Investor Day

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Nomura Holdings, Inc.

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Improving Wholesale profitability

FY2019/20 pretax income target

Key indicators to achieve target

1. Increase fee pool market share
2. Improve pretax margin
3. Enhance resource efficiency

(billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2014/15</th>
<th>FY2017/18 (milestone)</th>
<th>FY2019/20 (target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee pool market share</td>
<td>3.2%</td>
<td>3.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Pretax margin</td>
<td>10%</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>Resource efficiency (Revenues/RWA)</td>
<td>+32bps (vs. FY13/14)</td>
<td>+100bps (vs. FY13/14)</td>
<td>+130bps (vs. FY13/14)</td>
</tr>
</tbody>
</table>
Increase fee pool market share

Drivers of market share increase
- Lehman integration
- Rebuild of US business
- Relative improvement of credit rating
- Cross-divisional, cross-border synergies such as origination
- Growth of client business in areas of strength, while not significantly increasing financial resources

(billions of USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Wholesale related fee pool</th>
<th>Nomura share of fee pool</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09/10</td>
<td>315</td>
<td>2.7%</td>
</tr>
<tr>
<td>FY10/11</td>
<td>263</td>
<td>2.8%</td>
</tr>
<tr>
<td>FY11/12</td>
<td>226</td>
<td>3.1%</td>
</tr>
<tr>
<td>FY12/13</td>
<td>263</td>
<td>3.2%</td>
</tr>
<tr>
<td>FY13/14</td>
<td>315</td>
<td>3.2%</td>
</tr>
<tr>
<td>FY14/15</td>
<td>263</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

1. Source: Nomura, based on data from Oliver Wyman and Coalition.
Drivers to achieve fee pool market share growth

Relative improvement of credit rating

- Moody’s upgrade in October 2014 (Baa2 => A3)\(^1\)
- Ratings reviews of competitors and other factors have narrowed the ratings gap (notches) with our peers

Relative positioning of resource management

- Maintain relatively high capital ratio
- Enhance client franchise and grow market share while not significantly increasing RWA

<table>
<thead>
<tr>
<th>Notch difference</th>
<th>Mar 2012</th>
<th>Mar 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notch difference 3.4</td>
<td>Baa2</td>
<td>A2 ~ A1 / A ~ A+</td>
</tr>
<tr>
<td>Notch difference 0.9</td>
<td>A3 / A-</td>
<td></td>
</tr>
</tbody>
</table>

| Tier 1 common ratio (as of Mar 2015; Basel III fully loaded)\(^3\) |
|--------------------------|-------|----------|
| Nomura | 13.7% |
| Peer average | 12.4% |
| B | 11.8% |
| C | 11.6% |
| D | 11.1% |
| E | 11.0% |
| F | 10.6% |
| G | 10.6% |
| H | 10.1% |
| I | 10.0% |

1. Nomura Securities
2. Calculated using the lower of S&P or Moody’s credit rating for operating companies of five US firms (Goldman Sachs, Morgan Stanley, JPMorgan, Citi, Bank of America) and four European firms (Deutsche Bank, Barclays, Credit Suisse, UBS).
3. Source: Nomura, based on disclosure materials of nine global financial institutions (Goldman Sachs, Morgan Stanley, JPMorgan, Citi, Bank of America, Deutsche Bank, Barclays, Credit Suisse, UBS) as of March 2015
Improving profitability: Continue to reduce fixed costs and other expenses

Wholesale costs and new run rate\(^1\)

If top line were to remain unchanged

\[ -15\% \]

\[ -22\% \]

Approx. $7.6bn

### Fixed Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Costs (millions of USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11/12</td>
<td>7,519</td>
</tr>
<tr>
<td>FY12/13</td>
<td>6,879</td>
</tr>
<tr>
<td>FY13/14</td>
<td>6,511</td>
</tr>
<tr>
<td>FY14/15</td>
<td>6,419</td>
</tr>
</tbody>
</table>

Cost reductions, primarily fixed costs\(^2\)

**Expense ratio**

- FY11/12: 90%
- FY19/20 (rough estimate): 77%

1. Converted to USD using month-end spot rate (average) for each period.
2. Fixed costs include personnel costs (excluding bonus payments), IT costs, real estate costs, and indirect costs.

### IT costs
- Decommissioning of old IT systems, enhancing efficiency of IT platform

### Real estate costs
- Sub-lease of unused space, improve efficiency of floor use

### Indirect costs
- Review costs to ensure consistency with front office
- Reorganize business processes and outsourcing

### Personnel costs
- Continue to pay for performance
Improving profitability: Earnings consistency driven by client business growth

Client revenue cost coverage ratio has increased on lowering of break-even point

Wholesale revenue volatility

1. Converted to USD using month-end spot rate (average) for each period.
Improving profitability: Continue to optimize business portfolio (1)

Wholesale pretax income (USD basis)\(^1\)

Addressing unprofitable businesses

- Continue to review performance of each business from viewpoint of capital efficiency
- Take into account fee pool outlook and importance to franchise
- Continue to implement action plans for each business

Pretax loss of unprofitable businesses: Approx. $730m improvement
Pretax income of profitable businesses: Approx. $+470m

1. Converted to USD using month-end spot rate (average) for each period.
### Top 8 products in terms of pretax margin in each quarter

<table>
<thead>
<tr>
<th>Rank</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>1</td>
<td>Credit</td>
<td>Securitized Products</td>
</tr>
<tr>
<td>2</td>
<td>Equities Products</td>
<td>Credit</td>
</tr>
<tr>
<td>3</td>
<td>G10 FX</td>
<td>Emerging Markets</td>
</tr>
<tr>
<td>4</td>
<td>Investment Banking</td>
<td>Equities Products</td>
</tr>
<tr>
<td>5</td>
<td>Emerging Markets</td>
<td>Rates</td>
</tr>
<tr>
<td>6</td>
<td>Securitized Products</td>
<td>Emerging Markets</td>
</tr>
<tr>
<td>7</td>
<td>G10 FX</td>
<td>Rates</td>
</tr>
<tr>
<td>8</td>
<td>Rates</td>
<td>Investment Banking</td>
</tr>
</tbody>
</table>

- **Diversified business portfolio**
  - Region and product profit drivers change in line with market conditions
  - Diversification absorbs negative market factors specific to any region or product
  - Flexible resource allocation adapted to the current environment and client trends
Resource efficiency

Reducing risk-weighted assets

Risk-weighted assets (RWA)

 Indexed as FY2013/14 = 100 (USD basis)

 FY2013/14 FY2014/15 FY2019/20

-12% RWA reduction

Main reductions:
G10 FX -25%
Credit -7%
Equities Products -4%

Yen depreciation has constrained USD resources (RWA, etc.)

Reduced exposure, primarily in Fixed Income

Road to 2020: Achieve further resource efficiency without significantly increasing RWA

Resource efficiency (Revenues/RWA)

 Improvement from FY2013/14

 FY2013/14 FY2014/15 FY2019/20

+32bps +130bps

Indexed as FY2013/14 = 100 (USD basis)
In closing

- Pretax income: Y125bn
  - Of which, international: Y50bn

- Pretax income: Y210bn – Y230bn

- Pretax margin: 23%

Wholesale management targets

- EPS Y50 (FY2015/16 management target)
- Fiscal year 2019/20

Cost reduction

- Additional $1bn cost reduction (total $2bn) - Completed Sep 2013
- Pretax income: Y125bn
  - Of which, international: Y50bn
- Pretax income: Y210bn – Y230bn
- Pretax margin: 23%

Monitor progress through key performance metrics

- Fee pool market share
- Cost control
- Productivity
- Resource efficiency

Adjust divisional and regional strategy depending on market environment
Achieve pretax income target through revenue enhancement and cost optimization
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