

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Year Ended March 31, 2018
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
Assets			
Current assets	94,066	105,048	10,982
Cash and cash equivalents	127	919	792
Money held in trust	52,247	47,936	(4,311)
Securities	15,700	22,600	6,900
Accrued investment trust management fees	16,287	24,059	7,772
Accrued investment advisory fees	7,481	6,764	(717)
Deferred tax assets	1,661	2,111	450
Other current assets	573	672	99
Allowance for doubtful accounts	(11)	(15)	(3)
Fixed assets	21,353	21,857	504
Tangible fixed assets	1,001	874	(127)
Intangible fixed assets	7,185	7,157	(27)
Investments and other	13,165	13,825	660
Investment securities	1,233	1,184	(49)
Investment in subsidiaries and affiliates	8,124	9,033	909
Long-term guarantee deposits	44	54	9
Prepaid pension cost	2,594	2,350	(244)
Deferred tax assets	960	962	2
Other investments	208	241	32
Allowance for doubtful accounts	-	(0)	(0)
Total assets	115,419	126,906	11,487

(Millions of Yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
Liabilities			
Current liabilities	25,055	37,329	12,274
Investment trust distribution of income payable	1	1	(0)
Investment trust redemptions payable	31	31	(0)
Accrued commission payable	5,242	7,884	2,642
Other accounts payable	5,126	9,936	4,809
Accrued expenses	9,461	12,441	2,979
Accrued income taxes	714	2,241	1,526
Accrued bonuses	4,339	4,626	286
Other current liabilities	137	167	29
Long-term liabilities	3,485	3,486	1
Reserve for retirement benefits	2,947	2,938	(8)
Reserve for loss on distribution of income and redemption after expiration	538	548	10
Total liabilities	28,540	40,816	12,275
Shareholder's equity	86,837	86,078	(758)
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	55,927	55,168	(758)
Earned surplus reserve	685	685	-
Other earned surplus	55,242	54,483	(758)
General reserve	24,606	24,606	-
Earned surplus brought forward	30,635	29,876	(758)
Valuation and translation adjustments	41	11	(29)
Net unrealized gain on investments	41	11	(29)
Total net assets	86,878	86,090	(788)
Total liabilities and net assets	115,419	126,906	11,487

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Year Ended March 31, 2017 (A)	Year Ended March 31, 2018 (B)	Comparison B/A (%)
Operating revenue	125,327	142,447	113.7
Investment trust management fees	96,594	115,907	120.0
Investment advisory fees	28,466	26,200	92.0
Other operating revenue	266	338	127.2
Operating expenses	73,254	83,689	114.2
Commissions	39,785	45,252	113.7
Research	26,758	30,516	114.0
Other operating expenses	6,711	7,921	118.0
General and administrative expenses	26,059	27,609	105.9
Compensation and benefits	14,270	14,750	103.4
Occupancy	1,222	1,221	99.9
Depreciation of fixed assets	2,730	2,706	99.1
Other general and administrative expenses	7,835	8,930	114.0
Operating income	26,012	31,148	119.7
Non-operating income	8,461	4,398	52.0
Non-operating expenses	77	405	524.9
Ordinary income	34,397	35,141	102.2
Special profits	126	95	75.2
Special losses	15	60	382.2
Income before income taxes	34,507	35,176	101.9
Income taxes - current	7,147	10,775	150.8
Income taxes - deferred	1,722	(439)	-
Net income	25,637	24,840	96.9

Nomura Asset Management Co., Ltd.
Unconsolidated Statements of Shareholder's Equity (Unaudited)
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

For The Year Ended March 31, 2018

(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	30,635	55,927	86,837
Dividends of surplus							(25,598)	(25,598)	(25,598)
Net profit							24,840	24,840	24,840
Other-net									
Change in the term	—	—	—	—	—	—	(758)	(758)	(758)
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	29,876	55,168	86,078

(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	41	41	86,878
Dividends of surplus			(25,598)
Net profit			24,840
Other-net	(29)	(29)	(29)
Change in the term	(29)	(29)	(788)
Balance at end of year	11	11	86,090

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.

Notes to Balance Sheet Information

1. Accumulated Depreciation on Tangible Fixed Assets

	Year Ended March 31, 2017	(Millions of yen) Year Ended March 31, 2018
	<u>4,013</u>	<u>4,200</u>

Notes to Income Statement Information

1. Special Profits consist of the following:

	Year Ended March 31, 2017	(Millions of yen) Year Ended March 31, 2018
Gain on sales of investment securities and other	26	20
Gain on liquidation of subsidiaries and associates	41	-
Receipt of stock option income	59	75

2. Special Losses consist of the following:

	Year Ended March 31, 2017	(Millions of yen) Year Ended March 31, 2018
Loss on valuation of investment securities and other	6	2
Loss on disposal of fixed assets	9	58

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
Unit Type	108	132	24
Open Type	19,667	24,428	4,761
Stock Investment Trusts - Public	19,775	24,561	4,786
Bond Investment Trusts	480	428	(51)
Money Reserve Fund	5,074	4,973	(100)
Others	55	0	(55)
Bond Investment Trusts - Public	5,610	5,402	(207)
Unit Type	1,940	2,343	402
Open Type	1,944	1,783	(160)
Private Investment Trusts	3,885	4,127	241
Total	29,271	34,091	4,820

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	March 31, 2017	March 31, 2018	Increase (Decrease)
Domestic - General	234	227	(6)
Domestic - Pension	8,081	8,860	779
Overseas	4,931	3,788	(1,143)
Total	13,247	12,876	(370)

Quarterly Income Statement Information

(Millions of yen)

	1st quarter From April 1, 2017 To June 30, 2017	2nd quarter From July 1, 2017 To September 30, 2017	3rd quarter From October 1, 2017 To December 31, 2017	4th quarter From January 1, 2018 To March 31, 2018	For the year From April 1, 2017 To March 31, 2018
Operating revenue	34,164	35,004	36,745	36,532	142,447
Investment trust management fees	26,723	28,312	30,354	30,517	115,907
Investment advisory fees	7,378	6,594	6,307	5,919	26,200
Other operating revenue	61	97	83	95	338
Operating expenses	20,025	20,439	21,601	21,622	83,689
Commissions	10,691	11,235	11,801	11,523	45,252
Research	7,561	7,435	7,802	7,716	30,516
Other operating expenses	1,773	1,767	1,997	2,382	7,921
General and administrative expenses	6,495	6,916	7,143	7,054	27,609
Operating income	7,643	7,649	8,000	7,855	31,148
Non-operating income	1,458	2,977	532	(569)	4,398
Non-operating expenses	82	8	(8)	323	405
Ordinary income	9,018	10,617	8,541	6,963	35,141
Special profits	11	21	21	40	95
Special losses	3	6	0	50	60
Income before income taxes	9,026	10,632	8,563	6,953	35,176
Income taxes - current	1,793	2,908	3,025	3,048	10,775
Income taxes - deferred	1,115	(493)	(375)	(685)	(439)
Net income	6,118	8,217	5,913	4,591	24,840