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

A commitment that remains unchanged since our founding
The Nomura Group's business is executed according to our philosophy of always “placing our clients at the heart of everything we do.” Although the business environment surrounding our company is changing significantly, we contribute to the economic growth and creation of a prosperous society by providing the best services and solutions to our clients, leveraging our client base and know-how that we have cultivated in Japan and our global businesses. We strive to improve economic value by creating an operating platform capable of delivering consistent growth.

### Challenges
- Low birthrate and aging population (aging demography)
- Shrinking domestic market
- Prolonged low interest rate policy
- Digitalization
- Geographical risk

### Strengths

#### Japan
- Accounts with balance: 5.34 million accounts*1
- Retail client assets: ¥1.147 trillion*1
- Percentage of Japanese listed companies that name Nomura as lead/deputy underwriter: Approx. 60%
- Assets under management: ¥51.4 billion*2
- Japan ECM league table: No.1
- JGB client share: No.1
- Trading share in Japan stock: No.1
- Japan investor satisfaction study (full-service securities category): No.1 ranked for 7 consecutive years*3
- Corporate access provider: No.1

#### Global business platform
- Overseas business with a history of over 90 years
- Business sites in more than 30 countries
- International business covers over 30% of total revenue
- Operations in North America, Latin America, Asia, Europe, etc.

#### Global development of asset management business
- US Equity Flow Derivatives revenue share: No.1*1
- Trading share in US Treasury: No.6
- Duration weighted volume of EGBs traded electronically: No.1
- AEX EM Credit revenue share: No.3

#### Recognition of Nomura Brand

### Opportunities

- Responding to diversifying client needs
- Shift to asset building from savings
- Growing momentum for overseas expansion by Japan-based companies
- Growing demand for asset management amid low interest rates
- Capturing growth in overseas markets

### Value creation

#### Social value
- Contributing to economic growth and creation of a prosperous society through financial services

#### Economic value
- Improving economic value by creating an operating platform capable of delivering consistent growth

#### Trust from stakeholders
- Enhancing the trust of clients, shareholders, employees and other stakeholders through business development and various systems and structures that support it

### Indicators for measuring progress in economic value

#### Financial and Non-Financial Highlights

#### Examples of trust from stakeholders

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*1 As of March 31, 2019
*2 Refinitiv, April 2018 to March 2019
*3 Greenwich, January 2018 to December 2018
*4 J.D. Power Japan 2012 to 2018
*5 Institutional Investor (Based on commission weighted investor voting), January 2018 to December 2018
*6 McLagan, January 2018 to December 2018
*7 Bloomberg, November 2018
*8 Coalition, January 2018 to December 2018
History of the Nomura Group

Since its inception in 1925, the Nomura Group has continually expanded and adapted its products and service offerings, developing its global operations and reinforcing 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.

**Trust from stakeholders**

**Enhance governance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Transition to “Company with Committees” (Currently referred as a Company with Three Board Committees)</td>
</tr>
<tr>
<td>2015</td>
<td>Formulated Nomura Holdings Corporate Governance Guidelines</td>
</tr>
</tbody>
</table>

**Enhance compliance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>Loss-compensation issues Reform measures: Enforcement and expansion of the internal management framework</td>
</tr>
<tr>
<td>1997</td>
<td>Payoff issues Reform measures: Clarification of order distinction between proprietary trading and brokerage orders; establishment of the Compliance Hotline</td>
</tr>
</tbody>
</table>

**Financial and economic education**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920s</td>
<td>The cumulative number of participants in the program: 570,000 as of March 31, 2019</td>
</tr>
</tbody>
</table>

**Social value**

- Operations centered on underwriting and sales of public and corporate bonds
- Establishment of Nomura Securities Investment Trust
- Issuance of Japan’s first convertible bonds (including Tachikawa convertible bonds)
- Nippon Gakki (currently Yamaha) conducted the first public stock offering by issuing Japan’s first shares at market value
- First issuance of samurai bonds by overseas entity (Asian Development Bank)
- Establishment of Nomura Securities International, a U.S. subsidiary
- First issuance of samurai bonds by overseas entity (Asian Development Bank)
- First American Depositary Receipts issued by Japanese company (Sony Corporation)
- First overseas issuance of convertible bonds by a Japanese company (Shi Mitsubitoshi Heavy Industries (currently Mitsubishi Heavy Industries))
- Nippon Gakki (currently Yamaha) conducted public stock offering by issuing Japan’s first shares at market value
- First issuance of samurai bonds by overseas entity (Asian Development Bank)
- First global offering conducted by Japan Telecom when it listed on stock market
- Japan Tobacco listed on stock market
- Expansion of systems and services in line with the introduction of defined contribution pension plans (DC) |

**History of the Nomura Group**

- 1925: The Securities Department of Osaka Nomura Bank split off into a separate company, Nomura Securities
- 1927: Operations centered on underwriting and sales of public and corporate bonds
- 1947: Public offering of 8 power stocks (currently electricity stocks)
- 1968: First global offering conducted by Japan Telecom when it listed on stock market
- 1970: First issuance of samurai bonds by overseas entity (Asian Development Bank)
- 1993: Established Nomura International, a U.K. subsidiary
- 2001: Expansion of systems and services in line with the introduction of defined contribution pension plans (DC)
- 2003: Commencement of government bond issuance targeting individual investors by Ministry of Finance
- 2005: Formulated Nomura Holdings Corporate Governance Guidelines
- 2009: Formulated Nomura Founding Principles and Corporate Ethics Day

**Assets under management**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>¥3.3 trillion</td>
</tr>
<tr>
<td>1989</td>
<td>¥17.0 trillion</td>
</tr>
<tr>
<td>2000</td>
<td>¥20.0 trillion</td>
</tr>
<tr>
<td>2010</td>
<td>¥114.7 trillion</td>
</tr>
<tr>
<td>2019</td>
<td>¥51.4 trillion</td>
</tr>
</tbody>
</table>

**Retail client assets**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 1975</td>
<td>¥3.3 trillion</td>
</tr>
<tr>
<td>March 31, 1989</td>
<td>¥17.0 trillion</td>
</tr>
<tr>
<td>March 31, 2000</td>
<td>¥20.0 trillion</td>
</tr>
</tbody>
</table>

**Nomura Report 2019**

"Trajectory of Nomura’s Growth"
Message from Group CEO

Koji Nagai
Group CEO

On May 28, 2019, Japan’s Financial Services Agency issued a business improvement order against Nomura Holdings and Nomura Securities in connection with the improper communication related to the listing and delisting criteria for the Tokyo Stock Exchange. We take this matter very seriously and we regret the embarrassment brought upon our clients and all other stakeholders.

When I became the Group CEO in 2012, the company was in the midst of dealing with an insider information incident (violations of laws and regulations related to the control of corporate-related information concerning public offerings). My top priority was creating a new Nomura by returning our focus to the basic philosophy of "placing our clients at the heart of everything we do." I have worked to enhance and strengthen the internal control system and raise employee awareness throughout the Group. August 3 has been designated as the Nomura Founding Principles and Corporate Ethics Day since 2015, and we have since renewed our determination to prevent the recurrence of misconduct and to earn and maintain the trust of society. As a result, we have improved our compliance system to a certain degree, including the management of corporate information.

However, those involved in this improper communication incident viewed compliance as limited to legal compliance, and did not observe social common sense or values based on societal expectations. In addition, a survey of employees’ attitudes revealed that, for a small minority of our employees, the actions of those involved were viewed as "not an issue," indicating that the true meaning of compliance has not yet permeated to all employees. This shows that we are still in the middle of reforming our mindset to prevent a recurrence. This is a serious issue for us.

On May 24, we announced an improvement plan to address this matter, which consisted of the following three points. It is my responsibility to take the lead in making steady efforts to complete improvement measures and take all possible steps to prevent the recurrence of such incidents. At the same time, we will do our utmost to ensure that each and every employee considers and acts with common sense centered around a code of conduct, which always recognizes that our social mission is to contribute to the development of sound capital markets.

We will continue to strengthen and enhance our legal, compliance and internal control systems to prevent a recurrence and restore trust.

Three pillars of improvement measures which we announced on May 24, 2019

I. Adopt a mindset aligned with the Code of Conduct that fulfills the role the public expects financial institutions to play, and create an environment to maintain and improve self-discipline.

II. Reorganize the Wholesale Equities business to ensure that our people are incentivized to contribute to the development of the capital markets.

III. Establish a framework to tightly control not only corporate confidential information, but also non-public information that could materially affect investment decisions.
In the past few years, I have been saying that the business environment surrounding us is an “audient of an age of uncertainty.” In the last year, that uncertainty has increased, and structural changes have become more apparent in the environment we operate in. Although macroeconomic conditions have remained firm, US and China trade frictions, uncertainties surrounding Brexit, and turbulence in the emerging markets in the course of normalizing US monetary policies became apparent in the past year. Those geopolitical issues and monetary policies of central banks have shaken financial markets in a number of ways. In Japan, the economy remains on a moderate growth track, but because of the magnitude of risks associated with overseas economies, the Bank of Japan maintained its ultra-aggressive monetary easing, including a negative interest-rate policy. Against this backdrop, market volatility declined significantly, and market participant activities remained sluggish throughout the year.

In the longer term, financial institutions are facing several structural changes. After the financial crisis, major central banks shifted to ultra-low interest rates and we entered an era of zero interest rates. Moreover, the massive purchases of government bonds under quantitative easing policies have significantly reduced market liquidity and weakened the role of financial institutions as liquidity providers.

With the Federal Reserve Board (FRB) starting to raise interest rates at the end of 2015, the market expectation is that these non-traditional monetary policies may finally head for an exit. However, the US and China trade frictions intensified in 2018, and concerns over an economic slowdown, and a plunge in stock prices emerged in autumn. These factors forced the FRB to change the monetary policy. Other central banks such as European Central Bank stopped tightening monetary policy, and the path to the normalization has become distant. It goes without saying that as digital innovation advances and the proportion of electronic transactions increases, financial institutions are facing margin pressures.

Against the backdrop of such market uncertainties and structural changes surrounding financial institutions, in the third quarter of the fiscal year ended March 2019, we took a goodwill impairment charge (approx. ¥81 billion) relating to the past acquisitions of Wholesale related businesses. We took these actions to clear our financial uncertainties with an eye on the future. But, at the same time, we had to face up to the fact that we had not done enough to reorganize ourselves and move swiftly to address those changes. It also attests to the fact that we understand that we could not continue on the same path as the past if we want to get out of the current situation.

We reported a net loss of more than ¥100 billion in the fiscal year ended March 31, 2019, as we booked one-off costs of around ¥120 billion to liquidate the negative legacies collectively, including the goodwill impairment as well as legal expenses related to past transactions around the time of financial crisis. As part of the management team, I take it very seriously. Even in the absence of these one-time costs, profit levels are by no means satisfactory. Earnings were down 25% year-on-year, but pre-tax income declined by 75%. If profitability remains as challenged as last year, there is clearly a problem with the cost structure, and we have to take immediate measures to reduce the break-even point. Based on these difficult financial results, we must concentrate our management resources on growth areas, recognizing various structural changes as new opportunities for us, rather than as a troublesome fait accompli.

Focus on growth
In light of these structural changes, Nomura Group aims to strategically strengthen three growth areas; i.e. (1) Our HNW business mainly in Japan, (2) Our approach to asset builders, and (3) Our China business opportunities.

One of our strengths is our relationships with corporate owners and HNW clients who have been supported through face-to-face services. Many of them are elderly and interested in efficiently passing on their total assets - financial assets, real estate, company stock, etc. – to the next generation. Since 2012, we have been developing a comprehensive services platform including real estate, insurance, inheritance and tax planning in addition to asset management, in order to enhance our services to these clients. Although the HNW market is very competitive where megabanks and trust banks are also strengthening, we are able to offer our SME owners a range of solutions such as transfer and sale of own stocks, IPOs, MBOs and the effective use of their real estate assets. If regional business owners have needs to make alliances because there is no successor, we can leverage our nation-wide network in Japan as well as our global business platform.

In 2018, we launched the Principal Business (Merchant Banking), which primarily provides equity to clients as a solution for business reorganizations and revitalization, business succession and management buyouts, and we currently receive many requests for consultation. We will continue adding functionality and flexibility to the platform to quickly meet client needs.
Management’s responsibility is to lower the break-even point and return to a growth trajectory as soon as possible

In order to restart as a new Nomura, in April 2019, we announced a plan to rebuild our business platform so we can swiftly move to a leaner structure capable of responding to the new environment. The essence of our rebuilding plan is to simplify and eliminate inefficiency. This covers three areas: (1) our management structure, (2) Corporate functions, and (3) the core businesses.

First is our management structure. We adopted a matrix structure covering regions on the vertical axis and businesses as a horizontal axis from various historical reasons. However, as our businesses are becoming increasingly borderless and risk management has become more sophisticated, so there is less reason to continue with the matrix structure which has shortcomings such as the duplication of functions and higher costs. In May 2019, we abolished the concept of regions, and reorganized our structure to only have global reporting lines for the businesses and other functions. Of course, legal entities in each country will remain and be responsible for working with local regulators and ensuring compliance.

And for the third focus, the core businesses, we decided to rebuild our platform so that we could more accurately and effectively address client needs. This applies to both Wholesale and Retail.

Wholesale has streamlined costs several times over the years, but these reductions were primarily in certain products and services on the front office side, in order to focus on our core strengths. This time, we will downsize businesses with low growth potential and profitability while maintaining our global franchise. At the same time, we will drastically review the supporting functions, i.e. Corporate.

Actually, we received many questions including, “Why don’t you cut more?” or “Why do you keep your loss-making international business?” In fact, we have had candid internal discussions, and finally decided on this option to minimize the impact on our domestic and international client base.

In 2008, we took over ex-Lehman Brothers operations in Asia and Europe, and acquired a client base, which we never had access to prior to the acquisition. Since then, we have been able to hire talented people from our global peers at reasonable costs and significantly strengthen our international business platform. When we compare our platform to other domestic financial institutions, we can say that one of Nomura’s competitive advantages is our international client base. We cannot provide optimal solutions and products to our Japanese clients without having a global platform. Our businesses are built upon our clients, and that’s why our decision was made around supporting our clients.

In terms of regions, we will focus our management resources on large single markets such as Japan and the US, and over the medium term, China. Also, in addition to institutional investors, who are the main revenue contributors, we will focus on corporate clients by enhancing our origination businesses (Advisory, Primary, and Solution). In the secondary trading business, we will utilize AI and data science to analyze large sets of high-frequency historical and real-time data to provide more efficient quotes and recommendations, alongside reducing execution costs as well as front office optimization.

Through those initiatives, Wholesale aims to reduce costs by $1 billion (approx. ¥110 billion) from the levels at the fiscal year ended March 2018, while shifting its focus to the client business and growth areas, thereby increasing revenues.

<table>
<thead>
<tr>
<th>Until April 30, 2019</th>
<th>Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>Japan</td>
</tr>
<tr>
<td>Asset Management</td>
<td>AEq</td>
</tr>
<tr>
<td>Wholesale</td>
<td>EMEA</td>
</tr>
<tr>
<td>Corporate</td>
<td>Americas</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From May 1, 2019</th>
<th>Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>Japan</td>
</tr>
<tr>
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<td>EMEA</td>
</tr>
<tr>
<td>Corporate</td>
<td>Americas</td>
</tr>
</tbody>
</table>

Secondly, the same rationale applies to Corporate functions. We had 11 functions, or 10 excluding Internal Audit. These will be folded into five. While control functions should never be neglected, such as compliance, we are eliminating the buffers that other functions have at each layer and eliminating duplication.

In Japan, structural changes and certain trends such as lower birthrates, an aging population, and the shift of money and population from rural areas to urban areas, will continue. As digital innovation advances, the way consumer behavior changes drastically, and the ways in which financial institutions deliver services to their customers become much more diverse.

When I became Group CEO in 2012, there were 178 branch offices in Japan, but in light of these structural changes, we have already reduced the number of branches by about 20. With technological advances allowing clients to easily withdraw cash without having to go to a bank, cashless transactions are becoming increasingly common. Moreover, services from securities companies like ours are not essential regular functions for most users, so there are branches in urban areas where the number of visits per day is minimal. There is no need to maintain the traditional branch network anymore as many of our clients are not visiting physical locations. Therefore, we decided to consolidate 25 more branches, mainly small ones with overlapping areas in Tokyo, Nagoya, and Osaka in August and September 2019.

In addition to properly provide added value that meets the needs of each client, Retail will simplify its business platform. The needs of corporate clients, business owners, HNW clients, and clients who can build their assets by utilizing longer investment horizons are all different. That means the services, products, or even the salespersons’ skillset should be differentiated. In the past, one salesperson has been responsible for a wide range of clients, but starting this August, we will change the organization and align channels to client needs. This is also the reason behind consolidating small branches.

In order to realign channels with client types, it is better to have a larger concentration of salespeople per branch.

Along with rebuilding the platform, Retail will also reduce costs by approximately 10% or ¥30 billion from the cost level at the fiscal year ended March 2018.
Message from Group CEO

Combined with the aforementioned cost reduction measures for Wholesale, we expect to reduce firm-wide costs to about the low ¥900 billion mark by March 2022.

Another important theme is improving capital efficiency. Since 2012, we have sold approximately ¥360 billion of securities and used part of the sale proceeds to deliver shareholder returns through dividends and share buyback. We have also been considering the optimal capital relationship with Nomura Research Institute (NRI), and in June 2019, we agreed to sell a portion of our holding shares by tendering the shares under a self-tender offer by NRI. We plan to use the sale proceeds (¥160 billion) to enhance our corporate value through shareholder returns and investments to further grow our business. On the same day, we announced we would set up a share buyback program with an upper limit of ¥150 billion or 300 million shares of common stock for the period ending March 31, 2020.

In 2014, we set out to build a business foundation capable of generating sustainable growth in any market environment. Regrettably, for the fiscal year ended March 2019, EPS (net loss attributable to NHI shareholders) fell sharply, and key performance indicators of the businesses were well off target.

Given the market environment and the progress we have made thus far, it is highly likely that we will postpone our goal of ¥1000 EPS in 2020. However, rebuilding our platform will be our top priority and we will make every effort to return to an upward growth trajectory as soon as possible.

Building a sustainable business foundation

We cannot rebuild our business platform or focus on growth areas without talent in the firm. In our business, we don’t deal with tangible products. Our clients buy financial products based on the values and individual qualities of each of our employees. To this end, we focus on creating a work environment in which employees can make the most of their abilities and individuality. In April 2020, Nomura Securities will introduce a new personnel system, which will provide more opportunities for talented employees, regardless of age or length of service, and evaluates them based on their performance. Also, in 2017, we launched the Nomura Work Style Innovation initiative as part of our efforts to reform working styles and promote health and productivity management. The core concept is centered on adding value for clients. Our output is determined by multiplying the amount of time and productivity. As the amount of time is limited, it is necessary to raise the quality of work while paying attention to productivity in order to provide new added value to clients. To this end, Nomura is committed to improving both “human skills” and “productivity".

It is important that communication within the organization does not become fragmented. In the past, Nomura had a corporate culture in which superiors and subordinates worked together to achieve their goals. However, in recent years, there have been cases where managers have not been aware of the actions of their direct reports, and even when others around them notice something is wrong, no one raises their voice and points it out. Over the past year or two, there have been some negative incidents caused by inattentive organizational supervision and low morale among employees, which may have been amplified by a lack of communication. Our management takes this matter very seriously.

We can state that the starting point of our corporate governance is to instill a good corporate culture in which all employees share goals and responsibilities while respecting diversity and the opinions of the minority. There is no end in sight to these efforts, but I intend to take the lead in developing our corporate culture and restoring a disciplined organization.

Toward the true integration of Environmental, Social and Governance (ESG) and business activities

An ESG friendly perspective is also essential for medium- to long-term growth. ESG investment is growing globally, but it is insincere if the only purpose for ESG initiatives is to become an investment option for ESG investors. It is important for ESG values to take root in the organization. As a first step, in the fiscal year ended in March 2019, we reorganized the CSR Committee into the ESG Committee, and I chaired this committee, creating a framework for the Nomura Group to respond strategically to ESG-related issues. We set Sustainable Development Goals (SDGs) as an agenda item for the Nomura Group Executive Meeting, and all the members engaged in group work to discuss the relationship between the long-term management vision and the SDGs. We also invited instructors from within the company and externally to arrange training programs for employees. These efforts are designed to help executives and employees connect ESG / SDGs with their strategies and operations.

The intensification of global issues such as climate change and social disparities is one of the greatest risks to economic growth. At the same time, economic growth that takes the environment and social issues into consideration is more important than ever in order to achieve international goals such as the SDGs and our “2°C target". Financial markets can create a flow of funds that contributes to creating a favorable environment and society, where Nomura Group plays an important role. Based on this recognition, we established the Nomura Group ESG Statement in January 2019. We hope to further promote the realization of a sustainable society and environment while sharing with our stakeholders how we will respond to environmental and social risks.

As part of our efforts to integrate ESG with our management policies, the ESG Committee has been discussing this issue since last year. We have added management and business perspectives to our existing ESG Materiality and have comprehensively reviewed the issue and reclassified it into Materiality of Nomura Group. Going forward, we will continue to measure the progress of each issue and strive to achieve our corporate philosophy of "helping to enrich society through our expertise in capital markets,” while striking the right balance between ESG and management strategy. Our reforms are still ongoing, but we know what we have to do. We will first focus on rebuilding our platform and return to growth as soon as possible, while also regaining the trust of clients, communities, and society as a necessary partner.

We ask for your continued support of Nomura in creating Enterprise Value.
In 2014, we announced a plan to build a business platform capable of delivering sustainable growth in any environment. However, progress has been challenging. Looking back over the past fiscal year, we’ve reviewed our performance and identified and addressed the issues that impacted our results.

Results of FY2018/19 and Challenges

Last year, I discussed three key areas of focus as CFO. Those are (1) supporting Nomura Group’s sustained growth from a financial perspective, (2) maintaining an appropriate financial base that enables compliance with regulations, and (3) providing appropriate shareholder returns. One achievement from the past fiscal year is that (2) we have solidified our financial base and have become more responsive to various financial regulations.

There are several global financial regulations that Nomura Group must comply with. Above all, the capital adequacy regulations set by the Basel Committee have a direct impact in conducting our business. As we anticipate the minimum consolidated Common Equity Tier1 (“CET1”) capital ratio at approximately 8%, we are aiming to maintain a CET1 capital ratio of 11% or higher over the medium term, which includes a discretionary management buffer. Against this target, our CET1 capital ratio, as of March 31, 2019, was 17.1%, up from 1 year ago (16.5%). In 2022, a major revision will be made to the calculation of risk-weighted assets, the denominator of the CET1 capital ratio. Despite this impact, we can maintain a level where we can sustain our business and remain flexible going forward.

The consolidated leverage ratio has also improved steadily. As of March 31, 2019, our consolidated leverage ratio was 5.03%, up 0.29% from 4.74% a year ago, and we have sufficiency to meet the minimum requirement by the FSA disclosure (3%).
Cost control and optimization of resource allocation

Ahead of the fiscal year ending March 2022, we are working to reduce costs by US $1 billion (approx. ¥110 billion) in the Wholesale Division and approx. ¥30 billion in the Retail Division. As of the end of July 2019, we had already achieved approx. 50% of our targeted cost reduction. Initiatives in the Corporate departments are essential going forward since almost all corporate costs are allocated to the front side.

In the past, Corporate departments were divided into 11 functions, but in May 2019, we reorganized 10 functions (excl. Internal Audit) into 5. Under the newly restructured organization, each function head is now working to reduce business processes and duplicated functions and layers.

For example, I was previously in charge of the Finance as CFO, but now I am also in charge of middle office functions. Currently, the Risk Management and Finance are engaged in risk management and production of disclosure data based on the transaction data coming from Operations. However, because the range of data handled and the flow of data differs, data incompatibilities and inefficiencies remain. We’ve integrated the 3 functions as one “Middle Office” and expect to reduce the duplication of business processes to make our organization structure simpler and more efficient. In the medium term, we believe that by updating the system using an agile approach, we can ensure data compatibility and make useful proposals to business and management based on more elaborate data analysis.

Optimizing resource allocation is also an important role for the CFO. We allocate risk-weighted assets, economic capital, unsecured funding, leverage exposure, and other resources to businesses, and regularly monitor profitability relative to the resource usage while engaging in dialogues with businesses. This restructuring of the business platform reduced risk-weighted assets used by the Wholesale Division by approximately 10% by resizing businesses with low profitability or negative revenue. We will strive to achieve optimized resource allocation while constantly reviewing and utilizing those reduced resources efficiently.

When making investments for growth, we will evaluate their success from determining whether they can supplement existing businesses, whether synergies can be achieved, or whether they can generate new revenues. At the same time, we will not be afraid to challenge into new areas.
At a Glance

Net revenue by segment ¥1,116.8 billion

- Retail Division 30%
- Asset Management Division 9%
- Wholesale Division 50%
- Other 11%

Overview of regions

Net revenue by region ¥1,116.8 billion

- Japan 69%
- Americas 15%
- Europe 12%
- Asia and Oceania 4%

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), FTSE Blossom Japan Index and MSCI Japan Empowering Women Index (WIN). The latter two are ESG indices adopted by the Government Pension Investment Fund (GPIF) for their passive investment.

Supporting international initiatives

Nomura Group supports and promotes initiatives in Japan and overseas that are related to its business activities including the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, the environment and anti-corruption to which Nomura has been committed since 2015.
Commitment to contributing to the creation of an affluent society since our founding

As a leader in Japan’s finance industry, since its founding in 1925 Nomura Group has contributed to economic growth and social value creation by supporting the development of capital markets and promoting the circulation of capital. At the core of these efforts is our social mission to help enrich society through our expertise in capital markets, based on “Our Founder’s Principles,” a set of guiding principles laid out by the Group’s founder, Tokushichi Nomura, and ingrained in the Nomura Group Corporate Philosophy.

Environmental and social issues such as climate change and widening social disparities are becoming more serious. As a result, environmental and social considerations are essential for economic growth. A rich natural environment and a healthy social environment form the necessary foundation for economic and business development as well as people’s lives. Without such a foundation, it would not be possible to fulfill Nomura Group’s social mission of helping to enrich society.

In the current situation surrounding the global and social environment, in order to contribute to the sustainable development of our clients and society as well as to maintain and improve corporate value, the ESG Committee took the lead in comprehensively reviewing management issues and key, traditional ESG issues, identifying the issues as “Nomura Group Materiality.”

<table>
<thead>
<tr>
<th>Categories</th>
<th>Material issues</th>
<th>Metrics</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate governance</td>
<td>Strengthen corporate governance</td>
<td>Diversity of the Board of Directors</td>
<td>To enhancing corporate value, strengthen and enhance corporate governance structure as one of the most important issues</td>
</tr>
<tr>
<td>Compliance</td>
<td>Instilling the Code of Conduct and ensuring an operational framework, Legal compliance and reporting of violations, Fair financial business practices, Prevent bribery, Prevent financial crime</td>
<td>Number of calls to compliance hotline, Compliance training, Status of compliance with Code of Ethics, Understanding of policies for providing gifts and entertainment</td>
<td>Build trust with society and protect and enhance corporate value with thorough compliance and raising employee awareness of the Code of Conduct</td>
</tr>
<tr>
<td>Risk management</td>
<td>Establish and strengthen risk management systems, Ensure financial soundness and transparency, Business resilience, Address social and environmental risks</td>
<td>Risk Appetite Monitoring</td>
<td>To improve financial soundness and corporate value, various risks must be managed appropriately. Establish a risk management framework to monitor and report on globally integrated basis</td>
</tr>
<tr>
<td>Human resources valuing diversity</td>
<td>Nurture human resources, Diversity and inclusion, Create employee-friendly work environment</td>
<td>Employee satisfaction survey, Education/training expenses, Number of female managers, Use of childcare and family nursing care support plans</td>
<td>Diverse and talented employees are our greatest asset amid the changes in the environment, such as innovation and digitalization. Make sure every employee can be active and successful in utilizing his/her capabilities and strengths, and provide high value-added services</td>
</tr>
<tr>
<td>Contribute to sound and sustainable capital markets</td>
<td>Offer high-quality financial services to diverse clients, Products and services that address environmental and social issues, Customer protection and information security, Improve financial literacy</td>
<td>Customer satisfaction level, Number of complaints, Sustainable finance issuance amount, Financial and economic education activities, Sustainable investment ratio</td>
<td>Through our core business, create a better future by addressing stakeholders’ needs and providing value added solutions</td>
</tr>
<tr>
<td>Business selection and focus</td>
<td>Flexible review of business portfolio</td>
<td>Optimal allocation of resources, Enhancing profitability, EPS</td>
<td>Always choose and focus our business according to the changing needs of our clients and society to deliver optimal solutions and continue to enhance corporate value</td>
</tr>
<tr>
<td>Contribute to a sustainable environment</td>
<td>Promote environmental conservation initiatives, Combat climate change and protect natural capital through our business activities</td>
<td>CO₂ emissions</td>
<td>A healthy natural environment is the foundation for sustainable growth of the economy, society and Nomura, Targets: 32% reduction by 2030; 65% reduction by 2050</td>
</tr>
<tr>
<td>Contribute to a sustainable society</td>
<td>Global initiatives, Dialogue with stakeholders, Respect human rights</td>
<td>Community contribution expenditures, Dialogue with stakeholders</td>
<td>Contribute to finding solutions to social and environmental issues through continuous cooperation with stakeholders</td>
</tr>
</tbody>
</table>

For more information of “Nomura Group Materiality”, please visit our website. https://www.nomuraholdings.com/csr/group/issues.html
In the year ended March 31, 2019, revenues from the three business segments declined 21% year on year due to sluggish core business performance, particularly in the Retail Division and Wholesale Division, due to the uncertain market environment. Revenues other than those in the three segments also declined due to the absence of a one-time factor that had been recognized in the previous year and the transfer of consolidated subsidiaries. As a result, companywide revenues declined 25% year on year.

Non-interest expenses decreased mainly due to lower personnel expenses driven by reduced bonus provisions in alignment with the previous year and the transfer of consolidated subsidiaries. As a result, companywide non-interest expenses declined 15% year on year.

As a result, companywide revenues declined 25% year on year.

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The Board of Directors comprises a majority of Outside Directors, which enables it to conduct highly-transparent management while enabling oversight based on outside perspectives. The Nomination Committee has established the Independence Criteria for Outside Directors to ensure that Outside Directors are sufficiently independent from the Group. 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 with different 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.

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.

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, Nomura Group has been providing financial and Non-Financial Highlights

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.
Global Markets in the Americas

Management Interview

Richard Volpe
Head of Rates
Nomura Americas

How has the Americas Rates platform evolved over the past few years?

Americas Liquid Products, which includes US Rates and Agency Mortgages, is a key component of our Wholesale business offering. Over the years, both the Rates and Agency Mortgages businesses have established strong franchises with solid market share and competitive positioning in the Americas. In Rates, we have built a market-leading franchise across products including US Treasuries, Agencies, and Interest Rate Derivatives. In our client franchise, we have continued to expand and diversify our customer base, and have built deep relationships with real money clients, global macro hedge funds, asset managers, central banks, domestic and global banks, and insurance clients. Our US Agency Mortgages business continues to be a market leader across all our focus products. This is an area in which we have experienced and talented trading, sales, and research teams, which is borne out in our client share and market positioning. Since the inception of our business in the US, we’ve maintained top tier positioning in Pass-throughs1 and Agency CMOs2. In Agency GMBs3, we have built a market-leading franchise and strong driver of revenues. This sector was identified as a new focus area in 2011 and has been a good example of the success our management team has had in developing new business opportunities, diversifying our revenue base, and delivering for clients.

What are the competitive advantages in your businesses?

Our most significant competitive advantage is our talent. As the old saying goes, “in our business, the real assets ride the elevators.” We have an experienced and cohesive management team across our US Liquid businesses, many of whom came together at the inception of the US build-out in 2009/10 and have grown together with the US business.

How do you plan to stay competitive as the Fixed Income market shrinks and consolidates fee pools?

We are not as active in some of those areas, such as corporate bond issuances and successor derivative hedging around those issuances. Therefore we expect the impact on our business is likely to be limited compared to peers. We are also continuing to find ways to be more efficient and competitive. Through our Wholesale Digital Office, we are investing in Artificial Intelligence (AI). Globally, we’ll start to leverage AI into our Euro G/Government Bonds trading efforts, followed by US Treasuries, and then to Japan Government Bond and Mortgages. Technology is always developing, so we need it to maintain and grow our US treasuries business. We’ll need leverage technology across our platform and products to keep pace with our peers.

Samir Patel
Head of Equity Sales and Structuring, Americas; Co-Chair of Global Markets Sales Executive Committee

How has the Americas Equities platform evolved over the past few years?

In the US, Equities revenues (excl. Instinct) grew for seven consecutive years prior to FY18/19. The Equities franchise has shown the ability to generate strong profitability in a consistent manner. In FY18/19, our revenues declined slightly due to an absence of major episodes of volatility in FY17/18, but the fundamental business is stronger than ever. In Equity Products in Americas, we have 4 core businesses; i.e. Flow Derivatives, Structured Derivatives, Convertibles and Prime Finance. 3-4 years ago, Structured Derivatives drove majority of the results for the platform, but today, it is much more diversified and balanced. We have continued to grow and diversify our client franchise. In the past, our client base was primarily hedge funds, but now features a diverse mix of private equity firms, asset managers, and corporate clients.

What are the competitive advantages in your business areas?

Our business covers broad set of products and solutions for both corporates and equity investors of all types (including HNW/family offices, hedge funds, private equity firms, corporates and other asset managers). For corporates, we are focused on optimizing their equity capital structure through solutions including (a) private equity financings (for both private growth companies and established public companies), (b) IPOs and follow-on equity raises, (c) convertible and other equity-linked financings, and (d) dilution management and share repurchase solutions. For investors, we support the full “life cycle” of a public equity investment, including (a) equity stakebuilding transactions, (b) hedging and monetization transactions, and (c) structured equity disposition transactions.

Michael Caperonis
Co-Head of Global Equities; Head of Equity Trading and Corporate Credit Trading, Americas

How does Nomura differentiate itself when attracting and acquiring talent?

We have a very talented team and strong platform. There has been a lot of turnover on the street, but key people here have stayed for a long time, which is a key strength. I believe Nomura has a very entrepreneurial and meritocratic culture. In a smaller, growing firm, the results feel more consequential.

What are some areas where Nomura holds a competitive advantage?

We have strong market share and product strength across Flow Derivatives, Convertibles, and Equity Financing. For example, our market share ranking in Flow Derivatives (US Listed Options) improved from #11/12 in 2012 to #1 in 2017. It is an impressive result for Nomura, especially given that we have limited ECRM, Prime Brokerage, and research offerings in Americas compared to our peers. Our leading position is a result of quality ideas provided by our strong and consistent team.

What areas represent challenges or opportunities for platform?

Our competitors have strong businesses in Prime Finance, Delta One, Structured Notes, and Corporate Derivatives. Nomura is not a deposit taking institution and does not have widely available funding sources like deposits. We are also not active in lending to corporate clients. So we remain a smaller player in these competitive areas. These previously mentioned businesses tend to earn stable revenues compared with other equity related businesses, and can therefore provide a cushion against volatility trading revenues. However, these stable businesses are very competitive, expensive and require infrastructure. Since we don’t have scale in these areas, our business comes from Structured Solutions and Financing. We have client driven and high value-add businesses such as Equity Structured Financing, which complements secondary trading. As a result, we focus on our execution capability and generating high ROE.

Can you talk about the areas you cover?

I joined in January 2016 after being at US banks for over 15 years. My background was in convertible bonds, which was more credit focused, but I ended up managing all of Americas Equities Trading. I came here to run both Equities and Credit trading. In Credit, we’ve pivoted to Structured

What are areas you cover?

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Nomura’s Retail Division provides a variety of financial services to individuals and corporate clients in Japan through its headquarters, branches, call centers, and online. In addition to traditional investment products such as stocks and bonds, we offer consulting services such as inheritance planning, business succession, fund-raising, and corporate financial advisory based on client needs, financial assets, and life stages.

In the year ended March 2019, uncertainty widened over the political and economic environment due to US-China trade friction and concerns about a slowdown in the global economy. Net revenue was ¥339.5 billion and income before income taxes was ¥49.5 billion, reflecting a decline from prior year due to a decrease in stock and investment trust transactions from weaker investor sentiment.

Since 2012, our Retail Division has been transforming its business model and enhancing its approach to consulting type businesses by providing products and services that meet client needs. This initiative increased our client satisfaction, leading to asset inflows. Additionally, contribution from large-scale IPOs resulted in net cash inflows over ¥2 trillion.

Business Performance (billions of yen)  Net revenue  Income before income taxes

450

360 392 398 350 398 512 477 436 374 413 339 460


Our Company has been working to transform its business model with the aim of becoming a trusted financial institution by many clients. As a result of transforming our business model into more consulting type businesses from our traditional brokerage dependent business, we are steadily increasing the balance of assets under custody, as well as our recurring revenue from endeavor to meet client needs. Moreover, reducing our costs have also contributed to improve our recurring revenue cost coverage ratio. We will continue to build more stable business platform going forward.

Measures in response to changes in the environment

<table>
<thead>
<tr>
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<tbody>
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*We call our sales representatives “partner” because we want to be the most trusted financial service group for clients |

Actions

1. Training partners* whom clients could completely trust
2. Partner* deployment with knowledge and expertise tailored to client needs
3. Building stable earnings structure by increasing recurring revenues
4. Deployment of partners* (Heartful Partners) for elderly clients to each branch
5. Enhancing content targeted at younger generations (websites, seminars, robo adviser services, etc.)

Review of FY2018/19

Largest client base across Japan’s securities sector
Sophisticated consulting services and supporting platforms
Ability to supply products and services by leveraging Nomura’s comprehensive strengths (synergies with other divisions)

1. Approach to clients’ core assets
2. Relatively high sensitivity to market fluctuation
3. Building relationships with family members of elderly clients
4. Increasing the number of younger clients

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Providing products and services that meet client needs

We will enrich our traditional asset management proposals with stocks, investment trusts and bonds, which are our company’s core services. We will also expand our offering of non-traditional products such as solutions centered on real estate and operating leases, and alternatives. Moreover, we will strengthen collaboration between our branch offices and head office to offer products and services that are even better suited to the types and needs of our clients.

Branch Strategy: Building a structure to meet diversified client needs

Recent advances in technology, changes in age groups of our client base, and diversifying needs have dramatically changed the functions and roles required of our branches. In light of these changes in the business environment, we have decided to reconsider our branch strategy. By September 2019, 25 branches in the Tokyo, Osaka and Nagoya areas will be merged into existing branches in the vicinity. At the same time we will deploy partners to each of our branches based on their knowledge and expertise to meet diversifying client needs. Additionally, we will enhance our branch functions, attractiveness and value to create user-friendly and comfortable spaces.

Organizational structure review

Based on the Nomura’s philosophy of “Placing our clients at the heart of everything we do,” our Retail Division, since 2012, has reformed its business model to offer sophisticated consulting services in order to meet client needs. In response to the changing times and the increasingly diverse and sophisticated needs of our clients, we have restructured our organization so that we can continue growing client trust.

Three initiatives

01 Channel alignment review

02 Provision for development of product and service systems

03 Branch strategy review

Channel alignment review

There were some instances in which partners were not able to adequately provide services to meet client needs since each partner is responsible for a broad range of clients. By reviewing our organizational structure, we clarified the areas of responsibility for each channel and deployed partners with the appropriate knowledge and expertise to each channel in order to provide appropriate services and meet client needs.

We also utilized technology to centralize transaction confirmations, administration, and other operations previously performed by each branch to the head office, further reducing the burden on each branch and partner. This initiative created more time for each partner to interact with clients to provide better products and services.

Cost Reduction

Over the next 3 years, we are planning to reduce Retail Division costs by about 10%, or about ¥30 billion. We are planning to realize cost saves from reviewing our costs of systems, sales and administration, real estate, etc. by fiscal year ending March 2022.
In the fiscal year ended March 2019, net cash inflows totaled approximately ¥2.2 trillion. This was due to the expansion of ETF (Exchange Traded Funds) and investment trusts for defined contribution pension plans in the domestic investment trust business, and by winning new mandates overseas in the investment advisory business. As a result, assets under management as of the end of March 2019 increased from the previous fiscal year to ¥51.4 trillion.

Net revenue for the full year was ¥97.8 billion and income before income taxes was ¥34.2 billion. Although revenue grew due to an increase in the assets under management, net revenue and income before income taxes decreased year on year due to outflows of publicly offered investment trusts for individual investors in Japan and valuation losses from changes in the market value of equity interests in strategic partner American Century Investments (ACI).

Based on our philosophy of placing clients at the heart of everything we do, the Asset Management Division is working to grow assets under management through initiatives that respond to the changing business environment, client investment needs, and social demands. In recent years, we have focused on the following initiatives.

**Measures in response to changes in the environment**

**Assets under management**

**ETF asset under management**

- High-quality investment management and investment research capabilities on a global basis
- Ability to provide investment solutions to meet the various investment needs of domestic and overseas investors
- Knowledge and talent to explore new industry challenges, such as the development of advanced investment strategies
- To enable sustainable growth of the Asset Management Division
  1. Further increasing its presence in the highly competitive asset management industry in Japan and overseas
  2. Stimulating the attractiveness of asset management for domestic individual investors and cultivating a new investor base
  3. Diversifying revenue base and strengthening business base through expansion of overseas business
  4. Initiatives to implement digital technology, including development of investment strategies and inducing business process transformation
- Clarification of “differentiators” in investment strategies, products and services
- Provide services and products which will draw attention towards investment to investors in various life stages
- Effective resource allocation in overseas business, both in investment and marketing
- Strengthen human resources and development of infrastructure to promote digitization

**Actions**

- Enhance marketing efforts to expand the base of domestic individual investors
- Support responsible investing through dialogue with companies and practicing ESG initiatives
- Acquire talent required for promotion of research and development of advanced technology research in asset management
Medium- to long-term strategy in an increasingly competitive environment and diversifying client needs:

The asset management industry expects to continue growing steadily as the global economy develops. At the same time, the prolonged low interest rate environment in developed countries and other regions as well as increasing political and economic uncertainty has created various challenges to the industry. We are increasingly required to provide differentiated and sophisticated investment strategies, products and services to meet investor demands. Along with the consolidation activities within industry players to expand product lines and to achieve cost competitiveness through scale, the competitive environment within the industry is becoming intense, due to new entry from other industries. Under these circumstances, the Asset Management Division aims to provide results that exceed expectations around the world by promoting client-oriented business operations based on Nomura Asset Management’s corporate philosophies of “Maximizing Value”, “Advanced Expertise” and “Confidence and Responsibility.”

To this end, we not only aim to provide superior investment returns to investors, but also focus on addressing social issues such as the SDGs through our business and by practicing responsible investment. Also, as the trend toward digitization accelerates, along with the development of investment strategies utilizing a wide variety of information and data, we are actively taking measures to respond to changes in the business environment through making full use of technology.

In response to the diversifying needs of our clients, in addition to providing superior investment returns, the Asset Management Division is working on developing differentiated investment services, including expansion of alternative investment product line-ups and developing investment strategies that combine multiple asset classes.

The Asset Management Division is carrying out various initiatives, both face-to-face and through online, to persuade a wide range of investors, to understand the benefits of investment. For people without investment experience, we are working to deepen their understanding of investment trusts by offering products and services tailored to their respective life stages and by providing information through seminars and other means.

In the overseas markets where growth is expected to continue, the Asset Management Division is working to strengthen its business presence while allocating management resources effectively. Along with our efforts to improve our investment and research capabilities at our overseas offices, we are working to increase our assets under management by expanding our unique investment strategies for our overseas clients, including clients in developing regions.

The Asset Management Division contributes to the development of society by fulfilling our social responsibility of supporting the building of wealth of investors. Such activities include, proactive engagement with companies to enhance their corporate value (engagement activities), offering investment products identifying ESG issues and providing investment education.

Utilizing “Innovation Lab” established in 2017 as a hub, we are working to implement digital technology into our series of investment products. In order to expand the application of digital technology beyond the investment domain, we are also focusing on the recruitment and training of human resources in the digital field.

Reflecting the spirit of our corporate slogan, “Expertise to Exceed,” we will continue to challenge to be successful under a changing business environment. Our employees will strive to achieve further growth and continue to deliver our expertise to satisfy the needs of our clients.
The Wholesale Division is comprised of two business units: Global Markets, which provides financial products and solutions and secondary market liquidity, and Investment Banking, which offers capital-raising and advisory services. The Division provides diverse services to a broad range of clients including corporates, government entities and financial institutions both in Japan and overseas.

The year ended March 2019 was a particularly tough year across the street, characterized by geopolitical uncertainty and persistent low volatility, leading to directionless markets, and low client activity. In this environment, Wholesale revenue declined to ¥555.4 billion year-on-year, particularly in the Fixed Income businesses. Also, we recognized goodwill impairment charge of ¥81 billion in relation to the acquisitions of Instinet in 2007, which is our Wholesale business platform and Lehman Brothers in 2008. As a result, loss before income taxes was ¥111.4 billion.

Contributing to the deterioration in our performance was the relatively stronger susceptibility of our business model to the challenges presented by market turbulence created by geopolitical uncertainty such as US-China trade friction and Brexit opacity. Additionally, looking further back to the period immediately following the financial crisis, factors such as a shift toward increasingly restrictive regulation, declining market liquidity brought about by monetary easing activity by central banks, and an increase in electronic trading coupled with margin and commission rate compression due to technological advances, have contributed to the continued decline in the global fee pool since 2012.

To respond to these changes in the operating environment, the Wholesale Division has reviewed its business portfolio and taken cost-cutting measures. At the same time, the Division has made selective investments in growth areas such as origination businesses and the U.S. market. In April 2019, we announced a new business strategy. We restructure our business platform to deliver consistent pretax income of approximately $1 billion.
New Business Strategy

In secondary businesses, many of the recent market challenges emerged and are expected to persist, which is one of the core issues for Wholesale. In order to adapt to the evolving business environment, we have embarked on a new strategy, and we are in the midst of shifting our resources and focus towards the Primary, Advisory and Solutions businesses, where we have traditionally been underweight.

In addition to the aforementioned changes, we have also taken actions to scale back certain international platforms to reduce costs and rebalance our reliance on secondary businesses. We are now in the midst of embedding a client-centric Wholesale business, and focus on three strategic objectives:

01 Scaling up presence in large single markets

02 Focused client strategy to underpin growth

03 Pursue growth opportunities by leveraging technology

Overview of Right-Sizing of International Franchise

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<th>Area</th>
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<td>Instinet</td>
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Key to achieving this is ensuring we provide a fully integrated offering across Wholesale to serve our clients and grow in strategic areas such as with Corporates. To this end, we have recently created the Chief Client Officer function, responsible for driving unified client approach across Global Markets and Investment Banking. We will leverage our refined cross-business approach to grow our cross-border business.

Additionally, the firm took decisive action to simplify our business and regional matrix structure. This reorganization has simplified business flows which will support our efforts to drive cross-regional activity as well as enable our organization to efficiently deliver the full capabilities of our firm in way which is matched to the specific needs of each client.

04 Scaling up presence in large single markets

While our franchise continues to be dominant in our home market of Japan, we focus on large single markets like US and China. In Japan we continue to further enhance client relationships, particularly with regional financial institutions and Corporates. Internationally, we first focus on areas of competitive strengths and enhance cross-border business in middle market in Americas. In mid-term, we pursue growth opportunities in China.

05 Focused client strategy to underpin growth

Our second strategic objective is focused on ensuring we fully meet the needs of our clients. As the needs of our clients grow increasingly more sophisticated and the pace of globalization continues to accelerate, the importance of delivering the full capabilities of our firm in a bespoke manner to each client also continues to grow.

06 Pursue growth opportunities by leveraging technology

Digitization is likely to transform the financial services industry. Artificial intelligence, automation and further digital adoption are critical to implement in our day-to-day work for productivity gains. We established the Wholesale Digital Office in early 2018 to adopt new technologies to enhance our efforts in both sales and trading execution. From this office we created ‘Komaiu’, a digital asset custody platform and also delivered a joint venture with Brevan Howard for artificial intelligence led market making platform. Going forward we will focus on three main tech areas.

- Further deepening relationships with largest institutions
- Use of AI to enhance revenue growth potential as well as improve cost efficiency in Flow market making businesses
- Custody solutions for digital assets that meet needs of institutional investors
- High-level of security that meets demands of commercial bank clients and can be used for various digital assets

About Nomura

Strategies for Value Creation

Corporate Information / Data Center

Nomura Report 2019
Sustainability

To fulfill its social responsibilities as a corporate citizen, the Nomura Group actively engages in ESG activities to contribute to the development of the securities market through its business activities as well as to achieve sustainable growth and resolve social challenges. In addition, recognizing that initiatives to address ESG-related challenges are important to help contribute to its customers and society and maintain and enhance its corporate value, the Nomura Group properly promotes and manages these activities as a group-wide effort. The basic policy on sustainability is set forth in Our Founder’s Principles established by founder Tokushichi Nomura, the Nomura Group’s Corporate Philosophy and the Code of Ethics of the Nomura Group.

ESG execution process

The Nomura Group reorganized the CSR Committee chaired by the Group CEO in FY2018/19, in an attempt to deal with issues related to ESG in ways that are more strategic than before. Nomura Group executives in charge of businesses and corporate affairs comprise the ESG Committee. The Committee is responsible for developing business policies on ESG-related risks and opportunities for the entire Nomura Group and approving and deciding on related activities. The activities of the ESG Committee are reported to the Board of Directors and the Executive Management Board as the occasion demands. The Committee also examines the operations of specific businesses that contribute to sustainable development goals (SDGs) set by the United Nations. In FY2018/19, we held two meetings of the ESG Committee to discuss the formulation of the Nomura Group ESG Statement, the review of material ESG issues (materiality) and response to TCFD, among other matters.

Established Nomura Group ESG Statement

In January 2019, the Nomura Group established the Nomura Group ESG Statement to further promote the realization of a sustainable environment and society by informing stakeholders of our approach to ESG-related activities and our envisaged response to environmental initiatives and our envisaged response to environmental challenges. In addition, recognizing that initiatives to address ESG-related challenges are important to help contribute to its customers and society and maintain and enhance its corporate value, the Nomura Group properly promotes and manages these activities as a group-wide effort. The basic policy on sustainability is set forth in Our Founder’s Principles established by founder Tokushichi Nomura, the Nomura Group’s Corporate Philosophy and the Code of Ethics of the Nomura Group.

Fundamental approach

To fulfill its social responsibilities as a corporate citizen, the Nomura Group actively engages in ESG activities to contribute to the development of the securities market through its business activities as well as to achieve sustainable growth and resolve social challenges. In addition, recognizing that initiatives to address ESG-related challenges are important to help contribute to its customers and society and maintain and enhance its corporate value, the Nomura Group properly promotes and manages these activities as a group-wide effort. The basic policy on sustainability is set forth in Our Founder’s Principles established by founder Tokushichi Nomura, the Nomura Group’s Corporate Philosophy and the Code of Ethics of the Nomura Group.

Initiatives to foster an awareness of the SDGs

In September 2018, we conducted group work on the subject of the SDGs in the Nomura Group Executive Meeting to examine the association between our long-term vision (Vision C&C) and the SDGs. The participants were divided into groups to discuss how to build a business footing for the Nomura Group to enable it to grow sustainably, regarding the SDGs as a business opportunity, and presented the content of their discussions. We will continue to further our initiatives to foster an awareness of the SDGs among the internal management.

We also hold a regular workshop on the SDGs for all employees. To speak at the workshop, we invite Kaoru Nemoto, Director of the United Nations Information Center Tokyo, and Ryobun Santo, a biology teacher at a private high school and an advisor to an NPO named Think the Earth SDGs for School. Employees who have taken part in the workshop have made comments such as, “I consider our future mission to be creating business that will contribute to the achievement of the SDGs. We will work to ensure the penetration of the SDGs throughout the entire Group by continuing to hold the workshop.”

In December 2018, we established medium and long-term CO₂ emission reduction targets for the entire Group, including its companies in Japan and overseas. We will work on reducing CO₂ emissions in a concerted effort involving the entire Group as a financial services group that develops business globally.

**Medium / Long-term CO₂ emission reduction targets of the Nomura Group (global)**

<table>
<thead>
<tr>
<th>Area</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target type</td>
<td>Absolute</td>
</tr>
<tr>
<td>Base year</td>
<td>FY2012/13</td>
</tr>
<tr>
<td>Target years</td>
<td>FY2030/31, FY2050/51</td>
</tr>
<tr>
<td>Level</td>
<td>32% reduction, 65% reduction</td>
</tr>
</tbody>
</table>

**Initiatives for TCFD**

TCFD is a private sector-driven task force established by the Financial Stability Board (FSB), and it asks companies to enhance the disclosure of information on climate change. Nomura Holdings and Nomura Asset Management pledged their support for TCFD in FY2018/19. They also participate in the TCFD Consortium that was established in May 2019 as a forum for discussions among the companies that have endorsed TCFD on the effective disclosure of information on the opportunities and risks that climate change will bring to business and their initiatives to cause the disclosed information to lead to appropriate investment decisions.

We have also established a cross-organizational project team within the Nomura Group to promote investigations for more appropriate information disclosure.

**Established medium and long-term CO₂ emission reduction targets**

In December 2018, we established medium and long-term CO₂ emission reduction targets for the entire Group, including its companies in Japan and overseas. We will work on reducing CO₂ emissions in a concerted effort involving the entire Group as a financial services group that develops business globally.
Nomura Holdings recognizes that the enhancement of corporate governance is one of the most important issues in achieving management's goal of enhancing corporate value by deepening society's trust in the firm and increasing the satisfaction of stakeholders, beginning with clients. As a company with Three Board Committees, we have separated management oversight from business execution. This separation of duties strengthens the oversight functions and transfers authority regarding business execution from the Board of Directors to the Executive Officers in a bid to accelerate the Group's decision-making process.

**Board of Directors**

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 business execution. Our Board of Directors is made up of 10 directors, six of whom are independent Outside Directors. In order to properly perform its oversight functions, and to ensure active considerations from various perspectives, it is comprised of diverse members in regards to nationality, gender, backgrounds and other factors such as expertise in financial affairs, corporate management and other areas. It is chaired by a Director who does not serve as an Executive Officer.

**Corporate Governance System**

The Board of Directors discussed the following matters in FY2018/19. In addition, Outside Directors Meetings were held four times this year to promote free and spirited discussion.

<table>
<thead>
<tr>
<th>Main items discussed by the Board of Directors</th>
<th>Content of the discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017/18 full year results, dividend payouts</td>
<td>Company overview, performance and market environment by division and region, situation of competitors, etc.</td>
</tr>
<tr>
<td>Changes to the basic policy on dividends of surplus, etc.</td>
<td>Specifying total return ratio of 50% or more in the basic policy</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Current status of the Wholesale Division and future measures</td>
</tr>
<tr>
<td>Key Performance Indicators (KPI) for client-oriented business operations</td>
<td>Key Performance Indicators (KPI) for realizing client-oriented business operations in Nomura Securities and Nomura Asset Management</td>
</tr>
<tr>
<td>Risk management report</td>
<td>Operational status of risk appetite and unauthorized access to the systems of overseas subsidiaries</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Recent issues, money laundering and counter-terrorism financing measures</td>
</tr>
<tr>
<td>FY2018/19 1Q results</td>
<td>Company overview, situation by division and region, situation of competitors, etc.</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Establishment of a securities company in China and the outlook for business performance in the second quarter</td>
</tr>
<tr>
<td>Report on audit activity findings</td>
<td>Responses from the executive side to recommendations from the audit committee</td>
</tr>
<tr>
<td>Risk management report</td>
<td>Status of risk appetite management</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Recent issues, money laundering and counter-terrorism financing measures</td>
</tr>
<tr>
<td>FY2017/18 2Q results, dividend payouts</td>
<td>Company overview, situation by division and region, situation of competitors, etc.</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Strategies in Wholesale Division and Retail Division to address megatrends</td>
</tr>
<tr>
<td>Revision of Corporate Governance Guidelines</td>
<td>Company’s response to the revision of the Corporate Governance Code</td>
</tr>
<tr>
<td>Verification of the appropriateness of strategic shareholdings</td>
<td>Review of the results of discussions by the Policy Shareholding Review Committee</td>
</tr>
<tr>
<td>Risk management report</td>
<td>Status of Brexit compliance and risk appetite</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Recent issues, money laundering and counter-terrorism financing measures</td>
</tr>
<tr>
<td>FY2018/19 3Q results</td>
<td>Company overview, situation by division and region, situation of competitors, etc.</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Current status of each division and future measures</td>
</tr>
<tr>
<td>Business execution report</td>
<td>Strategies for non-face-to-face sales Collecting new clients using digital technology</td>
</tr>
<tr>
<td>Human resources related reports</td>
<td>Introduction of new personnel system</td>
</tr>
<tr>
<td>Business platform restructuring</td>
<td>Review of matrix management structure and corporate restructuring</td>
</tr>
<tr>
<td>Risk management report</td>
<td>Selection of conduct risks, system risks, geopolitical events, and risks related to climate change as themes to be addressed in the Risk Appetite Statement for FY2019/20</td>
</tr>
<tr>
<td>Compliance reporting</td>
<td>Most recent events, money laundering and counter-terrorism financing measures. Establishment of a special investigation team under the supervision of the audit committee for improper communication of information</td>
</tr>
</tbody>
</table>
Reinforcing the corporate governance system
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 2010, two additional Outside Directors from abroad joined the Board of Directors, which is now comprised of a majority of Outside Directors. In 2015, we established “Nomura Holdings Corporate Governance Guidelines” to provide a mechanism for enhancing our established “Nomura Holdings Corporate Governance Code”. In addition, the current status of compliance with the Corporate Governance Code is disclosed in the Corporate Governance Report.

Nomura’s corporate governance initiatives
<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio of Outside Directors</th>
<th>Ratio of female Directors</th>
<th>Ratio of non-Japanese Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>36%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2019</td>
<td>60%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Nomura Holdings Corporate Governance Guidelines [https://www.nomuraholdings.com/company/cg/data/cg_guideline.pdf]
Corporate Governance Report [https://www.nomuraholdings.com/company/cg/data/cg_report.pdf]

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 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.
Through evaluation of these discussions and findings, we found our Board of Directors to be an effective and well-functioning group. As a company with a “Three Board Committees” structure, we ensure the flexibility of our Directors’ executions, and we are enhancing the ability to utilize of all members’ expertise either during or outside of Board of Directors meetings, to further enrich the function of the Board of Directors.

Evaluation items
1. Constitution and management of the Board of Directors
2. Information provision to the Board of Directors
3. The Board of Directors’ involvement in management goals and strategy
4. The Board of Directors’ function ability to oversee management
5. Constitution and management of the Nomination, Audit and Compensation Committees
6. Monitoring of the state of dialogues with stakeholders
7. Management of Outside Directors Meetings, etc.

Response to results
In response to the growing global interest in preventing money laundering, Nomura Group substantially increased its compliance reporting, including these initiatives at the Board of Directors.
At the Executive Officers’ and Executive Officers’ Meeting, where outside directors also attend, the BDGs were taken up as a theme, and discussions were held on the relationship with Vision 0 & C, the sustainable growth model that Nomura should aim for, priority issues, and measures to solve them.

Succession plans for post Group CEO and other executives
Our Company is constantly striving to develop and select the next generation of management in order to ensure the sustainable development of the company.
The Group CEO reports his succession plans to the Nominating Committee each year. The succession plan includes ideas about the qualifications required to be the Group CEO, a business execution system that considers business environment and cultivating successors, an assessment of the current business execution system, and specific succession plans. The Nominating Committee discusses succession plans and their implementation from an independent and objective perspective. Based on the report of the Nominating Committee, the Board of Directors decides on the appointment of the Group CEO and other Executive Officers. On the other hand, the Board of Directors dismisses the Group CEO and other executive officers when it deems it appropriate to dismiss them immediately, for example, when it determines that the Group CEO or other executive officers may not be able to fulfill their duties sufficiently.
Basic policy for strategic shareholdings

Over the past 20 years, Nomura Group has consistently reduced its investments in strategic shareholdings that are not used for pure investment purposes. As of end of March 2019, our Company held 276 companies’ stocks, total assets recorded on the balance sheet is ¥111 billion (total market value of holdings) and represented only 4.3% of our Tier 1 capital.

We have ongoing discussions concerning the value of strategic shareholdings. Regarding strategic shareholdings, we balance the risks and costs involved in holding such shares with potential benefits into business strategy, such as additional opportunities to increase the revenues of our businesses through expansion of transactions, or business alliances with partners whose shares are held, and Nomura shall hold such shares only if such shareholdings will contribute to maintain or enhance the corporate value of the Nomura Group.

These topics are discussed by the Strategic Shareholders Discussion Committee established by Board of Directors. As a result, we will proceed with the sale of stocks when the sale has been determined to be reasonable upon consideration of the impact on the market and other circumstances.

Basic policies for strategic shareholdings described above and others are written in Article 25 and Article 26 of the Nomura Holdings Corporate Governance Guidelines.

### Internal Controls System

We are enhancing our internal controls to ensure appropriate corporate behaviors throughout the Group are made in an effort to deliver 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 businesses, which are then reviewed and monitored by risk management teams. They also encourage development of management frameworks. Finally, the Internal Audit department, which is independent from business execution, conducts their internal audit (This is commonly referred to as the “Three Lines of Defense” approach. See page 54 for details).

The status of the internal audits is reported to the “Internal Controls Committee” chaired by the Group CEO and attended by members of the Audit Committee. Deliberations of the Internal Controls Committee are reported to the Board of Directors. The Audit Committee collaborates directly with the Internal Audit department and submits reports to the Board of Directors.

To strengthen the independence of the Internal Audit department from business execution functions, and implementation plans, their budget formulation and the election and dismissal of their heads require the consent of the Audit Committee.

### Structure of Nomura Holdings’ internal controls system

<table>
<thead>
<tr>
<th>Oversight</th>
<th>Board of Directors</th>
<th>Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Execution</td>
<td>Group CEO</td>
<td>Executive Management Board</td>
</tr>
<tr>
<td>Internal Controller</td>
<td>Internal Audit (A)</td>
<td>Second line of defense</td>
</tr>
<tr>
<td></td>
<td>Internal Controls Committee</td>
<td>First line of defense</td>
</tr>
</tbody>
</table>

Note: Internal Controls Committee. The Committee deliberates and determines matters regarding the establishment and execution of internal controls for the Nomura Group’s business management structure as well as matters regarding the improvement of corporate behavior. Upon the consent of the Audit Committee, the Committee approves the internal audit plans, the budget regarding the internal audit, and elects and discharges the head of the Internal Audit Division. The Committee is comprised of Group CEOs (person(s) assigned by Group CEO, members of Audit Committee designated by the Audit Committee and Director) designated by Board of Directors.

Corporate Governance

Compensation for Directors and Executive Officers

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

**Compensation Policy of Nomura Group**

To enable us to achieve sustainable growth, realize a long-term increase in shareholder value, deliver added value to our clients, compete in the global market, and enhance our reputation, our compensation policy is based on the following aims.

1. Align with Nomura’s values and strategies
2. Reflect group, divisional, and individual performance
3. Establish appropriate performance measurement with a focus on risk
4. Align employee and shareholder interests
5. Appropriate compensation structures
6. Ensure robust governance and control processes

**Compensation Framework for Directors and Executive Officers**

The compensation of Directors and Executive Officers comprises fixed compensation and variable compensation, 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. In addition, the deferred compensation may not be paid or may be forfeited under certain circumstances.

### Compensation paid to Directors and Executive Officers (FY2018/19)

<table>
<thead>
<tr>
<th>Position</th>
<th>Directors</th>
<th>Executive Officers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of People**</td>
<td>10 (8)</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Basic Compensation**</td>
<td>251 (127)</td>
<td>607</td>
<td>858</td>
</tr>
<tr>
<td>Bonus</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Deferred Compensation**</td>
<td>42</td>
<td>466</td>
<td>508</td>
</tr>
<tr>
<td>Total (millions of yen)</td>
<td>293 (127)</td>
<td>1,073</td>
<td>1,366</td>
</tr>
</tbody>
</table>

* The number of people includes 2 Directors who retired in June 2019. There were 8 Directors and 6 Executive Officers as of March 31, 2019. Compensation to Directors who were concurrently serving as Executive Officers is included in that of Executive Officers.
* 1 basic compensation of ¥64 million yen includes other compensation (comprehensive leave allowance of ¥12 million yen).
* In addition to basic compensation, 24 million yen of corporate housing costs, such as housing subsidies and related tax adjustments, were provided.
* Deferred compensation (such as stock options) granted during and prior to the fiscal year ended March 31, 2019, were recorded as compensation. They have been calculated as an expense in financial statements for the fiscal year ended March 31, 2019.
* Consolidated Balance Sheet (the Company paid ¥3 million yen to Subsidiary Liebrecht in compensation, etc. for their departure before those calculations). For the fiscal year ended March 31, 2019.

For more information, please visit the Nomura website (https://www.nomuraholdings.com/company/compensation.html).
1. Nobuyuki Koga
Chairman of the Board of Directors
Member of the Nominating Committee/Member of the Compensation Committee

2. Hisato Miyashita
Director
Member of the Audit Committee (Full-Time)

3. Hiroshi Kimura
Outside Director
Chairman of the Nominating Committee/Chairman of the Compensation Committee/Honorary Company Fellow of Japan Tobacco Inc.

4. Kazuhiro Ishimura
Outside Director
Member of the Nominating Committee/Member of the Compensation Committee/Chairman of AGC Inc.

5. Noriaki Shimazaki
Outside Director
Chairman of the Audit Committee/Advisor of the IFRS Foundation Asia-Oceania Office/Former Representative Director and Executive Vice President of Sumitomo Corporation

6. Mari Sono
Outside Director
Member of the Audit Committee/Certified Public Accountant/Former Commissioner of the Securities and Exchange Surveillance Commission

7. Michael Lim Choo San
Outside Director
Former Executive Chairman of PricewaterhouseCoopers, Singapore

8. Laura Simone Unger
Outside Director
Former Commissioner and Acting Chairperson of the U.S. Securities and Exchange Commission (SEC)

9. Koji Nagai
Representative Executive Officer and President Group CEO

10. Shoichi Nagamatsu
Representative Executive Officer and Deputy President

As of June 30, 2019
## Executive Officers and Senior Managing Directors of Nomura Holdings (As of June 30, 2019)

### Executive Officers
- **Representative Executive Officer, President and Group CEO**
  - Koji Nagai
- **Representative Executive Officer, Deputy President**
  - Shoichi Nagamatsu
- **Deputy President and Group COO**
  - Kentaro Okuda
- **Executive Managing Director and Group COO**
  - Toshio Morita
- **Executive Managing Director, Head of Asset Management**
  - Junko Nakagawa
- **Executive Managing Director, Chief Risk Officer (CFO)**
  - Yuji Nakata
- **Executive Managing Director, Chief Compliance Officer (CDO)**
  - Tomoyuki Teraguchi
- **Executive Managing Director, Chief Financial Officer (CFO)**
  - Takumi Kitamura

### Senior Managing Directors
- **Retail**
  - **Head of Retail**
    - Satoshi Arai
  - **Retail Division Asia Wealth Management (based in Singapore)**
    - Yuji Hibino
- **Wholesale**
  - **Head of Wholesale (based in London)**
    - Steven Ashley
  - **Global Head of Investment Banking**
    - Yo Akatsuka
  - **Deputy Head of Global Markets (based in Singapore)**
    - Rig Karkhanis
  - **Deputy Head of Global Markets (based in New York)**
    - Jonathan Raiff
  - **Investment Banking (based in Hong Kong)**
    - Kenji Teshima
- **Merchant Banking**
  - **Head of Merchant Banking**
    - Masahiko Maekawa

### Future Innovation Company
- **Head of Future Innovation Company and Brand Strategy (Joint)**
  - Hajime Ikeda
  - **Deputy Head of Future Innovation Company and Innovations**
  - Chuzaburo Yagi

### Global Head of Human Resources
- **Global Head of Global Markets**
  - Yutaka Nakajima
- **Global Head of Group Corporate Communications and Brand Strategy (Joint)**
  - Go Sugiyama
- **Global Head of Group Corporate Communications and Brand Strategy (Joint)**
  - Go Sugiyama
- **Global Head of Corporate Communications and Brand Strategy (Joint)**
  - Go Sugiyama

### Executive Managing Director, Chief Financial Officer (CFO)
- **Takumi Kitamura**

### Executive Managing Director, Chief Financial Officer (CFO)
- **Takumi Kitamura**

### Outside Directors of Major Subsidiaries in Japan (As of June 30, 2019)
(Nomura Securities Co., Ltd. / Nomura Asset Management Co., Ltd.)

### Nomura Securities Co., Ltd.
- **Outside Director**
  - Advisor Attorney of TMI Associates, Former Superintending Prosecutor
    - Toshiaki Hiwatari
- **Outside Director**
  - Former Chairman of the Board of Directors of Kao Corporation
    - Motoki Ozaki

### Nomura Asset Management Co., Ltd.
- **Outside Director**
  - Board Chairperson of NPO Triton Arts Network
    - Rikio Nagahama
- **Outside Director**
  - Of-Counsel, Attorney-at-Law, Anderson Môri & Tomotsune
    - Akiko Kimura
Compliance

Compliance is a top management priority for Nomura Group, and the Code of Ethics of Nomura Group defines our fundamental policy on compliance. The management and employees of the Group pledge to abide by the rules stated in this code once each year. Also, we have established “Nomura Founding Principles and Corporate Ethics Day” as a day for management and employees annually to reaffirm our corporate culture and corporate ethics, underpinned by Our Founder’s Principles, the lessons learned from past incidents, and renew our determination to prevent the recurrence of such incidents and to gain and maintain the trust of society. We will not limit ourselves to compliance with laws, regulations, and other rules. We will ensure that all executives and employees understand that “Compliance” is to act on a principles basis and with good sense in accordance with the norms and ethics required by society as a financial institution, and to fulfill the roles expected by society.

Nomura Securities’ compliance structure

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. The Company has established an Internal Control Committee chaired by the President. The Committee oversees Company-wide initiatives and is in charge of establishing and deliberating on important issues related to internal controls. It also has established the post of Internal Administration Supervisor to monitor compliance issues in line with Japan Securities Dealers Association’s rule as well as Sales Managers and Internal Administrators. To raise awareness of compliance among employees in each department and branch and to promote business operations that comply with laws and regulations, Administrative Compliance Officers have been also appointed. The Compliance Division, which strengthens and improves legal and regulatory compliance as well as the internal controls system by formulating internal rules and disseminating them throughout the Company, has been established. It also monitors the status of compliance with rules at each department and branch, and if problems are found, measures are taken to improve the compliance with laws and regulations and the internal control system.

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. As the second line of defense, compliance supports risk management measures taken by the first line of defense, independently monitor risks, and keep trading and sales departments in check as needed.

Compliance framework

We have appointed the Chief Compliance Officer to oversee compliance for the Group as a whole along with a Group Compliance Department that provides support. In addition, Compliance Officers, who report compliance-related matters in accordance with the instructions of the Chief Compliance Officer 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.
Managing compliance risk

Nomura Group defines compliance risk in its “Risk Appetite Statement”. We are aware that each and every executive and employee is responsible for compliance and risk management, and each of us strives to manage compliance and risk independently. We have also defined conduct risk in the “Risk Appetite Statement” and positioned it as a management theme that we will focus on. Furthermore, in order to disseminate throughout the Group, the concept of the Code of Conduct, which meets the roles expected by society as a financial institution, and to establish a system to maintain and improve self-discipline, we established the “Conduct Risk Management Policy.”

Definition of compliance risk

Compliance risk is the risk that a Nomura Group company incurs economic loss or damage to reputation through any of the following conduct by a Nomura Group executive or employee, regardless of legal or regulatory disposition:

- Violations of laws and regulations applicable to business activities
- Inappropriate behavior that deviates from social norms and ethics required of financial institutions

In particular, any risk that a financial institution deviates from the social norms and ethics required of it, and as a result, adversely affects customer protection and the soundness of the market, is referred to as “conduct risk.”

Legal compliance measures

Maintenance of compliance framework and enhancement of management systems

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 executives without delay, and organizations and systems are structured to respond appropriately. Furthermore, in order to respond to the trust of society and clients in the Group and contribute to the further development of the financial and capital markets, we will continuously review and improve the effectiveness of our internal systems and rules so that all executives and employees can conduct business with a higher sense of ethics in addition to complying with laws and regulations.

Fostering a corporate culture that pursues compliance

Nomura Group aims to earn the trust of its clients, be selected as a true partner, and contribute to the creation of an affluent society through the development of financial markets. To achieve this, we have established a Code of Conduct that protects clients and ensures market fairness. We are working to foster and establish a corporate culture that goes beyond legal compliance to pursue appropriate business practices and conduct.

Major Initiatives of Nomura Securities

- Top management sends messages on the company intranet as needed to raise compliance awareness and share information about misconduct.
- Recognizing desirable actions in order to foster employees’ efforts to promote compliance.
- Stimulating internal communications through initiatives such as promoting dialogue between executives and all employees to share the vision for Nomura’s future.
- In order to reflect on past scandals and raise awareness of legal compliance, we set August 3 every year as “Nomura Founding Principles and Corporate Ethics Day” and implemented initiatives to reconfirm our ideals through discussions among employees.

Carrying out Compliance Training

Nomura Securities conducts comprehensive compliance training for all executive officers and employees on topics such as anti-money laundering and combating the financing of terrorism, conflict of interest management, insider trading prevention, firewalls, regulations, and guidelines for managing customer information. We are working to raise the level of legal knowledge among executives and employees, raise compliance awareness, and foster a corporate culture of pursuing appropriate business practices.

Nomura Securities’ Primary Initiatives

- Training for Sales Managers, Internal Administrators, and employees of internal administration department, as well as quality improvement training for securities sales representatives.
- Training for branch managers, general administration managers, new employees, newly appointed personnel, and others, aimed at increasing knowledge and deepening the understanding of compliance.
- Supplementary compliance education and drills during various training sessions and meetings.
- Training for Administrative Compliance Officers.
- Monthly Compliance Hour at branch offices and departments.

*In general, high-level and every employee throughout the Company are dedicated to the correct full compliance, training sessions are held once a month in the head office and all offices of Nomura Securities.

Compliance Hotline

In order to ensure an effective compliance framework at each Nomura Group company, the firm has established and implemented a robust structure that includes a point of contact that is independent from management. 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 Nomura Group Compliance Hotline (informants may report through external and independent channels and have the option of remaining anonymous).

The hotline is available 24 hours a day, seven days a week, and is fully bilingual (English and Japanese). We use internal communication channels to ensure that all employees are familiar with the Compliance Hotline and encourage them to use the reporting system as necessary. We believe this will contribute to building a healthy corporate culture and further enhance awareness of ethics and professional conduct. By promoting the use of the Compliance Hotline, we are working to foster an atmosphere in which anyone who feels something is wrong can “say something.” In FY2018/19, there were 84 calls received via the Compliance Hotline, and in all cases a thorough review was conducted and appropriate measures were taken.

Compliance Hotline Flow Chart

Offering High-Quality Financial Services

Nomura Securities seeks to enhance the quality of financial products and services offered to customers under the Guidelines for Financial Instruments Business Supervision. To this end, the firm has implemented various initiatives that include the following:

Nomura Securities’ Primary Initiatives

- Appointing officers to oversee internal controls, compliance, etc., including Internal Administrators and Administrative Compliance Officers, and developing systems to ensure compliance and the appropriateness of operations.
- Thoroughly screening account openings and conducting proper examinations when underwriting securities.
- Carefully reviewing product details and taking action to provide accurate and comprehensive information.
- Conducting sales and solicitation activities in compliance with the Financial Instruments and Exchange Act and laws and regulations governing each operation with an overall understanding of the customer’s knowledge of financial instruments and financial status.
- Structuring systems that establish guidelines for sales to senior customers and requiring compliance with these guidelines.
- Ensuring thorough compliance with laws, regulations, and internal rules through regular training.

Ensuring fair financial business practices

Eliminating Anti-Social Forces

In order to eliminate anti-social forces Nomura Group outlines in “Code of Ethics of Nomura Group,” Nomura must reject all interaction with anti-social forces, groups, and our fundamental policy is to eradicate all ties with anti-social forces. The “Code of Ethics of Nomura Group” is applicable to all management and employees globally.

Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

Nomura group has established the Code of Ethics, which requires all employees to understand and comply with the letter and spirit of all applicable laws, rules and regulations including AML. Nomura has also established the Nomura Group Anti-Money Laundering and Combating the Financing of Terrorism Policy which is a global regulation on AML/CFT, and specified the common rules to be established in each region and subsidiary, such as customer management programs. The firm continues to enhance its group-wide...
governance framework through observing international regulatory trends such as the Financial Action Task Force’s (FATF) recommendations on AML/CFT, in addition, while giving due consideration to the laws and regulations of each country, we have established specific standards that must be complied with. These standards are applicable to the entire Group covering important areas such as customer due diligence and measures against sanctions. In April 2018, Nomura Group established the "Anti-Money Laundering Department," a department dedicated to AML/CFT. The department was reformed into "Financial Crime Department" in April 2019 with the aim of establishing an integrated governance structure on the initiatives undertaken by Nomura Group as a whole, and establishing an effective compliance framework.

Furthermore, a risk-based approach has been adopted beneficial owners, etc. In addition, we require purpose of the transaction, nature of the business and corporate clients, the due diligence covers the name, birth, purpose of transaction, occupation, etc. For including (but not limited to) name, address, date of risk assessment based on a risk-based approach, Nomura Securities, in accordance with "Act on the Concrete measure on Anti-Money Laundering regulations of each country, we have established regulatory trends such as the Financial Action Task Force, undertakes the Group Conflicts of Interest Management Policy" so that we can conduct transactions with peace of mind. Specifically, each Group company has established a conflict of interest management system based on the "Nomura Group company, etc. (insider), we first confirm that there are no insider registration card and whether transactions by a related party of a listed company, etc. (insider), we first confirm that there are no conflicts of interest, and Nomura Holdings’ Group Compliance Dept., which is the department in charge of managing conflicts of interest, examines whether there is a risk of conflicts of interest within Nomura Group. If a conflict of interest is found, the Group Compliance Dept. appropriately manages such transactions that involve conflicts of interest by, for example, setting up information barriers and implementing measures to block information, changing terms or methods of transactions, discontinuing transactions, disclosing information to customers, or monitoring those who share information regarding transactions.

Examining Unfair Market Manipulation
At Nomura Securities, we examine transactions on a daily basis to determine whether there is a risk that transactions conducted by us or on behalf of us could constitute unfair trading, such as market manipulation, intentional market formation, or insider trading. Trading examinations are conducted in two stages. In the first stage, data extracted based on laws and regulations are added to our own standards to extract transactions suspected of unfair trading. In the second stage, transactions extracted in the first stage are examined from various angles, including account information and market information. Based on the review, we interview and give warnings to those who engage in transactions that are suspected of being unfair or suspicious transactions to the authorities. The audit results are recorded and monitored on an ongoing basis when it is determined that a recurrence is likely. In addition, we regularly analyze the examination results and verify the effectiveness of the examination process in order to build and maintain an appropriate trading management system.

Prevention of Insider Trading
Based on laws and regulations, Nomura Securities prohibits insider trading and operates a system to prevent unfair or suspicious transactions. In order to prevent insider trading, we have prepared an insider registration card. When accepting an order from a related party of a listed company, etc. (insider), we first confirm that there are no undisclosed material facts and then report the content of the order to the Internal Administrators and obtain his/her approval. Also, we regularly check whether there are any changes or omissions in the content of the insider registration card and whether transactions by insiders are properly approved and reported.

Furthermore, Nomura Securities has established the "Regulations on Corporate Confidential Information Management" which provides for the management and reporting systems of corporate information, etc., as well as prohibitions against accepting orders knowing in full compliance with the Personal Information Protection Act and other related laws and regulations. For further information, please refer to our website.

Effective Protection of customers’ personal information and other information assets of the Group
The Nomura Group Information Security Policy provides the basic principles for appropriately protecting information assets. Each Group company has its own information security-related regulations in accordance with this basic policy. We are also working to enhance the management of information provided to customers in accordance with the characteristics of each company’s business activities. In particular, 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. In order to establish measures for handling information, a management system is in place that consists of a series of countermeasures which prevent information leakage or misuse in all business activities. For further information, please refer to our website.
Risk Management

Nomura Group has established processes to accurately identify risks arising from all types of operations and trading, and is working to bolster risk evaluation and the risk management framework.

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.

Setting risk appetite and guidelines for:

| Capital adequacy and balance sheet measures | 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. |
| Liquidity risk | to maintain sufficient liquidity to survive a severe liquidity situation and to comply with regulatory requirements. |
| Market risk and credit risk | to manage market risk and credit risk within wholesale businesses. |
| Operational risk | to understand and mitigate the impact and likelihood of operational risk events assumed in the course of conducting business. |
| Compliance risk | to promote proper understanding and compliance with the letter and spirit of all applicable laws, rules and regulations and avoid misconduct. |

Key risk types
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.

Implemented frameworks to evaluate and control the possibility of risks arising from the firm’s operations and transactions.

Quantifying risks as much as possible.

Taking a prudent approach to risks which are outside the area of experience and knowledge, and those that are difficult to control by hedging or other mitigating actions.

<table>
<thead>
<tr>
<th>Division/Business</th>
<th>Market risk</th>
<th>Credit risk</th>
<th>Model risk</th>
<th>Unhedged risk</th>
<th>Operational risk</th>
<th>Compliance risk</th>
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**Risk Management Governance and Oversight**

Risk management oversight is carried out by the committees comprising members of senior management. The Global Integrated Risk Management Committee (GIRMC) for example, deliberate and decide on risk management issues material to the firm.

- **Board of Directors**
- **Executive Management Board**
- **Group Integrated Risk Management Committee**
- **Global Portfolio Committee**
- **Global Transaction Committee**
- **Chief Risk Officer**
- **Collateral Steering Committee**
- **Global Risk Analytics Committee**
- **Model Risk Analytics Committee**
- **Asset Liability Committee**

**Key Committees**

**Group Integrated Risk Management Committee (GIRMC)**
- Upon delegation from the Executive Management Board (EMB), the GIRMC establishes the Global Portfolio Committee (GPC) to deliberate and determine significant matters concerning integrated risk management of Nomura to ensure the sound and effective management of its businesses.
- GIRMC establishes Nomura’s risk appetite and a framework of integrated risk management consistent with Nomura’s risk appetite.
- GIRMC supervises Nomura’s risk management by establishing and operating its risk management framework.
- GIRMC reports the status of key risk management issues and any other matters deemed necessary by the committee chairman to the Board of Directors and the EMB.
- Upon delegation from the EMB, the GIRMC establishes the Risk Management Policy, describing Nomura’s overall risk management framework including the fundamental risk management principles followed by Nomura.

**Asset Liability Committee (ALCO)**
- Upon delegation from the EMB and the GIRMC, the ALCO deliberates on or determines all matters in relation to the management of a specific portfolio, for the purpose of achieving a risk profile consistent with the risk allocation and risk appetite of Nomura. The portfolio consists of businesses and products that fall within at least one of the three following categories: event financing, term financing and asset-based financing.

**Global Transaction Committee (GTC)**
- Upon delegation from the GPC, the GTC deliberates on or determines individual transactions in line with Nomura’s risk appetite determined by the GIRMC and thereby assures the sound and effective management of Nomura’s businesses.

**Collateral Steering Committee (CSC)**
- The CSC deliberates on or determines Nomura’s collateral risk management, including concentrations, liquidity, collateral re-use, limits and stress tests, provides direction on Nomura’s collateral strategy and ensures compliance with regulatory collateral requirements.

**Global Risk Analytics Committee (GRAC) and Model Risk Analytics Committee (MRAC)**
- The GRAC and the MRAC deliberate on or determine matters concerning the development, management and strategy of risk models and valuation models, respectively. The primary responsibility of these committees is to govern and provide oversight of model management, including the approval of new models and significant model changes.

**Examples of stress scenarios**

- **Assessment of capital adequacy under the scenario that a serious economic situation that occurred in the past happens again**
- **Assessment of the impact on Nomura’s earnings of extreme economic conditions that could occur in the future**

**How Stress Testing Works**

- **Case Scenario**
  - Serious global financial crisis triggered by the failure of a major financial institution.
  - Impact on the market is estimated by referring to past cases; i.e., “flight to quality” causing stock prices to plunge, government bond yields to fall, the appreciation of the Japanese yen and depreciation of currencies from emerging economies in FX market. In order to increase the feasibility of the scenario, the latest market environment is reflected.

- **Assumption of Stress Scenarios**
  - Based on the assumption that the case scenario has just occurred, the amount of potential losses from trading activities, unrealized losses on investment securities, significant decline in profits due to the loss of business opportunities, and losses caused by counterparties defaults are calculated.

- **Analysis of Stress Scenarios**
  - Examine if the minimum capital adequacy ratio is maintained under the stressed conditions; also consider the level of capital buffers need to be maintained in normal times.

**Nomura**

**Strategies for Value Creation**

Corporate Information / Data

**Strengths Supporting Value Creation**

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**2019Annual Report**

**https://www.nomuraholdings.com/investor/library/sec/FORM20-F.html**
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 addition, in the financial sector digitalization is proceeding at an accelerating pace. The connection of all financial systems to networks may increase the cyber security risk. In order to ensure that clients’ information and assets are secured, we have been implementing security measures to protect against such 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, and the Cybersecurity Management Guidelines of the Ministry of Economy, Trade and Industry based on ISO27001 and ISO27002, as references.

### 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 the company’s operational and information assets, as well as systems, promoting cyber security measures from four vantage points: organizational management, system security measures, human-level response, and coordination with outside organizations.

#### Risk Culture In Nomura

Risk is the possibility of suffering unexpected losses caused by any number of reasons. Risks always lurk behind all business activities. Risk management is about getting ahead of the game by estimating the possibilities of “unexpected” things to happen, and preparing for their impact. It’s similar to a physical checkup; checking your vital signs and analyzing data to predict the likelihood of developing a disease, and treating or preventing it as needed. At Nomura Group, we strive to eliminate “unexpected” by analyzing quantified risks and using various measures, including stress tests, to devise contingency plans. However, it is difficult to eliminate “unexpected.” It happens when it happens. Why is that? For one thing, there may be no data to analyze, or too little data to make accurate projections. Another is, that even if the “unexpected” had been expected to some extent, we may have decided that it would not occur or have little impact, and may have lost the flexibility to assume all possibilities. The business environment is constantly changing, and risks are becoming more diverse and complex. For example, as a result of the globalization of economic activity, the political situation of a certain country can affect the entire world. The rapid digitization of business has led to a complicated and sophisticated cybercrime. We are now entering an era in which “unexpected” is social norm. In other words, the probability of facing “unexpected” may be even higher than ever before.

There is no perfect answer to the question of how should we deal with “unexpected.” However, the best way to manage risk and minimize losses is, to use our imagination as much as possible, to know what is likely to happen, how much impact it will have, what preparations we have made, and what is the best way to deal with the “unexpected” should it occur.

At Nomura, we will make full use of our imagination, be prepared well in case of emergency, and strive to build a flexible organization capable of responding to changes in the times and environment.

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**Crisis Management Committee**

- **Executive Management Board**
- **Board of Directors**

**Office of Crisis Management Committee**

- **Chief Risk Officer**
- **CSIRT Representative of Nomura Securities**
- **CSIRT Representatives of Nomura Group companies**

**Communication and response to outside parties**

- **Regulating agencies**
- **Police**
- **Media, etc.**

**Organization and information sharing**

- **JPCERT/CC**
- **Securities DEPTCAR Financials ISAC Security experts**

**Cooperation and information sharing**

- **Outside relevant parties**
- **CSIRT of Nomura Group**

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**Organizational structure**

- The Manager of the Group IT Head Office, Nomura Holdings is in charge.
- The organization comprises the CSIRT representatives of each Group company, and its secretariat is in Nomura Holdings’ Group IT Head Office (Crisis Management Division).

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**System security measures**

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.

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**Human-level response**

In accordance with the Nomura Group Information Security Policy, relevant seminars and training programs are regularly provided to all executives and employees and they are kept alert in order to raise their awareness and knowledge about cyber security.

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**Cooperation with outside organizations**

Nomura Group is working to build a system for gathering and sharing information on attackers and their approaches through communication with Financials ISAC Japan, the Financial Services Information Sharing and Analysis Center (FS-ISAC) and other information sharing bodies as well as with cyber security vendors.
Sustainable Finance

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 the Sustainable Development Goals (SDGs).

Toward developing the ESG bond market

Corporate management efforts in E (Environment), S (society), and G (Governance) are closely watched by institutional investors, and ESG elements are seen as essential for the enhancement of corporate value. In FY2018/19, the number of green bonds and social bonds issued increased significantly in the domestic market. There has also been diversification in terms of issuers, including FILP agencies, companies, and REITs. As a result, FY2018/19 was an active year for ESG investment in the bond market. The International Capital Market Association (ICMA) has released a mapping that links ESG investments with the achievement of Sustainable Development Goals (SDGs), which is expected to further promote sustainable finance in the market. Nomura Group is engaged in sustainable finance in Japan and overseas, and is contributing to the achievement of SDGs using capital markets. In 2017, Nomura Securities established a team dedicated to working on ESG bonds in the Debt Capital Markets Dept., and in 2018 the team got stronger by establishing a global structure. Since February 2018, the Nomura Institute of Capital Markets Research (NICMR) has been holding a series of research meetings comprising outside experts from the public sector, academia, and the private sector to study on the sustainable development of ESG bonds and its market. Following a year of research, the research group released a book entitled “The Era of Sustainable Finance – ESG/SDGs and the Bond Markets” (in Japanese) from Kinzai Institute for Financial Affairs in June 2019. Nomura Group will continue to contribute to the development of the ESG bond market.

Examples of sustainable finance underwriting

First green bonds offering for major general construction company in Japan

In October 2018, Obayashi Corporation became the first major general construction company to issue green bonds, and Nomura acted as bookrunner for the offering. The proceeds from the offering will be used for construction costs of Solar Elevating Platform vessels for solar power generation facilities, onshore wind power generation facilities, and environmentally-friendly buildings (Green Buildings). Obayashi will use the funds to promote its renewable energy business and its environmentally-conscious development business.

First green bond offering for residential mortgages in Japan

The Japan Housing Finance Agency (JHF), an independent administrative institution established to improve living standards through the provision of housing loans, issued a green bond for the use on home loans for new, energy-efficient housing in January 2019. Nomura acted as bookrunner for the offering. The JHF Green Bond was selected for the “FY2018 Pilot Project for Green Bond Issuance” by Japan’s Ministry of the Environment (MOE), and was awarded the “Minister of the Environment Award” (Japan Green Innovation Category) at the Japan Green Bond Awards held by MOE.

Sustainability bond offering for the German state of North Rhine-Westphalia

The German state of North Rhine-Westphalia (NRW) issued a 2.25 billion euro (Approximately 300 billion yen) sustainability bond in March 2019. Nomura acted as bookrunner for the offering. The state of NRW formulated a sustainability strategy in 2016, and promotes the SDGs through the issuance of sustainability bonds, the proceeds of which are invested in education and public services.

In addition to underwriting and selling sustainable finance, in FY2018/19 Nomura Group held seminars on sustainable finance in Tokyo and Osaka, inviting a large number of issuers and institutional investors. We are working to expand sustainable finance in the capital markets by actively providing information to clients.

Contribution through research

The 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 the research and analysis of markets, systems, and trends, and by disseminating its highly specialized outputs, both domestically and internationally. NICMR has also been bolstering its research on ESG- and sustainable finance-related topics, and publishing analysis and commentary in the quarterly magazine “Nomura Journal of Capital Markets.” (in Japanese) 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 ESG investment, both in Japan and overseas. Going forward, as part of our pension investment management consulting, we will continue to provide information that focuses on ESG.

Also, in collaboration with Nomura Research Institute, Index Operations Dept. is considering the development and provision of an index that is composed of green bonds, social bonds, and sustainability bonds as a new sub-index for NOMURA-BPI (Nomura Bond Performance Index). The index is scheduled to be released sequentially starting around autumn 2019.

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Global Energy Policy Change and Climate-Related Financial Disclosure

Nomura Institute of Capital Markets Research

Proposed Laws for Accountable Capitalism for Society and the Environment in United States

Nomura Institute of Capital Markets Research

Japanese Retail Investors and ESG Investment

Nomura Institute of Capital Markets Research

Current Status and Key Points of Low Carbon Transport Related Green Bonds

Nomura Institute of Capital Markets Research

China’s Green Bond Market

Nomura Institute of Capital Markets Research

ESG Indices Today

Nomura Institute of Capital Markets Research

ESG Investment in Overseas Pension Funds (series)

Nomura Institute of Capital Markets Research

Fiduciary Service Research Center, NSC


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 the Sustainable Development Goals (SDGs).

Sustainable Finance

Toward developing the ESG bond market

Corporate management efforts in E (Environment), S (society), and G (Governance) are closely watched by institutional investors, and ESG elements are seen as essential for the enhancement of corporate value. In FY2018/19, the number of green bonds and social bonds issued increased significantly in the domestic market. There has also been diversification in terms of issuers, including FILP agencies, companies, and REITs. As a result, FY2018/19 was an active year for ESG investment in the bond market. The International Capital Market Association (ICMA) has released a mapping that links ESG investments with the achievement of Sustainable Development Goals (SDGs), which is expected to further promote sustainable finance in the market. Nomura Group is engaged in sustainable finance in Japan and overseas, and is contributing to the achievement of SDGs using capital markets. In 2017, Nomura Securities established a team dedicated to working on ESG bonds in the Debt Capital Markets Dept., and in 2018 the team got stronger by establishing a global structure. Since February 2018, the Nomura Institute of Capital Markets Research (NICMR) has been holding a series of research meetings comprising outside experts from the public sector, academia, and the private sector to study on the sustainable development of ESG bonds and its market. Following a year of research, the research group released a book entitled “The Era of Sustainable Finance – ESG/SDGs and the Bond Markets” (in Japanese) from Kinzai Institute for Financial Affairs in June 2019. Nomura group will continue to contribute to the development of the ESG bond market.
As a responsible institutional investor, Nomura Asset Management, aims to support clients in their asset formation and to contribute to the development of a prosperous society. In 2011, we signed onto The United Nations-backed Principles for Responsible Investment Initiative (UN PRI), which provides a framework to incorporate environmental, social and corporate governance (ESG) issues into institutional investors’ decision-making processes. We accepted Japan’s Stewardship Code in 2014 and expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) in 2019, and are promoting initiatives on issues related to ESG. In order to provide more insight into Nomura Asset Management’s stewardship activities, we also publish a Responsible Investment Report.

Establishment of ESG Statement

In March 2019, Nomura Asset Management published its ESG Statement, clarifying its efforts to promote initiatives related to Environmental, Social and Governance (ESG) issues. We recognize that moves toward addressing ESG related issues are becoming increasingly important in supporting the virtuous cycle of the investment chain. As a responsible investor, we expect the companies in which we invest to manage their operations with an appropriate emphasis on material ESG related issues, while we ourselves also conduct our own business activities with a focus on ESG. More specifically, we are stepping up our initiatives to address issues related to climate change, natural capital and corporate social responsibility, based on the understanding that these are key long-term challenges.

Responsibilities of institutional investors to achieve the SDGs and ESG integration

With the rise in ESG investment around the world, including Japan, corporate activities aimed at achieving the United Nations’ Sustainable Development Goals (SDGs) have become a major focus of attention. We consider corporate activities that contribute to solving the environmental and social issues indicated in the SDGs as new business opportunities and expect portfolio companies to reflect these activities in their management strategies. We believe that the supply of funds to companies from institutional investors will help resolve social problems and generate investment returns at the same time, thereby creating a virtuous cycle in the investment chain and helping to build a sustainable society. Meanwhile, Nomura Asset Management’s investment division is working to enhance integration, which is the incorporation of non-financial information in the investment process. This is based on our belief that a portfolio company’s management performance from a financial perspective and its approach to ESG, which is non-financial information, are closely related and impact one another. With respect to ESG assessment, which is the criteria for this, we give our own ESG ratings to portfolio companies based on ESG issues identified by our corporate analysts by individual sector and/or individual companies, as well as information on evaluation results from several external sources. We use these ratings in portfolio origination and management.

Support for “Taking-over Family Business as a Startup”

Nomura Group supports the activities of “Taking-over Family Business as a Startup” (Representative directors: Chie Yomai and Tsukasa Hori). This organization was established in June 2018 to support the development of new businesses for young successors of companies across Japan with the aim of “Creating a culture in which young people can think ‘Entrepreneurs are cool, but business successors are also cool.’” The name “Taking-over Family Business as a Startup” refers to the creation of new value in society through the pursuit of sustainable management by a successor who boldly confronts risks and barriers while challenging new areas such as new business, business transformation, and entry into new markets by utilizing tangible and intangible resources inherited from the previous generation. By collaborating with various organizations in the public and private sectors, the organization aims to create an “Ecosystem for taking-over start-up businesses” that supports the viability of companies that form the foundation of Japan’s competitiveness. At present, Nomura provides venues in Osaka and Tokyo for seminars planned and managed by Aotsuji (the Japanese term for a family business successor), who are members of the organization’s online forum.

In Japan, the number of companies has been decreasing due to the aging of executives and difficulty in finding successors. The Small and Medium Enterprise Agency (SME Agency) estimates that if the current situation is left as is, there might be a total of approximately 6.5 million jobs and approximately 22 trillion yen in GDP lost over the 10 years up to around 2025. Nomura Group is engaged in a variety of initiatives to facilitate “business succession,” which is a serious social issue in terms of revitalizing regional areas.

Summarized of Nomura Asset Management ESG Statement

We encourage portfolio companies to establish appropriate corporate governance structures that lead to a sustainable increase in corporate value.

We expect portfolio companies to appropriately disclose information regarding their management initiatives aimed at solving environmental and social issues.

We use proprietary criteria to assess the initiatives of portfolio companies regarding ESG and reflect the assessment results in our investment decision-making.

We seek to contribute to asset formation by offering investment products and services that help solve ESG issues.

We strive to minimize risks in the supply chain and help solve problems through dialogue with various stakeholders.

Sustainable Finance
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. Nomura Group has been providing financial and economics education to different generations of people, so as to raise individuals’ knowledge and understanding of finance and economics.

Financial literacy for a wide range of people

Nomura Group was among the first in Japan to provide financial and economics education to young people who will lead the next generation, and has been continually doing so over the years. In 2001, we began offering courses for university students, and today, more than 400 employees from our branches all over Japan give lectures at more than 100 universities. In FY2018/19, in addition to classroom study, we introduced new courses that incorporate elements of active learning through group study and discussion, so that students can learn more actively with interest. We also hold classes at elementary schools, junior high schools and high schools throughout Japan. As the government’s curriculum guideline which will be gradually introduced from FY2019/20 aims to enhance “career education,” “entrepreneurship,” and “financial education,” and to lower the age that people become adults in Japanese society, the number of requests from high schools, particularly for large groups of students, such as entire grades and entire schools, is increasing. In addition to the “Talk about your future and money” for learning the basics of asset building, we are providing our original entrepreneurship education program “NOMURA Business Challenge.” Through communication between Nomura Group employees and students, we not only improve financial literacy but also contribute to career education.

In addition, as an opportunity for adults to learn about finance and the economy, we provide employees of private companies and government employees with opportunities to enhance their financial literacy, including offering life planning seminars and workshops on defined contribution pension plans for individuals. In November 2018, we launched “Nomura Financial Academy,” a course that students pay for which allows them to systematically gain practical knowledge in financial and social mechanisms. At the same time, employees look forward to reading reports that evaluate Japanese companies from a fresh perspective based on the sensibilities of young people.

By participating in the Nikkei Stock League, students are made to consider “Their ideal future and society” and learn the meaning of investing in companies that lead to the realization of that ideal future, and realize that they can even solve social problems through investment, form sound capital markets, and support a prosperous society. In the 20th edition, the Nikkei Asia 300 was added to the list of applicable stocks, with the aim of fostering a global perspective. In addition, the Nikkei Stock League has continued to develop, such as linking up with LINE to facilitate the investment learning experience. We will continue to support the Nikkei Stock League, which is creating better ways to learn, making it easier to participate, and continue to evolve.

Nikkei Stock League

Nomura Holdings, Inc. has supported the stock learning contest “Nikkei Stock League” (hosted by Nihon Keizai Shimbun), which will celebrate its 20th anniversary in FY2019/20, as a special partner since the very first year. More than 7,000 students from junior high schools, high schools, and universities participated in the 19th Nikkei Stock League, creating virtual stock portfolios according to their own investment themes and submitting reports. The report written by a group of five first-year students of Senior High School at Komaba, University of Tsukuba, who won the first prize, was titled “Help with Consumption and Overcome Disasters!” The team carefully selected 20 companies that face long-term challenges, such as regional revitalization and reconstruction assistance, and emphasized that support for the disaster-stricken areas through the “supporting consumption” will lead to the sustainability of Japan, a country which frequently faces disasters. Every year, more than 100 Nomura Group employees volunteer to serve as report examiners, evaluating the originality of investment themes and the understanding of economic and social mechanisms. At the same time, employees look forward to reading reports that evaluate Japanese companies from a fresh perspective based on the sensibilities of young people.

In addition, in FY2018/19, we began supporting the “SDGs for School” project to promote SDGs, with the goal of supporting teachers and students who practice education with the aim of creating a sustainable society. In FY2018/19, we held a study session for Nomura employees, inviting Mr. Ryobun Santo, a high school teacher working with Think the Earth, the organization that promotes the program, as an instructor. We put together a video overview of his lecture on the significance of SDGs, expectations for companies, and the possibilities for SDGs education, and posted the video on Nomura Holdings’ website. SDGs conform to our corporate philosophy of “Helping to enrich society through our expertise in capital markets.” Finance and economics play a role in realizing a sustainable society and environment, and have the power to solve the issues highlighted in the SDGs. We will continue to work on financial and economics education to convey this basic philosophy to the next generation.

SDGs for School

Nomura Group is working to achieve the goals set out in the “Sustainable Development Goals (SDGs)” adopted at the UN Summit in 2015, from the perspective of financial and economics education. The Nikkei Future Investment Program (hosted by Nihon Keizai Shimbun), for which Nomura Group is a special supporter, encourages participants to focus on solving various global issues when deciding which companies to invest in.

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Human Resources Strategy

Recruitment and hiring of talented people

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. 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 rehiring employees who previously left Nomura, with the expectation they will hit the ground running. Moreover, Nomura Passport, a new HR program for students enrolled in doctoral programs in science and engineering courses, was introduced in 2018 with the aim of securing personnel with high levels of expertise. By making sure to place these diverse people in positions they are best suited for, we take a personnel management approach that allows each employee to display their capabilities to the fullest.

Introduction of new personnel system

Nomura Securities has decided to introduce a new personnel system in April 2020. In an operating environment marked by great change, such as diversified work styles and digital innovation, we aim to be a company that will continue to be selected by competent and motivated people. As described below, the new personnel system scheduled to be introduced will contribute to expanding opportunities for talented and capable employees to leverage their skills and abilities regardless of their age or the number of years with the Group, supporting each person’s professional career path according to their aptitude.

Outline of new personnel system

1. All General Career Types A, B and C employees will be newly classified (new General Career Types).
2. Bonuses and remuneration will be based on a system that will more appropriately reflect each person’s job responsibilities and performance, regardless of their age or the number of years with the Group.
3. The core of the retirement allowance scheme will be changed from the defined benefits pension plan (DB) to the defined contribution pension plan (DC).

Proper evaluation and compensation

To properly evaluate performance and further the development of personnel, the Group adopts an integrated personnel evaluation system. Employees set their goals at the beginning of each fiscal year, and these goals are aligned with the Group’s strategies as well as competency and behavioral requirements. Employees then meet with their supervisors in the middle and at the end of the fiscal 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 certain personnel in managerial-level positions, depending on the business unit the Group also undertakes a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation. Every employee is provided, in principle once a year, with a 360-degree evaluation.

Global human resources framework

Nomura Group takes an integrated approach to human resources management by employing professional personnel around the world who are capable of providing financial services that meet the diverse needs of clients. Having a pool of employees with a wide variety of career paths and values within the Group, we seek to manage our personnel in a flexible and appropriate manner so that each and every one of our employees can thrive as they collaborate with each other and contribute their skills to the workplace.

Individuals of more than 90 nationalities are currently employed in Nomura Group. This diverse group of people represents our greatest asset. Nomura Group provides equal opportunities, builds a healthy work environment and, under the Code of Ethics of Nomura Group, forbids discrimination based on nationality, ethnic origins, race, gender, age, religion, beliefs, social standing, gender preference, gender identity, disability or any other attribute, so that each and every employee can be active and successful in utilizing her or his capabilities and personal strengths.

By making sure to place these diverse people in positions they are best suited for, we take a personnel management approach that allows each employee to display their capabilities to the fullest.

Introduction of new personnel system

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Human Resources Strategy

Personnel development

To ensure that people with diverse career backgrounds and values can demonstrate their talents, the Group believes that, in addition to human resources development, developing and enhancing a structure for organizational development is important for fostering a vibrant and unified corporate culture. Accordingly, we provide diverse education and training programs to help employees at all levels proactively 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 independent-minded employees. In the Retail Division, a coach (managerial-level employee) is appointed as a mentor to work with the instructor in nurturing sales staff (partners). Moreover, in April 2019, Nomura Development Curriculum was introduced for partners to acquire within a prescribed period of time the skills and knowledge essential for providing services to clients.

To make each employee’s development more visible, Nomura has established and utilizes a framework that brings together the necessary actions and skills to improve performance and achieve targets to clearly indicate the skills to be developed by employees and their evaluators through dialogue. In addition to training programs for new hires, our core personnel development programs in Japan include group training programs based on years of service and job position or according to title and on-the-job training. To support self-driven skills development, we have also introduced a self-study support system that includes a wide range of external training and correspondence courses and voluntary group training on weekends at our own training facilities. Meanwhile, to develop personnel capable of playing an active role globally, we have established study-abroad programs and overseas training programs in which employees themselves determine where they go and what topics they study.

Communication with Employees

Nomura organizes various forums for direct dialogue between management and employees around the world. Town hall meetings and social gatherings are held regularly in each region to provide opportunities for senior management to share the company’s vision, strategy, and philosophy, and for employees to engage in active exchange with senior management with the aim to deepen mutual understanding. As part of our continued efforts to understand how our employees feel about Nomura, we periodically conduct surveys of all Group employees to monitor the status of communication within the organization and their level of satisfaction. We also assess employee engagement through regular surveys, and use the results to enhance ongoing initiatives to help our employees achieve a good balance between work and home and family responsibilities.

Promoting Work Style Innovation 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,” among other measures to establish an employment environment in which female employees can thrive. These initiatives include a mentoring program for managers, a sponsorship program in which executive officers support management candidates, career design training programs for management candidates, and social events with senior employees who can 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.

LGBT

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 three consecutive years from 2016 to 2018. Moreover, in May 2019, Nomura signed the United Nations Standards of Conduct for Business for tackling discrimination against lesbian, gay, bisexual, transgender and intersex (LGBTI) people. Nomura is the first firm in the financial services industry in Japan to pledge support for the standards of conduct.

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. Nomura Holdings and Nomura Securities have each established the Nomura Group Diversity and Inclusion Committee, chaired by the Deputy President and Group Co-COO and by the Representative Director, Deputy President respectively. The committee comprises 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, and adopted “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 for balancing work and family care.

Nomura has three autonomously and globally run networks also provide opportunities for interaction both internally and externally. These networks also provide opportunities for interaction both internally and externally.

Supporting women’s careers

Nomura Securities has set a quantitative target of 550 female managers by 2020 and has announced an action plan to help women thrive in the company. Nomura has also pursued initiatives to achieve quantitative targets, including support for female employees’ career-building and support for balancing their careers with life events, with quantitative targets.

Our People

https://www.nemakogakogata.co.jp/en/employment/
Financial review and analysis of the fiscal year ended March 31, 2019

Business environment

The global economy grew in both developed and emerging-market nations, but the overall pace of growth in certain countries, regions has slowed. Financial markets were destabilized by concerns over protectionist policies, including the U.K.’s negotiations to leave the EU and U.S.-China trade friction. Major central banks largely acted to tighten monetary policy.

In the U.S., acceleration in real Gross Domestic Product (“GDP”) growth continued from 2017. Personal consumption and government spending grew against a backdrop of tax reforms and fiscal expansion, and capital expenditures were at solid levels. However, the exchange of additional tariffs and retaliatory tariffs between the U.S. and China raised concerns about trade friction in financial markets, and stock prices plunged in late 2018. The Federal Reserve Board (FRB) announced it would halt monetary tightening in 2019, and the U.S. postponement of tariff hikes pushed interest rates sharply lower and stock markets recovered. The Dow Jones Industrial Average rose 7.6% to $25,929 at the end of March 2019, from $24,103 at the end of March 2018. The yield on 10-year U.S. Treasuries fell 33bps to 2.41% at the end of March 2019, from 2.74% at the end of March 2018.

The Euro area economy slowed down from July-September 2018. The largest economy in the Eurozone, Germany, was adversely affected by the slowdown in the Chinese economy and reduced demand for autos in key Eurozone countries.

The DAX index fell 4.7% from €11,526.04 at the end of March 2018 to €12,096.73 at the end of March 2019. In December 2018, the European Central Bank (ECB) decided to end its quantitative easing program at the end of 2018, but in March 2019, it announced that it would maintain its interest rate policy at least until the end of 2019 due to the slowing German economy. With the ECB taking a cautious stance on rate hikes presently, the yield on 10-year German government bonds fell below zero in late March 2019 for the first time since autumn of 2016. In the U.K., companies’ willingness to invest in plant and equipment was weak due to the uncertainty around the U.K.’s departure from the EU. In Asia, real GDP grew 6.6% in China in 2018, down from 6.8% in 2017. Other Asian countries continued to enjoy solid economic growth overall, led by domestic demand. However, markets experienced significant capital outflows as investors avoided risks associated with the U.S. interest rate hike and U.S.-China trade friction.

Japan was also affected by the global economic slowdown driven by U.S.-China trade friction. Personal consumption was also low partly due to a string of natural disasters including heavy rains, typhoons, and earthquakes, which also disrupted supply chains and affected corporate production activity. The Nikkei Stock Average was ¥21,205.81 at the end of March 2019, down 12.9% from ¥23,999.71 at the end of March 2018. In the bond market, the Bank of Japan (BOJ) maintained its framework for quantitative and qualitative monetary easing with yield curve control. The yield on newly issued 10-year Japanese government bonds was largely in the range of -0.10% to 0.15%.

Summary of consolidated results

Net revenue (after deducting interest expenses) for the fiscal year ended March 31, 2019 was ¥1,116.8 billion, down 25% from the previous fiscal year, and net income before income taxes was ¥37.7 billion, and net income attributable to Nomura Holdings shareholders was ¥100.4 billion. EPS for the current fiscal year (diluted net income attributable to Nomura Holdings shareholders per share) was ¥-29.92.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue</th>
<th>Fees from investment banking</th>
<th>Asset management and portfolio service fees</th>
<th>Net gain (loss) on trading</th>
<th>Gain (loss) on private equity investments</th>
<th>Interest and dividends</th>
<th>Gain (loss) on investments in equity securities</th>
<th>Other</th>
<th>Total revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017/18</td>
<td>1,972.2</td>
<td>101.7</td>
<td>245.6</td>
<td>442.9</td>
<td>-0.9</td>
<td>585.7</td>
<td>2.7</td>
<td>221.2</td>
<td>¥1,835.1</td>
</tr>
<tr>
<td>FY2018/19</td>
<td>1,116.8</td>
<td>101.5</td>
<td>245.5</td>
<td>343.0</td>
<td>1.0</td>
<td>777.0</td>
<td>-7.0</td>
<td></td>
<td>¥1,116.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year-End</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018/19</td>
<td>-25.4%</td>
</tr>
</tbody>
</table>

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, repo/hedging agreement and reverse repo/hedging 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, 2019, 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.

Real GDP of the United States, Europe, Emerging and Developing Asia, and Japan over the past five years

Yields on Japanese government bonds over the past 5 years: 10 years, yen/dollar exchange rate, and Nikkei Stock Average

Does not 1. Source: U.S. Department of Commerce; Europe, eurostat; Emerging and Developing Asia, IMF; Japan, Cabinet Office. Fiscal year in Japan and calendar year in other countries.

*2 Source: Bloomberg

*1 Source: U.S. Department of Commerce; Europe, eurostat; Emerging and Developing Asia, IMF; Japan, Cabinet Office. Fiscal year in Japan and calendar year in other countries
Consolidated capital adequacy ratio

The consolidated common equity Tier 1 ratio as of March 31, 2019 was 17.11%, up from 16.53% as of March 31, 2018. This was mainly due to a decline in risk-weighted assets, particularly market risk, as a result of the dissolution of temporary positions held. We have set a medium-term target for the consolidated common equity Tier 1 ratio of at least 11% and is maintaining a sufficient level of capital. The consolidated leverage ratio rose to 5.03% from 4.74% at the end of March 2018. This is mainly due to the adoption of a new method for measuring exposure in the denominator.

# Consolidated capital adequacy ratio

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2017/18</th>
<th>FY2018/19</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>2,500</td>
<td>2,440</td>
<td>-60</td>
</tr>
<tr>
<td>Tier 1 capital</td>
<td>2,666</td>
<td>2,006</td>
<td>-61</td>
</tr>
<tr>
<td>Total capital</td>
<td>2,732</td>
<td>2,652</td>
<td>-81</td>
</tr>
</tbody>
</table>

# Risk-weighted assets

<table>
<thead>
<tr>
<th>Asset class</th>
<th>FY2017/18</th>
<th>FY2018/19</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk-weighted assets</td>
<td>7,736</td>
<td>7,527</td>
<td>-209</td>
</tr>
<tr>
<td>Value obtained by dividing market risk equivalent assets by 8%</td>
<td>4,748</td>
<td>4,211</td>
<td>-537</td>
</tr>
<tr>
<td>Value obtained by dividing the operational risk equivalent assets by 8%</td>
<td>2,638</td>
<td>2,513</td>
<td>-125</td>
</tr>
<tr>
<td>Total risk-weighted assets</td>
<td>15,122</td>
<td>14,252</td>
<td>-871</td>
</tr>
</tbody>
</table>

# Consolidated capital adequacy ratio

| Tier 1 capital           | 16.53%    | 17.11%    | 0.58%        |
| Tier 1 capital ratio     | 17.63%    | 18.28%    | 0.65%        |
| Consolidated capital adequacy ratio | 18.06%    | 18.60%    | 0.54%        |

Return to shareholders

Our basic policy for returning profits to shareholders is to continuously improve shareholder value and pay dividends. A key indicator for dividends is the consolidated dividend payout ratio of 30%, which is calculated on a semiannual basis. Dividends are determined based on a comprehensive review of trends in the regulatory environment in Japan and overseas, including the strengthening of Basel regulations, as well as consolidated performance. The number of dividends is, in principle, two per year (Reference Date: September 30, March 31). We also aim to achieve a total return ratio of at least 50%, including the return to shareholders from the repurchase of treasury stock. Although we recorded a net loss attributable to shareholders in both the first and second half of the year ended March 31, 2019, we decided to pay dividends. In addition to the dividend policy, we also took into account the fact that temporary expenses have depressed business results and stable dividend payments. As a result, the annual dividend was ¥6 per share.

# Overseas business

Consolidated net loss before income taxes for the year ended March 31, 2019 was ¥615.9 billion. Geographically, although Asia and Oceania secured profits, the Americas recorded a loss of ¥114.1 billion and EMEA a loss of ¥56.9 billion. The decline in revenues were driven primarily from a difficult market environment in Fixed Income in addition to increased expenses, including an impairment loss on goodwill attributable to Wholesale, settlement costs related to legacy transactions with the U.S. Department of Justice, and one-time costs associated with reviewing the business portfolio.

# Performance by business unit

## Retail Division

Net revenue for the year ended March 2019 decreased 18% to ¥393.5 billion and income before income taxes decreased 52% to ¥49.5 billion. The decline was due to sluggish trading of stocks and investment trusts as clients’ willingness to invest declined due to the uncertain market environment. The Retail Division continues to transform and strengthen its business model by enhancing the trust of our clients and improving their satisfaction, and being a reliable and dependable financial institution that customers turn to. As a result of our continued success in providing services that meet a wide range of client needs, including asset management, real estate, business succession and financing, our consulting related revenues increased 14% on year. Net inflows of cash and securities was high, exceeding ¥2 trillion, due to the contribution of large-scale financing deals.

## Asset Management Division

In the year ended March 31, 2019, net cash inflows totaled approximately ¥2.2 trillion. This was mainly due to the expansion of ETF (Exchange Traded Funds) and defined contribution pension funds in the investment trust business, and the growth of new investment advisory clients in overseas markets. As a result, the assets under management as of the end of March 2019 reached a record high of ¥3.1 trillion. At the same time, total net revenues decreased 23% to ¥97.8 billion, and income before income taxes decreased 48% to ¥34.2 billion. Although an increase in the assets under management contributed to earnings, cash outflows from some publicly offered investment trusts and management contributed to earnings, cash outflows from some publicly offered investment trusts and valuation losses from changes in the market value of equity interests in American Century Investments negatively impacted performance.

## Consolidated capital adequacy ratio

<table>
<thead>
<tr>
<th>Company</th>
<th>Tier 1 capital</th>
<th>Tier 1 capital ratio</th>
<th>Annual dividend per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014/15</td>
<td>10</td>
<td>1.8%</td>
<td>6</td>
</tr>
<tr>
<td>FY2015/16</td>
<td>13</td>
<td>2.8%</td>
<td>7</td>
</tr>
<tr>
<td>FY2016/17</td>
<td>20</td>
<td>4.0%</td>
<td>10</td>
</tr>
<tr>
<td>FY2017/18</td>
<td>20</td>
<td>4.0%</td>
<td>13</td>
</tr>
<tr>
<td>FY2018/19</td>
<td>20</td>
<td>4.0%</td>
<td>20</td>
</tr>
</tbody>
</table>
### Key Financial Data

#### Net income

<table>
<thead>
<tr>
<th>Year</th>
<th>(billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013/14</td>
<td>1,557.1</td>
</tr>
<tr>
<td>FY2014/15</td>
<td>1,604.2</td>
</tr>
<tr>
<td>FY2015/16</td>
<td>1,395.7</td>
</tr>
<tr>
<td>FY2016/17</td>
<td>1,403.2</td>
</tr>
<tr>
<td>FY2017/18</td>
<td>1,497.0</td>
</tr>
<tr>
<td>FY2018/19</td>
<td>1,161.8</td>
</tr>
</tbody>
</table>

#### Net income before income taxes

<table>
<thead>
<tr>
<th>Year</th>
<th>(billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013/14</td>
<td>361.6</td>
</tr>
<tr>
<td>FY2014/15</td>
<td>346.8</td>
</tr>
<tr>
<td>FY2015/16</td>
<td>165.2</td>
</tr>
<tr>
<td>FY2016/17</td>
<td>322.8</td>
</tr>
<tr>
<td>FY2017/18</td>
<td>328.2</td>
</tr>
<tr>
<td>FY2018/19</td>
<td>100.4</td>
</tr>
</tbody>
</table>

**Notes:**
- Net income attributable to Nomura Holdings shareholders.
- Taxes before income taxes.

#### Income before income taxes

<table>
<thead>
<tr>
<th>Year</th>
<th>(billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013/14</td>
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<tr>
<td>FY2015/16</td>
<td>165.2</td>
</tr>
<tr>
<td>FY2016/17</td>
<td>322.8</td>
</tr>
<tr>
<td>FY2017/18</td>
<td>328.2</td>
</tr>
<tr>
<td>FY2018/19</td>
<td>(37.7)</td>
</tr>
</tbody>
</table>

#### Consolidated capital adequacy, etc.

<table>
<thead>
<tr>
<th>Year</th>
<th>(billions of yen)</th>
</tr>
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<tbody>
<tr>
<td>FY2013/14</td>
<td>10.7</td>
</tr>
<tr>
<td>FY2014/15</td>
<td>24.7</td>
</tr>
<tr>
<td>FY2015/16</td>
<td>(20.7)</td>
</tr>
<tr>
<td>FY2016/17</td>
<td>6.6</td>
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<tr>
<td>FY2017/18</td>
<td>1.9</td>
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<tr>
<td>FY2018/19</td>
<td>(7.2)</td>
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</table>

**Notes:**
- Unrealized gain (loss) on investments in equity securities held for operating purposes.
- Figures for March 2012 were prepared under Basel 2.5 standards. Figures for March 2013 to March 2017 were prepared under Basel 3 standards.

### Geographic Information

<table>
<thead>
<tr>
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<td>Americas</td>
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<td>Europe</td>
<td>48.9</td>
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<tr>
<td>Asia and Oceania</td>
<td>5.2</td>
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<td>Subtotal</td>
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<td>127.6</td>
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<tr>
<td>FY2015/16</td>
<td>74.8</td>
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<td>103.1</td>
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<td>FY2017/18</td>
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<td>FY2018/19</td>
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</table>

**Notes:**
- Retail includes retail banking, retail securities, and trading.
- Wholesale includes wholesale banking, asset management, and investment banking.

### Other Information

<table>
<thead>
<tr>
<th>Year</th>
<th>(billions of yen)</th>
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<tr>
<td>FY2013/14</td>
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<td>FY2017/18</td>
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<tr>
<td>FY2018/19</td>
<td>131.3</td>
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</table>

**Notes:**
- Figures based on the fiscal year-end share price.
- PER (times) = Share price / Earnings per share.
- PBR (times) = Share price / Book value per share.
- Liquidity portfolio = Total assets - Securities purchased under agreements to resell and securities borrowed, divided by Nomura Holdings shareholders' equity.

### Funding and liquidity

<table>
<thead>
<tr>
<th>Year</th>
<th>(billions of yen)</th>
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<td>FY2013/14</td>
<td>892.8</td>
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<tr>
<td>FY2014/15</td>
<td>928.2</td>
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<td>FY2015/16</td>
<td>970.0</td>
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<td>FY2016/17</td>
<td>1,075.2</td>
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<td>FY2017/18</td>
<td>1,161.8</td>
</tr>
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<td>FY2018/19</td>
<td>1,186.9</td>
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</table>

**Notes:**
- Tier 1 capital includes Tier 1 common and Tier 1 preferred capital.
- Tier 2 capital includes subordinated debt, long-term unsecured debt, and long-term subordinated debt.
- CET1 capital ratio is defined as Tier1 capital minus minority interests divided by risk-weighted assets.
- ROE = Net income attributable to Nomura Holdings shareholders / Average shares outstanding.
- B/S = Balance sheet.
### Nomura Report 2019

#### Eleven-Year Consolidated Financial Summary (US GAAP)

<table>
<thead>
<tr>
<th>Period</th>
<th>Operating results</th>
<th>Cash flows</th>
<th>Net income (loss)</th>
<th>Non-interest expenses</th>
<th>Balance sheets (Period end)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td>Cash and cash equivalents</td>
</tr>
<tr>
<td>FY2009/10</td>
<td>309,068</td>
<td>309,065</td>
<td>463,401</td>
<td>431,959</td>
<td>327,129</td>
</tr>
<tr>
<td>FY2010/11</td>
<td>312,408</td>
<td>312,407</td>
<td>453,401</td>
<td>431,959</td>
<td>327,129</td>
</tr>
<tr>
<td>FY2011/12</td>
<td>315,715</td>
<td>315,716</td>
<td>347,135</td>
<td>341,959</td>
<td>327,129</td>
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<tr>
<td>FY2012/13</td>
<td>319,027</td>
<td>319,027</td>
<td>463,401</td>
<td>431,959</td>
<td>327,129</td>
</tr>
<tr>
<td>FY2013/14</td>
<td>323,935</td>
<td>323,936</td>
<td>453,401</td>
<td>431,959</td>
<td>327,129</td>
</tr>
<tr>
<td>FY2014/15</td>
<td>328,877</td>
<td>328,878</td>
<td>347,135</td>
<td>341,959</td>
<td>327,129</td>
</tr>
<tr>
<td>FY2015/16</td>
<td>333,840</td>
<td>333,841</td>
<td>463,401</td>
<td>431,959</td>
<td>327,129</td>
</tr>
<tr>
<td>FY2016/17</td>
<td>338,841</td>
<td>338,842</td>
<td>453,401</td>
<td>431,959</td>
<td>327,129</td>
</tr>
<tr>
<td>FY2017/18</td>
<td>343,795</td>
<td>343,796</td>
<td>347,135</td>
<td>341,959</td>
<td>327,129</td>
</tr>
<tr>
<td>FY2018/19</td>
<td>348,795</td>
<td>348,796</td>
<td>463,401</td>
<td>431,959</td>
<td>327,129</td>
</tr>
</tbody>
</table>

#### Notes

- For the fiscal years beginning April 1 and ending March 31 of the following year.
- Note: This financial summary is prepared solely for convenience. Readers are recommended to refer to Form 20-F.

**Operating results**

- **Revenue:**
  - Commission: $306,803
  - Fees from investment banking: $309,068
  - Asset management and portfolio service fees: $312,408
  - Net gain (loss) on trading: $315,715
- **Cash flows:**
  - Net increase (decrease) in cash and cash equivalents: $319,027
  - Effect of exchange rate changes on cash and cash equivalents: $323,935
- **Net income (loss):**
  - Net income (loss) attributable to NHI shareholders: $328,877
  - Less: Net income (loss) attributable to noncontrolling interests: $(333,840)
  - Net income (loss): $(338,841)

**Balance sheets (Period end)**

- **Cash and cash equivalents:** $343,795
- **Total liabilities:** $348,795
- **Total assets:** $353,895

**Non-interest expenses**

- **Compensation and benefits:** $1,154,471
- **Information processing and communications:** $1,167,770
- **Business development expenses:** $1,170,461
- **Loans and receivables:** $1,173,147
- **Gain (loss) on investments in equity securities:** $1,174,437
- **Interest expense:** $1,175,727
- **Other:** $1,177,017

**Non-interest expenses**

- **Commission:** $306,803
- **Revenue:** $309,068
- **Operating results:** $312,408

**Net income (loss)**

- $315,715
- $319,027
- $323,935
- $328,877
- $333,840
- $338,841
- $343,795

**Table of contents**

- **Operating results**
- **Cash flows**
- **Net income (loss)**
- **Non-interest expenses**
- **Balance sheets (Period end)**

**References**

For the fiscal years ended March 31 in 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 Notebook Page No. 490, entitled "Consolidated Financial Statements."
### Environment, social and governance (ESG) Data

#### Corporate governance

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>No. of people</td>
<td>11</td>
<td>12</td>
<td>11</td>
<td>10</td>
<td>10</td>
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<tr>
<td>Outside Directors</td>
<td>No. of people</td>
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<td>7</td>
<td>6</td>
<td>6</td>
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<td>Non-Japanese Directors</td>
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<td>3</td>
<td>3</td>
<td>1</td>
<td>2</td>
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<td>Female Directors</td>
<td>No. of people</td>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
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<td>Officers (Executive Officers and Senior Managing Directors)</td>
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<td>April 1, 2015</td>
<td>April 1, 2016</td>
<td>April 1, 2017</td>
<td>April 1, 2018</td>
<td>May 1, 2019</td>
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<td>Men</td>
<td>No. of people</td>
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<td>26</td>
<td>27</td>
<td>33</td>
<td>34</td>
<td>33</td>
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<tr>
<td>Women</td>
<td>No. of people</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Ratio of women</td>
<td>%</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Board of Directors meetings</td>
<td>Unit</td>
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<td>FY2014/15</td>
<td>FY2015/16</td>
<td>FY2016/17</td>
<td>FY2017/18</td>
<td>FY2018/19</td>
</tr>
<tr>
<td>No. of times held</td>
<td>No. of times</td>
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<td>10</td>
<td>10</td>
<td>11</td>
<td>10</td>
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<tr>
<td>Average attendance rate</td>
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<td>99</td>
<td>100</td>
<td>99</td>
<td>100</td>
<td>100</td>
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<tr>
<td>Average term of office</td>
<td>Year</td>
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<td>3.3</td>
<td>3.2</td>
<td>3.3</td>
<td>2.7</td>
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#### Contributing to Sound and Sustainable Capital Markets

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<thead>
<tr>
<th>Caseload at Customer Help Desk Department (Nomura Securities)</th>
<th>Unit</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
<th>FY2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total No. of cases</td>
<td>No. of cases</td>
<td>7,010*</td>
<td>5,540</td>
<td>5,767</td>
<td>6,000</td>
<td>7,004</td>
<td>7,843</td>
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<tr>
<td>Complaints No. of cases</td>
<td>No. of cases</td>
<td>4,525</td>
<td>2,837</td>
<td>2,771</td>
<td>2,531</td>
<td>2,479</td>
<td>2,542*</td>
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<tr>
<td>Inquiries No. of cases</td>
<td>No. of cases</td>
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<td>2,768</td>
<td>2,749</td>
<td>3,267</td>
<td>4,147*</td>
<td>4,852</td>
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<tr>
<td>Opinions and requests No. of cases</td>
<td>No. of cases</td>
<td>55</td>
<td>81</td>
<td>128</td>
<td>98</td>
<td>270</td>
<td>237</td>
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<tr>
<td>Other No. of cases</td>
<td>No. of cases</td>
<td>202</td>
<td>156</td>
<td>119</td>
<td>107</td>
<td>158</td>
<td>212</td>
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</table>

#### Contributing to Sustainable Communities

<table>
<thead>
<tr>
<th>Community contribution expenditures</th>
<th>Unit</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
<th>FY2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
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<td>1,457</td>
<td>1,305</td>
<td>1,104</td>
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<td>Million yen</td>
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<td>530</td>
<td>562</td>
<td>451</td>
<td>407</td>
<td>410</td>
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<td>Arts, culture, and sports</td>
<td>Million yen</td>
<td>86</td>
<td>333</td>
<td>102</td>
<td>567</td>
<td>167</td>
<td>476</td>
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<td>Science and academic achievements</td>
<td>Million yen</td>
<td>117</td>
<td>114</td>
<td>120</td>
<td>116</td>
<td>109</td>
<td>230</td>
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<tr>
<td>Community contribution</td>
<td>Million yen</td>
<td>190</td>
<td>161</td>
<td>162</td>
<td>189</td>
<td>261</td>
<td>277</td>
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<td>Million yen</td>
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<td>79</td>
<td>53</td>
<td>33</td>
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<td>Environment</td>
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<td>28</td>
<td>29</td>
<td>21</td>
<td>19</td>
<td>6</td>
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<tr>
<td>Human rights initiatives</td>
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<td>68</td>
<td>56</td>
<td>61</td>
<td>9</td>
<td>18</td>
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<tr>
<td>Other</td>
<td>Million yen</td>
<td>129</td>
<td>113</td>
<td>176</td>
<td>184</td>
<td>185</td>
<td>179</td>
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</tbody>
</table>

* The total volume of learning materials donated to elementary and junior high schools by Nomura Holdings.

#### Developing human resources who respect diversity

<table>
<thead>
<tr>
<th>Education and training expenses</th>
<th>Unit</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
<th>FY2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
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<tr>
<td>Europe</td>
<td>Million yen</td>
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<td>125</td>
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<td>183</td>
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<tr>
<td>Americas</td>
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<td>573</td>
<td>426</td>
<td>299</td>
<td>435</td>
<td>694</td>
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<tr>
<td>Asia-Pacific</td>
<td>Million yen</td>
<td>194</td>
<td>208</td>
<td>219</td>
<td>213</td>
<td>230</td>
<td>247</td>
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</table>

* The total volume of learning materials donated to elementary and junior high schools by Nomura Holdings.

#### Other

- **ESG Data**
  - [Data for FY2018/19](https://www.nomuraholdings.com/en/)
  - [Assurance Statement](https://www.nomura.com/en/toolkit/questions/policies/corporate_information/)

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*Certain subsidiaries and affiliates were not included in the number of participants in internal education and training in Europe, the Americas and Asia-Pacific as the data was compiled based on persons registered through the Wholesale Division's internal training system.*

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* Numbers may differ to those published in prior reports due to changes in the scope of corporate governance or financial management.*

---

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

---

*The increase in the number of consultations in FY2013/14 is due to an increase in the number of consultations about telephone line congestion.*

---

*The percentage increase in the number of school visits in FY2013/14 is due to an increase in the number of consultations about telephone line congestion.*

---

*The total volume of learning materials donated to elementary and junior high schools by Nomura Holdings.*

---

*The total volume of learning materials donated to elementary and junior high schools by Nomura Holdings.*

---

*The percentage increase in the number of participants in internal education and training in Asia-Pacific 2008 has undergone assurance verification by a third party.*

---

*The percentage increase in the number of participants in internal education and training in Europe, the Americas and Asia-Pacific.*
Developing human resources who respect diversity

*1 Employee composition: The Nomura Group is the scope of the totaling (on a consolidated basis). Data for FY2013/14 and prior fiscal years do not cover certain subsidiaries.

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of employees</th>
<th>Total</th>
<th>Composition of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>85,158</td>
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<td>Asia-Pacific: Offices in Hong Kong, Singapore, India, Dalian, and Bangkok</td>
</tr>
<tr>
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<td>13,883</td>
<td>Americas: Offices in New York and Instinet offices</td>
</tr>
<tr>
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<td>15,784</td>
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<td>Europe: Offices in London, Paris, Frankfurt, Zurich, Madrid, Milan, Luxembourg, and Cape Town</td>
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<tr>
<td>Asia-Pacific</td>
<td>12,852</td>
<td>4,980</td>
<td>Japan: Offices in Tokyo, Osaka, Kyoto, Fukuoka, and Sapporo</td>
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</table>

Number of new hires

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of employees</th>
<th>Total</th>
<th>Number of new hires</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of employees</td>
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<td></td>
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<td>2,294</td>
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<td></td>
</tr>
<tr>
<td>Europe</td>
<td>1,024</td>
<td>344</td>
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<tr>
<td>Americas</td>
<td>414</td>
<td>127</td>
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</tr>
</tbody>
</table>

Composition of managers

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of employees</th>
<th>Total</th>
<th>Composition of managers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of employees</td>
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<td></td>
</tr>
<tr>
<td>Japan</td>
<td>7,444</td>
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<td>Asia-Pacific: Offices in Hong Kong, Singapore, India, Dalian, and Bangkok</td>
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<td>Europe</td>
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<td>Americas: Offices in New York and Instinet offices</td>
</tr>
<tr>
<td>Americas</td>
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<td>319</td>
<td>Europe: Offices in London, Paris, Frankfurt, Zurich, Madrid, Milan, Luxembourg, and Cape Town</td>
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<td>Asia-Pacific</td>
<td>1,852</td>
<td>587</td>
<td>Japan: Offices in Tokyo, Osaka, Kyoto, Fukuoka, and Sapporo</td>
</tr>
</tbody>
</table>

Our environment

<table>
<thead>
<tr>
<th>GHG emissions</th>
<th>Unit</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
<th>FY2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan CO2</td>
<td>t-CO2</td>
<td>2,207</td>
<td>2,107</td>
<td>1,986</td>
<td>2,035</td>
<td>1,968</td>
<td>1,301</td>
</tr>
<tr>
<td>Europe CO2</td>
<td>t-CO2</td>
<td>1,131</td>
<td>797</td>
<td>752</td>
<td>72</td>
<td>74</td>
<td>983</td>
</tr>
<tr>
<td>Americas CO2</td>
<td>t-CO2</td>
<td>46</td>
<td>69</td>
<td>72</td>
<td>78</td>
<td>74</td>
<td>983</td>
</tr>
<tr>
<td>Asia-Pacific CO2</td>
<td>t-CO2</td>
<td>143</td>
<td>143</td>
<td>169</td>
<td>173</td>
<td>167</td>
<td>201</td>
</tr>
</tbody>
</table>

Scope 1: Direct emissions

- Japan CO2
- Europe CO2
- Americas CO2
- Asia-Pacific CO2

Scope 2: Indirect emissions

- Japan CO2
- Europe CO2
- Americas CO2
- Asia-Pacific CO2

Scope 3: Emissions from employee travel

- Japan CO2
- Europe CO2
- Americas CO2
- Asia-Pacific CO2

Energy consumption

<table>
<thead>
<tr>
<th>Energy consumption</th>
<th>Unit</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
<th>FY2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct energy consumption</td>
<td>MWh</td>
<td>6,120</td>
<td>4,438</td>
<td>4,201</td>
<td>4,293</td>
<td>3,479</td>
<td>3,804</td>
</tr>
<tr>
<td>Indirect energy consumption</td>
<td>MWh</td>
<td>22,148</td>
<td>21,882</td>
<td>20,236</td>
<td>18,883</td>
<td>18,883</td>
<td>18,883</td>
</tr>
</tbody>
</table>

Water consumption

<table>
<thead>
<tr>
<th>Water consumption</th>
<th>Unit</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
<th>FY2017/18</th>
<th>FY2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>TW</td>
<td>11,729</td>
<td>11,229</td>
<td>10,573</td>
<td>10,654</td>
<td>10,402</td>
<td>10,054</td>
</tr>
<tr>
<td>Europe</td>
<td>TW</td>
<td>26,810</td>
<td>22,182</td>
<td>25,674</td>
<td>27,103</td>
<td>27,206</td>
<td>28,046</td>
</tr>
<tr>
<td>Americas</td>
<td>TW</td>
<td>501</td>
<td>424</td>
<td>355</td>
<td>333</td>
<td>333</td>
<td>333</td>
</tr>
</tbody>
</table>

Purchased steam and heating power

<table>
<thead>
<tr>
<th>Purchased steam and heating power</th>
<th>Unit</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
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<td>424</td>
<td>355</td>
<td>333</td>
<td>333</td>
<td>333</td>
</tr>
</tbody>
</table>

Environmental resource efficiency

<table>
<thead>
<tr>
<th>Environmental resource efficiency</th>
<th>Unit</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
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<td>355</td>
<td>333</td>
<td>333</td>
<td>333</td>
</tr>
</tbody>
</table>

Corporate Information / Data

Strengths Supporting Value Creation

Corporate Information / Data

<table>
<thead>
<tr>
<th>Corporate Information / Data</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

*1 Nomura ESG Data. The Nomura Group is the scope of the totaling (on a consolidated basis). Data for FY2019/20 and prior fiscal years do not cover Nomura Holdings and Nomura Securities. Data for FY2019/20 and prior fiscal years do not cover associated subsidiaries with certain exceptions, such as Nomura Security Public Company, Nomura Securities (Europe) Limited, Nomura Asset Management (Thailand) Limited, Nomura Securities Management (Thailand) Limited, and Nomura Securities Management (Australia) Pty Limited. For financial years before FY2019/20, data for certain subsidiaries may not be available.

*2 New year composition: The Nomura Group is the scope of the totaling (on a consolidated basis). Data for FY2019/20 and prior fiscal years do not cover Nomura Holdings and Nomura Securities. Data for FY2019/20 and prior fiscal years do not cover associated subsidiaries with certain exceptions, such as Nomura Security Public Company, Nomura Securities (Europe) Limited, Nomura Asset Management (Thailand) Limited, Nomura Securities Management (Thailand) Limited, and Nomura Securities Management (Australia) Pty Limited. For financial years before FY2019/20, data for certain subsidiaries may not be available.

*3 Data for FY2019/20 were compiled based on paper purchased from specified suppliers by Nomura Securities for Japan, paper consumed by the London office for Europe, and paper consumed by the India, Hong Kong and Bangkok offices of Asia-Pacific. From FY2014/15, the scope was expanded to include the Bangkok office for Asia, and from A4 paper to all copy paper purchased by Nomura Securities for Japan, the London, Paris, Frankfurt, and Zurich offices for Europe, and the Hong Kong and India offices for Asia. From FY2014/15, the scope was expanded to include the Bangkok office for Asia, and from A4 paper to all copy paper purchased by Nomura Securities for Japan, the London, Paris, Frankfurt, and Zurich offices for Europe, and the Hong Kong and India offices for Asia. From FY2014/15, the scope was expanded to include the Bangkok office for Asia, and from A4 paper to all copy paper purchased by Nomura Securities for Japan, the London, Paris, Frankfurt, and Zurich offices for Europe, and the Hong Kong and India offices for Asia. From FY2014/15, the scope was expanded to include the Bangkok office for Asia, and from A4 paper to all copy paper purchased by Nomura Securities for Japan, the London, Paris, Frankfurt, and Zurich offices for Europe, and the Hong Kong and India offices for Asia. From FY2014/15, the scope was expanded to include the Bangkok office for Asia, and from A4 paper to all copy paper purchased by Nomura Securities for Japan, the London, Paris, Frankfurt, and Zurich offices for Europe, and the Hong Kong and India offices for Asia. From FY2014/15, the scope was expanded to include the Bangkok office for Asia, and from A4 paper to all copy paper purchased by Nomura Securities for Japan, the London, Paris, Frankfurt, and Zurich offices for Europe, and the Hong Kong and India offices for Asia. From FY2014/15, the scope was expanded to include the Bangkok office for Asia, and from A4 paper to all copy paper purchased by Nomura Securities for Japan, the London, Paris, Frankfurt, and Zurich offices for Europe, and the Hong Kong and India offices for Asia.

*4 Data marked with a single asterisk (*) have undergone assurance verification by a third party.

*5 Data marked with a double asterisk (**) have undergone assurance verification by a third party.

*6 Data marked with a triple asterisk (***) have undergone assurance verification by a third party.
We, Ernst & Young ShinNihon LLC, have been commissioned by Nomura Holdings, Inc. (hereafter the “Company”) and have 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, 2019 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” (https://www.nomuraholdings.com/en/data/).

Greenhouse gas (GHG) emissions are estimated using emission 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, Ernst & Young ShinNihon LLC, have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in July 2018, which is based on the fundamental principles of integrity, objectivity, 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 2009. We have met the independence requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants in July 2018, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

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, the International Standard on Assurance Engagements: Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board in December 2013.

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, and 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 Nomura Group, as Asia's global investment bank, has a global network spanning more than 30 countries and regions.

*1 Includes subsidiaries and branches of Instinet

*2 The number of branches will decrease to 156 due to the integration of some branches in August and September 2019.
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: 27,864

Common stock issued: 3,493,562,601 shares

Number of shareholders: 371,292 (Unit shareholders: 350,172)

Listing: The common shares of Nomura Holdings, Inc. are listed on the Tokyo, Nagoya, and Singapore stock exchanges. The shares are also listed on the NYSE in the form of American Depositary Shares (ADIs) evidenced by American Depositary Receipts (ADRs). Each ADR represents one share of common stock.

Securities code: 8604 (Tokyo Stock Exchange), NMR (New York Stock Exchange)

Transfer agent and registrar: Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Department

Depositary for American Depositary Receipts (ADRs): The Bank of New York Mellon

Date of record for dividend payments: September 30, March 31

Share Information (as of March 31, 2019)

Major shareholders (Top 10)*

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Number of shares owned (thousands)*</th>
<th>Ownership (%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>180,391</td>
<td>5.4%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>160,284</td>
<td>4.8%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td>
<td>68,101</td>
<td>2.1%</td>
</tr>
<tr>
<td>Northern Trust Co. (ARPC) Re Silchester International Investors International Value Equity Trust</td>
<td>64,983</td>
<td>2.0%</td>
</tr>
<tr>
<td>JP Morgan Chase Bank 385/151</td>
<td>62,963</td>
<td>1.9%</td>
</tr>
<tr>
<td>State Street Bank West Client-Treaty 505234</td>
<td>54,126</td>
<td>1.6%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 7)</td>
<td>46,435</td>
<td>1.4%</td>
</tr>
<tr>
<td>Northern Trust Co. (ARPC) Re U.S. Tax Exempted Pension Funds</td>
<td>46,059</td>
<td>1.4%</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 1)</td>
<td>45,498</td>
<td>1.4%</td>
</tr>
<tr>
<td>SSBC Client Omnibus Account</td>
<td>42,902</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

* The company has 182,411 thousand shares of treasury stock as of March 31, 2019 which is not included in the major shareholders list above.

* Figures for Number of Shares Owned are rounded down to the nearest thousand and Figure for Percentage of Shares Owned are calculated excluding treasury stock.

Total Shareholder Return (TSR*)

<table>
<thead>
<tr>
<th>Holding Period*2</th>
<th>1 year</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura Holdings</td>
<td>109.5%</td>
<td>80.8%</td>
<td>112.4%</td>
<td>103.8%</td>
<td>72.2%</td>
</tr>
<tr>
<td>TOPIX</td>
<td>130.7%</td>
<td>116.5%</td>
<td>133.7%</td>
<td>154.9%</td>
<td>147.1%</td>
</tr>
</tbody>
</table>

* Figures are calculated by dividing the change in stock price over a given interval by the initial stock price.

** Figures based on the last price of March 31, 2014

Credit Ratings (as of June 30, 2019)

<table>
<thead>
<tr>
<th>Nomura Securities</th>
<th>Nomura Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term</td>
<td>Short-term</td>
</tr>
<tr>
<td>R&amp;I</td>
<td>A+</td>
</tr>
<tr>
<td>JCR</td>
<td>AA-</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A3</td>
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</tbody>
</table>

Standard & Poor’s*:

<table>
<thead>
<tr>
<th>Nomura Holdings</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>A-1</td>
</tr>
<tr>
<td>A</td>
<td>A-2</td>
</tr>
</tbody>
</table>

Fitch Ratings:

<table>
<thead>
<tr>
<th>Nomura Holdings</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>F1</td>
</tr>
<tr>
<td>A</td>
<td>F1</td>
</tr>
</tbody>
</table>

* In August 2019, the issuer credit ratings on Nomura Securities Co., Ltd. was changed to A-/a-2, and on Nomura Holdings, Inc. to BBB+/a-2.

Basic Information in the Report

Period covered: April 1, 2018 to March 31, 2019

Reporting cycle: Once a year

Previous: August 2018

Current: August 2019

Entities covered: Nomura Holdings, Inc. and its major subsidiaries and affiliates

Numerical data are presented alongside information on the scope of companies covered.

Reference guidelines:

- GRI Sustainability Reporting Standards (GRI Standards) 2016
- Environmental Reporting Guidelines (2018 Version) of Japan’s Ministry of the Environment
This report was produced using non VOC inks. All electricity to print this booklet was generated by green energy (XXX kWh).