

1Q Ending March 31, 2019

Results Briefing

The objective of the document is to provide information on the results of the fiscal year ending March 31, 2019 and not to offer investments in securities issued by Okasan Securities Group Inc. The document has been prepared based on data as of the end of June 2018. Okasan Securities Group Inc. does not accept responsibility for any omissions or errors in data, statements, etc. in this document. The opinions and forecasts included in the document are based on our judgments at the time of writing. We make no guarantees regarding the accuracy or completeness of the information, which is subject to change without notice.

July 27, 2018
OKASAN SECURITIES GROUP INC.



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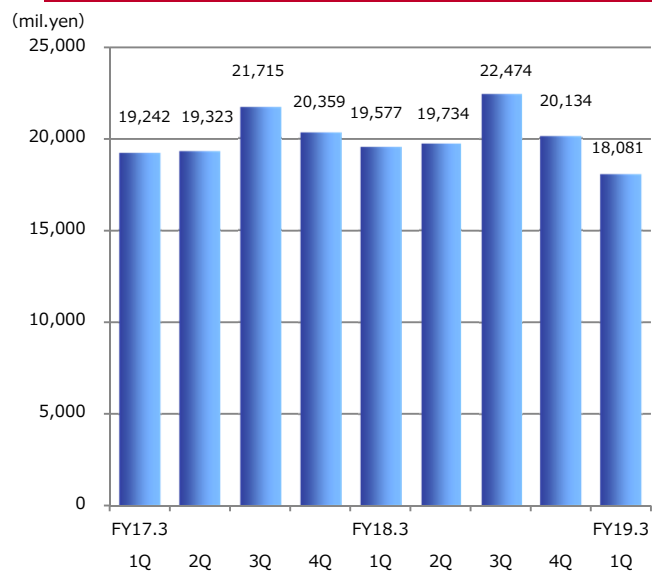
1 *Business Results Overviews (Consolidated)*

Financial Summary

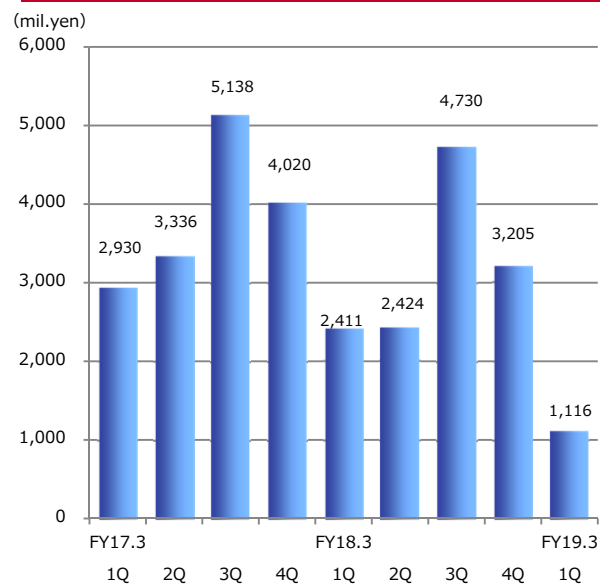
<Highlights>

- Operating revenues fell 7.6% year on year (YoY) to 18,081 million yen. Underwriting fees rose YoY, while net gain on trading income fell YoY.
- Ordinary income decreased 53.7% YoY to 1,116 million yen. Selling, general and administrative expenses fell 1.1% YoY. Personnel expenses and Real estate expenses were up, Office expenses and Depreciation expenses were down.
- Profit attributable to owners of parent decreased 59.0% YoY to 546 million yen.

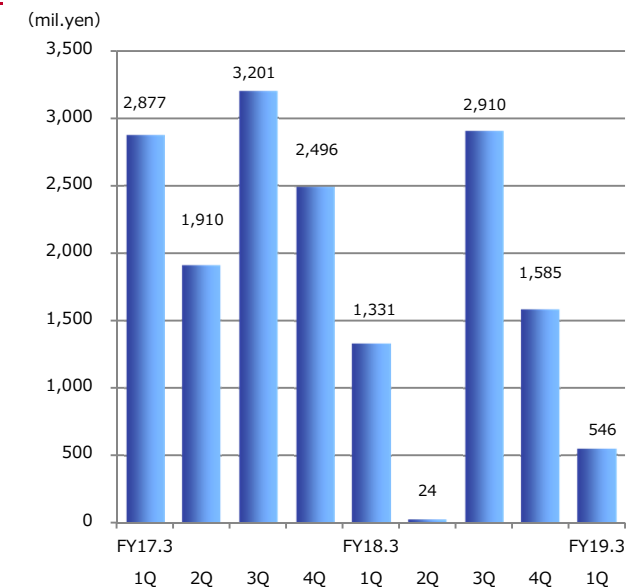
Operating revenues (quarterly)



Ordinary income (quarterly)



Profit attributable to owners of parent (quarterly)



Financial highlights of the 1st quarter fiscal year ending March 2019

(In millions of yen)

	FY18.3 1QTOTAL	FY19.3 1QTOTAL	vs.FY18.3 1QTOTAL
Operating revenues	19,577	18,081	-7.6%
Net operating revenues	19,294	17,843	-7.5%
SG&A	17,040	16,850	-1.1%
Operating income	2,253	992	-56.0%
Ordinary income	2,411	1,116	-53.7%
Profit attributable to owners of parent	1,331	546	-59.0%
EPS (YEN)	6.72	2.76	
BPS (YEN)	789.78	771.02	
ROE (annualized)	3.4%	1.4%	

(In millions of yen)

	FY18.3				FY19.3	vs.FY18.3
	1Q	2Q	3Q	4Q	1Q	4Q
Operating revenues	19,577	19,734	22,474	20,134	18,081	-10.2%
Net operating revenues	19,294	19,444	22,146	19,872	17,843	-10.2%
SG&A	17,040	17,233	17,514	17,248	16,850	-2.3%
Operating income	2,253	2,210	4,631	2,623	992	-62.2%
Ordinary income	2,411	2,424	4,730	3,205	1,116	-65.2%
Profit attributable to owners of parent	1,331	24	2,910	1,585	546	-65.6%
EPS (YEN)	6.72	0.12	14.70	8.01	2.76	
BPS (YEN)	789.78	774.84	796.48	791.46	771.02	

Operating Revenues

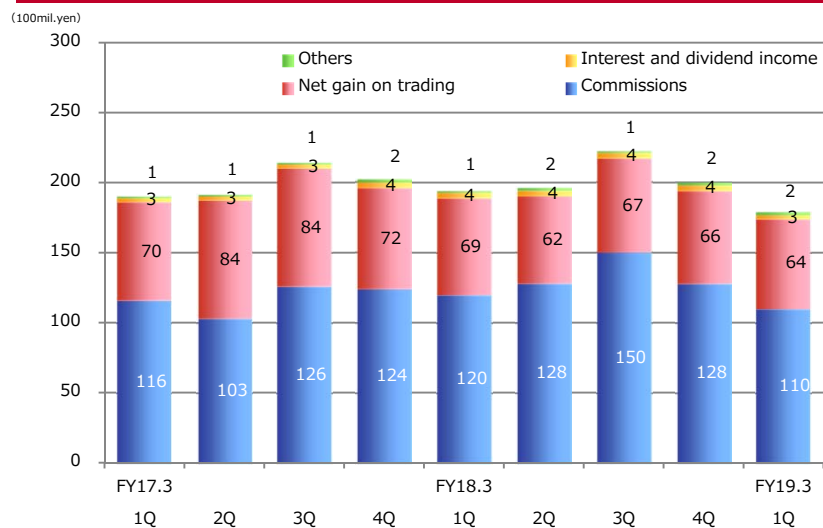
(In millions of yen)

	FY18.3	FY19.3	vs.FY18.3
	1QTOTAL	1QTOTAL	1QTOTAL
Commissions	12,027	11,054	-8.1%
Brokerage	4,386	4,018	-8.4%
Underwriting	80	203	152.2%
Distribution	3,338	2,620	-21.5%
Others	4,221	4,211	-0.2%
Net gain on trading	6,919	6,426	-7.1%
Equities	4,371	4,298	-1.7%
Bonds	2,645	2,052	-22.4%
Others	-97	76	-
Interest and dividend income	434	388	-10.5%
Others	196	211	7.7%
Operating revenues	19,577	18,081	-7.6%

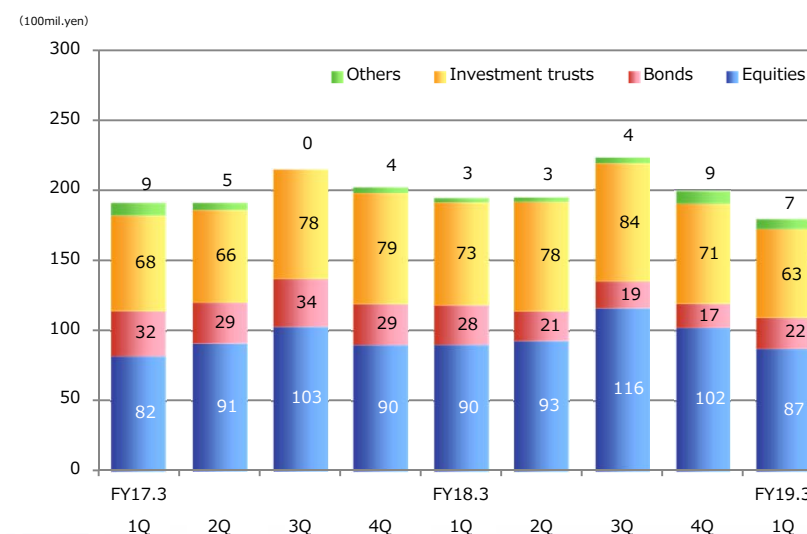
(In millions of yen)

	FY18.3				FY19.3	vs.FY18.3
	1Q	2Q	3Q	4Q	1Q	4Q
Commissions	12,027	12,831	15,055	12,862	11,054	-14.1%
Brokerage	4,386	4,379	6,185	5,211	4,018	-22.9%
Underwriting	80	316	177	54	203	275.9%
Distribution	3,338	3,877	4,297	3,158	2,620	-17.0%
Others	4,221	4,257	4,395	4,437	4,211	-5.1%
Net gain on trading	6,919	6,248	6,767	6,606	6,426	-2.7%
Equities	4,371	4,367	4,979	4,811	4,298	-10.7%
Bonds	2,645	1,974	1,794	1,664	2,052	23.3%
Others	-97	-93	-5	131	76	-42.0%
Interest and dividend income	434	436	462	412	388	-5.8%
Others	196	217	189	253	211	-16.6%
Operating revenues	19,577	19,734	22,474	20,134	18,081	-10.2%

Quarterly change in operating revenues



Quarterly change in operating revenues by product



Fees and Commissions Received

- Brokerage commissions fell 8.4% YoY. Domestic equity brokerage commissions decreased.
- Underwriting fees increased 152.2% YoY due to the lead managing underwriting on IPOs and POs.
- Distribution commissions fell 21.5% YoY due to lower sales of investment trusts.
- Other commissions decline slightly 0.2% YoY.

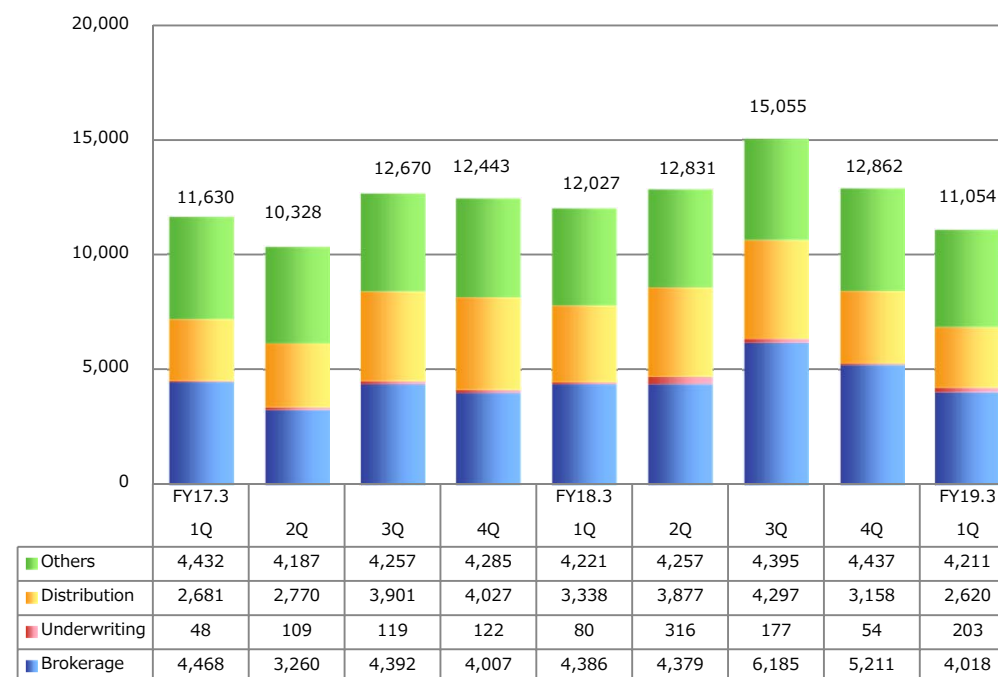
Fees and commissions received

(In millions of yen)

	FY18.3	FY19.3	vs.FY18.3
	1QTOTAL	1QTOTAL	1QTOTAL
Brokerage	4,386	4,018	-8.4%
Equities	4,285	3,938	-8.1%
Bonds	0	1	203.4%
Others	100	79	-21.2%
Underwriting	80	203	152.2%
Equities	48	163	236.9%
Bonds	32	40	24.7%
Distribution	3,338	2,620	-21.5%
Beneficiary Certificates	3,308	2,545	-23.1%
Others	4,221	4,211	-0.2%
Beneficiary Certificates	3,930	3,739	-4.9%
Total	12,027	11,054	-8.1%

Fees and commissions received (quarterly)

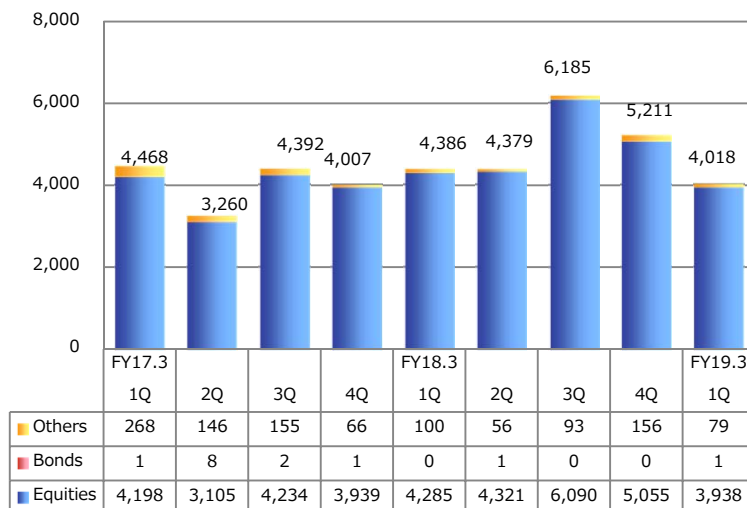
(mil.yen)



Fees and Commissions Received by Category

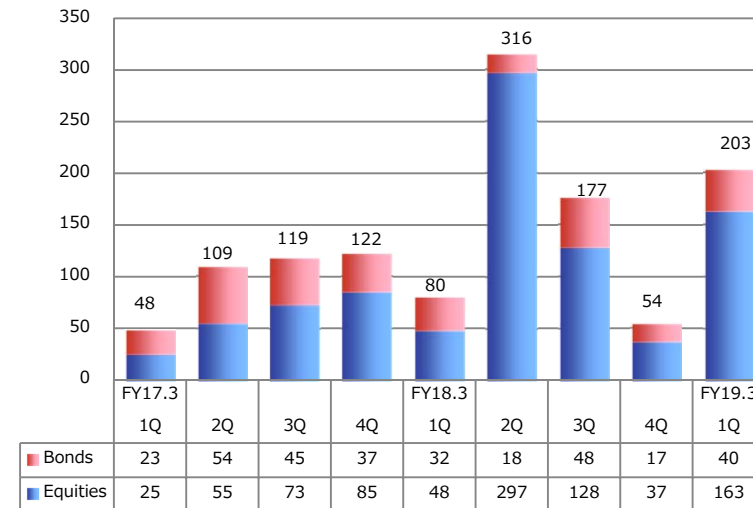
Brokerage

(mil.yen)



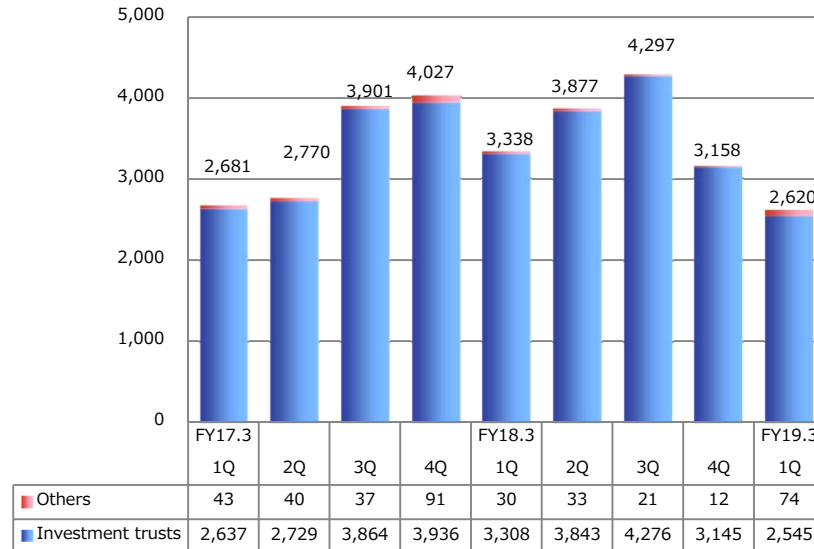
Underwriting

(mil.yen)



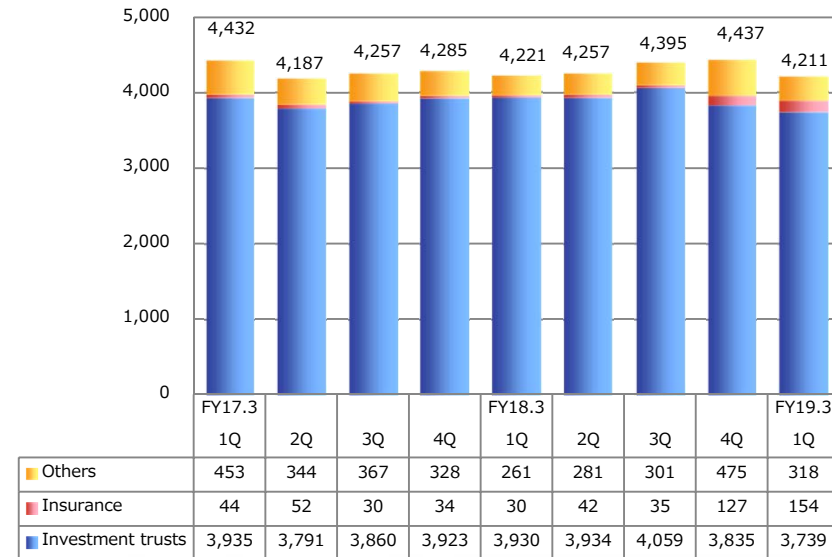
Distribution

(mil.yen)



Others

(mil.yen)



Net Trading Income

(In millions of yen)

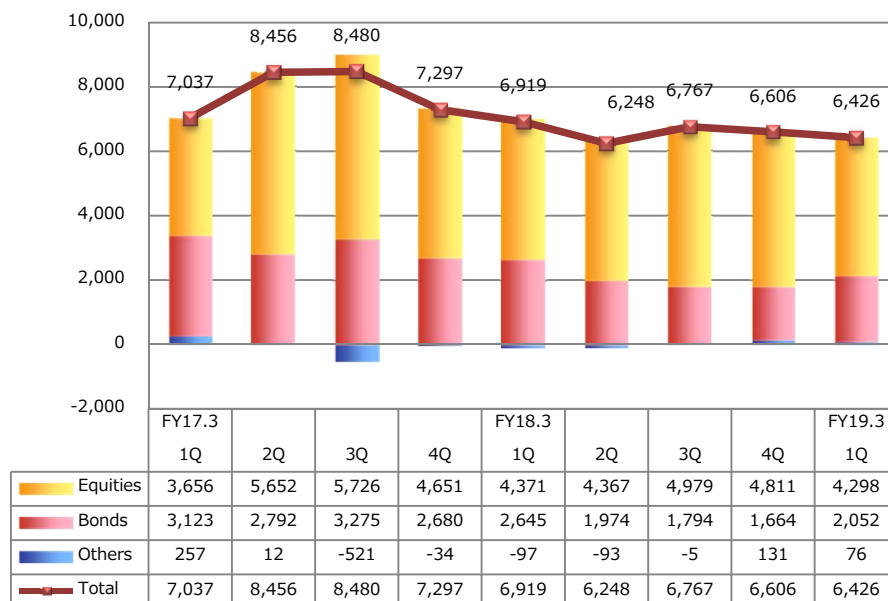
	FY18.3	FY19.3	vs.FY18.3
	1QTOTAL	1QTOTAL	1QTOTAL
Equities	4,371	4,298	-1.7%
Domestic equities	227	92	-59.5%
Foreign equities	4,143	4,205	1.5%
Bonds and others	2,645	2,052	-22.4%
Domestic bonds	158	159	0.6%
Foreign bonds	2,486	1,893	-23.9%
Others	-97	76	-
Net gain on trading	6,919	6,426	-7.1%

(In millions of yen)

	FY18.3				FY19.3		vs.FY18.3
	1Q	2Q	3Q	4Q	1Q	4Q	
	4,371	4,367	4,979	4,811	4,298		-10.7%
	227	298	265	180	92		-48.9%
	4,143	4,069	4,714	4,631	4,205		-9.2%
	2,645	1,974	1,794	1,664	2,052		23.3%
	158	70	52	169	159		-5.9%
	2,486	1,903	1,741	1,494	1,893		26.7%
	-97	-93	-5	131	76		-42.0%
	6,919	6,248	6,767	6,606	6,426		-2.7%

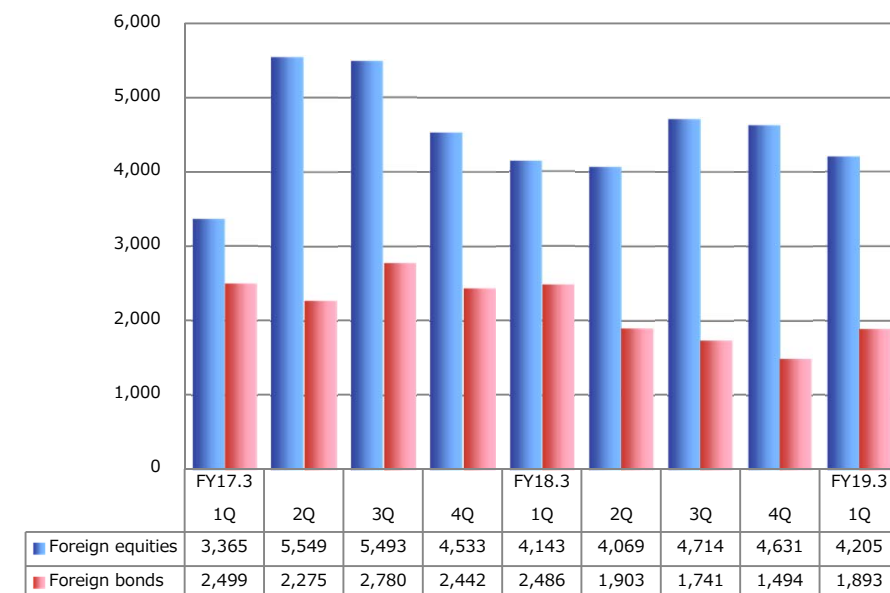
Net gain by Products

(mil.yen)



Net gain from foreign equities and bonds

(mil.yen)



SG&A : Selling, General and Administrative Expenses

(In millions of yen)

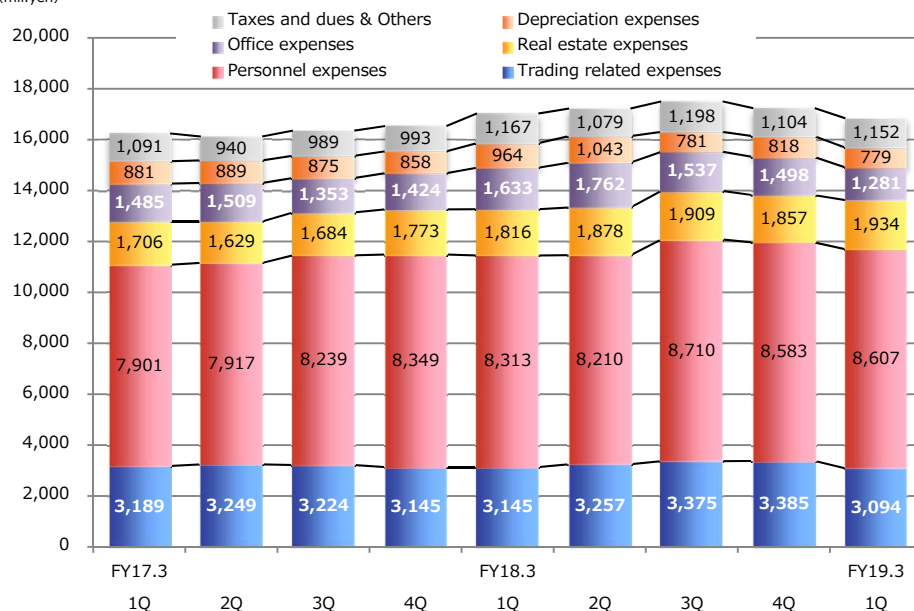
	FY18.3	FY19.3	vs.FY18.3
	1QTOTAL	1QTOTAL	1QTOTAL
Trading related expenses	3,145	3,094	-1.6%
Personnel expenses	8,313	8,607	3.5%
Real estate expenses	1,816	1,934	6.5%
Office expenses	1,633	1,281	-21.5%
Depreciation expenses	964	779	-19.2%
Taxes and dues	286	273	-4.4%
Others	881	879	-0.2%
SG&A	17,040	16,850	-1.1%

(In millions of yen)

	FY18.3				FY19.3	vs.FY18.3
	1Q	2Q	3Q	4Q	1Q	4Q
	3,145	3,257	3,375	3,385	3,094	-8.6%
	8,313	8,210	8,710	8,583	8,607	0.3%
	1,816	1,878	1,909	1,857	1,934	4.1%
	1,633	1,762	1,537	1,498	1,281	-14.5%
	964	1,043	781	818	779	-4.8%
	286	336	364	300	273	-9.0%
	881	743	834	804	879	9.3%
	17,040	17,233	17,514	17,248	16,850	-2.3%

Change in net operating revenues and SG&A

(mil.yen)



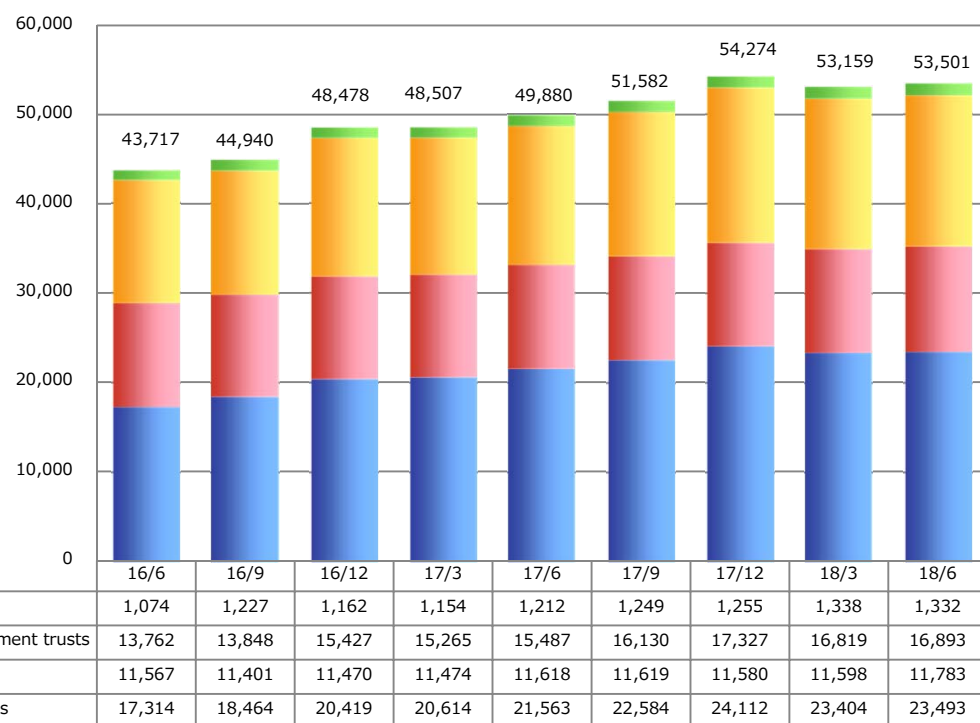
- Trading-related expenses were down 1.6% YoY
- Personnel expenses were up 3.5% YoY due to increased salary, etc.
- Real estate expenses rose 6.5% YoY due to increased rent, etc.
- Office expenses decreased 21.5% YoY, and Depreciation expenses were down 19.2% YoY. System-related expenses and similar expenses decreased.

Assets under custody (Consolidated)

- On a consolidated basis, customers' assets under custody increased to 5,350.1 billion yen, up 34.2 billion yen from the end of the previous fiscal year.
- An increase in stock prices and other factors boosted the market value of assets under custody.

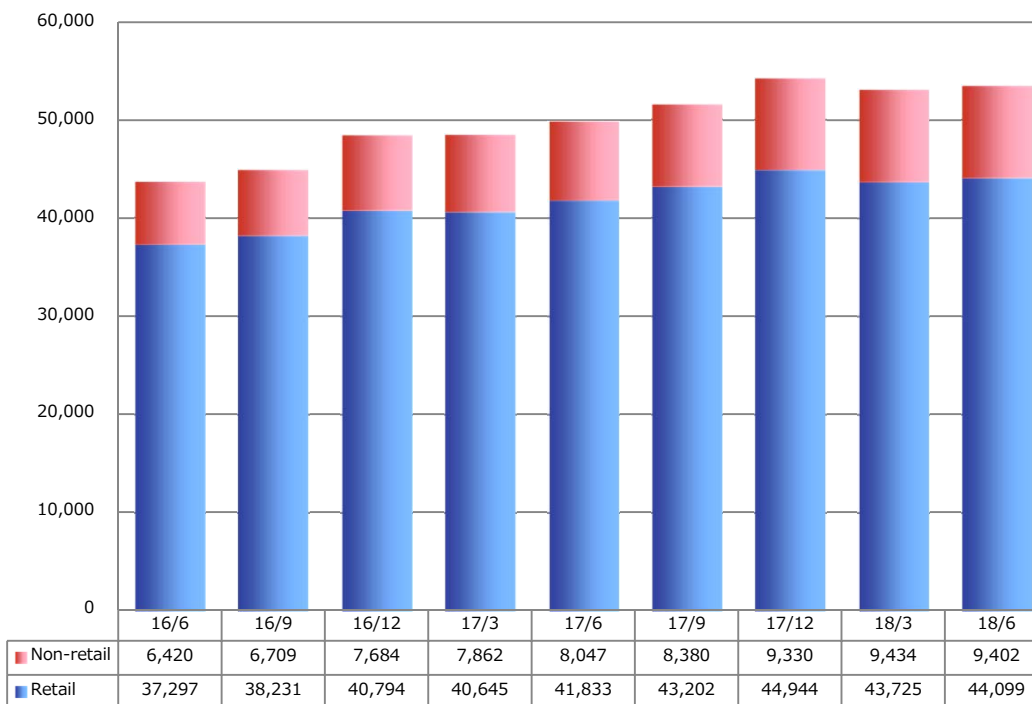
Assets under Custody

(100mil.yen)



Retail Assets under Custody

(100mil.yen)



Group status

Results by segment

Operating revenues

(In millions of yen)

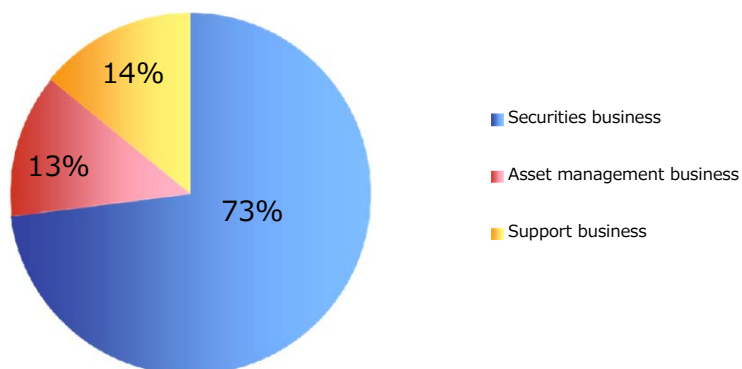
	FY18.3	FY19.3	vs.FY18.3
	1QTOTAL	1QTOTAL	1QTOTAL
Securities business	17,285	16,024	-7.3%
Asset management business	3,117	2,833	-9.1%
Support business	2,991	3,091	3.3%

Segment income

(In millions of yen)

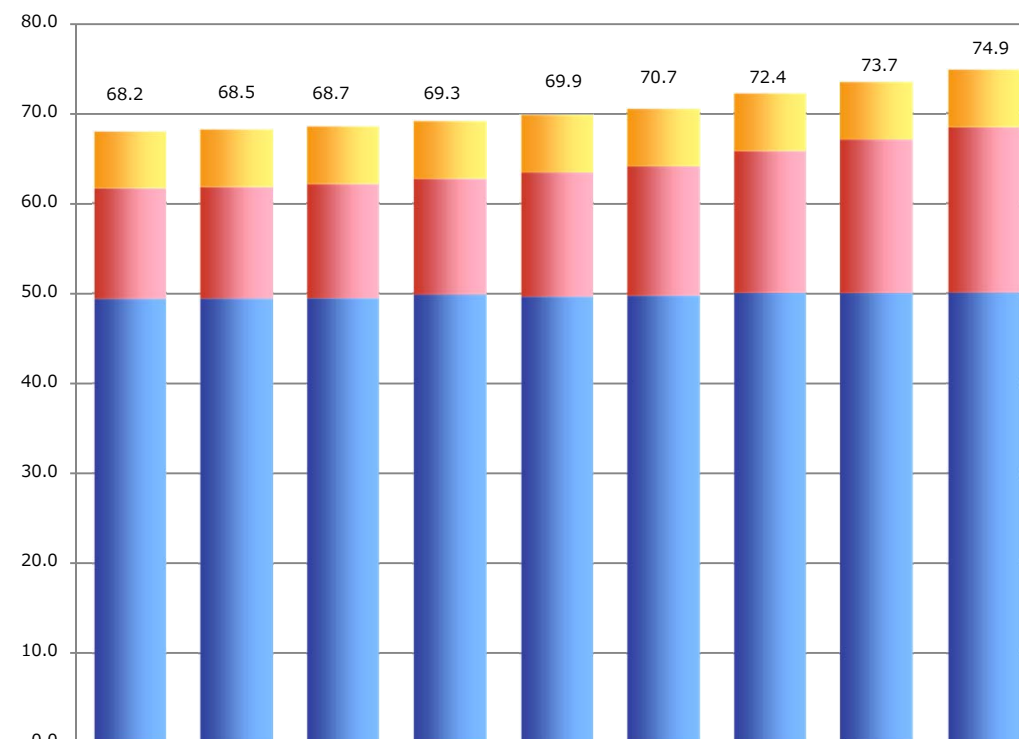
	FY18.3	FY19.3	vs.FY18.3
	1QTOTAL	1QTOTAL	1QTOTAL
Securities business	2,291	711	-69.0%
Asset management business	340	254	-25.4%
Support business	-308	263	-

Operating revenues



Number of accounts in the Group

(10,000 accounts)



	16/6	16/9	16/12	17/3	17/6	17/9	17/12	18/3	18/6
Other	6.3	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Okasan Online Securities	12.3	12.4	12.7	12.9	13.8	14.4	15.8	17.1	18.4
Okasan Securities	49.4	49.5	49.5	49.9	49.7	49.8	50.1	50.1	50.1

Statement of Income

(In millions of yen)

	FY18.3	FY19.3	vs.FY18.3
	1QTOTAL	1QTOTAL	1QTOTAL
Operating revenues	19,577	18,081	-7.6%
Commissions	12,027	11,054	-8.1%
Net gain on trading	6,919	6,426	-7.1%
Interest and dividend income	434	388	-10.5%
Service fee and other revenues	196	211	7.7%
Interest expenses	283	238	-15.9%
Net operating revenues	19,294	17,843	-7.5%
SG&A	17,040	16,850	-1.1%
Operating income	2,253	992	-56.0%
Non-operating income	196	209	6.4%
Non-operating expenses	39	85	115.8%
Ordinary income	2,411	1,116	-53.7%
Extraordinary gain	213	137	-35.5%
Extraordinary loss	41	2	-95.0%
Net profit,before taxes	2,584	1,252	-51.5%
Income taxes	346	238	-31.1%
Adjustment amount for income taxes	635	204	-67.8%
Net profit	1,602	809	-49.5%
Profit attributable to non-controlling interests	271	263	-3.0%
Profit attributable to owners of parent	1,331	546	-59.0%

(In millions of yen)

	FY18.3				FY19.3	vs.FY18.3
	1Q	2Q	3Q	4Q	1Q	4Q
Operating revenues	19,577	19,734	22,474	20,134	18,081	-10.2%
Commissions	12,027	12,831	15,055	12,862	11,054	-14.1%
Net gain on trading	6,919	6,248	6,767	6,606	6,426	-2.7%
Interest and dividend income	434	436	462	412	388	-5.8%
Service fee and other revenues	196	217	189	253	211	-16.6%
Interest expenses	283	289	328	261	238	-8.8%
Net operating revenues	19,294	19,444	22,146	19,872	17,843	-10.2%
SG&A	17,040	17,233	17,514	17,248	16,850	-2.3%
Operating income	2,253	2,210	4,631	2,623	992	-62.2%
Non-operating income	196	454	133	624	209	-66.5%
Non-operating expenses	39	241	34	43	85	97.7%
Ordinary income	2,411	2,424	4,730	3,205	1,116	-65.2%
Extraordinary gain	213	3,129	10	1,711	137	-92.0%
Extraordinary loss	41	4,823	3	2,296	2	-99.9%
Net profit,before taxes	2,584	730	4,738	2,619	1,252	-52.2%
Income taxes	346	1,964	1,168	1,179	238	-79.8%
Adjustment amount for income taxes	635	-1,559	349	-454	204	-
Net profit	1,602	325	3,220	1,894	809	-57.3%
Profit attributable to non-controlling interests	271	301	309	309	263	-14.9%
Profit attributable to owners of parent	1,331	24	2,910	1,585	546	-65.6%

Balance Sheet Summary

(In millions of yen)

	FY18.3 4Q	FY19.3 1Q	vs.FY18.3 4Q
Current assets	400,112	383,401	-16,711
Cash and deposits	59,847	68,413	8,566
Cash segregated as deposits	68,932	68,730	-202
Trading products	112,137	115,385	3,248
Receivables on margin transactions	51,478	47,895	-3,583
Receivables on collateralized securities transactions	87,548	70,183	-17,365
Other current assets	20,166	12,794	-7,372
Fixed assets	75,051	76,069	1,018
Tangible fixed assets	19,469	19,598	129
Intangible fixed assets	5,905	6,076	171
Investments and other assets	49,675	50,395	720
Total assets	475,163	459,471	-15,692

(In millions of yen)

	FY18.3 4Q	FY19.3 1Q	vs.FY18.3 4Q
Current liabilities	267,436	255,188	-12,248
Trading liabilities	63,011	56,370	-6,641
Payables on margin transactions	12,005	9,389	-2,616
Payables on collateralized securities transactions	19,372	27,402	8,030
Deposits received	37,484	47,004	9,520
Guarantee deposits received	36,506	37,278	772
Short-term borrowings	89,646	59,688	-29,958
Other current liabilities	9,408	18,055	8,647
Fixed liabilities	26,391	26,385	-6
Long-term borrowings	10,048	9,837	-211
Reserves for retirement benefits	6,341	6,345	4
Other fixed liabilities	10,002	10,203	201
Financial instruments transaction reserve	1,286	1,215	-71
Total liabilities	295,114	282,790	-12,324
Common stock	18,589	18,589	-
Capital surplus	16,420	16,466	46
Retained earnings	113,224	108,859	-4,365
Treasury stock	-3,754	-3,677	77
Accumulated other comprehensive income	12,232	12,623	391
Subscription rights to shares	235	228	-7
Minority interests	23,100	23,591	491
Total net assets	180,048	176,681	-3,367
Total liabilities&net assets	475,163	459,471	-15,692

2 Reference Data

Performance by quarter (non-consolidated: Okasan Securities)

(In millions of yen)

	FY18.3 1QTOTAL	FY19.3 1QTOTAL	vs.FY18.3 1QTOTAL
Operating revenues	15,115	13,865	-8.3%
Commissions	8,140	7,265	-10.7%
Brokerage	3,371	2,933	-13.0%
Underwriting	80	202	152.7%
Distribution	3,081	2,347	-23.8%
Others	1,606	1,782	10.9%
Net gain on trading	6,646	6,349	-4.5%
Equities	4,260	4,300	0.9%
Bonds	2,484	1,973	-20.6%
Others	-97	76	-
Interest and dividend income	328	249	-23.9%
Financial expenses	255	211	-17.0%
Net operating revenues	14,859	13,653	-8.1%
SG&A	12,389	12,841	3.7%
Trading related expenses	1,955	1,916	-2.0%
Personnel expenses	6,261	6,604	5.5%
Real estate expenses	1,710	1,767	3.3%
Administrative expenses	1,834	1,950	6.4%
Depreciation expenses	122	119	-2.7%
Taxes and dues	172	158	-8.5%
Others	330	325	-1.7%
Operating income	2,470	811	-67.1%
Non-operating income	78	44	-43.7%
Non-operating expenses	5	48	852.6%
Ordinary income	2,543	807	-68.3%
Extraordinary gain	73	10	-85.9%
Extraordinary loss	-	-	-
Net profit, before taxes	2,617	818	-68.7%
Income taxes	154	20	-87.0%
Adjustment amount for income taxes	671	284	-57.6%
Net profit	1,792	513	-71.3%

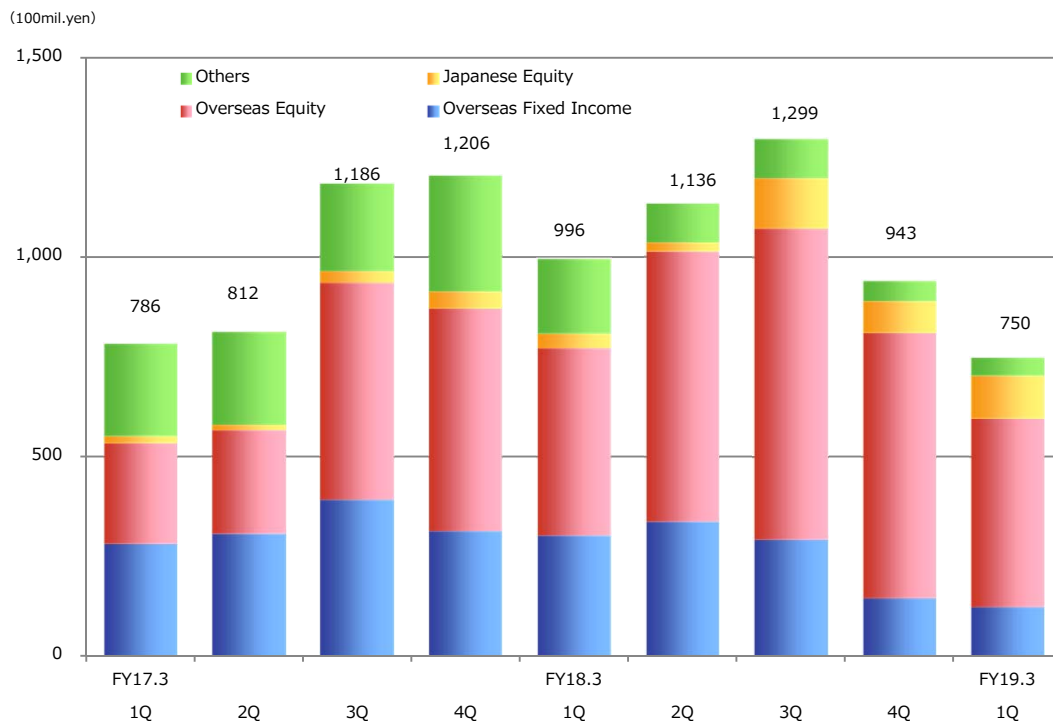
(In millions of yen)

	FY18.3				FY19.3	vs.FY18.3
	1Q	2Q	3Q	4Q	1Q	4Q
Operating revenues	15,115	15,119	17,576	15,433	13,865	-10.2%
Commissions	8,140	8,750	10,695	8,679	7,265	-16.3%
Brokerage	3,371	3,174	4,751	3,956	2,933	-25.9%
Underwriting	80	315	176	54	202	274.1%
Distribution	3,081	3,604	4,025	2,877	2,347	-18.4%
Others	1,606	1,655	1,742	1,790	1,782	-0.4%
Net gain on trading	6,646	6,057	6,563	6,480	6,349	-2.0%
Equities	4,260	4,296	4,916	4,762	4,300	-9.7%
Bonds	2,484	1,854	1,652	1,586	1,973	24.4%
Others	-97	-93	-5	131	76	-42.0%
Interest and dividend income	328	311	318	272	249	-8.5%
Financial expenses	255	260	301	233	211	-9.4%
Net operating revenues	14,859	14,858	17,275	15,199	13,653	-10.2%
SG&A	12,389	12,305	12,922	12,739	12,841	0.8%
Trading related expenses	1,955	2,004	2,074	2,009	1,916	-4.6%
Personnel expenses	6,261	6,201	6,657	6,592	6,604	0.2%
Real estate expenses	1,710	1,759	1,707	1,671	1,767	5.7%
Administrative expenses	1,834	1,791	1,879	1,917	1,950	1.7%
Depreciation expenses	122	127	133	131	119	-9.2%
Taxes and dues	172	191	198	152	158	3.9%
Others	330	228	270	263	325	23.6%
Operating income	2,470	2,553	4,353	2,459	811	-67.0%
Non-operating income	78	54	71	179	44	-75.4%
Non-operating expenses	5	12	16	12	48	300.0%
Ordinary income	2,543	2,596	4,408	2,626	807	-69.3%
Extraordinary gain	73	-	-	-73	10	-
Extraordinary loss	-	-	-	46	-	-
Net profit, before taxes	2,617	2,596	4,408	2,506	818	-67.4%
Income taxes	154	1,276	971	1,249	20	-98.4%
Adjustment amount for income taxes	671	-431	438	-578	284	-
Net profit	1,792	1,751	2,998	1,835	513	-72.0%

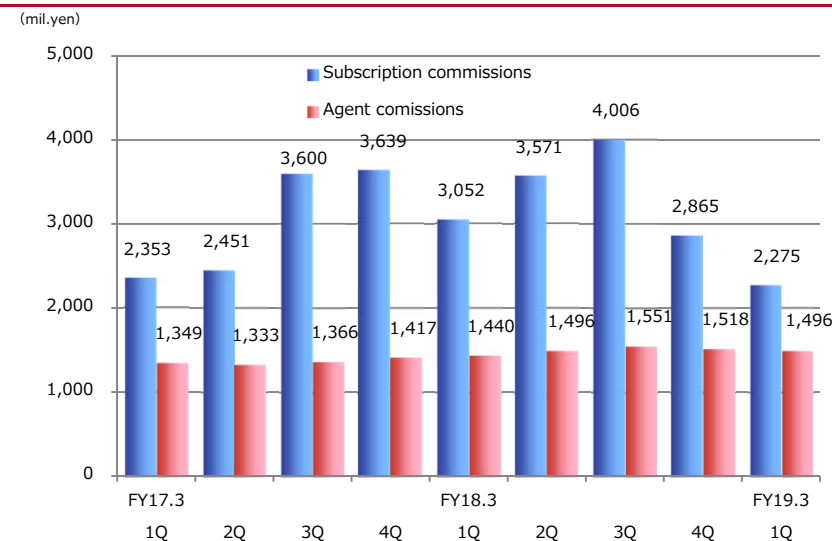
Investment trusts / Foreign bonds(non-consolidated: Okasan Securities)

- Investment trust sales (1Q) fell 24.7% YoY to 75.0 billion yen.
- Sales commissions (1Q) fell 25.5% YoY to 2,275 million yen. Agent commissions (1Q) rose 3.9% YoY to 1,496 million yen.
- Foreign bond sales (1Q) rose 2.6% YoY to 63.9 billion yen due mainly to sales of foreign currency bonds to retail investors increased.

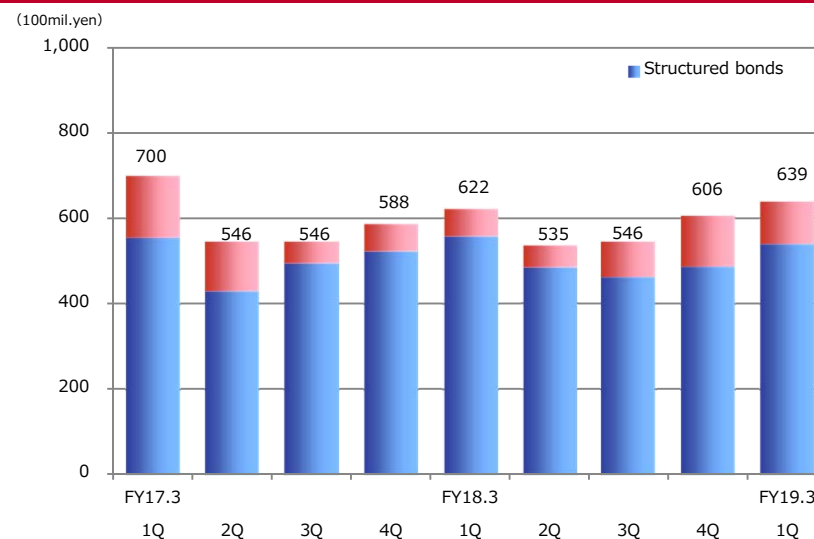
Investment trusts sales amount



Investment trusts commissions



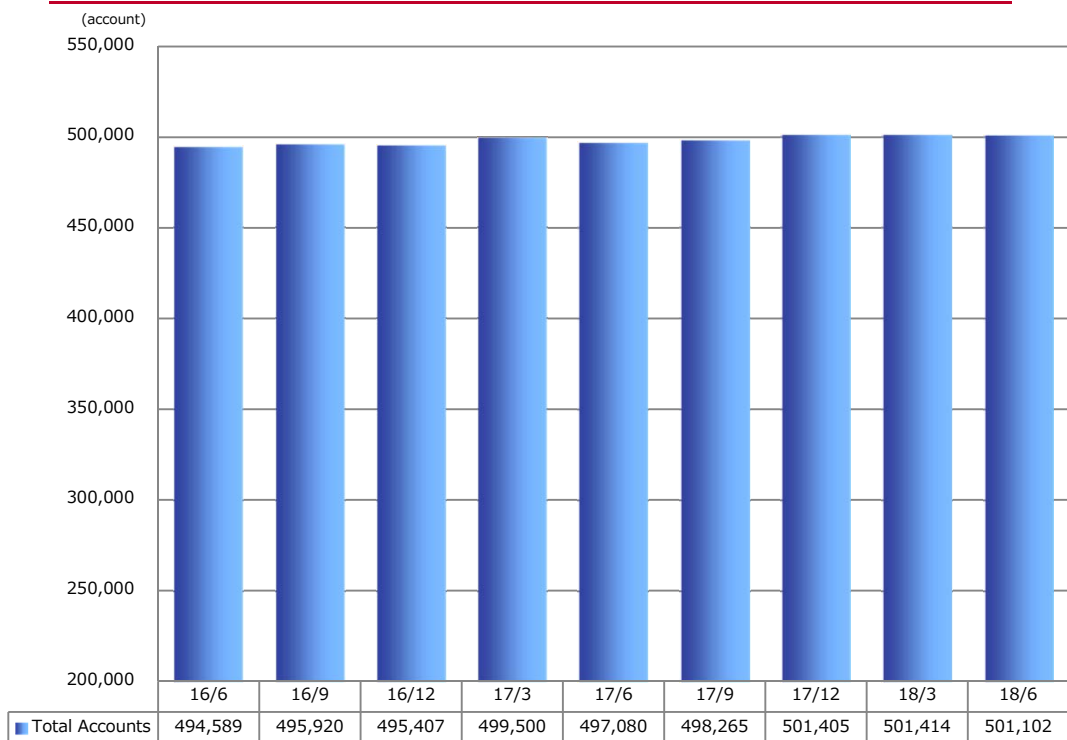
Foreign bonds sales amount



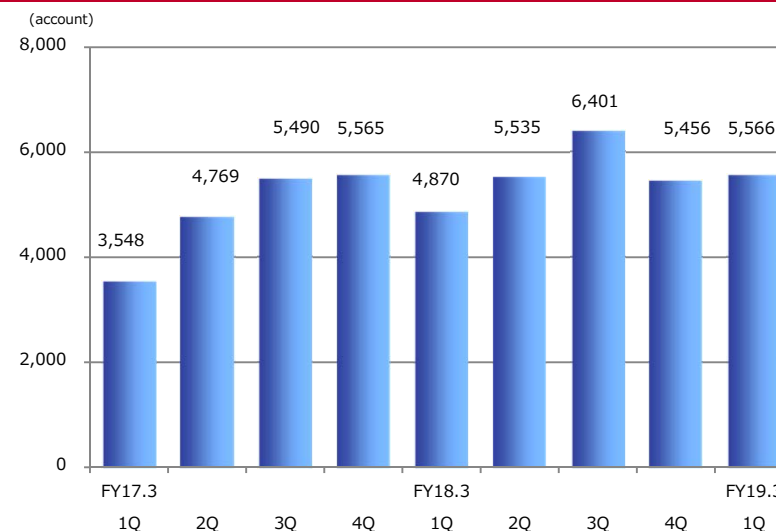
Number of accounts (non-consolidated: Okasan Securities)

- The total number of customer accounts stood at **501,102**.
- The number of new customer accounts opened (1 Q) was **5,566**.
- Online accounts (**58,080** accounts) accounted for **11.6%** of the total number of customer accounts.

Number of customer accounts



Number of new accounts



Number of online accounts

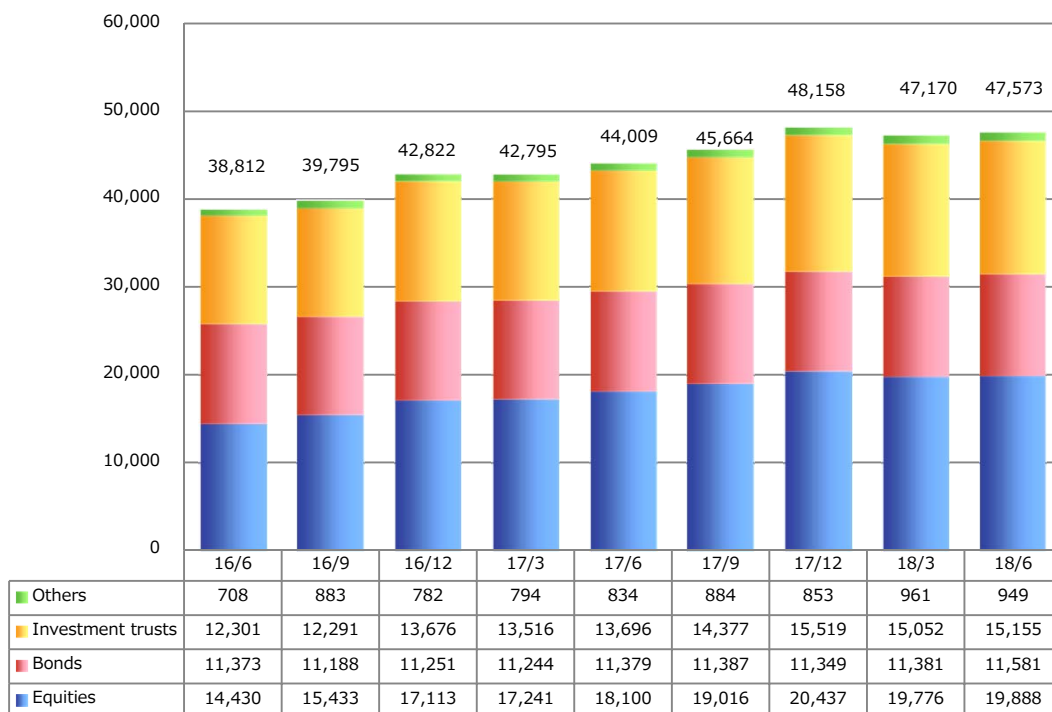


Assets under custody / Net inflow of assets (non-consolidated: Okasan Securities)

- Customers' assets under custody at Okasan Securities increased 40.3 billion yen from the end of the previous fiscal year to 4,757.3 billion yen.
- Net inflow/outflow of assets (sum of inflow/outflow of cash and securities; individuals only) for 1Q in this fiscal year was an inflow of 2,892 million yen.

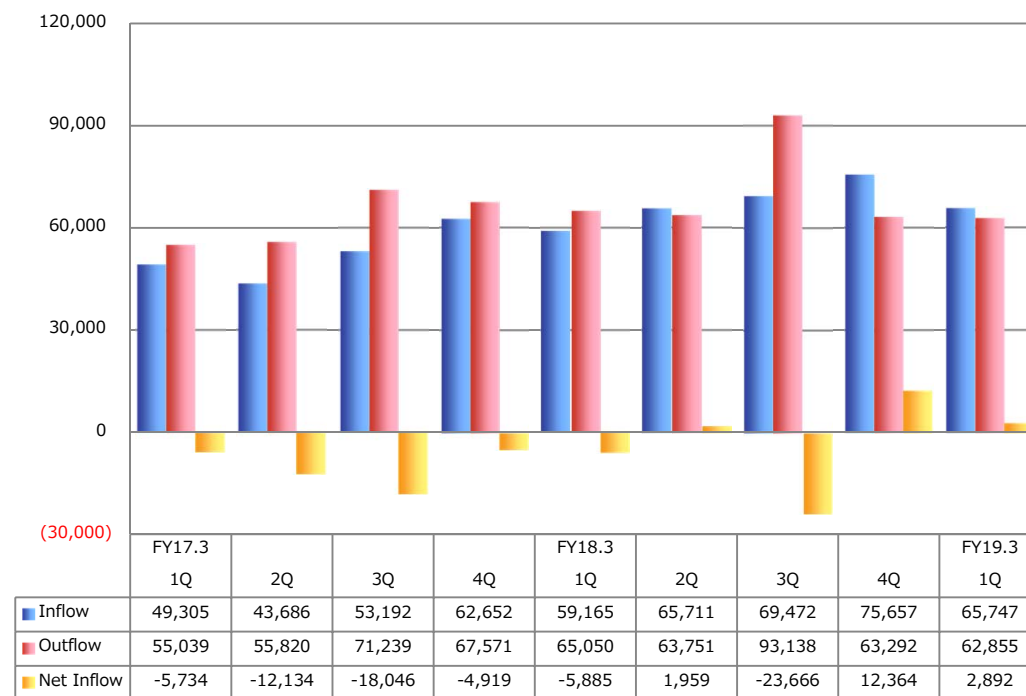
Assets under Custody

(100mil.yen)



Net inflow of assets (Individuals)

(mil.yen)



Capital Adequacy Requirement Ratio (non-consolidated: Okasan Securities)

- The capital adequacy ratio decreased 14.0 percentage points from the end of the previous fiscal year to 454.9%.
- The capital adequacy ratio decreased due to increased market risk equivalents and other factors.

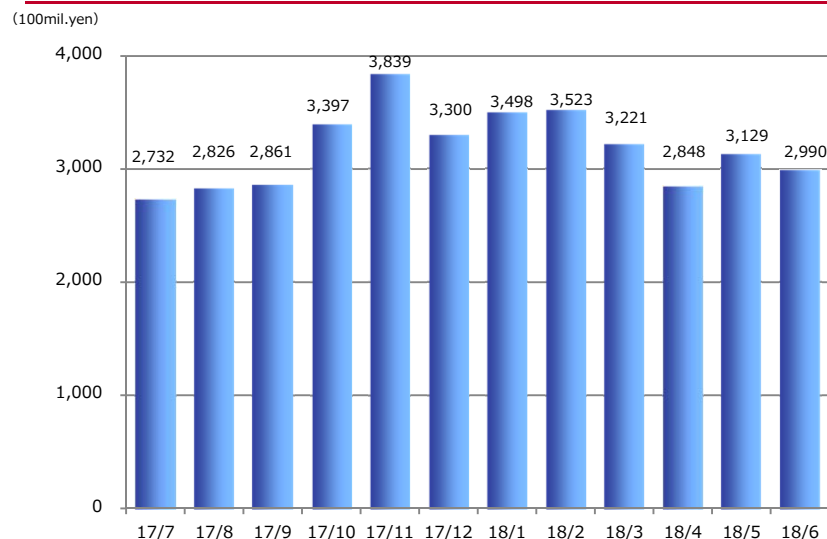
(In millions of yen)

項	目		FY18.3				FY19.3	vs.FY18.3
			1Q	2Q	3Q	4Q	1Q	4Q
Basic items		(A)	80,769	82,521	85,519	79,354	79,868	514
Complementary items	Appraisal gains (losses) etc.		20	19	29	17	18	1
	Security transaction responsibility reserve		727	727	727	846	836	-10
	General provision for loan losses		4	5	6	6	14	8
	Short-term subordinated debt		6,000	6,000	6,000	6,000	6,000	-
	Total	(B)	6,751	6,752	6,762	6,870	6,868	-2
Assets to be deducted		(C)	10,865	10,897	11,111	11,100	11,949	849
Unfixed equity capital	(A) + (B) - (C)	(D)	76,656	78,375	81,170	75,124	74,788	-336
Risk equivalents	Market risk equivalents		2,776	3,151	3,023	2,225	2,628	403
	Customer risk equivalents		1,009	1,127	1,238	1,224	1,161	-63
	Basic risk equivalents		12,210	12,303	12,412	12,569	12,649	80
	Total	(E)	15,996	16,583	16,673	16,019	16,438	419
Capital adequacy ratio	(D) / (E) × 100 (%)		479.2%	472.6%	486.8%	468.9%	454.9%	-14.0 p

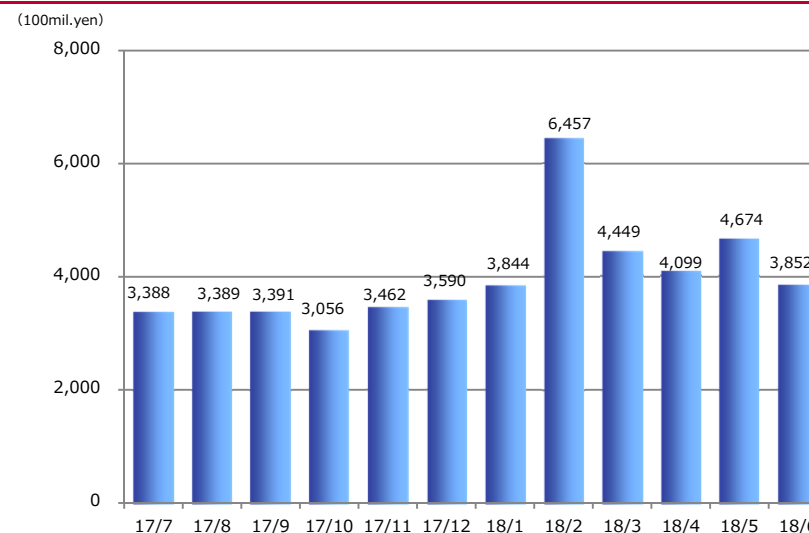
(Note) Short-term subordinated debt consists of subordinated borrowing.

(Reference Data) Okasan Online Securities Data

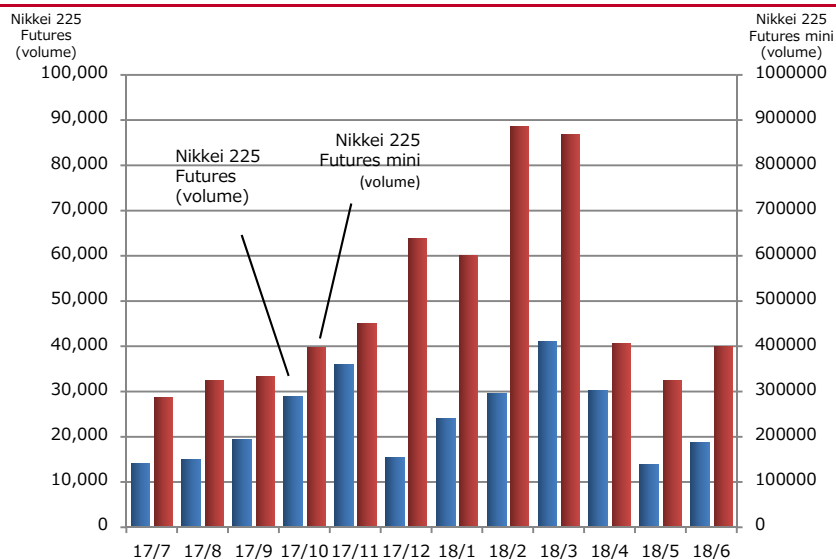
Domestic sales amount of equities by month



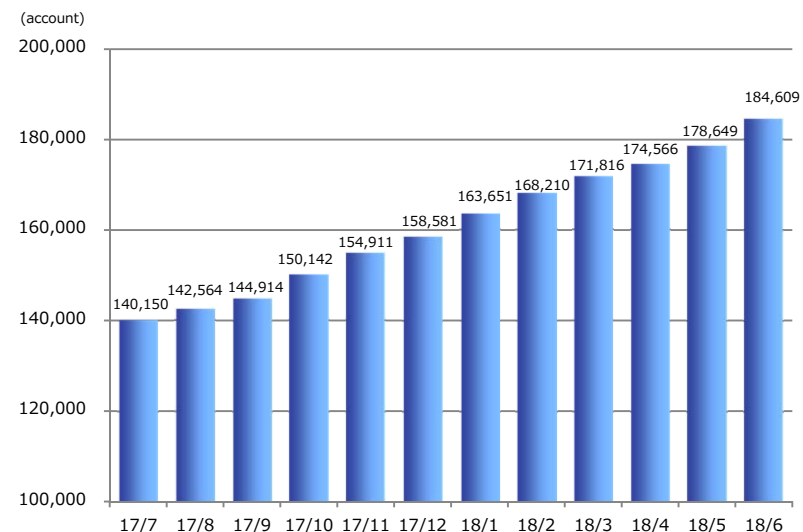
"Click 365" contract amount



Nikkei 225 Futures & Nikkei 225 Futures mini



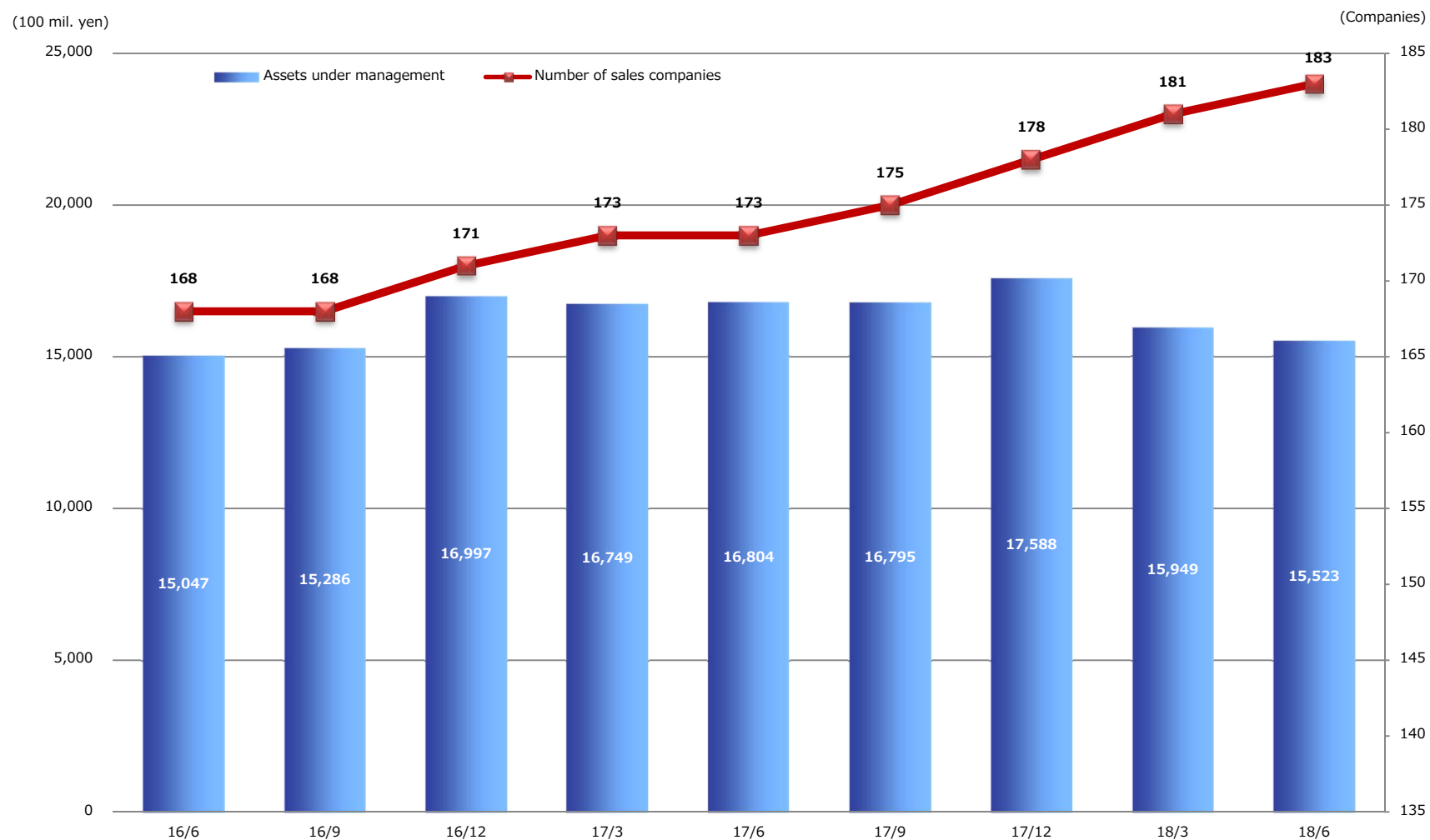
Number of customer accounts



(Reference Data) Okasan Asset Management Data

- Okasan Asset Management's balance of investment trusts managed fell 42.6 billion yen from the end of the previous fiscal year to 1,552.3 billion yen.

Assets managed and number of sales companies



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