

NOMURA HOLDINGS INC  
Form 6-K  
February 28, 2012  
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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 February 2012**

## **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 Nine Months Ended December 31, 2011

2. (English Translation) Confirmation Letter

3. Ratio of Earnings to Fixed Charges and Computation Thereof for the Nine Months Ended December 31, 2011

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. 333-169682) of the registrant and Nomura America Finance, LLC, filed with the Securities and Exchange Commission on September 30, 2010 and (ii) in the prospectus that is part of the Registration Statement on Form F-3, as amended (Registration No. 333-165049) of the registrant, filed with the Securities and Exchange Commission on February 24, 2010.

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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: February 28, 2012

By: /s/ Shinji Iwai  
Shinji Iwai  
Senior Managing Director

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**Exhibit 1**

Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for the Nine Months Ended December 31, 2011

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

		Nine months ended December 31, 2010	Nine months ended December 31, 2011	Three months ended December 31, 2010	Three months ended December 31, 2011	Year ended March 31, 2011
Revenue	(Mil yen)	1,020,468	1,286,358	386,034	481,501	1,385,492
Net revenue	(Mil yen)	831,314	1,036,891	295,867	404,937	1,130,698
Income before income taxes	(Mil yen)	55,842	24,199	27,774	34,473	93,255
Net income (loss) attributable to Nomura Holdings, Inc. ( NHI ) shareholders	(Mil yen)	16,762	(10,499)	13,389	17,822	28,661
Comprehensive income (loss) attributable to NHI shareholders	(Mil yen)	(23,319)	(50,941)	4,947	14,568	8,097
Total equity	(Mil yen)	2,078,088	2,347,610			2,091,636
Total assets	(Mil yen)	33,300,907	33,494,863			36,692,990
Net income (loss) attributable to NHI shareholders per share basic	(Yen)	4.61	(2.89)	3.72	4.87	7.90
Net income (loss) attributable to NHI shareholders per share diluted	(Yen)	4.59	(2.89)	3.70	4.84	7.86
Total NHI shareholders equity as a percentage of total assets	(%)	6.2	6.2			5.7
Cash flows from operating activities	(Mil yen)	(473,460)	(296,651)			(235,090)
Cash flows from investing activities	(Mil yen)	(367,461)	51,473			(423,214)
Cash flows from financing activities	(Mil yen)	898,293	(340,050)			1,284,243
Cash and cash equivalents at end of the period	(Mil yen)	1,043,487	1,014,576			1,620,340

- 1 The selected consolidated financial data are stated in accordance with U.S. generally accepted accounting principles ( U.S. GAAP ).
- 2 *Total NHI shareholders equity as a percentage of total assets* is calculated using the U.S. GAAP based *Total NHI shareholders equity*.
- 3 Taxable transactions do not include consumption taxes and local consumption taxes.
- 4 As the quarterly consolidated financial statements have been prepared, selected financial data on NHI are not disclosed.

## 2. Business Overview

There was no significant change for the business of Nomura Holdings, Inc. (the Company) and its 813 consolidated subsidiaries (collectively referred to as Nomura, we, our, or us) for the nine months ended December 31, 2011. The number of consolidated subsidiaries increased mainly in Other as shown in the business segment information, because during this period Nomura Land and Building Co., Ltd. (NLB) became a subsidiary. As a result, Nomura Real Estate Holdings, Inc., a subsidiary of NLB, became a Specified Subsidiary of Nomura.

There were 19 affiliated companies which were accounted for by the equity method as of December 31, 2011.

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**Item 2. Operating and Financial Review**

1. Risk Factors

Significant changes in our Risk Factors which were described on the annual securities report are stated below. The titles below correspond to the titles of Part I Corporate Information Item 2. Operating and Financial Review 3. Risk Factors in the annual securities report.

The discussion below contains future matters that are based on the assessments made as of the date of submission of this report (February 14, 2012), unless noted separately.

**Our business may be materially affected by financial markets and economic conditions and market fluctuations in Japan and elsewhere around the world**

Over recent years, continuous disruptions have lead to an acute downturn in the markets and economic conditions in Japan and elsewhere around the world. In 2008 and through to early 2009, the financial services industry, global securities markets and real economies, especially in developed countries, were materially and adversely affected by a world-wide market crisis and dislocation. While the world economy grew in 2010 due to stimuli from expansive monetary and fiscal policies, in 2011 the manifestation of financial problems in the U.S. and the worsening of financial, economic and structural issues in the peripheral countries of the Eurozone, including Greece, have adversely influenced major global financial markets. Global markets also face new challenges, for example political instability in certain regions such as the Middle East, and the economic outlook in the medium to long term remains uncertain.

In addition, not only purely economic factors but also future war, acts of terrorism, economic or political sanctions, pandemics, geopolitical risks and events, natural disasters or other similar events could have a material adverse effect on economic and financial market conditions. For example, with respect to our home market of Japan, the economic downturn has been prolonged and some time may be required for recovery due to the economic consequences arising from direct and indirect negative effects of the East Japan Earthquake in March 2011, including damages to nuclear power plants and resulting power shortages, and supply line disruptions. A sustained market/economic downturn can adversely affect our business and can result in substantial losses. Even in the absence of a prolonged market/economic downturn, we may incur substantial losses due to market volatility. Also, governmental fiscal and monetary policy changes in Japan and other jurisdictions where we conduct business and other business environmental changes may adversely affect our business, financial condition and results of operations.

**The financial services industry is intensely competitive and rapidly consolidating**

*Our global business strategies may not result in the anticipated outcome due to competition with other financial services firms in international markets and the failure to realize the full benefits of management resource reallocation*

We believe that there are significant opportunities in the international markets, but there is also significant competition for such opportunities. In order to take advantage of those opportunities, we will have to compete successfully with financial services firms based in important non-Japanese markets, including the U.S., Europe and Asia. Some of these financial services firms are larger in scale and better capitalized, are able to secure talented human resources and have a stronger local presence in these markets. As a means to bolster our international operations, we acquired certain Lehman operations in Europe, the Middle East and Asia in 2008 and we have been rebuilding and expanding our operations in these regions and the U.S. However, in light of an increasing sense of uncertainty associated with market conditions and the global economy from various unstable factors including the European sovereign debt crisis, many competitor financial services firms have announced plans to reduce costs. We have also begun to carry out plans to reduce costs aimed at reallocating management resources and lowering our breakeven point. Such optimization of management resource reallocation for our global businesses is critical to our global management strategy, and if we fail to realize the full benefits of these efforts our global business strategy and financial condition may be adversely affected.

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### **Our business is subject to substantial legal, regulatory and reputational risks**

*Tightening of regulations applicable to the financial system and financial industry could adversely affect our business, financial condition and operating results*

If regulations that apply to our businesses are introduced, modified or removed, we could be adversely affected directly or through resulting changes in market conditions. For example, to improve the stability and transparency of Japan's financial system and to ensure the protection of investors, a bill to amend the FIEA was passed by the Diet, which became effective on April 1, 2011, excluding certain sections. The amendment strengthened supervision through introducing corporate group regulations, which we are subject to, such as consolidated capital adequacy regulations on financial instruments business operators the size of which exceeds specified parameters and on certain parent companies, and by requiring reports on the financial status of such companies. In addition, the Financial Services Agency (the "FSA") amended the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. which became effective on April 1, 2011. Such amendment includes, among others, restrictions on the compensation systems of corporate groups of specified parent company, including Nomura Group, which are designed to reduce excessive risk taking by their executives and employees.

In addition, in response to the financial markets crisis in the autumn of 2008, various reforms to the financial regulatory framework at a national level and by international agreements, such as the agreements reached at the Group of Twenty (G-20) Summit, are undergoing to restore financial stability and to enhance financial industry's resilience against future crises. Such proposals for reform include the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") in the U.S. and various proposals to strengthen financial regulation in the European Union and the United Kingdom ( "U.K. "). The impact of these proposals (including bank levy) on us and our industry may be significant. However, policy responses to such proposals and amendment of existing systems are still ongoing and are difficult to precisely predict at this point.

The changes in regulations on accounting standards, consolidated regulatory capital adequacy rules and liquidity ratio could also have a material adverse effect on our business, financial condition, and results of operations. For example, we currently calculate our consolidated regulatory capital adequacy ratio in accordance with the FSA's notice on Basel 2.5 based consolidated capital adequacy rules applicable to the Ultimate Designated Parent Company. As of February 2012, the FSA has published a draft amendment to the notice on capital adequacy rules in order to respond to the Basel III measures announced by the Basel Committee on Banking Supervision (the "Basel Committee"), and is seeking public comments. The implementation of those new measures may cause our capital adequacy ratio to decrease or may require us to liquidate assets, raise additional capital or otherwise restrict our business activities in a manner that could adversely increase our funding costs or could otherwise adversely affect our operating or financing activities or the interests of our shareholders. Further, based on Basel III, the Financial Stability Board and the Basel Committee have announced they will annually update the list of global systemically important financial institutions ( "G-SIFIs") identified by financial regulators and additional regulatory capital requirements imposed on those G-SIFIs. The costs and impact on us as described above may further increase if we are identified as a G-SIFI in the future.

### 2. Significant Contracts

Not applicable.

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## 3. Operating, Financial and Cash Flows Analysis

## (1) Operating Results

Nomura reported net revenue of ¥1,036.9 billion, non-interest expenses of ¥1,012.7 billion, income before income taxes of ¥24.2 billion, and net loss attributable to NHI shareholders of ¥10.5 billion for the nine months ended December 31, 2011.

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

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Commissions	¥ 301,639	¥ 256,689
Brokerage commissions	148,177	133,482
Commissions for distribution of investment trust	131,547	99,026
Other	21,915	24,181
Fees from investment banking	79,232	44,835
Underwriting and distribution	59,479	22,734
M&A / financial advisory fees	18,648	21,197
Other	1,105	904
Asset management and portfolio service fees	105,685	109,165
Asset management fees	94,123	95,849
Other	11,562	13,316
Net gain on trading	267,840	173,631
Gain (loss) on private equity investments	(4,295)	26,286
Net interest	63,443	93,975
Gain (loss) on investments in equity securities	(13,922)	(5,919)
Other	31,692	338,229
<b>Net revenue</b>	<b>¥ 831,314</b>	<b>¥ 1,036,891</b>

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Compensation and benefits	¥ 391,912	¥ 406,659
Commissions and floor brokerage	69,051	69,518
Information processing and communications	135,124	133,488
Occupancy and related depreciation	66,104	73,247
Business development expenses	21,368	34,391
Other	91,913	295,389
<b>Non-interest expenses</b>	<b>¥ 775,472</b>	<b>¥ 1,012,692</b>

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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 operations are set forth in Item 4. Financial Information, 1. Consolidated Financial Statements, Note 15. *Segment and geographic information* .

## Net revenue

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Retail	¥ 296,194	¥ 257,882
Asset Management <sup>(1)</sup>	49,237	50,095
Wholesale	444,188	396,727
Other (Incl. elimination) <sup>(1)</sup>	55,545	338,288
<b>Total</b>	<b>¥ 845,164</b>	<b>¥ 1,042,992</b>

## Non-interest expenses

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Retail	¥ 212,673	¥ 215,040
Asset Management <sup>(1)</sup>	35,495	33,693
Wholesale	466,908	446,839
Other (Incl. elimination) <sup>(1)</sup>	60,396	317,120
<b>Total</b>	<b>¥ 775,472</b>	<b>¥ 1,012,692</b>

## Income (loss) before income taxes

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Retail	¥ 83,521	¥ 42,842
Asset Management <sup>(1)</sup>	13,742	16,402
Wholesale	(22,720)	(50,112)
Other (Incl. elimination) <sup>(1)</sup>	(4,851)	21,168
<b>Total</b>	<b>¥ 69,692</b>	<b>¥ 30,300</b>

- (1) Nomura Bank (Luxembourg) S.A. in the Asset Management segment was integrated into Other during the nine months ended December 31, 2011. In accordance with this integration, certain prior period amounts have been reclassified to conform to the current period presentation.

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## Retail

We provided consulting services despite the challenging market conditions, and as a result, net revenue was ¥257.9 billion. Non-interest expenses were ¥215.0 billion and income before income taxes was ¥42.8 billion. Retail client assets were ¥65.0 trillion as of December 31, 2011, a ¥5.6 trillion decrease from March 31, 2011.

## Asset Management

Net revenue was ¥50.1 billion. Non-interest expenses were ¥33.7 billion and income before income taxes was ¥16.4 billion. Assets under management were ¥22.6 trillion as of December 31, 2011, a ¥2.1 trillion decrease from March 31, 2011, due primarily to market slump resulting from uncertainty in Europe and downgrade of the U.S. credit rating.

## Wholesale

Net revenue was ¥396.7 billion, due primarily to the decreases in trading revenue. Non-interest expenses were ¥446.8 billion and loss before income taxes was ¥50.1 billion.

## Global Market

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net revenue	¥ 381,822	¥ 321,435
Non-interest expenses	373,846	355,885
Income (loss) before income taxes	¥ 7,976	¥ (34,450)

Despite the main revenue driven by fixed income, net revenue was ¥321.4 billion, due primarily to the challenging trading conditions which led to a decline in overall revenues. Non-interest expenses were ¥355.9 billion and loss before income taxes was ¥34.5 billion.

## Investment Banking

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Investment Banking (Gross)	¥ 130,634	¥ 101,193
Allocation to other divisions	(57,519)	(47,341)
Investment Banking (Net)	73,115	53,852
Other	(10,749)	21,440
Net revenue	62,366	75,292
Non-interest expenses	93,062	90,954
Income (loss) before income taxes	¥ (30,696)	¥ (15,662)

Net revenue was ¥75.3 billion. Traditional business, solutions business and private equity business were the revenue drivers. Non-interest expenses were ¥91.0 billion and loss before income taxes was ¥15.7 billion.

## Other Operating Results

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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 nine months ended December 31, 2011 include the gains 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 ¥20.1 billion, the positive impact of its own creditworthiness on derivative liabilities, which resulted in gain of ¥23.8 billion and the losses from changes in counterparty credit spread of ¥23.0 billion. Net revenue was ¥338.3 billion, non-interest expenses were ¥317.1 billion and income before income taxes was ¥21.2 billion for the nine months ended December 31, 2011.

### Geographic Information

Please refer to Item 4. Financial Information, 1. Consolidated Financial Statements, Note 15. *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 Resource .

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

## 1) Exposure to Certain Financial Instruments and Counterparties

Challenging 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.

*Securitization Products*

Our exposure to securitization products consists of commercial mortgage-backed securities ( CMBS ), residential mortgage-backed securities ( RMBS ), commercial real estate-backed securities 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 December 31, 2011.

	Millions of yen December 31, 2011				
	Japan	Asia and Oceania	Europe	Americas	Total <sup>(1)</sup>
Commercial mortgage-backed securities <sup>(2)</sup>	¥ 3,453	¥	¥ 7,088	¥ 49,008	¥ 59,549
Residential mortgage-backed securities <sup>(3)</sup>	29,852	53	26,519	238,319	294,743
Commercial real estate-backed securities	15,342				15,342
Other securitization products <sup>(4)</sup>	37,056	233	12,344	110,727	160,360
<b>Total</b>	<b>¥ 85,703</b>	<b>¥ 286</b>	<b>¥ 45,951</b>	<b>¥ 398,054</b>	<b>¥ 529,994</b>

(1) The balances shown exclude those 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*, and in which we have no continuing economic exposures.

(2) We have ¥22,833 million exposure, as whole loans and commitments, to U.S. CMBS-related business as of December 31, 2011.

(3) The RMBS balance for Americas excludes mortgage pass-through securities and U.S. government guaranteed collateralized mortgage obligations (CMO) because their credit risks are considered minimal.

(4) Other securitization products include collateralized loan obligations (CLO), collateralized debt obligations (CDO) and asset-backed securities (ABS) (e.g., credit card loans, auto loans, student loans, home equity loans and etc.).

The following table provides our exposure to CMBS by geographic region and the external credit rating of the underlying collateral as of December 31, 2011.

	Millions of yen December 31, 2011								Total
	AAA	AA	A	BBB	BB	B	Not rated	GSE <sup>(1)</sup>	
Japan	¥ 837	¥	¥ 937	¥ 130	¥ 1,207	¥	¥ 342	¥	¥ 3,453
Europe		298	2,165	1,738	1,512	543	832		7,088
Americas	9,005	4,705	12,007	8,921	8,771	747	4,852		49,008
<b>Total</b>	<b>¥ 9,842</b>	<b>¥ 5,003</b>	<b>¥ 15,109</b>	<b>¥ 10,789</b>	<b>¥ 11,490</b>	<b>¥ 1,290</b>	<b>¥ 6,026</b>	<b>¥</b>	<b>¥ 59,549</b>

(1) GSE refers to government sponsored enterprises.

(2)

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Rating based on the lowest rating given by Standard & Poor's, Moody's Investors Service, Fitch Ratings Ltd., Japan Credit Rating Agency, Ltd. or Rating and Investment Information, Inc. as of December 31, 2011.

**Table of Contents***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 to these transactions.

The following table sets forth our exposure to leveraged finance by geographic region of the target company as of December 31, 2011.

	Millions of yen December 31, 2011		
	Funded	Unfunded	Total
Japan	¥ 11,450	¥ 5,000	¥ 16,450
Europe	71,387	11,301	82,688
Americas		1,140	1,140
Asia and Oceania	2,473	3,498	5,971
<b>Total</b>	<b>¥ 85,310</b>	<b>¥ 20,939</b>	<b>¥ 106,249</b>

*Special Purpose Entities*

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. *Securitized and Variable Interest Entities* .

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## 2) Fair value of financial instruments

A significant amount of our financial assets and financial liabilities are carried at fair value, with changes in fair value recognized either through earnings or other comprehensive income (loss) 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 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 6% as of December 31, 2011 as listed below:

	Billions of yen December 31, 2011					
	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)	¥ 6,357	¥ 6,603	¥ 768	¥	¥ 13,728	6%
Derivative assets	508	24,025	577	(23,645)	1,465	
Derivative liabilities	573	23,951	597	(23,688)	1,433	

Please refer to Item 4. Financial Information, 1. Consolidated Financial Statements, Note 3. *Fair value of financial instruments* for further information.

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(3) Trading Activities

Assets and liabilities for trading purposes

Please refer to Item 4. Financial Information 1. Consolidated Financial Statements, Note 3. *Fair value of financial instruments* and Note 4. *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

2.33 standard deviations 99% confidence level

Holding period: One day

Consideration of correlation of price movement among the products

2) Records of VaR

	Billions of yen	
	March 31, 2011	December 31, 2011
Equity	¥ 1.8	¥ 1.5
Interest rate	4.1	5.0
Foreign exchange	4.5	3.5
Subtotal	10.4	10.0
Diversification benefit	(4.1)	(3.6)
VaR	¥ 6.3	¥ 6.4

	Billions of yen		
	Nine months ended December 31, 2011		
	Maximum	Minimum	Average
VaR	¥ 9.7	¥ 4.9	¥ 6.5

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## (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 December 31, 2011 are as follows:

	<b>Millions of yen</b>
	<b>December 31, 2011</b>
<b>Deferred tax assets</b>	
Depreciation, amortization and valuation of fixed assets	¥ 108,605
Investments in subsidiaries and affiliates	179,868
Valuation of financial instruments	192,936
Accrued pension and severance costs	34,513
Other accrued expenses and provisions	77,781
Operating losses	310,536
Other	22,469
Gross deferred tax assets	926,708
Less Valuation allowance	(478,700)
Total deferred tax assets	448,008
<b>Deferred tax liabilities</b>	
Investments in subsidiaries and affiliates	81,026
Valuation of financial instruments	39,465
Undistributed earnings of foreign subsidiaries	3,277
Valuation of fixed assets	144,210
Other	22,957
Total deferred tax liabilities	290,935
<b>Net deferred tax assets</b>	<b>¥ 157,073</b>

## 2) Calculation method of deferred tax assets

Based on 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

The business activities of Nomura are exposed to various risks such as market risk, credit risk, operational risk and other risks caused by external factors. We have established a risk management framework to provide comprehensive controls, monitoring and reporting of these risks in order to maintain financial soundness and our corporate values.

#### 2) Global Risk Management Structure

##### Governance

The Board of Directors has established the Structure for Ensuring Appropriate Business of Nomura Holdings, Inc. defining basic principles and establishing framework for the management of risk of loss. In addition, they are continuously making efforts to improve, strengthen and develop our risk management capabilities under this framework. The Group Integrated Risk Management Committee ( GIRMC ), upon delegation of the Executive Management Board ( EMB ), has established the Integrated Risk Management Policy , describing our overall risk management framework including the fundamental principles concerning risk management and organization and this is under continuous improvement.

##### Market Risk

We define market risk as potential loss in the value of an asset resulting from changes in market prices, rates, indices, volatilities, correlations or other market factors. This type of risk primarily impacts our trading activities. Effective management of this 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. Our principle statistical measurement tool to assess and limit market risk on an ongoing basis is Value-at-Risk ( VaR ). Limits on VaR are set in line with the firm's risk appetite as expressed through economic capital. In addition to VaR, we use stress testing and scenario analysis to measure and analyze our market risk. Market risk is monitored against a set of approved limits, with daily reports delivered to senior management.

##### Credit Risk

Nomura defines credit risk as risk of losses arising from decrease or disappearance of asset values (including off-balance sheet items) due to deterioration in creditworthiness or default of an obligor.

For controlling credit risk appropriately, we have established basic principles in our Credit Risk Management Policy, a basic policy concerning credit risk management, which are important to meet the various needs of our clients whilst taking appropriate risks and ensuring sufficient returns to increase our corporate values. Under these basic principles, we have established a robust and comprehensive credit risk management framework.

Our regulatory capital ratio is calculated based on the FSA's ministerial notice of the Establishment of standards on sufficiency of capital stock of a final designated parent company and its subsidiary entities, etc. compared to the assets held thereby (2010 FSA Regulatory Notice No. 130; Capital Adequacy Notice on Final Designated Parent Company hereinafter). We have been applying the Foundation Internal Rating-Based Approach in calculating credit risk weighted assets for regulatory capital calculations since the end of March 2011. However, the Standardized Approach is still applied to certain business units or asset types, which are considered immaterial to the calculation of credit risk weighted assets.

##### Operational Risk

Nomura defines operational risk as the risk of loss associated with inadequate or failed internal processes, people, and systems or from external events. This is an industry standard definition based on the Basel Committee on Banking Supervision definition of operational risk.

We have established an operational risk management framework comprising certain key products, services and processes in order to appropriately identify, assess, manage, monitor and report on Operational Risk.

The Nomura Group uses The Standardized Approach for calculating regulatory capital for operational risk. This involves using a 3 year average of gross income, allocated to business lines and multiplied by a fixed percentage determined by the FSA, to establish required Operational Risk capital amount.



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(6) Liquidity and Capital Resource

Liquidity

Overview

We define liquidity risk as the potential inability to meet financial obligations as they become due. This risk could arise from an 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. Liquidity risk could be due both to Nomura-specific and market-wide events. Liquidity risk management policy is based on risk appetite which the Group Integrated Risk Management Committee formulates upon delegation by the EMB. Our primary objective for liquidity risk management is to ensure continuous liquidity across market cycles and periods of market stress, and to ensure that all funding requirements and unsecured debt obligations that fall due within one year can be met without additional unsecured funding or forced 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; (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; (5) Contingency Funding Plan.

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

*1. Centralized Control of Residual Cash.* We control centrally residual cash held at Nomura Group entities for effective utilization purposes. As for the usage of funds, we manage the overall level of unsecured funding and set internal limits on the additional amount of unsecured funding available across the Nomura Group. The limit for unsecured funding is set by the EMB and monitored closely by Global Treasury.

In order to enable us to transfer funds smoothly among the group entities, we limit issuance of securities by regulated broker-dealers or banking entities. We actively seek to concentrate issuance of all long-term unsecured, non-deposit funding instruments at either Nomura or unregulated issuing entities. 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.

*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 allows us to be able to fund our operations for at least one year in a stress event, without needing to raise additional unsecured funding or forcing the liquidation of trading 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 clearers 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 chaining 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 group.

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We routinely issue long term debt in various maturities and currencies to maintain a long-term funding surplus.

We typically fund our trading activities on a secured basis through secured borrowings and repurchase agreements. 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 manage the liquidity risks arising from secured funding by transacting with a diverse group of global counterparties, providing a various range and types of securities collateral and actively seeking to term out the tenor of certain transactions.

We seek to reduce refinancing risk through diversification of our funding sources. We diversify funding by product, investor and market in order to reduce our reliance on any one funding source. We benefit by distributing a significant portion of our debt through our retail and institutional sales force to a diversified global investor base.

In terms of funding, the Company, Nomura Securities Co., Ltd. ( NSC ), Nomura Europe Finance N.V. and Nomura Bank International plc are main entities for external borrowings, issuances and others. Having raised the funds to match the currencies and liquidities of assets, we pursue to optimize our funding structures.

*3. Management of Credit Lines to Nomura Group Entities.* We maintain committed facility agreements with financial institutions for Nomura Group entities in order to provide contingent financing sources. We have structured the 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. We do not believe that any of the covenant requirements will impair our ability to draw on them. We occasionally test the effectiveness of our drawdown procedures.

*4. Implementation of Liquidity Stress Tests.* We maintain our liquidity portfolio and monitor our sufficiency of 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 firm's liquidity requirements under various stress scenarios with differing levels of severity over multiple time horizons. We evaluate these requirements under company-specific and broad market wide-events, including potential credit rating downgrades at the 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 framework.

To ensure a readily available source for a 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.

In addition to the liquidity portfolio, we have other unencumbered assets comprising mainly unpledged trading assets that can be used as an additional source of secured funding.

The size and structure of our liquidity portfolio takes into account immediate cash requirements arising from

- (i) Upcoming maturities of unsecured debt (maturities less than 1 year)
- (ii) Potential buybacks of our outstanding debt
- (iii) Loss of secured funding lines particularly for less liquid assets, over and above our cash capital estimates
- (iv) Fluctuation of funding needs under normal business circumstances
- (v) Cash and collateral outflows in a stress event

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 assumes no sale of assets, no ability to issue additional unsecured funding, a widening of haircuts on outstanding repo funding, collateralization of clearing banks and depositories, drawdowns on loan commitments and loss of liquidity from market losses on inventory.

5. *Contingency Funding Plan.* We have developed a detailed contingency funding plan ( CFP ) 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 the CFP, we have developed an approach for analyzing and specifying the extent of any liquidity crisis. This allows us to estimate the likely impact of both Nomura-specific and market-wide crises; 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 the legal entity level in order to capture specific cash requirements at the local level it assumes that the parent company does not have access to cash that may be trapped at the 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 operations at central banks such as the Bank of Japan and the European Central Bank, 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.

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### Cash Flow

*Cash and cash equivalents* balance as of December 31, 2010 and as of December 31, 2011 were ¥1,043.5 billion and ¥1,014.6 billion, respectively. Cash flows from operating activities for the nine months ended December 31, 2010 were outflows of ¥473.5 billion due primarily to an increase in *Trading assets* and those for December 31, 2011 were outflows of ¥296.7 billion due primarily to a decrease in *Trading liabilities*. Cash flows from investing activities for the nine months ended December 31, 2010 were outflows of ¥367.5 billion due primarily to an increase in *Non-trading debt securities, net* and those for December 31, 2011 were inflows of ¥51.5 billion due primarily to a decrease in *Other, net*. Cash flows from financing activities for the nine months ended December 31, 2010 were inflows of ¥898.3 billion due primarily to an increase in *Borrowings* and those for December 31, 2011 were outflows of ¥340.1 billion due primarily to a decrease in *Borrowings*.

### Balance Sheet and Financial Leverage

Total assets as of December 31, 2011 were ¥33,494.9 billion, a decrease of ¥3,198.1 billion compared to ¥36,693.0 billion as of March 31, 2011, due primarily to decreases in *Trading assets*, *Securities purchased under agreements to resell* and *Securities borrowed*. Total liabilities as of December 31, 2011 were ¥31,147.3 billion, a decrease of ¥3,454.1 billion compared to ¥34,601.4 billion as of March 31, 2011, due primarily to decreases in *Trading liabilities* and *Securities sold under agreements to repurchase*. NHI shareholders' equity as of December 31, 2011 was ¥2,061.5 billion, a decrease of ¥21.3 billion compared to ¥2,082.8 billion as of March 31, 2011, due to a decrease in *Retained earnings*.

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.

As leverage ratios are commonly used by other financial institutions similar to Nomura, 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. There are currently no regulatory or statutory reporting requirements which require us to disclose leverage ratios.

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

	Billions of yen, except ratios	
	March 31, 2011	December 31, 2011
NHI shareholders' equity	¥ 2,082.8	¥ 2,061.5
Total assets <sup>(1)</sup>	36,693.0	33,494.9
Adjusted assets <sup>(2)</sup>	21,536.7	20,890.5
Leverage ratio <sup>(3)</sup>	17.6x	16.2x
Adjusted leverage ratio <sup>(4)</sup>	10.3x	10.1x

- (1) Reconciles to the total assets amount disclosed on the face of our consolidated balance sheets and therefore excludes the fair value of securities transferred to counterparties under repo-to-maturity and certain Japanese securities lending transactions which are accounted for as sales rather than collateralized financing arrangements. The fair value of securities derecognized under these agreements has not had a significant impact on our reported leverage and adjusted leverage ratios as of March 31, 2011 and December 31, 2011.
- (2) Represents total assets less *Securities purchased under agreements to resell* and *Securities borrowed*.
- (3) Equals total assets divided by NHI shareholders' equity.
- (4) Equals adjusted assets divided by NHI shareholders' equity.

Total assets decreased by 8.7% reflecting primarily the decrease in *Trading assets*, *Securities purchased under agreements to resell* and *Securities borrowed*. NHI shareholders' equity decreased by 1.0%. Our leverage ratio decreased from 17.6 times as of March 31, 2011 to 16.2 times as of December 31, 2011.

Adjusted assets decreased due to the decrease in *Trading assets*. As a result, our adjusted leverage ratio decreased from 10.3 times as of March 31, 2011 to 10.1 times as of December 31, 2011.

**Consolidated Regulatory Requirements**

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

Beginning from the end of March, 2009, we elected to calculate the consolidated capital adequacy ratio according to the Criteria for bank holding companies to judge whether their capital adequacy status is appropriate in light of their own and their subsidiaries' asset holdings, etc. under Article 52-25 of the Banking Act as permitted under the provision in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. although we continue to be monitored as a financial conglomerate governed by the Financial Conglomerate Guideline.

The Company has been assigned as Ultimate Designated Parent Company who must calculate consolidated regulatory capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company in April 2011. Since then we calculated our Basel II-based consolidated regulatory capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company. Note that Capital Adequacy Notice on Final Designated Parent Company has revised in line with Basel 2.5 and we calculated Basel 2.5-based consolidated regulatory capital adequacy ratio since December 2011.

In addition, we must maintain our consolidated regulatory capital adequacy ratio at 8% minimum according to Article 2 of the Capital Adequacy Notice on Final Designated Parent Company. As of December 31, 2011, we were in compliance with this requirement, with a ratio of total capital to risk-weighted assets of 15.5%.

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The following table presents the Company's consolidated capital adequacy ratios as of December 31, 2011:

	Billions of yen, except ratios December 31, 2011	
<b>Qualifying Capital</b>		
Tier 1 capital	¥	2,057.1
Tier 2 capital		320.6
Tier 3 capital		303.7
Deductions		214.6
Total qualifying capital		2,466.8
<b>Risk-Weighted Assets</b>		
Credit risk-weighted assets		8,216.3
Market risk equivalent assets		5,635.1
Operational risk equivalent assets		2,029.4
Total risk-weighted assets		15,880.8
<b>Consolidated Capital Adequacy Ratios</b>		
Consolidated capital adequacy ratio		15.5%
Tier 1 capital ratio		12.9%
(7) Current Challenges		

The new challenges on operating and financing activities that arose during the nine months ended December 31, 2011 are as follows:

The global economy is facing increasing uncertainty due to the financial crisis in Europe together with various other factors. In this environment, we have cut expenses and reviewed our cost structure in order to improve profitability while optimizing our regional balance of our allocated resources. We will continue to realign our businesses with the market environment and implement a suitable reallocation of our resources as well as to perform a full detailed review of our operational efficiency on an ongoing basis. While maintaining a robust financial position, we will contribute toward properly functioning markets by providing stability and liquidity in those markets.

## (8) Number of Employees

The number of employees as of December 31, 2011 was 34,933, an increase of 8,062 compared to March 31, 2011. The primary reason is that Nomura increased its stake in NLB, one of its affiliated companies, by acquiring additional NLB shares and thereby made it a subsidiary during the nine months ended December 31, 2011. Our business comprises of three business segments being Retail, Asset Management and Wholesale segments as well as Other, and the increased employees primarily belong to Other.

The number of employees presented above represents full-time employees.

## (9) Major Properties

During the nine months ended December 31, 2011, Nomura increased its stake in NLB, one of its affiliated companies, by acquiring additional NLB shares and thereby made it a subsidiary. Consequently, Nomura acquired the properties owned by NLB and its subsidiaries. As a result, the majority portion of land and buildings utilized mainly as the Company's and NSC's head offices (Chuo-ku, Tokyo) became Nomura-owned properties. Previously, these land and buildings had been predominantly leased and partially owned.

**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 December 31, 2011	Number of Issued Shares as of February 14, 2012	Trading Markets	Details
Common stock	3,822,562,601	3,822,562,601	Tokyo Stock Exchange <sup>(2)</sup> Osaka Securities Exchange <sup>(2)</sup> Nagoya Stock Exchange <sup>(2)</sup> Singapore Stock Exchange New York Stock Exchange	1 unit is 100 shares
Total	3,822,562,601	3,822,562,601		

- Shares that may have increased from exercise of stock options between February 1, 2012 and the submission date (February 14, 2012) are not included in the number of issued shares as of the submission date.
- Listed on the First Section of each stock/securities exchange.

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(2) Stock Options

Stock acquisition rights issued during the three months ended December 31, 2011 are as follows:

Stock Acquisition Rights No. 43

Date of Resolution	October 31, 2011
Number of Stock Acquisition Right	28,580 <sup>(1)</sup>
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	2,858,000
The Amount to be Paid upon Exercising the Stock Acquisition Right <sup>(2)</sup>	¥302 per share
Exercise Period of the Stock Acquisition Right	From November 16, 2013 to November 15, 2018
Issue Price of Shares and Capital Inclusion Price if Shares are Issued upon Exercise of the Stock Acquisition Rights	Issue Price of Shares ¥302
	Capital Inclusion Price ¥175
Conditions to Exercise of Stock Acquisition Right	<ol style="list-style-type: none"> <li>1. No Stock Acquisition Right may be exercised partially.</li> <li>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.</li> <li>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"> <li>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</li> <li>b) There is any other reason similar to a).</li> </ol> </li> </ol>
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.
2. In the event that the shares are split or consolidated, the Exercise Price shall be adjusted in accordance with the following formula, and any fractions less than one (1) yen shall be rounded up to the nearest yen.

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Adjusted Exercise Price = Exercise Price before Adjustment x

$\frac{1}{\text{Ratio of Split or Consolidation}}$

In the event that the Company offers for subscription of the issuance of the new shares of common stock or the disposal of treasury shares of common stock of the Company at a paid-in amount below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price (excluding Stock Acquisition Rights (including those attached to bonds with stock subscription rights) which is able to request for the delivery of the common shares of the Company and any other securities or the conversion, replacement or the exercise of the Stock Acquisition Rights and any request for purchase of additional less-than-a-full-unit shares) or in the event of the shares with acquisition request right that the Company issues the common stock of the Company in exchange of its acquisition as prescribed at a compensation below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price (including the grant without any consideration), or in the event that the Company issues the stock acquisition right which is able to request for the delivery of the common stock of the Company (including those attached to bonds with stock subscription rights) and any other securities or rights (including the grant without any consideration) at a compensation below the market price of the common stock of the Company which is used in the adjustment formula for the Exercise Price, the Exercise Price shall be adjusted in accordance with the following formula, and any fraction of less than one (1) yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment} \times \left( \frac{\text{Number of Outstanding Shares} + \text{Number of Shares to be Delivered} \times \text{Paid-in Amount Per Share}}{\text{Market Price per Share} \times \text{Number of (Outstanding + Shares to be Delivered)}} \right)}{1}$$

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(3) Exercise of Moving Strike Bonds with Subscription Warrant

Not applicable.

(4) Rights Plan

Not applicable.

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

<b>Date</b>	<b>Increase/Decrease of Issued Shares</b>	<b>Total Issued Shares</b>	<b>Increase/Decrease of Shareholders Equity (Millions of yen)</b>	<b>Shareholders Equity (Millions of yen)</b>	<b>Increase/Decrease of Additional paid-in capital (Millions of yen)</b>	<b>Additional paid-in capital (Millions of yen)</b>
December 31, 2011		3,822,562,601		594,493		559,676

(6) Major Shareholders

Not applicable as this is the third quarter.

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(7) Voting Rights

A. Outstanding Shares

	Number of Shares	As of December 31, 2011 Number of Votes	Description
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 156,531,800		
	(Crossholding Stocks) Common stock 4,693,800		
Stock with full voting right (Others)	Common stock 3,659,493,500	36,594,935	
Shares less than 1 unit	Common stock 1,843,501		Shares less than 1 unit (100 shares)
<b>Total Shares Issued</b>	<b>3,822,562,601</b>		
<b>Voting Rights of Total Shareholders</b>		<b>36,594,935</b>	

2,000 shares held by Japan Securities Depository Center, Inc. are included in Stock with full voting right (Others) . 40 treasury stocks and 55 crossholding stocks are included in Shares less than 1 unit .

B. Treasury Stocks

Name	Address	Directly held shares	As of December 31, 2011 Indirectly held shares	Total	Percentage of Issued Shares (%)
<b>(Treasury Stocks)</b>					
Nomura Holdings, Inc.	1-9-1, Nihonbashi, Chuo-Ku, Tokyo, Japan	156,531,800		156,531,800	4.09
<b>(Crossholding Stocks)</b>					
The Asahi Fire and Marine Insurance Co., Ltd.	7, Kanda Mitoshirocho, Chiyoda-Ku, Tokyo, Japan	2,528,800		2,528,800	0.07
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
Tokyo Aircraft Instrument Co., Ltd.	2-2-6, Oyamagaoka, Machida-Shi, Tokyo, Japan	60,000		60,000	0.00
Nomura Japan Corporation	2-1-3 Nihonbashi Horidomecho, Chuo-Ku,	5,000		5,000	0.00

Tokyo, Japan

Total	161,225,600	161,225,600	4.22
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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 disclosures 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 and nine months ended December 31, 2011.

<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 and nine months ended December 31, 2011, 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 current report on Form 6-K.

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

	Notes	Millions of yen March 31, 2011	December 31, 2011
<b>ASSETS</b>			
Cash and cash deposits:			
Cash and cash equivalents		¥ 1,620,340	¥ 1,014,576
Time deposits		339,419	450,566
Deposits with stock exchanges and other segregated cash		190,694	304,405
Total cash and cash deposits		2,150,453	1,769,547
Loans and receivables:			
Loans receivable (including ¥554,180 million and ¥333,775 million measured at fair value by applying fair value option as of March 31, 2011 and December 31, 2011, respectively)	*3, 7	1,271,284	1,072,128
Receivables from customers		32,772	58,168
Receivables from other than customers		928,626	1,422,340
Allowance for doubtful accounts	*7	(4,860)	(4,878)
Total loans and receivables		2,227,822	2,547,758
Collateralized agreements:			
Securities purchased under agreements to resell (including ¥904,126 million and ¥864,211 million measured at fair value by applying fair value option as of March 31, 2011 and December 31, 2011, respectively)	*3	9,558,617	8,444,396
Securities borrowed		5,597,701	4,160,002
Total collateralized agreements		15,156,318	12,604,398
Trading assets and private equity investments:			
Trading assets (including securities pledged as collateral of ¥4,621,042 million and ¥3,272,708 million as of March 31, 2011 and December 31, 2011, respectively; including ¥15,444 million and ¥17,540 million measured at fair value by applying fair value option as of March 31, 2011 and December 31, 2011, respectively)	*3, 4	14,952,511	12,597,327
Private equity investments (including ¥62,553 million and ¥59,101 million measured at fair value by applying fair value option as of March 31, 2011 and December 31, 2011, respectively)	*3	289,420	275,041
Total trading assets and private equity investments		15,241,931	12,872,368
Other assets:			
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥300,075 million as of March 31, 2011 and ¥352,876 million as of December 31, 2011)		392,036	1,054,560
Non-trading debt securities	*3	591,797	836,243
Investments in equity securities	*3	91,035	78,304
Investments in and advances to affiliated companies	*7	273,105	194,082
Other (including ¥1,805 million measured at fair value by applying fair value option as of December 31, 2011)	*3, 9	568,493	1,537,603
Total other assets		1,916,466	3,700,792

Total assets

¥ 36,692,990    ¥ 33,494,863

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

	Notes	Millions of yen	
		March 31, 2011	December 31, 2011
<b>LIABILITIES AND EQUITY</b>			
Short-term borrowings (including ¥183,524 million and ¥144,929 million measured at fair value by applying fair value option as of March 31, 2011 and December 31, 2011, respectively)	*3	¥ 1,167,077	¥ 1,306,820
Payables and deposits:			
Payables to customers		880,429	730,871
Payables to other than customers		410,679	386,581
Deposits received at banks		812,500	831,295
<b>Total payables and deposits</b>		<b>2,103,608</b>	<b>1,948,747</b>
Collateralized financing:			
Securities sold under agreements to repurchase (including ¥332,337 million and ¥189,858 million measured at fair value by applying fair value option as of March 31, 2011 and December 31, 2011, respectively)	*3	10,813,797	9,718,341
Securities loaned		1,710,191	1,183,274
Other secured borrowings		1,162,450	994,214
<b>Total collateralized financing</b>		<b>13,686,438</b>	<b>11,895,829</b>
Trading liabilities	*3, 4	8,688,998	6,223,277
Other liabilities (including ¥6,592 million measured at fair value by applying fair value option as of December 31, 2011)	*3, 9	552,316	1,131,515
Long-term borrowings (including ¥2,300,606 million and ¥1,998,644 million measured at fair value by applying fair value option as of March 31, 2011 and December 31, 2011, respectively)	*3	8,402,917	8,641,065
<b>Total liabilities</b>		<b>34,601,354</b>	<b>31,147,253</b>
Commitments and contingencies	*14		
Equity:			
Nomura Holdings, Inc. ( NHI ) shareholders' equity:			
Common stock			
No par value share;			
Authorized 6,000,000,000 shares as of March 31, 2011 and December 31, 2011			
Issued 3,719,133,241 shares as of March 31, 2011 and 3,822,562,601 shares as of December 31, 2011			
Outstanding 3,600,886,932 shares as of March 31, 2011 and 3,662,704,334 shares as of December 31, 2011		594,493	594,493
Additional paid-in capital		646,315	693,202
Retained earnings		1,069,334	1,044,190
Accumulated other comprehensive income (loss)		(129,696)	(170,138)
<b>Total NHI shareholders' equity before treasury stock</b>		<b>2,180,446</b>	<b>2,161,747</b>
Common stock held in treasury, at cost 118,246,309 shares as of March 31, 2011 and 159,858,267 shares as of December 31, 2011		(97,692)	(100,272)
<b>Total NHI shareholders' equity</b>		<b>2,082,754</b>	<b>2,061,475</b>
Noncontrolling interests		8,882	286,135
<b>Total equity</b>		<b>2,091,636</b>	<b>2,347,610</b>

Total liabilities and equity	¥ 36,692,990	¥ 33,494,863
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**Table of Contents****(1) Consolidated Balance Sheets (Continued) (UNAUDITED)**

The following table presents the classification of consolidated variable interest entities' assets and liabilities. 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. Please see Consolidated Financial Statements, Note 6. *Securitized and Variable Interest Entities*.

	Billions of yen	
	March 31, 2011	December 31, 2011
Cash and cash deposits	¥ 92	¥ 62
Trading assets and private equity investments	1,110	1,128
Other assets	132	582
 Total assets	 ¥ 1,334	 ¥ 1,772
Trading liabilities	¥ 38	¥ 30
Borrowings	1,032	1,171
Other liabilities	7	30
 Total liabilities	 ¥ 1,077	 ¥ 1,231

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

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

	Notes	Millions of yen	
		Nine months ended December 31, 2010	Nine months ended December 31, 2011
<b>Revenue:</b>			
Commissions		¥ 301,639	¥ 256,689
Fees from investment banking		79,232	44,835
Asset management and portfolio service fees		105,685	109,165
Net gain on trading		267,840	173,631
Gain (loss) on private equity investments		(4,295)	26,286
Interest and dividends		252,597	343,442
Gain (loss) on investments in equity securities		(13,922)	(5,919)
Other		31,692	338,229
<b>Total revenue</b>		<b>1,020,468</b>	<b>1,286,358</b>
Interest expense		189,154	249,467
<b>Net revenue</b>		<b>831,314</b>	<b>1,036,891</b>
<b>Non-interest expenses:</b>			
Compensation and benefits		391,912	406,659
Commissions and floor brokerage		69,051	69,518
Information processing and communications		135,124	133,488
Occupancy and related depreciation		66,104	73,247
Business development expenses		21,368	34,391
Other		91,913	295,389
<b>Total non-interest expenses</b>		<b>775,472</b>	<b>1,012,692</b>
<b>Income before income taxes</b>		<b>55,842</b>	<b>24,199</b>
Income tax expense	*13	37,583	25,870
<b>Net income (loss)</b>		<b>18,259</b>	<b>(1,671)</b>
Less: Net income attributable to noncontrolling interests		1,497	8,828
<b>Net income (loss) attributable to NHI shareholders</b>		<b>¥ 16,762</b>	<b>¥ (10,499)</b>
<b>Per share of common stock:</b>			
<b>Basic</b>			
Net income (loss) attributable to NHI shareholders per share		¥ 4.61	¥ (2.89)
<b>Diluted</b>			
Net income (loss) attributable to NHI shareholders per share		¥ 4.59	¥ (2.89)

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

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	Notes	Millions of yen	
		Three months ended December 31, 2010	Three months ended December 31, 2011
<b>Revenue:</b>			
Commissions		¥ 100,041	¥ 73,983
Fees from investment banking		33,974	17,246
Asset management and portfolio service fees		37,119	33,398
Net gain on trading		104,878	80,147
Gain (loss) on private equity investments		(2,386)	34,551
Interest and dividends		106,880	103,067
Gain (loss) on investments in equity securities		2,106	(2,778)
Other		3,422	141,887
<b>Total revenue</b>		<b>386,034</b>	<b>481,501</b>
Interest expense		90,167	76,564
<b>Net revenue</b>		<b>295,867</b>	<b>404,937</b>
<b>Non-interest expenses:</b>			
Compensation and benefits		143,131	127,783
Commissions and floor brokerage		24,013	22,521
Information processing and communications		44,209	46,397
Occupancy and related depreciation		20,507	26,184
Business development expenses		7,429	12,723
Other		28,804	134,856
<b>Total non-interest expenses</b>		<b>268,093</b>	<b>370,464</b>
<b>Income before income taxes</b>		<b>27,774</b>	<b>34,473</b>
Income tax expense	*13	14,483	9,923
<b>Net income</b>		<b>13,291</b>	<b>24,550</b>
Less: Net income (loss) attributable to noncontrolling interests		(98)	6,728
<b>Net income attributable to NHI shareholders</b>		<b>¥ 13,389</b>	<b>¥ 17,822</b>
		<b>Yen Three months ended</b>	<b>Yen Three months ended</b>
	Notes	<b>December 31, 2010</b>	<b>December 31, 2011</b>
<b>Per share of common stock:</b>			
Basic			
Net income attributable to NHI shareholders per share		¥ 3.72	¥ 4.87
Diluted			
Net income attributable to NHI shareholders per share		¥ 3.70	¥ 4.84

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

**Table of Contents****(3) Consolidated Statements of Changes in Equity (UNAUDITED)**

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
<b>Common stock</b>		
Balance at beginning of year	¥ 594,493	¥ 594,493
Balance at end of period	594,493	594,493
<b>Additional paid-in capital</b>		
Balance at beginning of year	635,828	646,315
Issuance of common stock		30,356
Gain on sales of treasury stock	2,580	273
Issuance and exercise of common stock options	4,066	14,343
Purchase / sale (disposition) of subsidiary shares, etc., net		1,915
Balance at end of period	642,474	693,202
<b>Retained earnings</b>		
Balance at beginning of year	1,074,213	1,069,334
Cumulative effect of change in accounting principle <sup>(1)</sup>	(4,734)	
Net income (loss) attributable to NHI shareholders	16,762	(10,499)
Cash dividends <sup>(2)</sup>	(14,402)	(14,645)
Balance at end of period	1,071,839	1,044,190
<b>Accumulated other comprehensive income (loss):</b>		
Cumulative translation adjustments		
Balance at beginning of year	(74,330)	(97,426)
Net change during the period	(42,158)	(40,142)
Balance at end of period	(116,488)	(137,568)
<b>Defined benefit pension plans</b>		
Balance at beginning of year	(34,802)	(32,270)
Pension liability adjustment	2,077	620
Balance at end of period	(32,725)	(31,650)
<b>Non-trading securities</b>		
Balance at beginning of year		
Unrealized gain (loss) on non-trading securities		(920)
Balance at end of period		(920)
Balance at end of period	(149,213)	(170,138)
<b>Common stock held in treasury</b>		
Balance at beginning of year	(68,473)	(97,692)
Repurchases of common stock	(37,375)	(8,943)
Sales of common stock	3	1
Common stock issued to employees	7,738	6,206
Other net change in treasury stock		156

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Balance at end of period	(98,107)	(100,272)
Total NHI shareholders' equity		
Balance at end of period	2,061,486	2,061,475
Noncontrolling interests		
Balance at beginning of year	6,085	8,882
Cash dividends	(111)	(1,552)
Net income attributable to noncontrolling interests	1,497	8,828
Accumulated other comprehensive income (loss) attributable to noncontrolling interests	(1,888)	(1,583)
Purchase / sale (disposition) of subsidiary shares, etc., net	0	274,023
Other net change in noncontrolling interests	11,019	(2,463)
Balance at end of period	16,602	286,135
Total equity		
Balance at end of period	¥ 2,078,088	¥ 2,347,610

(1) *Cumulative effect of change in accounting principle* for the nine months ended December 31, 2010 are adjustments to initially apply Accounting Standards Updates ASU No. 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities* (ASU 2009-17).

(2) Dividends per share

Nine months ended December 31, 2010	¥ 4.00	Three months ended December 31, 2010	¥ 0.00
Nine months ended December 31, 2011	¥ 4.00	Three months ended December 31, 2011	¥ 0.00

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

**Table of Contents****(4) Consolidated Statements of Comprehensive Income (UNAUDITED)**

	Millions of yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net income (loss)	¥ 18,259	¥ (1,671)
Other comprehensive income (loss):		
Change in cumulative translation adjustments, net of tax	(44,046)	(41,426)
Defined benefit pension plans:		
Pension liability adjustment	3,525	1,263
Deferred income taxes	(1,448)	(643)
<b>Total</b>	<b>2,077</b>	<b>620</b>
Non-trading securities:		
Unrealized gain (loss) on non-trading securities		(1,219)
Deferred income taxes		
<b>Total</b>		<b>(1,219)</b>
Total other comprehensive income (loss)	(41,969)	(42,025)
Comprehensive income (loss)	(23,710)	(43,696)
Less: Comprehensive income (loss) attributable to noncontrolling interests in subsidiaries	(391)	7,245
Comprehensive income (loss) attributable to NHI shareholders	¥ (23,319)	¥ (50,941)

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

	Millions of yen	
	Three months ended December 31, 2010	Three months ended December 31, 2011
Net income	¥ 13,291	¥ 24,550
Other comprehensive income (loss):		
Change in cumulative translation adjustments, net of tax	(9,539)	(1,431)
Defined benefit pension plans:		
Pension liability adjustment	456	373
Deferred income taxes	(187)	(282)
<b>Total</b>	<b>269</b>	<b>91</b>
Non-trading securities:		
Unrealized gain (loss) on non-trading securities		(2,258)
Deferred income taxes		375
<b>Total</b>		<b>(1,883)</b>
Total other comprehensive income (loss)	(9,270)	(3,223)
Comprehensive income	4,021	21,327
Less: Comprehensive income (loss) attributable to noncontrolling interests in subsidiaries	(926)	6,759
Comprehensive income attributable to NHI shareholders	¥ 4,947	¥ 14,568

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	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Cash flows from operating activities:		
Net income (loss)	¥ 18,259	¥ (1,671)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	56,413	73,524
(Gain) loss on investments in equity securities	13,922	5,919
Deferred income taxes	27,569	9,685
Changes in operating assets and liabilities:		
Time deposits	(258,142)	(153,968)
Deposits with stock exchanges and other segregated cash	(81,004)	(126,650)
Trading assets and private equity investments	(1,558,135)	1,621,791
Trading liabilities	800,583	(2,012,483)
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	1,251,787	74,233
Securities borrowed, net of securities loaned	(601,639)	843,319
Other secured borrowings	(266,388)	(168,236)
Loans and receivables, net of allowance for doubtful accounts	(143,406)	(441,934)
Payables	(46,734)	(106,793)
Bonus accrual	(36,060)	(39,196)
Accrued income taxes, net	(18,528)	1,646
Other, net	368,043	124,163
Net cash used in operating activities	(473,460)	(296,651)
Cash flows from investing activities:		
Payments for purchases of office buildings, land, equipment and facilities	(146,766)	(107,787)
Proceeds from sales of office buildings, land, equipment and facilities	94,214	58,662
Payments for purchases of investments in equity securities		(113)
Proceeds from sales of investments in equity securities	2,374	5,365
Decrease (increase) in loans receivable at banks, net	(75,298)	30,825
Decrease (increase) in non-trading debt securities, net	(247,715)	23,193
Other, net	5,730	41,328
Net cash provided by (used in) investing activities	(367,461)	51,473
Cash flows from financing activities:		
Increase in long-term borrowings	1,744,012	1,664,644
Decrease in long-term borrowings	(862,861)	(2,121,349)
Decrease in short-term borrowings, net	(250,371)	74,221
Increase in deposits received at banks, net	333,964	79,777
Proceeds from sales of common stock held in treasury	7	9
Payments for repurchases of common stock held in treasury	(37,375)	(8,286)
Payments for cash dividends	(29,083)	(29,066)
Net cash provided by (used in) financing activities	898,293	(340,050)
Effect of exchange rate changes on cash and cash equivalents	(34,532)	(20,536)
Net increase (decrease) in cash and cash equivalents	22,840	(605,764)
Cash and cash equivalents at beginning of period	1,020,647	1,620,340

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Cash and cash equivalents at end of period	¥ 1,043,487	¥ 1,014,576
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Supplemental information:

Cash paid during the period for

Interest	¥ 191,966	¥ 269,622
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Income tax payments, net	¥ 28,542	¥ 14,540
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Non cash activities

Business acquisitions:

During the nine months ended December 31, 2011, as a result of business acquisitions, the total amount of increased assets, excluding *cash and cash equivalents* and total amount of increased liabilities, were ¥2,132,740 million and ¥1,784,621 million, respectively.

Others:

During the nine months ended December 31, 2010, as a result of adoption for ASU 2009-17, the total amount of increased assets, excluding *cash and cash equivalents* and total amount of increased liabilities, were ¥278,356 million and ¥292,769 million, respectively.

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

**Table of Contents****Notes to the Consolidated Financial Statements (UNAUDITED)****1. Basis of accounting:**

In December 2001, Nomura Holdings Inc. (the Company) filed a registration statement, in accordance with the Securities Exchange Act of 1934, with the United States Securities and Exchange Commission (SEC) in order to list its American Depositary Shares (ADS) on the New York Stock Exchange. Since then, the Company has an obligation to file an annual report, Form 20-F, with the SEC in accordance with the Securities Exchange Act of 1934.

Therefore, the Company and other entities in which it has a controlling financial interest (collectively Nomura) prepares its consolidated financial statements in accordance with the accounting principles, procedures and presentations which are required in order to issue ADS, i.e., the U.S. generally accepted accounting principles (U.S. GAAP), pursuant to Article 95 of Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64, 2007).

The following paragraphs describe the major differences between U.S. GAAP applied by Nomura and accounting principles generally accepted in Japan (Japanese GAAP) for the nine and three months ended December 31, 2011. Where the effect of these major differences are significant to *Income before income taxes*, Nomura discloses as (higher) or (lower) below the amount by which *Income before income taxes* based on U.S. GAAP was higher or lower than Japanese GAAP, respectively.

**Scope of consolidation**

Under U.S. GAAP, the scope of consolidation is mainly determined by the ownership of a majority of the voting interest in an entity or by identifying the primary beneficiary. Under Japanese GAAP, the scope of consolidation is primarily determined by both ownership level of voting interests and the Financial controlling model, taking into account factors other than ownership level of voting interest in an entity.

In addition, U.S. GAAP provides the definition of investment companies for which the audit and accounting guide are applied, and these entities that are subject to such guide carry all of their investments at fair value, with changes in fair value recognized through the consolidated statement of operations. Under Japanese GAAP, in situations where a venture capital entity holds other companies' shares for trading and investment promotion purposes, such companies are not considered as subsidiaries even if such shareholding otherwise meets the control criteria.

**Unrealized gains and losses on investments in equity securities**

Under U.S. GAAP applicable to broker-dealers, minority investments in equity securities are measured at fair value with changes in fair value recognized in the consolidated statements of operations. Under Japanese GAAP, these investments are also measured at fair value, but unrealized gains and losses, net of applicable income taxes, are reported in net assets as a separate item. The effect on *Income before income taxes* prepared under Japanese GAAP, therefore, does not reflect ¥13,850 million (lower) and ¥6,101 million (lower) for the nine months ended December 31, 2010 and 2011, respectively, and ¥1,715 million (higher) and ¥2,462 million (lower) for the three months ended December 31, 2010 and 2011, respectively.

**Unrealized gains and losses on investments in equity securities for other than operating purposes**

Under U.S. GAAP applicable to broker-dealers, investments in equity securities for other than operating purposes are measured at fair value with changes in fair value recognized in the consolidated statements of operations. Under Japanese GAAP, these investments are also measured at fair value, but unrealized gains and losses, net of applicable income taxes, are reported in net assets as a separate item. The effect on *Income before income taxes* prepared under Japanese GAAP, therefore, does not reflect ¥97 million (higher) and ¥6,309 million (lower) for the nine months ended December 31, 2010 and 2011, respectively, and ¥122 million (higher) and ¥2,891 million (lower) for the three months ended December 31, 2010 and 2011, respectively. Investments in equity securities for other than operating purposes are classified in *Other assets* in the consolidated balance sheet.

**Unrealized gains and losses on non-trading debt securities**

Under U.S. GAAP applicable to broker-dealers, non-trading debt securities are measured at fair value with changes in fair value recognized in the consolidated statements of operations. Under Japanese GAAP, unrealized gains and losses on non-trading debt securities, net of applicable income taxes, are reported in a separate component of net assets. The effect on *Income before income taxes* prepared under Japanese GAAP, therefore, does not reflect ¥2,284 million (higher) and ¥7,300 million (higher) for the nine months ended December 31, 2010 and 2011, respectively, and ¥4,254 million (lower) and ¥181 million (higher) for the three months ended December 31, 2010 and 2011, respectively.

**Retirement and severance benefit**

Under U.S. GAAP, gains or losses resulting from either experience that is different from an actuarial assumption or a change in assumption is amortized over the average remaining service period of employees when such gain or loss at the beginning of the year exceeds the Corridor which is defined as 10% of the larger of projected benefit obligation or the fair value of plan assets. Further, U.S. GAAP requires recognition of the funded status of postretirement plans as an asset or a liability, measured as the difference between the fair value of the plan asset and the benefit obligation. Under Japanese GAAP, the gain or loss is amortized over a certain period regardless of the Corridor.

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### **Amortization of goodwill and equity method goodwill**

Under U.S. GAAP, goodwill must not be amortized and must be tested for impairment periodically. Under Japanese GAAP, goodwill must be amortized over certain periods within 20 years based on the straight-line method. Therefore, the effect on *Income before income taxes*, compared with Japanese GAAP is ¥4,673 million (higher) and ¥4,640 million (higher) for the nine months ended December 31, 2010 and 2011, respectively, and ¥1,535 million (higher) and ¥1,524 million (higher) for the three months ended December 31, 2010 and 2011, respectively.

### **Changes in the fair value of derivative contracts**

Under U.S. GAAP, all derivative contracts, including derivative contracts that have been designated as hedges to specific assets or specific liabilities, are valued at fair value, and the valuation adjustments of derivative contracts are recognized either through earnings or other comprehensive income (loss). Under Japanese GAAP, derivative contracts that have been entered into for hedging purposes are valued at fair value and valuation adjustments of derivative contracts, net of applicable tax, are recognized in net assets as a separate item.

### **Fair value for financial assets and financial liabilities**

Under U.S. GAAP, the fair value option may be elected for eligible financial assets and liabilities which are otherwise not to be measured at fair value (the fair value option). If an entity elects the fair value option, changes in the fair value in subsequent reporting periods must be recognized through earnings. Under Japanese GAAP, the fair value option is not permitted. Therefore, under Japanese GAAP, the effect on *Income before income taxes* does not reflect ¥16,689 million (higher) and ¥6,187 million (lower) for the nine months ended December 31, 2010 and 2011, respectively, and ¥2,724 million (higher) and ¥2,194 million (lower) for the three months ended December 31, 2010 and 2011, respectively. In addition, non-marketable stocks which are valued at fair value in the consolidated financial statements shall be valued at cost except in case of impairment loss recognition under Japanese GAAP.

### **Offsetting of amounts related to certain contracts**

U.S. GAAP allows an entity that is party to a master netting arrangement to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments that have been offset under the same master netting arrangement. Japanese GAAP does not allow such offsetting of amounts.

### **Stock issuance costs**

Under U.S. GAAP, the stock issuances costs are deducted from the capital. Under Japanese GAAP, the paid in amount before deduction of stock issuance costs is recorded as capital and the stock issuance costs are either immediately expensed at once or capitalized as deferred asset and amortized over up to three years.

### **Accounting for change in controlling interest in consolidated subsidiary's shares**

Under U.S. GAAP, when the parent's ownership interest decreases as a result of sales of the subsidiary's common shares by the parent and such subsidiary becomes an equity method investee, the parent's remaining investment in the former subsidiary is measured at fair value as of the date of loss of controlling interest and the related valuation gain or loss is recognized. Under Japanese GAAP, the remaining investment on the parent's consolidated balance sheet is computed as the investment valuation amount computed under the equity method of accounting, which is equal to the sum of the carrying amount of investment in the equity method investee recorded in the parent's stand-alone balance sheet and the result derived via multiplying the adjustments to such investment recorded during the period from the initial date of acquisition of subsidiary to the date of loss of control by the ratio of the remaining share holding percentage against the holding percentage prior to the loss of control.

## **2. New accounting pronouncements recently adopted and future accounting developments:**

### **New accounting pronouncements recently adopted**

Nomura has adopted no new accounting pronouncement during the three months ended December 31, 2011.

The following new accounting pronouncement relevant to Nomura has been adopted during the three months ended September 30, 2011:

*Accounting for troubled debt restructurings*

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In April 2011, the Financial Accounting Standards Board ( FASB ) issued amendments to Accounting Standard Codification ( ASC ) No. 310 *Receivables* through issuance of Accounting Standard Update ( ASU ) No. 2011-02 *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring* ( ASU 2011-02 ). These amendments provide additional guidance and clarification to creditors in determining whether a debt restructuring constitutes a troubled debt restructuring.

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ASU 2011-02 is effective for interim or annual periods beginning on or after June 15, 2011 and should be applied retrospectively to the beginning of the annual period of adoption.

As a result of issuance of ASU 2011-02, new disclosures around troubled debt restructuring required by ASU 2010-20 *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* are also effective for interim or annual periods beginning on or after June 15, 2011.

Nomura adopted ASU 2011-02 from July 1, 2011 and they have not had a material impact on these consolidated financial statements.

See Note 7 *Financing Receivables* in these consolidated financial statements where the new disclosures have been provided.

The following new accounting pronouncements relevant to Nomura have been adopted during the three months ended June 30, 2011:

*Disclosure of supplementary pro forma information for business combinations*

In December 2010, the FASB issued amendments to ASC 805 *Business Combinations* ( ASC 805 ) through issuance of ASU 2010-29 *Disclosures of Supplementary Pro Forma Information for Business Combinations* ( ASU 2010-29 ). These amendments address diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. When a business combination has occurred, ASU 2010-29 requires a reporting entity such as Nomura that presents comparative financial statements to disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. ASU 2010-29 also expands the supplemental pro forma disclosures under ASC 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings.

ASU 2010-29 is effective prospectively for business combinations occurring in fiscal years beginning on or after December 15, 2010 with early adoption permitted.

Nomura adopted ASU 2010-29 from April 1, 2011. Because the new requirements only provide clarification on disclosure requirements, they have not had a material impact on these consolidated financial statements.

*Clarifications on impairment testing of goodwill and other intangibles*

In December 2010, the FASB issued amendments to ASC 350 *Intangibles Goodwill and Other* ( ASC 350 ) through issuance of ASU 2010-28 *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* ( ASU 2010-28 ). These amendments address questions about determination of the impairment of goodwill in certain narrow circumstances. Under ASC 350, testing for goodwill impairment is a two-step test conducted at a reporting unit level. When a goodwill impairment test is performed, a reporting entity must assess whether the carrying amount of a reporting unit exceeds its fair value (Step 1). If it does, a reporting entity must perform an additional test to determine whether goodwill has been impaired and to calculate the amount of that impairment (Step 2). ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts by requiring performance of Step 2 of the test if it is more likely than not that a goodwill impairment exists. Upon adoption of the ASU 2010-28, a reporting entity with a reporting unit that has a carrying amounts that is zero or negative is required to assess whether it is more likely than not that the reporting unit's goodwill is impaired.

ASU 2010-28 is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2010.

Nomura adopted ASU 2010-28 from April 1, 2011 and they have not had a material impact on these consolidated financial statements.

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### *Fair value measurement disclosures*

In January 2010, the FASB issued amendments to ASC 820 *Fair Value Measurements and Disclosures* ( ASC 820 ) through issuance of ASU 2010-06 *Improving Disclosures about Fair Value Measurements* ( ASU 2010-06 ). These amendments expand fair value disclosure requirements, including a requirement that information about purchases, sales, issuances and settlements of Level 3 instruments be provided on a gross basis.

The majority of the disclosure requirements of ASU 2010-06 were effective for interim or annual periods beginning after December 15, 2009, which for Nomura was the fourth quarter beginning January 1, 2010. Gross information on purchases, sales, issuances and settlements is required in fiscal years beginning after December 15, 2010 which for Nomura was the fiscal year beginning April 1, 2011.

Because ASU 2010-06 only introduces new disclosures and do not impact upon how Nomura measures fair value, they have not had a material impact on these consolidated financial statements.

### *Revenue recognition of multiple-deliverable revenue arrangements*

In October 2009, the FASB issued amendments to ASC 605 *Revenue Recognition* through issuance of ASU 2009-13 *Multiple-Deliverable Revenue Arrangements-a consensus of the FASB Emerging Issues Task Force* ( ASU 2009-13 ). These amendments revise the accounting for multiple-deliverable arrangements to enable vendors to account for products or services separately rather than as a combined unit.

ASU 2009-13 is effective prospectively from fiscal years beginning on or after June 15, 2010 with early adoption permitted. Nomura adopted these amendments to ASU 2009-13 from April 1, 2011 and they have not had a material impact on these consolidated financial statements.

## **Future accounting developments**

The following new accounting pronouncements relevant to Nomura will be adopted in future periods:

### *Disclosures about offsetting assets and liabilities*

In December 2011, the FASB issued amendments to ASC 210-20 *Balance Sheet Offsetting* ( ASC 210-20 ) through issuance of ASU 2011-11 *Disclosures about Offsetting Assets and Liabilities* ( ASU 2011-11 ). These amendments require a reporting entity to disclose information about rights of offset and related arrangements to enable users of its financial statements to understand the effect or potential effect of those arrangements on its financial position.

ASU 2011-11 is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013 with required disclosures made retrospectively for all comparative periods presented.

Nomura will adopt ASU 2011-11 from April 1, 2013 and does not expect the amendments to have a material impact on these consolidated financial statements, since these amendments only require enhanced disclosures.

### *Goodwill impairment testing*

In September 2011, the FASB issued amendments to ASC 350 through issuance of ASU 2011-08 *Testing Goodwill for Impairment* ( ASU 2011-08 ). These amendments simplify goodwill impairment testing by permitting a reporting entity to initially assess qualitatively whether it is necessary to perform the current quantitative two-step goodwill impairment test required by ASC 350. If the reporting entity determines that it is not more-likely-than-not (i.e. greater than 50%) that a reporting unit's fair value is less than its carrying amount, the quantitative test is not required.

ASU 2011-08 is effective prospectively for goodwill impairment tests performed for fiscal years beginning after December 15, 2011 with early adoption permitted.

Nomura currently expects to adopt ASU 2011-08 from April 1, 2012. Because the amendments only simplify when a quantitative test is required rather than change either the level at which the test is performed or the quantitative test itself, they are not expected to have a material impact on these consolidated financial statements.

### *Presentation of comprehensive income*

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In June 2011, the FASB issued amendments to ASC 220 *Comprehensive Income* ( ASC 220 ) through issuance of ASU 2011-05 *Presentation of Comprehensive Income* ( ASU 2011-05 ). These amendments revise the manner in which reporting entities present comprehensive income in their financial statements. The amendments remove certain presentation options in ASC 220 and require reporting entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements.

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ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 with early adoption permitted.

In December 2011, the FASB issued ASU 2011-12 *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* ( ASU 2011-12 ) which deferred certain aspects of ASU 2011-05.

Nomura currently expects to adopt ASU 2011-05 from April 1, 2012 excluding those aspects that are deferred by ASU 2011-12. Because these amendments only change how comprehensive income is presented within these consolidated financial statements rather than changing whether an item must be reported in other comprehensive income or when an item of other comprehensive income is reclassified to earnings, these amendments are not expected to have a material impact on these consolidated financial statements.

### *Fair value measurements and disclosures*

In May 2011, the FASB issued amendments to ASC 820 through issuance of ASU 2011-04 *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ( ASU 2011-04 ), which amends the descriptions for measuring fair value and existing fair value measurement disclosures and in particular:

Prohibits application of block discounts for all fair value measurements, regardless of classification in the fair value hierarchy, and clarifies how other premiums or discounts should be applied in a fair value measurement;

Allows the fair value of certain financial instruments held in a portfolio to be measured on the basis of the net position being managed if certain criteria are met;

Clarifies that the concepts of highest and best use and valuation premise in a fair value measurement are not relevant for most financial assets and financial liabilities;

Clarifies that the fair value of own equity instrument classified in shareholders' equity and certain liabilities should be measured from the perspective of a market participant that holds the instrument as an asset;

Clarifies that the principal market should be determined based on the market with greatest volume and level that a reporting entity can access, which is usually the market in which the reporting entity usually transacts;

Requires additional qualitative and quantitative disclosures around fair value measurements, including more information around Level 3 inputs.

ASU 2011-04 is effective prospectively during interim and annual periods beginning after December 15, 2011, with early adoption not permitted.

Nomura will adopt ASU 2011-04 from January 1, 2012 and does not expect it to have a material impact on these consolidated financial statements.

### *Accounting for repurchase agreements and similar transactions*

In April 2011, the FASB issued amendments to ASC 860 *Transfers and Servicing* ( ASC 860 ) through issuance of ASU 2011-03 *Reconsideration of Effective Control for Repurchase Agreements* ( ASU 2011-03 ) which modify the effective control criterion for when repurchase agreements and similar transactions are accounted for as secured financing transactions or sales. Currently, when assessing effective control, one of the conditions a transferor has to meet is the ability to repurchase or redeem the financial assets even in the event of default of the

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transferee. This ability is demonstrated through obtaining cash or other collateral sufficient to fund substantially all of the cost to purchase replacement assets should the transferee fail to return the transferred asset. These amendments remove this condition and consequently, the level of cash collateral, haircuts and ongoing margining received by the transferor in a repurchase agreement or other similar agreement is now irrelevant in determining if it should be accounted for as a sale.

ASU 2011-03 is effective prospectively during interim or annual periods beginning on or after December 15, 2011, with early adoption not permitted.

Nomura will adopt ASU 2011-03 from January 1, 2012 and certain Japanese securities lending transactions undertaken after adoption date will be accounted for as secured borrowings rather than sales in these consolidated financial statements as the criteria for derecognition of the transferred financial assets under ASC 860 will no longer be met. The amounts of securities derecognized from the consolidated balance sheets under this type of securities lending transaction as of March 31, 2011 and as of December 31, 2011 were ¥291,870 million and ¥211,452 million, respectively.

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### **3. Fair value of financial instruments:**

#### **The fair value of financial instruments**

A significant amount of Nomura's financial instruments are carried at fair value. Financial assets carried at fair value on a recurring basis are reported in the consolidated balance sheets within *Trading assets and private equity investments*, *Loans and receivables*, *Collateralized agreements* and *Other assets*. Financial liabilities carried at fair value on a recurring basis are reported within *Trading liabilities*, *Short-term borrowings*, *Payables and deposits*, *Collateralized financing*, *Long-term borrowings* and *Other liabilities*.

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

In all cases, fair value is determined in accordance with ASC 820 which defines fair value as the amount that would be exchanged to sell a financial asset or transfer a financial liability in an orderly transaction between market participants at the measurement date. It assumes that the transaction occurs in Nomura's principal market, or in the absence of the principal market, the most advantageous market for the relevant financial assets or financial liabilities.

Financial assets carried at fair value also include investments in certain funds for which Nomura applies ASC 820 where, as a practical expedient, fair value is determined on the basis of net asset value per share ( NAV per share ) if the NAV per share is calculated in accordance with certain industry standard principles.

During the nine months ended December 31, 2011, an insurance company became a subsidiary of Nomura ( insurance subsidiary ). Nomura measures the non-trading securities that are held by the insurance subsidiary at fair value, with changes in fair value recognized through *Other comprehensive income (loss)* in the consolidated statements of comprehensive income on a net-of-tax basis. These non-trading securities are included in *Other assets Non-trading debt securities* and *Other assets Other* in the consolidated balance sheets. As of December 31, 2011, *Non-trading debt securities* includes ¥195 billion of these non-trading debt securities which mainly consist of government, state, municipal and government agency securities. *Non-trading debt securities* recognizes ¥3 billion of related unrealized gains and ¥1 billion of related unrealized losses. *Other Assets Other* includes ¥66 billion of these investments in equity securities for other than operating purpose, ¥2 billion of related unrealized gains and ¥5 billion of related unrealized losses were recognized. *Non-trading debt securities* were sold ¥164 billion, ¥2 billion of related realized gain and no significant amount of related realized loss were recognized for the nine months ended December 31, 2011. *Non-trading debt securities* were sold ¥58 billion, ¥1 billion of related realized gain and no significant amount of related realized loss were recognized for the three months ended December 31, 2011. Investments in equity securities for other than operating purposes were sold ¥8 billion, no significant amount of related realized gain and no significant amount of related realized loss were recognized for the nine months ended December 31, 2011. Investments in equity securities for other than operating purposes were sold ¥2 billion, no significant amount of related realized gain and no significant amount of related realized loss were recognized for the three months ended December 31, 2011. The balance of debt securities consists of ¥12 billion with maturities within one year, ¥46 billion with maturities over one year and within five years, ¥122 billion with maturities over five years and within ten years and ¥15 billion with maturities over ten years. Nomura recognized other-than-temporary impairment loss on non-trading securities in the consolidated statements of operations. ¥1 billion of other-than-temporary impairment loss was recognized for the nine months ended December 31, 2011. ¥1 billion of other-than-temporary impairment loss was recognized for the three months ended December 31, 2011.

Increases and decreases in the fair value of assets and liabilities will significantly impact Nomura's position, performance, liquidity and capital resources. As explained below, valuation techniques applied contain inherent uncertainties and Nomura is unable to predict the accurate impact of future developments in the market. Where appropriate, Nomura uses economic hedging strategies to mitigate its risk, although these hedges are also subject to unpredictable movements in the market.

#### **Valuation methodology for financial instruments carried at fair value on a recurring basis**

The fair value of financial instruments is based on quoted market prices including market indices, broker or dealer quotations or an estimation by management of the expected exit price under current market conditions. Various financial instruments, including cash instruments and over-the-counter ( OTC ) contracts, have bid and offer prices that are observable in the market. These are measured at the point within the bid-offer range which best represents Nomura's estimate of fair value. Where quoted market prices or broker or dealer quotations are not available, prices for similar instruments or valuation pricing models are considered in the determination of fair value.

Where quoted prices are available in active markets, no valuation adjustments are taken to modify the fair value of assets or liabilities marked using such prices. Other instruments may be measured using valuation techniques, such as valuation pricing models incorporating observable

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parameters, unobservable parameters or a combination of both. Valuation pricing models use parameters which would be considered by market participants in valuing similar financial instruments.

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Valuation pricing models and their underlying assumptions impact the amount and timing of unrealized and realized gains and losses recognized, and the use of different valuation pricing models or underlying assumptions could produce different financial results. Valuation uncertainty results from a variety of factors, including the valuation technique or model selected, the quantitative assumptions used within the valuation model, the inputs into the model, as well as other factors. Valuation adjustments are used to reflect the assessment of this uncertainty. Common valuation adjustments include model reserves, credit adjustments, close-out adjustments, and other appropriate instrument-specific adjustments, such as those to reflect transfer or sale restrictions.

The level of adjustments is largely judgmental and is based on an assessment of the factors that management believes other market participants would use in determining the fair value of similar financial instruments. The type of adjustments taken, the methodology for the calculation of these adjustments, and the inputs for these calculations are reassessed periodically to reflect current market practice and the availability of new information.

For example, the fair value of certain financial instruments includes adjustments for credit risk; both with regards to counterparty credit risk on positions held and Nomura's own creditworthiness on positions issued. Credit risk on financial assets is significantly mitigated by credit enhancements such as collateral and netting arrangements. Any net credit exposure is measured using available and applicable inputs for the relevant counterparty. The same approach is used to measure the credit exposure on Nomura's liabilities as is used to measure counterparty credit risk on Nomura's assets.

Such valuation pricing models are calibrated to the market on a regular basis and inputs used are adjusted for current market conditions and risks. The global risk management unit reviews pricing models and assesses model appropriateness and consistency independently of the front office. The model reviews consider a number of factors about a model's suitability for valuation and sensitivity of a particular product. Valuation models are calibrated to the market on a periodic basis by comparison to observable market pricing, comparison with alternative models, and analysis of risk profiles.

As explained above, any changes in fixed income, equity, foreign exchange and commodity markets can impact Nomura's estimates of fair value in the future, potentially affecting trading gains and losses. Where financial contracts have longer maturity dates, Nomura's estimates of fair value may involve greater subjectivity due to the lack of transparent market data available upon which include base assumptions underlying valuation pricing models.

**Table of Contents****Concentrations of credit risk**

Concentrations of credit risk may arise from trading, securities financing transactions and underwriting activities, and may be impacted by changes in political or economic factors. Nomura has credit risk concentrations on bonds issued by the Japanese government, U.S. government, governments within the European Union ( EU ), their states and municipalities, and their agencies. These concentrations generally arise from taking trading securities positions and are reported within *Trading assets* in the consolidated balance sheets. Government, state, municipal, and government agency securities, including *Securities pledged as collateral*, represented 19% of total assets as of March 31, 2011 and 17% as of December 31, 2011. The following tables present geographic allocations of Nomura's trading assets related to government, state, municipal, and government agency securities. See Note 4. *Derivative instruments and hedging activities* about the concentration of credit risk for derivatives.

	Billions of yen				
	March 31, 2011				
	Japan	U.S.	EU	Other	Total <sup>(1)</sup>
Governments, states, municipalities and their agencies	¥ 2,822	¥ 1,184	¥ 2,640	¥ 370	¥ 7,016

	Billions of yen				
	December 31, 2011				
	Japan	U.S.	EU	Other	Total <sup>(1)</sup>
Governments, states, municipalities and their agencies	¥ 2,472	¥ 1,164	¥ 1,837	¥ 317	¥ 5,790

- (1) Other than above, there were ¥410 billion of government, state, municipal and agency securities in *Other assets Non-trading debt securities* as of March 31, 2011 and ¥633 billion as of December 31, 2011. The vast majority of these securities are Japanese government, state, municipal and agency securities.

**Fair value hierarchy**

All financial instruments measured at fair value, including those carried at fair value using the fair value option, have been categorized into a three-level hierarchy (the fair value hierarchy) based on the transparency of inputs used by Nomura to estimate fair value. A financial instrument is classified in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement of the instrument. The three levels of the fair value hierarchy are defined as follows, with Level 1 representing the most transparent inputs and Level 3 representing the least transparent inputs:

## Level 1:

Unadjusted quoted prices in active markets for identical assets or liabilities accessible by Nomura at the measurement date.

## Level 2:

Quoted prices in inactive markets or prices containing other inputs which are observable, either directly or indirectly. Valuation techniques using observable inputs reflect assumptions used by market participants in pricing financial instruments and are based on data obtained from independent market sources at the measurement date.

## Level 3:

Unobservable inputs that are significant to the fair value measurement of the financial instrument. Valuation techniques using unobservable inputs reflect management's assumptions about the estimates used by other market participants in valuing similar financial instruments. These valuation techniques are developed based on the best available information at the measurement date.

The availability of inputs observable in the market varies by product and can be affected by a variety of factors. Significant factors include, but are not restricted to the prevalence of similar products in the market, especially for customized products, how established the product is in the market, for example, whether it is a new product or is relatively mature, and the reliability of information provided in the market which would depend, for example, on the frequency and volume of current data. A period of significant change in the market may reduce the availability of observable data. Under such circumstances, financial instruments may be reclassified into a lower level in the fair value hierarchy.

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Significant judgments used in determining the classification of financial instruments include the nature of the market in which the product would be traded, the underlying risks, the type and liquidity of market data inputs and the nature of observed transactions for similar instruments.

Where valuation models include the use of parameters which are less observable or unobservable in the market, significant management judgment is used in establishing fair value. The valuations for Level 3 financial instruments, therefore, involve a greater degree of judgment than those valuations for Level 1 or Level 2 financial instruments.

Certain criteria management use to determine whether a market is active or inactive include the number of transactions, the frequency that pricing is updated by other market participants, the variability of price quotes among market participants, and the amount of publicly available information.

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The following tables present the amounts of Nomura's financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2011 and December 31, 2011 within the fair value hierarchy. The presentation as of March 31, 2011 has been reclassified to conform assets and liabilities classification of the current period presentation.

	Billions of yen March 31, 2011				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting <sup>(1)</sup>	Balance as of March 31, 2011
<b>Assets:</b>					
Trading assets and private equity investments <sup>(2)</sup>					
Equities <sup>(3)</sup>	¥ 951	¥ 1,230	¥ 121	¥	¥ 2,302
Private equity <sup>(3)</sup>			289		289
Japanese government securities	2,663				2,663
Japanese agency and municipal securities		159			159
Foreign government, agency and municipal securities	3,382	789	23		4,194
Bank and corporate debt securities and loans for trading purposes		1,568	51		1,619
Commercial mortgage-backed securities ( CMBS )		171	28		199
Residential mortgage-backed securities ( RMBS )		1,963	3		1,966
Mortgage and other mortgage-backed securities		2	128		130
Collateralized debt obligations ( CDO ) and other		72	34		106
Investment trust funds and other	85	29	10		124
<b>Total cash instruments</b>	<b>7,081</b>	<b>5,983</b>	<b>687</b>		<b>13,751</b>
<b>Derivatives<sup>(5)</sup></b>					
Equity contracts	653	721	98		1,472
Interest rate contracts	16	11,750	203		11,969
Credit contracts		1,863	203		2,066
Foreign exchange contracts	0	1,266	49		1,315
Commodity contracts	29	64	4		97
Netting				(15,428)	(15,428)
<b>Total derivatives</b>	<b>698</b>	<b>15,664</b>	<b>557</b>	<b>(15,428)</b>	<b>1,491</b>
<b>Subtotal</b>	<b>¥ 7,779</b>	<b>¥ 21,647</b>	<b>¥ 1,244</b>	<b>¥ (15,428)</b>	<b>¥ 15,242</b>
Loans and receivables <sup>(6)</sup>		543	11		554
Collateralized agreements <sup>(7)</sup>		904			904
<b>Other assets</b>					
Non-trading debt securities	513	79	0		592
Other	121	0	25		146
<b>Total</b>	<b>¥ 8,413</b>	<b>¥ 23,173</b>	<b>¥ 1,280</b>	<b>¥ (15,428)</b>	<b>¥ 17,438</b>
<b>Liabilities:</b>					
<b>Trading liabilities</b>					
Equities	¥ 1,444	¥ 91	¥	¥	¥ 1,535
Japanese government securities	1,588				1,588
Japanese agency and municipal securities		2			2
Foreign government, agency and municipal securities	3,018	509			3,527
Bank and corporate debt securities		316			316
Commercial mortgage-backed securities ( CMBS )		1			1

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Residential mortgage-backed securities ( RMBS )			0		0
Collateralized debt obligations ( CDO ) and other			0		0
Investment trust funds and other	64				64
<b>Total cash instruments</b>	<b>6,114</b>	<b>919</b>			<b>7,033</b>
Derivatives <sup>(5)</sup>					
Equity contracts	723	784	70		1,577
Interest rate contracts	15	11,861	192		12,068
Credit contracts		1,835	258		2,093
Foreign exchange contracts	0	1,341	47		1,388
Commodity contracts	19	82	6		107
Netting				(15,577)	(15,577)
<b>Total derivatives</b>	<b>757</b>	<b>15,903</b>	<b>573</b>	<b>(15,577)</b>	<b>1,656</b>
<b>Subtotal</b>	<b>¥ 6,871</b>	<b>¥ 16,822</b>	<b>¥ 573</b>	<b>¥ (15,577)</b>	<b>¥ 8,689</b>
Short-term borrowings <sup>(8)</sup>		182	1		183
Payables and deposits <sup>(9)</sup>		0	1		1
Collateralized financing <sup>(7)</sup>		332			332
Long-term borrowings <sup>(8)(10)(11)</sup>	126	1,663	144		1,933
Other liabilities	44				44
<b>Total</b>	<b>¥ 7,041</b>	<b>¥ 18,999</b>	<b>¥ 719</b>	<b>¥ (15,577)</b>	<b>¥ 11,182</b>

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	Billions of yen December 31, 2011				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting <sup>(1)</sup>	Balance as of December 31, 2011
<b>Assets:</b>					
Trading assets and private equity investments <sup>(2)</sup>					
Equities <sup>(3)</sup>	¥ 505	¥ 1,144	¥ 123	¥	¥ 1,772
Private equity <sup>(3)</sup>			275		275
Japanese government securities	2,386				2,386
Japanese agency and municipal securities		86	0		86
Foreign government, agency and municipal securities	2,539	754	25		3,318
Bank and corporate debt securities and loans for trading purposes		1,271	78		1,349
Commercial mortgage-backed securities ( CMBS )		118	13		131
Residential mortgage-backed securities ( RMBS )		1,705	18		1,723
Mortgage and other mortgage-backed securities		1	109		110
Collateralized debt obligations ( CDO ) and other		107	19		126
Investment trust funds and other	92	29	10		131
<b>Total cash instruments</b>	<b>5,522</b>	<b>5,215</b>	<b>670</b>		<b>11,407</b>
<b>Derivatives<sup>(5)</sup></b>					
Equity contracts	493	890	37		1,420
Interest rate contracts	14	19,707	109		19,830
Credit contracts	0	2,077	315		2,392
Foreign exchange contracts	0	1,342	111		1,453
Commodity contracts	1	9	5		15
Netting				(23,645)	(23,645)
<b>Total derivatives</b>	<b>508</b>	<b>24,025</b>	<b>577</b>	<b>(23,645)</b>	<b>1,465</b>
<b>Subtotal</b>	<b>¥ 6,030</b>	<b>¥ 29,240</b>	<b>¥ 1,247</b>	<b>¥ (23,645)</b>	<b>¥ 12,872</b>
Loans and receivables <sup>(6)</sup>		325	9		334
Collateralized agreements <sup>(7)</sup>		864			864
Other assets					
Non-trading debt securities	642	189	5		836
Other <sup>(3)</sup>	193	10	84		287
<b>Total</b>	<b>¥ 6,865</b>	<b>¥ 30,628</b>	<b>¥ 1,345</b>	<b>¥ (23,645)</b>	<b>¥ 15,193</b>
<b>Liabilities:</b>					
<b>Trading liabilities</b>					
Equities	¥ 841	¥ 141	¥	¥	¥ 982
Japanese government securities	1,143				1,143
Japanese agency and municipal securities		7			7
Foreign government, agency and municipal securities	2,019	346			2,365
Bank and corporate debt securities		269			269
Commercial mortgage-backed securities ( CMBS )		0			0
Residential mortgage-backed securities ( RMBS )		1			1
Collateralized debt obligations ( CDO ) and other		0			0
Investment trust funds and other	22	1			23

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Total cash instruments	4,025	765			4,790
Derivatives <sup>(5)</sup>					
Equity contracts	551	923	32		1,506
Interest rate contracts	21	19,641	147		19,809
Credit contracts	0	2,165	318		2,483
Foreign exchange contracts		1,213	94		1,307
Commodity contracts	1	9	6		16
Netting				(23,688)	(23,688)
Total derivatives	573	23,951	597	(23,688)	1,433
Subtotal	¥ 4,598	¥ 24,716	¥ 597	¥ (23,688)	¥ 6,223
Short-term borrowings <sup>(8)</sup>		144	1		145
Payables and deposits <sup>(9)</sup>		0	(0)		0
Collateralized financing <sup>(7)</sup>		190			190
Long-term borrowings <sup>(8)(10)(11)</sup>	120	1,616	51		1,787
Other liabilities	78	7			85
Total	¥ 4,796	¥ 26,673	¥ 649	¥ (23,688)	¥ 8,430

- (1) Represents the amount offset under counterparty netting of derivative assets and liabilities as well as cash collateral netting against net derivatives.
- (2) Includes investments in certain funds measured at fair value on the basis of NAV per share as a practical expedient.
- (3) Includes equity investments that would have been accounted for under the equity method had Nomura not chosen to elect the fair value option.
- (4) Includes collateralized loan obligations (CLO) and asset-backed securities (ABS) (e.g., credit card loans, auto loans, student loans and etc.).
- (5) Each derivative classification includes derivatives referencing multiple risk components. For example, interest rates contracts include complex derivatives referencing interest rate risk as well as foreign exchange risk or other factors such as prepayment speeds. Credit contracts include credit default swaps as well as derivatives referencing corporate and government bonds.
- (6) Includes loans elected the fair value option.
- (7) Includes collateralized agreements or collateralized financing elected the fair value option.
- (8) Includes structured notes elected the fair value option.
- (9) Includes embedded derivatives bifurcated from deposits received at banks. If unrealized gains are greater than unrealized losses, deposits are reduced by the excess amount.
- (10) Includes embedded derivatives bifurcated from issued structured notes. If unrealized gains are greater than unrealized losses, borrowings are reduced by the excess amount.
- (11) Includes liabilities recognized from secured financing transactions that are accounted for as financings rather than sales. Nomura elected the fair value option for these liabilities.

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**Table of Contents****Valuation methodology by major class of financial asset and financial liability**

The valuation methodology used by Nomura to estimate fair value for major classes of financial assets and financial liabilities, together with the significant inputs which determine classification in the fair value hierarchy, is as follows:

*Equities* Equities include direct holdings of both listed and unlisted equity securities, and fund investments. Listed equity securities are valued using quoted prices for identical securities from active markets where available. These valuations should be in line with market practice and therefore can be based on bid/offer prices as applicable or mid-market prices. Nomura determines whether the market is active depending on the sufficiency and frequency of trading activity. Where these securities are classified in Level 1 of the fair value hierarchy, no valuation adjustments are made to fair value, even if Nomura has a large block holding and the block could not be disposed of in its entirety at the quoted price. Listed equities traded in inactive markets are valued using the exchange price as adjusted to reflect liquidity and bid offer spreads and are classified in Level 2. Unlisted equity securities are valued using the same methodology as private equity investments described below and are usually classified as Level 3 because of the management judgment involved. As a practical expedient, fund investments are generally valued using NAV per share where available. Publicly traded mutual funds which are valued using a daily NAV per share are classified as Level 1. Investments in funds where Nomura has the ability to redeem its investment with the investee at NAV per share as of the balance sheet date or within the near term are classified as Level 2. Investments in funds where Nomura does not have the ability to redeem in the near term or does not know when it can redeem are classified as Level 3.

*Private equity* The valuation of unlisted private equity investments requires significant management judgment because the investments, by their nature, have little or no price transparency. Private equity investments are initially carried at cost as an approximation of fair value. Adjustments to carrying value are made if there is third-party evidence of a change in value. Adjustments are also made, in the absence of third-party transactions, if it is determined that the expected exit price of the investment is different from the carrying value. In reaching that determination, Nomura primarily uses either its own internal valuation models based on estimated future cash flows to be generated from the underlying investment, discounted at a weighted average cost of capital or comparable market multiple valuations such as EV/EBITDA (Enterprise Value/EBITDA), PE Ratio (Price/Earnings Ratio), Price/Embedded Value Ratio and other multiples based on relationships between numbers reported in the financial statements and the price of comparable companies. Where possible these valuations are compared with the operating cash flows and financial performance of the companies or properties relative to budgets or projections, price/earnings data for similar quoted companies, trends within sectors and/or regions and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. Private equity investments are generally classified as Level 3.

*Government, state, municipal and agency securities* Japanese and other G7 government securities are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources. These securities are traded in active markets and therefore are classified within Level 1 of the fair value hierarchy. Non-G7 government securities, agency securities and municipal securities are valued using similar pricing sources but are generally classified as Level 2 as they are traded in markets that are not considered to be active. Certain non-G7 securities may be classified as Level 1 because they trade in active markets. Certain securities may be classified as Level 3 because they trade infrequently and there is not sufficient information from comparable securities to classify them as Level 2.

*Corporate debt securities* The valuation of corporate debt securities is primarily performed using internal models and market inputs such as price quotes and recent market transactions of identical or similar debt, yield curves, asset swap spreads and credit default spreads. Most corporate debt securities are classified in Level 2 because the modeling inputs are usually observable. Certain corporate debt securities may be classified as Level 1 because they trade in active markets where there is sufficient information from a liquid exchange or multiple sources and they are valued using an unadjusted quote for an identical instrument. Certain securities may be classified as Level 3 because they trade infrequently and there is insufficient information from comparable securities to classify them as Level 2.

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*Commercial mortgage-backed securities ( CMBS ) and Residential mortgage-backed securities ( RMBS )* The fair value of CMBS and RMBS is estimated using quoted market prices, recent market transactions or by reference to a comparable market index. CMBS and RMBS securities are classified primarily as Level 2 if all significant inputs are observable. For certain asset classes, no direct pricing sources or comparable indices are available and valuation is based on a combination of indices. These securities are classified as Level 3.

*Mortgage and other mortgage-backed securities* The fair value of other mortgage backed securities is estimated using quoted market prices, recent market transactions or by reference to a comparable market index. Where all significant inputs are observable, the securities will be classified as Level 2. For certain securities, no direct pricing sources or comparable securities or indices may be available. These securities are classified as Level 3.

*Collateralized debt obligations ( CDO ) and other CDOs* are valued using internal models where quoted market prices do not exist. Key inputs used by the model include market spread data for each credit rating, prepayment speeds, recovery rates and default probabilities. Where all significant inputs are observable, the securities will be classified as Level 2. Since some of these inputs are unobservable, certain CDOs are classified as Level 3 where the unobservable inputs are significant.

*Investment trust funds and other* Investment trust funds are generally valued using NAV per share. Publicly traded funds which are valued using a daily NAV per share are classified as Level 1. For funds that are not publicly traded but Nomura has the ability to redeem its investment with the investee at NAV per share on the balance sheet date or within the near term, the investments are classified as Level 2. Investments where Nomura does not have the ability to redeem in the near term or does not know when it can redeem are classified as Level 3.

*Derivatives* Exchange-traded derivatives are usually valued using unadjusted quoted market prices and are therefore classified as Level 1. Where exchange-traded derivatives are not valued at the exchange price due to timing differences, these are classified as Level 2. OTC derivatives are valued by internal models using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Valuation techniques include simple discounted expected cash flow techniques and Black-Scholes and Monte Carlo simulations. For OTC derivatives that trade in liquid markets, such as plain vanilla forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgment. OTC derivatives are classified within Level 2 of the fair value hierarchy when all of the significant inputs can be corroborated to market evidence. Derivatives that are valued using models with significant unobservable inputs such as correlation, long-dated volatility, credit curves or other unobservable inputs are classified within Level 3. Examples of derivatives classified as Level 3 by Nomura include exotic interest rate derivatives, exotic foreign exchange derivatives, exotic equity derivatives, exotic derivatives including a combination of interest rate, foreign exchange and equity risks and certain other transactions including long-dated or exotic credit derivatives. Valuation adjustments are recorded to model valuations which do not calibrate to market and consider all factors that would impact fair value including bid offer, liquidity and credit risk; both with regards to counterparty credit risk on derivative assets and Nomura's own creditworthiness on derivative liabilities.

*Loans* Loans carried at fair value either as trading assets or through election of the fair value option are valued primarily through internal models using similar inputs to corporate debt securities as quoted prices are usually not available. Where there are no significant inputs which are unobservable, loans are classified as Level 2. Certain loans, however, may be classified as Level 3 because they are traded infrequently and there is not sufficient information from comparable securities to classify them as Level 2.

*Collateralized agreements and Collateralized financing* Resale and repurchase agreements carried at fair value through election of the fair value option are valued using discounted cash flow models. Key inputs include expected future cash flows, interest rates and collateral funding spreads such as general collateral or special rates. Resale and repurchase agreements are generally classified in Level 2 of the fair value hierarchy as unobservable inputs are not significant. Where the unobservable inputs are significant, they will be classified in Level 3.

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*Non-trading debt securities* These are debt securities held by certain non-broker dealer subsidiaries in the group and are valued and classified in the fair value hierarchy using the same methodology used for other debt securities classified as *government, agency and municipal bonds* and *bank and corporate debt securities* described above.

*Short-term and long-term borrowings ( Structured notes )* Structured notes are debt securities issued by Nomura which contain embedded features that alter the return to the investor from simply receiving a fixed or floating rate of interest to a return that depends upon some other variables, such as an equity or equity index, commodity price, foreign exchange rate, credit rating of a third party or a more complex interest rate. The fair value of structured notes is estimated using a quoted price in an active market for the identical liability if available, and where not available, using a mixture of valuation techniques that use the quoted price of the identical liability when traded as an asset, quoted prices for similar liabilities, similar liabilities when traded as assets, and also the amount at the measurement date that Nomura would pay to transfer the identical liability or would receive if the identical liability is entered at the measurement date. The fair value of structured notes includes an adjustment to reflect Nomura's own creditworthiness. This adjustment can differ depending on the market in which the structured note is issued and traded. Structured notes are generally classified in Level 2 of the fair value hierarchy as unobservable inputs are not significant. Where the unobservable inputs are significant, they will be classified in Level 3.

*Long-term borrowings ( Secured financing transactions )* Secured financing transactions are liabilities recognized when a transfer of a financial asset does not meet the criteria for sales accounting under ASC 860 and therefore the transaction is accounted for as a secured borrowing. This liability is valued using the same methodology that is applied to the transferred financial assets which remain on the consolidated balance sheets and is therefore classified in the same level in the fair value hierarchy as the transferred financial assets. These liabilities do not provide general recourse to Nomura and therefore no adjustment is made to reflect Nomura's own creditworthiness.

**Level 3 financial assets and financial liabilities**

Level 3 financial assets and financial liabilities consist of instruments whose valuations are significantly dependent on inputs which are unobservable in the market.

Financial instruments classified as Level 3 are often hedged with instruments within Level 1 or Level 2 of the fair value hierarchy. The gains or losses presented below do not reflect the offsetting gains or losses for these hedging instruments. Level 3 instruments are also measured using both observable and unobservable inputs. Fair value changes presented below, therefore, reflect realized and unrealized gains and losses resulting from movements in both observable and unobservable parameters.

The following tables in this note that relate to the nine months ended December 31, 2010 and the three months ended December 31, 2010 are prepared in accordance with the disclosure requirements in effect prior to certain amendments to ASC 820 that Nomura adopted during the year ended March 31, 2011.

The following tables present the gains and losses as well as increases and decreases of assets and liabilities measured at fair value on a recurring basis which Nomura classified as Level 3 for the nine months ended December 31, 2010 and 2011 and three months ended December 31, 2010 and 2011.

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	Billions of yen								
	Nine months ended December 31, 2010								
	Unrealized and realized gains/losses included in revenue								
Opening balance as of nine months ended December 31, 2010	Net gain (loss) on trading	Gain (loss) on investments in equity securities and other <sup>(1)</sup>	Gain (loss) on private equity investments	Interest and dividends / Interest expense	Total unrealized and realized gains / (losses)	Purchases (issuances) / sales (redemption) and settlement <sup>(2)(3)</sup>	Net transfers in / (out of) Level 3 <sup>(4)</sup>	Balance as of nine months ended December 31, 2010	
<b>Assets:</b>									
Trading assets and private equity investments									
Equities	¥ 164	¥ (0)	¥	¥	¥ (0)	¥ (0)	¥ (34)	¥ (8)	¥ 122
Private equity	325			(5)	0	(5)	(23)		297
Japanese agency and municipal securities									
	0	0				0	3	(3)	
Foreign government, agency and municipal securities									
	22	2				2	4	(8)	20
Bank and corporate debt securities and loans for trading purposes									
	131	6			0	6	3	(2)	138
Commercial mortgage-backed securities ( CMBS )									
	27	3				3	(1)	(8)	21
Residential mortgage-backed securities ( RMBS )									
	4	1				1	(1)	0	4
Mortgage and other mortgage-backed securities									
	117	1				1	23	2	143
Collateralized debt obligations ( CDO ) and other									
	43	1				1	(17)	2	29
Investment trust funds and other									
	10	1				1	(1)		10
Total cash instruments	843	15		(5)	(0)	10	(44)	(25)	784
Derivatives, net <sup>(5)</sup>									
Equity contracts	32	17				17	(8)	8	49
Interest rate contracts	9	81				81	(69)	(10)	11
Credit contracts	(58)	(36)				(36)	49	7	(38)
Foreign exchange contracts	(2)	(2)				(2)	(1)	5	0
Commodity contracts	(0)	0				0	(0)	(1)	(1)
Total derivatives, net	(19)	60				60	(29)	9	21
Subtotal	¥ 824	¥ 75	¥	¥ (5)	¥ (0)	¥ 70	¥ (73)	¥ (16)	¥ 805
Loans and receivables									
	10	0				0	9	(6)	13
Other assets									
	38	(0)	2			2	(1)	(13)	26
Total	¥ 872	¥ 75	¥ 2	¥ (5)	¥ (0)	¥ 72	¥ (65)	¥ (35)	¥ 844
<b>Liabilities:</b>									
Trading liabilities									
Equities	¥ 0	¥ (0)	¥	¥	¥	¥ (0)	¥ 0	¥ (0)	¥
Foreign government, agency and municipal securities									
		0				0	0		0

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Bank and corporate debt securities	0	0				0	(0)			0
Subtotal	¥ 0	¥ 0	¥	¥	¥	¥ 0	¥ (0)	¥	(0)	¥ 0
Short-term borrowings	9	1				1	(7)		(0)	1
Payables and deposits	0	(0)				(0)	(0)		(0)	(0)
Long-term borrowings	(127)	80				80	268		7	68
Total	¥ (118)	¥ 81	¥	¥	¥	¥ 81	¥ 261	¥	7	¥ 69

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	Billions of yen								
	Nine months ended December 31, 2011								
	Beginning balance as of nine months ended December 31, 2011	Net gain (loss) <sup>(6)</sup>	Other comprehensive income (loss)	Purchases/ issuances <sup>(7)</sup>	Sales/ redemption <sup>(7)</sup>	Settlement	Foreign exchange movements	Net transfers in / (out of) Level 3 <sup>(4)</sup>	Balance as of nine months ended December 31, 2011
<b>Assets:</b>									
Trading assets and private equity investments									
Equities	¥ 121	¥ (13)	¥	¥ 47	¥ (17)	¥	¥ (4)	¥ (11)	¥ 123
Private equity	289	22		4	(30)		(10)		275
Japanese agency and municipal securities		0		5	(5)				0
Foreign government, agency and municipal securities	23	7		265	(260)			(10)	25
Bank and corporate debt securities and loans for trading purposes	51	(0)		122	(106)		(2)	13	78
Commercial mortgage-backed securities ( CMBS )	28	0		6	(23)		(1)	3	13
Residential mortgage-backed securities ( RMBS )	3	(0)		3	(1)		(0)	13	18
Mortgage and other mortgage-backed securities	128	2		7	(28)		(0)		109
Collateralized debt obligations ( CDO ) and other	34	(1)		12	(15)		(1)	(10)	19
Investment trust funds and other	10	0		2	(2)		(0)		10
Total cash instruments	687	17		473	(487)		(18)	(2)	670
Derivatives, net <sup>(5)</sup>									
Equity contracts	28	(8)				(11)	(1)	(3)	5
Interest rate contracts	11	(1)				(28)	(6)	(14)	(38)
Credit contracts	(55)	14				36	3	(1)	(3)
Foreign exchange contracts	2	20				(5)	(0)	0	17
Commodity contracts	(2)	0				(1)	(0)	2	(1)
Total derivatives, net	(16)	25				(9)	(4)	(16)	(20)
Subtotal	¥ 671	¥ 42	¥	¥ 473	¥ (487)	¥ (9)	¥ (22)	¥ (18)	¥ 650
Loans and receivables	11	(1)		5	(5)		(1)		9
Other assets									
Non-trading debt securities	0	0	(0)	7	(2)		(0)		5
Other	25	1	(0)	66	(8)		(0)	0	84
Total	¥ 707	¥ 42	¥ (0)	¥ 551	¥ (502)	¥ (9)	¥ (23)	¥ (18)	¥ 748
<b>Liabilities:</b>									
Trading liabilities									
Bank and corporate debt securities	¥	¥	¥	¥ 1	¥ (1)	¥	¥	¥	¥

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Subtotal	¥	¥	¥	¥	1	¥	(1)	¥	¥	¥	¥
Short-term borrowings	1	0			16	(15)			0	(1)	1
Payables and deposits	1	(0)			(0)	(1)					(0)
Long-term borrowings	144	8			81	(108)			(14)	(44)	51
Total	¥ 146	¥ 8	¥		¥ 98	¥ (125)	¥		¥ (14)	¥ (45)	¥ 52

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	Billions of yen								
	Three months ended December 31, 2010								
	Unrealized and realized gains/losses included in revenue								
	Opening balance as of three months ended December 31, 2010	Net gain (loss) on trading	Gain (loss) on investments in equity securities and other <sup>(1)</sup>	Gain (loss) on private equity investments	Interest and dividends / Interest expense	Total unrealized and realized gains / (losses)	Purchases (issuances) / sales (redemption), and settlement <sup>(2)(3)</sup>	Net transfers in / (out of) Level 3 <sup>(4)</sup>	Balance as of three months ended December 31, 2010
Assets:									
Trading assets and private equity investments									
Equities	¥ 135	¥ 0	¥	¥	¥ (0)	¥ 0	¥ (7)	¥ (6)	¥ 122
Private equity	310			(3)	0	(3)	(10)		297
Japanese agency and municipal securities	3							(3)	
Foreign government, agency and municipal securities	30	1				1	3	(14)	20
Bank and corporate debt securities and loans for trading purposes	118	3			0	3	16	1	138
Commercial mortgage-backed securities ( CMBS )	10	3				3	2	6	21
Residential mortgage-backed securities ( RMBS )	6	1				1	(0)	(3)	4
Mortgage and other mortgage-backed securities	161	(1)				(1)	(17)		143
Collateralized debt obligations ( CDO ) and other	26	2				2	(4)	5	29
Investment trust funds and other	10	(0)							