Presentation at Nomura Investment Forum 2016

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Nomura Holdings, Inc.

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Uncertain times: Market volatility since August last year

US high yield bond credit spread

Major European banks CDS

1. Source: Markit CDX North America High Yield index (5 year)
2. Major European banks is average of Deutsche Bank, UBS, Credit Suisse, and Barclays (5 year, euro-denominated).
Factors driving uncertainty (1): Structural shifts in markets - Liquidity drops as volatility rises

Central bank balance sheets expand

Japanese government bond and US Treasury liquidity declines

Dealer inventories decline

VIX Index

1. Source: Federal Reserve Bank, inventories of government bonds, agency bonds, corporate bonds, mortgage bonds, commercial paper, etc. held by primary dealers.
Factors driving uncertainty (2)

<table>
<thead>
<tr>
<th>Regulatory environment</th>
<th>Basel III</th>
<th>Basel III additional regulations</th>
<th>Others</th>
<th>Macro environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>- FY2015/16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2016/17</td>
<td>✓ Leverage ratio (start of enforcement)</td>
<td>✓ Review of credit risk calculation methodology (finalize rules)</td>
<td>✓ OTC derivative margin requirements</td>
<td>Concerns of slowdown in China</td>
</tr>
<tr>
<td>FY2017/18</td>
<td>✓ NSFR (start of enforcement)</td>
<td>✓ Review of operational risk (finalize rules)</td>
<td>✓ MiFID II</td>
<td>Rise of Trump administration</td>
</tr>
<tr>
<td>FY2018/19</td>
<td>✓ Capital requirements (full implementation)</td>
<td>✓ FRTB (start of enforcement)</td>
<td>✓ TLAC</td>
<td>Impact of national elections in Europe</td>
</tr>
<tr>
<td>FY2019/20</td>
<td>✓ LCR (full implementation)</td>
<td></td>
<td></td>
<td>Credit cycle</td>
</tr>
</tbody>
</table>

**Monetary policy**

- **US**
  - Oct 2014 End of tapering
  - Dec 2015 Start of rate hikes
  - Dec 2016~ Possible further rate hikes

- **Europe**
  - Jan 2015 Decision to implement QE

- **Japan**
  - Jan 2016 Negative interest rate policy
  - Sep 2016 Quantitative and Qualitative Easing (QQE) with yield curve control

**Macro environment**

- Concerns of slowdown in China
- Rise of Trump administration
- Impact of national elections in Europe
- Credit cycle
- Drop in oil prices
- UK vote to leave EU
- Brexit negotiations
Abenomics: Results of three arrows and new three arrows

**“Three arrows”**
- Bold monetary policy
- Flexible fiscal policy
- Growth strategy to stimulate private investment

**“New three arrows”**
- Robust economy that gives rise to hope
- Dream-weaving childcare support
- Social security that provides reassurance

<table>
<thead>
<tr>
<th>Improved employment conditions</th>
<th>Increase in overseas visitors</th>
<th>Higher birth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ratio of job offers to job seekers</strong></td>
<td>(in millions)</td>
<td>(%)</td>
</tr>
<tr>
<td>(x)</td>
<td>(in millions)</td>
<td>(%)</td>
</tr>
<tr>
<td>0.4</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>1.0</td>
<td>1.2</td>
<td>1.4</td>
</tr>
</tbody>
</table>

- Improved employment conditions
- Increase in overseas visitors
- Higher birth rate

- Positive signs of change in Japan
- Improved employment conditions
- Increase in overseas visitors
- Higher birth rate

- Growth strategy to stimulate private investment
- Bold monetary policy
- Flexible fiscal policy

**Growth strategy to stimulate private investment**
- **Dream-weaving childcare support**
- **Robust economy that gives rise to hope**
- **Social security that provides reassurance**
Tax revenues boosted as Japanese corporates successfully lower breakeven point

Japan corporate earnings above pre-financial crisis levels

Tax revenues increase

2. Source: Ministry of Finance
Expect slight improvement in inflation

Commodity market\(^1\) and Japan’s core CPI (YoY)\(^2\)

Dec 2012
Abe administration takes office, moves to beat deflation start

Apr 2014
Consumption tax hike (5 \(\rightarrow\) 8%)

CRB index\(^1\) (1967=100)

Core CPI\(^2\) (YoY, rhs)

Increase in Engel's Coefficient
Stronger sales of luxury goods at department stores
Drop in oil prices
Some retail outlets and restaurants lower prices or start selling cheaper products

1. Thomson Reuters / CoreCommodity CRB Index, 1967=100
2. Source: Nomura, based on data from the Ministry of Internal Affairs and Communications and the Bank of Japan. Excluding effect of Mar 2014 consumption tax hike; Figures from 2016 3Q are Nomura estimates.
2. FY2019/20 long-term vision and business conditions
FY2015/16 management targets:
Key targets achieved two years ahead of schedule

Announced FY2015/16 management target (EPS Y50)
Achieved EPS and other key targets 2 years ahead of schedule

Announced long-term management vision for 2020 (Vision C&C)
- Create organization capable of consistently delivering EPS of Y100
- Establish an operating platform capable of delivering sustainable growth under any environment

Two challenges
- Transform business model in Japan
- Profitability of international business

1. March 2020 assumptions: Nikkei 225 at Y25,000; USD/JPY rate Y110; Effective tax rate for Japanese corporates below 30%; Global fee pool annual growth rate of 1%.
## FY2015/16 management targets: Progress on ongoing targets

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Status (as of Nov 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2015/16 management targets</strong></td>
<td></td>
</tr>
<tr>
<td>✓ EPS Y50</td>
<td>✓ Achieved FY2013/14 and FY2014/15</td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td></td>
</tr>
<tr>
<td>✓ Income before income taxes: Y100bn</td>
<td>✓ Achieved for three straight years from FY2013/14</td>
</tr>
<tr>
<td>✓ Retail client assets: Y10trn</td>
<td>✓ Y101.6tn (as of end Oct 2016)</td>
</tr>
<tr>
<td>✓ Recurring revenue: Y69.6bn</td>
<td>✓ Consistently achieved since 4Q of FY2014/15</td>
</tr>
<tr>
<td><strong>Asset Management</strong></td>
<td></td>
</tr>
<tr>
<td>✓ Income before income taxes: Y25bn</td>
<td>✓ Achieved for three straight years from FY2013/14</td>
</tr>
<tr>
<td><strong>Wholesale</strong></td>
<td></td>
</tr>
<tr>
<td>✓ Income before income taxes: Y125bn</td>
<td>✓ FY2013/14: Y111.8bn</td>
</tr>
<tr>
<td>of which, international: Y50bn</td>
<td>✓ FY2016/17 1H: Y85.9bn</td>
</tr>
<tr>
<td>✓ Additional $1bn cost reduction (total $2bn)</td>
<td>✓ FY2016/17 1H (Group int’l): Y40bn</td>
</tr>
<tr>
<td><strong>Reinforce Japan businesses</strong></td>
<td>✓ Completed Sep 2013</td>
</tr>
<tr>
<td><strong>Improving Wholesale profitability</strong></td>
<td></td>
</tr>
</tbody>
</table>

**FY2016/17 3Q (as of Nov)**
- ✓ Stringent cost control and risk management amid macro events such as US presidential election
- ✓ Maintain 1H revenue momentum
- ✓ International income before income taxes of Y50bn in sight
Management targets

|-----------|-----------|-----------|-----------|-----------|---|---|---|-----------|

- **Sep 2012**: Announced FY2015/16 management target (EPS Y50)
- **Aug 2014**: Achieved EPS and other key targets 2 years ahead of schedule

Announced long-term management vision for 2020 (Vision C&C)
- Create organization capable of consistently delivering EPS of Y100
- Establish an operating platform capable of delivering sustainable growth under any environment

Two challenges
- Transforming business model in Japan
- Improve profitability of international business

1. March 2020 assumptions: Nikkei 225 at Y25,000; USD/JPY rate Y110; Effective tax rate for Japanese corporates below 30%; Global fee pool annual growth rate of 1%.
## KPIs to achieve 2020 long-term management vision

### Three segment pretax income

<table>
<thead>
<tr>
<th>Division</th>
<th>Retail</th>
<th>Asset Management</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax income</td>
<td>Y195 - Y205bn</td>
<td>Y45 - Y50bn</td>
<td>Y210 - Y230bn</td>
</tr>
<tr>
<td>Client assets</td>
<td>Y150trn</td>
<td>Y50trn</td>
<td>$9.8bn</td>
</tr>
<tr>
<td>Recurring revenue</td>
<td>Y150bn (Approx. 50%)</td>
<td>Y150bn (Approx. 50%)</td>
<td>$7.6bn</td>
</tr>
<tr>
<td>(cost coverage ratio)</td>
<td></td>
<td></td>
<td>Pretax income of fee pool market share</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.7%</td>
</tr>
<tr>
<td>Fee pool market share</td>
<td></td>
<td></td>
<td>$7.7bn</td>
</tr>
</tbody>
</table>

### KPIs as of Aug 2014

- Pretax income: Y450 - Y470bn
- Client assets: Y150trn
- Recurring revenue: Y150bn (Approx. 50%)
- Fee pool market share: 3.7%

### KPIs as of Dec 2015

- Pretax income: Y450 - Y470bn
- Client assets: Y150trn
- Recurring revenue: Y150bn (Approx. 50%)
- Fee pool market share: 3.7%

### KPIs as of Nov 2016

- Pretax income: Y450 - Y470bn
- Client assets: Y150trn
- Recurring revenue: Y150bn (Approx. 50%)
- Fee pool market share: 3.7%
Retail: Continue to focus on transforming business model

Retail client assets

<table>
<thead>
<tr>
<th>(trillions of yen)</th>
<th>Mar-12</th>
<th>Mar-13</th>
<th>Mar-14</th>
<th>Mar-15</th>
<th>Mar-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>72.0</td>
<td>83.8</td>
<td>91.7</td>
<td>109.5</td>
<td>100.6</td>
<td>150.0</td>
</tr>
</tbody>
</table>

Retail net revenue and income before income taxes

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>FY11/12</th>
<th>FY12/13</th>
<th>FY13/14</th>
<th>FY14/15</th>
<th>FY15/16</th>
<th>FY16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Nikkei 225

Mar-12 Mar-13 Mar-14 Mar-15 Mar-16 2020 (KPI)
## Retail: Recurring revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
<td>2H</td>
</tr>
<tr>
<td><strong>Recurring revenue (billions of yen)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1H</td>
<td>140.3</td>
<td>157.0</td>
<td>165.0</td>
<td>154.9</td>
<td>160.3</td>
<td>158.7</td>
</tr>
<tr>
<td>2H</td>
<td>20.7</td>
<td>22.9</td>
<td>27.0</td>
<td>26.9</td>
<td>34.3</td>
<td>39.2</td>
</tr>
<tr>
<td><strong>Recurring revenue cost (billions of yen)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1H</td>
<td>157.0</td>
<td>165.0</td>
<td>154.9</td>
<td>160.3</td>
<td>158.7</td>
<td>149.3</td>
</tr>
<tr>
<td>2H</td>
<td>27.0</td>
<td>26.9</td>
<td>34.3</td>
<td>37.3</td>
<td>35.7</td>
<td>75.0</td>
</tr>
<tr>
<td><strong>Coverage ratio (%)</strong></td>
<td>15%</td>
<td>15%</td>
<td>16%</td>
<td>19%</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Retail cost (billions of yen)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1H</td>
<td>140.3</td>
<td>157.0</td>
<td>165.0</td>
<td>154.9</td>
<td>160.3</td>
<td>158.7</td>
</tr>
<tr>
<td>2H</td>
<td>20.7</td>
<td>22.9</td>
<td>27.0</td>
<td>26.9</td>
<td>34.3</td>
<td>39.2</td>
</tr>
</tbody>
</table>
Discretionary investment clients assets and number of contracts

<table>
<thead>
<tr>
<th>Date</th>
<th>Discretionary Investment Clients Assets (Billions of Yen)</th>
<th>Number of Contracts (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-14</td>
<td>48.1</td>
<td>559</td>
</tr>
<tr>
<td>Mar-15</td>
<td>108.6</td>
<td>1,338</td>
</tr>
<tr>
<td>Sep-15</td>
<td>154.1</td>
<td>1,928</td>
</tr>
<tr>
<td>Mar-16</td>
<td>172.9</td>
<td>2,194</td>
</tr>
<tr>
<td>Sep-16</td>
<td>183.3</td>
<td>2,269</td>
</tr>
</tbody>
</table>
Expanding business through consulting services (1)

Real estate transaction value

- Transaction Value
- Number of transaction (rhs)

Number of pitches for SME M&A deals

Total number of completed deals: 84

(billions of yen)

<table>
<thead>
<tr>
<th>FY2012/13</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H</td>
<td>2H</td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
</tr>
<tr>
<td>108</td>
<td>296</td>
<td>310</td>
<td>275</td>
<td>925</td>
</tr>
<tr>
<td>1,068</td>
<td>3,099</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Transaction Value

<table>
<thead>
<tr>
<th>FY2012/13</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H</td>
<td>2H</td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
</tr>
<tr>
<td>60.2</td>
<td>244</td>
<td>60.2</td>
<td>244</td>
<td>60.2</td>
</tr>
</tbody>
</table>

Number of pitches for SME M&A deals

- FY2012/13: 108
- FY2013/14: 296
- FY2014/15: 310
- FY2015/16: 275
- FY2016/17: 925
- FY2017/18: 993
- FY2018/19: 941
- FY2019/20: 1,068
- FY2020/21: 3,099
Expanding business through consulting services (2)

Strengthened estate planning services

Client → Nomura Securities representative → Solution and Support Dept. → Banking and Trust Agency Services, Insurance Products Dept. (Inheritance consultant) → Real Estate Department → Related departments

Nomura Group and affiliates
- Nomura Institute of Estate Planning
- Nomura Trust & Banking
- Nomura Real Estate Group
- Affiliated tax accountant, etc.

Number of consultations referred from Retail branch offices (cumulative)
- Estate settlement: Approx. 1,000
- Testamentary trust

Period:
- Apr-15
- Oct-15
- Apr-16
- Oct-16
Retail challenges: Total sales

Monthly total sales\(^1\) of around Y1trn while continuing to provide consulting services

(billions of yen)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY2011/12</th>
<th>FY2012/13</th>
<th>FY2013/14</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Q2</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Q3</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Q4</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
</tr>
</tbody>
</table>

1. Retail channels only.

Large primary deals

- Mazda PO
- ANA PO
- Suntory Beverage & Food IPO
- Mitsubishi Motors PO
- Dai-ichi Life PO
- Toyoda AA class shares
- Recruit PO
- Sony PO
- Japan Post Group POs
- Recruit PO
- LINE IPO

TSE 1st Section trading value
Retail challenges: Strengthening approach to asset builders

Business aimed at meeting client needs

1. Further develop consulting services

2. Strengthen approach to asset builders

Leverage systems to promote shift from savings to asset formation

- Expansion of defined contribution pension plans (iDeCo) (Jan 2017)
- Further take up of ESOP
- Promotion of NISA and Junior NISA

Use technology

- Introduced robo advisor (Nov 2016)
- New initiatives using FinTech
Supporting asset formation through shift from savings to investment

NISA accounts and sales both continue to grow

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>(thousands of accounts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated sales (lhs)</td>
<td>NISA accounts opened (rhs)</td>
</tr>
<tr>
<td>0.0</td>
<td>1,580 thousand accounts</td>
</tr>
<tr>
<td>Jan 2014</td>
<td>1,600</td>
</tr>
<tr>
<td>Apr 2014</td>
<td>1,500</td>
</tr>
<tr>
<td>Jul 2014</td>
<td>1,400</td>
</tr>
<tr>
<td>Oct 2014</td>
<td>1,300</td>
</tr>
<tr>
<td>Jan 2015</td>
<td>1,200</td>
</tr>
<tr>
<td>Apr 2015</td>
<td>1,100</td>
</tr>
<tr>
<td>Jul 2015</td>
<td>1,000</td>
</tr>
<tr>
<td>Oct 2015</td>
<td>900</td>
</tr>
<tr>
<td>Jan 2016</td>
<td>800</td>
</tr>
</tbody>
</table>

1,580 thousand accounts

Y1.4trn

Defined contribution pension plan participants increase

<table>
<thead>
<tr>
<th>(thousands of participants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of Sep 2016</td>
</tr>
<tr>
<td>Participants, etc.: Approx. 600,000</td>
</tr>
<tr>
<td>Client assets: Approx. Y980bn</td>
</tr>
<tr>
<td>(of which, 60% in investment trusts)</td>
</tr>
</tbody>
</table>

As of Sep 2016

- Participants, etc.: Approx. 600,000
- Client assets: Approx. Y980bn
  (of which, 60% in investment trusts)

1. Total sales from April 2016 and number of accounts from Jan 2016 include Junior NISA
2. Participants, etc. is total of participants (pays contributions) and person authorized to give investment instructions (no contributions, asset management only)
Growth potential for long-term investment products

NISA AuM vs UK ISA AuM

(trillions of yen)

Approx. 10x

Japan (NISA)¹

UK (ISA)²

As percentage of personal financial assets

0.4%¹,5

8.0%²,6

DC pension plan AuM in Japan and US

(trillions of yen)

Approx. 140x

Japan³

US⁴

Approx. 1,500 (USD 14.5 trillion)

Approx. 11

Approx. 8

0.6%³,5

20.1%⁴,7

1. Japan Securities Dealers Association, as of end Mar 2016.
2. HM Revenue & Customs, as of end Apr 2016.
3. The Life Insurance Association of Japan, as of end Mar 2016.
4. Investment Company Institute, as of end Jun 2016, including IRA.
5. Bank of Japan, as of end Mar 2016.
7. Federal Reserve Bank, as of end Jun 2016.
## New approach to clients

<table>
<thead>
<tr>
<th>Branches</th>
<th>Positioning</th>
<th>Previous</th>
<th>New</th>
<th>2020 (image)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact centers</td>
<td>Positioning</td>
<td>Advice through people</td>
<td>Complement face-to-face</td>
<td>Advice through people</td>
</tr>
</tbody>
</table>
| Function | | ▪ Take orders, admin.  
▪ Dedicated dial service for new clients | ▪ Contact center by function  
▪ Provide advice | ▪ Sub relationship manager  
▪ Enhance remote consulting |
| Online services | Positioning | | | |
| Users | | | | |
| Function | Users and people who trade only | ▪ Check asset balance  
▪ Trading | | |
| | All clients | ▪ Advisory function  
▪ Introduce new technologies and technologies from other companies | ▪ Digital advisor | |
| | | | | |
| | | | | |

### Previous

- **Branches**
  - Contact centers
- **Positioning**
  - Advice through people

### New

- **Positioning**
  - Complement face-to-face
  - Advice through people

### 2020 (image)

- **Positioning**
  - Advice through people

### Functions

- **Users and people who trade only**
  - Check asset balance
  - Trading

- **All clients**
  - Advisory function
  - Introduce new technologies and technologies from other companies

### Additional Features

- Use AI
- Leverage API
- Personalized follow-up based on asset level
- Banners matched to characteristics/likes
- Robo advisor
- Email marketing
Three unique advantages

1. Investor type analysis
2. Goal setting
3. Share on Facebook, LINE and Twitter

Advantage 1
Investor type (character) analysis

Advantage 2
Goal setting and investment value examples
Financial services in an aging society

Average life expectancy in Japan

<table>
<thead>
<tr>
<th>Year (age)</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>58.0</td>
<td>58.0</td>
</tr>
<tr>
<td>1960</td>
<td>61.5</td>
<td>61.5</td>
</tr>
<tr>
<td>1970</td>
<td>65.0</td>
<td>65.0</td>
</tr>
<tr>
<td>1980</td>
<td>69.0</td>
<td>69.0</td>
</tr>
<tr>
<td>1990</td>
<td>73.0</td>
<td>73.0</td>
</tr>
<tr>
<td>2000</td>
<td>77.0</td>
<td>77.0</td>
</tr>
<tr>
<td>2010</td>
<td>81.0</td>
<td>81.0</td>
</tr>
<tr>
<td>2020</td>
<td>85.0</td>
<td>85.0</td>
</tr>
<tr>
<td>2030</td>
<td>89.0</td>
<td>89.0</td>
</tr>
<tr>
<td>2040</td>
<td>93.0</td>
<td>93.0</td>
</tr>
<tr>
<td>2050</td>
<td>97.0</td>
<td>97.0</td>
</tr>
<tr>
<td>2060</td>
<td>101.0</td>
<td>101.0</td>
</tr>
</tbody>
</table>

enhancing support through financial services

Higher average life expectancy

Working age

- Asset planning in line with life plan
- Preparing for the future

Retirees

- Increased importance of money planning
- Diversified financial needs (asset inheritance/wealth protection, etc.)

Commenced joint research on financial gerontology

2. Financial gerontology is the study of the impact that aging and living longer will have on the economy and financial behavior.
Asset Management: AuM growing steadily

Asset under management (net)

(trillions of yen)

- Inflows: +¥8.1trn
- Investment trusts (+¥5.8trn)
- Investment advisory (+¥2.3trn)
- Market factors: +¥0.7trn

Income before income taxes

(billions of yen)

- Full year: ¥50bn - ¥55bn
- 25 – 27.5
Asset Management: Enhancing our product offering and platform

Enhancing our product offering in line with client needs

- Privately placed investment trusts
- ETFs

\[ \text{AuM, Sep 2015} = 100 \]

- AuM (trillions of yen)

Enhancing our client platform

- Wrap service platform
  - Started offering Fund Wrap to the Bank of Fukuoka

- Investment management expertise
  - JP Japan-US balanced fund
  - JP4 asset balanced fund
Expect many collaborative benefits in terms of client franchise and product offering.

**ACI-NAM Business Opportunities Committee**

1. **Japan Marketing**
   - Distribute ACI products in Japan

2. **U.S. Marketing**
   - Distribute NAM products in US

3. **International Marketing (ex U.S., Japan)**
   - Distribute ACI products to international institutional investors

4. **Mid-term Business**
   - Discuss medium to long term business opportunities

---

Wholesale revenue environment: Fee pool trend

Wholesale related fee pool

(billions of USD)

- Investment Banking
  - CY2016 fee pool initially expected to decline by up to 17%
  - However, decline expected to be only 10% due to recovery in fixed income in H2

<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>315</td>
<td>69</td>
<td>192</td>
</tr>
<tr>
<td>2010</td>
<td>267</td>
<td>64</td>
<td>149</td>
</tr>
<tr>
<td>2011</td>
<td>244</td>
<td>49</td>
<td>113</td>
</tr>
<tr>
<td>2012</td>
<td>235</td>
<td>56</td>
<td>138</td>
</tr>
<tr>
<td>2013</td>
<td>226</td>
<td>62</td>
<td>118</td>
</tr>
<tr>
<td>2014</td>
<td>220</td>
<td>61</td>
<td>108</td>
</tr>
<tr>
<td>2015</td>
<td>199</td>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td>2016E</td>
<td></td>
<td>56</td>
<td>95</td>
</tr>
</tbody>
</table>

Nomura fee pool market share (calendar year)

1.8%  3.0%  3.3%  3.1%  3.3%  3.1%  3.1%

1. Source: Nomura, based on data from Oliver Wyman and Coalition.
Wholesale: Continued focus on structural cost reduction

Wholesale cost base\(^1\) and new run rate

<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>FY2016/17 1H annualized</th>
<th>New run rate(^2)</th>
<th>2020 (image)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total $2bn cost reduction</strong></td>
<td>7,519</td>
<td>6,879</td>
<td>6,511</td>
<td>6,419</td>
<td>5,871</td>
<td>5,420</td>
<td>5,100  ~ 5,200</td>
<td>5,900</td>
</tr>
<tr>
<td><strong>Variable costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Converted to USD using month-end spot rate (average) for each period.
2. Cost base if business environment at end of March 2016 continues.

- Down approx. 20% vs FY2014/15
- Strategic review of EMEA and Americas businesses
- Integrated streamlining of front, middle and back offices
- Cost increase to support revenue growth
- Invest in areas of competitive advantage
Wholesale: Steady progress towards 2020 targets

**Wholesale income before income taxes**

1. Focus on areas of competitive advantage
2. Continued focus on structural cost reduction

<table>
<thead>
<tr>
<th>(billions of USD)</th>
<th>FY2014/15</th>
<th>FY2015/16</th>
<th>FY16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>0.3</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Expenses</td>
<td>0.8</td>
<td>0.9</td>
<td></td>
</tr>
</tbody>
</table>

**Steady progress on road to FY2019/20**

<table>
<thead>
<tr>
<th>(billions of USD)</th>
<th>FY14/15</th>
<th>FY15/16</th>
<th>FY16/17 (1H)</th>
<th>FY19/20 (image)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>7.1</td>
<td>6.0</td>
<td>3.5</td>
<td>7.7</td>
</tr>
<tr>
<td>Expenses</td>
<td>6.4</td>
<td>5.9</td>
<td>2.7</td>
<td>5.9</td>
</tr>
<tr>
<td>Pretax margin (Pretax income/Net revenue)</td>
<td>10%</td>
<td>2%</td>
<td><strong>23%</strong></td>
<td>23%</td>
</tr>
</tbody>
</table>

**FY2019/20 (half year)(KPI)**
Wholesale: Structural shifts in markets and client needs

**Investor shift from secondary to primary**

- Investors’ needs are shifting from secondary to primary
- More opportunities for origination, financing and structuring/hedging

**Rising electronification**

- Rapid shift away from high-touch execution model
- Agency opportunities from electronification and unbundling

---

1. Source: Federal Reserve Bank, inventories held by primary dealers of government bonds, agency bonds, corporate bonds, mortgage bonds, commercial paper, etc.
2. Source: Dealogic, global ECM/global DCM issuance
3. Source: Bank for International Settlement
## Wholesale: Business strategy

### Reinforce in areas of competitive advantage

<table>
<thead>
<tr>
<th>Structural shifts in markets</th>
<th>Business strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in primary</td>
<td>Key initiatives</td>
</tr>
<tr>
<td>Shift to electronic</td>
<td>Current portfolio&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Advisory</td>
</tr>
<tr>
<td></td>
<td>Execution</td>
</tr>
<tr>
<td></td>
<td>Primary</td>
</tr>
<tr>
<td></td>
<td>Solutions</td>
</tr>
<tr>
<td></td>
<td>Liquidity and market making</td>
</tr>
<tr>
<td></td>
<td>Flow Fixed Income</td>
</tr>
<tr>
<td></td>
<td>Non-Cash Equities</td>
</tr>
</tbody>
</table>

- **Advisory**
  - Selective investments to fill gaps and expand market share in growth areas
  - Foster global connectivity to unlock opportunities in cross-border M&A, financing and solutions etc.

- **Execution**
  - Position for Execution opportunities from “Unbundling” of Research
  - Expand Agency offering to Fixed Income products

- **Primary**
  - Continued build-out of coverage footprint in focus sectors and clients
  - Extend product offering, uplift cross-sell between regions/businesses

- **Solutions**
  - Global Markets and Investment Banking partnership for holistic coverage of solution needs of clients
  - Expand distribution of Structured Products and Solutions

- **Liquidity and market making**
  - Reinforce Macro for opportunities from evolving market environment
  - Expand Emerging Markets leveraging continued shift of client flows to EM assets

- **Non-Cash Equities**
  - Further build on areas of strength in Equities in APAC and US

---

<sup>1</sup> Forecast for FY2016/17
International business:
Cost reductions led to improved international profitability

Net revenue and non-interest expenses from international operations

(billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2015/16</th>
<th>FY2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>228.3</td>
<td>271.4</td>
</tr>
<tr>
<td>Europe</td>
<td>252.6</td>
<td>243.1</td>
</tr>
<tr>
<td>Asia and Oceania</td>
<td>216.0</td>
<td>203.1</td>
</tr>
<tr>
<td>International total</td>
<td>203.1</td>
<td>271.4</td>
</tr>
</tbody>
</table>

Non-interest expenses

<table>
<thead>
<tr>
<th></th>
<th>FY2015/16</th>
<th>FY2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>-32.4</td>
<td>-13.4</td>
</tr>
<tr>
<td>Europe</td>
<td>7.7</td>
<td>-3.0</td>
</tr>
<tr>
<td>Asia and Oceania</td>
<td>-36.6</td>
<td>-43.0</td>
</tr>
<tr>
<td>International total</td>
<td>-43.0</td>
<td>40.0</td>
</tr>
</tbody>
</table>

1. Group-wide on financial accounting basis. Geographic information is based on U.S. GAAP. 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 income (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.
Strategy tailored to market size and stage of development of each country

- **A** - Already a fairly large market
  - Mature individual investors
  - Nomura has platform
- **B** - Large market
  - Growth potential
  - Nomura platform weak
- **C** - Developing market
  - Limited Nomura platform
- **D** - Small market
  - Low per-capita GDP
  - Strong growth potential

1. **Source:** United Nations; IMF for Taiwan
2. **Source:** Nomura, based on data from World Federation of Exchanges on market capitalizations as of August 2016.
FinTech initiatives

Plans announced in Dec 2015

1. Business contest
2. Accelerator program
3. Strengthen incubation

Pursue new business opportunities
Promote open innovation
Invest and finance start ups and provide training/support

Contest held Jul – Oct
Submissions from mid Dec

New company
Open innovation
Start new business
Invest/finance start ups
Services
Invest/develop/support
Clients
Start ups
3. Capital policy
Controlling market risk: Stringent management of Wholesale resources since 2015 H2 taking into account role as market maker

Controlling risk assets to improve capital ratio

(trillions of yen)

<table>
<thead>
<tr>
<th>Date</th>
<th>Operational risk</th>
<th>Market risk</th>
<th>Credit risk</th>
<th>CET1 ratio (rhs)</th>
<th>Tier 1 ratio (rhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-14</td>
<td>13.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep-14</td>
<td>12.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-15</td>
<td>12.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep-15</td>
<td>13.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-16</td>
<td>15.4%</td>
<td></td>
<td></td>
<td>16.1%</td>
<td></td>
</tr>
<tr>
<td>Sep-16</td>
<td>18.7%</td>
<td></td>
<td></td>
<td>18.0%</td>
<td></td>
</tr>
</tbody>
</table>

1. Basel III
Expect greater business opportunities on back of S&P upgrade in Nov 2016

<table>
<thead>
<tr>
<th>International rating agencies</th>
<th>Domestic rating agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA / Aa2</td>
<td>HLD NSC</td>
</tr>
<tr>
<td>AA- / Aa3</td>
<td>HLD NSC</td>
</tr>
<tr>
<td>A+ / A1</td>
<td>HLD NSC</td>
</tr>
<tr>
<td>A / A2</td>
<td>HLD NSC</td>
</tr>
<tr>
<td>A- / A3</td>
<td>NSC</td>
</tr>
<tr>
<td>BBB+ / Baa1</td>
<td>NSC</td>
</tr>
<tr>
<td>BBB / Baa2</td>
<td>NSC</td>
</tr>
<tr>
<td>BBB- / Baa3</td>
<td>NSC</td>
</tr>
</tbody>
</table>

Credit rating upgrades

<table>
<thead>
<tr>
<th>Rating</th>
<th>Agency</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA / Aa2</td>
<td>Fitch</td>
<td>Upgrade Sep 2013</td>
</tr>
<tr>
<td>AA- / Aa3</td>
<td>Moody’s</td>
<td>Upgrade Oct 2014</td>
</tr>
<tr>
<td>A+ / A1</td>
<td>S&amp;P</td>
<td>Upgrade Nov 2016</td>
</tr>
</tbody>
</table>

R&I | JCR
Outstanding shares (excl. treasury stock)

(billion of shares)

Apr 2014 – Nov 2016 amount of own shares acquired (accumulated)\(^1\): ¥175.2bn

- Outstanding shares (excl. treasury stock)\(^2\)

1. Including shares granted upon the exercise of stock options.
2. Outstanding shares (excl. treasury stock) includes potential shares (shares granted upon the exercise of stock options).
3. As of Nov 28, 2016.
Maintain sufficient capital in light of market conditions and regulatory changes

- **Common Equity Tier 1 ratio**
- **RWA**
- **Minimum capital requirements (expected, 2019)**
  - **Approx. 8.0%**
    - **Other Capital preservation buffer**: 2.5%
    - **Common Equity Tier 1**: 4.5%
  - **Nomura’s target**: >11%

**Current (Sep 2016)**

- **Nomura’s target**: 18.0%

**Allocable resources assuming Common Equity Tier 1 ratio of 11%**

- **End Sep 2016**: Y2.5trn
- **RWA**: Y22.5trn
- **Y2.5trn**
- **Y13.7trn**

- **Control risk in light of market conditions**
- **Prepare for future regulatory changes, etc.**

- \( 2 - 1 = 8.8\text{trn} \)
Capital efficiency and effective use of capital

Robust financial position

- Maintain appropriate capital ratios
  - Common Equity Tier 1 ratio: over 11%

Improve capital efficiency

- Ensure returns above cost of capital
- Achieve 2020 management target of EPS of Y100
  - Aim for ROE of about 10%

- Dividend payout ratio: Approx. 30%
- Invest surplus capital in future growth areas and use for additional shareholder returns
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