

**Introducing New Members of the Advisory Board**

Nomura Holdings formed its Advisory Board in 2001 to act as a consulting body to its Executive Management Board, which is the decision-making body for the conduct of business activities.

Nomura's Outside Directors draw on their professional knowledge and oversee the conduct of business activities from an external perspective. On the other hand, the members of the Advisory Board, who have been selected from among persons outside Nomura Group with outstanding insight into business management, provide advice and suggestions for the development of Nomura's business activities from an overall perspective. In FY2015/16, Nomura welcomed four new members, with outstanding qualifications, to its Advisory Board from other parts of Asia. These new members are not only familiar with conditions in their respective countries, but also have depth of insight from a global perspective. They will provide both detailed advice on business development appropriate to the conditions in various countries and offer advice related to establishing Nomura's solid position as Asia's global investment bank.

Mr. Goh Chok Tong (Singapore)	Emeritus Senior Minister of Singapore Prime Minister of Singapore from 1990 to 2004 and Senior Minister from 2004 to 2011. He has been Emeritus Senior Minister of Singapore and Senior Advisor to the Monetary Authority of Singapore since 2011.
Mr. Sofjan Wanandi (Indonesia)	Senior Advisor to the Vice President of Indonesia Former Chairman of APINDO (Indonesian Employers Association) and founder of the Santini Group. He has been Senior Advisor to the Vice President of Indonesia since November 2014.
Mr. Deepak Parekh (India)	Chairman of HDFC Group Chairman of HDFC since 1993. He has successively filled roles on various high-powered economic groups, government-appointed advisory committees, and task forces.
Mr. Kan Trakulhoon (Thailand)	President and CEO of SCG President and CEO of SCG since 2006. Established in 1913, SCG is one of Thailand's most-reputable industrial conglomerates. He was recently awarded the 2014 Deming Distinguished Service Award for Dissemination and Promotion (Overseas).



Establishing dominant position as Asia's global investment bank through closer cross-divisional and cross-regional collaboration.

Front row: Group COO Atsushi Yoshikawa, Back row from left: Regional CEO, Asia ex-Japan, Minoru Shinohara (at the time of the roundtable, currently, Executive Chairman, EMEA), Regional CEO, EMEA, Jonathan Lewis, Regional CEO, Americas, David Findlay

Nomura's Ideas: Looking to the Coming 100th Anniversary



From left: Mr. Deepak Parekh, Mr. Goh Chok Tong, Group CEO Koji Nagai, Group COO Atsushi Yoshikawa, Mr. Sofjan Wanandi, Mr. Kan Trakulhoon

**Improving profitability**

**Atsushi Yoshikawa, COO:**

When I took over as President and Group COO and Wholesale CEO in August 2012, we faced a challenging market environment. We had already taken out \$1.2 billion in costs to combat the decline in global fee pools, but our cost base still remained high. Our earnings per share (EPS) was languishing in single digits. We had to take swift action. We set a management target of achieving EPS of ¥50 by the year ending March 2016, our 90th anniversary. We had to be responsive to the changing environment and the evolving needs of our clients. We had to become flexible enough to continue transforming ourselves under our Fit for the Future program.

We focused on three initiatives. First, enhancing our domestic business. Second, improving the profitability of

our Wholesale business. Third, reallocating management resources. In Wholesale, we focused on improving profitability by implementing an additional \$1 billion of cost cuts to lower our break-even point while deploying resources to areas where we have a competitive advantage. These initiatives, coupled with contributions from Retail and Asset Management and spurred on by a global stock market rally and yen depreciation, helped us beat our FY2015/16 EPS target two years in a row.

We still need to work on improving the profitability of our international franchise. That said, our client base in Global Markets and Investment Banking has grown significantly, and we have diversified our revenue streams and spread risk. Today, I'd like to take a look back at what each region has focused on and the results they have achieved.





Group COO, Atsushi Yoshikawa

**Our philosophy of “Placing Our Clients at the Heart of Everything We Do,” which is born out of our founder’s principles, is alive and well around the world, underpinning our interactions with clients.**

#### Minoru Shinohara, AEJ:

In Asia ex-Japan (AEJ), last year we had our most-profitable year since the global financial crisis. This was due to three key drivers. First, we played to our strengths focusing on Fixed Income products, such as FX, Rates, and Credit, while also ensuring close collaboration among our Research, Trading, Sales, and Structuring teams. Second, we saw results from cross-border collaboration. We acted as financial advisor on some ¥1 trillion-plus M&A transactions that were the result of close cross-border collaboration. In January, ITOCHU Corporation and Charoen Pokphand Group, Thailand’s largest conglomerate, announced an investment in CITIC Limited, China’s largest state-owned conglomerate. Third, we stepped up cross-divisional collaboration to deliver high-value-added services to our clients.

#### Jonathan Lewis, EMEA:

In EMEA, we also made progress in improving profitability. We were quick to perceive changes in the market and successfully diversified away from our dependence on the Credit business by further developing our Foreign Exchange and Emerging Markets’ franchise, to build out a more-balanced core operating model,

designed to mitigate the impact of market volatility. Significant revenue initiatives, such as strategically building upon our Moody’s upgrade, have enabled us to strengthen our client-driven franchise model and onboard new accounts in areas that require creditworthiness, such as the derivatives business, deepening our relationships with real money accounts across EMEA.

Closely managing the rate of our expense growth while looking for new sources of revenues has been imperative, and we remain dedicated to controlling costs, which continue to decline. Action is being taken in areas without a competitive advantage, insufficient scale or with poor returns against financial resources. Underperforming businesses continue to be scrutinized.

#### David Findlay, Americas:

In the Americas, we didn’t acquire the Lehman businesses so we have been building our platform organically since 2009. We have significantly increased our client business and expanded our range of products. This has helped us increase revenues each year. The build-out of our Fixed Income and Equities franchises is largely complete, and last year we made selective hires in Investment Banking. Instinet’s revenues have increased,

and Nomura Corporate Research and Asset Management (NCRAM) successfully grew assets under management from institutional investors.

#### Minoru Shinohara, AEJ:

One unique feature of our Asia business is that besides institutional clients we have a significant Wealth Management business. Wealth Management is continuing to grow as we offer high-net-worth clients in Asia global products from our Wholesale business, such as FX, fixed income, and equities products.

The Taiwanese asset management firm we acquired from ING Group in April 2014 and Capital Nomura Securities, the listed securities firm in Thailand that became a subsidiary in June 2014, both delivered solid performances and supported the overall performance of AEJ. We now aim to step up collaboration between these businesses and our Wholesale business.

#### Jonathan Lewis, EMEA:

Delivering value to our stakeholders by addressing revenues and costs, positioning the European business on a sustainably profitable footing, continues to be our priority.

Examples of initiatives being taken include our origination-led growth strategy, which brings the best-in-class abilities of our Investment Banking and Global

Markets divisions ever closer. Second, we have reorganized the Financial Institutions Group, assigning dedicated account champions who collaborate across products, divisions, and regions to best serve our clients. Finally, we continue to build upon our strengths, connecting markets east and west and delivering the firm’s global products and services to our European clients.

#### Atsushi Yoshikawa, COO:

When working with clients, we keep a close eye on changing market structures and client needs in order to deliver high-quality services backed by controlled risk taking to also ensure we deliver added value for our stakeholders.

### Achieving our long-term vision target

#### Atsushi Yoshikawa, COO:

We achieved our FY2015/16 target of EPS of ¥50 for two consecutive years. So, we decided to set out our direction for the longer term. With that in mind, in August last year, we announced our long-term vision, which sets a new target of EPS of ¥100 by 2020.

To reach that target, it is critical that we improve the profitability of our international business. I’d like to ask each of you to briefly discuss your regional strategy.

**We will emphasize our agency businesses relying on our client advisory skills to assist them to prosper in difficult markets.**



Regional CEO, Americas, David Findlay

**Minoru Shinohara, AEJ:**

Countries in Asia are at different stages of development and market structures differ greatly. So, we have to correctly understand the difference of our clients and their individual needs. Fixed Income, Equities, Investment Banking, and Wealth Management have to work together to deliver high-value-added solutions to our clients.

As Asia's global investment bank, we aim to provide Asian products to our global client base and global products to our clients in Asia. Roughly half of our business is cross-border, and we want to increase that further. At the same time, we recognize the importance of upholding the highest ethical standards and stringent risk management.

**Jonathan Lewis, EMEA:**

A sustainably profitable foundation in EMEA is crucial to achieving our ¥100 EPS target. In a challenging market environment, we are looking to continue to grow our business in areas of competitive strength, such as financing by European financial institutions aimed at enhancing capital levels, multi-product M&A transactions, and underwriting bond issuances by government entities.

We also endeavor to optimize our cost base in line with the revenue opportunity and reduce volatility to protect us from down-side risk. Over the past three years, we have taken significant costs out of the region, and we remain committed to further efficiencies. Individual businesses at

a granular level are analyzed in terms of both absolute profitability and returns on resources.

**David Findlay, Americas:**

In the past, the Americas business relied heavily on Securitized Products, but we are now consistently coordinating the growth of our revenue streams and diversifying where necessary. We are doing so because we believe that sufficient diversification will address risks arising from rapidly changing market segment conditions. As we head towards 2020, we aim to further develop each of our revenue drivers to ensure consistency in earnings. That requires us to further enhance our client franchise and grow our client businesses. Moody's credit rating upgrade improved the position of our credit ratings in relation to our competitors and some of our European and U.S. peers have been scaling back or exiting certain businesses due to regulatory requirements. That means we are well positioned to win business from clients who are looking to diversify the counterparties they transact with.

In Investment Banking, we have selectively increased the number of bankers and increased per capita productivity. These actions have more than tripled revenues over the past four years, while headcount has increased by about 1.7 times. Looking ahead, we aim to continue to build on this momentum and deliver further value to the Group.

## Nomura's European franchise is critical to our east-west strategy.



Regional CEO, EMEA, Jonathan Lewis

## We are building long-term relationships of trust with clients based on a philosophy of "Asian spirit, global skills."



Regional CEO, Asia ex-Japan, Minoru Shinohara (at the time of the roundtable, currently, Executive Chairman, EMEA)

### The road to our 100th anniversary in 2025

**Minoru Shinohara, AEJ:**

We consider Asia including Japan as our home market. We have a geographic advantage in the region and build long-term relationships of trust with clients based on a philosophy of "Asian spirit, global skills." We leverage our global platform to high-value-added solutions and services to our Asian clients.

We will witness the internationalization of Japanese institutional and retail investors. Investing abroad, whether in Asia, Europe, or the United States, will be the order of the day. I am confident we will be a strong driver and supporter of these trends and am solidly optimistic about the coming decade.

**Jonathan Lewis, EMEA:**

Last year, Nomura celebrated its 50th anniversary of being in Europe. Despite the Eurozone's political challenges, Nomura's European franchise is critical to our east-west strategy. Our mission is to position the European business on a profitable stand-alone basis and to increase cross-border flows further. We must develop a culture which ensures top-quality service for our clients, attracts talented employees, and delivers the best of Nomura to all our internal and external stakeholders.

**David Findlay, Americas:**

We have embarked on an integrated expansion program requiring skillful execution. We understand that we need

to maintain balance with diversified business models, different revenue and profit streams, tailored risk management, and a thoughtful and responsive approach to different regulatory environments.

To better serve our clients, we will emphasize our agency businesses, relying less on our balance sheets and more on our client advisory skills to assist them to prosper in difficult markets. While it is impossible to do everything at once, we are focused on planning for the future, and our long-term goals are crystal clear. We believe we are on the right path to achieve them.

**Atsushi Yoshikawa, COO:**

Thank you all for your time today. It was evident from your responses that our philosophy of "Placing Our Clients at the Heart of Everything We Do," which is born out of our founder's principles, is alive and well around the world, underpinning our interactions with clients.

To further improve the profitability of our international business, the regional management team must work even closer with the business line heads to take our matrix management approach to the next level. By ensuring closer cross-divisional and cross-regional collaboration, we will be able to better understand the increasingly complex and sophisticated needs of our clients and provide them with the value-added products and services they are looking for.