Investor Day

Toshio Morita
Group Co-COO

Kentaro Okuda
Group Co-COO
Nomura Holdings, Inc.

May 28, 2018
New management structure with two Co-COOs from April 2018

- Strengthen governance and support quick and seamless decision-making
Resilient performance in Retail and Asset Management

FY2017/18 full-year income before income taxes

(billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY 2016/17</th>
<th>FY 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>322.8</td>
<td>328.2</td>
</tr>
<tr>
<td>Retail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Group income before income taxes up YoY
  - Contributions from Retail and Asset Management
  - Segment Other income improved

- Equities and Investment Banking revenues stronger, but Fixed Income slowed due to low volatility and subdued client activity
- Business momentum improved towards 4Q

- Continued inflows and market factors lifted AuM to a record high
- American Century Investments related gains contributed to best yearly pretax income since FY2001/02

- Turnaround in investor sentiment as market conditions improved; pretax income recovered backed by strong performance in stocks and investment trusts
- 4Q annualized recurring revenue reached ¥90bn
- Net increase items remain a challenge
Ongoing efforts to achieve key KPIs

Retail: Client assets close to Y120trn

Retail: Steady increase in recurring revenue

Asset Management: Record high AuM

Wholesale: Profitability improved with reduced costs
Improved profitability and consistent share buybacks drove EPS growth

1. Net income attributable to Nomura Holdings shareholders per share
2. Diluted net income attributable to Nomura Holdings shareholders per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
<th>EPS¹</th>
<th>Outstanding Shares (excl. treasury stock, rhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009/10</td>
<td>68</td>
<td>21.59</td>
<td>3,669</td>
</tr>
<tr>
<td>FY2010/11</td>
<td>29</td>
<td>7.86</td>
<td>3,393</td>
</tr>
<tr>
<td>FY2011/12</td>
<td>12</td>
<td>3.14</td>
<td>3,000</td>
</tr>
<tr>
<td>FY2012/13</td>
<td>107</td>
<td>28.37</td>
<td>29</td>
</tr>
<tr>
<td>FY2013/14</td>
<td>214</td>
<td>55.81</td>
<td>12</td>
</tr>
<tr>
<td>FY2014/15</td>
<td>225</td>
<td>60.03</td>
<td>132</td>
</tr>
<tr>
<td>FY2015/16</td>
<td>132</td>
<td>35.52</td>
<td>214</td>
</tr>
<tr>
<td>FY2016/17</td>
<td>240</td>
<td>65.65</td>
<td>240</td>
</tr>
<tr>
<td>FY2017/18</td>
<td>219</td>
<td>61.88</td>
<td>3,500</td>
</tr>
</tbody>
</table>

¹ Net income attributable to Nomura Holdings shareholders per share
² Diluted net income attributable to Nomura Holdings shareholders per share
## KPIs to achieve FY2019/20 long-term management vision

### Three segment pretax income

#### Retail
- **Pretax income**: Y195bn - Y205bn
- **Client assets**: Y150tn
- **Recurring revenue (Cost coverage ratio)**: Y150bn (Approx. 50%)

#### Asset Management
- **Pretax income**: Y50bn - Y55bn
- **AuM**: Y55tn

#### Wholesale
- **Pretax income**: Y200bn – Y220bn
- **Fee pool market share**: 3.4%

### Vision C&C (EPS Y100)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Y450bn - Y470bn</strong></td>
<td><strong>FY17/18: Y269.9bn</strong></td>
</tr>
<tr>
<td><strong>Y195bn - Y205bn</strong></td>
<td><strong>FY17/18: Y103.1bn</strong></td>
</tr>
<tr>
<td><strong>Y150tn</strong></td>
<td><strong>Apr 2018: Y119.9tn</strong></td>
</tr>
</tbody>
</table>
| **Y150bn** | **FY17/18: Y86.1bn (28%)**  
**FY17/18 4Q annualized: Y90bn (29%)** |
| **Y50bn - Y55bn** | **FY17/18: Y66.2bn** |
| **Y55tn** | **Apr 2018: Y51.1tn** |
| **Y200bn – Y220bn** | **FY17/18: Y100.6bn** |
| **3.4%** | **FY17/18: 3.1%** |

### KPIs as of April 2018

- Faster than expected inflows of client assets
- Gap with meeting recurring revenue target
- Revenue diversification still lacking

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1. March 2020 assumptions: Nikkei 225 at Y25,000; USD/JPY rate Y115; Effective tax rate for Japanese corporates below 30%; Global fee pool annual growth rate of 1%
EPS target of Y100 remains unchanged

EPS\(^1\) and future growth

(yen)

2020 long-term management vision (Vision C&C)

Establish an operating platform capable of delivering sustainable growth under any environment

Assumptions

- Nikkei 225 at Y25,000
- USD/JPY rate Y115
- Effective tax rate for Japanese corporates below 30%
- Wholesale fee pool annual growth 1%

Conservative scenario

- Discrepancies with assumptions
  - Continued low volatility
  - Subdued client activity
  - Ongoing geopolitical risks

Conservative scenario based on KPIs and current market conditions continuing

<table>
<thead>
<tr>
<th>FY10/11</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>
<th>FY17/18</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.86</td>
<td>3.14</td>
<td>28.37</td>
<td>55.81</td>
<td>60.03</td>
<td>65.65</td>
<td>61.88</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

1. Diluted net income per share attributable to Nomura Holdings shareholders
### Challenges to sustainable growth and countermeasures

#### External environment/structural change

- **Wholesale Asset Management**
  - Shrinking fee pools
  - New regulations such as MiFID-II

- **Retail**
  - Declining birth rate and aging population
  - Shift in financial assets from regional areas to cities
  - Diverse client needs

- **Common**
  - Rapid advancement of digitalization
  - Emergence of new business opportunities and market
  - Lower margins in intermediary business

#### Challenges for Nomura

- Grow fee pool share
- Enhance profitability of international business
- Secure new revenue sources
- Continued asset outflows from senior client segment
- Mismatch between client needs and allocation of management resources
- Al and FinTech initiatives
- Tap into new markets
- Stringent cost control
- Limits of self-sufficiency

#### Countermeasures

- Strengthen GM and IB collaboration (implement new structure)
- Selectively strengthen IB in the US
- Boost cross-border business
- Change channel framework
- Reallocate management resources based on client needs
- Leverage group functions
- Reinforce digital strategy
- Develop business in China
- Merchant Banking business
- Sale of non-core assets; reallocate management resources
- Tie-ups with external partners (LINE, etc.)
Strategy of Wholesale
Wholesale: Making progress in improving profitability

Profitability improved by lower costs

<table>
<thead>
<tr>
<th>($bn)</th>
<th>Revenue</th>
<th>Cost</th>
<th>PTI (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11/12</td>
<td>7.0</td>
<td>7.5</td>
<td>-0.5</td>
</tr>
<tr>
<td>FY14/15</td>
<td>7.2</td>
<td>6.4</td>
<td>0.7</td>
</tr>
<tr>
<td>FY15/16</td>
<td>6.0</td>
<td>5.9</td>
<td>0.1</td>
</tr>
<tr>
<td>FY16/17</td>
<td>6.8</td>
<td>5.3</td>
<td>1.5</td>
</tr>
<tr>
<td>FY17/18</td>
<td>6.5</td>
<td>5.6</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Robust Wholesale Risk Discipline

Revenue Volatility¹

- Historical (FY13/14-15/16) - 25%
- Current (FY16/17-17/18) - 17%

% of Revenue Loss Days to Total Business Days

- Historical (2013/14-15/16) - 12%
- Current (2016/17-17/18) - 3%

1. Standard deviation of monthly revenues divided by average monthly revenues.
Wholesale: Drivers of Progress

Profitability by strategy improved

Profitability by region and by strategy

Strong focus on cost control

Wholesale Cost ($bn)

Resource efficiency

Revenue/RWA ratio

<table>
<thead>
<tr>
<th>FY11/12</th>
<th>Business Model Changes/Efficiency</th>
<th>Corporate Cost Reduction</th>
<th>Re-investment</th>
<th>FY17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>~1.8</td>
<td>~0.9</td>
<td>~0.8</td>
<td>~2.7bn saves</td>
<td>5.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Historical (FY13/14-15/16)</th>
<th>Current (FY16/17-17/18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>
# Wholesale Industry Fee Pool Trajectory ($bn)

## YoY
- -15%
- -17%
10%
-4%
-4%
-3%
-4%
-3%

**Based on annual fee pool growth of 2% - 4%**

**Assumptions**
- Upside factors include stronger global GDP growth, increased client activity, and higher volatility
- Conservative fee pool outlook reflecting current market conditions as well as continued market underperformance vs. expectations in the past few years

### Wholesale Industry Fees

<table>
<thead>
<tr>
<th>Year</th>
<th>WS</th>
<th>IB</th>
<th>EQ</th>
<th>FL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>315</td>
<td>54</td>
<td>69</td>
<td>192</td>
</tr>
<tr>
<td>2010</td>
<td>267</td>
<td>64</td>
<td>54</td>
<td>149</td>
</tr>
<tr>
<td>2011</td>
<td>221</td>
<td>49</td>
<td>64</td>
<td>113</td>
</tr>
<tr>
<td>2012</td>
<td>244</td>
<td>49</td>
<td>59</td>
<td>138</td>
</tr>
<tr>
<td>2013</td>
<td>235</td>
<td>56</td>
<td>56</td>
<td>119</td>
</tr>
<tr>
<td>2014</td>
<td>226</td>
<td>57</td>
<td>62</td>
<td>108</td>
</tr>
<tr>
<td>2015</td>
<td>220</td>
<td>55</td>
<td>61</td>
<td>100</td>
</tr>
<tr>
<td>2016</td>
<td>212</td>
<td>52</td>
<td>65</td>
<td>105</td>
</tr>
<tr>
<td>2017</td>
<td>206</td>
<td>54</td>
<td>56</td>
<td>96</td>
</tr>
<tr>
<td>2019</td>
<td>225</td>
<td>215</td>
<td>215</td>
<td>2009</td>
</tr>
</tbody>
</table>

Source: Oliver Wyman, Nomura internal estimates
Wholesale: Adapting to New Market Environment

Breakdown of wholesale business fee pool\(^1\) and Nomura revenues

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### Fee Pool\(^1\)

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Financing &amp; Solutions</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>Traditional Trading</td>
<td>59%</td>
<td>56%</td>
</tr>
</tbody>
</table>

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### Nomura\(^2\)

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Primary</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Solutions</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>Execution</td>
<td>19%</td>
<td>21%</td>
</tr>
<tr>
<td>Liquidity and market making</td>
<td>40%</td>
<td>34%</td>
</tr>
</tbody>
</table>

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1. Source: Coalition; Advisory includes M&A, Financing & Solutions includes Traditional & Non-traditional Financing, and Asset/Liability Derivative Solutions; Traditional GM includes liquidity & market making & agency businesses across FICC and Equities
2. Nomura mix excludes other line items

- Growing demand for Financing and Solutions from clients, especially Corporates
- Outlook resilient across Structured, Solutions, traditional & non-traditional financing products
- APAC clients increasingly focusing on international opportunities (especially Americas)
- Structural shift to passive trading and data/quant driven strategies
- Continued electronification in Fixed Income
- Unbundling of equity execution and research
- Decline in institutional wallet by ICO, direct listings, etc.
Wholesale: Initiatives to achieve KPIs

- Enlarge Client Revenues
  - Client Financing & Solutions
  - Americas Growth
  - Japan / Asia Connectivity
  - Cost Optimization
  - Flow Trading Digitization
Wholesale Strategic Plan: Client Financing & Solutions

Building on our strengths in Client Financing & Solutions

Global Markets
Sales and Structuring

Client Financing & Solutions (CFS)

- Critical mass of product specialists in CFS
  - Asset product solutions
  - Liability product solutions
  - Non-Traditional / Secured Financing
  - Traditional Financing

New structure aimed at maximising cross-sell opportunities

<table>
<thead>
<tr>
<th></th>
<th>Corporates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Integrate hedging, liability management &amp; funding capabilities alongside traditional financing and advisory</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Financial Sponsors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leverage strong traditional financing and advisory dialogue and build further macro and credit solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Banks Asset Managers Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leverage Global Markets structured financing capabilities with strategic client access through Investment Banking relationships</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Emerging Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Focus on debt financing capabilities across traditional and structured</td>
</tr>
</tbody>
</table>
Growth plan leverages franchise strengths and is underpinned by client franchise

### Leverage track record and expand in areas of strength
- Rates & Agency Mortgages
- Securitized Products
- Equity Derivatives
- Instinet
- ALF
- Solutions

### Diversify platform in target areas
- Newer product areas in GM and CFS
- US domestic and cross-border M&A
  - Monetize US investments; leverage global connectivity

### Expand client base
- Real Money, Corporates, Financial Sponsors
- Middle Market clients in target sectors

### Invest in the platform
- Targeted growth in solutions and structured financing; develop CFS platform
- Selective investment in US IB platform
  - Healthcare, Tech, IT Services, FIG

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### Americas Wholesale Client Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13/14</td>
<td></td>
</tr>
<tr>
<td>FY17/18</td>
<td>+14%</td>
</tr>
<tr>
<td>FY19/20</td>
<td></td>
</tr>
</tbody>
</table>
Wholesale strategy: Increasing presence and expanding business in Americas

<table>
<thead>
<tr>
<th>US Equity Option ranking</th>
<th>US Fixed Income market share</th>
<th>US domestic and cross-border M&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>US equity listed option market share, ranking¹</td>
<td>#10 Overall Fixed Income Market Share</td>
<td>Infrastructure Finance</td>
</tr>
<tr>
<td>#5 8% Q1 17</td>
<td>#4 9% Q2 17</td>
<td>Private placements</td>
</tr>
<tr>
<td>#4 12% Q3 17</td>
<td>#2 14% Q4 17</td>
<td>Acquisition of BlockCross ATS</td>
</tr>
</tbody>
</table>

1. Source: Third party research.
Wholesale Strategic Plan: Japan/Asia Connectivity

Well-positioned to address attractive East-West and key sector opportunities

Growing East-West Opportunities

APAC Outbound M&A Volumes

(!) Proven track record in major APAC transactions

Leading Asia Franchise Expanded International Capabilities

✓ US investments in key sectors & products (hired bankers with deep expertise and relationships)

✓ Positioned to offer clients holistic solutions (advisory, funding/financing, rate/FX hedging)

Global Sector Coverage Capabilities

✓ Coordinated Global Sector Coverage (e.g.):
  • Consumer/Retail
  • Industrials
  • Healthcare
  • FIG

✓ Delivering global sector intelligence to win mandates

✓ Client strategy focused on middle market in US Investment Banking

Leveraging Nomura strengths to successfully win Japan/Asia-related M&A deals and related activity

1. Sources: Dealogic

<table>
<thead>
<tr>
<th>AEJ - EMEA</th>
<th>Japan - EMEA</th>
<th>AEJ - US</th>
<th>Japan - US</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB Volvo (Cevian Capital) / Zhejiang Geely Holdings Group (€3.2bn)</td>
<td>Takeda Pharmaceutical/Shire (€62bn)</td>
<td>Carver Korea (Bain Capital, Goldman Sachs) / Unilever ($2.7bn)</td>
<td>Nippon Life Insurance / MassMutual Life Insurance (¥104.2bn)</td>
</tr>
</tbody>
</table>
Wholesale Strategic Plan: Cost Reduction

- Focus on improving cost-to-income ratio in the medium-term, with emphasis on self-funding growth plans to create operating leverage

Reducing cost-to-income ratio

<table>
<thead>
<tr>
<th>Cost-to-income ratio</th>
<th>Historical (FY13/14 to 15/16 average)</th>
<th>Current (FY16/17 and 17/18 average)</th>
<th>2020+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost-to-income ratio</td>
<td>91%</td>
<td>82%</td>
<td>&lt;80%</td>
</tr>
<tr>
<td>Average Costs ($bn)</td>
<td>6.3</td>
<td>5.4</td>
<td>~5.9</td>
</tr>
</tbody>
</table>

**Optimization & Efficiency**
- Cost saves from re-prioritization and streamlining of investment spend across IT, operations, infrastructure
- Shorter term optimization and simplification cost saves

**Structural cost reduction & Self-funding growth**
- Medium term operating model optimization across front and back office functions
- Further structural simplification

**Re-investment**
- Reinvestment in businesses with underlying competitive strengths to defend and grow
- Investment to tap client opportunity in areas such as Client Financing and Solutions, Advisory and Agency
Strategy of Asset Management
Asset Management: Initiatives to grow AuM

Client and product diversification driving AuM growth

<table>
<thead>
<tr>
<th>(trillions of yen)</th>
<th>AuM(net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>30.8</td>
</tr>
<tr>
<td>2015</td>
<td>39.3</td>
</tr>
<tr>
<td>2016</td>
<td>40.1</td>
</tr>
<tr>
<td>2017</td>
<td>44.4</td>
</tr>
<tr>
<td>2018</td>
<td>50.0</td>
</tr>
</tbody>
</table>

- Investment trusts (excl. Japan listed ETFs)
- Japan listed ETFs
- Investment advisory

Product-based initiatives and total solutions to satisfy client needs

Expand products and market

Investment trusts (excl. Japan listed ETFs)
- Initiatives aimed at growing investor base ~investment in 8 Securities~
- Sale of index funds “Funds-I”
- Enhance investment management, product origination and proposal expertise

Japan listed ETFs
- In addition to traditional index tracking funds, develop and provide new indices

Investment advisory
- Increasing mandates from Japan public pension funds
- Expand overseas business
- Build out alternative investments

Strengthen solutions

Deliver solutions leveraging investment capabilities
- Provide solutions to meet respective investor needs
- Flexible and diverse product design

Offer solutions tailored to clients’ investment goals
- Alpha ✓ Beta ✓ Income ✓ Risk
- Stocks ✓ Bonds ✓ Index
- Alternative ✓ Outsourced investment management

Outsourced investment management

(Mar)
Asset Management: International strategy

- Grow international AuM by expanding product offering, acquiring investment managers, and building out client franchise
- Focus on growing client franchise by increasing UCITS funds and collaborating closer with American Century Investments (ACI)

Growth trajectory

<table>
<thead>
<tr>
<th>Americas</th>
<th>UK / Europe</th>
<th>AEJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquired 41% stake in ACI in May 2016</td>
<td>Enhanced UCITS product offering in 2017</td>
<td>Acquired 51% stake in former ING Taiwan business in Apr. 2014</td>
</tr>
</tbody>
</table>

International growth strategy

- Grow client and regional coverage while increasing distribution channels for competitive products
- Closer collaboration with ACI
- Work with third parties (alliances, investments, acquisitions)

**UK/Europe**
- Enhance UCITS product offering to boost AuM

**AEJ**
- Look at retail opportunities to follow on from Taiwan
- Enter fund business in China using WFOE

**Others**
- Find new clients such as pension funds

**Mutual provision of products Complementing product lineup**

**Americas**
- Closer collaboration with ACI
- Provide NCRAM² products to North American pension funds, expand high-yield product lineup

**NCRAM² AuM (gross)**

1. Wholly Foreign-Owned Enterprise
2. Nomura Corporate Research and Asset Management
Strategy of Retail
### Retail: Client assets by age segment and net inflows of cash and securities

<table>
<thead>
<tr>
<th>Age Segment</th>
<th>Client assets (end-Mar 2018)</th>
<th>Net inflows of cash and securities (end-Mar 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>75 and older</td>
<td>Y15.6tn</td>
<td>-Y495.1bn</td>
</tr>
<tr>
<td>Under 75 clients with sales representative¹</td>
<td>Y42.9tn</td>
<td>+Y365.4bn</td>
</tr>
<tr>
<td>Under 75 clients without sales representative²</td>
<td>Y7tn</td>
<td>-Y32.4bn</td>
</tr>
</tbody>
</table>

#### Individual clients by age; corporate client net inflows of cash and securities

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Net Inflows of Cash and Securities (end-Mar 2018) (100 million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35~44</td>
<td>842</td>
</tr>
<tr>
<td>45~54</td>
<td>2,316</td>
</tr>
<tr>
<td>55~64</td>
<td>1,767</td>
</tr>
<tr>
<td>65~74</td>
<td>-1,002</td>
</tr>
<tr>
<td>~34</td>
<td>366</td>
</tr>
<tr>
<td>Companies (unlisted, medical companies)</td>
<td>-959</td>
</tr>
</tbody>
</table>

1. Clients in under 75 age group with sales representative (Former Wealth Management Section, Financial Consulting Section, Financial Advisor Section, Wealth Management Group), and unlisted companies, medical corporations, etc.
2. Clients in under 75 age group with no sales representative (Former Financial Services Section, Net & Call)
Mismatch of financial services required by seniors and current market offering

Possibility that financial services for seniors are not sufficient

Services required from financial institutions¹
(survey of 60-89 year olds)

- Support of financial institutions necessary: 51%
- Support needed to:
  - Integrated management/ investing of financial assets
  - Support to make list of assets
  - Support to make and manage will and proxy
  - Systematic income management through investment trusts, etc.
  - Management of overall financial assets; future outlook

Financial needs of senior households

Concerns of senior households

- Worried about health
- Concerned about pension
- Increase in healthcare and nursing expenses
- Tax and social insurance burden

Need for compliance
- Independent rules for selling to senior clients through solicitation
- Strengthen oversight for financial product sales to senior generation

1. Source: Company survey of individual clients aged 60-89 on financial gerontology and asset management (Nov 2017)
Enhancing services for clients over 75

Assigning dedicated sales representative from April 2017 has led to greater client satisfaction

- Overall level of satisfaction
- Average amount

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall level of satisfaction</th>
<th>Average amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013/14</td>
<td>7.65</td>
<td></td>
</tr>
<tr>
<td>FY2014/15</td>
<td>7.88</td>
<td></td>
</tr>
<tr>
<td>FY2015/16</td>
<td>7.66</td>
<td></td>
</tr>
<tr>
<td>FY2016/17</td>
<td>7.69</td>
<td></td>
</tr>
<tr>
<td>FY2017/18</td>
<td>8.31</td>
<td></td>
</tr>
</tbody>
</table>

Heartful Partners throughout Japan from April

- April 2017: 18 branches/departments
- From April 2018: 149 branches/departments

Satisfied clients tend to invest more

Commenced joint research on financial gerontology

- How much can you extend the life of assets
- Full-service asset management in light of decline in cognitive function

1. Average amount based on responses to client satisfaction surveys from FY2013/14 to FY2017/18. Amount based on total for prior year starting from the month before client satisfaction survey commenced.
2. Financial gerontology is the study of the impact that aging and living longer have on the economy and financial behavior.
### Strengthen sections with sales staff

Revenue and inflows of cash and securities per sales representative

- **General Career Type A**: Make large contribution to revenues but cash and securities inflows has room for improvement.

- **General Career Type B**: and FA employees achieve good results in terms of net inflows of cash and securities, but relatively little revenue contribution.

### Combine diverse set of values to enhance sales capabilities

- Complement each other’s strengths and weaknesses and further enhance skills.
- Enhanced training; originate business deals by sharing knowledge.
- Effective time management, improve sales efficiency, and reduce administrative processing time.
- Boost collaboration with headquarters functions.

---

1. **General Career Type A** employees carry out the main functions of the company’s business and are subject to transfers that require moving to another city. **General Career Type B** employees carry out the main functions of the company’s business but are not subject to transfers that require moving to another city. **FA** employees are sales specialists who are not subject to transfers.
Increased interactions between sales staff and top clients

Strengthen approach to retiree generation

- Retirement bonus
- Life planning after retirement
- Inheritance
- Medical / nursing care expenses
- Investment management, extend life of assets

Business owners and family

- Business succession
- Business support

Increase consultants to handle concerns about retirement bonus, post-retirement life planning, inheritance, etc. (Expand Yuto Retire Partner)

New accounts opened by Yuto Retire Partners (accumulated)

(Thousands of accounts)

<table>
<thead>
<tr>
<th></th>
<th>3.8</th>
<th>8.4</th>
<th>12.2</th>
<th>14.5</th>
<th>16.9</th>
</tr>
</thead>
</table>

Provide learning opportunities
Set up Finance Academy

- Support systematic and practical studies related to investing and asset management in light of the 100-year life era

- Approx. 3 month fee-based program
- Investment basics to practical application
- Lectures by investment professionals
- Online courses planned

Assign people in charge of corporate business to each branch

- Partial double coverage structure with Solutions & Support Dept.
- Leverage headquarters functions
- Comprehensive services as a group
Provide total solutions as a group to clients with a sales representative.
Enhance salaried worker business in metropolitan areas where labor force is concentrated

Asset inflows expected in major metropolitan areas where labor is concentrated due to aging and inheritance

Change in individual financial assets (2016-2030)¹

Outer loop: No. of employees at large companies
7 prefectures: 68%, approx. 10 million people

Inner loop: No. of registered companies
7 prefectures: 50%

Labor is concentrated in major metropolitan areas

Focus on salaried employee business

- Enhance approach to employees of listed companies
- Build out salaried employees business
  - New mandates; increased participation rate
  - Promote enrollment in company accumulation-type NISA, DC plan
- Strengthen approach to employee stock ownership plan and DC plan trustee companies
- Care for employees who leave stock ownership plan or DC plan, and after retirement

¹ Source: Nomura Institute of Capital Markets Research estimates; inheritance assets limited to financial assets
Enhance approach to listed company executives

Tap into need for Restricted Stock Unit plan

- Improve Retail / IB collaboration, and encourage listed companies to introduce restricted stock (RS)
- Reinforce approach to potential clients

Number of companies with RS plan (as of May 24, 2018)

- Companies with RS plan: 162
- No. of accounts¹: 4,800
- Nomura’s share: 50%

Number of companies with RS plans expected to rise

Expand team in charge of listed company executives

Use knowledge gained from serving business owner families of listed companies to provide services to listed company executives

Provide various solutions for treasury shares

Consultation services related to real estate, retirement bonus, etc.

Considering dedicated service for executives

1. Total number of RS allotment accounts, including non-executives.
Services for clients with no sales representative

**Existing clients**
(Financial Partner Section, former Net & Call)

- Build relationships through marketing automation; systemic approach based on the interests of respective clients (introduced from 2017)
- Commenced remote consultation; dedicated operators provide consultation services by phone or computer (Trial from Dec 2017; operations commenced from Mar 2018)

**Salaried workers**
(Stock ownership plan, DC plan)

- Propose accumulation-type NISA to companies enrolled in stock ownership plan, further encourage asset building

  (Enrollment in stock ownership plan as of April 2018)

  | Participants | Nomura: 1.52 million people, 56% |
  | Companies     | Nomura: 1,304 companies, 41% |

- Consider building platform for salaried workers (stock ownership plan, DC plan) that include non-financial services

**Potential clients**

- Promote collaboration with external partners (LINE Securities, 8 Securities)
Restructure channels to accurately respond to client needs

- Set up dedicated team for senior generation clients and retirees (Life Partner Section)
- Integrate three sections in charge of face-to-face services into Wealth Partner Section
New growth initiatives
Disposal of non-core assets and continued investment in growth areas

Reducing risk assets by managing risk and disposing of non-core assets

<table>
<thead>
<tr>
<th>(trillions of yen)</th>
<th>Operational risk</th>
<th>Market risk</th>
<th>Credit risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of stake in UK Annington</td>
<td>Sale of stake in Fortress</td>
<td>Sale of Mitsui Life Insurance shares</td>
<td>Sales of stake in Takagi Securities</td>
</tr>
<tr>
<td>Offering of part of stake in Nomura Real Estate Holdings</td>
<td>Partial offering of stake in JAFCO</td>
<td>Sales of stake in JAFCO</td>
<td>Sales of stake in JAFCO</td>
</tr>
<tr>
<td></td>
<td>Sale of part of stake in Daiko</td>
<td>Sale of Daiko</td>
<td>Sales of stake in ASahi FIRE and MARINE INSURANCE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sale of part of stake in Daiko</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sale of Mitsui Life Insurance shares</td>
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<td></td>
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<td>Sales of stake in JAFCO</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales of stake in ASahi FIRE and MARINE INSURANCE</td>
<td></td>
</tr>
</tbody>
</table>

Investing in growth

- Investment in ACI
- Joint venture agreement with LINE, LINE Financial
- Investment in 8 Securities and 8 Limited
- Launch of Merchant Banking business
- Entry into China onshore business
On May 25, we executed a joint venture agreement with LINE and LINE Financial to establish LINE Securities. Leveraging the LINE platform where the under-50 asset building demographic accounts for over 75% of its users, we plan to sell stocks and investment trusts after registration as Type 1 Financial Instruments Business, with the aim to increase the number of people that invest in securities.
Access to new asset building segment: Investment in 8 Group

- Leverage 8 Group’s mobile app development expertise
- Offer investing opportunities to not only asset builders but wide range of clients including experienced investors

Approach to asset building segment

**Nomura Asset Management**

- Investment management + product provision capabilities

**8 Group/ 8 Securities**

- Mobile app development expertise
- Marketing expertise

**Product lineup**

- Planning to offer new services that improves on 8 Securities ETF wrap (robo advisor)
- Provision of index funds (Funds-i) from autumn 2018

**Target clients**

- Asset builders (mainly 20s – 40s)
- Experienced investors

**Marketing**

- Web marketing
  - Social media
  - Influencers
- News media
  - Magazine ads
  - Tie-up ads on investment experience
- Events
  - Bring together investment and themes (hobbies)
  - Talk shows with celebrities

**Investment in 8 Group**

- In April 2018, invest approx. Y1.6bn in 8 Securities and have a majority holding
- Invest approx. Y1.1bn in 8 Limited, financial holding company located in Hong Kong

**8 Limited**

FinTech company operating in Hong Kong and Japan that offers asset management services such as mobile app robo-advisory using ETFs

- Wide range of both experienced and asset building clients (majority of accounts held by clients in 20s and 30s)
- Won awards including Amazon Top 5 Startup Asia
Launch of Merchant Banking business

Nomura Capital Partners
First Investment Limited Partnership

- Total fund amount: ¥100bn max. (Nomura Group capital)
- Fund term: 10 years
- Investment target: Leading companies in Japan (excl. financial institutions)
- Deal origination: In principle, negotiated transactions

Investment philosophy

- Dedicated team of professionals
- Maximize corporate value of investee companies
- Revitalize regional economies and private equity market

Unparalleled deal sourcing expertise backed by wide range of clients

Retail Division corporate clients¹

Over 60,000 companies

Share of Japan listed companies that names Nomura as lead manager

Over 60%

Realize growth and maximize returns for investee companies by providing risk money, and helping strengthen management framework and implement growth strategy after investment

¹ Unlisted companies with net assets of 300 million or more.
Entering China onshore market: Increase in high net worth individuals and accumulated financial assets

Sharp rise in personal financial assets¹

<table>
<thead>
<tr>
<th>(trillions of yuan)</th>
<th>Japan's personal financial assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bank deposit</td>
</tr>
<tr>
<td></td>
<td>Public offering fund</td>
</tr>
<tr>
<td></td>
<td>Equities</td>
</tr>
<tr>
<td></td>
<td>Wealth management products</td>
</tr>
</tbody>
</table>

(Y1,549tn)²

- 77
- 15
- 3
- 8
- 51
- 55
- 61

2014
2015
2016
2017

Increase in high net worth and middle class individuals (net financial wealth more than US$100k)

<table>
<thead>
<tr>
<th>(millions of households)</th>
<th>Japan</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80</td>
<td></td>
<td></td>
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<tr>
<td>60</td>
<td></td>
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<td>40</td>
<td></td>
<td></td>
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<tr>
<td>20</td>
<td></td>
<td></td>
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<tr>
<td>0</td>
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</tr>
</tbody>
</table>

China Wholesale business fee pool³

- Foreign financial institutions
- Approx. 20%
- 2016 estimate³: Approx. $18bn
- Chinese financial institutions
- Approx. 80%

1. Source: EIU The Economist Intelligence Unit (estimate)
2. Converted at December 2016 JPY/CNY exchange rate
Entering China onshore market: Application to establish joint venture company

- On May 8, 2018, we applied to the China Securities Regulatory Commission (CSRC) for a license to establish a joint venture securities firm

### Structure and business strategy of joint venture

<table>
<thead>
<tr>
<th>Nomura</th>
<th>Third-party partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>51%</td>
<td>49%</td>
</tr>
</tbody>
</table>

### Client and product strategy

- **First stage**
  - Clients that need full financial services (e.g., Company management, entrepreneurs)

- **Second stage (future)**
  - IPO
  - M&A
  - Risk solutions
  - Stock repos
  - Trading
  - Execution

### Basic strategy

- Leverage Nomura’s expertise in mass affluent business to service the growing number of high net worth individuals in China, and later expand into Wholesale and other business segments
- Consider operating full-fledged brokerage business in the future depending on progress of reform and opening up of the market
Digitalization initiatives
Organizational structure

Coordinated approach to leveraging technology

- Wholesale Chief Digital Officer (CDO)
  - Wholesale digital transformation

- Group Chief Information Officer (CIO)
  - Driving efficiencies in Japan using technology

- Group Chief Administration Officer (CAO)
  - Driving efficiencies outside Japan using technology

- CEO/COO

- Innovation Lab, Nomura Asset Management
  - Boosting investment performance with cutting-edge technologies

- Financial Innovation Office
  - Promoting value innovation

Collaboration with external partners

- Promote open innovation (Benefit from external expertise and knowledge)
  - Collaboration with external partners

- Provide business investment/loan and expansion support for startups (Nomura Incubation)
  - Innovation Lab, Nomura Asset Management
Our initiatives

- Leverage technology to deliver greater value
- Drive internal efficiencies to focus more on front office operations

<table>
<thead>
<tr>
<th>Present</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve UI/UX</td>
<td>LINE Securities</td>
</tr>
<tr>
<td>Provide trading information/opportunities (AI-related indices, Model Ex, etc.)</td>
<td>8 Securities</td>
</tr>
<tr>
<td>Smart speaker</td>
<td>Build out marketing automation</td>
</tr>
<tr>
<td>Offer broader range of services</td>
<td>Increase AI support for consulting services</td>
</tr>
<tr>
<td>Provide enhanced value to clients</td>
<td>Computerization of trading business</td>
</tr>
<tr>
<td>Pursue new business opportunities</td>
<td>Quantum computing</td>
</tr>
<tr>
<td></td>
<td>Financing leveraging BlockChain technology</td>
</tr>
<tr>
<td>Higher business efficiency</td>
<td></td>
</tr>
<tr>
<td>Promote data usage</td>
<td></td>
</tr>
</tbody>
</table>

Create time, bolster front office business

- Chatbot
- Business chat
- RPA
  - OCR+AI
- Use of the cloud
- Compete revamp of processes
- Detect illegal transactions (analytics)
- Sophisticated data analytics

Promote greater transparency
Innovative use of massive database

- Improve client satisfaction
- Provide better, speedy service
- Understand client needs
- Increase transactions

**Massive database**
- Market data
- Trading data
- Financial data
- Non-financial data
- Record client visits

- Thorough data analysis
- Sophisticated, efficient work

**Quick decision-making and policy implementation**

- See current situation
- Reduced costs
- Proper allocation of resources
- Streamline business processes

- Expand data
In closing
In closing

Rapid change in the environment

Accelerating declining birth rate and aging population in developed countries

Progress of complicated globalization

Regulatory environment in various sectors

Advancement of innovation

Fund assets accelerate change

Fight for survival
Corporate Slogan
Delivering a Better Tomorrow

Nomura Group Corporate Philosophy

Mission
Contributing to Society
We help to enrich society through our expertise in capital markets

Vision
Trusted Partner
As a leading financial institution, we aim to be the most trusted partner for our clients

Values
Entrepreneurial Leadership
With passion and courage, we continually innovate to meet the needs of our stakeholders

Teamwork
To build our values and ‘Deliver Together’, we promote diversity and collaboration across divisions and regions

Integrity
Personal integrity is paramount to us. We act honestly, fairly and openly
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