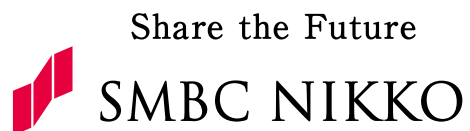


# Earnings Announcement for FY2021 ended March 31, 2022 (JGAAP)

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SMBC Nikko Securities Inc.

April 28, 2022



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## Definition

Abbreviations of overseas offices	
SI <sup>*affiliates under equity method</sup>	SMBC Nikko Securities America, Inc.
CMLN <sup>*affiliates under equity method</sup>	SMBC Nikko Capital Markets Limited
CMFRA <sup>*merger with SMBC Bank EU as of 25.04.2022</sup>	SMBC Nikko Capital Markets Europe GmbH
LUX	SMBC Nikko Bank (Luxembourg) S.A.
HK	SMBC Nikko Securities (Hong Kong) Limited
SGP	SMBC Nikko Securities (Singapore) Pte. Ltd.
SHA	SMBC Nikko Investment Consulting (Shanghai) Limited
Overseas Offices	
Americas	SI
Europe	CMLN,CMFRA,LUX
Asia / Oceania	HK,SGP,SHA
Consolidated	SMBC Nikko Group (Consolidated)
Non-consolidated	SMBC Nikko (Non-consolidated)
Management Accounting	Sum of SMBC Nikko (Non-consolidated) +Overseas offices* operating profit
	*Regarding CMLN, only those of securities business are included

The information contained in this document is based on data available as of April 28, 2022 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 28, 2022) and are subject to change without notice. No guarantees, representations or warranties are made as to the accuracy or completeness of such information.

# Executive Summary

## 【FY ended Mar.31 2022】

- Consolidated Financial Statement : Net operating revenue ¥ 334.2 B (-7% Y on Y), SG&A ¥ 275.4 B (+1%), Ordinary profit ¥ 65.3 B (-28%)
  - Management Accounting : Operating profit ¥ 68.8 B (-41%)  
Segment : Sales Division ¥ 38.4 B (-14%), GIB Division<sup>(\*)</sup> ¥ 15.5 B (-39%), GM Division<sup>(\*)</sup> ¥ 15.1 B (-68%)
- Sales Division continued to build up stock earnings through portfolio proposals. In GM division, quantitative tightening in the U.S. and geopolitical risks has decreased the revenue of FIST. Higher expenses related to business expansion in overseas offices led the profit to decrease as a whole.

## 【FY2021 4Q】

- Consolidated Financial Statement : Net operating revenue ¥ 64.2 B (-30% Q on Q), SG&A ¥ 66.5 B (-6%), Ordinary profit ¥ -0.6 B (-)
  - Management Accounting : Operating profit ¥ -2.7 B (-)  
Segment : Sales Division ¥ 0.5 B (-96%), GIB Division ¥ 2.8 B (-41%), GM Division ¥ -5.9 B (-)
- Rising US interest rates and geopolitical risks caused unstable market environment, which led to decline of investment sentiment and quieter issuing market, impacting the company. Also, the suspicion of illegal stabilization transaction has had a negative impact especially in GM division.

## Consolidated Financial Statement

(Billions of Yen)	Quarterly			Full year		
	3Q	4Q	Q on Q	FY2020	FY2021	Y on Y
Net operating revenue	91.7	<b>64.2</b>	-30%	357.9	<b>334.2</b>	-7%
SG&A	70.6	<b>66.5</b>	-6%	273.4	<b>275.4</b>	+1%
Operating profit / loss	21.0	<b>-2.2</b>	-	84.5	<b>58.8</b>	-30%
Ordinary profit / loss	22.1	<b>-0.6</b>	-	90.7	<b>65.3</b>	-28%
profit / loss <sup>(*)</sup>	15.2	<b>1.9</b>	-87%	71.7	<b>49.7</b>	-31%

## Management Accounting

(Billions of Yen)	Quarterly			Full year		
	3Q	4Q	Q on Q	FY2020	FY2021	Y on Y
<b>Operating profit / loss</b>	22.3	<b>-2.7</b>	-	116.5	<b>68.8</b>	-41%
< Office >						
SMBC Nikko	20.1	<b>-1.4</b>	-	79.5	<b>56.6</b>	-29%
Overseas Offices	2.1	<b>-1.2</b>	-	37.0	<b>12.1</b>	-67%
< Segment >						
Sales Division	12.0	<b>0.5</b>	-96%	44.7	<b>38.4</b>	-14%
GIB Division	4.8	<b>2.8</b>	-41%	25.6	<b>15.5</b>	-39%
GM Division	5.9	<b>-5.9</b>	-	47.3	<b>15.1</b>	-68%

# Consolidated Statements of Income

(Billions of Yen)	Quarterly			Full year		
	3Q	4Q	Q on Q	FY2020	FY2021	Y on Y
<b>Net operating revenue</b>	91.7	<b>64.2</b>	-30%	357.9	<b>334.2</b>	-7%
Equity brokerage commissions	10.8	<b>9.1</b>	-16%	49.0	<b>42.4</b>	-14%
Subscription commissions on investment trusts	10.8	<b>7.1</b>	-33%	48.1	<b>42.3</b>	-12%
Fund wrap fee and agency commissions on investment trusts	18.2	<b>16.8</b>	-8%	57.3	<b>70.2</b>	+22%
Underwriting commissions	13.0	<b>6.7</b>	-48%	39.6	<b>40.3</b>	+2%
Other commissions	8.2	<b>9.5</b>	+15%	29.8	<b>31.6</b>	+6%
Net trading income	29.9	<b>14.6</b>	-51%	127.2	<b>103.2</b>	-19%
Net financial income	0.4	<b>0.1</b>	-70%	6.2	<b>3.9</b>	-37%
Net sales(*)	0.0	<b>-0.1</b>	-	0.3	<b>0.0</b>	-76%
<b>SG&amp;A</b>	70.6	<b>66.5</b>	-6%	273.4	<b>275.4</b>	+1%
Trading related expenses	9.7	<b>8.9</b>	-9%	33.2	<b>35.3</b>	+6%
Personnel expenses	33.1	<b>29.2</b>	-12%	133.8	<b>128.3</b>	-4%
Real estate expenses	5.9	<b>6.2</b>	+6%	25.8	<b>24.2</b>	-6%
Office cost	8.3	<b>8.6</b>	+4%	31.3	<b>33.6</b>	+7%
Depreciation and amortization	6.3	<b>6.7</b>	+6%	23.6	<b>26.3</b>	+11%
Other	7.0	<b>6.5</b>	-7%	25.5	<b>27.4</b>	+7%
<b>Operating profit / loss</b>	21.0	<b>-2.2</b>	-	84.5	<b>58.8</b>	-30%
<b>Ordinary profit / loss</b>	22.1	<b>-0.6</b>	-	90.7	<b>65.3</b>	-28%
<b>SG&amp;A / Net operating revenue</b>	77%	<b>104%</b>	+27 pt	76%	<b>82%</b>	+6 pt

# Consolidated Balance Sheets / Capital Adequacy Ratio / Credit ratings on Long term

## Consolidated Balance Sheets

(Billions of Yen)	Mar.21	Mar.22		Mar.21	Mar.22
<b>Current assets</b>	<b>13,028.6</b>	<b>13,788.2</b>	<b>Current liabilities</b>	<b>11,838.1</b>	<b>12,523.2</b>
Trading products	3,258.7	3,618.9	Trading products	2,565.9	3,640.7
Loans secured by securities	7,081.1	7,593.3	Loans payable secured by securities	6,002.5	5,477.1
Other current assets	2,688.8	2,575.8	Short-term loans payable / Commercial papers	1,854.4	2,029.2
			Other current liabilities	1,415.2	1,376.0
<b>Noncurrent assets</b>	<b>320.8</b>	<b>353.8</b>	<b>Noncurrent liabilities / Reserves under the special</b>	<b>594.0</b>	<b>671.4</b>
Tangible assets	32.1	30.1			
Intangible assets	73.6	80.2	<b>Total liabilities</b>	<b>12,432.2</b>	<b>13,194.7</b>
Investments and other assets	215.0	243.4	<b>Total net assets</b>	<b>917.2</b>	<b>947.3</b>
<b>Total assets</b>	<b>13,349.4</b>	<b>14,142.0</b>	<b>Total liabilities and net assets</b>	<b>13,349.4</b>	<b>14,142.0</b>

## Capital Adequacy Ratio 【Non-consolidated】

(Billions of Yen)	Mar.21	Mar.22
Basic items	824.9	840.8
Supplementary items	45.8	43.3
Deductible assets	207.9	229.9
<b>Net capital</b>	<b>662.8</b>	<b>654.2</b>
<b>Risk total</b>	<b>222.0</b>	<b>210.4</b>
(Market Risk)	68.3	64.5
(Counterparty Risk)	71.5	76.7
(Basic Risk)	82.0	69.2
<b>Capital Adequacy Ratio</b>	<b>298.5%</b>	<b>310.8%</b>

## Credit ratings on Long term<sup>(\*)</sup> 【Non-consolidated】

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

# Sales Division\_1

## Summary

### 【FY ended Mar.31 2022】

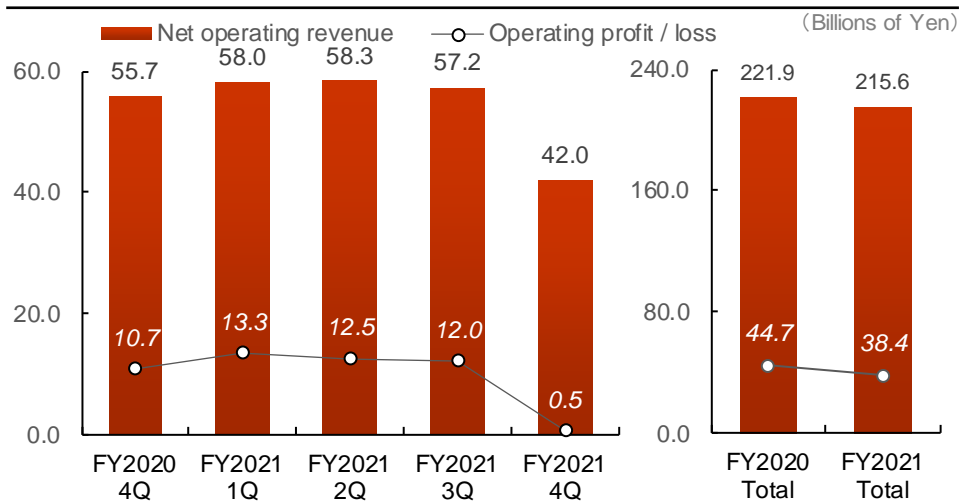
- Net operating revenue ¥ 215.6 B (-3% Y on Y) Operating profit ¥ 38.4 B (-14%)
- Since January 2022, although there was a decrease in product sales due to the fall in market price, clients' intentions to purchase products were high. Especially sales in fund wrap, which started its' new service were favorable. Through fiduciary duty asset management in client assets and stock earnings recorded a high level.

### 【FY2021 4Q】

- Net operating revenue ¥ 42.0 B (-26% Q on Q) Operating profit ¥ 0.5 B (-96%)
- Fall in market price due to rising US interest rates and geopolitical risks, caused the decline in clients' intentions to purchase products, leading the sales of products and its' revenue to decrease.

## 【Management Accounting】

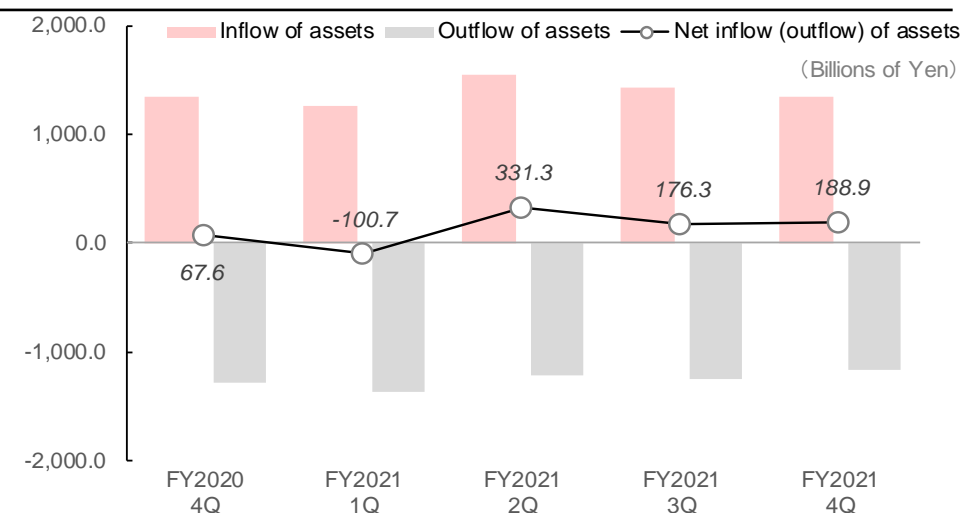
### Net operating revenue - Operating profit trend



## Sales of Products (Sales Division)

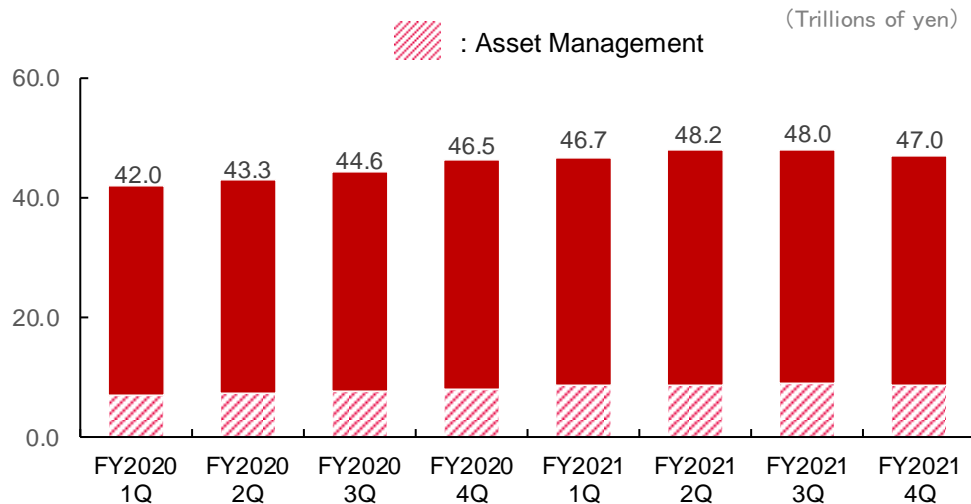
(Billions of Yen)	FY2020	FY2021				FY2020	FY2021
	4Q	1Q	2Q	3Q	4Q	Total	Total
Public offering	31.6	18.6	75.8	200.9	23.8	357.7	319.1
Bonds	663.3	603.2	630.2	490.5	485.6	1,912.8	2,209.4
Equity investment trusts	554.9	552.8	501.3	493.5	352.2	2,088.8	1,899.7
Fund wrap	63.3	82.7	58.0	133.7	62.8	210.5	337.2
<b>Total</b>	<b>1,313.2</b>	<b>1,257.3</b>	<b>1,265.3</b>	<b>1,318.6</b>	<b>924.3</b>	<b>4,569.8</b>	<b>4,765.5</b>

## Net Inflow of Assets (Sales Division)

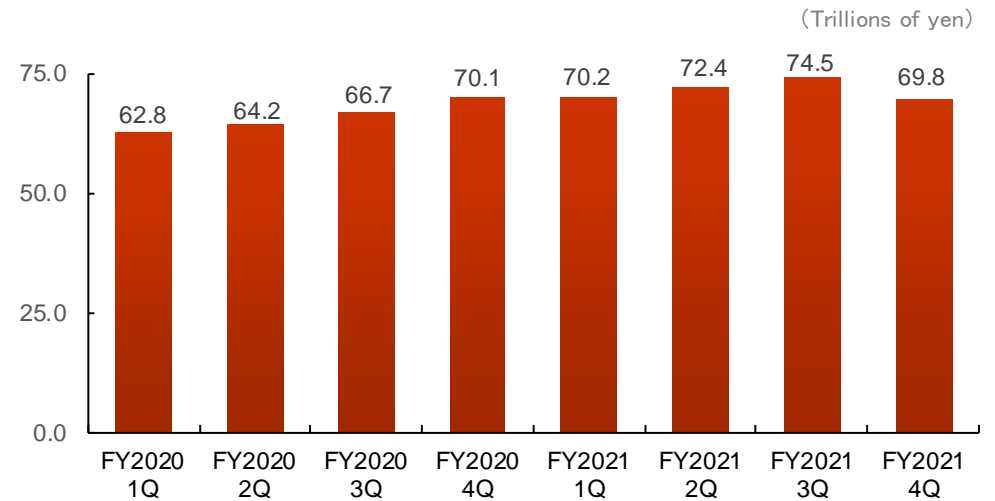


# Sales Division\_2

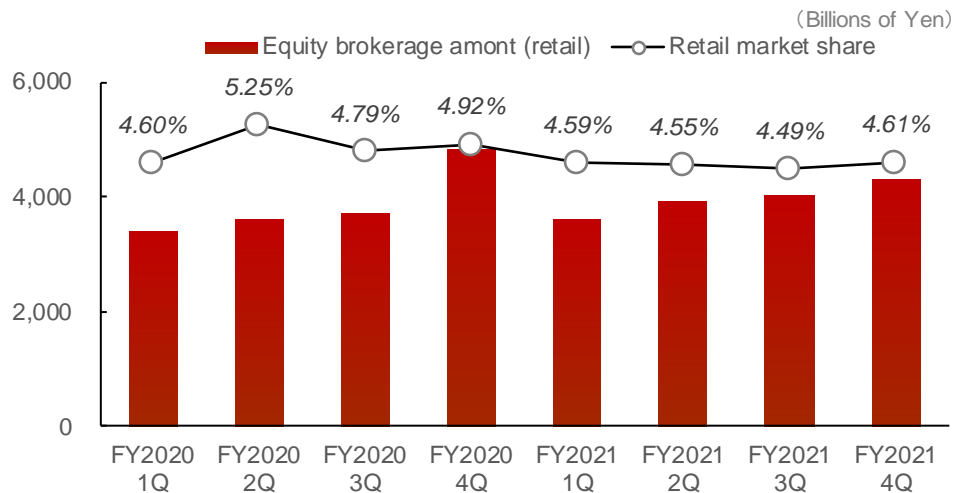
## Client Assets (Sales Division)



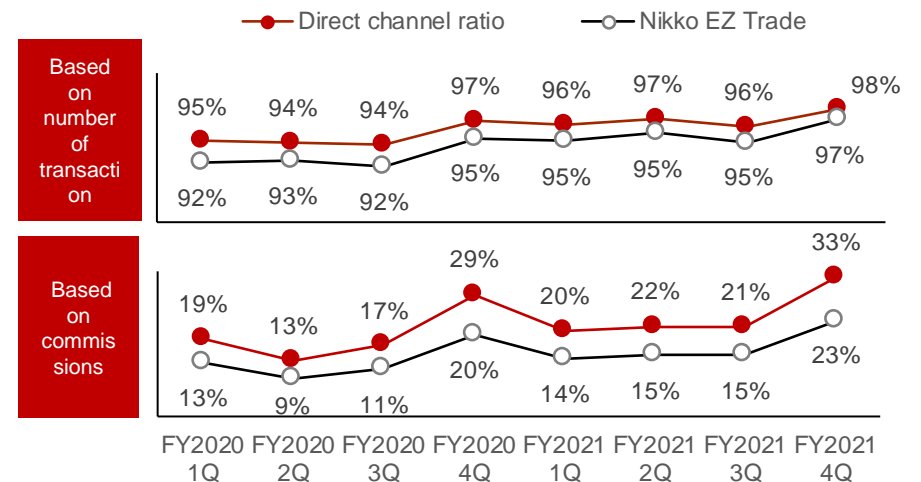
## 【Reference】 Client Assets (Company-wide)



## Retail market share(\*1)



## Direct channel ratio(\*2)



(\*1) Total of 1<sup>st</sup> and 2<sup>nd</sup> sections of Tokyo and Nagoya stock exchanges

(\*2) Percentage of transactions via non-face-to-face channels in equities & CBs (brokerage & subscription) with individual clients

# Global Investment Banking Division\_1

## Summary

### 【FY ended Mar.31 2022】

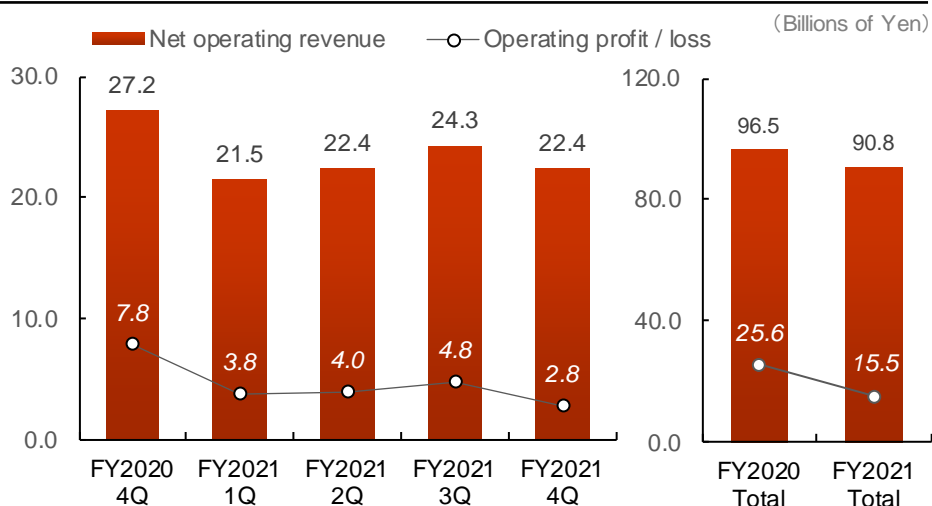
- Net operating revenue ¥ 90.8 B (-6% Y on Y) Operating profit ¥15.5 B (-39%)
- Both revenue and profit decreased in domestic and in overseas offices. High decrease in profit was caused by higher expenses related to business expansion in overseas offices.

### 【FY2021 4Q】

- Net operating revenue ¥ 22.4 B (-8% Q on Q) Operating profit ¥ 2.8 B (-41%)
- DCM was favorable in overseas offices, but unstable market environment was the cause of quieter domestic issuing market. Although revenue regarding M&A were favorable, both revenue and profit decreased as a whole.

## 【Management Accounting】

### Net operating revenue · Operating profit trend



## 【Consolidated】 Underwriting commissions, M&A fee

(Billions of Yen)	FY2020	FY2021				FY2020	FY2021
	4Q	1Q	2Q	3Q	4Q	Total	Total
Underwriting commissions	8.0	9.5	11.0	13.0	6.7	39.6	40.3
(Equities)	(3.4)	(2.0)	(5.8)	(7.6)	(2.9)	(17.6)	(18.5)
(Bonds)	(4.3)	(6.7)	(5.0)	(5.3)	(3.6)	(21.3)	(20.7)
M&A fee	3.5	1.9	2.8	3.4	3.8	12.3	12.2

## Sustainable finance

We are proactively supporting corporate sustainable finance.

- Structuring Agent<sup>(\*)</sup> of domestic SDGs industrial bonds<sup>(\*\*)</sup> : 2<sup>nd</sup> place
- Structuring Agent of domestic SDGs industrial bonds of FY2021 4Q
  - Kenedix Retail REIT (green bond)
  - NEC Capital Solution (sustainability bond)
  - KAJIMA CORPORATION (sustainability bond)
- Development of TCFD<sup>(\*\*\*)</sup> disclosure support tools and consultation meeting held
  - Development of disclosure support tools of climate change related information for listed companies
  - Held web seminars and small meetings to support disclosures

(\*) Structuring Agent (SA): advisor to the issuer

(\*\*) Source: prepared by SMBC Nikko based on the information published by issuer (results as of full year)

(\*\*\*) TCFD: Task Force on Climate-related Financial Disclosures



# Global Investment Banking Division\_2

## League Tables

### Global Equity & Equity-Related-Japan <sup>(\*)1</sup>

Rank	Book runner	Amount (bill of yen)
1	Daia	772.9
2	Nomura	744.3
3	SMBC Nikko	620.5
4	Mizuho	565.1
5	Goldman Sachs	485.7

### All Bonds in Yen <sup>(\*)2</sup> 【non-consolidated】

Rank	Lead Manager	Amount (bill of yen)
1	Mizuho	4,724.6
2	Nomura	4,583.9
3	Mitsubishi UFJ Morgan Stanley	4,016.9
4	Daia	3,947.9
5	SMBC Nikko	3,497.1

### IPO <sup>(\*)3</sup>

Rank	Underwriting Amount	Amount (bill of yen)	Rank	Lead Manager	No. Deals
1	Sumitomo Mitsui Financial Group	145.6	1	Mizuho Financial Group	31
2	Nomura	127.9	2	Sumitomo Mitsui Financial Group	25
3	Daia	88.6	3	Nomura	24
4	Mizuho Financial Group	80.2	4	SBI	20
5	Morgan Stanley	71.3	5	Daia	14

### Financial Advisory <sup>(\*)4</sup>

Rank	Advisor	Deal size (bill of yen)	Rank	Advisor	No. Deals
1	Morgan Stanley	5,517.4	1	Sumitomo Mitsui Financial Group	132
2	Goldman Sachs	5,292.8	2	Mizuho Financial Group	124
3	BofA Securities	3,898.9	3	Nomura	107
4	Nomura	3,174.9	4	Deloitte	88
7	Sumitomo Mitsui Financial Group	2,022.4	5	KPMG	85

## Main deals

### ECM

- Nippon Yusei (global FO)
- SUMCO (global FO)
- PHC Holdings (global IPO)
- West Japan Railway Company (global FO)
- Net Protections Holdings(global IPO)
- Simplex Holdings (global IPO)

### DCM

- Panasonic (subordinated bonds)
- Renault S.A. (samurai bond)
- NTT FINANCE (green bond)
- Takeda Pharmaceutical
- Mitsui Fudosan (green bond)
- ANA HOLDINGS (sustainability bond)

### M&A

- Acquisition of Invesco Office J-REIT by Invesco Group for the purpose of takeover defence
- Hitachi sold shares of Hitachi Construction Machinery to a SPC(JIP / ITOCHU consortium)
- Acquisition of JMDC owned by Noritsu koki by Omron
- Acquisition of Mitsubishi Corp.-UBS Realty by a subsidiary of KKR
- Worked on many projects regarding wholly owned subsidiaries such as acquisition of TOPPAN FORMS by Toppan Printing, and also managed undertaking 21(ranked first in Japan) TOB agency business.

## Market Share

	FY2020	FY2021			
	4Q	1Q	2Q	3Q	4Q
ECM <sup>(*)1</sup>	15.2%	6.9%	10.4%	12.5%	13.5%
DCM <sup>(*)2</sup>	18.3%	16.6%	16.7%	16.2%	15.6%
M&A <sup>(*)4</sup>	13.5%	7.6%	7.7%	7.9%	9.3%

(\*)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 (corporate bonds, FILP agency/municipality bonds(proportional shares as lead manager),samurai bonds)

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

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

# Global Markets Division

## Summary

### 【FY ended Mar.31 2022】

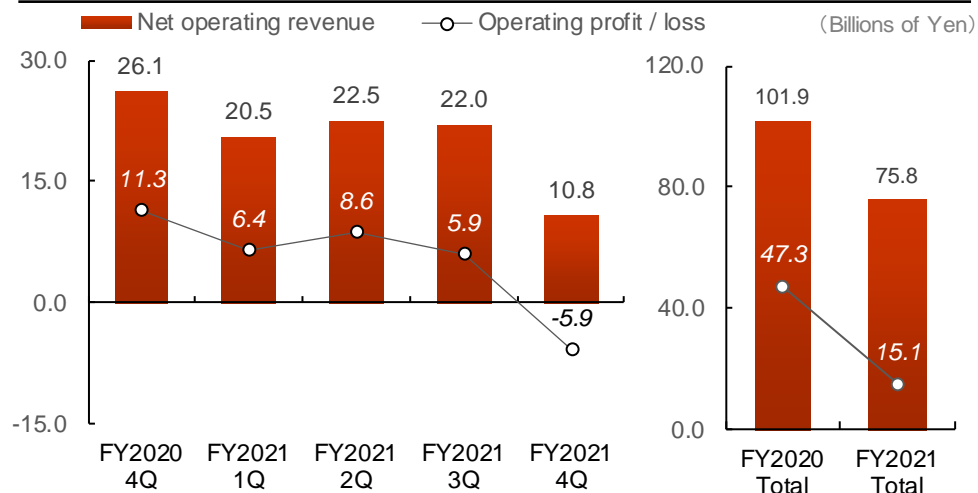
- Net operating revenue ¥ 75.8 B (-26% Y on Y) Operating profit ¥ 15.1 B (-68%)  
Both revenue in EST and FIST decreased. US equity related customer flow decreased revenue in EST. In FIST, it was difficult to capture customer flow throughout the fiscal year.

### 【FY2021 4Q】

- Net operating revenue ¥ 10.8 B (-51% Q on Q) Operating profit ¥ -5.9 B (-)  
There were customers refraining from transaction which led to decrease in trading volume in both EST and FIST. Position management was difficult for FIST in overseas offices, due to inflation concerns and geopolitical risks.

## 【Management Accounting】

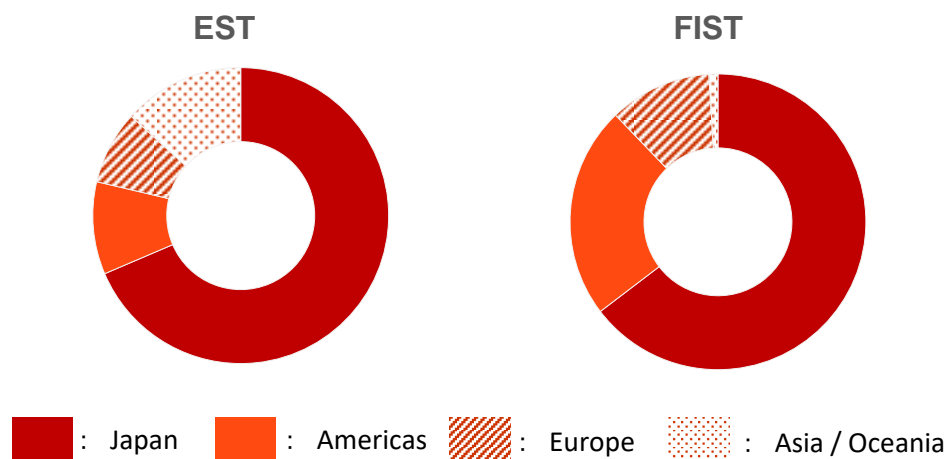
### Net operating revenue · Operating profit trend



## 【Consolidated】 Net Trading Income (adjusted Net Financial Income) <sup>(\*)</sup>

(Billions of Yen)	FY2020	FY2021				FY2020	FY2021
	4Q	1Q	2Q	3Q	4Q	Total	Total
Equities, etc. <sup>(*)</sup>	19.3	17.1	18.5	19.3	3.1	77.3	58.2
(dividend, etc)	(3.4)	(1.9)	(4.8)	(3.3)	(3.3)	(10.2)	(13.5)
Bonds, others <sup>(**)</sup>	12.3	14.1	12.8	11.1	12.0	55.1	50.2
(interest)	(-1.7)	(-1.4)	(-1.2)	(-2.7)	(-2.9)	(-5.0)	(-8.3)
Total <sup>(***)</sup>	31.7	31.3	31.4	30.5	15.1	132.4	108.4

## Revenue ratio by region (FY2021 Total)



(\*) Net trading income (adjusted net financial income) is supplemented with the ex dividend, etc.  
 (\*\*) including dividend from trading position, etc.  
 (\*\*\*) including interest income from trading position, etc.  
 (\*\*\*\*) excluding funding costs

# Overseas Network

## SMBC Nikko Capital Markets

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

## SMBC Bank EU

- Japanese equity and fixed-income sales and trading
- Equity and bond underwriting
- IR arrangements
- Swap-related business
- Commercial banking

## SMBC Bank EU (Paris Branch)

- Coverage of bond underwriting
- Commercial banking

## SMBC Nikko Capital Markets (ADGM Branch)

- Coverage of bond underwriting

## SMBC Nikko Securities (Singapore)

- Japanese equity and fixed-income sales and trading
- Coverage of bond underwriting
- M&A advisory
- Private wealth business
- IR arrangements

## SMBC Nikko Bank (Luxembourg)

- Fund custody
- Fund administration

## SMBC Nikko Investment Fund Management Company

- Fund management

## SMBC Nikko Securities Inc., Beijing Representative Office

- Liaise with Chinese authority, local financial institutions and firms
- Conduct research on the Chinese market and local registrations

## SMBC Nikko Investment Consulting(Shanghai)

- M&A advisory-related services

## SMBC Nikko Securities Canada

- Bond underwriting (Passive\*)  
\* underwriting without mandatory sales responsibility

## SMBC Nikko Securities America

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

## SMBC Nikko Securities America (Charlotte Branch)

- Fixed-income sales and trading

## SMBC Nikko Securities America (San Francisco Branch)

- Japanese equity sales and trading
- US equity research and brokerage
- IR arrangements

## SMBC Nikko Securities (Hong Kong)

- Japanese equity and fixed-income sales and trading
- Bond underwriting
- M&A advisory
- IR arrangements

## SMBC Nikko Securities (Hong Kong) (Sydney Office)

- Coverage of bond underwriting

## Nikko Securities Indonesia

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

### 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)

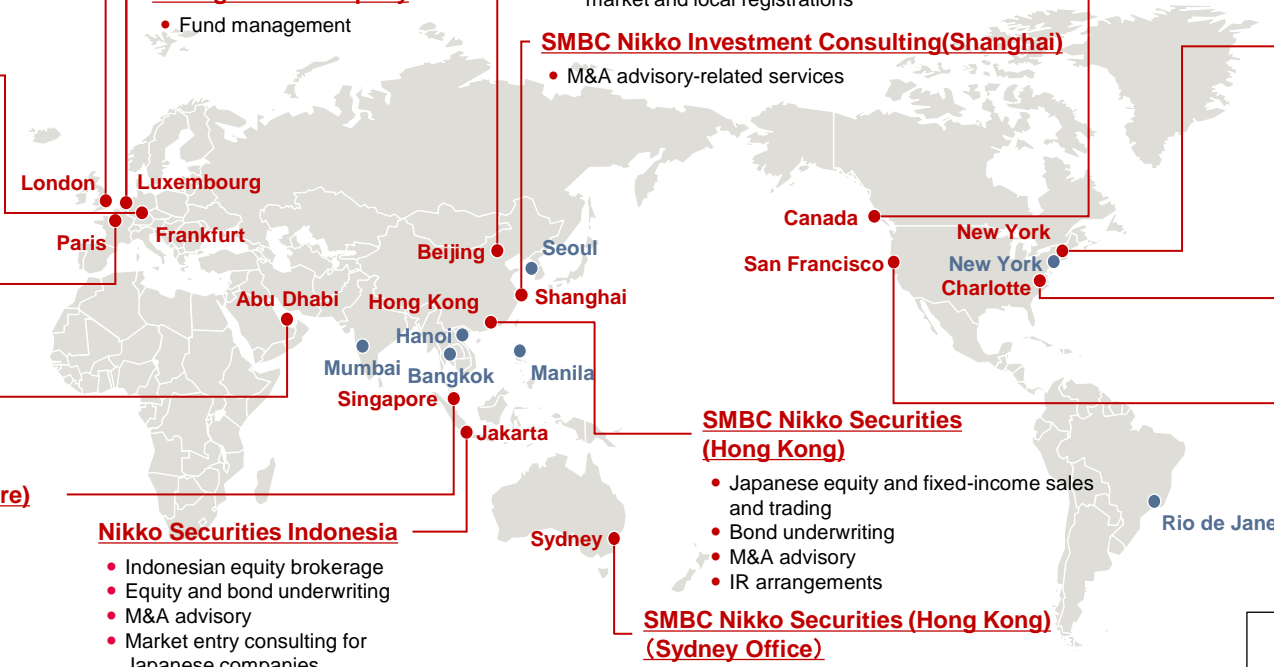
- Collaboration in various business worldwide

#### Jefferies Group LLC (New York)

- Strategic alliance in corporate and investment banking business

#### BTG Pactual (Rio de Janeiro)

- Alliance in M&A advisory



●	SMBC Nikko Group Company
●	SMBC Nikko Business Partner

# Medium-term Management Plan (FY2020-2022) Key measures of FY2022

## Theme of Medium-term Management Plan(FY2020-2022)

## Realization of sustainable growth by reformation into a creative company

### Summary of FY2021 along with the basic policies of FY2022

- We face an issue of structuring inter control system which contributes to prevention, and drastic review of inter control system by improving effectiveness of 3 line defense is urgent.
  - To fulfill our responsibilities as a market gatekeeper and become a securities company that continues to be trusted by our customers and the market, we will strengthen inter control system focusing on 3 line defense as a company-wide project.
- 4 key measures of medium-term management plan (①Strengthen inter control system ②Strengthen overseas business centered in North America ③Strengthen risk solution and non-flow business ④Driving digital transformation and 3W reformation forward) along with 2 priority issues (①Strengthen sustainability initiatives ②Personnel allocation and training to support department strategy) are steadily progressing though its' differences in degree. FY2022 will be the final year of the medium-term management plan, and the key measures will be steadily completed to give momentum to the next medium-term management plan.
  - Realization of results as the final year of the medium-term management plan based on the upfront investment so far.
  - We will prepare for the next medium-term management plan and establish a system that can steadily start from FY2023.

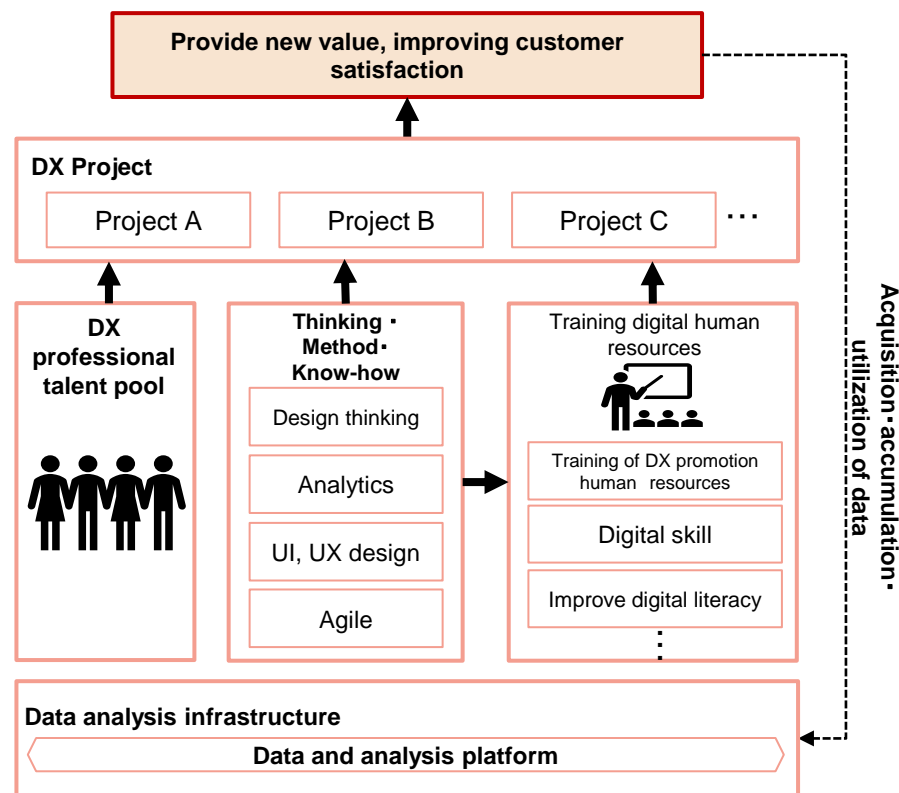
### Key measures of FY2022 business plan

- Strengthen inter control system
  - Launch of company-wide project team, structure inter control system which contributes to prevention of issues, with 3 line defense within a cross-sectoral effort
  - Inter control system lies within business model and management strategy are inseparable. Based on the idea that management and thoroughness form the basis of management, we will work on the key measures.
- Sophistication and efficiency of group asset management business
  - For sophistication of operational consulting, we will rebuild the group cooperation system, and other than strengthening portfolio consulting, expansion of head office support department, digital function such as communication tool alert will be taken.
- Strengthen overseas business centered in North America
  - Increase the product appeal and risk-taking ability, aiming to build a system to provide bank and securities products seamlessly and highly and to improve customer service.
  - Along with expanding the front business, review the risk management system based on traditional commercial banking business and drive global management infrastructure and system development forward.
- Strengthen risk solution and non-flow business
  - Based on the diversification of needs of both issuers and investors due to the progress of commoditization of existing projects, we will provide high value solutions, such as strengthening structuring functions and improving ability of providing derivatives for both primary and secondary business.
- Driving digital transformation and 3W reformation forward
  - Improving customer experience and STP of transactions by driving DX forward, digital human resources that support the promotion of DX in each department, insourcing of human resources with digital skills, and skill transfer to each department will be taken.
- Strengthen sustainability initiatives
  - Strengthening domestic and overseas responsiveness through group collaboration, establishing an ESG governance system and strengthening information dispatch both inside and outside the company
  - Strengthening advisory functions to create business opportunities
- Personnel allocation and training to support department strategy
  - Talent management, operating specialized courses in line with business strategy, and providing reskilling opportunities to employees for realization of a work environment where employees can work vigorously.

# Main initiatives on Digital Transformation (DX)

## Building DX promotion system

- Our definition of DX is “utilize digital technology and data from the customer’s point of view, take on the challenge of changing business models, realize changes in culture, and create new corporate value”.
- We are working on the DX project to improve customer satisfaction by establishing a customer-oriented way of thinking, training digital human resources, and developing the digital infrastructure that supports DX.



## Initiatives utilizing AI and data analytics

- We are promoting DX to create further added value while creating surplus capacity by utilizing digital technology and streamlining and automating operations.
- We are expanding the areas of utilization of AI and data analytics in the front department and the head office department.
- As an example of our efforts, we have developed a support tool that links the AI analysis function to our customer information infrastructure so that our sales staff can provide information according to the customer's stock holdings and hobbies.

### Other examples

- Construction of M&A candidate extraction model
- Expansion of inside-company monitoring area by utilizing AI and text mining
- Work style reform of the head office department utilizing data analytics

## Training digital human resources

- Since FY2021, design thinking training has become mandatory for managers, and a total of 1,015 people have taken the course, creating about 150 new service ideas.
- In the data scientist training, with the goal of acquiring skills that can be utilized in business, we aimed to transfer skills in OJT format and certified 45 people as our data scientists.

### DX promotion human resources development training

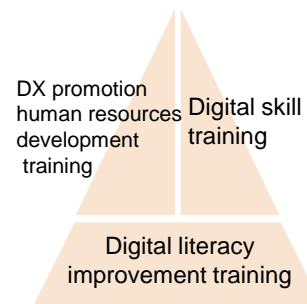
- Train project managers, business system analysts, application SEs, and data scientists to promote projects

### Digital skill training

- Hands-on training on RPA, Excel macros, VBA, BI tools, etc. as skills necessary for improving departmental work efficiency

### Digital literacy improvement training

- 10 courses including design thinking, customer experience, agile development, digital marketing, etc.



# Reference Data

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# Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2020	FY2021				FY2020	FY2021
	4Q	1Q	2Q	3Q	4Q	Total	Total
Operating revenue(*)	95,954	92,596	94,603	97,325	70,597	377,400	355,123
Commissions received	59,152	57,082	59,056	61,281	49,522	224,026	226,943
Commissions to consignees	14,046	11,265	11,817	10,820	9,748	51,595	43,652
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	8,087	9,500	11,002	13,090	6,764	39,679	40,358
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	13,368	13,492	11,628	11,943	8,251	50,322	45,316
Other fees received	23,649	22,823	24,608	25,426	24,757	82,429	97,615
Net trading income	30,028	30,805	27,895	29,903	14,680	127,259	103,286
Equities	15,863	15,235	13,707	16,026	-284	67,070	44,685
Bonds / Others	14,165	15,570	14,187	13,877	14,965	60,189	58,601
Financial revenue(*)	5,050	3,097	6,022	4,540	4,708	18,715	18,368
Other sales	1,722	1,610	1,628	1,600	1,685	7,399	6,525
Financial expenses(*)	3,434	2,810	2,971	4,063	4,564	12,444	14,410
Cost of other sales	1,699	1,505	1,595	1,518	1,813	7,020	6,433
Net operating revenue	90,820	88,279	90,037	91,743	64,219	357,935	334,280
SG&A	70,867	68,987	69,259	70,666	66,505	273,416	275,419
Operating profit / loss	19,952	19,292	20,777	21,076	-2,285	84,518	58,860
Ordinary profit / loss	22,123	20,867	22,970	22,134	-632	90,752	65,341
Extraordinary income / loss	-1,100	-873	12	-121	265	8,152	-716
Profit before income taxes	21,023	19,994	22,983	22,013	-367	98,904	64,624
Income taxes	4,731	5,260	5,168	6,704	-2,318	27,075	14,814
Profit / loss	16,292	14,734	17,815	15,309	1,950	71,829	49,809
Profit attributable to owners of parent	16,229	14,697	17,862	15,272	1,965	71,739	49,798

## Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2020	FY2021				FY2020	FY2021
	4Q	1Q	2Q	3Q	4Q	Total	Total
Operating revenue(*)	89,271	87,226	89,302	91,791	64,861	354,707	333,183
Commissions received	54,492	53,536	55,748	58,135	45,642	209,457	213,062
Commissions to consignees	13,198	10,807	11,277	10,963	9,336	48,824	42,385
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	6,738	8,318	10,588	11,794	5,614	36,152	36,316
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	13,007	13,359	11,283	11,119	8,107	48,965	43,869
Other fees received	21,548	21,051	22,598	24,258	22,582	75,515	90,491
Net trading income	29,761	30,604	27,550	29,122	14,533	126,722	101,810
Equities	15,596	15,033	13,362	15,182	-439	66,533	43,139
Bonds / Others	14,165	15,570	14,187	13,939	14,973	60,189	58,670
Financial revenue(*)	5,017	3,086	6,004	4,534	4,685	18,527	18,310
Financial expenses(*)	3,400	2,773	2,917	4,032	4,508	12,311	14,231
Net operating revenue	85,870	84,453	86,385	87,759	60,353	342,396	318,951
SG&A	66,786	66,291	66,669	67,565	61,768	262,825	262,293
Operating profit / loss	19,083	18,161	19,716	20,194	-1,415	79,570	56,657
Ordinary profit / loss	20,213	18,993	20,653	20,143	-169	81,920	59,620
Extraordinary income / loss	-1,012	-797	-768	-110	-83	14,992	-1,760
Profit before income taxes	19,200	18,196	19,884	20,033	-253	96,913	57,860
Income taxes	4,689	4,859	4,760	6,411	-2,429	25,894	13,601
Profit / loss	14,510	13,336	15,124	13,622	2,175	71,019	44,258



# Segment performance trends / Profit of Overseas Offices

## Segment performance trends (Net operating revenue)

(Billions of Yen)	FY2020	FY2021				FY2020	FY2021
	4Q	1Q	2Q	3Q	4Q	Total	Total
Sales Division	55.7	58.0	58.3	57.2	42.0	221.9	215.6
GIB Division <sup>(*)</sup>	27.2	21.5	22.4	24.3	22.4	96.5	90.8
GM Division <sup>(*)</sup>	26.1	20.5	22.5	22.0	10.8	101.9	75.8

## Segment performance trends (Operating profit)

(Billions of Yen)	FY2020	FY2021				FY2020	FY2021
	4Q	1Q	2Q	3Q	4Q	Total	Total
Sales Division	10.7	13.3	12.5	12.0	0.5	44.7	38.4
GIB Division	7.8	3.8	4.0	4.8	2.8	25.6	15.5
GM Division	11.3	6.4	8.6	5.9	-5.9	47.3	15.1

## Profit of Overseas Offices (Operating profit)

(Billions of Yen)	FY2020	FY2021				FY2020	FY2021
	4Q	1Q	2Q	3Q	4Q	Total	Total
Americas	8.4	5.1	5.2	1.7	0.5	30.4	12.6
Europe	1.2	0.3	0.0	0.4	-1.1	4.7	-0.3
Asia / Oceania	0.5	0.0	0.5	-0.0	-0.7	1.7	-0.1
Total	10.2	5.4	5.8	2.1	-1.2	37.0	12.1

# Operational Indicators -1

## Client Assets [Non-consolidated]

(Trillions of yen)	FY2019	FY2020				FY2021			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
Equity	27.7	31.1	32.5	34.8	37.6	37.4	39.4	41.3	36.8
Bond	17.0	21.0	20.7	20.4	20.5	20.3	20.5	20.3	20.5
Investment trust	9.4	10.1	10.4	10.9	11.3	11.6	11.8	12.1	11.7
Others	0.6	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.8
Client assets	54.8	62.8	64.2	66.7	70.1	70.2	72.4	74.5	69.8

## Equity brokerage amount · Equity brokerage commissions · TSE Share <sup>(\*)</sup> [Non-consolidated]

(Billions of yen)	FY2019	FY2020				FY2021			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Equity brokerage amount <sup>(*)</sup>	10,620.2	10,230.3	9,615.8	11,700.2	13,786.6	11,556.9	12,457.6	11,197.8	9,353.0
Equity brokerage commissions <sup>(*)</sup>	10.9	10.8	11.3	13.2	13.6	10.9	11.3	10.8	9.1
Equity commissions rate	9.5bp	10.0bp	11.2bp	10.9bp	8.8bp	8.8bp	8.3bp	9.0bp	8.9bp
TSE share (%)	2.47%	2.54%	2.54%	2.74%	2.90%	2.75%	2.78%	2.35%	1.97%

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

(\*) Total of all stock exchanges

(\*) on a consolidated basis

# Operational Indicators -2

## Sales of Products 【Non-consolidated】

(Billions of yen)	FY2019	FY2020				FY2021			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Investment trusts	719.0	460.4	693.0	794.4	701.6	669.3	615.9	588.4	444.8
(Equity investment trusts)	(498.9)	(337.3)	(524.8)	(642.4)	(565.1)	(565.3)	(473.9)	(481.5)	(352.7)
(Foreign registered investment trusts)	(217.8)	(90.8)	(144.5)	(127.7)	(121.2)	(90.2)	(127.7)	(96.3)	(87.0)
Fund wrap	58.7	26.2	43.1	77.9	63.3	82.7	58.0	133.8	62.8
Foreign bonds (*)	603.1	424.1	487.7	572.9	685.5	859.9	654.1	552.3	545.9
(Foreign currency bonds)	(200.8)	(112.4)	(168.8)	(179.4)	(210.4)	(248.6)	(245.5)	(169.4)	(264.6)
Domestic bonds	1,008.1	887.0	1,549.2	2,250.1	885.3	970.9	995.6	1,139.7	598.5
(Retail target JGBs)	(324.8)	(1.7)	(71.0)	(165.6)	(149.3)	(84.2)	(56.3)	(123.6)	(104.2)
Public offering	73.4	0.4	212.3	164.7	60.4	31.7	97.7	232.1	97.1
Annuity / insurance	18.3	6.1	15.2	22.5	16.3	19.5	21.1	23.6	17.3
<b>Total</b>	<b>2,480.7</b>	<b>1,804.1</b>	<b>3,000.5</b>	<b>3,882.4</b>	<b>2,412.4</b>	<b>2,634.1</b>	<b>2,442.4</b>	<b>2,670.0</b>	<b>1,766.4</b>

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

# Operational Indicators -3

## Number of Accounts [Non-consolidated]

(Thousands of accounts)	FY2019	FY2020				FY2021			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
Total accounts	3,453	3,489	3,541	3,558	3,551	3,533	3,708	3,738	3,761
Cash management accounts	2,974	3,007	3,051	3,082	3,099	3,159	3,184	3,203	3,228
Newly opened accounts	39	39	53	38	52	43	50	49	50

## Number of Branches [Non-consolidated]

	FY2019	FY2020				FY2021			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
Number of branches	141	141	140	140	129	129	118	118	110

## Number of Employees

	FY2019	FY2020				FY2021			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
Number of employees	11,484	11,833	11,804	11,712	11,241	11,547	11,390	11,251	11,105
Number of employees in overseas offices	802	814	779	805	816	724	741	763	784



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