

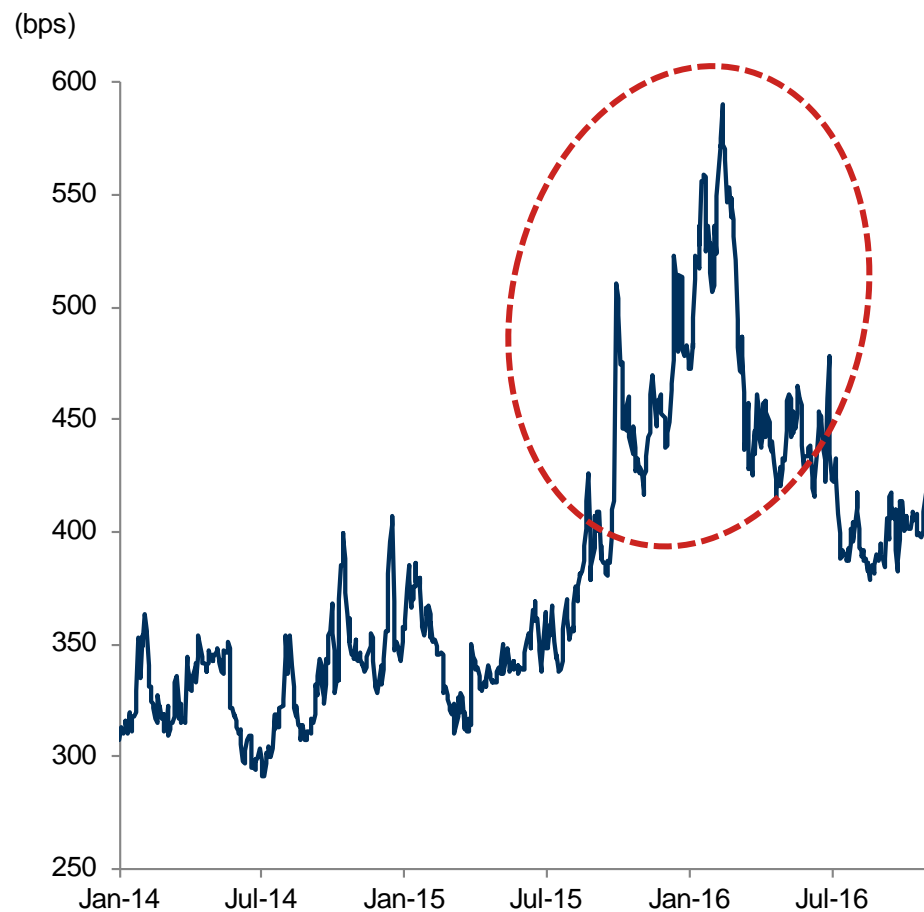
Presentation at Nomura Investment Forum 2016

Koji Nagai
Group CEO
Nomura Holdings, Inc.

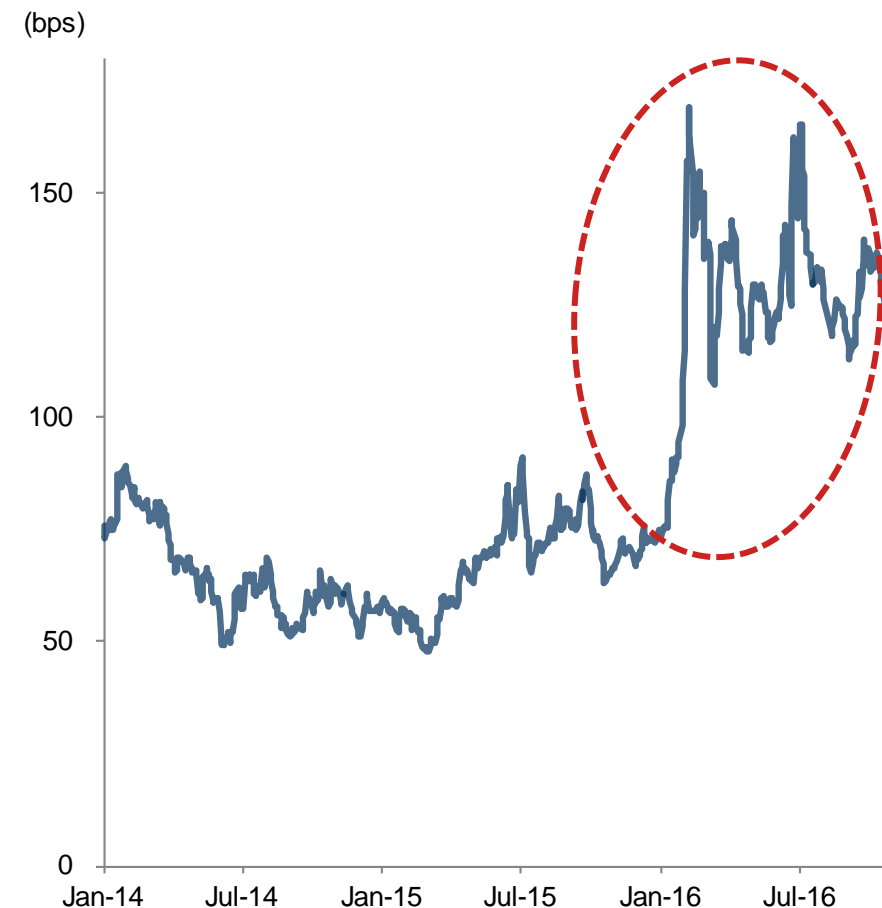
November 30, 2016

Uncertain times: Market volatility since August last year

US high yield bond credit spread¹



Major European banks CDS²

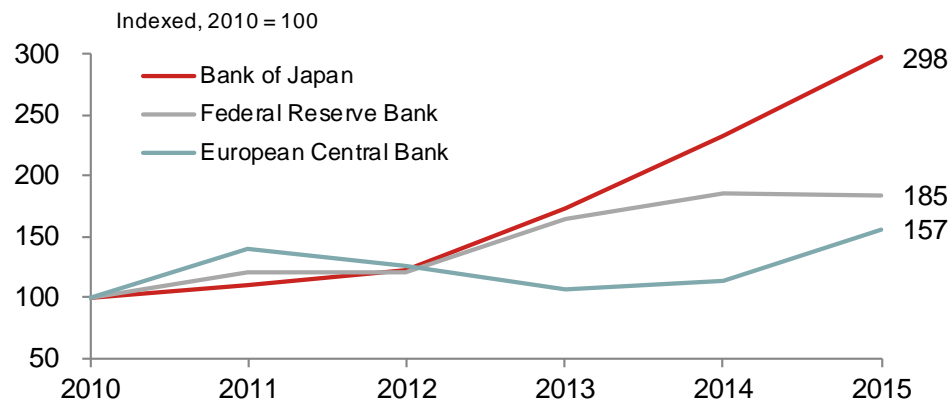


1. Source: Markit CDX North America High Yield index (5 year)

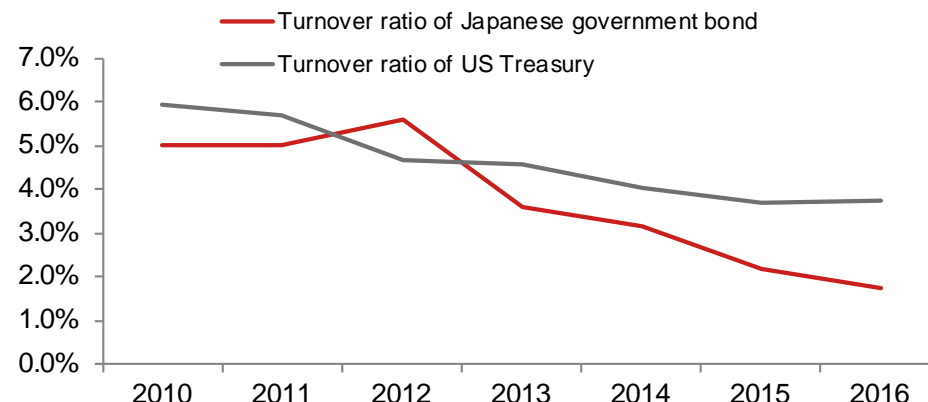
2. Major European banks is average of DeutscheBank, UBS, Credit Suisse, and Barclays (5 year, euro-denominated).

Factors driving uncertainty (1): Structural shifts in markets - Liquidity drops as volatility rises

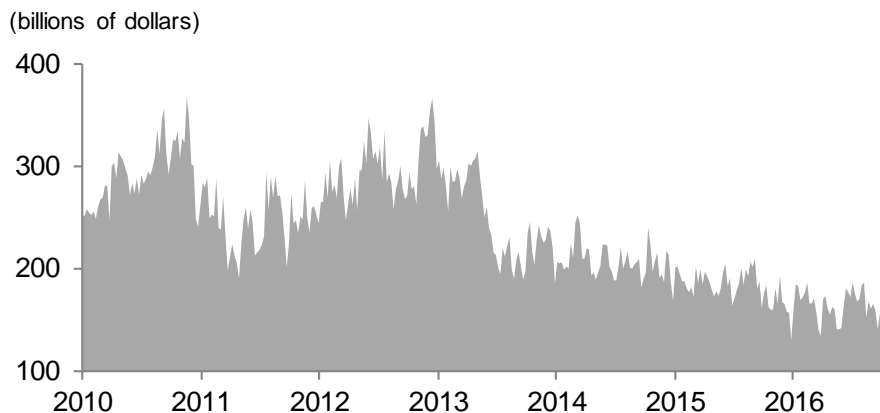
Central bank balance sheets expand



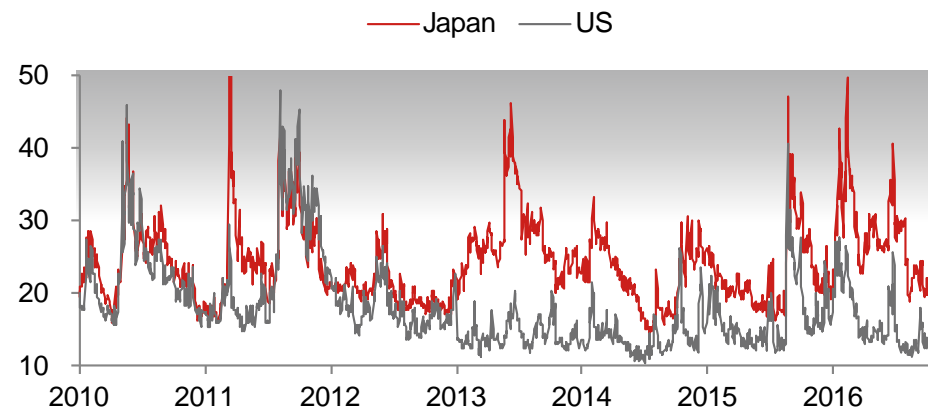
Japanese government bond and US Treasury liquidity declines²



Dealer inventories decline¹



VIX Index³

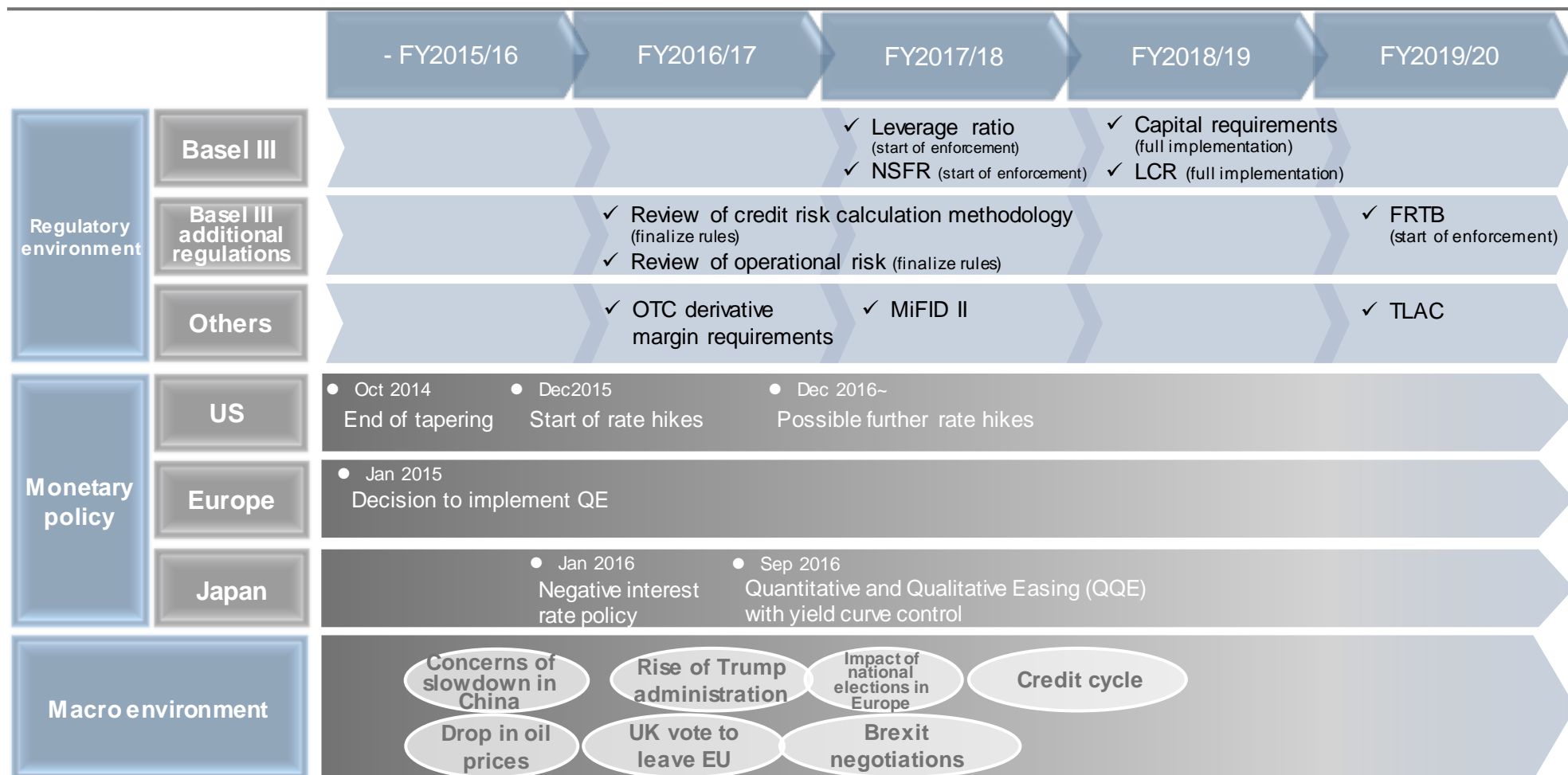


1. Source: Federal Reserve Bank, inventories of government bonds, agency bonds, corporate bonds, mortgage bonds, commercial paper, etc. held by primary dealers.

2. Source: Japan Securities Dealers Association, Ministry of Finance, Securities Industry and Financial Markets Association

3. Source: Volatility indices for Nikkei225 and S&P 500.

Factors driving uncertainty (2)



Positive signs of change in Japan

Abenomics: Results of three arrows and new three arrows

“Three arrows”

Bold monetary policy

Flexible fiscal policy

Growth strategy to stimulate private investment

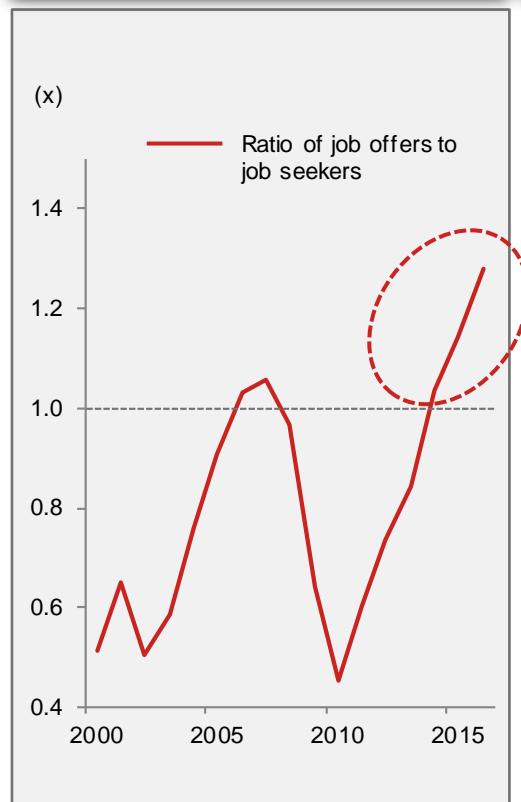
“New three arrows”

Robust economy that gives rise to hope

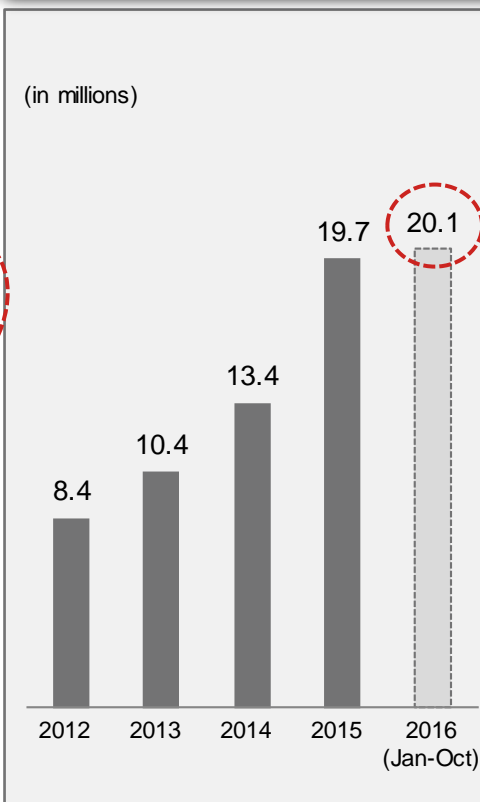
Dream-weaving childcare support

Social security that provides reassurance

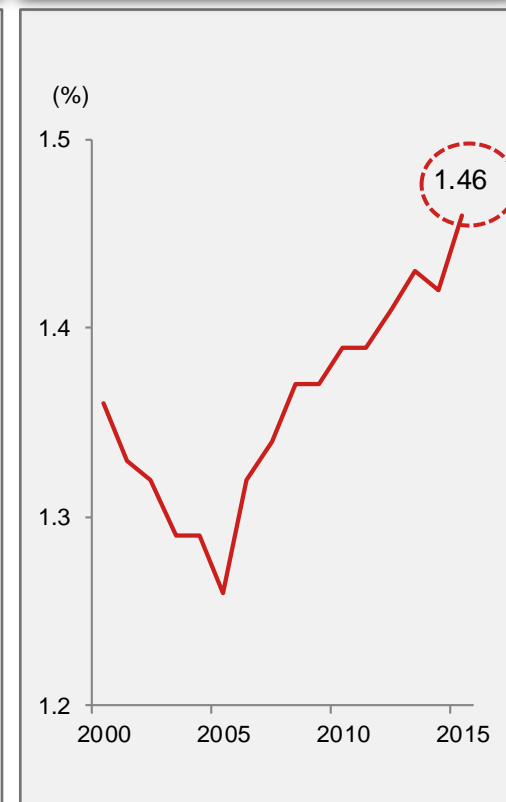
Improved employment conditions



Increase in overseas visitors

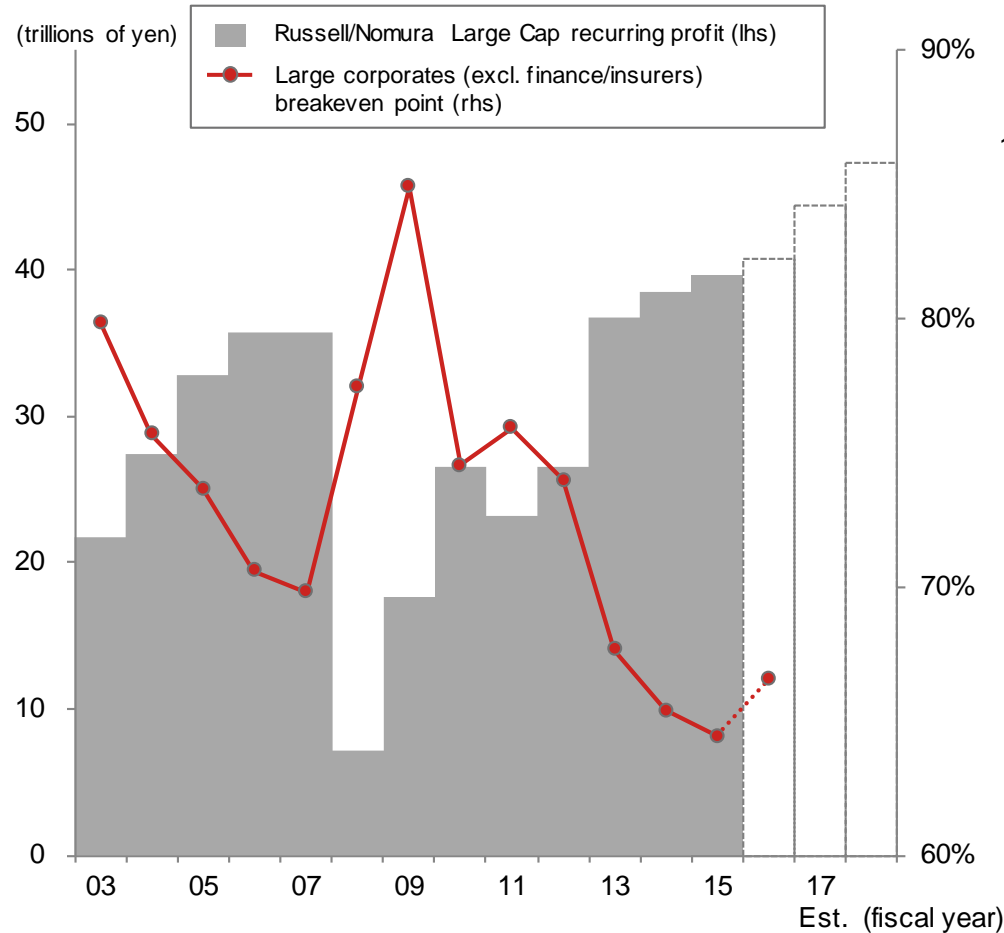


Higher birth rate

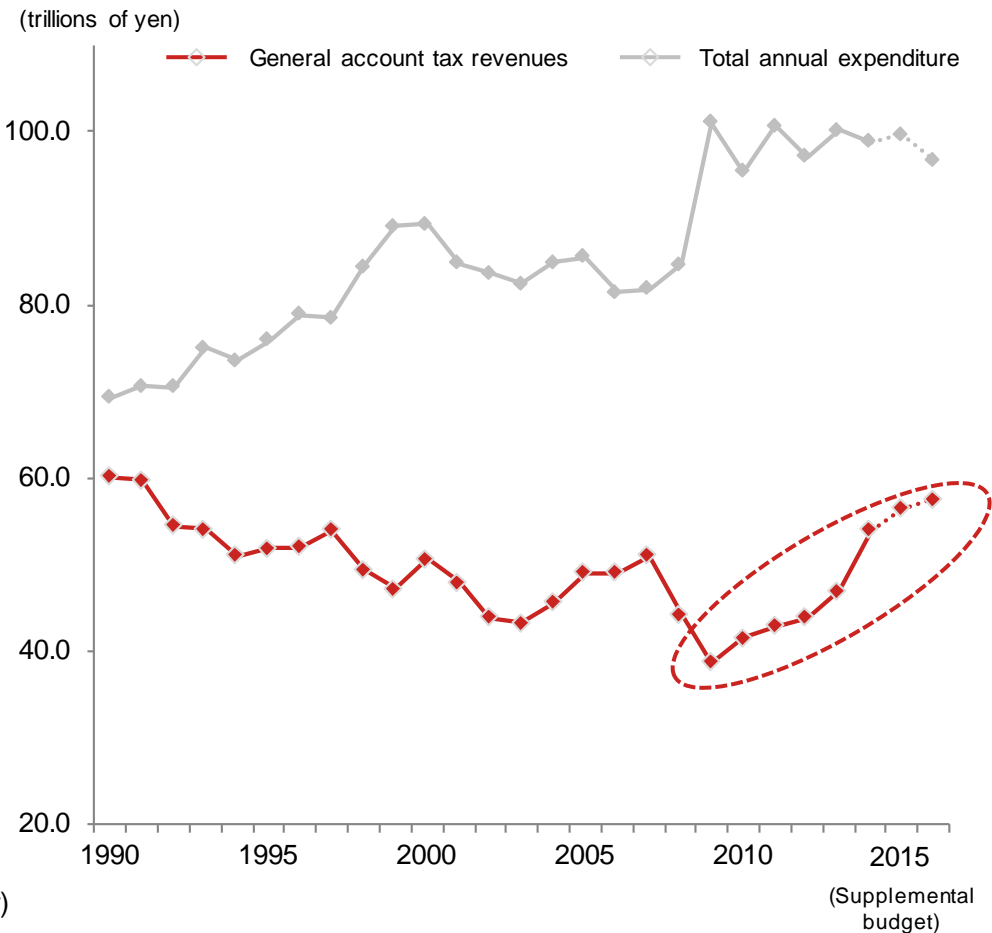


Tax revenues boosted as Japanese corporates successfully lower breakeven point

Japan corporate earnings above pre-financial crisis levels¹



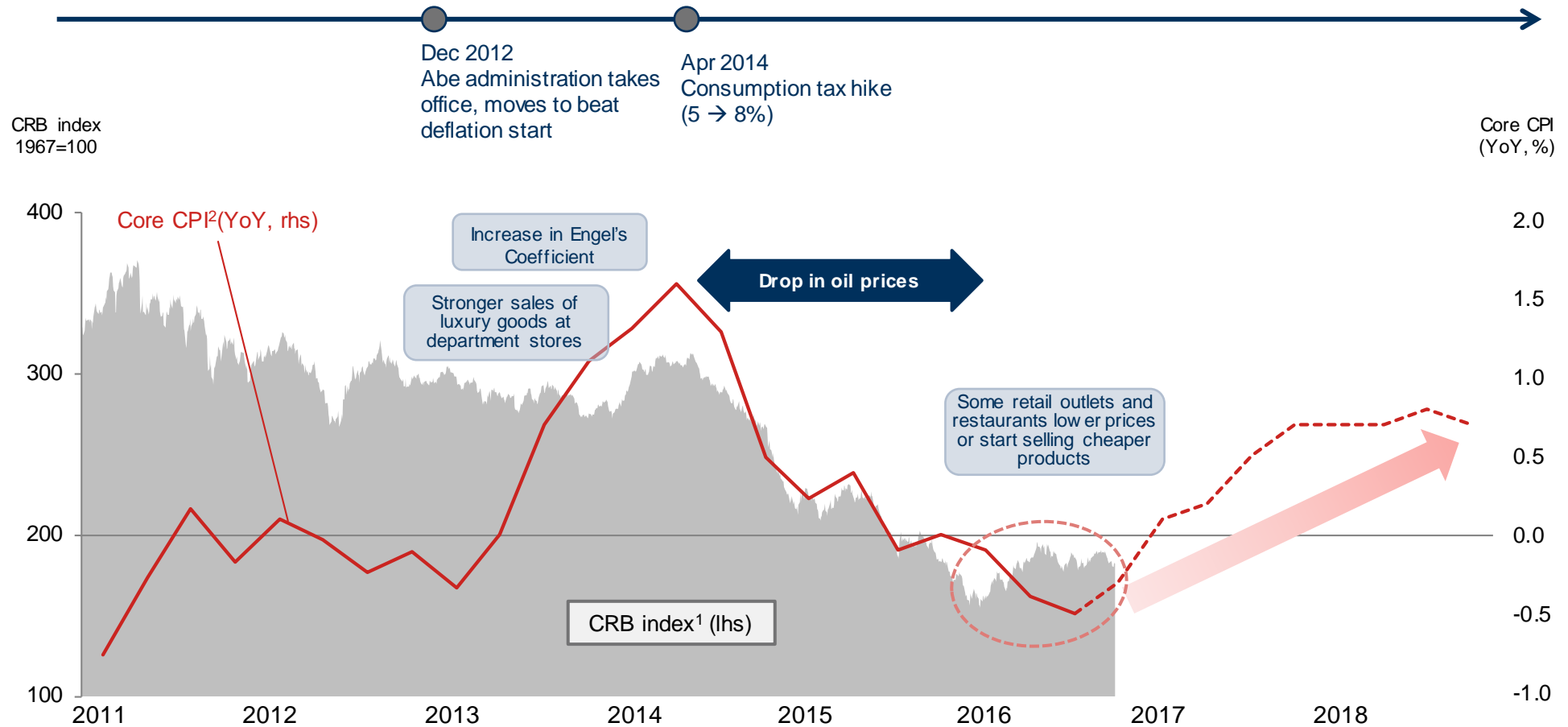
Tax revenues increase²



1. Source: Ministry of Finance, Surveys for the Financial Statements Statistics of Corporations by Industry
 2. Source: Ministry of Finance

Expect slight improvement in inflation

Commodity market¹ and Japan's core CPI (YoY)²



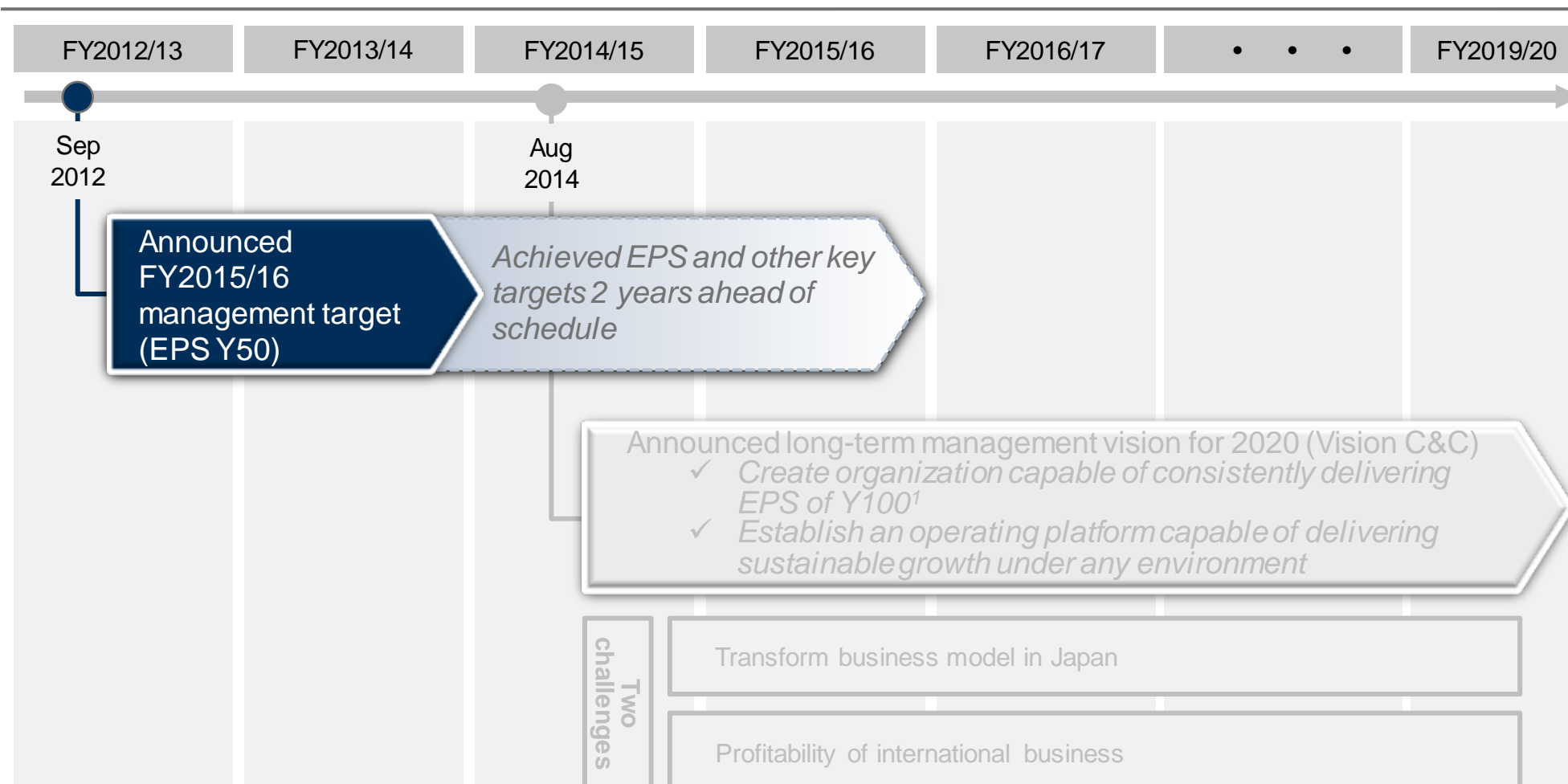
1. Thomson Reuters / CoreCommodity CRB Index, 1967=100

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









Management targets



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%.

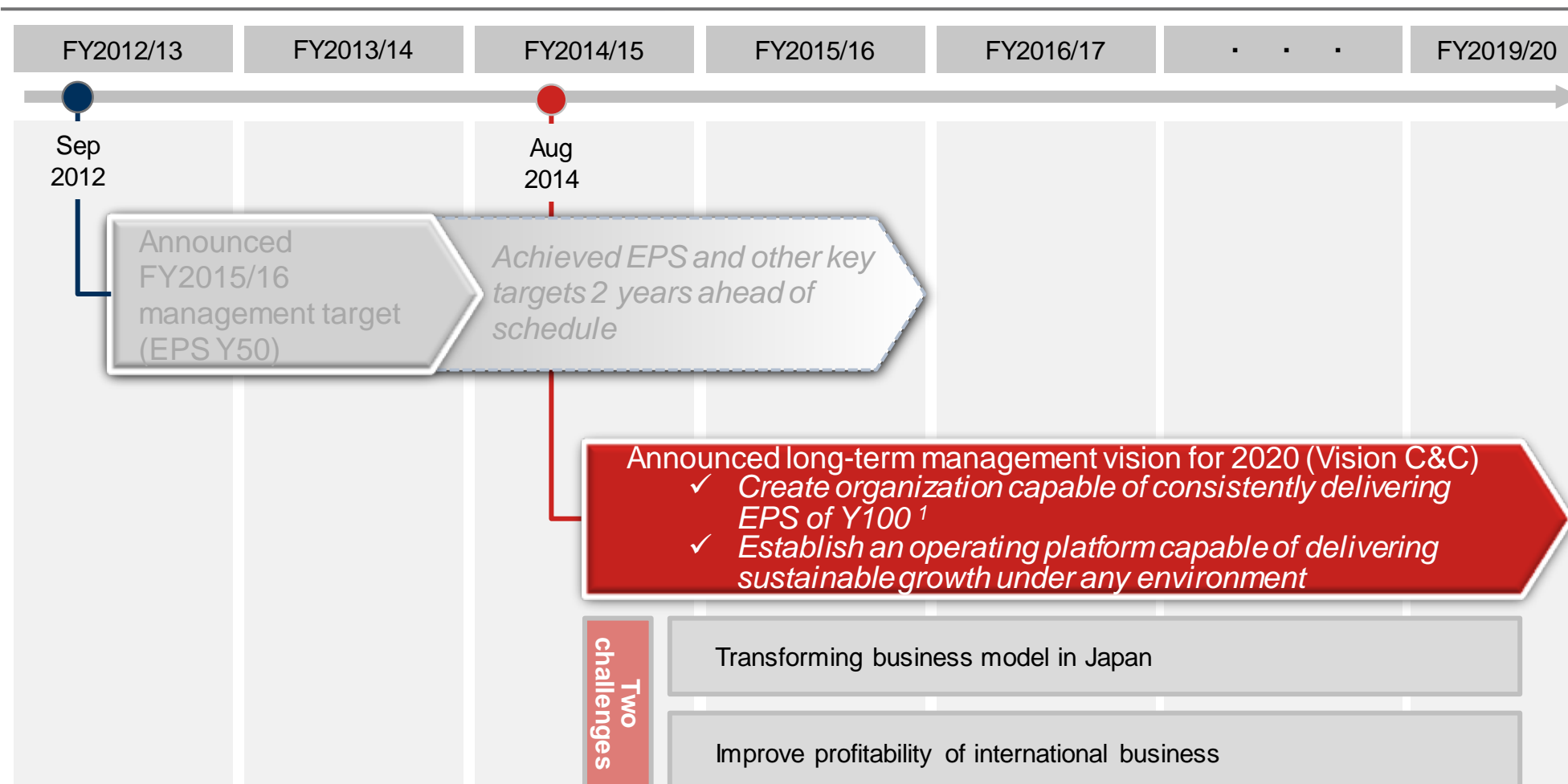
FY2015/16 management targets: Progress on ongoing targets

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Initiatives			Status (as of Nov 2016)	
FY2015/16 management targets	✓ EPS Y50			✓ Achieved FY2013/14 and FY2014/15
Reinforce Japan businesses	Retail	<ul style="list-style-type: none"> ✓ Income before income taxes: Y100bn ✓ Retail client assets: Y100trn ✓ Recurring revenue: Y69.6bn 	  	<ul style="list-style-type: none"> ✓ Achieved for three straight years from FY2013/14 ✓ Y101.6trn (as of end Oct 2016) ✓ Consistently achieved since 4Q of FY2014/15
	Asset Management	<ul style="list-style-type: none"> ✓ Income before income taxes: Y25bn 		✓ Achieved for three straight years from FY2013/14
Improving Wholesale profitability	Wholesale	<ul style="list-style-type: none"> ✓ Income before income taxes: Y125bn of which, international: Y50bn ✓ Additional \$1bn cost reduction (total \$2bn) 	  	<ul style="list-style-type: none"> ✓ FY2013/14: Y111.8bn ✓ FY2016/17 1H: Y85.9bn ✓ FY2016/17 1H (Group int'l): Y40bn ✓ Completed Sep 2013
FY2016/17 3Q (as of Nov)			<ul style="list-style-type: none"> ✓ 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 	

Working towards 2020 long-term management vision

Management targets



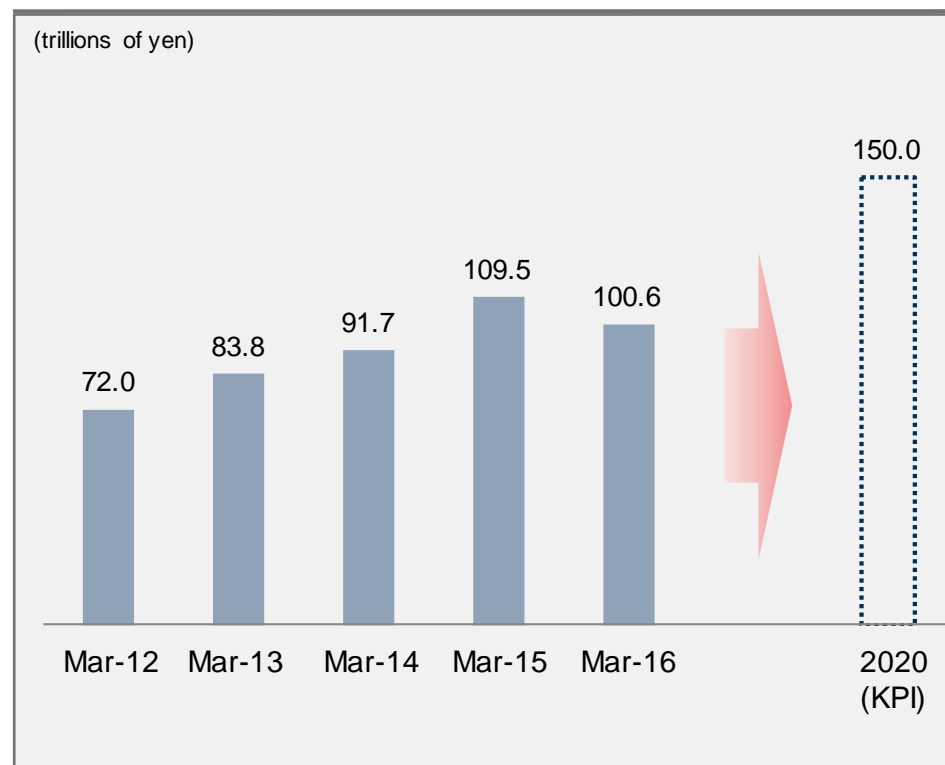
1. March 2020 assumptions: Nikkei 225 at Y25,000; USD/JPY rate Y110; Effective tax rate for Japanese corporates below 30%; Global fee pool annual growth rate of 1%.

KPIs to achieve 2020 long-term management vision

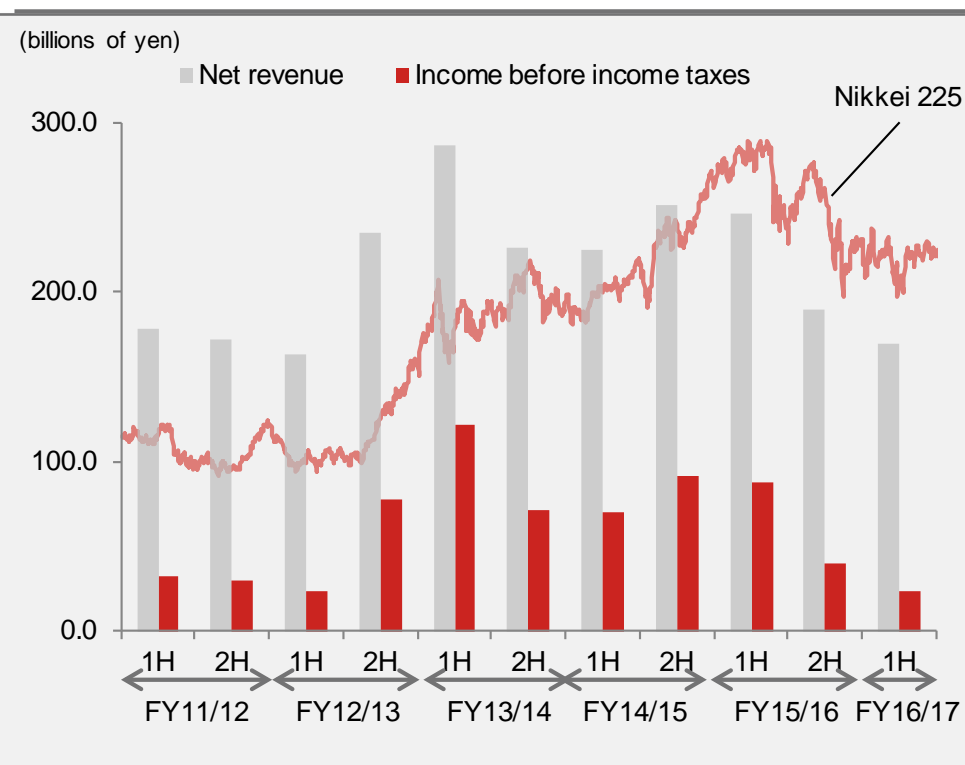
			KPIs as of Aug 2014	KPIs as of Dec 2015	KPIs as of Nov 2016
Three segment pretax income			Y450 - Y470bn	Y450 - Y470bn	Y450 - Y470bn
Division	Retail	Pretax income	Y195 - Y205bn	Y195 - Y205bn	Y195 - Y205bn
		Client assets	Y150trn	Y150trn	Y150trn
		Recurring revenue (cost coverage ratio)	Y150bn (Approx. 50%)	Y150bn (Approx. 50%)	Y150bn (Approx. 50%)
	Asset Management	Pretax income	Y45 - Y50bn	Y55 - Y60bn	2 Y50 - Y55bn
		AuM	Y50trn	Y50trn+α	Y50trn+α
	Wholesale	Pretax income	Y210 - Y230bn	Y200 - Y220bn	Y200 - Y220bn
		Revenues	\$9.8bn	\$7.9bn	1 \$7.7bn
		Expenses	\$7.6bn	\$6.1bn	\$5.9bn
		Fee pool market share	3.7%	3.4%	3.4%

Retail: Continue to focus on transforming business model

Retail client assets

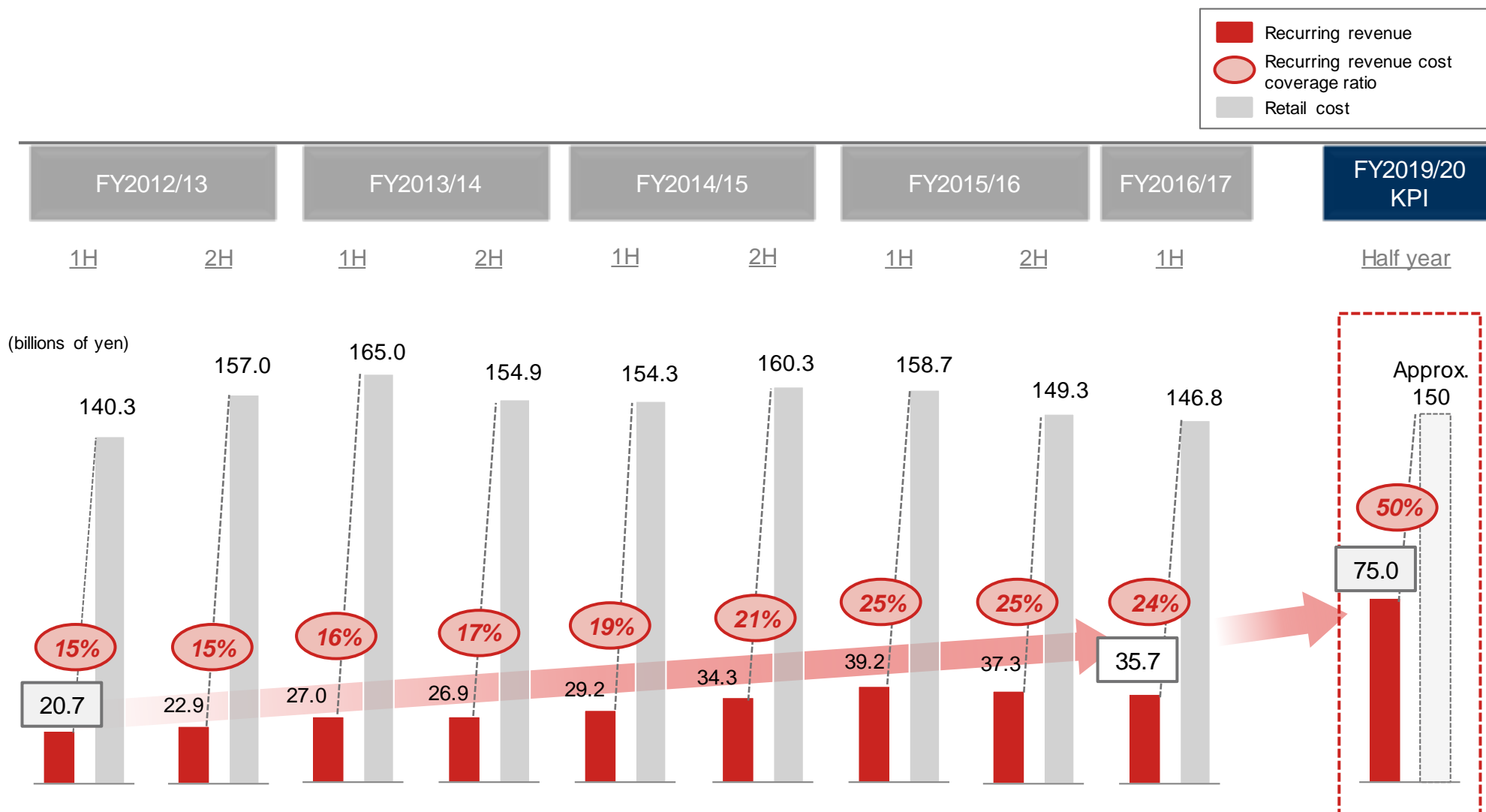


Retail net revenue and income before income taxes



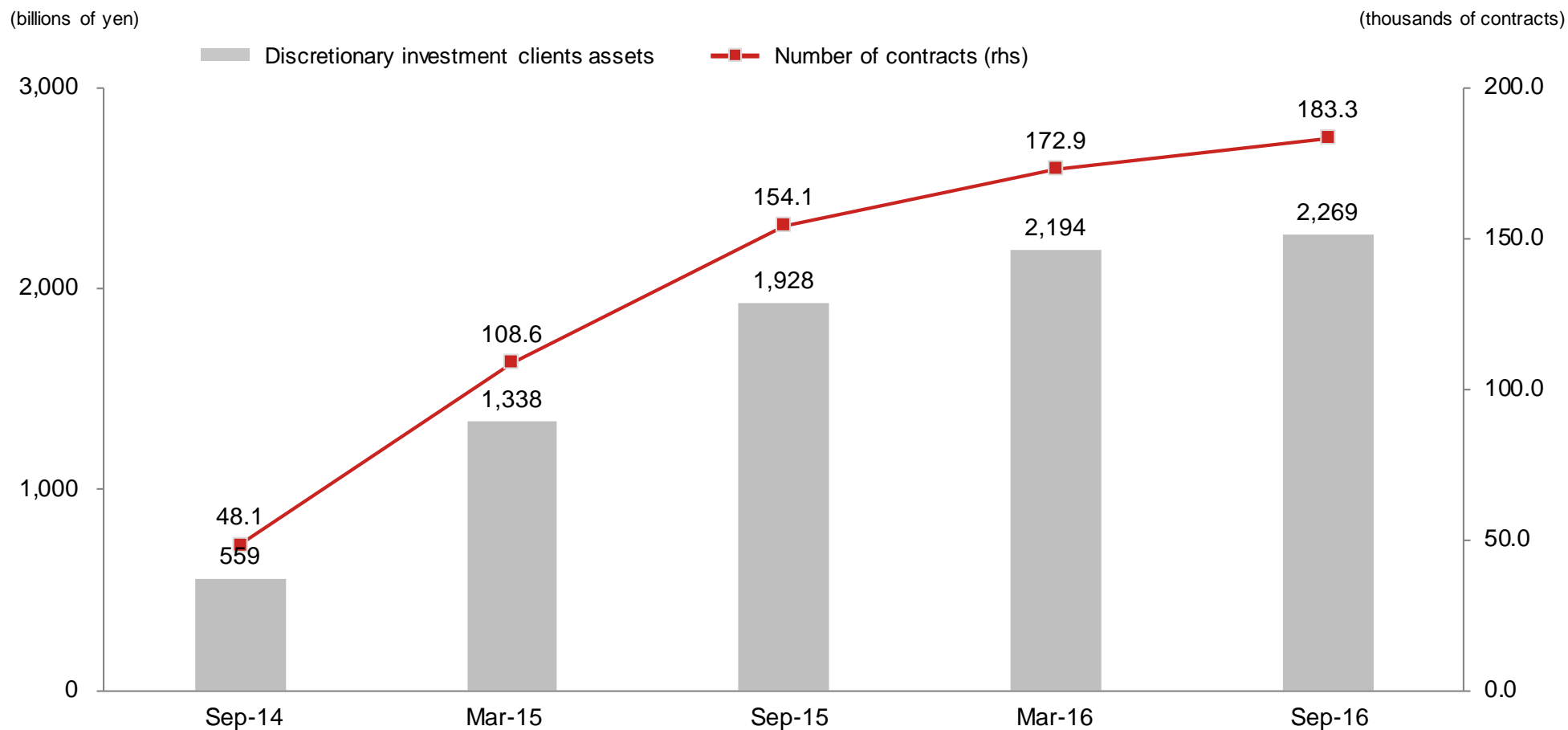
Continue to focus on transforming business model

Retail: Recurring revenue



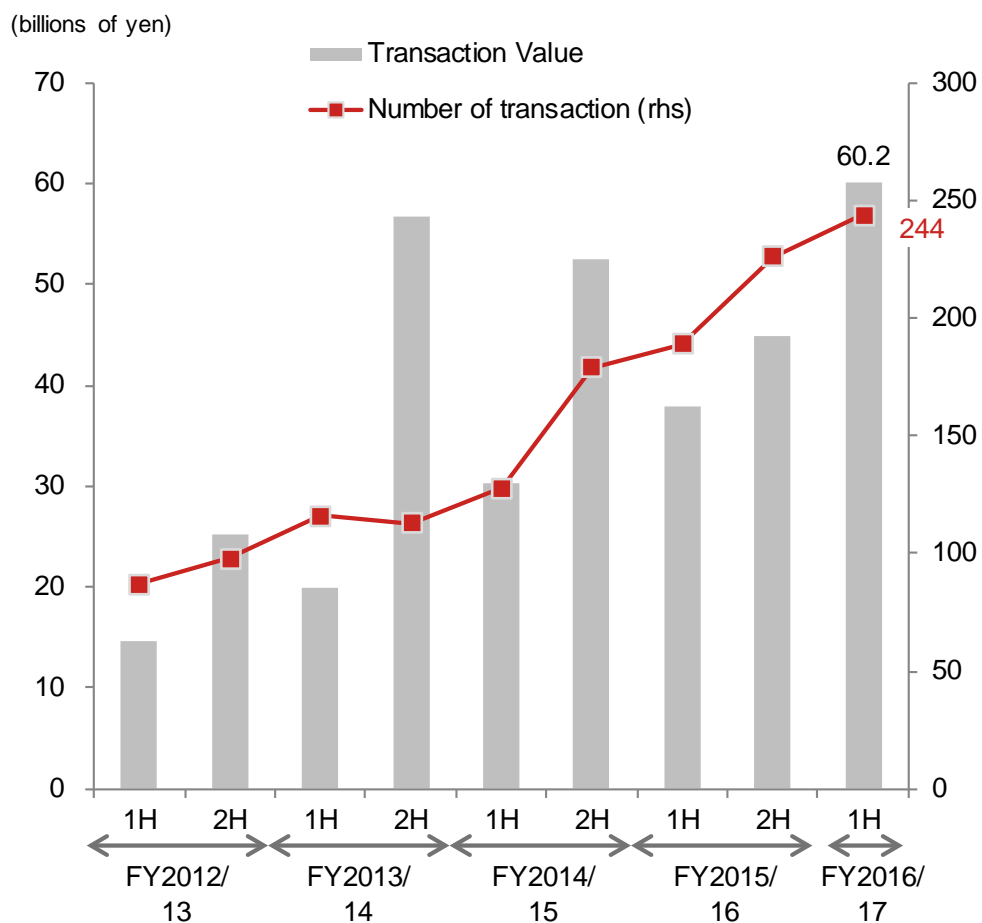
Retail: Discretionary investment client assets

Discretionary investment clients assets and number of contracts

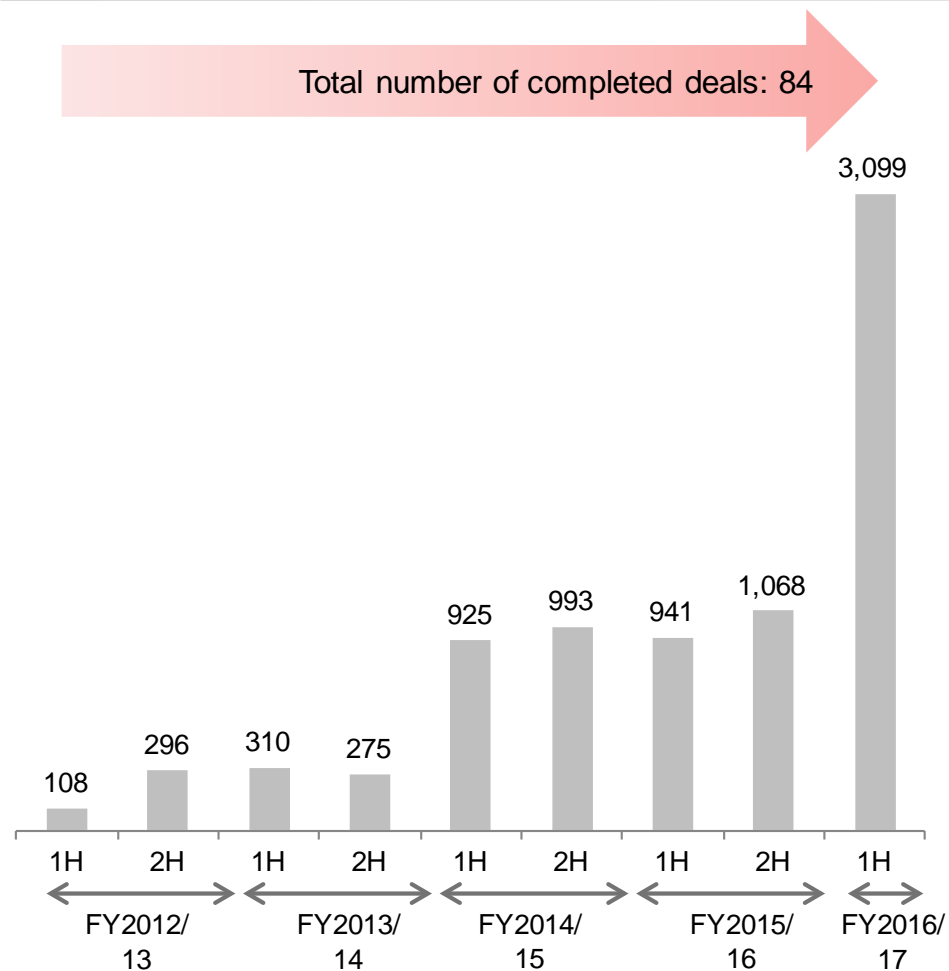


Expanding business through consulting services (1)

Real estate transaction value

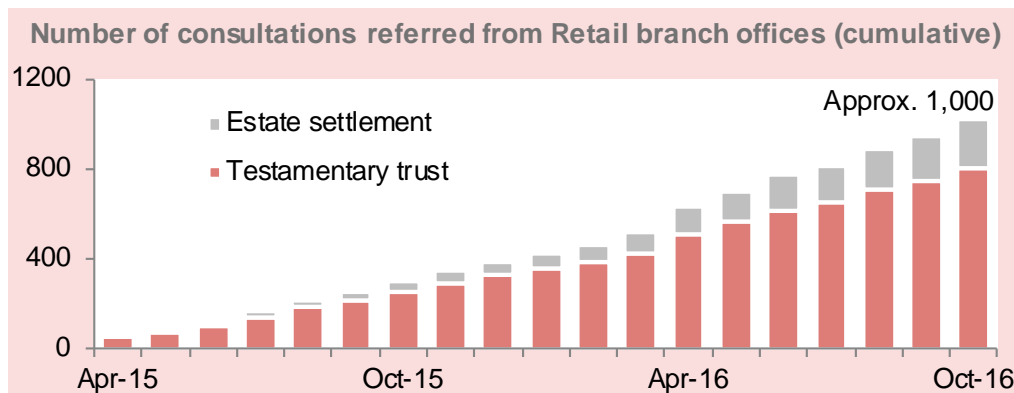
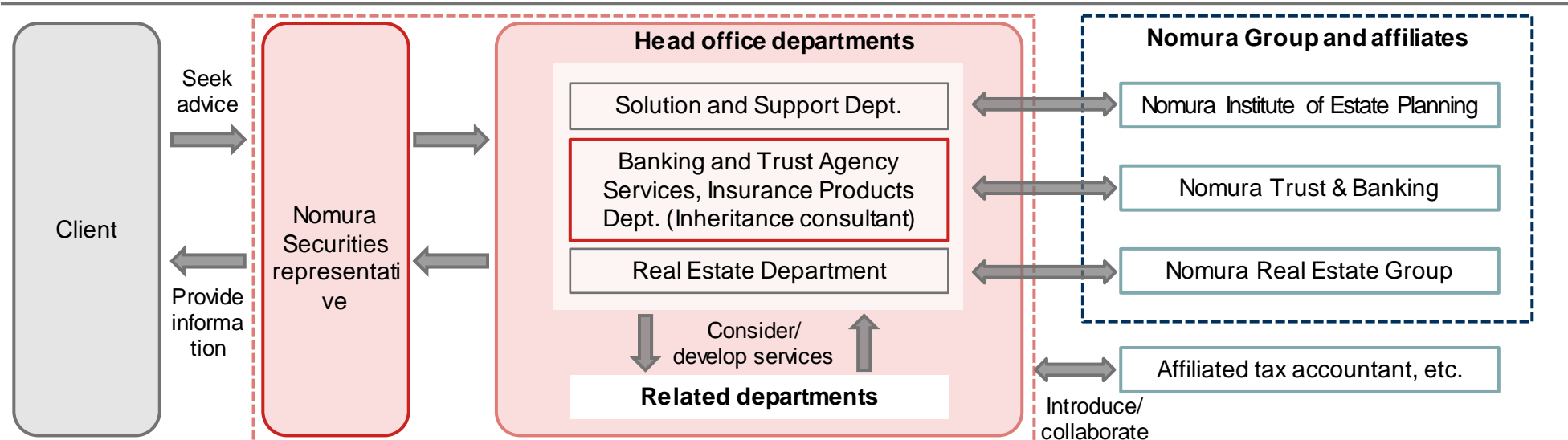


Number of pitches for SME M&A deals



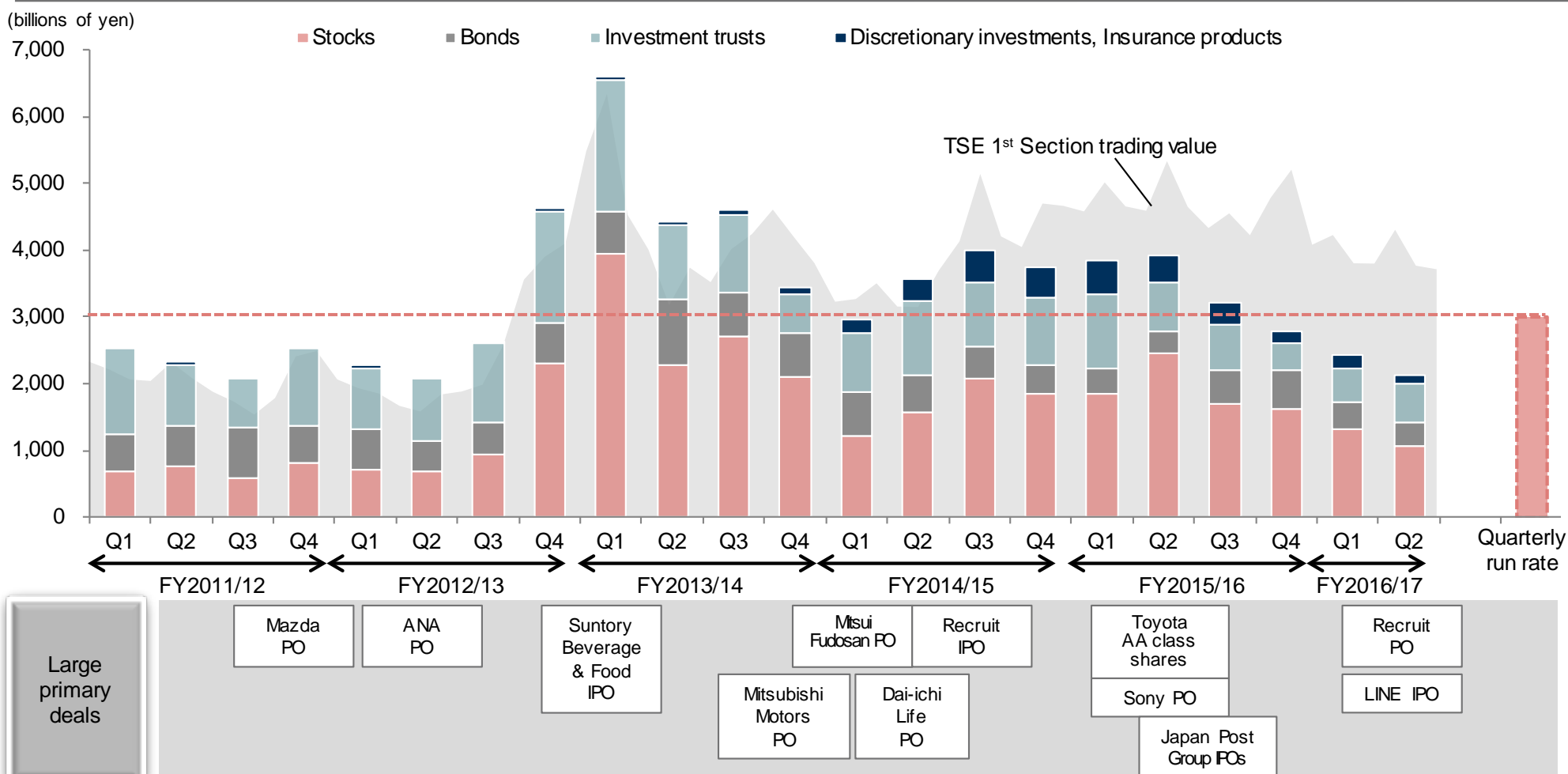
Expanding business through consulting services (2)

Strengthened estate planning services



Retail challenges: Total sales

Monthly total sales¹ of around Y1trn while continuing to provide consulting services



1. Retail channels only.

Retail challenges: Strengthening approach to asset builders

Business aimed at meeting client needs

1 Further develop consulting services

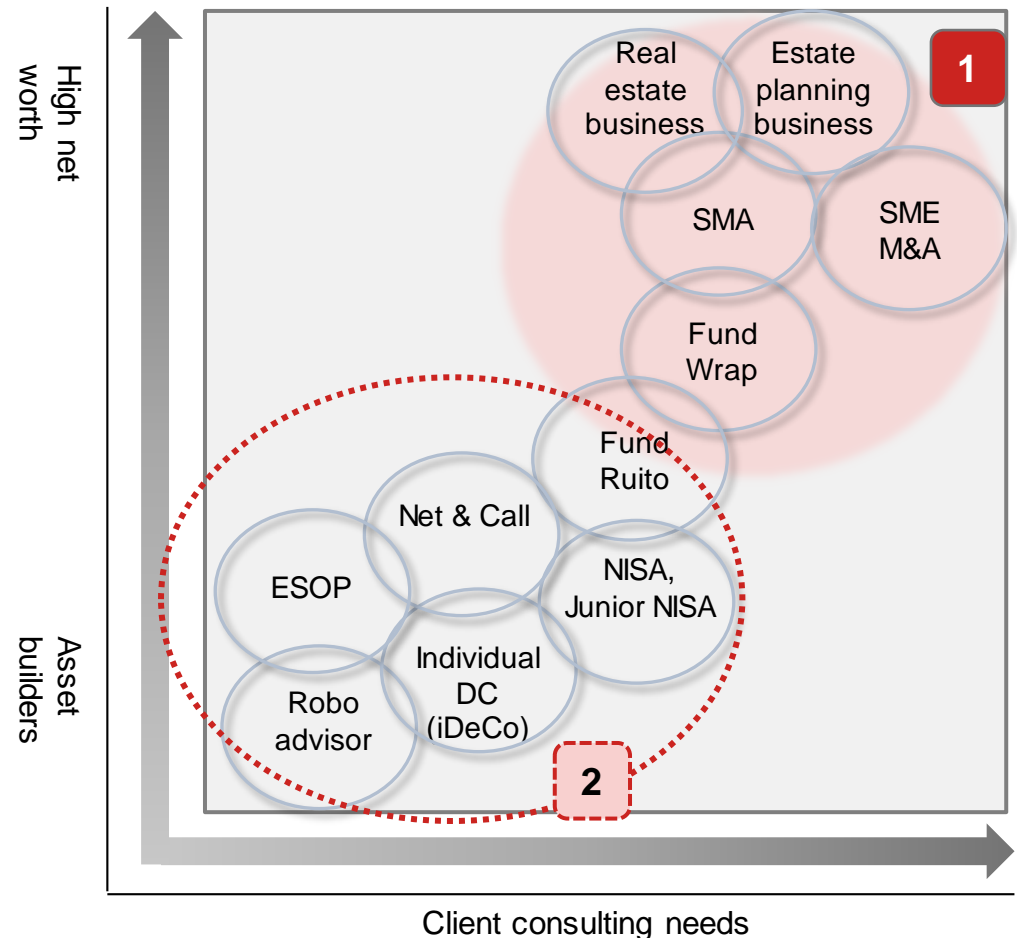
2 Strengthen approach to asset builders

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

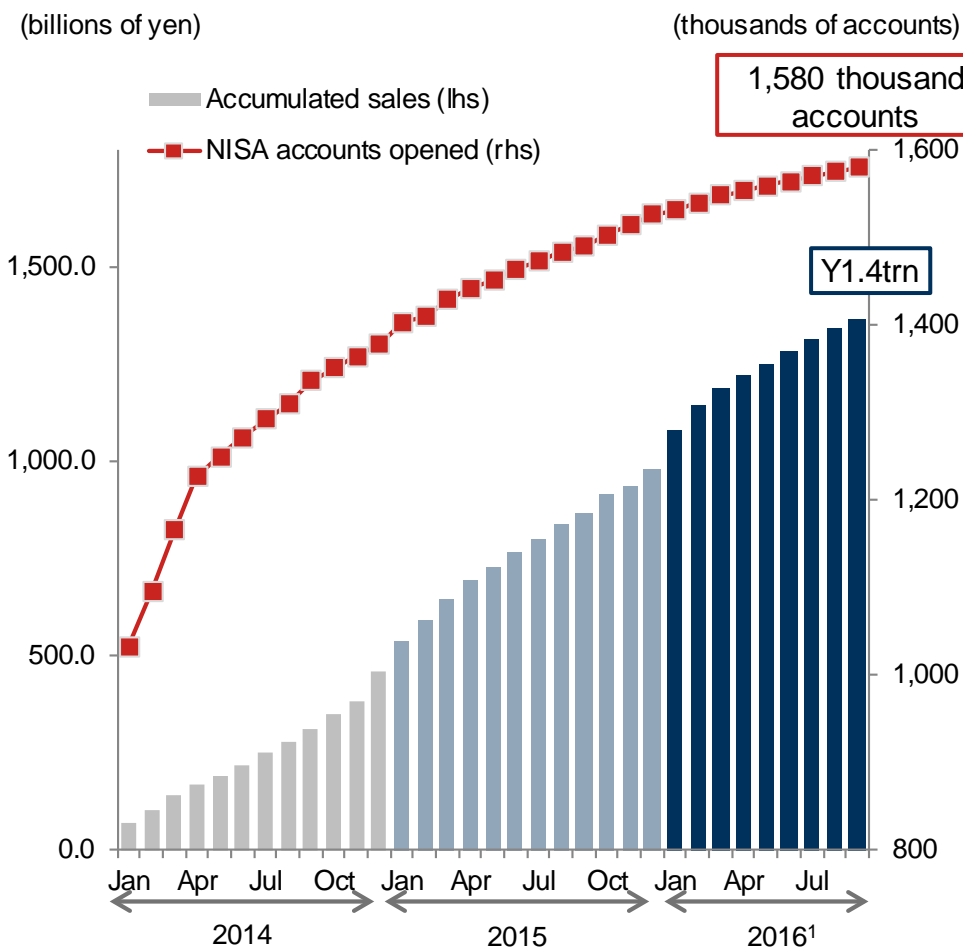
Use technology

- ✓ Introduced robo advisor (Nov 2016)
- ✓ New initiatives using FinTech

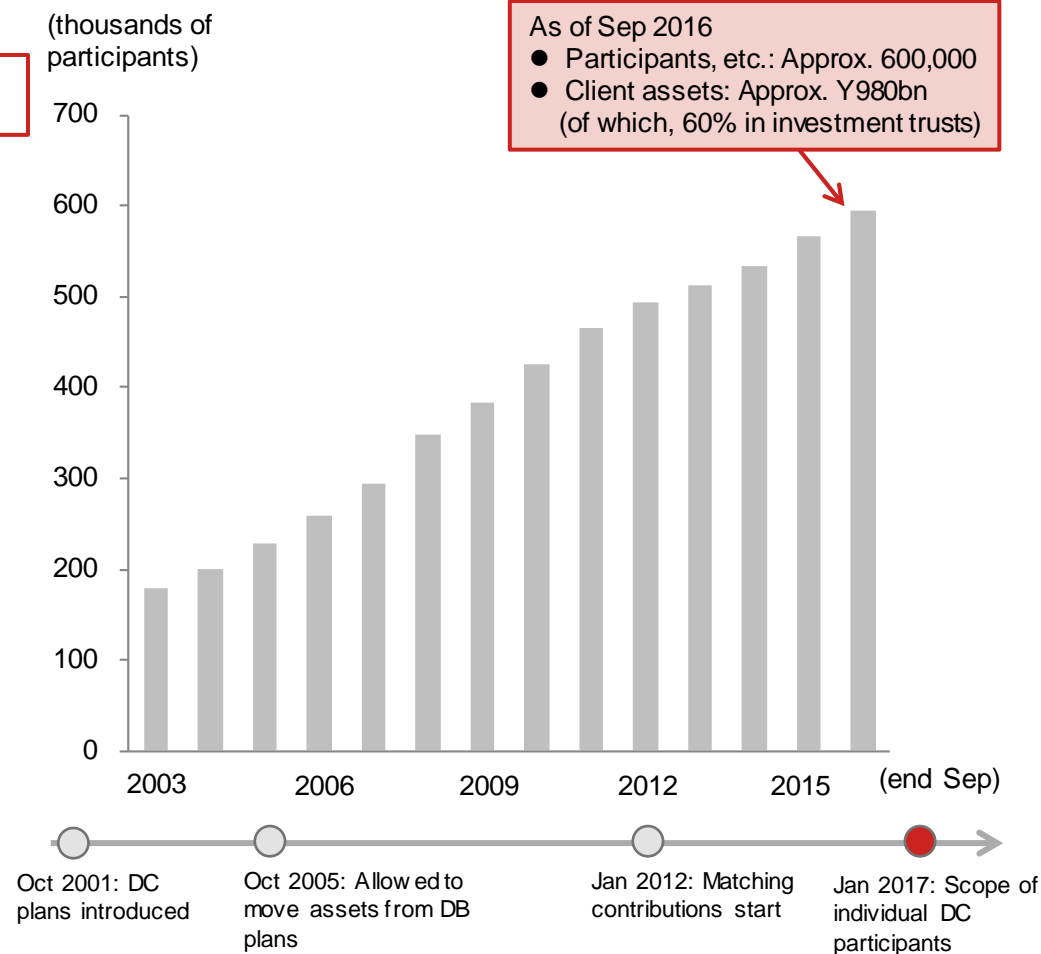


Supporting asset formation through shift from savings to investment

NISA accounts and sales both continue to grow



Defined contribution pension plan participants increase²

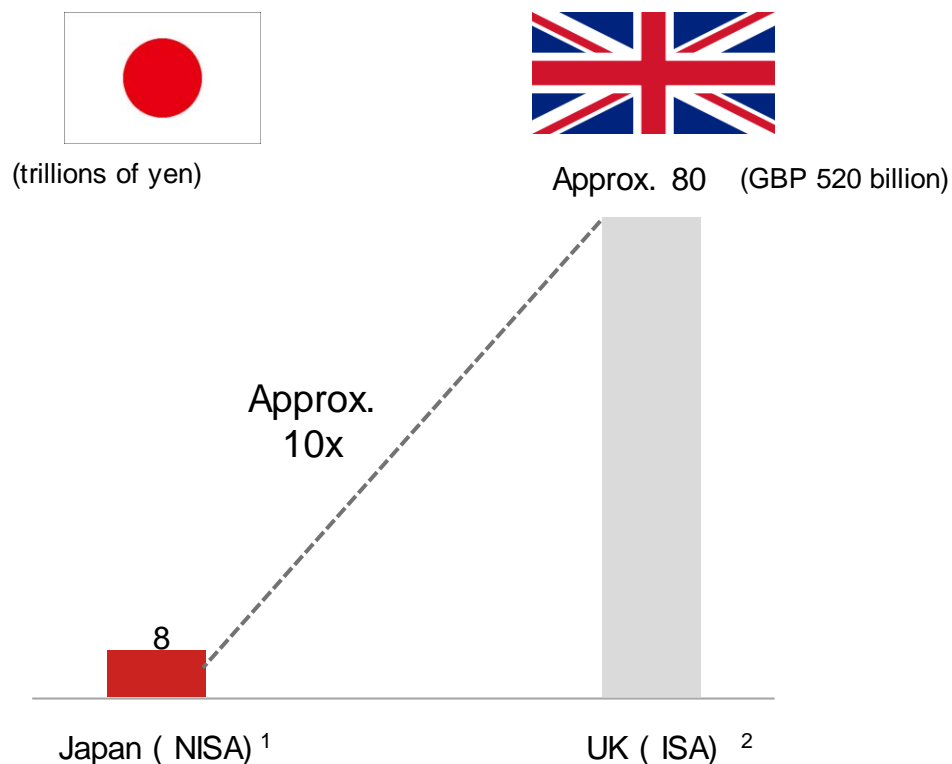


1. Total sales from April 2016 and number of accounts from Jan 2016 include Junior NISA

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

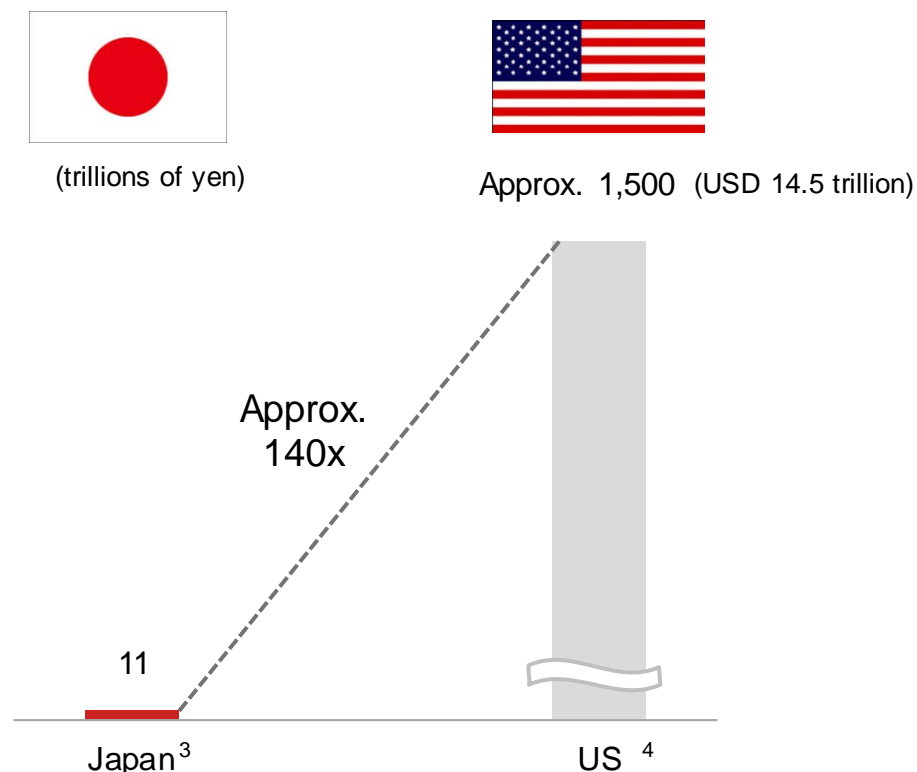


As percentage of personal financial assets

0.4% ^{1,5}

8.0% ^{2,6}

DC pension plan AuM in Japan and US

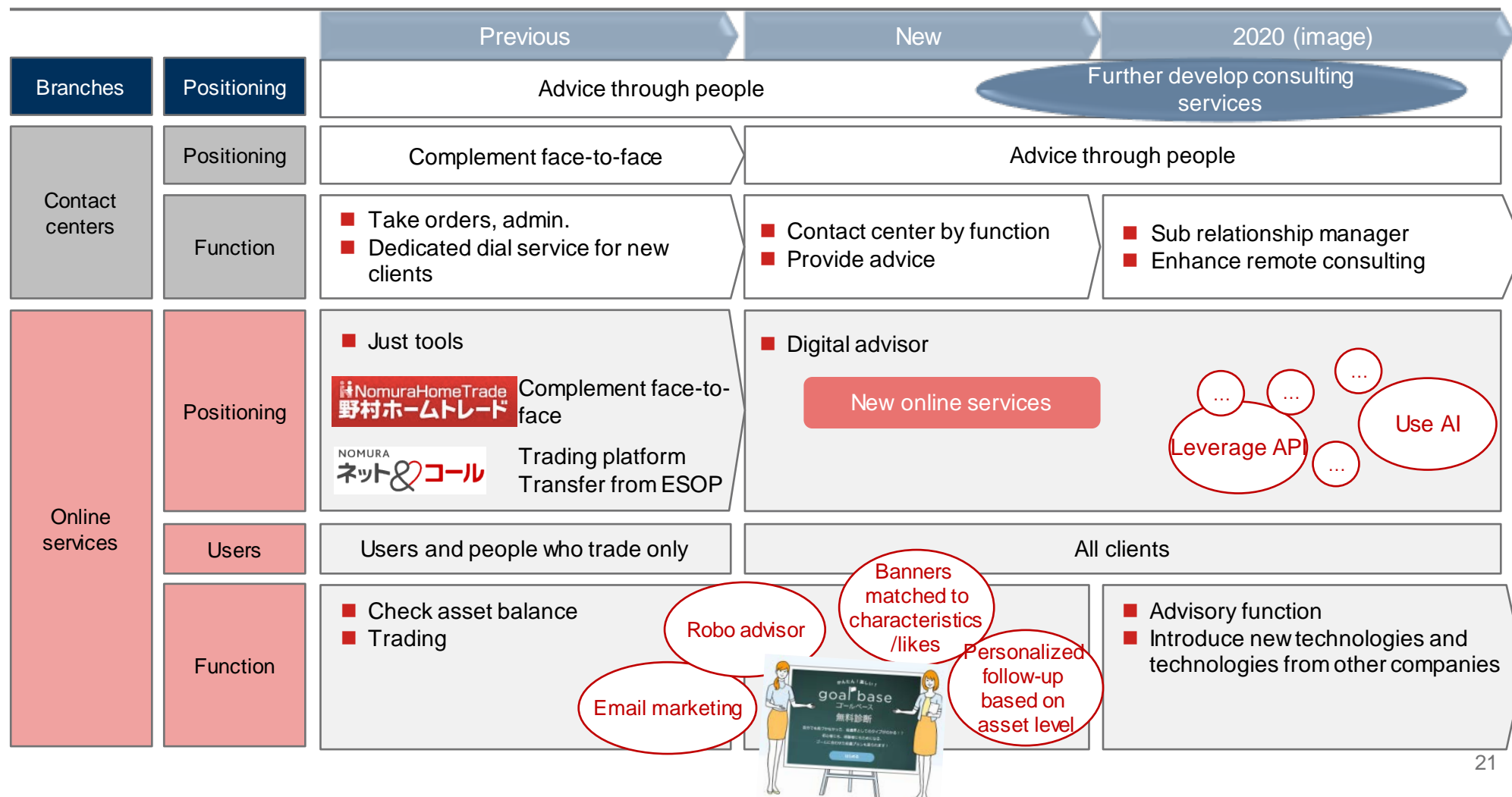


0.6% ^{3,5}

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. 6. Office for National Statistics, as of end Mar 2016.
 7. Federal Reserve Bank, as of end Jun 2016.

New approach to clients



Robo advisor: Nomura Goal Based

Three unique advantages

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

Top page



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Advantage 1

Investor type (character) analysis



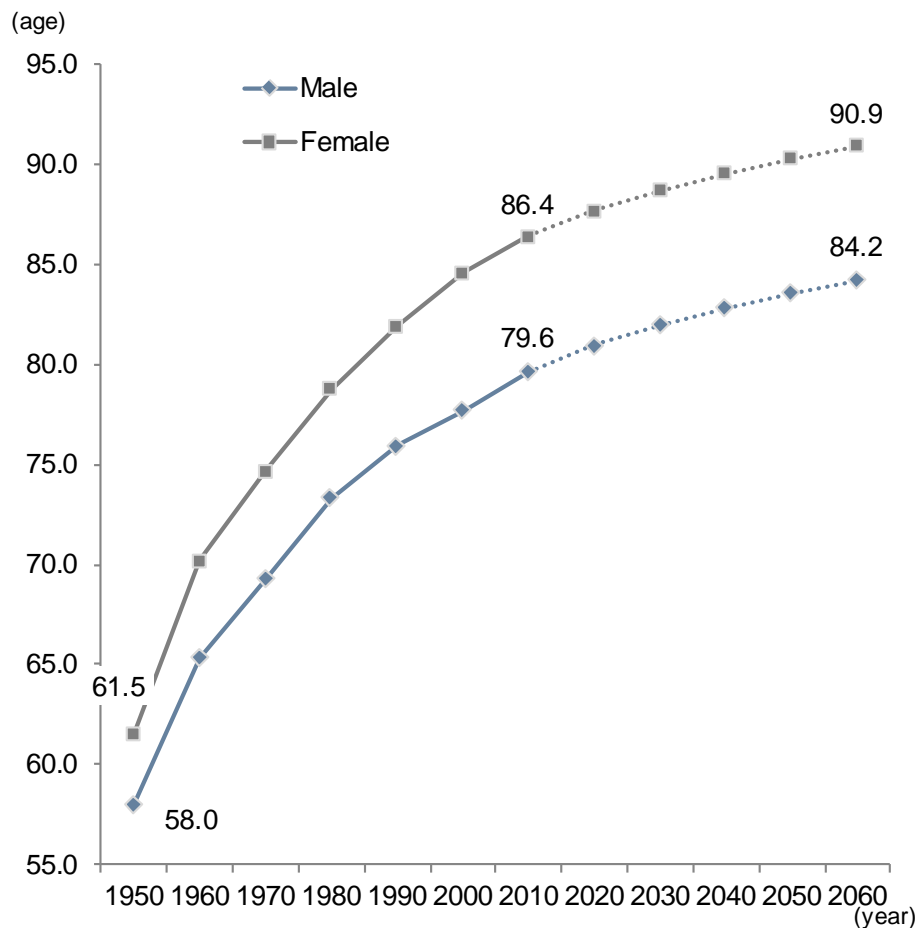
Advantage 2

Goal setting and investment value examples

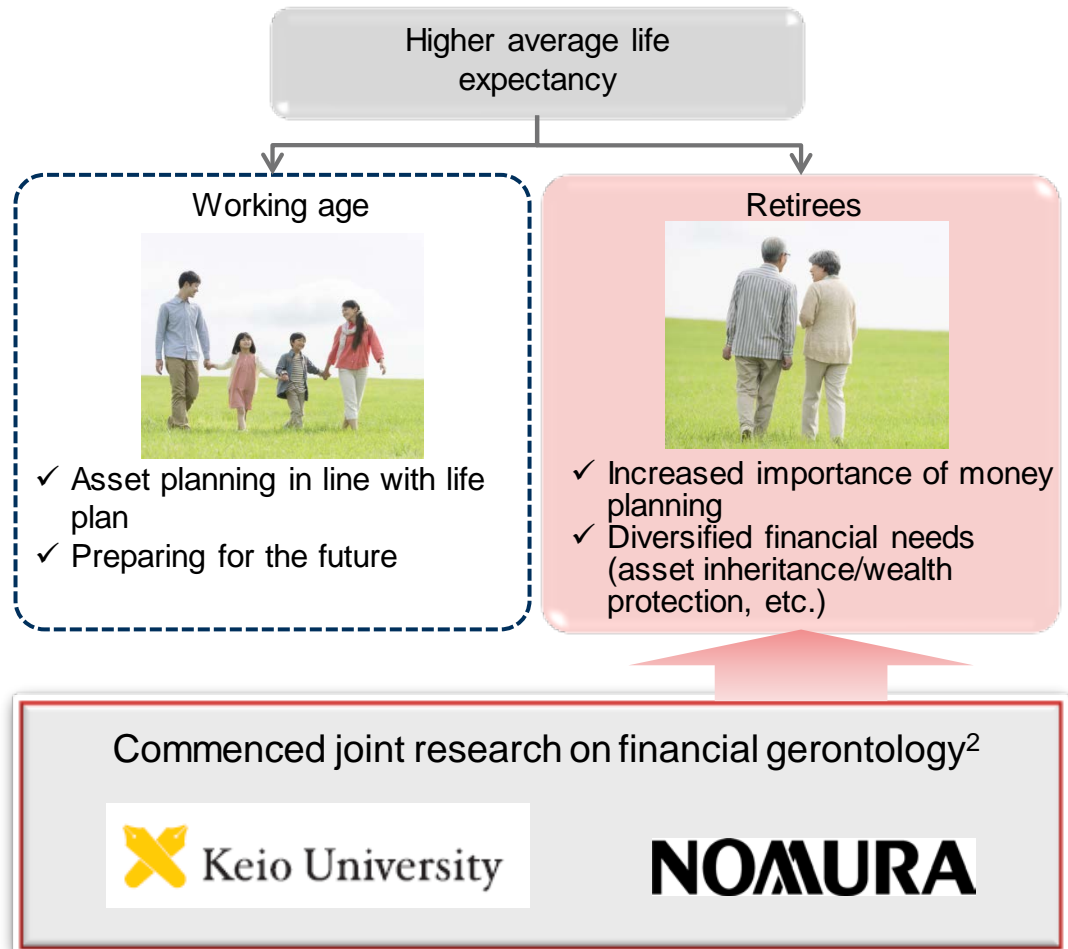


Financial services in an aging society

Average life expectancy in Japan¹



Enhancing support through financial services



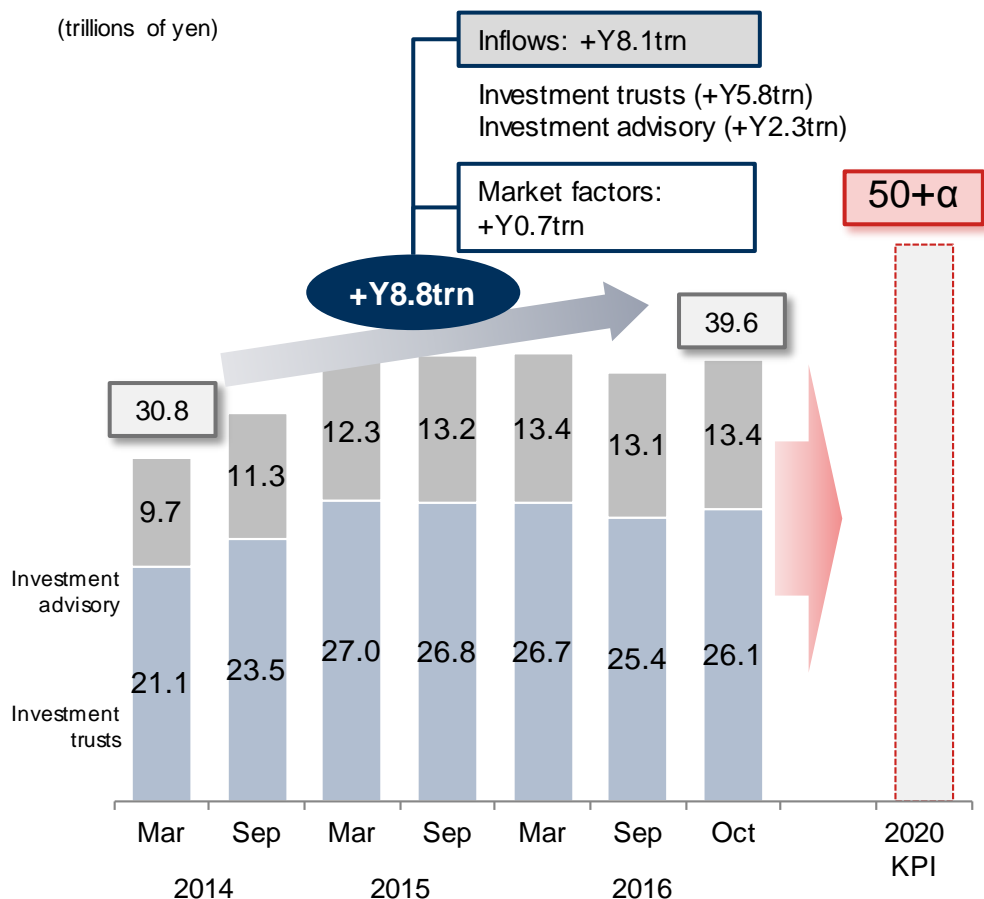
1. Source: Ministry of Health, Labour and Welfare website.

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

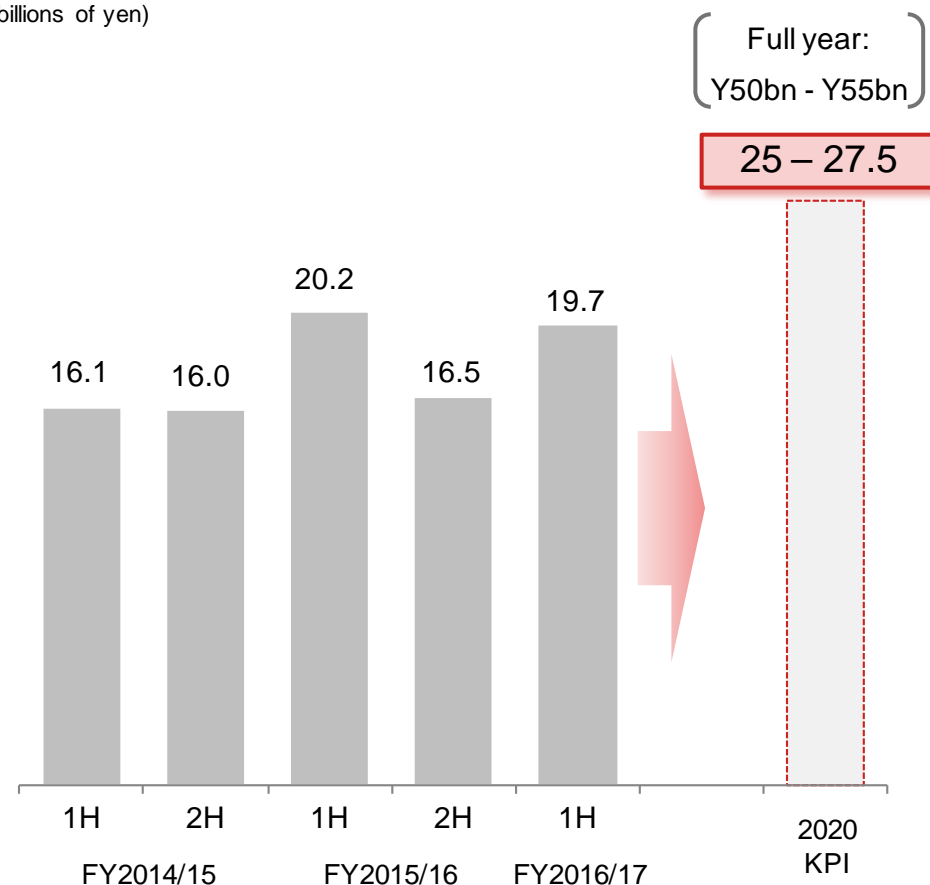
Asset under management (net)

(trillions of yen)



Income before income taxes

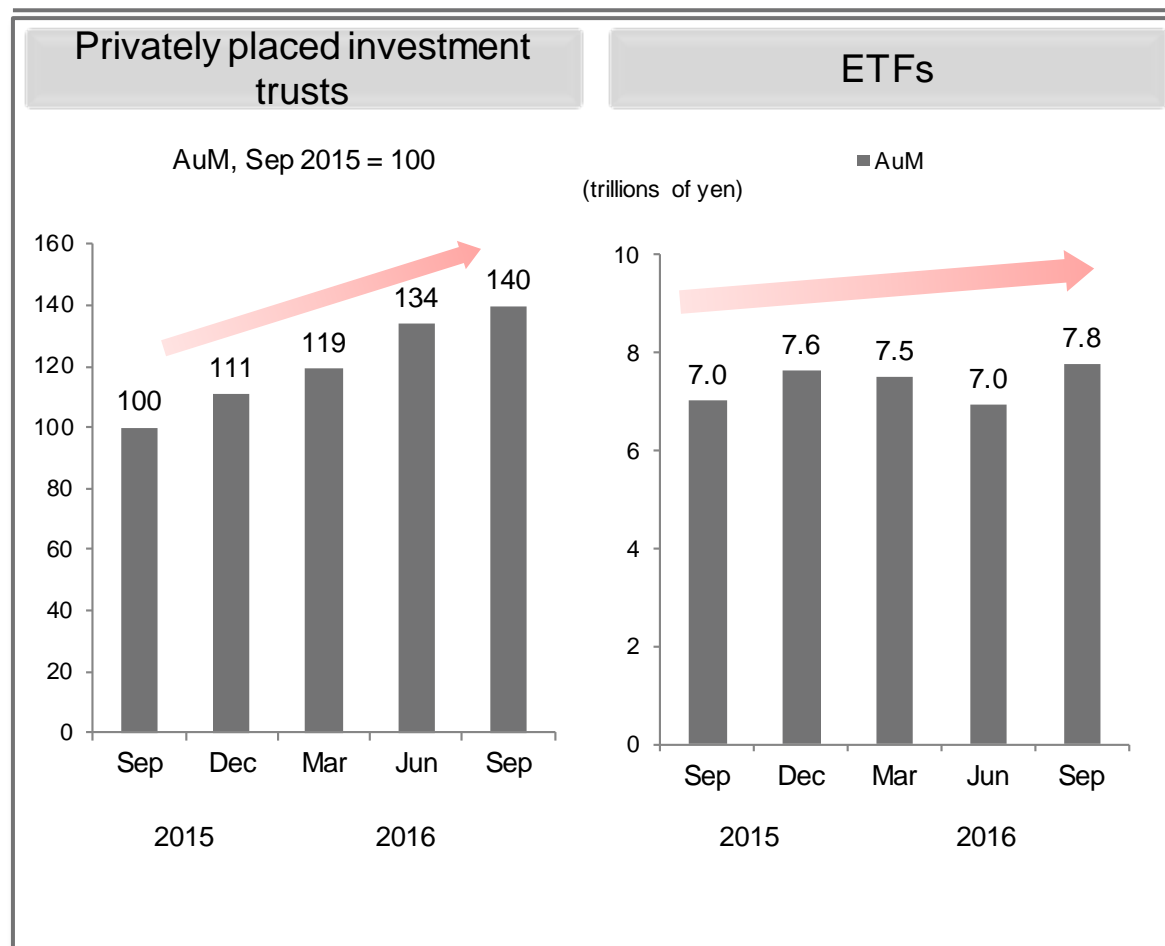
(billions of yen)



Asset Management: Enhancing our product offering and platform

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Enhancing our product offering in line with client needs



Enhancing our client platform

Wrap service platform



- Started offering Fund Wrap to the Bank of Fukuoka

Investment management expertise

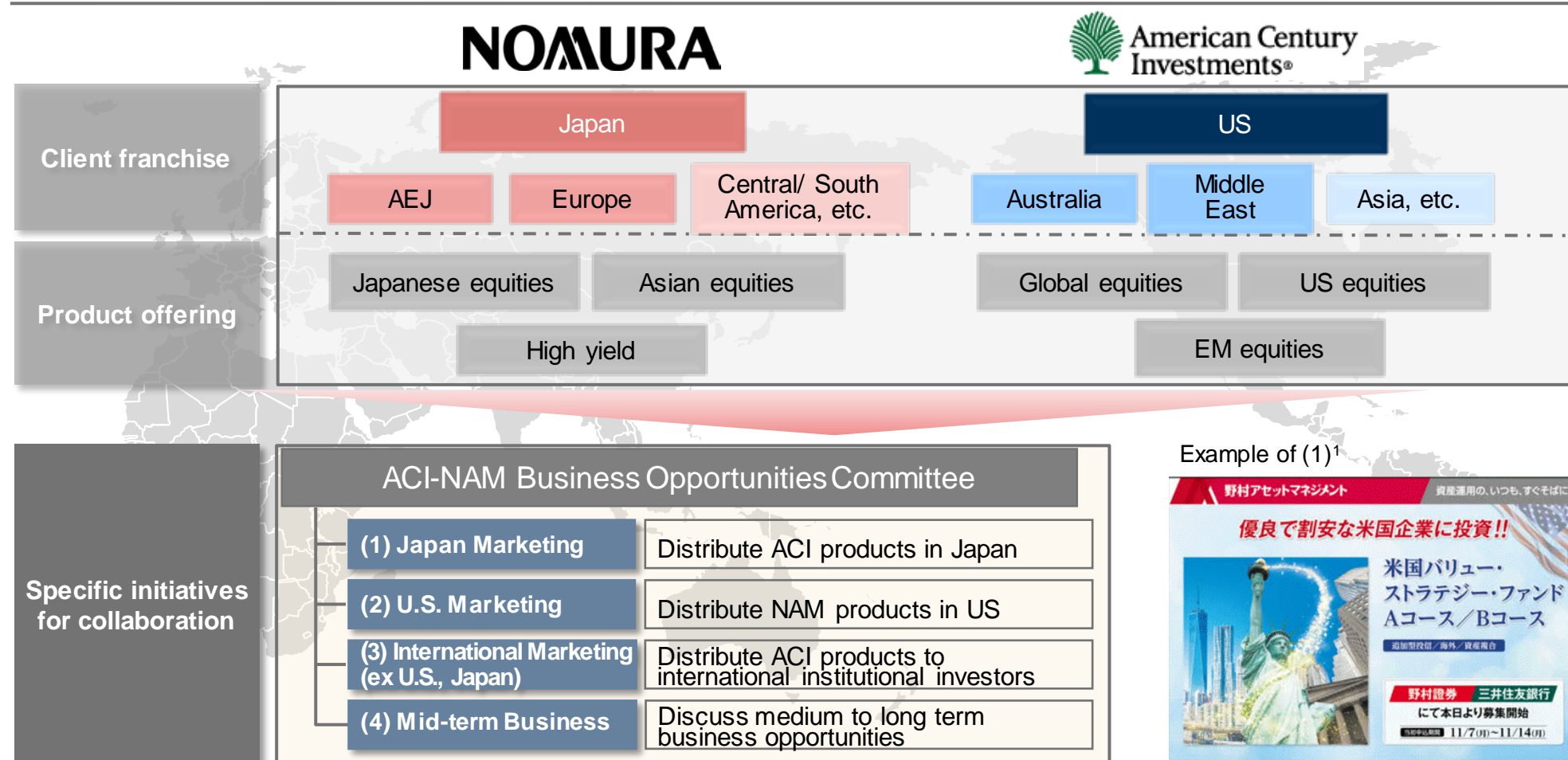


- JP Japan-US balanced fund
- JP4 asset balanced fund

Asset Management: Collaboration with American Century Investments

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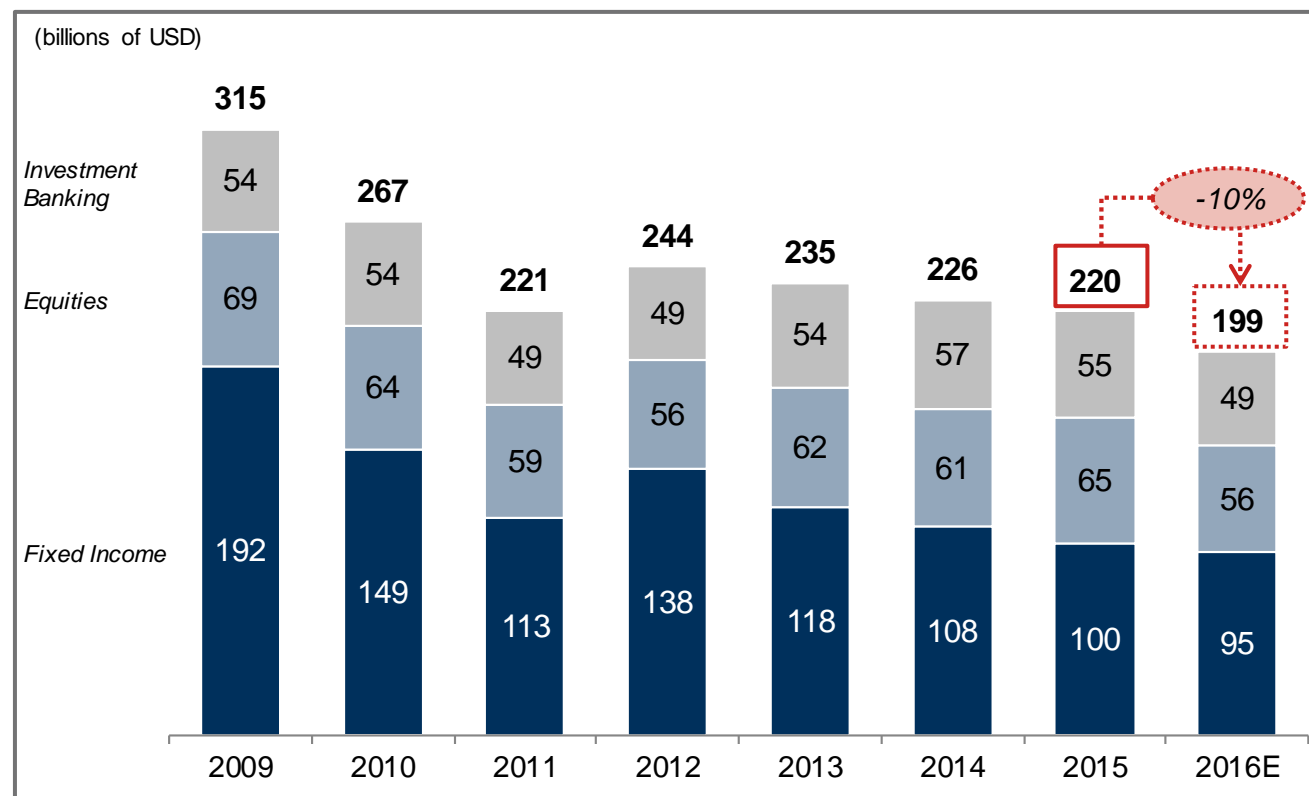
Expect many collaborative benefits in terms of client franchise and product offering



1. Advertisement for Nomura Asset Management US value Strategy Fund (managed by ACI).

Wholesale revenue environment: Fee pool trend

Wholesale related fee pool¹



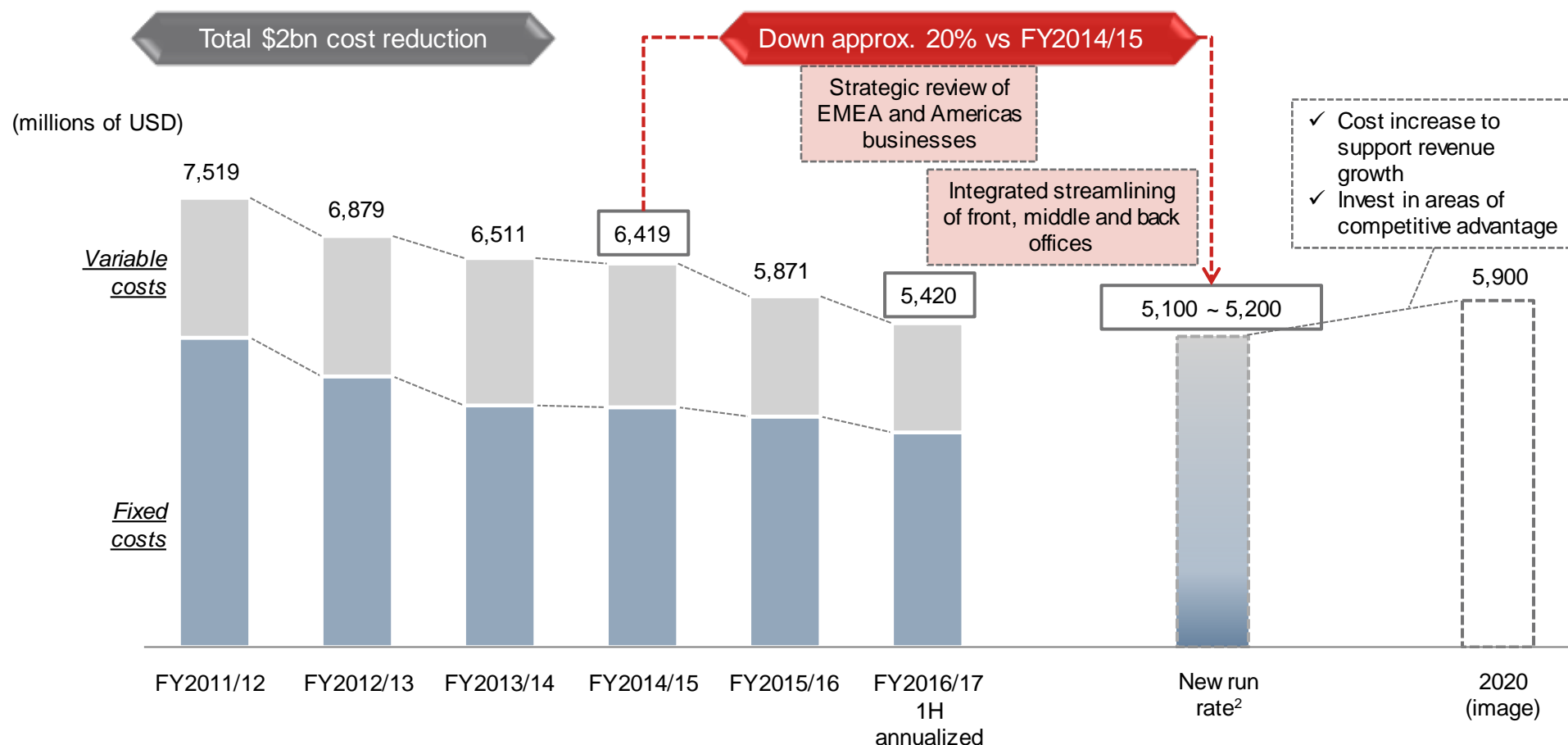
- ✓ CY2016 fee pool initially expected to decline by up to 17%
- ✓ However, decline expected to be only 10% due to recovery in fixed income in H2

Nomura fee pool market share (calendar year)

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

Wholesale: Continued focus on structural cost reduction

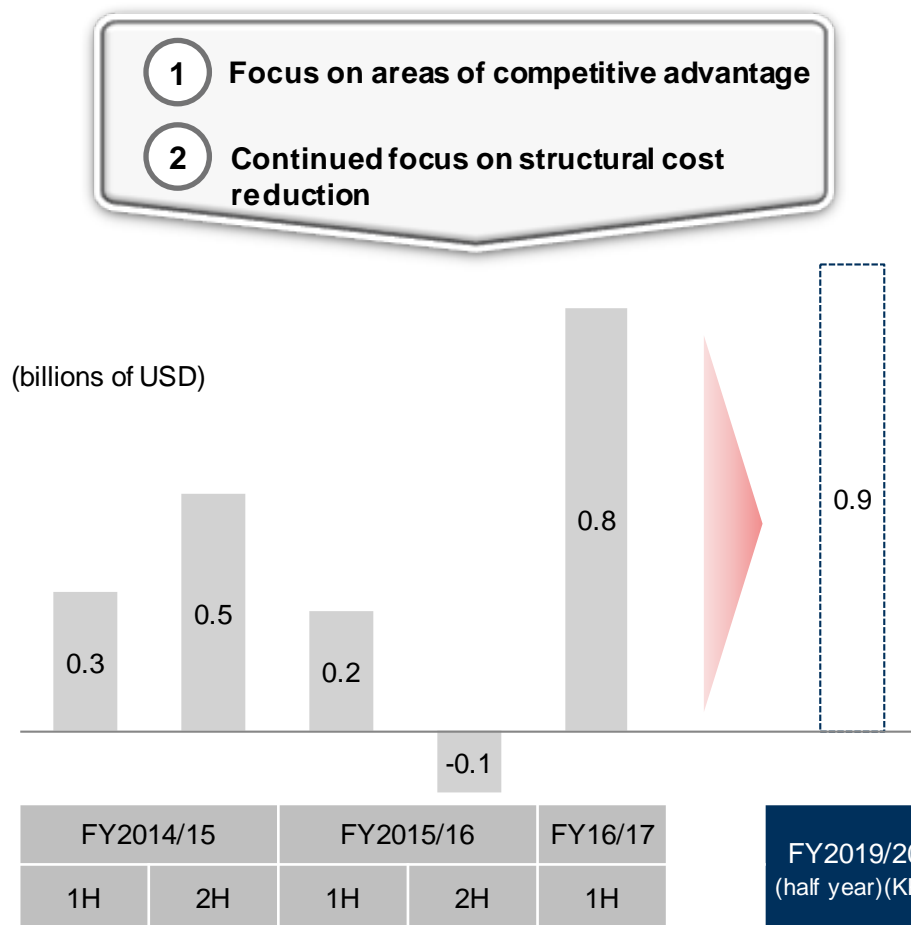
Wholesale cost base¹ and new run rate



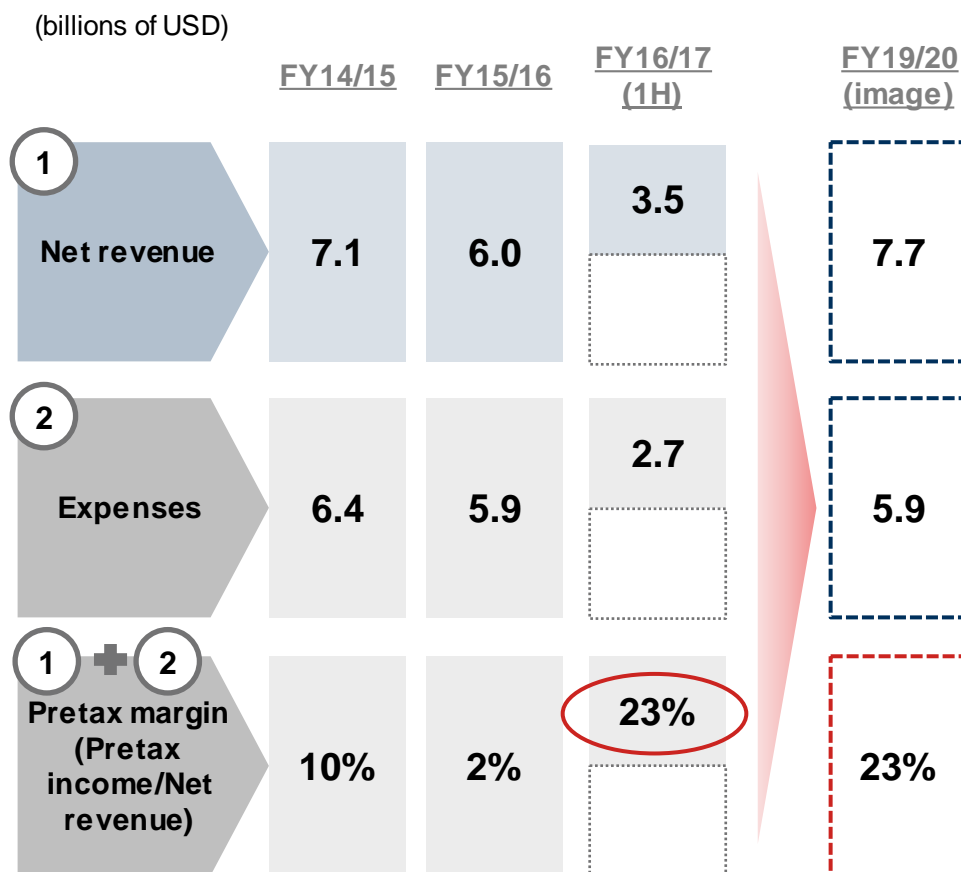
1. Converted to USD using month-end spot rate (average) for each period.
2. Cost base if business environment at end of March 2016 continues.

Wholesale: Steady progress towards 2020 targets

Wholesale income before income taxes

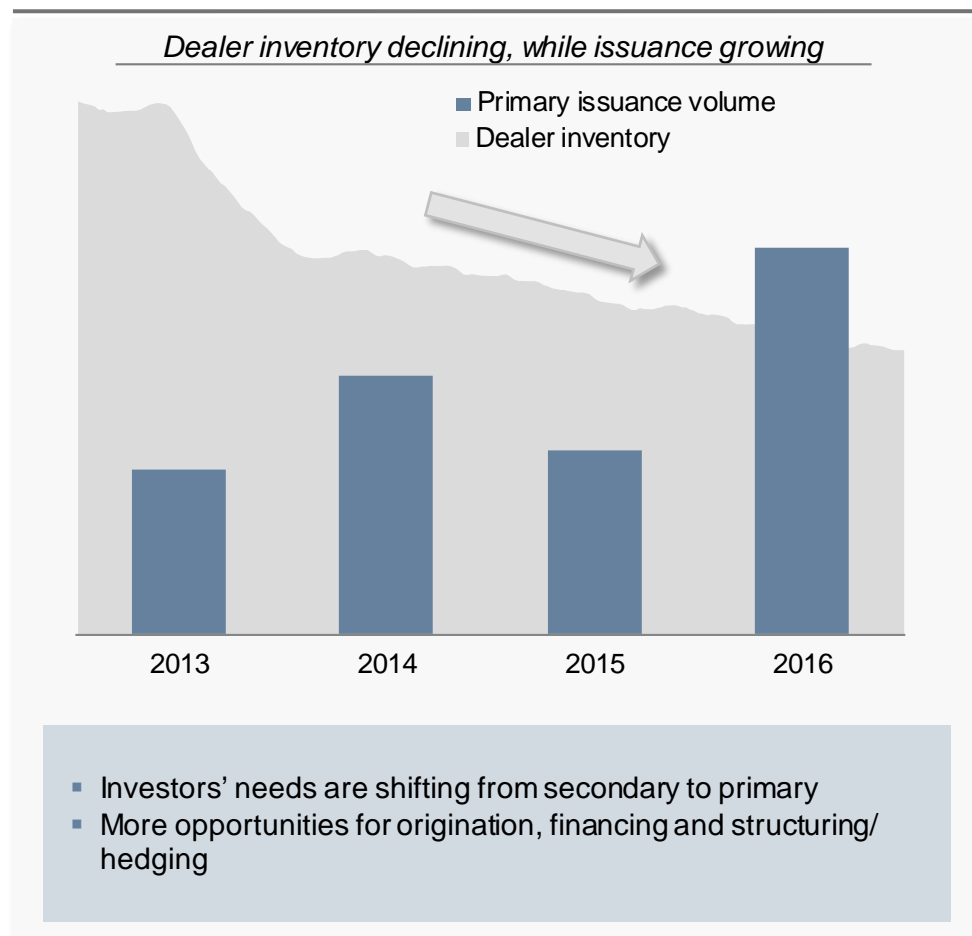


Steady progress on road to FY2019/20

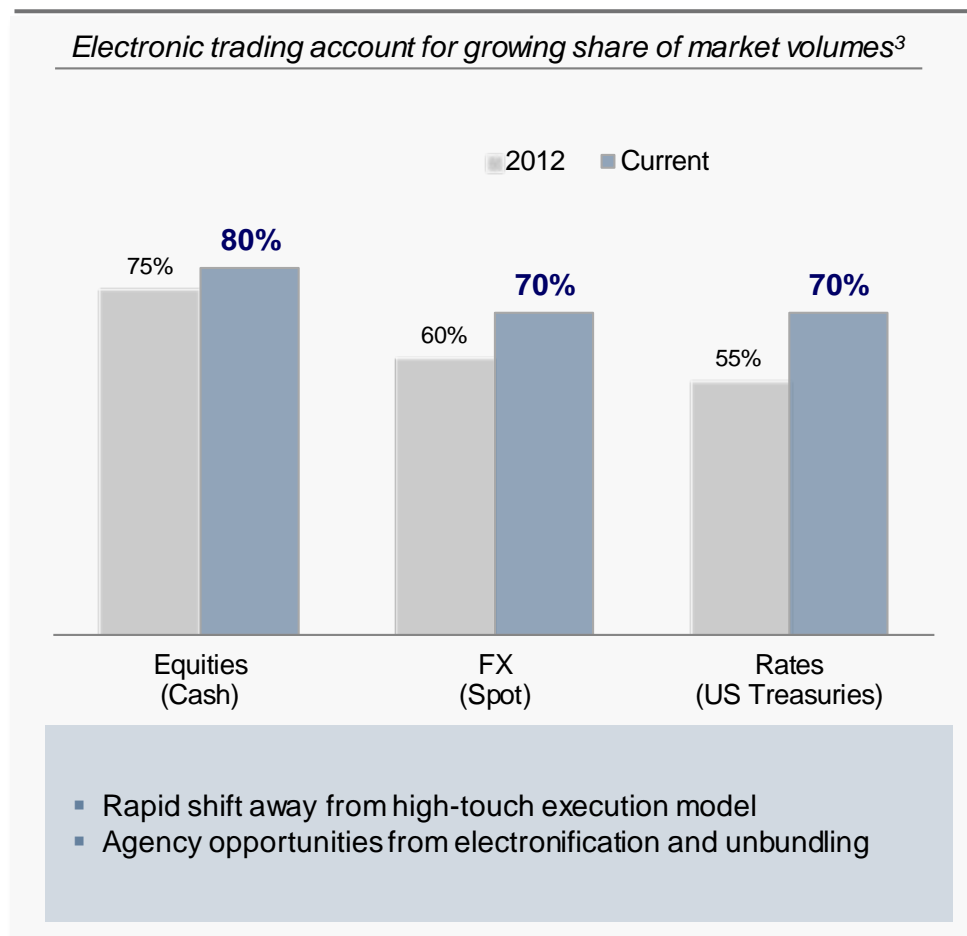


Wholesale: Structural shifts in markets and client needs

Investor shift from secondary to primary



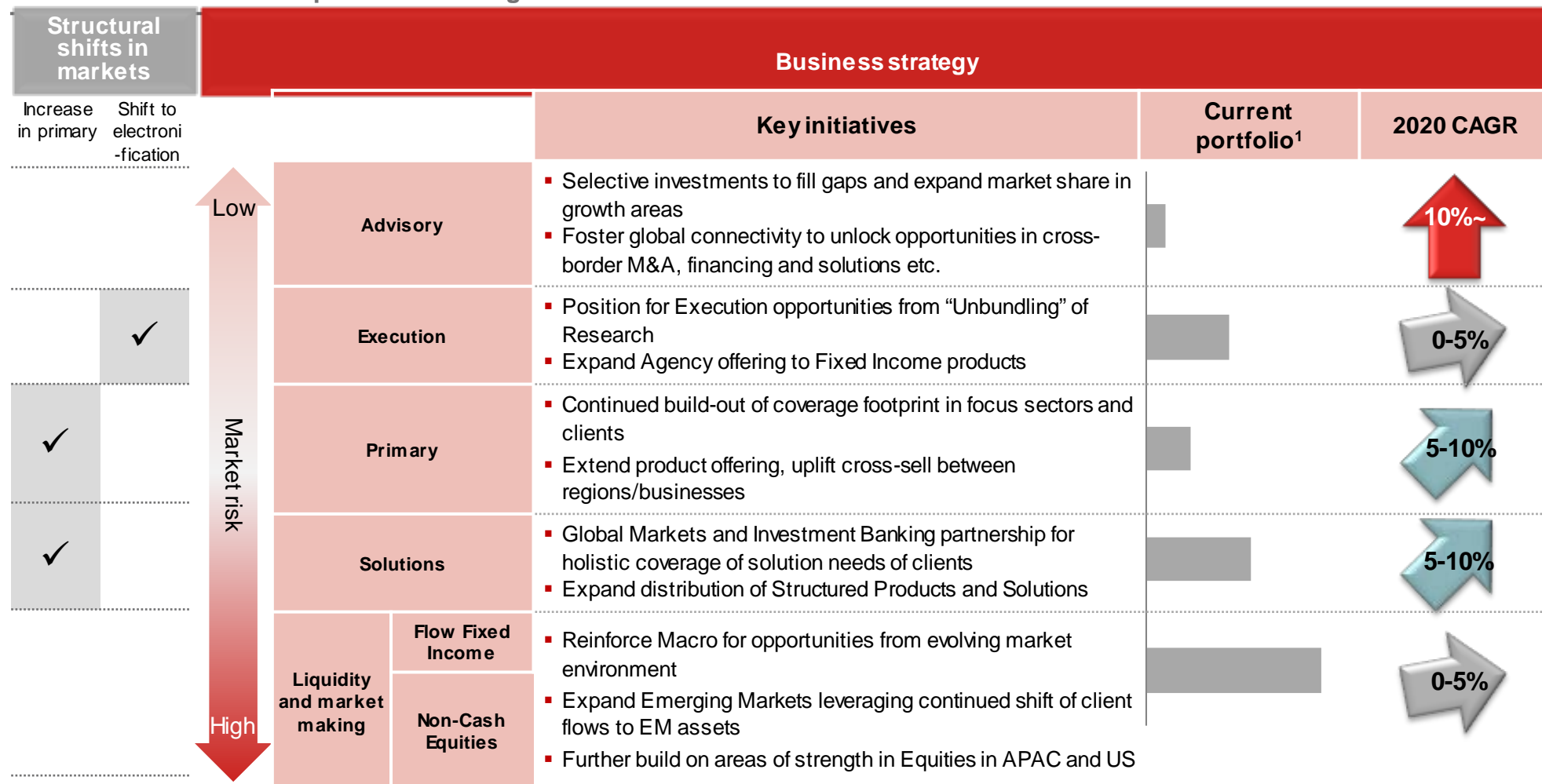
Rising electronification



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



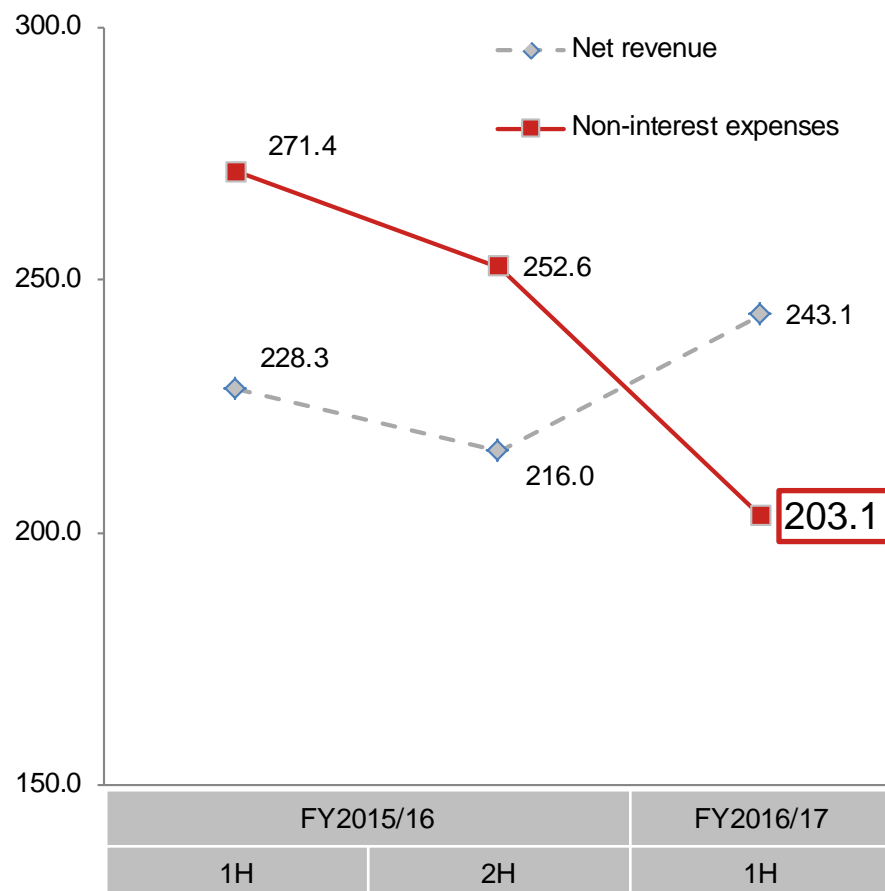
1. Forecast for FY2016/17

International business: Cost reductions led to improved international profitability

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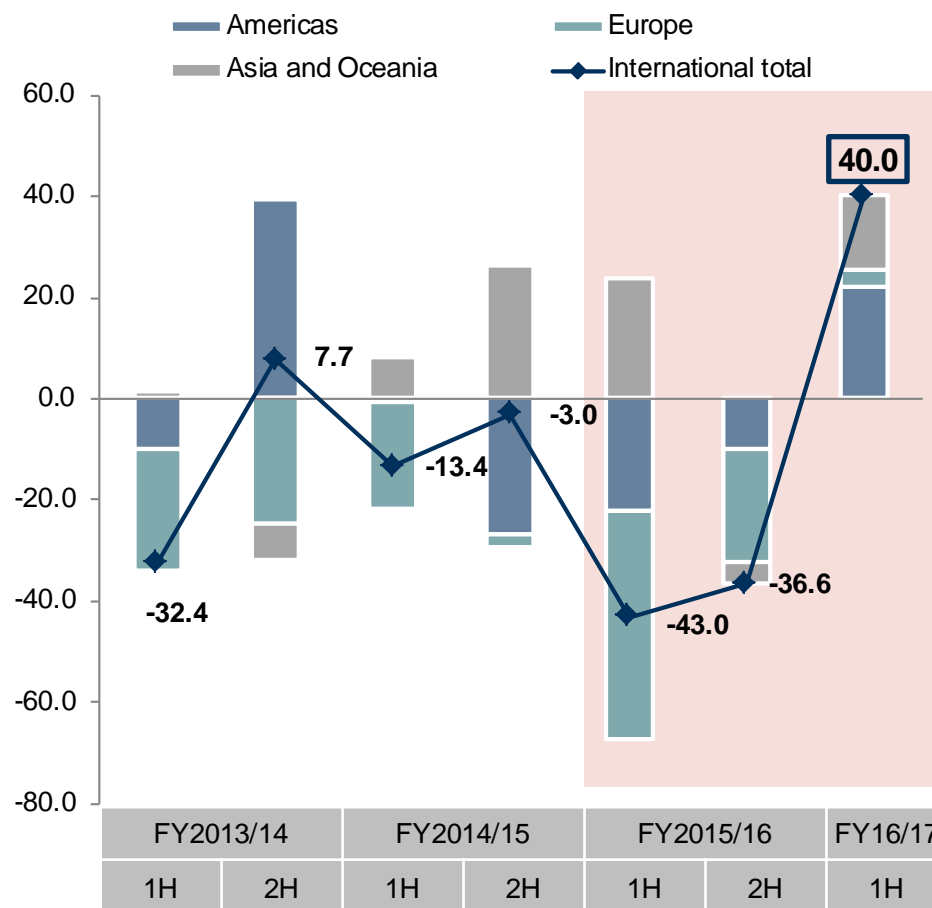
Net revenue and non-interest expenses from international operations

(billions of yen)



Income (loss) before income taxes from international operations

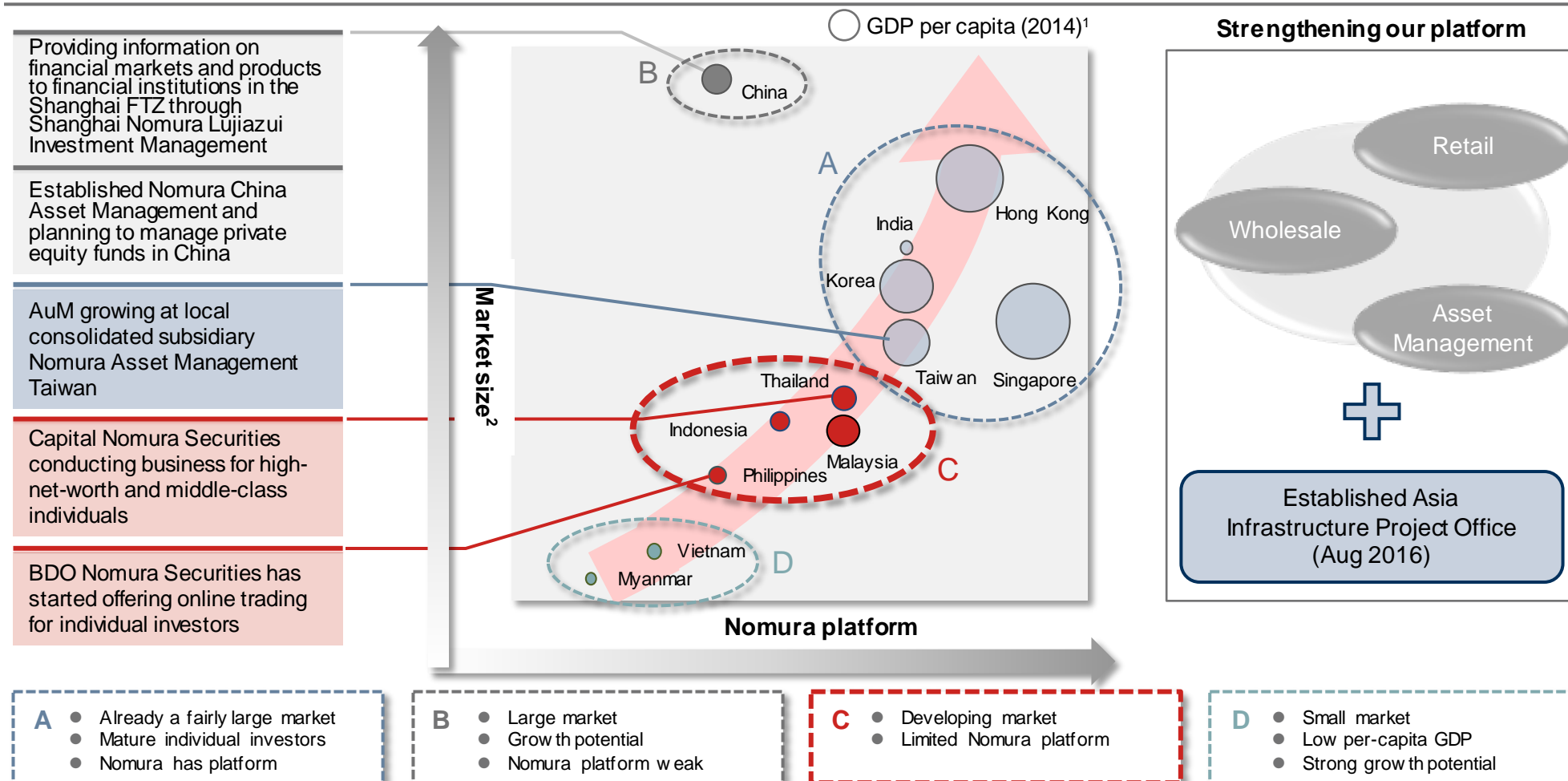
(billions of yen)



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.

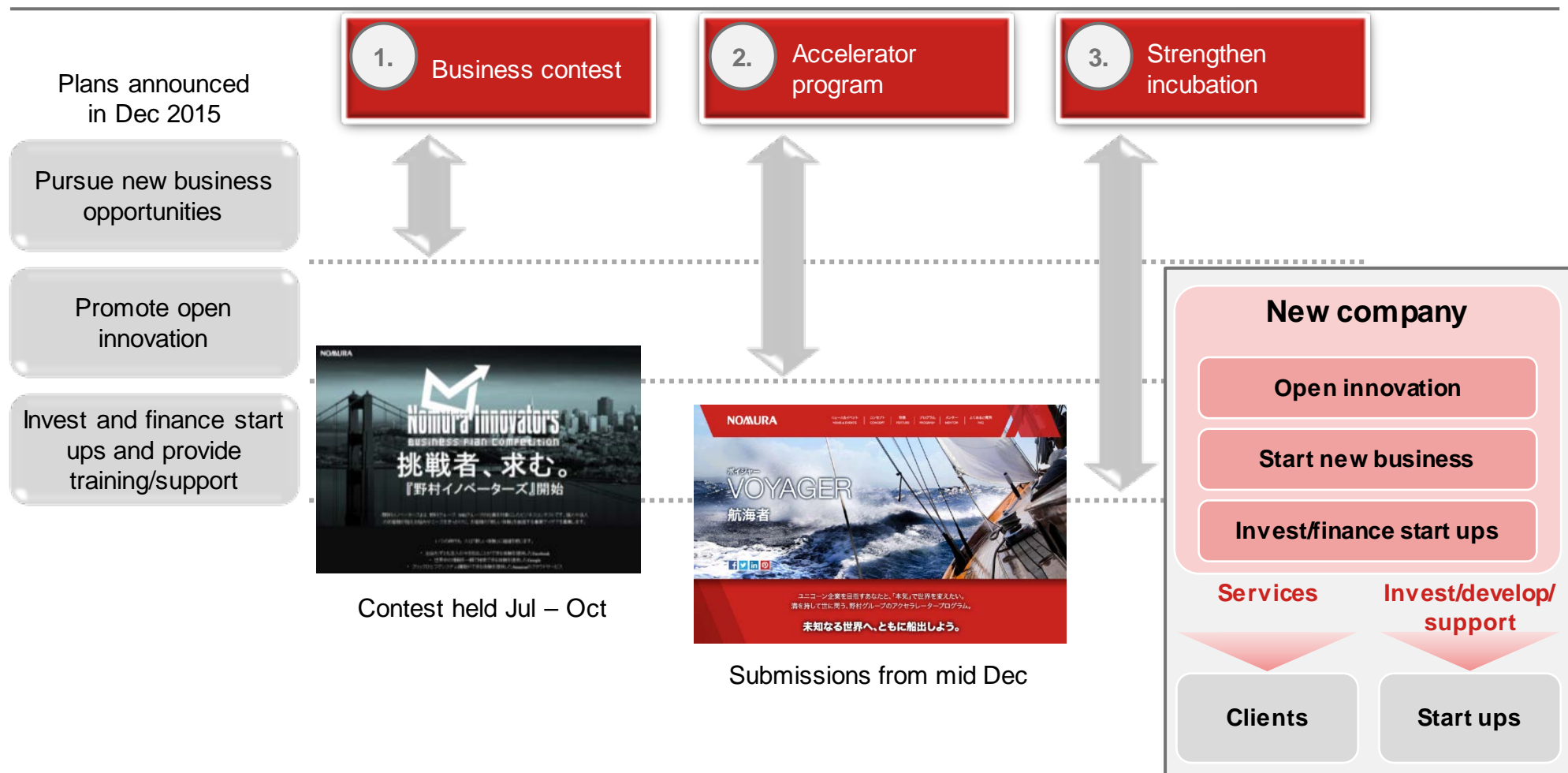
International business: Paving the way for future growth in Asia

Strategy tailored to market size and stage of development of each country



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.

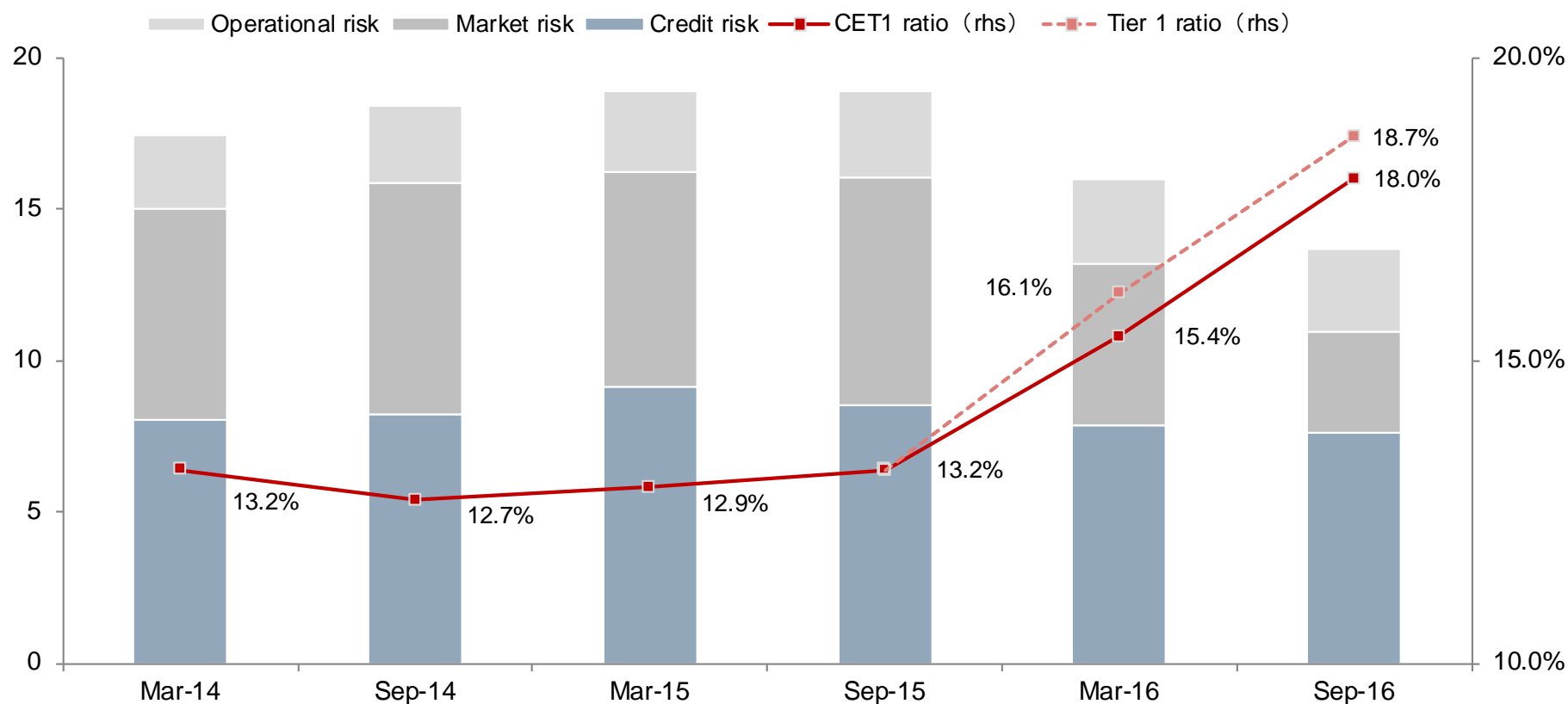


3. Capital policy

Controlling risk assets to improve capital ratio

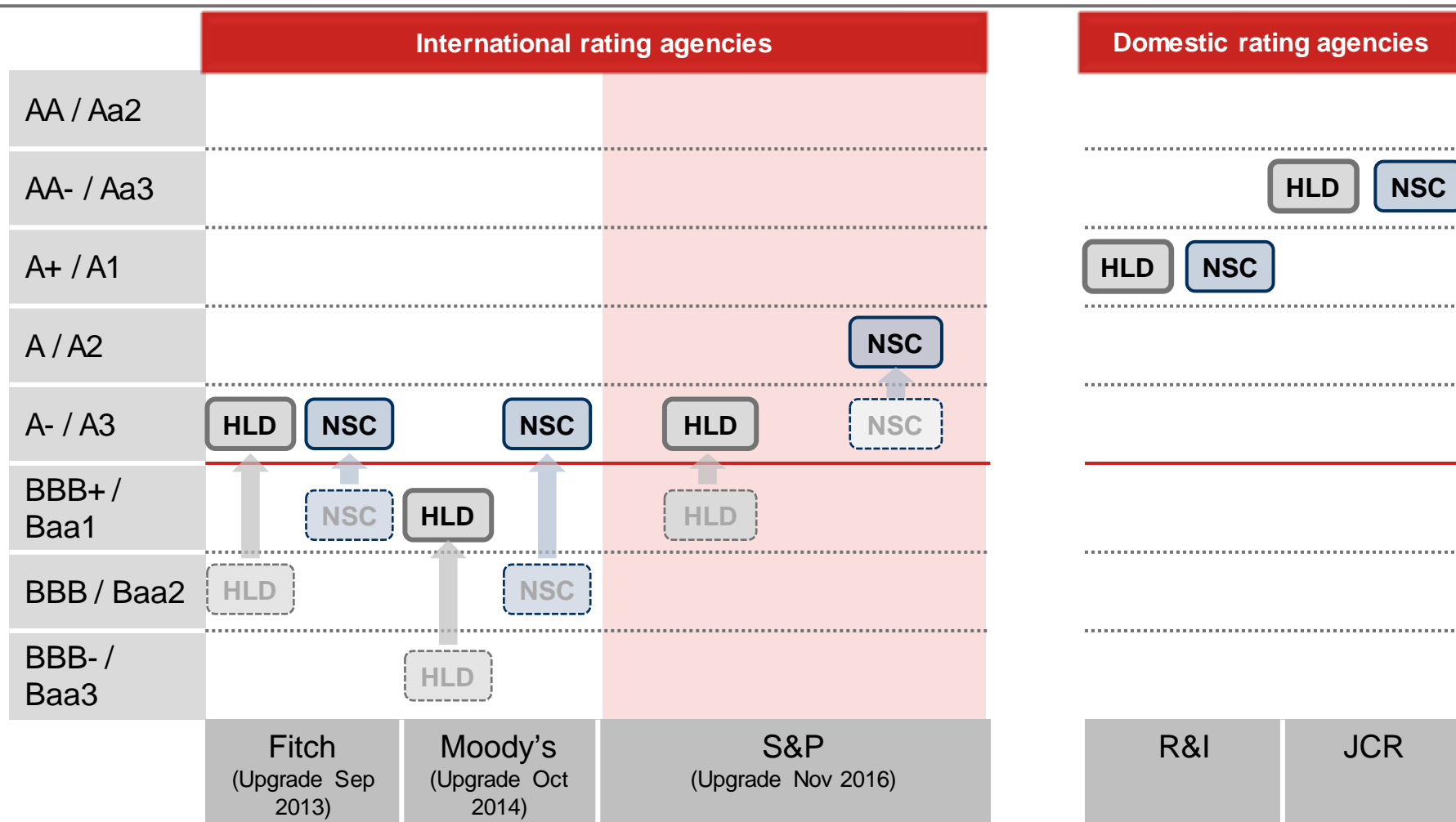
Controlling market risk: Stringent management of Wholesale resources since 2015 H2 taking into account role as market maker

(trillions of yen)

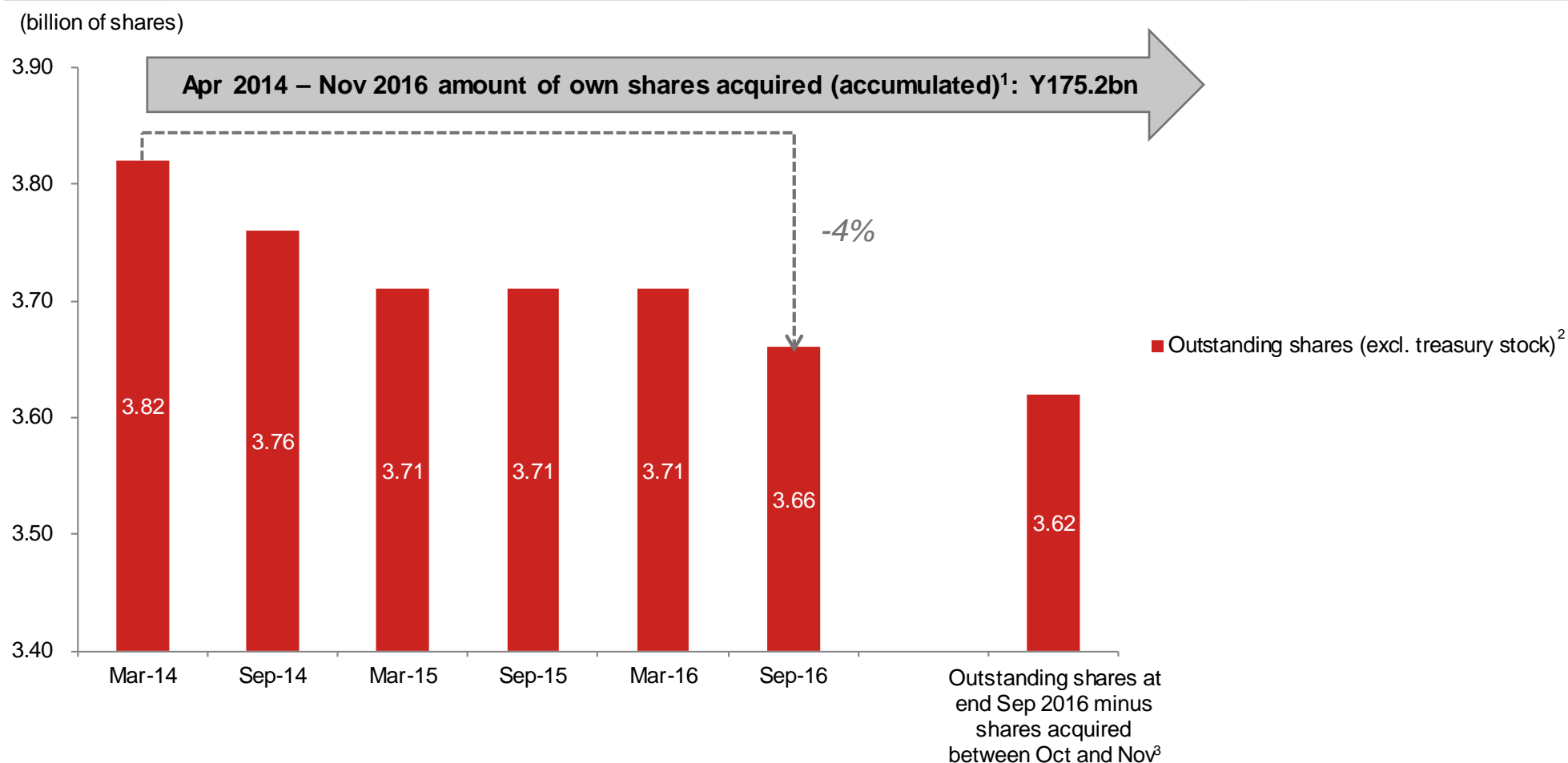


Credit rating upgrades

Expect greater business opportunities on back of S&P upgrade in Nov 2016

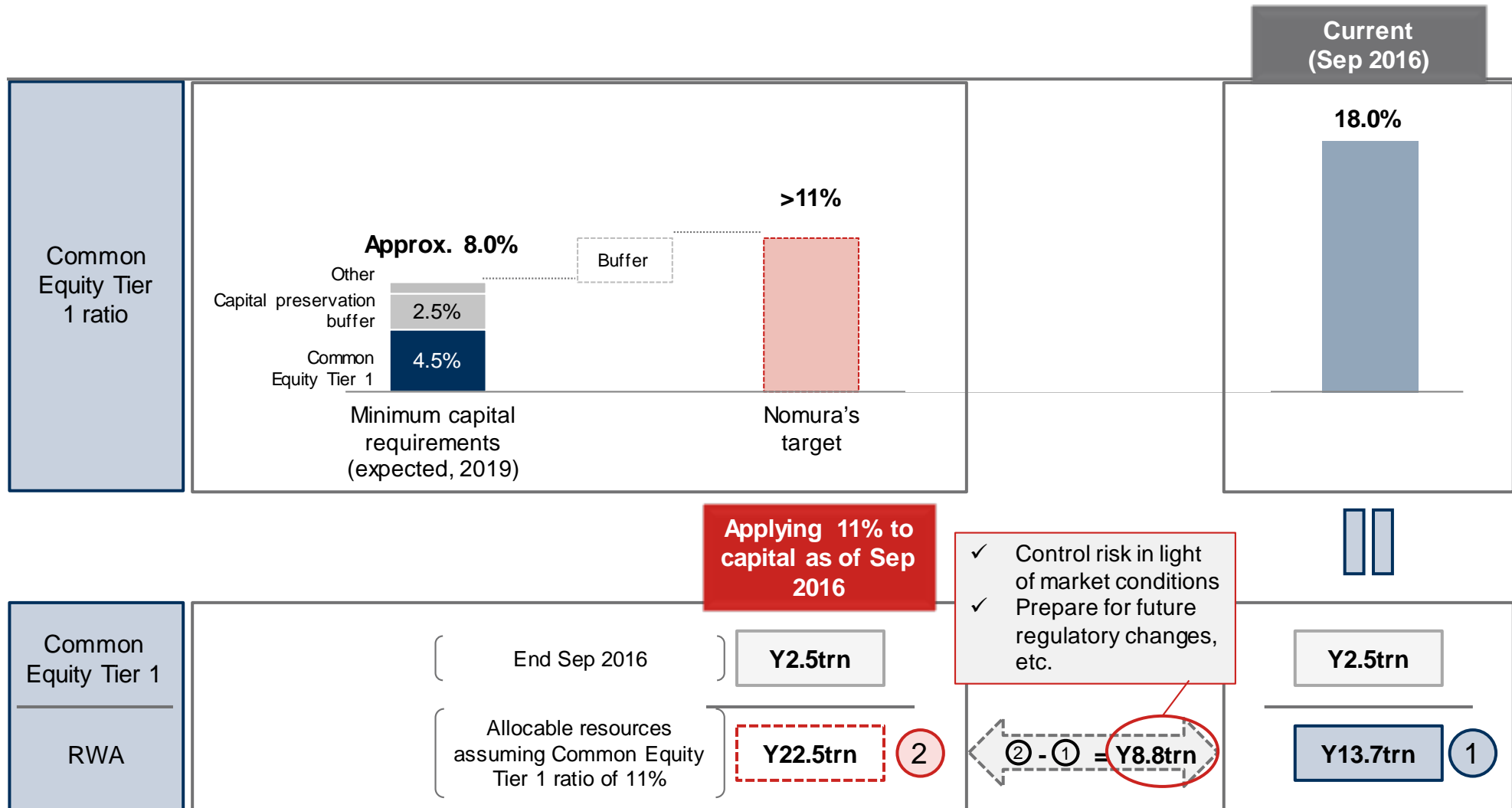


Outstanding shares (excl. treasury stock)



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



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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