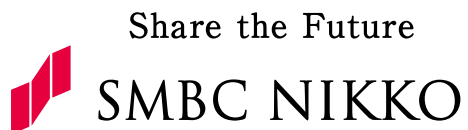


Earnings Announcement for the Second Quarter FY2016 ending March 31, 2017 (JGAAP)

SMBC Nikko Securities Inc.

October 24, 2016



		[Reference Data]	
Summary of business results for the 2Q of FY ending Mar. 2017	2	Consolidated Business Results (Quarterly Trend)	18
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The information contained in this document is based on data available as of October 24, 2016 and this document is intended to provide information on the business results of SMBC Nikko Securities Inc. Any information and opinions contained in this document reflect our judgment as of the date of preparation of the document (October 24, 2016) and are subject to change without notice. No guarantees, representations or warranties are made as to the accuracy or completeness of such information.

(*) Information in this document is presented on a consolidated basis unless otherwise specified.

Summary of business results for the 2Q of FY ending Mar. 2017

6 months to
Sep.30 2016

- **Net operating revenue : ¥ 149.1 B (-8% Y on Y), Ordinary income : ¥ 31.5B (-22%), Profit (*1) : ¥ 22.0B (-25%)**
Due to an uncertain market environment, equity brokerage commissions and subscription commissions on investment trusts decreased in income and profit year on year.
- Equity brokerage amount was ¥ 12.4 trillion (-2%).
Aggregate sales of product was ¥ 5.0 trillion (+4%). Sale of investment trusts was ¥ 1.1 trillion (-21%), foreign bonds was ¥ 1.2 trillion (-8%) and domestic bonds was ¥ 2.3 trillion (+40%).
- League table rankings for Apr. 2016 - Sep. 2016
2nd place (*2) in Global Equity & Equity-Related-Japan
3rd place (*3) in All Bonds in Yen
10th place (*4) in terms of value and 3rd in terms of number of deals for M&A announced deals
- SG&A was ¥ 119.5 B (-4%).
- As of the end of Sep. 2016, total assets was ¥ 9.5 trillion and net assets was ¥ 507.0 B.
Total assets decreased by payment of a dividend to our parent company.
Capital adequacy ratio (non-consolidated) was 329%, reflecting the sound financial base of the company.

FY ending
Mar. 2017 2Q

- **Net operating revenue : ¥ 75.4 B (+2% Q on Q), Ordinary income : ¥ 15.7 B (+0%), Profit (*1) : ¥ 11.2 B (+5%)**
Under writing commissions and commissions on investment trust contributed to increase in income and profit.
- Aggregate sale of products was ¥ 2,701.7 B (+17%), domestic bonds was ¥ 1,357.8 B (+33%), reached the highest ever level on a quarterly basis.

Billions of Yen	FY2016		Q on Q	6 months to Sep. 30 2015	6 months to Sep. 30 2016	Y on Y
	1Q	2Q				
Operating revenue	81.0	82.0	+1%	175.1	163.0	-7%
Net operating revenue	73.6	75.4	+2%	162.3	149.1	-8%
SG&A	58.8	60.7	+3%	124.3	119.5	-4%
Ordinary income / loss	15.7	15.7	+0%	40.5	31.5	-22%
Income before taxes	15.2	16.0	+5%	44.2	31.3	-29%
Profit / loss(*1)	10.7	11.2	+5%	29.4	22.0	-25%
	Mar.-end '16	Sep.-end '16	From Mar. -end '16	Sep.-end '15	Sep.-end '16	Y on Y
Total assets (Trillions of yen)	10.4	9.5	-0.8	10.0	9.5	-0.4
Total net assets (Billions of yen)	697.8	507.0	-190.7	694.5	507.0	-187.5

(*1) Profit attributable to owners of parent

(*2) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

(*3) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

(*4) Source: THOMSON REUTERS, M&A announced deals with any Japanese involvement

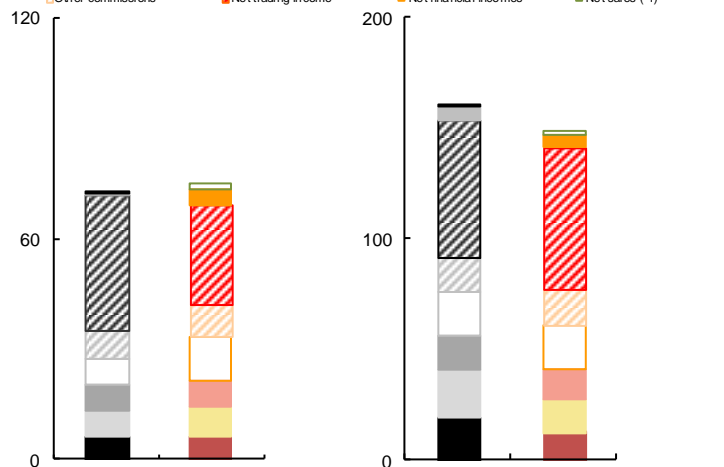
Net operating revenue / Product sales

- ◇ Net operating revenue for this quarter was ¥ 75.4 B (+2% Q on Q), aggregate sale of products was ¥ 2,701.7 B (+17%). While net trading income decrease, underwriting commissions and subscription commissions on investment trust contributed to increase in income.
- ◇ Net operating revenue for the first half was ¥ 149.1 B (-8% Y on Y), aggregate sales of product was ¥ 5,003.5 B (+4%). Bonds issue was expanded to meet needs for raising and dealing under low interest rate environment, and sale of domestic bonds largely increased ¥ 2,379.6 B (+40%).

Net operating revenue

(Billions of yen)

■ Equity brokerage commissions ■ Subscription commissions on investment trusts ■ Agent commissions on investment trusts ■ Underwriting commissions
 ■ Other commissions ■ Net trading income ■ Net financial incomes ■ Net sales (*1)



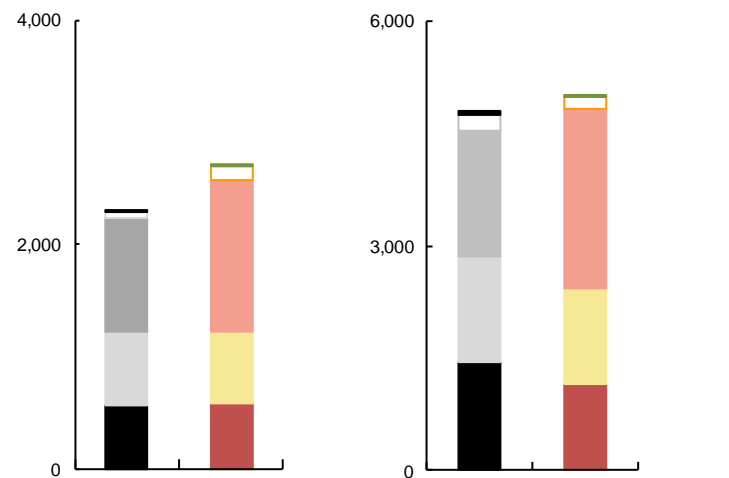
	FY2016 1Q	2Q	Q on Q	6 months to Sep. 30 2015	6 months to Sep. 30 2016	Y on Y
Equity brokerage commissions	6.6	6.3	-5%	19.6	12.9	-34%
Subscription commissions on investment trusts	6.7	8.1	+21%	21.4	14.8	-31%
Agent commissions on investment trusts	7.0	7.0	+0%	15.8	14.1	-11%
Underwriting commissions	7.5	12.1	+62%	19.7	19.7	-0%
Other commissions	7.3	8.8	+20%	15.4	16.2	+5%
Net trading income	36.7	27.2	-26%	62.1	64.0	+3%
Net financial incomes	0.7	4.4	6.0x	6.4	5.1	-21%
Net sales (*1)	0.8	1.1	+32%	1.4	1.9	+42%
Total	73.6	75.4	+2%	162.3	149.1	-8%

Product Sales

(Billions of yen)

【non-consolidated】

■ Investment trusts ■ Foreign bonds(*2) ■ Domestic bonds
 ■ Subscription of equities ■ Variable annuities/insurances



	FY2016 1Q	2Q	Q on Q	6 months to Sep. 30 2015	6 months to Sep. 30 2016	Y on Y
Investment trusts	561.9	583.2	+4%	1,442.6	1,145.1	-21%
Foreign bonds(*2)	657.0	638.8	-3%	1,406.4	1,295.8	-8%
Domestic bonds	1,021.8	1,357.8	+33%	1,693.9	2,379.6	+40%
(Retail - targeted JGBs)	(132.0)	(184.4)	(+40%)	(281.3)	(316.4)	(+12%)
Subscription of equities	51.1	117.5	2.3x	215.4	168.6	-22%
Variable annuities/insurances	10.0	4.3	-57%	38.0	14.3	-62%
Total	2,301.7	2,701.7	+17%	4,796.2	5,003.5	+4%

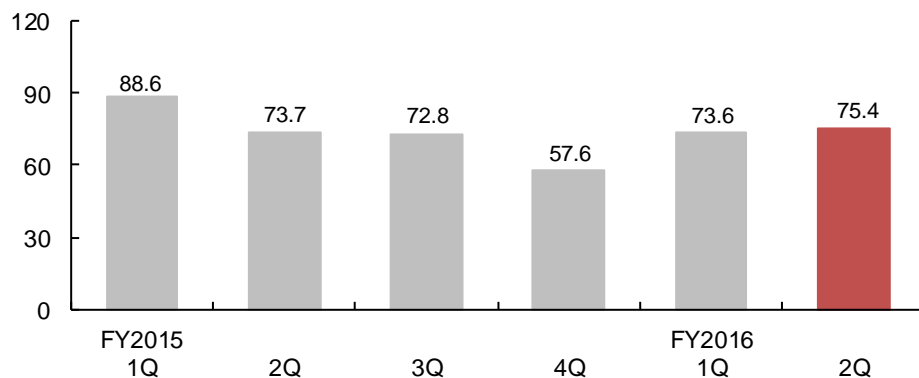
(*2) Sale of foreign bonds includes already-issued bonds and yen-denominated foreign bonds.

(*1) Other sales minus cost of sales

Business Results (Quarterly Trend)

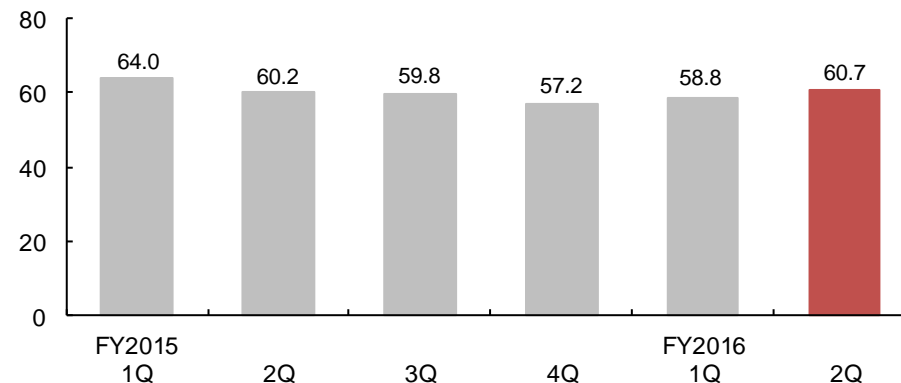
Net operating revenue

(Billions of yen)



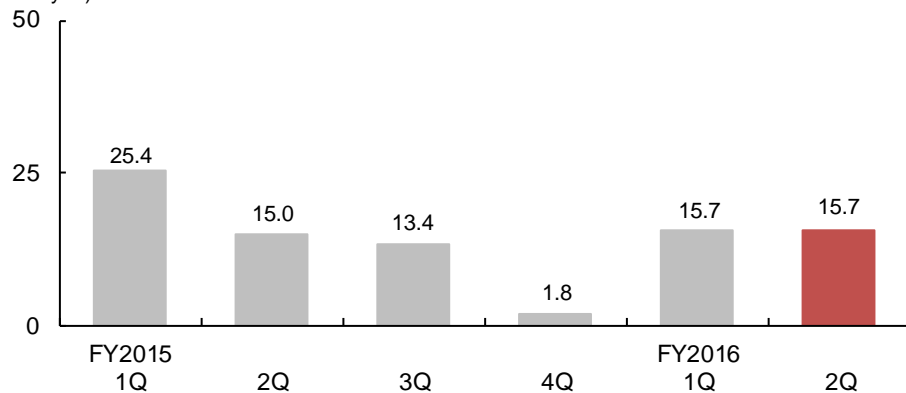
SG&A

(Billions of yen)



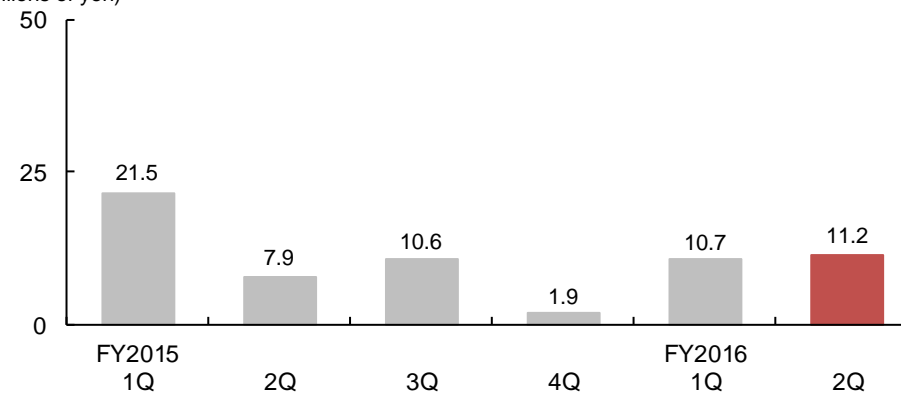
Ordinary income

(Billions of yen)



Profit (*)

(Billions of yen)



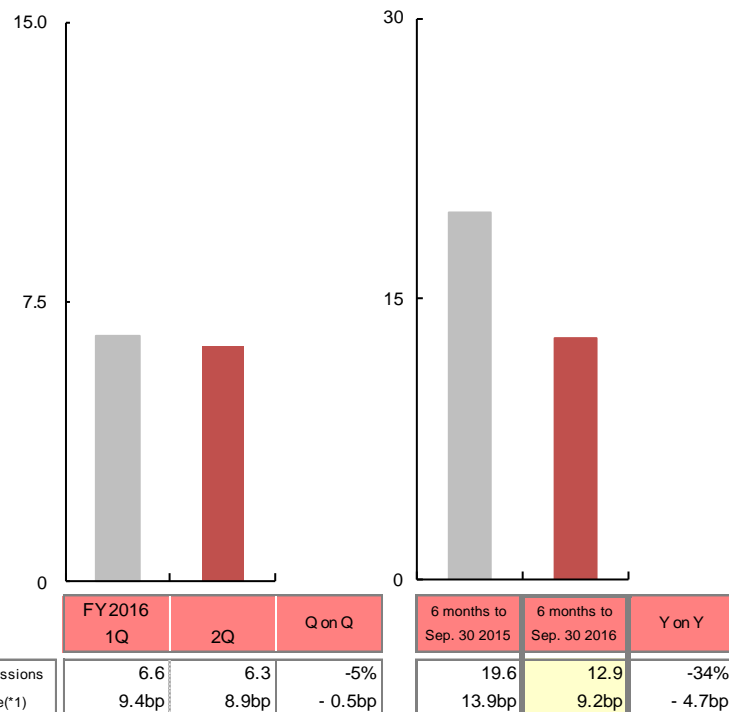
(*) Profit attributable to owners of parent

Equity brokerage commissions

- ◇ Equity brokerage amount for this quarter was ¥ 6,226.4 B (+1% Q on Q), and equity brokerage commissions was ¥ 6.3 B (-5%). Although sales amount shrank in the overall market same as the last quarter, TSE share and retail market share continued to expand.
- ◇ Equity brokerage amount for the first half was ¥ 12,405.0 B (-2% Y on Y), and equity brokerage commissions was ¥ 12.9 B (-34%).

Equity brokerage commissions

(Billions of yen)

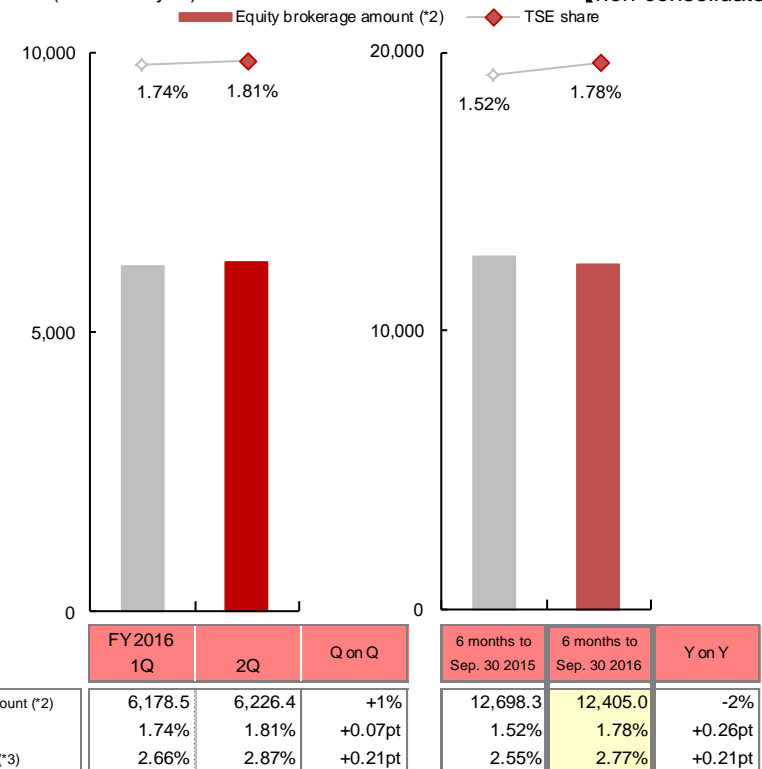


(*1) Adjusted brokerage commissions / brokerage amounts
(Scope: cash and margin transactions)

Equity brokerage amount / TSE share

(Billions of yen)

【non-consolidated】



(*2) All stock exchanges

(*3) Total of 1st and 2nd sections of Tokyo and Nagoya stock exchanges

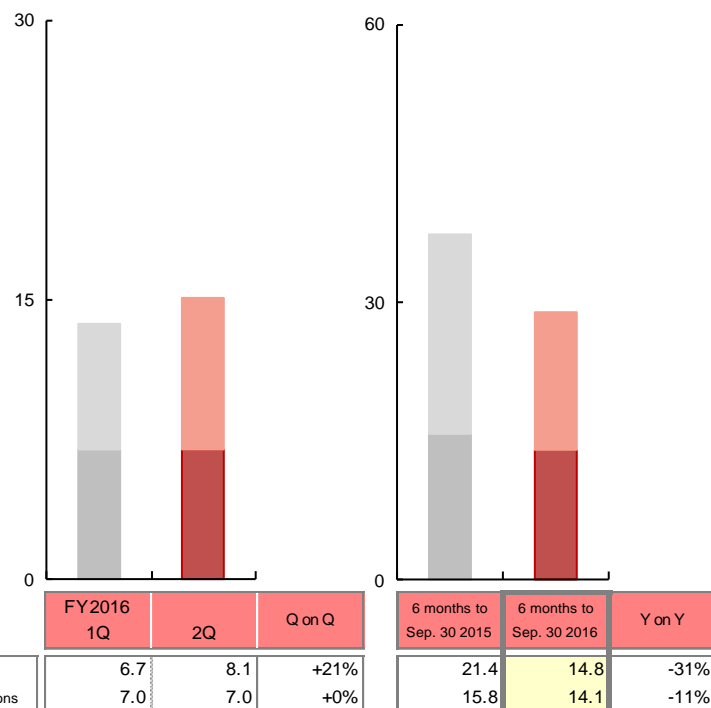
Commissions on investment trusts

- ◇ Sale of investment trusts for this quarter was ¥ 583.2 B (+4% Q on Q), subscription commissions on investment trusts was ¥ 8.1 B (+21%). Above all, the stock investment trusts targeting AI contributed to increase sale of investment trusts.
- ◇ Sale of investment trusts for the first half was ¥ 1,145.1 B (-21% Y on Y), subscription commissions on investment trusts was ¥ 14.8 B (-31%).

Subscription commissions / Agent and other commissions

(Billions of yen)

■ Agent and other commissions ■ Subscription commissions

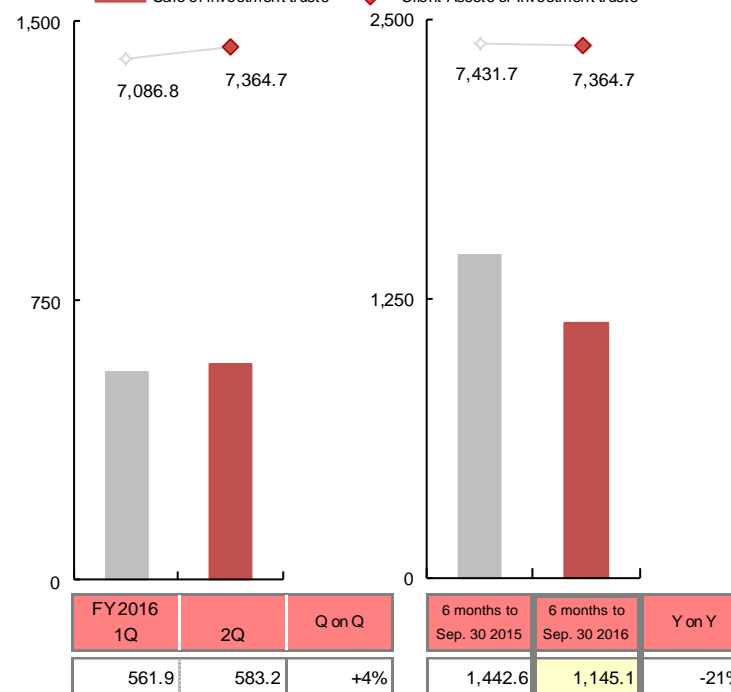


Sales / Client Assets of Investment trusts

(Billions of yen)

【non-consolidated】

■ Sale of investment trusts ◆ Client Assets of Investment trusts

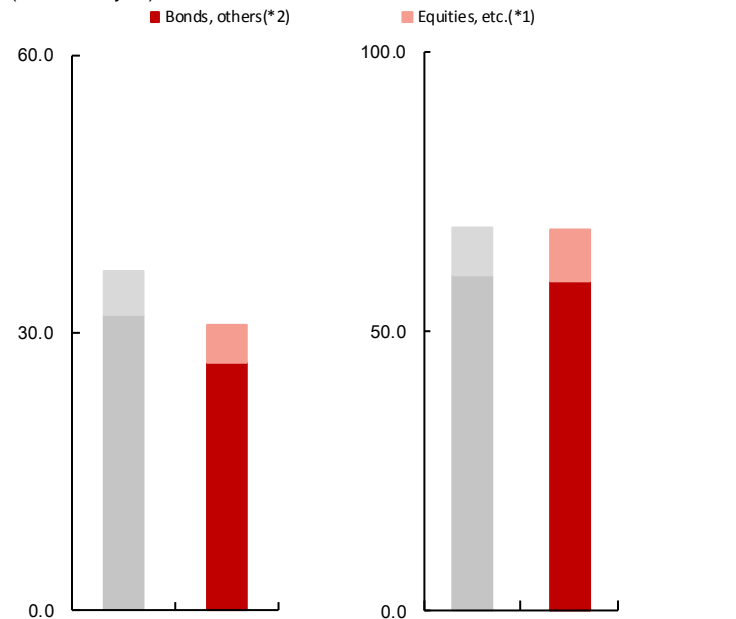


Net trading income

- ◇ Net trading income (adjusted net financial income) for this quarter was ¥ 31.1 B (-16% Q on Q), the sale of foreign bonds was ¥ 638.8 B (-3%). Profit decreased compare to the last quarter in which bonds trading performed well.
- ◇ Net trading income (adjusted net financial income) for the first half was ¥ 68.0 (-1%).

Net trading income (adjusted net financial incomes)

(Billions of yen)

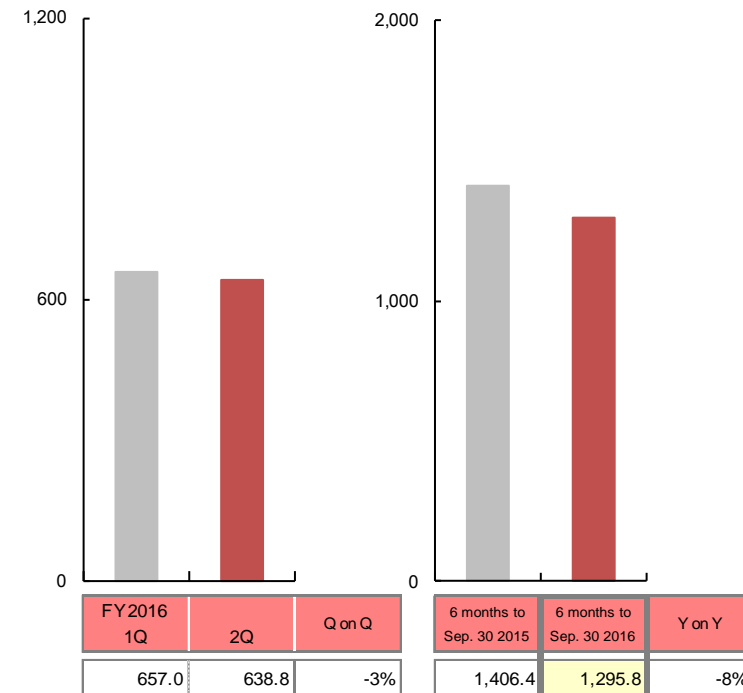


	FY2016 1Q	2Q	Q on Q	6 months to Sep. 30 2015	6 months to Sep. 30 2016	Y on Y
Equities, etc.(*1) (dividend, etc)	4.8 (0.5)	4.2 (4.0)	-13% (7.3x)	8.5 (4.7)	9.0 (4.6)	+6% (-3%)
Bonds, others(*2) (interest)	32.0 (-0.3)	26.8 (-0.2)	-16% (-)	60.0 (1.6)	58.9 (-0.6)	-2% (-)
Total(*3)	36.9	31.1	-16%	68.5	68.0	-1%

Sale of foreign bonds

(Billions of yen)

【non-consolidated】



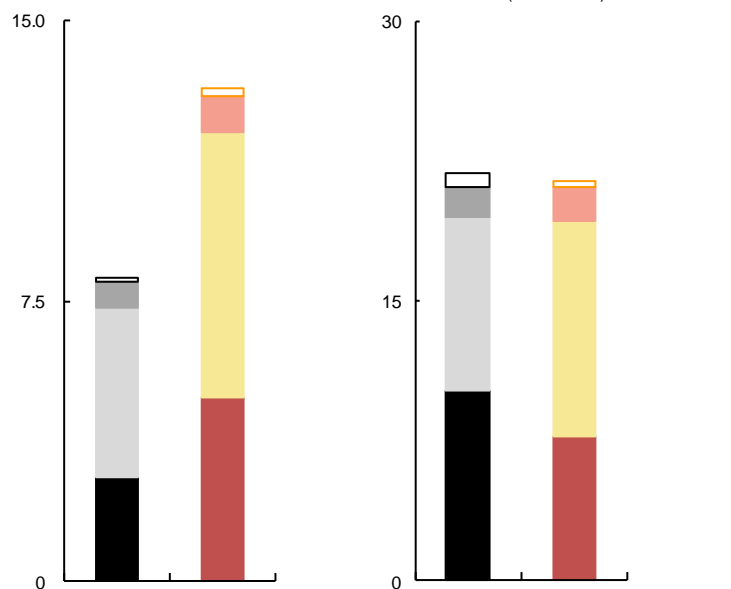
	FY2016 1Q	2Q	Q on Q	6 months to Sep. 30 2015	6 months to Sep. 30 2016	Y on Y
	657.0	638.8	-3%	1,406.4	1,295.8	-8%

Underwriting commissions (Equities / Bonds)

- ◇ Underwriting commissions for this quarter was ¥ 12.1 B (+62% Q on Q). Both equities and bonds steadily acquired its deals, and income reached a high level.
- ◇ For Apr. 2016 - Sep. 2016, book runner in Global Equity & Equity-Related-Japan: share 19.3% in 2nd place, lead manager in All Bonds in Yen: share 18.2% in 3rd place.

Underwriting commissions (Equities / Bonds)

(Billions of yen) ■ Equities ■ Bonds ■ Subscription and Distribution commissions (EQs/Bonds) ■ Others(*)



	FY2016 1Q	2Q	Q on Q	6 months to Sep. 30 2015	6 months to Sep. 30 2016	Y on Y
Underwriting commissions	7.5	12.1	+62%	19.7	19.7	-0%
Equities	2.8	4.9	+71%	10.2	7.7	-24%
Bonds	4.5	7.1	+56%	9.3	11.6	+24%
Subscription and Distribution commissions (EQs/Bonds)	0.7	1.0	+33%	1.6	1.8	+9%
Others(*)	0.1	0.2	2.2x	0.8	0.3	-60%

Global Equity & Equity-Related-Japan Apr. 2016 - Sep. 2016

Rank	Book runner	Proceeds (bill of yen)	Mkt.Share (%)
1	Nomura Securities	326.6	25.5%
2	SMBC Nikko Securities	246.2	19.3%
3	Mizuho Securities	199.8	15.6%
4	Mitsubishi UFJ Morgan Stanley	198.7	15.5%
5	Daiwa Securities	117.9	9.2%

Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS (including overseas entities)

All Bonds in Yen Apr. 2016 - Sep. 2016

【non-consolidated】			
Rank	Manager	Proceeds (bill of yen)	Mkt.Share (%)
1	Mizuho Securities	2,656.2	23.6%
2	Mitsubishi UFJ Morgan Stanley	2,163.3	19.2%
3	SMBC Nikko Securities	2,047.6	18.2%
4	Nomura Securities	1,734.8	15.4%
5	Daiwa Securities	1,511.8	13.4%

Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS (corporate bonds, FILP agency/municipality bonds(proportional shares as lead manager) samurai bonds)

- ◇ For Apr. 2016 - Sep. 2016 in the league table of M&A financial advisor for Japanese involvement announced deals:
With 56 deals acquired in total, ranked 10th in terms of value (market share 14.7%) and 3rd in terms of number of deals (market share 3.5%).

Financial Advisor Rank value basis Apr. 2016 - Sep. 2016

Rank	Advisor	Rank value (bill of yen)	Mkt.Share (%)
1	Mizuho Financial Group	5,203.8	50.8%
2	The Raine Group LLC	4,136.1	40.3%
3	Goldman Sachs	3,785.3	36.9%
4	Lazard	3,342.6	32.6%
10	Sumitomo Mitsui Financial Group	1,511.0	14.7%

Financial Advisor No. of deals Apr. 2016 - Sep. 2016

Rank	Advisor	No. Deals	Mkt.Share (%)
1	Mizuho Financial Group	108	6.7%
2	Nomura	60	3.7%
3	Sumitomo Mitsui Financial Group	56	3.5%
4	Daiwa Securities Group Inc	35	2.2%
5	Plutus Consulting Co Ltd	26	1.6%

Major announced deals Apr. 2016 – Sep. 2016

**Rengo Co., Ltd.
/ Tri-Wall Holdings Limited
(CITIC Capital Partners Japan Limited)**
CITIC Capital Partners had sold all of the shares of Tri-Wall Holdings Limited that they held through the funds under their management (67.1%) to Rengo Co., Ltd.
(SMBC Nikko serves as an advisor for CITIC Capital Partners Japan Limited.)

**Irvin Acquisition LLC(Piston Group)
/ Irvin Automotive Products
(Takata Corporation)**
Takata Corporation announced to sell its US subsidiary, Irvin Automotive Products to Irvin Acquisition LLC founded by Piston Group.
(SMBC Nikko and Moelis & Company serve as advisors for Takata Corporation.)

**Mitsubishi Corporation
/ Lawson, Inc.**
Mitsubishi Corporation decided to make Lawson, Inc., an equity-method affiliate its consolidated subsidiary through TOB.
(SMBC Nikko serves as an advisor and TOB agent for Mitsubishi Corporation.)

**Panasonic Corporation
/ Open Synergy GmbH**
Panasonic Corporation acquired all shares of Open Synergy GmbH and made its wholly owned subsidiary.
(SMBC Nikko serves as an advisor for Panasonic Corporation.)

**DENSO CORPORATION
/ FUJITSU TEN LIMITED (FUJITSU)**
FUJITSU agreed to transfer 41% of shares of FUJITSU TEN LIMITED which is invested by DENSO CORPORATION and Toyota Motor Corporation,
to DENSO CORPORATION.
(SMBC Nikko serves as an advisor for FUJITSU.)

**Taisei Lamick Co., Ltd.
/ Malaysia Packaging Industry Berhad
(Toyo Seikan Group Holdings, Ltd.)**
Toyo Seikan Group Holdings, Ltd. sold all of its stakes (54.95%) in Malaysia Packaging Industry Berhad to Taisei Lamick Co., Ltd.
(SMBC Nikko serves as an advisor for Toyo Seikan Group Holdings, Ltd.)

Business collaboration with Sumitomo Mitsui Banking Corporation

【non-consolidated】

◇ Collaboration with SMBC kept on track as the number of individual customers' accounts and the referral of corporate clients grew steadily.

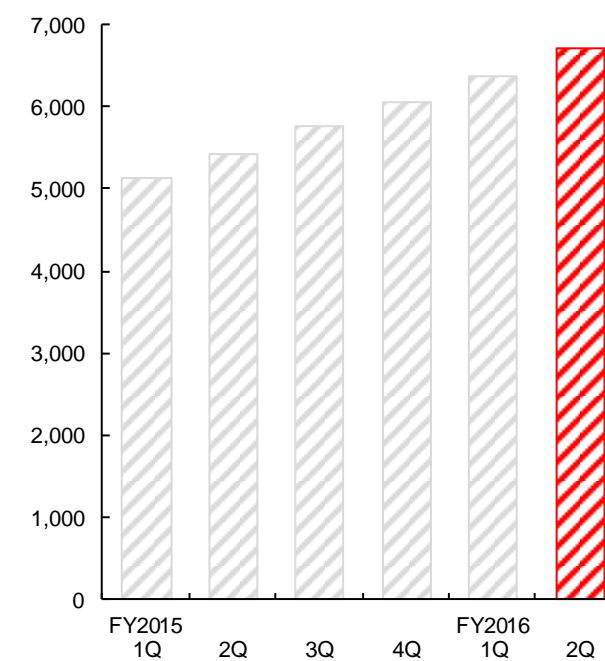
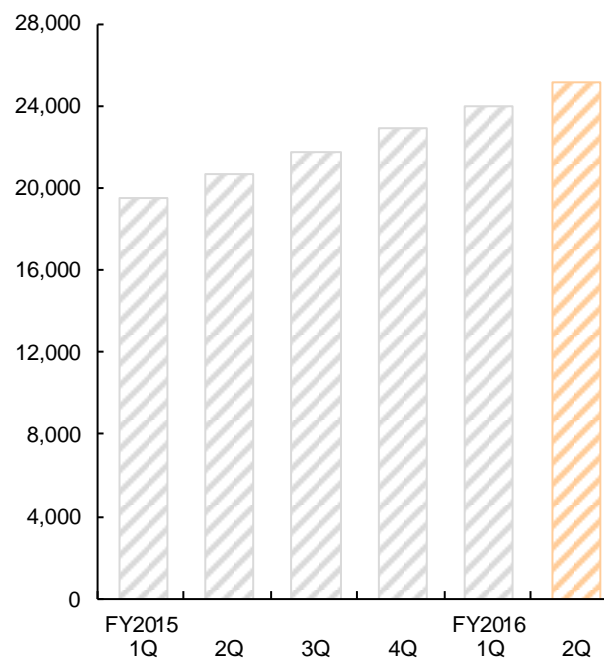
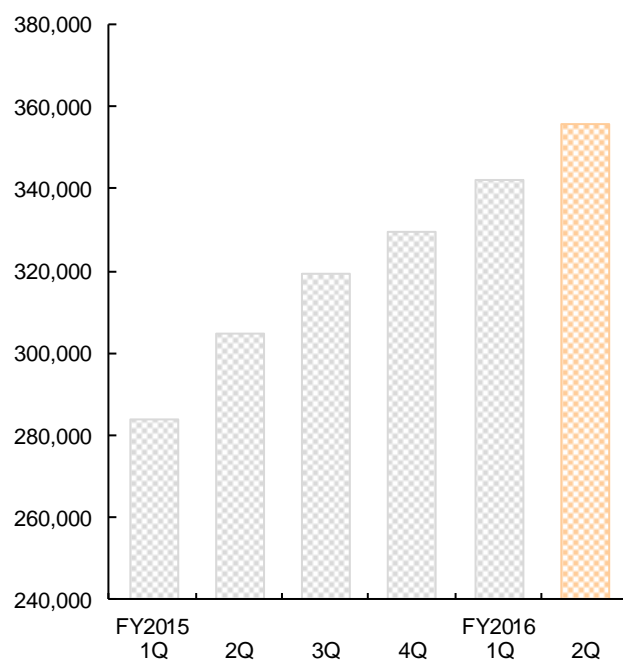
Asset management (Referral service and financial products intermediary service (*1))

Investment banking (Referral service)

Individual customer (No. of accounts) (*2)

Corporate clients (No. of deals) (*3)

Corporate clients (No. of deals)



Note) No. of accounts shows the number of the accounts existed at the end of respective quarters. No. of deals shows accumulated acquired deals in either asset management or investment banking since its inception.

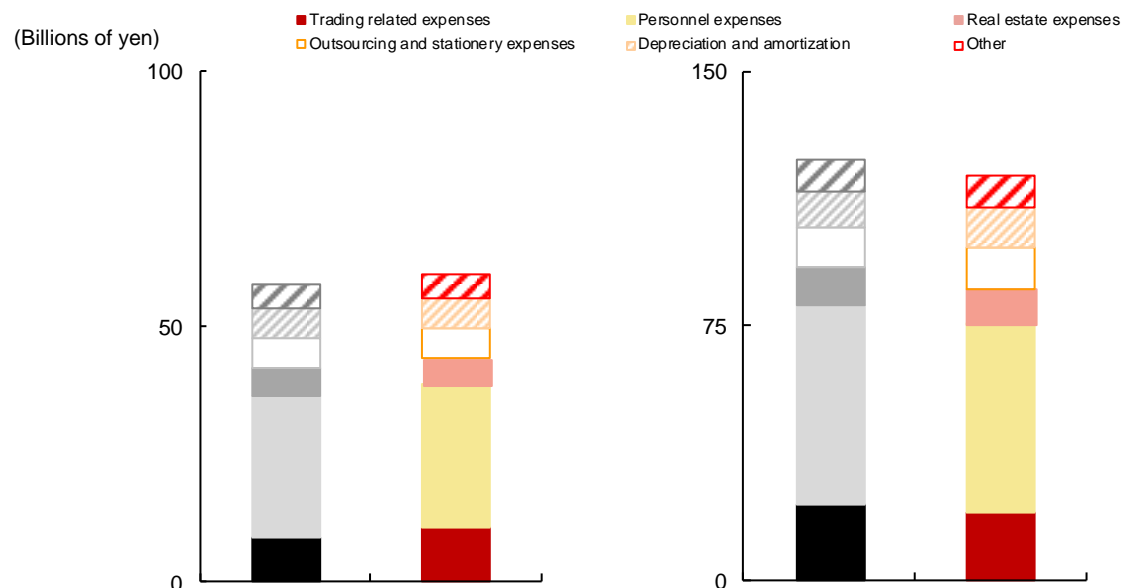
(*1) Financial products intermediary services by SMBC: SMBC Nikko commissions SMBC to solicit and intermediate securities transactions to customers.

(*2) The number of accounts at the end of each quarter with regards to individual customer who either was referred by SMBC to SMBC Nikko or opened an account with SMBC Nikko via SMBC's financial products intermediary service.

(*3) The number of the accumulated acquired deals on asset management with corporate clients via SMBC's referral services and financial products intermediary services on behalf of SMBC Nikko since the inception of respective services.

SG&A

- ◇ SG&A for this quarter was ¥ 60.7 B (+3% Q on Q).
- ◇ SG&A for the first half was ¥ 119.5 B (-4% Y on Y), trading related expenses and personnel expenses linked to company operations decreased.



(Billions of yen)	FY2016 1Q	2Q	Q on Q	6 months to Sep. 30 2015	6 months to Sep. 30 2016	Y on Y
Trading related expenses	8.8	10.5	+20%	22.4	19.4	-13%
Personnel expenses	27.7	28.1	+2%	58.9	55.9	-5%
Real estate expenses	5.4	5.1	-5%	11.2	10.5	-6%
Outsourcing and stationery expenses	6.0	6.0	-0%	12.0	12.1	+0%
Depreciation and amortization	5.8	5.9	+3%	10.4	11.8	+13%
Other	4.9	4.7	-5%	9.1	9.6	+5%
SG&A / Fixed expense	58.8	60.7	+3%	124.3	119.5	-4%
SG&A / Net operating revenue	80%	81%	+1pt	77%	80%	+4pt

Balance Sheet / Capital Adequacy Ratio

- ◇ At the end of Sep. 2016, ¥ 200 B was paid as a dividend to our parent company.
At the same time, subordinated loan was borrowed and capital adequacy ratio has kept its standard which enable further business expansion.

(Billions of Yen)	Mar.16	Sep.16	Variance
Current assets	10,220.3	9,334.8	-885.5
Trading products	3,673.1	3,440.0	-233.1
Loans secured by securities	5,007.4	4,536.6	-470.8
Other current assets	1,539.8	1,358.1	-181.6
Noncurrent assets	258.7	247.5	-11.2
Tangible assets	26.7	26.2	-0.4
Intangible assets	84.6	82.8	-1.7
Investments and other assets	147.4	138.4	-9.0
Total assets	10,479.1	9,582.3	-896.8
Current liabilities	9,147.3	8,344.5	-802.7
Trading products	2,464.5	2,203.6	-260.9
Loans payable secured by securities	5,104.8	4,320.3	-784.5
Short-term loans payable / Commercial papers	1,054.7	838.0	-216.7
Other current liabilities	523.1	982.5	+459.4
Noncurrent liabilities / Reserves under the special laws	634.0	730.7	+96.7
Total liabilities	9,781.3	9,075.3	-706.0
Total net assets	697.8	507.0	-190.7
Total liabilities and net assets	10,479.1	9,582.3	-896.8

【non-consolidated】

(Billions of Yen)	Mar.16	Sep.16	Variance
Basic items	656.6	474.8	-181.8
Supplementary items	14.9	113.9	+98.9
Deductible assets	162.3	159.7	-2.6
Net capital	509.2	429.0	-80.2
Risk total	128.6	130.5	+1.9
Market Risk	43.8	51.6	+7.7
Counterparty Risk	22.9	20.8	-2.1
Basic Risk	61.7	58.0	-3.6
Capital Adequacy Ratio	396%	329%	-67pt

【non-consolidated】

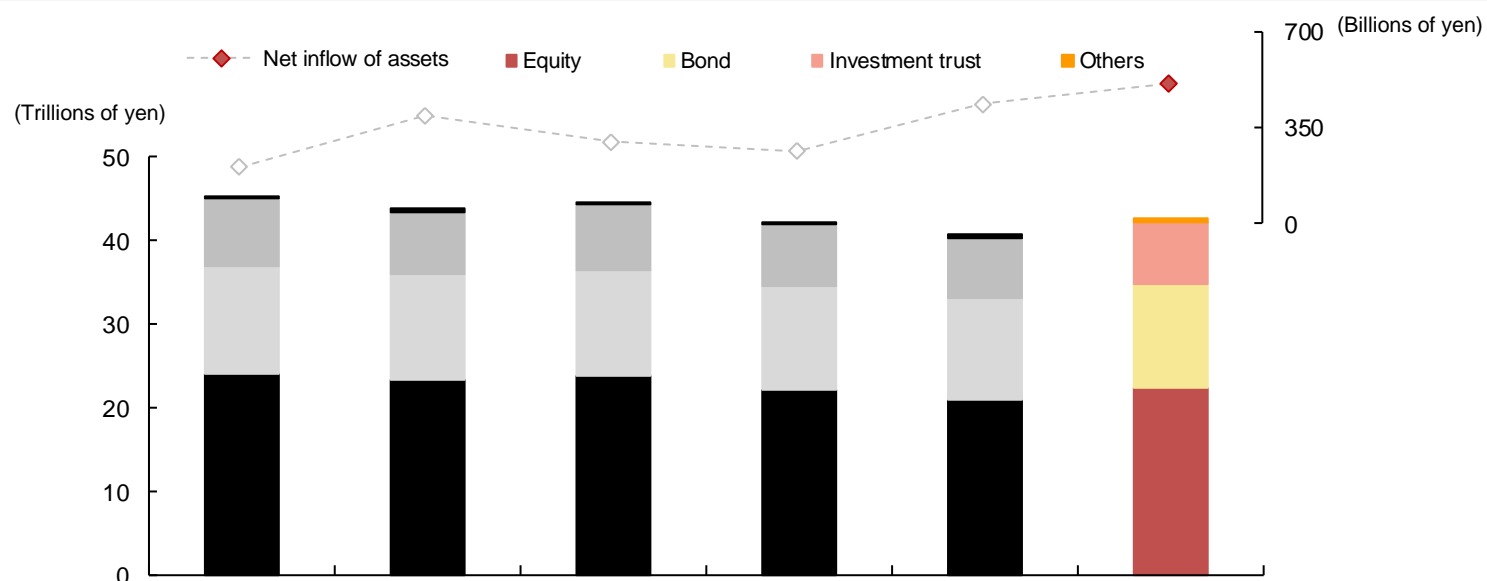
Credit ratings on Long Term (as of Oct 24, 2016)

Moody's	S&P	R&I	JCR
A1	A	AA-	AA
[Stable]	[Stable]	[Stable]	[Stable]

Client Assets / Net Inflow of Assets

【non-consolidated】

- ◇ Overall client assets at the end of Sep. 2016 was ¥ 42.6 trillion (+5% Q on Q).
- ◇ Net inflow of assets at sales division for this quarter was ¥ 513.1 B.
According to continuous effort focused on net inflow of assets, it reached high level over ¥ 500 B.



(Trillions of yen)

	FY2015				FY2016	
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Equity	24.1	23.3	23.9	22.1	21.0	22.5
Bond	12.9	12.8	12.7	12.6	12.3	12.4
Investment trust	8.1	7.4	7.7	7.2	7.1	7.4
Others	0.3	0.3	0.3	0.3	0.3	0.4
Client assets(*1)	45.4	43.8	44.6	42.2	40.7	42.6

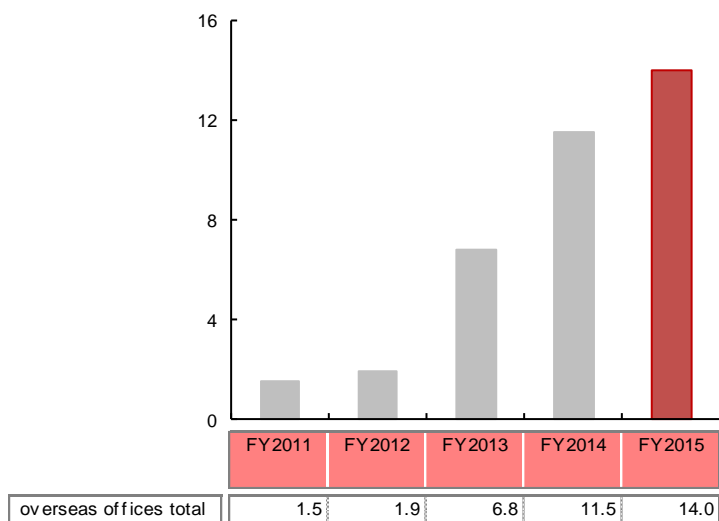
(Billions of yen)

	1Q	2Q	3Q	4Q	1Q	2Q
Net inflow (outflow) of assets <sales division>	206.9	393.0	296.2	264.9	434.2	513.1
Inflow of assets	1,380.2	1,376.4	1,316.9	1,392.4	1,409.3	1,347.8
Outflow of assets	-1,173.3	-983.3	-1,020.7	-1,127.5	-975.0	-834.7

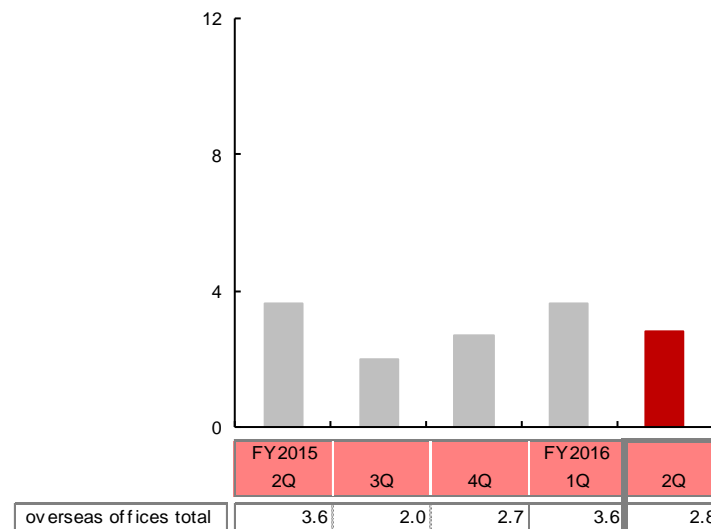
Business Trends of Overseas Offices

- ◇ Earnings based on managerial accounting for this quarter was ¥ 2.8 B (-22% Q on Q).
- ◇ Earnings based on managerial accounting steadily changed thanks to management structure and progress in collaboration with SMBC at overseas offices.

Earnings based on managerial accounting
Annual trend (Billions of yen)



Earnings based on managerial accounting
Quarterly trend (Billions of yen)



- Overseas offices total is defined as the total of:
 - ✓ Earnings of consolidated subsidiaries: SMBC Nikko Securities (Hong Kong) and SMBC Nikko Securities (Singapore) ; and
 - ✓ Earnings of affiliated companies: Securities Product Group of SMBC Nikko Capital Markets (Percentage of voting rights: SMBC Nikko Securities 15.15%, SMBC 84.85%) and SMBC Nikko Securities America (Percentage of voting rights : SMBC Nikko Securities 20.00%, SMBC 77.65%, SMBC Financial Services, Inc.(subsidiary of SMBC) 2.35%)

Overseas Network

SMBC Nikko Capital Markets

- Japanese equity and fixed-income sales and trading
- Equity and bond underwriting
- M&A advisory
- IR arrangement
- Swap related business

SMBC Nikko Bank (Luxembourg)

- Fund custody
- Fund administration

SMBC Nikko Investment Fund Management Company

- Fund management

SMBC Nikko Securities America (San Francisco Branch)

- Japanese / US equity brokerage
- M&A advisory
- IR arrangement

SMBC Nikko Securities (Hong Kong)

- Japanese / Hong Kong equity and fixed-income brokerage
- Coverage of bond underwriting
- M&A advisory
- Market entry consulting for Japanese companies in Greater China
- IR arrangement

SMBC Nikko Investment Consulting (Shanghai)

- M&A advisory related services

SMBC Nikko Securities America

- Japanese / US equity brokerage
- Fixed-income sales and trading
- Equity and bond underwriting
- Structured finance
- M&A advisory
- IR arrangement

SMBC Nikko Securities (Singapore)

- Japanese equity brokerage
- M&A advisory
- Private wealth business
- IR arrangement

Nikko Securities Indonesia

- Indonesian equity brokerage
- Equity and bond underwriting
- M&A advisory
- Market entry consulting for Japanese companies in Indonesia
- Asset management business

SMBC Nikko Capital Markets (Sydney Office)

- Coverage of bond underwriting

Business Partners (Asia)

KB Investment & Securities (Seoul)

- Alliance in M&A advisory, DCM and IPO business

First Metro Securities (Manila)

- Alliance in M&A advisory and bond underwriting and sales

Petro Vietnam Securities (Hanoi)

- Market entry consulting for Japanese companies in Vietnam

Phatra Securities (Bangkok)

- Alliance in M&A advisory and DCM/ECM business

Kotak Mahindra Group (Mumbai)

- Alliance in M&A advisory

Business Partners (Americas)

Citigroup (New York)

- Collaboration in various business worldwide

Moelis & Company (New York)

- Alliance in M&A advisory

BTG Pactual (Rio de Janeiro)

- Alliance in M&A advisory

- SMBC Nikko Group Company
- SMBC Nikko Business Partner

Exclusive domestic contract from Fundstrat

- SMBC Nikko has received an exclusive domestic contract from Fundstrat to offer US equity strategy research to Japan retail customers.
- Fundstrat is an independent research company lead by Thomas J Lee who had been ranked in the top 3 US equity strategist by Institutional Investor for five years from 2009 to 2013.



Start of operations at Kawanishi branch

- SMBC Nikko started operations at Kawanishi branch on September 5. It is located on the 5th floor, Mitsui Sumitomo Kawanishi building, 3 minutes' walk from Kawanishi-noseguchi station, and 7 minutes' walk from Kawanishi-ikeda station. SMBC relocated its Kawanishi branch and Kawanishi loan plaza in the same building.
- SMBC Nikko established the main goal ; coexistence for expansion of customer base and maintain earnings by positive investment and strengthen referral of corporate clients, in the medium term management plan. We actually promote maintenance for infrastructures, including setting up new branches. At the moment, there are 124 branches (1 head branch and 123 other branches) in Japan.

Began handling of d point

- SMBC Nikko began handling of d point which is offered by NTT Docomo on September 1, and gives its point to d point club membership according to the use of our three services.

- 1 : subscribe our free mail magazine
- 2 : download “ SMBC Nikko application” on smart phone
- 3 : purchase investment trusts via “periodic investment plan”

Launched LINE support

- SMBC Nikko launched new customer support with LINE on September 26. Customers enable to send inquiries about opening of account and various services through LINE.



Reference Data



Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q
Operating revenue	95,827	79,319	79,570	64,074	81,013	82,070
Commissions received	46,160	46,153	44,403	29,787	35,335	42,582
Brokerage commissions	11,435	10,297	9,602	7,859	7,390	6,753
Underwriting and distribution commissions	8,962	10,799	10,001	4,237	7,518	12,182
Flotation and distribution fees	12,223	11,023	10,490	4,692	7,529	9,192
Other commissions	13,539	14,032	14,309	12,996	12,898	14,452
Net trading income	40,067	22,079	25,813	23,263	36,757	27,294
Equities	3,684	104	3,877	2,611	4,313	161
Bonds / Others	36,382	21,974	21,936	20,651	32,444	27,132
Financial revenue	7,120	7,914	6,549	7,607	5,385	8,511
Other sales	2,479	3,172	2,803	3,416	3,534	3,683
Financial expenses	5,241	3,303	4,520	3,604	4,653	4,101
Cost of sales	1,938	2,306	2,174	2,801	2,674	2,547
Net operating revenue	88,647	73,708	72,875	57,667	73,685	75,422
SG&A	64,095	60,298	59,878	57,276	58,814	60,720
Operating income / loss	24,552	13,410	12,996	390	14,870	14,701
Ordinary income / loss	25,478	15,076	13,456	1,816	15,750	15,750
Extraordinary income / loss	6,246	-2,506	-18	-253	-497	298
Income before income taxes	31,724	12,569	13,438	1,563	15,252	16,049
Income taxes-current	708	6,464	5,878	398	585	5,272
Income taxes-deferred	9,418	-1,808	-3,089	-804	3,913	-512
Profit / loss	21,597	7,912	10,648	1,969	10,753	11,289
Profit attributable to owners of parent	21,593	7,904	10,639	1,969	10,750	11,281

Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q
Operating revenue	90,922	73,941	74,431	58,633	75,119	75,977
Commissions received	44,041	44,169	42,256	27,913	33,132	40,334
Brokerage commissions	10,636	9,516	8,854	7,191	6,679	6,081
Underwriting and distribution commissions	8,962	10,799	10,001	4,237	7,518	12,182
Flotation and distribution fees	12,037	10,982	10,489	4,665	7,459	9,178
Other commissions	12,405	12,870	12,911	11,818	11,475	12,892
Net trading income	40,067	22,079	25,813	23,263	36,757	27,294
Equities	3,684	104	3,877	2,611	4,313	161
Bonds / Others	36,382	21,974	21,935	20,651	32,444	27,132
Financial revenue	6,813	7,693	6,361	7,456	5,228	8,349
Financial expenses	4,962	3,111	4,360	3,483	4,535	3,987
Net operating revenue	85,959	70,830	70,070	55,149	70,584	71,990
SG&A	62,816	58,885	58,269	55,057	57,762	59,099
Operating income / loss	23,143	11,945	11,801	91	12,821	12,890
Ordinary income / loss	23,390	12,507	11,804	611	13,097	13,402
Extraordinary income / loss	4,611	-4,588	-15	-243	-500	302
Income before income taxes	28,001	7,919	11,788	367	12,596	13,704
Income taxes-current	561	5,932	5,518	-2,086	421	4,957
Income taxes-deferred	8,548	-3,201	-1,703	1,390	3,466	-723
Profit / loss	18,892	5,187	7,973	1,064	8,709	9,470

Operational Indicators -1

【non-consolidated】

◇ Sales of Products

(Billions of yen)	FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q
Investment trusts	788.4	654.2	739.4	497.2	561.9	583.2
(Equity investment trusts)	(531.6)	(436.7)	(453.4)	(298.4)	(392.8)	(471.3)
(Foreign registered investment trusts)	(126.7)	(92.9)	(112.8)	(63.9)	(68.4)	(80.5)
Foreign bonds (*)	817.5	588.8	687.9	621.6	657.0	638.8
(Foreign currency bonds)	(236.7)	(193.5)	(276.3)	(200.5)	(214.0)	(219.8)
Domestic bond	746.3	947.6	740.9	491.9	1,021.8	1,357.8
(Retail target JGBs)	(129.7)	(151.7)	(115.3)	(143.7)	(132.0)	(184.4)
Public offering	121.3	94.1	186.4	37.4	51.1	117.5
Annuity / insurance	19.1	18.9	18.0	16.2	10.0	4.3
Total	2,492.5	2,303.7	2,372.6	1,664.4	2,301.7	2,701.7

(*) Foreign bonds sales include already-issued bonds and yen-denominated foreign bonds.

◇ Market Share

	FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q
ECM Global Equity (*1)	12.5%	13.7%	14.0%	13.2%	19.9%	19.3%
DCM All bond in Yen (*2)	15.9%	16.8%	16.9%	15.7%	20.4%	18.2%
M&A Japan related (*3)	18.0%	17.4%	28.4%	24.8%	6.7%	14.7%

(*1) Global Equity & Equity-Related-Japan : Book runner

(*2) All Bonds in Yen, Lead manager

(*3) Any Japanese involvement announced : Rank value

Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

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Source: prepared by THOMSON REUTERS

◇ Direct Channel Ratio (*1)

	FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q
Based on number of transaction	90.0%	91.5%	85.8%	93.2%	92.9%	92.4%
(Nikko EZ trade)	(83.8%)	(85.9%)	(81.1%)	(88.5%)	(89.0%)	(88.8%)
Based on commissions	43.0%	44.4%	36.0%	47.4%	38.0%	28.3%
(Nikko EZ trade)	(27.8%)	(29.5%)	(23.8%)	(32.0%)	(26.2%)	(19.8%)

(*1) Percentage of transactions via non-face-to-face channels in equities & CBs (brokerage & subscription) w ith individual clients.

◇ Brokerage Commissions Rate (*2)

(Billions of yen)	FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q
Equity brokerage amount	6,412.8	6,285.5	5,923.6	6,326.4	6,178.5	6,226.4
Equity brokerage commissions (*3)	10.7	8.9	8.7	7.0	6.6	6.3
Equity commissions rate	15.3bp	12.4bp	13.3bp	9.7bp	9.4bp	8.9bp

(*2) "Equity brokerage amount" and "Equity commissions rate" in the table represent the total of cash and margin transactions.

(*3) on a consolidated basis

Operational Indicators -3

◇ Number of Accounts

(Thousands of accounts)	FY2015				FY2016	
	Jun. 15	Sep. 15	Dec. 15	Mar. 16	Jun. 16	Sep. 16
	Total accounts	2,629	2,666	2,712	2,731	2,739
Cash management accounts	2,294	2,332	2,372	2,396	2,405	2,426
Newly opened accounts	42	55	59	37	33	39

【non-consolidated】

◇ Number of Branches

	FY2015				FY2016	
	Jun. 15	Sep. 15	Dec. 15	Mar. 16	Jun. 16	Sep. 16
	Number of branches	123	123	123	123	123

【non-consolidated】

◇ Number of Employees

	FY2015				FY2016	
	Jun. 15	Sep. 15	Dec. 15	Mar. 16	Jun. 16	Sep. 16
	Number of employees	10,022	9,936	9,829	9,685	10,352
Number of 4 overseas employees	378	396	413	427	443	457

- Overseas offices total is defined as the total of:
 - ✓ Employees of consolidated subsidiaries which are SMBC Nikko Securities (Hong Kong) and SMBC Nikko Securities (Singapore).
 - ✓ Employees of affiliated companies which are Securities Product Group of SMBC Nikko Capital Markets and SMBC Nikko Securities America.

