Investor Day

Takumi Kitamura
CFO
Nomura Holdings, Inc.

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Financial and capital strategy

Three key themes

Themes of financial and capital strategy

- Financial strategy to support sustainable growth
- Regulatory requirements
- Shareholder returns

Factors to consider for financial and capital strategy

Shareholder (returns)

External factors

- Regulatory requirements, credit rating

3

Pursue optimal capital

Internal factors

- ROE
- Financial buffer
- Investment buffer

Business (resource allocation)

1

Optimal allocation of resources

1

Improve profitability

2
### Outline of Basel Rule

<table>
<thead>
<tr>
<th>Regulation timeline and minimum requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital</strong></td>
</tr>
<tr>
<td>Minimum requirement (CET1)</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>7.5%</td>
</tr>
<tr>
<td>Market risk</td>
</tr>
<tr>
<td>FRTB²</td>
</tr>
<tr>
<td>Credit risk</td>
</tr>
<tr>
<td>Revised IRB³, SA⁴, CVA⁵</td>
</tr>
<tr>
<td>Operational risk</td>
</tr>
<tr>
<td>SMA⁶</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>SA Floor</td>
</tr>
<tr>
<td><strong>Total Loss Absorbing Capacity (TLAC)</strong></td>
</tr>
<tr>
<td>Minimum TLAC as a percentage of RWA</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>16%</td>
</tr>
<tr>
<td>Minimum TLAC as a percentage of LE</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>6%</td>
</tr>
<tr>
<td><strong>Balance sheet</strong></td>
</tr>
<tr>
<td>Leverage ratio</td>
</tr>
<tr>
<td>≥ 3% (timing TBD)</td>
</tr>
<tr>
<td>Final rule</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
</tr>
<tr>
<td>Net Stable Funding Ratio</td>
</tr>
<tr>
<td>≥ 100% (timing TBD)</td>
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</tbody>
</table>

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1. Includes capital conservation buffer of 2.5%, and D-SIB buffer of 0.5%. Excludes countercyclical capital buffer.
2. FRTB: Fundamental review of trading book
3. IRB: Internal rating based approach
4. SA: Standardized approach
5. CVA: Credit Valuation Adjustment
6. SMA: Standardized Measurement Approach
Improve return on resources

Profitability of Global Markets by strategy (FY2015/16)

Revenue / Leverage exposure

Relevance / RWAs

(FY2016/17 – FY2017/18)

Size of circle = Pretax income

Global Markets total

Global Markets total

Revenue / RWAs
Improve return on resources

Profitability of Global Markets by strategy (FY2015/16 vs FY16/17, FY17/18)

- Conduct periodic reviews of business portfolio to improve return on resources
- Profitability in last two years has improved compared to FY15/16
- Effectively deploy resources through regular monitoring of businesses
Reduce fixed cost to improve profitability

3 segment non-interest expenses: fixed cost lowered

<table>
<thead>
<tr>
<th>(billions of yen)</th>
<th>Cost to income ratio</th>
<th>80%</th>
<th>86%</th>
<th>77%</th>
<th>79%</th>
<th>&lt;75%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable cost</td>
<td>FY14/15</td>
<td>1,082.6</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>FY15/16</td>
<td>1,071.6</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>FY16/17</td>
<td>934.5</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>FY17/18</td>
<td>985.7</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Fixed cost</td>
<td>2020+</td>
<td></td>
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</tbody>
</table>

Pay for performance

Driving efficiencies (Corporate operating model)

- Digitalization/ Automation
- Cloud outsourcing
- Integrated purchasing
- Global real estate strategy

Reduce firmwide fixed costs by approx. Y60bn (by FY21/22)
Secure optimal capital necessary for sustainable growth

- Aim for ROE of 10% or more through focus on capital efficiency, and consider changing Tier 1 capital composition.
- Realize growth strategy by building up internal reserves, while setting total shareholder return ratio at 50% or above.

Maximize ROE to enhance corporate value

**Optimal capital**

- **Aim for ROE of 10% or more**

**Required capital**

- Regulatory requirements (CET 1 ratio ≥11%)
- Resources to support business and financial buffer

**Invest in areas where returns are expected to exceed capital cost**

**Shareholder return**

- (Total return ratio ≥ 50%)

**Or**

**CET 1 capital**

- FY2017/18
- 2020+ (image)

**Additional Tier 1 capital**

- Y2.7trn

**ROE ≥ 10%**
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