

# Wholesale Division



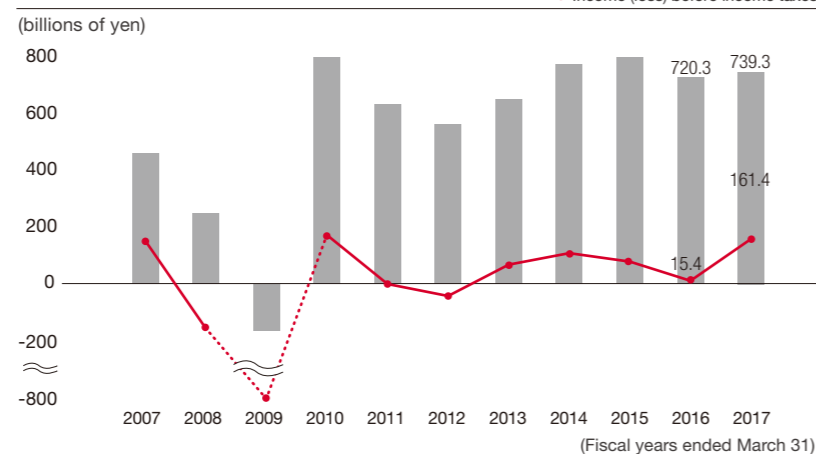
## Strengths, Challenges, Actions

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|-------------------|--|
| <b>Strengths</b>  | <ul style="list-style-type: none"> <li>• Top-in-class industry presence in Asia-Pacific region, particularly in Japan, and strengthening international platform</li> <li>• Global client base across more than 30 countries</li> <li>• Leading facilitator of cross-border transactions worldwide</li> </ul> |
| <b>Challenges</b> | <ul style="list-style-type: none"> <li>• Generating higher return under tighter regulatory environment</li> <li>• Relatively high sensitivity to market fluctuation</li> <li>• Changes in market structure and competitor dynamics</li> </ul>  |
| <b>Actions</b>    | <ul style="list-style-type: none"> <li>• Continue to align our portfolio to evolving market conditions and client needs</li> <li>• Reinforce risk culture and discipline</li> <li>• Deliver growth through value-added service to clients and selective investment in growth areas</li> </ul>                |

## Review of FY2016/17

Since the second half of 2015, global markets have experienced extreme volatility and a significant decline in liquidity, triggered by heightened uncertainty in the global economy. With the assumption that this market environment would continue, and under tighter regulatory environment, Wholesale took decisive action to make strategic changes in EMEA and the Americas and lowered its breakeven point. As a result, full year net revenue was ¥739.3 billion and income before income taxes jumped to ¥161.4 billion. We succeeded in increasing our net revenue within this difficult market environment, while also significantly lowering our cost base. In particular, Fixed Income revenue jumped on strong client flows.

### Trend of business results



## Strategy (Actions to create value)

At Nomura Wholesale Division, our focus has been to position the business to deliver sustainable performance across market cycles, and contribute ¥200 – ¥220 billion to the firm's income before income taxes by FY2019/20.

To that end, we undertook strategic repositioning of the international business portfolio in April 2016, to shift away from structurally disadvantaged businesses, and to focus our management resources to areas of strength including Global Macro, Emerging Markets, M&A and Solutions, etc.

At the same time, the breakeven point for our business has been lowered through structural cost reductions through initiatives such as the streamlining of our "front to back" infrastructure, and synergies from stronger collaboration between Global Markets and Investment Banking under an integrated Wholesale structure.

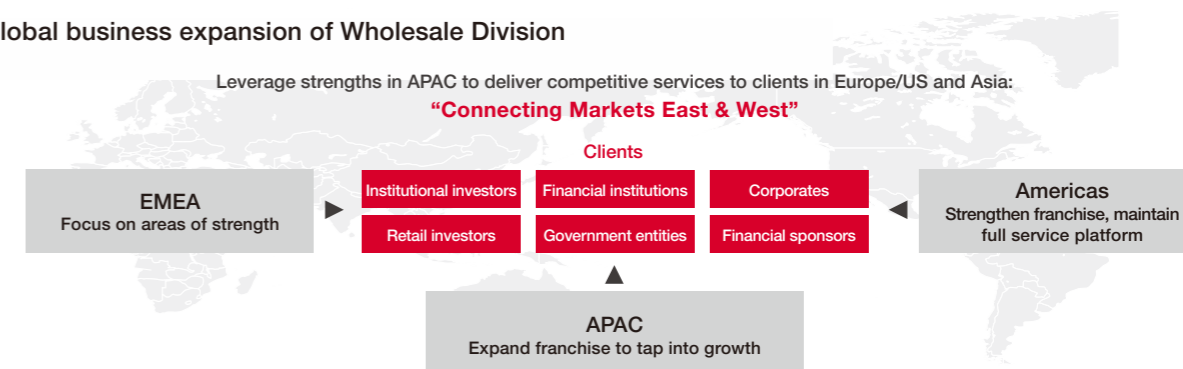
As a result of these initiatives, and continued resilience in our home market in Asia-Pacific, the

Wholesale business made a remarkable recovery during FY2016/17. Going forward, the key priorities are to build on this robust foundation through the following items.

- Reinforce our client franchise, particularly in international regions, to ensure long-term sustainable performance
- Invest in medium-term growth drivers, including Advisory and Origination, Emerging Markets, and Structured Products & Solutions
- Increase optimal utilization of financial resources to serve client needs seamlessly across the Wholesale portfolio

In responding to the various needs of our clients, we will continue to maintain a resilient risk culture as well as flexible resource allocation, collaborating effectively between Global Markets and Investment Banking.

### Global business expansion of Wholesale Division



### Provide liquidity to market

Nomura Wholesale aims to make markets across asset classes and market cycles for clients. We are active participants across primary and secondary markets, as reflected in ~6% market share in U.S. Treasuries and ~13% in JGBs. We also actively help corporates raise funding and were ranked No. 1 in the Japan ECM underwriting league table in FY2016/17 with a 22.0% market share as well as a No. 1 ranking in the Japan IPO league table in FY2016/17 with 27.3% market share.

Wholesale exercises robust risk discipline while providing liquidity and deploying our financial resources to meet client needs. There has been relentless and ongoing focus on strengthening our risk framework, and improving return on financial resources by seamless allocation across all areas of the Wholesale business portfolio.

Topics