NOMURA
Connecting Markets East & West

Application of TLAC Regulation to Nomura

Nomura Holdings, Inc.

April 13, 2018

TLAC for Nomura (1)

TLAC Requirements, and timeframe for application to Nomura

- Total loss-absorbing capacity (TLAC) requires systemically important banks to have sufficient loss-absorbing capacity in order to facilitate the orderly resolution of a bank when it fails, in a manner that minimizes impacts on financial stability without exposing taxpayers to loss
- Specifically, banks in scope of the TLAC regulation must maintain the minimum levels of TLAC-eligible capital and debt to their risk-weighted assets and leverage exposure
- From March 31, 2021, the TLAC regulation will apply to Nomura Holdings, Inc. (NHI), with the following regulatory minimal requirements and timeframe:

			Minimum Requirements	
			March 31, 2021 ~	March 24, 2024 ~
1. Minimum TLAC as a percentage of RWA	$\dfrac{\text{(Capital +TLAC-eligible debt}^{*1})}{\textbf{RWA}}$	≧	**16%**	**18%**
2. Minimum TLAC as percentage of Leverage Exposures	$\dfrac{\text{(Capital + TLAC-eligible debt}^{*1})}{\textbf{Leverage Exposure}}$	≧	**6%**	**6.75%**

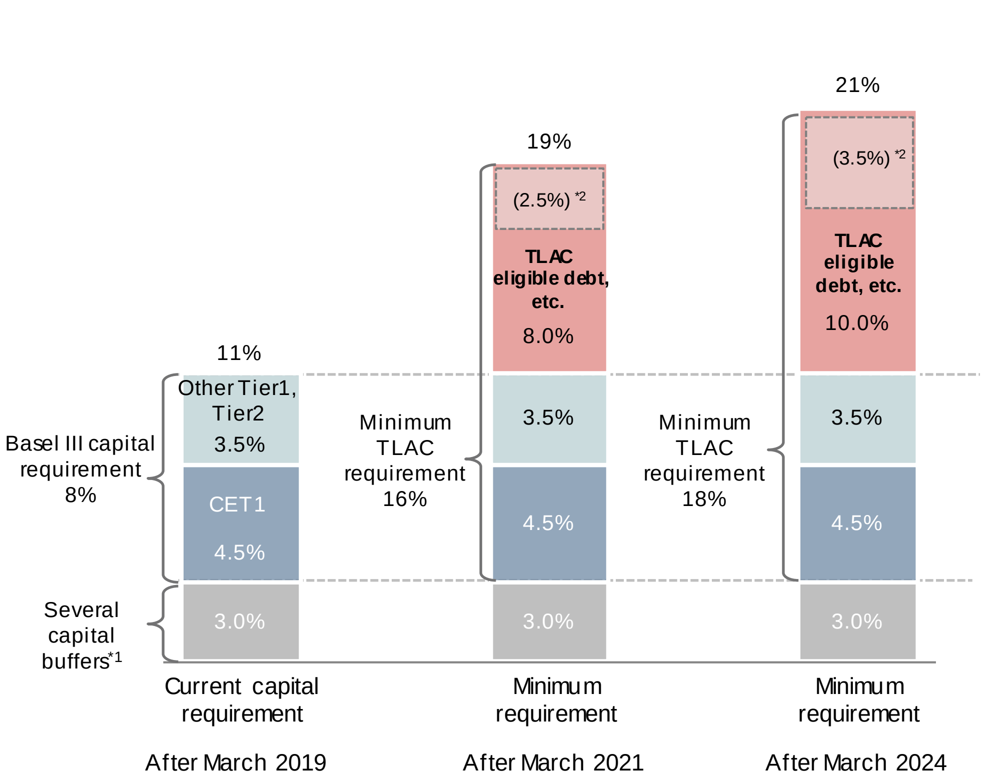
1. TLAC-eligible debt: Debt instruments that satisfy loss-absorbing capacity criteria defined by The Financial Services Agency in Japan

TLAC for Nomura (2)

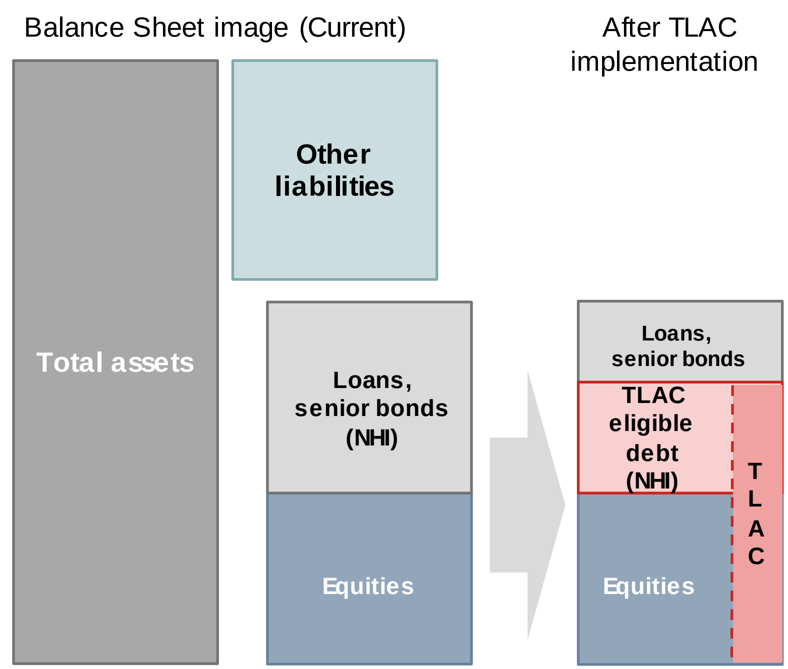
NOMURA

Requirement for minimum TLAC of RWAs

Current capital requirement	Requirement after TLAC implementation



In order to comply with TLAC regulation



Nomura intends to replace a portion of existing NHI liabilities when they become due with TLAC eligible debt

1. *Capital conservation buffer of 2.5%, and D-SIB buffer of 0.5%. Excludes countercyclical capital buffer.*
2. *Under the TLAC framework, certain credible ex-ante commitments to recapitalise a G-SIB in resolution as necessary to facilitate an orderly resolution may count toward a firm's minimum external TLAC. Since Japanese Deposit Insurance Fund Reserves fulfil the requirements for such a commitment, the amount equivalent to 2.5% of RWAs and 3.5% of RWAs will be allowed to count on and after March 31, 2021 and March 31, 2024, respectively.*

TLAC holding regulation and transitional treatment

- The TLAC regulation will impose the following restrictions on Japanese banks in holding Non-Capital TLAC Instruments and Debt instruments that rank *pari passu* with Non-Capital TLAC Instruments (*Pari Passu* Instruments), collectively "Regulated Instruments", in order to reduce the risk of contagion in the event of a systemically important bank's failure

TLAC Holding Regulation

- ✓ Internationally Active Banks: Deduction of the holding of the Regulated Instruments in excess of a certain threshold from the bank's own capital
- ✓ Domestic Banks: 150% risk-weight shall be applied for a domestic bank's holding of Regulated Instruments in excess of a certain threshold whereas a typical risk weight applied to holding of financial institutions bonds is 20%

By way of exception, however, the following transitional treatment for the holding restriction will be applied

Category	Instrument (Applicable only to NHI's Regulated Instruments)	Transitional treatment	Application of holding restrictions	Typical Instruments
Internationally Active Banks	**TLAC-eligible debt**	**No**	n/a	TLAC bonds to be issued by NHI
	***Pari Passu*[*1]**	**Yes**	Exempted for 5 years starting from March 31, 2021	Existing bank borrowings and bonds owed by NHI
Domestic Banks	**TLAC-eligible debt[*2]**	**Yes**	Exempted for 10 years starting from March 31, 2019	TLAC bonds to be issued by NHI
	***Pari Passu*[*1]**	**Yes**	Exempted for 5 years starting from March 31, 2021	Existing bank borrowings and bonds owed by NHI

1. *Instruments held by banks at March 31, 2021, so long as the banks retain the holding of the instruments*
2. *Instruments held by banks at March 31, 2019, so long as the banks retain the holding of the instruments*

Disclaimer

- This document is produced by Nomura Holdings, Inc. (“Nomura”).
- Nothing in this document shall be considered as an offer to sell or solicitation of an offer to buy any security, commodity or other instrument, including securities issued by Nomura or any affiliate thereof. Offers to sell, sales, solicitations to buy, or purchases of any securities issued by Nomura or any affiliate thereof may only be made or entered into pursuant to appropriate offering materials or a prospectus prepared and distributed according to the laws, regulations, rules and market practices of the jurisdictions in which such offers or sales may be made.
- The information and opinions contained in this document have been obtained from sources believed to be reliable, but no representations or warranty, express or implied, are made that such information is accurate or complete and no responsibility or liability can be accepted by Nomura for errors or omissions or for any losses arising from the use of this information.
-
- This document contains statements that may constitute, and from time to time our management may make “forward-looking statements” within the meaning of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Any such statements must be read in the context of the offering materials pursuant to which any securities may be offered or sold in the United States. These forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Actual results and financial condition may differ, possibly materially, from what is indicated in those forward-looking statements. You should not place undue reliance on any forward-looking statement and should consider all of the following uncertainties and risk factors, as well as those more fully discussed under Nomura’s most recent Annual Report on Form 20-F and other reports filed with the U.S. Securities and Exchange Commission (“SEC”) that are available on Nomura’s website (http://www.nomura.com) and on the SEC‘s website (http://www.sec.gov); Important risk factors that could cause actual results to differ from those in specific forward-looking statements include, without limitation, economic and market conditions, political events and investor sentiments, liquidity of secondary markets, level and volatility of interest rates, currency exchange rates, security valuations, competitive conditions and size, and the number and timing of transactions.
- Forward-looking statements speak only as of the date they are made, and Nomura undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.
- The consolidated financial information in this document is unaudited.