

# Investor Day

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Nomura Holdings, Inc.

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## 2020 Retail KPIs

**Grow our business by enhancing client trust and satisfaction to become a financial institution many people turn to**

Retail KPIs to realize our 2020 management vision

	<u>2020 KPIs</u>	<u>FY2016/17 (end Mar)</u>
■ Income before income taxes	Y195bn – Y205bn	Y74.8bn
■ Retail client assets	Y150trn	Y107.7trn
■ Recurring revenue	Approx.Y150bn	Y73.7bn
■ Recurring revenue cost coverage ratio	Approx. 50%	25%

## **Changes to Retail environment**

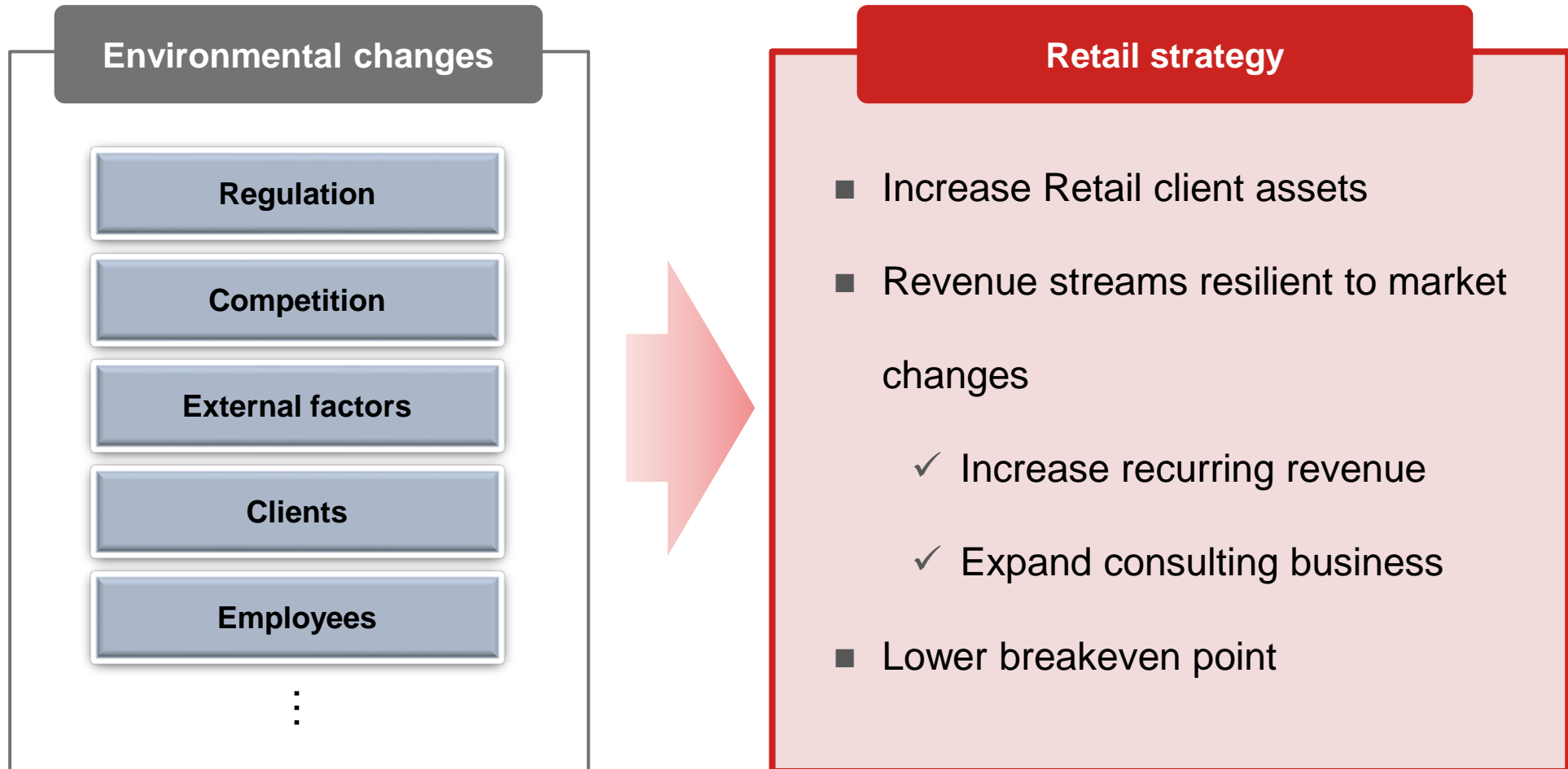
## Changes to Retail environment

Regulation	<ul style="list-style-type: none"> <li>■ Trend towards Customer-Oriented Business Conduct</li> <li>■ Greater disclosure for products and services</li> </ul>
Competition	<ul style="list-style-type: none"> <li>■ Move from commission based approach to fee based approach given the trend towards lower commissions for investment management products</li> <li>■ Closer collaboration between banking, trust, and securities arms of other financial groups</li> <li>■ Other industries entering financial services</li> </ul>
External factors	<ul style="list-style-type: none"> <li>■ Shift from savings to asset building</li> <li>■ Technological advances</li> </ul>
Clients	<ul style="list-style-type: none"> <li>■ Clients getting older and living longer</li> <li>■ The coming great wealth transfer</li> <li>■ Increasingly demanding sophisticated consulting services</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ Changing the way we work</li> <li>■ Diverse set of values</li> </ul>



***Financial institutions that can win client trust by responding to environmental changes will survive***

## Changes to Retail environment

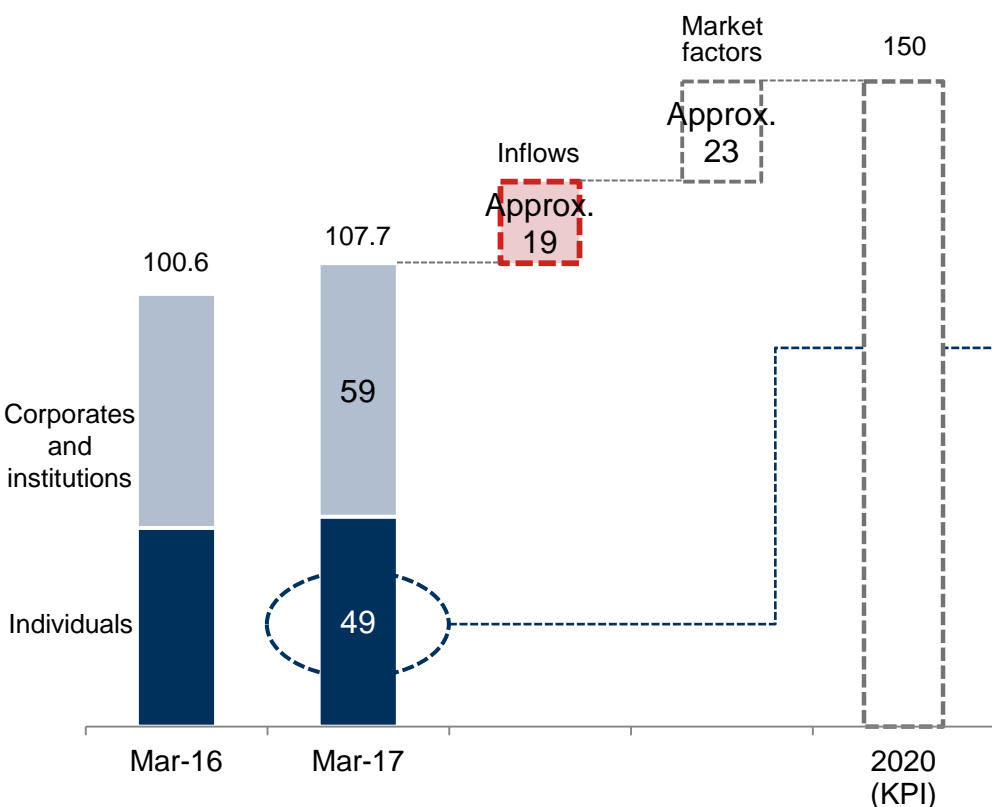


**Increase Retail client assets**

# Increase Retail client assets

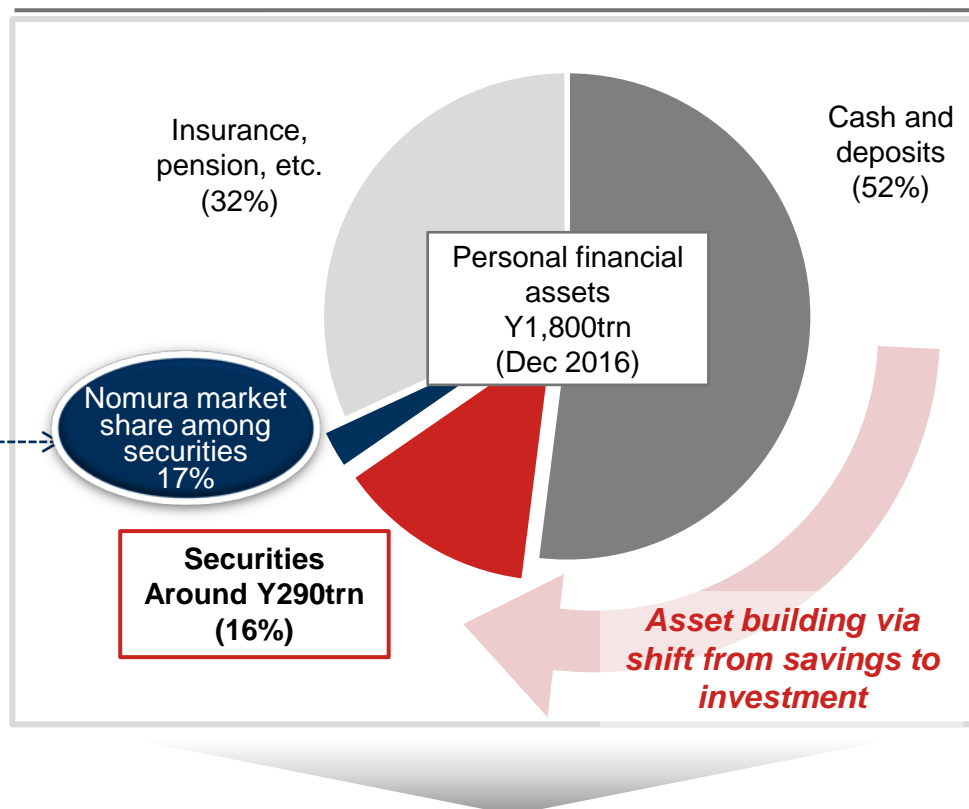
## Factors to increase Retail client assets to Y150trn by 2020

(trillions of yen)



\*Mar 2020 Assumptions: Nikkei 225 at 25,000 and US\$1=Y115

## Promote asset building via shift from savings to investment



Factors to drive 2020 inflow target (Approx. Y19trn)

- ✓ Promote shift from savings to investment
- ✓ Increase market share



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1. Organizational and HR strategy

2. Sales strategy

3. Product strategy

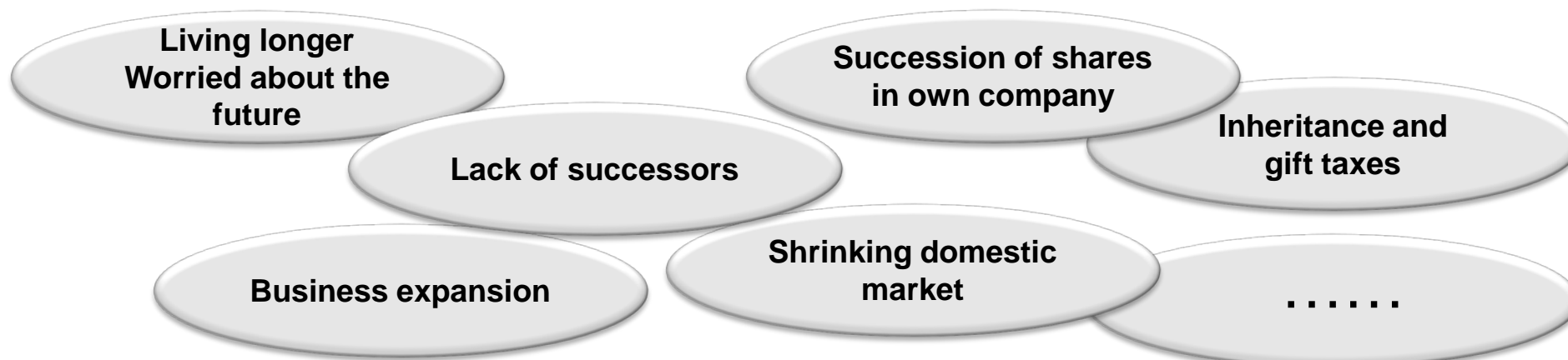
4. Services strategy

5. Mass retail strategy

# Increase Retail client assets

## 1. Organizational and HR strategy

### Closer to our clients



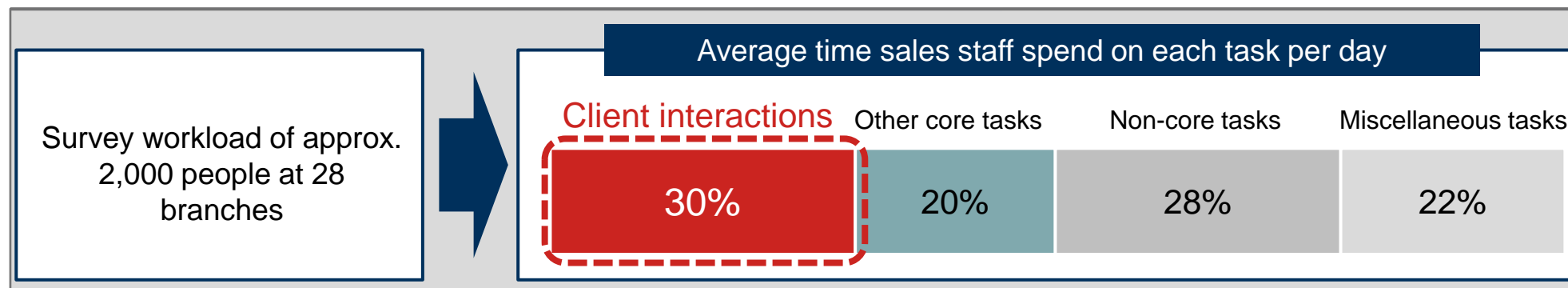
### Branch office employees attuned to concerns and changing needs of clients

- Further grow our business by allowing branch managers to make more decisions on their own
- Total support including executives to deliver best possible value added products and services to our clients
- Reassign executives along client segments
- Place stronger emphasis on improvements in client satisfaction as part of employee performance management
- Add net cash inflow as item to evaluate business expansion

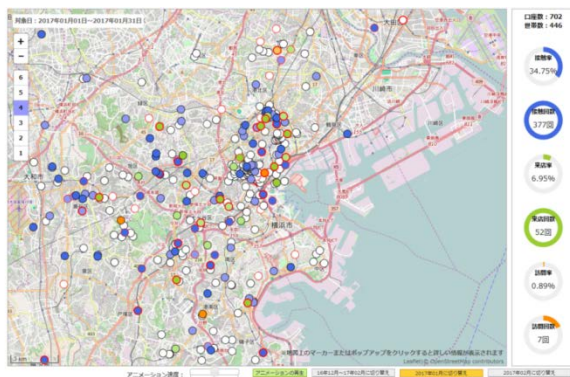
# Increase Retail client assets

## 2. Sales strategy

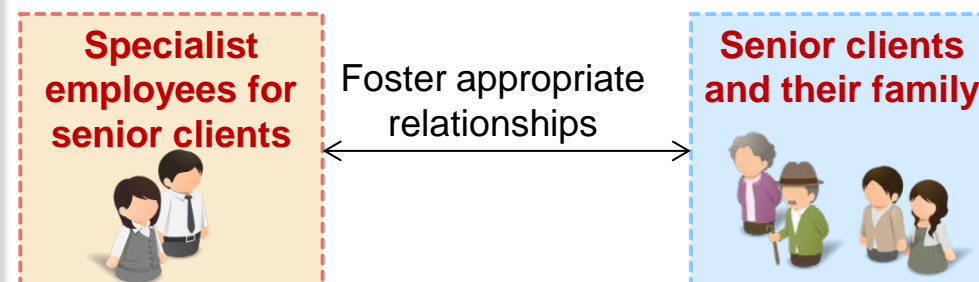
### Branch offices using time efficiently



### Client map



### Specialist employees for senior clients



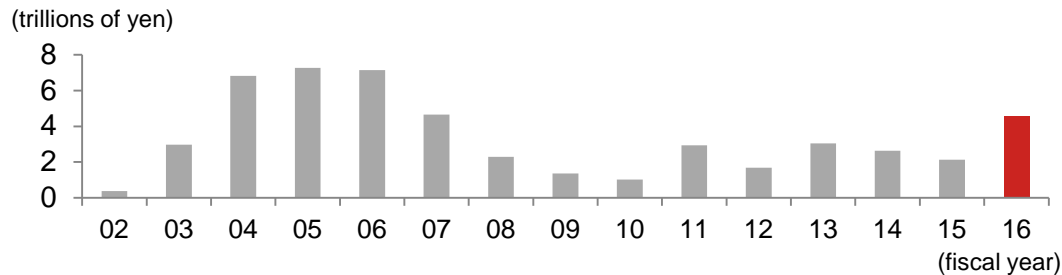
Financial gerontology research project with Keio University

# Increase Retail client assets

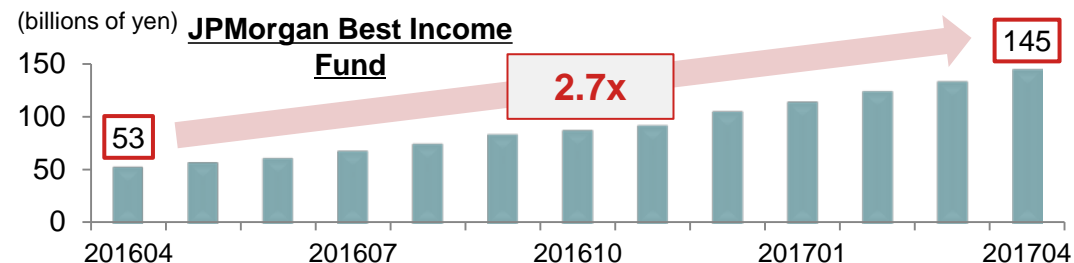
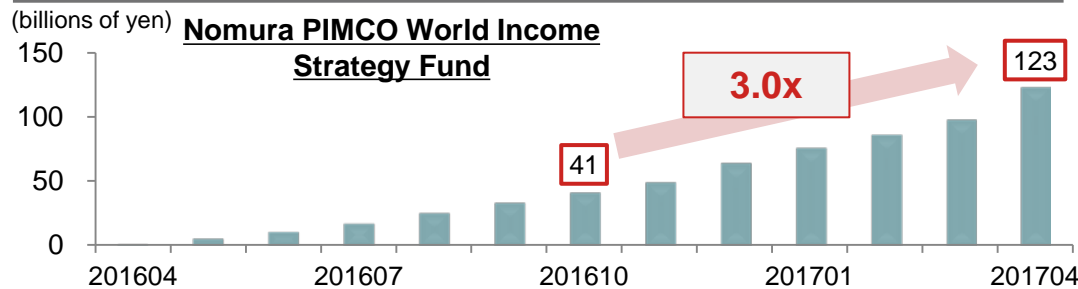
## 3. Product strategy

### Enhance sales of low risk products

Last year was recent high for sales of JGBs for individual investors



New trend in low risk investment trusts



#### Client needs

- Uptick in inquiries on where to place funds following introduction of negative interest rates
- Demand for products to take the place of deposits
- Demand for products to build assets over the long term

#### Our product strategy

- Strengthen sales of low risk products
- Focus on themes with growth potential for products to build clients' assets over the long term

## Follow goal based approach for discretionary investments

### Goal based approach

Set goals for different stages of clients' life

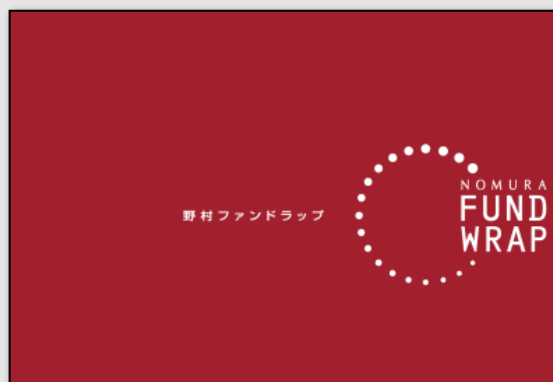
Support clients to achieve their goals while diversifying investments over the long term

#### SMA



野村SMA  
(エグゼクティブ・ラップ)

#### Fund Wrap



野村ファンドラップ

#### Nomu Wrap Fund (investment advice)

のむラップ・ファンド  
野村SMA、野村FUND WRAP、野村NOMU WRAP FUND  
<投資助言・代行/資産運用>



# Increase Retail client assets

## 4. Services strategy

NOMURA

Started new money transfer services from Feb 27



- Make it easier and ease concerns for clients around bank transfers
- Simple to make instant deposits and large deposits (Max. ¥300m per day)

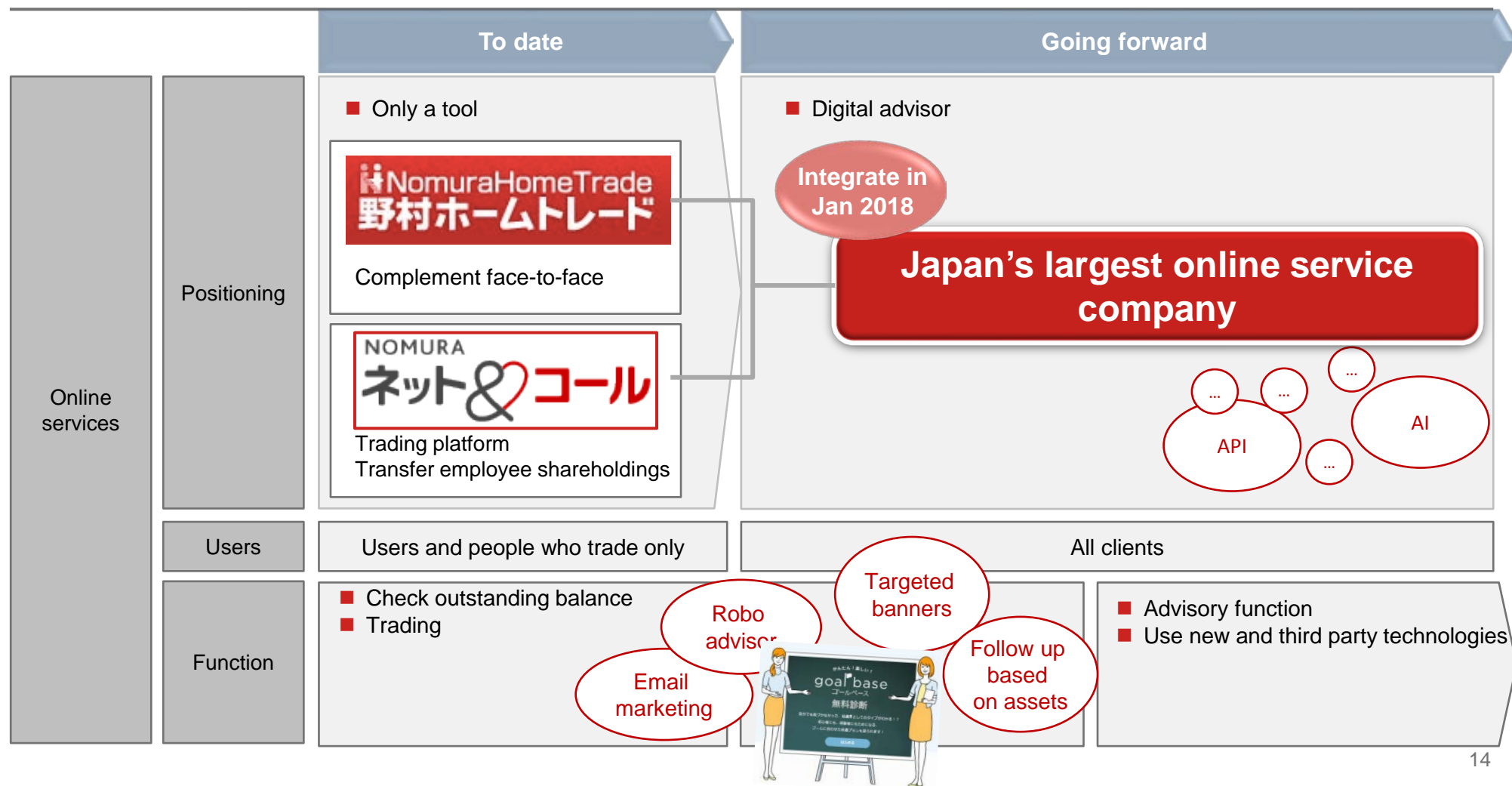
Web Plus Loan interest rate slashed from 2.975% to 1.5%

### Nomura Web Plus Loan

**Nomura Trust & Banking offers loans to clients on Nomura Home Trade using stocks, investment trusts and discretionary investments as collateral**

- Easier, quicker application and review process
- Respond to sudden need for funds and prevent client asset outflows

## 5. Mass retail strategy: Expand online services



## 5. Mass retail strategy: initiatives aimed at asset builders

Jan 2017

Jan 2018

NISA  
Junior NISA

iDeCo

Installment-type  
NISA

Leverage our strength in market for company employees



Nomura DC Net



J-ESOP Website



Offer broad range of touch points for asset builders

EL BORDE



New content





**Revenue streams resilient to market changes**

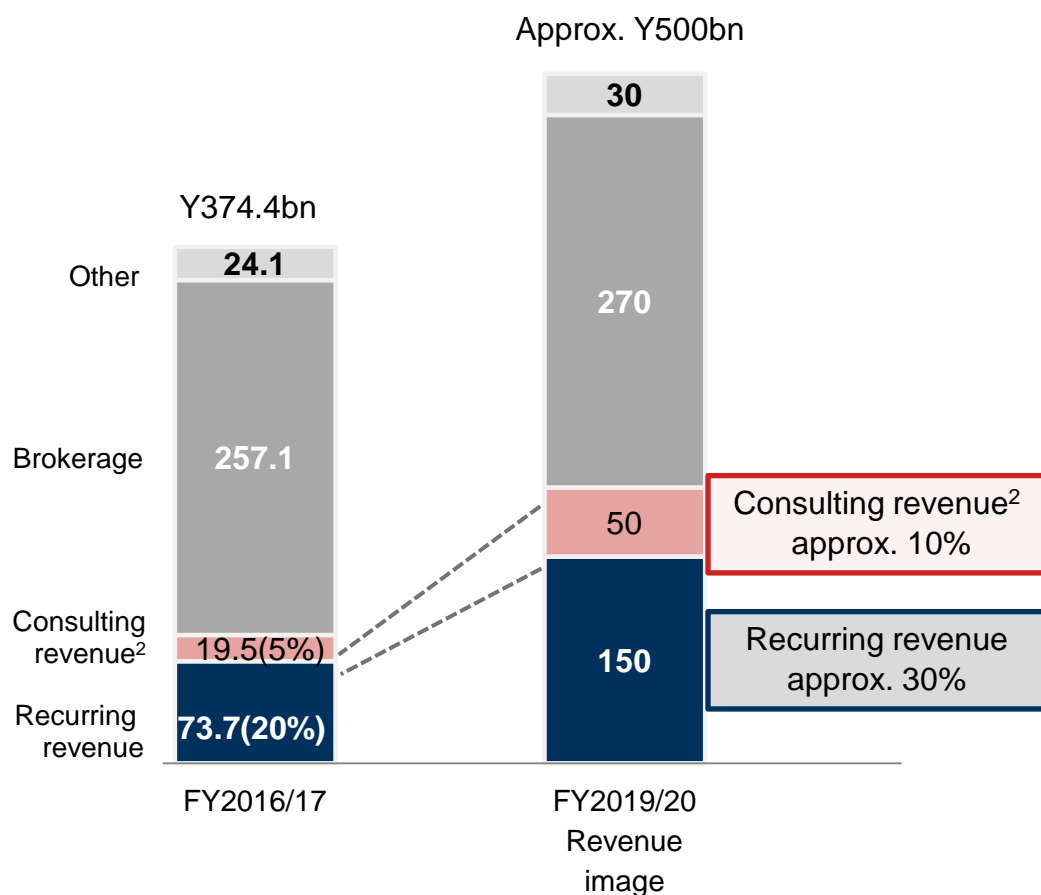
# Revenue streams resilient to market changes

## Strengthen consulting business

**NOMURA**

### Projected revenue composition

(billions of yen)



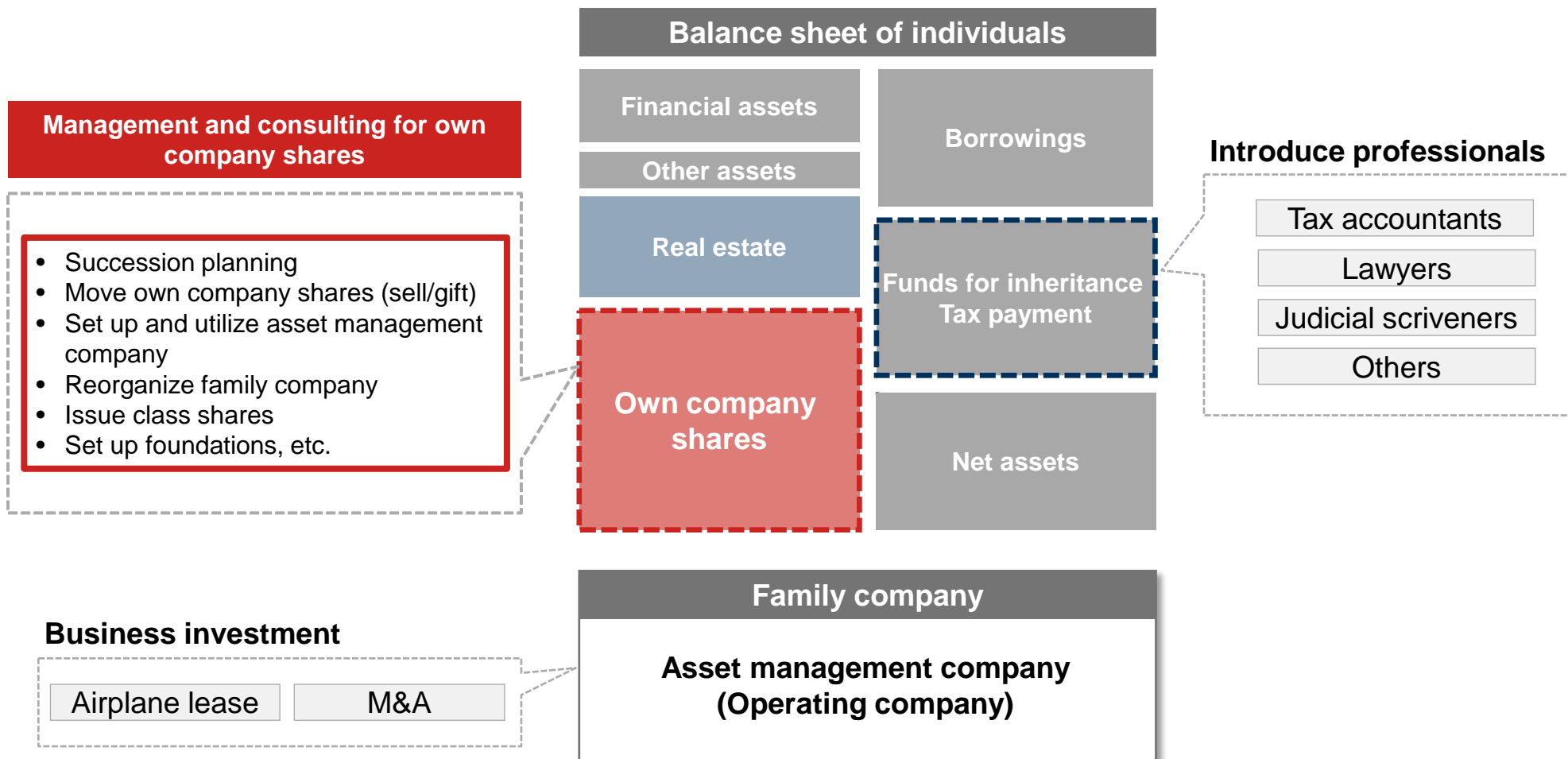
### Advertising our service offering



1. Mar 2020 assumptions: Nikkei 225 at 25,000, US\$1=Y115.  
2. Consulting revenues include insurance, real estate, M&A, underwriting, financial consulting, etc.

# Revenue streams resilient to market changes

## Business succession and estate planning business

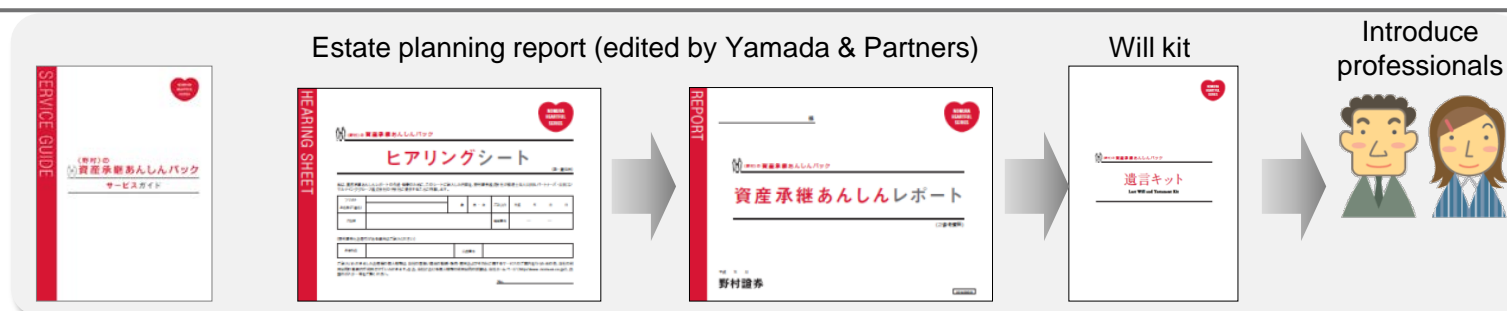


# Revenue streams resilient to market changes

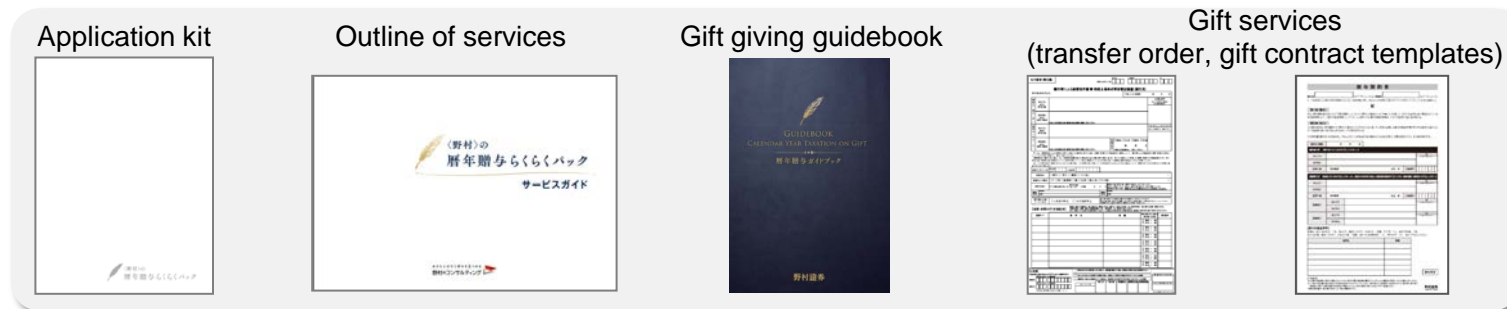
## Business succession and estate planning business

**NOMURA**

Estate planning package  
Nomura branded package of estate planning services



Gift package  
Package of three services for bestowing gifts  
Differentiate with new consulting services



Testamentary trust and estate management



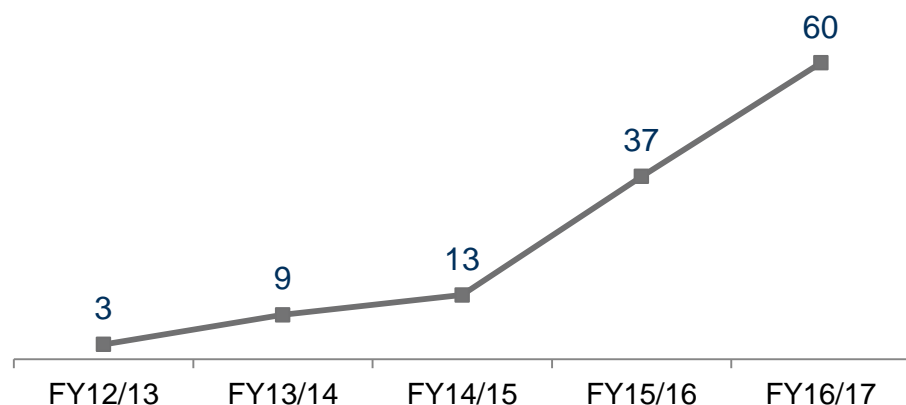
# Revenue streams resilient to market changes

## SME M&A and real estate

NOMURA

### Sharp rise in number of SME M&A contracts

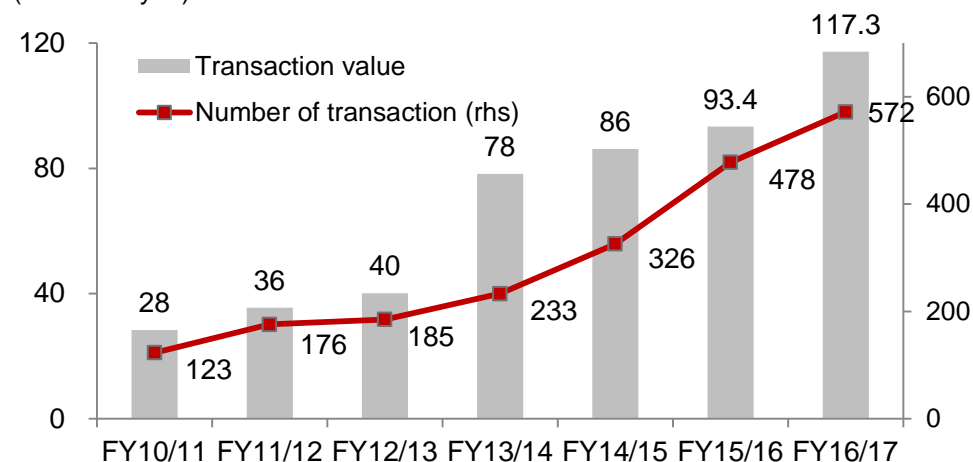
(mandates)



- Shrinking domestic market, lack of successors
- How to use funds after sale is major concern
- Bring in funds from sale by providing the right consulting services
- Established Corporate Innovation Consulting Dept. to support business growth of unlisted SMEs

### Steady growth in volume and number of real estate sales

(billions of yen)



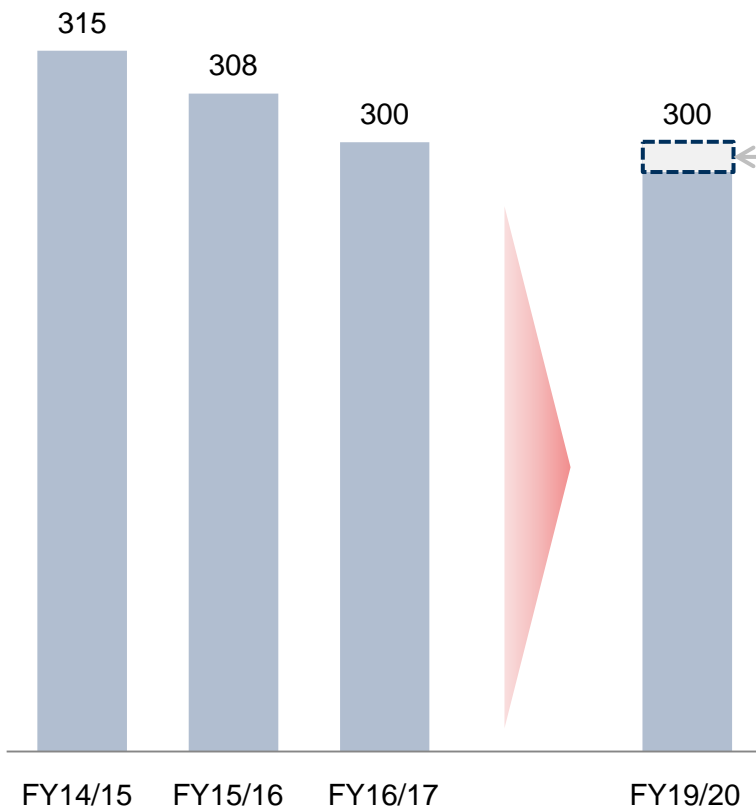
- Increase tie ups to further grow our real estate business
- Nomura Real Estate Group, Mitsui Fudosan Realty, Sekiwa Real Estate Group, Sekisui House, Daiwa House Industry, etc.
- Run newspaper advertisements that Nomura does real estate consulting

**Lower breakeven point**

# Lower breakeven point

## Continue to reduce costs focusing on fixed costs

(billions of yen)



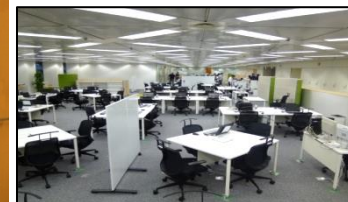
### Additional fixed cost reduction measures

Load Line Project

Management resource efficiency project

Branch office efficient time use project

- ✓ Process automation using RPA robot
- ✓ Reduce IT expenses (use cloud to reduce servers)
- ✓ Rearrange office space in HQ and branch offices (free address work spaces, etc.)
- ✓ Central purchasing
- ✓ Use Jabber to reduce training, meeting and business travel costs



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