

Nomura Group implements processes to properly identify the possibility of potential losses arising from various operations and transactions, and seeks to establish a framework for assessing all risks and enforcing appropriate controls.

### Fundamental Approach

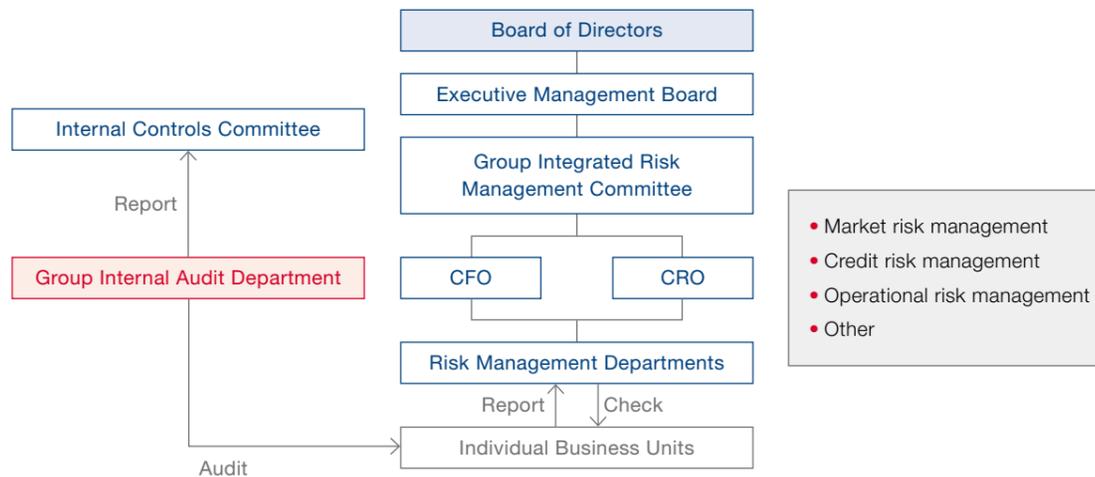
The business activities of Nomura Group are exposed to various risks such as market risk, credit risk, operational risk, model risk, and other risks caused by external factors. We are working constantly to further upgrade and strengthen our risk management systems. In parallel, Nomura Group has prepared its

Risk Appetite Statement. This statement sets forth the content of risks that the Group can undertake, and it takes account of the Group's business strategy and business targets, including the amount of capital and liquidity required under regulations, and the business environment.

### Risk Management Systems

The Risk Appetite Statement is proposed by the Chief Risk Officer (CRO) and the Chief Financial Officer (CFO), and submitted for final approval to the Executive Management Board. With a basic policy of controlling risks that arise in the course of the Group's operations within the limits of the Group's

risk appetite, the Group Integrated Risk Management Committee, which has been delegated responsibility by the Executive Management Board, is responsible for deliberating and determining all important matters pertaining to risk management.



- Market risk management
- Credit risk management
- Operational risk management
- Other

### Ensuring Financial Soundness and Transparency

- Calculate risk factors on a daily basis
- Utilize risk measurement models
- Periodically conduct stress tests

Nomura Group calculates vast amounts of risk factors on a daily basis using cutting-edge risk management methodologies for measuring increasingly complex and diverse risks. Based on periodic verification of risk measurement models, and with the approval of the authorities, the Group uses risk measurement models to compute its capital adequacy ratio, thus ensuring

a high degree of reliability and transparency regarding the soundness of Nomura Group's financial position. Furthermore, Nomura Group periodically conducts stress tests to monitor the amount of losses that may emerge under assumptions of extremely difficult economic conditions.

### Business Resilience\*

- Established the Crisis Management Committee
- Strengthen systems for dealing with major earthquake disasters
- Strengthen and enhance cyber security

Nomura Group has established the Crisis Management Committee, comprised of officers who concurrently serve as the Crisis Management Manager in each Nomura Group company worldwide, to address any crisis that may occur. Chaired by an Executive Officer appointed by the Group CEO, this committee has established a system for managing crises and ensuring business continuity in the event of an emergency.

Under the crisis management system, the Crisis Management Committee reports to the Executive Management Board regarding matters related to crisis management. In addition, this committee's secretariat regularly conducts employee safety verification drills, disaster prevention drills, and business continuity drills, in order to respond immediately during an emergency. As part of these efforts, the secretariat is also tasked with fostering greater awareness of crisis management as well as maintaining and strengthening our ability to respond to emergencies. This system and these measures are stipulated in Nomura Group Crisis Management Policy.

In addition, Nomura Group is using the lessons learned at the time of the Great East Japan Earthquake

to develop systems toward natural and other disasters. Moreover, in view of the release of studies by Japan's Central Disaster Prevention Council in 2013, regarding the impact of earthquakes that might occur directly beneath the Tokyo metropolitan area and along the Nankai Trough off the coast of Nagoya, we reviewed our disaster risk scenarios to take account of the impact of such major earthquakes. Key issues identified were how to deal with these disasters and how to secure business continuity, and, as part of addressing these issues, we are working to strengthen and upgrade our collaboration with Nomura Group companies in Japan and overseas.

To deal with the increasing number of cyber attacks, Nomura is taking further measures to enhance system security, and, by forming a specialized unit, is working to strengthen its organizational response. Nomura is also endeavoring to further improve the capabilities of its management and employees to handle cyber attacks through training and practice drills, along with enhancing cooperation on information sharing with external organizations. For further details, please refer to our website.

\*Ability of an organization to anticipate, prepare for, and respond and adapt to incremental change and sudden disruptions in order to survive and prosper.

### Social and Environmental Risk Management

- Identify social and environmental risk in the assessment process and other business operations

We believe that considering the social and environmental risks that may arise from various transactions is key to managing our reputational risk. As such, in executing

our business operations, we focus on these risks in the same cautious manner as legal compliance.