News Release

Japan Credit Rating Agency, Ltd.

26-D-1039
November 25, 2026

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

SMBC Nikko Securities Inc. (security code: -)

<Affirmation>
Long-term Issuer Rating: AA
Outlook: Stable

Rationale

(1) SMBC Nikko Securities Inc. (the “Company”) is a securities subsidiary of the SMBC Group, Inc. (the “Group”). The Group's securities business transitioned in October 2026 to a structure with SMBC Nikko Securities Holdings, Inc. (“SMBC Nikko Securities Holdings”) as an intermediate holding company, and the Company became its wholly owned subsidiary; however, there has been no change in Sumitomo Mitsui Financial Group, Inc. (“SMFG”) holding 100% of the voting rights. The Group promotes group-wide efforts under the business unit structure. Even under the intermediate holding company structure, the Company is integrated into the Group‘s framework in terms of business administration, risk management, finance and capital management, and the degree of the Group’s involvement in the Company, including personnel affairs, is high. Moreover, the Company is managerially highly important to the Group as it plays the central role in the securities strategy of the Group. Based on the above, JCR has determined the Company’s long-term issuer rating to be at the same level as the Group’s creditworthiness, which is equivalent to the AA rating.

(2) The Company’s business base is solid. In the retail business, the Group as a whole has established a sales structure by customer segment through collaboration among banking, securities and trust companies, and the Company is strengthening sales activities targeting high-net-worth segment. It ranks high among major securities companies in the domestic market for fundamental items such as the balance of assets under management and the number of securities accounts. Assets under management are steadily building up, reaching just under 100 trillion yen as of the end of September 2026. Although the increase is largely attributable to market factors, net asset inflows have remained positive. In the wholesale business, banking-securities collaboration is yielding positive results in stock and bond underwriting, M&As and other areas, and the Company now ranks among the top in terms of stock-related operations and the number of initial public offerings. It is strengthening its alliance with Jefferies Financial Group Inc. (“Jefferies”), a U.S. securities firm, and SMBC Nikko Jefferies Securities Inc. (“SMBC Nikko Jefferies Securities”), a joint venture between SMBC Nikko Securities Holdings and Jefferies, is scheduled to commence operations in January 2027. The Company plans to consolidate its Japanese equity business into the joint venture and strengthen its ability to win global mandates. JCR will monitor closely to see whether these initiatives lead to the expansion of the Group's business base in its securities business, focusing on their progress and results.

(3) The earning capacity is relatively good. The Company has advantages in the retail operations and the proportion of recurring revenue is relatively large and fluctuations in ordinary income over the long-term is held down among large securities firms in Japan. Ordinary profit for the fiscal year ended March 2026 (FY2025), including overseas securities subject to internal management, rose 43% year on year to 130.5 billion yen. Although Global Markets posted a loss due to difficulties in managing fixed-income positions, profits from retail operations doubled, supported by strong product sales amid buoyant equity markets. Global investment banking also recorded profit growth, driven mainly by bond underwriting and M&A transactions. In the first half of FY2026, profit also increased by 56% year-on-year to 92.8 billion yen, supported by these factors contributing to increased revenue. Although the Japanese equity business will be transferred to SMBC Nikko Jefferies Securities, the impact on the Company’s profit and loss is expected to be limited. As market volatility remains high, JCR will continue to monitor whether the Company can maintain and expand its profit levels.

(4) There are no issues with capital adequacy. Consolidated shareholders’ equity stood at 1.2 trillion yen as of the end of September 2026, providing a substantial capital cushion against risks, while non-consolidated capital adequacy ratio remained at a sound level in the low-300% range. When risk exposure increases, the capital adequacy ratio is maintained above a certain level through capital injections and subordinated funding from SMFG. Capital support from SMFG is expected to remain

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available if needed going forward. There are little concerns over the risk management side. Loan balances are controlled within prescribed limits, and holdings of less liquid assets are minimal. In addition, appropriate risk control is being carried out through integrated risk management and stress testing based on the SMBC Group framework. As for fund procurement, there are no particular concerns over liquidity as the Company has secured sufficient credit facilities centering on Sumitomo Mitsui Banking Corporation.

Akira Minamisawa, Naoki Shimura

Rating
Issuer: SMBC Nikko Securities Inc.

<Affirmation>
Long-term Issuer Rating: AA Outlook: Stable

Rating Assignment Date: November 19, 2026

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (https://www.jcr.co.jp/en/).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (October 1, 2024), "Securities" (April 2, 2025) and "Rating Methodology for Financial Groups' Holding Companies and Group Companies" (September 1, 2022) in Information about JCR Ratings on JCR's website (https://www.jcr.co.jp/en/)..

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	SMBC Nikko Securities Inc.
Rating Publication Date:	November 25, 2026

1 The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2 The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3 The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

  A) Audited financial statements presented by the rating stakeholders

  B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(l) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR received in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12 Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

https://www.jcr.co.jp/en/service/company/regu/nrsro/

13 Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but

possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

14 Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

・ The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 29, 2009	AA-	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 13, 2010	AA-	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 9, 2011	AA-	Positive
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 14, 2012	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 13, 2013	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 12, 2014	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 18, 2015	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 16, 2016	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 15, 2017	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 28, 2018	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	September 27, 2019	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	October 7, 2020	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	October 8, 2021	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	October 7, 2022	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	November 6, 2023	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	October 25, 2024	AA	Stable
SMBC Nikko Securities Inc.	Issuer(Long-term)	November 26, 2025	AA	Stable

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Tomohiro Miyao, have responsibility to this Rating Action and to the best of my knowledge:

A) No part of the credit rating was influenced by any other business activities.

B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.

C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

宮尾 知浩

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General Manager of Financial Institution Rating Department

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