

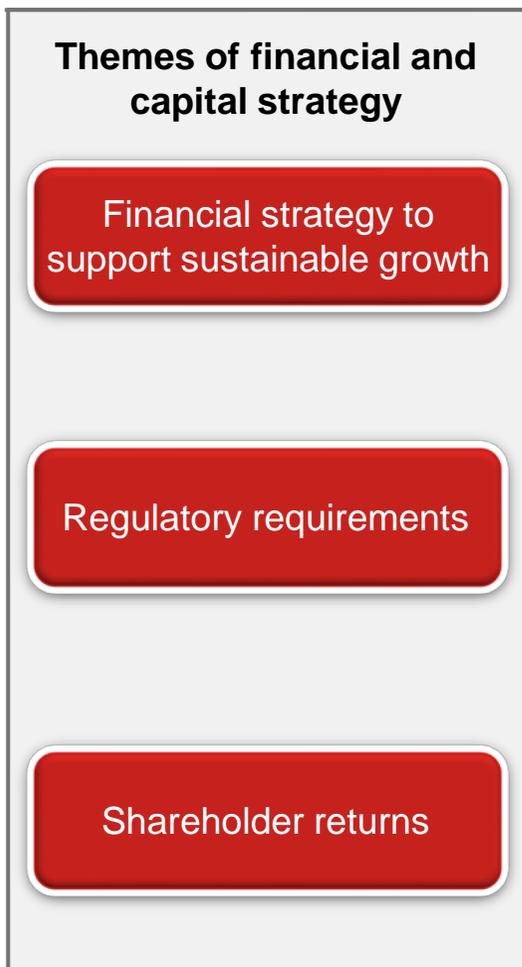
# Investor Day

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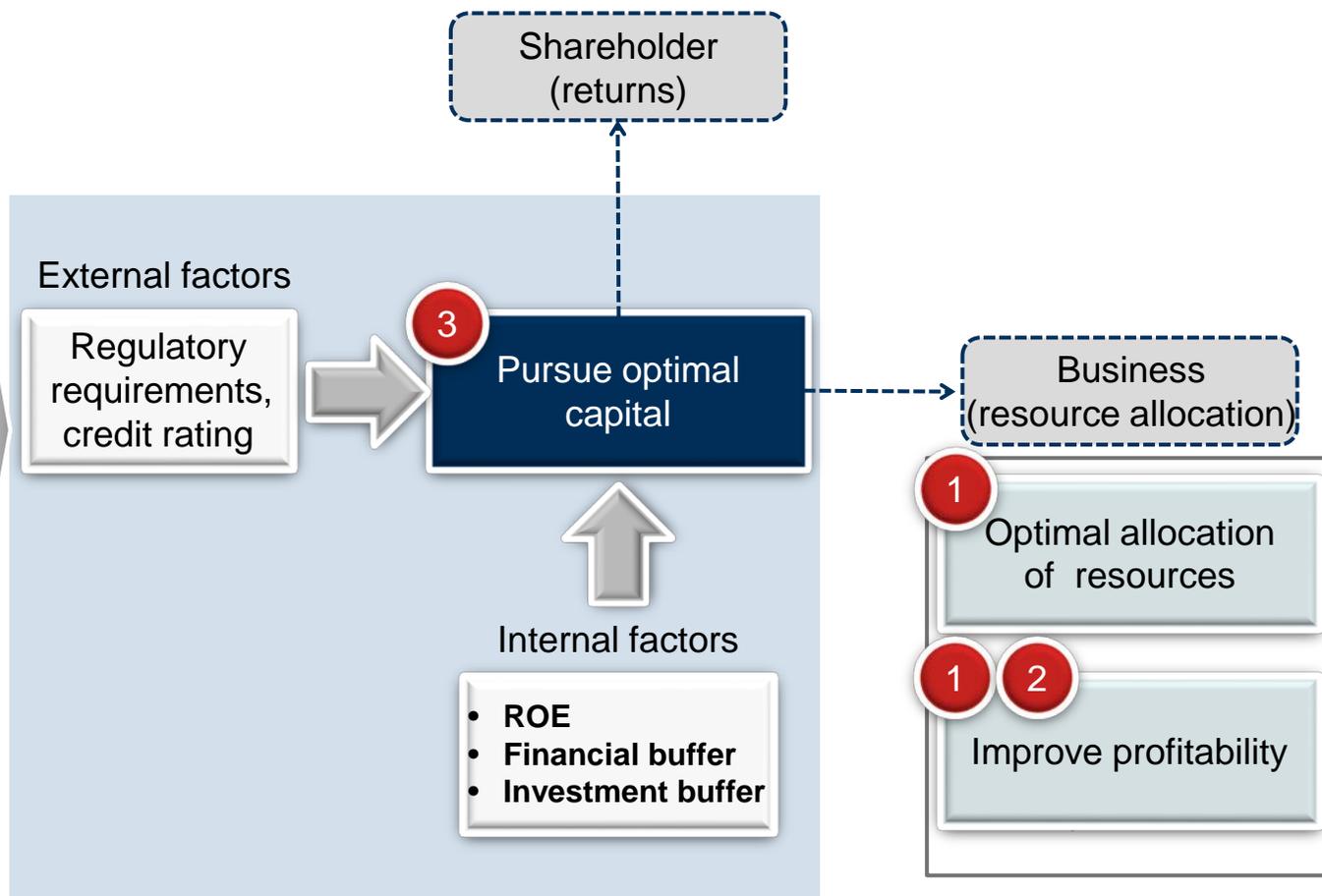
May 28, 2018

# Financial and capital strategy

## Three key themes



## Factors to consider for financial and capital strategy



# Regulation timeline and minimum requirement

## Outline of Basel Rule

		2019	2020	2021	2022	2023	2024
<b>Capital</b>	<b>Minimum requirement (CET1)<sup>1</sup></b>	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
	<b>Market risk</b>				FRTB <sup>2</sup>		
	<b>Credit risk</b>				Revised IRB <sup>3</sup> , SA <sup>4</sup> , CVA <sup>5</sup>		
	<b>Operational risk</b>				SMA <sup>6</sup>		
	<b>Other</b>				SA Floor		
<b>Total Loss Absorbing Capacity (TLAC)</b>	<b>Minimum TLAC as a percentage of RWA</b>			16%	16%	16%	18%
	<b>Minimum TLAC as a percentage of LE</b>			6%	6%	6%	6.75%
<b>Balance sheet</b>	<b>Leverage ratio</b>	≥ 3% (timing TBD)			Final rule		
<b>Liquidity</b>	<b>Net Stable Funding Ratio</b>	≥ 100% (timing TBD)					

1. Includes capital conservation buffer of 2.5%, and D-SIB buffer of 0.5%. Excludes countercyclical capital buffer.

2. FRTB: Fundamental review of trading book

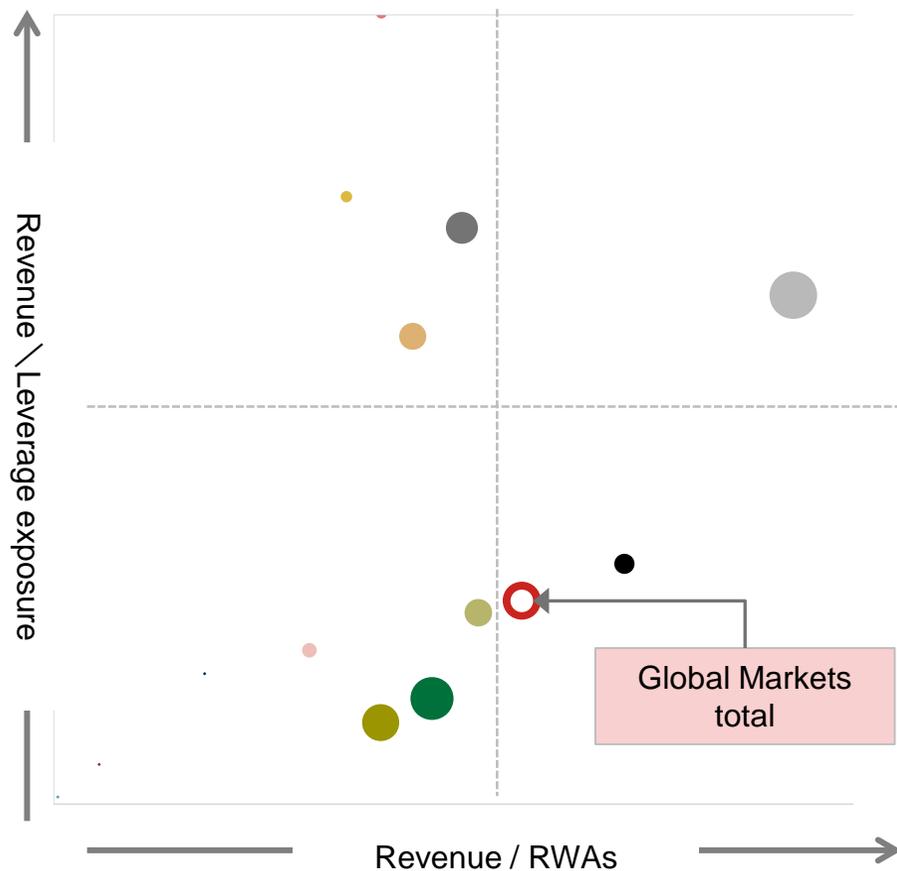
3. IRB: Internal rating based approach

4. SA: Standardized approach

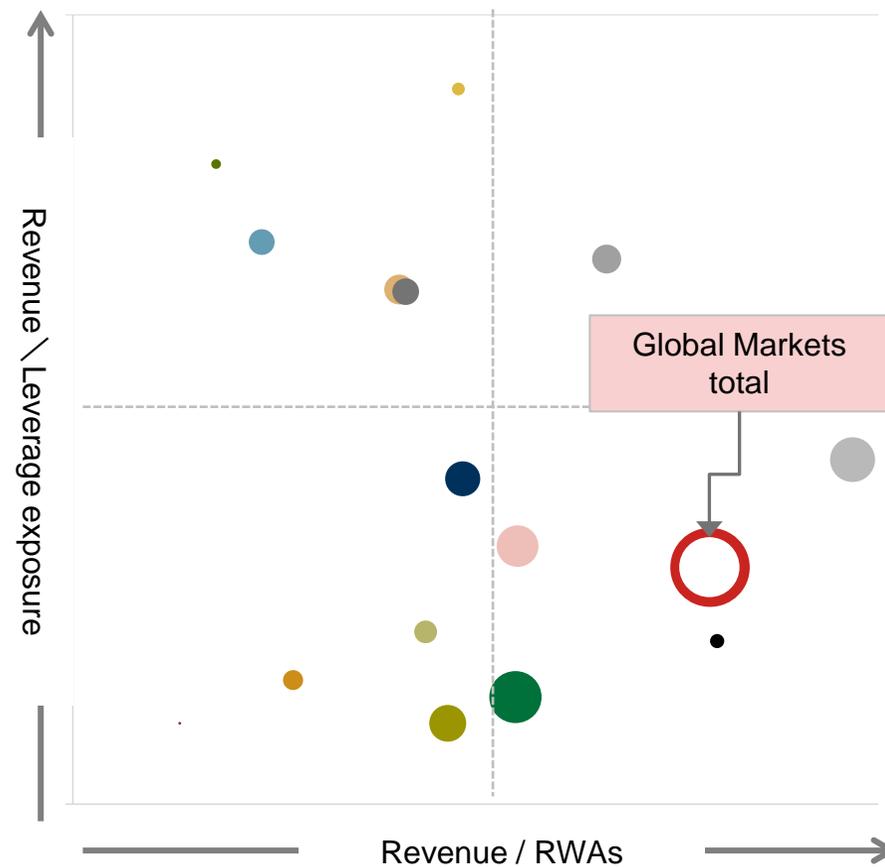
5. CVA: Credit Valuation Adjustment

6. SMA: Standardized Measurement Approach

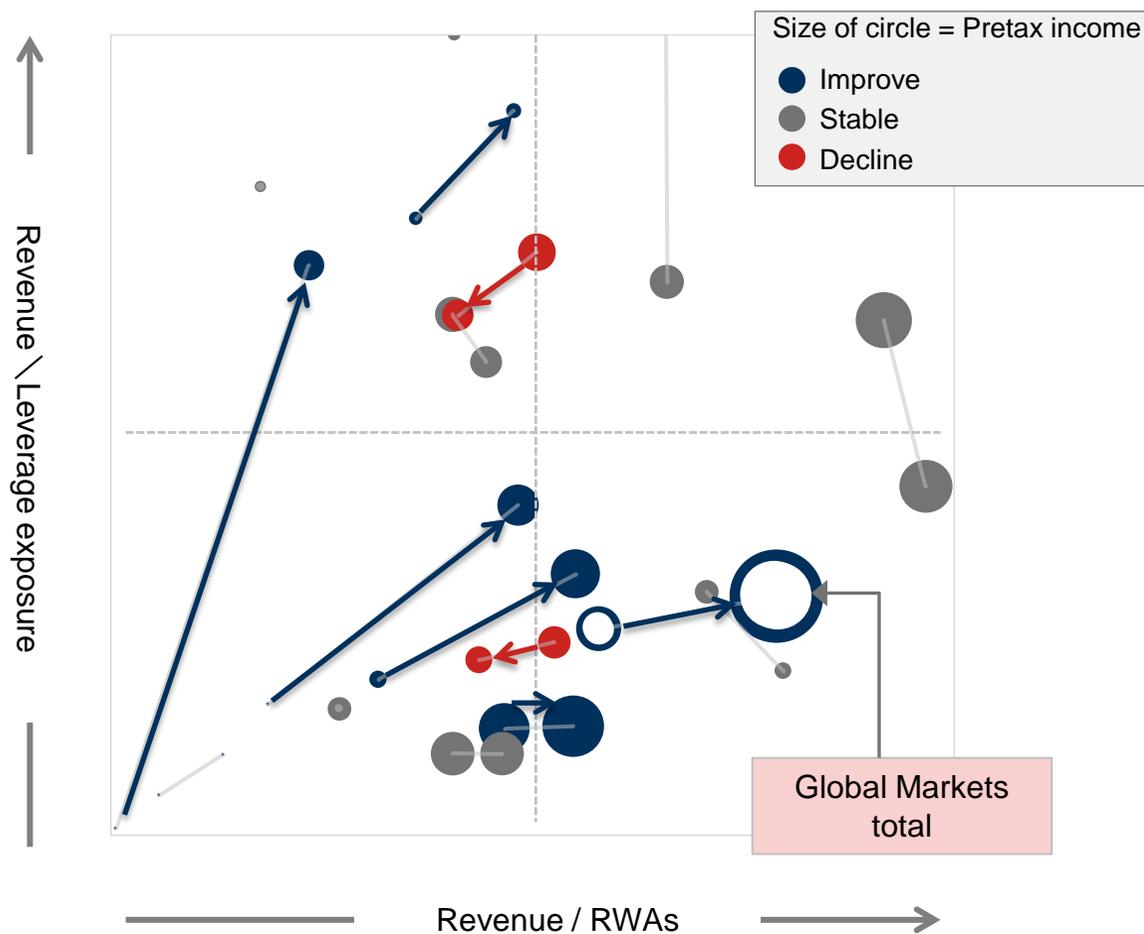
Profitability of Global Markets by strategy (FY2015/16)



(FY2016/17 – FY2017/18)



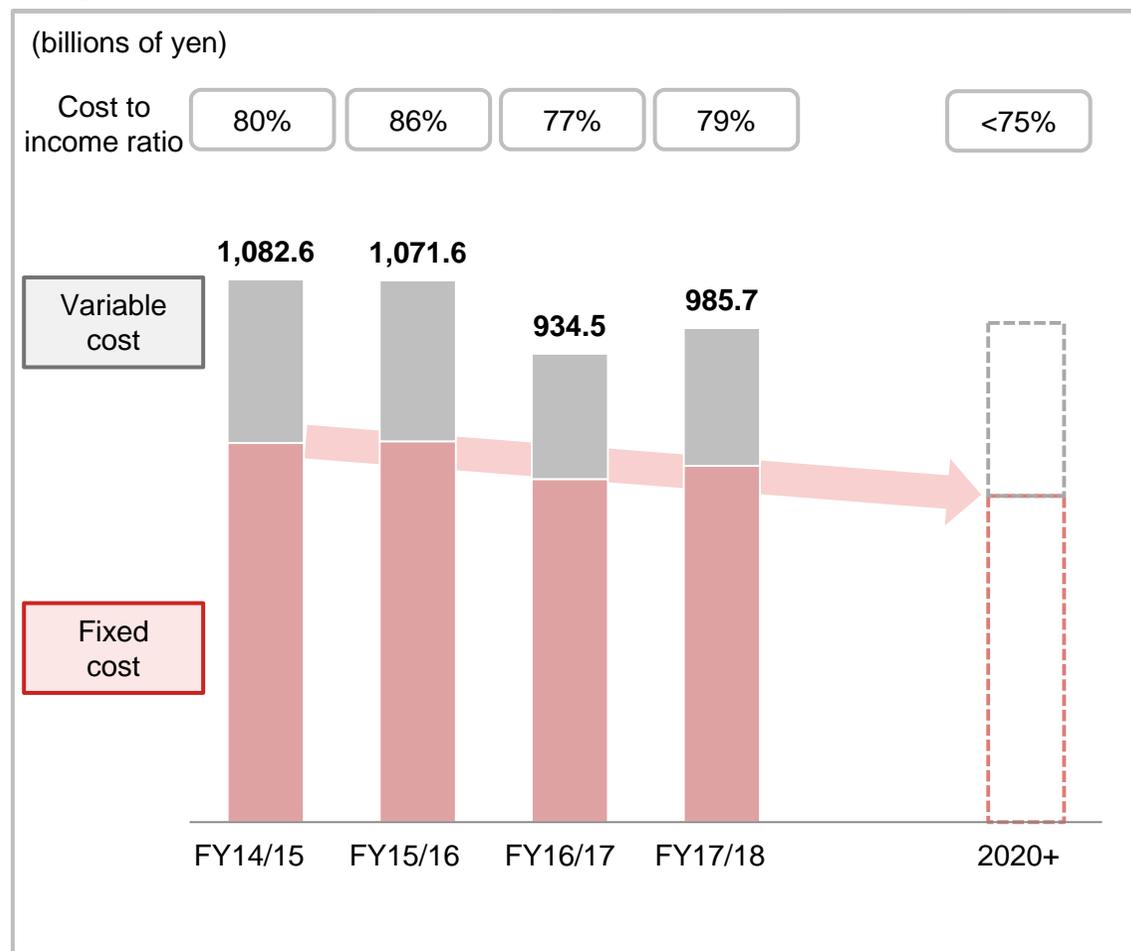
Profitability of Global Markets by strategy (FY2015/16 vs FY16/17, FY17/18)



- Conduct periodic reviews of business portfolio to improve return on resources
- Profitability in last two years has improved compared to FY15/16
- Effectively deploy resources through regular monitoring of businesses

## Reduce fixed cost to improve profitability

### 3 segment non-interest expenses: fixed cost lowered



Pay for performance

Driving efficiencies  
(Corporate operating model)

Digitalization/ Automation

Cloud outsourcing

Integrated purchasing

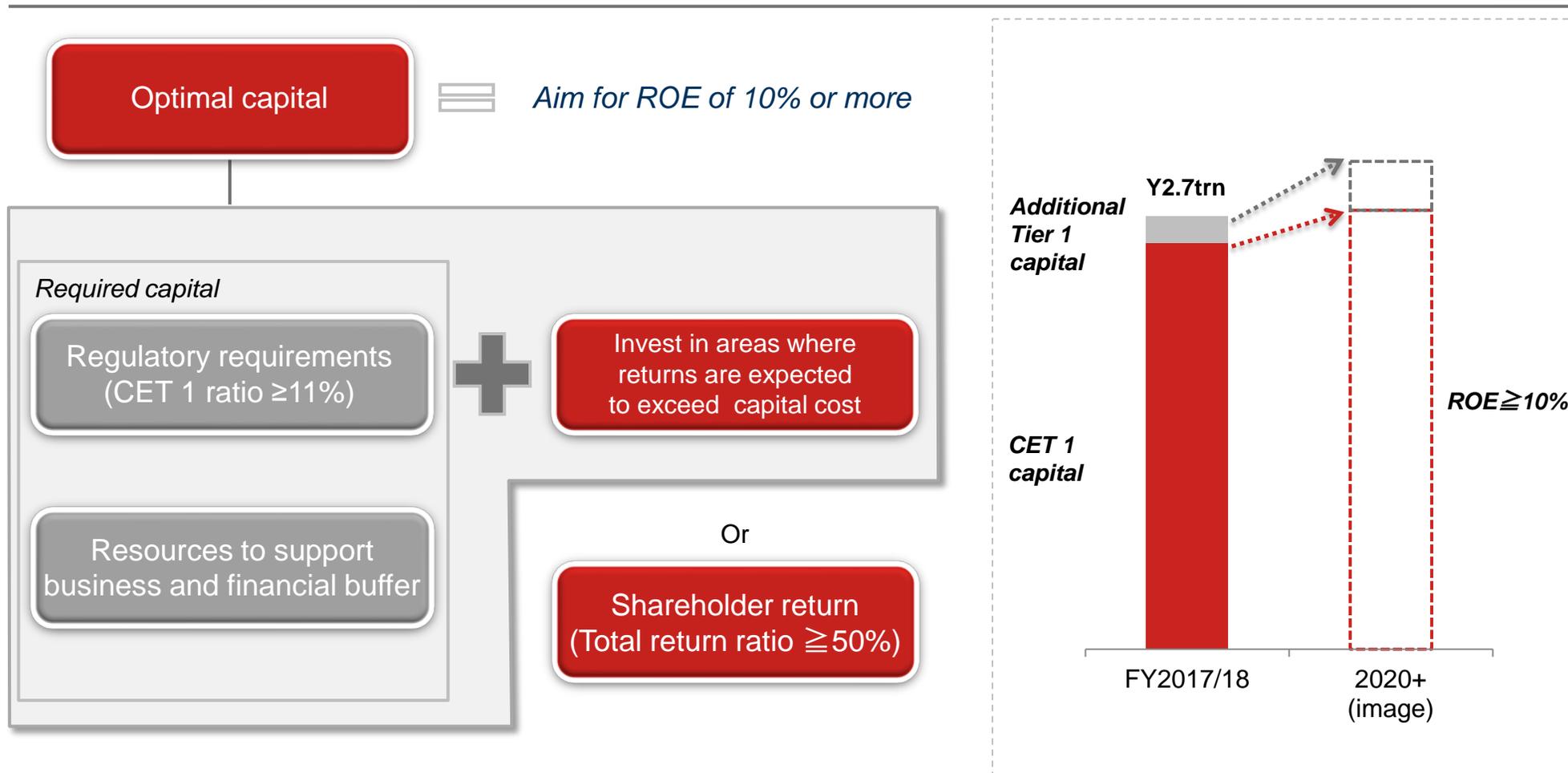
Global real estate strategy

Reduce firmwide fixed costs by approx.  
Y60bn (by FY21/22)

## Secure optimal capital necessary for sustainable growth

- Aim for ROE of 10% or more through focus on capital efficiency, and consider changing Tier 1 capital composition
- Realize growth strategy by building up internal reserves, while setting total shareholder return ratio at 50% or above

Maximize ROE to enhance corporate value



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