NOMURA HOLDINGS INC
Form 6-K
December 18, 2015
Table of Contents

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 December 2015

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 __X__ 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): ______

Table of Contents

Incorporation by Reference

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

Information furnished on this form:

EXHIBITS

Exhibit Number	
1.	Nomura Holdings, Inc. Interim Operating and Financial Review
15.	Acknowledgment Letter of Ernst & Young ShinNihon LLC
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

Table of Contents

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: December 18, 2015

By: /s/ Hajime Ikeda
Hajime Ikeda
Senior Managing Director

Table of Contents

Exhibit 1

NOMURA HOLDINGS, INC.

INTERIM OPERATING AND FINANCIAL REVIEW

TABLE OF CONTENTS

Presentation of Financial and Other Information	1
Recent Developments	2
Risk Factors	7
Operating and Financial Review and Prospects	9
Interim Consolidated Financial Statements (UNAUDITED)	
Consolidated Balance Sheets as of March 31, 2015 and September 30, 2015	F-2
Consolidated Statements of Income for the Six Months Ended September 30, 2014 and 2015 and Three Months Ended September 30, 2014 and 2015	F-5
Consolidated Statements of Comprehensive Income for the Six Months Ended September 30, 2014 and 2015 and Three Months Ended September 30, 2014 and 2015	F-7
Consolidated Statements of Changes in Equity for the Six Months Ended September 30, 2014 and 2015	F-8
Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2014 and 2015	F-9
Notes to the Interim Consolidated Financial Statements	F-10
Report of Independent Registered Public Accounting Firm	F-95

Presentation of Financial and Other Information

As used in this Form 6-K, references to the Company , Nomura , Nomura Group , we , us and our are to Nomura Holdings, Inc. and, except context otherwise requires, its consolidated subsidiaries. As part of certain line items in Nomura s financial statements and information included in this Form 6-K, references to NHI are to Nomura Holdings, Inc.

Unless otherwise stated, references in this Form 6-K to yen and ¥ are to the lawful currency of Japan and references to U.S. dollars and $ are to the lawful currency of the United States of America (U.S.).

All ownership data with respect to us presented in this Form 6-K is presented based on the voting interest directly or indirectly held by us. Our voting interest is presented in accordance with Japanese reporting requirements, pursuant to which the amount presented with respect to each subsidiary is the percentage of voting rights of such subsidiary held directly by us or our subsidiaries. For example, wholly-owned subsidiaries of our subsidiaries are listed as 100%, regardless of the level of our direct interest in the intermediate subsidiaries.

Amounts shown within this Form 6-K have been rounded to the nearest indicated digit unless otherwise specified. In tables and graphs with rounded figures, sums may not add up due to rounding.

Except as otherwise indicated, all financial information with respect to us presented in this Form 6-K is presented on a consolidated basis. Our fiscal year ends on March 31 of each year. We prepare interim consolidated financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Our interim consolidated financial statements, including the notes thereto, for the six months ended September 30, 2014 and 2015 are included elsewhere in this Form 6-K. The interim consolidated financial statements included in this Form 6-K have been reviewed in accordance with the standards of the Public Company Accounting Oversight Board (United States) by our independent auditors.

Table of Contents

Recent Developments

Recent Developments in Capital Adequacy Regulations. In December 2010, the Basel Committee on Banking Supervision (Basel Committee) issued the overall reform package on capital adequacy ratio, liquidity and leverage ratio from Basel II (Basel III) in order to promote a more resilient banking sector. The Basel Committee has been reviewing the Basel III package and has published various proposals. After the implementation of the Capital Adequacy Notice on Final Designated Parent Company, which was revised to be in line with Basel III, the Financial Services Agency of Japan (FSA) has been considering further revisions, taking into consideration the series of proposals published by the Basel Committee. In addition to Basel III, implementation of new regulations or strengthening of existing regulations have been determined or are under consideration by internal organizations such as the G-20, Financial Stability Board (FSB), International Organization of Securities Commissions (IOSCO) and Basel Committee, or governmental and self-regulatory organizations in Japan and in virtually all other jurisdictions in which we operate. The FSB and the Basel Committee at the Group of Twenty (G-20) summit in November 2011 identified global systemically important banks (G-SIBs) on which additional capital requirements will be imposed and updates the list of G-SIBs in November of each year. We have not been designated as a G-SIB in the past, since November 2013, and we were not designated as a G-SIB in November 2015. The Basel Committee published updated assessment methodology and the higher loss absorbency requirement on G-SIBs, as well as disclosure requirements on G-SIBs evaluation indices, and such disclosure requirements were made effect by the FSA on March 2014. Also, the Basel Committee developed and published a set of principles on the assessment methodology and the higher loss absorbency requirement for domestic systemically important banks (D-SIBs), extending the framework for G-SIBs to D-SIBs. We were designated as a D-SIB in December 2015 by the FSA. In addition, the FSB and the IOSCO have published assessment methodologies for identifying Non-bank Non-insurer Global Systemically Important Financial Institutions (NBNI G-SIFIs), for public consultation.

Regulatory Developments in the U.S. and the U.K. Our overseas offices and subsidiaries are also subject to various laws, rules and regulations applicable in the countries where they conduct their operations, including, but not limited to those promulgated and enforced by the U.S. Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), the U.S. Treasury, the Financial Stability Oversight Council, the New York Stock Exchange, the Financial Industry Regulatory Authority (a private organization with quasi-governmental authority and a regulator for all securities companies doing business in the U.S.), the National Futures Association (a self-regulatory organization for the U.S. derivatives industry) in the U.S.; and by the Prudential Regulation Authority (U.K. PRA), the Financial Conduct Authority (U.K. FCA), and the London Stock Exchange in the U.K. We are also subject to international money laundering and related regulations in various countries. For example, the USA PATRIOT Act of 2001 contains measures to prevent, detect and prosecute terrorism and international money laundering by imposing significant compliance and due diligence obligations and creating crimes and penalties. The Foreign Account Tax Compliance Act (FATCA) which was enacted in 2010 requires foreign financial institutions (FFIs) to report to the U.S. Internal Revenue Service information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. As a result, Nomura will be subject to certain reporting requirements consistent with a mutual agreement between Japanese governmental authorities and the U.S. Treasury Department. Failure to comply with such laws, rules or regulations could result in fines, suspension or expulsion, which could materially and adversely affect us.

In response to the financial markets crisis, governments and regulatory authorities in various jurisdictions have made and continue to make numerous proposals to reform the regulatory framework for, or impose a tax or levy upon, the financial services industry to enhance its resilience against future crises, contribute to the relevant economy generally or for other purposes. In July 2010, the U.S. enacted the Dodd-Frank Act, which is now the subject of a multi-agency rulemaking process. The rulemakings include the following: (i) create a tighter regulatory framework for OTC derivatives to promote transparency and impose conduct rules in that marketplace; (ii) establish a process for designating nonbank financial firms as Systemically Important Financial Institutions (SIFIs), subject to increased (and sometimes new) prudential oversight including early remediation, capital standards, resolution authority and new regulatory fees; (iii) prohibit material conflicts of interest between firms that package and sell asset-backed securities (ABS) and firms that invest in ABS; (iv) establish risk retention requirements for ABS; and (v) rules related to the orderly liquidation of certain broker dealers; (vi) annual stress tests; (vii) a number of executive compensation mandates, including rules to curtail incentive compensation that promotes excessive risk taking and listing standards for recovery of erroneously awarded compensation. The new regulatory framework for OTC derivatives includes mandates for clearing transactions with designated clearing organizations, exchange trading, new capital requirements, bilateral and variation margin for non-cleared derivatives, reporting and recordkeeping, and internal and external business conduct rules. Some U.S. derivatives and executive compensation rules may be applied extraterritorially and therefore impact some non-U.S. Nomura entities.

Table of Contents

Other aspects of the Dodd-Frank Act and related rulemakings include provisions that (i) prohibit deposit-taking banks and their affiliates from engaging in proprietary trading and limit their ability to make investments in hedge funds and private equity funds (the so-called Volcker Rule); (ii) empower regulators to liquidate failing nonbank financial companies that are systemically important; (iii) provide for new systemic risk oversight and increased capital requirements for both bank and non-bank SIFIs; (iv) provide for a broader regulatory oversight of hedge funds; and (v) new regulations regarding the role of credit rating agencies, investment advisors and others. To facilitate the transition to the requirements of the Dodd-Frank Act, the Commodity Futures Trading Commission issued an exemptive order in July 2013 (Exemptive Order) that granted market participants temporary conditional relief from certain provisions of the Commodity Exchange Act, as amended by the Dodd-Frank Act. As the Exemptive Order expired on December 21, 2013 some U.S. derivatives rules are now being applied extraterritorially and are now therefore impacting some non-U.S. Nomura entities. In addition, Title VII of the Dodd-Frank Act gives the SEC regulatory authority over security-based swaps which are defined under the act as swaps based on a single security or loan or a narrow-based group or index of securities. Security-based swaps are included within the definition of security under the U.S. Securities and Exchange Act of 1934 and the U.S. Securities Act of 1933. On May 1, 2013, the SEC proposed rules and interpretive guidance addressing cross-border security-based swap activities. On June 25, 2014, the SEC finalized some (but not all) of the cross-border rules, namely key foundational definitions and registration calculations that will become operative once the SEC sets a timeframe for the security-based swap dealer registration process to begin. Additionally, on April 29, 2015, the SEC proposed rules that would apply certain Dodd-Frank Act requirements to security-based swaps of a non-U.S. person connected with its security-based swap dealing activity that it arranges, negotiates or executes using its personnel or personnel of its agent located in the United States. Once final, these rules will also be applied extraterritorially and impact some non-U.S. Nomura entities. The exact details of the Dodd-Frank Act implementation and ultimate impact on Nomura s operations will depend on the form and substance of the final regulations adopted by various governmental agencies and oversight boards. In addition to the rulemakings required by the Dodd-Frank Act, the SEC is considering other rulemakings that will impact Nomura s U.S. entities. While these rules have not been formally proposed, they have been publicly reported in the U.S. Office of Management and Budget s (OMB) Current Regulatory Plan and Unified Agenda of Regulatory and Deregulatory Actions. The SEC s Division of Trading and Markets is considering recommending that the SEC propose an amendment to its net capital rule that would prohibit a broker-dealer that carries customer accounts from having a ratio of total assets to regulatory capital in excess of a certain level. The SEC and the CFTC are also considering a number of changes to market structure rules.

On July 19, 2011, the Financial Stability Board published a consultative document to establish a global framework to improve authorities capacity to resolve failing SIFIs without systemic disruption and exposing taxpayers to the risk of loss. The proposed measures require Global SIFIs (G-SIFIs) to prepare and maintain recovery and resolution plans (RRPs) by December 2012. In light of such a global framework, the U.K. Financial Services Authority (U.K. FSA) (which has now been replaced by the U.K. PRA and FCA) published a consultation paper on August 9, 2011 containing its proposals for RRPs. The consultation paper covered a requirement for banks and large investment firms in the U.K. (including G-SIFIs) to prepare and maintain RRPs. In a separate discussion paper, the U.K. FSA explored matters relevant to resolving financial services firms, including the resolution of trading books, enhancing the resolution toolkit and bail-ins. In May 2012, the U.K. FSA published a feedback statement setting out its approach to ensure firms develop appropriate recovery plans and resolution packs and a further update was issued by the U.K. FSA in February 2013. In December 2013, the U.K. PRA published a policy statement setting out final rules which require banks, building societies and U.K. PRA-regulated investment firms to produce recovery plans (identification of options to recover financial strength in stress situations) and resolution packs (information to support resolution planning by the authorities).

These rules were amended in January 2015 as part of the U.K. implementation of the EU Bank Recovery and Resolution Directive (BRRD), which entered into force on June 12, 2014. The BRRD also aims to implement Financial Stability Board recommendations on recovery and resolution regimes for financial institutions and for U.K. purposes it will partially supersede the existing U.K. regime. The BRRD applies to banks and investment firms operating in EU member states, including EU branches and subsidiaries of third country firms. It includes requirements for the preparation of RRPs by institutions and regulators. It also creates various powers for EU regulators to intervene to resolve institutions at risk of failure, including the ability to sell or transfer all or part of an institution (similar to existing U.K. regulatory powers) and the introduction of a debt write down or bail-in tool. Amongst other things, relevant firms are required to include a contractual recognition of bail-in clause in a wide range of non-EU law governed contracts governing liabilities created or materially amended after January 1, 2016 under which the creditor contractually recognizes and agrees that the liability may be subject to use of the bail-in tool. Specific provision is also made to facilitate cross-border crisis management and the recognition of third country recovery and resolution action in relation to third country banking and investment groups. As part of the bail-in rules, firms will be required to maintain capital resources sufficient to meet the stipulated minimum requirement for eligible liabilities (MREL). The MREL requirement overlaps with the global capital standards on total loss absorbing capacity (TLAC) for G-SIBs issued by the Financial Stability Board on November 9, 2015. The TLAC standard defines a minimum requirement for the instruments and liabilities that should be readily available for bail-in within resolution at G-SIBs, but does not limit authorities powers under the applicable resolution law to expose other liabilities to loss through bail-in or the application of other resolution tools. G-SIBs will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework.

There are a number of regulatory developments that impact capital requirements for U.K. regulated entities. Most significant of these is the Basel III framework, as adopted into EU law through the fourth Capital Requirements Directive and Capital Requirements Regulation (together, CRD IV), which came into force on January 1, 2014. The aim of CRD IV is to strengthen the resilience of the EU banking sector so it is better placed to absorb economic shocks while ensuring that banks continue to finance economic activity and growth. CRD IV sets out requirements

for minimum capital requirements for banks and investment firms and also introduced new capital and liquidity buffers.

Table of Contents

The new framework also modifies treatment of bank exposures to central counterparties, resulting in increased capital charges (though still preferential relative to bilateral exposures), as well as qualifying conditions that must be met by central counterparties before institutions may benefit from the preferential treatment. CRD IV introduces the concept of the leverage ratio and the net stable funding ratio (NSFR) expected to apply from 2018, although further legislation is required to implement a binding requirement. The directive introduces corporate governance requirements with a more rigorous supervision of risks by directors as well as management or supervisory boards. The rules concern the composition of boards, their functioning and their role in risk oversight and strategy in order to improve the effectiveness of risk oversight by boards. The regulation requires firms to make increased Pillar 3 disclosures about their corporate governance arrangements. CRD IV also sets out requirements in relation to remuneration policies imposing a 1:1 ratio on the basic salary relative to bonus (can be raised to a maximum of 1:2 with the approval of shareholders) for certain staff.

On October 20, 2011, the European Commission published draft legislation for the Directive on markets in financial instruments repealing Directive 2004/39/EC of the European Parliament and of the Council. The legislation has been split into two parts: the Markets in Financial Instruments Directive (MiFID) and the Markets in Financial Instruments Regulation (MiFIR). On May 13, 2014, the Council of the European Union announced that it had adopted MiFID II and MiFIR. MiFID II was published in the EU Official Journal on June 12, 2014 and entered into force on July 3, 2014. However, Member States have until July 3, 2016 to transpose the MiFID II Directive into national law (MiFIR will become fully effective at the same time).

The majority of the new rules will come into force in January 2017. However, on November 10, 2015, the Commission recommended to the ECON Committee that the implementation of MiFID II be delayed by approximately one year, and on November 27, 2015, the European Parliament s negotiation team informed the Commission that they would accept a one-year delay of the entry into force of MiFID II. On this basis, the majority of the new rules under MiFID II and MiFIR would only take effect from January 2018.

The legislation seeks to introduce wide-reaching changes to markets, including the extension of market transparency rules into non-equities and potentially reducing the size of the OTC derivative market by mandating the clearing of standardised OTC transactions through central clearing counterparties and their trading through regulated trading venues. The new framework introduces a market structure which seeks to close certain loopholes and ensures that trading, wherever appropriate, takes place on regulated platforms. It introduces rules on high frequency trading and aims to improve the transparency and oversight of financial markets. The revised MiFID also aims to strengthen the protection of investors by introducing more robust organisational and conduct requirements and by strengthening the role of management bodies. The new framework also increases the role and supervisory powers of regulators and establishes powers to prohibit or restrict the marketing and distribution of certain products in well-defined circumstances. A harmonised regime for granting access to EU professional markets for firms from third countries, based on an equivalence assessment of third country jurisdictions by the Commission, is introduced.

In December 2014, the European Securities and Markets Authority (ESMA) published its final technical advice that it is required to provide to the European Commission on the possible content of the delegated acts required by various provisions of MiFID II and MiFIR. ESMA has also launched consultations on and published draft regulatory and implementing technical standards (ITS) and guidelines required under MiFID II and MiFIR. ESMA published various final regulatory and ITS in September 2015. The final report deals with technical standards from the areas of transparency, market microstructure, data publication and access, requirements applying on and to trading venues, commodity derivatives, market data reporting, post-trading and investor protection. On November 4, 2015, ESMA published the responses received to a consultation regarding three draft ITS required under MiFID II on which ESMA had not yet consulted. On November 5, 2015, ESMA launched a public consultation on draft requirements regarding indirect clearing arrangements under both MiFIR and EMIR.

At the U.K. level, the U.K. FCA has also published various commentary on MiFID II, including a Discussion Paper published in March 2015, which discusses the FCA s approach to those areas of MiFID II for which the U.K. has discretion in relation to implementation. The U.K. FCA plans to publish its first consultation paper on MiFID II implementation in December 2015. The paper will focus on markets issues. The U.K. FCA was proposing to publish a second consultation in March 2016; however, this timing is now subject to some uncertainty due to the possible change to the MiFID II implementation date.

The European Market Infrastructure Regulation (EMIR) introduces new requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR was adopted on July 4, 2012 and entered into force on August 16, 2012. EMIR applies to any entity established in the European Union that is a legal counterparty to a derivative contract, even when trading with non-EU firms. It may also have extraterritorial impact in certain circumstances. Many of the EMIR requirements have entered into force throughout 2013 and 2014, although some elements have yet to be implemented. When fully implemented, EMIR will require entities that enter into any form of derivative contract to: report every derivative contract that they enter to a trade repository; implement new risk management standards, including operational processes and margining, for all bilateral over-the-counter derivatives trades that are not cleared by a central counterparty; and clear, through a central counterparty, over-the-counter derivatives that are subject to a mandatory clearing obligation. Nomura is in the process of implementing the various EMIR requirements across work streams in accordance with their respective compliance dates.

In May 2015, the Commission published a consultation paper to enable it to judge market participants experience in implementing EMIR. ESMA s input to the Commission s consultation on the EMIR review made recommendations to amend EMIR in a number of areas, including the clearing obligation, recognition of third-country CCPs and trade repositories.

Table of Contents

In November 2015, the Council of the EU formally adopted the Securities Financing Transactions Regulation (SFTR), which forms part of the EU s package of legislation targeted at reforming shadow banking and aims to improve transparency in the securities financing transactions (SFT) market. The SFTR, once implemented, will require counterparties to an SFT to report the SFT to a trade repository; impose various potentially onerous requirements on entities reusing financial instruments received under a collateral arrangement and apply various related disclosure requirements.

On October 20, 2011, the European Commission published draft legislation for the review of the Market Abuse Directive (MAD II). The dossier has been split into two parts: the Directive on criminal sanctions for market abuse (CSMAD) and the Market Abuse Regulation (MAR). The new rules on market abuse update and strengthen the existing framework to ensure greater market integrity and investor protection, replacing the existing Market Abuse Directive.

In June 2014, MAR and CSMAD were published in the EU Official Journal. MAR repeals and replaces the Market Abuse Directive and its implementing legislation with effect from July 3, 2016. A number of delegated acts, technical standards and guidelines in key areas are required to be produced under MAR. On September 28, 2015, ESMA published a final report containing draft regulatory technical standards (RTS) and ITS on MAR. On November 5, 2015, the U.K. FCA published a consultation paper setting out its proposals for the necessary changes to its rules required to implement MAR.

Member States must also transpose CSMAD into their national law by July 3, 2016. The U.K. has not opted in to CSMAD and is therefore not obliged to transpose its provisions into national law. CSMAD requires all Member States to provide for harmonised criminal offences of insider dealing and market manipulation, and to impose maximum criminal penalties of not less than 4 and 2 years imprisonment, respectively, for the most serious market abuse offences.

In February 2013, the European Commission published draft legislation for the review of the current EU anti-money laundering rules, in the form of proposals for the Fourth Money Laundering Directive (MLD4). MLD4 came into effect on June 25, 2015. It has to be transposed by Member States by June 26, 2017, on which date it will repeal the Third Money Laundering Directive (MLD3) and the MLD3 Implementing Directive. MLD4 aims to update and strengthen the current EU anti-money laundering regime, including by implementing the standards published by the Financial Action Task Force in 2012. MLD4 also shifts the focus of regulatory requirements further towards a risk-based approach, which will require increasingly robust policies and procedures within regulated firms in order to assess and monitor risk effectively. The scope of the anti-money laundering regime is also extended in certain respects and the approach to classifying third country firms will in the future be focused on blacklisting of non-equivalent jurisdictions (in contrast with the current focus on positive equivalence).

The Alternative Investment Fund Managers Directive (AIFMD) entered into force on July 21, 2011. The AIFMD was required to be implemented by Member States by July 22, 2013 (subject to a one year transitional period). The AIFMD and its related implementing legislation establishes a detailed framework for the management and marketing of alternative investment funds (or AIFs) within the EEA. As the concept of an AIF is broadly defined, the AIFMD captures the majority of non-UCITs funds, including hedge funds, private equity, debt and real estate funds.

Under the AIFMD regime, fund managers operating within the EEA are subject to extensive organizational requirements, including mandatory authorization by an EEA regulator, substantial ongoing compliance, conduct of business and disclosure requirements and the obligation to appoint an independent depositary with responsibility for an AIF s assets. A separate regulatory regime applies to depositaries, which must also be authorized for this purpose. Additional restrictions and disclosure obligations apply to managers of private equity firms which acquire material holdings in EEA companies. Non-EEA fund managers seeking to target EEA investors are also subject, at a minimum, to a sub-set of the compliance requirements for EEA managers, focusing mainly on disclosure. It is open to each Member State to introduce additional restrictions for third-country managers and some jurisdictions remain very restrictive in this respect. The possibility of a passporting regime for third-country managers is, however, provided for in the AIFMD and is currently under consideration at the EU level, although further legislation would be required to introduce this. The AIFMD has material impact for Nomura insofar as it manages and markets investment funds within the EEA (which now attracts an enhanced compliance burden). Nomura also acts as depositary of an AIF and is accordingly subject to separate compliance requirements and liability provisions in this capacity.

On April 1, 2013, the U.K. Financial Services Act 2012 was formally enacted (after having received Royal Assent on December 19, 2012). The implementation of the U.K. Financial Services Act 2012 has resulted in the U.K. FSA being replaced by a twin peaks approach through the U.K. PRA and U.K. FCA. The U.K. PRA was formed as a subsidiary of the Bank of England and is responsible for the prudential supervision of a number of banks and deposit takers, plus certain large investment firms and insurers. It has a single objective to promote the safety and soundness of regulated firms. The U.K. FCA was formed as a separate entity and is responsible for the prudential supervision of firms not supervised by the U.K. PRA and for market conduct matters for all authorized firms. The U.K. FCA has a single strategic objective of making markets work well. Nomura s main operating subsidiaries in the U.K. (Nomura International plc and Nomura Bank International plc) are regulated by both the U.K. PRA and U.K. FCA.

5

Table of Contents

The U.K. FCA and U.K. PRA currently maintain a regulatory regime for the individual approval and accountability of certain senior management and other significant personnel carrying out controlled functions within banks and investment firms. In July 2014, the U.K. FCA and U.K. PRA consulted on proposals for a new senior managers regime (SMR) for senior managers and a related certification regime (CR) for a wider population of employees whose performance has the potential to pose harm to a firm or its customers. In March 2015, the U.K. FCA and U.K. PRA consulted on applying the SMR and CR to U.K. branches of foreign banks. On August 13, 2015, the U.K. FCA and the U.K. PRA published their respective rules confirming how they will apply the SMR and CR to U.K. branches of non-EEA banks (incoming branches). The new individual accountability standards in this area have been developed by the FCA in response to recommendations made by the Parliamentary Committee on Banking Standards in this area and are expected to enter into force from March 2016 onwards. When implemented these new standards will significantly increase regulatory accountability for senior managers. Senior managers (but not those of U.K. branches of overseas banks) may be prosecuted by the U.K. PRA or U.K. FCA in certain prescribed circumstances for taking a decision that causes a financial institution to fail. The rules will also require firms to demarcate responsibilities more precisely, implement new systems and controls for certification and share with the U.K. PRA/U.K.FCA detailed information on their governance structures.

Over the past two to three years the U.K. FCA (and its predecessor the U.K. FSA) has worked towards introducing a number of changes to the U.K. regulatory regime for the protection of client assets (CASS). These requirements are relevant for Nomura s U.K. entities where they hold client money and other assets on behalf of their clients (other than in the course of deposit-taking activity). The reforms made to the CASS regime have been driven in large part by concerns of the U.K. FSA/FCA regarding the shortcomings of the previous rules that were highlighted in the U.K. case law surrounding the collapse of Lehman Brothers International (Europe). The U.K. FCA commenced its review of the CASS regime in 2012 and published final rules in 2014, the last of which came into force on June 1, 2015. The reforms aim to improve the speed and efficiency with which client assets may be distributed following the insolvency of the holding firm and to minimize negative market impact. This has resulted in extensive changes to the rules, designed to strengthen the legal and operational requirements of holding firms for effective segregation of client money and to enhance controls over institutions with which client money is deposited and third parties to whom client money is transferred. The conditions attached to exclusions from the client money rules have also been clarified and enhanced. In addition, various changes have also been made to the rules to give effect to EMIR requirements regarding client money held in the course of derivatives clearing activity. The net effect of these various changes is generally to increase the operational and compliance burden on firms that hold client money and assets. Nomura has made arrangements to implement the changes and to review existing client arrangements where appropriate.

A number of reforms are also either pending or anticipated at the EU and/or U.K. level, which may have a material impact on Nomura and on EU markets generally. At the EU level, these include the Bank Structure Regulation and the Capital Markets Union initiative (together with the related review of the Prospectus Directive and the EU securitization framework). At the U.K. level, the Fair and Effective Markets Review recently completed by the U.K. authorities may also have a material impact on Nomura and on U.K. markets.

Disposal of Subsidiary. In December 2015, Chi-X Global Holdings LLC, our consolidated subsidiary, entered into an agreement to sell Chi-X Canada ATS Ltd. (Chi-X Canada), its wholly owned subsidiary, to Nasdaq Inc. Chi-X Canada is based in Canada and operates an Alternative Trading System marketplace for equity securities listed on the Toronto Stock Exchange and the TSX Venture Exchange. Subject to customary regulatory approvals, the sale of Chi-X Canada is expected to be completed by the end of March 2016.

Risk Factors

There is no significant change from the risks as previously disclosed in Part I, Item 3.D Risk Factors of our annual report on Form 20-F for the year ended March 31, 2015.

Table of Contents

Special Note Regarding Forward-Looking Statements

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our business, our industry and capital markets around the world. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as may , will , expect , anticipate , estimate , plan or similar words. These statements discuss future expectations, identify strategies, contain projections of our results of operations or financial condition, or state other forward-looking information.

Known and unknown risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position to differ materially from any future results, performance, achievements or financial position expressed or implied by any forward-looking statements contained in this report. Such risks, uncertainties and other factors are set forth in *Risk Factors* above and in Item 3.D of our annual report on Form 20-F for the fiscal year ended March 31, 2015, as well as elsewhere in this Form 6-K.

Table of Contents

Operating and Financial Review and Prospects

Results of Operations Six Months Ended September 30, 2014 and 2015

The interim consolidated financial statements included in this Form 6-K have not been audited but have been reviewed in accordance with the standards of the Public Company Accounting Oversight Board (United States) by our independent auditors. The unaudited interim consolidated financial statements are prepared on a basis substantially consistent with the audited consolidated financial statements included in our Form 20-F for the fiscal year ended March 31, 2015 filed on June 25, 2015.

Overview

The following table provides selected consolidated statements of income information for the six months ended September 30, 2014 and 2015.

	Millions of yen except percentages Six months ended September 30	
	2014	**2015**
Non-interest revenues:		
Commissions	¥ 206,471	¥ 241,844
Fees from investment banking	40,442	69,364
Asset management and portfolio service fees	95,781	118,117
Net gain on trading	287,573	187,299
Gain on private equity investments	202	1,756
Gain on investments in equity securities	9,234	(1,696)
Other	59,579	84,482
Total non-interest revenues	699,282	701,166
Net interest revenue	45,389	59,470
Net revenue	744,671	760,636
Non-interest expenses	618,992	634,747
Income before income taxes	125,679	125,889
Income tax expense	51,291	7,991
Net income	74,388	117,898
Less: Net income attributable to noncontrolling interests	1,656	2,597
Net income attributable to NHI shareholders	¥ 72,732	¥ 115,301
Return on shareholders equity (annualized)[1]	5.7%	8.4%

(1) Calculated as Net income attributable to NHI shareholders divided by average Total NHI shareholders equity multiplied by two.

Net revenue increased by 2.1% from ¥744,671 million for the six months ended September 30, 2014 to ¥760,636 million for the six months ended September 30, 2015. *Commissions* increased by 17.1%, primarily due to an increase in commissions received from equity and equity related products. *Asset management and portfolio service fees* increased by 23.3%, primarily due to a continued growth of assets under management driven by investor demands for ETFs and investment advisory business. *Net gain on trading* decreased by 34.9%, primarily due to a slowdown in fixed income business. *Other revenue* increased by 41.8%, primarily due to an increase of equity in earnings of equity-method investees.

9

Table of Contents

Net interest revenue was ¥45,389 million for the six months ended September 30, 2014 and ¥59,470 million for the six months ended September 30, 2015. *Net interest revenue* is a function of the level and the mix of total assets and liabilities, which includes trading assets and financing and lending transactions, and the level, term structure and volatility of interest rates. *Net interest revenue* is an integral component of our trading business. In assessing the profitability of our overall business and of our Wholesale operation in particular, we view *Net interest revenue* and *Non-interest revenues* in aggregate.

Non-interest expenses increased by 2.5% from ¥618,992 million for the six months ended September 30, 2014 to ¥634,747 million for the six months ended September 30, 2015.

We are subject to a number of different taxes in Japan and have adopted the consolidated tax filing system permitted under Japanese tax law. The consolidated tax filing system only imposes a national tax. As a result of revisions to domestic tax laws during the third quarter ended December 31, 2011 and the fourth quarter ended March 31, 2014, Nomura s domestic effective statutory tax rate was approximately 38% for the fiscal years ended March 31, 2013 and March 31, 2014, and decreased to approximately 36% for the fiscal year ended March 31, 2015. Furthermore, as a result of revision to domestic tax laws on March 31, 2015, Nomura s effective statutory tax rate will decrease from approximately 36% to 33% for fiscal years beginning on or after April 1, 2015 and will decrease to approximately 32% for fiscal years beginning on or after April 1, 2016. Our foreign subsidiaries are subject to the income taxes of the countries in which they operate, which are generally lower than those in Japan. The Company s effective statutory tax rate in any one year is therefore dependent on our geographic mix of profits and losses and also on the specific tax treatment applicable in each location.

For the six months ended September 30, 2014, the difference between the effective statutory tax rate of 36% and the effective tax rate of 40.8% was mainly due to non-deductible expenses, an increase in valuation allowance of foreign subsidiaries, whereas non-taxable revenue reduced the effective tax rate.

For the six months ended September 30, 2015, the difference between the effective statutory tax rate of 33% and the effective tax rate of 6.3% was mainly due to tax benefit recognized on the devaluation of investment in subsidiaries and affiliates, whereas an increase in valuation allowance of foreign subsidiaries.

Net income attributable to NHI shareholders was ¥72,732 million for the six months ended September 30, 2014 and ¥115,301 million for the six months ended September 30, 2015, individually. Our annualized return on shareholder s equity was 5.7% for the six months ended September 30, 2014 and 8.4% for the six months ended September 30, 2015.

Retail

In our Retail Division, our sales activities focus on providing consultation services and investment proposals to clients for which we receive commissions and fees. Additionally, we receive fees from asset management companies in connection with administration services we provide in connection with investment trust certificates that we distribute. We also receive agent commissions from insurance companies for the insurance products we sell as an agent.

	Millions of yen Six months ended September 30	
	2014	2015
Non-interest revenues	¥ 222,691	¥ 243,509
Net interest revenue	2,112	2,838
Net revenue	224,803	246,347
Non-interest expenses	154,332	158,703
Income before income taxes	¥ 70,471	¥ 87,644

Table of Contents

Net revenue increased by 9.6% from ¥224,803 million for the six months ended September 30, 2014 to ¥246,347 million for the six months ended September 30, 2015, primarily due to an increase in recurring revenue from investment trusts and discretionary investments, and the contribution from capital market transactions.

Non-interest expenses increased by 2.8% from ¥154,332 million for the six months ended September 30, 2014 to ¥158,703 million for the six months ended September 30, 2015.

Income before income taxes increased by 24.4% from ¥70,471 million for the six months ended September 30, 2014 to ¥87,644 million for the six months ended September 30, 2015.

The following table presents a breakdown of Retail non-interest revenues for the six months ended September 30, 2014 and 2015.

	Millions of yen	
	Six months ended September 30	
	2014	2015
Commissions	¥ 121,335	¥ 129,592
Brokerage commissions	34,066	46,438
Commissions for distribution of investment trusts	68,434	57,357
Other commissions	18,835	25,797
Net gain on trading	50,979	45,708
Fees from investment banking	15,776	22,860
Asset management fees	33,094	43,905
Others	1,507	1,444
Non-interest revenues	¥ 222,691	¥ 243,509

As shown above, Commissions increased by 6.8% from ¥121,335 million for the six months ended September 30, 2014 to ¥129,592 million for the six months ended September 30, 2015, primarily due to an increase of brokerage commissions attributable to the active Japanese equity market environment and other commissions from an increase in insurance sales. On the other hand, commissions from investment trusts decreased mainly due to a decrease in investment trust sales in the second quarter. Net gain on trading decreased by 10.3% from ¥50,979 million for the six months ended September 30, 2014 to ¥45,708 million for the six months ended September 30, 2015. Fees from investment banking increased by 44.9% from ¥15,776 million for the six months ended September 30, 2014 to ¥22,860 million for the six months ended September 30, 2015, primarily due to fees from large capital market transactions. Asset management fees increased by 32.7% from ¥33,094 million for the six months ended September 30, 2014 to ¥43,905 million for the six months ended September 30, 2015, primarily due to an increase in revenue from investment trusts and discretionary investments attributable to the increase of clients asset balances. Others decreased by 4.2% from ¥1,507 million for the six months ended September 30, 2014 to ¥1,444 million for the six months ended September 30, 2015.

Table of Contents

Retail Client Assets

The following table presents the amounts and details of Retail client assets as of March 31, 2015 and September 30, 2015. Retail client assets consist of clients assets held in our custody and assets relating to variable annuity insurance products.

	Trillions of yen From March 31, 2015 to September 30, 2015				
	Balance at March 31, 2015	Gross inflows	Gross outflows	Market appreciation / (depreciation)	Balance at September 30, 2015
Equities	¥ 67.2	¥ 7.6	¥ (7.5)	¥ (5.0)	¥ 62.3
Bonds	18.5	39.6	(40.2)	(0.6)	17.3
Stock investment trusts	10.3	2.6	(2.2)	(1.9)	8.8
Bond investment trusts	7.3	0.3	(0.4)	0.1	7.3
Overseas mutual funds	1.8	0.1	(0.1)	(0.2)	1.6
Others	4.4	1.3	(0.3)	0.3	5.7
Total	¥ 109.5	¥ 51.5	¥ (50.7)	¥ (7.3)	¥ 103.0

Retail client assets decreased by ¥6.5 trillion from ¥109.5 trillion as of March 31, 2015 to ¥103.0 trillion as of September 30, 2015. The balances of our clients equity and equity-related products decreased by ¥4.9 trillion from ¥67.2 trillion as of March 31, 2015 to ¥62.3 trillion as of September 30, 2015, mainly due to declines in Japanese equity markets. The balances of our clients investment trusts and mutual funds decreased by ¥1.7 trillion from ¥19.4 trillion as of March 31, 2015 to ¥17.7 trillion as of September 30, 2015, due to the impact of declining Japanese equity markets on stock investment trusts.

Asset Management

Our Asset Management Division is conducted principally through Nomura Asset Management Co., Ltd. (NAM). We earn portfolio management fees through the development and management of investment trusts, which are distributed through Nomura Securities Co., Ltd. (NSC), other brokers, banks, Japan Post Bank Co., Ltd. and Japan Post Network Co., Ltd. We also provide investment advisory services for pension funds and other institutional clients. Net revenues generally consist of asset management and portfolio service fees that are attributable to Asset Management.

	Millions of yen Six months ended September 30	
	2014	2015
Non-interest revenues	¥ 43,219	¥ 47,272
Net interest revenue	1,810	2,499
Net revenue	45,029	49,771
Non-interest expenses	28,946	29,613
Income before income taxes	¥ 16,083	¥ 20,158

Net revenue increased by 10.5% from ¥45,029 million for the six months ended September 30, 2014 to ¥49,771 million for the six months ended September 30, 2015.

Non-interest expenses increased by 2.3% from ¥28,946 million for the six months ended September 30, 2014 to ¥29,613 million for the six months ended September 30, 2015.

Income before income taxes increased by 25.3% from ¥16,083 million for the six months ended September 30, 2014 to ¥20,158 million for the six months ended September 30, 2015.

The following table presents assets under management of each principal Nomura entity within Asset Management Division as of March 31, 2015 and September 30, 2015.

	Billions of yen From March 31, 2015 to September 30, 2015				
	Balance at March 31, 2015	**Gross inflows**	**Gross outflows**	**Market appreciation / (depreciation)**	**Balance at September 30, 2015**
Nomura Asset Management Co., Ltd.	¥ 42,629	¥ 21,613	¥ (19,063)	¥ (2,339)	¥ 42,840
Nomura Funds Research and Technologies Co., Ltd.	3,021	430	(443)	(868)	2,140
Nomura Corporate Research and Asset Management Inc.	1,685	307	(431)	(107)	1,454
Nomura Private Equity Capital Co., Ltd.	178	1	(3)	1	177
Combined total	47,513	22,351	(19,940)	(3,313)	46,611
Shared across group companies	(8,204)	(1,043)	1,758	864	(6,625)
Total	¥ 39,309	¥ 21,308	¥ (18,182)	¥ (2,449)	¥ 39,986

Assets under management increased by 1.8% from ¥39.3 trillion as of March 31, 2015 to ¥40.0 trillion as of September 30, 2015, primarily due to inflows into our investment trust and investment advisory businesses and increases in the market value of assets.

Domestic publicly offered investment trust assets included in the assets under management by NAM were ¥23.1 trillion as of September 30 2015, ¥3.0 trillion or 15% increase from September 30, 2014. For our investment advisory business, assets under management were ¥13.2 trillion as of September 30, 2015, ¥1.1 trillion or 9% increase from September 30, 2014.

The following table shows NAM s share, in terms of net asset value, in the Japanese asset management market as of September 30, 2014 and 2015.

	September 30	
	2014	**2015**
Total of publicly offered investment trusts	23%	25%
Stock investment trusts	19%	21%
Bond investment trusts	43%	43%

Table of Contents

Wholesale

In Wholesale, we are engaged in the sales and trading of debt securities and equity securities and currencies on a global basis to various institutions, providing investment banking services such as the underwriting of bonds and equities as well as mergers and acquisitions and financial advice and investing in private equity businesses with the goal of maximizing returns on these investments by increasing the corporate value of investee companies.

	Millions of yen	
	Six months ended September 30	
	2014	2015
Non-interest revenues	¥ 299,636	¥ 322,744
Net interest revenue	79,820	75,351
Net revenue	379,456	398,095
Non-interest expenses	351,508	369,795
Income (loss) before income taxes	¥ 27,948	¥ 28,300

Net revenue increased by 4.9% from ¥379,456 million for the six months ended September 30, 2014 to ¥398,095 million for the six months ended September 30, 2015.

Non-interest expenses increased by 5.2% from ¥351,508 million for the six months ended September 30, 2014 to ¥369,795 million for the six months ended September 30, 2015.

Income before income taxes increased by 1.3% from ¥27,948 million for the six months ended September 30, 2014 to ¥28,300 million for the six months ended September 30, 2015.

The following table presents a breakdown of net revenue for Wholesale for the six months ended September 30, 2014 and 2015.

	Millions of yen	
	Six months ended September 30	
	2014(1)	2015
Fixed Income	¥ 204,577	¥ 167,306
Equities	130,053	167,556
Investment Banking (Net)	45,237	62,509
Investment Banking (Other)	(411)	724
Investment Banking	44,826	63,233
Net revenue	¥ 379,456	¥ 398,095
Investment Banking (Gross)	¥ 83,887	¥ 112,755

(1) Fixed Income and Equities financials for the six months ended September 2014 have been realigned following the reorganization in April 2015.

For Fixed Income, net revenue decreased by 18.2% from ¥204,577 million for the six months ended September 30, 2014 to ¥167,306 million for the six months ended September 30, 2015 due to a drop in liquidity amid challenging market conditions in overseas regions. For Equities, net revenue increased by 28.8% from ¥130,053 million for the six months ended September 30, 2014 to ¥167,556 million for the six months ended September 30, 2015, primarily driven by rallies in the Japanese equity markets. For Investment Banking, net revenue increased by 41.1% from

¥44,826 million for the six months ended September 30, 2014 to ¥63,233 million for the six months ended September 30, 2015, primarily due to the contribution of capital market transactions in Japan and an increase in transactions in overseas regions.

Other Operating Results

Other operating results include net gain (loss) related to economic hedging transactions, realized gain (loss) on investments in equity securities held for operating purposes, equity in earnings of affiliates, corporate items, and other financial adjustments. See Note 15 *Segment and geographic information* in our interim consolidated financial statements.

Net revenue was ¥89,294 million for the six months ended September 30, 2014 and ¥68,324 million for the six months ended September 30, 2015. Non-interest expenses were ¥84,206 million for the six months ended September 30, 2014 and ¥76,636 million for the six months ended September 30, 2015. Income before income taxes in other operating results was ¥5,088 million for the six months ended September 30, 2014 and loss before income taxes in other operating results was ¥8,312 million for the six months ended September 30, 2015.

Other operating results for the six months ended September 30, 2015 include gains from changes in the fair value of the financial liabilities, for which the fair value option was elected, attributable to the change in our creditworthiness of ¥22.2 billion, the negative impact of our own creditworthiness on derivative liabilities, which resulted in losses of ¥6.6 billion and losses from changes in counterparty credit spreads of ¥8.1 billion.

Number of Employees

The following table presents the number of our employees as of September 30, 2014 and 2015.

	September 30	
	2014	**2015**
Japan	16,244	16,381
Europe	3,530	3,494
Americas	2,421	2,514
Asia and Oceania	6,744	6,862
Total	28,939	29,251

Summary of Regional Contributions

For a summary of our net revenue, income (loss) before income taxes and long-lived assets by geographic region, see Note 15 *Segment and geographic information* in our interim consolidated financial statements.

Regulatory Capital Requirements

Many of our business activities are subject to statutory capital requirements, including those of Japan, the U.S., the U.K. and certain other countries in which we operate.

Translation Exposure

A significant portion of our business is conducted in currencies other than Japanese Yen most significantly, U.S. Dollars, British Pounds and Euros. We prepare financial statements of each of our consolidated subsidiaries in its functional currency, which is the currency of the primary economic environment in which the entity operates. Translation exposure is the risk arising from the effect of fluctuations in exchange rates on the net assets of our foreign subsidiaries. Translation exposure is not recognized in our consolidated statements of income unless and until we dispose of, or liquidate, the relevant foreign subsidiary.

Critical Accounting Policies and Estimates

Use of Estimates

In preparing our interim consolidated financial statements, management makes estimates regarding certain financial instrument and investment valuations, the outcome of litigation and tax examinations, the recovery of the carrying value of goodwill, the allowance for doubtful accounts, the realization of deferred tax assets and other matters that affect the reported amounts of assets and liabilities as well as the disclosures in these interim consolidated financial statements. Estimates, by their nature, are based on judgment and available information. Therefore, actual results may differ from estimates, which could have a material impact on the interim consolidated financial statements, and it is possible that such adjustments could occur in the near term.

Fair value for financial instruments

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

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

In accordance with Accounting Standard Codification (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 valuation inputs used to establish fair value.

Level 1:

Unadjusted quoted prices for identical financial instruments in active markets 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.

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.

Level 3 financial assets excluding derivatives as a proportion of total financial assets excluding derivatives, carried at fair value on a recurring basis was 2% as of September 30, 2015 as listed below:

	Billions of yen, except percentages September 30, 2015					
	Level 1	**Level 2**	**Level 3**	**Counterparty and Cash Collateral**	**Total**	**The proportion of Level 3**

				Netting		
Financial assets measured at fair value (Excluding derivative assets)	¥ 10,306	¥ 8,891	¥ 360	¥	¥ 19,557	2%
Derivative assets	42	33,967	198	(32,748)	1,459	
Derivative liabilities	23	33,770	220	(32,747)	1,266	

See Note 2 *Fair value measurements* in our interim consolidated financial statements.

Table of Contents

Assets and Liabilities Associated with Investment and Financial Services Business

Exposure to Certain Financial Instruments and Counterparties

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

Leveraged Finance

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

The following table sets forth our exposure to leveraged finance by geographic location of the target company as of September 30, 2015.

	Millions of yen September 30, 2015		
	Funded	**Unfunded**	**Total**
Europe	¥ 4,945	¥ 45,892	¥ 50,837
Americas	22,197	266,232	288,429
Total	¥ 27,142	¥ 312,124	¥ 339,266

Special Purpose Entities (SPEs)

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 Note 6. *Securitizations and Variable Interest Entities* included in our interim consolidated financial statements.

Accounting Developments

See Note 1 *Summary of accounting policies: New accounting pronouncements recently adopted* in our interim consolidated financial statements.

Table of Contents

Deferred Tax Assets Information

Details of deferred tax assets and liabilities

The following table presents details of deferred tax assets and liabilities reported within *Other assets Other* and *Other liabilities*, respectively, in the consolidated balance sheets as of September 30, 2015.

	Millions of yen September 30, 2015
Deferred tax assets	
Depreciation, amortization and valuation of fixed assets	¥ 15,932
Investments in subsidiaries and affiliates	100,463
Valuation of financial instruments	62,918
Accrued pension and severance costs	10,417
Other accrued expenses and provisions	110,512
Operating losses	480,335
Other	3,823
Gross deferred tax assets	784,400
Less Valuation allowance	(592,518)
Total deferred tax assets	191,882
Deferred tax liabilities	
Investments in subsidiaries and affiliates	129,274
Valuation of financial instruments	51,519
Undistributed earnings of foreign subsidiaries	657
Valuation of fixed assets	21,309
Other	9,162
Total deferred tax liabilities	211,921
Net deferred tax assets (liabilities)	¥ (20,039)

Calculation method of deferred tax assets

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

Legal Proceedings

For a discussion of our litigation and related matters, see Note 14 *Commitments, contingencies and guarantees* in our interim consolidated financial statements.

Table of Contents

Liquidity and Capital Resources

Funding and Liquidity Management

Overview

We define liquidity risk as the risk of losses arising from difficulty in securing necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of the Nomura Group s creditworthiness or deterioration in market conditions. This risk could arise from Nomura-specific or market-wide events such as inability to access the secured or unsecured debt markets, a deterioration in our credit ratings, a failure to manage unplanned changes in funding requirements, a failure to liquidate assets quickly and with minimal loss in value, or changes in regulatory capital restrictions which may prevent the free flow of funds between different group entities. Our global liquidity risk management policy is based on liquidity risk appetite formulated by the Executive Management Board (EMB). Nomura s liquidity risk management, under market-wide stress and in addition, under Nomura-specific stress, seeks to ensure enough continuous liquidity to meet all funding requirements and unsecured debt obligations across one year and one month periods, respectively, without raising funds through unsecured funding or through the liquidation of assets. We are required to meet regulatory notice on the liquidity coverage ratio issued by the FSA.

We have in place a number of liquidity risk management frameworks that enable us to achieve our primary liquidity objective. These frameworks include (1) Centralized Control of Residual Cash and Maintenance of Liquidity Portfolio; (2) Utilization of Unencumbered Assets as Part of Our Liquidity Portfolio; (3) Appropriate Funding and Diversification of Funding Sources and Maturities Commensurate with the Composition of Assets; (4) Management of Credit Lines to Nomura Group Entities; (5) Implementation of Liquidity Stress Tests; and (6) Contingency Funding Plan.

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

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

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

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

To meet any potential liquidity requirement, we maintain a liquidity portfolio in the form of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity. As of September 30, 2015, our liquidity portfolio was ¥6,185.1 billion which generated a liquidity surplus taking into account stress scenarios.

The following table presents a breakdown of our liquidity portfolio by type of financial assets as of March 31, 2015 and September 30, 2015 and averages maintained for the years ended March 31, 2015 and for six months ended September 30, 2015. Yearly and six months averages are calculated using month-end amounts.

	Billions of yen			
	Average for year ended March 31, 2015	March 31, 2015	Average for six months ended September 30, 2015	September 30, 2015
Cash, cash equivalents and time deposits[(1)]	¥ 1,726.2	¥ 1,292.3	¥ 2,025.7	¥ 2,055.9
Government securities	4,678.3	4,470.4	3,978.5	3,917.0
Others[(2)]	248.9	301.3	243.6	212.1
Total liquidity portfolio	¥ 6,653.4	¥ 6,064.0	¥ 6,247.8	¥ 6,185.1

(1) Cash, cash equivalents, and time deposits include nostro balances and deposits with both central banks and market counterparties that are readily available to support the liquidity position of Nomura.

(2) Others include other liquid financial assets such as money market funds and U.S. agency securities.

The following table presents a breakdown of our liquidity portfolio by currency as of March 31, 2015 and September 30, 2015 and averages maintained for the years ended March 31, 2015 and for six months ended September 30, 2015. Yearly and six months averages are calculated using month-end amounts.

	Billions of yen			
	Average for year ended March 31, 2015	March 31, 2015	Average for six months ended September 30, 2015	September 30, 2015
Japanese Yen	¥ 2,267.7	¥ 1,753.4	¥ 1,714.8	¥ 1,760.0
U.S. Dollar	2,580.6	2,736.5	2,953.4	3,082.8
Euro	1,175.0	1,017.9	1,024.1	999.5
British Pound	514.6	404.8	412.5	218.0
Others[(1)]	115.5	151.4	143.1	124.8
Total liquidity portfolio	¥ 6,653.4	¥ 6,064.0	¥ 6,247.8	¥ 6,185.1

(1) Includes other currencies such as the Canadian dollar, the Australian dollar and the Swiss franc.

We assess our liquidity portfolio requirements globally as well as by each major operating entity in the Nomura Group. We primarily maintain our liquidity portfolio at Nomura Holdings, Inc. (NHI) and Nomura Securities Co. Ltd. (NSC), our other major broker-dealer subsidiaries, our bank subsidiaries, and other group entities. In determining the amounts and entities which hold this liquidity portfolio, we consider legal, regulatory and tax restrictions which may impact our ability to freely transfer liquidity across different entities in the Nomura Group.

The following table presents a breakdown of our liquidity portfolio by entity as of March 31, 2015 and September 30, 2015.

	Billions of yen	
	March 31, 2015	September 30, 2015
NHI and NSC[1]	¥ 1,637.1	¥ 1,627.3
Major broker-dealer subsidiaries	3,036.9	2,915.1
Bank subsidiaries[2]	1,050.3	1,174.1
Other affiliates	339.7	468.5
Total liquidity portfolio	¥ 6,064.0	¥ 6,185.1

(1) NSC, a broker-dealer located in Japan, holds an account with the Bank of Japan (BOJ) and has direct access to the BOJ Lombard facility through which same day funding is available for our securities pool. Any liquidity surplus at NHI is lent to NSC via short-term intercompany loans, which can be unwound immediately when needed.

(2) Includes Nomura Bank International plc (NBI), Nomura Singapore Limited and Nomura Bank Luxembourg S.A.

2. Utilization of Unencumbered Assets as Part of Our Liquidity Portfolio.

In addition to our liquidity portfolio, we had ¥1,436.8 billion of other unencumbered assets comprising mainly of unpledged trading assets that can be used as an additional source of secured funding. Global Treasury monitors other unencumbered assets and can, under a liquidity stress event when the contingency funding plan has been invoked, monetize and utilize the cash generated as a result. The aggregate value of our liquidity portfolio and other unencumbered assets as of September 30, 2015 was ¥7,621.8 billion, which represented 319.4% of our total unsecured debt maturing within one year.

	Billions of yen	
	March 31, 2015	September 30, 2015
Net liquidity value of other unencumbered assets	¥ 1,821.2	¥ 1,436.8
Liquidity portfolio	6,064.0	6,185.1
Total	¥ 7,885.2	¥ 7,621.8

3. 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.

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

We diversify funding by issuing various types of debt instruments these include both structured loans and notes. Structured notes are debt obligations with returns linked to interest rates, equities, indices, currencies or commodities. We issue structured notes in order to increase the diversity of our debt instruments. We typically hedge the returns we are obliged to pay with derivatives and/or the underlying assets to obtain funding equivalent to our unsecured long-term debt. The proportion of our non-Japanese Yen denominated long-term debt increased to 42.8% of total long-term debt outstanding as of September 30, 2015 from 38.1% as of March 31, 2015.

Table of Contents

3.1 Short-Term Unsecured Debt

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

The following table presents an analysis of our short-term unsecured debt by type of financial liability as of March 31, 2015 and September 30, 2015.

	Billions of yen	
	March 31, 2015	**September 30, 2015**
Short-term bank borrowings	¥ 267.3	¥ 227.6
Other loans	23.9	60.0
Commercial paper	252.9	137.6
Deposits at banking entities	813.6	978.1
Certificates of deposit	260.9	239.5
Debt securities maturing within one year	938.4	743.4
Total short-term unsecured debt	¥ 2,557.0	¥ 2,386.2

3.2 Long-Term Unsecured Debt

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

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

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

Table of Contents

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

The following table presents an analysis of our long-term unsecured debt by type of financial liability as of March 31, 2015 and September 30, 2015.

	Billions of yen	
	March 31, 2015	September 30, 2015
Long-term deposits at banking entities	¥ 145.9	¥ 153.7
Long-term bank borrowings	2,623.0	2,639.1
Other loans	196.4	183.4
Debt securities[1]	3,544.1	3,711.3
Total long-term unsecured debt	¥ 6,509.4	¥ 6,687.5

(1) Excludes long-term debt securities issued by consolidated special purpose entities and similar entities that meet the definition of variable interest entities under ASC 810 Consolidation and secured financing transactions recognized within Long-term borrowings as a result of transfers of financial assets that are accounted for as financings rather than sales in accordance with ASC 860.

3.3 Maturity Profile

We also seek to maintain an average maturity for plain vanilla instruments greater than or equal to three years. The average maturity for plain vanilla debt securities and borrowings with maturities longer than one year was 4.0 years as of September 30, 2015. A significant amount of our medium-term notes are structured and linked to interest rates, equities, indices, currencies or commodities. These maturities are evaluated based on internal models and monitored by Global Treasury. Maturities for plain vanilla debt securities and borrowings are evaluated based on contractual maturities. Where there is a possibility that these may be called prior to their scheduled maturity date, maturities are based on our internal stress option adjusted model. This model values the embedded optionality under stress market conditions in order to determine when the debt securities or borrowing is likely to be called.

Table of Contents

On this basis, the average maturity of structured notes (notes with maturities longer than one year) was 7.2 years as of September 30, 2015. The average maturity of our entire long-term debt portfolio, including plain vanilla debt securities and borrowings, was 5.2 years as of September 30, 2015. The graph below shows the distribution of maturities of our outstanding long-term debt securities and borrowings.

Redemption schedule is individually estimated by considering the probability of redemption.

3.4 Secured Borrowings

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

4. Management of Credit Lines to Nomura Group Entities

We maintain and expand credit lines to Nomura Group entities from other financial institutions to secure stable funding. We ensure that the maturity dates of borrowing agreements are distributed evenly throughout the year in order to prevent excessive maturities in any given period.

5. Implementation of Liquidity Stress Tests

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

Table of Contents

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

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

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

- Acute stress scenario To maintain adequate liquidity during a severe market-wide liquidity event coupled with credit concerns regarding Nomura s liquidity position, without raising funds through unsecured funding or through the liquidation of assets for one month.

We assume that Nomura will not be able to liquidate assets or adjust its business model during the time horizons used in each of these scenarios. The MCO framework therefore defines the amount of liquidity required to be held in order to meet our expected liquidity needs in a stress event to a level we believe appropriate based on our liquidity risk appetite.

As of September 30, 2015, our liquidity portfolio exceeded net cash outflows under the stress scenarios described above.

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

- No liquidation of assets;

- No ability to issue additional unsecured funding;

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

- Potential buybacks of our outstanding debt;

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

- Fluctuation of funding needs under normal business circumstances;

- Cash and collateral outflows in a stress event;

- Widening of haircuts on outstanding repo funding;

Additional collateralization requirements of clearing banks and depositories;

Drawdown on loan commitments;

Loss of liquidity from market losses;

Assuming a two-notch downgrade of our credit ratings, the aggregate fair value of assets that we would be required to post as additional collateral in connection with our derivative contracts; and

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

Table of Contents

6. Contingency Funding Plan

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

Liquidity Regulatory Framework

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

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

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

These two standards are comprised mainly of specific parameters which are internationally harmonized with prescribed values. Certain parameters, however, contain elements of national discretion to reflect jurisdiction-specific conditions.

In Japan, the regulatory notice on the LCR, based on the international agreement issued by the Basel Committee with necessary national revisions, was published by Financial Services Agency (on October 31, 2014). The notices have been implemented since the end of March 2015 with phased-in minimum standards. Averages of Nomura s month-end LCRs for the three months ended June 30, 2015 and September 30, 2015 was 182.3% and 166.5% respectively, and Nomura was compliant with requirements of the above notices. As for the NSFR, the international agreement was issued by the Basel Committee in October 2014, and the ratio is planned to be implemented as minimum standards in Japan in 2018.

Cash Flows

Nomura s cash flows are primarily generated from operating activities undertaken in connection with our client flows and trading and from financing activities which are closely related to such activities. As a financial institution, growth in operations tends to result in cash outflows from operating activities as well as investing activities, as was generally the case for a number of years. For the six months ended September 30, 2015, we recorded net cash inflows from operating activities and net cash outflows from investing activities as discussed in the comparative analysis mentioned below.

The following is the summary information on our consolidated cash flows for the six months ended September 30, 2014 and 2015:

	Billions of yen Six months ended September 30	
	2014	2015
Net cash provided by operating activities	¥ 31.7	¥ 795.1
Net income	74.4	117.9
Trading assets and private equity investments	(775.7)	(674.2)
Trading liabilities	(395.7)	(593.0)

Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	907.2	1,561.7
Securities borrowed, net of securities loaned	(34.8)	733.7
Other, net	256.3	(351.0)
Net cash provided by (used in) investing activities	23.6	(13.6)
Net cash provided by (used in) financing activities	(134.6)	67.3
Long-term borrowings, net	22.8	98.8
Short-term borrowings, net	(5.2)	(101.1)
Other, net	(152.2)	69.6
Effect of exchange rate changes on cash and cash equivalents	29.3	(3.9)
Net increase (decrease) in cash and cash equivalents	(50.0)	844.9
Cash and cash equivalents at beginning of year	1,489.8	1,315.4
Cash and cash equivalents at end of period	¥ 1,439.8	¥ 2,160.3

See the consolidated statements of cash flows in our interim consolidated financial statements for more detailed information.

For the six months ended September 30, 2015, our cash and cash equivalents increased by ¥844.9 billion to ¥2,160.3 billion. Net cash of ¥67.3 billion was provided by financing activities due to cash inflows of ¥1,162.9 billion by increase in long-term borrowings, which is included in *Long-term borrowings, net*. As part of trading activities, while there were net cash outflows of ¥674.2 billion due to an increase in *Trading assets and Private equity investments,* these cash outflows were offset by net cash inflows of ¥1,561.7 billion from cash inflow due to an increase in *Securities purchased under agreements to resell, net of securities sold under agreements to repurchase.* As a result, net cash of ¥795.1 billion was provided by operating activities.

For the six months ended September 30, 2014, our cash and cash equivalents decreased by ¥50.0 billion to ¥1,439.8 billion. Net cash of ¥134.6 billion was used in financing activities due to cash outflows of ¥1,188.5 billion by decrease in long-term borrowings, which is included in *Long-term borrowings, net.* As part of trading activities, while there were net cash outflows of ¥775.7 billion due to an increase in *Trading assets and private equity investments,* these cash outflows were offset by net cash inflows of ¥907.2 billion from cash inflow due to an increase in *Securities purchased under agreements to resell, net of securities sold under agreements to repurchase.* As a result, net cash of ¥31.7 billion was provided by operating activities.

Balance Sheet and Financial Leverage

Total assets as of September 30, 2015, were ¥43,960.3 billion, an increase of ¥2,177.1 billion compared with ¥41,783.2 billion as of March 31, 2015, reflecting increases such as in *Securities purchased under agreements to resell*. Total liabilities as of September 30, 2015, were ¥41,165.4 billion, an increase of ¥2,127.1 billion compared with ¥39,038.3 billion as of March 31, 2015, reflecting increases such as in *Securities sold under agreements to repurchase*. NHI shareholders equity as of September 30, 2015, was ¥2,761.7 billion, an increase of ¥53.9 billion compared with ¥2,707.8 billion as of March 31, 2015, reflecting increases such as 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 us, we voluntarily provide a Leverage ratio and Adjusted leverage ratio primarily for benchmarking purposes so that users of our annual report can compare our leverage against other financial institutions. Adjusted leverage ratio is a non-GAAP financial measure that Nomura considers to be a useful supplemental measure of leverage. There are currently no regulatory or statutory reporting requirements which require us to disclose leverage ratios.

Table of Contents

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

	Billions of yen, except ratios	
	March 31, 2015	September 30, 2015
NHI shareholders equity	¥ 2,707.8	¥ 2,761.7
Total assets	41,783.2	43,960.3
Adjusted assets(1)	25,063.7	26,823.0
Leverage ratio(2)	15.4x	15.9x
Adjusted leverage ratio(3)	9.3x	9.7x

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

	Billions of yen	
	March 31, 2015	September 30, 2015
Total assets	¥ 41,783.2	¥ 43,960.3
Less:		
Securities purchased under agreements to resell	8,481.5	9,503.3
Securities borrowed	8,238.0	7,634.0
Adjusted assets	¥ 25,063.7	¥ 26,823.0

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

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

Total assets increased by 5.2% reflecting primarily increases in *Securities purchased under agreements to resell*. NHI shareholders equity increased by 2.0% reflecting primarily increases in *Retained earnings.* Our leverage ratio rose from 15.4 times as of March 31, 2015 to 15.9 times as of September 30, 2015.

Adjusted assets increased due primarily to the increase in *Trading assets*. As a result, our adjusted leverage ratio rose from 9.3 times as of March 31, 2015 to 9.7 times as of September 30, 2015.

Capital Management

Capital Management Policy

We seek to enhance shareholder value and to capture growing business opportunities by maintaining sufficient levels of capital. We will continue to review our levels of capital as appropriate, taking into consideration the economic risks inherent to operating our businesses, the regulatory requirements, and maintaining our ratings necessary to operate businesses globally.

Dividends

We believe that raising corporate value over the long term and paying dividends is essential to rewarding shareholders. We will strive to pay dividends using a consolidated pay-out ratio of 30 percent of each semi-annual consolidated earnings as a key indicator.

Dividend payments are determined taking into account a comprehensive range of factors such as the tightening of Basel regulations and other changes to the regulatory environment as well as the Company s consolidated financial performance.

Dividends will in principle be paid on a semi-annual basis with record dates of September 30 and March 31.

With respect to retained earnings, in order to implement measures to adapt to regulatory changes and to increase shareholder value, we seek to efficiently invest in business areas where high profitability and growth may reasonably be expected, including the development and expansion of infrastructure.

We consider repurchases of treasury stock as an option in our financial strategy to respond quickly to changes in the business environment and to increase shareholder value. We make announcements immediately after any decision to set up a share buyback program and conduct such programs in accordance with internal guidelines.

Based on our Capital Management Policy described above, we paid a dividend of ¥10 per share to shareholders of record as of September 30, 2015.

The following table sets forth the amounts of dividends per share paid by us in respect of the periods indicated:

Fiscal year ended or ending March 31,	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2011	¥	¥ 4.00	¥	¥ 4.00	¥ 8.00
2012		4.00		2.00	6.00
2013		2.00		6.00	8.00
2014		8.00		9.00	17.00
2015		6.00		13.00	19.00
2016		10.00			

Consolidated Regulatory Capital Requirements

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

The Company has been assigned as a Final Designated Parent Company who must calculate a consolidated capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company in April 2011. Since then, we have been calculating our consolidated capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company. Note that the Capital Adequacy Notice on Final Designated Parent Company has been revised to be in line with Basel 2.5 and Basel III, and we have calculated a Basel III-based consolidated capital adequacy ratio from the end of March 2013. Basel 2.5 includes significant change in calculation method of market risk and Basel III includes redefinition of capital items for the purpose of requiring higher quality of capital and expansion of the scope of credit risk-weighted assets calculation.

In accordance with Article 2 of the Capital Adequacy Notice on Final Designated Parent Company, our consolidated capital adequacy ratio is currently calculated based on the amounts of common equity Tier 1 capital, Tier 1 capital (sum of common equity Tier 1 capital and additional Tier 1 capital), total capital (sum of Tier 1 capital and Tier 2 capital), credit risk-weighted assets, market risk and operational risk. As of September 30, 2015, our common equity Tier 1 capital ratio (common equity Tier 1 capital divided by risk-weighted assets) is 13.2%, Tier 1 capital ratio (Tier 1 capital divided by risk-weighted assets) is 13.2% and consolidated capital adequacy ratio (total capital divided by risk-weighted assets) is 15.0% and we were in compliance with the requirement for each ratio set out in the Capital Adequacy Notice on Final Designated Parent Company (required level as of September 30, 2015 is 4.5% for common equity Tier 1 capital ratio, 6.0% for Tier 1 capital ratio and 8.0% for consolidated capital adequacy ratio).

The following table presents the Company s consolidated capital adequacy ratio as of March 31, 2015 and September 30, 2015.

	Billions of yen, except ratios	
	March 31, 2015	September 30, 2015
Common equity Tier 1 capital	¥ 2,459.2	¥ 2,501.4
Tier 1 capital	2,459.2	2,501.4
Total capital	2,820.4	2,849.7
Risk-Weighted Assets		
Credit risk-weighted assets	9,112.6	8,505.5
Market risk equivalent assets	7,113.0	7,558.4
Operational risk equivalent assets	2,703.5	2,851.6
Total risk-weighted assets	¥ 18,929.2	¥ 18,915.5
Consolidated Capital Adequacy Ratios		
Common equity Tier 1 capital ratio	12.9%	13.2%
Tier 1 capital ratio	12.9%	13.2%
Consolidated capital adequacy ratio	14.8%	15.0%

Common equity Tier 1 capital, additional Tier 1 capital and Tier 2 capital are calculated by deducting regulatory adjustment item from basic item for each capital class, respectively. If the amount of basic item is less than the amount of adjustment item, we need to deduct deficit amount from upper capital class. Each capital item and regulatory adjustment is defined in the Capital Adequacy Notice on Final Designated Parent Company and these new definitions of capital will come into effect gradually by transitional measures.

Since the end of March, 2011, we have been calculating credit risk-weighted assets and operational risk equivalent assets by using the foundation Internal Ratings-Based Approach and The Standardized Approach, respectively, with the approval of the FSA. Furthermore, Market risk equivalent assets are calculated by using the Internal Models Approach with approval of the FSA.

We provide consolidated capital adequacy ratios not only to demonstrate that we are in compliance with the requirements set out in the Capital Adequacy Notice on Final Designated Parent Company but also for benchmarking purposes so that users of our report can compare our capital position against those of other financial groups who are already subject to Basel III requirements. Management receives and reviews these capital ratios on a regular basis.

Consolidated Leverage Ratio Requirements

In March 2015, the FSA issued guidance on the calculation methodology and disclosure requirements for a consolidated regulatory leverage ratio by financial institutions through revisions to Specification of items which a final designated parent company should disclose on documents to show the status of its sound management (2010 FSA Regulatory Notice No. 132; Notice on Pillar3 Disclosure) and publishing Consolidated Leverage Ratio prescribed by Commissioner of Financial Services Agency in accordance with Article 3, by paragraph 1 of Pillar3 Notice (2015 FSA Regulatory Notice No. 11; Notice on Consolidated Leverage Ratio). As a result of this guidance, Nomura will now disclose a consolidated leverage ratio measure from March 31, 2015 which is calculated using the methodology prescribed by this guidance. Management will also receive and review this consolidated leverage ratio on a regular basis. As of September 30, 2015, our consolidated leverage ratio is 3.96%.

Changes to regulatory capital framework which affect us

The Basel Committee has issued a series of announcements regarding a Basel III program designed to strengthen the regulatory capital framework in light of weaknesses revealed by the financial crises. The following is a summary of the proposals which are most relevant to us.

On December 16, 2010, in an effort to promote a more resilient banking sector, the Basel Committee issued Basel III, that is, International framework for liquidity risk measurement, standards and monitoring and A global regulatory framework for more resilient banks and banking systems . The proposals include raising the quality, consistency and transparency of the capital base; strengthening the risk coverage of the capital framework such as the implementation of a credit value adjustment (CVA) charge for OTC derivative trades; introducing a leverage ratio requirement as a supplemental measure to the risk-based framework; introducing minimum standards for funding and liquidity; and introducing a series of measures to address concerns over the procyclicality of the current framework. Additional capital, liquidity or other supervisory measures to reduce the externalities created by systemically important institutions are also under review. These standards were implemented from 2013, which includes transitional treatment (i.e. they are phased in gradually from 2013). In addition, after two rounds of public consultation and discussions with the Committee on Payment and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO), the Basel Committee issued interim rules for the capitalization of bank exposures to central counterparties (CCPs) on July 25, 2012, which were intended to come into effect as of January 2013 as part of Basel III. The first version of the CCPs rules came into the effect from 2013 and the final version of the CCPs rule was announced in April 2014 from the Basel Committee, which is not implemented. Moreover, a series of final standards on the regulatory frameworks such as Basel III leverage ratio framework and disclosure requirements, capital requirements for banks equity investments in funds, the standardized approach for measuring counterparty credit risk exposures, capital requirements for bank exposures to central counterparties, supervisory framework for measuring and controlling large exposures and revisions to the securitization framework have been published by the Basel Committee.

At the G-20 summit in November 2011, the Financial Stability Board (FSB) and the Basel Committee announced the list of global systemically important banks (G-SIBs) and the additional requirements for the G-SIBs including the establishment of a recovery and resolution plan. The FSB also announced the group of G-SIB will be updated annually and published by the FSB each November. In November 2013, the FSB and the Basel Committee updated the list of G-SIB. We have not been designated as a G-SIB in the past, since November 2013, and we were not designated as a G-SIB in November 2015. On the other hand, the FSB and the Basel Committee were asked to work on extending the framework for G-SIBs to domestic systemically important financial institutions (D-SIBs) and the Basel Committee developed and published a set of principles on the assessment methodology and the higher loss absorbency requirement for D-SIBs. We were designated as a D-SIB in December 2015 by the FSA. In addition to the above, the FSB and the IOSCO have published assessment methodologies for identifying Non-bank Non-insurer Global Systemically Important Financial Institutions NBNI G-SIFIs , for public consultation.

Following the change in international regulatory environment, the FSA introduced rules and notices such as the Capital Adequacy Notice on Final Designated Parent Company on consolidated regulation and supervision of securities companies on a consolidated basis on April 1, 2011 to improve the stability and transparency of Japan s financial system and ensure the protection of investors. It is expected that such regulation and notice will be revised further to be in line with a series of rules and standards proposed by the Basel Committee, FSB or IOSCO.

Table of Contents

Credit Ratings

The cost and availability of unsecured funding are generally dependent on credit ratings. Our short-term and long-term debt is rated by several recognized credit rating agencies. We believe that our credit ratings include the credit ratings agencies assessment of the general operating environment, our positions in the markets in which we operate, reputation, earnings structure, trend and volatility of our earnings, risk management framework, liquidity and capital management. An adverse change in any of these factors could result in a downgrade of our credit ratings, and that could, in turn, increase our borrowing costs and limit our access to the capital markets or require us to post additional collateral and permit counterparties to terminate transactions pursuant to certain contractual obligations. In addition, our credit ratings can have a significant impact on certain of our trading revenues, particularly in those businesses where longer term counterparty performance is critical, such as OTC derivative transactions.

As of November 30, 2015, the credit ratings of the Company and NSC were as follows:

Nomura Holdings, Inc.	**Short-term Debt**	**Long-term Debt**
Standard & Poor s	A-2	BBB+
Moody s Investors Service		Baa1
Fitch Ratings	F1	A-
Rating and Investment Information, Inc.	a-1	A+
Japan Credit Rating Agency, Ltd.		AA-

Nomura Securities Co., Ltd.	**Short-term Debt**	**Long-term Debt**
Standard & Poor s	A-2	A-
Moody s Investors Service	P-2	A3
Fitch Ratings	F1	A-
Rating and Investment Information, Inc.	a-1	A+
Japan Credit Rating Agency, Ltd.		AA-

Both Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. are credit rating agencies nationally recognized in Japan. We rely on, or utilize, credit ratings on our short-term and long-term provided by these Japanese credit rating agencies, as well as Standard & Poor s, Moody s Investors Service and Fitch Ratings, for unsecured funding and other financing purposes and also for our trading and other business activities.

There has been no change to the ratings in the above table since the date indicated.

Off-Balance Sheet Arrangements

Off-balance sheet entities

In the normal course of business, we engage in a variety of off-balance sheet arrangements with off-balance sheet entities which may have an impact on Nomura s future financial position and performance.

Off-balance sheet arrangements with off-balance sheet entities include where Nomura has:

- an obligation under a guarantee contract;
- a retained or contingent interest in assets transferred to an off-balance sheet entity or similar arrangement that serves to provide credit, liquidity or market risk support to such entity;
- any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument; or
- any obligation, including a contingent obligation, arising out of a variable interest in an off-balance sheet entity that is held by, and material to, us, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with, us.

Off-balance sheet entities may take the form of a corporation, partnership, fund, trust or other legal vehicle which is designed to fulfill a limited, specific purpose by its sponsor. We both create or sponsor these entities and also enter into arrangements with entities created or sponsored by others.

Our involvement with these entities includes structuring, underwriting, distributing and selling debt instruments and beneficial interests issued by these entities, subject to prevailing market conditions. In connection with our securitization and equity derivative activities, we also act as a transferor of financial assets to these entities, as well as, underwriter, distributor and seller of asset-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 off-balance sheet arrangements include guarantee agreements and derivative contracts. Significant involvement is assessed based on all of our arrangements with these entities, even if the probability of loss, as assessed at the balance sheet date, is remote.

For further information about transactions with VIEs, see Note 6 *Securitizations and Variable Interest Entities* in our interim consolidated financial statements.

Contractual Obligations

Since March 31, 2015, there have been no other material changes outside our ordinary course of business in connection with our standby letters of credit and other guarantees, long-term borrowings and contractual interest payments, operating lease commitments, capital lease commitments, purchase obligations, commitments to extend credit and commitments to invest in partnerships.

For further details on our commitments, contingencies and guarantees, see Note 14 *Commitments, contingencies and guarantees* in our interim consolidated financial statements.

Table of Contents

Quantitative and Qualitative Disclosures about Market Risk

Risk Management

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

A fundamental principle established by Nomura is that all employees shall regard themselves as principals of risk management and appropriately manage these risks. Nomura seeks to promote a culture of proactive risk management throughout all levels of the organization and to limit risks to the confines of its risk appetite. The risk management framework that Nomura uses to manage these risks consists of its risk appetite, risk management governance and oversight, the management of financial resources, the management of all risk classes, and processes to measure and control risks. Each of these key components is explained in further detail below.

Risk Appetite

Nomura has determined the maximum level and types of risk that it is willing to assume in pursuit of its strategic objectives and business plan and has articulated this in its Risk Appetite Statement. This document is jointly submitted by the Chief Risk Officer (CRO) and the Chief Financial Officer (CFO) to the Executive Management Board (EMB) for approval.

The Risk Appetite Statement provides an aggregated view of risk and includes capital adequacy and balance sheet measures, liquidity risk, market and credit risk, operational risk, and model risk, and consists of quantitative metrics and qualitative statements. It is subject to regular monitoring and breach escalation as appropriate by the owner of the relevant risk appetite statement.

Nomura s Risk Appetite Statement is required to be reviewed annually by the EMB but it is reviewed on an ad hoc basis if necessary, and must specifically be reviewed following any significant changes in Nomura s strategy. Risk appetite underpins all additional aspects of Nomura s risk management framework.

Table of Contents

Risk Management Governance and Oversight

Committee Governance

Nomura has established a committee structure to facilitate effective business operations and management of Nomura s risks. The formal governance structure for risk management within Nomura is as follows:

Board of Directors (BoD)

The BoD determines the policy for the execution of the business of Nomura and other matters prescribed in laws and regulations, supervises the execution of Directors and Executive Officers duties and has the authority to adopt, alter or abolish the regulations of the EMB.

Executive Management Board

The EMB deliberates on and determines management strategy, the allocation of management resources and important management matters of Nomura, and seeks to increase shareholder value by promoting effective use of management resources and unified decision-making with regard to the execution of business. The EMB delegates responsibility for deliberation of matters concerning risk management to the GIRMC. Key responsibilities of the EMB include the following:

Resource Allocation At the beginning of each financial year, the EMB determines the allocation of management resources and financial resources such as economic capital and unsecured funding to business units and establishes usage limits for these resources;

Business Plan At the beginning of each financial year, the EMB approves the business plan and budget of Nomura. Introduction of significant new businesses, changes to business plans, the budget and the allocation of management resources during the year are also approved by the EMB; and

Reporting The EMB reports the status of its deliberations to the BoD.

Group Integrated Risk Management Committee (GIRMC)

Upon delegation from the EMB, the GIRMC deliberates on or determines important matters concerning integrated risk management of Nomura to assure the sound and effective management of its businesses. The GIRMC establishes Nomura s risk appetite and a framework of integrated risk management consistent with Nomura s risk appetite. The GIRMC supervises Nomura s risk management by establishing and operating its risk management framework. The GIRMC reports the status of key risk management issues and any other matters deemed necessary by the committee chairman to the BoD and the EMB.

In addition, the GIRMC, upon delegation from the EMB, has established the Risk Management Policy, describing Nomura s overall risk management framework including the fundamental risk management principles followed by Nomura.

Global Risk Management Committee (GRMC)

Upon delegation from the GIRMC, the GRMC deliberates on or determines, based on strategic risk allocation and risk appetite determined by the GIRMC, important matters concerning market, credit or reputational risk management of Nomura in order to assure the sound and effective management of Nomura s businesses. The GRMC reports to the GIRMC the status of discussions at its meetings and any other matters as deemed necessary by the committee chairman.

Asset Liability Committee (ALCO)

Upon delegation from the GIRMC, the ALCO deliberates on, based on Nomura s risk appetite determined by the GIRMC, balance sheet management, financial resource allocation, liquidity management and related matters. The ALCO reports to the GIRMC the status of discussions at its meetings and any other matters as deemed necessary by the committee chairman.

Global Risk Analytics Committee (GRAC) and Model Risk Analytics Committee (MRAC)

Upon delegation from the GRMC, the GRAC and the MRAC deliberate on or determine matters concerning the development, management and strategy of risk models and valuation models, respectively. The committees primary responsibility is to govern and provide oversight of model management, including the approval of new models and significant model changes. Both committees report all significant matters and material decisions taken to the GRMC, on a regular basis.

GRMC Transaction Committee

Upon delegation from the GRMC, the GRMC Transaction Committee deliberates on or approves individual transactions in line with Nomura s risk appetite in order to assure the sound and effective management of Nomura s businesses.

Collateral Steering Committee (CSC)

Upon delegation from the GRMC, the CSC deliberates on or determines Nomura s collateral risk management, including concentrations, liquidity, collateral re-use, limits and stress tests, provides direction on Nomura s collateral strategy and ensures compliance with regulatory collateral requirements.

Chief Risk Officer (CRO)

The CRO is responsible for setting the overall strategy and direction of the Risk Management Division. The CRO is responsible for supervising the Risk Management Division and maintaining the effectiveness of the risk management framework independently from the business units within Nomura. The CRO regularly reports on the status of Nomura s risk management to the GIRMC, and reports to and seeks the approval of the GIRMC on measures required for risk management.

Chief Financial Officer (CFO)

The CFO is responsible for overall financial strategy of Nomura, and has operational authority and responsibility over Nomura s liquidity management based on decisions made by the EMB.

Risk Management Division

The Risk Management Division comprises various departments or units in charge of risk management established independently from Nomura s business units. The Risk Management Division is responsible for establishing and operating risk management processes, establishing and enforcing risk management policies and regulations, verifying the effectiveness of risk management methods, gathering reports from Nomura Group entities, reporting to Executive Officers/Senior Managing Directors and the GIRMC and others, as well as reporting to regulatory bodies and handling regulatory applications concerning risk management methods and other items as necessary. Important risk management issues are closely communicated between members of the Risk Management departments and the CRO. The CRO and/or Deputy CRO regularly attend the EMB and GIRMC meetings to report specific risk issues.

Risk Policy Framework

Policies and procedures are essential tools of governance used by the Risk Management Division. They define principles, rules and standards, and the specific processes that must be adhered to in order to effectively manage risk at Nomura. The Risk Management Division has established a risk policy framework to promote appropriate standards and consistency for risk policies and procedures and to articulate the principles and procedures conducive to effective risk management. All risk management policies and procedures are developed in line with this policy framework and a defined process is followed for any exceptions.

Monitoring, Reporting and Data Integrity

Development, consolidation, monitoring and reporting of risk management information (risk MI) are fundamental to the appropriate management of risk. The aim of all risk MI is to provide a basis for sound decision-making, action and escalation as required. The Risk Management Division and the Finance Division are responsible for producing regular risk MI, which reflects the position of Nomura relative to stated risk appetite. Risk MI includes information from across the risk classes defined in the risk management framework and reflect the use of the various risk tools used to identify and assess those risks. The Risk Management Division is responsible for implementing appropriate controls over data integrity for risk MI.

Management of Financial Resources

Nomura has established a framework for management of financial resources in order to adequately manage utilization of these resources. The EMB allocates financial resources to business units at the beginning of each financial year. These allocations are used to set revenue forecasts for each business units. Key components are set out below:

Risk-weighted assets

A key component used in the calculation of our consolidated capital adequacy ratios is risk-weighted assets. The EMB determines the risk appetite for our consolidated Tier 1 capital ratio on an annual basis and sets the limits for the usage of risk-weighted assets by each division and by additional lower levels of the division consistent with the risk appetite. See Item 4.B. *Business Overview Regulatory Capital Rules* of our annual report on Form 20-F for the fiscal year ended March 31, 2015 and *Consolidated Regulatory Capital Requirements* in this report for further information on our consolidated capital adequacy ratios and risk-weighted assets.

Table of Contents

Economic Capital

Nomura s internal measure of the capital required to support its business is the Nomura Capital Allocation Target (NCAT), which is measured as the amount of capital required to absorb unexpected losses over a one-year time horizon under a severely adverse scenario. For quantification purposes, a severely adverse scenario is defined as the unexpected loss computed by risk models at the 99.95th percentile. NCAT consists of i) portfolio NCAT, which captures the risks directly impacting the value of specific positions such as market risk, credit risk, asset liquidity risk and other risks such as event risk to account for portfolio risks not easily covered in a historically calibrated model, and ii) non-portfolio NCAT, which captures the risks not directly affecting the value of specific positions, such as operational risk and business risk. Nomura s NCAT limit is initially set by the EMB, and the EMB subsequently allocates it to each business division and additional lower levels of the organization.

Available Funds

The CFO decides the maximum amount of available funds, provided without posting of any collateral, for allocation within Nomura and the EMB approves the allocation of the funds to each business division. Global Treasury monitors the usage by businesses and reports to the EMB.

Classification and Definition of Risk

Nomura classifies and defines risks as follows and has established departments or units to manage each risk type.

Risk Category	Definition
Market risk	Risk of loss arising from fluctuations in the value of financial assets and liabilities (including off-balance sheet items) due to fluctuations in market risk factors (interest rates, foreign exchange rates, prices of securities and others).
Credit risk	Risk of loss arising from an obligor or counterparty s default, insolvency or administrative proceeding which results in the obligor s failure to meet its contractual obligations in accordance with agreed terms. This includes both on and off-balance sheet exposures. It is also the risk of loss arising through a credit valuation adjustment (CVA) associated with deterioration in the creditworthiness of a counterparty.
Operational risk	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It excludes strategic risk (the risk of loss as a result of poor strategic business decisions), but includes the risk of breach of legal and regulatory requirements, and the risk of damage to Nomura s reputation if caused by an operational risk.
Model risk	Risk arising from model errors or incorrect or inappropriate model application, which can lead to financial loss, poor business and strategic decision-making, restatement of external and internal reports, regulatory penalties and damage to Nomura s reputation.
Funding and Liquidity risk	Risk of loss arising from difficulty in securing necessary funding or from a significantly higher cost of funding than normal levels due to a deterioration in Nomura s creditworthiness or a deterioration in market conditions.
Business risk	Risk of failure of revenues to cover costs due to a deterioration in the earnings environment or a deterioration in the efficiency or effectiveness of Nomura s business operations. Managing business risk is the responsibility of Nomura s Executive Managing Directors and Senior Managing Directors.

Market Risk Management

Market risk is the risk of loss arising from fluctuations in the value of financial assets and liabilities (including off-balance sheet items) due to fluctuations in market risk factors (interest rates, foreign exchange rates, prices of securities and others).

Market Risk Management Process

Effective management of market risk requires the ability to analyze a complex and evolving portfolio in a constantly changing global market environment, identify problematic trends and ensure that appropriate action is taken in a timely manner.

Nomura uses a variety of statistical risk measurement tools to assess and monitor market risk on an ongoing basis, including, but not limited to, Value at Risk (VaR), Stressed VaR (SVaR) and Incremental Risk Charge (IRC). In addition, Nomura uses sensitivity analysis and stress testing to measure and analyze its market risk. Sensitivities are measures used to show the potential changes to a portfolio due to standard moves in market risk factors. They are specific to each asset class and cannot usually be aggregated across risk factors. Stress testing enables the analysis of portfolio risks or tail risks, including non-linear behaviors and can be aggregated across risk factors at any level of the group hierarchy, from group level to business division, units or desk levels. Market risk is monitored against a set of approved limits, with daily reports and other management information provided to the business units and senior management.

Value at Risk

VaR is a measure of the potential loss due to adverse movements of market factors, such as equity prices, interest rates, credit, foreign exchange rates, and commodities with associated volatilities and correlations.

VaR Methodology Assumptions

Nomura uses a single VaR model which has been implemented globally in order to determine the total trading VaR. A historical simulation is implemented, where historical market moves over a two-year window are applied to current exposure in order to construct a profit and loss distribution. Potential losses can be estimated at required confidence levels or probabilities. A scenario weighting scheme is employed to ensure that the VaR model responds to changing market volatility. Nomura uses the same VaR model for both internal risk management purposes and for regulatory reporting. For internal risk management purposes, VaR is calculated across Nomura at a 99% confidence level and using a 1-day time horizon. For regulatory reporting purposes, Nomura uses the same confidence level but a 10-day time horizon, calculated using actual 10-day historical market moves. To complement VaR under Basel 2.5 regulations, Nomura also computes SVaR, which samples from a one-year window during a period of financial stress. The SVaR window is regularly calibrated and observations are equally weighted.

Nomura s VaR model uses exact time series for each individual risk factor. However, if good quality data is not available, a proxy logic maps the exposure to an appropriate time series. The level of proxying taking place is carefully monitored through internal risk management processes and there is a continual effort to source new time series to use in the VaR calculation.

VaR Backtesting

The performance of Nomura s VaR model is constantly monitored to ensure that it remains fit for purpose. The main approach for validating VaR is to compare actual 1-day trading losses with the corresponding VaR estimate. Nomura s VaR model is backtested at different hierarchy levels. Backtesting results are reviewed on a monthly basis by Nomura s Risk Management Division. One-day trading losses did not exceed the 99% VaR estimate at Nomura group level for the six months ended September 30, 2015.

Limitations and Advantages of VaR

VaR aggregates risks from different asset classes in a transparent and intuitive way. However, there are limitations. VaR is a backward-looking measure: it implicitly assumes that distributions and correlations of recent factor moves are adequate to represent moves in the near future. VaR is appropriate for liquid markets and is not appropriate for risk factors that exhibit sudden jumps. Therefore it may understate the impact of severe events. Given these limitations, Nomura uses VaR only as one component of a diverse market risk management process.

VaR metrics

The following graph shows the daily VaR over the last six quarters for substantially all of Nomura s trading positions:

The following tables show the VaR as of each of the dates indicated for substantially all of Nomura s trading positions:

	Billions of yen As of		
	Mar. 31, 2014	Mar. 31, 2015	Sep. 30, 2015
Equity	¥ 1.28	¥ 1.01	¥ 1.53
Interest rate	3.95	4.17	5.24
Foreign exchange	2.79	1.06	1.39
Subtotal	8.02	6.23	8.17
Less: Diversification Benefit	(2.86)	(1.62)	(2.80)
VaR	¥ 5.16	¥ 4.62	¥ 5.36

	Billions of yen		
	For the twelve months ended		For the six months ended
	Mar. 31, 2014	Mar. 31, 2015	Sep. 30, 2015
Maximum daily VaR[1]	¥ 9.90	¥ 9.84	¥ 9.13
Average daily VaR[1]	6.67	6.44	5.16
Minimum daily VaR[1]	4.45	3.11	3.54

(1) Represents the maximum, average and minimum VaR based on all daily calculations for the twelve months ended March 31, 2014, March 31, 2015, and for the six months ended September 30, 2015.

Total VaR increased to ¥5.36 billion as of September 30, 2015 from ¥4.62 billion as of March 31, 2015. VaR relating to foreign exchange risk increased to ¥1.39 billion as of Sep 30, 2015, compared to ¥1.06 billion as of March 31, 2015. VaR relating to equity risk increased to ¥1.53 billion as of September 30, 2015, compared to ¥1.01 billion as of March 31, 2015.VaR relating to interest rate risk increased to ¥5.24 billion as of September 30, 2015, compared to ¥4.17 billion as of March 31, 2015.

Total VaR decreased to ¥4.62 billion as of March 31, 2015 from ¥5.16 billion as of March 31, 2014. VaR relating to foreign exchange risk decreased to ¥1.06 billion as of March 31, 2015, compared to ¥2.79 billion as of March 31, 2014 due to lower outright foreign exchange risk taken. VaR relating to equity risk decreased to ¥1.01 billion as of March 31, 2015, compared to ¥1.28 billion as of March 31, 2014.VaR relating to interest rate risk increased to ¥4.17 billion as of March 31, 2015, compared to ¥3.95 billion as of March 31, 2014.

Table of Contents

Stress Testing

Nomura conducts market risk stress testing since VaR and sensitivity analysis have limited ability to capture all portfolio risks or tail risks. Stress testing for market risk is conducted daily and weekly, using various scenarios based upon features of trading strategies. Nomura conducts stress testing not only at each desk level, but also at a Nomura group level with a set of common global scenarios in order to capture the impact of market fluctuations on the entire Nomura group.

Non-Trading Risk

A major market risk in Nomura s non-trading portfolio relates to equity investments held for operating purposes and on a long-term basis. Equity investments held for operating purposes are minority stakes in the equity securities of unaffiliated Japanese financial institutions and corporations held in order to promote existing and potential business relationships. This non-trading portfolio is exposed mainly to volatility in the Japanese stock market. One method that can estimate the market risk in this portfolio is to analyze market sensitivity based on changes in the TOPIX, which is a leading index of prices of stocks on the First Section of the Tokyo Stock Exchange.

Nomura uses regression analysis covering the previous 90 days which tracks and compares fluctuations in the TOPIX and the market value of Nomura s equity investments held for operating purposes. This analysis indicates that for each 10% change in the TOPIX, the market value of Nomura s operating equity investments held for operating purposes can be expected to change by ¥23,271 million at the end of March 2015 and ¥23,299 million at the end of September 2015. The TOPIX closed at 1,543.11 points at the end of March 2015 and at 1,411.16 points at the end of September 2015. This simulation analyzes data for the entire portfolio of equity investments held for operating purposes at Nomura and therefore actual results may differ from Nomura s expectations because of price fluctuations of individual equities.

Credit Risk Management

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

Nomura manages credit risk on a global basis and on an individual Nomura legal entity basis.

Credit Risk Management Framework

The measurement, monitoring and management of credit risk at Nomura are governed by a set of global policies and procedures. Credit Risk Management (CRM), a global function within the Risk Management Division, is responsible for the implementation and maintenance of these policies and procedures. These policies are authorized by the GIRMC and/or Global Risk Strategic Committee (GRSC), prescribe the basic principles of credit risk management and set credit limits to counterparties that are formally approved by CRM personnel with the appropriate level of credit authority.

Credit risk is managed by CRM together with various global and regional risk committees. This ensures transparency of material credit risks and compliance with established credit limits, the approval of material extensions of credit and the escalation of risk concentrations to appropriate senior management.

Table of Contents

Credit Risk Management Process

CRM operates as a credit risk control function within the Risk Management Division, reporting to the CRO. The process for managing credit risk at Nomura includes:

- Evaluation of likelihood that a counterparty defaults on its payments and obligations;
- Assignment of internal ratings to all active counterparties;
- Approval of extensions of credit and establishment of credit limits;
- Measurement, monitoring and management of Nomura s current and potential future credit exposures;
- Setting credit terms in legal documentation including margin terms; and
- Use of appropriate credit risk mitigants including netting, collateral and hedging.

The scope of credit risk management includes counterparty trading and various debt or equity instruments including loans, private equity investments, fund investments, investment securities and any other as deemed necessary from a credit risk management perspective. The evaluation of counterparties creditworthiness involves a thorough due diligence and analysis of the business environments in which they operate, their competitive positions, management and financial strength and flexibility. Credit analysts also take into account the corporate structure and any explicit or implicit credit support. CRM evaluates credit risk not only by counterparty, but also by counterparty group.

Following the credit analysis, CRM estimates the probability of default of a given counterparty or obligor through an alphanumeric ratings scale similar to that used by rating agencies and a corresponding numeric scale. Credit analysts are responsible for assigning and maintaining the internal ratings, ensuring that each rating is reviewed and approved at least annually.

Nomura s internal rating system employs a range of ratings models to ensure global consistency and accuracy. These models are developed and maintained by the Risk Methodology Group. Internal ratings represent a critical component of Nomura s approach to managing counterparty credit risk. They are used as key factors in:

- Establishing the amount of counterparty credit risk that Nomura is willing to take to an individual counterparty or counterparty group (setting of credit limits);
- Determining the level of delegated authority for setting credit limits (including tenor);
- The frequency of credit reviews (renewal of credit limits);
- Reporting counterparty credit risk to senior management within Nomura; and

Reporting counterparty credit risk to stakeholders outside of Nomura.

The Credit Risk Control Unit is a function that is independent of CRM. It ensures that Nomura s internal rating system is properly reviewed and validated, reporting any breaks or issues to senior management for timely resolution. The unit is responsible for ensuring that the system remains accurate and predictive of risk and provides periodic reporting on the system to senior management.

Nomura has established an Internal Rating System to be a unified, exhaustive and objective framework to evaluate credit risk. Internal ratings are typically classified into obligor, facility and specialized lending ratings. Each rating classification serves to properly express the credit risk either in terms of probability of default, the level of potential recovery given its position in a capital structure or the probability of repayment under the terms of a specialized lending facility.

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

Table of Contents

Credit Limits and Risk Measures

Internal ratings form an integral part in the assignment of credit limits to counterparties. Nomura s credit limit framework is designed to ensure that Nomura takes appropriate credit risk in a manner that is consistent with its overall risk appetite. Global Credit policies define the delegated authority matrices that establish the maximum aggregated limit amounts and tenors that may be set for any single counterparty group based on their internal rating.

Nomura s main type of counterparty credit risk exposures arise from derivatives transactions or securities financing transactions. Credit exposures against counterparties are managed by means of setting credit limits based upon credit analysis of individual counterparty. Credit risk is managed daily through the monitoring of credit exposure against approved credit limits and the ongoing monitoring of the creditworthiness of Nomura s counterparties. Any change in circumstance that alters Nomura s risk appetite for any particular counterparty, sector, industry or country is reflected in changes to the internal rating and credit limit as appropriate.

Nomura s global credit risk management systems record all credit limits and capture credit exposures to the Nomura s counterparties allowing CRM to measure, monitor and manage utilization of credit limits, ensure appropriate reporting and escalation of any limit breaches.

For derivatives and securities financing transactions, Nomura measures credit risk primarily by way of a Monte Carlo-based simulation model that determines a Potential Exposure (PE) profile at a specified confidence level. The exposure calculation model used for counterparty credit risk management has also been used for the Internal Model Method (IMM) based exposure calculation for regulatory capital reporting purposes since the end of December 2012.

Loans and lending commitments are measured and monitored on both a funded and unfunded basis.

Wrong Way Risk

Wrong Way Risk (WWR) occurs when exposure to a counterparty is highly correlated with the deterioration of creditworthiness of that counterparty. Nomura has established global policies that govern the management of any WWR exposures. Stress testing is used to support the assessment of any WWR embedded within existing portfolios and adjustments are made to credit exposures and regulatory capital, as appropriate.

Stress Testing

Stress Testing is an integral part of Nomura s management of credit risk. Regular stress tests are used to support the assessment of credit risks by counterparties, sectors and regions. The stress tests include potential concentrations that are highlighted as a result of applying shocks to risk factors, probabilities of default or rating migrations.

Risk Mitigation

Nomura utilizes financial instruments, agreements and practices to assist in the management of credit risk. Nomura enters into legal agreements, such as the International Swap and Derivatives Association, Inc. (ISDA) agreements or equivalent (referred to as Master Netting Agreements), with many of its counterparties. Master Netting Agreements allow netting of receivables and payables and reduce losses potentially incurred as a result of a counterparty default. Further reduction in credit risk is achieved through entering into collateral agreements that allow Nomura to obtain collateral from counterparties either upfront or contingent on exposure levels, changes in credit rating or other factors.

Credit Risk to Counterparties in Derivatives Transaction

The credit exposures arising from Nomura s trading-related derivatives as of March 31, 2015 are summarized in the table below, showing the positive fair value of derivative assets by counterparty credit rating and by remaining contractual maturity. The credit ratings are internally determined by Nomura s CRM.

	Billions of yen								
	Years to Maturity								
Credit Rating	Less than 1 year	1 to 3 years	3 to 5 years	5 to 7 years	More than 7 years	Cross-Maturity Netting[1]	Total Fair Value (a)	Collateral obtained (b)	Replacement cost[3] (a)-(b)
AAA	¥ 18	¥ 103	¥ 21	¥ 9	¥ 80	¥ (192)	¥ 39	¥ 4	¥ 35
AA	299	451	422	513	1,732	(3,048)	369	70	299
A	462	372	360	308	892	(1,895)	499	54	445
BBB	177	151	144	131	530	(710)	423	261	162
BB and lower	58	73	71	45	349	(384)	212	400	0
Other[2]	43	2	3	1	17	(164)	(98)	4	0
Sub-total	1,057	1,152	1,021	1,007	3,600	(6,393)	1,444	793	941
Listed	333	161	21	3	0	(376)	142	20	122
Total	¥ 1,390	¥ 1,313	¥ 1,042	¥ 1,010	¥ 3,600	¥ (6,769)	¥ 1,586	¥ 813	¥ 1,063

(1) Represents netting of derivative liabilities against derivatives assets entered into with the same counterparty across different maturity bands. Derivative assets and derivative liabilities with the same counterparty in the same maturity band are net within the relevant maturity band. Cash collateral netting against net derivative assets in accordance with ASC 210-20 *Balance Sheet Offsetting* and ASC 815 *Derivatives and Hedging* is also included.

(2) Other comprises unrated counterparties and certain portfolio level valuation adjustments not allocated to specific counterparties

(3) Zero balances represent instances where total collateral received is in excess of the total fair value therefore Nomura s credit exposure is zero.

Country Risk

Country risk has continued to be a dominant theme given the heightened geopolitical risks affecting markets through the reporting period. Security pressures related to conflicts in the Middle East and the rise of Islamic State have increased event risk. Anti-EU and populist sentiment is undermining political stability and fiscal orthodoxy in some EU member states, with Brexit and Catalonia separatism as tail risks. Dollar strength and commodity weakness have increased pressure on emerging markets, with idiosyncratic political developments in countries such as Brazil and Turkey adding risk. Furthermore, although immediate concerns around Greece have subsided, fiscal and economic sustainability remains a concern for multiple eurozone countries.

Nomura manages country risk through a consolidated risk assessment and limit framework. The framework incorporates inventory positions, trades with counterparties and any other businesses or products as part of its diversified portfolio. Nomura does not have concentrated exposure to the countries directly impacted by the conflicts in the Middle East. Nomura s total current net exposure to Russia and Ukraine as of September 30, 2015 was not material. Nomura s emerging market exposures were principally in Turkey (¥36 billion) and Brazil (¥33 billion). Nomura maintained exposure to peripheral eurozone economies, with the largest as of September 30, 2015 being Italy (¥155 billion) and Spain (¥71 billion), the next largest being Portugal (¥12 billion), and the remainder being smaller. Peripheral eurozone exposure consisted of OTC derivatives, lending, deposits and trading positions.

Table of Contents

Operational Risk Management

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

The Three Lines of Defence

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

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

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

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

Operational Risk Management Framework

An Operational Risk Management Framework has been established in order to allow Nomura to identify, assess, manage, monitor and report on operational risk. The GIRMC, with delegated authority from the EMB has formal oversight over the management of operational risk.

This framework is set out below:

Infrastructure of the framework

- Policy framework: Sets standards for managing operational risk and details how to monitor adherence to these standards.

- Training and awareness: Action taken by ORM to improve business understanding of operational risk.

Products and Services

- Risk and Control Self-Assessment (RCSA): The process used by business units to identify and assess the operational risks to which they are exposed, the controls in place to mitigate risks, and action plans to further reduce risk.

- Scenario Analysis: Process to identify and assess high impact, low probability tail events .

- Event Reporting: Process to obtain information on and learn from actual events impacting Nomura and relevant external events. A key step is to identify appropriate action plans to prevent or mitigate future occurrence of events.

- Key Risk Indicators (KRI): Metrics which allow monitoring of certain key operational risks and trigger appropriate responses as thresholds are breached.

Outputs

Analysis and reporting: A key aspect of ORM s role is to analyze, report, and challenge operational risk information provided by business units, and work with business units to develop action plans to mitigate risks.

Operational risk capital calculation: Calculate operational risk capital as required under applicable Basel standards and local regulatory requirements.

Table of Contents

Regulatory capital calculation for operational risk

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

Nomura uses consolidated net revenue as gross income, however for certain consolidated subsidiaries, gross operating profit is used as gross income. Gross income allocation is performed by mapping the net revenue of each business segment as defined in Nomura s management accounting data to each Basel business line as follows:

Business Line	Description	Beta Factor
Retail Banking	Retail deposit and loan-related services	12%
Commercial Banking	Deposit and loan-related services except for Retail Banking business	15%
Payment and Settlement	Payment and settlement services for clients transactions	18%
Retail Brokerage	Securities-related services mainly for individuals	12%
Trading and Sales	Market-related business	18%
Corporate Finance	M&A, underwriting, secondary and private offerings, and other funding services for clients	18%
Agency Services	Agency services for clients such as custody	15%
Asset Management	Fund management services for clients	12%

Nomura calculates the required amount of operational risk capital for each business line by multiplying the allocated annual gross income amount by the appropriate Beta Factor defined above. The operational risk capital for any gross income amount not allocated to a specific business line is determined by multiplying such unallocated gross income amount by a fixed percentage of 18%.

The total operational risk capital for Nomura is calculated by aggregating the total amount of operational risk capital required for each business line and unallocated amount and by determining a three-year average. Where the aggregated amount for a given year is negative, then the total operational risk capital amount for that year will be calculated as zero.

In any given year, negative amounts in any business line are offset against positive amounts in other business lines. However, negative unallocated amounts are not offset against positive amounts in other business lines and are calculated as zero.

Operational risk capital is calculated at the end of September and March each year.

Model Risk Management

Model risk is the risk arising from model errors or incorrect or inappropriate model application, which can lead to financial loss, poor business and strategic decision-making, restatement of external and internal reports, regulatory penalties and damage to Nomura s reputation.

Errors can occur at any point from model assumptions through to implementation. In addition, the quality of model outputs depends on the quality of model parameters and any input data. Even a fundamentally sound model producing accurate outputs consistent with the design objective of the model may exhibit high model risk if it is misapplied or misused.

To address these risks, Nomura has established its model risk appetite. The quantitative risk appetite measure is based on the potential loss arising from model risk.

Table of Contents

Model Management Framework

The models within the model management framework are defined as either:

- valuation models, used for calculating prices and risk sensitivities of Nomura s positions; or,

- risk models, used by the Risk Management Division for quantifying the risk of a portfolio by calculating the potential losses incurred from a specific type of risk, and used for regulatory or economic capital calculations, limit monitoring, trade approval and management reporting.

Before models are put into official use, the Model Validation Group (MVG) is responsible for validating their integrity and comprehensiveness independently from those who design and build them. As part of this validation process, the MVG analyzes a number of factors to assess a model s suitability, to quantify model risk which is then mitigated by applying model reserves and capital adjustments. Valuation models are developed and maintained by the business units and risk models by the Risk Methodology Group (RMG) within the Risk Management Division. Certain models may also be developed by third party providers. The RMG has primary responsibility for the ongoing refinement and improvement of risk models and methodologies within Nomura.

All models are also subject to an annual re-approval process by MVG to ensure they remain suitable. Upon delegation from the GRMC, the MRAC s and GRAC s primary responsibility is to govern and provide oversight of model management for valuation and risk models, respectively.

Changes to valuation and risk models

Nomura has documented policies and procedures in place, approved by the GIRMC and/or GRSC, which define the process and validation requirements for implementing changes to valuation and risk models. For changes with an impact above certain materiality thresholds, model approval is required. These materiality thresholds are defined through procedures owned by MVG and reflect Nomura s model risk appetite. For certain material changes to risk models, backtesting of the new model, parallel running of both models and stress-testing of the new model are required prior to the model being approved.

Funding and Liquidity Risk Management

For further information on funding and liquidity risk management, see *Liquidity and Capital Resources Funding and Liquidity Management* in this report.

Risk Measures and Controls

Limit Frameworks

The establishment of robust limit monitoring and management is central to appropriate monitoring and management of risk. The limit management frameworks incorporate clear escalation policies to ensure approval of limits at appropriate levels of seniority. The Risk Management Division is responsible for day-to-day operation of these limit frameworks including approval, monitoring, and reporting as required. Business units are responsible for complying with the agreed limits. Limits apply across a range of quantitative measures of risk and across market and credit risks.

New Business Risk Management

The new business approval process represents the starting point for new business in Nomura and exists to support management decision-making and ensure that risks associated with new products and transactions are identified and managed appropriately. The new business approval process consists of two components:

1) Transaction committees are in place to provide formal governance over the review and decision-making process for individual transactions.

2) The new product approval process allows business unit sponsors to submit applications for new products and obtain approval from relevant departments prior to execution of the new products. The process is designed to capture and assess risks across all risk classes as a result of the new product or business.

Stress Testing

Stress testing is a process of assessing the stability or business continuity of Nomura from the view point of capital adequacy, profit and loss impact or liquidity adequacy using plausible scenarios at various levels of the hierarchy from group level to division or desk levels, including those based on sensitivity analysis.

Nomura conducts a rigorous programme of stress testing through a comprehensive suite of top-down and bottom-up scenarios, covering different time horizons, severities, scope and methodologies and these are reviewed, run and presented on a regular basis to senior management, who can then take appropriate actions.

Stress testing is categorised either as sensitivity analysis, scenario analysis, goupwide stress testing or reverse stress testing.

- Sensitivity analysis is used to quantify the impact of a market move in one or two associated risk factors across all positions (e.g., equity prices or equity prices/equity volatility) using a variety of defined market shocks in order to assess specific risks or potential concentrations;

- Scenario analysis is used to quantify the impact of a specified event on Nomura s portfolio, combining simultaneous cross- asset market shocks;

- Groupwide stress testing is applied consistently across risk classes, such as market, credit, operational, business and liquidity risks. It is used to assess Nomura s capital adequacy under severe market scenarios; and

- Reverse stress testing is designed to identify a range of adverse circumstances which could cause Nomura s business plan to become unviable. Such tests would stress Nomura s exposures or business models in an extreme fashion until the point of capital failure,

liquidity failure or business closure.

Stress tests are run on a regular basis as part of Nomura s routine risk management process and on an ad hoc basis in response to market events or concerns. Stress testing is regarded as an integral part of Nomura s risk management governance and used as a tool for forward-looking risk management and decision-making.

Interim Consolidated Financial Statements (UNAUDITED)

	Page
Consolidated Balance Sheets as of March 31, 2015 and September 30, 2015	F-2
Consolidated Statements of Income for the Six Months Ended September 30, 2014 and 2015 and Three Months Ended September 30, 2014 and 2015	F-5
Consolidated Statements of Comprehensive Income for the Six Months Ended September 30, 2014 and 2015 and Three Months Ended September 30, 2014 and 2015	F-7
Consolidated Statements of Changes in Equity for the Six Months Ended September 30, 2014 and 2015	F-8
Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2014 and 2015	F-9
Notes to the Interim Consolidated Financial Statements	F-10
Report of Independent Registered Public Accounting Firm	F-95

Table of Contents

Interim Consolidated Financial Statements

Consolidated Balance Sheets (UNAUDITED)

	Millions of yen	
	March 31, 2015	**September 30, 2015**
ASSETS		
Cash and cash deposits:		
Cash and cash equivalents	¥ 1,315,408	¥ 2,160,335
Time deposits	328,151	197,246
Deposits with stock exchanges and other segregated cash	453,037	490,151
Total cash and cash deposits	2,096,596	2,847,732
Loans and receivables:		
Loans receivable (including ¥317,218 million and ¥278,943 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	1,461,075	1,596,773
Receivables from customers (including ¥1,803 million and ¥1,595 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	187,026	215,571
Receivables from other than customers	1,303,576	1,490,635
Allowance for doubtful accounts	(3,253)	(3,383)
Total loans and receivables	2,948,424	3,299,596
Collateralized agreements:		
Securities purchased under agreements to resell (including ¥1,529,451 million and ¥1,354,529 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	8,481,474	9,503,325
Securities borrowed	8,238,046	7,634,034
Total collateralized agreements	16,719,520	17,137,359
Trading assets and private equity investments:		
Trading assets (including securities pledged as collateral of ¥8,114,490 million and ¥8,215,463 million as of March 31, 2015 and September 30, 2015, respectively; including ¥8,133 million and ¥7,389 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	17,260,121	17,871,879
Private equity investments (including ¥6,539 million and ¥6,071 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	48,727	47,732
Total trading assets and private equity investments	17,308,848	17,919,611
Other assets:		
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥383,992 million as of March 31, 2015 and ¥399,934 million as of September 30, 2015)	401,069	388,620
Non-trading debt securities	948,180	889,258
Investments in equity securities	159,755	157,104
Investments in and advances to affiliated companies	378,278	402,982
Other (including ¥90,984 million and ¥95,334 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	822,566	918,069
Total other assets	2,709,848	2,756,033

Total assets	¥	41,783,236	¥	43,960,331

F-2

Table of Contents

Consolidated Balance Sheets (Continued) (UNAUDITED)

	Millions of yen	
	March 31, 2015	September 30, 2015
LIABILITIES AND EQUITY		
Short-term borrowings (including ¥189,018 million and ¥254,249 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	¥ 662,256	¥ 561,078
Payables and deposits:		
Payables to customers	723,839	778,668
Payables to other than customers	1,454,361	1,547,563
Deposits received at banks	1,220,400	1,371,379
Total payables and deposits	3,398,600	3,697,610
Collateralized financing:		
Securities sold under agreements to repurchase (including ¥982,567 million and ¥592,943 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	12,217,144	14,763,066
Securities loaned	2,494,036	2,616,849
Other secured borrowings	668,623	642,694
Total collateralized financing	15,379,803	18,022,609
Trading liabilities	10,044,236	9,452,366
Other liabilities (including ¥15,786 million and ¥16,771 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	1,217,099	1,138,020
Long-term borrowings (including ¥2,578,489 million and ¥2,723,301 million measured at fair value by applying the fair value option as of March 31, 2015 and September 30, 2015, respectively)	8,336,296	8,293,712
Total liabilities	39,038,290	41,165,395
Commitments and contingencies (Note 15)		
Equity:		
Nomura Holdings, Inc. (NHI) shareholders equity:		
Common stock		
No par value share;		
Authorized 6,000,000,000 shares as of March 31, 2015 and September 30, 2015		
Issued 3,822,562,601 shares as of March 31, 2015 and September 30, 2015		
Outstanding 3,598,865,213 shares as of March 31, 2015 and 3,597,179,205 shares as of September 30, 2015	594,493	594,493
Additional paid-in capital	683,407	690,149
Retained earnings	1,437,940	1,512,565
Accumulated other comprehensive income	143,739	120,674
Total NHI shareholders equity before treasury stock	2,859,579	2,917,881
Common stock held in treasury, at cost 223,697,388 shares as of March 31, 2015 and 225,383,396 shares as of September 30, 2015	(151,805)	(156,221)
Total NHI shareholders equity	2,707,774	2,761,660
Noncontrolling interests	37,172	33,276
Total equity	2,744,946	2,794,936
Total liabilities and equity	¥ 41,783,236	¥ 43,960,331

Table of Contents

Consolidated Balance Sheets (Continued) (UNAUDITED)

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

	Billions of yen	
	March 31, 2015	September 30, 2015
Cash and cash deposits	¥ 9	¥ 11
Trading assets and private equity investments	1,008	978
Other assets	40	30
Total assets	¥ 1,057	¥ 1,019
Trading liabilities	¥ 12	¥ 3
Other liabilities	3	5
Borrowings	750	738
Total liabilities	¥ 765	¥ 746

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

Consolidated Statements of Income (UNAUDITED)

	Millions of yen	
	Six months ended September 30	
	2014	2015
Revenue:		
Commissions	¥ 206,471	¥ 241,844
Fees from investment banking	40,442	69,364
Asset management and portfolio service fees	95,781	118,117
Net gain on trading	287,573	187,299
Gain on private equity investments	202	1,756
Interest and dividends	213,692	225,189
Gain (loss) on investments in equity securities	9,234	(1,696)
Other	59,579	84,482
Total revenue	912,974	926,355
Interest expense	168,303	165,719
Net revenue	744,671	760,636
Non-interest expenses:		
Compensation and benefits	309,590	305,619
Commissions and floor brokerage	61,189	66,864
Information processing and communications	90,857	96,153
Occupancy and related depreciation	36,777	37,902
Business development expenses	16,998	16,784
Other	103,581	111,425
Total non-interest expenses	618,992	634,747
Income before income taxes	125,679	125,889
Income tax expense	51,291	7,991
Net income	¥ 74,388	¥ 117,898
Less: Net income attributable to noncontrolling interests	1,656	2,597
Net income attributable to NHI shareholders	¥ 72,732	¥ 115,301

	Yen	
	Six months ended September 30	
	2014	2015
Per share of common stock:		
Basic		
Net income attributable to NHI shareholders per share	¥ 19.87	¥ 32.06
Diluted		
Net income attributable to NHI shareholders per share	¥ 19.34	¥ 31.26

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

Consolidated Statements of Income (Continued) (UNAUDITED)

	Millions of yen	
	Three months ended September 30	
	2014	2015
Revenue:		
Commissions	¥ 110,838	¥ 111,501
Fees from investment banking	20,620	44,867
Asset management and portfolio service fees	49,689	58,177
Net gain on trading	129,011	62,551
Gain on private equity investments	489	602
Interest and dividends	108,775	111,540
Gain (loss) on investments in equity securities	2,884	(10,882)
Other	28,514	39,551
Total revenue	450,820	417,907
Interest expense	76,987	81,303
Net revenue	373,833	336,604
Non-interest expenses:		
Compensation and benefits	140,823	149,723
Commissions and floor brokerage	33,599	32,621
Information processing and communications	45,961	48,219
Occupancy and related depreciation	18,224	19,173
Business development expenses	9,071	8,454
Other	52,150	58,537
Total non-interest expenses	299,828	316,727
Income before income taxes	74,005	19,877
Income tax expense (benefit)	20,894	(28,377)
Net income	¥ 53,111	¥ 48,254
Less: Net income attributable to noncontrolling interests	239	1,695
Net income attributable to NHI shareholders	¥ 52,872	¥ 46,559

	Yen	
	Three months ended September 30	
	2014	2015
Per share of common stock:		
Basic		
Net income attributable to NHI shareholders per share	¥ 14.53	¥ 12.95
Diluted		
Net income attributable to NHI shareholders per share	¥ 14.15	¥ 12.63

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

Table of Contents

Consolidated Statements of Comprehensive Income (UNAUDITED)

	Millions of yen Six months ended September 30	
	2014	2015
Net income	¥ 74,388	¥ 117,898
Other comprehensive income (loss):		
Cumulative translation adjustments:		
Cumulative translation adjustments	46,433	(2,621)
Deferred income taxes	(148)	(17,529)
Total	46,285	(20,150)
Defined benefit pension plans:		
Pension liability adjustment	374	(543)
Deferred income taxes	(211)	342
Total	163	(201)
Non-trading securities:		
Net unrealized gain (loss) on non-trading securities	9,712	(4,417)
Deferred income taxes	(2,539)	1,166
Total	7,173	(3,251)
Total other comprehensive income (loss)	53,621	(23,602)
Comprehensive income	¥ 128,009	¥ 94,296
Less: Comprehensive income attributable to noncontrolling interests	5,380	2,060
Comprehensive income attributable to NHI shareholders	¥ 122,629	¥ 92,236

	Millions of yen Three months ended September 30	
	2014	2015
Net income	¥ 53,111	¥ 48,254
Other comprehensive income (loss):		
Cumulative translation adjustments:		
Cumulative translation adjustments	57,806	(23,170)
Deferred income taxes	273	(17,289)
Total	58,079	(40,459)
Defined benefit pension plans:		
Pension liability adjustment	14	(21)
Deferred income taxes	(69)	12
Total	(55)	(9)
Non-trading securities:		
Net unrealized gain (loss) on non-trading securities	6,312	(4,382)
Deferred income taxes	(2,017)	1,246
Total	4,295	(3,136)
Total other comprehensive income (loss)	62,319	(43,604)

Comprehensive income	¥	115,430	¥	4,650
Less: Comprehensive income attributable to noncontrolling interests		3,574		580
Comprehensive income attributable to NHI shareholders	¥	111,856	¥	4,070

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

Table of Contents

Consolidated Statements of Changes in Equity (UNAUDITED)

	Millions of yen Six months ended September 30	
	2014	2015
Common stock		
Balance at beginning of year	¥ 594,493	¥ 594,493
Balance at end of period	594,493	594,493
Additional paid-in capital		
Balance at beginning of year	683,638	683,407
Gain (loss) on sales of treasury stock	(2,417)	
Issuance and exercise of common stock options	1,891	1,570
Changes in an affiliated company s interests in it s subsidiary		5,172
Balance at end of period	683,112	690,149
Retained earnings		
Balance at beginning of year	1,287,003	1,437,940
Net income attributable to NHI shareholders	72,732	115,301
Cash dividends[1]	(21,841)	(35,972)
Gain (loss) on sales of treasury stock	(2,658)	(4,704)
Balance at end of period	1,335,236	1,512,565
Accumulated other comprehensive income (loss)		
Cumulative translation adjustments		
Balance at beginning of year	27,704	133,371
Net change during the period	44,378	(20,646)
Balance at end of period	72,082	112,725
Defined benefit pension plans		
Balance at beginning of year	(18,809)	(15,404)
Pension liability adjustment	163	(201)
Balance at end of period	(18,646)	(15,605)
Non-trading securities		
Balance at beginning of year	11,741	25,772
Net unrealized gain (loss) on non-trading securities	5,356	(2,218)
Balance at end of period	17,097	23,554
Balance at end of period	70,533	120,674
Common stock held in treasury		
Balance at beginning of year	(72,090)	(151,805)
Repurchases of common stock	(65,199)	(19,992)
Sales of common stock	4	0
Common stock issued to employees	14,999	15,576

Balance at end of period	(122,286)	(156,221)
Total NHI shareholders equity		
Balance at end of period	2,561,088	2,761,660
Noncontrolling interests		
Balance at beginning of year	39,533	37,172
Cash dividends	(19)	(2,937)
Net income attributable to noncontrolling interests	1,656	2,597
Accumulated other comprehensive income (loss) attributable to noncontrolling interests	3,724	(537)
Purchase / sale of subsidiary shares, net	5,072	
Other net change in noncontrolling interests	4,164	(3,019)
Balance at end of period	54,130	33,276
Total equity		
Balance at end of period	¥ 2,615,218	¥ 2,794,936

(1) Dividends per share	Six months ended September 30, 2014	¥ 6.00	Three months ended September 30, 2014	¥ 6.00
	Six months ended September 30, 2015	¥ 10.00	Three months ended September 30, 2015	¥ 10.00

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

F-8

Table of Contents

Consolidated Statements of Cash Flows (UNAUDITED)

	Millions of yen Six months ended September 30	
	2014	**2015**
Cash flows from operating activities:		
Net income	¥ 74,388	¥ 117,898
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,566	41,287
(Gain) loss on investments in equity securities	(9,234)	1,696
Deferred income taxes	19,918	(50,573)
Changes in operating assets and liabilities:		
Time deposits	143,036	136,292
Deposits with stock exchanges and other segregated cash	(49,499)	(38,260)
Trading assets and private equity investments	(775,733)	(674,198)
Trading liabilities	(395,689)	(593,005)
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	907,217	1,561,694
Securities borrowed, net of securities loaned	(34,750)	733,739
Other secured borrowings	(75,485)	(25,929)
Loans and receivables, net of allowance for doubtful accounts	9,322	(397,788)
Payables	150,424	169,038
Bonus accrual	(53,295)	(71,422)
Accrued income taxes, net	16,987	(28,353)
Other, net	66,521	(86,974)
Net cash provided by operating activities	31,694	795,142
Cash flows from investing activities:		
Payments for purchases of office buildings, land, equipment and facilities	(72,612)	(197,737)
Proceeds from sales of office buildings, land, equipment and facilities	41,768	160,863
Payments for purchases of investments in equity securities	(102)	(129)
Proceeds from sales of investments in equity securities	4,735	315
Increase in loans receivable at banks, net	(12,464)	(35,191)
Decrease in non-trading debt securities, net	68,663	57,115
Other, net	(6,411)	1,206
Net cash provided by (used in) investing activities	23,577	(13,558)
Cash flows from financing activities:		
Increase in long-term borrowings	1,211,301	1,162,850
Decrease in long-term borrowings	(1,188,488)	(1,064,080)
Decrease in short-term borrowings, net	(5,168)	(101,108)
Increase (decrease) in deposits received at banks, net	(53,645)	135,955
Proceeds from sales of common stock held in treasury	78	441
Payments for repurchases of common stock held in treasury	(65,199)	(19,992)
Payments for cash dividends	(33,469)	(46,800)
Net cash provided by (used in) financing activities	(134,590)	67,266
Effect of exchange rate changes on cash and cash equivalents	29,313	(3,923)
Net increase (decrease) in cash and cash equivalents	(50,006)	844,927
Cash and cash equivalents at beginning of year	1,489,792	1,315,408

Cash and cash equivalents at end of period	¥ 1,439,786	¥ 2,160,335
Supplemental information:		
Cash paid during the period for		
Interest	¥ 170,522	¥ 174,045
Income tax payments, net	¥ 14,386	¥ 86,916
Non cash activities		

Business acquisitions:

During the six months ended September 30, 2014, as a result of business acquisitions, the total amount of increased assets, excluding *Cash and cash equivalents* and total amount of increased liabilities, were ¥34,271 million and ¥18,817 million, respectively.

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

Table of Contents

Notes to the Interim Consolidated Financial Statements (UNAUDITED)

1. Summary of accounting policies:

Description of business

Nomura Holdings, Inc. (Company) and its broker-dealer, banking and other financial services subsidiaries provide investment, financing and related services to individual, institutional and government clients on a global basis. The Company and other entities in which it has a controlling financial interest are collectively referred to as Nomura within these consolidated financial statements.

Nomura operates its business through various divisions based upon the nature of specific products and services, its main client base and its management structure. Nomura reports operating results through three business segments: Retail, Asset Management and Wholesale.

In its Retail segment, Nomura provides investment consultation services mainly to individual clients in Japan. In its Asset Management segment, Nomura develops and manages investment trusts, and provides investment advisory services. In its Wholesale segment, Nomura engages in the sales and trading of debt and equity securities, derivatives, and currencies on a global basis, and provides investment banking services such as the underwriting of debt and equity securities as well as mergers and acquisitions and financial advice.

The accounting and financial reporting policies of Nomura conform to U.S. generally accepted accounting principles (U.S. GAAP) as applicable to broker dealers. A summary of the significant accounting policies applied by Nomura within these interim consolidated financial statements is provided within in the notes to the consolidated financial statements of Nomura s annual report on Form 20-F for the year ended March 31, 2015 as filed on June 25, 2015.

New accounting pronouncements recently adopted

No new accounting pronouncements relevant to Nomura were adopted during the three months ended September 30, 2015.

The following new accounting pronouncements relevant to Nomura were adopted during the three months ended June 30, 2015:

Repurchase agreements and similar transactions

In June 2014, the FASB issued amendments to ASC 860 *Transfers and Servicing* (ASC 860) through issuance of Accounting Standards Updates (ASU) 2014-11 *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures* (ASU 2014-11). These amendments change the accounting for repurchase-to-maturity transactions which are repurchase agreements where the maturity of the financial assets transferred as collateral matches the maturity of the repurchase agreement. Under ASU 2014-11, all repurchase-to-maturity transactions are now accounted for as secured borrowing transactions in the same way as most other repurchase agreements rather than as a sale of the transferred financial assets and a separate forward commitment to repurchase the financial assets. The amendments also change the accounting for repurchase financing arrangements which are transactions involving the transfer of financial assets to a counterparty executed contemporaneously with a reverse repurchase agreement with the same counterparty. Under ASU 2014-11, all repurchase financings are now accounted for separately, which result in secured lending accounting for the reverse repurchase agreement.

ASU 2014-11 also amends ASC 860 by introducing new disclosure requirements regarding the remaining contractual maturity of repurchase agreements and securities lending transactions accounted for as secured borrowings and nature of underlying financial assets transferred, as well as new disclosure requirements regarding certain other transactions which involve the transfer of financial assets accounted for as sales and where Nomura, as transferor, retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction through an agreement entered into in contemplation of the original transfer.

Notes to the Interim Consolidated Financial Statements (Continued) (UNAUDITED)

The amendments to the accounting treatment of repurchase-to-maturity transactions and repurchase financing arrangements are effective for interim or annual periods beginning after December 15, 2014 with early adoption prohibited. As of adoption date, the accounting for all outstanding repurchase-to-maturity transactions and repurchase financing arrangements is adjusted by means of a cumulative-effect adjustment to the balance sheet and retained earnings.

Nomura adopted these accounting amendments from January 1, 2015 and these amendments have not had a material impact on these consolidated financial statements.

The new disclosure requirements regarding transfers of financial assets which are accounted for as sales and where the transferor retains substantially all of the exposure of the transferred financial assets are effective for interim or annual periods beginning after December 15, 2014.

Nomura adopted these disclosure requirements from January 1, 2015. Because these amendments only enhance disclosures around the nature of these transactions rather than change the accounting treatment, they have not had a material impact on these consolidated financial statements.

The new disclosure requirements regarding the remaining contractual maturity of repurchase agreements and securities lending transactions accounted for as secured borrowings and nature of underlying financial assets transferred, are effective for annual periods beginning after December 15, 2014 and interim periods beginning after March 15, 2015.

The new disclosure requirements regarding the remaining contractual maturity of repurchase agreements and securities lending transactions accounted for as secured borrowings and nature of underlying financial assets transferred, are effective for annual periods beginning after December 15, 2014 and interim periods beginning after March 15, 2015.

See Note 3 *Derivative instruments and hedging activities* and Note 4 *Collateralized transactions* where these new disclosures have been provided.

Foreclosed mortgage loans

In January 2014, the FASB issued amendments to ASC 310-40 *Receivables Troubled Debt Restructurings by Creditors* (ASC 310-40) through issuance of ASU 2014-04 *Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure* (ASU 2014-04). ASU 2014-04 expands ASC 310-40 to provide guidance on when an in substance repossession or foreclosure occurs, when a creditor is considered to have received physical possession of a residential real estate property collateralizing a consumer mortgage loan and introduces new disclosure requirements regarding foreclosed residential real estate property held by the creditor and consumer mortgage loans currently in foreclosure proceedings.

ASU 2014-04 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014 with early adoption permitted.

Nomura adopted ASU 2014-04 from April 1, 2015 and these amendments have not had a material impact on these consolidated financial statements.

Foreclosed government-guaranteed mortgage loans

In August 2014, the FASB issued amendments to ASC 310-40 through issuance of ASU 2014-14 *Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure* (ASU 2014-14). ASU 2014-14 expands ASC 310-40 to provide guidance on when a creditor should recognize a separate receivable instead of real estate upon foreclosure of a government-guaranteed mortgage loan.

Notes to the Interim Consolidated Financial Statements (Continued) (UNAUDITED)

ASU 2014-14 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014 with early adoption permitted and may be adopted using either a modified retrospective approach or prospectively.

Nomura adopted ASU 2014-14 from April 1, 2015 and these amendments have not had a material impact on these consolidated financial statements.

Reporting discontinued operations

In April 2014, the FASB issued amendments to ASC 205 *Presentation of Financial Statements* and ASC 360 *Property, Plant and Equipment* (ASC 360) through issuance of ASU 2014-08 *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (ASU 2014-08). ASU 2014-08 changes the criteria for discontinued operations reporting with the intention of less disposals qualifying and also introduces new presentation and disclosure requirements.

ASU 2014-08 is effective prospectively for all disposals or expected disposals classified as held for sale that occur within annual periods beginning on or after December 15, 2014 and interim periods within those years. Early adoption is permitted, but only for disposals or expected disposals classified as held for sale that have not been reported in financial statements previously issued or available for issue.

Nomura adopted ASU 2014-08 from April 1, 2015 and these amendments 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:

Revenue recognition

In May 2014, the FASB issued ASC 606 *Revenue from Contracts with Customers* (ASC 606) as well as amendments to other pronouncements, including ASC 350 *Intangibles Goodwill and Other* , ASC 360, and ASC 605-35 *Revenue Recognition Construction-Type and Production-Type Contracts* through issuance of ASU 2014-09 *Revenue from Contracts with Customers* (ASU 2014-09). ASU 2014-09 replaces existing revenue recognition guidance in ASC 605 *Revenue Recognition* and certain other industry-specific revenue recognition guidance, and specifies the accounting for certain costs to obtain or fulfill a contract with a customer and provides recognition and measurement guidance in relation to sales of non-financial assets. The core principle of ASU 2014-09 is to account for the transfer of goods or services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides guidance on how to achieve this core principle, including how to identify contracts with customers and separate performance obligations in the contract, how to determine and allocate the transaction price to such performance obligations and how to recognize revenue when a performance obligation has been satisfied.

In August 2015, the FASB issued further amendments to ASC 606 through issuance of ASU 2015-14 *Deferral of the Effective Date* (ASU 2015-14). ASU 2015-14 defers the effective date of the guidance in ASU 2014-09 for all entities by one year. As a result of the deferral, ASU 2014-09 is now effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted only for annual periods, and interim periods within those annual periods, beginning after December 15, 2016.

Nomura currently plans to adopt ASU 2014-09 from April 1, 2018 and is currently evaluating the potential impact these amendments may have on these consolidated financial statements.

Notes to the Interim Consolidated Financial Statements (Continued) (UNAUDITED)

Stock compensation

In June 2014, the FASB issued amendments to ASC 718 *Compensation Stock Compensation* (ASC 718) through issuance of ASU 2014-12 *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* (ASU 2014-12). ASU 2014-12 requires a performance target that affects vesting and that could be achieved after the requisite service period be accounted for as a performance condition based on the existing guidance in ASC 718 rather than as a nonvesting condition that affects the grant-date fair value of the award.

ASU 2014-12 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted. ASU 2014-12 may be applied either by prospectively or retrospectively.

Nomura currently plans to adopt ASU 2014-12 from April 1, 2016 and does not expect these amendments to have a material impact on these consolidated financial statements.

Collateralized financing entities

In August 2014, the FASB issued amendments to ASC 810 *Consolidation* (ASC 810) through issuance of ASU 2014-13 *Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity* (ASU 2014-13) which provides an alternative to ASC 820 *Fair Value Measurements and Disclosures* (ASC 820) for measuring the fair value of financial assets and the financial liabilities of a consolidated variable interest entity which meet the definition of a collateralized financing entity.

When the measurement alternative of ASU 2014-13 is elected, both the financial assets and financial liabilities of a consolidated collateralized financing entity are measured using whichever fair value measurement is more observable, in order to eliminate differences that may arise when the fair value of financial assets and financial liabilities is determined separately.

ASU 2014-13 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted at the beginning of an annual period.

Nomura will adopt ASU 2014-13 from April 1, 2016 and is currently evaluating the potential impact these amendments may have on these consolidated financial statements.

Consolidation

In February 2015, the FASB issued amendments to ASC 810 through issuance of ASU 2015-02 *Amendments to the Consolidation Analysis* (ASU 2015-02) which aims to simplify the existing complex guidance within ASC 810 for determining whether certain legal entities such as limited partnerships and similar entities should be consolidated. In particular, ASU 2015-02:

- Rescinds the indefinite deferral of FASB Statement No. 167 *Amendments to FASB Interpretation No. 46(R)* introduced by ASU 2010-10 *Amendments for Certain Investment Funds* applied to certain investment companies, money market funds, qualifying real estate funds and similar entities;

- Provides an exception from consolidation for certain registered money market funds and similar entities;

- Modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities under ASC 810;

- Modifies how fee arrangements and related party relationships should be considered in determining whether a variable interest entity should be consolidated; and

- Introduces new disclosure requirements regarding financial support arrangements with certain registered money market funds and similar entities to which the exception from consolidation has been applied.

ASU 2015-02 is effective for annual periods, and for interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted, including adoption in an interim period.

Notes to the Interim Consolidated Financial Statements (Continued) (UNAUDITED)

Nomura currently plans to adopt ASU 2015-02 from April 1, 2016 and is currently evaluating the potential impact these amendments may have on these consolidated financial statements.

Presentation of debt issuance costs

In April 2015, the FASB issued amendments to ASC 835-30 *Interest Imputation of Interest* (ASC 835-30) through issuance of ASU 2015-03 *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability, which are currently presented as a separate asset under ASC 835-30, be presented as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

In August 2015, the FASB issued further amendments to ASC 835-30 through issuance of ASU 2015-15 *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements* (ASU 2015-15). ASU 2015-15 clarifies the SEC staff s position on presentation and measurement of debt issuance costs associated with line-of-credit arrangements, which is to permit an entity to defer and present these costs as assets and subsequently amortize them ratably over the term of the line-of-credit arrangement.

ASU 2015-03 and ASU 2015-15 are effective for annual periods, and for interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted.

Nomura currently plans to adopt ASU 2015-03 and ASU 2015-15 from April 1, 2016 and does not expect these amendments to have a material impact on these consolidated financial statements.

Customers accounting for fees paid in a cloud computing arrangement

In April 2015, the FASB issued amendments to ASC 350-40 *Intangibles Goodwill and Other Internal-Use Software* through issuance of ASU 2015-05 *Customer s Accounting for Fees Paid in a Cloud Computing Arrangement* (ASU 2015-05). ASU 2015-05 provides guidance on determining whether cloud computing arrangements, namely where software, platforms, infrastructure or similar hosting arrangements are provided by a third party, contain a software license that should be accounted for in the same way as the acquisition of other software licenses.

ASU 2015-05 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted.

Nomura currently plans to adopt ASU 2015-05 from April 1, 2016 and does not expect these amendments to have a material impact on these consolidated financial statements.

Disclosures for investments in certain entities that calculate net asset value per share (or its equivalent)

In May 2015, the FASB issued amendments to ASC 820 through issuance of ASU 2015-07 *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2015-07). ASU 2015-07 removes the requirement to report the fair value of investments for which fair value is estimated using net asset value as a practical expedient within the fair value hierarchy and also revises certain other disclosure requirements for these types of investment.

ASU 2015-07 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted.

Nomura currently plans to adopt ASU 2015-07 from April 1, 2016. Because these amendments only remove certain disclosure requirements around investments which are measured at fair value using net asset value as a practical expedient, rather than change when such practical expedient can be used, Nomura does not expect these amendments to have a material impact on these consolidated financial statements.

Simplification of the accounting for measurement-period adjustments

In September 2015, the FASB issued amendments to ASC 805 *Business Combinations* through issuance of ASU 2015-16 *Simplifying the Accounting for Measurement-Period Adjustments* (ASU 2015-16). ASU 2015-16 eliminates the requirement to retrospectively account for the adjustments made to provisional amounts recognized in a business combination.

ASU 2015-16 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted.

Nomura currently plans to adopt ASU 2015-16 from April 1, 2016. Because these amendments will only affect future business combinations which occur on or after the adoption date, Nomura does not expect these amendments to have a material impact on these consolidated financial statements.

Notes to the Interim Consolidated Financial Statements (Continued) (UNAUDITED)

2. Fair value measurements:

The fair value of financial instruments

A significant amount of Nomura s fin