

## Nomura Reports Third Quarter Financial Results

- Group performance impacted by goodwill impairment charge attributable to Wholesale in 3Q
- Retail revenues up QoQ on stronger net inflows of cash and securities and contribution from large IPO
- Continued inflows into Asset Management, although AuM declined on market factors
- Equities and Investment Banking revenues stronger QoQ

**Tokyo, January 31, 2019**—Nomura Holdings, Inc. today announced its consolidated financial results for the third quarter of the fiscal year ending March 31, 2019.

Net revenue for the third quarter was 260.6 billion yen (US\$2.4 billion)<sup>1</sup>, down 8 percent quarter on quarter and 36 percent year on year. Loss before income taxes was 76.2 billion yen (US\$694 million). Net loss attributable to Nomura Holdings shareholders was 95.3 billion yen (US\$869 million). Diluted net loss attributable to Nomura Holdings shareholders per share was 28.52 yen.

For the nine months to December, Nomura reported net revenue of 815.5 billion yen (US\$7.4 billion), down 27 percent from the same period last year. Loss before income taxes was 62.1 billion yen (US\$566 million), and net loss attributable to Nomura Holdings shareholders was 101.3 billion yen (US\$923 million). Diluted net loss attributable to Nomura Holdings shareholders per share was 30.03 yen.

“We had a particularly challenging third quarter. Our Fixed Income performance weakened on the back of market uncertainty and widening credit spreads. In addition, we booked a goodwill impairment charge on past acquisitions and an unrealized loss on securities due to lower stock prices. As a result, we reported a net loss for the quarter,” said Nomura President and Group CEO Koji Nagai.

“Despite the challenges, Retail reported net inflows of cash and securities for the second straight quarter, underpinned by our ongoing efforts to boost client assets and a large IPO. Inflows into our Asset Management business continued, although market factors drove down assets under management. In Wholesale, Equities delivered strong results driven by Derivatives, and Investment Banking played a leading role in Japan’s largest-ever IPO.

“While disappointing, our performance this quarter does not in any way detract from our commitment to building a robust operating platform capable of delivering consistent growth under any environment. We will accelerate current initiatives to transform our business model, while focusing on prudent risk management and disciplined cost control.”

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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 109.70 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 December 31, 2018. 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)	FY2018/19 Q3	QoQ	YoY
<b>Net revenue</b>	86.8	+1%	-22%
<b>Income before income taxes</b>	14.0	+15%	-55%

Retail reported net revenue of 86.8 billion yen, up 1 percent quarter on quarter and down 22 percent year on year. Income before income taxes increased 15 percent quarter on quarter but declined 55 percent year on year to 14.0 billion yen.

The third quarter was buoyed by contribution from a large IPO, although transactions for investment trusts and foreign stocks slowed as the bear market weighed on investor sentiment.

Consistent efforts to boost client assets drove continued net inflows into discretionary investments. As a result, net inflows of cash and securities climbed to approximately 1.8 trillion yen.

### Asset Management

(billions of yen)	FY2018/19 Q3	QoQ	YoY
<b>Net revenue</b>	16.2	-34%	-56%
<b>Income before income taxes</b>	0.6	-94%	-97%

Asset Management net revenue was 16.2 billion yen, a 34 percent decline compared to last quarter and 56 percent over the same period last year. Income before income taxes decreased 94 percent quarter on quarter and 97 percent year on year to 600 million yen.

Despite 10 consecutive quarters of inflows, assets under management decreased on the back of market factors.

Loss related to American Century Investments increased to approximately 8 billion yen following a mark-to-market valuation.

### Wholesale

(billions of yen)	FY2018/19 Q3	QoQ	YoY
<b>Net revenue</b>	128.2	-13%	-23%
<b>Income before income taxes</b>	-95.9	-	-

Wholesale booked net revenue of 128.2 billion yen, a 13 percent decrease quarter on quarter and a 23 percent decrease year on year. Loss before income taxes was 95.9 billion yen.

Although Equities and Investment Banking reported higher revenues, market uncertainties and widening credit spreads led to slower Fixed Income performance.

A goodwill impairment charge of 81 billion yen had a substantial negative impact on Wholesale results.

### Financial Position

Nomura maintains a robust financial position and a healthy balance sheet. As of the end of December, Nomura had total assets of 45.1 trillion yen and shareholders' equity of 2.7 trillion yen. Nomura's Tier 1 capital ratio was 19.0 percent and CET1 capital ratio was 17.8 percent under Basel III. 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 four business divisions: Retail, Asset Management, Wholesale (Global Markets and Investment Banking), and Merchant 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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