

Date: January 25, 2010

NIKKO CORDIAL SECURITIES INC.

URL: <http://www.nikko.co.jp/>

Non-consolidated Financial Summary for the period ended December 31, 2009 (JGAAP)

1. Overall business performance for the 7 months ended December 31, 2009 (from June 15, 2009, the inception of the current Nikko Cordial Securities Inc.)

(1) Operating results (year-to-date)

(Millions of Yen)

	Operating revenue	Net operating revenue	Operating income	Ordinary income	Net income
FY2009 3Q(7months)	47,148	45,354	8,972	9,482	6,119

(2) Financial conditions

(Millions of Yen except for percentages)

	Total assets	Net assets	Equity ratio	Regulatory Capital Adequacy Ratio
FY2009 3Q	4,180,387	395,330	9.5 %	335.2 %

Equity (Total of "Shareholders' equity" and "Valuation and translation adjustments")

FY 2009 3Q: 395,330 million yen

Note: Figures are rounded down to the nearest whole number except for percentages.

2. Matters on preparing the quarterly financial statements and others

(1) Application of simplified accounting methods and accounting methods specific to preparing the quarterly : None
financial statements

(2) Changes in accounting principles, procedures, and methods of presentation
for preparing the quarterly financial statements

1) Changes in accordance with revisions to accounting standards : None

2) Changes other than 1) above : None

*Other special matters:

None

Operating Results and Financial Conditions

1. Operating results

Financial Overview

Current Nikko Cordial Securities Inc. was originally established on June 15th, 2009 as “Nikko Cordial Securities De-merger Preparatory Company Ltd. (the ‘Company’)”. After obtaining required approvals of relevant authorities and through other necessary procedures, the Company 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 (currently Citigroup Global Markets Japan Inc.), through a corporate de-merger pursuant to the agreement reached between Sumitomo Mitsui Banking Corporation (“SMBC”) and Citigroup Inc., and started its operations effective October 1st, 2009 as a financial instruments firm. The Company has become a wholly-owned subsidiary of SMBC and renamed to “Nikko Cordial Securities Inc.” effective on the same date.

Operating revenue, for the third quarter of the fiscal year ending March 2010 (from June 15th, 2009 to December 31st, 2009) - the first fiscal year since the establishment as a securities and investment banking company, totaled 47.1 billion yen, which was achieved through much support from valuable customers. Operating revenue reported in this financial summary does not include any business performance figures up to the end of September 2009 of former Nikko Cordial Securities Inc.

Net operating revenue, which subtracts interest expense from operating revenue, was 45.3 billion yen, operating income was 8.9 billion yen, ordinary income was 9.4 billion yen and net income was 6.1 billion yen.

Major revenues and expenses are as follows:

(1) Commissions

Commissions were 35.3 billion yen. Following are summaries by category:

Brokerage Commissions

Brokerage commissions were 3.7 billion yen. Average daily trading values on the Tokyo Stock Exchange during this period (from October 1st, 2009 to December 31st, 2009) were 1,464.9 billion yen. Given this situation of market conditions, brokerage commissions on equities were 3.5 billion yen.

Commissions for underwriting, secondary distribution and solicitation for selling and others for professional investors

Commissions for underwriting, secondary distribution and solicitation for selling and others for professional investors were 5.0 billion yen. Commission revenues on equities were 1.7 billion yen, and those on bonds were 3.2 billion yen.

Fees for offering, secondary distribution and solicitation for selling and others for professional investors

Fees for offering, secondary distribution and solicitation for selling and others for professional investors were 17.7 billion yen. Fee revenues on investment trusts were 17.5 billion yen, due to expanded sales of mutual funds, especially led by those of SMBC Nikko New World Fund, investing globally in stocks and others on emerging markets.

Other Commissions

Other commissions were 8.8 billion yen. Agent commissions from investment trusts were 6.1 billion yen.

(2) Net Gain on Trading

Net gain on trading was 10.1 billion yen. Net trading gains on equities and bonds/foreign exchanges were 0.6 billion yen and 9.5 billion yen, respectively.

(3) Net Financial Income

Net financial loss, 1.6 billion yen of interest and dividend income less 1.7 billion yen of interest expense, was 0.1 billion yen.

(4) Selling, General and Administrative Expenses

Selling, general and administrative expenses were 36.3 billion yen, mainly consisted of employee compensation and benefits 17.3 billion yen, outsourcing and office supplies 6.6 billion yen and brokerage, communication and other transaction related costs 3.9 billion yen.

(5) Extraordinary gains and losses

Extraordinary gains were 0.1 billion yen, including gain on sales of investment securities and reversal of allowance for bad debts.

Extraordinary losses were 2.3 billion yen. Write-off of investment securities and loss on disposal of fixed assets were 2.1 billion yen and 0.1 billion yen, respectively.

(6) Taxes

The income taxes-current were 1.1 billion yen

2. Financial Conditions

The Company was established with its initial capital (common stock) 0.5 billion yen on June 15th, 2009, and boosted it to 4 billion yen during the following two months. Additional new shares were issued and the capital (common stock) was increased to 10 billion on October 1st, 2009 when the Company purchased the assets and liabilities from former Nikko Cordial Securities Inc. and launched operations as a securities firm. At the same time, the Company recorded 378.1 billion yen in other capital reserve, which was the difference between the total purchase price for the de-merger and the portion allocated to the additional increase in the capital account.

Net assets, consisting of common stock, capital surplus, retained earnings and net unrealized gain on investment securities were 395.3 billion yen at the end of this quarter (as of December 31st, 2009). Current assets at the end of this quarter amounted to 3,927.5 billion yen. Fixed assets were 252.8 billion yen, and the total assets were 4,180.3 billion yen. Current liabilities amounted to 3,729.6 billion yen; fixed liabilities were 55.3 billion yen and the total liabilities were 3,785.0 billion yen.

3. Other Information

(1) Adoption of simplified accounting method and accounting method specific to preparing the quarterly financial statements

None

(2) Changes in accounting principles, procedures, and presentation for preparing the quarterly financial statements

None

4. Financial Statements

(1) Balance Sheet

(Millions of Yen)

	Dec. 31, 2009
(ASSETS)	
Current assets	
Cash and cash deposits	66,975
Cash segregated and deposits	152,738
Trading assets:	1,932,599
<i>Trading securities</i>	1,795,261
<i>Derivatives</i>	137,337
Receivables related to margin transactions:	38,314
<i>Loans on margin transactions</i>	32,330
<i>Cash collateral pledged for securities borrowed on margin transactions</i>	5,984
Collateralized short-term financing agreements:	1,608,281
<i>Cash collateral pledged for securities borrowed</i>	1,608,281
Advance payments	3,344
Cash paid for subscriptions	11,201
Short-term loans	143
Deferred tax assets	10,389
Other current assets	103,772
Allowance for bad debts	(206)
Total current assets	<u>3,927,555</u>
Fixed assets	
Tangible fixed assets	6,714
Intangible fixed assets	51,224
Investments and others:	194,892
<i>Investment securities</i>	57,272
<i>Investment in subsidiaries and affiliates</i>	38,468
<i>Long-term loans</i>	5,083
<i>Long-term guarantee deposits</i>	15,819
<i>Deferred tax assets</i>	71,947
<i>Other investments</i>	12,949
<i>Allowance for bad debts</i>	(6,650)
Total Fixed Assets	<u>252,831</u>
Total assets	<u>4,180,387</u>

(Millions of Yen)	
	Dec. 31, 2009
(LIABILITIES)	
Current liabilities	
Trading liabilities:	1,244,923
<i>Trading securities</i>	1,106,711
<i>Derivatives</i>	138,211
Open trade payables, net	67,609
Payables related to margin transactions:	12,062
<i>Borrowings on margin transactions</i>	1,601
<i>Cash collateral received for securities loaned on margin transactions</i>	10,461
Collateralized short-term financing agreements:	964,740
<i>Cash collateral received for securities loaned</i>	249,752
<i>Borrowings on Gensaki transactions</i>	714,987
Deposits received	107,683
Guarantee deposits received	21,723
Short-term borrowings	1,145,573
Commercial paper	143,000
Income taxes payable	1,405
Other current liabilities	20,930
Total Current Liabilities	<u>3,729,652</u>
Fixed liabilities	
Long-term borrowings	50,000
Accrued pension benefits	4,467
Other long-term liabilities	922
Total fixed liabilities	<u>55,390</u>
Statutory reserves	
Reserve for financial instruments transactions	14
Total statutory reserve	<u>14</u>
Total liabilities	<u>3,785,056</u>
(NET ASSETS)	
Shareholders' equity	
Common stock	10,000
Capital surplus:	378,143
<i>Other capital reserve</i>	378,143
Retained earnings:	6,119
<i>Other retained earnings</i>	6,119
<i>Earned surplus carried forward</i>	6,119
Total Shareholders' equity	<u>394,263</u>
Valuation and translation adjustments	
Net unrealized gain on investment securities	1,067
Total valuation and translation adjustments	1,067
Total net assets	395,330
Total liabilities and net assets	4,180,387

(2) Income Statement

(Millions of Yen)

	For the 7 months Dec. 31, 2009
Operating revenue	
Commissions	35,379
Net gain on trading	10,161
Net gain on other trading	0
Interest and dividend income	1,607
Total operating revenue	<u>47,148</u>
Interest expense	<u>1,794</u>
Net operating revenue	45,354
Selling, general and administrative expenses	36,381
<i>Brokerage, communication and other transaction related costs</i>	3,966
<i>Employee compensation and benefits</i>	17,327
<i>Occupancy</i>	4,603
<i>Outsourcing and office supplies</i>	6,611
<i>Depreciation and amortization</i>	1,666
<i>Taxes, other than income taxes</i>	393
<i>Others</i>	1,812
Operating income	8,972
Non-operating income	603
Non-operating expenses	94
Ordinary income	9,482
Extraordinary gains	
Gain on sales of investment securities	129
Reversal of allowance for bad debt	9
Total extraordinary gains	<u>138</u>
Extraordinary losses	
Loss on disposal of fixed assets	117
Loss on sales of investment securities	14
Write-off of investment securities	2,194
Provision of reserve for financial instruments transactions	14
Total extraordinary losses	<u>2,340</u>
Quarterly net income before provision for income taxes	7,279
Income taxes-current	1,160
Income taxes/(benefits)-deferred	—
Total income taxes	<u>1,160</u>
Quarterly net income	6,119

(3) Notes on premise of going concern

None

(4) Notes on significant changes in the amount of shareholders' equity

None

5. Reference: Financial Results for the period from October 1, 2009 to December 31, 2009**(1) Commissions**

(A) Breakdown by Categories

(Millions of Yen)

	For the 3 months ended Dec.31 2009
Brokerage commissions	3,788
< Equities >	< 3,580 >
< Bonds >	< 71 >
< Investment trusts >	< 136 >
Commissions for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,052
< Equities >	< 1,795 >
< Bonds >	< 3,256 >
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	17,737
< Investment trusts >	< 17,506 >
Other commissions	8,801
< Investment trusts >	< 6,143 >
Total	35,379

(B) Breakdown by Products

(Millions of Yen)

	For the 3 months ended Dec.31 2009
Equities	6,119
Bonds	3,455
Investment trusts	23,786
Others	2,017
Total	35,379

(2) Gain / Loss on Trading

(Millions of Yen)

	For the 3 months ended Dec.31 2009
Equities, etc.	636
Bonds, forex, etc.	9,525
< Bonds, etc. >	< 9,137 >
< Forex, etc. >	< 387 >
Total	10,161

(3) Equity Trading Activity (excluding futures transactions)

(Millions of Yen and shares)

	For the 3 months ended Dec.31 2009	
	Number of shares	Amount
Total	1,328	698,327
< Proprietary >	< 122 >	< 98,196 >
< Agency >	< 1,206 >	< 600,130 >
Brokerage ratio	90.8 %	85.9 %
TSE share	0.4 %	0.3 %

(4) Underwriting/Subscription / Distribution

(Millions of Yen and shares)

		For the 3 months ended Dec.31 2009
Underwriting	Equities (Number of shares)	110
	Equities (Amounts)	39,947
	Bonds (Face value)	897,437
*Subscription and distribution	Equities (Number of shares)	127
	Equities (Amounts)	58,227
	Bonds (Face value)	863,994
	Invest. trusts (Amounts)	1,466,303
	Others (Amounts)	945

* Includes secondary offerings, private placement and solicitation for selling and others for professional investors

(5) Regulatory Capital Adequacy Ratio

(Millions of Yen)

		Dec. 31, 2009
Basic items	Total capital (A)	394,263
Supplementary items	Unrealized gain on investment securities	1,067
	Statutory reserve	14
	Allowance for bad debts	43
	Short-term subordinated borrowings	50,000
	Sub-total (B)	51,125
Deductible assets	(C)	234,100
Net capital	(A) + (B) - (C) (D)	211,287
Risk total	Market Risk	18,974
	Counterparty Risk	10,251
	Basic Risk	33,792
	Sub-total (E)	63,017
Net capital ratio	(D) / (E)*100	335.2 %

Note: 1. The table above shows calculation of the capital adequacy ratio based on financial results in accordance with the provision set out in the Financial Instruments and Exchange Law.

2. "Short-term subordinated borrowings" at the end of this third quarter is subordinated borrowings.

Amount : 50,000 millions of yen

Contract date : October 1, 2009

Maturity date : October 3, 2011

(6) TREND STATEMENT OF OPERATIONS

(Millions of Yen)

	FY2009 1H 06/15/09 09/30/09	FY2009 3Q 10/01/09 12/31/09
Operating revenue	0	47,148
Commissions	—	35,379
Brokerage commissions	—	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	—	17,737
Other commissions	—	8,801
Net gain on trading	—	10,161
Net gain on other trading	—	0
Interest and dividend income	0	1,607
Interest expense	—	1,794
Net operating revenue	0	45,353
Selling, general and administrative expenses	3	36,377
<i>Brokerage, communication and other transaction related costs</i>	0	3,966
<i>Employee compensation and benefits</i>	—	17,327
<i>Occupancy</i>	—	4,603
<i>Outsourcing and office supplies</i>	0	6,611
<i>Depreciation and amortization</i>	—	1,666
<i>Taxes, other than income taxes</i>	0	393
<i>Others</i>	3	1,809
Operating income / (loss)	(3)	8,976
Non-operating income	—	603
Non-operating expenses	28	65
Ordinary income / (loss)	(31)	9,513
Extraordinary gains	—	138
Extraordinary losses	—	2,340
Net income / (loss) before provision for income taxes	(31)	7,311
Income taxes-current	—	1,160
Income taxes-deferred	—	—
Net income / (loss)	(31)	6,150