

Earnings Announcement for the First Quarter of FY2018 ending March 31, 2019 (JGAAP)

SMBC Nikko Securities Inc.

July 24, 2018



[Reference Data]

Summary of business results for the 1Q of FY ending Mar. 2019	2	Consolidated Business Results (Quarterly Trend)	19
Business Results (Quarterly Trend)	3	Non-consolidated Business Results (Quarterly Trend)	20
Net operating revenue / Product sales	4	Operational Indicators-1	21
Equity brokerage commissions	5	Operational Indicators-2	22
Commissions on investment trusts and fund wrap	6	Operational Indicators-3	23
Net trading income	7		
Underwriting commissions (Equities / Bonds)	8		
M&A	9		
Business collaboration with Sumitomo Mitsui Banking Corporation	10		
【Reference】 Sum of bank-securities retail investment assets	11		
SG&A	12		
Balance Sheet / Capital Adequacy Ratio	13		
Client Assets / Net Inflow of Assets	14		
Business Trends of Overseas Offices	15		
Overseas Network	16		
Topics	17		

The information contained in this document is based on data available as of July 24, 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 (July 24, 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.

Summary of business results for 1Q of the FY ending Mar. 2019

FY ending
Mar. 2019 1Q

- **Net operating revenue : ¥ 86.4 B (+5% Y on Y), Ordinary profit : ¥ 18.0 B (-14%), Profit (*1) : ¥ 14.9 B (+3%)**
The continuous growth of fund wrap commission etc. has contributed to the increase in net operating revenue.
Furthermore, due to tax credits etc. in the consolidated taxation of Sumitomo Mitsui Financial Group basis, we had a growth in profit.
- Equity brokerage amount was ¥ 8.7 trillion (+20%).
Aggregated sales of products was ¥ 2.5 trillion (-2%) , continuing to perform strongly as the previous year.
- Underwriting commission was ¥ 8.8 B (+57%).
League table rankings for Apr. 2018 - Jun. 2018
4th place (*2) in Global Equity & Equity-Related-Japan
5th place (*3) in All Bonds in Yen
7th place (*4) in terms of value and 2nd in terms of number of deals for M&A announced deals
- SG&A was ¥ 70.2 B (+13%).
- As of the end of Jun. 2018, total assets was ¥ 9.7 trillion, net assets was ¥ 816.8 B.
Capital adequacy ratio (non-consolidated) was 443%, reflecting a sound financial base of the company.

Billions of Yen	FY2017		FY2018	Y on Y	Q on Q
	1Q	4Q	1Q		
Operating revenue	91.4	104.6	97.3	+6%	-7%
Net operating revenue	82.1	94.8	86.4	+5%	-9%
SG&A	62.3	74.6	70.2	+13%	-6%
Ordinary profit / loss	20.9	22.5	18.0	-14%	-20%
Profit before taxes	20.5	18.3	17.3	-15%	-5%
Profit / loss(*1)	14.4	14.1	14.9	+3%	+6%
	Jun.-end '17	Mar.-end '18	Jun.-end '18	Y on Y	Q on Q
Total assets (Trillions of yen)	12.2	10.6	9.7	-2.5	-0.9
Total net assets (Billions of yen)	548.4	818.7	816.8	+268.3	-1.9

(*1) profit attributable to owners of parent

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

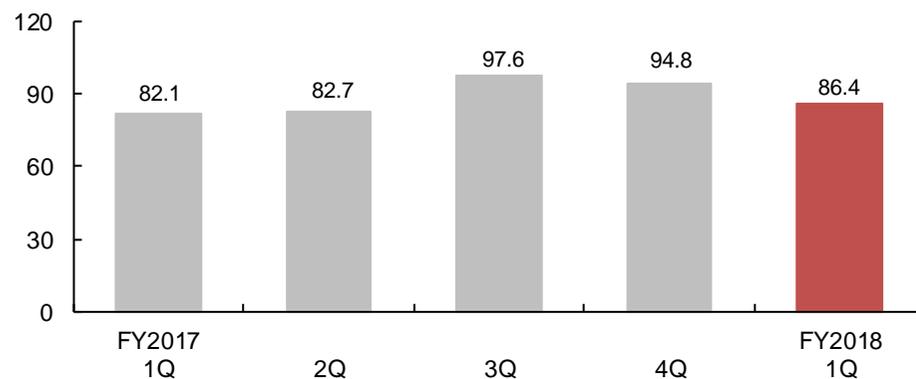
(*3) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

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

Business Results (Quarterly Trend)

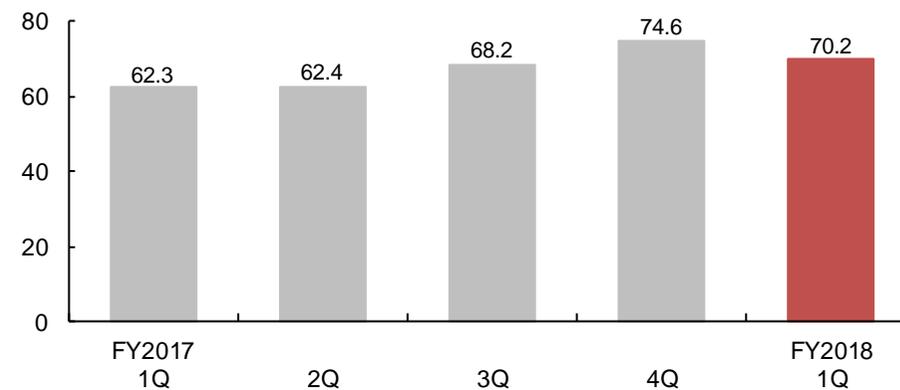
Net operating revenue

(Billions of yen)



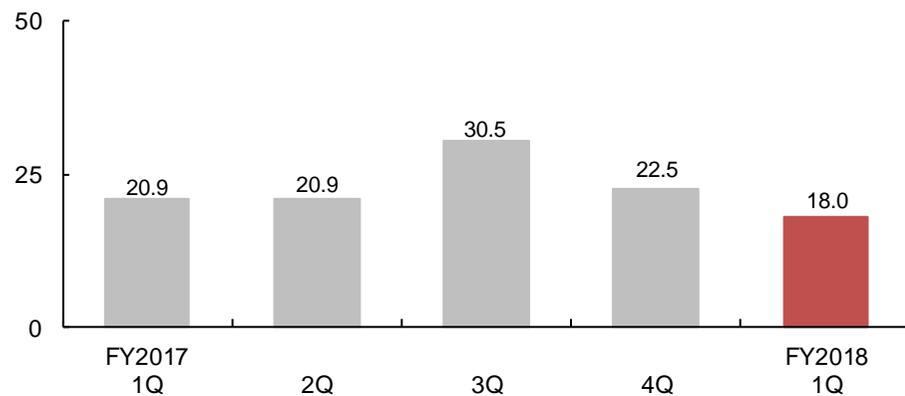
SG&A

(Billions of yen)



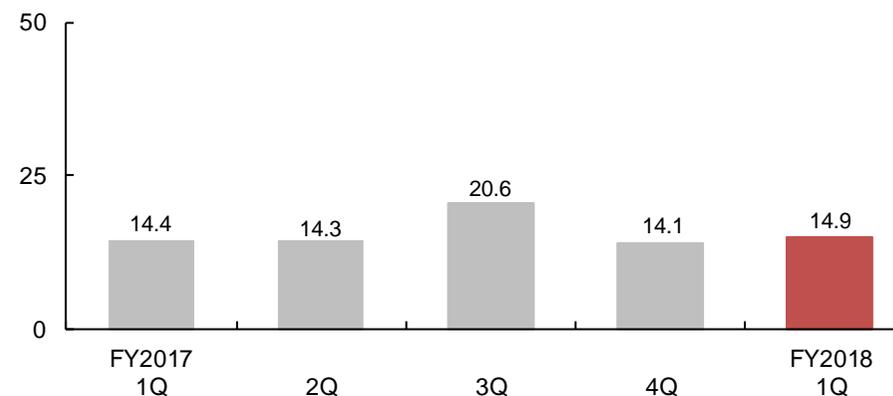
Ordinary profit

(Billions of yen)



Profit (*)

(Billions of yen)

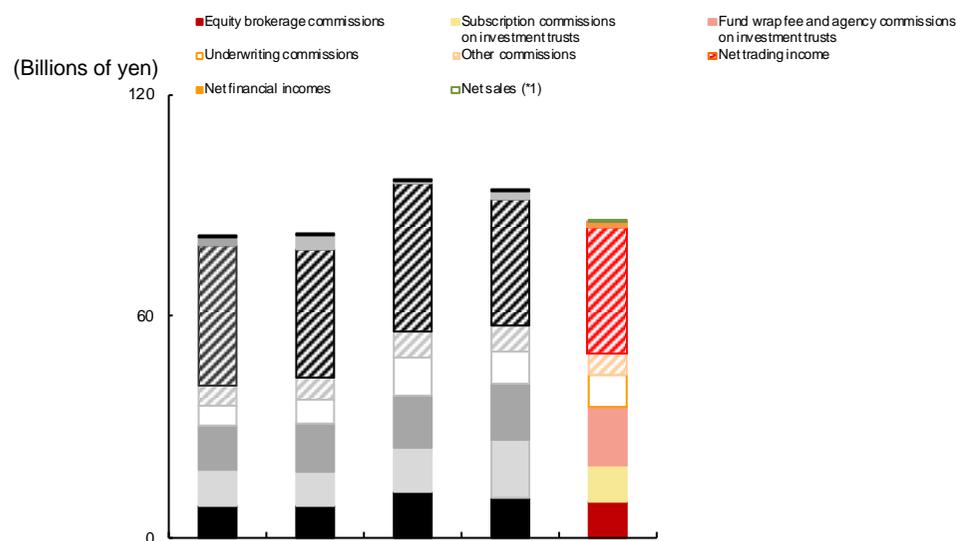


(*) profit attributable to owners of parent

Net operating revenue / Product sales

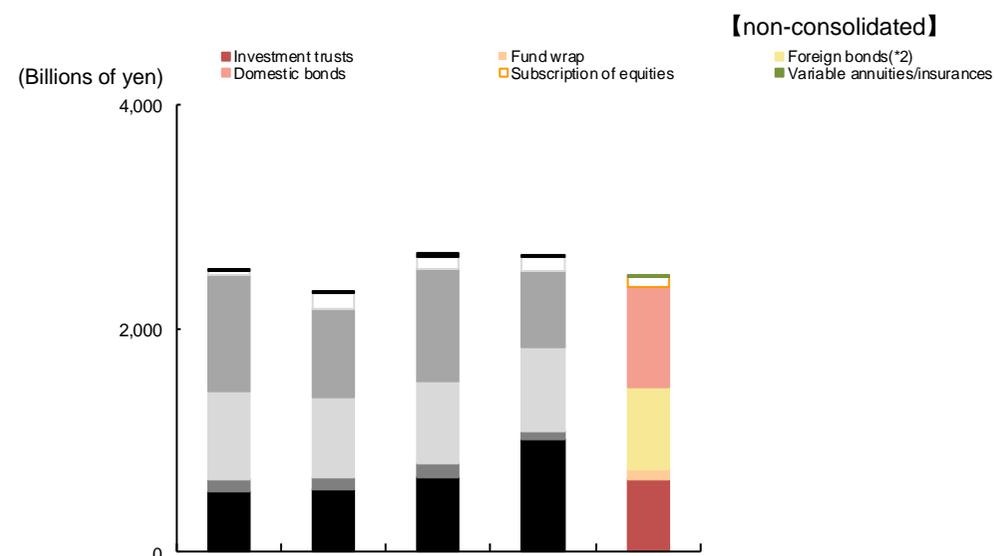
- ◇ Net operating revenue for this quarter was ¥ 86.4 B (+5% Y on Y, -9% Q on Q).
In a Y on Y comparison, underwriting commissions, and fund wrap fee and agency commissions increased. However, the subscription commissions on investment trusts has mainly decreased compared to the previous quarter.
- ◇ Aggregated sales of product for this quarter was ¥ 2,480.3 B (-2%, -7%).
Though the sales of investment trusts has declined, as a total the product sales has continued to perform strongly.

Net operating revenue



	FY2017 1Q	2Q	3Q	4Q	FY2018 1Q	Y on Y	Q on Q
Equity brokerage commissions	8.6	8.5	12.4	11.0	9.9	+15%	-10%
Subscription commissions on investment trusts	10.0	9.5	12.3	15.6	10.1	+1%	-35%
Fund wrap fee and agency commissions on investment trusts	11.7	12.8	14.0	15.2	15.6	+33%	+3%
Underwriting commissions	5.6	6.8	10.1	9.0	8.8	+57%	-2%
Other commissions	5.5	5.8	7.2	6.9	5.6	+2%	-18%
Net trading income	38.0	34.7	40.4	34.0	34.0	-10%	+0%
Net financial incomes	2.1	4.2	0.6	2.5	1.6	-22%	-35%
Net sales (*1)	0.2	0.2	0.2	0.1	0.3	+20%	+83%
Total	82.1	82.7	97.6	94.8	86.4	+5%	-9%

Product Sales



	FY2017 1Q	2Q	3Q	4Q	FY2018 1Q	Y on Y	Q on Q
Investment trusts	550.7	566.0	661.3	1,013.0	650.7	+18%	-36%
Fund wrap	105.6	102.4	136.9	65.3	97.8	-7%	+50%
Foreign bonds(*2)	787.3	725.2	735.8	755.7	734.2	-7%	-3%
Domestic bonds	1,041.6	773.9	991.7	677.3	881.5	-15%	+30%
(Retail - targeted JGBs)	(129.1)	(175.0)	(132.7)	(198.7)	(116.8)	(-10%)	(-41%)
Subscription of equities	35.8	156.6	119.5	136.5	91.0	2.5X	-33%
Variable annuities/insurances	8.5	16.6	24.2	17.5	25.1	3.0X	+43%
Total	2,529.5	2,340.6	2,669.3	2,665.2	2,480.3	-2%	-7%

(*1) other sales minus cost of sales

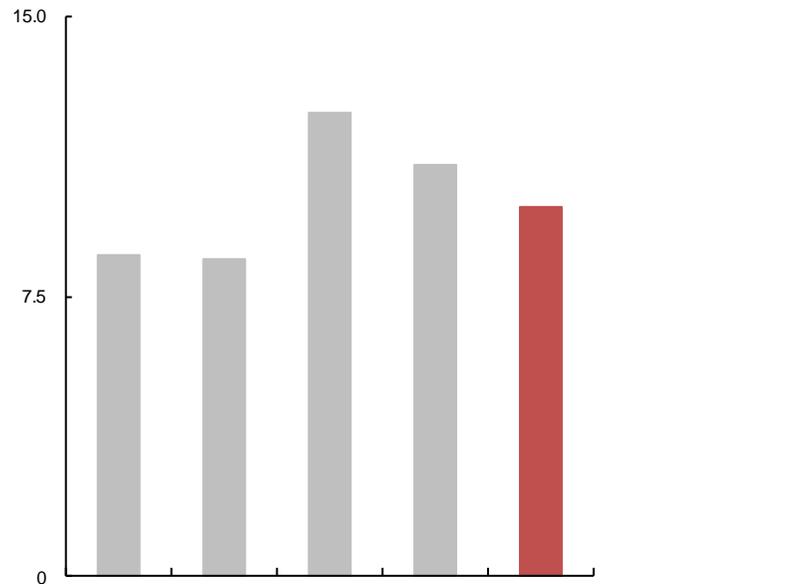
(*2) Sale of foreign bonds include already-issued bonds and yen-denominated foreign bonds.

Equity brokerage commissions

◇ Equity brokerage amount for this quarter was ¥ 8,721.4 B (+20% Y on Y, -1% Q on Q), and equity brokerage commissions was ¥ 9.9 B (+15%, -10%). Compared to the previous quarter, the trading volume of retail clients has decreased, but both TSE share and retail market share were expanded.

Equity brokerage commissions

(Billions of yen)

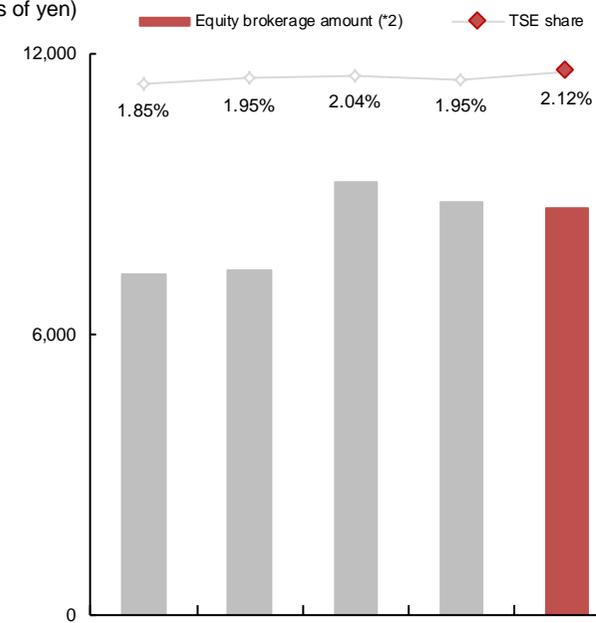


	FY2017 1Q	2Q	3Q	4Q	FY2018 1Q	Y on Y	Q on Q
Equity brokerage Commissions	8.6	8.5	12.4	11.0	9.9	+15%	-10%
Equity commissions rate(*1)	10.8bp	10.6bp	12.3bp	11.7bp	10.5bp	- 0.3bp	- 1.2bp

Equity brokerage amount / TSE share

(Billions of yen)

【non-consolidated】

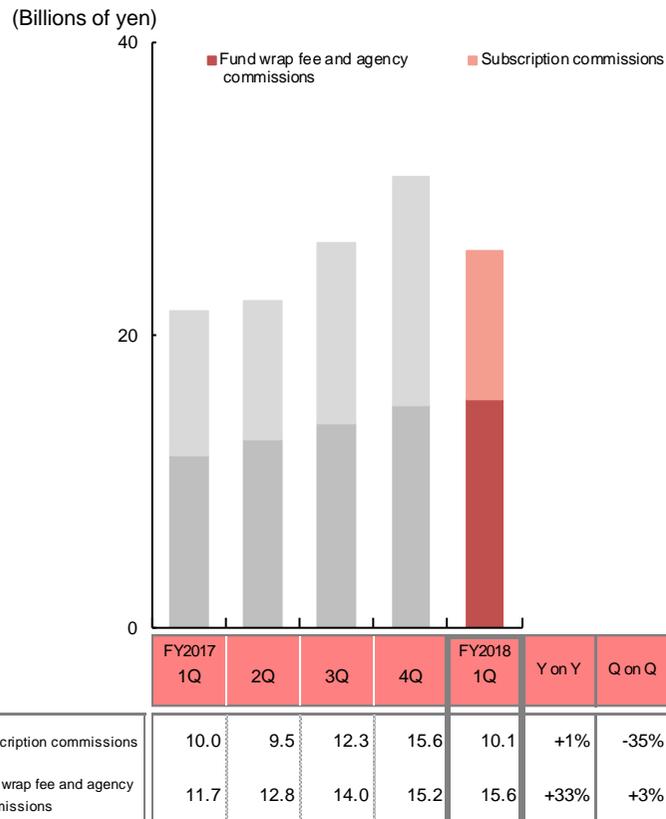


	FY2017 1Q	2Q	3Q	4Q	FY2018 1Q	Y on Y	Q on Q
Equity brokerage amount (*2)	7,295.9	7,354.1	9,242.7	8,846.7	8,721.4	+20%	-1%
TSE share	1.85%	1.95%	2.04%	1.95%	2.12%	+0.27pt	+0.17pt
Retail market share (*3)	3.64%	3.48%	3.83%	4.09%	4.35%	+0.71pt	+0.26pt

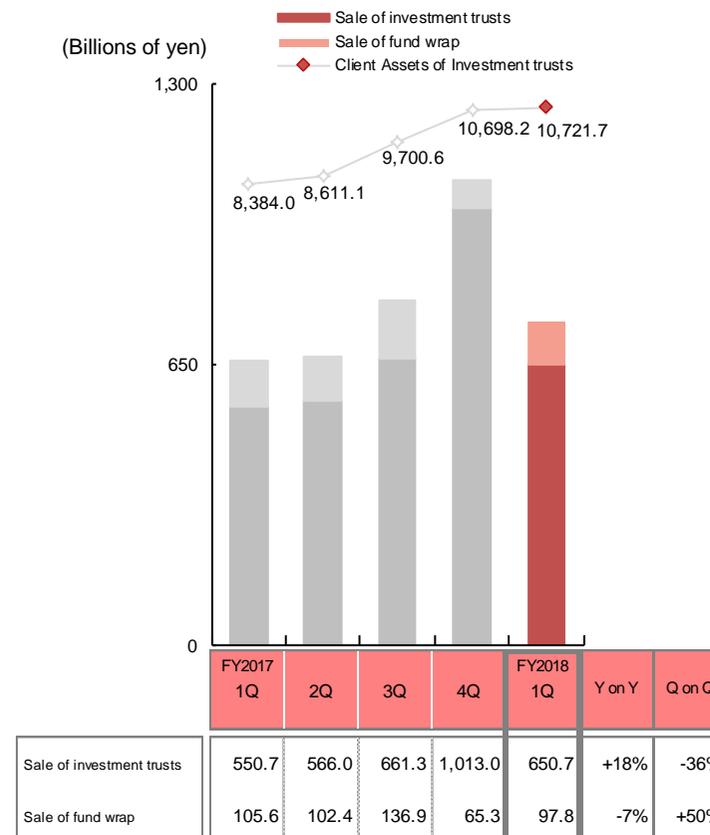
Commissions on investment trusts and fund wrap

◇ Sale of investment trusts for this quarter was ¥ 650.7 B (+18% Y on Y, -36% Q on Q), subscription commissions on investment trusts were 10.1 B (+1%, -35%).
Due to the extraordinary sales of investment trusts related to next-generation vehicles in the previous quarter, both sales and subscription commission declined for this quarter.
On the other hand, fund wrap fee and agency commission has increased from the previous year and quarter, due to the growth in client assets of fund wrap.

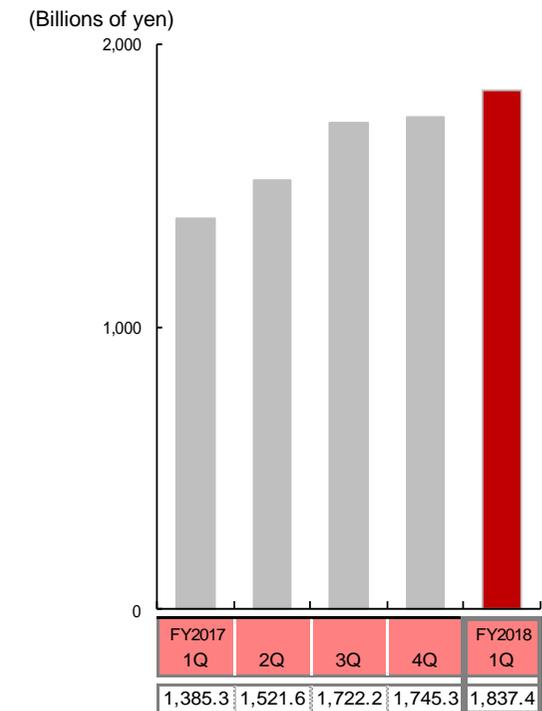
Subscription commissions



Sales / Client Assets of Investment trusts



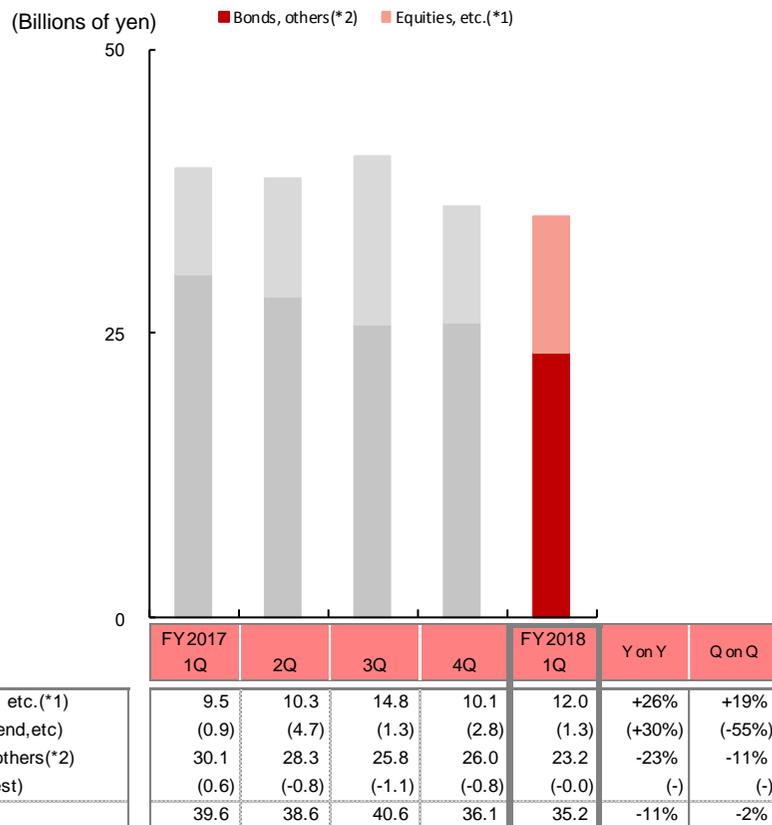
Client Assets of Fund wrap (*1)



Net trading income

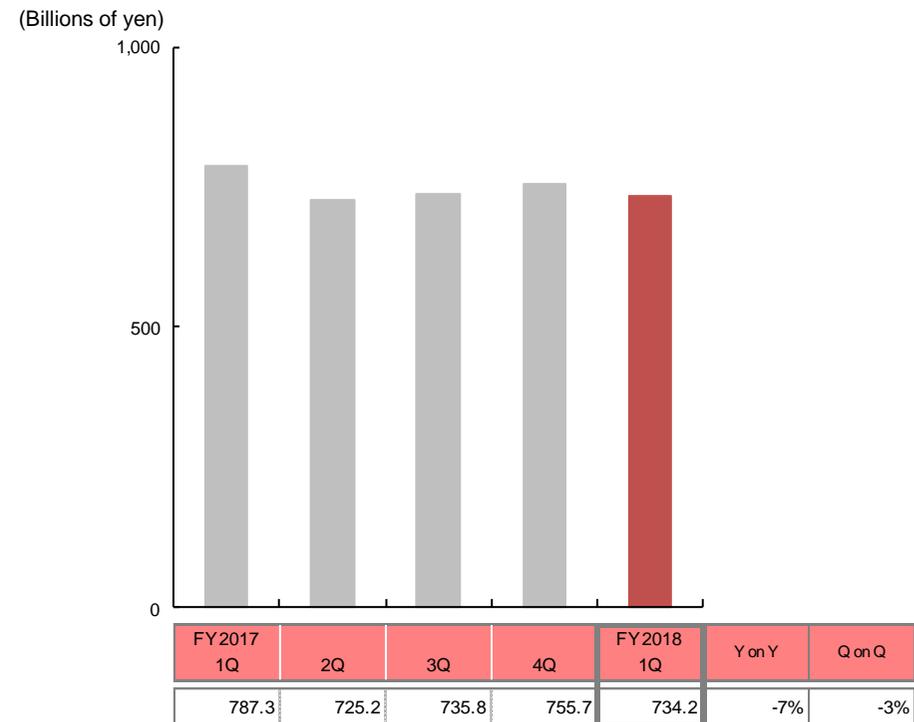
- ◇ Net trading income (adjusted net financial income) for this quarter was ¥ 35.2 B (-11% Y on Y, -2% Q on Q).
Due to expansion of world equities OTC transactions, the net trading income of equities has increased compared to the previous year and quarter. Since the market has steadied, the demand for bond has dropped which resulted in the decline in net trading income of bonds compared to the previous year and quarter.

Net trading income (adjusted net financial income)



Sale of foreign bonds

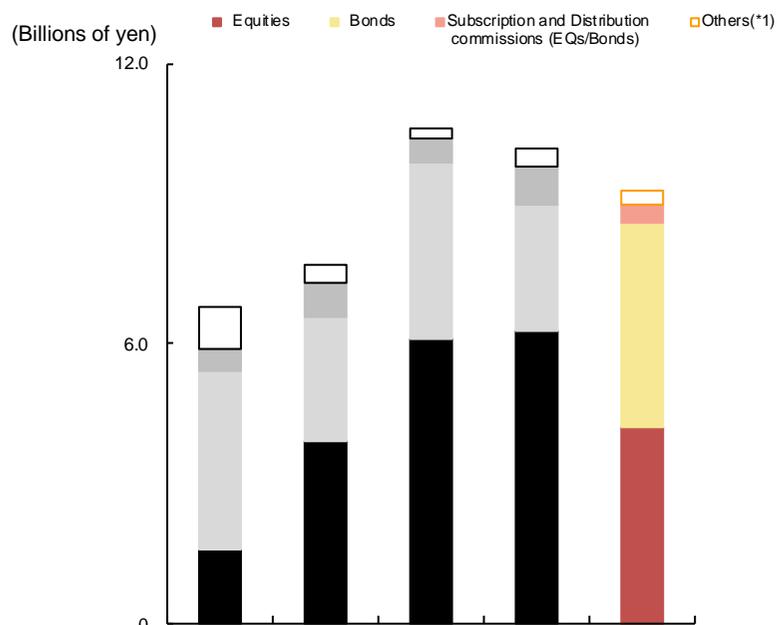
【non-consolidated】



Underwriting commissions (Equities / Bonds)

- ◇ Underwriting commissions for this quarter was ¥ 8.8 B (+57% Y on Y, -2% Q on Q).
- ◇ For Apr. 2018 - Jun. 2018, book runner in Global Equity & Equity-Related-Japan: 4th place holding 15.9% market share, underwriter in IPO: 1st place in terms of number of deals and 5th place in terms of proceeds, lead manager in All Bonds in Yen: 5th place holding 16.4% market share.

Underwriting commissions (Equities / Bonds)



	FY2017 1Q	2Q	3Q	4Q	FY2018 1Q	Y on Y	Q on Q
Underwriting commissions	5.6	6.8	10.1	9.0	8.8	+57%	-2%
Equities	1.6	3.9	6.1	6.3	4.2	2.6X	-33%
Bonds	3.8	2.7	3.8	2.7	4.4	+15%	+65%
Subscription and Distribution commissions (EQs/Bonds)	0.5	0.7	0.5	0.8	0.4	-13%	-44%
Others(*1)	0.9	0.4	0.2	0.4	0.3	-64%	-13%

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

Rank	Book runner	Proceeds (bill of yen)	Mkt.Share (%)
1	Daiwa	182.4	18.3%
2	Nomura	180.4	18.2%
3	Mitsubishi UFJ Morgan Stanley	174.0	17.4%
4	SMBC Nikko	158.0	15.9%
5	Mizuho	123.7	12.5%

IPO (*3) Apr. 2018 - Jun. 2018

Rank	Book runner	No. Deals	Rank	Underwriter	Proceeds (bill of yen)
1	Sumitomo Mitsui Financial Group	5	1	Daiwa Securities Group Inc	70.3
1	Nomura	5	2	Morgan Stanley	62.2
1	Mizuho Financial Group	5	3	Nomura	56.2
4	Daiwa Securities Group Inc	4	4	Mizuho Financial Group	12.8
4	Morgan Stanley	4	5	Sumitomo Mitsui Financial Group	10.0

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

Rank	Manager	Proceeds (bill of yen)	Mkt.Share (%)
1	Mizuho	1,204.0	19.9%
2	Mitsubishi UFJ Morgan Stanley	1,198.7	19.8%
3	Nomura	1,189.1	19.7%
4	Daiwa	1,040.6	17.2%
5	SMBC Nikko	992.8	16.4%

(*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. 2018 - Jun. 2018 in the league table of M&A financial advisor for Japanese involvement announced deals:
 Ranked 7th in terms of value (market share 36.9%) and 2nd in terms of number of deals (market share 3.2%).

Financial Advisor Rank value basis Apr. 2018 - Jun. 2018

Rank	Advisor	Rank value (bill of yen)	Mkt.Share (%)
1	Goldman Sachs	15,676.3	87.2%
2	Morgan Stanley	15,576.0	86.6%
3	J.P. Morgan	14,902.4	82.9%
4	Evercore Partners	14,785.0	82.2%
7	Sumitomo Mitsui Financial Group	6,631.8	36.9%

Financial Advisor No. of deals Apr. 2018 - Jun. 2018

Rank	Advisor	No. Deals	Mkt.Share (%)
1	Mizuho Financial Group	29	3.3%
2	Sumitomo Mitsui Financial Group	28	3.2%
3	Nomura	23	2.6%
4	Kaede Group	20	2.3%
5	Morgan Stanley	19	2.2%

Major announced deals Apr. 2018 – June. 2018

**KYOWA EXEO CORPORATION
/ C-CUBE & Seibu Electric Industry &
Nippon Dentsu**
 KYOWA EXEO CORPORATION has resolved to make C-CUBE, Seibu Electric Industry, and Nippon Dentsu their wholly-owned subsidiary through share exchange.
 (SMBC Nikko serves as an advisor for KYOWA EXEO CORPORATION.)

Sharp Corporation / Toshiba Client Solutions Co., Ltd. (Toshiba Corporation)
 Sharp Corporation announced to acquire 80.1% of shares of Toshiba Client Solutions Co., Ltd. from Toshiba Corporation. Before the acquisition, Toshiba Corporation will restructure their group by aggregating the PC technology sector into Toshiba Client Solutions Co., Ltd.
 (SMBC Nikko serves as an advisor for Sharp Corporation.)

**SECOM CO., LTD.
/ Toshiba Security Guard Corporation**
 SECOM CO., LTD. announced to acquire 80.1% of the outstanding shares of common stock of Toshiba Security Guard Corporation, a wholly-owned subsidiary of Toshiba Corporation.
 (SMBC Nikko serves as an advisor for SECOM CO., LTD.)

**ITOCHU Corporation
/ FamilyMart UNY Holdings Co., Ltd.**
 ITOCHU Corporation has commenced a tender offer for FamilyMart UNY Holdings Co., Ltd., through their wholly-owned subsidiary.
 (SMBC Nikko serves as an advisor for FamilyMart UNY Holdings Co., Ltd.)

**T-Mobile US Inc.
/ Sprint Corporation (SoftBank Group)**
 SoftBank Group Corp. has finalized and signed the merger agreement between Sprint Corporation, their USA subsidiary, and T-Mobile US Inc.
 (SMBC Nikko served as an advisor for SoftBank Group Corp.)

**Nisshinbo Holdings Inc.
/ New Japan Radio Co., Ltd.**
 Nisshinbo Holdings Inc. has resolved to make New Japan Radio Co., Ltd. their wholly-owned subsidiary through share exchange.
 (SMBC Nikko serves as an advisor for Nisshinbo Holdings Inc.)

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.

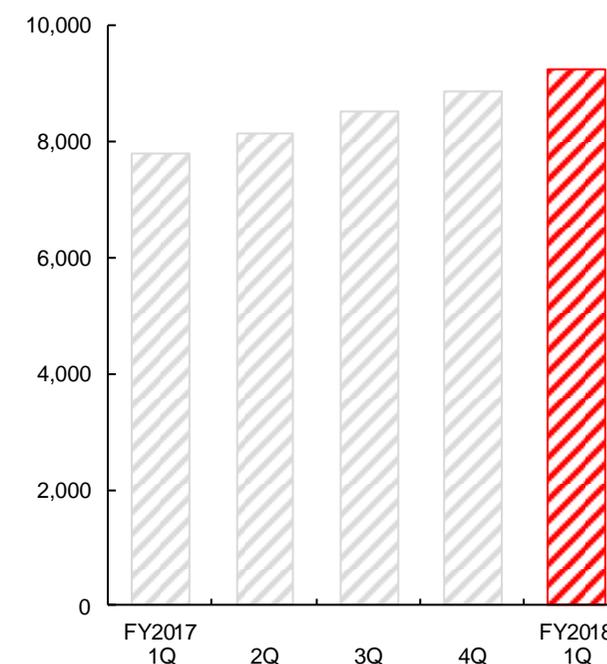
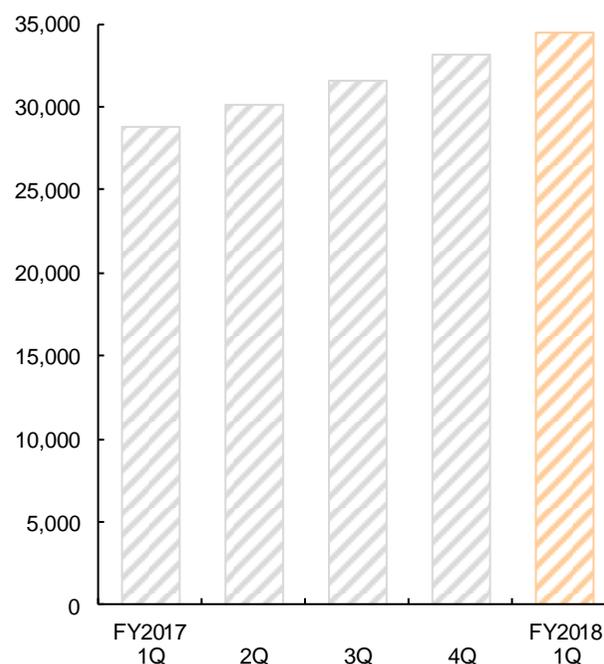
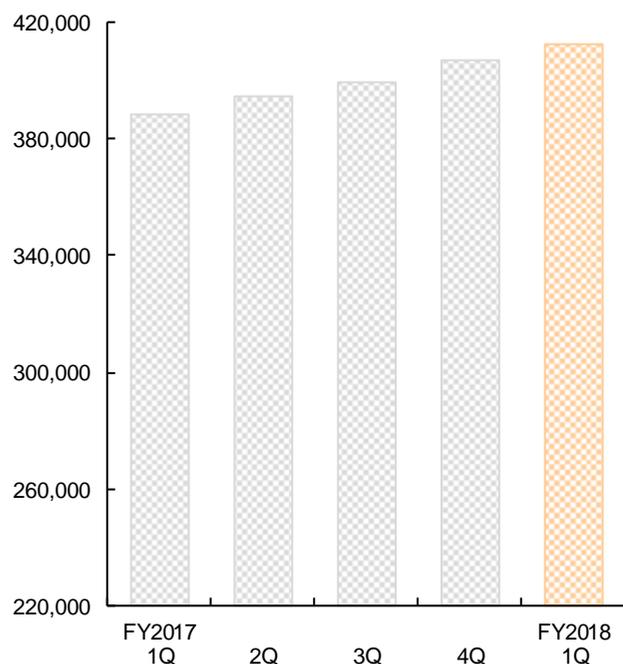
Asset management (Referral service and financial products intermediary service (*1))

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.

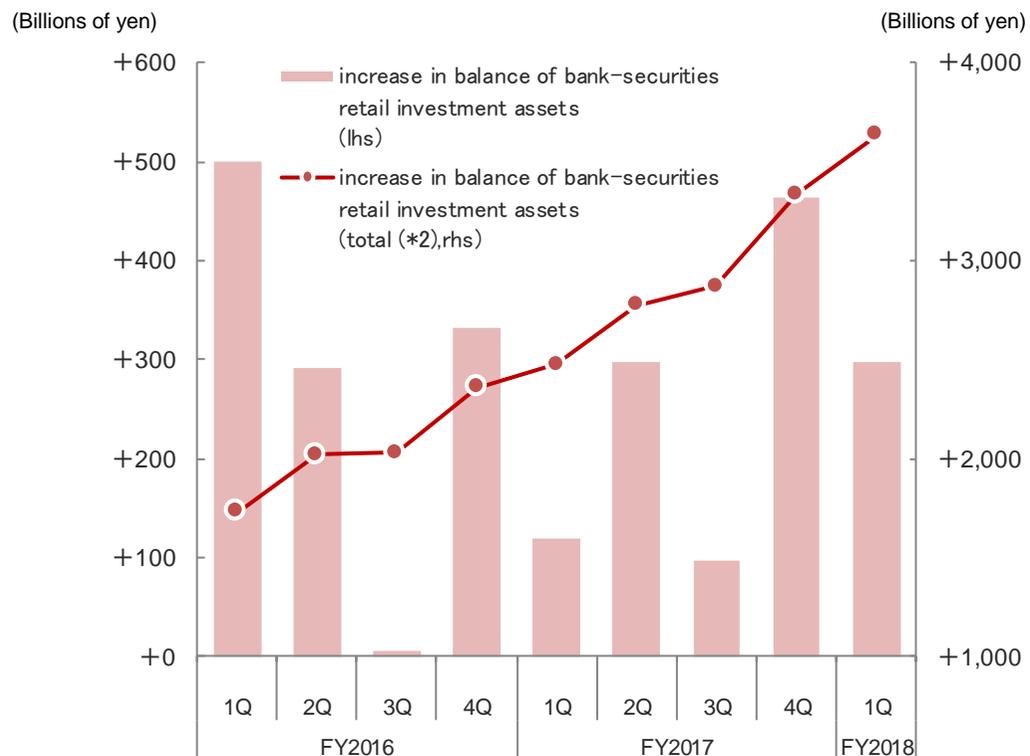
(*2) The number of accounts at the end of each quarter with regards to individual customer who either was referred by SMBC to SMBC Nikko or opened an account with SMBC Nikko via SMBC's financial products intermediary service.

(*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.

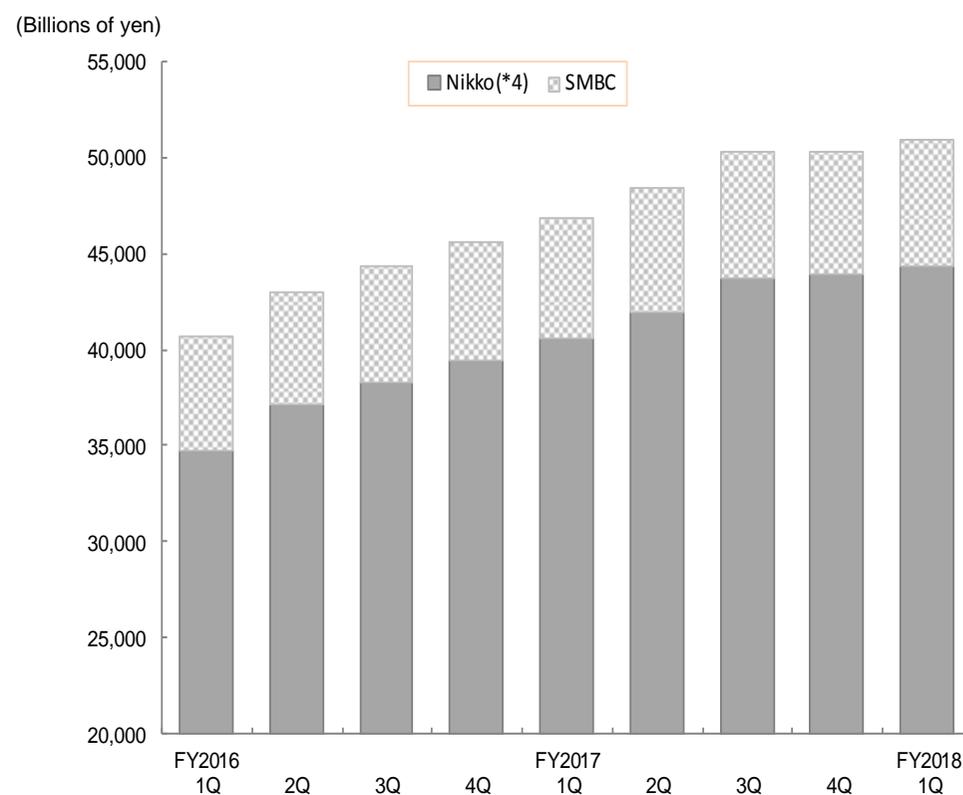
【Reference】 Sum of bank-securities retail investment assets

◇ 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

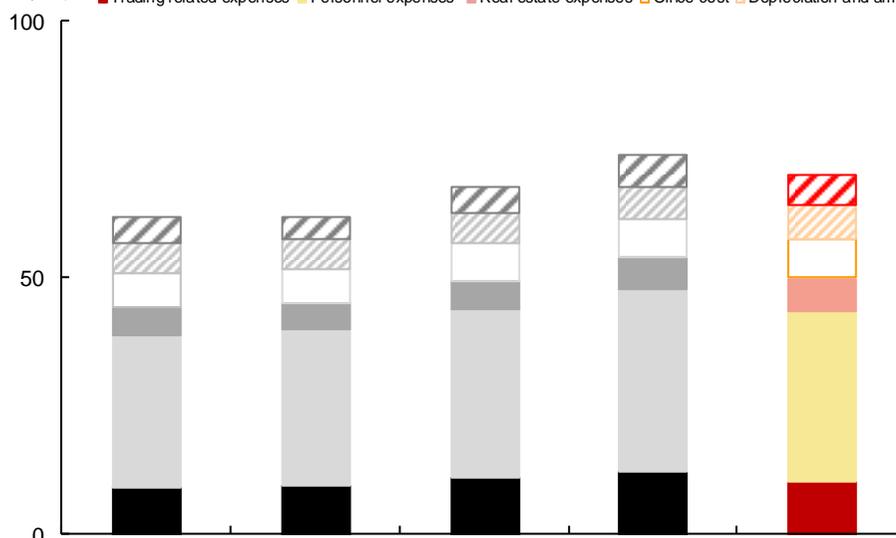
(*2) cumulative amount since FY 2013 1Q

(*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 Public Institutions Divisions and etc.) of Nikko

(*4) The amount of investment assets of former SMBC Friend Securities Co. Ltd are included since FY 2016 1Q

◇ SG&A for this quarter was ¥ 70.2 B (+13% Y on Y, -6% Q on Q).

(Billions of yen) ■ Trading related expenses ■ Personnel expenses ■ Real estate expenses ■ Office cost ■ Depreciation and amortization ■ Other



(Billions of yen)	FY2017 1Q	2Q	3Q	4Q	FY2018 1Q	Y on Y	Q on Q
Trading related expenses	9.3	9.8	11.2	12.2	10.4	+11%	-15%
Personnel expenses	29.5	30.2	32.9	35.6	33.2	+13%	-7%
Real estate expenses	5.5	5.3	5.6	6.5	6.5	+19%	+0%
Office cost	6.6	6.6	7.2	7.4	7.6	+16%	+3%
Depreciation and amortization	5.9	6.0	6.1	6.4	6.4	+9%	+0%
Other	5.2	4.1	4.9	6.1	5.8	+11%	-5%
SG&A	62.3	62.4	68.2	74.6	70.2	+13%	-6%
SG&A/ Net operating revenue	76%	75%	70%	79%	81%	+5pt	+3pt

Balance Sheet / Capital Adequacy Ratio

(Billions of Yen)	Mar.18	Jun.18	Variance
Current assets	10,365.8	9,415.9	-949.9
Trading products	3,179.7	3,529.5	+349.8
Loans secured by securities	5,027.7	3,829.9	-1,197.7
Other current assets	2,158.3	2,056.4	-101.9
Noncurrent assets	315.3	313.5	-1.8
Tangible assets	27.3	26.8	-0.4
Intangible assets	74.2	71.9	-2.2
Investments and other assets	213.8	214.7	+0.8
Total assets	10,681.2	9,729.4	-951.7
Current liabilities	9,079.5	8,084.2	-995.2
Trading products	2,494.6	2,243.7	-250.9
Loans payable secured by securities	5,006.0	4,200.7	-805.2
Short-term loans payable / Commercial papers	729.8	573.8	-155.9
Other current liabilities	849.0	1,065.9	+216.8
Noncurrent liabilities / Reserves under the special laws	782.9	828.4	+45.4
Total liabilities	9,862.5	8,912.6	-949.8
Total net assets	818.7	816.8	-1.9
Total liabilities and net assets	10,681.2	9,729.4	-951.7

【non-consolidated】

(Billions of Yen)	Mar.18	Jun.18	Variance
Basic items	735.7	730.7	-5.0
Supplementary items	149.1	152.4	+3.3
Deductible assets	166.0	168.9	+2.8
Net capital	718.8	714.3	-4.5
Risk total	160.9	161.0	+0.0
Market Risk	62.4	63.6	+1.2
Counterparty Risk	24.2	24.0	-0.2
Basic Risk	74.2	73.4	-0.8
Capital Adequacy Ratio	447%	443%	-3pt

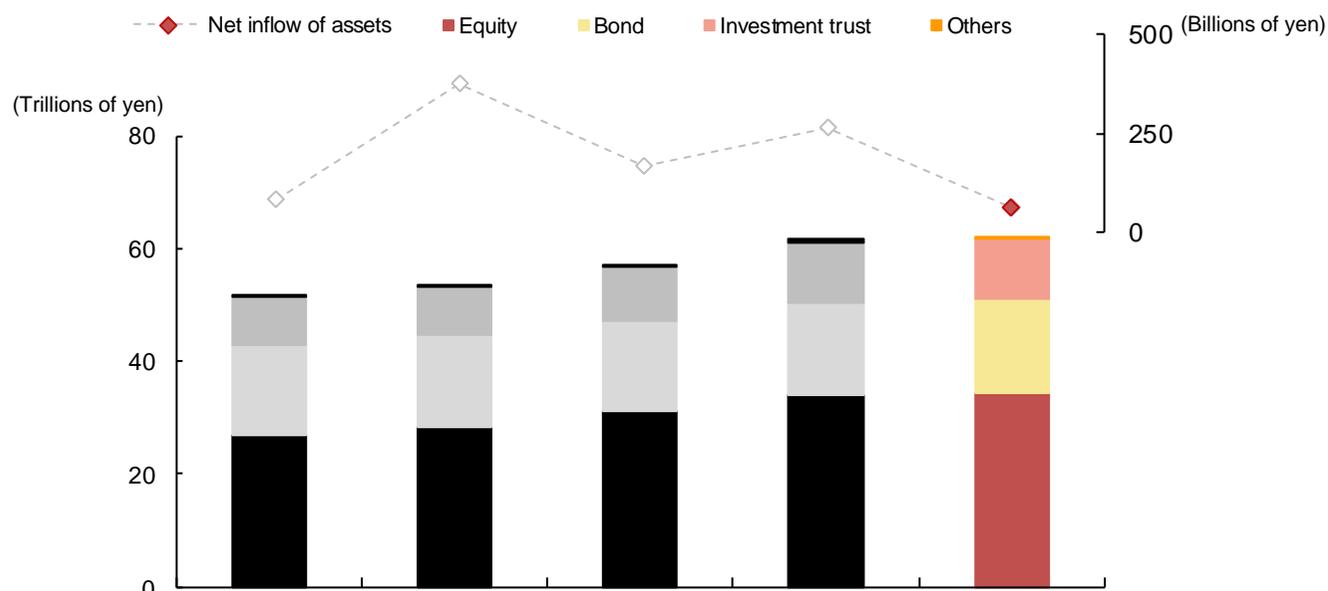
【non-consolidated】

Credit ratings on Long Term (as of July 24, 2018)

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

Client Assets / Net Inflow of Assets

- ◇ Overall client assets at the end of Jun. 2018 was ¥ 62.2 trillion (+1% Q on Q).
- ◇ Net inflow of assets at sales division for this quarter was ¥ 61.7 B.



(Trillions of yen)	FY2017 Jun.	Sep.	Dec.	Mar.	FY2018 Jun.
Equity	26.8	28.4	31.0	34.0	34.5
Bond	16.0	16.2	16.0	16.4	16.4
Investment trust	8.4	8.6	9.7	10.7	10.7
Others	0.4	0.4	0.4	0.5	0.5
Client assets	51.6	53.6	57.2	61.6	62.2

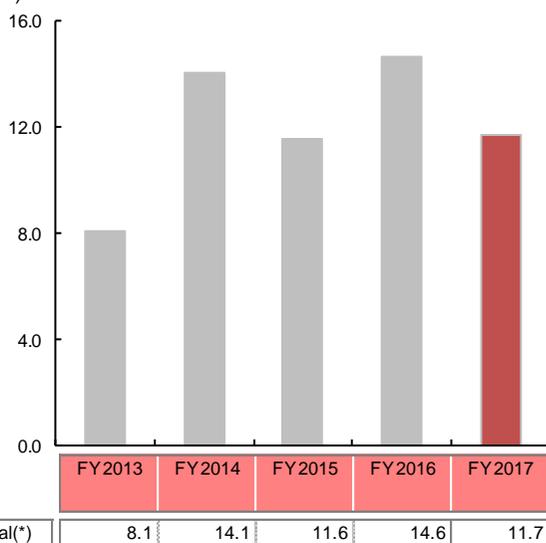
(Billions of yen)	1Q	2Q	3Q	4Q	1Q
Net inflow of assets (*)	82.4	376.8	167.1	264.8	61.7
Inflow of assets	1,096.8	1,475.0	1,437.7	1,766.9	1,266.3
Outflow of assets	-1,014.4	-1,098.2	-1,270.6	-1,502.1	-1,204.6

Business Trends of Overseas Offices

- ◇ Earnings based on managerial accounting for this quarter was ¥ 2.0 B (-36% Q on Q).
- ◇ Even though influenced by overseas financing of global issuers, earnings based on managerial accounting continued to perform steadily.

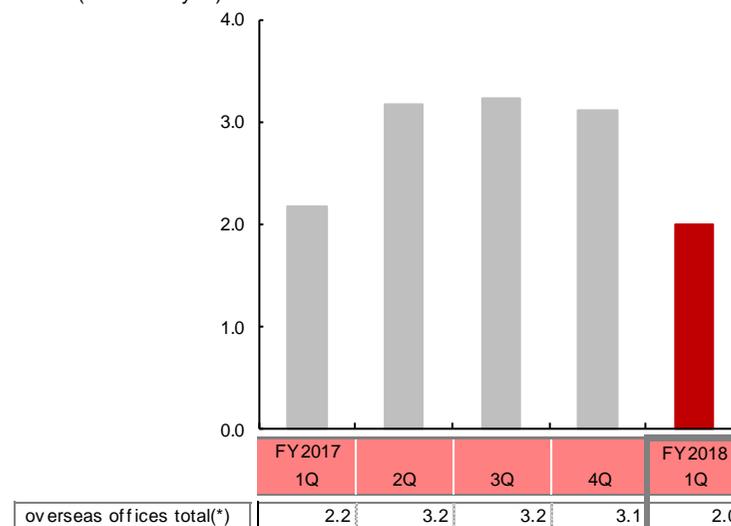
**Earnings based on managerial accounting
Annual trend**

(Billions of yen)



**Earnings based on managerial accounting
Quarterly trend**

(Billions of yen)

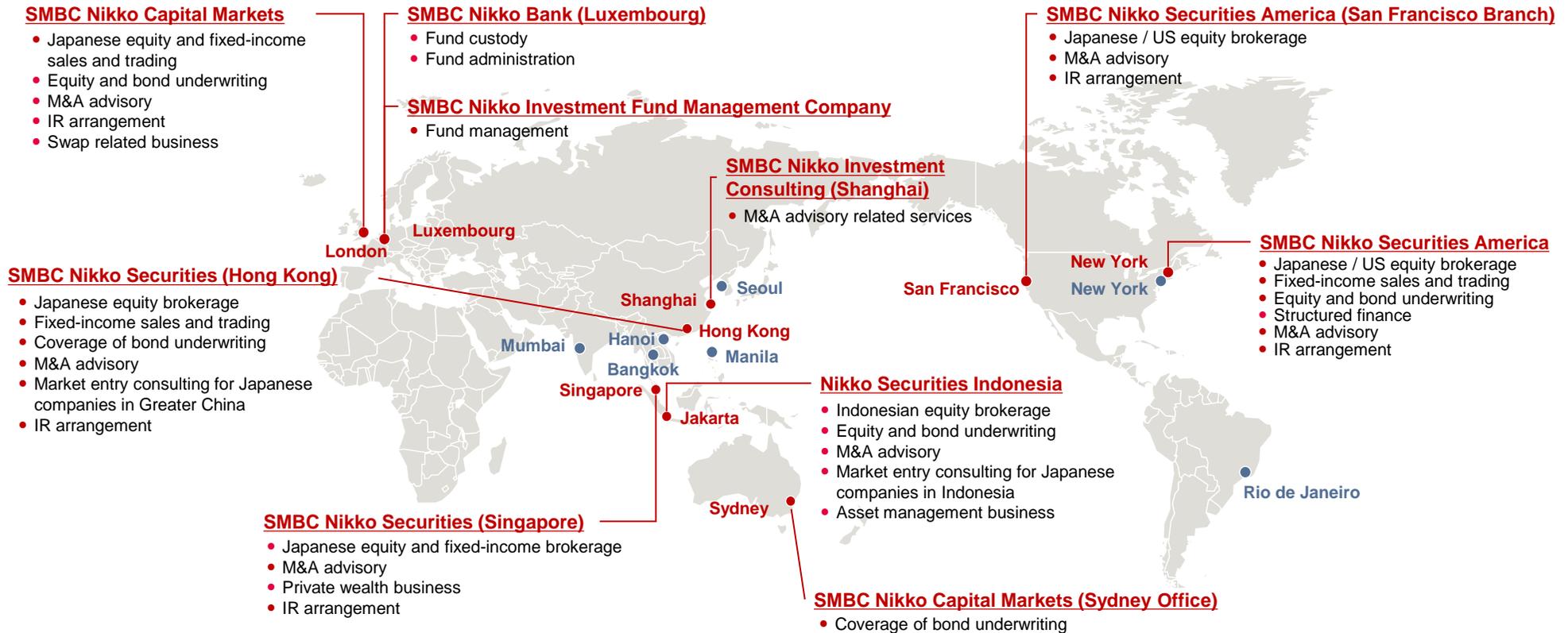


(Notes) Until the previous quarter, we have been consolidating SMBC Nikko Capital Markets and SMBC Nikko Securities America's previous quarters earnings. From this period, we have consolidated the earnings of the current period.

(*) Overseas offices total is defined as the total of:

- ✓ Earnings of consolidated subsidiaries: SMBC Nikko Securities (Hong Kong), SMBC Nikko Securities (Singapore) and preparation company for consolidated subsidiary in Frankfurt, Germany (Included from First Quarter of FY2018); 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

SMBC Nikko's 100th Anniversary

- On July 7th, 2018, SMBC Nikko has reached the 100th anniversary, since foundation. This is all thanks to our clients, we would like to thank you all once again for the support and help you are giving us. We will continue on improving and providing our services and solutions to match our clients needs, while valuing our founder's spirit of "mutual benefit with valued clients" and "kindness and honesty".



Commencement of 「Shinjuku East Side Branch」

- From May 21st, Shinjuku East Side branch commenced their business operation. The branch is located in Shinjuku M-SQUARE 8F which is directly connected to the Marunouchi Metro Line's Shinjuku station. The SMBC Shinjuku branch, Shinjuku East Area branch, Shinjuku Corporate Sales Division1, Shinjuku Corporate Sales Division2 has relocated their office in the same building.
- SMBC Nikko have been preparing structure with an aim to "Becoming 'a No.1 full-line securities company in Japan' that provides high quality services on global basis". From the commencement of the Shinjuku East Side branch, the total number of domestic offices are 149 locations(1 Head office, 148 branches).

FSA's application on supporting 「FinTech Experiment Hub」

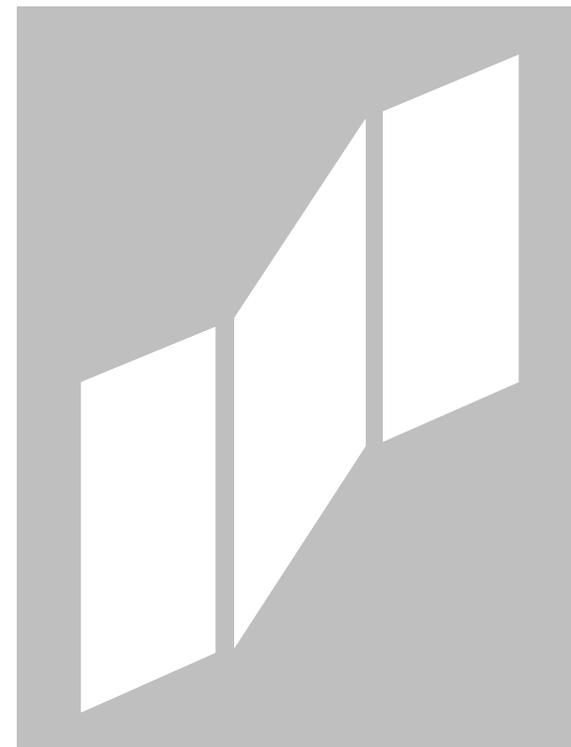
- Sumitomo Mitsui Financial Group and SMBC Nikko has collaborated with FRONTEO, Inc. in joining the 「FinTech Experiment Hub」 that the Financial Services Agency has set up on September 21st, 2017.
- From the past, we have received and recorded many opinions and suggestions from our clients. However, we were not able to effectively check and apply those feedbacks and live reactions due to the massive amount we receive daily. In this experiment, we have taken usage of Artificial Intelligence technology to assemble and analyze our clients feedbacks, so that we can efficiently utilize those valuable information to revise and update our services.

The release of 「One・PIT」 service

- We have started providing the 「One・PIT」 service, which is a general life plan simulation tool analyzed through big data, that we have developed together with Morningstar, Inc.
- In order to provide high class information to our clients depending on their situation, we have implemented the 「One・PIT」 service in the sales staffs tablet devices and computers in all branches.



Reference Data



Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Operating revenue	91,483	91,543	109,773	104,605	97,367
Commissions received	41,726	43,495	56,257	57,984	50,357
Commissions to consignees	9,165	8,821	12,822	11,785	10,393
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,659	6,820	10,180	9,078	8,866
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,656	10,304	12,948	16,585	10,669
Other fees received	16,243	17,549	20,306	20,534	20,427
Net trading income	38,008	34,770	40,493	34,057	34,057
Equities	8,568	5,569	13,506	7,234	10,721
Bonds / Others	29,439	29,200	26,987	26,823	23,336
Financial revenue	9,600	10,988	10,669	9,740	9,547
Other sales	2,148	2,288	2,352	2,822	3,404
Financial expenses	7,462	6,769	10,025	7,156	7,871
Cost of other sales	1,856	2,057	2,090	2,631	3,055
Net operating revenue	82,164	82,716	97,657	94,816	86,439
SG&A	62,353	62,418	68,254	74,637	70,291
Operating profit / loss	19,811	20,297	29,402	20,178	16,148
Ordinary profit / loss	20,960	20,938	30,531	22,552	18,051
Extraordinary income / losses	-372	-517	-931	-4,210	-652
Profit before income taxes	20,587	20,420	29,599	18,342	17,398
Income taxes	6,093	6,054	8,918	4,169	2,397
Profit / loss	14,493	14,365	20,681	14,172	15,001
Profit attributable to owners of parent	14,491	14,365	20,677	14,170	14,996

Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Operating revenue	86,651	86,282	104,225	98,857	90,835
Commissions received	39,243	40,737	53,276	55,292	47,490
Commissions to consignees	8,449	8,149	12,055	11,324	9,673
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,659	6,820	10,180	9,078	8,866
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,594	10,281	12,925	16,485	10,635
Other fees received	14,540	15,485	18,114	18,404	18,315
Net trading income	38,006	34,770	40,492	34,056	34,053
Equities	8,568	5,569	13,506	7,234	10,721
Bonds / Others	29,437	29,200	26,985	26,822	23,331
Financial revenue	9,401	10,773	10,456	9,508	9,292
Financial expenses	7,315	6,609	9,856	7,010	7,683
Net operating revenue	79,336	79,672	94,368	91,846	83,152
SG&A	61,189	60,978	65,815	72,349	68,473
Operating profit / loss	18,146	18,693	28,552	19,497	14,678
Ordinary profit / loss	18,348	19,228	28,764	21,155	15,714
Extraordinary income / losses	-372	-517	-943	-4,464	-655
Profit before income taxes	17,975	18,710	27,821	16,691	15,059
Income taxes	5,460	5,676	8,571	3,736	2,742
Profit / loss	12,515	13,034	19,249	12,954	12,316

◇ Sales of Products

(Billions of yen)	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Investment trusts	550.7	566.0	661.3	1,013.0	650.7
(Equity investment trusts)	(453.7)	(462.0)	(542.0)	(859.5)	(535.4)
(Foreign registered investment trusts)	(71.1)	(88.3)	(102.8)	(136.6)	(98.2)
Fund wrap	105.6	102.4	136.9	65.3	97.8
Foreign bonds (*1)	787.3	725.2	735.8	755.7	734.2
(Foreign currency bonds)	(221.2)	(256.6)	(153.4)	(226.5)	(233.4)
Domestic bonds	1,041.6	773.9	991.7	677.3	881.5
(Retail target JGBs)	(129.1)	(175.0)	(132.7)	(198.7)	(116.8)
Public offering	35.8	156.6	119.5	136.5	91.0
Annuity / insurance	8.5	16.6	24.2	17.5	25.1
Total	2,529.5	2,340.6	2,669.3	2,665.2	2,480.3

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

◇ Market Share

	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
ECM Global Equity (*1)	9.9%	6.2%	8.6%	11.4%	15.9%
DCM All Bonds in Yen (*2)	19.5%	16.1%	16.9%	17.2%	16.4%
M&A Japan related (*3)	14.8%	9.1%	9.1%	9.1%	36.9%

(*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)

	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Based on number of transaction	92.2%	91.1%	90.7%	91.3%	91.3%
(Nikko EZ Trade)	(88.1%)	(87.1%)	(86.2%)	(86.8%)	(87.3%)
Based on commissions	26.7%	24.4%	27.6%	26.5%	20.5%
(Nikko EZ trade)	(17.7%)	(16.1%)	(17.8%)	(16.8%)	(12.5%)

(*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)	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Equity brokerage amount	7,295.9	7,354.1	9,242.7	8,846.7	8,721.4
Equity brokerage commissions (*3)	8.6	8.5	12.4	11.0	9.9
Equity commissions rate	10.8bp	10.6bp	12.3bp	11.7bp	10.5bp

(*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)	FY2017				FY2018
	Jun.17	Sep.17	Dec.17	Mar.18	Jun.18
Total accounts	2,813	2,829	2,838	3,327	3,352
Cash management accounts	2,486	2,500	2,512	2,851	2,872
Newly opened accounts	31	30	30	41	40

◇ Number of Branches

【non-consolidated】

	FY2017				FY2018
	Jun.17	Sep.17	Dec.17	Mar.18	Jun.18
Branches	124	124	123	148	149

◇ Number of Employees

	FY2017				FY2018
	Jun.17	Sep.17	Dec.17	Mar.18	Jun.18
Employees	10,698	10,559	10,456	11,987	12,382
Number of employees in overseas offices	491	524	556	579	601

(*)Overseas offices total is defined as the total of:

- ✓ Employees of consolidated subsidiaries which are SMBC Nikko Securities (Hong Kong), SMBC Nikko Securities (Singapore) and preparation company for consolidated subsidiary in Frankfurt, Germany.
- ✓ Employees of affiliated companies which are Securities Product Group of SMBC Nikko Capital Markets and SMBC Nikko Securities America.



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