

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Year Ended March 31, 2017
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2016	March 31, 2017	Increase (Decrease)
Assets			
Current assets	103,715	94,066	(9,648)
Cash and cash equivalents	208	127	(81)
Money held in trust	55,341	52,247	(3,094)
Securities	24,100	15,700	(8,400)
Accrued investment trust management fees	14,131	16,287	2,155
Accrued investment advisory fees	7,309	7,481	171
Deferred tax assets	2,028	1,661	(366)
Other current assets	605	573	(32)
Allowance for doubtful accounts	(10)	(11)	(1)
Fixed assets	32,083	21,353	(10,730)
Tangible fixed assets	1,176	1,001	(175)
Intangible fixed assets	7,681	7,185	(496)
Investments and other	23,225	13,165	(10,059)
Investment securities	9,216	1,233	(7,983)
Investment in subsidiaries and affiliates	10,958	8,124	(2,834)
Long-term guarantee deposits	45	44	(0)
Prepaid pension cost	2,777	2,594	(183)
Deferred tax assets	-	960	960
Other investments	226	208	(17)
Total assets	135,799	115,419	(20,379)

(Millions of Yen)

	March 31, 2016	March 31, 2017	Increase (Decrease)
Liabilities			
Current liabilities	<u>27,538</u>	<u>25,055</u>	<u>(2,483)</u>
Investment trust distribution of income payable	1	1	(0)
Investment trust redemptions payable	31	31	-
Accrued commission payable	4,537	5,242	704
Other accounts payable	7,284	5,126	(2,157)
Accrued expenses	8,872	9,461	589
Accrued income taxes	1,838	714	(1,123)
Accrued bonuses	4,809	4,339	(469)
Other current liabilities	163	137	(25)
Long-term liabilities	<u>3,303</u>	<u>3,485</u>	<u>181</u>
Reserve for retirement benefits	2,708	2,947	238
Reserve for loss on distribution of income and redemption after expiration	526	538	12
Deferred tax liabilities	68	-	(68)
Total liabilities	30,842	28,540	(2,301)
Shareholder's equity	<u>99,606</u>	<u>86,837</u>	<u>(12,769)</u>
Common stock	17,180	17,180	-
Capital reserve	13,729	13,729	-
Additional paid-in capital	11,729	11,729	-
Other capital surplus	2,000	2,000	-
Earned surplus	68,696	55,927	(12,769)
Earned surplus reserve	685	685	-
Other earned surplus	68,011	55,242	(12,769)
General reserve	24,606	24,606	-
Earned surplus brought forward	43,405	30,635	(12,769)
Valuation and translation adjustments	5,349	41	(5,308)
Net unrealized gain on investments	5,349	41	(5,308)
Total net assets	104,956	86,878	(18,078)
Total liabilities and net assets	135,799	115,419	(20,379)

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Year Ended March 31, 2016 (A)	Year Ended March 31, 2017 (B)	Comparison B/A (%)
Operating revenue	136,016	125,327	92.1
Investment trust management fees	104,445	96,594	92.5
Investment advisory fees	31,351	28,466	90.8
Other operating revenue	219	266	121.5
Operating expenses	80,662	73,254	90.8
Commissions	46,531	39,785	85.5
Research	28,068	26,758	95.3
Other operating expenses	6,062	6,711	110.7
General and administrative expenses	25,827	26,059	100.9
Compensation and benefits	14,613	14,270	97.7
Occupancy	1,230	1,222	99.4
Depreciation of fixed assets	2,589	2,730	105.4
Other general and administrative expenses	7,394	7,835	106.0
Operating income	29,526	26,012	88.1
Non-operating income	7,991	8,461	105.9
Non-operating expenses	1,321	77	5.8
Ordinary income	36,196	34,397	95.0
Special profits	146	126	86.7
Special losses	156	15	10.2
Income before income taxes	36,186	34,507	95.4
Income taxes - current	9,806	7,147	72.9
Income taxes - deferred	744	1,722	231.4
Net income	25,635	25,637	100.0

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
For The Year Ended March 31, 2016

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other Earned surplus		Total Earned surplus	
						General reserve	Earned surplus brought forward		
Balance at beginning of year	17,180	11,729	–	11,729	685	24,606	35,890	61,182	90,092
Cash dividends							(19,933)	(19,933)	(19,933)
Net profit							25,635	25,635	25,635
Increase from the absorption-type merger			2,000	2,000			144	144	2,144
Increase from the absorption-type split							1,668	1,668	1,668
Other-net									
Change in the term	–	–	2,000	2,000	–	–	7,514	7,514	9,514
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	43,405	68,696	99,606

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total Valuation and translation adjustments	
Balance at beginning of year	6,893	6,893	96,985
Cash dividends			(19,933)
Net profit			25,635
Increase from the absorption-type merger			2,144
Increase from the absorption-type split			1,668
Other-net	(1,543)	(1,543)	(1,543)
Change in the term	(1,543)	(1,543)	7,971
Balance at end of year	5,349	5,349	104,956

For The Year Ended March 31, 2017

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus				Total Shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other Earned surplus		Total Earned surplus	
						General reserve	Earned surplus brought forward		
Balance at beginning of year	17,180	11,729	2,000	13,729	685	24,606	43,405	68,696	99,606
Dividends of surplus							(38,407)	(38,407)	(38,407)
Net profit							25,637	25,637	25,637
Other-net									
Change in the term	-	-	-	-	-	-	(12,769)	(12,769)	(12,769)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	30,635	55,927	86,837

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total Valuation and translation adjustments	
Balance at beginning of year	5,349	5,349	104,956
Dividends of surplus			(38,407)
Net profit			25,637
Other-net	(5,308)	(5,308)	(5,308)
Change in the term	(5,308)	(5,308)	(18,078)
Balance at end of year	41	41	86,878

Significant Accounting Policies

1. Basis and Method of Valuation for Securities
Securities held are accounted for as follows:
 - (1) Stocks of subsidiaries and affiliates Recorded at cost using the moving average method
 - (2) Other Securities:
 - (i) with market value Recorded at market value
The difference between the cost using the moving average method and market value less deferred tax is recorded as “Net unrealized gain on investments” in “shareholder’s equity” on the balance sheet.
 - (ii) without market value Recorded at cost using the moving average method
2. Basis and Method of Valuation for Money In Trust
Recorded at fair value
3. Depreciation/Amortization Method of Fixed Assets
 - (1) Depreciation of tangible fixed assets
Tangible fixed assets are depreciated by the declining-balance method, except for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and both facilities attached to buildings and structures acquired on or after April 1, 2016, which are depreciated by the straight-line method.
 - (2) Amortization of intangible assets
Intangible assets are amortized primarily over their estimated useful lives on the straight-line method.
4. Provisions
 - (1) Allowance for doubtful accounts
To provide mainly for loan losses, the company made provisions for doubtful accounts based on an estimate of the maximum uncollectible amount calculated using its historical loss ratio or a reasonable estimate based on financial condition of individual borrowers.
 - (2) Accrued bonuses
To provide for bonus payments, accrual is recorded at the estimated amount to be paid as future bonuses to employees.
 - (3) Reserve for retirement benefits
Allowance for retirement benefits is provided for future payments of retirement benefits to employees at an estimated amount based on the retirement benefit obligation and the fair value of the pension plan assets.
The benefit formula method is used for attributing the estimated future payments to the amount of allowance for retirement benefits in this fiscal year.
Any actuarial differences arising from the tax-qualified pension plan are amortized from the following fiscal year when the differences arose by the straight-line method over a period within the average remaining years of service of the eligible employees, while those arising from the lump-sum payment plan are fully expensed in the following fiscal year when the differences arose. Prior service costs arising from the lump-sum payment plan and tax-qualified pension plan are amortized by the straight-line method over a period within the average remaining years of service of the eligible employees from the fiscal year when they were incurred.
 - (4) Reserve for loss on distribution of income and redemption after expiration
To provide for investment trust distribution of income and investment trust redemption money recognized as revenue by prescription, the estimated amount of payments in the future is recorded, based on actual payments.

5. Accounting for Consumption Taxes
National and local consumption taxes are accounted for based on the tax exclusion method.
6. Consolidated Tax Return System
Consolidated tax return system is applied.

Changes in Accounting Policies

Practical treatment concerning the change in depreciation method related to tax reform in FY2016 "(PITF No. 32, June 17, 2016) was applied in the period in accordance with the revision of the Corporation Tax Law And the depreciation method for facilities attached to buildings and structures acquired on or after March 31, 2016 has been changed from the declining balance method to the straight-line method.

The effect on financial statements during the reporting period is insignificant.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2016	March 31, 2017
	<u>3,774</u>	<u>4,013</u>

Notes to Income Statement Information

1. Special Profits consist of the following:

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2016	March 31, 2017
Gain on sales of investment securities and other	50	26
Gain on liquidation of subsidiaries and associates	-	41
Receipt of stock option income	96	59

2. Special Losses consist of the following:

	(Millions of yen)	
	Year Ended	Year Ended
	March 31, 2016	March 31, 2017
Loss on sales of investment securities	95	-
Loss on valuation of investment securities and other	-	6
Loss on disposal of fixed assets	60	9

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2016	March 31, 2017	Increase (Decrease)
Unit Type	122	108	(14)
Open Type	16,472	19,667	3,194
Stock Investment Trusts - Public	16,594	19,775	3,180
Bond Investment Trusts	590	480	(110)
Money Management Fund	508	55	(452)
Others	5,259	5,074	(185)
Bond Investment Trusts - Public	6,358	5,610	(747)
Unit Type	1,748	1,940	192
Open Type	1,500	1,944	443
Private Investment Trusts	3,248	3,885	636
Total	26,201	29,271	3,069

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	March 31, 2016	March 31, 2017	Increase (Decrease)
Domestic - General	243	234	(9)
Domestic - Pension	7,446	8,081	635
Overseas	5,287	4,931	(356)
Total	12,977	13,247	269

Quarterly Income Statement Information

(Millions of yen)

	1st quarter From April 1, 2016 To June 30, 2016	2nd quarter From July 1, 2016 To September 30, 2016	3rd quarter From October 1, 2016 To December 31, 2016	4th quarter From January 1, 2017 To March 31, 2017	For the year From April 1, 2016 To March 31, 2017
Operating revenue	30,591	30,143	31,732	32,858	125,327
Investment trust management fees	23,313	23,256	24,367	25,656	96,594
Investment advisory fees	7,221	6,830	7,279	7,134	28,466
Other operating revenue	55	56	86	67	266
Operating expenses	17,992	17,702	18,588	18,971	73,254
Commissions	9,802	9,655	9,985	10,341	39,785
Research	6,710	6,481	6,839	6,726	26,758
Other operating expenses	1,479	1,566	1,762	1,902	6,711
General and administrative expenses	6,124	6,541	6,817	6,576	26,059
Operating income	6,474	5,899	6,327	7,311	26,012
Non-operating income	3,579	2,447	2,076	357	8,461
Non-operating expenses	38	(11)	16	33	77
Ordinary income	10,015	8,359	8,386	7,635	34,397
Special profits	13	63	15	34	126
Special losses	-	-	9	6	15
Income before income taxes	10,028	8,422	8,392	7,663	34,507
Income taxes - current	1,093	1,051	2,177	2,825	7,147
Income taxes - deferred	1,482	1,042	(233)	(568)	1,722
Net income	7,452	6,329	6,448	5,407	25,637