

# SMBC Nikko Medium-term Management Plan (FY2013-FY2015)

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April 5, 2013

SMBC Nikko Securities Inc.

# Review of FY2010-FY2012 – Structural realignment –

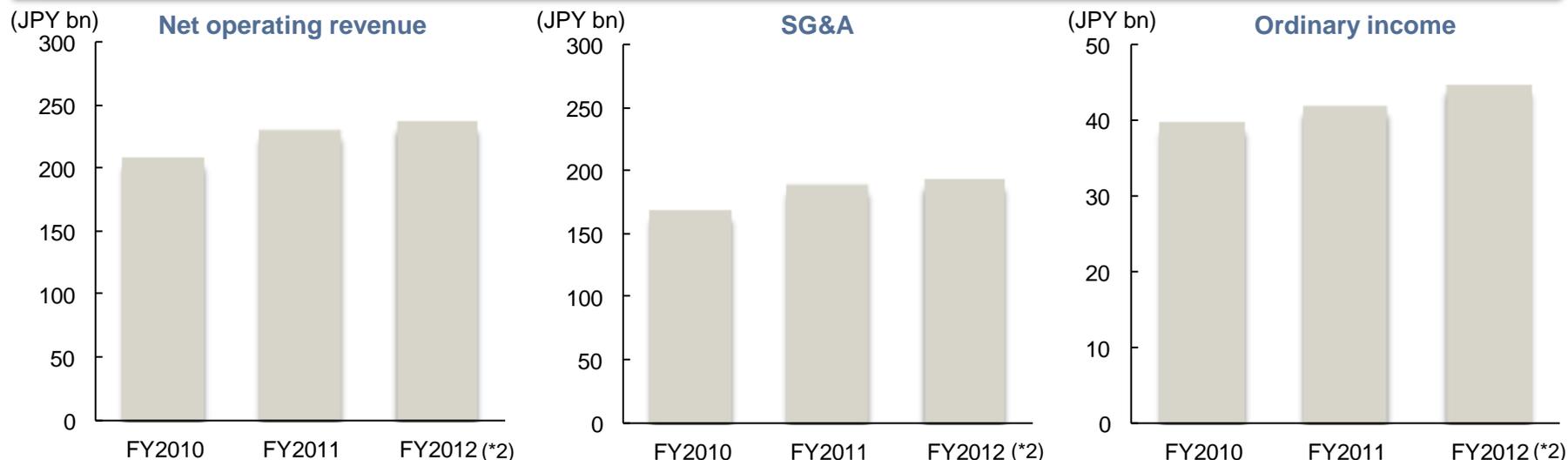
Since becoming a member of the Sumitomo Mitsui Financial Group in October 2009, SMBC Nikko has made steady progress enhancing its corporate structure with a focus on ideals of “Full-line securities company,” “Global,” and “Banking-securities collaboration”



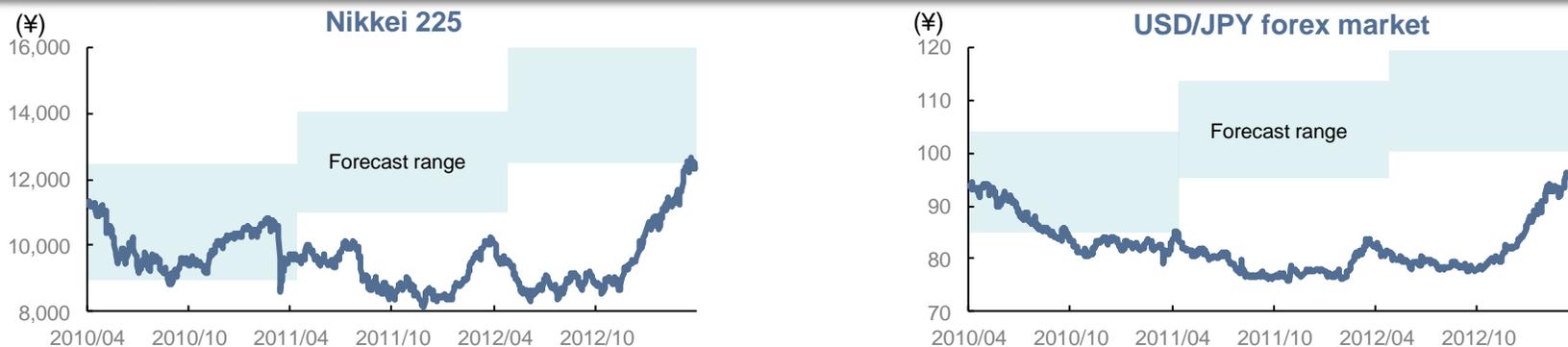
# Review of FY2010-FY2012 – Performance –

Amid a tough market environment in which trends deviated from our initial forecast range, we achieved stable profit growth by absorbing the increased costs related to the launch of the wholesale business through a build up in revenues mainly in the retail business

## Performance (\*1)



## Market



Notes: 1. Total for SMBC Nikko (non consolidated) + overseas (securities business in London, New York, Hong Kong and Singapore)

2. For FY2012, the cumulative total for 1Q-3Q was converted into an annual basis

## Management vision

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Toward our goal to realize our vision as a full-line securities company, we are making our transition to the **“growth” stage** for the next three years from the **“establishment” stage** carried out during the past three years

### Vision

**Leading Japanese full-line securities company capable of offering high quality financial products and services globally**

### Basic concepts of the Medium-term Management Plan

#### **“Speed & Scale”**

Rapidly and fundamentally improve our presence in financial and securities markets globally by promoting growth strategies

Pursue high level securities expertise

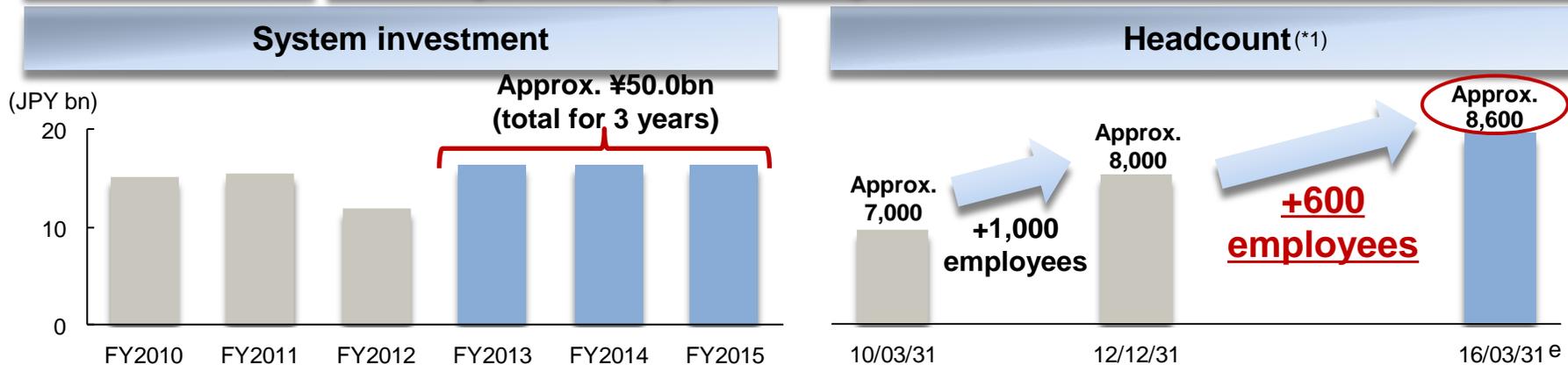
Create an innovative banking-securities collaboration model

Establish a solid market presence and be highly evaluated by our valued clients

# Major initiatives

Develop and implement the following major initiatives to fulfill the basic concepts in the Medium-term Management Plan and work to become the leading Japanese full-line securities company

Major Initiatives	
Retail	<ul style="list-style-type: none"> <li>Expand client base and sustain earnings strength by actively injecting resources and enhancing banking-securities collaboration</li> </ul>
Wholesale	<ul style="list-style-type: none"> <li>Establish a competitive front office structure by improving quality of coverage and further promoting banking-securities collaboration</li> <li>Improve earnings from sales and trading businesses by enhancing order flow and position control</li> <li>Globally expand business selectively and effectively, by leveraging SMBC's marketing base and alliances</li> </ul>
Headquarters/management departments	<ul style="list-style-type: none"> <li>Create a more sophisticated management infrastructure and strengthen the headquarters / management departments</li> </ul>
All departments	<ul style="list-style-type: none"> <li>Strategically inject systems and human resources and accelerate employee training to achieve growth strategies</li> </ul>



1. Total for SMBC Nikko + overseas offices, excluding executive officers, temporary staff, and secondees to Japanese entities

# Steps for achieving major initiatives: Retail business

## Expand client base

### **Actively inject resources** SMBC Nikko Securities

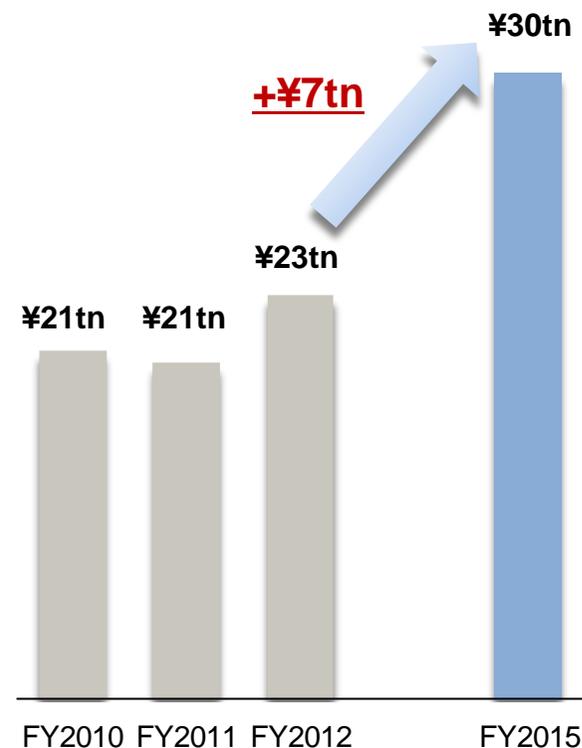
- Increase sales staff, mainly through hiring new graduates
- Increase branch offices based on medium/long-term strategies
- Build sales structure that meets client attributes
- Proactively pursue enhancement of the sales infrastructure and strategic products capturing market trends

### **Banking-securities integration strategy**

SMBC Nikko Securities & SMBC

- Integrate banking and securities services SMFG wide, to best meet changing client needs over the client's stages in life, and to maximize our value for client
  - Expand securities intermediary services by enriching product lineup, etc.
  - Promote client referrals with SMBC and offer products and services that take advantage of the strengths of each entity

### Operating assets via the retail business



# Steps for achieving major initiatives: Wholesale business

## Coverage/investment banking

### Build a competitive coverage/solutions structure

- Strengthen our capabilities to support large-scale and global deals by injecting resources intensively
- Enhance our business structure and promote the strategic exchange of human resources to strengthen the banking-securities collaboration to provide optimal value to the SMBC client base
- Reinforce our business structure for IPO business and investment management business for regional financial institutions, etc. through measures such as increased staffing

## Sales & Trading

### Improve earnings strength by actively injecting resources

#### Bonds

- Increase dealing revenues mainly from products with high liquidity, by increasing dealers and enhancing our middle/back office function
- Further expand order flow mainly in derivatives by prompt introduction of new product line and enhancing our sales support structure

#### Equities

- Strengthen our business by injecting resources into research, sales, IR, and trading, and become one of the top three brokers in Japanese equities
- Improve our capabilities to meet diverse client needs in the solutions business

## Overseas

### Selective/effective business expansion

- Enhance strategic business areas through strategic resource injection
- Expand new business by leveraging the banking-securities collaboration and alliances
- Establish necessary infrastructure for global business expansion

# Earnings goals

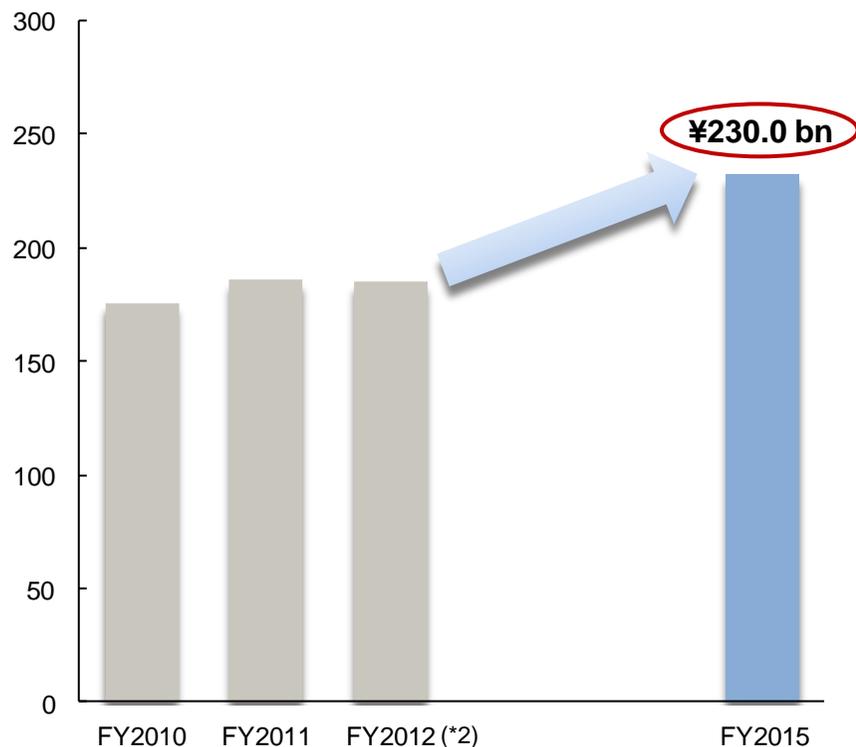
## Earnings goals (FY2015) (\*1)

### SMBC Nikko Securities

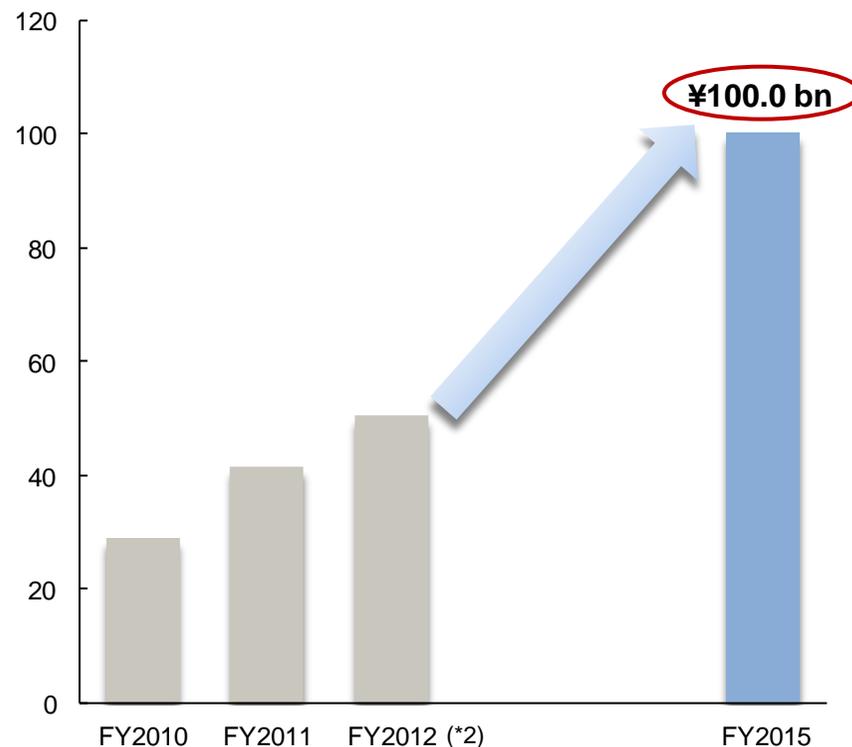
**Net operating revenue:  
¥330.0 billion**

**Ordinary income:  
¥100.0 billion**

(JPY bn) **Retail business Net operating revenue trends**



(JPY bn) **Wholesale business Net operating revenue trends**



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