

Investor Day

Kentaro Okuda
Group CEO
Nomura Holdings, Inc.

May 19, 2020

1

Introduction

2

Management vision

3

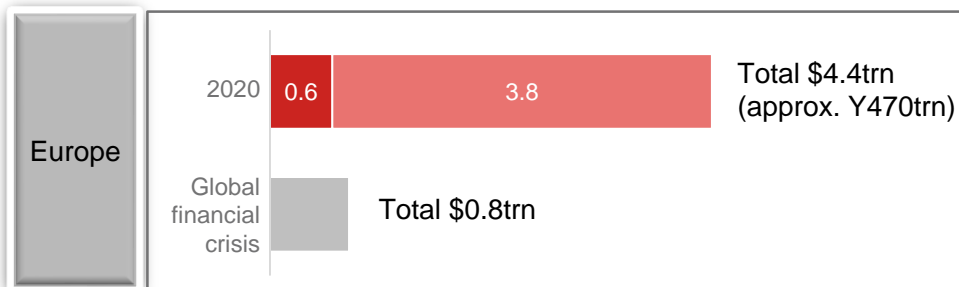
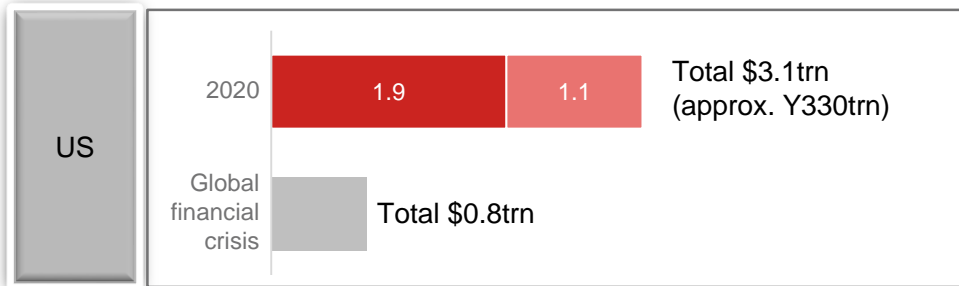
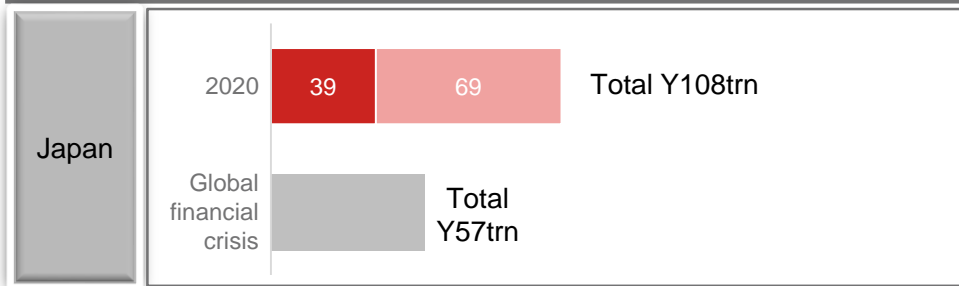
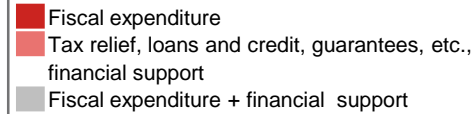
Business strategy

4

In closing

Economic and monetary policies far outstrip global financial crisis in hopes of avoiding economic disaster

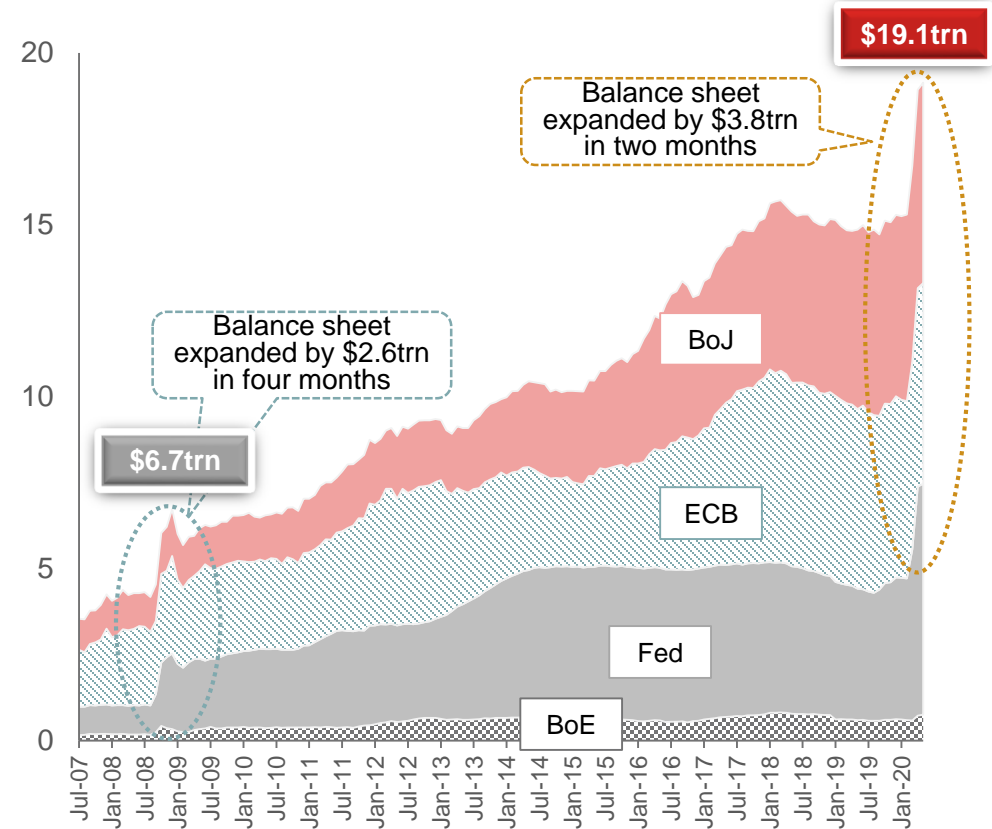
Fiscal policy¹



Central bank balance sheets expand threefold from global financial crisis²

(trillions of USD)

Liquidity provision significantly larger than global financial crisis

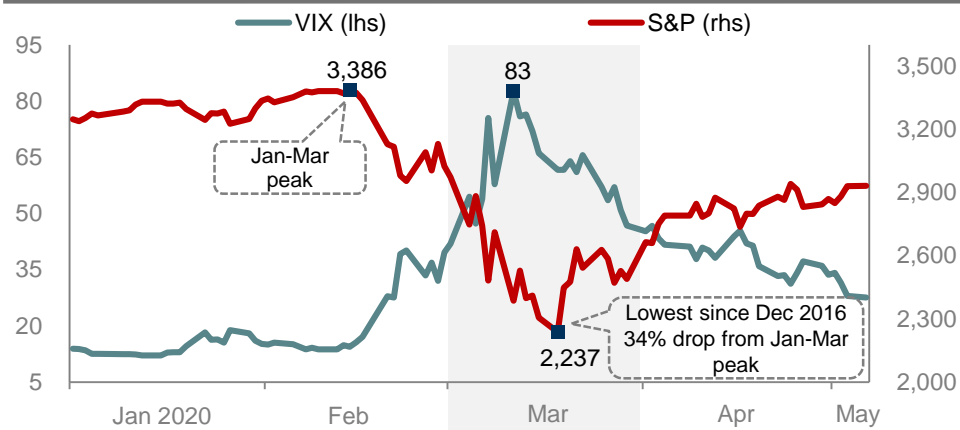


¹ Source: Nomura, based on documents by Bruegel and Japan Cabinet Office.

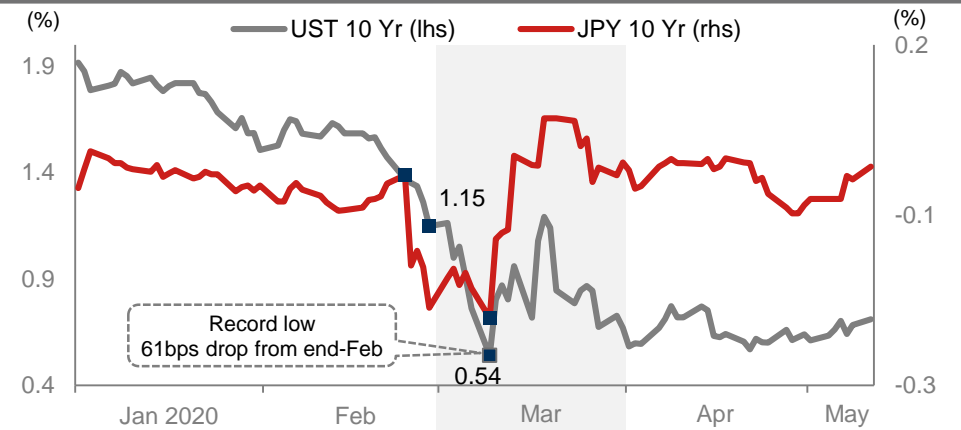
² Source: Nomura, based on data from Reuters and central banks.

Market turmoil

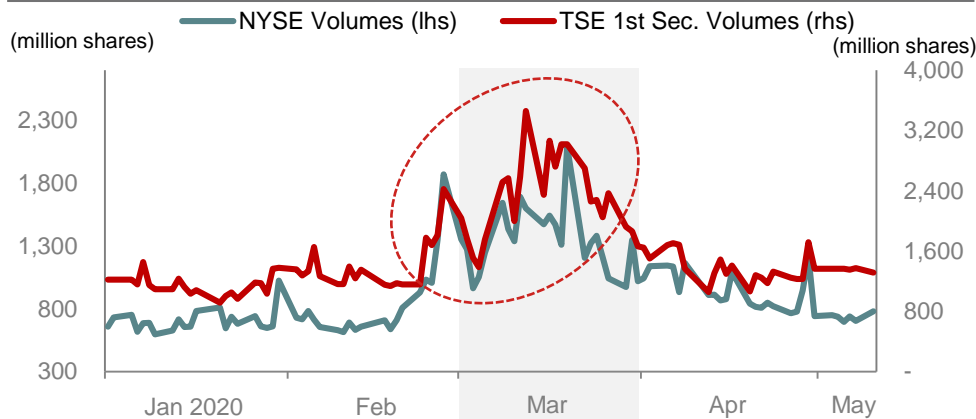
Volatility spikes, share prices plunge



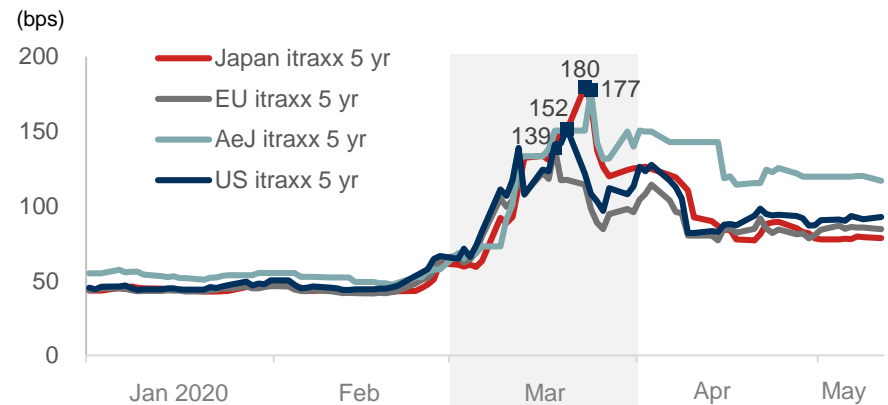
Government bond yields hit historical lows



Share market volumes surge



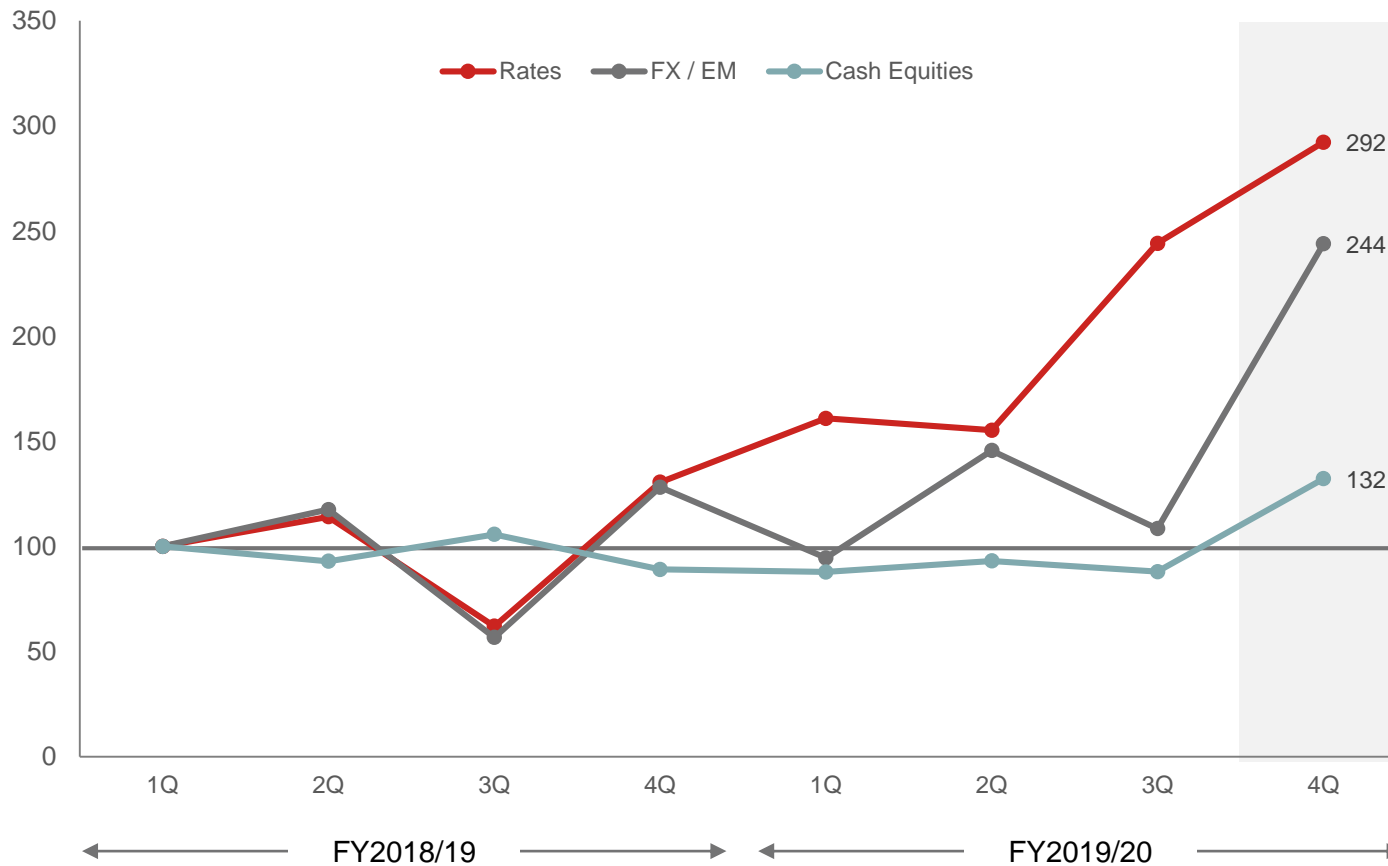
Credit spreads widen sharply



Continued to play critical role as liquidity provider

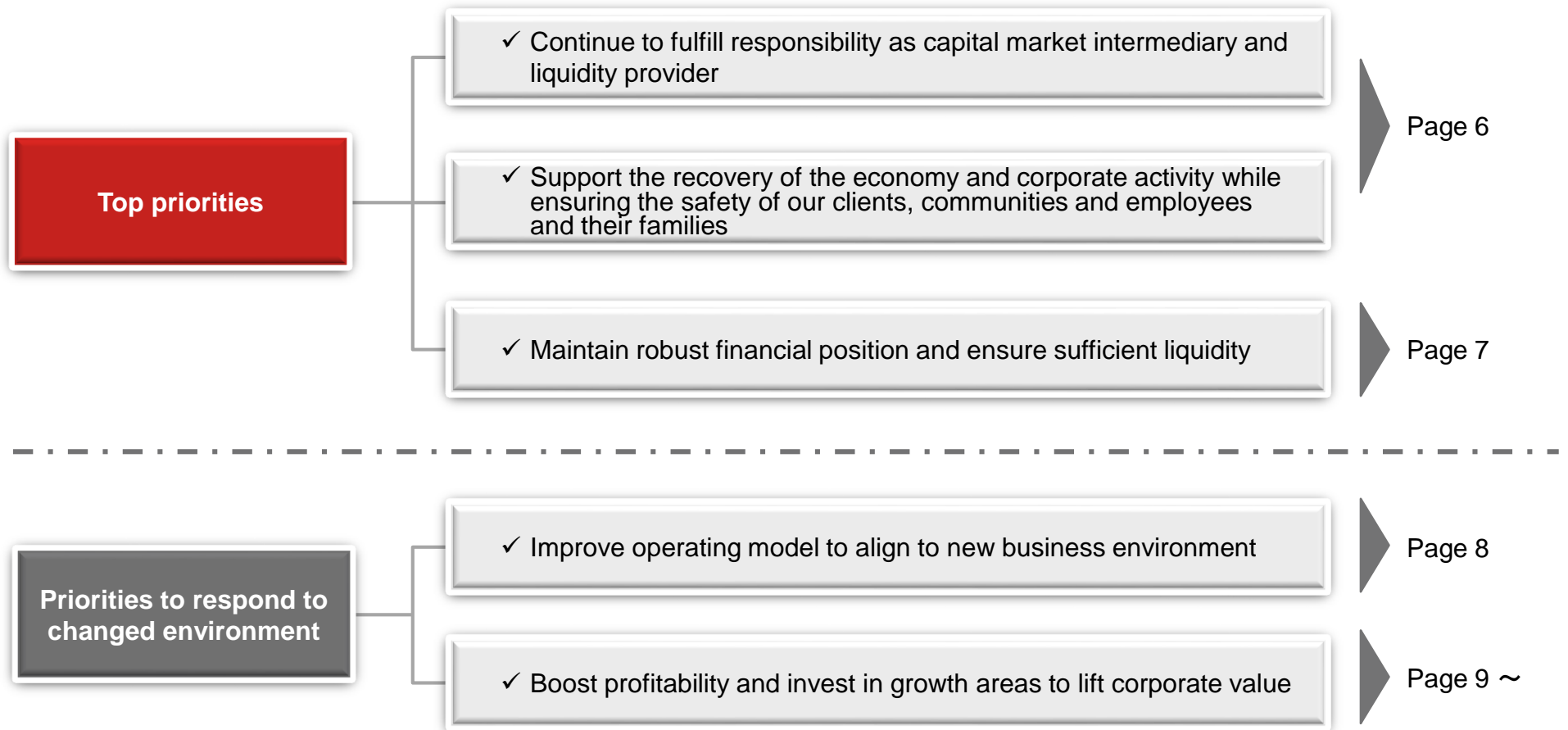
Increased client activity reflected in trading performance

Wholesale revenues (indexed, FY2018/19 1Q = 100)



- Higher client activity driven by interest rate volatility and flight to safe assets
- Global Rates business and FX/EM in AEJ showed strong growth
- Demand for Macro Products has continued since April

- Robust equity trading volumes due to market downturn and higher volatility
- Cash Equities performed strongly in Japan and international markets



Response to spread of coronavirus

Employees

- Activated Business Continuity Plans ensuring safety of employees and their families
 - Over 70% of employees working from home
 - Provided employees with technology to work from home (laptops, monitors, IP phones, software)
 - Moved quickly to limit international business travel, ensuring continuation of market functions
 - Started social distancing in international offices ahead of lockdowns
 - Closed Retail branch offices in seven prefectures on April 8 and nationwide on April 20, communicating with clients via telephone, email, and online
- Virtual induction ceremony and training for new graduates held in April
- International intern program “2020 Summer Analyst program” to be modified and held in each region
- Wellness initiatives offered to employees including phone/video consultations with specialists, mental health and well-being counseling
- Distributed masks to all employees in Japan and AEJ

Clients

- Focused on providing liquidity to financial and capital markets amid market turmoil in March
- Supported fundraising needs of issuers
 - Bookrunner on total US\$83bn¹ of bond issuance globally in March and April
- Continued to facilitate access to capital markets via broad range of solutions including Private Equity, DCM solutions, Financial Restructuring Advice, etc.
- Set up Capital Advisory Group in EMEA to offer solutions to clients by conducting stress tests and identifying funding shortfalls
- Provided research and market outlooks
 - Retail enhanced delivery of information to clients via email (increased distribution of market commentary videos and reports, and product and service videos)
 - One-on-one videoconferences between economists/strategists and regional financial institutions
 - Held virtual client events for corporates

Communities

- Donated a total of Y55m+ to charities globally
 - Donated RMB1.5m to Chinese Embassy in Japan in February
 - Donations from international offices, including executives and employees (Y32m)
 - In UK, donated funds to support National Health Service (NHS) Charities Together
 - In US, donated funds equivalent of 230,000+ meals so far to Virtual Food Drives benefitting the Food Bank for New York, etc.
- Develop Nomura Group Employee Donation Matching Program²
- Donation of masks and hand sanitizer
 - Procured one million masks from Orient International (Holding) and donated to the Japanese government and Japanese Red Cross Society to assist medical institutions and welfare facilities
 - Donated masks and hand sanitizer to charities in AEJ
- Launched virtual volunteer opportunities for our employees to support our charity partners

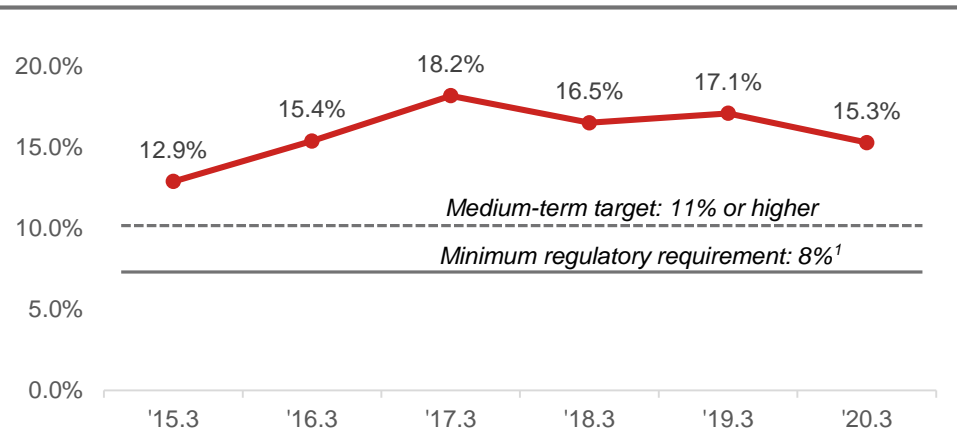
1. Source: Dealogic

2. When employees make donations to NGOs, the company matches or adds to the total amount of employee donations.

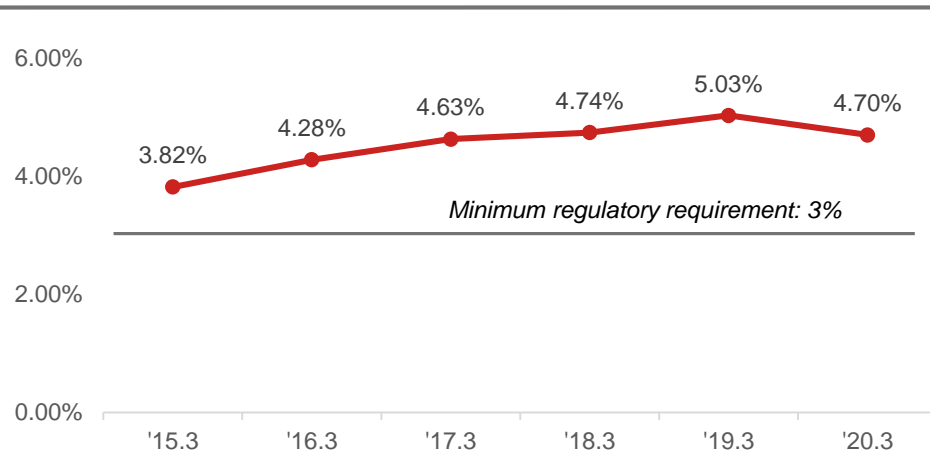
Robust financial position, sufficient liquidity

■ We maintain sufficient financial flexibility and liquidity even under extreme market stress

CET 1 capital ratio

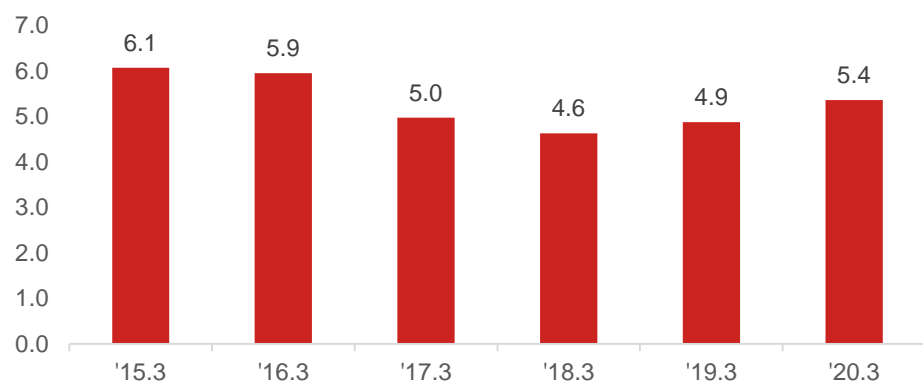


Leverage ratio

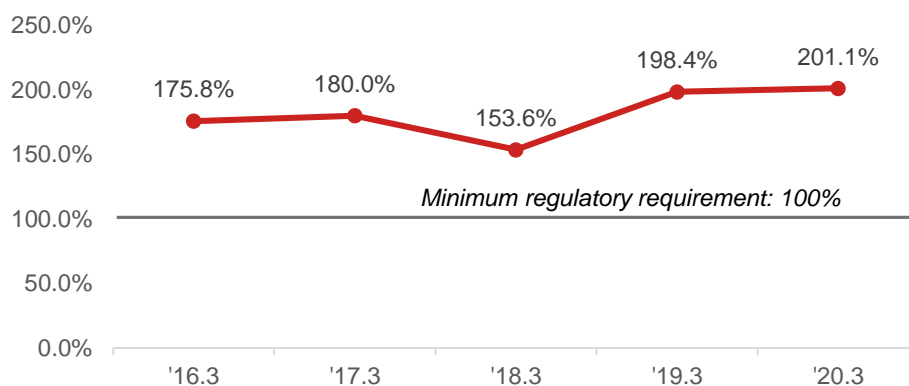


Liquidity portfolio

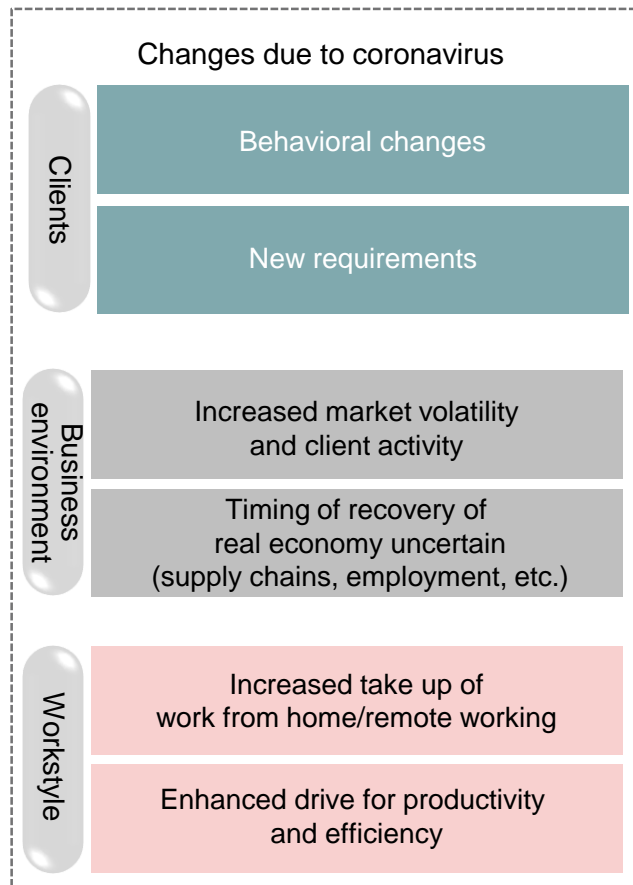
(trillions of yen)



Liquidity coverage ratio



1. Could change slightly as counter cyclical buffer is updated each quarter. Most recently disclosed minimum regulatory requirement was 7.61% in December 2019. For previous minimum regulatory requirements, please see documents including our Pillar 3 Regulatory Capital and Liquidity Coverage Ratio Disclosures.



Firm-wide initiatives

Client interface	Operations
<ul style="list-style-type: none"> ■ Diversify our approaches so we can best respond to changes in client behavior and their new requirements <ul style="list-style-type: none"> ➢ Create system where clients can choose in-person meetings, telephone, email, or online services ➢ Go paperless 	<ul style="list-style-type: none"> ■ Work from home and other initiatives to enhance employee productivity <ul style="list-style-type: none"> ➢ Invest in IT infrastructure ➢ Step up digitalization ➢ Reform HR system (flexible working arrangements, etc.) ➢ Reconsider office footprint

Review of business strategies

Retail	Wholesale
<ul style="list-style-type: none"> ■ Enhance non-face-to-face channels <ul style="list-style-type: none"> ➢ Change how branch offices operate ➢ Build up digital marketing and online content 	<ul style="list-style-type: none"> ■ Review business platform <ul style="list-style-type: none"> ➢ Allocate resources in line with business opportunities ➢ Reprioritize regions and products

1

Introduction

2

Management vision

3

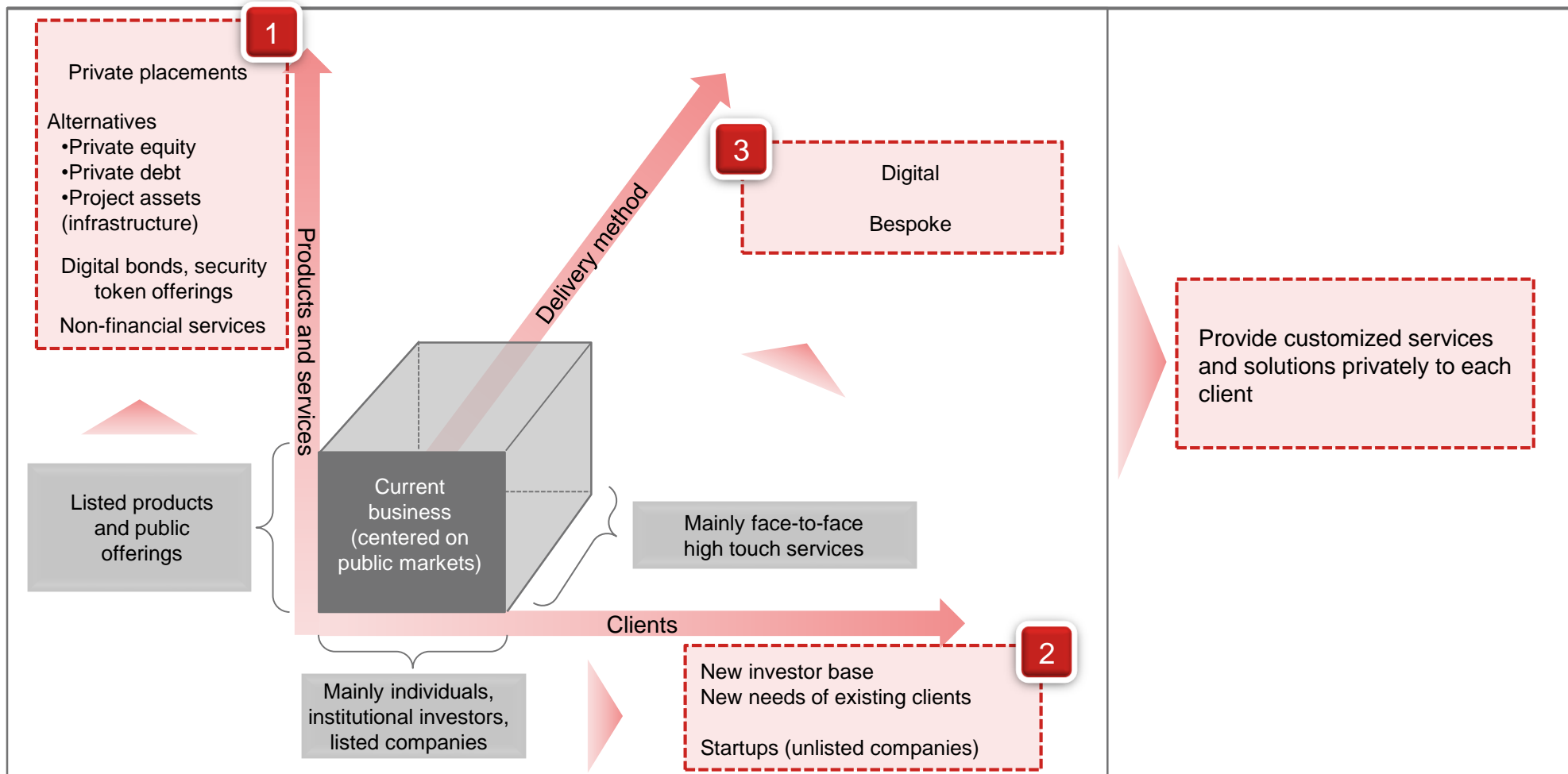
Business strategy

4

In closing

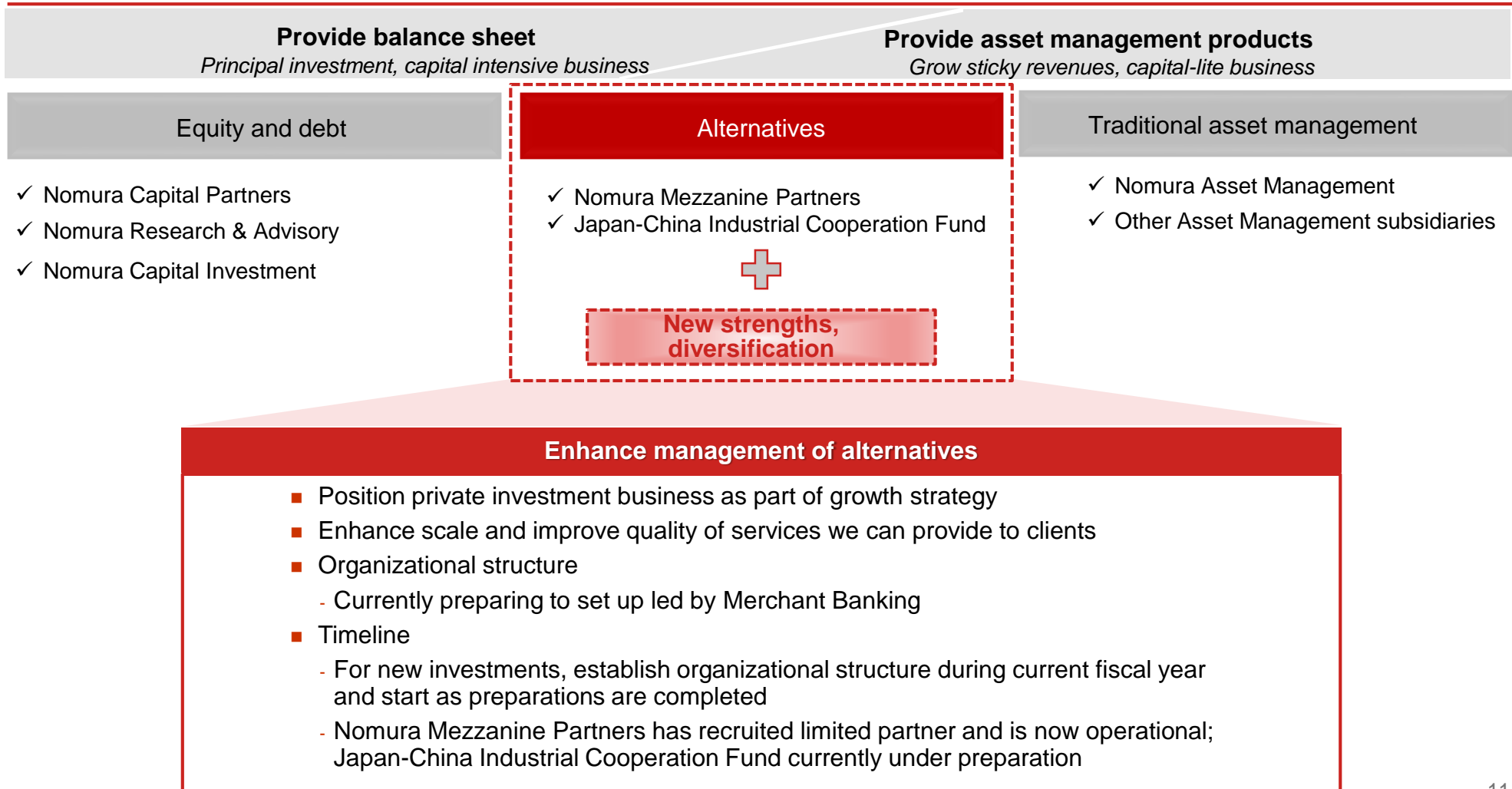
Expanding our scope of business from public to private

Leverage our strengths in the public markets to enhance our presence in private markets



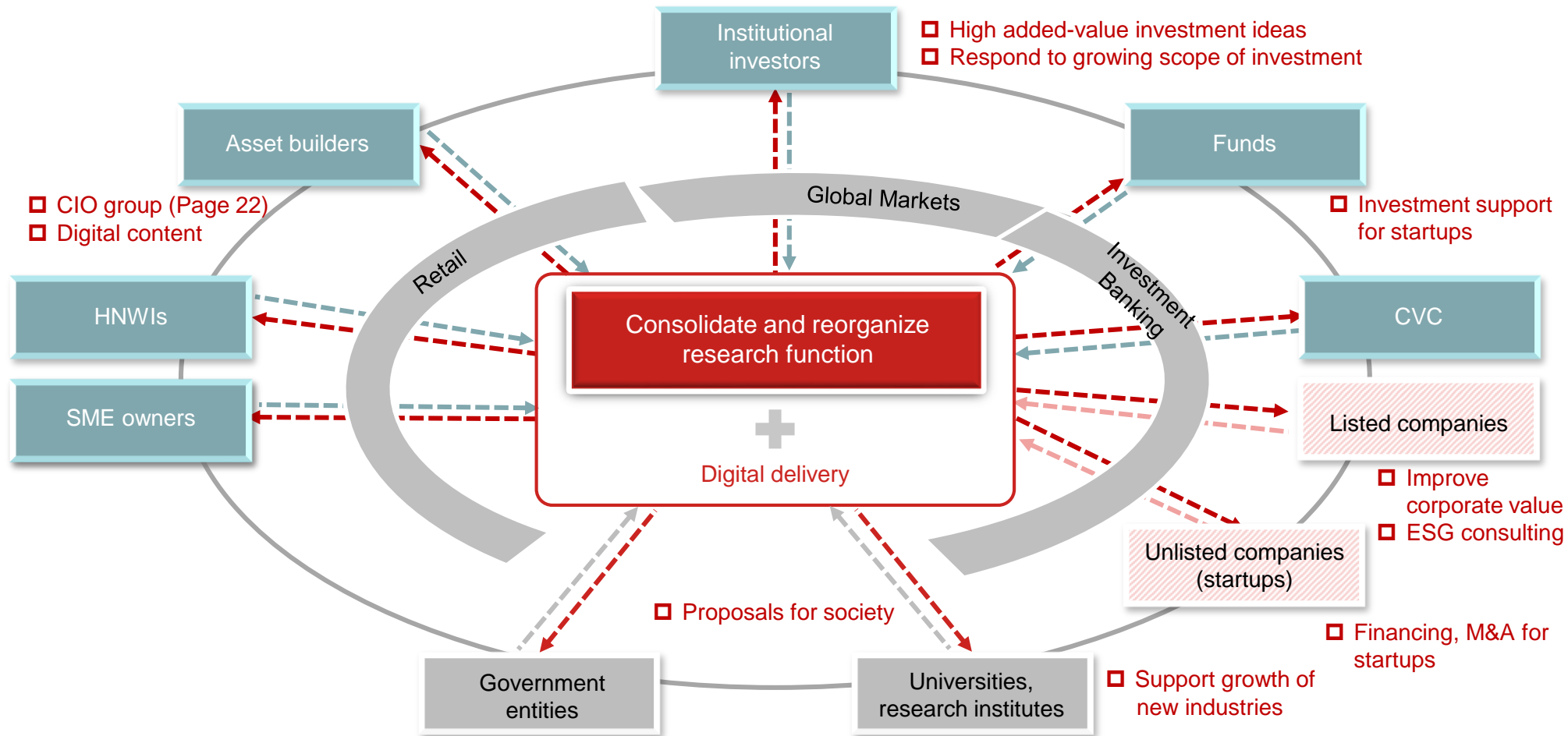
Enhancing alternative asset management: Strengthening our response to investor demand

Delivering value through Nomura Group



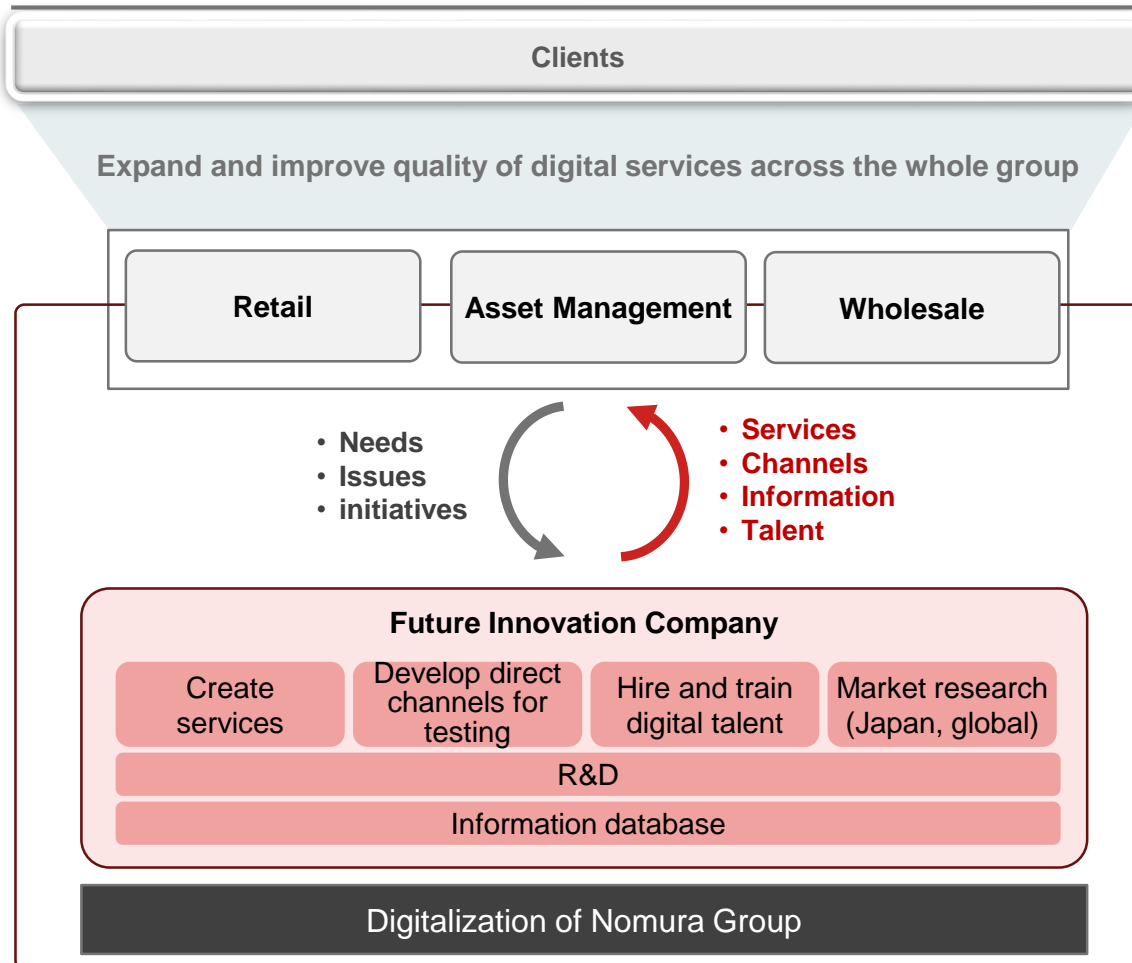
Deliver higher value added by consolidating content

- Strengthen offering for private domain
- Expand consulting businesses
- Help resolve social issues

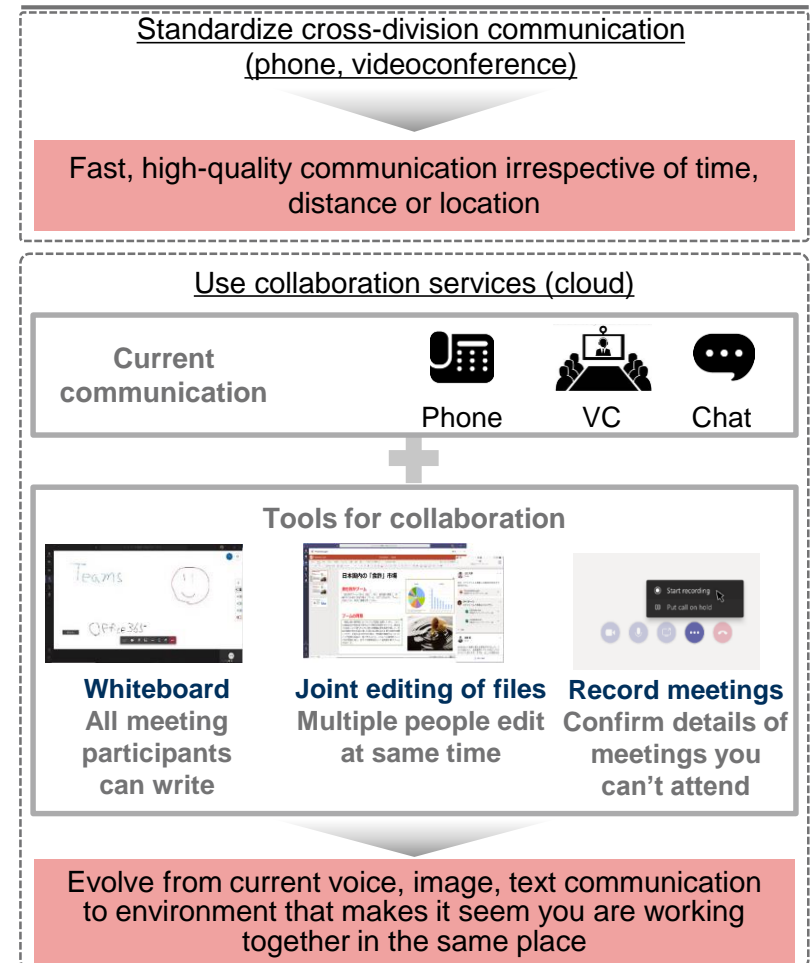


Firm-wide digitalization

Digital approach to clients



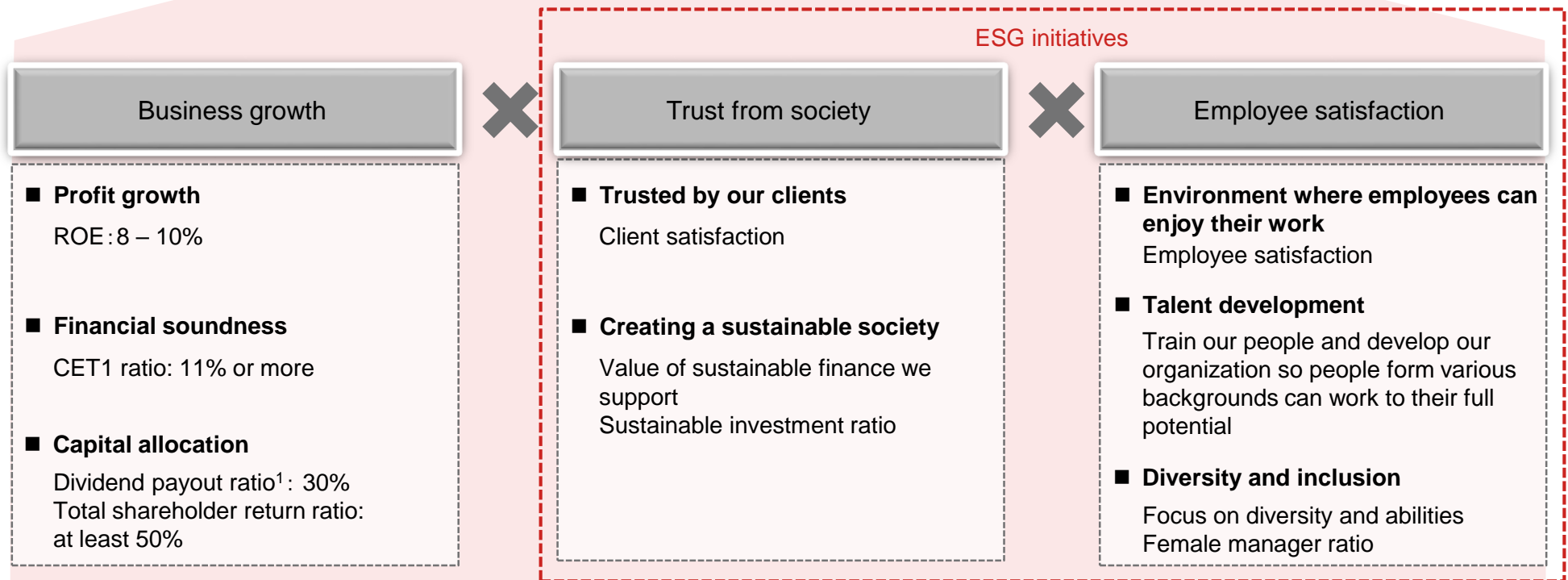
Build work environment not restricted by location



Management vision

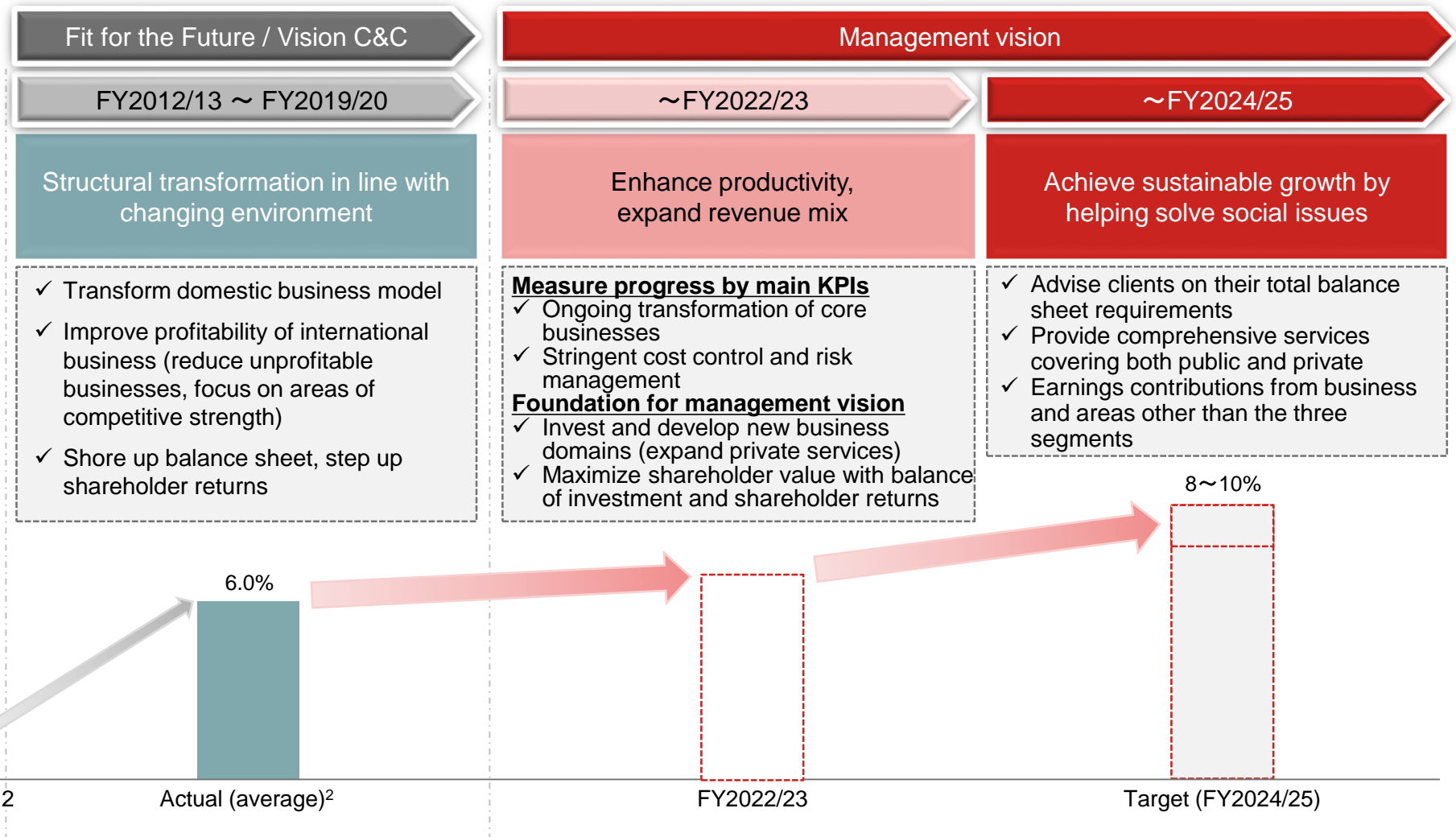
Achieve our long-term vision through business growth, trust from society and employee satisfaction

Management vision: Achieve sustainable growth by helping solve social issues



1. We will strive to pay dividends using a consolidated pay-out ratio of 30 percent of each semi-annual consolidated earnings as a key indicator. Dividend payments are determined taking into account a comprehensive range of factors such as the tightening of Basel regulations and other changes to the regulatory environment as well as the Company's consolidated financial performance.

Path to achieving our management vision



1. Average of FY2009/10 – FY2011/12.
 2. Average of FY2012/13 – FY2019/20.

1

Introduction

2

Management vision

3

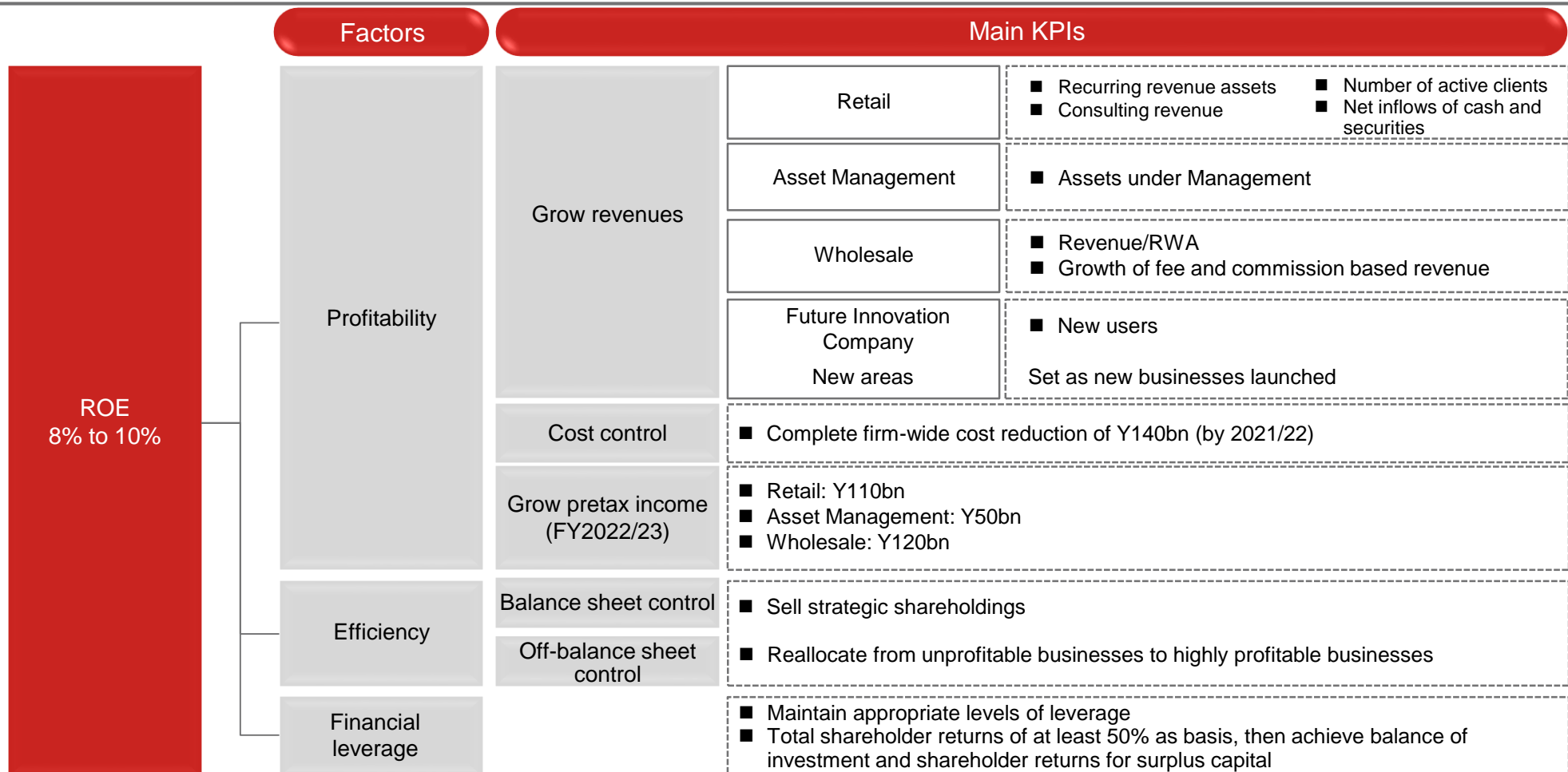
Business strategy

4

In closing

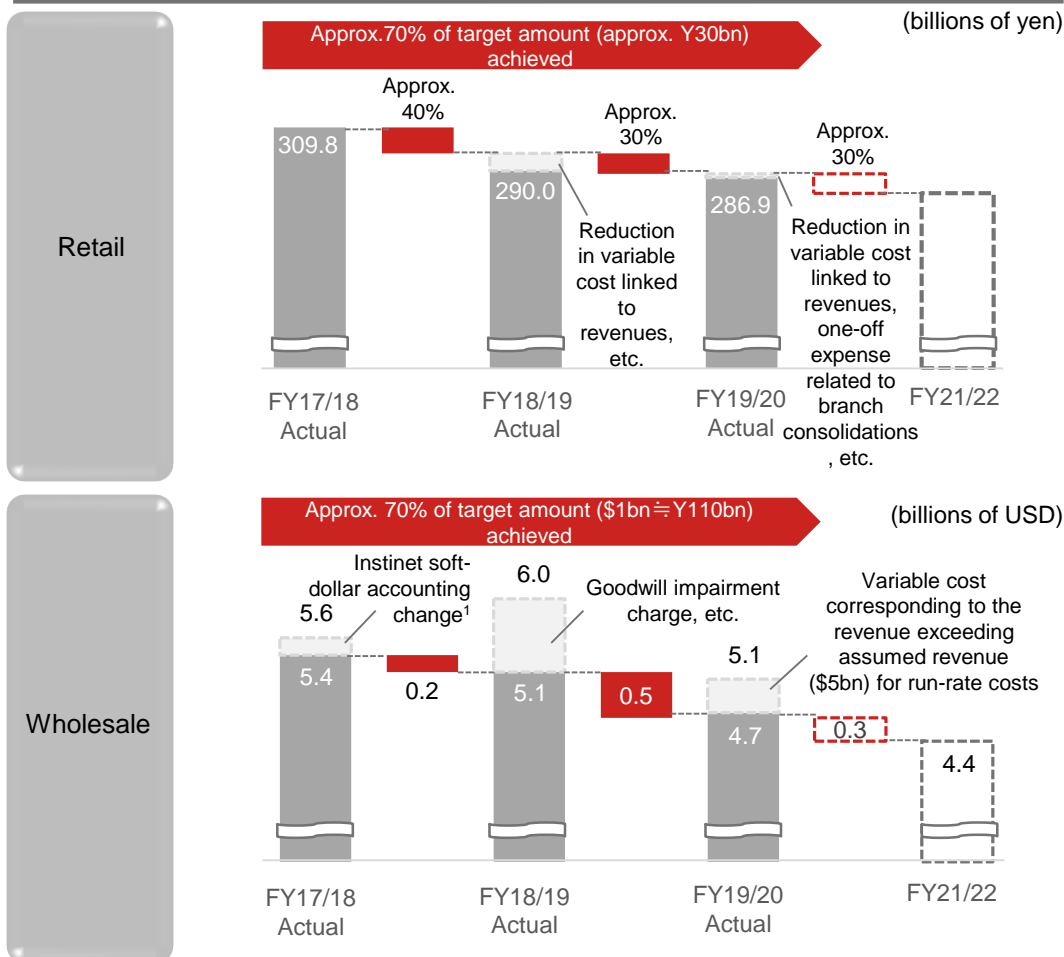
Key performance indicators: ROE tree

FY2024/25 Main KPIs

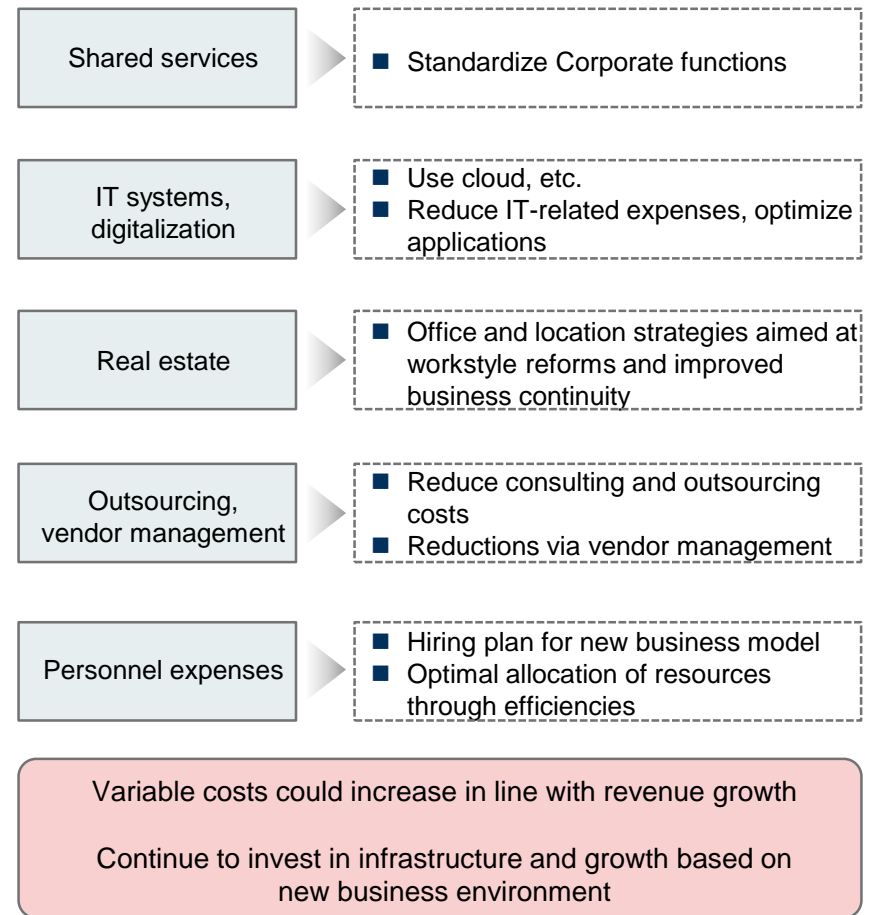


Continue to focus on controlling costs

Approx. 70% of cost reduction (Y140bn) complete



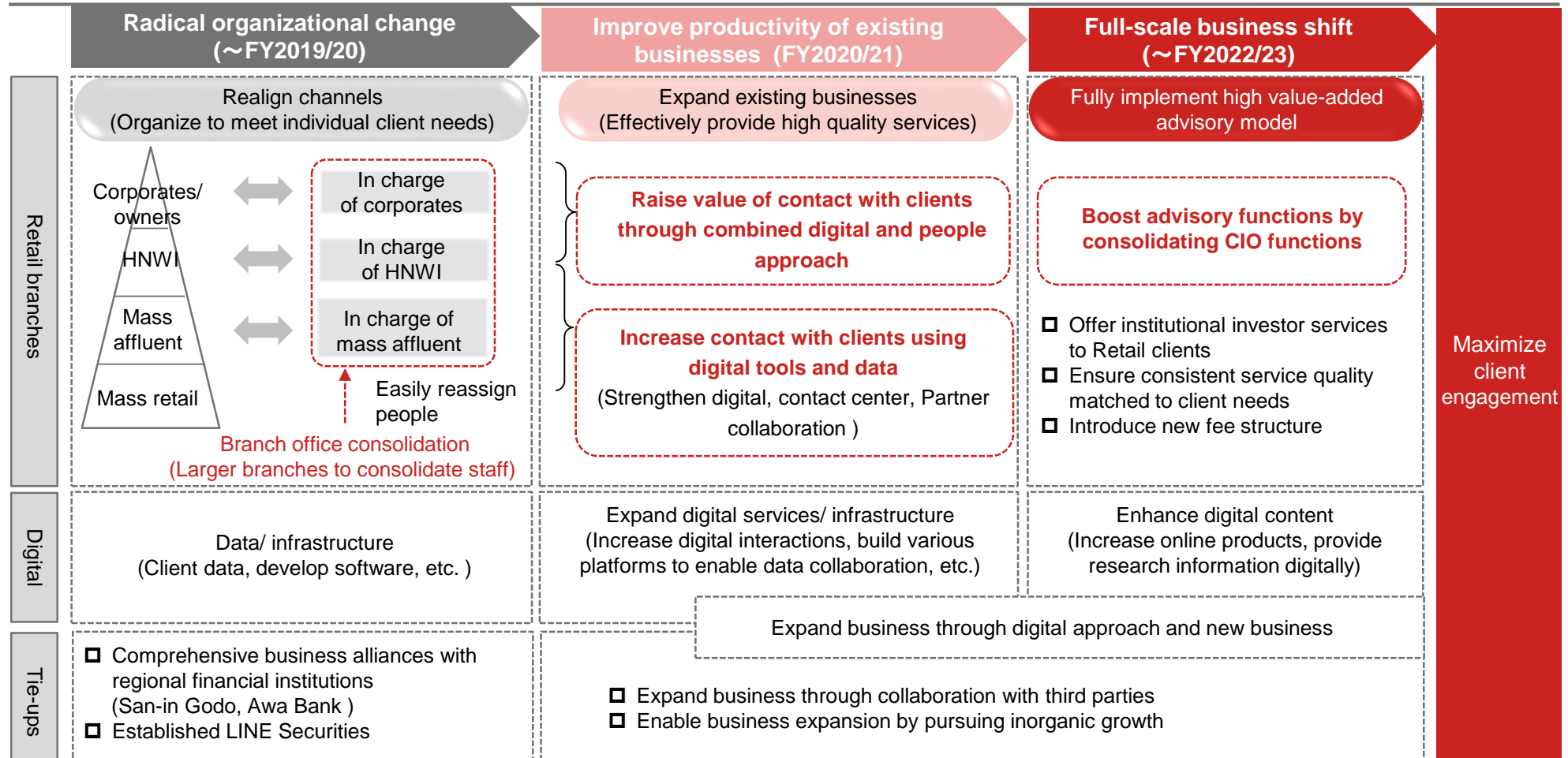
Cost reductions from April 2020 onwards



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.

Retail: Creating value through diverse touch points

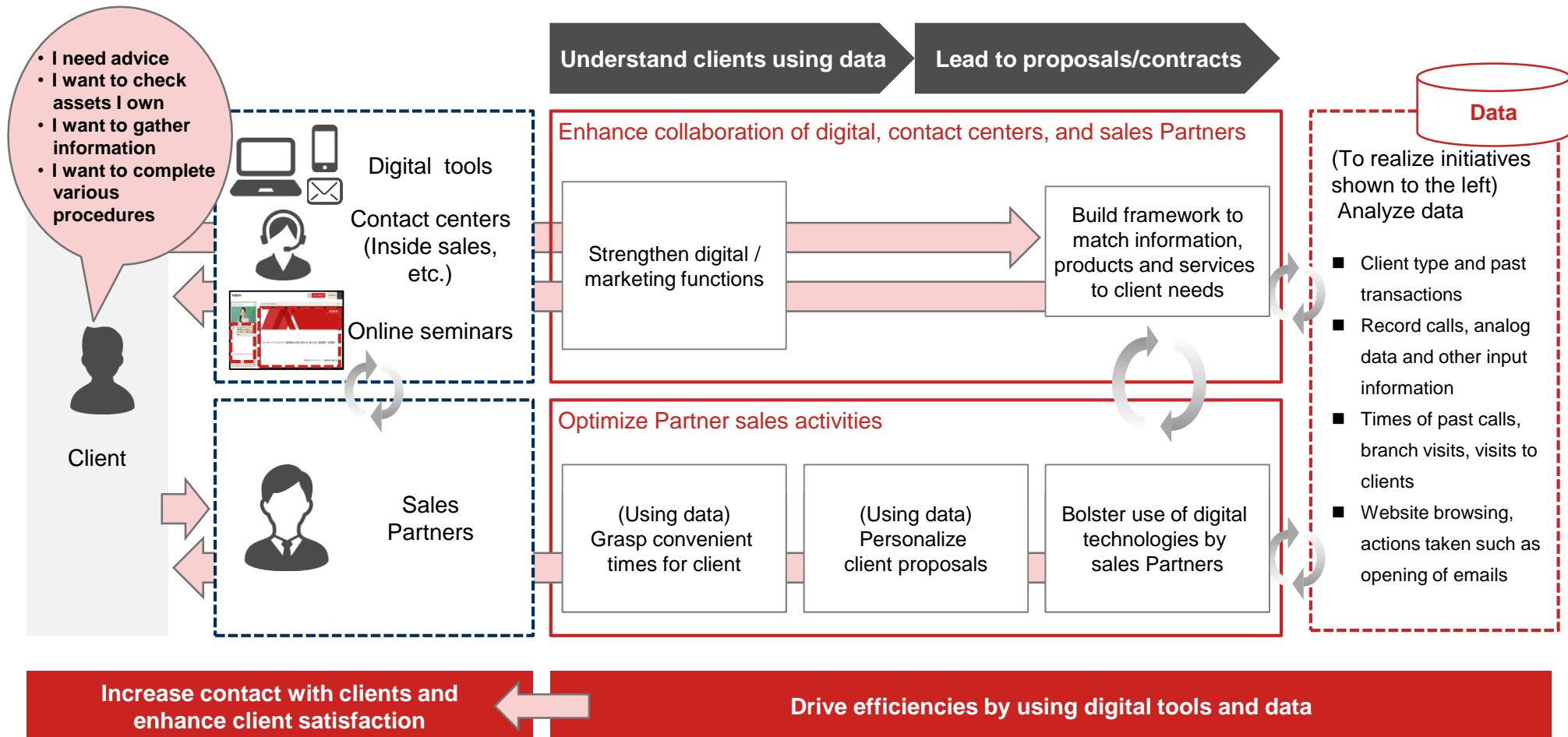
Offer clients advice on entire balance sheet to maximize client engagement



Retail: Enhance productivity of existing businesses

- Combined approach of personal and digital coupled with stronger collaboration of digital, contact centers, and sales Partners
- Provide enhanced value to clients and optimize Partner sales activities

Provide services using digital marketing



Retail: Build out existing businesses

B Brokerage commissions
R Recurring revenue
C Consulting revenue

Further expand products and services to offer clients advice on entire balance sheet

Vision Diversify revenue sources by offering clients advice on their entire balance sheet

Focus areas

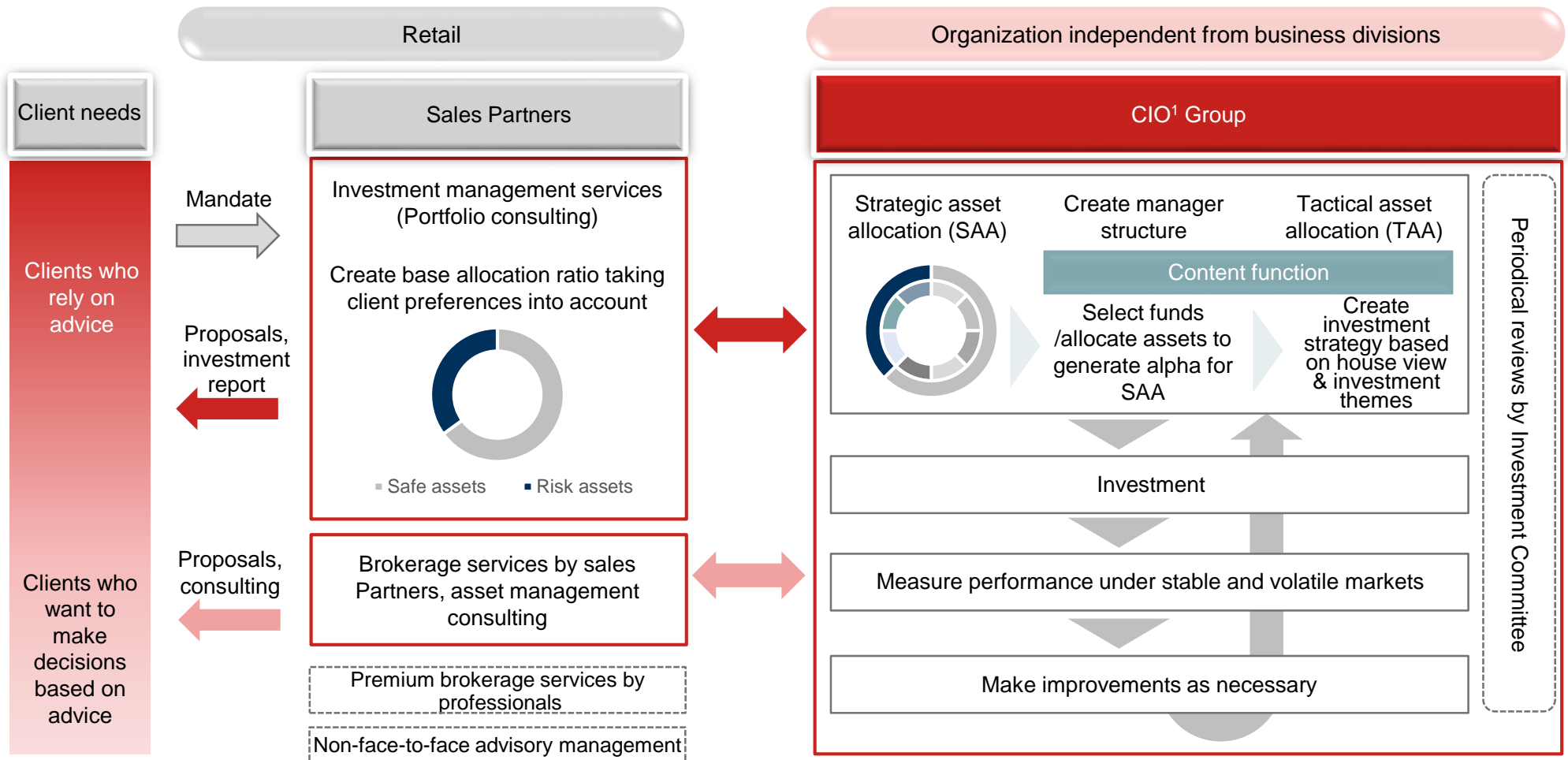
- ✓ Provide products and services to more clients → Increase active clients
- ✓ Broaden range of products and services → Offer combinations of products and services

	Common products and services	Products/services by segment
Consulting by sales Partners	<ul style="list-style-type: none"> ■ Strengthen support framework by assigning dedicated insurance sales staff C R ■ Provide some intermediary services for real estate sales in-house C ■ Inheritance services (Wrap/testament trusts) C ■ Diversify securities-backed loans R 	<ul style="list-style-type: none"> ■ Help clients raise value by supporting core business C ■ Promote workplace NISA, iDeCo (benefit services) C R
	<ul style="list-style-type: none"> ■ Inheritance services (Wrap/testament trusts) C ■ Diversify securities-backed loans R ■ Strengthen portfolio proposals B R ■ Improve discretionary investment services R 	<ul style="list-style-type: none"> ■ Launch of Nomura Equity Premium Service (Equity advice program for HNWIs) B ■ Expand product offering for HNWIs B
	<ul style="list-style-type: none"> ■ Strengthen portfolio proposals B R ■ Improve discretionary investment services R 	<ul style="list-style-type: none"> ■ Launch low cost products B R ■ Enhance webinar program B R
Online	<ul style="list-style-type: none"> ■ Improve user interface and user experience ■ Expand services (competitively priced products, lower interest rate for margin loans via online branches (3%→0.5%), start offering foreign stocks) B 	

Retail: Laying the groundwork for a business shift

- Leverage insights from independent CIO¹ Group
- Enhanced investment strategies based on house view and investment themes

Provide new asset management services: Create high value-added advisory model



1. Chief Investment Office

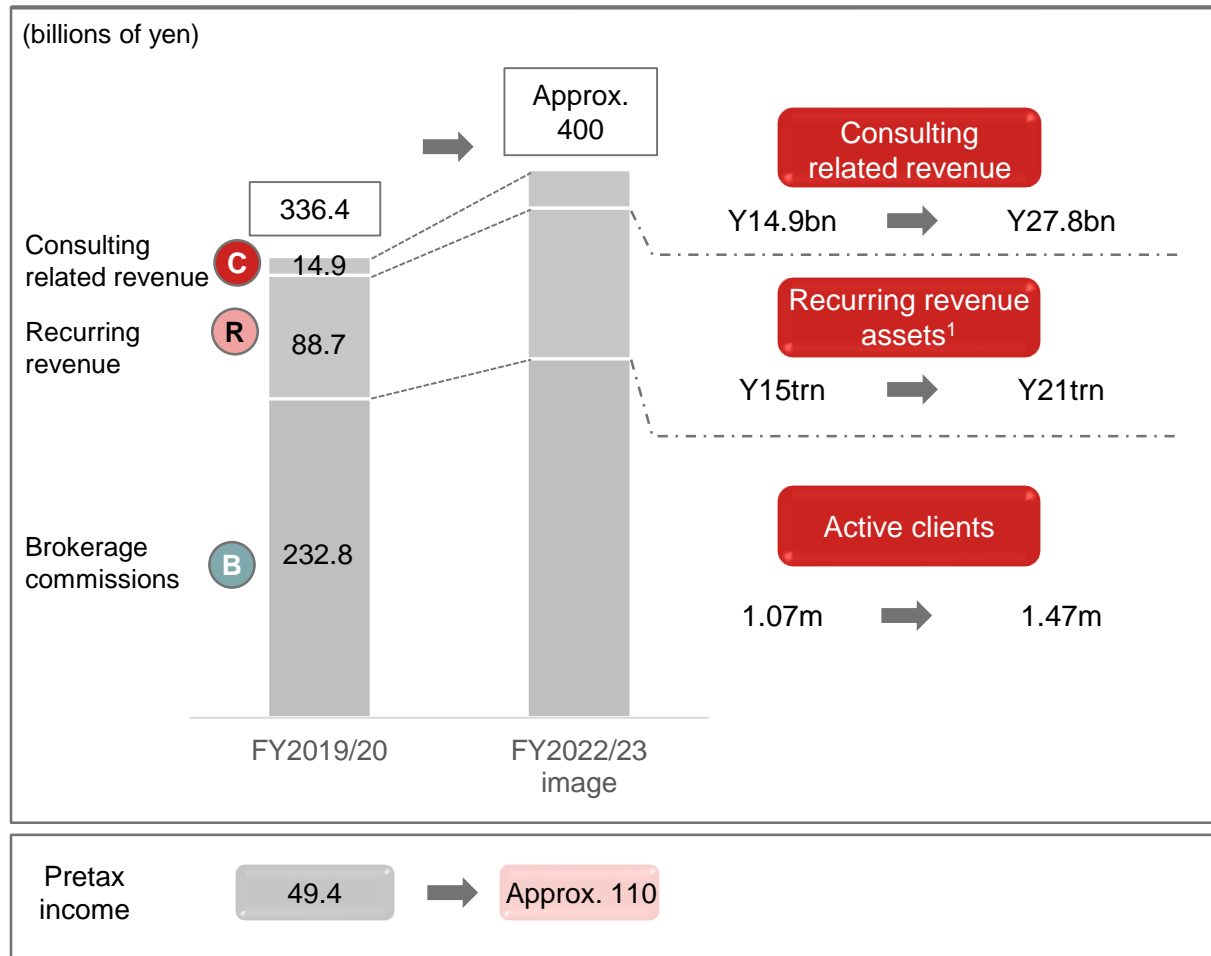
Retail: FY2022/23 KPIs and KGIs

 =Key performance indicator (KPI)

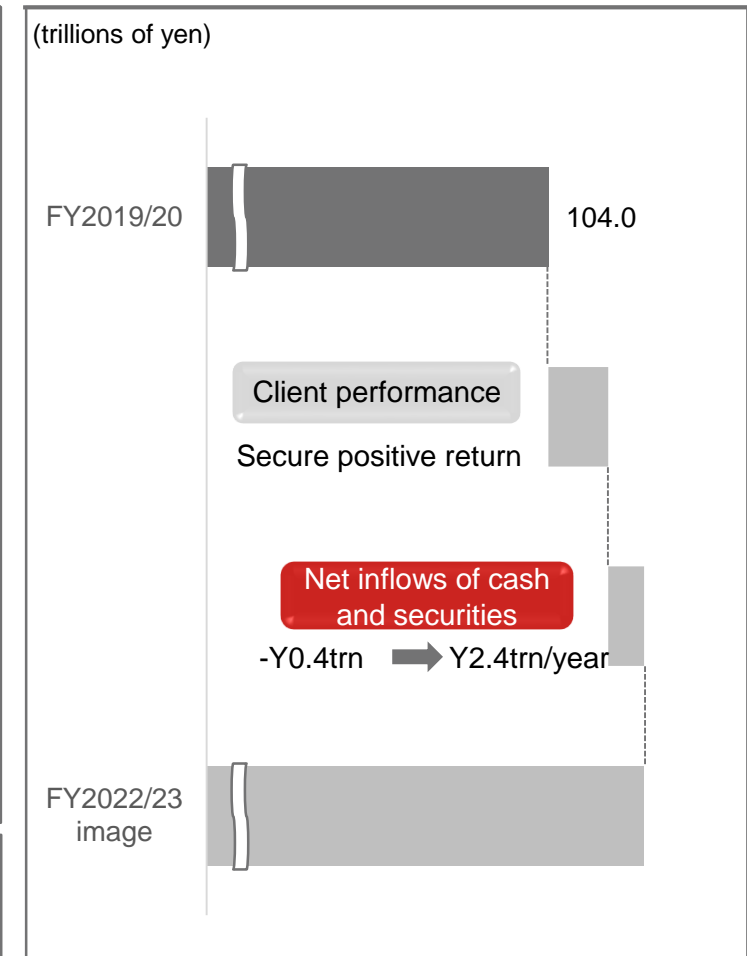
 =Key goal indicator (KGI)

Each KPI shown as FY2019/20 → FY2022/23 target

Financial indicators

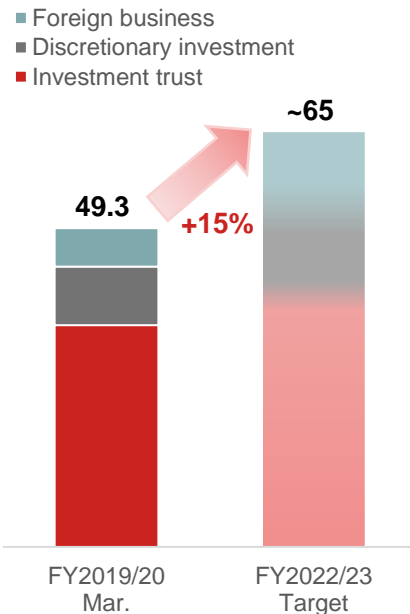
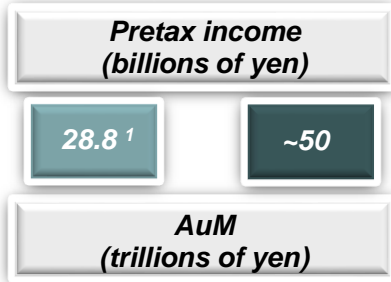


Client assets



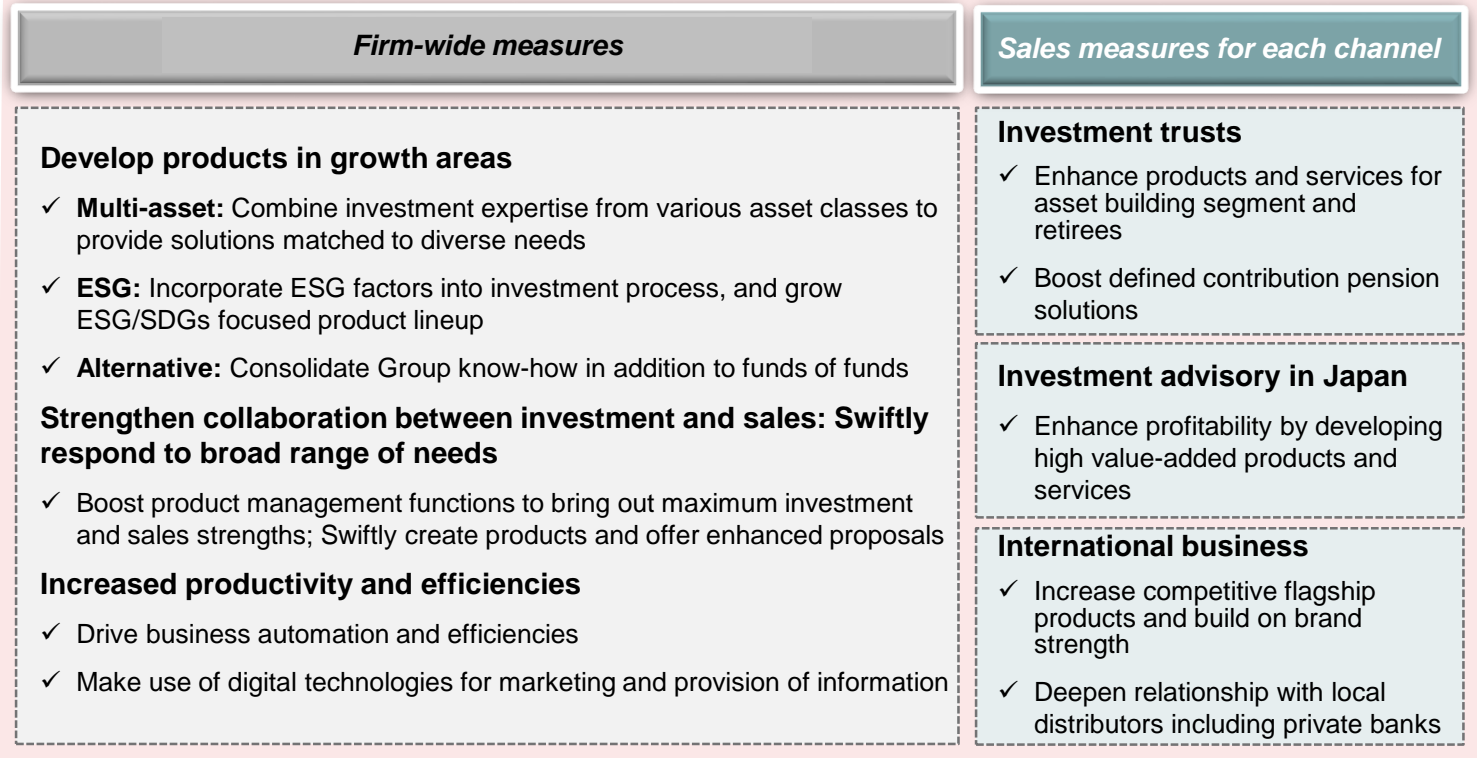
1. Investment trusts (stocks, foreign), discretionary investment services, insurance, loans.

Asset Management: Accelerating growth towards FY2022/23



Vision

- Asset manager of choice for investors worldwide
- Unrivaled leader in Japan
- Asset manager that adapts to change and grows consistently

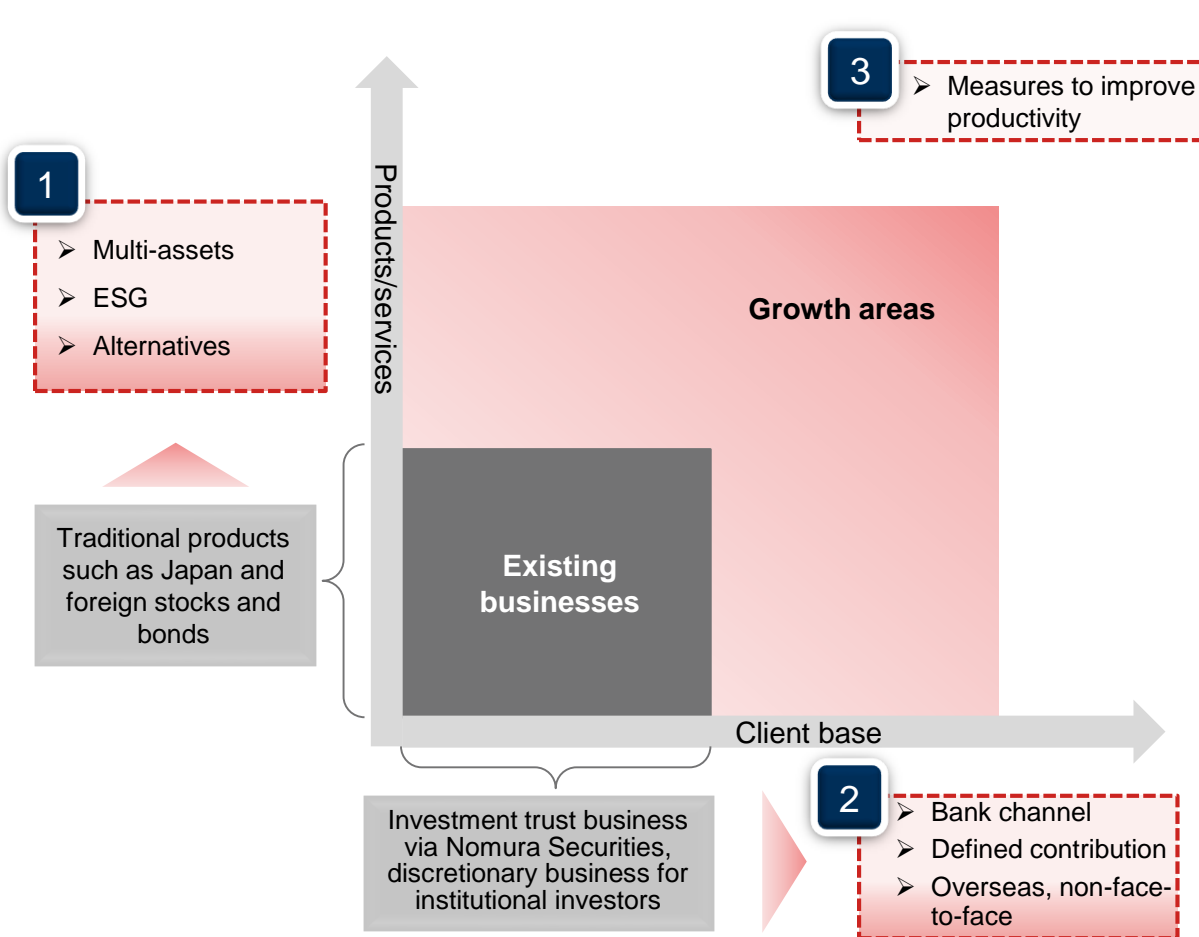


1. FY2019/20 includes American Century Investments related gain/loss (-Y7.6bn)

Asset Management: Growth strategy

- Intensify focus on key existing products and businesses, boost product strategy in growth areas and strengthen initiatives to expand client franchise
- Review and optimize current business operations making use of digital technologies

Product and marketing strategy



- 1 Expand product offering**
 - Provide multi-asset solutions in addition to individual investment strategies
 - Incorporate ESG into investment process
 - Build out alternative product offering
- 2 Grow client franchise**
 - Strengthen approach to asset builders and retirees capturing increased interest in asset management services
 - Offer high quality products and investment solutions for defined contribution pension plans
 - Continued focus on expanding bank channel business, build up presence in online securities
 - Maintain partnership with ACI in Japan and overseas
- 3 Boost productivity, optimize operations**
 - Promote business process reforms using AI and other digital technologies
 - Run organization in line with the times

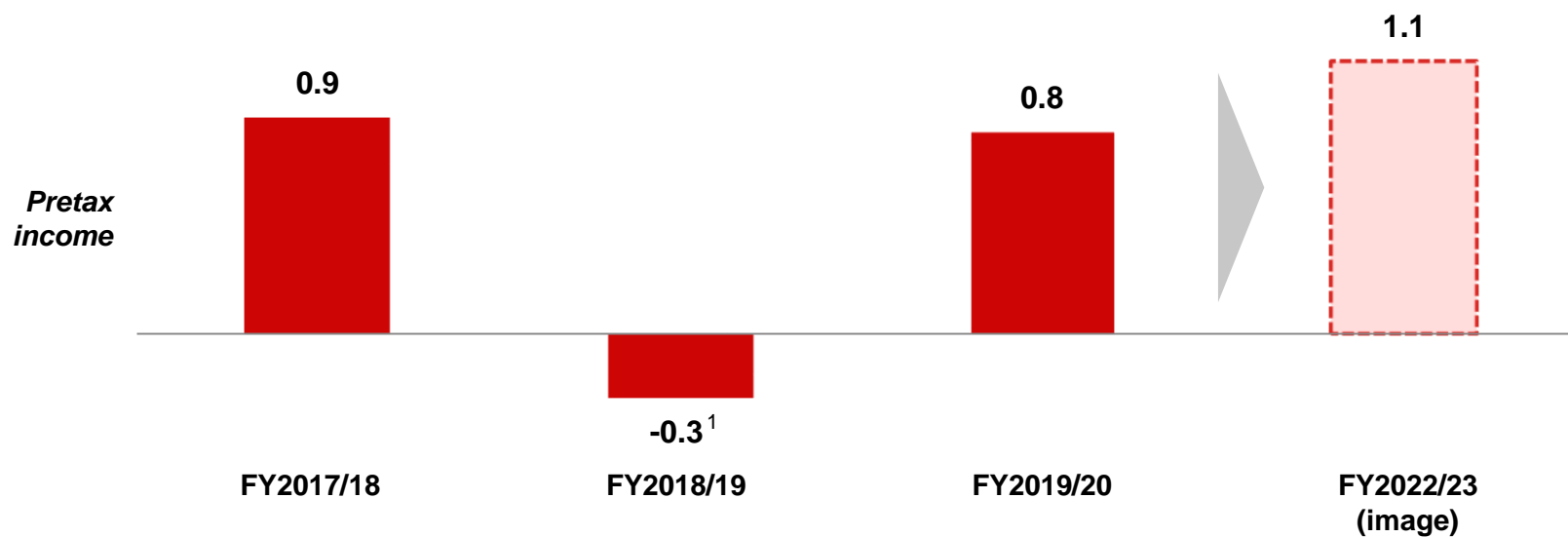
Wholesale: FY2022/23 targets

Establish platform to deliver consistent pretax income of \$1.1bn by FY2022/23

(billions of USD)

Net revenue	6.5	5.0	6.0	6.3
Revenue/RWA	6.5%	5.0%	6.5%	
Expenses	5.6	5.3 ¹	5.1	5.2
Expenses/Revenue	86%	105% ¹	86%	82%

Run-rate cost² excluding increase in expenses due to revenue growth is \$4.7bn; Progressing to plan



1. Excluding goodwill impairment charge attributable to Wholesale (Y81bn).
 2. Pay-for-performance related to higher revenues, new hiring for growth, etc. excluded from run rate.

Wholesale: FY2022/23 KPIs

Improve profitability and efficiency

	Indicator	FY2022/23 target	Key actions
Improve resource efficiency	<ul style="list-style-type: none"> Revenue/RWA 	<p>Approx. 6%¹ Currently: 5.0% to 6.5%</p>	<ul style="list-style-type: none"> ✓ Strengthen four main products in Global Markets ✓ Monetize liquidity and hedging needs amid high volatility ✓ Dynamic resource allocation in line with changing external environment
Improve operational efficiency	<ul style="list-style-type: none"> CIR (Expenses/Revenue) 	<p>82% or lower Currently: 86% to 105%</p>	
Revenue diversification	<ul style="list-style-type: none"> Growth of fee and commission based revenue (Revenue from Execution Services, M&A, etc.) 	<p>+15% or higher vs. FY2019/20 actual (approx. \$1bn)</p>	
			<ul style="list-style-type: none"> ✓ Selective investment to further develop fee-based revenue streams ✓ Make full use of the Group ✓ Pursue digitalization to create new revenue streams

1. Uncertain impacts such as regulatory changes are not considered at present.

Wholesale: Business mix geared to operating environment

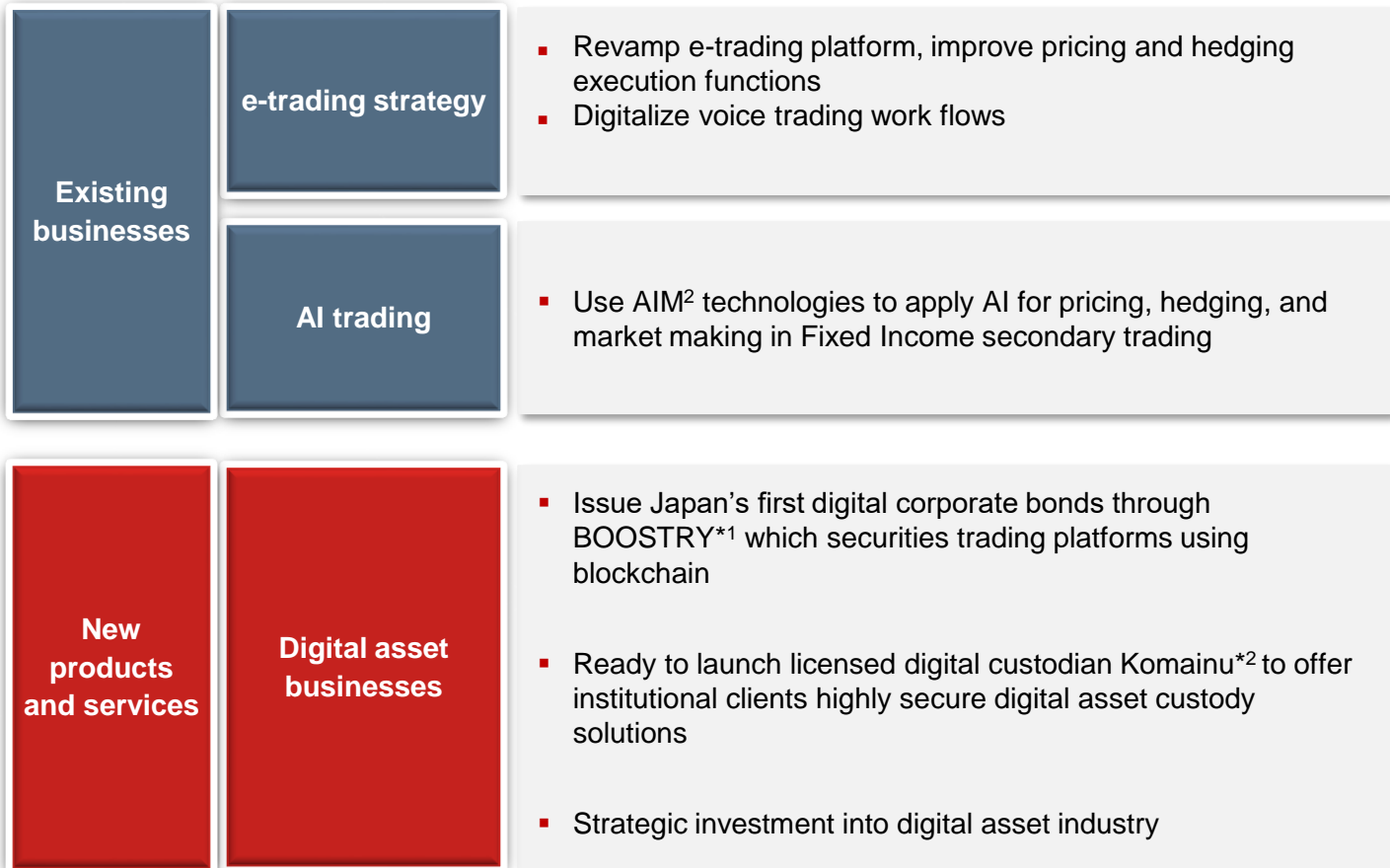
Business	Revenue contribution ¹	Operating environment	Strategic focus	Future outlook
Execution Services		<ul style="list-style-type: none"> Higher client activity from increased volatility in short term 	<ul style="list-style-type: none"> Further gain in market share Expansion of non-brokerage revenue streams to expand wallet share through multi-product services Continued focus on cost efficiency 	Grow
Secondary Trading		<ul style="list-style-type: none"> Followed by normalization and return to robust activity in steady state 	<ul style="list-style-type: none"> Continued growth in core areas Improved monetization and differentiation in Flow Trading by use of technology Monetize demand for liquidity 	Maintain
Origination / Financing		<ul style="list-style-type: none"> Slowdown in deal flow in short term 	<ul style="list-style-type: none"> Support client financing through structured and solutions offerings Drive resource efficiencies, prudently manage exposure 	Opportunistically pursue
Advisory		<ul style="list-style-type: none"> Expected to pick up as economy recovers 	<ul style="list-style-type: none"> Capitalize on new opportunities Scale-up of key focus sectors (collaboration with Greentech) 	Grow
New business opportunities			<ul style="list-style-type: none"> Pursue partnerships with third parties Invest to build new digital businesses 	Grow

1. FY2019/20 actual.

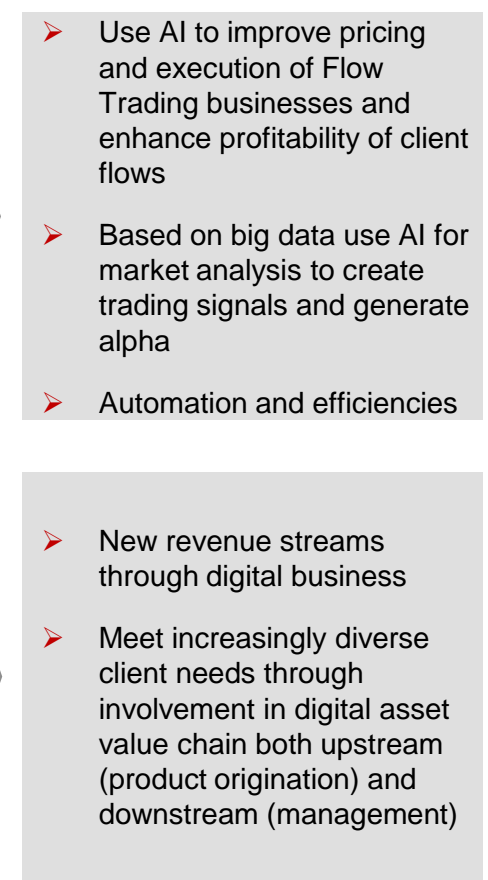
Wholesale: Digital transformation for revenue growth

- Accelerate digital transformation of existing businesses
- Offer new high value-added products and services, create new revenue streams through differentiation

Initiatives



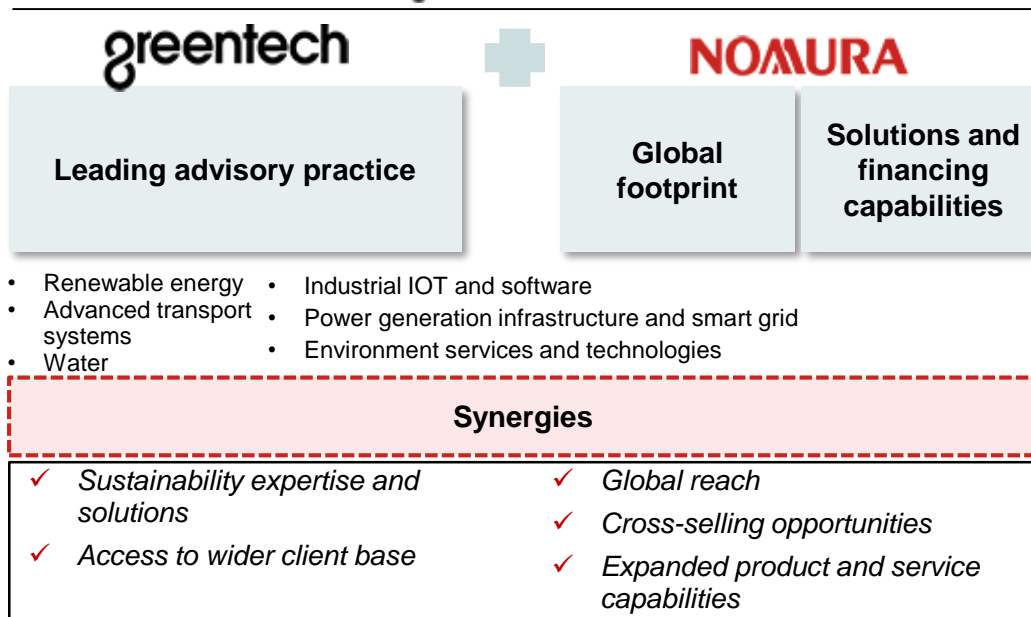
Results



*1. Joint venture with Nomura Research Institute.
 *2. Joint venture with Ledger and Global Advisors.

Wholesale: ESG initiatives

- Acquired Greentech Capital Advisors, a leading player in sustainable technology and infrastructure sectors
- Synergies with Nomura franchise will allow us to contribute to sustainable society



- Completed acquisition in April 2020
 - Soon compete seamless integration of strategies, sales teams, operations and systems for regions and products
- Cross-selling opportunities
 - Advisory
 - Advisory services with specialized content
 - Solutions
 - Deal contingent hedging and other hedging solutions
 - Financing
 - Sustainable bonds, public offerings, private placements, private equity/infrastructure funds financing, financing for sustainable projects/companies

Build ESG-related financing and advisory platform meet social needs and increased demand for sustainable products

Medium term revenue upside: \$100m+ (annual)

1

Introduction

2

Management vision

3

Business strategy

4

In closing

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.
- All rights regarding this document are reserved by Nomura unless otherwise indicated. No part of this document shall be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Nomura.
- 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.

Nomura Holdings, Inc.
www.nomura.com