Presentation at Nomura Investment Forum 2019

Returning to growth

Koji Nagai
Group CEO
Nomura Holdings

December 3, 2019
Agenda

1. Business recap
2. Progress of business platform realignment
3. Future direction of our business
4. In closing
### Net income (loss) attributable to Nomura Holdings shareholders per share

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS (yen)</th>
<th>Share outstanding (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY02/03</td>
<td>61.3</td>
<td>1.97</td>
</tr>
<tr>
<td>FY03/04</td>
<td>88.8</td>
<td>2.66 (Mar.09)</td>
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<tr>
<td>FY04/05</td>
<td>48.8</td>
<td>3.72 (Dec.09)</td>
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<tr>
<td>FY05/06</td>
<td>158.8</td>
<td>3.82 (Jul.11)</td>
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<tr>
<td>FY06/07</td>
<td>-35.6</td>
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<tr>
<td>FY07/08</td>
<td>-366.2</td>
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<tr>
<td>FY08/09</td>
<td>21.6</td>
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<tr>
<td>FY09/10</td>
<td>7.9</td>
<td></td>
</tr>
<tr>
<td>FY10/11</td>
<td>3.1</td>
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</tr>
</tbody>
</table>

1. Diluted net income (loss) attributable to Nomura Holdings shareholders per share
2. Pretax income of Y55.4bn for the fiscal year ended March 2006 and Y52.8bn for the fiscal year ended March 2007 booked by former Merchant Banking business
3. Nomura Real Estate Holdings included as consolidated subsidiary
Net income (loss) attributable to Nomura Holdings shareholders per share

1. Diluted net income (loss) attributable to Nomura Holdings shareholders per share
2. Nomura Real Estate Holdings included as consolidated subsidiary

Announced mid-term management targets (EPS Y50)
- Achieved 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

<table>
<thead>
<tr>
<th>(yen)</th>
<th>FY11/12²</th>
<th>FY12/13</th>
<th>FY13/14</th>
<th>FY14/15²</th>
<th>FY15/16²</th>
<th>FY16/17</th>
<th>FY17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>28.4</td>
<td>55.8</td>
<td>60.0</td>
<td>35.5</td>
<td>65.7</td>
<td>61.9</td>
<td></td>
</tr>
</tbody>
</table>
Sale of shareholdings and winding up of legacy transactions

Sale of shareholdings: Y523bn

- Dec 2012: Sale of stake in UK Annington
- Mar 2013: Partial offering of Nomura Real Estate Holdings shares
- Feb 2014: Sale of stake in Fortress ($363.4mn)
- Mar 2014: Partial sale of JAFCO stake (Y10.8bn)
- Mar 2014: Partial sale of stake in Daiko Securities (Y1.9bn)
- Nov 2015: Sale of Mitsui Life shares
- Feb-Mar 2016: Sale of Chi-X Canada, Chi-X Australia, Chi-X Japan, Chi-X Global Technology (HK)

Winding up legacy transactions: Y176bn

- Feb 2017: Sale of Takagi Securities shares
- Jul 2017: Sale of entire JAFCO stake (Y38.7bn)
- Mar 2018: Sale of stake in Asahi Fire and Marine Insurance
- Apr 2017: Sale of entire JAFCO stake (Y38.7bn)
- Oct 2018: Settlement with U.S. DoJ over legacy transactions (Penalty of $480mn)
- Jun 2018: Judgement issued in FHFA litigation case against US subsidiaries (Payment of $806mn)
- Jul 2019: Partial sale of Nomura Research Institute shares (Y160bn)
- Sep 2015: Settlement with Banca Monte dei Paschi di Siena SpA (approx. Y34bn)
- Jul 2019: Partial sale of Nomura Research Institute shares (Y160bn)
Proactive approach to shareholder returns

Shareholder return policy
- Consolidated dividend payout ratio of 30%
- Total shareholder return ratio incl. share buybacks of at least 50%

Policy on holding and retiring treasury stock
- In principle, retire treasury stock held above 5% of outstanding shares

Outstanding shares: 3.82 billion
(Outstanding shares excl. treasury stock: 3.66 billion (as of end-Mar 2012))

Dividend amount
Share buyback amount

Net income (loss) attributable to NHI shareholders

(billions of yen)

<table>
<thead>
<tr>
<th></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>FY18/19</th>
<th>FY19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H</td>
<td>5</td>
<td>103</td>
<td>104</td>
<td>110</td>
<td>99</td>
<td>73</td>
<td>49</td>
<td>47</td>
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<tr>
<td>2H</td>
<td>7</td>
<td>32</td>
<td>30</td>
<td>32</td>
<td>22</td>
<td>36</td>
<td>16</td>
<td>11</td>
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<td></td>
<td></td>
<td>115</td>
<td>152</td>
<td>95</td>
<td>95</td>
<td>115</td>
<td>108</td>
<td>132</td>
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</tbody>
</table>

Total dividends: Y416.3 billion
Total share buybacks\(^1\): Y469.6 billion
Total: Y885.9 billion

1. Including allocations for stock options
Robust capital base: Control risk assets while raising capital levels

**Tier 1 capital**

*(trillions of yen)*

<table>
<thead>
<tr>
<th></th>
<th>CET1 Capital</th>
<th>Other Tier 1 Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-13</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Mar-14</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Mar-15</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Mar-16</td>
<td>2.6</td>
<td></td>
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<tr>
<td>Mar-17</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Mar-18</td>
<td>2.7</td>
<td></td>
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<tr>
<td>Mar-19</td>
<td>2.6</td>
<td></td>
</tr>
<tr>
<td>Sep-19</td>
<td>2.7</td>
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</table>

**RWA**

*(trillions of yen)*

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Mar-13</td>
<td>17.5</td>
</tr>
<tr>
<td>Mar-14</td>
<td>17.4</td>
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<tr>
<td>Mar-15</td>
<td>18.9</td>
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<tr>
<td>Mar-16</td>
<td>16.0</td>
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<tr>
<td>Mar-17</td>
<td>14.0</td>
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<tr>
<td>Mar-18</td>
<td>15.1</td>
</tr>
<tr>
<td>Mar-19</td>
<td>14.3</td>
</tr>
<tr>
<td>Sep-19</td>
<td>14.6</td>
</tr>
</tbody>
</table>
Large gap between FY19/20 assumptions and actual interest rate levels and fee pool growth rate

Nikkei 225

USD/JPY rate

Unsecured overnight call rate

Wholesale fee pool growth rate

2020 (assumed): Y25,000

2020 (assumed): Y115

2020 (assumed): 1% annualized
Prolonged period of super loose monetary policy leading to decline in global liquidity

Central bank balance sheets expand

Japanese government bonds and US Treasury liquidity declines

Dealer inventories decline

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1. Source: Federal Reserve Bank, inventories of government bonds, agency bonds, corporate bonds, commercial paper, etc., held by primary dealers
2. Source: Nomura, based on US SIFMA and AsianBondsOnline
### Megatrends shaping future financial services industry (2)

#### Advances in digital innovation ~ Increase of electronic trading

<table>
<thead>
<tr>
<th>Year</th>
<th>US Equities</th>
<th>Japan Equities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>2018</td>
<td>48%</td>
<td>69%</td>
</tr>
<tr>
<td>2021 (Expected)</td>
<td>62%</td>
<td>74%</td>
</tr>
</tbody>
</table>

#### Impact on financial institutions’ business models

- **Increase in percentage of personal financial assets owned by those over 75**
  - 2015: 24%
  - 2030 (assumed): Up to 46%

- **Large concentration of personal financial assets in major metropolitan areas due to aging and inheritance (2016-2030)**

#### % change in personal financial assets

<table>
<thead>
<tr>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% ~ under 10%</td>
<td></td>
</tr>
<tr>
<td>-10% ~ 0%</td>
<td></td>
</tr>
<tr>
<td>-20% ~ under -10%</td>
<td></td>
</tr>
</tbody>
</table>

1. Source: Greenwich
2. Source: Nomura Institute of Capital Markets Research estimates, assumes asset transfer through secondary inheritance only
3. Source: Nomura Institute of Capital Markets Research estimates, calculated based on only financial assets of inheritance assets
Agenda

1. Business recap
2. Progress of business platform realignment
3. Future direction of our business
4. In closing
Write down outstanding goodwill and start rebuilding business platform

Net income (loss) attributable to Nomura Holdings shareholders per share

<table>
<thead>
<tr>
<th>FY11/12</th>
<th>FY12/13</th>
<th>FY13/14</th>
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<th>FY18/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.14</td>
<td>28.37</td>
<td>55.81</td>
<td>60.03</td>
<td>35.52</td>
<td>65.65</td>
<td>61.88</td>
<td>-29.92</td>
</tr>
</tbody>
</table>

1. Diluted net income (loss) attributable to Nomura Holdings shareholders per share
<table>
<thead>
<tr>
<th>Overhaul matrix management structure</th>
<th>Main actions</th>
<th>Progress (as of Nov 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminate the concept of region</td>
<td>Implemented effective May 1, 2019</td>
<td></td>
</tr>
<tr>
<td>Consolidate 10 functions into 5, except Internal Audit</td>
<td>Implemented effective May 1, 2019</td>
<td></td>
</tr>
<tr>
<td>Simplification of Corporate Structure</td>
<td>Realign channels</td>
<td>1.25 million accounts handed over to new sales representatives by end-Aug 2019</td>
</tr>
<tr>
<td></td>
<td>Consolidate branch offices</td>
<td>25 branches consolidated during Aug-Sep 2019</td>
</tr>
<tr>
<td></td>
<td>Provide optimal services in all areas (Pursue added value including improving areas of expertise)</td>
<td>=&gt; Refer to page 15</td>
</tr>
<tr>
<td></td>
<td>Reduce lower growth, lower profitability businesses</td>
<td>Reduction of front office staff completed</td>
</tr>
<tr>
<td></td>
<td>Expand client businesses</td>
<td>=&gt; Refer to page 19</td>
</tr>
<tr>
<td></td>
<td>Pursue efficiency and growth opportunities by leveraging technology</td>
<td>=&gt; Refer to page 20</td>
</tr>
<tr>
<td>Retail</td>
<td>Reduce cost (Reduction of approx. Y140 billion by Mar 2022)</td>
<td></td>
</tr>
<tr>
<td>Wholesale</td>
<td>✓ Wholesale ($1bn): Upper 60% achieved</td>
<td></td>
</tr>
<tr>
<td></td>
<td>✓ Retail (10%; approx. Y30bn): approx. 50% achieved</td>
<td></td>
</tr>
<tr>
<td></td>
<td>✓ Plan to reduce Corporate allocation costs by simplifying operating model, etc.</td>
<td></td>
</tr>
</tbody>
</table>
Overhaul matrix management structure

- Overhaul regional management and reduce cost
- Simultaneously simplify operating model to enable global-based, flexible allocation and effective use of resources in line with changes in the environment, while demonstrating regional characteristics

Management structure from May 1, 2019

New Wholesale structure following reorganization

- **Overhaul regional management and reduce cost**
- **Simultaneously simplify operating model to enable global-based, flexible allocation and effective use of resources in line with changes in the environment, while demonstrating regional characteristics**

---

**Old: Region-led management**

- Manage objectives
- Allocate resources
- **Region-led**

- **New: Global-based, seamless portfolio management**

- **Globally consolidate regional products**

- **New Wholesale structure following reorganization**

- **Old: Region-led management**

- **New: Global-based, seamless portfolio management**

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1. MIS: Management Information System used for decision making
Simplification of Corporate structure

- Consolidate Corporate functions (excluding Internal Audit) from 10 to 5, creating simpler organization to avoid duplication and enable speedy decision making
- Maintain independent check function while overhauling operating model

### Previous structure (Until April 2019)
- Finance
- Operations
- Risk Management
- Legal
- Compliance
- HR
- Corporate Communications
- Strategy
- Headquarters
- IT
- Internal Audit

### Current structure and initiatives to date (From May 2019)
- Chief Financial Officer
- Chief Risk Officer
- Chief Compliance Officer
- Chief Strategy Officer
- Chief Administrative Officer
- Internal Audit

#### Examples of future initiatives
- Restructure GMO operations
  - Optimize and organize transaction data for back and front offices
  - Conduct P/L and risk verifications and optimize reporting operations
- Consolidate branch back office operations
  - Standardize some back office operations handled by domestic branches
  - Create shared service model

### Aims
- Create simpler organization
- Establish globally aligned organization/operating structure
- => Promote cross-regional growth strategy, and build infrastructure to pursue inorganic growth through alliances, etc.
Enhance products and services for each coverage area in line with client types and needs

<table>
<thead>
<tr>
<th>Channel alignment</th>
<th># accounts per sales staff (ave.)</th>
<th>Examples of major initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>No change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partner change</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Before**  
- Manage assets for corporates/owners
- In addition to managing assets, establish multiple pillars of revenue: Provide broad range of consulting services including those for corporate clients’ main business
- Approach to new clients

**After**  
- Make proposals that offer high added value for individuals’ balance sheet (asset management, loans, tax planning, asset succession for next generation, etc.)
- Increase active clients: Improve client satisfaction through efficient, user-friendly approach
- Balance optimization of operations and services by making use of head office support and tools

### Examples

<table>
<thead>
<tr>
<th><strong>Channel realignment</strong></th>
<th><strong>Approx.</strong></th>
<th><strong>Before</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>UHNWI + Corporates</td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>HNWI</td>
<td>2500</td>
<td></td>
</tr>
<tr>
<td>Mass affluent</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Mass retail</td>
<td>2200</td>
<td></td>
</tr>
<tr>
<td>In charge of elderly HNWI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In charge of HNWI</td>
<td>Approx. 450</td>
<td></td>
</tr>
<tr>
<td>In charge of mass affluent</td>
<td>Approx. 470</td>
<td></td>
</tr>
<tr>
<td>In charge of specified clients</td>
<td>Approx. 330</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Examples of major initiatives</strong></th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>In addition to managing assets, establish multiple pillars of revenue: Provide broad range of consulting services including those for corporate clients’ main business</td>
</tr>
<tr>
<td>Approach to new clients</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Approx.</strong></th>
<th><strong>变化</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>合并</td>
</tr>
<tr>
<td>450</td>
<td>合并</td>
</tr>
<tr>
<td>470</td>
<td>合并</td>
</tr>
</tbody>
</table>
Retail initiatives: Branch office strategy

Branch office strategy: Consolidate 47 branches in 7 years

- Reviewed branch office structure in line with changes in client behavior from 2012
- Brought people together to better cater to a wide range of client needs
- Consider further branch office strategy in line with changes in the environment

Number of branches by area (March 31, 2012 vs September 30, 2019)

- **Major metropolitan areas**
  - Strengthen sales framework and enhance efficiencies by creating large branches

- **Regional areas**
  - Maintain at least one branch in each prefecture
  - Expand client approach through tie-ups with regional financial institutions (Example: Business alliance with San-in Godo Bank)

- Maintain at least one branch in each prefecture
- Expand client approach through tie-ups with regional financial institutions (Example: Business alliance with San-in Godo Bank)

- Consider branch office structure and optimize headcount allocation in order to improve service quality
Wholesale initiatives: Improving productivity and profitability

Productivity and profitability of secondary trading improved due to intense focus on areas of competitive strength and improvement in market environment.

Productivity\(^1\) of secondary trading business and pretax income\(^2\):

- Reduce lower profitability businesses, focus on areas of strength
- Streamlining of direct costs and Corporate

Improvement in productivity

Improvement in profitability

Recovery in secondary trading revenues contribute to improvement in Wholesale performance:

(Productivity\(^1\) of secondary trading business and pretax income\(^2\))

1. Productivity: Revenues generated per producer
2. Each bubble represents either Rates, Credit, FX/EM, Securitized Products, Equities Trading or Cash Equities
3. Average quarterly revenues and expenses for FY2018/19 exclude goodwill impairment charge, business portfolio realignment costs and some non-core revenues and expenses
Focus on enhancing efficiencies in existing businesses while cultivating new client relationships and deepening existing relationships.

**Existing clients**
- **Existing businesses (Core businesses)**
  - Focus on areas of strength
  - Enhance profitability
- **Develop new products and services**
  - Increase client revenue share by leveraging technology

**New clients**
- **Cultivate new client relationships**
  - Enhance provision of solutions to growth segment

**New businesses**

- **I**
  - Downscale lower profitability businesses
  - Focus on core products and large single markets
  - Reduce costs ($1bn) and strictly manage resources

- **II**
  - Provide solutions to corporates
  - Leverage Global Markets origination capabilities including fund financing businesses (infrastructure funds, PE funds, etc.) to create demand in origination business

- **III**
  - Jointly develop AI-led market-making platform for government bonds with other firms; Roll-out in other Fixed Income Flow businesses
  - Update e-Trading platform
  - Launch digital assets custody business (Komainu)

- **IV**
  - Control risk through alliances with other firms while exploring businesses that are highly compatible with existing businesses
Expand Wholesale client base

- Steady expansion of origination business mainly in non-traditional financing businesses
- Focus on generating consistent earnings and positioning for growth by capturing new business opportunities

Expand origination revenues

**Wholesale net revenue (quarterly average)**

- Origination business
  - FY18/19: +21%
  - FY19/20 1H: +10%
- Secondary trading
- Advisory primary
  - FY18/19: +4%
  - FY19/20 1H: +10%
- Solution business
  - FY18/19: -1%
  - FY19/20 1H: -1%

Initiatives in origination business

1. **Growth of solutions business**
   - Securitization, financing related: 1.4x
   - Equity solutions related: 1.8x

2. **Strengthen ESG-related primary and advisory services**
   - Established Wholesale Sustainability Forum
   - Underwriting for rapidly growing SDG bonds (green bonds, social bonds, etc.)
   - Respond to diverse client needs related to ESG including M&A advisory
Initiatives to improve profitability and productivity

**AI-led flow digitalization**
- 2018: Data collation, data cleansing and tool development completed for utilizing AI
- Current: AI engine deployment for flow products
  - Implementation near completion in European Rates
  - Fine-tuning underway based on feedbacks from trading desks
  - Roll-out initiated for other products, e.g. USD Rates, JPY Rates etc
- 2020+: Centralization of capabilities
  - Consolidated existing quant, technology (development) and data science teams under single umbrella

**e-Trading strategy**
- 2018: Upgrade eTrading platform and Streamlining
  - Improve consistency in pricing and execution
  - Addition of new products and increase of liquidity venues, including ECNs
- Current: Migration to a single client management system (CRM)
  - Global Markets completed, underway in Investment Banking
- 2020+: Introduction and roll-out of Smart ‘bots’
  - Partially automated the collection of market and clients information

**Internal initiatives**
- 2018: Generating cost saves by retiring legacy platforms and redundant infrastructure
- Current: Improvement in operational efficiency
- 2020+: Improve profitability of flow business
- Increase share by improving clients service
Progress of cost reduction initiatives

- Over 60% of Y140bn firm-wide cost reduction goal achieved as of September 30, 2019
- Towards FY2021/22, radically simplify operating model mainly in Corporate

### Retail costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>FY18/19</th>
<th>FY19/20</th>
<th>FY21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billions of yen)</td>
<td></td>
<td>(actual, annualized)</td>
<td></td>
<td></td>
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<tr>
<td>FY17/18</td>
<td>309.8</td>
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<td></td>
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<tr>
<td>FY18/19</td>
<td>290.0</td>
<td></td>
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<tr>
<td>FY19/20</td>
<td>288.2</td>
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</table>

- Approx. 50% of target amount (approx. Y30bn) achieved
- Completion of depreciation period for upgrade of main systems, system integration, etc.
- Reduction in variable cost linked to revenues, etc.
- Approx. 10%

### Wholesale run-rate costs (Assumed revenue of $5bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>FY18/19</th>
<th>FY19/20</th>
<th>FY21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billions of USD)</td>
<td></td>
<td>(annualized)</td>
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<td></td>
</tr>
<tr>
<td>FY17/18</td>
<td>5.6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY18/19</td>
<td>5.4</td>
<td>0.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY19/20</td>
<td>5.1</td>
<td>0.4</td>
<td></td>
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</tbody>
</table>

- Upper 60% range of target amount ($1bn = approx. Y110bn) achieved
- Pay for performance, various initiatives, etc.
- Goodwill impairment charge, etc.
- Reduction in costs due to business portfolio realignment, reduction of Corporate allocation costs, etc.
- Variable cost corresponding to the revenue exceeding assumed revenue for run-rate costs
- Instinet soft-dollar accounting change

1. In conjunction with the application of Accounting Standard Update No. 2014-09 “Revenue from Contract with Customers” from April 2018, gross revenues and related expenses for certain transactions have been changed to net amounts. This resulted in offsetting of FY2018/19 revenues and expenses, leading to Y17.4bn reduction.
Rebound in current performance as a result of successful realignment of business platform

Net income (loss) attributable to Nomura Holdings shareholders per share\(^1\)

(yen)

<table>
<thead>
<tr>
<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>FY18/19</th>
<th>FY19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H</td>
<td>2H</td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
<td>2H</td>
<td>1H</td>
</tr>
</tbody>
</table>

\(^1\) Diluted net income (loss) attributable to Nomura Holdings shareholders per share

FY2019/20 3Q (Oct-Nov)

- Maintained 2Q momentum in October and November
- Impact of channel realignment largely finished, currently implementing actions in line with client needs in each area
- Revenues improved in October and November with November revenues a monthly high for FY2019/20
- Retail client assets (end-Oct): Y118.7tn

- Retail
  - AuM (end-Oct): Y54.1tn
  - Revenues remains robust from last quarter

- Asset Management
  - Robust revenues mainly in overseas secondary trading (Rates, Equity Derivatives, etc.)

- Wholesale
  - Maintained 2Q momentum in October and November
Agenda

1. Business recap
2. Progress of business platform realignment
3. Future direction of our business
4. In closing
Future direction of our business

Continue to build out our financial and capital markets businesses

1. Services particularly for HNWI and corporates
2. Merchant Banking
3. Investment banking services (Primary and Solution)
4. Demand side (Corporates, etc.)

Supply side (individuals)

- Services for institutional investors (Execution, trading, etc.)
- Asset Management
- Merchant Banking
- Services for institutional investors (Primary and Solution)
- Investment banking services
- Demand side (Corporates, etc.)

Digital

- Full-scale entry into Chinese market
- Introduce AI engine to flow products
- Digital asset custody (Komainu)
- Develop and provide trading platform for securities using blockchain (BOOSTRY)

Core businesses
Areas to enhance
Alliances with third parties to enter new business areas

1. Deeper engagement with current clients, particularly HNWIs
2. Expand face-to-face business (Regional cities in Japan, Chinese market)
3. Approaches to mass retail market in Japan (expand non-face-to-face businesses)
4. Enter new business areas using digital technologies
Enhancing non-face-to-face businesses

- Set up Future Innovation Company in April 2019 and actively recruiting internally and externally
- Working to improve UI/UX of existing online services while expanding scope of business particularly in mass retail market

Future Innovation Company now fully operational

- Brought together functions from across the Group to create cross-divisional organization: Future Innovation Company
  - Increased headcount through internal recruitment
  - Tapping expertise of external parties*

Today

Total of 80 people

*Background of external experts

- Executive at global tech firm
- Communication designer at a major advertising agency
- Former chief editor of economic business magazine
- App designer at major tech firm
- Financial sector representative producer at major portal website
- Service representative manager at major portal website
- FinTech manager at online bank
- Group leader at website production company
- Manager responsible for launching cryptocurrency exchange
- Employee at major consulting firm

Target clients

- 5.33m accounts
- UHNWI and corporates
- HNWI
- Mass affluent
- Mass retail

A: Face-to-face clients
B: Clients not yet covered face-to-face
C: Collaborate with platformers to expand client base

Expand client base

A: Face-to-face clients
B: Clients not yet covered face-to-face
C: Collaborate with platformers to expand client base
Enhancing non-face-to-face businesses: Initiatives to tap into new client base

Approach clients with no investment experience through LINE Securities

- **Nomura Holdings**
  - Extensive expertise in securities business

- **LINE Corporation**
  - Approx. 82m MAU\(^1\) in Japan
  - DAU/MAU ratio\(^2\): 86%

- **LINE Financial Corporation**
  - 49%
  - 51%

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**LINE 証券**

**LINE Financial × NOMURA**

LINE Securities launched in August 2019 offering new investment service via smartphones

- Gradually expand service lineup
- Currently offers 300 stocks, 15 domestic ETFs, and investment trusts

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Expanding Nomura service users via smartphone apps

- **Users**
- **Users**
- **Users**
- **Users**

1. **Information app**
2. **Asset management app**
3. **Online trading**

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**Step 1**
Introduce information and asset management apps (planned for launch in 2020)

**Step 2**
Subscription model where fees are applied in line with service level chosen by client (in app payment for services)

**Step 3**
Chanel through price competitive online trading platform

---

1. Monthly Active Users
2. Ratio of daily active users (access at least once a day) among Japan domestic MAU

---
Enhance solutions that meet the needs of our clients

<table>
<thead>
<tr>
<th>Client needs</th>
<th>Fund</th>
<th>Investment method</th>
<th>Fund value</th>
<th>Current status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business succession</td>
<td>Nomura Capital Partners</td>
<td>Buyouts</td>
<td>Y100bn</td>
<td>Invested in Orion Beer in March 2019 - Working to raise enterprise value (recruited external management, developing management and operating platform)</td>
</tr>
<tr>
<td>Capital restructuring</td>
<td>Japan-China Industrial Cooperation Fund (China’s CIC and Japanese financial institutions)</td>
<td>Mostly minority investments</td>
<td>Approx. Y100bn</td>
<td>China’s CIC and Japanese financial institutions signed MOU on strategic alliance to set up a fund in October 2018 - Currently working to set up fund</td>
</tr>
<tr>
<td>Strengthen management</td>
<td>Plus Alpha Consulting in March 2019</td>
<td>Solid pipeline backed by strong demand mainly from Retail clients</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance enterprise value (rebuild core business)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Deepen private-sector industrial cooperation between Japan and China (Japanese companies entering China, tap into inbound demand, etc.)
Full-scale entry into China market: Received license from China Securities Regulatory Commission

Leverage our global resources

- Wholesale
  - Offer products and services from our global franchise
  - Cross-border transactions
  - Research
  - Synergies with Japan-China Industrial Cooperation Fund
  - Provide asset management products using QDLP/QDII quota

- Retail
  - Expertise in businesses for HNWI and products such as SMAs

- Merchant Banking
  - Collaborate on internal controls, risk management, etc.

- Asset Management
  - Expertise in businesses for HNWI

- Corporate functions

Nomura Orient International Securities: Start with HNWI business and enter wholesale business as second phase

<table>
<thead>
<tr>
<th>Build our platform</th>
<th>Expand business</th>
<th>Full license</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2021 – 2022</td>
<td>2023</td>
</tr>
<tr>
<td>Headcount: Approx. 200</td>
<td>Approx. 400</td>
<td>Approx. 500</td>
</tr>
</tbody>
</table>

China business

- HNWI businesses
  - Brokerage
  - Asset management
  - SMAs
  - Margin trading
  - Brokerage
  - Asset management

- Institutional investor businesses
  - Equities
  - Fixed income
  - M&A
  - Financing
  - IPOs

- HNWI businesses
  - Margin trading
  - SMAs
  - Brokerage
  - Asset management

Build platform and focus on growing HNWI client base

Start wholesale business

2
Comprehensive business alliance with San-in Godo Bank for financial intermediary services to contribute to the better lives of clients and foster regional growth

**Closer collaboration with regional banks to expand securities business**

- Branch network centered on Shimane and Tottori prefectures (81 offices, 69 sub-branches)
- Deposits, etc. Y4.2trn (end-Mar 2019)
- Group client assets Y208bn (end-Mar 2019)

**Group client assets (billions of yen)**

- Investment trust
- Public bonds
- Gogin Securities

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment trust</th>
<th>Public bonds</th>
<th>Gogin Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>137</td>
<td>165</td>
<td>187</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td>165</td>
<td>187</td>
</tr>
<tr>
<td>2018</td>
<td>187</td>
<td>165</td>
<td>187</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td>187</td>
</tr>
</tbody>
</table>

**Alliance start (FY2020/21 1H)**

- Provide Nomura Group securities platform
  - Extensive knowledge of financial products
  - Diverse products, services and data
  - IT infrastructure of security business

**Synergies**

- Offer the latest high-quality financial services to broad range of clients
- Ensure efficient management and consider investing to enhance convenience and improve services

**After alliance**

(San-in Godo Bank Group and Nomura Securities Matsue branch)

Future image (if synergies achieve)
Involved in upstream and downstream aspects of digital asset value chain

- Started joint research with Ledger and Global Advisors Holdings in May 2018
- Received license from JFSC in October 2019
- Conducted custody solutions proof of concept and aiming to start providing services in 2020

- Established BOOSTRY in September 2019, a joint venture with Nomura Research Institute that will develop and provide a blockchain securities trading platform

- Established Japan Security Token Association (participants: SBI Securities, au Kabucom Securities, Daiwa Securities, Nomura Securities, Monex Securities, and Rakuten Securities) in October 2019 to realize security token offerings
  → Working to acquire certification as self-regulated organization by spring 2020

- Started joint research with Ledger and Global Advisors Holdings in May 2018
- Received license from JFSC in October 2019
- Conducted custody solutions proof of concept and aiming to start providing services in 2020
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Nomura Group Code of Conduct

**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

Newly established Nomura Group Code of Conduct

Guidelines to put Nomura Group corporate philosophy into concrete actions
With the UN’s sustainable development goals gaining recognition, we are seeing growing demand for SDG bonds (green bonds, social bonds, sustainability bonds, etc.).

Examples and success of initiatives aimed at developing sustainable finance:

- Only Japanese firm to join The Green Bond Principles and The Social Bond Principles advisory council*
  
  *New advisory body set up to support the executive committee that sets the rules for the Green Bond Principles, The Social Bond Principles, sustainability bond guidelines, etc. and develop systems better aligned to market circumstances.

- Published first index for Japan SDG bonds, NOMURA-BPI SDGs (November 2019)
  
  Result of joint research with Nomura Research Institute.

- Research group on sustainable development of ESG bond market
  
  Set up by Nomura Institute of Capital Markets Research consisting mainly of external experts.

- Global Capital Green / SRI Awards 2019
  
  Ranked second in Most Impressive Investment Bank for Asia Pacific Green/SRI Capital Markets.
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