Connecting Markets East & West

Investor Day

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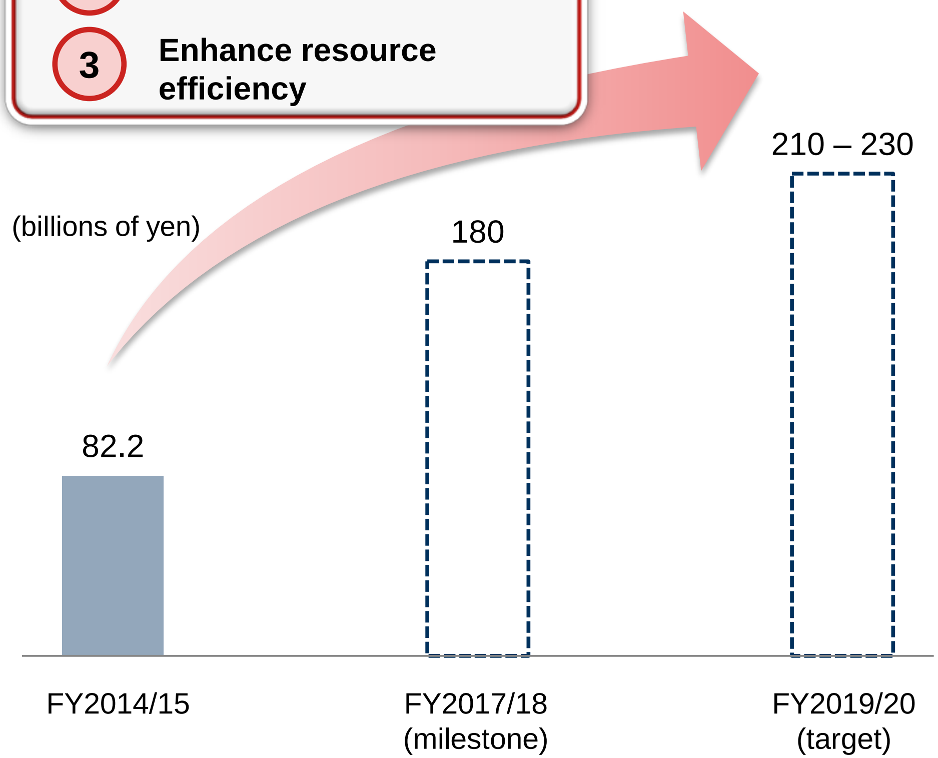
Improving Wholesale profitability

FY2019/20 pretax income target

1. Increase fee pool market share
2. Improve pretax margin
3. Enhance resource efficiency

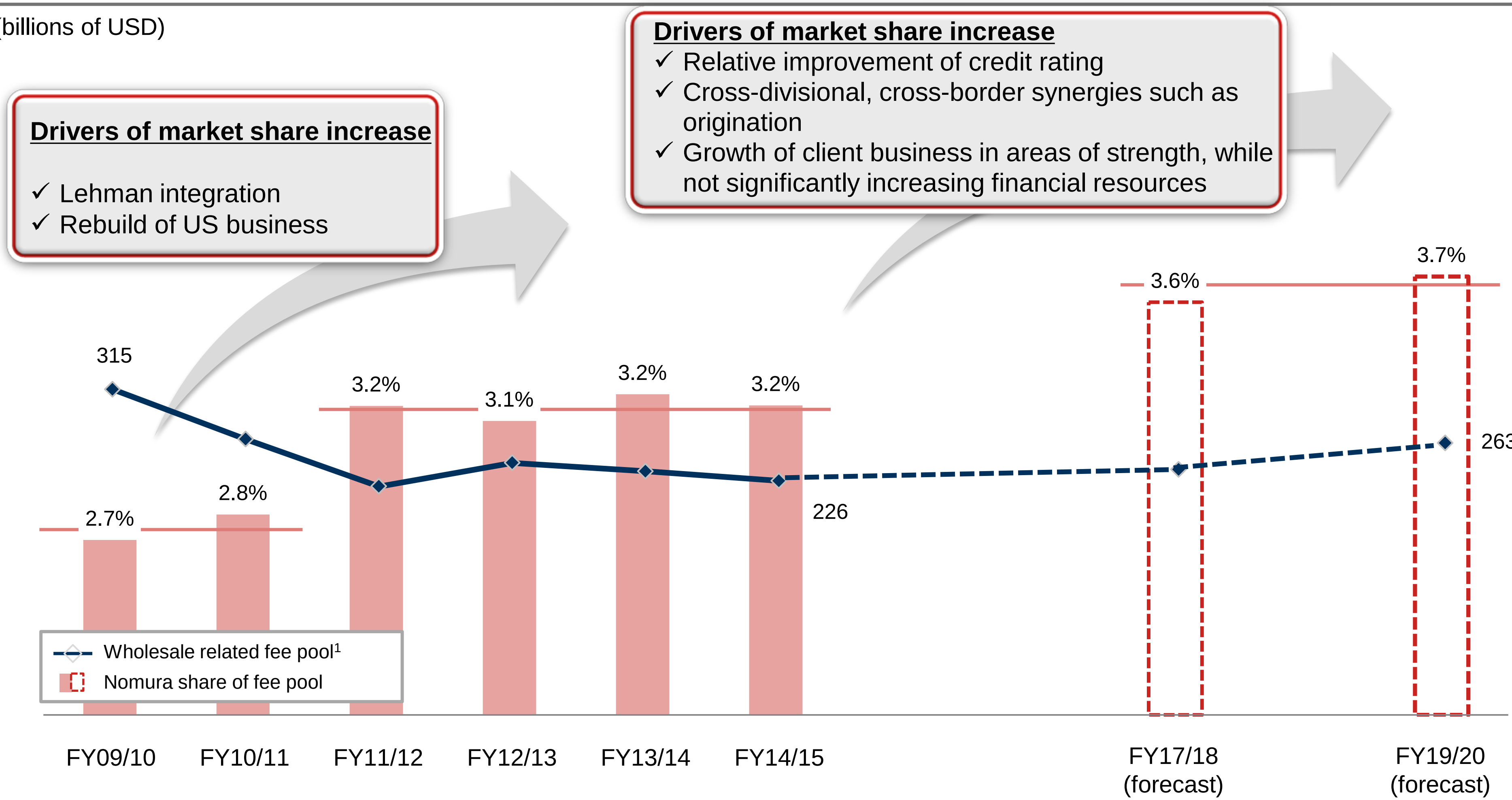


Key indicators to achieve target

	FY2014/15	FY2017/18 (milestone)	FY2019/20 (target)
1 Fee pool market share	3.2%	3.6%	3.7%
2 Pretax margin	10%	20%	23%
3 Resource efficiency (Revenues/RWA)	(vs. FY13/14) +32bps	(vs. FY13/14) +100bps	(vs. FY13/14) +130bps

Increase fee pool market share

(billions of USD)

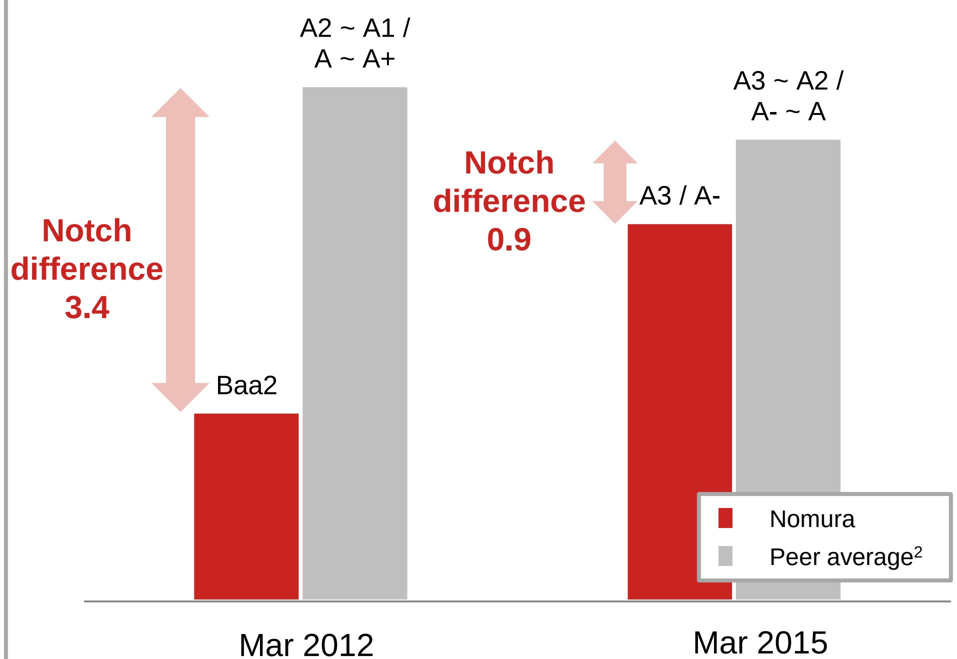


1. Source: Nomura, based on data from Oliver Wyman and Coalition.

Drivers to achieve fee pool market share growth

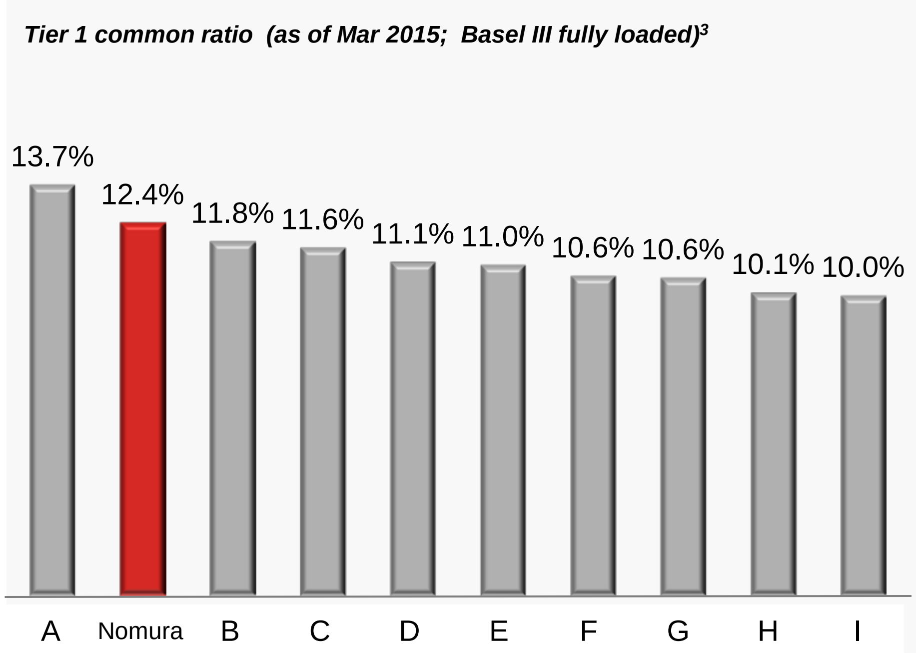
Relative improvement of credit rating

- Moody's upgrade in October 2014 (Baa2 => A3)[1]
- Ratings reviews of competitors and other factors have narrowed the ratings gap (notches) with our peers



Relative positioning of resource management

- Maintain relatively high capital ratio
- Enhance client franchise and grow market share while not significantly increasing RWA



1. Nomura Securities
2. Calculated using the lower of S&P or Moody's credit rating for operating companies of five US firms (Goldman Sachs, Morgan Stanley, JPMorgan, Citi, Bank of America) and four European firms (Deutsche Bank, Barclays, Credit Suisse, UBS).
3. Source: Nomura, based on disclosure materials of nine global financial institutions (Goldman Sachs, Morgan Stanley, JPMorgan, Citi, Bank of America, Deutsche Bank, Barclays, Credit Suisse, UBS) as of March 2015

② Improving profitability: Continue to reduce fixed costs and other expenses

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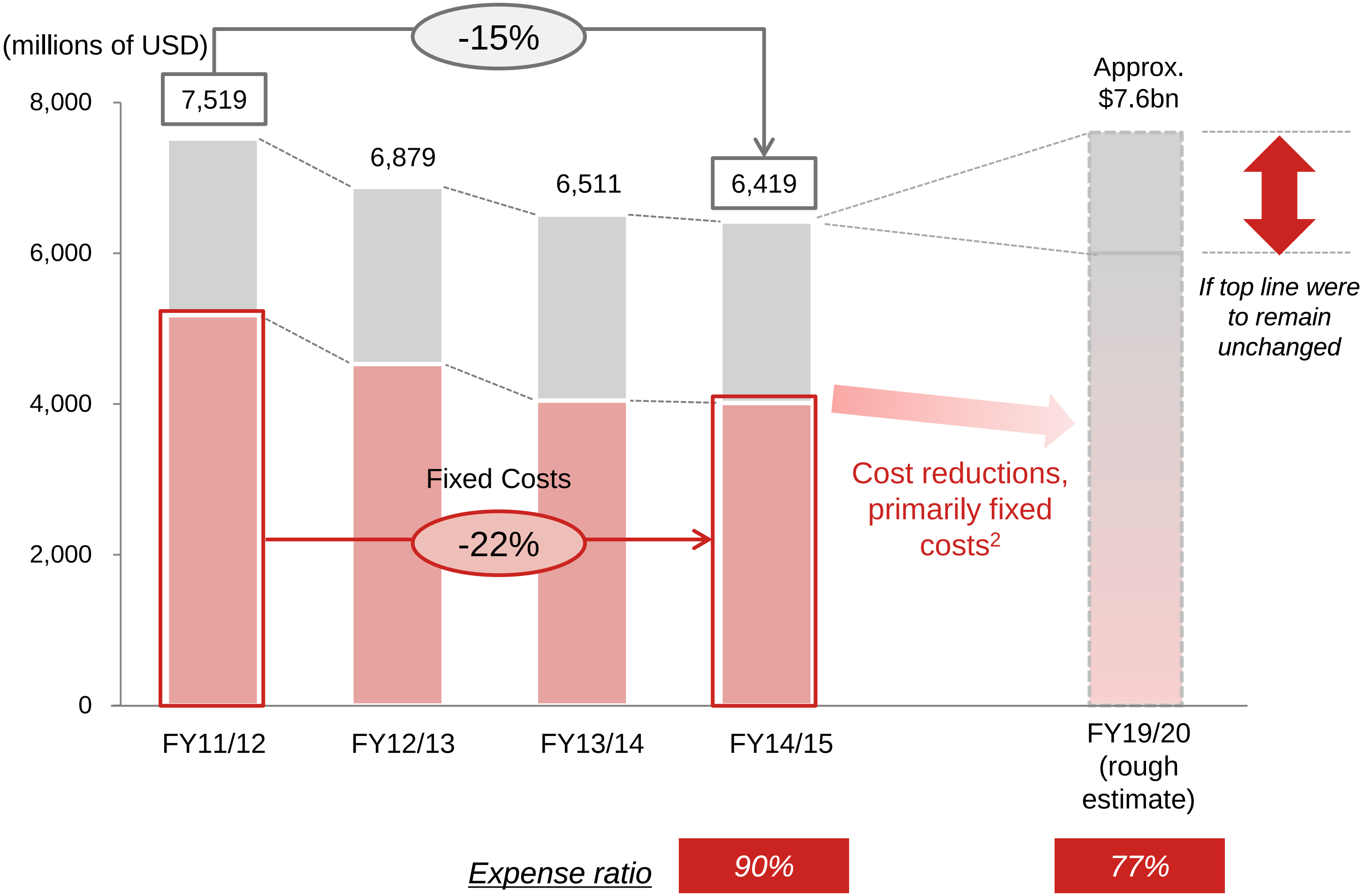
Wholesale costs and new run rate[1]



IT costs
- Decommissioning of old IT systems, enhancing efficiency of IT platform

Real estate costs
- Sub-lease of unused space, improve efficiency of floor use

Indirect costs
- Review costs to ensure consistency with front office
- Reorganize business processes and outsourcing

Personnel costs
- Continue to pay for performance

1. *Converted to USD using month-end spot rate (average) for each period.*
2. *Fixed costs include personnel costs (excluding bonus payments), IT costs, real estate costs, and indirect costs.*

2 Improving profitability: Earnings consistency driven by client business growth

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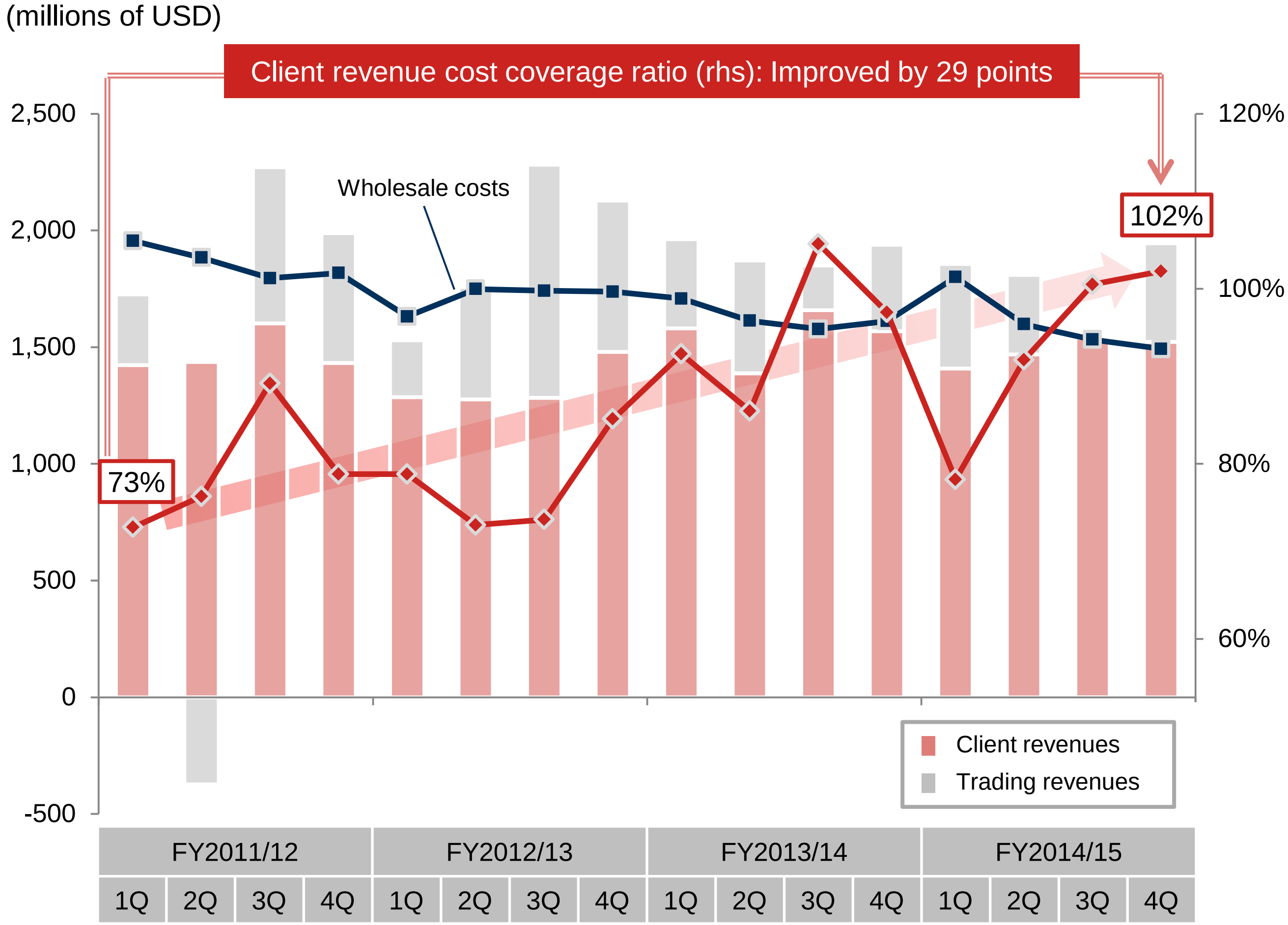
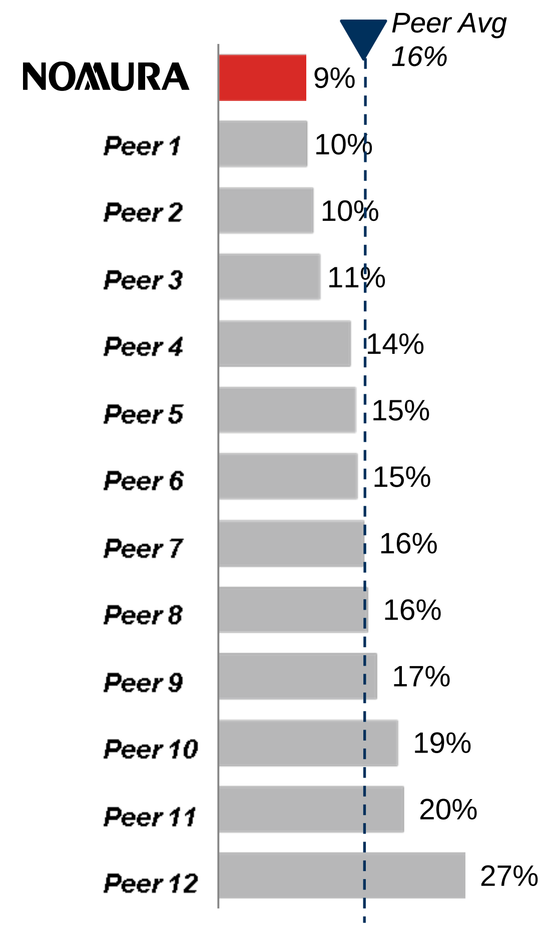
Client revenue cost coverage ratio has increased on lowering of beak-even point[1]



Wholesale revenue volatility[2]



1. *Converted to USD using month-end spot rate (average) for each period.*
2. *Jan 2013 – Dec 2014. Source: Nomura, based on disclosure materials of twelve global financial institutions (Goldman Sachs, Morgan Stanley, JPMorgan, Citi, Bank of America, Deutsche Bank, Barclays, Credit Suisse, UBS, BNP Paribas, Societe Generale, RBS)*

② Improving profitability: Continue to optimize business portfolio (1)

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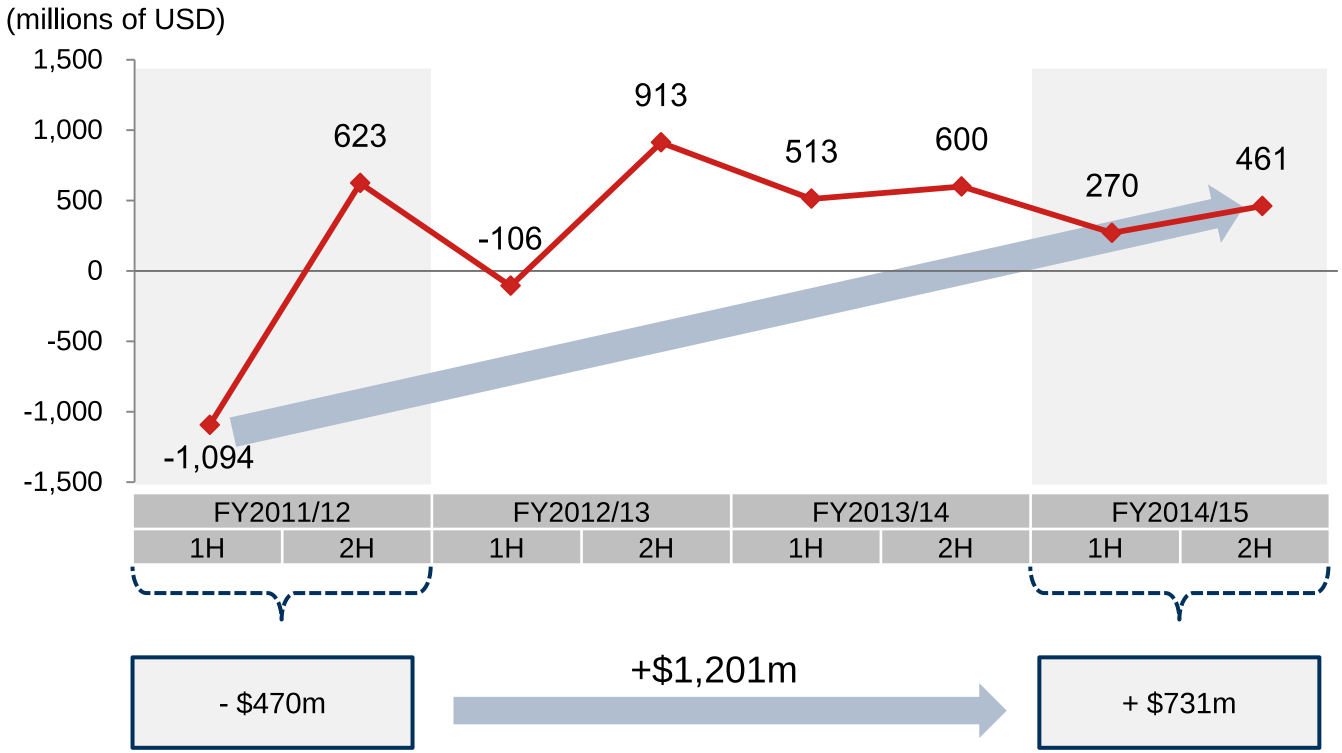
Wholesale pretax income (USD basis)[1]



Pretax loss of unprofitable businesses: **Approx. $730m improvement**

Pretax income of profitable businesses: **Approx. +$470m**

Addressing unprofitable businesses

- Continue to review performance of each business from viewpoint of capital efficiency
- Take into account fee pool outlook and importance to franchise
- Continue to implement action plans for each business

1. *Converted to USD using month-end spot rate (average) for each period.*

2 Improving profitability: Continue to optimize business portfolio (2)

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Japan	Americas
EMEA	AEJ

Top 8 products in terms of pretax margin in each quarter

	FY2013/14				*FY2014/15*			
Rank	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Credit	Securitized Products	Emerging Markets	Rates	Securitized Products	G10 FX	Emerging Markets	G10 FX
2	Equities Products	Credit	Credit	Securitized Products	Credit	G10 FX	G10 FX	G10 FX
3	G10 FX	Emerging Markets	Equities Products	Credit	Securitized Products	G10 FX	Credit	G10 FX
4	Investment Banking	Equities Products	Rates	Execution Services	G10 FX	Emerging Markets	G10 FX	Emerging Markets
5	Emerging Markets	Rates	Credit	G10 FX	Equities Products	Credit	Emerging Markets	Credit
6	Securitized Products	Emerging Markets	Credit	Securitized Products	Credit	Securitized Products	Equities Products	Equities Products
7	G10 FX	Rates	Securitized Products	Credit	Rates	G10 FX	Investment Banking	Rates
8	Rates	Investment Banking	Emerging Markets	Credit	Credit	Equities Products	G10 FX	Emerging Markets

Diversified business portfolio

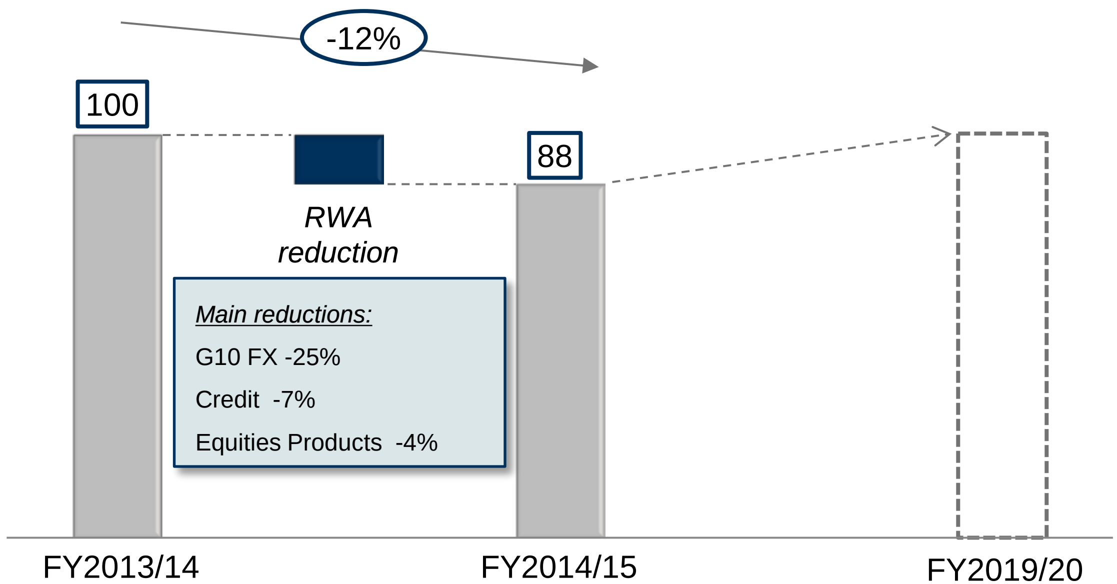
- ✓ *Region and product profit drivers change in line with market conditions*
- ✓ *Diversification absorbs negative market factors specific to any region or product*
- ✓ *Flexible resource allocation adapted to the current environment and client trends*

③ Resource efficiency

Reducing risk-weighted assets

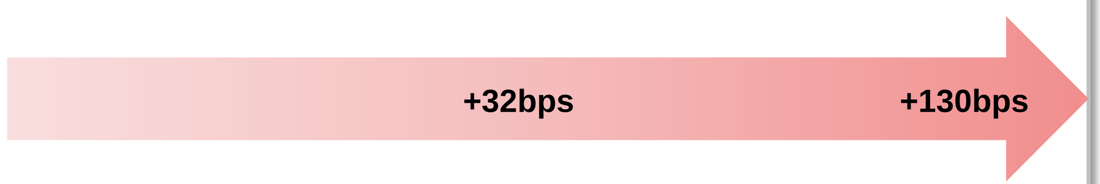
Risk-weighted assets (RWA)

Indexed as FY2013/14 = 100 (USD basis)



Resource efficiency (Revenues/RWA)

Improvement from FY2013/14



Yen deprecation has constrained USD resources (RWA, etc.)

Reduced exposure, primarily in Fixed Income

Road to 2020: Achieve further resource efficiency without significantly increasing RWA

In closing

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EPS Y50
(FY2015/16 management target)

Wholesale management targets

EPS Y100
(FY2019/20 management target)

Cost reduction	✓ Additional $1bn cost reduction (total $2bn) - Completed Sep 2013
FY2015/16	✓ Pretax income: Y125bn Of which, international: Y50bn
FY2019/20	✓ Pretax income: Y210bn – Y230bn ✓ Pretax margin: 23%

Monitor progress through key performance metrics

- **Fee pool market share**
- **Cost control**
- **Productivity**
- **Resource efficiency**

Adjust divisional and regional strategy depending on market environment
Achieve pretax income target through revenue enhancement and cost optimization

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