

## Nomura Reports Second Quarter Financial Results

- First half net income of Y115.3bn represents second highest level since FY2001/02
- All business divisions reported stronger first half net revenue and pretax income YoY
- Robust financial position with total capital ratio of 15 percent and Tier 1 capital ratio of 13.1 percent under Basel III

**Tokyo, October 28, 2015**—Nomura Holdings, Inc. today announced its consolidated financial results for the second quarter and first half of the fiscal year ending March 31, 2016.

Net revenue for the second quarter was 336.6 billion yen (US\$2.8 billion)<sup>1</sup>, down 21 percent quarter on quarter and 10 percent year on year. Income before income taxes decreased 81 percent from last quarter and 73 percent compared to the second quarter last year to 19.9 billion yen (US\$166 million). Net income attributable to Nomura Holdings shareholders decreased 32 percent quarter on quarter and 12 percent year on year to 46.6 billion yen (US\$389 million).

For the six months ended September 30, Nomura reported net revenue of 760.6 billion yen (US\$6.3 billion), up 2 percent from the same period last year. Income before income taxes rose 0.2 percent to 125.9 billion yen (US\$1.1 billion), and net income attributable to Nomura Holdings shareholders was 115.3 billion yen (US\$962 million), jumping 59 percent year on year.

“We saw a slowdown in the second quarter with our earnings impacted by challenging market conditions and a settlement to resolve legal proceedings. However, for the six months to September, revenues and income increased year on year across all businesses, highlighting the progress we have made to improve profitability,” said Nomura Group CEO Koji Nagai.

“Our Retail business reported stronger sales of stocks compared to last quarter and recurring revenue continued to grow. Asset Management revenues declined as assets under management slipped due to market factors, but inflows into ETFs and investment trusts remained solid. In Wholesale, Global Markets was impacted by market conditions, while Investment Banking booked higher revenues on the back of a robust quarter in the ECM business.

“Looking ahead, we remain focused on connecting markets east and west as Asia’s global investment bank to deliver value-added products and services to our clients and contribute to economic growth.”

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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 119.81 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, 2015. 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

(billions of yen)	FY2015/16 Q2	QoQ	YoY
<b>Net revenue</b>	115.7	-12%	-2%
<b>Income before income taxes</b>	36.7	-28%	-5%

Retail net revenue decreased 12 percent quarter on quarter to 115.7 billion yen, representing a decline of 2 percent year on year. Income before income taxes dropped 28 percent quarter on quarter and declined 5 percent year on year to 36.7 billion yen. Sales of stocks increased significantly driven by contributions from primary deals, but investment trusts and secondary market stocks were sluggish as investors sat on the sidelines due to the sudden market corrections since mid-August.

Nomura continued to gain traction in transforming its business model. Second quarter annualized recurring revenue was 78.3 billion yen, roughly unchanged from the previous quarter despite the sharp market decline. Nomura reported ongoing inflows and steady growth in client assets in discretionary investments. Sales of insurance products were also solid as Nomura focused on meeting the estate planning and cash flow needs of our retail clients.

### Asset Management

(billions of yen)	FY2015/16 Q2	QoQ	YoY
<b>Net revenue</b>	22.9	-15%	+5%
<b>Income before income taxes</b>	8.4	-28%	+8%

Asset Management net revenue was 22.9 billion yen, a decline of 15 percent compared to last quarter and an increase of 5 percent over the same period last year. Income before income taxes declined 28 percent quarter on quarter but increased 8 percent year on year to 8.4 billion yen.

Assets under management stood at 40 trillion yen and Nomura's share of the public investment trust market in Japan grew from last quarter to 24.9 percent. The investment trust business reported ongoing inflows into ETFs, Japan stock funds, products for discretionary investments, and privately placed investment trusts for regional financial institutions. The investment advisory business won a mandate from a Japanese public pension fund to manage foreign bonds and saw a rise in mandates in Latin America.

## Wholesale

(billions of yen)	FY2015/16 Q2	QoQ	YoY
<b>Net revenue</b>	192.9	-6%	+1%
<b>Income before income taxes</b>	8.6	-56%	-61%

Wholesale booked net revenue of 192.9 billion yen, a 6 percent decrease quarter on quarter but a 1 percent increase year on year. Income before income taxes dropped 56 percent quarter on quarter and 61 percent year on year to 8.6 billion yen.

Global Markets reported softer revenues as a result of the sudden corrections in the equities markets and the widening of credit spreads. However, client revenues remained resilient amid declining market volumes for many products. In Fixed Income, stronger revenues in Rates and an improvement in Emerging Markets FX offset a slowdown in Securitized Products and Credit. Equities revenues declined from the strong first quarter as trading was slow, particularly in Derivatives.

Investment Banking gross revenue was the strongest since the three months to December 2009, driven by ECM. International revenues were softer than last quarter, but increased year on year amid a decline in the overall fee pool.

## 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 15.0 percent and its Tier 1 ratio was 13.1 percent under Basel III. Nomura had total assets of 44.0 trillion yen and shareholders' equity of 2.8 trillion yen. Gross leverage was 15.9 times and net leverage was 9.7 times. All figures are on a preliminary basis.

## Shareholder Returns

For the first half of the current fiscal year, Nomura has declared a dividend of 10 yen per share to shareholders of record as of September 30, 2015. The dividend is scheduled to be paid on December 1, 2015.

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## Nomura

Nomura is an Asia-based financial services group with an integrated global network spanning over 30 countries. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its three business divisions: Retail, Asset Management, and Wholesale (Global Markets and Investment Banking). Founded in 1925, the firm is built on a tradition of disciplined entrepreneurship, serving clients with creative solutions and considered thought leadership. For further information about Nomura, visit [www.nomura.com](http://www.nomura.com).

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