

Responding to Clients' Diversifying Needs and Concerns Along with Era's Changes.

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Strengths of the Division

Retail Division provides a broad range of financial products and services through its nationwide network of 159 branches as well as Nomura Net & Call (online-based platform and call centers). As of March 31, 2016, Nomura held 5.389 million client accounts (excluding those without balances), with client assets totaling ¥100.6 trillion. This represents 23% of the securities accounts in Japan.

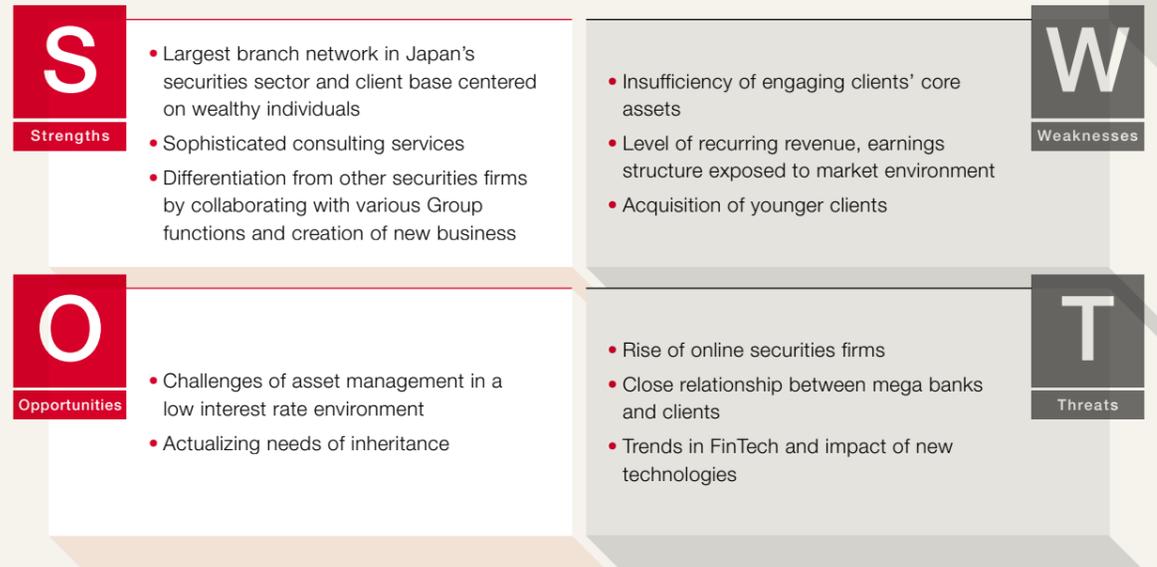
One of Retail Division's strengths is its sophisticated consulting services. For individual investors, we provide tailored services to each client by listening to their life plans, family structure and goals. Consulting services and periodic follow-up advice are provided through Nomura Financial Tools, which include advice based on the future life plans, assets and inheritance matters of each client, as well as Asset Portfolio Reports, which include advice and analysis of entire portfolio, even assets held outside Nomura.

Another major strength is to provide high-quality products and services by leveraging our expertise within the Group, including Wholesale and Asset Management Divisions.

Recent Business Conditions and Risks

Amid a greying of the population, client needs are diversifying into addressing such risks as preparing for longer life and succession of assets to the next generation. With the Bank of Japan's introduction of the negative interest rate policy, our individual and corporate clients are concerned about how to safeguard their money, and are waiting for a variety of asset management solutions. On the other hand, this policy could encourage individuals to move their money out of savings accounts into investments.

Risk factors include changes in the global economy such as weak crude oil, slowdown in the Chinese economy and uncertain monetary policies. Risks also entail potential adverse effects on Retail Division's operating environment such as expansion of FinTech in the financial sector and the declining population of Japan.



Actions to Shape Our Future

Aiming towards "winning client trust" and "business expansion," our Retail Division has been working to transform its business model since August 2012. The Division is targeting to achieve Retail client assets of ¥150 trillion, a sign of trust placed in us by our clients, and a recurring revenue cost coverage ratio* of approximately 50% by FY2019/20.

With an eye on transforming the business model, Retail Division has been taking various actions to correspond to clients' needs. These efforts have begun to show steady results. For example, the volume of real estate transactions exceeded ¥80 billion in FY2015/16. In addition, we have seen a steady increase in M&A

advisory for small- to medium-sized enterprises, completing 37 transactions in FY2015/16, up from 13 in the previous year.

In July 2015, we invited preeminent leaders of the regions to become members of Branch version of Advisory Board, and receive advice and suggestions on our initiatives and businesses so we could provide better service to the clients.

We also focus on proposing solutions for the entire families of our customers through Junior NISA, a junior version of Nippon Individual Savings Account which started this year, and Estate Planning Reports, a comprehensive service for customers taking action regarding inheritance matters.

* Recurring revenue is revenue from ongoing services linked to assets under custody, such as fees from investment trusts.

Initiatives to Improve Products and Services

Efforts to Improve Customer Satisfaction

Retail Division is redoubling efforts to improve customer satisfaction. With members including the Head of Retail Division and other senior managers of the division, the Customer Satisfaction Improvement Liaison Committee meets once a month to discuss how to improve products, services and systems based on customer feedback. The Branch Customer Satisfaction Survey was conducted for the five times, asking approx. 250,000 customers in total about their experience visiting our branch offices (details on results of the survey may be found on page 74). In addition, we conducted customer satisfaction surveys for sales representatives. On our website, we show the 20 sales representatives who received the best assessments from customers as financial consultants chosen by customers.