In the fiscal year ended March 2020, we significantly improved financial performance from the previous year’s loss despite difficult business conditions, which included the market downturn in March, due to our successful reforms to the Retail Division and firm-wide cost saving initiatives. In Retail, we realigned sales channels and improved our organizational structure to better support client needs. In Wholesale, we lowered our break-even point through a review of our business portfolio and ongoing cost reductions.

Nomura Group reformed the management board in April 2020 and set forth a new management vision towards the fiscal year ending March 2025. In this management vision, through a combination of “business growth”, “trust from society” and “employee satisfaction”, we aim to help solve social issues and to achieve sustainable growth.

I believe that my main role as CFO is to provide financial and capital support, while communicating with a variety of stakeholders and taking their interests into account to realize our management vision. To this end, we will maintain a balance between (1) maintaining an appropriate financial base that enables compliance with various financial regulations, which are essential for Nomura Group to conduct business globally, (2) supporting Nomura Group’s sustainable growth from a financial and capital perspective, and (3) providing appropriate shareholder returns.

We will strive to maximize our corporate value and contribute toward the realization of our management vision by pursuing an optimal balance between investment in growth areas and digitalization and shareholder return.

Financial and capital support to achieve our management vision

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Compliance with financial regulations and maintenance of financial soundness

There are several global financial regulations that Nomura Group must comply with. Above all, the capital adequacy regulations set by the Basel Committee have a direct impact on our operations. As we anticipate the minimum required consolidated Common Equity Tier 1 (“CET1”) capital ratio of 7.5-8%\(^1\), we aim to maintain a CET1 capital ratio of 11% or higher over the medium term, which includes a discretionary management buffer.

The rapid spread of the coronavirus pandemic since the beginning of this year resulted in significant capital markets fluctuations. In March, the VIX index reached record high levels since the global financial crisis, and credit spreads widened rapidly. Due to these acute market changes, risk-weighted assets, the denominator of the CET1 capital ratio, increased mainly on market risk. As of March 31, 2020, the CET1 capital ratio was 15.3%, down from a year ago (17.1%). Nevertheless, our financial position is sound as the CET1 capital ratio is well above our medium-term target of 11%.

The methodology for measuring risk-weighted assets will be more stringent with the finalization of Basel III. This stricter regulation was scheduled to be implemented in the fiscal year ending March 2022, but was postponed for one year due to the impact of the coronavirus pandemic. We have more time to prepare for the tightening of the regulation, but there is no guarantee that such a sudden market downturn as we saw in March will not happen again. We will continue to manage appropriately while attentively controlling risk.

In April 2018, it was announced that the Total Loss Absorbing Capacity (TLAC)\(^2\) requirement would be applied to Nomura Group effective March 31, 2021. As a result, we have been proceeding with issuance of TLAC-eligible debt\(^3\) and refinancing existing liabilities. We have raised approximately ¥240 billion on TLAC-eligible debt in fiscal year ended March 2019 and ¥280 billion in fiscal year ended March 2020. At the same time, as a result of our efforts to ensure disciplined management of our balance sheet, we have maintained our loss absorbing capacity (regulatory Capital and TLAC-eligible debt) to meet the minimum required level of TLAC as of March 31, 2020 that is applied upon TLAC regulation implementation. In June 2020, we issued perpetual subordinated bonds\(^4\) worth ¥150 billion to strengthen capital base, which supports our growth strategy, and to increase the flexibility of our financial strategy. These perpetual subordinated bonds are considered to be Tier1 capital and TLAC-eligible. We will continue to implement our fund raising plan so that we can meet the required regulatory level without difficulty.


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1. The minimum required CET1 capital ratio may fluctuate each quarter as the counter cyclical buffer is updated quarterly. As of March 31, 2020, the minimum requirement is 7.5%.


3. Liabilities, etc. that satisfy requirements for loss absorbing capacity as defined by the Financial Services Agency of Japan.

4. Unsecured perpetual subordinated bonds with optional redemption clause and call-in clause. Under the capital regulatory rules for international financial institutions (Basel III), they are recognized as Tier1 capital and classified as additional Tier1 capital.

Toward sustainable growth

In our management vision, in addition to our exiting public business areas, we aim to expand and grow our businesses into the private area in terms of products and services, client base and delivery format.

ROE is the most important indicator of business growth. Our management vision and goal is to build the foundation of a business capable of achieving ROE of 8-10% by the fiscal year ending March 2025. ROE can be divided into three factors: “profitability” x “efficiency” x “financial leverage”. Nomura’s current challenge is “profitability”. In our management vision, we have established new KPIs (key performance indicators) so that we can regularly measure the progress of each business division’s efforts to improve “profitability”. By expanding our business reach from public to private, we would like to steadily increase revenues not only in our existing, but also in new business areas. At the same time, we will thoroughly control costs. At present, the ¥140 billion cost reduction plan towards the fiscal year ending March 2022 has progressed approximately 70% as of March 2020, and we will continue to make steady progress on the remaining 30%. We will also selectively invest in growth areas and take a leap forward to the “Next Stage of Growth”.

Since 2012, Nomura Group has worked to reform its domestic business model and improve the profitability of its overseas business while simultaneously strengthening its financial base. I am confident that we have been able to improve our competitiveness in the areas where we have strengths while transforming toward a leaner structure by continuously assessing the ideal business platform. Over the next five years, we will deepen these efforts while also investing in growth areas to reach the “Next Stage of Growth”. In order to achieve our management vision for the fiscal year ending March 2025, we will exercise financial and capital discipline, and we will communicate with our stakeholders about our progress based on established KPIs for each business division. Although I did not mention it in this message, "trust from society" and "employee satisfaction" are also essential to achieving our management vision. As a member of the group executive board, I will strive to create an organization that can grow sustainably through the resolution of social issues and make steady efforts to address these issues. Thank you for your continued support.