

# WHOLESALE DIVISION

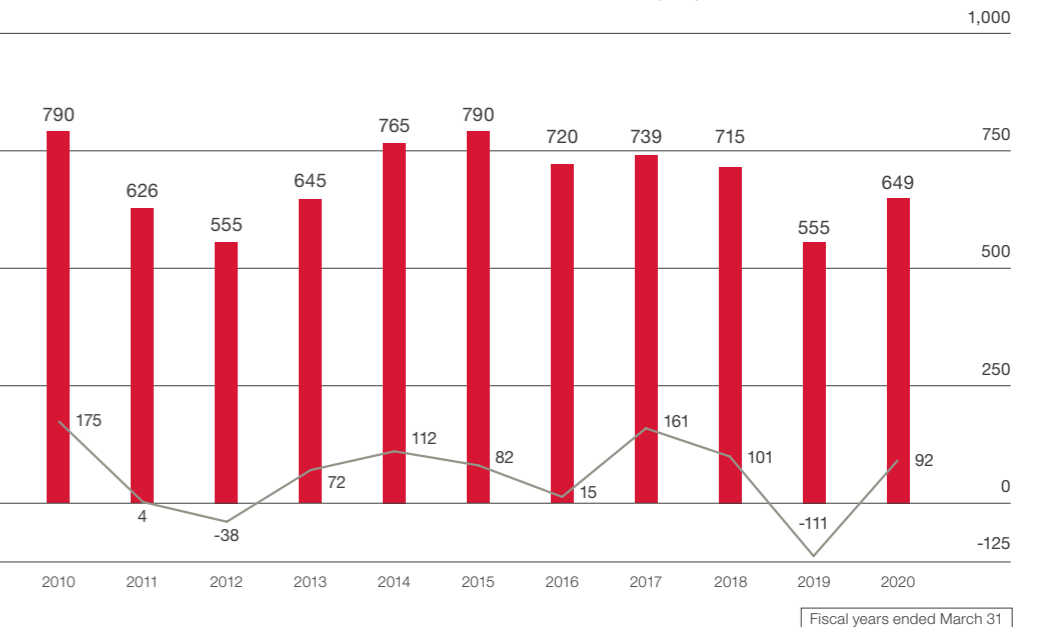
Wholesale Division consists of two businesses: Global Markets and Investment Banking. The former provides financial products, solutions and secondary market liquidity, and the latter offers capital raising transactions and advisory services. We provide diverse services to a broad range of clients including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

## 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 overhauled its business platform by downscaling 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 AeJ. 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 (¥81.0 billion) was no longer present. Income before income taxes totaled ¥92.2 billion, a significant recovery from FY2018/19.

Business Performance (billions of yen) ■ Net revenue — Income (loss) before income taxes



### Japan

**FX house of the year, Japan<sup>\*1</sup>**

**#1 in Japan M&A<sup>\*2</sup>**

**#1 in Japan ECM<sup>\*3</sup>**

<sup>\*1</sup> FX Week, January 2019 – December 2019

<sup>\*2</sup> Refinitiv, April 2019 – March 2020

<sup>\*3</sup> Refinitiv, April 2019 – March 2020

### Overseas

**Volatility Derivatives house of the year, third consecutive year<sup>\*1</sup>**

**#8 in US Fixed Income market share<sup>\*2</sup>**

**Specialist Agency Broker of the Year<sup>\*3</sup>**

**#2 in EGB e-Trading volume market share<sup>\*4</sup>**

**US RMBS bank of the year<sup>\*5</sup>**

<sup>\*1</sup> Global Capital 2019

<sup>\*2</sup> Greenwich, January 2019 – December 2019

<sup>\*3</sup> Financial News – Trading and Technology Awards Europe 2019

<sup>\*4</sup> Bloomberg 2019

<sup>\*5</sup> 2020 Global Capital US Securitization Awards

### 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 opportunities pivoting on the strength in our secondary trading platform, scale-up of the Advisory business globally leveraging our unparalleled Japan franchise, develop new revenue streams through digital transformation and build-up of capabilities in digital assets, and realize synergies with Greentech to broaden our presence in the ESG space.

	FY2019/20 / March 2020	FY2022/23 / March 2023
Revenue / RWA	6.5%	Approx. 6%*
CIR (Expense / Revenue)	86%	82% or lower
Growth of fee and commission based revenue	Approx. \$1billion	+15% or higher (vs. FY19/20 actual)
	FY2019/20	FY2022/23
Income before income taxes	\$0.8billion (¥92.2billion)	\$1.1billion (¥120billion)

### Key performance indicators (KPIs)

### Key Goal Indicator (KGI)

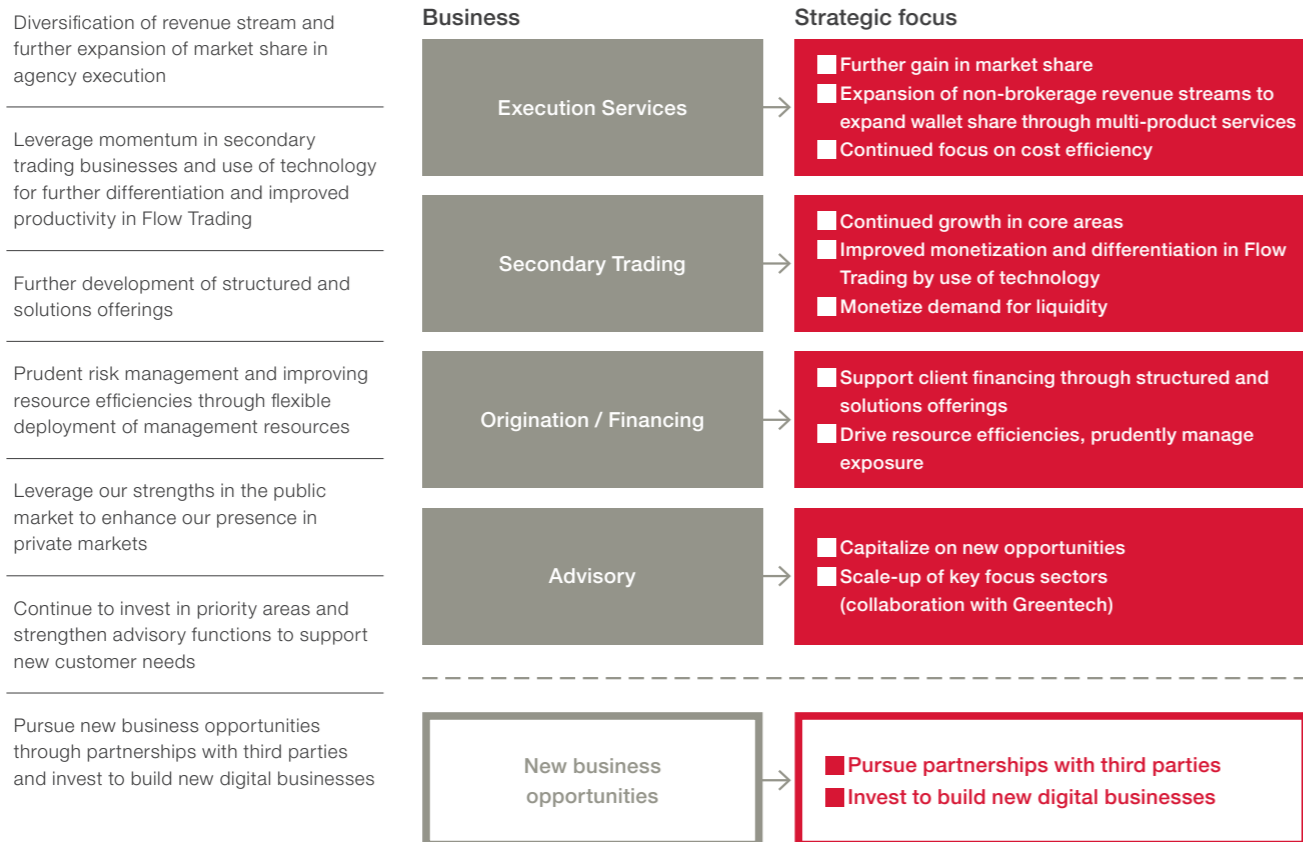
\* Uncertain impacts such as regulatory changes are not considered at present.

# 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.

<p><b>Point 01</b> Business strategies</p> <p>Maintaining core business strengths and deployment of resources to high growth, high return areas</p>	<p><b>Point 02</b> Digital transformation</p> <p>Improved platform efficiency as well as new revenue streams through digitization initiatives</p>	<p><b>Point 03</b> ESG initiatives</p> <p>Further into ESG space leveraging recent Greentech acquisition, etc.</p>
<p><b>Cost reduction</b>   Delivering on remaining structural cost saves of \$0.3 billion by March 2022</p>		

<p><b>Point 01</b></p> <p>Initiatives in next three years</p>	<p><b>Business Strategies</b></p> <p>Our business strategy is mainly focused on continuing momentum in core areas, while capitalizing new growth opportunities and focus on cost efficiency.</p>
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<p><b>Point 02</b></p> <p>Initiatives in next three years</p>	<p><b>Digital transformation</b></p> <p>A key lever of our business strategy are digitization initiatives to improve productivity and nurture new revenue streams.</p>
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Digitization 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 Komainu, 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 block chain based digital bond leveraging block-chain platform BOOSTRY.

<p><b>Point 03</b></p> <p>Initiatives in next three years</p>	<p><b>ESG initiatives</b></p>
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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.

