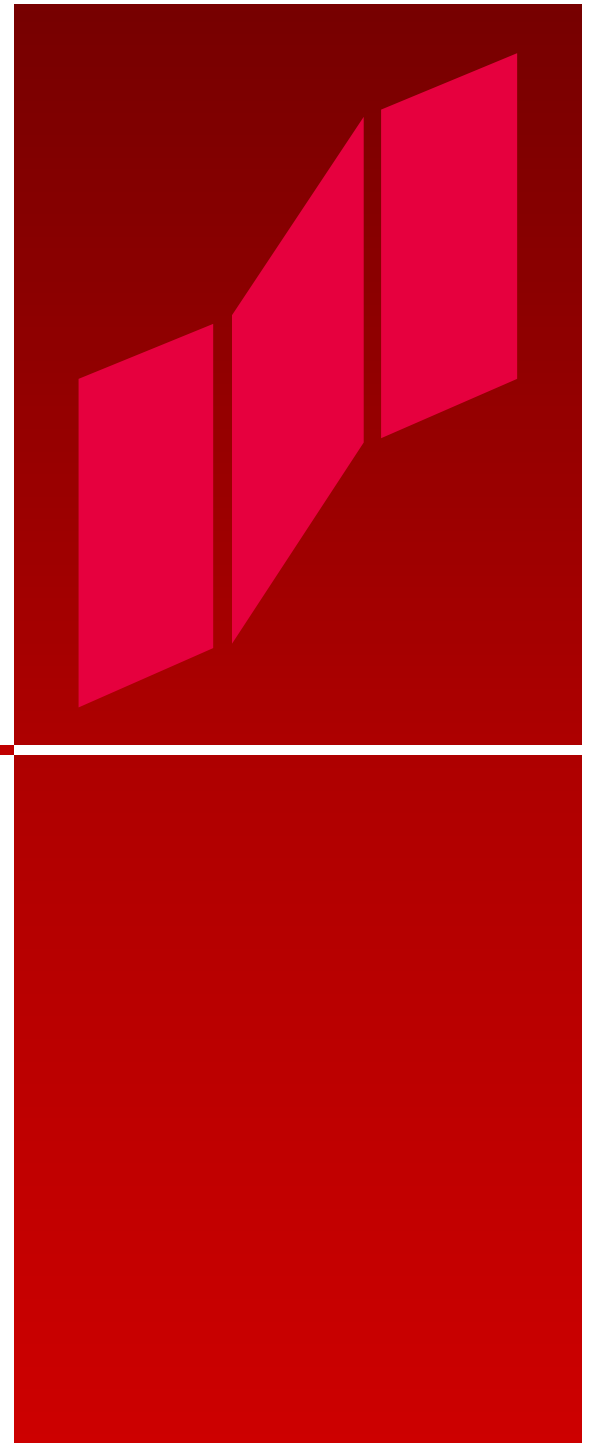


Earnings Announcement for the First Quarter of FY2017 ending March 31, 2018 (JGAAP)

SMBC Nikko Securities Inc.

July 25, 2017



		[Reference Data]	
Summary of business results for the 1Q of FY ending Mar. 2018	2	Consolidated Business Results (Quarterly Trend)	19
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The information contained in this document is based on data available as of July 25, 2017 and this document is intended to provide information on the business results of SMBC Nikko Securities Inc. Any information and opinions contained in this document reflect our judgment as of the date of preparation of the document (July 25, 2017) and are subject to change without notice. No guarantees, representations or warranties are made as to the accuracy or completeness of such information.

(*) Information in this document is presented on a consolidated basis unless otherwise specified.

Summary of business results for 1Q of the FY ending Mar. 2018

Y on Y	<ul style="list-style-type: none"> ■ Net operating revenue : ¥ 82.1 B (+12% Y on Y), Ordinary income : ¥ 20.9 B (+33%), Profit (*1) : ¥ 14.4 B (+35%) Higher stock prices and depreciation of yen contributed to increase most revenue. ■ Equity brokerage amounts was ¥ 7.2 trillion (+18%). Aggregate sales of products (including fund wrap) was ¥ 2.5 trillion (+6%), steadily changed from previous year. ■ League table rankings for Apr. 2017 - Jun. 2017 6th place(*2) in Global Equity & Equity-Related-Japan 2nd place in terms of values and 3rd place in terms of number of deals for IPO 1st place(*3) in All Bonds in Yen 2nd place(*4) in terms of values and 1st place in terms of number of deals for M&A announced deals ■ SG&A was ¥ 62.3 B (+6%). ■ As of the end of Jun. 2017, total assets was ¥ 12.2 trillion, net assets was ¥ 548.4 B, capital adequacy ratio (non-consolidated) was 337%, reflecting a sound financial base of the company.
Q on Q	<ul style="list-style-type: none"> ■ Net operating revenue : -17% Q on Q, Ordinary income : -33%, Profit (*1) : -30% ■ Underwriting commissions decreased due to decrease in large-scale stock underwriting Q on Q.

Billions of Yen	FY2016		FY2017	Y on Y	Q on Q
	1Q	4Q	1Q		
Operating revenue	81.0	110.8	91.4	+13%	-17%
Net operating revenue	73.6	99.5	82.1	+12%	-17%
SG&A	58.8	69.8	62.3	+6%	-11%
Ordinary income / loss	15.7	31.3	20.9	+33%	-33%
Income before taxes	15.2	29.2	20.5	+35%	-30%
Profit / loss(*1)	10.7	20.6	14.4	+35%	-30%
	Jun.-end '16	Mar.-end '17	Jun.-end '17	Y on Y	Q on Q
Total assets (Trillions of yen)	10.9	11.6	12.2	+1.3	+0.6
Total net assets (Billions of yen)	696.4	544.2	548.4	-148.0	+4.1

(*1) Profit attributable to owners of parent

(*2) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

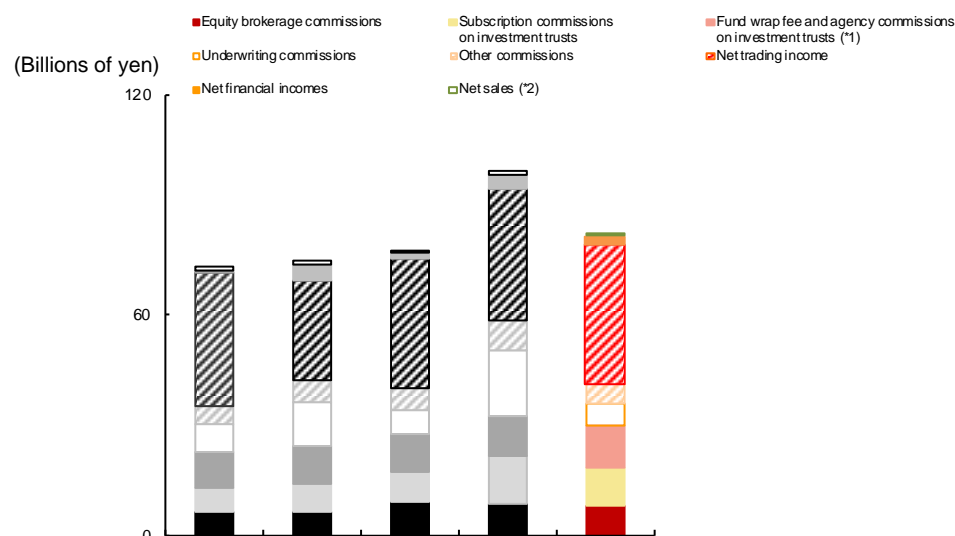
(*3) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

(*4) Source: THOMSON REUTERS, M&A announced deals with any Japanese involvement

Net operating revenue / Product sales

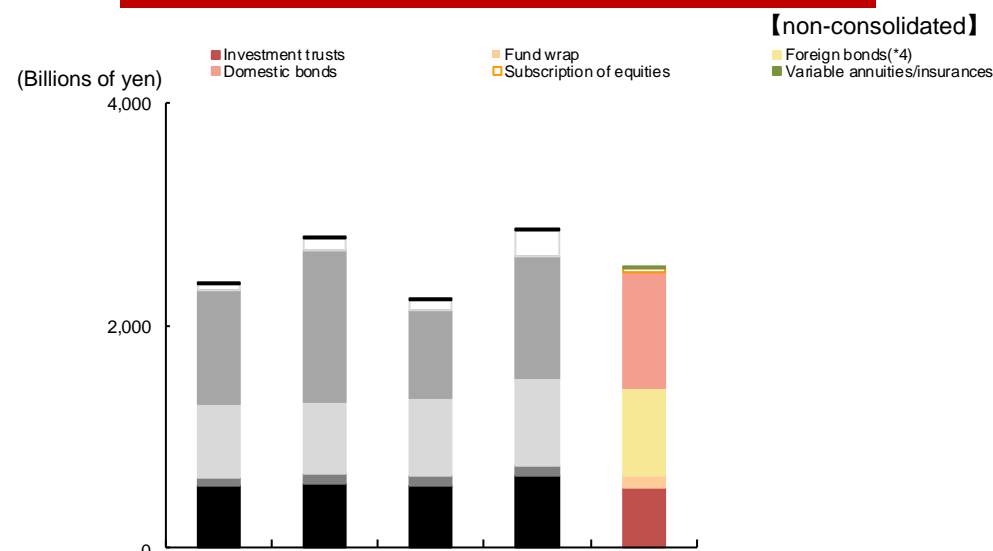
- ◇ Net operating revenue for this quarter was ¥ 82.1 B (+12% Y on Y, -17% Q on Q).
Equity brokerage commissions, subscription commissions on investment trusts and fund wrap fee and agency commissions increased Y on Y. Underwriting commissions mainly decreased Q on Q.
- ◇ Aggregate sales of product for this quarter was ¥ 2,529.5 B (+6%, -12%).
Sales of domestic bonds and foreign bonds steadily changed both Y on Y and Q on Q.

Net operating revenue



	FY2016 1Q	2Q	3Q	4Q	FY2017 1Q	Y on Y	Q on Q
Equity brokerage commissions	6.6	6.3	9.4	8.7	8.6	+31%	-1%
Subscription commissions on investment trusts	6.7	8.1	7.8	12.8	10.0	+49%	-22%
Fund wrap fee and agency commissions on investment trusts (*1)	9.6	9.9	10.8	11.3	11.7	+22%	+4%
Underwriting commissions	7.5	12.1	6.2	18.0	5.6	-25%	-69%
Other commissions	4.7	5.9	5.8	7.9	5.5	+17%	-31%
Net trading income	36.7	27.2	35.7	35.6	38.0	+3%	+7%
Net financial incomes	0.7	4.4	1.3	4.2	2.1	2.9X	-49%
Net sales (*2)	0.8	1.1	0.7	0.7	0.2	-66%	-61%
Total	73.6	75.4	78.0	99.5	82.1	+12%	-17%

Product Sales(*3)



	FY2016 1Q	2Q	3Q	4Q	FY2017 1Q	Y on Y	Q on Q
Investment trusts	561.9	583.2	560.6	647.9	550.7	-2%	-15%
Fund wrap	74.8	93.1	92.1	84.9	105.6	+41%	+24%
Foreign bonds(*4)	657.0	638.8	690.4	794.8	787.3	+20%	-1%
Domestic bonds (Retail - targeted JGBs)	1,021.8 (132.0)	1,357.8 (184.4)	794.8 (178.3)	1,094.1 (349.4)	1,041.6 (129.1)	+2%	-5%
Subscription of equities	51.1	117.5	88.8	238.0	35.8	-30%	-85%
Variable annuities/insurances	10.0	4.3	11.6	8.9	8.5	-15%	-5%
Total	2,376.5	2,794.9	2,238.4	2,868.7	2,529.5	+6%	-12%

(*1) Fund wrap fee was separated from "other commissions" and presented as "fund wrap fee and agency commissions" from FY 2017 1Q, and FY 2016 was adjusted retrospectively.

Agency commissions include custody fee.

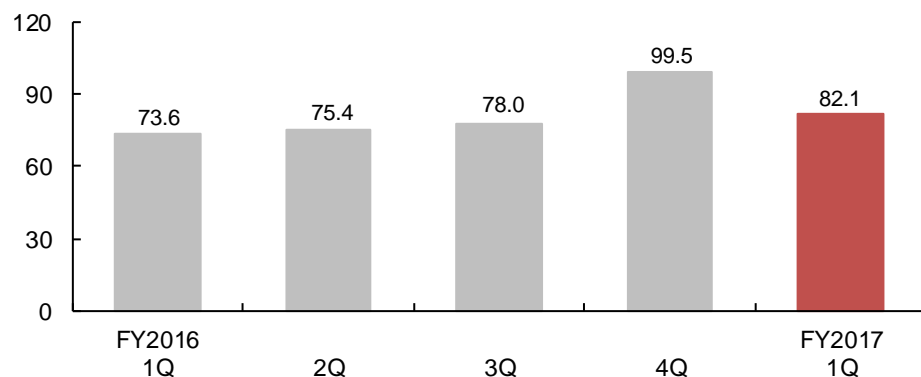
(*2) other sales minus cost of sales (*3) including sale of fund wrap from FY 2017 1Q

(*4) Sale of foreign bonds includes already-issued bonds and yen-denominated foreign bonds.

Business Results (Quarterly Trend)

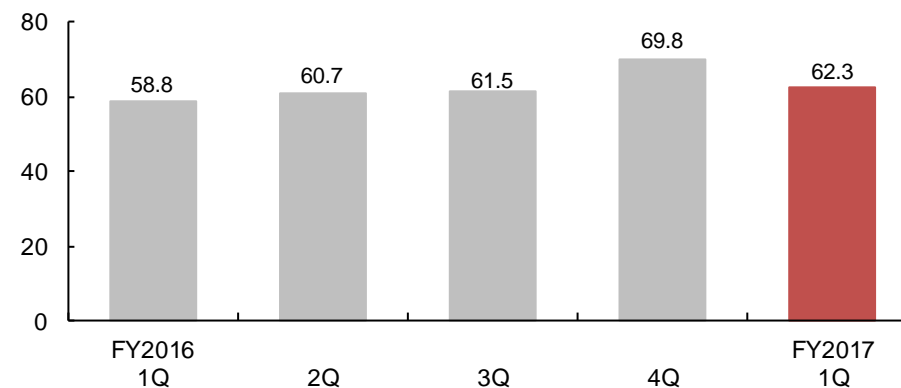
Net operating revenue

(Billions of yen)



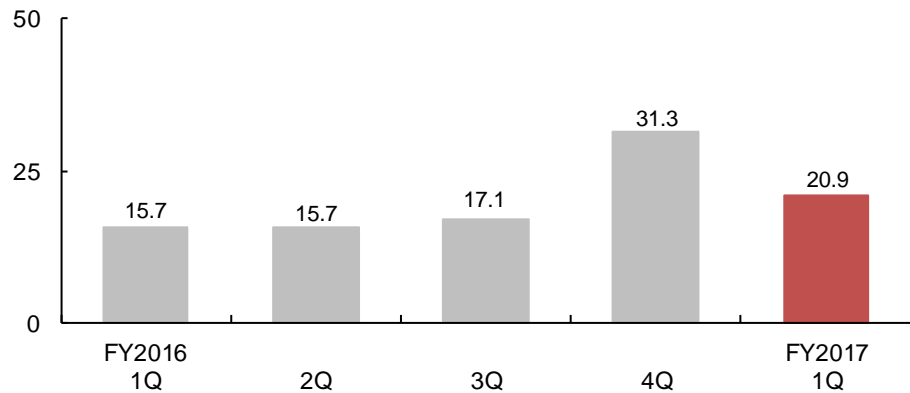
SG&A

(Billions of yen)



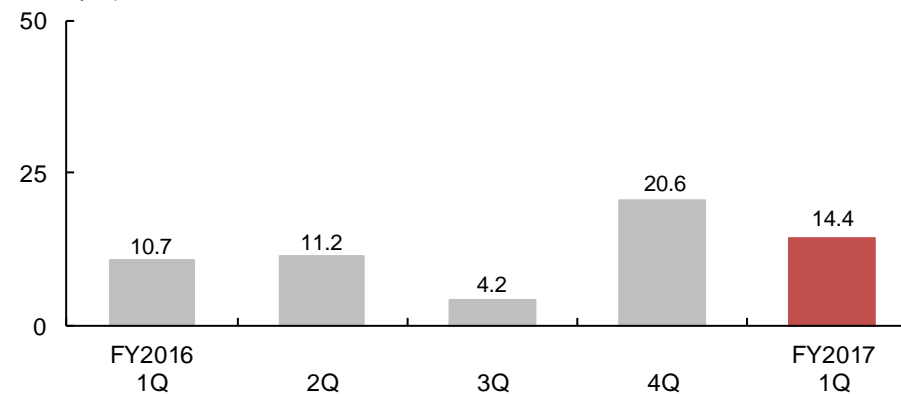
Ordinary income

(Billions of yen)



Profit (*)

(Billions of yen)



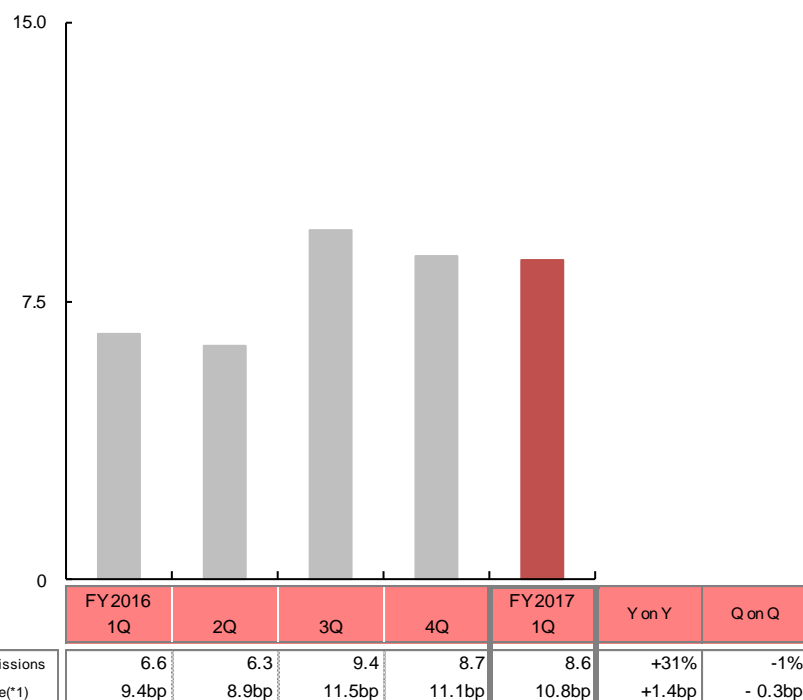
(*) Profit attributable to owners of parent

Equity brokerage commissions

◇ Equity brokerage amount for this quarter was ¥ 7,295.9 B (+18% Y on Y, +5% Q on Q), and equity brokerage commissions was ¥ 8.6 B (+31%, -1%). Retail customers actively traded and both TSE share and retail market share were expanded Y on Y.

Equity brokerage commissions

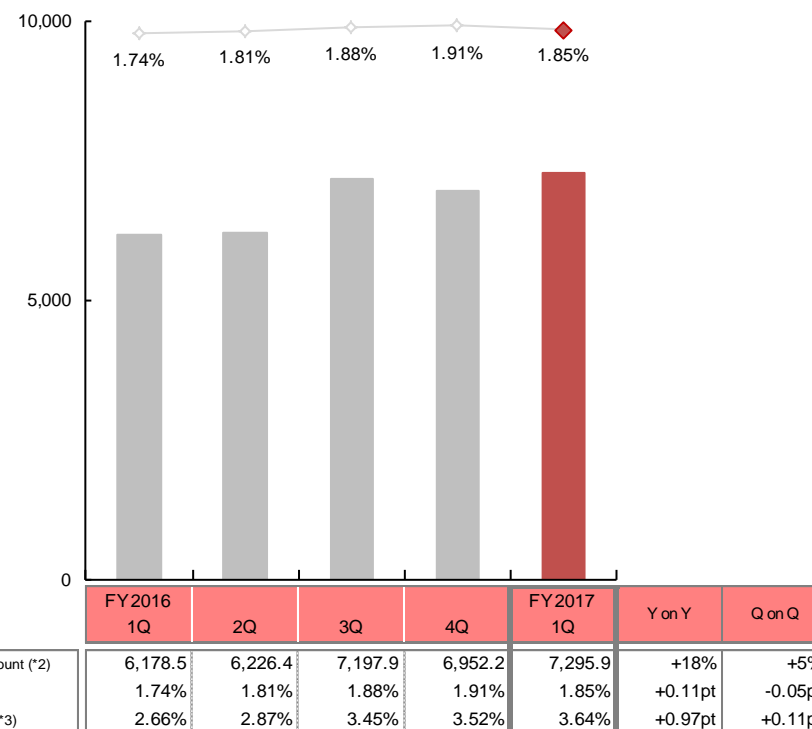
(Billions of yen)



Equity brokerage amount / TSE share

【non-consolidated】

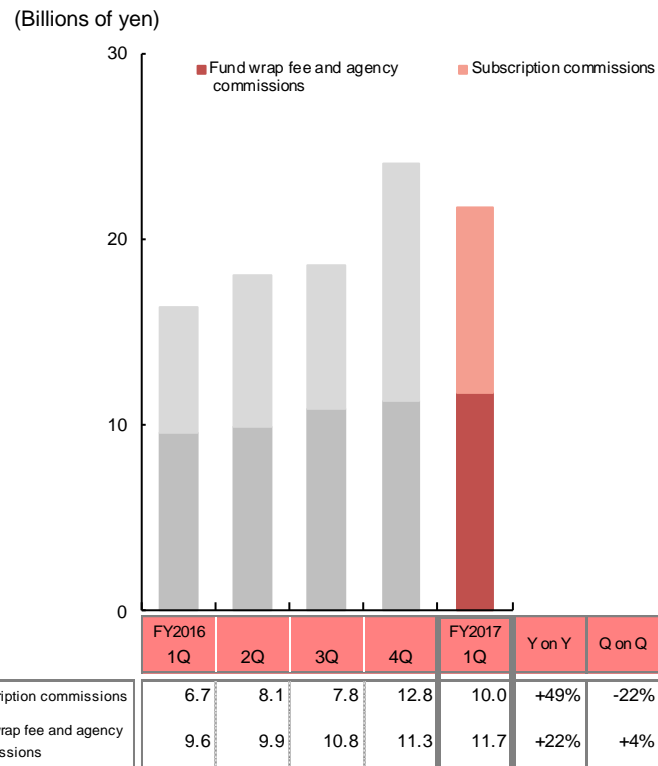
(Billions of yen)



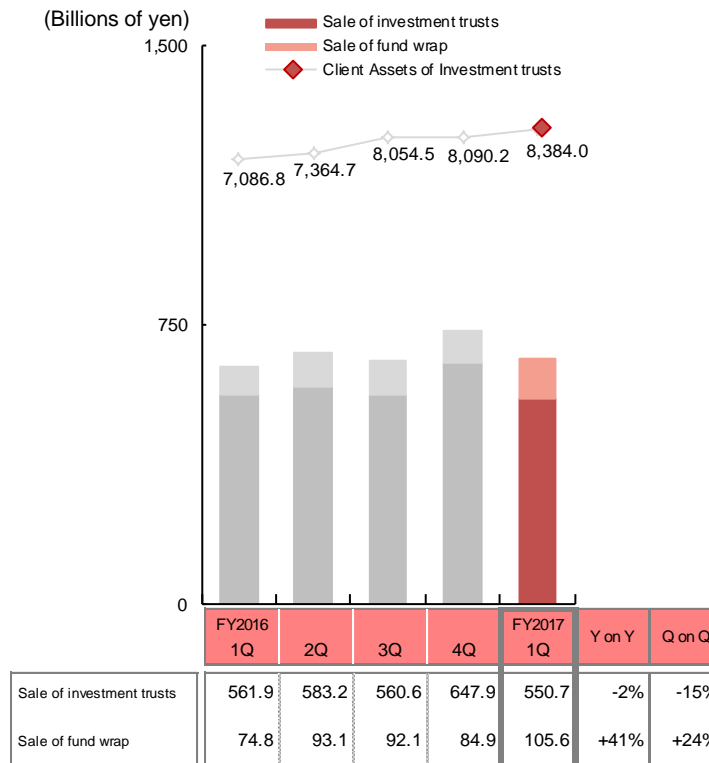
Commissions on investment trusts and fund wrap

- ◇ Sale of investment trusts for this quarter was ¥ 550.7 B (-2% Y on Y, -15% Q on Q). Subscription commissions on investment trusts was ¥ 10.0 B (+49%, -22%), it increased by expansion of sale of stock investment trusts Y on Y.
- ◇ Client assets including fund wrap was ¥ 8,384.0 B (+18%, +4%), fund wrap fee and agency commissions were ¥ 11.7 B (+22%, +4%).

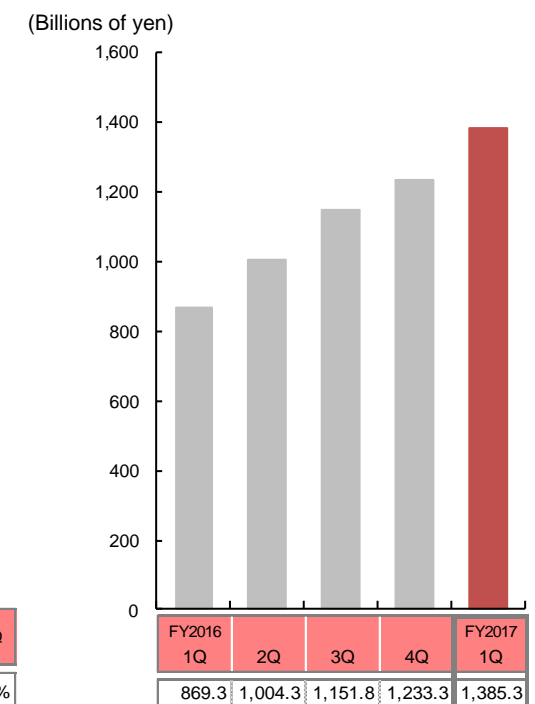
Subscription commissions (*1)



Sales / Client Assets of Investment trusts



Client Assets of Fund wrap (*2)



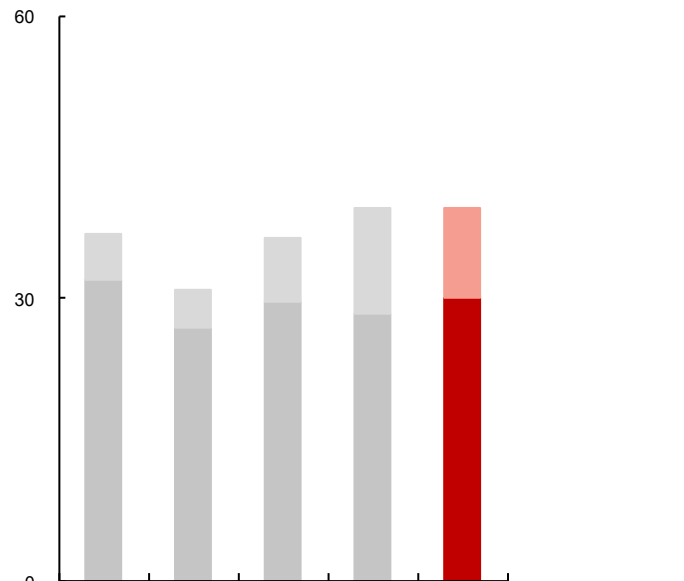
Net trading income

- ◇ Net trading income (adjusted net financial income) for this quarter was ¥ 39.6 B (+7% Y on Y, +0% Q on Q), the sale of foreign bonds was ¥ 787.3 B (+20%, -1%).
 Net trading income of bonds and others remained at high level as previous quarter, and favorable OTC transaction contributed to increase in equities Y on Y.

Net trading income (adjusted net financial income)

(Billions of yen)

■ Bonds, others(*2) ■ Equities, etc.(*1)

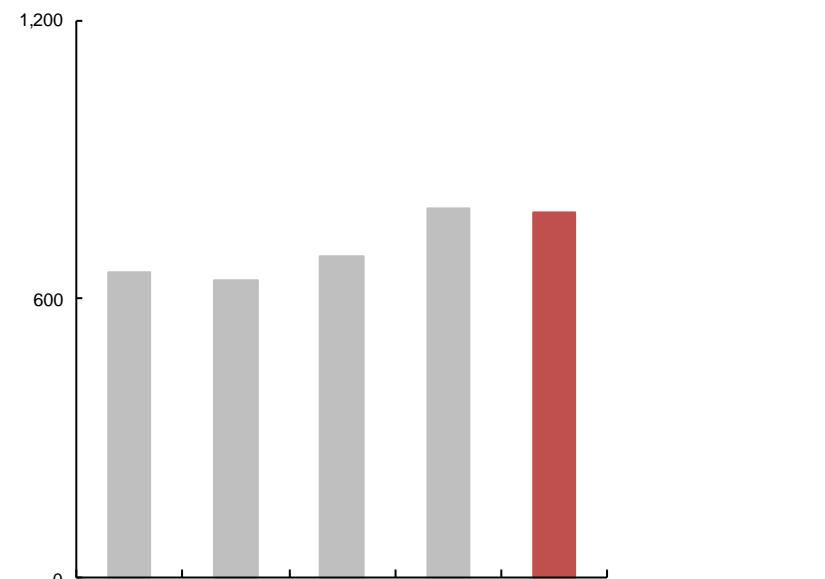


	FY2016 1Q	2Q	3Q	4Q	FY2017 1Q	Y on Y	Q on Q
Equities, etc.(*1)	4.8	4.2	6.6	11.2	9.5	+97%	-15%
(dividend, etc)	(0.5)	(4.0)	(0.9)	(4.5)	(0.9)	(+82%)	(-78%)
Bonds, others(*2)	32.0	26.8	29.7	28.3	30.1	-6%	+6%
(interest)	(Δ0.3)	(Δ0.2)	(Δ0.1)	(Δ0.5)	(0.6)	(-)	(-)
Total(*3)	36.9	31.1	36.4	39.6	39.6	+7%	+0%

Sale of foreign bonds

(Billions of yen)

【non-consolidated】

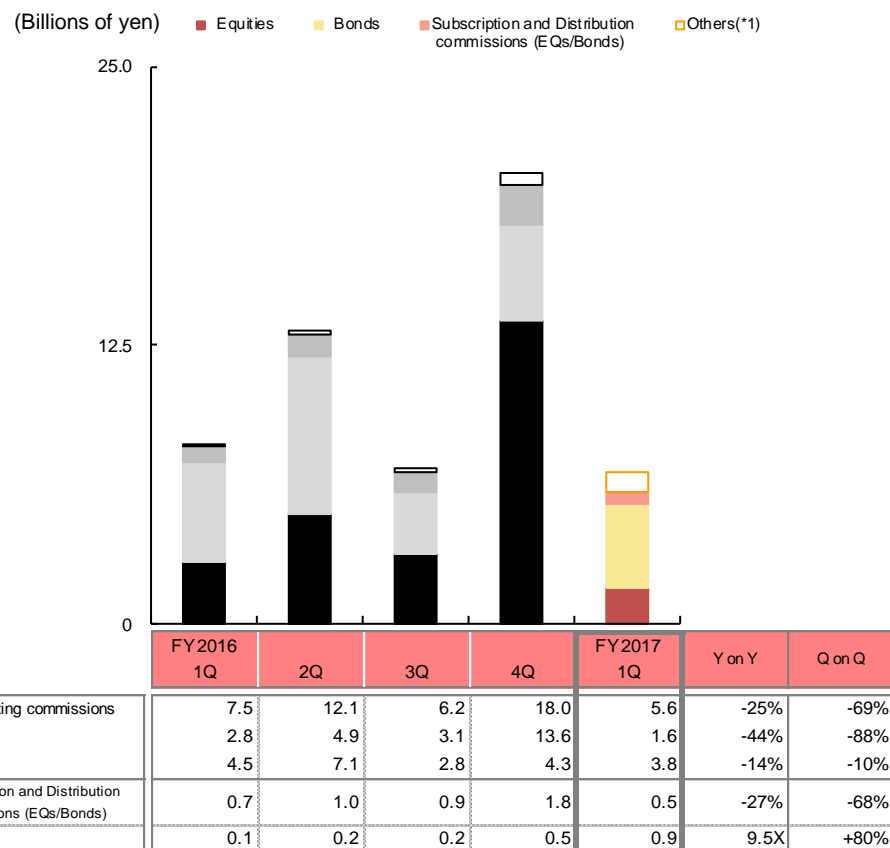


	FY2016 1Q	2Q	3Q	4Q	FY2017 1Q	Y on Y	Q on Q
Sale of foreign bonds	657.0	638.8	690.4	794.8	787.3	+20%	-1%

Underwriting commissions (Equities / Bonds)

- ◇ Underwriting commissions for this quarter was ¥ 5.6 B (-25% Y on Y, -69% Q on Q), stock underwriting commission decreased.
- ◇ For Apr. 2017 - Jun. 2017, book runner in Global Equity & Equity-Related-Japan: share 9.9% in 6th place, book runner in IPO: 3rd place in terms of number of deals and, 2nd place in terms of values, lead manager in All Bonds in Yen: share 19.5% in 1st place.

Underwriting commissions (Equities / Bonds)



Global Equity & Equity-Related-Japan (*2) Apr. 2017 - Jun. 2017

Rank	Book runner	Proceeds (bill of yen)	Mkt.Share (%)
1	Mitsubishi UFJ Morgan Stanley	128.6	18.3%
2	Nomura	119.7	17.0%
3	Daiwa	116.6	16.5%
4	Mizuho	105.8	15.1%
6	SMBC Nikko	70.0	9.9%

IPO (*3) Apr. 2017 - Jun. 2017

Rank	Book runner	No. Deals	Rank	Book runner	Values (bill of yen)
1	Nomura	3	1	Nomura	29.5
1	SBI Holdings	3	2	Sumitomo Mitsui Financial Group	12.0
3	Sumitomo Mitsui Financial Group	2	3	Morgan Stanley	2.8
3	Daiwa Securities Group Inc	2	4	Daiwa Securities Group Inc	2.2
5	Mizuho Financial Group	1	5	Crosby Securities	2.2

All Bonds in Yen (*4) Apr. 2017 - Jun. 2017

【non-consolidated】			
Rank	Manager	Proceeds (bill of yen)	Mkt.Share (%)
1	SMBC Nikko	1,083.6	19.5%
2	Mizuho	1,053.1	18.9%
3	Nomura	1,009.0	18.1%
4	Mitsubishi UFJ Morgan Stanley	983.2	17.6%
5	Daiwa	933.8	16.8%

(*1) including revenues related to securitization arrangements

(*2) (*3) prepared by SMBC Nikko based on the information published by THOMSON REUTERS (including overseas entities)

(*4) prepared by SMBC Nikko based on the information published by THOMSON REUTERS (corporate bonds, FILP agency/municipality bonds(proportional shares as lead manager),samurai bonds)

- ◇ For Apr. 2017 - Jun. 2017 in the league table of M&A financial advisor for Japanese involvement announced deals:
With 43 deals acquired in total, ranked 2nd in terms of value (market share 14.8%) and 1st in terms of number of deals (market share 5.5%).

Financial Advisor Rank value basis Apr. 2017 - Jun. 2017

Rank	Advisor	Rank value (bill of yen)	Mkt.Share (%)
1	Nomura	960.6	28.3%
2	Sumitomo Mitsui Financial Group	502.0	14.8%
3	J.P. Morgan	481.0	14.2%
4	Bank of America Merrill Lynch	436.8	12.9%
5	Mizuho Financial Group	408.1	12.0%

Financial Advisor No. of deals Apr. 2017 - Jun. 2017

Rank	Advisor	No. Deals	Mkt.Share (%)
1	Sumitomo Mitsui Financial Group	43	5.5%
2	Mizuho Financial Group	42	5.3%
3	Nomura	28	3.6%
4	Deloitte	17	2.2%
5	Kaede Group	14	1.8%

Major announced deals Apr. 2017 – Jun. 2017

Tokyo Gas / Castleton Resources (Castleton Commodities International)

Tokyo Gas America Ltd., a wholly owned subsidiary of Tokyo Gas Co., Ltd. has acquired through its affiliate a 30% equity interest in Castleton Resources LLC, a subsidiary of Castleton Commodities International LLC. (SMBC Nikko and Moelis & Company serve as advisors for Tokyo Gas America Ltd.)

Sawai Pharmaceutical / Upsher-Smith Laboratories

Sawai Pharmaceutical Co., Ltd. announced the signing of an agreement to acquire all the equity interest in the generic pharmaceuticals business of Upsher - Smith Laboratories, Inc. through the new subsidiary in the US. (SMBC Nikko serves as an advisor for Sawai Pharmaceutical.)

Panasonic / PanaHome

PanaHome Corporation expressed an opinion in favor of the tender offer for PanaHome's common stock to be conducted by Panasonic Corporation, and recommended that the shareholders of PanaHome accept the tender offer. (SMBC Nikko serves as an advisor for PanaHome Corporation.)

SEKISUI CHEMICAL & Inabata / Polymatech Japan Group

SEKISUI CHEMICAL CO., LTD. and Inabata & Co., Ltd. acquired all the issued shares of Polymatech Japan Co., Ltd. Group. (SMBC Nikko serves as an advisor for SEKISUI CHEMICAL & Inabata.)

DENSO / FUJITSU TEN (FUJITSU)

FUJITSU Corporation had sold 41% shares of FUJITSU TEN LIMITED to Denso Corporation, in which Denso and Toyota Motor Corporation had stakes. (SMBC Nikko serves as an advisor for FUJITSU.)

MIURA / INAX INAMOTO (Rising Japan Equity)

MIURA CO.,LTD. acquired all the shares of INAX INAMOTO HD, which was owned by Rising Japan Equity, Inc. (SMBC Nikko serves as an advisor for MIURA.)

Business collaboration with Sumitomo Mitsui Banking Corporation

【non-consolidated】

◇ Collaboration with SMBC kept on track as the number of individual customers' accounts and the referral of corporate clients grew steadily.

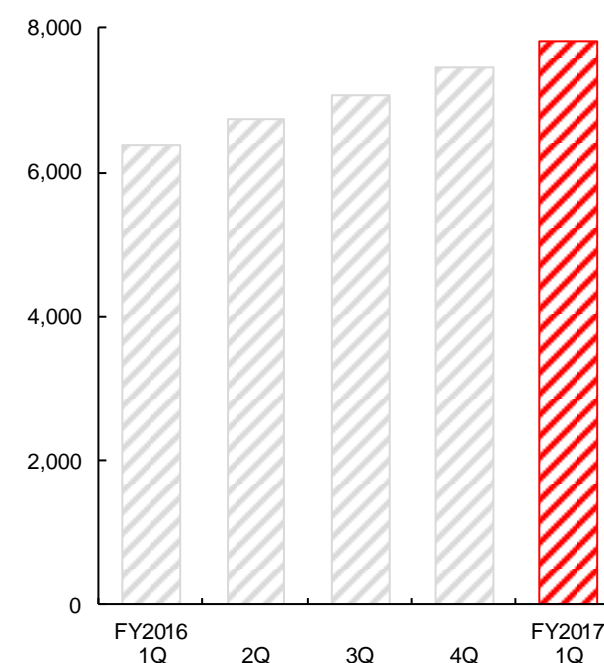
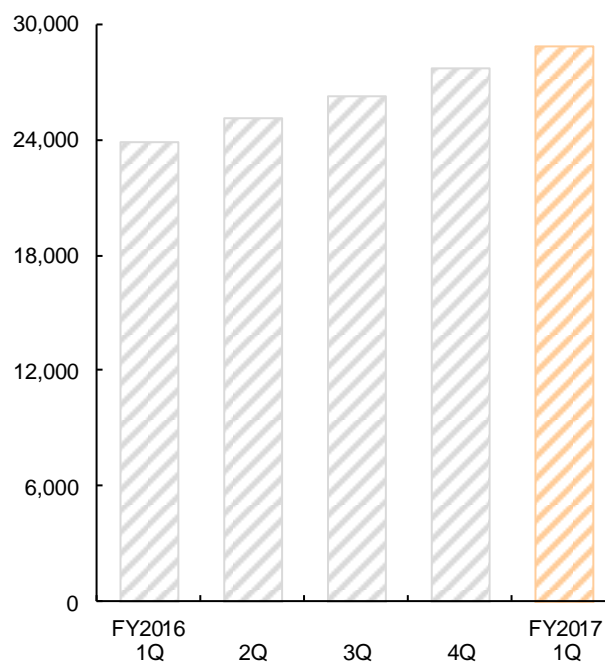
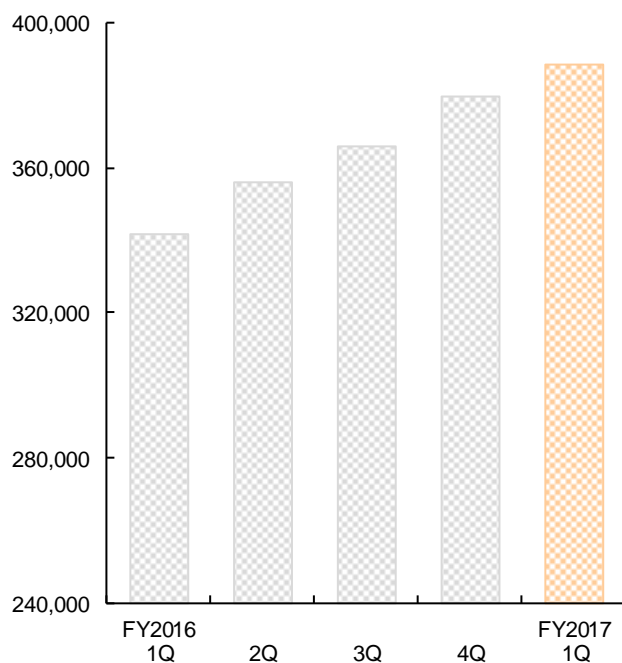
Asset management (Referral service and financial products intermediary service (*1))

Investment banking (Referral service)

Individual customer (No. of accounts) (*2)

Corporate clients (No. of deals) (*3)

Corporate clients (No. of deals)



Note) No. of accounts shows the number of the accounts existed at the end of respective quarters. No. of deals shows accumulated acquired deals in either asset management or investment banking since its inception.

(*1) Financial products intermediary services by SMBC: SMBC Nikko commissions SMBC to solicit and intermediate securities transactions to customers.

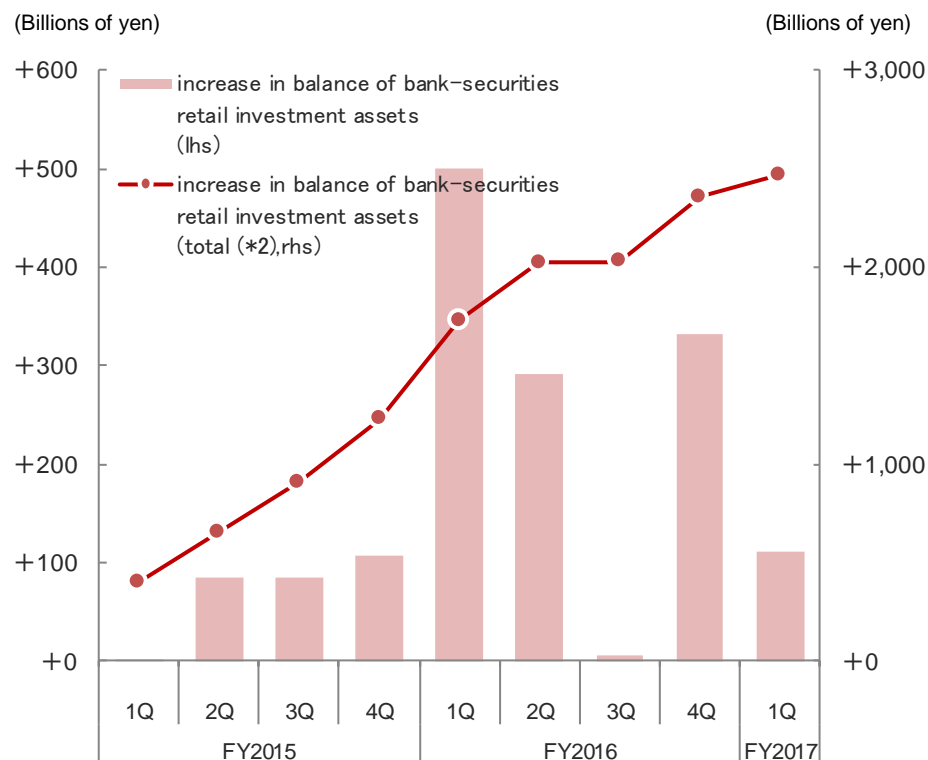
(*2) The number of accounts at the end of each quarter with regards to individual customer who either was referred by SMBC to SMBC Nikko or opened an account with SMBC Nikko via SMBC's financial products intermediary service.

(*3) The number of the accumulated acquired deals on asset management with corporate clients via SMBC's referral services and financial products intermediary services on behalf of SMBC Nikko since the inception of respective services.

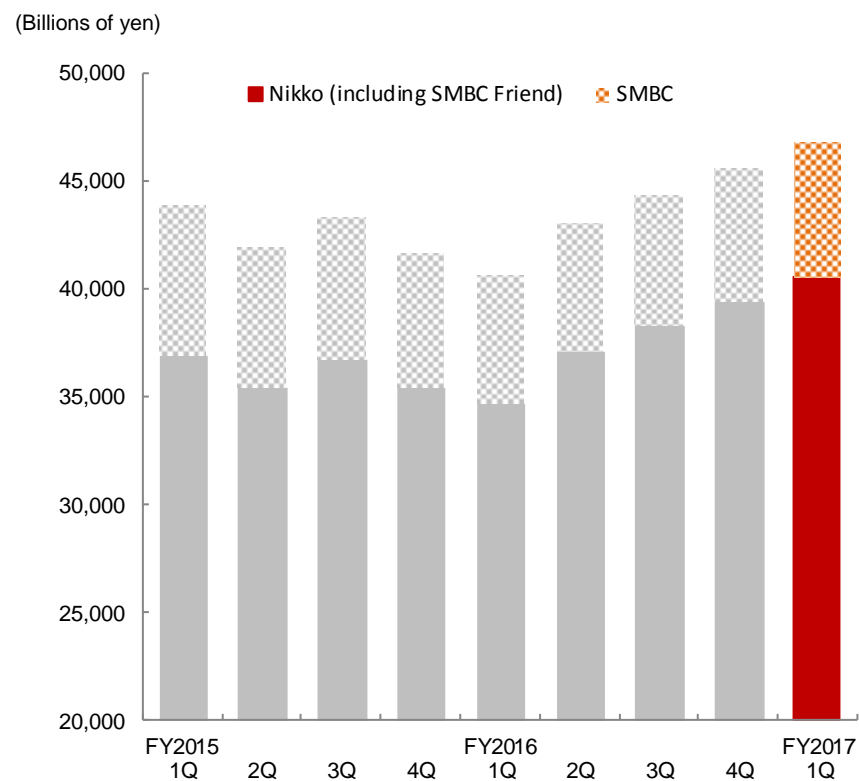
【Reference】 Sum of bank-securities retail investment assets

◇ In retail business, sum of bank-securities investment assets trends upward.

Increase in balance of bank-securities retail investment assets (*1)



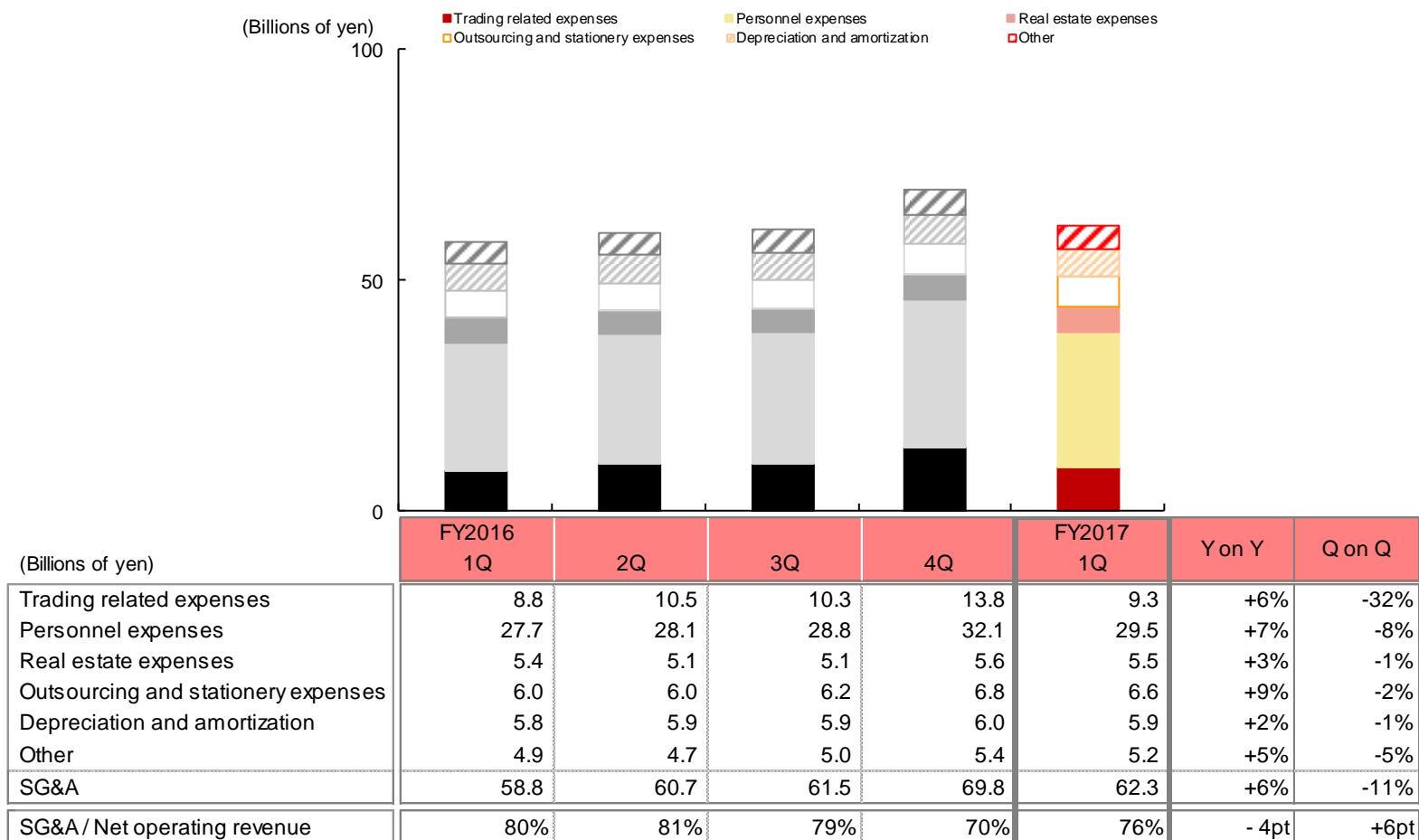
Balance of bank-securities retail investment assets (*3)



(*1) Sum of retail investment assets (foreign deposit, investment trusts, single premium life insurance) change of SMBC and investment assets (net inflow of assets) change at the sales division (retail) of Nikko
 (*2) cumulative amount since FY 2013 1Q
 (*3) Sum of retail investment assets (foreign deposit, investment trusts, single premium life insurance) of SMBC and investment assets (client assets) at the sales division (including other than retail) of Nikko

SG&A

◇ SG&A for this quarter was ¥ 62.3 B (+6% Y on Y, -11% Q on Q) , trading related expenses and personnel expenses linked to company operations increase, Y on Y.



Balance Sheet / Capital Adequacy Ratio

【non-consolidated】

(Billions of Yen)	Mar.17	Jun.17	Variance
Current assets	11,429.1	12,027.0	+597.9
Trading products	4,058.3	3,207.0	-851.2
Loans secured by securities	5,233.1	6,824.9	+1,591.8
Other current assets	2,137.6	1,994.9	-142.6
Noncurrent assets	258.3	261.0	+2.7
Tangible assets	25.3	25.3	-0.0
Intangible assets	78.4	77.7	-0.7
Investments and other assets	154.4	157.9	+3.5
Total assets	11,687.4	12,288.1	+600.6
Current liabilities	10,354.9	10,911.3	+556.3
Trading products	2,571.5	2,936.7	+365.2
Loans payable secured by securities	5,444.1	6,566.1	+1,122.0
Short-term loans payable / Commercial papers	1,438.4	707.7	-730.6
Other current liabilities	900.8	700.6	-200.1
Noncurrent liabilities / Reserves under the special laws	788.2	828.3	+40.1
Total liabilities	11,143.1	11,739.6	+596.5
Total net assets	544.2	548.4	+4.1
Total liabilities and net assets	11,687.4	12,288.1	+600.6

(Billions of Yen)	Mar.17	Jun.17	Variance
Basic items	496.1	496.8	+0.6
Supplementary items	117.9	120.5	+2.5
Deductible assets	158.6	159.7	+1.1
Net capital	455.4	457.5	+2.1
Risk total	137.6	135.6	-1.9
Market Risk	57.1	56.6	-0.4
Counterparty Risk	21.3	17.1	-4.1
Basic Risk	59.2	61.9	+2.6
Capital Adequacy Ratio	331%	337%	+6 pt

【non-consolidated】

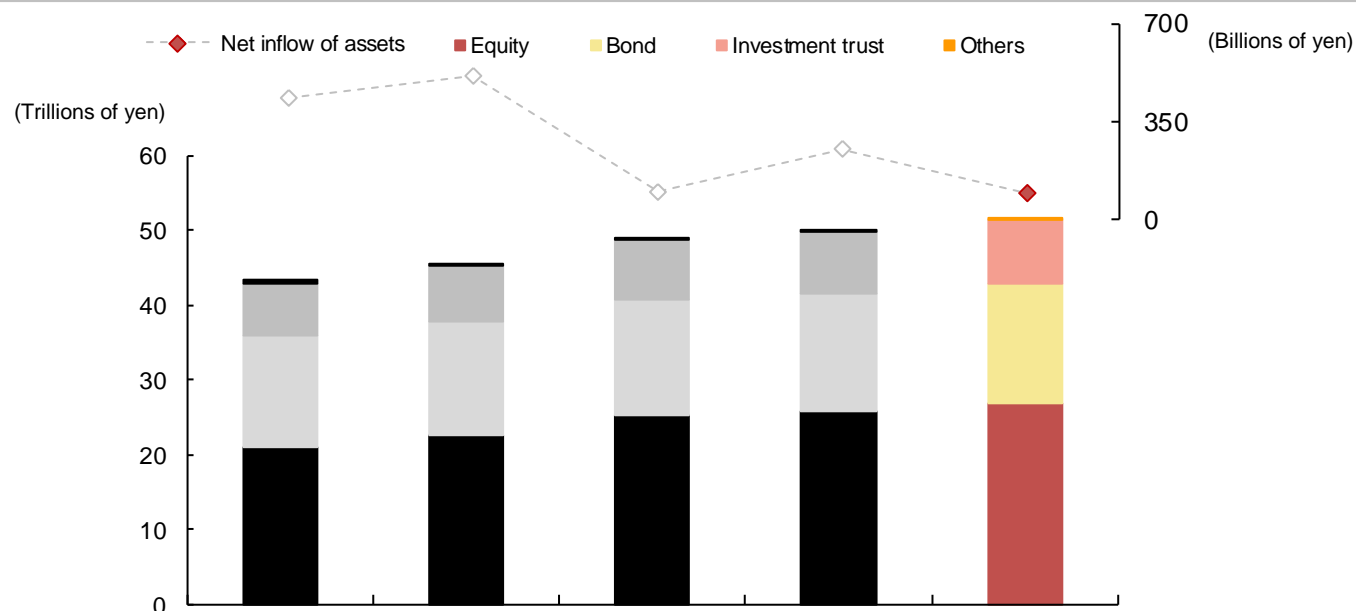
Credit ratings on Long Term (as of July 25, 2017)

Moody's	S&P	R&I	JCR
A1	A	AA-	AA
[Stable]	[Positive]	[Stable]	[Stable]

Client Assets / Net Inflow of Assets

【non-consolidated】

- ◇ Overall client assets at the end of Jun. 2017 was ¥ 51.6 trillion (+3% Q on Q).
- ◇ Net inflow of assets at sales division for this quarter was ¥ 94.1 B.



(Trillions of yen)	FY2016 Jun.	Sep.	Dec.	Mar.	FY2017 Jun.
Equity	21.0	22.5	25.1	25.7	26.8
Bond	14.9	15.3	15.4	15.9	16.0
Investment trust	7.1	7.4	8.1	8.1	8.4
Others	0.3	0.4	0.4	0.4	0.4
Client assets	43.3	45.5	49.0	50.0	51.6

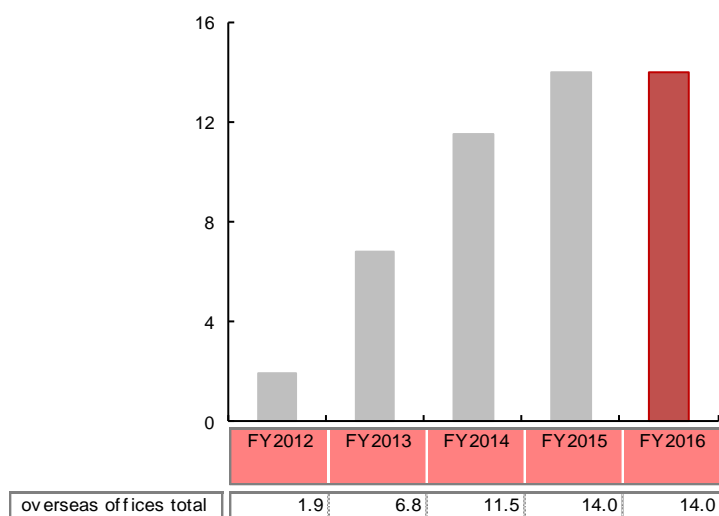
(Billions of yen)	1Q	2Q	3Q	4Q	1Q
Net inflow of assets <sales division>	434.2	513.1	98.1	252.4	94.1
Inflow of assets	1,409.3	1,347.8	1,107.3	1,575.8	1,086.4
Outflow of assets	-975.0	-834.7	-1,009.2	-1,323.4	-992.3

Business Trends of Overseas Offices

- ◇ Earnings based on managerial accounting for this quarter was ¥ 4.3 B (+16% Q on Q).
- ◇ Earnings based on managerial accounting steadily changed due to organizational structure and progress in collaboration with SMBC at overseas offices.

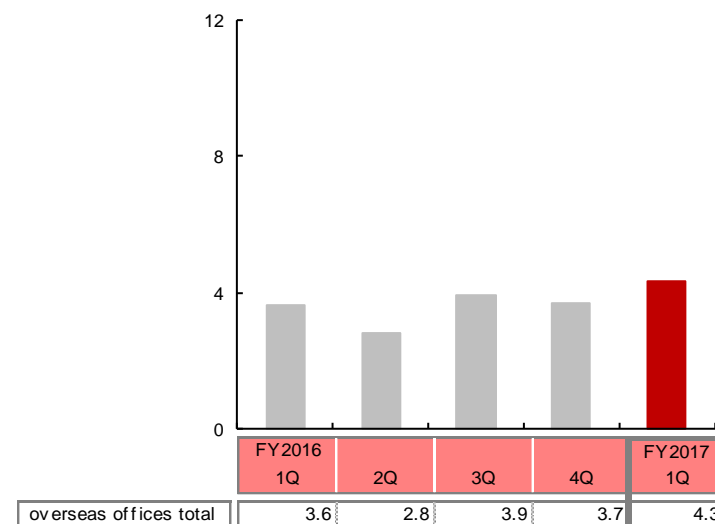
Earnings based on managerial accounting
Annual trend

(Billions of yen)



Earnings based on managerial accounting
Quarterly trend

(Billions of yen)



- Overseas offices total is defined as the total of:
 - ✓ Earnings of consolidated subsidiaries: SMBC Nikko Securities (Hong Kong) and SMBC Nikko Securities (Singapore) ; and
 - ✓ Earnings of affiliated companies: Securities Product Group of SMBC Nikko Capital Markets (Percentage of voting rights: SMBC Nikko Securities 15.15%, SMBC 84.85%) and SMBC Nikko Securities America (Percentage of voting rights : SMBC Nikko Securities 20.00%, SMBC 77.65%, SMBC Financial Services, Inc.(subsidiary of SMBC) 2.35%)

Overseas Network

SMBC Nikko Capital Markets

- Japanese equity and fixed-income sales and trading
- Equity and bond underwriting
- M&A advisory
- IR arrangement
- Swap related business

SMBC Nikko Bank (Luxembourg)

- Fund custody
- Fund administration

SMBC Nikko Investment Fund Management Company

- Fund management

SMBC Nikko Securities America (San Francisco Branch)

- Japanese / US equity brokerage
- M&A advisory
- IR arrangement

SMBC Nikko Securities (Hong Kong)

- Japanese / Hong Kong equity and fixed-income brokerage
- Coverage of bond underwriting
- M&A advisory
- Market entry consulting for Japanese companies in Greater China
- IR arrangement

SMBC Nikko Investment Consulting (Shanghai)

- M&A advisory related services

SMBC Nikko Securities America

- Japanese / US equity brokerage
- Fixed-income sales and trading
- Equity and bond underwriting
- Structured finance
- M&A advisory
- IR arrangement

SMBC Nikko Securities (Singapore)

- Japanese equity brokerage
- M&A advisory
- Private wealth business
- IR arrangement

Nikko Securities Indonesia

- Indonesian equity brokerage
- Equity and bond underwriting
- M&A advisory
- Market entry consulting for Japanese companies in Indonesia
- Asset management business

SMBC Nikko Capital Markets (Sydney Office)

- Coverage of bond underwriting

Business Partners (Asia)

KB Securities (Seoul)

- Alliance in M&A advisory, DCM and IPO business

First Metro Securities (Manila)

- Alliance in M&A advisory and DCM business

Petro Vietnam Securities (Hanoi)

- Market entry consulting for Japanese companies in Vietnam

Phatra Securities (Bangkok)

- Alliance in M&A advisory and DCM/ECM business

Kotak Mahindra Group (Mumbai)

- Alliance in M&A advisory

Business Partners (Americas)

Citigroup (New York)

- Collaboration in various business worldwide

Moelis & Company (New York)

- Alliance in M&A advisory

BTG Pactual (Rio de Janeiro)

- Alliance in M&A advisory

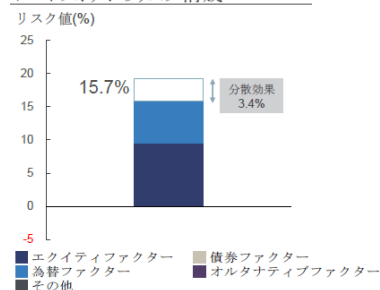
- SMBC Nikko Group Company
- SMBC Nikko Business Partner

**Started to provide the “Nikko Portfolio Risk Management”
~ Utilize risk and portfolio management platform, Aladdin® ~**

SMBC Nikko started to provide “Nikko Portfolio Risk Management” (the following is “Nikko PRM”) which is the new Risk Management Services for high-net-worth customers from June. These services utilize risk and portfolio management platform, Aladdin® which BlackRock Solutions provides. BlackRock Solutions is the risk management division of BlackRock, Inc. SMBC Nikko provides portfolio analytics of institutional investors’ level for retail customers and support to implement the optimal risk management that considers each customer’s status of products and opinions through these services. SMBC Nikko is the first financial institution to provide the services which utilize Aladdin® to retail customers in Asia.

~images of Nikko PRM~

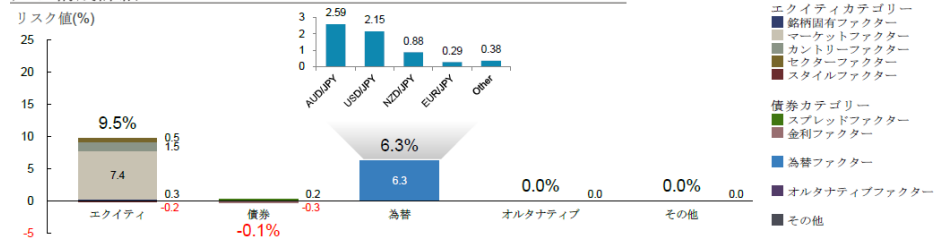
ポートフォリオのリスク構成



リスク構成比率上位 10銘柄

順位	銘柄名	資産区分	通貨	リスク構成比率 ^{※1}
1	グローバルロボティクス株式 / 1年決算型	国内投信	JPY	19.44%
2	L.Mオーストラリア高配当株 (毎月分配型)	国内投信	JPY	12.82%
3	トヨタ自動車	国内株式	JPY	12.40%
4	日本電産	国内株式	JPY	10.95%
5	フィデリティ・USリートB ヘッジなし	国内投信	JPY	10.11%
6	日興JPM環太平洋ディスクバリーファンド	国内投信	JPY	7.92%
7	ミツイスミトモギンコウ	外国債券	AUD	7.52%
8	アジアカイハツギンコウ	外国債券	NZD	5.43%
9	JPモルガンチエスアンドカンパニ	外国債券	USD	4.93%
10	日本電気	国内株式	JPY	4.76%

リスク構成詳細



**Launched of a LINE-based automated chat service utilizing AI and
Launched of a Project using AI to Improve Customer Satisfaction**

■ Launched of a LINE-based automated chat service utilizing Artificial Intelligence (AI)

SMFG and SMBC Nikko together with NTT Communications Corporation had jointly developed an automated chat service utilizing artificial intelligence (AI) with the support from Accenture Japan Ltd, and this service became available as of May 25, 2017 at SMBC Nikko Securities Contact Center to enhance its LINE-based inquiry service. The introduction of the AI Chatbot will allow for faster responses to retail customer inquiries.

■ Launched of a Project using Artificial Intelligence (AI) to Improve Customer Satisfaction

SMFG and SMBC Nikko have assessed and verified the effectiveness of KIBIT, an artificial intelligence (AI) engine independently developed by FRONTEO, Inc., by analyzing data to improve customer satisfaction. Based on this result, SMBC Nikko is planning to adopt KIBIT to improve its customer services and to achieve company-wide work-style reform business processes streamline.

Effort to realize Fiduciary Duties in the Area of Asset Management

SMBC Nikko had enacted “Basic Policy for Fiduciary Duties in the Area of Asset Management” revising its former “SMFG Fiduciary Duties Declaration” (published in March 29, 2016) in June. This revision is based on SMFG’s adoption of “Principles for Customer-Oriented Business Conduct,” which the Financial Services Agency published in March 2017.

Hereafter we also regularly disclose the implementation status of these undertakings and verify the implementation status and results to realize the better asset management. We will review and disclose these undertakings, if necessary.

Reference Data



Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Operating revenue	81,013	82,070	87,298	110,849	91,483
Commissions received	35,335	42,582	40,261	58,983	41,726
Brokerage commissions	7,390	6,753	10,167	9,136	9,165
Underwriting and distribution commissions	7,518	12,182	6,237	18,061	5,659
Flotation and distribution fees	7,529	9,192	8,854	14,687	10,656
Other commissions	12,898	14,452	15,002	17,098	16,243
Net trading income	36,757	27,294	35,706	35,621	38,008
Equities	4,313	161	5,756	6,741	8,568
Bonds / Others	32,444	27,132	29,950	28,880	29,439
Financial revenue	5,385	8,511	7,633	10,731	9,600
Other sales	3,534	3,683	3,696	5,512	2,148
Financial expenses	4,653	4,101	6,269	6,506	7,462
Cost of sales	2,674	2,547	2,943	4,767	1,856
Net operating revenue	73,685	75,422	78,085	99,576	82,164
SG&A	58,814	60,720	61,599	69,830	62,353
Operating income / loss	14,870	14,701	16,485	29,745	19,811
Ordinary income / loss	15,750	15,750	17,195	31,368	20,960
Extraordinary income / loss	-497	298	-11,277	-2,103	-372
Income before income taxes	15,252	16,049	5,917	29,265	20,587
Income taxes-current	585	5,272	6,945	11,659	5,909
Income taxes-deferred	3,913	-512	-5,312	-3,024	184
Profit / loss	10,753	11,289	4,285	20,630	14,493
Profit attributable to owners of parent	10,750	11,281	4,279	20,631	14,491

Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Operating revenue	75,119	75,977	80,448	102,913	86,651
Commissions received	33,132	40,334	37,326	56,737	39,243
Brokerage commissions	6,679	6,081	9,155	8,606	8,449
Underwriting and distribution commissions	7,518	12,182	6,237	18,061	5,659
Flotation and distribution fees	7,459	9,178	8,834	14,633	10,594
Other commissions	11,475	12,892	13,098	15,435	14,540
Net trading income	36,757	27,294	35,706	35,619	38,006
Equities	4,313	161	5,756	6,741	8,568
Bonds / Others	32,444	27,132	29,950	28,878	29,437
Financial revenue	5,228	8,349	7,416	10,556	9,401
Financial expenses	4,535	3,987	6,123	6,342	7,315
Net operating revenue	70,584	71,990	74,325	96,570	79,336
SG&A	57,762	59,099	59,207	68,349	61,189
Operating income / loss	12,821	12,890	15,118	28,221	18,146
Ordinary income / loss	13,097	13,402	15,115	28,937	18,348
Extraordinary income / loss	-500	302	-11,277	-1,926	-372
Income before income taxes	12,596	13,704	3,837	27,010	17,975
Income taxes-current	421	4,957	6,891	11,392	5,460
Income taxes-deferred	3,466	-723	-5,682	-3,008	-
Profit / loss	8,709	9,470	2,628	18,625	12,515

Operational Indicators -1

【non-consolidated】

◇ Sales of Products

(Billions of yen)	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Investment trusts	561.9	583.2	560.6	647.9	550.7
(Equity investment trusts)	(392.8)	(471.3)	(420.0)	(512.4)	(453.7)
(Foreign registered investment trusts)	(68.4)	(80.5)	(74.5)	(108.3)	(71.1)
Fund wrap	74.8	93.1	92.1	84.9	105.6
Foreign bonds (*1)	657.0	638.8	690.4	794.8	787.3
(Foreign currency bonds)	(214.0)	(219.8)	(239.9)	(202.2)	(221.2)
Domestic bonds	1,021.8	1,357.8	794.8	1,094.1	1,041.6
(Retail target JGBs)	(132.0)	(184.4)	(178.3)	(349.4)	(129.1)
Public offering	51.1	117.5	88.8	238.0	35.8
Annuity / insurance	10.0	4.3	11.6	8.9	8.5
Total(*2)	2,376.5	2,794.9	2,238.4	2,868.7	2,529.5

(*1) Foreign bonds sales include already-issued bonds and yen-denominated foreign bonds.

(*2) include sale of fund w rap from FY 2017 1Q

◇ Market Share

	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
ECM Global Equity (*1)	19.9%	19.3%	18.6%	19.0%	9.9%
DCM All Bonds in Yen (*2)	20.4%	18.2%	16.8%	17.2%	19.5%
M&A Japan related (*3)	6.7%	14.7%	15.0%	14.3%	14.8%

(*1) Global Equity & Equity-Related-Japan : Book runner

(*2) All Bonds in Yen, Lead manager

(*3) Any Japanese involvement announced : Rank value

Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

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Source: prepared by THOMSON REUTERS

◇ Direct Channel Ratio (*1)

	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Based on number of transaction (Nikko EZ Trade)	92.9% (89.0%)	92.4% (88.8%)	91.1% (86.5%)	90.9% (86.7%)	92.2% (88.1%)
Based on commissions (Nikko EZ trade)	38.0% (26.2%)	28.3% (19.8%)	33.5% (22.6%)	24.9% (17.0%)	26.7% (17.7%)

(*1) Percentage of transactions via non-face-to-face channels in equities & CBs (brokerage & subscription) with individual clients.

◇ Brokerage Commissions Rate (*2)

(Billions of yen)	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Equity brokerage amount	6,178.5	6,226.4	7,197.9	6,952.2	7,295.9
Equity brokerage commissions (*3)	6.6	6.3	9.4	8.7	8.6
Equity commissions rate	9.4bp	8.9bp	11.5bp	11.1bp	10.8bp

(*2) "Equity brokerage amount" and "Equity commissions rate" in the table represent the total of cash and margin transactions.

(*3) on a consolidated basis

Operational Indicators -3

◇ Number of Accounts

【non-consolidated】

(Thousands of accounts)	FY2016				FY2017
	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17
Total accounts	2,739	2,759	2,775	2,801	2,813
Cash management accounts	2,405	2,426	2,446	2,473	2,486
Newly opened accounts	33	39	37	42	31

◇ Number of Branches

【non-consolidated】

	FY2016				FY2017
	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17
Branches	123	124	124	124	124

◇ Number of Employees

	FY2016				FY2017
	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17
Employees	10,352	10,325	10,198	10,112	10,698
Number of 4 overseas employees	443	457	467	480	491

- Overseas offices total is defined as the total of:
 - ✓ Employees of consolidated subsidiaries which are SMBC Nikko Securities (Hong Kong) and SMBC Nikko Securities (Singapore).
 - ✓ Employees of affiliated companies which are Securities Product Group of SMBC Nikko Capital Markets and SMBC Nikko Securities America.

