**Long term vision and future direction**

**Long term vision**

Create solid operating platform to ensure sustainable growth under any environment

**Challenges to achieving long term vision**

- Transformation of business model in Japan
- Further improve profitability of international business

**“Vision C&C”**

Continue initiatives to transform:
Understand clients’ diverse needs and provide the best solutions

Reduce costs and increase efficient use of management resources based on current/near term market conditions
Wholesale
Global business

Leverage strengths in APAC to deliver competitive services to clients in Europe/US and Asia: “Connecting Markets East & West”

**EMEA**
*Focus on areas of strength*

- Pursuing opportunities where we can add value to clients
- Focus on competitive strengths along with stringent cost control

**Americas**
*Strengthen franchise, maintain full service platform*

- Leveraging our globally connected platform with full product capabilities and intellectual capital
- Selectively pursuing growth opportunities in the largest fee pool market

**APAC**
*Expand franchise to tap into growth*

- Coordinated client approach across all products
- Wholesale and Retail working together creates synergies
Challenging market conditions expected to continue in short term due to regulatory uncertainty and macro environment.

**Regulatory environment**
- FY2016/17: Consultative process and final discussions
  - Leverage ratio
  - RWA calculations (credit risk, operational risk) etc.
- FY2017/18: Some regulations commence
  - Leverage ratio
  - Net Stable Funding Ratio, etc.
- FY2018/19: Some regulations fully implemented
  - Capital requirements
  - Liquidity coverage ratio, etc.

**Macro environment**
- Economic cycle
- "Brexit"?
- Credit cycle
- Impact of monetary policy, uncertainty around exit strategies

**Expect market headwinds, regulatory uncertainty**
- Further rationalize to focus on core businesses
- Profitable in challenging environment
**Wholesale fee pool**

![Chart showing fee pool deterioration in 2016](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment Banking</th>
<th>Equities</th>
<th>Fixed Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>192</td>
<td>69</td>
<td>54</td>
</tr>
<tr>
<td>2010</td>
<td>149</td>
<td>64</td>
<td>54</td>
</tr>
<tr>
<td>2011</td>
<td>113</td>
<td>59</td>
<td>54</td>
</tr>
<tr>
<td>2012</td>
<td>138</td>
<td>56</td>
<td>62</td>
</tr>
<tr>
<td>2013</td>
<td>118</td>
<td>61</td>
<td>65</td>
</tr>
<tr>
<td>2014</td>
<td>108</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>2015</td>
<td>100</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>2016 (E)</td>
<td>93</td>
<td>60</td>
<td>52</td>
</tr>
<tr>
<td>2016 (E)</td>
<td>203</td>
<td>182</td>
<td></td>
</tr>
</tbody>
</table>

**Nomura’s fee pool market share (Calendar year base)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>1.8%</td>
<td>3.0%</td>
<td>3.3%</td>
<td>3.1%</td>
<td>3.3%</td>
<td>3.1%</td>
<td>3.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Bear</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Source: Oliver Wyman, Coalition and Nomura estimates.

- **CY2016 fee pool expected to decline by about 8% YoY, or 17% in bear case scenario**
- **Could drop more than GDP for first time in 20 years**

**Expected risks**

- **Intensified competition in capital light, scale-driven equities businesses**
- **Decline in high yield issuance, delays in ECM deals**
- **Continued tough environment for spread products**
Enhance management structure: Operating model for end-to-end synergies

Enhanced management structure to enable swift decision making as Wholesale

<table>
<thead>
<tr>
<th>Business category</th>
<th>Advisory</th>
<th>Primary</th>
<th>Solutions</th>
<th>Liquidity &amp; Market Making</th>
<th>Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Swift decision making by business)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Joint Head of Wholesale Division</th>
<th>Steven Ashley</th>
<th>Joint Head of Wholesale Division</th>
<th>Kentaro Okuda</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td></td>
<td>Americas</td>
<td>Japan</td>
</tr>
<tr>
<td>Americas</td>
<td></td>
<td>Japan</td>
<td>AEJ</td>
</tr>
</tbody>
</table>

Swift decision making as Wholesale

- Fungibility of resources across Wholesale
- Synergies in client coverage
- Wholesale level risk management
- Better monetization of intellectual capital
### Accelerate focus on core businesses based on strategy announced at Nomura Investment Forum 2015

<table>
<thead>
<tr>
<th>Strategic actions</th>
<th>EMEA</th>
<th>Americas</th>
<th>APAC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advisory</strong></td>
<td>M&amp;A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Execution</strong></td>
<td>Instinet</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Research</strong></td>
<td></td>
<td>[Close]</td>
<td></td>
</tr>
<tr>
<td><strong>Primary</strong></td>
<td>ECM¹</td>
<td>[Close]</td>
<td>[Close]</td>
</tr>
<tr>
<td><strong>DCM</strong></td>
<td></td>
<td>[Streamline]</td>
<td></td>
</tr>
<tr>
<td><strong>ALF</strong></td>
<td></td>
<td>[Streamline]</td>
<td></td>
</tr>
<tr>
<td><strong>Solution</strong></td>
<td>Solutions</td>
<td>[Streamline]</td>
<td>[Close]</td>
</tr>
<tr>
<td><strong>Client Financing</strong></td>
<td>[Low]</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liquidity &amp; Market Making</strong></td>
<td>Flow Fixed Income</td>
<td>[Streamline]</td>
<td>[Close]</td>
</tr>
<tr>
<td><strong>Macro (Rates, FX)</strong></td>
<td></td>
<td>[Streamline]</td>
<td>[Close]</td>
</tr>
<tr>
<td><strong>Spread Products (Credit, Securitized Products)</strong></td>
<td>[Streamline]</td>
<td>[Close]</td>
<td></td>
</tr>
<tr>
<td><strong>Non-Cash Equities</strong></td>
<td>Equity Products</td>
<td>[Close]</td>
<td>[Close]</td>
</tr>
</tbody>
</table>

#### Key Actions
- Maintain/grow existing services, while aligning them with Primary and Solutions business
- International Cash Equities offering mainly focused on Instinet
- Close EMEA stock coverage, maintaining sales of APAC stocks
- Maintain US Research, while refocusing on sectors with strength (aligned with ECM)
- Close underwriting of domestic stocks in EMEA while offering equity advisory service
- Focus ECM business sectors with strength in US
- Streamline Acquisition and Leveraged Finance cost base in US
- Selective investment plan focused on areas of rising client opportunities
- Establish GM/IB Solutions hub in EMEA
- Restructure Securitized Products (non-Agency) and Corporate Credit in US, freeing up resource usage
- Streamline Sales/Research in EMEA
- Close EMEA Equity Derivatives, Delta 1 trading, Equity financing, and Equity Futures and Options
- Maintain Global Convertibles, Prime for APAC clients and Quantitative Investment Solutions

1. Continue to offer equity advisory service related to EMEA equity.
Continued focus on reducing costs

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

(millions of USD)

<table>
<thead>
<tr>
<th></th>
<th>FY2011/12</th>
<th>FY2012/13</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>New run rate costs(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable costs</td>
<td>7,519</td>
<td>6,879</td>
<td>6,511</td>
<td>6,419</td>
<td>5,871</td>
<td></td>
</tr>
<tr>
<td>Fixed costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{-15%}\)

\(\text{Approx.} \ -\ 20\%\)

\(^1\) Converted into USD using average month-end spot rate for each period.
\(^2\) Based on the assumption if FY2015/16 business environment continues

Since 2011, Fit for the Future and other initiatives helped reduce costs by 15% over three years

Continue to review businesses from FY2015/16 based on environment

- Focus on pay for performance in FY2015/16 brought costs down by 9%, primarily in variable costs
- Strategic reviews in EMEA and Americas aimed at reducing costs by approximately 20% compared to FY2014/15
Focus on client businesses in areas of strength

Grow client businesses in focus areas while lowering cost base: Aim for PTI margin of 10-15%

(millions of USD)

Client revenue cost coverage ratio (rhs): +16 points

Revenue outlook

PTI margin

Pretax income (loss)

0%
20%
40%
60%
80%
100%
120%

0
2,000
4,000
6,000
8,000
10,000
12,000

FY2011/12
FY2012/13
FY2013/14
FY2014/15
FY2015/16

Client revenues
Trading revenues

Wholesale costs

81%
97%

-470
807
1,112
731
124

-7%
10%
15%
10%
2%

10-15%
Capital Optimization

Wholesale RWA (Basel 3)

Indexed to 2013 = 100

-18%

100 96 82 72

RWA for Spread Products
Indexed to 2015 = 100

100 65

April 2016 onwards: Reallocation of Capital

<table>
<thead>
<tr>
<th>Revenue Outlook</th>
<th>Outlook for Nomura capital allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory</td>
<td>Capital Light</td>
</tr>
<tr>
<td>Agency Execution</td>
<td>Capital Light</td>
</tr>
<tr>
<td>Primary</td>
<td>Partial redeployment</td>
</tr>
<tr>
<td>Solutions</td>
<td>Targeted growth</td>
</tr>
<tr>
<td>Liquidity &amp; Market Making</td>
<td>Resizing</td>
</tr>
</tbody>
</table>

Retail and Asset Management
Meeting client needs through consulting services

Conduct client interviews and provide services for real estate, insurance, cash and deposits, etc.

**Growth of insurance business**

Sales of insurance products

- Accumulated numbers of received Asset Succession Reports (rhs)

**Breakdown of portfolio for households with over ¥100m in assets**

- Insurance 10%
- Securities 13%
- Real estate 40%
- Cash and deposits 35%

**Growth of real estate business**

Transaction Value

- No. of transactions

**Tapping into cash and deposits**

- Offer products and services compatible with cash and deposits
  - NISA/Junior NISA
  - Products that leverage our strengths

- Offer products suitable in negative interest rate environment

---

2. Retail channel only.
Transforming our revenues: Growth in recurring revenue

Recurring revenue up Y22.5bn over past two years driven by growth in Retail client assets

Retail net revenue

FY2013/14
Y511.9bn

Recurring revenue Y53.9bn (11%)

FY2015/16
Y435.6bn

Recurring revenue Y76.5bn (18%)

+Y22.5bn

Retail client assets

Mar 2014
Y91.7tn

Investment trusts 18%

Investment trusts: Y16.6trn
Discretionary investments: Y0.2trn

Mar 2016
Y100.6tn

Investment trusts and discretionary investments Y19.4tn (19%)

+Y2.8trn

Investment trust and discretionary investment net inflows¹

Market factors, etc.

-Y0.2trn

Investment trusts: Y17.2tn
Discretionary investments: Y2.2tn

¹ Retail channels and Japan Wealth management group.
Core assets for growth through stable management

Discretionary investments for core assets: Three key points

1. Diversification
   - Efficient asset allocation
   - Benefits of diversification

2. Long term
   - Risk premium benefits
   - Reduce risks by investing over long term

3. Strategic asset allocation
   - Theoretical approach grounded in financial engineering
   - Optimization

Regular reviews of asset allocations

- Regular rebalancing
- Client's own reviews

Investment report
- Dedicated website
- Personal review
Approx. 80% of clients choose conservative or mildly conservative\(^1\)

Approx. 30% of total in increased contracts

1. Indexed, December 30, 2015 = 100. Trend including Value Program/REIT. Does not take into account costs for discretionary investments. Rebalancing etc. differs to actual performance.
Asset Management: Broad range of investment solutions

Existing solutions

<table>
<thead>
<tr>
<th>Privately placed funds</th>
<th>ETFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 2015 = 100</td>
<td></td>
</tr>
<tr>
<td>100</td>
<td>107</td>
</tr>
</tbody>
</table>

Won four new product mandates in foreign bonds for GPIF

New solutions

- Wrap service platform
- Investment management expertise
- Independent gatekeeper

Respond to needs of public pension funds

AuM (trillions of yen):
- Mar 2015: 6.2%
- Jun 2015: 6.8%
- Sep 2015: 7.0%
- Dec 2015: 7.6%
- Mar 2016: 7.5%

Domestic share:
- Mar 2015: 48%
- Jun 2015: 47%
- Sep 2015: 49%
- Dec 2015: 47%
- Mar 2016: 48%
Seek benefits of collaboration through complementary client franchises and product lines

Benefits of collaboration:
- Increase mandates from Japanese investors
- Mutual growth of product lineup
- Distribute ACI products through Asset Management international channels

Client franchises:
- Japan
- US
- AEJ
- EMEA
- LatAm, etc.

Product lines:
- Japan equities
- Asian equities
- Global equities
- US equities
- High yield (NCRAM)¹
- Emerging market equities

1. Nomura Corporate Research and Asset Management.
In closing
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