

## Wholesale Division Update

April 28, 2011

Jesse Bhattal  
President and Chief Executive Officer, Wholesale Division

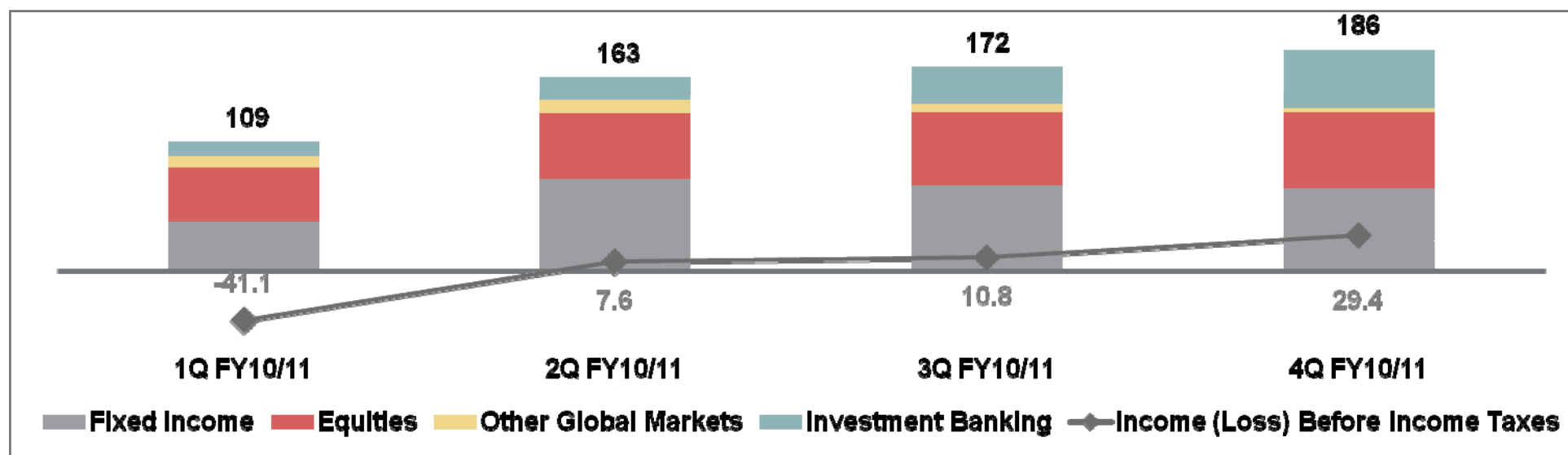
## Executive Summary

- Challenged financial performance FY10/11
- Year of transition, from investment phase to more calibrated profit focus
- Franchise success through growth of client business, rankings, transactions
- Enhanced management structure, tough decisions
- Identified underperforming areas, re-investing into accretive businesses
- Driving pay for performance culture, balanced with franchise enhancement
- Clear, consistent growth strategy based on clients, partnership and profitability
- Aggressive yet realistic financial targets, driving accountability

## Nomura Wholesale – Challenged Financial Performance

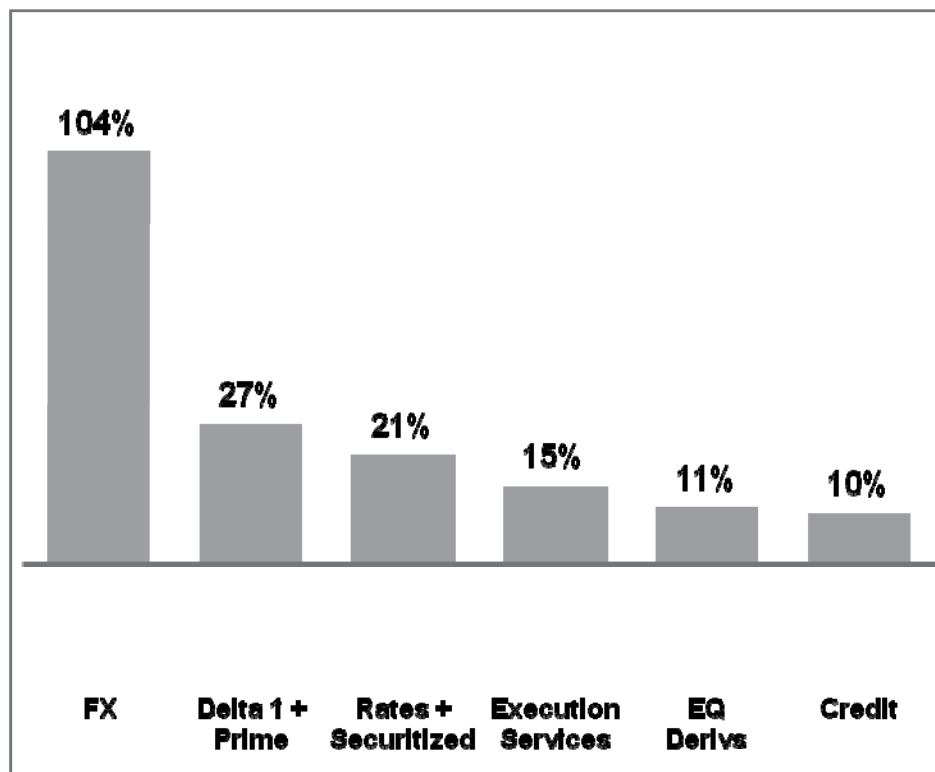
- Overall, challenged financial performance FY10/11 – revenue down 20% YoY, positive pre-tax
- FI 41% of Wholesale revenue for the year, most profitable business
- EQ weak across derivatives and cash, strong in AEJ
- IB dominant in Japan, slow progress internationally; 18% of Wholesale revenue for FY10/11
- Enhanced Corporate infrastructure, continued reduction in overall cost base

Quarterly Revenue and Pretax (JPY B)



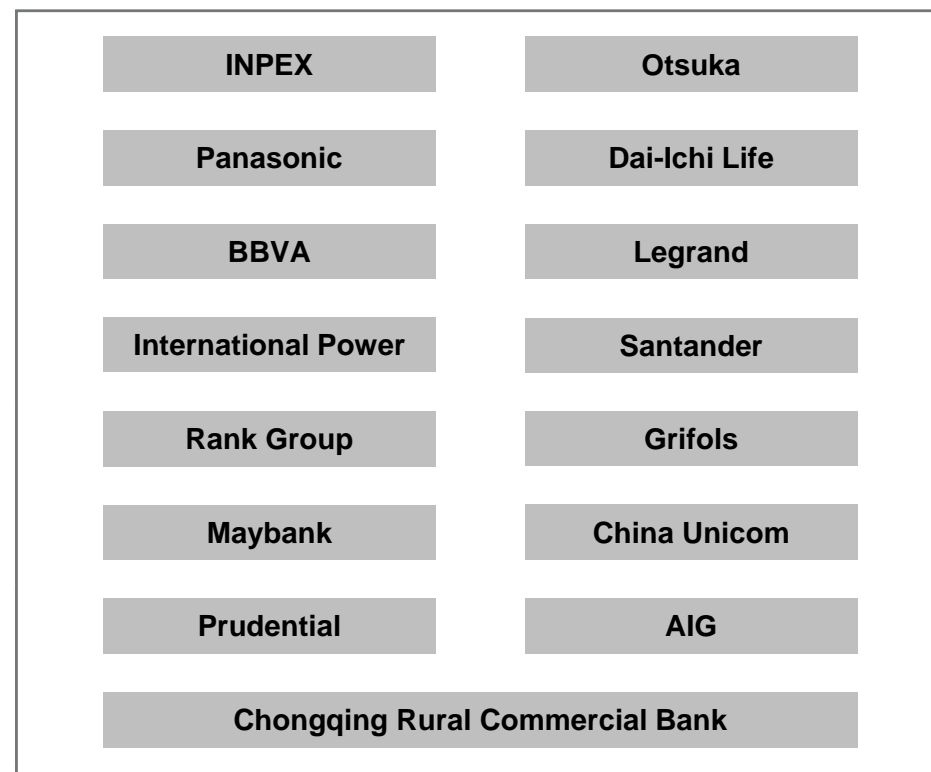
# Good Client and Business Progress

Global Markets Client Revenue Growth FY09/10-FY10/11



- Top 7 in AEJ and EMEA EQ Research (#1 Japan)
- Top 7 in Ex-Japan FI Research (#1 Japan)
- #1 on London and Tokyo Stock Exchanges

Investment Banking Franchise Deals



- #1 in Japan M&A, ECM and Corporate Debt
- #2 in European Accelerated Book Builds
- #2 EMEA Sponsor-led Leveraged Loans

# Addressing Strategic Issues

Nomura Strategic Issues	Actions / Solutions / Mitigants
<p><b>Cost Base and Profitability</b></p>	<ul style="list-style-type: none"> <li>■ Driving productivity and transparency across the organization</li> <li>■ Enforcing pay for performance culture balanced with strategic objectives</li> <li>■ Stringent new initiative process based on economic and strategic impact</li> <li>■ Cost saves across Front Office and Corporate</li> </ul>
<p><b>Nascent Global Franchise</b></p>	<ul style="list-style-type: none"> <li>■ Calibrated near-term investment towards accretive businesses that can fund future growth</li> <li>■ Commitment to longer gestation investments with realistic milestones</li> <li>■ Build the global brand</li> </ul>
<p><b>Japan Dependency</b></p>	<ul style="list-style-type: none"> <li>■ Increasing portion of international revenue – 66% for FY10/11</li> <li>■ Opportunity to convert Japan dependency into Asia advantage – region with strongest growth prospects at our doorstep</li> </ul>

## Key Themes and Strategy

Emphasize a culture of partnership – with clients and across divisions and regions

Target select markets & businesses where we can compete on a level playing field

**NOMURA**

Build thought leadership, gain first mover advantage through innovation & ideas

Leverage structural advantages & nimble culture to further differentiate ourselves to clients

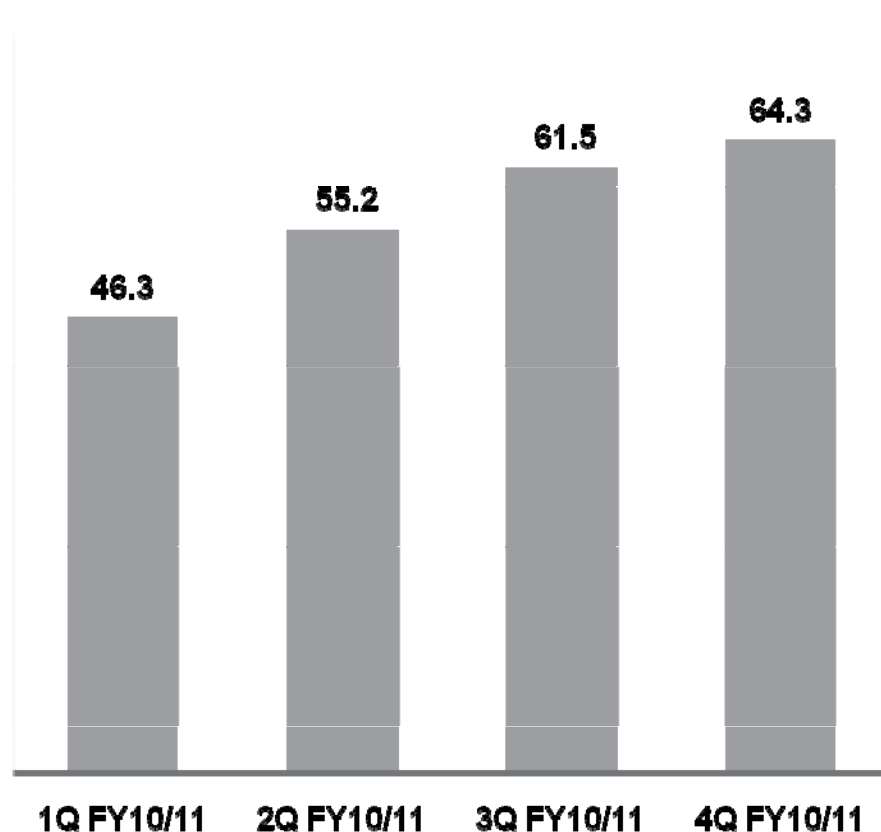
Redeploy Resources, Accretive Businesses

Aspire to be Best Operator

Drive Earnings Consistency, Strong Brand and Culture

## Divisional Strategy – Equities

Quarterly Revenue (JPY B)

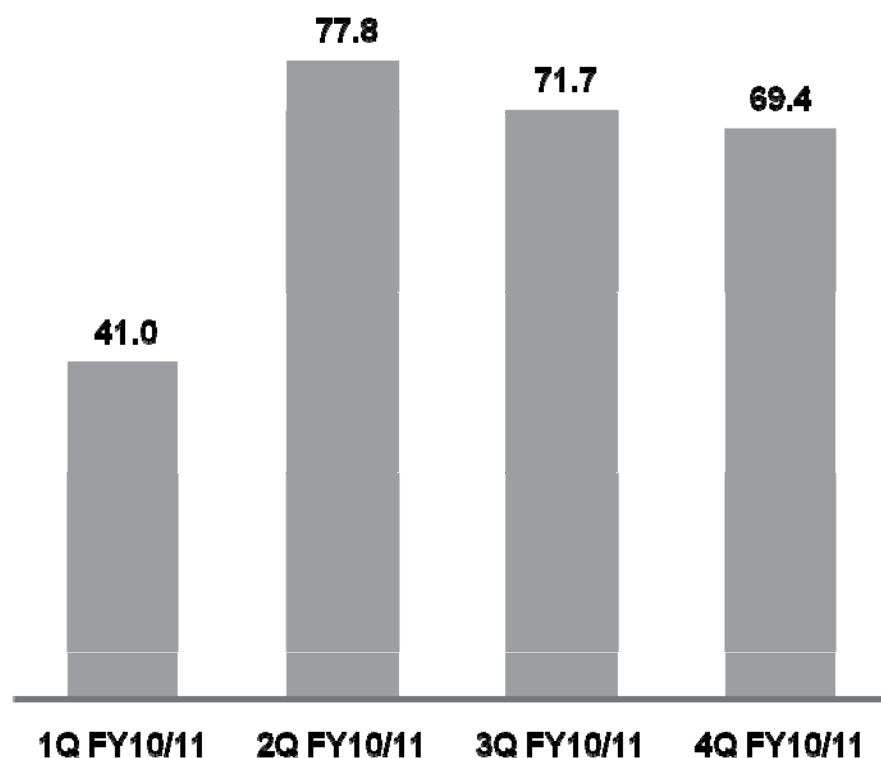


Highlights

- **Deepening Global Markets integration**
  - Substantial synergies with Fixed Income
- **Derivatives – Rebuild momentum**
  - New global leadership, budgeting high growth YoY
  - Structured corporate and solutions / origination
  - Cross regional distribution
- **Electronic trading – Realign towards profitability**
  - Closer integration of Instinet to drive synergies
  - Selectively strengthen trading, build out sales
- **Cash & Research – More focused approach**
  - Drive client penetration, cross-divisional alignment
  - Monetize research investments
- **Risk Taking – Smart and disciplined**
  - New Global Head of Trading to cultivate risk culture
  - Leverage capital, technology & infrastructure for clients

## Divisional Strategy – Fixed Income

Quarterly Revenue (JPY B)



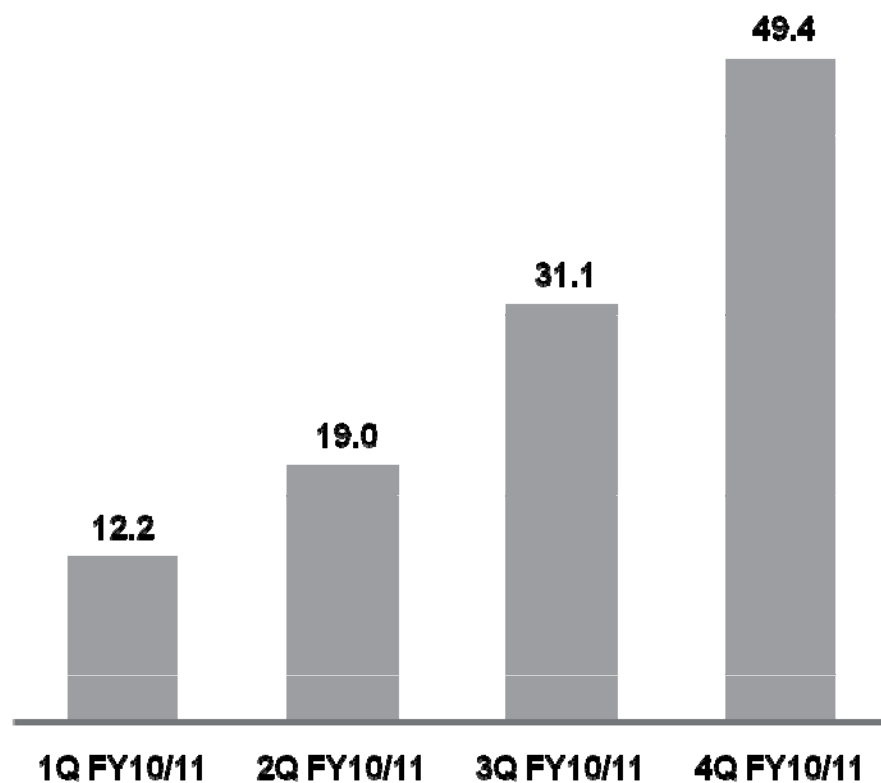
Highlights

- **Rates – Cornerstone for future growth**
  - Largest YoY budgeted increase in Fixed Income
  - Driven by full year impact of transformational hires
  - Boost capabilities in STIRT, inflation, Sterling, etc.
  - Filling coverage gaps and upgrading infrastructure
- **Credit – Expand on franchise successes**
  - Continue successful strategy in JP, EMEA, AEJ
  - Strengthened management and structure in US
- **FX – Longer term build**
  - Upgrade G10 Options, expand Japan FX sales
  - Deepen EM penetration, especially Lat Am footprint
- **Securitized Products – Maintain and Grow**
  - Repeat strong FY10/11 performance, expand platform
- **Structuring – Drive repeat business**
  - Shift from large trades to smaller recurring business
  - Core competitive advantage for the firm



## Divisional Strategy – Investment Banking

### Quarterly Net Revenue (JPY B)

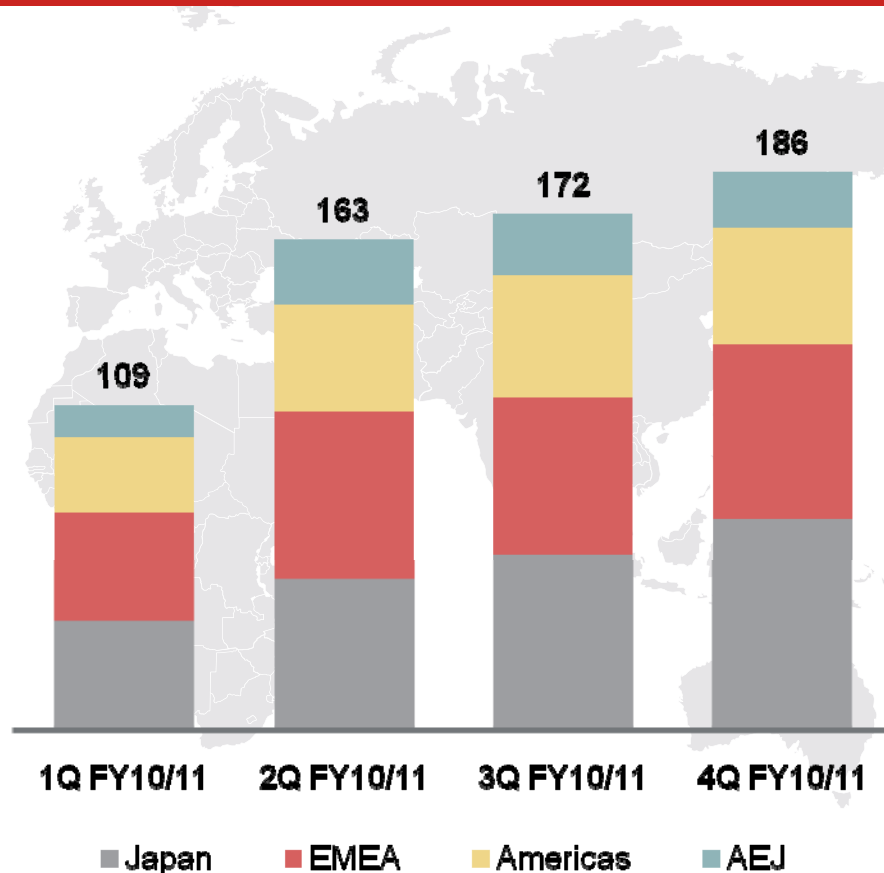


### Highlights

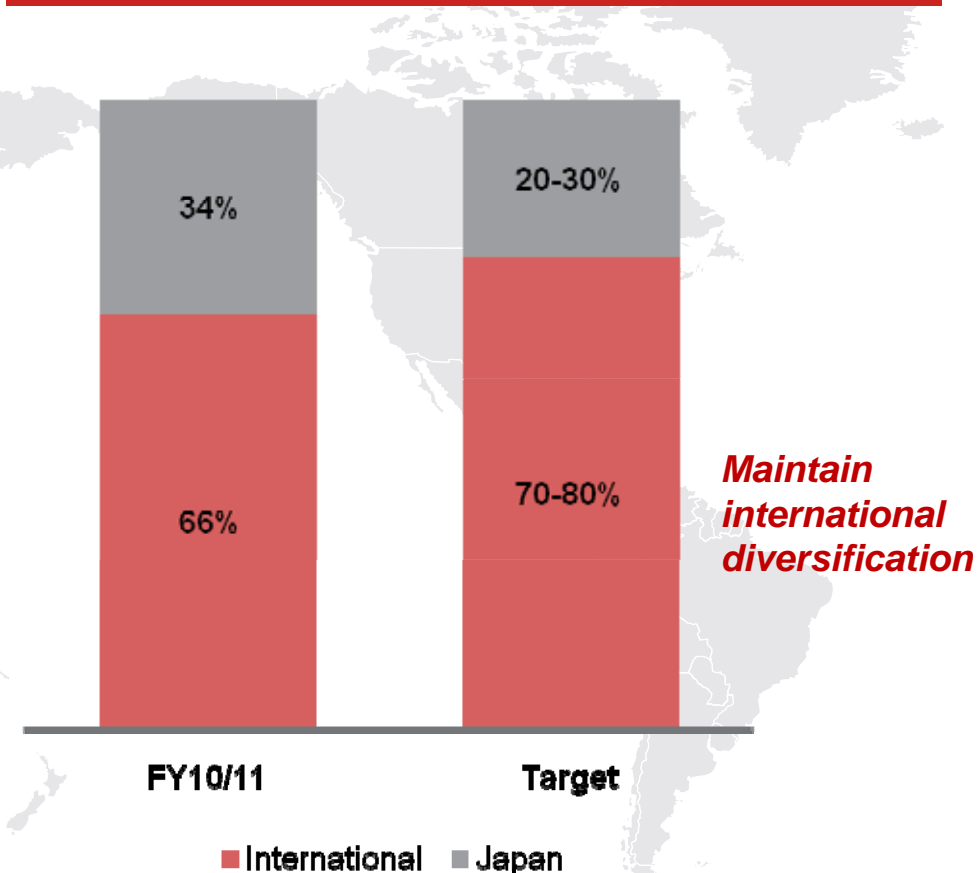
- **International – Build the franchise**
  - Improve productivity in international businesses
  - Grow non-Japan revenue contribution
  - Narrower sector / industry focus
  - Continue M&A momentum, capitalize on pipeline
  - Build on derivatives and Global Finance successes
- **Japan – Maintain dominance, expand platform**
  - New revenue opportunities
  - Grow derivatives solutions / financing
  - Deeper cross-border collaboration
- **Enhance profitability**
  - Increase productivity
  - Appropriately scaled platform
  - Greater cross-divisional synergies

# Regional Strategies – International Growth

Regional Revenue (JPY B)



International Revenue Contribution



## Regional Strategies – Playing to Our Strengths

### Japan

- Expand Japanese equity business
- Maintain dominance across products
- Drive new opportunities in solutions, FX, derivatives
- Japan gatekeeper – partnership with Retail & AM
- Intensify cross border co-operation
- Additional cost efficiencies and group synergies

### EMEA

- Re-energize and monetize EMEA Equities
  - Derivatives as core competency
  - Grow Cash and other businesses selectively
- Rates to become the single largest business in FI
- Expand on structured Credit success
- Growth in IB driven by M&A, financing

### Asia Ex-Japan

- Grow revenues by monetizing existing platform
  - Execution services, ECM, FX, Rates, distribution
  - Driving client strategy and productivity
- Increase contribution from higher-margin products
  - Structuring, private financing, derivatives solutions
- Deepen penetration of key local markets

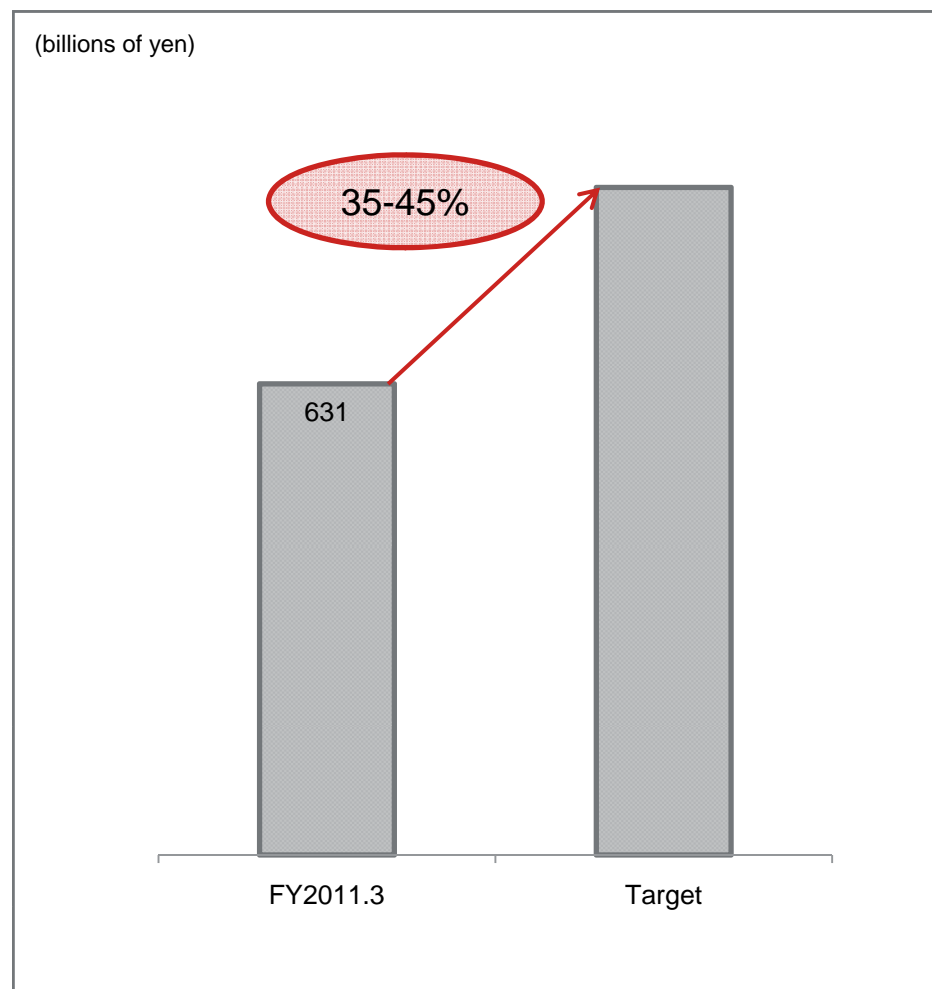
### Americas

- 60%+ growth in budgeted revenues (ex-Instinet)
- Fixed Income leading with Securitized Products, Rates
- Increasing contribution from Credit and FX
- Reap dividends from 2010/11 investments in Equities
  - Momentum in Flow Derivatives
  - Cash aligned with IB and trading capabilities
- IB emphasis on financing / solutions and M&A
- More focused build and cross-divisional alignment

**International Profitability a Key Objective**

# Wholesale Revenue Targets and KPI

## Short-term Revenue Target



## KPI

	Target	
Wholesale	✓ Revenue Growth	15%+ CAGR
	✓ Revenue Share of Top 10	4%+
	✓ % Client Revenue	70-80%
	✓ % International Revenue	70-80%
	✓ Pretax Margin	10-15%

## Conclusion

- Renewed focus on profitability and productivity, especially overseas
- Made progress, much more to do
- Changing industry dynamics offer long-term growth opportunities
- Clear strategy, strong leadership, deep talent pool
- Significant opportunity and upside, long-term value

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