Investor Day

FY2015/16 overview of results

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CFO
Nomura Holdings, Inc.

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FY2015/16 full year highlights

- **Smooth start to year, but earning environment deteriorated in 2H**
  - Impacted by market dislocation from August and lower client activity
  - Retail and Wholesale performance slowed
  - Asset Management performed well

- **Group income before income taxes: Y165.2bn (-52% YoY); Net income\(^1\): Y131.6bn (-41% YoY)**
  - Group income before income taxes weighed down by unrealized loss on security holdings\(^2\), and impact of settlement in legal proceedings\(^3\)

- **Shareholder returns**
  - Dividend per share: Year end Y3; Annual Y13
  - Launch of share buyback program to deliver shares upon the exercise of stock options and to raise capital efficiency and ensure a flexible capital management policy
    - Total shares: Upper limit of 35 million shares
    - Total value: Upper limit of Y20bn

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(1) Net income attributable to Nomura Holdings shareholders.
(2) Unrealized loss on investments in equity securities held for operating purposes (Y20.7bn), unrealized loss from Ashikaga Holdings shares (Y22.5bn)
## Highlights

(billions of yen, except EPS and ROE)

<table>
<thead>
<tr>
<th></th>
<th>FY2015/16 Full year</th>
<th>FY2014/15 Full year</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue</strong></td>
<td>1,395.7</td>
<td>1,604.2</td>
<td>-13%</td>
</tr>
<tr>
<td><strong>Non-interest expenses</strong></td>
<td>1,230.5</td>
<td>1,257.4</td>
<td>-2%</td>
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<tr>
<td><strong>Income before income taxes</strong></td>
<td>165.2</td>
<td>346.8</td>
<td>-52%</td>
</tr>
<tr>
<td><strong>Net income(^1)</strong></td>
<td>131.6</td>
<td>224.8</td>
<td>-41%</td>
</tr>
<tr>
<td><strong>EPS(^2)</strong></td>
<td>Y35.52</td>
<td>Y60.03</td>
<td>-41%</td>
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<tr>
<td><strong>ROE(^3)</strong></td>
<td>4.9%</td>
<td>8.6%</td>
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\(^1\) Net income attributable to Nomura Holdings shareholders.

\(^2\) Diluted net income attributable to Nomura Holdings shareholders per share.

\(^3\) Calculated using annualized net income for each period.
Income before income taxes

(billions of yen)

346.8

-34.2

Retail

4.6

Asset Management

-66.8

Wholesale

-45.4

Unrealized loss on investments in equity securities held for operating purposes

-28.2

Unrealized loss from Ashikaga Holdings shares

-11.6

Other

165.2

Three segment total: -96.4

Gain on changes to own and counterparty credit spreads (+8.3)

Impact of settlement in legal proceedings¹, etc.

FY2014/15

FY2015/16

¹ Impact of settlement with Banca Monte dei Paschi di Siena SpA
Solid performance in 1H
- Sales of stocks and investment trusts slowed from August as market conditions deteriorated
- Continued to transform business model: Recurring revenue up 20% YoY (from Y63.5bn to Y76.5bn)
Asset Management revenues and Income before income taxes

- AuM growth drove net revenue to record high and income before income taxes to strongest level since the year ended March 2007
- Significantly stronger inflows into ETFs, investment trusts for discretionary investments and privately placed funds for regional financial institutions amid heightened market volatility

<table>
<thead>
<tr>
<th>FY2014/15</th>
<th>FY2015/16</th>
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</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>Income before income taxes</td>
</tr>
<tr>
<td>92.4</td>
<td>95.4</td>
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<tr>
<td>32.1</td>
<td>36.7</td>
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<tr>
<th>FY2015/16 inflows</th>
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<td>ETFs</td>
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<td>MRF, MMF, etc.</td>
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<tr>
<td>Other investment trusts</td>
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<tr>
<th>Assets under management</th>
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<tbody>
<tr>
<td>Mar-15</td>
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<tr>
<td>39.3</td>
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<tr>
<th>Mar-15</th>
<th>Mar-16</th>
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<tbody>
<tr>
<td>Investment trust</td>
<td>Investment advisory</td>
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### Wholesale revenues and Income before income taxes

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<tr>
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<th>FY2014/15</th>
<th>FY2015/16</th>
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</thead>
<tbody>
<tr>
<td>Investment Banking(net)</td>
<td>104.7</td>
<td>108.4</td>
</tr>
<tr>
<td>Equities</td>
<td>286.5</td>
<td>325.1</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>396.9</td>
<td>275.2</td>
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#### Key Points:
- Equities and Investment Banking reported stronger revenues.
- Fixed Income had a challenging year, particularly in Spread Products.
- Continued to control costs, but unable to offset the decline in revenues resulting in a decline in income before income taxes.

#### Global Markets revenues

<table>
<thead>
<tr>
<th></th>
<th>Full year</th>
<th>Quarter</th>
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<tbody>
<tr>
<td></td>
<td>YoY</td>
<td>QoQ</td>
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<tr>
<td></td>
<td>YoY</td>
<td>FI</td>
</tr>
</tbody>
</table>

- **Americas**: 683.4 (FY2014/15), 600.3 (FY2015/16) -12% YoY. (Down)
- **EMEA**: 82.2 (FY2014/15), 15.4 (FY2015/16). (Down)
- **AEJ**: 275.2 (FY2014/15), 275.2 (FY2015/16). (No change)
- **Japan**: 15.4 (FY2014/15), 15.4 (FY2015/16). (No change)

**QoQ**
- **FI**: 0% ~ ±5%
- **EQ**: ±5% ~ ±15%
- ±15% ~
Wholesale: Investment Banking

Full year gross revenue flat YoY despite fee pool decline of over 10%

- Driven by global business centered on Asia; Japan revenues at five-year high
- Slowdown in fixed income related businesses, but revenue growth in M&A, ECM and Solutions businesses

Provide solutions globally in line with changing market conditions
- FX hedging transactions related to M&A
- Interest rate swaps to address rates volatility and rate locks for bond issuances
- Sale of strategic shareholdings and acquisition of treasury stock in response to Japan’s Corporate Governance Code

Net revenue

(billions of yen)

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<td>Investment Banking (net)</td>
<td>104.7</td>
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<tr>
<td>Other</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>106.5</td>
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EMEA

- Canon/Toshiba Medical (Y665.5bn)
- Toyota/Daihatsu (Y371.9bn)
- Uny Group/FamilyMart Merger (Y462.7bn)
- Heineken acquisition of D&G and GAPL shares held by Diageo ($781m)
- Bpifrance/Nippon Steel & Sumitomo Metal strategic acquisition of Vallourec, Vallourec CB/ rights (M&A €555m, ECM total €995m)

Asia (incl. Japan)

- China resources Beer/China Resources Snow Breweries (ABI/SABMiller) (CNY10.5bn)
- Japan Post HD, Japan Post Insurance, Japan Post Bank Global IPOs (Y1.4trn)
- Suzuki Euro-Yen CB (Y205.5bn)
- Japan Post Bank IPO (Y109.9bn)
- China Huarong HK IPO (HKD19.7bn)

Americas

- Toyota/Daihatsu (Y371.9bn)
- Heineken acquisition of D&G and GAPL shares held by Diageo ($781m)
- Bpifrance/Nippon Steel & Sumitomo Metal strategic acquisition of Vallourec, Vallourec CB/ rights (M&A €555m, ECM total €995m)

Revenue up over 40% YoY

Revenue up 15% YoY

Solutions

LaSalle Logiport Global IPO (Y109.9bn)

M&A

Revenue up over 40% YoY

ECM

Revenue up 15% YoY
Reduced cost base but market conditions rapidly deteriorated

- Reduced cost base by about $2bn since 2011
  - FY2015/16 Wholesale costs down by 22% from four years ago
- FY2015/16 2H market conditions deteriorated more than expected
- Decline in liquidity and heightened volatility impacted trading environment for Spread Products
  - We have proactively streamlined resources and positions in these businesses

### Wholesale revenues and expenses (USD basis)

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<thead>
<tr>
<th></th>
<th>FY11/12</th>
<th>FY12/13</th>
<th>FY13/14</th>
<th>FY14/15</th>
<th>FY15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>$7,519</td>
<td>$7,049</td>
<td>$6,595</td>
<td>$6,141</td>
<td>$5,687</td>
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<tr>
<td>Expenses</td>
<td>$5,995</td>
<td>$5,671</td>
<td>$5,215</td>
<td>$4,757</td>
<td>$4,299</td>
</tr>
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- About $2bn cost reduction
- Continued streamlining
Non-interest expenses

(billions of yen)

- Other
- Business development expenses
- Occupancy and related depreciation
- Information processing and communications
- Commissions and floor brokerage
- Compensation and benefits

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<td>4Q</td>
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Capital accumulation and controlling RWAs

Build up Capital
(billions of yen)

- Mar-13: 2,093
- Mar-14: 2,314
- Mar-15: 2,459
- Mar-16: 2,468

Control RWAs
(billions of yen)

- Mar-13: 17,547
- Mar-14: 17,426
- Mar-15: 18,929
- Mar-16: 15,994

Additional Tier 1 108

Capital ratio increasing

Tier 1 ratio
CET1 ratio

Mar-13: 11.9%
Mar-14: 13.2%
Mar-15: 12.9%
Mar-16: 16.1%

Mar-13: 11.9%
Mar-14: 12.9%
Mar-15: 15.4%
Mar-16: 16.1%
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