

Provisional translation of
the original Japanese version



Earnings Announcement for Third Quarter of FY ending March 2010 (JGAAP)

Nikko Cordial Securities Inc.
January, 2010

Current Nikko Cordial Securities Inc. succeeded all of the operations (excluding selected assets and liabilities) of former Nikko Cordial Securities Inc. and certain businesses, including the domestic debt and equity underwriting business, of Nikko Citigroup Ltd., which was renamed Citigroup Global Markets Japan Inc. effective October 1st, 2009, through a corporate de-merger effective the same date. Financial figures before September 2009 shown in this document were data of former Nikko Cordial Securities Inc.

The information contained in this document is based on data available as of January 25th, 2010 and this document is intended to provide information on the business results of new Nikko Cordial Securities Inc. Any information and opinions contained in this document reflect our judgment as of the date of preparation of the document (January 25th, 2010) and are subject to change without notice. No guarantees, representations or warranties are made as to the accuracy or completeness of such information.

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Business Results (Summary)

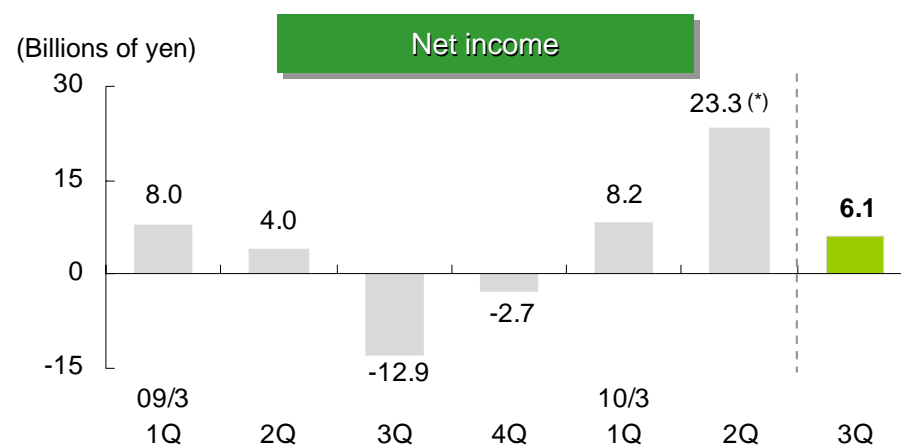
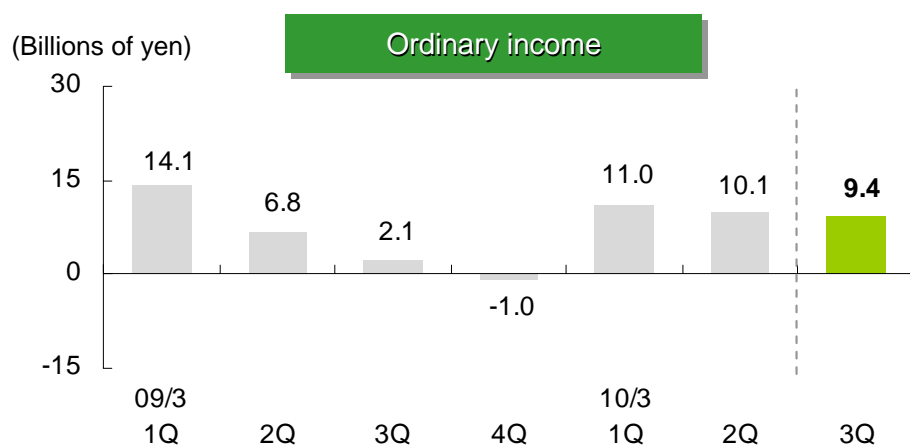
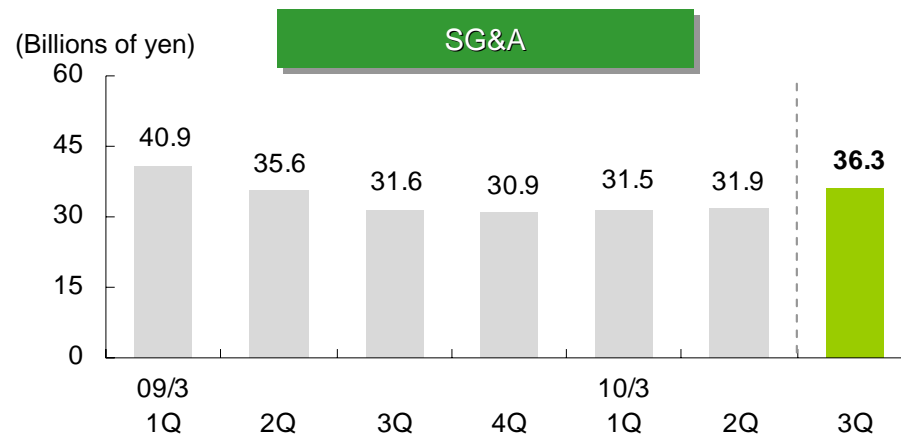
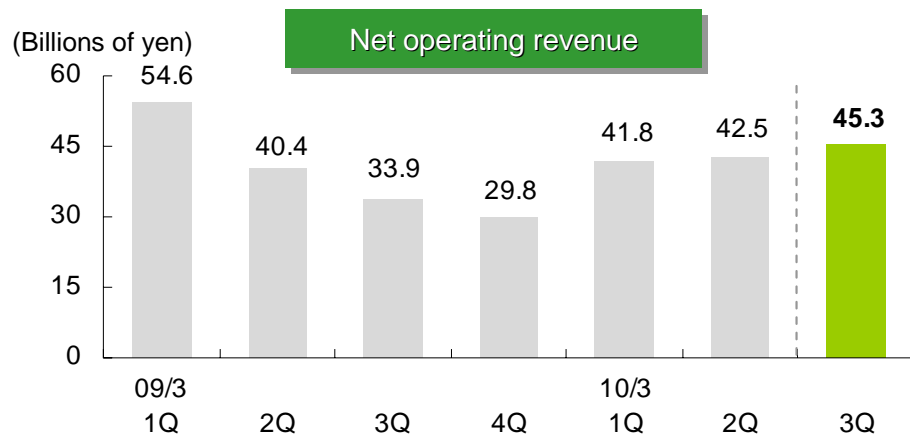
- ◇ Nikko Cordial Securities Inc., as a wholly-owned subsidiary of Sumitomo Mitsui Banking Corporation, commenced operation as a securities and investment banking company effective October 1st, 2009.
- ◇ The 3Q business results; Net operating revenue ¥ 45.3 B, Ordinary income ¥ 9.4 B, Net income ¥ 6.1 B.
- ◇ Ensured stable financial conditions; Total assets at the end of December 2009 : ¥ 4.1 trillion, Capital adequacy ratio: 335%

(Billions of yen)	3Q (A)	3Q vs. 2Q		FY of 2010 vs. FY of 2009		
		2Q (B)	change %	FY ended Mar. 2010(a)	FY ended Mar. 2009(b)	change %
Operating revenue	47.1	43.1	9%	132.7	133.6	-1%
Net operating revenue	45.3	42.5	7%	129.7	129.0	1%
SG&A	36.3	31.9	14%	99.8	108.2	-8%
Ordinary income	9.4	10.1	-7%	30.7	23.1	32%
Net income	6.1	(*1) 23.3	-	(*1) 37.6	-0.8	-

Financial conditions	Dec.09	Sep.09	Variance	(*1) Tax expense decreased due to reorganization (*2) Net assets decreased due to reorganization (*3) Lower net capital and larger total risk due to corporate reorganization and business expansion
Total Assets	4.1 trillion	1.9 trillion	2.2 trillion	
Net Assets	(*2) 395.3	522.7	-	
Capital Adequacy Ratio	(*3) 335%	686%	-	

Business Results (Quarterly Trend)

- ◇ Steady growth in traditional businesses such as sales of investment trusts and others, along with commencement of a new business such as underwriting and others have contributed to increasing net operating revenue to ¥ 45.3 B.
- ◇ Although effort for tight cost control was continued, some increase in strategic expenses for future business expansion and amortization of the trademark created through the corporate de-merger pushed SG&A up to ¥ 36.3 B.



(*) Tax expense decreased due to reorganization

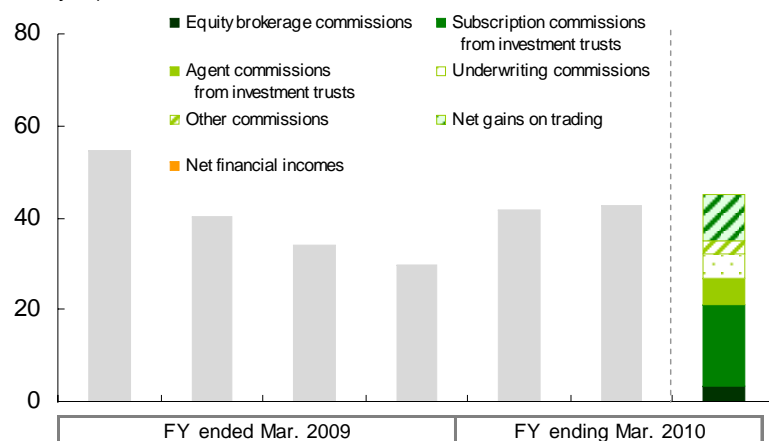
■ Current Nikko (Jun.-Dec.: Established in Jun; Operations started from Oct.)
 ■ Former Nikko (Jul.-Sep.)

Net operating revenue / Product Sales

- ◇ Due to sales increase in investment trusts, subscription commission revenue increased to ¥ 17.5 B. Sales of SMBC Nikko New World Fund recorded ¥ 185.9 B initially as of 10/30/09, further increased to ¥ 348.4 B as of 12/31/2009.
- ◇ With the commencement of underwriting business, commission for underwriting amounted to ¥ 5.0 B.

Net operating revenue (Billions of yen)

(Billions of yen)

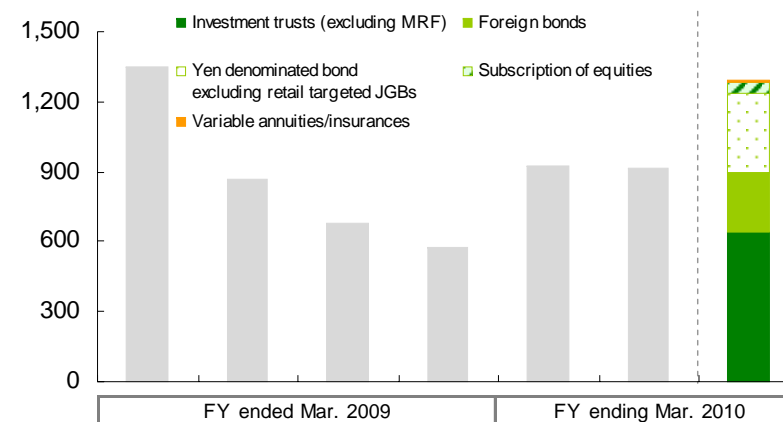


(Billions of yen)

	FY ended Mar. 2009				FY ending Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity brokerage commissions	6.3	4.5	5.7	3.4	4.8	4.5	3.5
Subscription commissions from investment trusts	9.5	7.2	2.9	6.0	13.2	15.0	17.5
Agent commissions from investment trusts	9.0	8.2	5.3	4.6	5.2	5.7	6.1
Underwriting commissions	-	-	-	-	-	-	5.0
Other commissions	11.7	9.3	7.9	5.4	5.9	5.4	3.0
Net gains on trading	17.2	10.4	11.5	10.0	12.1	11.2	10.1
Net financial incomes	0.6	0.5	0.3	0.2	0.2	0.4	-0.1
Net operating revenue	54.6	40.4	33.9	29.8	41.8	42.5	45.3

Product Sales (Billions of yen)

(Billions of yen)



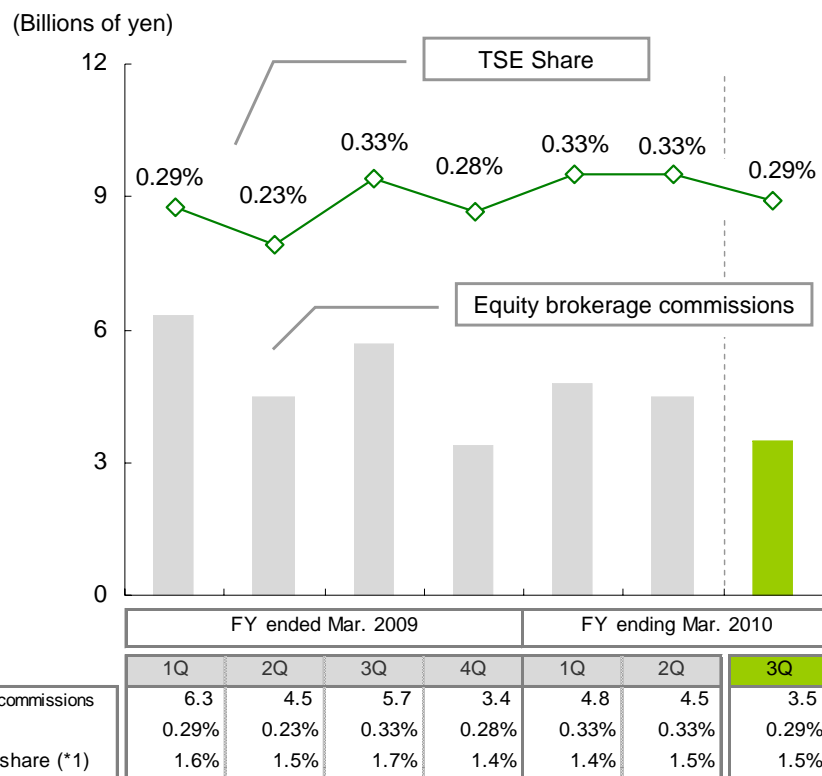
(Billions of yen)

	FY ended Mar. 2009				FY ending Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Investment trusts	555.2	468.5	269.7	290.4	514.7	549.4	644.1
Foreign bonds	652.0	275.5	234.5	178.6	293.4	268.9	255.9
Yen denominated bond excluding retail targeted JGBs	64.2	63.6	150.0	99.0	60.3	54.4	334.5
Retail targeted JGBs	18.9	7.5	5.0	2.7	5.2	1.9	1.3
Subscription of equities	17.1	30.1	4.8	0.9	45.8	36.0	45.8
Variable annuities/insurances	60.7	31.9	21.6	10.6	10.9	6.1	12.1
Total	1,349.2	869.8	680.7	579.5	925.2	914.8	1,306.8

Equity brokerage commissions

- ◇ Equity brokerage commissions were down to ¥ 3.5 B, reflecting lower order flows and lower commission rate.
- ◇ Although overall TSE share was down to 0.29%, specifically retail market share was upheld at 1.5%.

Equity brokerage commissions / TSE Share



(*1) Total of 1st and 2nd sections of Tokyo, Osaka and Nagoya stock exchanges.

Equity brokerage amounts / rate (*2)

(Billions of yen, bp)

	FY ended Mar. 2009				FY ending Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity brokerage amounts (A)	1,023.8	719.6	846.7	516.0	764.6	693.9	600.1
Brokerage commissions (B)	6.2	4.5	5.7	3.3	4.7	4.4	3.4
Equity commissions rate (C)	60.6bp	62.5bp	67.3bp	65.1bp	62.8bp	64.4bp	58.0bp

(*2) "Equity brokerage amounts" and "Equity brokerage commissions" in the table represent the total of cash and margin transactions. (C) = (B) / (A) x 100

Direct Channel (*3)

(%)

	FY ended Mar. 2009				FY ending Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Ratio of number of transactions	78.8%	78.7%	77.1%	82.3%	82.1%	80.1%	78.0%
(Nikko EZ Trade)	(55.4%)	(56.4%)	(56.3%)	(63.8%)	(65.8%)	(64.2%)	(61.9%)
Ratio of commissions	58.4%	56.6%	52.7%	55.6%	46.9%	45.8%	39.9%
(Nikko EZ Trade)	(27.1%)	(30.1%)	(30.2%)	(34.5%)	(30.2%)	(29.2%)	(24.5%)

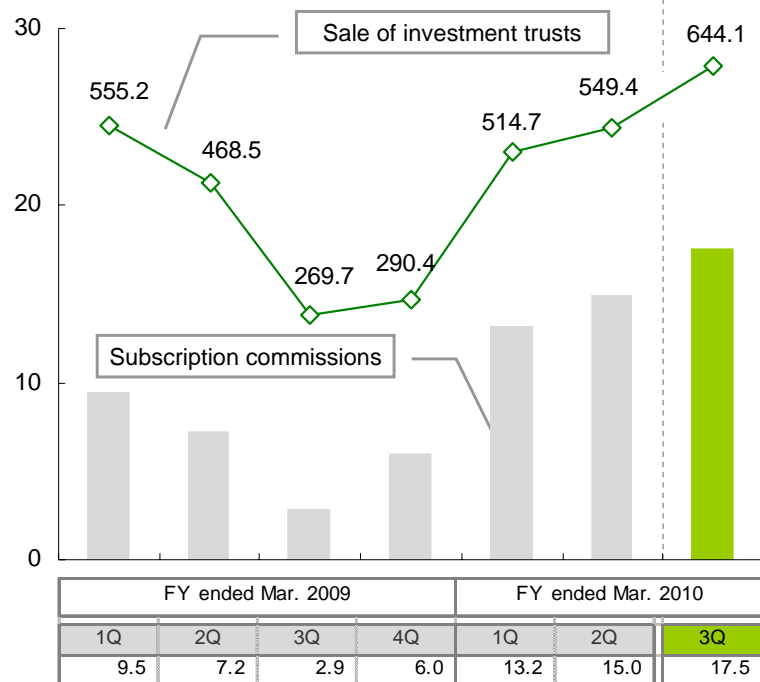
(*3) Percentage of transactions via non-face-to-face channels on equities & CBs (brokerage & subscription) for retail customers.

Subscription and agent commissions from Investment Trusts

- ◇ Due to continued thriving sales of investment trusts led by successful sale of SMBC Nikko New World Fund, subscription commission revenue was increased to ¥ 17.5 B, achieving the fourth consecutive quarter of increase in the company's sale of the products.
- ◇ Agent commission revenue was ¥ 6.1 B, achieving the third consecutive quarter of increase after bottoming out in the 4th quarter of the previous fiscal year.

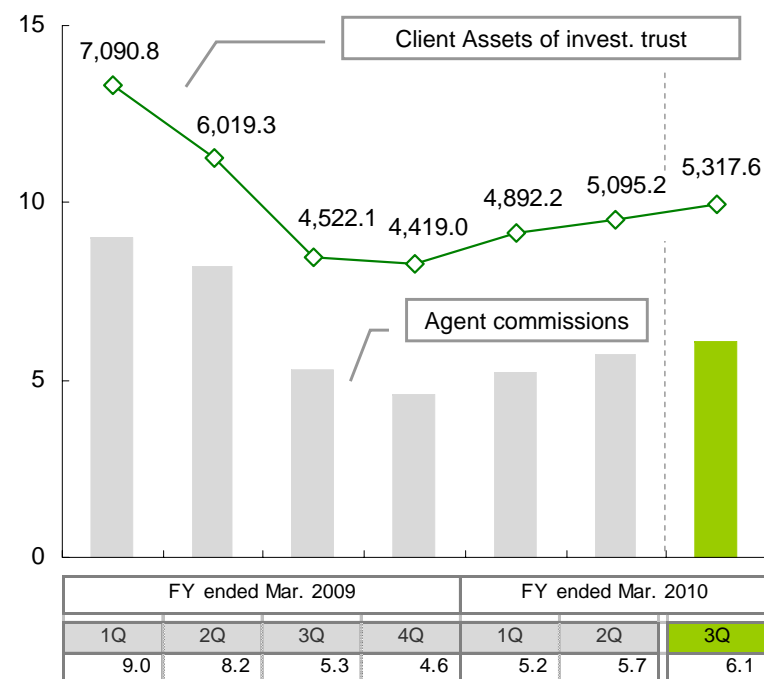
Subscription commissions / Sales

(Billions of yen)



Agent commissions / Client Assets of Invest. trust

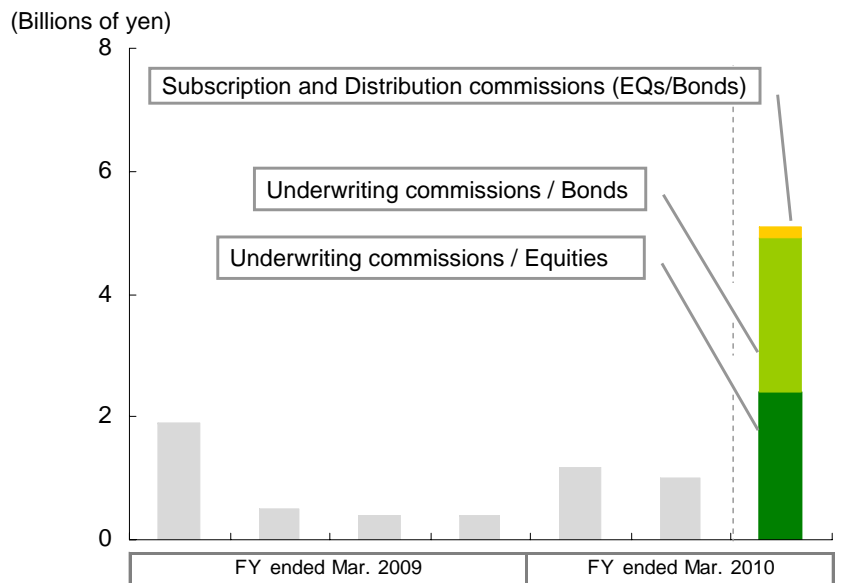
(Billions of yen)



Underwriting commissions (Equities/ Bonds)

- ◇ Commissions for underwriting and others; Commission revenues on equities ¥ 1.7 B, Commission revenues on bonds ¥ 3.2 B, Commission revenue on secondary distribution and others ¥ 0.2 B.
- ◇ Major lead manager deals of equity offerings; Japan Real Estate Investment Corporation, Miyazaki Bank, etc
- ◇ Major lead manager deals of bonds; Sumitomo Mitsui Banking Corporation subordinated bond , Nissan Motor Co., Ltd and Mitsubishi Heavy Industries, Ltd, etc. Selected as No.1 book runner of Japanese Debt (AP3) for the period of October – December 2009 Source : Thomson Reuters

Underwriting commissions



(Billions of yen)

	FY ended Mar. 2009				FY ended Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Underwriting commissions	-	-	-	-	-	-	5.0
Equities	-	-	-	-	-	-	1.7
Bonds	-	-	-	-	-	-	3.2
Subscription and Distribution commissions (EQs/Bonds)	1.9	0.5	0.4	0.4	1.2	1.0	0.2

Major lead manager deals

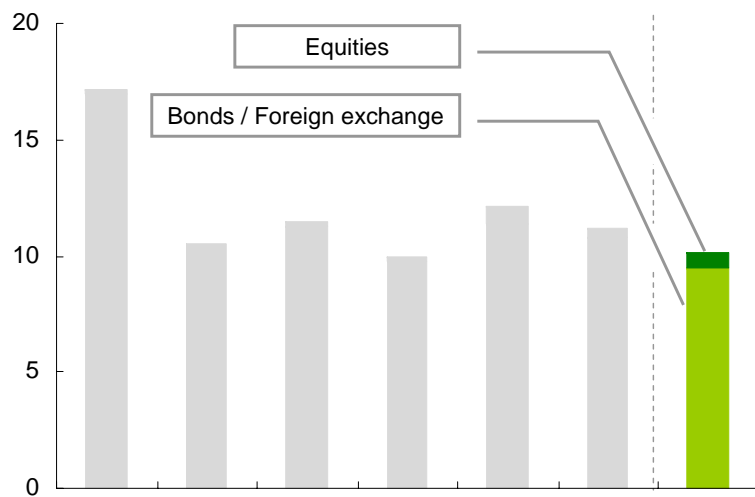
■ PO		
Japan Real Estate Investment Corporation		27.6 bn yen
Miyazaki Bank		8.4 bn yen
■ SB		
SMBC (including subordinate bond) (No.21,48)		Total 370.0 bn yen
Nissan Motor (No.50)		100.0 bn yen
Mitsubishi Heavy Industries (No.23,24)		Total 100.0 bn yen
Chuo Mitsui Trust and Banking (No.8,9)		Total 43.0 bn yen
ORIX (No.128)		35.0 bn yen
Tokyo Electric Power (No.560)		35.0 bn yen
Chubu Electric Power (No.492)		20.0 bn yen
Sumitomo Chemical (No.42)		20.0 bn yen
■ Local bond		
Japan Finance Organization for Municipalities		30.0 bn yen
Kyoto prefecture H.21 (No.3)		30.0 bn yen
■ FIPL Agency bond		
Japan Expressway HD. and Debt Repayment Agency (No.52)		50.0 bn yen
Urban Renaissance Agency (No.33,34)		Total 50.0 bn yen
Development Bank of Japan Inc. (No.6,7)		Total 40.0 bn yen

Net gain on trading

- ◇ Net gain on trading ¥ 10.1 B ; Net trading gain on equities ¥ 0.6 B, Net trading gain on bonds/forex ¥ 9.5 B.
- ◇ Trading business for wholesale clients has been growing steadily, showing an increase in trading volume month by month.

Net gains on trading

(Billions of yen)

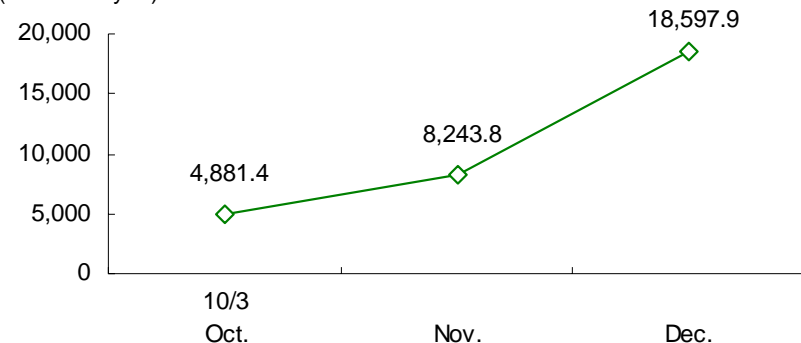


(Billions of yen)

Category	FY ended Mar. 2009				FY ended Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equities	0.2	-0.1	0.2	0.2	0.7	0.4	0.6
Bonds / Foreign exchange	17.0	10.5	11.3	9.8	11.4	10.8	9.5
Total	17.2	10.4	11.5	10.0	12.1	11.2	10.1

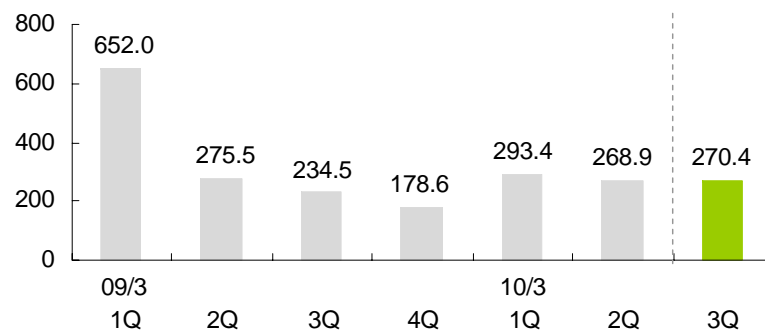
Trading volume on Bond (proprietary trading)

(Billions of yen)



Sale of foreign bonds

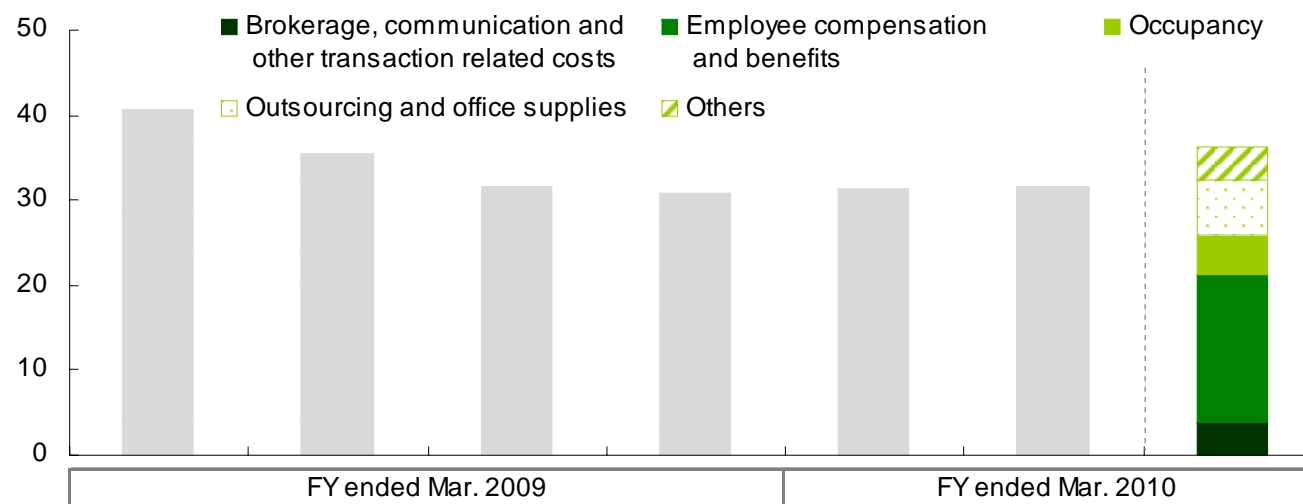
(Billions of yen)



■ Current Nikko (Jun.-Dec.: Established in Jun; Operations started from Oct.)
 ■ Former Nikko (Jul.-Sep.)

SG&A

- ◇ Employee compensation and benefits and occupancy rose due to increase in personnel for expanding businesses such as underwriting and sales & trading.
- ◇ Brokerage, communication and other transaction related costs increased due to additional commission paid linked to the related revenues.



(Billions of yen)	FY ended Mar. 2009				FY ended Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Brokerage, communication and other transaction related costs	4.1	4.0	3.2	2.8	2.5	2.9	3.9
Employee compensation and benefits	19.8	15.9	13.7	14.0	15.6	15.5	17.3
Occupancy	4.6	4.3	4.1	3.8	3.9	3.8	4.6
Outsourcing and office supplies	8.5	8.0	7.4	6.9	6.5	6.6	6.6
Others	3.7	3.2	3.1	3.2	2.8	2.9	3.8
SG&A Total	40.9	35.6	31.6	30.9	31.5	31.9	36.3

■ Current Nikko (Jun.-Dec.: Established in Jun; Operations started from Oct.)
 ■ Former Nikko (Jul.-Sep.)

Balance sheet / Capital Adequacy Ratio

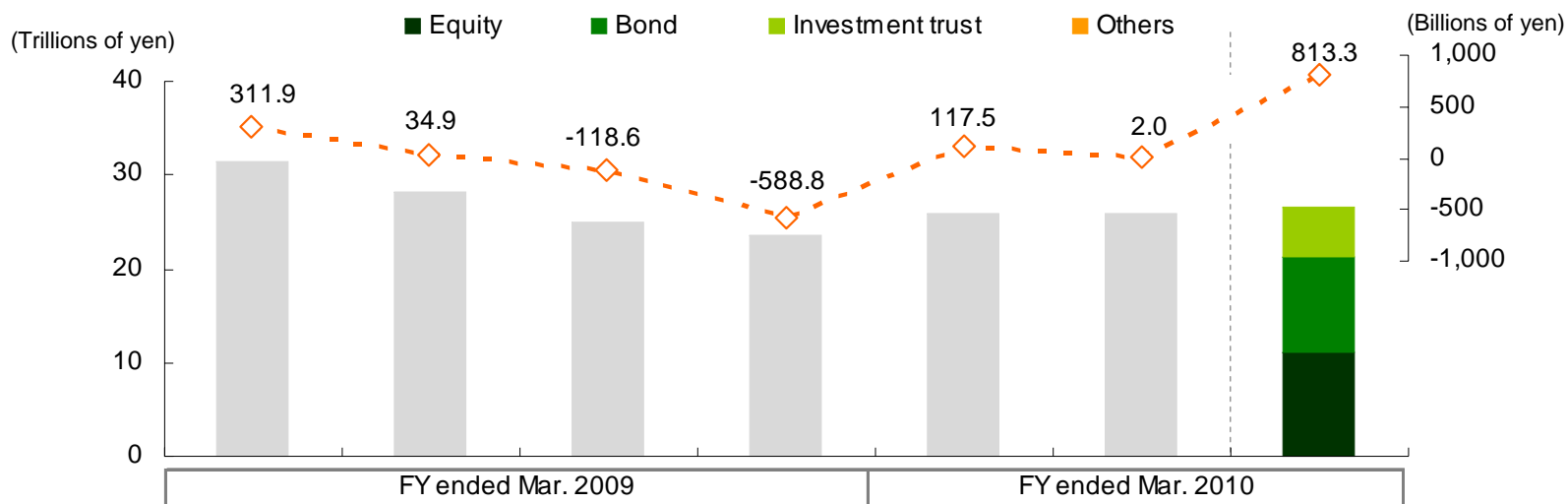
- ◇ Trading products and others have increased due to expansion of trading business for wholesale clients, resulting in larger total assets to ¥ 4.1 trillion.
- ◇ Capital adequacy ratio at the end of December 2009 was 335%.

(Billions of yen)	Dec.09	Sep.09
	Nikko(JGAAP)	Former Nikko
Current assets	3,927.5	1,735.0
Trading assets	1,932.5	786.2
Collateralized short-term financing agreements	1,608.2	393.5
Other current assets	386.6	555.2
Fixed assets	252.8	176.0
Tangible fixed assets	6.7	6.0
Intangible fixed assets	51.2	39.7
Investments and others	194.8	130.2
Total assets	4,180.3	1,911.1
Current liabilities	3,729.6	1,382.5
Trading liabilities	1,244.9	261.5
Collateralized short-term financing agreements	964.7	246.8
Short-term borrowings / Commercial paper	1,288.5	628.5
Other current liabilities	231.4	245.6
Fixed liabilities / Statutory reserves	55.4	5.8
Total liabilities	3,785.0	1,388.3
Total net assets	395.3	522.7
Total liabilities and net assets	4,180.3	1,911.1

(Billions of yen)	Dec.09	Sep.09
	Nikko(JGAAP)	Former Nikko
Basic items<A>	394.2	522.7
Supplementary items	51.1	0.4
Deductible asset<C>	234.1	163.5
Net Capital<A+B-C>:<D>	211.2	359.7
Risk total<E>	63.0	52.4
Market Risk	18.9	9.9
Counterparty Risk	10.2	10.4
Basic Risk	33.7	32.0
Net capital ratio<D/E>*100	335%	686%

Client Assets / Net Inflow (Outflow) of Assets

- ◇ Client assets at the end of December 2009 was ¥ 26.6 trillion, up by approximately ¥ 0.7 trillion from the end of September 2009.
- ◇ Commencement of trading business for wholesale clients contributed to attracting larger net inflow of assets from corporate clients, posting ¥ 813.3 B of the net inflow during this 3Q.



	FY ended Mar. 2009				FY ended Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity	14.6	12.2	10.4	9.4	11.1	11.0	11.1
Bond	9.6	9.8	9.8	9.6	9.7	9.7	10.1
Investment trust	7.1	6.0	4.5	4.4	4.9	5.1	5.3
Others	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Client assets	31.4	28.2	24.9	23.5	25.9	25.9	26.6

	FY ended Mar. 2009				FY ended Mar. 2010		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net inflow (outflow) of assets	311.9	34.9	-118.6	-588.8	117.5	2.0	813.3
Inflow of assets	3,387.1	3,233.8	2,345.9	2,401.6	1,833.4	1,783.4	7,125.8
Outflow of assets	-3,075.2	-3,198.9	-2,464.6	-2,990.4	-1,715.9	-1,781.4	-6,312.5

[Reference Data]

Business Results

(Millions of yen)	FY ended Mar. 2009				FY ended Mar. 2010		FY ending Mar. 2010
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating revenue	56,561	41,871	35,177	30,524	42,496	43,135	47,148
Commissions	36,733	29,416	22,049	19,554	29,392	30,927	35,379
Brokerage commissions	6,414	4,653	6,282	3,683	5,224	4,845	3,788
Commissions for underwriting, secondary distribution and solicitation for selling and others for professional investors	-	-	-	-	-	-	5,052
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	11,522	7,828	3,402	6,509	14,572	16,081	17,737
Other commissions	18,797	16,934	12,365	9,361	9,596	9,999	8,801
Net gain on trading	17,290	10,449	11,562	10,074	12,170	11,227	10,161
Net gain on other trading	0	0	0	0	0	-	0
Interest and dividend income	2,537	2,005	1,565	895	933	980	1,607
[Net financial income]	[651]	[566]	[378]	[213]	[295]	[404]	[-187]
Interest expense	1,886	1,438	1,186	681	637	576	1,794
Net operating revenue	54,675	40,433	33,990	29,842	41,859	42,559	45,354
SG&A	40,993	35,621	31,673	30,968	31,563	31,922	36,381
Operating income / loss	13,682	4,811	2,317	-1,126	10,295	10,637	8,972
Ordinary income / loss	14,120	6,895	2,177	-1,034	11,031	10,191	9,482
Extraordinary gain / loss	-37	525	-21,534	-1,850	-346	-145	-2,202
Income taxes-current	1,345	2,519	-4,790	341	2,668	6,646	1,160
Income taxes-deferred	4,691	816	-1,584	-450	-236	-19,920	-
Net income / loss	8,045	4,086	-12,981	-2,776	8,253	23,320	6,119

League tables

Global Equity, Equity-related - Japan (C01e) From Oct. 09 to Dec. 09				
Rank	Book runner	Proceeds (US\$m)	Mkt. Share	No. Deals
1	Nomura Securities	13,891	41.5%	26
2	Morgan Stanley	2,402	7.2%	2
3	Daiwa Securities Capital Markets	2,243	6.7%	7
4	JPMorgan	1,508	4.5%	1
5	Goldman Sachs International	1,178	3.5%	3
6	Mizuho Financial Group	849	2.5%	6
7	Mitsubishi UFJ Financial Group	635	1.9%	5
8	Bank of America Merrill Lynch	482	1.4%	2
9	Sumitomo Mitsui Financial Group	423	1.3%	3
10	UBS	272	0.8%	2

All Bonds inYen (AP05) From Oct. 09 to Dec. 09				
Rank	Book runner	Proceeds (JPY bn)	Mkt. Share	No. Deals
1	Mitsubishi UFJ Financial Group	1,102	22.2%	62
2	Mizuho Financial Group	1,061	21.4%	62
3	Nomura Securities	897	18.1%	75
4	Sumitomo Mitsui Financial Group	759	15.3%	24
5	Daiwa Securities Capital Markets	708	14.3%	58
6	Goldman Sachs International	135	2.7%	9
7	Barclays Capital	57	1.2%	6
8	Citi	53	1.1%	6
9	Deutsche Bank Group	30	0.6%	3
10	BNP Paribas	26	0.5%	2

All Japanese Domestic Corporate Bonds (AP03) From Oct. 09 to Dec. 09				
Rank	Adviser	Proceeds (JPY bn)	Mkt. Share	No. Deals
1	Sumitomo Mitsui Financial Group	645	25.9%	16
2	Nomura Securities	514	20.7%	41
3	Mitsubishi UFJ Financial Group	503	20.2%	26
4	Mizuho Financial Group	472	18.9%	29
5	Daiwa Securities Capital Markets	318	12.8%	25
6	Shinkin Central Bank	10	0.4%	1
6*	Barclays Capital	10	0.4%	1
8	Citi	8	0.4%	1
9	Bank of America Merrill Lynch	5	0.2%	2
9*	TOYOTA	5	0.2%	2

Source: Thomson Reuters Oct.-Dec.2009

* Nikko's results were counted in Sumitomo Mitsui Financial Group

Operational Indicators

Number of Accounts

(Thousands of accounts)	FY ended Mar. 2009				FY ending Mar. 2010		FY ending Mar. 2010
	Jun.08	Sep.08	Dec.08	Mar.09	Jun.09	Sep.09	Dec.09
Total accounts	2,398	2,384	2,440	2,461	2,470	2,481	2,491
Cash management accounts	1,879	1,853	1,904	1,919	1,927	1,937	1,945
Newly opened accounts	40	49	62	24	20	22	19

Number of Branches

	FY ended Mar. 2009				FY ending Mar. 2010		FY ending Mar. 2010
	Jun.08	Sep.08	Dec.08	Mar.09	Jun.09	Sep.09	Dec.09
Number of branches	111	111	111	109	109	109	109

Number of Employees

	FY ended Mar. 2009				FY ending Mar. 2010		FY ending Mar. 2010
	Jun.08	Sep.08	Dec.08	Mar.09	Jun.09	Sep.09	Dec.09
Number of employees				5,939		6,090	6,479

Credit Ratings

Credit ratings on Long Term (as of January 25, 2010)

S&P	Moody's	R&I	JCR
A [Positive]	Aa2 [Stable]	A+ [Stable]	AA- [Stable]