



Atsushi Yoshikawa

Wholesale CEO

The Wholesale division provides a wide range of financial products and solutions to clients globally. It comprises Global Markets which offers structuring, sales and trading of global securities and Investment Banking which offers capital raising and advisory services.

We position ourselves as Asia's Global Investment Bank. We aim to increase profitability by focusing on the businesses where we have a competitive edge and by providing high value-add services to our clients.

Market Environment and Results of FY2012/13

Net revenue for the fiscal year was ¥644.9 billion, an increase of 16% from the previous year. Income before income taxes was ¥71.7 billion, compared to a loss of ¥37.7 billion the year before, marking a strong year-on-year turnaround.

It was a year of evolving fortunes, with overall business performance improving significantly in the second half. This was driven by increasing client volumes in Fixed Income flow products and a robust recovery in income from Japanese equities transactions thanks to the impact of the "Abenomics" policy measures announced by the Japanese government and the Bank of Japan.

Fixed Income delivered a strong performance with revenues increasing 38% over the previous year. Growth was seen across the global franchise - all international regions grew significantly, with the Americas delivering their highest revenues since 2010, when we started the US build out.

Business results

(Billions of yen)

	FY2008/09	FY2009/10	FY2010/11	FY2011/12	FY2012/13
Net revenue	(163.6)	789.5	626.1	555.0	644.9
Non-interest expenses	553.7	614.3	622.0	592.7	573.2
Income (loss) before income taxes	(717.3)	175.2	4.1	(37.7)	71.7

Note: Due to a reorganization in April 2012, reported amounts for Wholesale and Other from the year ended March 2011 have been reclassified.

Equities results were broadly in line with the previous year. This was despite the disruption through significant changes to the cost structure of the business, for example, through the migration of our execution capabilities to Instinet and the reorganization of our equity research platform.

Investment Banking revenues improved significantly based on increased Equity issuance in Japan in the second half of the year. In the international business we underwrote a number of capital raising transactions for European financial institutions and were involved in a wide range of Asia related cross-regional advisory and financing deals.

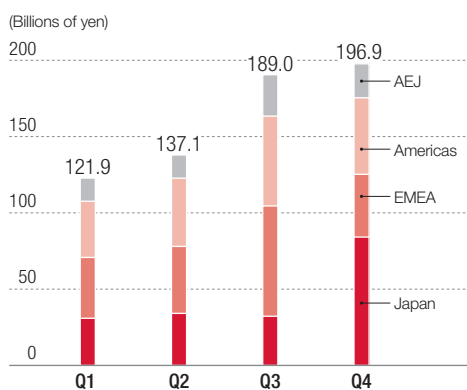
Looking Forward

While we believe that more time is needed for an economic recovery to gain traction in Europe, we have a largely positive outlook for the economies of Japan and the United States. Meanwhile, the economic outlook for Asia, which is expected to see strong growth over the medium to long term, remains somewhat unclear in the short term amid uncertainties surrounding the Chinese economy.

Internationally, multinational financial services firms will continue to face an unstable earnings environment because of macroeconomic conditions, international politics, and tighter regulatory requirements around capital, liquidity, leverage, etc.

Our strategy for Wholesale is to act as a gatekeeper between Asia and the rest of world, focusing on sectors and products where we have an advantage. In facilitating cross-border commerce between Japan and the rest of Asia and between APAC and the rest of the world we will continue to build on our position as Asia's Global Investment Bank and achieve standalone profitability in each region and business line.

FY2012/13 Wholesale net revenue by region



Global Markets

Market Environment and Results of FY2012/13

FY2012/13 was another tumultuous year for the financial markets. It started with a selloff of risk assets on the back of Eurozone concerns and political gridlock in the US. However, the business environment improved in later quarters following the European Central Bank's bond-buying program and the Federal Reserve Bank's QE3 program implemented in September 2012, and further driven by a major liquidity injection by the Bank of Japan in December 2012.

Fixed income markets saw improving conditions as spreads tightened in most regions during the second half of the year. Client transactions also increased thanks to more favorable conditions for Credit and Securitized Products given the recovery in investor sentiment.

Our Fixed Income franchise reported market share gains across all major products and delivered its best performance in three years, driven by steady client flows on the back of worldwide monetary easing.

We continue to enhance our Fixed Income services to respond to the diverse needs of our clients, spanning from institutional investors globally to retail clients in Japan. In particular, we continue to extend our electronic and clearing offerings to allow investors to address the evolving market structure. These efforts have been acknowledged by our clients as reflected in higher market recognition.

Equities markets remained subdued in the first half of the year in line with low market volumes as clients shied away from riskier assets amid the uncertain macroeconomic outlook. However, Japan's aggressive monetary easing policies introduced in December 2012 by the new government and the Bank of Japan as part of "Abenomics" spurred renewed confidence in the Japanese markets, providing fresh inflows of funds in to the market.

Awards & Rankings

Institutional Investor	
All-Japan Research Team	<ul style="list-style-type: none"> • No.1: All-Japan Research Team • No.1: All-Japan Sales Team • No.1: All-Japan Trading Team
All-America Fixed Income Research Team	<ul style="list-style-type: none"> • No.1: Currency/Foreign Exchange • No.2: RMBS Strategy/Agency
All-Europe Fixed Income Research Team	<ul style="list-style-type: none"> • No.2: Currency/Foreign Exchange
Risk Magazine	
Risk Institutional Investor	<ul style="list-style-type: none"> • No.1: All Rates Products-Yen • No.1: Interest Rate Swaps-Yen • No.1: Single-name Credit Default Swaps (Investment-grade and high yield) – Asia
Nikkei	
Nikkei analyst survey	<ul style="list-style-type: none"> • Analyst Ranking: No.1 overall • Fixed Income Analyst / Economist: No.1 overall

Equities reported stronger Japanese product related revenues on larger number of transactions in both the Cash and Derivatives businesses. Meanwhile, we remain focused on building a profitable business structure by reducing costs through initiatives such as consolidating our execution capabilities with Instinet.

Looking Forward

Market Outlook

With the varied pace of economic recovery and divergence in fiscal and monetary policies around the world, the outlook for both the fixed income and equities markets remains uncertain. A more cautious outlook in the financial markets is warranted as the trend towards stricter capital requirements will continue to put downward pressure on fee pools.

Integrated Platform Combined with Home Market Advantage in Asia

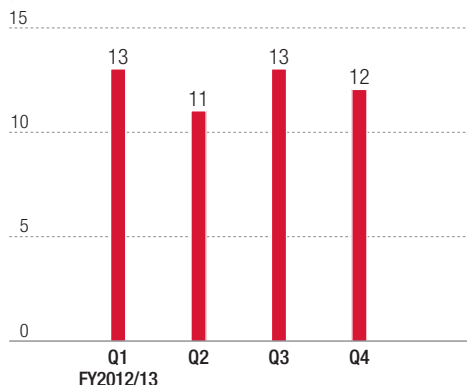
In December 2012, we reorganized Fixed Income and Equities into an integrated Global Markets structure in order to further enhance our operating efficiencies. This change will not only result in cost synergies, but also enable us to leverage the newly integrated Global Markets platform to deliver innovative cross-asset products and solutions to our clients and to maximize our return on financial resources.

As the only Asian house with a global reach, we are leveraging our market leading position in Japan to expand our share of cross-border flows connecting Asia with EMEA and the Americas.

Equities Trading Volume Share

TSE market share

(%)



Investment Banking

Market Environment and Financial Results for FY2012/13

Financing and M&A deals were down globally in the first half of FY2012/13 due to the lingering effects of the European sovereign debt crisis and concerns over a slowdown in the Chinese and European economies, while in the second half markets received a boost from an increase in monetary easing programs around the world, which helped drive a recovery in equity financings, especially in Japan.

Investment Banking continued to build momentum globally, reporting gross revenue of ¥143.0 billion for FY2012/13. With clients' needs growing even more diverse and global, Nomura stepped up collaboration between different regions and business divisions to participate in more cross-border M&A deals and financings in global markets. We also captured non-traditional solution business associated with such deals, including interest rate and FX risk hedging. This approach enabled us to meet a wide range of client needs and play a key role in the growth of their businesses.

Nomura advised a number of clients on cross-border M&A deals, which covered acquisitions by Japanese companies seeking growth opportunities abroad and takeovers of European companies by Asian companies. Examples of these deals include Itochu Corporation's acquisition of business units from Dole Food Co. and Cheung Kong Infrastructure Holdings' takeover of Wales & West Utilities of the UK by a consortium led by Cheung Kong Infrastructure. We also played a key role in a number of major industry consolidations taking place in Europe. These included Credit Agricole's sales of its Greek subsidiary as well as the restructuring of Spanish banks led by The Fund for Orderly Bank Restructuring (FROB).

As for financings, Nomura worked as a bookrunner on a number of major deals in Japan where equities markets continued to stage a strong comeback. These included All Nippon Airways' (currently ANA Holdings) global offering and Sony's euro-yen convertible bond. We also underwrote bonds issuances for many domestic and foreign issuers, including Takeda Pharmaceutical's US dollar bond and a Samurai bond issued by Rabobank.

League table ranking (CY2012)

Japan-related M&A	1 st	Global ECM	11 th
Japan-related ECM	1 st	Global M&A	12 th
Samurai Bond	1 st		

Source: Thomson Reuters

In Europe, we executed a number of capital raising transactions for European financial institutions, including rights issues*¹ by Italian insurance companies Fondiaria and Unipol. We also executed Électricité de France's (EDF) US dollar hybrid bond.

In Asia, we acted as a bookrunner on a number of financings aimed at unlocking future growth opportunities, including IPOs for Haitong Securities (in Hong Kong) and Religare Health Trust (an Indian company controlled by hospital operator Fortis Healthcare).

As clients' needs become increasingly diverse and sophisticated, Nomura also provided various solutions related to M&A and financing activities, including interest rate and FX risk hedging, mainly to financial sponsors and financial institution clients. This approach helped to boost revenues.

*¹ Rights issue: A method of increasing capital where existing shareholders are allotted, without consideration, warrants that can be used to purchase the stock at a price below the market price

*² Hybrid securities: Securities that have both a debt and equity component that are considered as capital for ratings purposes

Looking Forward

We will further enhance and drive profitable growth by focusing on areas where Nomura can win and providing a wide range of sophisticated solutions to our clients.

M&A Advisory

In addition to capturing major deals associated with industry consolidation in Japan and abroad, we will focus on pursuing cross-border M&A deals by encouraging greater collaboration among regions. Such deals involve Japanese companies seeking growth opportunities overseas and growing Asian companies.

Major Japanese Trading Companies and Financial Sponsors

As new investments and exits continue to be brisk, we aim to provide truly comprehensive solutions that include M&A advisory, acquisition & leveraged finance, underwriting IPOs of portfolio companies, as well as the provision of ancillary transactions like FX hedging.

Financial Institutions

As capital regulations become tighter with the implementation of Basel III, we will provide a variety of solutions aimed at improving the financial strength of clients by way of underwriting rights issues and hybrid securities*², as well as advising on their disinvestment of non-core businesses.

Expanding our Presence in the Americas

The Americas is home to the largest fee pool in the world. With financial sponsors here expected to be active going forward, we will pursue a multi-year phased growth strategy that will include increasing M&A deals including those involving the portfolio companies of financial sponsors, strengthening capabilities in leveraged finance and expanding our client base.