

September 27, 2013  
SMBC Nikko Securities Inc.

**Announcement by Tetsuya Kubo (President & CEO) at the  
autumn 2013 meeting of department heads and branch managers of SMBC Nikko Securities**

In the first half of this fiscal year, our retail unit achieved record levels of both profit and sales, and our wholesale unit managed to increase profit, mainly from underwriting. In our international business, we won mandates to act as lead manager for large-scale equity finance deals. Our efforts to set up a global network and start business at a fast pace have gradually paid off. Starting this fiscal year, we put special effort into the strategy of integrating banking and securities businesses, and achieved results far better than expected in intermediary and referral services. I believe all these are steadily laying the business foundation which underpins much of our strength. I really appreciate the commitment and devotion of all officers and employees who are doing their best in their respective roles.

Although there remain uncertainties in the global economy, the overall market environment has been favorable. This will continue to make a positive impact on the investor sentiment in the latter fiscal half and thereafter. I hope our people will continue to do high-quality work, whether in promoting sales or offering solutions.

We will continue efforts to promote NISA. NISA will help us to expand our client base, which is one of our major business targets. We take NISA as a good opportunity to meet clients who are new to securities firms.

I keep the following four things constantly in mind.

(1) Client first

I hope we will maintain the relationship of trust with clients and build a better future for our clients and ourselves, looking five years or 10 years into the future.

(2) Team SMBC Nikko

When officers and employees each play their roles and cooperate with one another, we can provide our best service for clients.

(3) Development of human resources

A financial institution's success depends on its human resources. We must make constant efforts to develop the abilities of our workforces if we are to expect excellent performance from them.

(4) Compliance

Both sales promotion and compliance support the long-term growth of a company. It is important for each officer and employee to be constantly aware of the importance of compliance.

Our company has got off to a powerful start and is now doing business under the new business structure. To maintain sustainable growth, we must continue to take on one new challenge after another and face up to whatever difficulties may come our way.

When pro baseball player Ichiro reached the 4,000-hit mark last month, he said “To make 4,000 hits, I had to go through a feeling of chagrin at my missed opportunity more than 8,000 times. I am proud of constantly having reflected on myself and my performance.” Where there is success, there are many failures that preceded it. Only those who do not become discouraged by repeated failures and who squarely face one challenge after another can achieve success.

Let us together face difficulties without flinching so that we will someday be proud of ourselves having done our best.

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