Delivering a Better Tomorrow

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.
“Place our clients at the heart of everything we do”

A commitment that remains unchanged since our founding
Nomura’s strength is driven by our Two-Pronged business model, which is based on our Retail and Wholesale businesses. Nomura has a long-established and distinctive Retail Division in Japan. Adding on to this strength, we have our Wholesale Division, which leverages our status as an independent securities company. The collaboration of these two divisions has made our Two-Pronged business model successful. We earn high praise from our corporate clients who issue securities, on our ability to make compelling proposals to the clients as well as our extensive distribution capabilities. We have been able to forge close business partnerships with roughly 60 percent of listed companies in Japan. Retail clients also recognize our sales consulting expertise and our ability to offer a diverse range of products deriving from our underwriting activity. Leveraging these strengths, our Retail Division recorded client assets of ¥118 trillion at the end of March 2018. Also, we maintained our leading position at the top of both Japan ECM and Japan M&A League Tables (Thomson Reuters April 2017 to March 2018).

Human resources are essential to achieving sustainable growth. Currently, approximately 28,000 employees work within the Nomura Group across more than 30 countries, representing about 90 nationalities around the world. In order to provide a broad range of products to address our client’s broad investment needs, it’s important that we maintain a diverse talent pool across nationalities, ages and genders continues to create new values by using their various backgrounds. With the belief that each and every one of our employees should thrive and contribute in the workplace, we have launched the “Nomura Work Style Innovation” initiative, which comprises of a “Work Style Reform” program and “Health and Productivity Management” practices. In addition, we are pursuing an initiative to help female employees’ career-building and work-life balance to establish a work environment in which they can thrive. In 2016, we adopted a “Nomura’s Declaration on Diversity & Inclusion” based on our strong determination to develop a work environment where diverse employees can play an active part on a group-wide basis. In the following year, we adopted a “Nomura’s Declaration to Support Employee Balance Work and Family Care” with the intent to build a work environment that enables employees who need to provide nursing care for family members to continue to work with peace of mind.

particularly in the U.S., we continue to hire talents with high levels of expertise, broad experience and relations in specific business sectors to enhance our global capabilities. We believe that business opportunities between Asia and EMEA/Americas are likely to increase over time. In an effort to win these cross border transactions, we will continue to offer to our clients a broad range of products and solutions, including M&A advisory services and client financing & solutions.

Connecting Markets East & West

Leverage strengths in APAC to provide competitive services to clients

Connecting Markets East & West

EMEA

Focus on business areas of strength

Americas

Strengthen franchise

Europe

Expand franchise to tap into growth

Three facts you need to know about Nomura

1. Unique Two-Pronged business model

2. Workforce diversity

3. Nomura’s distinctive characteristics is that we are a financial services group that operates globally, but is based in Asia, with Japan being its “Mother Market.” We believe that in the future, we will be able to export our successful Two-Pronged Retail-Wholesale business model towards the rest of Asia. Currently, we run wealth management businesses mainly in Hong Kong and Singapore, and operate Retail businesses in Thailand and Philippines. At the same time, in our Wholesale business in EMEA and Americas, we are focused towards areas where we have strength.

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Connecting Markets East & West

Leverage strengths in APAC to provide competitive services to clients

Connecting Markets East & West
Pursue long-term growth by responding to clients’ needs and providing a wide range of financial services

Since its inception in 1925, the Nomura Group has continually expanded its product and service offerings, developed its global operations and reinforced its corporate governance systems. Our Founder set 10 principles that, even today, lie at the heart of Nomura’s operations. Among these founding principles is a description of Nomura’s raison d’être or mission to “enrich the nation through the securities business.” We will continue to contribute to economic growth and a more fulfilling society by delivering superior services and solutions to meet all of our clients’ investment needs.

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Nomura Group Value Creation Model

The Nomura Group’s business is executed according to our philosophy of always “placing our clients at the heart of everything we do.” We contribute to the economic growth and creation of a prosperous society by providing financial products, services, and solutions that are innovative and competitive, while also utilizing our high-quality management resources. We strive to raise our economic value by building a sustainable business foundation to support growth in any environment.

Value creation

OUTCOME

Raising social value
Contribute to the resolution of social issues

Realize the founder’s mission to “enrich the nation through the securities business”

Enhance human capital, intellectual capital and social capital by improving financial literacy and supporting innovation

Raising economic value
Create an operating platform capable of delivering consistent growth in any environment

FY2019/20 management target
EPS of ¥100
(FY2017/18: ¥61.88)

Invest in areas of growth
Provide appropriate shareholder returns

Our businesses

Our strengths and strategy

INPUT
Nomura's presence

Number of branches
(Jun 30, 2018)
Retail client assets
Assets under management
Percentage of Japanese listed companies that name Nomura as lead / deputy underwriter

156
¥117.7 trillion
¥50.0 trillion
Approx. 60%
Commitment to contributing to the creation of an affluent society since our founding

Since its founding, Nomura Group has contributed to economic growth and creation of social value by supporting the development of capital markets and promoting the circulation of risk money.

In recent years, against the backdrop of expanding environmental, social and governance (ESG) investment, financial institutions have been required to consider the environment and society even more than before.

We believe that our provision of financial services that aim to realize a sustainable environment and society will lead us to grow and at the same time achieve Sustainable Development Goals (SDGs), common targets for 2030 in the global community.

Nomura Group formulated a management vision (“Vision C&C”) in 2014 and has been striving to create a solid operating platform that can deliver consistent growth in any market environment.

In addition, as we aim to help solve social issues more broadly, we have identified ESG materiality (priority issues) by analyzing issues for our stakeholders and the Group, and prioritizing them by importance.

Looking to 2020 and beyond, we are committed to sustainable growth and to the building of a sustainable society.

Nomura Group’s Management Vision

In August 2014, we announced Vision C&C, our management vision towards FY2019/20, with the aim of creating an operating platform capable of delivering consistent growth in any market environment. Based on the two main strategic themes of “business model transformation in Japan” and “improvement in the profitability of our international businesses,” we are steadily progressing toward establishing a business capable of generating an EPS of ¥100. Moreover, we will continue to launch initiatives to achieve long-term growth beyond 2020.

Nomura Group’s Material ESG Issues

We have assessed “the materiality to stakeholders” and “the materiality to Nomura Group” of environmental and social issues, and we have identified the material issues that are of high importance to both stakeholders and the Group.

Initiatives on these ESG issues also contribute to achieving SDGs. For Nomura Group, SDGs encourage us to continue and further enhance our unceasing activities since our foundation to “help to enrich society through our expertise in capital markets.” While we have a role to play in all 17 SDGs, the most relevant goals have been identified as follows.

Stakeholders’ materiality

Nomura Group’s materiality

very high

high

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Driven by the happiness and appreciation of our clients

I started my career at Takamatsu Branch, where I was working in the Retail business with individual investors. I was a new university graduate in an unfamiliar environment. On my way to visit a client one day, I got caught in a sudden downpour. I managed to find shelter and made my way to the client’s house after the rain eased up.

I was soaking wet and muddy. As I hesitated to enter the house, my client handed me a towel and invited me in with a warm smile. She thanked me for coming despite the heavy rain and, at the end of my visit, she bought some products and thanked me for the proposals I had made.

Since then I spent my time making a wide range of proposals to wealthy individuals and the management of mid-sized companies in the local community. I learned first-hand that individual risk money is the main source of the investment chain. These early years are the driving force behind everything I do today.

Two-Pronged business model

After working exclusively in Retail, I was transferred to Wholesale at age 40. Retail and Wholesale are completely different businesses, so at the time, I felt as if I had been transferred to another company. However, I came to realize from my experience in both Retail and Wholesale that there is a unique connection between the two businesses at Nomura. In the financial services industry, wholesale businesses such as underwriting are generally considered upstream and retail operations such as sales are downstream.

But at Nomura, we employ a holistic approach. This is because the principle that the investment chain starts with individual risk money is deeply ingrained in our culture. Issuers are well aware of our distribution capabilities and we have been able to forge close business partnerships with roughly 60% of listed companies in Japan, as well as government organizations worldwide, and global financial institutions. 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. This is why they choose Nomura. It is also why our Retail and Wholesale businesses have never been separated and operate in unison.

Asia as our home market

In our home market of Japan, we have established a robust platform underpinned by our successful Retail-Wholesale Two-Pronged business model. We believe that this business model can be exported to Asia. Asia has a growing economy and is expected to account for 52% of the world’s GDP in 2050.

However, 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 US$15,000 to US$20,000. We believe that Asian countries will enter this zone. We have an advantage in this region and we believe there will be ample opportunities to further grow our business.

To successfully export our Two-Pronged business model to Asia, we will have to make some changes. Other Asian countries are far ahead of Japan in terms of digital transformation and the fusion between the Internet and the real world. As such, we will have to pursue business opportunities while strategically leveraging our digital platform and consulting services for mass affluent individuals.

Capital Nomura Securities, which was established in Thailand in 1970, is already applying our two-pronged model to its businesses. BDO Nomura Securities, an online securities company that was established in 2016 with BDO (Banco de Oro) Unibank, the largest commercial bank in the Philippines, has gained 130,000 accounts in a period of a little less than two years (as of June 2018). BDO Nomura Securities is now the second largest online securities house in the Philippines in terms of the number of securities accounts. In May 2018, we applied to the China Securities Regulatory Commission for a license to establish a joint-venture securities company to serve wealthy individuals in China.

I firmly believe that having a two-pronged model that connects Asia including Japan to Europe and the Americas will give us a competitive edge that sets us apart from our peers. That is the essence of Connecting Markets East & West.

Structural changes transforming business

There are three major structural changes currently taking place. The first change concerns the possibility that we are in a G-Zero era in which no country is willing to assume the responsibilities of global leadership.
Message from Group CEO

Added to this is growing populism where countries are looking out for their own interests. These trends undermine international security and economic transactions, and the arising frictions lead to geopolitical risks that cast a dark shadow over financial markets. The second change is Japan’s aging population, and rapidly declining birthrate. People 75 years old and older comprised about 25% of Japan’s total population in 2015. In 2030, they are expected to account for about 30% of the population and maximum 46% of financial assets held by individuals in Japan. We are unable to provide adequate services to these elderly clients due to compliance reasons. With more people expected to live to a hundred, we expect this client segment to grow further. Meanwhile, with the aging society and falling birthrate, the working-age population has lost confidence in the public pension system and feels they must secure their own post-retirement funds.

The third change is the rapid advances in digital innovation. I find this change the most worrying. The dilemma of innovation is that the champion stands to lose the most when the rules of the game change. In the financial services business in Japan, Nomura is that top player with the most at stake. Rather than waiting for the rules to change, we have to get ahead of the game and change it ourselves. We have to become the game changer.

Aiming for sustainable growth

In August 2014, we announced our long-term management vision for 2020. This calls for us to create a robust operating platform capable of delivering consistent growth under any conditions. We set earnings per share (EPS) of ¥100 as one of our key goals for 2020.

In order to realize our vision, we are working to address two issues: transforming our Retail business model and improving the profitability of our international operations. Market conditions affect our business performance, and we have to be prepared for shifts in the financial market due to geopolitical risks.

In Retail, our focus is on increasing recurring revenue, and in Asset Management we are working to expand our product offering and distribution channels. In Wholesale, we continue to reduce our focus on traditional secondary trading while continuing to provide financing and solutions that meet our clients’ needs. Improving business efficiency is another important goal. Within the next four years, we plan to reduce fixed costs by 60 billion yen through further digitalization and automation, and by driving efficiencies through centralized procurement and optimization of our global real estate footprint.

Looking 10 to 20 years ahead

As Group CEO, I must work hard to ensure that we achieve our 2020 management vision. I also have a responsibility to look beyond 2020 and create something that will have an impact over 10 to 20 years in the future.

To address the rapidly aging Japanese society, we have assigned specialists called Heartful Partners to Retail branches throughout the country to help elderly clients. We are also conducting a joint research project with Keio University on financial gerontology, and are using the results of our research to provide advice to older clients on how to manage their assets.

Developing strategies to work with the next generation is also critical. Most people open a bank account when they enter university or start working, but few people open a securities account.

As long as we can swiftly create quality products and services for our clients, I am not concerned whether we pursue innovation on our own or through open innovation including tie-ups with other companies. In 2015, we established a FinTech Committee, and a Financial Innovation Office to help further enhance our businesses through innovation. I meet with people in the Financial Innovation Office once a month. Each month, they update me about new technologies and innovative ideas on all the technological changes taking place in the world. It is a very rewarding and productive meeting that I look forward to every month.

Through our Voyager accelerator program in Powai, India, in addition to our initiatives in Japan, we have received innovative proposals from startups around the world, including Silicon Valley. In April 2017, we established a dedicated innovation subsidiary N-Village in the heart of Tokyo, where there is a large concentration of digital start-ups. N-Village is charged with new business development and investing in startups. While we do not have any plans at present to offer virtual currencies, we are researching B2B digital asset custody that uses blockchain technology.

I am personally committing to pursue these initiatives to ensure that we can leverage digital innovation in our business.

To address this, we entered into a business partnership with LINE Corporation. As of March 2018, LINE has 75 million monthly active users in Japan. This is equivalent to 60% of Japan’s total population, and 74% of these users are asset-builders under 50 years of age. People all over Japan who have no relationship with Nomura can access our services through the LINE platform. We intend to leverage the LINE platform to provide opportunities for young people to invest in stocks and investment trusts.

Our Asset Management business also invested in 8 Group in April 2018. Leveraging 8 Group’s excellent mobile application development skills and Nomura’s investment capabilities and extensive product offering, we intend to provide investment services to clients in the asset building segment.

Pursuing digital innovation

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Contributing to society through our core business

In January 2018, we announced our corporate slogan, Delivering a better tomorrow, which captures the essence of the Nomura Group Corporate Philosophy. While I feel that Our Founder’s Principles must evolve over time, our commitment to enriching the nation through the securities business and placing clients at the heart of our operations remains unchanged. As a group, we are fortunate to have such a unique business model and the ability to apply our skills and resources to impact areas in Japan where we can make a difference. This is a responsibility that I take very seriously.

At Nomura, we are proud to maintain the highest standards of corporate citizenship and support for the communities in which we operate. We are committed to making a positive impact through our philanthropic efforts, community service, and corporate social responsibility initiatives. Nomura’s Principles of Corporate Social Responsibility guide our approach to these areas, and we are dedicated to fostering a culture of responsibility and accountability throughout the organization.

Nomura is committed to sustainability and environmental stewardship. We recognize the importance of reducing our carbon footprint and taking steps to minimize our environmental impact. Our efforts include adopting green practices, using renewable energy sources, and implementing energy-efficient technologies in our operations. We are also committed to improving our water and waste management practices to minimize environmental liabilities.

In addition to our sustainability efforts, Nomura is committed to promoting diversity and inclusion. We believe that a diverse and inclusive workplace is essential for driving innovation and capturing new ideas. Our diversity initiatives are focused on creating a culture that values and respects the diversity of our employees, clients, and stakeholders.

Nomura is also committed to developing responsible investment practices. We understand the importance of aligning our investment strategies with our clients’ values and beliefs. We are committed to making responsible investment decisions that reflect our commitment to sustainability, corporate responsibility, and social justice.

Overall, Nomura is dedicated to contributing to society through our core business. By maintaining our commitment to excellence, we believe that we can continue to create value for our clients, shareholders, and the communities in which we operate.
Message from Group CEO

Strategies for Value Creation

August 3 as Nomura Founding Principles and Corporate Ethics Day. August 3 is the day in 2012 when we received a business improvement order. On this day each year, all employees watch a video and reflect on all our past mistakes: the 1991 loss compensation incident, the corporate racketeer incident in 1997 and the insider trading incident in 2012. I have visited more than 150 retail branches since becoming Group CEO and spoken to many young employees who did not know about these incidents. I felt it was important not to forget our past mistakes with the passage of time.

I still sometimes meet young employees who know nothing about the incident in 2012. This is why we must continue this initiative. Our employees overseas are especially amazed that we continue talking about these incidents. But I feel that we must never forget our past actions.

Developing future leaders

Training and developing the next generation of managers is a key component in ensuring sustainable growth. We have a unique business model. Our headquarters is in Japan and we engage in Retail, Asset Management, Wholesale and Merchant Banking businesses, and we also have extensive global operations. It is difficult to find an individual who has experience in all areas of our business, and who can handle the overall management of the company. A company is a public entity and, as such, leaders must prioritize the running of the company over personal interests. For this reason, the next generation of leaders must make contributing to the firm and society their top priority, with the support of a capable team.

It is difficult to develop talent through instruction alone. Employees must learn through their own experiences over time. For example, we promote top-performing employees in their mid-thirties to manager, and send future management candidates overseas to help them develop a global perspective. Transferring employees to different departments is one way to foster people development. Nomura has many capable people and I look forward to their growth in the future.

Enhancing shareholder returns

As top management, I have been closely watching our share price and I am not at all satisfied with the current level. While we have no control over the share price itself, I recognize that our medium to long-term performance and valuation can greatly impact it. To enhance performance over the medium to long term, we must build a strong operating platform that ensures consistent growth in any market environment. This is why I, as Group CEO, have made raising our EPS a key management goal and have worked to increase our EPS to double digits.

In Retail, our goal is to increase client assets to ¥150 trillion by 2020. We have so far increased client assets from approximately ¥70 trillion in 2012 to ¥120 trillion. Asset Management aims to grow assets under management to ¥55 trillion, over ¥50 trillion of which was achieved in the most recent quarter. In Wholesale, we are working to improve profitability to increase our fee pool market share to 3.4%. Wholesale has also significantly reduced costs by reviewing its business portfolio.

In 2009, we implemented two capital increases which significantly increased the number of outstanding shares. However, Nomura must maintain a robust financial position that allows it to meet regulatory requirements and conduct our businesses globally. At the same time, we need to strike a balance between retained earnings and shareholder returns. We have much more work to do. We are focused on implementing our strategy to build an operating platform that allows us to consistently deliver EPS of ¥100, the level before the capital increases, in order to reward our shareholders who have patiently supported.

We seek to deliver a better tomorrow as a trusted partner to our clients, embodying the values of entrepreneurial leadership, teamwork and integrity, in order to fulfill our mission of enriching society.
In August 2014, we announced Vision C&C, our management vision towards FY2019/20, with the aim of creating an operating platform capable of delivering consistent growth in any market environment. Based on the two main strategic themes of “business model transformation in Japan” and “improvement in the profitability of our international businesses,” we are steadily progressing toward establishing a business capable of generating an EPS of ¥100. Moreover, we will continue to launch initiatives to achieve long-term growth beyond 2020.

**Management target (EPS)**

- **Two Challenges:**
  - Transforming business model in Japan
  - Improving profitability of international business

- **Conservative scenario based on KPIs and current market conditions continuing**

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<tr>
<th>EPS ¥50</th>
<th>2019/20 (target)</th>
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<tr>
<td>¥7.86</td>
<td>Achieved target 2 years ahead of schedule</td>
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<td>¥3.14</td>
<td>FY2015/16 management target</td>
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**Key performance indicators (KPIs)** to achieve FY2019/20 management target:

- **Retail:** ¥195-205 billion ($19.2 billion)
- **Asset Management:** ¥50-55 billion ($19.2 billion)
- **Wholesale:** ¥220-220 billion ($10.6 billion)
- **Retail client assets:** ¥150 trillion ($17.7 trillion)
- **Recurring revenue cost coverage ratio around 50% (28%)**

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Note: 1 Basic net income attributable to Nomura Holdings shareholders per share (EPS)
2 FY2019/20 market assumptions: Nikkei 225 at ¥25,000; USD/JPY rate at ¥115; Effective tax rate for Japanese corporations below 30%; Global fee revenue growth rate at 11%.
Nomura Group’s financial/capital strategies (philosophy)

With the aim of building a sustainable business foundation to support growth in any environment, Nomura Group has been working to promote initiatives for achieving the KPI targets for the fiscal year ending March 2020 and to make preparations with an eye to 2020 and thereafter. I believe that my role as the CFO is to support the execution of these management strategies from a financial and capital perspective.

As a financial institution that operates globally, we are subject to regulations in various aspects including capital and liquidity. In addition, our financial base is required to be above certain standards to maintain an appropriate credit rating. In the meantime, we seek to secure an adequate level of capital by taking into account internal requirements such as what financial buffer we are to keep as an ongoing entity, what investment buffer we need for growth, and most important of all, how efficient we must be in using the capital entrusted to us.

My mission is to maximize returns while efficiently using limited resources, and at the same time to enhance our corporate value through providing appropriate shareholder returns and maintaining dialogues with stakeholders including shareholders and investors.
Response to various regulations
Among the various global financial regulations that Nomura Group is expected to comply with, the capital requirements imposed by the Basel Committee have a direct impact on how we operate our businesses. As we anticipate a minimum consolidated Common Equity Tier 1 (hereinafter, “CET1”) ratio requirement to be approximately 7.6% from 2019 and thereafter, we aim to maintain a CET1 ratio of 11% or higher, including financial and investment buffers, over the medium term. In 2022, a major revision will be made to the calculation of risk weighted assets, the denominator in the calculation of CET1 ratio. In particular, with the introduction of Fundamental Review of the Trading Book (FRTB) implementation process, the Basel standards for market risk, which is an aspect of risk weighted assets, will be raised significantly. However, as the details of the revised regulation have not been finalized, we are currently not able to precisely estimate the impact, and therefore we keep a certain buffer relating to our CET1 ratio. Considering that businesses are reducing the use of resources in light of the recent market conditions, the level of our CET1 ratio as of March 31, 2018 (16.5% on a fully loaded basis) is at a level where we have flexibility compared to our medium term target.

In April 2018, the Financial Services Agency of Japan announced that in addition to G-SIBs*1, TLAC*2 announced that in addition to G-SIBs*, the three mega banks, TLAC eligible debt, will be required to maintain a level of coverage target of 15% of on-balance sheet (current) liabilities. We strive to secure a ROE of 10% or more by conducting disciplined financial management while satisfying external and internal requirements, including responding to regulations, resource allocation to businesses, pursuing of capital efficiency, and maintaining financial and investment buffers.

At the same time, we are strengthening shareholder returns. Since the fiscal year ended March 2014, in addition to dividend payments, we have aggressively engaged in share buyback programs. In April 2018, we set a new total return ratio target, which includes shareholder returns from share buybacks, at 50% or higher to further clarify our corporate stance on shareholder returns. We strive to maximize our corporate value by striking a balance between shareholder returns and investment in growth to be made with internally generated growth capital.

Optimization of resource allocation and improved profitability
We allocate risk weighted assets, economic capital, unsecured funds, leverage exposure and other resources to businesses, regularly monitor profitability relative to the amount of resources, and periodically review the resource allocation while engaging in dialogues with businesses. In addition, make strategic decisions on our business portfolio as a whole by considering not only profitability, but other factors such as allocation of resources to gain diversification benefits during times of stress.

When we invest in our future growth, we assess the effectiveness of these investments by analyzing whether the investment can complement our existing business and whether synergies are expected. We allocate capital to investments that are expected to consistently exceed capital cost.

Striking a balance between the pursuit of capital efficiency and shareholder returns
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Clariﬁcation of capital policy
Nov. 2017 Establishment of a policy for the holding and retirement of treasury stock
Upper limit of treasury stock holdings
Target at around 5% of outstanding shares

Retirement policy
In principle, retire treasury stock held above upper limit

Apr. 2018 Establishment of total return ratio
Total return ratio that includes shareholder returns from share buyback
more than 50%
Financial and Non-Financial Highlights

Net revenue, non-interest expenses

In the fiscal year ended March 31, 2018, we recorded an increase in net revenue, due to strong results by the Retail Division and Asset Management Division. An increased overall expenses was attributable to variable expenses such as “compensation and benefits” and “commissions and floor brokerage,” which resulted in an increase from growth of revenue and transaction volumes, and provision of allowance for legacy transactions.

Income (loss) before income taxes, Net income (loss) attributable to Nomura Holdings shareholders, and effective tax rate

We recorded income before income taxes of ¥165.2 billion in fiscal year ended March 31, 2018, which increased slightly from the previous year. By region, business in Japan increased its income before income taxes, but overseas business recorded a ¥0.7 billion loss before income taxes due to a decline in fixed income revenue by a low-volatility in bond market, and provision of allowance for legacy transactions. As a result, the effective tax rate rose to 31.7% and net income attributable to Nomura Holdings shareholders decreased from the previous year.

ROE and EPS (Diluted net income (loss) attributable to Nomura Holdings shareholders per share)

Our 2020 management vision is to create an organization capable of consistently delivering EPS of ¥100 under any market environment, which equates to approximately 15% in ROE. EPS decreased from the previous year to ¥61.88 in the fiscal year ended March 31, 2018. However, our long-term management vision remains unchanged. We will strive to work on the two strategic challenges of “transforming business model in Japan” and “improving profitability of international business.”

Members of the Board of Directors (June 30, 2018)

We place importance on the diversity of the Board of Directors in order to allow business execution to be supervised from various perspectives and to improve effectiveness. Directors of various nationalities, genders, and backgrounds utilize their extensive experience in a broad range of fields to make decisions on important management matters, and to provide management oversight.

Women in managerial positions

We promote initiatives globally to support women in improving their careers, including training programs to help managerial candidates design their careers, a mentoring program for managers, a sponsorship program in which executive officers support management candidates, along with various other measures.

Ratio of employees by region

Nomura Group boasts a network consisting of business sites in more than 30 countries and regions staffed by employees of approximately 90 different nationalities. To offer clients a broad range of products to address diverse investment needs, it is important that personnel of different ages, genders and nationalities continue to create new value-added utilizing their unique backgrounds. These diverse personnel are our greatest asset.

Education and training expenses

We are establishing and enhancing human resources development systems to enable employees with diverse backgrounds and values to better display their talents. In addition to offering equal employment, we provide appropriate, performance-based evaluations and feedback. Also, we help employees proactively build their careers by providing fulfilling educational and training programs for all personnel ranks.

Sustainability bonds

Nomura offers products that serve as a bridge between investors that seek to contribute to society through investment, and projects and financing needs aimed at resolving social and environmental issues. Nomura also promotes initiatives aimed at achieving Sustainable Development Goals (SDGs).
Expanding services tailored to clients’ life stages

Nomura strives to be a trustworthy partner to its clients and to support each one in the present and future as 100 year lifespans are not uncommon.

The following figure shows how assets scale in step with various life stages by displaying asset size on the vertical axis and age across the horizontal axis. After employment, asset sizes increases toward retirement, notwithstanding expenditures for major life events along the way including a home purchase and school fees for children. The Retail Division is working to offer services and build a system that suit customer objectives at different life stages in order to help them build assets throughout their lifetime.

Provision of services and development of systems according to life stage and asset scale

1. Asset builders: 74%
2. Personal financial assets
3. Home loan / Children’s school fees / Retirement

Customer needs

Asset building Preparations for the future
Deem to protect assets and pass them down to the next generation
Preparations for long life

Asset management
Inheritance, M&A and business succession
Management of real estate and other assets that are not financial products

Products / services

Financial products
Inheritance and insurance
Life insurance

Life Plan Service Department
Wealth Management Department
Trust Bank and Insurance Business Department
Nomura Institute of Estate Planning

Nomura’s systems / products

Nomura Online Services
LINE Securities Corporation

Not on a face-to-face basis
Nomura Online Services
Financial Partner Section
Wealth Management Department
S&S Department, PB Business Development Department
Real Estate Business Department
Nomura Balloon & Brewer Co., Ltd.

On a face-to-face basis
Financial Partner Section
1. Life Plan Service Department
2. Wealth Management Department
3. S&S Department, PB Business Development Department
4. Trust Bank and Insurance Business Department
5. Nomura Institute of Estate Planning
6. Real Estate Business Department
7. Nomura Balloon & Brewer Co., Ltd.

Not on a face-to-face basis
LINE Securities Corporation

Offering services for people building their assets

NISA, accumulated-type NISA and iDeCo are programs for persuading people to build assets by means of long-term, diversified and accumulated-type investments. As needs of building assets are increasing, the Retail Division is working to increase the number of accounts.

Meanwhile, Retail Division is strengthening services provided on a non-face-to-face basis to satisfy a broad range of customers, and integrated Nomura Home Trade and Nomura Net & Call services into Nomura Online Service in January 2018. Additionally, the Retail Division upgraded the Nomura Goal-Based robo advisory service to make it easier to use for asset building customers with little investment experiences.

Offering services tailored to the anxieties of senior customers and their families

Senior customers face a broad range of anxieties associated with matters not only health, nursing care, funerals and graves, but also asset succession, including those about inheritance, wills and donations. To address those anxieties, the Retail Division has expanded its consulting functions for inheritance- and donation-related services, such as testamentary trust, wrap trust, insurance and donations, in partnership with Group companies and other parties. It has also expanded the system of Heartful Partners, who support the anxieties of senior customers and their families, to all branches of Nomura Securities in Japan.

Furthermore, Happy Life Seminars are held for senior customers for the group to be a good partner in the approach for their various matters they will experience in their old age and to support them enjoy their lives after retirement.

Alliance with LINE Corporation

Nomura Holdings signed a joint venture contract to establish LINE Securities Corporation with LINE Corporation and LINE Financial Corporation in May 2018. Through this joint venture, Nomura aims to offer brokerage and investment consulting services to asset-building clients on a non-face-to-face basis, making the most of LINE’s user base of more than 75 million people and the financial business knowledge accumulated by the Nomura Group.

Japan population: 126.7 million*1

<table>
<thead>
<tr>
<th>LINE Securities Corporation</th>
<th>24.2 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAUs in Japan*2</td>
<td>75 million</td>
</tr>
<tr>
<td>DAU / MAU ratio*3</td>
<td>85%</td>
</tr>
</tbody>
</table>

*1 As of November 1, 2017, 100th Anniversary of Ministry of Internal Affairs and Communications. *2 Monthly active LINE applications users as of March 2018 according to a survey conducted by LINE Corporation. *3 Client accounts with balance as of March 2018. *4 Client accounts with balance as of March 2018. *5 The ratio of MAUs to daily active users on or users who used LINE services at least once over the last 30 days (monthly active users) in Japan as of March 2018. *6 The composition of MAUs is based on an Internet survey Marketing Inc. conducted on a sample population of 2,060 LINE users nationwide aged 15 to 69 in January 2018.
Implementation of Innovation

Initiatives

The long-term management vision for 2020, Vision C&G, refers to creating a robust operating platform capable of delivering consistent growth in any market environment, aiming to adapt to a highly uncertain environment in which common knowledge and business models may change considerably. We believe that these objectives cannot be fulfilled without innovation. To evolve into an organization that will continue to promote innovation, Nomura Group will work as one and take actions aiming to offer higher quality services and to create businesses that serve as new sources of revenues for the Group.

We will develop new businesses and promote innovation for Nomura’s future, without fear of failure

Nomura Group has been taking actions on innovation since the launch of Financial Innovation Office in December 2015. Including the establishment of a subsidiary engaging exclusively in developing new business and setting up overseas innovation base, these actions are conducted in collaboration between regions and between divisions under control of the Group CEO. The Group CEO emphasizes the importance of continuing innovation activities across the Group and stress the significance of innovations that involve not only persons within the Group but also outside contributors in an effort to advance open innovation.

N-Village is a company established in April 2017 as a wholly-owned subsidiary of Nomura Holdings. Its mission is to create businesses that could become new sources of revenue for Nomura Group over the medium to long term, without being limited to financial services. Its activities began in earnest in July 2017 when its office was set up with three members. These three members are the president, who has helped a number of IT start-ups with their IP0s in Nomura’s Wholesale Division, an IT infrastructure engineer from Nomura Research Institute (NRI) who loves hackathons, and me, someone who has been involved in consulting at SAP and debt, equity, and securitization underwriting and development at Nomura Securities. To accelerate open innovation, we are joined by multiple other people, such as business venture entrepreneurs with a wealth of ideas, on a part-time basis.

Large companies may think of helping start-ups, but truly competent business executives and engineers possessing a wealth of ideas are not worried about financing and do not need financial support. They have an approach of working together on something interesting that will change the world. Our team is working on prototype services in order to create a society where anyone can try something. We are tackling goals such as the construction of a credit platform in the peer-to-peer (P2P) capital market, in the token economy using blockchain technologies, in the sharing economy, and in the digital market. We are based in Shibuya, far away from Nihonbashi and Otemachi where the other Nomura Group companies have their head offices, in order to ensure that we can carry out our activities in a corporate culture that differs from that of the Nomura Group. We can make quick decisions regarding collaborative efforts with start-ups and this will allow for repeated trial and error. We have close communications with Nomura Holdings’ Group CEO, Mr. Koji Nagai, and the rest of the management team, and work at the speed of business start-ups in a bid to respond to their call to develop the last thing that the competition wants to see developed by Nomura. My personal aspiration is to cut the cost of transactions in the capital market to one-hundredth of the current level. That will not be easy but I will be striving to achieve it.

N-Village
cso
Toshinori Sasaki

Corporate Information / Data

Nomura Report 2018
Business segments

In addition to Retail, Asset Management and Wholesale, we established a new Merchant Banking Division in January 2018. Through our principal investment business, we primarily provide equity to clients as a solution for business reorganizations and revitalizations, business succession and management buyouts. By connecting markets East & West, we provide services to meet the needs of individuals, institutions, corporates and governments through our four business divisions.

Retail Division
Retail Division provides a broad range of financial products and services to individual and corporate clients in Japan through its nationwide network of 156 branches, as well as online platform and call centers. Wealth Management team, a part of the Retail Division, specializes in providing personalized services to high-net-worth individual in Japan and the rest of Asia.

Asset Management Division
Asset Management Division operates globally, with Nomura Asset Management playing a central role. Investment trusts business offers a wide lineup of products through a broad range of channels. Investment advisory business provides high-quality products and asset management services to a broad spectrum of institutional investors.

Wholesale Division
Wholesale Division consists of two businesses: Global Markets providing financial products and solutions and secondary market liquidity, and Investment Banking offering capital raising transactions and advisory services. It provides diverse services to a broad range of clients including corporates, government entities and financial institutions in Japan and overseas.

Overview of regions
One of the Nomura's strengths is its global business platform. By collaborating closely across businesses and regions, we are able to provide optimal solutions to meet the needs of our clients.

*1 Income before income taxes is for FY2017/18, and the remaining figures are as of March 31, 2018, unless otherwise defined
*2 Includes Paris office in India
It was a slow start to the year as mounting geopolitical risk affected investor sentiment. However, equity markets rose in the second half of the year, supported by strong Japanese and U.S. economic indices. In line with a turnaround in investor sentiment, stock transactions and investment trust sales increased. For FY2017/18, net revenue was ¥412.9 billion and income before income taxes was ¥103.1 billion, reflecting improvements from prior year. The Retail Division continued to expand its consulting services and pursue its ambition to counsel each client about their individual concerns and requirements, with the goal of providing optimal investment solutions. Retail Client Assets grew to a record high level which reflects our growing client trust.

### Challenges
- Approaching clients’ core assets, in addition to investment assets
- Relatively high sensitivity to market fluctuation
- Building relationships with family members of elderly clients
- Increasing new, younger clients

### Actions
- Training consultants whom clients could completely trust
- Building stable earnings structure by increasing recurring revenues
- Enhancing product coverage with services aimed at elderly clients and their younger family members
- Enhancing content targeted at younger generations (websites, seminars, robo advisor services, etc.)
- Widening the lineup of products that asset building clients can easily invest in

### Retail Division’s KPI targets for achieving the management vision for FY2019/20

<table>
<thead>
<tr>
<th>Income before income taxes</th>
<th>¥192 billion</th>
<th>¥195 billion to ¥205 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Client Assets</td>
<td>¥91.7 trillion</td>
<td>¥150 trillion</td>
</tr>
</tbody>
</table>
Business Divisions: Retail Division

Proposing comprehensive solutions for all assets by counseling clients
For expanding consulting-related revenue

Consulting-related revenue refers to revenue from insurance, real estate, M&A, underwriting and financial consulting. We provide clients with high value-added services for all their assets in addition to existing services related to securities by taking advantage of the Group function.

Portfolio of households that hold assets of ¥100 million or more

- Insurance: 10%
- Real estate: 40%
- Securities: 13%
- Deposits: 35%

We create proposals for pension-like schemes taking into account client life planning and inheritance measures by utilizing a gift-related mechanism, which transfers assets to the next generation through insurance.

To meet clients’ various investment needs, we offer a wide lineup of products including stocks, bonds, investment trusts and discretionary investment products. Along with the advancement of an aging population with a low birth rate, concerns about the succession of companies’ own shares are increasing. We make proposals tailored to client needs by counseling them and their family members on various issues.

Actions Tailored to Clients’ Needs

<table>
<thead>
<tr>
<th>Past Actions</th>
<th>New Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization and HR strategies</td>
<td>Reorganization tailored to clients’ needs</td>
</tr>
<tr>
<td>Abolished regional head system</td>
<td>Trial operation on Saturdays in some branch offices</td>
</tr>
<tr>
<td>Improvement of visit efficiency</td>
<td>Established Heartful Partner, a specialist team for elderly clients</td>
</tr>
<tr>
<td>Sales strategies</td>
<td>Research project on financial gerontology</td>
</tr>
<tr>
<td>Established Heartful Partner, a specialist team for elderly clients</td>
<td>Shinjuku Base, a new marketing office, commenced activities</td>
</tr>
<tr>
<td>Product strategies</td>
<td>Provision of products in response to the era of the 100-year life</td>
</tr>
<tr>
<td>Discretionary investment services</td>
<td>Enhancement of discretionary investment services</td>
</tr>
<tr>
<td>Service strategies</td>
<td>Expansion of banks where Anshin Furikae is available</td>
</tr>
<tr>
<td>Anshin Furikae (immediate money transfer at maximum of ¥300 million per day)</td>
<td>Enhancement of online services</td>
</tr>
<tr>
<td>Web Plus Loan</td>
<td>Accumulated-type NISA</td>
</tr>
<tr>
<td>NISA, IDeCo</td>
<td>Tie-up with LINE Corporation</td>
</tr>
</tbody>
</table>

Source: Nomura, Statistics of the Ministry of Internal Affairs and Communications “2014 National Survey of Family Income and Expenditure”

For resolving social issues

Launched the Mago Channel service

In October 2017, we launched the Mago Channel service that provides clients of Nomura Securities with connections to their family members across generations and distance in collaboration with Chikaku Inc. Mago Channel, an IoT product of Chikaku, is a communication tool which users easily share the daily lives of family members and the growth of children and grandchildren by projecting videos and pictures onto a TV screen using a dedicated device and application. The structure of society continues to evolve, driven by fundamental changes such as the aging of the population and a shift away from multi-generation households to nuclear families. Amidst such changes, we remain committed to supporting our clients in achieving their financial goals, as well as seek to develop and introduce new technologies which enrich our clients’ lives, bringing them closer together to both their families and society.

Financial gerontology research

Actions from an asset management perspective towards a long-life aging society

To have a comfortable life in retirement and pass assets on to the next generation in the era of the 100-year life, individuals need to actively engage in the formation and management of financial assets. However, we must acknowledge that physical strength and the judgment necessary for asset management fades with aging. Together with Keio University, Nomura Securities launched a study on how to invest and manage individual financial assets for longevity. Our proposals help ensure that we are a financial institution at the forefront of Japan. The study has led to improvement of our services through Heartful Partner, a specialist team for aged clients.

Launched a joint research on financial gerontology

Keio University

Comprehensive asset management services to help clients extend asset life while also handling declining cognitive function in aging

* Financial gerontology is a study of the impact of longevity and aging on economic and financial behaviors.
Asset Management Division

Our Asset Management Division saw net inflows of about ¥3.3 trillion in FY2017/18 due to growth in assets under management of investment trusts including ETFs (Exchange Traded Funds) and investment advisory business, and also through increased sales of UCITS* funds. As a result, total assets under management across the globe at the year-end grew to a record-high ¥50 trillion.

For the year, net revenue was ¥127.3 billion, and income before income taxes was ¥66.2 billion. Income reached to its highest level since FY2001/02, reflecting an increase in investment management fees driven by growing assets under management as well as gains related to American Century Investments (ACI).

In this environment, the Asset Management Division steadily takes steps to achieve assets under management of ¥55 trillion and income before income taxes of ¥50-55 billion, which are KPIs for FY2019/20. In particular, we provide solutions such as collaboration with ACI, enhancement of alternative asset management strategy and expanding offering of UCITS funds overseas.

In addition, we take steps to expand our client base through delivering asset management proposals to attract people without investment experiences, and promote the development of advanced technology that could strengthen the asset management business.

The asset management industry is expected to continue expanding steadily, bolstered by a combination of expansion in global wealth and growth of emerging economies. Along with the changes in clients’ investment needs and heightening interests to investment costs, competition is likely to intensify due to market entry by other industries against a backdrop of the development of technology.

In this environment, the Asset Management Division steadily takes steps to achieve assets under management of ¥55 trillion and income before income taxes of ¥50-55 billion, which are KPIs for FY2019/20. In particular, we provide solutions such as collaboration with ACI, enhancement of alternative asset management strategy and expanding offering of UCITS funds overseas.

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### Market Conditions and KPI Targets for 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets under management (billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>45</td>
</tr>
<tr>
<td>2014</td>
<td>44</td>
</tr>
<tr>
<td>2016</td>
<td>50</td>
</tr>
<tr>
<td>2018</td>
<td>55</td>
</tr>
</tbody>
</table>

**Medium-term strategies**

- **Increase in demand for ETFs and passive investment approaches due to increased awareness of investment costs**
- **Heightened interest in specialized asset management products and alternative investments, in addition to traditional equity and bond investments, that allow clients to target returns while seeking portfolio diversification**
- **Rapid advances in digital technology, including the use of artificial intelligence (AI) and Big Data**

### Initiatives of Asset Management Division

- **Delivering outstanding performance based on sophisticated investment research capabilities**
- **Distribution of solutions with our strengthened cooperation between sales and investment management department to meet client’s needs**
- **Utilizing in-house products as well as products of external investment managers in alternative investments**

- **Enhancement of ETF product lineup**
- **Supplying products to iDeCo and accumulated-type NISA, among others**
- **Promoting asset management to people without investment experiences**

- **Provision of products through collaboration with ACI**
- **Expansion of UCITS fund assets under management**
- **Enhancement of proposals to overseas institutional investors**

### Business Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (billions of yen)</th>
<th>Income before income taxes (billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>31.1</td>
<td>8.4</td>
</tr>
<tr>
<td>2009</td>
<td>31.1</td>
<td>8.4</td>
</tr>
<tr>
<td>2010</td>
<td>20.0</td>
<td>5.2</td>
</tr>
<tr>
<td>2011</td>
<td>20.5</td>
<td>5.6</td>
</tr>
<tr>
<td>2012</td>
<td>21.2</td>
<td>5.1</td>
</tr>
<tr>
<td>2013</td>
<td>21.2</td>
<td>5.1</td>
</tr>
<tr>
<td>2014</td>
<td>27.1</td>
<td>9.2</td>
</tr>
<tr>
<td>2015</td>
<td>27.1</td>
<td>9.2</td>
</tr>
<tr>
<td>2016</td>
<td>27.1</td>
<td>9.2</td>
</tr>
<tr>
<td>2017</td>
<td>27.1</td>
<td>9.2</td>
</tr>
<tr>
<td>2018</td>
<td>27.1</td>
<td>9.2</td>
</tr>
</tbody>
</table>

*Underlings for Collective Investment in Transferable Securities (UCITS)
Utilization of digital technology

Rapid advances in digital technology, including the use of artificial intelligence (AI) and Big Data, is a major factor influencing the asset management industry to determine competitiveness. Actions to utilize technology are expected not only to strengthen our investment capabilities, but also to improve productivity by pursuing operational efficiency and generate momentum toward creating new business opportunities.

In the Asset Management Division, "Innovation Lab" was established by gathering talented technology experts to enhance our asset management business by leveraging advanced technology. During FY2017/18, we began using AI to analyze data such as analysts’ reports, to improve the accuracy of investment decision making and to increase efficiency in the investment process, as well as to develop new investment strategies and automatic techniques to enhance operational efficiency. We are also pursuing collaboration with partners such as universities, research organizations and FinTech firms to build a technology platform with an eye to the future.

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Function of Innovation Lab

Innovation Lab

Nomura Asset Management

Asset management

Trading

Marketing

Business operation

System (Data related system)
- Robo-advisor
- Automatic ordering system
- Risk management system
- Fund management system
- Operational support system
- Documentation system

External parties

External parties

Research institutions (University, etc.)

Venture companies

Data vendors

External parties

External parties

Research institutions (University, etc.)

Venture companies

Data vendors

Nomura Asset Management’s corporate philosophy

Maximizing Value
Advanced Expertise
Confidence and Responsibility

We established a corporate slogan that captures the spirit of the corporate philosophy which fits the asset management company.

Corporate slogan for Asset Management division

Expertise to Exceed

Using our expertise and foresight to stay ahead of change, we pursue exceptional performance and create cutting-edge solutions to exceed all expectations.

Contributing to the society through asset management

Applying Nomura Asset Management’s corporate philosophy, “Maximizing Value”, “Advanced Expertise”, “Confidence and Responsibility”, we continuously contribute to the society through asset management. As a provider of investment trusts, we deliver products and services to meet the diverse needs of various investors, fitting with their life stage, both in a face-to-face or in a non-face-to-face setting.

Also, in addition to providing competitive investment products to institutional investors globally, we aim to accomplish a virtual cycle within the investment chain to contribute to investors’ asset accumulation, and at the same time, to contribute to the continuous growth of companies which we invest in, by fulfilling our stewardship responsibilities through constructive dialogue with these companies and by exercising proxy voting rights.

Anticipating structural changes in the asset management business through the development of technology, we put effort not only into the development of investment strategies and products, but also into developing a higher standard of investment services to clients. Based on these new challenges, we established a corporate slogan, “Expertise to Exceed” that captures the spirit of the corporate philosophy and fits with the culture of the asset management business. It expresses our determination to exceed clients’ expectations by using our expertise and foresight to pursue exceptional performance and create cutting-edge solutions. True to the spirit of this slogan, our Asset Management Division will consistently capture changes going forward and take initiatives with flexibility to exceed clients’ expectations.
The operating environment of the Wholesale business has undergone a significant structural shift as evidenced by greater regulation of financial institutions, a transition to passive strategies in the asset management business and growing downward pressure on transaction fees as digitalization continues to penetrate the market and we anticipate the market will continue to experience further structural change. Additionally, a shift in the composition of the Wholesale fee pool has been observed over the past two years, with a reduction in the proportion of traditional sales and trading revenues and a shift toward non-traditional business as corporations seek financing and solutions and our clients increasingly pursue cross-border business opportunities.

The Wholesale Division is engaged in the execution of numerous initiatives to ensure that we optimally adapt to the shifting market environment. In order to meet the evolving needs of our clients, in April 2018, we established the Client Financing & Solutions (CFS) organization within Wholesale, bringing together critical Global Markets and Investment Banking capabilities under a unified organizational structure. Additionally, we continue to pursue the expansion of our client base and increase our capture of cross-border opportunity through efforts such as further establishing our presence in the U.S., the largest market globally from a fee perspective, as well as undertaking strategic investments within the market. We are also deploying technology initiatives such as leveraging the application of machine learning in our trading business in order to ensure we remain at the technological frontier and to maintain step with the rapid pace of technological advancement. At the same time we continue to place great focus on expense rationalization and risk control and we anticipate these and other efforts to contribute to the achievement of the Wholesale Division’s objective to record ¥200-220 billion in FY2019/20.

Business Divisions: Wholesale Division

Review of FY2017/18

FY2017/18 commenced slowly as concerns around geopolitical risks weighed down on markets, but the latter half of the year saw a recovery in equity markets activity as political concerns eased and supportive economic data emerged from Japan and the U.S. The debt markets on the other hand experienced extremely low levels of interest rate volatility and market participant activity was thin. Within such conditions, while the Wholesale Division recorded revenue increases in Equities and Investment Banking, this was offset by a larger decline in Fixed Income, resulting in total revenue declining from the previous year to ¥715.3 billion. As a result, income before income taxes totaled ¥100.6 billion.

The Wholesale Division continues to pursue improvements in productivity while maintaining strict risk discipline. Division expenses (dollar basis) have been reduced 25% compared to FY2011/12 while also delivering greater revenue stability.

Strengths

- Top-in-class industry presence in Asia-Pacific region, particularly in Japan
- Robust international platform
- Global client base across more than 30 countries
- Facilitator of cross-border transactions worldwide

Challenges

- Generating higher returns within a tighter regulatory environment
- Relatively high sensitivity to market fluctuations
- Corresponding to changes in market structure and competitor dynamics

Actions

- Continue to align our portfolio to changing market conditions and client needs
- Further strengthen risk culture and discipline
- Deliver growth through value-added service to clients and selective investment in growth areas

Strategic Focus for Value Creation

- Strategies for Value Creation
  - Performance
  - Income (loss)
  - Net revenue before income taxes
  - Revenues

Initiatives of Wholesale Division

- Enlarge Revenues
  - Client Financing & Solutions
  - Americas Growth
  - Japan / Asia Connectivity

Initiatives of Wholesale Division

- Cost Optimization
  - Flow Trading Digitization

Cost optimization

- Cost optimization & efficiency
  - Cost savings from re-prioritization and streamlining of investment spend across IT, operations and infrastructure
- Cost reduction through shorter term optimization

- Strategic cost reduction & self-funding growth
  - Medium term operating model optimization across front and back office functions
- Further structural simplification
- Re-investment

Market Conditions and KPI Targets for 2020

Composition of Wholesale fee pool*

* Source: Coalition; Advisory includes M&A, Financing & Solutions; Traditional & Non-Traditional Financing, and Asset/Liability Derivatives Solutions; Traditional Trading Business includes Liquidity & Market Making & Agency businesses across Fixed Income and Equities.

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>65%</td>
</tr>
<tr>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Business Performance

- Business revenues (FY17/18)
- Net revenue
- Income before income taxes

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>800</td>
<td>777.3</td>
<td>715.3</td>
<td>644.9</td>
<td>765.1</td>
<td>789.9</td>
<td>720.3</td>
<td>739.3</td>
<td>715.3</td>
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<td>555.0</td>
<td>644.9</td>
<td>765.1</td>
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<tr>
<td>250</td>
<td>109.1</td>
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</tbody>
</table>
Initiatives through CFS

The establishment of the CFS structure has allowed us to realize the integration of the Wholesale Division’s financing, structuring & solutions expertise into a single, client-focused hub, which seamlessly partners with various teams across our organization to deploy a uniform client strategy to deliver value to our clients. This centralized structure allows us to concentrate expertise, deepen client penetration and enable the deployment of a unified strategy across Wholesale. While the shift in our clients’ needs toward a broader range of financing, capital and hedging solutions is not without its challenges, we believe it will also be the key driver of Wholesale fee pool growth. Our organization is well positioned to seize upon this opportunity.

Leveraging digitalization

At Nomura, staying at the forefront of digital innovation is a key priority for both the Group as well as the Wholesale business. The emergence of new technologies and digital assets is bringing fundamental transformation to the market and Artificial Intelligence, Machine Learning and Automation offer both revenue and cost opportunities across our business. In order to drive initiatives in this area, we have recently established the Wholesale Digital Office, which will lead the implementation of technological innovation across our platform to support superior price discovery, enhance client services, drive greater productivity and efficiency and build out our footprint in digital assets. Through these and other ongoing initiatives, Nomura ensures it is well placed to leverage digital innovation in reinforcing our competitive position and providing differentiated services to our clients.

Contributing to the Smooth Operation of Markets

As an active participant in both primary and secondary markets, Nomura’s Wholesale business plays a key role in ensuring the flow of capital and liquidity around the globe. Our efforts help connect businesses seeking funding with investors seeking investment opportunities, and our readiness to provide liquidity to investors bolsters confidence in the markets, contributing to the smooth function of the world’s capital markets as well as supporting innovation, the creation of jobs and economic development. Additionally, we offer a range of innovative products and services which enable our clients to flexibly meet the variety of challenges posed by the introduction of the Corporate Governance Code such as the need to dispose of cross shareholdings and accessing funding while minimizing equity dilution.

Fostering the Development of the Green/Social Bond Markets

ESG (Environmental, Social and Governance) investing continues to gain momentum as the importance of social and environmental issues continue to gain traction around the globe and Wholesale is actively engaged in efforts to contribute to the development of these markets.

In Japan the Wholesale Division is actively engaged in the development of the green/social bond markets. In addition to establishing a dedicated ESG bond team in 2017 to better meet client needs, we undertake various green/social bond issuances such as Japan Railway Construction, Transport and Technology Agency Green Bonds and JICA (social) bonds, provide guidance to prospective issuers of green/social bonds and advise them regarding their own such issuances. Furthermore, Wholesale seeks to contribute to the accumulation of knowledge and the development of understanding of the green/social bond market by participating in a variety of educational initiatives, such as participating in a dedicated cross-sector green/social bond research group established by Nomura Research Institute, participating as a panelist in the “Developments in the Green and Social Bond Markets” seminar co-hosted by ICMA and the JSDA in November 2017, and most recently, co-hosting a green bond seminar together with Bloomberg in May 2018.
ESG Initiatives

Outline of the ESG Committee

Before reorganization

Chairman: Senior Managing Director
Meeting frequency: Once or more

After reorganization

Chairman: Group CEO
Meeting frequency: Twice or more

ESG Committee members

Chairman: Koji Nagai
Vice Chairman: Tetsu Ozaki
Members:
- Yoji Nakahata: Executive Managing Director, Head of Group Entity Structure and Co-CRO
- Satoshi Iwasaki: Chief of Staff and Group Strategy
- Chie Toriumi: Executive Vice President, Risk Management, Business & Corporate Planning & Administration
- Kenji Ohtsuka: Global Head of Corporate Communications
- Yo Akatsuka: Director of Staff, Global Head of Human Resources
- Takumi Kitamura: Japan Head of Global Corporate Communications
- Yuji Nakata: Senior Managing Director, Group CAO and Operations
- Junco Nakagawa: Chief Legal Officer (CLO)
- Etsuro Miwa: Group General Manager, Group Co-CRO
- Satoshi Arai: Director of Staff, Group CAO and Operations
- Junko Nakagawa: Secretary of ESG Committee

Inclusion in ESG indices

Nomura’s CSR initiatives have been widely recognized outside the Company. Nomura Holdings has been selected for inclusion in a number of SRI indexes, including the Dow Jones Sustainability Indices (DJSI World and DJSI Asia Pacific), the FTSE4Good Index, STOXX Global ESG Leaders Index (RI), FTSE Blossom Japan Index (an ESG index for passive investment, adopted by the Government Pension Investment Fund [GPIF]) and MSCI Japan Empowering Women Index (WIN).

Framework

- Executive Management Board
- Board of Directors
- ESG Committee
- Report
- Secretariat:
  - Corporate Citizenship Department
  - Cooperation
    - Japan
    - Asia\n    - Americas
    - EMEA
- Identification of Material ESG Issues

In the DJSI World, Nomura is included in the Dow Jones Sustainability Indices. Nomura Holdings has been selected for inclusion in a number of SRI indexes, including the Dow Jones Sustainability Indices (DJSI World and DJSI Asia Pacific), the FTSE4Good Index, STOXX Global ESG Leaders Index (RI), FTSE Blossom Japan Index (an ESG index for passive investment, adopted by the Government Pension Investment Fund [GPIF]) and MSCI Japan Empowering Women Index (WIN). Nomura’s CSR initiatives have been widely recognized outside the Company. Nomura Holdings has been selected for inclusion in a number of SRI indexes, including the Dow Jones Sustainability Indices (DJSI World and DJSI Asia Pacific), the FTSE4Good Index, STOXX Global ESG Leaders Index (RI), FTSE Blossom Japan Index (an ESG index for passive investment, adopted by the Government Pension Investment Fund [GPIF]) and MSCI Japan Empowering Women Index (WIN).

FTSE Russell, a subsidiary of the London Stock Exchange, has created this socially responsible investment index by selecting excellent companies from around the world. STOXX Limited, a wholly-owned subsidiary of Deutsche Börse Group, has established this global SRI stock index, comprising companies that meet strict ESG assessment standards.

U.S.-based MSCI, Inc. has created this index by selecting companies that promote and maintain gender diversity, based on scoring using data and disclosed corporate information on female employment, disclosed according to the Act on Promotion of Women’s Participation and Advancement in the Workplace.

Code of Ethics of Nomura Group
https://www.nomuraholdings.com/csr/group/index.html
Contributing to sound and sustainable capital markets

ESG bond initiatives

ESG (Environmental, Social and Governance) initiatives in corporate management are being scrutinized by institutional investors and have led to a strong tendency to view such initiatives as essential to enhancing corporate value. Investment in equity products that adhere to ESG principles has increased among institutional investors as a method for focusing on new corporate value. ESG bond initiatives in corporate management are being scrutinized by institutional investors as a method for focusing on new corporate value.

Nomura Institute of Capital Markets Research (NICMR), an independent research institute in Nomura Group, aims to contribute to the development of financial and capital markets and the financial services sector through research and analysis of markets and systems in Japan and overseas from neutral and objective standpoints, and to disseminate its highly-specialized outputs both domestically and internationally. NICMR has also been bolstering its research on green bonds and ESG bond markets. Its report “Initiatives for the Establishment of Sustainable Finance in Europe,” analyzes and offers a commentary on the “Sustainable Finance: Commission’s Action Plan for a Greener and Cleaner Economy” adopted by the European Commission in March 2018. Nomura Securities’ Fiduciary Service Research Center, which provides asset management consulting services to institutional investors such as corporate pensions and public pensions, also issues reports on the topic of ESG investment both in Japan and overseas. Going forward, we will continue to provide information with a spotlight on ESG as a part of our pension investment management consulting.

Social bonds: JICA bonds and BPCE bonds

Social bonds are instruments issued under a framework in which the proceeds are used to solve social issues. In January 2018, Nomura Securities acted as lead manager and underwrote and sold Social Samurai Bonds issued by Nomura Group believes that the social mission of the financial services sector is to contribute to economic growth and sustainable social development by facilitating the appropriate flow of funds in the capital markets through products and services that meet the needs of customers. In addition, to fulfill our responsibility as a company that operates globally, we offer financial services that contribute to addressing climate change and social issues and promote initiatives aimed at achieving sustainable development goals (SDGs).

Green bonds: Japan Railway Construction, Transport and Technology Agency (JRTT) bonds and Nederlandse Waterschapsbank (NWB) bonds

The Paris Agreement negotiated at COP21 (The 21st Conference of the Parties to the UN Framework Convention on Climate Change), aims to keep the global temperature rise this century well below 2 degrees Celsius. Green bonds are issued to fund projects aimed at connecting issuers’ activities with the 2°C goal and they are becoming more recognized not only in the expanding overseas market but also in the Japanese market. In November 2017 and February 2018, Nomura Securities underwrote and sold green bonds issued by Japan Railway Construction, Transport and Technology Agency, as lead manager. The proceeds from the issuance of these bonds will be appropriated to the construction of new railway lines (Eastern Kanagawa Lines) that are considered effective for reducing carbon dioxide emissions. Moreover, Nomura Group is proactively underwriting and selling green bonds overseas. In November 2017, Nomura International acted as lead manager and underwrote and sold in the euro market euro-denominated green bonds issued by Nederlandse Waterschapsbank (NWB), a public financial institution in the Netherlands.

By supporting the development of green bond markets that provide private funds to investments for the transition to a low-carbon society, Nomura Group aims to respond to diversified customer needs for financing and fund management and to contribute to solving climate change.

 Provision of research reports

Nomura Institute of Capital Markets Research (NICMR), an independent research institute in Nomura Group, aims to contribute to the development of financial and capital markets and the financial services sector through research and analysis of markets and systems in Japan and overseas from neutral and objective standpoints, and to disseminate its highly-specialized outputs both domestically and internationally. NICMR has also been bolstering its research on green bonds and ESG bond markets. Its report “Initiatives for the Establishment of Sustainable Finance in Europe,” analyzes and offers a commentary on the “Sustainable Finance: Commission’s Action Plan for a Greener and Cleaner Economy” adopted by the European Commission in March 2018. Nomura Securities’ Fiduciary Service Research Center, which provides asset management consulting services to institutional investors such as corporate pensions and public pensions, also issues reports on the topic of ESG investment both in Japan and overseas. Going forward, we will continue to provide information with a spotlight on ESG as a part of our pension investment management consulting.

<table>
<thead>
<tr>
<th>Name of Report</th>
<th>Media</th>
<th>Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focal Points of Climate-related Financial Disclosures for Institutional Investors</td>
<td>Nomura Journal of Capital Markets Summer 2018</td>
<td>Nomura Institute of Capital Markets Research</td>
</tr>
<tr>
<td>Ideas to Formulate ESG Investment Policy</td>
<td>Fiduciary Research, June 2018</td>
<td>Fiduciary Management Department, NSIC</td>
</tr>
</tbody>
</table>
Nomura Asset Management’s initiatives for responsible investment

Nomura Asset Management believes that, as an investment management company trusted by clients and society, its mission is to contribute to the development of society through the asset management business. In order to achieve this, we are actively working on stewardship activities such as engagement and proxy voting based on our fiduciary duty as a responsible investor managing clients’ assets. In particular, we emphasize ESG issues as a priority matter of corporate social responsibility and sustainability, from the perspective of an investment management company. We engage proactively by understanding how companies we invest in handle ESG issues and work to ensure that they tackle such issues appropriately.

Concerning conflicts of interests, which we may face in the course of investment management, we rigorously maintain our independence, make sure not to harm the interests of clients, and seek to maximize their interests via appropriate execution of voting rights. In particular, being a member of Nomura Group, comprising many financial institutions active in different business areas, Nomura Asset Management is exposed to potential risks concerning various conflicts of interests within the Group and therefore must make extra efforts to protect the interests of clients. In September 2016, we established the Conflict of Interest Management Policy so as to appropriately manage transactions with potential conflicts of interest.

Responsibility of institutional investors toward achieving SDGs

The growth of ESG investment is being accompanied by investors’ tendency to more highly evaluate companies aiming to share the United Nations’ Sustainable Development Goals (SDGs) with society. If institutional investors provide capital to such companies, and these companies then use the capital for business expansion as well as contribute to achieving SDGs in areas such as the environment, hygiene, and education, this will eventually lead to realization of sustainable corporate growth and the building of a sustainable society. Furthermore, if the outcomes of ESG investment are allocated to investors in the form of investment returns, a better cycle of ESG-related investment chain can be created. Nomura Asset Management is committed to helping build such an investment chain that creates a virtuous cycle through ESG investment.

Acceptance situation of stewardship code

By April 2017, Nomura Asset Management had signed the stewardship codes of six countries and regions. In the U.K., Nomura Asset Management U.K. is rated in the highest tier, Tier1, by the Financial Reporting Council (FRC) in its assessment of financial institutions based on their execution of the U.K. Stewardship Code.

Promoting financial literacy to a wide range of people

Increasing financial literacy leads not only to enhanced asset formation and improved living standards, but also contributes to the healthy development of capital markets and the proper circulation of capital.

Financial and economics education to the next generation

Nomura Group has spearheaded efforts to provide financial and economics education to young people in Japan. We began hosting financial courses for universities in 2001 and our employees in retail branches across Japan serve as lecturers, visiting classes at elementary, junior, and senior high schools nationwide. Moreover, we are a special sponsor of the Nikkei Stock League Contest and donate learning materials to schools, providing economics and securities education opportunities to young people.

Implementation status of programs

<table>
<thead>
<tr>
<th>Year first offered, number of classes, participants, etc.</th>
<th>Number of classes</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visiting classes (elementary, junior, senior high schools, universities, teachers)</td>
<td>2008</td>
<td>11</td>
</tr>
<tr>
<td>Financial courses for universities</td>
<td>2001</td>
<td>17</td>
</tr>
<tr>
<td>Financial courses for the general public</td>
<td>2003</td>
<td>17</td>
</tr>
<tr>
<td>Nikkei Stock League</td>
<td>2000</td>
<td>623</td>
</tr>
</tbody>
</table>

Providing financial knowledge to investors focused on building assets

Nomura Group has been holding a wide range of seminars for new employees of private sector companies, including investment education on employees’ share ownership plans, defined contribution pension plans, and accumulated-type NISA (Nippon Individual Savings Accounts), as well as life-planning seminars for these same employees. For public sector employees, we provide financial literacy education, including lifelong living plans, individual-type defined contribution pension plans, and accumulated-type NISA. By providing knowledge about money, which is necessary for a satisfying life, and teaching the basics of asset management, we will continue our efforts to “help enrich society through our expertise in capital markets.”
Nomura Holdings has defined management oversight as the primary task of the Board of Directors, and maximizing corporate value in the medium and long-term as their objective. To achieve a high level of impartiality and transparency in management, the Board of Directors has formulated the “Basic Management Policy,” in which the Board of Directors elects the Group CEO and other Executive Officers in charge of corporate management, while also making key decisions on our business execution. For the purpose of properly performing its oversight functions, our Board of Directors consists of 10 Directors, six of whom are independent Outside Directors. It is chaired by a Director who does not also serve as an Executive Officer. To ensure active deliberations from various points of view, it is composed of diverse members in terms of nationality, gender, backgrounds and other factors who have expertise in financial affairs, corporate management and other areas.

Our Compensation Committee aims to establish an appropriate management system throughout Nomura Group. It evaluates proposals for the election, dismissal and non-re-election of Directors to be submitted to the General Meeting of Shareholders in consideration of their personality, insight, values and knowledge and experience in their specialty areas. We have established the “Independent Criteria” for maintaining the independence of our Outside Directors from the Group and ensure that none of the Outside Directors have concurrent posts that would prevent them from having enough time to fulfill their duties. However, we acknowledge that they may have a maximum of three additional posts at other companies. Nomination Committee consists of three Directors who do not also serve as Executive Officers, two of whom are independent Outside Directors.

The purpose of our Audit Committee is to serve the Nomura Group’s lawful, appropriate and efficient business management. It exercises its statutory authority and deploys the Independent Auditor and internal organizations to audit the Directors’ and Executive Officers’ performance of duties in terms of legality, appropriateness and efficiency, and prepares audit reports. In accordance with its evaluation criteria on independence and expertise, it determines proposals regarding the election, dismissal and non-re-election of the Independent Auditor and exercises its right to grant approval for decisions on compensation and other matters for the Independent Auditor. It works with the Independent Auditor and the internal audit sections to ensure proper auditing operations. Our Audit Committee consists of three Directors who do not also serve as Executive Officers. Two of them are independent Outside Directors. All its members meet the independence standards prescribed in the Sarbanes-Oxley Act in the U.S. One of them is a financial expert under this legislation.

Our Compensation Committee’s objective is to secure, retain and motivate our personnel, which are the greatest assets of Nomura Group. In order to establish our solid position as a financial services group with a global competitive advantage, the committee formulates the "Compensation Policy of Nomura Group," the "Compensation Policy for Directors and Executive Officers of Nomura Holdings, Inc.,” and determines the compensation for individual Directors and Executive Officers in accordance with these policies. On the basis of the “Pay for performance” principle, the committee combines internal analyses with findings from those conducted by an outside evaluating institution to heighten the degree of objectivity and transparency. By using share-related and other deferred compensation with predetermined periods of restrictions to exercise rights, it seeks alignment with shareholders’ interests and the improvement of long-term incentives. Our Compensation Committee consists of three Directors who do not also serve as Executive Officers and two of them are Independent Outside Directors.
Reinforcing the corporate governance system

Adopted Company with Three Board Committee structure
Continued efforts to establish a system for transparent, fair and strong-minded decision-making

While adopting a holding company structure and listing on the New York Stock Exchange (NYSE) in 2001, we introduced Outside Directors and established three discretionary organizations, namely the Compensation Committee, the Internal Controls Committee and the “Advisory Board,” in which outside experts discuss our Group’s management from various points of view.

In 2003, we became a “Company with Committees, etc.,” which is now referred to as a Company with Three Board Committees. Specifically, the Nomination, Compensation and Audit Committees were established with a view to clarify the separation between oversight and business execution and improve transparency.

In 2004, the Code of Ethics of Nomura Group was established to be observed by every single officer and employee of the Nomura Group. We strive to fulfill our responsibility to shareholders and all other stakeholders.

In 2010, two outside directors (one of them is female) from abroad joined our Board of Directors, as we continue to diversify our Board, and accounted with a majority of outside directors.

In 2015, we established “Nomura Holdings Corporate Governance Guidelines” to provide a mechanism for reinforcing our corporate governance. Apart from the Board of Directors, “Outside Directors Meetings” were established in which they discuss matters related to our business and corporate governance. In addition, we invited Asian experts as members of the Advisory Board, which is designed to upgrade our corporate governance, helping us evolve into an “Asia’s global investment bank.”

To achieve our continued growth and maximization of corporate value in the medium- to long-term, we are stepping up further reinforce our governance system.

Examples of actions

- The Outside Directors and other Directors participated in a two-day meeting of the Executive Officers and Senior Managing Directors to discuss how Nomura should function in 2020 and beyond.
- The members of the Audit Committee visited major overseas locations in London, New York, Hong Kong, and the Japan branches of Kyoto and Osaka. They verified the business conditions, management vision, and the understandings of our strategy.
- The chairman of Outside Directors explained our management of Board of Directors and Audit Committee through the investor briefing session called “Investor Day.” We held a session for an Outside Director to speak to investors.

Nomura’s corporate governance initiatives

<table>
<thead>
<tr>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational structure</strong>&lt;br&gt;Company with Board of Auditors</td>
<td>Company with Committees, etc.</td>
<td>Company with Committees, etc.</td>
<td>Company with Committees, etc.</td>
<td>Company with Committees, etc.</td>
<td>Company with Committees, etc.</td>
<td>Company with Committees, etc.</td>
<td>Company with Committees, etc.</td>
<td>Company with Committees, etc.</td>
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<tr>
<td><strong>Number of Directors</strong>&lt;br&gt;12 (2 outside auditors)</td>
<td>11 (2 outside auditors)</td>
<td>11 (2 outside auditors)</td>
<td>11 (2 outside auditors)</td>
<td>11 (2 outside auditors)</td>
<td>11 (2 outside auditors)</td>
<td>11 (2 outside auditors)</td>
<td>11 (2 outside auditors)</td>
<td>11 (2 outside auditors)</td>
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<tr>
<td><strong>Number of Outside Directors</strong>&lt;br&gt;2 (3 outside auditors)</td>
<td>2 (2 outside auditors)</td>
<td>2 (2 outside auditors)</td>
<td>2 (2 outside auditors)</td>
<td>2 (2 outside auditors)</td>
<td>2 (2 outside auditors)</td>
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<tr>
<td><strong>Ratio of Outside Directors</strong>&lt;br&gt;17%</td>
<td>18%</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
<td>45%</td>
<td>55%</td>
<td>55%</td>
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<tr>
<td><strong>Ratio of non-Japanese Directors</strong>&lt;br&gt;0%</td>
<td>0%</td>
<td>0%</td>
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<td>0%</td>
<td>0%</td>
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<tr>
<td><strong>Ratio of female Directors</strong>&lt;br&gt;0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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<td>0%</td>
<td>0%</td>
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<td>0%</td>
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<tr>
<td><strong>Committees under control of the Board of Directors</strong>&lt;br&gt;2003: Nomination Committee&lt;br&gt;2003: Audit Committee&lt;br&gt;2004: Corporate Governance Committee (outside directors)</td>
<td>2005: Corporate Governance Committee (outside directors)</td>
<td>2006: Office of Audit Committee&lt;br&gt;2006: Group Office of Audit Committee&lt;br&gt;2007: Establish the Management Control Committee (the Internal Controls Committee)</td>
<td>2007: Established the Advisory Board as an advisory body to the Executive Management Board</td>
<td>2008: Established the Management Control Committee (the Internal Controls Committee)</td>
<td>2008: Established the Code of Ethics of Nomura Group</td>
<td>2009: Established the Corporate Governance Committee Guidelines</td>
<td>2010: Established the Nomura Holdings Corporate Governance Guidelines</td>
<td>2011: Appointed Outside Directors for Nomura Asset Management from outside the Group</td>
</tr>
<tr>
<td><strong>Measures in enhancing efficiencies of Board of Directors</strong>&lt;br&gt;2003: Office of Audit Committee&lt;br&gt;2006: Group Office of Audit Committee&lt;br&gt;2007: Established the Advisory Board as an advisory body to the Executive Management Board</td>
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<td>2008: Established the Management Control Committee (the Internal Controls Committee)</td>
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<tr>
<td><strong>Other advisory bodies and committees</strong>&lt;br&gt;2010: Independent Outside Directors accounted for a majority of the Board of Directors</td>
<td>2010: Independent Outside Directors accounted for a majority of the Board of Directors</td>
<td>2011: Established the Nomura Holdings Corporate Governance Guidelines</td>
<td>2015: Established the “Outside Directors Meetings” (a meeting separated from Board of Directors, where matters such as the strategy of Nomura Group and corporate governance are discussed)</td>
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Support system for Outside Directors and use of knowledge

- Establishment of system to support Directors in their duties

We have an Office of Non-Executive Directors and Audit Committee within the organization to assist the Audit Committee and Directors in performing their respective duties. The office explains agendas in advance of Board of Directors meetings for the Outside Directors, and continuously presents our business details, business plan, financial position, internal audit status and other matters of significance to the governance system.

The Outside Directors are entitled to request explanations, reports or materials from the Executive Officers and employees whenever they are deemed necessary, and to hire outside legal, accounting and other experts at the expense of Nomura Holdings.

In addition, we are taking a variety of measures to enable the Outside Directors to undertake in-depth deliberations on matters related to our business and corporate governance at the regularly held Outside Directors meetings.

Basic policy for strategic shareholdings

Nomura Group has ongoing discussions concerning the purpose of strategic shareholdings. Regarding strategic shareholdings, we consider the risks and costs involved in holding such shares and perspectives of business strategy, such as opportunities to increase the revenues of our businesses through the expansion of transactions or business alliances with us whose shares are held, and shall hold such shares only if such shareholdings will contribute to maintaining/enhancing the corporate value of the Nomura Group.

As a result of the discussion, concerning stocks whose sale has been determined to be reasonable, we proceed with the sale of such stocks while taking into consideration the impact on the market and other circumstances.

Above basic policy for strategic shareholdings and other are written in Article 25 and Article 26 of the Nomura Holdings Corporate Governance Guidelines.
Evaluation of the effectiveness of the Board of Directors

We have been conducting evaluations on the effectiveness of the Board of Directors since the fiscal year ended March 2016. Each individual Director assesses the management of the Board of Directors, including the quantity and quality of information offered and discussions by the Board of Directors. They also share their findings at Board of Directors meetings and learn from the results in order to continue strengthening their oversight function.

Giving these situations, the effectiveness of the Board of Directors can be generally evaluated as a well-functioning system. As a Company with Three Board Committees, we make sure to secure the mobility of the execution, and either during or outside of Board of Directors meetings, we are enhancing the chances of utilization of all members’ expertise to further sophisticate our deliberating function of Board of Directors.

Internal control system

We are enhancing our internal controls to ensure appropriate corporate behaviors throughout the Group are made in efforts to attain management transparency, ensure efficiency, observe laws and rules, manage risks, maintain the reliability of business and financial reports, and encourage appropriate information disclosure. First, we implemented risk controls in sales and trading departments engaged in business execution functions, and a system to submit reports to the Board of Directors. As a Company with Three Board Committees, we continue strengthening their oversight function.

The results of the evaluation, including the report on responses to measurement, are discussed at meetings of the Board of Directors. Discussions based on issues that can be handled by the Executive Officers and proposals are submitted to the Board of Directors.

Adoption of Restricted Stock Unit program

From FY2017/18, we have adopted the Restricted Stock Unit (RSU) as a deferred compensation program for Directors, Executive Officers and employees of the firm and its subsidiaries, in lieu of existing compensation programs such as the issuance of stock acquisition rights, subject to certain conditions such as voluntary retirement etc., Nomura will deliver shares of common stock to RSU guarantees one to three years (up to seven years where required by local regulations) after the RSUs are granted mainly through disposal of treasury shares. Introduction of RSU awards is intended to integrate the principles of the Group’s deferred compensation program and to further align the compensation program and the business strategy with the medium- to long-term interests of shareholders.

Compensation for Directors and Executive Officers

As Nomura has adopted the “Company with Three Board Committees” structure, the Compensation Committee has established the Compensation Policy of Nomura Group and the Compensation Policy for Directors and Executive Officers. We ensure that the Nomura Group’s compensation framework aligns with our business strategy.

Compensation Policy for Directors and Executive Officers

The compensation of Directors and Executive Officers comprises base salary, yearly cash bonuses and long-term incentive plans, and is determined by the Compensation Committee based on this policy. A portion of compensation may be deferred or paid in the form of equity-linked awards. Equity-linked awards have vesting periods to ensure that the medium-to long-term interests of Directors and Executive Officers are closely aligned with those of shareholders.

Adoption of Restricted Stock Unit program

From FY2017/18, we have adopted the Restricted Stock Unit (RSU) as a deferred compensation program for Directors, Executive Officers and employees of the firm and its subsidiaries, in lieu of existing compensation programs such as the issuance of stock acquisition rights, subject to certain conditions such as voluntary retirement etc., Nomura will deliver shares of common stock to RSU guarantees one to three years (up to seven years where required by local regulations) after the RSUs are granted mainly through disposal of treasury shares. Introduction of RSU awards is intended to integrate the principles of the Group’s deferred compensation program and to further align the compensation program and the business strategy with the medium- to long-term interests of shareholders.

Compensation paid to Directors and Executive Officers FY2017/18

<table>
<thead>
<tr>
<th>Position</th>
<th>Directors (Outside directors)</th>
<th>Executive Officers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of People*1</td>
<td>9 (9)</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Basic Compensation*2</td>
<td>264 (124)</td>
<td>522</td>
<td>786</td>
</tr>
<tr>
<td>Bonus</td>
<td>89 (-)</td>
<td>415</td>
<td>504</td>
</tr>
<tr>
<td>Deferred Compensation*3</td>
<td>84 (-)</td>
<td>511</td>
<td>595</td>
</tr>
<tr>
<td>Total Amount Paid</td>
<td>437 (124)</td>
<td>1,448</td>
<td>1,885</td>
</tr>
</tbody>
</table>

*1 The above number includes one Director who retired in June 2017. There were 6 Directors and 1 Executive Officer as of March 31, 2018. Compensation in Directors and Executive Officers was determined as Executive Officers included in that of Executive Officers.

*2 Basic compensation of ¥766 million includes other compensation (commuter pass allowance) of ¥97 million.

*3 In addition to basic compensation, ¥415 million of corporate housing costs, such as housing allowance and related tax adjustments, were provided.

Note: The Committee deliberates and determines matters regarding the establishment and evaluation of internal controls for the Nomura Group (inclusive, inter alia, the management functions as well as matters regarding the improvement of corporate governance and the improvement of corporate behaviors). Upon the consent of the Audit Committees, the Committee (Chair: Group CEO, person(s) assigned by Group CEO, members of Audit Committees designated by the Audit Committee and Director(s) designated by Board of Directors) has the authority to establish and evaluate the internal controls of the entire Nomura Group.
Hiroshi Kimura
Outside Director

Member of the Nomination Committee / Member of the Compensation Committee / Honorary Company Fellow of Japan Tobacco Inc.

Worked for Japan Tobacco Inc. as President, CEO and Representative Director and held other roles. In particular, I succeeded in my large M&A projects and integrated management for advancing globalization. I think that key factors for success are concentration of managerial resources, swift action, and diversity as a source of competitiveness. I feel that these key factors are consistent between Japan Tobacco Inc. and Nomura, even though they are in different industries.

Nomura Group’s strength lies in the basic principle of putting customers first, which has been passed down from generation to generation since its foundation. Moreover, its attitude toward courageously developing new ideas, recognizing the necessity of reforms and cultivating a strong sales team is impressive.

At AGC, the company that I am from, there are shared values of seeking Innovation & Operational Excellence on the basis of Diversity, Environment and Integrity. I have managed the company while seeking Innovation & Operational Excellence on the basis of Diversity, Environment and Integrity. I have managed the company while seeking Innovation & Operational Excellence on the basis of Diversity, Environment and Integrity. I have managed the company while seeking Innovation & Operational Excellence on the basis of Diversity, Environment and Integrity. I have managed the company while seeking Innovation & Operational Excellence on the basis of Diversity, Environment and Integrity.

Kazuhiko Ishimura
Outside Director

I worked for AGC Inc. as Group CEO after working in the design and development section for production equipment, production section, and as manager of the electronics segment. Though the manufacturing and financial institutions sectors are different, I believe there are commonalities in managing in a way they both operate globally.

Nomura Group’s corporate governance system is not just a formal system. The majority of members in the Board of Directors are Outside Directors who participate in each committee meeting, ensuring effective management. Effective management comes from good awareness of the management executives. Never seeking to the business-first stance, Nomura aims to achieve continuous growth on the basis of the principle of “Putting the Customer First” as part of the “Founder’s Ten Principles” that were passed down from founder Tokushichi Nomura. The strategies devised by the executives are well communicated to the working-level personnel. I think that this is why employees in Nomura in both Japan and overseas are so competent and capable of expanding Nomura’s business globally. Meanwhile, the hurdles that Nomura must clear to continuously increase its corporate value are evident. This includes transforming its business model in Japan and improving profitability in international regions. I think that we can achieve continuous growth in any environment by tackling these issues. As an Outside Director, I will perform checks and share my perspective on corporate management developed at Sumitomo Corporation to contribute by creating value to Nomura and boosting its competitiveness.

Mari Sono
Outside Director

Member of the Audit Committee / Certified Public Accountant / Former Commissioner of the Securities and Exchange Surveillance Commission

As a certified public accountant, I am well aware of the significance of appropriate disclosure and accountability to stakeholders. I believe accounting and evaluating corporate internal controls are the basic concepts of auditing, and that this principle applies to outside directors and members of the Audit Committee as well.

Nomura Group manages its operations through a matrix of business lines and regional operations. Additionally, at top management level, it also includes the Risk Committee as well as Internal Controls Committee. This is further by oversight from the Board and its Three Board Committees. I believe the strength of Nomura Group is in the strong client base in Japan and a growing base outside Japan. This combination gives it a competitive edge. On the other hand, Nomura needs to be aware and work on some issues, one of which is digital technology. The speed of digital technological developments is advancing at a rapid pace and Nomura needs to be at the front end of the development such as FinTech. As an outside director, I will fully support Nomura, a company that works hard in solving and facing new challenges.

Laura Simone Unger
Outside Director

Former Executive Chairman of PricewaterhouseCoopers, Singapore

As one of the largest independent broker dealers in the U.S., Nomura has a competitive edge over financial firms operating within a bank holding company structure. Nomura is able to provide services that banks are constrained from offering, as it builds out its investment banking business. This will serve the firm well in expanding opportunities to medium sized company businesses (within market capital of $10 billion). Japan’s strengthening economy will attract those companies looking for ways to participate in growth opportunities in Asia where Nomura has the ability to play a major role, given the company’s position in Japan and the Asian market.

As an outside director, I understand the global business challenges Nomura faces. I will contribute to Nomura by providing insights into U.S. market opportunities, including those resulting from regulatory and/or legislative changes.

Noraki Shimazaki
Outside Director

Member of the Nomination Committee / Member of the Compensation Committee / Honorary Company Fellow of Japan Tobacco Inc.

I have corporate management experience as Representative Director and Executive Vice President of Sumitomo Corporation. In addition, I have cultivated extensive experience and knowledge of finance and accounting to enable me to develop my expertise in the field of being a member of the Business Accounting Council of the Financial Service Agency and a trustee of the International Accounting Standards Committee Foundation.

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Nomura Group has established a well-organized corporate governance system overall. In particular, outside directors form majority of the Board of Directors, and they exchange opinions fairly at Board of Directors meetings making monthly held Audit Committee meetings very meaningful. Also, I believe that the chairman and the full-time members of the Audit Committee are very rigorous, and the existence of the Office of Non-Executive Directors and Audit Committee and collaboration with the internal audit sections are functional. On the other hand, to maintain effective governance, it is vital to reframe the senses and maintain a degree of tension without conflicting ourselves with the status quo.

Nomura Group has an advantage of having a solid customer, personnel and financial base as Japan’s largest securities company. Now, it is growing its presence overseas. Under drastically changing economic circumstances, it is necessary to direct the company soundly, and prevent its past strengths and managerial resources from turning into negative legacies. Since Nomura is a massive organization, it must make continuous efforts to ensure its corporate philosophy and compliance are well communicated and observed by its current staff. To build the foundations for this, I will contribute by using my expertise.
### Directors of Nomura Holdings (As of July 1, 2018)

**Chairman of the Board of Directors**
Nobuyuki Koga

**Chairman of the Nomination Committee, Chairman of the Compensation Committee**
Nobuyuki Koga

**Director**
Hisato Miyashita

**Member of the Audit Committee (Full-time member)**
Hisato Miyashita

**Member of the Compensation Committee, Director & Chairman of AQC Inc.**
Hiroshi Kimura

**Outside Director**
Hiroyuki Kimura

**Member of the Nomination Committee, Member of the Compensation Committee, Former Executive Vice President of Sumitomo Corporation**
Kazuhiko Ishimura

**Chairman of the Audit Committee, Advisor of the IFRS Foundation Asia-Oceania Office, Former Executive Vice President of Sumitomo Corporation**
Noriaki Shimazaki

**Member of the Audit Committee, Certified Public Accountant, Former Commissioner of the Securities and Exchange Surveillance Commission**
Mari Sano

**Former Executive Chairman of PricewaterhouseCoopers, Singapore**
Michael Lim Choo San

**Former Commissioner and Acting Chairperson of the U.S. Securities and Exchange Commission**
Laura Simone Unger

**Directors who are concurrently serving as Executive Officers**
- **Director, Representative Executive Officer, President and Group CEO**: Koji Nagai
- **Director, Representative Executive Officer, Deputy President**: Shoschi Nagamatsu

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### Executive Officers and Senior Managing Directors of Nomura Holdings (As of July 1, 2018)

**Executive Officers**
- **Representative Executive Officer, President and Group CEO**: Koji Nagai
- **Representative Executive Officer, Deputy President**: Shoschi Nagamatsu
- **Vice Chairman**: Tetsu Ozaki
- **Executive Managing Director and Group Co-COO**: Toshio Morita
- **Executive Managing Director and Group Co-COO, Head of Americas [based in New York]**: Kentaro Okuda
- **Executive Managing Director, Head of Asset Management**: Kunio Watanabe
- **Executive Managing Director, Chief Financial Officer (CFO)**: Takumi Kitamura
- **Executive Managing Director, Head of Group Entity Structure and Co-CRO**: Yui Nakata

**Senior Managing Directors**
- **Retail**
  - **Head of Retail**: Eichiro Yamaguchi
- **Wholesale**
  - **Head of Wholesale and Global Markets [based in London]**: Steven Ashley
  - **Global Head of Investment Banking**: Yo Akatsuka
  - **Co-Head of Global Markets**: Yutaka Nakajima
  - **Global Markets, Global Head of Equities**: Norikazu Akedo
  - **Co-Head of Global Markets, EMEA [based in London]**: Hideo Kitano
  - **Head of Global Markets, Asia ex-Japan [based in Singapore]**: Rik Karkhanis
  - **Head of Global Markets, Americas [based in New York]**: Jonathan Raffl
- **Merchant Banking**
  - **Head of Merchant Banking**: Masahiko Maekawa
- **Corporate**
  - **Chief Risk Officer (CRO) [based in London]**: Lewis O’Donnell
  - **Chief of Staff and Group Strategy**: Satoshi Harai
  - **Deputy Chief of Staff, Group CAO¹ and Operations**: Paul Spaneck
  - **Chief Information Officer (CIO)**: Kazuhiro Numata
  - **Head of Group Compliance**: Tomoyuki Teraguchi
  - **Chief Legal Officer (CLO)**: Yasushi Takayama
- **Innovations**
  - **Group Head of Global Corporate Communications, Corporate Citizenship and Tokyo 2020 Olympic and Paralympic**: Chikako Yagi
  - **Global Head of Human Resources**: Etsuro Miwa
  - **Head of General Services**: Rikiya Nonomura
  - **Group Strategy and Executive Office**: Toru Otsuka
- **Banking**
  - **Baching**: Kanji Kimura
- **Americas**
  - **Executive Chairman, Americas [based in New York]**: David Findlay
  - **Co-Head of Americas [based in New York]**: Tatsutomu Takamura
- **EMEA**
  - **Executive Chairman, EMEA [based in London]**: Yasuo Kashiwagi
  - **Head of EMEA [based in London]**: Jonathan Lewis
- **Asia ex-Japan**
  - **Executive Chairman, Asia ex-Japan; Head of China Committee; Asia Strategy [based in Hong Kong/Singapore]**: Toshiyasu Iiyama
  - **Head of Asia ex-Japan [based in Singapore/Hong Kong]**: Vikas Sharma
  - **Deputy Head of China Committee**: Shinichi Mizuno
- **Internal Audit**
  - **Group Internal Audit**: Shoji Ogawa

¹: Chief Administrative Officer
Questions and answers

Self-side analyst

Q

“What is your evaluation of Nomura Group’s arrangements and the provisions concerning lawsuits and cases of legal disputes with authorities?”

A

In May 2018, at a presentation held at our head office in Otemachi, Chiyoda-ku, Tokyo for analysts and institutional investors, Mr. Noriaki Shimazaki, Outside Director and Chairman of the Audit Committee, made his first appearance explaining the effectiveness of corporate governance and current status of the Audit Committee’s activities. This was followed by a question and answer session.

Overseas institutional investor

Q

“There is a trend in the U.S. toward imposing board term limits. As an independent Director, what do you think about the idea of term limits for board members?”

A

In Japan, the term of office for directors and a mandatory retirement age system for executive officers are generally established by companies, although the extent of the individual company may vary. The term of office for Outside Directors is also determined at Nomura. The renewal of these terms or retirement from office for board members is generally proposed at a general meeting of shareholders every year. I believe that these standards and measures are appropriate.

Self-side analyst

Q

“Monitoring the effectiveness of strategies is indicated as the objective of the Audit Committee. If, for example, there is a situation in which key performance indicators (KPIs) set by management cannot be achieved, would the Audit Committee present some proposals to the Directors?”

A

We have various KPIs and goals to achieve by 2020. The Audit Committee tracks progress at least every quarter and monitors not only the figures indicated in the financial results but the degree to which our goals have been achieved, including the enhancement of the earnings structure. In addition, we take care not to show individual numbers out of context. Looking back at Nomura’s scandals in the past, the people working on the finance side focused too heavily on numbers above all else, which led to improper transactions in some cases. It is important to achieve numerical goals but that should not be the only goal. The primary objective of our management vision for 2020 (Vision C&C) is to create a robust operating platform capable of delivering consistent growth for the Nomura Group. To achieve our vision, we are working to address two overarching issues: transforming our business model in Japan and improving the profitability of our international operations.

Nomura Report 2018
Yuki Kimura (hereinafter “YK”) Mr. Kimura, could you begin by explaining specifically the kinds of activities you are actually involved in as an Outside Director of Nomura Holdings, Inc. (hereinafter “Nomura HD”)?

Hiroshi Kimura (hereinafter “HK”) Attending the Board of Directors meetings held once every month is my basic duty as an Outside Director. I feel the Board of Directors of Nomura HD is managed extremely well. I was assigned as an Outside Director at Nomura HD in June 2015. In my first year, I attended Audit Committee meetings held every month as a member of the committee. Since 2016, I have been acting as a member of the Nomination and Compensation Committees. However, I am still able to attend the Audit Committee meetings as an observer. The Audit Committee interviews different members each month, rotating between the Group CEO, the Group COO and the heads of each division. Audit Committee meetings are very good opportunities to get to know the senior management, so I try to attend whenever possible. The Nomination and Compensation Committees meetings are held before the Board of Directors meetings whenever necessary. At Nomura HD, members are the same for Nomination and Compensation Committees. I think it is rational to have the same members because assessment and compensation of senior management are inseparable.

YK Please share your specific assessments of the structure and administration of the current Board of Directors. In addition, please tell us how the Board of Directors’ self-assessment is done each year about its effectiveness reflected in the administration of the Board of Directors and management of Nomura HD.

HK I think the current composition of the Board of Directors is excellent because it assures diversity. The Board consists of 10 members. This is the right size for active discussions. Six Outside Directors are a majority of the Board of Directors, including one female and one non-Japanese citizen. Another female non-Japanese Outside Director joined the Board at the General Shareholders’ Meeting held this June. Non-Japanese Board members provide valuable perspectives, such as how Nomura HD is viewed worldwide and how regulatory authorities are acting overseas. Their perspectives are helping Nomura’s management decisions a great deal. Speaking of information provision, the secretarial explains agenda to Outside Directors before Board of Directors meetings, in addition to reporting business conditions every month. The CFO also explains quarterly results to Outside Directors individually before Board of Directors meetings. Outside Directors also receive abundant externally-published references about Nomura HD, including reports by sell-side analysts. I think how external parties view Nomura HD is useful for Outside Directors to assess its business administration appropriately. Besides Board of Directors meetings, all Outside Directors of Nomura HD, including foreign citizens, meet several times each year where their consolidated opinions are given to top management. In certain instances, such as a violation of our professional code of conduct or investments needed on a long-term basis, Outside Directors need to provide advice if they may affect revenues negatively in the short-run. They cannot fully grasp management’s vision if their tenure is too short. However, I don’t think it is good for their tenure to become too long, making them too close to the management. I think a term of six years is appropriate with a system where a small number of Outside Directors are replaced each year. The Board of Directors began self-assessments in 2016. The Board finished the third self-assessment a short time ago. I believe the PDCA cycle is repeated well, where each individual director self assesses their respective roles and effectiveness of the Board of Directors, followed by a Directors’ meeting which discusses areas of improvements the Board of Directors should address.

YK Let me ask you about Nomura HD’s management strategies and business challenges. How do you assess Nomura HD’s current management policies and strategies as an Outside Director? What kind of advice are you providing to Nomura HD?

HK To put it briefly, I rate Nomura HD’s business strategies highly. Japan’s population is aging while the birthrate is falling. A declining population has become a reality. Under this condition, the Retail Division initiated a major paradigm shift in 2012 to change the nature of its businesses. Those changes are still in progress, but I think the direction is correct. Unlike manufacturing, Nomura HD’s businesses do not require huge capital investments in areas outside IT, but relies instead on its human resources and talent. The question we should ask is whether the minds of employees agree with business strategies. Whilst changes take place each year, continuous initiatives are necessary for establishing such a mindset. For that reason, Nomura HD has designated August 3rd to observe “Nomura Founding Principles and Corporate Ethics Day” to reflect on its corporate culture and to prevent memories of past scandals from fading away. All Nomura HD directors and employees, including myself, watch a video and sign an attestation on this day. It’s a recurring process. I think repeating the same thing is essential. In the meantime, Nomura HD cannot allocate resources to all regions of the world. Nomura HD, based in Asia, is strategically solidifying its foothold by pursuing synergies from an alliance with American Century Investments in the U.S., the largest market in the world. Nomura HD also reviewed overseas businesses’ cost-intensive tendencies. Ensuring responsible and sustainable profits overseas will be the key to achieving the EPS target. Geopolitical risks were observed in the most recent quarter, but I would like Nomura HD to promptly link those initiatives to growth. Nomura HD must keep defining markets where it should compete and allocate resources to them. I think Nomura HD is taking the necessary risks, such as making inroads into China and launching the Merchant Banking Division. In taking those risks, it is extremely important to consider capital costs as hurdle rates for such investments. I also think Nomura HD is taking constructive initiatives in ESG (environment, social and governance), which have been attracting interest in recent years. Nonetheless, I feel there is still room for improvement from the viewpoints of disclosure and explanations to investors and stakeholders. Those of us acting as Outside Directors are currently thinking about deepening discussions on ESG initiatives.

YK Mr. Kimura, you have deep experience in M&A abroad as well as in running overseas businesses as the former top executive at Japan Tobacco Inc. (JT). Please share your assessments and advice on Nomura HD’s global strategies based on your own experiences.

HK My experiences at JT will not apply unconditionally to the way Nomura HD manages its overseas businesses because there are characteristics peculiar to individual business categories. But JT focused on markets where they could gain the largest or the second largest share, and did not move into markets that would not allow it to achieve that result. I believe for financial institutions, securing revenues and

HK I think Japan’s Corporate Governance Code attaches importance to dialogues with shareholders. Outside Directors are expected to have dialogues with shareholders, too. Please share your opinions about the current state of Nomura HD’s dialogues and direction going forward.

HK The Board of Directors is receiving feedback from investors following the announcements of financial results and IR briefings. The feedback explains areas of investor concerns and clearly sets out their critical opinions which enable Nomura HD’s management to deal with them properly. There is no reason for Outside Directors to recol from dialogues with investors if investors ask for them. Indeed, these discussions have added value.
Risk Management

Risk culture

Fostering a sound risk culture is essential for Nomura Group to maintain its social credibility and sustain its business activities. At Nomura Group, all employees, irrespective of their function or geographic location, must understand their specific responsibilities related to risk management, and actively work to manage risks.

Risk management policy

Our business activities are exposed to various risks including market risk, credit risk, operational risk, and liquidity risk. Properly managing these risks is one of management’s top priorities. It is important for us to maintain capital adequacy and achieve business plans under any type of economic environment, to protect our clients, and to comply with laws and regulations.

Nomura Group has defined the types and maximum levels of risk that the firm is willing to take, as documented in the Risk Appetite Statement. Our Risk Appetite Statement and risk appetite are approved by the Executive Management Board, and the risk is monitored daily against a set of risk appetite. If by any chance risk amount exceed risk appetite, the senior management consults with stakeholders and takes actions to solve such excess.

Key risk types

- Market Risk
- Credit Risk
- Operational Risk
- Model Risk
- Liquidity Risk
- Compliance Risk

Risks taken by Nomura Group differ by divisions or businesses. We have established a risk management framework based on risk profiles. Nomura Group has adopted a multi-faceted risk evaluation process to avoid risks that may be damaging to our reputation. Risk management oversight is carried out by the committees comprising members of senior management. The Global Integrated Risk Management Committee (GIRMC) and the Global Risk Management Committee (GRMC), for example, deliberate and decide on risk management issues material to the firm.

Setting risk appetite and guidelines for:

| Risk Type | Example
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adequacy and balance sheet measures</td>
<td>To comply with capital regulations imposed on financial institutions and to maintain a strong financial base in continuing to conduct businesses under various economic conditions.</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>To maintain sufficient liquidity to survive a severe liquidity situation and to comply with regulatory requirements.</td>
</tr>
<tr>
<td>Market risk and credit risk</td>
<td>To manage market risk and credit risk within wholesale businesses.</td>
</tr>
<tr>
<td>Operational risk</td>
<td>To understand and mitigate the impact and likelihood of operational risk events assumed in the course of conducting business.</td>
</tr>
<tr>
<td>Compliance risk</td>
<td>To promote proper understanding and compliance with the letter and spirit of all applicable laws, rules and regulations and avoid misconduct.</td>
</tr>
</tbody>
</table>

Unavoidable risks

| Risk Type | Example
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational risk</td>
<td>Risk of suffering losses due to internal administrative processes, people, or systems being either inappropriate or not functioning properly.</td>
</tr>
<tr>
<td>Model risk</td>
<td>Risk of loss arising from model errors, incorrect or inappropriate model application with regard to valuation models and risk models.</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>Risk of losses arising from a potential lack of access to funds or higher cost of funding than normal levels due to deterioration in Nomura’s creditworthiness or deterioration in market conditions.</td>
</tr>
</tbody>
</table>

Selective risk taking

| Risk Type | Example
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market risk</td>
<td>Risk of loss in the value of financial assets and liabilities, as a result of market moves in risks factors including interest rates, foreign exchange, and price of securities.</td>
</tr>
<tr>
<td>Credit risk</td>
<td>Risk of suffering losses when a borrower is unable to make payment and fail to meet a contractual obligation.</td>
</tr>
</tbody>
</table>
The three lines of defense in risk management

Nomura Group has adopted the following layered structure on the grounds that all employees are accountable for proactively managing risk.

1. First line of defense
   - Departments engaged in trading and sales
   - As the first line of defense, departments engaged in sales and trading manage the risks associated with their own business activities. For example, trading departments do business within predetermind risk limits, and proactively identify and address any issues they find.

2. Second line of defense
   - Departments engaged in risk management
   - Departments engaged in risk management establish frameworks to manage each type of risk, and support risk management measures taken by the First Line of Defense, such as sales and trading departments. Second line of defense independently monitor risks, and keep trading and sales departments in check as needed.

3. Third line of defense
   - Internal Audit
   - Internal Audit reviews and provides consulting from an independent, objective position, with the aim of adding value by improving the organization’s operations and frameworks, including risk management.

Chief Risk Officer Message

In Nomura we have a significant reliance on strengthening risk management. What do we mean by this in practice? First to define our goals in risk management for Nomura: it is to make sure Nomura is resilient to market shocks and unexpected threats and that we have hence have enough capital to continuously run our business. It is also to make sure the returns we make on this capital – our shareholders capital – are appropriate and in alignment with our strategic goals.

The terminology of Risk can be intimidating. But at its core it is simple. At Nomura, the executives and the board as the firm’s representatives – defines a risk capacity: the maximum amount of risk the firm would want to take. Then it sets a risk appetite: the amount of risk the firm wants to use – of its capacity – in pursuit of its strategies. This appetite is allocated into the divisions and sub-divisions of the firm in accordance with its business plans. What we mean by risk here can be many things – but risk management tries to use measures – think a ruler to tell which risk is larger than another – which distil many risks into one number. The actual methodology used in this measurement has a degree of complexity and can be technical, but it is important for all our employees to be aware of the risks they take on for Nomura in the course of business. This is one of the most important tenets of risk management at Nomura – that we are all risk managers, and we have responsibility for the actions we take when we expose – knowingly or unknowingly – Nomura to risk. This idea that we are all risk managers is an intrinsic part of our risk culture. Culture can be a hard idea to encompass, so what do I mean by Nomura’s risk culture? I mean how we see and experience people in Nomura reacting and interacting with each other over risk outcomes. We want our risk culture to be strong and control focused and to permeate the organization organically, and to influence people when they must take decisions which affect the firm. It is difficult to measure, and it is hard to change, but we try to develop ours organically, and to influence our people through training, through incentives, through mentoring and good practice and through leadership.

Our culture is built from our Corporate philosophy and the values we espouse: Entrepreneurial leadership, teamwork and integrity. We try to continuously remind our employees both of their legal requirements as well as their obligations to the firm through training; we also hold ‘Nomura Ethics Day’ each year where we reinforce our message and why it is important for all of us. Lastly we work hard at giving a clear ‘tone from the top’ showing that our senior managers live and breathe the highest standards of conduct and ethics every day. By continuing to emphasize our culture and our conduct in the markets and to our customers we believe we will continue to build a firm with the highest standards in the marketplace, to the benefit of our clients and our stakeholders.

Risk Culture In Nomura

Lewis O’Donnell
Chief Risk Officer (CRO) (based in London)
Risk is a possibility of suffering unexpected losses caused by any number of reasons. Then what is risk management? In short, I think the risk management is an approach of how to reduce this uncertainty. In many financial institutions including Nomura, risk management starts with understanding the risks by quantifying them. Needless to say, no one can predict the future, so the banks collect data from past events, and use some statistical techniques to estimate what to expect in the future. As history repeats itself, looking back on the past may have positive implication for future prediction. That said nothing can be estimated with 100% accuracy.

So, what can be done to reduce the unexpected? Let inspirations and imaginations run at every possible direction and get prepared. That is the basics of risk management. At the same time, prepare for the worst on the premise that no matter how hard we try to predict, unexpected things will happen. In financial institutions we prepare for the worst, or turning unexpected into expected, by maintaining adequate capital levels.

Chief Risk Officer Message

Yuji Nakata
Executive Managing Director
Head of Group Entity Structure and Co-CRO

We continuously strive to enhance our cyber security platform at “normal times” by taking measures such as participating in drills to protect against cyber-attacks, by having the effectiveness of our measures evaluated by outside cyber security experts, and by knowing the status of measures taken by outside vendors. In the case of an incident such as dangerous, vulnerability information or detection of a cyber-attack, the CSIRT leads the efforts to analyze the cause, minimize damage, and quickly restore systems.

Organization management

We adopt a multi-layered defense system, which includes multiple detection and defense mechanisms against unauthorized access and malicious programs such as computer viruses. We review these countermeasures as appropriate to deal with new threats.

System security measures

Based on the Nomura Group Information Security Policy, relevant seminars and training programs are regularly provided to all executives and employees in order to raise their awareness and knowledge.

Human-level response

Nomura Group has established information collection and sharing systems related to cyber-attacks and attack methods, through information sharing organizations such as Financial ISAC Japan and Nissan CSIRT Association, as well as IS-ISAC (U.S.) and other overseas organizations.

Cooperation with outside organizations

Cyber security system

Nomura Group has for some time been undertaking security measures to protect systems against cyber-attacks. However, in light of the increasingly serious cyber security threats throughout the world, we recognize that our current countermeasures may not be sufficient in the future.

In order to ensure that clients’ information and assets are securely protected from these increasingly challenging cyber security threats, and to enable clients to conduct transactions with peace of mind, Nomura Group is working to strengthen its cyber security platform, using the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc of the Financial Services Agency, the Cybersecurity Management Guidelines of the Ministry of Economy, Trade and Industry based on ISO27001 and ISO27002 as a reference.

Examples of stress scenarios

- Assessment of capital adequacy under the scenario that a serious economic situation that occurred in the past happens again (Example: Financial crisis)
- Assessment of the impact on Nomura’s earnings of extreme economic conditions that could occur in the future (Example: Economic collapse in a particular country or region)
- Assessment of the impact on Nomura’s earnings of a large-scale natural disaster (Example: earthquake directly under the Tokyo metropolitan area)
- Assessment of the impact on Nomura’s portfolio of political events in Japan or overseas (Example: UK referendum on leaving EU)
- Assessment of the impact on Nomura’s earnings of extreme economic conditions that could occur in the future (Example: Economic collapse in a particular country or region)

Stress testing

Nomura Group conducts stress testing to address risks that may spread globally, and to identify risks that are difficult to recognize with statistical methods alone, as well as to prepare for unprecedented risk events. Stress testing uses stress scenarios to assess the impact on our business and financial soundness should those adverse events occur. These scenarios may include severe deterioration in the economic environment, geopolitical conflicts and natural disasters.

Risk Management

Cyber security measures

Nomura Group, as a whole, has established a global organizational structure to deal with incidents stemming from cyber-attacks and to minimize potential damage. The Nomura Group Computer Security Incident Response Team (CSIRT), formed within Nomura Holdings, has spearheaded the formation of a CSIRT in Nomura Securities and other Group companies, and governs the CSIRT in each Group company. Each CSIRT works to protect its company’s operational and information assets, as well as systems, promoting cyber security measures from four factors: organizational management, system security measures, human-level response, and coordination with outside organizations.

Organizational structure

- The Manager of the CIO Office, Nomura Holdings is in charge.
- The organization comprises of the CSIRT representative of each Group company and is set up within the CIO Office (Crisis Management Division) of Nomura Holdings.

Outside relevant parties

- Regulatory agencies
- Police
- Media, etc.

Communication and information sharing

- JPCERT/CC
- Financial ISAC Japan
- IS-ISAC (U.S.)
- Nomura Group CSIRT
- CSIRT of Nomura Securities
- CSIRT of Nomura Group companies

Experience key points in the future

- Pay attention to the expanding risk areas.
- The risk management is an approach of how to reduce this uncertainty.
- The risk management is an approach of how to identify risks that are difficult to recognize with statistical methods alone.
- The risk management is an approach of how to prepare for unprecedented risk events. Stress testing uses stress scenarios to assess the impact on our business and financial soundness should those adverse events occur.
- The scenario of economic collapse in a particular country or region.
- The scenario of earthquake directly under the Tokyo metropolitan area.
- The scenario of UK referendum on leaving EU.
- The scenario of extreme economic conditions that could occur in the future.
- The scenario of political events in Japan or overseas.
- The scenario of a large-scale natural disaster.
Compliance framework

We have appointed a Group Compliance Head to oversee compliance for the Group as a whole along with a Group Compliance Department that provides support. In addition, Compliance Officers have been assigned to each Group company to strengthen our internal controls in response to global business development, and to develop and maintain the respective compliance structures of each Group company, including overseas offices. In addition to Group-wide initiatives, Nomura Securities has established a Compliance Program as a detailed action plan, and put into place a compliance framework based on this program.

Legal compliance measures

- Maintenance of compliance framework and enhancement of management systems
- Compliance Hotline
- Carrying out compliance training

In all Group companies and departments, Nomura Group complies with applicable laws and regulations and endeavors to prevent the occurrence of activities that may be construed as illegal by establishing effective control measures. In the event that such issues arise, they are reported in full to management-level officers without delay, and organizations and systems are structured to respond appropriately.

Nomura employees who have become aware of potential legal or regulatory violations are able to report their concerns to persons designated by Nomura Holdings, including Outside Attorneys, through the Compliance Hotline (informants have the option of remaining anonymous). In 2017/18, there were 31 calls received via the Compliance Hotline, and in all cases the status of related matters was confirmed and appropriate measures were taken.

Nomura Securities conducts comprehensive compliance training for all Executive Officers and employees on topics such as the prevention of money laundering and insider trading, firewalls, regulations, and guidelines for managing customer information.

Ensuring fair financial business practices

- Prohibition of transactions with anti-social forces
- Prevention of money laundering
- Prevention of bribery
- Management for conflicts of interest and prevention of insider trading

Nomura Group works to eliminate transactions with anti-social forces and prevent money laundering. Moreover, in order to supervise and manage the group-wide control framework for anti-money laundering and counter-terrorism financing (AML/CTF), Nomura Group has established the "Anti-Money Laundering Department" in April 2018. Nomura will continue to enhance the measures for AML/CTF and develop the effective control framework.

Nomura Group has also established guidelines related to giving gifts to and entertaining public officials and private-sector groups, and disseminates the guidelines throughout the Company and works to ensure fair business practices to prevent bribery. We consolidate information in the Group Compliance Department to manage conflicts of interest and insider information with a global perspective.

For further information, please refer to our website.

Customer protection and information security

- Proper segregation of customer assets
- Effective protection of clients’ personal information and other information assets of the Group

In accord with applicable laws and regulations, including the Financial Instruments and Exchange Act and the Personal Information Protection Act, Nomura Group works to properly protect customers’ assets and information. Nomura Securities properly segregates the assets of its customers from the assets of Nomura Securities itself. The Nomura Group Information Security Policy provides the basic principles for appropriately protecting information assets.

Customer-related personal information is handled in line with rigorous standards set out in the Nomura Group Privacy Policy and other information security-related rules, and is handled in full compliance with the Personal Information Protection Act and other related laws and regulations.

For further information, please refer to our website.
Human Resources Strategy

Global framework

Nomura Group employs a pool of professional personnel around the world who are capable of providing financial services that meet the diverse needs of clients, and whose career paths within the Group and values are unique. Particularly upon taking on employees from Lehman Brothers in 2008, we adopted a globally integrated approach to human resource management. We strive to manage our personnel in a flexible and suitable manner so that each and every one of our employees can thrive as they contribute their skills to suitable manner so that each and every one of our employees can be active and successful in utilizing her or his capabilities and personal strengths.

Human Resources Strategy

Global framework

Human resources framework

Recruitment and hiring

Recognizing that people are our greatest asset, since our founding we have placed particular emphasis on recruitment. In our constant efforts to secure the most talented people, we continue to follow a policy of recruiting people regardless of nationality, gender, and other attributes. In FY2015/16 we introduced a “career support system” for new graduate hires in Japan, and we have broadened contact points with students by expanding our internship program and other measures. Overseas, we have also begun hiring new graduates by introducing an internship program.

In recent years, we have also been actively hiring mid-career professionals capable of contributing immediately, and about 1,000 people in Japan and 1,500 people overseas each year have been joining Nomura through this route. In addition, we have been hiring employees who previously left Nomura, with the expectation they will hit the ground running. A system of job classification based on the core work responsibilities of Nomura consists of General Career Type A employees, Type B and Type C. General Career Type A employees and Type B differ only in that the latter are not subject to relocation. The aim with both is for employees to develop careers as generalists based on a broad range of experience.

Personnel development

In developing and growing our business globally, we believe that improving our personnel system is important in order to ensure that personnel with diverse career backgrounds and values can demonstrate their talents. Accordingly, we provide diverse education and training programs to help employees at all levels develop their careers. In Nomura Securities, each division appoints instructors to serve for one year to guide and train new hires and help them develop into talented and independent-minded employees. In the Retail Division, a (management-level) employee is appointed as a mentor to work with the instructor in nurturing sales staff. In order to make personnel development more visible on a global basis, Nomura has established and utilizes a framework that ensures that people are recognized and rewarded according to their performance and achieve targets to clearly indicate the skills to be developed by employees and their evaluators through dialogues. With regard to Type C employees, who are highly skilled in a specific area, we have put in place a system that allows employees hired in Japan and those hired overseas to take courses with identical content. In addition to training programs for new hires, our core programs in Japan include group training programs based on years of service and job position, elective group training programs tailored to staff in the Wholesale and Corporate divisions, and on-the-job training. To support self-driven skills development, we have also established a self-study support system that includes a wide range of external training and correspondence courses helpful in enhancing business and management skills, including language courses. Furthermore, in order to develop personnel capable of playing an active role globally, we have established study-abroad programs and overseas training programs that employees themselves determine where they go and what topics they study.

General Career Type C employees are specialists who pursue advanced expertise as required in their particular business area. We have also adopted a personnel management approach that ensures that people are placed in positions they are best suited for and that each employee can display their capabilities to the fullest. An example of this is our system under which employees can transfer from General Career Type A to Type B employees, Type A employees can switch to Type C employees, and Type C employees and employees located in overseas offices can apply for other positions using an internal job posting program.

Number of new hires

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Cumulative total of new hires</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Career Type A employees</td>
<td>36%</td>
<td>2,987 million yen (FY2011/12)</td>
</tr>
<tr>
<td>General Career Type B employees</td>
<td>28%</td>
<td>2,033 million yen (FY2011/12)</td>
</tr>
<tr>
<td>Mid-career hires</td>
<td>29%</td>
<td>2,987 million yen (FY2011/12)</td>
</tr>
</tbody>
</table>

Amount invested in employees

<table>
<thead>
<tr>
<th>Category</th>
<th>Cumulative total of hours</th>
<th>Cumulative total of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and training-expenses</td>
<td>227,824 (FY2018)</td>
<td>530,869 (FY2018)</td>
</tr>
<tr>
<td>In-house training</td>
<td>2,987 (FY2017/18)</td>
<td>2,033 million yen (FY2011/12)</td>
</tr>
</tbody>
</table>

*Subtotals may not add up to totals due to rounding.
Proper evaluation and compensation
To properly evaluate performance and further the development of personnel, the Group adopts an integrated personnel evaluation process and all employees in principle participate in this process. Employees set their goals at the beginning of each year, and these goals are aligned with the Group’s strategy as well as competency and behavioral requirements. Employees then meet with their supervisors in the middle and at the end of the year to have frank discussions regarding goal attainment. This approach enables the Group to evaluate its personnel fairly and identify development opportunities suited to their capabilities and competencies. For personnel chosen from among those in managerial-level positions, depending on the business unit the Group also provides 360-degree evaluation based on feedback from their supervisors, fellow employees, and persons under their supervision. Every employee is provided, in principle once a year, with an opportunity to be interviewed by the Human Resources Department and directly communicate their thoughts about their career. The Group has established its Compensation Policy for Group management and employees. This policy aims to promote the sustainable growth of the Group and continue increasing its global competitiveness and shareholder value over the long term. It also has the objective of contributing to the value-added the Group can offer its customers and realizing continued improvement in the Group’s evaluation among its clients through securing, retaining, motivating, and nurturing outstanding employees.

Human Resources Strategy

Proper evaluation and compensation

Promoting Work Style Reform and Health & Productivity Management

In July 2016, Nomura Group adopted the NOMURA Health & Productivity Declaration Statement as part of the Group’s efforts led by the Group Chief Health Officer (CHO) to maintain and improve the health of employees. In addition, Nomura has launched the “Nomura Work Style Innovation” initiative, which comprises “Work Style Reform” and “Health & Productivity Management,” and has been developing an environment since 2017 that enables diverse employees to demonstrate their talents and play active roles. Under this policy, Nomura has introduced a work-from-home system and a system that enables leaves to be taken flexibly on an hourly basis, established new leaves for medical check-ups and follow-up examinations, and enhanced the self-improvement support system. Nomura has further promoted these initiatives by establishing a new internal website for posting information, distributing letters to all employees from the Vice Chairman of Nomura Holdings, Inc. who serves as CHO, and appointing people in charge of promoting initiatives in each division.

Diversity and Inclusion

Nomura Group believes that by having employees with diverse backgrounds and values respect one another and work together, the organization is better able to provide high value-added services and satisfy a wide variety of customer needs. We have established the Nomura Group Diversity and Inclusion Committee, chaired by the Vice Chairman of Nomura Holdings, Inc., the committee is made up of division representatives who regularly discuss the promotion of diversity and inclusion. Nomura adopted the “Declaration on Diversity & Inclusion” in 2016 based on the strong desire to form a working environment that utilizes diverse human resources throughout the entire Group, as well as the “NOMURA’s Declaration to Support Employees Balance Work and Family Care” in 2017 to create a workplace where employees who have to take care of a family member are able to continue working. Based on this policy, Nomura provides information to raise employee awareness and offers services to support balance the work and family care.

Nomura has three autonomously and globally run employee networks* to provide a range of information and hold events related to diversity in the workplace. These networks also provide opportunities for interaction both internally and externally.

* “Women in Nomura (WIN)” which focuses on women’s career advancement “Life & Family Network (L&F),” which is concerned with work-life management “Multi-Culture Value (MCV),” which promotes understanding of diverse value systems and multicultural values including LGBT&A and the disabled

Supporting women’s careers

Nomura Securities has set a quantitative target of 550 female managers by 2020. In March 2016, an action plan was announced to help women thrive in the company. The action plan outlines initiatives to achieve quantitative targets, including support for female employees’ career-building and support for balancing their careers with life events, among other measures to establish an employment environment in which female employees can thrive.

Nomura promotes initiatives to support women in improving their careers. These initiatives include a mentoring program for managers, a sponsorship program in which executive officers support management candidates, training programs for career design for management candidates, and social events with senior employees who become role models for young employees. Moreover, we provide training on diversity management, including promoting women’s participation in the workplace, to managers (including men), as we are striving to foster a climate where female employees can play a more active role.

In EMEA, Nomura is working on a range of initiatives to improve the gender balance. We issued a gender pay gap report in the U.K., and became a signatory of the “Women in Finance Charter” spearheaded by the U.K. government, whereby we set a target to increase our senior women by 50% by 2021. In June 2016, Nomura Trust and Banking received the highest certification (three stars) (ERUBOSHI certification) of the Minister of Health, Labour and Welfare under the Act on Promotion of Women’s Participation and Advancement in the Workplace.

LGBT inclusion

At Nomura Securities, we have implemented measures to support lesbian, gay, bisexual, and transgender (LGBT) and other sexual-minority employees through training for all employees, activities to increase the number of allies, and by introducing a partnership system. In recognition of these efforts, we were given the highest Gold grade in the Pride Index, Japan’s first evaluation of the LGBT-friendliness of work environments run by Work with Pride, a private group, for two consecutive years in 2016 and 2017.

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Contributing to Sustainable Communities

Communication with stakeholders

Nomura Group participates in initiatives in Japan and overseas that aim to contribute to society and the environment to fulfill its corporate social responsibility as a corporate citizen. Through dialogue and collaboration with stakeholders, we carefully examine the activities and information disclosure we undertake that are related to the economy, society, and environmental issues. We also review these activities and information disclosure, and report to the ESG Committee when needed.

Global partnership with communities

In the regions around the world where Nomura Group conducts business, we share the basic CSR theme of “For Future Generations” and carry out activities in line with regional needs while forming partnerships with NGOs and other entities. These activities are focused on nurturing future generations.

External Assessment


Communication with Stakeholders

https://www.nomuraholdings.com/csr/stakeholder/communication/

Themes

- Human rights, labor, environment, anti-corruption
- UN Principles for Responsible Investment
- Climate Bonds Initiative
- Principles for Financial Action for the 21st Century
- Task Force on Climate-related Financial Disclosures (TCFD)

Initiatives

- Participation in Global Compact Network Japan
- Participation in working group on climate change and water programs
- Participation as a partner in activities to promote green bonds
- Expression of support

Outline

- United Nations (UN) Global Compact
- UN Principles for Responsible Investment
- Participation in the Japan network
- Principles for Financial Action for the 21st Century
- Participation in working group on asset management, securities, and investment banking businesses
- Climate Bonds Initiative
- Promotion, as a signatory, of the climate change and water programs
- Task Force on Climate-related Financial Disclosures (TCFD)

Outcomes

- Promotion, as a signatory, of the climate change and water programs
- Expression of support

Example of Initiative

- Ball for All

As an official Tokyo 2020 Olympic and Paralympic Games Gold Partner in the Securities category, Nomura Holdings is committed to the success of the Tokyo 2020 Games and to the promotion of initiatives extending beyond the Games. Nomura Group’s financial and economics education programs have been approved as official programs of the Tokyo 2020 Olympic and Paralympic Games. We have prepared educational materials centered on the themes of finance and economics, as well as the Tokyo 2020 Games, and we send Nomura Group employees to serve as visiting lecturers at schools. We hope to help children better understand the world and economy so as to support the Tokyo 2020 Games from a broader perspective.

Contributing to Japan’s economic growth through supporting the Tokyo 2020 Olympic and Paralympic Games

TOPIC 1

“Proudly supporting Japan every step of the way.”

Bringing Japan’s volleyball community together

TOPIC 2

Ball for All

Nomura Group is supporting the Japan Para-Volleyball Association as a special top partner to encourage general understanding of para-sports and their athletes. The association is working to popularize sitting volleyball. Nomura’s directors and employees are participating in sitting volleyball events and assisting with official games. In April 2018, when we began supporting the All Japan Women’s Volleyball Team, the “Ball for All” project was launched to add fulfillment to society by promoting diversity through volleyball, a sport in which a ball is passed among people with different personal backgrounds. We are committed to supporting not only official games and athletes but also everyone involved as they assume their personal challenges.
Nomura Group, recognizing its responsibilities as a corporate group that operates globally, is committed to helping address climate change issues through its business activities. At the same time, we are working to reduce the environmental impact of our own business activities themselves. The Code of Ethics of Nomura Group states, “Nomura Group is committed to acting in an environmentally responsible manner and should therefore approach environmental issues positively.” In addition, based on international movements like the sustainable development goals (SDGs) and the Paris Agreement on Climate Change, and having recognized the impact of climate change issues on our businesses, we are working on a global basis to find solutions to this challenge. Furthermore, we have pledged our support for the Task Force on Climate-related Financial Disclosures (TCFD).

Environmental Initiatives

Environmental management

In 2009, Nomura Group created both its Environmental Statement and Environmental Policy based on the Code of Ethics of Nomura Group. Centered on the Environmental Activities Working Group, the Group is proactively working to reduce the environmental impact of its business activities.

In Japan, we have established an environmental management system (EMS) and are implementing comprehensive environmental preservation activities to deal with environmental risks and issues. Our offices around the world are also implementing environmental initiatives. For example, our London headquarters building obtained ISO 14001 certification in 2007 following an audit performed by a local accreditation body and has maintained its certification to the present. In addition, its energy management system received ISO 50001 certification in 2015.

Nomura Group environmental targets (Japan)

In Japan, the Group is working to conserve resources and energy as it seeks to attain its target to reduce CO₂ emissions per square meter in FY2030/31 by 20% or more from FY2009/10.

<table>
<thead>
<tr>
<th>Reduction of greenhouse gas emissions</th>
<th>FY2017/18 targets</th>
<th>Assessments</th>
<th>FY2018/19 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of per-employee greenhouse gas emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce CO₂ emissions per square meter of floor space by 23% or more from FY2009/10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce the CO₂ emissions per employee</td>
<td>Reduction: 23.0%</td>
<td></td>
<td>Reduction: 23.0%</td>
</tr>
<tr>
<td>Reduce the waste emissions volume at principal offices from FY2012/13</td>
<td>Reduction: 1.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce the CO₂ emissions per mile driven of leased vehicles of Nomura Securities from the previous year</td>
<td>Reduction: 6.2%</td>
<td></td>
<td>Reduction: 6.6%</td>
</tr>
</tbody>
</table>

Effective use of resources

<table>
<thead>
<tr>
<th>FY2017/18 targets</th>
<th>FY2018/19 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce use of copy paper (as measured by the annual volume purchased) from the previous year</td>
<td></td>
</tr>
<tr>
<td>Reduce use of copy paper (as measured by the annual volume purchased) from the previous year</td>
<td></td>
</tr>
<tr>
<td>Have green products account for 85% of supplies request system items</td>
<td></td>
</tr>
<tr>
<td>Have green products account for 85% of supplies request system items</td>
<td></td>
</tr>
<tr>
<td>Reduce emissions per square meter of floor space by 20% or more from FY2009/10*</td>
<td></td>
</tr>
<tr>
<td>Reduce emissions per square meter of floor space by 20% or more from FY2009/10*</td>
<td></td>
</tr>
</tbody>
</table>

Efforts to address climate change

Nomura Group is making efforts to improve disclosure of environmental information globally. In addition, we are working to lighten the impact of our activities on the environment through the purchase of green power.

Nomura Group environmental management framework

<table>
<thead>
<tr>
<th>Nomura Group companies</th>
<th>Nomura Securities head office/branch offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Management Board</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>Approve</td>
<td>Report</td>
</tr>
<tr>
<td>ESG Committee</td>
<td></td>
</tr>
<tr>
<td>Approve</td>
<td>Report</td>
</tr>
<tr>
<td>The Head of Environmental Affairs</td>
<td>Cooperation</td>
</tr>
<tr>
<td>Approve</td>
<td>Report</td>
</tr>
<tr>
<td>Environmental Activities Working Group</td>
<td></td>
</tr>
</tbody>
</table>

Environmental Activities

Nomura Group is making efforts to improve disclosure of environmental information globally. In addition, we are working to lighten the impact of our activities on the environment through the purchase of green power.

PIGLOWG

Greenhouse gas emissions (scope 1, 2)

- CO₂
- CH₄
- N₂O

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ emissions (t-CO₂)</th>
<th>CO₂ emissions per square meter</th>
<th>CO₂ emissions per mileage driven</th>
<th>Waste emissions volume</th>
<th>Green office supplies purchase ratio</th>
<th>Volume of copy paper usage</th>
<th>Electronic document exchange</th>
<th>Number of financial products and services that help resolve social issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>80,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>60,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>40,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>10,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* For detailed environmental information please refer to Our Environment on page 90.

Our Environment


*1: Emission factors for electricity consumption have been changed since FY2017 from emission factors as of FY2009 to annual emission factors by respective power companies.

* For detailed environmental information please refer to Our Environment on page 92.
## Key Financial Data

### Financial Highlights

- **March 31, 2014**
- **March 31, 2015**
- **March 31, 2016**
- **March 31, 2017**
- **March 31, 2018**

### Key Financial Data

#### P/L (billions of yen)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>1,813.6</td>
<td>1,557.1</td>
<td>1,604.2</td>
<td>1,395.7</td>
<td>1,403.2</td>
<td>1,497.0</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>237.7</td>
<td>361.6</td>
<td>346.8</td>
<td>165.2</td>
<td>322.8</td>
<td>328.2</td>
</tr>
<tr>
<td>Net income*</td>
<td>107.2</td>
<td>213.6</td>
<td>224.8</td>
<td>131.6</td>
<td>239.6</td>
<td>219.3</td>
</tr>
</tbody>
</table>

* Net income attributable to Nomura Holdings shareholders

#### Segment Information (billions of yen)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>1,111.7</td>
<td>1,357.5</td>
<td>1,358.7</td>
<td>1,251.3</td>
<td>1,213.1</td>
<td>1,255.6</td>
</tr>
<tr>
<td>Other</td>
<td>664.2</td>
<td>188.8</td>
<td>220.8</td>
<td>165.1</td>
<td>183.5</td>
<td>239.5</td>
</tr>
<tr>
<td>Unsecured gain/(loss) on investments in equity securities held for trading purpose</td>
<td>37.7</td>
<td>10.7</td>
<td>24.7</td>
<td>(20.7)</td>
<td>6.6</td>
<td>1.9</td>
</tr>
</tbody>
</table>

#### Income (Loss) before Income Taxes (billions of yen)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>100.6</td>
<td>192.0</td>
<td>161.8</td>
<td>127.6</td>
<td>74.8</td>
<td>103.1</td>
</tr>
<tr>
<td>Asset Management</td>
<td>21.2</td>
<td>27.1</td>
<td>32.1</td>
<td>36.7</td>
<td>42.3</td>
<td>66.2</td>
</tr>
<tr>
<td>Wholesale</td>
<td>71.7</td>
<td>115.8</td>
<td>82.2</td>
<td>15.4</td>
<td>161.4</td>
<td>108.8</td>
</tr>
<tr>
<td>Subtotal</td>
<td>193.5</td>
<td>330.9</td>
<td>276.1</td>
<td>179.7</td>
<td>278.6</td>
<td>269.9</td>
</tr>
<tr>
<td>Other</td>
<td>66.4</td>
<td>20.0</td>
<td>46.0</td>
<td>6.1</td>
<td>37.0</td>
<td>56.4</td>
</tr>
<tr>
<td>Unsecured gain/(loss) on investments in equity securities held for trading purpose</td>
<td>37.7</td>
<td>10.7</td>
<td>24.7</td>
<td>(20.7)</td>
<td>6.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>237.7</td>
<td>361.6</td>
<td>346.8</td>
<td>165.2</td>
<td>322.8</td>
<td>328.2</td>
</tr>
</tbody>
</table>

#### Geographic Information (billions of yen)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>317.2</td>
<td>386.3</td>
<td>363.2</td>
<td>244.8</td>
<td>234.7</td>
<td>328.8</td>
</tr>
<tr>
<td>Americas</td>
<td>25.7</td>
<td>29.5</td>
<td>(27.6)</td>
<td>(32.0)</td>
<td>53.0</td>
<td>(8.8)</td>
</tr>
<tr>
<td>Europe</td>
<td>90.1</td>
<td>48.9</td>
<td>23.5</td>
<td>87.4</td>
<td>14.4</td>
<td>(14.7)</td>
</tr>
<tr>
<td>Asia and Oceania</td>
<td>12.1</td>
<td>5.2</td>
<td>34.6</td>
<td>19.8</td>
<td>23.7</td>
<td>22.8</td>
</tr>
<tr>
<td>Subtotal</td>
<td>379.4</td>
<td>247.7</td>
<td>(164.0)</td>
<td>(76.8)</td>
<td>88.1</td>
<td>(7.7)</td>
</tr>
<tr>
<td>Consolidated</td>
<td>237.7</td>
<td>361.6</td>
<td>346.8</td>
<td>165.2</td>
<td>322.8</td>
<td>328.2</td>
</tr>
</tbody>
</table>

#### Key Financial Data

- **Net leverage**
- **Tier 1 capital ratio**
- **Common equity tier 1 ratio**
- **Consolidated capital adequacy ratio**
- **Consolidated leverage ratio**

### ROE

- **FY2012/13**: 4.9%
- **FY2013/14**: 8.9%
- **FY2014/15**: 8.6%
- **FY2015/16**: 4.9%
- **FY2016/17**: 8.7%
- **FY2017/18**: 7.9%

### B/S (billions of yen)

- **Total assets**: 37,042.4
- **Total Nomura Holdings shareholders’ equity**: 2,394.4
- **Net leverage**: 10.4

### Funding and Liquidity

#### Per share data (billions of yen)

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic net income attributable to Nomura Holdings shareholders per share (EPS)</td>
<td>29.04</td>
<td>57.67</td>
<td>61.66</td>
<td>36.63</td>
<td>67.29</td>
<td>63.13</td>
</tr>
<tr>
<td>Diluted net income attributable to Nomura Holdings shareholders per share (EPS)</td>
<td>26.37</td>
<td>55.81</td>
<td>60.63</td>
<td>35.52</td>
<td>65.65</td>
<td>61.88</td>
</tr>
<tr>
<td>Nomura Holdings shareholders’ equity per share (EPS)</td>
<td>618.27</td>
<td>676.15</td>
<td>752.40</td>
<td>748.32</td>
<td>790.70</td>
<td>810.31</td>
</tr>
<tr>
<td>Dividends per share (EPS)</td>
<td>8.0</td>
<td>17.0</td>
<td>19.0</td>
<td>13.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>27.5%</td>
<td>29.3%</td>
<td>30.8%</td>
<td>35.6%</td>
<td>29.3%</td>
<td>31.7%</td>
</tr>
</tbody>
</table>

### Consolidated Capital Adequacy, etc.

- **Consolidated capital adequacy ratio**: 13.9%
- **Common equity tier 1 ratio**: 16.1%
- **Consolidated leverage ratio**: 5.8%

### Other Financial Highlights

- **Diluted Capital Adequacy Ratio**: 13.8%
- **Net leverage**: 10.4

---

*1 Region information is based on US GAAP. Revenues and expenses are allocated based on the country of domicile of the legal entity providing the service. This information is not used for business management purposes.

*2 Tier 1 capital ratio is defined as Tier 1 capital minus minority interests divided by risk-weighted assets.

*3 Risk-weighted assets are calculated using key risk parameters defined in the Capital Framework and other regulatory guidance.

*4 Risk-based capital ratios are calculated on a risk-weighted assets basis.
Financial review and analysis of the fiscal year ended March 31, 2018

Business environment

During the fiscal year ended March 31, 2018, the global economy continued to recover steadily, regardless of developed or emerging countries. The economic recovery continued over the long term and inflation rates were also kept low in general, due to the deep economic trough caused by the financial crisis in 2008. In the meantime, major central banks have gradually been tightening their policies, while maintaining the accommodative financial environment as a whole.

In the U.S., under the steady expansion of domestic and foreign economic situations, the FRB (Federal Reserve Board) continued raising interest rates on a modest upward trend. Although the stock market also continued to rise until January 2018, followed by the steady progress of the domestic and foreign economies and the reduction of corporate taxes, it dropped sharply after the long-term interest rate increased in February 2018, and thereafter the high volatility environment has continued from anxiety over trade policy. The Dow Jones Industrial Average rose by 16.6% from $20,663 at the end of March 2017, to $24,103 at the end of March 2018. The yield on 10-year U.S. Treasury securities increased by 0.35% from 2.39% at the end of March 2017 to 2.74% at the end of March 2018.

In Europe, the real GDP growth rate was 2.4%, which was the highest since 2007, as export growth was accelerated due to the firm growth of Chinese and the U.S. economies and also to the robust capital investments. In October 2017, tightening of monetary easing was announced, reducing monthly asset purchases from January 2018, under the flexible interest rate policy. The momentum of the rise in stock price continued even after the New Year, and on January 23, 2018, Nikkei Stock Average closed above $24,000 for the first time in about 26 years. Since February, investor’s risk aversion sentiment has strengthened due to anxiety over accelerating interest-rate hikes in the U.S. and rising concerns of trade friction between the U.S and China, as the world’s major stock markets has entered an adjustment phase, which narrowed the level of rise in Japanese stocks. On the other hand, the yield of Japanese government bonds has been kept in a narrow range by the Bank of Japan’s yield curve control policy, and in the fiscal year ended March 2018, the yield of newly issued 10-year government bonds stayed in sidelines within the range of minus 0.099% and 0.104% (closing price).

Real GDP in the U.S., Europe, Emerging, developing Asia, Japan in the past 5 years  

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>1.7</td>
<td>2.6</td>
<td>2.9</td>
<td>2.9</td>
<td>2.7</td>
</tr>
<tr>
<td>Europe</td>
<td>1.3</td>
<td>1.1</td>
<td>1.5</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Emerging, developing Asia</td>
<td>6.3</td>
<td>6.8</td>
<td>6.5</td>
<td>6.6</td>
<td>6.5</td>
</tr>
<tr>
<td>Japan</td>
<td>0.8</td>
<td>0.9</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Trends in JGB 10 Year / Yen Dollar Exchange / Nikkei Stock Average in the past 5 years  

<table>
<thead>
<tr>
<th>Year</th>
<th>JGB 10 Year</th>
<th>Yen Dollar Exchange</th>
<th>Nikkei Stock Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.659%</td>
<td>¥23,390</td>
<td>¥21,545</td>
</tr>
<tr>
<td>2014</td>
<td>0.50%</td>
<td>¥24,233</td>
<td>¥22,950</td>
</tr>
<tr>
<td>2015</td>
<td>0.35%</td>
<td>¥24,882</td>
<td>¥23,750</td>
</tr>
<tr>
<td>2016</td>
<td>0.25%</td>
<td>¥23,805</td>
<td>¥23,430</td>
</tr>
<tr>
<td>2017</td>
<td>0.20%</td>
<td>¥23,035</td>
<td>¥23,290</td>
</tr>
</tbody>
</table>

Summary of consolidated results

Net revenue for the fiscal year ended March 31, 2018 was ¥1,497 billion, up 6.7% from the previous fiscal year, and non-interest expenses was ¥1,688 billion, up 8.2% from the previous fiscal year. Income before income taxes was ¥328.2 billion, and net income attributable to Nomura Holdings shareholders was ¥219.3 billion. EPS for the current fiscal year (Diluted net income attributable to Nomura Holdings shareholders per share) was ¥61.88.

Net revenue | ¥1,497 billion | up 6.7% from the previous fiscal year |
Non-interest expenses | ¥1,688 billion | up 8.2% from the previous fiscal year |
Income before income taxes | ¥328.2 billion |
Net income attributable to Nomura Holdings shareholders | ¥219.3 billion |
EPS (Diluted net income attributable to Nomura Holdings shareholders per share) | ¥61.88 |

As net interest income, which is interest income and dividends minus interest expenses, depends on the level and composition of total assets and liabilities, including trading assets, repurchase agreement and reverse repurchase agreement transactions, as well as the term structure and volatility of interest rates, it is one of the integral parts of trading activities. In the fiscal year ended March 2018, while interest and dividends including dividends from American Century Investments increased, interest expenses also increased, leading to a year-on-year decrease in net interest income.
Financial Review

Divisional performance

Retail Division
There were an increase in transactions of stocks and investment trusts due to the improvements of customer’s investment mind followed by the improvements in the market environment, net revenue for the fiscal year ended March 31, 2018 was ¥412.9 billion, up 10% from the previous fiscal year. Retail Division has been working to transform its business model as it aims to grow the business by enhancing client trust and satisfaction and becoming a financial institution people turn to. As a result for these efforts, investment trusts and discretionary investment balance increased, and recurring revenue, which is a stable income, expanded to ¥96 billion (annualized amount of the fourth quarter). Income before income taxes was ¥103.1 billion, up 38% from the previous fiscal year.

Asset Management Division
Net revenue from Asset Management Division was ¥127.3 billion, up 28% from the previous fiscal year, and income before income taxes was ¥66.2 billion, a record-high profit since the fiscal year ended March 2002. In the current fiscal year, there was a cash inflow of approximately ¥3.2 trillion, mainly from ETFs, discretionary investment trusts and domestic investment advisory business. As a result, assets under management at the end of March 2018 totaled ¥50 trillion. In addition, income from American Century Investments boosted revenue in the current fiscal year.

Wholesale Division
Net revenue from Wholesale Division was ¥715.3 billion, down 3% from the previous fiscal year since the bond market volatility was weak and the activities of market participants have become slow, leading the fixed income revenue to decrease significantly. Equity earned substantial revenue due to rise in stock markets worldwide. In addition, Investment banking advanced global collaboration, and by working on many cross-border deals, sales increased, resulting in an increase in revenue. Non-interest expenses other than interest expenses increased by 6% due to the increase in commissions paid as the volume of equity business transactions increased, and also to the deferred compensation granted on the basis of the previous fiscal year’s performance as a result of the strong performance. Consequently, income before income taxes was ¥100.6 billion, down 38% from the previous fiscal year.

International Businesses
International businesses recorded loss before income taxes of ¥0.7 billion for the fiscal year ended March 31, 2018, a decrease from ¥88.1 billion of income before income taxes in the previous fiscal year. This is explained by the provision of allowance for over ¥30 billion for legacy transactions in the U.S. and recording of an unrealized loss of approximately ¥14 billion in margin loan transaction in EMEA.

Consolidated capital adequacy ratio

CET1 capital ratio on a consolidated basis at the end of March 2018 was 16.5%, down from 18.2% at the end of March 2017. There are two reasons behind this. One is that the risk-off environment continued and the risk-weighted assets at the end of March 2017 was ¥14 trillion, which was extremely low. In the current fiscal year, we also controlled the risks, but compared to the end of March 2017, risks have increased mainly of market risks.

<table>
<thead>
<tr>
<th>Consolidated capital adequacy ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billions of yen)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>FY2016/17</td>
</tr>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>CET1 capital</td>
</tr>
<tr>
<td>Tier1 capital</td>
</tr>
<tr>
<td>Total capital</td>
</tr>
<tr>
<td>Risk-weighted assets</td>
</tr>
<tr>
<td>Credit risk-weighted assets</td>
</tr>
<tr>
<td>Value obtained by dividing market risk equivalent assets by 8%</td>
</tr>
<tr>
<td>Value obtained by dividing the operational risk equivalent assets by 8%</td>
</tr>
<tr>
<td>Total risk-weighted assets</td>
</tr>
<tr>
<td>Consolidated capital adequacy ratio</td>
</tr>
<tr>
<td>CET1 capital ratio</td>
</tr>
<tr>
<td>Tier1 capital ratio</td>
</tr>
<tr>
<td>Consolidated capital adequacy ratio</td>
</tr>
</tbody>
</table>

Shareholder returns

We believe that basic returns to shareholders will be implemented through sustained improvements in shareholder value and dividends. Regarding dividends, we will make consolidated payout ratio of 30% as one of the important indicators based on consolidated performance every half year. Dividends in each year will be decided by comprehensively taking into account the trends of domestic and overseas regulatory environments, including Basel regulations, and our consolidated results. As a general rule, dividends will be paid twice a year (Date of record: September 30, March 31).

The firm seeks to deliver to shareholders a total payout ratio of 50% or more, inclusive of shareholder returns delivered through buy-back of shares.
## Eleven-Year Consolidated Financial Summary

**FY2007/08**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Free from investment banking</th>
<th>Asset management and portfolio services fees</th>
<th>Net gain (loss) on trading</th>
<th>Gain (loss) on private-equity investments</th>
<th>Internal dividend</th>
<th>Interest and dividends</th>
<th>Gain (loss) on investments in equity securities</th>
<th>Other</th>
<th>Total revenue</th>
<th>Interest expense</th>
<th>Net income (loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009/10</td>
<td>393,173</td>
<td>180,103</td>
<td>395,083</td>
<td>405,463</td>
<td>393,173</td>
<td>395,083</td>
<td>473,121</td>
<td>453,401</td>
<td>431,959</td>
<td>327,129</td>
<td>373,313</td>
</tr>
<tr>
<td>FY2010/11</td>
<td>189,131</td>
<td>90,003</td>
<td>395,083</td>
<td>405,463</td>
<td>189,131</td>
<td>395,083</td>
<td>473,121</td>
<td>453,401</td>
<td>431,959</td>
<td>327,129</td>
<td>373,313</td>
</tr>
<tr>
<td>FY2010/11</td>
<td>24,837,848</td>
<td>2,154,268</td>
<td>23,683,580</td>
<td>2,461,363</td>
<td>1,319,247</td>
<td>1,796,957</td>
<td>2,494,501</td>
<td>3,147,210</td>
<td>3,217,006</td>
<td>715,516</td>
<td>972,158</td>
</tr>
<tr>
<td>FY2011/12</td>
<td>24,837,848</td>
<td>2,154,268</td>
<td>23,683,580</td>
<td>2,461,363</td>
<td>1,319,247</td>
<td>1,796,957</td>
<td>2,494,501</td>
<td>3,147,210</td>
<td>3,217,006</td>
<td>715,516</td>
<td>972,158</td>
</tr>
<tr>
<td>FY2014/15</td>
<td>9,745,126</td>
<td>7,508,033</td>
<td>2,237,093</td>
<td>800,206</td>
<td>9,745,126</td>
<td>7,508,033</td>
<td>2,237,093</td>
<td>800,206</td>
<td>9,745,126</td>
<td>7,508,033</td>
<td>2,237,093</td>
</tr>
</tbody>
</table>

### Balance sheets (Period end)**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2007/08</td>
<td>25,236,054</td>
<td>25,236,054</td>
<td>25,236,054</td>
<td>25,236,054</td>
<td>25,236,054</td>
<td>25,236,054</td>
<td>25,236,054</td>
<td>25,236,054</td>
<td>25,236,054</td>
</tr>
<tr>
<td>FY2008/09</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
</tr>
<tr>
<td>FY2009/10</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
</tr>
<tr>
<td>FY2010/11</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
</tr>
<tr>
<td>FY2011/12</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
<td>24,837,848</td>
</tr>
</tbody>
</table>

**Source:** Nomura Report 2018

1. Figures for the fiscal years ended March 31, 2008 and 2009 have been restated to reflect the application of new guidelines on accounting for and disclosure of non-controlling equity positions that are referred to in Position Paper No. 410, entitled "Consolidated Financial Statements."
### Environment, social and governance (ESG) Data

#### Corporate governance

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>No. of people</td>
<td>11</td>
<td>11</td>
<td>12</td>
<td>11</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>No. of people</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Non-Japanese Directors</td>
<td>No. of people</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Female Directors</td>
<td>No. of people</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Officers (Executive Officers and Senior Managing Directors)</td>
<td>Unit</td>
<td>April 1, 2013</td>
<td>April 1, 2014</td>
<td>April 1, 2015</td>
<td>April 1, 2016</td>
<td>April 1, 2017</td>
<td>April 1, 2018</td>
</tr>
<tr>
<td>Men</td>
<td>No. of people</td>
<td>23</td>
<td>27</td>
<td>26</td>
<td>27</td>
<td>33</td>
<td>34</td>
</tr>
<tr>
<td>Women</td>
<td>No. of people</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Board of Directors meetings</td>
<td>Unit</td>
<td>FY2012/13</td>
<td>FY2013/14</td>
<td>FY2014/15</td>
<td>FY2015/16</td>
<td>FY2016/17</td>
<td>FY2017/18</td>
</tr>
<tr>
<td>No. of times held</td>
<td>No. of times</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>11</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Average attendance rate (%)</td>
<td>%</td>
<td>97</td>
<td>98</td>
<td>99</td>
<td>100</td>
<td>99</td>
<td>100</td>
</tr>
<tr>
<td>Average term of office</td>
<td>Year</td>
<td>2.1</td>
<td>3.1</td>
<td>3.8</td>
<td>3.2</td>
<td>3.3</td>
<td>3.7</td>
</tr>
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</table>

#### Contributing to Sound and Sustainable Capital Markets

<table>
<thead>
<tr>
<th>Case study at Customer Help Desk Department (Focus: Securities)</th>
<th>Unit</th>
<th>FY2012/13</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cases</td>
<td>No. of cases</td>
<td>5,693</td>
<td>7,007</td>
<td>5,340</td>
<td>5,176</td>
<td>6,003</td>
<td>7,004</td>
</tr>
<tr>
<td>Complaints</td>
<td>No. of cases</td>
<td>3,459</td>
<td>4,050</td>
<td>2,557</td>
<td>2,717</td>
<td>2,531</td>
<td>2,479</td>
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<tr>
<td>Inquiries</td>
<td>No. of cases</td>
<td>2,110</td>
<td>2,750</td>
<td>2,766</td>
<td>2,749</td>
<td>3,267</td>
<td>4,147</td>
</tr>
<tr>
<td>Opinions and requests</td>
<td>No. of cases</td>
<td>23</td>
<td>55</td>
<td>81</td>
<td>128</td>
<td>98</td>
<td>270</td>
</tr>
<tr>
<td>Other</td>
<td>No. of cases</td>
<td>142</td>
<td>202</td>
<td>158</td>
<td>119</td>
<td>107</td>
<td>158</td>
</tr>
</tbody>
</table>

#### Contributing to Sustainable Communities

<table>
<thead>
<tr>
<th>Community contribution expenditures</th>
<th>Unit</th>
<th>FY2012/13</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Millions of yen</td>
<td>1,348</td>
<td>1,239</td>
<td>1,457</td>
<td>1,325</td>
<td>1,704</td>
<td>1,524</td>
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<tr>
<td>Education</td>
<td>Millions of yen</td>
<td>556</td>
<td>604</td>
<td>530</td>
<td>562</td>
<td>451</td>
<td>407</td>
</tr>
<tr>
<td>Arts, culture, and sports</td>
<td>Millions of yen</td>
<td>81</td>
<td>66</td>
<td>333</td>
<td>102</td>
<td>567</td>
<td>157</td>
</tr>
<tr>
<td>Science and academic achievement</td>
<td>Millions of yen</td>
<td>129</td>
<td>117</td>
<td>114</td>
<td>120</td>
<td>116</td>
<td>109</td>
</tr>
<tr>
<td>Community contribution</td>
<td>Millions of yen</td>
<td>199</td>
<td>190</td>
<td>161</td>
<td>162</td>
<td>189</td>
<td>261</td>
</tr>
<tr>
<td>Welfare and health</td>
<td>Millions of yen</td>
<td>79</td>
<td>39</td>
<td>85</td>
<td>79</td>
<td>53</td>
<td>33</td>
</tr>
<tr>
<td>Environment</td>
<td>Millions of yen</td>
<td>47</td>
<td>84</td>
<td>34</td>
<td>29</td>
<td>71</td>
<td>59</td>
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<tr>
<td>Human rights and labor</td>
<td>Millions of yen</td>
<td>4</td>
<td>20</td>
<td>19</td>
<td>12</td>
<td>6</td>
<td>9</td>
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<td>Disaster relief</td>
<td>Millions of yen</td>
<td>88</td>
<td>78</td>
<td>68</td>
<td>56</td>
<td>61</td>
<td>9</td>
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<tr>
<td>Other</td>
<td>Millions of yen</td>
<td>171</td>
<td>129</td>
<td>113</td>
<td>176</td>
<td>184</td>
<td>185</td>
</tr>
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</table>

#### Developing human resources who respect diversity

<table>
<thead>
<tr>
<th>Education and training expenses</th>
<th>Unit</th>
<th>FY2012/13</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Millions of yen</td>
<td>2,441</td>
<td>2,515</td>
<td>2,972</td>
<td>2,880</td>
<td>2,767</td>
<td>2,987</td>
</tr>
<tr>
<td>Japan</td>
<td>Millions of yen</td>
<td>1,907</td>
<td>1,978</td>
<td>2,076</td>
<td>2,020</td>
<td>2,094</td>
<td>2,093</td>
</tr>
<tr>
<td>Europe</td>
<td>Millions of yen</td>
<td>108</td>
<td>81</td>
<td>115</td>
<td>225</td>
<td>161</td>
<td>228</td>
</tr>
<tr>
<td>America</td>
<td>Millions of yen</td>
<td>233</td>
<td>262</td>
<td>573</td>
<td>426</td>
<td>299</td>
<td>435</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>Millions of yen</td>
<td>193</td>
<td>204</td>
<td>256</td>
<td>203</td>
<td>213</td>
<td>230</td>
</tr>
</tbody>
</table>

#### Participation in education and training

<table>
<thead>
<tr>
<th>Participation in education and training</th>
<th>Unit</th>
<th>FY2012/13</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Aggregate no. of hours</td>
<td>254,117</td>
<td>406,602</td>
<td>507,639</td>
<td>495,386</td>
<td>501,377</td>
<td>530,890</td>
</tr>
<tr>
<td>Japan</td>
<td>Aggregate no. of participants</td>
<td>22,048</td>
<td>89,657</td>
<td>132,672</td>
<td>211,014</td>
<td>195,819</td>
<td>277,824</td>
</tr>
<tr>
<td>America</td>
<td>Aggregate no. of participants</td>
<td>258,087</td>
<td>384,903</td>
<td>333,905</td>
<td>307,296</td>
<td>333,824</td>
<td>298,571</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>Aggregate no. of participants</td>
<td>12,948</td>
<td>12,325</td>
<td>14,398</td>
<td>16,204</td>
<td>15,581</td>
<td>14,806</td>
</tr>
<tr>
<td>Europe</td>
<td>Aggregate no. of participants</td>
<td>1,732</td>
<td>26,171</td>
<td>48,434</td>
<td>47,700</td>
<td>33,638</td>
<td>49,286</td>
</tr>
<tr>
<td>America</td>
<td>Aggregate no. of participants</td>
<td>647</td>
<td>21,822</td>
<td>41,654</td>
<td>62,077</td>
<td>44,325</td>
<td>70,240</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>Aggregate no. of participants</td>
<td>7,204</td>
<td>7,811</td>
<td>15,439</td>
<td>17,589</td>
<td>15,848</td>
<td>23,139</td>
</tr>
<tr>
<td>America</td>
<td>Aggregate no. of participants</td>
<td>1,794</td>
<td>5,598</td>
<td>12,255</td>
<td>25,122</td>
<td>19,816</td>
<td>38,169</td>
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<tr>
<td>Asia-Pacific</td>
<td>Aggregate no. of participants</td>
<td>97,884</td>
<td>87,784</td>
<td>110,461</td>
<td>126,793</td>
<td>149,037</td>
<td>159,871</td>
</tr>
</tbody>
</table>

---

* Figures for Europe, the Americas and Asia-Pacific do not cover certain subsidiaries and the five because attended educational institutions and the Wholesale Division manages the whole division (the April 1, 2015 names are stated in the total column and the Europe column). Owners are not based on the number of people showing in the total column. Total education and training fees for the total column are revised from 884,349 to 898,346 and from 668,169 to 657,377. Total education and training fees in the Europe column: revised from 137,644 to 47,290 and from 84,889 to 33,038.

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* The number of educational materials (not including donations and sent to elementary and junior high schools) were totalized.

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* The increase in the number of inquiries in FY2017/18 is due to system changes.

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* Of this total, 69 complaints were related to the management of customer information.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Composition of employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>26,242</td>
<td>26,019</td>
<td>25,672</td>
<td>25,865</td>
<td>25,186</td>
<td>25,048</td>
</tr>
<tr>
<td>Ratio of male employees (%)</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>62</td>
<td>62</td>
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<tr>
<td>Ratio of female employees (%)</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Pacific</td>
<td>6,628</td>
<td>6,491</td>
<td>6,483</td>
<td>6,466</td>
<td>6,326</td>
<td>6,067</td>
</tr>
<tr>
<td>Ratio of male employees (%)</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
<td>30</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>Americas</td>
<td>2,271</td>
<td>2,281</td>
<td>2,449</td>
<td>2,503</td>
<td>2,314</td>
<td>2,362</td>
</tr>
<tr>
<td>Ratio of male employees (%)</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>74</td>
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<tr>
<td>Ratio of female employees (%)</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Europe</td>
<td>5,349</td>
<td>5,215</td>
<td>6,767</td>
<td>6,805</td>
<td>6,619</td>
<td>6,619</td>
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<tr>
<td>Ratio of male employees (%)</td>
<td>65</td>
<td>64</td>
<td>61</td>
<td>61</td>
<td>59</td>
<td>60</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
<td>35</td>
<td>36</td>
<td>39</td>
<td>39</td>
<td>41</td>
<td>40</td>
</tr>
<tr>
<td><strong>Number of new hires</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,554</td>
<td>2,920</td>
<td>2,034</td>
<td>2,868</td>
<td>2,763</td>
<td>2,491</td>
</tr>
<tr>
<td>Ratio of male employees (%)</td>
<td>-</td>
<td>67</td>
<td>65</td>
<td>57</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
<td>-</td>
<td>33</td>
<td>35</td>
<td>43</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Pacific</td>
<td>1,027</td>
<td>1,029</td>
<td>845</td>
<td>932</td>
<td>1,107</td>
<td>1,008</td>
</tr>
<tr>
<td>Ratio of male employees (%)</td>
<td>-</td>
<td>64</td>
<td>65</td>
<td>58</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
<td>-</td>
<td>36</td>
<td>35</td>
<td>43</td>
<td>38</td>
<td>38</td>
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<tr>
<td>Americas</td>
<td>326</td>
<td>357</td>
<td>403</td>
<td>424</td>
<td>318</td>
<td>355</td>
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<tr>
<td>Ratio of male employees (%)</td>
<td>-</td>
<td>72</td>
<td>73</td>
<td>74</td>
<td>74</td>
<td>74</td>
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<tr>
<td>Ratio of female employees (%)</td>
<td>-</td>
<td>28</td>
<td>29</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Europe</td>
<td>1,180</td>
<td>1,073</td>
<td>1,225</td>
<td>1,186</td>
<td>1,059</td>
<td>1,059</td>
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<tr>
<td>Ratio of male employees (%)</td>
<td>-</td>
<td>83</td>
<td>84</td>
<td>82</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
<td>-</td>
<td>17</td>
<td>17</td>
<td>18</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Americas</td>
<td>1,199</td>
<td>1,262</td>
<td>1,343</td>
<td>1,339</td>
<td>1,279</td>
<td>1,346</td>
</tr>
<tr>
<td>Ratio of male employees (%)</td>
<td>-</td>
<td>81</td>
<td>81</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
<td>-</td>
<td>19</td>
<td>19</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>76</td>
<td>76</td>
<td>71</td>
<td>71</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Ratio of male employees (%)</td>
<td>24</td>
<td>24</td>
<td>29</td>
<td>29</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Ratio of female employees (%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

1) Employee composition: The Nomura Group is the scope of the tallying (on a consolidated basis). Data for FY2012/13 and prior fiscal years do not cover certain subsidiaries.  
2) New hire composition: The Nomura Group is the scope of the totaling (on a consolidated basis). Data for FY2015/16 and prior fiscal years for Japan cover Nomura Holdings and Nomura Securities. Data for FY2017/18 and prior fiscal years for Japan, except Nomura Holdings and Nomura Securities. Data for FY2015/16 and prior fiscal years for Asia-Pacific cover consolidated subsidiaries with certain subsidiaries, such as Capital Holdings Securities Public Company Limited and Nomura Asset Management Direct Utd which are included in the scope of the tallying in FY2015/16.  
Independent Assurance Report

June 29, 2018

TO:
Mr. Kei Nagai
Group CEO
Nomura Holdings, Inc.

Kenji Sawami
Engagement Partner
Ernst & Young ShinNihon LLC
Tokyo, Japan

We, Ernst & Young ShinNihon LLC, have been commissioned by Nomura Holdings, Inc. (hereafter the “Company”) and has carried out a limited assurance engagement on the Key Sustainability Performance Indicators (hereafter the “Indicators”) of the Company and its major subsidiaries for the year ended March 31, 2018 as included in “ESG Data” (hereafter the “Report”). The scope of our assurance procedures was limited to the Indicators marked with the symbol “□” in the Report.

1. The Company’s Responsibilities

The Company is responsible for preparing the Indicators in accordance with the Company’s own criteria, that it determined with consideration of Japanese environmental regulations and other regulations as presented in “Citizenship – ESG Data – Standards for Calculation” (http://www.nomuraholdings.com/csr/data).

Greenhouse gas (GHG) emissions are estimated using emissions factors, which are subject to scientific and estimation uncertainties given different instruments for measuring GHG emissions may vary in characteristics, in terms of functions and assumed parameters.

2. Our Independence and Quality Control

We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in January 2017, which is based on the fundamental principles of integrity, objectiveness, professional competence and due care, confidentiality, and professional behavior. In addition, we maintain a comprehensive quality control system, including documented policies and procedures for compliance with ethical rules, professional standards, and applicable laws and regulations in accordance with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board in April 2000.

3. Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Indicators included in the Report based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (“ISAE 3000”) (Revised) issued by the International Auditing and Assurance Standards Board in December 2013, Practical Guidelines for the Assurance of Sustainability Information, revised in December 2014 by the Japanese Association of Assurance Organizations for Sustainability Information and, with respect of GHG emissions, Assurance Engagements on Greenhouse Gas Statements (“ISAE 3410”), issued by the International Auditing and Assurance Standards Board in June 2012.

The procedures, which we have performed according to our professional judgment, include inquiries, document inspection, analytical procedures, reconciliation between source documents and Indicators in the Report, as well as the following:

- Making inquiries regarding the Company’s own criteria that it determined with consideration of Japanese environmental regulations and other regulations, and evaluating the appropriateness thereof;
- Inspecting relevant documents with regard to the design of the Company’s internal controls related to the Indicators, and inquiring of personnel responsible thereof at the Company and major subsidiary’s 2 sites visited;
- Performing analytical procedures concerning the Indicators at the Company and major subsidiary’s 2 sites visited;
- Testing, on a sample basis, underlying source information and conducting relevant re-calculations at the Company and major subsidiary’s 2 sites visited.

The procedures performed in a limited assurance engagement are more limited in nature, timing and extent than a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is lower than would have been obtained if we had performed a reasonable assurance engagement.

4. Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Indicators included in the Report have not been measured and reported in accordance with the Company’s own criteria that it determined with consideration of Japanese environmental regulations and other regulations.

The following is an English translation of an independent assurance report prepared in Japanese and is for information and reference purposes only. In the event of a discrepancy between the Japanese and English versions, the Japanese version will prevail.
Global Network / Services for Retail Client

Global Network (As of June 30, 2018)
The Nomura Group, as Asia’s global investment bank, has a global network spanning more than 30 countries and regions.

Europe, the Middle East and Africa
- London Subsidiary
- Amsterdam Subsidiary
- Vienna Subsidiary
- Stockholm Subsidiary
- Zurich Subsidiary
- Paris Subsidiary
- Frankfurt Branch
- Helsinki Representative office
- Madrid Branch

Japan / Asia ex-Japan
- Head offices, branches and offices 156
  - Hong Kong Subsidiary
  - Beijing Branch
  - Shanghai Representative office
  - Taipei Branch
  - Mumbai Subsidiary
  - Jakarta Subsidiary
  - Kuala Lumpur Subsidiary
  - Bangkok Subsidiary
  - Singapore Representative office
  - Sydney Subsidiary
  - Melbourne Representative office

Americas
- New York Subsidiary
- Washington, D.C. Branch
- Chicago Branch
- Manhattan Beach Branch
- San Francisco Branch
- Los Angeles Branch
- St. Louis Branch
- Toronto Branch
- Colombia Representative office
- São Paulo Branch
- Bermuda Subsidiary

Nomura Securities: 156 branches in Japan (As of June 30, 2018)
- Hokuriku
  - 4 branches, 1 office
- Chubu
  - 19 branches
- Kinki
  - 27 branches
  - 1 private banking office
- Chugoku
  - 8 branches, 1 office
- Shikoku
  - 4 branches
- Kyushu
  - 10 branches

Services for Retail Clients

Consulting Services
Provide tailored consulting services to each client through Nomura’s head office and nationwide network of 156 branch offices.

Call Center
Provide a wide range of services to clients who have existing accounts at Nomura, as well as new potential clients who wish to open accounts.

Online Services
Provide access to information and convenient tools through a broad range of devices. Clients with accounts in Nomura can execute various transactions through their individual web interface.

*Includes subsidiaries and branches of Instinet

(Associated with Instinet Inc.)
**Corporate Data**

Company name: Nomura Holdings, Inc.

- **Date of incorporation**: December 25, 1925
- **Head office**: 1-9-1, Nihonbashi, Chuo-ku, Tokyo 103-8645, Japan
- **Paid-in capital**: ¥594,493 million
- **Group employees**: 28,048
- **Common stock issued**: 3,643,562,601 shares
- **Number of shareholders**: 373,524 (Unit shareholders: 352,148)

**Strengthening Value Creation**

- **Strengths Supporting Value Creation**: 158,790
- **F1**: ¥594,493 million
- **a-1**: 98
- **P-2**: 48

**Strategies for Value Creation**

- **A-1.66%**: 8604 (Tokyo Stock Exchange), NMR (New York Stock Exchange)
- **8.52%**: August 2017
- **-8.20%**: September 30, March 31

**About Nomura**

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