

FY2025/26 2Q Financial Results Conference Call Q&A

Date: October 28, 2025

Speaker: Hiroyuki Moriuchi, Chief Financial Officer, Nomura Holdings, Inc.

Q1: Why did compensation and benefits increase year on year?

A1: Compensation and benefits increased due to an increase in bonus provisions in line with performance and a slight increase in severance expense during the quarter.

Q2: Following the acquisition of Macquarie's U.S. asset management business, you anticipate the CET1 ratio will decline slightly from the current level. Given the favorable market environment, what is your policy on share buybacks for this fiscal year?

A2: After the acquisition is closed, we expect the CET1 ratio to decline by approximately 0.7% from 12.9% as of the end of September. Meanwhile, Wholesale business is seeing an increase in high-quality opportunities. Although this creates a situation that requires difficult judgments to balance between investment, financial soundness, and shareholder returns, we will continue to deliberate under the policy of maintaining a dividend payout ratio of 40% or more and a total payout ratio of 50% or more.

Q3: While Macro Product revenues were weak and Securitized Products and Equity Derivatives were strong, with an increase in credit risk assets, which products were generating revenue? Also, based on promising deal pipelines, what is your policy for taking risk going forward?

A3: In the first half of the year, revenues were driven mainly by Securitized Products and Equity Derivatives, with Credit also contributing. Although currently there are many attractive opportunities for Securitized Products, we will remain highly selective given balance-sheet concentration risk and do not intend to substantially increase the share of Securitized Products.

Q4: Are there any impacts or lessons from First Brands' default? Also, what share of your business is related to private credit?

A4: Our exposures related to this matter were small, and the impact on our business and P&L was extremely limited. We conduct stress tests on a regular and ad hoc basis to monitor changes in tail risks and other factors, and we have not observed any increase in portfolio risk at this time. The share of private credit within our securitization business is very small, and we believe the effect on our balance sheet and P&L is limited.

Q5: What exactly do the 'risks' related to First Brands refer to? What kinds of risks do you examine — for example, simple credit risk, risks related to non-bank intermediary institutions, fraud risks such as double collateral, etc?

A5: We are primarily engaged with trading businesses and do not follow a model of holding large volumes of credit exposures to non-bank commercial lenders like commercial banks. With that in mind, in addition to assessing individual creditworthiness we strictly manage concentration risk and the effectiveness of collateral. Given balance-sheet constraints, we carefully judge and evaluate how much exposure to take on any single transaction.

Q6: Regarding the revenue environment in October for the Wholesale — Equities and Investment Banking are reported to be strong; what is the trend for Fixed Income? Also, how do October divisional revenues compare with 2Q?

A6: It is still early in 3Q, but Fixed Income in Japan is holding up well. In 1H there were periods where positioning — including in the mid to long end of the curve — was challenging, but conditions have recently been normalizing and revenues are recovering in line with market movements. Overseas activity has followed a similar pattern to 1H, and we see upside potential depending on the future interest rate environment.

If Fixed Income improves, other businesses may level off to some extent, but looking at the portfolio as a whole we believe the proportion and level of stable revenue have increased. Current segment revenues remain healthy, continuing the solid performance seen in 2Q.

Q7: Income before income taxes increased year-on-year, but net income for the period declined. What is driving the rise in the effective tax rate?

A7: We will refrain from specific discussion, but several technical factors had an impact.

Q8: Revenue in Equities rose to a record high, especially Derivatives in Japan and AEJ saw a substantial increase in revenue. Could you explain the relative strengths of Equities by region and the sustainability of the performance?

A8: The Americas remained steady, and in 2Q all regions: Japan, AEJ and the Americas performed well. If this strong performance continues, it may normalize at some point, but so far geographic diversification has been working in our favor. In recent years we have expanded the product offerings in Equities and strengthened downside resilience. There is a possibility that Macro Products in Fixed Income, where we had previously constrained resources, could recover. Please have a look on the sustainability of the portfolio's overall revenue.

Q9: The target range of CET1 ratio is set at 11% to 14%. After the closing of the Macquarie acquisition, it will come to around 12%. Could you elaborate on the capacity of risk-taking going forward?

A9: With respect to Wholesale, we are promoting self-sustained growth within the self-funding framework. If Wholesale continues to perform solidly in 3Q and 4Q, capital will build up, and resource capacity will increase correspondingly.

For businesses other than Wholesale, our policy is to make selective investments when opportunities arise—both organically and inorganically—and to utilize resources in a measured way.

However, with the pending completion of the acquisition of Macquarie's U.S. asset management company, we will remain mindful of financial soundness and pursue balanced capital allocation.

Q10: Could you provide additional color on the Investment Banking pipeline for the second half by product?

A10: Advisory is broadly solid. In Japan, in addition to already-announced deals, there are cross-border and relatively large transactions building up in the pipeline. Internationally, while there are regional disparities, we are expanding the pipeline heading into the second half. In ECM, while the fee pool is normalizing, there is a possibility that transactions related to the unwinding of cross-shareholdings will gradually pick up. The second half typically sees more corporate actions, so we will actively pitch to win mandates.

We expect DCM remains robust, taking the interest rate outlook for the second half into account.

In summary: advisory is very strong; DCM is expected to maintain first-half levels; and ECM, while likely to be slightly below last year, is expected to show a modest recovery.

Q11: In Q2 ROE was 10.6%. Because that figure includes one-off expenses, the baseline appears to have been raised and is showing signs of stabilization. Given that, is it time to reconsider the 2030 ROE target of "8-10%+"? From the CFO's perspective, how should upside and downside risks be assessed?

A11: Our underlying earning capacity is steadily improving: portfolio reform and operational enhancements across business units are delivering results and contributing to higher ROE. Any decision to raise the target should, however, be made with reference to the position in the economic cycle. We are working to create Wholesale business structure in which different product lines offset one another over the cycle, and we will carefully monitor the impact of any economic slowdown. At this stage, our priority is to continue strengthening our earning power so that we can reliably maintain at least the lower bound of the 2030 target (ROE 8%), even under downside scenarios.

1. *This document is produced by Nomura Holdings, Inc. ("Nomura"). Copyright 2025 Nomura Holdings, Inc. All rights reserved.*
2. *Nothing in this document shall be considered as an offer to sell or solicitation of an offer to buy any security, commodity or other instrument, including securities issued by Nomura or any affiliate thereof. Offers to sell, sales, solicitations to buy, or purchases of any securities issued by Nomura or any affiliate thereof may only be made or entered into pursuant to appropriate offering materials or a prospectus prepared and distributed according to the laws, regulations, rules and market practices of the jurisdictions in which such offers or sales may be made.*
3. *No part of this document shall be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Nomura.*
4. *The information and opinions contained in this document have been obtained from sources believed to be reliable, but no representations or warranty, express or implied, are made that such information is accurate or complete and no responsibility or liability can be accepted by Nomura for errors or omissions or for any losses arising from the use of this information.*
5. *This document contains statements that may constitute, and from time to time our management may make "forward-looking statements" within the meaning of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Any such statements must be read in the context of the offering materials pursuant to which any securities may be offered or sold in the United States. These forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Important factors that could cause actual results to differ from those in specific forward-looking statements include, without limitation, economic and market conditions, political events and investor sentiments, liquidity of secondary markets, level and volatility of interest rates, currency exchange rates, security valuations, competitive conditions and size, and the number and timing of transactions.*
6. *The consolidated financial information in this document is unaudited.*