

# Investors' Day

**NOMURA**

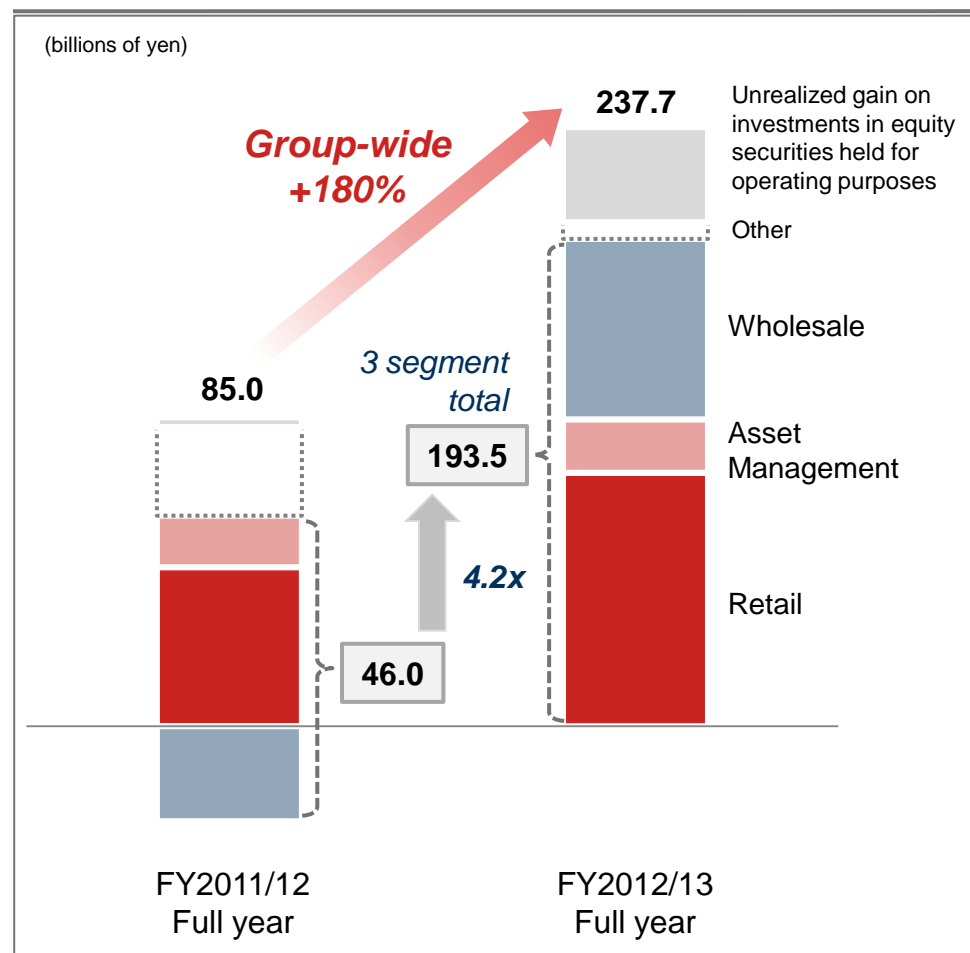
Atsushi Yoshikawa  
President and Group COO  
Wholesale CEO  
Nomura Holdings, Inc.

May 22, 2013

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Higher revenues in all business segments; Significant growth in pretax income



## ✓ Pretax and net income<sup>1</sup> both at highest level in six years

- Pretax income: Y237.7bn (+180% YoY)
- Net income: Y107.2bn (+9.3x YoY)
- EPS: Y28.37
- ROE: 4.9%
- Dividend: Y8 (annual)
- Dividend payout ratio: 28% (Including one-off gain of Y50.1bn related to secondary offering of Nomura Real Estate Holdings shares)

## ✓ 3 segment total pretax income of Y193.5bn (+4.2x YoY)









- All businesses reported higher pretax income YoY

## ✓ Tier 1 common ratio (Basel 3) of 11.7%

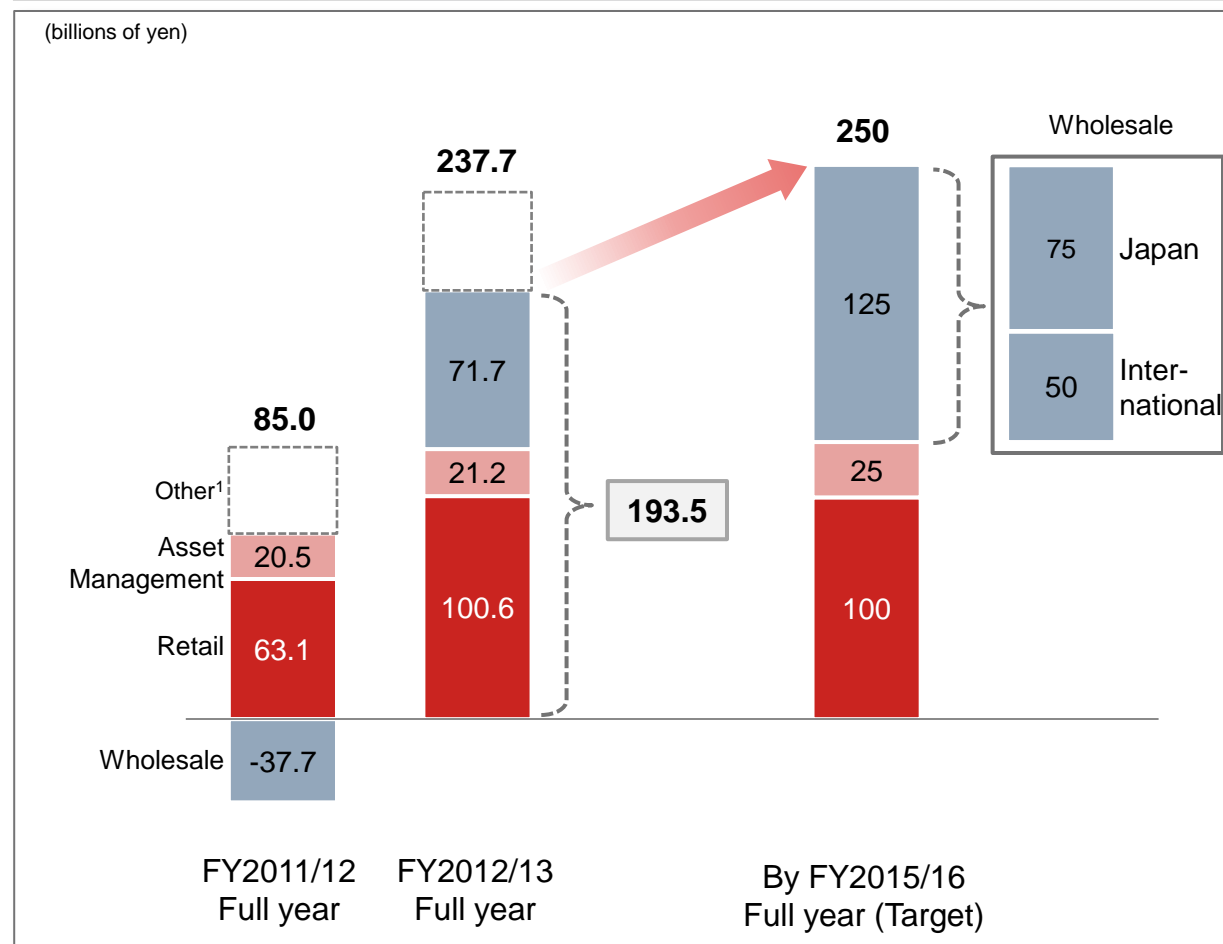
- Approx. 10% on fully loaded 2019 Basel 3 basis

## Fit for the Future

## Progress (at end Mar 2013)

<b>New management team</b>	✓ Set up new business and regional management structure under new top management team		✓ Ongoing since Jul 2012
<b>Raising wholesale profitability</b>	✓ Additional cost reductions of \$1bn		✓ 78% complete (PE 90% complete)
	✓ Migrating international Execution Services to Instinet		✓ Majority of key clients on-boarded
	✓ Established Global Markets organization - Closer collaboration between Fixed Income and Equities		✓ Established Dec 2012
<b>Reduced risk-weighted assets</b>	✓ Sale of private equity investment (Annington)		✓ Completed Dec 2012
	✓ Offering of Nomura Real Estate Holdings shares		✓ Completed Mar 2013
<b>Diversifying booking entities</b>	✓ Established Nomura Financial Products & Services, Inc. (NFPS), optimizing allocation of resources across regions		✓ Started transferring booking from 3Q
<b>Revamped Retail IT system</b>	✓ Common use STAR system went live, expected to contain future IT costs		✓ Went live Jan 2013

## Good progress against FY2015/16 pretax target of Y250bn



**EPS = Y50  
(By FY2015/16)**

**Approx. Y250bn<sup>2</sup> when calculated  
as 3 segment pretax income**

### Progress (at end Mar 2013)

- Retail, Asset Management, and Japan Wholesale performing strongly backed by market rally
  - Continue to strengthen businesses in order to deliver stable profitability even under challenging environment
- Key management priority to improve profitability of international Wholesale business
  - Implementing strategic initiatives to reach FY2015/16 pretax target of Y50bn

(1) Other includes unrealized gain (loss) on investments in equity securities held for operating purposes. FY2015/16 pretax income target excludes Other.  
 (2) Effective tax rate differs by country so pretax income required to achieve EPS of Y50 may fluctuate depending on regional breakdown of earnings.

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International Wholesale profitability

Differentiated regional strategies

Cross regional / divisional efforts

Asia strategy

## 1 Competing where we have an edge

- Established Global Markets: Closer collaboration, efficient use of resources
  - Fixed Income: Enhanced global platform and client businesses
  - Equities: Migrated Execution Services to Instinet, majority of key clients on-boarded
- Investment Banking: Reallocated resources to key coverage areas
- Increased traction around cross-border, cross-divisional and solutions businesses
- Integrated management of Japan and AEJ as home market

## 2 Cost discipline

- Reducing costs mostly in international business, benefits seen from FY2013/14 2H

FY2012/13 international pretax loss included 85% (approx. Y65bn) of the following items (Y76.6bn)

- One-off expenses of Y18.5bn related to cost reduction program
- Loss of Y49.8bn due to changes in own and counterparty credit spreads
- Goodwill impairment charge of Y8.3bn

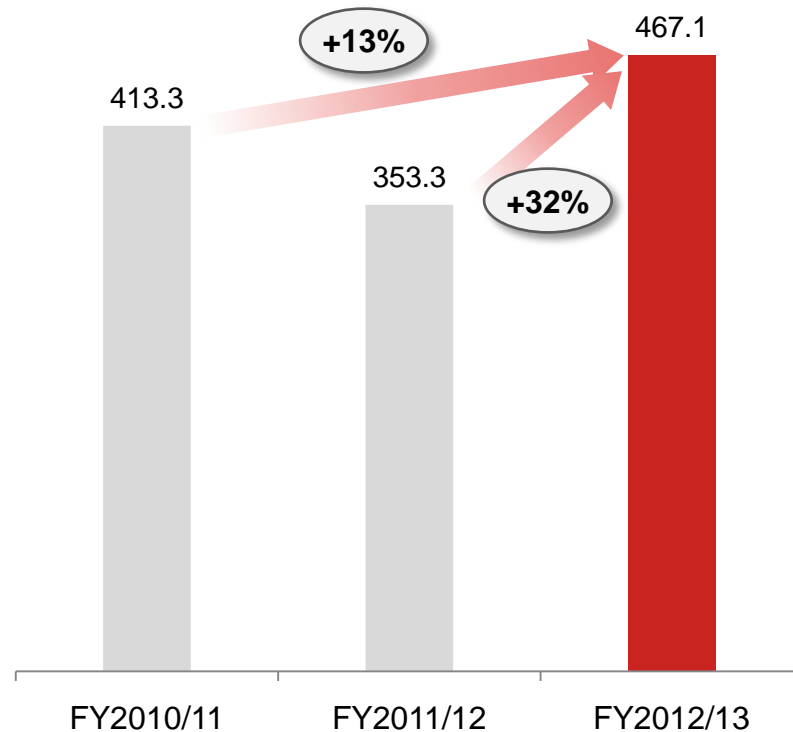
## Key targets

- **By Mar 2015**  
All regions profitable
- **By Mar 2016**  
International business  
pretax income of Y50bn

Focus on areas of competitive strength;  
Growth in international Wholesale revenues

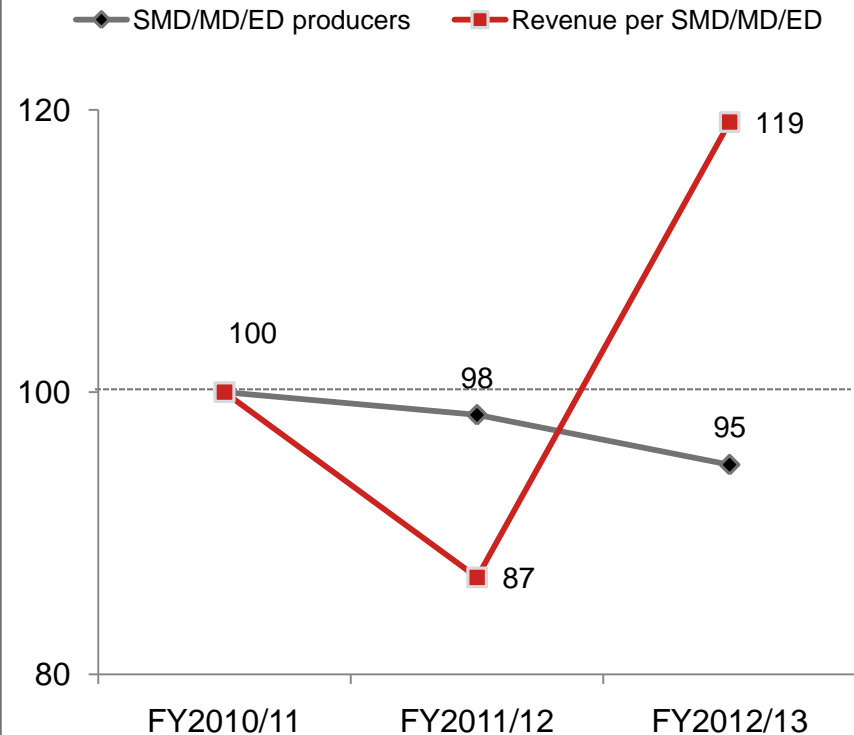
## International Wholesale revenues

(billions of yen)



Cost discipline leading to higher profitability

Indexed  
(FY2010/11 = 100)



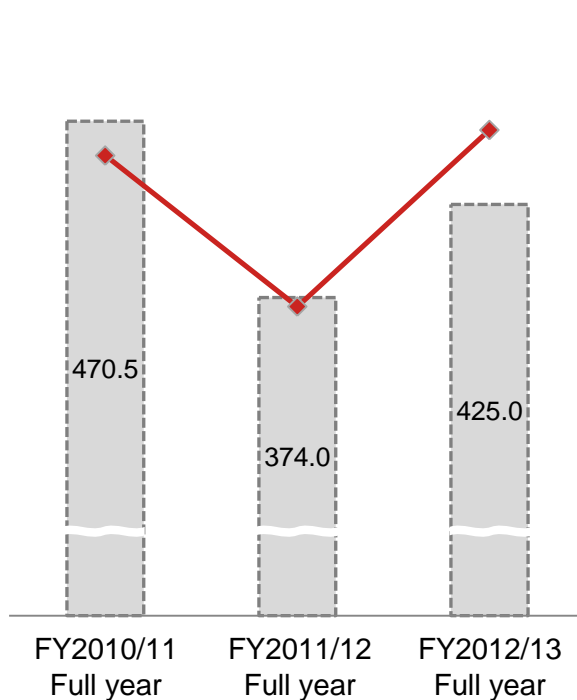


## International revenues

(billions of yen)



Total revenue (excluding gains (losses) due to changes in own and counterparty credit spreads)

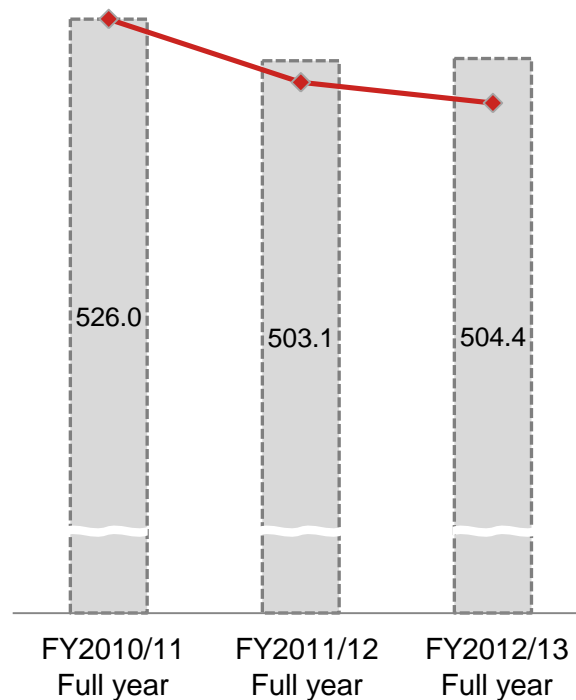


## International non-interest expenses

(billions of yen)



Non-interest expenses (excluding one-off expenses related to cost reductions, and goodwill impairment charge)

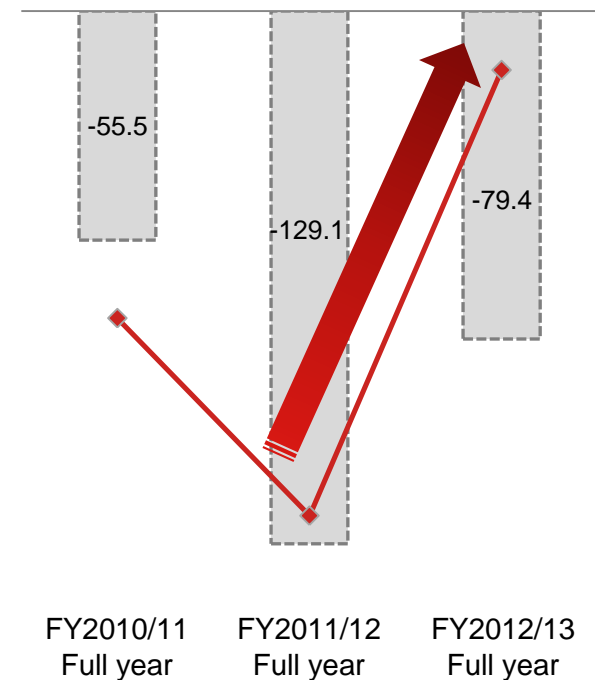


## International pretax losses

(billions of yen)



Pretax loss (excluding gains (losses) due to changes in own and counterparty credit spreads, one-off expenses related to cost reductions, and goodwill impairment charge)



1. Group-wide on financial accounting basis. Geographic information is based on U.S. GAAP. (Figures are preliminary for the year ended March 31, 2013.) Nomura's revenues and expenses are allocated based on the country of domicile of the legal entity providing the service. This information is not used for business management purposes. Net revenue has been allocated based on transactions with external customers while loss before income taxes has been allocated based on the inclusion of intersegment transactions. As a result, the difference between these allocations is included in non-interest expenses.

## EMEA AEJ Americas

### Fine-tuning and solidifying position

- Named Jeremy Bennett as new EMEA CEO
- Grow client revenues, particularly in core flow businesses
- Take advantage of deleveraging of European competitors, and monetize client interest in Asia / Japan product

### Considerate and gradual strategy

- Collaboration in AEJ
  - Integrate Japan and AEJ platforms more closely
- Increase local client base
  - Establish position as Asian firm
- Expand AEJ retail business

### Selective investment

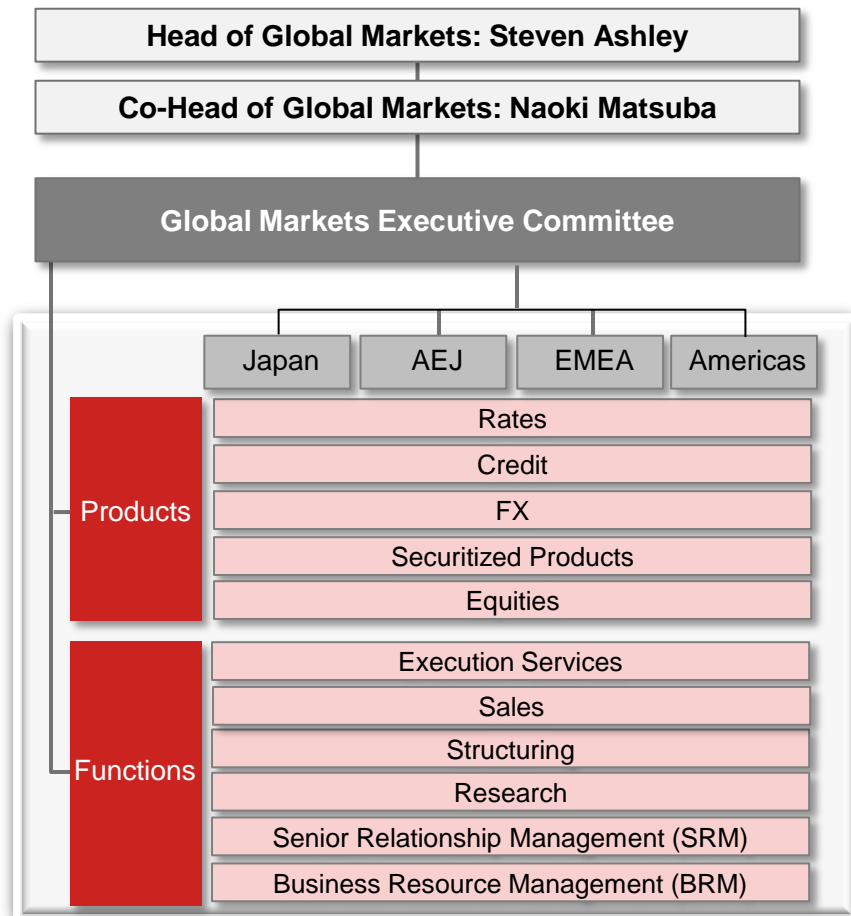
- Increase business with key US investors; Gain deeper insights into client needs
- Differentiate through Asia expertise and positioning
- Strengthen local highly profitable businesses
- Further deliver award winning research in selected areas and structuring capabilities to US client base

### Cross-border businesses with APAC

- Improve profitability in Equities and Investment Banking
- Revenue and cost benefits from creation of Global Markets

FY2015/16 international Wholesale pretax income (management target): Y50bn

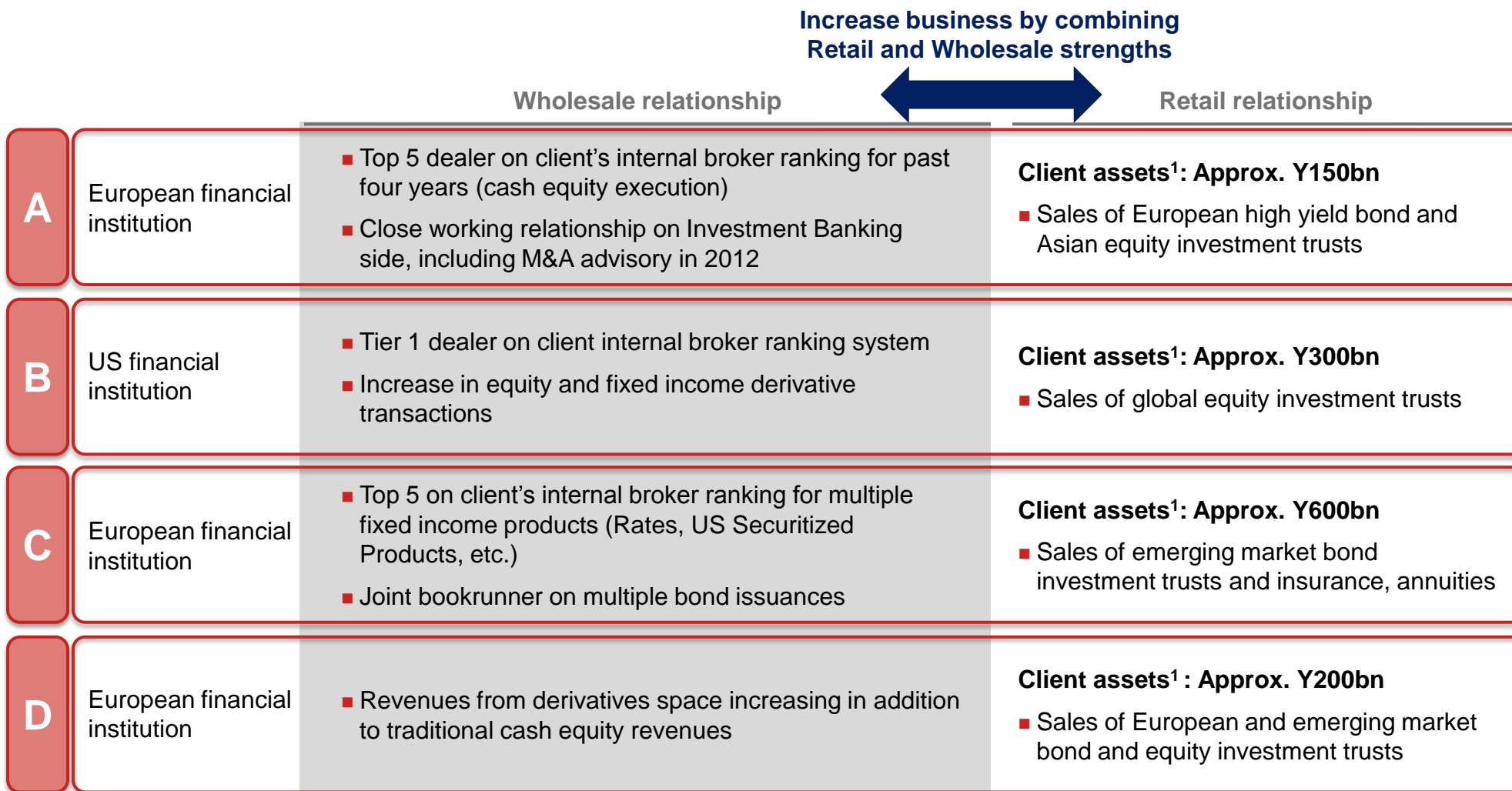
Aimed at expanding revenues and increasing efficiencies



- Structure facilitates provision of products and services across all asset classes
  - Integrated products and functions
    - Execution Services
    - Structuring
    - Research
    - Senior Relationship Management (SRM)
  - Efficient allocation of financial resources; Simplified management structure with clear accountability

## Benefits of integration

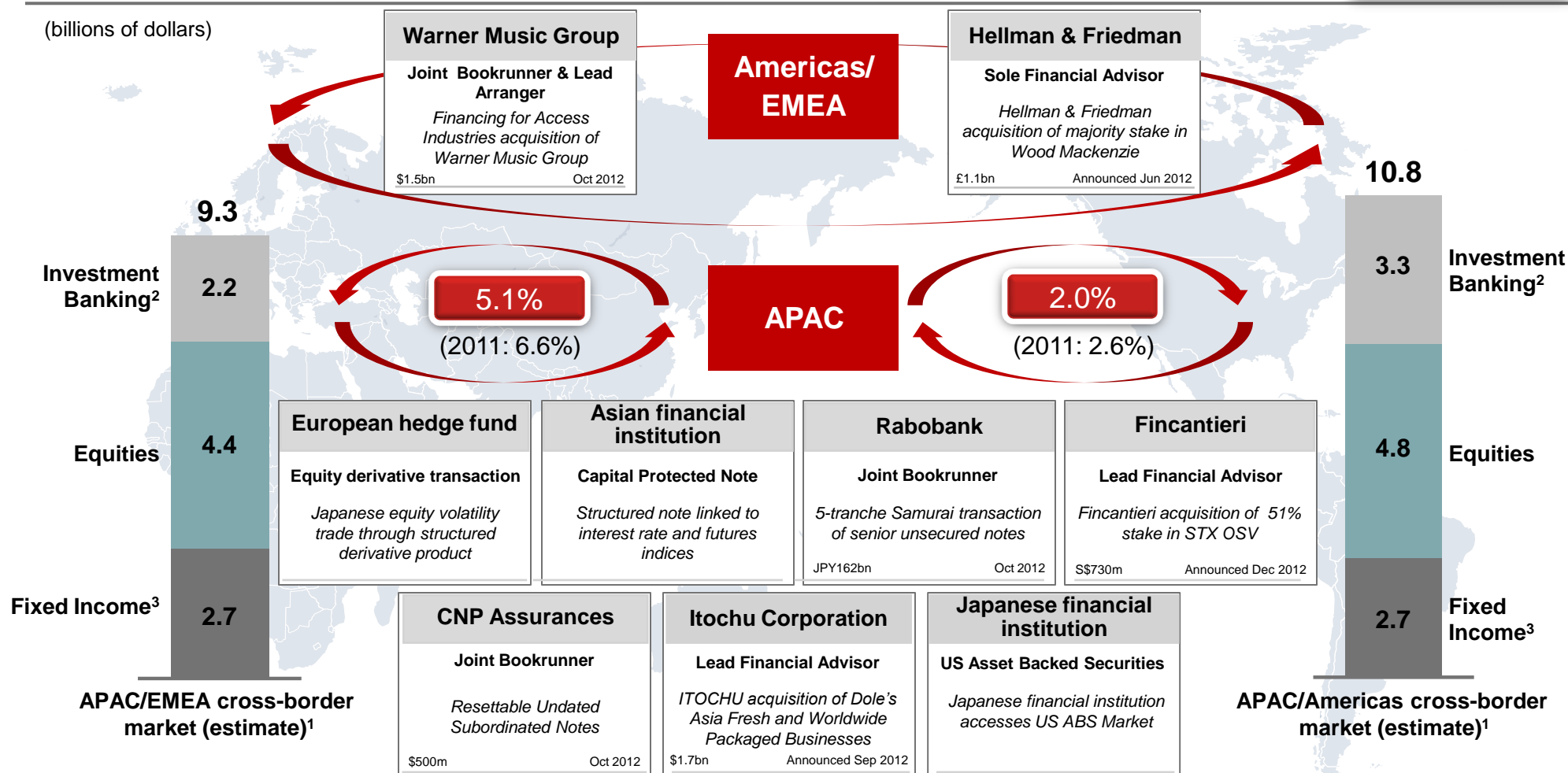
- ✓ Expanded product offering for clients
  - Introducing Japan Equity products to key Fixed Income clients
- ✓ Improved product design and proposals: Research, Structuring, etc.
  - Quant strategy team applied Fixed Income models to Equity markets
- ✓ Leverage platforms
  - Leverage Instinet equity platform as electronic trading increases in fixed income markets



*Managed by Senior Relationship Management Group within  
Global Markets – coordinates with other divisions*

## Growing our market share through cross-regional and cross-divisional collaboration

Nomura market share  
(2012, estimate)



1. Jan – Dec 2012 2. Includes Solutions business revenues 3. Excludes FX and Securitized Products revenues  
Source: Nomura, based on data from Coalition, OWC, McKinsey, Dealogic, McLagan.

# Step up collaboration in APAC as our home market

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## Establishment of project to make APAC our home market

- Launched short-term project in Oct 2012 to further enhance collaboration with APAC and across businesses
- Appointed regional APAC heads in Wholesale to systemize collaboration
  - Project was completed in March but initiatives will continue to be as part of ongoing business

Expand Asia-related revenues

### Initiatives

Closer collaboration within Wholesale across APAC

Build relationships with local subsidiaries of Japanese companies and Asian clients

Co-work between Wealth Management and Wholesale

Collaboration with local financial institutions

Working with Retail

### Successes to Mar 2013

Reorganized equity research  
- Delivering Pan-Asia research that integrates Japan and AEJ

Won two IPO mandates (estimated total: \$750m)  
➢ 10 other AEJ ECM mandates

Executed large FX and linked note transactions  
➢ Revenues doubled on closer collaboration between Wholesale and Wealth Management  
➢ Collaboration led to a threefold rise in FX revenues

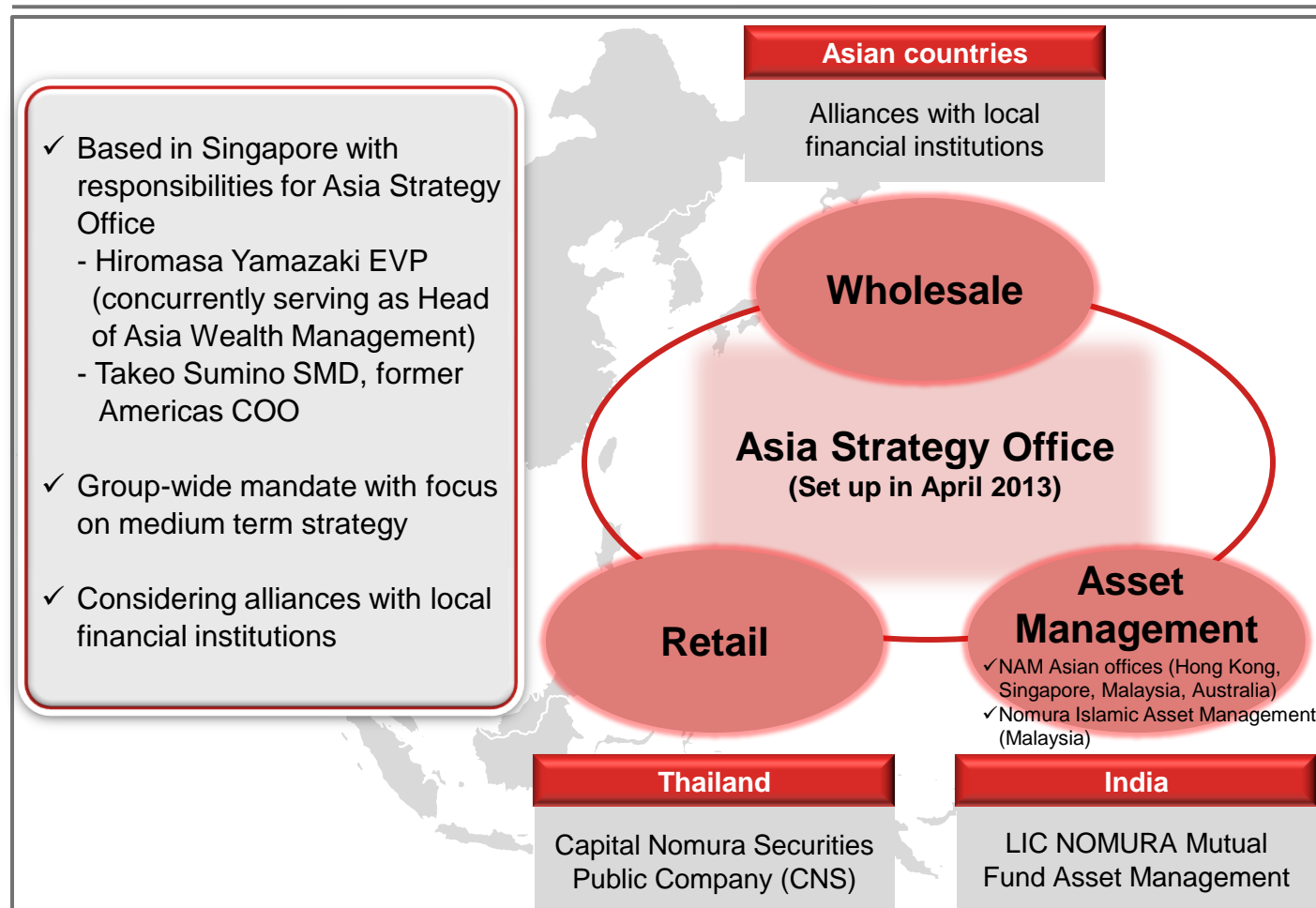
Alliances with Asian financial institutions  
In discussions with multiple other partners

Asia related products  
➢ Asian equities, four Asia bull-bear ETNs

## Medium/long term: Broaden our Asia-related business

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### Long-term commitment to Asia



### Recent deals

#### ■ Main Asia deals

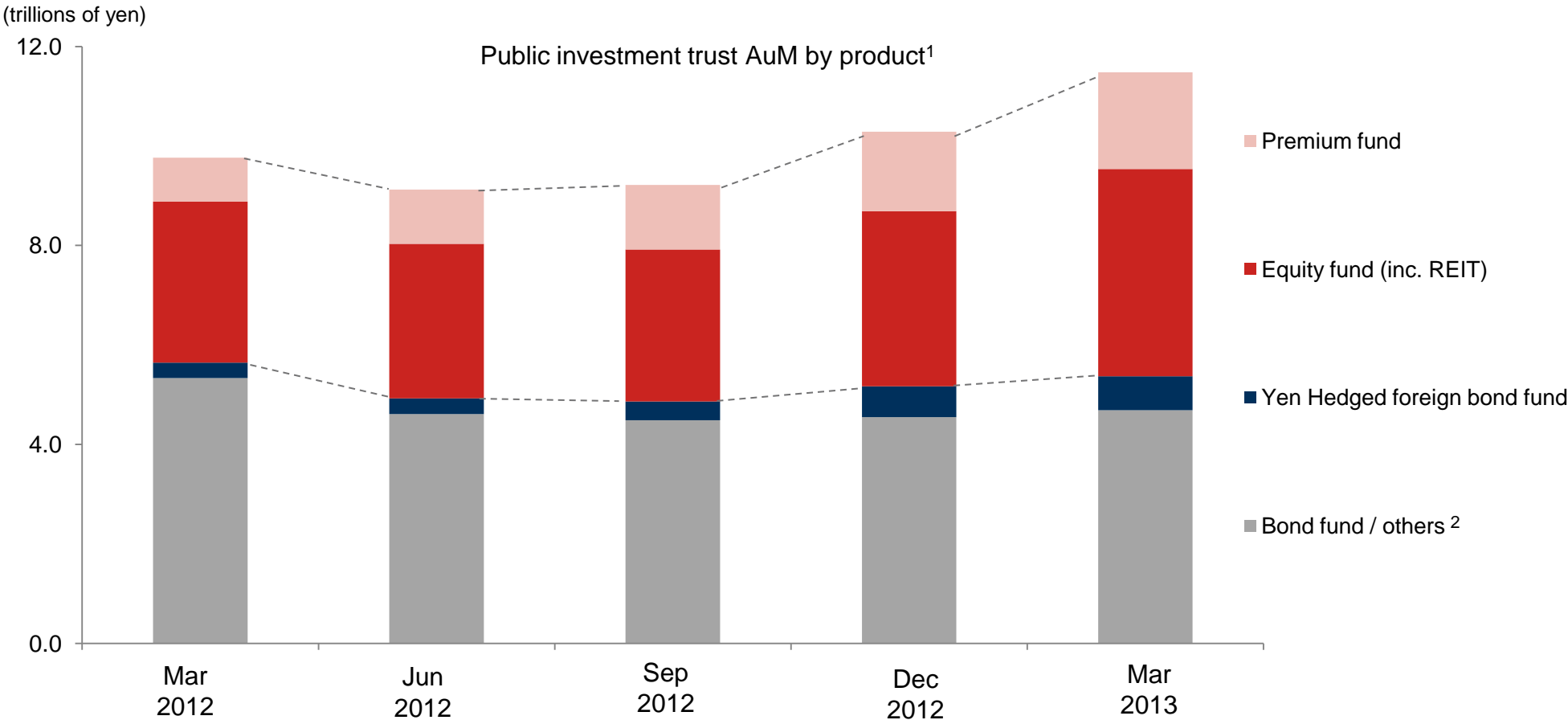
- Sinopec
  - ✓ SB, \$3.5bn
- Galaxy Securities
  - ✓ Hong Kong IPO, \$1.1bn
- Parkson Retail
  - ✓ SB, \$500m
- Sinopec Kantos Holdings
  - ✓ PO, \$346m
- Tata Steel
  - ✓ SB, S\$300m
- China Gas
  - ✓ Loan facility, \$450m

#### ■ Asia related cross-border M&A

- CITIC Capital Partners / AsiaInfo-Linkage
  - ✓ M&A/ALF, \$887m

# Asset Management: Product offering tailored to diverse needs of investors **NOMURA**

Combine investment management expertise with product design and proposals in line with market environment and investor needs; Steadily increase in investment trust assets under management



(1) Public investment trust assets under management excluding MRFs and MMFs.  
(2) Bond-type funds/Other includes domestic bond investment trusts, foreign bond investment trust unhedged currency course, and funds of funds



## Top ranking funds for net inflows during Jan – Apr 2013

### Nomura High Dividend Infrastructure Equity Premium total of four funds

Inflows: Y134.5bn Net assets<sup>1</sup>: Y446.0bn

#### ■ Currency select course (monthly profit distributions)

- ✓ Launched: Oct 2012
- ✓ Net assets<sup>1</sup>: Y314.7bn

Inflows	Y107.8bn
Return <sup>2</sup>	29.0%

### Nomura Japan Brand Stock Investment Fund total of 15 funds

Inflows: Y331.3bn Net assets<sup>1</sup>: Y711.2bn

#### ■ Brazilian real course (monthly profit distributions)

- ✓ Launched: Apr 2009
- ✓ Net assets<sup>1</sup>: Y384.6bn

Inflows	Y204.8bn
Return <sup>2</sup>	53.2%

### Nomura Japan High Dividend Stock Premium total of four funds

Inflows: Y155.3bn Net assets<sup>1</sup>: Y264.1bn

#### ■ Currency select course (monthly profit distributions)

- ✓ Launched: Jun 2012
- ✓ Net assets<sup>1</sup>: Y191.0bn

Inflows	Y114.4bn
Return <sup>2</sup>	40.4%

### Nomura DB High Dividend Infrastructure Stock Fund total of 11 funds

Inflows: Y83.7bn Net assets<sup>1</sup>: Y309.0bn

#### ■ Brazilian real course (monthly profit distributions)

- ✓ Launched: Oct 2010
- ✓ Net assets<sup>1</sup>: Y217.2bn

Inflows	Y48.2bn
Return <sup>2</sup>	36.0%

(1) As of April 2013.

(2) Calculated for the four months from January to April 2013 using net asset value and reinvesting distributions on non-taxable basis.

**Progress towards our FY2015/16 targets**

**Wholesale: Focus on our strengths, increase profitability**

**Asset Management: Further strengthen as stable earnings base**

**Retail: Win client trust and expand business**

Nomura Holdings, Inc.  
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