

Towards 2020 and beyond

Our operating environment is expected to change dramatically over the coming years, but our overriding philosophy of placing clients at the heart of everything we do will remain unchanged. As we head towards 2020 and beyond, we will continue to transform ourselves and take on new challenges with the aim of creating a solid operating platform that can deliver consistent growth in any market environment.

Koji Nagai
Group CEO

Aiming for consistent growth

In August 2014 we announced Vision C&C, our long-term management vision for 2020. This calls for us, as we head towards 2020 and beyond, to transform ourselves and create a robust operating platform capable of delivering consistent growth in any market environment.

The key driver behind this is the changes we envisage over the coming years. In Japan, the declining birthrate and aging population will continue to hinder growth, while the global geopolitical landscape shifts significantly as economic growth powers ahead in the rest of Asia. With innovation, conventional wisdom and the way business is conducted could undergo fundamental changes. Naturally, we cannot accurately predict what the world will be like in ten or twenty years' time. That is why we are looking to lay the foundation for a solid operating platform that can help us sustain growth even under uncertain conditions.

Creating synergies between Retail and Wholesale

We have a long-standing presence in the Retail business. To add to that strength, we built an independent Wholesale franchise to create a two-pronged business model. In the financial services industry, underwriting and other Wholesale businesses can generally be considered upstream while sales and distribution is downstream. Having worked in both Retail and Wholesale at Nomura, I can say confidently that we have a holistic approach, adding to our strength.

Issuers are well aware of our distribution capabilities and, by delivering on the trust they place in us, we have been able to forge close business partnerships with over 60 percent of companies

To achieve our vision, we are working to address two overriding issues: transforming our business model in Japan and improving the profitability of our international operations. Our Retail business is shifting to a consulting-based approach to meet individual needs and diversifying its offerings by working closely with our clients as a trusted partner. In Wholesale, we are focusing on our areas of strength where there is client demand and recalibrating our business portfolio to take services to the next level.

We are already starting to see results, but when we look ahead to 2020 and beyond, we still have a lot of work to do. By leveraging our strengths and transforming ourselves from within, we will continue to take on new challenges to seek growth. Some initiatives may not lead to concrete results in the short term, but I am personally committed to ensuring their contribution to our success over the longer term.

listed in Japan. We also have broad coverage of financial institutions and other institutional investors across Japan which allows us to provide liquidity to a wide range of clients, giving us a competitive edge in our Global Markets business. That is why our Wholesale and Retail businesses have never been separated and operate in unison, deriving synergies from each other.

Corporate clients highly rate our ability to make compelling proposals as well as our extensive distribution capabilities. Retail clients recognize our consulting expertise and diverse product offering. These are the reasons they choose Nomura.

Growing with Asia as Asia's global investment bank

We believe that our successful Retail-Wholesale two-pronged business model in Japan can be exported to some other regions internationally. We recognize that it will be challenging to build a Retail brand from scratch in Europe or the US where there are multiple high-profile brands with long histories. But in Asia including Japan, the region we consider our home, we have an advantage and we believe we can build a credible business.

That said, Asia is a diverse region where each country is at a different stage of population growth and economic development. To establish a viable Retail business in any country, there needs to be a middle class and per-capita GDP of around US\$15,000 to US\$20,000. Asian countries are expected to start entering this zone and we believe there are ample business opportunities over the long term. However, we will have to carefully assess

when, where and how to lay the foundations for this business in Asia.

With Capital Nomura Securities (CNS) in Thailand and BDO Nomura Securities in the Philippines, we already have a Retail presence in some Asian markets. We now have to make a concerted effort to increase client accounts and position ourselves to respond to the middle class that emerges with economic growth. Thailand is about to enter that phase and CNS has 500 financial advisors who have started providing consulting services to their clients. (⇒ For details, please refer to "Special Feature 5: Strengthening international businesses" on pages 36-37.)

In China, we have set up a joint venture with a local financial firm in the Shanghai Free Trade Zone as part of our efforts to steadily build out our business platform there.

The Wholesale business in Asia, and investment banking in particular, is known for its low fees and

fierce competition. So by establishing a robust Retail business and setting up a strong distribution network across the region, we believe we can avoid unnecessary competition. Having a two-pronged business model in Asia that connects Asia including

Japan to Europe and the US will be our true competitive advantage which peers may find hard to replicate. That is the essence of Connecting Markets East & West.

Generational asset shift and technological innovation: Working with the next generation

In Japan, our strongest market, people's lifestyles and behavior are expected to change significantly as the population declines and ages and as a result of technological innovation.

With people now living into their nineties, it is essential that personal financial assets are managed from a long-term perspective so that they live a fulfilling life in old age. The Japanese government has introduced a number of schemes, such as the accumulation-type NISA that starts in 2018 and is tax-free for twenty years. There is also the iDeCo, otherwise known as J401K, which is a defined contribution pension plan that offers tax breaks for individuals. At Nomura, we are developing systems to help investors tap into these plans through simple, low-fee products that they can use to invest over the long term. By meeting the needs of asset builders today, we aim to pave the way for their success in twenty years.

For asset builders, it is critical to proactively use latest technologies such as artificial intelligence and big data. To this end, Nomura offers goal-based robo advisory services and the moneby app on smartphones. We have set up a dedicated department in the firm to guide our use of the latest technologies and to drive open innovation by teaming up with start-ups.

(⇒ For details, please refer to "Special Feature 2: Leveraging new technologies" on pages 30-31.)

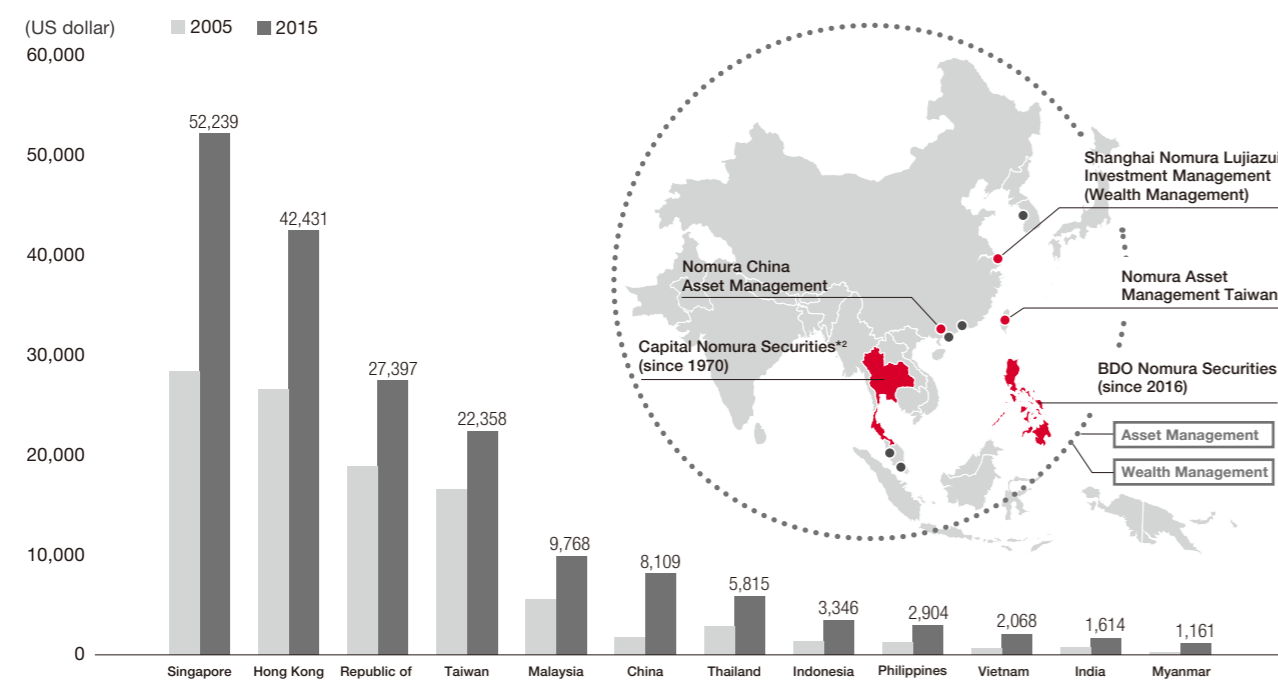
In Japan, which has an annual inheritance related market of over 50 trillion yen, there is increasing



demand for advice around estate planning and business succession. We have set up a team to respond to these needs and provide the required solutions. We also have dedicated lawyers, accountants, and tax attorneys who help support our clients' needs.

One of the key challenges for Japan is to protect and grow the 1,800 trillion yen of personal financial assets. And Nomura has a major role to play in this. The field of gerontology, or the study of old age, has received significant attention recently. In October 2016, we launched a joint research project with Keio University on financial gerontology that looks into the implications of old age on financial behavior. This is a part of our efforts to conduct research and provide advice on how to solve the problems that older people face in managing their assets. We will continue to stay close to our clients to ascertain their needs and leverage the full expertise of Nomura to be chosen as the best partner by clients across generations.

GDP per capita*1, Nomura's Retail and Asset Management businesses in Asia ex-Japan



*1 Source:United Nations, IMF data used for Taiwan *2 Engages in Wholesale business

Our people continue to challenge the status quo

We cannot achieve our goals or meet the needs of our clients without excellent people in the firm.

When we started out in Osaka in 1925, we were already a latecomer to the Tokyo market. But by placing our clients at the heart of everything we do

and always being forward looking in trying to make our tomorrow better than today, we have never been afraid of change or taking on new challenges.

As Japan was recovering from World War II, we promoted the democratization of securities and negotiated hard with the authorities to allow the recommencement of investment trust sales as we believed it would help steer the country towards economic recovery. To this end, we set up investment consultation booths in department stores and offered courses for women to learn about savings and investment. Our employees thought of new ideas that led to concrete results. As such, adapting to change and taking on new challenges is a part of our DNA.

In our business we don't deal with tangible products. Our clients buy financial products based on the values and individual qualities of each of our people. Our people therefore constantly work to improve themselves, enhancing trust among clients and growing with them.

We currently have employees from over 70 nationalities, each of whom strives to take on new challenges and grow as a professional, while providing the best solutions to our clients by collaborating across divisions and regions.



Staying relevant by helping solve social and environmental issues

Our Founder's Principles have acted as a compass to guide our work and contribute to economic and social development. As our operating environment changes, we need to distil what needs to be passed

on to future generations from what needs to change. With this in mind, we have drawn up a corporate philosophy and are internally discussing how to share this with our stakeholders.

Nomura Group Corporate Philosophy

Mission

Contributing to Society

We help to enrich society through our expertise in capital markets

Vision

Trusted Partner

As a leading financial institution, we aim to be the most trusted partner for our clients

Values

Entrepreneurial Leadership

With passion and courage, we continually innovate to meet the needs of our stakeholders

Teamwork

To build our values and 'Deliver Together', we promote diversity and collaboration across divisions and regions

Integrity

Personal integrity is paramount to us. We act honestly, fairly and openly

To remain relevant to society and ensure consistent growth, we must listen to our diverse group of stakeholders and increasingly contribute to resolving issues that society faces. It is also essential that we recognize the importance of environmental, social and governance (ESG) aspects to ensure sustainable growth of the corporate sector. In my efforts to raise the satisfaction levels of clients, shareholders and employees since I took over as CEO five years ago, I have always emphasized the

importance of the ESG framework to the way we do business.

Looking ahead, we are entering an era in which conventional wisdom will be increasingly challenged and the financial services industry will change considerably. No matter what the future holds, we must expand our focus with an eye on helping solve social and environmental issues to continue to be relevant to society. Nomura aims to help create a better future for everyone.