



### Strengths, Challenges, Actions

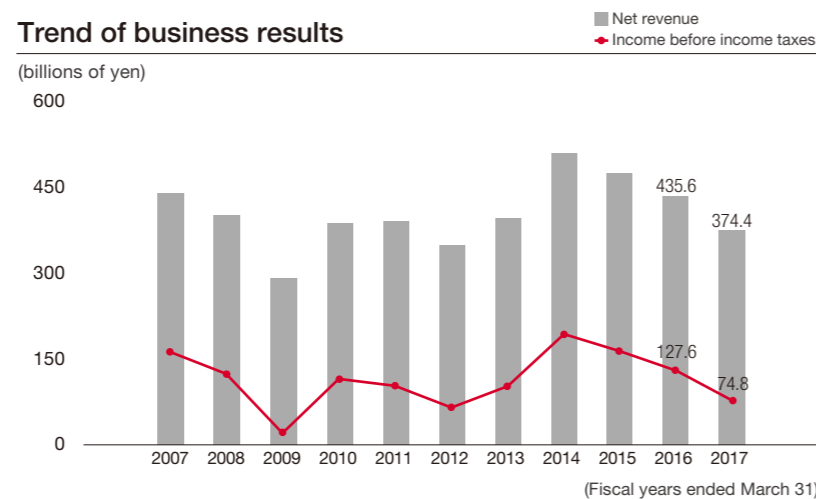
<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Largest branch network and client base across Japan's securities sector</li> <li>• Ability to prepare and deliver best-in-class investment advice</li> <li>• Sophisticated consulting services</li> <li>• Leverage capabilities across the Nomura Group to offer clients differentiated services</li> </ul>
<b>Challenges</b>	<ul style="list-style-type: none"> <li>• Approaching clients' core assets, in addition to investment assets</li> <li>• Earnings structure exposed to market environment</li> <li>• Building relationships with family members of elderly clients</li> <li>• Increasing new, younger clients</li> </ul>
<b>Actions</b>	<ul style="list-style-type: none"> <li>• Training consultants whom clients could completely trust</li> <li>• Building stable earnings structure by increasing recurring revenues</li> <li>• Enhancing products and services aimed at elderly clients and their younger family members</li> <li>• Enhancing content targeted at younger people (websites, seminars, robo advisor services, etc.)</li> </ul>

### Review of FY2016/17

During the first half of the fiscal year, client activity declined amid an uncertain market environment. Following the US presidential election in November 2016 however, trading of equities and bonds recovered as the yen depreciated and stock prices rose. Notwithstanding the improvement in the second half, full-year net revenue was ¥374.4 billion and income before income taxes was ¥74.8 billion, both marking year-on-year declines.

Against this backdrop, the Retail Division continued to expand its consulting services and pursue its ambition to counsel each client about their individual concerns and requirements, with a goal of providing optimal investment solutions. Supported by this effort, discretionary investment client assets expanded, helping stabilize earnings. Assets under custody also increased over the year, approaching a record high.

#### Trend of business results



### Strategy (Actions to create value)

The Retail Division has been working to transform its business model as it aims to grow the business by enhancing client trust and satisfaction and becoming a financial institution people turn to. The key performance indicators (KPIs) we are targeting as we head towards FY2019/20 are income before income taxes of ¥195-205 billion, client assets of ¥150 trillion, and a recurring revenue cost coverage ratio of 50%\*1. In the last fiscal year, we made major organization changes across Retail to enhance our efforts to raise client trust and satisfaction and to ultimately achieve our KPIs.

We continue to promote various initiatives that will offer higher-value consulting services to clients. For example, we have been reinforcing our inheritance and business succession planning capabilities. Specifically, The Nomura Trust and Banking Co., Ltd. launched testamentary trust and estate management and Nomura Institute of Estate Planning\*2 established an estate planning research center. The research center is staffed with certified tax accountants that strengthen the network for research and information exchange relating to estate planning and business succession.

We are targeting a wide range of investors focused on accumulating assets. In addition to the Nippon Individual Savings Account (NISA) program, individual-type defined contribution pension plans (iDeCo)

expanded its eligibility to a wider range of nations in January 2017, and monthly investment-type NISA plan will start from January 2018. Through diverse channels, we are explaining the benefits of the expanded systems to clients, when appropriate.

We are also pursuing initiatives designed to enhance client convenience. In February 2017, we launched our new money transfer service. This enables the immediate transfer of funds from clients' bank accounts to their securities accounts with Nomura after making a request via telephone or through Nomura Home Trade.

In January 2018, we intend to rebrand our online services as Nomura Online Service, which will integrate Nomura Home Trade and Nomura Net & Call and will aim to further improve customer satisfaction of our online services.

In addition to the programs mentioned, we continue to emphasize the importance of customer satisfaction and are maintaining ongoing annual customer satisfaction surveys of sales representatives.

\*1 Recurring revenue divided by total Retail expenses. Recurring revenue refers to revenue received from ongoing services related to client assets such as investment trust administration fees.

\*2 A wholly owned subsidiary of Nomura Holdings established in April 2015 to undertake research and disseminate information on estate planning and business succession issues.



Morning Pitch is an event aimed at creating business tie-ups between venture companies and large enterprises held every Thursday from 7am at the Shinjuku Nomura Building Branch of Nomura Securities. The program began in 2013 on a proposal put forward by Tohmatsu Venture Support and Nomura Securities employees as a way of accelerating the emergence of new companies that will drive the Japanese economy. To date, more than 900 venture companies have made presentations and participated in always lively question and answer sessions.

Topics