

## Nomura Reports Third Quarter Financial Results

**Tokyo, January 27, 2009**—Nomura Holdings, Inc. today reported consolidated financial results for the third quarter of the fiscal year ending March 31, 2009.

Nomura booked net revenue for the third quarter of negative 49.7 billion yen (US\$547 million)<sup>1</sup>, a pre-tax loss of 399.5 billion yen (US\$4.4 billion), and a net loss of 342.9 billion yen (US\$3.8 billion).

“Last quarter was extraordinary for our industry and Nomura was no exception,” said Kenichi Watanabe, Nomura President and CEO. “However, our financial position remains strong and we are seeing results from the integration of our extensive client platform in Japan with the Lehman franchise internationally. The new team has already worked on a number of cross-border M&A deals and our flow businesses continue to gain traction.”

Nomura today also announced a number of strategic initiatives aimed at returning the firm to profitability as soon as possible. In order to boost revenues, Nomura plans to further focus resources on increasing its share of flow businesses and expanding its client base, while moving faster to scale down or exit non-core businesses. Nomura will continue to reduce its assets and cut expenses. Nomura will also maintain its flexible capital policy to ensure it is positioned for future growth.

For the third quarter, the firm will pay a dividend of 8.5 yen per share, in line with the target dividend announced at the beginning of the current fiscal year. However, Nomura plans to forgo paying a dividend in the fourth quarter, thereby fixing its overall dividend for the year at 25.5 yen per share.

A new dividend policy will be adopted for the fiscal year ending March 31, 2010, which aims for stable dividend payouts using a consolidated dividend payout ratio of 30% as a key indicator. The payment will also be revised from quarterly to semi-annual.

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<sup>1</sup> US dollar amounts are included solely for the convenience of the reader and have been translated at the rate of 90.79 yen = 1 US dollar, the noon buying rate in New York for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2008. This translation should not be construed to imply that the yen amounts actually represent, or have been or could be converted into, equivalent amounts in US dollars.

## **Domestic Retail**

Domestic Retail remained profitable throughout the quarter despite the difficult market environment, recording net revenue of 69.7 billion yen and pre-tax income of 2.3 billion yen. As a result of the fall in the stock market, Domestic Retail client assets declined by 10 trillion yen compared to the end of September to 58.3 trillion yen.

A number of offerings including a public offering by Mitsubishi UFJ Financial Group and a subordinated bond issuance by Nomura Holdings saw robust demand during the quarter. Customer traffic increased considerably at branch offices nationwide as retail investors sought advice on the dematerialization of stock certificates in Japan and looked to invest in equities. Net asset inflow for the third quarter was 1.44 trillion yen. Nomura's retail client base continued to increase with total accounts with an outstanding balance up 160,000 from the prior quarter to 4,440,000 accounts.

## **Global Markets**

Global Markets booked net revenue of negative 171.1 billion yen and a pre-tax loss of 295.5 billion yen. One-off losses including Nomura's exposure to Iceland and Madoff were booked during the quarter in addition to trading losses resulting from unprecedented market volatility.

Progress continues on integrating the Lehman franchise and some early successes include an increase in activity in the Japanese government bond and equity flow businesses, the provision of currency solutions for investment banking transactions in Asia, and a large portfolio-related transaction for a European financial institution.

## **Global Investment Banking**

Global Investment Banking reported net revenue of 22.7 billion yen and a pre-tax loss of 19.9 billion yen. Although revenues rebounded on large underwriting deals such as Mitsubishi UFJ Financial Group's public offering, costs increased due to the acquisition of the Lehman franchise.

In a first for the firm, Nomura topped the Asia (ex-Japan) M&A financial advisors league table<sup>2</sup>. The integration of the Lehman franchise is producing steady results and Nomura has had a string of successes in cross-border M&A deals such as Sinopec's acquisition of Canada's Tanganyika Oil.

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<sup>2</sup> Source: Thomson Reuters, CY2008

## **Global Merchant Banking**

Global Merchant Banking recorded net revenue of negative 35 billion yen for the quarter and a pre-tax loss of 37.6 billion yen due primarily to write-downs on private equity investments.

## **Asset Management**

Net revenue in Asset Management was 10.8 billion yen and a pre-tax loss of 2.1 billion yen was booked primarily due to a decline in assets under management resulting from the slump in stock prices and appreciation of the yen. Write-downs were also made to the value of pilot funds used for product development.

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**Ends**

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## **Notes to editors:**

### **Nomura**

Nomura is a leading financial services group and the preeminent Asian-based investment bank with worldwide reach. Nomura provides a broad range of innovative solutions tailored to the specific requirements of individual, institutional, corporate and government clients through an international network in over 30 countries. Based in Tokyo and with regional headquarters in Hong Kong, London, and New York, Nomura employs about 26,000 staff worldwide. Nomura's unique understanding of Asia enables the company to make a difference for clients through five business divisions: domestic retail, global markets, global investment banking, global merchant banking, and asset management. For further information about Nomura, please visit [www.nomura.com](http://www.nomura.com).

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