

# Earnings Announcement for the Third Quarter of FY2019 ending March 31, 2020 (JGAAP)

SMBC Nikko Securities Inc.

January 28, 2020



[ Reference Data ]

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The information contained in this document is based on data available as of January 28, 2019 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 28, 2019) 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 the 3Q of the FY ending Mar. 2020

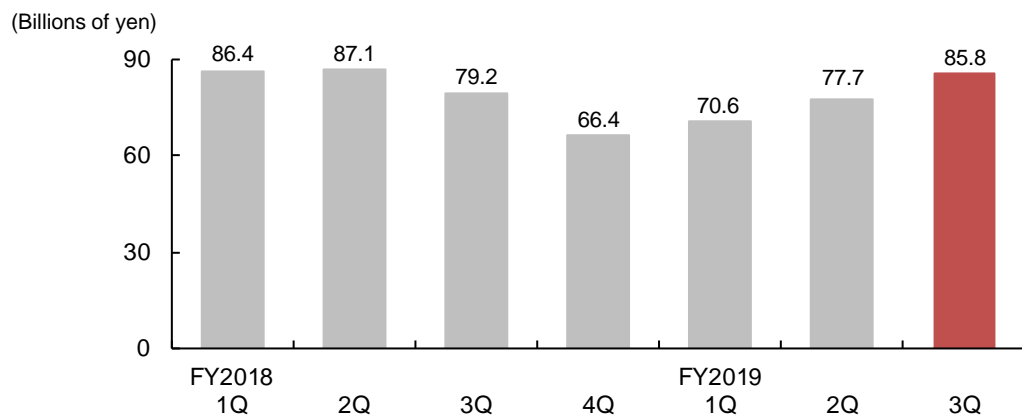
Q on Q	<ul style="list-style-type: none"> <li>■ <b>Net operating revenue : ¥ 85.8 B (+10% Q on Q), Ordinary profit : ¥ 17.1 B (+32%), Profit (*) : ¥ 11.1 B (-1%)</b> From the expectations for the US-China trade dispute to resolve, market environment improved and revenue has grown compared to the previous quarter. Underwriting deals of both equities and bonds have increased. Furthermore, equity brokerage commissions and sales of investment trusts grew steadily.</li> <li>■ SG&amp;A was ¥ 69.6 B (+5%).</li> </ul>
Y on Y	<ul style="list-style-type: none"> <li>■ <b>Net operating revenue : ¥ 234.3 B (-7% Y on Y), Ordinary profit : ¥ 36.6 B (-22%), Profit (*) : ¥ 27.6 B (-20%)</b> Although the uncertainty of the world economy has started to ease in 3Q, on a year to year basis, net trading income has decreased resulting as a decrease in both revenue and profit.</li> <li>■ SG&amp;A was ¥ 201.3 B (-4%).</li> </ul>
Financial Conditions	<ul style="list-style-type: none"> <li>■ As of the end of Dec. 2019, total assets was ¥ 11.5 trillion, net assets was ¥ 849.1 B</li> <li>■ Capital adequacy ratio (non-consolidated) was 356%, reflecting a sound financial base of the company.</li> </ul>

Billions of Yen	FY2019		Q on Q	9 months to Dec. 31 2018	9 months to Dec. 31 2019	Y on Y
	2Q	3Q				
Operating revenue	96.4	108.7	+13%	287.1	298.0	+4%
Net operating revenue	77.7	85.8	+10%	252.8	234.3	-7%
SG&A	66.4	69.6	+5%	209.6	201.3	-4%
Ordinary profit / loss	13.0	17.1	+32%	47.1	36.6	-22%
Profit before taxes	14.2	16.9	+20%	45.0	37.3	-17%
Profit / loss(*)	11.3	11.1	-1%	34.5	27.6	-20%
	Mar.-end '19	Dec.-end '19	From Mar.-end '19	Dec.-end '18	Dec.-end '19	Y on Y
Total assets (Trillions of yen)	10.9	11.5	+0.5	11.7	11.5	-0.1
Total net assets (Billions of yen)	831.2	849.1	+17.8	828.0	849.1	+21.0

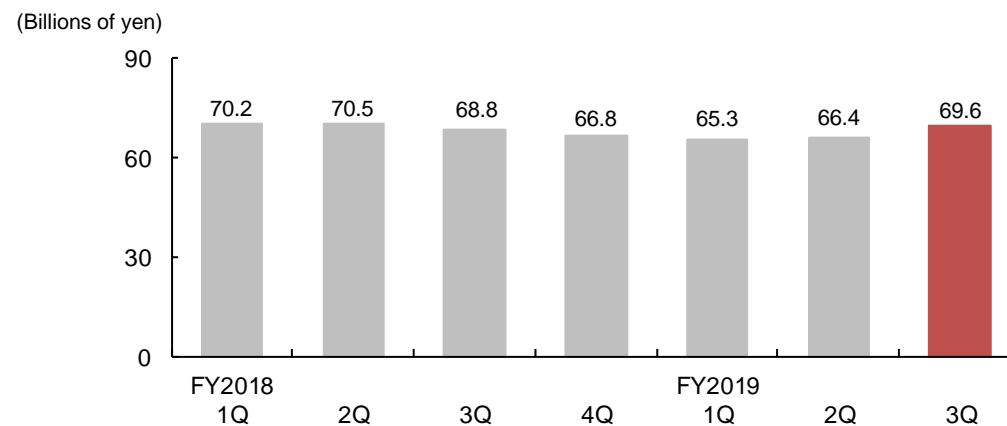
(\*) profit attributable to owners of parent

# Business Results (Quarterly Trend)

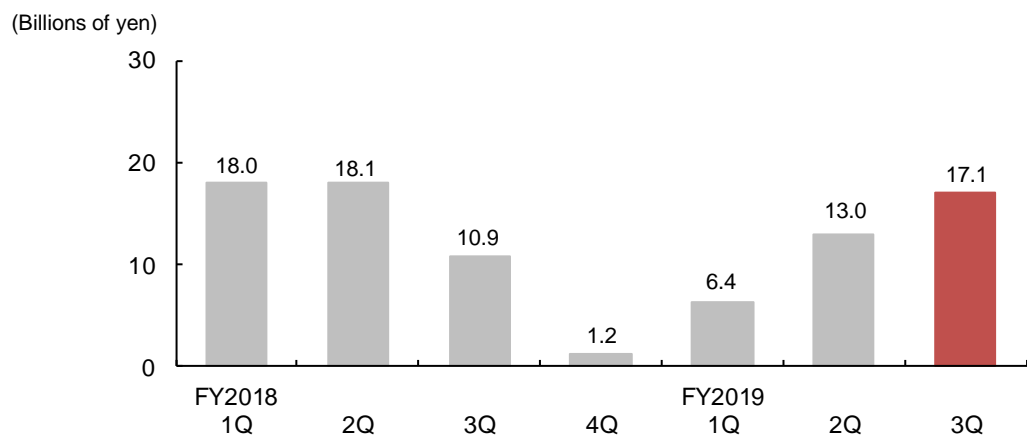
### Net operating revenue



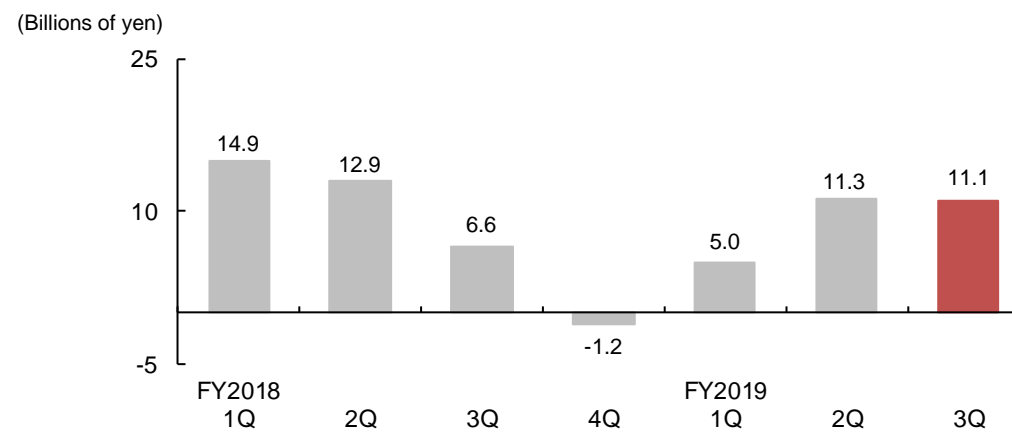
### SG&A



### Ordinary profit

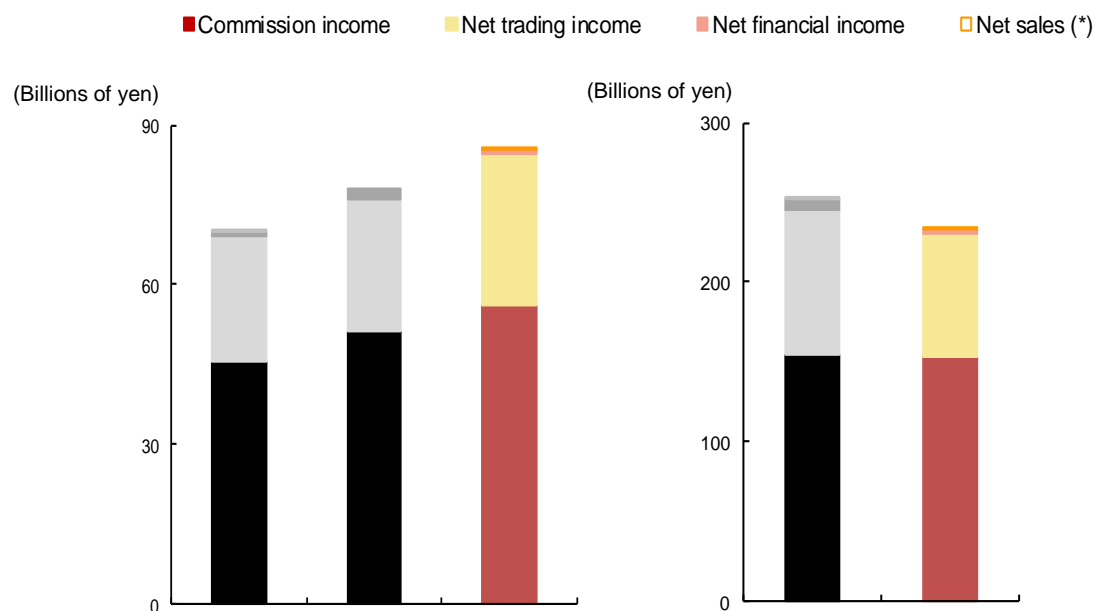


### Profit (\*)



(\*) profit attributable to owners of parent

# Net Operating Revenue



	FY2019 1Q	2Q	3Q	Q on Q	9 months to Dec. 31 2018	9 months to Dec. 31 2019	Y on Y
Commission income	45.6	51.2	56.1	+9%	154.8	153.0	-1%
Net trading income	23.4	24.9	28.3	+14%	90.2	76.7	-15%
Net financial income	0.9	1.8	1.0	-41%	6.3	3.8	-39%
Net sales (*)	0.6	-0.2	0.2	-	1.3	0.6	-50%
<b>Total</b>	<b>70.6</b>	<b>77.7</b>	<b>85.8</b>	<b>+10%</b>	<b>252.8</b>	<b>234.3</b>	<b>-7%</b>

## Q on Q

Commission income and Net trading income have grown, which led the growth in Net operating revenue.

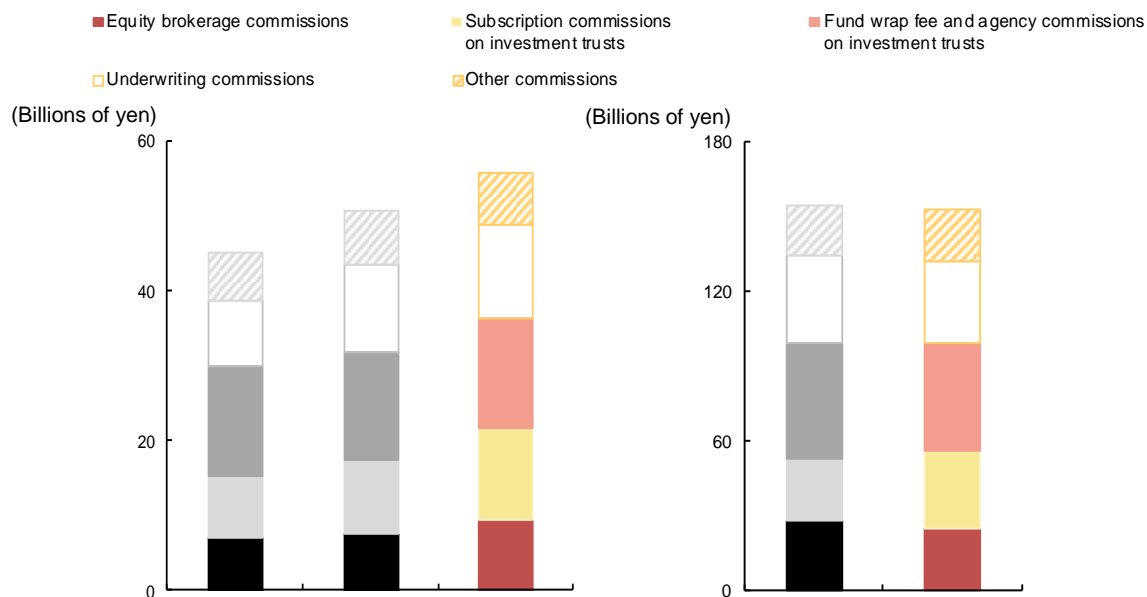
- ◇ Commission Income (Q on Q +4.9 B, +9%)
- ◇ Net Trading Income (Q on Q +3.4 B, +14%)
- ◇ Net Financial Income (Q on Q +0.8 B, -41%)

## Y on Y

Each income has decreased, but the Net trading income was the main decrease.

- ◇ Commission Income (Y on Y -1.8 B, -1%)
- ◇ Net Trading Income (Y on Y -13.5 B, -15%)
- ◇ Net Financial Income (Y on Y -2.5 B, -39%)

# Commission Income



(Billions of yen)	FY2019 1Q	2Q	3Q	Q on Q	9 months to Dec. 31 2018	9 months to Dec. 31 2019	Y on Y
Equity brokerage commissions	7.2	7.7	9.5	+22%	27.8	24.5	-12%
Subscription commissions on investment trusts	8.3	9.8	12.4	+26%	25.5	30.7	+20%
Fund wrap fee and agency commissions on investment trusts	14.5	14.3	14.6	+2%	46.4	43.5	-6%
Underwriting commissions	8.8	11.8	12.4	+5%	34.6	33.1	-4%
Other commissions	6.5	7.3	7.0	-5%	20.3	20.9	+3%
<b>Total</b>	<b>45.6</b>	<b>51.2</b>	<b>56.1</b>	<b>+9%</b>	<b>154.8</b>	<b>153.0</b>	<b>-1%</b>
Equity brokerage amount (*1)	8,119.1	8,469.6	9,865.9	+16%	26,133.3	26,454.5	+1%
TSE share (%)	2.41%	2.51%	2.76%	+0.25pt	2.11%	2.56%	+0.45pt
Retail market share (%) (*2)	4.59%	5.17%	5.35%	+0.18pt	4.49%	5.05%	+0.56pt
Sale of investment trusts(*3)	277.3	343.9	434.1	+26%	875.8	1,055.3	+20%
Client assets of investment trusts	10,257.4	10,485.6	10,862.8	+4%	9,960.9	10,862.8	+9%
Client assets of fund wrap	1,985.7	2,025.0	2,140.0	+6%	1,846.3	2,140.0	+16%

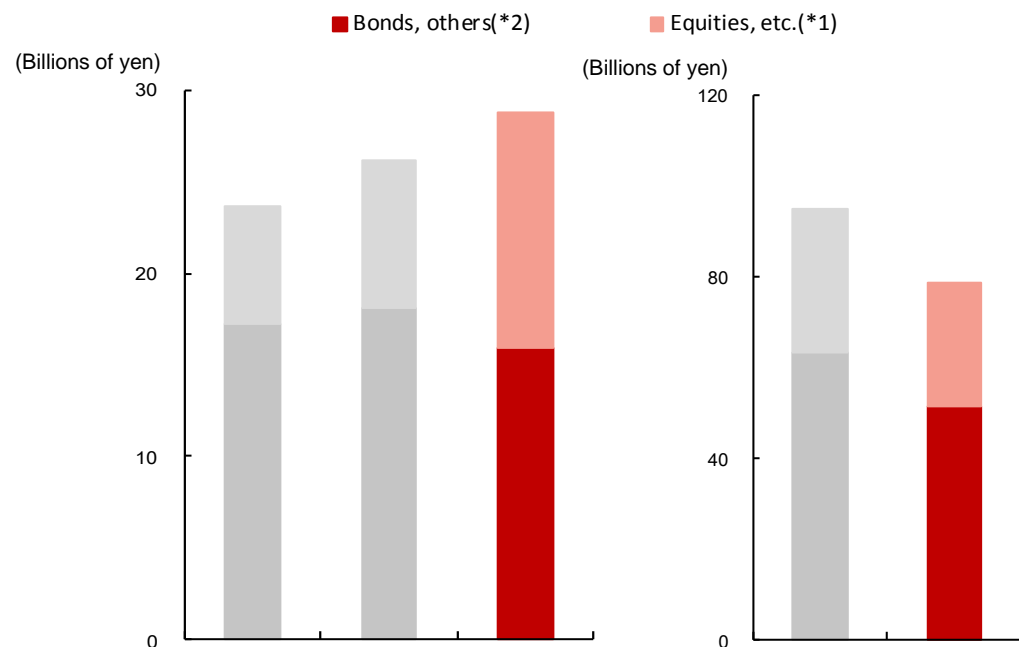
## Q on Q

- ◇ Equity Brokerage Commissions (Q on Q +1.8 B, +22%)  
The steady market and the equity brokerage amount are the factors for the increase. TSE share and retail market share continued to enlarge.
- ◇ Subscription commissions on investment trusts (Q on Q +2.6 B, +26%)  
The sales of investment trusts steadily increased, especially for balanced funds and bond funds.
- ◇ Underwriting Commissions (Q on Q +0.6 B, +5%)  
Underwriting of bonds continued to actively acquire deals. Furthermore, underwriting of equities increased by involvement in large deals.

## Y on Y

- ◇ Equity Brokerage Commissions (Y on Y -3.3 B, -12%)  
Although deals with wholesale clients improved, steady minds of the individual investors remained, resulting in a decrease in commissions.
- ◇ Subscription commissions on investment trusts (Y on Y +5.2 B, +20%)  
Due to the awareness of market risk, sales of investment trusts, which accurately matching the clients needs, increased the income.
- ◇ Underwriting Commissions (Y on Y -1.5 B, -4%)  
Compared to having a huge deal last year in underwriting of equities, revenue has decreased. However, both underwriting of equities and bonds remained at a high level.

# Net Trading Income (adjusted Net Financial Income)



	FY2019 1Q	2Q	3Q	Q on Q	9 months to Dec. 31 2018	9 months to Dec. 31 2019	Y on Y
Equities, etc.(*1) (dividend,etc)	6.5 (1.5)	8.0 (2.7)	12.9 (1.5)	+61% (-45%)	31.4 (5.5)	27.5 (5.8)	-12% (+5%)
Bonds, others(*2) (interest)	17.2 (-1.2)	18.1 (-1.4)	15.9 (-0.9)	-12% (-)	63.5 (-0.8)	51.3 (-3.5)	-19% (-)
Total(*3)	23.7	26.2	28.9	+10%	94.9	78.9	-17%

## Q on Q

◇ Equities, etc. (Q on Q +4.9 B, +61%)

The net trading income increased mainly from the recovery of the US market and also from the rise of OTC transaction of foreign equities. In addition, block trade has contributed to the income this quarter.

◇ Bonds, others (Q on Q -2.2 B, -12%)

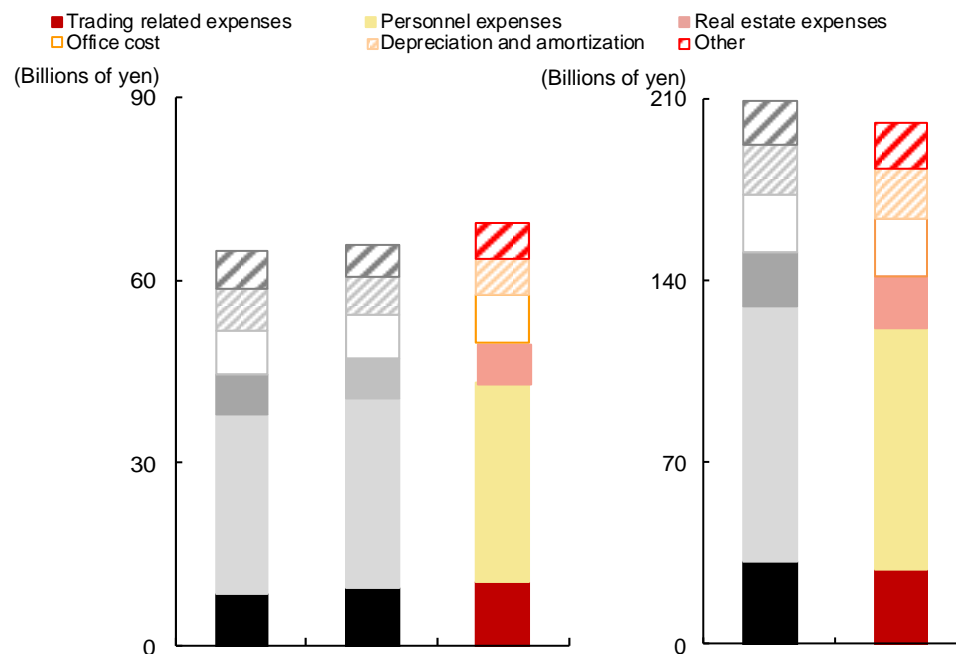
Minds of the investors has remained conservative, resulting in a decrease in income.

## Y on Y

◇ Equities, etc. (Y on Y -3.9 B, -12%)

◇ Bonds, others (Y on Y -12.2 B, -19%)

The sales of foreign bonds and OTC transaction of foreign equities have decreased in the retail sector.



(Billions of yen)	FY2019 1Q	2Q	3Q	Q on Q	9 months to Dec. 31 2018	9 months to Dec. 31 2019	Y on Y
Trading related expenses	8.6	9.7	10.3	+6%	32.4	28.8	-11%
Personnel expenses	29.4	31.2	32.8	+5%	98.3	93.5	-5%
Real estate expenses	6.7	6.4	6.4	+1%	20.3	19.6	-3%
Office cost	7.1	7.3	7.8	+8%	22.2	22.3	+0%
Depreciation and amortization	6.9	6.2	6.1	-1%	19.5	19.2	-1%
Other	6.3	5.3	5.9	+10%	16.7	17.6	+5%
SG&A/ Fixed expense	65.3	66.4	69.6	+5%	209.6	201.3	-4%
SG&A/ Net operating revenue	92%	85%	81%	- 4pt	83%	86%	+3pt

## Q on Q

- ◇ Trading Related Expenses (Q on Q +0.6 B, +6%)
- ◇ Personnel Expenses (Q on Q +1.6 B, +5%)

The expenses relative to transaction amount and business performance have risen.

## Y on Y

- ◇ Trading Related Expenses (Y on Y -3.6 B, -11%)
- ◇ Personnel Expenses (Y on Y -4.8 B, -5%)

The expenses relative to transaction amount and business performance have decreased.



# Balance Sheet / Capital Adequacy Ratio

(Billions of Yen)	Mar.19	Dec.19	Variance
Current assets	10,613.8	11,209.0	+595.1
Trading products	2,944.2	3,217.6	+273.3
Loans secured by securities	5,206.4	5,894.5	+688.0
Other current assets	2,463.1	2,096.8	-366.2
Noncurrent assets	303.7	302.8	-0.8
Tangible assets	28.1	28.7	+0.5
Intangible assets	68.8	66.9	-1.8
Investments and other assets	206.7	207.1	+0.4
<b>Total assets</b>	<b>10,917.6</b>	<b>11,511.8</b>	<b>+594.2</b>
Current liabilities	9,247.8	10,034.2	+786.3
Trading products	2,454.7	2,451.5	-3.1
Loans payable secured by securities	4,871.5	5,450.3	+578.8
Short-term loans payable / Commercial papers	1,064.5	891.4	-173.0
Other current liabilities	857.1	1,240.8	+383.7
Noncurrent liabilities / Reserves under the special laws	838.4	628.5	-209.9
<b>Total liabilities</b>	<b>10,086.3</b>	<b>10,662.7</b>	<b>+576.4</b>
<b>Total net assets</b>	<b>831.2</b>	<b>849.1</b>	<b>+17.8</b>
<b>Total liabilities and net assets</b>	<b>10,917.6</b>	<b>11,511.8</b>	<b>+594.2</b>

【non-consolidated】

(Billions of Yen)	Mar.19	Dec.19	Variance
Basic items	738.0	760.4	+22.3
Supplementary items	45.2	46.1	+0.8
Deductible assets	174.1	178.1	+4.0
Net capital	609.1	628.3	+19.1
Risk total	160.1	176.4	+16.3
Market Risk	55.0	62.4	+7.3
Counterparty Risk	34.1	41.5	+7.4
Basic Risk	70.9	72.4	+1.5
<b>Capital Adequacy Ratio</b>	<b>380%(*)</b>	<b>356%</b>	<b>-24pt</b>

(\*) The presentation of the Basic items of the previous fiscal year has taken account the outflows of fund relevant to the dividend payments that occurred after the year-end. The Capital adequacy ratio is recalculated with the certain amount.

【non-consolidated】

Credit ratings on Long Term (as of January 28, 2020)

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

# League Tables

## Global Equity & Equity-Related-Japan (\*1) Apr. 2019 - Dec. 2019

Rank	Book runner	Amount (bill of yen)	Mkt.Share (%)
1	Nomura	373.8	19.3%
2	SMBC Nikko	355.5	18.4%
3	Mizuho	306.0	15.8%
4	Mitsubishi UFJ Morgan Stanley	268.6	13.9%
5	Daiwa	248.3	12.8%

## IPO (\*2) Apr. 2019 - Dec. 2019 【non-consolidated】

【Based on Deals】			【Based on Underwriting Amounts】		
Rank	Lead Manager	No. Deals	Rank	Underwriting Amount	Amount (bill of yen)
1	Daiwa	17	1	Nomura	68.8
2	SMBC Nikko	13	2	Daiwa	67.4
3	Nomura	12	3	SMBC Nikko	54.9
4	Mizuho	11	4	Mizuho	29.2
5	SBI	6	5	Morgan Stanley International	12.6

## All Bonds in Yen (\*3) Apr. 2019 - Dec. 2019 【non-consolidated】

Rank	Manager	Amount (bill of yen)	Mkt.Share (%)
1	Mizuho	4,340.1	21.7%
2	Mitsubishi UFJ Morgan Stanley	3,788.9	18.9%
3	SMBC Nikko	3,765.9	18.8%
4	Nomura	3,527.2	17.6%
5	Daiwa	3,297.1	16.5%

## Financial Advisory (\*4) Apr. 2019 - Dec. 2019

【Based on Deals】			【Based on Deal Size】		
Rank	Advisor	No. Deals	Rank	Advisor	Deal size (bill of yen)
1	Sumitomo Mitsui Financial Group	126	1	Nomura	7,281.2
2	Mizuho Financial Group	113	2	Morgan Stanley	6,741.8
3	Nomura	98	3	Mizuho Financial Group	6,612.2
4	Deloitte	95	4	Bank of America Merrill Lynch	4,437.5
5	KPMG	72	7	Sumitomo Mitsui Financial Group	3,265.2

(\*1) Source: prepared by SMBC Nikko based on the information published by REFINITIV (including oversea entities)

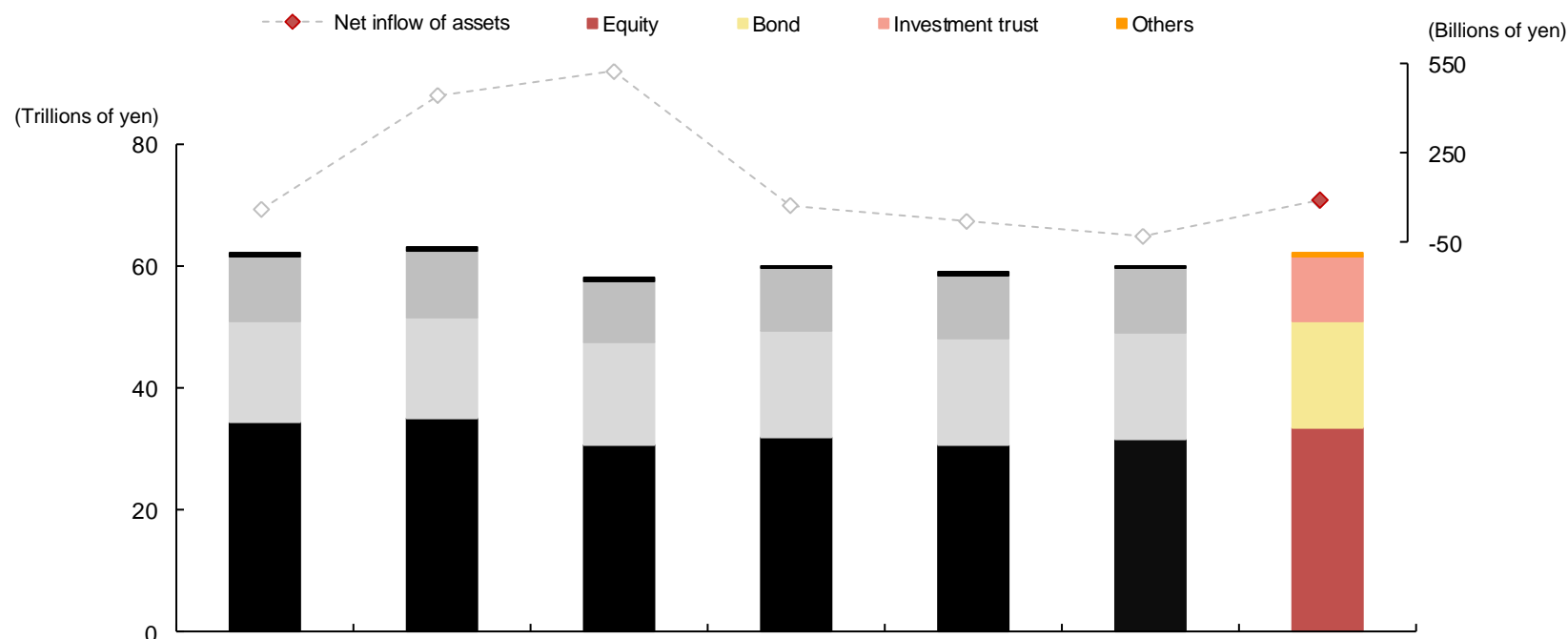
(\*2) Source: prepared by SMBC Nikko based on the information published by REFINITIV (only the deals listed on the Japanese stock market)

(\*3) Source: prepared by SMBC Nikko based on the information published by REFINITIV (corporate bonds, FILP agency/municipality bonds(proportional shares as lead manager),samurai bonds)

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

# Client Assets / Net Inflow of Assets

【non-consolidated】



(Trillions of yen)

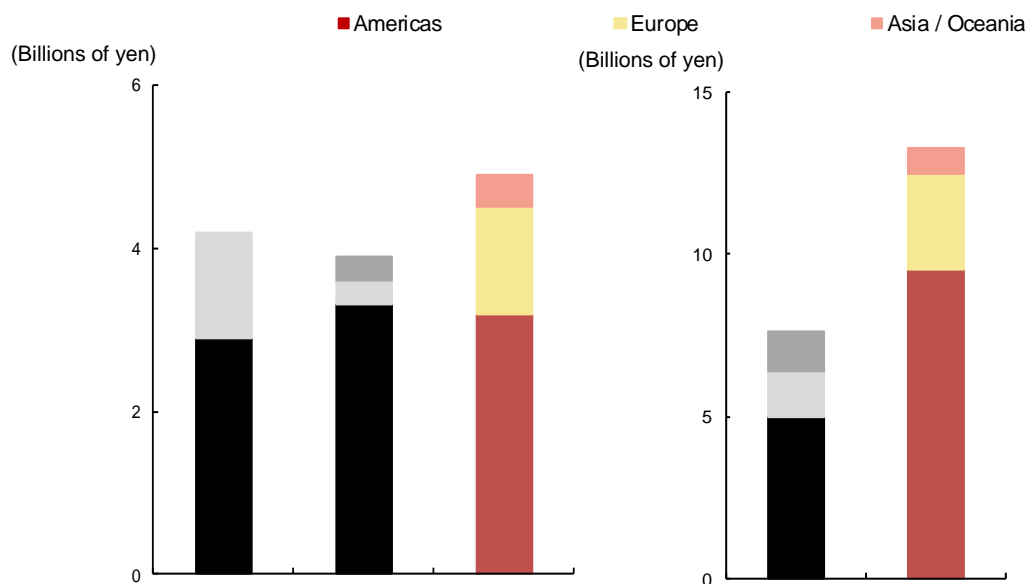
	FY2018				FY2019		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Equity	34.5	34.9	30.5	31.9	30.7	31.7	33.5
Bond	16.4	16.8	17.1	17.4	17.5	17.5	17.3
Investment trust	10.7	10.8	10.0	10.4	10.3	10.5	10.9
Others	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Client assets	62.2	63.0	58.0	60.2	59.0	60.1	62.3

(Billions of yen)

	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net inflow (outflow) of assets(*)	61.7	443.6	523.8	74.6	21.6	-28.6	91.7
Inflow of assets	1,266.3	1,466.6	1,662.3	1,232.8	1,222.8	1,460.6	1,244.2
Outflow of assets	-1,204.6	-1,022.9	-1,138.5	-1,158.2	-1,201.2	-1,489.2	-1,152.5

(\*) Sum of Net inflow of assets of the sales division (including Public Institutions Divisions and etc.)

# Profit of Overseas Offices (Based on Management Accounting)



(Billions of yen)	FY2019 1Q	2Q	3Q	Q on Q	9 months to Dec. 31 2018	9 months to Dec. 31 2019	Y on Y
Americas	2.9	3.3	3.1	-6%	5.0	9.5	+90%
Europe	1.3	0.3	1.2	3.5x	1.4	2.9	2.0x
Asia / Oceania	0.0	0.3	0.4	+47%	1.2	0.8	-34%
<b>Overseas Offices Total(*)</b>	<b>4.4</b>	<b>4.0</b>	<b>4.8</b>	<b>+21%</b>	<b>7.6</b>	<b>13.3</b>	<b>+73%</b>

## Q on Q

- ◇ Overseas Offices Profit (Q on Q +0.8B, +21%)  
Continuing on from the previous quarter, the DCM business of each overseas offices has led the profit due to the high needs of corporate funding.  
In addition, the FIST business has maintained its high performance.

## Y on Y

- ◇ Overseas Offices Profit (Y on Y +5.7B, +73%)  
The increase of profit was led by the steadily growth of the DCM business, the FIST business and the M&A business.

(\*) Overseas offices total is defined as the total of: (Included (\*1) and redefined (\*2) from FY2019 1Q and changed the disclosure figures from Operating Profit to Ordinary Profit from FY2019 2Q. Both changes are retroactively calculated in the results of FY2018 in the same basis)

- ✓ Profits of consolidated subsidiaries: SMBC Nikko Securities (Hong Kong), SMBC Nikko Securities (Singapore), SMBC Nikko Capital Markets Europe, SMBC Nikko Investment Consulting (Shanghai) (\*1), SMBC Nikko Bank (Luxembourg) (\*1) and SMBC Nikko Investment Fund Management Company (\*1); and
- ✓ Profits of affiliated companies: Securities Product Group (\*2) 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 Americas Holdings, Inc.(subsidiary of SMBC) 80.00%).

# Overseas Network

## SMBC Nikko Bank (Luxembourg)

- Fund custody
- Fund administration

## SMBC Nikko Investment Fund Management Company

- Fund management

## SMBC Nikko Capital Markets

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

## SMBC Nikko Securities (Hong Kong)

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

## SMBC Nikko Securities (Singapore)

- Japanese equity and fixed-income sales and trading
- M&A advisory
- Private wealth business
- IR arrangement

## SMBC Nikko Capital Markets Europe

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

## SMBC Nikko Investment Consulting (Shanghai)

- M&A advisory related services

## SMBC Nikko Securities America (San Francisco Branch)

- Japanese equity sales and trading, US equity brokerage
- M&A advisory
- IR arrangement

## SMBC Nikko Securities Canada

- Debt passive underwriting of CAD denominated bond

## SMBC Nikko Securities America

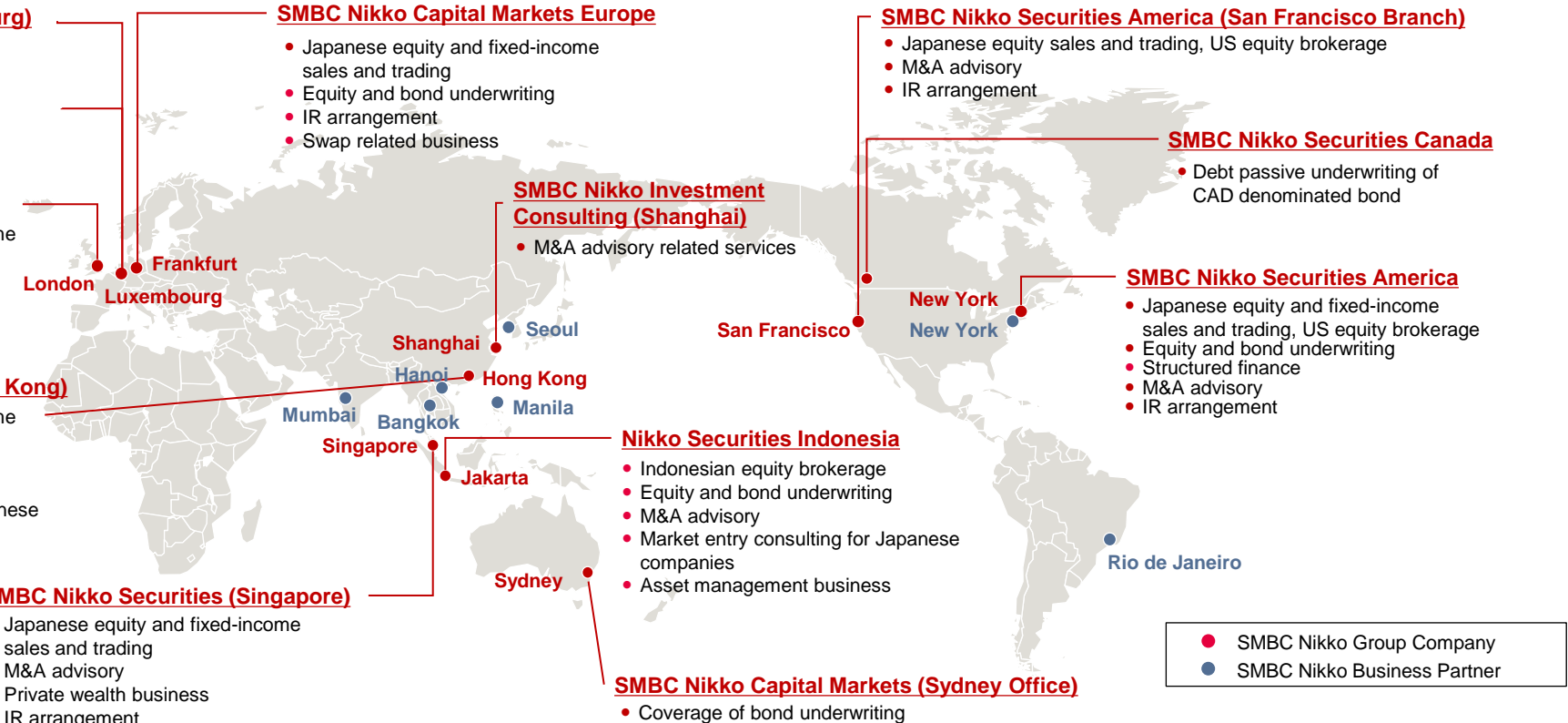
- Japanese equity and fixed-income sales and trading, US equity brokerage
- Equity and bond underwriting
- Structured finance
- M&A advisory
- IR arrangement

## Nikko Securities Indonesia

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

## SMBC Nikko Capital Markets (Sydney Office)

- Coverage of bond underwriting



● SMBC Nikko Group Company  
● SMBC Nikko Business Partner

### 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 Capital Company (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

# Reference Data

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# Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating revenue	97,367	96,914	92,853	82,389	92,780	96,480	108,757
Commissions received	50,357	51,566	52,947	42,161	45,619	51,282	56,115
Commissions to consignees	10,393	9,657	9,703	8,415	7,859	8,495	10,042
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	8,866	9,820	15,968	4,824	8,821	11,870	12,479
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,669	10,308	6,819	7,422	9,157	11,073	13,650
Other fees received	20,427	21,780	20,456	21,498	19,780	19,843	19,942
Net trading income	34,057	31,196	24,965	21,518	23,464	24,912	28,395
Equities	10,721	6,824	8,309	7,992	5,031	5,285	11,464
Bonds / Others	23,336	24,371	16,656	13,525	18,433	19,626	16,930
Financial revenue	9,547	10,698	11,686	15,708	21,199	18,085	22,511
Other sales	3,404	3,453	3,253	3,001	2,497	2,200	1,735
Financial expenses	7,871	6,904	10,812	13,052	20,255	16,263	21,428
Cost of other sales	3,055	2,868	2,820	2,844	1,843	2,432	1,477
Net operating revenue	86,439	87,141	79,220	66,492	70,681	77,784	85,850
SG&A	70,291	70,551	68,836	66,870	65,344	66,429	69,624
Operating profit / loss	16,148	16,589	10,383	-378	5,336	11,354	16,226
Ordinary profit / loss	18,051	18,194	10,925	1,284	6,469	13,019	17,127
Extraordinary income / loss	-652	-133	-1,340	-2,818	-321	1,181	-129
Profit before income taxes	17,398	18,060	9,585	-1,533	6,148	14,200	16,998
Income taxes	2,397	5,123	2,937	-140	1,058	2,828	5,816
Profit / loss	15,001	12,936	6,648	-1,393	5,089	11,371	11,181
Profit attributable to owners of parent	14,996	12,928	6,645	-1,260	5,094	11,363	11,195

# Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating revenue	90,835	89,859	87,082	76,918	87,482	91,164	103,339
Commissions received	47,490	48,552	51,211	40,225	43,170	48,493	52,729
Commissions to consignees	9,673	8,857	9,010	7,673	7,168	7,754	9,316
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	8,866	9,820	15,968	4,824	8,488	11,432	11,714
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,635	10,177	6,666	7,367	9,129	11,056	13,618
Other fees received	18,315	19,697	19,567	20,359	18,384	18,249	18,080
Net trading income	34,053	30,943	24,491	21,313	23,464	24,912	28,395
Equities	10,721	6,567	7,834	7,787	5,031	5,285	11,464
Bonds / Others	23,331	24,376	16,656	13,525	18,433	19,626	16,930
Financial revenue	9,292	10,363	11,379	15,378	20,847	17,759	22,214
Financial expenses	7,683	6,692	10,609	12,833	20,000	16,066	21,284
Net operating revenue	83,152	83,166	76,472	64,084	67,482	75,097	82,054
SG&A	68,473	68,297	67,249	64,181	63,653	65,423	66,869
Operating profit / loss	14,678	14,869	9,223	-96	3,828	9,673	15,185
Ordinary profit / loss	15,714	16,038	9,377	1,050	4,757	10,663	15,357
Extraordinary income / loss	-655	-133	-1,265	-2,511	-240	296	-244
Profit before income taxes	15,059	15,905	8,112	-1,460	4,516	10,959	15,113
Income taxes	2,742	4,675	2,539	-408	568	2,269	5,388
Profit / loss	12,316	11,229	5,572	-1,051	3,947	8,689	9,725



# Operational Indicators -1

【non-consolidated】

◇ Sales of Products (Billions of yen)	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Investment trusts	650.7	638.2	545.9	430.0	533.9	689.3	682.4
(Equity investment trusts)	( 535.4 )	( 509.3 )	( 382.0 )	( 267.5 )	( 377.4 )	( 484.1 )	( 494.6 )
(Foreign registered investment trusts)	( 98.2 )	( 98.8 )	( 131.8 )	( 129.4 )	( 115.8 )	( 160.8 )	( 151.4 )
Fund wrap	97.8	65.6	85.3	71.3	69.4	61.4	93.6
Foreign bonds (*1)	734.2	934.6	714.4	692.2	672.5	477.5	645.4
(Foreign currency bonds)	( 233.4 )	( 233.3 )	( 315.8 )	( 248.8 )	( 222.7 )	( 228.3 )	( 179.0 )
Domestic bonds	881.5	1,218.1	1,016.6	502.0	1,105.2	1,652.0	1,377.3
(Retail target JGBs)	( 116.8 )	( 184.6 )	( 130.5 )	( 213.4 )	( 175.9 )	( 289.4 )	( 271.6 )
Public offering	91.0	108.4	419.3	55.3	66.6	92.4	116.4
Annuity / insurance	25.1	39.7	37.7	48.7	39.6	30.7	29.9
Total	2,480.3	3,004.5	2,819.1	1,799.5	2,487.1	3,003.4	2,945.1

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

◇ Market Share	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
ECM Global Equity (*2)	15.9%	13.4%	15.4%	15.4%	10.7%	15.4%	18.4%
DCM All bonds in Yen (*3)	16.4%	18.7%	18.7%	17.3%	18.7%	19.3%	18.8%
M&A Japan related (*4)	36.9%	29.5%	25.9%	23.5%	11.2%	17.9%	14.8%

(\*2) Global Equity & Equity-Related-Japan : Book runner

(\*3) All Bonds in Yen, Lead manager

(\*4) Any Japanese involvement announced : Rank value

Source: prepared by SMBC Nikko based on the information published by REFINITIV

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## ◇ Direct Channel Ratio (\*1)

	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Based on number of transaction (Nikko EZ Trade)	91.3% ( 87.3%)	92.1% ( 88.3%)	90.7% ( 87.0%)	92.9% ( 89.9%)	91.9% ( 88.9%)	91.8% ( 89.1%)	89.8% ( 86.7%)
Based on commissions (Nikko EZ trade)	20.5% ( 12.5%)	22.1% ( 13.0%)	22.6% ( 14.3%)	28.7% ( 18.5%)	26.3% ( 16.1%)	24.1% ( 15.1%)	23.2% ( 14.8%)

(\*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)	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Equity brokerage amount	8,721.3	8,127.0	9,285.0	7,498.3	8,119.1	8,469.6	9,865.9
Equity brokerage commissions (*3)	9.9	9.0	8.9	7.8	7.2	7.7	9.5
Equity commissions rate	10.5bp	10.1bp	8.7bp	8.6bp	8.1bp	8.4bp	9.0bp

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

(\*3) on a consolidated basis

# Operational Indicators -3

## ◇ Number of Accounts

【non-consolidated】

(Thousands of accounts)	FY2018				FY2019		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Total accounts	3,352	3,370	3,397	3,425	3,433	3,449	3,455
Cash management accounts	2,872	2,883	2,911	2,929	2,936	2,949	2,959
Newly opened accounts	40	39	48	38	30	31	28

## ◇ Number of Branches

【non-consolidated】

	FY2018				FY2019		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Number of branches	149	148	148	142	142	143	144

## ◇ Number of Employees

	FY2018				FY2019		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Number of employees	12,382	12,169	12,010	11,759	12,119	11,917	11,742
Number of employees in overseas offices	676	703	727	753	770	791	795

- (\*)Overseas offices total is defined as the total of: (Included (\*) from First Quarter of FY2019 and retroactively calculated the results of FY2018 in the same basis)
- ✓ Employees of consolidated subsidiaries which are SMBC Nikko Securities (Hong Kong), SMBC Nikko Securities (Singapore), SMBC Nikko Capital Markets Europe, SMBC Nikko Investment Consulting (Shanghai) (\*1), SMBC Nikko Bank (Luxembourg) (\*1) and SMBC Nikko Investment Fund Management Company (\*1).
  - ✓ Employees of affiliated companies which are Securities Product Group of SMBC Nikko Capital Markets and SMBC Nikko Securities America.

# Business collaboration with Sumitomo Mitsui Banking Corporation

【non-consolidated】

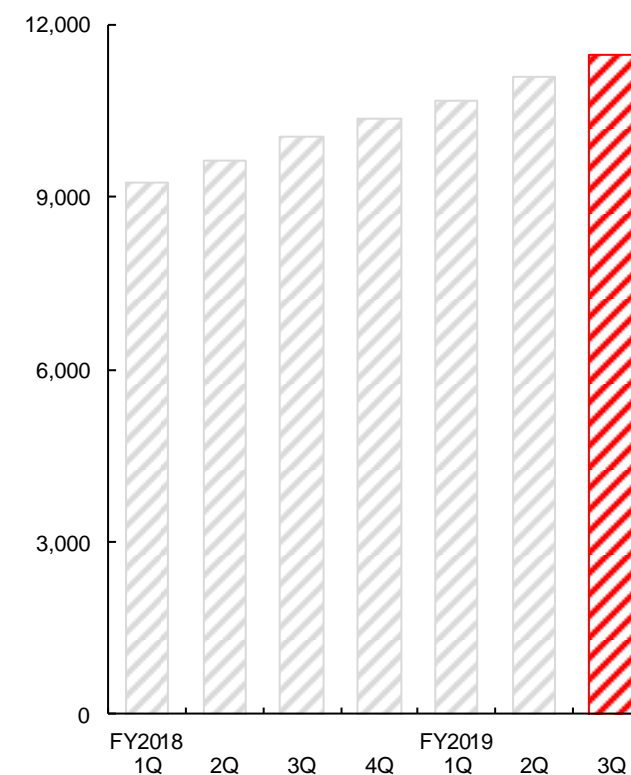
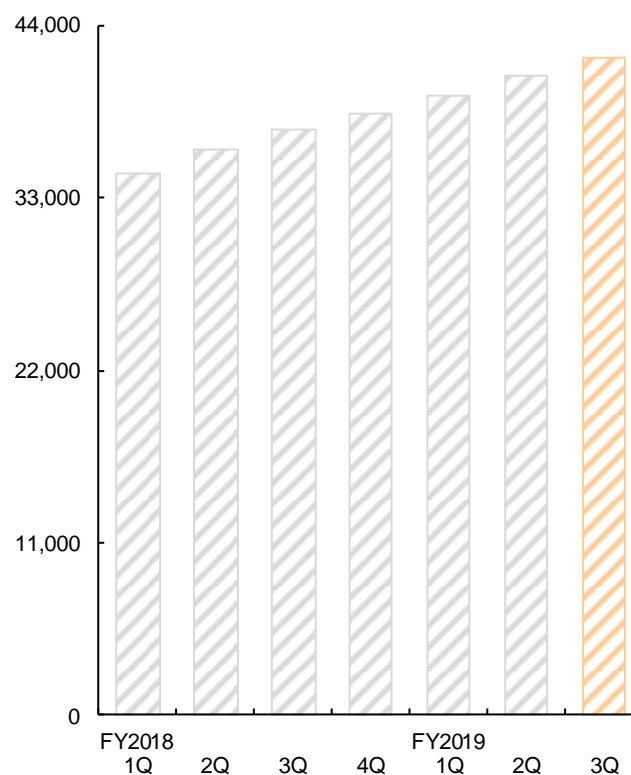
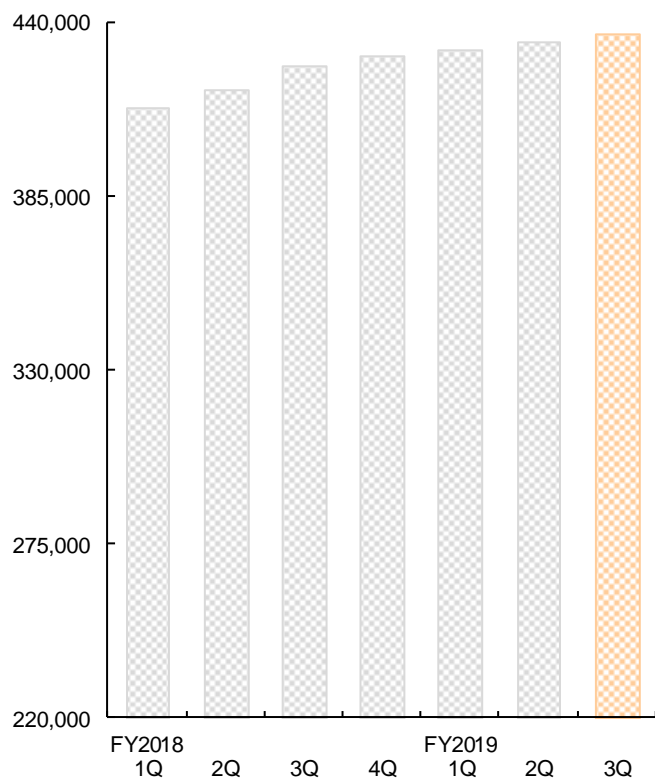
## Asset management (Referral service and financial products intermediary service (\*1))

## 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.

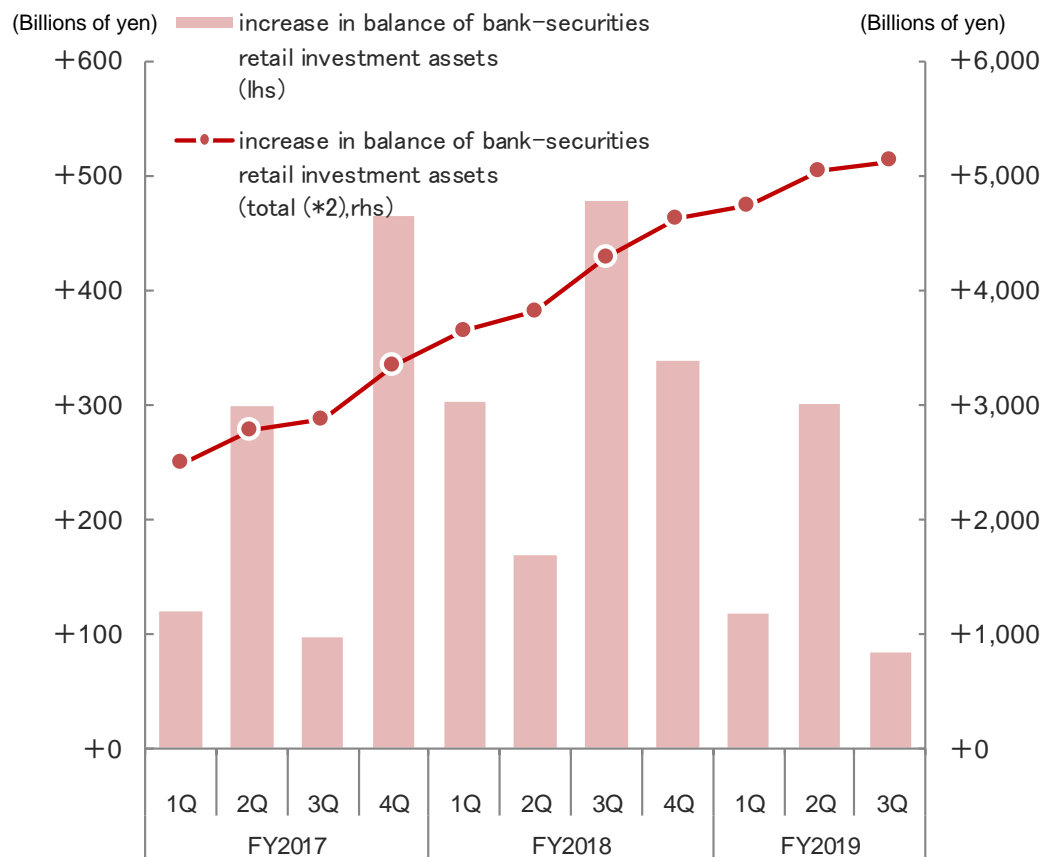
(\*1) Financial products intermediary services by SMBC: SMBC Nikko commissions SMBC to solicit and intermediate securities transactions to customers.

(\*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.

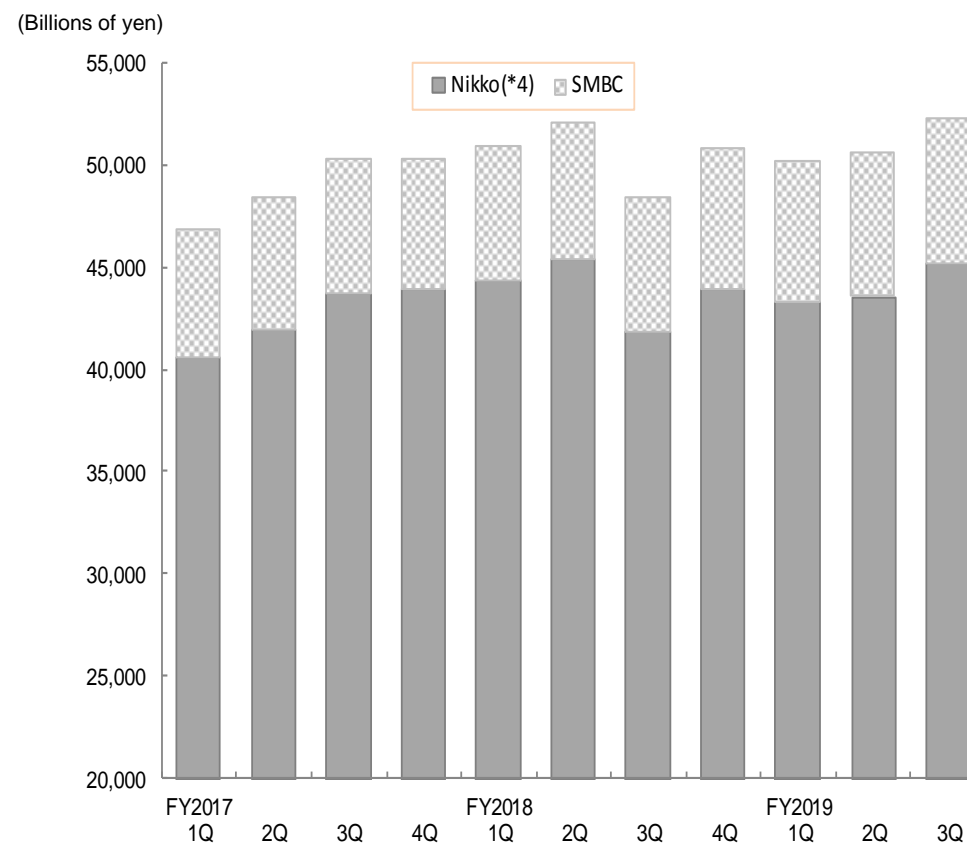
(\*3) The number of the accumulated acquired deals on asset management with corporate clients via SMBC's referral services and financial products intermediary services on behalf of SMBC Nikko since the inception of respective services.

# Sum of bank-securities retail investment assets

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 2017 1Q to FY2017 3Q

