | 84,729 | 105,649 | 98,244 | 93,151 | 94,762 |
| Commissions | 37,248 | 41,860 | 41,182 | 41,325 | 42,432 |
| Brokerage commissions | 6,385 | 7,341 | 7,514 | 8,572 | 8,336 |
| Equities | 6,043 | 7,012 | 7,223 | 8,019 | 7,877 |
| Bonds | 238 | 214 | 208 | 337 | 244 |
| Underwriting and selling fees, and commissions from solicitation to qualifying investors | 8,820 | 10,744 | 8,196 | 6,390 | 4,908 |
| Equities | 2,556 | 2,637 | 2,663 | 3,001 | 414 |
| Bonds | 6,197 | 8,043 | 5,428 | 2,950 | 4,471 |
| Offering, selling, and other commissions and fees, and commissions from solicitation to qualifying investors | 9,695 | 10,035 | 10,873 | 9,545 | 12,626 |
| Other commissions and fees | 12,346 | 13,739 | 14,598 | 16,816 | 16,560 |
| Net gain on trading | 21,870 | 31,786 | 30,278 | 24,554 | 32,639 |
| Equities, etc. | 5,381 | 10,238 | 13,682 | 10,914 | 12,111 |
| Bonds, etc. and others | 16,489 | 21,547 | 16,595 | 13,639 | 20,528 |
| Net gain (loss) on operating investment | 1,882 | 1,373 | 498 | (481) | 1,358 |
| Interest and dividend income | 23,728 | 30,629 | 26,285 | 27,753 | 18,332 |
| Interest expenses | 21,311 | 30,628 | 22,320 | 25,429 | 14,299 |
| Net operating revenues | 63,418 | 75,021 | 75,924 | 67,722 | 80,463 |
| Selling, general and administrative expenses | 61,133 | 63,703 | 65,806 | 62,204 | 61,230 |
| Transaction-related expenses | 10,439 | 11,195 | 11,138 | 10,220 | 9,322 |
| Personnel expenses | 26,885 | 30,251 | 30,001 | 27,651 | 28,645 |
| Real estate expenses | 7,537 | 7,158 | 7,649 | 7,501 | 6,558 |
| Administrative expenses | 6,621 | 6,582 | 6,554 | 7,799 | 7,423 |
| Depreciation and amortization | 7,043 | 7,428 | 8,057 | 7,154 | 7,064 |
| Taxes and dues | 1,338 | 1,086 | 1,347 | 916 | 1,260 |
| Other | 1,266 | (0) | 1,057 | 962 | 954 |
| Operating income | 2,284 | 11,317 | 10,117 | 5,517 | 19,233 |
| Non-operating income | 535 | 1,039 | 1,557 | 903 | 931 |
| Non-operating expenses | 731 | 355 | (22) | 949 | 471 |
| Ordinary income | 2,088 | 12,001 | 11,697 | 5,471 | 19,694 |
| Extraordinary gain | 181 | 4 | 352 | 120 | 5 |
| Extraordinary loss | 34 | 222 | 304 | 2,174 | 733 |
| Income before income taxes and non- controlling interests | 2,234 | 11,783 | 11,744 | 3,417 | 18,966 |
| Income taxes - current | 337 | 933 | 2,412 | 549 | 897 |
| Income taxes - deferred | 636 | 1,902 | (1,184) | 1,087 | 3,504 |
| Net income | 1,261 | 8,946 | 10,517 | 1,780 | 14,565 |
| Net income (loss) attributable to non- controlling interests | (217) | 41 | 666 | 586 | 100 |
| Net income attributable to owners of parent | 1,478 | 8,905 | 9,851 | 1,193 | 14,464 |

3. (Reference) Quarterly Non-consolidated Financial Statements

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

(Millions of yen)

| | As of March 31, 2020 | As of June 30, 2020 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and bank deposits | 533,288 | 372,564 |
| Cash segregated as deposits for customers and others | 387,043 | 406,089 |
| Trading assets | 6,461,814 | 7,473,818 |
| Trading securities and others | 2,366,879 | 3,574,035 |
| Derivatives | 4,094,934 | 3,899,782 |
| Operating investment securities | 33,430 | 35,217 |
| Receivables related to margin transactions | 22,055 | 25,741 |
| Loans receivable under margin transactions | 20,172 | 20,825 |
| Cash collateral for borrowed securities under margin transactions | 1,883 | 4,915 |
| Collateralized short-term financing agreements - receivable | 4,296,231 | 4,270,578 |
| Deposits paid for securities borrowed | 2,131,439 | 2,045,004 |
| Securities purchased under agreements to resell | 2,164,792 | 2,225,573 |
| Advances paid | 579 | 50 |
| Securities: fail to deliver | 12,971 | 10,723 |
| Short-term loans receivable | 37,298 | 33,639 |
| Other current assets | 595,830 | 526,306 |
| Less: Allowance for doubtful accounts | (7) | (10) |
| Total current assets | 12,380,536 | 13,154,719 |
| Noncurrent assets | | |
| Property and equipment | 11,196 | 20,712 |
| Intangible assets | 61,637 | 59,313 |
| Investments and other assets | 302,584 | 307,185 |
| Investment securities | 237,673 | 240,968 |
| Long-term guarantee deposits | 10,572 | 11,196 |
| Prepaid pension cost | 21,275 | 21,664 |
| Deferred tax assets | 18,739 | 12,988 |
| Other | 18,308 | 24,345 |
| Less: Allowance for doubtful accounts | (3,435) | (3,429) |
| Less: Allowance for possible losses on securities | (548) | (548) |
| Total noncurrent assets | 375,419 | 387,212 |
| Total assets | 12,755,956 | 13,541,931 |

(Millions of yen)

| | As of March 31, 2020 | As of June 30, 2020 |
|---|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Trading liabilities | 5,032,193 | 5,220,103 |
| Trading securities and others | 1,197,319 | 1,681,960 |
| Derivatives | 3,834,873 | 3,538,142 |
| Payables - unsettled trades | 61,668 | 262,947 |
| Payables related to margin transactions | 47,395 | 49,149 |
| Borrowings on margin transactions | 7,427 | 6,514 |
| Cash collateral for loaned securities under margin transactions | 39,968 | 42,634 |
| Collateralized short-term financing agreements - payable | 3,660,235 | 4,424,492 |
| Deposits received for securities loaned | 790,395 | 591,619 |
| Securities sold under agreements to repurchase | 2,869,840 | 3,832,872 |
| Deposits received | 350,409 | 380,272 |
| Guarantee deposits received | 370,607 | 362,848 |
| Securities: fail to receive | 2,029 | 1,167 |
| Short-term borrowings | 1,035,215 | 717,133 |
| Commercial paper | 319,000 | 299,000 |
| Bonds and notes due within one year | 137,358 | 150,449 |
| Income taxes payable | 3,022 | 1,140 |
| Accrued employees' bonuses | 13,531 | 4,037 |
| Provision for variable compensation | 816 | 1,021 |
| Provision for bonus point redemption | 487 | 137 |
| Other current liabilities | 53,465 | 28,109 |
| Total current liabilities | <u>11,087,436</u> | <u>11,902,010</u> |
| Noncurrent liabilities | | |
| Bonds and notes | 620,079 | 573,817 |
| Long-term borrowings | 135,600 | 137,400 |
| Provision for retirement benefits | 19,828 | 20,062 |
| Other noncurrent liabilities | 2,111 | 2,962 |
| Total noncurrent liabilities | <u>777,618</u> | <u>734,242</u> |
| Statutory reserves | | |
| Reserve for financial instruments transaction liabilities | 2,509 | 2,506 |
| Total statutory reserves | <u>2,509</u> | <u>2,506</u> |
| Total liabilities | <u>11,867,565</u> | <u>12,638,759</u> |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 125,167 | 125,167 |
| Capital surplus | 381,649 | 381,649 |
| Retained earnings | 371,261 | 381,292 |
| Total shareholders' equity | <u>878,078</u> | <u>888,108</u> |
| Valuation and translation adjustments | | |
| Net unrealized gains on (operating) investment securities, net of tax, etc. | 20,066 | 24,830 |
| Net deferred gains or losses on hedges, net of tax | (9,754) | (9,766) |
| Total valuation and translation adjustments | <u>10,312</u> | <u>15,063</u> |
| Total net assets | <u>888,390</u> | <u>903,172</u> |
| Total liabilities and net assets | <u>12,755,956</u> | <u>13,541,931</u> |

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

For the three months ended June 30, 2019 and 2020

(Millions of yen)

| | Three months ended June 30, 2019 | Three months ended June 30, 2020 |
|---|-------------------------------------|-------------------------------------|
| Operating revenues | | |
| Commissions | 34,070 | 39,308 |
| Net gain on trading | 20,401 | 28,761 |
| Net gain on operating investment securities | 1,293 | 305 |
| Interest and dividend income | 19,132 | 15,058 |
| Total operating revenues | 74,896 | 83,434 |
| Interest expenses | 16,759 | 11,666 |
| Net operating revenues | 58,137 | 71,768 |
| Selling, general and administrative expenses | 55,177 | 58,966 |
| Transaction-related expenses | 12,635 | 15,512 |
| Personnel expenses | 19,418 | 21,778 |
| Real estate expenses | 6,040 | 5,225 |
| Administrative expenses | 10,366 | 9,524 |
| Depreciation and amortization | 4,561 | 5,045 |
| Taxes and dues | 1,264 | 1,237 |
| Provision of allowance for doubtful accounts | (20) | (3) |
| Other | 909 | 645 |
| Operating income | 2,960 | 12,801 |
| Non-operating income | 2,863 | 2,632 |
| Non-operating expenses | 57 | 32 |
| Ordinary income | 5,766 | 15,401 |
| Extraordinary gain | 181 | 6,655 |
| Gain on sales of noncurrent assets | 18 | — |
| Gain on sales of investment securities | 161 | 1 |
| Gain on extinguishment of tie-in shares | — | 6,649 |
| Reversal of reserve for financial instruments transaction liabilities | 0 | 3 |
| Extraordinary loss | 261 | 740 |
| Loss on sales of noncurrent assets | — | 4 |
| Loss on disposal of noncurrent assets | 8 | 6 |
| Loss on impairment of investment securities | 26 | — |
| Loss on liquidation of subsidiaries and affiliates | 80 | — |
| Loss on impairment of golf club membership | — | 4 |
| Impairment losses | — | 630 |
| Head office transfer cost | — | 18 |
| Loss related to novel coronavirus disease | — | 69 |
| Provision of allowance for possible losses on securities | 146 | 7 |
| Income before income taxes | 5,686 | 21,315 |
| Income taxes - current | 34 | 136 |
| Income taxes - deferred | 934 | 3,591 |
| Total income taxes | 969 | 3,728 |
| Net income | 4,717 | 17,587 |