



Date: July 27, 2015

# SMBC NIKKO SECURITIES INC.

URL: <http://www.smbcnikko.co.jp/en/index.html>

## Consolidated Financial Results for the Three Months ended June 30, 2015 (JGAAP)

(Amounts less than one million yen are omitted.)

### 1. Overall business performance for the Three Months ended June 30, 2015

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Operating revenue		Net operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended										
June 30, 2015	95,827	29.8	88,647	31.0	24,552	76.4	25,478	75.1	21,593	119.6
June 30, 2014	73,804	(33.2)	67,662	(34.4)	13,918	(66.7)	14,549	(65.6)	9,831	(63.3)

Note : Comprehensive income June 30, 2015 24,474million yen <122.9%> June 30, 2014 10,982million yen <(63.5%)>

#### (2) Consolidated financial condition

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2015	9,801,271	691,087	7.0
March 31, 2015	9,352,929	666,613	7.1

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

As of June 30, 2015 690,970 million yen As of March 31, 2015 666,500 million yen

### 2. Others

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

Excluded: 1 company (Nikko Global Wrap Ltd.)

(2) Adoption of the accounting method peculiar to quarterly financial statements : None

(3) Changes in the accounting policies, estimates and retrospective restatements

(i) Changes in the accounting policies with accounting standards revisions : None

(ii) Changes in the accounting policies other than the above : None

(iii) Changes in accounting estimates : None

(iv) Retrospective restatements : None

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## **I. Summary information (Others)**

### **1. Changes in significant subsidiaries during the period**

Nikko Global Wrap Ltd. was excluded from the scope of consolidation in the period due to the transfer of all its shares.

### **2. Adoption of the accounting method peculiar to quarterly financial statements**

Not applicable

### **3. Changes in the accounting policies, estimates and retrospective restatement**

Not applicable

### **Additional information**

Effective from the beginning of the first quarter in the period, SMBC Nikko Securities Inc. adopted the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued September 13, 2013). Accordingly, the presentation of net income was changed and "minority interests" was changed to "non-controlling interests". To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

## II. Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	951,116	1,208,933
Cash segregated as deposits	322,483	371,903
Trading products	3,079,619	3,223,201
Trading securities and other	2,830,697	2,959,105
Derivatives	248,922	264,095
Trade date accrual	310,185	174,137
Margin transaction assets	72,072	76,895
Loans on margin transactions	68,518	73,875
Cash collateral pledged for securities borrowing on margin transactions	3,554	3,019
Loans secured by securities	4,165,399	4,278,081
Cash collateral pledged for securities borrowed	4,155,784	4,278,081
Loans on Gensaki transactions	9,615	—
Short-term guarantee deposits	133,394	160,360
Accrued income	20,357	15,463
Deferred tax assets	12,049	4,773
Other	58,316	48,917
Allowance for doubtful accounts	(2)	(2)
Total current assets	9,124,993	9,562,665
Noncurrent assets		
Property and equipment	26,462	26,919
Intangible assets	77,568	79,774
Investments and other assets	123,905	131,912
Investment securities	99,907	107,920
Long-term loans receivable	4,961	4,959
Long-term guarantee deposits	15,640	15,779
Deferred tax assets	218	200
Other	7,399	7,245
Allowance for doubtful accounts	(4,220)	(4,192)
Total noncurrent assets	227,936	238,605
Total assets	9,352,929	9,801,271

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	2,324,390	2,496,872
Trading securities and other	2,059,778	2,227,284
Derivatives	264,612	269,588
Margin transaction liabilities	9,255	9,383
Borrowings on margin transactions	177	—
Cash received for securities lending on margin transactions	9,078	9,383
Loans payable secured by securities	3,336,289	3,570,474
Cash received on debt credit transaction of securities	2,679,843	2,722,870
Borrowings on Gensaki transaction	656,445	847,604
Deposits received	306,209	400,923
Guarantee deposits received	61,535	68,089
Short-term loans payable	1,395,699	1,320,934
Current portion of long-term loans payable	80,000	80,000
Commercial papers	520,700	480,300
Current portion of bonds payable	25,823	31,993
Income taxes payable	11,893	1,194
Other	72,344	55,557
<b>Total current liabilities</b>	<b>8,144,142</b>	<b>8,515,723</b>
<b>Noncurrent liabilities</b>		
Bonds payable	400,614	436,366
Long-term loans payable	123,500	137,000
Lease obligations	3,790	3,926
Deferred tax liabilities	8,332	11,269
Net defined benefit liabilities	2,211	2,142
Asset retirement obligations	2,187	2,224
Other	782	651
<b>Total noncurrent liabilities</b>	<b>541,418</b>	<b>593,581</b>
Reserves under the special laws		
Reserve for financial products transaction liabilities	755	877
<b>Total reserves under the special laws</b>	<b>755</b>	<b>877</b>
<b>Total liabilities</b>	<b>8,686,316</b>	<b>9,110,183</b>
<b>Net assets</b>		
<b>Shareholder's equity</b>		
Capital stock	10,000	10,000
Capital surplus	378,395	378,395
Retained earnings	248,777	270,370
<b>Total shareholder's equity</b>	<b>637,172</b>	<b>658,765</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23,784	25,364
Foreign currency translation adjustment	5,543	6,840
Remeasurements of defined benefit plans	(0)	(0)
<b>Total accumulated other comprehensive income</b>	<b>29,328</b>	<b>32,204</b>
Non-controlling interests	113	117
<b>Total net assets</b>	<b>666,613</b>	<b>691,087</b>
<b>Total liabilities and net assets</b>	<b>9,352,929</b>	<b>9,801,271</b>

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

### Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Operating revenue		
Commission received	38,176	46,160
Brokerage commissions	6,815	11,435
Underwriting and distribution commissions	8,611	8,962
Flotation and distribution fees	12,858	12,223
Other fees received	9,890	13,539
Net trading income	27,499	40,067
Financial revenue	5,593	7,120
Other sales	2,534	2,479
Total operating revenue	73,804	95,827
Financial expenses	4,302	5,241
Cost of other sales	1,839	1,938
Net operating revenue	67,662	88,647
Selling, general and administrative expenses		
Trading related expenses	7,585	11,821
Personnel expenses	27,116	30,853
Real estate expenses	5,314	5,718
Office cost	5,440	5,795
Depreciation	4,344	5,183
Taxes and dues	710	1,211
Other	3,231	3,511
Total selling, general and administrative expenses	53,744	64,095
Operating income	13,918	24,552
Non-operating income		
Dividends income	260	298
Equity in earnings of affiliates	140	508
Foreign exchange gains	166	146
Other	169	191
Total non-operating income	736	1,144
Non-operating expenses		
Interest expenses	40	39
Bond issuance cost	22	63
Other	43	116
Total non-operating expenses	105	218
Ordinary income	14,549	25,478

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Extraordinary income		
Gain on sales of stocks of subsidiaries and affiliates	21	6,504
Total extraordinary income	21	6,504
Extraordinary loss		
Impairment loss	50	136
Provision of reserve for financial products transaction liabilities	72	122
Other	16	—
Total extraordinary loss	139	258
Income before income taxes and non-controlling interests	14,431	31,724
Income taxes - current	123	708
Income taxes - deferred	4,475	9,418
Total income taxes	4,599	10,126
Profit	9,832	21,597
Profit attributable to non-controlling interests	0	4
Profit attributable to owners of parent	9,831	21,593

### Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit	9,832	21,597
Other comprehensive income		
Valuation difference on available-for-sale securities	1,902	1,575
Foreign currency translation adjustment	(625)	1,311
Remasurements of defined benefit plans	0	0
Share of other comprehensive income of affiliates accounted for using equity method	(127)	(10)
Total other comprehensive income	1,150	2,876
Comprehensive income	10,982	24,474
Comprehensive income attributable to:		
Owners of parent	10,981	24,469
Non-controlling interests	0	4

**3. Notes on Going Concern Assumption**

Not applicable

**4. Notes on Significant Changes in Shareholder's Equity**

Not applicable



### III. Supplementary Information

#### 1. Commission Received

##### (1) Breakdown by Categories

(Millions of yen, except for percentages)

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase/(Decrease)	
			Amount	Rate of change
Brokerage commissions	6,815	11,435	4,620	67.8 %
< Equities >	< 6,505 >	< 10,711 >	< 4,205 >	< 64.6 >
< Bonds >	< 15 >	< 21 >	< 5 >	< 33.4 >
< Investment trusts >	< 292 >	< 644 >	< 351 >	< 120.3 >
Underwriting and distribution commissions	8,611	8,962	350	4.1
< Equities >	< 4,844 >	< 5,478 >	< 633 >	< 13.1 >
< Bonds >	< 3,704 >	< 3,350 >	< (353) >	< (9.6) >
Flotation and distribution fees	12,858	12,223	(635)	(4.9)
< Investment trusts >	< 12,121 >	< 11,360 >	< (760) >	< (6.3) >
Other fees received	9,890	13,539	3,648	36.9
< Investment trusts >	< 7,404 >	< 8,093 >	< 689 >	< 9.3 >
Total	38,176	46,160	7,984	20.9

##### (2) Breakdown by Products

(Millions of yen, except for percentages)

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase/(Decrease)	
			Amount	Rate of change
Equities	11,742	16,621	4,878	41.5 %
Bonds	4,382	4,262	(120)	(2.7)
Investment trusts	19,818	20,098	280	1.4
Other	2,232	5,178	2,946	132.0
Total	38,176	46,160	7,984	20.9

#### 2. Net Trading Income

(Millions of yen, except for percentages)

	Three months ended June 30, 2014	Three months ended June 30, 2015	Increase/(Decrease)	
			Amount	Rate of change
Net trading income on equities	2,236	3,684	1,448	64.8 %
Net trading income on bonds and others	25,263	36,382	11,119	44.0
Total	27,499	40,067	12,567	45.7

## 3. Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2014 1Q (April 1 to June 30, 2014)	FY2014 2Q (July 1 to September 30, 2014)	FY2014 3Q (October 1 to December 31, 2014)	FY2014 4Q (January 1 to March 31, 2015)	FY2015 1Q (April 1 to June 30, 2015)
Operating revenue					
Commission received	38,176	39,580	46,668	49,492	46,160
Brokerage commissions	6,815	8,589	12,326	11,146	11,435
< Equities >	< 6,505 >	< 8,228 >	< 11,433 >	< 10,264 >	< 10,711 >
Underwriting and distribution commissions	8,611	6,650	7,908	9,571	8,962
< Equities >	< 4,844 >	< 2,927 >	< 4,617 >	< 6,214 >	< 5,478 >
< Bonds >	< 3,704 >	< 3,723 >	< 3,228 >	< 3,356 >	< 3,350 >
Flotation and distribution fees	12,858	13,234	13,493	14,364	12,223
< Investment trusts >	< 12,121 >	< 12,653 >	< 13,060 >	< 13,585 >	< 11,360 >
Other fees received	9,890	11,106	12,940	14,410	13,539
< Investment trusts >	< 7,404 >	< 7,667 >	< 8,037 >	< 8,052 >	< 8,093 >
Net trading income	27,499	31,645	45,367	35,759	40,067
Financial revenue	5,593	8,636	6,181	7,151	7,120
Other sales	2,534	2,808	2,847	2,660	2,479
Total operating revenue	73,804	82,671	101,066	95,065	95,827
Financial expenses	4,302	3,014	4,708	3,249	5,241
Cost of other sales	1,839	2,042	2,093	2,123	1,938
Net operating revenue	67,662	77,614	94,264	89,692	88,647
Selling, general and administrative expenses					
Trading related expenses	7,585	8,753	10,591	11,648	11,821
Personnel expenses	27,116	28,317	30,778	31,829	30,853
Real estate expenses	5,314	5,170	5,062	5,160	5,718
Office cost	5,440	5,618	5,828	6,144	5,795
Depreciation	4,344	4,555	4,719	4,988	5,183
Taxes and dues	710	604	1,004	751	1,211
Other	3,231	3,275	3,290	3,431	3,511
Total selling, general and administrative expenses	53,744	56,295	61,275	63,953	64,095
Operating income	13,918	21,319	32,989	25,738	24,552
Non-operating income	736	785	356	1,031	1,144
Non-operating expenses	105	109	151	266	218
Ordinary income	14,549	21,995	33,193	26,503	25,478
Extraordinary income	21	0	—	3	6,504
Extraordinary loss	139	140	123	187	258
Income before income taxes and non-controlling interests	14,431	21,854	33,070	26,318	31,724
Income taxes - current	123	604	9,496	12,502	708
Income taxes - deferred	4,475	7,074	1,537	(4,903)	9,418
Profit	9,832	14,174	22,036	18,719	21,597
Profit attributable to non-controlling interests	0	4	7	2	4
Profit attributable to owners of parent	9,831	14,170	22,028	18,716	21,593

## IV. Non-consolidated Financial Statements

### 1. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	837,234	1,090,366
Cash segregated as deposits	322,457	371,877
Trading products	3,079,619	3,223,201
Trading securities and other	2,830,697	2,959,105
Derivatives	248,922	264,095
Trade date accrual	310,143	173,829
Margin transaction assets	72,072	76,895
Loans on margin transactions	68,518	73,875
Cash collateral pledged for securities borrowing on margin transactions	3,554	3,019
Loans secured by securities	4,165,399	4,278,081
Cash collateral pledged for securities borrowed	4,155,784	4,278,081
Loans on Gensaki transactions	9,615	—
Short-term guarantee deposits	133,394	160,360
Short-term loans receivable	35,470	38,689
Accrued income	19,113	14,510
Deferred tax assets	10,074	3,137
Other	48,404	42,524
Allowance for doubtful accounts	(2)	(2)
Total current assets	9,033,383	9,473,471
Noncurrent assets		
Property and equipment	6,957	7,089
Intangible assets	28,232	27,346
Investments and other assets	163,239	165,214
Investment securities	75,721	78,020
Stocks of subsidiaries and affiliates	57,617	57,442
Long-term loans receivable	13,511	13,470
Long-term guarantee deposits	14,898	15,009
Other	5,653	5,404
Allowance for doubtful accounts	(4,163)	(4,132)
Total noncurrent assets	198,429	199,651
<b>Total assets</b>	<b>9,231,812</b>	<b>9,673,122</b>

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trading products	2,324,390	2,496,872
Trading securities and other	2,059,778	2,227,284
Derivatives	264,612	269,588
Margin transaction liabilities	9,255	9,383
Borrowings on margin transactions	177	—
Cash received for securities lending on margin transactions	9,078	9,383
Loans payable secured by securities	3,336,289	3,570,474
Cash received on debt credit transaction of securities	2,679,843	2,722,870
Borrowings on Gensaki transaction	656,445	847,604
Deposits received	228,155	312,581
Guarantee deposits received	61,535	68,089
Short-term loans payable	1,398,900	1,324,800
Current portion of long-term loans payable	80,000	80,000
Commercial papers	520,700	480,300
Current portion of bonds payable	25,823	31,993
Income taxes payable	10,870	796
Other	49,985	39,653
<b>Total current liabilities</b>	<b>8,045,905</b>	<b>8,414,944</b>
<b>Noncurrent liabilities</b>		
Bonds payable	400,614	436,366
Long-term loans payable	123,500	137,000
Lease obligations	508	570
Deferred tax liabilities	8,284	10,617
Provision for retirement benefits	1,843	1,885
Asset retirement obligations	1,967	1,999
Other	471	409
<b>Total noncurrent liabilities</b>	<b>537,190</b>	<b>588,849</b>
<b>Reserves under the special laws</b>		
Reserve for financial products transaction liabilities	755	877
<b>Total reserves under the special laws</b>	<b>755</b>	<b>877</b>
<b>Total liabilities</b>	<b>8,583,851</b>	<b>9,004,672</b>
<b>Net assets</b>		
<b>Shareholder's equity</b>		
Capital stock	10,000	10,000
Capital surplus	378,395	378,395
Other capital surplus	378,395	378,395
Retained earnings	235,176	254,069
Other retained earnings	235,176	254,069
Retained earnings brought forward	235,176	254,069
<b>Total shareholder's equity</b>	<b>623,571</b>	<b>642,464</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	24,389	25,986
<b>Total valuation and translation adjustments</b>	<b>24,389</b>	<b>25,986</b>
<b>Total net assets</b>	<b>647,960</b>	<b>668,450</b>
<b>Total liabilities and net assets</b>	<b>9,231,812</b>	<b>9,673,122</b>

**2. Non-consolidated Statements of Income**

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Operating revenue		
Commission received	36,395	44,041
Brokerage commissions	6,300	10,636
Underwriting and distribution commissions	8,611	8,962
Flotation and distribution fees	12,628	12,037
Other fees received	8,854	12,405
Net trading income	27,499	40,067
Financial revenue	5,295	6,813
Total operating revenue	69,191	90,922
Financial expenses	4,031	4,962
Net operating revenue	65,159	85,959
Selling, general and administrative expenses		
Trading related expenses	7,665	11,676
Personnel expenses	24,331	27,965
Real estate expenses	4,759	5,007
Office cost	11,136	12,366
Depreciation	1,612	1,624
Taxes and dues	591	1,084
Other	2,872	3,092
Total selling, general and administrative expenses	52,970	62,816
Operating income	12,189	23,143
Non-operating income		
Dividends income	227	248
Other	120	115
Total non-operating income	348	363
Non-operating expenses		
Bond issuance cost	22	63
Other	25	53
Total non-operating expenses	47	116
Ordinary income	12,490	23,390

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Extraordinary income		
Gain on sales of stocks of subsidiaries and affiliates	—	4,869
Total extraordinary income	—	4,869
Extraordinary loss		
Impairment loss	50	136
Loss on sales of stocks of subsidiaries and affiliates	67	—
Provision of reserve for financial products transaction liabilities	72	122
Other	16	—
Total extraordinary loss	206	258
Income before income taxes	12,283	28,001
Income taxes - current	19	561
Income taxes - deferred	4,052	8,548
Total income taxes	4,071	9,109
Profit	8,212	18,892

**3. Capital Adequacy Ratio on a stand-alone basis**

(Millions of yen)

		As of March 31, 2015	As of June 30, 2015	
Basic items	(A)	623,571	642,464	
Supplementary items	Valuation difference on available-for-sale securities and others	24,389	25,986	
	Reserves under the special laws	755	877	
	Allowance for doubtful accounts	2	2	
	Short-term subordinated debt	80,000	80,000	
Total		(B)	105,146	106,866
Deductible assets	(C)	139,237	139,371	
Net capital	(A) + (B) - (C)	(D)	589,480	609,958
Risk items	Market Risk	44,905	44,897	
	Counterparty Risk	21,783	19,752	
	Basic Risk	56,535	59,860	
Total		(E)	123,223	124,510
Capital adequacy ratio	(D) / (E)*100	478.3%	489.8%	

## 4. Quarterly Non-consolidated Statements of Income

(Millions of yen)

	FY2014 1Q (April 1 to June 30, 2014)	FY2014 2Q (July 1 to September 30, 2014)	FY2014 3Q (October 1 to December 31, 2014)	FY2014 4Q (January 1 to March 31, 2015)	FY2015 1Q (April 1 to June 30, 2015)
Operating revenue					
Commission received	36,395	37,722	44,317	47,473	44,041
Brokerage commissions	6,300	7,944	11,442	10,361	10,636
< Equities >	< 5,990 >	< 7,584 >	< 10,549 >	< 9,479 >	< 9,911 >
Underwriting and distribution commissions	8,611	6,650	7,906	9,571	8,962
< Equities >	< 4,844 >	< 2,927 >	< 4,617 >	< 6,214 >	< 5,478 >
< Bonds >	< 3,704 >	< 3,723 >	< 3,226 >	< 3,356 >	< 3,350 >
Flotation and distribution fees	12,628	13,128	13,465	14,308	12,037
< Investment trusts >	< 12,121 >	< 12,653 >	< 13,060 >	< 13,585 >	< 11,360 >
Other fees received	8,854	9,998	11,502	13,232	12,405
< Investment trusts >	< 6,680 >	< 6,882 >	< 7,131 >	< 7,323 >	< 7,401 >
Net trading income	27,499	31,645	45,367	35,759	40,067
Financial revenue	5,295	8,327	5,862	6,947	6,813
Total operating revenue	69,191	77,694	95,547	90,181	90,922
Financial expenses	4,031	2,732	4,418	3,066	4,962
Net operating revenue	65,159	74,962	91,129	87,114	85,959
Selling, general and administrative expenses					
Trading related expenses	7,665	8,607	10,505	11,798	11,676
Personal expenses	24,331	25,457	27,639	28,924	27,965
Real estate expenses	4,759	4,584	4,379	4,517	5,007
Office cost	11,136	11,193	11,380	11,363	12,366
Depreciation	1,612	1,590	1,615	1,626	1,624
Taxes and dues	591	492	902	639	1,084
Other	2,872	2,951	2,975	3,074	3,092
Total selling, general and administrative expenses	52,970	54,878	59,398	61,945	62,816
Operating income	12,189	20,084	31,730	25,169	23,143
Non-operating income	348	479	77	3,653	363
Non-operating expenses	47	60	123	222	116
Ordinary income	12,490	20,502	31,684	28,600	23,390
Extraordinary income	—	0	—	3	4,869
Extraordinary loss	206	140	123	416	258
Income before income taxes	12,283	20,362	31,561	28,186	28,001
Income taxes - current	19	39	9,005	12,113	561
Income taxes - deferred	4,052	7,174	1,583	(4,150)	8,548
Profit	8,212	13,148	20,973	20,222	18,892