Financial Position

One of our strengths is our robust financial position. Since the global financial crisis in 2008, there has been much discussion about tightening regulations for global financial institutions. Several key regulations are yet to be finalized, so at the moment, we are not sure of the full impact of these regulations on our business. That said, as of the end of March 2016, our Tier 1 capital ratio remained high at 16.1%. Our liquidity portfolio was ¥5.9 trillion, which positions us as being able to continue operating for one year under liquidity stressed market conditions without the need for additional funding.

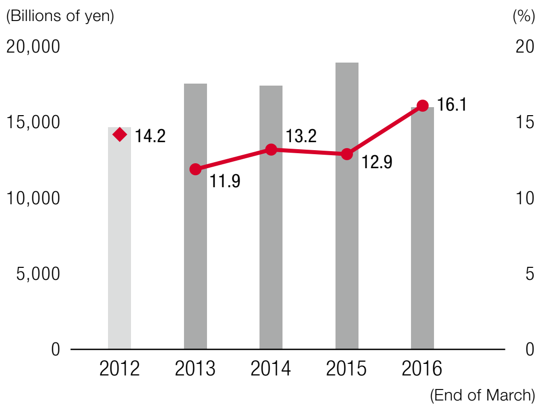
Nomura has a broad range of stakeholders including clients, shareholders, creditors, counterparties, financial and taxation authorities in various countries, and credit rating agencies. I believe it is essential to listen closely to what our stakeholders have to say and implement the best financial strategy and capital policy in such a way that allows us to achieve sustainable growth into the future.

Shareholder Returns

Our main approach to shareholder returns is to consistently improve shareholder value while also providing returns in the form of dividends. A key indicator for dividends is a consolidated dividend payout ratio of 30% based on half-yearly consolidated earnings. In determining dividends, we also take into account a range of factors including the regulatory environment globally and our operating environment. For the year ended March 2016, we paid an annual dividend of ¥13 per share, representing a consolidated dividend payout ratio of 35.6%.

As part of our flexible capital policy, we also conducted a share buyback program to improve capital efficiency. Working towards our 2020 target of EPS of ¥100, we will invest in business areas with strong profitability and high growth potential while delivering appropriate shareholder returns, taking into account our share price and regulatory capital requirements.

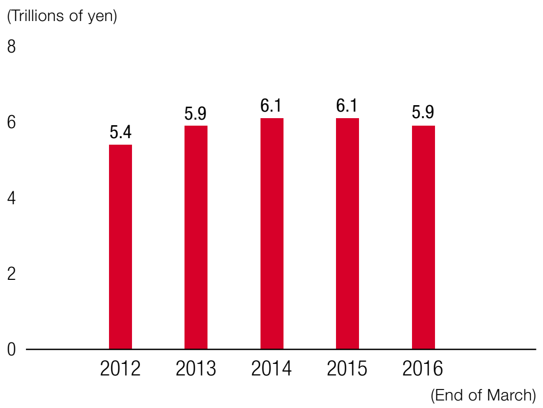
RWA and Tier 1 capital ratio*



RWA (lhs) Tier 1 capital ratio* (rhs)

*Figures for March 2012 were prepared under Basel 2.5 standards, and figures for March 2013 to March 2016 were prepared under Basel 3 standards.

Liquidity portfolio*



*Definition differs from financial disclosures reflecting Liquidity Management's view. The cash and cash deposits portion of liquidity portfolio excludes funds on deposit at exchanges and segregated client funds.

FY2015/16 Financial Results

At the start of FY2015/16, stock markets were relatively calm, with the Nikkei Stock Average hovering around ¥20,000. In August however, concerns about the Chinese economy and the impact of global monetary policies resulted in a dramatic decline in stock prices and meaningful yen appreciation. In addition, the beginning of calendar year 2016 also saw some turbulent price movements as the Nikkei Stock Average declined for six consecutive days and the yen's exchange rate against the U.S. dollar again reached the ¥110 range.

The challenging market environment, particularly in the second half of the year, had a negative impact on Retail investor sentiment. Sales of stocks and investment trusts slowed and as a result, Retail net revenue was ¥435.6 billion, down 9% from last year, and income before income taxes was ¥127.6 billion, down 21% year on year.

Initiatives to Transform Our Business Model and Expand Our Client Base Are Ongoing

Aiming towards "winning client trust" and "business expansion," our Retail Division has been working to transform its business model since August 2012. The Division is targeting to achieve Retail client assets of ¥150 trillion, a sign of trust placed in us by our clients, and a recurring revenue cost coverage ratio*1 of approximately 50% by FY2019/20. We made progress on this initiative in FY2015/16. While Retail brokerage commissions from securities transactions declined, approximately ¥1.2 trillion flowed into investment trusts and discretionary investment products*2, thereby increasing our recurring revenue by 20% from the prior year.

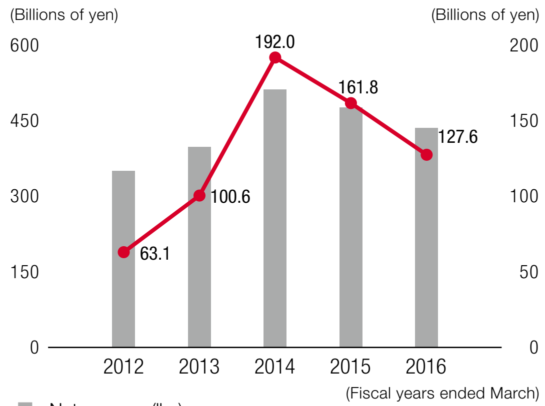
Retail Division continues to develop existing and new client relationships and last year, we were able to offer clients access to several large primary transactions, including the initial public offering of three companies of the Japan Post Group. In addition, the Nippon Individual Savings Account (NISA) program, which started in 2014, continues to expand. As of March 31, 2016, 1.55 million NISA accounts were opened at Nomura, with accumulated investments of nearly ¥1.2 trillion.

As of March 31, 2016, total client accounts (excluding those with empty balances) amounted to 5.389 million, representing an increase of approx. 95,000 accounts from the prior year. Retail client assets remained at a high level of ¥100.6 trillion, although it was down from ¥109.5 trillion at the end of the previous fiscal year.

*1 Recurring revenue represents revenue received from ongoing services linked to assets under custody, such as management fees from investment trusts, etc.

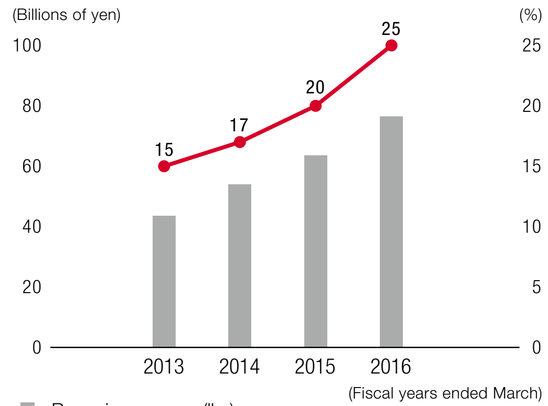
*2 The amount obtained after deducting the redemptions from subscriptions.

Net revenue and income before income taxes



Net revenue (lhs)
Income before income taxes (rhs)

Recurring revenue and recurring revenue cost coverage ratio



Recurring revenue (lhs)
Recurring revenue cost coverage ratio (rhs)

FY2015/16 Financial Results

In FY2015/16, Asset Management Division reported record net revenue of ¥95.4 billion, up 3% from the prior year. Income before income taxes increased 14% year on year to ¥36.7 billion, its highest level since FY2006/07.

At year-end, assets under management (AUM) were ¥40.1 trillion, an increase of approximately ¥800 billion from last year. Despite the impact market factors such as declining stock market indices and ongoing yen appreciation had on AUM, net inflows during the year were ¥4.8 trillion, largely due to our efforts to provide clients with investment trusts and investment advisory services that matched their specific needs.

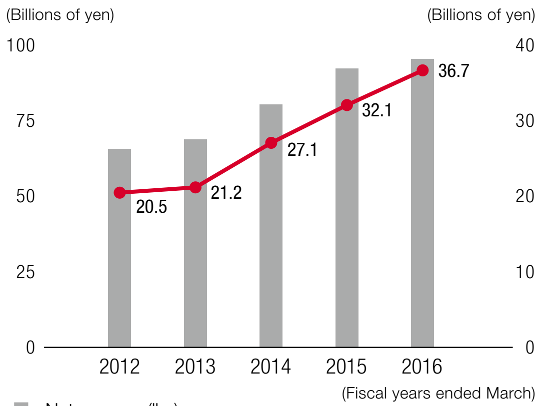
In the investment trust business, we offered funds to meet clients' needs and worked to increase AUM of existing funds. Net cash inflows continued into discretionary investments and privately placed funds for regional financial institutions. ETF products with unique characteristics, such as leveraged ETFs, drew investor attention as did conventional index-linked ETFs. As a result, inflows for the entire investment trust business amounted to ¥2.7 trillion during the year.

In the investment advisory business, Nomura was selected by the largest Japanese public pension fund to manage four foreign bond mandates. Overseas, Nomura Corporate Research and Asset Management, whose core competency is high-yield bonds, received favorable evaluations for its medium- to long-term performance and also saw inflows from pension funds and other institutional investors. As a result, inflows for the entire investment advisory business were approximately ¥2 trillion during the year.

Initiatives Aimed at Expanding Our Investment Footprint in North America

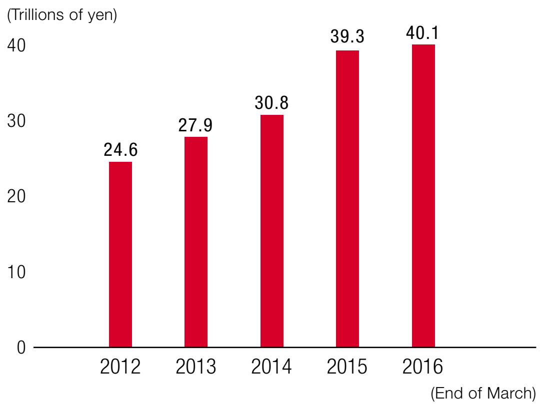
In December 2015, we formed a strategic partnership and acquired a non-controlling approx. 41% economic interest (voting rights of 10.1%) in American Century Investments (ACI), an independent investment management firm in the U.S. ACI is an active manager of U.S. and global equities for its large client base throughout North America. When coupled with Asset Management Division, with its expertise in Japanese and Asian equities and high-yield bonds and its broad client base in Japan, we believe both companies will benefit from the other's know-how and will deliver broad investment solutions to a wider range of global retail and institutional clients. The acquisition was completed in May 2016.

Net revenue and income before income taxes



Net revenue (lhs)
Income before income taxes (rhs)

Assets under management*



*Net after deducting duplications from assets under management of companies that belong to Asset Management Division.

FY2015/16 Financial Results

The start of FY2015/16 ushered in a period of higher volatility driven by concerns surrounding the fiscal sustainability of Greece. In the latter part of the year, market conditions deteriorated further and client activity plummeted as the economic slowdown in China, widening credit spreads, plunging oil prices and monetary policy uncertainties drove market participants to the sidelines. In this challenging market environment, Wholesale Division delivered net revenue of ¥720.3 billion, 9% lower than in the previous year, and income before income taxes of ¥15.4 billion, 81% lower than in the previous year.

Global Markets recorded net revenue of ¥600.3 billion, a decline of 12% over the previous year. Equities remained resilient amid difficult market conditions, but Fixed Income net revenues declined significantly, particularly in the second half of the fiscal year when volatility heightened and liquidity dried up.

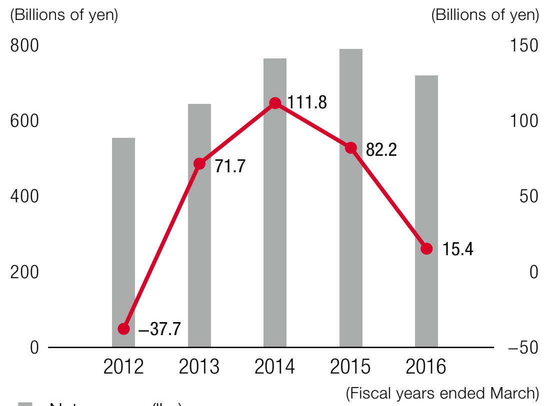
Investment Banking enhanced cross-regional and cross-divisional collaboration, producing a number of notable M&A transactions and multi-product deals across all regions. As a result, Investment Banking net revenue was ¥120 billion, 13% higher than in the previous year. In Japan, revenues increased year on year, driven by the participation in key landmark financing transactions, industry consolidation and cross-border M&A deals, as well as Solutions businesses such as foreign exchange and interest rate hedges to corporates and financial institutions. Among overseas regions, we saw solid performance in EMEA and Asia ex-Japan, while the Americas experienced a slowdown due to significant market headwinds.

Initiatives to Improve Profitability

Wholesale Division has lowered its cost base by $2 billion since 2011, including taking strategic actions to align the Fixed Income business portfolio to the evolving market environment during FY2015/16. At the start of FY2016/17, another strategic review of the business portfolio was conducted in view of the challenging market outlook, and a number of actions were taken particularly in EMEA and the Americas.

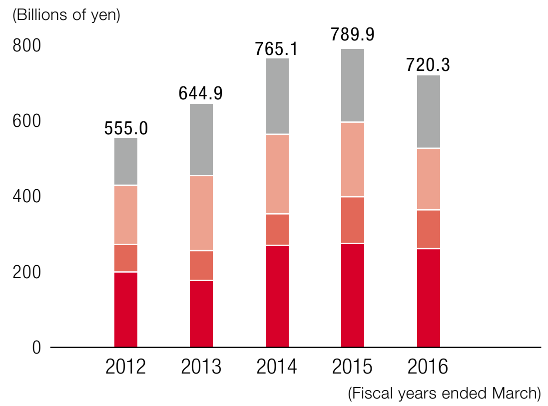
Our mother-market platform in the Asia-Pacific region was not affected by these changes. In EMEA, we closed down certain businesses with structural disadvantages to focus on areas of our strength. In the Americas, we streamlined some of our businesses to refocus on our core businesses and pursue selective growth opportunities to expand our share of the world's largest fee pool. Through these actions, we have lowered the breakeven point of the Division, and positioned the international Wholesale platform to deliver sustainable performance across market cycles.

Net revenue and income (loss) before income taxes



Net revenue (lhs)
Income (loss) before income taxes (rhs)

Net revenues by region



Japan AEJ EMEA Americas