

Case Study: Nomura's Strategies on Globalization and Transformation

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Consolidation in Banking Industry and Brokerage Houses

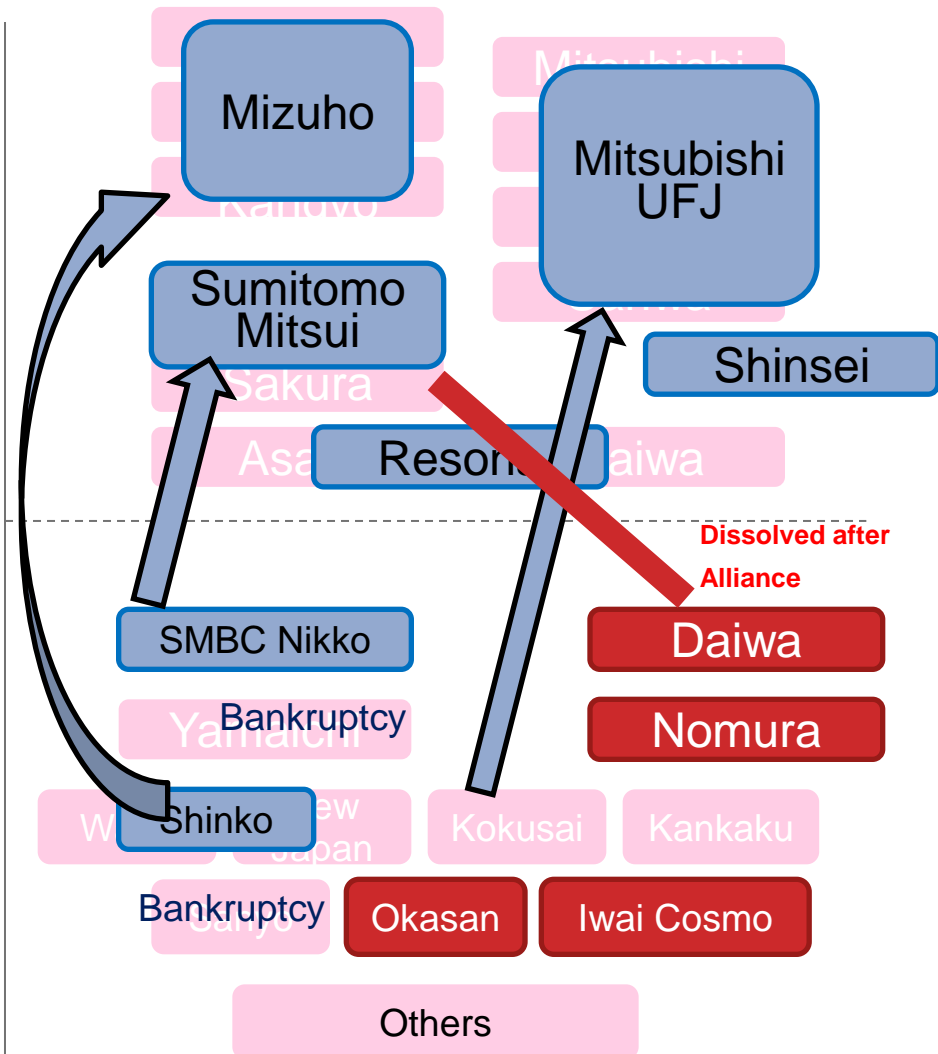
1995

Current (2015)

Banking Sector



Securities Sector

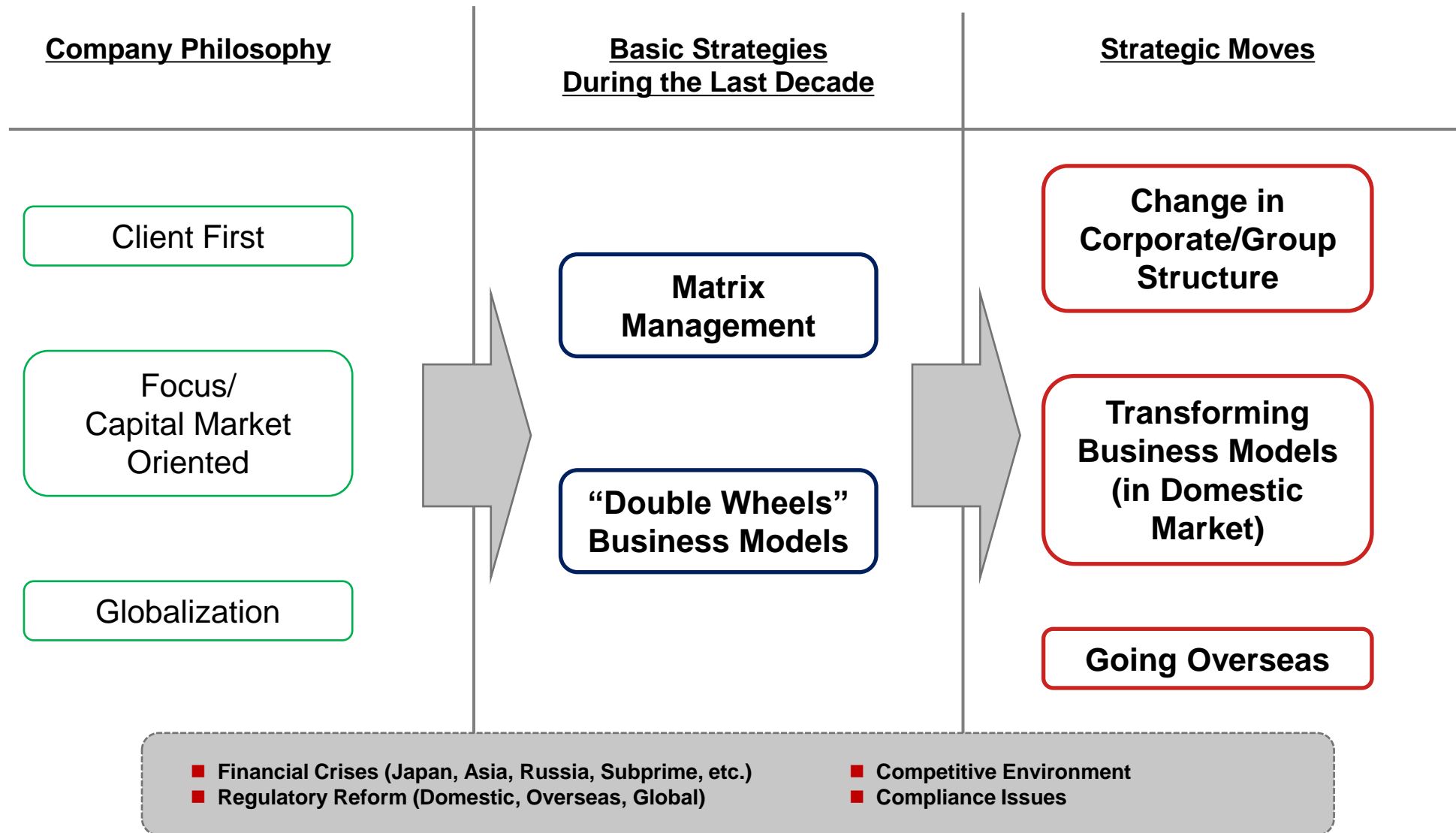


Changes in Corporate Structure in the Last Decade

Nomura's Corporate Structure and Group Management: Historical Overview

Year	Event
1997	<ul style="list-style-type: none"> ■ Establishment of Nomura Asset Management Co., Ltd.: Merger of Nomura Securities Investment Trust and Nomura Investment Management (In 2001, Nomura Asset Management became a wholly-owned subsidiary of Nomura Holdings)
1998	<ul style="list-style-type: none"> ■ “New Business Plan”: Introduction of Matrix Management Structure
2001	<ul style="list-style-type: none"> ■ Establishment of Nomura Holdings, Inc.: Introduction of Holding Company Structure ■ Listing Nomura’s American Depository Receipt (ADR) on the New York Stock Exchange
2003	<ul style="list-style-type: none"> ■ Adopting “Committee System” on Nomura’s Board of Directors Structure
2007	<ul style="list-style-type: none"> ■ Instinet (execution services provider) became a subsidiary of Nomura Holdings Inc.
2008	<ul style="list-style-type: none"> ■ Acquisition of Lehman Brothers' Asia-Pacific franchise and certain operations in Europe and the Middle East. ■ Acquisition of Lehman Brothers' service platform in India.

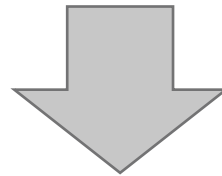
Overview of Nomura's Strategic Moves (Concept)



Roles of Securities Firms in Financial Services Industry

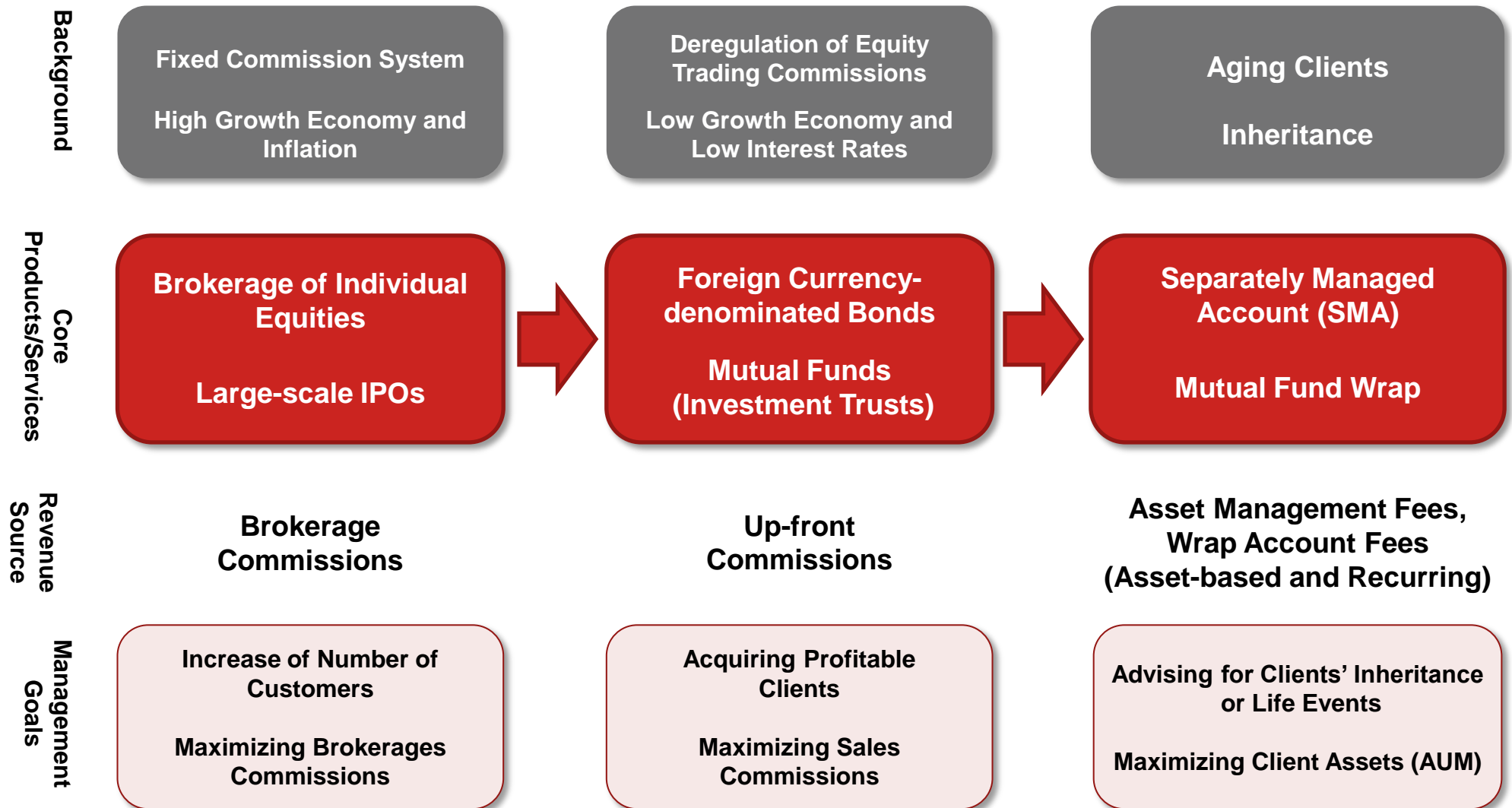
- Advices and Values Provided by Securities Firms: More Diversified and More Technically Demanding

Major Business Types	Significances
<ul style="list-style-type: none"> • Broker (Agent) • Dealer (Principal) • Underwriter • Offering/ Selling 	<ul style="list-style-type: none"> • Capital formation/raising • Providing investment opportunities • Intermediaries of public securities market



Major Business Lines	Significances
<ul style="list-style-type: none"> • Retail (Distribution/Wealth Management) • Asset Management • Wholesale <ul style="list-style-type: none"> – Global Markets (Equity/Fixed Income/ Derivatives) – Investment Banking • Others (Banking, Trust etc.) 	<ul style="list-style-type: none"> • Financial planning/consulting • Financial product manufacturing • Advisory/Providing solutions • Providing risk capital to economy

Historical Transition of Retail Investment Service in Japan

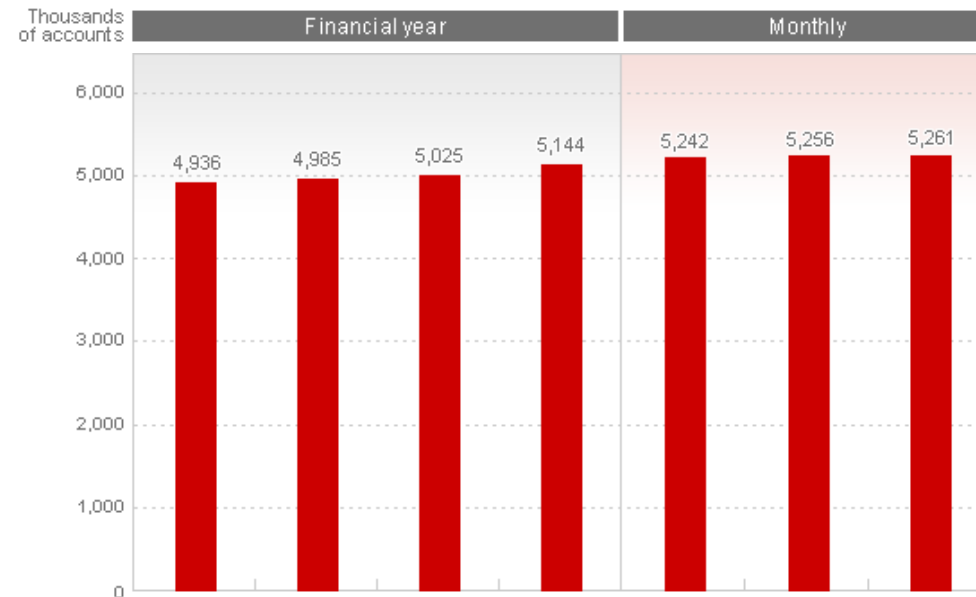
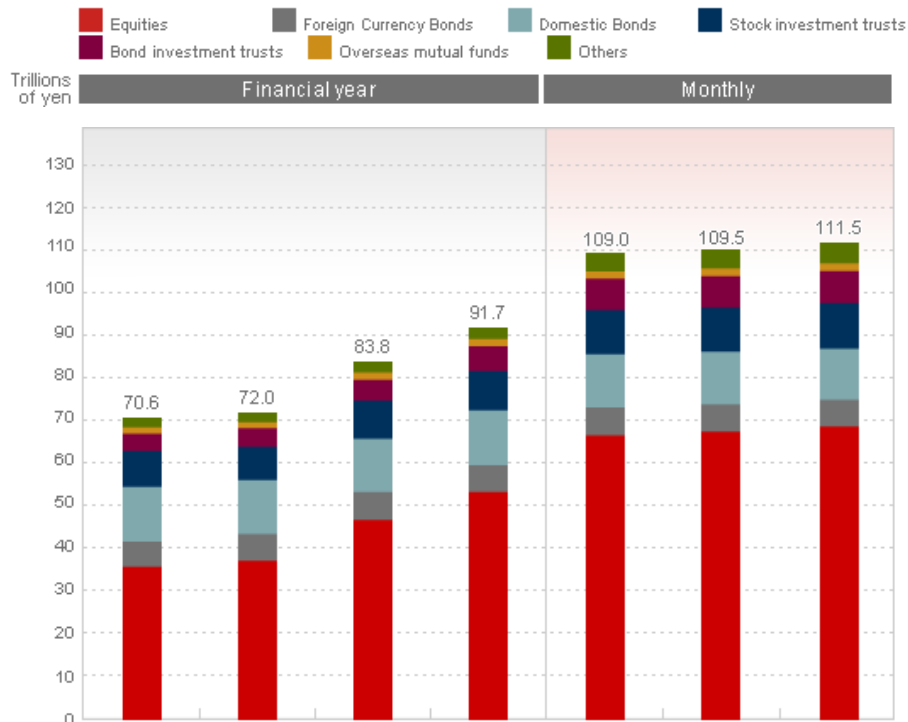


Transformation of Retail Brokerage Business

- Historically it has been told Nomura's Retail segment is good at distributing financial products.
- Currently the number of retail accounts surpassed approx. 5.2 million, representing almost 25% of all Japanese securities accounts, which provides various business opportunities.
- With its over JPY 100 trillion AUM, Nomura is by far the largest securities company in Japan.

Nomura's Retail Division: Client Assets

Nomura's Retail Division: Accounts with Balance

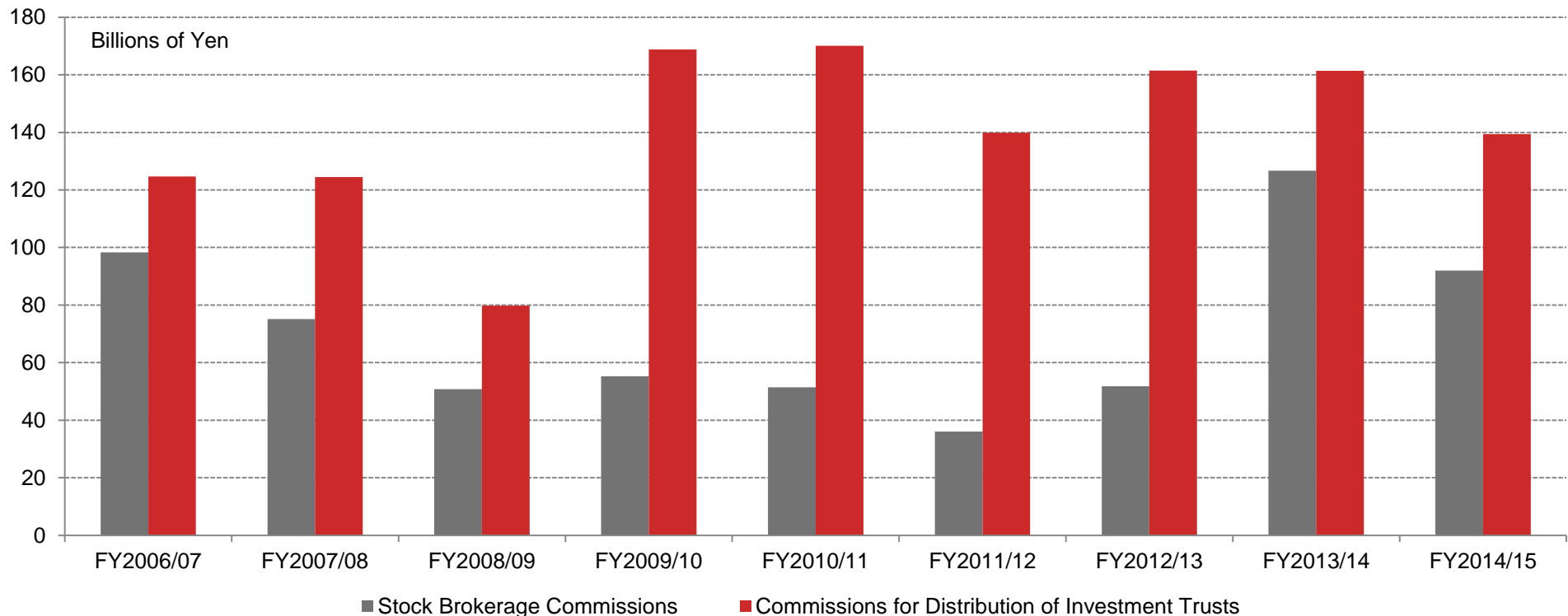


Source: Financial Results of Nomura Holdings

Transformation of Retail Brokerage Business

- Create synergies between wholesale(manufacturing of investment products) and retail(distribution) businesses
- At the same time, enhance consulting sales, wealth management, DC/employer related businesses for expanding investor base

Nomura's Retail Division: Changes in Major Revenue Accounts

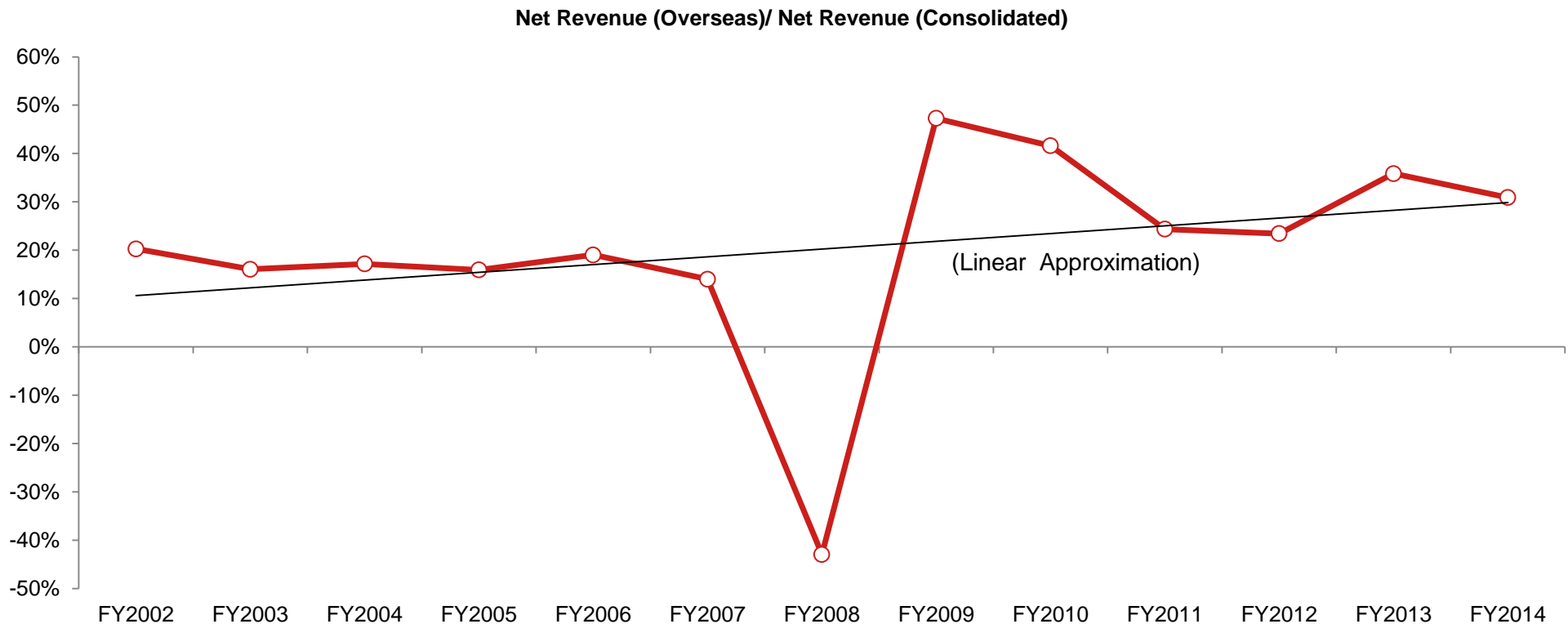


Source: Financial Results of Nomura Holdings

Efforts for Globalization

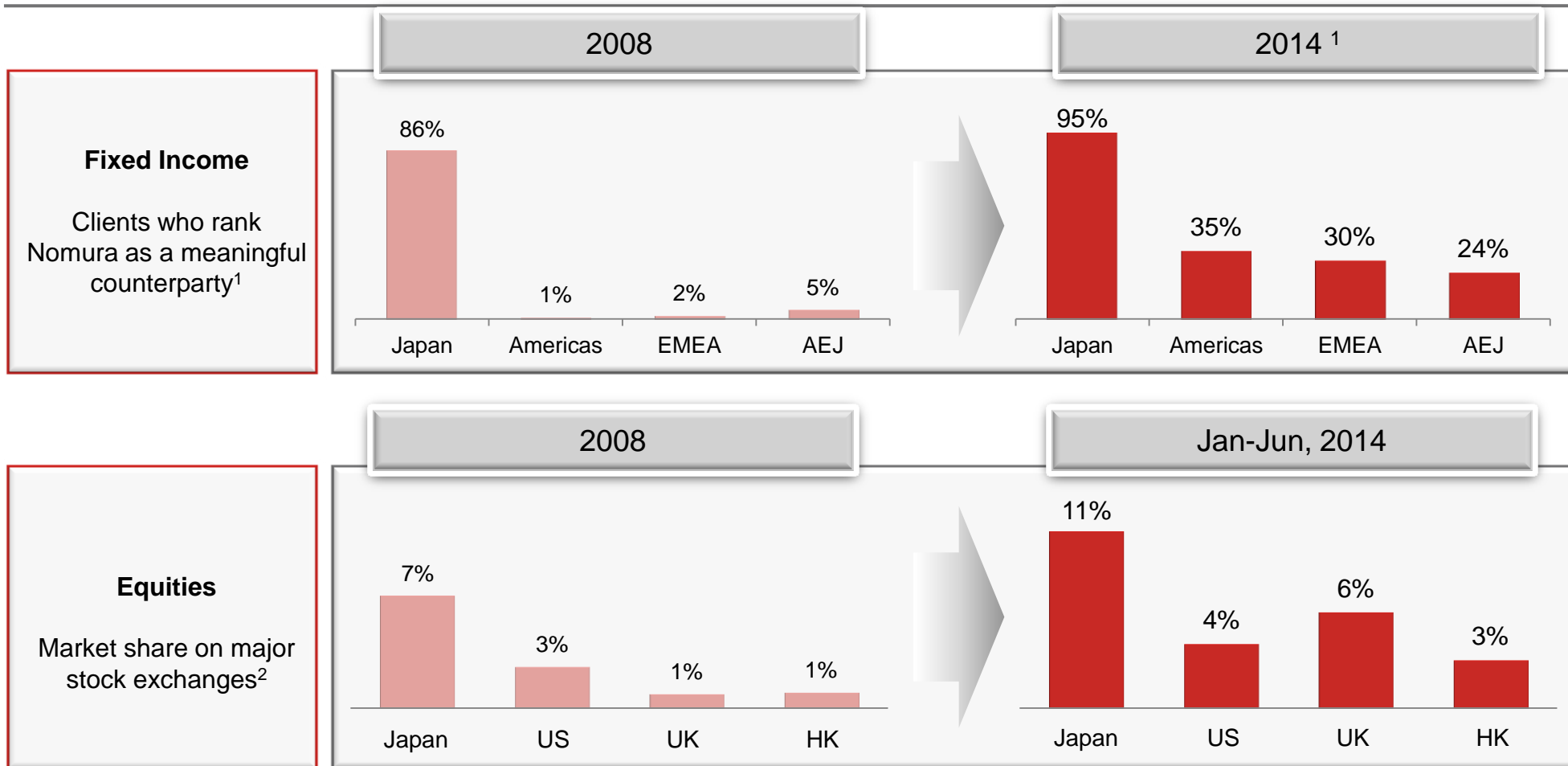
- Developing Relatively Niche and Innovative Businesses: CMBS, Securitization, Private Equity, High Yield Debt (Investment Management), etc.
- Acquiring Europe and Asia Operation of Lehman Brothers
- Aiming to become “Asia’s Global Investment Bank”

Nomura’s Net Revenues (Revenue after Financial Charge Deduction): Overseas vs. Domestic



Global Markets: Growth of client

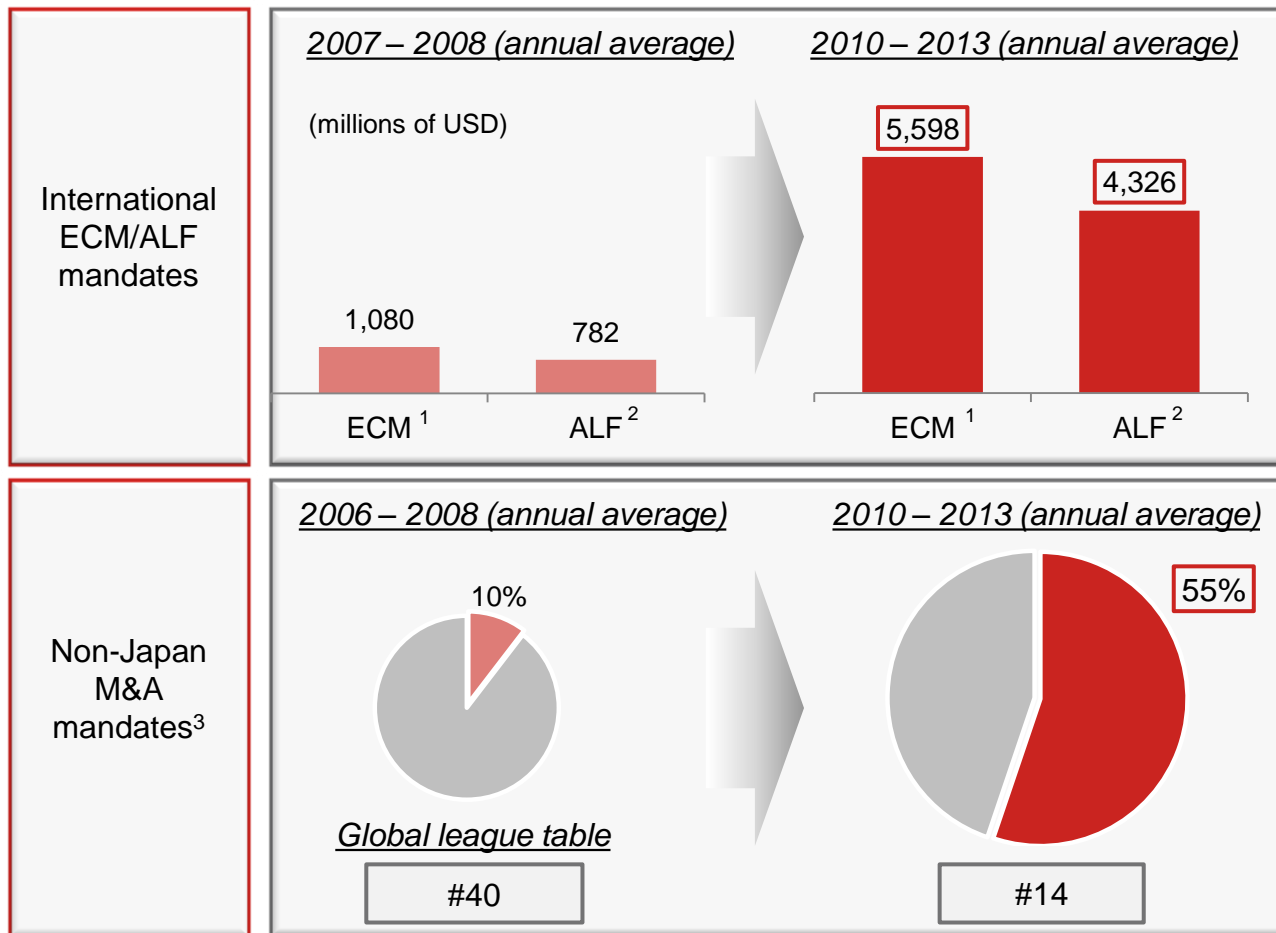
Client business growth driven by expansion of business platform



1. Source: 2008 – 2014 Greenwich Associates Fixed-Income Studies for North America, Asia and Europe. Japan figures are for 2008 - 2013 yen products.
 2. Japan: Tokyo Stock Exchange; US: New York Stock Exchange, NASDAQ others; UK: London Stock Exchange; Hong Kong: Hong Kong Stock Exchange.

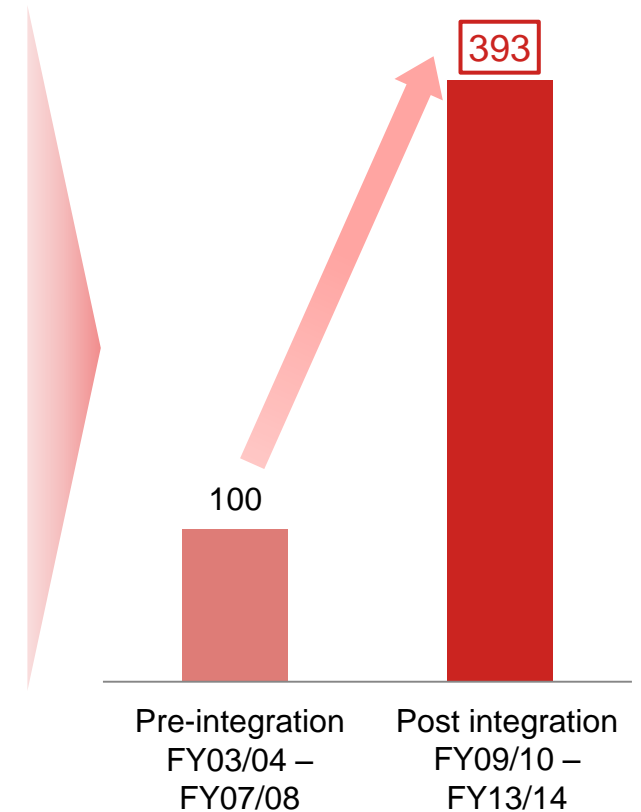
Investment Banking: Stronger international franchise

Marked improvement in international service and product capabilities



Jump in international revenues

International Investment Banking revenues
(Rebased, pre-integration=100)



1. Source: Nomura, based on data from Thomson Reuters; Deals in which Nomura was involved as Co-Manager or higher role .

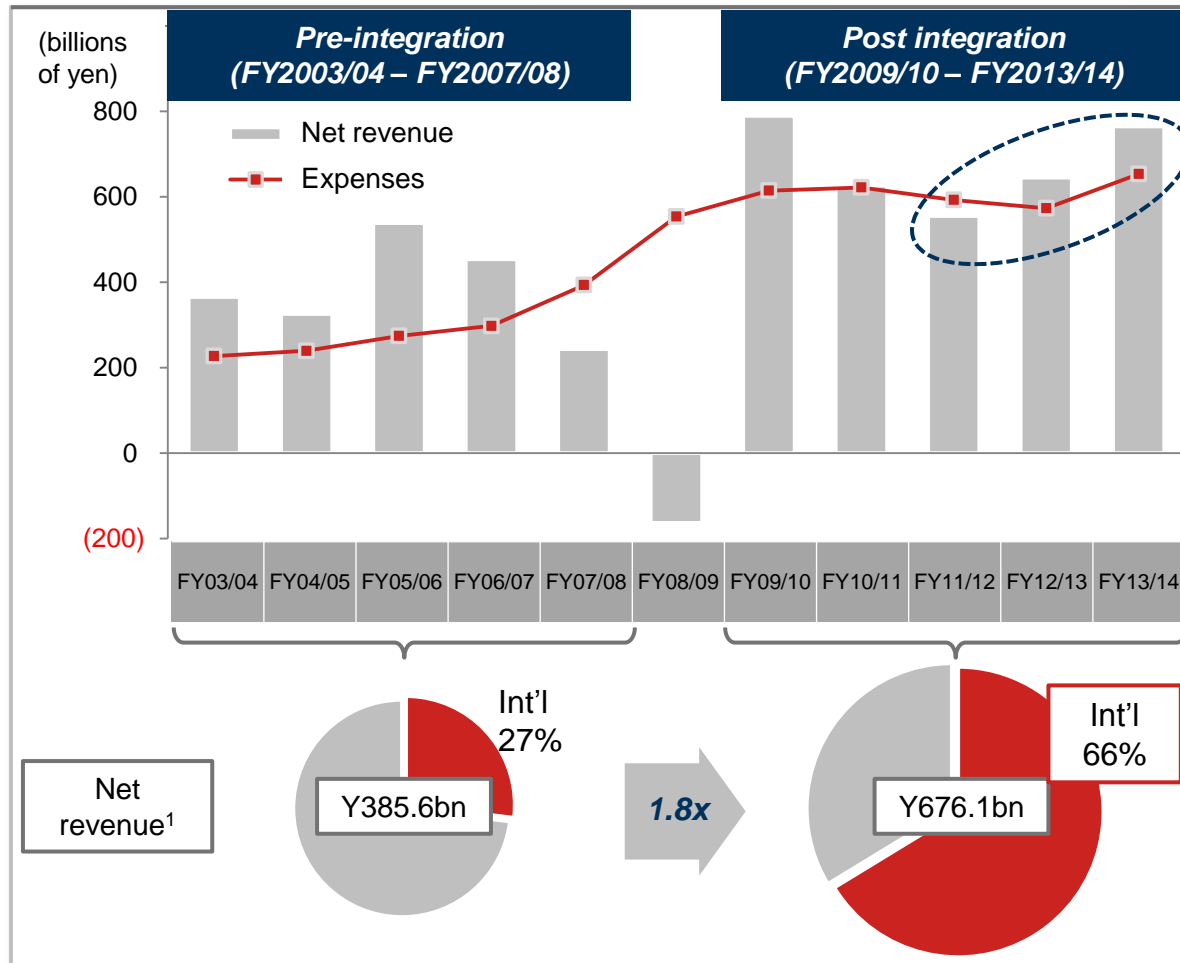
2. Source: Nomura, based on data from Bloomberg.

3. Source: Nomura, based on data from Thomson Reuters; Percentage on transaction value basis of M&A deals not involving Japanese companies in which Nomura played a role.

Wholesale revenues and expenses

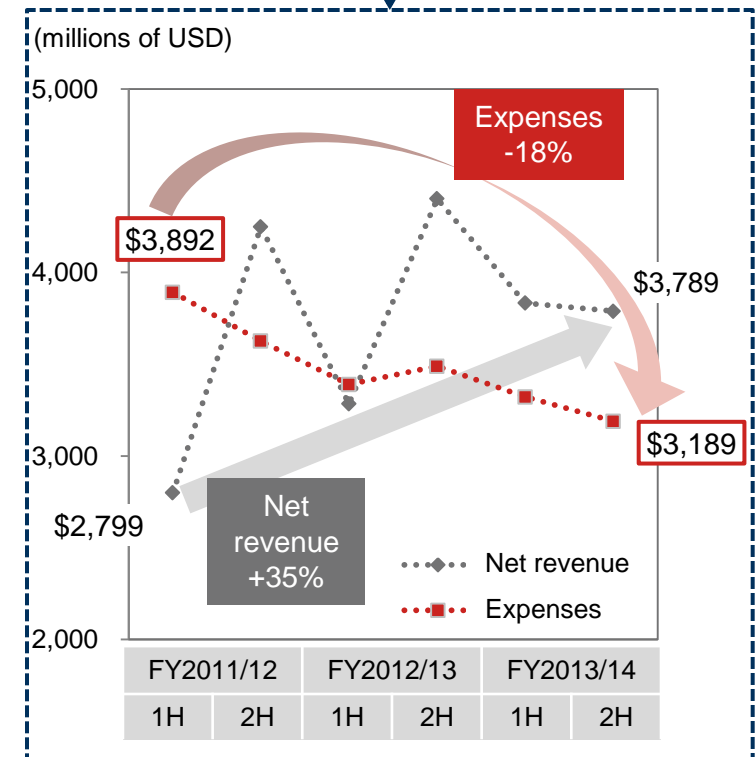
- Through “Fit for the Future” exercise, a quality of human resource has made an improvement.
- The exercise has also contributed to cementing a team spirit across business divisions and borders.

Wholesale revenues and expenses rose sharply after integration



Aligned costs to environment: “Fit for the Future”

Revenues and expenses on USD basis²

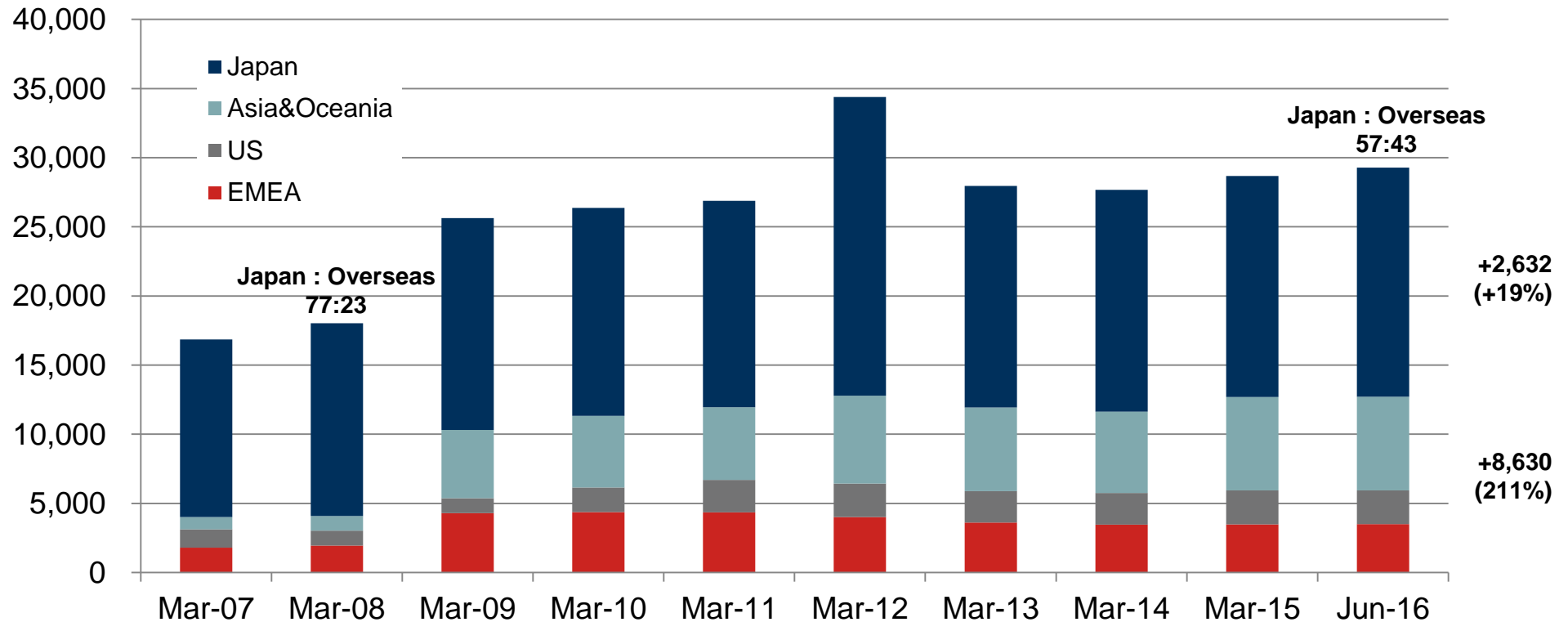


1. Five year annual average.

2. Exchange rate is six month average of month-end spot rate. FY2011/12 : 1H=Y79.16, 2H=Y78.48; FY2012/13: 1H=Y78.87, 2H=Y87.66; FY2013/14: 1H=Y98.58, 2H=Y102.18.

Human Resource – Driver of our business

- Lehman integration was a stepping stone for Nomura’s globalization.
- Higher profile in the industry thanks to the integration has made it possible for Nomura to attract talents across the regions and countries.
- While we appreciate a diversity of our staffs, we’re trying to achieve sharing the same level of understanding in Nomura founding principles and corporate ethics.



Leveraging global platform to diversify revenues

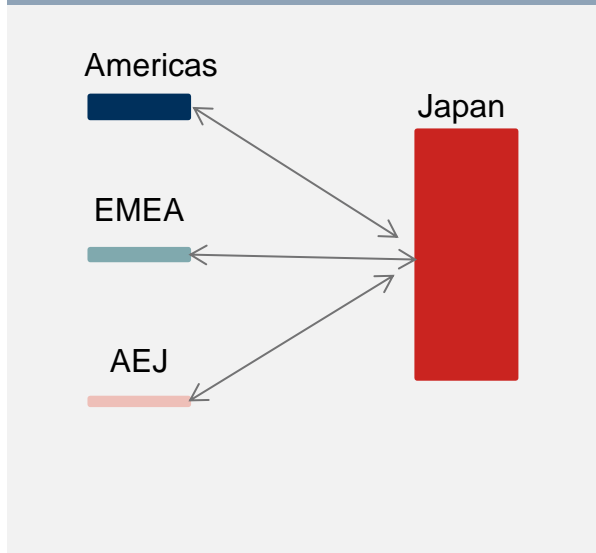
- The foundation has been built.
- Listening well to and working hard with our clients on the highest level of corporate ethics sharing our founding principles should enable us to achieve the goal.

FY2005/06 – FY2007/08

Firm-wide annual revenues (average) **Approx. Y1trn**

International revenues **Approx. 16%**

- ✓ Japan equities business
- ✓ Foreign bonds and niche products for Japanese institutional investors



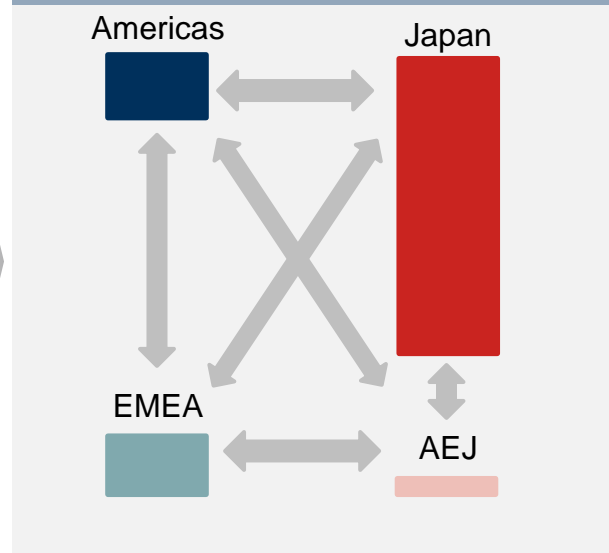
International contribution **Loss**

FY2012/13 – FY2014/15

Firm-wide annual revenues (average) **Approx. Y1.5trn¹**

International revenues **Approx. 30%**

- ✓ Products and services for global clients
- ✓ Increase in cross-border deals



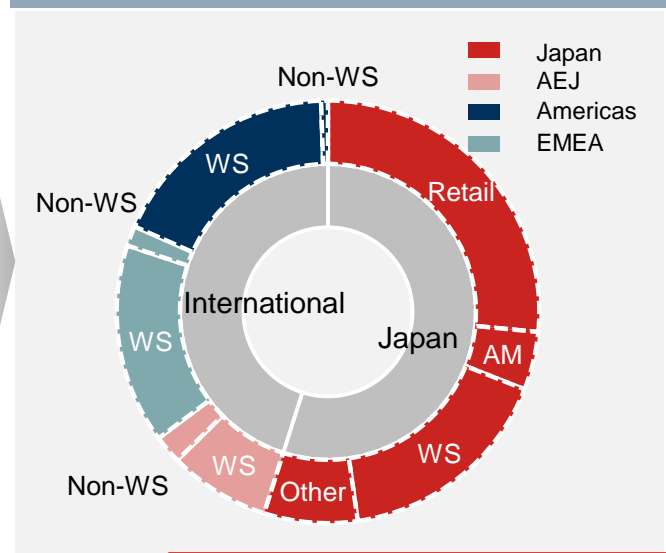
International contribution **Break-even**

FY2019/20 (rough estimate)

Firm-wide annual revenues **Y1.8 – Y1.9trn**

International revenues **Approx. 40%**

- ✓ Further develop client businesses
- ✓ Expand non-Wholesale international businesses



International contribution **Approx. 25% of firm-wide pretax income**

1. Excluding Nomura Real Estate Holdings

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