

September 22, 2017  
SMBC Nikko Securities Inc.

**Summary of the Announcement by President Shimizu**  
**at the Autumn 2017 Meeting of Department Heads and Branch Managers**

For the first half, with your effort and dedication, SMBC Nikko Securities got off to a good start of the first year of the Medium Term Management Plan introduced this spring. At this moment, the market may be unclear due to geopolitical factors, but these are the times that we must follow up with clients and maintain the good momentum we have.

Now, let me talk about the environment surrounding SMBC Nikko, focusing on especially the important points.

The environment of the direct finance market has changed during the last few years, with the distribution of the “Stewardship Code”, “Corporate Governance Code” and “Principles for Customer-Oriented Business Conduct”. Additionally, I would like to remind that, Japan is facing an aging society and a declining population. Before we know it, “the 2025 Problem”, where one in three people in Japan will be 65 years old and above, is just around the corner.

Under such circumstances, SMBC Nikko will focus on the following four areas.

First, “Client-oriented Business”. As intermediaries of financial markets, I want each one of you to constantly think what you can do for your clients and faithfully act upon it.

Second, “Expansion of the investment base”. To expand the transactions with the asset building segment, SMBC Nikko is going to act as a member of SMFG. In this aging society, opportunities to expand investment can be found when an inheritance occurs. Please continue to act sincerely, think about your clients and obtain support from their family.

Third, “Work style”. Let us build up a healthy work-style environment by eliminating needless tasks, implementing cutting-edge Information Technology, making effort to improve productivity, and conducting workforce management firmly.

Lastly, “Working as a member of SMFG”. Since this fiscal year, a group-wide business unit by SMFG has been adopted. Even within a group, it is natural for organizations/industries to think differently. Let us have discussions among people who have different ways of thinking, which may result in a good idea that cannot be worked out by one person. Moreover, the discussion nurtures a relationship based on trust. Let us bring together the power of the Group to satisfy clients’ needs.

Next year, SMBC Nikko will celebrate the 100<sup>th</sup> anniversary. In this memorable year, we will warmly welcome members of SMBC Friend Securities. Under “Share the Future”, the slogan of the brand, let us together create our next 100 years.

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