

**Presentation of Consolidated Results of Operations  
Fourth Quarter, Fiscal Year Ended March 31, 2019  
Q&A Session**

Date: April 25, 2019

Speaker: Takumi Kitamura, Chief Financial Officer, Nomura Holdings, Inc.

**Q1: How much restructuring expense will be booked in the fiscal year ended March 2020?**

A1: As for restructuring, some of the measures can be done in the short-term and some can be done over medium-term. For the measures we implemented in the short-term, we have recognized the charges in the fourth quarter. Going forward, we will conduct a thorough review of the longer-term measures, in addition to our middle and back office review. Once we finish the review, we will be able to estimate the timeline for cost reductions, and associated expenses. For now, there are still many moving parts, so I cannot provide any specific estimates on the remaining restructuring expenses.

**Q2: You booked approximately 12 billion yen for legal expenses. How much impact do you expect an increase in provisions or reversals to have on P/L for this fiscal year?**

A2: We do not expect the level of expenses we had in the year ended March 2018 and in the year ended March 2019 to repeat. However, since legal expenses are very specific in nature, and as you can imagine we have our litigation strategies in place, it is difficult for us to provide guidance on legal expenses.

In our disclosures, we disclose the possible maximum loss amount for contingencies. While this is not necessarily the leading indicator, as the cases progress, legal expenses are often booked out of a part of the possible maximum loss.

**Q3: Give us a breakdown of the 6.4 billion yen consulting-related revenue.**

A3: The largest contributor was insurance-related revenue, followed by investment banking-related fees for corporate actions by corporates and owners covered by our retail branches (incl. advisory commission), then operating lease, and real estate.

**Q4: How much do you plan to increase consulting-related revenue to as a proportion of total division revenue?**

A4: As we have explained before, our aim is to increase consulting-related revenue to 50 billion yen per year.

**Q5: You said 40 percent of the US\$1 billion in cost cuts planned for Wholesale has already become achievable. Do the one-off expenses of 10.3 billion yen relate to the 40 percent reduction?**

A5: The 10.3 billion yen is a portion of the 40 percent.

**Q6: Is it correct to assume that restructuring expenses for the year ending March 2020 will be over 10 billion yen?**

A6: We are still examining expenses associated with the review of our middle and back office.

**Q7: What was the amount of contracts for discretionary investments during the quarter?**

A7: This is not disclosed in the presentation. Discretionary investment AuM was 2.8 trillion yen as of the end of March, and discretionary investment net inflows was negative 10.8 billion yen in the fourth quarter.

**Q8: What was the breakdown of Equities and Fixed Income client flow and trading revenues in the fourth quarter?**

A8: Fixed Income client flow revenue was about 90 percent, and trading revenue was about 10 percent. In Equities, client flow revenue was almost 100 percent, and a small amount of trading revenue remains.

**Q9: Why did you forgo the stock repurchase? What are your future plans?**

A9: We decided not to do the share buyback this time because this year we booked a net loss of roughly 100 billion yen, and we also want to carefully examine the progress of our platform reforms. We have adequate capital and we always have share buybacks in mind as a way to return value to our shareholders.

**Q10: If you are able to assess the situation by the end of 1Q, is there any possibility of a share buyback then?**

A10: I think the restructuring initiatives will take some time. We will quickly decide on a direction for our initiatives and create a roadmap to accomplish them.

**Q11: Other expenses included a lot of one-offs. What is the normal level for expenses?**

A11: Excluding one-offs, fourth quarter expenses were around 250 billion yen. That said, in addition to these ordinary expenses, one-off expenses related to the restructuring may be booked in the future.

**Q12: You said 40 percent of the US\$1 billion cost reductions have already been carried out. Can you complete the remaining US\$600 million in the fiscal year ending March 2020?**

A12: The cost reductions will be completed by the year ending March 2022. Some initiatives will be completed early, while others will take more time. We don't think we can complete the whole remaining 60 percent by the end of March 2020.

**Q13: Turnover on the TSE declined 5 percent in April compared to the fourth quarter. What is the outlook for a rebound in your Retail business?**

A13: Our product lineup is not only stocks. We provide products that meet the needs of our clients. Retail performance is improving compared to the fourth quarter.

**Q14: Could you tell us the revenue trend for Retail and Wholesale in January to March and how it has been in April?**

A14: In Retail, January was the weakest month and we saw a gradual improvement in February and March. April seems to be improving from the fourth quarter. Fixed Income revenues were split roughly 40 percent in January and 30 percent each in February and March, while Equities was 30 percent January and February and 40 percent March. April has improved from last quarter as market activity picks up due to factors such as an improvement in economic indicators in China.

**Q15: If revenues fall further this fiscal year or streamlining doesn't go as planned, you could post another loss. What is your plan B in that case?**

A15: We have an unyielding resolve to push through with the streamlining measures and we do not think revenues will fall further.

**Q16: Should we expect the first half of this fiscal year to be much better than late last year?**

A16: Although that largely depends on the market environment, looking at the current direction of the market and volatility levels, we think it will be slightly better. We are deemphasizing our trading businesses and shifting our focus to primary businesses, which means our earnings won't be as affected by the market compared to the past.

**Q17: Retail performance in the fourth quarter seemed very slow. Is that why you decided to review your business portfolio? If you apply the benefits of the current cost cutting to the fourth quarter, it would be about 63 billion yen. With revenues of 74.2 billion yen that gives pretax income of 11.2 billion yen. So will you expand and strengthen consulting related revenues?**

A17: We took into account fourth quarter performance for revising our platform. How best to grow the top line is an important strategy. Having focused on providing consulting-based services these past few years, we have enhanced our proposals and client discussions in relation to discretionary investments. But meeting with clients has become less efficient in some ways. We now recognize that we weren't making proposals matched to the needs of each client. We are correcting that by realigning our channel formation and reassigning partners.

Our clients have various needs. In addition to traditional products such as stocks, bonds and investment trusts, we need to review our product strategy to enhance alternative investments and other products. So we are not just cutting costs. We are also aiming to grow the top line and improve profitability.

**Q18: Is the loss in EMEA larger because, although Wholesale revenues grew quarter on quarter, one-off costs were included?**

A18: Part of the restructuring costs and the legal expenses are included.

**Q19: After the Retail cost reduction program (30 billion yen) is completed, what can we expect in terms of pretax levels?**

A19: Currently, we have not changed the target of 200 billion yen set as part of Vision C&C. We will announce a medium term level when the timing is right.

**Q20: As part of the restructuring will you speed up the reorganization of your affiliate and investee companies?**

A20: We are neutral on this. There are many factors involved when considering if our stakes in affiliates are beneficial or not for each particular company.

**Q21: Why was fourth quarter tax expense so high? Is there a one-off adjustment included?**

A21: It is a technical factor related to tax effect accounting.

**Q22: Does the reductions of positions from restructuring and reallocation of capital show up in the March-end balance sheet? If not, will we see it in the first quarter?**

A22: Risk asset usage in the January to March quarter was very low. We expect a reduction in risk assets as a result of restructuring. But if business picks up, usage will increase. So whether risk assets drop sharply at the end of June will depend on the market environment.

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