

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

SMBC Nikko Securities Inc.

January 30, 2018



## [ Reference Data ]

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The information contained in this document is based on data available as of January 30, 2018 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 (January 30, 2018) 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.

(\*) Information in this document does not include former SMBC Friend Securities Co. Ltd.'s financial result.

# Summary of business results for 3Q of the FY ending Mar. 2018

9 months to  
Dec.31 2017

- **Net operating revenue : ¥ 262.5 B (+16% Y on Y), Ordinary income : ¥ 72.4 B (+49%), Profit (\*1) : ¥ 49.5 B (+88%)**  
Along with higher stock prices globally from FY2017 1Q, expansion of equities' income contributed to increase in income and profit.
- Equity brokerage amount was ¥ 23.9 trillion (+22%).  
Aggregate sales of product was ¥ 7.5 trillion (+2%). Sale of foreign bonds was ¥ 2.2 trillion (+13%), investment trusts was ¥ 1.8 trillion (+4%), and fund wrap was ¥ 344.9 B (+33%).
- Underwriting commission was ¥ 22.6 B (-13%).  
League table rankings for Apr. 2017 - Dec. 2017  
5th place (\*2) in Global Equity & Equity-Related-Japan  
4th place (\*3) in All Bonds in Yen  
5th place (\*4) in terms of value and 1st in terms of number of deals for M&A announced deals
- SG&A was ¥ 193.0 B (+7%).
- As of the end of Dec. 2017, total assets was ¥ 11.3 trillion, net assets was ¥ 588.4 B, capital adequacy ratio (non-consolidated) was 325%, reflecting a sound financial base of the company.

FY ending  
Mar. 2018 3Q

- **Net operating revenue : ¥ 97.6 B (+18% Q on Q), Ordinary income : ¥ 30.5 B (+46%), Profit (\*1) : ¥ 20.6 B (+44%)**
- Aggregate sale of products was ¥ 2.7 trillion (+14%), domestic bonds was ¥ 991.7 B (+28%), and investment trusts was ¥ 661.3 B (+17%).

Billions of Yen	FY2017		Q on Q	9 months to Dec. 31 2016	9 months to Dec. 31 2017	Y on Y
	2Q	3Q				
Operating revenue	91.5	109.7	+20%	250.3	292.8	+17%
Net operating revenue	82.7	97.6	+18%	227.1	262.5	+16%
SG&A	62.4	68.2	+9%	181.1	193.0	+7%
Ordinary income / loss	20.9	30.5	+46%	48.6	72.4	+49%
Income before taxes	20.4	29.5	+45%	37.2	70.6	+90%
Profit / loss(*1)	14.3	20.6	+44%	26.3	49.5	+88%
	Mar.-end '17	Dec.-end '17	From Mar. -end '17	Dec.-end '16	Dec.-end '17	Y on Y
Total assets (Trillions of yen)	11.6	11.3	-0.3	10.7	11.3	+0.5
Total net assets (Billions of yen)	544.2	588.4	+44.2	520.6	588.4	+67.8

(\*1) profit attributable to owners of parent

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

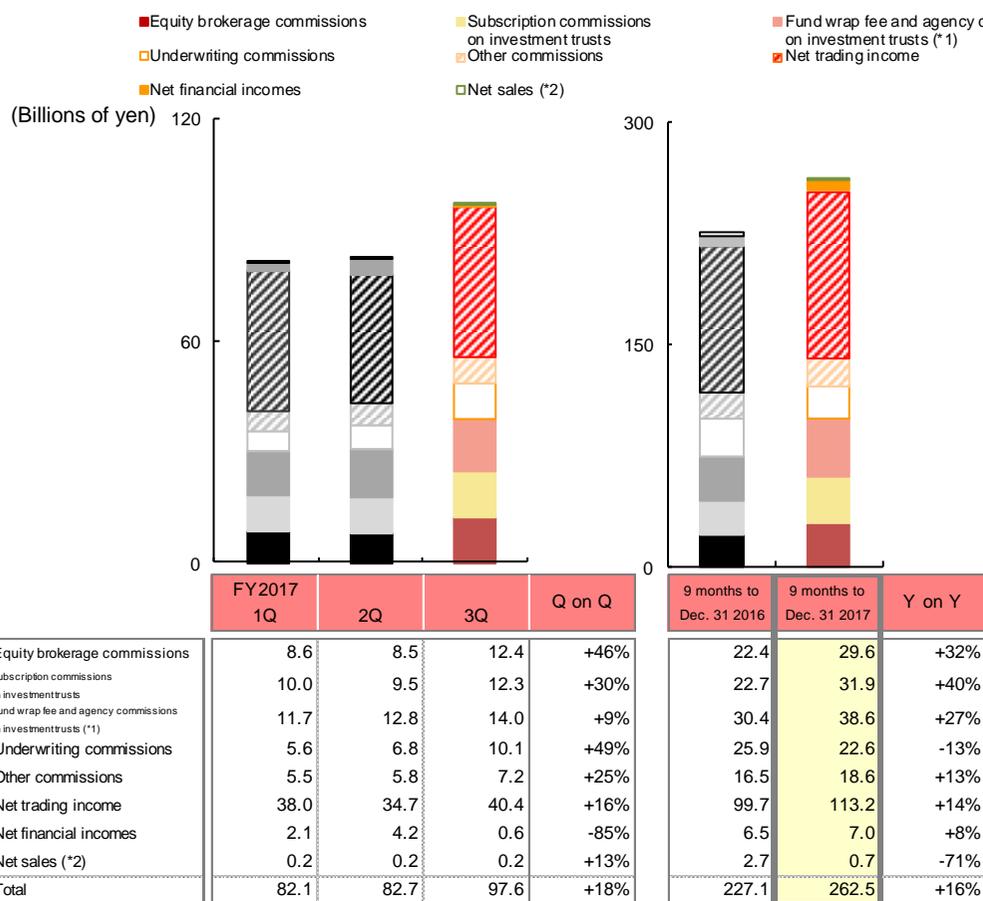
(\*3) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

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

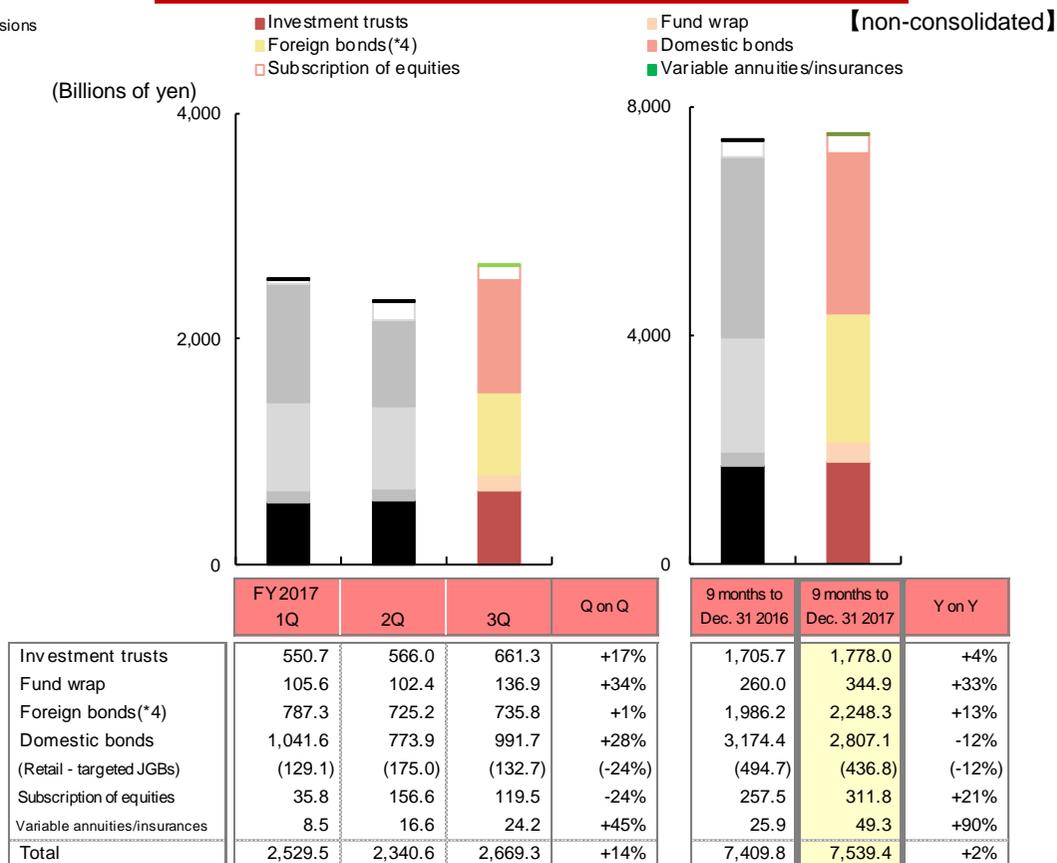
# Net operating revenue / Product sales

- ◇ Net operating revenue for this quarter was ¥ 97.6 B (+18% Q on Q), aggregate sale of products was ¥ 2,669.3 B (+14%). Due to the bullish market, equity brokerage commissions, subscription commissions on investment trusts, and net trading income of equities contributed to increase in income.
- ◇ For the 9 months ended Dec. 2017, net operating revenue was ¥ 262.5 B (+16% Y on Y), aggregate sales of product was ¥ 7,539.4 B (+2%). Net operating revenue has kept uptrend in income Y on Y, since FY2017 1Q.

## Net operating revenue



## Product Sales(\*3)



(\*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.

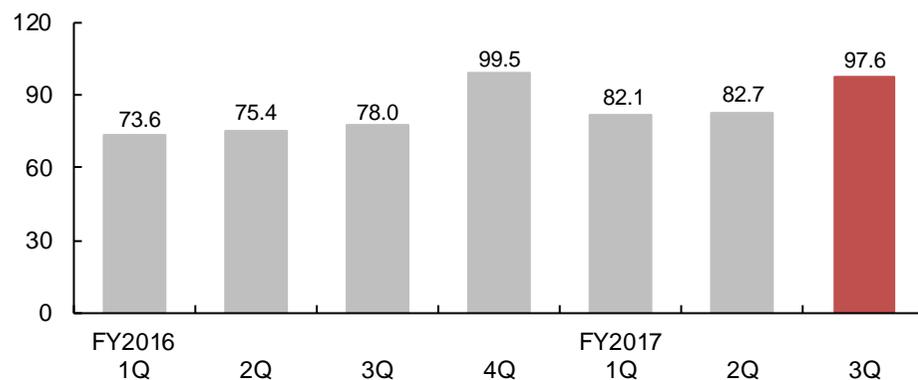
(\*2) other sales minus cost of sales (\*3) including sale of fund wrap from FY 2017 1Q

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

# Business Results (Quarterly Trend)

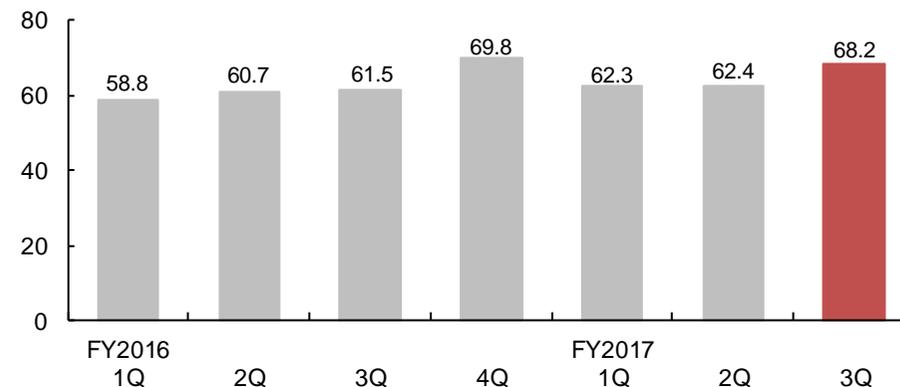
## Net operating revenue

(Billions of yen)



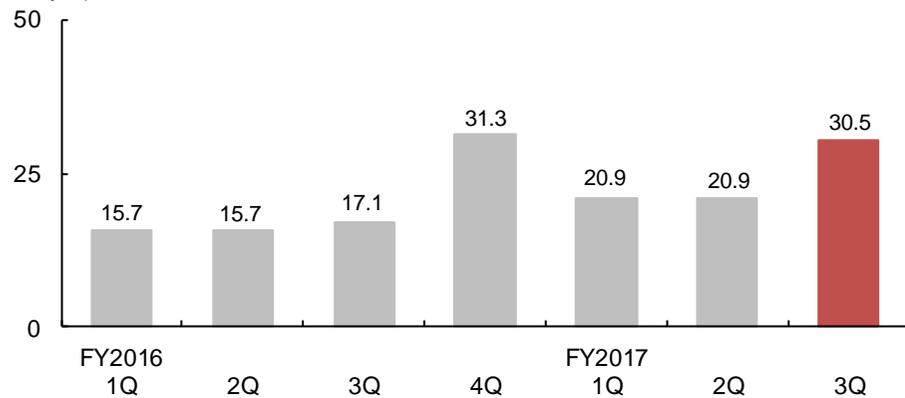
## SG&A

(Billions of yen)



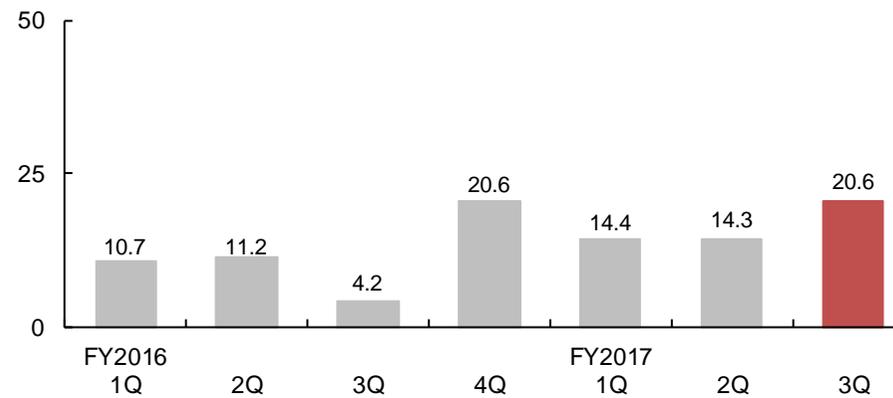
## Ordinary income

(Billions of yen)



## Profit (\*)

(Billions of yen)



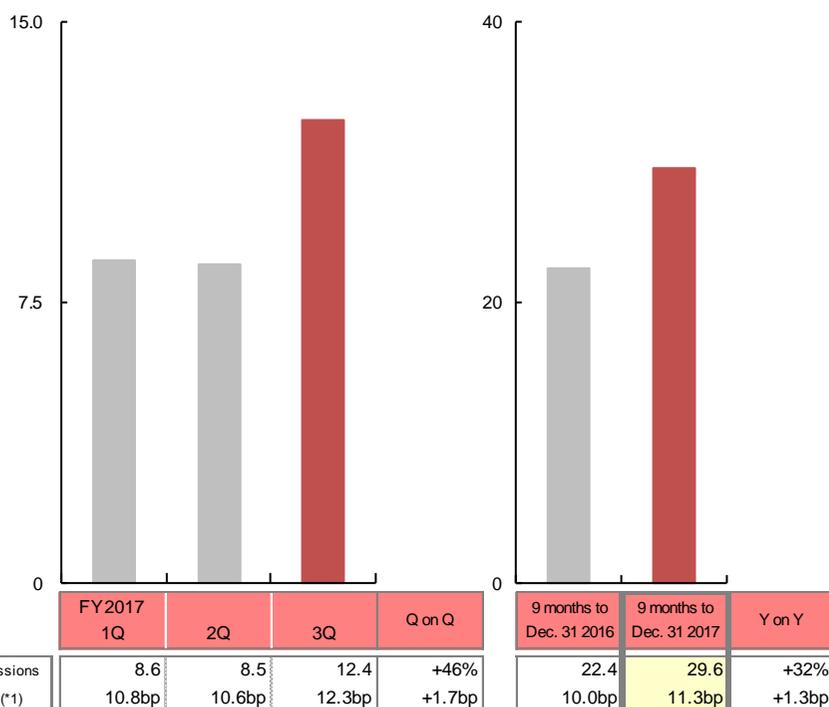
(\*) profit attributable to owners of parent

# Equity brokerage commissions

- ◇ Equity brokerage amount for this quarter was ¥ 9,242.7 B (+26% Q on Q), and equity brokerage commissions was ¥ 12.4 B (+46%).  
Due to retail customers' active trading, retail market share and TSE share were expanded.
- ◇ For the 9 months ended Dec. 2017, equity brokerage amount was ¥ 23,892.8 B (+22% Y on Y), and equity brokerage commissions was ¥ 29.6 B (+32%).

## Equity brokerage commissions

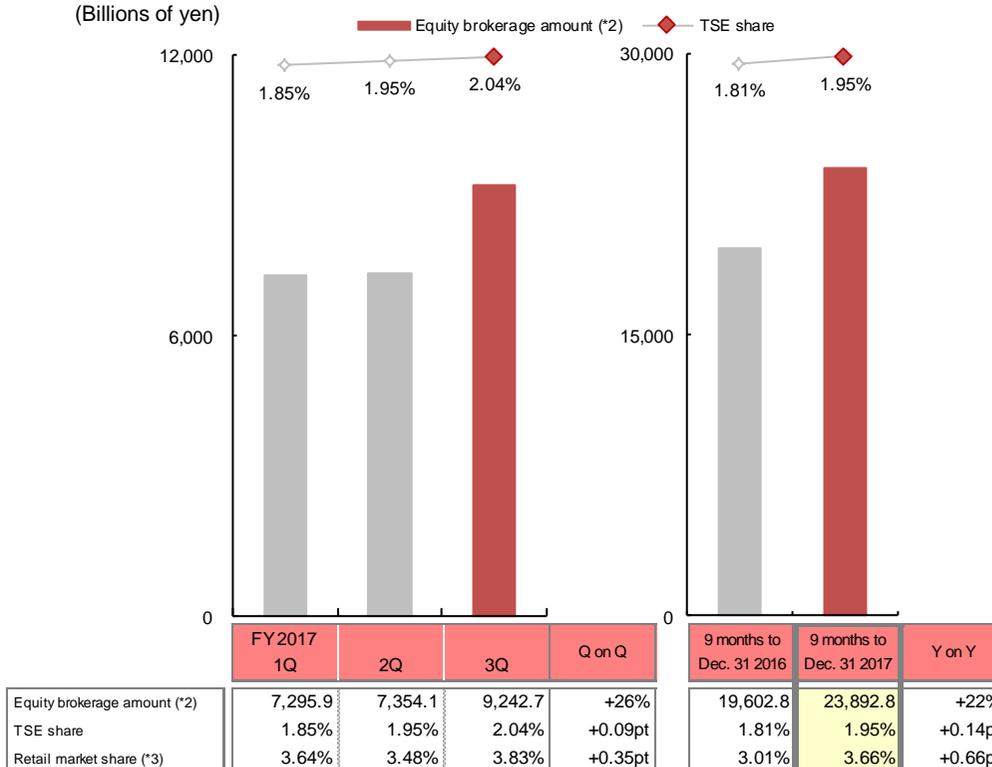
(Billions of yen)



## Equity brokerage amount / TSE share

(Billions of yen)

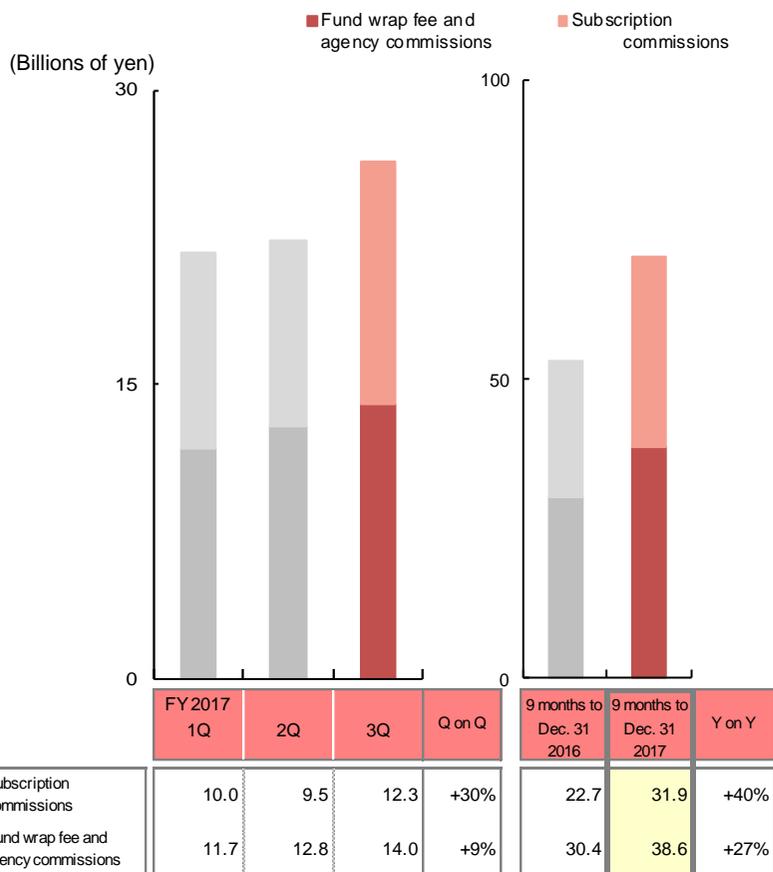
【non-consolidated】



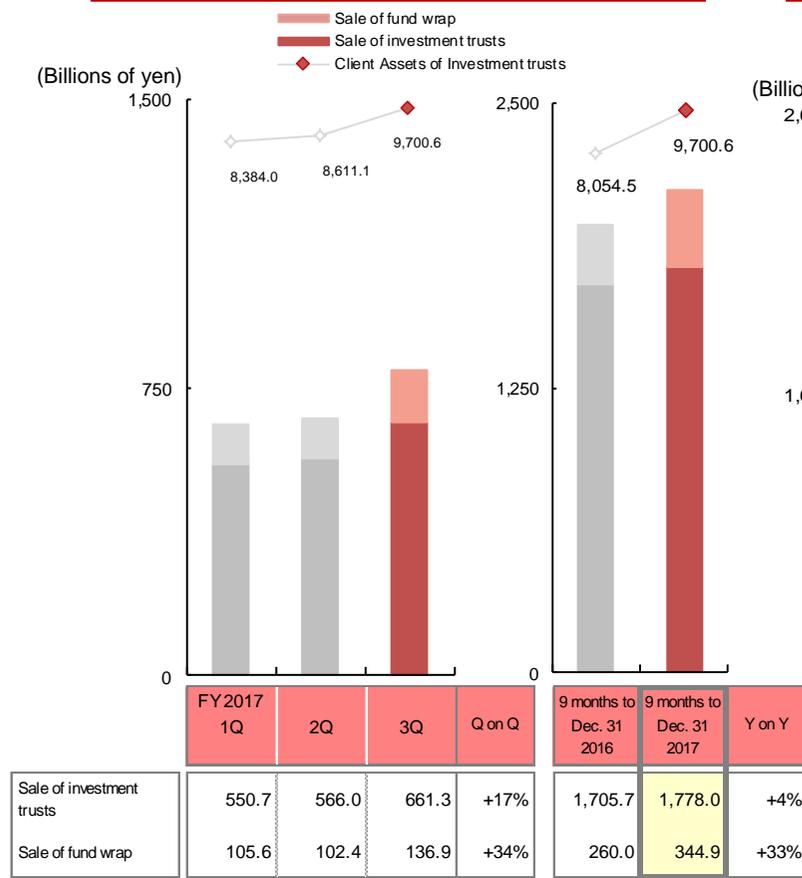
# Commissions on investment trusts and fund wrap

- ◇ Sale of investment trusts for this quarter was ¥ 661.3 B (+17% Q on Q), subscription commissions on investment trusts was 12.3 B (+30%). Increase of sale of stock investment trusts led to total increase of subscription commissions compare to the previous quarter.
- ◇ For the 9 months ended Dec. 2017, sale of investment trusts was ¥ 1,778.0 B (+4% Y on Y), subscription commissions on investment trusts was ¥ 31.9 B (+40%). Client assets including fund wrap was ¥ 9,700.6 B (+13%), fund wrap fee and agency commissions was ¥ 38.6 B (+27%).

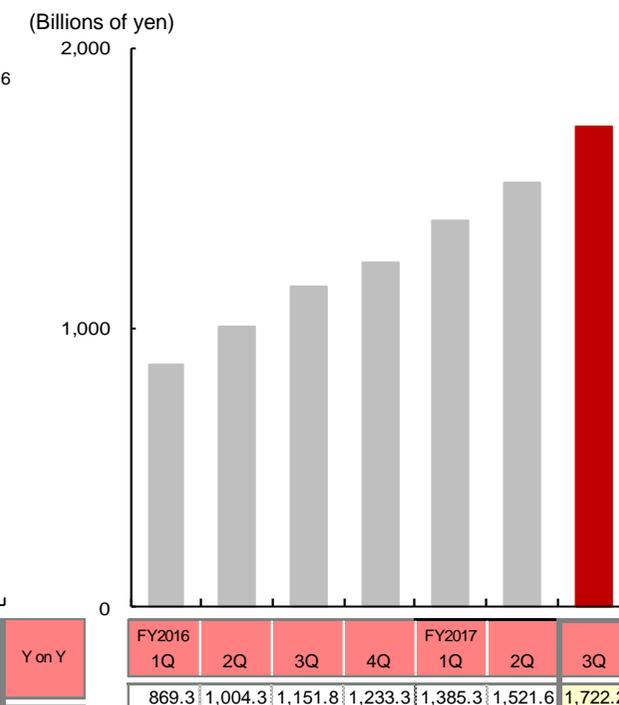
## Subscription commissions (\*1)



## Sales / Client Assets of Investment trusts



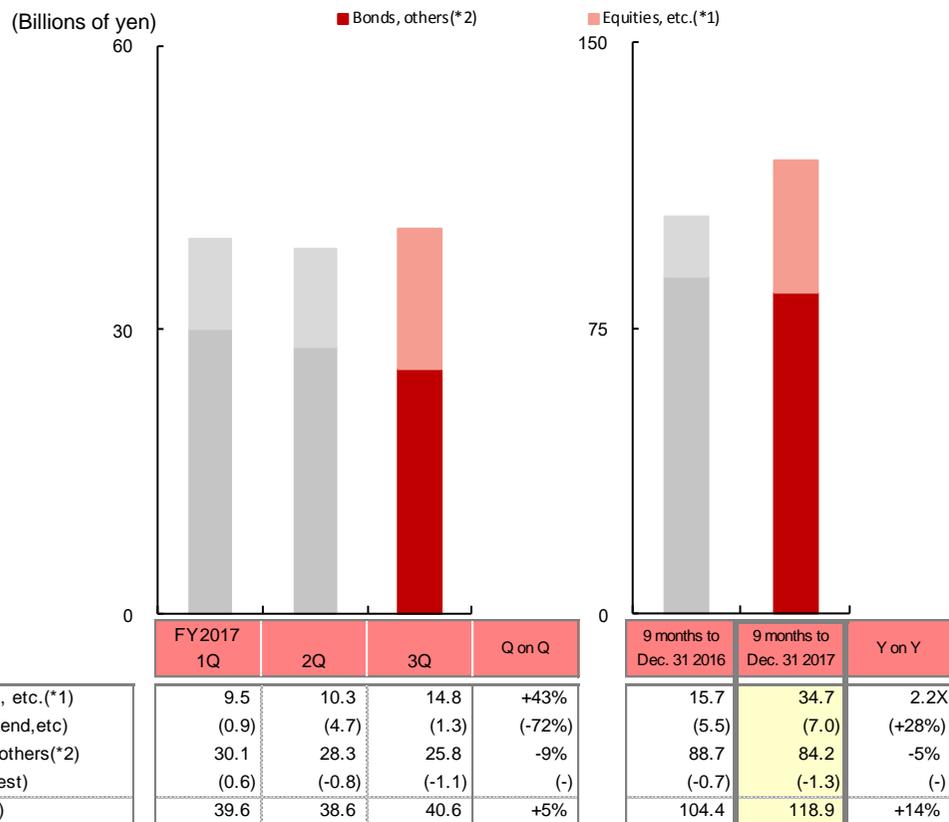
## Client Assets of Fund wrap (\*2)



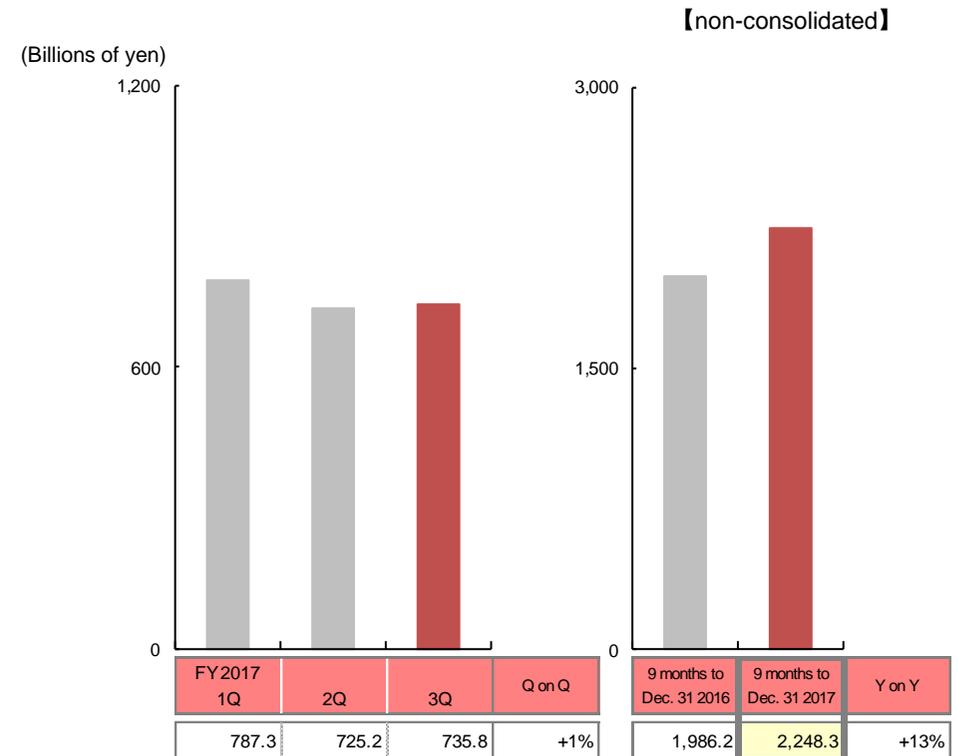
# Net trading income

- ◇ Net trading income (adjusted net financial income) for this quarter was ¥ 40.6 B (+5% Q on Q).  
Net trading income of equities increased along with higher stock price. The sale of foreign bonds was ¥ 735.8 B (+1%), remained at high level.
- ◇ For the 9 months ended Dec. 2017, net trading income (adjusted net financial income) was ¥ 118.9 B (+14% Y on Y).

## Net trading income (adjusted net financial income)



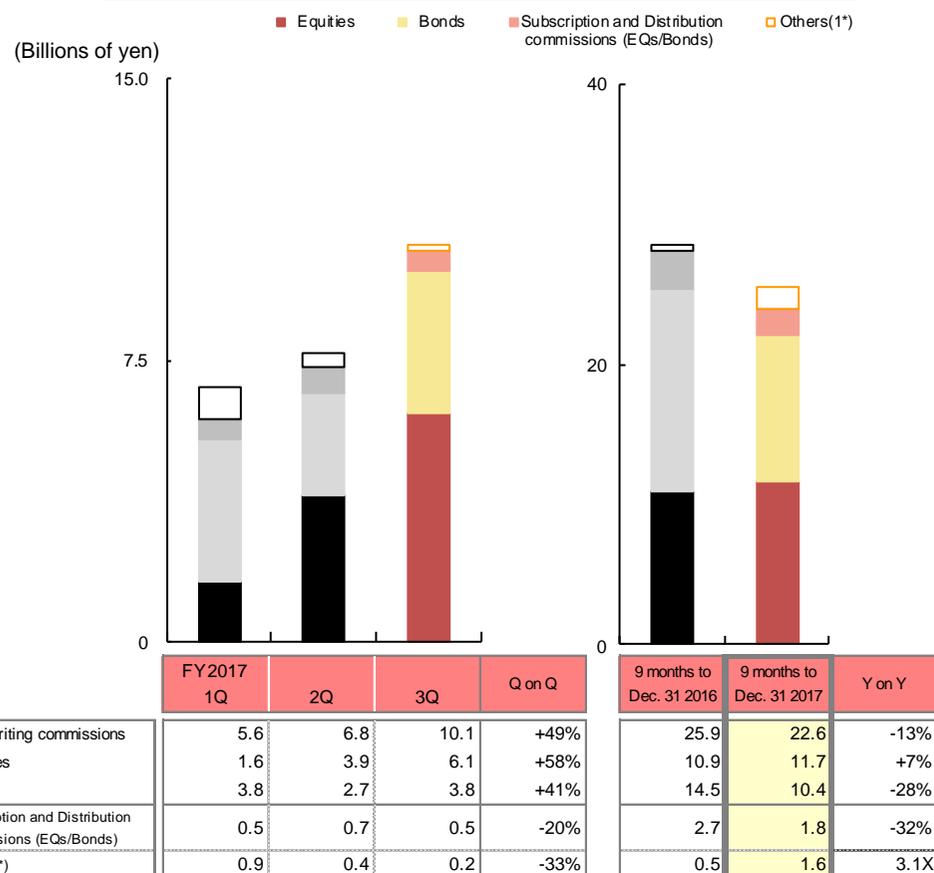
## Sale of foreign bonds



# Underwriting commissions (Equities / Bonds)

- ◇ Underwriting commissions for this quarter was ¥ 10.1 B (+49% Q on Q).
- ◇ For Apr. 2017 - Dec. 2017, book runner in Global Equity & Equity-Related-Japan: share 8.6% in 5th place, underwriter in IPO: 4th place in terms of number of deals and, 4th place in terms of proceeds, lead manager in All Bonds in Yen: share 16.9% in 4th place.

## Underwriting commissions (Equities / Bonds)



## Global Equity & Equity-Related-Japan (\*2) Apr. 2017 - Dec. 2017

Rank	Book runner	Proceeds (bill of yen)	Mkt.Share (%)
1	Nomura	920.3	24.6%
2	Daiwa	723.7	19.3%
3	Mitsubishi UFJ Morgan Stanley	544.5	14.6%
4	Mizuho	520.5	13.9%
5	SMBC Nikko	321.2	8.6%

## IPO (\*3) Apr. 2017 - Dec. 2017

Rank	Book runner	No. Deals	Rank	Underwriter	Proceeds (bill of yen)
1	Nomura	16	1	Nomura	95.8
2	Daiwa Securities Group Inc	12	2	Daiwa Securities Group Inc	93.8
2	Mizuho Financial Group	12	3	Morgan Stanley	70.6
4	Sumitomo Mitsui Financial Group	10	4	Sumitomo Mitsui Financial Group	49.9
5	SBI Holdings	5	5	Mizuho Financial Group	43.8

## All Bonds in Yen (\*4) Apr. 2017 - Dec. 2017

Rank	Manager	Proceeds (bill of yen)	Mkt.Share (%)
1	Mitsubishi UFJ Morgan Stanley	3,182.0	21.1%
2	Mizuho	3,060.7	20.3%
3	Nomura	2,734.3	18.1%
4	SMBC Nikko	2,552.4	16.9%
5	Daiwa	2,436.7	16.2%

(\*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 - Dec. 2017 in the league table of M&A financial advisor for Japanese involvement announced deals:  
With 153 deals acquired in total, ranked 5th in terms of value (market share 9.1%) and 1st in terms of number of deals (market share 5.6%).

#### Financial Advisor Rank value basis Apr. 2017 - Dec. 2017

Rank	Advisor	Rank value (bill of yen)	Mkt.Share (%)
1	Nomura	3,912.6	31.4%
2	Morgan Stanley	3,116.3	25.0%
3	Goldman Sachs	2,718.5	21.8%
4	Credit Suisse	2,652.7	21.3%
5	Sumitomo Mitsui Financial Group	1,130.8	9.1%

#### Financial Advisor No. of deals Apr. 2017 - Dec. 2017

Rank	Advisor	No. Deals	Mkt.Share (%)
1	Sumitomo Mitsui Financial Group	153	5.6%
2	Mizuho Financial Group	151	5.5%
3	Nomura	76	2.8%
4	KPMG	40	1.5%
4	Kaede Group	40	1.5%

#### Major announced deals Apr. 2017 – Dec. 2017

##### HKE Holdings G.K. (Kohlberg Kravis Roberts & Co. L.P.) / Hitachi Kokusai Electric Inc.

HKE Holdings G.K., an entity owned by KKR investment funds completed tender offer for Hitachi Kokusai, a subsidiary of Hitachi, to make Hitachi Kokusai a wholly-owned subsidiary. (SMBC Nikko serves as advisor for KKR and TOB agent for HKE Holdings.)

##### 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 advisor for Sawai Pharmaceutical.)

##### Toyota / Mazda

Toyota Motor Corporation and Mazda Motor Corporation signed an agreement to enter a business and capital alliance. The companies mutually acquired shares : Mazda acquired Toyota shares through a disposition of treasury stock implemented by Toyota, and Toyota acquired shares of common stock issued by Mazda. (SMBC Nikko serves as advisor for Mazda.)

##### Tokai Carbon / SGL GE Holding GmbH (Showa Denko)

SHOWA DENKO K.K. agreed to transfer SGL GE's US business to Tokai Carbon Co., Ltd., (SMBC Nikko and Moelis & Company serve as advisor for Showa Denko.)

##### Polaris Capital Group / LB (Asahi Group Holdings)

Asahi Group Holdings, Ltd. transferred all the issued shares of LB Co.,Ltd. to ALP Holdings, Ltd., a special purpose company set up among funds which are under management of Polaris Capital Group. (SMBC Nikko serves as advisor for Asahi Group Holdings.)

##### Kao USA Inc. (Kao) / Oribe Hair Care, LLC

Kao acquired Oribe Hair Care, LLC through Kao USA Inc., a subsidiary of Kao in US. (SMBC Nikko and SMBC Nikko securities America serve as advisor for Kao.)

# Business collaboration with Sumitomo Mitsui Banking Corporation

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

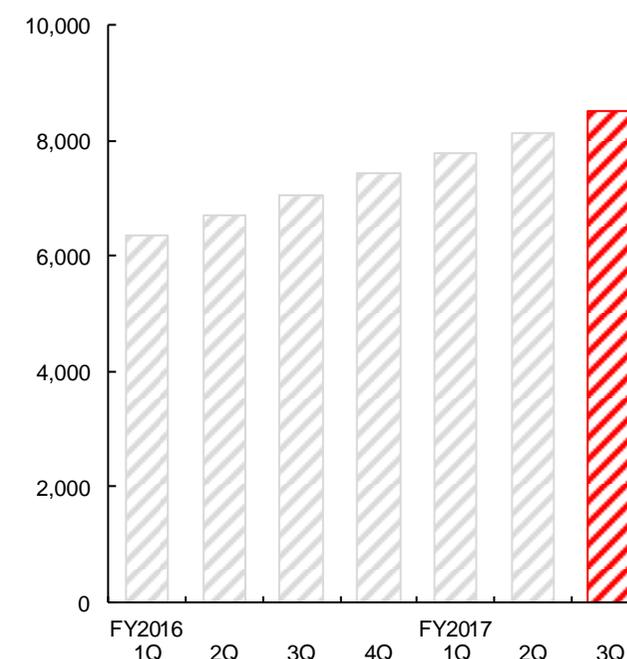
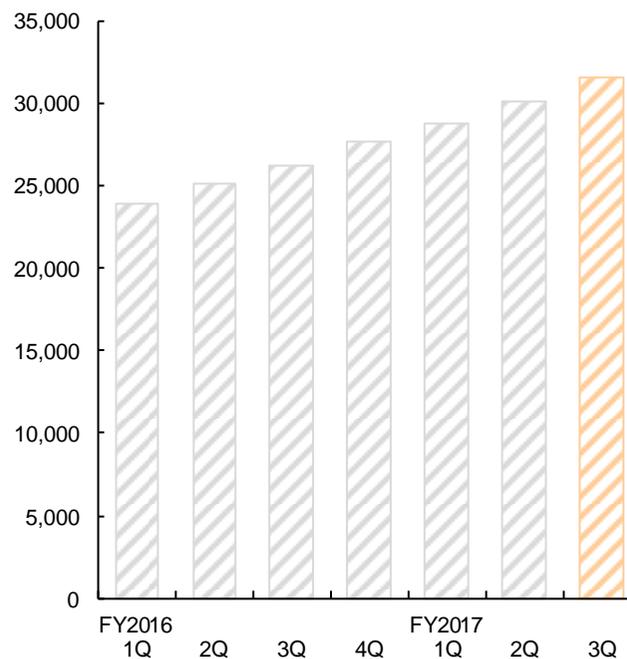
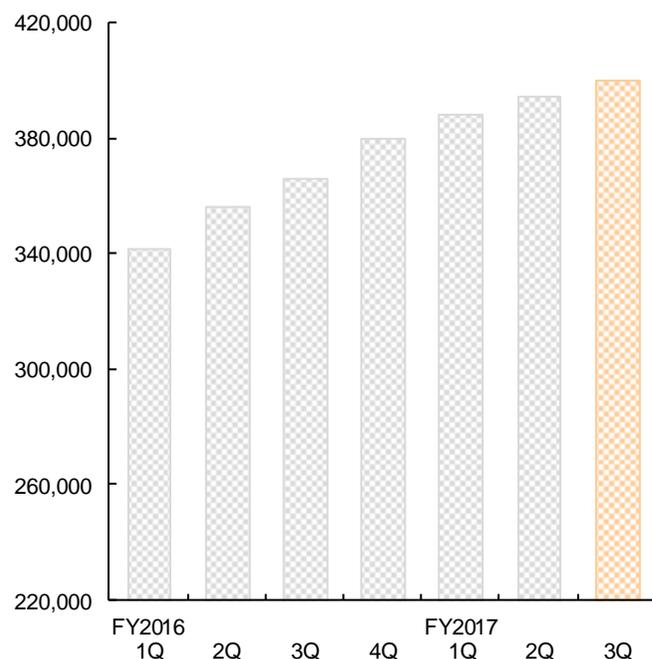
## Asset management (Referral service and financial products intermediary service (\*1))

## 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.

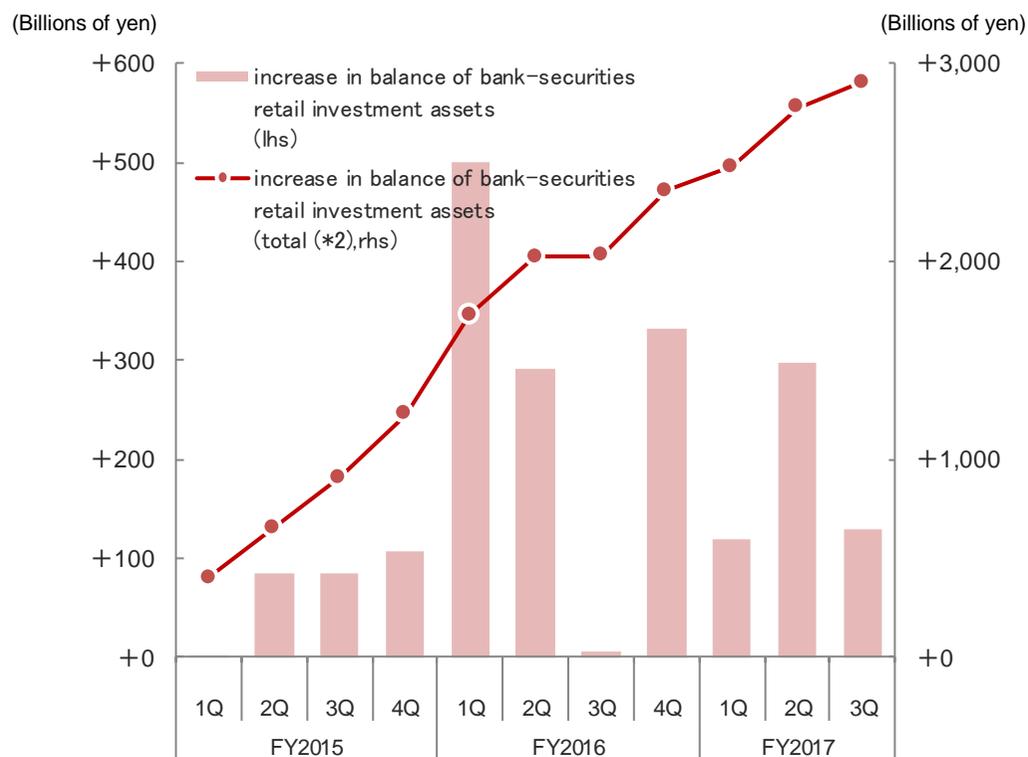
(\*2) The number of accounts at the end of each quarter with regards to individual customer who either was referred by SMBC to SMBC Nikko or opened an account with SMBC Nikko via SMBC's financial products intermediary service.

(\*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.

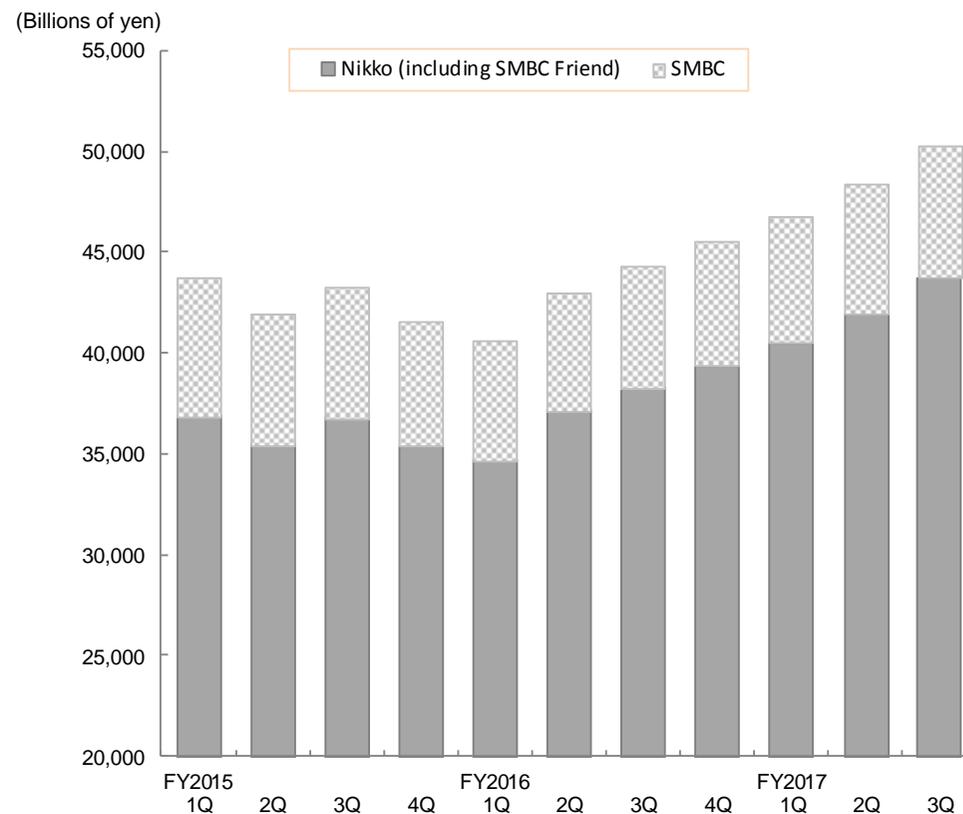
# 【Reference】 Sum of bank-securities retail investment assets

◇ 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)

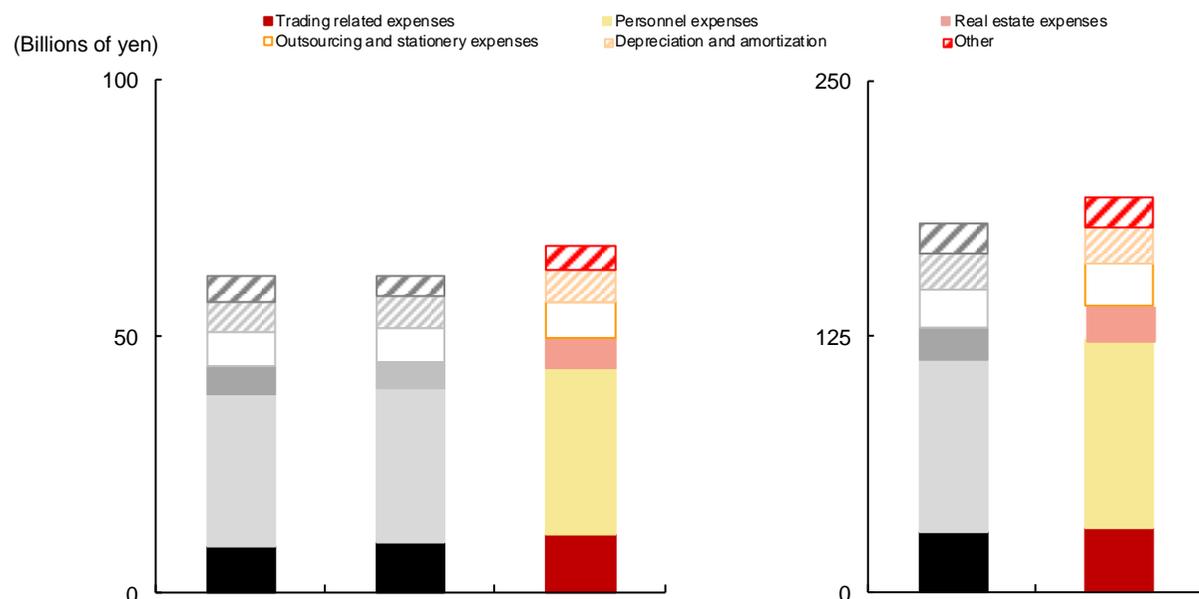


(\*1) Sum of retail investment assets (foreign deposit, investment trusts, single premium life insurance) change of SMBC and investment assets (net inflow of assets) change at the sales division (retail) of Nikko

(\*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 for this quarter was ¥ 68.2 B (+9% Q on Q).
- ◇ For the 9 months ended Dec. 2017, SG&A was ¥ 193.0 B (+7% Y on Y), personnel expenses linked to company operations have increased.



(Billions of yen)	FY2017 1Q	2Q	3Q	Q on Q	9 months to Dec. 31 2016	9 months to Dec. 31 2017	Y on Y
Trading related expenses	9.3	9.8	11.2	+13%	29.7	30.4	+2%
Personnel expenses	29.5	30.2	32.9	+9%	84.7	92.8	+10%
Real estate expenses	5.5	5.3	5.6	+5%	15.6	16.5	+6%
Outsourcing and stationery expenses	6.6	6.6	7.2	+10%	18.3	20.5	+12%
Depreciation and amortization	5.9	6.0	6.1	+1%	17.8	18.2	+2%
Other	5.2	4.1	4.9	+18%	14.7	14.3	-3%
<b>SG&amp;A/ Fixed expense</b>	<b>62.3</b>	<b>62.4</b>	<b>68.2</b>	<b>+9%</b>	<b>181.1</b>	<b>193.0</b>	<b>+7%</b>
<b>SG&amp;A/ Net operating revenue</b>	<b>76%</b>	<b>75%</b>	<b>70%</b>	<b>- 6pt</b>	<b>80%</b>	<b>74%</b>	<b>- 6pt</b>

# Balance Sheet / Capital Adequacy Ratio

(Billions of Yen)	Mar.17	Dec.17	Variance
Current assets	11,429.1	11,080.0	-349.1
Trading products	4,058.3	3,413.3	-644.9
Loans secured by securities	5,233.1	5,432.5	+199.4
Other current assets	2,137.6	2,234.0	+96.4
Noncurrent assets	258.3	267.4	+9.1
Tangible assets	25.3	25.1	-0.2
Intangible assets	78.4	74.8	-3.6
Investments and other assets	154.4	167.4	+13.0
<b>Total assets</b>	<b>11,687.4</b>	<b>11,347.5</b>	<b>-339.9</b>
Current liabilities	10,354.9	10,042.3	-312.5
Trading products	2,571.5	2,513.0	-58.4
Loans payable secured by securities	5,444.1	5,456.7	+12.5
Short-term loans payable / Commercial papers	1,438.4	1,263.4	-174.9
Other current liabilities	900.8	809.0	-91.7
Noncurrent liabilities / Reserves under the special laws	788.2	716.6	-71.5
<b>Total liabilities</b>	<b>11,143.1</b>	<b>10,759.0</b>	<b>-384.1</b>
<b>Total net assets</b>	<b>544.2</b>	<b>588.4</b>	<b>+44.2</b>
<b>Total liabilities and net assets</b>	<b>11,687.4</b>	<b>11,347.5</b>	<b>-339.9</b>

【non-consolidated】

(Billions of Yen)	Mar.17	Dec.17	Variance
Basic items	496.1	529.0	+32.9
Supplementary items	117.9	124.2	+6.3
Deductible assets	158.6	160.3	+1.6
Net capital	455.4	493.0	+37.6
Risk total	137.6	151.9	+14.2
Market Risk	57.1	65.5	+8.4
Counterparty Risk	21.3	21.5	+0.2
Basic Risk	59.2	64.7	+5.5
<b>Capital Adequacy Ratio</b>	<b>331%</b>	<b>325%</b>	<b>-6pt</b>

【non-consolidated】

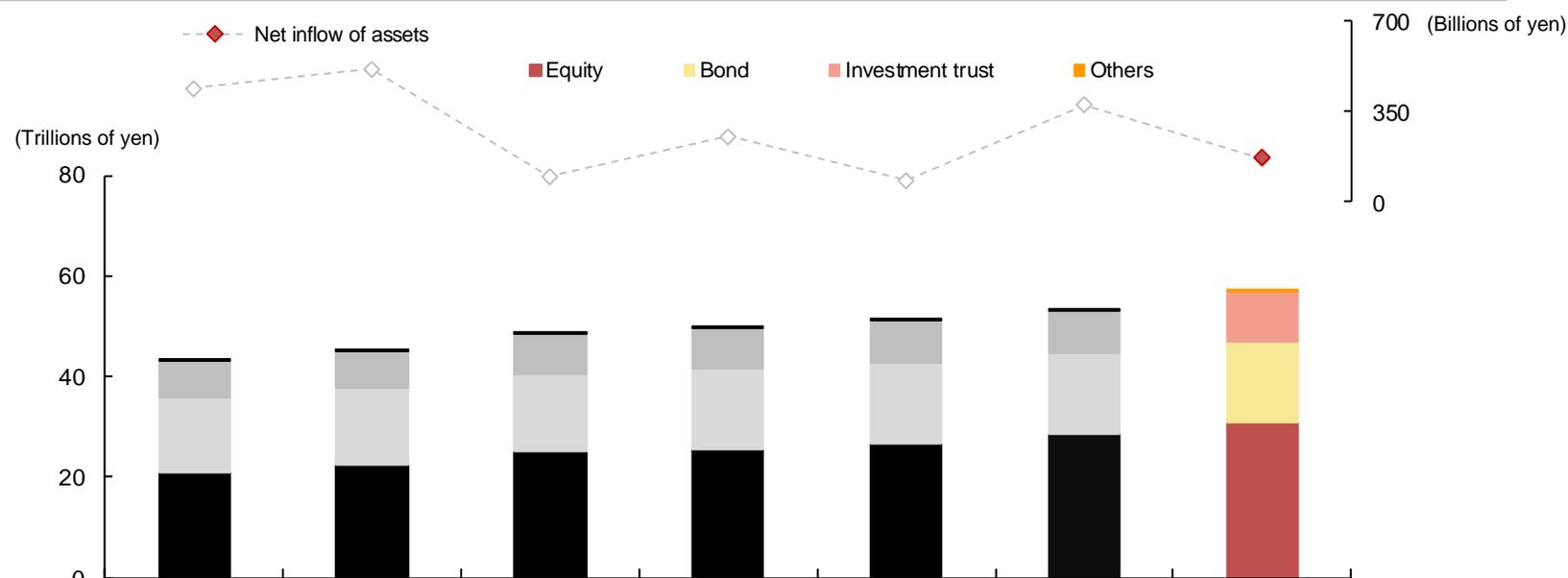
Credit ratings on Long Term (as of Jan 30, 2018)

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

# Client Assets / Net Inflow of Assets

【non-consolidated】

- ◇ Overall client assets at the end of Dec. 2017 was ¥ 57.2 trillion (+7% Q on Q).
- ◇ Net inflow of assets at sales division for this quarter was ¥ 167.1 B.



(Trillions of yen)

	FY2016				FY2017			
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	
Equity	21.0	22.5	25.1	25.7	26.8	28.4	31.0	
Bond	14.9	15.3	15.4	15.9	16.0	16.2	16.0	
Investment trust	7.1	7.4	8.1	8.1	8.4	8.6	9.7	
Others	0.3	0.4	0.4	0.4	0.4	0.4	0.4	
Client assets	43.3	45.5	49.0	50.0	51.6	53.6	57.2	

(Billions of yen)

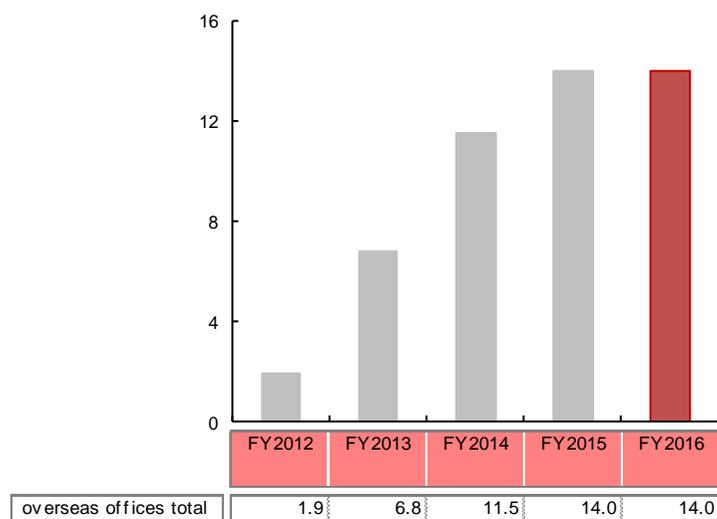
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net inflow (outflow) of assets <sales division>(*)	438.2	513.2	98.0	252.4	82.4	376.8	167.1
Inflow of assets	1,410.2	1,348.0	1,107.3	1,575.8	1,096.8	1,475.0	1,437.7
Outflow of assets	-972.0	-834.8	-1,009.3	-1,323.4	-1,014.4	-1,098.2	-1,270.6

# Business Trends of Overseas Offices

- ◇ Earnings based on managerial accounting for this quarter was ¥ 3.3 B (+46% Q on Q).
- ◇ Even though influenced by overseas financing of global issuers, earnings based on managerial accounting steadily changed.

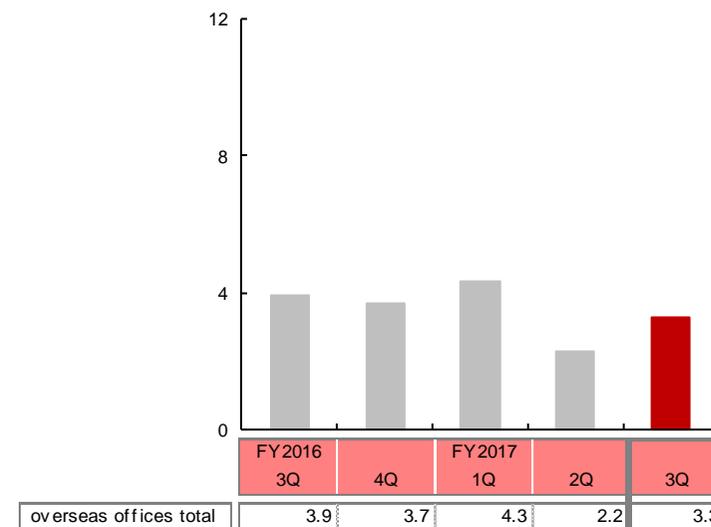
## Earnings based on managerial accounting Annual trend

(Billions of yen)



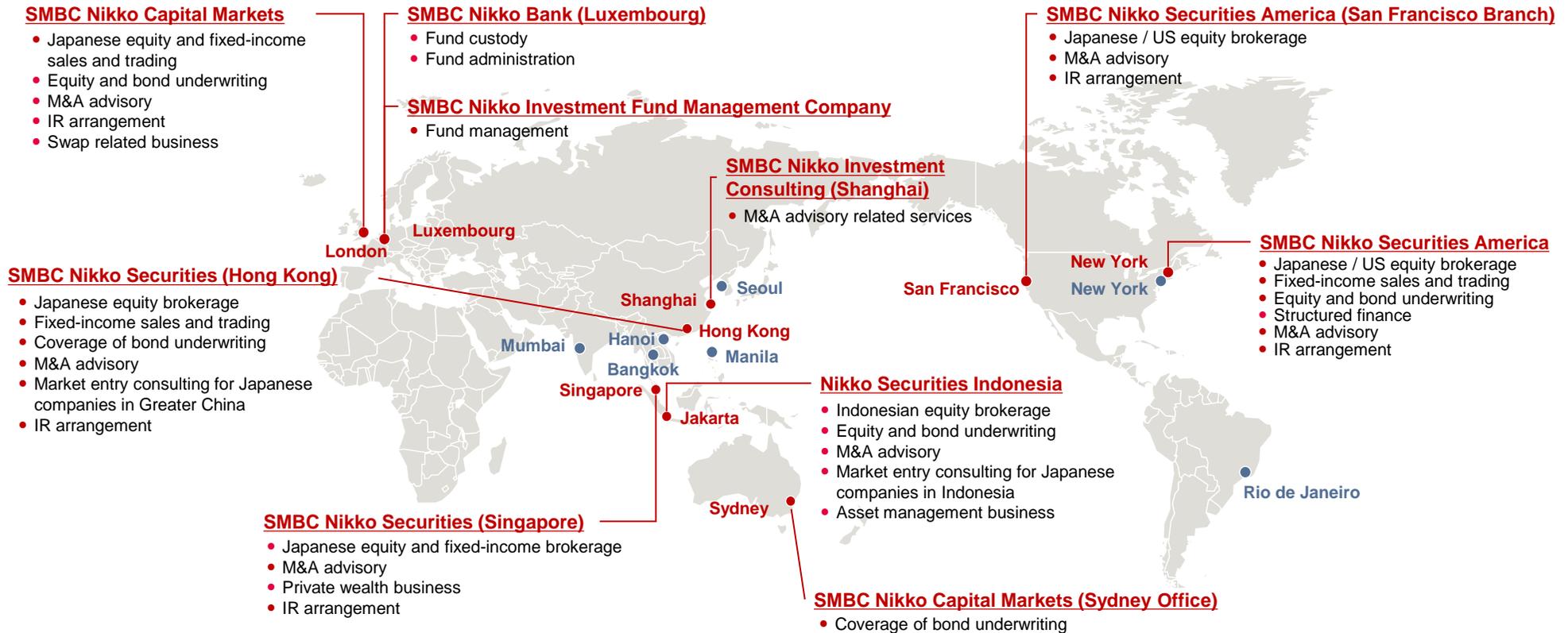
## Earnings based on managerial accounting Quarterly trend

(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 Financial Services, Inc.(subsidiary of SMBC) 80.00%)

# Overseas Network



**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

## 100th Anniversary

SMBC Nikko was founded as “Kawashimaya Shoten” on July 7, 1918 and marks its 100th anniversary this year. With great gratitude for the support of our many customers for all these years, we will look forward to build a new century with our customers by keeping customer-oriented business and answering the needs of the times, under our brand slogan of “Share the Future.”



## AI and Big Data Utilization

### ■ Margin Premium Interest Forecast

By using big data analysis, the forecast will predict the probability of margin maintenance and rates on a monthly basis. The data can be used as a pre-trading tool for margin trading and will be sent to clients with a registered e-mail address. We plan to release an official version after the first half of the next fiscal year.

### ■ AI Stock Trend Forecast

The AI model will screen news and press releases which can have material impact on short-term price fluctuations. This data will be used as an over lay with multiple analyst forecasts and the results will be sent to clients with a registered e-mail address. We plan to release an official version after the first half of the next fiscal year.

### ■ Voice - Text Conversion

In order to improve company compliance and realize “work style reform” to improve work efficiency, a new AI system named U3 COGNI, which is a BPO service be able to convert speech voice into the text information, will be introduced from NEXTGEN by the end of this March.

## Merger with SMBC Friend Securities Co. Ltd.

SMBC Nikko Securities Inc. have merged with SMBC Friend Securities Co. Ltd. (SMBC Friend) and started operation as SMBC Nikko Securities Inc. (SMBC Nikko) on January 1, 2018.

As a full-line securities company of Sumitomo Mitsui Financial Group, the new SMBC Nikko will provide customers with more excellent securities services while capitalizing on the each strength of the former SMBC Nikko and SMBC Friend.

- design concept for poster-

The poster represents the merger by two corporate colors that red (SMBC Nikko) and fresh green (SMBC Friend) to unite and proceed by sharing the same future.



## Sports Promotion

### ■ Certificated “Tokyo Sports Promotion Company 2017”

SMBC Nikko was certified as Tokyo Sports Promotion Company 2017, hosted by Tokyo metropolitan government, which company promotes sports activity for employees and contributes to society through sports activity.



### ■ Certificated “Sports Yell Company 2017”

SMBC Nikko was certified as Sports Yell Company 2017 by Japan Sports Agency as a company that actively promotes sports for employee’s health.



# Reference Data

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Share the Future  
SMBC NIKKO

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# Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating revenue	81,013	82,070	87,298	110,849	91,483	91,543	109,773
Commissions received	35,335	42,582	40,261	58,983	41,726	43,495	56,257
Brokerage commissions	7,390	6,753	10,167	9,136	9,165	8,821	12,822
Underwriting and distribution commissions	7,518	12,182	6,237	18,061	5,659	6,820	10,180
Flotation and distribution fees	7,529	9,192	8,854	14,687	10,656	10,304	12,948
Other commissions	12,898	14,452	15,002	17,098	16,243	17,549	20,306
Net trading income	36,757	27,294	35,706	35,621	38,008	34,770	40,493
Equities	4,313	161	5,756	6,741	8,568	5,569	13,506
Bonds / Others	32,444	27,132	29,950	28,880	29,439	29,200	26,987
Financial revenue	5,385	8,511	7,633	10,731	9,600	10,988	10,669
Other sales	3,534	3,683	3,696	5,512	2,148	2,288	2,352
Financial expenses	4,653	4,101	6,269	6,506	7,462	6,769	10,025
Cost of sales	2,674	2,547	2,943	4,767	1,856	2,057	2,090
Net operating revenue	73,685	75,422	78,085	99,576	82,164	82,716	97,657
SG&A	58,814	60,720	61,599	69,830	62,353	62,418	68,254
Operating income / loss	14,870	14,701	16,485	29,745	19,811	20,297	29,402
Ordinary income / loss	15,750	15,750	17,195	31,368	20,960	20,938	30,531
Extraordinary income / loss	-497	298	-11,277	-2,103	-372	-517	-931
Income before income taxes	15,252	16,049	5,917	29,265	20,587	20,420	29,599
Income taxes	4,499	4,760	1,632	8,635	6,093	6,054	8,918
Profit / loss	10,753	11,289	4,285	20,630	14,493	14,365	20,681
Profit attributable to owners of parent	10,750	11,281	4,279	20,631	14,491	14,365	20,677

# Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating revenue	75,119	75,977	80,448	102,913	86,651	86,282	104,225
Commissions received	33,132	40,334	37,326	56,737	39,243	40,737	53,276
Brokerage commissions	6,679	6,081	9,155	8,606	8,449	8,149	12,055
Underwriting and distribution commissions	7,518	12,182	6,237	18,061	5,659	6,820	10,180
Flotation and distribution fees	7,459	9,178	8,834	14,633	10,594	10,281	12,925
Other commissions	11,475	12,892	13,098	15,435	14,540	15,485	18,114
Net trading income	36,757	27,294	35,706	35,619	38,006	34,770	40,492
Equities	4,313	161	5,756	6,741	8,568	5,569	13,506
Bonds / Others	32,444	27,132	29,950	28,878	29,437	29,200	26,985
Financial revenue	5,228	8,349	7,416	10,556	9,401	10,773	10,456
Financial expenses	4,535	3,987	6,123	6,342	7,315	6,609	9,856
Net operating revenue	70,584	71,990	74,325	96,570	79,336	79,672	94,368
SG&A	57,762	59,099	59,207	68,349	61,189	60,978	65,815
Operating income / loss	12,821	12,890	15,118	28,221	18,146	18,693	28,552
Ordinary income / loss	13,097	13,402	15,115	28,937	18,348	19,228	28,764
Extraordinary income / loss	-500	302	-11,277	-1,926	-372	-517	-943
Income before income taxes	12,596	13,704	3,837	27,010	17,975	18,710	27,821
Income taxes	3,887	4,234	1,209	8,384	5,460	5,676	8,571
Profit / loss	8,709	9,470	2,628	18,625	12,515	13,034	19,249

# Operational Indicators -1

【non-consolidated】

## ◇ Sales of Products

(Billions of yen)	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Investment trusts	561.9	583.2	560.6	647.9	550.7	566.0	661.3
(Equity investment trusts)	( 392.8 )	( 471.3 )	( 420.0 )	( 512.4 )	( 453.7 )	( 462.0 )	( 542.0 )
(Foreign registered investment trusts)	( 68.4 )	( 80.5 )	( 74.5 )	( 108.3 )	( 71.1 )	( 88.3 )	( 102.8 )
Fund wrap	74.8	93.1	92.1	84.9	105.6	102.4	136.9
Foreign bonds (*1)	657.0	638.8	690.4	794.8	787.3	725.2	735.8
(Foreign currency bonds)	( 214.0 )	( 219.8 )	( 239.9 )	( 202.2 )	( 221.2 )	( 256.6 )	( 153.4 )
Domestic bonds	1,021.8	1,357.8	794.8	1,094.1	1,041.6	773.9	991.7
(Retail target JGBs)	( 132.0 )	( 184.4 )	( 178.3 )	( 349.4 )	( 129.1 )	( 175.0 )	( 132.7 )
Public offering	51.1	117.5	88.8	238.0	35.8	156.6	119.5
Annuity / insurance	10.0	4.3	11.6	8.9	8.5	16.6	24.2
Total (*2)	2,376.5	2,794.9	2,238.4	2,868.7	2,529.5	2,340.6	2,669.3

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

(\*2) include sale of fund wrap from FY 2017 1Q

## ◇ Market Share

	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
ECM Global Equity (*1)	19.9%	19.3%	18.6%	19.0%	9.9%	6.2%	8.6%
DCM All bonds in Yen (*2)	20.4%	18.2%	16.8%	17.2%	19.5%	16.1%	16.9%
M&A Japan related (*3)	6.7%	14.7%	15.0%	14.3%	14.8%	9.1%	9.1%

(\*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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## ◇ Direct Channel Ratio (\*1)

	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Based on number of transaction	92.9%	92.4%	91.1%	90.9%	92.2%	91.1%	90.7%
(Nikko EZ Trade)	( 89.0%)	( 88.8%)	( 86.5%)	( 86.7%)	( 88.1%)	( 87.1%)	( 86.2%)
Based on commissions	38.0%	28.3%	33.5%	24.9%	26.7%	24.4%	27.6%
(Nikko EZ trade)	( 26.2%)	( 19.8%)	( 22.6%)	( 17.0%)	( 17.7%)	( 16.1%)	( 17.8%)

(\*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	2Q	3Q
Equity brokerage amount	6,178.5	6,226.4	7,197.9	6,952.2	7,295.9	7,354.1	9,242.7
Equity brokerage commissions (*3)	6.6	6.3	9.4	8.7	8.6	8.5	12.4
Equity commissions rate	9.4bp	8.9bp	11.5bp	11.1bp	10.8bp	10.6bp	12.3bp

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

(\*3) on a consolidated basis

## ◇ Number of Accounts

【non-consolidated】

(Thousands of accounts)	FY2016				FY2017		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Total accounts	2,739	2,759	2,775	2,801	2,813	2,829	2,838
Cash management accounts	2,405	2,426	2,446	2,473	2,486	2,500	2,512
Newly opened accounts	33	39	37	42	31	30	30

## ◇ Number of Branches

【non-consolidated】

	FY2016				FY2017		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Number of branches	123	124	124	124	124	124	123

## ◇ Number of Employees

	FY2016				FY2017		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Number of employees	10,352	10,325	10,198	10,112	10,698	10,559	10,456
Number of 4 overseas employees	443	457	467	480	491	524	556

- 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.



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