

Message from the COO

Establishing dominant position as Asia's global investment bank through closer cross-divisional and cross-regional collaboration

Retail and Asset Management delivered solid earnings in FY2013/14 on the back of the market rally in Japan. Our Wholesale Division also reported stronger revenues across all regions and business lines, and significantly higher pretax income.



Meeting the Diverse Needs of Our Clients

Spurred on by the Abenomics rally in Japan, Retail reported its best set of results in eight years. With the start of the Nippon Individual Savings Account (NISA) in January 2014, we have worked across the Group on initiatives such as holding a total of over 3,000 seminars nationwide since last year. As a result of these efforts, we had recorded 1.29 million NISA applications as of the end of March.

Our clients' needs are becoming increasingly sophisticated and complex as the environment changes. We believe it is important to provide services tailored to the exact needs of each client for every stage of life. That is why we emphasize asset planning and investment support for retail clients. For company owners, we advise on a broad range of issues from M&A to succession planning.

In addition to retail clients, our Asset Management Division continued to win investment mandates from international institutional investors and sovereign wealth funds during FY2013/14. Total assets under management at the end of March 2014 were ¥30.8 trillion. We will continue to focus on being a trusted partner to institutional investors around the world by providing products matched to their needs backed by detailed service, while further enhancing our investment processes.

Wholesale Profitability on the Rise

Since I was appointed Wholesale CEO and Group COO in August 2012, we have repositioned our Wholesale strategy and taken out an additional \$1 billion of costs from the international business on top of a previous \$1 billion cost reduction in response to the challenging environment.

To enhance collaboration, we integrated our Fixed Income and Equities businesses in December 2012 to create Global Markets. In Investment Banking, we narrowed our global sector coverage to drive greater efficiencies. We also revised occupancy, IT system, and other expenses. As a result, we were able to complete our \$2 billion cost reduction program six months ahead of schedule. As costs steadily decline on a U.S. dollar basis, revenues have improved substantially, particularly in global fixed income and Japanese equities, positioning us well to achieve our FY2014/15 target of returning all international regions to profit.

We have seen well-balanced growth across our Fixed Income franchise from Rates and Credit to FX and Securitized Products, contributing to market share gains and more-consistent earnings. In addition, we have enhanced our M&A advisory business and built a track record in EMEA and the Americas in multi-product services, including financing and FX hedging associated with advisory transactions.

In light of the progress our international Wholesale business has made to improve profitability, I handed over the Wholesale CEO position to Tetsu Ozaki in April this year. As the Group COO, I will continue to focus on overseeing all divisions and addressing Group-wide issues to create business opportunities through closer cross-divisional and cross-regional collaboration.

Positioned for Long-Term Growth

We regard Asia including Japan as our home market. Our aim is to grow in step with the region, expanding our client franchise and product offerings, and acting as the gatekeeper for flows into and out of Asia. To this end, we have taken a number of steps to build up our Asian operations. In April 2014, we acquired the local asset management unit of the ING Group in Taiwan, and in May we entered into a joint venture agreement with Shanghai Lujiazui Development (Group) Company Limited, with a view to entering the wealth business in the Shanghai Free Trade Zone. In June, we converted Capital Nomura Securities in Thailand into a consolidated subsidiary.

Under our philosophy of placing our clients at the heart of everything we do, our Retail business aims to win client trust while expanding its business, which means further developing our Retail client franchise through an intent focus on providing clients with consulting services. Asset Management aims to improve client satisfaction levels by enhancing its investment management and product development capabilities, while meeting the needs of its clients amid the constantly changing environment. Wholesale is committed to establishing the Nomura brand as a leader in Asia by moving swiftly to understand the evolving needs of our clients to ensure repeat business and by working with new clients around the world.

Looking ahead, we will continue to respond accurately to the needs of our global clients and establish a dominant position as Asia's global investment bank.

Group COO

Atsushi Yoshikawa