

## **Nomura Asia Equity Forum 2010**

June 2010

Kenichi Watanabe  
President and CEO  
Nomura Holdings, Inc.

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1. **Review of last fiscal year**

2. **Nomura's current position**

3. **Business segments**

- Wholesale (Global Markets, Investment Banking)
- Retail
- Asset Management

4. **Strategy in Asia**

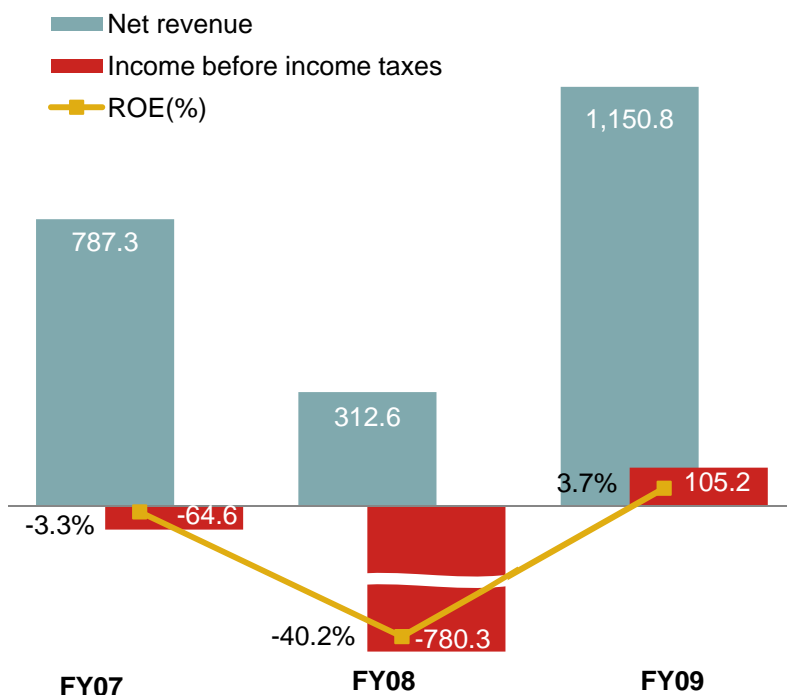
5. **In closing**

# Breakdown of revenues for last fiscal year

## Key components of financial results

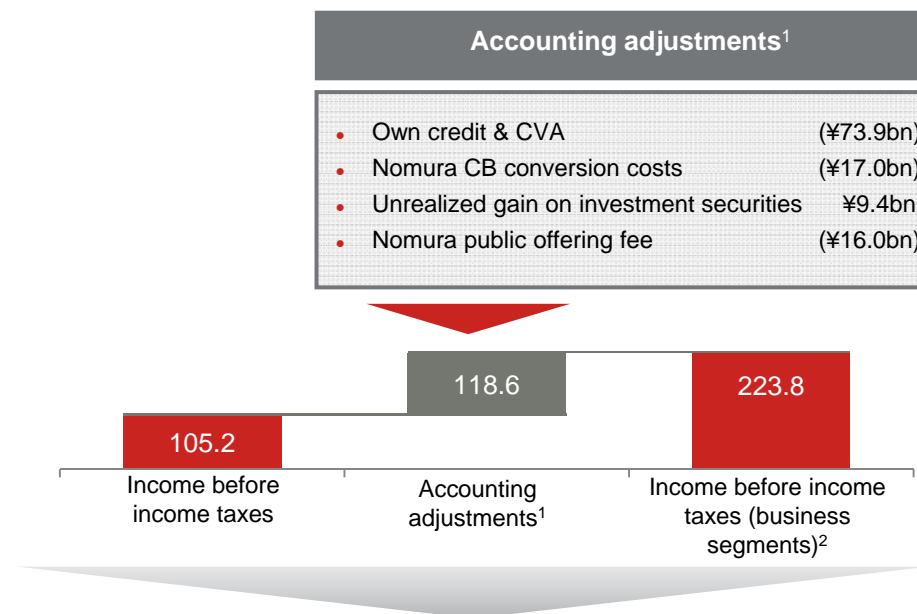
### Net revenue, income/loss before income taxes and ROE

(billions of yen)



### Income before income taxes for year ended Mar 2010

(billions of yen)

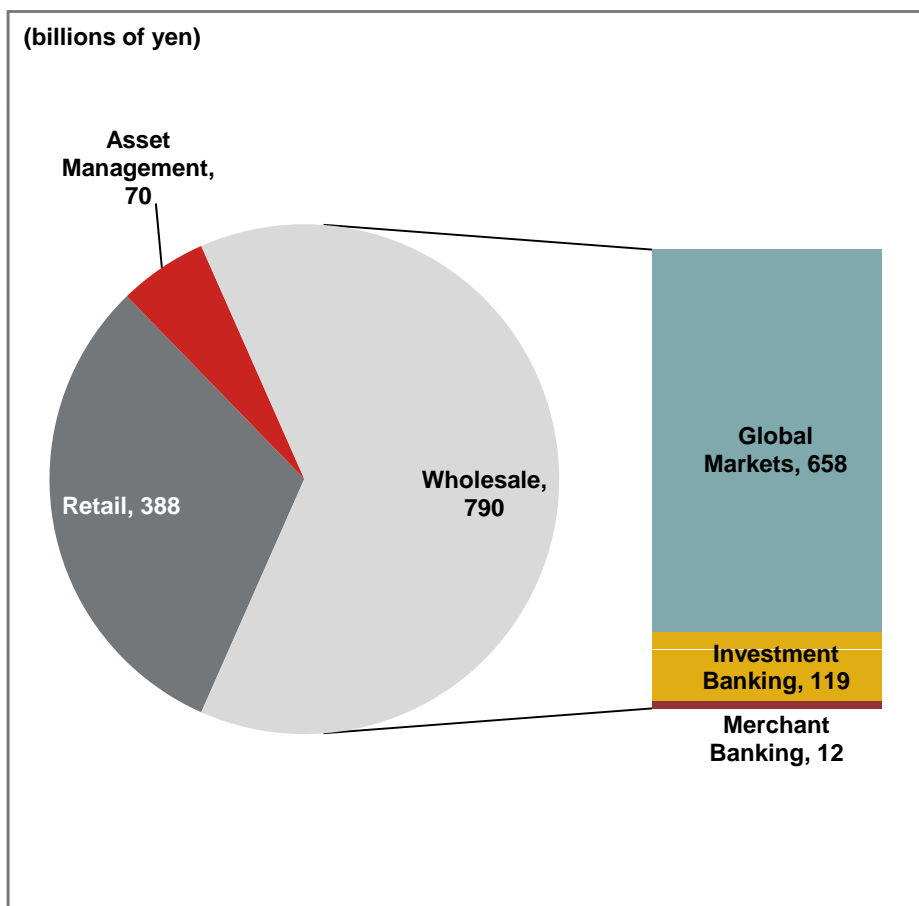


1. Accounting items not attributable to business segments  
 2. Including corporate items

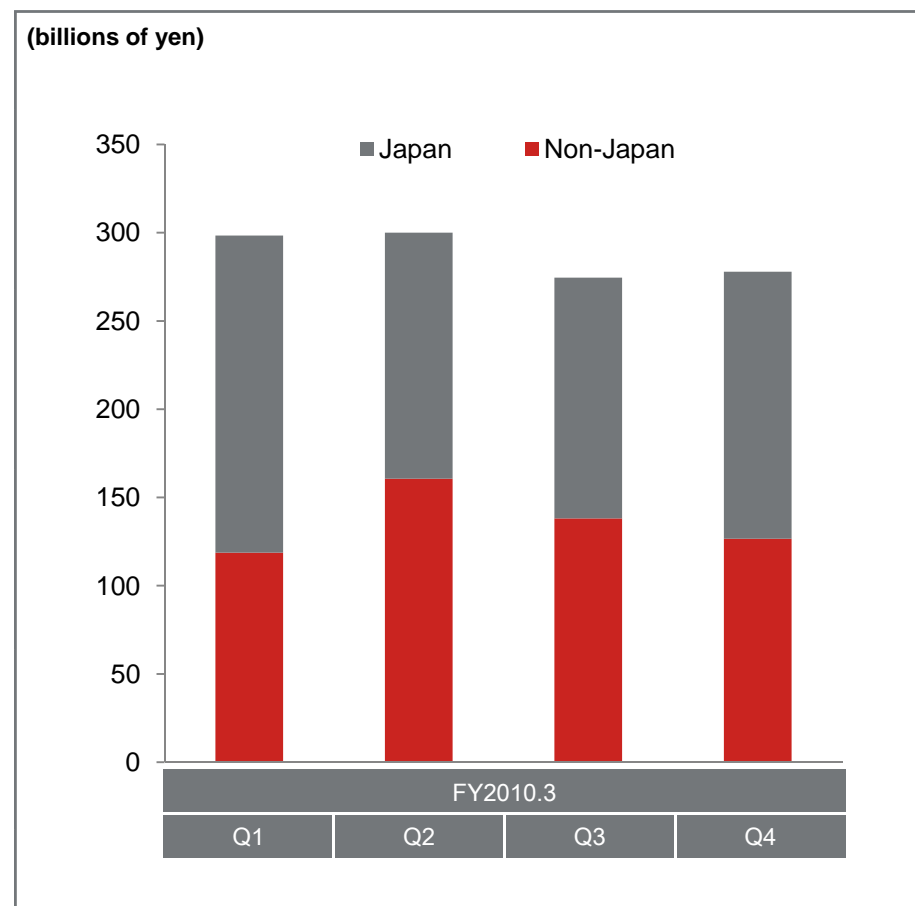
- ✓ Profitable for four straight quarters; all five business divisions in profit on full year basis.
- ✓ Returned to profit on full year basis with all business divisions contributing. All regions profitable.

# Net revenue by division and region

FY2009/10 net revenue by division



FY2009/10 net revenue by region



## Review of last fiscal year

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# On way to being world-class

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1. Review of last fiscal year

2. **Nomura's positioning**

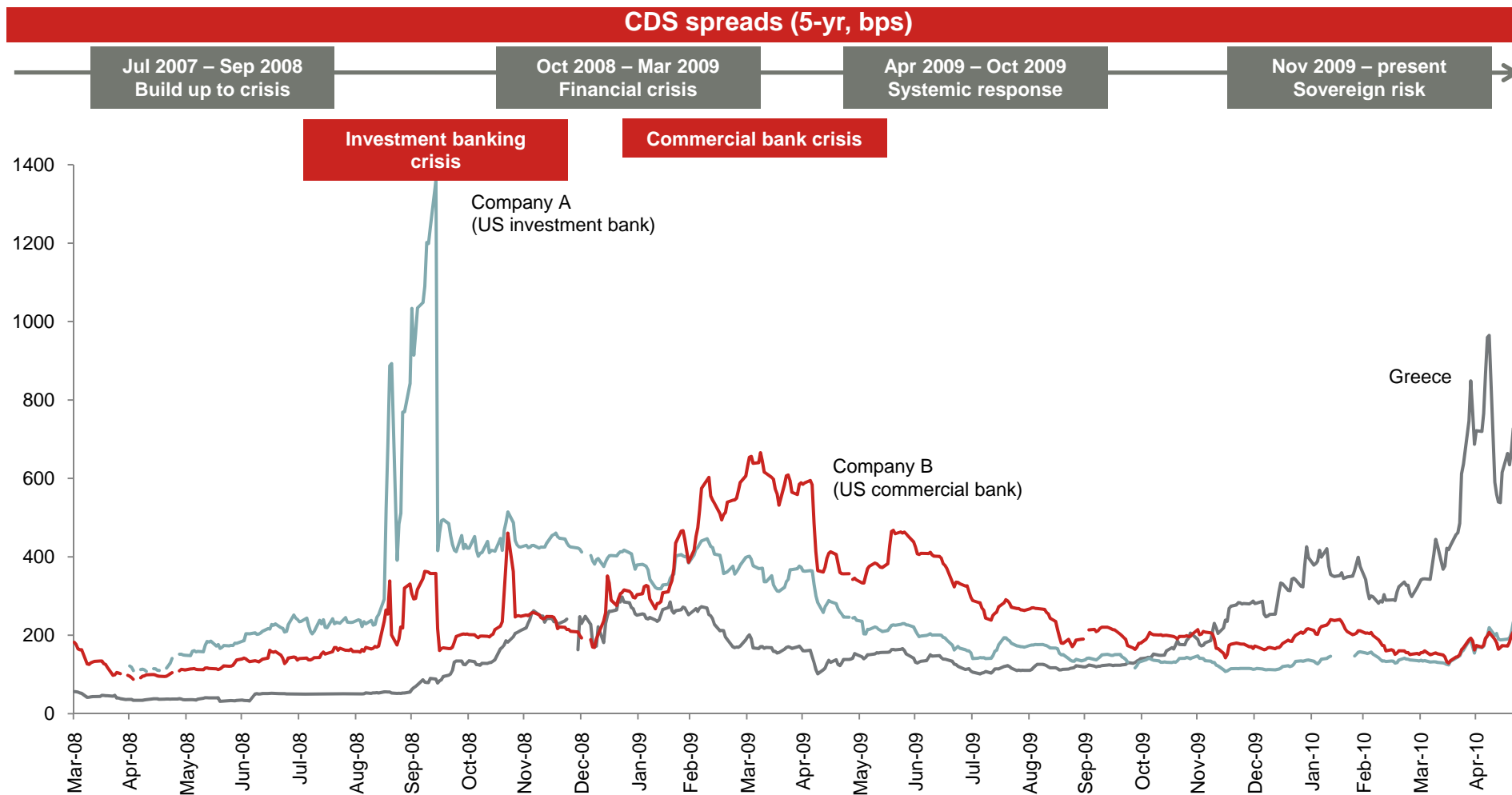
3. **Business segments**

- Wholesale (Global Markets, Investment Banking)
- Retail
- Asset Management

4. Strategy in Asia

5. In closing

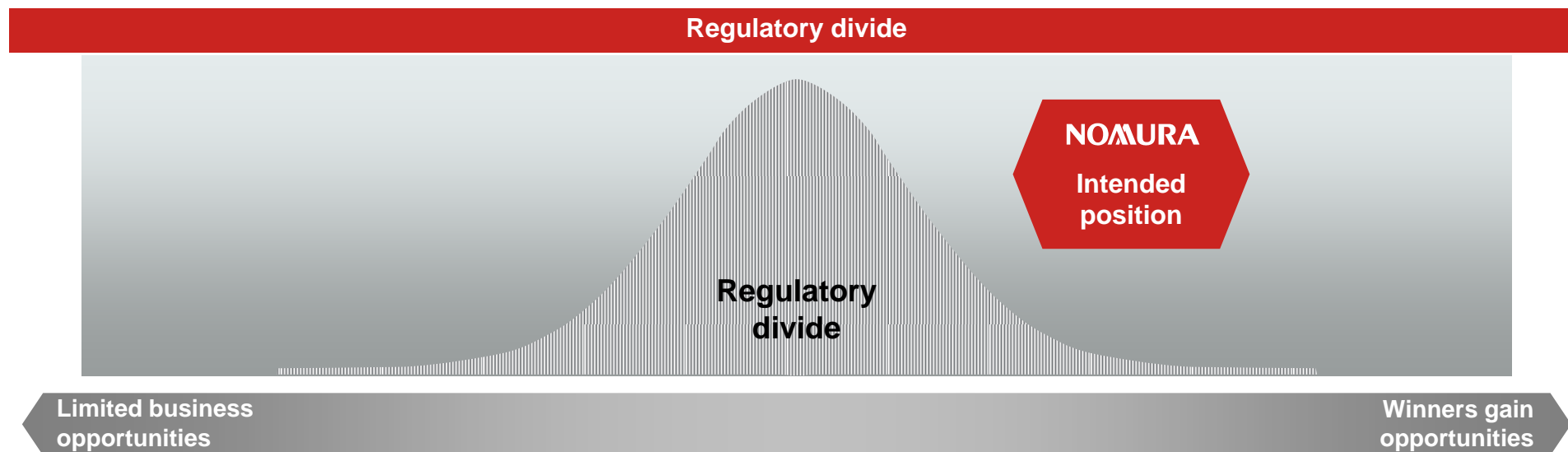
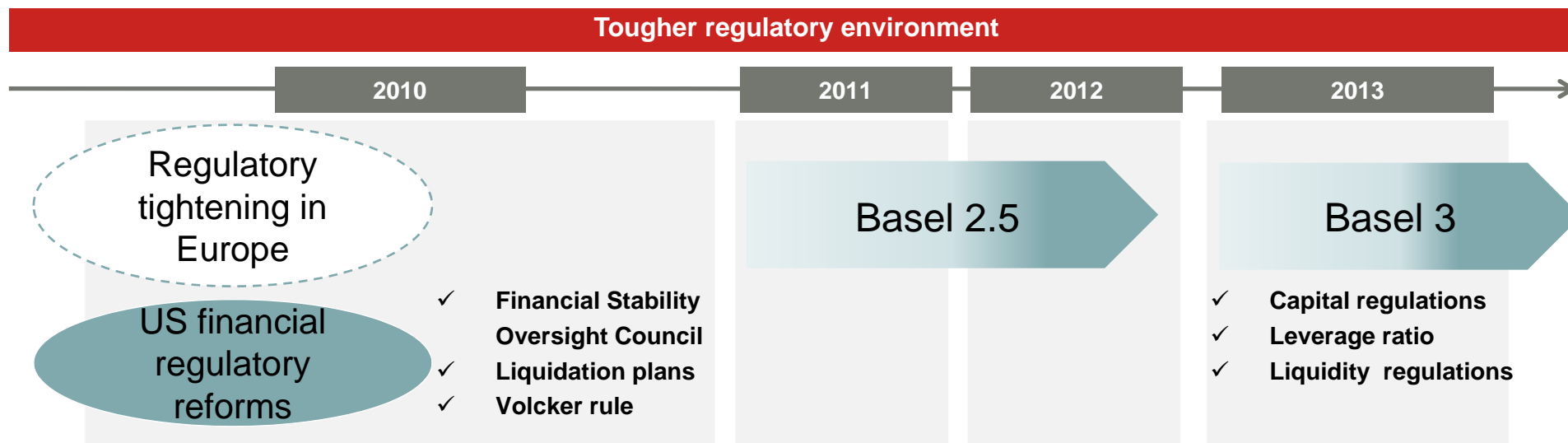
# Shift from financial sector crisis to sovereign risk



Note: Daily data from March 31, 2008, to May 24, 2010.  
Source: Nomura, based on Bloomberg, IMF, and other data.



# Regulatory environment



# Robust financial position

## Capital ratio

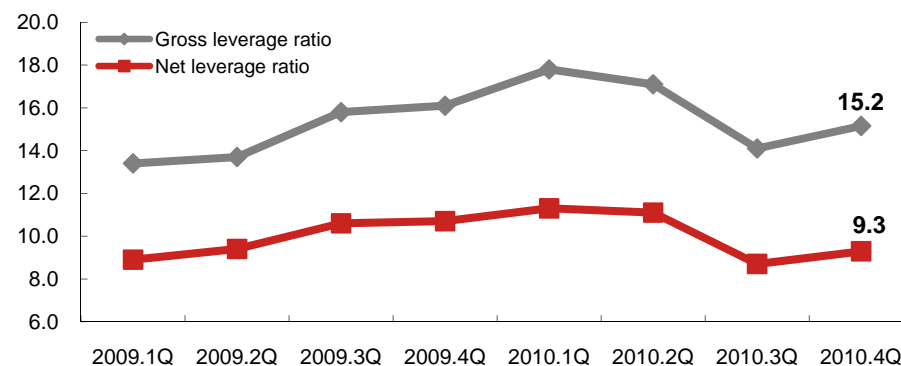
### Financial indicators

- Total assets ¥32.2trn
- Shareholders' equity ¥2.1trn
- Gross leverage 15.2x
- Net leverage 9.3x
- Level 3 assets (net)<sup>1</sup> ¥0.9trn
- Liquidity ¥5.2trn

	(Preliminary)	(billions of yen)	
		31 Dec	31 Mar
Tier 1		1,989	2,000
Tier 2		559	560
Tier 3		303	306
Total capital		2,789	2,806
RWA		11,127	11,525
Tier 1 ratio		17.8%	17.3%
Tier 1 Common ratio <sup>3</sup>		17.7%	17.3%
Total capital ratio		25.0%	24.3%

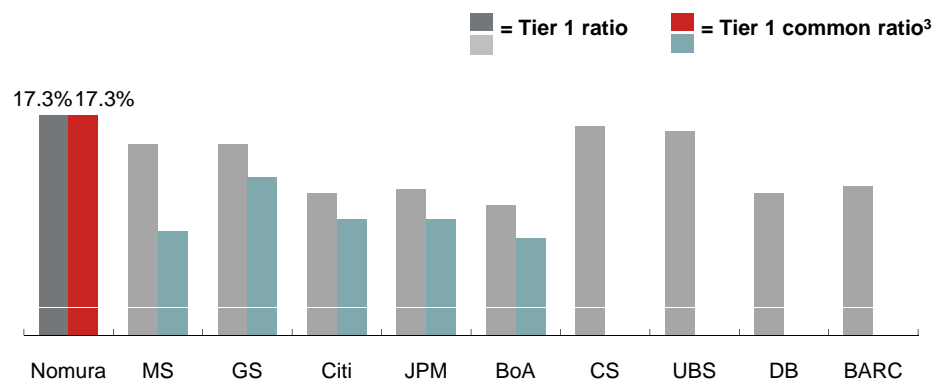
## History of leverage ratios

### Gross leverage and net leverage



## Comparison of capital ratios

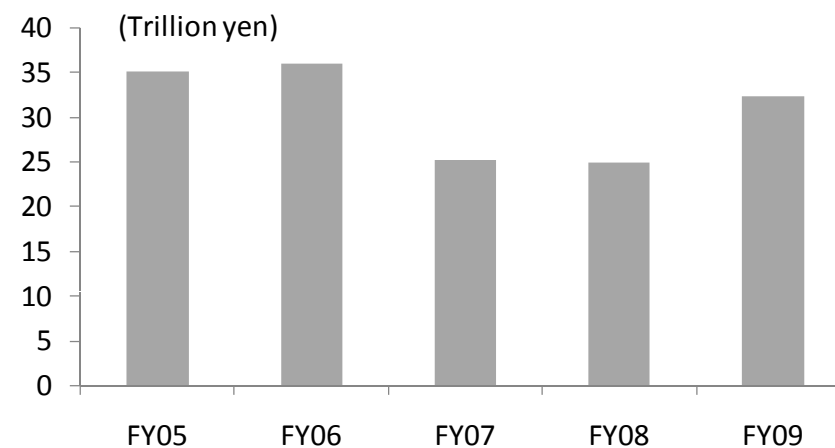
### Tier 1 capital / risk weighted assets<sup>2</sup>



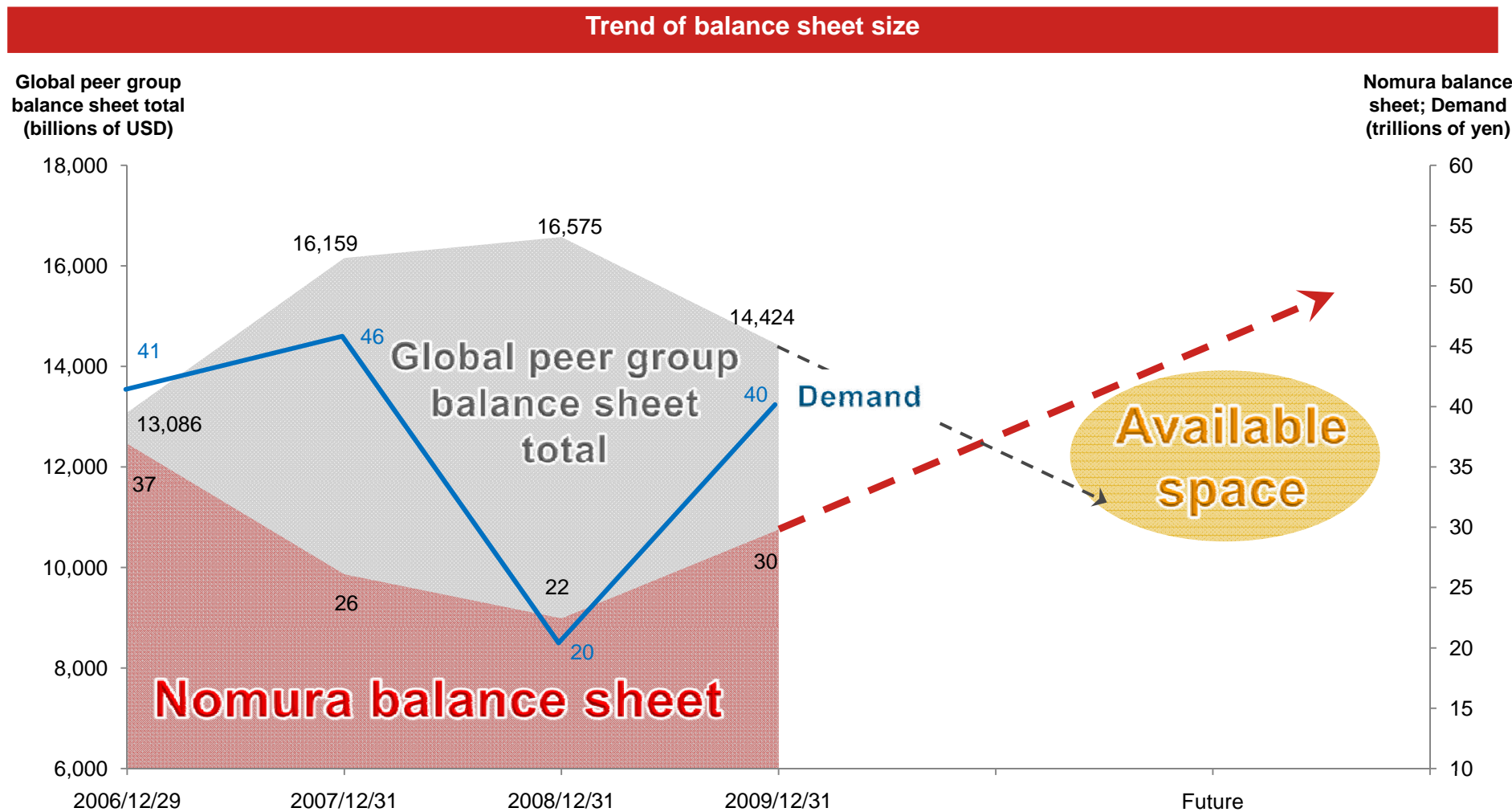
- Preliminary (before review)
- Barclays as of December 2009
- Tier 1 common ratio is defined as Tier 1 capital minus hybrid capital and minority interest.

## Balance sheet

### Total assets



# Perfect opportunity to increase market share



Source: Demand from 2006 to 2009 is global capital markets and investment banking fee pool based on analysis by McKinsey & Company. Dotted line from 2010 onwards extrapolates trend from 2009 and does not represent a guarantee of future performance.

1. Review of last fiscal year

2. Nomura's positioning

3. **Business segments**

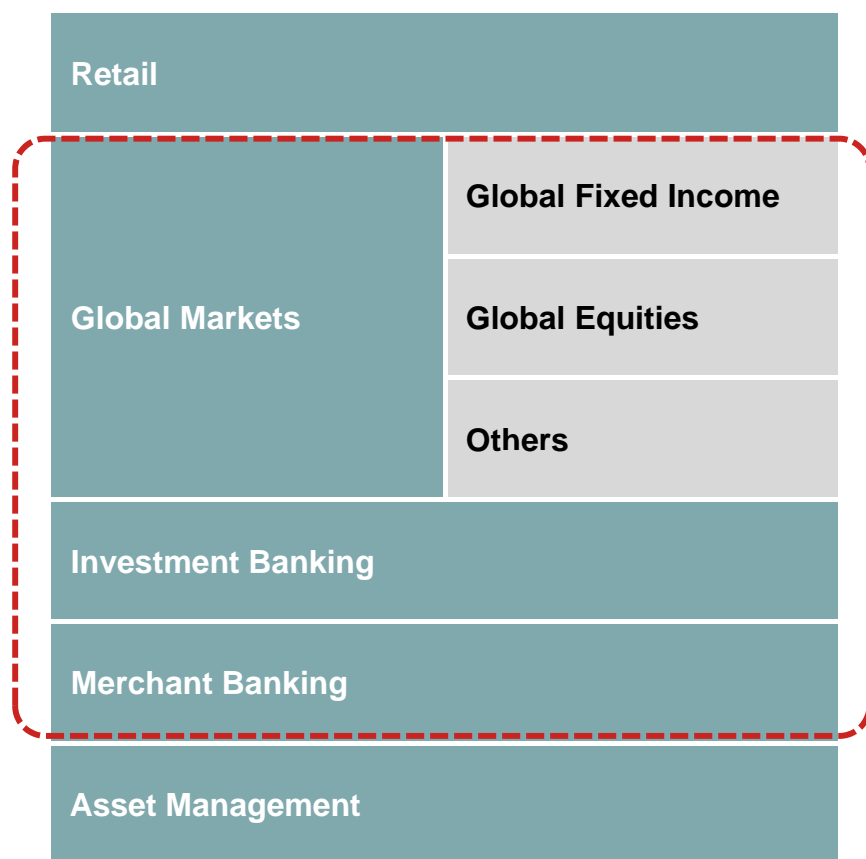
- Wholesale (Global Markets, Investment Banking)
- Retail
- Asset Management

4. Strategy in Asia

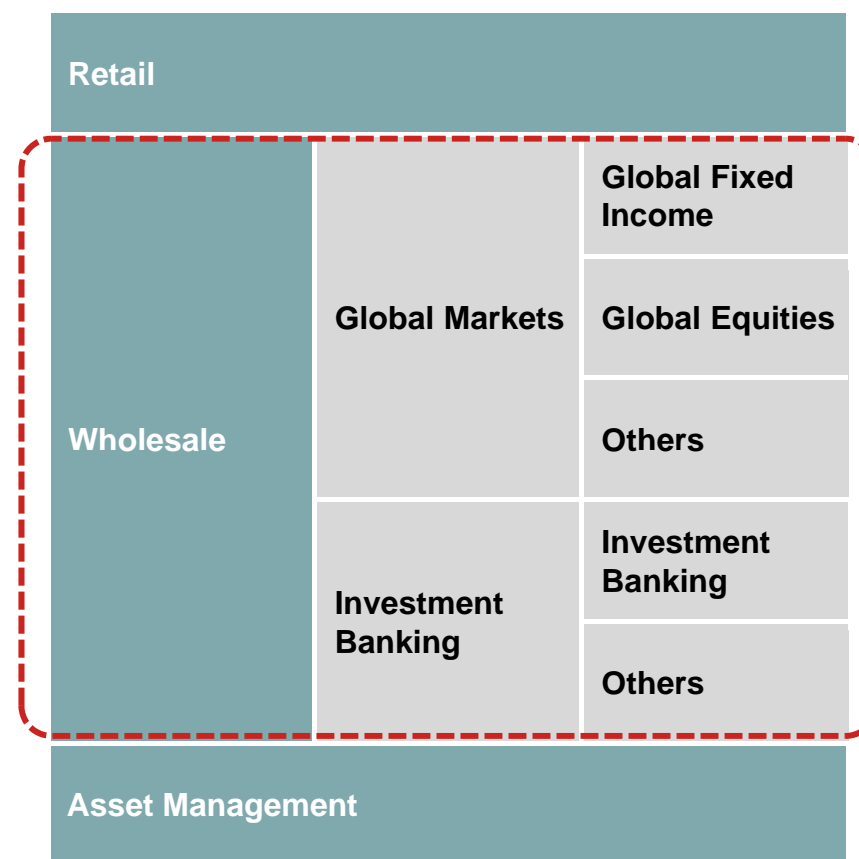
5. In closing

# Changes to business segments

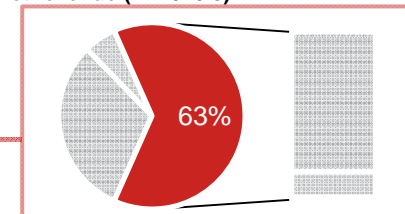
Before (~ Mar 2010)



After (Apr 2010 ~)

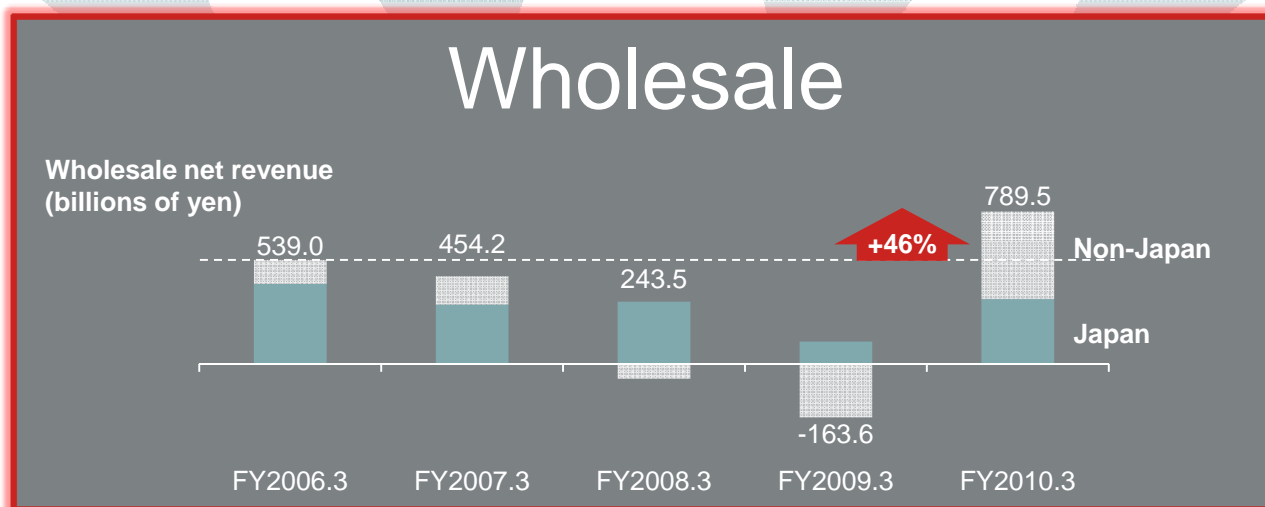
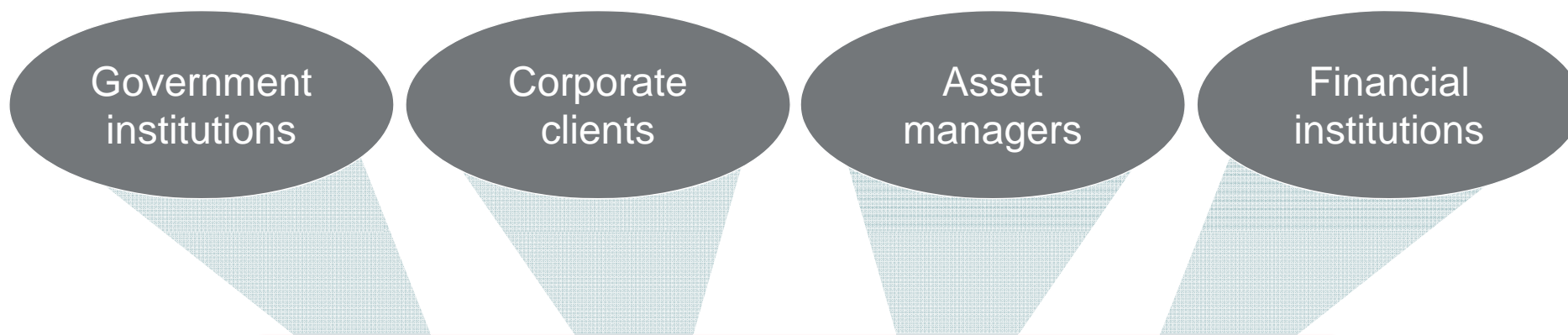


Net revenue (FY2010.3)

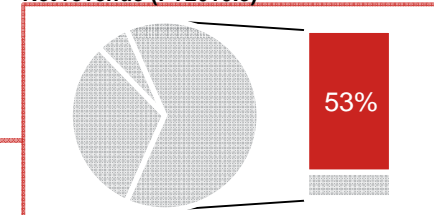


# Wholesale division

Core to Nomura's corporate and institutional relationships



Net revenue (FY2010.3)



## Wholesale: Global Markets

**Focus on client flow businesses**

**Grow client base**

**Expand product lineup**

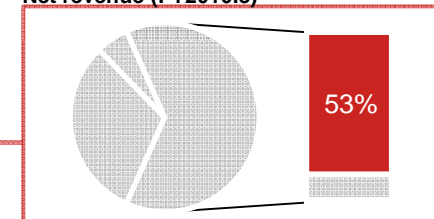
**Build out US business**

**Increase market share**



# Global Markets: FY2009/10 client franchise momentum

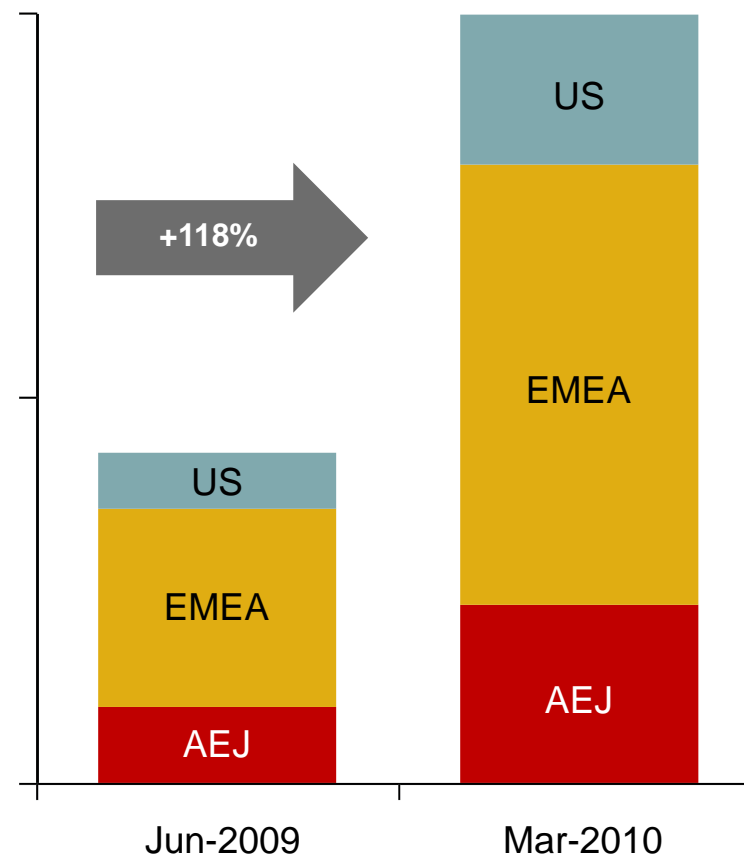
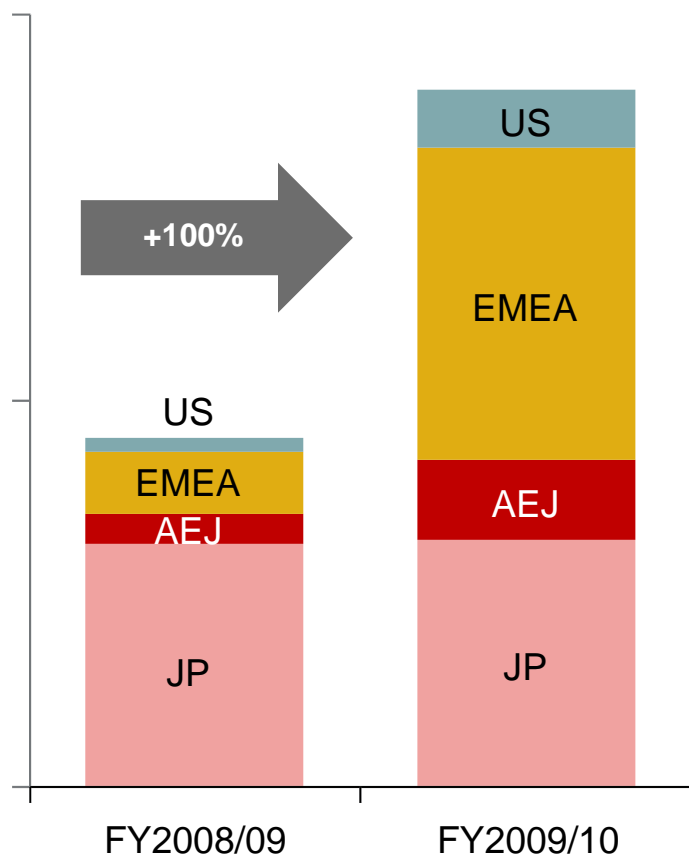
Net revenue (FY2010.3)



Client focus

Client revenue

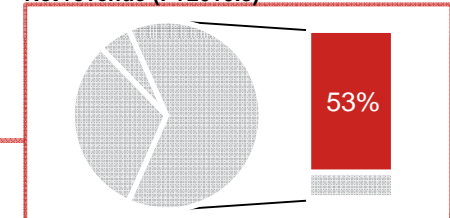
ISDA client on-boarding



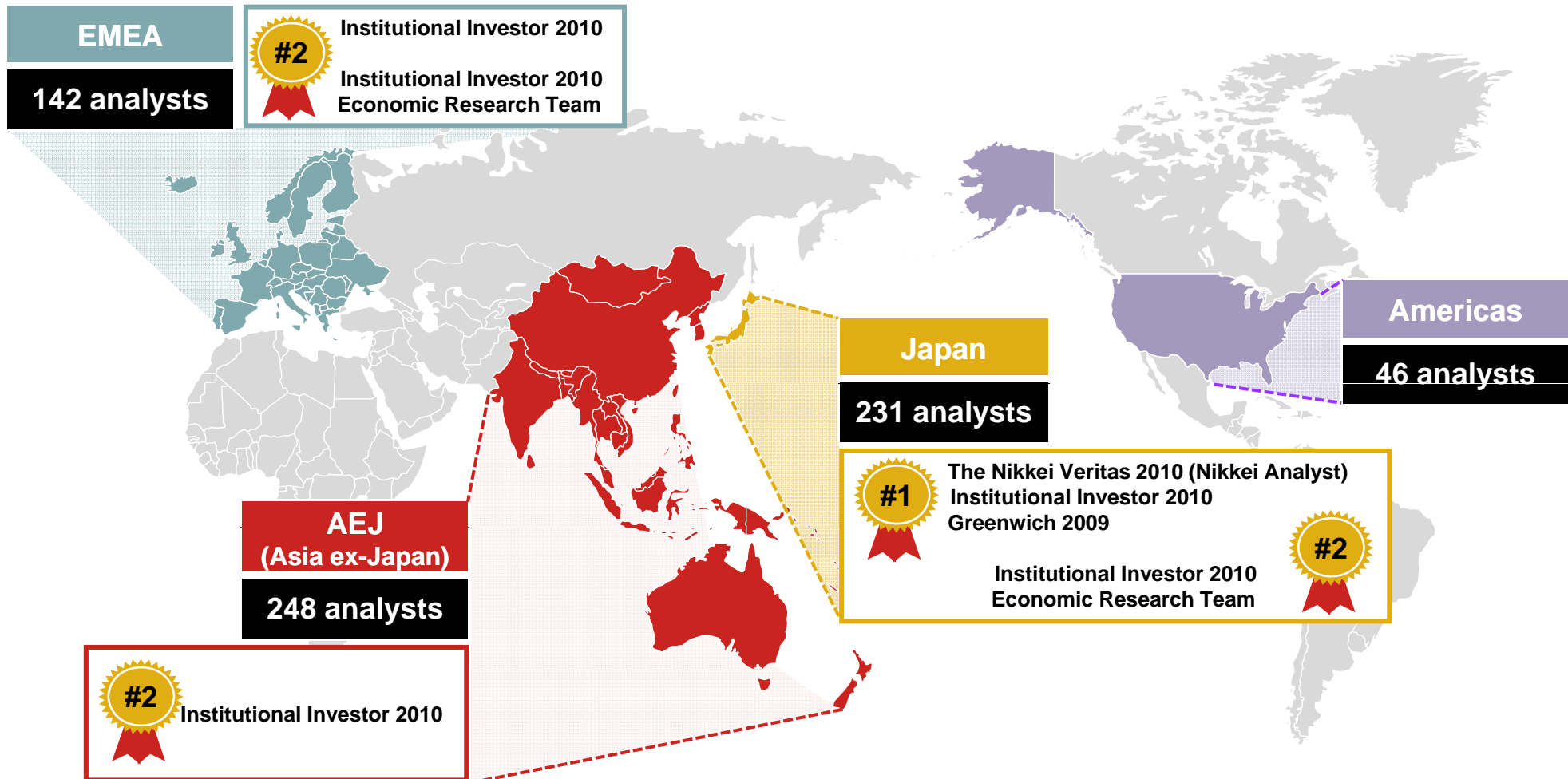


# Global Markets: Research highly rated by institutional investors

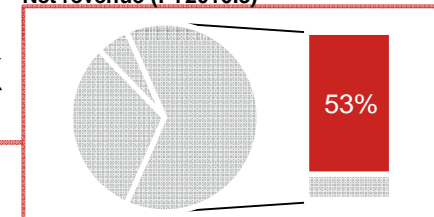
Net revenue (FY2010.3)



## Nomura's research organization and awards won

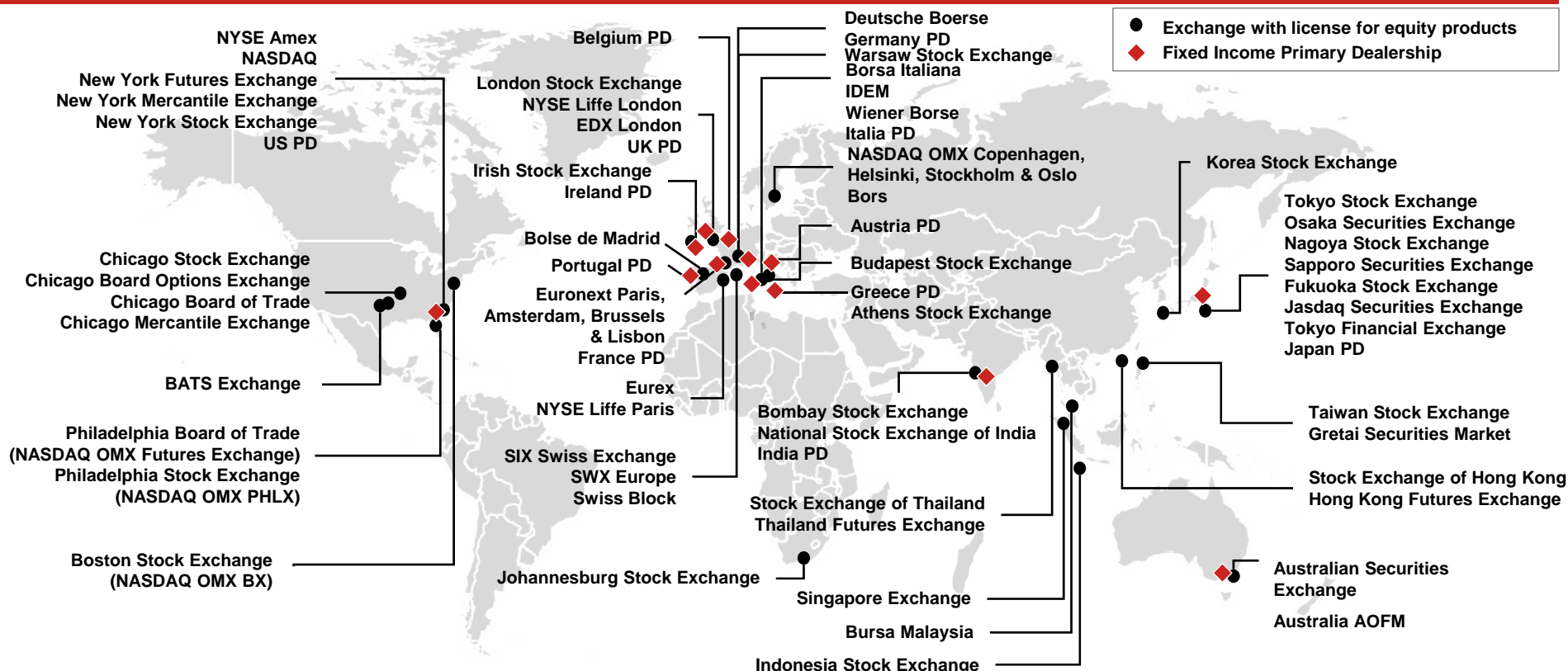


Net revenue (FY2010.3)



# Global Markets: Global capability – liquidity network

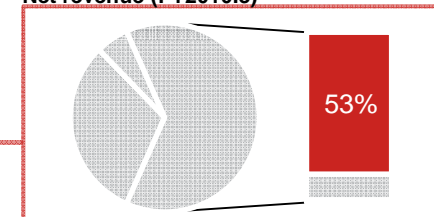
## Exchanges with license and countries with treasury dealership



### Instinet's Global Market Access

Through Instinet's global trading platform, clients can source liquidity strategically in the equity markets of more than 40 countries, including exchanges, dark pools and other types of trading venue. =Americas: Canada, Mexico, USA :APAC: Australia, Hong Kong, Japan, Korea, Malaysia, Singapore, Taiwan : EMEA: Austria, Belgium, Czech Republic, Republic Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom

Net revenue (FY2010.3)



# Global Markets: US build out

	Fixed Income		Equities	
	FY2010.3 1Q	FY2010.3 4Q	FY2010.3 1Q	FY2010.3 4Q
<b>Headcount</b>	50	270+	70	130+
<b>US revenue contribution</b>	2.3%	11.9%	2.6%	5.1%

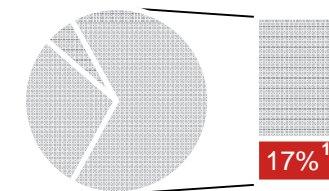
## Key initiatives – Fixed Income

- Expansion into new asset classes
- Broaden distribution capability
- Senior / transformational hires to scale-up further

## Key initiatives - Equities

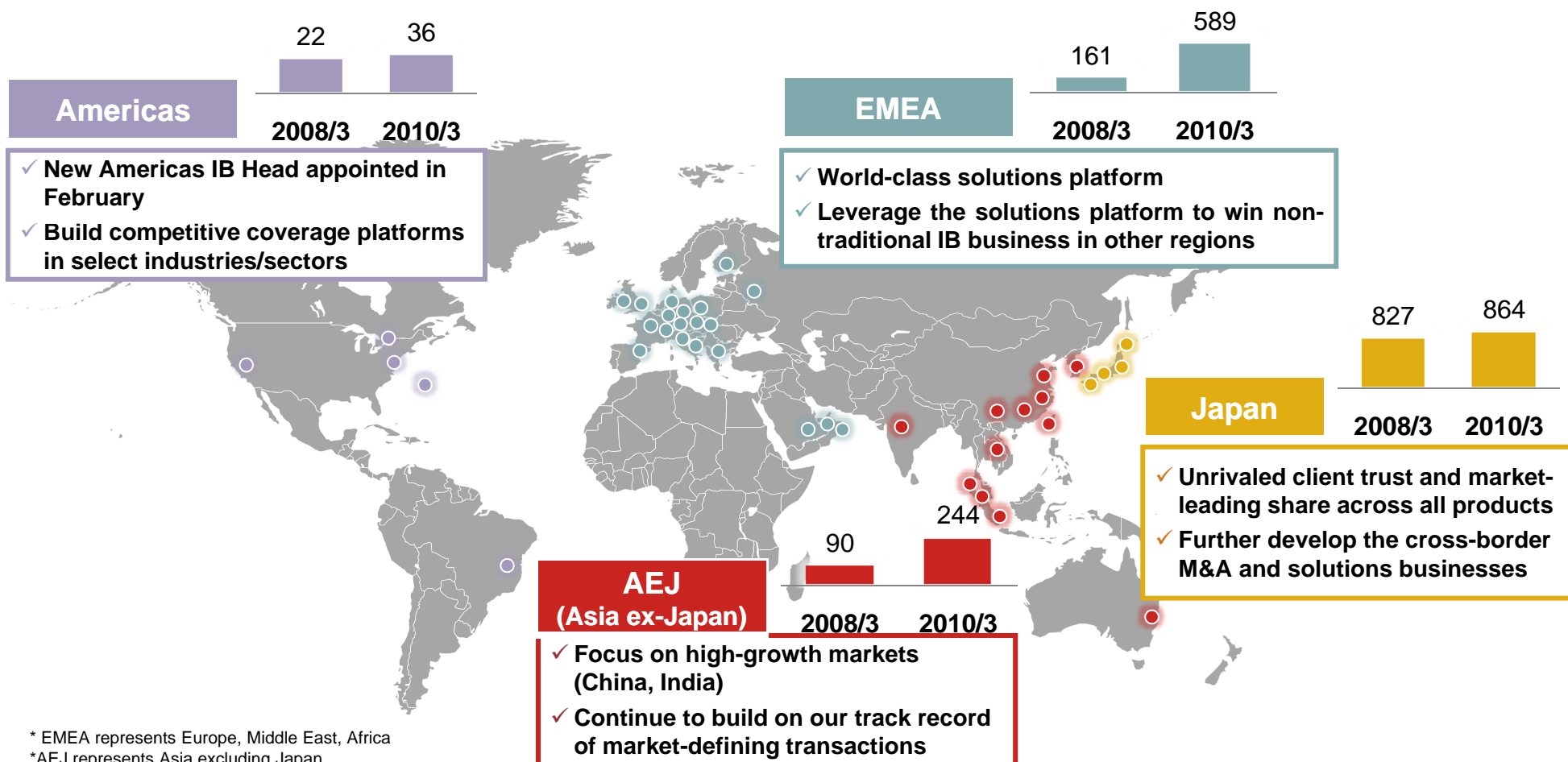
- Establish focused research offering
- Leverage global distribution capabilities
- Develop robust, high-capacity execution platform

Net revenue (FY2010.3)



# Investment Banking: Expanding our global footprint

Steady global growth post Lehman integration (headcount as of Mar 31: 1,733)

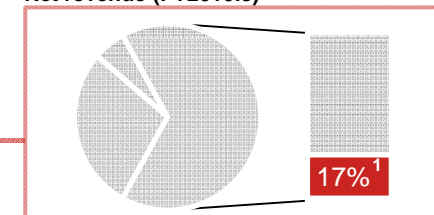


\* EMEA represents Europe, Middle East, Africa

\*AEJ represents Asia excluding Japan

1. Investment Banking net revenue (17%) shown on gross basis before allocation to Global Markets and Retail.

Net revenue (FY2010.3)

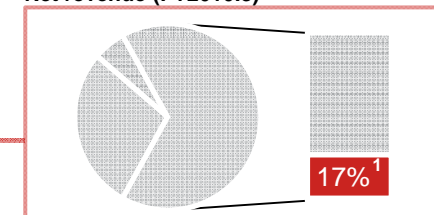


# Investment Banking: Major deals

ECM	M&A	DCM
<p><b>Dai-ichi Life</b></p> <p><b>Joint Bookrunner</b> JPY 1trn IPO</p>	<p><b>National Australia Bank</b></p> <p><b>Joint Financial Advisor</b> A\$ 13.3bn, <i>Pending</i></p>	<p><b>United Kingdom</b></p> <p><b>Joint Bookrunner</b> Index-linked UK gilt GBP 3.5bn</p>
<p><b>Mitsubishi UFJ Financial Group</b></p> <p><b>Joint Bookrunner</b> JPY930bn Follow-on</p>	<p><b>KKR</b></p> <p><b>Sole Financial Advisor and Mandated Lead Arranger and Bookrunner</b> Undisclosed</p>	<p><b>United Mexican States</b></p> <p><b>Joint Bookrunner</b> JBIC Guaranteed Samurai JPY 150bn</p>
<p><b>Maxis Berhad</b></p> <p><b>Joint Bookrunner</b> US\$ 3.3bn IPO</p>	<p><b>Dainippon Sumitomo Pharma</b></p> <p><b>Joint Financial Advisor</b> US\$ 2.6bn</p>	<p><b>Korea Development Bank</b></p> <p><b>Joint Lead Manager</b> Samurai Bond JPY 30bn</p>

1. Investment Banking net revenue (17%) shown on gross basis before allocation to Global Markets and Retail.

Net revenue (FY2010.3)



# Investment Banking: The next phase

## Coverage

Strengthen our coverage platform to increase the accessible market fee pool

## M&A

Enhance our Global M&A presence

## ECM

Further develop the ECM platform in EMEA, AEJ, and the US

## Solutions

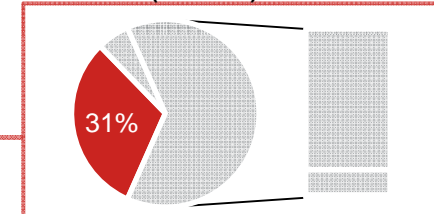
Export EMEA's solutions product capability and expertise to other regions

## Cross Divisional

Collaborate with Equities and Fixed Income under the new Wholesale platform to grow the solutions business

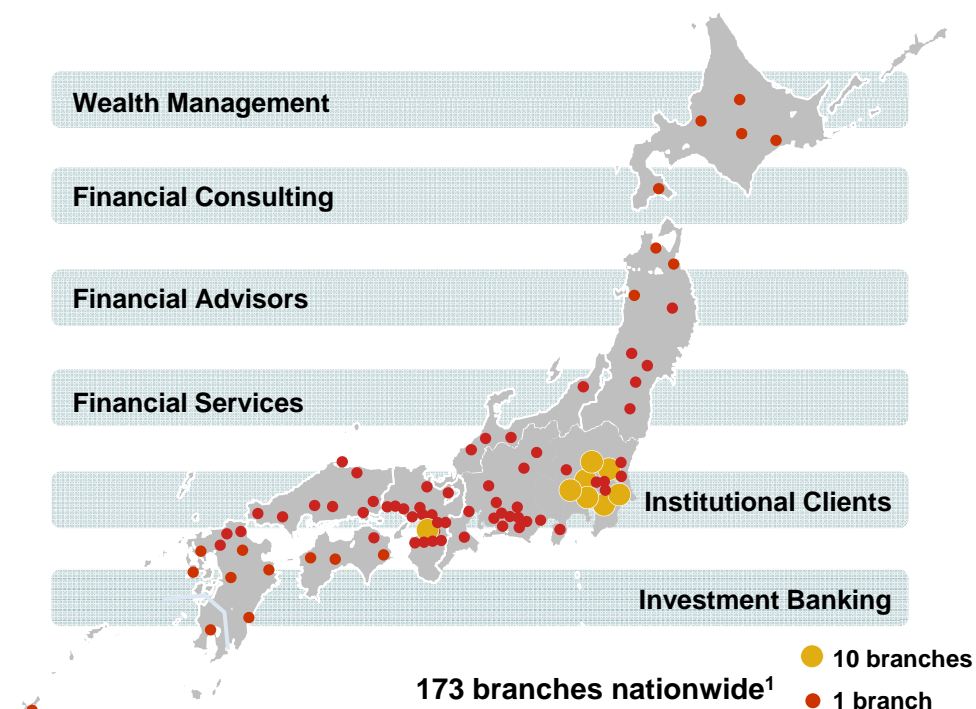
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Net revenue (FY2010.3)



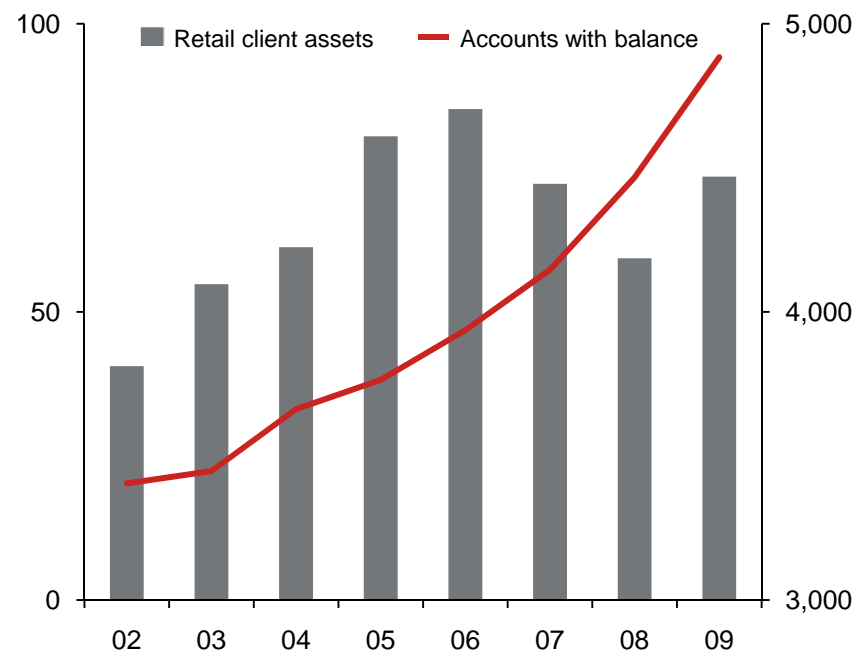
# Retail: Focus on consulting services

## Retail branch offices and channels



## Retail client assets and accounts with balance

(Retail client assets in trillions of yen) (# of accounts in thousand)

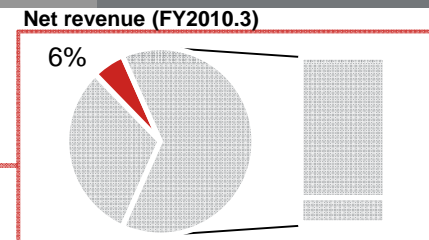


それ、野村にきいてみよう。

1. Includes two branches due to open in July 2010.

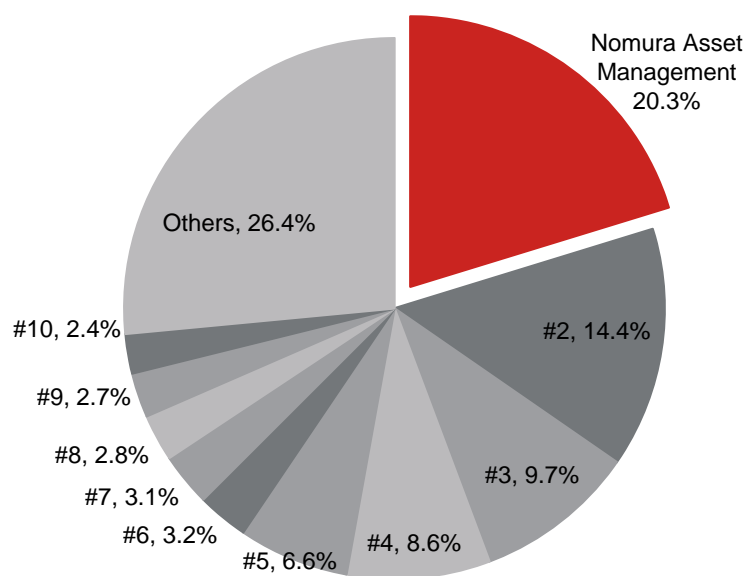
Nomura Retail flagship ad campaign graphic, roughly translated as "I'll ask Nomura for advice".

# Asset Management: Maintained domestic share, increased international operations



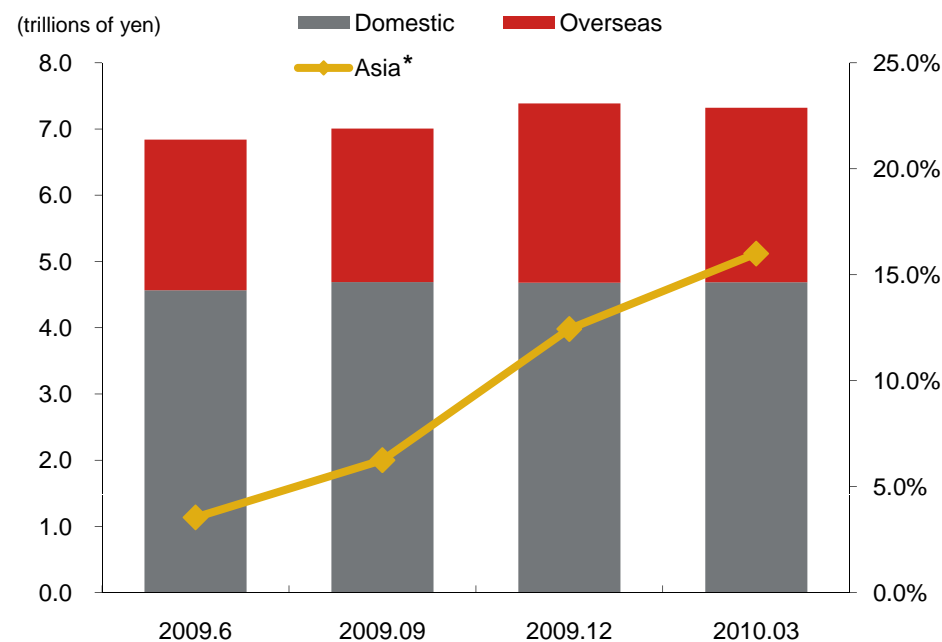
## Leading position in Japan

Share of public investment trust mkt in Japan (Mar 2010)<sup>1, 2</sup>



## Expanded international investment advisory business

Investment advisory assets under management<sup>2</sup>



1. Source: Nomura, based on data from the Investment Trusts Association, Japan  
 2. Assets under management for Nomura Asset Management shown on non-consolidated basis

\*Asia-based client AuM as percentage of total AuM outside Japan.



1. Review of last fiscal year

2. Nomura's positioning

3. Business segments

- Retail
- Asset Management
- Wholesale (Global Markets, Investment Banking)

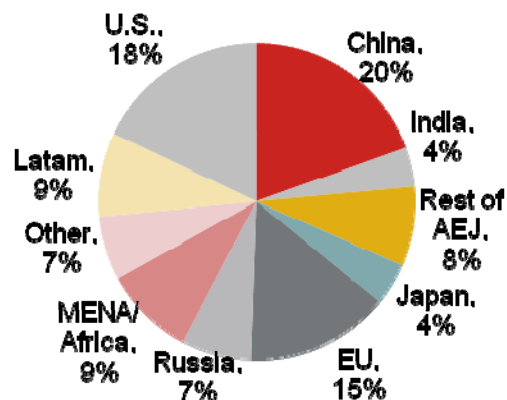
4. Strategy in Asia

5. In closing

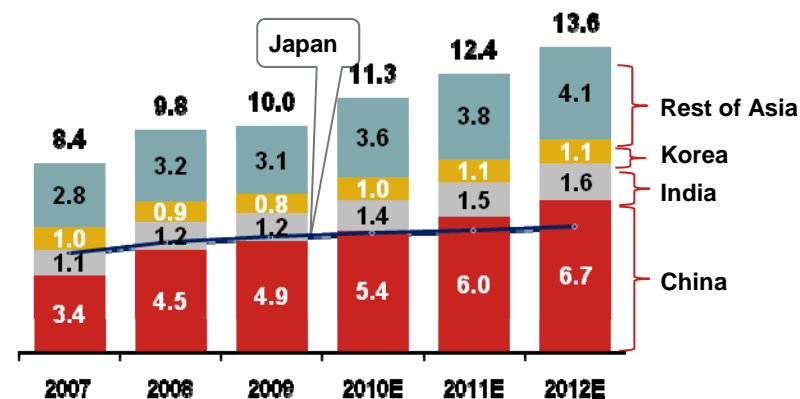
# Asia: Driver of global economic growth

## Asian economies growing in size and importance

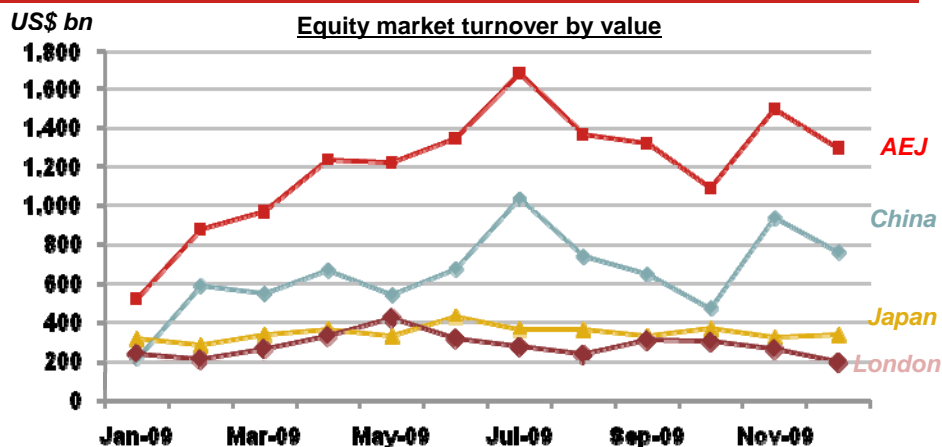
Contributors of 2010-2013 global growth<sup>1</sup>



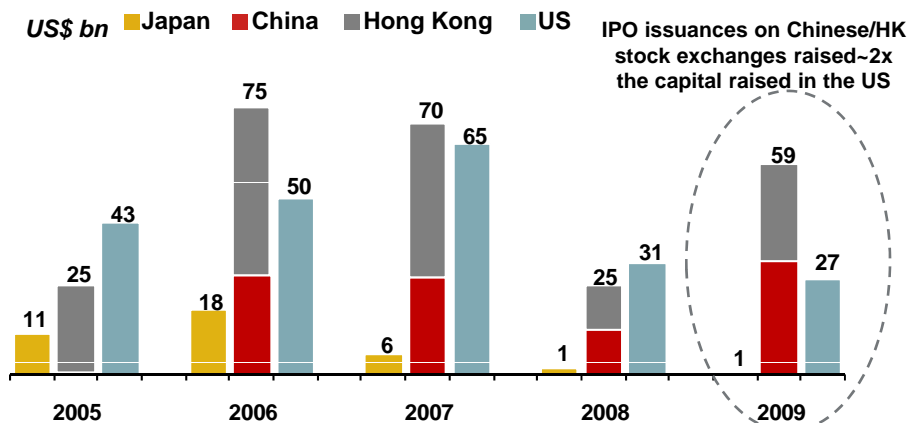
Nominal GDP (US\$ trillion)<sup>2</sup>



## 2009 Asia equity Market turnover ~3.5x Japan<sup>3</sup>



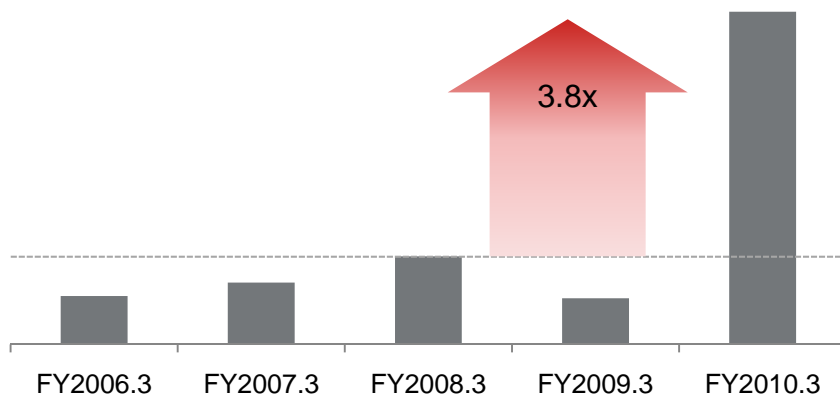
## IPO Issuance by Geography<sup>4</sup>



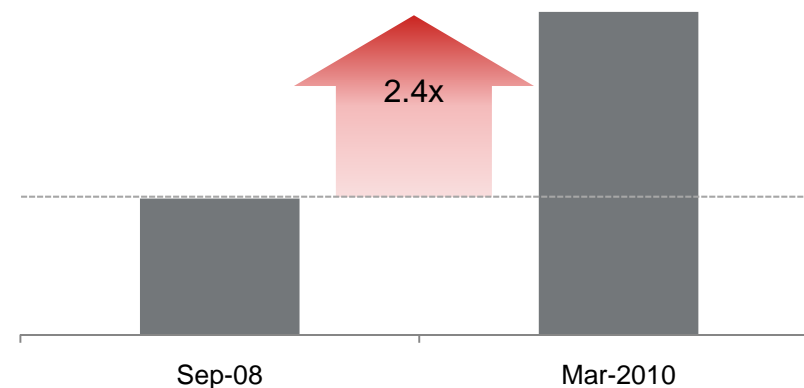
1. Calculated based on historical and forecasted GDP data from IMF's World Economic Outlook Database, Apr 2010. Main contributors to "Other" include Australia, Canada, CIS ex-Russia  
 2. GDP in nominal USD terms. IMF's World Economic Outlook Database, April 2010  
 3. World Federation of Exchanges  
 4. Dealogic

# Asia: Growing business

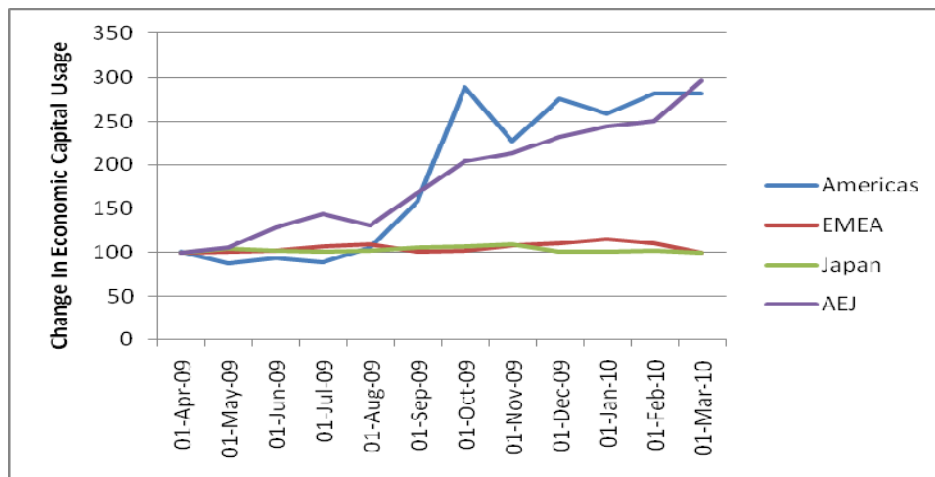
Net revenue from Asia



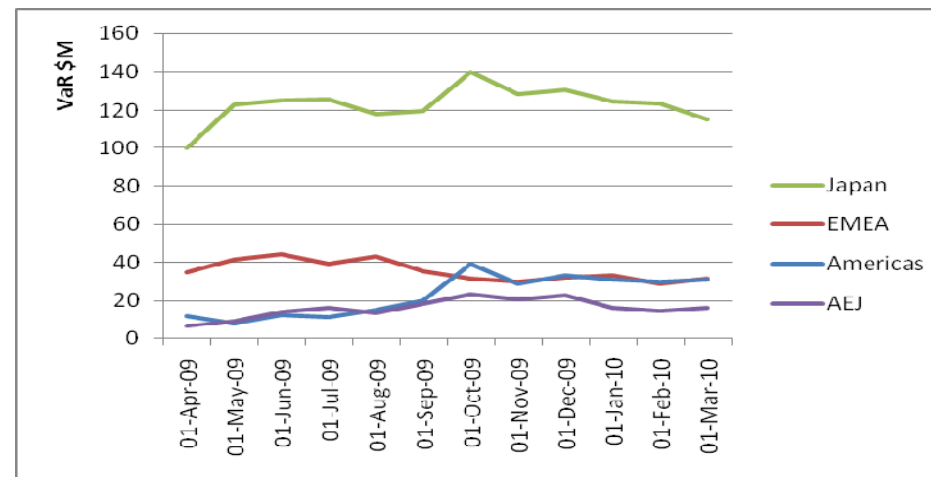
Growing client base – ISDA client on-boarding



Economic capital change in usage by region (%)



Regional VaR analysis (\$M)



# Asia: Market presence improving

M&A financial advisory league table <sup>1</sup>

Rank	Advisor	Apr. 1, 2009–Mar. 31, 2010		
		Rank Value (US\$m)	Mkt share	No. of deals
1	Morgan Stanley	25,030	8.3%	48
2	China International Capital Co	20,658	6.9%	18
3	Goldman Sachs & Co	18,146	6.0%	34
4	Deutsche Bank AG	17,713	5.9%	29
5	Nomura	17,610	5.8%	24
6	UBS	17,149	5.7%	45
7	Yuanta-Corepacific Securities	13,585	4.5%	15
8	GF Securities	12,176	4.0%	13
9	JP Morgan	11,458	3.8%	20
10	Credit Suisse	10,808	3.6%	37

Rank	Advisor	Apr. 1, 2008–Mar. 31, 2009		
9	Nomura	29,287	10.0%	21

Institutional Investor Asia 2010 – Research ranking <sup>2</sup>

Rank	Firm Name	2010
		Total Team Positions
1	Credit Suisse	28
2	Nomura	25
2	Citi	25
4	JP Morgan	24
4	Morgan Stanley	24
6	CLSA Asia-Pacific Markets	22
6	UBS	22
8	BofA Merrill Lynch Global Research	21
9	Goldman Sachs (Asia)	17
10	Macquarie Capital	12

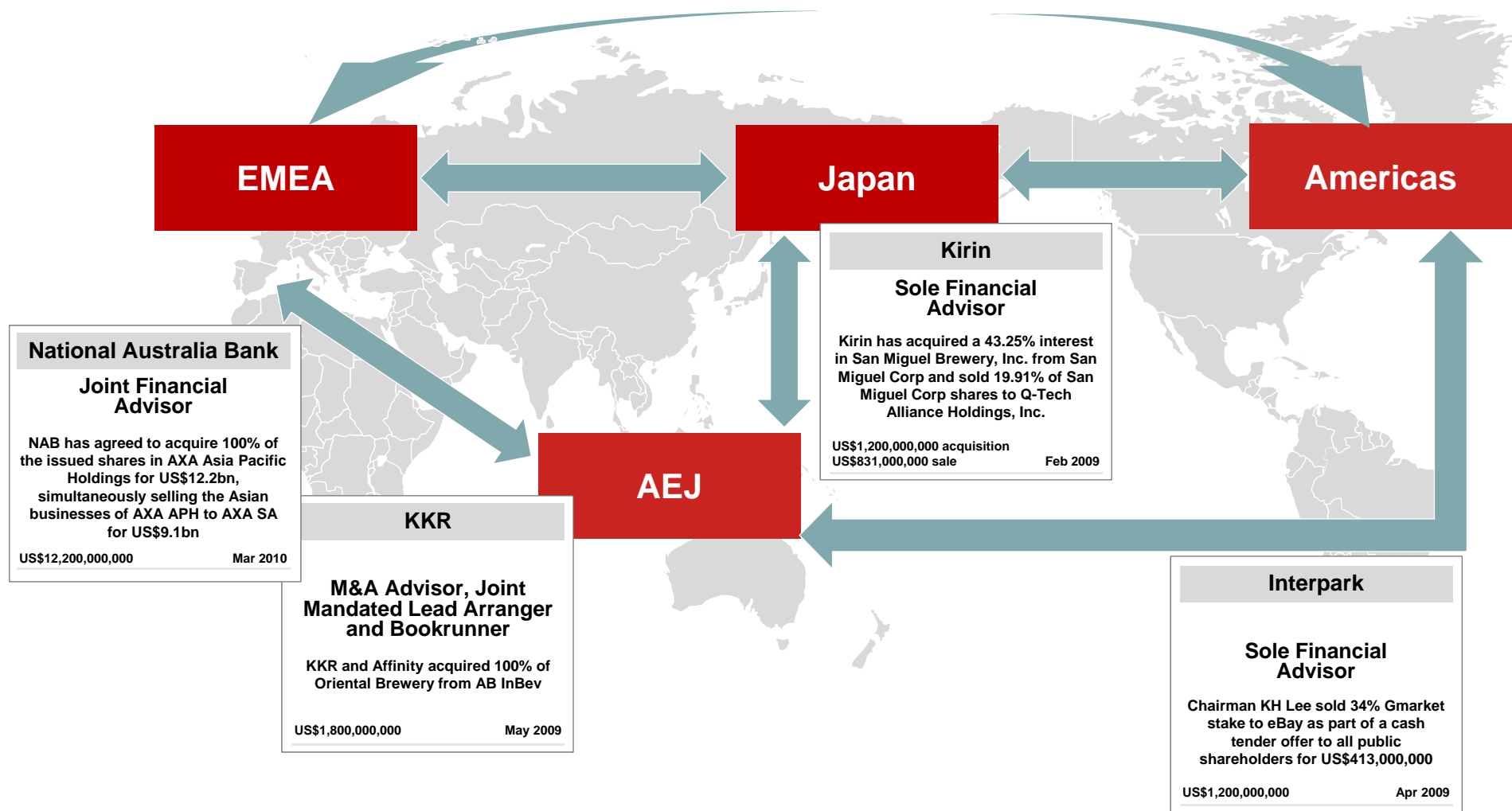
  

Rank	Firm Name	2009
8	Nomura	7

1. Source: Thomson Reuters  
 2. Source: Institutional Investor

# Build-out of truly global platform

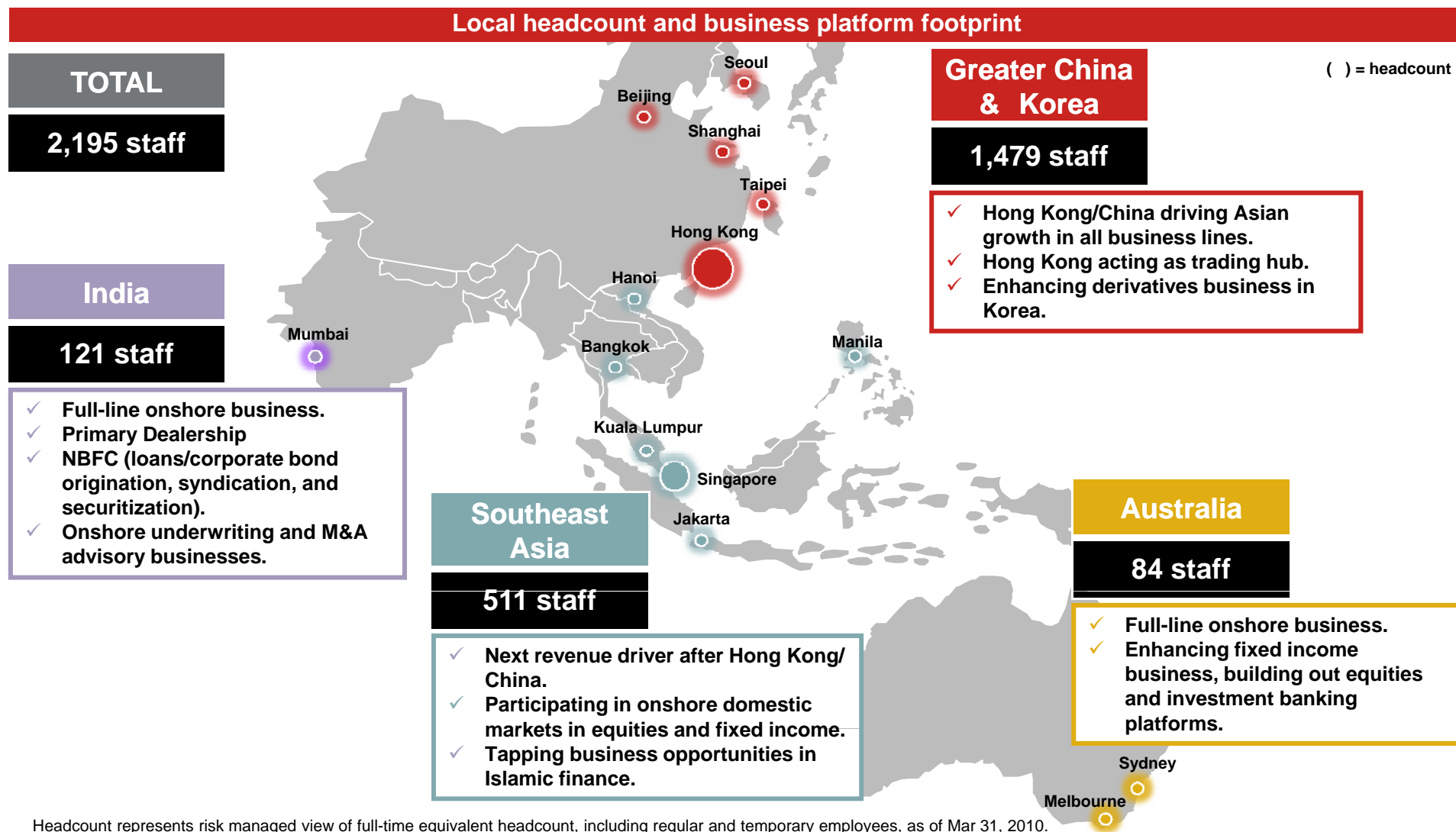
- Leverage strong franchises to deliver global success



## Wholesale business in Asia: Licenses to enter into onshore business

Nearing a target footprint across Asia						
	Australia	China onshore	India	Korea	Southeast Asia	Taiwan
<b>Investment Banking</b>	✓ Underwriting	✓ Underwriting of B-shares	✓ Underwriting	✓ Underwriting	✓ <b>Indonesia:</b> Underwriting ✓ <b>Malaysia:</b> Advisory ✓ <b>Thailand:</b> Underwriting	✓ Underwriting
<b>Equities</b>	✓ ASX membership	✓ Brokerage for B-shares ✓ Qualified Foreign Institutional Investor	✓ India Foreign Institutional Investor ✓ Stock brokerage ✓ FIPB approval for prop trading	✓ Converted to local subsidiary ✓ Warrants		✓ Securities brokerage
	✓ Dealer		✓ Primary dealership ✓ NBFC(Non-Banking Finance Company) ✓ Exchange-traded FX derivatives	✓ Brokerage and dealing (securities, OTC derivatives, listed futures and options)	✓ <b>Indonesia:</b> Broker dealer ✓ <b>Singapore:</b> Capital markets ✓ <b>Malaysia:</b> Dealing in securities ✓ <b>Thailand:</b> Brokerage	
<b>Fixed Income</b>						

# Wholesale business in Asia: Rising presence



Headcount represents risk managed view of full-time equivalent headcount, including regular and temporary employees, as of Mar 31, 2010. Additional 31 AEJ risk-managed employees based outside of AEJ not represented above; excludes Nomura Asset Management and India Powai.

# Investment Banking in Asia: Landmark transactions in 2009/10

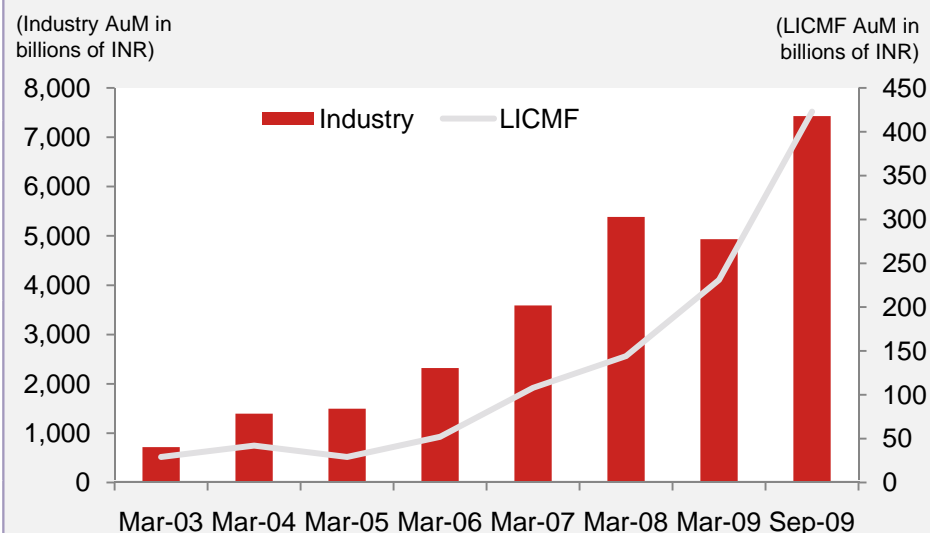
ECM		DCM	
<b>Beijing Enterprises</b>	<b>Maxis</b>	<b>Republic of the Philippines</b>	<b>PSA International</b>
<b>Lead Bookrunner</b>	<b>Joint Bookrunner</b>	<b>Joint Lead Arranger</b>	<b>Joint Bookrunner and Joint Lead Manager</b>
CB	IPO - MALAYSIA FinanceAsia "Best Equity Deal" "Deal of the Year"	10-yr Shibosai Guaranteed by JBIC	4.625% Senior Notes due Sep 2019
HK\$2.175bn      Apr 2009	US\$3.3bn      Nov 2009	¥ 100,000,000,000      Feb 2010	US\$ 500,000,000      Sep 2009
<b>Tata Power</b>	<b>Shanda Games</b>	<b>Woori Bank</b>	<b>Republic of Indonesia</b>
<b>Sole Bookrunner</b>	<b>Joint Bookrunner</b>	<b>Joint Bookrunner and Joint Lead Manager</b>	<b>Joint Bookrunner</b>
Convertible Bond – INDIA	POWL	7.00% Senior Notes due Feb 2015	Samurai 3mYL+135bps due Jul 2019
US\$300,000,000      Nov 2009	US\$1.0bn      Sep 2009	US\$ 800,000,000      Jul 2009	¥ 35,000,000,000      Jul 2009
	<b>SK Telecom</b>		<b>Suncorp-Metway Limited</b>
	<b>Joint Bookrunner</b>		<b>Joint Bookrunner</b>
	Convertible Bond –KOREA FinanceAsia "Best Korea Deal"		Senior Notes Guaranteed by Commonwealth of Australia due Dec 2010
	US\$333,000,000      Mar 2009		US\$ 2,500,000,000      Jun 2009



# Asset Management in Asia

## Footprint in local markets

### Asset management market growth in India



- ✓ Agreed to invest in LIC Mutual Fund, a subsidiary of India's largest life insurer, Life Insurance Corporation of India, and to form a joint venture.

- ✓ Nomura Islamic Asset Management Sdn. Bhd. started managing Sharia-compliant products.

- ✓ Nomura Asset Management acquired quota under QFII system to invest in Chinese securities markets. Using for a product that invests in Chinese A-shares.

- ✓ Nomura Asset Management product (China shares) chosen by Australian mutual fund.

1. Review of last fiscal year

2. Nomura's positioning

3. Business segments

- Wholesale (Global Markets, Investment Banking)
- Retail
- Asset Management

4. Strategy in Asia

5. In closing

## Management vision

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A faint, grayscale world map is centered in the background of the slide. Three dark teal rectangular boxes with a fine grid pattern are overlaid on the map, each containing a white text element. The boxes are stacked vertically and centered horizontally.

**Create change**

**World-class**

**Speed**

**Nomura Holdings, Inc.**

[www.nomura.com](http://www.nomura.com)