

Presentation at Nomura Investment Forum 2019

Returning to growth

Koji Nagai
Group CEO
Nomura Holdings

December 3, 2019

1**Business recap**

2

Progress of business platform realignment

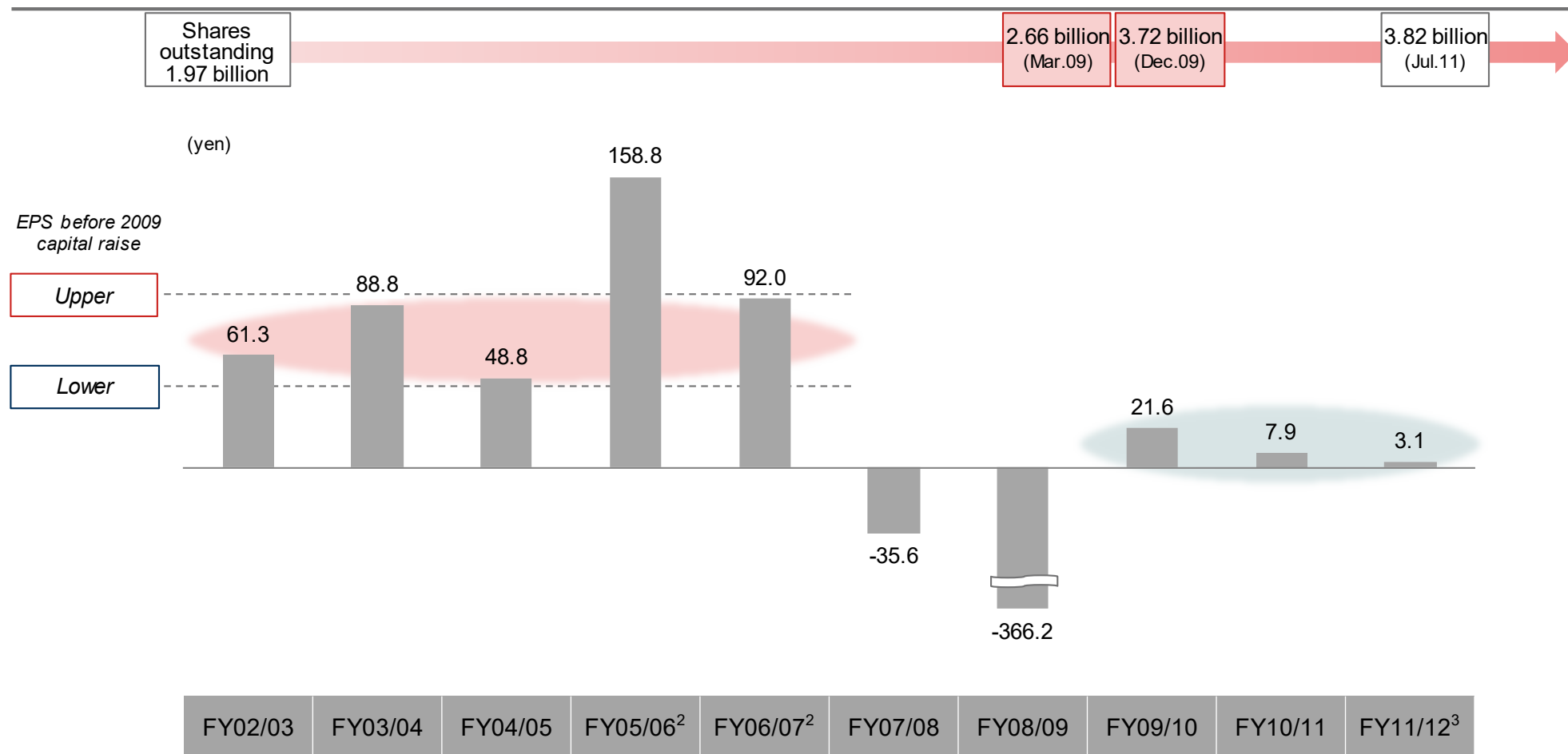
3

Future direction of our business

4

In closing

Net income (loss) attributable to Nomura Holdings shareholders per share¹

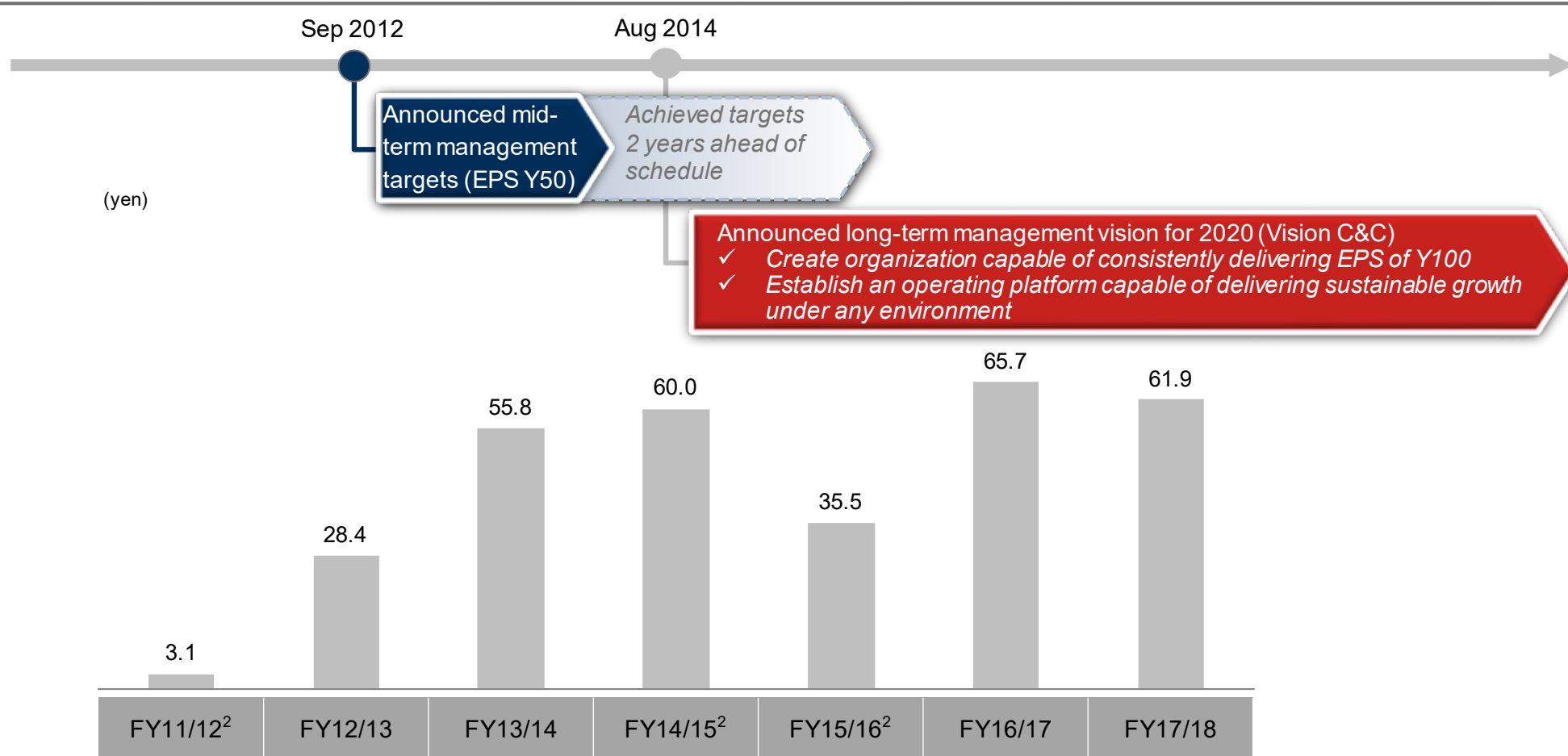


1. Diluted net income (loss) attributable to Nomura Holdings shareholders per share

2. Pretax income of ¥55.4bn for the fiscal year ended March 2006 and ¥52.8bn for the fiscal year ended March 2007 booked by former Merchant Banking business

3. Nomura Real Estate Holdings included as consolidated subsidiary

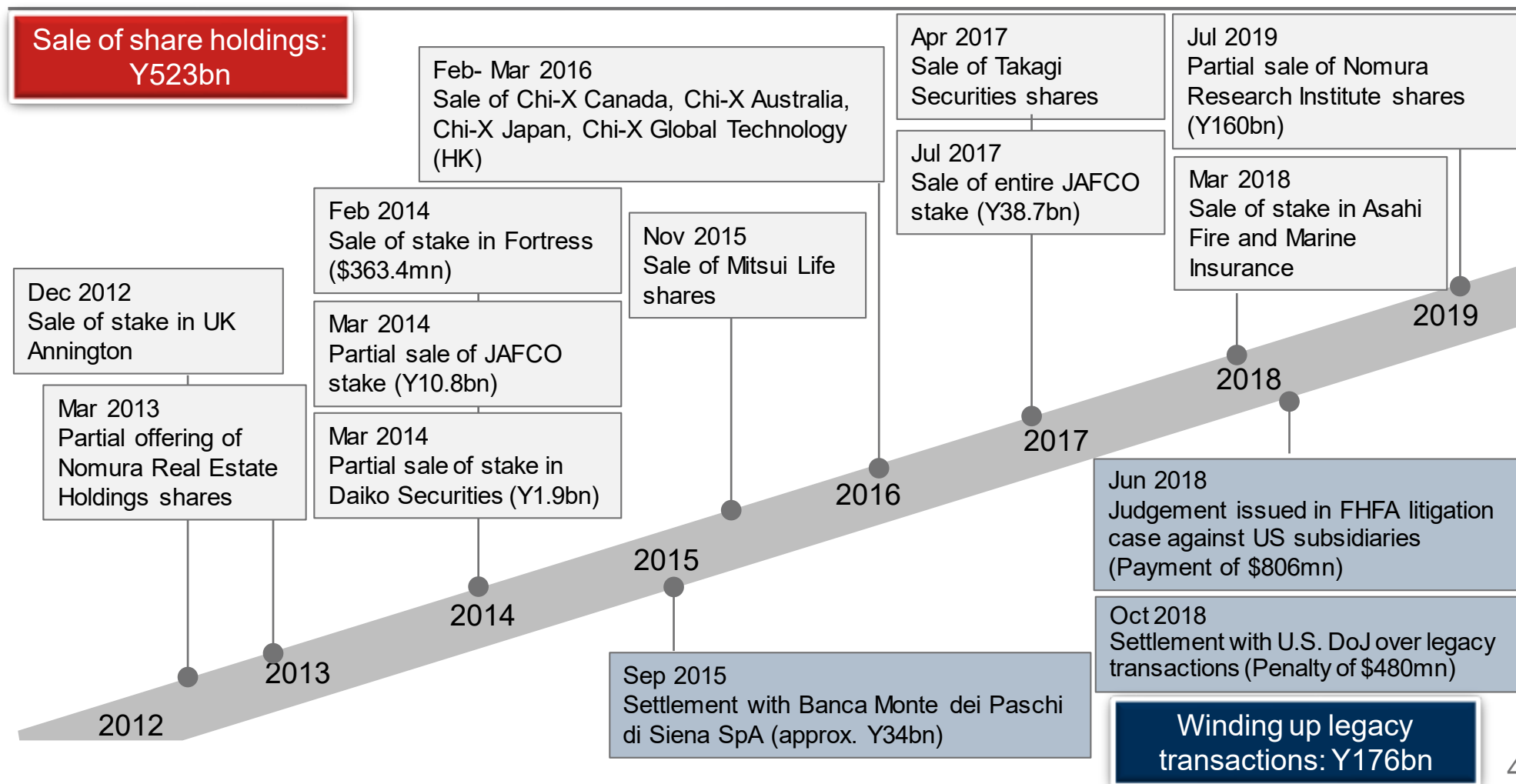
Net income (loss) attributable to Nomura Holdings shareholders per share¹



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

Sale of shareholdings and winding up of legacy transactions

NOMURA



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

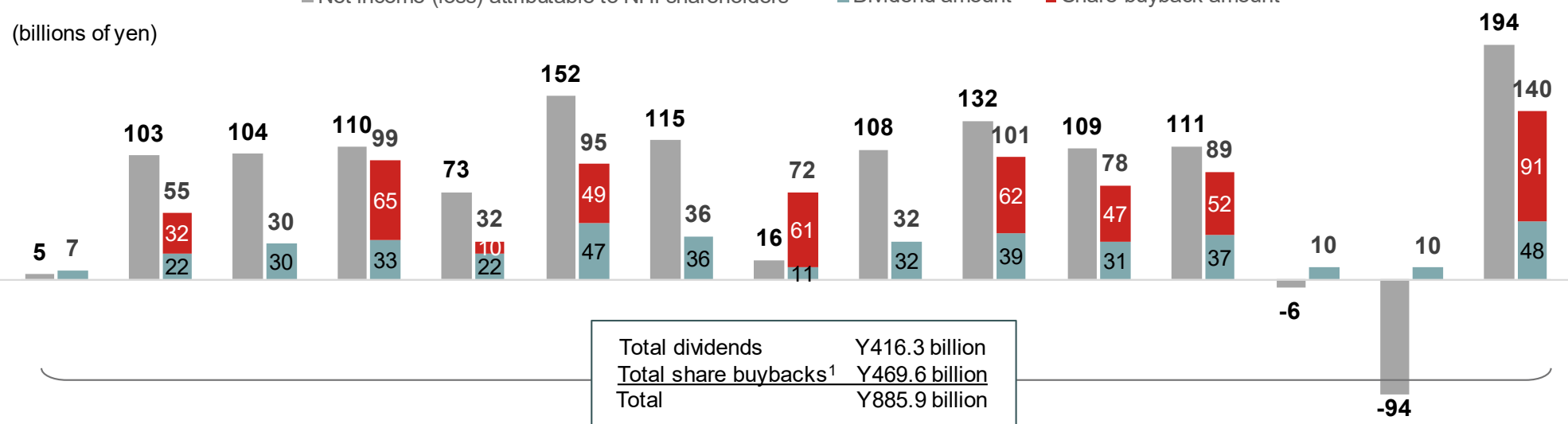
Outstanding shares: 3.82 billion
(Outstanding shares excl. treasury stock: 3.66 billion (as of end-Mar 2012))

3.64 billion

3.49 billion
(3.23 billion (as of end-Sep 2019))

■ Net income (loss) attributable to NHI shareholders ■ Dividend amount ■ Share buyback amount

(billions of yen)



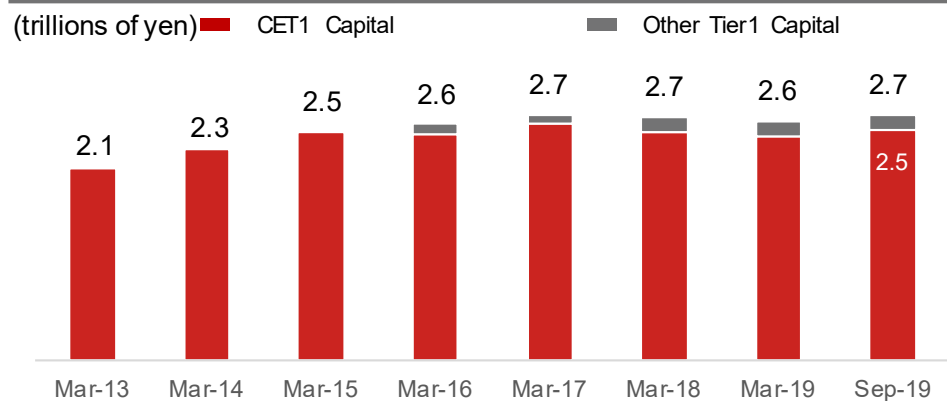
FY12/13		FY13/14		FY14/15		FY15/16		FY16/17		FY17/18		FY18/19		FY19/20
1H	2H	1H	2H	1H	2H	1H	2H	1H	2H	1H	2H	1H	2H	1H

1. Including allocations for stock options

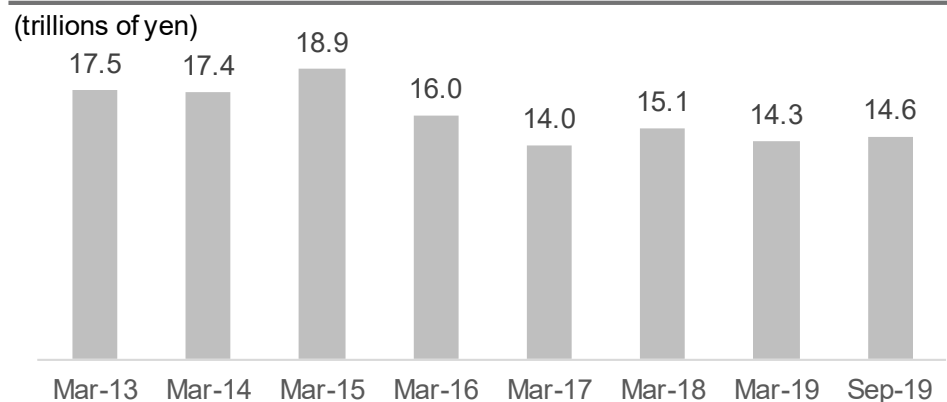
Robust capital base: Control risk assets while raising capital levels

NOMURA

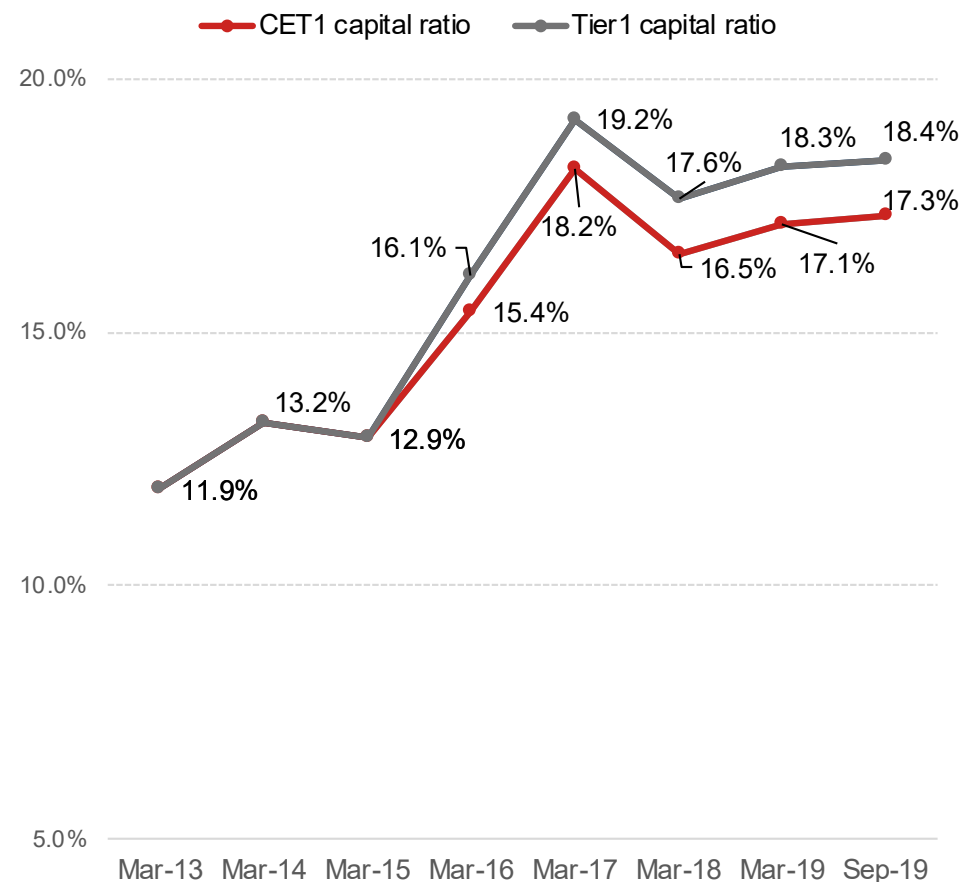
Tier1 capital



RWA



Tier1 capital ratio, CET1 capital ratio



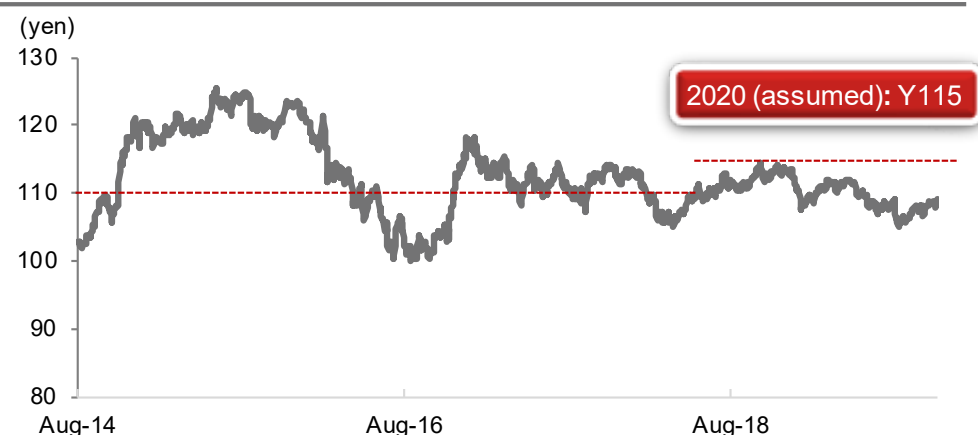
Large gap between FY19/20 assumptions and actual interest rate levels and fee pool growth rate

NOMURA

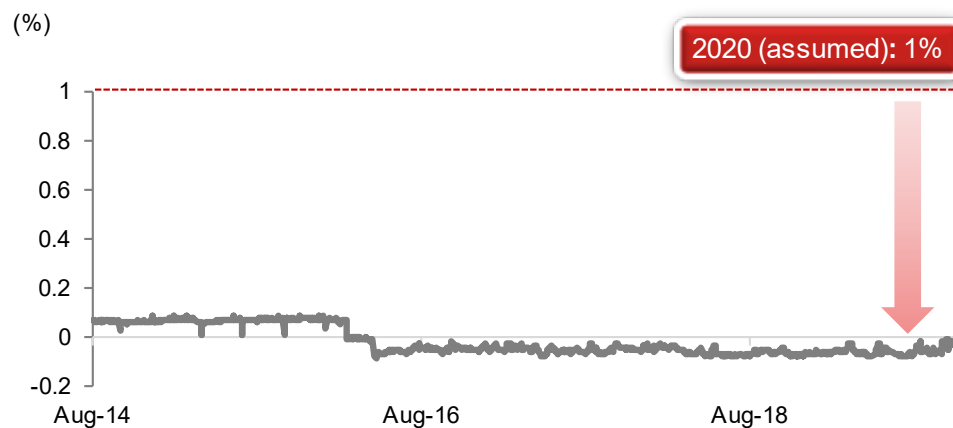
Nikkei 225



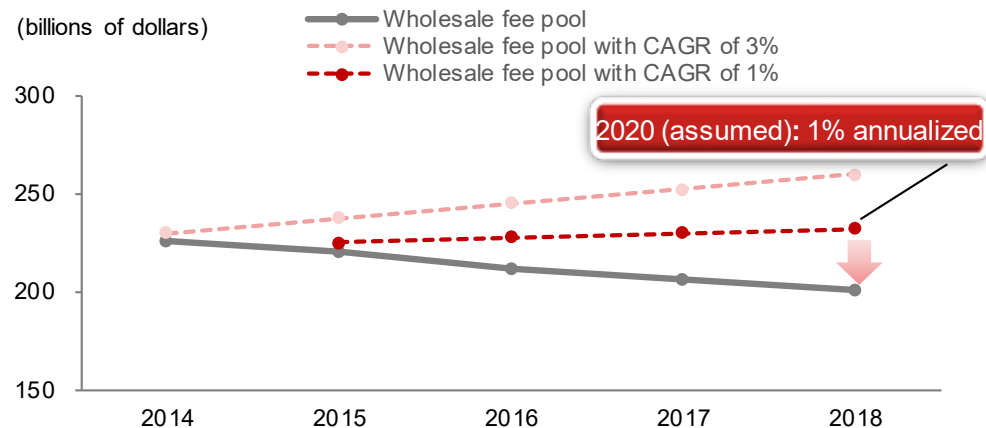
USD/JPY rate



Unsecured overnight call rate



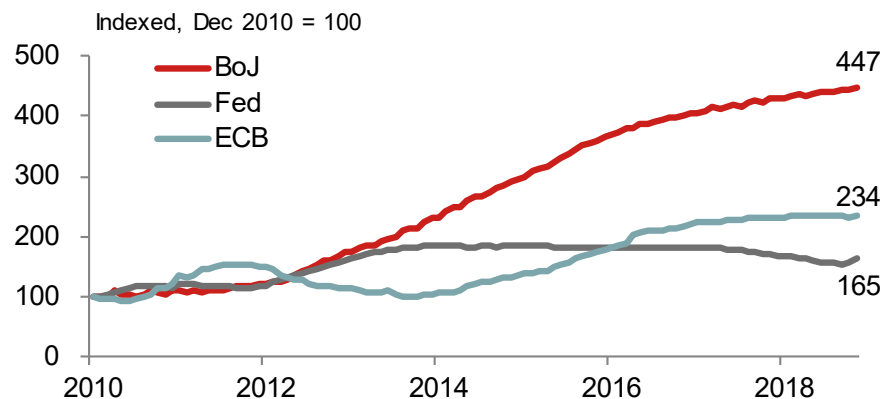
Wholesale fee pool growth rate



Megatrends shaping future financial services industry (1)

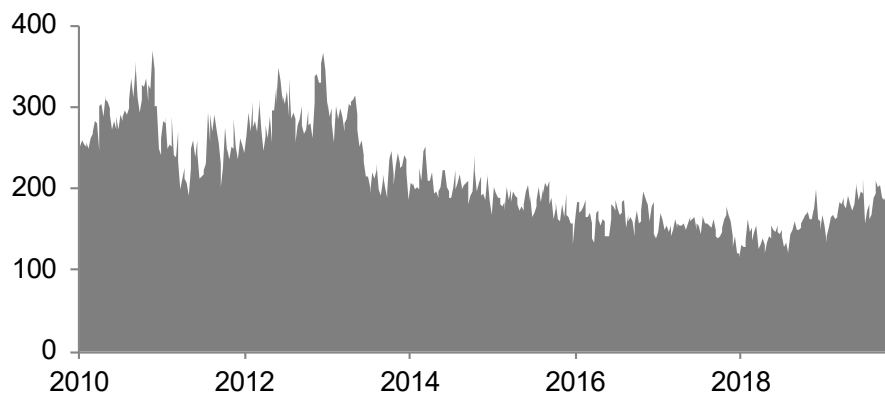
Prolonged period of super loose monetary policy leading to decline in global liquidity

Central bank balance sheets expand

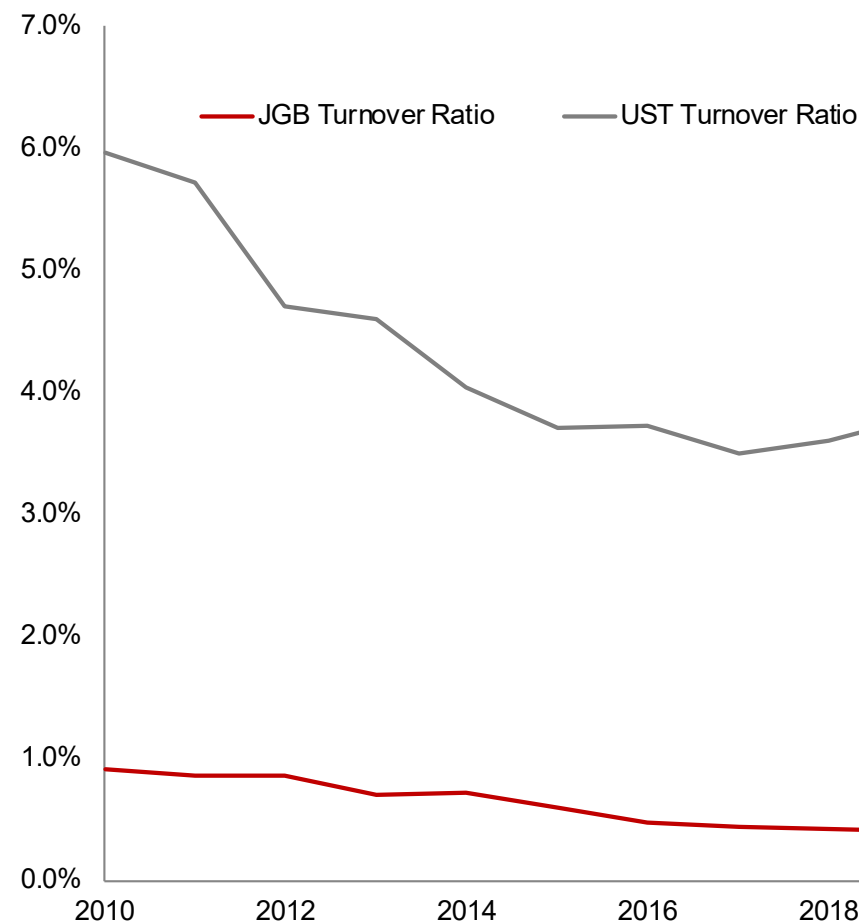


Dealer inventories decline¹

(billions of dollars)



Japanese government bonds and US Treasury liquidity declines²

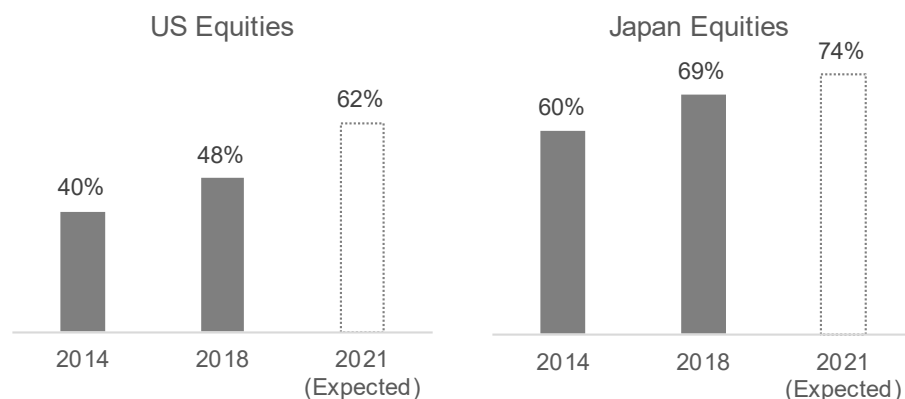


1. Source: Federal Reserve Bank, inventories of government bonds, agency bonds, corporate bonds, commercial paper, etc., held by primary dealers

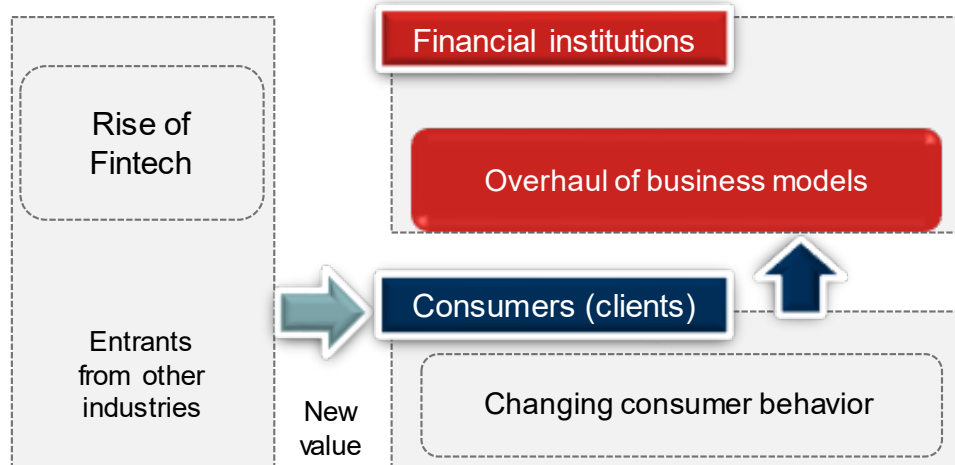
2. Source: Nomura, based on US SIFMA and AsianBondsOnline

Megatrends shaping future financial services industry (2)

Advances in digital innovation ~ Increase of electronic trading¹



✓ Impact on financial institutions' business models



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

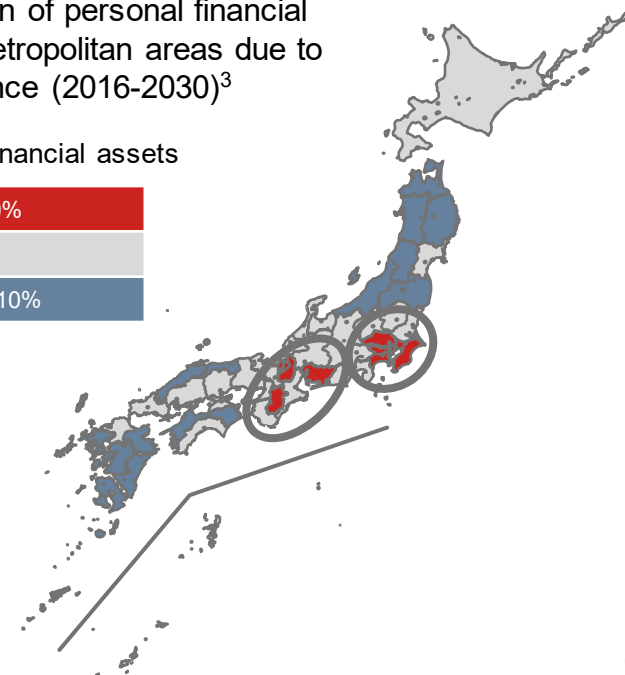
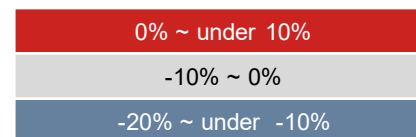
Large concentration of personal financial assets expected among those over 75 and in three major metropolitan areas

✓ Increase in percentage of personal financial assets owned by those over 75²



✓ Large concentration of personal financial assets in major metropolitan areas due to aging and inheritance (2016-2030)³

% change in personal financial assets



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Business recap

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Progress of business platform realignment

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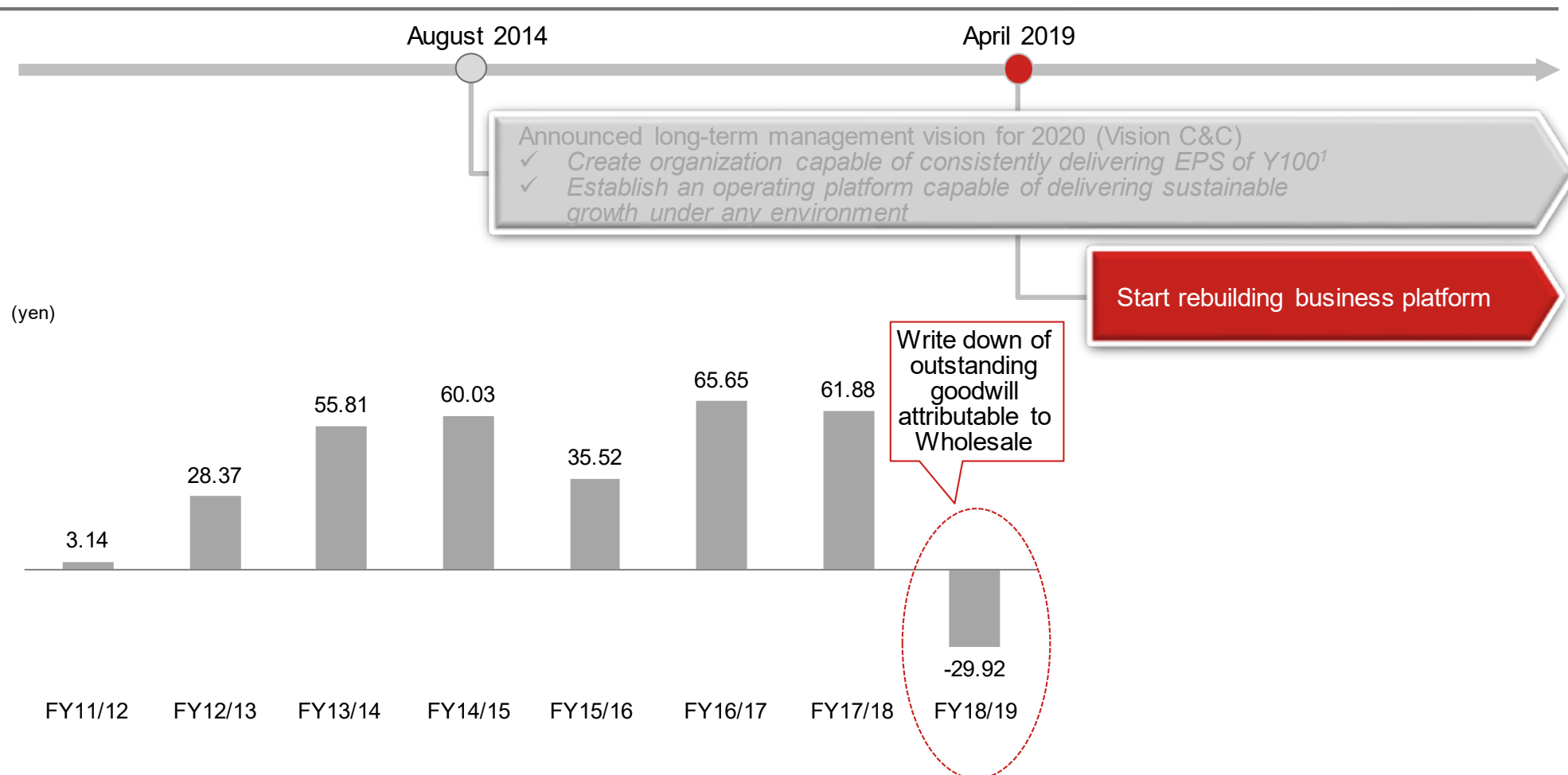
Future direction of our business

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In closing










Write down outstanding goodwill and start rebuilding business platform

Net income (loss) attributable to Nomura Holdings shareholders per share¹



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

Business platform rebuilding initiatives on track

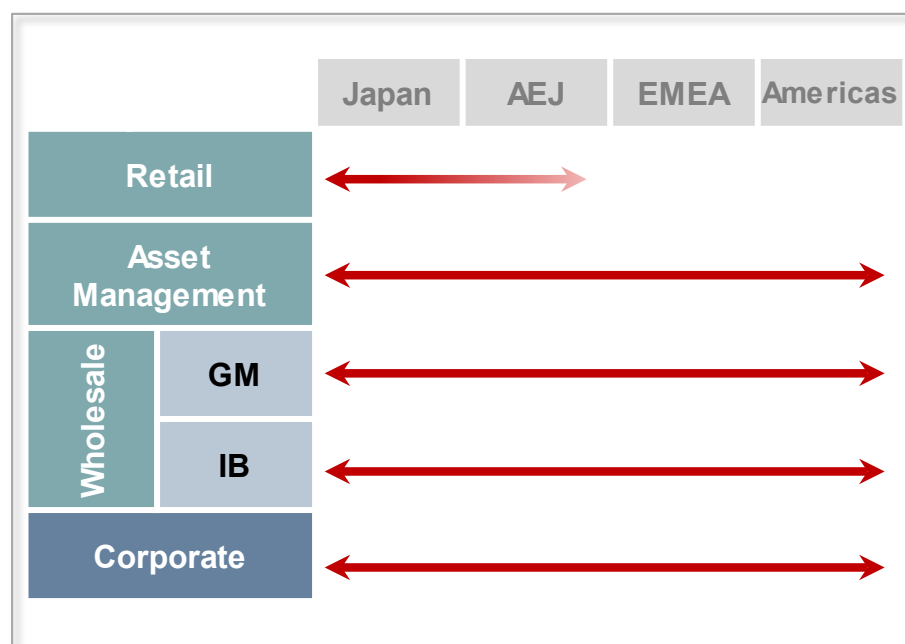
		Main actions	Progress (as of Nov 2019)	
1	Overhaul matrix management structure	Eliminate the concept of region		Implemented effective May 1, 2019
2	Simplification of Corporate Structure	Consolidate 10 functions into 5, except Internal Audit		Implemented effective May 1, 2019
3	Retail	Realign channels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

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

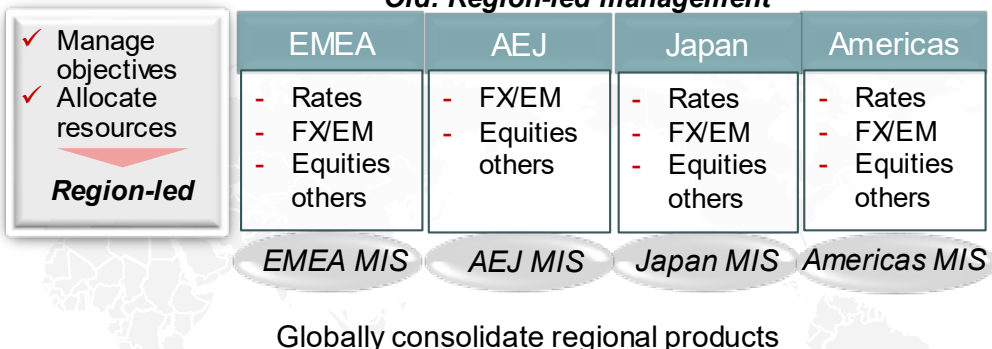
Management structure from May 1, 2019

New Wholesale structure following reorganization¹

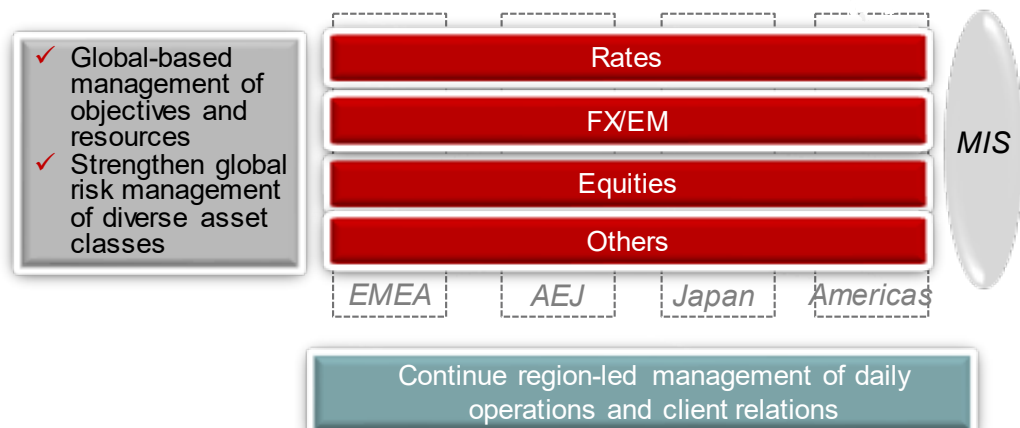


- Simpler, leaner organizational structure
- Agile and efficient decision making
- Enable cost reduction across regions

Old: Region-led management

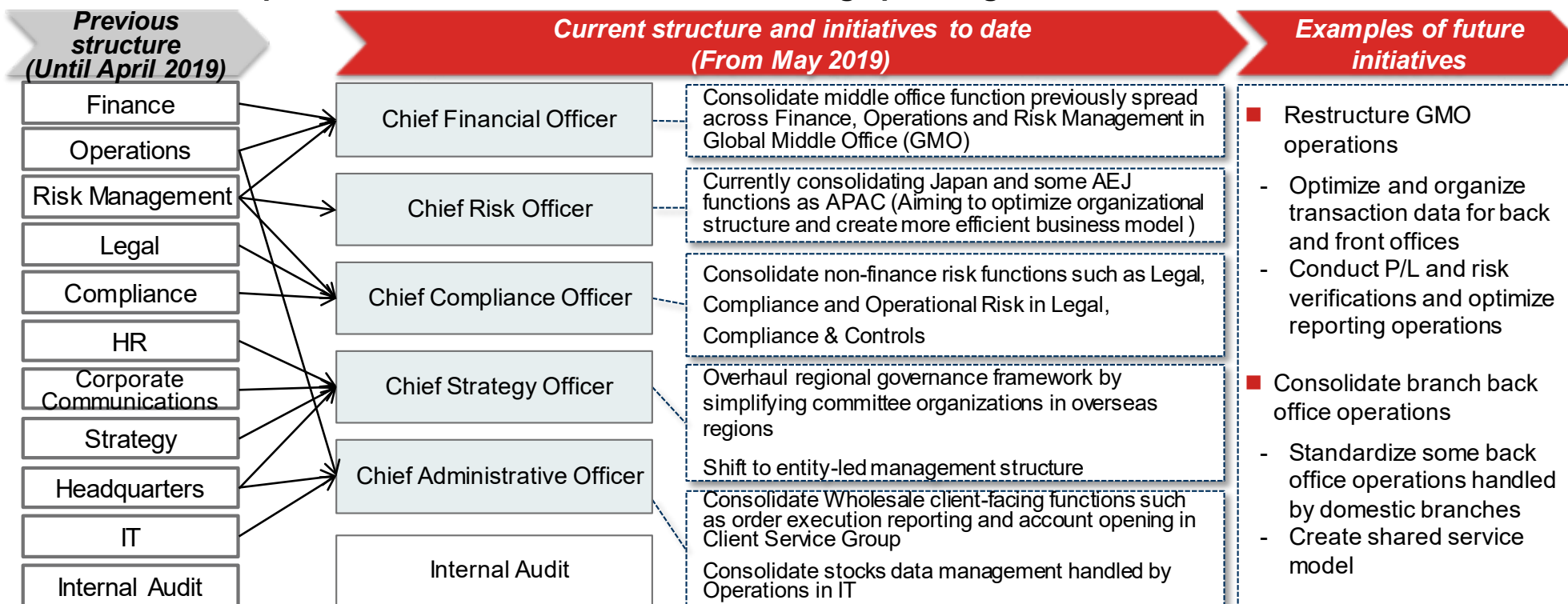


New: Global-based, seamless portfolio management



1. MIS: Management Information System used for decision making

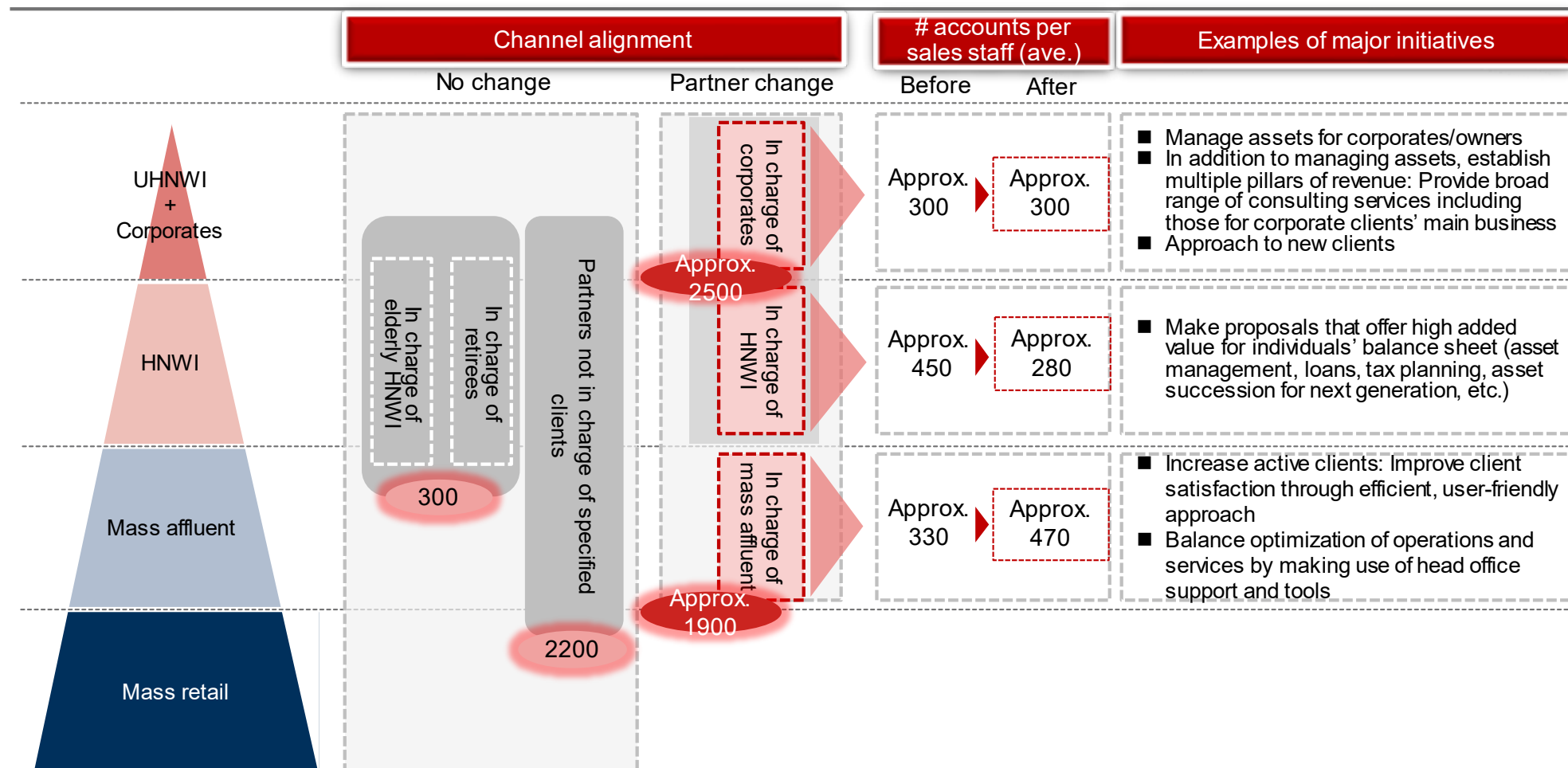
- Consolidate Corporate functions (excluding Internal Audit) from 10 to 5, creating simpler organization to avoid duplication and enable speedy decision making
- Maintain independent check function while overhauling operating model



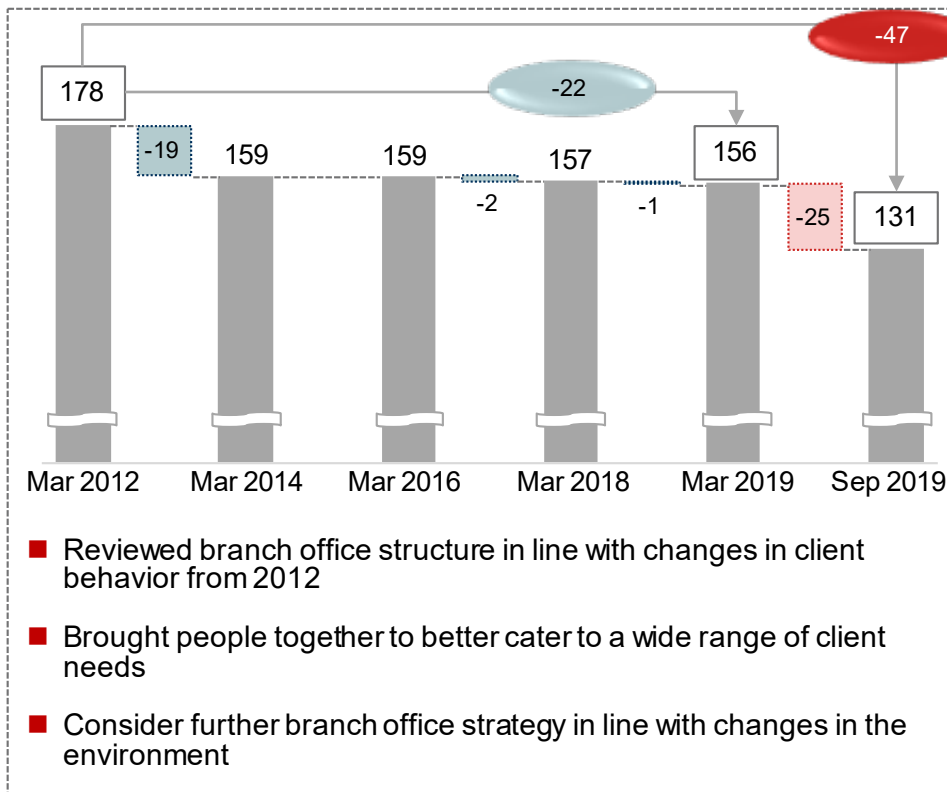
Aims

- ✓ 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



Branch office strategy: Consolidate 47 branches in 7 years



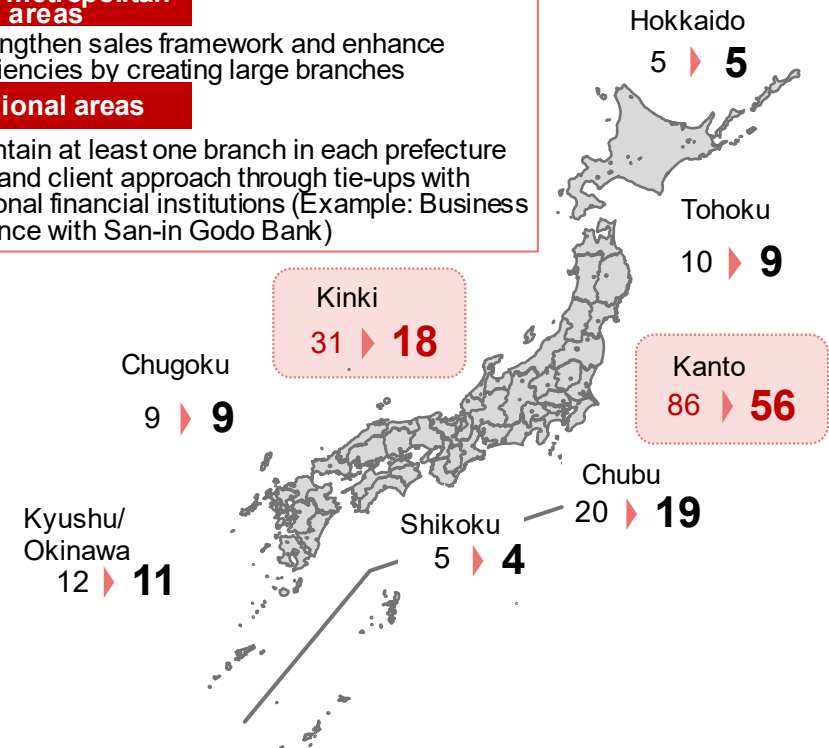
Number of branches by area (March 31, 2012 vs September 30, 2019)

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)



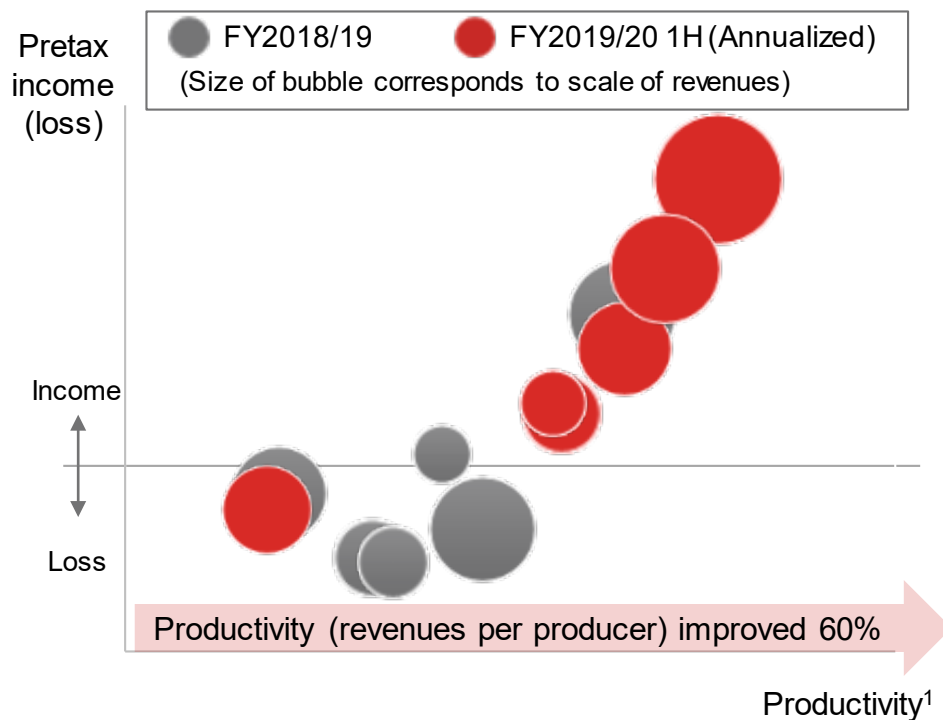
- Consider branch office structure and optimize headcount allocation in order to improve service quality

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

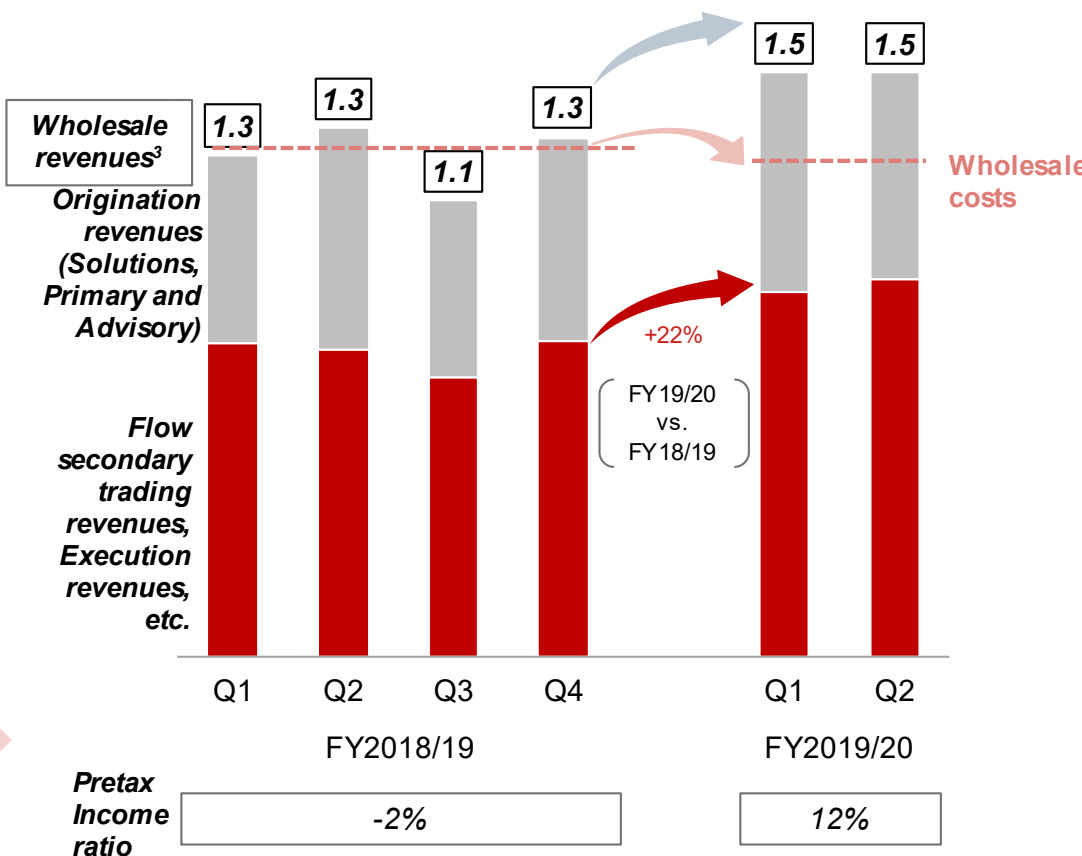
Productivity¹ of secondary trading business and pretax income²

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



Recovery in secondary trading revenues contribute to improvement in Wholesale performance

(billions of USD)

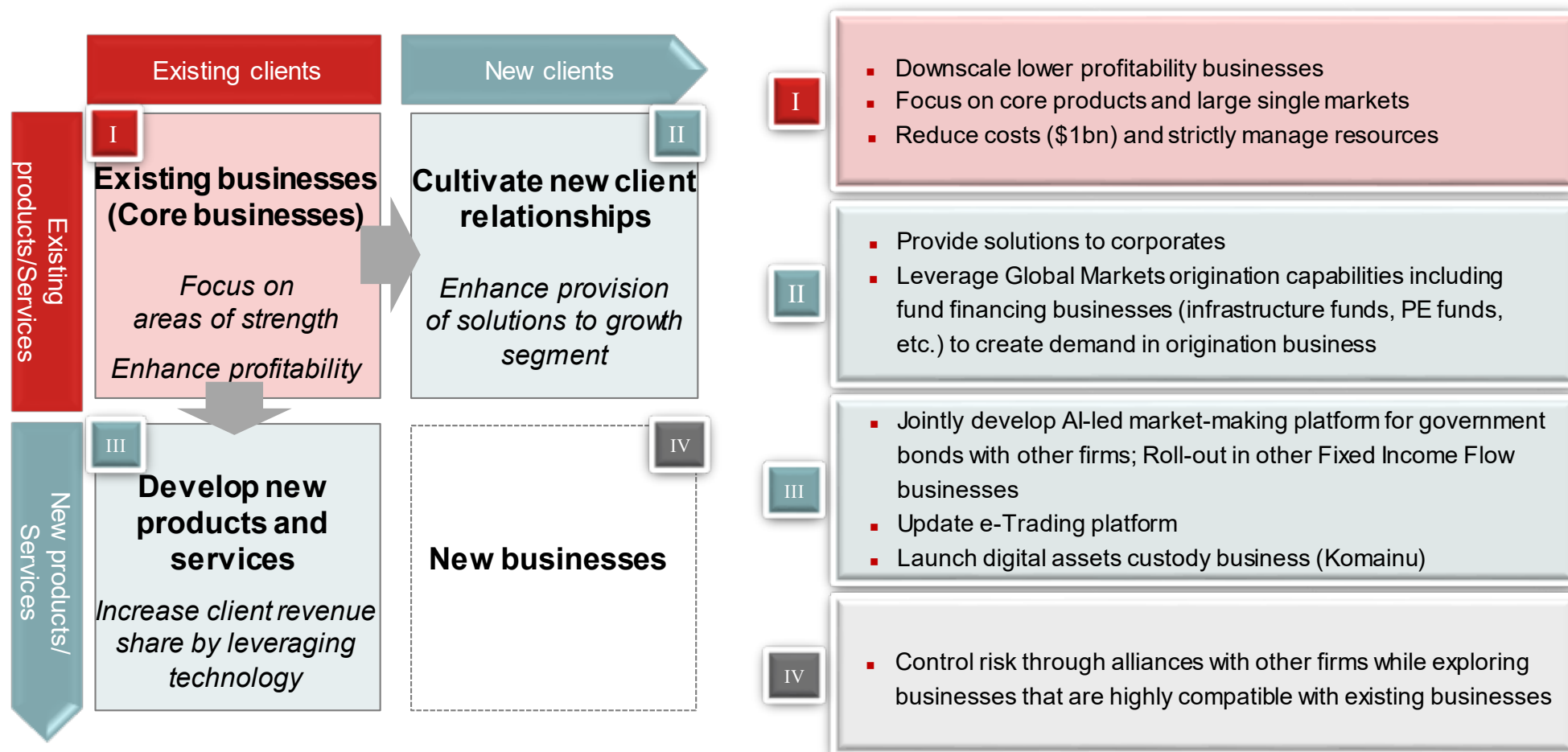


1. Productivity: Revenues generated per producer

2. Each bubble represents either Rates, Credit, FX/EM, Securitized Products, Equities Trading or Cash Equities

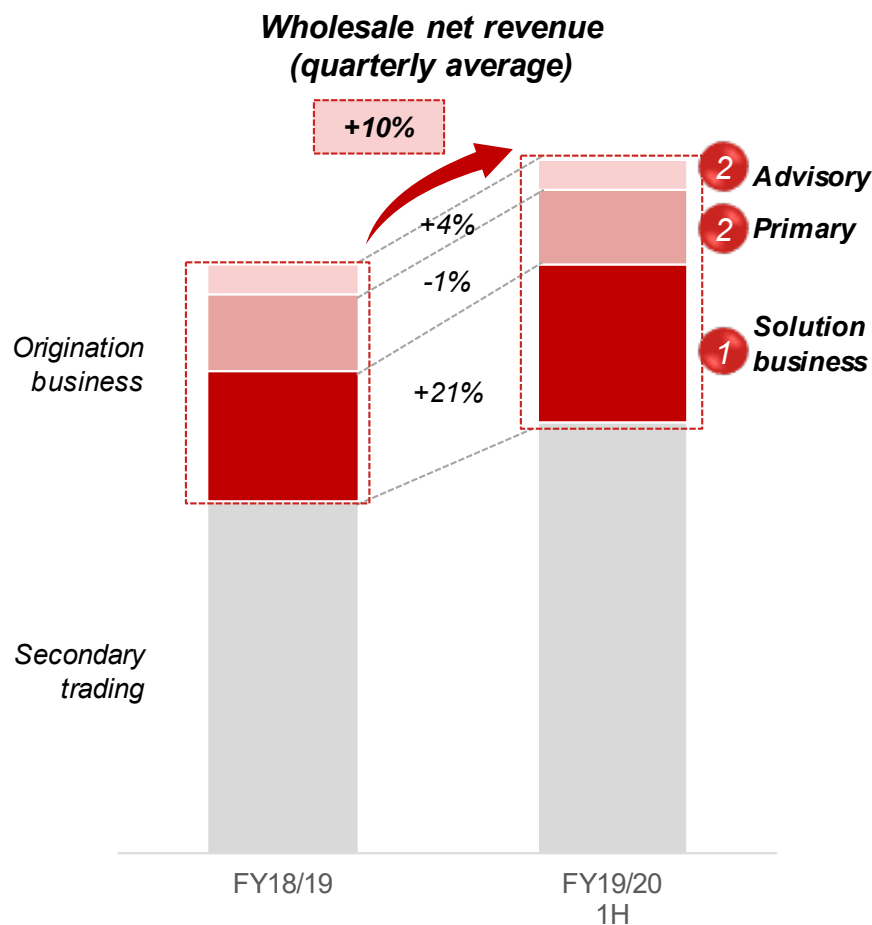
3. Average quarterly revenues and expenses for FY2018/19 exclude goodwill impairment charge, business portfolio realignment costs and some non-core revenues and expenses

Focus on enhancing efficiencies in existing businesses while cultivating new client relationships and deepening existing relationships



- 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

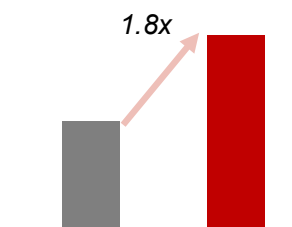
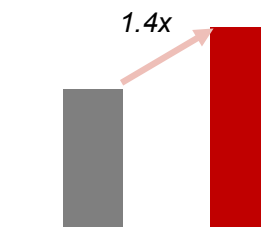


Initiatives in origination business

1 Growth of solutions business

Securitization,
financing related

Equity solutions
related



■ FY18/19 (Quarterly average)

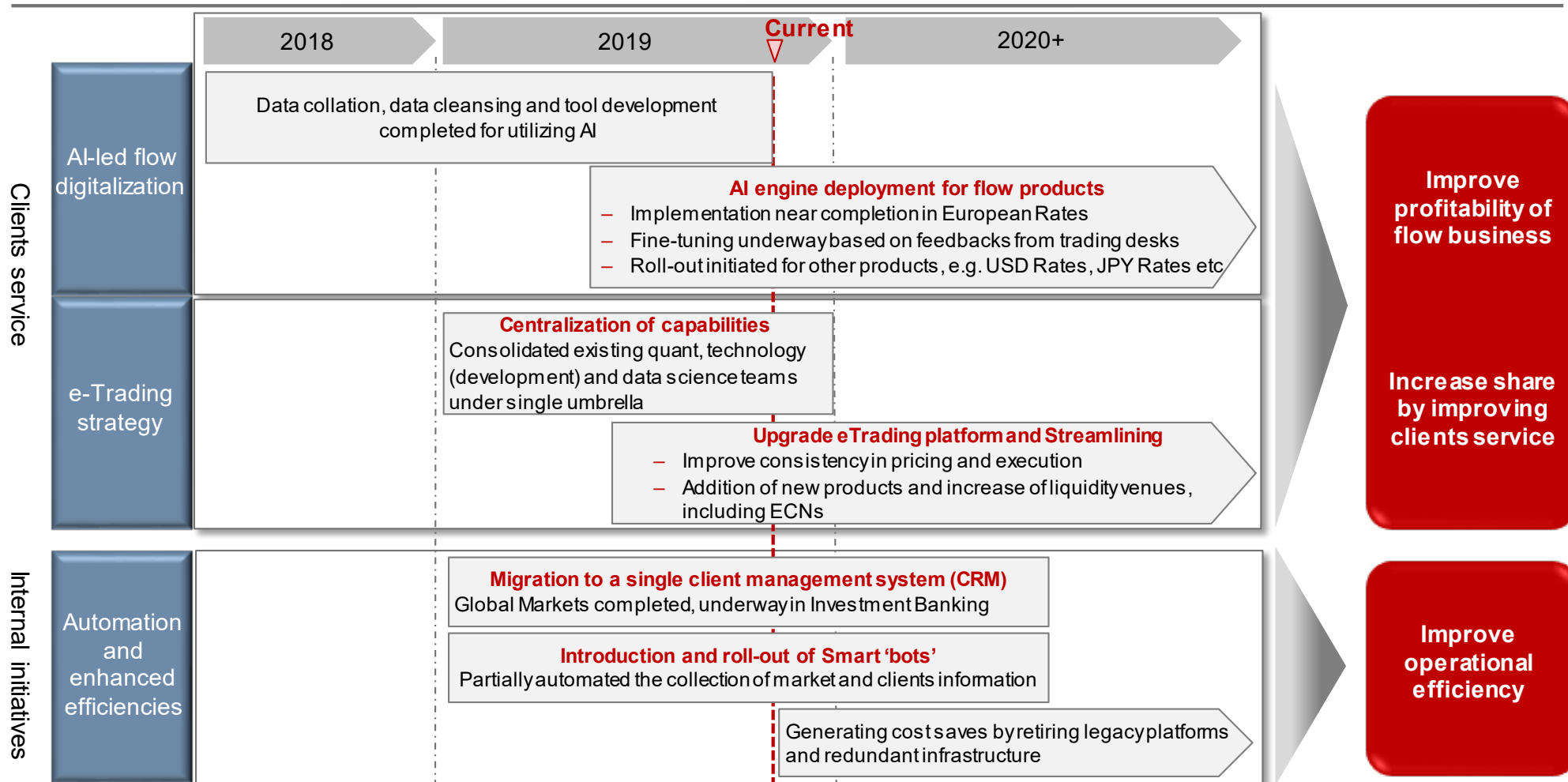
■ FY19/20 1H (Quarterly average)

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

Use of technology in Wholesale business

Initiatives to improve profitability and productivity



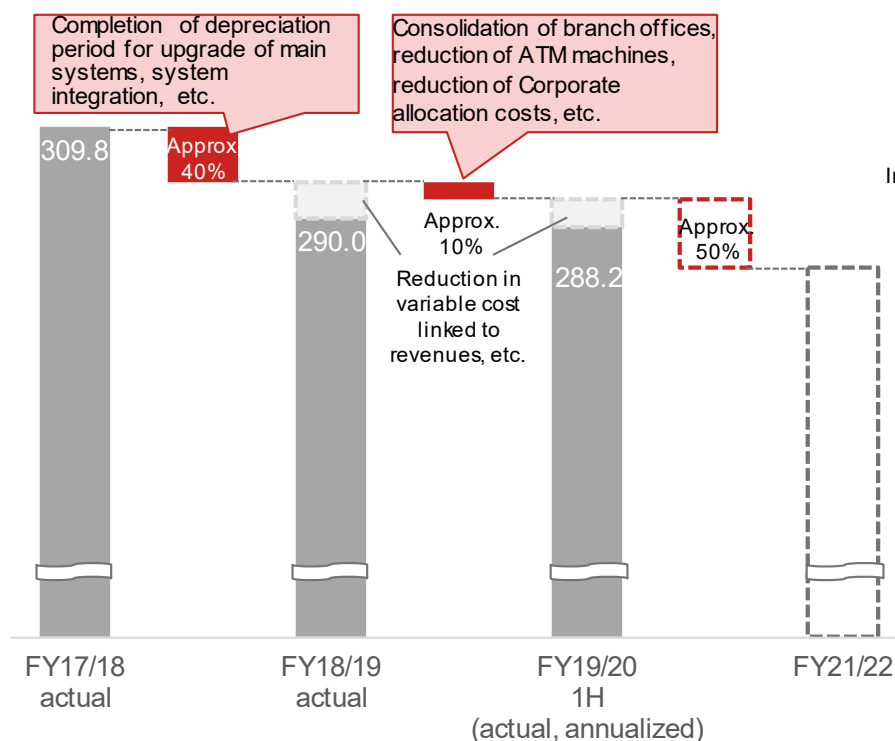
Progress of cost reduction initiatives

- 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

(billions of yen)

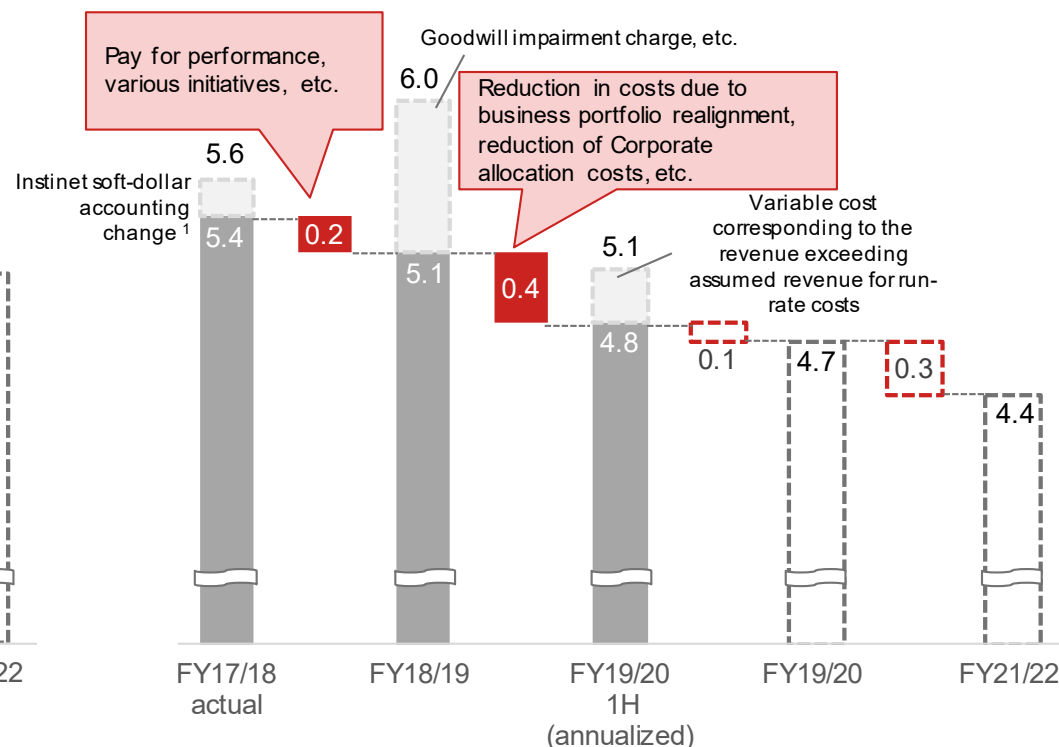
Approx. 50% of target amount (approx. Y30bn) achieved



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

(billions of USD)

Upper 60% range of target amount (\$1bn \approx approx. Y110bn) achieved

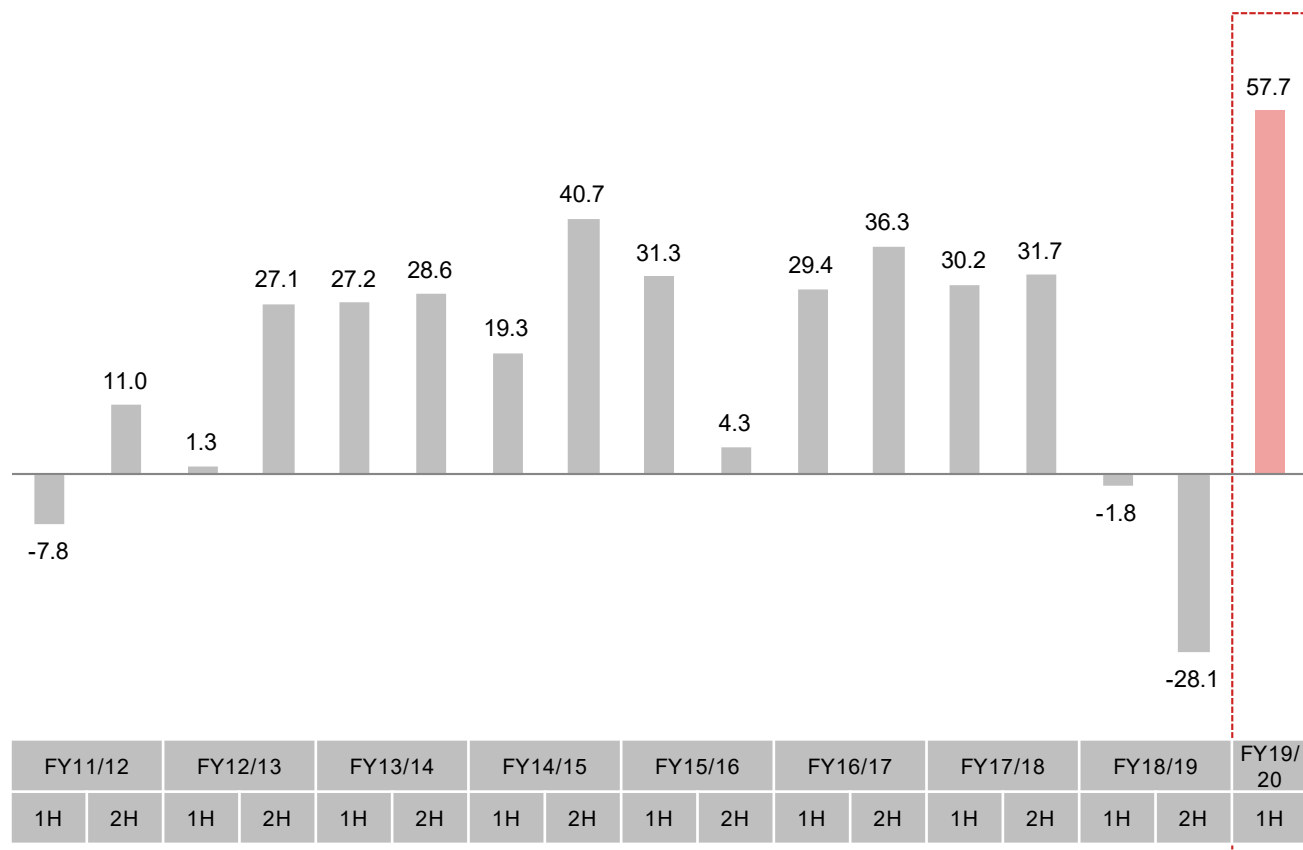


1. In conjunction with the application of Accounting Standard Update No. 2014-09 "Revenue from Contract with Customers" from April 2018, gross revenues and related expenses for certain transactions have been changed to net amounts. This resulted in offsetting of FY2018/19 revenues and expenses, leading to Y17.4bn reduction.

Rebound in current performance as a result of successful **NOMURA** realignment of business platform

Net income (loss) attributable to Nomura Holdings shareholders per share¹

(yen)



FY2019/20 3Q (Oct-Nov)

✓ Maintained 2Q momentum in October and November

Retail

- ✓ 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): Y118.7trn

Asset Management

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

Wholesale

- ✓ Robust revenues mainly in overseas secondary trading (Rates, Equity Derivatives, etc.)
- ✓ Maintained 2Q momentum in October and November

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

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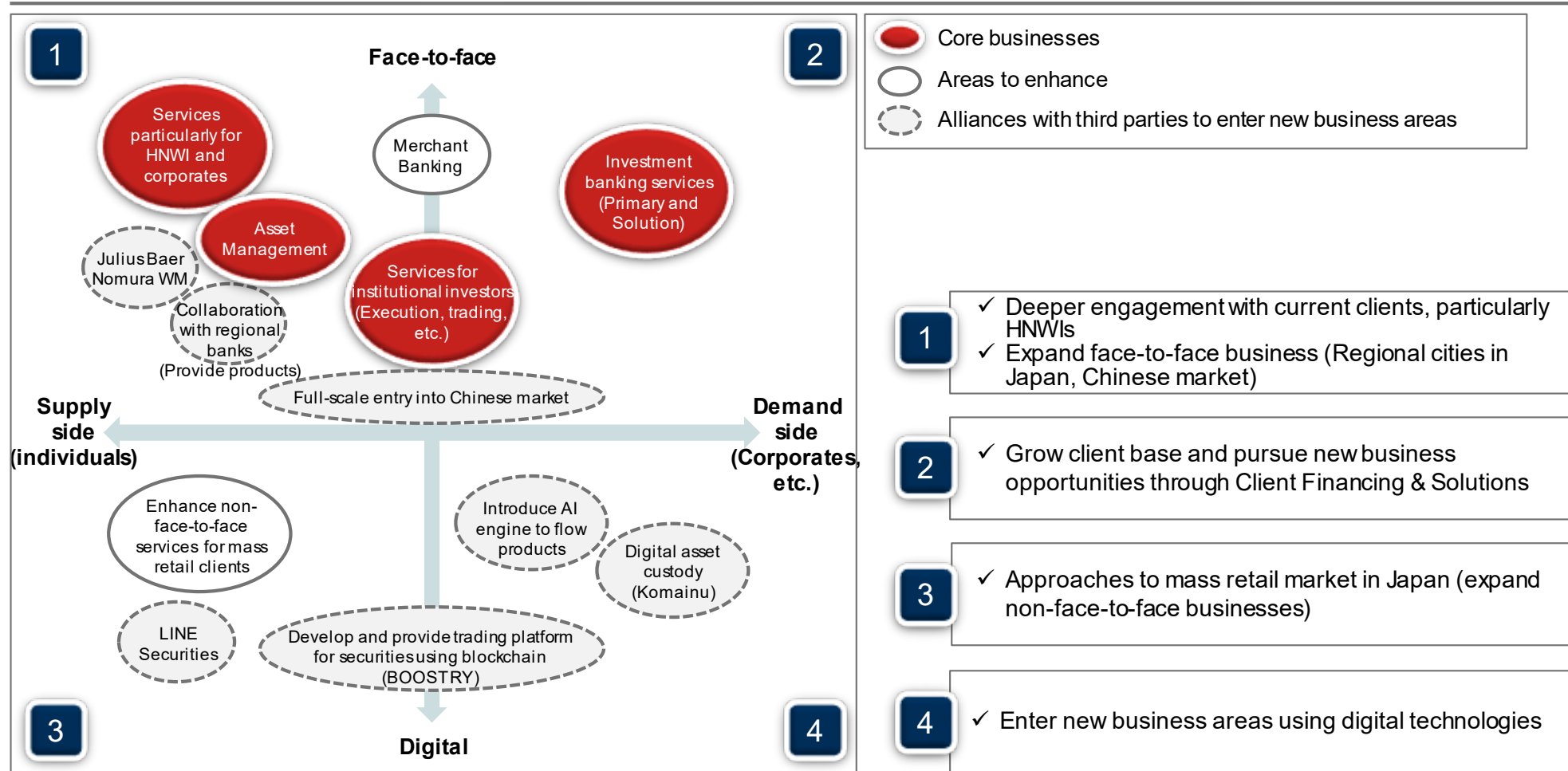
Future direction of our business

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In closing

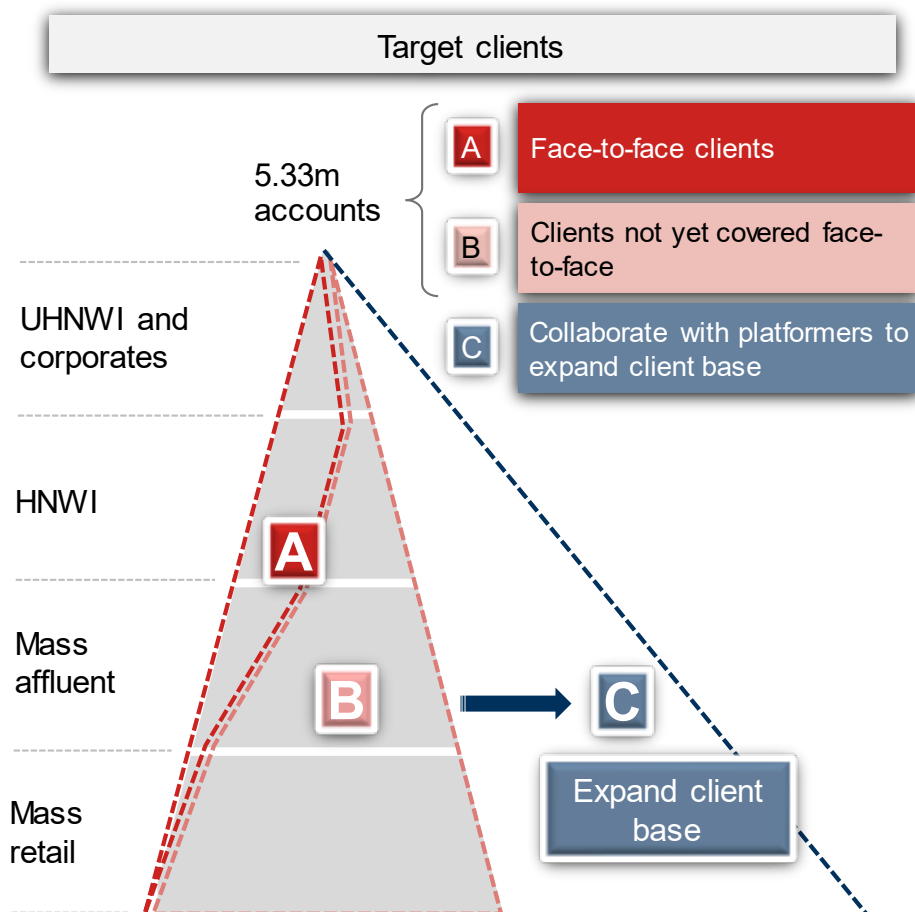
Future direction of our business

Continue to build out our financial and capital markets businesses



3 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

April 2019

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*

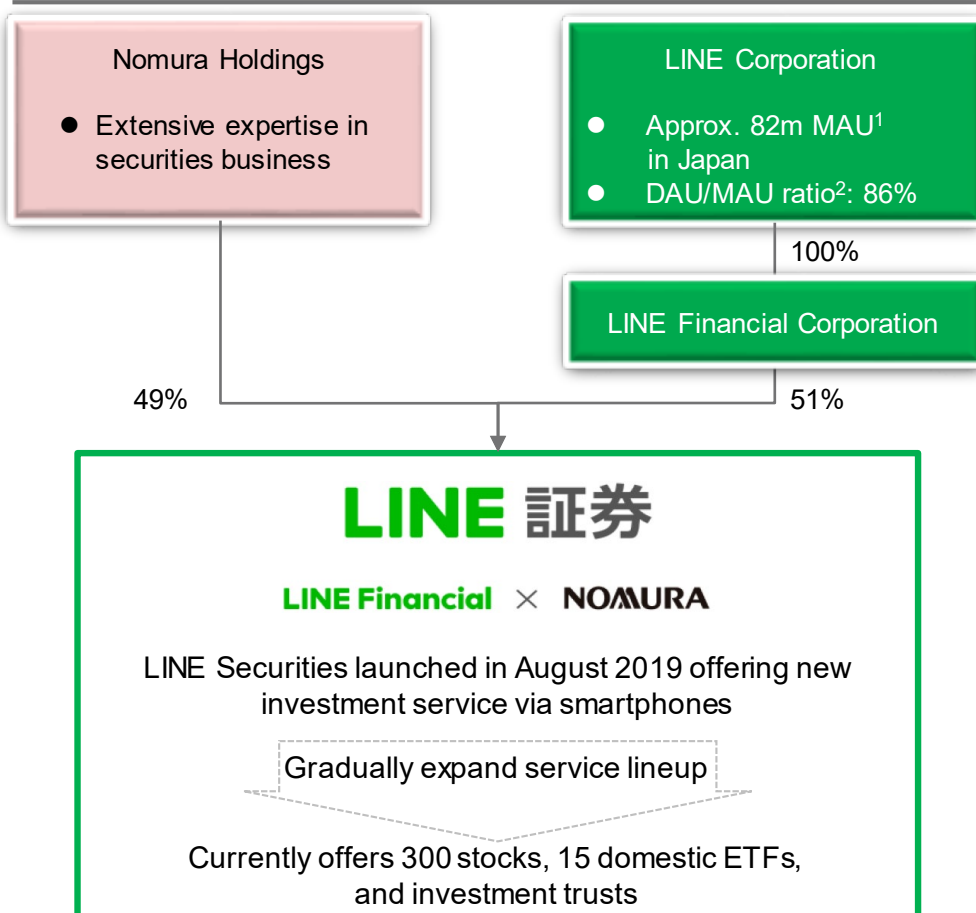
Today

Total of 80 people

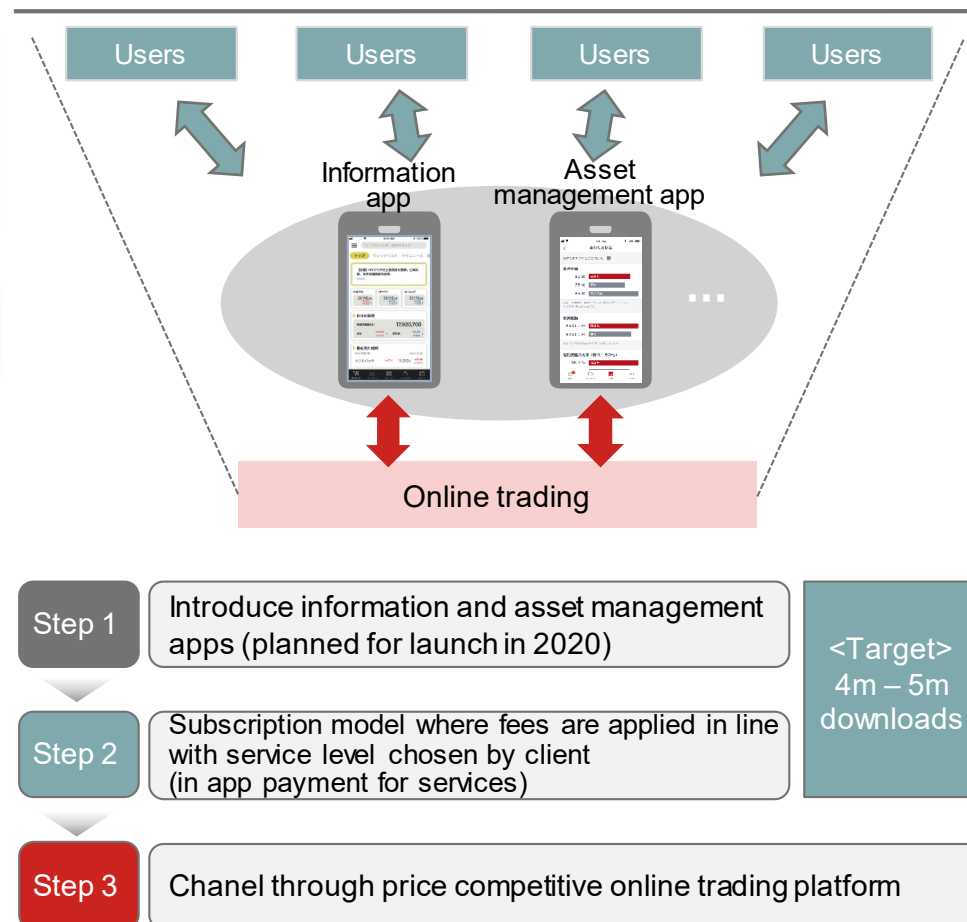
*Background of external experts

- 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

Approach clients with no investment experience through LINE Securities



Expanding Nomura service users via smartphone apps



Enhance solutions that meet the needs of our clients

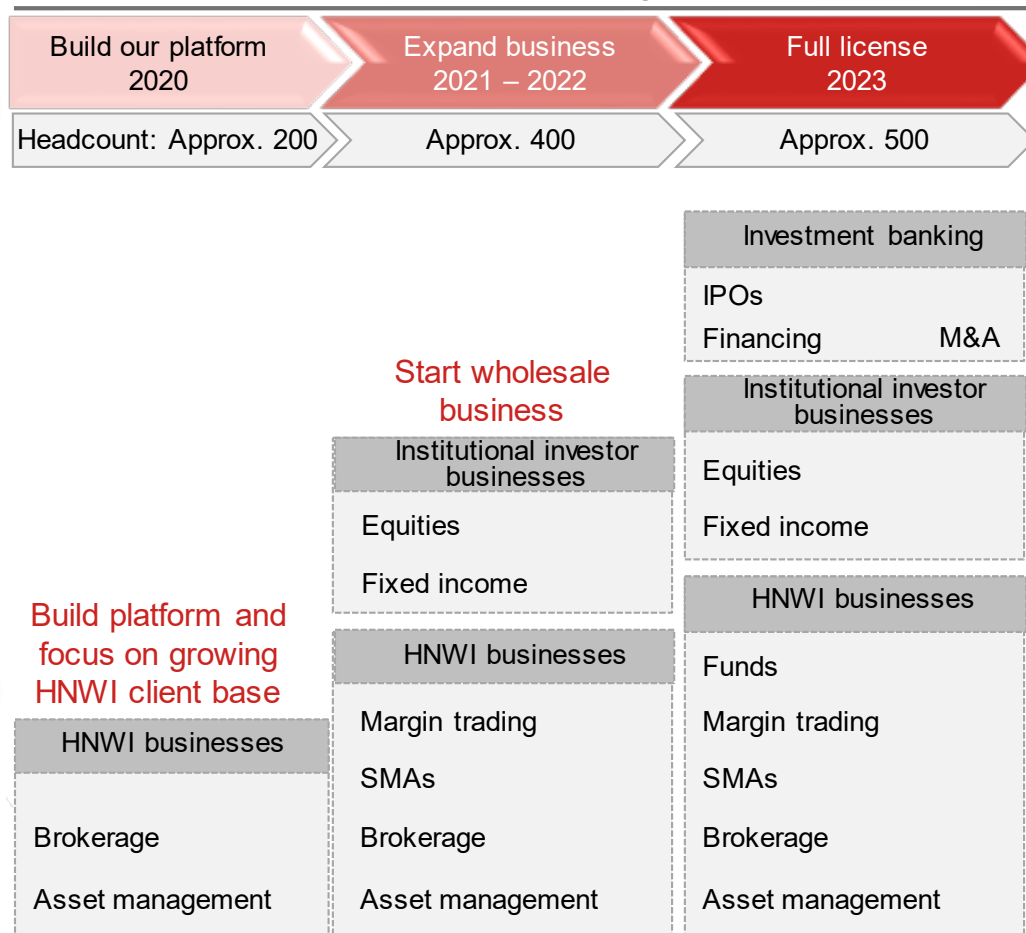
Client needs	Fund	Investment method	Fund value	Current status
<p>Business succession</p> <p>Capital restructuring</p> <p>Strengthen management</p> <p>Enhance enterprise value (rebuild core business)</p>	Nomura Capital Partners	Buyouts	Y100bn	<p>Invested in Orion Beer in March 2019</p> <ul style="list-style-type: none"> - Working to raise enterprise value (recruited external management, developing management and operating platform) <p>Invested in Plus Alpha Consulting in March 2019</p> <p>Solid pipeline backed by strong demand mainly from Retail clients</p>
<p>Deepen private-sector industrial cooperation between Japan and China (Japanese companies entering China, tap into inbound demand, etc.)</p>	Japan-China Industrial Cooperation Fund (China's CIC and Japanese financial institutions)	Mostly minority investments	Approx. Y100bn	<p>China's CIC and Japanese financial institutions signed MOU on strategic alliance to set up a fund in October 2018</p> <p>Currently working to set up fund</p>

Full-scale entry into China market: Received license from China Securities Regulatory Commission

Leverage our global resources

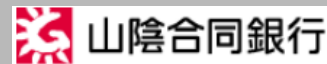
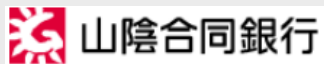


Nomura Orient International Securities: Start with HNWI business and enter wholesale business as second phase



Closer collaboration with regional banks to expand securities business

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

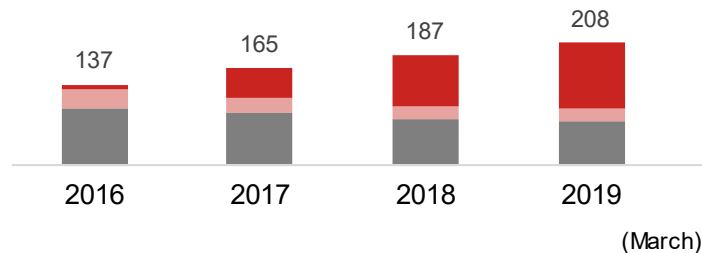


NOMURA

- 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



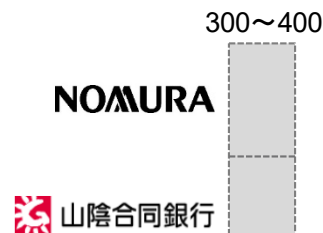
Alliance start (FY2020/21 1H)

Synergies

- Provide Nomura Group securities platform

- Extensive knowledge of financial products
- Diverse products, services and data
- IT infrastructure of security business

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

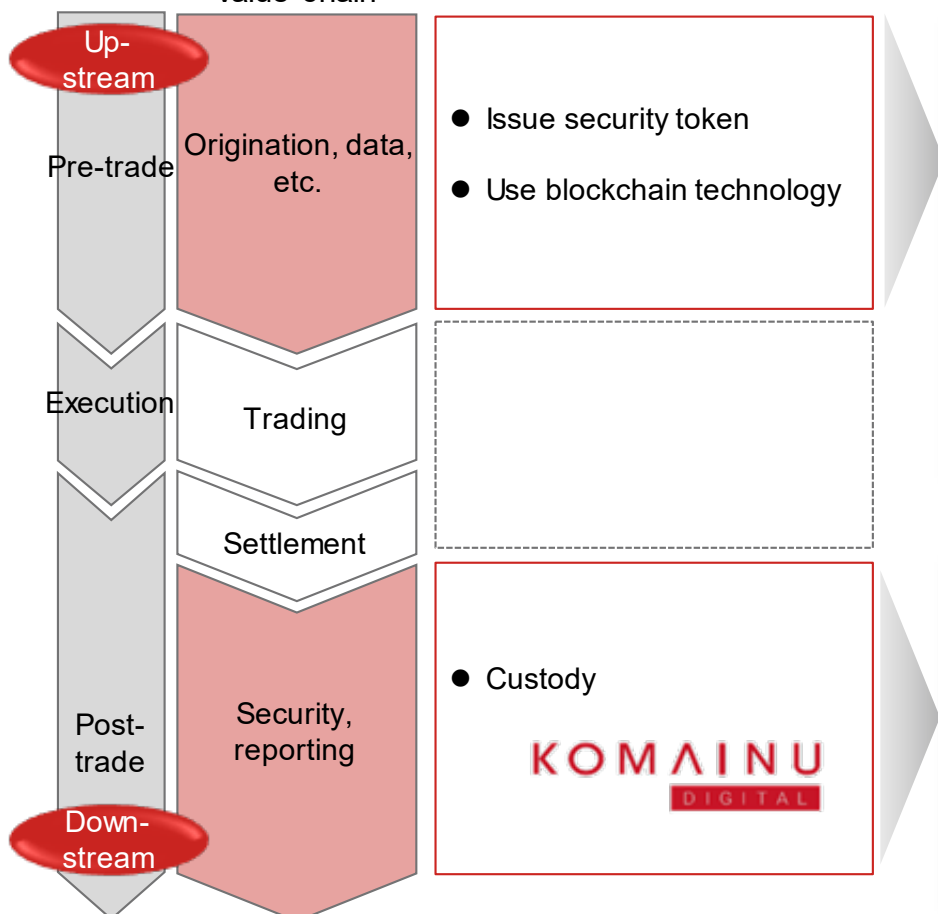


After alliance
(San-in Godo Bank Group and Nomura Securities Matsue branch)

Future image
(If synergies achieve)

Involved in upstream and downstream aspects of digital asset value chain

Value chain



- 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


**Global
Advisors**

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Nomura Group Code of Conduct

NOMURA

Mission

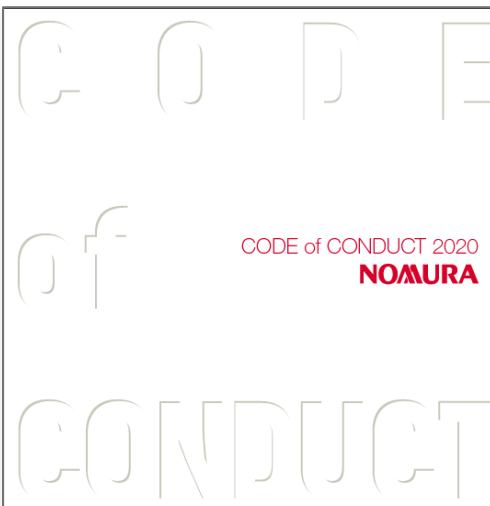
Contributing to society | We help to enrich society through our expertise in capital markets

Vision

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

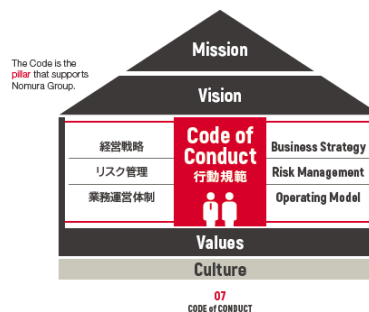
Newly established
Nomura Group Code of
Conduct

Guidelines to put Nomura
Group corporate
philosophy into concrete
actions



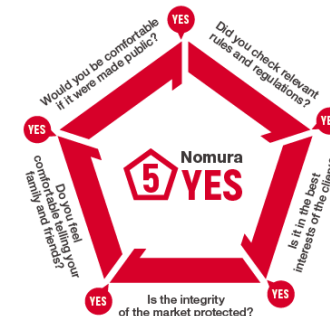
What does the Code mean?

This Code of Conduct sets out guidelines for Nomura Group directors, officers and employees to translate the Nomura Group Corporate Philosophy into actions. We reflect on our actions to ensure that they are in line with the Code. We promise clients and other stakeholders that we will uphold the highest standards of ethics and integrity under the Code. We carry out all of our business activities based on the Code.



Five questions to ask when in doubt

If you are unsure how to act, go back to the basics and ask yourself the following questions.

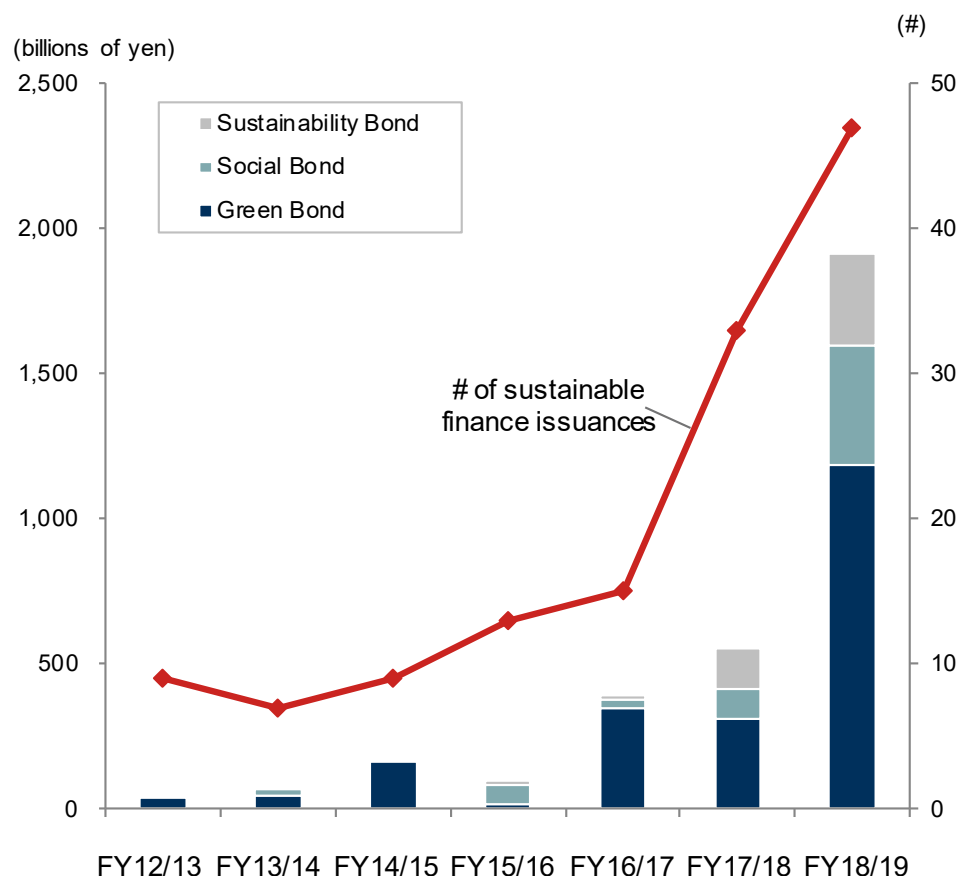


If in doubt, talk to your manager or compliance officer.

11
CODE of CONDUCT

- With the UN's sustainable development goals gaining recognition, we are seeing growing demand for SDG bonds (green bonds, social bonds, sustainability bonds, etc.)

Volume and number of sustainable finance issuances Nomura involved in



Examples and success of initiatives aimed at developing sustainable finance

<p>International Capital Market Association</p> 	<ul style="list-style-type: none"> Only Japanese firm to join The Green Bond Principles and The Social Bond Principles advisory council* <p>* 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</p>
<p>Published first index for Japan SDG bonds, NOMURA-BPI SDGs (November 2019)</p>	<ul style="list-style-type: none"> Result of joint research with Nomura Research Institute Investment performance calculated using SDG bonds chosen from NOMURA-BPI component universe based on certain criteria
<p>Research group on sustainable development of ESG bond market</p>	<ul style="list-style-type: none"> Set up by Nomura Institute of Capital Markets Research consisting mainly of external experts Issued research report in June 2019: The Era of Sustainable Finance – ESG/SDGs and the bond market
<p>Global Capital Green / SRI Awards 2019</p> 	<ul style="list-style-type: none"> Ranked second in Most Impressive Investment Bank for Asia Pacific Green/SRI Capital Markets

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