

# Financial Results

**Third Quarter**

**Fiscal Year ending March 2020**

January 2020

Mizuho Securities

**MIZUHO**

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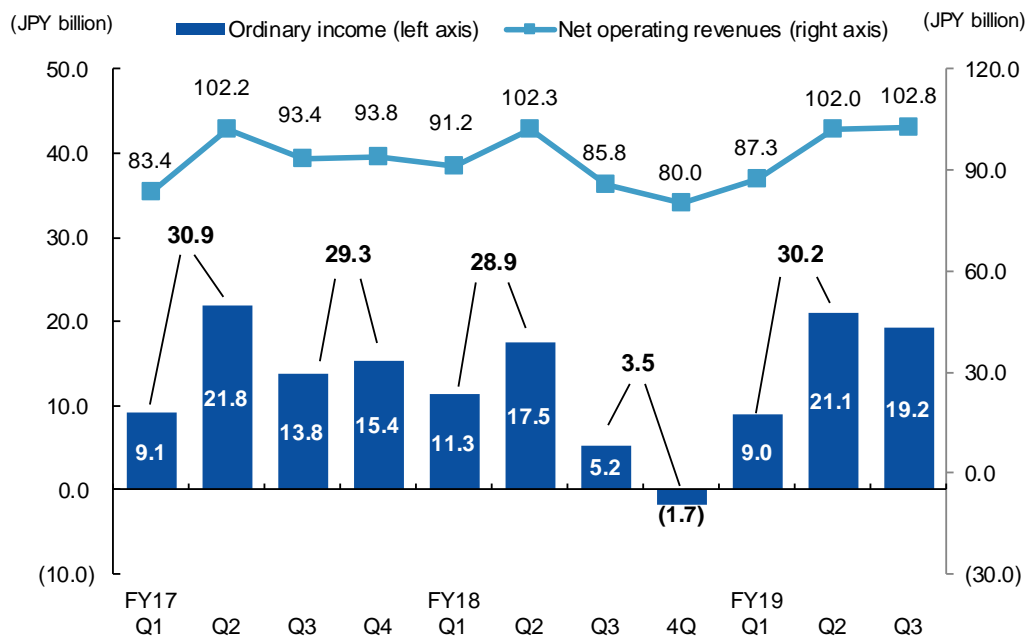
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\* The information herein is being provided solely for informational purposes in relation to the Company's FY19 Q3 financial results, not for investment purposes or advice regarding securities issued by the Company. The information herein is based on data as of January 31, 2020. The Company makes no claims, promises or guarantees about the accuracy, completeness, or adequacy of this information which may change at any time without prior notice.

# Quarterly highlights (aggregate basis inclusive of US entities\*1)

## Financial results (aggregate basis)



Financial result (JPY billion)

|  | FY2019 Q2 | FY2019 Q3 | QoQ % | FY2018 Q3YTD | FY2019 Q3YTD | YoY % |
|--|-----------|-----------|-------|--------------|--------------|-------|
|--|-----------|-----------|-------|--------------|--------------|-------|

(Aggregate basis)

|                        |       |              |        |       |              |       |
|------------------------|-------|--------------|--------|-------|--------------|-------|
| Net operating revenues | 102.0 | <b>102.8</b> | 0.8%   | 279.4 | <b>292.2</b> | 4.6%  |
| Ordinary income        | 21.1  | <b>19.2</b>  | (9.1%) | 34.2  | <b>49.5</b>  | 44.6% |

### Q3 market climate

- While the Tokyo Stock Market continued to face chronic trading volume stagnation, investors saw improvement in terms of built-in gains vs losses thanks to rising stock prices
- DCM markets were active worldwide, and Japan's DCM market was particularly active in terms of subordinated bond issuance
- Retail and wholesale investors actively invested in foreign equities. Investment trust sales recovered as well
- Interest rates, both in Japan and overseas, remained within a fairly narrow range in this low-volatility climate

### Q3 ordinary income was JPY 19.2bn, a slight decrease QoQ but an improvement over Q3 of both FY17 and FY18. Q3 YTD ordinary income increased significantly YoY to record JPY 49.5bn

- Both in Japan and overseas, DCM remained strong and fixed income (primarily in the US) remained active as well. Retail also began to recover to record JPY 3.8bn in ordinary income (a QoQ gain of JPY 2.7bn)

### Retail

- Boosted both revenue and income QoQ as a result of growth both in sales of investment trusts and structured bonds thanks to tailoring sales to client needs
- Last Dec., US equities investment trust\*2 was initially valued at JPY 148.3bn, setting a new sales record for our company, and net increases in AUM continue to advance

### Overseas entities

- MSUSA\*3 continued to perform well across both primary and secondary markets
- All three core overseas subsidiaries recorded a profit

\*1 "Aggregate basis" is the simple aggregate of ordinary income (on an internal management basis) of Mizuho Securities USA (MSUSA)—a company not included in our consolidated results. Note that MSUSA includes Mizuho Capital Markets LLC and Mizuho Markets Cayman LP

\*2 Name of investment trust: T ROWE PRICE NEW AMERICA GROWTH FUND \*3 Mizuho Capital Markets LLC—a company which shares integrated management with MSUSA

# Earnings summary—Consolidated

## Financials recap

- On a QoQ basis, net operating revenues increased 1.2% to JPY 75.9bn, ordinary income decreased 2.5% to JPY 11.6bn, and net income attributable to owners of parent increased 10.6% to JPY 9.8bn
- On a YoY basis, net operating revenues decreased 4.7% to JPY 214.3bn, ordinary income decreased 8.3% to JPY 25.7bn, and net income attributable to owners of parent decreased 14.7% to JPY 20.2bn

## Aggregate basis inclusive of US entities

- On a QoQ aggregate basis inclusive of US entities, ordinary income decreased 9.1% to JPY 19.2bn and, by the same measure, YoY ordinary income increased 44.6% to JPY 49.5bn

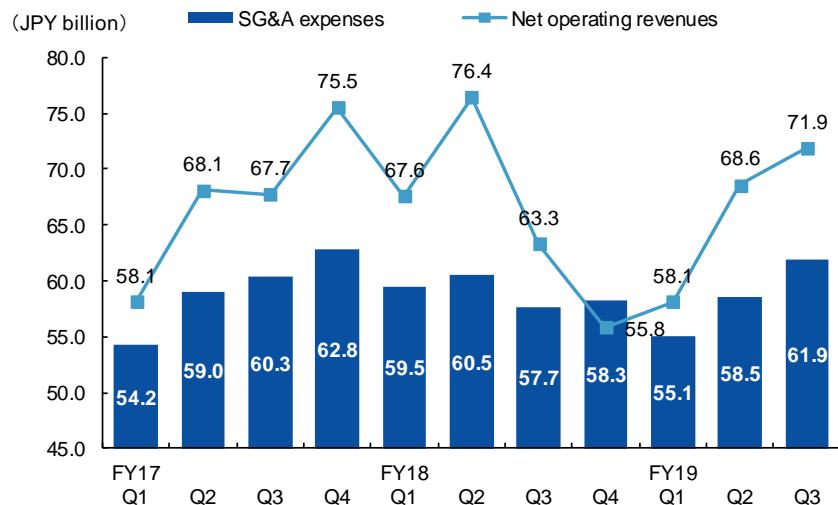
| Financial results (JPY billion)                                   | FY2019<br>Q2 | FY2019<br>Q3 | QoQ<br>%      | FY2018<br>Q3YTD | FY2019<br>Q3YTD | YoY<br>%       |
|---|--------------|--------------|---------------|-----------------|-----------------|----------------|
| <b>Operating revenues</b>   | 105.6        | 98.2         | (7.0%)        | 293.1           | 288.6           | (1.5%)         |
| Commissions   | 41.8         | 41.1         | (1.6%)        | 129.5           | 120.2           | (7.1%)         |
| Net gain on trading   | 31.7         | 30.2         | (4.7%)        | 82.8            | 83.9            | 1.3%           |
| Net gain (loss) on operating investment securities                | 1.3          | 0.4          | (63.7%)       | 7.1             | 3.7             | (47.2%)        |
| Interest and dividend income                                      | 30.6         | 26.2         | (14.2%)       | 73.6            | 80.6            | 9.6%           |
| Interest expenses   | 30.6         | 22.3         | (27.1%)       | 68.2            | 74.2            | 8.9%           |
| <b>Net operating revenues</b>                                     | 75.0         | <b>75.9</b>  | <b>1.2%</b>   | 224.9           | <b>214.3</b>    | <b>(4.7%)</b>  |
| SG & A expenses   | 63.7         | 65.8         | 3.3%          | 197.5           | 190.6           | (3.5%)         |
| <b>Operating income</b>   | 11.3         | 10.1         | (10.6%)       | 27.4            | 23.7            | (13.5%)        |
| <b>Ordinary income (A)</b>  | 12.0         | <b>11.6</b>  | <b>(2.5%)</b> | 28.1            | <b>25.7</b>     | <b>(8.3%)</b>  |
| <b>Income before tax<sup>*1</sup></b>                             | 11.7         | 11.7         | (0.3%)        | 28.5            | 25.7            | (9.7%)         |
| <b>Net income attributable to owners of parent</b>                | 8.9          | <b>9.8</b>   | <b>10.6%</b>  | 23.7            | <b>20.2</b>     | <b>(14.7%)</b> |
| <hr/>   |              |              |               |                 |                 |                |
| <Aggregate basis inclusive of US entities <sup>*2</sup> >         |              |              |               |                 |                 |                |
| <b>Mizuho Securities USA ordinary income (B)</b>                  | 9.1          | 7.5          | (17.6%)       | 6.1             | 23.7            | 286.9%         |
| <b>Ordinary income calculated on simple aggregate basis (A+B)</b> | 21.1         | <b>19.2</b>  | <b>(9.1%)</b> | 34.2            | <b>49.5</b>     | <b>44.6%</b>   |

\*1 Income before tax: Income before income taxes and non-controlling interests

\*2 "Aggregate basis" is the simple aggregate of ordinary income (on an internal management basis) of Mizuho Securities USA (MSUSA)—a company not included in our consolidated results. Note that MSUSA includes Mizuho Capital Markets LLC and Mizuho Markets Cayman LP.

# SG&A expense

## SG&A expenses ( non-consolidated )



### ■ Reduced Q3 YTD non-consolidated SG&A expenses by JPY 2.2bn YoY

- Excluding transaction-related expenses, reduced expenses by JPY 5.3bn YoY  
Note that transaction-related expenses (expenses related to structuring and sales of financial products) increased by JPY 3.1bn primarily due to increased sales of related products

|                               | FY2018      |             |             |             | FY2019      |             |             | (JPY billion) |              |              |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|--------------|--------------|
|                               | Q1          | Q2          | Q3          | Q4          | Q1          | Q2          | Q3          | FY2018        | FY2019       | YoY          |
|                               | (a)         | (b)         | (c)         | (d)         | (e)         | (f)         | (g)         | Q3YTD         | Q3YTD        | Change       |
|                               | (h)         | (i)         |             |             |             | (j)=(i)-(h) |             |               |              |              |
| Transaction-related           | 13.7        | 13.0        | 12.8        | 13.4        | 12.6        | 13.4        | 16.7        | 39.6          | 42.8         | 3.1          |
| Personnel                     | 21.6        | 23.0        | 21.2        | 20.6        | 19.4        | 21.8        | 21.5        | 65.9          | 62.8         | (3.1)        |
| Real estate                   | 6.1         | 6.4         | 6.2         | 6.7         | 6.0         | 5.8         | 5.9         | 18.8          | 17.7         | (1.0)        |
| Administrative                | 11.1        | 11.2        | 10.6        | 10.2        | 10.3        | 10.7        | 10.7        | 33.1          | 31.8         | (1.2)        |
| Depreciation and amortization | 4.5         | 4.7         | 4.7         | 4.9         | 4.5         | 4.8         | 5.0         | 14.0          | 14.5         | 0.5          |
| Taxes and dues                | 1.3         | 1.2         | 1.3         | 1.4         | 1.2         | 1.0         | 1.2         | 4.0           | 3.5          | (0.4)        |
| Other                         | 0.8         | 0.7         | 0.6         | 0.8         | 0.8         | 0.6         | 0.6         | 2.2           | 2.2          | (0.0)        |
| <b>Total</b>                  | <b>59.5</b> | <b>60.5</b> | <b>57.7</b> | <b>58.3</b> | <b>55.1</b> | <b>58.5</b> | <b>61.9</b> | <b>177.8</b>  | <b>175.6</b> | <b>(2.2)</b> |

# Business segments \*

## 【Global Investment Banking】

(JPY billion)

|                        | FY2018 |      | FY2019 |      |             | QoQ<br>Change<br>(f) = (e) - (d) | FY2018<br>Q3<br>(g) | FY2019<br>Q3<br>(h) | YoY<br>Change<br>(i) = (h) - (g) |
|------------------------|--------|------|--------|------|-------------|----------------------------------|---------------------|---------------------|----------------------------------|
|                        | Q3     | Q4   | Q1     | Q2   | Q3          |                                  |                     |                     |                                  |
|                        | (a)    | (b)  | (c)    | (d)  | (e)         |                                  |                     |                     |                                  |
| Net operating revenues | 20.0   | 21.8 | 16.0   | 21.7 | <b>19.9</b> | (1.7)                            | 57.5                | <b>57.7</b>         | 0.2                              |
| SG & A expenses        | 12.6   | 12.9 | 11.7   | 13.6 | <b>14.0</b> | 0.3                              | 39.0                | <b>39.4</b>         | 0.4                              |
| Ordinary income        | 7.4    | 8.8  | 4.2    | 8.0  | <b>5.9</b>  | (2.0)                            | 18.5                | <b>18.3</b>         | (0.1)                            |

- Experienced declines in revenue and income on a QoQ basis. However, on a YoY basis, revenue and income levels remained unchanged thanks to large-scale deals which offset QoQ declines

- Other contributing factors included not only a highly active DCM market worldwide, but also our ability in Japan to win large M&A and subordinated debt deals

## 【Global Markets】

(JPY billion)

|                        | FY2018 |      | FY2019 |      |             | QoQ<br>Change<br>(f) = (e) - (d) | FY2018<br>YoY<br>(g) | FY2019<br>YoY<br>(h) | YoY<br>Change<br>(i) = (h) - (g) |
|------------------------|--------|------|--------|------|-------------|----------------------------------|----------------------|----------------------|----------------------------------|
|                        | Q3     | Q4   | Q1     | Q2   | Q3          |                                  |                      |                      |                                  |
|                        | (a)    | (b)  | (c)    | (d)  | (e)         |                                  |                      |                      |                                  |
| Net operating revenues | 32.6   | 38.1 | 42.8   | 50.8 | <b>51.1</b> | 0.3                              | 118.3                | <b>144.8</b>         | 26.5                             |
| SG & A expenses        | 36.3   | 38.0 | 37.6   | 37.5 | <b>40.4</b> | 2.8                              | 114.5                | <b>115.6</b>         | 1.0                              |
| Ordinary income        | (3.6)  | 0.1  | 5.1    | 13.3 | <b>10.7</b> | (2.5)                            | 3.7                  | <b>29.2</b>          | 25.5                             |

- Decisively captured client flow while also maintaining favorable results for overseas fixed income. Additionally, achieved an appropriate level of income despite ongoing Japanese interest rate volatility stagnation

- Looking at our equities business, we expanded profits thanks to success across profit/cost structure reforms

## 【Retail & Business Banking (R&BB)】

(JPY billion)

|                        | FY2018 |       | FY2019 |      |             | QoQ<br>Change<br>(f) = (e) - (d) | FY2018<br>YoY<br>(g) | FY2019<br>YoY<br>(h) | YoY<br>Change<br>(i) = (h) - (g) |
|------------------------|--------|-------|--------|------|-------------|----------------------------------|----------------------|----------------------|----------------------------------|
|                        | Q3     | Q4    | Q1     | Q2   | Q3          |                                  |                      |                      |                                  |
|                        | (a)    | (b)   | (c)    | (d)  | (e)         |                                  |                      |                      |                                  |
| Net operating revenues | 33.8   | 26.8  | 28.0   | 29.6 | <b>33.7</b> | 4.0                              | 104.4                | <b>91.5</b>          | (12.9)                           |
| SG & A expenses        | 30.5   | 30.4  | 29.0   | 28.7 | <b>29.9</b> | 1.2                              | 93.1                 | <b>87.6</b>          | (5.5)                            |
| Ordinary income        | 3.2    | (3.6) | (0.9)  | 1.0  | <b>3.8</b>  | 2.7                              | 11.2                 | <b>3.9</b>           | (7.3)                            |

- Continued global equities strategy while identifying new client needs in light of improved built-in gains vs losses thanks to rising stock prices

- Increased sales of investment trust and structured bond products by offering consulting services tailored to client needs, thereby boosting QoQ revenue and income

\* Figures herein are provided on an “aggregate basis” which is the simple aggregate (on an internal management basis) of Mizuho Securities USA (MSUSA)—a company not included in our consolidated results. Note that MSUSA includes Mizuho Capital Markets LLC and Mizuho Markets Cayman LP.

# Business segments—Global Investment Banking

## Major league tables

### Total Japan publicly offered bonds (2019/4/1-2019/12/31)

| Rank | Company Name                       | Amount<br>(JPY bn) | Share<br>(%) |
|------|------------------------------------|--------------------|--------------|
| 1    | <b>Mizuho Sec.</b>                 | <b>3,564.0</b>     | <b>20.5</b>  |
| 2    | SMBC Nikko Sec.                    | 3,368.5            | 19.4         |
| 3    | Daiwa Sec.                         | 3,115.3            | 18.0         |
| 4    | Nomura Sec.                        | 3,068.0            | 17.7         |
| 5    | Mitsubishi UFJ Morgan Stanley Sec. | 2,962.3            | 17.1         |

Based on underwriting amount and pricing date basis  
Deals including straight bonds, investment corporation bonds, zaito institution bonds, municipal bonds (lead manager method only), samurai bonds and preferred securities, but excluding own debt  
Source: Prepared by Mizuho Securities based on data from I-N Information Systems

### Total equity underwriting worldwide (2019/4/1-2019/12/31)

| Rank | Company Name                    | Amount<br>(JPY bn) | Share<br>(%) |
|------|---------------------------------|--------------------|--------------|
| 1    | Sumitomo Mitsui Financial Group | 354.6              | 18.3         |
| 2    | Nomura Holdings                 | 350.8              | 18.1         |
| 3    | Morgan Stanley                  | 322.3              | 16.7         |
| 4    | Daiwa Securities Group          | 276.5              | 14.3         |
| 5    | <b>Mizuho Financial Group</b>   | <b>263.5</b>       | <b>13.6</b>  |

Based on underwriting amount and pricing date basis  
Deals including initial public offerings, public offerings, convertible bonds and REITs  
Source: Prepared by Mizuho Securities based on data from Refinitiv (formerly the financial and risk business of Thomson Reuters)

### M&A Advisory for announced deals (2019/4/1-2019/12/31)

| Rank | Company Name                       | Amount<br>(JPY bn) | No. of<br>transactions |
|------|------------------------------------|--------------------|------------------------|
| 1    | Nomura Sec.                        | 7,361.2            | 99                     |
| 2    | Mitsubishi UFJ Morgan Stanley Sec. | 6,741.8            | 44                     |
| 3    | <b>Mizuho Financial Group</b>      | <b>6,612.2</b>     | <b>112</b>             |
| 4    | Bank of America                    | 4,437.5            | 18                     |
| 5    | JPMorgan                           | 3,940.2            | 14                     |

Based on deal amounts  
Any Japanese related deals (excluding real estate deals)  
Source: Prepared by Mizuho Securities based on data from Refinitiv (formerly the financial and risk business of Thomson Reuters)

### ABS lead manager (Prelim. figures) (2019/4/1-2019/12/31)

| Rank | Company Name                    | No. of<br>transactions | Amount<br>(JPY bn) |
|------|---------------------------------|------------------------|--------------------|
| 1    | <b>Mizuho Financial Group</b>   | <b>112</b>             | <b>1,065.8</b>     |
| 2    | Sumitomo Mitsui Trust Holdings  | 15                     | 681.9              |
| 3    | Sumitomo Mitsui Financial Group | 23                     | 571.9              |
| 4    | Morgan Stanley                  | 12                     | 392.8              |
| 5    | Nomura Holdings                 | 10                     | 364.4              |

Based on deal amounts and settlement date basis  
Source: Prepared by Mizuho Securities based on data (as of 9:00am, Jan. 20, 2020) from Refinitiv (formerly the financial and risk business of Thomson Reuters)

(Preliminary figures prior to release)

## Major deals underwritten (FY19/Q3)

### DCM

| Japan   | Global  |
|---|---|
| <ul style="list-style-type: none"> <li>➤ AEON CO.,LTD.</li> <li>➤ SUMITOMO CHEMICAL</li> <li>➤ OSAKA GAS CO., LTD.</li> <li>➤ TAIYO NIPPON SANSO</li> <li>➤ Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</li> <li>➤ Rakuten Card Co.,Ltd.</li> <li>➤ Hitachi Capital Corporation</li> <li>➤ IHI Corporation</li> <li>➤ TOYOTA FINANCE CORPORATION</li> <li>➤ Kyushu Electric Power Company</li> <li>➤ TEPCO Power Grid, Incorporated</li> <li>➤ Mizuho Financial Group, Inc.</li> <li>➤ East Nippon Expressway</li> <li>➤ Hanshin Expressway Company</li> <li>➤ JRJT</li> <li>➤ BFCM</li> <li>➤ BPCE</li> <li>➤ City of Kyoto</li> </ul> | <ul style="list-style-type: none"> <li>➤ Bank of Ireland</li> <li>➤ British Telecommunications plc</li> <li>➤ Cameron LNG LLC</li> <li>➤ Charter Communications Operating LLC</li> <li>➤ China State Construction Finance (Cayman) III Ltd</li> <li>➤ Comcast Corp</li> <li>➤ DH Europe Finance II SARL</li> <li>➤ ENEL Finance International NV</li> <li>➤ Equinor ASA</li> <li>➤ Ford Motor Credit Company LLC</li> <li>➤ Huarong Finance 2019 Co Ltd</li> <li>➤ NCL Corp Ltd</li> <li>➤ People's Republic of China</li> <li>➤ PepsiCo Inc</li> <li>➤ Verizon Communications Inc</li> </ul> |

### ECM

|   |  |
|---|--|
| <ul style="list-style-type: none"> <li>➤ RAKSUL INC. ('overseas ABB, Euro/Yen CB)</li> <li>➤ TOA CORPORATION</li> <li>➤ WA, Inc.</li> <li>➤ global bridge HOLDINGS Co.,Ltd.</li> <li>➤ BASE CO., LTD.</li> <li>➤ CellSource Co., Ltd.</li> <li>➤ INCLUSIVE Inc.</li> <li>➤ Intimate Merger, Inc.</li> <li>➤ WILLs Inc.</li> </ul> | <ul style="list-style-type: none"> <li>➤ MEDLEY, INC.</li> <li>➤ MCUBS MidCity Investment</li> <li>➤ Kenedix Retail REIT</li> <li>➤ Takara Leben Infrastructure Fund, Inc.</li> <li>➤ SOSiLA Logistics REIT, Inc.</li> <li>➤ Cytokinetics Inc</li> <li>➤ Liberty Media Corp</li> <li>➤ Safehold Inc</li> <li>➤ Saudi Aramco</li> </ul> |
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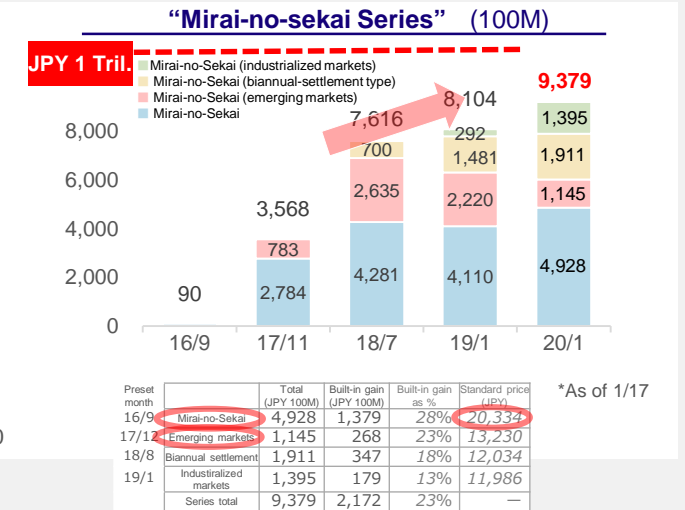
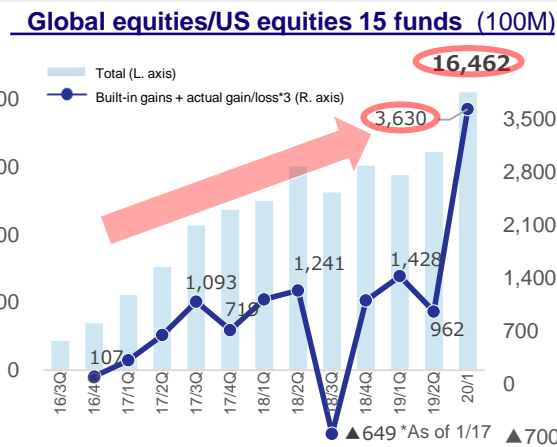
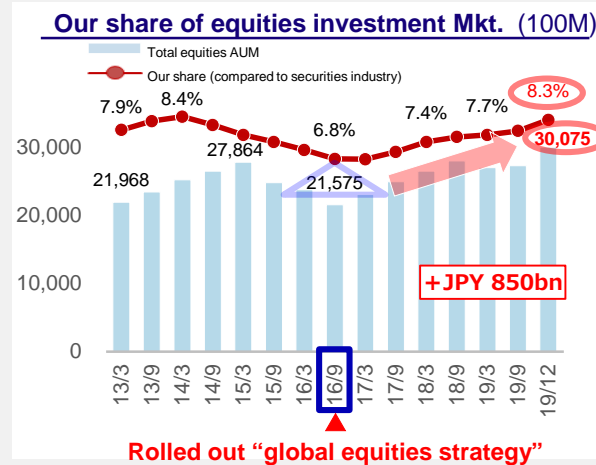
# Business segments—Retail & Business Banking (R&BB)

## I. AUM Increase

- Steadily expanded AUM: Recorded JPY 489bn (2.8-fold YoY increase) for FY19Q3. YTD increase as of FY19Q3: JPY 1.943 trillion

## II. Equity investment trust sales

- Total equities AUM exceeded JPY 3 trillion for the first time (net increase of JPY 850bn over 3 years), representing a YoY net increase of JPY 577.4bn
- FY19Q3 sales: JPY 257.7bn (+25% YoY), net increase: JPY 45.1bn (+73% YoY)
- Set a new record this past December for monthly sales: JPY 164.1bn, net increase JPY 64.1bn
- Our company achieved sales of JPY 146.8bn for the "T ROWE PRICE NEW AMERICA GROWTH FUND" newly established this past December, and initial valuation marked a new all-time high for our company
  - Along with the June "Global Prospective Fund," we took 1st and 2nd place for the highest 2019 initial valuations (marking the first time in seven years for the Japanese securities industry to achieve such large-scale deals)
- Based on themes of "long-term, diversified, and global," our global equities investment strategy achieved definitive progress enabling our "global equities funds\*1" to steadily expand and achieve a balance of JPY 1646.2bn (built-in gains of JPY 363bn)
- The "Mirai-no-Sekai" investment fund series\*2 achieved total net assets of JPY 980bn (of which our company achieved JPY 937.9bn)—just under JPY 1Tril.



## Awarded Morningstar Award "Fund of the Year 2019"\*4 Best Fund of the Year and Fund of the Year awards

- From among 5,481 funds in Japan (Japanese open-end equities investment trusts), ours won awards in two out of nine categories
- Best Fund of the Year: Mirai-no-Sekai (emerging markets) Category: global equities (specific region) / Fund of the Year: Mirai-no-Sekai Category: global equities (global)

Total for Mizuho Securities: JPY 114.5bn, Standard price: JPY 13,230 \*As of 1/17

Total for Mizuho Securities: JPY 492.8bn, Standard price JPY 20,334 (no FX hedge) \*As of 1/17

\*1 Fifteen investment funds investing in global emerging markets and US equities

\*2 The "Mirai-no-Sekai" investment fund series is comprised of: "Mirai-no-Sekai," "Mirai-no-Sekai (biannual-settlement type)," "Mirai-no-Sekai (emerging markets)," and "Mirai-no-Sekai (industrialized markets)"

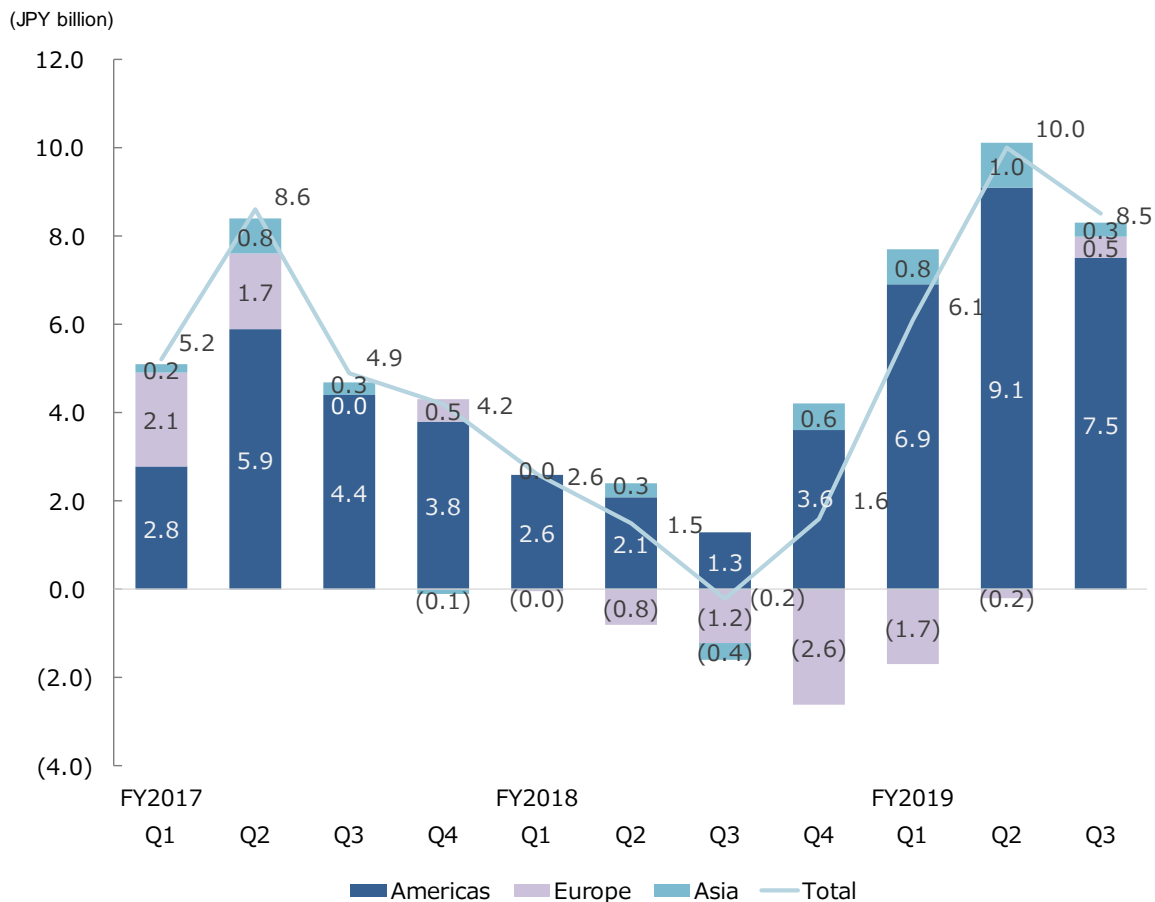
\*3 Calculated by subtracting equity investment trust net increase from estimated value

\*4 Morningstar Award "Fund of the Year 2019" is based on past performance and past performance does not guarantee future results. Although information is obtained or compiled from sources which the company believes to be reliable, Morningstar does not guarantee the accuracy, validity, timeliness or completeness of any information. All information is protected by copyright and intellectual property laws. All rights reserved. You may not reproduce, retransmit, disseminate any information without the express written consent of Morningstar or Morningstar, Inc. This award specifically targets Japanese open-ended equity investment trusts and selects candidates based on Morningstar's own quantitative and qualitative analysis for each category to ultimately choose the overall winner.



# Ordinary income\* —Overseas entities

## Ordinary income of overseas entities by region



### Ordinary income of overseas entities by region

■ Despite QoQ decrease of JPY 1.4bn, DCM and fixed income remained strong thereby maintaining an ongoing high level of performance. Recorded Q3 cumulative of JPY 24.6bn, representing YoY increase of JPY 20.7bn

#### -- Americas

■ Despite QoQ decline (a by-product of last quarter's record-breaking DCM issuance), maintained high level of performance to record JPY 7.5bn

#### -- Europe

■ Achieved a profit for the first time in six quarters thanks both to cost reduction measures executed during the first half and framework enhancement primarily in terms of fixed income

#### -- Asia

■ Achieved a profit for the fourth straight quarter

\*Above graph is based on simple aggregate totals prior to subtracting internal transaction figures.

Note that ordinary income for "Americas" includes that of MSUSA (Incl. Mizuho Capital Markets LLC and Mizuho Markets Cayman LP) which is not a consolidated subsidiary of Mizuho Securities.

# Reference Data

# Commissions & fees—Consolidated

|   | FY2018      |             |             |              | FY2019      |             |             |                           |              | YoY Change<br>(j)=(i)-(d) |
|---|-------------|-------------|-------------|--------------|-------------|-------------|-------------|---------------------------|--------------|---------------------------|
|   | Q1<br>(a)   | Q2<br>(b)   | Q3<br>(c)   | (d)          | Q1<br>(e)   | Q2<br>(f)   | Q3<br>(g)   | QoQ Change<br>(h)=(g)-(f) | (i)          |                           |
| <b>Equities</b>                                   | 11.7        | 13.1        | 20.6        | 45.5         | 9.4         | 10.9        | 11.1        | 0.2                       | 31.5         | (14.0)                    |
| Brokerage commissions                             | 7.8         | 7.7         | 6.8         | 22.3         | 6.0         | 7.0         | 7.2         | 0.2                       | 20.2         | (2.1)                     |
| Underwriting and selling fees and commissions     | 2.6         | 4.4         | 12.5        | 19.6         | 2.5         | 2.6         | 2.6         | 0.0                       | 7.8          | (11.7)                    |
| Offering, selling, and other commissions and fees | 0.4         | 0.0         | 0.4         | 0.9          | 0.0         | 0.5         | 0.1         | (0.3)                     | 0.8          | (0.0)                     |
| Other commissions and fees                        | 0.8         | 0.9         | 0.8         | 2.6          | 0.7         | 0.7         | 1.0         | 0.3                       | 2.5          | (0.0)                     |
| <b>Bond</b>                                       | 10.3        | 10.8        | 9.2         | 30.4         | 10.4        | 12.0        | 10.2        | (1.8)                     | 32.7         | 2.2                       |
| Brokerage commissions                             | 0.1         | 0.2         | 0.1         | 0.5          | 0.2         | 0.2         | 0.2         | (0.0)                     | 0.6          | 0.0                       |
| Underwriting and selling fees and commissions     | 4.6         | 6.4         | 4.7         | 15.8         | 6.1         | 8.0         | 5.4         | (2.6)                     | 19.6         | 3.8                       |
| Offering, selling and other commissions and fees  | 3.0         | 2.9         | 3.0         | 9.0          | 2.2         | 2.8         | 3.2         | 0.4                       | 8.4          | (0.5)                     |
| Other commissions and fees                        | 2.5         | 1.1         | 1.2         | 4.9          | 1.7         | 0.9         | 1.3         | 0.3                       | 3.9          | (1.0)                     |
| <b>Beneficiary certificates</b>                   | 10.7        | 12.2        | 8.4         | 31.4         | 11.4        | 10.3        | 11.4        | 1.1                       | 33.2         | 1.8                       |
| Brokerage commissions                             | 0.0         | 0.0         | 0.1         | 0.3          | 0.1         | 0.1         | 0.0         | (0.0)                     | 0.2          | (0.0)                     |
| Offering, selling and other commissions and fees  | 6.1         | 7.6         | 3.9         | 17.7         | 7.0         | 5.7         | 6.7         | 1.0                       | 19.5         | 1.8                       |
| Agency commissions                                | 4.5         | 4.5         | 4.3         | 13.3         | 4.3         | 4.4         | 4.5         | 0.1                       | 13.4         | 0.0                       |
| Other commissions and fees                        | 0.0         | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         | 0.0         | 0.0                       | 0.0          | 0.0                       |
| <b>Other</b>                                      | 6.1         | 9.1         | 6.8         | 22.0         | 5.8         | 8.5         | 8.3         | (0.1)                     | 22.7         | 0.6                       |
| Fees on Insurance Business Related                | 0.1         | 0.2         | 0.1         | 0.5          | 0.0         | 0.0         | 0.0         | (0.0)                     | 0.2          | (0.3)                     |
| Fees on Wrap Accounts Services                    | 0.7         | 0.8         | 0.8         | 2.3          | 0.7         | 0.7         | 0.7         | (0.0)                     | 2.3          | (0.0)                     |
| Financial advisory Fee - M&A                      | 1.7         | 3.8         | 3.2         | 8.7          | 1.9         | 2.5         | 3.9         | 1.3                       | 8.4          | (0.3)                     |
| Financial advisory Fee - Structured Finance       | 1.4         | 1.5         | 1.0         | 4.0          | 1.2         | 2.1         | 1.4         | (0.6)                     | 4.8          | 0.7                       |
| Financial advisory Fee - Other consulting         | 0.9         | 0.9         | 0.6         | 2.5          | 0.8         | 1.1         | 0.6         | (0.5)                     | 2.5          | 0.0                       |
| Other commissions and fees                        | 1.0         | 1.7         | 0.8         | 3.6          | 1.0         | 1.7         | 1.5         | (0.2)                     | 4.3          | 0.6                       |
| <b>Total</b>                                      | <b>38.9</b> | <b>45.4</b> | <b>45.1</b> | <b>129.5</b> | <b>37.2</b> | <b>41.8</b> | <b>41.1</b> | <b>(0.6)</b>              | <b>120.2</b> | <b>(9.2)</b>              |

(JPY billion)

# SG&A expenses—Consolidated

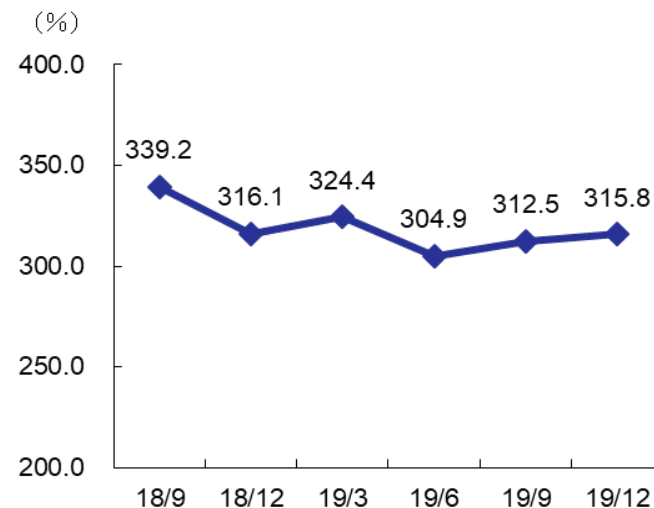
|                               | FY2018      |             |             |              | FY2019      |             |             |                           |              | (JPY billion)             |
|-------------------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|---------------------------|--------------|---------------------------|
|                               | Q1<br>(a)   | Q2<br>(b)   | Q3<br>(c)   | (d)          | Q1<br>(e)   | Q2<br>(f)   | Q3<br>(g)   | QoQ Change<br>(h)=(g)-(f) | (i)          | YoY Change<br>(j)=(i)-(d) |
| Transaction-related           | 11.1        | 11.7        | 12.2        | 35.1         | 10.4        | 11.1        | <b>11.1</b> | (0.0)                     | 32.7         | (2.3)                     |
| Personnel                     | 29.7        | 32.0        | 27.9        | 89.7         | 26.8        | 30.2        | <b>30.0</b> | (0.2)                     | 87.1         | (2.6)                     |
| Real estate                   | 7.7         | 8.2         | 7.7         | 23.7         | 7.5         | 7.1         | <b>7.6</b>  | 0.4                       | 22.3         | (1.3)                     |
| Administrative                | 6.5         | 6.8         | 6.8         | 20.2         | 6.6         | 6.5         | <b>6.5</b>  | (0.0)                     | 19.7         | (0.4)                     |
| Depreciation and amortization | 6.9         | 7.1         | 7.0         | 21.1         | 7.0         | 7.4         | <b>8.0</b>  | 0.6                       | 22.5         | 1.4                       |
| Taxes and dues                | 1.4         | 1.3         | 1.4         | 4.2          | 1.3         | 1.0         | <b>1.3</b>  | 0.2                       | 3.7          | (0.4)                     |
| Other                         | 1.2         | 1.0         | 1.0         | 3.3          | 1.2         | (0.0)       | <b>1.0</b>  | 1.0                       | 2.3          | (1.0)                     |
| <b>Total</b>                  | <b>64.7</b> | <b>68.5</b> | <b>64.2</b> | <b>197.5</b> | <b>61.1</b> | <b>63.7</b> | <b>65.8</b> | <b>2.1</b>                | <b>190.6</b> | <b>(6.8)</b>              |

# Balance sheet summary

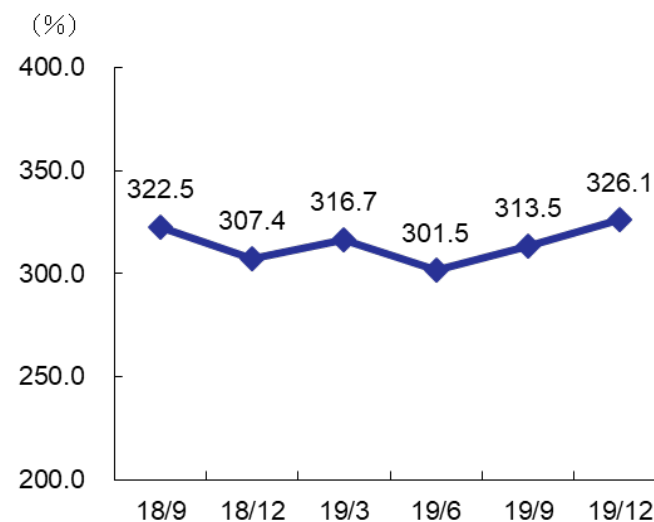
## Balance sheets (consolidated)

|   | 2019          |               | 2019  |                      |
|---|---------------|---------------|---|----------------------|
|   | Sep.          | Dec.          | Sep.  | Dec.                 |
|   | (JPY billion) |               |   |                      |
| <b>Assets</b>   |               |               | <b>Liabilities</b>  |                      |
| <b>Total current assets</b>                               | 17,859        | <b>16,580</b> | <b>Total current liabilities</b>                          | 16,273 <b>15,014</b> |
| Cash and bank deposits                                    | 398           | <b>406</b>    | Trading liabilities                                       | 7,548 <b>5,588</b>   |
| Trading assets  | 9,441         | <b>8,003</b>  | Collateralized short-term financing agreements-receivable | 6,581 <b>7,246</b>   |
| Operating investment securities                           | 64            | <b>71</b>     | Short-term borrowings                                     | 675 <b>647</b>       |
| Collateralized short-term financing agreements-receivable | 6,848         | <b>7,166</b>  | Commercial paper  | 319 <b>318</b>       |
| <b>Total noncurrent assets</b>                            | 214           | <b>218</b>    | <b>Total noncurrent liabilities</b>                       | 908 <b>872</b>       |
| Property and equipment                                    | 30            | <b>30</b>     | Bonds and notes   | 748 <b>715</b>       |
| Intangible assets   | 83            | <b>83</b>     | Long-term borrowings                                      | 132 <b>128</b>       |
| Investments and other assets                              | 100           | <b>104</b>    | <b>Total liabilities</b>                                  | 17,184 <b>15,889</b> |
| Investment securities                                     | 51            | <b>55</b>     | <b>Net assets</b>   |                      |
|   |               |               | Total shareholders' equity                                | 933 <b>943</b>       |
|   |               |               | Accumulated other comprehensive income                    | (49) <b>(37)</b>     |
|   |               |               | Non-controlling interests                                 | 5 <b>3</b>           |
|   |               |               | <b>Total net assets</b>                                   | 889 <b>909</b>       |
| <b>Total assets</b>                                       | 18,073        | <b>16,798</b> | <b>Total liabilities and net assets</b>                   | 18,073 <b>16,798</b> |

## Capital adequacy ratio (consolidated)



## Capital adequacy ratio (non-consolidated)



# Profit and Loss Statement—Non-consolidated results

(JPY million)

|  | FY18/Q1-Q4 |        |        |         | FY19     |        |        |        |
|--|------------|--------|--------|---------|----------|--------|--------|--------|
|  | Q1         | Q2     | Q3     | Q4      | Q1       | Q2     | Q3     |        |
| Operating revenues                                 | 341,131    | 82,950 | 97,708 | 81,116  | 79,356   | 74,896 | 96,862 | 87,541 |
| Commissions  | 151,810    | 34,277 | 41,244 | 41,308  | 34,980   | 34,070 | 37,933 | 37,753 |
| Brokerage commissions                              | 23,947     | 6,512  | 6,491  | 5,843   | 5,100    | 5,051  | 6,117  | 5,868  |
| Equities   | 23,367     | 6,388  | 6,332  | 5,638   | 5,008    | 4,926  | 5,979  | 5,755  |
| Bonds  | 167        | 40     | 59     | 44      | 22       | 21     | 23     | 30     |
| Underwriting and selling fees and commissions      | 36,912     | 6,139  | 9,830  | 15,586  | 5,356    | 8,032  | 9,206  | 7,429  |
| Equities   | 20,228     | 2,218  | 4,059  | 11,871  | 2,079    | 2,413  | 2,254  | 2,501  |
| Bonds  | 16,070     | 3,836  | 5,389  | 3,696   | 3,148    | 5,552  | 6,889  | 4,823  |
| Offering, selling, and other commissions and fees  | 27,772     | 7,475  | 9,062  | 5,294   | 5,940    | 8,242  | 7,515  | 8,457  |
| Beneficiary certificates                           | 22,027     | 6,174  | 7,606  | 3,945   | 4,301    | 7,021  | 5,733  | 6,774  |
| Other commissions and fees                         | 63,177     | 14,150 | 15,859 | 14,583  | 18,583   | 12,744 | 15,094 | 15,998 |
| Beneficiary certificates                           | 17,623     | 4,503  | 4,538  | 4,331   | 4,250    | 4,372  | 4,485  | 4,596  |
| Other (excl. equities and bonds)                   | 27,448     | 4,890  | 7,457  | 5,619   | 9,481    | 4,734  | 6,794  | 6,868  |
| Net gain on trading                                | 93,568     | 25,150 | 27,529 | 23,071  | 17,816   | 20,401 | 29,767 | 30,556 |
| Equities, etc.                                     | 48,813     | 23,618 | 23,657 | (1,097) | 2,634    | 5,385  | 10,219 | 13,690 |
| Bonds, etc. and Others                             | 44,754     | 1,532  | 3,872  | 24,168  | 15,181   | 15,015 | 19,548 | 16,865 |
| Net gain (loss) on operating investment securities | 5,287      | 3,642  | 739    | 600     | 304      | 1,293  | 870    | 386    |
| Interest and dividend income                       | 90,465     | 19,879 | 28,194 | 16,136  | 26,255   | 19,132 | 28,290 | 18,845 |
| Interest expenses                                  | 77,794     | 15,278 | 21,226 | 17,761  | 23,528   | 16,759 | 28,167 | 15,582 |
| Net operating revenues                             | 263,337    | 67,672 | 76,481 | 63,355  | 55,827   | 58,137 | 68,695 | 71,959 |
| SG&A expenses                                      | 236,229    | 59,572 | 60,527 | 57,748  | 58,380   | 55,177 | 58,511 | 61,946 |
| Operating income                                   | 27,107     | 8,099  | 15,954 | 5,606   | (2,553)  | 2,960  | 10,184 | 10,013 |
| Non-operating income                               | 9,044      | 6,970  | 973    | 511     | 589      | 2,863  | 615    | 642    |
| Non-operating expenses                             | 196        | 116    | 15     | 32      | 32       | 57     | 10     | 53     |
| Ordinary income                                    | 35,955     | 14,953 | 16,913 | 6,084   | (1,995)  | 5,766  | 10,789 | 10,601 |
| Extraordinary gains                                | 2,512      | 1,931  | 418    | 75      | 86       | 181    | 4      | 759    |
| Extraordinary losses                               | 16,467     | 31     | 502    | 544     | 15,389   | 261    | 203    | 94     |
| Net income   | 12,393     | 14,099 | 14,883 | 4,835   | (21,424) | 4,717  | 7,557  | 10,384 |

## Product sales and number of accounts—Non-consolidated

|   | (JPY billion)      |       |       |       |        |       |       |  |
|---|--------------------|-------|-------|-------|--------|-------|-------|--|
|   | FY2018             |       |       |       | FY2019 |       |       |  |
|   | Q1                 | Q2    | Q3    | Q4    | Q1     | Q2    | Q3    |  |
| Equity sales                                    | 40                 | 63    | 408   | 28    | 69     | 39    | 26    |  |
| Foreign bond sales                              | 254                | 303   | 257   | 264   | 164    | 207   | 277   |  |
| Japan domestic bond sales                       | 335                | 272   | 268   | 296   | 272    | 283   | 352   |  |
| Equity investment trust sales                   | 225                | 277   | 142   | 162   | 263    | 205   | 257   |  |
| *R & BB Division figures                        |                    |       |       |       |        |       |       |  |
|   | (Thousand account) |       |       |       |        |       |       |  |
|   | 18/6               | 18/9  | 18/12 | 19/3  | 19/6   | 19/9  | 19/12 |  |
| Cash management accounts                        | 1,752              | 1,763 | 1,775 | 1,782 | 1,785  | 1,790 | 1,801 |  |
| Online trading accounts                         | 1,192              | 1,213 | 1,231 | 1,245 | 1,254  | 1,263 | 1,281 |  |
| Number of new client accounts (R & BB Division) | 25                 | 28    | 27    | 20    | 18     | 18    | 26    |  |
| New NISA accounts                               | 352                | 353   | 354   | 355   | 354    | 354   | 353   |  |
|   | FY2018             |       |       |       | FY2019 |       |       |  |
|   | Q1                 | Q2    | Q3    | Q4    | Q1     | Q2    | Q3    |  |
| % of # of transactions traded online (equities) | 52.4%              | 54.9% | 57.3% | 56.5% | 56.5%  | 55.1% | 58.0% |  |
| % of transaction value traded online (equities) | 24.4%              | 19.2% | 25.6% | 19.3% | 16.2%  | 20.9% | 16.4% |  |

# Market share and assets under management—Non-consolidated

(JPY billion)

|                       |                   | FY2018 |        |        |        | FY2019 |        |        |
|-----------------------|-------------------|--------|--------|--------|--------|--------|--------|--------|
|                       |                   | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3     |
| Equity trading volume | Total             | 13,204 | 12,610 | 12,828 | 11,817 | 10,714 | 11,662 | 13,000 |
|                       | Dealing           | 6,396  | 5,334  | 5,598  | 5,874  | 4,355  | 5,792  | 5,601  |
|                       | Brokerage         | 6,807  | 7,275  | 7,229  | 5,942  | 6,359  | 5,870  | 7,398  |
| Share in TSE          |                   | 3.17%  | 3.19%  | 2.94%  | 3.33%  | 3.19%  | 3.40%  | 3.35%  |
| Underwriting          | Equities          | 45     | 77     | 424    | 39     | 68     | 73     | 37     |
|                       | Bonds             | 1,924  | 2,126  | 1,716  | 1,589  | 1,959  | 2,309  | 2,030  |
| Distribution          | Equities          | 60     | 103    | 448    | 91     | 78     | 86     | 70     |
|                       | Bonds             | 1,319  | 1,581  | 1,245  | 1,131  | 1,324  | 1,837  | 1,390  |
|                       | Investment Trusts | 1,509  | 1,543  | 1,558  | 1,161  | 1,384  | 1,355  | 1,614  |

(JPY billion)

|   |                   | 18/6   | 18/9   | 18/12  | 19/3   | 19/6   | 19/9   | 19/12  |
|---|-------------------|--------|--------|--------|--------|--------|--------|--------|
| AUM   |                   | 44,243 | 45,943 | 43,452 | 45,655 | 45,737 | 46,322 | 48,213 |
|   | Equities          | 25,635 | 26,676 | 24,435 | 26,067 | 26,072 | 26,515 | 28,056 |
|   | Bonds             | 12,726 | 13,131 | 13,528 | 13,896 | 13,864 | 13,985 | 13,985 |
|   | Investment trusts | 5,402  | 5,538  | 4,939  | 5,148  | 5,257  | 5,297  | 5,630  |
|   | Others            | 479    | 596    | 549    | 544    | 543    | 524    | 541    |
| R & BB* AUM                                   |                   | 38,932 | 40,878 | 38,551 | 40,576 | 40,938 | 41,232 | 43,417 |
|   | Equities          | 22,270 | 23,648 | 21,614 | 22,929 | 23,354 | 23,535 | 25,254 |
|   | Bonds             | 11,638 | 12,040 | 12,259 | 12,600 | 12,502 | 12,618 | 12,684 |
|   | Investment trusts | 4,951  | 5,138  | 4,586  | 4,797  | 4,932  | 4,943  | 5,327  |
| Net inflow of client assets (R & BB Division) |                   | 409    | 646    | 2,657  | 346    | 435    | 169    | 489    |

\*Since the end of Mar. 2019, figures from previous fiscal years forward have been recalculated to include certain business corporates which were excluded from the scope of calculation until now



## Number of employees and offices

|  | 18/6   | 18/9   | 18/12  | 19/3   | 19/6   | 19/9   | 19/12 |
|--|--------|--------|--------|--------|--------|--------|-------|
| Consolidated number of employees         | 10,201 | 10,091 | 10,035 | 10,059 | 10,318 | 10,196 | 9,779 |
| Non-consolidated                         | 7,846  | 7,747  | 7,670  | 7,541  | 7,812  | 7,684  | 7,575 |
| Domestic affiliate companies             | 743    | 718    | 727    | 705    | 702    | 675    | 338   |
| Overseas subsidiaries                    | 1,612  | 1,626  | 1,638  | 1,813  | 1,804  | 1,837  | 1,866 |
| Number of offices                        | 271    | 272    | 272    | 269    | 269    | 269    | 267   |
| Japan                                    | 262    | 263    | 263    | 259    | 259    | 259    | 258   |
| Overseas (Rep. offices and subsidiaries) | 9      | 9      | 9      | 10     | 10     | 10     | 9     |

\*Figures for number of employees and number of offices include those of Mizuho Securities USA (788 employees as of the end of Jun. 2018, 801 employees as of the end of Sep. 2018, 818 employees as of the end of Dec. 2018, 1,000 employees as of the end of Mar. 2019, 996 employees as of the end of Jun. 2019, 1,050 employees as of the end of Sep. 2019 and 1,082 employees as of the end of Dec. 2019).