WHOLESALE DIVISION

Wholesale Division consists of two businesses: Global Markets and Investment Banking. The former provides financial products, solutions and secondary market liquidity, and the latter offers capital raising transactions and advisory services. We provide diverse services to a broad range of clients including corporates, government entities and financial institutions in Japan as well as overseas.

Strengths
1. Leading position in Japan
2. Global strength across core businesses
3. Diversified business portfolio

Challenges
1. Revenue skewed towards secondary businesses
2. Uncertain in operating environment
3. Rapidly evolving market structure

Actions
1. Growth of fee-based revenue streams
2. Allocation of resource to high growth areas
3. Accelerated roll-out of digitization plan
4. Use of third-party alliances to access untapped markets

Vision and its initiatives
The key focus of Wholesale business is to be at the forefront of developments in the capital markets and seamlessly serve the needs of our clients globally across primary and secondary markets, while ensuring consistent and sustainable contribution to the profitability of the firm. With a momentum gained from the strategic realignment of the business portfolio in April 2019, Wholesale franchise is well positioned to deliver extensive market access and liquidity, differentiated products and services, and tailored-made financing/solutions across market cycles.

There are number of initiatives to reinforce the Wholesale platform and position for further growth and diversification of the portfolio of businesses. Strategic focus is to generate new market cycles.

Review of FY2019/20
FY2019/20 was largely affected by concerns over economic slowdown due to heightened geopolitical risks and the rapidly spreading of the new coronavirus in 2020 weighed on the global economy, significantly affected client activity and market volatility. Although business environment remained uncertain for a year, in April 2019, the Wholesale Division realigned its business platform by downsizing and optimizing from unprofitable businesses and focused on areas of strengths within each region.

As a result, the full year net revenue was ¥648.6 billion, up 17% year-on-year, due to substantial recovery of Fixed Income mainly in Rates products and FX/EM in Asia. Moreover, the Wholesale Division cost was reduced by 17% year-on-year as the cost reduction plan of $1 billion (approx. ¥110.0 billion) progressed ahead of original schedule and goodwill impairment charge attributable to Wholesale (¥91.0 billion) was no longer present. Income before income taxes totaled ¥92.2 billion, a significant recovery from FY2018/19.

Net revenue
790 625 555 645 785 790 720 739 715 649
CIR (Expense / Revenue)
15 11 7 5 4 6 7 8 9 11
Revenue / RWA
6.5% Approx. 6%*
Key performance indicators

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Initiatives in next three years

Our immediate focus is to ensure stability and resilience of the business as the global economy and markets emerge out of the impact caused by coronavirus pandemic, and continue to provide uninterrupted service to our clients while maintaining robust risk management to safeguard from uncertainties ahead. In the medium term, Wholesale is focused on achieving the $1.1bn PTI target, mainly through initiatives shown below.

<table>
<thead>
<tr>
<th>Business strategies</th>
<th>Digital transformation</th>
<th>ESG initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reduction</td>
<td></td>
<td></td>
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<td></td>
<td>Delivered on remaining structural cost savings of $0.3 billion by March 2022</td>
<td></td>
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</tbody>
</table>

**Point 01**

**Business Strategies**

Our business strategy is mainly focused on continuing momentum in core areas, while capitalizing new growth opportunities and focus on cost efficiency.

- **Diversification of revenue stream and further expansion of market share in agency execution**
- **Leverage momentum in secondary trading businesses and use of technology for further differentiation and improved productivity in Flow Trading**
- **Further development of structured and solutions offerings**
- **Prudent risk management and improving resource efficiencies through flexible deployment of management resources**
- **Leverage our strengths in the public market to enhance our presence in private markets**
- **Continue to invest in priority areas and strengthen advisory functions to support new customer needs**
- **Pursue new business opportunities through partnerships with third parties and invest to build new digital businesses**

**Strategic focus**

- Further gain in market share
- Expansion of non-brokerage revenue streams to expand market share through multi-product services
- Continued focus on cost efficiency
- Continued growth in core areas
- Improved monetization and differentiation in Flow Trading through use of technology
- Monetize demand for liquidity
- Support client financing through structured and solutions offerings
- Drive resource efficiencies, prudently manage exposure
- Capitalize on new opportunities
- Scale-up of key focus sectors (collaboration with Greentech)

**Point 02**

**Digital transformation**

A key lever of our business strategy is digitization initiatives to improve productivity and nurture new revenue streams.

Digitalization of existing platform includes advanced analytics, AI tools and execution algorithms for pricing and hedging in eTrading, deployment of AI tools in secondary businesses for pricing, hedging and market making as well as improved efficiency through automation of manual processes and retiring legacy platforms, redundant infrastructure.

Additionally, we intend to explore new business opportunities in the digital space, through recently launched Komaihu, a regulated digital asset custody solution for institutional clients, to broaden our digital asset footprint as well as further build on successful underwriting of Japan’s first blockchain-based digital bond leveraging blockchain platform BOOSTERY.

**Point 03**

**ESG initiatives**

To accelerate financing and solutions for projects that will support a carbon-free society, we have established the “Wholesale Sustainability Forum” under the ESG Committee, with Head of Wholesale Division as the chair and members from related departments. The Forum will continue to accumulate relevant expertise, monitor trends in markets and laws and regulations, identify opportunities for financial products and services that contribute to a sustainable society, and actively participate in industry activities.

As part of our ongoing commitment to sustainable finance, Nomura acquired Greentech Capital in April 2020, a leading boutique investment banking firm focused on sustainable technology and infrastructure. This acquisition will help Nomura respond better to diverse client needs with stronger environmental, social and governance-related primary and advisory services, and expand industry expertise.

**Initiatives in next three years**

Point 03

**ESG initiatives**

- **Sustainability expertise and solutions**
- **Access to wider client base**
- **Global reach**
- **Expanded product and service capabilities**

Build ESG-related financing and advisory platform meet social needs and increased demand for sustainable products