

# Investor Day

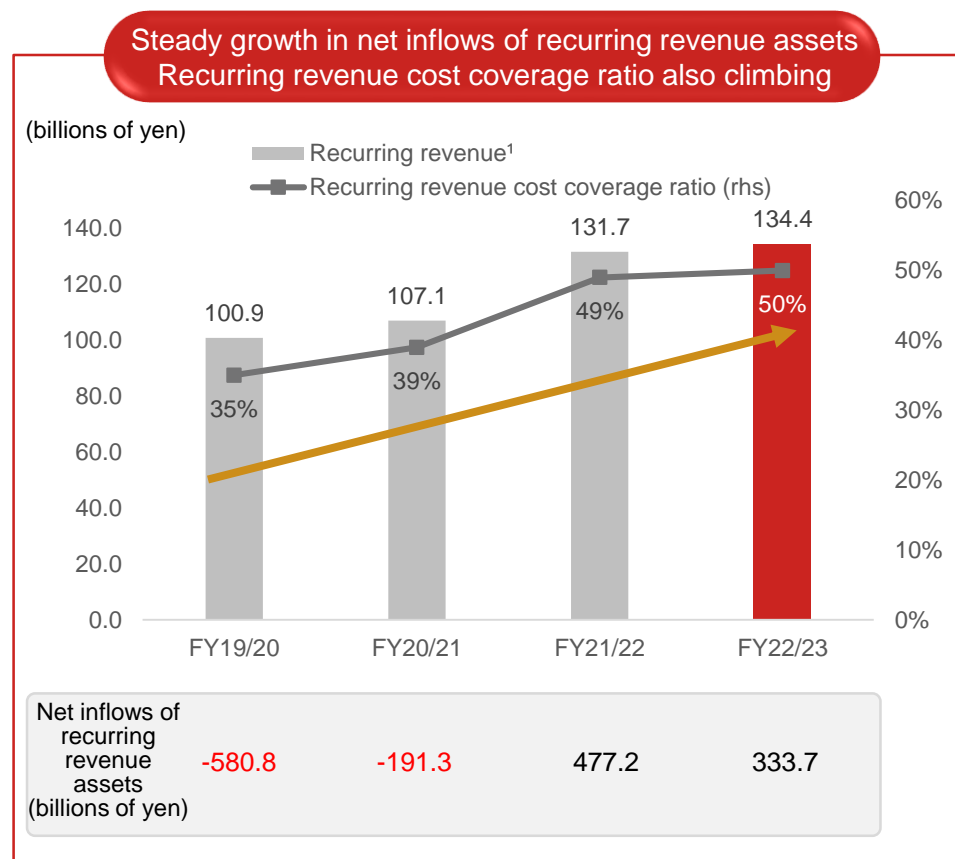
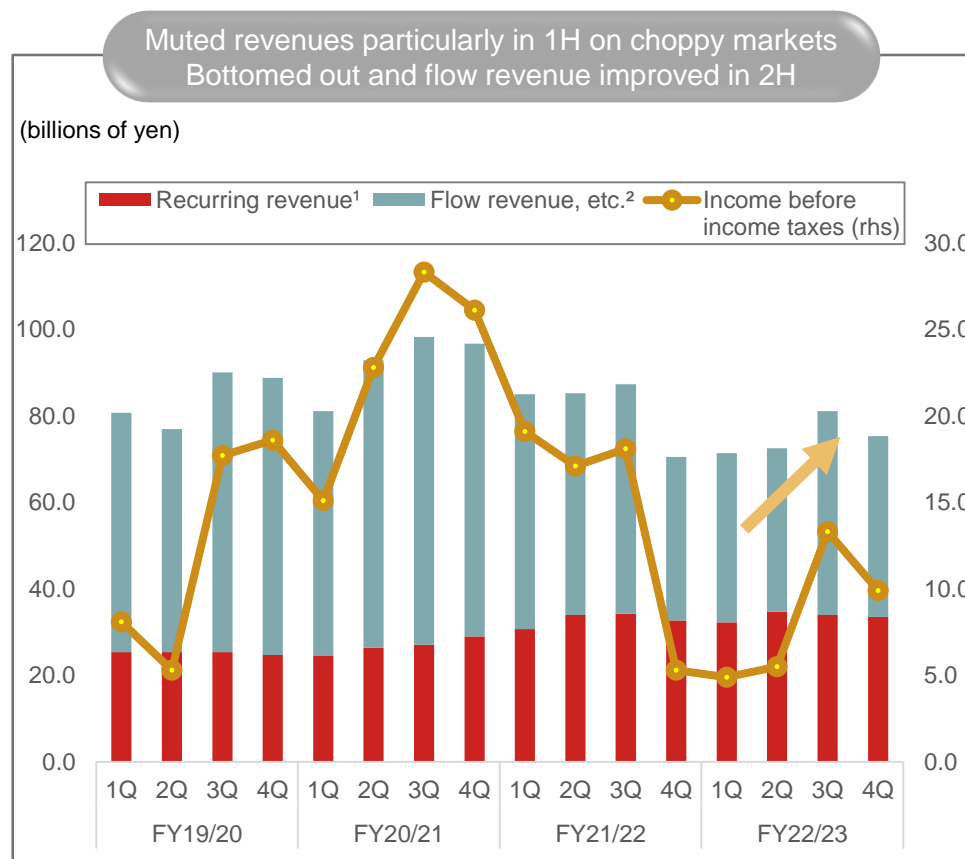
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May 18, 2023



# Looking back on FY2022/23

- Continued to grow our recurring revenue businesses and control costs amid challenging environment from internal and external factors



Clarified needs of clients wanting both face-to-face and non face-to-face services



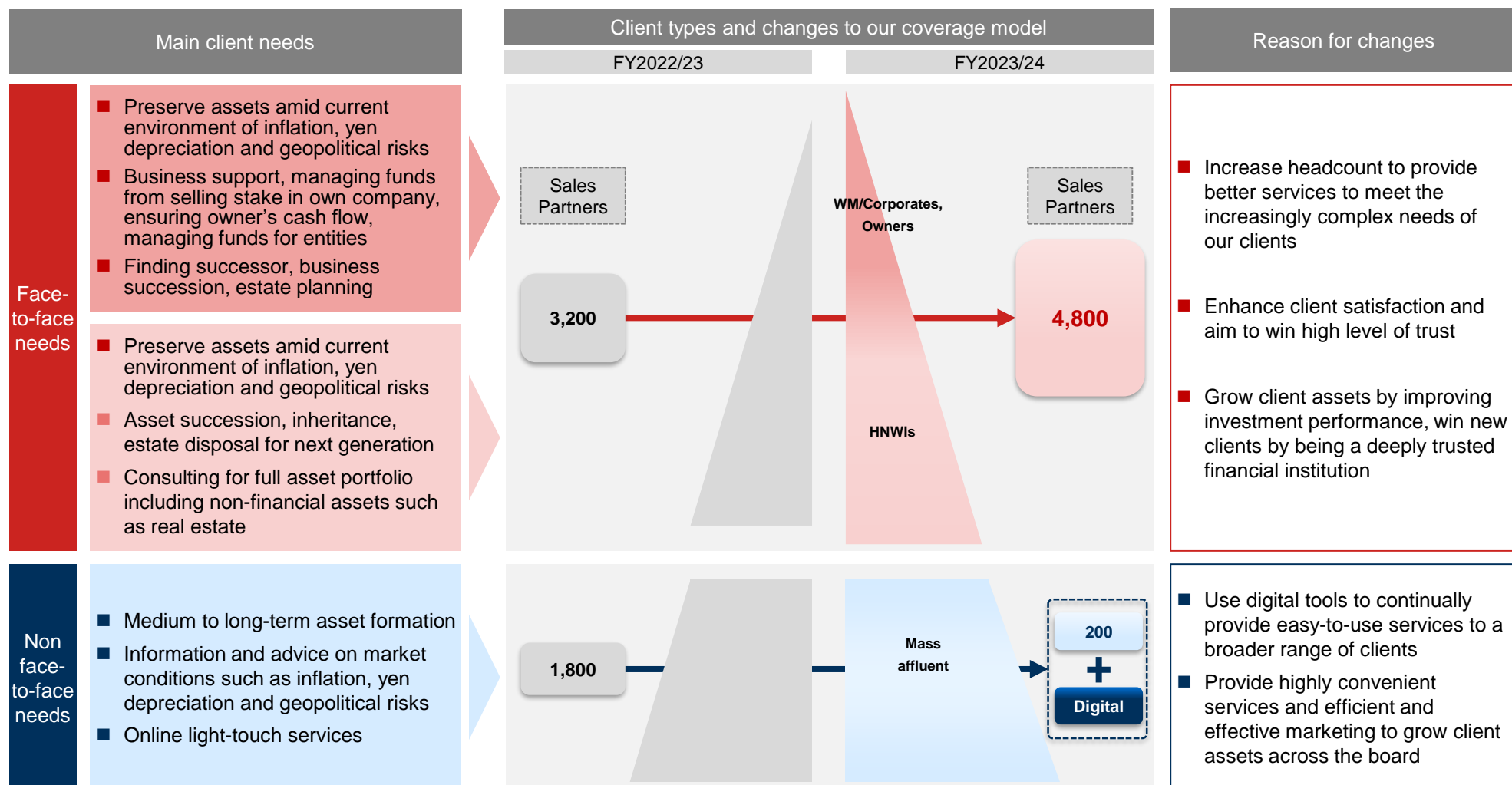
Facing some issues in optimally allocating resources to meet the needs of our clients

1. Revenue from client assets and ongoing revenue (investment trusts, discretionary investments, insurance, loans, level fee assets, etc.).  
2. Revenue from transactions (brokerage revenue, consulting-related revenue), interest income, etc. other than from loans.

## Road to FY2024/25

# Taking steps to further improve Retail profitability

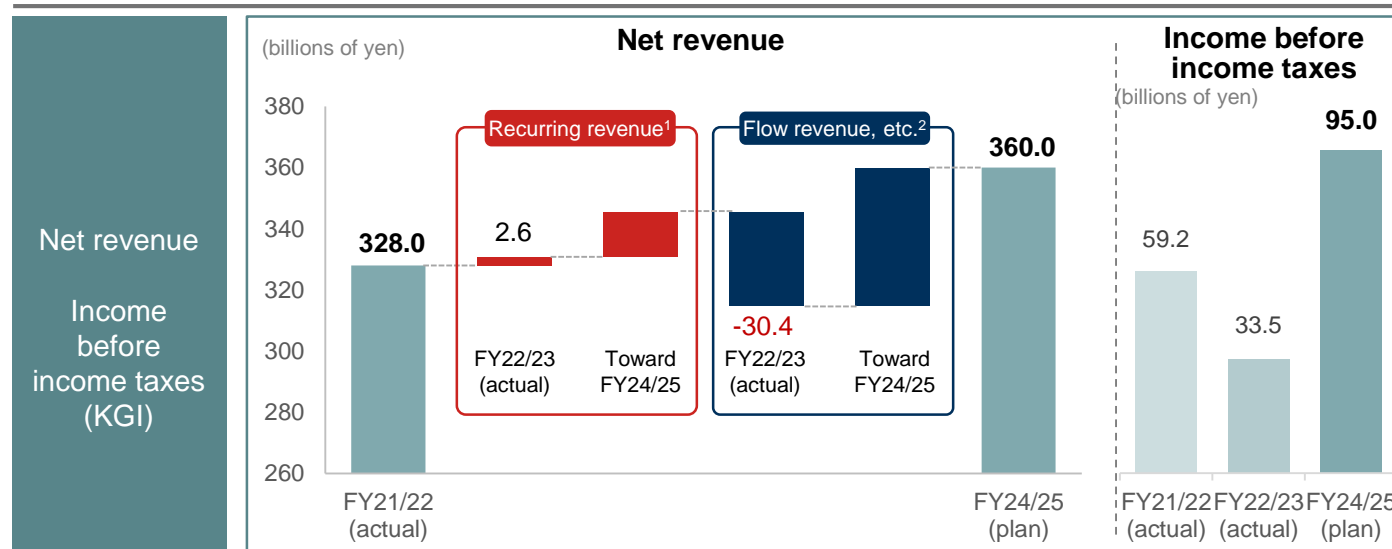
- Maximize profitability by segmenting in line with client needs and reallocating resources
- Allocation of Sales Partner resources to maximize our traditional strengths in delivering face-to-face services



# FY2024/25 KGIs and KPIs

- **Boost top line performance driven by face-to-face business**
- **Continue to control costs and focus on building revenue structure that delivers consistent profitability**

## Quantitative targets for FY2024/25



## Key points to achieve targets

### Recurring revenue<sup>1</sup> Y150bn or more

- Provide customized portfolio management services to meet the needs of each client
- Aim to build steady revenue base

### Flow revenue, etc.<sup>2</sup> Y200bn or more

- Aim for significant growth mainly from clients with face-to-face needs by deepening business with existing clients and bringing in new clients
- Provide highly specialized services through organization aligned to client needs

KPIs to achieve KGI			
	FY2021/22 or Mar (actual)	FY2022/23 or Mar (actual)	FY2024/25 or Mar (KPI)
	Recurring revenue assets		
	Y19.6trn	Y18.7trn	Y21.6trn
	Net inflows of recurring revenue assets		
	Y477.2bn	Y333.7bn	Y800bn
	Flow business clients		
	1.505m	1.446m	1.46m
	Services for salaried employees		
	3.357m	3.489m	3.66m

### Expenses

- Determined items to cut as part of earnings structural reform project and focused on controlling costs

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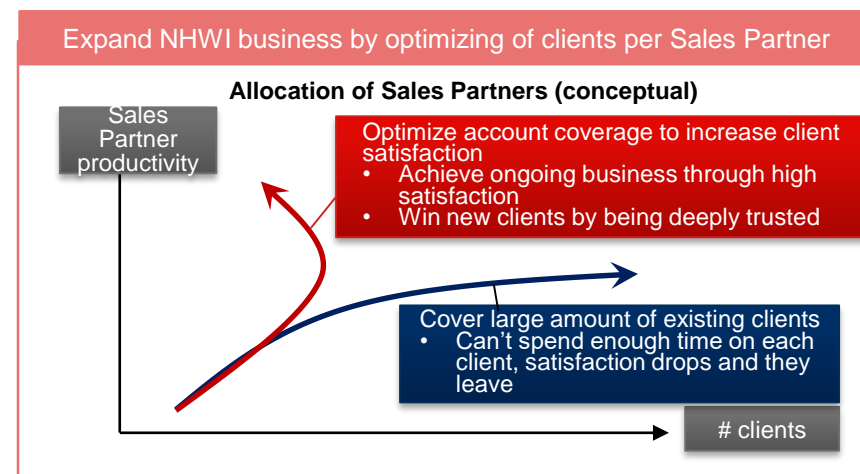
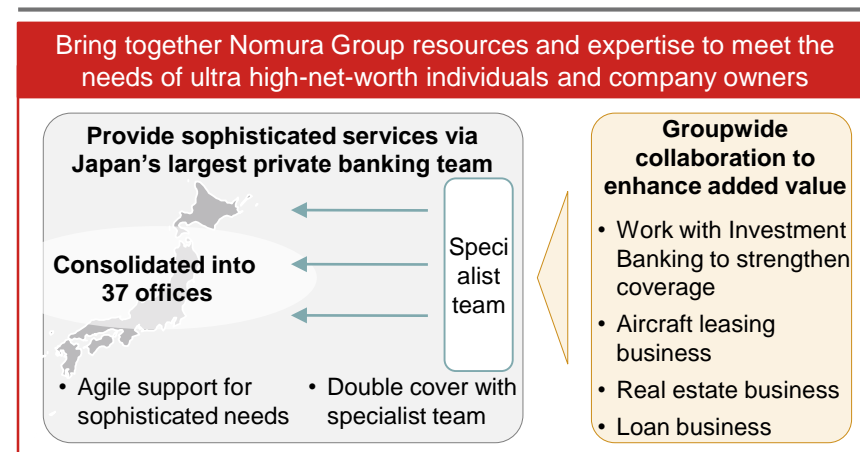
# Initiatives to achieve KGI and KPIs

- Key drivers to achieve our KGI and KPIs are to scale up our face-to-face business and improve profitability
- In mass affluent segment, have a smaller headcount delivering highly productive services to achieve growth over the medium to long-term

## Initiatives to achieve KGI and KPIs

	Headcount/Organization	Strategy
WM/Corporates, Owners	<ul style="list-style-type: none"> <li>■ Create Japan's largest private banking team of 600 people by combining WM and corporate, owners segment</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase coverage of unlisted and venture companies by collaborating within Retail and with other divisions, expand client franchise by strategically approaching target companies</li> <li>■ Launch high value added businesses by boosting expertise across the group on solutions clients are interested in (expand private products, etc.)</li> </ul>
HNWIs	<ul style="list-style-type: none"> <li>■ Substantial increase in headcount to meet the needs of growing HNWI market (Approx. 4,200 Sales Partners)</li> </ul>	<ul style="list-style-type: none"> <li>■ Optimize number of accounts per Sales partner to enhance client satisfaction and boost profitability; Step up onboarding of new clients through introductions, etc.</li> <li>■ Enhance delivery of solution services and build out offering for asset classes of strong interest to HNWIs</li> </ul>
Mass affluent	<ul style="list-style-type: none"> <li>■ New structure leveraging people and digital</li> <li>■ Revamp service provision and coverage to meet the needs of clients</li> </ul>	<ul style="list-style-type: none"> <li>■ Ensure high productivity with efficient organization of minimal headcount using digital tools, while maintaining touchpoints with broad range of clients</li> <li>■ Conveniently offer products and solutions leveraging digital, including increasing use of online services and apps</li> </ul>

## Scaling up face-to-face services



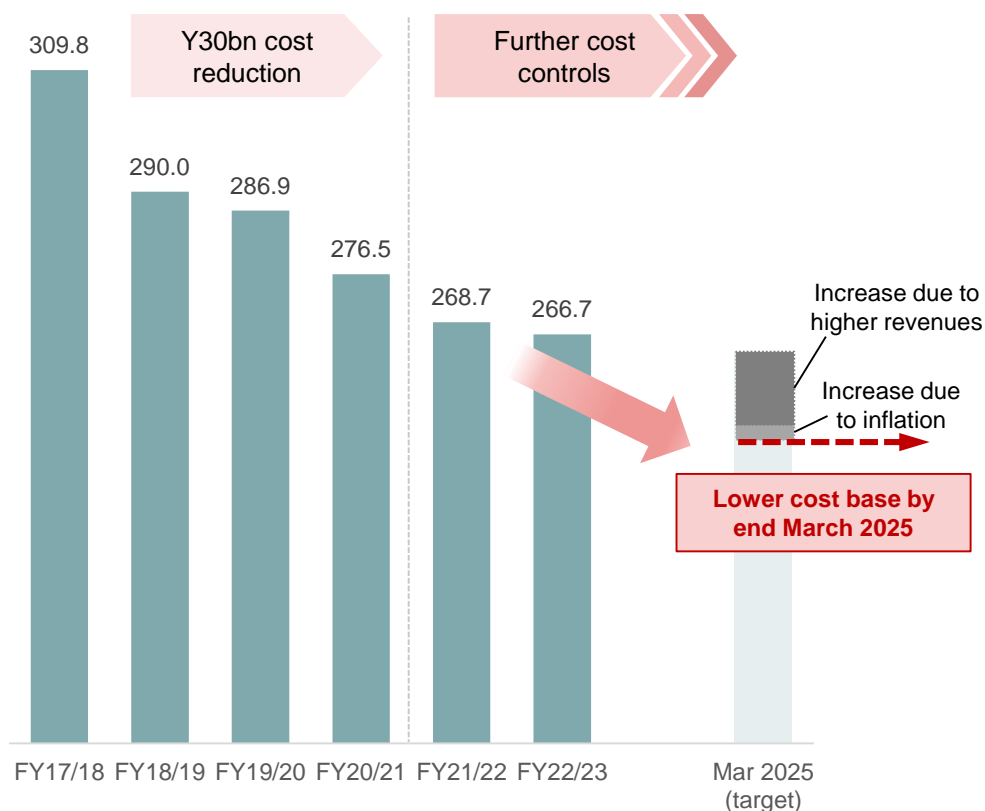


# Cost strategy

- Program to reduce costs by Y20bn by end of March 2025 already identified about 60% of reductions and we expect to see results from reductions starting this fiscal year
- We will continue to control costs while investing in digital tools and business growth

## Retail non-interest expenses

(billions of yen)



**Cost reduction initiatives**  
(Approx. 60% of reduction items identified)

- Reduce administrative expenses by reviewing communications costs and containing outsourcing costs
- Reduce real estate expenses by moving branches from road level to higher levels and returning office space
- Lower compensation and benefits by optimizing allocation of people and ensuring pay for performance

**Increase in costs due to higher revenues and inflation**

### Increase due to higher revenues

- Payments to regional bank alliance partners
- Performance-linked bonuses, etc.

### Increase due to inflation

- Yen depreciation and effects of inflation including higher resource and energy prices

**Cost reductions of Y20bn by end March 2025**

## **Medium-term strategy for continued growth**



# Medium-term strategy for continued growth: Establish dominant brand presence in growing HNWI market

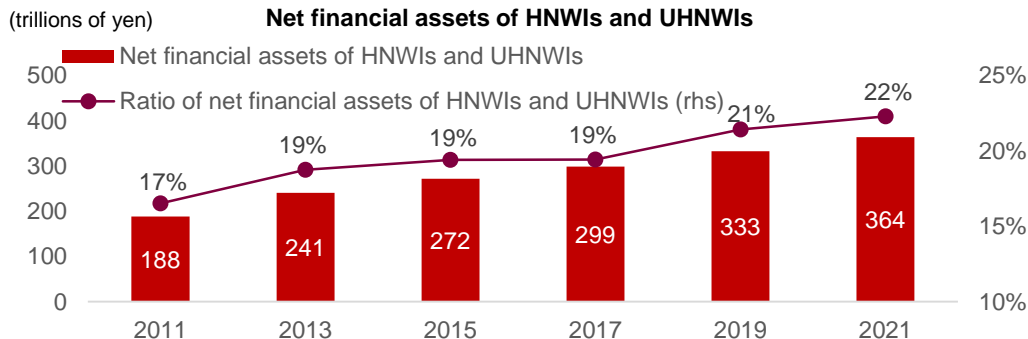
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- Sustainably grow face-to-face business and build platform to deliver consistent revenues; Aim for recurring revenue cost coverage ratio of 70% or more
- Capitalize on momentum around plan to double asset-based income including new NISA to grow client franchise and achieve continued growth

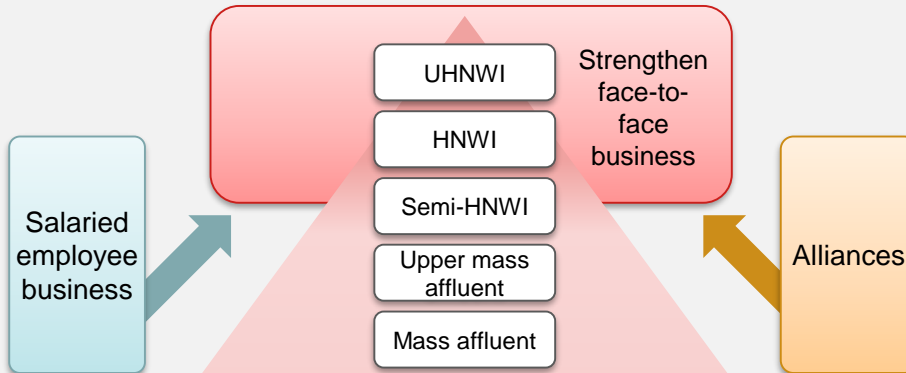
## Establish dominant brand presence in growing HNWI market

### Growth of HNWI market<sup>1</sup>

- Ongoing increase in net financial assets in HNWI and UHNWI markets
- Future HNWIs such as business owners trust financial institutions as advisors



### Market approach (conceptual)



## Strategy for continued growth

### Clients with face-to-face needs

- Net financial assets of HNWIs and UHNWIs continue to grow, opening up greater business potential going forward
- Aim to expand our market share in face-to-face business by continuing to bring in new clients based on targeting by Sales Partners
- Step up services for business owners to respond to growing focus on shareholder returns and raising corporate value

### Salaried employee clients

- Work with salaried employees earlier as pipeline for client franchise growth to maximize business potential

### Alliances

- Expand client franchise and improve profitability through alliances with regional financial institutions best matched to their respective region

1. Based on press release by Nomura Research Institute calculating 1.49 million households of Japanese high net worth individual net financial assets totaling ¥364trn.

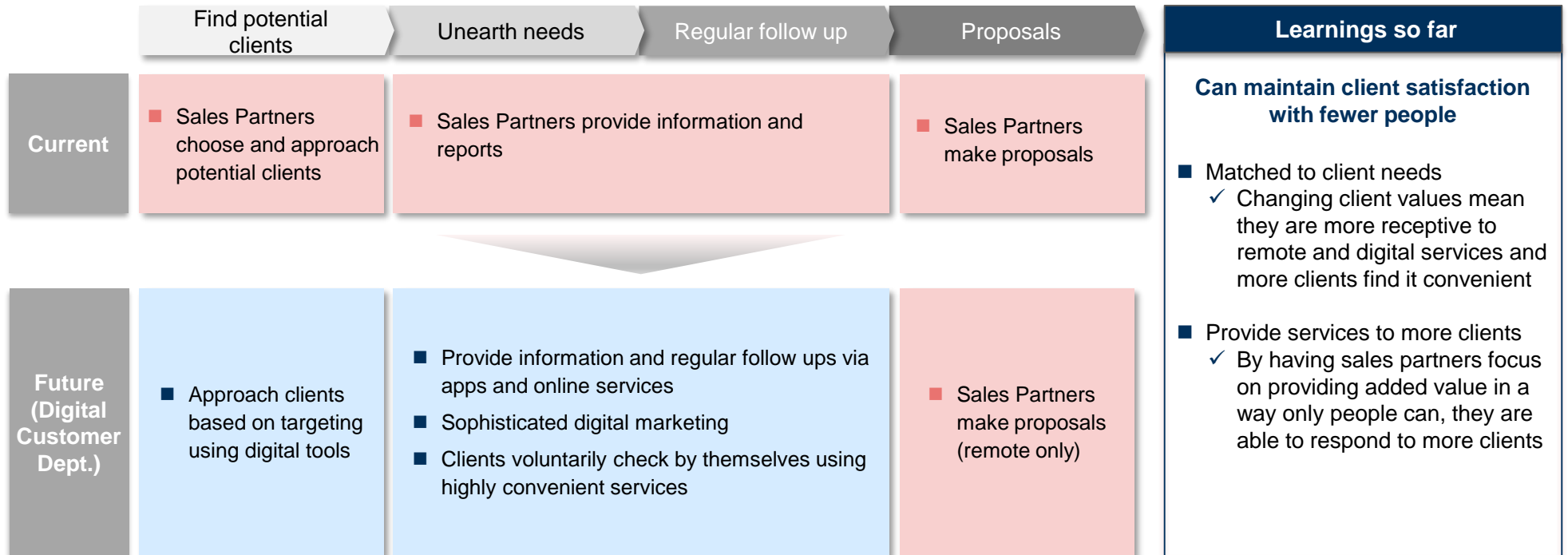
## Medium-term growth strategy:

Establish non face-to-face business model to deliver ongoing services

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- Undergo retail transformation to create organization to deliver ongoing services tailored to client needs

### Building organization to provide services combining digital tools and Sales Partners

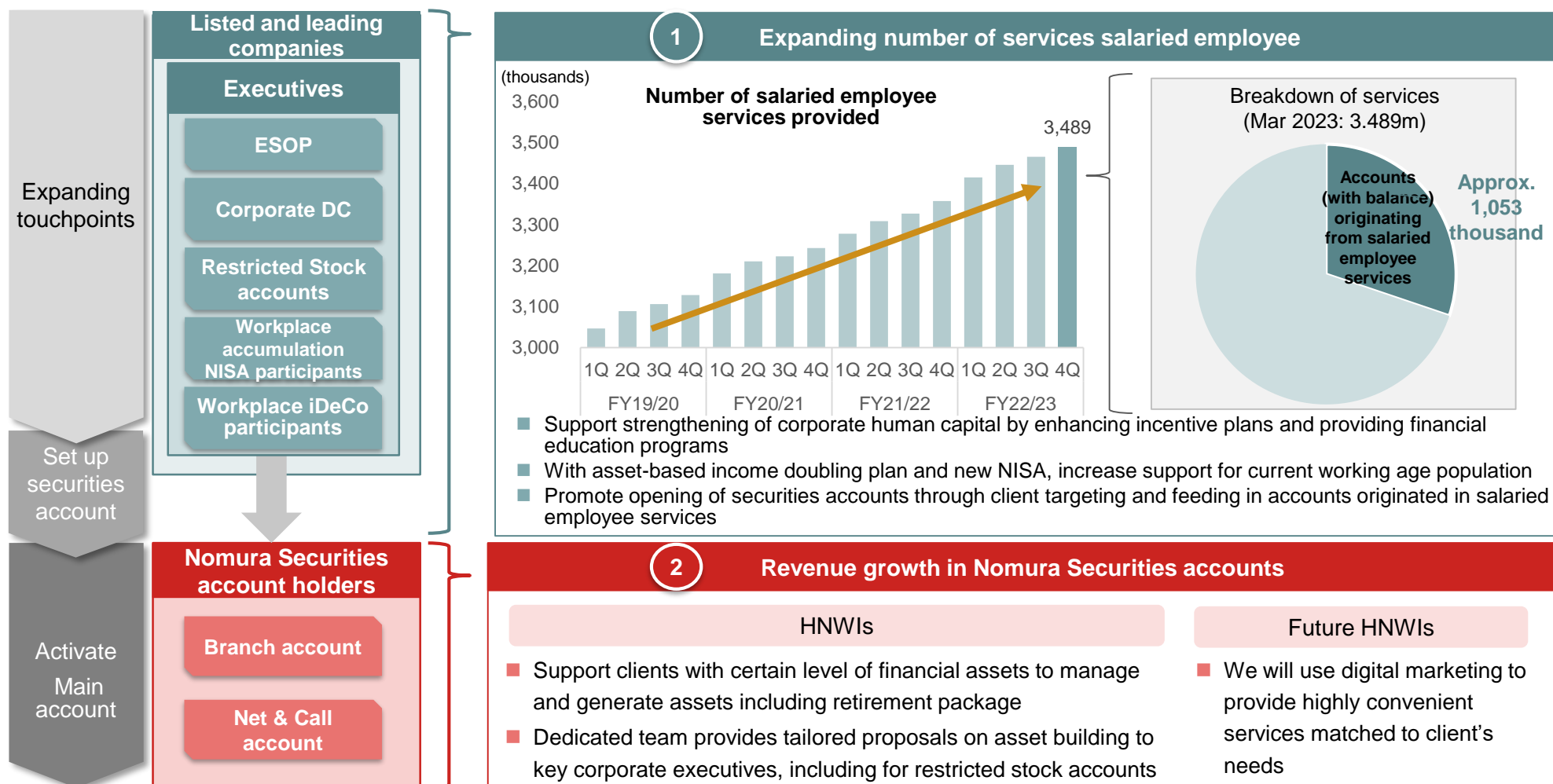


By having Sales Partners focus more on providing added value, we can meet the needs of our clients with smaller headcount

Improve convenience for clients via apps and online services

# Growth of salaried employee business

- Provide salaried employee services to feed into continual client franchise growth; Help increase investor pool in Japan in line with government's plan to double asset-based income
- Increase business with clients who have opened accounts to achieve growth over medium to long-term



# Growing our recurring revenue business through alliances

- Comprehensive business alliances with San-in Godo Bank and Awa Bank growing steadily despite challenging markets
- Forge alliances matched to the specific situation in each region

## Alliances matched to each region



	San-in Godo Bank	Awa Bank	Oita Bank	Fukui Bank
<b>Started</b>	Sep 2020	Apr 2021	Mar 2023	May 2023
<b>Organization</b>	Sales organization tailored to the specific situation in each region			

Sales support	Business support	Products and services	Company support	Regional revitalization
<ul style="list-style-type: none"> <li>■ Investment information</li> <li>■ Training</li> <li>■ Tools, etc.</li> </ul>	<ul style="list-style-type: none"> <li>■ Design rules</li> <li>■ Monitoring</li> <li>■ Help desk, etc.</li> </ul>	<ul style="list-style-type: none"> <li>■ Stocks</li> <li>■ Bonds</li> <li>■ Investment trusts</li> <li>■ Discretionary investments, etc.</li> </ul>	<ul style="list-style-type: none"> <li>■ Business succession</li> <li>■ M&amp;A</li> <li>■ Salaried employee services, etc.</li> </ul>	<ul style="list-style-type: none"> <li>■ Financial education</li> <li>■ Search funds</li> <li>■ SDGs, etc.</li> </ul>

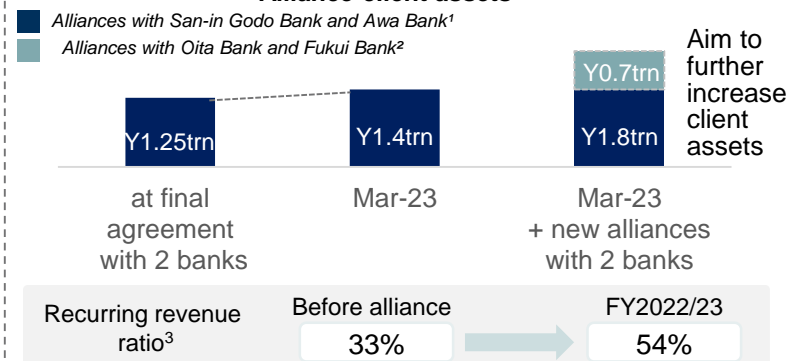
Account management, etc.

## Results of comprehensive business alliances

### Growing our client franchise

- Boost client assets by solving issues regional clients face
- FY2022/23 net inflows of investment trusts and discretionary investments totaled Y40bn
- Steady growth in recurring revenue, achieve high recurring revenue ratio

#### Alliance client assets



### Synergies from collaboration

- Sales organization optimized to each region specifics to maximize results
- Seek efficacies by sharing IT systems and other middle and back office operations where possible
- Through the above initiatives, we aim to improve profitability and ensure a win-win alliance for both parties

1. Gogin Securities client accounts and San-in Godo Bank securities client accounts.

2. Awa Bank securities client accounts.

3. Before alliances: Ratio of recurring revenue from Matsue, Yonago, and Tokushima branches in FY2018/19 before alliances with both banks; FY2022/23: Ratio of recurring revenue from San-in Godo Bank and Awa Bank in FY2022/23.

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