

Earnings Announcement for FY2017 ended March 31, 2018 (JGAAP)

SMBC Nikko Securities Inc.

April 27, 2018



[Reference Data]

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The information contained in this document is based on data available as of April 27, 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 (April 27, 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.

(*) SMBC Nikko Securities Inc. has merged with SMBC Friend Securities Co. Ltd. as of January 1, 2018.

(*) Information in this document includes SMBC Friend Securities Co. Ltd.'s financial result from this quarter(January. 2018 ~ March. 2018) in both consolidated and non-consolidated basis. The financial results of the previous quarter and before (April. 2017 ~ December. 2017), does not include SMBC Friend Securities Co. Ltd.'s financial result.

Summary of business results for the FY ended Mar. 2018

FY ended
Mar. 2018

- **Net operating revenue : ¥ 357.3 B (+9% Y on Y), Ordinary income : ¥ 94.9 B (+19%), Profit (*1) : ¥ 63.7 B (+36%)**
Along with the global rise of stock prices, expansion of equities' income and continuous growth of fund wrap commission etc. has contributed to increase in income and profit. Net operating revenue recorded the highest ever since joining the SMBC group.
- Equity brokerage amount was ¥ 32.7 trillion (+23%).
Aggregated sales of products was ¥ 10.2 trillion (-1%). Sale of domestic bonds was ¥ 3.5 trillion (-18%), but foreign bonds were ¥ 3.0 trillion (+8%), and investment trusts was ¥ 2.8 trillion (+19%).
- Underwriting commission was ¥ 31.7 B (-28%).
League table rankings for Apr. 2017 - Mar. 2018
5th place (*2) in Global Equity & Equity-Related-Japan
4th place (*3) in All Bonds in Yen
7th place (*4) in terms of value and 1st in terms of number of deals for M&A announced deals
- SG&A was ¥ 267.6 B (+7%).
- As of the end of Mar. 2018, total assets was ¥ 10.6 trillion, net assets was ¥ 818.7 B. Net assets has surged from the previous period due to merger with SMBC Friend Securities Co. Ltd.
Capital adequacy ratio (non-consolidated) was 447%, reflecting a sound financial base of the company.

FY ended
Mar. 2018 4Q

- **Net operating revenue : ¥ 94.8 B (-3% Q on Q), Ordinary income : ¥ 22.5 B (-26%), Profit (*1) : ¥ 14.1 B (-31%)**
- Aggregated sales of products was ¥ 2.7 trillion (-0%), domestic bonds was ¥ 677.3 B (-32%), foreign bonds was ¥ 755.7 B (+3%) and investment trusts was ¥ 1,013 B (+53%).

Billions of Yen	FY2017		Q on Q	FY ended Mar. 31 2017	FY ended Mar. 31 2018	Y on Y
	3Q	4Q				
Operating revenue	109.7	104.6	-5%	361.2	397.4	+10%
Net operating revenue	97.6	94.8	-3%	326.7	357.3	+9%
SG&A	68.2	74.6	+9%	250.9	267.6	+7%
Ordinary income / loss	30.5	22.5	-26%	80.0	94.9	+19%
Income before taxes	29.5	18.3	-38%	66.4	88.9	+34%
Profit / loss(*1)	20.6	14.1	-31%	46.9	63.7	+36%
	Dec.-end '17	Mar.-end '18	Q on Q	Mar.-end '17	Mar.-end '18	Y on Y
Total assets (Trillions of yen)	11.3	10.6	-0.6	11.6	10.6	-0.9
Total net assets (Billions of yen)	588.4	818.7	+230.2	544.2	818.7	+274.4

(*1) profit attributable to owners of parent

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

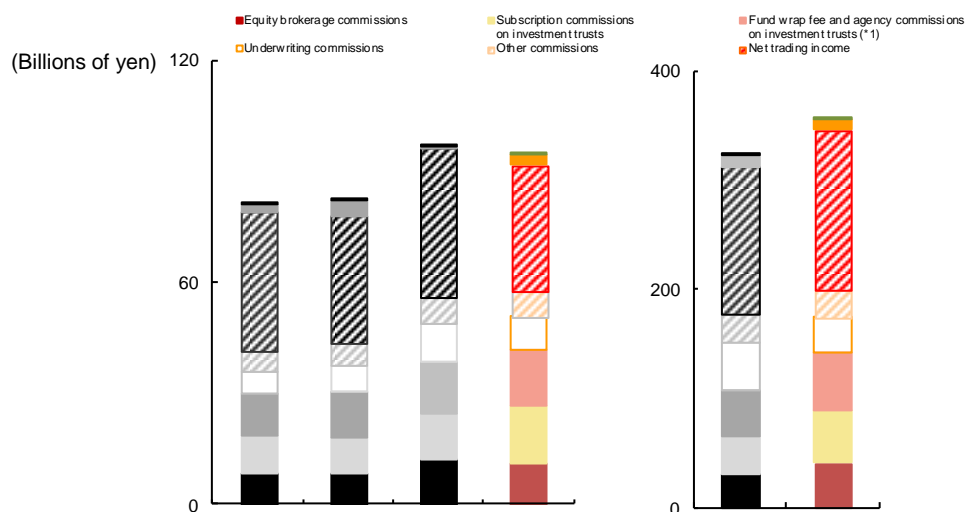
(*3) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

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

Net operating revenue / Product sales

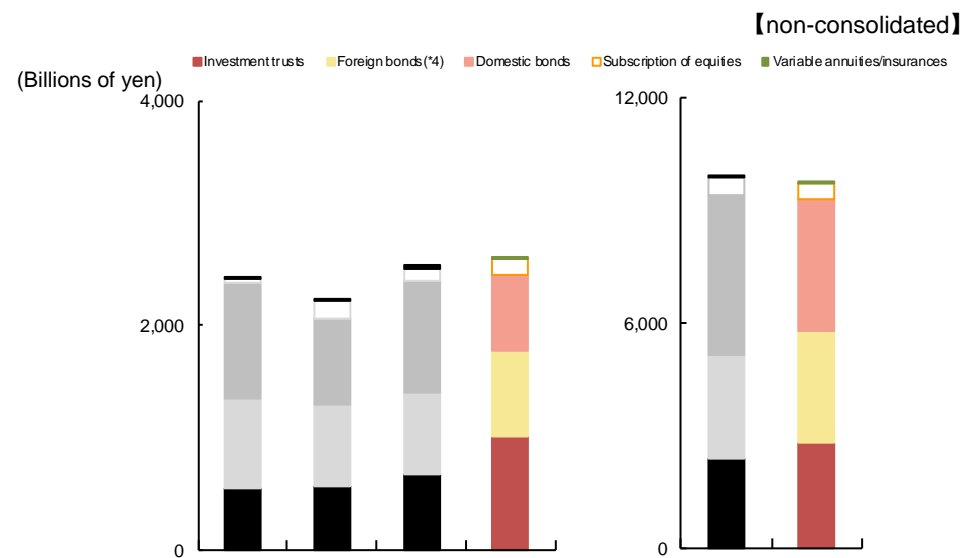
- ◇ Net operating revenue for this quarter was ¥ 94.8 B (-3% Q on Q), aggregated sales of products was ¥ 2,665.2 B (-0%). Due to the negative market conditions, equity brokerage commissions has declined which resulted as a decrease in net operating revenue. However, the aggregated sales of products has landed on a similar basis as the previous quarter due to the merger with SMBC Friend Securities Co. Ltd.
- ◇ For the FY2017 ended Mar. 2018, net operating revenue was ¥ 357.3 B (+9% Y on Y), aggregated sales of products were ¥ 10,204.7 B (-1%). Net operating revenue recorded the highest ever since joining the SMBC group.

Net operating revenue



	FY2017 1Q	2Q	3Q	4Q	Q on Q	FY ended Mar. 31 2017	FY ended Mar. 31 2018	Y on Y
Equity brokerage commissions	8.6	8.5	12.4	11.0	-11%	31.1	40.7	+31%
Subscription commissions on investment trusts	10.0	9.5	12.3	15.6	+27%	35.6	47.5	+33%
Fund wrap fee and agency commissions on investment trusts (*1)	11.7	12.8	14.0	15.2	+9%	41.8	53.8	+29%
Underwriting commissions	5.6	6.8	10.1	9.0	-11%	43.9	31.7	-28%
Other commissions	5.5	5.8	7.2	6.9	-5%	24.5	25.5	+4%
Net trading income	38.0	34.7	40.4	34.0	-16%	135.3	147.3	+9%
Net financial incomes	2.1	4.2	0.6	2.5	4.0x	10.7	9.5	-11%
Net sales (*2)	0.2	0.2	0.2	0.1	-27%	3.4	0.9	-72%
Total	82.1	82.7	97.6	94.8	-3%	326.7	357.3	+9%

Product Sales(*3)



	FY2017 1Q	2Q	3Q	4Q	Q on Q	FY ended Mar. 31 2017	FY ended Mar. 31 2018	Y on Y
Investment trusts	550.7	566.0	661.3	1,013.0	+53%	2,353.6	2,790.9	+19%
Fund wrap	105.6	102.4	136.9	65.3	-52%	345.0	410.1	+19%
Foreign bonds(*4)	787.3	725.2	735.8	755.7	+3%	2,781.0	3,004.0	+8%
Domestic bonds	1,041.6	773.9	991.7	677.3	-32%	4,268.5	3,484.4	-18%
(Retail - targeted JGBs)	(129.1)	(175.0)	(132.7)	(198.7)	(+50%)	(844.1)	(635.5)	(-25%)
Subscription of equities	35.8	156.6	119.5	136.5	+14%	495.5	448.3	-10%
Variable annuities/insurances	8.5	16.6	24.2	17.5	-27%	34.8	66.8	+92%
Total	2,529.5	2,340.6	2,669.3	2,665.2	-0%	10,278.4	10,204.7	-1%

(*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.

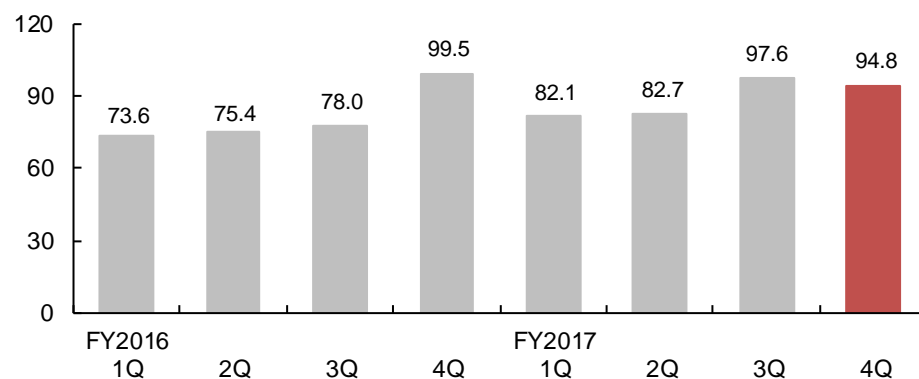
(*2) other sales minus cost of sales (*3) including sale of fund wrap from FY 2017 1Q

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

Business Results (Quarterly Trend)

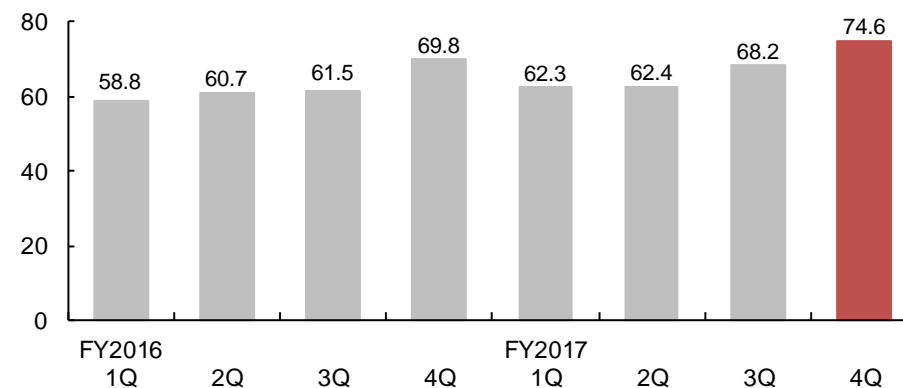
Net operating revenue

(Billions of yen)



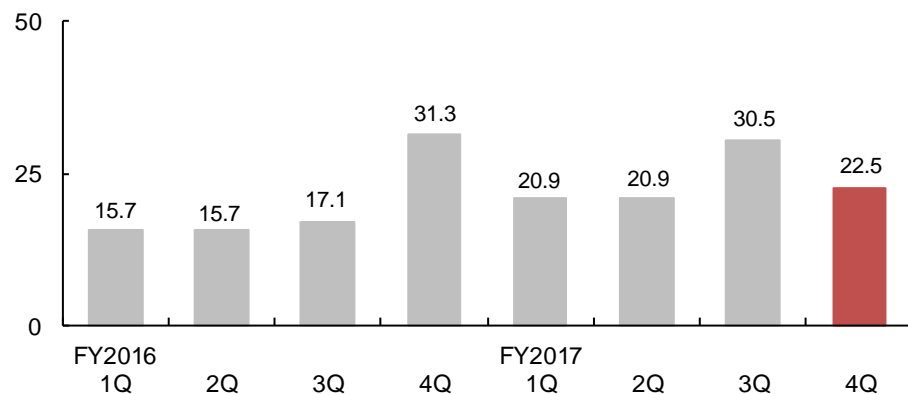
SG&A

(Billions of yen)



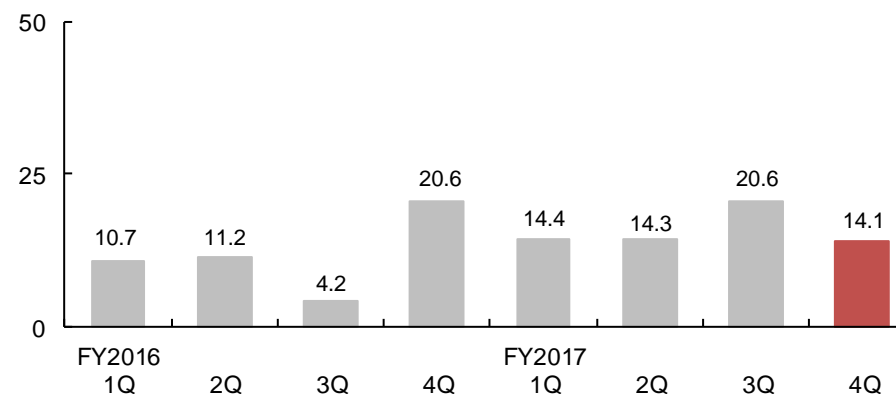
Ordinary income

(Billions of yen)



Profit (*)

(Billions of yen)



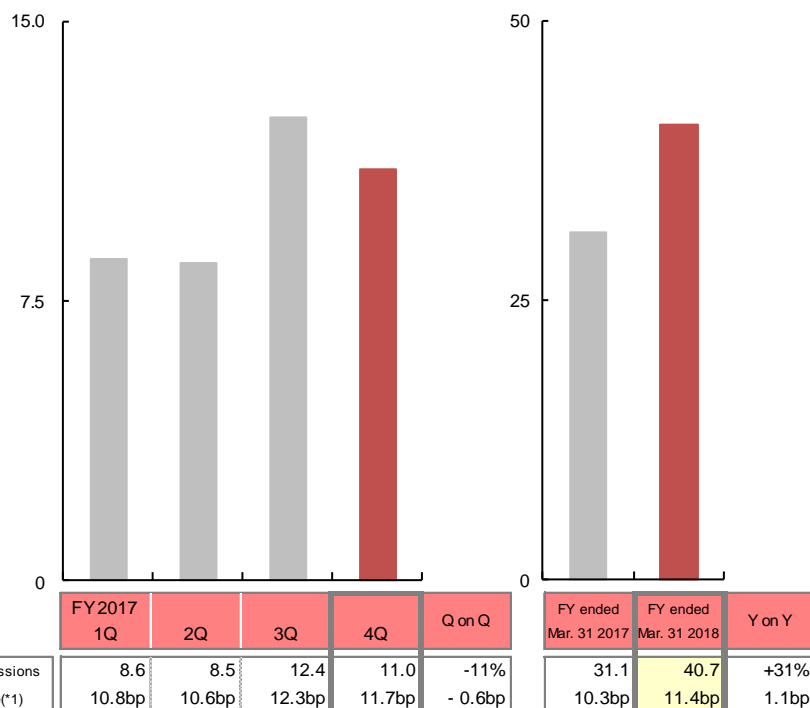
(*) profit attributable to owners of parent

Equity brokerage commissions

- ◇ Equity brokerage amount for this quarter was ¥ 8,846.7 B (-4% Q on Q), and equity brokerage commissions was ¥ 11.0 B (-11%).
Due to negative market condition, equity brokerage commissions and equity brokerage amount has both downfallen.
- ◇ For the FY2017 ended Mar. 2018, equity brokerage amount was ¥ 32,739.5 B (+23% Y on Y), and equity brokerage commissions was ¥ 40.7 B (+31%).

Equity brokerage commissions

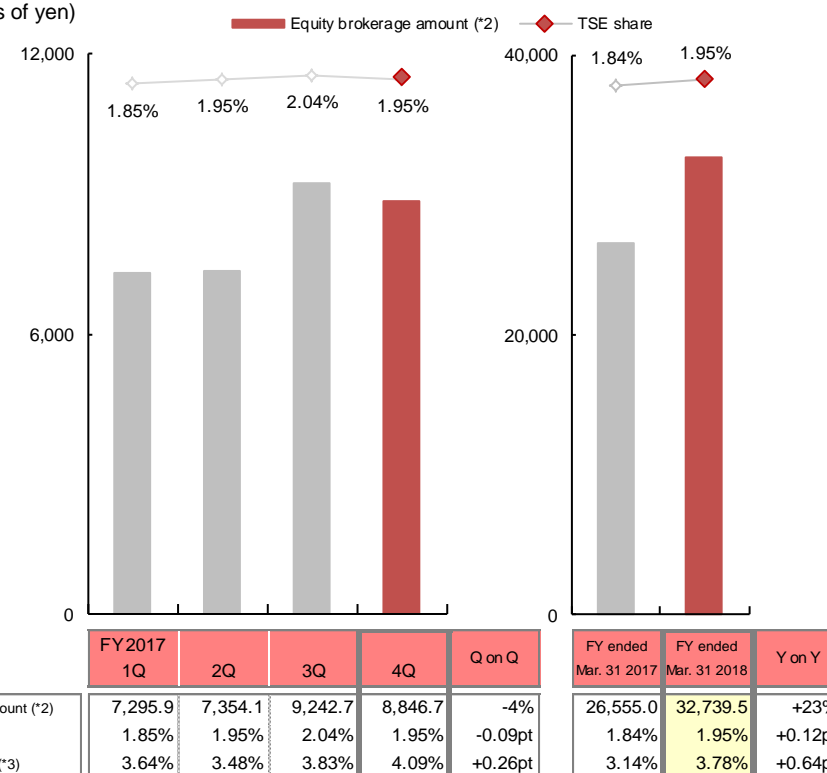
(Billions of yen)



Equity brokerage amount / TSE share

(Billions of yen)

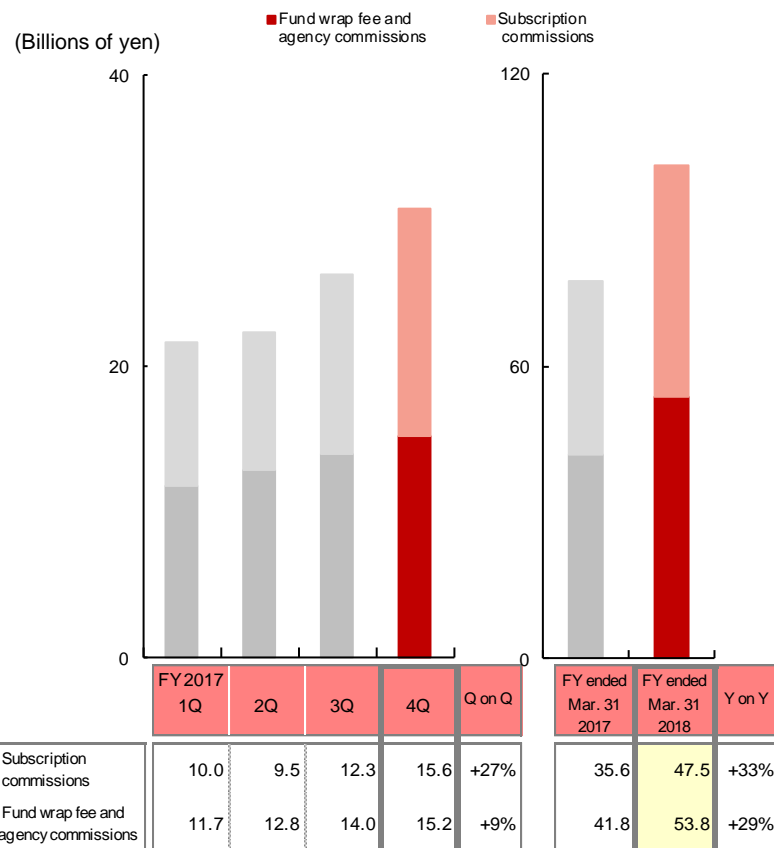
【non-consolidated】



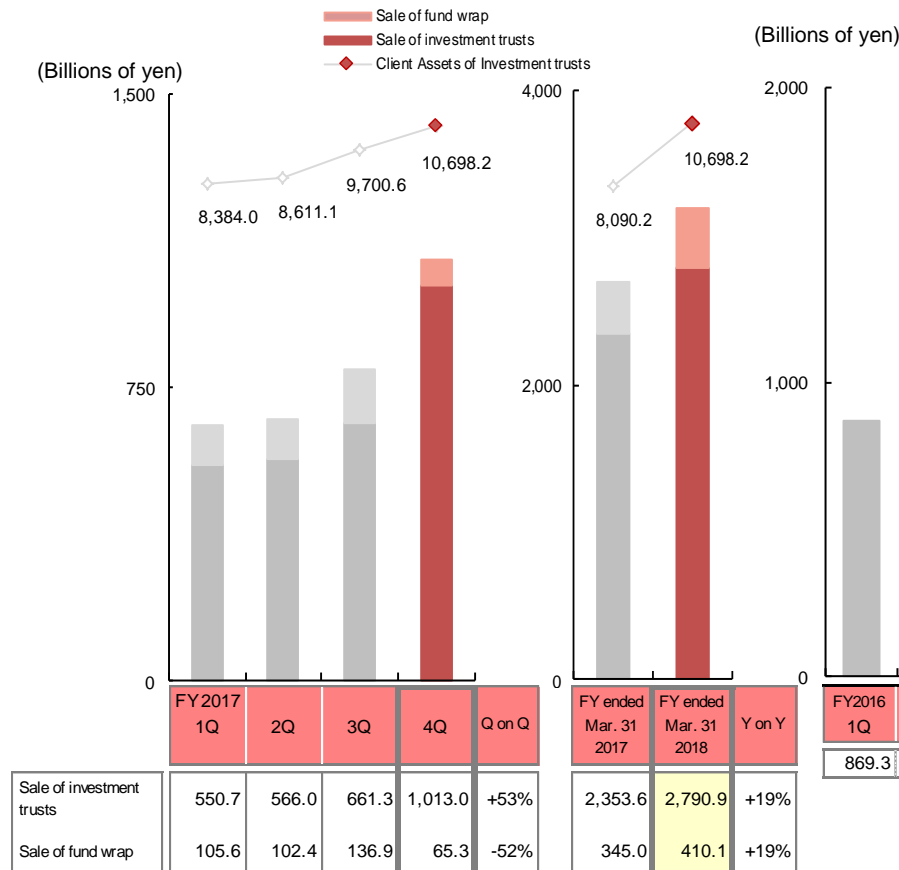
Commissions on investment trusts and fund wrap

- ◇ Sale of investment trusts for this quarter was ¥ 1,013 B (+53% Q on Q), subscription commissions on investment trusts was 15.6 B (+27%). Due to the enforced sales platform by the merger with SMBC Friend Securities Co. Ltd, sales of equity investment trusts has increased.
- ◇ For the FY2017 ended Mar. 2018, sale of investment trusts was ¥ 2,790.9 B (+19% Y on Y), subscription commissions on investment trusts was ¥ 47.5 B (+33%). The positive market conditions has led the increase in sales and subscription commissions of stock investment trusts. Fund wrap fee and agency commissions has also grown steadily up to ¥ 53.8 B (+29%).

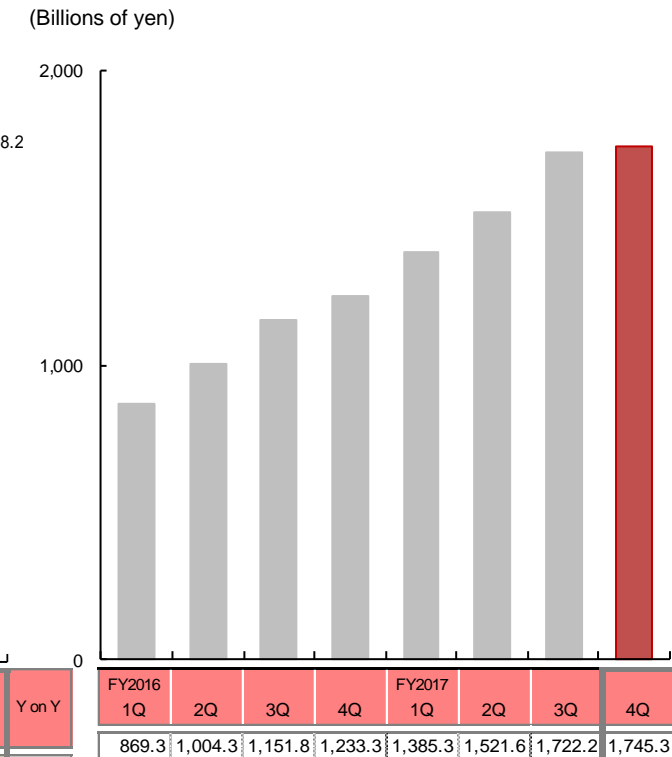
Subscription commissions (*1)



Sales / Client Assets of Investment trusts



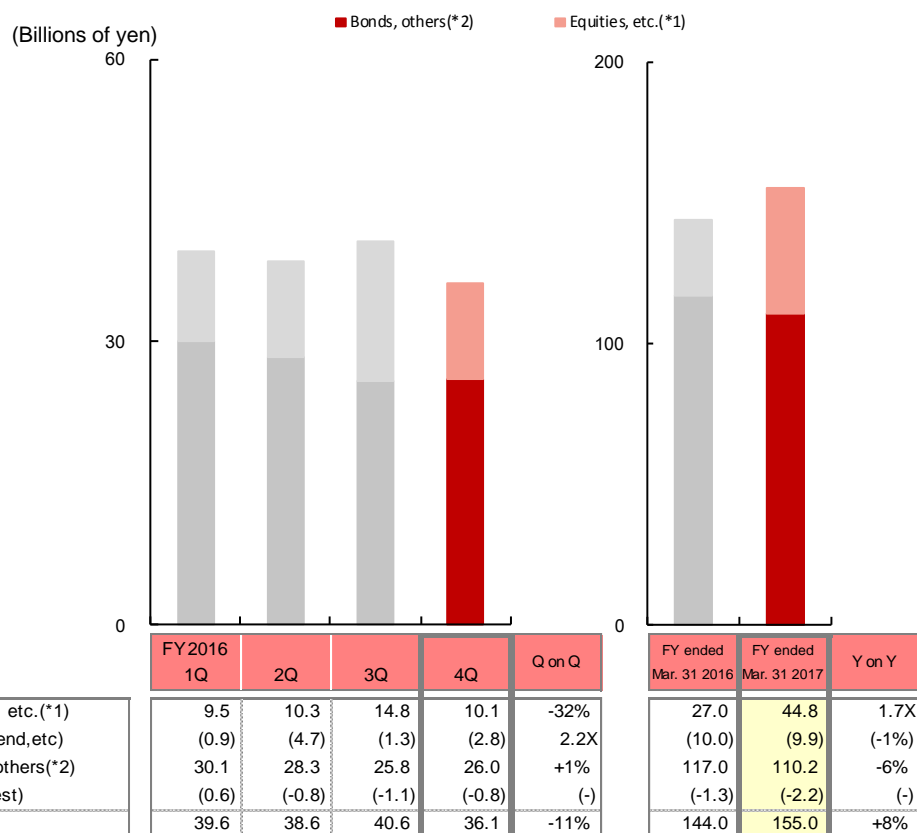
Client Assets of Fund wrap (*2)



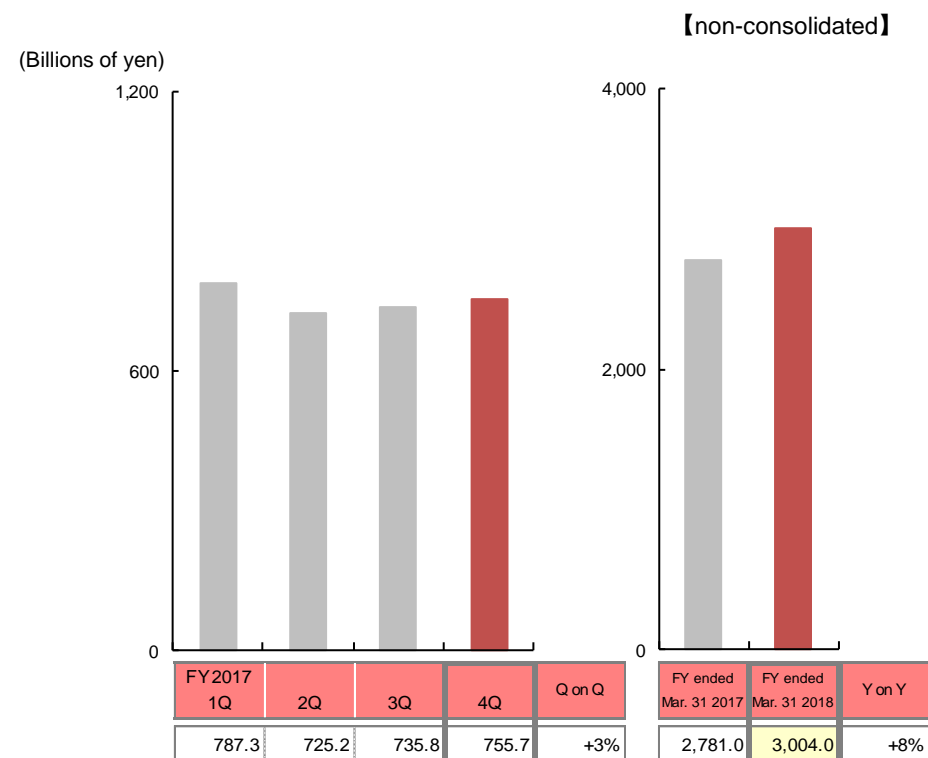
Net trading income

- ◇ Net trading income (adjusted net financial income) for this quarter was ¥ 36.1 B (-11% Q on Q). Net trading income of equities decreased due to negative market condition. Sales of foreign bonds continued to remain at a high level, equaling the previous quarter.
- ◇ For the FY2017 ended Mar. 2018, net trading income (adjusted net financial income) was ¥ 155.0 B (+8% Y on Y).

Net trading income (adjusted net financial income)



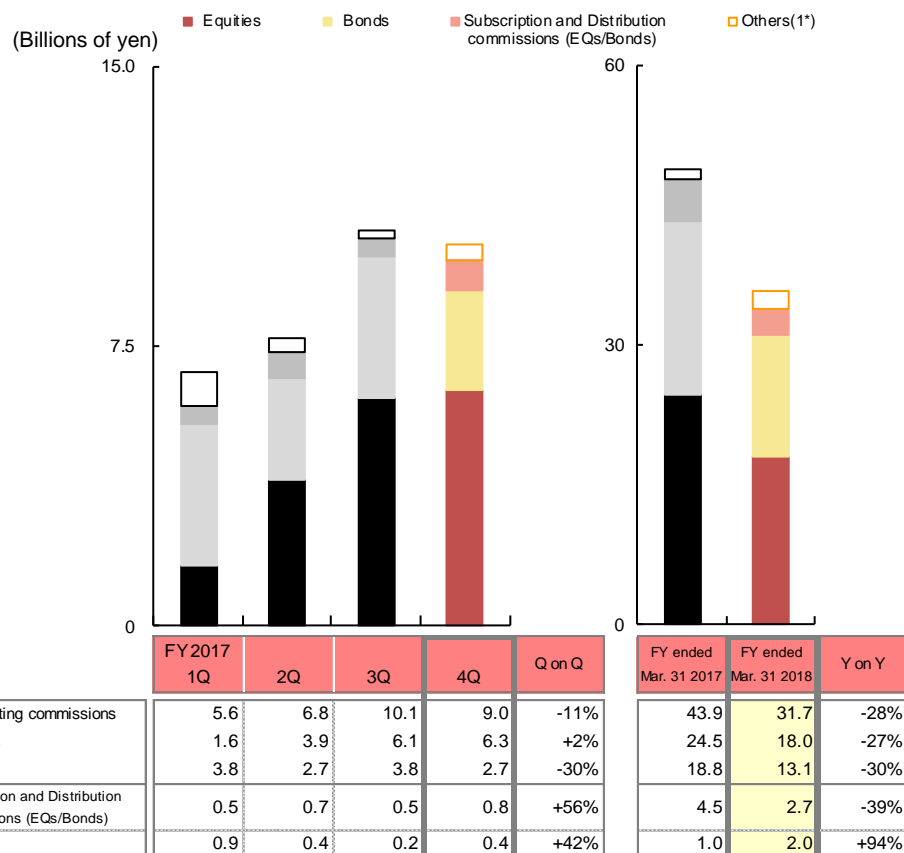
Sale of foreign bonds



Underwriting commissions (Equities / Bonds)

- ◇ Underwriting commissions for this quarter was ¥ 9.0 B (-11% Q on Q).
- ◇ For Apr. 2017 - Mar. 2018, book runner in Global Equity & Equity-Related-Japan: 5th place holding 11.4% market share, underwriter in IPO: 3rd place in terms of number of deals and 4th place in terms of proceeds, lead manager in All Bonds in Yen: 4th place holding 17.2% market share.

Underwriting commissions (Equities / Bonds)



Global Equity & Equity-Related-Japan (*2) Apr. 2017 - Mar. 2018

Rank	Book runner	Proceeds (bill of yen)	Mkt.Share (%)
1	Nomura	1,113.7	24.2%
2	Daiwa	863.2	18.7%
3	Mizuho	668.6	14.6%
4	Mitsubishi UFJ Morgan Stanley	594.9	13.0%
5	SMBC Nikko	524.6	11.4%

IPO (*3) Apr. 2017 - Mar. 2018

Rank	Book runner	No. Deals	Rank	Underwriter	Proceeds (bill of yen)
1	Nomura	20	1	Nomura	113.8
2	Mizuho Financial Group	17	2	Daiwa Securities Group Inc	109.1
3	Sumitomo Mitsui Financial Group	15	3	Morgan Stanley	79.1
4	Daiwa Securities Group Inc	13	4	Sumitomo Mitsui Financial Group	65.5
5	SBI Holdings	6	5	Mizuho Financial Group	57.3

All Bonds in Yen (*4) Apr. 2017 - Mar. 2018

Rank	Manager	Proceeds (bill of yen)	Mkt.Share (%)
1	Mitsubishi UFJ Morgan Stanley	3,586.1	20.0%
2	Mizuho	3,557.6	19.9%
3	Nomura	3,389.8	18.9%
4	SMBC Nikko	3,084.6	17.2%
5	Daiwa	2,909.9	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 - Mar. 2018 in the league table of M&A financial advisor for Japanese involvement announced deals:
With 248 deals acquired in total, ranked 7th in terms of value (market share 9.1%) and 1st in terms of number of deals (market share 6.4%).

Financial Advisor Rank value basis Apr. 2017 - Mar. 2018

Rank	Advisor	Rank value (bill of yen)	Mkt.Share (%)
1	Nomura	6,766.8	31.3%
2	Morgan Stanley	6,403.2	29.7%
3	Goldman Sachs	5,313.0	24.6%
4	Credit Suisse	3,240.6	15.0%
7	Sumitomo Mitsui Financial Group	1,966.3	9.1%

Financial Advisor No. of deals Apr. 2017 - Mar. 2018

Rank	Advisor	No. Deals	Mkt.Share (%)
1	Sumitomo Mitsui Financial Group	248	6.4%
2	Mizuho Financial Group	218	5.7%
3	Nomura	108	2.8%
4	Kaede Group	60	1.6%
5	KPMG	54	1.4%

Major announced deals Apr. 2017 – Mar. 2018

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.)

Mitsubishi Corporation (MC) / Mitsubishi Motors Corporation

MC completed tender offer for Mitsubishi Motors through MAI Corporation, a wholly-owned subsidiary of MC. (SMBC Nikko serves as advisor MC and TOB agent for MAI Corporation.)

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.

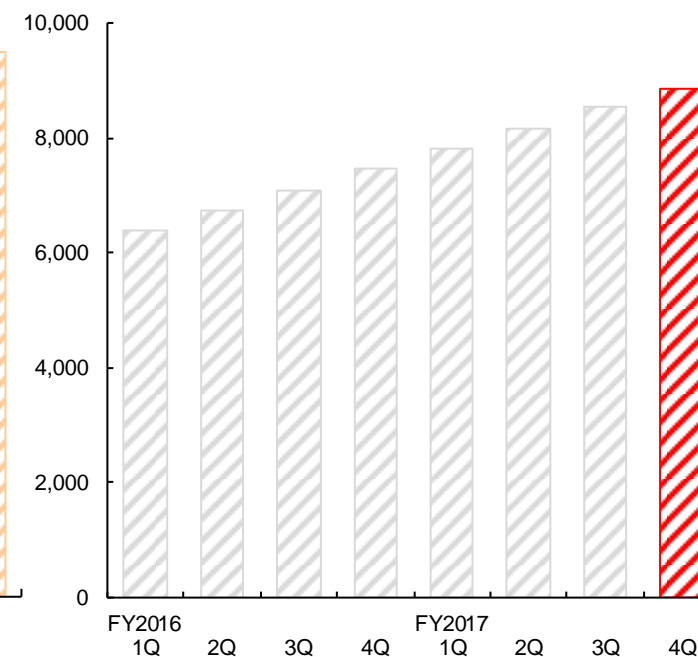
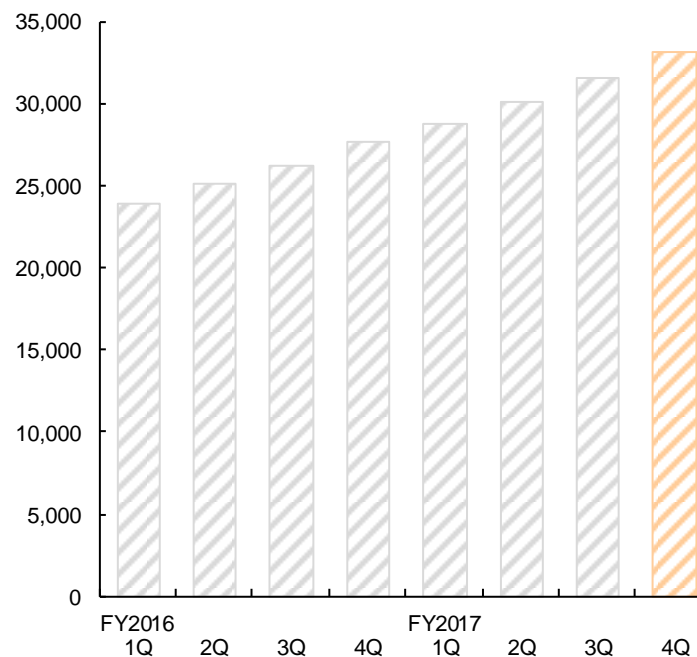
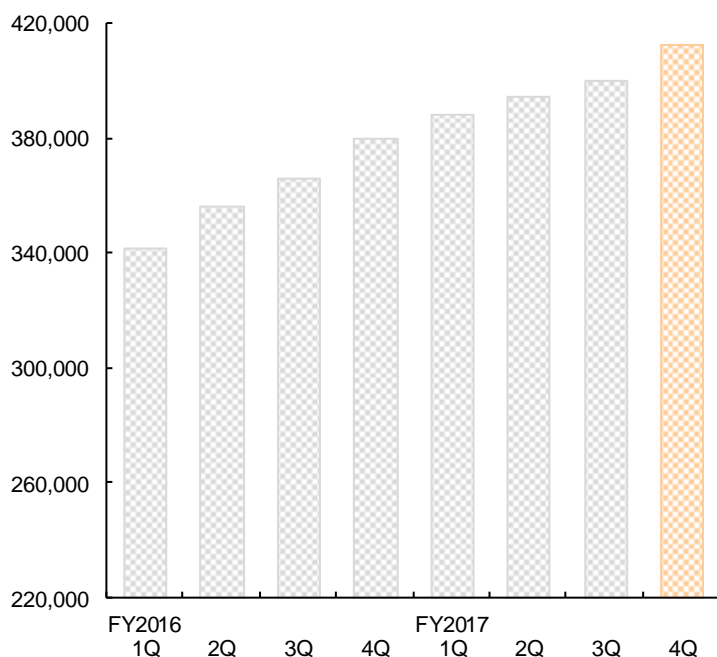
Asset management (Referral service and financial products intermediary service (*1))

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.

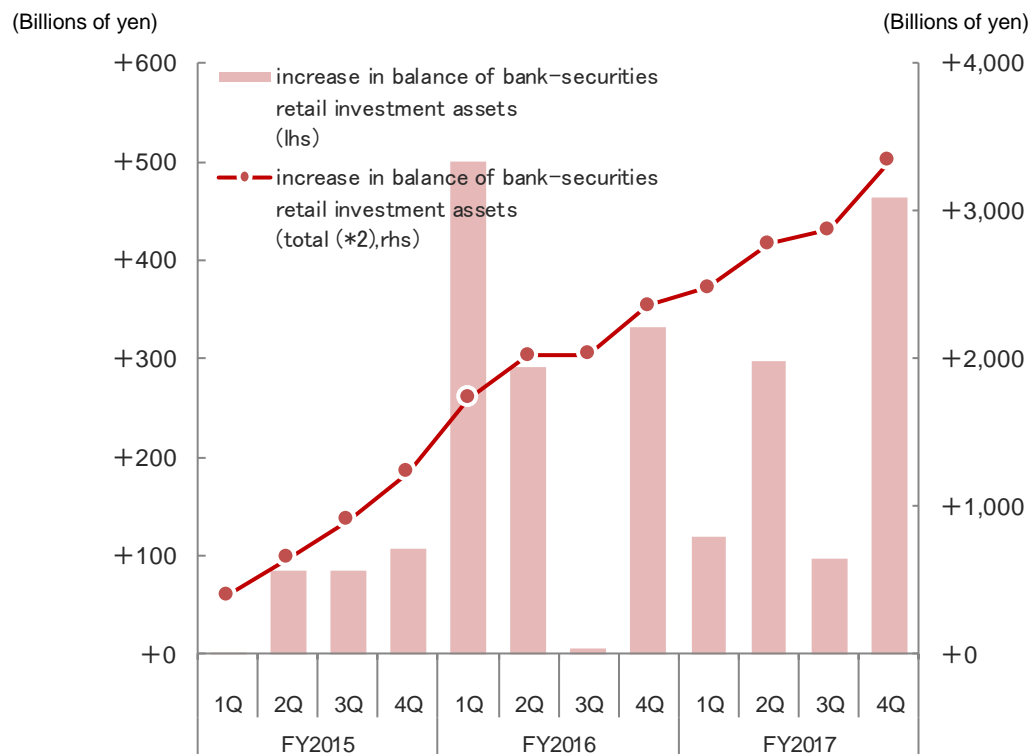
(*2) The number of accounts at the end of each quarter with regards to individual customer who either was referred by SMBC to SMBC Nikko or opened an account with SMBC Nikko via SMBC's financial products intermediary service.

(*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.

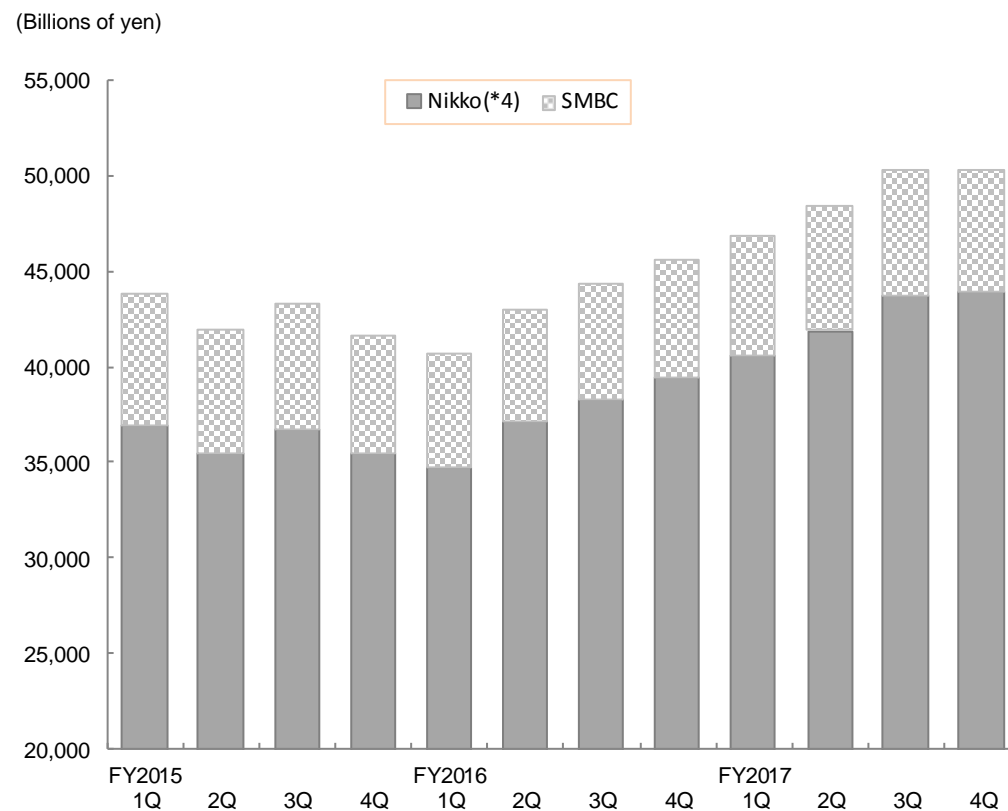
【Reference】 Sum of bank-securities retail investment assets

◇ 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)



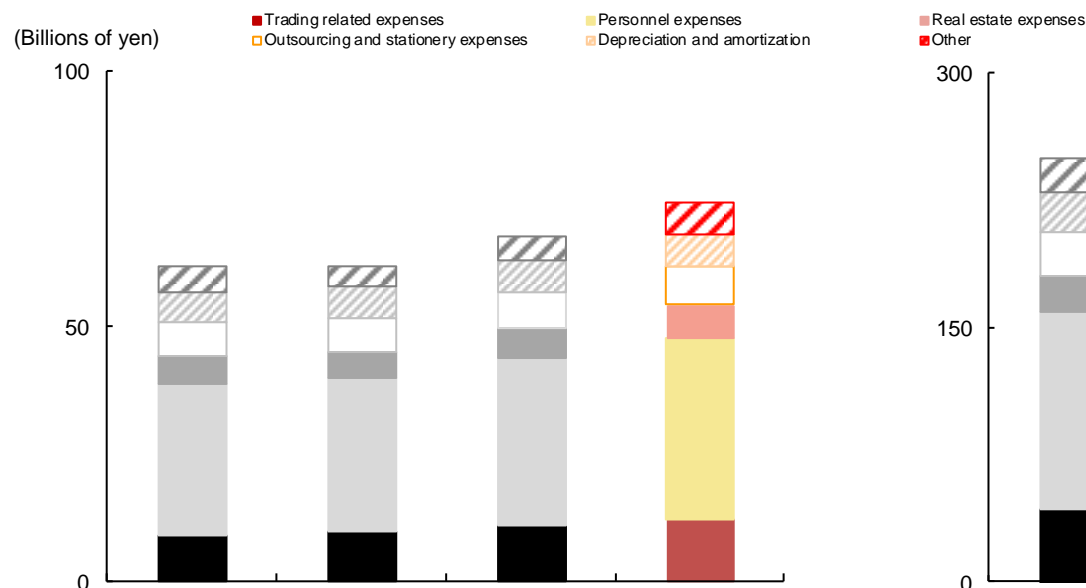
(*1) Sum of retail investment assets (foreign deposit, investment trusts, single premium life insurance) change of SMBC and investment assets (net inflow of assets) change at the sales division (retail) of Nikko

(*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

(*4) The amount of investment assets of former SMBC Friend Securities Co. Ltd are included since FY 2015 1Q

- ◇ SG&A for this quarter was ¥ 74.6 B (+9% Q on Q). Expenses has increased due to the merger with SMBC Friend Securities Co. Ltd.
- ◇ For the FY2017 ended Mar. 2018, SG&A was ¥ 267.6 B (+7% Y on Y), personnel expenses linked to company operations have increased.



(Billions of yen)	FY2017 1Q	2Q	3Q	4Q	Q on Q	FY ended Mar. 31 2017	FY ended Mar. 31 2018	Y on Y
Trading related expenses	9.3	9.8	11.2	12.2	+9%	43.6	42.7	-2%
Personnel expenses	29.5	30.2	32.9	35.6	+8%	116.8	128.5	+10%
Real estate expenses	5.5	5.3	5.6	6.5	+16%	21.2	23.1	+9%
Office cost	6.6	6.6	7.2	7.4	+3%	25.1	28.0	+11%
Depreciation and amortization	5.9	6.0	6.1	6.4	+5%	23.8	24.7	+4%
Other	5.2	4.1	4.9	6.1	+24%	20.2	20.4	+1%
SG&A/ Fixed expense	62.3	62.4	68.2	74.6	+9%	250.9	267.6	+7%
SG&A/ Net operating revenue	76%	75%	70%	79%	+9pt	77%	75%	-2pt

Balance Sheet / Capital Adequacy Ratio

- ◇ Total net assets has increased massively due to the merger with SMBC Friend Securities Co. Ltd, on January 1, 2018.
- ◇ The increase in the Basic items has resulted for the Capital Adequacy Ratio to grow +116pt from the previous fiscal year.

(Billions of Yen)	Mar.17	Mar.18	Variance
Current assets	11,429.1	10,379.8	-1,049.3
Trading products	4,058.3	3,179.7	-878.5
Loans secured by securities	5,233.1	5,027.7	-205.4
Other current assets	2,137.6	2,172.3	+34.6
Noncurrent assets	258.3	311.8	+53.5
Tangible assets	25.3	27.3	+1.9
Intangible assets	78.4	74.2	-4.2
Investments and other assets	154.4	210.3	+55.8
Total assets	11,687.4	10,691.6	-995.7
Current liabilities	10,354.9	9,079.5	-1,275.3
Trading products	2,571.5	2,494.6	-76.8
Loans payable secured by securities	5,444.1	5,006.0	-438.1
Short-term loans payable / Commercial papers	1,438.4	729.8	-708.6
Other current liabilities	900.8	849.0	-51.7
Noncurrent liabilities / Reserves under the special laws	788.2	793.3	+5.1
Total liabilities	11,143.1	9,872.9	-1,270.2
Total net assets	544.2	818.7	+274.4
Total liabilities and net assets	11,687.4	10,691.6	-995.7

【non-consolidated】

(Billions of Yen)	Mar.17	Mar.18	Variance
Basic items	496.1	735.7	+239.6
Supplementary items	117.9	149.1	+31.1
Deductible assets	158.6	166.0	+7.3
Net capital	455.4	718.8	+263.3
Risk total	137.6	160.9	+23.2
Market Risk	57.1	62.4	+5.3
Counterparty Risk	21.3	24.2	+2.9
Basic Risk	59.2	74.2	+14.9
Capital Adequacy Ratio	331%	447%	+116 pt

【non-consolidated】

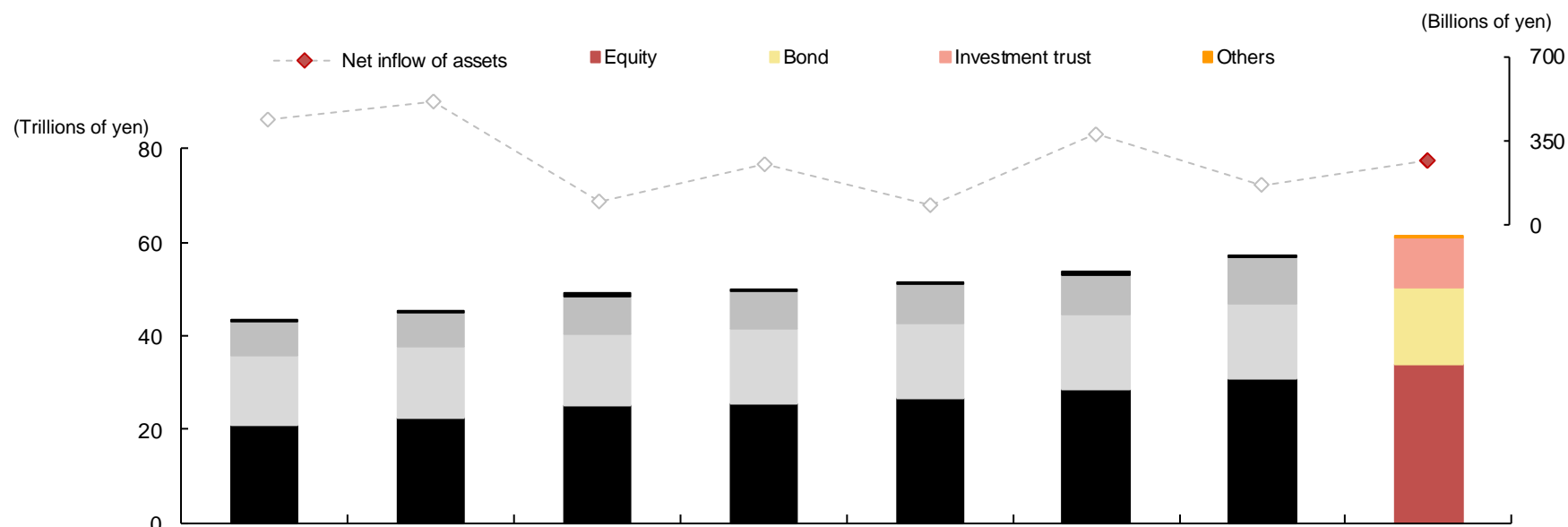
Credit ratings on Long Term (as of April 27, 2018)

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

Client Assets / Net Inflow of Assets

【non-consolidated】

- ◇ Overall client assets at the end of Mar. 2018 was ¥ 61.6 trillion (+8% Q on Q).
Thanks to the merger with SMBC Friend Securities Co. Ltd as well as the ongoing customer platform expansion, the overall client assets has surged +23% Y on Y.
- ◇ Net inflow of assets at sales division for this quarter was ¥ 264.8 B.



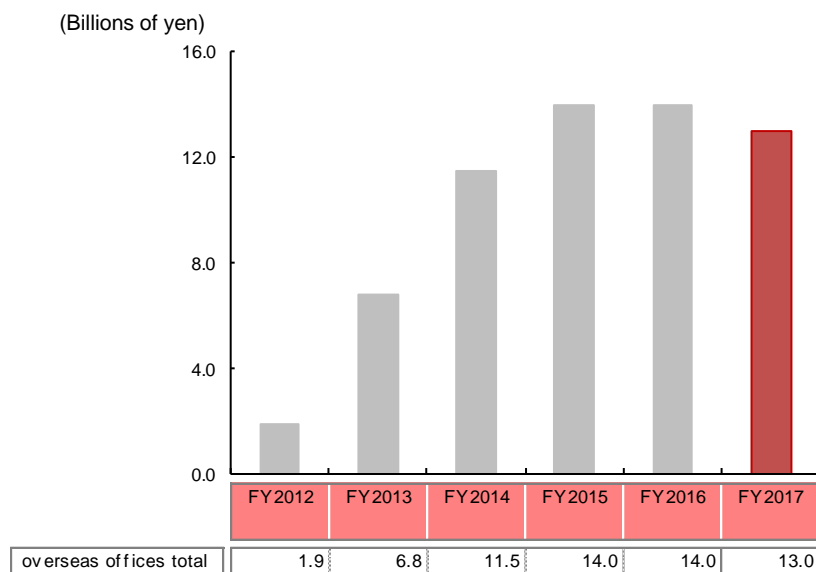
(Trillions of yen)	FY2016				FY2017			
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
Equity	21.0	22.5	25.1	25.7	26.8	28.4	31.0	34.0
Bond	14.9	15.3	15.4	15.9	16.0	16.2	16.0	16.4
Investment trust	7.1	7.4	8.1	8.1	8.4	8.6	9.7	10.7
Others	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Client assets	43.3	45.5	49.0	50.0	51.6	53.6	57.2	61.6

(Billions of yen)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	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	1,766.9
Outflow of assets	-972.0	-834.8	-1,009.3	-1,323.4	-1,014.4	-1,098.2	-1,270.6	-1,502.1

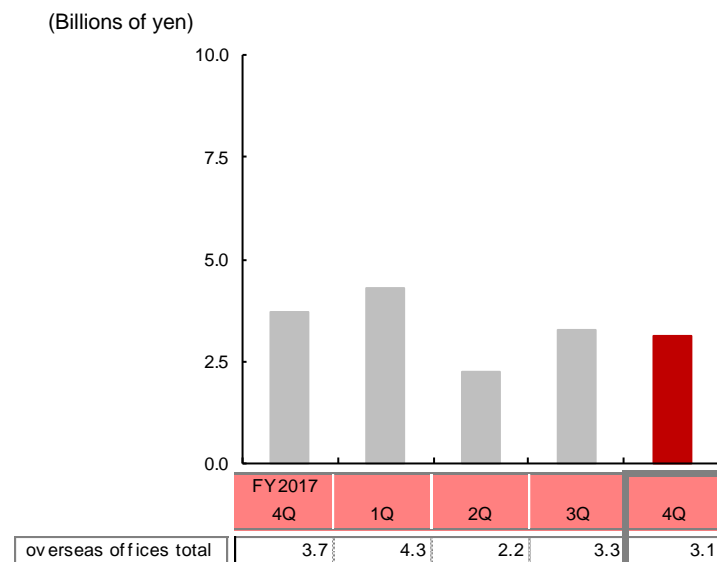
Business Trends of Overseas Offices

- ◇ Earnings based on managerial accounting for this quarter was ¥ 3.1 B (-4% Q on Q).
- ◇ Even though influenced by overseas financing of global issuers, earnings based on managerial accounting grew steadily.

Earnings based on managerial accounting Annual trend

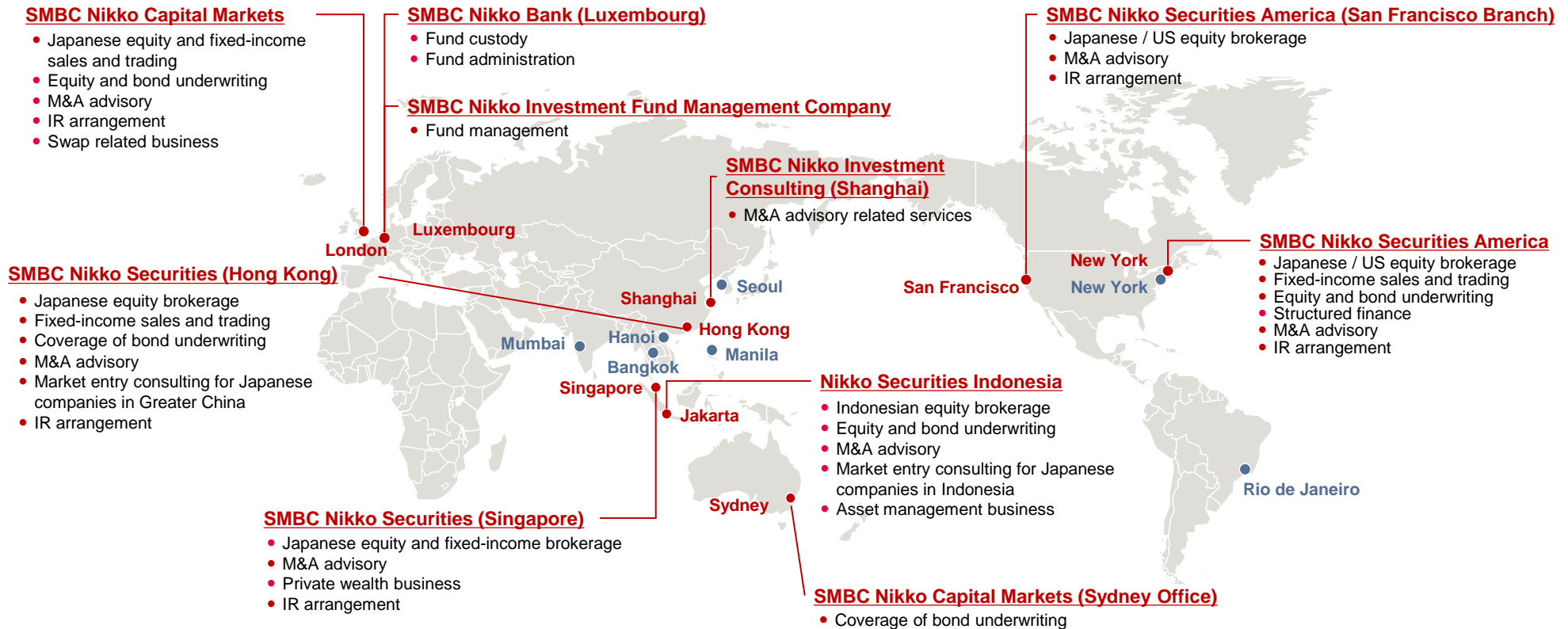


Earnings based on managerial accounting Quarterly trend



- 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

Promotion of Health and Productivity Management

- SMBC Nikko has officially announced a “Declaration of Health & Productivity Management” as of 1st April, 2018. As health promotion of our employees is one of our business challenges, efforts shall be made to maintain and enhance health of employees and their families. To promote the health and productivity management for sure, CHO (Chief Health Officer) was appointed on the same day.
- On 20th February, 2018, SMBC Nikko was recognized as one of the “outstanding health and productivity management organizations (White 500)”, a good company engaged in health and productivity management under the “Certified Health & Productivity Management Organization Recognition Program”, organized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



Base up on the Entry level salary

- SMBC Nikko is going to raise the entry level salary as of July, 2018 in order to recruit talented personnel's. Comprehensive staffs will be paid JPY287k per month, and Regional specific staffs will be JPY267k per month. Furthermore, second year staffs will have a base up as well.

Enforcement of US Technology Sector equity research service

- SMBC Nikko has executed an Exclusive Agreement with Loup Ventures, an independent research firm focused in the technology sector, to strengthen US equity research service to Japanese clients.

Analyst Rankings

- At Institutional Investor “2018 All-Japan Research Team”, ranked 4th in the category of firm (3rd in previous year), and 3rd for two years in a row in analyst ranking. 6 teams were selected as top analysts in the category of industry. (3 teams in previous year)
 - Auto Parts : Kunihiro Matsumoto
 - REIT : Hiroshi Torii
 - Steel/Non-ferrous Metals : Atsushi Yamaguchi
 - Real Estate/Housing : Junichi Tazawa & Hiroki Kawashima
 - Trading Companies : Akira Morimoto
 - Transportation/warehousing : Hiroshi Hasegawa
- At the 30th Nikkei the Veritas Analyst Ranking, SMBC Nikko ranked 4th as a broker (3rd in previous year), and four analysts ranked 1st in the industry sectors. (two analysts in previous year). Hiroshi Hasegawa, transportation analyst, was the youngest analyst to be prized in all sector.
 - Auto Parts : Kunihiro Matsumoto
 - REIT : Hiroshi Torii
 - Trading Companies : Akira Morimoto
 - Transportation/warehousing : Hiroshi Hasegawa
- SMBC Nikko ranked 3rd as a broker (4th in previous year) at the 23rd Nikkei Veritas Analyst Rankings for Bond/Currency Analysts and Economists”, and two analysts ranked 1st in different categories. (one analyst in previous year)
 - Bond Analyst : Chotaro Morita
 - Securitizing Analyst : Tomohiro Miyasaka

Reference Data



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Consolidated Business Results (Quarterly Trend)



(Millions of yen)	FY2016					FY2017				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Operating revenue	81,013	82,070	87,298	110,849	361,232	91,483	91,543	109,773	104,605	397,405
Commissions received	35,335	42,582	40,261	58,983	177,163	41,726	43,495	56,257	57,984	199,464
Brokerage commissions	7,390	6,753	10,167	9,136	33,447	9,165	8,821	12,822	11,785	42,595
Underwriting and distribution commissions	7,518	12,182	6,237	18,061	43,999	5,659	6,820	10,180	9,078	31,739
Flotation and distribution fees	7,529	9,192	8,854	14,687	40,263	10,656	10,304	12,948	16,585	50,495
Other commissions	12,898	14,452	15,002	17,098	59,452	16,243	17,549	20,306	20,534	74,633
Net trading income	36,757	27,294	35,706	35,621	135,379	38,008	34,770	40,493	34,057	147,329
Equities	4,313	161	5,756	6,741	16,972	8,568	5,569	13,506	7,234	34,879
Bonds / Others	32,444	27,132	29,950	28,880	118,407	29,439	29,200	26,987	26,823	112,450
Financial revenue	5,385	8,511	7,633	10,731	32,262	9,600	10,988	10,669	9,740	40,998
Other sales	3,534	3,683	3,696	5,512	16,426	2,148	2,288	2,352	2,822	9,611
Financial expenses	4,653	4,101	6,269	6,506	21,530	7,462	6,769	10,025	7,156	31,414
Cost of sales	2,674	2,547	2,943	4,767	12,932	1,856	2,057	2,090	2,631	8,636
Net operating revenue	73,685	75,422	78,085	99,576	326,769	82,164	82,716	97,657	94,816	357,354
SG&A	58,814	60,720	61,599	69,830	250,965	62,353	62,418	68,254	74,637	267,664
Operating income / loss	14,870	14,701	16,485	29,745	75,804	19,811	20,297	29,402	20,178	89,690
Ordinary income / loss	15,750	15,750	17,195	31,368	80,064	20,960	20,938	30,531	22,552	94,982
Extraordinary income / loss	-497	298	-11,277	-2,103	-13,578	-372	-517	-931	-4,210	-6,032
Income before income taxes	15,252	16,049	5,917	29,265	66,485	20,587	20,420	29,599	18,342	88,950
Income taxes	4,499	4,760	1,632	8,635	19,526	6,093	6,054	8,918	4,169	25,237
Profit / loss	10,753	11,289	4,285	20,630	46,958	14,493	14,365	20,681	14,172	63,712
Profit attributable to owners of parent	10,750	11,281	4,279	20,631	46,943	14,491	14,365	20,677	14,170	63,705

Non-consolidated Business Results (Quarterly Trend)



(Millions of yen)	FY2016					FY2017				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Operating revenue	75,119	75,977	80,448	102,913	334,458	86,651	86,282	104,225	98,857	376,016
Commissions received	33,132	40,334	37,326	56,737	167,530	39,243	40,737	53,276	55,292	188,550
Brokerage commissions	6,679	6,081	9,155	8,606	30,522	8,449	8,149	12,055	11,324	39,978
Underwriting and distribution commissions	7,518	12,182	6,237	18,061	43,999	5,659	6,820	10,180	9,078	31,739
Flotation and distribution fees	7,459	9,178	8,834	14,633	40,105	10,594	10,281	12,925	16,485	50,286
Other commissions	11,475	12,892	13,098	15,435	52,902	14,540	15,485	18,114	18,404	66,545
Net trading income	36,757	27,294	35,706	35,619	135,377	38,006	34,770	40,492	34,056	147,326
Equities	4,313	161	5,756	6,741	16,972	8,568	5,569	13,506	7,234	34,879
Bonds / Others	32,444	27,132	29,950	28,878	118,405	29,437	29,200	26,985	26,822	112,446
Financial revenue	5,228	8,349	7,416	10,556	31,550	9,401	10,773	10,456	9,508	40,140
Financial expenses	4,535	3,987	6,123	6,342	20,988	7,315	6,609	9,856	7,010	30,792
Net operating revenue	70,584	71,990	74,325	96,570	313,470	79,336	79,672	94,368	91,846	345,223
SG&A	57,762	59,099	59,207	68,349	244,418	61,189	60,978	65,815	72,349	260,333
Operating income / loss	12,821	12,890	15,118	28,221	69,051	18,146	18,693	28,552	19,497	84,890
Ordinary income / loss	13,097	13,402	15,115	28,937	70,551	18,348	19,228	28,764	21,155	87,497
Extraordinary income / loss	-500	302	-11,277	-1,926	-13,402	-372	-517	-943	-4,464	-6,298
Income before income taxes	12,596	13,704	3,837	27,010	57,149	17,975	18,710	27,821	16,691	81,199
Income taxes	3,887	4,234	1,209	8,384	17,716	5,460	5,676	8,571	3,736	23,444
Profit / loss	8,709	9,470	2,628	18,625	39,433	12,515	13,034	19,249	12,954	57,754

Operational Indicators -1

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【non-consolidated】

◇ Sales of Products

(Billions of yen)	FY2016					FY2017				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Investment trusts	561.9	583.2	560.6	647.9	2,353.6	550.7	566.0	661.3	1,013.0	2,790.9
(Equity investment trusts)	(392.8)	(471.3)	(420.0)	(512.4)	(1,796.4)	(453.7)	(462.0)	(542.0)	(859.5)	(2,317.2)
(Foreign registered investment trusts)	(68.4)	(80.5)	(74.5)	(108.3)	(331.8)	(71.1)	(88.3)	(102.8)	(136.6)	(398.9)
Fund wrap	74.8	93.1	92.1	84.9	345.0	105.6	102.4	136.9	65.3	410.1
Foreign bonds (*1)	657.0	638.8	690.4	794.8	2,781.0	787.3	725.2	735.8	755.7	3,004.0
(Foreign currency bonds)	(214.0)	(219.8)	(239.9)	(202.2)	(875.9)	(221.2)	(256.6)	(153.4)	(226.5)	(857.6)
Domestic bonds	1,021.8	1,357.8	794.8	1,094.1	4,268.5	1,041.6	773.9	991.7	677.3	3,484.4
(Retail target JGBs)	(132.0)	(184.4)	(178.3)	(349.4)	(844.1)	(129.1)	(175.0)	(132.7)	(198.7)	(635.5)
Public offering	51.1	117.5	88.8	238.0	495.5	35.8	156.6	119.5	136.5	448.3
Annuity / insurance	10.0	4.3	11.6	8.9	34.8	8.5	16.6	24.2	17.5	66.8
Total (*2)	2,376.5	2,794.9	2,238.4	2,868.7	10,278.4	2,529.5	2,340.6	2,669.3	2,665.2	10,204.7

(*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	4Q
ECM Global Equity (*1)	19.9%	19.3%	18.6%	19.0%	9.9%	6.2%	8.6%	11.4%
DCM All bonds in Yen (*2)	20.4%	18.2%	16.8%	17.2%	19.5%	16.1%	16.9%	17.2%
M&A Japan related (*3)	6.7%	14.7%	15.0%	14.3%	14.8%	9.1%	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	4Q
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%)	91.1% (87.1%)	90.7% (86.2%)	91.3% (86.8%)
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%)	24.4% (16.1%)	27.6% (17.8%)	26.5% (16.8%)

(*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	4Q
Equity brokerage amount	6,178.5	6,226.4	7,197.9	6,952.2	7,295.9	7,354.1	9,242.7	8,846.7
Equity brokerage commissions (*3)	6.6	6.3	9.4	8.7	8.6	8.5	12.4	11.0
Equity commissions rate	9.4bp	8.9bp	11.5bp	11.1bp	10.8bp	10.6bp	12.3bp	11.7bp

(*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. 16	Sep. 16	Dec. 16	Mar. 17	Jun. 17	Sep. 17	Dec. 17	Mar. 18
Total accounts	2,739	2,759	2,775	2,801	2,813	2,829	2,838	3,327
Cash management accounts	2,405	2,426	2,446	2,473	2,486	2,500	2,512	2,851
Newly opened accounts	33	39	37	42	31	30	30	41

◇ Number of Branches

【non-consolidated】

	FY2016				FY2017			
	Jun. 16	Sep. 16	Dec. 16	Mar. 17	Jun. 17	Sep. 17	Dec. 17	Mar. 18
Number of branches	123	124	124	124	124	124	123	148

◇ Number of Employees

	FY2016				FY2017			
	Jun. 16	Sep. 16	Dec. 16	Mar. 17	Jun. 17	Sep. 17	Dec. 17	Mar. 18
Number of employees	10,352	10,325	10,198	10,112	10,698	10,559	10,456	11,987
Number of 4 overseas employees	443	457	467	480	491	524	556	579

- 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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