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SMBC NIKKO SECURITIES INC.

URL: <http://www.smbcnikko.co.jp>

Consolidated Financial Results for the Fiscal Year ended March 31, 2012 (JGAAP)

(Amounts less than one million yen have been omitted.)

1. Overall business performance for the Fiscal Year ended March 31, 2012

(1) Consolidated operating results

(percentages indicate changes from the results of the previous fiscal year)

	Operating revenue		Net operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2011	251,291	6.2	228,882	7.0	43,754	2.4	44,598	3.5	19,496	(23.5)
FY2010	236,706	-	213,835	-	42,712	-	43,105	-	25,481	-

Note : Comprehensive income FY2011 18,190 million yen <(20.5)%> FY2010 22,875 million yen <-%>

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY2011	8,276,730	458,694	5.5
FY2010	8,050,152	440,533	5.5

Reference : Equity FY2011 458,592 million yen FY2010 440,440 million yen
Equity=Net assets-Stock acquisition rights-Minority interests

2. Others

(1) Changes in significant subsidiaries during the period : Yes

Excluded: 1 company (Nikko Cordial Securities Toshi Jigyo Kumiai)

(2) Changes in the accounting principles, procedures and presentations

- (i) Changes in the accounting principles due to revised accounting standards :None
- (ii) Other changes than the above :None

*Other special matters

Not applicable

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I. Consolidated Operating Results and Financial Conditions

1. Analysis of Operating Results

Consolidated operating revenue for this period totaled 251.2 billion yen (6.2% increase from the previous fiscal year). Consolidated net operating revenue was 228.8 billion yen (7.0% increase), while selling, general and administrative expenses was 185.1 billion yen (8.2% increase). Consequently, consolidated operating income was 43.7 billion yen (2.4% increase), and consolidated ordinary income after adjustment for non-operating income/expenses was 44.5 billion yen (3.5% increase). Consolidated net income, which incorporates factors such as extraordinary income/losses and income taxes, was 19.4 billion yen (23.5% decrease).

Major revenues and expenses were as follows;

(1) Commission received

Commission received was 119.4 billion yen (15.4% decrease). Following are summaries by categories:

Brokerage commissions

Brokerage commissions was 13.8 billion yen (19.1% decrease). Average daily trading values on the Tokyo Stock Exchange during the period were 1,305.0 billion yen or 16% decrease from the previous fiscal year. Given this situation of market conditions, brokerage commissions on equities was 13.5 billion yen (17.7% decrease).

Underwriting and distribution commissions

Underwriting and distribution commissions was 18.7 billion yen (1.1% decrease). Commission revenues on equities was 9.2 billion yen, and those on bonds was 9.4 billion yen.

Flotation and distribution fees

Flotation and distribution fees was 46.6 billion yen (24.9% decrease). Fee revenues on investment trusts was 44.9 billion yen (27.0% decrease). There existed a certain level of demands for funds investing in emerging economies and Japanese equities under uncertainty about European financial crisis and continuing strong yen.

Other fees received

Other fees received was 40.0 billion yen (6.6% decrease). Agent commissions and other fees from investment trusts was 25.4 billion yen.

(2) Net trading income

Net trading income was 102.2 billion yen (63.5% increase). Net trading income on equities was 0.3 billion yen and net trading income on bonds/foreign exchanges was 101.9 billion yen.

(3) Net financial revenue

Net financial revenue, 18.8 billion yen (13.3% decrease) of financial revenue less 14.3 billion yen (4.3% decrease) of financial expenses, was 4.5 billion yen (33.1% decrease).

(4) Selling, general and administrative expenses

Selling, general and administrative expenses was 185.1 billion yen (8.2% increase), mainly consisting of personal expenses of 93.2 billion yen, trading related expenses of 26.6 billion yen, real estate expenses of 19.7 billion yen, depreciation and amortization of 15.8 billion yen and outsourcing and stationery expenses of 15.4 billion yen.

(5) Extraordinary income and losses

Extraordinary income was 1.1 billion yen including gain on sales of investment securities of 0.9 billion yen. Extraordinary losses was 2.3 billion yen including expenses for change in corporate name of 0.7 billion yen, loss on valuation of investment securities of 0.4 billion yen, loss on sales of investment securities of 0.2 billion

yen, loss on sales of noncurrent assets of 0.2 billion yen, and loss on sales of stocks of subsidiaries and affiliates of 0.2 billion yen.

(6) Income taxes

Income taxes-current was 1.7 billion yen. Income taxes-deferred was 22.0 billion yen.

2. Analysis of Financial Conditions

Total assets increased by 226.5 billion yen to 8,276.7 billion yen from the end of the previous fiscal year, mainly due to an increase in trading assets by 1,195.3 billion yen, though loans secured by securities decreased by 529.8 billion yen. Total liabilities increased by 208.4 billion yen to 7,818.0 billion yen from the end of the previous fiscal year mainly due to an increase in loans payable secured by securities by 1,238.8 billion yen, in trading liabilities by 348.8 billion yen, and in long-term loans payable by 219.0 billion yen though short-term loans payable decreased by 1,547.0 billion yen. Net assets increased by 18.1 billion yen to 458.6 billion yen from the end of the previous fiscal year.

II. Other information

1. Changes in significant subsidiaries during the period

Nikko Cordial Securities Toshi Jigyo Kumiai was sold, and accordingly excluded from the scope of consolidation in the period.

2. Changes in the accounting principles, procedures and presentations

Not applicable

3. Additional information

Corporate tax rate has been reduced for the consolidated fiscal year beginning on and after April 1st 2012 in accordance with the laws promulgated on December 2nd 2011. As a result, net income for the current period decreased by 4.8 billion yen.

III. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	March 31, 2012
Assets		
Current assets		
Cash and deposits	578,755	236,680
Cash segregated as deposits	120,227	145,152
Trading products	2,528,058	3,723,457
Trading securities and other	2,382,612	3,583,960
Derivatives	145,445	139,497
Trade date accrual	74,040	—
Margin transaction assets	32,243	30,455
Loans on margin transactions	31,127	25,090
Cash collateral pledged for securities borrowing on margin transactions	1,116	5,365
Loans secured by securities	4,296,738	3,766,893
Cash collateral pledged for securities borrowed	4,296,738	3,766,893
Cash paid for offering	16,350	15,092
Short-term guarantee deposits	92,310	74,938
Accrued income	12,930	16,329
Deferred tax assets	27,536	25,170
Other	15,811	24,116
Allowance for doubtful accounts	(71)	(86)
Total current assets	7,794,932	8,058,201
Noncurrent assets		
Tangible assets	27,953	27,585
Buildings	13,958	14,209
Equipment	2,434	2,119
Land	7,813	7,277
Lease assets	3,747	3,979
Intangible assets	67,989	67,628
Goodwill	11,922	11,194
Right of trademark	31,501	27,794
Software	23,734	27,884
Other	831	755
Investments and other assets	159,277	123,314
Investment securities	78,636	61,265
Long-term loans receivable	5,111	5,124
Long-term guarantee deposits	16,472	16,297
Deferred tax assets	52,910	34,461
Other	12,783	13,974
Allowance for doubtful accounts	(6,636)	(7,808)
Total noncurrent assets	255,220	218,528
Total assets	8,050,152	8,276,730

(Millions of yen)

	March 31, 2011	March 31, 2012
Liabilities		
Current liabilities		
Trading products	1,638,499	1,987,306
Trading securities and other	1,490,095	1,841,572
Derivatives	148,404	145,734
Trade date accrual	—	35,723
Margin transaction liabilities	5,611	9,098
Borrowings on margin transactions	1,560	305
Cash received for securities lending on margin transactions	4,050	8,793
Loans payable secured by securities	1,081,616	2,320,427
Cash received on debt credit transaction of securities	884,492	1,209,844
Borrowings on Gensaki transaction	197,124	1,110,582
Deposits received	209,780	216,105
Guarantee deposits received	17,753	19,571
Short-term loans payable	4,130,964	2,583,900
Commercial papers	339,800	185,000
Short-term bonds payable	—	2,500
Income taxes payable	2,978	2,209
Provision for bonuses	17,059	17,473
Other	30,020	30,569
Total current liabilities	7,474,085	7,409,884
Noncurrent liabilities		
Bonds payable	30,000	83,415
Long-term loans payable	97,000	316,000
Lease obligations	2,531	2,545
Deferred tax liabilities	491	454
Provision for retirement benefits	2,421	2,535
Asset retirement obligations	1,424	1,779
Other	1,594	1,322
Total current liabilities	135,464	408,052
Reserves under the special laws		
Reserve for financial products transaction liabilities	69	98
Total reserves under the special laws	69	98
Total liabilities	7,609,619	7,818,035
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	378,395	378,395
Retained earnings	55,124	74,298
Total shareholders' equity	443,519	462,693
Other comprehensive income		
Valuation difference on available-for-sale securities	209	(243)
Foreign currency translation adjustment	(3,289)	(3,857)
Total other comprehensive income	(3,079)	(4,100)
Minority interests	93	102
Total net assets	440,533	458,694
Total liabilities and net assets	8,050,152	8,276,730

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the year ended March 31, 2011	For the year ended March 31, 2012
Operating revenue		
Commission received	141,201	119,432
Brokerage commissions	17,185	13,898
Underwriting and distribution commissions	18,972	18,758
Flotation and distribution fees	62,153	46,699
Other fees received	42,890	40,075
Net trading income	62,564	102,298
Net trading income on equities	(557)	309
Net trading income on bonds/foreign exchanges	63,122	101,988
Other net gain on goods trading	0	—
Financial revenue	21,784	18,881
Net sales	11,154	10,679
Total operating revenue	236,706	251,291
Financial expenses	14,964	14,320
Cost of sales	7,905	8,088
Net operating revenue	213,835	228,882
Selling, general and administrative expenses		
Trading related expenses	22,480	26,674
Personal expenses	87,875	93,255
Real estate expenses	19,910	19,746
Outsourcing and stationery expenses	12,940	15,444
Depreciation and amortization	15,091	15,816
Taxes and dues	2,090	1,957
Other	10,733	12,233
Total selling, general and administrative expenses	171,123	185,127
Operating income	42,712	43,754
Non-operating income		
Dividends income	787	1,049
Foreign exchange gains	876	479
Other	990	465
Total non-operating income	2,654	1,994
Non-operating expenses		
Interest expenses	445	271
Loss on investments in partnership	1,317	260
Other	498	617
Total non-operating expenses	2,261	1,150
Ordinary income	43,105	44,598

(Millions of yen)

	For the year ended March 31, 2011	For the year ended March 31, 2012
Extraordinary income		
Gain on sales of noncurrent assets	65	143
Gain on sales of investment securities	473	995
Gain on sales of stocks of subsidiaries and affiliates	—	3
Reversal of allowance for doubtful accounts	55	—
Gain on negative goodwill	149	—
Gain on change in equity	0	—
Total extraordinary income	744	1,142
Extraordinary loss		
Loss on sales of noncurrent assets	3	235
Loss on disposal of noncurrent assets	353	196
Impairment loss	276	117
Loss on sales of investment securities	935	272
Loss on sales of stocks of subsidiaries and affiliates	79	235
Loss on valuation of investment securities	2,517	489
Provision of reserve for financial products transaction liabilities	34	29
Loss on adjustment for changes of accounting standard for asset retirement obligations	882	—
Expenses for change in corporate name	931	787
Total extraordinary losses	6,015	2,362
Income before income taxes	37,834	43,378
Income taxes-current	2,814	1,778
Income taxes-deferred	9,527	22,094
Income taxes	12,342	23,872
Income before minority interests	25,491	19,505
Minority interests in income	10	9
Net income	25,481	19,496

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the year ended March 31, 2011	For the year ended March 31, 2012
Income before minority interests	25,491	19,505
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,113)	(453)
Foreign currency translation adjustment	(520)	(943)
Share of other comprehensive income of associates accounted for using equity method	16	81
Total other comprehensive income	(2,616)	(1,315)
Comprehensive income	22,875	18,190
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	22,865	18,181
Comprehensive income attributable to minority interests	9	8

3. Notes on Going Concern Assumption
Not applicable

IV. Supplementary Information

1. Commission Received

(1) Breakdown by Categories

(Millions of yen, except for percentages)

	For the year ended March 31, 2011	For the year ended March 31, 2012	Increase/(Decrease)	
			Amount	Rate of change
Brokerage commissions	17,185	13,898	(3,286)	(19.1) %
< Equities >	< 16,417 >	< 13,514 >	< (2,902) >	< (17.7) >
< Bonds >	< 115 >	< 69 >	< (45) >	< (39.4) >
< Investment trusts >	< 652 >	< 277 >	< (375) >	< (57.5) >
Underwriting and distribution commissions	18,972	18,758	(214)	(1.1)
< Equities >	< 8,130 >	< 9,206 >	< 1,075 >	< 13.2 >
< Bonds >	< 10,775 >	< 9,448 >	< (1,327) >	< (12.3) >
< Other >	< 66 >	< 103 >	< 37 >	< 56.2 >
Flotation and distribution fees	62,153	46,699	(15,454)	(24.9)
< Investment trusts >	< 61,542 >	< 44,903 >	< (16,639) >	< (27.0) >
Other fees received	42,890	40,075	(2,814)	(6.6)
< Investment trusts >	< 28,682 >	< 25,407 >	< (3,275) >	< (11.4) >
Total	141,201	119,432	(21,769)	(15.4)

(2) Breakdown by Products

(Millions of yen, except for percentages)

	For the year ended March 31, 2011	For the year ended March 31, 2012	Increase/(Decrease)	
			Amount	Rate of change
Equities	26,864	24,614	(2,250)	(8.4) %
Bonds	11,892	11,815	(77)	(0.7)
Investment trusts	90,877	70,588	(20,289)	(22.3)
Other	11,566	12,414	847	7.3
Total	141,201	119,432	(21,769)	(15.4)

2. Net Trading Income

(Millions of yen, except for percentages)

	For the year ended March 31, 2011	For the year ended March 31, 2012	Increase/(Decrease)	
			Amount	Rate of change
Net trading income on equities	(557)	309	867	— %
Net trading income on bonds/foreign exchanges	63,122	101,988	38,866	61.6
< Bonds, etc. >	< 57,278 >	< 90,375 >	< 33,096 >	< 57.8 >
< Foreign exchanges, etc. >	< 5,843 >	< 11,613 >	< 5,769 >	< 98.7 >
Total	62,564	102,298	39,733	63.5

3. Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2010 4Q 01/01/11 03/31/11	FY2011 1Q 04/01/11 06/30/11	FY2011 2Q 07/01/11 09/30/11	FY2011 3Q 10/01/11 12/31/11	FY2011 4Q 01/01/12 03/31/12
Operating revenue					
Commission received	32,655	33,573	25,605	22,003	38,249
Brokerage commissions	5,499	3,045	3,610	2,831	4,410
< Equities >	< 5,288 >	< 2,948 >	< 3,478 >	< 2,758 >	< 4,329 >
Underwriting and distribution commissions	3,720	3,320	3,679	3,782	7,976
< Equities >	< 1,456 >	< 1,116 >	< 1,267 >	< 1,404 >	< 5,418 >
< Bonds >	< 2,264 >	< 2,143 >	< 2,368 >	< 2,377 >	< 2,558 >
Flotation and distribution fees	12,070	17,417	8,524	6,141	14,615
< Investment trusts >	< 11,949 >	< 16,740 >	< 8,336 >	< 5,391 >	< 14,434 >
Other fees received	11,364	9,790	9,790	9,247	11,247
< Investment trusts >	< 7,359 >	< 7,153 >	< 6,558 >	< 5,742 >	< 5,951 >
Net trading income	14,695	20,935	29,591	27,716	24,054
Net trading income on equities	(900)	455	(313)	144	23
Net trading income on bonds/foreign exchanges	15,596	20,479	29,905	27,572	24,031
< Bonds, etc. >	< 16,070 >	< 17,349 >	< 22,392 >	< 24,909 >	< 25,723 >
< Foreign exchanges, etc. >	< (474) >	< 3,129 >	< 7,513 >	< 2,663 >	< (1,692) >
Other net gain on goods trading	0	—	—	—	—
Financial revenue	5,265	4,335	4,947	3,920	5,677
Net sales	2,696	2,336	2,319	3,412	2,610
Total operating revenue	55,313	61,180	62,464	57,053	70,593
Financial expenses	3,840	3,795	3,528	3,562	3,433
Cost of sales	1,953	1,845	1,892	2,241	2,109
Net operating revenue	49,519	55,539	57,042	51,249	65,049
Selling, general and administrative expenses					
Trading related expenses	6,020	5,706	5,694	6,899	8,373
Personal expenses	22,017	22,969	23,844	21,964	24,476
Real estate expenses	5,284	4,960	4,785	4,756	5,243
Outsourcing and stationery expenses	4,579	3,680	3,735	3,674	4,354
Depreciation and amortization	3,944	3,902	3,905	3,986	4,021
Taxes and dues	514	533	525	417	480
Other	2,880	3,964	2,847	2,694	2,727
Total selling, general and administrative expenses	45,240	45,717	45,339	44,394	49,676
Operating income	4,278	9,822	11,703	6,855	15,373
Non-operating income	838	662	380	398	552
Non-operating expenses	(399)	347	392	218	191
Ordinary income	5,517	10,137	11,691	7,035	15,734
Extraordinary income	50	189	561	125	266
Extraordinary loss	2,220	1,227	525	1,523	(914)
Income before income taxes	3,347	9,099	11,727	5,636	16,915
Income taxes-current	608	161	241	777	598
Income taxes-deferred	1,469	4,908	4,755	6,463	5,967
Income/(losses) before minority interests	1,269	4,030	6,730	(1,604)	10,349
Minority interests in income/(losses)	8	8	3	1	(4)
Net income/(losses)	1,260	4,021	6,727	(1,606)	10,353

V. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	March 31, 2012
Assets		
Current assets		
Cash and deposits	465,760	120,506
Cash segregated as deposits	120,192	145,126
Trading products	2,528,058	3,723,457
Trading securities and other	2,382,612	3,583,960
Derivatives	145,445	139,497
Trade date accrual	74,040	—
Margin transaction assets	32,243	30,455
Loans on margin transactions	31,127	25,090
Cash collateral pledged for securities borrowing on margin transactions	1,116	5,365
Loans secured by securities	4,296,738	3,766,893
Cash collateral pledged for securities borrowed	4,296,738	3,766,893
Cash paid for offering	16,350	15,092
Short-term guarantee deposits	92,310	74,938
Accrued income	12,193	15,526
Deferred tax assets	26,245	24,139
Other	7,700	12,458
Allowance for doubtful accounts	(71)	(67)
Total current assets	7,671,763	7,928,530
Noncurrent assets		
Tangible assets	8,692	8,783
Intangible assets	46,337	41,403
Investments and other assets	194,916	168,235
Investment securities	67,218	44,666
Stocks of subsidiaries and affiliates	39,588	54,295
Long-term loans receivable	13,701	13,717
Long-term guarantee deposits	15,698	16,032
Deferred tax assets	52,735	34,329
Other	12,611	13,003
Allowance for doubtful accounts	(6,636)	(7,808)
Total noncurrent assets	249,946	218,422
Total assets	7,921,710	8,146,952

(Millions of yen)

	March 31, 2011	March 31, 2012
Liabilities		
Current liabilities		
Trading products	1,638,499	1,987,306
Trading securities and other	1,490,095	1,841,572
Derivatives	148,404	145,734
Trade date accrual	—	35,723
Margin transaction liabilities	5,611	9,098
Borrowings on margin transactions	1,560	305
Cash received for securities lending on margin transactions	4,050	8,793
Loans payable secured by securities	1,081,616	2,320,427
Cash received on debt credit transaction of securities	884,492	1,209,844
Borrowings on Gensaki transaction	197,124	1,110,582
Deposits received	114,016	126,760
Guarantee deposits received	17,753	19,571
Short-term loans payable	4,119,500	2,571,000
Commercial papers	339,800	185,000
Short-term bonds payable	—	2,500
Income taxes payable	618	704
Provision for bonuses	15,130	15,430
Other	17,892	13,615
Total current liabilities	7,350,438	7,287,137
Noncurrent liabilities		
Bonds payable	30,000	83,415
Long-term loans payable	97,000	316,000
Lease obligations	926	429
Provision for retirement benefits	2,019	2,104
Asset retirement obligations	1,266	1,683
Other	778	525
Total current liabilities	131,991	404,157
Reserves under the special laws		
Reserve for financial products transaction liabilities	69	98
Total reserves under the special laws	69	98
Total liabilities	7,482,500	7,691,394
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	378,395	378,395
Other capital surplus	378,395	378,395
Retained earnings	50,269	66,910
Other retained earnings	50,269	66,910
Retained earnings brought forward	50,269	66,910
Total shareholders' equity	438,664	455,305
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	546	252
Total valuation and translation adjustments	546	252
Total net assets	439,210	455,558
Total liabilities and net assets	7,921,710	8,146,952

2. Non-consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2011	For the year ended March 31, 2012
Operating revenue		
Commission received	135,887	114,570
Brokerage commissions	17,076	13,408
Underwriting and distribution commissions	18,972	18,753
Flotation and distribution fees	62,153	46,604
Other fees received	37,684	35,804
Net trading income	62,606	102,298
Net trading income on equities	(518)	309
Net trading income on bonds/foreign exchanges	63,125	101,988
Other net gain on goods trading	0	—
Financial revenue	20,168	16,749
Total operating revenue	218,663	233,618
Financial expenses	13,474	12,296
Net operating revenue	205,188	221,321
Selling, general and administrative expenses		
Trading related expenses	21,901	26,403
Personal expenses	79,115	84,056
Real estate expenses	18,194	18,207
Outsourcing and stationery expenses	29,258	32,225
Depreciation and amortization	6,874	7,478
Taxes and dues	1,675	1,568
Other	9,626	11,411
Total selling, general and administrative expenses	166,646	181,350
Operating income	38,542	39,970
Non-operating income		
Dividends income	1,057	712
Other	420	478
Total non-operating income	1,478	1,190
Non-operating expenses		
Loss on investments in partnership	1,307	260
Other	376	597
Total non-operating expenses	1,683	858
Ordinary income	38,336	40,303

	(Millions of yen)	
	For the year ended March 31, 2011	For the year ended March 31, 2012
Extraordinary income		
Gain on sales of investment securities	27	985
Gain on sales of stocks of subsidiaries and affiliates	29	47
Reversal of allowance for doubtful accounts	23	—
Total extraordinary income	80	1,033
Extraordinary loss		
Loss on disposal of noncurrent assets	289	141
Impairment loss	276	117
Loss on sales of investment securities	707	192
Loss on valuation of investment securities	1,686	426
Loss on valuation of stocks of subsidiaries and affiliates	—	798
Provision of reserve for financial products transaction liabilities	34	29
Loss on adjustment for changes of accounting standard for asset retirement obligations	774	—
Expenses for change in corporate name	931	787
Total extraordinary losses	4,700	2,492
Income before income taxes	33,716	38,844
Income taxes-current	516	144
Income taxes-deferred	9,675	22,059
Income taxes	10,191	22,203
Net income	23,524	16,641

3. Capital Adequacy Ratio (on a stand-alone basis)

(Millions of yen)

		March 31, 2011	March 31, 2012
Basic items	Total capital (A)	438,664	455,305
Supplementary items	Valuation difference on available-for-sale securities, etc.	546	252
	Reserves under the special laws	69	98
	Allowance for doubtful accounts	71	67
	Short-term subordinated borrowings	200,000	200,000
	Sub-total (B)	200,686	200,418
Deductible assets	(C)	225,181	191,260
Net capital	(A) + (B) - (C) (D)	414,169	464,463
Risk total	Market Risk	27,311	34,433
	Counterparty Risk	12,017	12,573
	Basic Risk	40,489	45,122
	Sub-total (E)	79,817	92,128
Capital adequacy ratio	(D) / (E)*100	518.8%	504.1%

Note: 1. The table above shows calculation of the capital adequacy ratio based on financial results in accordance with the provision set out under the Financial Instruments and Exchange Law.

2. "Short-term subordinated borrowings" at the end of the period is subordinated borrowings.

Amount : 50,000 millions of yen

Contract date : October 3, 2011

Maturity date : March 31, 2014

Amount : 150,000 millions of yen

Contract date : January 5, 2012

Maturity date : March 31, 2014

4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

	FY2010 4Q 01/01/11 03/31/11	FY2011 1Q 04/01/11 06/30/11	FY2011 2Q 07/01/11 09/30/11	FY2011 3Q 10/01/11 12/31/11	FY2011 4Q 01/01/12 03/31/12
Operating revenue					
Commission received	31,207	32,336	24,718	20,834	36,680
Brokerage commissions	5,426	2,991	3,509	2,691	4,215
< Equities >	< 5,215 >	< 2,895 >	< 3,376 >	< 2,618 >	< 4,134 >
< Bonds >	< 25 >	< 8 >	< 43 >	< 11 >	< 6 >
< Investment trusts >	< 185 >	< 87 >	< 89 >	< 56 >	< 43 >
Underwriting and distribution commissions	3,720	3,320	3,674	3,781	7,976
< Equities >	< 1,456 >	< 1,116 >	< 1,267 >	< 1,404 >	< 5,418 >
< Bonds >	< 2,264 >	< 2,143 >	< 2,363 >	< 2,377 >	< 2,558 >
Flotation and distribution fees	12,070	17,357	8,508	6,140	14,597
< Investment trusts >	< 11,949 >	< 16,740 >	< 8,336 >	< 5,391 >	< 14,434 >
Other fees received	9,989	8,666	9,026	8,220	9,890
< Investment trusts >	< 6,470 >	< 6,484 >	< 5,986 >	< 5,185 >	< 5,224 >
Net trading income	14,681	20,935	29,591	27,716	24,054
Net trading income on equities	(914)	455	(313)	144	23
Net trading income on bonds/foreign exchanges	15,596	20,479	29,905	27,572	24,031
< Bonds, etc. >	< 16,081 >	< 17,349 >	< 22,392 >	< 24,909 >	< 25,723 >
< Foreign exchanges, etc. >	< (484) >	< 3,129 >	< 7,513 >	< 2,663 >	< (1,692) >
Other net gain on goods trading	0	—	—	—	—
Financial revenue	4,705	3,822	4,496	3,393	5,037
Total operating revenue	50,594	57,093	58,806	51,944	65,773
Financial expenses	3,311	3,311	3,100	3,061	2,823
Net operating revenue	47,282	53,782	55,706	48,883	62,949
Selling, general and administrative expenses					
Trading related expenses	5,920	5,561	5,621	6,919	8,301
Personal expenses	19,691	20,768	21,644	19,715	21,927
Real estate expenses	4,832	4,561	4,404	4,419	4,822
Outsourcing and stationery expenses	8,000	7,825	7,991	8,026	8,381
Depreciation and amortization	1,882	1,858	1,877	1,865	1,877
Taxes and dues	389	430	432	319	385
Other	2,501	3,754	2,704	2,505	2,447
Total selling, general and administrative expenses	43,219	44,760	44,676	43,771	48,142
Operating income	4,063	9,021	11,030	5,111	14,806
Non-operating income	345	224	337	230	397
Non-operating expenses	(532)	263	201	135	258
Ordinary income	4,940	8,982	11,166	5,207	14,945
Non-operating income	13	184	576	9	262
Non-operating expenses	1,902	1,061	396	981	52
Income before income taxes	3,051	8,105	11,346	4,235	15,156
Income taxes-current	65	10	39	64	30
Income taxes-deferred	1,444	4,661	4,554	6,669	6,175
Net income/(losses)	1,541	3,434	6,753	(2,497)	8,951