From Japan’s Leading Securities Company to Asia’s Global Investment Bank

History, Challenges and Ambitions

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Nomura Holdings, Inc.

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Introduction

Biography
Global Markets/Americas/Finance & Corporate Executive

1987: US Treasury Trader           **Black Monday**
1990: JGB Trading Head             **Japan Asset Bubble Collapse/Gulf War**
1998: Deputy Treasurer              **Russia Crisis/LTCM Crisis**
2000: European Fixed Income Head
2002: Japan Fixed Income Head
2004: Global Fixed Income Head
2007: Americas CEO                 **Subprime/Financial Crisis**
2010: Risk Advisory and Government Affairs Head
2013: Chief Financial Officer

Shigesuke Kashiwagi
Chief Financial Officer
Two topics you may be interested in discussing at today’s “Zadankai” seminar:

1. Was the Lehman Brothers acquisition a success for Nomura?
2. What is happening in Japan and will Abenomics succeed?
### Expanded Global Capability

After the Lehman Acquisition in September 2008

<table>
<thead>
<tr>
<th>Region</th>
<th>Nomura</th>
<th>Lehman</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EMEA</strong></td>
<td>1,900</td>
<td>2,650</td>
<td>4,550</td>
</tr>
<tr>
<td><strong>Asia Pacific</strong></td>
<td>1,100</td>
<td>1,500</td>
<td>2,600</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>1,100</td>
<td>2,900</td>
<td>2,900</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>15,000</td>
<td>1,100</td>
<td>16,100</td>
</tr>
<tr>
<td><strong>Total Staff</strong></td>
<td>18,000</td>
<td>8,150</td>
<td>26,150</td>
</tr>
</tbody>
</table>

**Overseas Staff (Before/After)**

- **EMEA**: 2,650 (Before), 1,900 (After)
- **Asia Pacific**: 2,900 (Before), 1,100 (After)
- **India**: 2,900 (Before), 2,900 (After)
- **Japan**: 15,000 (Before), 1,100 (After)
- **US (2009)**: 150

**Total Overseas Staff**: 10,050 (Before)
Was Lehman Acquisition a Success?

The Short Answer – Yes: Wholesale Calendar Year 2014 Revenue ($bn)

Source: Disclosed financial results
Lehman – Negatives

- Significant cost increase post integration
- Substantial losses in some years, credit rating downgrade
- Siloes between Japan vs. International, Retail vs. Wholesale
Talent
- High quality teams
- Ability to hire new talent
- Also changes in Japan – more international, improved English!

Business
- Client franchise and relationships
- New products and business opportunities
- World-class systems and operations
Global Total: 1,145 staff
36 countries
Now I’d like to shift gears and talk a little bit about Japan ...
Japan Household Assets (March 2015)

- Cash & Deposits: 52% (JPY 883 tr)
- Securities Investment: 18% (JPY 306 tr)
- Insurance: 26% (JPY 444 tr)
Japan Household Assets are Shifting

2012-2015
+JPY195trillion

Japan’s Household Assets (JPY trill)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash &amp; Deposit</th>
<th>Securities</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-11</td>
<td>75</td>
<td>419</td>
<td>816</td>
</tr>
<tr>
<td>Mar-12</td>
<td>64</td>
<td>422</td>
<td>835</td>
</tr>
<tr>
<td>Mar-13</td>
<td>62</td>
<td>433</td>
<td>848</td>
</tr>
<tr>
<td>Mar-14</td>
<td>67</td>
<td>442</td>
<td>865</td>
</tr>
<tr>
<td>Mar-15</td>
<td>73</td>
<td>444</td>
<td>883</td>
</tr>
</tbody>
</table>

Cash & Deposit 55%
Securities 11%
Others 34%
Insurance 0%
Cash & Deposit 52%
Securities 18%
Others 30%
Insurance 0%

Japan's Household Assets (JPY trill)

Mar-11: 1,476
Mar-12: 1,708

+JPY195trillion
During 2012-2015, Japan’s household assets grew by JPY 195 trillion, of which 63% from securities
What Japan Needs to Succeed

- **Time** – long-term view for social and structural changes

- **Culture**
  - Taking risk and second chances
  - Prime Minister Abe: “Japan is Back” and “I am Back”*

*“Japan is Back”, Policy Speech by Prime Minister Shinzo Abe at the Center for Strategic and International Studies (CSIS) 22, February, 2013.
Thank you

Q&A
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