

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

SMBC Nikko Securities Inc.

January 29, 2019



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The information contained in this document is based on data available as of January 29, 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 29, 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 3Q of the FY ending Mar. 2019

9 months to  
Dec.31 2018

- **Net operating revenue : ¥ 252.8 B (-4% Y on Y), Ordinary profit : ¥ 47.1 B (-35%), Profit (\*1) : ¥ 34.5 B (-30%)**  
The negative prospects of the global economy etc. has lead to a decrease in net trading income which drove the decrease in both revenue and profit.
- Equity brokerage amount was ¥ 26.1 trillion (+9%).  
Aggregated sales of products was ¥ 8.3 trillion (+10%).  
Sale of investment trusts was ¥ 1.8 trillion (+3%), foreign bonds was ¥ 2.4 trillion (+6%) and domestic bonds was ¥ 3.1 trillion (+11%).
- Underwriting commission was ¥ 34.6 B (+53%).  
League table rankings for Apr. 2018 - Dec. 2018  
2nd place (\*2) in Global Equity & Equity-Related-Japan  
3rd place (\*3) in All Bonds in Yen  
9th place (\*4) in terms of value and 1st in terms of number of deals for M&A announced deals
- SG&A was ¥ 209.6 B (+9%).
- As of the end of Dec. 2018, total assets was ¥ 11.7 trillion, net assets was ¥ 828.0 B  
Capital adequacy ratio (non-consolidated) was 358%, reflecting a sound financial base of the company.

FY ending  
Mar. 2019 3Q

- **Net operating revenue : ¥ 79.2 B (-9% Q on Q), Ordinary profit : ¥ 10.9 B (-40%), Profit (\*1) : ¥ 6.6 B (-49%)**  
The underwriting commission have increased largely from the SoftBank Corp. IPO. However, negative prospects of the global economy etc. has lead to a decrease in net trading income and commissions on investment trusts, which caused a drop in our revenue and profit.
- Aggregated sales of products was ¥ 2.8 trillion (-6%).

Billions of Yen	FY2018		Q on Q	9 months to Dec. 31 2017	9 months to Dec. 31 2018	Y on Y
	2Q	3Q				
Operating revenue	96.9	92.8	-4%	292.8	287.1	-2%
Net operating revenue	87.1	79.2	-9%	262.5	252.8	-4%
SG&A	70.5	68.8	-2%	193.0	209.6	+9%
Ordinary profit / loss	18.1	10.9	-40%	72.4	47.1	-35%
Profit before taxes	18.0	9.5	-47%	70.6	45.0	-36%
Profit / loss(*1)	12.9	6.6	-49%	49.5	34.5	-30%
	Mar.-end '18	Dec.-end '18	From Mar. -end '18	Dec.-end '17	Dec.-end '18	Y on Y
Total assets (Trillions of yen)	10.6	11.7	+1.0	11.3	11.7	+0.3
Total net assets (Billions of yen)	818.7	828.0	+9.3	588.4	828.0	+239.6

(\*1) profit attributable to owners of parent

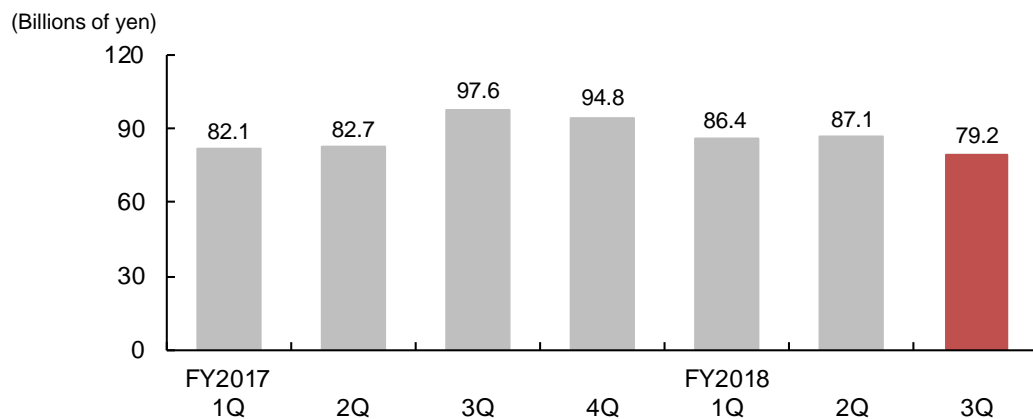
(\*2) Source: prepared by SMBC Nikko based on the information published by THOMSON REUTERS

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

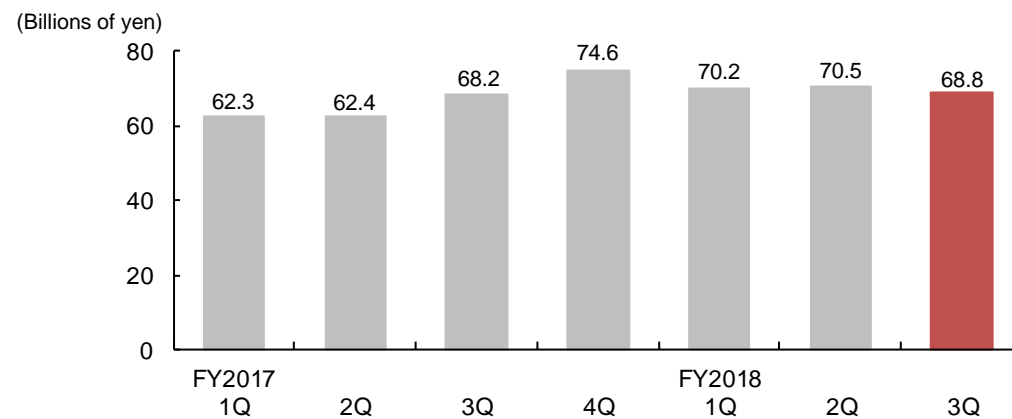
(\*4) Source: THOMSON REUTERS, M&A announced deals with any Japanese involvement

# Business Results (Quarterly Trend)

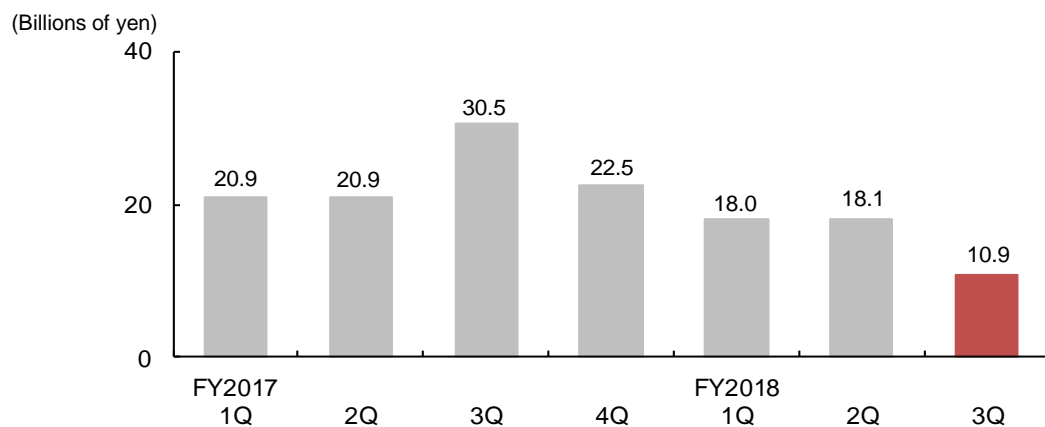
## Net operating revenue



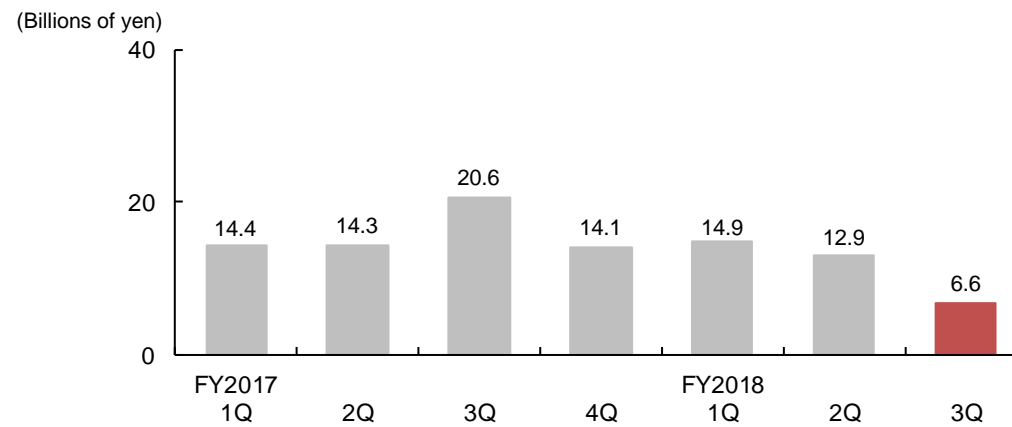
## SG&A



## Ordinary profit



## Profit (\*)



(\*) profit attributable to owners of parent

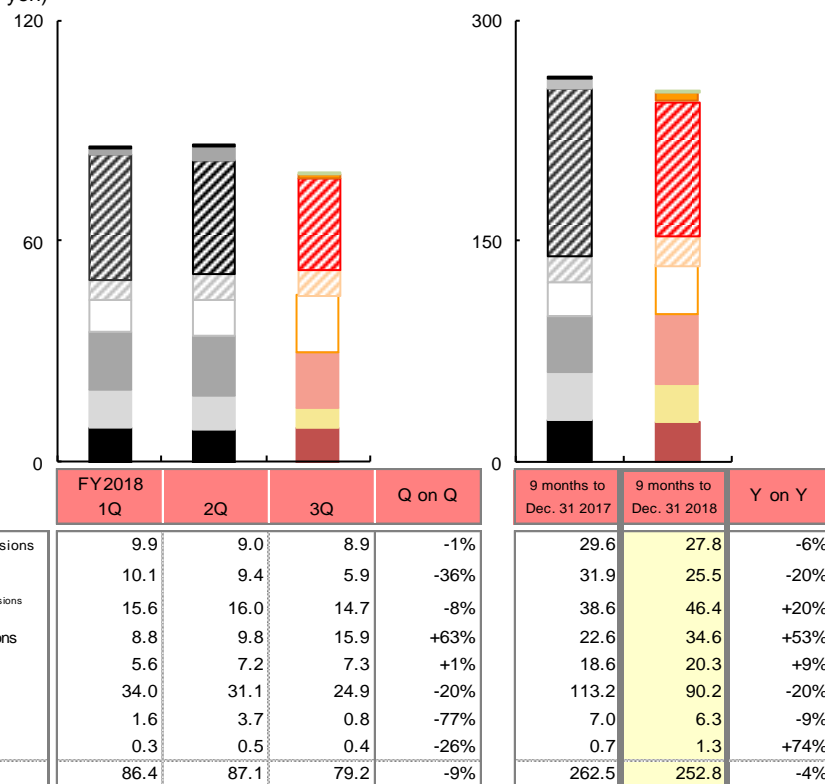
# Net operating revenue / Product sales

- ◇ Net operating revenue for the 9 months ended Dec. 2018 was ¥ 252.8 B (-4% Y on Y), aggregated sales of products was ¥ 8,303.8 B (+10%).
- ◇ Net operating revenue for this quarter was ¥ 79.2 B (-9% Q on Q), aggregated sales of products was ¥ 2,819.1 B (-6%).

## Net operating revenue

■ Equity brokerage commissions  
■ Subscription commissions on investment trusts  
■ Fund wrap fee and agency commissions on investment trusts  
■ Underwriting commissions  
■ Other commissions  
■ Net trading income  
■ Net financial incomes  
■ Netsales (\*1)

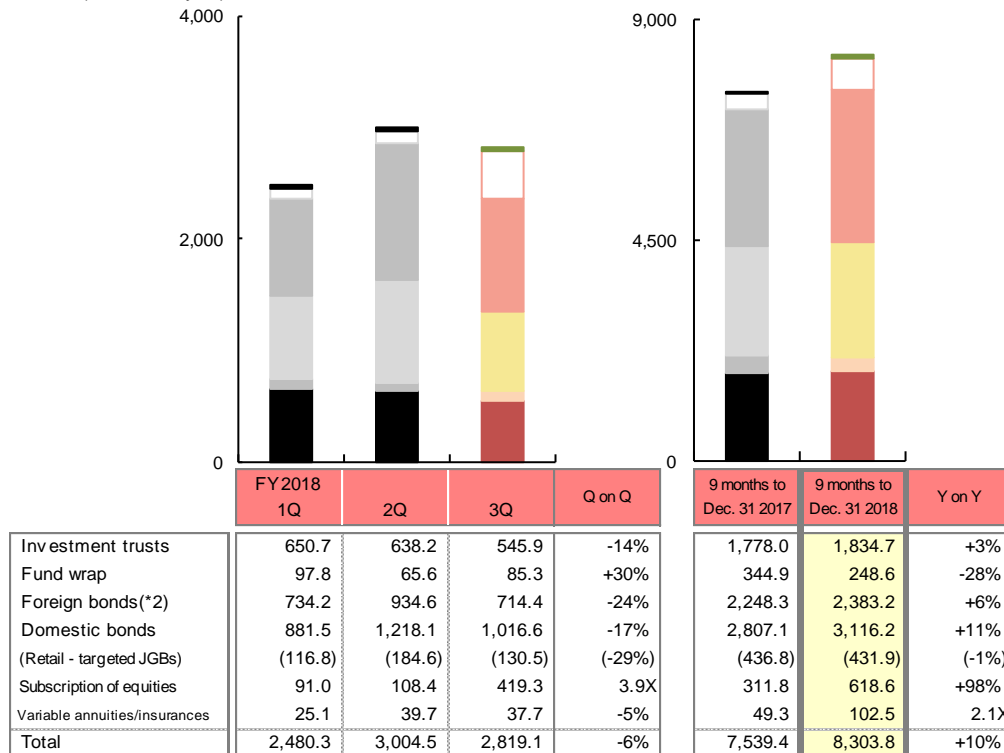
(Billions of yen)



## Product Sales

■ Investment trusts  
■ Fund wrap  
■ Foreign bonds(\*2)  
■ Domestic bonds  
■ Subscription of equities  
■ Variable annuities/insurances

(Billions of yen)



(\*1) other sales minus cost of sales

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

# Equity brokerage commissions

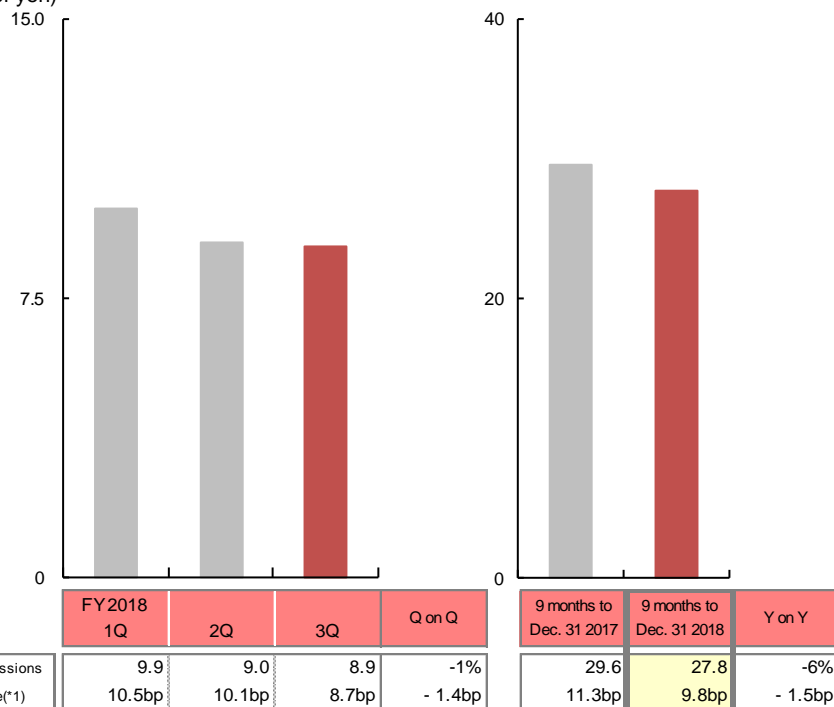
- ◇ Equity brokerage commissions of the 9 months ended Dec. 2018 was ¥ 27.8 B (-6% Y on Y), and equity brokerage amount was ¥ 26,134.3 B (+9%). Equity brokerage amount and TSE share has grown. However, since the growth was mainly driven by a large order from the wholesale clients, the equity commission has decreased.
- ◇ Equity brokerage commissions for this quarter was ¥ 8.9 B (-1% Q on Q), and equity brokerage amount was ¥ 9,285.0 B (+14%).

## Equity brokerage commissions

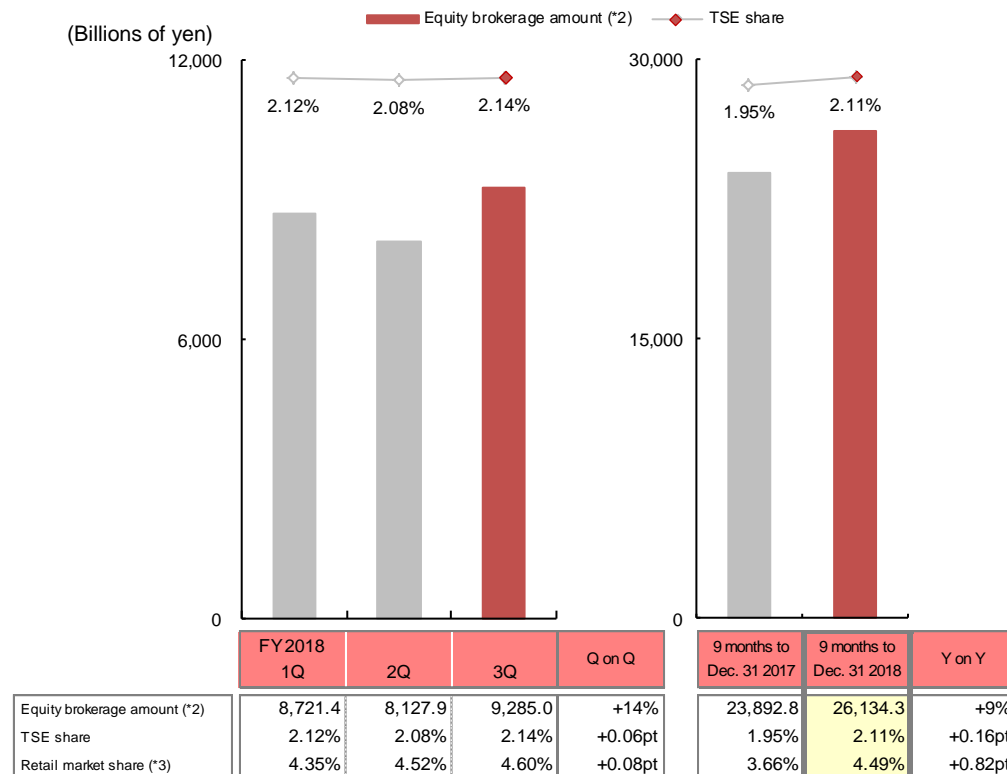
## Equity brokerage amount / TSE share

【non-consolidated】

(Billions of yen)



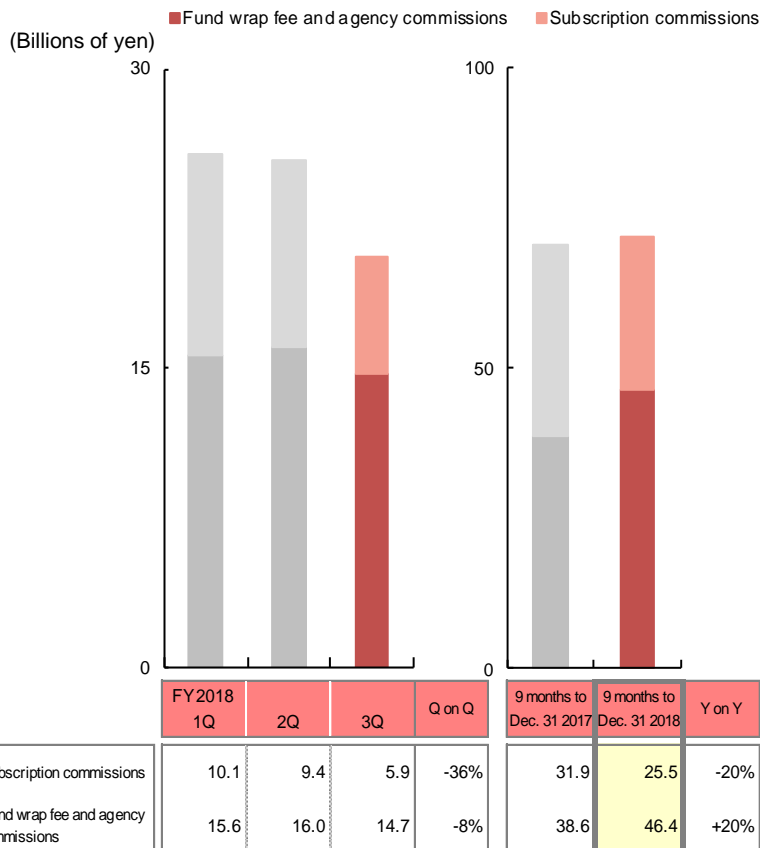
(Billions of yen)



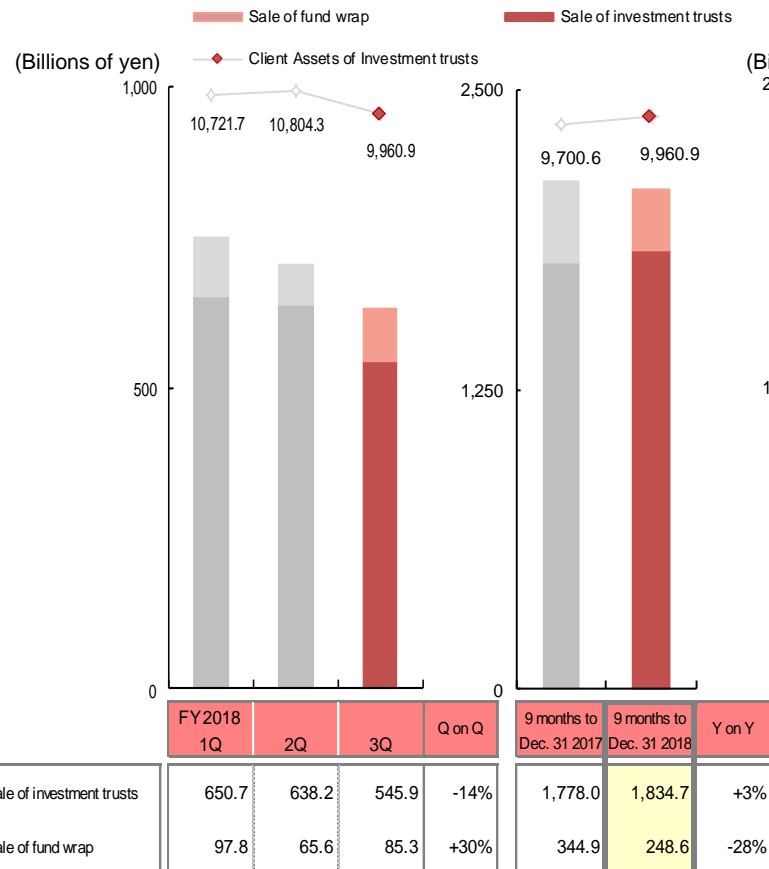
# Commissions on investment trusts and fund wrap

- ◇ Subscription commissions on investment trusts for the 9 months ended Dec. 2018 was ¥ 25.5 B (-20% Y on Y), sales of investment trusts were 1,834.7 B (+3%).  
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 ¥ 5.9 B (-36% Q on Q), sales of investment trusts were 545.9 B (-14%).  
Due to the negative prospects of the global economy etc. the total sales and subscription commission has decreased.

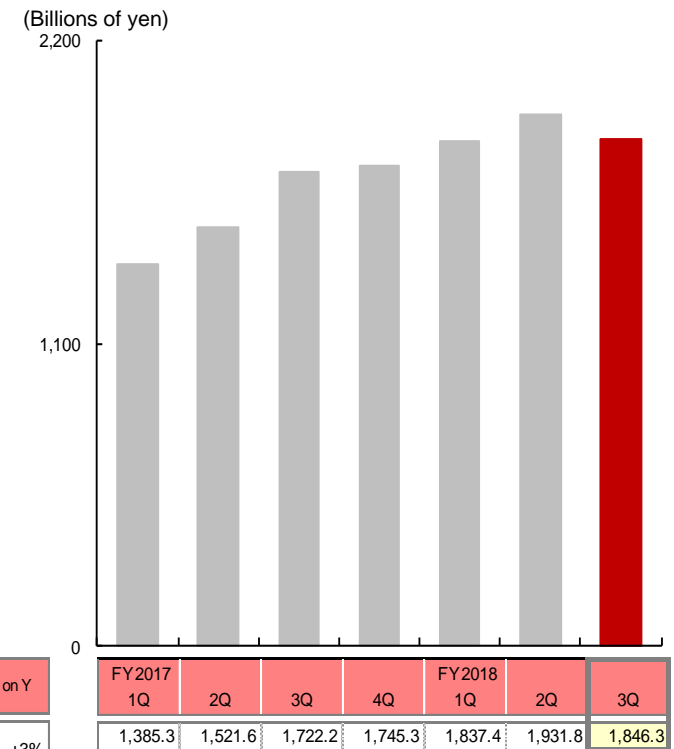
## Subscription commissions



## Sales / Client Assets of Investment trusts



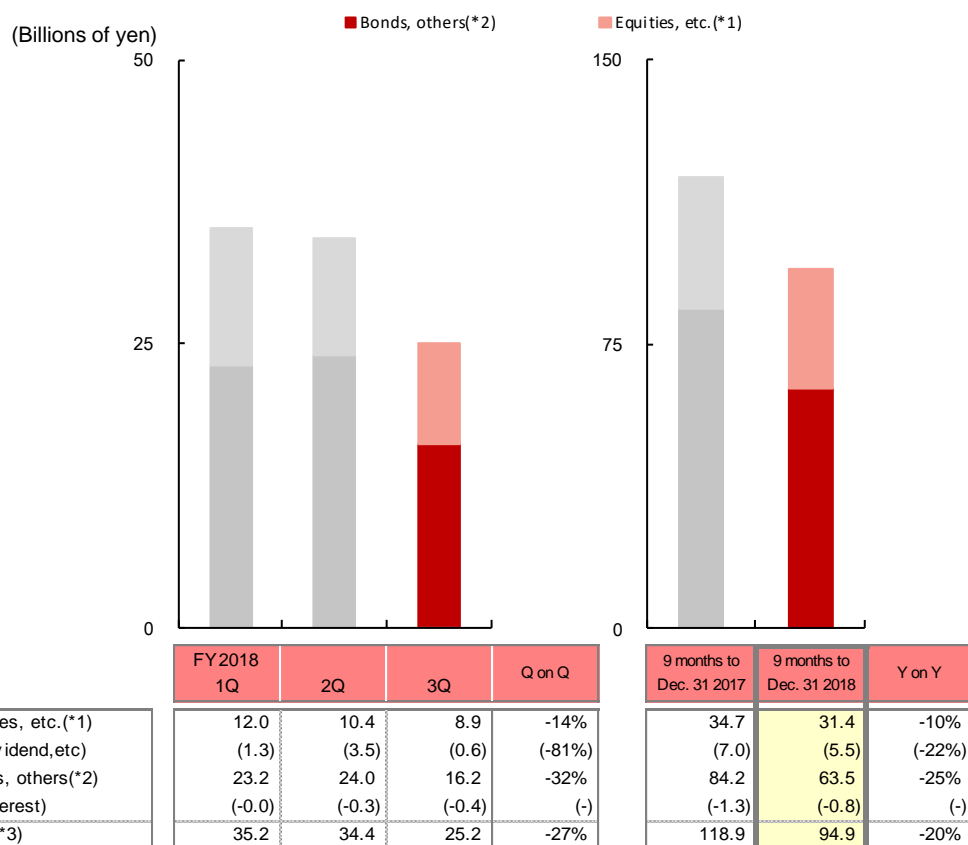
## Client Assets of Fund wrap (\*)



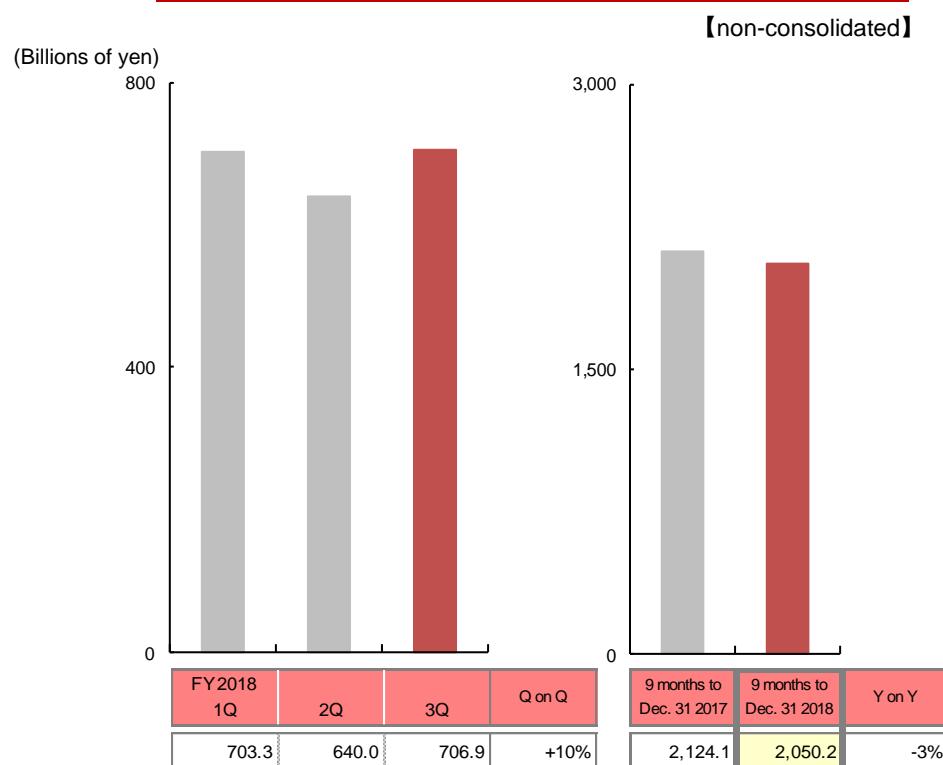
# Net trading income

- ◇ Net trading income (adjusted net financial income) for the 9 months ended Dec. 2018 was ¥ 94.9 B (-20% Y on Y), and sale of foreign bonds(\*4) were ¥ 2,050.2 B (-3%).  
Due to the decrease in stock prices, the OTC transactions of world equities has decreased, resulting as a decline in the net trading income of equities. Furthermore, the sales of foreign bonds in the retail sector has decreased, resulting as a decline in the net trading income of bonds.
- ◇ Net trading income (adjusted net financial income) for this quarter was ¥ 25.2 B (-27% Q on Q), and sale of foreign bonds(\*4) were ¥ 706.9 B (+10%).

## Net trading income (adjusted net financial income)



## Sale of foreign bonds(\*4)

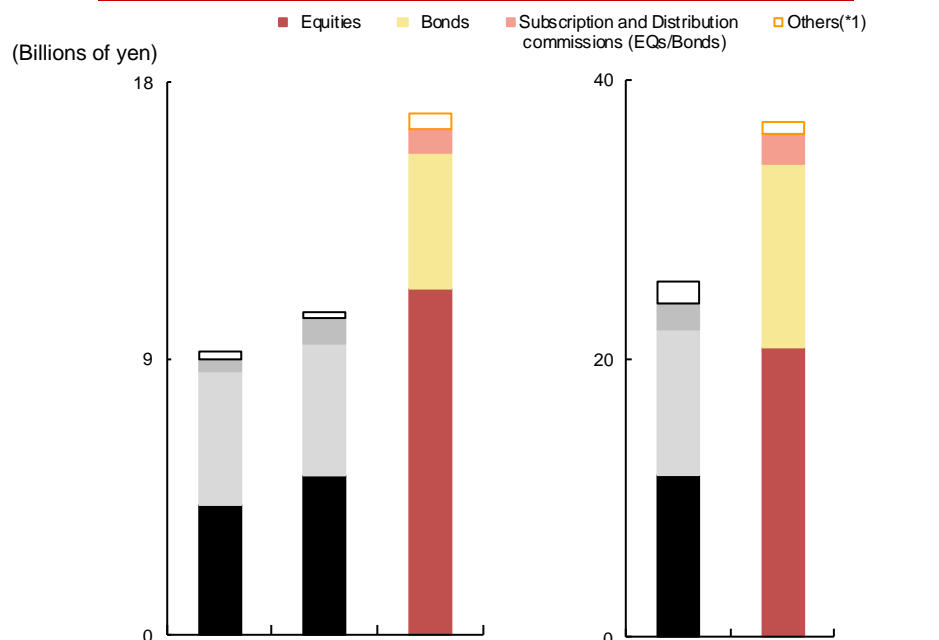




# Underwriting commissions (Equities / Bonds)

- ◇ Underwriting commissions for the 9 months ended Dec. 2018 was ¥ 34.6 B (+53% Y on Y).
- ◇ Underwriting commissions for this quarter was ¥ 15.9 B (+63% Q on Q). Increased largely by the IPO of SoftBank Corp.
- ◇ For Apr. 2018 - Dec. 2018, book runner in Global Equity & Equity-Related-Japan: 2nd place holding 15.4% market share, underwriter in IPO: 3rd place in terms of number of deals and 4th place in terms of proceeds, lead manager in All Bonds in Yen: 3rd place holding 18.7% market share.

## Underwriting commissions (Equities / Bonds)



	FY2018 1Q	2Q	3Q	Q on Q	9 months to Dec. 31 2017	9 months to Dec. 31 2018	Y on Y
Underwriting commissions	8.8	9.8	15.9	+63%	22.6	34.6	+53%
Equities	4.2	5.2	11.3	2.2X	11.7	20.8	+78%
Bonds	4.4	4.3	4.4	+1%	10.4	13.2	+27%
Subscription and Distribution commissions (EQs/Bonds)	0.4	0.8	0.8	-5%	1.8	2.1	+17%
Others(*1)	0.2	0.2	0.5	2.5X	1.6	0.9	-42%

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

Rank	Book runner	Proceeds (bill of yen)	Mkt.Share (%)
1	Nomura	899.5	17.1%
2	SMBC Nikko	813.8	15.4%
3	Daiwa	763.4	14.5%
4	Mitsubishi UFJ Morgan Stanley	723.7	13.7%
5	Mizuho	717.6	13.6%

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

Rank	Book runner	No. Deals	Rank	Underwriter	Proceeds (bill of yen)
1	Mizuho Financial Group	21	1	Nomura	735.3
2	Nomura	19	2	Daiwa Securities Group Inc	562.9
3	Sumitomo Mitsui Financial Group	18	3	Mizuho Financial Group	471.1
4	Daiwa Securities Group Inc	12	4	Sumitomo Mitsui Financial Group	444.6
5	SBI Holdings	10	5	Morgan Stanley	394.2

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

Rank	Manager	Proceeds (bill of yen)	Mkt.Share (%)
1	Mizuho	3,653.6	21.6%
2	Nomura	3,243.6	19.2%
3	SMBC Nikko	3,155.8	18.7%
4	Daiwa	2,789.5	16.5%
5	Mitsubishi UFJ Morgan Stanley	2,758.4	16.3%

(\*1) including revenues related to securitization arrangements. As from this quarter, errors of the first quarter and second quarter has been amended.

(\*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 - Dec. 2018 in the league table of M&A financial advisor for Japanese involvement announced deals:  
Ranked 9th in terms of value (market share 25.9%) and 1st in terms of number of deals (market share 5.3%).

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

Rank	Advisor	Rank value (bill of yen)	Mkt.Share (%)
1	Morgan Stanley	21,221.4	66.0%
2	Goldman Sachs	19,439.9	60.4%
3	J.P. Morgan	17,920.6	55.7%
4	Evercore Partners	14,793.3	46.0%
9	Sumitomo Mitsui Financial Group	8,320.9	25.9%

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

Rank	Advisor	No. Deals	Mkt.Share (%)
1	Sumitomo Mitsui Financial Group	148	5.3%
2	Mizuho Financial Group	132	4.8%
3	Nomura	89	3.2%
4	KPMG	65	2.3%
5	Deloitte	58	2.1%

## Major announced deals Apr. 2018 – Dec. 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.)

NTT DOCOMO, INC. announced a tender offer to repurchase its own treasury stock (SMBC Nikko acted as advisor and agent to NTT DOCOMO, INC.)

Hennape Six SAS (subsidiary of Faurecia S.E.) announced a tender offer for Clarion Co., Ltd. (SMBC Nikko acted as advisor to Faurecia S.E. and agent to Hennape Six SAS)

Mandom Corporation announced to acquire the entire interest of ACG INTERNATIONAL SDN.BHD. (SMBC Nikko acted as advisor to Mandom Corporation.)

# Business collaboration with Sumitomo Mitsui Banking Corporation

【non-consolidated】

◇ Collaboration with SMBC kept on track as the number of individual customers' accounts and the referral of corporate clients grew steadily.

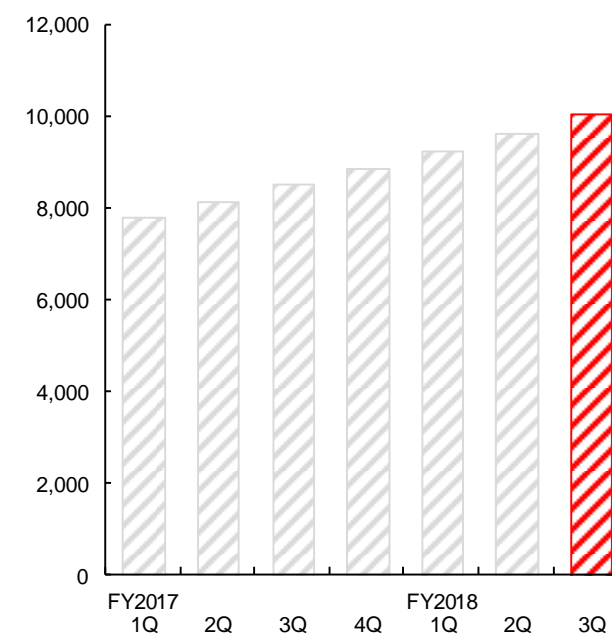
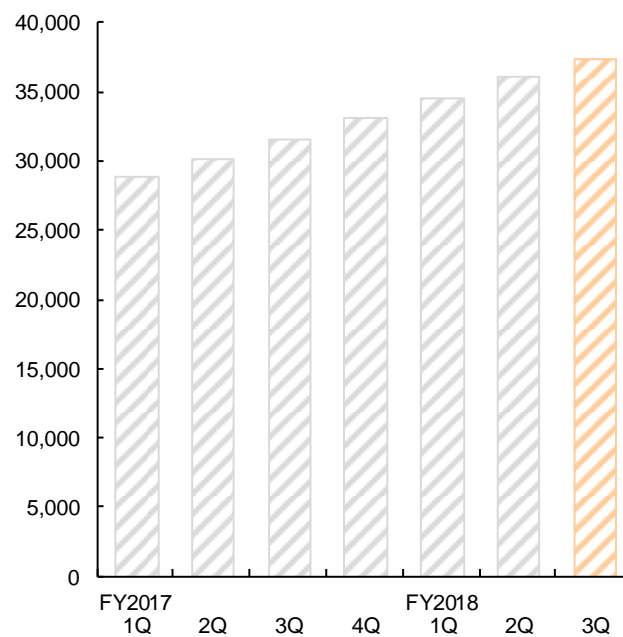
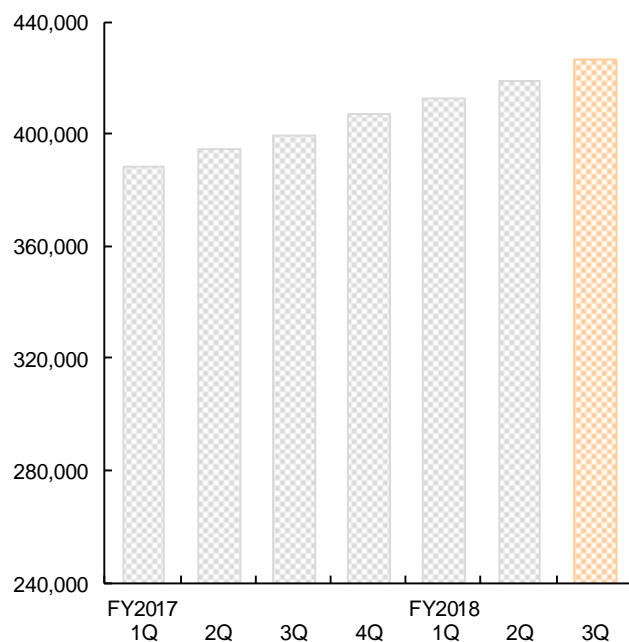
## Asset management (Referral service and financial products intermediary service (\*1))

## 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.

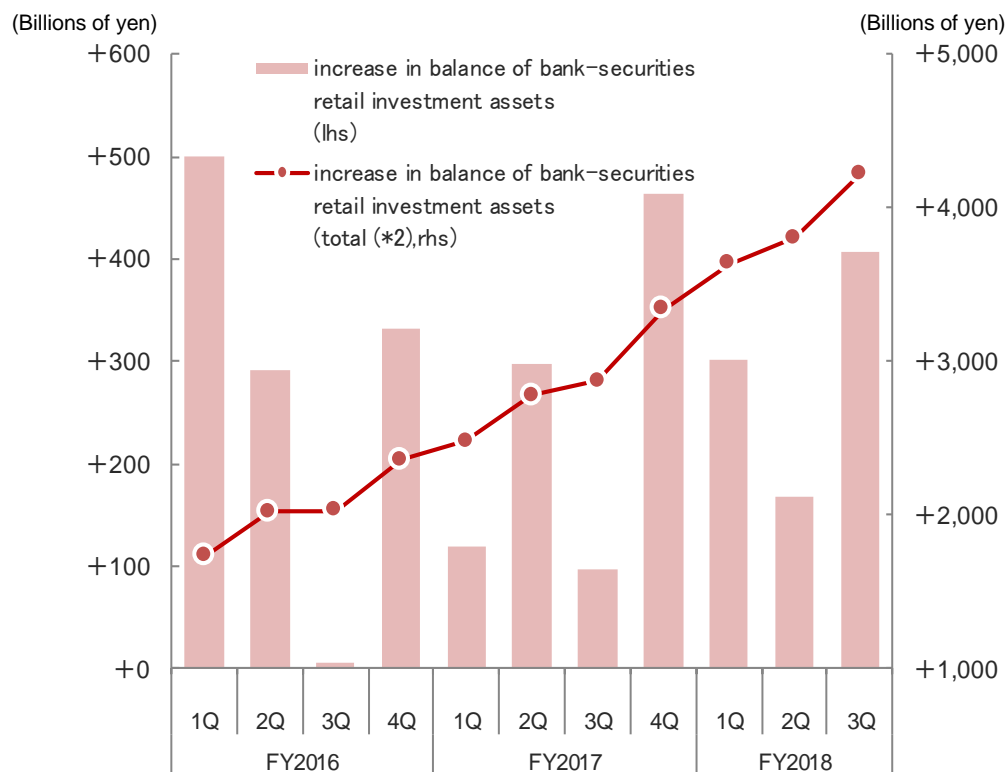
(\*2) The number of accounts at the end of each quarter with regards to individual customer who either was referred by SMBC to SMBC Nikko or opened an account with SMBC Nikko via SMBC's financial products intermediary service.

(\*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.

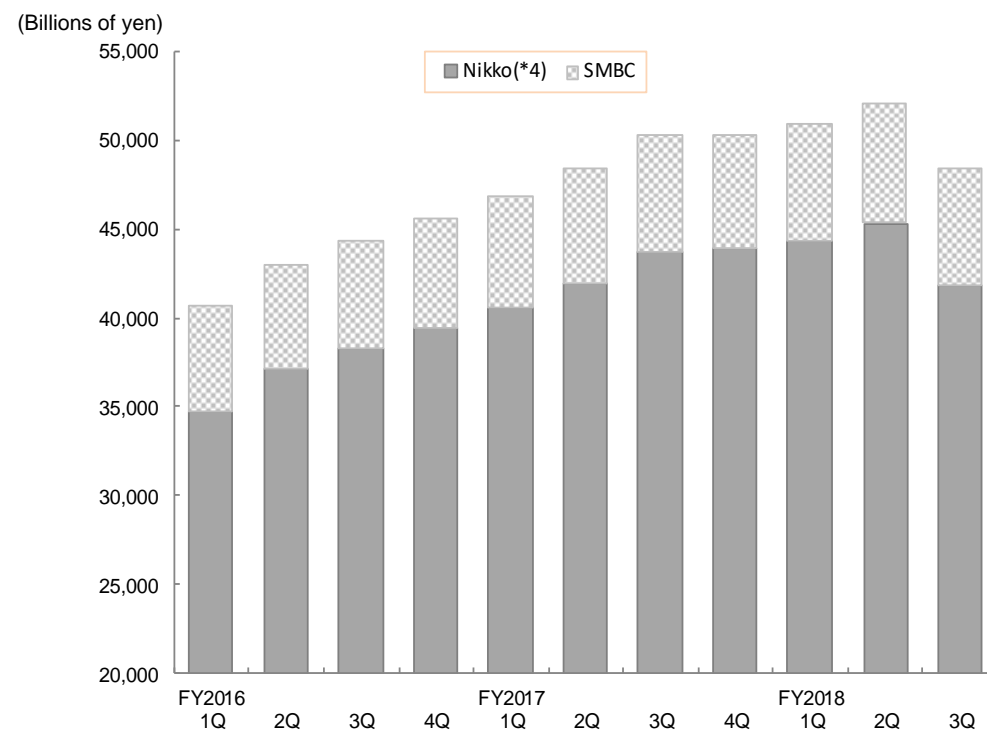
# 【Reference】 Sum of bank-securities retail investment assets

◇ In retail business, sum of bank-securities investment assets flowed steadily.

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

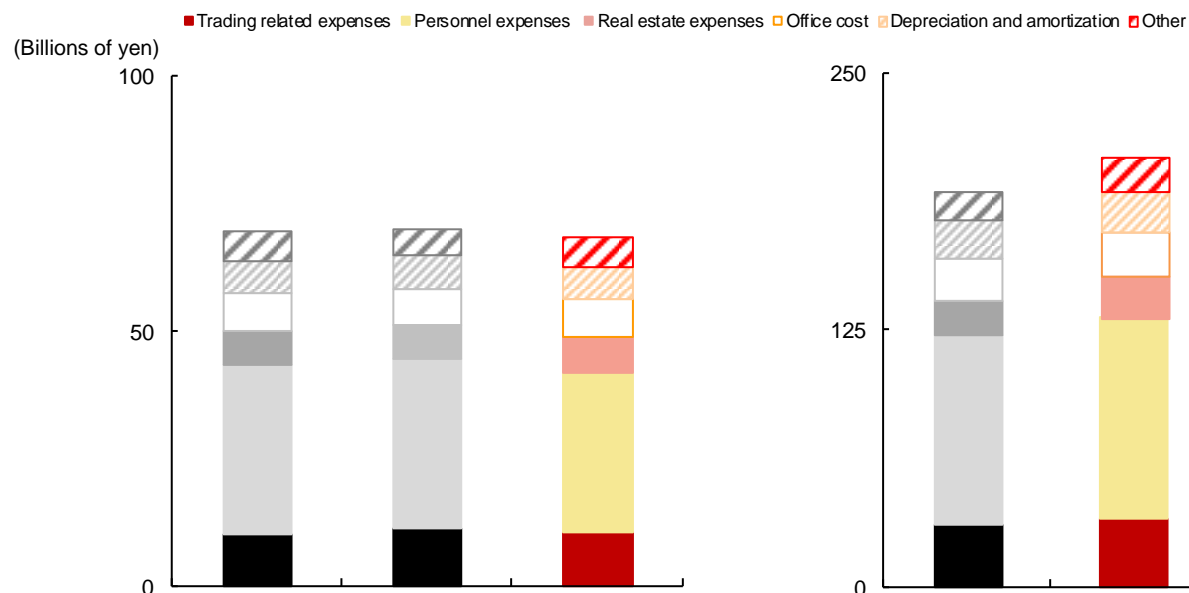
(\*2) cumulative amount since FY 2013 1Q

(\*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

- ◇ SG&A for the 9 months ended Dec. 2018 was ¥ 209.6 B (+9% Y on Y).
- ◇ SG&A for this quarter was ¥ 68.8 B (-2% Q on Q).



(Billions of yen)	FY2018 1Q	2Q	3Q	Q on Q	9 months to Dec. 31 2017	9 months to Dec. 31 2018	Y on Y
Trading related expenses	10.4	11.4	10.5	-8%	30.4	32.4	+7%
Personnel expenses	33.2	33.3	31.6	-5%	92.8	98.3	+6%
Real estate expenses	6.5	6.6	7.0	+6%	16.5	20.3	+23%
Office cost	7.6	7.3	7.2	-1%	20.5	22.2	+8%
Depreciation and amortization	6.4	6.4	6.5	+1%	18.2	19.5	+7%
Other	5.8	5.2	5.7	+10%	14.3	16.7	+17%
SG&A / Fixed expense	70.2	70.5	68.8	-2%	193.0	209.6	+9%
SG&A / Net operating revenue	81%	81%	87%	+6pt	74%	83%	+9pt

# Balance Sheet / Capital Adequacy Ratio

(Billions of Yen)	Mar.18	Dec.18	Variance
Current assets	10,365.8	11,402.0	+1,036.1
Trading products	3,179.7	3,591.7	+412.0
Loans secured by securities	5,027.7	5,806.4	+778.6
Other current assets	2,158.3	2,003.8	-154.5
Noncurrent assets	315.3	298.5	-16.8
Tangible assets	27.3	27.5	+0.2
Intangible assets	74.2	68.9	-5.2
Investments and other assets	213.8	202.0	-11.8
<b>Total assets</b>	<b>10,681.2</b>	<b>11,700.5</b>	<b>+1,019.2</b>
Current liabilities	9,079.5	9,989.0	+909.4
Trading products	2,494.6	2,483.4	-11.2
Loans payable secured by securities	5,006.0	5,375.1	+369.1
Short-term loans payable / Commercial papers	729.8	895.1	+165.3
Other current liabilities	849.0	1,235.3	+386.2
Noncurrent liabilities / Reserves under the special laws	782.9	883.4	+100.4
<b>Total liabilities</b>	<b>9,862.5</b>	<b>10,872.4</b>	<b>+1,009.9</b>
<b>Total net assets</b>	<b>818.7</b>	<b>828.0</b>	<b>+9.3</b>
<b>Total liabilities and net assets</b>	<b>10,681.2</b>	<b>11,700.5</b>	<b>+1,019.2</b>

【non-consolidated】

(Billions of Yen)	Mar.18	Dec.18	Variance
Basic items	735.7	747.5	+11.7
Supplementary items	149.1	41.2	-107.8
Deductible assets	166.0	168.2	+2.2
Net capital	718.8	620.5	-98.2
Risk total	160.9	173.1	+12.1
Market Risk	62.4	65.4	+2.9
Counterparty Risk	24.2	34.9	+10.6
Basic Risk	74.2	72.7	-1.4
<b>Capital Adequacy Ratio</b>	<b>447%</b>	<b>358%</b>	<b>-88pt</b>

【non-consolidated】

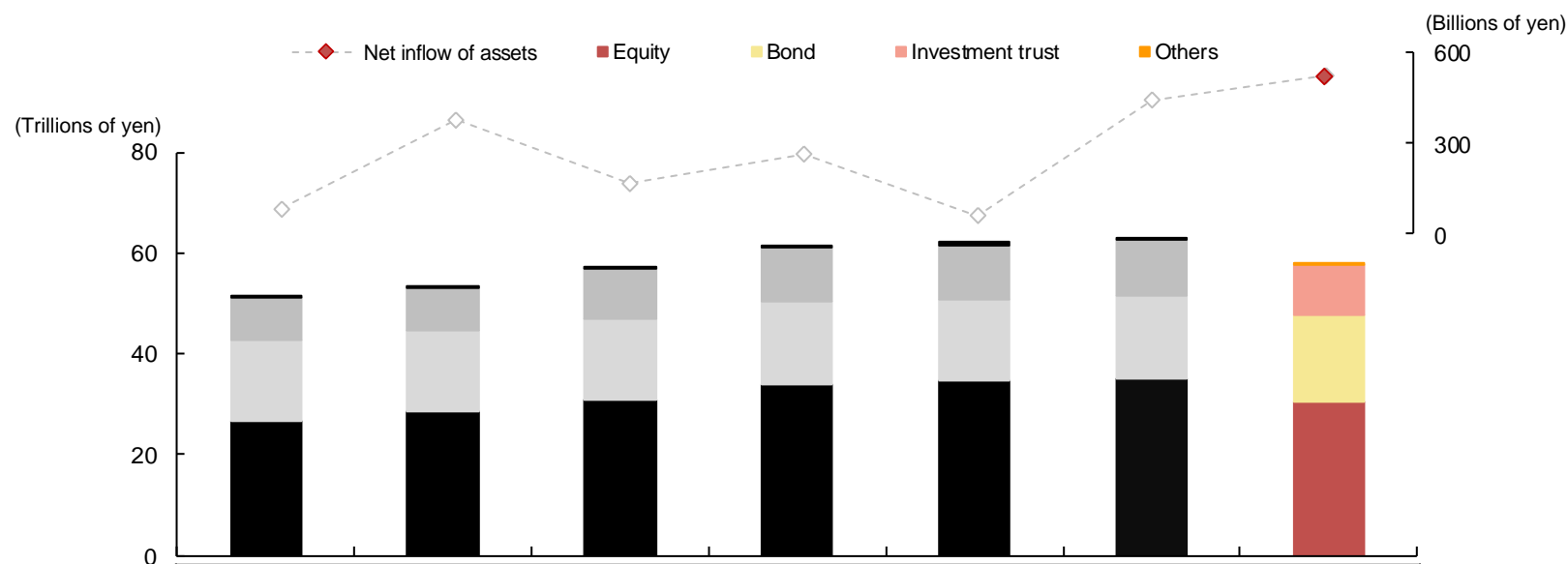
Credit ratings on Long Term (as of January 29, 2019)

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 Dec. 2018 was ¥ 58.0 trillion (-8.0% Q on Q).
- ◇ Net inflow of assets at sales division for this quarter was ¥ 523.8 B.



(Trillions of yen)

	FY2017				FY2018		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Equity	26.8	28.4	31.0	34.0	34.5	34.9	30.5
Bond	16.0	16.2	16.0	16.4	16.4	16.8	17.1
Investment trust	8.4	8.6	9.7	10.7	10.7	10.8	10.0
Others	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Client assets	51.6	53.6	57.2	61.6	62.2	63.0	58.0

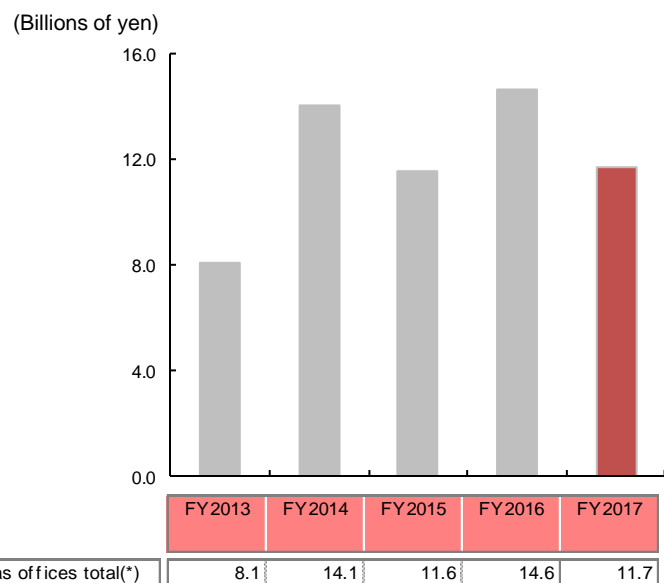
(Billions of yen)

	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net inflow (outflow) of assets(*)	82.4	376.8	167.1	264.8	61.7	443.6	523.8
Inflow of assets	1,096.8	1,475.0	1,437.7	1,766.9	1,266.3	1,466.6	1,662.3
Outflow of assets	-1,014.4	-1,098.2	-1,270.6	-1,502.1	-1,204.6	-1,022.9	-1,138.5

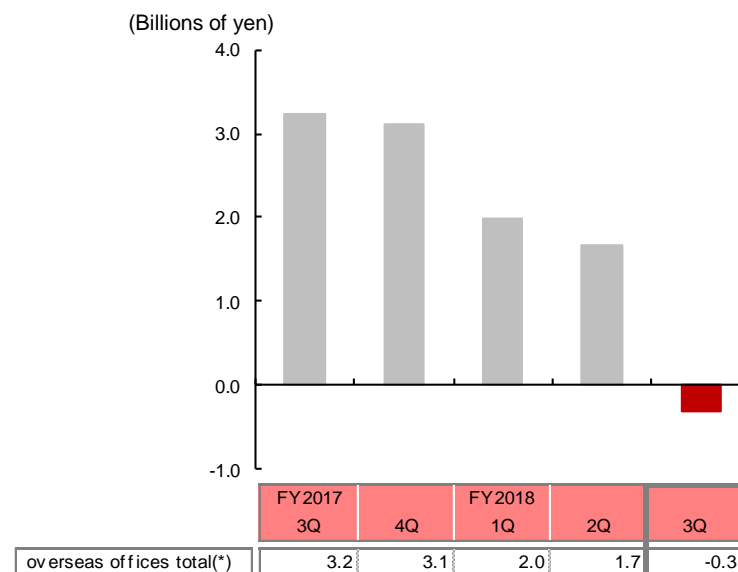
# Business Trends of Overseas Offices

- ◇ Earnings based on managerial accounting for this quarter was ¥ -0.3 B.  
Earnings were a deficit, driven by the decrease in fixed income sales and trading of western countries, and rise in administrative expenses related to the establishment of our Frankfurt Office.

**Earnings based on managerial accounting  
Annual trend**



**Earnings based on managerial accounting  
Quarterly trend**



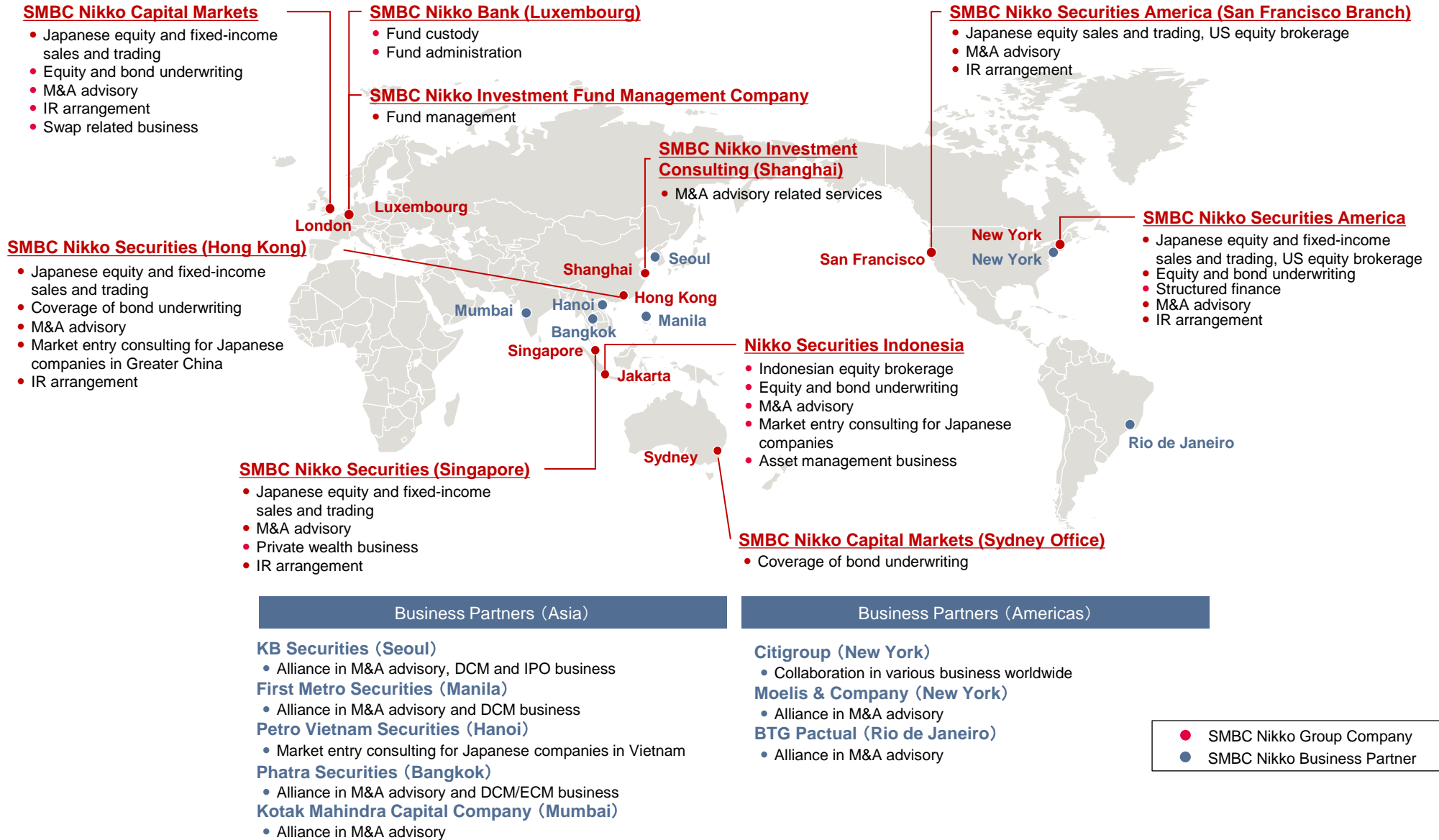
(Notes) Until the previous quarter, we have been consolidating SMBC Nikko Capital Markets and SMBC Nikko Securities America's previous quarters earnings.  
From 1Q of FY2018, we have consolidated the earnings of the current period.

(\*) Overseas offices total is defined as the total of:

- ✓ Earnings of consolidated subsidiaries: SMBC Nikko Securities (Hong Kong), SMBC Nikko Securities (Singapore) and SMBC Nikko Capital Markets Europe GmbH (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%). Furthermore, SMBC Financial Services, Inc has changed its name to SMBC Americas Holdings, Inc. from January 1, 2019.



# Overseas Network



## SDGs Activities

SMBC Nikko has acted as a Lead Manager and Green Bond Structuring Agent for the underwriting of GLP J-REIT's green bond issuance on December 20<sup>th</sup>, 2018.

On the same date, we have acted as a Selling Agent and Green Bond Structuring Agent for the Sumitomo Mitsui Banking Corporation's foreign-currency-denominated green bond issuance.

In September 2018, we established the SDGs Finance Office to support financial activities related to solving environmental/social problems and promote ESG activities. We believe that these Green Bond deals will contribute to the expansion of Green Bond Market and increase of Japanese ESG investor.

## Introduction of Nikko Fund Wrap's "Designated Legatee Service"

As of October 29<sup>th</sup>, 2018, we have started a "Designated Legatee Service" for the Nikko Fund Wrap.

Formerly, when our clients have demised while holding the Nikko Fund Wrap, we ended the discretionary investment contract, then covert it to cash and started the succession. However, by using the "Designated Legatee Service" it will lower the burden for families by having less and easier procedures. This service will allow the investor to choose who and how much to inherit up to 30 million yen.

## "Deals of the Year(IPO sector)" ranking 1<sup>st</sup> place for 2 straight years

The IPO deal that SMBC Nikko has acted as a Lead Manager, have been awarded as the best deal in the "Deals of the Year" ranking of Nikkei Veritas. We have been awarded 2 years in a row for the best deal in the IPO sector.

- 2018 HEROZ, inc.
- 2017 Mitsubishi Estate Logistics REIT Investment Corporation

## Awarding to "Nikko Contact Center"

Nikko Contact Center has been challenging in an external agency's competition, in order to improve the operators skills and to be assessed by a third parties perspective.

### ■ Achieved 3 Stars for 13 consecutive years in "HDI Contact Desk Ranking Research"

We have been awarded the 3 Stars Customer Service in this years HDI-Japan's Contact Desk ranking. We have been awarded for 13 consecutive years, which is the one and only achievement in Japan. In the Web Support ranking, we have also achieved 3 Stars for 8 consecutive years.



### ■ Awarded in "Corporate Telephone Reception Contest" for 10 consecutive years.

We have achieved the award of excellence in the "22nd Corporate Telephone Reception Contest" held by Japan Telecom Users Association. We have been awarded for 10 consecutive years.

# Reference Data

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# Consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating revenue	91,483	91,543	109,773	104,605	97,367	96,914	92,853
Commissions received	41,726	43,495	56,257	57,984	50,357	51,566	52,947
Commissions to consignees	9,165	8,821	12,822	11,785	10,393	9,657	9,703
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	15,968
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	6,819
Other fees received	16,243	17,549	20,306	20,534	20,427	21,780	20,456
Net trading income	38,008	34,770	40,493	34,057	34,057	31,196	24,965
Equities	8,568	5,569	13,506	7,234	10,721	6,824	8,309
Bonds / Others	29,439	29,200	26,987	26,823	23,336	24,371	16,656
Financial revenue	9,600	10,988	10,669	9,740	9,547	10,698	11,686
Other sales	2,148	2,288	2,352	2,822	3,404	3,453	3,253
Financial expenses	7,462	6,769	10,025	7,156	7,871	6,904	10,812
Cost of other sales	1,856	2,057	2,090	2,631	3,055	2,868	2,820
Net operating revenue	82,164	82,716	97,657	94,816	86,439	87,141	79,220
SG&A	62,353	62,418	68,254	74,637	70,291	70,551	68,836
Operating profit / loss	19,811	20,297	29,402	20,178	16,148	16,589	10,383
Ordinary profit / loss	20,960	20,938	30,531	22,552	18,051	18,194	10,925
Extraordinary income / loss	-372	-517	-931	-4,210	-652	-133	-1,340
Profit before income taxes	20,587	20,420	29,599	18,342	17,398	18,060	9,585
Income taxes	6,093	6,054	8,918	4,169	2,397	5,123	2,937
Profit / loss	14,493	14,365	20,681	14,172	15,001	12,936	6,648
Profit attributable to owners of parent	14,491	14,365	20,677	14,170	14,996	12,928	6,645

# Non-consolidated Business Results (Quarterly Trend)

(Millions of yen)	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating revenue	86,651	86,282	104,225	98,857	90,835	89,859	87,082
Commissions received	39,243	40,737	53,276	55,292	47,490	48,552	51,211
Commissions to consignees	8,449	8,149	12,055	11,324	9,673	8,857	9,010
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	15,968
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	6,666
Other fees received	14,540	15,485	18,114	18,404	18,315	19,697	19,567
Net trading income	38,006	34,770	40,492	34,056	34,053	30,943	24,491
Equities	8,568	5,569	13,506	7,234	10,721	6,567	7,834
Bonds / Others	29,437	29,200	26,985	26,822	23,331	24,376	16,656
Financial revenue	9,401	10,773	10,456	9,508	9,292	10,363	11,379
Financial expenses	7,315	6,609	9,856	7,010	7,683	6,692	10,609
Net operating revenue	79,336	79,672	94,368	91,846	83,152	83,166	76,472
SG&A	61,189	60,978	65,815	72,349	68,473	68,297	67,249
Operating profit / loss	18,146	18,693	28,552	19,497	14,678	14,869	9,223
Ordinary profit / loss	18,348	19,228	28,764	21,155	15,714	16,038	9,377
Extraordinary income / loss	-372	-517	-943	-4,464	-655	-133	-1,265
Profit before income taxes	17,975	18,710	27,821	16,691	15,059	15,905	8,112
Income taxes	5,460	5,676	8,571	3,736	2,742	4,675	2,539
Profit / loss	12,515	13,034	19,249	12,954	12,316	11,229	5,572

# Operational Indicators -1

【non-consolidated】

## ◇ Sales of Products

(Billions of yen)	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Investment trusts	550.7	566.0	661.3	1,013.0	650.7	638.2	545.9
(Equity investment trusts)	( 453.7 )	( 462.0 )	( 542.0 )	( 859.5 )	( 535.4 )	( 509.3 )	( 382.0 )
(Foreign registered investment trusts)	( 71.1 )	( 88.3 )	( 102.8 )	( 136.6 )	( 98.2 )	( 98.8 )	( 131.8 )
Fund wrap	105.6	102.4	136.9	65.3	97.8	65.6	85.3
Foreign bonds (*1)	787.3	725.2	735.8	755.7	734.2	934.6	714.4
(Foreign currency bonds)	( 221.2 )	( 256.6 )	( 153.4 )	( 226.5 )	( 233.4 )	( 233.3 )	( 315.8 )
Domestic bonds	1,041.6	773.9	991.7	677.3	881.5	1,218.1	1,016.6
(Retail target JGBs)	( 129.1 )	( 175.0 )	( 132.7 )	( 198.7 )	( 116.8 )	( 184.6 )	( 130.5 )
Public offering	35.8	156.6	119.5	136.5	91.0	108.4	419.3
Annuity / insurance	8.5	16.6	24.2	17.5	25.1	39.7	37.7
<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>	<b>2,819.1</b>

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

## ◇ Market Share

	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
ECM Global Equity (*2)	9.9%	6.2%	8.6%	11.4%	15.9%	13.4%	15.4%
DCM All bonds in Yen (*3)	19.5%	16.1%	16.9%	17.2%	16.4%	18.7%	18.7%
M&A Japan related (*4)	14.8%	9.1%	9.1%	9.1%	36.9%	29.5%	25.9%

(\*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

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## ◇ Direct Channel Ratio (\*1)

	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Based on number of transaction	92.2%	91.1%	90.7%	91.3%	91.3%	92.1%	90.7%
(Nikko EZ Trade)	( 88.1%)	( 87.1%)	( 86.2%)	( 86.8%)	( 87.3%)	( 88.3%)	( 87.0%)
Based on commissions	26.7%	24.4%	27.6%	26.5%	20.5%	22.1%	22.6%
(Nikko EZ trade)	( 17.7%)	( 16.1%)	( 17.8%)	( 16.8%)	( 12.5%)	( 13.0%)	( 14.3%)

(\*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	3Q
Equity brokerage amount	7,295.9	7,354.1	9,242.7	8,846.7	8,721.4	8,127.9	9,285.0
Equity brokerage commissions (*3)	8.6	8.5	12.4	11.0	9.9	9.0	8.9
Equity commissions rate	10.8bp	10.6bp	12.3bp	11.7bp	10.5bp	10.1bp	8.7bp

(\*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)	FY2017				FY2018		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Total accounts	2,813	2,829	2,838	3,327	3,352	3,370	3,397
Cash management accounts	2,486	2,500	2,512	2,851	2,872	2,883	2,911
Newly opened accounts	31	30	30	41	40	39	48

## ◇ Number of Branches

【non-consolidated】

	FY2017				FY2018		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Number of branches	124	124	123	148	149	148	148

## ◇ Number of Employees

	FY2017				FY2018		
	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Number of employees	10,698	10,559	10,456	11,987	12,382	12,169	12,010
Number of employees in overseas offices	491	524	556	579	601	631	654

(\*)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 SMBC Nikko Capital Markets Europe GmbH.
- ✓ Employees of affiliated companies which are Securities Product Group of SMBC Nikko Capital Markets and SMBC Nikko Securities America.





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