

Retail

“ The Retail Division is working to ensure that the Nomura Group will remain a trusted partner to its clients. Our initiatives include strengthening consulting-based sales, expanding service and product lineups to respond to diversifying client needs, and further enhancing the capabilities of our personnel. ”



Toshio Morita
Retail CEO

Nomura Securities
23%
5,144 thousand accounts



All accounts held at securities companies in Japan
(22,076 thousand accounts)

(As of March 31, 2014)

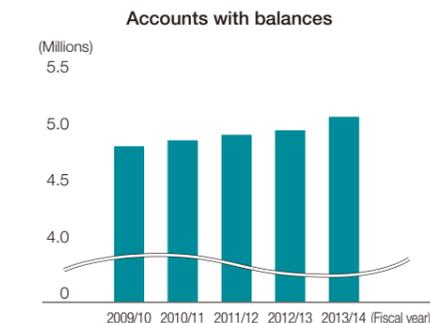
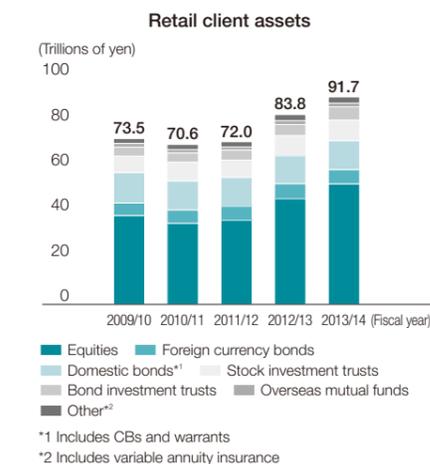
Source: Japanese Securities Dealers Association website

Market Environment in FY2013/14

During FY2013/14, the market environment improved, particularly in the first half of the fiscal year. A supporting factor was the Bank of Japan's bold quantitative monetary easing policy, which resulted in the depreciation of the yen and improvement in corporate performance. In the second half of the year, the market became less active and transaction volume declined. Although there were periods of more robust activity before the security tax break was abolished, investors' risk appetite decreased as a result of the potential tapering of quantitative easing in the United States, the emergence of geopolitical risks, as well as other factors.

Amid this operating environment, Retail reported ¥511.9 billion in net revenue in FY2013/14, an increase of 29% year on year. Income before income taxes amounted to ¥192.0 billion, the highest level since FY2005/06 (¥197.2 billion), and the second highest level since Nomura began to disclose financial data by operating segment in FY2001/02.

Our clients' values and interests have been evolving. The aging population and changes to the tax system in Japan have increased the desire for families to transfer financial assets to future generations smoothly. As such, the need for tailored



Place Clients at the Heart of Everything We Do

Nationwide Contests for Financial Service Section's OTC Services

In January and February 2014, we held our first contest for the Financial Service (FS) Section's over-the-counter services. We selected 125 people from around the country who are responsible for providing face-to-face services to customers to participate in the contest. The competition included a "role-play" where participants were asked to act out their consulting techniques, with the goal of identifying the most effective techniques for interacting with customers. Each participating branch representative had six months to prepare and was instructed to consider questions including, but not limited to, "What do we really have to communicate to customers?" and "What questions should we ask our customers?" Nomura Directors and external consultants judged the contest. Going forward, we intend to hold similar competitions to help consultants share best practices, respond to customer needs, and build relationships as trusted advisors.



Contest photo of the top selected personnel



Retail CEO Morita (center) and the selection panel

Retail

consulting advice has grown, and Nomura has refocused its consulting efforts to help clients meet their individual objectives. In addition, beginning in August 2012, we reformed our business model to target an expansion of client assets and recurring revenues with the goals of “winning client trust” and “business expansion.”

Client accounts with balances increased by 120,000 during FY2013/14, to 5.14 million at the end of March 2014. Net asset inflows during the fiscal year were ¥870.0 billion, and Retail client assets, supported by good market conditions, rose to ¥91.7 trillion as of March 31, 2014.

The Nippon Individual Savings Account (NISA) program, which encourages individuals to establish tax-free investment accounts, was launched in January 2014. As of March 31, 2014, Nomura had received 1.29 million NISA account applications, the largest number of any Japanese financial institution. Despite the favorable market conditions of the past year, the percentage of Japan’s household financial assets in securities investments increased marginally to 16%, from 14% at the end of the previous fiscal year-end, implying that Nomura’s desired role in accelerating the transition “from savings to investments” is large.

Enhancing Client Satisfaction

Since FY2010/11, Retail has held a monthly Customer Satisfaction (CS) Improvement Meeting, chaired by the Retail CEO and attended by Directors. During these meetings, Retail works to improve products, services, and systems based on complaints, opinions, and requests received by Nomura’s Customer Help Desk Department, call centers, and website.

As a result of the initiative to enhance client satisfaction, we remodeled and installed Automated



Nomura’s Keio Shinjuku Branch

External Defibrillators in 159 branches. We have also assigned assistants to nearly 80% of branches to help our elderly and physically challenged clients. Going forward, we expect our CS Improvement Meetings to continue to benefit our customers and community.

CS Survey

Since January 2011, Nomura has periodically surveyed our Financial Services Specialists’ clients. The survey asks clients to rate employee attitudes and the quality of service as well as the comprehensibility of product explanations. A total of 85,357 clients who had visited Nomura branches in December 2013 were surveyed by mail. For results of the survey, please refer to page 58.

In February 2013 and February 2014, we also conducted a CS survey of our individual sales staff. Those staff members whose clients held with particularly high regard received awards within the Retail Division and were introduced on the Nomura Securities website.

Please refer to our corporate website. <http://www.nomura.co.jp/service/consulting/consultant/>

All client surveys are taken seriously by management, Nomura headquarters, and Nomura branches and are used as a way to effect change and provide even better overall service.

Looking Forward

We will continue to work toward the dual objectives of winning greater trust among clients and expanding business activities by offering high-quality consulting based services.

We currently offer medium-to-long-term diversified investment portfolios that include investment trusts, SMAs (Separately Managed Accounts), and “Fund Wraps” designed to match each specific client’s risk profile. We have also expanded our offerings to include global asset allocation products, and, for those more risk averse clients, we are enhancing our lineup of lower risk products, such as JGBs for individuals and insurances.

As a supplement to our face-to-face consulting services, clients are also provided with “Asset Design Services” that help them identify their specific needs. In addition, our periodic “Asset Portfolio Reports” enable our clients to understand the performance of their assets. Our salespeople distribute web-based timely information to our clients through their tablet terminals both on and off Nomura premises.

We are aiming to increase the balance of client assets through initiatives aimed at targeting the client experience. Asset growth is a barometer of client trust, which will result in increasing recurring revenues and build an even stabler earnings base. Through our principal business activities, Nomura management and staff intend to contribute to our customers’ experience, the communities in which we conduct operations, and society.

Approach to Nippon Individual Savings Account (NISA)

The NISA is an opportunity for individuals to start or to more actively participate in the securities markets and, therefore, is also an opportunity for Nomura to



Customer’s Asset Portfolio Report

broaden our investor base and contribute to their wealth accumulation. In accordance with a client’s needs, assets contributed to NISA accounts are allocated to stocks, investment trusts, or Nomura’s “Fund Ruito.”*

Please refer to Nomura’s NISA. <http://www.nomura.co.jp/nisa/>

* An investment vehicle that invests in stocks and investment trusts in predetermined amounts on a regular schedule

Special Article about NISA → p.12-13

Further Expansion of Products and Services for an Aging Society

Retail is endeavoring to strengthen its lineup of investment products for senior citizens, including annuity insurance, which provides periodic insurance payments, whole life insurance, which responds to customer concerns about inheritance, and relatively low-risk investment trusts. To help earn the trust of seniors, we offer “Fund Wrap*” and “Inheritance and Gift” seminars, which provide education and advice to clients through face-to-face discussions. We also hold “Happy Life” seminars to assist senior citizens in planning for the future. These seminars are held in cooperation with companies that provide products and services targeted toward seniors. In addition, we offer a “Gift Raku Raku Service” that is intended to simplify the wealth transfer process.

* Discretionary account

Place Clients at the Heart of Everything We Do

Morning Pitches

In FY2012/13, Retail initiated “Morning Pitches,” a once-a-week meeting at seven in the morning where we invite start-up businesses to make presentations to roughly 100 representatives of companies interested in identifying new business opportunities and have lively discussions. The objective of these meetings is to promote the development of young entrepreneurs and to encourage the alliance between venture businesses or small to mid-sized companies and large organizations.

Through these activities, we are aiming to promote the growth and development of small businesses and to encourage “open innovation,” where companies looking to expand their business opportunities can listen to new, entrepreneurial ideas. Morning Pitches are currently being held in Tokyo and Nagoya. Going forward, we hope to provide customers with other similar value-added services.

