

NOMURA ASSET MANAGEMENT

Nomura Asset Management Co., Ltd.
Financial Summary (Unconsolidated)
For The Year Ended March 31, 2019
(Unaudited)

Nomura Asset Management Co., Ltd.

Unconsolidated Balance Sheet Information (Unaudited)

(Millions of Yen)

	March 31, 2018	March 31, 2019	Increase (Decrease)
Assets			
Current assets	105,048	98,917	(6,130)
Cash and cash equivalents	919	1,562	643
Money held in trust	47,936	45,493	(2,442)
Securities	22,600	19,900	(2,700)
Accrued investment trust management fees	24,059	25,246	1,186
Accrued investment advisory fees	6,764	5,933	(830)
Deferred tax assets	2,111	-	(2,111)
Other current assets	672	797	124
Allowance for doubtful accounts	(15)	(15)	(0)
Fixed assets	21,857	25,761	3,903
Tangible fixed assets	874	714	(160)
Intangible fixed assets	7,157	6,438	(718)
Investments and other	13,825	18,608	4,782
Investment securities	1,184	1,562	378
Investment in subsidiaries and affiliates	9,033	12,631	3,597
Long-term guarantee deposits	54	235	180
Prepaid pension cost	2,350	2,001	(349)
Deferred tax assets	962	2,694	1,731
Other investments	241	191	(50)
Allowance for doubtful accounts	(0)	-	0
Allowance for investment loss	-	(707)	(707)
Total assets	126,906	124,679	(2,227)

(Millions of Yen)

	March 31, 2018	March 31, 2019	Increase (Decrease)
Liabilities			
Current liabilities	37,329	33,942	(3,387)
Investment trust distribution of income payable	1	0	(0)
Investment trust redemptions payable	31	25	(5)
Accrued commission payable	7,884	7,724	(160)
Accounts payable to subsidiaries and affiliates	7,930	7,422	(508)
Other accounts payable	2,005	1,535	(469)
Accrued expenses	12,441	11,704	(736)
Accrued income taxes	2,241	1,560	(681)
Accrued bonuses	4,626	3,792	(833)
Other current liabilities	167	175	8
Long-term liabilities	3,486	3,777	291
Reserve for retirement benefits	2,938	3,219	281
Reserve for loss on distribution of income and redemption after expiration	548	558	10
Total liabilities	40,816	37,720	(3,096)
Shareholder's equity	86,078	86,924	846
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	55,168	56,014	846
Earned surplus reserve	685	685	-
Other earned surplus	54,483	55,329	846
General reserve	24,606	24,606	-
Earned surplus brought forward	29,876	30,723	846
Valuation and translation adjustments	11	33	21
Net unrealized gain on investments	11	33	21
Total net assets	86,090	86,958	868
Total liabilities and net assets	126,906	124,679	(2,227)

Nomura Asset Management Co., Ltd.

Unconsolidated Income Statement Information (Unaudited)

(Millions of Yen)

	Year Ended March 31, 2018 (A)	Year Ended March 31, 2019 (B)	Comparison B/A (%)
Operating revenue	142,447	140,992	99.0
Investment trust management fees	115,907	119,196	102.8
Investment advisory fees	26,200	21,440	81.8
Other operating revenue	338	355	104.9
Operating expenses	83,689	80,715	96.4
Commissions	45,252	42,675	94.3
Research	30,516	30,082	98.6
Other operating expenses	7,921	7,957	100.5
General and administrative expenses	27,609	28,433	103.0
Compensation and benefits	14,750	14,358	97.3
Occupancy	1,221	1,223	100.2
Depreciation of fixed assets	2,706	2,835	104.8
Other general and administrative expenses	8,930	10,015	112.1
Operating income	31,148	31,843	102.2
Non-operating income	4,398	6,964	158.3
Non-operating expenses	405	585	144.3
Ordinary income	35,141	38,222	108.8
Special profits	95	135	142.5
Special losses	60	2,118	3,482.1
Income before income taxes	35,176	36,239	103.0
Income taxes - current	10,775	10,196	94.6
Income taxes - deferred	(439)	370	-
Net income	24,840	25,672	103.4

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

For The Year Ended March 31, 2019

(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	29,876	55,168	86,078
Dividends of surplus							(24,826)	(24,826)	(24,826)
Net profit							25,672	25,672	25,672
Other-net									
Change in the term	-	-	-	-	-	-	846	846	846
Balance at end of year	17,180	11,729	2,000	13,729	685	24,606	30,723	56,014	86,924

(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	11	11	86,090
Dividends of surplus			(24,826)
Net profit			25,672
Other-net	21	21	21
Change in the term	21	21	868
Balance at end of year	33	33	86,958

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) Allowance for investment loss

To provide for valuation losses on the investment of subsidiaries and affiliates, an estimated amount of future losses is recorded based on the financial position of those companies.

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, 2018	(Millions of yen) Year Ended March 31, 2019
	<u>4,200</u>	<u>3,842</u>

Notes to Income Statement Information

1. Special Profits consist of the following:

	Year Ended March 31, 2018	(Millions of yen) Year Ended March 31, 2019
Gain on sales of investment securities and other	20	20
Gain on liquidation of subsidiaries and affiliates	-	29
Receipt of stock option income	75	85

2. Special Losses consist of the following:

	Year Ended March 31, 2018	(Millions of yen) Year Ended March 31, 2019
Loss on valuation of investment securities and other	2	938
Loss on valuation of investments in subsidiaries and affiliates	-	161
Loss on disposal of fixed assets	58	310
Provision of allowance for investment loss	-	707

Supplementary Information

1. Net Assets of Investment Trusts

(Billions of yen)

	March 31, 2018	March 31, 2019	Increase (Decrease)
Unit Type	132	162	30
Open Type	24,428	25,925	1,496
Stock Investment Trusts - Public	24,561	26,088	1,527
Bond Investment Trusts	428	395	(33)
Money Reserve Fund	4,973	4,759	(213)
Others	0	0	0
Bond Investment Trusts - Public	5,402	5,155	(247)
Unit Type	2,343	2,633	290
Open Type	1,783	1,728	(55)
Private Investment Trusts	4,127	4,362	235
Total	34,091	35,606	1,514

2. Assets under Investment Management and Advisory Contracts

(Billions of yen)

	March 31, 2018	March 31, 2019	Increase (Decrease)
Domestic - General	227	253	25
Domestic - Pension	8,860	8,684	(175)
Overseas	3,788	3,031	(756)
Total	12,876	11,969	(907)

Quarterly Income Statement Information

(Millions of yen)

	1st quarter From April 1, 2018 To June 30, 2018	2nd quarter From July 1, 2018 To September 30, 2018	3rd quarter From October 1, 2018 To December 31, 2018	4th quarter From January 1, 2019 To March 31, 2019	For the year From April 1, 2018 To March 31, 2019
Operating revenue	36,499	36,358	34,111	34,022	140,992
Investment trust management fees	30,504	30,275	29,476	28,939	119,196
Investment advisory fees	5,915	5,989	4,530	5,005	21,440
Other operating revenue	79	92	104	77	355
Operating expenses	21,159	21,041	19,331	19,182	80,715
Commissions	11,220	10,977	10,387	10,089	42,675
Research	7,997	8,156	6,977	6,951	30,082
Other operating expenses	1,941	1,907	1,967	2,141	7,957
General and administrative expenses	7,254	7,221	7,046	6,911	28,433
Operating income	8,085	8,095	7,733	7,928	31,843
Non-operating income	1,864	4,948	78	72	6,964
Non-operating expenses	195	(11)	867	(466)	585
Ordinary income	9,754	13,056	6,944	8,467	38,222
Special profits	13	25	24	72	135
Special losses	-	153	717	1,247	2,118
Income before income taxes	9,767	12,927	6,250	7,293	36,239
Income taxes - current	1,895	3,225	2,287	2,788	10,196
Income taxes - deferred	1,377	(449)	(189)	(367)	370
Net income	6,494	10,152	4,152	4,873	25,672