

Nomura Reports Second Quarter Financial Results

- First half net income at high level, exceeding Y100bn for second straight year
- International operations reported strong performance for two consecutive quarters
- Retail recovered from slow first quarter with increased client assets in discretionary investments
- Asset Management saw quarterly AuM growth with continued inflows into international products
- Wholesale pretax income increased 4.6x year-on-year on Fixed Income growth and cost reduction effect

Tokyo, October 27, 2016—Nomura Holdings, Inc. today announced its consolidated financial results for the second quarter and first half of the fiscal year ending March 31, 2017.

Net revenue for the second quarter was 347 billion yen (US\$3.4 billion)¹, up 3 percent quarter on quarter and 3 percent year on year. Income before income taxes increased 30 percent from last quarter and 4.1 times compared to the second quarter last year to 81.8 billion yen (US\$808 million). Net income attributable to Nomura Holdings shareholders increased 31 percent quarter on quarter and 31 percent year on year to 61.2 billion yen (US\$604 million).

For the six months to September, Nomura reported net revenue of 685.5 billion yen (US\$6.8 billion), down 10 percent from the same period last year. Income before income taxes rose 15 percent to 144.5 billion yen (US\$1.4 billion), and net income attributable to Nomura Holdings shareholders was 108 billion yen (US\$1.1 billion), down 6 percent year on year.

“We had a solid second quarter, posting stronger results both quarter on quarter and year on year. For the six months to September, we delivered solid revenues as international profitability improved on the back of strategic changes in EMEA and the Americas,” said Nomura Group CEO Koji Nagai.

“Retail reported stronger revenues and pretax income and booked net inflows into discretionary investments and investment trusts as we continued to transform our Retail business model. Asset Management revenues declined from the last quarter which included one-off gains, but assets under management increased due to market factors and inflows into ETFs. Wholesale pretax income remained strong, driven by solid business performance and the benefits of cost reductions.

“Into the second half of the year, 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 101.21 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, 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

(billions of yen)	FY2016/17 Q2	QoQ	YoY
Net revenue	86.2	+3%	-26%
Income before income taxes	14.4	+66%	-61%

Retail net revenue increased 3 percent quarter on quarter to 86.2 billion yen, representing a decline of 26 percent year on year. Income before income taxes rose 66 percent quarter on quarter and declined 61 percent year on year to 14.4 billion yen.

The domestic market started to normalize during the quarter but retail investors remained in wait-and-see mode. Sales of stocks and domestic bonds were weak, but subscriptions for investment trusts investing in REITs, global bonds and Indian stocks were solid, driven by investor needs for products that offer higher yields.

Nomura's continued focus on transforming its business model through proactive dialogue with clients helped drive net inflows into discretionary products. Assets under management for discretionary investments climbed to 2.27 trillion yen as of the end of September, up 18 percent from the same period a year ago.

Asset Management

(billions of yen)	FY2016/17 Q2	QoQ	YoY
Net revenue	21.3	-18%	-7%
Income before income taxes	7.4	-39%	-12%

Asset Management net revenue was 21.3 billion yen, a decline of 18 percent compared to last quarter and a decrease of 7 percent over the same period last year. Income before income taxes declined 39 percent quarter on quarter and 12 percent year on year to 7.4 billion yen.

Assets under management increased for the first time in three quarters to 38.5 trillion yen on continued inflows into ETFs and the investment advisory business and a recovery in market conditions. Nomura Corporate Research and Asset Management, a Nomura Group company specializing in high-yield bond funds in the US, reported a 43 percent increase in assets under management over the past year to US\$17.6 billion, highlighting the market's recognition of its investment performance over the medium to long-term.

Wholesale

(billions of yen)	FY2016/17 Q2	QoQ	YoY
Net revenue	179.9	-6%	-7%
Income before income taxes	39.3	-16%	4.6x

Wholesale booked net revenue of 179.9 billion yen, a 6 percent decrease quarter on quarter and a 7 percent decrease year on year. Income before income taxes dropped 16 percent quarter on quarter but jumped 4.6 times year on year to 39.3 billion yen.

Global Markets slowed from the strong first quarter but Fixed Income remained resilient, driven by the international Rates and Spread Products businesses. Equities revenues increased in Asia ex-Japan, but were offset by sluggish client activity in other regions.

Investment Banking booked a 17 percent quarter-on-quarter gain in revenues, driven by large underwriting transactions in Japan and multiple mandates for the Solutions business. International revenues remained solid on the back of M&A and M&A-related FX hedging transactions as well DCM mandates in EMEA and Americas.

Financial Position

Nomura maintains a robust financial position and a healthy balance sheet. As of the end of September, Nomura's CET 1 capital ratio was 18 percent and its Tier 1 ratio was 18.7 percent under Basel III. Nomura had total assets of 43.0 trillion yen and shareholders' equity of 2.6 trillion yen. Gross leverage was 16.3 times and net leverage was 9.8 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 9 yen per share to shareholders of record as of September 30, 2016. The dividend is scheduled to be paid on December 1, 2016.

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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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