

# **Deutsche Bank 2014 Global Financial Services Investor Conference**

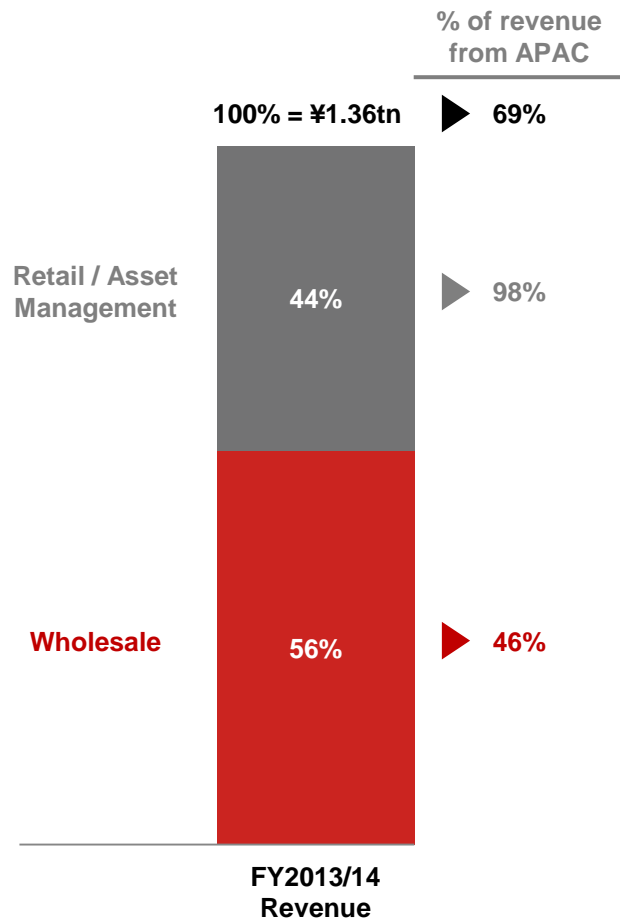
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Nomura Holdings, Inc.

May 28, 2014

# Unique hybrid of retail brokerage/asset management business and Asia-focused global investment bank

## Unique hybrid of stable revenue and market-based revenue

### Revenue breakdown



### Unique hybrid of retail/asset management and Asia-focused global investment bank

#### Leading domestic franchise

- Corporate
- Institutional
- Retail
- Asset Management

*Home market advantage in Japan with an unrivalled retail and institutional investor base*



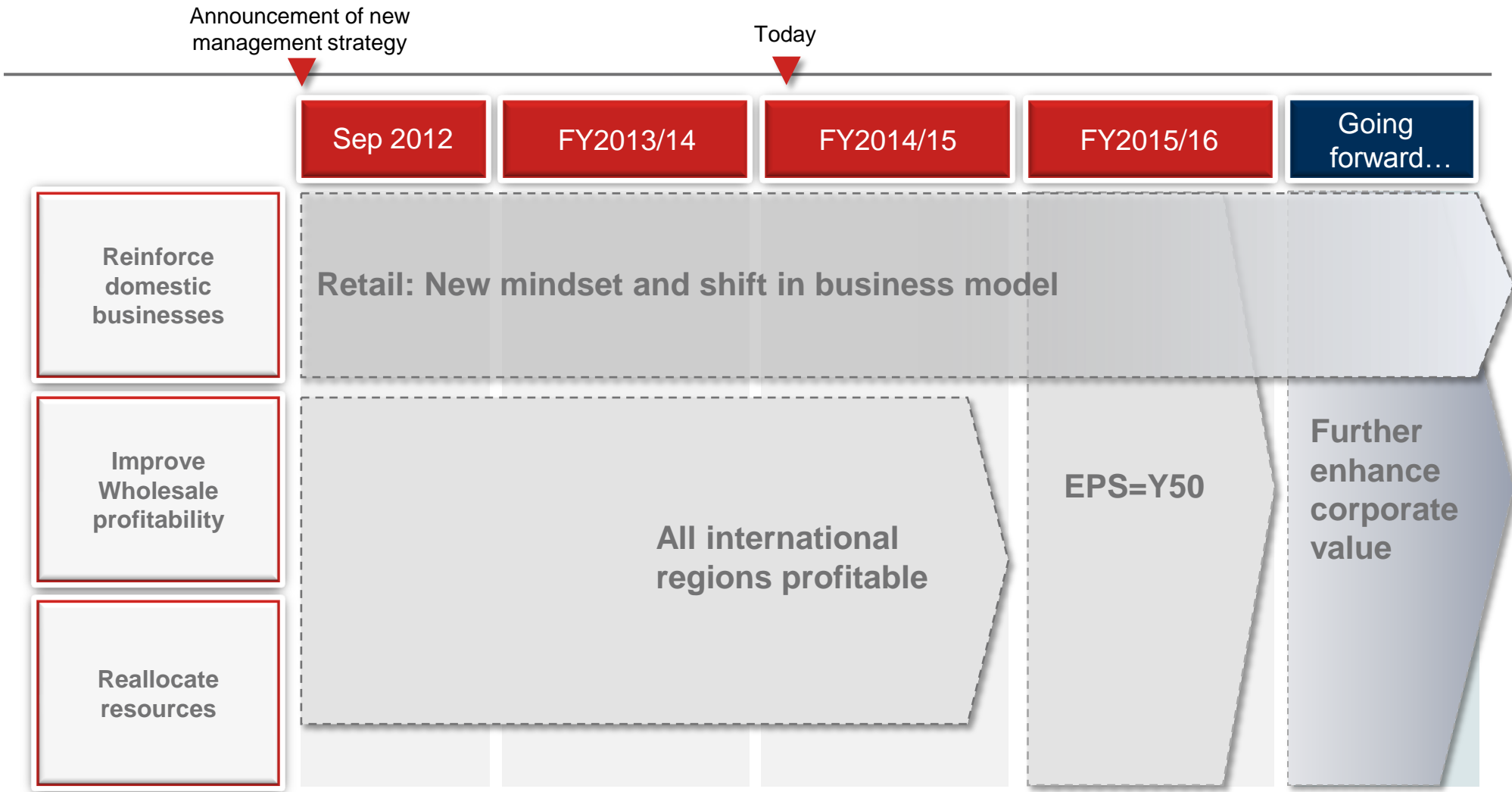
#### Focused international franchise

- Corporate
- Institutional

*Seamless global platform with a deep but narrow focus based on either synergies or standalone profitability*

Nomura's biggest differentiator

# FY2015/16 management target

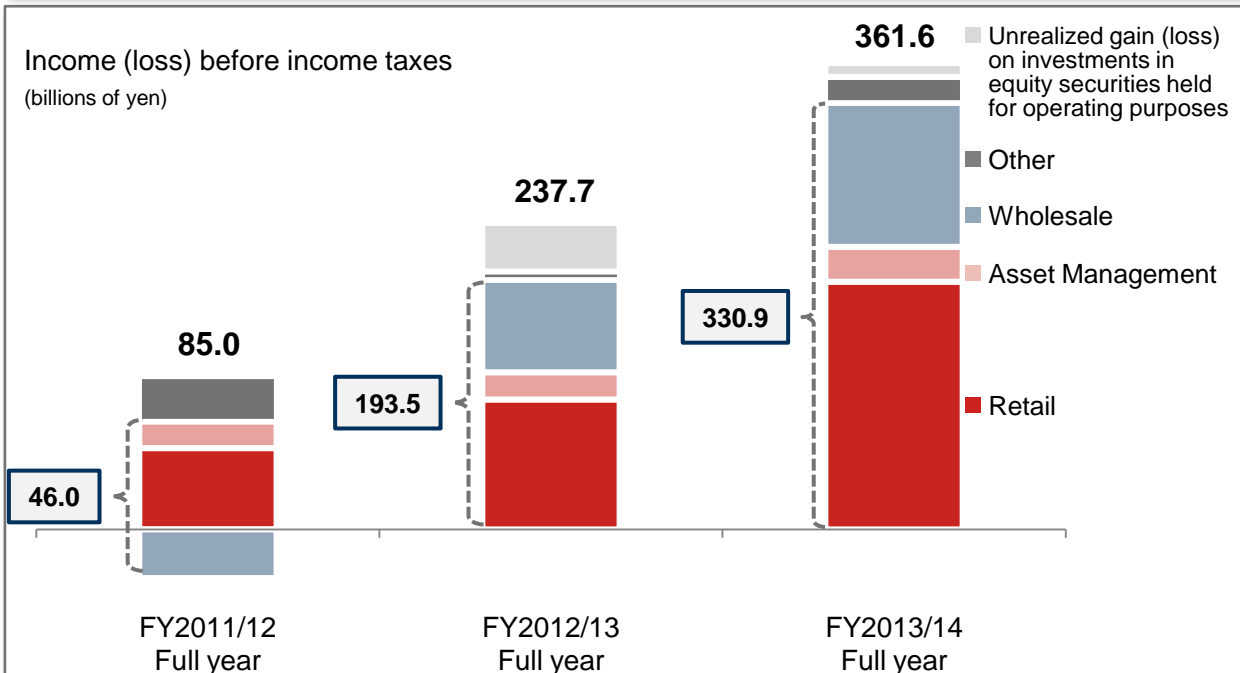
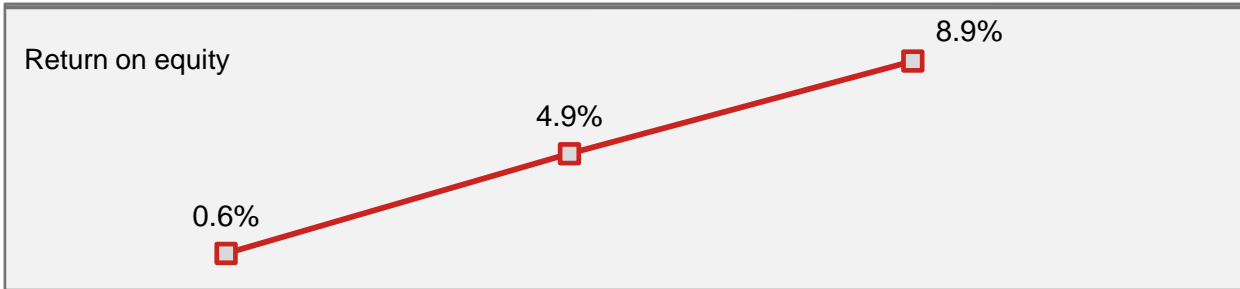


Working to achieve targets

		Progress	
<p>Reinforce domestic businesses</p>	<p>Retail</p> <ul style="list-style-type: none"> <li>Income before income taxes (FY15/16) Y100bn</li> <li>Retail client assets: Y100trn by FY2015/16</li> <li>Recurring revenue: Y69.6bn in FY2015/16</li> </ul>	<p>✓</p> <p>On track</p> <p>On track</p>	<p>FY2013/14: Y192bn</p> <p>March 2014: Y91.7trn</p> <p>FY2013/14: Y54.5bn</p>
	<p>Asset Management</p> <ul style="list-style-type: none"> <li>Income before income taxes (FY15/16) Y25bn</li> </ul>	<p>✓</p>	<p>FY2013/14: Y27.1bn</p>
<p>Improve Wholesale profitability</p>	<p>Wholesale</p> <ul style="list-style-type: none"> <li>Income before income taxes (FY15/16) Y125bn                             <ul style="list-style-type: none"> <li>Of which, international Wholesale Y50bn</li> </ul> </li> <li>Additional \$1bn cost reductions on top of \$1bn announced in 2011</li> <li>Established Global Markets</li> </ul>	<p>On track</p> <p>Ongoing</p> <p>✓</p> <p>✓</p>	<p>FY2013/14: Y111.8bn</p> <p>September 2013: Completed additional \$1bn cost reductions</p>

# FY2013/14 full year highlights

## FY2013/14 full year highlights



- Pretax and net income both at highest level in eight years
- ROE : 8.9% (FY12/13: 4.9%)
- EPS 1: Y55.81 (FY12/13: Y28.37)

- All business divisions reported significantly higher pretax income

- Retail: Strong driver of group revenues, supported by market rally

- Asset Management: Growth in AuM on inflows and improved market conditions

- Wholesale: Profitability improved due to successful strategic refinement and cost reduction program

- Dividend per share: Y17 (Payout ratio: 29.5%)

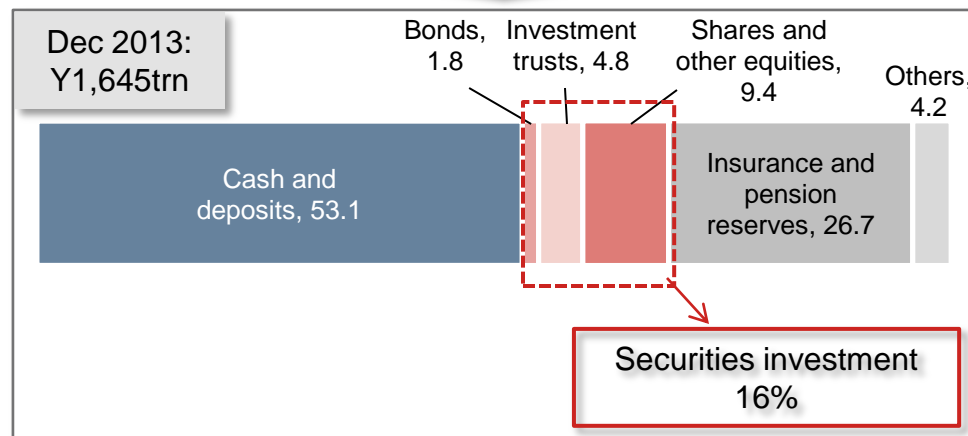
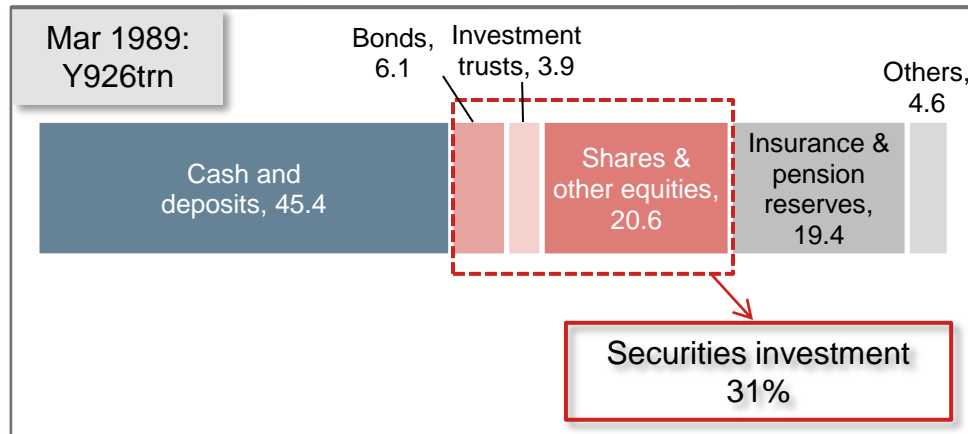
- Share buyback program with upper limit of 100m shares (of which, approximately 44m allocated for stock options) and maximum aggregate repurchase price of Y70bn

(1) Diluted net income per share attributable to Nomura Holdings shareholders.

## **Initiatives and future opportunities**

# NISA: Promoting shift from savings to investment

## Japanese personal financial assets<sup>1</sup>



- In 1989, 31% of Japan's personal financial assets were invested in securities
  - Share of securities investment halved due to prolonged deflation following the bursting of the bubble economy
  - Bank of Japan announced inflation target in January 2013
    - Individual risk money poised to shift as Japan overcomes deflation
  - NISA scheme for tax-free investment started in January 2014
    - Potential NISA investment over next five years estimated at Y61trn<sup>2</sup>, or 3.7% of total personal financial assets<sup>1</sup>
    - Annual investment trust fees of Y300bn<sup>3</sup> based on Y61trn of investments
- ✓ Retail promoting NISA to help with client wealth formation

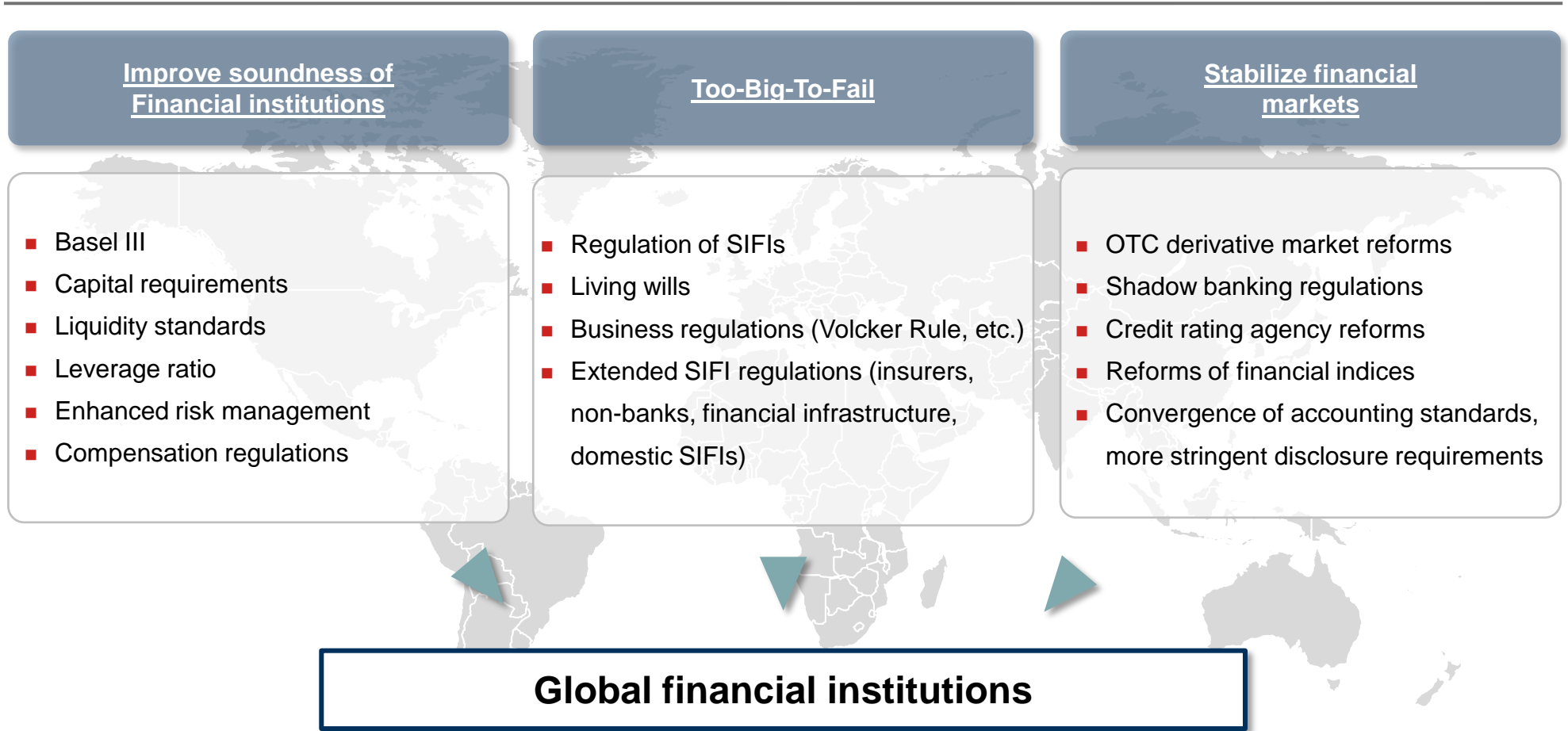
- As of March 31, 2014, leading the industry with 1.29m account applications

1. Source: Bank of Japan, Flow of Funds.

2. Source: Nomura Asset Management, based on potential users of 19.31m and five year cumulative investment of Y3.182m per person for those who have indicated an intention to use NISA.

3. Based on 50% allocation to investment trusts and investment trust fees of 100bps; excluding investment trust sales commissions, changes in market value, and redemptions.

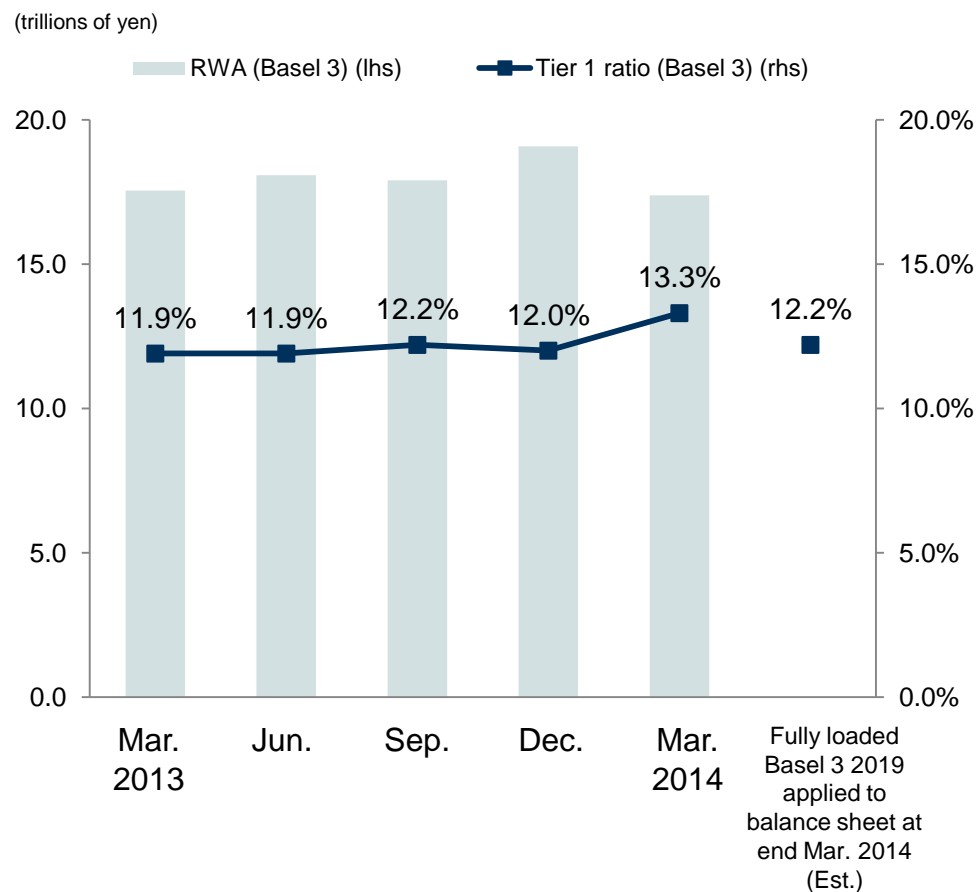
# Global regulatory reforms



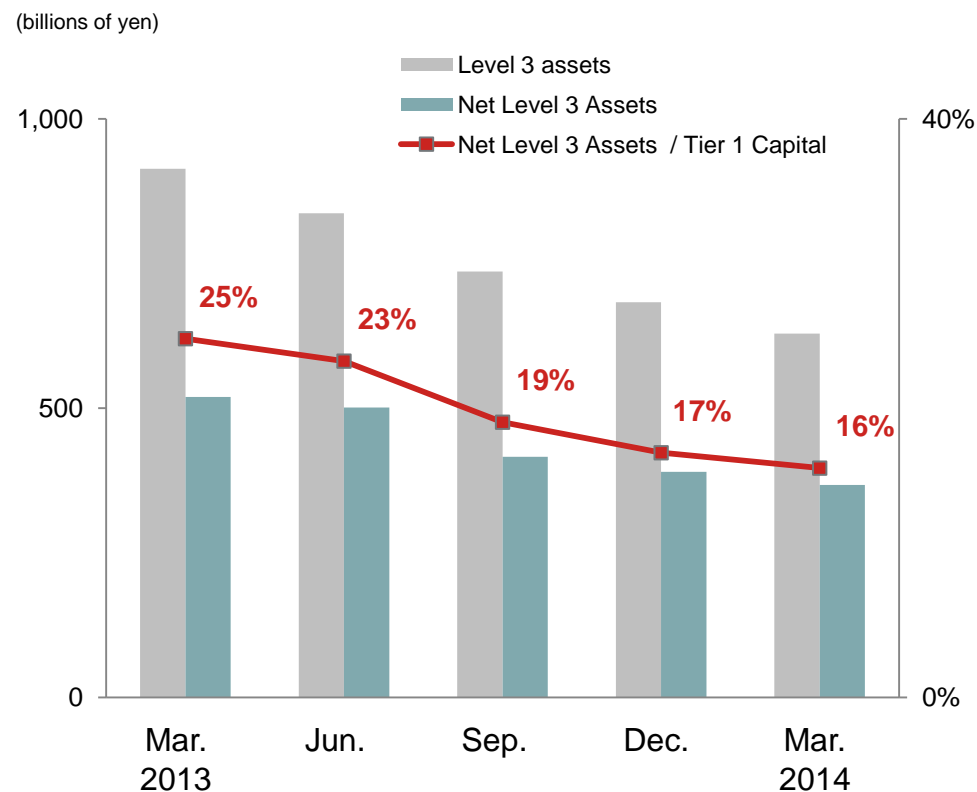


# Healthy balance sheet

Risk weighted assets<sup>1</sup> and Tier 1 ratio<sup>2</sup>



Level 3 assets<sup>2</sup> and net level 3 assets/Tier 1 capital

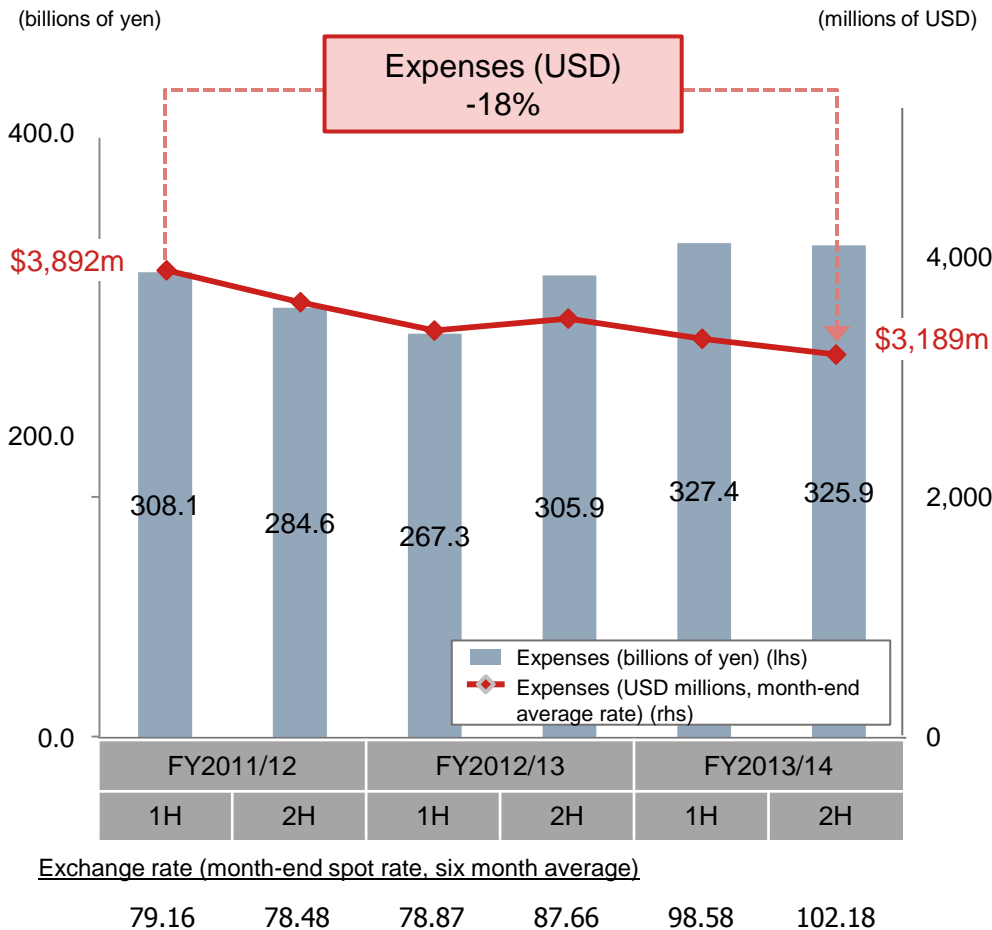


(1) Credit risk assets are calculated using the internal model method.  
 (2) Preliminary

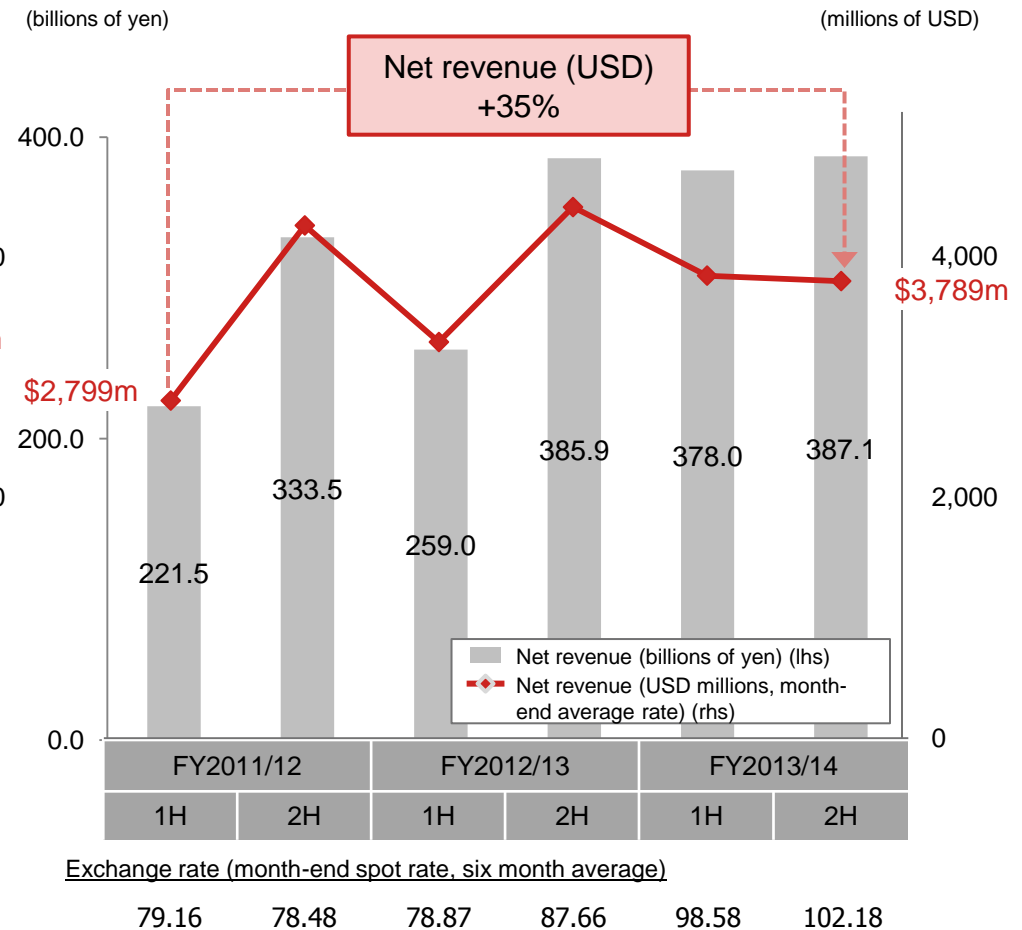
# Lowering breakeven point in Wholesale

- Implemented \$2bn of cost reduction initiatives since July 2011
- Costs down 18% and revenues up 35% on USD basis

## Non-interest expenses



## Net revenue



# Cross-regional, cross-divisional collaboration

## Global Markets international cross-border revenues increasing

FY2013/14 Global Markets cross-border revenues (YoY; US\$ basis)

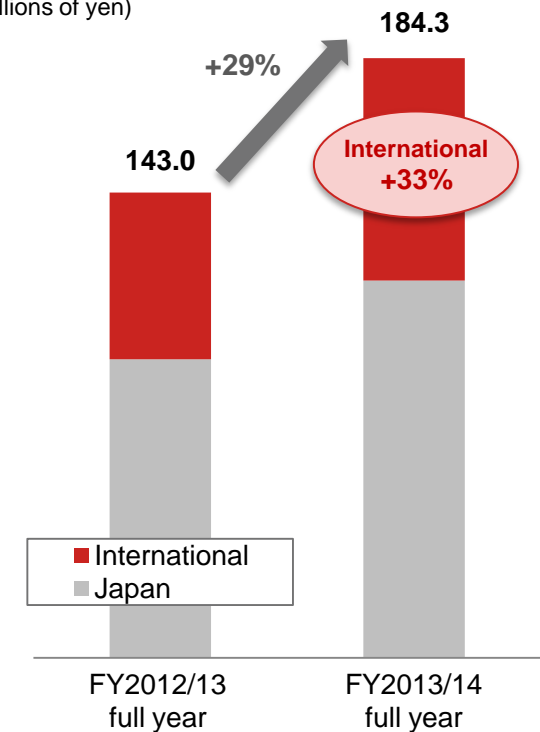
- Revenues from global products distributed in Americas: +47%
- Revenues from Japan-related products distributed overseas: +60%

FY2013/14 (% YoY)		Product				Global
		JAPAN	AEJ	EMEA	Americas	
Distribution	Japan	-	↘	↗	↗	13 %
	AEJ	↗	-	↗	↗	42 %
	EMEA	↗	↗	-	↗	30 %
	Americas	↗	↗	↗	-	47 %
Total		60 %	12 %	48 %	26 %	34 %

## Investment Banking gross revenue up 29%

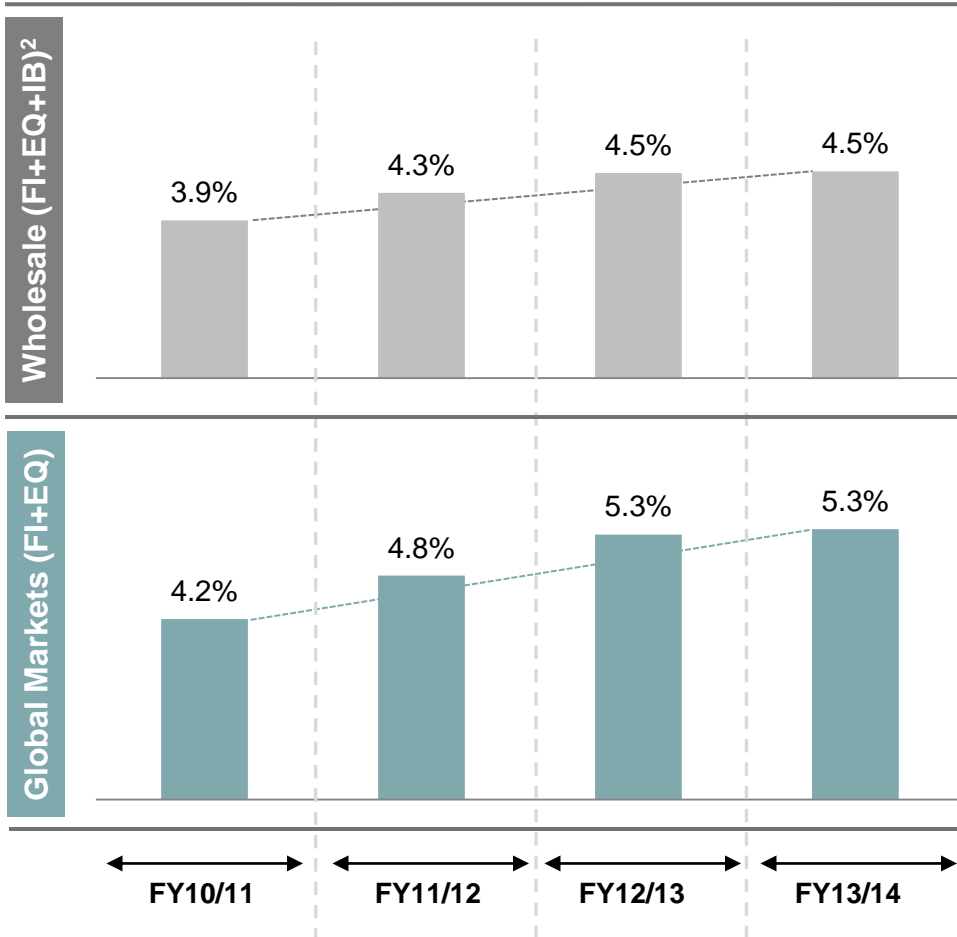
Stronger contribution from international business

(billions of yen)

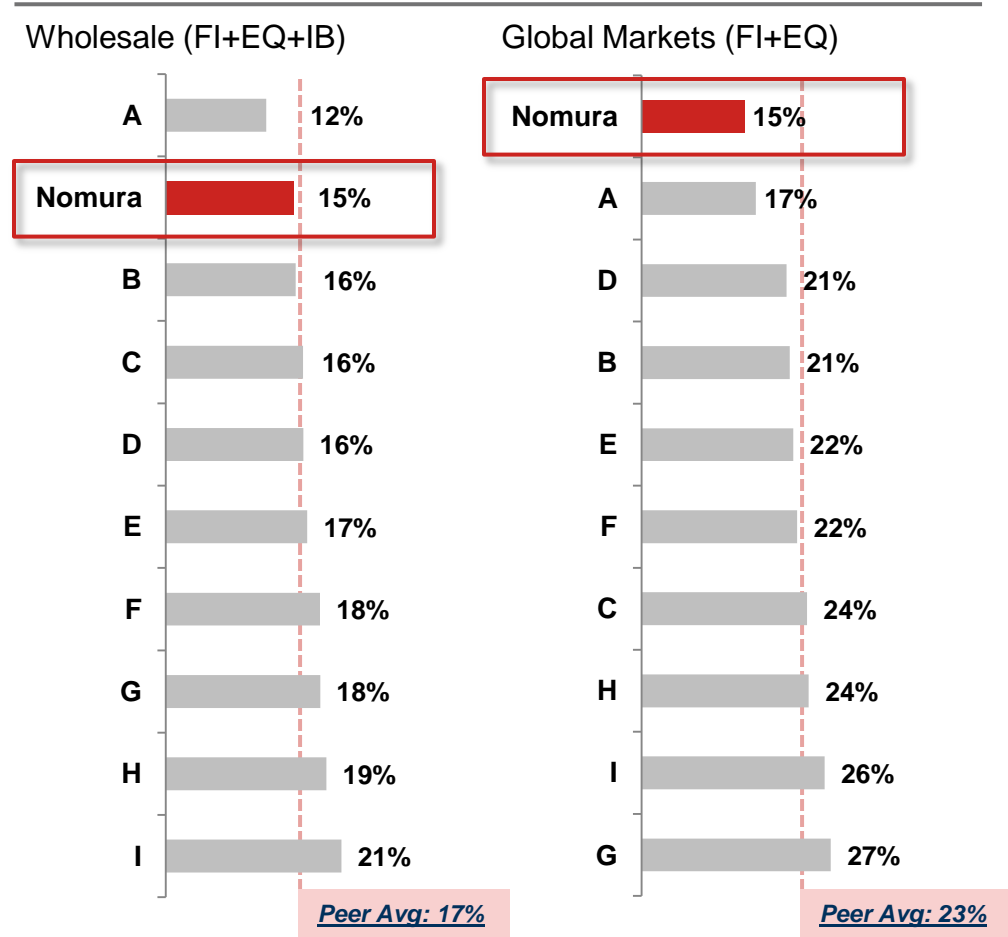


# Improved revenue share and earnings consistency

Wholesale net revenue share<sup>1</sup>

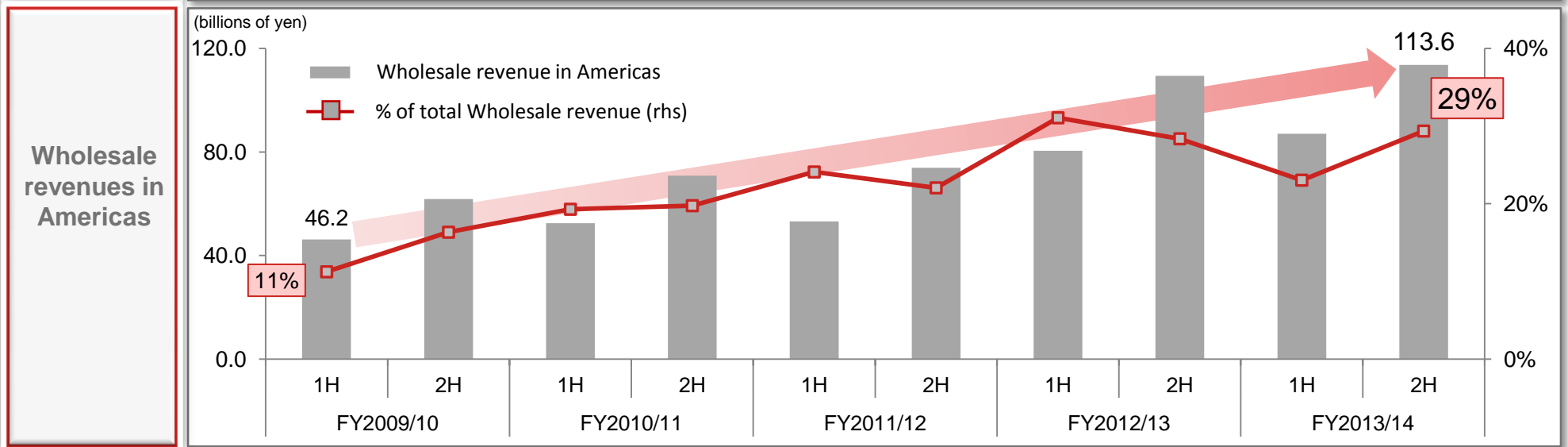
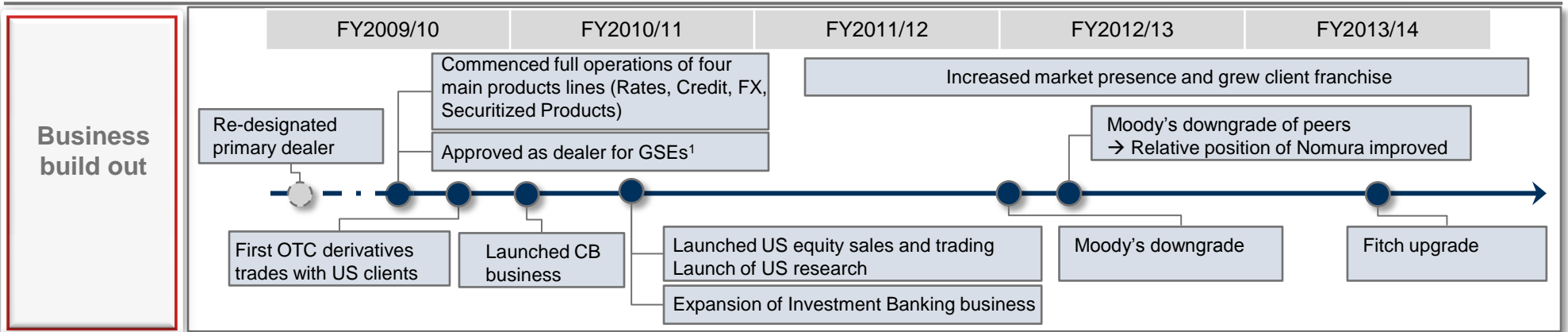


Wholesale – Quarterly revenue volatility vs. peers<sup>3</sup>



1. Nomura's share of combined revenues of nine global banks (Goldman Sachs, Morgan Stanley, Bank of America Merrill Lynch, Citi, JPMorgan, Credit Suisse, Deutsche Bank, UBS, and Barclays) and Nomura.  
 2. Based on Investment Banking (net) revenue for Nomura.  
 3. Peers include nine global banks (Goldman Sachs, Morgan Stanley, Bank of America Merrill Lynch, Citi, JPMorgan, Credit Suisse, Deutsche Bank, UBS, and Barclays). Revenue volatility from January 2012.

# US build out



1. Government Sponsored Enterprises: Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation

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