

NOMURA HOLDINGS INC
Form 6-K
August 28, 2014
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FORM 6-K

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

Commission File Number: 1-15270

For the month of August 2014

NOMURA HOLDINGS, INC.

(Translation of registrant's name into English)

9-1, Nihonbashi 1-chome

Chuo-ku, Tokyo 103-8645

Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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Information furnished on this form:

EXHIBITS

Exhibit Number

1. (English Translation) Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for the Three Months Ended June 30, 2014
2. (English Translation) Confirmation Letter
3. Ratio of Earnings to Fixed Charges and Computation Thereof for the Three Months Ended June 30, 2014

The registrant hereby incorporates Exhibits 1, 2 and 3 to this report on Form 6-K by reference (i) in the prospectus that is part of the Registration Statement on Form F-3 (Registration No. 333-191250) of the registrant and Nomura America Finance, LLC, filed with the Securities and Exchange Commission (SEC) on September 19, 2013 and (ii) in the prospectus that is part of the Registration Statement on Form F-3 (Registration No. 333-186755) of the registrant, filed with the SEC on February 20, 2013.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOMURA HOLDINGS, INC.

Date: August 28, 2014

By: /s/ Hajime Ikeda
Hajime Ikeda
Managing Director

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Exhibit 1

Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for the Three Months Ended June 30, 2014

Items included in the Quarterly Securities Report

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Note: Translations for the underlined items are attached to this form as below.

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1. Selected Financial Data

		Three months ended June 30, 2013	Three months ended June 30, 2014	Year ended March 31, 2014
Total revenue	(Mil yen)	505,270	462,154	1,831,844
Net revenue	(Mil yen)	431,321	370,838	1,557,070
Income before income taxes	(Mil yen)	113,219	51,674	361,614
Net income attributable to Nomura Holdings, Inc. (NHI) shareholders	(Mil yen)	65,894	19,860	213,591
Comprehensive income attributable to NHI shareholders	(Mil yen)	97,479	10,773	291,622
Total equity	(Mil yen)	2,394,858	2,513,674	2,553,213
Total assets	(Mil yen)	41,954,802	43,930,988	43,520,314
Net income attributable to NHI shareholders per share basic	(Yen)	17.78	5.40	57.57
Net income attributable to NHI shareholders per share diluted	(Yen)	17.24	5.26	55.81
Total NHI shareholders equity as a percentage of total assets	(%)	5.6	5.6	5.8
Cash flows from operating activities	(Mil yen)	98,088	57,304	457,426
Cash flows from investing activities	(Mil yen)	(163,006)	12,942	(103,195)
Cash flows from financing activities	(Mil yen)	441,730	(122,140)	289,385
Cash and cash equivalents at end of the period	(Mil yen)	1,201,766	1,428,775	1,489,792

1 The selected financial data of Nomura Holdings, Inc. (the Company) and other entities in which it has a controlling financial interest (collectively referred to as Nomura, we, our, or us) are stated in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

2 Taxable transactions do not include consumption taxes and local consumption taxes.

3 As the consolidated financial statements have been prepared, selected financial data on the Company are not disclosed.

2. Business Overview

There was no significant change for the business of the Company and its 845 consolidated subsidiaries for the three months ended June 30, 2014.

There were 14 affiliated companies which were accounted for by the equity method as of June 30, 2014.

Item 2. Operating and Financial Review

1. Risk Factors

There is no significant change in our Risk Factors for the three months ended June 30, 2014 and until the submission date of this report.

2. Significant Contracts

Not applicable.

3. Operating, Financial and Cash Flows Analysis

(1) Operating Results

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Nomura reported net revenue of ¥370.8 billion, non-interest expenses of ¥319.2 billion, income before income taxes of ¥51.7 billion, and net income attributable to NHI shareholders of ¥19.9 billion for the three months ended June 30, 2014.

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The breakdown of net revenue and non-interest expenses on the consolidated statements of income are as follows:

	Millions of yen	
	Three months ended June 30	
	2013	2014
Commissions	¥ 157,634	¥ 96,281
Brokerage commissions	85,560	53,897
Commissions for distribution of investment trust	63,892	30,477
Other	8,182	11,907
Fees from investment banking	25,394	19,822
Underwriting and distribution	18,808	13,949
M&A / financial advisory fees	6,445	5,663
Other	141	210
Asset management and portfolio service fees	42,381	45,444
Asset management fees	37,761	40,883
Other	4,620	4,561
Net gain on trading	128,409	158,562
Gain (loss) on private equity investments	50	(287)
Net interest	41,376	13,601
Gain (loss) on investments in equity securities	7,852	6,350
Other	28,225	31,065
Net revenue	¥ 431,321	¥ 370,838

	Millions of yen	
	Three months ended June 30	
	2013	2014
Compensation and benefits	¥ 163,205	¥ 168,767
Commissions and floor brokerage	29,046	27,590
Information processing and communications	48,233	44,896
Occupancy and related depreciation	19,784	18,553
Business development expenses	7,859	7,927
Other	49,975	51,431
Non-interest expenses	¥ 318,102	¥ 319,164

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Business Segment Information

Results by business segment are noted below.

Reconciliations of *Net revenue* and *Income (loss) before income taxes* on segment results of operations and the consolidated statements of income are set forth in Item 4. Financial Information, 1. Consolidated Financial Statements, Note 16. *Segment and geographic information.*

Net revenue

	Millions of yen	
	Three months ended June 30	
	2013	2014
Retail	¥ 166,342	¥ 106,865
Asset Management	20,174	23,338
Wholesale	194,609	188,886
Other (Incl. elimination)	43,032	48,252
Total	¥ 424,157	¥ 367,341

Non-interest expenses

	Millions of yen	
	Three months ended June 30	
	2013	2014
Retail	¥ 85,237	¥ 75,257
Asset Management	13,483	15,064
Wholesale	169,372	183,145
Other (Incl. elimination)	50,010	45,698
Total	¥ 318,102	¥ 319,164

Income (loss) before income taxes

	Millions of yen	
	Three months ended June 30	
	2013	2014
Retail	¥ 81,105	¥ 31,608
Asset Management	6,691	8,274
Wholesale	25,237	5,741
Other (Incl. elimination)	(6,978)	2,554
Total	¥ 106,055	¥ 48,177

Retail

Net revenue was ¥106.9 billion. Equity sales were stagnant due to slow market conditions. On the other hand, investment trust sales remained strong. Non-interest expenses were ¥75.3 billion and income before income taxes was ¥31.6 billion. Retail client assets were ¥95.3 trillion as of June 30, 2014, a ¥3.5 trillion increase from March 31, 2014.

Asset Management

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Net revenue was ¥23.3 billion. Non-interest expenses were ¥15.1 billion and income before income taxes was ¥8.3 billion. Assets under management were ¥33.0 trillion as of June 30, 2014, a ¥2.1 trillion increase from March 31, 2014, primarily due to inflows into our investment trust and investment advisory businesses, and the contribution of the new subsidiary company.

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Wholesale

Net revenue was ¥188.9 billion. Non-interest expenses were ¥183.1 billion and income before income taxes was ¥5.7 billion.

The breakdown of net revenue for Wholesale is as follows:

	Millions of yen	
	Three months ended June 30	
	2013	2014
Fixed Income	¥ 97,559	¥ 104,549
Equities	67,783	62,023
Investment Banking (Net)	25,570	22,761
Investment Banking (Other)	3,697	(447)
Investment Banking	29,267	22,314
Net revenue	¥ 194,609	¥ 188,886
Investment Banking (Gross)	¥ 47,173	¥ 43,162

For Fixed Income, as a result of fully recognizing the market trend, net revenue was ¥104.5 billion. For Equities, despite slow market conditions, net revenue was ¥62.0 billion due to services which met clients' needs. For Investment Banking, net revenue was ¥22.3 billion, primarily due to contributions from capital market transactions in Japan.

Other Operating Results

Other operating results include net gain (loss) related to economic hedging transactions, realized gain (loss) on investments in equity securities held for operating purposes, equity in earnings of affiliates, corporate items, and other financial adjustments. Other operating results for the three months ended June 30, 2014 include losses from changes in the fair value of the financial liabilities, for which the fair value option was elected, attributable to the change in Nomura's creditworthiness of ¥9.5 billion; the negative impact of its own creditworthiness on derivative liabilities, which resulted in losses of ¥2.3 billion; and gains from changes in counterparty credit spread of ¥4.7 billion. Net revenue was ¥48.3 billion, non-interest expenses were ¥45.7 billion and income before income taxes was ¥2.6 billion for the three months ended June 30, 2014.

Geographic Information

Please refer to Item 4. Financial Information, 1. Consolidated Financial Statements, Note 16. *Segment and geographic information* for net revenue and income (loss) before income taxes by geographic allocation.

Cash Flow Information

Please refer to (6) Liquidity and Capital Resources.

(2) Assets and Liabilities Associated with Investment and Financial Services Business

1) Exposure to Certain Financial Instruments and Counterparties

Market conditions continue to impact numerous products including securitization products and leveraged finance to which we have certain exposures. We also have exposures to Special Purpose Entities (SPEs) and others in the normal course of business.

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Our exposure to securitization products consists of commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), and other securitization products. We hold these securitization products in connection with securitization, financing, trading and other activities. The following table provides a summary of our exposure to securitization products by geographic region of the underlying collateral as of June 30, 2014.

	Millions of yen June 30, 2014				Total ⁽¹⁾
	Japan	Europe	Americas	Asia and Oceania	
CMBS ⁽²⁾	¥ 1,519	¥ 19,723	¥ 86,051	¥	¥ 107,293
RMBS ⁽²⁾⁽³⁾	35,587	49,934	294,497	514	380,532
Other securitization products ⁽⁴⁾	227,122	23,750	184,321		435,193
Total	¥ 264,228	¥ 93,407	¥ 564,869	¥ 514	¥ 923,018

- (1) The balances shown exclude certain CMBS of ¥21,669 million for which we transferred financial assets to securitization vehicles where such transfers were accounted for as secured financings rather than sales under Accounting Standards Codification (ASC) 860 *Transfers and Servicing* (ASC 860), and in which we have no continuing economic exposure because the beneficial interests in the vehicles have been sold to third parties.
- (2) We have ¥11,386 million exposure, as whole loans and commitments, to U.S. CMBS and RMBS-related business as of June 30, 2014.
- (3) The RMBS balance for Americas excludes mortgage pass-through securities and U.S. government guaranteed collateralized mortgage obligations (CMOs) of ¥1,969,228 million, because their credit risks are considered minimal.
- (4) Includes collateralized loan obligations (CLOs), collateralized debt obligations (CDOs) and asset-backed securities (ABS) such as those secured on credit card loans, auto loans, student loans and home equity loans.

The following table provides our exposure to CMBS by geographic region and the external credit ratings of the underlying collateral as of June 30, 2014. Ratings are based on the lowest ratings given by Standard & Poor's Financial Services LLC, Moody's Investors Service, Inc., Fitch Ratings Ltd., Japan Credit Rating Agency, Ltd. or Rating and Investment Information, Inc. as of June 30, 2014.

	Millions of yen June 30, 2014								Total
	AAA	AA	A	BBB	BB	B and lower	Not rated		
Japan	¥	¥	¥	¥	¥ 128	¥ 1,306	¥ 85	¥ 1,519	
Europe	3,312	672	874	3,982	4,744	6,057	82	19,723	
Americas	24,301	3,574	14,671	9,604	6,353	25,984	1,564	86,051	
Total	¥ 27,613	¥ 4,246	¥ 15,545	¥ 13,586	¥ 11,225	¥ 33,347	¥ 1,731	¥ 107,293	

Leveraged Finance

We provide loans to clients in connection with leveraged buy-outs and leveraged buy-ins. As this type of financing is usually initially provided through a commitment, we have both funded and unfunded exposures on these transactions.

The following table sets forth our exposure to leveraged finance by geographic location of the target company as of June 30, 2014.

Millions of yen

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	June 30, 2014		
	Funded	Unfunded	Total
Europe	¥ 54,279	¥ 14,741	¥ 69,020
Americas	12,477	147,430	159,907
Total	¥ 66,756	¥ 162,171	¥ 228,927

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Our involvement with these entities includes structuring, underwriting, as well as, subject to prevailing market conditions, distributing and selling debt instruments and beneficial interests issued by these entities. In the normal course of securitization and equity derivative activities business, we also act as a transferor of financial assets to, and underwriter, distributor and seller of repackaged financial instruments issued by these entities. We retain, purchase and sell variable interests in SPEs in connection with our market-making, investing and structuring activities. Our other types of involvement with SPEs include guarantee agreements and derivative contracts.

For further discussion on Nomura's involvement with variable interest entities (VIEs), see Item 4. Financial Information, 1. Consolidated Financial Statements, Note 6. *Securitizations and Variable Interest Entities*.

2) Fair Value of Financial Instruments

A significant amount of our financial instruments are carried at fair value, with changes in fair value recognized through the consolidated statements of income or the consolidated statements of comprehensive income on a recurring basis. Use of fair value is either specifically required under U.S. GAAP or we make an election to use fair value for certain eligible items under the fair value option.

Other financial assets and financial liabilities are carried at fair value on a nonrecurring basis, where the primary measurement basis is not fair value. Fair value is only used in specific circumstances after initial recognition, such as to measure impairment.

In accordance with ASC 820 *Fair Value Measurements and Disclosures* , all financial instruments measured at fair value have been categorized into a three-level hierarchy based on the transparency of inputs used to establish fair value.

Level 3 financial assets excluding derivatives as a proportion of total financial assets excluding derivatives, carried at fair value on a recurring basis was 2% as of June 30, 2014 as listed below:

	Billions of yen June 30, 2014					
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting	Total	The proportion of Level 3
Financial assets measured at fair value (Excluding derivative assets)	¥ 11,480	¥ 8,917	¥ 379	¥	¥ 20,776	2%
Derivative assets	695	25,688	220	(24,329)	2,274	
Derivative liabilities	679	25,438	244	(24,493)	1,868	

Please refer to Item 4. Financial Information, 1. Consolidated Financial Statements, Note 2. *Fair value measurements* for further information.

(3) Trading Activities

Assets and liabilities for trading purposes

Please refer to Item 4. Financial Information, 1. Consolidated Financial Statements, Note 2. *Fair value measurements* and Note 3. *Derivative instruments and hedging activities* regarding the balances of assets and liabilities for trading purposes.

Risk management of trading activity

We adopt Value at Risk (VaR) for measurement of market risk arising from trading activity.

1) Assumptions on VaR

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Confidence Level: 99%

Holding period: One day

Consideration of price movement among the products

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2) Records of VaR

	Billions of yen	
	March 31, 2014	June 30, 2014
Equity	¥ 1.3	¥ 2.8
Interest rate	4.0	5.2
Foreign exchange	2.8	2.0
Subtotal	8.1	10.0
Diversification benefit	(2.9)	(0.7)
VaR	¥ 5.2	¥ 9.3

	Billions of yen		
	Three months ended June 30, 2014		
	Maximum ⁽¹⁾	Minimum ⁽¹⁾	Average ⁽¹⁾
VaR	¥ 9.3	¥ 4.7	¥ 6.7

(1) Represents the maximum, average and minimum VaR based on all daily calculations over the three-month period.

(4) Deferred Tax Assets Information

1) Details of deferred tax assets and liabilities

Details of deferred tax assets and liabilities reported within *Other assets*, *Other* and *Other liabilities* respectively in the consolidated balance sheets as of June 30, 2014 are as follows:

	Millions of yen
	June 30, 2014
Deferred tax assets	
Depreciation, amortization and valuation of fixed assets	¥ 12,981
Investments in subsidiaries and affiliates	35,694
Valuation of financial instruments	55,909
Accrued pension and severance costs	6,383
Other accrued expenses and provisions	91,886
Operating losses	451,398
Other	3,809
Gross deferred tax assets	658,060
Less Valuation allowance	(493,513)
Total deferred tax assets	164,547
Deferred tax liabilities	
Investments in subsidiaries and affiliates	108,706
Valuation of financial instruments	55,761
Undistributed earnings of foreign subsidiaries	646
Valuation of fixed assets	20,836
Other	3,165

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Total deferred tax liabilities	189,114
Net deferred tax assets	¥ (24,567)

2) Calculation method of deferred tax assets

In accordance with U.S. GAAP, we recognize deferred tax assets to the extent we believe that it is more likely than not that a benefit will be realized. A valuation allowance is provided for tax benefits available to us, which are not deemed more likely than not to be realized.

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(5) Qualitative Disclosures about Market Risk

1) Risk Management

Nomura Group defines risks as (i) the potential erosion of Nomura's capital base due to unexpected losses arising from risks to which its business operations are exposed, such as market risk, credit risk, operational risk and model risk, (ii) liquidity risk, the potential lack of access to funds or higher cost of funding than normal levels due to a deterioration in Nomura's creditworthiness or deterioration in market conditions, and (iii) business risk, the potential failure of revenues to cover costs due to a deterioration in the earnings environment or a deterioration in the efficiency or effectiveness of its business operations.

A fundamental principle established by Nomura is that all employees shall regard themselves as principals of risk management and appropriately manage these risks. Nomura seeks to promote a culture of proactive risk management throughout all levels of the organization and to limit risks to the confines of its risk appetite. Nomura's risk appetite defines the type and quantum of risk that Nomura is willing to accept in pursuit of its business objectives.

2) Global Risk Management Structure

The Board of Directors has established the Structure for Ensuring Appropriate Business of Nomura Holdings, Inc. as the Company's basic principle and set up a framework for the management of risk of loss based on this. In addition, they are continuously making efforts to improve, strengthen and build up our risk management capabilities under this framework. Besides this, the Group Integrated Risk Management Committee, upon delegation from the Executive Management Board, has established the Risk Management Policy, describing Nomura's overall risk management framework including the fundamental risk management principles followed by Nomura.

Market Risk

Market risk is the risk of loss arising from fluctuations in the value of financial assets and liabilities (including off-balance sheet items) due to fluctuations in market factors (interest rates, foreign exchange rates, prices of securities and others). Effective management of market risk requires the ability to analyze a complex and constantly changing global market environment, identify problematic trends and ensure that appropriate action is taken in a timely manner.

Nomura uses a variety of complementary tools to measure, model and aggregate market risk. Nomura's principle statistical measurement tool to assess and monitor market risk on an ongoing basis is Value at Risk (VaR). Limits on VaR are set in line with Nomura's risk appetite as expressed through economic capital. In addition to VaR, Nomura uses sensitivity analysis and stress testing to measure and analyze its market risk. Sensitivities are measures used to show the potential changes to a portfolio due to standard moves in market risk factors. They are specific to each asset class and cannot usually be aggregated across risk factors. Stress testing enables the analysis of portfolio risks or tail risks, including non-linear behaviors and can be aggregated across risk factors at any level of the group hierarchy, from firmwide level to business division, units or desk levels. Market risk is monitored against a set of approved limits, with daily reports and other management information provided to the business units and senior management.

Credit Risk

Credit risk is the risk of loss arising from an obligor or counterparty's default, insolvency or administrative proceeding which results in the obligor's failure to meet its contractual obligations in accordance with agreed terms. This includes both on and off-balance sheet exposures. It is also the risk of loss arising through a credit valuation adjustment (CVA) associated with deterioration in the creditworthiness of a counterparty.

The measurement, monitoring and management of credit risk at Nomura is governed by a set of global policies and procedures. Credit Risk Management (CRM), a global function within the Risk Management Division, is responsible for the implementation and maintenance of these policies and procedures.

Credit risk exposure is managed by CRM together with various global and regional risk committees. CRM operates as a credit risk control function within the Risk Management Division, reporting to the CRO. The process for managing credit risk at Nomura includes:

Evaluation of likelihood that a counterparty defaults on its payments and obligations;

Assignment of internal credit ratings to all active counterparties;

Approval of extensions of credit and establishment of credit limits;

Measurement, monitoring and management of the firm's current and potential future credit exposures;

Setting credit terms in legal documentation including margin terms;

Use of appropriate credit risk mitigants including netting, collateral and hedging.

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For regulatory capital calculation purposes, Nomura has been applying the Foundation Internal Rating Based Approach in calculating credit risk weighted asset since the end of March 2011. The Standardized Approach is applied to certain business units or asset types, which are considered immaterial to the calculation of credit risk weighted assets.

The exposure calculation model used for counterparty credit risk management has also been used for the Internal Model Method based exposure calculation for regulatory capital reporting purposes since the end of December 2012.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. It excludes strategic risk (the risk of loss as a result of poor strategic business decisions), but includes the risk of breach of legal and regulatory requirements, and the risk of damage to Nomura's reputation if caused by an operational risk.

Nomura adopts the industry standard Three Lines of Defence for the management of operational risk, comprising the following elements:

- 1) 1st Line of Defence: The business which owns and manages its risks

- 2) 2nd Line of Defence: The Operational Risk Management function, which defines and co-ordinates Nomura's operational risk strategy and framework and provides challenge to the 1st Line of Defence

- 3) 3rd Line of Defence: Internal and External Audit, who provide independent assurance

An Operational Risk Management Framework has been established in order to allow Nomura to identify, assess, manage, monitor and report on operational risk. Operational risk appetite is defined through a mixture of qualitative appetite statements and quantitative measures utilizing key components of the Operational Risk Management Framework.

Nomura uses The Standardized Approach for calculating regulatory capital for operational risk. This involves using a three-year average of gross income allocated to business lines, which is multiplied by a fixed percentage determined by the FSA, to establish the amount of required operational risk capital.

Model Risk Management

Model risk is the risk arising from model errors or incorrect or inappropriate model application, which can lead to financial loss, poor business and strategic decision-making, restatement of external and internal reports, regulatory penalties and damage to Nomura's reputation. Errors can occur at any point from model assumptions through to implementation. In addition, the quality of model outputs depends on the quality of model parameters and any input data. Even a fundamentally sound model producing accurate outputs consistent with the design objective of the model may exhibit high model risk if it is misapplied or misused.

Nomura has documented policies in place, which define the process and validation procedures required in order to implement new or amend existing valuation and risk models. Before models are put into official use, the Model Validation Group (MVG) is responsible for validating their integrity and comprehensiveness independently from those who design and build them. All models are also subject to an annual re-approval process by MVG to ensure they remain suitable. For changes with an impact above certain materiality thresholds, model approval is required.

(6) Liquidity and Capital Resources

Funding and Liquidity Management

Overview

We define liquidity risk as the risk of losses arising from difficulty in securing the necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of the Nomura Group's creditworthiness or deterioration in market conditions. This risk could

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arise from Nomura-specific or market-wide events such as inability to access the secured or unsecured debt markets, a deterioration in our credit ratings, a failure to manage unplanned changes in funding requirements, a failure to liquidate assets quickly and with minimal loss in value, or changes in regulatory capital restrictions which may prevent the free flow of funds between different group entities. Our liquidity risk management policy is based on liquidity risk appetite which the Group Integrated Risk Management Committee formulates upon delegation by the Executive Management Board (EMB). Nomura s liquidity risk management, under market-wide stress and in addition, under Nomura-specific stress, seeks to ensure enough continuous liquidity to meet all funding requirements and unsecured debt obligations across one year and one month periods, respectively, without raising funds through unsecured funding or through the liquidation of assets.

We have in place a number of liquidity risk management frameworks that enable us to achieve our primary liquidity objective. These frameworks include (1) Centralized Control of Residual Cash and Maintenance of Liquidity Portfolio; (2) Appropriate Funding and Diversification of Funding Sources and Maturities Commensurate with the Composition of Assets; (3) Management of Credit Lines to Nomura Group Entities; (4) Implementation of Liquidity Stress Tests; and (5) Contingency Funding Plan.

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Our EMB has the authority to make decisions concerning the group liquidity management. The Chief Financial Officer (CFO) has the operational authority and responsibility over our liquidity management based on decisions made by the EMB.

1. Centralized Control of Residual Cash and Maintenance of Liquidity Portfolio

We centrally control residual cash held at Nomura Group entities for effective liquidity utilization purposes. As for the usage of funds, the CFO decides the maximum amount of available funds, provided without posting any collateral, for allocation within Nomura and the EMB allocates the funds to each business division. Global Treasury monitors the usage by businesses and reports to the EMB.

In order to enable us to transfer funds smoothly between group entities, we limit the issuance of securities by regulated broker-dealers or banking entities within the Nomura Group and seek to raise unsecured funding primarily through the Company or through unregulated subsidiaries. The primary benefits of this strategy include cost minimization, wider investor name recognition and greater flexibility in providing funding to various subsidiaries across the Nomura Group.

To meet any potential liquidity requirement, we maintain a liquidity portfolio in the form of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity. As of June 30, 2014, our liquidity portfolio was ¥5,632.2 billion which generated a liquidity surplus taking into account stress scenarios. In addition to our liquidity portfolio, we had other unencumbered assets comprising mainly unpledged trading assets that can be used as an additional source of secured funding. The aggregate value of our liquidity portfolios and other unencumbered assets was sufficient against our total unsecured debt maturing within one year.

2. Appropriate Funding and Diversification of Funding Sources and Maturities Commensurate with the Composition of Assets

We seek to maintain a surplus of long-term debt and equity above the cash capital requirements of our assets. This enables us to fund our operations for at least one year in a market-wide stress event, without needing to raise unsecured funding or force the liquidation of assets. The amount of liquidity required is based on an internal model which incorporates the following requirements:

- (i) Our ability to finance assets using secured funding, including repurchase agreements and securities lending transactions. The cash capital requirements are calculated using conservative estimates of the assets secured borrowing power in stressed scenarios.
- (ii) Goodwill and identifiable intangible assets, property, equipment and other illiquid assets.
- (iii) Collateral requirements on derivative contracts arising as a result of a two-notch downgrade in our credit rating.

Collateral requirements to support potential increased intraday collateral requirements from our clearing and settlement agents arising as a result of a two-notch downgrade in our credit rating.

In addition, other unencumbered assets held at exchanges for other related requirements are also funded with long-term liquidity.

- (iv) Commitments to lend to external counterparties based on the probability of drawdown.

- (v) Capital or other forms of financing in our regulated subsidiaries that is in excess of their long-term cash capital requirements. Our internal model takes into account legal, regulatory and tax restrictions that may impact the ability to freely transfer liquidity across the entities within the Nomura Group.

We seek to achieve diversification of our funding by market, instrument type, investors, currency, and staggered maturities in order to reduce unsecured refinancing risk.

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We diversify funding by issuing various types of debt instruments these include both structured loans and notes. Structured notes are debt obligations with returns linked to interest rates, equities, indices, currencies or commodities. We issue structured notes in order to increase the diversity of our debt instruments. We typically hedge the returns we are obliged to pay with derivatives and/or the underlying assets to maintain funding consistency with our unsecured long-term debt.

2.1 Short-Term Unsecured Debt

Our short-term unsecured debt consists of short-term bank borrowings (including long-term bank borrowings maturing within one year), other loans, commercial paper, deposits at banking entities, certificates of deposit and debt securities maturing within one year. Deposits at banking entities and certificates of deposit comprise customer deposits and certificates of deposit held by our banking subsidiaries. Short-term unsecured debt includes the current portion of long-term unsecured debt.

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The following table presents an analysis of our short-term unsecured debt by type of financial liability as of March 31, 2014 and June 30, 2014.

	Billions of yen	
	March 31, 2014	June 30, 2014
Short-term bank borrowings	¥ 722.5	¥ 790.7
Other loans	49.2	26.5
Commercial paper	246.9	172.1
Deposit at banking entities	757.7	717.1
Certificates of deposit	240.5	259.9
Bonds and notes maturing within one year	952.5	976.5
Total short-term unsecured debt	¥ 2,969.3	¥ 2,942.8

2.2 Long-Term Unsecured Debt

We meet our long-term capital requirements and also achieve both cost-effective funding and an appropriate maturity profile by routinely funding through long-term debt and diversifying across various maturities and currencies.

Our long-term unsecured debt includes senior and subordinated debt issued through U.S. registered shelf offerings and our U.S. registered medium-term note programs, our Euro medium-term note programs, registered shelf offerings in Japan and various other debt programs.

As a globally competitive financial services group in Japan, we have access to multiple global markets and major funding centers. The Company, Nomura Securities Co., Ltd. (NSC), Nomura Europe Finance N.V. (NEF) and NBI (Nomura Bank International plc) are the main group entities that borrow externally, issue debt instruments and engage in other funding activities. By raising funds to match the currencies and liquidities of our assets or by using foreign exchange swaps as necessary, we pursue optimization of our funding structures.

We use a wide range of products and currencies to ensure that our funding is efficient and well diversified across markets and investor types. Our unsecured senior debt is mostly issued without financial covenants, such as covenants related to adverse changes in our credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in our cost of financing or accelerate repayment of the debt.

The following table presents an analysis of our long-term unsecured debt by type of financial liability as of March 31, 2014 and June 30, 2014.

	Billions of yen	
	March 31, 2014	June 30, 2014
Long-term deposit at banking entities	¥ 116.0	¥ 141.8
Long-term bank borrowings	2,057.6	2,010.2
Other loans	129.0	165.9
Bonds and notes ⁽¹⁾	3,916.0	3,772.7
Total long-term unsecured debt	¥ 6,218.6	¥ 6,090.6

- (1) Excludes long-term bonds and notes issued by consolidated VIEs that meet the definition of Variable Interest Entities (VIEs) under ASC 810, Consolidation and secured financing transactions recognized within long-term borrowings as a result of transfers of financial assets that are accounted for as financings rather than sales in accordance with ASC 860.

2.3 Maturity Profile

We also seek to maintain an average maturity for plain vanilla instruments greater than or equal to three years. A significant amount of our medium-term notes are structured and linked to interest rates, equities, indices, currencies or commodities. These maturities are evaluated based on our internal model and monitored by Global Treasury. Maturities for plain vanilla debt securities and borrowings are evaluated based on

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contractual maturities. Where there is a possibility that these may be called prior to their scheduled maturity date, maturities are based on our internal stress option adjusted model. This model values the embedded optionality under stress market conditions in order to determine when the debt securities or borrowing is likely to be called.

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2.4 Secured Borrowings

We typically fund our trading activities on a secured basis through secured borrowings, repurchase agreements and Japanese Gensaki Repo transactions. We believe these funding activities in the secured markets are more cost-efficient and less credit-rating sensitive than financing in the unsecured market. Also, repurchase agreements tend to be short-term, often overnight. We lower the liquidity risks arising from secured funding by transacting with a diverse group of global counterparties, delivering various types of securities collateral, and actively seeking long-term agreements. For more detail of secured borrowings and repurchase agreements, see Note 4 Collateralized transactions in our consolidated financial statements.

3. Management of Credit Lines to Nomura Group entities

We have committed facility agreements with financial institutions as part of our contingent financing sources. We have structured facilities to ensure that the maturity dates of these facilities are distributed evenly throughout the year in order to prevent excessive maturities of facilities in any given period. While the ability to borrow under these facilities is subject to customary lending conditions and covenants, we do not believe that any of the covenant requirements will impair our ability to draw on the facilities. We occasionally test the effectiveness of our drawdown procedures.

4. Implementation of Liquidity Stress Tests

We maintain our liquidity portfolio and monitor the sufficiency of our liquidity based on an internal model which simulates changes in cash outflow under specified stress scenarios to comply with our above mentioned liquidity management policy.

We assess the liquidity requirements of the Nomura Group under various stress scenarios with differing levels of severity over multiple time horizons. We evaluate these requirements under Nomura-specific and broad market-wide events, including potential credit rating downgrades at our parent company and subsidiary levels that may impact us by loss of access to unsecured capital markets, additional collateral posting requirements, limited or no access to secured funding markets and other events. We call this risk analysis our Maximum Cumulative Outflow (MCO) framework.

The MCO framework is designed to incorporate the primary liquidity risks for Nomura and models the relevant cash flows in the following two primary scenarios:

Stressed scenario To maintain adequate liquidity during a severe market-wide liquidity event without raising funds through unsecured financing or the liquidation of assets for a year; and

Acute stress scenario To maintain adequate liquidity during a severe market-wide liquidity event coupled with credit concerns regarding Nomura's liquidity position, without raising funds through unsecured funding or the liquidation of assets for one month. We assume that Nomura will not be able to liquidate assets or adjust its business model during the time horizons used in each of these scenarios. The MCO framework therefore defines the amount of liquidity required to be held in order to meet our expected liquidity needs in a stress event to a level we believe appropriate based on our liquidity risk appetite.

As of June 30, 2014, our liquidity portfolio exceeded net cash outflows under the stress scenarios described above.

We constantly evaluate and modify our liquidity risk assumptions based on regulatory and market changes. The model we use in order to simulate the impact of stress scenarios includes the following assumptions:

No liquidation of assets;

No ability to issue additional unsecured funding;

Upcoming maturities of unsecured debt (maturities less than one year);

Potential buybacks of our outstanding debt;

Loss of secured funding lines particularly for less liquid assets, over and above our cash capital estimates;

Fluctuation of funding needs under normal business circumstances;

Cash and collateral outflows in a stress event;

Widening of haircuts on outstanding repo funding;

Additional collateralization requirements of clearing banks and depositories;

Drawdown on loan commitments;

Loss of liquidity from market losses on inventory; and

Legal and regulatory requirements that can restrict the flow of funds between entities in the Nomura Group.

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We recognize that liquidity standards for financial institutions continues to be the subject of further discussion among relevant supervisory bodies including the Basel Committee. The existing model and simulations upon which we currently rely may need to be reviewed depending on any new development in this area.

In 2008, the Basel Committee published *Principles for Sound Liquidity Risk Management and Supervision* (*Sound Principles*). To complement these principles, the Committee has further strengthened its liquidity framework by developing two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives.

The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio (the *LCR*) to achieve this objective.

The second objective is to promote resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing basis. The Net Stable Funding Ratio (the *NSFR*) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.

These two standards are comprised mainly of specific parameters which are internationally harmonised with prescribed values. Certain parameters, however, contain elements of national discretion to reflect jurisdiction-specific conditions. After an observation period, the *LCR*, including any revisions, will be introduced on January 1, 2015. The *NSFR*, including any revisions, will move to a minimum standard by January 1, 2018.

5. Contingency Funding Plan

We have developed a detailed contingency funding plan to integrate liquidity risk control into our comprehensive risk management strategy and to enhance the quantitative aspects of our liquidity risk control procedures. As a part of our Contingency Funding Plan (*CFP*), we have developed an approach for analyzing and quantifying the impact of any liquidity crisis. This allows us to estimate the likely impact of both Nomura-specific and market-wide events; and specifies the immediate action to be taken to mitigate any risk. The *CFP* lists details of key internal and external parties to be contacted and the processes by which information is to be disseminated. This has been developed at a legal entity level in order to capture specific cash requirements at the local level – it assumes that our parent company does not have access to cash that may be trapped at a subsidiary level due to regulatory, legal or tax constraints. We periodically test the effectiveness of our funding plans for different Nomura-specific and market-wide events. We also have access to central banks including, but not exclusively, the Bank of Japan, which provide financing against various types of securities. These operations are accessed in the normal course of business and are an important tool in mitigating contingent risk from market disruptions.

Cash Flows

Cash and cash equivalents balance as of June 30, 2013 and as of June 30, 2014 were ¥1,201.8 billion and ¥1,428.8 billion, respectively. Cash flows from operating activities for the three months ended June 30, 2013 and June 30, 2014 were inflows of ¥98.1 billion and ¥57.3 billion respectively due primarily to an increase in *Trading liabilities*. Cash flows from investing activities for the three months ended June 30, 2013 were outflows of ¥163.0 billion due primarily to an increase in *Non-trading debt securities, net* and for the comparable period in 2014 were inflows of ¥12.9 billion due primarily to a decrease in *Non-trading debt securities, net*. Cash flows from financing activities for the three months ended June 30, 2013 were inflows of ¥441.7 billion due primarily to an increase in *Long-term Borrowings* and for the comparable period in 2014 were outflows of ¥122.1 billion due primarily to a decrease in *Long-term Borrowings*.

Balance Sheet and Financial Leverage

Total assets as of June 30, 2014, were ¥43,931.0 billion, an increase of ¥410.7 billion compared with ¥43,520.3 billion as of March 31, 2014, reflecting increases in *Trading assets*. Total liabilities as of June 30, 2014, were ¥41,417.3 billion, an increase of ¥450.2 billion compared with ¥40,967.1 billion as of March 31, 2014, reflecting increases in *Trading liabilities*. NHI shareholders' equity as of June 30, 2014, was ¥2,467.7 billion, a decrease of ¥46.0 billion compared with ¥2,513.7 billion as of March 31, 2014, due to a movement in *Common stock held in treasury, at cost* as the result of a share buyback program from the market.

We seek to maintain sufficient capital at all times to withstand losses due to extreme market movements. The EMB is responsible for implementing and enforcing capital policies. This includes the determination of our balance sheet size and required capital levels. We continuously review our equity capital base to ensure that it can support the economic risk inherent in our business. There are also regulatory requirements for minimum capital of entities that operate in regulated securities or banking businesses.

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As leverage ratios are commonly used by other financial institutions similar to us, we voluntarily provide a Leverage ratio and Adjusted leverage ratio primarily for benchmarking purposes so that users of our annual report can compare our leverage against other financial institutions. Adjusted leverage ratio is a non-GAAP financial measure that Nomura considers to be a useful supplemental measure of leverage. There are currently no regulatory or statutory reporting requirements which require us to disclose leverage ratios.

The following table sets forth NHI shareholders' equity, total assets, adjusted assets and leverage ratios:

	Billions of yen, except ratios	
	March 31, 2014	June 30, 2014
NHI shareholders' equity	¥ 2,513.7	¥ 2,467.7
Total assets	43,520.3	43,931.0
Adjusted assets ⁽¹⁾	26,173.3	27,938.6
Leverage ratio ⁽²⁾	17.3x	17.8x
Adjusted leverage ratio ⁽³⁾	10.4x	11.3x

- (1) Represents total assets less *Securities purchased under agreements to resell* and *Securities borrowed*. Adjusted assets is a non-GAAP financial measure and is calculated as follows:

	Billions of yen	
	March 31, 2014	June 30, 2014
Total assets	¥ 43,520.3	¥ 43,931.0
Less:		
Securities purchased under agreements to resell	9,617.7	8,501.4
Securities borrowed	7,729.3	7,491.0
Adjusted assets	¥ 26,173.3	¥ 27,938.6

- (2) Equals total assets divided by NHI shareholders' equity.

- (3) Equals adjusted assets divided by NHI shareholders' equity.

Total assets increased by 0.9% reflecting primarily increases in *Trading assets*. NHI shareholders' equity decreased by 1.8% due to a movement in Common stock held in treasury, at cost as the result of a share buyback program from the market. Our leverage ratio went up from 17.3 times as of March 31, 2014 to 17.8 times as of June 30, 2014.

Adjusted assets increased due primarily to the increase in *Trading assets*. As a result, our adjusted leverage ratio went up from 10.4 times as of March 31, 2014 to 11.3 times as of June 30, 2014.

Consolidated Regulatory Capital Requirements

The FSA established the Guideline for Financial Conglomerates Supervision (Financial Conglomerates Guideline) in June 2005 and set out the rules on consolidated regulatory capital. We started monitoring our consolidated capital adequacy ratio in accordance with the Financial Conglomerates Guideline from April 2005.

The Company has been assigned as a Final Designated Parent Company who must calculate a consolidated capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company in April 2011. Since then, we have been calculating our consolidated capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company. Note that the Capital Adequacy Notice on Final Designated Parent Company has been revised to be in line with Basel 2.5 and Basel III, and we have calculated a Basel III-based consolidated

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capital adequacy ratio from the end of March 2013. Basel 2.5 includes significant change in calculation method of market risk and Basel III includes redefinition of capital items for the purpose of requiring higher quality of capital and expansion of the scope of credit risk-weighted assets calculation.

In accordance with Article 2 of the Capital Adequacy Notice on Final Designated Parent Company, our consolidated capital adequacy ratio is currently calculated based on the amounts of common equity Tier 1 capital, Tier 1 capital (sum of common equity Tier 1 capital and additional Tier 1 capital), total capital (sum of Tier 1 capital and Tier 2 capital), credit risk-weighted assets, market risk and operational risk. As of June 30, 2014, our common equity Tier 1 capital ratio (common equity Tier 1 capital divided by risk-weighted assets) is 13.1%, Tier 1 capital ratio (Tier 1 capital divided by risk-weighted assets) is 13.1% and consolidated capital adequacy ratio (total capital divided by risk-weighted assets) is 15.4% and we were in compliance with the requirement for each ratio set out in the Capital Adequacy Notice on Final Designated Parent Company (required level as of June 30, 2014 is 4.0% for common equity Tier 1 capital ratio, 5.5% for Tier 1 capital ratio and 8% for consolidated capital adequacy ratio).

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The following table presents the Company's consolidated capital adequacy ratios as of June 30, 2014.

	Billions of yen, except ratios
	June 30, 2014
Common equity Tier 1 capital	¥ 2,283.4
Tier 1 capital	2,283.4
Total capital	2,680.7
Risk-Weighted Assets	
Credit risk-weighted assets	7,527.4
Market risk equivalent assets	7,470.1
Operational risk equivalent assets	2,391.4
 Total risk-weighted assets	 17,389.0
Consolidated Capital Adequacy Ratios	
Common equity Tier 1 capital ratio	13.1%
Tier 1 capital ratio	13.1%
Consolidated capital adequacy ratio	15.4%
(7) Current Challenges	

There is no significant change to our current challenges nor new challenges for the three months ended June 30, 2014 and until the submission date of this report.

Table of Contents**Item 3. Company Information****1. Share Capital Information**

(1) Total Number of Shares

A. Number of Authorized Share Capital

Type	Authorized Share Capital (shares)
Common stock	6,000,000,000
Class 1 preferred stock	200,000,000
Class 2 preferred stock	200,000,000
Class 3 preferred stock	200,000,000
Class 4 preferred stock	200,000,000
Total	6,000,000,000

The Authorized Share Capital is stated by the type of stock and the Total is the number of authorized share capital as referred in the Articles of Incorporation.

B. Issued Shares

Type	Number of Issued Shares as of June 30, 2014	Number of Issued Shares as of August 14, 2014	Trading Markets	Details
Common stock	3,822,562,601	3,822,562,601	Tokyo Stock Exchange ⁽²⁾ Nagoya Stock Exchange ⁽²⁾ Singapore Stock Exchange New York Stock Exchange	1 unit is 100 shares
Total	3,822,562,601	3,822,562,601		

- (1) Shares that may have increased from exercise of stock options between August 1, 2014 and the submission date (August 14, 2014) are not included in the number of issued shares as of the submission date.
- (2) Listed on the First Section of each stock exchange.

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(2) Stock Options

Stock acquisition rights issued during the three months ended June 30, 2014 are as follows:

Stock Acquisition Rights No. 56

Date of Resolution	May 15, 2014
Number of Stock Acquisition Right	86,735 ⁽¹⁾
Number of Stock Acquisition Right for Treasury (out of above number)	
Type of Share under the Stock Acquisition Right	Common stock
	1 unit is 100 shares
Number of Shares under the Stock Acquisition Rights	8,673,500
The Amount to be Paid upon Exercising the Stock Acquisition Right ⁽²⁾	¥1 per share
Exercise Period of the Stock Acquisition Right	From April 20, 2015 to April 19, 2020
Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights	Issue Price of Shares ¥1 Capital Inclusion Price ¥308
Conditions to Exercise of Stock Acquisition Right	<ol style="list-style-type: none"> 1. No Stock Acquisition Right may be exercised partially. 2. The Grantee maintains a position as an Executive or Employee of the Company or the Company's Subsidiary during the period between the granting of the stock acquisition right and the commencement of the exercise period. The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company's Subsidiary even where the Grantee loses such position as a result of the situations determined in terms of the options. 3. A Grantee does not fall within either of the following cases at the time of the exercising the stock acquisition right. <ol style="list-style-type: none"> a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Grantee by warning or disciplinary procedures; or b) There is any other reason similar to a).
Restriction of Transfer of Stock Acquisition Rights	

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Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company.

Substituted Payment

Issue of the Stock Acquisition Right Attendant on Reorganization

1. 100 shares will be issued per one stock acquisition right.

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Stock Acquisition Rights No. 57

Date of Resolution	May 15, 2014
Number of Stock Acquisition Right	86,400 ⁽¹⁾
Number of Stock Acquisition Right for Treasury (out of above number)	
Type of Share under the Stock Acquisition Right	Common stock
	1 unit is 100 shares
Number of Shares under the Stock Acquisition Rights	8,640,000
The Amount to be Paid upon Exercising the Stock Acquisition Right ⁽²⁾	¥1 per share
Exercise Period of the Stock Acquisition Right	From April 20, 2016 to April 19, 2021
Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights	Issue Price of Shares ¥1 Capital Inclusion Price ¥308
Conditions to Exercise of Stock Acquisition Right	<ol style="list-style-type: none"> 1. No Stock Acquisition Right may be exercised partially. 2. The Grantee maintains a position as an Executive or Employee of the Company or the Company's Subsidiary during the period between the granting of the stock acquisition right and the commencement of the exercise period. <p>The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company's Subsidiary even where the Grantee loses such position as a result of the situations determined in terms of the options.</p> <ol style="list-style-type: none"> 3. A Grantee does not fall within either of the following cases at the time of the exercising the stock acquisition right. <ol style="list-style-type: none"> a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Grantee by warning or disciplinary procedures; or b) There is any other reason similar to a).
Restriction of Transfer of Stock Acquisition Rights	Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company.
Substituted Payment	

Issue of the Stock Acquisition Right Attendant on Reorganization

1. 100 shares will be issued per one stock acquisition right.

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Stock Acquisition Rights No. 58

Date of Resolution	May 15, 2014
Number of Stock Acquisition Right	85,746 ⁽¹⁾
Number of Stock Acquisition Right for Treasury (out of above number)	
Type of Share under the Stock Acquisition Right	Common stock
	1 unit is 100 shares
Number of Shares under the Stock Acquisition Rights	8,574,600
The Amount to be Paid upon Exercising the Stock Acquisition Right ⁽²⁾	¥1 per share
Exercise Period of the Stock Acquisition Right	From April 20, 2017 to April 19, 2022
Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights	Issue Price of Shares ¥1 Capital Inclusion Price ¥308
Conditions to Exercise of Stock Acquisition Right	<ol style="list-style-type: none"> 1. No Stock Acquisition Right may be exercised partially. 2. The Grantee maintains a position as an Executive or Employee of the Company or the Company's Subsidiary during the period between the granting of the stock acquisition right and the commencement of the exercise period. The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company's Subsidiary even where the Grantee loses such position as a result of the situations determined in terms of the options. 3. A Grantee does not fall within either of the following cases at the time of the exercising the stock acquisition right. <ol style="list-style-type: none"> a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Grantee by warning or disciplinary procedures; or b) There is any other reason similar to a).
Restriction of Transfer of Stock Acquisition Rights	Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company.
Substituted Payment	

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1. 100 shares will be issued per one stock acquisition right.

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Stock Acquisition Rights No. 59

Date of Resolution	May 15, 2014
Number of Stock Acquisition Right	46,370 ⁽¹⁾
Number of Stock Acquisition Right for Treasury (out of above number)	
Type of Share under the Stock Acquisition Right	Common stock
	1 unit is 100 shares
Number of Shares under the Stock Acquisition Rights	4,637,000
The Amount to be Paid upon Exercising the Stock Acquisition Right ⁽²⁾	¥1 per share
Exercise Period of the Stock Acquisition Right	From March 31, 2015 to March 30, 2020
Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights	Issue Price of Shares ¥1 Capital Inclusion Price ¥150
Conditions to Exercise of Stock Acquisition Right	<ol style="list-style-type: none"> 1. No Stock Acquisition Right may be exercised partially. 2. The Grantee maintains a position as an Executive or Employee of the Company or the Company's Subsidiary during the period between the granting of the stock acquisition right and the commencement of the exercise period. <p>The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company's Subsidiary even where the Grantee loses such position as a result of the situations determined in terms of the options.</p> <ol style="list-style-type: none"> 3. A Grantee does not fall within either of the following cases at the time of the exercising the stock acquisition right. <ol style="list-style-type: none"> a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Grantee by warning or disciplinary procedures; or b) There is any other reason similar to a).
Restriction of Transfer of Stock Acquisition Rights	Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company.
Substituted Payment	

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1. 100 shares will be issued per one stock acquisition right.

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Stock Acquisition Rights No. 60

Date of Resolution	May 15, 2014
Number of Stock Acquisition Right	46,043 ⁽¹⁾
Number of Stock Acquisition Right for Treasury (out of above number)	
Type of Share under the Stock Acquisition Right	Common stock
	1 unit is 100 shares
Number of Shares under the Stock Acquisition Rights	4,604,300
The Amount to be Paid upon Exercising the Stock Acquisition Right ⁽²⁾	¥1 per share
Exercise Period of the Stock Acquisition Right	From March 31, 2016 to March 30, 2021
Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights	Issue Price of Shares ¥1 Capital Inclusion Price ¥150
Conditions to Exercise of Stock Acquisition Right	<ol style="list-style-type: none"> 1. No Stock Acquisition Right may be exercised partially. 2. The Grantee maintains a position as an Executive or Employee of the Company or the Company's Subsidiary during the period between the granting of the stock acquisition right and the commencement of the exercise period. <p>The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company's Subsidiary even where the Grantee loses such position as a result of the situations determined in terms of the options.</p> <ol style="list-style-type: none"> 3. A Grantee does not fall within either of the following cases at the time of the exercising the stock acquisition right. <ol style="list-style-type: none"> a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Grantee by warning or disciplinary procedures; or b) There is any other reason similar to a).
Restriction of Transfer of Stock Acquisition Rights	Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company.
Substituted Payment	

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Issue of the Stock Acquisition Right Attendant on Reorganization

1. 100 shares will be issued per one stock acquisition right.

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Stock Acquisition Rights No. 61

Date of Resolution	May 15, 2014
Number of Stock Acquisition Right	92,105 ⁽¹⁾
Number of Stock Acquisition Right for Treasury (out of above number)	
Type of Share under the Stock Acquisition Right	Common stock
	1 unit is 100 shares
Number of Shares under the Stock Acquisition Rights	9,210,500
The Amount to be Paid upon Exercising the Stock Acquisition Right ⁽²⁾	¥1 per share
Exercise Period of the Stock Acquisition Right	From March 31, 2017 to March 30, 2022
Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights	Issue Price of Shares ¥1 Capital Inclusion Price ¥150
Conditions to Exercise of Stock Acquisition Right	<ol style="list-style-type: none"> 1. No Stock Acquisition Right may be exercised partially. 2. The Grantee maintains a position as an Executive or Employee of the Company or the Company's Subsidiary during the period between the granting of the stock acquisition right and the commencement of the exercise period. <p>The Grantee is deemed to maintain such a position as an Executive or Employee of the Company or the Company's Subsidiary even where the Grantee loses such position as a result of the situations determined in terms of the options.</p> <ol style="list-style-type: none"> 3. A Grantee does not fall within either of the following cases at the time of the exercising the stock acquisition right. <ol style="list-style-type: none"> a) The Company or a Company's Subsidiary has determined, in accordance with their Employment Regulations to dismiss the Grantee by warning or disciplinary procedures; or b) There is any other reason similar to a).
Restriction of Transfer of Stock Acquisition Rights	Any assignment of stock acquisition rights shall be subject to approval by resolution adopted by the Board of Directors of the Company.
Substituted Payment	

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Issue of the Stock Acquisition Right Attendant on Reorganization

1. 100 shares will be issued per one stock acquisition right.

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(3) Exercise of Moving Strike Bonds with Subscription Warrant

None

(4) Rights Plan

None

(5) Changes in Issued Shares, Shareholders' Equity, etc.

Date	Increase/Decrease of Issued Shares	Total Issued Shares	Increase/Decrease of		Millions of yen	
			Shareholders Equity Common stock	Shareholders Equity Common stock	Increase/Decrease of Additional capital reserve	Additional capital reserve
June 30, 2014		3,822,562,601		594,493		559,676

(6) Major Shareholders

Not applicable as this is the 1st quarter.

(7) Voting Rights

A. Outstanding Shares

	Number of Shares	As of June 30, 2014		Description
			Number of Votes	
Stock without voting right				
Stock with limited voting right (Treasury stocks, etc.)				
Stock with limited voting right (Others)				
Stock with full voting right (Treasury stocks, etc.)	(Treasury Stocks) Common stock 185,529,500			
	(Crossholding Stocks) Common stock 2,105,000			
Stock with full voting right (Others)	Common stock 3,633,177,200	36,331,772		
Shares less than 1 unit	Common stock 1,750,901			Shares less than 1 unit (100 shares)
Total Shares Issued	3,822,562,601			

Voting Rights of Total Shareholders

36,331,772

2,000 shares held by Japan Securities Depository Center, Inc. are included in Stock with full voting right (Others). 65 shares of treasury stocks are included in Shares less than 1 unit.

B. Treasury Stocks

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Name	Address	Directly held shares	As of June 30, 2014		Percentage of Issued Shares (%)
			Indirectly held shares	Total	
(Treasury Stocks)					
Nomura Holdings, Inc.	1-9-1, Nihonbashi, Chuo-ku, Tokyo, Japan	185,529,500		185,529,500	4.85
(Crossholding Stocks)					
Nomura Research Institute, Ltd.	1-6-5, Marunouchi, Chiyoda-ku, Tokyo, Japan	1,000,000		1,000,000	0.03
Nomura Real Estate Development Co., Ltd.	1-26-2, Nishi Shinjuku, Shinjuku-ku, Tokyo, Japan	1,000,000		1,000,000	0.03
Takagi Securities Co., Ltd.	1-3-1-400, Umeda, Kita-ku, Osaka-shi, Osaka, Japan	100,000		100,000	0.00
Nomura Japan Corporation.	2-1-3 Nihonbashi Horidomecho, Chuo-ku, Tokyo, Japan	5,000		5,000	0.00
Total		187,634,500		187,634,500	4.91

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Item 4. Financial Information

1 Preparation Method of Consolidated Financial Statements

- (1) The consolidated financial statements have been prepared in accordance with accounting principles, procedures, and presentations which are required in order to issue American Depositary Shares, i.e., U.S. generally accepted accounting principles, pursuant to Article 95 of Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64, 2007).

- (2) The consolidated financial statements have been prepared by making necessary adjustments to the financial statements of each consolidated company which were prepared in accordance with the accounting principles generally accepted in each country. Such adjustments have been made to comply with the principles noted in (1) above.

2 Quarterly Review Certificate

Under Article 193-2 Section 1 of the Financial Instruments and Exchange Act, Ernst & Young ShinNihon LLC performed a quarterly review of the consolidated financial statements for the three months ended June 30, 2014.

<Note>

Although Ernst & Young ShinNihon LLC reported that they applied limited procedures in accordance with professional standards in Japan on the interim consolidated financial statements, prepared in Japanese for the three months ended June 30, 2014, they have not performed any such limited procedures nor have they performed an audit on the English translated version of the consolidated financial statements for the above-mentioned periods which are included in this report on Form 6-K.

Table of Contents**1. Consolidated Financial Statements****(1) Consolidated Balance Sheets (UNAUDITED)**

	Notes	Millions of yen March 31, 2014	June 30, 2014
ASSETS			
Cash and cash deposits:			
Cash and cash equivalents		¥ 1,489,792	¥ 1,428,775
Time deposits		363,682	344,546
Deposits with stock exchanges and other segregated cash		335,836	340,025
Total cash and cash deposits		2,189,310	2,113,346
Loans and receivables:			
Loans receivable (including ¥303,956 million and ¥268,676 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2, 7	1,327,875	1,334,280
Receivables from customers (including ¥2,180 million and ¥2,083 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2	64,070	63,956
Receivables from other than customers		1,181,742	1,302,431
Allowance for doubtful accounts	*7	(3,009)	(2,856)
Total loans and receivables		2,570,678	2,697,811
Collateralized agreements:			
Securities purchased under agreements to resell (including ¥1,087,138 million and ¥846,052 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2	9,617,675	8,501,394
Securities borrowed		7,729,326	7,491,030
Total collateralized agreements		17,347,001	15,992,424
Trading assets and private equity investments:			
Trading assets (including securities pledged as collateral of ¥9,266,192 million and ¥10,366,373 million as of March 31, 2014 and June 30, 2014, respectively; including ¥9,156 million and ¥10,253 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2, 3	18,672,318	20,449,973
Private equity investments (including ¥3,476 million and ¥5,132 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2	41,996	43,762
Total trading assets and private equity investments		18,714,314	20,493,735
Other assets:			
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥350,820 million as of March 31, 2014 and ¥358,825 million as of June 30, 2014)		408,917	407,982
Non-trading debt securities	*2, 5	1,023,746	980,245
Investments in equity securities	*2	136,740	139,188
Investments in and advances to affiliated companies	*7	345,434	342,066
Other (including ¥56,976 million and ¥53,759 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2, 5, 9	784,174	764,191
Total other assets		2,699,011	2,633,672

Total assets

¥ 43,520,314 ¥ 43,930,988

Table of Contents**(1) Consolidated Balance Sheets (Continued) (UNAUDITED)**

	Notes	Millions of yen	
		March 31, 2014	June 30, 2014
LIABILITIES AND EQUITY			
Short-term borrowings (including ¥49,279 million and ¥40,802 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2	¥ 602,131	¥ 515,447
Payables and deposits:			
Payables to customers		492,516	574,635
Payables to other than customers		1,230,176	1,467,718
Deposits received at banks		1,114,181	1,118,783
Total payables and deposits		2,836,873	3,161,136
Collateralized financing:			
Securities sold under agreements to repurchase (including ¥530,397 million and ¥478,143 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2	13,937,690	13,121,714
Securities loaned		2,359,809	2,541,220
Other secured borrowings		814,500	719,690
Total collateralized financing		17,111,999	16,382,624
Trading liabilities	*2, 3	11,047,285	12,047,241
Other liabilities (including ¥1,123 million and ¥796 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2, 9	1,141,750	1,038,519
Long-term borrowings (including ¥1,984,986 million and ¥2,204,957 million measured at fair value by applying the fair value option as of March 31, 2014 and June 30, 2014, respectively)	*2	8,227,063	8,272,347
Total liabilities		40,967,101	41,417,314
Commitments and contingencies	*15		
Equity:			
Nomura Holdings, Inc. (NHI) shareholders' equity:			
Common stock			
No par value share			
Authorized 6,000,000,000 shares as of March 31, 2014 and June 30, 2014			
Issued 3,822,562,601 shares as of March 31, 2014 and June 30, 2014			
Outstanding 3,717,630,462 shares as of March 31, 2014 and 3,635,890,218 shares as of June 30, 2014		594,493	594,493
Additional paid-in capital		683,638	681,819
Retained earnings		1,287,003	1,304,962
Accumulated other comprehensive income	*14	20,636	11,549
Total NHI shareholders' equity before treasury stock		2,585,770	2,592,823
Common stock held in treasury, at cost 104,932,139 shares as of March 31, 2014 and 186,672,383 shares as of June 30, 2014		(72,090)	(125,169)
Total NHI shareholders' equity		2,513,680	2,467,654
Noncontrolling interests		39,533	46,020

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Total equity	2,553,213	2,513,674
Total liabilities and equity	¥ 43,520,314	¥ 43,930,988

The following table presents the classification of consolidated variable interest entities (VIEs) assets and liabilities included in the consolidated balance sheets above. The assets of a consolidated VIE may only be used to settle obligations of that VIE. Creditors do not have any recourse to Nomura beyond the assets held in the VIEs. See Note 6 *Securizations and Variable Interest Entities* for further information.

Table of Contents**(1) Consolidated Balance Sheets (Continued) (UNAUDITED)**

	Billions of yen	
	March 31, 2014	June 30, 2014
Cash and cash deposits	¥ 18	¥ 15
Trading assets and private equity investments	751	875
Other assets	114	95
 Total assets	 ¥ 883	 ¥ 985
 Trading liabilities	 ¥ 42	 ¥ 61
Other liabilities	27	50
Borrowings	424	534
 Total liabilities	 ¥ 493	 ¥ 645

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**(2) Consolidated Statements of Income (UNAUDITED)**

	Notes	Millions of yen	
		Three months ended June 30 2013	2014
Revenue:			
Commissions		¥ 157,634	¥ 96,281
Fees from investment banking		25,394	19,822
Asset management and portfolio service fees		42,381	45,444
Net gain on trading	*2, 3	128,409	158,562
Gain (loss) on private equity investments		50	(287)
Interest and dividends		115,325	104,917
Gain on investments in equity securities		7,852	6,350
Other		28,225	31,065
Total revenue		505,270	462,154
Interest expense		73,949	91,316
Net revenue		431,321	370,838
Non-interest expenses:			
Compensation and benefits		163,205	168,767
Commissions and floor brokerage		29,046	27,590
Information processing and communications		48,233	44,896
Occupancy and related depreciation		19,784	18,553
Business development expenses		7,859	7,927
Other		49,975	51,431
Total non-interest expenses		318,102	319,164
Income before income taxes		113,219	51,674
Income tax expense	*13	46,956	30,397
Net income		¥ 66,263	¥ 21,277
Less: Net income attributable to noncontrolling interests		369	1,417
Net income attributable to NHI shareholders		¥ 65,894	¥ 19,860

	Notes	Yen	
		Three months ended June 30 2013	2014
Per share of common stock:			
Basic			
Net income attributable to NHI shareholders per share		¥ 17.78	¥ 5.40
Diluted			
Net income attributable to NHI shareholders per share		¥ 17.24	¥ 5.26

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**(3) Consolidated Statements of Comprehensive Income (UNAUDITED)**

	Millions of yen	
	Three months ended June 30	
	2013	2014
Net income	¥ 66,263	¥ 21,277
Other comprehensive income (loss):		
Change in cumulative translation adjustments, net of tax	32,973	(11,794)
Defined benefit pension plans:		
Pension liability adjustment	1,556	360
Deferred income taxes	(532)	(142)
Total	1,024	218
Non-trading securities:		
Net unrealized gain (loss) on non-trading securities	(3,002)	3,400
Deferred income taxes	641	(522)
Total	(2,361)	2,878
Total other comprehensive income (loss)	31,636	(8,698)
Comprehensive income	¥ 97,899	¥ 12,579
Less: Comprehensive income attributable to noncontrolling interests	420	1,806
Comprehensive income attributable to NHI shareholders	¥ 97,479	¥ 10,773

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**(4) Consolidated Statements of Changes in Equity (UNAUDITED)**

	Millions of yen	
	Three months ended June 30	
	2013	2014
Common stock		
Balance at beginning of year	¥ 594,493	¥ 594,493
Balance at end of period	594,493	594,493
Additional paid-in capital		
Balance at beginning of year	691,264	683,638
Gain (loss) on sales of treasury stock	(4,315)	(2,417)
Issuance and exercise of common stock options	(6,092)	598
Balance at end of period	680,857	681,819
Retained earnings		
Balance at beginning of year	1,136,523	1,287,003
Net income attributable to NHI shareholders	65,894	19,860
Gain (loss) on sales of treasury stock		(1,901)
Balance at end of period	1,202,417	1,304,962
Accumulated other comprehensive income (loss)		
Cumulative translation adjustments		
Balance at beginning of year	(38,875)	27,704
Net change during the period	32,343	(11,454)
Balance at end of period	(6,532)	16,250
Defined benefit pension plans		
Balance at beginning of year	(28,518)	(18,809)
Pension liability adjustment	1,024	218
Balance at end of period	(27,494)	(18,591)
Non-trading securities		
Balance at beginning of year	9,998	11,741
Net unrealized gain (loss) on non-trading securities	(1,782)	2,149
Balance at end of period	8,216	13,890
Balance at end of period	(25,810)	11,549
Common stock held in treasury		
Balance at beginning of year	(70,514)	(72,090)
Repurchases of common stock	(32,487)	(65,193)
Sales of common stock	0	4
Common stock issued to employees	19,373	12,110
Other net change in treasury stock	667	
Balance at end of period	(82,961)	(125,169)

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Total NHI shareholders equity		
Balance at end of period	2,368,996	2,467,654
Noncontrolling interests		
Balance at beginning of year	24,612	39,533
Net income attributable to noncontrolling interests	369	1,417
Accumulated other comprehensive income attributable to noncontrolling interests	51	389
Purchase / sale of subsidiary shares, net		4,873
Other net change in noncontrolling interests	830	(192)
Balance at end of period	25,862	46,020
Total equity		
Balance at end of period	¥ 2,394,858	¥ 2,513,674

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**(5) Consolidated Statements of Cash Flows (UNAUDITED)**

	Millions of yen	
	Three months ended June 30	
	2013	2014
Cash flows from operating activities:		
Net income	¥ 66,263	¥ 21,277
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,472	19,389
Gain on investments in equity securities	(7,852)	(6,350)
Deferred income taxes	5,215	10,856
Changes in operating assets and liabilities:		
Time deposits	(33,982)	18,774
Deposits with stock exchanges and other segregated cash	(50,272)	(8,813)
Trading assets and private equity investments	(434,770)	(2,030,166)
Trading liabilities	872,424	1,146,845
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	(738,964)	367,121
Securities borrowed, net of securities loaned	(552,350)	405,666
Other secured borrowings	35,751	(94,808)
Loans and receivables, net of allowance for doubtful accounts	492,990	(106,495)
Payables	752,743	385,284
Bonus accrual	(70,896)	(84,273)
Accrued income taxes, net	(45,196)	(52,931)
Other, net	(213,488)	65,928
Net cash provided by operating activities	98,088	57,304
Cash flows from investing activities:		
Payments for purchases of office buildings, land, equipment and facilities	(65,317)	(21,201)
Proceeds from sales of office buildings, land, equipment and facilities	51,787	7,954
Payments for purchases of investments in equity securities		(64)
Proceeds from sales of investments in equity securities	2,235	4,100
Decrease (increase) in loans receivable at banks, net	12,641	(14,889)
Decrease (increase) in non-trading debt securities, net	(164,436)	44,615
Other, net	84	(7,573)
Net cash provided by (used in) investing activities	(163,006)	12,942
Cash flows from financing activities:		
Increase in long-term borrowings	583,418	533,130
Decrease in long-term borrowings	(492,504)	(483,178)
Increase (decrease) in short-term borrowings, net	230,784	(87,170)
Increase in deposits received at banks, net	174,595	13,691
Proceeds from sales of common stock held in treasury	209	49
Payments for repurchases of common stock held in treasury	(32,487)	(65,193)
Payments for cash dividends	(22,285)	(33,469)
Net cash provided by (used in) financing activities	441,730	(122,140)
Effect of exchange rate changes on cash and cash equivalents	19,867	(9,123)
Net increase (decrease) in cash and cash equivalents	396,679	(61,017)
Cash and cash equivalents at beginning of year	805,087	1,489,792

Cash and cash equivalents at end of period