

September 26, 2014
SMBC Nikko Securities Inc.

Announcement by Tetsuya Kubo (President & CEO) at the fall 2014 meeting of department heads and branch managers of SMBC Nikko Securities Inc.

Looking back over the first half of the year, despite some impact from the market environment, I have noticed that a sense of unity enhanced in each branch of the sales unit, starting with the notion that the branch manager is the face of SMBC Nikko in each region. Also, our client base has been steadily expanding as a result of our Banking-Securities integration strategy. The corporate business, investment banking, and international business units have also observed steady performance.

The external environment, such as the macro-economic policies of the government, various legislative changes, or unusually long period of low interest rates, urges individuals to promote a shift “from savings to investment” after experiencing deflation for many years. In the second half, it will be our objective to continue to expand our client base with an eye toward the future.

The sales unit will need to further expand its assets under management by responding to a wide range of clients’ needs through the consulting business, and by realizing net increases in investment trusts and obtaining more SMAs. In order to expand the assets under management, it is critical that we not only utilize the Banking-Securities integration, but also that we ourselves increase our assets independently. Furthermore, to expand our client base, we will need to continue our efforts to aggressively capture NISA (Nippon Individual Saving Account) clients. We will endeavor to continue to strengthen the Banking-Securities integration in the corporate business and investment banking units while strengthening the sales and trading capabilities globally in the products unit and the international business unit.

I would like to convey the following three thoughts to all of my staff.

(1) Strength in sustainability

- This is the time for change. Proceeding with our tireless efforts as a team, by reviewing our domestic business operations, we will achieve a paradigm in our domestic marketing strategies that prioritizes the balance of assets under management.
- A flexible mindset matters to each of us in order to develop our business culture, to accept and utilize creative and different ideas.
- To achieve this, I would like you to be open-minded to diversity, a great strength of our company to energize our organization.

(2) Further improvement of business productivity

- Seek to further improve business productivity by saving time through higher efficiency and simplified rules.

(3) Compliance

- Make self monitored compliance a reality, by implementing compliance under the responsibility of each department.

On October 1, 2014, SMBC Nikko will mark the fifth anniversary of becoming a member of the Sumitomo Mitsui Financial Group. Let us continue to take each step forward together, toward our lofty ideal to become “Japan’s No. 1 full-line securities company”.

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