

Nomura Reports First Quarter Financial Results

- Strong performance in international businesses driven by significant lowering of breakeven point
- Retail performance slowed but business model transformation continued with improved net inflows into discretionary investments
- Asset Management pretax income at highest level since second quarter of FY2007/08
- Strong rebound in Wholesale with revenue growth in Fixed Income across all regions and products, offsetting lower revenues in Equities
- Investment Banking revenues declined but international performance recovered driven by improvement in the Americas

Tokyo, July 28, 2016—Nomura Holdings, Inc. today announced its consolidated financial results for the first quarter of the fiscal year ending March 31, 2017.

Net revenue in the first quarter was 338.5 billion yen (US\$3.3 billion)¹, income before income taxes was 62.8 billion yen (US\$611 million), and net income attributable to Nomura Holdings shareholders was 46.8 billion yen (US\$456 million).

“We reported a strong rebound in both pretax and net income this quarter driven by a solid performance in our Wholesale business,” said Nomura Group CEO Koji Nagai.

“Although revenues declined in our Retail business amid the ongoing volatile market conditions, we maintained close dialog with our clients, reporting net inflows into discretionary investments and investment trusts. Asset Management booked higher revenues and pretax income, despite assets under management declining due to market factors. Wholesale reported significantly higher revenues and pretax income as improved client activity and trading conditions lifted Fixed Income revenues and cost reductions in our international business took effect.

“Looking ahead, we will continue to respond swiftly to changes in client needs and the market, and transform our business model to reinforce our position as Asia’s global investment bank.”

¹ US dollar amounts are included solely for the convenience of the reader and have been translated at the rate of 102.77 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 June 30, 2016. 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

	FY2016/17 Q1	QoQ	YoY
Net revenue	Y83.8bn	-1%	-36%
Income before income taxes	Y8.7bn	-29%	-83%

Retail reported net revenue of 83.7 billion yen, down 1 percent quarter on quarter and 36 percent year on year. Income before income taxes dropped 29 percent from the previous quarter and 83 percent from the same quarter last year to 8.7 billion yen.

Revenues remained soft in the fourth quarter as choppy market conditions prompted retail investors to remain on the sidelines. Despite the quarterly decline in sales of stocks and bonds, net inflows into discretionary investments recovered from the previous quarter and recurring revenues were roughly unchanged, highlighting Nomura's continued focus to transform its Retail business model.

Asset Management

	FY2016/17 Q1	QoQ	YoY
Net revenue	Y25.9bn	+28%	-4%
Income before income taxes	Y12.2bn	+112%	+4%

Asset Management net revenue was 25.9 billion yen, up 28 percent quarter on quarter and down 4 percent year on year. Income before income taxes jumped 112 percent over last quarter and 4 percent from last year to 12.2 billion yen.

Dividend income and realized gains from the potential liquidation of an overseas entity boosted the division's pretax income to its highest level since the second quarter of the fiscal year ended March 2008. In the investment trust business, Nomura saw continued inflows into privately placed funds for regional financial institutions and investment trusts for discretionary investments. In the investment advisory business, US high yield products continued to book inflows, and Nomura Corporate Research and Asset Management won a further mandate to manage non-Nomura mutual funds in the US.

Following the completion of Nomura's acquisition of an approximately 41% economic interest in American Century Investments in May, the two companies established the ACI-NAM Business Opportunities Committee, co-chaired by the CEOs of Nomura Asset Management and American Century Investments and designed to find opportunities for business growth.

Wholesale

	FY2016/17 Q1	QoQ	YoY
Net revenue	Y190.9bn	+40%	-7%
Income before income taxes	Y46.6bn	-	137%

Wholesale rebounded strongly from the weak fourth quarter, booking net revenue of 190.9 billion yen, up 40 percent from last quarter but down 7 percent from the first quarter last year. Income before income taxes marked a significant improvement over the same period last year, increasing 137 percent year on year to 46.6 billion yen.

The recovery in Wholesale was driven by significant revenue growth in Fixed Income across all regions and products, on the back of an uptick in client activity and improved trading conditions. Led by strong performance in Rates, Fixed Income revenues were up 3.9 times quarter on quarter and 28 percent year on year. This offset the slowdown in Equities which reported lower revenues from the last quarter when the company booked a realized gain from the sale of Chi-X shares.

Investment Banking revenues were down from last quarter and the same period last year due mainly to a decline in ECM transactions. However, international revenues were up quarter on quarter, driven by improvements in the Americas. During the quarter, Nomura managed a number of cross-border transactions, including US Albany Molecular Research's acquisition of Prime European Therapeutics and Musashi Seimitsu Industry's acquisition of Germany's Hay Holding. We also supported a number of large bond issuances by financial institutions and SSAs in Europe.

Financial Position

Nomura maintains a robust financial position and a healthy balance sheet. As of the end of June, Nomura had total assets of 42.9 trillion yen and shareholders' equity of 2.6 trillion yen. Nomura's Tier 1 capital ratio was 16.9 percent and CET 1 capital ratio was 16.3 under Basel 3. All figures are on a preliminary basis.

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Nomura

Nomura is an Asia-headquartered 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.

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