

## Nomura Reports Second Quarter Financial Results

- Retail and Asset Management remained resilient reporting continued inflows despite a slowdown in Japan.
- Wholesale revenues impacted by poor macro economic environment, but Global Markets client-related businesses continued to grow and M&A revenues were up on strong cross-border activity
- Plans to further recalibrate operations in line with market and revenue opportunities

**Tokyo, November 1, 2011**—Nomura Holdings, Inc. today announced its consolidated financial results for the second quarter of the fiscal year ending March 31, 2012.

Net revenue for the second quarter was 301.6 billion yen (US\$3.9 billion)<sup>1</sup>, a decline of 9 percent on the previous quarter and an increase of 9 percent compared to the same quarter last year. Loss before income taxes was 44.6 billion yen (US\$579 million) and a net loss attributable to Nomura Holdings shareholders was 46.1 billion yen (US\$598 million).

For the six months ended September 30, Nomura reported net revenue of 632 billion yen (US\$8.2 billion), a loss before income taxes of 10.3 billion yen (US\$133 million) and a net loss attributable to Nomura Holdings shareholders of 28.3 billion yen (US\$368 million).

“We faced a challenging quarter as market conditions deteriorated as a result of the ongoing eurozone debt crisis. Our Retail and Asset Management businesses remained resilient despite a slowdown in Japan. Although Wholesale results were impacted by subdued client trading and a decline in financing activity, we made steady progress in our client-focused solutions business,” said Kenichi Watanabe, Nomura’s Group CEO.

“Given that market conditions are expected to remain challenging over the short term, we plan to reduce costs by a combined \$1.2 billion, which includes the \$400 million in reductions announced last quarter. We remain committed to delivering value to our clients, maintaining the significance of our global network, and ensuring we have a healthy financial position as a global investment bank headquartered in Asia.”

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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 77.04 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 September 30, 2011. 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.

**Divisional Performance**
**Retail**

	FY2011/12 Q2	QoQ	YoY
<b>Net revenue</b>	Y84.0bn	-11%	-4%
<b>Income before income taxes</b>	Y10.7bn	-51%	-53%

Net revenue in Retail was 84 billion yen, down 11 percent quarter on quarter and 4 percent year on year. Income before income taxes declined 51 percent sequentially and 53 percent from the prior year to 10.7 billion yen.

Although Retail client assets declined by 4.3 trillion yen compared to the end of last quarter due to market related factors, Nomura reported net client asset inflows of 1.1 trillion yen during the second quarter, driven by product diversification across asset classes and currencies.

**Asset Management**

	FY2011/12 Q2	QoQ	YoY
<b>Net revenue</b>	Y16.0bn	-15%	-1%
<b>Income before income taxes</b>	Y4.7bn	-37%	+13%

Asset Management net revenue declined 15 percent on the previous quarter and 1 percent compared to the second quarter last year to 16 billion yen. Income before income taxes was down 37 percent quarter on quarter, but up 13 percent year on year at 4.7 billion yen.

Nomura continued to see firm inflows into existing funds for Japanese stocks and maintained its high market share in exchange traded funds with second quarter net inflows of Y236.1bn driven by products linked to Japanese stock indices. Nomura's share of Japan's ETF market was 52.5 percent as of the end of September.

In the international investment advisory business, Nomura reported inflows from sovereign wealth funds and overseas pension funds through a diverse range of products including Japanese equities, Asian equities, and global bonds.

**Wholesale**

	FY2011/12 Q2	QoQ	YoY
<b>Net revenue</b>	Y79.3bn	-44%	-51%
<b>Loss before income taxes</b>	Y73.1bn	–	–

Wholesale reported net revenue of 79.3 billion yen, a decline of 44 percent on the previous quarter, and 51 percent down on the same period last year. Loss before income taxes was 73.1 billion yen.

Client-related businesses remained resilient in Global Markets. However, the challenging conditions, particularly in Europe, resulted in a quarter on quarter 44 percent fall in revenues to 72.6 billion yen.

In Fixed Income, a strong performance in Japan, and in Global Macro, could not offset weak market conditions and revenues were down 32 percent on the previous quarter. Equities revenues fell 41 percent from the previous quarter, as the business continued to contend with challenging markets.

Investment Banking was hit by a 40 percent quarter on quarter decline in the global investment banking fee pool, the lowest figure since 2002. As a result, net revenue fell 40 percent on the previous quarter. While mergers and acquisitions revenues were up thanks to strong cross-border activity and there was a big increase in debt capital market activity, particularly from financial institutions, these could not offset weakness elsewhere.

### **Financial Position**

Nomura maintains a robust financial position and a healthy balance sheet. As of the end of September, Nomura's total capital ratio was 19.6 percent and its Tier 1 ratio was 15.8 percent. Nomura had total assets of 36.9 trillion yen and shareholders' equity of 2 trillion yen. Gross leverage was 18.1 times and net leverage was 11 times. All figures are on a preliminary basis.

### **Strategic Initiatives**

Nomura also announced today plans to further recalibrate its operations in line with market and revenue opportunities, given the uncertain outlook for the global economy and financial markets. By refocusing its business and driving cost efficiencies, Nomura aims to return to profit by lowering its break even point.

Specifically, these plans will rebalance the firm's resources across regions while maintaining the global franchise. In the Americas, Nomura will continue to pursue organic growth. In Asia, a strategically important region for the firm, Nomura will strengthen its integrated management across Asia including Japan. Nomura's focus in EMEA going forward will be to lay a foundation for future growth under a new cost structure.

Nomura is aiming to implement combined cost reductions of 1.2 billion dollars, including the 400 million dollar reduction announced last quarter. The reductions are a firm-wide initiative, primarily focused on the Wholesale business.

### **Dividends**

For the first half of the current fiscal year, Nomura has declared a dividend of 4 yen per share to shareholders of record as of September 30, 2011. The dividend will be paid on December 1, 2011.

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## Nomura

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