

Special Features:

Transforming business model in Japan

Initiatives to enhance consulting service

Business model transformation to better respond to each client's needs

The Retail Division has been transforming its business model to grow its business by enhancing client trust and satisfaction and becoming a financial institution many people turn to. The transformation will enable Nomura to address clients' more diversified needs and the challenges they face against a backdrop of an aging population, a low birthrate and consistently low interest rates. For example, Japan's senior generation is currently confronted with protecting their own assets

and passing them on to the next generation. In addition, the owners of small- to medium-sized enterprises must plan and execute strategies for business succession, and regional financial institutions are faced with selecting investment strategies appropriate in a low interest rate environment. In order to effectively respond to these challenges, we are shifting our business model to one focused on individual consulting services and need-based solutions from one centered on product offerings.

Changing the performance management and HR system

Our first priority has been to educate our people about the benefits of the business model transformation. We have also revised our performance management and HR systems to better reflect our long-term goals for the business.

To tailor investment solutions for each

client, we have started offering a wider variety of products such as discretionary investment products, insurance and real estate offerings that complement more traditional financial products. In addition, in April 2015, we also enhanced the inheritance related services that the business is able to offer to our clients.

| | FY2012/13 | FY2013/14 | FY2014/15 | FY2015/16 | FY2016/17 | Toward 2020 |
|---------------------------------|--|--|---|---|--|---|
| Organization and HR changes | Business model transformation: Aim to grow our business by enhancing client trust and satisfaction to become a financial institution many people turn to | | | | | |
| | Change employee mindset | | | | | |
| Service and product enhancement | July 2012 Sales staff started using mobile tablets for client consultations | April 2013 Changes to performance management system • Emphasize client asset growth and client relations • Reward on results for full term of appointment | September 2014 Revision of HR system • Lengthened appointments for General Career Type A Employees (from average of 3 to 5 years) • Introduced new employment category (no rotations, retirement up to 70, recurring revenue based compensation) | April 2015 • Nomura Trust & Banking enters estate planning business • Established Nomura Institute of Estate Planning | April 2017 Established Policy on Customer-Oriented Business Conduct | April 2017 • Organizational change: Abolished regional head • Place stronger emphasis on improvements in client satisfaction as part of employee performance management |
| | Steady growth in product and business offering • Discretionary investments • Insurance • Real estate • SME M&A | January 2018 Integrate and increase online services (Nomura online services) | October 2016 Launched a joint research project with Keio University on financial gerontology | | | |

Retail Division's consulting services: On the front lines

By putting Nomura's all-around capabilities to use, we are able to address each client's unique concerns, ensuring we become their go-to partner for all aspects of their financial plans.

Q. What kind of things do you consider when you talk with clients?

I look to grasp precisely, quickly, and thoroughly what the client is really concerned about and I try to picture his or her concerns in the form of a pie chart. For example, if you are a company owner your main business may take up about 70%–80% of your attention, leaving a small amount of time to focus on business succession and inheritance issues. In these instances, financial planning or asset management, which is the main focus of securities companies' activities, are often surprisingly low on the list.

Q. What can you do for a client who is tackling issues with their principal business?

A client's business concerns may vary from time to time; e.g. its principal business, potential expansion of overseas business, employee training, succession plan issues, etc. If it comes to principal business, I can provide information tailored to the client's needs by liaising with and leveraging resources across Nomura's core business divisions. If a client is interested in growing their business overseas, we can provide introductions to local partners through Nomura's global network and office locations overseas. In addition, if a client is interested in improving employee training, I can at least speak about Nomura's approach to human resources. By listening and responding carefully to each concern, I believe Nomura can become a go-to partner for all aspects of a client's wealth, including financial matters.

Q. Can you give a specific example?

There was one company owner who had been managing his financial assets through Nomura. As I got to know the client better, it became clear to me that he was having trouble finding someone to rely on for assistance managing his family's total assets and aiding gifting and inheritance planning. Before we began working together, he had engaged with several financial institutions to address certain portions of his financial plan, but altogether, the works were incomplete. I, together with a tax accountant who was familiar with inheritance tax matters, visited him, and reviewed his complete estate plan and discussed his inheritance goals. We drafted a total solution that included



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a restructuring of his asset management company and various inheritance-related measures. Since all of them were very important for the entire family, I also met with his children to explain the details of the plan and their parents' overall intentions. After much discussion, and only after the entire family was comfortable with Nomura's proposal, we implemented the restructuring and estate plan.

Q. What are your ambitions now?

Nomura has a wide range of networks, specialized knowledge, product lineups and infrastructure, including a tablet terminal that provides access to the company's internal knowledge, even on the go. We, however, are not making full use of our potential. When I joined Nomura, my boss told me that client satisfaction was of utmost importance. I truly believe the effectiveness of my work can be measured by the gratitude and thanks that I receive from my clients. It is my personal and professional goal to enhance my skill set so that I can continue to act as a partner and ultimately please each of my clients.