

January 29, 2018
SMBC Nikko Securities Inc.

Summary of the Announcement by President Shimizu
at the Extraordinary Meeting of Department Heads and Branch Managers

I would like to express my gratitude to all executives and employees for your diligent daily work at your own position.

The extraordinary meeting is held today because I would like Department Heads and Branch Managers to confirm the direction we are heading as the new SMBC Nikko Securities.

In today's meeting, a total of 61 executive officers and managers who just joined from SMBC Friend Securities are participating for the first time.

Let me start with our future policies and the direction we are heading. We are working hard to achieve the targets set in the Medium-term Management Plan (MTMP): "To reach a position in the industry by FY 2019, where we can aim to become #1 in Japan in terms of business base, revenue and profits". To enhance revenue, we will leverage the increased sales representatives from SMBC Friend, and efforts will be continuously made on "allocating the appropriate sales force within SMBC Nikko" and "assigning the appropriate number of clients per salesperson". To manage the increased costs from our expansion in size, efforts will be made to improve company-wide efficiency and IT-driven productivity.

Next, I would like to remind you about two things.

First, please keep in mind the basic policies of the MTMP: "Improve the capacity as a full-line securities company by pursuing overall optimization" and "Maximize SMFG's group synergy".

Second, "Client-Oriented Business". Provision of products and services to meet clients' true needs is an essential qualification for a company that is chosen by clients, which is directly related to the company's sustainability and development in the mid~long term. This is not limited to the Sales Unit, and the HQ and Front Office also needs to combine forces, to figure out the best practice for the client.

To conclude, we will celebrate the 100th anniversary on July 7, 2018. This 100th anniversary and the merger with SMBC Friend is a prime opportunity to deepen relationships with clients, and will be a big step forward for us to grow furthermore. SMBC Nikko's brand slogan is "Share the Future", in which "Share" implies "sharing with clients" and "sharing among executive officers and employees". SMBC Nikko is an assembly of employees with various backgrounds. I am sure that those from SMBC Friend will get used to SMBC Nikko in no time. I would like Department Heads and Branch Managers to manage your business with a sense of unity as SMBC Nikko.

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