

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

SMBC Nikko Securities Inc.

October 30, 2018



## [ Reference Data ]

Summary of business results for the 2Q 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 October 30, 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 (October 30, 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 2Q of the FY ending Mar. 2019



6 months to  
Sep.30 2018

- **Net operating revenue : ¥ 173.5 B (+5% Y on Y), Ordinary profit : ¥ 36.2 B (-13%), Profit (\*1) : ¥ 27.9 B (-3%)**  
The increase in commissions of fund wrap, underwriting, equity brokerage etc. has contributed to the increase in net operating revenue.
- Equity brokerage amount was ¥ 16.8 trillion (+15%).  
Aggregated sales of products was ¥ 5.5 trillion (+13%).  
Sale of investment trusts was ¥ 1.3 trillion (+15%), foreign bonds was ¥ 1.7 trillion (+10%) and domestic bonds was ¥ 2.1 trillion (+16%).
- Underwriting commission was ¥ 18.6 B (+50%).  
League table rankings for Apr. 2018 - Sep. 2018  
3rd place (\*2) in Global Equity & Equity-Related-Japan  
3rd place (\*3) in All Bonds in Yen  
10th place (\*4) in terms of value and 1st in terms of number of deals for M&A announced deals
- SG&A was ¥ 140.8 B (+13%).
- As of the end of Sep. 2018, total assets was ¥ 11.2 trillion, net assets was ¥ 831.8 B  
Capital adequacy ratio (non-consolidated) was 388%, reflecting a sound financial base of the company.

FY ending  
Mar. 2019 2Q

- **Net operating revenue : ¥ 87.1 B (+1% Q on Q), Ordinary profit : ¥ 18.1 B (+1%), Profit (\*1) : ¥ 12.9 B (-14%)**  
Compared to the 1Q which had the tax credits etc. in the consolidated taxation of Sumitomo Mitsui Financial Group basis, we had a decrease in profit.
- Aggregated sales of products was ¥ 3.0 trillion (+21%), and domestic bonds was ¥ 1.2 trillion (+38%).

Billions of Yen	FY2018		Q on Q	6 months to Sep. 30 2017	6 months to Sep. 30 2018	Y on Y
	1Q	2Q				
Operating revenue	97.3	96.9	-0%	183.0	194.2	+6%
Net operating revenue	86.4	87.1	+1%	164.8	173.5	+5%
SG&A	70.2	70.5	+0%	124.7	140.8	+13%
Ordinary profit / loss	18.0	18.1	+1%	41.8	36.2	-13%
Profit before taxes	17.3	18.0	+4%	41.0	35.4	-14%
Profit / loss(*1)	14.9	12.9	-14%	28.8	27.9	-3%
	Mar.-end '18	Sep.-end '18	From Mar. -end '18	Sep.-end '17	Sep.-end '18	Y on Y
Total assets (Trillions of yen)	10.6	11.2	+0.6	12.4	11.2	-1.1
Total net assets (Billions of yen)	818.7	831.8	+13.1	564.3	831.8	+267.4

(\*1) profit attributable to owners of parent

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

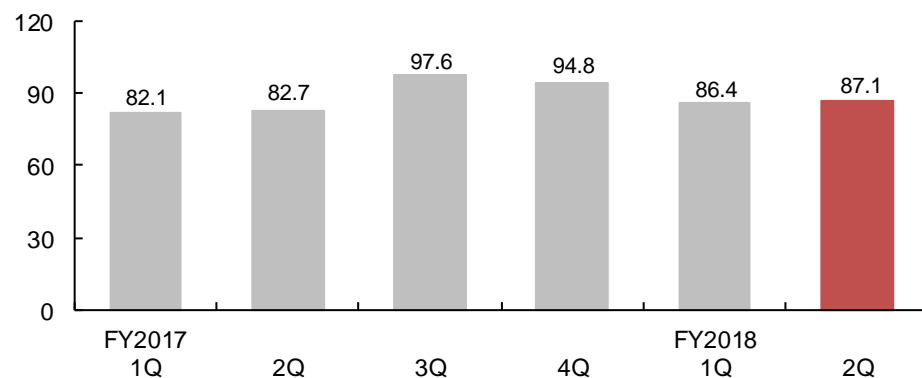
(\*3) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

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

# Business Results (Quarterly Trend)

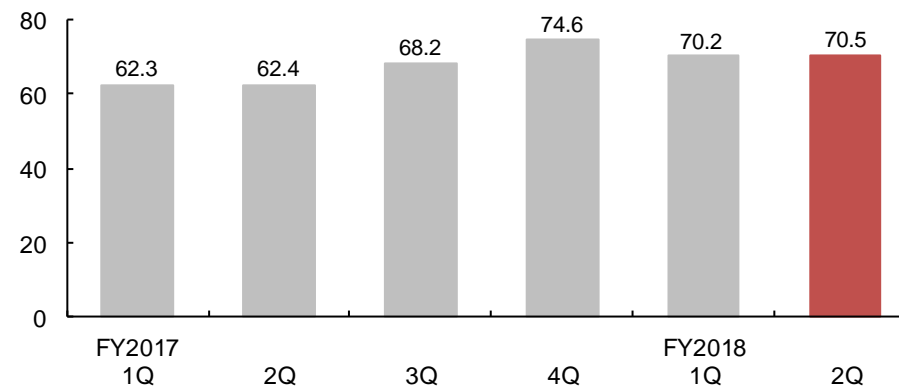
## Net operating revenue

(Billions of yen)



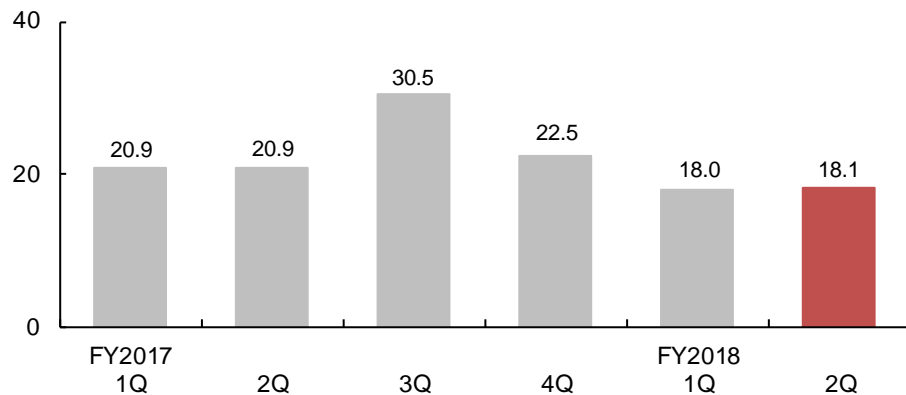
## SG&A

(Billions of yen)



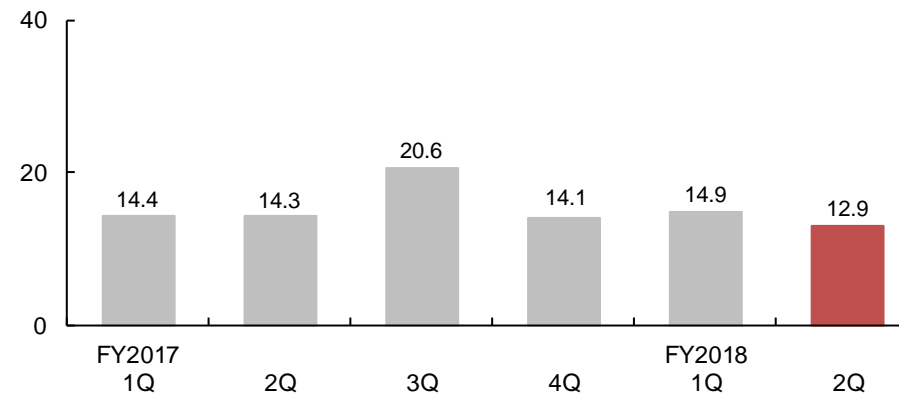
## Ordinary profit

(Billions of yen)



## Profit (\*)

(Billions of yen)



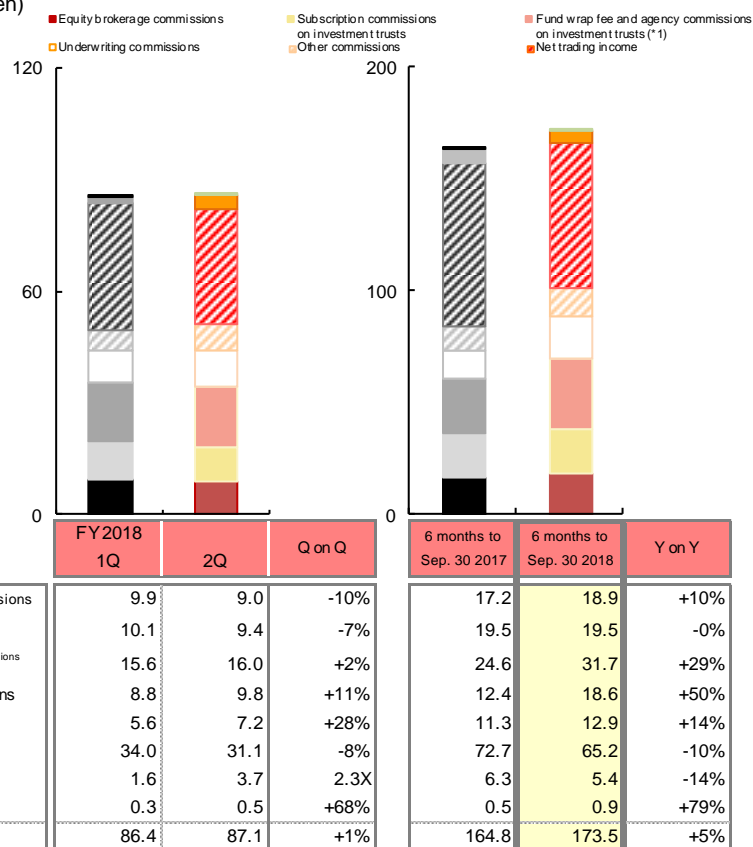
(\*) profit attributable to owners of parent

# Net operating revenue / Product sales

- ◇ Net operating revenue for the first half was ¥ 173.5 B (+5% Y on Y), aggregated sales of products was ¥ 5,484.8 B (+13%).
- ◇ Net operating revenue for this quarter was ¥ 87.1 B (+1% Q on Q), aggregated sales of products was ¥ 3,004.5 B (+21%).

## Net operating revenue

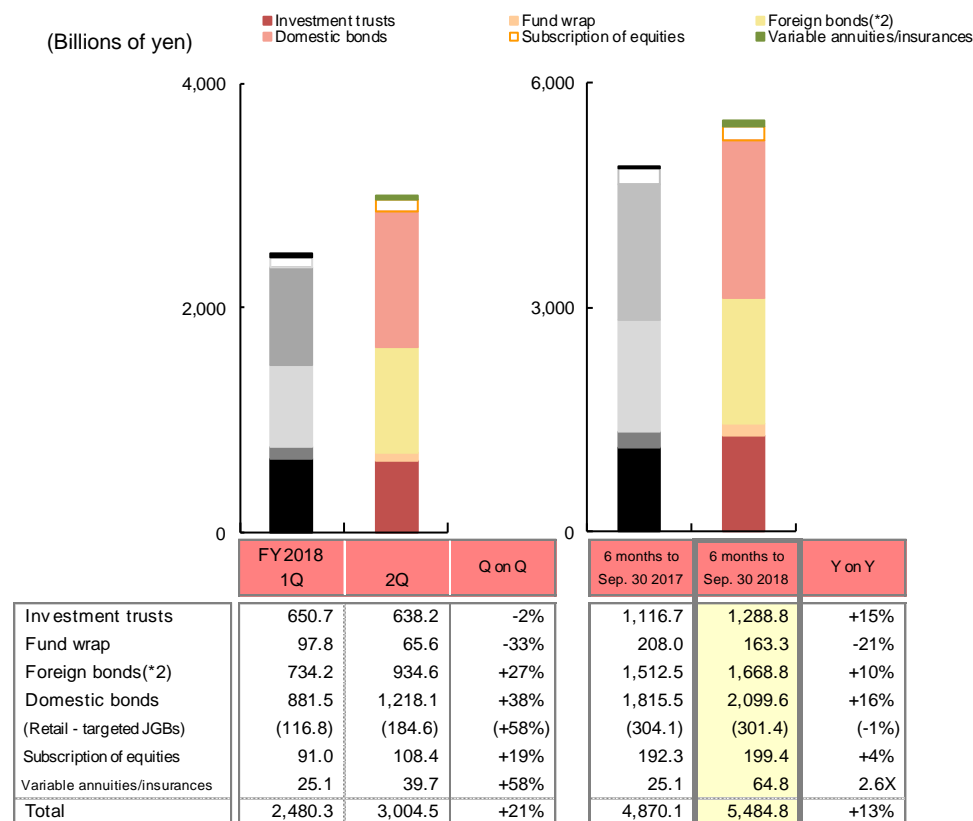
(Billions of yen)



## Product Sales

(Billions of yen)

【non-consolidated】



(\*1) other sales minus cost of sales

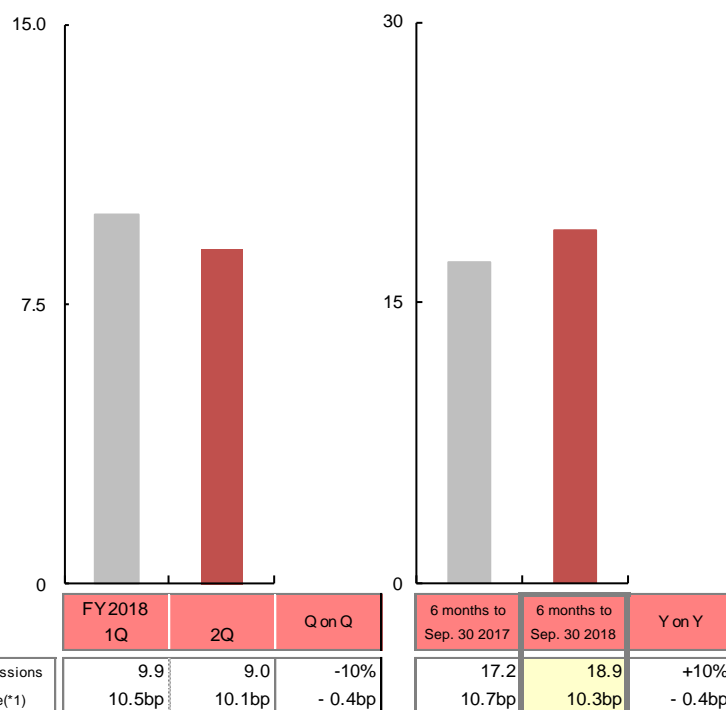
(\*2) Sale of foreign bonds include already-issued bonds and yen-denominated foreign bonds.

# Equity brokerage commissions

- ◇ Equity brokerage commissions of the first half was ¥ 18.9 B (+10% Y on Y), and equity brokerage amount was ¥ 16,849.3 B (+15%). Compared to the previous year, the equity brokerage commission has increased due to the growth in the trading volume.
- ◇ Equity brokerage commissions for this quarter was ¥ 9.0 B (-10% Q on Q), and equity brokerage amount was ¥ 8,127.9 B (-7%). Compared to the previous quarter, the equity brokerage commission has decreased along with the decrease in trading volume, but the retail market share has continued to expand.

## Equity brokerage commissions

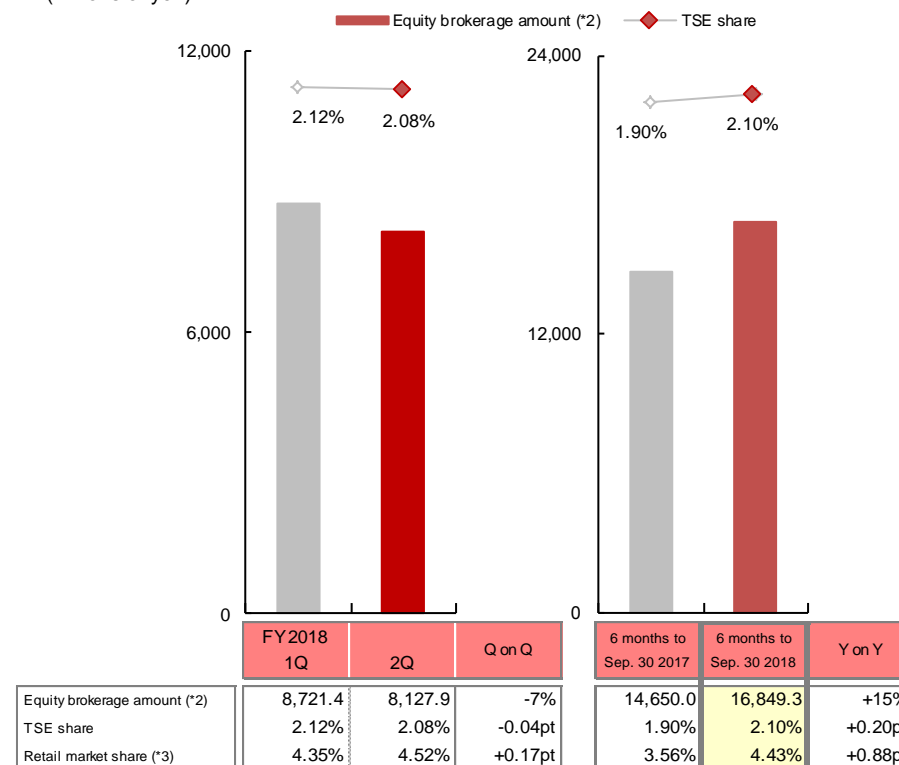
(Billions of yen)



## Equity brokerage amount / TSE share

【non-consolidated】

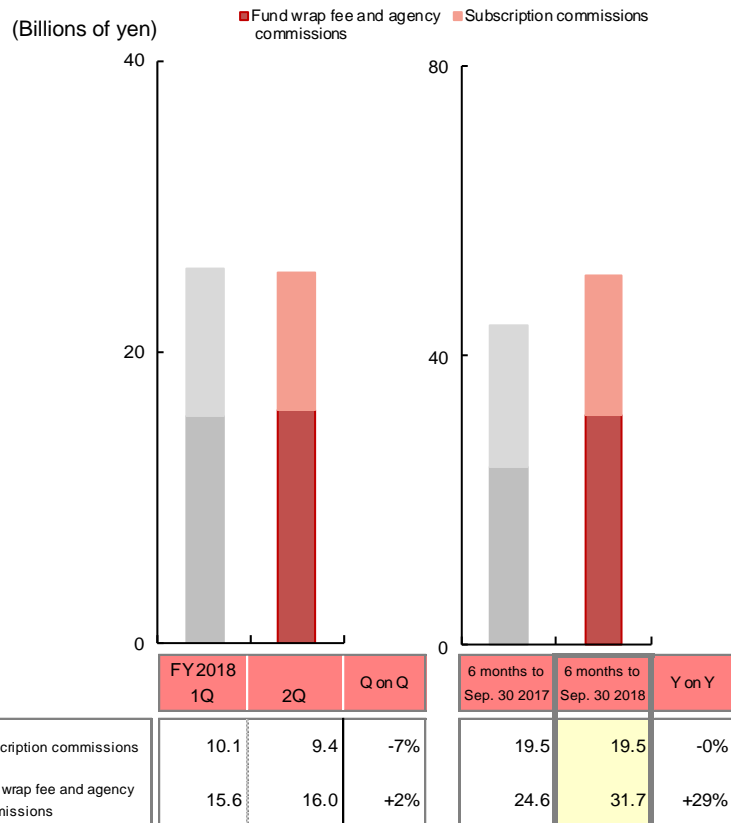
(Billions of yen)



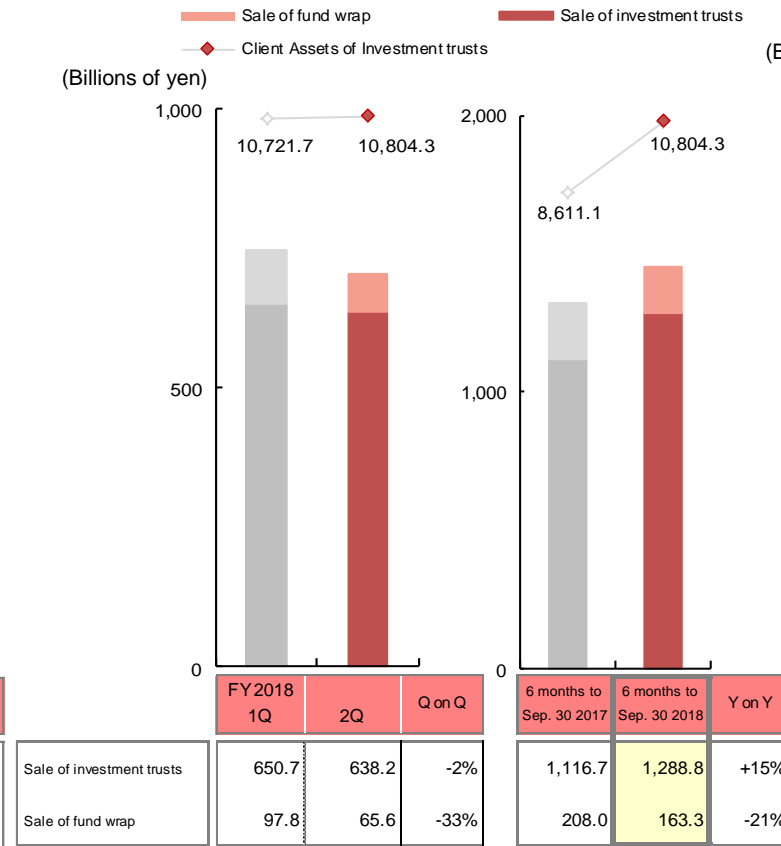
# Commissions on investment trusts and fund wrap

- ◇ Subscription commissions on investment trusts for the first half was ¥ 19.5 B (-0% Y on Y), sales of investment trusts were 1,288.8 B (+15%). Although the total sales of investment trusts have exceeded the previous year, since it was mainly driven by the wholesale clients, the subscription commission has decreased.
- ◇ Subscription commissions on investment trusts for this quarter was ¥ 9.4 B (-7% Q on Q), sales of investment trusts were 638.2 B (-2%).

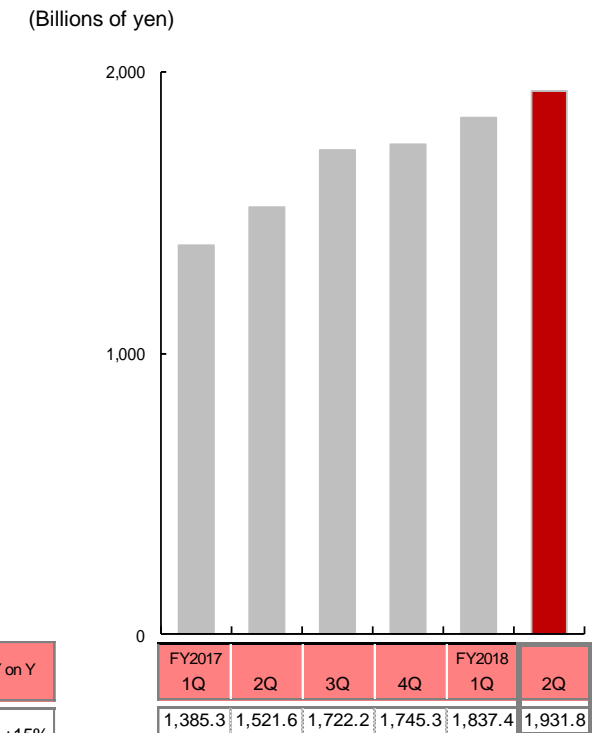
## Subscription commissions



## Sales / Client Assets of Investment trusts



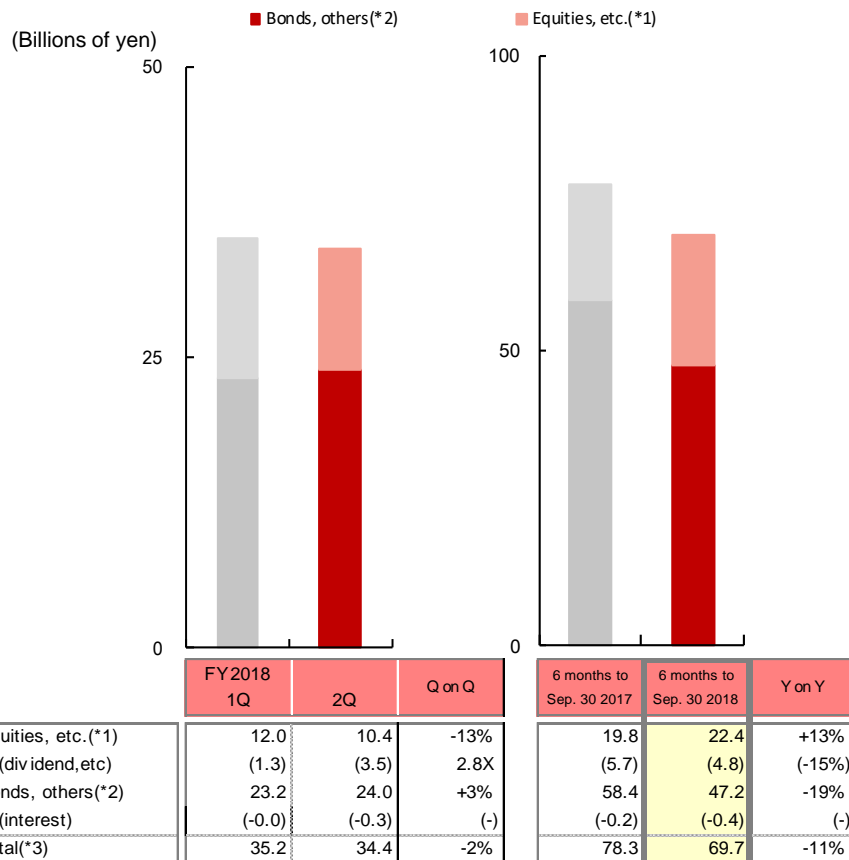
## Client Assets of Fund wrap (\*)



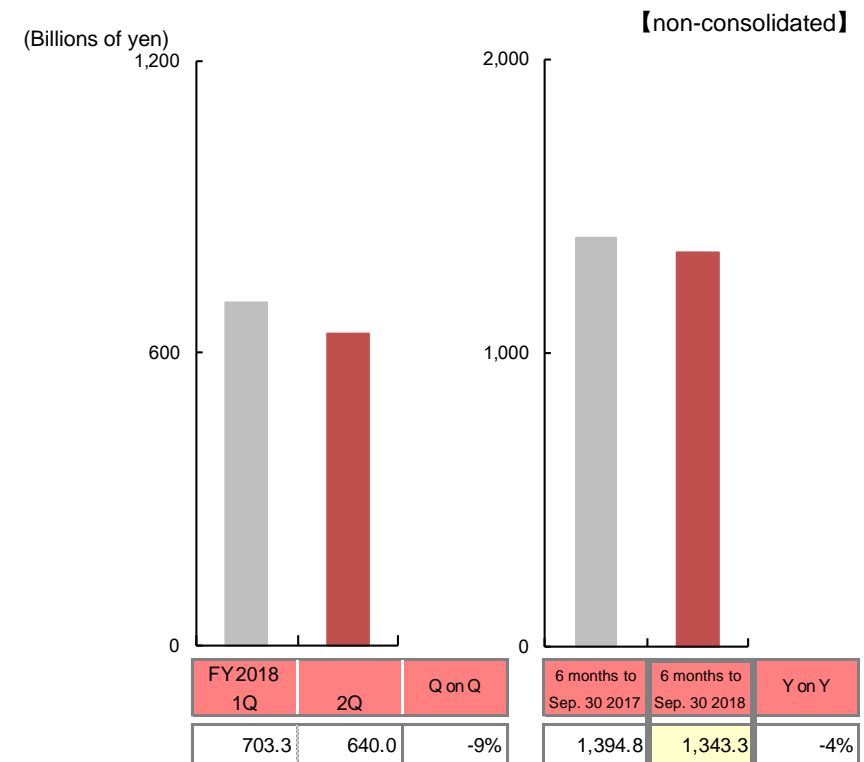
# Net trading income

- ◇ Net trading income (adjusted net financial income) for the first half was ¥ 69.7 B (-11% Y on Y), and sale of foreign bonds(\*4) were ¥ 1,343.3 B (-4%).
- ◇ Net trading income (adjusted net financial income) for this quarter was ¥ 34.4 B (-2% Q on Q), and sale of foreign bonds(\*4) were ¥ 640.0 B (-9%). Compared to the previous quarter, the OTC transactions of world equities has decreased, resulting as a decline in the net trading income of equities.

## Net trading income (adjusted net financial income)



## Sale of foreign bonds(\*4)

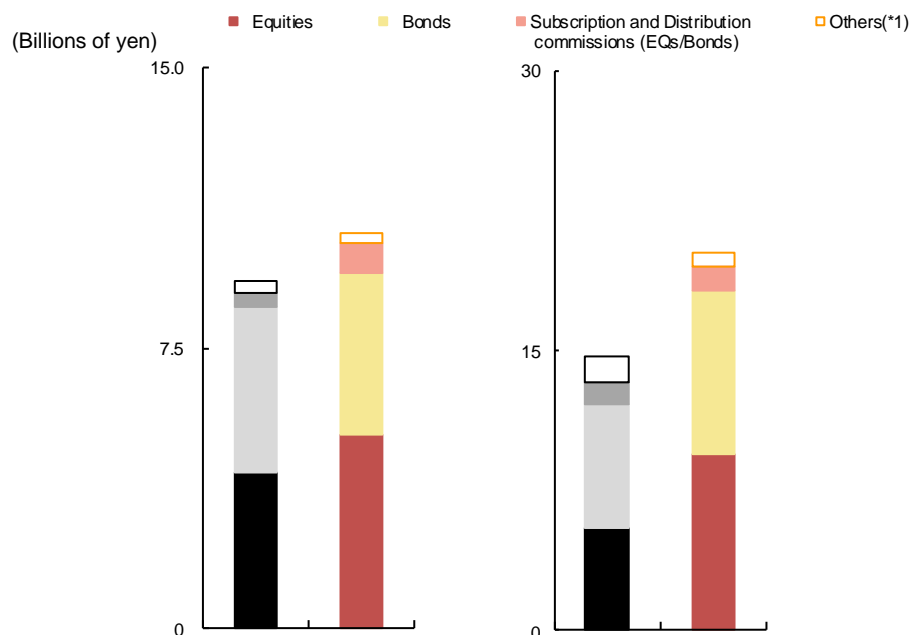




# Underwriting commissions (Equities / Bonds)

- ◇ Underwriting commissions for the first half was ¥ 18.6 B (+50% Y on Y).
- ◇ Underwriting commissions for this quarter was ¥ 9.8 B (+11% Q on Q).
- ◇ For Apr. 2018 - Sep. 2018, book runner in Global Equity & Equity-Related-Japan: 3rd place holding 13.4% market share, underwriter in IPO: 3rd place in terms of number of deals and 5th place in terms of proceeds, lead manager in All Bonds in Yen: 3rd place holding 18.7% market share.

## Underwriting commissions (Equities / Bonds)



	6 months to Sep. 30 2017	6 months to Sep. 30 2018	Y on Y
Underwriting commissions	12.4	18.6	+50%
Equities	5.5	9.4	+71%
Bonds	6.6	8.8	+34%
Subscription and Distribution commissions (EQs/Bonds)	1.2	1.3	+6%
Others(*1)	1.4	0.7	-50%

## Global Equity & Equity-Related-Japan (\*2) Apr. 2018 - Sep. 2018

Rank	Book runner	Proceeds (bill of yen)	Mkt.Share (%)
1	Nomura	371.3	17.6%
2	J.P. Morgan	318.0	15.0%
3	SMBC Nikko	282.8	13.4%
4	Daiwa	277.8	13.1%
5	Goldman Sachs	256.3	12.1%

## IPO (\*3) Apr. 2018 - Sep. 2018

Rank	Book runner	No. Deals	Rank	Underwriter	Proceeds (bill of yen)
1	Mizuho Financial Group	15	1	Nomura	95.8
2	Nomura	11	2	Daiwa Securities Group Inc	72.8
3	Sumitomo Mitsui Financial Group	9	3	Morgan Stanley	67.8
4	Daiwa Securities Group Inc	7	4	Mizuho Financial Group	36.0
5	SBI Holdings	6	5	Sumitomo Mitsui Financial Group	23.2

## All Bonds in Yen (\*4) Apr. 2018 - Sep. 2018

Rank	Manager	Proceeds (bill of yen)	Mkt.Share (%)
1	Mizuho	2,634.8	22.6%
2	Nomura	2,282.8	19.6%
3	SMBC Nikko	2,172.8	18.7%
4	Daiwa	2,001.1	17.2%
5	Mitsubishi UFJ Morgan Stanley	1,680.8	14.4%

(\*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 - Sep. 2018 in the league table of M&A financial advisor for Japanese involvement announced deals: Ranked 10th in terms of value (market share 29.5%) and 1st in terms of number of deals (market share 4.5%).

### Financial Advisor Rank value basis Apr. 2018 - Sep. 2018

Rank	Advisor	Rank value (bill of yen)	Mkt.Share (%)
1	Morgan Stanley	17,565.4	75.4%
2	Goldman Sachs	16,141.7	69.3%
3	J.P. Morgan	15,977.0	68.6%
4	Evercore Partners	14,793.3	63.5%
10	Sumitomo Mitsui Financial Group	6,858.4	29.5%

### Financial Advisor No. of deals Apr. 2018 - Sep. 2018

Rank	Advisor	No. Deals	Mkt.Share (%)
1	Sumitomo Mitsui Financial Group	81	4.5%
2	Mizuho Financial Group	77	4.3%
3	Nomura	52	2.9%
4	Morgan Stanley	33	1.8%
5	Plutus Consulting Co Ltd	30	1.7%

### Major announced deals Apr. 2018 – Sep. 2018

Sprint Corporation (subsidiary of SoftBank Group Corp) announced to merge with T-Mobile US Inc. (SMBC Nikko acted as advisor to SoftBank Group Corp.)

ITOCHU Corporation announced a tender offer for FamilyMart UNY Holdings Co., Ltd. (SMBC Nikko acted as advisor to FamilyMart UNY Holdings Co., Ltd.)

Sanyo Special Steel announced to become a subsidiary of Nippon Steel & Sumitomo Metal (SMBC Nikko acted as advisor to Sanyo Special Steel Co., Ltd.)

Hakuhodo DY Holdings Inc. announced a tender offer for D.A.Consortium Holdings Inc. (SMBC Nikko acted as advisor to D.A.Consortium Holdings Inc.)

Rakuten, Inc. announced capital and business alliance with Gurunavi, Inc. (SMBC Nikko acted as advisor to Gurunavi, Inc.)

Advantage Partners agreed to sell Fasford Technology, Co., Ltd. to FUJI Corporation. (SMBC Nikko acted as advisor to Advantage Partners.)

# 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.

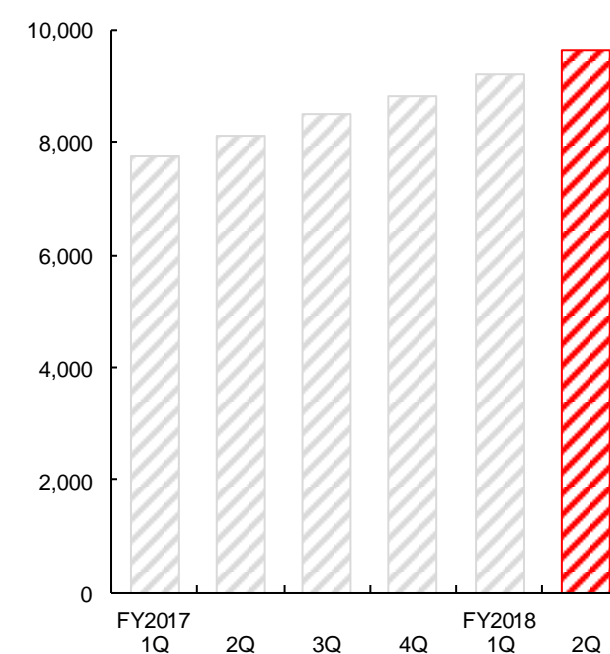
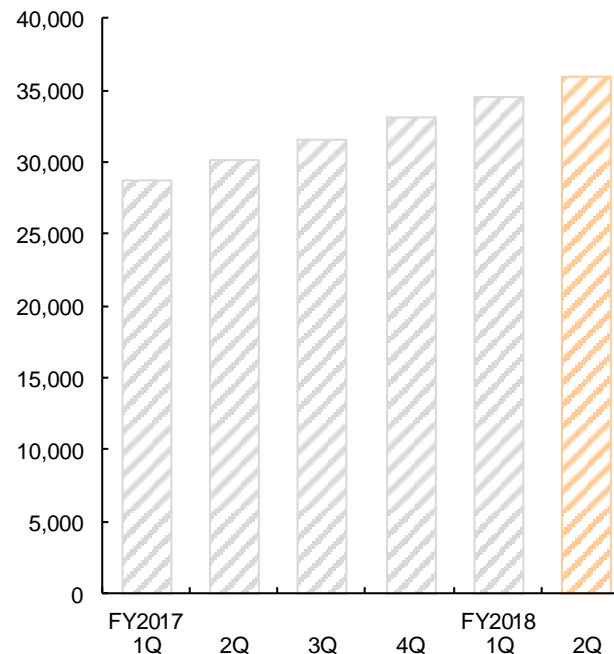
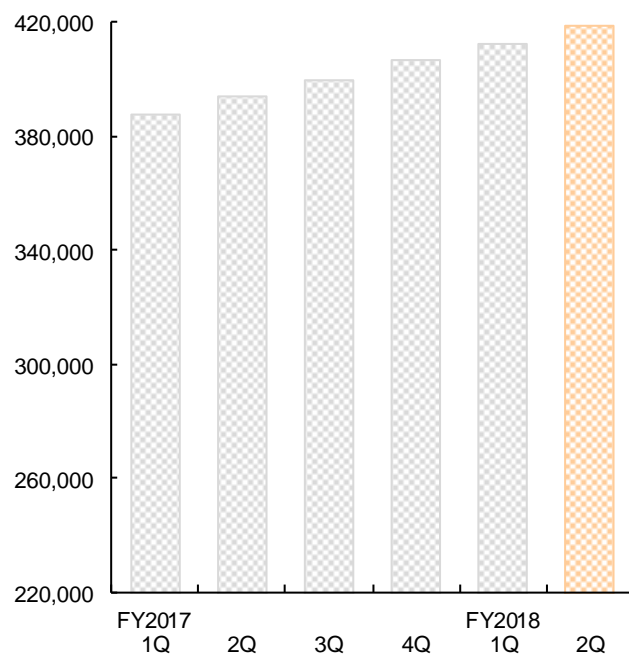
## Asset management (Referral service and financial products intermediary service (\*1))

## 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.

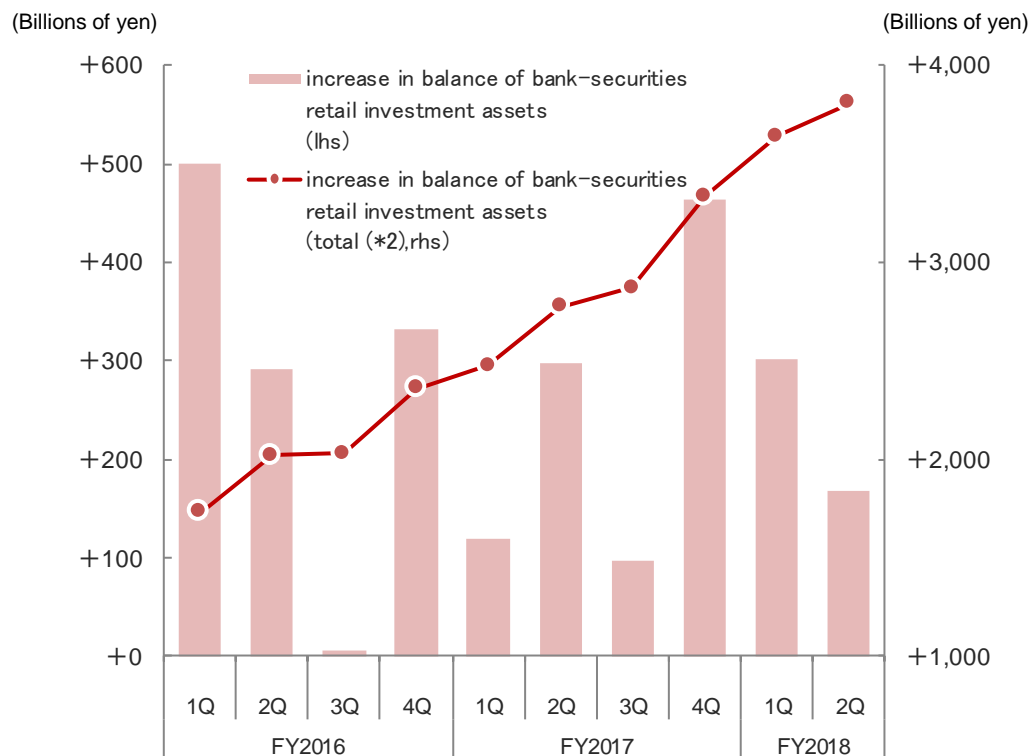
(\*2) The number of accounts at the end of each quarter with regards to individual customer who either was referred by SMBC to SMBC Nikko or opened an account with SMBC Nikko via SMBC's financial products intermediary service.

(\*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.

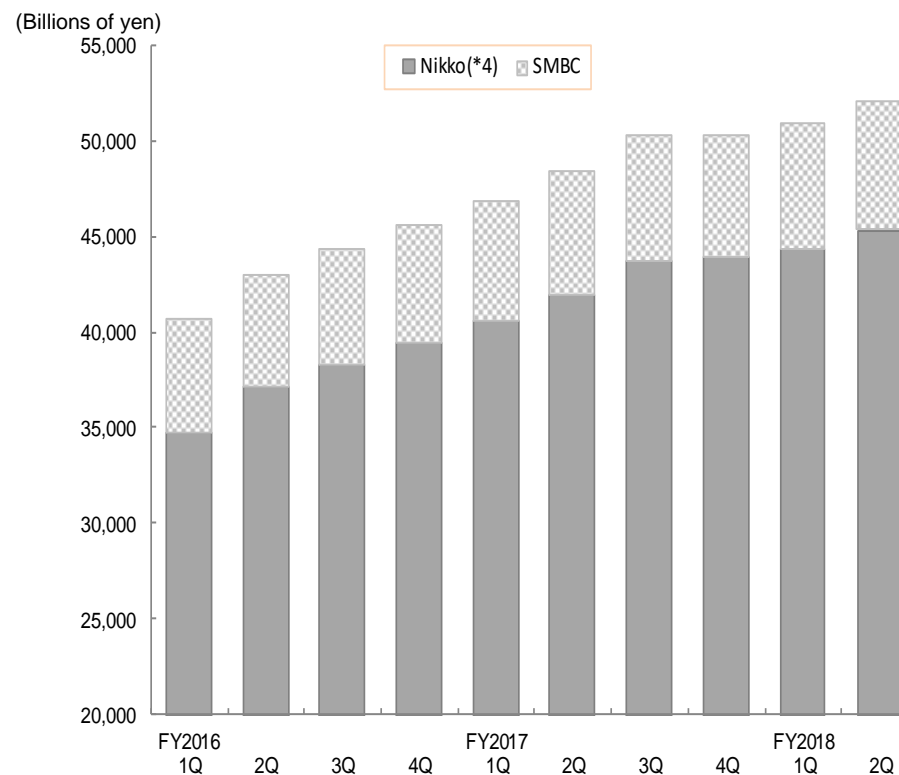
# 【Reference】 Sum of bank-securities retail investment assets

◇ 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)



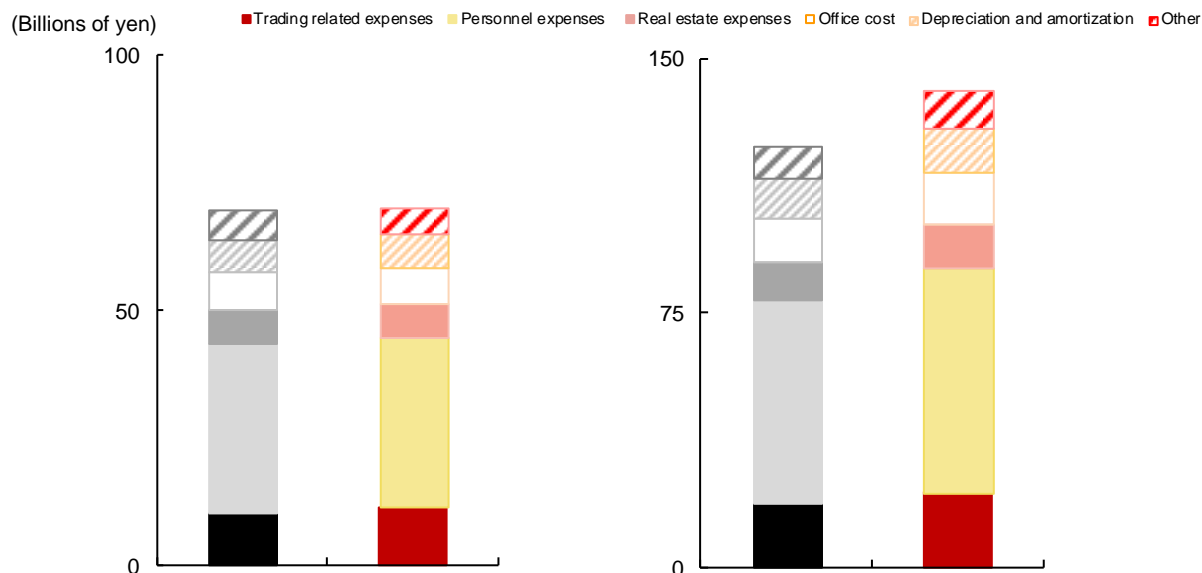
(\*1) Sum of retail investment assets (foreign deposit, investment trusts, single premium life insurance) change of SMBC and investment assets (net inflow of assets) change at the sales division (retail) of Nikko

(\*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 to FY2017 3Q

- ◇ SG&A for the first half was ¥ 140.8 B (+13% Y on Y).
- ◇ SG&A for this quarter was ¥ 70.5 B (+0% Q on Q).



(Billions of yen)	FY2018 1Q	2Q	Q on Q	6 months to Sep. 30 2017	6 months to Sep. 30 2018	Y on Y
Trading related expenses	10.4	11.4	+10%	19.2	21.8	+14%
Personnel expenses	33.2	33.3	+0%	59.8	66.6	+11%
Real estate expenses	6.5	6.6	+2%	10.9	13.2	+21%
Office cost	7.6	7.3	-5%	13.2	15.0	+13%
Depreciation and amortization	6.4	6.4	-0%	12.0	12.9	+8%
Other	5.8	5.2	-10%	9.4	11.0	+17%
SG&A/ Fixed expense	70.2	70.5	+0%	124.7	140.8	+13%
SG&A/ Net operating revenue	81%	81%	-0pt	76%	81%	+5pt

# Balance Sheet / Capital Adequacy Ratio

(Billions of Yen)	Mar.18	Sep.18	Variance
<b>Current assets</b>	10,365.8	10,981.6	+615.7
Trading products	3,179.7	3,106.4	-73.2
Loans secured by securities	5,027.7	5,480.9	+453.1
Other current assets	2,158.3	2,394.1	+235.7
<b>Noncurrent assets</b>	315.3	311.8	-3.4
Tangible assets	27.3	26.6	-0.6
Intangible assets	74.2	70.3	-3.8
Investments and other assets	213.8	214.8	+1.0
<b>Total assets</b>	<b>10,681.2</b>	<b>11,293.4</b>	<b>+612.2</b>
<b>Current liabilities</b>	9,079.5	9,596.6	+517.1
Trading products	2,494.6	2,231.7	-262.9
Loans payable secured by securities	5,006.0	5,161.3	+155.3
Short-term loans payable / Commercial papers	729.8	1,195.2	+465.4
Other current liabilities	849.0	1,008.3	+159.3
<b>Noncurrent liabilities / Reserves under the special laws</b>	782.9	864.9	+81.9
<b>Total liabilities</b>	<b>9,862.5</b>	<b>10,461.6</b>	<b>+599.0</b>
<b>Total net assets</b>	<b>818.7</b>	<b>831.8</b>	<b>+13.1</b>
<b>Total liabilities and net assets</b>	<b>10,681.2</b>	<b>11,293.4</b>	<b>+612.2</b>

【non-consolidated】

(Billions of Yen)	Mar.18	Sep.18	Variance
Basic items	735.7	741.9	+6.2
Supplementary items	149.1	51.6	-97.4
Deductible assets	166.0	167.7	+1.7
Net capital	718.8	625.8	-92.9
Risk total	160.9	161.1	+0.1
Market Risk	62.4	54.4	-8.0
Counterparty Risk	24.2	33.6	+9.3
Basic Risk	74.2	73.1	-1.1
<b>Capital Adequacy Ratio</b>	<b>447%</b>	<b>388%</b>	<b>-58pt</b>

【non-consolidated】

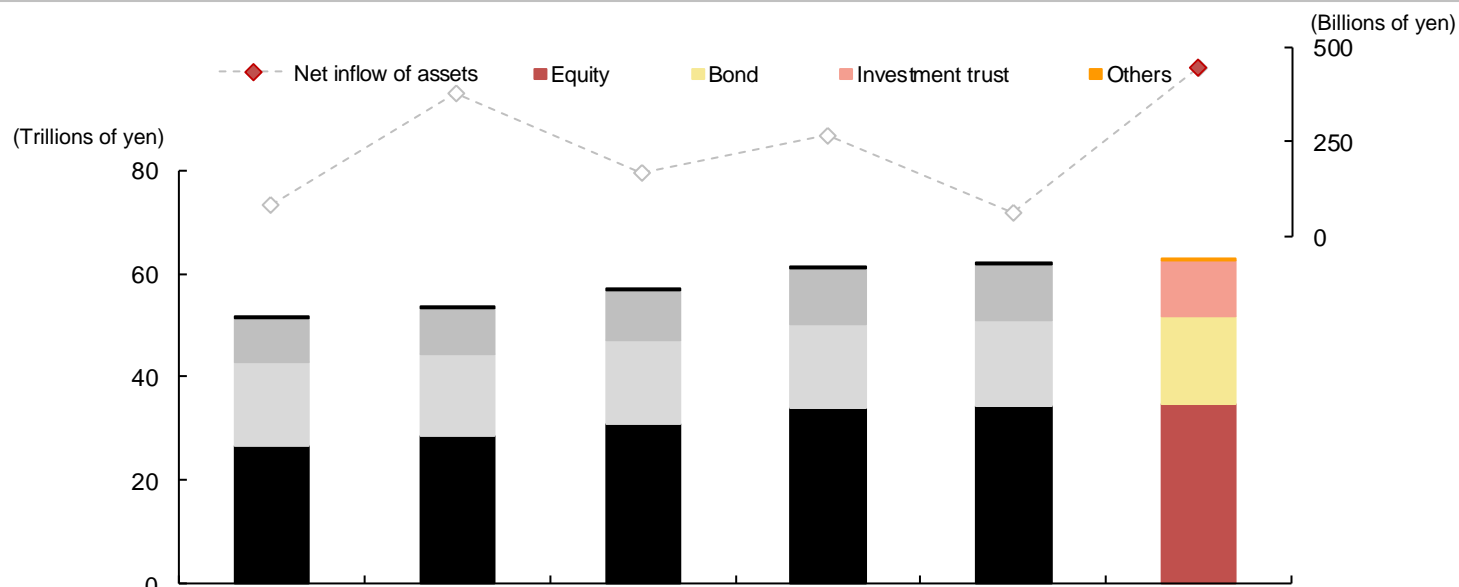
Credit ratings on Long Term (as of October 30, 2018)

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

# Client Assets / Net Inflow of Assets

【non-consolidated】

- ◇ Overall client assets at the end of Sep. 2018 was ¥ 63.0 trillion (+1.4% Q on Q).
- ◇ Net inflow of assets at sales division for this quarter was ¥ 443.6 B.



(Trillions of yen)	FY2017				FY2018	
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Equity	26.8	28.4	31.0	34.0	34.5	34.9
Bond	16.0	16.2	16.0	16.4	16.4	16.8
Investment trust	8.4	8.6	9.7	10.7	10.7	10.8
Others	0.4	0.4	0.4	0.5	0.5	0.5
Client assets	51.6	53.6	57.2	61.6	62.2	63.0

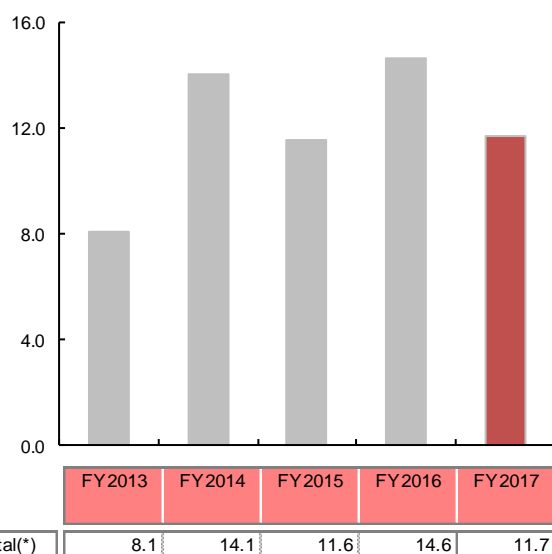
(Billions of yen)	1Q	2Q	3Q	4Q	1Q	2Q
Net inflow (outflow) of assets(*)	82.4	376.8	167.1	264.8	61.7	443.6
Inflow of assets	1,096.8	1,475.0	1,437.7	1,766.9	1,266.3	1,466.6
Outflow of assets	-1,014.4	-1,098.2	-1,270.6	-1,502.1	-1,204.6	-1,022.9

# Business Trends of Overseas Offices

- ◇ Earnings based on managerial accounting for this quarter was ¥ 1.7 B (-16% Q on Q).
- ◇ Even though influenced by overseas financing of global issuers, earnings based on managerial accounting continued to perform steadily.

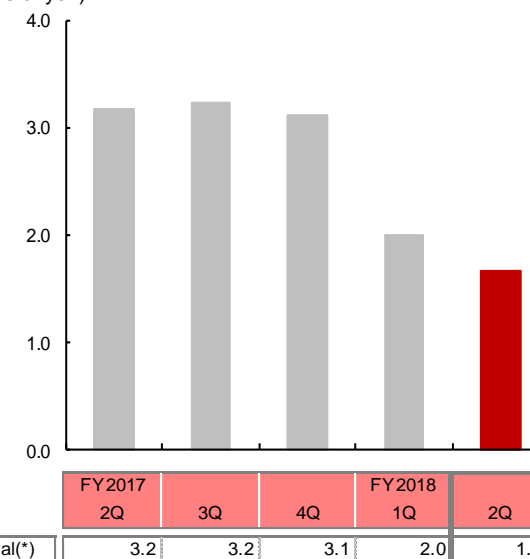
## Earnings based on managerial accounting Annual trend

(Billions of yen)



## Earnings based on managerial accounting Quarterly trend

(Billions of yen)



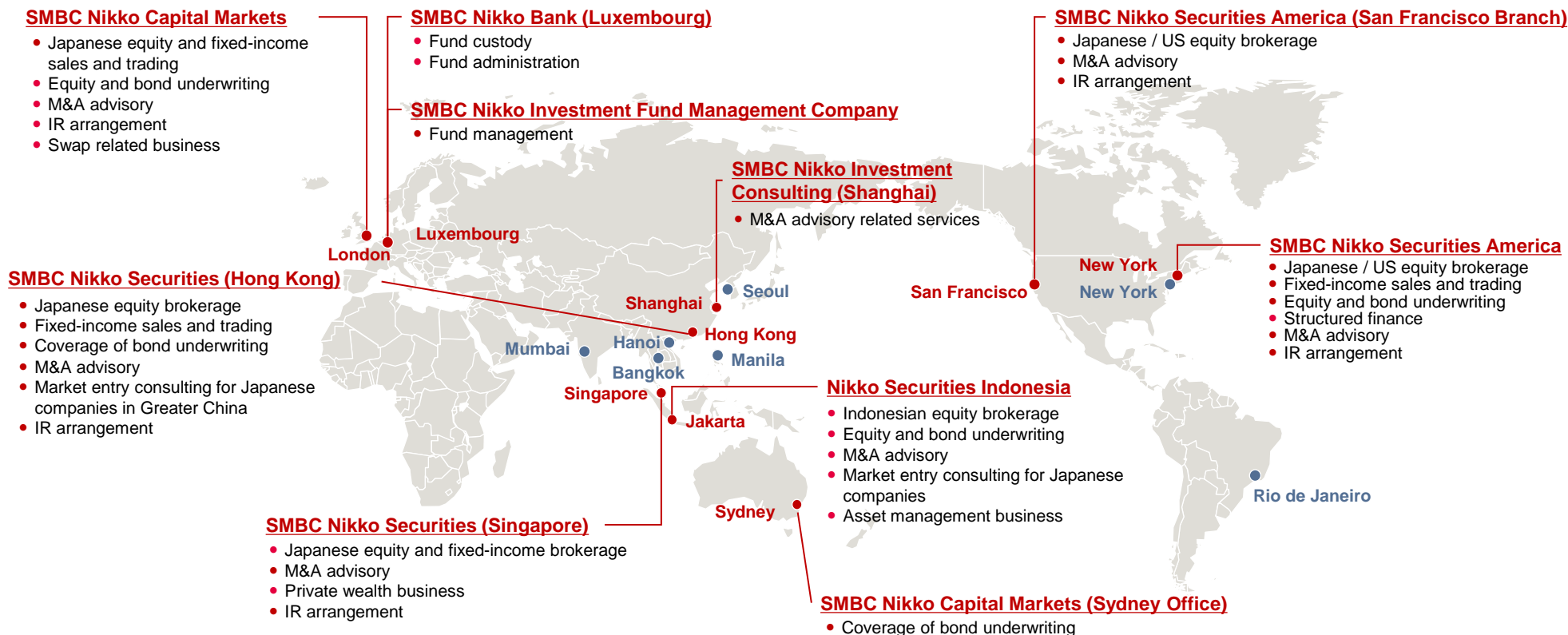
(Notes) Until the previous quarter, we have been consolidating SMBC Nikko Capital Markets and SMBC Nikko Securities America's previous quarters earnings.  
From 1Q of FY2018, we have consolidated the earnings of the current period.

(\*) 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

## Approval to Establish a New Securities Subsidiary in Germany

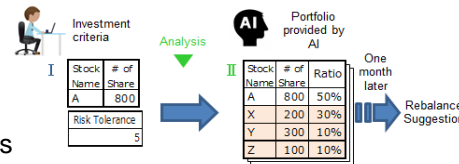
SMBC Nikko has been granted approval by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) to establish a securities subsidiary in Frankfurt, Germany. In order to provide clients with uninterrupted financial services following Brexit, including in the case of a no-deal Brexit, we will, subject to the approval of Japanese regulatory authorities, continue preparations so that the subsidiary may commence operations in 2019.

## Project using AI (Artificial Intelligence) and Big Data

Sumitomo Mitsui Financial Group, SMBC Nikko have launched a project to practically realizing provision of investment information using Artificial Intelligence together with HEROZ Inc.

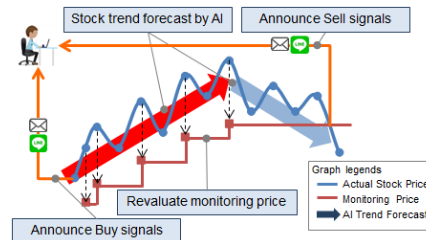
### AI Stock Portfolio Analyses (Diagnosis) Service

AI will estimate the expected return for the following month, based on stock prices and financial data. Following Modern Portfolio Theory and clients' risk tolerance, AI will provide profitable stocks for the client.



### AI Stock Guide Service

Using AI-analyzed stock trends based on economic indicators and market conditions we will inform our clients the best timing of transaction through Emails.



## New TV Commercial

As a part of our brand strategy targeting the upper class society, we have launched our new TV Commercial starring Kabuki Actor Nakamura Kichieemon II, also known as “Living National Treasure”.



Through this TV commercial we deliver the following message. “SMBC Nikko will continue on as a securities firm that can provide premium value through our financial services to fulfill our clients’ expectations on leading an enriched/prosperous life. We will support by understanding the assets, businesses, expectations for the future and even life perspectives that our clients inherited from their ancestors.”

その人生に、SMBC日興証券。

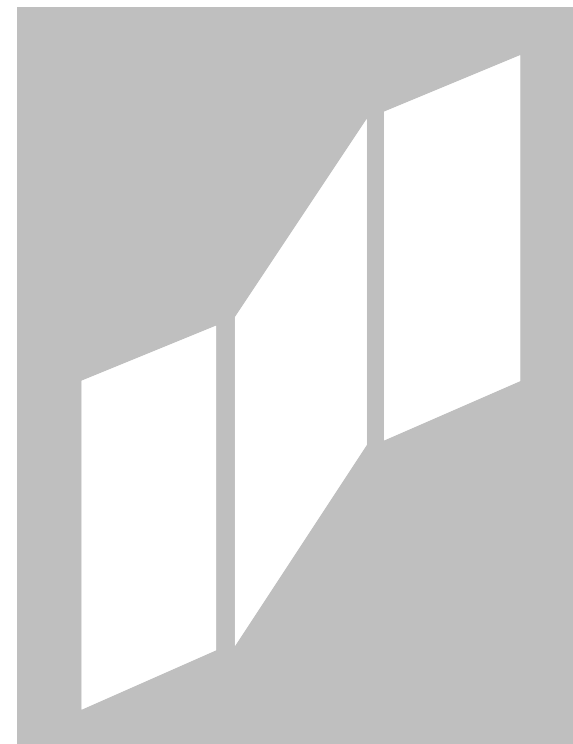
## Establishment of SDGs Finance Office

Our newly established SDGs Finance Office (under Capital Markets Origination Division) will support financial activities related to solving environmental/social problems and also provide further investment opportunities.

In 1999, we started handling the Nikko Eco Fund, the first Social Responsibility Investment fund in Japan to introduce a stance in environmental conservation. Since then, we have proactively engaged ourselves in environment-related financial products such as Green Bonds.

# Reference Data

---



# Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Operating revenue	91,483	91,543	109,773	104,605	97,367	96,914
Commissions received	41,726	43,495	56,257	57,984	50,357	51,566
Commissions to consignees	9,165	8,821	12,822	11,785	10,393	9,657
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,659	6,820	10,180	9,078	8,866	9,820
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,656	10,304	12,948	16,585	10,669	10,308
Other fees received	16,243	17,549	20,306	20,534	20,427	21,780
Net trading income	38,008	34,770	40,493	34,057	34,057	31,196
Equities	8,568	5,569	13,506	7,234	10,721	6,824
Bonds / Others	29,439	29,200	26,987	26,823	23,336	24,371
Financial revenue	9,600	10,988	10,669	9,740	9,547	10,698
Other sales	2,148	2,288	2,352	2,822	3,404	3,453
Financial expenses	7,462	6,769	10,025	7,156	7,871	6,904
Cost of other sales	1,856	2,057	2,090	2,631	3,055	2,868
Net operating revenue	82,164	82,716	97,657	94,816	86,439	87,141
SG&A	62,353	62,418	68,254	74,637	70,291	70,551
Operating profit / loss	19,811	20,297	29,402	20,178	16,148	16,589
Ordinary profit / loss	20,960	20,938	30,531	22,552	18,051	18,194
Extraordinary income / loss	-372	-517	-931	-4,210	-652	-133
Profit before income taxes	20,587	20,420	29,599	18,342	17,398	18,060
Income taxes	6,093	6,054	8,918	4,169	2,397	5,123
Profit / loss	14,493	14,365	20,681	14,172	15,001	12,936
Profit attributable to owners of parent	14,491	14,365	20,677	14,170	14,996	12,928

# Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Operating revenue	86,651	86,282	104,225	98,857	90,835	89,859
Commissions received	39,243	40,737	53,276	55,292	47,490	48,552
Commissions to consignees	8,449	8,149	12,055	11,324	9,673	8,857
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	5,659	6,820	10,180	9,078	8,866	9,820
Fee for offering, secondary distribution and solicitation for selling and others for professional investors	10,594	10,281	12,925	16,485	10,635	10,177
Other fees received	14,540	15,485	18,114	18,404	18,315	19,697
Net trading income	38,006	34,770	40,492	34,056	34,053	30,943
Equities	8,568	5,569	13,506	7,234	10,721	6,567
Bonds / Others	29,437	29,200	26,985	26,822	23,331	24,376
Financial revenue	9,401	10,773	10,456	9,508	9,292	10,363
Financial expenses	7,315	6,609	9,856	7,010	7,683	6,692
Net operating revenue	79,336	79,672	94,368	91,846	83,152	83,166
SG&A	61,189	60,978	65,815	72,349	68,473	68,297
Operating profit / loss	18,146	18,693	28,552	19,497	14,678	14,869
Ordinary profit / loss	18,348	19,228	28,764	21,155	15,714	16,038
Extraordinary income / loss	-372	-517	-943	-4,464	-655	-133
Profit before income taxes	17,975	18,710	27,821	16,691	15,059	15,905
Income taxes	5,460	5,676	8,571	3,736	2,742	4,675
Profit / loss	12,515	13,034	19,249	12,954	12,316	11,229

# Operational Indicators -1

【non-consolidated】

## ◇ Sales of Products

(Billions of yen)	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Investment trusts	550.7	566.0	661.3	1,013.0	650.7	638.2
(Equity investment trusts)	( 453.7 )	( 462.0 )	( 542.0 )	( 859.5 )	( 535.4 )	( 509.3 )
(Foreign registered investment trusts)	( 71.1 )	( 88.3 )	( 102.8 )	( 136.6 )	( 98.2 )	( 98.8 )
Fund wrap	105.6	102.4	136.9	65.3	97.8	65.6
Foreign bonds (*1)	787.3	725.2	735.8	755.7	734.2	934.6
(Foreign currency bonds)	( 221.2 )	( 256.6 )	( 153.4 )	( 226.5 )	( 233.4 )	( 233.3 )
Domestic bond	1,041.6	773.9	991.7	677.3	881.5	1,218.1
(Retail target JGBs)	( 129.1 )	( 175.0 )	( 132.7 )	( 198.7 )	( 116.8 )	( 184.6 )
Public offering	35.8	156.6	119.5	136.5	91.0	108.4
Annuity / insurance	8.5	16.6	24.2	17.5	25.1	39.7
<b>Total</b>	<b>2,529.5</b>	<b>2,340.6</b>	<b>2,669.3</b>	<b>2,665.2</b>	<b>2,480.3</b>	<b>3,004.5</b>

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

## ◇ Market Share

	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
ECM Global Equity (*2)	9.9%	6.2%	8.6%	11.4%	15.9%	13.4%
DCM All bond in Yen (*3)	19.5%	16.1%	16.9%	17.2%	16.4%	18.7%
M&A Japan related (*4)	14.8%	9.1%	9.1%	9.1%	36.9%	29.5%

(\*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 THOMSON REUTERS

Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

Source: prepared by THOMSON REUTERS

## ◇ Direct Channel Ratio (\*1)

	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Based on number of transaction	92.2%	91.1%	90.7%	91.3%	91.3%	92.1%
(Nikko EZ trade)	( 88.1%)	( 87.1%)	( 86.2%)	( 86.8%)	( 87.3%)	( 88.3%)
Based on commissions	26.7%	24.4%	27.6%	26.5%	20.5%	22.1%
(Nikko EZ trade)	( 17.7%)	( 16.1%)	( 17.8%)	( 16.8%)	( 12.5%)	( 13.0%)

(\*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	2Q
Equity brokerage amount	7,295.9	7,354.1	9,242.7	8,846.7	8,721.4	8,127.9
Equity brokerage commissions (*3)	8.6	8.5	12.4	11.0	9.9	9.0
Equity commissions rate	10.8bp	10.6bp	12.3bp	11.7bp	10.5bp	10.1bp

(\*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	Sep. 18
Total accounts	2,813	2,829	2,838	3,327	3,352	3,370
Cash management accounts	2,486	2,500	2,512	2,851	2,872	2,883
Newly opened accounts	31	30	30	41	40	39

## ◇ Number of Branches

【non-consolidated】

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

## ◇ Number of Employees

	FY2017				FY2018	
	Jun. 17	Sep. 17	Dec. 17	Mar. 18	Jun. 18	Sep. 18
Employees	10,698	10,559	10,456	11,987	12,382	12,169
Number of employees in overseas offices	491	524	556	579	601	631

(\*)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.





100<sup>TH</sup>  
ANNIVERSARY