

Fully committed to Asia ex-Japan.

Toshiyasu Iiyama Head of Asia ex-Japan



The fast-growing region of Asia ex-Japan (AEJ) is a critical part of Nomura's core strategy to establish a solid position as Asia's global investment bank. The scale of the financial markets and the number of high-net-worth individuals in the region are both expected to expand rapidly. Nomura has been committed to AEJ for 50 years. Over this time, we have built up an extensive presence across twelve countries and regions. We offer a diverse range of services to a broad client base that includes governments, central banks, corporates, institutional investors and retail clients.

As the market matures, we expect to see a rapid increase in the number of high-net-worth individuals and an expansion in direct financing. In line with this, our clients' needs are becoming increasingly sophisticated and diverse. For instance, in infrastructure space, we believe we can play a significant role in response to client

needs for funding and investing. While tougher competition is anticipated in the long run, we will continue to establish a solid operating platform that can generate profits sustainably by leveraging our strengths to capture client needs and continuing to transform ourselves and take on new challenges.

We intend to continue to invest strategically in talent to enhance key business areas and countries where we see the greatest long-term opportunities and potential with the view to meeting clients' needs. Also, our philosophy of placing clients at the heart of everything we do will remain central to our core values, and we will continue to further enhance communication with clients.

In Asia, Retail and Wholesale can work together to create synergies using our two-pronged approach that has been successful in Japan for many years. With Nomura's global vision of connecting markets East and West, we will collaborate within the Group and integrate our products and coverage teams further to deliver seamless solutions across divisions and regions.

In FY2015/16, AEJ reported its second consecutive profitable year despite the difficult operating environment. We will continue to capture the opportunities in Asia and focus on future growth going forward.



Advisory Board

Nomura Holdings formed its Advisory Board in 2001 to advise the firm's Executive Management Board, which is responsible for making decisions on business executions.

In 2015, Nomura newly appointed four preeminent Asian leaders as its eighth Advisory Board members and held its second meeting in Tokyo in February 2016. The meeting was held over two days with executives in attendance and opinions were exchanged from a variety of perspectives on matters including Nomura's business development in Asia, social infrastructure needed to bring about growth in Asian countries and the type of support that capital markets can provide.

Advisory Board members also visited the Head Office Sales Department in Nomura Securities, where they received an explanation and watched on an iPad how Retail Division provides clients with consulting services. "We were impressed with Nomura's people and their consulting skills. Nomura will prove to have a strong competitive edge overseas," some of the Advisory Board members commented.



Front row, from the left: Mr. Deepak Parekh, Mr. Goh Chok Tong, Mr. Sofjan Wanandi, and Mr. Kan Trakulhoon
Back row: Nomura Group management

Mr. Deepak Parekh (India)	Mr. Goh Chok Tong (Singapore)	Mr. Sofjan Wanandi (Indonesia)	Mr. Kan Trakulhoon (Thailand)
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.	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.	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.	Director and Chairman of the Management Advisory Committee of SCG Former President and CEO of SCG, one of Thailand's most reputable industrial conglomerates established in 1913. Chairman of the Management Advisory Committee from 2016. He was recently awarded the 2014 Deming Distinguished Service Award for Dissemination and Promotion (Overseas).

The Nomura Group Has Great Growth Potential in Asia

— Please give us your view of the global economic situation, including the uncertainty in financial markets.

The current slowdown in the developed economies, and to some extent the emerging economies, will continue to lead to uncertainty in the financial markets. Slower global growth rates are a structural issue. For the developed economies generally, we see a continued decline in productivity growth. There is no easy way to achieve sustained growth in the future, and countries will have to raise productivity through long-term measures of investment in new technologies, education and continuing re-training of workers.

Looking at the Asian region, the Chinese economy is currently in a transition phase. As their labor force ages and growth slows, moderation in the economic growth rate is expected. The Chinese government is also looking at rebalancing the Chinese economy away from exports toward internal consumption and services. There will be some short-term adjustment costs.

I am optimistic about the longer-term prospects of the regional economies, in particular China, India and ASEAN. The number of middle income consumers continues to grow. If they manage to successfully reform and make the transition, the potential is immense.

Geopolitically, there are areas of disputes over sovereignty of islands and seas. They get head-lined. But I believe these disputes will be managed. Put these disputes in the multi dimensional and long-term context of relations between the disputing countries, and it is clear that there is too much to lose for all if they get out of hand.

— What role do you think Japan and globally active Japanese companies should play amid the current environment?

Japan and its companies should find ways to work

with and invest in other economies in the region. There are areas, such as robotics or infrastructure technology, that Japanese companies have an advantage in, and Japanese companies will do well to export their expertise, in particular to the emerging economies.

Asia ex-Japan needs immense investments in infrastructure such as for transport and energy. The Asian Infrastructure Investment Bank (AIIB) has been set up, although Japan is not involved, so we are on the verge of having a global system for establishing infrastructure. Japan has also expanded its Partnership for Quality Infrastructure program, under which Japanese agencies would partner with the Asian Development Bank (ADB) in providing up to \$200 billion in funding for infrastructure projects over the next 5 years. With funding available for infrastructure from the ADB and AIIB, Japanese companies which have expertise and experience in executing major projects will benefit.

Even for China's proposed One Belt One Road (1B1R), there will be opportunities for Japanese companies. The Maritime Silk Road, for example, will benefit Japan, given that Japan is a major commercial maritime nation.

— What is your view of Nomura's initiatives aiming to contribute to the development of Asian capital markets?

The Nomura Group has great growth potential in Asia. Having firmly established itself in the Japanese market, Nomura can build on its strong working relationships with Japanese firms and existing networks in its Asian offices, and work as a bridge for Japanese companies to invest their funds in other countries. In particular, I see Southeast Asia and India as regions where Nomura can expand its reach and invest even more resources. This is a particularly good window for Nomura as traditional investment banks from the West are looking to reduce their roles in emerging markets.

Advisory Board Member

Goh Chok Tong

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.



I suggest that Nomura increase its brand awareness in these markets, and establish itself as a trusted partner in the emerging markets. It also can draw on its wide networks in the Japanese market, pick up detailed messages from customers, and seek to link Japanese companies with other partners that are looking for advice in addition to investment funds.

— What is your impression of Nomura's management team? How should the Nomura management team make the best use of the Advisory Board?

I think Nomura's management team is prepared to listen, ask questions and learn. These are positive attributes for growth. When we first met in June last year, the management team sought the views of the Advisory Board on Nomura's business in Asia. The Advisory Board members were also learning about Nomura and its business. Nevertheless, they shared some areas where Nomura could explore. This February, when we had our second meeting in Tokyo, the management team had prepared a very detailed brief on the areas we had discussed in June. We then had two days of meetings where the management team asked deeper questions to glean more insights from the Advisory Board. We even had a working discussion during lunch!

Not only is the management team hardworking but it is also very much on the ball. As I understand it, the setup of the Advisory Board is part of

Nomura's aim to look beyond Japanese markets and explore new ideas with non-Japanese advisors. To me, this is an enlightened approach as I understand that most Japanese companies tend not to have foreign directors and advisors.

The Nomura Advisory Board comprises preeminent persons from throughout Asia. The Advisory Board's current members, Mr. Wanandi from Indonesia, Mr. Parekh from India and Mr. Trakulhoon from Thailand all have expertise and fine track records, and we are capable of providing Nomura with appropriate opinions from various different perspectives. It is my desire to play a role ensuring the Advisory Board will be actively utilized as an advisory organ by Mr. Nagai and the Nomura management team.

The management team should continue to challenge the Advisory Board by asking good questions and seeking more in-depth knowledge from us.

I think before future meetings, the management team can pose specific questions or areas which they want the individual advisors to comment on. Advisors are not "all-knowing." But they can do some research and thinking on these issues before they meet the management team.

For me, I hope to contribute to Nomura's growth by sharing my insights on the global and regional political and economic landscapes. Personally, I have also learnt from sharing with the Nomura management team and the other board members.