Wholesale Division Update

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President and Chief Executive Officer, Wholesale Division
## Executive Summary

- Challenged financial performance FY10/11
- Year of transition, from investment phase to more calibrated profit focus
- Franchise success through growth of client business, rankings, transactions
- Enhanced management structure, tough decisions
- Identified underperforming areas, re-investing into accretive businesses
- Driving pay for performance culture, balanced with franchise enhancement
- Clear, consistent growth strategy based on clients, partnership and profitability
- Aggressive yet realistic financial targets, driving accountability
Nomura Wholesale – Challenged Financial Performance

- Overall, challenged financial performance FY10/11 – revenue down 20% YoY, positive pre-tax
- FI 41% of Wholesale revenue for the year, most profitable business
- EQ weak across derivatives and cash, strong in AEJ
- IB dominant in Japan, slow progress internationally; 18% of Wholesale revenue for FY10/11
- Enhanced Corporate infrastructure, continued reduction in overall cost base

Quarterly Revenue and Pretax (JPY B)

- 1Q FY10/11: 109 (41.1)
- 2Q FY10/11: 163 (7.6)
- 3Q FY10/11: 172 (10.8)
- 4Q FY10/11: 186 (29.4)
Good Client and Business Progress

Global Markets Client Revenue Growth FY09/10-FY10/11

Top 7 in AEJ and EMEA EQ Research (#1 Japan)
Top 7 in Ex-Japan FI Research (#1 Japan)
#1 on London and Tokyo Stock Exchanges

Investment Banking Franchise Deals

- INPEX
- Panasonic
- BBVA
- International Power
- Rank Group
- Maybank
- Prudential
- Chongqing Rural Commercial Bank
- Otsuka
- Dai-Ichi Life
- Legrand
- Santander
- Grifols
- China Unicom
- AIG

- #1 in Japan M&A, ECM and Corporate Debt
- #2 in European Accelerated Book Builds
- #2 EMEA Sponsor-led Leveraged Loans
# Addressing Strategic Issues

<table>
<thead>
<tr>
<th>Nomura Strategic Issues</th>
<th>Actions / Solutions / Mitigants</th>
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| **Cost Base and Profitability** | - Driving productivity and transparency across the organization  
- Enforcing pay for performance culture balanced with strategic objectives  
- Stringent new initiative process based on economic and strategic impact  
- Cost saves across Front Office and Corporate |
| **Nascent Global Franchise** | - Calibrated near-term investment towards accretive businesses that can fund future growth  
- Commitment to longer gestation investments with realistic milestones  
- Build the global brand |
| **Japan Dependency** | - Increasing portion of international revenue – 66% for FY10/11  
- Opportunity to convert Japan dependency into Asia advantage – region with strongest growth prospects at our doorstep |
Key Themes and Strategy

- **Emphasize a culture of partnership** – with clients and across divisions and regions
- **Target select markets & businesses** where we can compete on a level playing field
- **Build thought leadership**, gain first mover advantage through innovation & ideas
- **Leverage structural advantages & nimble culture** to further differentiate ourselves to clients

**Redeploy Resources, Accretive Businesses**

**Aspire to be Best Operator**

**Drive Earnings Consistency, Strong Brand and Culture**
**Divisional Strategy – Equities**

<table>
<thead>
<tr>
<th>Quarterly Revenue (JPY B)</th>
<th>Highlights</th>
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<tbody>
<tr>
<td></td>
<td><strong>Deepening Global Markets integration</strong></td>
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<td></td>
<td>³ Substantial synergies with Fixed Income</td>
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<td></td>
<td><strong>Derivatives – Rebuild momentum</strong></td>
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<td></td>
<td>³ New global leadership, budgeting high growth YoY</td>
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<td></td>
<td>³ Structured corporate and solutions / origination</td>
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<td></td>
<td>³ Cross regional distribution</td>
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<td><strong>Electronic trading – Realign towards profitability</strong></td>
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<td></td>
<td>³ Closer integration of Instinet to drive synergies</td>
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<td></td>
<td>³ Selectively strengthen trading, build out sales</td>
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<td></td>
<td><strong>Cash &amp; Research – More focused approach</strong></td>
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<td></td>
<td>³ Drive client penetration, cross-divisional alignment</td>
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<td></td>
<td>³ Monetize research investments</td>
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<td><strong>Risk Taking – Smart and disciplined</strong></td>
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<td></td>
<td>³ New Global Head of Trading to cultivate risk culture</td>
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<td>³ Leverage capital, technology &amp; infrastructure for clients</td>
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## Divisional Strategy – Fixed Income

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<th>Quarterly Revenue (JPY B)</th>
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<tr>
<td>41.0</td>
<td>Rates – Cornerstone for future growth</td>
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</table>
| 77.8                      | - Largest YoY budgeted increase in Fixed Income  
| 71.7                      | - Driven by full year impact of transformational hires  
| 69.4                      | - Boost capabilities in STIRT, inflation, Sterling, etc.  
|                           | - Filling coverage gaps and upgrading infrastructure |
| 1Q FY10/11                 | Credit – Expand on franchise successes |
| 2Q FY10/11                 | - Continue successful strategy in JP, EMEA, AEJ  
| 3Q FY10/11                 | - Strengthened management and structure in US |
| 4Q FY10/11                 | FX – Longer term build |
|                           | - Upgrade G10 Options, expand Japan FX sales  
|                           | - Deepen EM penetration, especially Lat Am footprint |
|                           | Securitized Products – Maintain and Grow |
|                           | - Repeat strong FY10/11 performance, expand platform |
|                           | Structuring – Drive repeat business |
|                           | - Shift from large trades to smaller recurring business  
|                           | - Core competitive advantage for the firm |
Divisional Strategy – Investment Banking

### Quarterly Net Revenue (JPY B)

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<thead>
<tr>
<th></th>
<th>1Q FY10/11</th>
<th>2Q FY10/11</th>
<th>3Q FY10/11</th>
<th>4Q FY10/11</th>
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<tr>
<td>12.2</td>
<td>19.0</td>
<td>31.1</td>
<td>49.4</td>
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### Highlights

- **International – Build the franchise**
  - Improve productivity in international businesses
  - Grow non-Japan revenue contribution
  - Narrower sector / industry focus
  - Continue M&A momentum, capitalize on pipeline
  - Build on derivatives and Global Finance successes

- **Japan – Maintain dominance, expand platform**
  - New revenue opportunities
  - Grow derivatives solutions / financing
  - Deeper cross-border collaboration

- **Enhance profitability**
  - Increase productivity
  - Appropriately scaled platform
  - Greater cross-divisional synergies
Regional Strategies – International Growth

Regional Revenue (JPY B)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Japan</th>
<th>EMEA</th>
<th>Americas</th>
<th>AEJ</th>
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<tbody>
<tr>
<td>1Q FY10/11</td>
<td></td>
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<tr>
<td>2Q FY10/11</td>
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<tr>
<td>3Q FY10/11</td>
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<tr>
<td>4Q FY10/11</td>
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International Revenue Contribution

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<tr>
<th>FY10/11</th>
<th>International</th>
<th>Japan</th>
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<tbody>
<tr>
<td>34%</td>
<td>66%</td>
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<table>
<thead>
<tr>
<th>Target</th>
<th>International</th>
<th>Japan</th>
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<tr>
<td>20-30%</td>
<td>70-80%</td>
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Maintain international diversification
## Regional Strategies – Playing to Our Strengths

<table>
<thead>
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<th>Japan</th>
<th>Asia Ex-Japan</th>
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<tbody>
<tr>
<td>Expand Japanese equity business</td>
<td>Grow revenues by monetizing existing platform</td>
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<tr>
<td>Maintain dominance across products</td>
<td>Execution services, ECM, FX, Rates, distribution</td>
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<tr>
<td>Drive new opportunities in solutions, FX, derivatives</td>
<td>Driving client strategy and productivity</td>
</tr>
<tr>
<td>Japan gatekeeper – partnership with Retail &amp; AM</td>
<td>Increase contribution from higher-margin products</td>
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<td>Intensify cross border co-operation</td>
<td>Structuring, private financing, derivatives solutions</td>
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<tr>
<td>Additional cost efficiencies and group synergies</td>
<td>Deepen penetration of key local markets</td>
</tr>
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### EMEA

- Re-energize and monetize EMEA Equities
  - Derivatives as core competency
  - Grow Cash and other businesses selectively
- Rates to become the single largest business in FI
- Expand on structured Credit success
- Growth in IB driven by M&A, financing

### Americas

- 60%+ growth in budgeted revenues (ex-Instinet)
- Fixed Income leading with Securitized Products, Rates
- Increasing contribution from Credit and FX
- Reap dividends from 2010/11 investments in Equities
  - Momentum in Flow Derivatives
  - Cash aligned with IB and trading capabilities
- IB emphasis on financing / solutions and M&A
- More focused build and cross-divisional alignment

### International Profitability a Key Objective
Wholesale Revenue Targets and KPI

Short-term Revenue Target

(billions of yen)

- FY2011.3: 631
- Target: 35-45%

KPI

- Wholesale Revenue Growth: 15%+ CAGR
- Revenue Share of Top 10: 4%+
- % Client Revenue: 70-80%
- % International Revenue: 70-80%
- Pretax Margin: 10-15%
Conclusion

- Renewed focus on profitability and productivity, especially overseas
- Made progress, much more to do
- Changing industry dynamics offer long-term growth opportunities
- Clear strategy, strong leadership, deep talent pool
- Significant opportunity and upside, long-term value