
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 July 2024

NOMURA HOLDINGS, INC.

(Translation of registrant's name into English)

**13-1, Nihonbashi 1-chome
Chuo-ku, Tokyo 103-8645
Japan**

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

On June 26, 2024, Nomura Holdings, Inc. filed its Annual Securities Report for the year ended March 31, 2024 with the Director of the Kanto Local Finance Bureau of the Ministry of Finance pursuant to the Financial Instruments and Exchange Act.

Information furnished on this form:

EXHIBITS

Exhibit Number

1. [English translation of certain items disclosed in the Annual Securities Report pursuant to the Financial Instruments and Exchange Act for the fiscal year ended March 31, 2024.](#)
2. [English translation of Management's Report on Internal Control over Financial Reporting and Confirmation Letter.](#)

SIGNATURE

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: July 19, 2024

By: /s/ Yoshifumi Kishida
Yoshifumi Kishida
Senior Managing Director

Annual Securities Report Pursuant to the Financial Instruments and Exchange Act for the Fiscal Year Ended March 31, 2024

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An English translation of the underlined items above is included in this document.

* Status of Directors and Senior Management in Item 4.4. Status of Corporate Governance and Other is not translated.

PART I Corporate Information

Item 1. Information on the Company and Its Subsidiaries and Affiliates

1. Selected Financial Data.

(1) Selected consolidated financial data for the latest five fiscal years.

Year ended March 31	2020	2021	2022	2023	2024
Total revenue (millions of yen)	1,952,482	1,617,235	1,593,999	2,486,726	4,157,294
Net revenue (millions of yen)	1,287,829	1,401,872	1,363,890	1,335,577	1,562,000
Income before income taxes (millions of yen)	248,261	230,671	226,623	149,474	273,850
Net income attributable to Nomura Holdings, Inc. ("NHI") shareholders (millions of yen)	216,998	153,116	142,996	92,786	165,863
Comprehensive income attributable to NHI shareholders (millions of yen)	219,943	141,077	309,113	283,267	307,393
Total equity (millions of yen)	2,731,264	2,756,451	2,972,803	3,224,142	3,448,513
Total assets (millions of yen)	43,999,815	42,516,480	43,412,156	47,771,802	55,147,203
Shareholders' equity per share (yen)	873.26	879.79	965.80	1,048.24	1,127.72
Net income attributable to NHI common shareholders per share— basic (yen)	67.76	50.11	46.68	30.86	54.97
Net income attributable to NHI common shareholders per share— diluted (yen)	66.20	48.63	45.23	29.74	52.69
Total NHI shareholders' equity as a percentage of total assets (%)	6.0	6.3	6.7	6.6	6.1
Return on shareholders' equity (%)	8.21	5.73	5.10	3.06	5.10
Price/earnings ratio (times)	6.76	11.60	11.04	16.52	17.78
Cash flows from operating activities (millions of yen)	(94,709)	667,610	(862,832)	(694,820)	132,640
Cash flows from investing activities (millions of yen)	(180,541)	257,932	(593,182)	(233,225)	(887,938)
Cash flows from financing activities (millions of yen)	807,705	(668,725)	1,112,718	1,283,937	1,012,850
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of the year (millions of yen)	3,192,310	3,510,011	3,316,408	3,820,852	4,299,022
Number of staffs	26,629	26,402	26,585	26,775	26,850
[Average number of temporary staffs, excluded from above]	[4,313]	[4,224]	[4,339]	[4,420]	[4,234]

- 1 The selected financial data of Nomura Holdings, Inc. and its consolidated subsidiaries ("Nomura") were stated in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").
- 2 *Shareholders' equity per share, Total NHI shareholders' equity as a percentage of total assets, Return on shareholders' equity* are calculated using Total NHI shareholders' equity.
- 3 The consumption tax and local consumption tax on taxable transaction are accounted for based on the tax exclusion method.
- 4 Certain contract employees are included in *Number of staffs*.

(2) Selected stand-alone financial data for the latest five fiscal years

Year ended March 31,	2020	2021	2022	2023	2024
Operating revenue (millions of yen)	348,003	328,625	355,487	472,321	557,326
Ordinary income (millions of yen)	119,658	88,992	114,577	121,963	83,720
Net income (loss) (millions of yen)	281,212	(1,508)	176,470	174,264	90,548
Common stock (millions of yen)	594,493	594,493	594,493	594,493	594,493
Number of issued shares (thousands of shares)	3,493,563	3,233,563	3,233,563	3,233,563	3,163,563
Shareholders' equity (millions of yen)	2,598,561	2,510,710	2,546,193	2,578,102	2,540,897
Total assets (millions of yen)	7,535,957	7,891,346	8,985,161	9,514,679	10,626,780
Shareholders' equity per share (yen)	855.09	819.55	843.62	858.21	855.20
Dividend per share (yen)	20.00	35.00	22.00	17.00	23.00
The first quarter	—	—	—	—	—
The second quarter	15.00	20.00	8.00	5.00	8.00
The third quarter	—	—	—	—	—
The end of a term (the fourth quarter)	5.00	15.00	14.00	12.00	15.00
Net income (loss) per share (yen)	87.80	(0.49)	57.60	57.95	30.01
Net income per share—diluted (yen)	85.82	—	55.86	55.95	28.79
Shareholders' equity as a percentage of total assets (%)	34.3	31.7	28.3	27.1	23.9
Return on shareholders' equity (%)	11.08	(0.06)	7.00	6.81	3.54
Price/earnings ratio (times)	5.33	—	9.22	9.11	33.96
Payout ratio (%)	22.64	—	37.98	29.30	75.85
Dividend on shareholders' equity (%)	2.46	4.28	2.64	1.98	2.70
Number of staffs	173	154	187	167	185
[Average number of temporary staffs, excluded from above]	[—]	[—]	[—]	[—]	[—]
Total Shareholder Return (%)	119.4	159.0	148.0	150.8	273.5
[Comparison index with the above : TOPIX Total Return Index]	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest stock price (yen)	586.4	721.0	614.8	573.9	1,006.0
Lowest stock price (yen)	330.7	402.5	460.3	464.3	476.7

1 Number of staffs represents staffs who work at the Company.

2 Stock prices are quoted on the Tokyo Stock Exchange (First Section or Prime Market of the Tokyo Stock Exchange).

3 No net income per share—diluted information was provided, as there was net loss per share, although there are dilutive shares for the years ended March 31, 2021.

4 No Price/earnings ratio (times) or payout ratio was provided due to the net loss for the years ended March 31, 2021.

3. Business Overview.

The Company and its 1,529 consolidated subsidiaries and variable interest entities primarily operate investment and financial services business focusing on securities business as their core business. Nomura provides wide-ranging services to customers for both of financing and investment through the operations in Japan and other major financial capital markets in the world. Such services include securities trading and brokerage, underwriting and distribution, arrangement of public offering and secondary distribution, arrangement of private placement, principal investment, asset management and other broker-dealer and financial business. There are also 14 companies accounted for under the equity method as of March 31, 2024.

The reporting of the business operations and results of the Company and its consolidated subsidiaries are based on business segments referred in Note 20 “*Segment and geographic information*” in our consolidated financial statements included in this annual report. Please refer to the table below in the organizational structure listing the main companies by business segments.

Organizational Structure

The following table lists Nomura Holdings, Inc. and its significant subsidiaries and affiliates by business segments.

Nomura Holdings, Inc.

Retail Division⁽¹⁾

(Domestic)

Nomura Securities Co., Ltd. and others

Investment Management Division

(Domestic)

Nomura Asset Management Co., Ltd. and others

Wholesale Division

(Domestic)

Nomura Securities Co., Ltd.

Nomura Financial Products & Services, Inc.

Nomura Asia Pacific Holdings Co., Ltd. and others

(Overseas)

Nomura Holding America Inc.

Nomura Securities International, Inc.

Nomura America Mortgage Finance, LLC

Instinet, Incorporated

Nomura Europe Holdings plc

Nomura International plc

Nomura International (Hong Kong) Limited

Nomura Singapore Limited and others

Others

(Domestic)

The Nomura Trust and Banking Co., Ltd.

Nomura Properties, Inc.

Nomura Research Institute, Ltd.⁽²⁾

Nomura Real Estate Holdings, Inc.⁽²⁾

(1) Retail Division has been renamed to Wealth Management Division, effective April 1, 2024.

(2) Affiliates

5. Employees

(1) Consolidated company

Year ended March 31, 2024
Number of our employees

Total 26,850 (4,234)

- 1 Business segments consist of Retail Division (“Wealth Management Division” since April 2024), Investment Management Division, Wholesale Division and Other. In Japan, we had employees of 7,328 in Retail Division, 1,112 in Investment Management Division, 1,748 in Wholesale Division, and 4,682 in Other. In overseas, we had employees of 11,980, most of which were in Wholesale Division.
- 2 Number of our employees consists of full-time employees. The number of non-fulltime employees on annual average is in brackets, not including in number of our employees.

(2) The Company

Year ended March 31, 2024
Average annual salary

Number of our employees	Average ages	Average service years	Average annual salary
185 (—)	45 years and 0 month	4 years and 8 months	¥14,089,399

- 1 We had employees of the Company, most of which were in Other in business segments.
- 2 Number of our employees consists of full-time employees and the number of non-fulltime employees on annual average is in brackets.
- 3 In addition to the employees above, we had employees of 538, who belong to both the Company and Nomura Securities Co., Ltd.
- 4 Average annual salary includes bonus and non - standard salary.

(3) Nomura employees’ union

None

(4) The ratio of females in manager roles and so on

Subsidiaries	Ratio of female in manager roles (%) ⁽¹⁾⁽²⁾	Ratio of male employees taking childcare leave (%) ⁽¹⁾⁽³⁾	Gender pay gap (female pay gap) (%) ⁽¹⁾⁽²⁾⁽⁴⁾		
			All	Permanent	Fixed Term
Nomura Securities Co., Ltd.	15.7	88.3	59.9	58.6	87.6
Nomura Asset Management Co., Ltd.	13.3	112.0	69.2	71.0	68.8
The Nomura Trust and Banking Co., Ltd.	20.8	100.0	70.2	73.3	58.0
Nomura Business Services Co., Ltd.	24.6	—	71.3	77.2	76.5
SUGIMURA WAREHOUSE Co., Ltd.	12.5	—	65.1	71.7	67.6
SUGIMURA TRANSPORTATION Co., Ltd.	2.4	100.0	38.9	67.2	41.0

- 1 The ratio of female in manager roles is as of March 31, 2024, the ratio of male employees taking childcare leave and the gender pay gaps are calculated from April 1, 2023 to March 31, 2024.
- 2 The ratio of female in manager roles and the gender pay gaps are calculated according to the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015, Japan).
- 3 The ratio of male employees taking childcare leave is calculated as the ratio of childcare leave taken according to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) and Article 71-4 items (ii) of Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991). In companies where the number of male employees who took childcare leave in the current fiscal year exceeded the number of male employees whose spouses gave birth in the current fiscal year, the acquisition rate exceeds 100%.
- 4 At our major subsidiaries such as Nomura Securities Co., Ltd., Nomura Asset Management Co., Ltd., The Nomura Trust and Banking Co., Ltd., and Nomura Business Services Co., Ltd., a gender pay gap exists among all employees or permanent employees mainly due to the low percentage of female employees in higher corporate titles or positions which are relatively high in salary. As the percentage of female employees in higher corporate titles or positions increases, it is believed that this wage differential will shrink. Each company sets targets for the ratio of female managerial positions in their action plans to promote the active participation of women. As a common initiative in the group, they incorporate DEI promotion into personnel evaluations. Specifically, for managers, efforts related to the development of female employees' abilities, the establishment of a workplace environment that accepts diversity, and the promotion of male employees taking childcare leave and the necessary environmental adjustments are identified as essential tasks. The above efforts are yielding tangible results, with Nomura Securities Co., Ltd. achieving the target ratio of female department managers by April 2024, and Nomura Business Services Co., Ltd. achieving the target ratio of female employees in managerial positions ahead of schedule.

(Reference) Differences in wages between male and female by corporate title at our major subsidiaries.

At Nomura Securities Co., Ltd., looking at the gender pay gap among permanent employees by seniority, it is 89.1% for exempt employees, 82.9% for non-exempt employees, 89.8% for Managing Directors, 101.5% for Executive Directors, 94.0% for Vice Presidents, 78.5% for Senior Associates, 77.0% for Associates, and 91.0% for Analysts.

At Nomura Asset Management Co., Ltd., looking at the gender pay gap among permanent employees by seniority, it is 90.5% for exempt employees and 75.2% for non-exempt employees.

At The Nomura Trust and Banking Co., Ltd., looking at the gender pay gap among permanent employees by seniority, it is 94.7% for exempt employees, 87.7% for non-exempt employees, 94.7% at Manager levels, 86.7% at Shidou-shoku levels, and 98.9% at Gyomu-shoku / Shokyu-shoku levels.

At Nomura Business Services Co., Ltd., looking at the gender pay gap among permanent employees by seniority, it is 97.4% for exempt employees, 88.4% for non-exempt employees, 95.9% for Managing Directors, 99.1% for Executive Directors, 99.3% for Vice Presidents, 90.2% for Senior Associates, 97.3% for Associates, and 88.7% for Analysts.

Item 2. Operating and Financial Review

1. Management Challenges and Strategies

All matters relating to the future in the sections below are based on the current views as of the date of filing this Securities Report.

(1) Fundamental Management Policy

① Fundamental Management Policy

In Fundamental Management Policy formulated by the Board of Directors, our company has set the following Management Vision and Basic Vision of Group Management.

Fundamental Management Policy of Nomura Holdings, Inc.

(Management Vision)

Nomura Group's management vision is to enhance its corporate value by deepening society's trust in the firm and increasing satisfaction of stakeholders, including that of shareholders and clients.

As a global investment bank, the Company will provide high value-added solutions to clients globally, and recognizing its wider social responsibility, the Company will continue to contribute to the economic growth and development of society.

To enhance its corporate value, the Company utilizes return on equity ("ROE") as a management indicator and will strive for sustainable business transformation.

(Basic Vision of Group Management)

(1) Nomura Group will establish its modernized growth model by itself through realizing expansion of its business in new domains. Nomura Group will also establish an earning structure not subject to market condition with proper cost control and risk management.

(2) Nomura Group will aim to serve its customers at the highest level in every investment, by paying thorough attention to the needs of its customers and the market and by providing its customers with highly value-added solutions in financial and capital markets.

(3) Nomura Group will emphasize compliance with applicable laws and regulations and proper corporate behavior to carry out compliance and conduct risk management in daily business operations. Each company of Nomura Group shall respect customers' interests and comply with applicable laws and regulations relating to the business.

(4) Nomura Group seeks to ensure effective management oversight and increase management transparency.

(5) Nomura Group will contribute to expanding securities markets through daily business and continuously engage in educational activities regarding investment in order to broaden participation in the securities market.

② Purpose

Nomura Holdings, Inc. will celebrate its 100th anniversary in December 2025. Nomura is dedicated to the tenets embodied in its Founder's Principles and the unwavering values ingrained in its Corporate Philosophy. As we look to the next one hundred years, Nomura is pleased to announce its new Group Purpose that will underpin group management:

Purpose

We aspire to create a better world by harnessing the power of financial markets

Since its founding, Nomura Group has strived to contribute to the development of financial markets. Amid a complex and rapidly changing environment, Nomura will continue to leverage its knowledge and expertise to deliver added value and create a better world through the financial markets. The new Group Purpose articulates Nomura's strong resolve to work together with various stakeholders to build a better future, and its determination to continue taking on new challenges to become the best company for its clients and other stakeholders.

③ Management Vision

In May 2024, we formulated a new Management Vision for fiscal 2030, "Reaching for Sustainable Growth", with the aim of promoting management strategies in line with the newly formulated Purpose. Nomura Group continues to engage in the development of the financial and capital markets and the provision of optimal solutions to our clients by facilitating the circulation of risk money through the provision of a wide range of financial services.

(2) Business Environment

During the fiscal year ended March 31, 2024, the global inflation caused by the resumption of economic activities following the COVID-19 pandemic had been somewhat stabilized. Accordingly, some market participants anticipated that the monetary tightening led by the U.S. Federal Reserve (“Federal Reserve”) and other major central banks would come to an end. Toward the end of December 2023, as markets priced in expectations of an early rate cut by the Federal Reserve, and U.S. interest rates declined while U.S. stock prices rose. However, toward the end of the fiscal year ended March 31, 2024, these expectations were somewhat dampened by the strength of the U.S. economy and the persistence of inflationary pressures.

Global economic fundamentals showed resilience, with the U.S. economy growing at an average annual rate of about 4% in the second half of 2023, while stagnation persisted in the Eurozone and China.

In Japan, Kazuo Ueda assumed the post of Governor of the Bank of Japan in April 2023, and expectations for a revision of the large-scale monetary easing policy were further strengthened in May 2023, when the classification of COVID-19 under the Prevention of Infectious Diseases Act was downgraded and economic activity was expected to resume in earnest. On two occasions, in July and October 2023, the Bank of Japan made a decision to more flexibly manage the yield of 10yr JGBs under the policy of controlling long and short term interest rates. Expectations for the realization of a virtuous cycle of wages and prices, which is a condition for the Bank of Japan to lift the monetary easing, and expectations that it may also structurally fortify the earning power of Japanese companies, are gradually growing. Under these circumstances, the Nikkei 225 Stock Average reached the 40,000 yen level for the first time on March 4, 2024, mainly supported by overseas investors buying Japanese stocks.

(3) Management Vision

Our business environment is undergoing significant changes. We will continue to respond to it flexibly while maintaining an appropriate financial standing and effectively utilizing management resources through improved capital efficiency. In addition, we are never satisfied with ourselves and will constantly implement new initiatives with the aim of expanding existing businesses and providing value-added services to clients.

① Medium-to Long-term Priority Issues

We are pursuing sustainable growth across the entire group and working on building a business portfolio that focuses on stable and diversified revenue and improving capital efficiency.

Our vision is to advance Nomura to the next stage. To realize this, we launched a strategy of expanding into private markets to complement our businesses in the public markets. Based on this strategy, we have been working on promoting our asset consulting business, strengthening the Investment Management Division, and fostering growth and stability in the wholesale business. Additionally, we have been exploring and enhancing new areas such as Digital Financial Services including the digital asset business and sustainability sector including sustainable finance. We have also begun to promote company-wide cost control through structural reforms. In addition, we are advancing the sophistication and efficiency of the corporate functions that form the basis of these businesses, strengthening the governance structure, improving operational efficiency using digital technologies, and promoting our own sustainability initiatives such as Diversity, Equity & Inclusion (DEI) and net zero greenhouse gas emissions. For more information on the strategies in each division, please refer to “② Issues in Each Division.”

We have established a business model that can consistently achieve an ROE of 8-10% in the medium term through addressing medium- to long-term priority issues. As announced in May 2024, we have set a new management vision, “Reaching for Sustainable Growth”, as an indication of the direction of management toward fiscal 2030, and a management quantitative target of ROE of 8-10%+ and achieving profit before tax of over ¥500 billion. We will focus on the following areas to achieve these goals: (i) deepen global strategy leveraging Japan franchise, (ii) achieve sustainable growth of stable revenues, and (iii) further promote strategy to provide platforms. In addition, we break down the Price Book-value ratio (“PBR”) as shown in the figure below. Maximizing the absolute level of ROE is one of its key elements. Through addressing medium- to long-term priority issues, we aim to enhance our corporate value.



② Issues in Each Division

The challenges and strategies in each division are as follows:

- **Wealth Management Division**

As a result of the continuous initiatives to overhaul our business model to further help clients manage their assets, the former Retail Division has seen significant changes in its revenue structure, leading to certain achievements in transitioning to the recurring revenue business. The Division has been renamed the “Wealth Management Division” to reflect this transformation of the business model, effective April 1, 2024.

To contribute to the improvement of the ratio of securities among Japanese households, our challenge is to respond to diversifying wealth management needs. By providing comprehensive wealth management services through our nationwide network of branches, as well as our digital services, we aim to assist our clients in achieving their goals. We will continue working on improving the skills of our partners (sales representatives), and enhance our wide range of products and services in order to advance the wealth management business.

- **Investment Management Division**

Our Investment Management Division provides solutions that meet the diversifying investment needs of our broad clients through a wide range of assets classes and services spanning both traditional and alternative assets. We aim to realize a virtuous cycle of investment that leads to the resolution of social issues by providing high-quality investment products that meet the diverse investment needs of clients. We regard the following trends as growth opportunities: Japan’s abundant individual financial assets and the tailwind of the government’s plan for promoting Japan as a leading asset management center, the growth of investment in private assets, high levels of funding demand for and investor awareness of sustainability-related investments. Amid continued downward pressure on management fees, we are working to improve our investment capabilities, increase our assets under management and increase the value added by our products and services in our public markets businesses, expand our business platforms in alternative assets and other high-fee growth areas, and realize greater efficiency and cost control.

- **Wholesale Division**

Our Wholesale Division faces challenges presented by increasingly sophisticated client needs and technological advancement, coupled with uncertainty in the market and macroeconomic environment. To ensure continuity of service as well as adding value to clients, we will continue to enhance collaboration across business lines, regions and divisions while further diversifying our business portfolio to stabilize revenues. We will continue to deploy financial resources to selective and high growth opportunities and also focus on cost optimization.

Global Markets aims to provide uninterrupted liquidity to our clients while reinforcing risk control and governance. Additionally, we aim to further diversify our business portfolio, reinforce global connectivity and cross-sell across our global client franchise leveraging our solid business foundation in Japan and competitive global products to pursue growth opportunities such as Structured Financing and Solution business, International Wealth Management business as well as Global Equities, and continue to build on the strength of our Flow Macro businesses.

Investment Banking aims to provide seamless client experiences as we target to accelerate advisory services and financing to domestic as well as cross-border restructurings and industry-wide consolidations, as well as interest rate and foreign exchange solutions as volatile business environments impact our clients’ businesses. We will leverage our Japanese strengths and focus on expanding our global advisory business, while also maintaining focus on sustainability in light of its importance within the industry and to our clients. Additionally, we will accelerate group-wide collaborations as we develop tailored advice for the benefit our clients across a range of products and services.

- **Risk Management and Compliance, etc.**

We have defined our risk appetite in our Risk Appetite Statement which includes the types and level of risk that the Nomura Group is willing to assume in pursuit of our strategic objectives and business plans. Further, we continue to develop our risk management framework in a way that is strategically aligned to our business plans and incorporates decision-making by senior management, thereby securing capital soundness and enhancing our corporate value.

We have clearly defined in our Risk Appetite Statement that all executives and employees must actively engage in risk management through our Three Lines of Defense framework. Besides, we continuously provide trainings to all executives and employees including those in the group companies to increase our knowledge about risks as financial professionals and develop a corporate culture of correctly recognizing, assessing and managing risks.

With regard to compliance, we continue to focus on improving the management structure to comply with local laws and regulations in the countries where we operate. We also continue to review our internal systems and rules so that all executive management and employees can work autonomously with high ethical standards.

In order to ensure not only compliance with laws and regulations, but also that all directors, officers and employees are able to act in accordance with social norms, we have established the “Nomura Group Code of Conduct” as guidelines for actions to be taken, and through associated trainings and other measures, we are working to promote appropriate actions (“Conduct”) based on the Code of Conduct. At the “Nomura Founding Principles and Corporate Ethics Day” held in every August, we reaffirm the lessons learned from past incidents and renew our determination to prevent similar incidents then to maintain and gain the trust society places in us; discussions are held regarding the proper way to conduct after looking back on past incidents, and a pledge is made to comply with the Code of Conduct. In order for us to be able to respond to the changing demands of society, the Code of Conduct is regularly reviewed to constantly examine ourselves and to ensure that our thinking aligns with society’s norms.

By addressing and resolving the above issues, we will strive for the stability and further development of financial markets as well as the sustainable growth of the Nomura Group.

2. Views on Sustainability and efforts

(1) Nomura's Basic Views on Sustainability

Since its founding, Nomura has been engaged in the creation of not only economic value but also social value by circulating risk money through the provision of a wide range of financial services, developing financial and capital markets, and providing optimal solutions to customers.

Nomura sees sustainability from two perspectives: "Support the sustainability initiatives of customers and diverse stakeholders as a financial services group" and "Promotes activities such as reducing environmental impact, respecting human rights, and enhancing governance to ensure a sustainable existence for Nomura."

- Supporting the sustainability initiatives of customers and diverse stakeholders as a financial services group

Our core role as a financial services group is to support customers through the flow of funds and capital. We believe it is important to strengthen our functions to promote the sustainable circulation of funds by underwriting green bonds and social bonds issued by companies and financial institutions, providing strategic advisory services such as M&A advisory, and by developing ESG-related funds as investments and providing them to individual investors in Japan, in order for Nomura to be selected as our customers' partner. Nomura sees financing of sustainable causes as a business opportunity to expand the range of services and solutions. In particular, in order to strengthen and promote sustainable finance initiatives, we have set a target of engaging \$125 billion in sustainable finance projects in Japan and overseas over the five fiscal years ending March 31, 2026.

In addition, we seek to take advantage of the Group's comprehensive strengths in providing solutions to social issues by leveraging the functions we have cultivated over many years, including support for business succession, promoting innovation in the fields of regional revitalization, agriculture and medical care, and our expertise and knowledge in the field of research and analysis. Nomura has been a frontrunner in providing financial education programs for people of all ages, ranging from children to adults for more than 20 years, dating back to the 1990s. As the Japanese government aims to realize a virtuous cycle of growth and distribution, in which Japan's household savings flow more into productive investment, and the benefits of increased corporate value are returned to households, leading to further private sector investment and consumption, under its "Policy Plan for Promoting Japan as a Leading Asset Management Center", improving financial literacy in Japan is an extremely important issue. In addition to financial education centered on school education, we will also actively seek to support asset building through the workplace for working generations, contribute to the improvement of financial literacy throughout society, and work to develop financial and capital markets through sustainable financial circulation.

- The Company's efforts to continue being a sustainable corporate group

Nomura recognizes that addressing environmental issues and respecting human rights are essential elements in the realization of a sustainable society.

Nomura has announced its goal of achieving net zero greenhouse gas ("GHG") emissions for its own operations by 2030, and to seek to achieve net zero GHG emissions attributable to its lending and investment portfolios by 2050 and are working on that goal.

In accordance with the Nomura Group Human Rights Policy, Nomura Group is actively working to improve and enhance its efforts to address human rights issues and promote respect for human rights through the development of various systems and the implementation of training programs. These efforts are regularly discussed by the Sustainability Committee, which is described below, and efforts are made to disclose appropriate information. The Company will further promote its efforts to realize a sustainable society by participating in various initiatives, including the Net Zero Banking Alliance ("NZBA"), an international framework established by the United Nations Environment Program Finance Initiative ("UNEP FI").

The evolution of human resource management strategies is essential to realize sustainable growth and corporate value improvement through solving social issues. For this reason, Nomura is working to differentiate the human resource management cycle of recruitment, talent development, performance appraisal, and mobility and advancement strategies, promote DEI, create an environment that enables diverse employee working styles, and enhance wellbeing and a sense of belonging. We are working to build a cycle in which people, who are the source of Nomura's competitiveness, play an active role and provide high added value. (For details, please refer to "(5) Human capital initiatives".)

(2) Nomura's Sustainability-Related Governance

Nomura is a Company with Three Board Committees under Japanese law, separating management oversight and business execution to strengthen corporate governance. The oversight function and the executive side play respective roles in recognizing climate change risks and opportunities, promoting various measures, and managing risks.

① Board of Directors

The Board of Directors offers advice on sustainability related reports prepared by executive officers, based on our basic sustainability policy which states: “Nomura will contribute to the creation of a truly enriched society through our business activities based on the principles embodied in the Nomura Group Corporate Philosophy, and actively pursue initiatives to resolve social issues and create a sustainable world.”

Exchange of opinions regarding sustainability also occur out meetings of our outside directors, which are held periodically in order for outside directors to discuss our business and our corporate governance. Such exchange also occurs at our Internal Controls Committee, which is consisted of multiple directors and executive officers, and at our Audit Committee. In the fiscal year ended March 31, 2024, we dealt with topics such as the establishment of human rights policies and the disclosure of sustainability-related information.

② Sustainability Committee

Nomura has established the Sustainability Committee chaired by the Group CEO and which also consists of other persons designated by the Group CEO including the members of the Executive Management Board to deliberate and make decisions on strategies to promote sustainability. The Chief Sustainability Officer leads discussions in the Sustainability Committee to consolidate the company’s sustainability knowledge and accelerate the formulation and promotion of strategies. In the fiscal year ended March 31, 2024, we covered topics such as the establishment of human rights policies, information disclosure related to sustainability, efforts to achieve net zero and participation in various initiatives.

③ Sustainability Forum

In order to ensure opportunities for more flexible and substantive discussions on sustainability, the Sustainability Forum, as a forum for discussion by executives from across departments and regions, has been established in the fiscal year ended March 31, 2024. This forum is an evolutionary reformation of the Sustainability Council, established in August 2021, and is divided into the Sustainability Business Forum, which deals with topics more closely related to business activities, and the Sustainability Corporate Forum, which deals with information disclosure and policy formulation. The forum has a flexible structure, such as changing the participant member depending on the topics covered. In the fiscal year ended March 31, 2024, we discussed the concept of reducing emissions in our investment and loan portfolio based on the NZBA framework and the content of our human rights policy.

(3) Nomura's Risk Management on Sustainability

Increasing attention to the management of Sustainability matters makes it imperative that we continue to develop policies and capabilities in these areas, and that we position ourselves in a positive light to interested stakeholders including our shareholders, clients and society at large. Amid rapidly changing circumstances around Sustainability, lack of sufficient focus such as on environmental policies, human rights and diversity, equity & inclusion considerations may also adversely affect our reputation, results of operations and financial condition. In particular, we recognize that climate change risks are likely to have an impact over the medium to long term, and we seek to manage these risks under appropriate management systems.

① Recognition of the Risks Associated with Climate Change

Nomura recognizes risks arising from changes in the environment due to climate change and identifies the potential impact on our business. There are two types of risks associated with climate change: the risk of loss or damage due to extreme weather events such as large typhoons, droughts, and intense heat (physical risk), and the risks associated with decarbonization, such as the inability to respond to changes in government policies or rapid technological innovations (transition risk). Nomura recognizes the following physical and transition risks associated with climate change.

- Risk that clients will not adequately respond to climate change, resulting in financial damage, decline in creditworthiness and inability to fulfil their contractual obligations
- Risk that climate change causes market fluctuations and losses are incurred due to fluctuations in the market price of Nomura's financial assets
- Risk of reputational damage if Nomura and counterparties fail to respond appropriately to climate change
- Risk of financial losses or reputational damage due to inadequate or failed internal processes and employee response to climate change
- Risk of inadequate strategies or failed execution of strategies as compared with competitors, and risk of gap between strategies and resources

② Our approach on Risks Associated with Climate Change

Climate risk is recognized as one of risks that are understood to potentially impact Nomura adversely if they materialize. Climate risk is not recognized as a standalone risk, but is understood to be a risk factor affecting various risk areas. Nomura has built an integrated risk management framework that manages the risks caused by climate change by adding new responses to the ones into the existing risk management frameworks.

(4) Metrics and Targets

Nomura Group uses metrics related to greenhouse gas emissions to measure and manage the risks and opportunities associated with climate change, with the approval of the Sustainability Committee, as well as to steadily implement initiatives to align with the Paris Agreement and achieve net zero.

The progress is also reported regularly to the board of directors. The result for each metric for the fiscal year ended in March 2024 will be disclosed in the integrated report scheduled to be issued at the end of August 2024.

#	Metrics	Target	Results (FY2021/22)	Results (FY2022/23)
1	Greenhouse gas emissions from its own operations (Scopes 1 and 2) (※1)	Net Zero by 2030	Scope 1 : 1,924 t-CO2 Scope 2 : 31,710 t-CO2	Scope 1 : 2,473 t-CO2 Scope 2 : 24,183 t-CO2
2	Greenhouse gas emissions from its lending and investment portfolios (Scope 3, Category 15) (based on the NZBA framework) (※2)	Net Zero by 2050	Power generation sector GHG emissions: 3,647 (1,250) kt CO2e Economic emission intensity: 3,458 (1,186) t-CO2e/\$m (As of the end of March 2022)	Power generation sector GHG emissions: 4,662 (1,673) kt CO2e Economic emission intensity: 3,422 (1,229) t-CO2e/\$m (As of the end of March 2023)
3	Sustainable financing (※3)	US\$125bn in sustainable financing over five years by March 2026	US\$21.4 bn	US\$25.1 bn

(※1) Scope 2 emissions are calculated using the market-based method based on the GHG Protocol. The market-based method is a method of calculating Scope 2 emissions reflecting companies' electricity contract. As the emission factor is based on the contractual terms, if a company purchases low-carbon electricity, such as from renewable energy sources, the effect can be reflected.

(※2) The values in the parentheses in the chart are consistent with emissions factors used by PCAF before June 2023.

(※3) This target includes capital raised through Nomura's debt and equity capital markets businesses, private placements of mezzanine debt and equity securities, and debt financing through its Infrastructure and Power Financing Group.

(Factors considered in each goal setting)

- Regarding the Greenhouse gas emissions from its own operations, targets are set based on comprehensive consideration of the results of energy conservation efforts, the spread of renewable energy, and the ratio of installed renewable energy.
- Regarding the Greenhouse gas emissions from its lending and investment portfolios, based on the NZBA framework, targets are set by referring to the International Energy Agency's NZE scenarios and the emission factor database provided by PCAF.
- Regarding the Sustainable financing, target is set by referring to the assumed market size of sustainable finance provided by external vendors.

(5) Human Capital Initiatives

① Embedding Purpose and Maximize Our Corporate Value through the Evolution of Human Resources Management Strategy

We have declared our Group Purpose as “we aspire to create a better world by harnessing the power of financial markets”. In order to further embed our Group Purpose and to maximize our corporate value, we seek to improve our return on equity (ROE) through investing strategically for growth. We believe it is essential to enhance the competitive strength of our employees (human capital) in order to enhance productivity, build value for our clients and shareholders, and enrich our risk management culture by realizing the potential of our dedicated and professional workforce.

Nomura aims to enhance employee engagement by evolving its talent management strategy from a long-term perspective. Nomura seeks to differentiate intellectual capital (*) that our human capital delivers as a team and further enhance the added value provided by the Nomura Group.

* Our intellectual capital refers to the intangibles that are the source of our competitiveness, including organizational capabilities, know-how, customer networks, and branding.

② Nomura Group’s Human Resources Management Strategy

Our human resources management strategy is based on the values of “Entrepreneurial Leadership”, “Teamwork”, and “Integrity” as defined in our corporate philosophy, and these core values set us apart from our competitors in our recruitment, talent development, performance appraisal, and mobility and advancement strategies, as well as our dedication to promoting “Diversity, Equity & Inclusion” (DEI), “Employees’ Ways of Working”, and “Wellbeing”. This strategy forms the core of our recruitment, talent development and retention initiatives.

i Recruitment

We seek to recruit individuals who share our values of “Entrepreneurial Leadership”, “Teamwork”, and “Integrity” and are aligned with our strong risk management culture. In order to attract and develop such individuals who also can demonstrate strong expertise, we recruit individuals in all roles and at all career levels in all regions including Japan, through both new graduate programs and mid-career hiring.

We focus our lateral recruitment on hiring professional talent with advanced knowledge and experience in their specialized fields. In recent years, more than half of Nomura Group’s hires have been mid-career hires.

From January 2023, we have established alumni networks and recruitment strategies to help stay connected and regularly re-engage with our pool of alumni who remain active in the industry and communities. As of March 31, 2024, the number of registrants on the network site has reached approximately 250, showing an increase of approximately 90 compared to the previous year, solidifying the foundation of the network.

ii Talent Development

We are committed to developing our talent under the Basic Policy of Talent Development as listed below.

<Basic Policy of Talent Development>

In order to further embed our Group Purpose, “we aspire to create a better world by harnessing the power of financial markets”, we aim for people in the Nomura Group to differentiate themselves by being professionals that continually take on new challenges to create added value.

When it comes to development of professional talent and leadership talent, we will allocate resources to the following three areas.

(i) Hierarchical training for new employees and managerial staff, (ii) self-improvement programs to encourage autonomous learning among employees, and (iii) department-specific training that allows for intensive learning of specialized knowledge and skills. As an example of (ii) the self-improvement program, we launched our Digital IQ University program in the fiscal year ended March 31, 2024. This program enables employees, regardless of whether they are involved in IT operations, to systematically acquire a wide range of knowledge and skills related to digitalization. Additionally, in (iii) department-specific training, for example, in our Investment Banking (Wholesale Division), we provide a knowledge management platform called “M&A University”. By utilizing this platform, employees can learn specialized knowledge in M&A advisory services and apply it in practical work.

Additionally, we are implementing various selective training programs. Specifically, the following programs are available:

Study Abroad Program—For more than 60 years, we have offered tuition assistance programs to employees in Japan in order to support their self-improvement goals through study abroad programs.

Venture company training program—We launched our venture company training program to provide our employees with work experience at venture companies in Japan. Through this program, we encourage employees to gain experience outside of the Nomura Group and promote a culture of accepting diverse values when they return to the Nomura Group.

Nomura Keiei-juku—We have an in-house senior management development program in Japan. The participants are selected from the entire Nomura Group and are given opportunities to have discussions with senior executives. Through these discussions, participants gain direct exposure to senior executive perspectives and are able to deepen their own vision, self-awareness, and determination as candidates of future management.

Nomura Management School—We send senior executives to executive programs operated by external educational institutions. By providing participants with the opportunity to enroll in high-quality executive education programs led by world-class instructors who are experts in various fields, including top-tier instructors from overseas universities, we are focusing on successor development.

iii Performance Appraisal

In all regions including Japan, and across all departments and roles, we are making further efforts to enhance our performance-based compensation system, through ensuring the fairness of performance appraisals and benchmarking employee productivity against external market data. All managers in Japan are paid by job type.

We have also introduced 360-degree feedback globally, and by engaging in dialogue between the target employee and the evaluators regarding the results, we are supporting the growth and leadership development of the employee. Additionally, we have implemented the ERCC (Ethics, Risk Management, Compliance and Conduct) rating, which is a compliance and conduct evaluation, in order to further permeate our code of conduct throughout the organization and sophisticate risk management.

iv Mobility and Advancement

We respect employees' entrepreneurial mindsets and encourage autonomous career development. While we had a global internal job posting system in place before, we significantly expanded the scope of this system in Japan starting from the fiscal year ended March 31, 2021. Regardless of corporate title, many employees have actively applied to this system across departmental boundaries, enabling them to pursue new career opportunities through job rotations.

Additionally, from the perspective of appointing talent to key positions within the group and developing successors for such positions, we globally manage a talent pool of individuals with the potential to assume critical roles. Assessments are conducted for these talent pools, and various leadership development programs are provided to the respective employees based on their leadership potential.

v DEI (Diversity, Equity & Inclusion)

We believe that diversity helps improve our competitiveness, innovation, and advanced risk management. In July 2016, we adopted our "Declaration on Diversity and Inclusion" initiative, in which we committed to create a work environment where all employees can demonstrate their capabilities and realize their full potential. In October 2022, we further updated this initiative with the addition of the concept of "equity" to become our "Group Diversity, Equity and Inclusion Statement". Equity from our perspective differs from equality, in that it is less about allocating the exact same resources and opportunities to everyone (equality), but more about providing the best resources and opportunities to each of our employees according to their different circumstances and needs, and therefore creating an equitable space where everyone can meet their objectives. We aim to create a workplace that provides fair and equitable opportunities for our diverse employees and which instills a strong sense of belonging.

Our DEI Working Group, which consists of Executive Officers, Senior Managing Directors, heads of group companies and global regions, aims to create such a work environment across the group using a top-down approach. Additionally, our DEI Employee Network, which consists of voluntary employee networks, engages in diversity awareness-raising activities at Nomura offices worldwide through a bottom-up approach.

In order to further accelerate DEI promotion efforts, NSC made efforts to deepen understanding of and promote DEI as a new evaluation item in the fiscal year ended March 31, 2024. In particular, the following were designated as essential issues for managers: creation of a work environment where diversity is accepted, encouragement of male employees to take childcare leave and creation of an environment for doing so, and efforts to increase the abilities of female employees to promote the advancement of women. In addition, each domestic subsidiary (excluding some joint ventures, etc.) have introduced an incentive program to encourage male employees to take childcare leave. The program provides incentives to employees who take childcare leave for one month or longer regardless of gender.

vi Employees' Ways of Working

We launched our global “Nomura Ways of Working” project, which aims to create a positive working environment where our employees can maximize their performance without time or location constraints since the fiscal year ended March 31, 2023. We are promoting this project globally across regions based on four key pillars; culture, people, workplace and technology.

Also, we launched a program called COMPASS to support both new employees joining Nomura Group and existing employees in the fiscal year ended March 31, 2024. We provide useful tools and support to help employees smoothly integrate into us and fully demonstrate their abilities from the first day of joining to the 100th day.

vii Wellbeing

Under the Fundamental Approach of an Employee-friendly Work Environment listed below, we are fully committed to development of employee wellbeing.

< Fundamental Approach of an Employee-friendly Work Environment >

Nomura Group recognizes the importance of our employees' physical, emotional, mental and financial wellbeing so that they can realize their full potential, stay motivated and excel in the performance of their duties.

We seek to improve employee welfare programs, such as childcare and nursing care support, as well as to maintain and promote employee health, so that employees can continue to work with enthusiasm, including the development of appropriate working conditions and a comfortable working environment.

We also recognize the need to reduce Absenteeism ⁽¹⁾ and Presenteeism ⁽²⁾, and improve Work Engagement ⁽³⁾ in order for employees to achieve complete physical, mental and social well-being, and have set the following measurements in order to monitor employee wellbeing:



	Year ended March 31, 2022	Measurements ⁽⁴⁾ Year ended March 31, 2023	Year ended March 31, 2024	Targets ⁽⁴⁾ (Year ending March 31, 2026)
Absenteeism (millions of yen)	1109.7	794.7	794.7	—
Presenteeism (%)	15.2	16.1	16.4	10
Work Engagement	53.4	53.7	53.3	60

- (1) Absenteeism: The impact of absenteeism is measured by financial losses due to absence from work caused by injury or illness, calculated by multiplying the average compensation of employees per financial year by the number of employees and the utilization rate of sick leave during that year.
- (2) Presenteeism: A condition in which individuals go to work despite being ill or experiencing symptoms of illness, with a negative impact on business execution and productivity. The figure is calculated based on responses to the SPQ (Single-Item Presenteeism Question, Tokyo University 1-Item Version).
- (3) Work Engagement: A positive, fulfilling, work-related state of mind. This is measured based on deviation from the results of the national average of annual stress assessment, which is an annual mandatory workplace program in Japan to screen for mental health issues in workers.
- (4) The Target figures are for the Nomura Group, and the Measurement figures are for NSC, our major consolidated subsidiary.

We also support the financial wellbeing of our employees globally by offering various programs and advice including the granting of compensation awards through employee share ownership plans, a defined contribution pension plan and posting financial wellbeing information on our intranet. Since the fiscal year ended March 31, 2024, at NSC, we are providing video content (Nomura Financial Wellness Program) that allows for a quick understanding of retirement benefits and pension systems, as well as holding workshops on defined contribution pensions.

viii Engagement Survey

As part of our ongoing efforts to evaluate and improve our various human resource strategies, we have conducted our Nomura Group Employee Survey annually since the fiscal year ended March 31, 2014. We believe that the survey provides valuable insights regarding employee engagement and perceptions about Nomura. The results are reviewed by our senior management and used for refinement or planning of our human resource strategies, programs and practices. In the fiscal year ended March 31, 2024, over 80% of our employees who participated in the Survey gave a positive response to the question “I am proud to work for the firm”.

In addition, starting from the fiscal year ended March 31, 2024, we have begun conducting a “Pulse Check Survey” every quarter with randomly selected employees, aiming to hear employees’ voices on a regular basis, with the goal of increasing the frequency to help improve working conditions and employee satisfaction.

ix Retention

In recent years, the mobility of human resources has increased globally in many industries, including in financial services, and our global employee turnover rate has also increased. To enhance engagement, we have established a system to discuss and implement solutions for the issues identified in the results of the surveys mentioned above.

3. Risk Factors

You should carefully consider the risks described below before making an investment decision. If any of the risks described below actually occurs, our business, financial condition, results of operations or cash flows could be adversely affected. In that event, the trading prices of shares of NHI could decline, and you may lose all or part of your investment. In addition to the risks listed below, risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

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• Risks Relating to the Business Environment

1 Our business may be materially affected by financial markets, economic conditions and market fluctuations in Japan and elsewhere around the world, including the ones caused by geopolitical events

- (1) Governmental fiscal and monetary policy changes in Japan, or in any other countries or regions where we conduct business may affect our business, financial condition and results of operations
- (2) Extended market declines and decreases in market participants can reduce liquidity and lead to material losses
- (3) Natural disaster, terrorism, military dispute and infectious disease could adversely affect our business

2 The financial services industry faces intense competition

- (1) Competition with other financial firms and financial services by non-financial companies is increasing
- (2) Increased consolidation, business alliance and cooperation in the financial services industry mean increased competition for us
- (3) Our global business continues to face intense competition and may require further revisions to its business model

3 Event risk, including the ones caused by geopolitical events, may cause losses in our trading and investment assets as well as market and liquidity risk

4 Sustainability factors including climate change and broader associated policy changes in each jurisdiction could adversely affect our business

• Risks Relating to Our Businesses

5 Our business may incur losses due to various factors in the conduct of its operations

- (1) We may incur significant losses from our trading and investment activities
- (2) Holding large and concentrated positions of securities and other assets may expose us to significant losses
- (3) Our hedging strategies may not prevent losses
- (4) Our risk management policies and procedures may not be fully effective in managing risk
- (5) Market risk may increase other risks that we face
- (6) Our brokerage and asset management revenues may decline
- (7) Our investment banking revenues may decline

6 We may be exposed to losses when third parties do not perform their obligations to us

- (1) Defaults by a large financial institution could adversely affect the financial markets generally and us specifically
- (2) There can be no assurance as to the accuracy of the information about our credit risk, or the sufficiency of the collateral we use in managing it
- (3) Our clients and counterparties may be unable to perform their obligations to us as a result of political or economic conditions

7 We are exposed to model risk, i.e., risk of financial loss, incorrect decision making, or damage to our credibility arising from model errors or incorrect or inappropriate model application

8 NHI is a holding company and depends on payments from its subsidiaries

9 We may not be able to realize gains we expect, and may even suffer losses, on our investments in equity securities and non-trading debt securities

10 We may face an outflow of clients' assets due to losses incurred within cash reserve funds or debt securities we offer to clients

• **Risks Relating to Our Financial Position**

- 11 **We may have to recognize impairment losses with regard to the amount of goodwill, tangible and intangible assets recognized on our consolidated balance sheets**
- 12 **Liquidity risk could impair our ability to fund operations and jeopardize our financial condition**
- (1) We may be unable to access unsecured or secured funding
 - (2) We may be unable to sell assets
 - (3) Lowering of our credit ratings could impact our funding
- 13 **Equity investments in affiliates and other investees accounted for under the equity method in our consolidated financial statements may decline significantly over a period of time and result in us recognizing impairment losses**

• **Risks Relating to Legal, Compliance and Other Operational Issues**

- 14 **Operational risk could adversely affect our business**
- 15 **We identified a material weakness in our internal control over financial reporting and, despite our efforts to remediate, may identify further material weaknesses in the future**
- 16 **Misconduct or fraud by an employee, director or officer, or any third party, could occur, and our reputation in the market and our relationships with clients could be harmed**
- 17 **A failure to identify and appropriately address conflicts of interest could adversely affect our business**
- 18 **Our business is subject to substantial legal, regulatory and reputational risks**
- (1) Legal liability related to our business may occur and could adversely affect our business, financial condition and results of operations
 - (2) Extensive regulation of our businesses limits our activities and may subject us to significant penalties and losses
 - (3) Tightening of regulations applicable to the financial system and financial industry could adversely affect our business, financial condition and results of operations
 - (4) Deferred tax assets may be impacted due to a change in business condition or in laws and regulations, resulting in an adverse effect on our operating results and financial condition
 - (5) Defects in our anti-money laundering and counter-terrorism financing measures could have serious consequences such as, administrative penalties or punitive fines
- 19 **Unauthorized disclosure or misuse of personal information held by us may adversely affect our business**
- 20 **System failure, information leakage and cost of maintaining sufficient cybersecurity could adversely affect our business, financial condition and results of operations**
- 21 **Our business may be adversely affected if we are unable to hire, retain and develop qualified personnel**

• Risks Relating to the Business Environment

1. Our business may be materially affected by financial markets, economic conditions and market fluctuations in Japan and elsewhere around the world, including the ones caused by geopolitical events

Our business and revenues may be affected by any adverse changes or volatility in the Japanese and global economic environments and financial markets. In addition, not only purely economic factors but also military dispute, acts of terrorism, economic or political sanctions, pandemics, forecasts of geopolitical risks and geopolitical events which have actually occurred, natural disasters or other similar events could have an effect on the financial markets and economies of each country. Geopolitical events include cases such as tensions between the United States and China, the invasion of Ukraine by the Russian Federation, and the geopolitical tensions in the Middle east and in Asia. If any adverse events including those discussed above were to occur, a market or economic downturn may last for a long period of time, which could adversely affect our business and can result in us incurring substantial losses. In addition to conditions in financial markets, social conditions such as the long-term trends of population aging and population decline faced by Japan are expected to continue to put downward pressure on demand in the businesses in which we operate, including, in particular, our retail business. The following are certain risks related to the financial markets and economic conditions for our specific businesses.

(1) Governmental fiscal and monetary policy changes in Japan, or in any other countries or regions where we conduct business may affect our business, financial condition and results of operations

We engage in our business globally through domestic and international offices. Governmental fiscal, monetary and other policy changes in Japan, or in any other countries or regions where we conduct business may affect our business, financial condition and results of operations. In addition, any changes to the monetary policy of the Bank of Japan or central banks in major economies worldwide, which could potentially lead to volatility of interest rate or yields may negatively affect our ability to provide asset management products to our clients as well as our trading and investment activities. For example, on March 19, 2024, the Bank of Japan ended its negative interest rate policy. While so far such change has not materially affected our business, the future of the Bank of Japan's policies and the potential effect of such changes on our business remain uncertain.

(2) Extended market declines and decreases in market participants can reduce liquidity and lead to material losses

Extended market declines can reduce the level of market activity and the liquidity of the assets traded in those markets in which we operate. Market liquidity may also be affected by decreases in market participants, for example, if financial institutions scale back market-related businesses due to increasing regulation or other reasons. As a result, it may be difficult for us to sell, hedge or value such assets. In the event that a market fails in pricing such assets, it will be difficult to estimate their values. If we cannot properly close out or hedge our associated positions in a timely manner or in full, particularly with respect to Over-The-Counter ("OTC") derivatives, we may incur substantial losses. Further, if the liquidity of a market significantly decreases and the market becomes unable to price financial instruments held by us, this could lead to unanticipated losses.

We have established a risk management system that measures these market risk and liquidity risk on a daily basis and takes immediate actions if the pre-set limits are exceeded.

(3) Natural disaster, terrorism, military dispute and infectious disease could adversely affect our business

We have developed a contingency plan for addressing unexpected situations and conduct crisis management exercises which include employee notification tests. We also continue to ensure that we can maintain operational resilience (which refers to the ability to continue to provide critical services at a minimum level that should be maintained in the event of a system failure, cyberattack or natural disaster). This includes the establishment of an emergency command center in the event of an actual disaster to account for the safety of our employees and their families. However, disaster, terrorism, military disputes or pandemics or other widespread infectious diseases could exceed the assumptions of our plan and our framework, and we may not always be able to respond to every situation, afflicting our management and employees, facilities and systems, which could adversely affect our business. For example, the COVID-19 pandemic that began in 2020, and governmental measures to respond to it, have significantly affected the market environment such as causing volatility in global equity prices, interest rates and elsewhere and a widening of credit spreads.

2. The financial services industry faces intense competition

Our businesses are intensely competitive, and are expected to remain so. We compete on the basis of a number of factors, including transaction execution capability, our products and services, innovation, reputation and price. We continue to experience intense price competition, particularly in brokerage, investment banking and other businesses.

(1) Competition with other financial firms and financial services by non-financial companies is increasing

We face intense competition in the financial services sector from a wide variety of competitors. We compete with other independent securities firms as well as securities firms affiliated with commercial banks and with firms that have broad footprints across regions. As a result, our market shares and commissions earned in the sales and trading, investment banking and retail businesses in particular have been affected. We face intense competition beyond the traditional financial sector based on the increasing digitalization of the industry, not only with the rise of online securities firms but also FinTech companies and the entry of non-financial companies into the financial services sector. In order to address such changes in the competitive landscape, we continue to adopt and transform our business models through various measures. However, these measures may not be successful in growing or maintaining our market share in this increasingly fierce competitive environment, and we may lose business or transactions to our competitors, harming our business and results of operations.

(2) Increased consolidation, business alliance and cooperation in the financial services industry mean increased competition for us

There has been substantial consolidation and convergence among companies in the financial services industry. In particular, a number of large commercial banks and other broad-based large financial services groups have established or acquired broker-dealers or have consolidated with other financial institutions. These large financial services groups have developed business linkage within their respective groups in order to provide comprehensive financial services to clients, offering a wide range of products, including loans, deposit-taking, insurance, brokerage, asset management and investment banking services within their group, which may enhance their competitive position compared with us. They also have the ability to supplement their investment banking and brokerage businesses with commercial banking and other financial services revenues in an effort to gain market share. In addition, the financial services industry has seen collaboration beyond the borders of businesses and industries, such as alliances between commercial banks and securities companies outside of framework of existing corporate groups and recent alliances with non-financial companies including emerging companies. Our competitiveness may be adversely affected if our competitors are able to expand their businesses and improve their profitability through such business alliances. We also enter into strategic alliances, make investments and launch new businesses. However, if the development and implementation of these business strategies do not proceed as expected, we may not be able to achieve the expected synergies and other benefits or recoup related investments. These new business initiatives and acquisitions may subject us to increased risk as we engage in new activities, transact with a broader array of clients and counterparties and expose us to new asset classes and new markets.

(3) Our global business continues to face intense competition and may require further revisions to its business model

We continue to believe there are significant opportunities in the international markets, but there is also significant competition associated with such opportunities. In order to take advantage of these opportunities, we will have to compete successfully with financial services firms based in important non-Japanese markets, including the U.S., Europe and Asia. Since April 2019, we have been working to rebuild our global business platform, under which we aim to transform our business portfolio and pivot towards client businesses and growth areas. The acquisition of Greentech Capital, LLC (“Greentech”) in 2020 and sale of stake of Capital Nomura Securities Public Company Limited in 2023 are examples of reviewing our business platform both organically and inorganically. We will continue to review our entire business portfolio while looking at the competitive environment, and intend to implement our strategies in consideration of potential risks. However, the risk remains that we may be required to incur greater costs and expenses than we expect, or to commit greater financial, management and other resources to the strategies than we expect, which could adversely affect our business and results of operations. Moreover, the assumptions and expectations upon which these strategies are based may not be accurate, which could lead to us realizing fewer benefits or synergies than we expect or could even harm our business and results of operations. Furthermore, to the extent we reduce compensation or headcount as part of this strategy, our ability to attract and retain the employees needed to successfully run our businesses could be adversely affected. We may also be unsuccessful in designing a streamlined management structure, which could harm our ability to properly control or supervise our many businesses across the world.

3. Event risk, including the ones caused by geopolitical events, may cause losses in our trading and investment assets as well as market and liquidity risk

Event risk refers to potential losses we may suffer through unpredictable events that cause large unexpected market price movements such as natural or man-made disasters, epidemics, acts of terrorism, military disputes or political instability, as well as adverse events specifically affecting our business activities or counterparties. These events include not only significant events such as tensions between the United States and China since 2018 and ongoing geopolitical tensions in Asia overall, the COVID-19 pandemic in 2020, the invasion of Ukraine by the Russian Federation in 2022, and the geopolitical tensions in the middle east but also more specifically the following types of events that could cause losses in our trading and investment assets:

- sudden and significant reductions in credit ratings with regard to financial instruments held by our trading and investment businesses by major rating agencies,
- sudden changes in trading, tax, accounting, regulatory requirements, laws and other related rules which may make our trading strategy obsolete, less competitive or no longer viable, or
- an unexpected failure in a corporate transaction in which we participate resulting in us not receiving the consideration we should have received, as well as bankruptcy, deliberate acts of fraud, and administrative penalty with respect to the issuers of our trading and investment assets.

4. Sustainability factors including climate change and broader associated policy changes in each jurisdiction could adversely affect our business

Increasing attention to the management of sustainability matters such as decarbonization, enhancement of corporate governance, and the resolution of social issues in our business makes it imperative that we continue to develop policies and capabilities in these areas, and that we act responsibly towards our stakeholders, including our shareholders, clients and society at large. Amid rapidly changing circumstances around sustainability, a lack of sufficient focus on sustainability matters such as the environment or human rights may impede our ability to support clients facing trends such as the just transition to the low carbon economy or other sustainability-related initiatives, and may also adversely affect our reputation, results of operations and financial condition. Reputational risks also include the risk associated with over-stating our credentials, or not delivering on commitments we have made (also known as “greenwashing”).

We consider climate change one of the most important global challenges facing society. The direct impact of climate change, and the resulting changes in the business environment could cause us to incur losses. Climate risks are widely recognized to have two aspects – physical and transition risks. Physical risk refers to the risk of loss or damage driven by extreme weather events, such as hurricane, flood, drought, heatwave or frost, or from the longer term shifts in climate patterns and rising sea levels. Transition risk is the risk associated with the transition to a low-carbon economy, and could result from changing government policies, technologies or changes to consumer demand.

- **Risks Relating to Our Businesses**

5. Our business may incur losses due to various factors in the conduct of its operations.

(1) We may incur significant losses from our trading and investment activities

We maintain trading and investment positions in fixed income, equity and other markets, both for the purpose of facilitating our clients' trades and for proprietary purposes. Our positions consist of various types of assets such as interest rates, currency, credit, securitized products and equities, including securities, derivatives, repo as well as loan transactions. Fluctuations in the markets where these assets are traded can adversely affect the value of our positions. Although we continue to mitigate these position risks with a variety of hedging techniques, we may also incur losses if the value of these assets fluctuates or if the financial system is overly stressed and the markets move in a way we have not anticipated. In addition, prices of crypto-assets may fluctuate significantly due to various factors such as developments in the industry or in regulation of crypto assets.

Our businesses have been, and may continue to be, affected by changes in market volatility levels. Certain of our trading businesses such as those engaged in trading and arbitrage opportunities depend on market volatility to generate revenues. Lower volatility may lead to a decrease in business opportunities which may affect the results of operations of these businesses. On the other hand, while higher volatility can increase trading volumes, it also increases risk as measured by Value-at-Risk ("VaR"). Higher volatility and wider bid offer spreads may expose us to higher risks in connection with our market-making and proprietary trading businesses, and can also cause us to reduce the outstanding positions or size of these businesses where we consider necessary.

While we have implemented multiple measures designed to improve our risk management activities in response to the U.S. Prime Brokerage Event *, given that our business model necessarily involves significant trading activity, we may record significant losses as a result of such trading activity again in the future.

Furthermore, we commit capital to take relatively large positions in connection with our underwriting or warehousing assets to facilitate certain capital market transactions. We also structure and take positions in pilot funds for developing financial investment products and invest seed money to set up and support financial investment products. We may incur significant losses from these positions in the event of significant market fluctuations.

In addition, if we are the party providing collateral in a transaction, significant declines in the value of the collateral or a requirement to provide additional collateral due to a decline in our creditworthiness (by way of a lowered credit rating or otherwise) can increase our costs and reduce our profitability. On the other hand, if we are the party receiving collateral from our clients and counterparties, such declines may also affect our profitability due to decrease in client transactions. See also "*—Risks Relating to Our Financial Position—12. Liquidity risk could impair our ability to fund operations and jeopardize our financial condition—(3) Lowering of our credit ratings could impact our funding*".

* U.S. Prime Brokerage Event:

We entered into certain transactions with a prime brokerage client in the United States comprising (i) total return swaps (the “TRS transactions”), which are transactions that allow the client to obtain synthetic (i.e., derivative) long or short exposure to underlying individual equities or indices, as well as (ii) providing financing against a portfolio of securities in the client’s cash prime brokerage account. To manage credit risk in relation to prime brokerage clients, we require that prime brokerage clients deposit collateral (referred to as “margin”) in respect of their positions with us in accordance with the margin ratios applied to them. These margin ratios are determined based on the results of an internal risk assessment of the specific client and the composition of the client’s positions and may require that they post additional margin based on the effect of market movements on these ratios. TRS transactions are hedged from a market risk perspective by holding long or short positions in individual equities or indices and through derivative transactions, depending on the positions taken by the relevant client.

Between January and March 2021, transaction amounts and volumes with the client increased significantly as a result of changes in market prices as well as new positions entered into by the client. However, in March 2021, the market value of certain securities in which the client held a large synthetic position experienced a sharp decline, after which we requested that the client deposit additional margin with us pursuant to our contractual agreements with the client. The client defaulted on its obligation to post additional margin, and we issued a closeout notice to the client. It became clear that the client had similar large positions with other financial institutions, and that the client had also defaulted on margin calls with these financial institutions. Although we endeavored to take a disciplined approach to unwind the positions and liquidate the hedges for the TRS transactions, taking into account both market impact and our own trading losses, due to the significant volume of positions being closed by both us and the other affected financial institutions and the effect on market prices, we recognized ¥204.2 billion of losses in earnings reported within *Net gain on trading* in the fourth quarter and fiscal year ended March 31, 2021. We also recognized additional provisions for current expected credit losses of ¥41.6 billion in earnings reported within other expenses in the fourth quarter and the fiscal year ended March 31, 2021 against loans extended to the client collateralized by a cash portfolio of securities, reflecting the reduced likelihood of recovery on these lending transactions. All of the positions with the client were closed out and hedges liquidated by May 17, 2021, as a result of which we recognized losses of ¥65.4 billion in the quarter ended June 30, 2021 and the fiscal year ended March 31, 2022, of which ¥56.1 billion booked in Equities revenues as trading loss and ¥9.3 billion booked as loan loss provision in expenses.

(2) Holding large and concentrated positions of securities and other assets may expose us to significant losses

We regularly hold large and concentrated positions of certain securities in our businesses such as market-making, block trading, underwriting, asset securitization, prime brokerage, or providing business solutions to meet our clients’ needs. We have committed substantial amounts of capital to these businesses. This often requires us to take large positions in the securities of a particular issuer or issuers in a particular industry, country or region. Fluctuations in the prices of these positions can significantly affect the prices at which we are able to liquidate them when needed, resulting in us incurring significant trading losses, as occurred in the U.S. Prime Brokerage Event. We generally have higher exposure to counterparties engaged in financial services businesses, including commercial banks, broker-dealers, clearing houses, exchanges and investment companies.

(3) Our hedging strategies may not prevent losses

We use a variety of financial instruments and strategies to hedge our exposure to financial risks arising from the financial instruments we enter into for our clients or for proprietary purposes. If our hedging strategies are not effective, we may incur losses. We base many of our hedging strategies on historical trading patterns and correlations. For example, if we hold an asset, we may hedge this position by taking a position in another asset which has, historically, moved in a direction that would offset a change in value of the former asset. However, historical trading patterns and correlations may not continue, as seen in the case of past financial crises, and these hedging strategies may not be fully effective in mitigating our risk exposure because we are exposed to all types of risk in a variety of market environments. Moreover, not all hedging strategies are effective, and certain strategies may, if the risk is not otherwise appropriately managed, increase our risk. For example, many of the transactions leading to the U.S. Prime Brokerage Event entailed providing the client with TRS transactions exposure to certain equities. In order to hedge the total return payments we were obligated to make to the client, we held long positions in the underlying equities. However, this specific hedging strategy was not intended to hedge the risk of a default by the client and the potential need to liquidate the underlying positions in a volatile market environment. When such unhedged counterparty risk is realized, our hedging strategy of holding the underlying securities means that we are exposed to such market fluctuations, which may cause us to incur losses again in the future.

(4) Our risk management policies and procedures may not be fully effective in managing risks

Our policies and procedures to identify, monitor and manage risks may not be fully effective. Although some of our methods of managing risk are based upon observed historical market data, future movements in the financial markets may not be the same as was observed in the past. As a result, we may suffer significant losses through unexpected future risk exposures. Other risk management methods that we use also rely on our evaluation of information regarding markets, clients or other matters, which is publicly available or otherwise accessible by us. This information may not be accurate, complete, up-to-date or properly evaluated, and we may be unable to properly assess our risks, and thereby suffer large losses. Furthermore, certain factors, such as market volatility, may render our risk evaluation model unsuitable for a new market environment. In such event, we may become unable to evaluate or otherwise manage our risks adequately. Moreover, regardless of how well policies and procedures are designed, they must be properly implemented and followed in order to be effective, which may not always occur despite our diligent efforts. Further, potential weaknesses in our organization structures and governance frameworks may lead to misunderstanding roles and responsibilities.

For example, with respect to the U.S. Prime Brokerage Event, we incurred significant losses through exposures to the client's counterparty risk and market risks relating to the securities underlying the prime brokerage transactions with the client. We have reviewed and are in the process of completing a number of actions to comprehensively review, revise and strengthen our risk management policies and procedures and the implementation thereof. While these actions are nearly complete, even when all the actions are completed, may not be sufficient to prevent similar exposure to such risks in the future, including to identify and rectify potential shortcomings, whether within the same business or among our many other business units, impairing the ability of such policies and procedures to prevent future losses.

(5) Market risk may increase other risks that we face

In addition to the potentially adverse effects on our businesses described above, market risk could exacerbate other risks that we face. For example, the risks inherent in financial instruments developed through financial engineering and innovation may be increased by market risk.

Also, if we incur significant trading losses caused by our exposure to market risk, our need for liquidity could rise sharply while our access to cash may be impaired as a result of market perception of our credit risk.

Furthermore, in a downturn in the market overall or for specific securities, our clients and counterparties could incur significant losses or experience other adverse events of their own, thereby weakening their financial condition and, as a result, increasing the credit risk they pose to us, such as occurred as part of the U.S. Prime Brokerage Event.

(6) Our brokerage and asset management revenues may decline

A market downturn could result in a decline in the revenues generated by our brokerage business because of a decline in the volume and value of securities that we broker for our clients. Also, within our asset management business, in most cases, we charge fees for managing our clients' portfolios that are based on the market value of their portfolios. A market downturn that reduces the market value of our clients' portfolios would reduce the revenue we receive from these businesses and might increase the amount of withdrawals or reduce the amount of new investments in these portfolios. Also, any changes in our clients' investment preference on their asset portfolios, including shifting investment assets to deposits which are stable assets and passive funds which generate lower fee revenue, may also result in a decline in our revenues.

(7) Our investment banking revenues may decline

Changes in financial or economic conditions would likely affect the number and size of transactions for which we provide securities underwriting, financial advisory and other investment banking services. Our investment banking revenues, which include fees from these services, are directly related to the number and size of the transactions in which we participate and would therefore decrease if there are financial and market changes unfavorable to our investment banking business and our clients.

6. We may be exposed to losses when third parties do not perform their obligations to us

Our counterparties are from time to time indebted or otherwise owe certain obligations (such as with regards to the posting of collateral) to us as a result of transactions or contracts, including loans, commitments to lend, other contingent liabilities and derivative transactions. We may incur material losses when our counterparties default or fail to perform on their obligations to us due to their filing for bankruptcy, a deterioration in their creditworthiness, lack of liquidity, operational failure, an economic or political event, repudiation of the transaction or for other reasons. The U.S. Prime Brokerage Event, during which a U.S. prime brokerage client defaulted on obligations to us to post additional margin in respect of trading activities as well as to repay amounts lent against collateral held by us, is an example. Separately, in the fiscal year ended March 31, 2024, the Company recorded a loss of approximately ¥14 billion due to a failure to settle transactions between a subsidiary of the Company and a broker in the U.K. Although we establish and maintain allowances for credit losses, such allowances reflect management judgments and assumptions based on information available to us, which may provide incorrect or incomplete, and these judgments and assumptions may prove to be incorrect, potentially significantly so.

We are also exposed to credit risk from holding securities issued by third parties as well as through the execution of securities, futures, currency or derivative transactions that fail to settle at the required time due to non-delivery by our counterparties such as financial institutions and hedge funds, or to systems failure by clearing agents, exchanges, clearing houses, etc.

Issues related to third party credit risk may include the following:

(1) Defaults by a large financial institution could adversely affect the financial markets generally and us specifically

The commercial soundness of many financial institutions is closely interrelated as a result of credit, trading, clearing or other relationships among the institutions. As a result, concern about the creditworthiness of or a default by, a certain financial institution could lead to significant liquidity problems or losses in, or defaults by, other financial institutions. This may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which we interact on a daily basis. Actual defaults, increases in perceived default risk and other similar events could arise in the future and could have an adverse effect on the financial markets and on us. Our funding operations may be adversely affected if major financial institutions, Japanese or otherwise, fail or experience severe liquidity or solvency problems.

(2) There can be no assurance as to the accuracy of the information about our credit risk, or the sufficiency of the collateral we use in managing it

We regularly review our credit exposure to specific clients or counterparties and to specific countries and regions that we believe may present credit concerns. Default risk, however, may arise from events or circumstances that we do not detect, such as account-rigging and fraud. We may also fail to receive full information with respect to the risks of a counterparty, or to accurately manage and assess such information internally. For example, our credit risk assessments with respect to the client whose default led to the U.S. Prime Brokerage Event did not reflect the full extent of the client's relevant trading activity. In addition, in cases where we have extended credit against collateral, we may fall into a deficiency in value in the collateral if sudden declines in market values reduce the value of our collateral, as was the case with loans extended to the prime brokerage client leading in part to the U.S. Prime Brokerage Event.

(3) Our clients and counterparties may be unable to perform their obligations to us as a result of political or economic conditions

Country, regional and political risks are components of credit risk, as well as market risk. Political or economic pressures in a country or region, including those arising from local market disruptions or currency crises, may adversely affect the ability of clients or counterparties located in that country or region to obtain credit or foreign exchange, and therefore to perform their obligations owed to us.

7. We are exposed to model risk, i.e., risk of financial loss, incorrect decision making, or damage to our credibility arising from model errors or incorrect or inappropriate model application

We widely use models for various purposes including the valuation of illiquid derivative transactions or the estimation of the credit worthiness of certain counterparties. However, models are never perfect, and their use subjects us to model risk. Model errors or incorrect or inappropriate model applications could lead to incorrect decision making, financial losses or damage our credibility. Nomura has a well-established Model Risk Management Framework, including robust model development, implementation, and use, and a sound model validation process and governance. While these initiatives effectively control and limit Model Risk within the firm, it is never perfectly mitigated.

8. NHI is a holding company and depends on payments from its subsidiaries

NHI is a holding company and is heavily dependent on dividends, distributions and other payments from its subsidiaries to be able to settle its financial obligations and liabilities. Regulatory and other legal restrictions, such as those under the Companies Act, may limit NHI's ability to transfer funds freely, either to or from its subsidiaries. In particular, many of NHI's subsidiaries, including its broker-dealer subsidiaries, are subject to laws and regulations, including regulatory capital requirements, that authorize regulatory bodies to block or reduce the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances. For example, Nomura Securities Co., Ltd. ("NSC"), Nomura Securities International, Inc., Nomura International plc and Nomura International (Hong Kong) Limited, NHI's main broker-dealer subsidiaries, are subject to regulatory capital requirements and changes in such regulatory capital requirements and the required level could limit the transfer of funds to NHI. While NHI monitors and manages the transfer of funds within the Nomura Group on the basis of relevant laws and regulations on a daily basis, these laws and regulations may hinder NHI's ability to access funds needed to be able to settle its financial obligations and liabilities.

9. We may not be able to realize gains we expect, and may even suffer losses, on our investments in equity securities and non-trading debt securities

We hold substantial investments in equity securities including private equity investments and non-trading debt securities. Under U.S. GAAP, depending on market conditions, we may recognize significant losses in connection with these investments, which could have an adverse impact on our financial condition and results of operations. For example, in the fiscal year ended March 31, 2020, we recognized a loss of ¥16.4 billion related to our investment in American Century Investments and ¥16.6 billion on our investments in equity securities resulting from market declines arising from the COVID-19 pandemic. Moreover, while we may decide to dispose of these equity securities and debt securities, depending on the market conditions, we may not be able to dispose of these equity securities and debt securities when we would like to do so, as quickly as we may wish or at the desired price.

10. We may face an outflow of clients' assets due to losses incurred within cash reserve funds or debt securities we offer to clients

Cash reserve funds, such as money market funds and money reserve funds are typically categorized as low risk financial products. As a result of a sudden rise in interest rates, such cash reserve funds may fall below their par value due to losses resulting from price decreases, defaults or negative interest charges arising from debt securities held by the fund. If we determine that a stable return cannot be achieved from the investment performance of cash reserve funds, we may accelerate the redemption of, or impose a deposit limit on, such cash reserve funds.

In addition, issuers of debt securities that we sell may default or otherwise delay the payment of interest and/or principal.

Such events may result in the loss of client confidence and lead to an outflow of client assets from our custody or preclude us from increasing such client assets.

• Risks Relating to Our Financial Position

11. We may have to recognize impairment losses with regard to the amount of goodwill, tangible and intangible assets recognized on our consolidated balance sheets

We have purchased all or a part of the equity interests in, or operations from, certain other companies in order to pursue our business expansion, and expect to continue to do so when and as we deem beneficial. We account for certain of those and similar purchases and acquisitions as a business combination under U.S. GAAP by allocating our acquisition costs to the assets acquired and liabilities assumed and recognizing the remaining amount as goodwill. On April 1, 2020, Nomura acquired 100% of Greentech and goodwill of ¥12,480 million is reported on our consolidated balance sheet. We also possess tangible and intangible assets other than those stated above.

We may have to recognize impairment losses, as well as other losses associated with subsequent transactions, with regard to the amount of goodwill, tangible and intangible assets and, recognized on our consolidated group balance sheet which may adversely affect our financial condition and results of operations.

12. Liquidity risk could impair our ability to fund operations and jeopardize our financial condition

Liquidity, or having ready access to cash, is essential to our business. We define liquidity risk as the risk of loss arising from difficulty in securing the necessary funding, or from a significantly higher cost of funding than normal levels, due to a deterioration in our creditworthiness or a deterioration in market conditions. In addition to maintaining a readily available cash position, we seek to secure ample liquidity through repurchase agreements and securities lending transactions, long-term borrowings and the issuance of long-term debt securities as well as through diversification of our short-term funding sources such as commercial paper, and by holding a portfolio of highly liquid financial assets. Despite this, there is a risk that we may lose liquidity under certain circumstances, including the following:

(1) We may be unable to access unsecured or secured funding

We continuously access unsecured funding from issuance of securities in the short-term credit markets and debt capital markets as well as bank borrowings to finance our day-to-day operations, including refinancing. We also enter into repurchase agreements and securities lending transactions to raise secured funding for our trading businesses. An inability to access unsecured or secured funding or funding at significantly higher cost than normal levels could have a substantial negative effect on our liquidity. For example, lenders could refuse to extend the credit necessary for us to conduct our business based on their assessment of our long-term or short-term financial prospects if:

- We incur large trading losses,
- The level of our business activity decreases due to a market downturn,
- Regulatory authorities take significant action against us, or
- Our credit rating is downgraded.

In addition to the above, our ability to borrow in the debt capital markets could also be adversely impacted by factors that are not specific to us, such as increases in market interest rates, reductions in banks' lending capacity, a severe disruption of the financial and credit markets, negative views about the general prospects for the investment banking, brokerage or financial services industries, or negative market perceptions of Japan's financial soundness.

(2) We may be unable to sell assets

If we are unable to raise funds or if our liquidity declines significantly, we will need to liquidate assets or take other actions in order to meet our maturing liabilities. In volatile or uncertain market environments, overall market liquidity may decline. In a time of reduced market liquidity, we may be unable to sell some of our assets, or we may have to sell at depressed prices, which could adversely affect our results of operations and financial condition. Our ability to sell assets may also be adversely impacted by other market participants seeking to sell similar assets into the market at the same time.

(3) Lowering of our credit ratings could impact our funding

Our funding depends significantly on our credit ratings. Rating agencies may downgrade or withdraw their ratings or place us on "credit watch" with negative implications. Downgrades could increase our funding costs and limit our funding. This, in turn, could adversely affect our result of operations and our financial condition. In addition, other factors which are not specific to us may impact our funding, such as negative market perceptions of Japan's financial soundness.

13. Equity investments in affiliates and other investees accounted for under the equity method in our consolidated financial statements may decline significantly over a period of time and result in us recognizing impairment losses

Under U.S. GAAP, we have affiliates and investees accounted for under the equity method and whose shares are publicly traded. If there is a decline in the market price of the shares we hold in such affiliates below the carrying amount of our investments over a period of time, and we determine that the decline is other-than-temporary, then we recognize an impairment loss through earnings which may have an adverse effect on our financial condition and results of operations. For example, we recognized an impairment loss of ¥47,661 million against our investment in Nomura Real Estate Holdings, Inc. during the fiscal year ended March 31, 2021.

• Risks Relating to Legal, Compliance and Other Operational Issues

14. Operational risk could adversely affect our business

Operational risk is the risk of financial loss or non-financial impact arising from inadequate or failed internal processes and systems, from a lack of appropriate personnel, from human errors, or from external events, and includes compliance, legal, IT and cyber security, fraud, third party, and other non-financial risks. We always face the potential of operational risk, and if materializes, it could adversely affect our business. Issues related to operational risk may include the risks listed in items 15 to 21 below.

15. We identified a material weakness in our internal control over financial reporting and, despite our efforts to remediate, may identify further material weaknesses in the future

We identified a material weakness in our internal control over financial reporting during the quarter ended March 31, 2024 in relation to certain classification and presentation matters within the consolidated statement of cash flows as included within our consolidated financial statements, which has resulted in the need to restate the consolidated statement of cash flows in certain of our annual and interim consolidated financial statements. We have identified and implemented a number of remediation actions to address this material weakness and intended to mitigate the risk of similar errors occurring in the future within the consolidated statement of cash flows. While our management has concluded that our internal control over financial reporting was effective as of March 31, 2024, additional material weaknesses or other issues nevertheless may arise in the future resulting in us not being able to provide financial information in our consolidated financial statements and elsewhere in an accurate, timely and reliable manner or requiring additional restatements of our consolidated financial statements or other aspects of our periodic reporting. This may undermine confidence in our published financial information and other reported information by users of our consolidated financial statements, including holders of our securities, resulting in reductions in the price of our common stock and/or American Depositary Receipts (“ADR”s) as well as limit our access to capital markets, impact client or counterparty appetite to enter into transactions with us and subject us to potential regulatory investigations and sanctions, each of which may materially and adversely affect our business, results of operations and financial condition. See “*Management’s Report on Internal Control Over Financial Reporting*” for further details on the material weakness identified and our remediation actions to address this material weakness.

16. Misconduct or fraud by an employee, director or officer, or any third party, could occur, and our reputation in the market and our relationships with clients could be harmed

We always face the risk that our employees, directors or officers, or any third party, could engage in misconduct that may adversely affect our business. Misconduct by an employee, director or officer includes conduct such as entering into transactions in excess of authorized limits, acceptance of risks that exceed our limits, or concealment of unauthorized or unsuccessful activities. The misconduct could also involve the improper use or disclosure of non-public information relating to us or our clients, such as insider trading, improper transmission of such information and the recommendation of trades based on such information, as well as other crimes, which could result in regulatory sanctions, legal liability and serious reputational or financial damage to us.

Third parties may also engage in fraudulent activities, including devising a fraudulent scheme to induce our investment, loans, guarantee or any other form of financial commitment, both direct and indirect. Because of the broad range of businesses that we engage in and the large number of third parties with whom we deal in our day-to-day business operations, such fraud or any other misconduct may be difficult to prevent or detect, and our future reputation and financial condition could be adversely affected, which could result in serious reputational or financial damage to us in the future.

We have taken measures in line with the improvement plan to detect and prevent such fraudulent or misconduct by our employees, directors or officers, or any third party in the future, including the establishment and implementation of the “Nomura Group Code of Conduct” including ensuring its thorough dissemination throughout the group and ensuring thorough compliance with its terms, and through compliance training or any other programs, as well as an enhanced internal reporting system. However, the measures we have implemented or additional measures that may be implemented in the future may not be effective in preventing or managing the risk of misconduct or fraud in all cases, and we may not always be able to detect or deter misconduct or fraud by an employee, director, officers, or third parties. If any administrative or judicial sanction is issued against us as a result of such fraudulent or misconduct, we may lose business opportunities, and our future revenue and results of operations may be materially and adversely affected, even after the sanction is lifted, if and to the extent that our clients, especially public institutions, decide not to engage us for their financial transactions.

17. A failure to identify and appropriately address conflicts of interest could adversely affect our business

We are a global financial institution that provides a wide range of products and services to a diverse group of clients, including individuals, corporations, other financial institutions and governmental institutions. As such, we face potential conflicts of interest in the ordinary course of our business. Conflicts of interests can arise when our services to a particular client conflict or compete, or are perceived to conflict or compete, with our own interests. In addition, where non-public information is not appropriately restricted or shared within Nomura, conflicts of interest can also arise where a transaction within the Nomura Group or a transaction with another client conflict or compete, or is perceived to conflict or compete, with a transaction with a particular client. While we have extensive internal procedures and controls designed to identify and address conflicts of interest on the basis of the “Nomura Group Conflicts of Interest Management Policy”, a failure, or a perceived failure, to identify, disclose and appropriately address such conflicts could adversely affect our reputation, the willingness of current or potential clients to do business with us, and give risk to regulatory actions or litigation against us, which could have a material adverse effect on our financial condition and results of operations.

18. Our business is subject to substantial legal, regulatory and reputational risks

Substantial legal liability or a significant regulatory action against us could have a material adverse effect on our business, financial condition or results of operations, or cause reputational harm to us. Also, material changes in regulations applicable to us or to the markets in which we operate could adversely affect our business. See Note 19 “*Commitments, contingencies and guarantees*” in our consolidated financial statements included in this annual report for further information regarding the significant investigations, lawsuits and other legal proceedings that we are currently facing.

We face significant legal risks in our businesses. These risks include liability under securities or other laws in connection with securities underwriting and offering transactions, liability arising from the purchase or sale of any securities or other financial products, disputes over the terms and conditions of complex trading arrangements or the validity of contracts for our transactions, disputes with our business alliance partners and legal claims concerning our other businesses. When we face the substantial legal liability, we seek advice from experts and third-parties, develop appropriate policies, and address the cases accordingly. However, depending on the disputes, our reputation, financial condition and results of operations could be adversely affected.

(1) Legal liability related to our business may occur and could adversely affect our business, financial condition and results of operations

During a prolonged market downturn or upon the occurrence of an event that adversely affects one of the markets in which we operate, we may be exposed to an increase in claims or significant litigations against us. The cost of defending such claims or litigations may be substantial and our involvement in litigation may damage our reputation. For example, during the fiscal year ended March 31, 2022, approximately ¥62.0 billion related to legacy transactions in the U.S. from before the global financial crisis (2007 – 2008) was recognized including legal expenses as well as certain transactions intended to mitigate future losses. In addition, even legal transactions might be subject to adverse public reaction according to the particular details of such transactions. These risks may be difficult to assess or quantify and their existence and magnitude may remain unknown for substantial periods of time.

(2) Extensive regulation of our businesses limits our activities and may subject us to significant penalties and losses

The financial services industry is subject to extensive regulation. We are subject to increasing regulation by governmental and self-regulatory organizations in Japan and in virtually all other jurisdictions in which we operate, and such governmental and regulatory scrutiny may increase as our operations expand or as laws change. In addition, while regulatory complexities increase, possibilities of extra-territorial application of a regulation in one jurisdiction to business activities outside of such jurisdiction may also increase. These regulations are broadly designed to ensure the stability of financial systems and the integrity of the financial markets and financial institutions, and to protect clients and other third parties who deal with us, and often limit our activities and/or affect our profitability, through net capital, client protection and market conduct requirements. In addition, on top of traditional finance-related legislation, the scope of laws and regulations applying to, and/or impacting on, our operations may become wider depending on the situation of the wider international political and economic environment or policy approaches taken by governmental authorities in respect of regulatory application or law enforcement. In particular, the number of investigations and proceedings against the financial services industry by governmental and self-regulatory organizations has increased substantially and the consequences of such investigations and proceedings have become more severe in recent years, and we are subject to face the risk of such investigations and proceedings. Although we take measures such as timely monitoring and establishing internal governance procedures in order to comply with law and regulations, we may not always be able to prevent such violations, and we could be fined, prohibited from engaging in some of our business activities, ordered to improve our internal governance procedures or be subject to revocation of our license to conduct business. Our reputation could also suffer from the adverse publicity that any administrative or judicial sanction against us may create, which may negatively affect our business opportunities and ability to secure human resources. As a result of any such sanction, we may lose business opportunities for a period of time, even after the sanction is lifted, if and to the extent that our clients, especially public institutions, decide not to engage us for their financial transactions. In addition, certain market participants may refrain from investing in or entering into transactions with us if we engage in business activities in regions subject to international sanctions, even if our activities do not constitute violations of sanctions laws and regulations.

(3) Tightening of regulations applicable to the financial system and financial industry could adversely affect our business, financial condition and results of operations

If regulations that apply to our businesses are introduced, modified or removed, we could be adversely affected directly or through resulting changes in market conditions. The impact of such developments could make it economically unreasonable for us to continue to conduct all or certain of our businesses, or could cause us to incur significant costs to adjust to such changes.

New regulations or revisions to existing regulations relating to accounting standards, regulatory capital adequacy ratios, liquidity ratios and leverage ratios applicable to us could also have a material adverse effect on our business, financial condition and results of operations. Such new regulations or revisions to existing regulations include the so-called Basel III package formulated by the Basel Committee on Banking Supervision (“Basel Committee”) and the finalized Basel III reforms published in December 2017. Furthermore, in October 2012, the Basel Committee developed and published a set of principles on the assessment methodology and higher loss absorbency requirements for domestic systemically important banks (“D-SIBs”), and, in December 2015, the FSA identified NHI as a D-SIB and imposed a surcharge of 0.5% on our required capital ratio after March 2016 with 3-year transitional arrangement. In addition, FSB published the final standard requiring global systemically important banks (“G-SIBs”) to maintain a certain level of total loss-absorbing capacity (“TLAC”) upon their failure in November 2015. Under the FSA’s policy implementing the TLAC framework in Japan as updated in April 2018, the TLAC requirements in Japan apply not only to Japanese G-SIBs but also to Japanese D-SIBs that are deemed (i) of particular need for a cross-border resolution arrangement and (ii) of particular systemic significance to Japanese financial system if they fail. Based on the revised policy, in March 2019, the FSA published the notices and guidelines of TLAC regulations in Japan. According to these notices and guidelines, NHI is subject to the TLAC requirements in Japan from March 31, 2021 although NHI is not identified as a G-SIB as of the date of this annual report. These changes in regulations may increase our funding costs or require us to liquidate financial instruments and other assets, raise additional capital or otherwise restrict our business activities in a manner that could adversely affect our operating or financing activities or the interests of our shareholders.

(4) Deferred tax assets may be impacted due to a change in business condition or in laws and regulations, resulting in an adverse effect on our operating results and financial condition

Under U.S. GAAP, we recognize deferred tax assets in our consolidated balance sheets as a possible benefit of tax relief in the future if certain criteria are met. If we experience or forecast future operating losses, if tax laws or enacted tax rates in the relevant tax jurisdictions in which we operate change, or if there is a change in U.S. GAAP in the future, we may be required to reduce the deferred tax assets recognized in our consolidated balance sheets which may adversely affect our financial condition and results of operations. See Note 14 “*Income taxes*” in our consolidated financial statements included in this annual report for further information regarding the deferred tax assets that we currently recognize.

(5) Defects in our anti-money laundering and counter-terrorism financing measures could have serious consequences such as, administrative penalties or punitive fines

In recent years, financial crimes have become more sophisticated, complex, and diverse. As the world faces growing threats of military disputes, terrorism, and cyberattacks, it is highly important to counter the financing of crimes and terrorism. Financial institutions around the world are expected to take strong measures to combat money laundering and terrorist financing. Despite our efforts to improve our anti-money laundering and counter-terrorism financing measures, which we have implemented consistently across the Nomura Group in accordance with the recommendations provided by the Financial Action Task Force (FATF) and the FSA’s “Guidelines on Anti-Money Laundering and Terrorist Financing”, there remains a risk that such measures will not be fully effective in preventing or detecting all violations in a timely manner. As a consequence, we could be subject to administrative penalties or punitive fines, which may adversely affect our financial condition and results of operations. See also “—*Risks Relating to Legal, Compliance and Other Operational Issues—18. Our business is subject to substantial legal, regulatory and reputational risks—(2) Extensive regulation of our businesses limits our activities and may subject us to significant penalties and losses*” for further information regarding regulatory actions and other legal proceedings as well as consequences thereof.

19. Unauthorized disclosure or misuse of personal information held by us may adversely affect our business

We keep and manage personal information obtained from clients in connection with our business. In recent years, there have been many reported cases of personal information and records in the possession of corporations and institutions being improperly accessed, disclosed or misused. There is also a risk of unauthorized acquisition of client information and misuse of customer information by former employees.

Although we exercise care to protect the confidentiality of personal information and have in place policies and procedures designed to safeguard such information and ensure that it is used in compliance with applicable laws, rules and regulations, were any unauthorized disclosure or misuse of personal information to occur, our business could be adversely affected. For example, we could be subject to government actions such as administrative actions or penalties in case there is any violation of applicable personal data protection laws, rules and regulations or be subject to complaints and lawsuits for damages from clients if they are adversely affected due to the unauthorized disclosure or misuse of their personal information (including leakage of such information by an external service provider). In addition, we could incur additional costs associated with changing our security systems, either voluntarily or in response to administrative guidance or other regulatory initiatives. Moreover, restrictions on our ability to use personal information collected from clients may adversely affect our existing businesses or to develop new ones. Furthermore, any damage to our reputation caused by such unauthorized disclosure or misuse could lead to a decline in new clients and/or a loss of existing clients, as well as to increased costs and expenses incurred for public relations campaigns designed to prevent or mitigate damage to our corporate or brand image or reputation.

20. System failure, information leakage and cost of maintaining sufficient cybersecurity could adversely affect our business, financial condition and results of operations

Our businesses rely on secure processing, storage, transmission and reception of personal, confidential and proprietary information on our systems. We have been in the past and may again become the target of attempted unauthorized access, computer viruses or malware, and other cyberattacks designed to access and obtain information on our systems or to disrupt and cause other damage to our services. In recent years, many of our employees increasingly work remotely using networking or other technologies, and these technologies have become even more critical to our business. The implementation of remote work arrangements may also increase the possibility that we will be subject to cyberattacks and other information security breaches. Although these threats may originate from human error or technological failure, they may also originate from the malice or fraud of internal parties, such as employees, or third parties, including foreign non-state actors and extremist parties. Additionally, we could also be adversely impacted if any of the third-party vendors, exchanges, clearing houses or other financial institutions to whom we are interconnected are subject to cyberattacks or other informational security breaches. Such events could cause interruptions to our systems, reputational damage, client dissatisfaction, legal liability, enforcement actions or additional costs, any and all of which could adversely affect our financial condition and operations.

While we continue to devote significant resources to monitor and update our systems and implement information security measures to protect our systems, there can be no assurance that any controls and procedures we have in place will be sufficient to protect us from future security breaches. As cyber threats are continually evolving, our controls and procedures may become inadequate and we may be required to devote additional resources to modify or enhance our systems in the future.

21. Our business may be adversely affected if we are unable to hire, retain and develop qualified personnel

Under the philosophy that our people are our greatest assets, we view recruitment, talent development, performance appraisal, and mobility and advancement strategies as one human resources management cycle and work on various talent management initiatives in a comprehensive manner. Any failure to hire, retain, and develop qualified personnel may materially and adversely affect our business, financial condition and results of operations. There is significant competition for such personnel, based on factors such as compensation, the working environment, training and other employee benefits and our reputation as an employer. Spending on our human resource initiatives may harm our profitability. Moreover, developing our human resources and instilling in them a uniform corporate culture is a continuous, intensive process, and we may not be successful in doing so.

4. Operating, Financial and Cash Flow Analyses by Management

(1) Operating Results.

Please refer to Item 1 “*Information on the Company and Its Subsidiaries and Affiliates—1. Selected Financial Data*” and Item 5 “*Financial Information—Consolidates Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows*” for Operating Results below. The following information also contains certain forward-looking statements that involve risks, uncertainties and assumptions. Nomura’s actual financial results may differ materially from the forward-looking statements contained herein.

Executive Summary

① Overall results of business

We recognized net revenue of ¥1,562.0 billion during the fiscal year ended March 31, 2024, an increase of 17.0% from the previous fiscal year. Non-interest expenses increased by 8.6% to ¥1,288.2 billion, income before income taxes was ¥273.9 billion, and net income attributable to the shareholders of NHI was ¥165.9 billion. Return on equity was 5.1%. Earnings per Share⁽¹⁾ for the fiscal year ended March 31, 2024 was ¥52.69, an increase from ¥29.74 for the fiscal year ended March 31, 2023. We have decided to pay a dividend of ¥15 per share to shareholders of record as of March 31, 2024. As a result, the total annual dividend will be ¥23 per share for the fiscal year ended March 31, 2024.

(Note):

1. Diluted net income attributable to NHI shareholders per share.

② Management’s assessment of key initiatives and achievements during the fiscal year

During the fiscal year ended March 31, 2024, our management strategy of “expanding the scope of our business from public into private markets” progressed steadily, and cooperation across divisions, regions, and entities advanced. Through structural reforms, we have successfully established a robust organizational foundation to promote efficient business operations and drive future growth.

In the Retail Division*, there has been a shift toward recurring business (wealth management) through asset management business. As recurring revenues build up and cost levels are lowered, the profit structure has been stabilized. As a result, income before income taxes increased 3.7 times year-on-year to ¥122.7 billion, the highest level in eight years since the fiscal year ended March 31, 2016.

* The Retail Division has been renamed the “Wealth Management Division”, effective April 1, 2024.

In the Investment Management Division, both net inflows and assets under management exceeded the KPI targets for the fiscal year ending March 31, 2025, and business revenue, which is stable business revenue, steadily increased by 14% year-on-year.

In the Global Markets of the Wholesale Division, there was an 8% increase in revenue from the previous fiscal year due to a recovery in performance momentum for spread and equity products. In Investment Banking, revenues grew across major businesses, particularly in Equity Capital Market deals related to Japan while global Advisory revenues grew in a declining market.

③ Capital policy and shareholder returns

We plan to maintain appropriate capital ratios and aim for sustainable growth through optimal capital allocation. As preparatory steps to achieve our management vision, while controlling cost levels, we are investing for growth to realize our management strategy of expanding the scope of our business from public into private markets, in order to balance investment and shareholder returns, and maximize shareholder value by improving productivity and expanding revenue sources.

We strive to pay dividends using a consolidated payout ratio of 40% of each semi-annual consolidated earnings as a key indicator. Additionally, we aim for a total payout ratio, which includes dividends and share buybacks, of at least 50%. The total amount of shareholder returns for each fiscal year is determined by comprehensively taking into account trends in the regulatory environment in Japan and overseas, including the strengthening of Basel regulations, as well as the consolidated results of our business divisions.

For further details of our dividend policy, refer to Item 4. “*Company Information—3.Dividend Policy.*”

④ Summary by Segment

In our Retail Division*, net revenue for the fiscal year ended March 31, 2024 increased by 34.0% from the previous fiscal year to ¥402.4 billion. Non-interest expenses increased by 4.9% to ¥279.7 billion. As a result, income before income taxes increased by 266.2% to ¥122.7 billion. In the Retail Division, we have worked to strengthen our wealth management services by enhancing comprehensive wealth management services in line with client needs to help our clients achieve the future they envision. In a historically active market environment, there was a significant increase in flow revenue, mainly due to an increase in the sales of stocks and investment trusts. At the same time, there was also a significant increase in recurring revenue due to the expansion of retail client assets through our consulting services on the entire asset bases of our clients, which we have been working on continuously.

In addition, we are aiming to build a sustainable client base and expand our business over the medium to long term by achieving contact points through workplace financial services, and we have been able to successfully increase the number of clients we provide services to, including the working generation. Going forward, we will provide a wide range of wealth management services, including face-to-face consulting, non-face-to-face services using digital tools, and workplace services that address asset building needs.

* The Retail Division has been renamed the “Wealth Management Division”, effective April 1, 2024.

In our Investment Management Division, net revenue for the fiscal year ended March 31, 2024 increased by 19.9% from the previous fiscal year to ¥154.1 billion. Non-interest expenses increased by 10.4% to ¥93.9 billion. As a result, income before income taxes increased by 38.4% to ¥60.2 billion. The Investment Management Division recorded the highest level of business revenue, which is a stable source of revenue, since the division was established in April 2021. The asset management business had a strong year, and higher sales of aircraft leases contributed to revenue growth. Due to market factors and net inflows into a wide range of products, assets under management as of March 31, 2024 reached a new high of ¥89.0 trillion at the end of the fiscal year. Alternative assets under management increased by 47% to ¥1,860.6 billion from March 31, 2023. Investment gains/losses increased driven by significant improvement in American Century Investments related valuation gains/losses.

As part of our activities involving the new NISA system, which began in January 2024, we have established the “First NISA” series of low-cost index funds to encourage a wide range of age groups, including those with no investment experience, to start using the NISA system. In addition, 182 funds such as the “Nomu Wrap Fund”, which are subject to the Growth Investment Framework, part of the new NISA system, were submitted for registration as of the end of March 31, 2024. In addition, based on our strategy to provide clients with a wide range of opportunities to invest in private assets, we launched “Nomura Fund Select – Blackstone Private Equity Strategies Fund”, Japan’s first publicly offered open investment trust focusing mainly on private equity around the world. In the Americas, we realigned our business and launched “Nomura Capital Management LLC” as a new brand with credit investment capabilities integrating both public and private asset management businesses.

In our Wholesale Division, net revenue for the fiscal year ended March 31, 2024 increased by 12.1% from the previous fiscal year to ¥866.1 billion. Non-interest expenses increased by 9.3% to ¥812.2 billion. As a result, income before income taxes increased by 83.6% to ¥53.9 billion. In Global Markets, we continued to focus on providing uninterrupted service and liquidity to our clients under tight risk control, as they rebalanced and hedged their portfolio in the highly volatile and uncertain markets driven by uncertain macro-economic environment and central banks’ policy actions. We delivered steady performance monetizing increased client flows and market opportunities including strong Japan equities, deepened engagement with clients across flow as well as structured financing and solutions businesses. In Investment Banking, increase in client activity could be seen due to an increase in clarity regarding market environment in relation to monetary policies. As a result, earnings increased for the full year due to an increase especially in Equity Capital Market deals related to Japan while global Advisory revenues grew in a declining market.

Progress on Key Performance Indicators (KPIs)

《Management Indicators》

Return on Equity

We have set Return on Equity (ROE) as one of our most important indicators. After the introduction of the Corporate Governance Code in Japan, the importance of awareness of capital costs has increased among management of Japanese companies. In addition, under the framework of global financial regulations, more effective use of capital is required. As a result, we believe that the optimal allocation of financial resources will become even more important for our Company in the future. Accordingly, beginning in the fiscal year ended March 31, 2021, we adopted ROE as a key management indicator, which management uses to track the progress of our sustainable business transformation, along with the revision of “Fundamental Management Policy” based on the approval at the Board of Directors meeting held in May 2020.

ROE is defined and calculated as net income attributable to NHI shareholders divided by average of the total shareholders’ equity at the beginning and end of the period. We believe that disclosure of ROE is useful to investors in that it helps them to assess business conditions and our effective use of capital to enhance corporate value.

We have set ROE target of 8-10% for the fiscal year ending March 31, 2025, reflecting the cost of capital for our Company. However, ROE may be of limited use in that it does not necessarily reflect financial soundness. In order to avoid the excessive pursuit of capital efficiency with the aim of improving ROE at the expense of financial soundness, we attach importance to the creation of corporate value, giving due consideration to financial soundness, and thereby improving ROE. ROE for the fiscal year ended March 31, 2024 increased to 5.1% from 3.1% for the prior fiscal year.

Furthermore, in May 2024, we announced a new quantitative management target for the fiscal year 2030 of achieving an ROE of 8-10%+ and an income before income taxes target of over ¥500 billion.

Common equity Tier 1 capital ratio

There are multiple global financial regulations that we must comply with, including capital regulations established by Basel Committee on Banking Supervision as interpreted and implemented by the FSA which have a direct impact on the way we conduct business. For this reason, we have set a target of maintaining a common equity Tier 1 capital ratio of at least 11%, so that we will take into consideration the financial soundness including certain buffer against severe market stress. Our common equity Tier 1 capital ratio slightly decreased to 16.29% as of March 31, 2024 from 16.32% as of March 31, 2023. For further details, on the key capital requirements we must follow, see Item 2 “*Operating and Financial Review—4. Operating, Financial and Cash Flow Analyses by Management—(5) Liquidity and Capital Resources—Consolidated Regulatory Capital Requirements*”.

《Indicators by Business Segment》

In addition to the Group KPIs, our management also uses certain divisional specific KPIs to monitor and assess performance of the divisions.

Retail Division

We have adopted the following key indicators in the Retail Division* to quantify the outcomes of our efforts and monitor our business: Recurring revenue assets; Net inflows of recurring revenue assets; Flow business clients; and Services for salaried employees; so that our management will be able to monitor the progress of our businesses and target sustainable and further business growth. We believe that disclosure of those indicators is useful to investors in that it helps them to assess the progress of the division's client-facing activities as well as digest and understand our growth potential.

* The Retail Division has been renamed the “Wealth Management Division”, effective April 1, 2024.

	Year ended March 31 (Trillions of yen)				
	2022	2023	% Change from previous year	2024	% Change from previous year
Recurring revenue assets	¥ 19.6	¥ 18.7	(4.6)%	¥ 23.0	23.0%

	Year ended March 31 (Billions of yen)				
	2022	2023	% Change from previous year	2024	% Change from previous year
Net inflows of recurring revenue assets	¥555.5	¥333.7	(39.9)%	¥317.4	(4.9)%

* Revised figures retroactively prior to the fiscal year ended March 31, 2023 due to a change in definition as mentioned below.

	Year ended March 31 (Thousands)				
	2022	2023	% Change from previous year	2024	% Change from previous year
Flow business clients	1,505	1,446	(3.9)%	1,692	17.0%
Services for salaried employees	3,357	3,489	3.9%	3,627	4.0%

Recurring Revenue Assets

Recurring revenue assets are defined by adding related loans to the total amount of assets, such as investment trusts, discretionary investments, insurance, and level fee assets, for which management fees and other recurring fees are charged. The amount of related loans totaled approximately ¥858.4 billion as reported within Loans receivable in the consolidated balance sheets as of March 31, 2024. Total recurring revenue assets as of March 31, 2024 were ¥23.0 trillion, an increase of ¥4.3 trillion, or 23.0%, from ¥18.7 trillion as of March 31, 2023 due to initiatives to increase recurring revenue assets and market factors.

Net Inflows of Recurring Revenue Assets

Net inflows of recurring revenue assets are defined and calculated by subtracting the amount of sell-offs and outflows from the amount of purchase and inflows of recurring revenue assets, and is an index used to measure the expansion of recurring revenue assets excluding changes in market value. The definition has been revised retroactively to include recurring revenue asset balances transferred from partners through comprehensive business alliances with regional financial institutions as net inflows of recurring revenue assets for each fiscal year. As a result, the net inflows of recurring revenue assets of the fiscal year ended March 31, 2022 has increased from ¥477.2 billion to ¥555.5 billion. The total net inflows of recurring revenue assets during the fiscal year ended March 31, 2024 was ¥317.4 billion, slower than that of the fiscal year ended March 31, 2023 which was ¥333.7 billion due to the increase of sell-offs by clients in the rising market, but we have achieved a net increase in recurring revenue assets, mainly in services such as insurance and investment trusts.

Flow Business Clients

The number of flow business clients is defined as the total number of clients to whom we provide flow business, businesses that generate flow revenues, within the fiscal year and is a measure of the growth in the client base that is critical to realizing the growth in flow revenue, etc. The number of flow business clients as of March 31, 2024 was approximately 1,692 thousand, which is 17.0% higher than that of March 31, 2023, which was 1,446 thousand. We achieved the increase by reallocation of our people to provide services to inactive clients, in addition to the improvement of the market sentiment.

Services for Salaried Employees

Services for salaried employees are defined as the sum of the number of workplace financial services provided, such as the number of members of employee stock ownership plans, accounts derived from the employee stock ownership (excluding current members) and corporate defined contribution (DC) pension plan subscribers, and is an index used to measure the expansion of the client base through workplace financial businesses. As of March 31, 2024, the number of workplace services provided stood at 3,627 thousand. We achieved an expansion of 139 thousand, 4.0% increase from that of March 31, 2023, which was 3,489 thousand, mainly in terms of the increase in members of employee stock ownership plans, and have expanded our client base which will lead to sustainable growth.

Investment Management Division

We have set the balance of assets under management and net inflows as key performance indicators for the Investment Management Division. The businesses in the Investment Management Division generally earn management or similar fees based on the amount of assets under management, meaning that revenue trends for these businesses tend to follow trends in the amount of assets under management, and our management considers this metric to be effective in monitoring the progress of these businesses. We also believe that it is an important indicator of how well investment products are received by investors. We believe that net inflows are an effective metric to monitor the progress of the division's asset management businesses, excluding market factors from fluctuations in the balance of assets under management. It is an important indicator for ascertaining the effectiveness of the division's measures to expand assets under management and thereby achieve its profit expansion target.

	(Trillions of yen)				
	March 31, 2022	March 31, 2023	% Change from previous year	March 31, 2024	% Change from previous year
The balance of assets under management	¥ 67.9	¥ 67.3	(0.9)%	¥ 89.0	32.2%

	Year ended March 31 (Billions of yen)				
	2022	2023	% Change from previous year	2024	% Change from previous year
Net inflow	¥ 2,066	¥ (760)	—%	¥ 3,760	—%

The balance of assets under management

The balance of assets under management includes the net balance (after deducting duplications) of assets under management (gross) of Nomura Asset Management Co., Ltd., Nomura Corporate Research and Asset Management Inc. and Wealth Square., Ltd., as well as third-party investments in assets managed by asset managers under the Investment Management Division. During the fiscal year ended March 31, 2024, due to market factors and net inflows into a wide range of products, assets under management reached a new high of ¥89.0 trillion as of March 31, 2024.

Net inflow

Net inflows are calculated by subtracting cash outflows from cash inflows. For these purposes, cash outflows do not include outflows from distributions. During the fiscal year ended March 31, 2024, in the investment trust business, there were inflows into a wide range of products such as Japanese bond and stock ETFs, MRFs and other money market funds, Japanese equity funds, Indian equity funds, global equity funds and balanced funds. In the investment advisory and international businesses, there were inflows into Japanese bonds from domestic institutional investors and into high-yield bonds and Indian stocks from overseas investors.

Wholesale Division

We have adopted a cost-to-income ratio and a revenue to modified RWA ratio as additional key performance indicators in our Wholesale Division. We believe that disclosure of these indicators would be useful for investors to assess progress in terms of cost and resource efficiency. Additionally, we use these indicators to evaluate our business based on progress on cost savings initiatives and return on resources.

	Year ended March 31				
	2022	2023	% Change from previous year	2024	% Change from previous year
Cost-to-income ratio	89%	96%	7%	94%	(2)%
Revenue/modified RWA	7.0%	6.5%	(0.5)%	6.8%	0.3%

Cost-to-income ratio

The cost-to-income ratio for the Wholesale Division is calculated by dividing non-interest expenses for the division for a given reporting period by net revenue generated by the division for the same period, calculated consistently, in each case, with our segment presentation for the division. It is monitored at a divisional level to track operating margins for the business. The ratio improved during the fiscal year ended March 31, 2024 compared to the previous fiscal year as Wholesale revenues rose faster than overall costs. The revenue increase was driven by growth in Investment Banking across major businesses, as well as improved performance in Global Markets particularly in Spread Products and Equity Products. Cost growth was mainly due to higher variable costs in line with performance and higher fixed costs due to inflation. The ratio increased during the fiscal year ended March 31, 2023 compared to the previous fiscal year as Wholesale costs rose faster than overall revenues. Cost growth was underpinned by yen depreciation and inflation while the revenue increase was driven by strength in Fixed Income and absence of losses related to the U.S. Prime Brokerage Event in Equities. This revenue increase was partially offset by a decline in Investment Banking revenue in line with overall market slowdown.

Revenue to modified Risk Weighted Asset (RWA) ratio

The revenue to modified RWA ratio for the Wholesale division is calculated by dividing net revenue generated by our Wholesale Division for a given reporting period (in the case of net revenue for the Wholesale Division for periods shorter than a full fiscal year, on an annualized basis) by the average balance of modified RWA used by the Wholesale Division for the same period. The revenue to modified RWA ratio is monitored to track our revenue earning capacity against risk resources deployed. Modified RWA is the total of (i) average daily risk-weighted assets as calculated and presented under Basel regulations as interpreted and implemented by the FSA and (ii) an adjustment equal to the regulatory adjustment to risk-based capital calculated and presented under Basel regulations as interpreted and implemented by the FSA divided by our internal minimum capital ratio target of 12.5% (daily average for the accounting period), which we use to estimate the amount of deductions to RWA generated by the division. The revenue to modified RWA as we calculate and present it may differ from similarly titled measures presented by our competitors due to the approach and methodologies used for calculation. Our credit risk-weighted assets and operational risk equivalent assets are calculated 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 for market risk. The conversion of Wholesale RWA to modified RWA is based on adjustments reflecting our internal minimum capital ratio target. Moreover, the usefulness of this ratio may be limited in that the adjustment applied to RWA, which is intended to capture the appropriate amount of RWA to attribute to our businesses (as opposed to RWA as calculated for regulatory capital purposes), is an estimate incorporating our internal risk tolerance; however, this adjustment may not appropriately reflect the actual regulatory capital impact of the charged assets that are used by our business. Revenue to modified RWA increased for the fiscal year ended March 31, 2024 compared to the previous fiscal year, with the increase in Wholesale revenue more than offsetting the impact of increase in RWA. The revenue increased mainly from Global Markets due to improved performance in spread products and equity products and in Investment Banking across major businesses. Revenue to modified RWA decreased for the fiscal year ended March 31, 2023 compared to the previous fiscal year, with increase in RWA mainly from yen depreciation more than offsetting the impact of increase in overall revenues.

Results of Operations

Overview

The following table provides selected consolidated statements of income information for the years ended March 31, 2022, 2023 and 2024.

	Millions of yen, except percentages				
	Year ended March 31				
	2022	2023	% Change from previous year	2024	% Change from previous year
Non-interest revenues:					
Commissions	¥ 332,344	¥ 279,857	(15.8)%	¥ 364,095	30.1%
Fees from investment banking	149,603	113,208	(24.3)	173,265	53.1
Asset management and portfolio service fees	269,985	271,684	0.6	310,154	14.2
Net gain on trading	368,799	563,269	52.7	491,611	(12.7)
Gain on private equity and debt investments	30,768	14,504	(52.9)	11,877	(18.1)
Gain (loss) on investments in equity securities	5,446	(1,426)	—	9,612	—
Other	152,832	130,940	(14.3)	175,824	34.3
Total Non-interest revenues	1,309,777	1,372,036	4.8	1,536,438	12.0
Net interest revenue	54,113	(36,459)	—	25,562	—
Net revenue	1,363,890	1,335,577	(2.1)	1,562,000	17.0
Non-interest expenses	1,137,267	1,186,103	4.3	1,288,150	8.6
Income before income taxes	226,623	149,474	(34.0)	273,850	83.2
Income tax expense	80,090	57,798	(27.8)	96,630	67.2
Net income	¥ 146,533	¥ 91,676	(37.4)%	¥ 177,220	93.3%
Less: Net income (loss) attributable to noncontrolling interests	3,537	(1,110)	—	11,357	—
Net income attributable to NHI shareholders	¥ 142,996	¥ 92,786	(35.1)%	¥ 165,863	78.8%
Return on equity	5.1%	3.1%		5.1%	

Net revenue increased from the year ended March 31, 2023 to the year ended March 31, 2024. This increase was primarily driven by *Commissions* from our Retail Division. The increase in *Commissions* was primarily due to an increase in commissions received from brokerage for equity and equity-related products and distribution of investment trusts. *Fees from investment banking* increased during the year ended March 31, 2024 primarily due to an increase in revenue from underwriting and sales commission. *Asset management and portfolio service fees* increased as asset under management increased during the year ended March 31, 2024. *Net gain on trading* decreased during the year ended March 31, 2024, primarily due to recovery of losses related to the U.S. Prime Brokerage Event disappeared. *Net gain on trading* also included total losses of ¥13.8 billion attributable to changes in Nomura's own creditworthiness with respect to derivative liabilities primarily due to a tightening of Nomura's credit spread. *Gain (loss) on investments in equity securities* increased during the year ended March 31, 2024, primarily due to a result of market appreciation of the underlying investment during the year ended March 31, 2024. *Gain (loss) on investments in equity securities* includes both realized and unrealized gains and losses on investments in equity securities held for operating purposes which are our investments in unaffiliated companies, which we hold on a long-term basis in order to promote existing and potential business relationships. *Other* increased during the year ended March 31, 2024, primarily due to foreign exchange gains.

Net revenue decreased from the year ended March 31, 2022 to the year ended March 31, 2023. This decrease was primarily driven by *Commissions* from our Retail Division and *Net interest revenue*. The decrease in *Commissions* was primarily due to a decrease in commissions received from brokerage for equity and equity-related products and distribution of investment trusts. *Fees from investment banking* decreased during the year ended March 31, 2023 primarily due to a decrease in revenue from underwriting and sales commission. *Asset management and portfolio service fees* increased slightly but remained generally flat during the year ended March 31, 2023. *Net gain on trading* increased during the year ended March 31, 2023, primarily due to losses related to the U.S. Prime Brokerage Event disappeared. *Net gain on trading* also included total losses of ¥3.4 billion attributable to changes in Nomura's own creditworthiness with respect to derivative liabilities primarily due to a tightening of Nomura's credit spread. *Gain (loss) on investments in equity securities* decreased during the year ended March 31, 2023, primarily due to a result of market correction during the year ended March 31, 2023. *Gain (loss) on investments in equity securities* includes both realized and unrealized gains and losses on investments in equity securities held for operating purposes which are our investments in unaffiliated companies, which we hold on a long-term basis in order to promote existing and potential business relationships. *Other* decreased during the year ended March 31, 2023, primarily due to less gain from sale of affiliated companies.

Net interest revenue fluctuates by the balance and structure of total assets and liabilities, which includes trading assets and financing and lending transactions, and term structure and volatility of interest rates. *Net interest revenue* is an integral component of trading activity. In assessing the profitability of our overall business and of our Global Markets business in particular, we view *Net interest revenue* and *Non-interest revenues* in aggregate. For the year ended March 31, 2024, interest revenue, including a dividend from our investment in American Century Investments increased by 135%, and interest expense increased by 126% from the year ended March 31, 2023. As a result, *Net interest revenue* for the year ended March 31, 2024 increased from the year ended March 31, 2023. For the year ended March 31, 2023, interest revenue, including a dividend from our investment in American Century Investments increased by 292%, and interest expense increased by 400% from the year ended March 31, 2022. As a result, *Net interest revenue* for the year ended March 31, 2023 decreased from the year ended March 31, 2022.

Non-interest expenses for the year ended March 31, 2024 increased from the year ended March 31, 2023, primarily due to increase in *Compensation and benefits*.

Non-interest expenses for the year ended March 31, 2023 increased from the year ended March 31, 2022, primarily due to increase in *Compensation and benefits* even though the credit losses related to the U.S. Prime Brokerage Event disappeared compared to previous fiscal year.

We are subject to various taxes in Japan and with effect from April 1, 2022 we have applied the Group Tax Sharing system. The Group Tax Sharing system is only available for a national tax. Our domestic effective statutory tax rate was approximately 31% for the fiscal year ended March 31, 2022, 2023 and 2024, respectively. Our foreign subsidiaries are subject to the income taxes of the jurisdictions 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 jurisdiction.

Income tax expense for the year ended March 31, 2024, represented an effective tax rate of 35.3%. The significant factors causing the difference between the effective tax rate of 35.3% and the effective statutory tax rate of 31% was the increment of non deductible expenses which increased the effective tax rate by 6.0%, partially offset by the non-taxable income which decreased the effective tax rate by 2.5%.

Income tax expense for the year ended March 31, 2023, represented an effective tax rate of 38.7%. The significant factors causing the difference between the effective tax rate of 38.7% and the effective statutory tax rate of 31% was the changes in deferred tax valuation allowances which increased the effective tax rate by 11.3%, partially offset by the non-taxable income which decreased the effective tax rate by 4.7%.

Income tax expense for the year ended March 31, 2022, represented an effective tax rate of 35.3%. The significant factors causing the difference between the effective tax rate of 35.3% and the effective statutory tax rate of 31% was the changes in deferred tax valuation allowances which increased the effective tax rate by 18.0%, partially offset by the effect of changes in foreign tax laws which decreased the effective tax rate by 14.4%.

Results by Business Segment

Our operating management and management reporting are prepared based on our Retail, Investment Management and Wholesale Divisions. We have disclosed business segment information in accordance with this structure. We renamed the Retail Division as the “Wealth Management Division”, effective April 1, 2024 to reflect the transformation of business model.

Net gain (loss) related to economic hedging transactions, a part of realized gain (loss) on investments in equity securities held for operating purposes, our share of equity in the earnings of affiliates, corporate items and other financial adjustments are included as “Other” operating results outside of business segments in our segment information. A part of unrealized gain (loss) on certain investments in equity securities held for operating purposes is classified as a reconciling item outside of our segment information. The following segment information should be read in conjunction with Note 20 “*Segment and geographic information*” in our consolidated financial statements included in this annual report. The reconciliation of our segment results of operations and consolidated financial statements is provided in Note 20 “*Segment and geographic information*” in our consolidated financial statements included in this annual report.

Retail

Operating Results of Retail

	Millions of yen				
	Year ended March 31		% Change from previous year	Year ended March 31	
	2022	2023			2024
Non-interest revenue	¥ 324,642	¥ 297,496	(8.4)%	¥ 395,900	33.1%
Net interest revenue	3,343	2,695	(19.4)	6,461	139.7
Net revenue	327,985	300,191	(8.5)	402,361	34.0
Non-interest expenses	268,745	266,695	(0.8)	279,682	4.9
Income before income taxes	¥ 59,240	¥ 33,496	(43.5)%	¥ 122,679	266.2%

Net revenue increased from the year ended March 31, 2023 to the year ended March 31, 2024 primarily due to an increase in commissions earned from brokerage commissions and the distribution of investment trusts.

Net revenue decreased from the year ended March 31, 2022 to the year ended March 31, 2023 primarily due to a decrease in commissions earned from brokerage commissions and the distribution of investment trusts.

Non-interest expenses increased from the year ended March 31, 2023 to the year ended March 31, 2024 primarily due to an increase in bonus expense driven by an increase in revenue.

Non-interest expenses decreased from the year ended March 31, 2022 to the year ended March 31, 2023 primarily due to a decrease in bonus expense driven by a decrease in revenue.

The following table shows the breakdown of Retail non-interest revenues for the year ended March 31, 2023 and 2024.

	Millions of yen		
	Year ended March 31		
	2023	2024	% Change from previous year
Commissions	¥ 112,455	¥ 173,461	54.2%
Brokerage commissions	50,901	80,239	57.6
Commissions for distribution of investment trusts	30,183	54,857	81.7
Other commissions	31,371	38,365	22.3
Net gain on trading	44,171	55,919	26.6
Fees from investment banking	16,184	23,066	42.5
Asset management fees	108,085	124,446	15.1
Others	16,601	19,008	14.5
Non-interest revenues	¥ 297,496	¥ 395,900	33.1%

Commissions increased from the year ended March 31, 2023 to the year ended March 31, 2024, primarily due to an increase in brokerage commissions received from equity and equity-related products and in commissions for distribution of investment trusts. *Net gain on trading* increased from the year ended March 31, 2023 to the year ended March 31, 2024, due to market appreciation.

Retail Client Assets

The following table presents amounts and details regarding the composition of Retail client assets as of March 31, 2023 and 2024. Retail client assets consist of clients' assets under management and assets relating to variable annuity insurance products.

	Trillions of yen				
	Year ended March 31, 2023				
	Balance at beginning of year	Gross inflows	Gross outflows	Market appreciation / (depreciation)	Balance at end of year
Equities	¥ 77.5	¥ 21.4	¥ (18.6)	¥ (2.3)	¥ 78.0
Debt securities	17.7	15.5	(22.9)	8.2	18.5
Equity investment trusts	10.8	2.8	(2.6)	(0.8)	10.2
Debt investment trusts	7.5	0.1	(0.7)	(0.1)	6.8
Overseas mutual funds	1.3	0.1	(0.1)	(0.1)	1.2
Others	7.3	1.0	(0.5)	(0.3)	7.5
Total	¥ 122.1	¥ 40.9	¥ (45.4)	¥ 4.6	¥ 122.2

	Trillions of yen				
	Year ended March 31, 2024				
	Balance at beginning of year	Gross inflows	Gross outflows	Market appreciation / (depreciation)	Balance at end of year
Equities	¥ 78.0	¥ 31.1	¥ (27.0)	¥ 20.4	¥ 102.5
Debt securities	18.5	13.6	(18.4)	6.4	20.1
Equity investment trusts	10.2	3.8	(3.6)	2.9	13.3
Debt investment trusts	6.8	0.8	(0.3)	0.0	7.3
Overseas mutual funds	1.2	0.5	(0.1)	0.2	1.8
Others	7.5	1.8	(0.8)	0.1	8.6
Total	¥ 122.2	¥ 51.6	¥ (50.2)	¥ 30.0	¥ 153.6

Retail client assets increased from March 31, 2023 to March 31, 2024. The balances of our clients' equity and equity-related products increased ¥24.5 trillion from March 31, 2023 to ¥102.5 trillion as of March 31, 2024, mainly due to increase of inflows during the year. The balances of our clients' investment trusts increased by ¥4.2 trillion from ¥18.2 trillion as of March 31, 2023 to ¥22.4 trillion as of March 31, 2024.

Retail client assets increased from March 31, 2022 to March 31, 2023. The balances of our clients' equity and equity-related products increased ¥0.5 trillion from March 31, 2022 to ¥78.0 trillion as of March 31, 2023, mainly due to increase of inflows during the year. The balances of our clients' investment trusts decreased by ¥1.4 trillion from ¥19.6 trillion as of March 31, 2022 to ¥18.2 trillion as of March 31, 2023.

Investment Management

Operating Results of Investment Management

	Millions of yen					
	Year ended March 31		% Change from previous year	Year ended March 31		% Change from previous year
	2022	2023		2024		
Non-interest revenue	¥ 129,848	¥ 120,096	(7.5)%	¥ 149,575	24.5%	
Net interest revenue	18,145	8,463	(53.4)	4,568	(46.0)	
Net revenue	147,993	128,559	(13.1)	154,143	19.9	
Non-interest expenses	76,478	85,064	11.2	93,945	10.4	
Income before income taxes	¥ 71,515	¥ 43,495	(39.2)%	¥ 60,198	38.4%	

Net revenue increased from the year ended March 31, 2023 to the year ended March 31, 2024, primarily due to an increase in gains recognized in respect of our investment in American Century Investments and an increase in management fee revenue in the asset management businesses.

Net revenue decreased from the year ended March 31, 2022 to the year ended March 31, 2023, primarily due to a decrease in unrealized gains recognized in respect of our investment in American Century Investments.

Non-interest expenses increased from the year ended March 31, 2023 to the year ended March 31, 2024, primarily due to an increase in personnel expenses driven by increases in bonuses.

Non-interest expenses increased from the year ended March 31, 2022 to the year ended March 31, 2023, primarily due to increases in non-personnel expenses driven by change in foreign exchange rates and inflation.

The breakdown of net revenue for Investment Management is as follows.

	Millions of yen					
	Year ended March 31		% Change from previous year	Year ended March 31		% Change from previous year
	2022	2023		2024		
Business revenue ⁽¹⁾	¥ 119,920	¥ 120,664	0.6%	¥ 137,249	13.7%	
Investment gain/ loss ⁽²⁾	28,073	7,895	(71.9)	16,894	114.0	
Net revenue	¥ 147,993	¥ 128,559	(13.1)%	¥ 154,143	19.9%	

- (1) Consists of divisional revenue, other than investment gain/loss, including revenue generated by our asset management business (excluding gains and losses related to our investment in American Century Investments), revenues generated by Nomura Babcock & Brown Co., Ltd.'s aircraft leasing-related businesses and management fee revenues generated from our private equity and other investment businesses
- (2) Consists of divisional revenue attributable to investments (including fair value fluctuations, funding cost and dividends), including gains and losses related to our investment in American Century Investments, our investments held in our private equity and other investment businesses.

The following table presents assets under management of each principal Nomura entity within our Investment Management Division as of March 31, 2023 and 2024.

	Billions of yen				
	Year ended March 31, 2023				
	Balance at beginning of year	Gross inflows	Gross outflows	Market appreciation / (depreciation)	Balance at end of year
Nomura Asset Management Co., Ltd .	¥ 69,592	¥ 23,168	¥ (24,762)	¥ 1,094	¥ 69,092
Nomura Corporate Research and Asset Management Inc. etc.	3,867	1,040	(1,074)	35	3,868
Combined total	73,459	24,208	(25,836)	1,129	72,960
Shared across group companies	(5,546)	(1,409)	1,382	(115)	(5,688)
Total	¥ 67,913	¥ 22,799	¥ (24,454)	¥ 1,014	¥ 67,272

	Billions of yen				
	Year ended March 31, 2024				
	Balance at beginning of year	Gross inflows	Gross outflows	Market appreciation / (depreciation)	Balance at end of year
Nomura Asset Management Co., Ltd .	¥ 69,092	¥ 31,019	¥ (28,614)	¥ 19,514	¥ 91,011
Nomura Corporate Research and Asset Management Inc. etc.	3,868	1,799	(1,098)	1,019	5,588
Combined total	72,960	32,818	(29,712)	20,533	96,599
Shared across group companies	(5,688)	(2,061)	1,680	(1,529)	(7,598)
Total	¥ 67,272	¥ 30,757	¥ (28,032)	¥ 19,004	¥ 89,001

Asset under management increased primary due to market factors and net inflows into a wide range of products during the year ended March 31, 2024.

Asset under management was largely unchanged the year ended March 31, 2022 to the year ended March 31, 2023.

The following table presents NAM's market share, in terms of net asset value, of the Japanese publicly offered investment trusts market as of March 31, 2022, 2023 and 2024.

	March 31		
	2022	2023	2024
Total of publicly offered investment trusts	27%	27%	26%
Equity investment trusts	25%	25%	25%
Debt investment trusts	44%	44%	44%

(Source) Nomura's own calculation based on data published by the Investment Trusts Association, Japan.

Investment trust assets included in assets under management by NAM were ¥62.9 trillion as of March 31, 2024, a ¥15.0 trillion, 31% increased from March 31, 2023. This increase was due to net inflows of ¥1.5 trillion and market appreciation of ¥13.4 trillion. The balances of certain investment trusts, including TOPIX Exchange Traded Fund and NIKKEI 225 Exchange Traded Fund increased.

Investment trust assets included in assets under management by NAM were ¥48.0 trillion as of March 31, 2023 and were largely unchanged the year ended March 31, 2022 to the year ended March 31, 2023.

Wholesale

Operating Results of Wholesale

The operating results of our Wholesale Division comprise the combined results of our Global Markets and Investment Banking businesses. Our Global Markets business comprises our Fixed Income and Equities businesses.

	Millions of yen				
	Year ended March 31				
	2022	2023	% Change from previous year	2024	% Change from previous year
Non-interest revenue	¥617,227	¥809,681	31.2%	¥875,664	8.1%
Net interest revenue	85,828	(37,301)	—	(9,517)	—
Net revenue	703,055	772,380	9.9	866,147	12.1
Non-interest expenses	628,563	743,011	18.2	812,236	9.3
Income before income taxes	¥ 74,492	¥ 29,369	(60.6)%	¥ 53,911	83.6%

Net revenue increased from the year ended March 31, 2023 to the year ended March 31, 2024. Fixed Income revenues in Global Markets increased due to a strong performance in spread products. Equities revenues in Global Markets increased primarily due to increase in equity products in all regions and strong performance in execution service in Japan due to appreciation of market. Investment Banking revenues increased primarily due to strong performance in Japan during the year ended March 31, 2024.

Net revenue increased from the year ended March 31, 2022 to the year ended March 31, 2023. Fixed Income revenues in Global Markets increased due to a strong performance in macro products. Equities revenues in Global Markets increased primarily due to disappearance of the losses related to the U.S. Prime Brokerage Event recognized during the previous year. Investment Banking revenues decreased primarily due to decreases in commissions from underwriting and sales during the year ended March 31, 2023.

Non-interest expenses increased from the year ended March 31, 2023 to the year ended March 31, 2024, primarily due to the impact of a weaker yen on the translation of non-yen denominated overseas expenses, and an increase in compensation expenses, as well as due to an increase in stock compensation from appreciation of stock price compared to previous year.

Non-interest expenses increased from the year ended March 31, 2022 to the year ended March 31, 2023, primarily due to the impact of a weaker yen on the translation of non-yen denominated overseas expenses and an increase in compensation expenses compared to previous year.

The following table presents a breakdown of net revenue for Wholesale for the year ended March 31, 2022, 2023 and 2024.

	Millions of yen				
	Year ended March 31				
	2022	2023	% Change from previous year	2024	% Change from previous year
Wholesale net revenue:					
Global Markets net revenue	¥556,417	¥656,298	18.0%	¥707,113	7.7%
Investment Banking net revenue	146,638	116,082	(20.8)	159,034	37.0
Net revenue	¥703,055	¥772,380	9.9%	¥866,147	12.1%

Global Markets

We have a proven track record in sales and trading of debt securities, equity securities, and foreign exchange, as well as derivative products referencing these financial instruments to domestic and overseas institutional investors. In response to the increasingly diverse and complex needs of our clients, we continue to enhance our trading and product origination capabilities to offer superior products not only to domestic and overseas institutional investors, but also to our Wealth Management and Investment Management Divisions. This cross-divisional approach also extends to Investment Banking, where close collaboration leads to high value-adding solutions for our clients. These ties enable us to identify the types of product of interest for investors and develop and deliver products that meet their needs. We continue to develop extensive ties with institutional investors in Japan and international markets, as well as wealthy investors, public-sector agencies, and regional financial institutions in Japan, and government agencies, financial institutions, and corporations around the world.

Net revenue increased from the year ended March 31, 2023 to the year ended March 31, 2024. In our Fixed Income businesses, *Net revenue* increased from ¥402,435 million for the year ended March 31, 2023 to ¥420,268 million for the year ended March 31, 2024 primarily due to a strong performance in spread products compared to the previous fiscal year. In our Equities business, *Net revenue* increased from ¥253,863 million for the year ended March 31, 2023 to ¥286,845 million for the year ended March 31, 2024, primarily due to strong performance in equity products in all regions compared to the previous fiscal year.

Net revenue increased from the year ended March 31, 2022 to the year ended March 31, 2023. In our Fixed Income businesses, *Net revenue* increased from ¥326,918 million for the year ended March 31, 2022 to ¥402,435 million for the year ended March 31, 2023 primarily due to a strong performance in macro products compared to the previous fiscal year. In our Equities business, *Net revenue* increased from ¥229,499 million for the year ended March 31, 2022 to ¥253,863 million for the year ended March 31, 2023, primarily due to disappearance of the losses related to the U.S. Prime Brokerage Event compared to the previous fiscal year.

Investment Banking

We provide a broad range of investment banking services, such as underwriting and advisory activities. We underwrite offerings of debt, equity and other financial instruments in major financial markets, such as Asia, Europe and the U.S. We have been enhancing our M&A and financial advisory expertise to secure more high-profile deals both across and within regions. We develop and forge solid relationships with clients on a long-term basis by providing extensive resources in a seamless fashion to facilitate bespoke solutions.

Net revenue increased from the year ended March 31, 2023 to the year ended March 31, 2024, primarily due to increases in underwriting and sales commission during the year.

Net revenue decreased from the year ended March 31, 2022 to the year ended March 31, 2023, primarily due to decreases in underwriting and sales commission during the year.

Other Operating Results

Other operating results include net gain (loss) related to economic hedging transactions, a part of 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 20 “*Segment and geographic information*” in our consolidated financial statements included within this annual report.

Income before income taxes in Other operating results were ¥15,753 million for the year ended March 31, 2022, ¥73,385 million for the year ended March 31, 2023 and ¥47,403 million for the year ended March 31, 2024, primarily due to disappearance of income of approximately ¥28.0 billion from the sale of a part of its shares held in Nomura Research Institute, Ltd. in previous year.

Other operating results for the year ended March 31, 2024 include the negative impact of our own creditworthiness on derivative liabilities which resulted in losses of ¥12,068 million and gains from changes in counterparty credit spreads of ¥7,248 million.

Other operating results for the year ended March 31, 2023 include the negative impact of our own creditworthiness on derivative liabilities which resulted in losses of ¥5,385 million and gains from changes in counterparty credit spreads of ¥4,671 million.

Other operating results for the year ended March 31, 2022 include the positive impact of our own creditworthiness on derivative liabilities which resulted in gains of ¥6,731 million and losses from changes in counterparty credit spreads of ¥1,249 million.

Summary of Regional Contribution

For a summary of our *net revenue*, *income (loss) before income taxes* and long-lived assets by geographic region, see Note 20 “*Segment and geographic information*” in our consolidated financial statements included in this annual report.

Cash flows

Please refer to Item 2 “4. Operating, Financial and Cash Flow Analyses by Management — (5) Liquidity and Capital Resources.”

(2) Trading Activities

Assets and liabilities for trading purposes

For disclosures relating to the assets and liabilities for trading purposes, please refer to Item 5 “1. Consolidated Financial Statements and Other,” Note 2 “Fair value measurements” as well as Note 3 “Derivative instruments and hedging activities.”

Risk management of trading activity

Nomura adopts Value at Risk (“VaR”) for measurement of market risk arising from trading activity.

1) Assumption on VaR

- Confidence level: 95%
- Holding period: One day
- Consideration of price movement among the products

Nomura uses a confidence level of 95% for VaR with a one-day holding period, which is used for our disclosure. Please find below the VaR data for the one-day holding period for the fiscal year ended March 31, 2024.

2) Records of VaR

	Billions of yen	
	As of	
	March 31, 2023	March 31, 2024
Equity	¥ 3.3	¥ 3.3
Interest rate	4.7	2.6
Foreign exchange	1.4	2.1
Subtotal	9.4	8.0
Less: Diversification Benefit	(3.2)	(2.5)
VaR	¥ 6.2	¥ 5.5

	Billions of yen		
	Year ended March 31, 2024		
	Maximum	Minimum	Average
VaR	¥ 6.8	¥ 4.3	¥ 5.6

(3) Critical accounting policies and estimates

Critical accounting policies are the accounting policies which have the most significant impact on the preparation of our consolidated financial statements included within this annual report and which require the most difficult, subjective and complex judgments by our management to develop estimates used in the application of these policies. Estimates, by their nature, are based on underlying assumptions which require management judgment and depend on the extent of information available at the time. Actual results in future reporting periods may differ from these estimates, which could have a material impact on our consolidated financial statements.

The following table summarizes the critical accounting policy which has the most significant impact on our consolidated financial statements for the year ended March 31, 2024. The table also identifies the critical accounting estimates inherent within application of the policy, the nature of the estimates, the underlying assumptions and judgments made by our management during the year to derive those estimates and the financial impact had we applied different estimates or assumptions during the year. See Note 1 “*Summary of Accounting Policies*” in our consolidated financial statements included in this annual report for more information on the critical accounting policy we apply in these areas and the relevant footnote disclosures referred to in the table for more information around how the critical accounting policy and critical accounting estimates have been applied.

Critical accounting policy	Critical accounting estimates	Key subjective assumptions or judgments by management	Effect of changes in estimates and assumptions during year ended March 31, 2024
<p>Fair value of financial instruments</p> <p>Note 2 “<i>Fair value measurements</i>”</p>	<p>Estimating fair value for financial instruments</p>	<p>A significant portion of our financial instruments is carried at fair value. The fair values of these financial instruments may not only be measured at quoted prices but also impacted by other factors, including selection of valuation techniques/ models and other assumptions that require judgment.</p> <p>This may affect the amount and timing of unrealized gains or losses recognized in the consolidated statements of income for a particular financial instrument.</p> <p>Selection of appropriate valuation techniques</p> <ul style="list-style-type: none"> For financial instruments measured at fair values where quoted prices are available in active markets, we typically use quoted prices as level 1 inputs for determining the fair values of these financial instruments. For financial instruments where such quoted prices are not available, fair values of these financial instruments are measured using level 2 or level 3 inputs. Significant judgment is involved in selection of appropriate valuation techniques and validation of assumptions applied in models because the estimated fair values measured could vary depending on which models and assumptions are used. When selecting valuation techniques, various factors such as the particular circumstances and markets where these financial instruments are traded, the availability of reliable inputs, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs are considered. <p>Significance of level 3 inputs</p> <ul style="list-style-type: none"> Fair values are more judgmental when we use level 3 inputs, which are based on significant non-market based unobservable inputs. For these instruments, fair value is determined based on management’s judgment about the assumption that market participant would use in pricing the instruments, including perception of liquidity, economic environment and the risks affecting the specific instruments. 	<p>See Note 2 “<i>Fair value measurements</i>” for further information around our valuation methodologies and our policy for classification of financial instruments within the fair value hierarchy.</p> <p>Level 3 financial assets (net of derivative liabilities) during the year increased from ¥868 billion as of March 2023 to ¥1,041 billion as of March 2024. Total level 3 financial assets to total financial assets carried at fair value on a recurring basis ratio was 6 % as of March 31, 2024 (5 % as of March 31, 2023.)</p> <p>See Note 2 “<i>Fair Value measurement</i>” for further quantitative and qualitative information regarding level 3 inputs, including the sensitivity of fair values of the underlying financial instruments to changes in level 3 inputs.</p>

Assets and Liabilities Associated with Investment and Financial Services Business

Exposure to Certain Financial Instruments and Counterparties

Market conditions continue to 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 financing is usually initially provided through a commitment, we have both funded and unfunded exposures on these transactions.

The following table sets forth our exposure to leveraged finance with unfunded commitments, presenting funded and unfunded portions by geographic location of the target company as of March 31, 2024.

	Millions of yen		
	March 31, 2024		
	Funded	Unfunded	Total
Europe	¥16,707	¥168,259	¥184,966
Americas	27,951	287,623	315,574
Asia and Oceania	21,616	29,870	51,486
Total	¥66,274	¥485,752	¥552,026

Special Purpose Entities (“SPEs”)

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 involvement with SPEs include guarantee agreements and derivative contracts.

For further discussion on Nomura’s involvement with variable interest entities, see Note 6 “*Securitizations and Variable Interest Entities*” in our consolidated financial statements included in this annual report.

Accounting Developments

See Note 1 “*Basis of accounting and summary of accounting policies: New accounting pronouncements adopted during the current year*” in our consolidated financial statements included in this annual report.

(4) Deferred Tax Assets

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 March 31, 2024.

	<u>Millions of yen</u> <u>March 31, 2024</u>
Deferred tax assets	
Depreciation, amortization and valuation of fixed assets	¥ 41,883
Investments in subsidiaries and affiliates	7,364
Valuation of financial instruments	136,834
Accrued pension and severance costs	11,837
Other accrued expenses and provisions	83,418
Operating losses	477,358
Lease liabilities	48,951
Other	20,811
Gross deferred tax assets	828,456
Less - Valuation allowances	(595,668)
Total deferred tax assets	<u>232,788</u>
Deferred tax liabilities	
Investments in subsidiaries and affiliates	109,611
Valuation of financial instruments	111,175
Undistributed earnings of foreign subsidiaries	2,257
Valuation of fixed assets	22,945
Right-of-use assets	43,443
Other	4,404
Total deferred tax liabilities	<u>293,835</u>
Net deferred tax assets (liabilities)	<u>¥ (61,047)</u>

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.

(5) Liquidity and Capital Resources

Funding and Liquidity Management

Overview

We define liquidity risk as the risk of loss arising from difficulty in securing the necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of the Nomura Group's creditworthiness or deterioration in market conditions. This risk could 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 30-day 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 and the net stable funding ratio issued by the Financial Services Agency ("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, managed by Global Treasury apart from other assets, in the form of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity. As of March 31, 2024, our liquidity portfolio was ¥8,418.0 billion which sufficiently met liquidity requirements under the stress scenarios.

The following table presents a breakdown of our liquidity portfolio by type of financial assets as of March 31, 2023 and 2024 and averages maintained for the years ended March 31, 2023 and 2024. Yearly averages are calculated using month-end amounts.

	Billions of yen			
	Average for year ended March 31, 2023	March 31, 2023	Average for year ended March 31, 2024	March 31, 2024
Cash, cash equivalents and time deposits ⁽¹⁾	¥ 3,155.5	¥ 3,229.3	¥ 3,741.8	¥ 3,629.9
Government debt securities	4,073.8	3,984.0	4,029.4	4,348.6
Others ⁽²⁾	416.9	441.0	423.4	439.5
Total liquidity portfolio	¥ 7,646.2	¥ 7,654.3	¥ 8,194.6	¥ 8,418.0

(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, 2023 and 2024 and averages maintained for the years ended March 31, 2023 and 2024. Yearly averages are calculated using month-end amounts.

	Billions of yen			
	Average for year ended		Average for year ended	
	March 31, 2023	March 31, 2023	March 31, 2024	March 31, 2024
Japanese Yen	¥ 1,613.6	¥ 1,852.0	¥ 1,964.8	¥ 1,702.3
U.S. Dollar	4,326.0	3,953.3	4,341.1	4,601.7
Euro	869.3	964.5	933.2	1,023.5
British Pound	505.7	522.4	549.4	659.8
Others ⁽¹⁾	331.6	362.1	406.1	430.7
Total liquidity portfolio	¥ 7,646.2	¥ 7,654.3	¥ 8,194.6	¥ 8,418.0

(1) Includes other currencies such as the Australian Dollar, the Canadian 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. For more information regarding regulatory restrictions, see Note 17 “Regulatory requirements” in our consolidated financial statements included within this annual report.

The following table presents a breakdown of our liquidity portfolio by entity as of March 31, 2023 and 2024.

	Billions of yen	
	March 31, 2023	March 31, 2024
NHI and NSC ⁽¹⁾	¥ 1,806.4	¥ 1,495.2
Major broker-dealer subsidiaries	3,012.6	3,592.5
Bank subsidiaries ⁽²⁾	1,178.6	1,319.9
Other affiliates	1,656.7	2,010.4
Total liquidity portfolio	¥ 7,654.3	¥ 8,418.0

(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 ¥3,175.6 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 of our liquidity portfolio and other unencumbered assets as of March 31, 2024 was ¥11,593.6 billion, which represented 292.7% of our total unsecured debt maturing within one year.

	Billions of yen	
	March 31, 2023	March 31, 2024
Net liquidity value of other unencumbered assets	¥ 2,842.5	¥ 3,175.6
Liquidity portfolio	7,654.3	8,418.0
Total	¥ 10,496.8	¥ 11,593.6

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 structured notes with returns linked to interest rates, currencies, equities, commodities, or related indices. We issue structured loans and 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 59.4% of total long-term debt outstanding as of March 31, 2024 from 55.9% as of March 31, 2023.

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, deposit 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, 2023 and 2024.

	Billions of yen	
	March 31, 2023	March 31, 2024
Short-term bank borrowings	¥ 203.3	¥ 177.5
Other loans	256.8	356.0
Commercial paper	300.0	224.8
Deposits at banking entities	1,705.0	1,880.9
Certificates of deposit	224.2	232.4
Debt securities maturing within one year	721.9	1,089.8
Total short-term unsecured debt	¥ 3,411.2	¥ 3,961.4

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, Nomura International Funding Pte. Ltd. and Nomura Global Finance Co., 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.

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, 2023 and 2024.

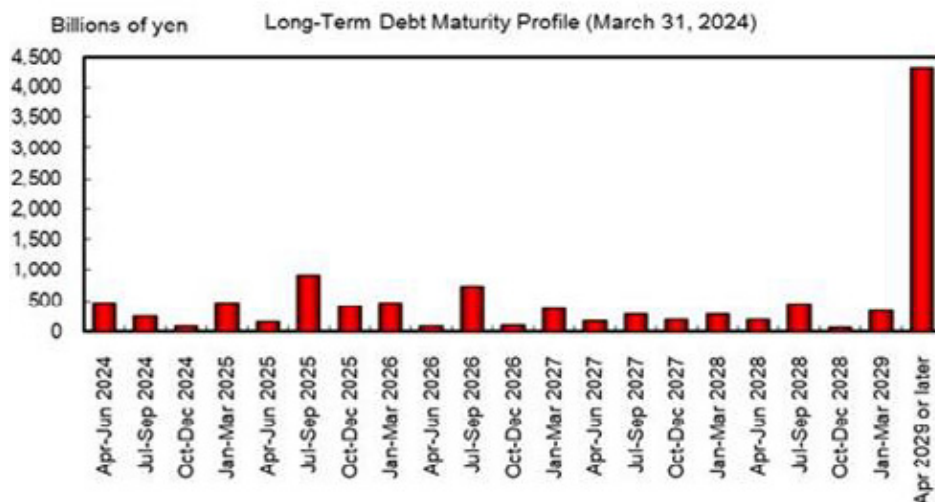
	Billions of yen	
	March 31, 2023	March 31, 2024
Long-term deposits at banking entities	¥ 208.8	¥ 243.0
Long-term bank borrowings	3,004.9	3,408.4
Other loans	265.5	292.3
Debt securities ⁽¹⁾	5,291.5	6,311.2
Total long-term unsecured debt	¥ 8,770.7	¥ 10,254.9

(1) Excludes long-term debt securities issued by consolidated special purpose entities and similar entities that meet the definition of variable interest entities under Accounting Standard Codification (“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 “*Transfers and Servicing*.”

3.3 Maturity Profile

We also seek to maintain an average maturity for our plain vanilla debt securities and borrowings greater than or equal to three years. The average maturity for our plain vanilla debt securities and borrowings with maturities longer than one year was 3.5 years as of March 31, 2024. A significant amount of our structured loans and structured notes are linked to interest rates, currencies, equities, commodities, or related indices. These maturities are evaluated based on internal models and monitored by Global Treasury. 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. The model values the embedded optionality under stress market conditions in order to determine when the debt securities or borrowing is likely to be called. The graph below shows the distribution of maturities of our outstanding long-term debt securities and borrowings by the model.

On this basis, the average maturity of our structured loans and structured notes with maturities longer than one year was 9.0 years as of March 31, 2024. The average maturity of our entire long-term debt with maturities longer than one year including plain vanilla debt securities and borrowings, was 6.6 years as of March 31, 2024.



3.4 Secured Funding

We typically fund our trading activities through secured borrowings, repurchase agreements and Japanese “Gensaki Repo” transactions. We believe such funding activities in the secured markets are more cost-efficient and less credit-rating sensitive than financing in the unsecured market. Our secured funding capabilities depend on the quality of the underlying collateral and market conditions. While we have shorter term secured financing for highly liquid assets, we seek longer terms for less liquid assets. We also seek to lower the refinancing risks of secured funding by transacting with a diverse group of global counterparties and delivering various types of securities collateral. In addition, we reserve an appropriate level of liquidity portfolio for the refinancing risks of secured funding maturing in the short term for less liquid assets. For more detail of secured borrowings and repurchase agreements, see Note 5 “*Collateralized transactions*” in our consolidated financial statements.

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.

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. 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 future 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 30 days.

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 March 31, 2024, 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;
- Fluctuation of funding needs under normal business circumstances;
- Cash deposits and free collateral roll-off 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.

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”. 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 30 days. 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 implementation of LCR, based on the international agreement issued by the Basel Committee with necessary national revisions, was published by the FSA on October 31, 2014. The notice was implemented at the end of March 2015 with phased-in minimum standards. Average of Nomura’s LCR for the three months ended March 31, 2024 was 202.7%, and Nomura was compliant with all LCR regulatory requirements. As for NSFR, the revision of the liquidity regulatory notice was published by the FSA on March 31, 2021 and was implemented from the end of September 2021. Nomura’s NSFR as of March 31, 2024 was compliant with all NSFR regulatory requirements.

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. For the year ended March 31, 2023, we recorded net cash outflows from operating activities and investing activities and net cash inflows from financing activities. For the year ended March 31, 2024, we recorded net cash outflows from investing activities and net cash inflows from operating activities and financing activities as discussed in the comparative analysis below.

The following table presents the key information on our consolidated cash flows for the years ended March 31, 2023 and 2024.

	Billions of yen	
	Year Ended March 31	
	2023	2024
Net cash provided by (used in) operating activities	¥ (694.8)	¥ 132.6
Net income	91.7	177.2
Trading assets and private equity and debt investments	(1,623.0)	(386.5)
Trading liabilities	467.3	(411.8)
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	(590.4)	290.8
Securities borrowed, net of securities loaned	834.4	(324.1)
Other net operating cash flow reconciling items	125.2	787.0
Net cash used in investing activities	(233.2)	(887.9)
Net cash outflows from time deposits	(59.4)	(83.0)
Net cash outflows from loans	(299.8)	(791.7)
Net cash inflows from non-trading debt securities	159.6	23.3
Other net investing cash outflows	(33.6)	(36.5)
Net cash provided by financing activities	1,283.9	1,012.9
Net cash inflows from long-term borrowings	1,093.3	962.9
Net cash inflows / (outflows) from short-term borrowings	(64.5)	98.0
Net cash inflows from deposits received at banks	328.9	107.5
Other net financing cash outflows	(73.8)	(155.5)
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	148.6	220.6
Net increase in cash, cash equivalents, restricted cash and restricted cash equivalents	504.4	478.2
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of the year	3,316.4	3,820.9
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of the year	<u>¥ 3,820.9</u>	<u>¥4,299.0</u>

See the consolidated statements of cash flows in our consolidated financial statements included within this annual report for more detailed information.

For the year ended March 31, 2024, our cash, cash equivalents, restricted cash and restricted cash equivalents increased by ¥478.2 billion to ¥4,299.0 billion. Net cash of ¥1,012.9 billion was provided by financing activities due to net cash inflows of ¥962.9 billion from *Net cash inflows from long-term borrowings*. Net cash of ¥887.9 billion was used in investing activities due to net cash outflows of ¥791.7 billion from *Net cash outflows from loans*. As part of trading activities, while there were net cash outflows of ¥798.3 billion primarily due to an increase in *Trading assets and private equity and debt investments*, they were offset by net cash inflows of ¥709.8 billion from *Payables*. As a result, net cash of ¥132.6 billion was provided by operating activities.

For the year ended March 31, 2023, our cash, cash equivalents, restricted cash and restricted cash equivalents increased by ¥504.4 billion to ¥3,820.9 billion. Net cash of ¥1,283.9 billion was provided by financing activities due to net cash inflows of ¥1,093.3 billion from *Net cash inflows from long-term borrowings*. Net cash of ¥233.2 billion was used in investing activities due to net cash outflow of ¥299.8 billion from *Net cash outflows from loans*. As part of trading activities, while there were net cash outflows of ¥1,155.7 billion primarily due to an increase in *Trading assets and private equity and debt investments*, they were offset by net cash inflows of ¥244.0 billion from repo transactions and securities borrowed and loaned transactions such as *Securities purchased under agreements to resell, net of securities sold under agreements to repurchase and Securities borrowed, net of securities loaned*. As a result, net cash of ¥694.8 billion was used in operating activities.

Balance Sheet and Financial Leverage

Total assets as of March 31, 2024, were ¥55,147.2 billion, an increase of ¥7,375.4 billion compared with ¥47,771.8 billion as of March 31, 2023, reflecting primarily an increase in *Trading assets*. Total liabilities as of March 31, 2024, were ¥51,698.7 billion, an increase of ¥7,151.0 billion compared with ¥44,547.7 billion as of March 31, 2023, reflecting primarily an increase in *Securities sold under agreements to repurchase*. NHI shareholders' equity as of March 31, 2024 was ¥3,350.2 billion, an increase of ¥201.6 billion compared with ¥3,148.6 billion as of March 31, 2023, primarily due to an increase in *Accumulated other comprehensive income*.

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 this 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.

The following table presents NHI shareholders' equity, total assets, adjusted assets and leverage ratios as of March 31, 2023 and 2024.

	Billions of yen, except ratios	
	March 31	
	2023	2024
NHI shareholders' equity	¥ 3,148.6	¥ 3,350.2
Total assets	47,771.8	55,147.2
Adjusted assets ⁽¹⁾	29,654.3	34,152.4
Leverage ratio ⁽²⁾	15.2 x	16.5 x
Adjusted leverage ratio ⁽³⁾	9.4 x	10.2 x

(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:

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

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

	Billions of yen	
	March 31	
	2023	2024
Total assets	¥ 47,771.8	¥ 55,147.2
Less:		
Securities purchased under agreements to resell	13,834.5	15,621.1
Securities borrowed	4,283.0	5,373.7
Adjusted assets	¥ 29,654.3	¥ 34,152.4

Total assets increased by 15.4% reflecting primarily an increase in *Trading assets*. Total NHI shareholders' equity increased by 6.4% reflecting primarily an increase in *Accumulated other comprehensive income*. As a result, our leverage ratios were 15.2 times as of March 31, 2023 and 16.5 times as of March 31, 2024.

Adjusted assets increased primarily due to an increase in *Trading assets*. As a result, our adjusted leverage ratios were 9.4 times as of March 31, 2023 and 10.2 times as of March 31, 2024.

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 by the FSA 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. The Capital Adequacy Notice on Final Designated Parent Company has been revised to be in line with Basel 2.5 and Basel III since then. 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 March 31, 2024, our common equity Tier 1 capital ratio is 16.29%, Tier 1 capital ratio is 18.27% and consolidated capital adequacy ratio is 18.27% and we are in compliance with the requirement for each ratio set out in the Capital Adequacy Notice on Final Designated Parent Company, etc. (required level including applicable minimum consolidated capital buffers as of March 31, 2024 is 7.74% for the common equity Tier 1 capital ratio, 9.24% for the Tier 1 capital ratio and 11.24% for the consolidated capital adequacy ratio).

In accordance with Article 2 of the “Notice of the Establishment of Standards that Indicate Soundness pertaining to Loss-absorbing and Recapitalisation Capacity, Established as Criteria by which the Highest Designated Parent Company is to Judge the Soundness in the Management of the Highest Designated Parent Company and its Subsidiary Corporations, etc., under Paragraph 1, Article 57 -17 of the Financial Instruments and Exchange Act” (the “TLAC Notification”), we have started calculating our external TLAC ratio on a risk-weighted assets basis from March 2021. As of March 31, 2024, our external TLAC as a percentage of risk-weighted assets is 33.06% and we are in compliance with the requirement set out in the TLAC Notification.

The following table presents the Company’s consolidated capital adequacy ratios and External TLAC as a percentage of risk-weighted assets as of March 31, 2023 and March 31, 2024.

	Billions of yen, except ratios	
	March 31	
	2023	2024
Common equity Tier 1 capital	¥ 2,828.8	¥ 3,091.3
Tier 1 capital	3,203.7	3,467.8
Total capital	3,204.1	3,468.3
Risk-Weighted Assets		
Credit risk-weighted assets	8,385.8	9,764.7
Market risk equivalent assets	6,270.6	6,381.9
Operational risk equivalent assets	2,667.5	2,828.9
Total risk-weighted assets	¥17,323.9	¥18,975.5
Consolidated Capital Adequacy Ratios		
Common equity Tier 1 capital ratio	16.32%	16.29%
Tier 1 capital ratio	18.49%	18.27%
Consolidated capital adequacy ratio	18.49%	18.27%
Consolidated Leverage Ratio	5.63%	5.24%
External TLAC Ratios		
Risk-weighted assets basis	31.78%	33.06%
Leverage ratio exposure measure basis	10.63%	10.42%

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 using the Internal Models Approach.

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 this annual report can compare our capital position against those of other financial groups to which Basel III is applied. Our management receives and reviews these capital ratios on a regular basis.

Consolidated Leverage Ratio Requirements

In March 2019, the FSA set out requirements for the calculation and disclosure and minimum requirement of 3% of a consolidated leverage ratio, and the publication of “Notice of the Establishment of Standards for Determining Whether the Adequacy of Leverage, the Supplementary Measure to the Adequacy of Equity Capital of a Final Designated Parent Company and its Subsidiary Corporations, etc. is Appropriate Compared to the Assets Held by the Final Designated Parent Company and its Subsidiary Corporations, etc., under Paragraph 1, Article 57-17 of the Financial Instruments and Exchange Act” (2019 FSA Regulatory Notice No. 13; “Notice on Consolidated Leverage Ratio”), through amendments to revising “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 Pillar 3 Disclosure”). We started calculating and disclosing a consolidated leverage ratio from March 31, 2015 in accordance with these Notices. We have also started calculating a consolidated leverage ratio from March 31, 2019 in accordance with the Notice on Pillar 3 Disclosure, Notice on Consolidated Leverage Ratio and other related Notices. In coordination with the monetary policy of the Bank of Japan in response to the impact of the COVID-19 pandemic, the FSA published amendments to the Notice on Consolidated Leverage Ratio on June 2020 and March 2021. Under these amendments, deposits with the Bank of Japan have been excluded from the total exposure measure used to calculate the leverage ratio during the period from June 30, 2020 to March 31, 2022. In March 2022, the FSA announced this measure will be extended to March 31, 2024. As of March 31, 2024, our consolidated leverage ratio is 5.24%.

In accordance with Article 2 of the TLAC Notification we have started calculating our external TLAC ratio on a total exposure basis from March 2021. As of March 31, 2024, our external TLAC as a percentage of leverage ratio exposure measure is 10.42% and we are in compliance with the requirement set out in the TLAC Notification.

Regulatory changes 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”. They 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 a series of measures to address concerns over the “procyclicality” of the current framework; and introducing a liquidity standard including a 30-day liquidity coverage ratio as well as the net stable funding ratio to measure stability of financing structure. These standards were implemented from 2013, which includes transitional treatment, (i.e., they are phased in gradually from 2013). In addition, the Basel Committee has issued interim rules for the capitalization of bank exposures to central counterparties (“CCPs”) on July 25, 2012, which came into effect in 2013 as part of Basel III. Moreover, in addition to Basel III leverage ratio framework under which we started the calculation and disclosure of consolidated leverage ratio as above, a series of final standards on the regulatory frameworks such as capital requirements for banks’ equity investments in funds, the standardized approach for measuring counterparty credit risk exposures, capital requirements for bank exposures to CCPs, supervisory framework for measuring and controlling large exposures, and revisions to the securitization framework, and revised framework for market risk capital requirements 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 to the G-SIBs including the recovery and resolution plan. The group of G-SIBs have been updated annually and published by the FSB each November. Since November 2011, we have not been designated as a G-SIBs. 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. In December 2015, the FSA identified us as a D-SIB and required additional capital charge of 0.5% after March 2016, with 3-year transitional arrangement.

In November 2015, the FSB issued the final TLAC standard for G-SIBs. The TLAC standard has been designed so that failing G-SIBs will have sufficient loss-absorbing and recapitalization capacity available in resolution for authorities to implement an orderly resolution. In response to the FSB's publication of the TLAC standard, in April 2016, the FSA published its policy to develop the TLAC framework in Japan applicable to Japanese G-SIBs and, in April 2018, revised such policy to apply the TLAC requirements in Japan not only to Japanese G-SIBs but also to Japanese D-SIBs that are deemed (i) of particular need for a cross-border resolution arrangement and (ii) of particular systemic significance to Japanese financial system if they fail. In the revised policy, the Japanese G-SIBs and Nomura ("TLAC Covered SIBs") would be subject to the TLAC requirements in Japan. On March 2019, the FSA published the notices and revised the guidelines of TLAC regulations. Although Nomura is not identified as a G-SIB as of the date of this annual report, the TLAC Covered SIBs, including Nomura, will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework. Specifically, Nomura will be required to meet a minimum TLAC requirement of holding TLAC in an amount at least 16% of our consolidated risk-weighted assets as from March 31, 2021 and at least 18% as from March 31, 2024 as well as at least 6% of the applicable Basel III leverage ratio denominator from March 31, 2021 and at least 6.75% from March 31, 2024 (which 6.75% was increased, pursuant to recent amendment to the TLAC regulations in Japan, to 7.1% from April 1, 2024).

Furthermore, according to the FSA's revised policy published in April 2018, which is subject to change based on future international discussions, the preferred resolution strategy for the TLAC Covered SIBs is Single Point of Entry ("SPE") resolution, in which resolution powers are applied to the top of a group by a single national resolution authority (i.e., the FSA), although the actual measures to be taken will be determined on a case-by-case basis considering the actual condition of the relevant the TLAC Covered SIBs in crisis.

To implement this SPE resolution strategy effectively, the FSA requires holding companies of the TLAC Covered SIBs ("Domestic Resolution Entities") to (i) meet the minimum external TLAC requirements and (ii) cause their material subsidiaries that are designated as systemically important by the FSA, including but not limited to certain material sub-groups as provided in the FSB's TLAC standard, to maintain a certain level of capital and debt recognized by the FSA as having loss-absorbing and recapitalization capacity, or Internal TLAC.

In addition, the TLAC Covered SIBs' Domestic Resolution Entities will be allowed to count the amount equivalent to 2.5% of their consolidated risk-weighted assets from the implementation date of the TLAC requirements in Japan (March 31, 2021 for Nomura) and 3.5% of their consolidated risk-weighted assets from 3 years after the implementation date (March 31, 2024 for Nomura) as our external TLAC, considering the Japanese Deposit Insurance Fund Reserves.

It is likely that the FSA's 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 International Organization of Securities Commissions.

Credit Ratings

We rely on, or utilize, credit ratings on our long-term and short-term debt provided by these credit ratings agencies for unsecured funding and other financing purposes and also for our trading and other business activities. We obtain credit ratings on our long-term and short-term debt from S&P Global Ratings, Moody's Investors Service, Fitch Ratings, Rating and Investment Information, Inc. and Japan Credit Rating Agency.

On February 16, 2024, Moody's Investors Service changed the Outlook of the Baa1 Long Term Issuer Rating of the Company and the A3 Long Term Issuer Rating of NSC from Negative to Stable.

As of March 31, 2024, the credit ratings of the Company and NSC were as follows.

Nomura Holdings, Inc.	Short-term Debt	Long-term Debt
S&P Global Ratings	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
S&P Global Ratings	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-

(6) 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 consolidated financial statements included in this annual report.

(7) Tabular Disclosure of Contractual Obligations

In the ordinary course of our business, we enter into a variety of contractual obligations and contingent commitments, which may require future payments. These arrangements include:

Standby letters of credit and other guarantees:

- In connection with our banking and financing activities, we enter into various guarantee arrangements with counterparties in the form of standby letters of credit and other guarantees, which generally have fixed expiration dates.

Long-term borrowings and contractual interest payments:

- In connection with our operating activities, we issue Japanese Yen and non-Japanese Yen denominated long-term borrowings which incur variable and fixed interest payments in accordance with our funding policy.

Operating lease commitments:

- We lease office space, residential facilities for employees, motor vehicles, equipment and technology assets in the ordinary course of business both in Japan and overseas as lessee. These arrangements predominantly consist of operating leases.
- Separately we sublease certain real estate and equipment through operating lease arrangements.

Finance lease commitments:

- We lease certain equipment and facilities in Japan and overseas which are classified as finance lease agreements.

Purchase obligations:

- We have purchase obligations for goods and services which include payments for construction, advertising, and computer and telecommunications maintenance agreements.

Commitments to extend credit:

- In connection with our banking and financing activities, we enter into contractual commitments to extend credit, which generally have fixed expiration dates.
- In connection with our investment banking activities, we enter into agreements with clients under which we commit to underwrite securities that may be issued by clients.
- As a member of certain central clearing counterparties, Nomura is committed to provide liquidity facilities through entering into reverse repurchase transactions backed by government and government agency debt securities with those counterparties in a situation where a default of another clearing member occurs.

Commitments to invest in partnerships:

- We have commitments to invest in interests in various partnerships and other entities and commitments to provide financing for investments related to those partnerships.

Note 8 “*Leases*” in our consolidated financial statements contains further detail on our operating leases and finance leases. Note 10 “*Borrowings*” in our consolidated financial statements contains further detail on our short-term and long-term borrowing obligations and Note 19 “*Commitments, contingencies and guarantees*” in our consolidated financial statements included in this annual report contains further detail on our other commitments, contingencies and guarantees.

The contractual amounts of commitments to extend credit represent the maximum amounts at risk should the contracts be fully drawn upon, should the counterparties default, and assuming the value of any existing collateral becomes worthless. The total contractual amount of these commitments may not represent future cash requirements since the commitments may expire without being drawn upon. The credit risk associated with these commitments varies depending on our clients’ creditworthiness and the value of collateral held. We evaluate each client’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management’s credit evaluation of the counterparty.

The following table presents information regarding amounts and timing of our future contractual obligations and contingent commitments as of March 31, 2024.

	Millions of yen				
	Total contractual amount	Years to maturity			
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Standby letters of credit and other guarantees	¥ 3,561,640	¥3,517,487	¥ 24,321	¥ 16,976	¥ 2,856
Long-term borrowings ⁽¹⁾	11,926,429	1,146,494	3,374,258	2,265,231	5,140,446
Contractual interest payments ⁽²⁾	2,002,724	317,600	468,572	316,353	900,199
Operating lease commitments ⁽³⁾	200,454	47,123	65,824	44,630	42,877
Purchase obligations ⁽⁴⁾	94,478	16,124	74,189	3,049	1,116
Commitments to extend credit ⁽⁵⁾	3,105,611	1,905,593	388,648	476,372	334,998
Commitments to invest	31,989	2,305	3,698	461	25,525
Total	<u>¥20,923,325</u>	<u>¥6,952,726</u>	<u>¥4,399,510</u>	<u>¥3,123,072</u>	<u>¥6,448,017</u>

- (1) The amounts disclosed within long-term borrowings exclude financial liabilities 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. These are not borrowings issued for our own funding purposes and therefore do not represent actual contractual obligations by us to deliver cash.
- (2) The amounts represent estimated future interest payments related to long-time borrowings based on the period through to their maturity and applicable interest rates as of March 31, 2024.
- (3) The amounts of operating lease commitments are undiscounted future minimum lease payments. The amounts of finance lease contracts were immaterial.
- (4) The minimum contractual obligations under enforceable and legally binding contracts that specify all significant terms. Amounts exclude obligations that are already reflected on our consolidated balance sheets as liabilities or payables. Includes the commitment to purchase parts of the redeveloped real estate in Tokyo Nihonbashi district from the redevelopment association.
- (5) Contingent liquidity facilities to central clearing counterparties are included.

Excluded from the above table are obligations that are generally short-term in nature, including short-term borrowings, deposits received at banks and other payables, collateralized agreements and financing transactions (such as reverse repurchase and repurchase agreements), and trading liabilities.

In addition to amounts presented above, we have commitments under reverse repurchase and repurchase agreements including amounts in connection with collateralized agreements and collateralized financing. These commitments amount to ¥2,926 billion for reverse repurchase agreements and ¥1,408 billion for repurchase agreements as of March 31, 2024.

5. Significant Contracts.

Not applicable.

Item 4. Company Information

1. Share Capital Information

(1) Total Number of Shares

A. Number of Authorized Share Capital

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

(Note)

The “Authorized Share Capital” is stated by class and the “Total” is the number of authorized share capital designated in the Articles of Incorporation.

B. Issued Shares

Type	Number of Issued Shares as of March 31, 2024	Number of Issued Shares as of June 26, 2024	Trading Markets	Description
Common Stock	3,163,562,601	3,163,562,601	Tokyo Stock Exchange ⁽²⁾ Nagoya Stock Exchange ⁽³⁾ Singapore Exchange New York Stock Exchange	1 unit is 100 shares
Total	3,163,562,601	3,163,562,601	—	—

(1) Shares that may have increased from exercise of stock options between June 1, 2024 and June 26, 2024 are not included in the number of issued shares as of June 26, 2024.

(2) Listed on the Prime Market.

(3) Listed on the Premier Market.

(2) Stock Options

A. Stock Acquisition Right

Name of Stock Acquisition Rights ("SARs")	Allotment Date	Number of SARs (March 31, 2024)	Number of SARs in the Preceding Month to Filing of this Report (May 31, 2024)	Period for the Exercise of SARs	Exercise Price per Share under SARs (yen)	Capitalization Price per Share under SARs (yen)
SARs No.71	June 7, 2016	1,853	—	From April 20, 2019 to April 19, 2024	1	198
SARs No.76	June 9, 2017	1,519	—	From April 20, 2019 to April 19, 2024	1	334
SARs No.77	June 9, 2017	5,536	4,166	From April 20, 2020 to April 19, 2025	1	325
SARs No.78	June 9, 2017	1,428	1,194	From April 20, 2021 to April 19, 2026	1	312
SARs No.79	June 9, 2017	1,777	1,543	From April 20, 2022 to April 19, 2027	1	303
SARs No.80	June 9, 2017	470	336	From April 20, 2023 to April 19, 2028	1	282
SARs No.81	June 9, 2017	1,321	1,321	From April 20, 2024 to April 19, 2029	1	273
SARs No.84	November 17, 2017	18,052	15,662	From November 17, 2019 to November 16, 2024	684	398
SARs No.85	November 20, 2018	17,282	15,797	From November 20, 2020 to November 19, 2025	573	329

B. Rights plan

None

C. Other plan

None

(3) Exercises, etc., of moving strike convertible bonds, etc.

None

(4) Changes in Issued Shares, Common Stock, etc.

Date	Increase/(Decrease) of Issued Shares	Total Issued Shares	Increase/(Decrease) of Common Stock (millions of yen)	Common Stock (millions of yen)	Increase/(Decrease) of Additional paid-in capital (millions of yen)	Additional paid-in capital (millions of yen)
December 1, 2020 ⁽¹⁾	(260,000,000)	3,233,562,601	—	594,493	—	559,676
June 1, 2023 ⁽¹⁾	(70,000,000)	3,163,562,601	—	594,493	—	559,676

(1) The decrease is due to the cancellation of treasury stock.

(5) Shareholders

	As of March 31, 2024								
	Unit Shareholders (100 shares per 1 unit)								
	Foreign Shareholders								Shares Representing Less than One Unit (Shares)
Governments and Municipal Governments	Financial Institutions	Securities Companies	Other Corporations	Other than individuals	Individuals	Individuals and Others	Total		
Number of Shareholders	—	148	78	2,693	896	499	296,927	301,241	—
Number of Units Held	—	7,664,283	1,472,488	1,017,809	11,500,210	13,150	9,952,558	31,620,498	1,512,801
Percentage of Units Held (%)	—	24.24	4.66	3.22	36.37	0.04	31.48	100.00	—

(1) Out of 192,432,164 shares of treasury stock, 1,924,321 units are included in *Individuals and Others* while 64 shares are in *Shares Representing Less than One Unit (Shares)*.

(2) *Other Corporations* includes 20 units held by Japan Securities Depository Center, Inc.

(6) Major Shareholders

Name	Address	As of March 31, 2024	
		Shares Held (thousand shares)	Percentage of Issued Shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-Ku, Tokyo, Japan	490,840	16.52
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-Ku, Tokyo, Japan	167,148	5.62
State Street Bank West Client-Treaty 505234	1776 Heritage Drive, North Quincy, MA 02171 U.S.A.	60,703	2.04
The Bank of New York Mellon as Depository Bank for DR Holders	240 Greenwich Street, 8TH FL West, New York, NY 10286, U.S.A.	53,059	1.78
JP Morgan Chase Bank 385781	25 Bank Street Canary Wharf London E14 5JP, UK	45,147	1.51
State Street Bank And Trust Company 505001	P.O.Box 351 Boston Massachusetts 02101, U.S.A.	37,743	1.27
SMBC Nikko Securities Inc.	3-3-1, Marunouchi, Chiyoda-Ku, Tokyo, Japan	37,680	1.26
SSBTC CLIENT OMNIBUS ACCOUNT	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS	36,060	1.21
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	50 Bank Street Canary Wharf London E14 5NT, UK	33,024	1.11
Nomura Group Employee Stock Ownership Association	1-13-1, Nihonbashi, Chuo-Ku, Tokyo, Japan	29,984	1.00
Total		991,388	33.32

- (1) The Company has 192,432 thousand shares of treasury stock as of March 31, 2024 which is not included in the Major Shareholders list above.
- (2) For *Shares Held* in the above, amounts less than thousand shares are discarded.
- (3) According to a statement on Schedule 13G (Amendment No.9) filed by BlackRock, Inc. with the SEC on February 6, 2024, BlackRock, Inc. owned 246,082,876 shares, representing 7.80% of the issued shares of the Company's common stock. However, the Company has not confirmed the status of these shareholdings as of March 31, 2024 which is not included in the Major Shareholders list above.

Name	Address	As of December 31, 2023	
		Shares Held (thousand shares)	Percentage of Issued Shares (%)
BlackRock, Inc.	50 Hudson Yards New York, NY 10001	246,082	7.80

- (4) According to a statement on Schedule 13G (Amendment No.4) filed by Sumitomo Mitsui Trust Holdings, Inc. with the SEC on February 5, 2024, Sumitomo Mitsui Trust Holdings, Inc. owned 171,021,800 shares, representing 5.40% of the issued shares of the Company's common stock. However, the Company has not confirmed the status of these shareholdings as of March 31, 2024 which is not included in the Major Shareholders list above.

Name	Address	As of December 31, 2023	
		Shares Held (thousand shares)	Percentage of Issued Shares (%)
Sumitomo Mitsui Trust Holdings, Inc	1-4-1, Marunouchi, Chiyoda-Ku, Tokyo, Japan	171,021	5.40

(7) Voting Rights

A. Outstanding Shares

	As of March 31, 2024		
	Number of Shares	Number of Votes	Description
Stock without voting right	—	—	—
Stock with limited voting right (Treasury stock, etc.)	—	—	—
Stock with limited voting right (Others)	—	—	—
Stock with full voting right (Treasury stock, etc.)	(Treasury stock) Common stock	192,432,100	—
	(Crossholding shares) Common stock	1,726,000	—
Stock with full voting right (Others)	Common stock	2,967,891,700	29,678,917
Shares less than 1 unit	Common stock	1,512,801	—
			Shares less than 1 unit (100 shares)
Total Shares Issued		3,163,562,601	—
Voting Rights of Total Shareholders		—	29,678,917

(1) *Stock with full voting right (Others)* includes 2,000 shares held by Japan Securities Depository Center, Inc. *Shares less than 1 unit* includes 64 shares of treasury stock and 79 crossholding shares.

B. Treasury Stock

Name	Address	As of March 31, 2024			Percentage of Issued Shares (%)
		Directly held shares	Indirectly held shares	Total	
(Treasury stock) Nomura Holdings, Inc.	1-13-1, Nihonbashi, Chuo-Ku, Tokyo, Japan	192,432,100	—	192,432,100	6.08
Total	—	192,432,100	—	192,432,100	6.08

(1) In addition to the above, 1,726,000 shares are directly held by a subsidiary of the Company for the purpose of securities related business.

(8) Restricted Stock Units

Series of RSU	Grant date	Number of RSU (March 31, 2024)	Number of RSU in the Preceding Month to Filing of this Report (May 31, 2024)	Period of payment
RSU No.6	2018.5.14	102,800	—	2024.4.20~2024.5.19
RSU No.7	2018.5.14	102,600	102,600	2025.4.20~2025.5.19
RSU No.12	2019.5.16	597,100	—	2024.4.20~2024.5.19
RSU No.13	2019.5.16	48,000	48,000	2025.4.20~2025.5.19
RSU No.14	2019.5.16	47,400	47,400	2026.4.20~2026.5.19
RSU No.18	2020.5.27	1,413,800	—	2024.4.20~2024.5.19
RSU No.19	2020.5.27	1,410,600	1,410,600	2025.4.20~2025.5.19
RSU No.20	2020.5.27	179,800	179,800	2026.4.20~2026.5.19
RSU No.21	2020.5.27	179,400	179,400	2027.4.20~2027.5.19
RSU No.24	2021.5.17	16,479,920	—	2024.4.20~2024.5.19
RSU No.25	2021.5.17	1,394,000	1,394,000	2025.4.20~2025.5.19
RSU No.26	2021.5.17	1,390,000	1,390,000	2026.4.20~2026.5.19
RSU No.27	2021.5.17	123,600	123,600	2027.4.20~2027.5.19
RSU No.28	2021.5.17	123,400	123,400	2028.4.20~2028.5.19
RSU No.30	2022.5.19	27,374,890	—	2024.4.20~2024.5.19
RSU No.31	2022.5.19	28,328,090	28,251,510	2025.4.20~2025.5.19
RSU No.32	2022.5.19	3,183,200	3,181,000	2026.4.20~2026.5.19
RSU No.33	2022.5.19	1,582,400	1,582,400	2027.4.20~2027.5.19
RSU No.34	2022.5.19	172,800	172,800	2028.4.20~2028.5.19
RSU No.35	2022.5.19	172,600	172,600	2029.4.20~2029.5.19
RSU No.36	2023.5.15	23,929,100	—	2024.4.20~2024.5.19
RSU No.37	2023.5.15	23,912,400	23,800,600	2025.4.20~2025.5.19
RSU No.38	2023.5.15	24,053,500	23,942,200	2026.4.20~2026.5.19
RSU No.39	2023.5.15	3,286,400	3,277,600	2027.4.20~2027.5.19
RSU No.40	2023.5.15	1,583,600	1,583,600	2028.4.20~2028.5.19
RSU No.41	2023.5.15	206,000	206,000	2029.4.20~2029.5.19
RSU No.42	2023.5.15	205,600	205,600	2030.4.20~2030.5.19
RSU No.43	2024.5.16	—	15,244,800	2025.4.20~2025.5.19
RSU No.44	2024.5.16	—	15,179,700	2026.4.20~2026.5.19
RSU No.45	2024.5.16	—	15,243,000	2027.4.20~2027.5.19
RSU No.46	2024.5.16	—	2,089,100	2028.4.20~2028.5.19
RSU No.47	2024.5.16	—	1,081,200	2029.4.20~2029.5.19
RSU No.48	2024.5.16	—	135,000	2030.4.20~2030.5.19
RSU No.49	2024.5.16	—	134,800	2031.4.20~2031.5.19

Please see “4. Status of Corporate Governance and Other” for detail of the plan.

2. Stock Repurchase

Type of Stock Repurchase of the common stock in accordance with provisions of Articles 155-3 and 155-7 of the Companies Act.

(1) Stock Repurchase resolved by Shareholders' Meeting

None

(2) Stock Repurchase resolved by Board of Directors

	<u>Number of Shares</u>	<u>Total Amount (Yen)</u>
Resolution at the Board of Directors (April 26, 2023) (Purchase period from May 16, 2023 to March 29, 2024)	35,000,000	20,000,000,000
Stock repurchased prior to April 1, 2023	—	—
Stock repurchased from April 1, 2023 to March 31, 2024	34,368,500	19,999,965,060
Total shares and amounts resolved	631,500	34,940
Percentage not repurchased at year end (%)	1.8	0.0
Repurchases made in the period	—	—
Percentage not repurchased at the date of submission of this annual report (%)	1.8	0.0

	<u>Number of Shares</u>	<u>Total Amount (Yen)</u>
Resolution at the Board of Directors (January 31, 2024) (Purchase period from February 16, 2024 to September 30, 2024)	125,000,000	100,000,000,000
Stock repurchased prior to April 1, 2023	—	—
Stock repurchased from April 1, 2023 to March 31, 2024	46,223,600	41,012,828,060
Total shares and amounts resolved	78,776,400	58,987,171,940
Percentage not repurchased at year end (%)	63.0	59.0
Repurchases made in the period	58,919,900	54,506,861,480
Percentage not repurchased at the date of submission of this annual report (%)	15.9	4.5

(1) Repurchases from June 1, 2024 to the reporting date of this annual report are not included.

(3) Stock Repurchase not based on above (1) or (2)

	<u>Number of Shares</u>	<u>Total Amount (Yen)</u>
Stock repurchased during the year ended March 31, 2024 ⁽¹⁾	25,043	16,112,671
Stock repurchased during the period ⁽²⁾	3,659	3,350,820

(1) Acceptance of requests for purchasing less-than-a-full-unit-shares.

(2) Repurchases from June 1, 2024 to the reporting date of this annual report are not included.

(4) Disposal and retention of repurchased stock

	<u>Year ended March 31, 2024</u>		<u>Stock repurchased during the period⁽²⁾</u>	
	<u>Number of shares</u>	<u>Total amount of disposal (yen)</u>	<u>Number of shares</u>	<u>Total amount of disposal (yen)</u>
Treasury shares disposed subject to procedures for issuance of new shares				
Treasury shares cancelled	70,000,000	36,104,698,000	—	—
Treasury shares transferred upon merger, share exchange, share delivery or demerger	—	—	—	—
Others ⁽¹⁾	47,695,807	24,870,622,898	46,691,797	28,478,797,187
Treasury stock	192,432,164	—	204,663,926	—

(1) Others are for purchasing less-than-a-full-unit-shares and disposal for exercise of stock acquisition rights and allotment of RSU.

(2) Repurchases or disposals and allotments from June 1, 2024 to the reporting date of this annual report are not included.

3. Dividend 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.

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 at least 40 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.

Additionally, we will aim for a total payout ratio, which includes dividends and share buybacks, of at least 50 percent.

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 such as IT systems and retail branches.

(Dividends for the year ended March 31, 2024)

In line with the dividend policy for the year ended March 31, 2024, we paid a dividend of ¥8 per share to shareholders of record as of September 30, 2023 and have decided to pay a dividend of ¥15 per share to shareholders of record as of March 31, 2024. As a result, the total annual dividend will be ¥ 23 per share.

The details of dividends from retained earnings for the year ended March 31, 2024 are as follows.

<u>Decision date</u>	<u>Record date</u>	<u>Total dividend value (millions of yen)</u>	<u>Dividend per share (yen)</u>
Board of Directors October 27, 2023	September 30, 2023	24,115	8.00
Board of Directors April 26, 2024	March 31, 2024	44,567	15.00

4. Status of Corporate Governance and Other

(1) Status of Corporate Governance

Underlying Concept of Corporate Governance

The Company recognizes that enhancement of corporate governance is one of the top priorities for the Company to achieve its management visions “to enhance corporate value by deepening society’s trust in the firm and increasing the satisfaction of stakeholders, including that of shareholders and clients.” On this basis, the Company is committed to strengthening and to improving its governance framework which ensures effectiveness of management oversight and transparency in the Company’s management and at the same time pursues sustainable growth and expedited decision-making process within the Nomura Group.

The Company, recognizing the perspectives of various stakeholders including shareholders and clients, established the “Nomura Holdings Corporate Governance Guidelines” for the purpose of setting forth an effective corporate governance framework as a structure for transparent/fair and timely/decisive decision-making, and contributing to the realization of that.

The “Nomura Holdings Corporate Governance Guidelines” can be accessed from the Company’s website.
(https://www.nomuraholdings.com/company/cg/data/cg_guideline.pdf)

In addition, the Company has established the “Nomura Group Code of Conduct” (“the Code of Conduct”) as a code of conduct to be observed by each director, officer and employee of the Nomura Group. This is a guideline for Nomura Group directors, officers and employees to translate the Nomura Group Corporate Philosophy into actions. All of our business activities are carried out based on the Code of Conduct, and through thorough compliance with the Code of Conduct, we endeavor to fulfill the various responsibilities in relation to, not only shareholders, but to various stakeholders.

The “Nomura Group Code of Conduct” can be accessed from the Company’s website.
(<https://www.nomuraholdings.com/company/basic/coc.pdf>)

Summary of the corporate governance structure and reasons for adopting such structure

The Company is a Company with Three Board Committees. The Company has determined that the Company with Three Board Committees structure is the most suitable form of corporate governance at this point in time for the reasons below.

A Company with Three Board Committees establishes Nomination, Audit and Compensation Committees, which are each to be comprised of a majority of Outside Directors, and in addition to striving to enhance management oversight and improve transparency by separating management oversight and business execution functions, it is a structure that makes it possible to strive to expedite the decision-making process by broadly delegating authority for the execution of business functions from the Board of Directors to the Executive Officers. Further, the Company believes that a Company with Three Board Committees is the most compatible with the corporate governance standards which form a part of the NYSE (which the Company is listed on) Listed Company Manual.

The outline of the Company’s Corporate Governance Structure is as follows:

<The Board of Directors and Committees>

At the Company, which is a Company with Three Board Committees where management oversight and business execution functions are institutionally separated, in addition to the Board of Directors and the Nomination/Audit/Compensation committees, which are the three statutory committees, both the “Board Risk Committee”, which is a committee that has the purpose of deepening the oversight of risk management by the Board of Directors and the “Outside Directors Meeting” for having Outside Directors periodically engage in discussions regarding matters concerning the Company’s business and corporate governance, have been established.

The main role of the Company’s Board of Directors is management oversight and the purpose of the Board of Directors of the Company is to strive for the Company’s sustainable growth and maximization of corporate value over the mid to long-term. The Board of Directors, in addition to ensuring the fairness and transparency of the management, determines the “Fundamental Management Policy,” and appointments of Executive Officers that manage the Company such as the Group CEO and important business execution decisions are made based on such policy.

The Board of Directors of the Company, to enable active discussion from diversified perspectives, consists of members with diversity, such as in gender, international experience and work experience, and with expertise in areas such as accounting, corporate management, and law, etc., as a general rule. Further, for the appropriate exercise of the Board of Directors’ management oversight functions, there is a general rule that the majority of the Board of Directors must be Outside Directors.

Eight out of the current twelve Directors of the Company's Board of Directors are Outside Directors, and out of the eight Outside Directors, there is a diverse composition of four non-Japanese Directors and three female Directors. Further, the current twelve Directors of the Company's Board of Directors are composed of members with expertise and experience, in areas such as management, global, financial industry, accounting/finance, legal systems/regulations, internal control including risk management, digital / IT / DX, and sustainability. In particular, as a result of the expansion of the U.S. business, Directors with an extensive understanding of the U.S. financial industry, macro economy, and regulatory environment have been appointed. Moreover, in consideration of factors including the geographical distribution of Directors, in addition to the appointment of a Director well-versed in finance from Asia, in view of the importance of the global managerial knowledge, a Director who is an executive of a Japanese company that is engaged in global business development has been appointed.

The Board of Directors of the Company is chaired by a Director who is not concurrently serving as an Executive Officer, allowing the Board of Directors to concentrate on overseeing the business conducted by the Executive Officers. Further, with respect to each of the Nomination/Audit/Compensation/Board Risk committee, by having Outside Directors serve as the chair, independence from the management has been made even clearer.

The current composition of the Board of Directors and Committees of the Company

(As of the filing date)

Position and Name	Committees
Chairman of the Board of Directors Koji Nagai	Member of the Nomination Committee Member of the Compensation Committee
Director, Representative Executive Officer, President and Group CEO Kentarō Okuda	—
Director, Representative Executive Officer and Deputy President Yutaka Nakajima	—
Director Shoji Ogawa	Member of the Audit Committee (Full-Time) Member of the Board Risk Committee
Outside Director Laura Simone Unger	Chairperson of the Board Risk Committee
Outside Director Victor Chu	Member of the Audit Committee
Outside Director J. Christopher Giancarlo	Member of the Board Risk Committee
Outside Director Patricia Mosser	Member of the Board Risk Committee
Outside Director Takahisa Takahara	Member of the Nomination Committee Member of the Compensation Committee
Outside Director Miyuki Ishiguro	Member of the Board Risk Committee
Outside Director Masahiro Ishizuka	Chairman of the Audit Committee
Outside Director Taku Oshima	Chairman of the Nomination Committee Chairman of the Compensation Committee

The Board of Directors of the Company has been held not less frequently than quarterly. Eleven meetings in total were held during the fiscal year ended March 31, 2024.

Attendance record of each Director at meetings of the Board of Directors held during the fiscal year ended March 31, 2024

(As of March 31, 2024)

Position and Name	Attendance Record (Year ended March 31, 2024)
Chairman of the Board of Directors Koji Nagai	11/11 meetings
Director, Representative Executive Officer, President and Group CEO Kentarō Okuda	11/11 meetings
Director, Representative Executive Officer and Deputy President Yutaka Nakajima	9/9 meetings (the number of meetings held after his appointment)
Director Shoji Ogawa	11/11 meetings
Outside Director Noriaki Shimazaki (*)	11/11 meetings
Outside Director Kazuhiko Ishimura (*)	11/11 meetings
Outside Director Laura Simone Unger	11/11 meetings
Outside Director Victor Chu	11/11 meetings
Outside Director J. Christopher Giancarlo	11/11 meetings
Outside Director Patricia Mosser	11/11 meetings
Outside Director Takahisa Takahara	11/11 meetings
Outside Director Miyuki Ishiguro	9/9 meetings (the number of meetings held after her appointment)
Outside Director Masahiro Ishizuka	9/9 meetings (the number of meetings held after his appointment)

(*) As of the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, Outside Director Noriaki Shimazaki and Kazuhiko Ishimura retired from Director of the Company.

Specific deliberations of the Board of Directors of the Company for the fiscal year ended March 31, 2024

The Board of Directors received regular reports from the executive side on specific areas such as sustainability in addition to overall business execution. Important issues such as management strategies, divisional strategies and information disclosure are discussed. The Board of Directors discussed important issues such as management strategies, divisional strategies and information disclosure, etc. The summaries of discussions are as follows.

Key Deliberations	
Formulation of Nomura Group Purpose	Formulation of Nomura Group Purpose and Redefinition of Corporate Philosophy System
Strategy of Retail Division (*Wealth Management Division since April 2024)	Competitive Environment, Business Model to aim and Resource Reallocation and Strategy, etc.
Strategy of Wholesale Division	Progress on Strategic Plan and Performance and priority issues of Wholesale Division
Strategy of Investment Management Division	Overview of Investment Management Division, Vision, Accumulation of Traditional Business and Expanding the AUM of Alternative Asset, etc.
Cross-Divisional/Current Efforts to Generate Group Premium	Cross-Divisional Strategy and Overview of each Measure, etc.
Attributed Capital Status and Utilization of Capital Capacity	Status of Capital Capacity, Impact of BaselIII and Resource Allocation, etc.
Group Budget of the fiscal year ending March 31, 2025	Approach to the fiscal year ending March 31, 2025's Group Budget and Strategies of each Division, etc.
Report of Structural Reform Committee	Progress of Structural Reform Committee (Established to accelerate Group's structural reform and ensure a sustainable financial and operational foundation to support future growth), etc.
Dialogue with Shareholders	Dialogue with Major Shareholders and Proxy Advisor
Voting Results Analysis of 2023 Annual General Meeting of Shareholders	Overview of the voting result of 2023 Annual General Meeting of Shareholders
Shareholder Return	Shareholder Return Policy, Comparison of Shareholder Composition of Japanese Companies, Investment Behavior and Preferences Based on Investor Attributes and the Status of Domestic Competitors, etc.
Investor Day	Key topics for the fiscal year ended March 31, 2024 regarding Categories such as Group wide, Business and Other based on the content of Investor Day
Report of Disclosure Documents	The Annual Securities reports, Form 20-F, Annual Report, Action to implement management that is Conscious of Cost of Capital and Stock Price, etc.
Enhancement of Information Disclosure	Enhancing Disclosure of Non-Financial Information (ESG) and Effects on Enterprise Value, etc.
Sustainability-related Report	Status of Domestic and International Regulations and Policies related to Sustainability and Nomura Group initiatives, etc.
Report of Investment Securities Committee	Status of Deliberations of the Investment Securities Committee and Policy of Investment Securities, etc.
Operational Resilience, etc.	External Environment for Operational Resilience and Current Status of our Company, etc.
Report on the Board Effectiveness Evaluation	Initiatives to Strengthen the Effectiveness of the Board of Directors implemented in the fiscal year ended March 31, 2024, etc.

(*) Concerning matters regarding the Board Effectiveness Evaluation, discussions were also held at Outside Directors Meetings in addition to the Board of Directors. The latest result of the Board Effectiveness Evaluation is disclosed at "Corporate Governance Report" of the Company.

(URL) https://www.nomuraholdings.com/company/cg/data/cg_report.pdf

The roles and the status of the activities of each Committee are as follows:

(1) Nomination Committee

This Committee is a statutory organ which determines the details of any proposals concerning the election and dismissal of Directors to be submitted to general meetings of shareholders. The three members of the Committee are elected by the Board of Directors. At the Nomination Committee, concerning the Group CEO Succession Plan, work is being done for the further development of governance by carrying out activities such as discussions concerning topics such as qualifications and potential candidates that should be sought on the basis of the management environment from now on.

The Committee has been held not less frequently than annually as necessary. Seven meetings in total were held during the fiscal year ended March 31, 2024.

Attendance record of each Director at meetings of the Nomination Committee held during the fiscal year ended March 31, 2024

(As of March 31, 2024)

	Positions and Name	Attendance Record (Year ended March 31, 2024)
Member of the Nomination Committee (Chairman)	Outside Director Kazuhiko Ishimura (*)	7/7 meetings
Member of the Nomination Committee	Outside Director Takahisa Takahara	7/7 meetings
Member of the Nomination Committee	Chairman of the Board of Directors (Non-Executive) Koji Nagai	7/7 meetings

(*) As of the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, Outside Director Kazuhiko Ishimura retired.

As of the said Annual General Meeting of Shareholders, Taku Oshima was appointed as an Outside Director and served as Chairman of the Nomination Committee.

Specific deliberations of the Nomination Committee of the Company for the fiscal year ended March 31, 2024

Key Deliberations	
Succession Plan for Group CEO	<ul style="list-style-type: none"> Discussions on the succession plan for the Group CEO Report to the Committee from the executive side and discussions on the Group CEO qualifications based on factors such as the management environment and the key process of the succession plan
Determination of Outside Director Nominees	<ul style="list-style-type: none"> Discussions on the determination of Outside Director nominees The following points were taken into consideration when determining the nominees <ul style="list-style-type: none"> The Composition of the Board of Directors shall have diversity from perspectives such as gender, international experience and work experience. The majority of the Board of Directors shall be Outside Directors to perform its management oversight function appropriately Nominees shall satisfy the Independence Criteria for Outside Directors as a general rule Nominees shall include experts in accounting, corporate management and law, etc. The criteria for the number of concurrent director/statutory auditor/executive officer positions of other publicly listed companies held by an Outside Director (no more than three companies for an Outside Director in addition to the Company as a general rule) shall be satisfied. As a result of multiple discussions during the fiscal year ended March 31, 2024, Taku Oshima was designated as a new Outside Director nominee
Determination of Inside Director Nominees	<ul style="list-style-type: none"> Discussions on the determination of Inside Director nominees The following points were taken into consideration in determining the nominees <ul style="list-style-type: none"> More than one person who is an Executive Officer, including the Group CEO, shall concurrently serve as Directors to make it easier for the Board of Directors to understand the business execution status of the Company, and to ensure the effectiveness of the oversight functions of the Board of Directors, as a general rule The Board of Directors shall appoint a Director who does not concurrently serve as an Executive Officer and who is well-versed in the business of the Nomura Group as a full-time member of the Audit Committee or an Audit Mission Director, in order to enhance the effectiveness of the Audit Committee's audit

(2) Audit Committee

This Committee is a statutory organ which (i) audits the execution by the Directors and Executive Officers of their duties and prepares audit reports and (ii) determines the details of proposals concerning the election, dismissal, and non-reappointment of the independent auditors to be submitted to general meetings of shareholders. The three members of the Committee are elected by the Board of Directors. All members satisfy requirements for independence as defined in the U.S. Sarbanes-Oxley Act of 2002, and Masahiro Ishizuka is Financial Expert under this Act and has considerable degree of knowledge in the areas of finance and accounting.

Attendance record of each Director at meetings of the Committee held during the fiscal year ended March 31, 2024

(As of March 31, 2024)

Position and Name		Attendance Record (Year ended March 31, 2024)
Member of the Audit Committee (Chairman)	Outside Director Noriaki Shimazaki (*)	13/13 meetings
Member of the Audit Committee	Outside Director Victor Chu	11/13 meetings
Member of the Audit Committee	Outside Director Masahiro Ishizuka	9/9 meetings (the number of meetings held after his appointment)
Member of the Audit Committee (Full-time)	Director (Non-Executive) Shoji Ogawa	13/13 meetings

(*) As of the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, Outside Director Noriaki Shimazaki retired.

As of the said Annual General Meeting of Shareholders, Masahiro Ishizuka was served as Chairman of the Audit Committee.

The status of the activities of the Committee is stated in section entitled “Item 4. Company Information 4. Status of Corporate Governance and Other (3) Status of audit”

(3) Compensation Committee

This Committee is a statutory organ which determines the Company’s policy with respect to the determination of the details of Director’s and Executive Officer’s compensation. The Committee also determines the details of each Director and Executive Officer’s actual compensation. The three members of the Committee are elected by the Board of Directors.

The Committee has been held not less frequently than annually as necessary. Eleven meetings in total were held during the fiscal year ended March 31, 2024.

Attendance record of each Director at meetings of the Committee held during the fiscal year ended March 31, 2024

(As of March 31, 2024)

Position and Name	Attendance Record (Year ended March 31, 2024)
Member of the Compensation Committee (Chairman)	Outside Director Kazuhiko Ishimura (*)
Member of the Compensation Committee	Outside Director Takahisa Takahara
Member of the Compensation Committee	Chairman of the Board of Directors (Non-Executive) Koji Nagai

(*) As of the conclusion of the Annual General Meeting of Shareholders held on June 25, 2024, Outside Director Kazuhiko Ishimura retired.

As of the said Annual General Meeting of Shareholders, Taku Oshima was appointed as an Outside Director and served as Chairman of the Compensation Committee.

Specific deliberations of the Committee are stated in section entitled “Item 4. Company Information 4. Status of Corporate Governance and Other (4) Compensation of Statutory Officers”

(4) Board Risk Committee

This Committee is a non-statutory organ of which purpose is to assist the Board of Directors in supervising Nomura Group’s risk management and to contribute to sophistication of the risk management. The five members of the Committee are elected by the Board of Directors.

The Committee has been held not less frequently than four times a year as necessary. Five meetings in total were held during the fiscal year ended March 31, 2024.

Attendance record of each Director at meetings of the Board Risk Committee held during the fiscal year ended March 31, 2024

(As of March 31, 2024)

Position and Name	Attendance Record (Year ended March 31, 2024)
Member of the Board Risk Committee (Chairperson)	Outside Director Laura Simone Unger
Member of the Board Risk Committee	Outside Director Noriaki Shimazaki (*)
Member of the Board Risk Committee	Outside Director Victor Chu (*)
Member of the Board Risk Committee	Outside Director J. Christopher Giancarlo
Member of the Board Risk Committee	Outside Director Patricia Mosser
Member of the Board Risk Committee	Outside Director Miyuki Ishiguro
Member of the Board Risk Committee	Director (Non-Executive) Shoji Ogawa

(*) As of the Annual General Meeting of Shareholders held on June 25, 2024, Outside Director Noriaki Shimazaki retired.

As of the said Annual General Meeting of Shareholders, Victor Chu retired a member of the Board Risk Committee.

Specific deliberations of the Committee for the fiscal year ended March 31, 2024

Key Deliberations	
Risk Appetite	Regular review of Risk Appetite and revision of the Risk Appetite Statement
Enhance and Strengthen Risk Management	Efforts to enhance and strengthen management of risks, such as liquidity risk, reputational risk, and risks related to IT and cybersecurity
Top Risks / Emerging Risks	Update on risk themes with a high potential to significantly impact the Company's management strategy and finance
Stress Testing	Review of stress scenarios, including scenarios that assume heightened geopolitical risks

(*) For details of the Company's risk management activities based on these deliberations are stated in section entitled "Item 4. Company Information 4. Status of Corporate Governance and Other (1) Status of Corporate Governance Establishment of Risk Management Framework"

<Business Execution Framework>

As a Company with Three Board Committees, the Board of Directors has, to the extent permitted by laws and regulations, delegated to the Executive Officers decision making authority for business execution functions to ensure that the Executive Officers can execute the Company's business with speed and efficiency. Among the matters delegated to the Executive Officers by resolutions adopted by the Board of Directors, the most important matters of business must be decided upon deliberation by specific management bodies within the Company including the Executive Management Board, the Group Risk Management Committee, the Nomura Group Conduct Committee, the Sustainability Committee, and the Internal Controls Committee. The Board of Directors is to receive reports on the status of the deliberations at the Executive Management Board, etc. by each management body at least once every three months.

The roles and composition of each management body are as follows:

(1) Executive Management Board

This Board is chaired by Kentaro Okuda, the Representative Executive Officer, President, and the Group CEO, and also consists of the Executive Officers and other persons designated by the Representative Executive Officer, President, and the Group CEO. It deliberates and determines management strategies, business plans, budgets, allocation of management resources, and other important matters related to the management of the Nomura Group.

(2) Group Risk Management Committee

This Committee is chaired by Kentaro Okuda, the Representative Executive Officer, President, and the Group CEO, and also consists of one representative executive officer other than the Representative Executive Officer, President, and the Group CEO appointed by the Chairman, the Chief Compliance Officer (CCO), Chief Risk Officer (CRO), Chief Financial Officer (CFO), Division Heads (responsible for execution of business in each division) and other persons designated by the Chairman. The Executive Management Board has delegated authority to the Committee to deliberate and determine important matters concerning enterprise risk management of the Nomura Group.

(3) Nomura Group Conduct Committee

This Committee is chaired by Toshiyasu Iiyama, the Executive Officer, Deputy President, and also consists of the Chief Compliance Officer (CCO) and other persons designated by the Representative Executive Officer, President, and the Group CEO. It is the core in embedding the Nomura Group Code of Conduct and in discussing compliance and conduct risk management within the Nomura Group.

(4) Sustainability Committee

This Committee is chaired by Kentaro Okuda, the Representative Executive Officer, President, and the Group CEO, and also consists of other persons designated by the Representative Executive Officer, President, and the Group CEO. It deliberates and determines matters such as the strategy in relation to promoting sustainability in the Nomura Group.

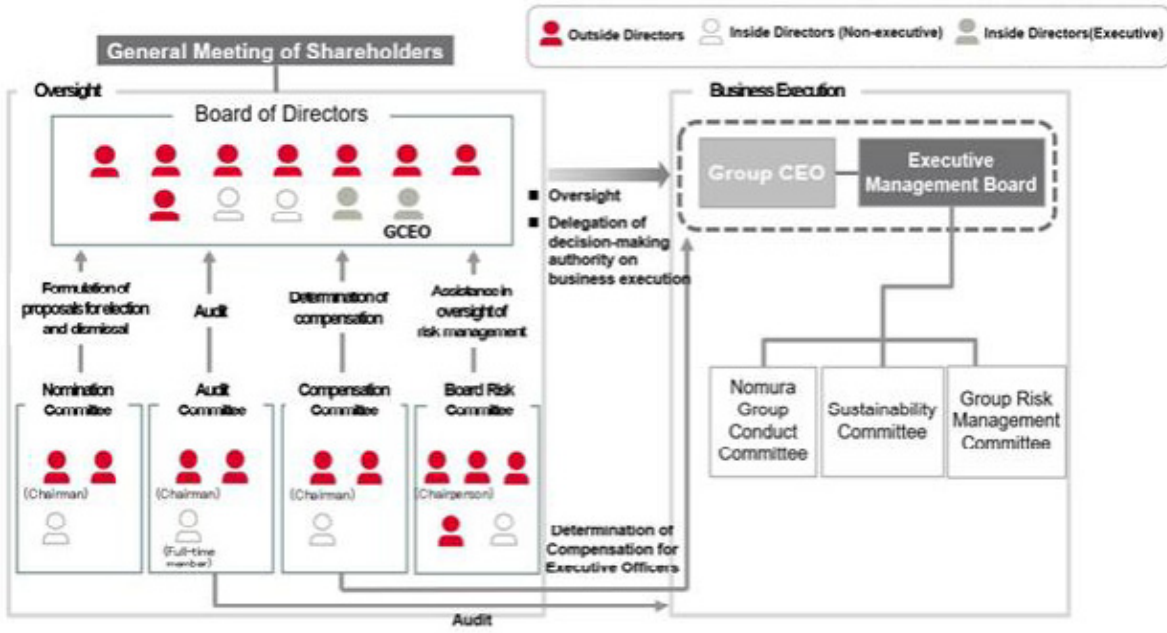
(5) Internal Controls Committee

This Committee is chaired by Kentaro Okuda, the Representative Executive Officer, President, and the Group CEO, and also consists of an Audit Committee member elected by the Audit Committee, a Director elected by the Board of Directors, and other persons designated by the Representative Executive Officer, President, and the Group CEO. It deliberates on important matters concerning areas such as internal controls, audit activities and risk management in relation to the Nomura Group's business.

In order to further bolster the Company's business execution framework for financial operations that are becoming increasingly sophisticated and specialized, the Company utilizes a system whereby the Executive Officers delegate a part of their authority for business execution decisions to Senior Managing Directors, who focus on individual business and operations.

■ Corporate Governance System

(As of the filing date)

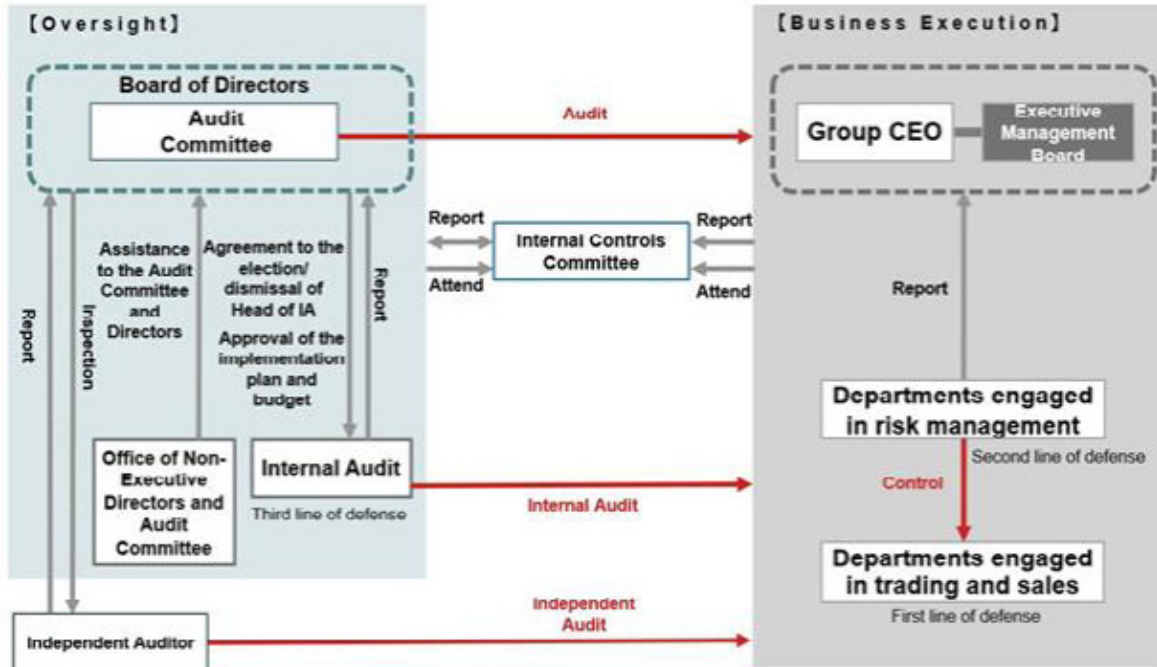


Status of the Internal Controls System and Status of the Internal Controls System of the Subsidiaries

The Company is committed to strengthening and improving its internal controls system in order to promote proper corporate behavior throughout the Nomura Group, from the viewpoints of ensuring management transparency and efficiency, complying with laws and regulations, controlling risks, ensuring the reliability of business and financial reports and fostering the timely and appropriate disclosure of information.

The internal controls system in the Company has been implemented based on a resolution adopted by the Board of Directors under the title “Structures for Ensuring Appropriate Operations at Nomura Holdings, Inc.,” which also includes matters regarding maintenance of internal control system as a group. Further, based on the content of the resolution of the Company, each Nomura Group company maintains internal control system that reflects the actual conditions of each company.

■ Structure of Nomura Holdings’ internal controls system



Regulations regarding the Number of Directors

The Company’s Articles of Incorporation provide for not more than 20 Directors.

Requirements for a Resolution to Appoint Directors

For the purpose of carrying out the smooth operation of the General Meeting of Shareholders, the Company’s Articles of Incorporation provide that a resolution for the appointment of Directors shall be adopted at a general meeting of shareholders with a vote in favor by a simple majority of the voting rights held by the shareholders present at a meeting attended by shareholders entitled to exercise voting rights holding in aggregate 1/3 or more of the total voting rights. The Company’s Articles of Incorporation also provide that no cumulative voting shall be used for the appointment of Directors.

Requirements for a “Special” Resolution at the General Meeting of Shareholders

The Company’s Articles of Incorporation provide that any resolution under Article 309, Paragraph 2 of the Companies Act must be adopted with a vote in favor by 2/3 of the voting rights held by the shareholders at a meeting attended by shareholders entitled to exercise voting rights holding in aggregate 1/3 or more of the total voting rights.

Decision-Making Body for Dividends, Etc.

In order for the Company to return profit to the shareholders and execute capital policy by responding flexibly to changes in the business environment, the Company's Articles of Incorporation provide that dividend distributions, etc., under Article 459, Paragraph 1 of the Companies Act must be approved by a resolution adopted by the Board of Directors, instead of a resolution adopted by the general meeting of shareholders, unless otherwise prescribed by law.

Release for Directors and Executive Officers

In order for the Directors and Executive Officers to perform their expected roles in the execution of their duties, the Company's Articles of Incorporation provide that Directors (including former Directors) and Executive Officers (including former Executive Officers) can be released from Companies Act Article 423, Paragraph 1 liability by a resolution adopted by the Board of Directors pursuant to Article 426, Paragraph 1 of the Companies Act, up to the amount specified in applicable laws and regulations.

Limitation of Liability Agreement

The Company has entered into agreements to limit Companies Act Article 423, Paragraph 1 liability for damages (limitation of liability agreements) with Director Shoji Ogawa and all of the Outside Directors. Liability under each such agreement is limited to either ¥20 million or the amount prescribed by laws and regulations, whichever is greater.

Directors and Officers Liability Insurance Contracts

The Company has entered into directors and officers liability insurance contracts set forth in Article 430-3, Paragraph 1 of the Companies Act with insurance companies, which have persons such as directors, executive officers, senior managing directors, auditors, and senior employees of the Company and its subsidiaries, etc. as insured persons. Under such insurance contracts, there will be an indemnification of losses, such as compensation for damages and litigation costs, incurred by an insured person due to a claim for loss or damage caused by an act (including an omission) carried out on the basis of the position, such as director or officer, held by the insured at the Company, and all insurance premiums of insureds have been entirely borne by the Company. However, there are certain exclusions applicable to such insurance contracts such as losses caused by a deliberately fraudulent or dishonest act of individuals such as directors/officers.

Preferred Stock

In order to secure as many financing options as possible and make it possible to promptly respond in the future to changes in the environment, including changes in the economic and business environments, the Company's Articles of Incorporation essentially provides that the Company can issue preferred stock with no voting rights, in addition to common stock. The unit for preferred stock is 100 shares, which is the same as the unit for common stock. The shareholders of preferred stock may not exercise voting rights with regard to any proposals at a general meeting of shareholders, as long as such shareholders of the preferred stock receive preferred dividends that are paid in priority to the shareholders of the common stock. Further, currently as of the date of this submission, the only stock that has actually been issued is common stock.

Establishment of Risk Management Framework

Overview of Risk Management

Business activities of Nomura Group are exposed to various risks such as market risk, credit risk, operational risk and other risks caused by external factors. Nomura Group has established a risk management framework to control, monitor and report those risks in a comprehensive manner in order to maintain financial soundness and to sustain and enhance its enterprise value.

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) strategic risk, the risk to current or anticipated earning, capital, liquidity, enterprise value, or the Nomura Group's reputation arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to change in the industry or external environment.

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 in this Item.

Nomura engages in the risk management through the Three Lines of Defense framework.

- **First Line of Defense:** All executives and employees of the front office for Financial Risk and all executives and employees for Non-Financial Risk are primarily responsible for risk management and assume the consequences associated with business execution and to provide evidence and justify that the risk arising from their business activities is in line with risk appetite.
- **Second Line of Defense:** The department responsible for risk management supports and monitors management activities on the First Line of Defense and reports to the board and the senior management. In addition, the Second Line independently evaluates risk management governance established by the First Line.
- **Third Line of Defense:** The Internal Audit function examines and evaluates the risk management from an independent standpoint, provides advice for improvement, and reports the examination and evaluation results to the Audit Committee.

Risk Appetite

Nomura has determined the types and levels of risk that it will assume in pursuit of its strategic objectives and business plan in consideration of the constraints by regulatory capital, liquidity, and business conditions and has articulated this in its Risk Appetite. This document is jointly submitted by the Chief Risk Officer (the “CRO”) and the Chief Financial Officer (the “CFO”) to the Executive Management Board (the “EMB”) for approval. It will then be further reviewed at the Board Risk Committee (the “BRC”) through the authority to consent to the relevant proposal raised by the executive side.

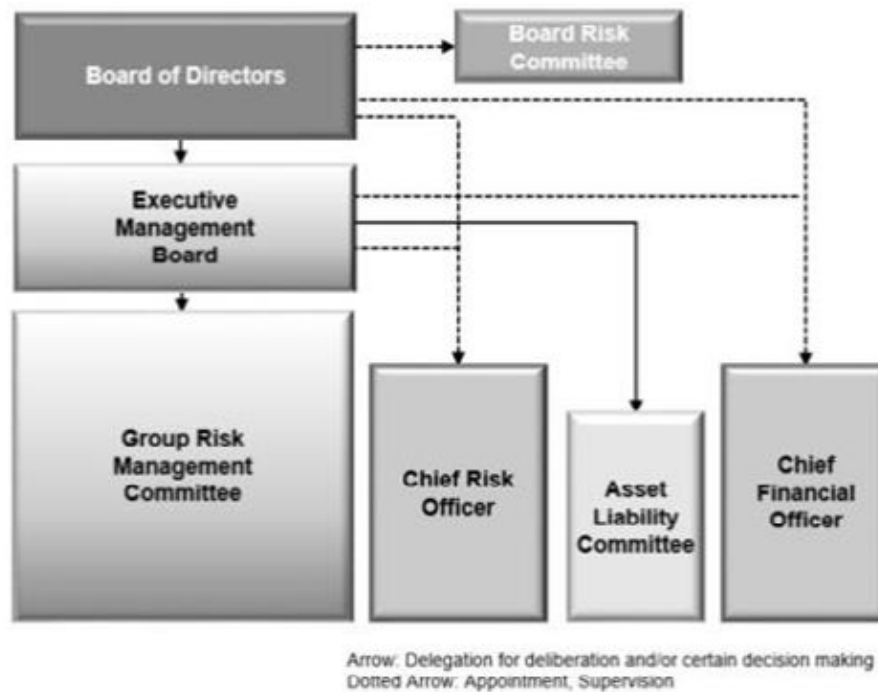
The Risk Appetite provides an aggregated view of risk and includes capital adequacy and liquidity, financial risk and non-financial risk. It is subject to regular monitoring and breach escalation as appropriate by the owner of the relevant risk appetite.

Nomura’s Risk Appetite is required to be reviewed at least 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.

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

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.

Board Risk Committee

The BRC provides specialized oversight to deepen the oversight functions of the BoD. To ensure a high degree of independence, the BRC is chaired by an outside director. The BRC contributes to more sophisticated Group risk management mainly in the areas outlined below:

- Amendment and abolition of the Risk Appetite Statement
- Change in risk management framework
- Results of analysis and verification or future forecasts of risk environment
- Execution state of the overall risk management and medium- to long-term risk strategies

Executive Management Board

The purpose of EMB is to deliberate on and/or determine management strategy, allocation of management resources and important managerial matters of Nomura, and 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 Group Risk Management Committee (the "GRMC"). 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 risk-weighted asset 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 Risk Management Committee

The GRMC shall be operated, upon delegation from the EMB, for the purpose of deliberating on or determining important matters concerning enterprise risk management of Nomura and thereby assuring the sound and effective management of the businesses.

Asset Liability Committee (the "ALCO")

The purpose of the ALCO is, upon delegation from the EMB and the GRMC, to deliberate on, based on risk appetite of Nomura as approved by the EMB, balance sheet management and related matters.

Chief Risk Officer

The CRO, upon delegation from the BoD or the EMB, is responsible for the risk management framework for financial risks as the second line of defense. The CRO can delegate the authority to the committees, which deliberate on and determine the matters concerning financial risk management and the persons responsible for financial risk management. The CRO undertakes a role of assessing the non-financial risk management framework second line corporate functions create and ensuring the adequacy of the framework by providing challenge to the corporate functions, such as giving instructions on necessary actions to enhance the framework (Please also refer to the description of "Other Responsible Officers", who is primary responsible for non-financial risk matters). The CRO provides challenge on Liquidity Risk management of activities as necessary. (Please also refer to the description of "Chief Financial Officer", who is primary responsible for Liquidity Risk matters.) The CRO is responsible for managing the Risk Appetite jointly with the Chief Financial Officer.

Chief Financial Officer

The CFO, upon delegation from the BoD or the EMB, is responsible for managing financial resources and the risk management framework for Liquidity Risk as the second line of defense, and for managing the Risk Appetite jointly with the CRO.

The CFO can delegate the authority to the committees which deliberate on and determine the matters concerning managing financial resources and Liquidity Risk management and the persons responsible for managing financial resources and Liquidity Risk management.

Other Responsible Officers

Officers, who oversee the functions in charge of Operational Risks in accordance with the Risk Management Policy of Three Lines of Defense, are responsible for formulating the appropriate management framework and taking the lead in designing Risk Appetites for Operational Risks they cover. They also cooperate with the CRO who is responsible for monitoring and maintaining of the effectiveness of the Risk Appetites.

The Chief Compliance Officer (the “CCO”) is responsible for taking the lead in the coordination for formulating the appropriate management framework and designing Risk Appetite for Reputational Risk, with the cooperation of the CRO. The CCO also cooperates with the CRO who is responsible for monitoring and maintaining of the effectiveness of the Risk Appetite.

Risk Policy Framework

Policies, standards, and procedures are essential tools of governance and define principles, rules and standards, and the specific processes that must be adhered to in order to effectively manage risk at Nomura. Risk management operations are designed to function in accordance with these policies, standards and procedures.

Monitoring, Reporting and Data Integrity

Development, consolidation, monitoring and reporting of risk management information (“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. These divisions are 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 unit. 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 (“RWA”). 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 RWA by each division and by additional lower levels of the division. In addition, the EMB determines the risk appetite for the level of exposures under the leverage ratio framework which is a non-risk based measure to supplement RWA. See Item 2. “*Operating and Financial Review—4. Operating, Financial and Cash Flow Analyses by Management—(5) Liquidity and Capital Resources—Consolidated Regulatory Capital Requirements*” in this annual report for further information on our consolidated capital adequacy ratios and RWA.

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.

Risk Category and Definition

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

<u>Risk Category</u>	<u>Definition</u>
<u>Financial Risk</u>	
Market risk	Risk of loss arising from fluctuations in values of financial assets or debts (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's default, insolvency or administrative proceeding which results in the obligor's failure to meet its contractual obligations in accordance with agreed terms. It is also the risk of loss arising through a credit valuation adjustment (the "CVA") associated with deterioration in the creditworthiness of a counterparty.
Model risk	Risk of financial loss, incorrect decision making, or damage to the firm's credibility arising from model errors or incorrect or inappropriate model application.
<u>Non-financial Risk</u>	
Operational risk	Risk of financial loss or non-financial impact arising from inadequate or failed internal processes, people and systems, or from external events. Operational risk includes in its definition Compliance, Legal, IT and Cyber Security, Fraud, Third Party and other non-financial risks.
Reputational risk	Possible damage to Nomura's reputation and associated risk to earnings, capital or liquidity arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with Nomura Group's values and corporate philosophy.
<u>Liquidity risk</u>	
Liquidity risk	Risk of loss arising from difficulty in securing the necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of the Nomura Group's creditworthiness or deterioration in market conditions.
<u>Other Risks</u>	
ESG: Environmental, Social and Governance	ESG is a collective term for Environmental (E), Social (S) and Governance (G) factors. "Environmental" includes issues related to impacts on the natural environment, including climate change. "Social" includes interactions with stakeholders and communities, for example the approach to human rights, workplace related issues and engagement on social issues. "Governance" includes issues related to corporate governance, corporate behavior and the approach to transparent reporting.
Strategic risk	Risk to current or anticipated earning, capital, liquidity, enterprise value, or the Nomura Group's reputation arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to change in the industry or external environment.

Market Risk Management

Market risk is the risk of loss arising from fluctuations in values 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. 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. For internal risk management purposes, VaR is calculated across Nomura using a One-day time horizon; this data is presented below. A scenario weighting scheme is employed to ensure that the VaR model responds to changing market volatility. For regulatory reporting purposes, Nomura uses a Ten-day time horizon, calculated using actual Ten-day historical market moves and employ an equal weight scheme to ensure VaR is not overly sensitive to changing market volatility. 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 closely monitored to help ensure that it remains fit for purpose. The main approach for validating VaR is to compare actual One-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. No trading losses exceeded the 99% VaR estimate (the currently required capital adequacy regulations) at the Nomura Group level for the 12 months ended March 31, 2024.

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.

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 regularly, using various scenarios based upon features of trading strategies. Nomura conducts stress testing not only at the desk level, but also at the Nomura Group level with a set of common global scenarios in order to reflect 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 Tokyo Stock Exchange.

Nomura uses regression analysis covering the previous 90 days which tracks and compares fluctuations in the TOPIX and the fair value of Nomura's equity investments held for operating purposes, which allows to determine a correlation factor. Based on this analysis for each 10% change in the TOPIX, the fair value of Nomura's operating equity investments held for operating purposes can be expected to change by ¥6.9 billion at the end of March 2023 and ¥8.3 billion at the end of March 2024. The TOPIX closed at 2,003.50 points at the end of March 2023 and at 2,768.62 points at the end of March 2024. 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'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 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, standards and procedures. Credit Risk Management ("CRM"), a global function within the Risk Management Division, is responsible for the implementation and maintenance of these policies, etc. These policies, etc. are authorized by the GRMC, GRRC and/or Global Risk Strategic Committee, prescribe the basic principles of credit risk management and set delegated authority limits, which enables CRM personnel to set credit limits.

Credit risk is managed by CRM together with various global and regional risk committees. This helps to ensure 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.

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; 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 achieve 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 frequently 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 (the "CRCU") is a function within the Risk Model Validation Group which is independent of CRM. It seeks to ensure that Nomura's internal rating system is properly reviewed and validated, and that breaks or issues are reported 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.

For regulatory capital calculation purposes, Nomura has been applying the Foundation Internal Rating Based Approach in calculating credit RWA 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. Furthermore, we are currently preparing for regulatory changes that will take effect from April 2025.

Internal ratings are mapped to the probabilities of default ("PD") which in turn are used for calculating credit RWA. PDs are estimated annually by the Risk Methodology Group and validated by the CRCU through testing of conservativeness and backtesting of PDs used in calculations.

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. Changes in circumstances that alter Nomura's risk appetite for any particular counterparty, sector, industry or country are reflected in changes to the internal rating and credit limit as appropriate.

Nomura's global credit risk management systems record credit limits and capture credit exposures to Nomura's counterparties allowing CRM to measure, monitor and manage utilization of credit limits, ensure appropriate reporting and escalation of 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 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 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 WWR exposures. Stress testing is used to support the assessment of 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. 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, or other factors.

Credit Risk to Counterparties in Derivatives Transaction

The credit exposures arising from Nomura's trading-related derivatives as of March 31, 2024 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.

Credit Rating	Billions of yen									
	Years to Maturity					Cross-Maturity Netting ⁽¹⁾	Total Fair Value (a)	Collateral obtained (b)	Replacement cost ⁽³⁾ (a)-(b)	
	Less than 1 year	1 to 3 years	3 to 5 years	5 to 7 years	More than 7 years					
AAA	¥ 16	¥ 13	¥ 5	¥ 12	¥ 52	¥ (85)	¥ 13	¥ 1	¥ 12	
AA	359	336	156	100	712	(1,272)	391	103	288	
A	517	397	209	219	864	(1,748)	458	168	290	
BBB	302	109	65	39	315	(492)	338	157	181	
BB and lower	161	92	67	8	52	(238)	142	568	—	
Other ⁽²⁾	63	82	104	128	831	(1,246)	(38)	90	—	
Sub-total	¥ 1,418	¥ 1,029	¥ 606	¥ 506	¥ 2,826	¥ (5,081)	¥ 1,304	¥ 1,087	¥ 771	
Listed	587	38	13	5	0	(423)	220	244	—	
Total	¥ 2,005	¥ 1,067	¥ 619	¥ 511	¥ 2,826	¥ (5,504)	¥ 1,524	¥ 1,331	¥ 771	

- (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

At Nomura, country risk is defined as the business uncertainty arising from a significant occurrence affecting a country (such as political, economic, legal and other events). Nomura's country risk framework acts as a complement to other risk management areas and encompasses a number of tools including, but not limited to, country limits, which restrict credit exposure concentration to any given country. Other tools to manage country risk include country ratings as well as country risk policies and procedures that describe responsibilities and delegation for decision-making.

Nomura's credit portfolio remains well-diversified by country (region) and concentrated towards highly-rated countries (regions). Over 95% of the exposure was from investment-grade rated countries (regions). The breakdown of top 10 country (region) exposures is as follows:

Top 10 Country (Region) Exposures ⁽¹⁾	Billions of yen (As of March 31, 2024)
United States	7,477
Japan	2,635
United Kingdom	1,105
Singapore	301
Canada	257
India	249
South Korea	223
Germany	217
Luxembourg	186
Hong Kong S.A.R	169

- (1) The table represents the Top 10 country (region) exposures as of March 31, 2024 based on country of risk, combining counterparty and inventory exposures

- Counterparty exposures include cash and cash equivalents held at banks; the outstanding default fund and initial margin balances posted by Nomura to central clearing counterparties as legally required under its direct and affiliate clearing memberships; the aggregate marked-to-market exposure by counterparty of derivative transactions and securities financing transactions (net of collateral where the collateral is held under a legally enforceable margin agreement); and the fair value of total commitment amount less any applicable reserves
- Inventory exposures are the market value of debt and equity securities, and equity and credit derivatives, using the net of long versus short positions.

Operational Risk Management

Operational risk is the risk of financial loss, or non-financial impacts such as violations of laws and regulations or deterioration of the reputation of Nomura, resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risk includes in its definition Compliance, Legal, IT, and Cyber Security, Fraud, Third Party and other non-financial risks. It excludes strategic risk (the risk of loss as a result of poor strategic business decisions), and reputational risk, however, some operational risks can lead to reputational issues and as such operational and reputational risks may be closely linked.

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 GRMC, with delegated authority from the EMB has formal oversight over the management of operational risk. This framework is set out below:

Foundation of the risk management framework

- Policy framework: Sets standards for managing operational risk and details how to monitor adherence to these standards.
- Training and awareness: Action taken by the Operational Risk Management (“ORM”) to improve business understanding of operational risk.

Key risk management activities

- Event Reporting: This process is used to identify and report any event which resulted in or had the potential to result in a loss or gain or other impact associated with inadequate or failed internal processes, people and systems, or from external events.
- Risk and Control Self-Assessment (the “RCSA”): This process is used to identify the inherent risks the business faces, the key controls associated with those risks and relevant actions to mitigate the residual risks. Global ORM are responsible for developing the RCSA process and supporting the business in its implementation.
- Key Risk Indicators (the “KRI”): KRIs are metrics used to monitor the business’ exposure to operational risk and trigger appropriate responses as thresholds are breached.
- Scenario Analysis: The process used to assess and quantify potential high impact, low likelihood operational risk events. During the process actions may be identified to enhance the control environment.

Outputs from the risk management activities

- 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 regulations and local regulatory requirements.

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 (the “Beta Factor”) determined by the FSA, to establish the amount of required operational risk capital. Furthermore, we are currently preparing for regulatory changes that will take effect from April 2025.

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 business line defined in the Standardized Approach 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 of financial loss, incorrect decision making, or damage to the firm’s credibility arising from Model errors or incorrect or inappropriate Model application.

To effectively manage the Firm’s Model Risk, Nomura has established a Model Risk Management Framework to govern the development, ownership, validation, approval, usage, ongoing monitoring, and periodic review of the Firm’s Models. The framework is supported by a set of policies and procedures that articulate process requirements for the various elements of the model lifecycle, including monitoring of model risk with respect to the Firm’s appetite.

New models and material changes to approved models must be independently validated prior to official use. Thresholds to assess the materiality of model changes are defined in Model Risk Management’s procedures. During independent validation, validation teams analyze a number of factors to assess a model’s suitability, identify model limitations, and quantify the associated model risk, which is ultimately mitigated through the imposition of approval conditions, such as usage conditions, model reserves and capital adjustments. Approved models are subject to Model Risk Management’s periodic review process and ongoing performance monitoring to assess their continued suitability. Appropriately delegated Model Risk Management Committees provide oversight, challenge, governance, and ultimate approval of validated Models.

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 escalation policies to facilitate approval of limits at appropriate levels of seniority. The Risk Management Division and the Finance Division are 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 risk, credit risk, model risk, etc.

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. The liability for non-compliance is also clarified.
- (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 various risk classes as a result of the new product or business.

The new business approval process continues to seek assuring the sound and effective management to better meet the various changes observed in the market environment.

Stress Testing

Stress testing performed at the Nomura Group seeks to provide comprehensive coverage of risks across different hierarchical levels, and covers different time horizons, severities, plausibilities and stress testing methodologies. The results of stress tests are used in capital planning processes, capital adequacy assessments, liquidity adequacy assessments, recovery and resolution planning, assessments of whether risk appetite is appropriate, and in routine risk management.

Stress tests are run on a regular basis or on an ad hoc basis as needed, for example, in response to material changes in the external environment and/or in the Nomura Group risk profile. The results of stress tests with supporting detailed analysis are reported to senior management and other stakeholders as appropriate for the stress test being performed.

Stress testing is categorized either as sensitivity analysis or scenario analysis and may be performed on a Nomura Group-wide basis or at more granular levels.

- Sensitivity analysis is used to quantify the impact of a market move in one or two associated risk factors (for example, equity prices, equity volatilities) in order primarily to capture those risks which may not be readily identified by other risk models;
- Scenario analysis is used to quantify the impact of a specified event across multiple asset classes and risk classes. This is a primary approach used in performing stress testing at the different hierarchical levels of the Nomura Group;

Scenario analysis includes following examples.

- Nomura Group establishes several stress scenarios to validate risk appetite for capital and liquidity soundness, taking into account the business environment, business's risk profile, economic environment and forecasts.
- Group-wide stress to assess the capital adequacy of the Nomura Group under severe but plausible market scenarios is conducted on a quarterly basis at a minimum; and
- Reverse stress testing, a process of considering the vulnerabilities of the firm and hence how it may react to situations where it becomes difficult to continue its business, and reviewing the results of that analysis, is conducted on an annual basis at a minimum.

Stress testing is an integral part of the Nomura Group's overall governance and is used as a tool for forward-looking risk management, decision-making and enhancing communication amongst Corporate Functions, Business Divisions, and senior management.

(3) Status of audit

1. Status of Audits by the Audit Committee

Organization, personnel, and procedures of audits by the Audit Committee

As of the submission date of the annual securities report, the Audit Committee is composed of two outside directors and one full-time director who does not concurrently serve as an executive officer and does not execute business operations. All members of the Audit Committee must be independent pursuant to the Sarbanes-Oxley Act of the United States, as well as related Securities and Exchange Commission rules and New York Stock Exchange rules, and in principle one or more members of the Audit Committee must be financial experts.

Position	Name	Length of service as an Audit Committee member	Experience and Knowledge
Audit Committee Chairperson (outside)	Masahiro Ishizuka	one year	With many years of experience as a Certified Public Accountant, is familiar with international accounting systems and has a high level of expertise, qualifying as a Financial Expert pursuant to the U.S. Sarbanes-Oxley Act
Audit Committee Member (outside)	Victor Chu	two years	Has a wealth of experience in corporate management and the financial industry and a high level of expertise regarding laws, regulations, and corporate governance
Audit Committee Member (full-time)	Shoji Ogawa	three years	Has a wealth of experience and knowledge in the fields of Nomura Group's governance, internal control and internal audits, primarily through being in charge of Group Internal Audit

On June 25, 2024, Noriaki Shimazaki, serving as Audit Committee Chairperson for 8 years, retired, and Masahiro Ishizuka was appointed as Audit Committee Chairperson.

The Audit Committee's mission is to contribute to increased corporate value for the Nomura Group through audit activities, and it upholds "sophistication," "cooperation," and "sincerity" as its values. In accordance with audit policies and the division of duties among its members, etc., the Audit Committee monitors and verifies the establishment and operation of the Nomura Group's internal control system and carries out audits concerning the legality, validity, and efficiency of the execution of duties by directors and executive officers.

Sophistication	We conduct further sophistication of our audit activity responding to increasing social demand, global best standard and advances in technology
Cooperation	We enhance the efficiency of our audit activity by deepening cooperation with external and internal stakeholders
Sincerity	We act with independence and objectivity to fulfill our responsibility with the highest standards of ethics and integrity

In order to increase the effectiveness of audits by the Audit Committee, a full-time director may be appointed among Audit Committee members and a full-time director who does not concurrently serve as an executive officer may be appointed as an "Audit Mission Director." Furthermore, the Company has established the "Office of Non-Executive Directors and Audit Committee" as a department dedicated to supporting the duties of the Audit Committee and directors. To ensure the independence of the Office of Non-Executive Directors and Audit Committee from business execution, its employees are evaluated by either the Audit Committee or an Audit Committee member designated by the Audit Committee, whose consent is required for the hiring, transfer, or discipline of such employees.

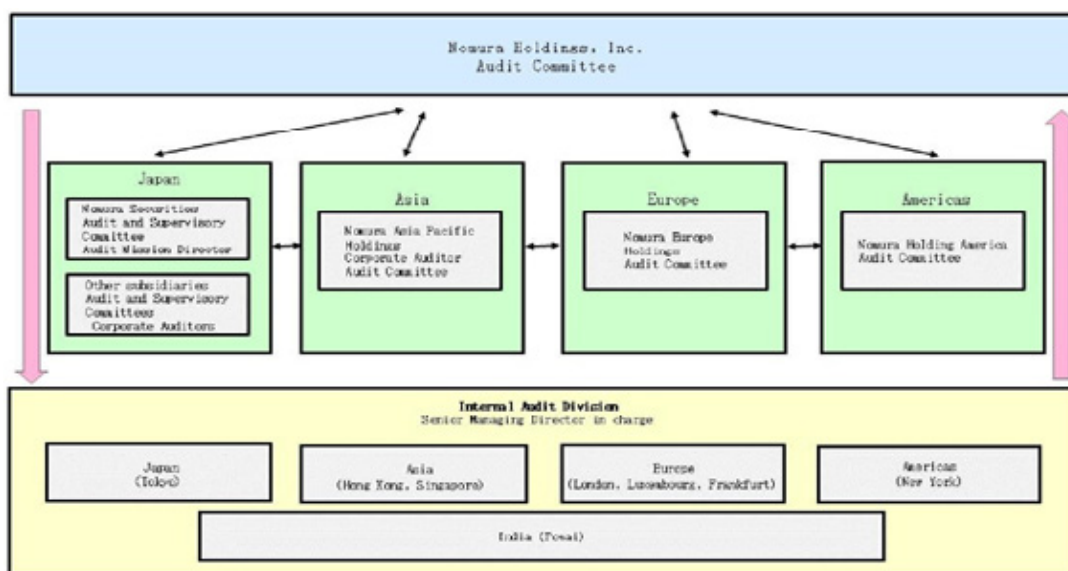
Characteristics of the Audit Committee

- Regarding matters deemed to be especially important during audit activities, the Audit Committee offers comments and proposals in the form of "Observations of the Audit Committee" included in regular quarterly reports on execution of duties submitted to the Board of Directors, and exchanges views with directors who are not members of the Audit Committee.
- The chairperson of the Audit Committee also serves as the chairperson of the Audit and Supervisory Committee of Nomura Securities, the Company's main subsidiary. At Nomura Securities, as at the Company, a full-time non-executive director may be appointed as an "Audit Mission Director." The Audit Committee engages in audit activities in cooperation with the Audit and Supervisory Committee, including two outside Audit and Supervisory Committee members, as well as with Nomura Securities' three Audit Mission Directors.

- The Audit Committee conducts audits in an effective and efficient manner also in cooperation with the internal control divisions and with the audit committee members, audit and supervisory committee members, and corporate auditors of domestic and foreign subsidiaries other than Nomura Securities, as well as with the Internal Audit Division and the accounting auditor. In addition, the Audit Committee conducts communication with financial authorities as necessary.
- The primary reporting line of the Internal Audit Division is to the Audit Committee. The Audit Committee or an Audit Committee member designated by the Audit Committee approves preparation of the implementation plan pertaining to internal audits and the related budget. In addition, the consent of the Audit Committee or an Audit Committee member designated by the Audit Committee is required for appointment or dismissal of the person responsible for the Internal Audit Division.
- The Audit Committee conducts self-evaluations each year to clarify issues, thereby enhancing audit activities.

The full-time Audit Committee member and Nomura Securities’ three Audit Mission Directors share duties with other Audit Committee members. They audit the status of business execution and related matters through such means as attending or observing important meetings including meetings of the Board of Directors, the Board Risk Committee, and the Internal Controls Committee, as well as the Executive Management Board, the Group Risk Management Committee, and the Nomura Group Conduct Committee, and interviewing individuals including executive officers, senior managing directors, and key personnel of departments related to internal control, etc., as well as personnel at the retail branch offices, headquarters departments, and overseas offices, and conducting on-site audits. They report their findings to the Audit Committee.

Furthermore, the full-time Audit Committee member, Nomura Securities’ three Audit Mission Directors, and members of the Office of Non-Executive Directors and Audit Committee strive to enhance the audit activities of the Nomura Group by means including serving in such positions as directors or corporate auditors of major subsidiaries and monitoring the status of business execution and related matters at such companies.



Activities of the Audit Committee

During the fiscal year under review, the Audit Committee met 13 times, including a global meeting attended by the chairpersons of the audit committees of holding subsidiaries overseeing overseas regions. Each meeting lasted approximately 3 hours and 20 minutes on average. The attendance status of the Audit Committee members is as follows:

Noriaki Shimazaki Audit Committee Chairperson (outside)	Mari Sono Audit Committee Member (outside)	Victor Chu Audit Committee Member (outside)	Masahiro Ishizuka Audit Committee Member (outside)	Shoji Ogawa Audit Committee Member (full-time)
13/13 times	4/4 times	11/13 times	9/9 times	13/13 times

Mari Sono’s attendance is recorded for the meetings held until her retirement on June 27, 2023, and Masahiro Ishizuka’s attendance is recorded for the meetings held after his appointment as an Audit Committee member on June 27, 2023 (the same applies below).

The Audit Committee held a total of 42 interviews with representative executive officers, other executive officers, senior managing directors, key personnel of departments related to internal control, etc., and the accounting auditor. The Audit Committee also received reports on audit activities from the full-time Audit Committee member and Nomura Securities' three Audit Mission Directors. In addition, the Audit Committee members attended important meetings, held interviews with personnel including executive officers and senior managing directors, as well as the accounting auditor, and examined the execution of duties by directors, executive officers, and other personnel, as well as the development and operation of the internal control system.

Main Agenda Items during Audit Committee Meetings	Apr.	May	June	July	Aug.	Oct.	Dec.	Jan.	Feb.	Mar.
Deliberations concerning the Annual Audit Plan and subsequent progress	•						•			•
Deliberations concerning reporting on the execution of duties to the Board of Directors and Observations of the Audit Committee	•			•		•		•		
Deliberations concerning the Report of the Audit Committee	•	•								
Deliberations concerning evaluation of the accounting auditor	•	•	•							•
Approval of the implementation plan pertaining to internal audits and the related budget (changes to the plan are approved as necessary)										•
Appointment approval of the head of the Internal Audit Division										•
Deliberations concerning the Audit Committee's self-evaluation		•	•							
Reports from executive officers, senior managing directors, etc. (excluding Internal Audit Division reports)	•	•	•	•	•	•	•	•	•	•
Reports from the Internal Audit Division	•	•	•	•	•	•	•	•	•	•
Reports from the accounting auditor		•	•	•	•		•		•	•
Reports from external advisors							•			•
Audit activity reports from the full-time Audit Committee member, etc.	•	•	•	•	•	•	•	•	•	•
Discussions with chairpersons of regional audit committees at subsidiaries in Japan and overseas					•		•			

(No Audit Committee meetings were held in September and November.)

In the fiscal year under review, the Audit Committee's main activities and their contents were as follows.

Main Activities	Contents
Reports from executive officers, senior managing directors, etc.	<ul style="list-style-type: none"> • Reports of status of execution of duties by the President and Group CEO; Representative Executive Officer and Deputy President; Executive Officer, Deputy President and Chief of Staff; head of Wholesale; head of Investment Management; head of Content Company; CFO; CRO; CCO; Group Secretariat and Strategy and Regulatory Affairs; CTO; Group CIO, etc. • Reports concerning certifications from the Group CEO and CFO attached to annual reports (Form 20-F), as well as confirmation letters and internal controls reports for annual securities reports • Reports of quarterly financial results overview from the CFO • Report on the background and response to the correction of certain classification and presentation in the prior-year consolidated cash flow statement by the CFO and the Senior Managing Director in charge of Group Finance • Internal Audit reports (including internal audit implementation plans and budget requests)
Reports from the accounting auditor	<ul style="list-style-type: none"> • Financial audit plan and quarterly review plans (Japanese standards and U.S. standards) • Quarterly review results • Background and response to the correction of certain classification and presentation in the prior-year consolidated cash flow statement, and results of audit and review of corrected financial statements • Results of financial audits required by the Companies Act • CAM/KAM (critical/key audit matters) • Status and results of the integrated audit concerning consolidated financial statements and internal controls pertaining to financial reporting • Results of the Japanese Institute of Certified Public Accountants quality control review, the Certified Public Accountants and Auditing Oversight Board inspection, etc. • Status of progress toward audits utilizing advanced digital technologies
Reports from external advisors	<ul style="list-style-type: none"> • Risk appetite framework, and risk management concerning IT and AI • External quality assessment of the Internal Audit Division

The status of attendance at important meetings excluding the Audit Committee meetings by each member of the Audit Committee during the fiscal year under review was as follows.

<u>Meeting</u>	<u>Noriaki Shimazaki Audit Committee Chairperson (outside)</u>	<u>Mari Sono Audit Committee Member (outside)</u>	<u>Victor Chu Audit Committee Member (outside)</u>	<u>Masahiro Ishizuka Audit Committee Member (outside)</u>	<u>Shoji Ogawa Audit Committee Member (full-time)</u>
Board of Directors meetings	• 11/11 times	2/2 times	11/11 times	9/9 times	11/11 times
Board Risk Committee meetings	• 5/5 times	—	3/5 times	—	5/5 times
Internal Controls Committee meetings	• 4/4 times	—	—	—	4/4 times

During the fiscal year under review, the full-time Audit Committee member, Nomura Securities' Audit Mission Directors, and members of the Office of Non-Executive Directors and Audit Committee serving as the corporate auditors of domestic subsidiaries conducted a total of 205 interviews, etc. with executive officers, senior managing directors, and key domestic and overseas personnel under their authority, and on-site audits of 22 domestic retail branches and head office departments as well as overseas entities in Europe, Americas and Asia.

Cooperation with the Internal Audit Division and the Accounting Auditor

As mentioned above, the Audit Committee receives reports from the senior managing director in charge of Group Internal Audit (the SMD of Group Internal Audit) and the accounting auditor, while the SMD of Group Internal Audit attends almost all committee meetings and the accounting auditor participates in interviews conducted by the Audit Committee, deepening their understanding of the committee's concerns. In addition, the Chairperson of the Audit Committee and the full-time Audit Committee member hold monthly meetings (regular tri-party audit meetings) with the accounting auditor and the SMD of Group Internal Audit primarily to share information on various topics, not limited to audits. In the fiscal year under review, monthly tri-party audit meetings were held 12 times, and Noriaki Shimazaki and Shoji Ogawa attended all of them. Furthermore, the full-time Audit Committee member and Nomura Securities' Audit Mission Directors receive reports from the SMD of Group Internal Audit every month, while the Audit Committee members communicate with the accounting auditor as needed.

Annual Audit Plan and Key Audit Items

The Audit Committee prepares an Annual Audit Plan for each business year.

Based on Nomura Group's management strategy, business environment surrounding Nomura Group and the results of audit activities up to the previous fiscal year, the Annual Audit Plan for the fiscal year under review set the following key audit items, and audits were implemented accordingly: 1) establishing a sound corporate culture, 2) enhancing the effectiveness of governance frameworks, 3) upgrading the internal control system and dealing with risk, and 4) initiatives to achieve mid-to-long term management strategies.

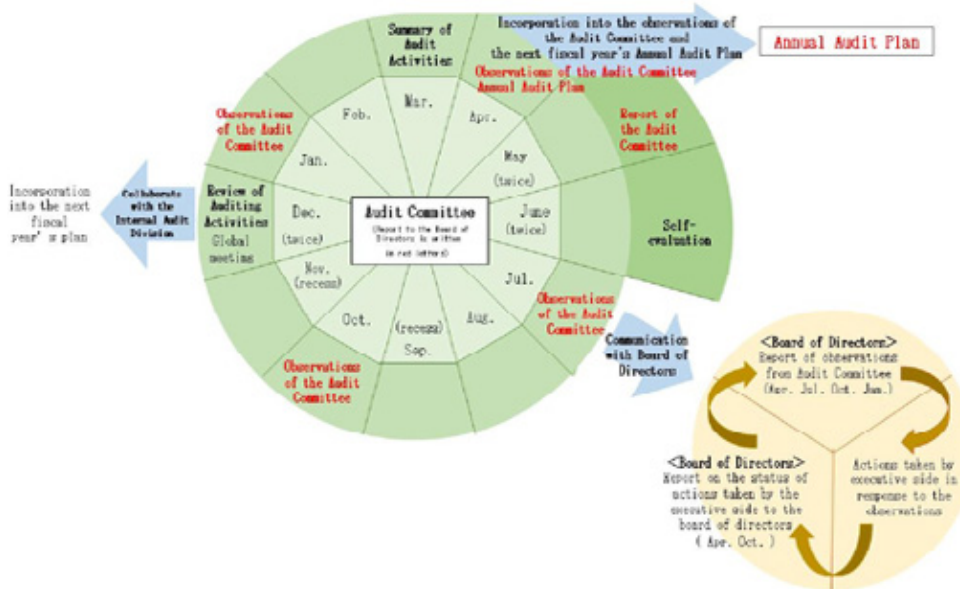
Key Audit Items and Main Focal Points of Audits	Main contents of audit, and Audit Committee's Views based on the results of audit activities
<p>1) Establishing a sound corporate culture</p> <p>(i) Coordinate efforts to promote appropriate conduct globally</p> <p>(ii) Instill a risk culture and establish a sense of ownership within the first line of defense</p>	<p>Main content of audit</p> <ul style="list-style-type: none"> - Is the management team conducting initiatives globally to establish awareness of appropriate conduct at a global and Group-wide level and evaluate desirable conduct positively. - Does the management team ensure that each executive and employee is aware of their responsibility for risk management, instill a risk culture, and establish a sense of ownership within the first line of defense. <p>Audit Committee's View</p> <ul style="list-style-type: none"> - As a result of continuous Group-wide efforts, progress has been made in instilling awareness of conduct-related compliance and risk culture among executives and employees. It is important to continue efforts to further spread such awareness and improve its quality.
<p>2) Enhancing the effectiveness of governance framework</p> <p>(i) Enhance and strengthen the oversight role of the Board of Directors</p> <p>(ii) Monitor business based on return on capital indicators and reflect the findings in management strategies</p> <p>(iii) Develop a globally consistent governance system and strengthen the three lines of defense</p>	<p>Main content of audit</p> <ul style="list-style-type: none"> - Is the Board of Directors enhancing its supervisory function and strengthening its control over the management team. - Is the management team monitoring the business based on return on capital indicators and formulating and executing management strategies based on the results. - Is the management team establishing a globally consistent governance system for business operations and strengthening the three lines of defense. <p>Audit Committee's View</p> <ul style="list-style-type: none"> - The self-evaluation by the Board of Directors resulted in generally high ratings, but we believe there is room for further enhancement in areas such as long-term analysis of company performance, improvement in information provision to various stakeholders, and strengthening efforts related to sustainability. While there is active exchange of opinions within the Board on mid-to-long term Group strategies, the Audit Committee will also closely monitor progress on strategies, as well as initiatives to address Group-wide challenges. - Global collaboration between business departments and Corporate has advanced, and efforts have been made to strengthen the three lines of defense. It remains crucial to continue to work toward establishing a globally consistent governance system and ensuring its effectiveness.

<p>3) Upgrading the internal control system and dealing with risk</p> <p>(i) Take a proactive approach to a range of risks</p> <p>(ii) Strengthen and upgrade the internal control system, primarily by making use of human resources and technologies</p> <p>(iii) Enhance the operational resilience of the entire Group over the mid-to- long term</p>	<p>Main content of audit</p> <ul style="list-style-type: none"> - Is the management team taking proactive measures to prepare for various risks such as financial risk and reputational risk; legal, compliance, and conduct-related risks; IT and cyber-related risks; and business continuity-related risk. - Is the management team strengthening and upgrading the internal control system through the hiring or reassignment of specialized and capable personnel, as well as the utilization of new technologies. - Is the management team working on initiatives to enhance the operational resilience of the entire Group on a mid-to-long term basis.
	<p>Audit Committee's View</p> <ul style="list-style-type: none"> - It is important for each Corporate Function to enhance the management of various risks and improve the effectiveness of the entire Group's operational resilience system on a mid-to-long term basis. - It has been found that there were significant deficiencies in the internal controls related to financial reporting with regard to the correction of certain classification and presentation in the prior-year consolidated cash flow statement. It is therefore necessary to develop a system for appropriate information disclosure and to enhance how this system is operated. This also applies to non-financial information, for which greater disclosure will be required going forward.
<p>4) Initiatives to achieve mid-to-long term management strategies</p> <p>(i) Allocate and utilize resources optimally to increase ROE and PBR</p> <p>(ii) Develop the infrastructure necessary to establish an efficient global operating model</p> <p>(iii) Develop an improved personnel strategy that is comprehensive and focused on the next generation, and conduct appropriate performance appraisals</p>	<p>Main content of audit</p> <ul style="list-style-type: none"> - Is the management team allocating and utilizing resources optimally to increase ROE and PBR. Are individual departments and companies, as well as Corporate, strengthening Group-wide cooperation. - Is the management team developing infrastructure such as fundamental systems and data as part of its management strategy to establish an efficient global operating model. - Is the management team developing an improved, comprehensive personnel strategy to secure talent for the next generation by enhancing brand power in each region and improving frameworks such as career development and training plans. Is it also conducting appropriate performance appraisals.
	<p>Audit Committee's View</p> <ul style="list-style-type: none"> - The management team needs to clarify its vision for the Group based on the Corporate Philosophy including the recently formulated Group Purpose. At the same time, it should develop a mid-to-long term value creation story that meets market expectations and demonstrate tangible results. - It is important to ensure a resilient financial and management foundation that can adapt to the changing environment surrounding the Group by implementing initiatives including decisive, forward-looking investments.

PDCA (Plan, Do, Check, Act) Cycle for Audit Activities

In addition to conducting audits according to the Annual Audit Plan and offering comments and proposals to the Board of Directors each quarter in the form of the Observations of the Audit Committee, the Audit Committee also reviews audit activities during, and at the end of, the fiscal year. Moreover, the full-time Audit Committee member and the Audit Mission Directors of Nomura Securities hear from the executive side about progress in responding to the Observations of the Audit Committee once every quarter and report the relevant progress to the Audit Committee, thereby ensuring mutual communication with the executive side and more effective monitoring and verification of its response by means of the Observations of the Audit Committee.

During its review of audit activities, the Audit Committee lists matters confirmed or discovered during auditing, and points that require confirmation. In this way it reinforces the holistic interconnections between individual audit activities originating in the Annual Audit Plan, and reports such as the Observations of the Audit Committee, and ensures that recognized issues are incorporated into the Annual Audit Plan for the following fiscal year. In addition, the Audit Committee strives to collaborate with the Internal Audit Division by, for instance, informing the senior managing director in charge of Group Internal Audit of recognized issues and incorporating them into the internal audit implementation plan for the following fiscal year.



Self-evaluation of the Audit Committee

The Audit Committee is promoting enhancement in areas such as its own operation, risk-based audits, the establishment of a PDCA cycle for auditing activities, and evaluation of the accounting auditor. By conducting self-evaluation of these activities, we can clarify issues and consider further enhancement measures.

In the self-evaluation conducted during the fiscal year under review, Audit Committee members were required to complete a three-level evaluation on seven items and were asked for their opinions individually regarding reasons for low assessments. The seven items were: (i) the Audit Committee's audit activities, (ii) collaboration with the Board of Directors, (iii) report from the Internal Audit Division, (iv) collaboration with the accounting auditor, (v) collaboration with the Internal Control Division, (vi) communication with supervisory authorities, and (vii) effectiveness of the Audit Committee.

Based on the results of the self-evaluation, the main areas of focus and future initiatives are:

- More proactive collaboration with audit and supervisory committees and others at major domestic Group companies and overseas entities
- A thoroughly risk-based approach and development of a system for timely and appropriate sharing of details of audit activities within the Audit Committee
- Development of a system for timely acquisition of a wide range of necessary information and even closer collaboration with the Internal Audit Division
- Confirmation of business plans for implementing management that is conscious of cost of capital and stock price, and of the process for achieving ROE targets
- Closer collaboration and sharing of concerns between the Audit Mission Directors at Nomura Securities and the secretariat

2. Status of internal audit

The Internal Audit Division's mission, from an independent and objective position, is to enhance and safeguard the value of the organization through the improvement of operations, and performs assurance activities (objective verification of obtained materials, etc.). It also aims to evaluate the effectiveness of risk management, operational management and governance processes and support the achievement of organizational goals through systematic and disciplined approach for improvement.

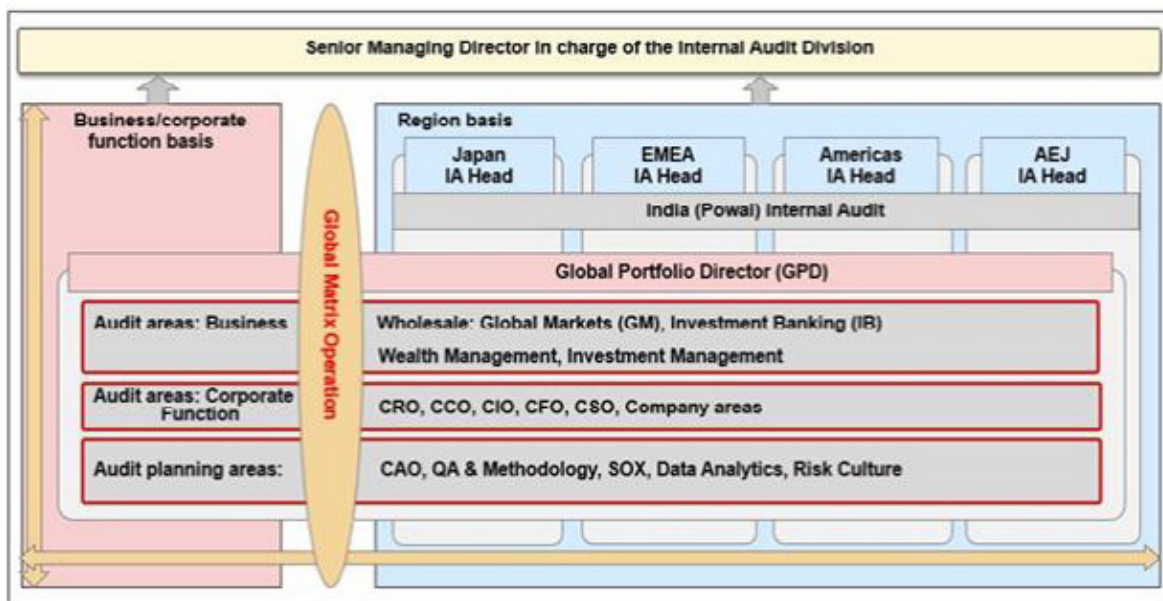
Organization, Personnel and Procedures of Internal Audit

In order to ensure the effectiveness and adequacy of internal controls, the Company has established the Internal Audit Division that is independent from business execution and reports directly to the Audit Committee. In addition to the Group Internal Audit Department within the Company, it has also set up internal audit dedicated units (and personnel) in its major subsidiaries in Japan and overseas. This allows it to audit business and corporate functions across the Nomura Group.

The Internal Audit Division is staffed by approximately 220 employees in Japan and overseas and operates under a global matrix structure based on functions and regions. Highly skilled and experienced personnel in internal auditing and related areas have been appointed as Global Portfolio Directors for each business and corporate function to be audited, whereby enhancing the overall consistency and evaluating the internal controls of the entire group globally with coherency.

In recent years, in order to promote the use of technology in internal audit activities throughout the Group, a dedicated data analytics team has been formed. In addition to the Global Portfolio Directors mentioned above, personnel skilled in data analytics and management have been assigned in each region to advance the use of data analytics in each internal audit activity. Efforts are also being made to implement continuous monitoring and other initiatives using data analytics.

[Group Internal Audit Operational Structure]



The Internal Audit Division of the Nomura Group takes a risk-based approach in principle to effectively and efficiently utilize audit resources. It conducts risk assessment for each business and operation to be audited and works on formulating and implementing its annual internal audit plan to allocate audit resources according to the type and degree of inherent risks. As a foundation for internal audit activities that supports the aforementioned Group-wide internal auditing, in addition to adopting the globally unified internal audit methodologies, which adhere to the International Professional Practices Framework (“IPPF”) established by The Institute of Internal Auditors (IIA), the Internal Audit Division has also introduced a platform used by all regions that provides workflow functionalities for various internal audit activities and approval processes as well as storage functionalities for internal audit reports, work papers, and audit trails relating to internal audit activities. The platform provides an environment in which the status and results of internal audit activities of the entire Group can be easily reviewed and analyzed.

Mutual Coordination among Internal Audit, Audit Committee Audit and Accounting Audit and the Relationship between these Audits and Internal Controls Functions

Coordination between Internal Audit and Audit Committee

The primary reporting line of the Internal Audit Division is the Audit Committee. In addition to reporting the result of each audit to the Audit Committee, the Internal Audit Division also periodically reports to the Audit Committee on the development/operation of internal audit organization and the progress of internal audits in order to promote the coordination with the Audit Committee. Notable matters on the status of the Internal Audit Division are reported in the regular reporting from the Audit Committee to the Board of Directors. Formulation of the annual internal audit plan and budget requires the approval of the Audit Committee or their selected member, and points to be considered for the formulation of the annual internal audit plan are separately communicated to the Internal Audit Division by the Audit Committee.

During the period under review, timely reporting was made throughout the year through a total of 11 reports from the Internal Audit Division to the Audit Committee. Main content of the reports includes key issues and trends relating to the overall internal control identified through internal audit activities, as well as matters to be referred to the Audit Committee for approval such as the annual internal audit plan and its changes. In addition to the reporting to the Audit Committee, key issues and trends relating to the overall internal control identified through internal audit activities are reported monthly to the full-time Audit Committee member and Audit Mission Directors of Nomura Securities.

Coordination among Internal Audit, Audit Committee and Accounting auditor

In regard to the Accounting auditor (Independent Auditor), the Audit Committee has the authority to approve their annual audit plan, receives reports and explanations from them on their financial audits at least once quarterly, exchanges information with them from time to time, reviews their audit method and the appropriateness of their audit results and examines financial statements and other relevant documents. The Senior Managing Director in charge of the Internal Audit Division attends the Audit Committee meetings and receives reports not only from the Audit Committee but also from the Accounting auditor. In addition, when the Internal Audit Division reports to the Audit Committee, the Accounting auditor is also present and receives reports from the Internal Audit Division.

Furthermore, the Internal Audit Division participates in the monthly meetings (regular three-way audit meetings) which the chairperson of the Audit Committee, the full-time Audit Committee member and the Accounting auditor attend, and shares information and exchanges opinions on matters such as recognition of issues identified in audits, the risk and control environment, and regulatory developments in Japan and overseas, with the aim of enhancing internal audit activities.

Coordination between Internal Audit and Accounting auditor

The Internal Audit Division coordinates and holds regular meetings with the Accounting auditor on a monthly basis, where their respective principal managers attend the meetings and share topics associated with their audit activities and recent risk assessments for the use in their respective audit activities. In order to improve the efficiency of the audit activities of both sides, the Internal Audit Division also coordinates with the Accounting auditor at the operational level by sharing the timing of fieldwork and the materials and data obtained from the auditees, etc. Internal audit reports are also shared with the Accounting auditor.

Coordination between Internal Audit and Internal Controls Functions

The Internal Audit Division conducts continuous monitoring in addition to the audit activities based on the annual internal audit plan approved by the Audit Committee. Through interviews with the internal controls functions and review of relevant documents, the Internal Audit Division assesses the risk landscape. Based on these assessments, the Internal Audit Division may propose changes to the annual internal audit plan to the Audit Committee as necessary.

Efforts to Ensure the Effectiveness of Internal Audits

As described above, the primary reporting line of the Internal Audit Division is the Audit Committee. The Senior Managing Director in charge of the Internal Audit Division reports directly to the Audit Committee on the development/operation of internal audit organization and the progress of internal audits while the Audit Committee requests the Internal Audit Division to formulate the annual internal audit plan covering points it deems necessary for future review, ensuring the effectiveness of internal audits through coordination between the Internal Audit Division and the Audit Committee. The Senior Managing Director in charge of the Internal Audit Division is a member of the Internal Controls Committee (ICC) chaired by the Group CEO, and also attends the Executive Management Board (EMB) meetings. This allows the Senior Managing Director in charge of the Internal Audit Division to receive information at the management level and to regularly report on matters related to internal controls identified through internal audits.

In addition, formulation of the annual internal audit plan and budget requires the approval of the Audit Committee or their selected member, and the appointment or dismissal of the Internal Audit Division Head requires the consent of the Audit Committee or their selected member, thereby ensuring its independence and objectivity from the business execution.

In addition, the Internal Audit Division undergoes a quality assessment of internal audits by external experts approximately every five years, in accordance with internal regulations and the IPPF Standards. Most recently, the external quality assessment (EQA) was conducted during the period under review, and it was evaluated as being generally conforming to the International Standards established by the IIA. Also considered in this assessment were JFSA Standards of Internal Audit, Basel Committee on Banking Supervision for Assessing the Effectiveness of the IA Function in Banks, Federal Reserve (FRB) guidance SR13-1, Monetary Authority of Singapore (MAS) IA Standards and the Hong Kong Monetary Authority (HKMA) Supervisory Policy Manual.

This is the third time that the Internal Audit Division for the entire Group has undergone an EQA. In addition to the evaluation of compliance with various standards, the Internal Audit Division has received insights into its performance and effectiveness compared to industry peers; industry best practices; and recommendations for improvement. These insights are being utilized in formulating the mid-term strategy for the Internal Audit Division, as part of its ongoing efforts to further enhance its internal auditing capabilities.

3. Status of accounting audit

a. Name of auditing firm

Ernst & Young ShinNihon LLC

b. Duration of the auditor's assignment

Since 1973 (Including periods between 1978 and 2002 in joint audit with other auditing firms)

c. The certified accountants who executed the audit work

Names of the accountants	Names to which the accountants belong to
Designated and Operating Partner Hiroki Matsumura	Ernst & Young ShinNihon LLC
Designated and Operating Partner Hisashi Yuhara	Ernst & Young ShinNihon LLC
Designated and Operating Partner Shinichi Hayashi	Ernst & Young ShinNihon LLC
Designated and Operating Partner Toshiro Kuwata	Ernst & Young ShinNihon LLC

Note: Years of the accountants' assignment is omitted due to less than seven years.

d. Composition of the assistants assigned to the audit work

Certified public accountants: 42 persons
 Others: 156 persons

Note: Others include those who passed the Certified Public Accountant Examination and system auditors.

e. Accounting Auditor Selection Policy and Reasons

The Audit Committee conducts annual evaluations based on the "Assessment Criteria for the Accounting Auditor" established by the Committee to confirm matters including the status of the accounting auditor's compliance with laws, regulations, and other rules; the quality control system including its independence and inspection structure, and the effectiveness of audits. The Audit Committee confirmed and verified the status of performance of the accounting auditor's duties by speaking directly with the accounting auditor concerning such performance and hearing opinions from the Finance Division and the Internal Audit Division within the Company. The performance discussed included the background and response to the correction in the annual securities report of certain classification and presentation in the prior-year consolidated cash flow statement. Based on the results, as facts falling under the "Policy on Dismissal or Non-reappointment of the Accounting Auditor" established by the Audit Committee were not found, the Audit Committee deemed it appropriate to reappoint the accounting auditor.

f. Policy on Dismissal or Non-reappointment of the Accounting Auditor

1. If any of the items stipulated under Article 340, Paragraph 1 of the Companies Act apply to the accounting auditor, the Audit Committee shall consider dismissal of the accounting auditor, and if dismissal is determined to be reasonable, the Audit Committee shall dismiss the accounting auditor by unanimous consent of all members of the Audit Committee. In such event, an Audit Committee member designated by the Audit Committee shall report the dismissal of the accounting auditor and reasons for dismissal at a general meeting of shareholders to be convened immediately after the dismissal.
2. In cases where the Audit Committee determines that the accounting auditor is unsuitable, or that provision of a more appropriate audit structure is needed, a proposal on dismissal or non-reappointment of the accounting auditor shall be submitted to the annual general meeting of shareholders.

g. Evaluation of Accounting Auditor by the Audit Committee

As is stated in “Accounting Auditor Selection Policy and Reasons”, conducting the annual evaluation of the accounting auditor, the Audit Committee recognizes that the accounting auditor has the specialized knowledge of financial product evaluation and U.S. GAAP, etc., as well as the global networks, required to audit the Nomura Group, and that appropriate audits were conducted during the fiscal year under review.

4. Audit fees, etc.

a. Details of fees to Ernst & Young ShinNihon LLC

	(in millions of yen)			
	Year ended March 31, 2023		Year ended March 31, 2024	
	Audit	Non-audit	Audit	Non-audit
Company	¥ 801	¥ 48	¥ 877	¥ 36
Consolidated subsidiaries	385	87	386	87
Total	¥ 1,186	¥ 135	¥ 1,263	¥ 123

Ernst & Young ShinNihon LLC provides certain non-audit services, such as, accounting advice and comfort letter, which are not included in the scope of services prescribed in Article 2, Paragraph 1 of Certified Public Accountants Act, with the Company.

b. Details of fees to Ernst & Young and its member firm companies other than Ernst & Young ShinNihon LLC (Except a.)

	(in millions of yen)			
	Year ended March 31, 2023		Year ended March 31, 2024	
	Audit	Non-audit	Audit	Non-audit
Company	¥ —	¥ 0	¥ —	¥ 0
Consolidated subsidiaries	2,834	801	2,943	559
Total	¥ 2,834	¥ 801	¥ 2,943	¥ 559

Ernst & Young ShinNihon LLC is a member firm of Ernst & Young. Ernst & Young and its member firm companies other than Ernst & Young ShinNihon LLC also provide a various type of services, such as supporting tax filings and tax compliances with the Company and its consolidated subsidiaries.

c. Other details of significant fees based on audit attestation

Not applicable

d. Approval of audit fees

The Chief Financial Officer (“CFO”) considers whether the fee level for the accounting auditor, etc., is appropriate to ensure a high quality audit is conducted taking into account factors such as previous performance, audit scope, audit procedure, the audit system, and annual plans. Audit fees are then decided after obtaining agreement or pre-approval from the Audit Committee. With respect to the content and fees of non-audit services provided to Nomura by Ernst & Young ShinNihon LLC, its affiliated accounting firm Ernst & Young, and its associated companies within the same network, the Company has established a procedure whereby the Audit Committee conducts discussions and provides pre-approval and prior concurrence for these services upon receiving a request from the CFO.

e. Agreement by audit committee on audit fees

The Audit Committee has received necessary documents and reports from the CFO, relevant internal divisions, and the Accounting Auditor, and has confirmed the structure of the Accounting Auditor’s audit team, audit plan, audit status, the maintenance status of the structure for controlling quality of the audit firm, and the basis for the calculation of estimated audit fees, etc. Additionally, the Audit Committee conducts pre-approval procedures in accordance with Article 202 of the Sarbanes-Oxley Act of 2002, etc. and prior concurrence procedures in accordance with IFAC Code of Ethics (Code of Ethics for Professional Accountants) and related regulations. Based on the result of such confirmations and procedures, the Audit Committee has verified the audit fees, etc. of the Accounting Auditor and determined that it is at a reasonable level to maintain and improve audit quality, and has given the Companies Act Article 399 Paragraph 1 consent.

(4) Compensation of Statutory Officers

Our compensation program for our Statutory Officers is outlined as follows. “Statutory Officers” refer to “Directors” and “Executive Officers.”

1. Compensation Policy

Compensation for Statutory Officers of NHI is subject to two policies: the Nomura Group compensation policy that applies to our employees and Statutory Officers (the “Basic Policy”), and the Compensation Policy for Directors and Executive Officers of NHI (the “Policy for Statutory Officers”) that applies to Statutory Officers. We have developed these policies to enable us to achieve sustainable growth, deliver long-term growth in shareholder value, deliver excellence to our clients, enhance our competitive strength in the global markets and enhance our reputation. The Compensation Committee reviews and updates these policies. We also have established Compensation Recovery Policy separately.

We have established a compensation policy for our officers and employees, including Senior Managing Directors of NHI and directors of our subsidiaries but exclude Directors and Executive Officers of NHI. This policy is referred as our “Employee Policy”.

Basic Policy

Compensation Governance

As a company with three Board Committees, as defined under Japanese corporate law, NHI has established an independent statutory Compensation Committee, which comprises primarily Outside Directors as members. The Committee has established both our Basic Policy and our Compensation Policy for Statutory Officers, based on which compensation for Directors and Executive Officers of NHI is determined.

With respect to the relevant policies and total compensation for our officers and employees other than NHI’s Statutory Officers, decisions regarding employment and remuneration matters are delegated to our “Human Resources Committee” (“HRC”) by the Executive Management Board of NHI. The HRC is chaired by the Group CEO and an individual appointed by the chairman, taking into account financial and risk management perspectives. The HRC determines above matters with support from respective remuneration committees in each region.

The HRC establishes the Compensation Recovery Policy of NHI to comply with, among others, the U.S. Securities Exchange Act of 1934, as amended, and determines matters with respect to compensation of covered officers who are statutory officers of NHI under Japanese law, and is responsible for the management, operation, interpretation and administration of such.

Compensation Policies and Practices for Nomura Group’s Talent

We recognize that our employees are key in pursuing our Purpose, which is “We aspire to create a better world by harnessing the power of financial markets”.

Compensation for Nomura Group’s Talent is designed to support achieving sustainable corporate growth, increasing corporate value over the medium and long-term and maintaining sound and effective risk management, while contributing to the interest of our shareholders. In addition, to ensure that we attract, retain, motivate and develop talent, the level and structure of remuneration takes into account the roles and responsibilities of individuals as well as the market pay levels in Japan and overseas, and in line with any relevant laws and regulatory expectations.

1) Sustainable corporate growth and increasing corporate value over the medium and long-term

Our employee compensation policies aim to reinforce our corporate philosophy, to promote healthy corporate culture and behavior in line with our “Code of Conduct” and to align to our commitment to Environmental, Social and Governance (“ESG”) considerations.

Based on a pay-for-performance principle, our employee compensation programs are designed to be sound and competitive in the market and aligned to our strategic objectives and the goal of sustainable growth and increasing corporate value over the medium and long-term.

2) Sound and effective risk management

We seek to maintain sound and effective risk management with an appropriate risk appetite. We update performance measurement metrics and indicators used for determining compensation by considering both financial and non-financial risks underlying each business. Qualitative factors such as conduct, compliance, professional ethics and corporate philosophy are also considered in determining the final amount of remuneration provided to each officer and employee, which may include a reduction in compensation as a result of disciplinary actions.

In addition, when granting compensation, it shall be specified that in the event of a material revision of financial statements or a material violation of applicable laws and regulations or Nomura Group rules and policies, compensation may be subject to reduction, suspension, forfeiture of rights, cancellation, offset by other compensation, or re-payment (so-called “clawback”).

3) Alignment of interests with shareholders

Certain of our officers and employees’ remuneration package includes stock-based compensation awards linked to share price of NHI with an appropriate deferral period applied, in order to align with shareholders’ interests.

Approval and Revision of the Basic Policy

The approval, amendment or repeal of the Basic Policy are governed by our Compensation Committee of NHI.

Policy for Statutory Officers

Compensation of Directors and Executive Officers is divided into fixed compensation and performance-linked compensation, with fixed compensation consisting of base salary and performance-linked compensation consisting of an annual bonus and long-term incentive plans. In order to provide incentives for the improvement of medium to long-term corporate value and to align the interests of shareholders, a portion of the compensation is paid through stock-based compensation awards with specified deferral periods.

<Composition of Compensation for Directors and Executives>

Fixed Compensation

Base salary

Performance-linked Compensation

Annual Bonuses

Long-term Incentive Plan

Fixed Compensation

- Base salary is paid in cash and determined based on factors such as professional background, career history, responsibilities and compensation standards of related business fields.

Performance-linked Compensation

- With respect to the Group CEO, given the overall responsibility of business execution of the Nomura Group, the basic amount of the performance-linked compensation is calculated based on the level of achievement in actual value(s) against the target value(s) of key performance indicator(s) and performance metrics that form the basis for their calculation. In addition, qualitative evaluation competitor benchmarking is also reflected when determining final annual bonus amount.
- With respect to Directors and other Executive Officers, the amount of annual bonus is determined with the annual bonus of Group CEO as standard baseline, taking into consideration roles and responsibilities, local remuneration regulations and compensation levels in each jurisdiction etc., in addition to a qualitative evaluation of individual performance.
- Audit Committee members and Outside Directors are not bonus-eligible in order to maintain and ensure their independence from business execution.
 - a) Annual Bonuses
In principle, certain portion of any annual bonus payment should be deferred.
 - b) Long-term Incentive Plan
Payments under long-term incentive plans are made when a certain degree of achievements are accomplished.
Payments are made in stock-based compensation awards.

When granting compensation, in the event of voluntary resignation, a material revision of financial statements or a material violation of applicable laws and regulations or Nomura Group rules and policies, compensation of Directors and Executive Officers may be subject to reduction, suspension, forfeiture of rights, cancellation, offset by other compensation, or re-payment (so-called “clawback”).

Employee Policy

Based on our “Basic Policy”, we have established our Employee Policy which applies to our officers and employees, including Senior Managing Directors of NHI and directors of subsidiaries of NHI but excluding our Statutory Officers of NHI.

Matters not provided for in our Employee Policy are governed by the provisions of our Basic Policy.

Compensation Governance

Supervised by the HRC, regional committees governing employee compensation are composed from representatives of Finance, Risk Management, Compliance, Human Resources, and other departments as appropriate. These regional committees implement our global compensation governance rules.

The proposed compensation of control function departments (such as Risk Management, Compliance, and Internal Audit) is not permitted to be determined by our front office business and performance evaluation of employees in these departments is not permitted to be determined solely by performance of the business supported by the individuals.

Compensation Policies and Practices

We recognize that our employees are key in pursuing our Purpose, which is “We aspire to create a better world by harnessing the power of financial markets”.

Compensation for our employees is designed to support achieving sustainable corporate growth, increasing corporate value over the medium and long-term and maintaining sound and effective risk management, while at the same time positively contributing to the interest of our shareholders. In addition, to ensure that we attract, retain, motivate and develop talent, the level and structure of remuneration takes into account the roles and responsibilities of individuals as well as market pay levels in Japan and overseas, in line with any relevant laws and regulatory expectations.

1) Sustainable corporate growth and increasing corporate value over the medium and long-term

The compensation policies for our employees aim to embody the Purpose which is “We aspire to create a better world by harnessing the power of financial markets” and our “Values of Entrepreneurial Leadership, Teamwork and Integrity”, to promote a healthy, diverse corporate culture and the right behavior in line with our “Code of Conduct” and to facilitate a greater alignment with ESG considerations.

Based on a pay-for-performance principle, our compensation programs are designed to be sound and competitive in the market and aligned to our strategic objectives and the goal of sustainable growth and increasing corporate value over the medium and long-term.

Compensation at Nomura reflects and aligns with the performance of the Nomura Group as a whole, its divisions, as well as individual employees, taking into account both business strategy and market considerations.

2) Sound and effective risk management

We seek to maintain sound and effective risk management with an appropriate risk appetite. We apply its performance measurement standards and indicators when determining compensation considering both financial and non-financial risks in each business, taking a holistic approach. Qualitative factors such as conduct, compliance, professional ethics and corporate philosophy are considered in determining the final amount of remuneration provided to each officer and employee, which may include a reduction in compensation. Risk Management, Compliance and Finance divisions provide key inputs into the overall risk and performance assessment to ensure appropriate consideration of these factors.

The compensation package offered to our employees comprises two key elements:

- Fixed compensation – reflects the role, responsibilities and experience of the employee; and
- Variable compensation – designed to incentivize performance, encourage the right behaviors and drive employee growth and development. For higher paid employees, a portion of variable compensation may be deferred, balancing short-term with our medium and long-term interests.

We seek to balance the components of compensation between fixed and variable according to the employee's role and seniority. In principle, the proportion of compensation that is deferred increases with employee's compensation. Guaranteed compensation is allowed only in limited circumstances such as for new hires or, where allowed, strategic business needs. Multi-year guarantees are typically prohibited.

In addition, when granting compensation, it shall be specified that in the event of a material revision of financial statements or a material violation of applicable laws and regulations or Nomura Group rules and policies, employees' compensation may be subject to reduction, suspension, forfeiture of rights, cancellation, offset by other compensation, or re-payment (so-called "clawback").

3) Alignment of interests with shareholders

Deferred variable compensation intends to align the interests of employees and NHI shareholders, and to encourage a long-term, sustainable approach senior management and highly paid employees. For Nomura Group employees who receive a certain amount of remuneration, a portion of the remuneration is stock-based compensation awards linked to the price of NHI shares with an appropriate deferral period applicable, in order to align with shareholders' interests.

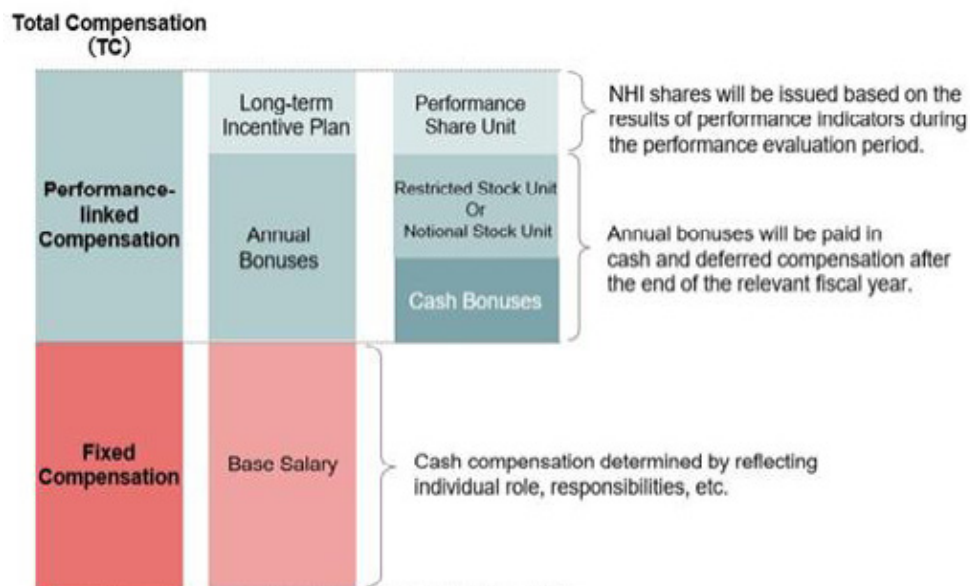
Approval and Revision of the Employee Policy

The approval, amendment or repeal of the Employee Policy can be made by our HRC.

2. Compensation for Statutory Officers

1) Scheme of Compensation for Statutory Officers

The following picture presents scheme of compensation for Statutory Officers.



2) Determination method of compensation

Compensation of Directors and Executive Officers is divided into fixed compensation and performance-linked compensation, with fixed compensation consisting of base salary and performance-linked compensation consisting of annual bonus and long-term incentive plans. With respect to the President and the Group CEO, given the overall responsibility of business execution of the Nomura Group, the basic amount of the Performance-Linked Compensation is calculated based on the level of achievement in actual value(s) against the target value(s) of key performance indicator(s) and performance metrics that form the basis for their calculation. In addition, Total Compensation (“TC”), including fixed compensation and performance-linked compensation, is determined by considering, as needed, qualitative evaluation competitor benchmarking etc. by the Compensation Committee. With respect to the Directors and the Executive Officers, their Annual Bonus and TC are determined based on the ones of the Group CEO, reflecting individual roles and responsibilities, respective jurisdiction’s regulations and compensation level etc. in addition to the qualitative elements. For the Long-Term Incentive Plan, see “3) Matters related to Stock Compensation and Non-Monetary Compensation (3) Introduction of PSU.”

Quantitative elements

In order to ensure alignment with Nomura Group’s management vision and business strategy, we select key performance indicators and performance metrics that form the basis for its calculation. Additionally, we choose stock price-related indicators to promote alignment of interests with shareholders.

Type of elements	Item	Actual for the fiscal year ended March 31, 2024.
Profit and loss	Net revenue	1,562 billions of yen
	Revenue cost coverage ratio ⁽¹⁾	82.5%
	Income before income taxes	274 billions of yen
Per share information	Earnings per Share (“EPS”)	52.69 yen
Capital efficiency	ROE	5.1%
Shareholder returns	Total Shareholder Return (“TSR”) ⁽²⁾	196.3%

(Notes)

- Ratio calculated by dividing Total non-interest expenses by Net revenue
- The value obtained by dividing the total of fluctuations in the price of NHI shares and dividends in the current fiscal year by the NHI share price at the end of the previous business year.

Qualitative elements

To promote enhancement of Nomura Group’s corporate value and the realization of a sustainable society, we have selected strategic management, as well as initiatives related to community, talent, and DEI, as evaluation criteria.

3) Matters relating to Stock Based Compensation and Non-Monetary Compensation

(1) Outline of current Stock Based Compensation Awards.

The outline of current Stock Based Compensation Awards is as follows.

Type of award	Key features
Restricted Stock Units (“RSUs”)	<ul style="list-style-type: none"> Introduced as the main form of Deferred Compensation since the fiscal year ended March 31, 2018. Settled in the Company’s common stock. Graded vesting period is set as three years in principle.
Notional Stock Units (“NSUs”)	<ul style="list-style-type: none"> Linked to the price of the Company’s common stock Cash-settled in local currency. Graded vesting period is set as three years in principle.
Performance Share Units (“PSUs”)	<ul style="list-style-type: none"> Introduced as the Long Term Incentive Plan since the fiscal year ended March 31, 2024. The number of shares to be awarded will be determined by depended on the degree of achievement of the performance targets of the three fiscal years. Performance evaluation period is set as more than three years in principle.

(2) Stock Based Compensation as Non-Monetary Compensation

In principle, half of the aggregate amount of the Annual Bonus of the Statutory Officers is paid in deferred compensation and we use RSUs that qualify as non-cash compensation. Furthermore, the Company have decided to award PSUs as a long-term incentive plan during the fiscal year ended March 31, 2024.

(3) Introduction of PSU

The Company has decided, at a meeting of the Compensation Committee held on March 29, 2024, to introduce Performance-based Share Units (Performance Share Unit: PSU) as a long-term incentive plan. The purpose of introducing PSU is to enhance NHI's corporate value over the medium to long term and strengthen alignment of interests with shareholders.

Under NHI's PSU program, the base number of NHI shares to be granted is initially determined based on NHI's performance and other factors each fiscal year. Following the performance period, the number of NHI shares to be awarded will vary from 0% to 150% of the base number of NHI shares depending on the degree of achievement of the performance targets for the three fiscal years. The settlement of the PSU will be primarily in NHI common shares held as treasury stock.

The performance indicators used in the evaluation are ROE and TSR. Please refer to the following for details.

Performance indicators selected as Basis of calculation

In order to enhance NHI's corporate value over the medium to long term and to align NHI's interests with those of its shareholders, a combination of ROE (average value over the performance evaluation period) and TSR (absolute value over the performance evaluation period) will be the basis to calculate the award amount.

Calculation Method for the base number of shares and the number of shares to be granted

1) Calculation method for the base number of shares:

The base number of NHI shares shall be calculated by dividing the amount determined with reference to the performance and qualitative evaluation of the target fiscal year, as well as competitor benchmarking with the NHI share price at the time of grant.

2) Calculation method for the number of NHI shares to be granted:

After the end of the performance evaluation period, the number of NHI shares to be granted will be calculated in accordance with the following method.

a) Performance Evaluation Indicators and Grant Ratio

<u>Performance Indicators</u>	<u>Composition ratio</u>	<u>Change in the grant ratio</u>	<u>Evaluation method</u>
ROE	50%	0%~150%	Calculated based on the actual (average) values for the three-year performance evaluation period
TSR	50%	0%~150%	Calculated based on the actual value (absolute value) during the three-year performance evaluation period

The calculation methods for ROE and TSR, which form the basis for performance evaluation, are as follows:

<ROE>

If the actual average value for the performance evaluation period of three years reaches the management goal of 8% set by Nomura Group, a corresponding number of benchmark shares will be granted. However, if the actual value does not exceed either the lowest value of the past three business years, including the grant year, or 3%, no grant will occur. Additionally, if the actual value reaches 5%, 50% of the benchmark shares will be granted, and if it exceeds 12%, 150% of the benchmark shares will be granted.

<TSR>

If the actual value (absolute value) for the performance evaluation period of three years reaches 125%, a corresponding number of benchmark shares will be granted. However, if the actual value is 100% or below, no grant will occur. Furthermore, if the actual value exceeds 150%, 150% of the benchmark shares will be granted. The calculation process of the actual value is as follows:

$$3\text{-Year TSR} = (\text{Closing Stock Price (B)} + \text{Total Dividends during the performance evaluation period}) / \text{Initial Stock Price (A)}$$

A: Initial Stock Price (Average closing price one month before the start of the performance evaluation period)

B: Final Stock Price (Average closing price one month before the end of the performance evaluation period)

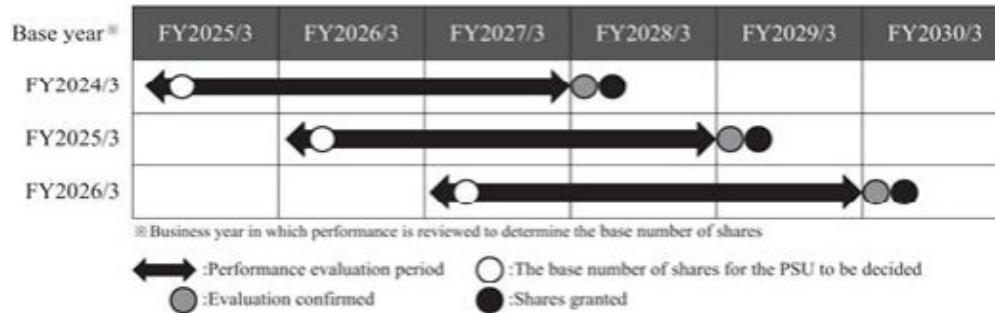
b) Calculation method for the number of NHI shares to be paid:

The number of NHI shares to be granted is calculated by multiplying the base number of NHI shares by the weighted average of the grant ratio based on ROE and the grant ratio based on TSR. The base number of NHI shares for the PSU for the fiscal year ended March 31, 2024 has been calculated as 782,100 NHI shares, and the number of NHI shares when applying a payout rate of 150% is 1,173,200 shares.



c) Performance evaluation period and payment schedule:

The performance evaluation period shall be three years from the fiscal year in which the base number of PSUs is determined. After the performance evaluation period has concluded, the evaluation shall be finalized and the stock compensation based on PSUs shall be paid.



Delivery Method

The NHI shares awarded at the end of the performance period will be primarily issued from treasury stock.

(4) Effect of payment of stock based compensation as deferred compensation

By providing equity-linked compensation as deferred compensation, the economic value of the compensation is linked to the stock price of Nomura, and a certain vesting period is set.

- Alignment of interests with shareholders.
- Medium-term incentives and retention by providing an opportunity for the economic value of Deferred Compensation at the time of grant to be increased by a rise in shares during a period of time from grant to vesting.
- Promotion of cross-divisional collaboration and cooperation by providing a common goal of increasing corporate value over the medium to long term.

Due to these benefits, the active use of Deferred Compensation is also recommended by regulators in the key jurisdictions in which we operate.

With respect to Deferred Compensation in Nomura, a deferral period is generally three or more years from the following fiscal year or later. This is in line with the “Principles for Sound Compensation Practices” issued by the Financial Stability Board which recommends, among other things, a deferral period of three or more years.

3. Compensation for Statutory Officers

Pursuant to the fundamental approach and framework of compensation as described above, and as a company which adopts a committee-based corporate governance system, the Compensation Committee of NHI determines the compensation of NHI's Statutory Officers in accordance with our compensation policies.

1) Aggregate Compensation for Statutory Officers

The following table presents a summary of aggregate compensation awarded to our Statutory Officers for the year ended March 31, 2024.

	Number of People ⁽¹⁾	Millions of yen					Total
		Year ended March 31, 2024					
		Fixed compensation	Performance-linked compensation				
	Base salary ^(2,3)	Cash Bonuses	NSU ⁽⁴⁾	RSU ⁽⁴⁾			
Directors	13	¥ 389	¥ 116	¥ 221	¥ —	¥ 726	
(Outside Directors included in above)	10	(217)	(—)	(—)	(—)	(217)	
Executive Officers	8	598	1,206	2,412	241	4,457	
Total	21	¥ 987	¥ 1,322	¥ 2,633	¥ 241	¥5,183	

- (1) Includes one Director retired in June 2023, and two Directors who were appointed in June 2023. There were eleven Directors and eight Executive Officers as of March 31, 2024. Compensation to Directors who were concurrently serving as Executive Officers is included within "Executive Officers."
- (2) Includes other compensation (commuter pass allowance) of ¥0.27 million.
- (3) In addition to base salary, ¥16 million of corporate housing benefits, including housing allowance and related tax adjustments, were provided to Executive Officers.
- (4) Represents deferred stock-based compensation awards granted in prior years recognized as expense in the consolidated financial statement of income for the year ended March 31, 2024. The expense of NSUs are remeasured to fair value at each balance sheet date, while the amounts of RSUs are measured at fair value on the grant date. For more details, see *Note 1 "Summary of accounting policies"* in our consolidated financial statements. Furthermore, the expenses related to the Long-Term Incentive Plan, which was approved for implementation at the Compensation Committee on March 29, 2024, will be recognized for the performance evaluation period starting from the fiscal year ended March 2025 and are not included in the above figures.
- (5) Total compensation paid to Outside Directors for their services to subsidiaries of the Company was ¥76 million for the fiscal year ended March 31, 2024.

2) Compensation of Directors and Executive Officers receiving ¥100 million or above

The following table presents details of the compensation paid to our Statutory Officers for the year ended March 31, 2024 where such total amount given to the individual is ¥100 million or above. The total amount does not match above “1) Aggregate Compensation for Statutory Officers” which recorded as an accounting expense, as it reflects the resolution amount in the compensation committee.

In order to ensure that Nomura Group attracts, retains, motivates and develops talent, the level and structure of remuneration takes into account the roles and responsibilities of individuals as well as the market pay levels in Japan and overseas, doing so in line with any relevant laws and regulatory expectations. Additionally, in order to provide incentives for the improvement of medium to long-term corporate value and to align the interests of shareholders, a portion of the compensation is paid through stock-related incentives with a specified deferral period. For more details, please refer to the above-mentioned “1. Compensation Policy Basic Policy” and “Policy for Statutory Officers”.

Name	Company	Role	Millions of yen					
			Fixed Remuneration		Variable Compensation		Total	
			Cash	RSU	Cash Bonuses	Stock Based Compensation		
Koji Nagai	Nomura	Chairman of the Board of Directors	¥ 91.2	¥ 0.0	¥ 116.0	¥ 116.0	¥ 323.2	
Kentaro Okuda ⁽¹⁾	Nomura	Director, Representative Executive Officer (Group CEO)	¥ 102.0	¥ 17.4	¥ 183.7	¥ 202.9	¥ 506.0	
Yutaka Nakajima	Nomura	Director, Representative Executive Officer	¥ 75.6	¥ 14.4	¥ 106.3	¥ 106.3	¥ 302.6	
Toshiyasu Iiyama	Nomura	Executive Officer	¥ 72.0	¥ 14.4	¥ 85.1	¥ 85.1	¥ 256.5	
Takumi Kitamura	Nomura	Executive Officer	¥ 60.0	¥ 13.2	¥ 45.9	¥ 45.9	¥ 165.0	
Sotaro Kato	Nomura	Executive Officer	¥ 54.0	¥ 9.6	¥ 38.2	¥ 38.2	¥ 140.0	
Yosuke Inaida	Nomura	Executive Officer	¥ 54.0	¥ 9.6	¥ 35.7	¥ 35.7	¥ 135.0	
Toru Otsuka	Nomura	Executive Officer	¥ 54.0	¥ 9.6	¥ 35.7	¥ 35.7	¥ 135.0	
Willcox, Christopher ⁽²⁾	Nomura	Executive Officer	¥ 108.4	¥ 9.6	¥ 675.8	¥ 940.6	¥ 1,734.4	
		(Equivalent in '000 USD)	\$ (750.0)	\$ (66.9)	\$ (4,675.8)	\$ (6,507.3)	\$ (12,000.0)	

- (1) In addition to fixed compensation, ¥16 million of corporate housing costs, including housing allowance and related tax adjustments, were provided.
- (2) Since appointed as an Executive Officer in October 2022, the compensation for six months converted into millions of JPY were stated in the 20-F for the fiscal year ended March 2023 (1 USD = 135.44 yen basically). In the table above, the compensation for twelve months for the fiscal year ended March 2024 (1 USD = 144.54 yen basically) is stated.

3) Meetings of our Compensation Committee during the year

(1) Composition of Compensation Committee

Our Compensation Committee is composed of three members below.

Chairman: Kazuhiko Ishimura (Outside Director)

Member: Takahisa Takahara (Outside Director)

Member: Koji Nagai (Chairman of Board of Directors, non-executive director)

(2) Deliberation matters and attendance status in the Compensation Committee

The following table presents a summary of the meetings held by our Compensation Committee during the year ended March 31, 2024, a summary of key matters discussed, resolutions passed and attendance by members.

Date		Summary of the discussion and the resolution	Attendance records of the member
April 21, 2023	Discussion:	<ul style="list-style-type: none"> Performance for the year ended March 31, 2023 and the compensation level of the group CEO. 	All members attended
April 24, 2023	Discussion:	<ul style="list-style-type: none"> The compensation level of the group CEO during the year end March 31, 2023. 	All members attended
April 26, 2023	Resolution:	<ul style="list-style-type: none"> The bonus plan for the year ended March 31, 2023. Amendment of policies governing compensation for Directors and Executive Officers. 	All members attended
June 27, 2023	Resolution: Reporting:	<ul style="list-style-type: none"> The appointment of the Director with the right to convoke the board of directors meetings. The Director who reports the executions of the committee's duties to the board of the directors meetings. The Compensation Policy of Nomura Group and base salary of the Directors and Executive Officers. Individual base salary of the Directors and Executive Officers. Granting RSUs to the Directors and Executive Officers. Schedule for current fiscal year 	All members attended
August 29, 2023	Discussion	<ul style="list-style-type: none"> Review of policies governing pay for Directors and Executive Officers. 	All members attended
September 27, 2023	Discussion:	<ul style="list-style-type: none"> Individual base salary of the Directors and Executive Officers. Group CEO Pay levels. 	All members attended
November 6, 2023	Resolution:	<ul style="list-style-type: none"> Introduction of the U.S. SEC Clawback Regulations and the Company's Response. 	All members attended
December 5, 2023	Reporting:	<ul style="list-style-type: none"> Compensation levels for executives in major competitive regions domestically and internationally. 	All members attended
January 31, 2024	Discussion:	<ul style="list-style-type: none"> Review of executive compensation levels and the determination method for executive compensation for the fiscal year ended March 2024. 	All members attended
February 20, 2024	Discussion:	<ul style="list-style-type: none"> Review of the method for determining executive compensation. 	All members attended
March 29, 2024	Resolution: Discussion:	<ul style="list-style-type: none"> The annual base salary of the next fiscal year. Introduction of Long-Term Incentive Plans (LTI). Expected performance and compensation level outlook for the fiscal year ended March 2024. 	All members attended

Through discussions and resolutions of the above topics, our Compensation Committee confirmed that compensation for our Directors and Executive Officers in respect of the fiscal year ended March 31, 2024 is appropriate and consistent with our relevant compensation policies. A summary of these meetings have been reported to the Board of Directors.

(5) Status of Equity Investment

1. Standards and concepts for classification of equity investment

The pure investment purpose is to obtain profits mainly from capital gain or dividends income.

2. Equity investments held for the purpose of other than pure investment

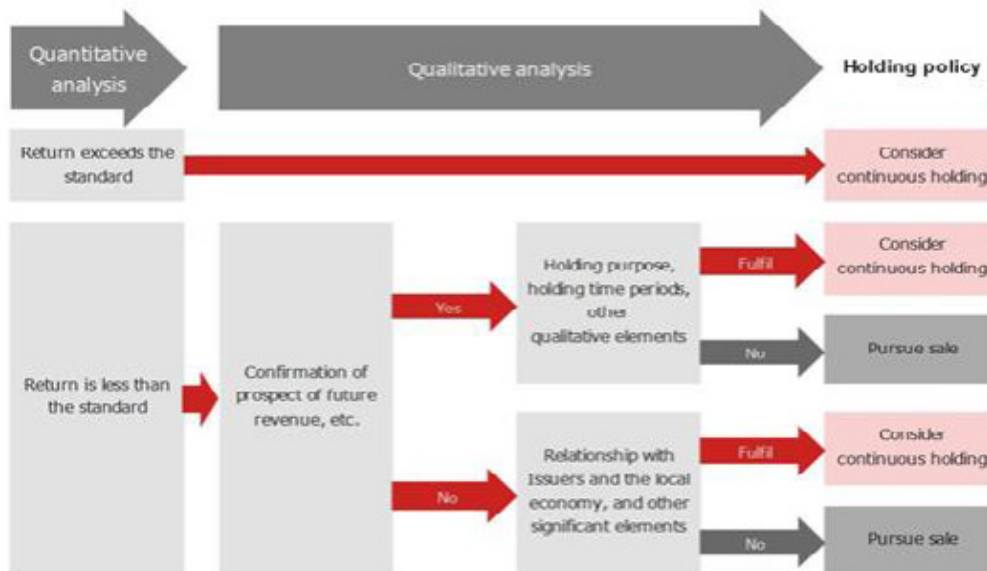
a. Method of verifying holding policies and the reasonableness of holding, and the content of assessment by the Board of Directors regarding the appropriateness of holding individual shares

The basic policy for strategic shareholdings and the methods to verify the reasonableness of the holding are as follows.

- * Regarding strategic shareholdings held by the Nomura Group, the Company and its core subsidiaries shall consider the risks and costs involved in holding such shares and perspectives of business strategy, such as opportunities to increase the revenues of the Company's businesses through the expansion of transactions or business alliances with the company whose shares are held, and shall hold such shares only if such shareholdings will contribute to maintaining/enhancing the corporate value of the Nomura Group.
- * The Board of Directors shall establish the Investment Securities Committee for the purpose of conducting continuous considerations with respect to the purpose of the holding of strategic shareholdings within the Nomura Group.
- * After consideration of the holding status of strategic shareholdings along the lines of the policy by the Investment Securities Committee, concerning stocks whose sale has been determined to be reasonable, the Company shall proceed with the sale of such stocks while taking into consideration the impact on the market and other circumstances.
- * The Board of Directors shall assess the content of what was considered at the Investment Securities Committee.

Nomura, in principle, plans to proceed with the sale of its strategic shareholdings taking into account the market impact and other circumstances that need to be considered. Nomura is examining the rationality of its holdings for which it will continue to hold, based on an internal verification process.

Specifically, Nomura regularly conducts quantitative analyses of all of its strategic holdings. Nomura verifies whether the return on required capital (revenues from transactions with issuer companies and dividends received) exceeds the standard level, and if the standard is met, Nomura allows the consideration of continuous holding and conducts continuous monitoring. If the standard is not met, Nomura will perform qualitative analyses. In the qualitative analyses, Nomura will determine whether to allow the consideration of continuous holding or to pursue a sale, taking into account the expected future earnings including medium to long term earnings, the purpose and period of holding, the relationship with the issuer and the local economy, and other significant elements.



Nomura generally holds the Investment Securities Committee twice a year. The Committee examines the quantitative and qualitative elements mentioned above, confirms the significance of holdings, and discusses policies for additional actions. At the Board of Directors meeting held on August 29, 2023 and March 7, 2024, the Board of Directors examined the appropriateness of holdings based on the contents discussed in the Investment Securities Committee, and confirmed the progress of the reduction and sale of shares as a result of the deliberations by the Committee.

b. Number of the different securities and amount on balance sheet

	<u>Securities</u> <u>Number of the different</u> <u>securities</u>	<u>Millions of yen</u> <u>Amount on</u> <u>balance sheet</u>
Non-listed securities	127	13,010
Listed securities	68	78,708

(Securities whose number of shares increased during the fiscal year ended March 31, 2024)

	<u>Securities</u> <u>Number of the different</u> <u>securities</u>	<u>Millions of yen</u> <u>Acquisition cost for the</u> <u>increase in number of shares</u>	<u>Reason for the increase in</u> <u>number of shares</u>
Non-listed securities	—	—	—
Listed securities	—	—	—

(Securities whose number of shares decreased during the fiscal year ended March 31, 2024)

	<u>Securities</u> <u>Number of the different</u> <u>securities</u>	<u>Millions of yen</u> <u>Proceeds from sale of shares</u>
Non-listed securities	10	1,373
Listed securities	7	24,462
	122	

c. Information on number of shares, amount on balance sheet, etc. by security

Name of security	Year ended March 31, 2024		Year ended March 31, 2023		Purpose, overview of business alliances, and quantitative effect of holding	Holder of the Company's shares
	in thousand shares	Millions of yen	in thousand shares	Millions of yen		
	Number of shares	Amount on balance sheet	Number of shares	Amount on balance sheet		
Japan Exchange Group, Inc.	4,429	18,203	4,429	8,940	D	No
TOYOTA MOTOR CORPORATION	4,441	16,841	8,883	16,699	B	No
The Chiba Bank, Ltd.	5,693	7,182	5,693	4,868	E	Yes
The Gunma Bank, Ltd.	3,168	2,782	3,168	1,403	F	Yes
C.Uyemura & Co., Ltd.	229	2,405	229	1,483	B	No
Shizuoka Financial Group, Inc.	1,500	2,171	1,500	1,427	G	No
Otsuka Holdings Co., Ltd.	300	1,893	300	1,261	B	No
Nishi-Nippon Financial Holdings, Inc.	922	1,766	922	1,003	A	No (5)
Hirogin Holdings, Inc.	1,500	1,637	1,500	939	A	No (5)
Kyushu Financial Group, Inc.	1,395	1,593	1,395	666	A	No (5)
NIPPON EXPRESS HOLDINGS, INC.	206	1,593	206	1,642	B	No (5)
Nippon Television Holdings, Inc.	548	1,271	548	625	B	No (5)
Juroku Financial Group, Inc.	262	1,254	262	739	A	No (5)
Iyogin Holdings, Inc.	934	1,096	934	702	A	No (5)
HOKKO CHEMICAL INDUSTRY CO., LTD.	836	1,067	836	705	C	Yes
Tokyo Kiraboshi Financial Group, Inc.	218	1,065	218	573	H	No (5)
Suruga Bank Ltd.	1,136	1,015	1,136	527	A	Yes
The Musashino Bank, Ltd.	313	924	313	696	I	Yes
HIROSE ELECTRIC CO., LTD.	55	856	110	1,904	B	Yes
Heiwa Corporation	400	802	400	1,052	B	No
Hokuhoku Financial Group, Inc.	413	801	413	382	A	No (5)
Mebuki Financial Group, Inc.	1,519	777	1,519	492	J	No
Dai-ichi Life Holdings, Inc.	200	771	200	487	B	No
North Pacific Bank, Ltd.	1,670	743	1,670	464	A	Yes
Seven & i Holdings Co., Ltd.	328	723	109	652	B (4)	No
The Hachijuni Bank, Ltd.	693	721	693	398	A	No (5)
AEON Financial Service Co., Ltd.	474	666	474	585	B	No
The Awa Bank, Ltd.	200	551	200	390	K	Yes
The Bank of Nagoya, Ltd.	78	517	78	245	L	Yes
Aichi Financial Group, Inc.	152	404	152	327	A	No
Procrea Holdings, Inc.	207	384	207	435	A	No
Fukuoka Financial Group, Inc.	88	355	88	224	M	No
The Yamanashi Chuo Bank, Ltd.	187	352	187	214	A	Yes
TOMONY Holdings, Inc.	723	302	723	255	A	No (5)
The Bank of Iwate, Ltd.	100	257	100	212	A	No
Senshu Ikeda Holdings, Inc.	626	247	626	145	A	No
Daishi Hokuetsu Financial Group, Inc.	54	242	54	157	N	No (5)
NIPPON SHOKUBAI CO., LTD.	40	235	40	211	B	No
Ishii Iron Works Co., Ltd.	70	197	70	161	B	Yes
ALPHA SYSTEMS INC.	59	195	59	242	B	No
The Miyazaki Bank, Ltd.	62	179	62	146	A	Yes
Chugin Financial Group, Inc.	119	156	119	106	O	No
SHINNIHON CORPORATION	94	154	94	88	A	No
The Ogaki Kyoritsu Bank, Ltd.	62	135	62	110	A	Yes
THE TOTTORI BANK, LTD.	85	126	85	97	A	No
The Toho Bank, Ltd.	312	112	312	68	P	Yes
Yamaguchi Financial Group, Inc.	69	108	69	56	A	No
The Fukui Bank, Ltd.	50	97	50	74	Q	Yes
HEIWA REAL ESTATE CO., LTD.	20	82	20	76	B	Yes
THE OITA BANK, LTD.	25	77	25	52	R	Yes
The Ehime Bank, Ltd.	61	69	61	51	A	No
The Yamagata Bank, Ltd.	58	68	58	59	S	Yes
The Shimizu Bank, Ltd.	38	60	38	54	A	Yes
The Miyazaki Taiyo Bank, Ltd.	37	56	37	37	A	Yes
HIRAKAWA HEWTECH CORP.	40	54	40	61	B	Yes

THE BANK OF SAGA LTD.	25	54	25	41	A	Yes
THE TOCHIGI BANK, LTD.	139	51	139	38	A	No
THE TAIKO BANK, LTD.	20	31	N/A	N/A	A	No
The Hyakujushi Bank, Ltd.	10	30	N/A	N/A	T	No
MINAMI NIPPON BANK, LTD.	27	26	N/A	N/A	A	Yes
Asahi Group Holdings, Ltd.	—	—	2,650	13,049	B	No
SoundHound AI, Inc	—	—	1,066	279	U	No
Japan Transcity Corporation	—	—	368	224	B	No (5)

(Note)

1. It is difficult to describe the effects of quantitative retention because of the diversified reasons. See (5) 2a for the verification method.
2. N/A means that the amount of securities on the balance sheet is not more than 1% of shareholders' equity of the Company and not in top 60.
3. Purpose, overview of business alliances, and quantitative effect of holding
 - A: To create business opportunities, maintain, strengthen, and expand business relationships and relationships with local economies, mainly in the Retail Division. (Nomura renamed the Retail Division as the "Wealth Management Division", effective April 1, 2024.)
 - B: To create business opportunities, and to maintain, strengthen, and expand business relationships, mainly in the Wholesale Division.
 - C: To create business opportunities, maintain, strengthen, and expand business relationships and relationships with local economies, mainly in the Corporate Division.
 - D: Nomura Securities Co., Ltd., a subsidiary of the Company, is a trading participant of the Tokyo Stock Exchange. Shares are held in order to contribute to the JPX Group providing an optimal trading platform with fairness, safety, and reliability. In addition, by maintaining and enhancing business relationships between Nomura Group and the JPX Group, the Company aims to create and expand business opportunities, particularly in the Wholesale Division, and maintain and expand business alliances related to BOOSTRY's operations and business aimed at promoting digital asset-related business initiatives.
 - E: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service "TSUBASA Fund Wrap" since March 18, 2021, with The Chiba Bank, Ltd., as a registered financial institution that intermediates the execution of discretionary investment contracts, and Chibagin Securities Co., Ltd., a subsidiary of The Chiba Bank, Ltd., as a financial instruments business operator to which the company entrusts agency services for the execution of discretionary investment contracts. Furthermore, on January 14, 2022, the Company and The Chiba Bank, Ltd., established a joint venture company with Daishi Hokuetsu Bank, Ltd., and The Chugoku Bank, Ltd., specializing in providing financial consulting services online. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
 - F: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service "Gungin Fund Wrap" since February 22, 2024, with The Gunma Bank, Ltd., as a registered financial institution that intermediates the execution of discretionary investment contracts, and Gungin Securities Co., Ltd., a subsidiary of The Gunma Bank, Ltd., as a financial instruments business operator to which the company entrusts agency services for the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
 - G: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service "Shizugin Wrap (Wealth Square)" since October 26, 2020, with Shizugin TM Securities Co., Ltd., a subsidiary of Shizuoka Financial Group, Inc., as a financial institution to which the company entrusts agency services for the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
 - H: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service "Kiraboshi Wrap" since August 17, 2020, with Kiraboshi Bank, Ltd., a subsidiary of Tokyo Kiraboshi Financial Group, Inc., as a registered financial institution that intermediates the execution of discretionary investment contracts, and Kiraboshi Life Design Securities Co., Ltd., a subsidiary of Tokyo Kiraboshi Financial Group, Inc., as a financial instruments business operator to which the company entrusts agency services for the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.

- I: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service “TSUBASA Wrap” since July 1, 2021, with The Musashino Bank, Ltd., as a registered financial institution that intermediates the execution of discretionary investment contracts, and Chibagin Securities Co., Ltd., a subsidiary of The Chiba Bank, Ltd., as a financial instruments business operator to which the company entrusts agency services for the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
- J: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service “Mebuki Fund Wrap” with The Joyo Bank, Ltd. (from October 1, 2021) and The Ashikaga Bank, Ltd. (from October 8, 2021) as a registered financial institutions that intermediate the execution of discretionary investment contracts, and Mebuki Securities Co., Ltd., a subsidiary of Mebuki Financial Group, Inc., (from October 1, 2021) as a financial instruments business operator to which the company entrusts agency services for the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
- K: Nomura Securities Co., Ltd., a subsidiary of the Company, and The Awa Bank, Ltd., finalized a comprehensive business alliance agreement aimed at providing financial intermediary services on June 26, 2020. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
- L: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service “Meigin Wrap (Wealth Square)” since December 1, 2023 with The Bank of Nagoya, Ltd., as a registered financial institution that intermediates the execution of discretionary investment contracts, and Shizugin TM Securities Co., Ltd., a subsidiary of Shizuoka Financial Group, Inc., as a financial instruments business operator to which the company entrusts agency services for the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
- M: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service “Fund Wrap” or “FFG Corporate Fund Wrap,” aimed towards institutional clients, with The Bank of Fukuoka, Ltd., a subsidiary of Fukuoka Financial Group, Inc., (from November 7, 2016), The Kumamoto Bank, Ltd., (from May 16, 2017), and The Shinwa Bank, Ltd., (currently The Juhachi-Shinwa Bank, Ltd., from May 16, 2017) and FFG Securities Co., Ltd., (from May 7, 2019) as financial institutions that the company entrusts agency services for the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
- N: The Company and Daishi Hokuetsu Bank, Ltd., a subsidiary of Daishi Hokuetsu Financial Group, Inc., established a joint venture company with The Chiba Bank, Ltd., and The Chugoku Bank, Ltd., on January 14, 2022 specializing in providing financial consulting services online. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in Retail Division.
- O: The Company and The Chugoku Bank, Ltd., a subsidiary of Chugin Financial Group, Inc., established a joint venture company with The Chiba Bank, Ltd., and Daishi Hokuetsu Bank, Ltd., on January 14, 2022 specializing in providing financial consulting services online. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
- P: Nomura Securities Co., Ltd., a subsidiary of the Company, signed a memorandum of understanding with The Toho Bank, Ltd., to explore a comprehensive business alliance agreement aimed at providing financial intermediary services on August 23, 2023. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
- Q: Nomura Securities Co., Ltd., a subsidiary of the Company, and The Fukui Bank, Ltd., finalized a comprehensive business alliance agreement aimed at providing financial intermediary services on November 11, 2022. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
- R: Nomura Securities Co., Ltd., a subsidiary of the Company, and The Oita Bank, Ltd., finalized a comprehensive business alliance agreement aimed at providing financial intermediary services on August 22, 2022. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.

- S: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service “Fund Wrap” since November 1, 2022, with Nomura Securities Co., Ltd., a subsidiary of the Company as a financial instruments business operator to which the company entrusts agency services for the execution of discretionary investment contracts and The Yamagata Bank, Ltd., as a registered financial institution that intermediates the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
 - T: Wealth Square Co., Ltd., a subsidiary of the Company, has been offering the discretionary investment management service “Fund Wrap” since April 1, 2022, with Nomura Securities Co., Ltd., a subsidiary of the Company as a financial instruments business operator to which the company entrusts agency services for the execution of discretionary investment contracts and The Hyakujushi Bank, Ltd, as a registered financial institution that intermediates the execution of discretionary investment contracts. Including such partnerships, shares are held in order to maintain, strengthen, and expand business opportunities, business relationships, and relationships with local economies, mainly in the Retail Division.
 - U: To create business opportunities, and to maintain, strengthen, and expand business relationships, mainly in Digital Company.
4. Due to stock split, the number of shares is increased.
 5. The issuers whose shares we own do not hold any of our shares, but their subsidiary holds our shares, including those held in trust.

3. Equity investments for pure investment purpose

	Year ended March 31, 2024		Year ended March 31, 2023	
	Securities Number of the different securities	Millions of yen Amount on balance sheet	Securities Number of the different securities	Millions of yen Amount on balance sheet
Non-listed securities	14	696	15	684
Listed securities	—	—	—	—

	Year ended March 31, 2024		
	Millions of yen		
	Dividends received	Gains on sale	Gains on valuation
Non-listed securities	—	63	*(1)
Listed securities	—	—	—

(Note)

(1) There is no market price of non-listed securities, therefore not included in the table.

4. Equity investments reclassified from held for the purpose of pure investment to held for the purpose of other than pure investment during the fiscal year ended March 31, 2024

None

5. Equity investments reclassified from held for the purpose of other than pure investment to held for the purpose of pure investment during the fiscal year ended March 31, 2024

None

Item 5. Financial Information

1. Preparation Method of Consolidated Financial Statements and Unconsolidated Financial Statements

- (1) Pursuant to Article 95 of “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976), the consolidated financial statements were prepared in accordance with the accounting principles which are required in order to issue American Depositary Shares (“ADS”), i.e., the accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- (2) The consolidated financial statements were prepared by making necessary adjustments to the financial statements of each consolidated company which were prepared in accordance with the accounting principles generally accepted in each country. Such adjustment has been made to comply with above-mentioned principles in (1).
- (3) The unconsolidated financial statements of the Company were prepared based on the “Ordinance on Terminology, Forms and Preparation Methods of Financial Statements” (Ministry of Finance Ordinance No. 59, 1963) (the “Ordinance”). Also, the financial statements of the Company are prepared in accordance with Article 127 of the Ordinance.

2. Audit Certificate

Under Article No.193-2-1 of the Financial Instruments and Exchange Act, Ernst & Young ShinNihon LLC performed audits of the consolidated and unconsolidated financial statements for the year ended March 31, 2024.

3. Specific efforts to ensure the appropriateness of the consolidated financial statements

The Company makes specific efforts to ensure the appropriateness of its consolidated financial statements. Certain internal structures are in place for ensuring the Company’s correct understanding of the accounting standards and the ability to accurately deal with any changes in the standards as well as for maintaining the completeness and appropriateness in disclosure in relation to any significant information which is subject to disclosure requirements.

NOMURA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	Note	Millions of yen	
		March 31	
		2023	2024
ASSETS			
Cash and cash deposits:			
Cash and cash equivalents		¥ 3,820,685	¥ 4,239,359
Time deposits		409,082	545,842
Deposits with stock exchanges and other segregated cash		291,480	369,770
Total cash and cash deposits		<u>4,521,247</u>	<u>5,154,971</u>
Loans and receivables:			
Loans receivable (includes ¥1,650,115 and ¥2,074,585 at fair value option)	*2,7	4,013,852	5,469,195
Receivables from customers (includes ¥39,107 and ¥21,834 at fair value option)	*2,4	379,911	453,937
Receivables from other than customers		819,263	928,632
Allowance for credit losses	*7	(5,832)	(18,047)
Total loans and receivables		<u>5,207,194</u>	<u>6,833,717</u>
Collateralized agreements:			
Securities purchased under agreements to resell (includes ¥303,499 and ¥466,440 at fair value option)	*2	13,834,460	15,621,132
Securities borrowed		4,283,039	5,373,663
Total collateralized agreements		<u>18,117,499</u>	<u>20,994,795</u>
Trading assets and private equity and debt investments:			
Trading assets (includes assets pledged of ¥5,656,626 and ¥6,892,311; includes ¥7,043 and ¥8,108 at fair value option)	*2,3	17,509,934	19,539,742
Private equity and debt investments (includes ¥18,033 and ¥22,807 at fair value option)	*2	99,399	117,066
Total trading assets and private equity and debt investments		<u>17,609,333</u>	<u>19,656,808</u>
Other assets:			
Office buildings, land, equipment and facilities (net of accumulated depreciation and amortization of ¥459,954 and ¥529,605)		464,316	448,785
Non-trading debt securities	*2	337,361	335,401
Investments in equity securities (includes assets pledged of ¥953 and ¥247)	*2	97,660	105,088
Investments in and advances to affiliated companies (includes assets pledged of ¥5,658 and ¥6,929; includes ¥ nil and ¥1,514 at fair value option)	*7,18	402,485	462,017
Other (includes ¥168,780 and ¥213,227 at fair value option)	*2,9	1,014,707	1,155,621
Total other assets		<u>2,316,529</u>	<u>2,506,912</u>
Total assets		<u>¥47,771,802</u>	<u>¥55,147,203</u>

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

NOMURA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS—(Continued)

	Note	Millions of yen	
		March 31	
		2023	2024
LIABILITIES AND EQUITY			
Short-term borrowings (includes ¥476,212 and ¥650,122 at fair value option)	*2,10	¥ 1,008,541	¥ 1,054,717
Payables and deposits:			
Payables to customers	*4	1,359,948	1,310,825
Payables to other than customers		1,799,585	2,823,100
Deposits received at banks (includes ¥159,505 and ¥182,906 at fair value option)	*2	2,137,936	2,356,202
Total payables and deposits		<u>5,297,469</u>	<u>6,490,127</u>
Collateralized financing:			
Securities sold under agreements to repurchase (includes ¥666,985 and ¥916,090 at fair value option)	*2	14,217,966	16,870,303
Securities loaned (includes ¥82,136 and ¥62,102 at fair value option)	*2	1,556,663	2,133,066
Other secured borrowings		334,319	393,206
Total collateralized financing		<u>16,108,948</u>	<u>19,396,575</u>
Trading liabilities	*2,3	10,557,971	10,890,610
Other liabilities (includes ¥34,984 and ¥61,052 at fair value option)	*2,9	1,175,521	1,414,546
Long-term borrowings (includes ¥4,957,581 and ¥6,145,018 at fair value option)	*2,10	10,399,210	12,452,115
Total liabilities		<u>44,547,660</u>	<u>51,698,690</u>
Commitments and contingencies (Note 19)	*19		
Equity:	*16		
Nomura Holdings, Inc. (“NHI”) shareholders’ equity:			
Common stock			
No par value shares:			
Authorized—6,000,000,000 shares			
Issued—3,233,562,601 and 3,163,562,601 shares			
Outstanding—3,003,679,324 and 2,970,755,160 shares		594,493	594,493
Additional paid-in capital		707,189	708,785
Retained earnings		1,647,005	1,705,725
Accumulated other comprehensive income	*15	318,454	459,984
Total NHI shareholders’ equity before treasury stock		<u>3,267,141</u>	<u>3,468,987</u>
Common stock held in treasury, at cost—229,883,277 and 192,807,441 shares		<u>(118,574)</u>	<u>(118,798)</u>
Total NHI shareholders’ equity		<u>3,148,567</u>	<u>3,350,189</u>
Noncontrolling interests		75,575	98,324
Total equity		<u>3,224,142</u>	<u>3,448,513</u>
Total liabilities and equity		<u>¥47,771,802</u>	<u>¥55,147,203</u>

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

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 typically have any recourse to Nomura beyond the assets held in the VIEs. See Note 6 "*Securitized and Variable Interest Entities*" for further information.

	Billions of yen			
	March 31			
	2023		2024	
Cash and cash deposits	¥	23	¥	73
Trading assets and private equity and debt investments		1,044		1,296
Other assets		127		99
Total assets	¥	1,194	¥	1,468
Trading liabilities	¥	0	¥	0
Other liabilities		5		6
Borrowings		887		1,106
Total liabilities	¥	892	¥	1,112

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

NOMURA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Note	Millions of yen	
		Year ended March 31	
		2023	2024
Revenue:			
Commissions	*4	¥ 279,857	¥ 364,095
Fees from investment banking	*4	113,208	173,265
Asset management and portfolio service fees	*4	271,684	310,154
Net gain on trading	*2,3	563,269	491,611
Gain on private equity and debt investments		14,504	11,877
Interest and dividends		1,114,690	2,620,856
Gain (loss) on investments in equity securities		(1,426)	9,612
Other	*4,9	130,940	175,824
Total revenue		2,486,726	4,157,294
Interest expense		1,151,149	2,595,294
Net revenue		1,335,577	1,562,000
Non-interest expenses:			
Compensation and benefits		605,787	673,523
Commissions and floor brokerage		119,237	137,328
Information processing and communications		209,537	217,126
Occupancy and related depreciation		66,857	68,698
Business development expenses		22,636	24,236
Other	*9	162,049	167,239
Total non-interest expenses		1,186,103	1,288,150
Income before income taxes		149,474	273,850
Income tax expense	*14	57,798	96,630
Net income		¥ 91,676	¥ 177,220
Less: Net income (loss) attributable to noncontrolling interests		(1,110)	11,357
Net income attributable to NHI shareholders		¥ 92,786	¥ 165,863
		Yen	
Per share of common stock:			
Basic—			
Net income attributable to NHI shareholders per share		¥ 30.86	¥ 54.97
Diluted—			
Net income attributable to NHI shareholders per share		¥ 29.74	¥ 52.69

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

NOMURA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Millions of yen	
	Year ended March 31	
	2023	2024
Net income	¥ 91,676	¥ 177,220
Other comprehensive income (loss):		
Change in cumulative translation adjustments:		
Change in cumulative translation adjustments	107,058	204,507
Deferred income taxes	(145)	(1,161)
Total	<u>106,913</u>	<u>203,346</u>
Defined benefit pension plans:		
Pension liability adjustment	16,422	18,475
Deferred income taxes	(4,793)	(5,813)
Total	<u>11,629</u>	<u>12,662</u>
Own credit adjustments:		
Own credit adjustments	95,047	(91,001)
Deferred income taxes	(22,050)	18,565
Total	<u>72,997</u>	<u>(72,436)</u>
Total other comprehensive income	<u>191,539</u>	<u>143,572</u>
Comprehensive income	283,215	320,792
Less: Comprehensive income (loss) attributable to noncontrolling interests	(52)	13,399
Comprehensive income attributable to NHI shareholders	<u>¥ 283,267</u>	<u>¥ 307,393</u>

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

NOMURA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Millions of yen	
	Year ended March 31	
	2023	2024
Common stock		
Balance at beginning of year	¥ 594,493	¥ 594,493
Balance at end of year	<u>594,493</u>	<u>594,493</u>
Additional paid-in capital		
Balance at beginning of year	697,507	707,189
Stock-based compensation awards	9,411	1,609
Changes in ownership interests in subsidiaries	287	—
Changes in an affiliated company's interests	(16)	(13)
Balance at end of year	<u>707,189</u>	<u>708,785</u>
Retained earnings		
Balance at beginning of year	1,606,987	1,647,005
Net income attributable to NHI shareholders	92,786	165,863
Cash dividends	(51,050)	(68,674)
Loss on sales of treasury stock	(1,718)	(2,364)
Cancellation of treasury stock	—	(36,105)
Balance at end of year	<u>1,647,005</u>	<u>1,705,725</u>
Accumulated other comprehensive income (loss)		
Cumulative translation adjustments		
Balance at beginning of year	136,912	242,767
Net change during the year	105,855	201,304
Balance at end of year	<u>242,767</u>	<u>444,071</u>
Defined benefit pension plans		
Balance at beginning of year	(43,803)	(32,174)
Pension liability adjustment	11,629	12,662
Balance at end of year	<u>(32,174)</u>	<u>(19,512)</u>
Own credit adjustments		
Balance at beginning of year	34,864	107,861
Own credit adjustments	72,997	(72,436)
Balance at end of year	<u>107,861</u>	<u>35,425</u>
Balance at end of year	<u>318,454</u>	<u>459,984</u>

NOMURA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)

	Millions of yen	
	Year ended March 31	
	2023	2024
Common stock held in treasury		
Balance at beginning of year	(112,355)	(118,574)
Repurchases of common stock	(24,728)	(61,199)
Sales of common stock	0	0
Common stock issued to employees	18,509	24,870
Cancellation of treasury stock	—	36,105
Balance at end of year	<u>(118,574)</u>	<u>(118,798)</u>
Total NHI shareholders' equity		
Balance at end of year	<u>3,148,567</u>	<u>3,350,189</u>
Noncontrolling interests ⁽¹⁾		
Balance at beginning of year	58,198	75,575
Cash dividends	(3,868)	(3,548)
Net income (loss) attributable to noncontrolling interests	(1,110)	11,357
Accumulated other comprehensive income attributable to noncontrolling interests		
Cumulative translation adjustments	1,058	2,042
Transaction between NHI group and noncontrolling interest holders, net	25,956	11,855
Other net change in noncontrolling interests	(4,659)	1,043
Balance at end of year	<u>75,575</u>	<u>98,324</u>
Total equity		
Balance at end of year	<u>¥ 3,224,142</u>	<u>¥ 3,448,513</u>

(1) Certain reclassifications of previously reported amounts have been made to conform to the current period presentation.

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

NOMURA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen	
	Year ended March 31	
	2023	2024
Cash flows from operating activities:		
Net income	¥ 91,676	¥ 177,220
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	61,424	61,340
Provision for credit losses	(4,047)	13,910
Stock-based compensation	35,216	35,577
(Gain) loss on investments in equity securities	1,426	(9,612)
Gain on investments in subsidiaries and affiliates	(23,889)	(968)
Equity in earnings of affiliates, net of dividends received	(34,127)	(31,070)
Loss on disposal of office buildings, land, equipment and facilities	344	2,670
Deferred income taxes	6,137	(312)
Changes in operating assets and liabilities:		
Deposits with stock exchanges and other segregated cash	170,632	16,465
Trading assets and private equity and debt investments	(1,623,037)	(386,474)
Trading liabilities	467,257	(411,843)
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	(590,424)	290,843
Securities borrowed, net of securities loaned	834,438	(324,095)
Margin loans and receivables	472,811	(276,058)
Payables	(139,417)	709,839
Bonus accrual	(3,319)	26,480
Accrued income taxes, net	(42,603)	70,892
Other, net	(375,318)	167,836
Net cash provided by (used in) operating activities	<u>(694,820)</u>	<u>132,640</u>
Cash flows from investing activities:		
Payments for placements of time deposits	(344,117)	(650,562)
Proceeds from redemption or maturity of time deposits	284,705	567,599
Payments for purchases of office buildings, land, equipment and facilities	(171,165)	(145,784)
Proceeds from sales of office buildings, land, equipment and facilities	63,648	111,954
Payments for purchases of equity investments	(4,471)	(14,716)
Proceeds from sales of equity investments	52,299	40,497
Net cash outflows from loans receivable at banks	(84,362)	(112,224)
Payments for purchases or origination of other non-trading loans	(4,702,061)	(4,286,507)
Proceeds from sales or repayments of other non-trading loans	4,486,651	3,606,974
Net cash outflows from interbank money market loans	(62)	—
Payments for purchases of non-trading debt securities	(45,910)	(112,438)
Proceeds from sales or maturity of non-trading debt securities	205,468	135,690
Acquisitions, net of cash acquired	—	(457)
Divestures, net of cash disposed of	16,950	—
Payments for purchases of investments in affiliated companies	(25,119)	(29,778)
Proceeds from sales of investments in affiliated companies	43,299	900
Other, net	(8,978)	914
Net cash used in investing activities	<u>(233,225)</u>	<u>(887,938)</u>
Cash flows from financing activities:		
Proceeds from issuances of long-term borrowings	2,208,422	3,064,698
Payments for repurchases or maturity of long-term borrowings	(1,115,171)	(2,101,758)
Proceeds from issuances of short-term borrowings	2,630,083	1,964,955
Payments for repurchases or maturity of short-term borrowings	(2,694,588)	(1,866,998)
Net cash inflows (outflows) from interbank money market borrowings	48,197	(88,288)
Net cash inflows (outflows) from other secured borrowings	(52,915)	57,311
Net cash inflows from deposits received at banks	328,867	107,532
Payments for withholding taxes on stock-based compensation	(9,060)	(12,669)
Proceeds from sales of common stock	4	953
Payments for repurchases of common stock	(24,728)	(61,029)
Payments for cash dividends	(57,262)	(60,164)
Contributions from noncontrolling interests	59,718	69,231
Distributions to noncontrolling interests	(37,630)	(60,924)

Net cash provided by financing activities	1,283,937	1,012,850
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	148,552	220,618
Net increase in cash, cash equivalents, restricted cash and restricted cash equivalents	504,444	478,170
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	3,316,408	3,820,852
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	<u>¥ 3,820,852</u>	<u>¥ 4,299,022</u>
Supplemental information:		
Cash paid during the year for —		
Interest	¥ 1,098,815	¥ 2,514,801
Income tax payments, net	<u>¥ 94,263</u>	<u>¥ 26,050</u>

The following table presents a reconciliation of *cash and cash equivalents*, and restricted cash and restricted cash equivalents reported in *Deposits with stock exchanges and other segregated cash* within the consolidated balance sheets to the total of the same such amounts shown in the statements of cash flows above. Restricted cash and restricted cash equivalents are amounts where access, withdrawal or usage by Nomura is substantively prohibited by a third party entity outside of the Nomura group.

	Millions of yen	
	Year ended March 31	
	2023	2024
Cash and cash equivalents reported in <i>Cash and cash equivalents</i>	¥ 3,820,685	¥ 4,239,359
Restricted cash and restricted cash equivalents reported in <i>Deposits with stock exchanges and other segregated cash</i>	167	59,663
Total cash, cash equivalent, restricted cash and restricted cash equivalents	¥ 3,820,852	¥ 4,299,022

Non-cash—

Total amount of right-of-use assets recognized for the years ended March 31, 2023 and 2024 were ¥36,032 million and ¥29,374 million, respectively.

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

NOMURA HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 on the nature of specific products and services, its main client base and management structure. Nomura reports operating results through three business segments: Retail, Investment Management, and Wholesale. Nomura renamed the Retail Division as the “Wealth Management Division”, effective April 1, 2024 to reflect the transformation of business model.

In its Retail segment, Nomura provides investment consultation services mainly to individual clients in Japan. In its Investment Management segment, Nomura mainly provides various investment management services and investment solutions such as establishing and managing investment trusts, discretionary investment services for Japanese and overseas investors, investment and management for investment vehicles and for funds for institutional investors, and management of silent partnerships (“*Tokumei kumiai*”). In its Wholesale segment, Nomura engages in the sales and trading of debt and equity securities, foreign exchange contracts and derivatives globally, and provides investment banking services such as the underwriting and distribution of debt and equity securities as well as mergers and acquisitions and financial advisory.

Basis of presentation—

The accounting and financial reporting policies of Nomura are based on accounting principles generally accepted in the United States (“U.S. GAAP”) as applicable to broker-dealers including Accounting Standard Codification (“ASC”) 940 “Financial Services — Brokers and Dealers” (“ASC 940”).

These consolidated financial statements include the financial statements of the Company and other entities in which it has a controlling financial interest. Nomura initially determines whether it has a controlling financial interest in an entity by evaluating whether the entity is a variable interest entity (“VIE”) under Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) 810 “*Consolidation*”. VIEs are entities in which equity investors do not have the characteristics of a controlling financial interest or which do not have sufficient equity at risk for the entities to finance their activities without additional subordinated financial support. Nomura consolidates VIEs where Nomura is the primary beneficiary, which is where (1) Nomura has power to direct the activities of the VIE that is most significantly impact the VIE’s economic performance; and (2) through Nomura’s interest in the VIE, the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, provided that Nomura is not acting as a fiduciary for other interest holders.

For entities other than VIEs, Nomura is generally determined to have a controlling financial interest in an entity when it owns a majority of the voting interests.

Equity investments in entities in which Nomura has significant influence over operating and financial decisions (generally defined as a holding of 20 to 50 percent of the voting stock of a corporate entity, or at least 3 percent of a limited partnership) are accounted for under the equity method of accounting (“equity method investments”) and reported within *Other assets—Investments in and advances to affiliated companies* or at fair value by electing the fair value option permitted by ASC 825 “*Financial Instruments*” (“ASC 825”) and reported within *Trading assets, Private equity and debt investments or Other assets—Other* in consolidated balance sheets, depending on the nature and purpose of the investments. These investments are tested in their entirety for other-than-temporary impairment when there is an indication of impairment. The underlying assets associated with the equity method investments, including goodwill, are not tested separately for impairment. Where an other-than-temporary impairment is deemed to exist, the equity method investment is written down to its fair value, which establishes a new carrying value to be used prospectively.

Equity investments in which Nomura has neither control nor significant influence are carried at fair value, with changes in fair value recognized through the consolidated statements of income and reported within *Trading assets, Private equity and debt investments or Other assets—Other* in consolidated balance sheets depending on the nature or purpose of the investments.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Certain consolidated entities are investment companies under ASC 946 “*Financial Services—Investment Companies*” (“ASC 946”). Nomura carries all of their investments at fair value, with changes in fair value recognized through the consolidated statements of income.

The Company’s principal subsidiaries include Nomura Securities Co., Ltd. (“NSC”), Nomura Securities International, Inc. (“NSI”), Nomura International plc (“NIP”) and Nomura Financial Products & Services, Inc. (“NFPS”).

All material intercompany transactions and balances have been eliminated on consolidation.

Use of estimates—

Nomura uses accounting estimates to prepare these consolidated financial statements and they require difficult, subjective and complex judgments by management. Such estimates determined by management to be material include estimates regarding the fair value of financial instruments. Estimates, by their nature, are based on underlying assumptions which require management judgment and depend on the extent of available information. Actual results in future periods may differ from current estimates, which could have a material impact on these consolidated financial statements.

Various references are made throughout the notes to these consolidated financial statements where critical accounting estimates based on management judgment have been made, the nature of the estimates, the underlying assumptions made by management used to derive those estimates and how these estimates affect the amounts reported in these consolidated financial statements.

Fair value of financial instruments—

A significant amount of Nomura’s financial assets and financial liabilities are carried at fair value, with changes in fair value recognized through the consolidated statements of income and/ or the consolidated statements of comprehensive income. Use of a fair value measurement is either specifically required under U.S. GAAP or Nomura makes an election to use a fair value measurement for certain eligible items under the fair value option permitted by ASC 825.

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 both cases, fair value is generally determined in accordance with ASC 820 “*Fair Value Measurements and Disclosures*” (“ASC 820”) which defines fair value as the amount that would be exchanged to sell a financial asset or transfer a financial liability in an orderly transaction between market participants at the measurement date. It assumes that the transaction occurs in Nomura’s principal market, or in the absence of a principal market, the most advantageous market for the relevant financial asset or financial liability. See Note 2 “*Fair value measurements*” for further information regarding how Nomura estimates fair value for specific types of financial instruments used in the ordinary course of business.

The fair values of financial assets and financial liabilities of consolidated VIEs which meet the definition of collateralized financing entities are both measured using the more observable fair value of the financial assets and financial liabilities.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Allowance for current expected credit losses—

Management recognizes allowance for current expected credit losses on financial assets not carried at fair value and certain off-balance sheet financial instruments including unfunded loan commitments in accordance with ASC 326, “*Financial Instruments – Credit Losses*” (“ASC 326”).

Current expected credit losses are calculated over the expected life of the financial instruments in scope of the requirements on an individual or a portfolio basis, considering all relevant, reasonable and supportable information available about the collectability of cash flows, including information about past events, current conditions and future forecasts. Accrued interest receivables are excluded from the amortized cost basis of financing receivables when calculating current expected credit losses.

The methodology used by Nomura to determine allowances for current expected credit losses in accordance with the current expected credit losses impairment model (“CECL impairment model”) primarily depends on the nature of the financial instrument and whether certain practical expedients permitted by ASC 326 are applied by Nomura.

Allowances for current expected credit losses against recognized financial instruments are reported in the consolidated balance sheets within *Allowance for credit losses* while allowances for current expected credit losses against off-balance sheet financial instruments are reported in the consolidated balance sheets within *Other liabilities*. All movements in the allowances are reported in the consolidated statements of income within *Other expenses*.

See Note 7 “*Financing receivables*” for further information including how allowances for current expected credit losses are calculated.

Transfers of financial assets—

Nomura accounts for the transfer of a financial asset as a sale when Nomura relinquishes control over the asset by meeting the following conditions: (a) the asset has been isolated from the transferor (even in bankruptcy or other receivership), (b) the transferee has the right to pledge or exchange the asset received, or if the transferee is an entity whose sole purpose is to engage in securitization or asset-backed financing activities, if the holders of its beneficial interests have the right to pledge or exchange the beneficial interests held and (c) the transferor has not maintained effective control over the transferred asset.

In connection with its securitization activities, Nomura utilizes special purpose entities (“SPEs”) to securitize commercial and residential mortgage loans, government and corporate securities or other types of financial assets. Nomura’s involvement with SPEs includes structuring and underwriting, distributing and selling debt instruments and beneficial interests issued by SPEs to investors. Nomura derecognizes financial assets transferred in securitizations provided that Nomura has relinquished control over such assets and does not consolidate the SPE. Nomura may obtain or retain an interest in the financial assets, including residual interests in the SPEs dependent upon prevailing market conditions. Any such interests are carried at fair value and reported within *Trading assets* in the consolidated balance sheets with the change in fair value reported within *Revenue—Net gain on trading* in the consolidated statements of income.

Foreign currency translation—

The financial statements of the Company’s subsidiaries and operations are measured using their functional currency which is the currency of the primary economic environment in which the entity operates. All assets and liabilities of subsidiaries and operations which have a functional currency other than Japanese Yen are translated into Japanese Yen at exchange rates at the balance sheet date, and all revenue and expenses are translated at the average exchange rates for the respective years and the resulting translation adjustments are reported in the consolidated statements of comprehensive income, net of applicable income taxes within *Other comprehensive income (loss)* and within *Accumulated other comprehensive income (loss)* in NHI shareholders’ equity.

Foreign currency assets and liabilities are translated at exchange rates at the balance sheet date and the resulting translation gains or losses are credited or charged to the consolidated statements of income.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Revenue from services provided to customers—

Nomura earns revenue through fees and commissions from providing financial services to customers across all three business divisions. These services primarily include trade execution and clearing services, distribution of fund unit services, financial advisory services, underwriting and distribution services and asset management services.

Revenue is recognized when or as the client obtains control of the service provided by Nomura which depends on when each of the key distinct substantive promises made by Nomura within the contract with the client (“performance obligations”) are satisfied. Such performance obligations are generally satisfied at a particularly point in time or, if certain criteria are met, over a period of time.

Revenue from providing distribution of fund units and clearing services is reported in the consolidated statements of income within *Revenue—Commissions*, revenue from asset management services is reported in *Revenue—Asset management and portfolio service fees* and revenue from financial advisory services, underwriting and distribution services is reported in *Revenue—Fees from investment banking*.

Costs to obtain or fulfill the underlying contract to provide services to a client are deferred as assets if certain criteria are met. These deferred costs, which are reported in the consolidated balance sheets within *Other assets* are released to the consolidated statements of income when the related revenue from providing the service is also recognized or earlier if there is evidence that the costs are not recoverable and therefore impaired.

Trading assets and trading liabilities—

Trading assets primarily comprise debt securities, equity securities and derivative assets which are recognized on the consolidated balance sheets on a trade date basis and loans which are recognized on the consolidated balance sheets on a settlement date basis.

Financial assets are classified as being held for trading when any of the following criteria are met:

- The financial assets are originated or acquired with the intention to generate profit through sale in the short-term;
- The financial assets are part of a portfolio of identified financial instruments that are managed together for the purposes of short-term profit or arbitrage profit-taking; or
- The financial assets are derivative assets.

Trading liabilities primarily comprise short sales of securities and derivative liabilities, which are recognized on the consolidated balance sheets on a trade date basis. Trading assets and liabilities are carried at fair value and changes in fair value are generally reported within *Revenue—Net gain on trading* in the consolidated statements of income.

Certain non-derivative trading liabilities are held to economically hedge the price risk of specific investments in equity securities held for operating purposes. Changes in fair value of these trading liabilities are reported within *Revenue—Gain (loss) on investments in equity securities* in the consolidated statements of income.

Collateralized agreements and collateralized financing—

Collateralized agreements consist of reverse repurchase agreements reported as *Securities purchased under agreements to resell* and securities borrowing transactions reported as *Securities borrowed*. *Collateralized financing* consists of repurchase agreements reported as *Securities sold under agreements to repurchase*, securities lending transactions reported as *Securities loaned* and certain other secured borrowings.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Reverse repurchase and repurchase agreements principally involve the buying or selling of securities under agreements with clients to resell or repurchase these securities to or from those clients, respectively. These transactions are generally accounted for as collateralized agreements or collateralized financing transactions and are recognized in the consolidated balance sheets at the amount for which the securities were originally acquired or sold. Certain reverse repurchase and repurchase agreements are carried at fair value through election of the fair value option.

Nomura also enters into Japanese repo transactions (“Gensaki Repo”) which are the standard type of repurchase agreement used in Japanese financial markets. These transactions contain margin requirements, rights of security substitution, and certain restrictions on the client’s right to sell or repledge the transferred securities and are accounted for as collateralized agreements or collateralized financing transactions and are recognized on the consolidated balance sheets at the amount that the securities were originally acquired or sold.

Securities borrowing and lending transactions are generally accounted for as collateralized agreements and collateralized financing transactions, respectively. These transactions are generally cash collateralized and are recognized on the consolidated balance sheets at the amount of cash collateral advanced or received. Allowances for current expected credit losses recognized against securities borrowing transactions are not significant due to an ongoing monitoring of collateral and the short expected life of these transactions. Where Nomura receives securities rather than cash in a securities lending transaction and such securities can be sold or pledged as collateral, Nomura recognizes the securities received at fair value which are reported in the consolidated balance sheets within *Other assets—Other* and the obligation to return those securities as a liability within *Other liabilities*.

See Note 7 “*Financing receivables*” for further information including how allowances for current expected credit losses under ASC 326 are determined.

Offsetting of collateralized agreements and collateralized financings

Reverse repurchase agreements and repurchase agreements accounted for as collateralized agreements and collateralized financing transactions, respectively, entered into with the same counterparty and documented under a master netting agreement are offset in the consolidated balance sheets where the specific criteria defined by ASC 210-20 “*Balance Sheet—Offsetting*” (“ASC 210-20”) are met. These criteria include requirements around the maturity of the transactions, the underlying systems on which the collateral is settled, associated banking arrangements and the legal enforceability of close-out and offsetting rights under the master netting agreement. Similarly, securities borrowing and lending transactions accounted for as collateralized agreements and collateralized financing transactions, respectively, entered into with the same counterparty and documented under a master netting agreement are also offset in the consolidated balance sheets where the specific criteria defined by ASC 210-20 are met.

Other secured borrowings consist primarily of secured borrowings from financial institutions and central banks in the inter-bank money market, and are carried at contractual amounts due.

Trading balances of secured borrowings consist of liabilities related to transfers of financial assets that are accounted for as secured financing transactions rather than sales under ASC 860 “*Transfers and Servicing*” (“ASC 860”) and are reported in the consolidated balance sheets within *Long-term borrowings*. The fair value option is generally elected for these transactions, which are carried at fair value on a recurring basis. See Note 6 “*Securitizations and Variable Interest Entities*” and Note 10 “*Borrowings*” for further information regarding these transactions.

All Nomura-owned assets pledged to counterparties where the counterparty has the right to sell or repledge the securities, including collateral transferred under Gensaki Repo transactions, are reported parenthetically in the consolidated balance sheets as assets pledged within *Trading assets*.

See Note 5 “*Collateralized transactions*” for further information.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Derivatives—

Nomura uses a variety of derivatives, including futures, forwards, swaps and options, for both trading and non-trading purposes. Freestanding financial instruments which meet the accounting definition of derivatives are carried at fair value in the consolidated balance sheets and reported within *Trading assets or Trading liabilities* depending on whether fair value at the balance sheet date is positive or negative, respectively. Certain derivatives embedded in hybrid financial instruments such as structured notes and certificates of deposit are bifurcated from the host contract and are also carried at fair value in the consolidated balance sheets and reported within *Short-term borrowings* or *Long-term borrowings* depending on the maturity of the underlying host contract. Changes in fair value are recognized either through the consolidated statements of income or the consolidated statements of comprehensive income depending on the purpose for which the derivatives are used.

Derivatives used for trading purposes

Derivatives used for trading purposes, including bifurcated embedded derivatives, are carried at fair value with changes in fair value reported in the consolidated statements of income within *Revenue—Net gain on trading*.

Derivatives held for non-trading purposes

In addition to its trading activities, Nomura uses derivatives for other than trading purposes such as to manage risk exposures arising from recognized assets and liabilities, forecasted transactions and firm commitments. Derivatives held for non-trading purposes comprise derivatives formally designated as fair value or net investment hedges under ASC 815 “*Derivatives and Hedging*” (“ASC 815”) or economic expense hedges as follows:

- *Fair value hedges*—Nomura designates certain derivative as fair value hedges of interest rate risk and foreign exchange risk arising from specific financial liabilities and foreign currency denominated non-trading debt securities, respectively. These derivatives are effective in reducing the risk associated with the exposure being hedged and they are highly correlated with changes in the fair value of the underlying hedged items, both at inception and throughout the life of the hedging relationship. Changes in fair value of the hedging derivatives are reported together with those of the hedged financial assets and liabilities through the consolidated statements of income within *Interest expense* and *Revenue—Other*, respectively.
- *Net investment hedges*—Nomura designates certain derivatives as hedges of the net investment in foreign operations related to specific subsidiaries with functional currencies other than the Japanese Yen. When determining the effectiveness of net investment hedges, the effective portion of the change in fair value of the hedging derivative is determined by changes in spot exchange rates. Changes in fair value of the hedging derivatives attributable to changes in the difference between the forward rate and spot rate is excluded from the measurement of hedge effectiveness and are reported in the consolidated statements of income within *Revenue—Net gain on trading*. All other movements in fair value of highly effective net investment hedging derivatives are reported through NHI shareholders’ equity within *Accumulated other comprehensive income (loss)*.
- *Economic expense hedges*—Nomura designates certain derivatives as economic expense hedges to manage equity price risk or foreign currency risk of certain expenses arising from forecasted transactions or firm commitments. Changes in fair value of these derivatives are reported in the same line item in the consolidated statements of income where expenses arising from the hedged transactions are reported.

Offsetting of derivatives

Derivative assets and liabilities with the same counterparty documented under a legally enforceable master netting agreement and the related cash collateral receivables and payables are presented on a net basis in the consolidated balance sheets where the specific criteria defined by ASC 210-20 and ASC 815 are met.

Settlement-to-market derivatives

Exchange traded and centrally cleared OTC derivatives typically involve daily variation margin payments and receipts which reflect changes in the fair value of the related derivatives. Such variation margin amounts are accounted for as either a partial settlement of the derivative or as a separate cash collateral receivable or payable depending on the legal form of the arrangement with the relevant central clearing counterparty.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

See Note 3 “*Derivatives and hedging activities*” for further information.

Loans receivable—

Loans receivable are loans which management intends to hold for the foreseeable future. Loans receivable are either carried at fair value or at amortized cost. Interest earned on loans receivable is reported in the consolidated statements of income within *Revenue—Interest and dividends*.

Loans receivable carried at fair value

Certain loans which are risk managed on a fair value basis are carried at fair value through election of the fair value option. Nomura makes this election to mitigate volatility in the consolidated statements of income caused by the difference in measurement basis that would otherwise exist between the loans and the derivatives used to risk manage those loans. Changes in the fair value of loans receivable carried at fair value are reported in the consolidated statements of income within *Revenue—Net gain on trading*.

Loans receivable carried at amortized cost

Loans receivable which are not carried at fair value are carried at amortized cost. Amortized cost represents cost adjusted for deferred fees and direct costs, unamortized premiums or discounts on purchased loans and after deducting applicable allowances for current expected credit losses under ASC 326 which Nomura initially adopted from April 1, 2020.

Loan origination fees, net of direct origination costs, are amortized to *Revenue—Interest and dividends* as an adjustment to yield over the life of the loan.

Modifications of loans from debtors experiencing financial difficulty

Prior to April 1, 2023, modifications of loans where the borrower was deemed to be in financial difficulty and Nomura granted, or expected to grant, a financial concession that Nomura would not otherwise consider were accounted for as troubled debt restructurings (“TDRs”). The specific accounting for TDRs was eliminated by ASU 2022-02 “*Financial instruments – Credit losses (Topic 326): Troubled debt restructurings and vintage disclosures*” which NHI adopted effective from April 1, 2023.

See “*New accounting pronouncements adopted during the current year*” for further information on the changes introduced by ASU 2022-02.

See Note 7 “*Financing receivables*” for further information including how allowances for current expected credit losses under ASC 326 are determined and how modifications of loans are accounted for.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other receivables—

Receivables from customers include amounts receivable on client securities transactions, amounts receivable from clients for failed to deliver securities and receivables for commissions receivable. *Receivables from other than customers* include amounts receivable from brokers and dealers for failed to deliver securities, margin deposits, cash collateral receivables for derivative transactions, and net receivables arising from unsettled securities transactions.

These amounts are carried at contractual amounts due less any applicable allowance for current expected credit losses recognized under ASC 326.

See Note 7 “*Financing receivables*” for further information including how allowances for current expected credit losses under ASC 326 are determined.

Loan commitments—

Unfunded loan commitments written by Nomura are accounted for as either off-balance sheet instruments, or are carried at fair value on a recurring basis either as trading instruments or through election of the fair value option.

These loan commitments are generally accounted for in a manner consistent with the accounting for the loan receivable upon funding. Where the loan receivable will be classified as a trading asset or will be elected for the fair value option, the loan commitment is also generally carried at fair value, with changes in fair value reported in the consolidated statements of income within *Revenue—Net gain on trading*. Loan commitment fees integral to the loan commitment are recognized as part of the fair value of the commitment.

For loan commitments where the loan will be held for the foreseeable future and will not be elected for the fair value option, Nomura recognizes allowances for current expected credit losses in accordance with ASC 326. Loan commitment fees are generally deferred and recognized over the term of the loan when funded as an adjustment to yield. If drawdown of the loan commitment is considered remote, loan commitment fees are recognized over the commitment period as service revenue.

See Note 7 “*Financing receivables*” for further information including how allowances for current expected credit losses under ASC 326 are determined.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Payables and deposits—

Payables to customers include amounts payable on client securities transactions and are generally measured at contractual amounts due.

Payables to other than customers include payables to brokers and dealers for failed-to-receive securities, cash collateral payable for derivative transactions, certain collateralized agreements and financing transactions and net payables arising from unsettled securities transactions. Amounts are measured at contractual amounts due.

Deposits received at banks represent amounts held on deposit within Nomura's banking subsidiaries and are measured at contractual amounts due.

Office buildings, land, equipment and facilities—

Office buildings, land, equipment and facilities, owned and held for use by Nomura are carried at cost, net of accumulated depreciation and amortization, except for land, which is carried at cost. Significant renewals and additions are capitalized at cost. Maintenance, repairs and minor renewals are expensed as incurred in the consolidated statements of income.

Leases and subleases entered into by Nomura as either lessor or lessee are classified as either operating or finance leases on inception date in accordance with ASC 842 "*Leases*". On lease commencement date, Nomura as lessee recognizes right-of-use ("ROU") assets and lease liabilities which are reported in the consolidated balance sheets within *Other assets—Office buildings, land, equipment and facilities* and *Other liabilities*, respectively.

Lease liabilities are initially measured at the present value of the future minimum lease payments over the expected lease term. The future minimum lease payments are discounted using a relevant Nomura incremental borrowing rate as derived from information available at lease commencement date. The expected lease term is generally determined based on the contractual maturity of the lease, and adjusted for periods covered by options to extend or terminate the lease when Nomura is reasonably certain to exercise those options. ROU assets are initially measured at the amount of lease liabilities, and adjusted for any prepaid lease payments, initial direct costs incurred and any lease incentives received.

After lease commencement date, for operating leases Nomura as lessee recognizes lease expense over the lease term generally on a straight-line basis in the consolidated statements of income within *Occupancy and related depreciation* or *Information processing and communications*. While for finance leases, Nomura recognizes amortization charges of ROU assets over the lease term and interest expense on finance lease liabilities.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Depreciation and amortization expenses of owned assets are generally computed using the straight-line method and recognized over the estimated useful lives of each asset. The estimated useful life of an asset considers technological change, normal deterioration and actual physical usage by Nomura. Leasehold improvements are depreciated over the shorter of their useful life or the term of corresponding lease.

The estimated useful lives for significant asset classes are as follows:

Office buildings	3 to 50 years
Equipment and facilities	3 to 20 years
Software	3 to 10 years

Long-lived assets, including ROU assets and software assets but excluding goodwill and indefinite-lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the estimated future undiscounted cash flows generated by the asset is less than the carrying amount of the asset, a loss is recognized to the extent that the carrying value exceeds its fair value.

See Note 8 “Leases” for further information.

Investments in equity securities—

Nomura holds minority investments in the equity securities of unaffiliated Japanese financial institutions and corporations in order to promote existing and potential business relationships. These companies often have similar investments in Nomura. Such cross-holdings are a customary business practice in Japan and provide a way for companies to manage shareholder relationships.

These investments, which Nomura refers to as being held for operating purposes, are carried at fair value and reported in the consolidated balance sheets within *Other assets—Investments in equity securities*, with changes in fair value reported in the consolidated statements of income within *Revenue—Gain (loss) on investments in equity securities*.

Other non-trading debt and equity securities—

Certain subsidiaries within Nomura hold debt securities and minority stakes in equity securities for non-trading purposes. Non-trading securities held by these subsidiaries are carried at fair value and reported in the consolidated balance sheets within *Other assets—Non-trading debt securities* and *Other assets—Other*, with changes in fair value reported in the consolidated statements of income within *Revenue—Other*. Realized gains and losses on non-trading securities are reported in the consolidated statements of income within *Revenue—Other*.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Short-term and long-term borrowings—

Short-term borrowings are defined as borrowings which are due on demand, which have a contractual maturity of one year or less at issuance date, or which have a longer contractual maturity but which contain substantive features outside of Nomura's control that allows the investor to demand redemption within one year from original issuance date, provided exercise of such features are not considered to be remote. Short-term and long-term borrowings primarily consist of commercial paper, bank borrowings, and certain structured notes issued by Nomura and SPEs consolidated by Nomura, and financial liabilities recognized in transfers of financial assets which are accounted for as financings rather than sales under ASC 860 ("secured financing transactions"). Of these financial liabilities, certain structured notes and secured financing transactions are accounted for at fair value on a recurring basis through election of the fair value option. Other short and long-term borrowings are carried at amortized cost.

Structured notes are debt securities which contain embedded features (often meeting the accounting definition of a derivative) that alter the return to the investor from simply receiving a fixed or floating rate of interest to a return that depends upon some other variable(s) such as an equity or equity index, commodity price, foreign exchange rate, credit rating of a third party or more complex interest rate calculation. Structured borrowings are borrowings that have similar characteristics as structured notes.

All structured notes and certain structured borrowings issued by Nomura are carried at fair value on a recurring basis through election of the fair value option. This blanket election for structured notes and certain structured borrowings are made primarily to mitigate the volatility in the consolidated statements of income caused by differences in the measurement basis for structured notes and the derivatives used to risk manage those positions and to generally simplify the accounting Nomura applies to these financial instruments.

Changes in the fair value of structured notes elected for the fair value option are reported in the consolidated statements of income within *Revenue—Net gain on trading*, except for those attributable to Nomura's own creditworthiness which are reported in the consolidated statements of comprehensive income, net of applicable income taxes within *Other comprehensive income (loss)*.

See Note 10 "*Borrowings*" for further information.

Income taxes—

Deferred tax assets and liabilities are recognized in the consolidated balance sheets to reflect the expected future tax consequences of operating loss carryforwards, tax credit carryforwards and temporary differences between the carrying amounts for financial reporting purposes and the tax bases of assets and liabilities based upon enacted tax laws and tax rates. Nomura recognizes deferred tax assets to the extent it believes that it is more likely than not that a benefit will be realized. A valuation allowance is established against deferred tax assets for tax benefits available to Nomura that are not deemed more likely than not to be realized.

Deferred tax assets and deferred tax liabilities that relate to the same tax-paying component within a particular tax jurisdiction are offset in the consolidated balance sheets. Net deferred tax assets and net deferred tax liabilities are reported in the consolidated balance sheets within *Other assets—Other* and *Other liabilities*.

Nomura recognizes and measures unrecognized tax benefits based on Nomura's estimate of the likelihood, based on technical merits, that tax positions will be sustained upon examination based on the facts and circumstances and information available at the end of each reporting period. Nomura adjusts the level of unrecognized tax benefits when there is more information available, or when an event occurs requiring a change. The reassessment of unrecognized tax benefits could have a material impact on Nomura's effective tax rate in the period in which it occurs.

Nomura reports income tax-related interest and penalties in the consolidated statements of income within *Income tax expense*.

See Note 14 "*Income taxes*" for further information.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Stock-based and other compensation awards—

Stock-based awards issued by Nomura to senior management and other employees are classified as either equity or liability awards depending on the terms of the award.

Stock-based awards such as Stock Acquisition Rights (“SARs”) and Restricted Stock Units (“RSUs”) which are expected to be settled by the delivery of the Company’s common stock are classified as equity awards. For these awards, total compensation cost is generally fixed at the grant date and measured using the grant-date fair value of the award, net of any amount the employee is obligated to pay and estimated forfeitures.

Stock-based awards such as Notional Stock Units (“NSUs”) and Collared Notional Stock Units (“CSUs”) which are expected to be settled in cash are classified as liability awards. Liability awards are remeasured to fair value at each balance sheet date, net of estimated forfeitures with the final measurement of cumulative compensation cost equal to the settlement amount.

For both equity and liability awards, fair value is determined either by using option pricing models, the market price of the Company’s common stock or the price of the third party index, as appropriate. Compensation cost is recognized in the consolidated statements of income over the requisite service period, which generally is equal to the contractual vesting period. Where an award has graded vesting, compensation expense is recognized using the accelerated recognition method.

Certain deferred compensation awards include “Full Career Retirement” (“FCR”) provisions which permit recipients of the awards to continue to vest in the awards upon voluntary termination or by claiming FCR during a pre-defined election window if certain criteria based on corporate title and length of service within Nomura are met. The requisite service period for these awards ends on the earlier of the contractual vesting date and the date that the recipients become eligible for or claim FCR.

Compensation cost recognized for stock-based and other compensation awards is reported in the consolidated statements of income within *Compensation and benefits*.

See Note 13 “*Deferred compensation awards*” for further information.

Earnings per share—

The computation of basic earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share reflects the assumed conversion of all dilutive securities based on the most advantageous conversion rate or exercise price available to the investors, and assuming conversion of convertible debt under the if-converted method.

See Note 11 “*Earnings per share*” for further information.

Cash and cash equivalents—

Nomura defines cash and cash equivalents as cash on hand and demand deposits with banks.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Goodwill and intangible assets—

Goodwill is recognized upon completion of a business combination as the difference between the purchase price and the fair value of the net assets acquired. Subsequent to initial recognition, goodwill is not amortized but is tested for impairment at a reporting unit level during the fourth quarter of each fiscal year, or more frequently during earlier interim periods if events or circumstances indicate there may be impairment. Nomura's reporting units are at the same level as or one level below its business segments.

Nomura tests goodwill of each separate reporting unit by initially qualitatively assessing whether events and circumstances indicate that it is more likely than not (i.e., greater than 50% likelihood) that a reporting unit's fair value is less than its carrying amount. If such assessment indicates fair value is not less than the carrying value, the reporting unit is deemed not to be impaired and no further analysis is required. If it is more likely than not that fair value of the reporting unit is below its carrying value, a quantitative test is then performed. A goodwill impairment loss is recognized through the consolidated statements of income as the excess of the carrying amount of a reporting unit, including goodwill, over its fair value but limited to the total amount of goodwill allocated to the reporting unit. Intangible assets not subject to amortization ("indefinite-lived intangible assets") are tested for impairment on an individual asset basis during the fourth quarter of each fiscal year, or more frequently during earlier interim periods if events or circumstances indicate there may be impairment. Similar to goodwill, Nomura tests an indefinite-lived intangible asset by initially qualitatively assessing whether events or circumstances indicate that it is more likely than not that the fair value of the intangible asset is less than its carrying amount. If such assessment indicates fair value is not less than the carrying value, the intangible asset is deemed not to be impaired and no further analysis is required. If it is more likely than not that the fair value of the intangible asset is below its carrying value, the current estimated fair value of the intangible asset is compared with its carrying value. An impairment loss is recognized if the carrying value of the intangible asset exceeds its estimated fair value.

Intangible assets with finite lives ("finite-lived intangible assets") are amortized over their estimated useful lives and tested for impairment either individually or with other assets ("asset group") when events and circumstances indicate that the carrying value of the intangible asset (or asset group) may not be recoverable.

A finite-lived intangible asset is impaired when its carrying amount or the carrying amount of the asset group exceeds its fair value. An impairment loss is recognized only if the carrying amount of the intangible asset (or asset group) is not recoverable and exceeds its fair value.

For both goodwill and intangible assets, to the extent an impairment loss is recognized, the loss establishes a new cost basis for the asset which cannot be subsequently reversed.

See Note 9 "*Other assets—Office buildings, land, equipment and facilities and Other / Other liabilities*" for further information.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Employee benefit plans—

Nomura provides certain eligible employees with various benefit plans, including pensions and other post-retirement benefits. These benefit plans are classified as either defined benefit plans or defined contribution plans.

Defined benefit plans

Plan assets and benefit obligations, as well as the net periodic benefit cost of a defined benefit pension or post-retirement benefit plan, are recognized based on various actuarial assumptions such as discount rates, expected return on plan assets and future compensation levels at the balance sheet date. Actuarial gains and losses in excess of 10% of the greater of the projected benefit obligation or the fair value of plan assets and unrecognized prior service costs or credits are amortized to net periodic benefit cost on a straight-line basis over the average remaining service life of active employees expected to receive benefits. The overfunded or underfunded status of a plan is reported within *Other assets—Other* or *Other liabilities* in the consolidated balance sheets, and changes in funded status are reflected in net periodic benefit cost in the consolidated statements of income within *Compensation and benefits* or *Other* and in the consolidated statements of comprehensive income, net of applicable income taxes within *Other comprehensive income (loss)*.

Defined contribution plans

The net periodic pension and other benefit cost of defined contribution plans is recognized in the consolidated statements of income within *Compensation and benefits* when the employee renders service to Nomura, which generally coincides with when contributions to the plan are made.

See Note 12 “*Employee benefit plans*” for further information.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

New accounting pronouncements adopted during the current year—

The following table presents a summary of new accounting pronouncements relevant to Nomura which have been adopted since April 1, 2023, the date of adoption by Nomura and whether the new accounting pronouncement has had a material financial impact on these consolidated financial statements on adoption or prospectively since adoption:

<u>Pronouncement</u>	<u>Summary of new guidance</u>	<u>Adoption date and method of adoption</u>	<u>Effect on these consolidated financial statements</u>
<p>ASU 2022-02 <i>“Financial instruments – Credit losses (Topic 326): Troubled debt restructurings and vintage disclosures”</i></p>	<ul style="list-style-type: none"> • Eliminates specific recognition and measurement guidance for troubled debt restructurings (“TDRs”). Single guidance to be applied to all modifications when determining whether a modification results in a new receivable or a continuation of an existing receivable. • Requires to use a discounted cash flow (“DCF”) or reconcilable method for measurement of current expected credit losses for modified receivables is removed; where a DCF method is used for the measurement, an effective interest rate (EIR) derived from the modified contractual terms should be applied. • Enhances disclosures by creditors for modifications of receivables from debtors experiencing financial difficulty in the form of principal forgiveness, an interest rate reduction, other-than-insignificant payment delay or term extension. • Augments the current requirements for public business entity creditors to disclose current-period gross write-offs by year of origination (i.e., the vintage year) for financing receivables and net investments in leases. 	<p>Nomura has adopted the amendments prospectively from April 1, 2023.</p>	<p>No material financial impact on initial adoption and since adoption.</p> <p>See Note 7. “<i>Financing receivables</i>” for related new disclosures.</p>

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Future accounting developments—

The following table presents a summary of new authoritative accounting pronouncements relevant to Nomura which will be adopted on or after April 1, 2024, the expected date of adoption by Nomura and whether the new accounting pronouncement may have a material financial impact on these consolidated financial statements on initial adoption or prospectively:

<u>Pronouncement</u>	<u>Summary of new guidance</u>	<u>Expected adoption date and method of adoption</u>	<u>Effect on these consolidated financial statements</u>
ASU 2022-03 “Fair value measurement (Topic 820)”	<ul style="list-style-type: none"> • Clarifies that a contractual sale restriction is an entity-specific characteristic and therefore should not be considered in the fair value measurement of an equity security. • Enhances disclosures for fair value of investments in equity securities subject to contractual sale restrictions, nature and remaining duration of the restrictions and circumstances that could cause a lapse in the restrictions. 	Nomura will adopt the amendments prospectively from April 1, 2024.	No material financial impact expected.
ASU 2023-07 “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”	<ul style="list-style-type: none"> • Enhances segment reporting by introducing incremental interim and annual disclosure requirements for more disaggregated expense information about a public entity’s reportable segments and expanding frequency of existing segment disclosures. • Requires annual disclosures of information about the chief operating decision maker. • Clarifies circumstances where disclosure of more than one measure of a segment’s profit or loss are permitted. 	Nomura currently plans to adopt the amendments retrospectively from March 31, 2025.	No material financial impact expected.
ASU 2023-08 “Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets”	<ul style="list-style-type: none"> • Requires all in-scope crypto assets be subsequently measured at fair value at each reporting period through earnings. • Presentation of in-scope crypto assets in the financial statements to be shown separately from other intangible assets. • Introduces new disclosure requirements for in-scope crypto assets applicable to all entities. 	Nomura currently plans to adopt the amendments based on a modified retrospective approach from April 1, 2025.	No material financial impact expected.
ASU 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”	<ul style="list-style-type: none"> • Introduces incremental annual disclosures for disaggregated information about an entity’s effective tax rate reconciliation and information on income taxes paid. • Removes certain existing disclosure requirements in relation to unrecognized tax benefits and temporary differences for which a deferred tax liability is not recognized. 	Nomura currently plans to adopt the amendments prospectively from April 1, 2025.	No material financial impact expected.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Voluntary change in accounting policy which Nomura will adopt from April 1, 2024—

Effective from April 1, 2024, Nomura has changed its accounting policy in respect of how accounting guidance provided by ASC 940 is applied to the Company and its consolidated subsidiaries. For the year ended March 31, 2024 and prior, ASC 940 was applied on a consolidated basis to all entities included within the consolidated financial statements of Nomura. Effective from April 1, 2024, the Company and consolidated subsidiaries that are not registered as a broker-dealer (“non-BD entities”) no longer apply ASC 940.

This accounting policy change is primarily due to a planned expansion of Nomura’s banking and investment management business and is therefore intended to allow certain non-BD entities to prospectively classify purchases of new non-trading debt securities as either held to maturity (“HTM”) or available for sale (“AFS”) as defined in ASC 320 “*Investments—Debt Securities*”. Non-trading debt securities classified as HTM are securities that a non-BD entity has both the ability and the intent to hold until maturity and are carried at amortized cost while non-trading debt securities classified as AFS will be carried at fair value with changes in fair value reported in the consolidated statements of comprehensive income, net of applicable income taxes within *Other comprehensive income (loss)* and in the consolidated balance sheets, net of applicable income taxes within *Accumulated other comprehensive income (loss)*, a component of NHI shareholders’ equity.

As retrospective application of this accounting policy change is impracticable since it would require use of hindsight regarding historical accounting matters such as the initial classification of non-trading debt securities, Nomura has applied this new accounting policy prospectively from April 1, 2024.

As part of this accounting policy change, existing loans for trading purposes and non-trading debt securities held by non-BD entities will elect the fair value option on April 1, 2024 and therefore will continue to be measured at fair value through earnings. A similar election will be made for subsequent originations or purchases of loans held for trading purposes. Such loans will continue to be reported in *Trading assets* in the consolidated balance sheet with changes in fair value reported in the consolidated statements of income within *Revenue—Net gain on trading*.

Following the accounting policy change, fair value changes of non-trading debt securities newly acquired on or after April 1, 2024 and classified as HTM or AFS by non-BD entities will not be recognized through earnings, unless an impairment loss is recognized.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2. Fair value measurements:

The fair value of financial instruments

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

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

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

Fair value is usually determined on an individual financial instrument basis consistent with the unit of account of the financial instrument. However, certain financial instruments managed on a portfolio basis are valued as a portfolio, namely based on the price that would be received to sell a net long position (i.e., a net financial asset) or transfer a net short position (i.e., a net financial liability) consistent with how market participants would price the net risk exposure at the measurement date.

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

Increases and decreases in the fair value of assets and liabilities may significantly impact Nomura's position, performance, liquidity and capital resources. As explained below, valuation techniques applied contain inherent uncertainties and Nomura is unable to predict the accurate impact of future developments in the market. The valuation of financial instruments is more difficult during periods of market stress as a result of greater volatility and reduced price transparency and may therefore require the greater use of judgement in the determination of fair value. Where appropriate, Nomura uses economic hedging strategies to mitigate risk, although these hedges are also subject to unpredictable movements in the market.

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

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

Where quoted prices are available in active markets, no valuation adjustments are taken to modify the fair value of assets or liabilities marked using such prices. Other instruments may be measured using valuation techniques, such as valuation pricing models incorporating observable valuation inputs, unobservable parameters or a combination of both. Valuation pricing models use valuation inputs which would be considered by market participants in valuing similar financial instruments.

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

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

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

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

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

Fair value hierarchy

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

Level 1:

Observable valuation inputs that reflect quoted prices (unadjusted) for identical financial instruments traded in active markets at the measurement date.

Level 2:

Valuation inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the financial instrument.

Level 3:

Unobservable valuation inputs which reflect Nomura assumptions and specific data.

The availability of valuation inputs observable in the market varies by type of financial instrument and can be affected by a variety of factors. Significant factors include, but are not restricted to, the prevalence of similar financial instruments in the market, especially for those which are customized, how established the financial instrument is in the market, for example, whether it is a new financial instrument 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 market 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 financial instrument would be traded, the underlying risks, the type and liquidity of market data inputs and the nature of observed transactions for similar financial instruments.

Where valuation models include the use of valuation inputs which are less observable or unobservable in the market, significant management judgment is used in determining 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 used to determine whether a market is active or inactive include the number of transactions, the frequency that pricing is updated by other market participants, the variability of price quotes among market participants, and the amount of publicly available information.

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The following tables present the amounts of Nomura's financial instruments carried at fair value on a recurring basis as of March 31, 2023 and 2024 within the fair value hierarchy.

	Billions of yen				
	March 31, 2023				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting ⁽¹⁾	Balance as of March 31, 2023
Assets:					
Trading assets and private equity and debt investments ⁽²⁾					
Equities ⁽³⁾	¥1,906	¥ 1,111	¥ 4	¥ —	¥ 3,021
Private equity and debt investments ⁽⁵⁾	25	—	52	—	77
Japanese government securities	1,627	—	—	—	1,627
Japanese agency and municipal securities	—	157	2	—	159
Foreign government, agency and municipal securities	3,566	2,221	8	—	5,795
Bank and corporate debt securities and loans for trading purposes	—	1,268	258	—	1,526
Commercial mortgage-backed securities (“CMBS”)	—	—	0	—	0
Residential mortgage-backed securities (“RMBS”)	—	3,402	8	—	3,410
Issued/Guaranteed by government sponsored entity	—	3,265	—	—	3,265
Other	—	137	8	—	145
Real estate-backed securities	—	58	95	—	153
Collateralized debt obligations (“CDOs”) and other ⁽⁶⁾	—	35	28	—	63
Investment trust funds and other	307	3	2	—	312
Total trading assets and private equity and debt investments	7,431	8,255	457	—	16,143
Derivative assets ⁽⁷⁾					
Equity contracts	2	1,052	11	—	1,065
Interest rate contracts	73	12,593	133	—	12,799
Credit contracts	8	232	36	—	276
Foreign exchange contracts	0	4,171	49	—	4,220
Commodity contracts	1	2	—	—	3
Netting	—	—	—	(16,943)	(16,943)
Total derivative assets	84	18,050	229	(16,943)	1,420
Subtotal	¥7,515	¥26,305	¥ 686	¥ (16,943)	¥ 17,563
Loans and receivables ⁽⁸⁾	—	1,498	191	—	1,689
Collateralized agreements ⁽⁹⁾	—	286	17	—	303
Other assets ⁽²⁾					
Non-trading debt securities	87	247	3	—	337
Other ⁽³⁾⁽⁴⁾	188	164	196	—	548
Total	¥7,790	¥28,500	¥1,093	¥ (16,943)	¥ 20,440
Liabilities:					
Trading liabilities					
Equities	¥2,068	¥ 13	¥ 1	¥ —	¥ 2,082
Japanese government securities	1,469	—	—	—	1,469
Japanese agency and municipal securities	—	5	—	—	5
Foreign government, agency and municipal securities	3,579	1,021	0	—	4,600
Bank and corporate debt securities	—	232	3	—	235
Residential mortgage-backed securities (“RMBS”)	—	0	—	—	0
Investment trust funds and other	158	—	0	—	158
Total trading liabilities	7,274	1,271	4	—	8,549
Derivative liabilities ⁽⁷⁾					
Equity contracts	3	1,602	5	—	1,610
Interest rate contracts	45	12,080	122	—	12,247
Credit contracts	14	276	68	—	358
Foreign exchange contracts	0	4,090	30	—	4,120
Commodity contracts	—	3	—	—	3
Netting	—	—	—	(16,329)	(16,329)
Total derivative liabilities	62	18,051	225	(16,329)	2,009
Subtotal	¥7,336	¥19,322	¥ 229	¥ (16,329)	¥ 10,558
Short-term borrowings ⁽¹¹⁾	¥ —	¥ 446	¥ 30	¥ —	¥ 476

Payables and deposits ⁽¹⁰⁾⁽¹²⁾	—	142	17	—	159
Collateralized financing ⁽⁹⁾	—	749	—	—	749
Long-term borrowings ⁽¹¹⁾⁽¹³⁾⁽¹⁴⁾	27	4,437	493	—	4,957
Other liabilities ⁽¹⁵⁾	108	175	21	—	304
Total	<u>¥7,471</u>	<u>¥25,271</u>	<u>¥ 790</u>	<u>¥ (16,329)</u>	<u>¥ 17,203</u>

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	Billions of yen				
	March 31, 2024				
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting ⁽¹⁾	Balance as of March 31, 2024
Assets:					
Trading assets and private equity and debt investments ⁽²⁾					
Equities ⁽³⁾	¥2,931	¥ 1,353	¥ 8	¥ —	¥ 4,292
Private equity and debt investments ⁽⁵⁾	—	3	80	—	83
Japanese government securities	1,919	—	—	—	1,919
Japanese agency and municipal securities	—	182	0	—	182
Foreign government, agency and municipal securities	3,677	2,450	3	—	6,130
Bank and corporate debt securities and loans for trading purposes	—	1,543	173	—	1,716
Commercial mortgage-backed securities (“CMBS”)	—	9	0	—	9
Residential mortgage-backed securities (“RMBS”)	—	3,071	35	—	3,106
Issued/Guaranteed by government sponsored entity	—	2,923	—	—	2,923
Other	—	148	35	—	183
Real estate-backed securities	—	37	122	—	159
Collateralized debt obligations (“CDOs”) and other ⁽⁶⁾	—	35	46	—	81
Investment trust funds and other	393	1	3	—	397
Total trading assets and private equity and debt investments	8,920	8,684	470	—	18,074
Derivative assets ⁽⁷⁾					
Equity contracts	2	3,228	9	—	3,239
Interest rate contracts	17	12,766	146	—	12,929
Credit contracts	1	236	47	—	284
Foreign exchange contracts	1	4,836	47	—	4,884
Commodity contracts	1	2	—	—	3
Netting	—	—	—	(19,815)	(19,815)
Total derivative assets	22	21,068	249	(19,815)	1,524
Subtotal	¥8,942	¥29,752	¥ 719	¥ (19,815)	¥ 19,598
Loans and receivables ⁽⁸⁾	2	1,808	291	—	2,101
Collateralized agreements ⁽⁹⁾	—	454	12	—	466
Other assets ⁽²⁾					
Non-trading debt securities	112	202	21	—	335
Other ⁽³⁾⁽⁴⁾	371	59	253	—	683
Total	¥9,427	¥32,275	¥1,296	¥ (19,815)	¥ 23,183
Liabilities:					
Trading liabilities					
Equities	¥2,597	¥ 28	¥ 0	¥ —	¥ 2,625
Japanese government securities	2,098	—	—	—	2,098
Japanese agency and municipal securities	—	6	—	—	6
Foreign government, agency and municipal securities	3,206	645	—	—	3,851
Bank and corporate debt securities	—	175	1	—	176
Residential mortgage-backed securities (“RMBS”)	—	0	—	—	0
Investment trust funds and other	188	—	0	—	188
Total trading liabilities	8,089	854	1	—	8,944
Derivative liabilities ⁽⁷⁾					
Equity contracts	3	3,820	4	—	3,827
Interest rate contracts	18	12,102	114	—	12,234
Credit contracts	0	290	93	—	383
Foreign exchange contracts	0	4,620	44	—	4,664
Commodity contracts	0	5	—	—	5
Netting	—	—	—	(19,166)	(19,166)
Total derivative liabilities	21	20,837	255	(19,166)	1,947
Subtotal	¥8,110	¥21,691	¥ 256	¥ (19,166)	¥ 10,891
Short-term borrowings ⁽¹¹⁾	¥ —	¥ 628	¥ 23	¥ —	¥ 651
Payables and deposits ⁽¹⁰⁾⁽¹²⁾	—	168	15	—	183
Collateralized financing ⁽⁹⁾	—	978	—	—	978
Long-term borrowings ⁽¹¹⁾⁽¹³⁾⁽¹⁴⁾	22	5,627	474	—	6,123

Other liabilities ⁽¹⁵⁾	283	66	44	—	393
Total	<u>¥8,415</u>	<u>¥29,158</u>	<u>¥ 812</u>	<u>¥ (19,166)</u>	<u>¥ 19,219</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- (1) Represents the amount offset under counterparty netting of derivative assets and liabilities as well as cash collateral netting against net derivatives assets or liabilities.
- (2) Investments that are carried at fair value using NAV per share as a practical expedient have not been classified in the fair value hierarchy. As of March 31, 2023 and March 31, 2024, the fair values of these investments which are included in *Trading assets and private equity and debt investments* were ¥47 billion and ¥59 billion, respectively. As of March 31, 2023 and March 31, 2024, the fair values of these investments which are included in *Other assets—Others* were ¥3 billion and ¥3 billion, respectively.
- (3) Includes equity investments that would have been accounted for under the equity method had Nomura not chosen to elect the fair value option.
- (4) Includes equity investments which comprise listed and unlisted equity securities held for operating purposes in the amounts of ¥69,475 million and ¥28,185 million, respectively, as of March 31, 2023 and ¥78,708 million and ¥26,380 million, respectively, as of March 31, 2024.
- (5) *Private equity and debt investments* include minority private equity and venture capital equity investments and other junior debt investments such as mezzanine debt held for non-trading purposes, and post-IPO investments. These investments also include equity investments that would have been accounted for under the equity method had Nomura not chosen to elect the fair value option.
- (6) Includes collateralized loan obligations (“CLOs”) and asset-backed securities (“ABS”) such as those secured on credit card loans, auto loans and student loans.
- (7) Derivatives which contain multiple types of risk are classified based on the primary risk type of the instrument.
- (8) Includes loans and receivables for which the fair value option has been elected.
- (9) Includes collateralized agreements or collateralized financing for which the fair value option has been elected.
- (10) Includes deposits received at banks for which the fair value option has been elected.
- (11) Includes structured notes for which the fair value option has been elected.
- (12) Includes embedded derivatives bifurcated from deposits received at banks. Deposits are adjusted for fair value changes in corresponding embedded derivatives for presentation in the consolidated balance sheets.
- (13) Includes embedded derivatives bifurcated from issued structured notes. Structured notes are adjusted for fair value changes in corresponding embedded derivatives for presentation in the consolidated balance sheets.
- (14) Includes liabilities recognized from secured financing transactions that are accounted for as financings rather than sales. Nomura elected the fair value option for these liabilities.
- (15) Includes loan commitments for which the fair value option has been elected.

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Valuation techniques by major class of financial instrument

The valuation techniques used by Nomura to estimate fair value for major classes of financial instruments, together with the significant inputs which determine classification in the fair value hierarchy, are as follows.

Equities and equity securities reported within Other assets—Equities and equity securities reported within *Other assets* include direct holdings of both listed and unlisted equity securities, and fund investments. The fair value of listed equity securities is determined using quoted prices for identical securities from active markets where available. These valuations should be in line with market practice and therefore can be based on bid prices or mid-market prices. Nomura determines whether the market is active depending on the sufficiency and frequency of trading activity. Where these securities are classified in Level 1 of the fair value hierarchy, no valuation adjustments are made to fair value. Listed equity securities traded in inactive markets are also generally valued using the exchange price and are classified in Level 2. While rare in practice, Nomura may apply a discount or liquidity adjustment to the exchange price of a listed equity security traded in an inactive market if the exchange price is not considered to be an appropriate representation of fair value. These adjustments are determined by individual security and are not determined or influenced by the size of holding. The amount of such adjustments made to listed equity securities traded in inactive markets was ¥nil as of March 31, 2023 and 2024, respectively. The fair value of unlisted equity securities is determined using the same valuation technique as private equity and debt investments described below and are usually classified in Level 3 because significant valuation inputs such as liquidity discounts and credit spreads are unobservable.

Private equity and debt investments—The determination of fair value of unlisted equity and debt investments requires significant management judgment because the investments, by their nature, have little or no price transparency. Private equity and debt investments are initially carried at cost as an approximation of fair value. Adjustments to carrying value are made if there is third party evidence of a change in value. Adjustments are also made, in the absence of third party transactions, if it is determined that the expected exit price of the investment is different from carrying value. In reaching that determination, Nomura primarily uses either a discounted cash flow (“DCF”) or market multiple valuation technique. A DCF valuation technique incorporates estimated future cash flows to be generated from the investee, as adjusted for an appropriate growth rate discounted at a weighted average cost of capital (“WACC”). Market multiple valuation techniques include comparables such as Enterprise Value/Earnings before interest, taxes, depreciation and amortization (“EV/EBITDA”) ratios, Price/Earnings (“PE”) ratios, Price/Book ratios, Price/Embedded Value ratios and other multiples based on relationships between numbers reported in the financial statements of the investee and the price of comparable companies. A liquidity discount may also be applied to either a DCF or market multiple valuation to reflect the specific characteristics of the investee. The liquidity discount includes considerations for various uncertainties in the model and inputs to valuation. Where possible these valuations are compared with the operating cash flows and financial performance of the investee or properties relative to budgets or projections, PE data for similar quoted companies, trends within sectors and/or regions and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. Private equity and debt investments are generally classified in Level 3 since the valuation inputs such as those mentioned above are usually unobservable.

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Government, agency and municipal securities—The fair value of Japanese and other G7 government securities is primarily determined using quoted market prices, executable broker or dealer quotations, or alternative pricing sources. These securities are traded in active markets and therefore are classified within Level 1 of the fair value hierarchy. Non-G7 government securities, agency securities and municipal securities are valued using similar pricing sources but are generally classified in Level 2 as they are traded in inactive markets. Certain non-G7 securities may be classified in Level 1 because they are traded in active markets. Certain securities may be classified in Level 3 because they are traded infrequently and there is not sufficient information from comparable securities to classify them in Level 2. These are valued using DCF valuation techniques which include significant unobservable valuation inputs such as credit spreads of the issuer.

Bank and corporate debt securities—The fair value of bank and corporate debt securities is primarily determined using broker or dealer quotations and recent market transactions of identical or similar debt securities if available, but also using DCF valuation techniques. Consideration is given to the nature of the broker and dealer quotations, namely whether these are indicative or executable, the number of available quotations and how these quotations compare to any available recent market activity or alternative pricing sources. The significant valuation inputs used for DCF valuations are yield curves, asset swap spreads, recovery rates and credit spreads of the issuer. Bank and corporate debt securities are generally classified in Level 2 because these valuation inputs are usually observable or market-corroborated. Certain bank and corporate debt securities will be classified in Level 3 because they are traded infrequently and there is insufficient information from comparable securities to classify them in Level 2, or credit spreads or recovery rates of the issuer used in DCF valuations are unobservable.

Commercial mortgage-backed securities (“CMBS”) and Residential mortgage-backed securities (“RMBS”)—The fair value of CMBS and RMBS are primarily determined using DCF valuation techniques but also using broker or dealer quotations and recent market transactions of identical or similar securities, if available. Consideration is given to the nature of the broker and dealer quotations, namely whether these are indicative or executable, the number of available quotations and how these quotations compare to any available recent market activity or alternative pricing sources. The significant valuation inputs include yields, prepayment rates, default probabilities and loss severities. CMBS and RMBS securities are generally classified in Level 2 because these valuation inputs are observable or market-corroborated. Certain CMBS and RMBS positions will be classified in Level 3 because they are traded infrequently and there is insufficient information from comparable securities to classify them in Level 2, or one or more of the significant valuation inputs used in DCF valuations are unobservable.

Real estate-backed securities—The fair value of real estate-backed securities is determined using broker or dealer quotations, recent market transactions or by reference to a comparable market index. Consideration is given to the nature of the broker and dealer quotations, namely whether these are indicative or executable, the number of available quotations and how these quotations compare to any available recent market activity or alternative pricing sources. Where all significant inputs are observable, the securities will be classified in Level 2. For certain securities, no direct pricing sources or comparable securities or indices may be available. These securities are valued using DCF or valuation techniques and are classified in Level 3 as the valuation includes significant unobservable valuation inputs such as yields or loss severities.

Collateralized debt obligations (“CDOs”) and other—The fair value of CDOs is primarily determined using DCF valuation techniques but also using broker or dealer quotations and recent market transactions of identical or similar securities, if available. Consideration is given to the nature of the broker and dealer quotations, namely whether these are indicative or executable, the number of available quotations and how these quotations compare to any available recent market activity or alternative pricing sources. The significant valuation inputs used include market spread data for each credit rating, yields, prepayment rates, default probabilities and loss severities. CDOs are generally classified in Level 2 because these valuation inputs are observable or market-corroborated. CDOs will be classified in Level 3 where one or more of the significant valuation inputs used in the DCF valuations are unobservable.

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Investment trust funds and other—Publicly traded funds which are valued based on quoted prices in active markets are classified in Level 1 of the fair value hierarchy. Investments in funds that are not publicly traded but Nomura has the ability to redeem its investment at NAV per share on the balance sheet date are valued at NAV and classified in Level 2. Investments in funds which are valued using significant unobservable valuation inputs such as credit spreads of issuer and correlation are classified in Level 3. Investment in funds that are carried at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Derivatives—Equity contracts—Nomura enters into both exchange-traded and OTC equity derivative transactions such as index and equity options, equity basket options and index and equity swaps. Where these derivatives are traded in active markets and the exchange price is representative of fair value, the fair value of exchange-traded equity derivatives is determined using an unadjusted exchange price and classified in Level 1 of the fair value hierarchy. The fair value of exchange-traded equity derivatives which are traded in inactive markets or where the exchange price is not representative of fair value is determined using a model price and are classified in Level 2. The fair value of OTC equity derivatives is determined through option models such as Black-Scholes and Monte Carlo simulation. The significant valuation inputs used include equity prices, dividend yields, volatilities and correlations. Valuation adjustments are also made to model valuations in order to reflect counterparty credit risk on derivative assets and Nomura's own creditworthiness on derivative liabilities. OTC equity derivatives are generally classified in Level 2 because all significant valuation inputs and adjustments are observable or market-corroborated. Certain less liquid vanilla or more complex equity derivatives are classified in Level 3 where dividend yield, volatility or correlation valuation inputs are significant and unobservable.

Derivatives—Interest rate contracts—Nomura enters into both exchange-traded and OTC interest rate derivative transactions such as interest rate swaps, currency swaps, interest rate options, forward rate agreements, swaptions, caps and floors. Where these derivatives are traded in active markets and the exchange price is representative of fair value, the fair value of exchange-traded interest rate derivatives is determined using an unadjusted exchange price and classified in Level 1 of the fair value hierarchy. The fair value of exchange-traded interest rate derivatives which are traded in inactive markets or where the exchange price is not representative of fair value is determined using a model price and are classified in Level 2. The fair value of OTC interest rate derivatives is determined through DCF valuation techniques as well as option models such as Black-Scholes or Monte Carlo simulation. The significant valuation inputs used include interest rates, forward foreign exchange ("FX") rates, volatilities and correlations. Valuation adjustments are also made to model valuations in order to reflect counterparty credit risk on derivative assets and Nomura's own creditworthiness on derivative liabilities. OTC interest rate derivatives are generally classified in Level 2 because all significant valuation inputs and adjustments are observable or market-corroborated. Certain less liquid vanilla or more complex OTC interest rate derivatives are classified in Level 3 where interest rate, volatility or correlation valuation inputs are significant and unobservable.

Derivatives—Credit contracts—Nomura enters into OTC credit derivative transactions such as credit default swaps and credit options on single names, indices or baskets of assets. The fair value of OTC credit derivatives is determined through DCF valuation techniques as well as option models such as Black-Scholes or Monte Carlo simulation. The significant valuation inputs used include interest rates, credit spreads, recovery rates, default probabilities, volatilities and correlations. Valuation adjustments are also made to model valuations in order to reflect counterparty credit risk on derivative assets and Nomura's own creditworthiness on derivative liabilities. OTC credit derivatives are generally classified in Level 2 of the fair value hierarchy because all significant valuation inputs and adjustments are observable or market-corroborated. Certain less liquid vanilla or more complex OTC credit derivatives are classified in Level 3 where credit spread, recovery rate, volatility or correlation valuation inputs are significant and unobservable.

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Derivatives—Foreign exchange contracts—Nomura enters into both exchange-traded and OTC foreign exchange derivative transactions such as foreign exchange forwards and currency options. The fair value of exchange-traded foreign exchange derivatives which are traded in inactive markets or where the exchange price is not representative of fair value is determined using a model price and are classified in Level 2. The fair value of OTC foreign exchange derivatives is determined through DCF valuation techniques as well as option models such as Black-Scholes or Monte Carlo simulation. The significant valuation inputs used include interest rates, forward FX rates, spot FX rates and volatilities. Valuation adjustments are also made to model valuations in order to reflect counterparty credit risk on derivative assets and Nomura's own creditworthiness on derivative liabilities. OTC foreign exchange derivatives are generally classified in Level 2 because all significant valuation inputs and adjustments are observable or market-corroborated. Certain foreign exchange derivatives are classified in Level 3 where interest rates, volatility or correlation valuation inputs are significant and unobservable.

Nomura includes valuation adjustments in its estimation of fair value of certain OTC derivatives relating to funding costs associated with these transactions to be consistent with how market participants in the principal market for these derivatives would determine fair value.

Loans and receivables—The fair value of loans and receivables carried at fair value either as trading assets or through election of the fair value option is primarily determined using DCF valuation techniques as quoted prices are typically not available. The significant valuation inputs used are similar to those used in the valuation of corporate debt securities described above. Loans and receivables are generally classified in Level 2 of the fair value hierarchy because all significant valuation inputs are observable. Certain loans and receivables, however, are classified in Level 3 because they are traded infrequently and there is not sufficient information from comparable securities to classify them in Level 2 or credit spreads of the issuer or recovery rates used in DCF valuations are significant and unobservable.

Collateralized agreements and Collateralized financing—The primary types of collateralized agreement and financing transactions carried at fair value are reverse repurchase and repurchase agreements elected for the fair value option. The fair value of these financial instruments is primarily determined using DCF valuation techniques. The significant valuation inputs used include interest rates and collateral funding spreads such as general collateral or special rates. Reverse repurchase and repurchase agreements are generally classified in Level 2 of the fair value hierarchy because these valuation inputs are usually observable.

Non-trading debt securities—These are debt securities held by certain non-trading subsidiaries in the group and are valued and classified in the fair value hierarchy using the same valuation techniques used for other debt securities classified as *Government, agency and municipal securities* and *Bank and corporate debt securities* described above.

Short-term and long-term borrowings (“Structured notes”)—Structured notes are debt securities issued by Nomura or by consolidated variable interest entities (“VIEs”) which contain embedded features that alter the return to the investor from simply receiving a fixed or floating rate of interest to a return that depends upon some other variables, such as an equity or equity index, commodity price, foreign exchange rate, credit rating of a third party or a more complex interest rate (i.e., an embedded derivative).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The fair value of structured notes is determined using quoted prices in active markets for the identical instrument if available, and where not available, using a mixture of valuation techniques that use the quoted price of the identical liability when traded as an asset, quoted prices for similar liabilities, similar liabilities when traded as assets, or an internal model which combines DCF valuation techniques and option pricing models, depending on the nature of the embedded features within the structured note. Where an internal model is used, Nomura estimates the fair value of both the underlying debt instrument and the embedded derivative components. The significant valuation inputs used to estimate the fair value of the debt instrument component include yield curves, prepayment rates, default probabilities and loss severities. The significant valuation inputs used to estimate the fair value of the embedded derivative component are the same as those used for the relevant type of freestanding OTC derivative discussed above. A valuation adjustment is also made to the entire structured note in order to reflect Nomura's own creditworthiness. This adjustment is determined based on recent observable secondary market transactions and executable broker quotes involving Nomura debt instruments and is therefore typically treated as a Level 2 valuation input. Structured notes are generally classified in Level 2 of the fair value hierarchy as all significant valuation inputs and adjustments are observable. Where any unobservable valuation inputs are significant, such as yields, prepayment rates, default probabilities, loss severities, volatilities and correlations used to estimate the fair value of the embedded derivative component, structured notes are classified in Level 3.

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

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Level 3 financial instruments

The valuation of Level 3 financial instruments is dependent on certain significant valuation inputs which are unobservable. Common characteristics of an inactive market include a low number of transactions of the financial instrument, stale or non-current price quotes, price quotes that vary substantially either over time or among market makers, non-executable broker quotes or little publicly released information.

If corroborative evidence is not available to value Level 3 financial instruments, fair value may be measured using other equivalent products in the market. The level of correlation between the specific Level 3 financial instrument and the available benchmark instrument is considered as an unobservable valuation input. Other techniques for determining an appropriate value for unobservable valuation input may consider information such as consensus pricing data among certain market participants, historical trends, extrapolation from observable market data and other information Nomura would expect market participants to use in valuing similar instruments.

Use of reasonably possible alternative valuation input assumptions to value Level 3 financial instruments will significantly influence fair value determination. Ultimately, the uncertainties described above about input assumptions imply that the fair value of Level 3 financial instruments is a judgmental estimate. The specific valuation for each instrument is based on management's judgment of prevailing market conditions, in accordance with Nomura's established valuation policies and procedures.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Quantitative and qualitative information regarding significant unobservable valuation inputs

The following tables present quantitative and qualitative information about the significant unobservable valuation inputs used by Nomura to measure the fair value of financial instruments classified in Level 3 as of March 31, 2023 and 2024. These financial instruments will also typically include observable valuation inputs (i.e., Level 1 or Level 2 valuation inputs) which are not included in the table and are also often hedged using financial instruments which are classified in Level 1 or Level 2 of the fair value hierarchy. Changes in each of these significant unobservable valuation inputs used by Nomura will impact upon the fair value measurement of the financial instrument. The following tables also illustrate qualitatively how an increase in those significant unobservable valuation inputs might result in a higher or lower fair value measurement at the reporting date and the interrelationship between significant unobservable valuation inputs where more than one is used to determine fair value measurement of the financial instruments.

Financial Instrument	March 31, 2023						
	Fair value in billions of yen	Valuation technique	Significant unobservable valuation input	Range of valuation inputs ⁽¹⁾	Weighted Average ⁽²⁾⁽³⁾	Impact of increases in significant unobservable valuation inputs ⁽⁴⁾⁽⁵⁾	Interrelationships between valuation inputs ⁽⁶⁾
Assets:							
Trading assets and private equity and debt investments							
Equities	¥4	DCF	Liquidity discounts	75.0%	75.0%	Lower fair value	Not applicable
Private equity and debt investments	52	DCF	WACC	5.5 – 17.5%	10.1%	Lower fair value	No predictable interrelationship
			Growth rates	0.0 – 2.0%	0.7%	Higher fair value	
			Credit spreads	7.5 – 10.9%	9.8%	Lower fair value	
			Liquidity discounts	5.0 – 30.0%	17.1%	Lower fair value	
		Market multiples	EV/EBITDA ratios	2.0 – 11.7 x	8.4 x	Higher fair value	No predictable interrelationship
			PE Ratios	11.3 – 24.3 x	14.4 x	Higher fair value	
			Liquidity discounts	5.0 – 20.0%	11.0%	Lower fair value	
Foreign government, agency and municipal securities	8	DCF	Credit spreads	0.0 – 1.7%	0.7%	Lower fair value	No predictable interrelationship
			Recovery rates	6.3 – 18.0%	8.1%	Higher fair value	
Bank and corporate debt securities and loans for trading purposes	258	DCF	Credit spreads	0.0 – 21.8%	5.7%	Lower fair value	No predictable interrelationship
			Recovery rates	0.0 – 100.0%	83.1%	Higher fair value	
Residential mortgage backed securities (“RMBS”)	8	DCF	Yields	17.7 – 28.6%	24.3%	Lower fair value	No predictable interrelationship
			Prepayment rates	12.0 – 15.0%	13.2%	Lower fair value	
			Loss severities	0.4 – 99.6%	20.3%	Lower fair value	
Real estate-backed securities	95	DCF	Loss severities	1.3 – 70.0%	9.2%	Lower fair value	Not applicable
Collateralized debt obligations (“CDOs”) and other	28	DCF	Yields	6.0 – 38.9%	13.9%	Lower fair value	Change in default probabilities typically accompanied by directionally similar change in loss severities and opposite change in prepayment rates
			Prepayment rates	18.0 – 20.0%	19.0%	Lower fair value	
			Default probabilities	2.0%	2.0%	Lower fair value	
			Loss severities	50.0 – 100.0%	52.6%	Lower fair value	
Investment trust funds and other	2	DCF	Liquidity discounts	0.0 – 2.0%	1.0%	Lower fair value	Not applicable

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

March 31, 2023							
Financial Instrument	Fair value in billions of yen	Valuation technique	Significant unobservable valuation input	Range of valuation inputs ⁽¹⁾	Weighted Average ⁽²⁾⁽³⁾	Impact of increases in significant unobservable valuation inputs ⁽⁴⁾⁽⁵⁾	Interrelationships between valuation inputs ⁽⁶⁾
Derivatives, net:							
Equity contracts	¥6	Option models	Dividend yield	0.0 – 25.1%	—	Higher fair value	No predictable interrelationship
			Volatilities	15.4 – 108.6%	—	Higher fair value	
			Correlations	(0.85) – 0.98	—	Higher fair value	
Interest rate contracts	11	DCF/Option models	Interest rates	1.0 – 4.4%	—	Higher fair value	No predictable interrelationship
			Volatilities	10.7 – 14.1%	—	Higher fair value	
			Volatilities	38.5 – 147.4 bp	—	Higher fair value	
			Correlations	(1.00) – 1.00	—	Higher fair value	
Credit contracts	(32)	DCF/Option models	Credit spreads	0.1 – 348.3%	—	Higher fair value	No predictable interrelationship
			Recovery rates	0.0 – 90.0%	—	Higher fair value	
			Volatilities	55.5 – 61.1%	—	Higher fair value	
			Correlations	0.23 – 0.90	—	Higher fair value	
Foreign exchange contracts	19	Option models	Volatilities	1.0 – 23.6%	—	Higher fair value	No predictable interrelationship
			Correlations	0.18 – 0.74	—	Higher fair value	
Loans and receivables	191	DCF	Credit spreads	0.0 – 25.8%	7.1%	Lower fair value	No predictable interrelationship
			Recovery rates	22.1 – 100.0%	74.5%	Higher fair value	
Collateralized agreements	17	DCF	Repo rate	2.8 – 6.0%	3.4%	Lower fair value	Not applicable
Other assets							
Non-trading debt securities	3	DCF	Credit spreads	0.0%	0.0%	Lower fair value	Not applicable
Other ⁽⁷⁾	196	DCF	WACC Growth rates	11.2% 3.0%	11.2% 3.0%	Lower fair value Higher fair value	No predictable interrelationship
		Market multiples	EV/EBITDA ratios	4.0 – 5.4 x	4.4 x	Higher fair value	Generally changes in multiples result in a corresponding similar directional change in a fair value measurement, assuming earnings levels remain constant.
			PE Ratios	7.4 – 30.8 x	10.3 x	Higher fair value	
			Price/Book ratios	0.3 – 1.6 x	0.8 x	Higher fair value	
			Liquidity discounts	25.0 – 30.0%	29.8%	Lower fair value	
Liabilities:							
Trading Liabilities							
Bank and corporate debt securities	3	DCF	Recovery rates	4.5 – 95.0%	65.5%	Higher fair value	Not applicable
Short-term borrowings	30	DCF/Option models	Volatilities	15.4 – 100.6%	—	Higher fair value	No predictable interrelationship
			Correlations	(0.80) – 0.95	—	Higher fair value	
Payable and deposits	17	DCF/Option models	Volatilities	10.7 – 11.3%	—	Higher fair value	No predictable interrelationship
			Correlations	0.40 – 0.98	—	Higher fair value	
Long-term borrowings	493	DCF	Loss severities	0.0 – 30.0%	9.0%	Lower fair value	Not applicable
		DCF/Option models	Volatilities	10.5 – 100.6%	—	Higher fair value	No predictable interrelationship
			Volatilities	51.9 – 63.6 bp	—	Higher fair value	
			Correlations	(1.00) – 0.98	—	Higher fair value	
Other liabilities	21	DCF	Recovery rates	40.0 – 98.5%	89.9%	Higher fair value	Not applicable

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

March 31, 2024

Financial Instrument	Fair value in billions of yen	Valuation technique	Significant unobservable valuation input	Range of valuation inputs ⁽¹⁾	Weighted Average ⁽²⁾⁽³⁾	Impact of increases in significant unobservable valuation inputs ⁽⁴⁾⁽⁵⁾	Interrelationships between valuation inputs ⁽⁶⁾
Assets:							
Trading assets and private equity and debt investments							
Equities	¥8	DCF	Liquidity discounts	75.0%	75.0%	Lower fair value	Not applicable
Private equity and debt investments	80	DCF	WACC	5.5 – 17.0%	9.2%	Lower fair value	No predictable interrelationship
			Growth rates	0.0 – 2.0%	0.6%	Higher fair value	
			Credit spreads	7.9 – 11.0%	9.6%	Lower fair value	
			Liquidity discounts	5.0 – 30.0%	15.2%	Lower fair value	
		Market multiples	EV/EBITDA ratios	3.4 – 12.0 x	9.2 x	Higher fair value	No predictable interrelationship
			PE Ratios	11.9 – 28.7 x	16.0 x	Higher fair value	
			Liquidity discounts	5.0 – 20.0%	10.0%	Lower fair value	
Foreign government, agency and municipal securities	3	DCF	Credit spreads	0.0 – 1.3%	0.6%	Lower fair value	No predictable interrelationship
			Recovery rates	0.5 – 12.0%	1.7%	Higher fair value	
Bank and corporate debt securities and loans for trading purposes	173	DCF	Credit spreads	0.0 – 29.2%	6.6%	Lower fair value	No predictable interrelationship
			Recovery rates	0.0 – 100.0%	74.7%	Higher fair value	
Residential mortgage backed securities (“RMBS”)	35	DCF	Yields	18.3 – 41.9%	30.9%	Lower fair value	No predictable interrelationship
			Prepayment rates	12.0 – 15.0%	13.4%	Lower fair value	
			Loss severities	0.0 – 100.0%	68.3%	Lower fair value	
Real estate-backed securities	122	DCF	Loss severities	0.0 – 26.1%	3.5%	Lower fair value	Not applicable
Collateralized debt obligations (“CDOs”) and other	46	DCF	Yields	5.5 – 50.4%	12.4%	Lower fair value	Change in default probabilities typically accompanied by directionally similar change in loss severities and opposite change in prepayment rates
			Prepayment rates	20.0%	20.0%	Lower fair value	
			Default probabilities	2.0%	2.0%	Lower fair value	
			Loss severities	0.0 – 100.0%	37.6%	Lower fair value	
			Credit spreads	0.0 – 0.1%	0.0%	Lower fair value	
Investment trust funds and other	3	DCF	Liquidity discounts	0.0 – 3.9%	2.7%	Lower fair value	Not applicable

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

March 31, 2024							
Financial Instrument	Fair value in billions of yen	Valuation technique	Significant unobservable valuation input	Range of valuation inputs ⁽¹⁾	Weighted Average ⁽²⁾⁽³⁾	Impact of increases in significant unobservable valuation inputs ⁽⁴⁾⁽⁵⁾	Interrelationships between valuation inputs ⁽⁶⁾
Derivatives, net:							
Equity contracts	¥5	Option models	Dividend yield	0.0 – 11.6%	—	Higher fair value	No predictable interrelationship
			Volatilities	4.4 – 140.8%	—	Higher fair value	
			Correlations	(0.95) – 0.99	—	Higher fair value	
Interest rate contracts	32	DCF/Option models	Interest rates	0.6 – 4.5%	—	Higher fair value	No predictable interrelationship
			Volatilities	10.1 – 13.6%	—	Higher fair value	
			Volatilities	24.3 – 401.5 bp	—	Higher fair value	
			Correlations	(1.00) – 1.00	—	Higher fair value	
Credit contracts	(46)	DCF/Option models	Credit spreads	0.0 – 21.0%	—	Higher fair value	No predictable interrelationship
			Recovery rates	15.0 – 100.0%	—	Higher fair value	
			Volatilities	35.0 – 47.9%	—	Higher fair value	
			Correlations	0.24 – 0.85	—	Higher fair value	
Foreign exchange contracts	3	Option models	Volatilities	6.5 – 18.9%	—	Higher fair value	No predictable interrelationship
			Correlations	0.21 – 0.70	—	Higher fair value	
Loans and receivables	291	DCF	Credit spreads	0.0 – 33.6%	8.1%	Lower fair value	No predictable interrelationship
			Recovery rates	42.1 – 100.0%	90.3%	Higher fair value	
Collateralized agreements	12	DCF	Repo rate	3.1%	3.1%	Lower fair value	Not applicable
Other assets							
Non-trading debt securities	21	DCF	Credit spreads	4.8 – 6.3%	5.0%	Lower fair value	Not applicable
Other ⁽⁷⁾	253	DCF	WACC Growth rates	11.1% 3.0%	11.1% 3.0%	Lower fair value Higher fair value	No predictable interrelationship
		Market multiples	EV/EBITDA ratios	4.2 – 6.9 x	5.2 x	Higher fair value	Generally changes in multiples result in a
			PE Ratios	7.9 – 35.9 x	13.6 x	Higher fair value	corresponding similar
			Price/Book ratios	0.4 – 1.5 x	0.9 x	Higher fair value	directional change in a
			Liquidity discounts	25.0 – 30.0%	29.7%	Lower fair value	fair value measurement, assuming earnings levels remain constant.
Liabilities:							
Short-term borrowings	23	DCF /option models	Volatilities	5.0 – 63.8%	—	Higher fair value	No predictable interrelationship
			Correlations	(0.83) – 0.97	—	Higher fair value	
Payable and deposits	15	DCF/option models	Volatilities	10.3 – 11.0%	—	Higher fair value	No predictable interrelationship
			Correlations	0.40 – 0.98	—	Higher fair value	
Long-term borrowings	474	DCF	Loss severities	17.9 – 99.3%	95.6%	Lower fair value	Not applicable
		DCF/Option models	Volatilities	5.0 – 63.8%	—	Higher fair value	No predictable interrelationship
			Volatilities	37.8 – 97.6 bp	—	Higher fair value	
			Correlations	(1.00) – 0.98	—	Higher fair value	
Other liabilities	44	DCF	Recovery rates	40.0 – 94.0%	85.5%	Higher fair value	Not applicable

- (1) Range information is provided in percentages, coefficients and multiples and represents the highest and lowest level significant unobservable valuation input used to value that type of financial instrument. A wide dispersion in the range does not necessarily reflect increased uncertainty or subjectivity in the valuation input and is typically just a consequence of the different characteristics of the financial instruments themselves.
- (2) Weighted average information for non-derivatives is calculated by weighting each valuation input by the fair value of the financial instrument.
- (3) Nomura has not provided weighted average information for derivatives as unlike cash products the risk on such products is distinct from the balance sheet value and is subject to netting.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- (4) The above table only considers the impact of an increase in each significant unobservable valuation input on the fair value measurement of the financial instrument. However, a decrease in the significant unobservable valuation input would have the opposite effect on the fair value measurement of the financial instrument. For example, if an increase in a significant unobservable valuation input would result in a lower fair value measurement, a decrease in the significant unobservable valuation input would result in a higher fair value measurement.
- (5) The impact of an increase in the significant unobservable valuation input on the fair value measurement for a derivative assumes Nomura is long risk to the input (such as being long volatility). Where Nomura is short such risk, the impact of an increase would have a converse effect on the fair value measurement of the derivative.
- (6) Consideration of the interrelationships between significant unobservable valuation inputs is only relevant where more than one unobservable valuation input is used to determine the fair value measurement of the financial instrument.
- (7) Valuation techniques and unobservable valuation inputs in respect of equity securities reported within *Other assets* in the consolidated balance sheets.

Qualitative discussion of the ranges of significant unobservable valuation inputs

The following comments present qualitative discussion about the significant unobservable valuation inputs used by Nomura for financial instruments classified in Level 3.

Derivatives—Equity contracts—The significant unobservable valuation inputs are dividend yield, volatilities and correlations. The range of dividend yields varies as some companies do not pay any dividends, for example due to a lack of profits or as a policy during a growth period, and hence have a zero dividend yield while others may pay high dividends, for example to return money to investors. The range of volatilities is wide as the volatilities of shorter-dated equity derivatives or those based on single equity securities can be higher than those of longer-dated instruments or those based on indices. Correlations represent the relationships between one input and another (“pairs”) and can either be positive or negative amounts. The range of correlations moves from positive to negative because the movement of some pairs is very closely related and in the same direction causing highly positive correlations while others generally move in opposite directions causing highly negative correlations with pairs that have differing relationships throughout the range.

Derivatives—Interest rate contracts—The significant unobservable valuation inputs are interest rates, volatilities and correlations. The range of interest rates is due to interest rates in different countries/currencies being at different levels. The range of volatilities is wide as volatilities of shorter-dated interest rate derivatives are typically higher than those of longer-dated instruments. The range of correlations moves from positive to negative because the movement of some pairs is very closely related and in the same direction causing highly positive correlations while others generally move in opposite directions causing highly negative correlations with pairs that have differing relationships through the range. All significant unobservable valuation inputs are spread across the ranges.

Derivatives—Credit contracts—The significant unobservable valuation inputs are credit spreads, recovery rates, volatilities and correlations. The range of credit spreads reflects the different risk of default present within the portfolio. At the low end of the range, underlying reference names have a very limited risk of default whereas at the high end of the range, underlying reference names have a much greater risk of default. The range of recovery rates varies primarily due to the seniority of the underlying exposure with senior exposures having a higher recovery than subordinated exposures. The range of volatilities is wide as the volatilities of shorter-dated credit contracts are typically higher than those of longer-dated instruments. The correlation range is positive since credit spread moves are generally in the same direction. Highly positive correlations are those for which the movement is very closely related and in the same direction, with correlation falling as the relationship becomes less strong.

Derivatives—Foreign exchange contracts—The significant unobservable valuation inputs are interest rates, volatilities and correlations. The range of interest rates is due to interest rates in different countries/currencies being at different levels with some countries having extremely low levels and others being at levels that while still relatively low are less so. The range of volatilities is mainly due to the lower end of the range arising from currencies that trade in narrow ranges (e.g., versus the U.S. Dollar) while the higher end comes from currencies with a greater range of movement such as emerging market currencies. The range of correlations moves from positive to negative because the movement of some pairs is very closely related and in the same direction causing highly positive correlations while others generally move in opposite directions causing highly negative correlations with pairs that have differing relationships through the range.

Short-term borrowings and Long-term borrowings—The significant unobservable valuation inputs are yields, prepayment rates, default probabilities, loss severities, volatilities and correlations. The range of volatilities is wide as the volatilities of shorter-dated instruments are typically higher than those in longer-dated instruments. The range of correlations moves from positive to negative because the movement of some pairs is very closely related and in the same direction causing highly positive correlations while others generally move in opposite directions causing highly negative correlations with pairs that have differing relationships through the range.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Movements in Level 3 financial instruments

The following tables present gains and losses as well as increases and decreases of financial instruments carried at fair value on a recurring basis which Nomura classified in Level 3 of the fair value hierarchy for the years ended March 31, 2023 and 2024. Financial instruments classified in Level 3 are often hedged with instruments within Level 1 or Level 2 of the fair value hierarchy. The gains or losses presented below do not reflect the offsetting gains or losses for these hedging instruments. Level 3 financial instruments are also measured using both observable and unobservable valuation inputs. Fair value changes presented below, therefore, reflect realized and unrealized gains and losses resulting from movements in both observable and unobservable valuation inputs.

For the years ended March 31, 2023 and 2024, gains and losses related to Level 3 assets and liabilities did not have a material impact on Nomura's liquidity and capital resources management.

	Billions of yen									
	Year ended March 31, 2023									
	Balance as of April 1, 2022	Total gains (losses) recognized in net revenue ⁽¹⁾	Total gains (losses) recognized in other comprehensive income	Purchases / issues ⁽²⁾	Sales / redemptions ⁽²⁾	Settlements	Foreign exchange movements	Transfers into Level 3 ⁽⁴⁾⁽⁵⁾	Transfers out of Level 3 ⁽⁵⁾	Balance as of March 31, 2023
Assets:										
Trading assets and private equity and debt investments										
Equities	¥ 14	¥ (2)	¥ —	¥ 11	¥ (13)	¥ —	¥ 1	¥ 1	¥ (8)	¥ 4
Private equity and debt investments	32	11	—	27	(18)	—	0	—	—	52
Japanese agency and municipal securities	2	0	—	0	0	—	—	—	—	2
Foreign government, agency and municipal securities	10	0	—	15	(17)	—	0	1	(1)	8
Bank and corporate debt securities and loans for trading purposes	220	(3)	—	273	(266)	—	13	100	(79)	258
Commercial mortgage-backed securities ("CMBS")	7	0	—	0	0	—	—	0	(7)	0
Residential mortgage-backed securities ("RMBS")	8	(1)	—	3	(12)	—	0	10	0	8
Real estate-backed securities	79	(10)	—	160	(141)	—	7	—	—	95
Collateralized debt obligations ("CDOs") and other	26	(6)	—	69	(69)	—	2	10	(4)	28
Investment trust funds and other	0	0	—	64	(62)	—	0	0	—	2
Total trading assets and private equity and debt investments	398	(11)	—	622	(598)	—	23	122	(99)	457
Derivatives, net ⁽³⁾										
Equity contracts	10	(4)	—	—	—	(23)	(4)	11	16	6
Interest rate contracts	(11)	(6)	—	—	—	14	1	9	4	11
Credit contracts	(33)	24	—	—	—	(5)	(3)	0	(15)	(32)
Foreign exchange contracts	10	2	—	—	—	5	2	0	0	19
Total derivatives, net	(24)	16	—	—	—	(9)	(4)	20	5	4
Subtotal	¥ 374	¥ 5	¥ —	¥ 622	¥ (598)	¥ (9)	¥ 19	¥ 142	¥ (94)	¥ 461
Loans and receivables										
Collateralized agreements	16	0	—	—	—	—	1	—	—	17
Other assets										
Non-trading debt securities	—	0	—	0	—	—	1	2	—	3
Other	197	(12)	0	10	(14)	—	14	1	—	196
Total	¥ 792	¥ 14	¥ 0	¥ 717	¥ (735)	¥ (9)	¥ 47	¥ 210	¥ (168)	¥ 868
Liabilities:										
Trading liabilities										
Equities	¥ 0	¥ (1)	¥ —	¥ 0	¥ (2)	¥ —	¥ 0	¥ 2	¥ —	¥ 1
Foreign government, agency and municipal securities	0	0	—	—	—	—	0	—	—	0
Bank and corporate debt securities	3	0	—	2	(6)	—	0	7	(3)	3
Collateralized debt obligations ("CDOs") and other	0	—	—	1	(1)	—	0	—	—	—
Investment trust funds and other	0	0	—	0	0	—	0	—	—	0

Total trading liabilities	<u>¥ 3</u>	<u>¥ (1)</u>	<u>¥ —</u>	<u>¥ 3</u>	<u>¥ (9)</u>	<u>¥ —</u>	<u>¥ 0</u>	<u>¥ 9</u>	<u>¥ (3)</u>	<u>¥ 4</u>
Short-term borrowings	58	(4)	0	43	(32)	—	0	10	(53)	30
Payables and deposits	8	1	0	17	0	—	—	8	(15)	17
Long-term borrowings	479	4	7	238	(152)	—	2	114	(177)	493
Other liabilities	32	16	—	5	(2)	—	3	0	(1)	21
Total	<u>¥ 580</u>	<u>¥ 16</u>	<u>¥ 7</u>	<u>¥ 306</u>	<u>¥ (195)</u>	<u>¥ —</u>	<u>¥ 5</u>	<u>¥ 141</u>	<u>¥ (249)</u>	<u>¥ 565</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Billions of yen										
	Year ended March 31, 2024										
	Balance as of April 1, 2023	Total gains (losses) recognized in net revenue ⁽¹⁾	Total gains (losses) recognized in other comprehensive income	Purchases / issues ⁽²⁾	Sales / redemptions ⁽²⁾	Settlements	Foreign exchange movements	Transfers into Level 3 ⁽⁴⁾⁽⁵⁾	Transfers out of Level 3 ⁽⁵⁾	Balance as of March 31, 2024	
Assets:											
Trading assets and private equity and debt investments											
Equities	¥ 4	¥ 0	¥ —	¥ 28	¥ (21)	¥ —	¥ 1	¥ 3	¥ (7)	¥ 8	
Private equity and debt investments	52	12	—	18	(3)	—	1	—	—	80	
Japanese agency and municipal securities	2	—	—	—	0	—	—	—	(2)	0	
Foreign government, agency and municipal securities	8	1	—	5	(8)	—	0	3	(6)	3	
Bank and corporate debt securities and loans for trading purposes	258	(2)	—	322	(410)	—	23	45	(63)	173	
Commercial mortgage-backed securities (“CMBS”)	0	0	—	0	0	—	—	—	—	0	
Residential mortgage-backed securities (“RMBS”)	8	0	—	34	(8)	—	1	—	0	35	
Real estate-backed securities	95	(1)	—	241	(227)	—	14	—	—	122	
Collateralized debt obligations (“CDOs”) and other	28	(2)	—	124	(102)	—	2	0	(4)	46	
Investment trust funds and other	2	0	—	48	(47)	—	0	—	0	3	
Total trading assets and private equity and debt investments	457	8	—	820	(826)	—	42	51	(82)	470	
Derivatives, net ⁽³⁾											
Equity contracts	6	(1)	—	—	—	(4)	1	4	(1)	5	
Interest rate contracts	11	(5)	—	—	—	(5)	3	(21)	49	32	
Credit contracts	(32)	(3)	—	—	—	6	(4)	(5)	(8)	(46)	
Foreign exchange contracts	19	(12)	—	—	—	(5)	3	1	(3)	3	
Total derivatives, net	4	(21)	—	—	—	(8)	3	(21)	37	(6)	
Subtotal	¥ 461	¥ (13)	¥ —	¥ 820	¥ (826)	¥ (8)	¥ 45	¥ 30	¥ (45)	¥ 464	
Loans and receivables	¥ 191	¥ 23	¥ —	¥ 142	¥ (118)	¥ —	¥ 28	¥ 69	¥ (44)	¥ 291	
Collateralized agreements	17	1	—	—	(8)	—	2	—	—	12	
Other assets											
Non-trading debt securities	3	1	—	1	(4)	—	0	20	—	21	
Other	196	27	0	12	(6)	—	23	—	1	253	
Total	¥ 868	¥ 39	¥ 0	¥ 975	¥ (962)	¥ (8)	¥ 98	¥ 119	¥ (88)	¥ 1,041	
Liabilities:											
Trading liabilities											
Equities	¥ 1	¥ (1)	¥ —	¥ 7	¥ (8)	¥ —	¥ 0	¥ 0	¥ (1)	¥ 0	
Foreign government, agency and municipal securities	0	0	—	—	—	—	0	—	—	—	
Bank and corporate debt securities	3	2	—	5	(6)	—	0	3	(2)	1	
Collateralized debt obligations (“CDOs”) and other	—	—	—	0	0	—	—	—	—	—	
Investment trust funds and other	0	0	—	—	0	—	0	—	—	0	
Total trading liabilities	¥ 4	¥ 1	¥ —	¥ 12	¥ (14)	¥ —	¥ 0	¥ 3	¥ (3)	¥ 1	
Short-term borrowings	30	(1)	0	59	(59)	—	2	5	(15)	23	
Payables and deposits	17	0	0	3	—	—	1	4	(10)	15	
Long-term borrowings	493	(40)	(2)	285	(276)	—	7	55	(132)	474	
Other liabilities	21	6	—	29	(3)	—	3	0	0	44	
Total	¥ 565	¥ (34)	¥ (2)	¥ 388	¥ (352)	¥ —	¥ 13	¥ 67	¥ (160)	¥ 557	

- (1) Includes gains and losses reported primarily within *Net gain on trading*, *Gain on private equity and debt investments*, and also within *Gain (loss) on investments in equity securities*, *Revenue—Other* and *Non-interest expenses—Other*, *Interest and dividends* and *Interest expense* in the consolidated statements of income.
- (2) Amounts reported in *Purchases / issues* include increases in trading liabilities while *Sales / redemptions* include decreases in trading liabilities.
- (3) Derivatives which contain multiple types of risk are classified based on the primary risk type of the instrument.

- (4) Amounts of gains and losses on these transfers which were recognized in the period when the *Transfers into Level 3* occurred were not significant for the years ended March 31, 2023 and March 31, 2024.
- (5) *Transfers into Level 3* indicate certain valuation inputs of a financial instrument become unobservable or significant. *Transfers out of Level 3* indicate certain valuation inputs of a financial instrument become observable or insignificant. See “*Quantitative and qualitative information regarding significant unobservable valuation inputs*” above for the valuation inputs of each financial instruments.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Unrealized gains and losses recognized for Level 3 financial instruments

The following table presents the amounts of unrealized gains (losses) for the years ended March 31, 2023 and 2024, relating to those financial instruments which Nomura classified in Level 3 within the fair value hierarchy and that were still held by Nomura at the relevant consolidated balance sheet date.

	Billions of yen	
	March 31	
	2023	2024
	Unrealized gains / (losses) ⁽¹⁾	
Assets:		
Trading assets and private equity and debt investments		
Equities	¥ (2)	¥ 0
Private equity and debt investments	9	11
Japanese agency and municipal securities	0	—
Foreign government, agency and municipal securities	(1)	1
Bank and corporate debt securities and loans for trading purposes	13	(7)
Commercial mortgage-backed securities (“CMBS”)	0	0
Residential mortgage-backed securities (“RMBS”)	0	1
Real estate-backed securities	2	1
Collateralized debt obligations (“CDOs”) and other	(6)	(4)
Investment trust funds and other	0	0
Total trading assets and private equity and debt investments	15	3
Derivatives, net ⁽²⁾		
Equity contracts	7	1
Interest rate contracts	(8)	(39)
Credit contracts	1	8
Foreign exchange contracts	0	(14)
Total derivatives, net	0	(44)
Subtotal	¥ 15	¥ (41)
Loans and receivables	14	22
Collateralized agreements	0	0
Other assets		
Non-Trading debt Securities	0	1
Other	(7)	9
Total	¥ 22	¥ (9)
Liabilities:		
Trading liabilities		
Equities	¥ 0	¥ —
Foreign government, agency and municipal securities	0	0
Bank and corporate debt securities	0	1
Total trading liabilities	¥ 0	¥ 1
Short-term borrowings ⁽³⁾	(3)	0
Payables and deposits ⁽³⁾	1	0
Long-term borrowings ⁽³⁾	22	(21)
Other liabilities	0	3
Total	¥ 20	¥ (17)

(1) Includes gains and losses reported within *Net gain on trading*, *Gain on private equity and debt investments*, and also within *Gain(loss) on investments in equity securities*, *Revenue—Other* and *Non-interest expenses—Other*; *Interest and dividends* and *Interest expense* in the consolidated statements of income.

(2) Derivatives which contain multiple types of risk are classified based on the primary risk type of the instrument.

(3) Includes unrealized gains and losses of ¥7 billion and ¥(1) billion for the years ended March 31, 2023 and 2024 recognized in *Other comprehensive income (loss)* for recurring Level 3 fair value measurements held at the end of the reporting period.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Investments in investment funds that calculate NAV per share

In the normal course of business, Nomura invests in non-consolidated funds which meet the definition of investment companies or are similar in nature and which do not have readily determinable fair values. For certain of these investments, Nomura uses NAV per share as the basis for valuation as a practical expedient. Some of these investments are redeemable at different amounts from NAV per share.

The following tables present information on these investments where NAV per share is calculated or disclosed as of March 31, 2023 and 2024. Investments are presented by major category relevant to the nature of Nomura's business and risks.

	Billions of yen			
	March 31, 2023			
	Fair value	Unfunded commitments ⁽¹⁾	Redemption frequency (if currently eligible) ⁽²⁾	Redemption notice ⁽³⁾
Hedge funds	¥ 12	¥ 1	Monthly	Same day-30 days
Venture capital funds	11	9	—	—
Private equity funds	24	10	—	—
Real estate funds	3	1	—	—
Total	¥ 50	¥ 21		

	Billions of yen			
	March 31, 2024			
	Fair value	Unfunded commitments ⁽¹⁾	Redemption frequency (if currently eligible) ⁽²⁾	Redemption notice ⁽³⁾
Hedge funds	¥ 10	¥ 3	Monthly	Same day-30 days
Venture capital funds	15	6	—	—
Private equity funds	33	13	—	—
Real estate funds	4	0	—	—
Total	¥ 62	¥ 22		

- (1) The contractual amount of any unfunded commitments Nomura is required to make to the entities in which the investment is held.
- (2) The frequency with which Nomura is permitted to redeem investments.
- (3) The range in prior notice period for redemption.

Hedge funds:

These investments include funds of funds that invest in multiple asset classes. The fair values of these investments are determined using NAV per share. Although majority of these funds are redeemable monthly, certain funds cannot be redeemed within one month due to contractual, liquidity or gating issues. The redemption period is unknown for certain suspended or liquidating funds. Some of these investments contain restrictions against transfers of the investments to third parties.

Venture capital funds:

These investments include primarily start-up funds. The fair values of these investments are determined using NAV per share. Most of these funds cannot be redeemed within six months. The redemption period is unknown for certain suspended or liquidating funds. Some of these investments contain restrictions against transfers of the investments to third parties.

Private equity funds:

These investments are made mainly in various sectors in Europe, U.S. and Japan. The fair values of these investments are determined using NAV per share. Redemption is restricted for most of these investments. The redemption period is unknown for certain suspended or liquidating funds. Some of these investments contain restrictions against transfers of the investments to third parties.

Real estate funds:

These are investments in commercial and other types of real estate. The fair values of these investments are determined using NAV per share. Redemption is restricted for most of these investments. The redemption period is unknown for certain suspended or liquidating funds. Some of these investments contain restrictions against transfers of the investments to third parties.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair value option for financial assets and financial liabilities

Nomura measures certain eligible financial assets and liabilities at fair value through the election of the fair value option permitted by ASC 815 “*Derivatives and Hedging*” and ASC 825 “*Financial Instruments*.” When Nomura elects the fair value option for an eligible item, changes in that item’s fair value are recognized through earnings. Election of the fair value option is generally irrevocable unless an event occurs that gives rise to a new basis of accounting for that instrument.

The financial assets and financial liabilities primarily elected for the fair value option by Nomura, and the reasons for the election, are as follows:

- Equity method investments reported within *Trading assets and private equity and debt investments* and *Other assets* held for capital appreciation or current income purposes which Nomura generally has an intention to exit rather than hold indefinitely. Nomura elects the fair value option to more appropriately represent the purpose of these investments in these consolidated financial statements.
- Certain loans receivables and receivables from customers reported within *Loans and Receivables* which are risk managed on a fair value basis and undrawn loan commitments related to such loans receivables expected to be funded. Nomura elects the fair value option to mitigate volatility through earnings caused by the difference in measurement basis that otherwise would arise between loans and the derivatives used to risk manage those instruments.
- Reverse repurchase and repurchase agreements reported within *Collateralized agreements* and *Collateralized financing* which are risk managed on a fair value basis. Nomura elects the fair value option to mitigate volatility through earnings caused by the difference in measurement basis that otherwise would arise between the reverse repurchase and repurchase agreements and the derivatives used to risk manage those instruments.
- All structured notes issued on or after April 1, 2008 reported within *Short-term borrowings* or *Long-term borrowings*. Nomura elects the fair value option for those structured notes primarily to mitigate the volatility through earnings caused by differences in the measurement basis for structured notes and the derivatives Nomura uses to risk manage those positions. Nomura also elects the fair value option for certain notes issued by consolidated VIEs for the same purpose and for certain structured notes issued prior to April 1, 2008. Certain subsidiaries elect the fair value option for structured loans and vanilla debt securities issued by those subsidiaries.
- Certain structured deposit issuances reported within *Deposits received at banks*. Nomura elects the fair value option for those structured deposits primarily to mitigate the volatility through earnings caused by differences in the measurement basis for structured deposits and the derivatives Nomura uses to risk manage those positions.
- Financial liabilities reported within *Long-term borrowings* recognized in transactions which are accounted for as secured financing transactions under ASC 860. Nomura elects the fair value option for these financial liabilities to mitigate volatility through earnings that otherwise would arise had this election not been made. Even though Nomura usually has little or no continuing economic exposure to the transferred financial assets, they remain on the consolidated balance sheets and continue to be carried at fair value, with changes in fair value recognized through earnings.
- Financial reinsurance contracts reported within *Other assets*. Nomura elects the fair value option to mitigate income volatility caused by the difference in measurement basis that would otherwise exist. Changes in the fair value of the reinsurance contracts carried at fair value are reported in the consolidated statements of income.

Interest and dividends arising from financial instruments for which the fair value option has been elected are recognized within *Interest and dividends*, *Interest expense* or *Revenue—Net gain on trading*.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents gains (losses) due to changes in fair value for financial instruments carried at fair value using the fair value option for the years ended March 31, 2023 and 2024.

	Billions of yen	
	Year ended March 31	
	2023	2024
	Gains/(Losses)	
Assets:		
Trading assets and private equity and debt investments ⁽²⁾		
Trading assets	¥ 1	¥ 0
Private equity and debt investments	2	2
Loans and receivables	35	54
Collateralized agreements ⁽³⁾	0	6
Other assets ⁽²⁾	(12)	22
Total	¥ 24	¥ 84
Liabilities:		
Short-term borrowings ⁽⁴⁾	¥ 208	¥ 13
Payables and deposits	7	8
Collateralized financing ⁽³⁾	(5)	(17)
Long-term borrowings ⁽⁴⁾⁽⁵⁾	298	(110)
Other liabilities ⁽⁶⁾	7	(1)
Total	¥ 515	¥ (107)

- (1) Includes gains and losses reported primarily within *Revenue—Net gain on trading* and *Revenue—Other* in the consolidated statements of income.
- (2) Includes equity investments that would have been accounted for under the equity method had Nomura not chosen to elect the fair value option.
- (3) Includes reverse repurchase and repurchase agreements.
- (4) Includes structured notes and other financial liabilities.
- (5) Includes secured financing transactions arising from transfers of financial assets which did not meet the criteria for sales accounting.
- (6) Includes unfunded written loan commitments.

As of March 31, 2023 and 2024, Nomura held an economic interest of 39.32% and 39.57% in American Century Companies, Inc., respectively. The investment is carried at fair value on a recurring basis through election of the fair value option and is reported within *Other assets – Other* in the consolidated balance sheets.

In determining instrument-specific credit risk relating to loans and receivables elected for the fair value option, for floating-rate instruments substantially all the changes in fair value are attributable to changes in instrument-specific credit risk whereas for fixed-rate loans and receivables, gains and losses may also be attributable to changes in interest rates. In those instances, allocations are generally made based on analysis of borrower-specific credit spread and recovery information, where available, to determine the impact of instrument-specific credit risk.

For the year ended March 31, 2023, changes in gains and losses attributable to instrument-specific credit risk of loans and receivables elected for the fair value option were primarily due to a recovery of the claims with the U.S. Prime Brokerage Event elected to be measured at fair value. Changes in gains and losses attributable to instrument-specific credit risk for other loans and receivables were not significant. See Note 20 “*Segment and geographic information*” for further information on this recovery of the claims.

For the year ended March 31, 2024, there was no significant impact on financial assets for which the fair value option was elected attributable to instrument-specific credit risks.

Nomura calculates the impact of changes in its own creditworthiness on certain financial liabilities for which the fair value option is elected by revaluation techniques using a rate which incorporates observable changes in its credit spread.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents changes in the valuation adjustment for Nomura’s own creditworthiness recognized in the consolidated statements of comprehensive income during the years ended March 31, 2023 and 2024 in respect of financial liabilities elected for the fair value option recognized in other comprehensive income during the years. The following table also presents amounts reclassified to the consolidated statements of income from accumulated other comprehensive income on early settlement of such financial liabilities during the years ended March 31, 2023 and 2024 and the cumulative amounts recognized in accumulated other comprehensive income as of March 31, 2023 and 2024.

	Billions of yen	
	Year ended March 31	
	2023	2024
Changes recognized as a credit (debit) to other comprehensive income	¥ 95	¥ (82)
Credit (debit) amounts reclassified to earnings	0	0
Cumulative credit balance recognized in accumulated other comprehensive income	145	56

As of March 31, 2023, the fair value of the aggregate unpaid principal balance (which is contractually principally protected) of *Loans and receivables* for which the fair value option was elected was ¥45 billion less than the principal balance of such *Loans and receivables*. There were no *Loans and receivables* for which the fair value option was elected that were 90 days or more past due. The fair value of the aggregate unpaid principal balance (which is contractually principally protected) of *Long-term borrowings* for which the fair value option was elected was ¥451 billion less than the principal balance of such *Long-term borrowings*.

As of March 31, 2024, the fair value of the aggregate unpaid principal balance (which is contractually principally protected) of *Loans and receivables* for which the fair value option was elected was ¥48 billion less than the principal balance of such *Loans and receivables*. There were no *Loans and receivables* for which the fair value option was elected that were 90 days or more past due. The fair value of the aggregate unpaid principal balance (which is contractually principally protected) of *Long-term borrowings* for which the fair value option was elected was ¥444 billion less than the principal balance of such *Long-term borrowings*.

Investment by Investment companies

Nomura carries all of investments by investment companies under ASC 946 “*Financial Services—Investment Companies*” at fair value, with changes in fair value recognized through the consolidated statements of income.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Concentrations of credit risk

Concentrations of credit risk may arise from trading, securities financing transactions and underwriting activities, and may be impacted by changes in political or economic factors. Nomura has credit risk concentrations on debt securities issued by the Japanese Government, U.S. Government, British Government (“U.K.”), Governments within the European Union (“EU”), their states and municipalities, and their agencies. These concentrations generally arise from taking trading positions and are reported within *Trading assets* in the consolidated balance sheets. Government, agency and municipal securities, including *Securities pledged as collateral*, represented 16% of total assets as of March 31, 2023 and 15% as of March 31, 2024.

The following tables present geographic allocations of Nomura’s trading assets related to government, agency and municipal securities as of March 31, 2023 and 2024. See Note 3 “*Derivative instruments and hedging activities*” for further information regarding the concentration of credit risk for derivatives.

	Billions of yen				
	March 31, 2023				
	Japan	U.S.	EU & U.K.	Other	Total ⁽¹⁾
Government, agency and municipal securities	¥ 1,786	¥ 2,561	¥ 2,309	¥ 925	¥ 7,581

	Billions of yen				
	March 31, 2024				
	Japan	U.S.	EU & U.K.	Other	Total ⁽¹⁾
Government, agency and municipal securities	¥ 2,101	¥ 3,139	¥ 1,469	¥ 1,522	¥ 8,231

- (1) Other than above, there were ¥324 billion and ¥248 billion of government, agency and municipal securities reported within *Other assets—Non-trading debt securities* in the consolidated balance sheets as of March 31, 2023 and 2024, respectively. These securities are primarily Japanese government, agency and municipal securities.

Estimated fair value of financial instruments not carried at fair value

Certain financial instruments are not carried at fair value on a recurring basis in the consolidated balance sheets since they are neither held for trading purposes nor are elected for the fair value option. These are typically carried at contractual amounts due or amortized cost.

The carrying value of the majority of the financial instruments detailed below approximates their fair value since they are short-term in nature and contain minimal credit risk. These financial instruments include financial assets reported within *Cash and cash equivalents, Time deposits, Deposits with stock exchanges and other segregated cash, Receivables from customers, Receivables from other than customers, Securities purchased under agreements to resell* and *Securities borrowed* and financial liabilities reported within *Short-term borrowings, Payables to customers, Payables to other than customers, Deposits received at banks, Securities sold under agreements to repurchase, Securities loaned* and *Other secured borrowings* in the consolidated balance sheets.

The fair values of other financial instruments which are longer-term in nature or may contain more than minimal credit risk may be different to their carrying value. Financial assets of this type primarily include certain loans which are reported within *Loans receivable* while financial liabilities primarily include long-term borrowings which are reported within *Long-term borrowings*.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables present carrying values, fair values and classification within the fair value hierarchy for certain classes of financial instrument not carried at fair value on a recurring basis in the consolidated balance sheets as of March 31, 2023 and 2024.

	Billions of yen				
	March 31, 2023 ⁽¹⁾				
	Fair value by level				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	¥ 3,821	¥ 3,821	¥3,821	¥ —	¥ —
Time deposits	409	409	—	409	—
Deposits with stock exchanges and other segregated cash	291	291	—	291	—
Loans receivable ⁽²⁾	4,010	4,009	—	2,855	1,154
Securities purchased under agreements to resell	13,834	13,834	—	13,817	17
Securities borrowed	4,283	4,283	—	4,283	—
Total	¥26,648	¥26,647	¥3,821	¥21,655	¥1,171
Liabilities:					
Short-term borrowings	¥ 1,009	¥ 1,009	¥ —	¥ 978	¥ 31
Deposits received at banks	2,138	2,138	—	2,121	17
Securities sold under agreements to repurchase	14,218	14,218	—	14,218	—
Securities loaned	1,557	1,557	—	1,557	—
Other secured borrowings	334	334	—	334	—
Long-term borrowings	10,399	10,350	27	9,795	528
Total	¥29,655	¥29,606	¥ 27	¥29,003	¥ 576

	Billions of yen				
	March 31, 2024 ⁽¹⁾				
	Fair value by level				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	¥ 4,239	¥ 4,239	¥4,239	¥ —	¥ —
Time deposits	546	546	—	546	—
Deposits with stock exchanges and other segregated cash	370	370	—	370	—
Loans receivable ⁽²⁾	5,467	5,464	—	4,057	1,407
Securities purchased under agreements to resell	15,621	15,621	—	15,609	12
Securities borrowed	5,374	5,374	—	5,374	—
Total	¥31,617	¥31,614	¥4,239	¥25,956	¥1,419
Liabilities:					
Short-term borrowings	¥ 1,055	¥ 1,055	¥ —	¥ 1,032	¥ 23
Deposits received at banks	2,356	2,356	—	2,341	15
Securities sold under agreements to repurchase	16,870	16,870	—	16,870	—
Securities loaned	2,133	2,133	—	2,133	—
Other secured borrowings	393	393	—	393	—
Long-term borrowings	12,452	12,478	22	11,953	503
Total	¥35,259	¥35,285	¥ 22	¥34,722	¥ 541

(1) Includes financial instruments which are carried at fair value on a recurring basis.

(2) Carrying values are shown after deducting relevant allowances for credit losses.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Assets and liabilities measured at fair value on a nonrecurring basis

In addition to financial instruments carried at fair value on a recurring basis, Nomura also measures other financial and non-financial assets and liabilities 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.

As of March 31, 2023, there were no significant amount of assets or liabilities which were measured at fair value on a nonrecurring basis.

As of March 31, 2024, there were no significant amount of assets or liabilities which were measured at fair value on a nonrecurring basis.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. Derivative instruments and hedging activities:

Nomura uses a variety of derivatives, including futures, forwards, options and swaps, for both trading and non-trading purposes.

Derivatives used for trading purposes

In the normal course of business, Nomura enters into transactions involving derivatives to meet client needs, for trading purposes, and to reduce its own exposure to loss due to adverse fluctuations in interest rates, currency exchange rates and market prices of securities. These financial instruments include contractual agreements such as commitments to swap interest payment streams, exchange currencies or purchase or sell securities and other financial instruments on specific terms at specific future dates.

Nomura maintains active trading positions in a variety of derivatives. Most of Nomura's trading activities are client oriented. Nomura utilizes a variety of derivatives to meet clients' specific financial needs and investors' demands in the securities markets. Nomura also offers a variety of derivatives to its clients in adjusting their risk profiles in interest rate, foreign exchange and other market and credit risk exposures. In performing certain of these activities, Nomura carries an inventory of capital markets instruments and maintains its access to market liquidity by quoting bid and offer prices to and trading with other market makers. These activities are essential to provide clients with securities and other capital market products at competitive prices.

Futures and forward contracts are commitments to either purchase or sell securities, foreign exchange contracts or other capital market instruments at a specific future date for a specified price and may be settled in cash or through delivery. Foreign exchange contracts include spot and forward contracts and involve the exchange of two currencies at a rate agreed by the contracting parties. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movements in market prices. Futures contracts are executed through exchanges which clear and guarantee performance of counterparties. Accordingly, credit risk associated with futures contracts is considered minimal. In contrast, forward contracts are generally negotiated between two counterparties and, therefore, are subject to counterparty risks.

Options are contracts that grant the purchaser, for a premium payment, the right to either purchase or sell a financial instrument at a specified price within a specified period of time or on a specified date from or to the writer of the option. The writer of options receives premiums and bears the risk of unfavorable changes in the market price of the financial instruments underlying the options.

Swaps are contractual agreements in which two counterparties agree to exchange certain cash flows, at specified future dates, based on an agreed contract. Certain agreements may contain combined interest rate and foreign exchange exposures. Entering into swap agreements may involve the risk of credit losses in the event of counterparty default.

To the extent these derivatives are economically hedging underlying financial instruments held by Nomura, the overall risk of loss may be fully or partly mitigated by the hedged position.

Nomura seeks to minimize its exposure to market risk arising from its use of these derivatives through various control policies and procedures, including position limits, monitoring procedures and hedging strategies whereby Nomura enters into offsetting or other positions in a variety of financial instruments.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Derivatives used for non-trading purposes

Nomura's principal objectives in using derivatives for non-trading purposes are to manage interest rate risk, to modify interest rate risk profile of certain financial liabilities, to manage foreign exchange risk of certain foreign currency denominated debt securities, to manage net investment exposure to fluctuations in foreign exchange rates arising from certain foreign operations and to mitigate equity price risk arising from certain stock-based compensation awards given to employees. Credit risk associated with derivatives utilized for non-trading purposes is controlled and managed in the same way as that associated with derivatives used for trading purposes.

Fair value hedges

Nomura designates certain derivatives as fair value hedges of interest rate risk arising from specific financial liabilities and foreign currency risk arising from specific foreign currency denominated debt securities. These derivatives are effective in reducing the risk associated with the exposure being hedged and are highly correlated with changes in the fair value and foreign currency rates of the underlying hedged items, both at inception and throughout the life of the hedging relationship. Changes in fair value of the hedging derivatives are reported together with those of the hedged liabilities and assets through the consolidated statements of income within *Interest expense* and *Revenue—Other*, respectively.

Net investment hedges

Nomura designates certain derivatives designated as hedges of its net investment in foreign operations relating to specific subsidiaries which have non-Japanese Yen functional currencies. When determining the effectiveness of net investment hedges, the effective portion of the change in fair value of the hedging derivative is determined by changes in spot exchange rates. Changes in fair value of the hedging derivatives attributable to changes in the difference between the forward rate and spot rate are excluded from the measurement of hedge effectiveness and are reported in the consolidated statements of income within *Revenue—Net gain on trading*. All other movements in the fair value of highly effective net investment hedging derivatives are reported through NHI shareholders' equity within *Accumulated other comprehensive income (loss)*.

Concentrations of credit risk for derivatives

Although Nomura's exposures to financial instruments are broadly diversified across different types of financial instrument, counterparty and geographical location generally, a significant portion of derivatives are entered into with other financial institutions. The following tables present Nomura's significant concentration of credit risk in OTC derivatives with financial institutions including transactions cleared through central counterparties as of March 31, 2023 and 2024. The gross fair value of derivative assets represents the maximum amount of loss that Nomura would incur if the counterparties of Nomura failed to perform in accordance with the terms of the financial instruments and any collateral or other security Nomura held to offset or partially offset such credit risk exposures was of no value.

	Billions of yen			
	March 31, 2023			
	Gross fair value of derivative assets	Impact of master netting agreements	Impact of collateral	Net exposure to credit risk
Financial institutions	¥ 15,296	¥ (12,885)	¥ (1,855)	¥ 556

	Billions of yen			
	March 31, 2024			
	Gross fair value of derivative assets	Impact of master netting agreements	Impact of collateral	Net exposure to credit risk
Financial institutions	¥ 17,644	¥ (14,853)	¥ (2,173)	¥ 618

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Derivative activities

The following tables present the notional value and fair value of derivatives as of March 31, 2023 and 2024. All amounts are disclosed on a gross basis, prior to counterparty offsetting of derivative assets and liabilities and cash collateral offsetting against net derivatives. Derivatives which contain multiple types of risk are classified in the table based on the primary risk type of the financial instrument. Changes in the fair value of derivatives are recognized either through the consolidated statements of income or the consolidated statements of comprehensive income, depending on the purpose for which the derivatives are used.

	Total notional ⁽¹⁾	Billions of yen	
		March 31, 2023	
		Derivative assets Fair value	Derivative liabilities Fair value ⁽¹⁾
Derivatives used for trading and non-trading purposes ⁽²⁾ :			
Equity contracts	¥ 39,203	¥ 1,065	¥ 1,610
Interest rate contracts	3,423,357	12,799	12,065
Credit contracts	35,007	276	358
Foreign exchange contracts	337,616	4,219	4,120
Commodity contracts	257	3	3
Total	¥3,835,440	¥ 18,362	¥ 18,156
Derivatives designated as formal fair value or net investment accounting hedges:			
Interest rate contracts	¥ 2,828	¥ 0	¥ 180
Foreign exchange contracts	164	1	0
Total	¥ 2,992	¥ 1	¥ 180
Total derivatives	¥3,838,432	¥ 18,363	¥ 18,336

	Total notional ⁽¹⁾	Billions of yen	
		March 31, 2024	
		Derivative assets Fair value	Derivative liabilities Fair value ⁽¹⁾
Derivatives used for trading and non-trading purposes ⁽²⁾ :			
Equity contracts	¥ 78,829	¥ 3,239	¥ 3,827
Interest rate contracts	3,810,866	12,929	12,014
Credit contracts	42,965	284	383
Foreign exchange contracts	420,052	4,881	4,664
Commodity contracts	325	3	5
Total	¥4,353,037	¥ 21,336	¥ 20,893
Derivatives designated as formal fair value or net investment accounting hedges:			
Interest rate contracts	¥ 3,291	¥ 0	¥ 219
Foreign exchange contracts	190	3	—
Total	¥ 3,481	¥ 3	¥ 219
Total derivatives	¥4,356,518	¥ 21,339	¥ 21,112

(1) Includes the amount of embedded derivatives bifurcated in accordance with ASC 815.

(2) The amounts reported include derivatives used for non-trading purposes other than those designated as formal fair value or net investment accounting hedges. These amounts have not been separately presented since such amounts were not significant as of March 31, 2023 and March 31, 2024.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Offsetting of derivatives

Counterparty credit risk associated with derivatives is controlled by Nomura through credit approvals, limits and monitoring procedures. To reduce the risk of loss, Nomura requires collateral, principally cash collateral and government securities, for certain derivative transactions. In certain cases, Nomura may agree for such collateral to be posted to a third-party custodian under a control agreement that enables Nomura to take control of such collateral in the event of counterparty default. From an economic standpoint, Nomura evaluates default risk exposure net of related collateral. Furthermore, OTC derivative transactions are typically documented under industry standard master netting agreements which mitigate Nomura's credit exposure to counterparties. A master netting agreement is a single agreement with a counterparty that permits multiple transactions governed by that agreement to be terminated or accelerated and settled through a single payment in a single currency in the event of a default of the counterparty ("close-out and offsetting rights").

For certain OTC centrally-cleared and exchange-traded derivatives, the clearing or membership agreements entered into by Nomura provide similar rights to Nomura in the event of default of the relevant central clearing party or exchange. Nomura generally seeks to obtain an external legal opinion in order to ascertain the enforceability of such close-out and offsetting rights within these agreements.

For certain counterparties and/ or in certain jurisdictions, Nomura may enter into derivative transactions which are not documented under a master netting agreement. Even when derivatives are documented under such agreements, Nomura may not have obtained, or may not be able to obtain evidence to determine with sufficient certainty that close-out and offsetting rights within such agreements are legally enforceable. This may be the case where the relevant local laws explicitly prohibit the enforceability of such close-out and offsetting rights, or where the local laws are complex, ambiguous or silent on the enforceability of such rights. This may include derivative transactions executed with certain foreign governments, agencies, municipalities, central clearing counterparties, exchanges and pension funds.

Nomura considers the enforceability of a master netting agreement in determining how credit risk arising from transactions with a specific counterparty is hedged, how counterparty credit exposures are calculated and applied to credit limits and the extent and nature of collateral requirements from the counterparty.

Derivative assets and liabilities with the same counterparty and the related cash collateral receivables and payables documented under an enforceable master netting agreement are presented on a net basis on the consolidated balance sheets where the specific criteria defined by ASC 210-20 and ASC 815 are met.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents information about offsetting of derivatives and related cash collateral amounts on the consolidated balance sheets as of March 31, 2023 and 2024 by type of derivative contract, and additional amounts permitted to be offset legally by Nomura under enforceable master netting agreements, central clearing counterparties or exchange rules in the event of counterparty default but not offset on the consolidated balance sheets due to one or more of the criteria defined by ASC 210-20 and ASC 815 are not met. Derivative transactions which are not documented under a master netting agreement or are documented under a master netting agreement for which Nomura does not have sufficient evidence of enforceability of close-out and offsetting rights are not offset in the following table.

	Billions of yen March 31, 2023		Billions of yen March 31, 2024	
	Derivative assets	Derivative liabilities ⁽¹⁾	Derivative assets	Derivative liabilities ⁽¹⁾
Equity contracts				
OTC settled bilaterally	¥ 649	¥ 880	¥ 2,397	¥ 2,609
Exchange-traded	416	730	842	1,218
Interest rate contracts				
OTC settled bilaterally	11,535	10,976	11,575	10,889
OTC centrally-cleared	1,191	1,226	1,339	1,329
Exchange-traded	73	45	15	16
Credit contracts				
OTC settled bilaterally	182	252	240	341
OTC centrally-cleared	86	92	43	41
Exchange-traded	8	14	1	1
Foreign exchange contracts				
OTC settled bilaterally	4,220	4,120	4,884	4,664
Commodity contracts				
OTC settled bilaterally	2	3	3	5
Exchange-traded	1	—	0	0
Total gross derivative balances ⁽²⁾	¥ 18,363	¥ 18,338	¥ 21,339	¥ 21,113
Less: Amounts offset in the consolidated balance sheets ⁽³⁾	(16,943)	(16,329)	(19,815)	(19,166)
Total net amounts reported on the face of the consolidated balance sheets ⁽⁴⁾	¥ 1,420	¥ 2,009	¥ 1,524	¥ 1,947
Less: Additional amounts not offset in the consolidated balance sheets ⁽⁵⁾				
Financial instruments and non-cash collateral	¥ (394)	¥ (315)	¥ (567)	¥ (394)
Net amount	¥ 1,026	¥ 1,694	¥ 957	¥ 1,553

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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- (1) Includes the amount of embedded derivatives bifurcated in accordance with ASC 815.
 - (2) Includes all gross derivative asset and liability balances irrespective of whether they are transacted under a master netting agreement or whether Nomura has obtained sufficient evidence of enforceability of the master netting agreement. As of March 31, 2023, the gross balance of derivative assets and derivative liabilities which are not documented under master netting agreements or are documented under master netting agreements for which Nomura has not yet obtained sufficient evidence of enforceability was ¥479 billion and ¥753 billion, respectively. As of March 31, 2024, the gross balance of such derivative assets and derivative liabilities was ¥402 billion and ¥730 billion, respectively.
 - (3) Represents amounts offset through counterparty offsetting of derivative assets and liabilities as well as cash collateral offsetting against net derivatives under master netting and similar agreements for which Nomura has obtained sufficient evidence of enforceability in accordance with ASC 210-20 and ASC 815. As of March 31, 2023, Nomura offset a total of ¥1,591 billion of cash collateral receivables against net derivative liabilities and ¥2,205 billion of cash collateral payables against net derivative assets. As of March 31, 2024, Nomura offset a total of ¥1,902 billion of cash collateral receivables against net derivative liabilities and ¥2,551 billion of cash collateral payables against net derivative assets.
 - (4) Net derivative assets and net derivative liabilities are generally reported within *Trading assets and private equity and debt investments—Trading assets* and *Trading liabilities*, respectively in the consolidated balance sheet. Bifurcated embedded derivatives are reported within *Short-term borrowings* or *Long-term borrowings* depending on the maturity of the underlying host contract.
 - (5) Represents amounts which are not permitted to be offset on the consolidated balance sheets in accordance with ASC 210-20 and ASC 815 but which provide Nomura with a legally enforceable right of offset in the event of counterparty default. Amounts relating to derivative and collateral agreements where Nomura has not yet obtained sufficient evidence of enforceability of such offsetting rights are excluded. As of March 31, 2023, a total of ¥298 billion of cash collateral receivables and ¥673 billion of cash collateral payables, including amounts reported in the table, have not been offset against net derivatives. As of March 31, 2024, a total of ¥240 billion of cash collateral receivables and ¥938 billion of cash collateral payables, including amounts reported in the table, have not been offset against net derivatives.

For information on offsetting of collateralized transactions, see Note 5 “*Collateralized transactions*”.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Derivatives used for trading purposes

Derivative financial instruments used for trading purposes, including bifurcated embedded derivatives, are carried at fair value with changes in fair value recognized through the consolidated statements of income within *Revenue—Net gain on trading*.

The following table presents amounts included in the consolidated statements of income for the years ended March 31, 2023 and 2024 related to derivatives used for trading and non-trading purposes by types of underlying derivative contract. Derivatives which contain multiple types of risk are classified in the table based on the primary risk type of instrument.

	Billions of yen	
	Year ended March 31	
	2023	2024
Derivatives used for trading and non-trading purposes ⁽¹⁾ :		
Equity contracts	¥ 88	¥ (194)
Interest rate contracts	76	468
Credit contracts	45	12
Foreign exchange contracts	434	142
Commodity contracts	(4)	27
Total	¥ 639	¥ 455

(1) Includes net gains (losses) on derivatives used for non-trading purposes which are not designated as fair value or net investment hedges. For the year ended March 31, 2023 and 2024, net gains (losses) for these non-trading derivatives were not significant.

Fair value hedges

Nomura issues Japanese Yen and foreign currency denominated debt with both fixed and floating interest rates. Nomura generally enters into swap agreements to convert fixed rate interest payments on its debt obligations to a floating rate and applies fair value hedge accounting to these instruments.

The following table presents the carrying value of the hedged items that are currently designated in a hedging relationship by line items in the consolidated balance sheets where the hedged item is reported, the cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged items and the cumulative amount of fair value hedging adjustment remaining for the liabilities which hedge accounting has been discontinued as of March 31, 2023 and 2024.

Balance sheet line item in which the hedged item is included:	Billions of yen					
	Carrying amount of the hedged liabilities		Cumulative gains of fair value hedging adjustment included in the carrying amount of the hedged liabilities		Cumulative amount of fair value hedging adjustment remaining for the liabilities which hedge accounting has been discontinued	
	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024
Long-term borrowings	¥ 2,659	¥ 3,087	¥ 168	¥ 201	¥ 2	¥ 3
Total	¥ 2,659	¥ 3,087	¥ 168	¥ 201	¥ 2	¥ 3

Hedging derivatives designated as fair value hedges are carried at fair value attributable to the hedged risk, which is recognized in the consolidated statements of income within *Interest expense* and *Revenue-Other*, respectively together with the change in fair value of the hedged items. Similar to interest payables arising from hedged long-term borrowings, cash flows from interest rate contracts designated as fair value hedges are reported as cash flows from operating activities in the consolidated statements of cash flows.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables present gains (losses) included in the consolidated statements of income for the years ended March 31, 2023 and 2024 related to derivatives designated as fair value hedges by type of underlying derivative contract and the nature of the hedged item.

	Billions of yen	
	Year ended March 31	
	2023	2024
Derivatives designated as hedging instruments:		
Interest rate contracts	¥ 92	¥ (39)
Total	¥ 92	¥ (39)

	Billions of yen	
	Year ended March 31	
	2023	2024
Hedged items :		
Long-term borrowings	¥ (92)	¥ 39
Total	¥ (92)	¥ 39

Net investment hedges

Nomura designates certain foreign currency derivatives, as hedges of net investments in certain foreign operations with significant foreign exchange risks and applies hedge accounting to these instruments. Accordingly, foreign exchange gains and losses arising from the derivatives and non-derivative financial instruments designated as hedges, except for the portion excluded from effectiveness assessment, are recognized through the consolidated statements of comprehensive income within *Other comprehensive income (loss)-Change in cumulative translation adjustments*. This is offset by the foreign exchange adjustments arising from consolidation of the relevant foreign subsidiaries.

The following table presents gains (losses) from derivatives designated as net investment hedges included in the consolidated statements of comprehensive income for the years ended March 31, 2023 and 2024.

	Billions of yen	
	Year ended March 31	
	2023	2024
Hedging instruments:		
Foreign exchange contracts	¥ 3	¥ 3
Total	¥ 3	¥ 3

The portion of gains (losses) representing the amount excluded from the assessment of hedge effectiveness are recognized within *Revenue—Net gain on trading* in the consolidated statements of income. The amounts of gains (losses) were not significant during the years ended March 31, 2023 and 2024.

Derivatives containing credit risk related contingent features

Nomura enters into certain OTC derivatives and other agreements containing credit-risk-related contingent features. These features would require Nomura to post additional collateral or settle the instrument upon occurrence of a credit event, the most common of which would be a downgrade in the Company's long-term credit rating.

The aggregate fair value of all derivatives with credit-risk-related contingent features that are in a liability position as of March 31, 2023 was ¥574 billion with related collateral pledged of ¥403 billion. In the event of a one-notch downgrade to Nomura's long-term credit rating in effect as of March 31, 2023, the aggregate fair value of assets that would have been required to be posted as additional collateral or that would have been needed to settle the instruments immediately was ¥11 billion.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The aggregate fair value of all derivatives with credit-risk-related contingent features that are in a liability position as of March 31, 2024 was ¥755 billion with related collateral pledged of ¥619 billion. In the event of a one-notch downgrade to Nomura's long-term credit rating in effect as of March 31, 2024, the aggregate fair value of assets that would have been required to be posted as additional collateral or that would have been needed to settle the instruments immediately was ¥27 billion.

Credit derivatives

Credit derivatives are derivatives in which one or more of their underlying reference assets of the instrument are related to the credit risk of a specified entity (or group of entities) or an index based on the credit risk of a group of entities that expose the seller of credit protection to potential loss from credit events specified in the contract.

Written credit derivatives are instruments or embedded features where Nomura assumes third party credit risk, either as guarantor in a guarantee-type contract, or as the party that provides credit protection in an option-type contract, credit default swap, or any other credit derivative contract.

Nomura enters into credit derivatives as part of its normal trading activities as both purchaser and/ or seller of protection for credit risk mitigation, proprietary trading positions and for client transactions.

The most common type of credit derivatives used by Nomura are single-name credit default swaps where settlement of the derivative is based on the credit risk of a single reference entity or obligation. Nomura also writes credit derivatives linked to the performance of credit default indices and issues other credit risk related portfolio products.

Nomura would have to perform under a credit derivative contract if a credit event as defined in the respective contract occurs. Typical credit events include bankruptcy, failure to pay and restructuring of obligations of the underlying reference asset.

Credit derivatives written by Nomura are either cash or physically settled. In cash-settled instruments, once payment is made upon an event of default, the contract usually terminates with no further payments due. Nomura generally has no right to assume the reference assets of the counterparty in exchange for payment, nor does Nomura usually have any direct recourse to the actual issuers of the reference assets to recover the amount paid. In physically settled contracts, upon a default event, Nomura takes delivery of the reference asset in return for payment of the full notional amount of the contract.

Nomura actively monitors and manages its credit derivative exposures. Where protection is sold, risks may be mitigated by purchasing credit protection from third parties either on identical underlying reference assets or on underlying reference assets with the same issuer which would be expected to behave in a correlated fashion. The most common form of recourse provision to enable Nomura to recover from third parties any amounts paid under a written credit derivative is therefore not through the derivative itself but rather through the purchase of separate credit derivative protection with identical or correlated underlying reference assets.

The extent of these purchased credit protection contracts is quantified in the following tables under the column titled "Purchased Credit Protection." These amounts represent purchased credit protection with identical underlying reference assets to the written credit derivatives which act as a hedge against Nomura's exposures. To the extent Nomura is required to pay out under the written credit derivative, a similar amount would generally become due to Nomura under the purchased credit protection.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Written credit derivatives have a stated notional amount which represents the maximum payment Nomura may be required to make under the written credit derivative. However, this is generally not a true representation of the amount Nomura will actually pay under these contracts as there are other factors that affect the likelihood and amount of any payment obligations under the contracts, including:

Probability of default: Nomura values credit derivatives by taking into account of the probability that the underlying reference asset will default and that Nomura will be required to make payments under the contract. Based on historical experience and Nomura's assessment of the market, Nomura believes that the probability that all reference assets on which Nomura provides protection will default in a single period is remote. The notional amounts are therefore, significantly higher than Nomura's actual exposures to these contracts as a whole.

Recovery value on the underlying asset: In the case of the occurrence of an event of default, Nomura's liability on a written credit derivative is limited to the difference between the notional amount and the recovery value of the underlying reference asset under default. While the recovery value on a defaulted asset may be minimal in certain cases, this does reduce amounts paid on these contracts.

The following tables present information about Nomura's written credit derivatives and purchased credit protection with identical underlying reference assets as of March 31, 2023 and 2024.

	Billions of yen						
	March 31, 2023						
	Carrying value ⁽¹⁾ (Asset) / Liability	Maximum potential payout/Notional					Notional Purchased credit protection
		Total	Years to maturity				
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years		
Single-name credit default swaps	¥ (29)	¥ 8,121	¥ 1,263	¥3,095	¥2,579	¥ 1,184	¥ 5,708
Credit default swap indices	(47)	6,839	1,339	2,601	2,284	615	3,886
Other credit risk related portfolio products	38	624	166	216	210	32	341
Credit-risk related options and swaptions	0	51	—	—	37	14	51
Total	¥ (38)	¥15,635	¥ 2,768	¥5,912	¥5,110	¥ 1,845	¥ 9,986

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Billions of yen						
	March 31, 2024						
	Carrying value ⁽¹⁾ (Asset)/Liability	Total	Maximum potential payout/Notional				Notional Purchased credit protection
			Years to maturity				
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years		
Single-name credit default swaps	¥ (138)	¥ 9,746	¥ 1,849	¥3,125	¥3,251	¥ 1,521	¥ 6,994
Credit default swap indices	(126)	9,223	2,271	2,558	3,232	1,162	6,040
Other credit risk related portfolio products	19	1,011	142	256	580	33	755
Credit-risk related options and swaptions	0	49	—	—	20	29	10
Total	¥ (245)	¥20,029	¥ 4,262	¥5,939	¥7,083	¥ 2,745	¥ 13,799

- (1) Carrying value amounts are shown on a gross basis prior to cash collateral or counterparty offsetting. Asset balances represent positive fair value amounts caused by tightening of credit spreads of underlyings since inception of the credit derivatives.

The following tables present information about Nomura's written credit derivatives by external credit rating of the underlying asset. Credit ratings are based on S&P Global Ratings ("S&P"), or if not rated by S&P, based on Moody's Investors Service. If credit ratings from either of these agencies are not available, the credit ratings are based on Fitch Ratings Ltd. or Japan Credit Rating Agency, Ltd. For credit default indices, the credit rating is determined by taking the weighted average of the external credit ratings given for each of the underlying reference entities comprising the portfolio or index.

	Billions of yen						
	March 31, 2023						
	Maximum potential payout/Notional						
	AAA	AA	A	BBB	BB	Other ⁽¹⁾	Total
Single-name credit default swaps	¥227	¥1,405	¥2,378	¥2,530	¥ 781	¥ 800	¥ 8,121
Credit default swap indices	185	180	2,924	2,844	299	407	6,839
Other credit risk-related portfolio products	—	—	21	325	53	225	624
Credit risk-related options and swaptions	—	—	—	29	22	—	51
Total	¥412	¥1,585	¥5,323	¥5,728	¥1,155	¥1,432	¥15,635

	Billions of yen						
	March 31, 2024						
	Maximum potential payout/Notional						
	AAA	AA	A	BBB	BB	Other ⁽¹⁾	Total
Single-name credit default swaps	¥156	¥1,485	¥2,938	¥3,489	¥ 925	¥ 753	¥ 9,746
Credit default swap indices	38	40	3,257	5,251	265	372	9,223
Other credit risk-related portfolio products	—	—	19	631	18	343	1,011
Credit risk-related options and swaptions	—	—	16	16	17	—	49
Total	¥194	¥1,525	¥6,230	¥9,387	¥1,225	¥1,468	¥20,029

- (1) Other includes credit derivatives where the credit rating of the underlying reference asset is below investment grade or where a credit rating is unavailable.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Derivatives entered into in contemplation of sales of financial assets

Nomura enters into transactions which involve both the transfer of financial assets to a counterparty and a separate agreement entered contemporaneously with the same counterparty through which Nomura retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction. These transactions primarily include sales of securities with bilateral OTC total return swaps or other derivative agreements which are in-substance total return swaps.

These transactions are accounted for as sales of the securities with the derivative accounted for separately if the criteria for derecognition of the securities under ASC 860 are met. Where the derecognition criteria are not met, the transfer and separate derivative are accounted for as a single collateralized financing transaction which is reported within *Long-term borrowings* in the consolidated balance sheets.

Nomura entered into certain contemporaneous transactions involving the transfer of securities that are accounted for as sales, where substantially all of the economic exposures to the transferred securities are retained through total return swaps but does not retain control over the assets transferred. The following table provides information about relevant transactions outstanding as of March 31, 2023 and March 31, 2024.

	Millions of yen	
	March 31	
	2023	2024
Gross cash proceeds received at transfer dates	¥ 69,535	¥ 69,383
Fair value of transferred securities at transfer dates	¥ 69,405	¥ 69,253
Fair value of transferred securities at reporting dates	¥ 59,199	¥ 54,627
Gross derivative liabilities arising from the transactions at reporting dates ⁽¹⁾	¥ 10,119	¥ 14,434

(1) Amounts presented on a gross basis, before the application of counterparty offsetting are included in *Trading liabilities* in the consolidated balance sheets as of March 31, 2023 and March 31, 2024. Of which ¥10,119 million and ¥14,434 million are included in interest rate contracts used for trading purposes as of March 31, 2023 and March 31, 2024 respectively as disclosed in Note 3 “*Derivative instruments and hedging activities*”.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. Revenue from services provided to customers

Revenue by types of service

The following table presents revenue earned by Nomura from providing services to customers by relevant line item in the consolidated statements of income for the years ended March 31, 2023 and 2024.

	Millions of yen	
	Year ended March 31	
	2023	2024
Commissions	¥279,857	¥364,095
Fees from investment banking	113,208	173,265
Asset management and portfolio service fees	271,684	310,154
Other revenue	43,190	48,971
Total	¥707,939	¥896,485

Commissions represent revenue principally from trade execution, clearing services and distribution of fund units primarily provided by the Retail Division, and to a lesser extent, the Wholesale Division. Nomura renamed the Retail Division as the “Wealth Management Division”, effective April 1, 2024 to reflect the transformation of business model. The following table shows a breakdown of *Commissions* for the years ended March 31, 2023 and 2024.

	Millions of yen	
	Year ended March 31	
	2023	2024
Brokerage commissions	¥190,778	¥242,687
Commissions for distribution of investment trust	30,268	56,241
Other commissions	58,811	65,167
Total	¥279,857	¥364,095

Fees from investment banking represent revenue from financial advisory, underwriting and distribution primarily from the Wholesale Division, and to a lesser extent, the Retail Division. The following table shows the breakdown of *Fees from investment banking* for the years ended March 31, 2023 and 2024.

	Millions of yen	
	Year ended March 31	
	2023	2024
Equity underwriting and distribution fees	¥ 18,862	¥ 45,478
Debt underwriting and distribution fees	21,145	27,456
Financial advisory fees	53,946	61,560
Other fees	19,255	38,771
Total	¥113,208	¥173,265

Asset management and portfolio service fees represent revenue from asset management services primarily from the Investment Management Division, and to a lesser extent, the Retail Division. The following table shows the breakdown of *Asset management and portfolio service fees* for the years ended March 31, 2023 and 2024.

	Millions of yen	
	Year ended March 31	
	2023	2024
Asset management fees	¥171,327	¥193,468
Administration fees	76,157	88,201
Custodial fees	24,200	28,485
Total	¥271,684	¥310,154

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents summary information regarding the key methodologies, assumptions and judgments used in recognizing revenue for each of the primary types of service provided to customers, including the nature of underlying performance obligations within each type of service and whether those performance obligations are satisfied at a point in time or over a period of time. For performance obligations recognized over time, information is also provided to explain the nature of the input or output method used to recognize revenue over time.

<u>Type of service provided to customers</u>	<u>Overview of key services provided</u>	<u>Key revenue recognition policies, assumptions and judgments</u>
Trade execution, clearing services and distribution of fund units	<ul style="list-style-type: none"> • Buying and selling of securities on behalf of customers • Distribution of fund units • Clearing of securities and derivatives on behalf of customers 	<ul style="list-style-type: none"> • Trade execution and clearing commissions recognized at a point in time, namely trade date. • Distribution fees are recognized at a point in time when the fund units have been sold to third party investors. • Commissions recognized net of soft dollar credits provided to customers where Nomura is acting as agent in providing investment research and similar services to the customer.
Financial advisory services	<ul style="list-style-type: none"> • Provision of financial advice to customers in connection with a specific forecasted transaction or transactions such as mergers and acquisitions • Provision of financial advice not in connection with a specific forecasted transaction or transactions such as general corporate intelligence and similar research • Issuance of fairness opinions • Structuring complex financial instruments for customers 	<ul style="list-style-type: none"> • Fees contingent on the success of an underlying transaction are variable consideration recognized when the underlying transaction has been completed since only at such point is it probable that a significant reversal of revenue will not occur. • Retainer and milestone fees are recognized either over the period to which they relate or are deferred until consummation of the underlying transaction depending on whether the underlying performance obligation is satisfied at a point in time or over time. • Judgment is required to make this determination with factors influencing this determination including, but not limited to, whether the fee is in connection with an engagement designed to achieve a specific transaction or outcome for the customer (such as the purchase or sale of a business), the nature and extent of benefit to be provided to the customer prior to, and in addition to such specific transaction or outcome and the fee structure for the engagement. • Retainer and milestone fees recognized over time are normally recognized on a straight-line basis over the term of the contract based on time elapsed.
Underwriting and syndication services	<ul style="list-style-type: none"> • Underwriting of debt, equity and other financial instruments on behalf of customers • Distributing securities on behalf of issuers • Arranging loan financing for customers • Syndicating loan financing on behalf of customer 	<ul style="list-style-type: none"> • Underwriting and syndication fees are recognized at a point in time when the underlying transaction is complete. • Commitment fees where draw down of the facility is deemed remote are recognized on a straight-line basis over the life of the facility based on time elapsed. • Underwriting and syndication costs are recognized either as a reduction of revenue or on a gross basis depending on whether Nomura is acting as principal or agent for such amounts.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

<u>Type of service provided to customers</u>	<u>Overview of key services provided</u>	<u>Key revenue recognition policies, assumptions and judgments</u>
Asset management services	<ul style="list-style-type: none"> • Management of funds, investment trusts and other investment vehicles • Provision of investment advisory services • Provision of custodial and administrative services to customers 	<ul style="list-style-type: none"> • Management fees earned by Nomura in connection with managing a fund, investment trust or other vehicle generally are recognized on a straight-line basis over the term of the contract based on time elapsed. • Performance-based fees are variable consideration recognized when the performance metric has been determined since only at such point is it probable that a significant reversal of revenue will not occur. • Custodial and administrative fees are recognized on a straight-line basis over time based on time elapsed.

Where revenue is recognized at a point in time, payments of fees are typically received at the same time as when the performance obligation is satisfied, or within several days or months after satisfying a performance obligation. In relation to revenue recognized over time, payments of fees are typically settled monthly, quarterly or semi-annually.

The underlying contracts entered into by Nomura in connection with the services described above typically do not have significant financing components. If such components exist in a contract, Nomura has made an accounting policy permitted by ASC 606 “*Revenue from Contracts with Customers*” (“ASC 606”) not to adjust for the effects of a significant financing component where the financing is effectively for a period of one year or less. Such contracts also typically do not contain any rights of return or similar features for the customer.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Customer contract balances

When Nomura or the customer performs in accordance with the terms of a customer contract, a contract asset, customer contract receivable or contract liability is recognized in Nomura’s consolidated balance sheet.

A contract asset represents accrued revenue recognized by Nomura for completion or partially completion of a performance obligation, namely a right of Nomura to receive consideration for providing the service to the customer, which is conditional on factors or events other than the passage of time. A customer contract receivable is an unconditional right of Nomura to receive consideration in exchange for services provided. Both contract assets and customer contract receivables are reported in *Receivables from Customers* within Nomura’s consolidated balance sheet. A contract liability is any liability recognized in connection with a customer contract, including obligations to refund or obligations to provide a service in the future for which consideration has already been received or is due to be received. Contract liabilities are reported in *Payables to Customers* within Nomura’s consolidated balance sheet.

The following table presents the balances of customer contract receivables and contract liabilities in scope of ASC 606. The amounts of contract assets as of March 31, 2023 and 2024 were not significant.

	Millions of yen	
	March 31, 2023	March 31, 2024
Customer contract receivables	¥ 85,100	¥ 101,668
Contract liabilities ⁽¹⁾	5,226	6,073

(1) Contract liabilities primarily rise from investment advisory services and are recognized over the term of the contract based on time elapsed.

The balance of contract liabilities as of March 31, 2022 and 2023 were recognized as revenue for the year ended March 31, 2023 and 2024, respectively. Nomura recognized ¥4,876 million of revenue from performance obligations satisfied in previous periods for the year ended March 31, 2023. Nomura recognized ¥3,347 million of revenue from performance obligations satisfied in previous periods for the year ended March 31, 2024.

Transaction price allocated to the remaining performance obligations

In the ordinary course of business, Nomura may enter into customer contracts where the performance obligations are wholly or partially unsatisfied as of fiscal year ends. The total transaction prices allocated to the remaining unsatisfied performance obligations within these customer contracts were ¥1,189 million as of March 31, 2023 and ¥1,135 million as of March 31, 2024. As permitted by ASC 606, Nomura has elected not to disclose information about remaining performance obligations that have an individual estimated contract period of one year or less. In addition, consideration arising from contracts with customers does not comprise any significant amount that is not included in transaction price.

Customer contract costs

As permitted by ASC 340 “*Other Assets and Deferred Costs*,” Nomura has elected to expense all costs to obtain customer contracts where such amounts would be otherwise expensed within one year or less. As a result, the amounts of deferred costs to obtain or fulfill customer contracts as of March 31, 2023 and 2024 were not significant.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. Collateralized transactions:

Nomura enters into collateralized transactions, including reverse repurchase agreements, repurchase agreements, securities borrowing transactions, securities lending transactions, other secured borrowings and similar transactions mainly to meet clients' financing needs, finance trading inventory positions and obtain securities for settlement.

Reverse repurchase agreements, repurchase agreements, securities borrowing transactions and securities lending transactions are typically documented under industry standard master netting agreements which mitigate Nomura's credit exposure to counterparties. For certain centrally-cleared reverse repurchase and repurchase agreements, the clearing or membership agreements entered into by Nomura provide similar rights to Nomura in the event of default of the relevant central clearing counterparty. Nomura generally seeks to obtain an external legal opinion in order to ascertain the enforceability of such close-out and offsetting rights within these agreements.

Nomura may enter into reverse repurchase agreements, repurchase agreements, securities borrowing and securities lending transactions with certain types of counterparty and in certain jurisdictions which are not documented under a master netting agreement. Even when these transactions are documented under such master netting agreements, Nomura may not have obtained, or may not be able to obtain, evidence to determine with sufficient certainty that the close-out and offsetting rights in the agreements are legally enforceable. This may be the case where relevant local laws explicitly prohibit such close-out and offsetting rights, or where local laws are complex, ambiguous or silent on the enforceability of such rights. This may include reverse repurchase agreements, repurchase agreements, securities borrowing and securities lending transactions executed with certain foreign governments, agencies, municipalities, central clearing counterparties, agent banks and pension funds.

Nomura considers the enforceability of a master netting agreement in determining how credit risk arising from transactions with a specific counterparty is hedged, how counterparty credit exposures are calculated and applied to credit limits and the extent and nature of collateral requirements from the counterparty.

In all of these transactions, Nomura either receives or provides collateral, including Japanese and non-Japanese government, agency, mortgage-backed, bank and corporate debt securities and equities. In most cases, the party receiving the collateral is free to sell or repledge the securities received through repurchase agreements, securities lending transactions or to cover short positions. In repurchase and reverse repurchase agreements, the value of collateral typically exceeds the amount of cash transferred, where collateral is generally in the form of securities. Securities borrowing transactions generally require Nomura to provide the counterparty with collateral in the form of cash or other securities. For securities lending transactions, Nomura generally receives collateral in the form of cash or other securities. Nomura monitors the market value of the securities either received from or provided to the counterparty. Additional cash or securities are exchanged as necessary, to ensure that such transactions are adequately collateralized throughout the life of the transactions.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Offsetting of certain collateralized transactions

Reverse repurchase agreements and repurchase agreements, securities borrowing and lending transactions with the same counterparty documented under a master netting agreement are offset in the consolidated balance sheets where specific criteria as defined by ASC 210-20 are met. These criteria include requirements around maturity of transactions, underlying systems on which collateral is settled, associated banking arrangements and legal enforceability of close-out and offsetting rights under relevant master netting agreements.

The following tables present information about offsetting of these transactions in the consolidated balance sheets as of March 31, 2023 and 2024, together with the extent to which master netting agreements entered into with counterparties and central clearing parties permit additional offsetting in the event of counterparty default. Transactions which are not documented under a master netting agreement or are documented under a master netting agreement for which Nomura does not have sufficient evidence of enforceability are not offset in the following tables.

	Billions of yen			
	March 31, 2023			
	Assets		Liabilities	
	Reverse repurchase agreements	Securities borrowing transactions	Repurchase agreements	Securities lending transactions
Total gross balance ⁽¹⁾	¥ 35,030	¥ 4,280	¥ 35,414	¥ 1,825
Less: Amounts offset in the consolidated balance sheets ⁽²⁾	(21,196)	—	(21,196)	—
Total net amounts as reported on the face of the consolidated balance sheets ⁽³⁾	¥ 13,834	¥ 4,280	¥ 14,218	¥ 1,825
Less: Additional amounts not offset in the consolidated balance sheets ⁽⁴⁾				
Financial instruments and non-cash collateral	(11,938)	(2,690)	(11,550)	(1,617)
Cash collateral	(14)	—	(1)	—
Net amount	¥ 1,882	¥ 1,590	¥ 2,667	¥ 208

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Billions of yen			
	March 31, 2024			
	Assets		Liabilities	
	Reverse repurchase agreements	Securities borrowing transactions	Repurchase agreements	Securities lending transactions
Total gross balance ⁽¹⁾	¥ 41,288	¥ 5,371	¥ 42,537	¥ 2,465
Less: Amounts offset in the consolidated balance sheets ⁽²⁾	(25,667)	—	(25,667)	—
Total net amounts as reported on the face of the consolidated balance sheets ⁽³⁾	¥ 15,621	¥ 5,371	¥ 16,870	¥ 2,465
Less: Additional amounts not offset in the consolidated balance sheets ⁽⁴⁾				
Financial instruments and non-cash collateral	(13,228)	(3,572)	(13,817)	(2,324)
Cash collateral	(9)	—	(2)	—
Net amount	¥ 2,384	¥ 1,799	¥ 3,051	¥ 141

- (1) Include all recognized balances irrespective of whether they are transacted under a master netting agreement or whether Nomura has obtained sufficient evidence of enforceability of the master netting agreement. Amounts include transactions carried at fair value through election of the fair value option. As of March 31, 2023, the gross balance of reverse repurchase agreements and repurchase agreements which were not transacted under master netting agreements or are documented under master netting agreements for which Nomura has not yet obtained sufficient evidence of enforceability amounted to ¥883 billion and ¥2,394 billion, respectively. As of March 31, 2023, the gross balance of securities borrowing transactions and securities lending transactions which were not transacted under master netting agreements or are documented under master netting agreements for which Nomura has not yet obtained sufficient evidence of enforceability amounted to ¥1,449 billion and ¥137 billion, respectively. As of March 31, 2024, the gross balance of reverse repurchase agreements and repurchase agreements which were not transacted under master netting agreements or are documented under master netting agreements for which Nomura has not yet obtained sufficient evidence of enforceability amounted to ¥1,161 billion and ¥2,574 billion, respectively. As of March 31, 2024, the gross balance of securities borrowing transactions and securities lending transactions which were not transacted under master netting agreements or are documented under master netting agreements for which Nomura has not yet obtained sufficient evidence of enforceability amounted to ¥1,512 billion and ¥69 billion, respectively.
- (2) Represent amounts offset through counterparty netting under master netting or similar agreements for which Nomura has obtained sufficient evidence of enforceability in accordance with ASC 210-20. Amounts offset include transactions carried at fair value through election of the fair value option.
- (3) Reverse repurchase agreements and securities borrowing transactions are reported within *Collateralized agreements—Securities purchased under agreements to resell* and *Collateralized agreements—Securities borrowed* in the consolidated balance sheets, respectively. Repurchase agreements and securities lending transactions are reported within *Collateralized financing—Securities sold under agreements to repurchase* and *Collateralized financing—Securities loaned* in the consolidated balance sheets, respectively. Amounts reported under securities lending transactions also include transactions where Nomura lends securities and receives securities that can be sold or pledged as collateral. Nomura recognizes the securities received at fair value and a liability for the same amount, representing the obligation to return those securities. The liability is reported within *Other liabilities* in the consolidated balance sheets.
- (4) Represent amounts which are not permitted to be offset on the face of the consolidated balance sheets in accordance with ASC 210-20 but which provide Nomura with the right of offset in the event of counterparty default. Amounts relating to agreements where Nomura has not yet obtained sufficient evidence of enforceability of such offsetting rights are excluded.

For information on offsetting of derivatives, see Note 3 “*Derivative instruments and hedging activities*”.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Maturity analysis of repurchase agreements and securities lending transactions

The following tables present an analysis of the total carrying value of liabilities recognized in the consolidated balance sheets for repurchase agreements and securities lending transactions by remaining contractual maturity of the agreement as of March 31, 2023 and 2024. Amounts reported are shown prior to counterparty netting in accordance with ASC 210-20.

	Billions of yen					
	March 31, 2023					
	Overnight and open ⁽¹⁾	Up to 30 days	30 - 90 days	90 days -1 year	Greater than 1 year	Total
Repurchase agreements	¥ 14,017	¥16,597	¥2,663	¥ 1,357	¥ 780	¥35,414
Securities lending transactions	1,002	243	55	498	27	1,825
Total gross recognized liabilities ⁽²⁾	¥ 15,019	¥16,840	¥2,718	¥ 1,855	¥ 807	¥37,239

	Billions of yen					
	March 31, 2024					
	Overnight and open ⁽¹⁾	Up to 30 days	30 - 90 days	90 days -1 year	Greater than 1 year	Total
Repurchase agreements	¥ 18,513	¥17,317	¥3,747	¥ 2,024	¥ 936	¥42,537
Securities lending transactions	1,337	299	43	786	—	2,465
Total gross recognized liabilities ⁽²⁾	¥ 19,850	¥17,616	¥3,790	¥ 2,810	¥ 936	¥45,002

(1) Open transactions do not have an explicit contractual maturity date and are terminable on demand by Nomura or the counterparty.

(2) Repurchase agreements and securities lending transactions are reported within *Collateralized financing—Securities sold under agreements to repurchase* and *Collateralized financing—Securities loaned* in the consolidated balance sheets, respectively. Amounts reported for securities lending transactions also include transactions where Nomura lends securities and receives securities that can be sold or pledged as collateral. Nomura recognizes the securities received at fair value and a liability for the same amount, representing the obligation to return those securities. The liability is reported within *Other liabilities* in the consolidated balance sheets. The total gross recognized liabilities reported for repurchase agreements and securities lending transactions are consistent with the total gross balances reported in the offsetting disclosures above.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Securities transferred in repurchase agreements and securities lending transactions

The following tables present an analysis of the total carrying value of liabilities recognized in the consolidated balance sheets for repurchase agreements and securities lending transactions by class of securities and other financial assets transferred by Nomura to counterparties as of March 31, 2023 and 2024. Amounts reported are shown prior to counterparty netting in accordance with ASC 210-20.

	Billions of yen		
	March 31, 2023		
	Repurchase agreements	Securities lending transactions	Total
Equities and convertible securities	¥ 251	¥ 1,598	¥ 1,849
Japanese government, agency and municipal securities	1,651	0	1,651
Foreign government, agency and municipal securities	28,039	74	28,113
Bank and corporate debt securities	2,639	128	2,767
Commercial mortgage-backed securities (“CMBS”)	—	—	—
Residential mortgage-backed securities (“RMBS”)(¹)	2,657	—	2,657
Collateralized debt obligations (“CDOs”) and other	168	—	168
Investment trust funds and other	9	25	34
Total gross recognized liabilities(²)	¥ 35,414	¥ 1,825	¥37,239

	Billions of yen		
	March 31, 2024		
	Repurchase agreements	Securities lending transactions	Total
Equities and convertible securities	¥ 234	¥ 2,228	¥ 2,462
Japanese government, agency and municipal securities	2,506	0	2,506
Foreign government, agency and municipal securities	31,355	72	31,427
Bank and corporate debt securities	3,636	94	3,730
Commercial mortgage-backed securities (“CMBS”)	17	—	17
Residential mortgage-backed securities (“RMBS”)(¹)	4,598	—	4,598
Collateralized debt obligations (“CDOs”) and other	190	—	190
Investment trust funds and other	1	71	72
Total gross recognized liabilities(²)	¥ 42,537	¥ 2,465	¥45,002

- (1) Includes ¥2,080 billion of U.S. government sponsored agency mortgage pass through securities and collateralized mortgage obligations as of March 31, 2023. Includes ¥3,842 billion of U.S. government sponsored agency mortgage pass through securities and collateralized mortgage obligations as of March 31, 2024.
- (2) Repurchase agreements and securities lending transactions are reported within *Collateralized financing—Securities sold under agreements to repurchase* and *Collateralized financing—Securities loaned* in the consolidated balance sheets, respectively. Amounts reported for securities lending transactions also include transactions where Nomura lends securities and receives securities that can be sold or pledged as collateral. Nomura recognizes the securities received at fair value and a liability for the same amount, representing the obligation to return those securities. The liability is reported within *Other liabilities* in the consolidated balance sheets. The total gross recognized liabilities reported for repurchase agreements and securities lending transactions are consistent with the total gross balances reported in the offsetting disclosures above.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Collateral received by Nomura

The following table presents the fair value of securities received as collateral, securities borrowed with collateral and securities borrowed without collateral, which Nomura is permitted to sell or repledge, and the portion that has been sold or repledged as of March 31, 2023 and 2024.

	Billions of yen	
	March 31	
	2023	2024
The fair value of collateral received	¥53,857	¥62,456
The portion of the above received that has been sold (as reported as short sales within Trading liabilities in the consolidated balance sheets) or repledged	38,417	45,389

Collateral is generally sourced from securities purchased under agreement to resell, securities borrowing transactions, secured loans and from derivative transactions. Collateral is used together with owned securities and other financial assets to cover short sales, collateralize repurchase transactions, other secured financings and derivative transactions.

Assets pledged by Nomura

Nomura pledges owned securities and other financial assets to collateralize repurchase transactions, other secured financings and derivative transactions. Pledged securities that can be sold or repledged by the transferee, including Gensaki Repo transactions, are reported in parentheses as *Assets pledged* within *Trading assets*, *Investments in equity securities* and *Investments in and advances to affiliated companies* in the consolidated balance sheets.

The following table presents the carrying amounts of financial assets recognized in the consolidated balance sheets which have been pledged as collateral, primarily to stock exchanges and clearing organizations, where the secured party does not have the right to sell or repledge them by type of asset as of March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Trading assets:		
Equities and convertible securities	¥ 194,486	¥ 212,165
Government and government agency securities	1,017,843	1,238,863
Bank and corporate debt securities	55,532	151,454
Residential mortgage-backed securities (“RMBS”)	2,527,124	2,360,053
Collateralized debt obligations (“CDOs”) and other ⁽¹⁾	12,383	12,959
Investment trust funds and other	10,411	570
	<u>¥3,817,779</u>	<u>¥3,976,064</u>
Non-trading debt securities ⁽²⁾	106,319	94,421
Investments in and advances to affiliated companies ⁽³⁾	¥ 14,023	¥ 14,976

(1) Includes collateralized loan obligations (“CLOs”) and asset-backed securities (“ABSs”) such as those secured on credit card loans, auto loans and student loans.

(2) Non-trading debt securities are primarily Japanese municipal securities issued by prefectures or ordinance-designated city.

(3) Investments in and advances to affiliated companies comprise shares in Nomura Research Institute, Ltd.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the carrying amount of financial and non-financial assets recognized in the consolidated balance sheets, other than those disclosed above, which are subject to lien as of March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Loans and receivables	¥ 354,508	¥ 409,145
Trading assets and private equity and debt investments	1,397,669	1,818,795
Office buildings, land, equipment and facilities	3,323	7,591
Non-trading debt securities	107,852	94,471
Investments in and advances to affiliated companies	3	2
Other	773	1,084
	<u>¥1,864,128</u>	<u>¥2,331,088</u>

Assets in the above table were primarily pledged for secured borrowings, including other secured borrowings, collateralized borrowings of consolidated VIEs and derivative transactions. The above table also includes financial assets which continue to be recognized on the consolidated balance sheets as they fail the criteria for derecognition under ASC 860. The associated liabilities with these transactions are reported as trading balances of secured borrowings reported in *Long-term borrowings*. See Note 10 “*Borrowings*” for further information regarding *trading balances of secured borrowings*.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. Securitizations and Variable Interest Entities:

Securitizations

Nomura utilizes special purpose entities (“SPEs”) to securitize commercial and residential mortgage loans, government agency and corporate securities and other types of financial assets. Those SPEs are incorporated as stock companies, silent partnerships (“*Tokumei kumiai*”), Cayman special purpose companies (“SPCs”) or trust accounts. Nomura’s involvements with these SPEs includes structuring the SPEs, underwriting, distributing and selling debt instruments and beneficial interests issued by SPEs to investors. Nomura accounts for the transfer of financial assets in accordance with ASC 860. This statement requires that Nomura accounts for the transfer of financial assets as a sale when Nomura relinquishes control over the financial assets. ASC 860 deems control to be relinquished when the following conditions are met: (a) the financial assets have been isolated from the transferor (even in bankruptcy or other receivership), (b) the transferee has the right to pledge or exchange the financial assets received, or if the transferee is an entity whose sole purpose is to engage in securitization or asset-backed financing activities, the holders of its beneficial interests have the right to pledge or exchange the beneficial interests, and (c) the transferor has not maintained effective control over the transferred assets. Where Nomura retains an interest in the financial assets, including residual interests in the SPEs, any such interests are measured at fair value and reported within *Trading assets* in the consolidated balance sheets, with the change in fair value reported within *Revenue-Net gain on trading*. Fair value for retained interests in securitized financial assets is determined by using observable prices; or in cases where observable prices are not available for certain retained interests, Nomura estimates fair value generally based on the present value of expected future cash flows using its best estimates of the key assumptions, including forecasted credit losses, prepayment rates, forward yield curves and discount rates commensurate with the risks involved. Nomura may also enter into derivative transactions in relation to the assets transferred to an SPE.

As noted above, Nomura may have continuing involvement with SPEs to which Nomura transferred assets. For the years ended March 31, 2023 and 2024, Nomura received cash proceeds from SPEs in new securitizations of ¥285 billion and ¥432 billion, respectively, and the associated gain on sale was ¥1 billion and ¥0 billion, respectively. For the years ended March 31, 2023 and 2024, Nomura received debt securities issued by these SPEs with an initial fair value of ¥458 billion and ¥253 billion, respectively, and cash inflows from third parties primarily on the sale of those debt securities of ¥436 billion and ¥227 billion, respectively. The cumulative balance of financial assets transferred to SPEs with which Nomura has continuing involvement was ¥5,745 billion and ¥6,747 billion as of March 31, 2023 and 2024, respectively. Those transferred financial assets are primarily government, agency and municipal securities. Nomura’s retained interests were ¥168 billion and ¥160 billion as of March 31, 2023 and 2024, respectively. For the years ended March 31, 2023 and 2024, Nomura received cash flows of ¥26 billion and ¥23 billion, respectively, from the SPEs on such retained interests held in the SPEs.

Nomura does not provide any financial support to SPEs beyond its contractual obligations as of March 31, 2023 and 2024.

The following tables present the fair value of retained interests which Nomura has continuing involvement in SPEs and their classification in the fair value hierarchy, categorized by the type of transferred assets as of March 31, 2023 and 2024.

	Billions of yen					
	March 31, 2023					
	Level 1	Level 2	Level 3	Total	Investment grade	Other
Government, agency and municipal securities	¥ —	¥ 161	¥ —	¥161	¥ 161	¥—
Bank and corporate debt securities	—	—	—	—	—	—
CMBS and RMBS	—	—	7	7	2	5
Total	¥ —	¥ 161	¥ 7	¥168	¥ 163	¥ 5

	Billions of yen					
	March 31, 2024					
	Level 1	Level 2	Level 3	Total	Investment grade	Other
Government, agency and municipal securities	¥ —	¥ 152	¥ —	¥152	¥ 152	¥—
Bank and corporate debt securities	—	—	—	—	—	—
CMBS and RMBS	—	—	8	8	2	6
Total	¥ —	¥ 152	¥ 8	¥160	¥ 154	¥ 6

As of March 31, 2023 and 2024, predominantly all of the retained interests held by Nomura were valued using significant observable inputs. The initial fair value of these retained interests are primarily level 2 in the fair value hierarchy.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the type and carrying value of financial assets included within *Trading assets* and *Loans receivable* which have been transferred to SPEs but which do not meet the criteria for derecognition under ASC 860 as of March 31, 2023 and 2024. These transfers are accounted for as secured financing transactions and generally reported within *Long-term borrowings*. The assets are pledged as collateral and cannot be removed unilaterally by Nomura and the liabilities are non-recourse to Nomura.

	Billions of yen	
	March 31	
	2023	2024
Assets		
Trading assets		
Japanese government securities	¥ 1	¥ 1
Loans for trading purposes	25	69
Loans receivable	328	539
Total	<u>¥ 354</u>	<u>¥ 609</u>
Liabilities		
Long-term borrowings	<u>¥ 354</u>	<u>¥ 609</u>

Variable Interest Entities (“VIEs”)

In the normal course of business, Nomura acts as a transferor of financial assets to VIEs, and underwriter, distributor, and seller of repackaged financial instruments issued by VIEs in connection with its securitization and equity derivative activities. Nomura retains, purchases and sells variable interests in VIEs in connection with its market-making, investing and structuring activities.

If Nomura has power to direct the activities of a VIE that most significantly impact the VIE’s economic performance, and through Nomura’s interest in the VIE, Nomura has the right to receive benefits or the obligation to absorb losses that could be potentially significant to the VIE, Nomura is the primary beneficiary of the VIE and consolidates the entity, provided that Nomura does not act as a fiduciary for other interest holders. Nomura’s consolidated VIEs include those that were created to market structured securities to investors by repackaging corporate convertible securities, mortgages and mortgage-backed securities. Certain VIEs used in connection with Nomura’s aircraft leasing business as well as other purposes are consolidated. Nomura also consolidates certain investment funds for which Nomura is the primary beneficiary.

The power to direct the most significant activities may take a number of different forms in different types of VIEs. For transactions such as securitizations, investment funds, and CDOs, Nomura generally considers collateral management and servicing to represent the power to make the most significant decisions, unless such roles are deemed to be a fiduciary relationship. Accordingly, Nomura does not consolidate such types of VIEs for which it does not act as collateral manager or servicer unless Nomura has the unilateral right to replace the collateral manager or servicer or to require liquidation of the entity.

For many transactions, such as where VIEs are used for re-securitizations of residential mortgage-backed securities, there are no significant economic decisions made on an ongoing basis and no single investor has the unilateral ability to liquidate the VIE. In those cases, Nomura focuses its analysis on the party who has the sole discretion in the initial design of the VIE, and considers factors such as the nature of the underlying assets held by the VIE, the extent of third party investors’ involvement in the design of the VIE, the size of initial third party investment and the amount and level of any subordination of beneficial interests issued by the VIE which will be held by Nomura and any third party investors. Nomura has sponsored numerous re-securitization transactions and in many cases has determined that it is not the primary beneficiary on the basis that power to direct the most significant activities relating to these entities are shared with third party investors. Nomura has consolidated certain VIEs where it was determined that third party investors were not involved in the design of the VIEs, including where the size of third party investment was insignificant at inception of the transaction.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the classification of consolidated VIEs' assets and liabilities in these consolidated financial statements as of March 31, 2023 and 2024. Most of these assets and liabilities are related to consolidated VIEs which securitize corporate convertible securities, mortgages and mortgage-backed securities. The assets of a consolidated VIE may only be used to settle obligations of that VIE. Creditors do not typically have any recourse to Nomura.

	Billions of yen	
	March 31	
	2023	2024
Consolidated VIE assets		
Cash and cash equivalents	¥ 23	¥ 73
Trading assets		
Equities	491	539
Debt securities	491	613
CMBS and RMBS	27	94
Derivatives	0	1
Private equity and debt investments	35	49
Office buildings, land, equipment and facilities	49	15
Other	78	84
Total	<u>¥1,194</u>	<u>¥1,468</u>
Consolidated VIE liabilities		
Trading liabilities		
Derivatives	0	0
Borrowings		
Short-term borrowings	94	220
Long-term borrowings	793	886
Other	5	6
Total	<u>¥ 892</u>	<u>¥1,112</u>

On a quarterly basis, Nomura reassesses its involvement with the VIEs and evaluates the impact of any changes in governing documents and/or variable interests held by Nomura and other parties.

Nomura also holds variable interests in VIEs where Nomura is not the primary beneficiary. Nomura's variable interests in such VIEs include senior and subordinated debt, residual interests, and equity interests associated with commercial and residential mortgage-backed and other asset-backed securitizations and structured financings, equity interests in VIEs which were formed primarily to acquire high yield leveraged loans and other lower investment grade debt obligations, residual interests in operating leases for aircraft held by VIEs, and loans and investments in VIEs that acquire operating businesses.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables present the carrying amount of variable interests in unconsolidated VIEs and the maximum exposure to loss associated with these variable interests as of March 31, 2023 and 2024. Maximum exposure to loss does not reflect Nomura's estimate of the actual losses that could result from adverse changes, nor does it reflect the economic hedges Nomura enters into to reduce its exposure. The risks associated with VIEs in which Nomura is involved are limited to the amount recognized in the consolidated balance sheets and the amount of any undrawn commitments and financial guarantees issued.

	Billions of yen		
	March 31, 2023		
	Carrying amount of variable interests		Maximum exposure to loss to unconsolidated VIEs
	Assets	Liabilities	
Trading assets and liabilities			
Equities	¥ 18	¥ —	¥ 18
Debt securities	64	—	64
CMBS and RMBS	3,376	—	3,376
Investment trust funds and other	164	—	164
Private equity and debt investments	21	—	21
Loans	936	—	936
Other	3	—	3
Commitments to extend credit and other guarantees	—	—	196
Total	¥ 4,582	¥ —	¥ 4,778

	Billions of yen		
	March 31, 2024		
	Carrying amount of variable interests		Maximum exposure to loss to unconsolidated VIEs
	Assets	Liabilities	
Trading assets and liabilities			
Equities	¥ 26	¥ —	¥ 26
Debt securities	83	—	83
CMBS and RMBS	2,996	—	2,996
Investment trust funds and other	147	—	147
Private equity and debt investments	23	—	23
Loans	1,512	—	1,512
Other	22	—	22
Commitments to extend credit and other guarantees	—	—	224
Total	¥ 4,809	¥ —	¥ 5,033

The above does not include certain repurchase agreement financings provided to third parties or Nomura sponsored VIEs.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. Financing receivables:

In the normal course of business, Nomura extends financing to clients primarily in the form of loan receivables, loan commitments and collateralized agreements such as reverse repurchase agreements and securities borrowing transactions. These financing receivables are recognized as assets on Nomura's consolidated balance sheets at fair value or on amortized cost basis and provide a contractual right to receive money either on demand or on future fixed or determinable dates.

The carrying value of financing receivables measured on an amortized cost basis is adjusted for allowances for current expected credit losses defined by ASC 326 "*Financial Instruments—Credit Losses*" ("ASC 326") where appropriate. Allowances for current expected credit losses against recognized financial instruments are reported in the consolidated balance sheets within *Allowance for credit losses*.

Collateralized agreements

Collateralized agreements consist of reverse repurchase agreements reported as Securities purchased under agreements to resell and securities borrowing transactions reported as *Securities borrowed* in the consolidated balance sheets, including those executed under Japanese Gensaki Repo agreements. Reverse repurchase agreements and securities borrowing transactions principally involve the buying of government and government agency securities from customers under agreements that also require Nomura to resell these securities to those customers, or borrowing these securities with cash and non-cash collateral. Nomura monitors the value of the underlying securities on a daily basis to the related receivables, including accrued interest, and requests or returns additional collateral when appropriate. Except for those transactions carried at fair value through election of the fair value option, reverse repurchase agreements are generally recognized in the consolidated balance sheets at the purchase price of the securities with applicable accrued interest. Securities borrowing transactions are generally recognized in the consolidated balance sheets at the amount of cash collateral advanced. Allowances for current expected credit losses against collateralized agreements are not typically significant either because of application of practical expedients permitted by ASC 326 based on the collateralization requirements and ongoing monitoring of the collateral levels or the short expected life of the financial instruments.

See Note 5 "*Collateralized transactions*" for more information about these types of financial instruments.

Loans receivable

The key types of loans receivable recognized by Nomura are loans at banks, short-term secured margin loans, inter-bank money market loans and corporate loans.

Loans at banks include both retail and commercial secured loans and traditional unsecured loans mainly extended by Nomura Trust & Banking Co., Ltd. Where retail and commercial loans are secured by real estate or securities, Nomura is exposed to the risk of a decline in the value of the underlying collateral. Loans at banks also include unsecured commercial loans provided to investment banking clients for relationship purposes. For unsecured commercial loans, Nomura is exposed to risk of default of the counterparty, although these counterparties usually have high or good credit ratings. Where loans are secured by guarantees, Nomura is also exposed to the risk of default by the guarantor.

Short-term secured margin loans are margin loans provided to clients in connection with securities brokerage activities provided by Nomura's Retail Division (renamed as the "Wealth Management Division", effective from April 1, 2024, to match the condition of business). These loans provide funding for clients in order to purchase securities. Nomura requests initial margin in the form of acceptable securities or deposits against these loans and holds the purchased securities as collateral through the life of the loans. If the value of the securities declines by more than specified amounts, Nomura can make additional frequent margin calls in order to maintain a specified loan-to-value ("LTV") ratio. These clients are required and reasonably expected to continue to replenish the amount of collateral as required by Nomura. Allowances for current expected credit losses against short-term secured margin loans are therefore usually not significant.

Inter-bank money market loans are loans to financial institutions in the inter-bank money market, where overnight and intra-day financings are traded through money market dealers. The risk to Nomura of making these loans is limited as only qualified financial institutions can participate in these markets and these loans are usually overnight or short-term in nature. Allowances for current expected credit losses against inter-bank money market loans are therefore usually not significant.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Corporate loans are primarily commercial loans provided to corporate clients excluding loans at banks. Corporate loans include loans secured by real estate or securities and, unsecured commercial loans provided to investment banking clients for relationship purposes. The risk to Nomura of making these loans is similar to those risks arising from commercial loans reported in loans at banks. Advances to affiliated companies include loans to affiliated companies.

The following tables present a summary of loans receivable reported within *Loans and receivables* or *Investments in and advances to affiliated companies* in the consolidated balance sheets as of March 31, 2023, and 2024 by portfolio segment.

	Millions of yen		
	March 31, 2023		
	Carried at amortized cost	Carried at fair value ⁽¹⁾	Total
Loans receivables			
Loans at banks	¥ 802,595	¥ —	¥ 802,595
Short-term secured margin loans	457,273	—	457,273
Inter-bank money market loans	—	—	—
Corporate loans	1,103,869	1,650,115	2,753,984
Total loans receivables	¥ 2,363,737	¥1,650,115	¥4,013,852
Advances to affiliated companies	4,000	—	4,000
Total	¥ 2,367,737	¥1,650,115	¥4,017,852
	Millions of yen		
	March 31, 2024		
	Carried at amortized cost	Carried at fair value ⁽¹⁾	Total
Loans receivables			
Loans at banks	¥ 915,962	¥ —	¥ 915,962
Short-term secured margin loans	608,332	—	608,332
Inter-bank money market loans	—	—	—
Corporate loans	1,870,316	2,074,585	3,944,901
Total loans receivables	¥ 3,394,610	¥2,074,585	¥5,469,195
Advances to affiliated companies	8,066	1,514	9,580
Total	¥ 3,402,676	¥2,076,099	¥5,478,775

(1) Includes loans receivable and loan commitments carried at fair value through election of the fair value option.

There were no significant purchases or sales of loans receivable during the years ended March 31, 2023 and 2024, respectively. There were also no significant reclassifications of loans receivable to or from trading assets during the years ended March 31, 2023 and 2024, respectively.

Net unamortized deferred fees and costs, unamortized premiums and discounts related to loans receivable carried at amortized cost were not significant as of March 31, 2023 and March 31, 2024.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Allowances for current expected credit losses

Management has established allowances for current expected credit losses using the current expected credit losses impairment model (“CECL impairment model”) against the following types of financial instruments, including financing receivables, which are not measured at fair value on a recurring basis, to reflect the net amount Nomura expects to collect:

- Loans receivable;
- Written unfunded loan commitments and other off-balance sheet financial instruments;
- Cash deposits;
- Collateralized agreements such as reverse repos and securities borrowing transactions;
- Customer contract assets and receivables; and
- Other receivables including margin receivables, security deposits, default fund contributions to central clearing counterparties, reinsurance benefits, and net investments in finance leases.

Current expected credit losses for an individual or portfolio of financial instrument are measured at each Nomura reporting date based on expected credit losses over the remaining expected life of the financial instruments that consider forecast of future economic conditions in addition to information about past events and current conditions. Key macroeconomic inputs to our weighted average forecasts of three years include GDP and credit spreads.

The risk of loss is considered, even when that risk of loss is remote. While management has based its estimate of the allowances for current expected credit losses on the best information available, future adjustments to the allowances may be necessary as a result of changes in the economic environment or variances between actual results and original assumptions.

Nomura has elected to exclude accrued interest receivable from the amortized cost basis of financial instruments used to measure expected credit losses. The amount of accrued interest receivable as of March 31, 2023 was not significant. The amount of accrued interest receivable as of March 31, 2024 was ¥13,653 million.

The methodology used by Nomura to determine allowances for current expected credit losses in accordance with the CECL impairment model primarily depends on the nature of the financial instrument and whether certain practical expedients permitted by ASC 326 are applied.

Financial instruments subject to the CECL impairment model are written off when Nomura has deemed the loan or receivable as uncollectible, namely management believes there is no reasonable expectation of collecting future contractual cash flows and all commercially reasonable means of recovering outstanding principal and interest balances have been exhausted.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the methodology used for each significant type of financial instrument subject to the CECL impairment model and the key assumptions used which have impacted the measurement of current expected credit losses during the year ended March 31, 2024.

Financial instrument	Methodology to determine current expected credit losses
Loans, written loan commitments, other off-balance sheet financial instruments and certain deposits	<ul style="list-style-type: none"> • Full loss rate model developed by Nomura’s Risk department • Measures expected credit losses based on probability of default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”) inputs. • PD inputs incorporate forward-looking scenarios used by Nomura for internal risk management and capital purposes. • Immediate reversion method used for periods beyond which reasonable and supportable forecast is not available. • For financial instruments which have defaulted or are probable of defaulting, expected credit losses measured using discounted cash flow analyses or, where the financial instrument is collateral dependent, based on any shortfall of fair value of the underlying collateral.
Collateralized agreements, short-term secured margin loans and cash prime brokerage loans	<ul style="list-style-type: none"> • For reverse repos and short-term secured margin loans and cash prime brokerage loans where frequent margining is required and the counterparty has ability to replenish margin, as permitted by a practical expedient provided by ASC 326 expected credit losses are limited to difference between carrying value of the reverse repo or margin loan and fair value of underlying collateral. • Securities borrowing transactions typically have very short expected lives and are collateralized and therefore expected credit losses are generally determined qualitatively to be insignificant based on historical experience and consistent monitoring of collateral.
Customer contract assets and receivables	<ul style="list-style-type: none"> • Expected credit losses typically based on aging analysis where loss rates are applied to the carrying value based on historical experience, the current economic climate and specific information about the ability of the client to pay.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents changes in the allowances for current expected credit losses for the years ended March 31, 2023 and 2024 as determined using the CECL impairment model defined by ASC 326. The allowances increased as of March 31, 2024 when compared to March 31, 2023 primarily as a result of a provision for credit losses in connection with settlement failures with a broker counterparty.

	Millions of yen					
	Year ended March 31, 2023					
	Allowances for current expected credit losses against loans				Allowances against receivables other than loans ⁽¹⁾	Total allowances for current expected credit losses
Loans at banks	Short-term secured margin loans	Corporate loans	Subtotal			
Opening balance	2,434	—	62,353	64,787	1,559	66,346
Provision for credit losses	672	—	898	1,570	4	1,574
Write-offs ⁽³⁾	(1,523)	—	(61,604)	(63,127)	—	(63,127)
Other ⁽⁴⁾⁽⁵⁾	(457)	—	1,283	826	213	1,039
Ending balance	¥ 1,126	¥ —	¥ 2,930	¥ 4,056	¥ 1,776	¥ 5,832

	Millions of yen					
	Year ended March 31, 2024					
	Allowances for current expected credit losses against loans				Allowances against receivables other than loans ⁽¹⁾	Total allowances for current expected credit losses
Loans at banks	Short-term secured margin loans	Corporate loans	Subtotal			
Opening balance	1,126	—	2,930	4,056	1,776	5,832
Provision for credit losses ⁽²⁾	(341)	—	371	30	13,608	13,638
Write-offs	—	—	(1,908)	(1,908)	—	(1,908)
Other ⁽⁵⁾	—	—	238	238	247	485
Ending balance	¥ 785	¥ —	¥ 1,631	¥ 2,416	¥ 15,631	¥ 18,047

- (1) Includes amounts recognized against collateralized agreements, customer contract assets and receivables and other receivables.
- (2) A provision for credit losses in connection with settlement failures with a broker counterparty was recognized during the year ended March 31, 2024.
- (3) Includes ¥59,025 million of write-offs in connection with the U.S. Prime Brokerage Event during the year ended March 31, 2023.
- (4) Includes a reduction in allowances for current expected credit losses of ¥2,071 million in connection with the U.S. Prime Brokerage Event during the years ended March 31, 2023.
- (5) Primarily includes recoveries and foreign exchange movements. The amounts of recoveries for the year ended March 31, 2023 and 2024 were not significant.

Modifications of loans from borrowers experiencing financial difficulty

In the ordinary course of business, Nomura may modify loans classified as held for investment either because of financial difficulties of the borrower, or simply as a result of market conditions or for relationship reasons. Nomura adopted ASU 2022-02 “*Financial instruments – Credit losses (Topic 326): Troubled debt restructurings and vintage disclosures*” on April 1, 2023 as discussed in Note 1. The adoption of the ASU eliminated the recognition and measurement guidance for trouble debt restructurings (“TDRs”) and related disclosure requirements, and added new disclosures for the financial effect and subsequent performance of certain types of modifications of loans for borrowers experiencing financial difficulty. These modifications occur when Nomura (as lender) for economic or legal reasons related to the borrower’s financial difficulties grants a concession to the borrower including, but not limited to, interest rate reductions, term extensions, other-than-insignificant payment delays and principal forgiveness that would not otherwise have been required under the terms of the original agreement.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Expected credit losses for these types of modification which only involve modification of the loan's terms (rather than receipt of assets in full or partial satisfaction) are now typically determined using a discounted cash flow analysis. Assets received in full or partial satisfaction of loans from borrowers experiencing financial difficulty are recognized at fair value.

The amounts of modifications of loans from borrowers experiencing financial difficulty which occurred during the year ended March 31, 2024 were not significant.

Prior to April 1, 2023, modifications of loans where the borrower was deemed to be in financial difficulty and Nomura has granted, or is expected to grant, a financial concession that Nomura would not otherwise consider were accounted for and reported as a TDRs. For the year ended March 31, 2023, the amounts of modification or restructuring of loans classified as TDRs were not significant.

Nonaccrual and past due loans

Loans are placed on a nonaccrual status if interest is deemed uncollectible. Nomura policy is to define interest as being uncollectible if the borrower is determined to be in financial difficulty or an interest or principal payment on the underlying loan is 90 days or more past due.

Where a loan is placed on a nonaccrual status, any accrued but unpaid interest receivable reversed against revenue and no further accrual of interest is permitted. Interest income is subsequently recognized when a cash payment is received from the borrower using the cash basis method.

Generally loans are only returned to an accrual status if the loan is brought contractually current, i.e., all overdue principal and interest amounts are paid. In limited circumstances, a loan which has not been brought contractually current will also be returned to an accrual status if all principal and interest amounts contractually due are reasonably assured of repayment within a reasonable period of time or there has been a sustained period of repayment performance by the borrower.

As of March 31, 2023, there were ¥16,417 million of loans which were placed on a nonaccrual status, primarily secured corporate loans. Corporate loans on a non-accrual status as of March 31, 2023 include ¥14,233 million of loans where an allowance for current expected credit losses was not recognized since the fair value of the collateral received was in excess of the value of the loan. The amount of loans which were 90 days past due but were not on a nonaccrual status was not significant.

As of March 31, 2024, the amount of loans which were placed on a nonaccrual status was not significant. The amount of loans which were 90 days past due but were not on a nonaccrual status was not significant.

Credit quality indicators

Nomura is exposed to credit risks due to a decline in the value of loans or a default caused by deterioration of creditworthiness or bankruptcy of the borrower. Nomura's risk management framework for such credit risks is based on a risk assessment through an internal rating process, in depth pre-financing credit analysis of each individual loan and continuous post-financing monitoring of the borrower's creditworthiness.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables present an analysis of each portfolio segment not carried at fair value using Nomura's internal ratings or equivalent credit quality indicators applied by subsidiaries by years of origination as of March 31, 2023 and 2024.

	Millions of yen							
	March 31, 2023							
	2023	2022	2021	2020	2019	2018 or earlier	Revolving	Total
Secured loans at banks:								
AAA-BBB	¥104,543	¥152,888	¥ 5,960	¥ 8,050	¥14,817	¥ 16,047	¥ —	¥ 302,305
BB-CCC	117,680	199,696	—	1,642	415	2,395	—	321,828
CC-D	—	—	—	—	—	—	—	—
Others ⁽¹⁾	55,842	45,404	—	—	—	—	—	101,246
Total secured loans at banks	¥278,065	¥397,988	¥ 5,960	¥ 9,692	¥15,232	¥ 18,442	¥ —	¥ 725,379
Unsecured loans at banks:								
AAA-BBB	¥ 4,673	¥ 9,297	¥ 9,169	¥ 9,513	¥11,036	¥ 25,806	¥ —	¥ 69,494
BB-CCC	—	—	1,000	3,370	1,692	1,660	—	7,722
CC-D	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total unsecured loans at banks	¥ 4,673	¥ 9,297	¥ 10,169	¥ 12,883	¥12,728	¥ 27,466	¥ —	¥ 77,216
Short-term secured margin loans:								
AAA-BBB	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
BB-CCC	—	—	—	—	—	—	—	—
CC-D	—	—	—	—	—	—	—	—
Others ⁽¹⁾	217,767	2,081	—	—	—	—	237,425	457,273
Total short-term secured margin loans	¥217,767	¥ 2,081	¥ —	¥ —	¥ —	¥ —	¥237,425	¥ 457,273
Secured corporate loans:								
AAA-BBB	¥ 9,132	¥433,330	¥184,579	¥169,393	¥20,423	¥ —	¥ 10,392	¥ 827,249
BB-CCC	598	8,242	7,322	14,954	23,811	20,791	69,260	144,978
CC-D	—	—	—	—	—	—	—	—
Others ⁽¹⁾	1,550	458	—	—	2	—	119	2,129
Total secured corporate loans	¥ 11,280	¥442,030	¥191,901	¥184,347	¥44,236	¥ 20,791	¥ 79,771	¥ 974,356
Unsecured corporate loans:								
AAA-BBB	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
BB-CCC	—	—	—	—	—	—	—	—
CC-D	—	—	—	—	2,184	—	—	2,184
Others	200	3	472	166	—	126,488	—	127,329
Total unsecured corporate loans	¥ 200	¥ 3	¥ 472	¥ 166	¥ 2,184	¥126,488	¥ —	¥ 129,513
Advances to affiliated companies								
AAA-BBB	¥ —	¥ 3,000	¥ 1,000	¥ —	¥ —	¥ —	¥ —	¥ 4,000
BB-CCC	—	—	—	—	—	—	—	—
CC-D	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total advances to affiliated companies	¥ —	¥ 3,000	¥ 1,000	¥ —	¥ —	¥ —	¥ —	¥ 4,000
Total	¥511,985	¥854,399	¥209,502	¥207,088	¥74,380	¥193,187	¥317,196	¥2,367,737

(1) Relates to collateralized exposures where a specified ratio of LTV is maintained.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Millions of yen							
	March 31, 2024							
	2024	2023	2022	2021	2020	2019 or earlier	Revolving	Total
Secured loans at banks:								
AAA-BBB	¥122,946	¥213,785	¥ 12,000	¥ 5,660	¥ 2,650	¥ 27,115	¥ —	¥ 384,156
BB-CCC	108,558	215,226	5,086	—	995	283	—	330,148
CC-D	—	—	—	—	—	—	—	—
Others ⁽¹⁾	—	139,104	—	—	—	—	—	139,104
Total secured loans at banks	¥231,504	¥568,115	¥ 17,086	¥ 5,660	¥ 3,645	¥ 27,398	¥ —	¥ 853,408
Unsecured loans at banks:								
AAA-BBB	¥ 4,075	¥ 9,904	¥ 2,844	¥ 8,449	¥ 6,352	¥ 25,099	¥ —	¥ 56,723
BB-CCC	900	756	—	1,000	875	2,300	—	5,831
CC-D	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total unsecured loans at banks	¥ 4,975	¥ 10,660	¥ 2,844	¥ 9,449	¥ 7,227	¥ 27,399	¥ —	¥ 62,554
Short-term secured margin loans:								
AAA-BBB	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
BB-CCC	—	—	—	—	—	—	—	—
CC-D	—	—	—	—	—	—	—	—
Others ⁽¹⁾	285,209	19,038	—	—	—	—	304,085	608,332
Total short-term secured margin loans	¥285,209	¥ 19,038	¥ —	¥ —	¥ —	¥ —	¥ 304,085	¥ 608,332
Secured corporate loans:								
AAA-BBB	¥ 32,362	¥217,440	¥177,557	¥113,559	¥ 84,442	¥103,995	¥ 685,608	¥1,414,963
BB-CCC	—	25,759	17,018	12,591	32,187	8,204	161,371	257,130
CC-D	—	—	—	—	—	—	—	—
Others ⁽¹⁾	8,203	302	—	—	—	—	252	8,757
Total secured corporate loans	¥ 40,565	¥243,501	¥194,575	¥126,150	¥116,629	¥112,199	¥ 847,231	¥1,680,850
Unsecured corporate loans:								
AAA-BBB	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
BB-CCC	36,329	8,376	—	—	—	—	—	44,705
CC-D	—	—	—	—	—	—	—	—
Others	150	122	—	537	—	143,952	—	144,761
Total unsecured corporate loans	¥ 36,479	¥ 8,498	¥ —	¥ 537	¥ —	¥143,952	¥ —	¥ 189,466
Advances to affiliated companies								
AAA-BBB	¥ —	¥ 4,066	¥ 3,000	¥ 1,000	¥ —	¥ —	¥ —	¥ 8,066
BB-CCC	—	—	—	—	—	—	—	—
CC-D	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total advances to affiliated companies	¥ —	¥ 4,066	¥ 3,000	¥ 1,000	¥ —	¥ —	¥ —	¥ 8,066
Total	¥598,732	¥853,878	¥217,505	¥142,796	¥127,501	¥310,948	¥1,151,316	¥3,402,676

(1) Relates to collateralized exposures where a specified ratio of LTV is maintained.

(2) The amounts of write offs for the year ended March 31, 2024 were not significant.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents a definition of each of the internal ratings used in the Nomura.

<u>Rating Range</u>	<u>Definition</u>
AAA	Highest credit quality category. An obligor or facility has extremely strong capacity to meet its financial commitments. ‘AAA range’ is the highest credit rating assigned by Nomura. Extremely low probability of default.
AA	Very high credit quality category. An obligor or facility has very strong capacity to meet its financial commitments. Very low probability of default but higher than that of ‘AAA range.’
A	High credit quality category. An obligor or facility has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than those in higher-rated categories. Low probability of default but higher than that of ‘AA range.’
BBB	Good credit quality category. An obligor or facility has adequate capacity to meet its financial commitments. However, adverse economic conditions or changes in circumstances are more likely to lead to a weakened capacity to meet its financial commitments. Medium probability of default but higher than that of ‘A range.’
BB	Speculative credit quality category. An obligor or facility is less vulnerable in the near term than other lower-ratings. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the inadequate capacity to meet its financial commitments. Medium to high probability of default but higher than that of ‘BBB range.’
B	Highly speculative credit quality category. An obligor or facility is more vulnerable than those rated ‘BB range’, but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the issuer’s or obligor’s capacity or willingness to meet its financial commitments. High probability of default—higher than that of ‘BB range.’
CCC	Substantial credit risk. An obligor or facility is currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments. Strong probability of default – higher than that of ‘B range.’
CC	An obligor or facility is currently highly vulnerable to insolvency or is under distressed debt restructuring. Due to insolvency concern or payment failure, a termination notice and close out is initiated. It also includes a solvent obligor past due on financial obligations by more than 3 months. The obligor continues to be a going-concern.
C	An obligor or facility is imminent to file for bankruptcy (i.e. Chapter 11 or equivalent) in the near-term. The going-concern status is about to cease; unless for an extraordinary turnaround event.
D	An Obligor or facility has filed for bankruptcy, administration, receivership, liquidation or other winding up or cessation of business of an obligor or other similar situations. D range includes sale of assets (i.e. loans) at a material loss of more than 30%, or the obligor is externally rated ‘D’ by any Designated External Rating Agencies.

Nomura reviews internal ratings at least once a year by using available credit information of obligors including financial statements and other information. Internal ratings are also reviewed more frequently for high-risk obligors or problematic exposures and any significant credit event of obligors will trigger an immediate credit review process.

8. Leases:

Nomura as lessor

Nomura leases office buildings and aircrafts in Japan and overseas either as head lessor or through subleases. These leases and subleases are primarily classified as operating leases. The related assets are stated at cost, net of accumulated depreciation, except for land, which is stated at cost in the consolidated balance sheets and reported within *Other assets-Office buildings, land, equipment and facilities*.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the types of assets which Nomura leases under operating leases:

	Millions of yen					
	March 31					
	2023			2024		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
Real estate ⁽¹⁾	¥ 21	¥ —	¥ 21	¥ 21	¥ —	¥ 21
Aircraft	49,472	(741)	48,731	13,259	(184)	13,075
Total	¥ 49,493	¥ (741)	¥ 48,752	¥ 13,280	¥ (184)	¥ 13,096

(1) Cost, accumulated depreciation and net carrying amounts include amounts relating to real estate used by Nomura.

Nomura recognized lease income of ¥1,795 million and ¥2,794 million for the years ended March 31, 2023 and 2024, respectively. These are included in the consolidated statements of income within *Revenue—Other*.

The following table presents an analysis of future undiscounted lease payments receivable in connection with noncancellable operating leases entered into by Nomura as lessor over the remaining lease term as of March 31, 2024. Amounts in connection with finance leases were not significant.

Years of receipt	Millions of yen	
	March 31, 2024	
	Minimum lease payments to be received	
Less than 1 year	¥	1,198
1 to 2 years		1,198
2 to 3 years		1,198
3 to 4 years		1,198
4 to 5 years		1,198
More than 5 years		6,876
Total	¥	12,866

Nomura as lessee

Nomura enters into leases of office space, residential facilities for employees, motor vehicles, equipment and technology assets in the ordinary course of business in both Japan and overseas as lessee. These arrangements predominantly consist of operating leases. Separately Nomura subleases certain real estate and equipment through operating lease arrangements. The total carrying values of right-of-use (“ROU”) assets recognized in connection with operating leases as of March 31, 2023 and 2024 were ¥170,993 million and ¥166,730 million, respectively. The total carrying values of ROU assets recognized in connection with finance leases as of March 31, 2023 and 2024 were not significant. These lease assets are reported within *Other assets—Office buildings, land, equipment and facilities* in the consolidated balance sheets.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents income and expense amounts recognized through the consolidated statements of income for leases where Nomura is acting as lessee for the years ended March 31, 2023 and 2024. Amounts recognized in the consolidated statements of income in respect of finance lease cost, short-term lease cost, variable lease cost and net gains (losses) on qualifying sale and leaseback transactions were not significant during the years ended March 31, 2023 and 2024.

	<u>Millions of yen</u>	
	<u>Year ended March 31</u>	
	<u>2023</u>	<u>2024</u>
Lease expense:		
Operating lease costs	¥47,268	¥48,125
Other income and expenses:		
Gross sublease income	¥ 1,658	¥ 1,997

Lease cash flow information

Lease payments made in cash in connection with operating leases are classified as operating activity in the consolidated statements of cash flows. The initial recognition of ROU assets and lease liabilities on lease commencement date represents noncash transactions.

The following table presents cash payments made by Nomura as lessee which meet the definition of lease payments and therefore have been included in the measurement of operating lease liabilities recorded under operating cash flows and the total amount of ROU assets and lease liabilities recognized during the years ended March 31, 2023 and 2024.

	<u>Millions of yen</u>	
	<u>Year ended March 31</u>	
	<u>2023</u>	<u>2024</u>
Cash flows for operating leases	¥44,689	¥49,339
ROU assets recognized in connection with new operating leases	¥36,032	¥29,374

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Maturity analysis of lease liabilities

The following table presents an analysis of future undiscounted lease payments under operating leases entered into by Nomura as lessee over the remaining lease term as of March 31, 2024 and also represents a reconciliation between total of such lease payments and the discounted carrying value of operating lease liabilities recognized in the consolidated balance sheets as of March 31, 2024. Finance lease liabilities were not significant as of March 31, 2024. These lease liabilities are reported within *Other liabilities* in the consolidated balance sheets.

	<u>Millions of yen</u> <u>March 31, 2024</u> <u>Operating leases</u>
Years of payment	
Less than 1 year	¥ 47,123
1 to 2 years	38,059
2 to 3 years	27,765
3 to 4 years	23,404
4 to 5 years	21,226
More than 5 years	42,877
Total undiscounted lease payments	¥ 200,454
Less: Impact of discounting	(10,640)
Lease liabilities as reported in the consolidated balance sheets	<u>¥ 189,814</u>

The following table presents the weighted-average discount rate used to measure lease liabilities and the weighted-average remaining lease term of operating leases as of March 31, 2023 and 2024.

	<u>Year ended March 31</u>	
	<u>2023</u>	<u>2024</u>
	<u>Operating leases</u>	<u>Operating leases</u>
Weighted-average discount rate used to measure lease liabilities	1.5%	2.9%
Weighted-average remaining lease term	6.5 years	6.9 years

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

9. Other assets—Office buildings, land, equipment and facilities and Other / Other liabilities:

Office buildings, land, equipment and facilities

The following table presents a breakdown of owned and leased office buildings, land, equipment and facilities as of March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Land	¥ 38,752	¥ 42,914
Office buildings	56,802	54,657
Equipment and facilities	71,981	38,110
Software	117,780	130,280
Construction in progress	8,008	16,094
Operating lease ROU assets	170,993	166,730
Total	¥ 464,316	¥ 448,785

Depreciation and amortization charges are reported within *Non-interest expenses—Information processing and communications* in the amount of ¥48,893 million, and ¥47,244 million, and in *Non-interest expenses—Occupancy and related depreciation* in the amount of ¥12,531 million, and ¥14,096 million for the years ended March 31, 2023 and 2024, respectively.

Other assets—Other / Other liabilities

The following table presents components of *Other assets—Other* and *Other liabilities* in the consolidated balance sheets as of March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Other assets—Other:		
Securities received as collateral	¥ 268,591	¥ 332,363
Goodwill and other intangible assets	36,194	38,387
Net deferred tax assets ⁽¹⁾	22,645	24,254
Investments in equity securities for other than operating purposes ⁽²⁾	249,865	299,638
Deposit receivables ⁽⁴⁾	298,705	316,570
Prepaid expenses	19,727	22,811
Other	118,980	121,598
Total	¥1,014,707	¥1,155,621
Other liabilities:		
Obligation to return securities received as collateral	¥ 268,591	¥ 332,363
Accrued income taxes	42,254	81,585
Net deferred tax liabilities ⁽¹⁾	93,834	85,301
Other accrued expenses and provisions ⁽³⁾	479,491	596,684
Operating lease liabilities	193,883	189,814
Other	97,468	128,799
Total	¥1,175,521	¥1,414,546

Note: Prior period amounts have been reclassified to conform to the current year presentation.

- (1) Net deferred tax assets are deferred tax assets offset by deferred tax liabilities which relate to the same tax-paying component within a particular tax jurisdiction. Net deferred tax liabilities are deferred tax liabilities offset by deferred tax assets which relate to the same tax-paying component within a particular tax jurisdiction. See Note 14 “Income taxes” for further information.
- (2) Includes equity securities held for other than trading or operating purposes. These investments comprise listed equity securities and unlisted equity securities of ¥13,174 million and ¥236,691 million respectively, as of March 31, 2023, and ¥6,410 million and ¥293,228 million respectively, as of March 31, 2024. These securities are generally carried at fair value, with changes in fair value recognized and reported within *Revenue—Other* in the consolidated statements of income. Also includes equity securities without a readily determinable fair value of ¥65,365 million as of March 31, 2023 and 2024 respectively.
- (3) Includes a liability of ¥42,459 million and ¥21,177 million as of March 31, 2023 and 2024 respectively, in respect of all outstanding and unsettled investigations, lawsuits and other legal proceedings where loss is considered probable and the amount of such loss can be reasonably estimated. See Note 19 “Commitments, contingencies and guarantees” for further information.
- (4) Includes Japan Securities Clearing Corporation’s clearing fund.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Goodwill

Goodwill is recognized upon completion of a business combination as the difference between the purchase price and the fair value of the net assets acquired. Subsequent to initial recognition, goodwill is not amortized but is tested for impairment during the fourth quarter of each fiscal year, or more often if events or circumstances, such as adverse changes in the business climate, indicate there may be impairment.

Impairment testing of goodwill is inherently subjective and often requires management judgment to determine when to perform an impairment test, whether qualitatively the fair value of a reporting unit exceeds its carrying value and also to estimate the fair value of a reporting unit when a quantitative impairment test is required.

An annual goodwill impairment test was performed in the quarter ended March 31, 2023 and 2024. The estimated fair value of Nomura's reporting units was expected to exceed the carrying value of the reporting unit and therefore no impairment loss was recognized during the years ended March 31, 2023 and 2024.

The following tables present changes in goodwill, which are reported in the consolidated balance sheets within *Other assets— Other* for the years ended March 31, 2023 and 2024.

	Millions of yen								
	Year ended March 31, 2023								
	Beginning of year			Changes during year			End of year		
	Gross carrying amount	Accumulated Impairment	Net carrying amount	Acquisition	Impairment	Other ⁽¹⁾	Gross carrying amount	Accumulated Impairment	Net carrying amount
Wholesale	¥106,554	¥ (92,814)	¥ 13,740	¥ 2,289	¥ —	¥ 1,191	¥110,034	¥ (92,814)	¥ 17,220
Other	667	—	667	—	—	(249)	418	—	418
Total	¥107,221	¥ (92,814)	¥ 14,407	¥ 2,289	¥ —	¥ 942	¥110,452	¥ (92,814)	¥ 17,638

	Millions of yen								
	Year ended March 31, 2024								
	Beginning of year			Changes during year			End of year		
	Gross carrying amount	Accumulated Impairment	Net carrying amount	Acquisition	Impairment	Other ⁽¹⁾	Gross carrying amount	Accumulated Impairment	Net carrying amount
Wholesale	¥110,034	¥ (92,814)	¥ 17,220	¥ —	¥ (723)	¥ 2,345	¥112,379	¥ (93,537)	¥ 18,842
Other	418	—	418	—	—	—	418	—	418
Total	¥110,452	¥ (92,814)	¥ 17,638	¥ —	¥ (723)	¥ 2,345	¥112,797	¥ (93,537)	¥ 19,260

(1) Includes currency translation adjustments.

Finite-lived and indefinite-lived intangible assets

The following table presents finite-lived intangible assets by type as of March 31, 2023 and 2024.

	Millions of yen					
	March 31, 2023			March 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Client relationships	¥ 74,550	¥ (66,465)	¥ 8,085	¥ 82,155	¥ (75,237)	¥ 6,918
Other	2,239	(1,836)	403	3,275	(2,338)	937
Total	¥ 76,789	¥ (68,301)	¥ 8,488	¥ 85,430	¥ (77,575)	¥ 7,855

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Amortization expenses for the years ended March 31, 2023 and 2024 were ¥1,589 million and ¥2,479 million, respectively. Estimated amortization expenses for the next five years are shown below.

Year ending March 31	Millions of yen	
	Estimated amortization expense	
2025	¥	976
2026		143
2027		91
2028		91
2029		91

The amounts of indefinite-lived intangibles, which primarily includes trademarks, were ¥10,068 million and ¥11,272 million as of March 31, 2023 and 2024, respectively.

An annual impairment test was performed during the years ended March 31, 2023 and 2024 against these intangibles. The estimated fair value of each intangible exceeded carrying value and therefore no impairment loss was recognized.

Asset retirement obligations

Nomura recognizes a liability in the consolidated balances within *Other liabilities – Other* in respect of legal obligations incurred in connection with the restoration of leased property to its original condition at the end of the lease term. These asset retirement obligations (“AROs”) are recognized in the period when the legal obligation is incurred and are measured at the present value of the expected cost of the obligation.

The following table presents changes in AROs during the years ended March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Balance at beginning of year	¥14,240	¥14,196
Provision for the year	453	1,354
Settled during the year	(497)	(38)
Balance at end of year	¥14,196	¥15,512

NOMURA HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

10. Borrowings:

The following table presents short-term and long-term borrowings of Nomura as of March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Short-term borrowings ⁽¹⁾ :		
Commercial paper	¥ 299,993	¥ 224,801
Bank borrowings	176,708	81,692
Other	531,840	748,224
Total	<u>¥ 1,008,541</u>	<u>¥ 1,054,717</u>
Long-term borrowings:		
Long-term borrowings from banks and other financial institutions ⁽²⁾	¥ 3,502,383	¥ 4,074,720
Bonds and notes issued ⁽³⁾ :		
Fixed-rate obligations:		
Japanese Yen denominated	872,588	1,252,324
Non-Japanese Yen denominated	3,042,649	4,116,627
Floating-rate obligations:		
Japanese Yen denominated	893,832	546,628
Non-Japanese Yen denominated	409,160	571,108
Index / Equity-linked obligations:		
Japanese Yen denominated	918,693	946,400
Non-Japanese Yen denominated	346,292	418,622
	<u>6,483,214</u>	<u>7,851,709</u>
Subtotal	<u>9,985,597</u>	<u>11,926,429</u>
Trading balances of secured borrowings	413,613	525,686
Total	<u>¥10,399,210</u>	<u>¥12,452,115</u>

(1) Includes secured borrowings of ¥97,481 million and ¥144,920 million as of March 31, 2023 and March 31, 2024 respectively.

(2) Includes secured borrowings of ¥84,999 million and ¥187,692 million as of March 31, 2023 and March 31, 2024 respectively.

(3) Includes secured borrowings of ¥742,267 million and ¥903,662 million as of March 31, 2023 and March 31, 2024 respectively.

Trading balances of secured borrowings

These are liabilities recognized when a transfer of a financial asset does not meet the criteria for sales accounting under ASC 860 and therefore the transaction is accounted for as a secured borrowing. These borrowings are part of Nomura's trading activities intended to generate profits from the distribution of financial products secured by those financial assets.

Long-term borrowings consisted of the following:

	Millions of yen	
	March 31	
	2023	2024
Debt issued by the Company	¥ 4,154,579	¥ 4,243,445
Debt issued by subsidiaries—guaranteed by the Company ⁽¹⁾	2,026,071	5,156,514
Debt issued by subsidiaries—not guaranteed by the Company ⁽¹⁾	4,218,560	3,052,156
Total	<u>¥10,399,210</u>	<u>¥12,452,115</u>

(1) Includes trading balances of secured borrowings.

As of March 31, 2023, fixed-rate long-term borrowings mature between 2023 and 2067 with interest rates ranging from 0.00% to 42.44%. Floating-rate obligations, excluding perpetual subordinated debts, which are generally based on TIBOR, Tokyo Overnight Average rate and Secured Overnight Financing Rate, mature between 2023 and 2061 with interest rates ranging from 0.00% to 12.90%. Index / Equity-linked obligations mature between 2023 and 2053 with interest rates ranging from 0.00% to 28.20%.

As of March 31, 2024, fixed-rate long-term borrowings mature between 2024 and 2067 with interest rates ranging from 0.00% to 59.67%. Floating-rate obligations, excluding perpetual subordinated debts, which are generally based on TIBOR, Tokyo Overnight Average rate and Secured Overnight Financing Rate, mature between 2024 and 2062 with interest rates ranging from 0.00% to 13.18%. Index / Equity-linked obligations mature between 2024 and 2054 with interest rates ranging from 0.00% to 26.00%.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Certain borrowing agreements contain provisions whereby the borrowings are redeemable at the option of the borrower at specified dates prior to maturity and include various equity-linked or other index-linked instruments.

Nomura enters into swap agreements to manage its exposure to interest rates and foreign exchange rates. Debt securities and notes issued are typically converted to Tokyo Overnight Average rate and Secured Overnight Financing Rate-based floating rate obligations through such swap agreements. The carrying value of the long-term borrowings includes adjustments to reflect fair value hedges.

The following table presents the effective weighted-average interest rates of borrowings, including the effect of fair value hedges, as of March 31, 2023 and 2024.

	<u>March 31</u>	
	<u>2023</u>	<u>2024</u>
Short-term borrowings	1.23%	1.97%
Long-term borrowings	2.09%	3.09%
Fixed-rate obligations	2.40%	3.73%
Floating-rate obligations	2.08%	2.90%
Index / Equity-linked obligations	1.09%	1.05%

Maturities of long-term borrowings

The following table presents the aggregate annual maturities of long-term borrowings, including adjustments related to fair value hedges and liabilities measured at fair value, as of March 31, 2024:

<u>Year ending March 31</u>	<u>Millions of yen</u>
2025	¥ 1,146,494
2026	2,148,270
2027	1,225,988
2028	942,368
2029	1,322,863
2030 and thereafter	5,140,446
Subtotal	<u>11,926,429</u>
Trading balances of secured borrowings	525,686
Total	<u>¥12,452,115</u>

Borrowing facilities

As of March 31, 2023 and 2024, Nomura had unutilized borrowing facilities of ¥nil and ¥nil, respectively.

Subordinated borrowings

As of March 31, 2023 and 2024, subordinated borrowings were ¥414,500 million and ¥414,500 million, respectively.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

11. Earnings per share:

Basic and diluted earnings per share (“EPS”) are presented on the face of the consolidated statements of income. Basic EPS is calculated by dividing net income attributable to NHI shareholders by the weighted average number of the Company’s common stock outstanding during the year. The calculation of diluted EPS is similar to basic EPS, except that the weighted average number of the Company’s common stock is adjusted to reflect all dilutive instruments where the Company’s common stock is potentially deliverable during the year. In addition, net income attributable to NHI shareholders is adjusted for any change in income or loss that would result from the assumed conversion of dilutive instruments issued by subsidiaries and affiliates.

The following table presents a reconciliation of net income amounts and the numbers of NHI shares of common stock used in the calculation of net income attributable to NHI shareholders per share in order to calculate basic and diluted earnings per share amounts for the years ended March 31, 2023 and 2024.

	Millions of yen except per share data presented in yen	
	Year ended March 31	
	2023	2024
Basic—		
Net income attributable to NHI shareholders	¥ 92,786	¥ 165,863
Weighted average number of NHI shares outstanding	3,006,744,201	3,017,128,412
Net income attributable to NHI shareholders per share	¥ 30.86	¥ 54.97
Diluted—		
Net income attributable to NHI shareholders	¥ 92,606	¥ 165,701
Weighted average number of NHI shares outstanding	3,114,313,612	3,144,540,974
Net income attributable to NHI shareholders per share	¥ 29.74	¥ 52.69

Net income attributable to NHI shareholders was adjusted to reflect the decline in Nomura’s equity share of earnings of subsidiaries and affiliates for the years ended March 31, 2023 and 2024 arising from options to purchase common stock issued by subsidiaries and affiliates.

The weighted average number of shares used in the calculation of diluted EPS reflects the potential issuance of the Company’s common stock arising from stock-based compensation plans which grant Stock Acquisition Rights and Restricted Stock Units (“RSUs”) by the Company and affiliates, which would have minimal impact on EPS for the years ended March 31, 2023 and 2024.

Antidilutive stock options and other stock-based compensation plans to purchase 7,147,000 and 1,805,200 of the Company’s common stock were not included in the computation of diluted EPS for the years ended March 31, 2023 and 2024, respectively.

Subsequent Events

On May 16, 2024, the Company adopted a resolution to grant RSUs and Performance Share Units (“PSUs”). See Note 13 “*Deferred compensation awards*” for further information.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

12. Employee benefit plans:

Nomura provides various pension plans and other post-retirement benefits which cover certain eligible employees worldwide. In addition, Nomura provides health care benefits to certain active and retired employees through its Nomura Securities Health Insurance Society (“NSHIS”).

Defined benefit pension plans—

The Company and certain subsidiaries in Japan (“Japanese entities”) have contributory funded benefit pension plans for eligible employees. The benefits are paid as annuity payments subsequent to retirement or as lump-sum payments at the time of retirement based on a combination of years of service, age at retirement and employee’s choice. The benefits under the plans are calculated based upon position, years of service and reason for retirement. In addition to the plans described above, certain Japanese entities also have unfunded lump-sum payment plans. Under these plans, employees with at least two years of service are generally entitled to lump-sum payments upon termination of employment. The benefits under the plans are calculated based upon position, years of service and the reason for retirement. Nomura’s funding policy is to contribute annually the amount necessary to satisfy local funding standards. In December 2008, certain contributory funded benefit pension plans and unfunded lump-sum payment plans were amended and “Cash balance pension plans” were introduced. Participants receive an annual benefit in their cash balance pension plan accounts, which is computed based on compensation of the participants, adjusted for the changes in market interest rate.

In April 2020, certain Japanese entities amended their pension plans. Certain defined benefit pension plans and unfunded lump-sum payment plans were either closed for additional funding or abolished. Defined contribution pension plans and cash balance pension plans have replaced them for future contributions.

Certain overseas subsidiaries have various local defined benefit plans covering certain employees. Nomura recognized an asset for surplus pension benefits for these plans amounting to ¥5,795 million and ¥5,681 million as of March 31, 2023 and 2024, respectively.

Net periodic benefit cost

The following table presents the components of net periodic benefit cost for defined benefit plans of Japanese entities for the years ended March 31, 2023 and 2024. Nomura’s measurement date is March 31 for defined benefit plans of Japanese entities.

	Millions of yen	
	Year ended March 31	
	2023	2024
Service cost	¥ 6,398	¥ 6,028
Interest cost	2,432	3,484
Expected return on plan assets	(5,968)	(5,658)
Amortization of net actuarial losses		
	3,818	3,021
Amortization of prior service cost	(1,607)	(1,603)
Net periodic benefit cost	<u>¥ 5,073</u>	<u>¥ 5,272</u>

Prior service cost is amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the projected benefit obligation or the fair value of plan assets are amortized over the average remaining service period of active participants, which is 13 years.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Benefit obligations and funded status

The following table presents a reconciliation of changes in projected benefit obligation (“PBO”) and the fair value of plan assets, as well as a summary of the funded status of Japanese entities’ plans as of, and for the years ended March 31, 2023 and 2024.

	Millions of yen	
	As of or for the year ended March 31	
	2023	2024
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	¥ 293,039	¥ 265,143
Service cost	6,398	6,028
Interest cost	2,432	3,484
Actuarial gain	(22,749)	(14,049)
Benefits paid	(13,893)	(15,156)
Acquisition, divestitures and other	(84)	(11)
Projected benefit obligation at end of year	¥ 265,143	¥ 245,439
Change in plan assets:		
Fair value of plan assets at beginning of year	¥ 231,461	¥ 219,462
Actual return on plan assets	(2,416)	10,219
Employer contributions	820	848
Benefits paid	(10,403)	(10,660)
Fair value of plan assets at end of year	¥ 219,462	¥ 219,869
Funded status at end of year	(45,681)	(25,570)
Amounts recognized in the consolidated balance sheets	¥ (45,681)	¥ (25,570)

The accumulated benefit obligation (“ABO”) was ¥265,143 million and ¥245,439 million as of March 31, 2023 and 2024, respectively.

In April 2020, defined contribution pension plans and cash balance pension plans were adopted for future contributions following the amendments of pension benefit plans. Certain contributory defined benefit pension plans were closed for additional funding and will be managed within the accumulated funds. Unfunded lump-sum payment plans were abolished and transferred to cash balance plans with the calculated amount of lump-sum retirement payment as of the amendment date.

The following table presents the PBO, ABO and fair value of plan assets for Japanese entities’ plans with ABO and PBO in excess of plan assets as of March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Plans with ABO in excess of plan assets:		
PBO	¥ 47,672	¥ 45,899
ABO	47,672	45,899
Fair value of plan assets	—	—
Plans with PBO in excess of plan assets:		
PBO	¥ 47,672	¥ 45,899
ABO	47,672	45,899
Fair value of plan assets	—	—

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents pre-tax amounts of Japanese entities' plans deferred in *Accumulated other comprehensive income (loss)* that have not yet been recognized as components of net periodic benefit cost during the year ended March 31, 2024.

	<u>Millions of yen</u> <u>For the year ended</u> <u>March 31, 2024</u>
Net actuarial loss	¥ 43,239
Net prior service cost	(4,904)
Total	<u>¥ 38,335</u>

Pre-tax amounts of Japanese entities' plans in accumulated other comprehensive income which are expected to be recognized as components of net periodic benefit cost over the next fiscal year are as follows.

	<u>Millions of yen</u> <u>For the year</u> <u>ending</u> <u>March 31, 2025</u>
Net actuarial loss	¥ 1,650
Net prior service cost	(504)
Total	<u>¥ 1,146</u>

Assumptions

The following table presents the weighted-average assumptions used to determine projected benefit obligations of Japanese entities' plans as of March 31, 2023 and 2024.

	<u>March 31</u>	
	<u>2023</u>	<u>2024</u>
Discount rate	1.3%	1.6%
Rate of increase in compensation levels	0.4%	0.5%
Interest crediting rate	2.8%	2.8%

The following table presents the weighted-average assumptions used to determine the net periodic benefit cost of Japanese entities' plans as of March 31, 2023 and 2024.

	<u>Year ended March 31</u>	
	<u>2023</u>	<u>2024</u>
Discount rate	0.8%	1.3%
Rate of increase in compensation levels	0.3%	0.4%
Expected long-term rate of return on plan assets	2.6%	2.6%
Interest crediting rate	2.9%	2.8%

Nomura generally determines the discount rates for its defined benefit plans by referencing indices for long-term, high-quality debt securities and ensuring that the discount rate does not exceed the yield reported for those indices after adjustment for the duration of the plans' liabilities.

Nomura uses the expected long-term rate of return on plan assets to compute the expected return on assets. Nomura's approach in determining the long-term rate of return on plan assets is primarily based on historical financial market relationships that have existed over time with the presumption that this trend will generally remain constant in the future.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Plan assets

Plan assets are managed with an objective to generate sufficient long-term value in order to enable future pension payouts. While targeting a long-term rate of return on plan assets, Nomura aims to minimize short-term volatility by managing the portfolio through diversifying risk. Based on this portfolio policy, the plan assets are invested diversely.

The plan assets of domestic plans target to invest 8% in equities (including private equity investments), 50% in debt securities, 28% in life insurance company general accounts, and 14% in other investments. Investment allocations are generally reviewed and revised at the time of the actual revaluation that takes place every five years or when there is a significant change in portfolio assumptions.

For details of the levels of inputs used to measure the fair value of plan assets, see Note 2 “Fair value measurements.”

The following tables present information about the fair value of plan assets of Japanese entities’ plans as of March 31, 2023 and 2024 within the fair value hierarchy.

	Millions of yen			
	March 31, 2023			Balance as of March 31, 2023
	Level 1	Level 2	Level 3	
Pension plan assets:				
Private equity and pooled investments ⁽¹⁾	¥ —	¥ 1,718	¥23,078	¥ 24,796
Japanese government securities	21,704	—	—	21,704
Investment trust funds and other ⁽²⁾⁽³⁾	—	19,918	26,328	46,246
Life insurance company general accounts	—	74,033	—	74,033
Other assets	—	24,334	—	24,334
Total	¥21,704	¥120,003	¥49,406	¥ 191,113

	Millions of yen			
	March 31, 2024			Balance as of March 31, 2024
	Level 1	Level 2	Level 3	
Pension plan assets:				
Private equity and pooled investments ⁽¹⁾	¥ —	¥ 905	¥16,321	¥ 17,226
Japanese government securities	14,411	—	—	14,411
Investment trust funds and other ⁽²⁾⁽³⁾	—	16,773	27,022	43,795
Life insurance company general accounts	—	74,529	—	74,529
Other assets	—	31,196	—	31,196
Total	¥14,411	¥123,403	¥43,343	¥ 181,157

(1) Includes corporate type equity investments.

(2) Includes primarily debt investment funds. Hedge funds and real estate funds are also included.

(3) Certain assets that are measured at fair value using net asset value per share as a practical expedient have not been classified in the fair value hierarchy. As of March 31, 2023 and 2024, the fair values of these assets were ¥28,349 million and ¥38,712 million, respectively.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Within the fair value measurement of plan assets of non-Japanese entities' plans as of March 31, 2023, ¥44 million, ¥3,149 million and ¥26,497 million were classified in Level 1, Level 2 and Level 3 of the fair value hierarchy, respectively. Within the fair value measurement of plan assets of non-Japanese entities' plans as of March 31, 2024, ¥92 million, ¥3,388 million and ¥29,753 million were classified in Level 1, Level 2 and Level 3 of the fair value hierarchy, respectively.

See Note 2 “Fair value measurements” for further information regarding how Nomura estimates fair value for specific types of financial instruments.

The following tables present information about plan assets of Japanese entities' plans for which Nomura has utilized significant Level 3 valuation inputs to estimate fair value.

	Millions of yen			
	Year ended March 31, 2023			
	Balance as of April 1, 2022	Unrealized and realized gains (loss)	Purchases / sales and other settlement	Balance as of March 31, 2023
Private equity and pooled investments	¥ 29,081	¥ (1,990)	¥ (4,013)	¥ 23,078
Investment trust funds and other	27,575	2,211	(3,458)	26,328
Total	¥ 56,656	¥ 221	¥ (7,471)	¥ 49,406

	Millions of yen			
	Year ended March 31, 2024			
	Balance as of April 1, 2023	Unrealized and realized gains (loss)	Purchases / sales and other settlement	Balance as of March 31, 2024
Private equity and pooled investments	¥ 23,078	¥ (316)	¥ (6,441)	¥ 16,321
Investment trust funds and other	26,328	2,627	(1,933)	27,022
Total	¥ 49,406	¥ 2,311	¥ (8,374)	¥ 43,343

The fair value measurement of plan assets of non-Japanese entities' plans classified as Level 3 mainly consists of annuities which amounted to ¥26,497 million and ¥29,753 million as of March 31, 2023 and 2024, respectively. The amount of unrealized gain (loss) of Level 3 assets amounted to ¥(9,705) million and ¥105 million for the years ended March 31, 2023 and 2024, respectively. The amounts of gains and losses other than above, purchases and sales, and transfers between Level 1 or Level 2 and Level 3 relating to these assets during the years ended March 31, 2023 and 2024 were not significant.

Cash Flows

Following the amendments of pension benefit plans in Japanese entities, certain contributory funded benefit pension plans were closed for additional funding and will be managed within the accumulated funds.

The following table presents the expected benefit payments of Japanese entities' plans during the next five fiscal years and in aggregate for the five fiscal years thereafter.

Year ending March 31	Millions of yen
2025	¥ 17,302
2026	15,534
2027	14,747
2028	15,304
2029	13,913
2030-2034	57,231

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Defined contribution pension plans—

In addition to defined benefit pension plans, the Company, NSC and other Japanese and non-Japanese subsidiaries have defined contribution pension plans.

Nomura contributed ¥6,675 million and ¥6,656 million to defined contribution pension plans for Japanese entities' plans for the years ended March 31, 2023 and 2024, respectively.

The contributions to overseas defined contribution pension plans were ¥11,964 million and ¥15,026 million for the years ended March 31, 2023 and 2024, respectively.

Health care benefits—

The Company and certain subsidiaries provide certain health care benefits to both active and retired employees through NSHIS. The Company and certain subsidiaries also sponsor certain health care benefits to retired employees (“Special Plan”) and who participate in the Special Plan on a pay-all basis, i.e., by requiring a retiree contribution based on the estimated per capita cost of coverage. The Special Plan is a multi-employer post-retirement plan because it is jointly administered by NSHIS and the Japanese government, and the funded status of it is not computed separately. Therefore, although the Company and certain subsidiaries contribute some portion of the cost of retiree health care benefits not covered through retiree contributions, the Company and certain subsidiaries do not reserve for future costs. The health care benefit costs, which are equivalent to the required contribution, were ¥9,586 million and ¥9,453 million for the years ended March 31, 2023 and 2024, respectively.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. Deferred compensation awards:

Nomura issues deferred compensation awards to senior management and employees, which are linked to the price of the Company's common stock, in order to retain and motivate key staff.

These stock-based compensation awards comprise Restricted Stock Unit ("RSU") awards, Performance Share Unit ("PSU") awards, Plan A and Plan B Stock Acquisition Right ("SAR") awards, Notional Stock Unit ("NSU") awards, and Collared Notional Stock Unit ("CSU") awards. SAR Plan A awards are awards of stock options while RSU awards, PSU awards, SAR Plan B awards, NSU awards and CSU awards are all analogous to awards of restricted common stock.

Certain deferred compensation awards include "Full Career Retirement" ("FCR") provisions which permit recipients of the awards to continue to vest in the awards upon voluntary termination of employment if certain criteria based on corporate title and length of service within Nomura are met. The requisite service period for these awards ends on the earlier of the contractual vesting date and the date that the recipients become eligible for or claim FCR.

Unless indicated below, deferred compensation awards are generally reduced, forfeited or clawed back in the event of termination of employment, material restatements of financial statements, material conduct issues, material damage to Nomura's business or reputation, material downturns in the performance of the Nomura group and/or a material failure of risk management.

RSU awards

For each RSU award, one common stock of the Company is delivered. The awards generally have a graded vesting period from one to three years with an extending vesting period of up to seven years for certain senior management and employees in order to meet local regulatory requirements based on the role they perform within Nomura.

The grant date fair value per award is determined using the price of the Company's common stock.

The following table presents activity relating to RSU awards for the year ended March 31, 2024.

	Outstanding (number of Nomura shares)	Weighted-average grant date fair value per share	Weighted-average remaining life until expiry (years)
Outstanding as of March 31, 2023	158,759,875	¥ 451	1.0
Granted	84,295,700	466	
Forfeited	(12,039,400)	460	
Delivered	(69,433,175)	451	
Outstanding as of March 31, 2024	<u>161,583,000</u>	<u>¥ 459</u>	1.0

The weighted-average grant date fair value per award for the year ended March 31, 2023 and 2024 was ¥442 and ¥466, respectively.

The total fair value of RSU awards vested during the years ended March 31, 2023 and 2024 was ¥26,642 million and ¥36,607 million, respectively. The total value of units delivered during the years ended March 31, 2023 was ¥23,978 million. A total of 43,636,273 shares were delivered during the year ended March 31, 2024 with a total value of ¥ 34,362 million. The aggregate value of RSU awards outstanding as of March 31, 2024 was ¥157,964 million.

As of March 31, 2024, total unrecognized compensation cost relating to nonvested RSU awards was ¥10,873 million which is expected to be recognized over a weighted average period of 1.7 years.

Nomura withholds vested RSU awards to meet employer statutory tax withholding requirements of employees arising on either vesting of the awards or delivery of the Company's common stock. The total cash paid to tax authorities to settle these requirements was ¥9,060 million and ¥12,669 million during fiscal year ended March 31, 2023 and 2024. These cash flows are classified as outflows from financing activities in the consolidated statements of cash flows.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

SAR Plan B awards

In prior years, the Company issued SAR Plan B awards linked to the price of the Company's common stock pursuant to several stock unit plans. These awards vest and are exercisable into the Company's common stock, have an exercise price of ¥1 per share and graded vesting generally over three years with certain longer vesting or holding periods where required under local regulations.

The grant date fair value of SAR Plan B awards is determined using the price of the Company's common stock.

The following table presents activity relating to SAR Plan B awards for the year ended March 31, 2024. No new SAR Plan B awards have been granted since April 1, 2018.

	Outstanding (number of Nomura shares)	Weighted-average grant date fair value per share	Weighted-average remaining life until expiry (years)
Outstanding as of March 31, 2023	4,023,000	¥ 490	1.9
Granted	—	—	
Exercised	(2,143,100)	470	
Forfeited	(6,600)	465	
Expired	(482,900)	559	
Outstanding as of March 31, 2024	<u>1,390,400</u>	<u>¥ 495</u>	1.6
Exercisable as of March 31, 2024	<u>1,258,300</u>	<u>¥ 505</u>	1.3

The total intrinsic value of SAR Plan B awards exercised during the years ended March 31, 2023 and 2024 were ¥1,965 million and ¥1,783 million, respectively.

The aggregate intrinsic value of SAR Plan B awards outstanding and exercisable as of March 31, 2024 were ¥1,358 million and ¥1,229 million, respectively.

As of March 31, 2024, total unrecognized compensation cost relating to nonvested SAR Plan B awards was ¥nil. The total fair value of SAR Plan B awards which vested during the years ended March 31, 2023 and 2024 was ¥415 million and ¥72 million, respectively.

Total compensation expense recognized within *Non-interest expenses—Compensation and benefits* in the consolidated statements of income relating to RSU and SAR awards for the years ended March 31, 2023 and 2024 were ¥35,216 million and ¥35,577 million, respectively.

Cash received from the exercise of SAR awards during the year ended March 31, 2023 and 2024 was ¥4 million and ¥953 million, respectively. The tax benefit realized from exercise of these awards during the year ended March 31, 2023 was ¥ 87 million. The tax benefit realized from exercise of these awards during the year ended March 31, 2024 was not significant.

Total related tax benefits recognized in the consolidated statements of income relating to RSU and SAR plan B awards for the years ended March 31, 2023 and 2024 were not significant. The dilutive effect of outstanding deferred compensation plans is included in the weighted average number of shares outstanding used in diluted EPS computations. See Note 11 "*Earnings per share*" for further information.

There were no significant modifications of RSU or SAR Plan B awards during the years ended March 31, 2023 and 2024.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

NSU and CSU awards

NSU and CSU awards are cash-settled awards linked to the price of the Company's common stock. NSU awards replicate the key features of SAR Plan B awards described above but are settled in cash rather than exercisable into the Company's common stock. CSU awards are similar to NSU awards but exposure to movements in the price of the Company's common stock is subject to a cap and floor. Both types of award have graded vesting periods generally over three years with certain longer vesting periods where required by local regulations.

The fair value of NSU and CSU awards are determined using the price of the Company's common stock.

The following table presents activity related to NSU and CSU awards for the year ended March 31, 2024.

	NSUs		CSUs	
	Outstanding (number of units)	Stock price	Outstanding (number of units)	Stock price
Outstanding as of March 31, 2023	20,596,542	¥484	12,595,287	¥509
Granted	15,678,023	529 ⁽¹⁾	2,808,971	484
Vested	(13,443,712)	556 ⁽²⁾	(5,976,711)	532 ⁽²⁾
Forfeited	(339,642)		(224,157)	
Outstanding as of March 31, 2024	22,491,211	¥949 ⁽³⁾	9,203,390	¥612 ⁽³⁾

(1) Weighted-average price of the Company's common stock used to determine number of awards granted.

(2) Weighted-average price of the Company's common stock used to determine the final cash settlement amount of the awards.

(3) The price of the Company's common stock used to remeasure the fair value of the remaining outstanding unvested awards as of March 31, 2024.

Total compensation expense recognized within *Non-interest expenses—Compensation and benefits* in the consolidated statements of income relating to NSU and CSU awards for the years ended March 31, 2023 and 2024 were ¥11,544 million and ¥15,936 million, respectively.

Total unrecognized compensation cost relating to nonvested NSU awards, based on the fair value of these awards as of March 31, 2024, was ¥310 million, which is expected to be recognized through the consolidated statements of income over a remaining weighted-average period of 0.9 years. The total fair value of NSU awards which vested during the years ended March 31, 2023 and 2024 was ¥6,174 million and ¥7,479 million, respectively.

Total unrecognized compensation cost relating to nonvested CSU awards, based on the fair value of these awards as of March 31, 2024, was ¥852 million. The total fair value of CSU awards which vested during the years ended March 31, 2023 and 2024 was ¥1,380 million and ¥3,179 million, respectively.

Total tax benefits recognized in the consolidated statements of income for compensation expense relating to NSU, and CSU awards for the years ended March 31, 2023 and 2024 were ¥164 million and ¥186 million, respectively.

There were no significant modifications of NSU or CSU awards during the years ended March 31, 2023 and 2024.

Subsequent events

On May 16, 2024, the Company adopted a resolution to grant RSU awards to certain senior management and employees. A total of 49,784,400 RSU awards have been granted which generally have a graded vesting period from one to three years or with an extending vesting period of up to seven years for certain senior management and employees in order to meet local regulatory requirements based on the role they perform within Nomura.

On May 16, 2024, the Company adopted a resolution to grant PSU to executive officers of the Company. The base number of shares has been calculated as 782,100 shares, and the number of shares when applying a payout rate of 150% is 1,173,200 shares. PSU is to deliver shares of common stock of the Company to grantees depending on the degree of achievement of the performance targets for the three fiscal years. The settlement of the PSU will be primarily in treasury stock.

On May 24, 2024, Nomura also granted NSU awards to senior management and employees in countries where RSU awards are less favorably treated for tax or other reasons. These NSU awards have a total grant date fair value of ¥7 billion and vesting periods of up to seven years.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. Income taxes:

The following table presents components of *Income tax expense* reported in the consolidated statements of income for the years ended March 31, 2023 and 2024. Foreign amounts represent income tax benefits or expense generated from Nomura operations outside of Japan.

	Millions of yen	
	Year ended March 31	
	2023	2024
Current:		
Domestic	¥35,107	¥74,117
Foreign	16,554	22,825
Subtotal	<u>51,661</u>	<u>96,942</u>
Deferred:		
Domestic	14,356	2,566
Foreign	(8,219)	(2,878)
Subtotal	<u>6,137</u>	<u>(312)</u>
Total	<u>¥57,798</u>	<u>¥96,630</u>

The income tax benefit recognized from operating losses for the years ended March 31, 2023 and 2024 was ¥1,787 million and ¥1,901 million, respectively, which is included within deferred income tax expense above.

The Company and its wholly-owned domestic subsidiaries have applied the Group Tax Sharing system. The Group Tax Sharing system is only available for a national tax.

Effective statutory tax rate reconciliation

The effective statutory tax rate applicable to Nomura in Japan was approximately 31% as of March 31, 2023 and 2024, respectively.

Foreign subsidiaries are subject to income taxes of the countries in which they operate. The relationship between income tax expense and pretax accounting income (loss) is affected by a number of items, including various tax credits, certain revenues not subject to income taxes, certain expenses not deductible for income tax purposes, changes in deferred tax valuation allowance and different enacted tax rates applicable to foreign subsidiaries.

The following table presents a reconciliation of the effective income tax rate reflected in the consolidated statements of income to Nomura's effective statutory tax rate for the years ended March 31, 2023 and 2024. The effective tax rate presented in the following table represents total income tax expense for the year as a percentage of *Income (loss) before income taxes*.

	Year ended March 31	
	2023	2024
Nomura's effective statutory tax rate	31.0%	31.0%
Impact of:		
Changes in deferred tax valuation allowances	11.3	3.9
Additional taxable income	0.7	0.2
Non-deductible expenses	7.8	6.0
Non-taxable income	(4.7)	(2.5)
Dividends from foreign subsidiaries	0.1	0.0
Tax effect of undistributed earnings of foreign subsidiaries	0.3	(0.2)
Different tax rate applicable to income (loss) of foreign subsidiaries	(0.9)	(0.2)
Effect of changes in foreign tax laws ⁽¹⁾	(1.9)	0.0
Tax benefit recognized on the outside basis differences for investment in subsidiaries and affiliates	(2.3)	(0.0)
Other	(2.7)	(2.9)
Effective tax rate	<u>38.7%</u>	<u>35.3%</u>

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the significant components of deferred tax assets and liabilities as of March 31, 2023 and 2024, before offsetting of amounts which relate to the same tax-paying component within a particular tax jurisdiction.

	Millions of yen	
	March 31	
	2023	2024
Deferred tax assets		
Depreciation, amortization and valuation of fixed assets	¥ 38,596	¥ 41,883
Investments in subsidiaries and affiliates	7,458	7,364
Valuation of financial instruments	123,841	136,834
Accrued pension and severance costs	17,308	11,837
Other accrued expenses and provisions	74,043	83,418
Operating losses	414,084	477,358
Lease liabilities	48,329	48,951
Other	19,645	20,811
Gross deferred tax assets	743,304	828,456
Less—Valuation allowances	(515,068)	(595,668)
Total deferred tax assets	<u>228,236</u>	<u>232,788</u>
Deferred tax liabilities		
Investments in subsidiaries and affiliates	100,335	109,611
Valuation of financial instruments	118,314	111,175
Undistributed earnings of foreign subsidiaries	2,936	2,257
Valuation of fixed assets	22,540	22,945
Right-of-use assets	47,775	43,443
Other	7,524	4,404
Total deferred tax liabilities	<u>299,424</u>	<u>293,835</u>
Net deferred tax assets (liabilities)	<u>¥ (71,188)</u>	<u>¥ (61,047)</u>

After offsetting deferred tax assets and liabilities which relate to the same tax-paying component within a particular tax jurisdiction, net deferred tax assets reported within *Other assets—Other* in the consolidated balance sheets were ¥22,645 million and ¥24,254 million as of March 31, 2023 and 2024, respectively and net deferred tax liabilities reported within *Other liabilities* in the consolidated balance sheets were ¥93,833 million and ¥85,301 million as of March 31, 2023 and 2024, respectively.

As of March 31, 2024, no deferred tax liabilities have been recognized for undistributed earnings of foreign subsidiaries totaling ¥71,334 million which are not expected to be remitted in the foreseeable future. It is not practicable to determine the amount of income taxes payable in the event all such foreign earnings are repatriated.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred taxes

The following table presents changes in total valuation allowances recognized against deferred tax assets for the years ended March 31, 2023 and 2024.

	Millions of yen	
	Year ended March 31	
	2023	2024
Balance at beginning of year	¥ 466,145	¥ 515,068
Net change during the year	48,923 ⁽¹⁾	80,600 ⁽²⁾
Balance at end of year	<u>¥ 515,068</u>	<u>¥ 595,668</u>

- (1) Primarily includes an increase of ¥53,851 million of valuation allowances of certain foreign subsidiaries primarily due to an increase in operating loss carryforwards, and a reduction of ¥4,928 million of valuation allowances related to Japanese subsidiaries and the Company primarily due to a decrease of valuation allowances of Investments in subsidiaries and affiliates. In total, ¥48,923 million of allowances increased.
- (2) Primarily includes an increase of ¥83,838 million of valuation allowances of certain foreign subsidiaries primarily due to an increase in operating loss carryforwards, and a reduction of ¥3,238 million of valuation allowances related to Japanese subsidiaries and the Company primarily due to a utilization of loss carryforwards. In total, ¥80,600 million of allowances increased.

As of March 31, 2024, total operating loss carryforwards were ¥2,328,006 million, which included ¥363,547 million relating to the Company and domestic subsidiaries, ¥782,431 million relating to foreign subsidiaries in U.K., ¥774,496 million relating to foreign subsidiaries in U.S., ¥370,424 million relating to foreign subsidiaries in Hong Kong, and ¥37,108 million relating to foreign subsidiaries in other tax jurisdictions. Of this total amount, ¥1,469,744 million can be carried forward indefinitely, ¥759,294 million expires by March 31, 2034 and ¥98,968 million expires in later fiscal years.

In determining the amount of valuation allowances to be recognized as of March 31, 2024, Nomura considered all available positive and negative evidence around the likelihood that sufficient future taxable income will be generated to realize the deferred tax assets in the relevant tax jurisdiction of the Company, its domestic subsidiaries and foreign subsidiaries. In Japan and other tax jurisdictions where domestic and foreign subsidiaries have experienced cumulative operating losses in recent years, these losses provide the most verifiable negative evidence available and outweigh positive evidence.

While Nomura has considered certain future tax planning strategies as a potential source of future taxable income, no such strategies have been relied upon as positive evidence resulting in a reduction of valuation allowances in any major tax jurisdiction in which Nomura operates as of March 31, 2023 and 2024. In addition, valuation allowances have not been reduced in any of these periods as a result of changing the weighting applied to positive or negative evidence in any of the major tax jurisdictions in which Nomura operates.

The determination of whether deferred tax assets will be realized, and therefore whether a valuation allowance is required, is inherently subjective and often requires management judgment around the future profitability of Nomura entities, an interpretation of tax rules by courts and regulatory authorities and tax examinations by taxing authorities, and the appropriate weighting of positive and negative evidence around the likelihood that sufficient future taxable income will be generated to realize deferred tax assets in the relevant tax jurisdiction.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Unrecognized tax benefits

Nomura's unrecognized tax benefits were ¥34,763 million and ¥41,437 million as of March 31, 2023 and 2024 respectively.

Out of the balance as of March 31, 2024, ¥10,057 million, if recognized, would favorably impact the effective tax rate in the future periods. The remaining balance would not favorably impact the effective tax rate as it is expected to increase operating loss carryforwards and corresponding valuation allowance. The movement of the gross amounts in unrecognized tax benefits during the year ended March 31, 2024 was an increase of ¥6,674 million of which ¥2,383 million is presented as a reversal of a reduction in deferred tax assets for utilization of net operating loss carryforward.

Out of the balance as of March 31, 2023, ¥5,766 million, if recognized, would favorably impact the effective tax rate in the future periods. The remaining balance would not favorably impact the effective tax rate as it is expected to increase operating loss carryforwards and corresponding valuation allowance. The movement of the gross amounts in unrecognized tax benefits during the year ended March 31, 2023 was a decrease of ¥1,011 million of which ¥504 million is presented as a reversal of a reduction in deferred tax assets for utilization of net operating loss carryforward.

There were also no significant movements of the amount of interest and penalties recognized due to unrecognized tax benefits during the years ended March 31, 2023 and 2024.

Nomura is under regular examination by the Japanese National Tax Agency and other taxing authorities in the major tax jurisdictions in which Nomura operates. Nomura regularly assesses the likelihood of additional assessments in each tax jurisdiction and the impact on the consolidated financial statements. It is reasonably possible that there may be an increase or decrease in unrecognized tax benefits within 12 months of March 31, 2024 depending on the outcome of the examinations. Quantification of an estimated range cannot be made at this time due to the uncertainty of the potential outcomes. However, Nomura does not expect that any change in the gross balance of unrecognized tax benefits would have a material effect on its financial condition.

Examinations by taxing authorities

Nomura operates in multiple tax jurisdictions, and faces audits from various taxing authorities regarding many issues including, but not limited to, transfer pricing, the deductibility of certain expenses, foreign tax credits and other matters.

The table below presents information regarding the earliest year in which Nomura remains subject to examination in the major tax jurisdictions in which Nomura operates as of March 31, 2024.

Jurisdiction	Fiscal year ended March 31,
Japan	2019 ⁽¹⁾
United Kingdom	2016 ⁽²⁾
United States	2021

(1) The earliest year in which Nomura remains subject to examination for transfer pricing issues is the fiscal year ended March 31, 2018.

(2) The earliest year in which Nomura remains subject to examination for transfer pricing issues is the fiscal year ended March 31, 2016.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

15. Other comprehensive income (loss):

The following tables present changes in *Accumulated other comprehensive income (loss)* for the years ended March 31, 2023 and 2024.

Millions of yen					
For the year ended March 31, 2023					
	Balance at beginning of year	Other comprehensive income (loss) before reclassifications	Reclassifications out of accumulated other comprehensive income (loss)	Net change during the year	Balance at end of year
Cumulative translation adjustments	¥ 136,912	¥ 109,801	¥ (3,946)	¥ 105,855	¥ 242,767
Pension liability adjustment ⁽¹⁾	(43,803)	8,615	3,014	11,629	(32,174)
Own credit adjustments ⁽²⁾	34,864	73,193	(196)	72,997	107,861
Total	¥ 127,973	¥ 191,609	¥ (1,128)	¥ 190,481	¥ 318,454

Millions of yen					
For the year ended March 31, 2024					
	Balance at beginning of year	Other comprehensive income (loss) before reclassifications	Reclassifications out of accumulated other comprehensive income (loss)	Net change during the year	Balance at end of year
Cumulative translation adjustments	¥ 242,767	¥ 201,662	¥ (358)	¥ 201,304	¥ 444,071
Pension liability adjustment ⁽¹⁾	(32,174)	11,220	1,442	12,662	(19,512)
Own credit adjustments ⁽²⁾	107,861	(71,965)	(471)	(72,436)	35,425
Total	¥ 318,454	¥ 140,917	¥ 613	¥ 141,530	¥ 459,984

(1) See Note 12 “Employee benefit plans” for further information.

(2) See Note 2 “Fair value measurements” for further information.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables present significant reclassifications out of *Accumulated other comprehensive income (loss)* for the years ended March 31, 2023 and 2024.

	Millions of yen		Affected line items in consolidated statements of income
	For the year ended March 31		
	2023	2024	
Cumulative translation adjustments:			
	Reclassifications out of accumulated other comprehensive income (loss)	Reclassifications out of accumulated other comprehensive income (loss)	
	¥ 4,033	¥ 358	Revenue—Other /Non-interest expenses—Other
	(87)	—	Income tax expense
	3,946	358	Net income (loss)
	—	—	Net income attributable to noncontrolling interests
	¥ 3,946	¥ 358	Net income (loss) attributable to NHI shareholders

	Millions of yen		Affected line items in consolidated statements of income
	For the year ended March 31		
	2023	2024	
Pension liability adjustment:			
	Reclassifications out of accumulated other comprehensive income (loss)	Reclassifications out of accumulated other comprehensive income (loss)	
	¥ (3,372)	¥ (1,737)	Non-interest expenses—Compensation and benefits / Revenue—Other
	358	295	Income tax expense
	(3,014)	(1,442)	Net income (loss)
	—	—	Net income attributable to noncontrolling interests
	¥ (3,014)	¥ (1,442)	Net income (loss) attributable to NHI shareholders

	Millions of yen		Affected line items in consolidated statements of income
	For the year ended March 31		
	2023	2024	
Own credit adjustments:			
	Reclassifications out of accumulated other comprehensive income (loss)	Reclassifications out of accumulated other comprehensive income (loss)	
	¥ 334	¥ 597	Revenue—Net gain on trading
	(138)	(126)	Income tax expense
	196	471	Net income (loss)
	—	—	Net income attributable to noncontrolling interests
	¥ 196	¥ 471	Net income (loss) attributable to NHI shareholders

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

16. Shareholders' equity:

The following table presents changes in shares of the Company's common stock outstanding for the years ended March 31, 2023 and 2024.

	Number of Shares	
	Year ended March 31	
	2023	2024
Common stock outstanding at beginning of year	3,017,804,012	3,003,679,324
Decrease of common stock by cancellation of treasury stock	—	(70,000,000)
Common stock held in treasury:		
Repurchases of common stock	(50,016,744)	(80,617,143)
Sales of common stock	296	534
Common stock issued to employees	35,900,087	47,695,273
Cancellation of treasury stock	—	70,000,000
Other net change in treasury stock	(8,327)	(2,828)
Common stock outstanding at end of year	<u>3,003,679,324</u>	<u>2,970,755,160</u>

The amount available for dividends and acquisition of treasury stock is subject to restrictions imposed by the Companies Act. Additional paid-in capital and retained earnings include amounts which the Companies Act prohibits for the use of dividends and acquisition of treasury stock. As of March 31, 2023 and 2024, the amounts available for distributions were ¥1,425,642 million and ¥1,418,959 million, respectively. These amounts are based on the amounts recorded in the Company's unconsolidated financial statements maintained in accordance with accounting principles and practices prevailing in Japan. U.S. GAAP adjustments incorporated in these consolidated financial statements but not recorded in the Company's unconsolidated financial statements have no effect on the determination of the amounts available for distributions under the Companies Act.

Dividends on the Company's common stock per share for the years ended March 31, 2023 and 2024 were ¥17.0 and ¥23.0, respectively.

On April 26, 2022, the board of directors approved a repurchase program of Nomura Holdings common stock in accordance with Article 459-1 of the Companies Act of Japan as follows: (a) total number of shares authorized for repurchase is up to 50,000,000 shares, (b) total value of shares authorized for repurchase is up to ¥30,000 million and (c) the share buyback will run from May 17, 2022 to March 31, 2023. Under this repurchase program, the Company repurchased 50,000,000 shares of common stock at a cost of ¥24,719 million.

On April 26, 2023, the board of directors approved a repurchase program of Nomura Holdings common stock in accordance with Article 459-1 of the Companies Act of Japan as follows: (a) total number of shares authorized for repurchase is up to 35,000,000 shares, (b) total value of shares authorized for repurchase is up to ¥20,000 million and (c) the share buyback will run from May 16, 2023 to March 29, 2024. Under this repurchase program, the Company repurchased 34,368,500 shares of common stock at a cost of ¥20,000 million.

During the year ended March 31, 2024, due to the cancellation of treasury stock on June 1, 2023, total number of issued shares and treasury stock decreased by 70,000,000 shares, respectively.

On January 31, 2024, the board of directors approved a repurchase program of Nomura Holdings common stock in accordance with Article 459-1 of the Companies Act of Japan as follows: (a) total number of shares authorized for repurchase is up to 125,000,000 shares, (b) total value of shares authorized for repurchase is up to ¥100,000 million and (c) the share buyback will run from February 16, 2024 to September 29, 2024. Under this buyback program from March 1, 2024 to June 6, 2024, the Company repurchased 109,726,600 shares of common stock at a cost of ¥100,000 million. This completes the share buyback program.

In addition to the above, the change in common stock held in treasury includes the change in common stock issued to employees under stock-based compensation plans, common stock held by affiliated companies, common stock sold to enable shareholders to hold round lots of the 100 share minimum tradable quantity (adding-to-holdings requests) or common stock acquired to create round lots or eliminate odd lots.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

17. Regulatory requirements:

In April 2011, the Company has been assigned as Final Designated Parent Company who must calculate a consolidated capital adequacy ratio and since then, our consolidated capital adequacy ratio has been calculated based on Capital Adequacy Notice on Final Designated Parent Company. The Capital Adequacy Notice on Final Designated Parent Company has been revised in line with Basel 2.5 and Basel III and Nomura has calculated a Basel III-based consolidated capital adequacy ratio since March 2013.

In accordance with Article 2 of the Capital Adequacy Notice on Final Designated Parent Company, Nomura's consolidated capital adequacy ratio is calculated based on the amounts of common equity Tier 1 capital, Tier 1 capital, total capital, credit risk-weighted assets, market risk and operational risk. As of March 31, 2023 and 2024, the Company was in compliance with common equity Tier 1 capital ratio, Tier 1 capital ratio and consolidated capital adequacy ratio requirements set out in the Capital Adequacy Notice on Final Designated Parent Company, etc. The required level (including applicable minimum consolidated capital buffer) as of March 31, 2024 was 7.74% for the common equity Tier 1 capital ratio, 9.24% for the Tier 1 capital ratio and 11.24% for the consolidated capital adequacy ratio.

Under the Financial Instruments and Exchange Act ("FIEA"), NSC and NFPS are subject to the capital adequacy rules of the FSA. These rules require the maintenance of a capital adequacy ratio, which is defined as the ratio of adjusted capital to a quantified total of business risk, of not less than 120%. Adjusted capital is defined as net worth (which includes shareholders' equity, net unrealized gains and losses on securities held, reserves and subordinated debt) less illiquid assets. Business risks are divided into three categories: (1) market risks, (2) counterparty risks, and (3) basic risks. Under these rules, there are no restrictions on the operations of the companies provided that the resulting net capital adequacy ratio exceeds 120%. As of March 31, 2023 and 2024, the capital adequacy ratio of NSC exceeded 120%. Also, as of March 31, 2023 and 2024, the capital adequacy ratio of NFPS also exceeded 120%.

In connection with providing brokerage, clearing, asset management and wealth management services to clients, Nomura maintains segregated accounts to hold financial assets such as cash and securities on behalf of its clients. These accounts are typically governed by stringent statutory or regulatory rules in the relevant jurisdiction where the accounts are maintained in order to protect the clients from loss.

As of March 31, 2023 and 2024, the total amount of segregated client cash recognized as an asset in *Deposits with stock exchanges and other segregated cash* in the consolidated balance sheets was ¥53,970 million and ¥54,893 million, respectively. As of March 31, 2023 and 2024, the total amount of segregated securities recognized as assets in *Trading assets* and *Collateralized agreements* in the consolidated balance sheets was ¥1,082,049 million and ¥992,563 million, respectively.

In the U.S., Nomura Securities International, Inc. ("NSI") is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a futures commission merchant with the Commodity Futures Trading Commission ("CFTC"). NSI is also regulated by self-regulatory organizations, such as the Financial Industry Regulatory Authority ("FINRA") and the Chicago Mercantile Exchange Group. NSI is subject to the SEC's Uniform Net Capital Rule ("Rule 15c3-1") and other related rules, which require net capital, as defined under the alternative method, of not less than the greater of \$1,000,000 or 2% of aggregate debit items arising from client transactions. NSI is also subject to CFTC Regulation 1.17 which requires the maintenance of net capital of 8% of the total risk margin requirement, as defined, for all positions carried in client accounts and nonclient accounts or \$1,000,000, whichever is greater. NSI is required to maintain net capital in accordance with the SEC, CFTC, or other various exchange requirements, whichever is greater. Another U.S. subsidiary, Nomura Global Financial Products Inc. ("NGFP") is registered as an OTC Derivatives Dealer under the Securities Exchange Act of 1934. NGFP is registered with CFTC as a Swap Dealer on October 6, 2021 and registered with the Securities and Exchange Commission ("SEC") as a Security Based Swap Dealer on November 1, 2021. NGFP calculates capital under SEC rule 18a-1 and CFTC rule 23.101 and requires the greater of \$20,000,000, 2% of the SEC risk margin amount or 2% of the CFTC risk margin amount. Another U.S. subsidiary, Instinet, LLC ("ILLC") is a broker-dealer registered with the SEC and is a member of FINRA. Further, ILLC is an introducing broker registered with the CFTC and a member of the National Futures Association and various other exchanges. ILLC is subject to Rule 15c3-1 which requires the maintenance of minimum net capital, as defined under the alternative method, equal to the greater of \$1,000,000, 2% of aggregate debit items arising from client transactions, or the CFTC minimum requirement. Under CFTC rules, ILLC is subject to the greater of the following when determining its minimum net capital requirement: \$45,000 minimum net capital required as a CFTC introducing broker; the amount of adjusted net capital required by a futures association of which it is a member; and the amount of net capital required by Rule 15c3-1(a). As of March 31, 2023 and 2024, NSI, NGFP and ILLC were in compliance with relevant regulatory capital related requirements.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In Europe, Nomura Europe Holdings plc (“NEHS”) is subject to consolidated regulatory supervision by the Prudential Regulation Authority (“U.K. PRA”) as a U.K. Parent Financial Holding Company. The regulatory consolidation is produced in accordance with the requirements established under the Financial Services and Markets Act 2000, U.K. Capital Requirements Regulations and the PRA Rulebook. Nomura International plc (“NIP”), the most significant of NEHS’ subsidiaries, acts as a securities brokerage and dealing business. NIP is also regulated by the U.K. PRA and has minimum capital adequacy requirements imposed on it on a standalone basis. NIP is also registered with the CFTC as a non-U.S. Swap Dealer (SD) and with the SEC as a conditionally registered Security-based Swap Dealer (SBSD). NIP is a member of National Futures Association (NFA). Both the SEC and CFTC have granted substituted compliance in some cases to recognize the comparability of U.K. regulations as being equivalent to satisfy the relevant requirements under the U.S. Dodd Frank regime. NIP has elected to rely on certain aspects of the substituted compliance regime in areas including, but not limited to, capital and margin, reporting and record keeping. In addition, Nomura Bank International plc (“NBI”), another subsidiary of NEHS, is also regulated by the U.K. PRA on a standalone basis. NEHS also has a number of European domiciled subsidiaries including Nomura Financial Products Europe GmbH (“NFPE”), a Nomura subsidiary domiciled in Germany which is regulated by the German regulator (“BaFin”) and is subject to the EU Capital Requirements Regulation and local German regulations and Banque Nomura France (“BNF”), a Nomura subsidiary domiciled in France which is regulated by the French regulator (“ACPR”) and is also subject to the EU Capital Requirements Regulation and local French regulations. As of March 31, 2023 and 2024, NEHS, NIP, NBI, NFPE and BNF were in compliance with relevant regulatory capital related requirements.

In Asia, Nomura International (Hong Kong) Limited (“NIHK”) and Nomura Singapore Ltd (“NSL”) are regulated by their local respective regulatory authorities. NIHK is licensed by the Securities and Futures Commission in Hong Kong to carry out regulated activities including sales, trading and clearing in securities and futures contracts, advising on securities, futures contracts and corporate finance and wealth management. Activities of NIHK, including its branch in Taiwan, are subject to the Securities and Futures (Financial Resources) Rules which require it, at all times, to maintain liquid capital at a level not less than its required liquid capital. Liquid capital is the amount by which liquid assets exceed ranking liabilities. Required liquid capital is calculated in accordance with provisions laid down in the Securities and Futures (Financial Resources) Rules. NSL is a licensed merchant bank regulated by the Monetary Authority of Singapore (“MAS”). NSL carries out its regulated activities including, among others, fixed income and securities sales and trading business, advising on securities, corporate finance and wealth management. NSL is regulated and has minimum capital adequacy requirements imposed on it, including its branch in the Dubai International Financial Centre, by the MAS in Singapore. NIHK and NSL have been compliant with relevant regulatory capital related requirements.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

18. Affiliated companies and other equity-method investees:

Nomura's significant affiliated companies and other equity-method investees include Nomura Research Institute, Ltd. ("NRI") and Nomura Real Estate Holdings, Inc. ("NREH"). Also, Nomura invests in American Century Companies, Inc., that is measured at fair value on a recurring basis through election of the fair value option. See Note 2 "*Fair value measurements*" for further information.

NRI

NRI develops and manages computer systems and provides research services and management consulting services. One of the major clients of NRI is Nomura.

Nomura participated in a secondary offering by NRI as a seller on December 5, 2022, and sold 13,000,000 ordinary shares it held at ¥37,528 million to third parties. As a result of the transaction, a gain of approximately ¥28.0 billion was recognized in earnings within *Revenue—Other* during the year ended March 31, 2023. NRI remains an equity method affiliate of NHI.

As of March 31, 2023 and 2024, Nomura's ownership of NRI was 22.3% and 23.0% respectively.

NREH

NREH is the holding company of the Nomura Real Estate Group which is primarily involved in the residential property development, leasing, investment management as well as other real estate-related activities.

As of March 31, 2023 and 2024, Nomura's ownership of NREH was 37.5% and 37.5% respectively.

As of March 31, 2023 and 2024, the carrying value of the investments in equity method investees in the aggregate exceeded Nomura's equity in the underlying net assets of these equity method investees by ¥23,640 million and ¥27,053 million, respectively, and such excess primarily represented equity method goodwill for each significant equity method investee, except for certain equity method investees including NREH for which Nomura's carrying value was below Nomura's equity in the underlying net assets of the investees.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Summary financial information—

The following tables present summarized financial information for significant affiliated companies of Nomura (including those elected for the fair value option) as of March 31, 2023 and 2024, and for the years ended March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Total assets	¥3,135,710	¥3,370,063
Total liabilities	2,006,590	2,204,376

	Millions of yen	
	Year ended March 31	
	2023	2024
Net revenues	¥1,079,609	¥1,187,696
Non-interest expenses	838,005	937,551
Net income attributable to affiliated companies	179,073	176,705

The following tables present a summary of balances and transactions with affiliated companies and other equity-method investees as of March 31, 2023 and 2024, and during the years ended March 31, 2023 and 2024. Investments in American Century Companies, Inc., for which fair value option was elected, are not included in *Investments in affiliated companies* in the following table and are reported within *Other assets—Other* in the consolidated balance sheets. In addition, dividends received for investments in affiliates for which fair value option was elected are not included in *Revenues* in the following table and are reported within *Interest and dividends* in the consolidated statements of income.

	Millions of yen	
	March 31	
	2023	2024
Investments in affiliated companies	¥ 398,485	¥ 452,437
Advances to affiliated companies	4,000	9,580
Other receivables from affiliated companies ⁽¹⁾	25,415	24,782
Other payables to affiliated companies ⁽²⁾	31,074	29,546

(1) Includes ROU assets of ¥23,311 million and ¥23,157 million as of March 31, 2023 and 2024, respectively.

(2) Includes operating lease liabilities of ¥23,311 million and ¥23,157 million as of March 31, 2023 and 2024, respectively.

	Millions of yen	
	Year ended March 31	
	2023	2024
Revenues	¥ 2,795	¥ 2,172
Non-interest expenses	50,966	53,177
Purchase of software, securities and tangible assets	19,602	15,367

The following table presents the aggregate carrying amount and fair value of investments in affiliated companies and other equity-method investees for which a quoted market price is available as of March 31, 2023 and 2024.

	Millions of yen	
	March 31	
	2023	2024
Carrying amount	¥ 363,792	¥ 394,091
Fair value	593,883	844,412

The following table presents equity in earnings of and dividends from equity-method investees, for the years ended March 31, 2023 and 2024.

	Millions of yen	
	Year ended March 31	
	2023	2024
Equity in earnings of equity-method investees ⁽¹⁾	¥ 47,480	¥ 45,687
Dividends from equity-method investees	13,354	14,617

(1) Equity in earnings of equity-method investees is reported within *Revenue—Other* in the consolidated statements of income.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

19. Commitments, contingencies and guarantees:

Commitments—

Credit and investment commitments

In connection with its banking and financing activities, Nomura provides commitments to extend credit which generally have fixed expiration dates. In connection with its investment banking activities, Nomura enters into agreements with clients under which Nomura commits to underwrite securities that may be issued by the clients. As a member of certain central clearing counterparties, Nomura is committed to provide liquidity facilities through entering into reverse repo transactions backed by government and government agency debt securities with those counterparties in a situation where a default of another clearing member occurs. The outstanding commitments under these agreements are included below as commitments to extend credit.

Nomura has commitments to invest in various partnerships and other entities and also has commitments to provide financing for investments related to these partnerships. The outstanding commitments under these agreements are included below as commitments to invest.

The following table presents a summary of the key types of outstanding commitments provided by Nomura as of March 31, 2023 and 2024.

	Millions of yen	
	March 31, 2023	March 31, 2024
Commitments to extend credit		
Liquidity facilities to central clearing counterparties	¥ 1,623,897	¥ 1,724,901
Other commitments to extend credit	1,010,332	1,380,710
Total	¥ 2,634,229	¥ 3,105,611
Commitments to invest	¥ 21,994	¥ 31,989

Maturity profile of these commitments as of March 31, 2024:

	Total contractual amount	Millions of yen			
		Years to maturity			
		Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Commitments to extend credit					
Liquidity facilities to central clearing counterparties	¥1,724,901	¥1,724,901	¥ —	¥ —	¥ —
Other commitments to extend credit	1,380,710	180,692	388,648	476,372	334,998
Total	¥3,105,611	¥1,905,593	¥388,648	¥476,372	¥334,998
Commitments to invest	¥ 31,989	¥ 2,305	¥ 3,698	¥ 461	¥ 25,525

The contractual amounts of these commitments to extend credit represent the maximum amounts at risk assuming the contracts are fully drawn upon, should all the counterparties default, and the value of all collateral or credit mitigations becomes worthless. The total contractual amount of these commitments may not represent actual future cash outflows since the commitments may expire without being drawn upon. The credit risk associated with these commitments varies depending on the clients' creditworthiness and the value and quality of collateral held. Nomura evaluates each client's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Nomura upon extension of credit, is based on credit evaluation of the counterparty.

Other commitments

Purchase obligations for goods or services that include payments for construction-related, advertising, and computer and telecommunications maintenance agreements were ¥99,134 million as of March 31, 2023 and ¥94,478 million as of March 31, 2024.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As of March 31, 2024, these purchase obligations had the following maturities:

	Millions of yen						
	Total	Years of payment					
		Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Purchase obligations	¥94,478	¥16,124	¥8,134	¥66,054	¥1,923	¥1,127	¥ 1,116

Above table includes the commitment to purchase parts of the redeveloped real estate in Tokyo Nihonbashi district from the redevelopment association.

Nomura has commitments under resale and repurchase agreements including amounts in connection with collateralized agreements and collateralized financing. These commitments amounted to ¥1,143 billion for resale agreements and ¥2,146 billion for repurchase agreements as of March 31, 2023 and ¥2,926 billion for resale agreements and ¥1,408 billion for repurchase agreements as of March 31, 2024.

Nomura has commitments to purchase notes held by our clients. These commitments amounted to ¥14 billion as of March 31, 2023 and ¥17 billion as of March 31, 2024.

In Japan, there is a market in which participants lend and borrow debt and equity securities without collateral to and from financial institutions. Under these arrangements, Nomura had obligations to return debt and equity securities borrowed without collateral of ¥952 billion and ¥1,199 billion as of March 31, 2023 and 2024, respectively.

As a member of various securities clearing houses and exchanges, Nomura may be required to assume a certain share of the financial obligations of another member who may default on its obligations to the clearing house or the exchange. These guarantees are generally required under the membership agreements. To mitigate these risks, exchanges and clearing houses often require members to post collateral. The potential for Nomura to make payments under such guarantees is deemed remote.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Contingencies—

Investigations, lawsuits and other legal proceedings

In the normal course of business as a global financial services entity, Nomura is involved in investigations, lawsuits and other legal proceedings and, as a result, may suffer loss from any fines, penalties or damages awarded against Nomura, any settlements Nomura chooses to make to resolve a matter, and legal and other advisory costs incurred to support and formulate a defense.

The ability to predict the outcome of these actions and proceedings is inherently difficult, particularly where claimants are seeking substantial or indeterminate damages, where investigations and legal proceedings are at an early stage, where the matters present novel legal theories or involve a large number of parties, or which take place in foreign jurisdictions with complex or unclear laws.

The Company regularly evaluates each legal proceeding and claim on a case-by-case basis in consultation with external legal counsel to assess whether an estimate of possible loss or range of loss can be made, if recognition of a liability is not appropriate. In accordance with ASC 450 “Contingencies” (“ASC 450”), the Company recognizes a liability for this risk of loss arising on each individual matter when a loss is probable and the amount of such loss or range of loss can be reasonably estimated. The amount recognized as a liability is reviewed at least quarterly and is revised when further information becomes available. If these criteria are not met for an individual matter, such as if an estimated loss is only reasonably possible rather than probable, no liability is recognized. However, where a material loss is reasonably possible, the Company will disclose details of the legal proceeding or claim below. Under ASC 450 an event is defined as reasonably possible if the chance of the loss to the Company is more than remote but less than probable. As of March 31, 2023 and 2024, a total liability of ¥42,459 million and ¥21,177 million has been recognized, respectively, and reported within the consolidated balance sheets within *Other liabilities* in respect of outstanding and unsettled investigations, lawsuits and other legal proceedings where loss is considered probable and the amount of such loss can be reasonably estimated.

The most significant actions and proceedings against Nomura are summarized below. The Company believes that, based on current information available as of the date of these consolidated financial statements, the ultimate resolution of these actions and proceedings will not be material to the Company’s financial condition. However, an adverse outcome in certain of these matters could have a material adverse effect on the consolidated statements of income or cash flows in a particular quarter or annual period.

For certain of the significant actions and proceedings, the Company is currently able to estimate the amount of reasonably possible loss, or range of reasonably possible losses, in excess of amounts recognized as a liability (if any) against such cases. These estimates are based on current information available as of the date of these consolidated financial statements and include, but are not limited to, the specific amount of damages or claims against Nomura in each case. As of June 26, 2024, for those cases where an estimate of the range of reasonably possible losses can be made, the Company estimates that the total aggregate reasonably possible maximum loss in excess of amounts recognized as a liability (if any) against these cases is approximately ¥38 billion.

For certain other significant actions and proceedings, the Company is unable to provide an estimate of the reasonably possible loss or range of reasonably possible losses because, among other reasons, (i) the proceedings are at such an early stage there is not enough information available to assess whether the stated grounds for the claim are viable; (ii) damages have not been identified by the claimant; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions; (v) there are significant legal issues to be resolved that may be dispositive, such as the applicability of statutes of limitations; (vi) there are novel or unsettled legal theories underlying the claims and/or (vii) a judgment has been made against Nomura but detailed reasons for the basis for the judgment and how the amount of the judgment has been determined have not yet been received.

Nomura will continue to cooperate with regulatory investigations and to vigorously defend its position in the ongoing actions and proceedings set out below, as appropriate.

Claims for reimbursement of tax credits paid on dividends on Italian shares have been made by the tax authorities in Pescara, Italy alleging breaches of the U.K.-Italy Double Taxation Treaty of 1998 against IBJ Nomura Financial Products (UK) PLC (“IBJN”) a group company which has been in members’ voluntary liquidation since 2000. An Italian Supreme Court judgment in June 2019 confirmed that an amount of approximately EUR 38 million (comprised of tax credit refunds plus accrued interest), plus further interest, was payable by IBJN to the Italian tax authorities. IBJN elected to apply for a tax amnesty regime set out under the 2023 Italian budget law which allows taxpayers to settle certain pending claims by paying only the principal amount. In October 2023, IBJN paid the principal amount under the amnesty regime, and as a result accrued interest and collecting fees were waived.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In October 2010 and June 2012, two actions were brought against Nomura International plc (“NIP”), seeking recovery of payments allegedly made to NIP by Fairfield Sentry Ltd. and Fairfield Sigma Ltd. (collectively, “Fairfield Funds”), which are now in liquidation and were feeder funds to Bernard L. Madoff Investment Securities LLC (in liquidation pursuant to the Securities Investor Protection Act in the U.S. since December 2008) (“BLMIS”). The first suit was brought by the liquidators of the Fairfield Funds. It was filed on October 5, 2010 in the Supreme Court of the State of New York, but was subsequently removed to the United States Bankruptcy Court for the Southern District of New York. The second suit was brought by the trustee for the liquidation of BLMIS (“Madoff Trustee”). NIP was added as a defendant in June 2012 when the Madoff Trustee filed an amended complaint in the United States Bankruptcy Court for the Southern District of New York. Both actions seek to recover approximately \$34 million plus interest.

In November 2011, NIP was served with a claim filed by the Madoff Trustee in the United States Bankruptcy Court for the Southern District of New York. This is a clawback action similar to claims filed by the Madoff Trustee against numerous other institutions. The Madoff Trustee alleges that NIP received redemptions from the BLMIS feeder fund, Harley International (Cayman) Limited in the six years prior to December 11, 2008 (the date proceedings were commenced against BLMIS) and that these are avoidable and recoverable under the U.S. Bankruptcy Code and New York law. The amount that the Madoff Trustee is currently seeking to recover from NIP is approximately \$24.4 million plus interest.

Certain of the Company’s subsidiaries in the U.S. securitized residential mortgage loans in the form of residential mortgage-backed securities (“RMBS”). These subsidiaries did not generally originate mortgage loans, but purchased mortgage loans from third-party loan originators (“originators”). In connection with such purchases, these subsidiaries received loan level representations from the originators. In connection with the securitizations, the relevant subsidiaries provided loan level representations and warranties of the type generally described below, which mirror the representations the subsidiaries received from the originators.

The loan level representations made in connection with the securitization of mortgage loans were generally detailed representations applicable to each loan and addressed characteristics of the borrowers and properties. The representations included, but were not limited to, information concerning the borrower’s credit status, the loan-to-value ratio, the owner occupancy status of the property, the lien position, the fact that the loan was originated in accordance with the originator’s guidelines, and the fact that the loan was originated in compliance with applicable laws. Certain of the RMBS issued by the subsidiaries were structured with credit protection provided to specified classes of certificates by monoline insurers.

With respect to certain of the RMBS issued from 2005 to 2007, the relevant subsidiaries received claims demanding the repurchase of certain loans from trustees of various securitization trusts, made at the instance of one or more investors, or from certificate insurers. The total original principal amount of loans for which repurchase claims were received by the relevant subsidiaries within six years of each securitization is \$3,203 million. The relevant subsidiaries summarily rejected any demand for repurchase received after the expiration of the statute of limitations applicable to breach of representation claims. For those claims received within six years, the relevant subsidiaries reviewed each claim received, and rejected those claims believed to be without merit or agreed to repurchase certain loans for those claims that the relevant subsidiaries determined to have merit. In several instances, following the rejection of repurchase demands, investors instituted actions through the trustee alleging breach of contract from 2011 to 2014. The breach of contract claims that were brought within the six-year statute of limitations for breach of contract actions survived motions to dismiss and discovery was completed and Notes of Issue were filed. The Company has been engaged in efforts to resolve the actions outside of Court. Five settlement agreements with the respective Trustees have been finalized and the actions have been dismissed with prejudice. For the remaining two Trusts, settlement agreements with the Trusts have been approved by Certificateholders and are the subject of pending Trust Instruction Proceedings before the Court.

In March 2013, Banca Monte dei Paschi di Siena SpA (“MPS”) issued a claim in the Italian Courts against two former directors of MPS and NIP. MPS alleged that the former directors improperly caused MPS to enter into certain structured financial transactions with NIP in 2009 (“Transactions”) and that NIP acted fraudulently and was jointly liable for the unlawful conduct of MPS’s former directors. Related proceedings were brought in the English Courts by NIP and MPS. In September 2015, and with no admission of wrongdoing, NIP entered into a settlement agreement with MPS whereby the Transactions were unwound at a discount and the proceedings were discontinued.

In April 2013, an investigation was commenced by the Public Prosecutor’s office in Siena, Italy, into various allegations against MPS and certain of its former directors, including in relation to the Transactions. The investigation was subsequently transferred to the Public Prosecutor of Milan. On April 3, 2015, the Public Prosecutor’s office in Milan issued a notice concluding its preliminary investigation. The Public Prosecutor was seeking to indict MPS, three individuals from MPS’s former management, NIP and two former NIP employees for, among others, the offences of false accounting and market manipulation in relation to MPS’s previous accounts. The preliminary hearing at which the Milan criminal court considered whether or not to grant the indictment concluded on October 1, 2016, the Judge ordering the trial of all individuals and banks involved except for MPS (which entered into a plea bargaining agreement with the Public Prosecutor). The trial commenced in December 2016. As part of these proceedings, a number of civil claimants were permitted to bring damages claims against a number of entities and individuals, including NIP.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

On November 8, 2019, the court delivered its oral verdict, finding two former employees of NIP guilty of false accounting, market manipulation and obstructing the supervisory activities of CONSOB and that NIP had breached Italian corporate liability legislation. In so doing it imposed a fine of EUR 3.45 million on NIP as well as ordering confiscation of EUR 88 million. On May 12, 2020, the court issued the detailed reasoning for the verdict (including the rationale for the penalties imposed). NIP appealed the decision to the Milan Court of Appeal. On May 6, 2022, the Milan Court of Appeal delivered its oral verdict, overturning the first instance judgment and acquitting the two former employees of NIP of all charges. The court also overturned the first instance judgment in respect of NIP and quashed the EUR 3.45 million fine and EUR 88 million confiscation order imposed on NIP. The detailed reasoning for the verdict was made available on October 3, 2022. In November 2022, the Public Prosecutor appealed the decision to the Supreme Court. On October 11, 2023, the Supreme Court declared the Public Prosecutor's appeal inadmissible. The Court of Appeal's judgment of acquittal has therefore become final.

In addition, NIP is involved in a number of separate civil or administrative matters relating to the Transactions including those described further below.

In January 2018, a claim before the Italian Courts brought by two claimants, Alken Fund Sicav (on behalf of two Luxembourg investment funds Alken Fund European Opportunities and Alken Fund Absolute Return Europe) and Virmont S.A. (formerly, Alken Luxembourg S.A, the funds' management company) (collectively referred to as "Alken") was served on NIP. The claim was made against NIP, MPS, four MPS former directors and a member of MPS's internal audit board, and sought monetary damages of approximately EUR 434 million plus interest, as well as non-monetary damages in an amount left to be quantified by the Judge. In July 2021, the court rejected all of Alken's claims. In February 2022, Alken appealed the decision to the Milan Court of Appeal and, in November 2023, the court dismissed Alken's appeal. In January 2024, Alken appealed the Court of Appeal's decision to the Italian Supreme Court.

In May 2019, a claim before the Italian Courts brought by York Global Finance Offshore BDH (Luxembourg) Sàrl and a number of seemingly related funds was served on NIP. The claim is made against NIP, MPS, two MPS former directors and a member of MPS's internal audit board, and seeks monetary damages of approximately EUR 186.7 million plus interest, as well as non-monetary damages in an amount left to be quantified by the Judge. In May 2024, the court rejected all of York's claims. In June 2024, York appealed the decision to the Milan Court of Appeal.

Additionally, NIP was served by the Commissione Nazionale per le Società e la Borsa ("CONSOB", the Italian financial regulatory authority) with a notice commencing administrative sanction proceedings for market manipulation in connection with the Transactions. In relation to the Transactions, the notice named MPS, three individuals from MPS's former management and two former NIP employees as defendants, whereas NIP was named only in its capacity as vicariously liable to pay any fines imposed on the former NIP employees. On May 22, 2018 CONSOB issued its decision in which it levied EUR 100,000 fines in relation to each of the two former NIP employees. In addition, CONSOB decided that the two employees did not meet the necessary Italian law integrity requirements to perform certain senior corporate functions, for a period of three months and six months respectively. NIP was vicariously liable to pay the fines imposed on its former employees. NIP paid the fines and appealed the decision to the Milan Court of Appeal. In December 2020, the Court of Appeal annulled the CONSOB decision against NIP. CONSOB has appealed the Court of Appeal's decision to the Italian Supreme Court.

On May 20, 2021, NIP and the Company were named as addressees in a decision issued by the European Commission in which NIP, the Company and various other third party banks have been found to have infringed EU competition law in connection with their activity in the primary and secondary markets for European Government Bonds ("EGB"). The European Commission found that the infringement consisted of anticompetitive agreements and/or concerted practices in the EGB sector in breach of EU competition law and fined NIP and the Company approximately EUR 129.6 million. In August 2021, NIP and the Company appealed the decision. The fine has been provisionally paid, as is required, pending the outcome of NIP and the Company's appeal.

NIP and Nomura Securities International, Inc. ("NSI") were named as defendants in a class action filed in the United States District Court for the Southern District of New York alleging violations of U.S. antitrust law in relation to the alleged manipulation of the primary and secondary markets for EGB. NSI has been dismissed from the action.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Nomura has responded to requests for information from the U.S. Commodity Futures Trading Commission (“CFTC”) in relation to swap trading related to bond issuances. On February 1, 2021, the CFTC filed a civil enforcement action against a Nomura employee and charged him with violating the anti-fraud, price manipulation and false statements provisions of the Commodity Exchange Act in relation to a 2015 interest rate swap transaction.

The Securities and Exchange Commission (“SEC”) and the United States Department of Justice (“DOJ”) investigated past activities of several former employees of NSI in respect of residential mortgage-backed securities transactions in the secondary market. In July 2019, NSI entered into a settlement with the SEC concerning its supervision of certain former employees, and the investigation has concluded. In August 2023, NSI entered into a Non-Prosecution Agreement with the DOJ paying a civil monetary penalty of \$35 million and making additional restitution to affected customers of approximately \$0.8 million resolving its investigation.

In September 2017 and November 2017, Nomura International (Hong Kong) Limited (“NIHK”) and Nomura Special Investments Singapore Pte Limited (“NSIS”) were respectively served with a complaint filed in the Taipei District Court against NIHK, NSIS, China Firsttextile (Holdings) Limited (“FT”) and certain individuals by First Commercial Bank, Ltd., Land Bank of Taiwan Co., Ltd., Chang Hwa Commercial Bank Ltd., Taishin International Bank, E.Sun Commercial Bank, Ltd., CTBC Bank Co., Ltd., Hwatai Bank, Ltd. and Bank of Taiwan (collectively, “FT Syndicate Banks”). The FT Syndicate Banks’ complaint relates to a \$100 million syndicated term loan facility to borrower FT that was arranged by NIHK, and made by the FT Syndicate Banks together with NSIS. The FT Syndicate Banks’ allegations in the complaint include tort claims under Taiwan law against the defendants. The FT Syndicate Banks sought to recover approximately \$68 million in damages, plus interest. By judgment dated October 13, 2023, the Taipei District Court dismissed the FT Syndicate Bank’s claims in entirety. In November 2023, Statements of Appeal were filed by 7 of the 8 FT Syndicate Banks (First Commercial Bank, Ltd., Land Bank of Taiwan Co., Ltd., Chang Hwa Commercial Bank Ltd., Taishin International Bank, E.Sun Commercial Bank, Ltd., CTBC Bank Co., Ltd. and Bank of Taiwan, together the “Appellants”), indicating the Appellants’ intention to appeal the Taipei District Court decision to the Taiwan High Court. The case is transferred to the Taiwan High Court in February 2024 for appeal. The claim amount for the appeal is approximately \$63 million in damages, plus interest.

In August 2017, the Cologne public prosecutor in Germany notified NIP that it is investigating possible tax fraud by individuals who worked for the Nomura Group in relation to the historic planning and execution of trading strategies around dividend record dates in certain German equities (known as “cum/ex” trading) and in relation to filings of tax reclaims in 2007 to 2012. During the fiscal year ended March 31, 2020, Nomura Group became aware that certain of those individuals would be the subject of investigative proceedings in Germany. NIP and another entity in the Nomura Group are cooperating with the investigation, including by disclosing to the public prosecutor certain documents and trading data, and Nomura Group premises in Frankfurt were raided by the public prosecutor in April 2023 for the purpose of obtaining additional data and documents. It appears that the investigation has expanded including to also now encompass cum/cum trading strategies in certain German equities. If the investigation involving Nomura Group entities and former individuals proceeds to trial, the individuals could face criminal sanctions and Nomura Group entities could face administrative sanctions such as administrative fines or profit confiscation orders.

In and after August 2022, Nomura Financial Advisory and Securities (India) Private Limited (“NFASI”) was served with three commercial suits filed with the Bombay High Court against NFASI and other parties. The lawsuits relate to the same equity disposal where the plaintiffs were three of the sellers and NFASI acted as financial advisor to the sellers, and include allegations that NFASI failed to comply with its duties as financial advisor. The total claim amounts in the suits are approximately INR 2.8 billion in damages, plus interest.

In January 2024, NIP received a notice from a Prosecutor of the Court of Auditors in Italy. The notice details the findings of an investigation into an advisory relationship NIP entered into with an Italian counterparty in 2005. It alleges that NIP caused harm to the Italian counterparty and as such damages are payable. A civil claim for damages may be brought by the Prosecutor before the Court of Auditors in due course.

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Guarantees—

In the normal course of business, Nomura enters into various guarantee arrangements with counterparties in the form of standby letters of credit and other guarantees, which generally have a fixed expiration date.

In addition, Nomura enters into certain derivative contracts that meet the accounting definition of a guarantee, namely derivative contracts that contingently require a guarantor to make payment to a guaranteed party based on changes in an underlying that relate to an asset, liability or equity security held by a guaranteed party. Since Nomura does not track whether its clients enter into these derivative contracts for speculative or hedging purposes, Nomura includes relevant information about these derivative contracts that could meet the accounting definition of guarantees in the disclosure below.

For information about the maximum potential amount of future payments that Nomura could be required to make under these derivative contracts, the notional amount of contracts has been disclosed, except for certain derivative contracts, such as written interest rate caps and written currency options, the maximum potential payout amount cannot be estimated, as increases in interest or foreign exchange rates in the future could be theoretically unlimited.

The notional amounts do not represent anticipated losses from these derivatives contracts. As Nomura measures all derivative contracts at fair value, carrying value is considered the best indication of probability of payment and performance risks for these derivative contracts. Nomura may also reduce net exposures to certain of these contracts by entering into offsetting transactions or by entering into contracts that hedge the market risks related to these derivative contracts.

The following table presents information on Nomura's derivative contracts that could meet the accounting definition of a guarantee and standby letters of credit and other guarantees.

	Millions of yen			
	March 31			
	2023		2024	
	Carrying value	Maximum potential payout / Notional total	Carrying value	Maximum potential payout / Notional total
Derivative contracts ⁽¹⁾⁽²⁾	¥8,983,145	¥514,420,432	¥11,286,872	¥613,663,415
Standby letters of credit and other guarantees ⁽³⁾	—	1,544,159	—	3,561,640

(1) Credit derivatives are disclosed in Note 3 “*Derivative instruments and hedging activities*” and are excluded from above.

(2) Derivative contracts primarily consist of equity, interest rate and foreign exchange contracts.

(3) Primarily related to a certain sponsored repo program where Nomura guarantees to a third party clearing house in relation to its clients' payment obligations. Our credit exposures under this guarantee is minimized by obtaining collateral from clients at amount approximately the maximum potential payout under the guarantee.

The following table presents maturity information on Nomura's derivative contracts that could meet the accounting definition of a guarantee and standby letters of credit and other guarantees as of March 31, 2024.

	Millions of yen					
	Maximum potential payout/Notional					
	Carrying value	Total	Years to Maturity			
Less than 1 year			1 to 3 years	3 to 5 years	More than 5 years	
Derivative contracts	¥11,286,872	¥613,663,415	¥137,188,347	¥236,495,377	¥53,281,097	¥186,698,594
Standby letters of credit and other guarantees	—	3,561,640	3,517,487	24,321	16,976	2,856

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

20. Segment and geographic information:

Operating segments—

Nomura’s operating management and management reporting are prepared based on the Retail, the Investment Management, and the Wholesale segments. Nomura structures its business segments based upon the nature of its main products and services, its client base and its management structure. Please refer to Note 4 “Revenue from services provided to customers” for types of products and services offered by each reportable segment and corresponding revenue. Nomura renamed the Retail Division as the “Wealth Management Division”, effective April 1, 2024.

The accounting policies for segment information generally follow U.S. GAAP, except for a part of the impact of unrealized gains/losses on certain investments in equity securities held for operating purposes, which under U.S. GAAP are included in *Income (loss) before income taxes*, but excluded from segment information.

Revenues and expenses directly associated with each business segment are included in the operating results of each respective segment. Revenues and expenses that are not directly attributable to a particular segment are allocated to each respective business segment or included in “Other,” based upon Nomura’s allocation methodologies as used by management to assess each segment’s performance.

Business segments’ results are shown in the following tables. *Net interest revenue* is disclosed because management monitors interest revenue net of interest expense for its operating decisions. Business segments’ information on total assets is not disclosed because management does not consider such information for its operating decisions and therefore, it is not reported to management.

	Millions of yen				
	Retail	Investment Management	Wholesale ⁽¹⁾	Other (Incl. elimination)	Total
Year ended March 31, 2023					
Non-interest revenue	¥297,496	¥ 120,096	¥ 809,681	¥ 175,034	¥1,402,307
Net interest revenue	2,695	8,463	(37,301)	(10,316)	(36,459)
Net revenue	300,191	128,559	772,380	164,718	1,365,848
Non-interest expenses	266,695	85,064	743,011	91,333	1,186,103
Income before income taxes	¥ 33,496	¥ 43,495	¥ 29,369	¥ 73,385	¥ 179,745
Year ended March 31, 2024					
Non-interest revenue	¥395,900	¥ 149,575	¥ 875,664	¥ 125,640	¥1,546,779
Net interest revenue	6,461	4,568	(9,517)	24,050	25,562
Net revenue	402,361	154,143	866,147	149,690	1,572,341
Non-interest expenses	279,682	93,945	812,236	102,287	1,288,150
Income before income taxes	¥122,679	¥ 60,198	¥ 53,911	¥ 47,403	¥ 284,191

(1) *Non-interest revenue* and *Non-interest expense* for the year ended March 31, 2023 include gains of ¥12,025 million, as the recoverable amount for a part of the claim related to the loss arising from the U.S. Prime Brokerage Event was reasonably estimated and collected. The gains are reported within *Net gain on trading* in the amount of ¥9,954 million and in *Non-interest expenses—Other* in the amount of ¥(2,071) million in the consolidated statements of income.

Transactions between operating segments are recorded within segment results based on commercial terms and conditions and are eliminated in “Other.”

The following table presents the major components of *Income before income taxes* in “Other” for the years ended March 31, 2023 and 2024.

	Millions of yen	
	Year ended March 31 2023	2024
Net gain (loss) related to economic hedging transactions	¥ (4,846)	¥ 2,021
Realized gain on investments in equity securities held for operating purposes	28,385	21,027
Equity in earnings of affiliates	47,744	46,420
Corporate items	(12,590)	(11,997)
Other ⁽¹⁾⁽²⁾	14,692	(10,068)
Total	¥ 73,385	¥ 47,403

NOMURA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- (1) Income before income taxes for the year ended March 31, 2023 includes a gain of approximately ¥28.0 billion from the sale of Nomura Research Institute, Ltd. ordinary shares.
- (2) Includes the impact of Nomura's own creditworthiness.

The table below presents reconciliations of the combined business segments' results included in the preceding table to Nomura's reported *Net revenue*, *Non-interest expenses* and *Income before income taxes* in the consolidated statements of income for the years ended March 31, 2023 and 2024.

	Millions of yen	
	Year ended March 31	
	2023	2024
Net revenue	¥ 1,365,848	¥ 1,572,341
Unrealized gain (loss) on investments in equity securities held for operating purposes ⁽¹⁾	(30,271)	(10,341)
Consolidated net revenue	¥ 1,335,577	¥ 1,562,000
Non-interest expenses	¥ 1,186,103	¥ 1,288,150
Unrealized gain (loss) on investments in equity securities held for operating purposes	—	—
Consolidated non-interest expenses	¥ 1,186,103	¥ 1,288,150
Income (loss) before income taxes	¥ 179,745	¥ 284,191
Unrealized gain (loss) on investments in equity securities held for operating purposes ⁽¹⁾	(30,271)	(10,341)
Consolidated income (loss) before income taxes	¥ 149,474	¥ 273,850

- (1) Includes a reversal of unrealized gain (loss) on investments in equity securities held for operating purposes that were sold in the years ended March 31, 2023 and 2024.

Geographic information—

Nomura's identifiable assets, revenues and expenses are generally allocated based on the country of domicile of the legal entity providing the service. However, because of the integration of the global capital markets and the corresponding global nature of Nomura's activities and services, it is not always possible to make a precise separation by location. As a result, various assumptions, which are consistent among years, have been made in presenting the following geographic data.

The tables below present a geographic allocation of *Net revenue* and *Income (loss) before income taxes* from operations by geographic areas for the years ended March 31, 2023 and 2024 and Long-lived assets associated with Nomura's operations as of March 31, 2023 and 2024. *Net revenue* in Americas and Europe in the table substantially represents Nomura's operations in the U.S. and the U.K., respectively. *Net revenue* and Long-lived assets have been allocated based on transactions with external customers while *Income (loss) before income taxes* has been allocated based on the inclusion of intersegment transactions.

NOMURA HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	Millions of yen	
	Year ended March 31	
	2023 ⁽²⁾	2024
Net revenue⁽¹⁾⁽²⁾:		
Americas	¥ 290,036	¥ 453,069
Europe	163,977	269,292
Asia and Oceania	68,817	56,684
Subtotal	522,830	779,045
Japan	812,747	782,955
Consolidated	¥ 1,335,577	¥ 1,562,000
Income (loss) before income taxes⁽²⁾:		
Americas	¥ (51,743)	¥ 14,650
Europe	9,206	(33,064)
Asia and Oceania	31,003	23,795
Subtotal	(11,534)	5,381
Japan	161,008	268,469
Consolidated	¥ 149,474	¥ 273,850

(1) There is no revenue derived from transactions with a single major external customer.

(2) Includes gains and losses arising from the U.S. Prime Brokerage Event.

	Millions of yen	
	Year ended March 31	
	2023	2024
Long-lived assets:		
Americas	¥ 114,946	¥ 121,633
Europe	53,161	62,063
Asia and Oceania	23,839	33,820
Subtotal	191,946	217,516
Japan	308,941	270,924
Consolidated	¥ 500,887	¥ 488,440

21. Related party transactions

Nomura makes loans to certain of its directors and other related parties. Outstanding loans to its directors and other related parties were not considered significant.

2. Unconsolidated Financial Statements

(1) Unconsolidated Financial Statements

1. Balance Sheets

	Notes	Millions of yen	
		March 31	
		2023	2024
(ASSETS)			
Current Assets			
Cash and time deposits		¥ 180,977	¥ 234,014
Money held in trust		42	—
Short-term loans receivable		3,428,327	4,954,878
Accounts receivable		54,346	6,874
Income taxes refund receivable		38,898	9,643
Others		258,999	320,711
Total Current Assets		<u>3,961,589</u>	<u>5,526,121</u>
Fixed Assets			
Tangible fixed assets		26,182	32,289
Buildings		7,615	6,752
Furniture and fixtures		10,469	9,334
Land		210	210
Construction in progress		7,889	15,994
Intangible assets		78,830	76,623
Software		78,830	76,623
Other		0	0
Investments and others		5,448,078	4,991,747
Investment securities	*1	102,041	109,850
Investments in subsidiaries and affiliates (at cost)	*1	2,523,732	2,497,092
Other securities of subsidiaries and affiliates		48,471	44,806
Long-term loans receivable from subsidiaries and affiliates		2,678,999	2,214,233
Long-term guarantee deposits		21,801	21,304
Deferred tax assets		62,838	84,059
Others		10,218	20,427
Allowance for doubtful accounts		(23)	(23)
Total Fixed Assets		<u>5,553,090</u>	<u>5,100,659</u>
TOTAL ASSETS		<u><u>¥9,514,679</u></u>	<u><u>¥10,626,780</u></u>

	Notes	Millions of yen	
		March 31	
		2023	2024
(LIABILITIES)			
Current Liabilities			
Short-term borrowings		¥1,809,104	¥ 2,349,226
Bond due within one year		100,000	287,040
Collaterals received		55,140	75,266
Accrued income taxes		4	2,431
Accrued bonuses		68,566	72,073
Others		77,454	90,922
Total Current Liabilities		2,110,267	2,876,957
Long-term liabilities			
Bonds payable		2,705,500	2,971,968
Long-term borrowings		1,936,894	2,017,116
Others		183,916	219,842
Total Long-term liabilities		4,826,310	5,208,926
TOTAL LIABILITIES		6,936,577	8,085,883
(NET ASSETS)			
Shareholder's equity			
Common stock		594,493	594,493
Capital reserves			
Additional paid-in capital		559,676	559,676
Total capital reserves		559,676	559,676
Earned surplus			
Earned surplus reserve		81,858	81,858
Other Earned surplus			
Earned surplus carried forward		1,544,020	1,537,390
Total earned surplus		1,625,878	1,619,248
Treasury stock		(118,377)	(118,431)
Total shareholders' equity		2,661,670	2,654,986
Valuation and translation adjustments			
Net unrealized gain on investments		40,198	28,803
Deferred gains or loss on hedges		(126,128)	(143,162)
Total valuation and translation adjustments		(85,930)	(114,359)
Subscription rights to shares		2,363	270
TOTAL NET ASSETS		2,578,102	2,540,897
TOTAL LIABILITIES AND NET ASSETS		¥9,514,679	¥ 10,626,780

2. Statements of Income

	Notes	Millions of yen	
		Year ended March 31	
		2023	2024
Operating revenue			
Property and equipment fee revenue		¥ 108,679	¥ 110,856
Rent revenue		28,663	27,823
Royalty on trademark		34,185	45,920
Dividend from subsidiaries and affiliates		150,651	108,572
Interest from affiliates		134,746	239,682
Others		15,397	24,473
Total operating revenue		472,321	557,326
Operating expenses			
Compensation and benefits		53,739	54,630
Rental and maintenance		40,864	39,980
Data processing and office supplies		74,517	77,140
Depreciation and amortization		30,005	29,861
Taxes		2,600	3,452
Others		8,172	7,771
Interest expenses		148,853	267,527
Total operating expenses		358,750	480,359
Operating income		113,572	76,967
Non-operating revenue		16,144	16,377
Non-operating expenses		7,753	9,624
Ordinary income		121,963	83,720
Extraordinary profits			
Gain on liquidation of subsidiaries and affiliates		12,659	1,619
Gain on sales of subsidiaries and affiliates	*2	40,575	—
Gain on sales of investment securities		28,120	17,993
Gain on reversal of subscription rights to shares		764	548
Total extraordinary profits		82,118	20,160
Extraordinary losses			
Loss on sales of investment securities		107	6
Loss on devaluation of investment securities		227	2,467
Loss on liquidation of subsidiaries and affiliates		—	55
Loss on devaluation of stocks of subsidiaries and affiliates		7,573	167
Loss on sales and retirement of fixed assets		441	2,311
Total extraordinary losses		8,348	5,006
Income before income taxes		195,734	98,873
Income taxes—current		(8,775)	14,968
Income taxes—deferred		30,244	(6,642)
Total income taxes		21,470	8,325
Net income		¥ 174,264	¥ 90,548

3. Statements of Changes in Net Assets

(Year ended March 31, 2023)

	Millions of yen					
	Shareholders' equity					
	Capital reserve			Earned surplus		
	Common stock	Additional paid-in capital	Total capital reserve	Earned surplus reserve	Other	Total Earned surplus
Earned surplus						
				carried forward		
Balance at April 1, 2022	¥ 594,493	¥ 559,676	¥ 559,676	¥ 81,858	¥ 1,427,897	¥1,509,755
Change in the term						
Cash dividends					(57,262)	(57,262)
Net Income					174,264	174,264
Repurchases of treasury stock						
Sale of treasury stock					(879)	(879)
Other-net						
Total change in the year	—	—	—	—	116,123	116,123
Balance at March 31, 2023	¥ 594,493	¥ 559,676	¥ 559,676	¥ 81,858	¥ 1,544,020	¥1,625,878

	Millions of yen							
	Shareholders' equity		Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Treasury stock	Total Shareholders' equity	Net unrealized gain on investments	Deferred gains or loss on hedges	Total Valuation and translation adjustments			
Balance at April 1, 2022	¥(112,159)	¥ 2,551,766	¥ 59,899	¥ (70,833)	¥ (10,934)	¥ 5,361	¥2,546,193	
Change in the term								
Cash dividends		(57,262)					(57,262)	
Net Income		174,264					174,264	
Repurchases of treasury stock	(24,728)	(24,728)					(24,728)	
Sale of treasury stock	18,509	17,630					17,630	
Other-net			(19,700)	(55,296)	(74,996)	(2,998)	(77,995)	
Total change in the year	(6,219)	109,904	(19,700)	(55,296)	(74,996)	(2,998)	31,910	
Balance at March 31, 2023	¥(118,377)	¥ 2,661,670	¥ 40,198	¥(126,128)	¥ (85,930)	¥ 2,363	¥2,578,102	

(Year ended March 31, 2024)

	Millions of yen					
	Shareholders' equity					
	Capital reserve			Earned surplus		
	Common stock	Additional paid-in capital	Total capital reserve	Earned surplus reserve	Other Earned surplus	Total Earned surplus
Balance at April 1, 2023	¥ 594,493	¥ 559,676	¥ 559,676	¥ 81,858	¥ 1,544,020	¥1,625,878
Change in the term						
Cash dividends					(60,164)	(60,164)
Net Income					90,548	90,548
Repurchases of treasury stock						
Sale of treasury stock					(909)	(909)
Cancellation of treasury stock					(36,105)	(36,105)
Other-net						
Total change in the year	—	—	—	—	(6,630)	(6,630)
Balance at March 31, 2024	¥ 594,493	¥ 559,676	¥ 559,676	¥ 81,858	¥ 1,537,390	¥1,619,248

	Millions of yen							
	Shareholders' equity		Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Treasury stock	Total Shareholders' equity	Net unrealized gain on investments	Deferred gains or loss on hedges	Total Valuation and translation adjustments			
	Balance at April 1, 2023	¥(118,377)	¥ 2,661,670	¥ 40,198	¥(126,128)	¥ (85,930)	¥ 2,363	¥2,578,102
Change in the term								
Cash dividends		(60,164)					(60,164)	
Net Income		90,548					90,548	
Repurchases of treasury stock	(61,029)	(61,029)					(61,029)	
Sale of treasury stock	24,871	23,961					23,961	
Cancellation of treasury stock	36,105	—					—	
Other-net			(11,395)	(17,034)	(28,429)	(2,093)	(30,521)	
Total change in the year	(54)	(6,684)	(11,395)	(17,034)	(28,429)	(2,093)	(37,205)	
Balance at March 31, 2024	¥(118,431)	¥ 2,654,986	¥ 28,803	¥(143,162)	¥ (114,359)	¥ 270	¥2,540,897	

[Notes to the Financial Statements]

(Significant Accounting Policies)

1. Basis and methods of valuation for financial instruments

(1) Other securities

a. Securities other than shares without market value

Recorded at market value

The difference between the cost using the moving average method or amortized cost and market value less deferred taxes is recorded as Net unrealized gain on investments in Net assets on the balance sheet.

b. Shares without market value

Recorded at cost using the moving average method or amortized cost

With respect to investments in investment enterprise partnerships and similar ones which are regarded as equivalent to securities in accordance with Paragraph 2, Article 2 of the Financial Instruments and Exchange Act, the pro rata shares of such partnerships are recorded at net asset values based on the available current financial statements on the reporting date set forth in the partnership agreements.

(2) Stocks of subsidiaries and affiliates

Recorded at cost using the moving average method

2. Basis and method of valuation for derivative transaction

Accounted for at fair value based on the mark-to-market method

3. Basis and method of valuation for money held in trust

Accounted for at fair value based on the mark-to-market method

4. Depreciation and amortization

(1) Depreciation of tangible fixed assets

Tangible fixed assets are depreciated primarily on the declining balance method, except for buildings (excluding equipment of the buildings) acquired on or after April 1, 1998 and equipment of the buildings and structures acquired on or after April 1, 2016 which are depreciated on the straight-line method.

(2) Amortization of intangible assets, investments and others

Intangible assets, investments and others are amortized over their estimated useful lives primarily on the straight-line method. The useful lives of software are based on those determined internally.

5. Deferred Assets

Bond issuance costs

Bond issuance costs are expensed upon incurred.

6. Translation of assets and liabilities denominated in foreign currencies

Financial assets and liabilities denominated in foreign currencies are translated into Japanese yen using exchange rates as of the balance sheet date. Gains and losses resulting from translation are reflected in the statement of income.

7. Provisions

(1) Allowance for doubtful accounts

To provide for bad loans, the Company recorded an allowance for doubtful accounts based on an estimate of the uncollectible amounts calculated using historical loss ratios or a reasonable estimate based on the financial condition of individual borrowers.

(2) Accrued bonuses

To prepare for bonus payments to employees, the estimated amount was recorded in accordance with the prescribed calculation method.

8. Recognition criteria for revenue and expenses

The primary types of service provided to customers are as follows;

For royalty fees for the use of the “Nomura” trademark, performance obligations are satisfied over service providing period of time. The performance obligations are normally judged to be satisfied over the term of the contracts and are recognized as “Royalty on trademarks” based on revenue of the service recipient.

For revenue from providing outsourcing services, performance obligations are satisfied over service providing period of time. The performance obligations are normally judged to be satisfied over the term of the contracts and are recognized as “Other operating revenue” on a straight-line basis.

9. Hedging activities

(1) Hedge accounting

Mark-to-market profits and losses on hedging instruments are deferred as assets or liabilities until the profits or losses on the underlying hedged items are realized for interest rate risk hedge and foreign currency risk hedge. Fair value hedge is applied and all the profits and losses are recognized for share price risk hedge.

(2) Hedging instrument and hedged item

The Company utilizes interest rate swap contracts to hedge the interest rate risk on bonds and borrowings that the Company issued. The Company utilizes currency forward contracts and long term foreign currency liabilities including long term bonds issued to hedge foreign currency risk on investments in subsidiaries. Additionally, the Company utilizes total return swap contracts to hedge share price risk on a part of investment securities.

(3) Hedging policy

As a general rule, the interest rate risk on bonds and borrowings is fully hedged until maturity. Foreign currency investment in subsidiaries is hedged by currency forward contracts and long term foreign currency liabilities including long term bonds issued. A part of investment securities is hedged by total return swap contracts.

(4) Valuating the validity of hedging instruments

Regarding to the hedge of the interest risk and foreign currency risk, the Company regularly verifies the result of risk offsetting by each hedging instrument and hedged item, and verifies the validity of the hedge. For the hedge of share price risk, the Company verifies the hedge effectiveness by comparing the change in fair value of each investment security and total return swap contract.

10. Consumption taxes and local consumption taxes are accounted for based on the tax exclusion method.

(Significant Accounting Estimates)

1. Realization of deferred tax assets

(1) The following information present deferred tax assets for the year ended March 31, 2023 and March 31, 2024.

March 31,2023 62,838 million yen

March 31,2024 84,059 million yen

(2) Content information which were identified as considerable accounting estimates were as follows;

The Company recognized deferred tax assets to extent it believes that it is more likely than not that a benefit will be realized against future taxable income in a future deductible amount and unused tax loss carried forward. Future taxable income is computed based on taxable income more likely to be realized in the future, which timing and amount is reasonably estimated. Deferred tax assets are reviewed at the fiscal year end and in case deferred tax assets is determined to have no possible benefit of tax relief in the future, the Company may reduce the deferred tax assets recognized in balance sheets. See “Tax Effect Accounting” in financial statement included in this annual report for further information regarding the deferred tax assets that the Company currently recognize.

(Balance Sheets)

*1. Securities deposited

(March 31, 2023)

The Company loaned investment securities (mainly investments in subsidiaries and affiliates) with a book value of ¥6,787 million based on securities lending agreements contracts which provide borrowers with the rights to resell or repledge the securities.

(March 31, 2024)

The Company loaned investment securities (mainly investments in subsidiaries and affiliates) with a book value of ¥9,884 million based on securities lending agreements contracts which provide borrowers with the rights to resell or repledge the securities.

2. Financial guarantee⁽¹⁾

(March 31, 2023)

		Millions of yen
Nomura International Funding Pte. Ltd.	Borrowings/Medium term notes/ Repurchase transactions	1,258,797 ⁽²⁾
Nomura Global Finance Co.,Ltd.	Borrowings/Medium term notes/ Repurchase transactions	1,178,828
Nomura Europe Finance N.V.	Borrowings/Medium term notes/ Repurchase transactions	1,163,731 ⁽³⁾
Nomura Global Financial Products Inc.	Derivative transactions	500,378 ⁽³⁾
Nomura International plc	Borrowings/Medium term notes/ Repurchase transactions	457,885
Nomura International plc	Derivative transactions	323,902 ⁽³⁾
Nomura Bank International plc	Borrowings/Medium term notes/ Repurchase transactions	309,308
Nomura Corporate Funding Americans, LLC	Borrowings/Medium term notes/ Repurchase transactions	151,513
Nomura Securities (Bermuda) Ltd.	Derivative transactions	141,973
Nomura America Finance, LLC	Borrowings/Medium term notes/ Repurchase transactions	132,814
Other		165,826 ⁽³⁾

(March 31, 2024)

		Millions of yen
Nomura Global Finance Co.,Ltd.	Borrowings/Medium term notes/ Repurchase transactions	1,806,390
Nomura International Funding Pte. Ltd.	Borrowings/Medium term notes/ Repurchase transactions	1,254,064 ⁽²⁾
Nomura Europe Finance N.V.	Borrowings/Medium term notes/ Repurchase transactions	932,013 ⁽³⁾
Nomura International plc	Borrowings/Medium term notes/ Repurchase transactions	763,006
Nomura Global Financial Products Inc.	Derivative transactions	678,354 ⁽³⁾
Nomura International plc	Derivative transactions	411,451 ⁽³⁾
Nomura Bank International plc	Borrowings/Medium term notes/ Repurchase transactions	381,874
Nomura America Finance, LLC	Borrowings/Medium term notes/ Repurchase transactions	223,936
Nomura Corporate Funding Americans, LLC	Borrowings/Medium term notes/ Repurchase transactions	159,367
Other		344,544 ⁽³⁾

(1) In accordance with Japan Institute of Certified Public Accountants Audit and Assurance Practice Committee Practical Guideline No. 61, items recognized as effectively bearing the obligation of guarantee of liabilities are included in notes items equivalent to guaranteed obligations.

- (2) Includes joint guarantee with Nomura International (Hong Kong) Limited.
(3) Includes joint guarantee with Nomura Securities Co., Ltd.

3. Balance with Subsidiaries and Affiliates

Balances with subsidiaries and affiliates are as follows:

	Millions of yen	
	March 31	
	2023	2024
Short-term receivables	¥ 3,733,851	¥ 5,274,209
Short-term payables	1,848,782	2,389,654
Long-term receivables	2,702,541	2,247,549
Long-term payables	663,160	1,134,669

4. Commitments

The Company has provided commitments to extend subordinated credits to its subsidiaries.

	Millions of yen	
	March 31	
	2023	2024
Total commitment available	¥ 1,050,000	¥ 1,100,000
Less amount utilized	751,480	819,310
Balance available	¥ 298,520	¥ 280,690

5. Assets pledged

	Millions of yen	
	March 31	
	2023	2024
Time deposits	¥ —	¥ 2,944

(Statements of Income)

1. Transactions with subsidiaries and affiliates

	Millions of yen	
	Year ended March 31	
	2023	2024
Operating revenue	¥ 463,916	¥ 539,053
Operating expenses	116,023	208,664
Non-operating transactions	43,191	5,183

*2. Extraordinary income

(Year ended March 31, 2023)

Gain on sales of subsidiaries and affiliates was mainly from the sale of a part of ordinary shares of Nomura Research Institute, Ltd. which is an affiliate of the Company.

(Securities)

Stocks of subsidiaries and affiliates with market value

	Millions of yen		
	March 31, 2023		
	Book Value	Market Value	Difference
Subsidiaries	¥ 31	¥ 495	¥ 463
Affiliates	59,231	386,940	327,709

	Millions of yen		
	March 31, 2024		
	Book Value	Market Value	Difference
Subsidiaries	¥ 31	¥ 434	¥ 403
Affiliates	81,730	755,585	673,855

Stocks of subsidiaries and affiliates without market value which are not included in above.

	Millions of yen	
	March 31, 2023	March 31, 2024
	Book Value	Book Value
Subsidiaries	¥ 2,453,575	¥ 2,402,813
Affiliates	10,895	12,518
Total	¥ 2,464,470	¥ 2,415,331

(Tax Effect Accounting)

1. Breakdown of deferred tax assets and liabilities

	Millions of yen	
	March 31	
	2023	2024
Deferred tax assets		
Loss on devaluation of securities	¥ 134,951	¥ 137,653
Deferred loss on hedges	58,842	65,544
Loss carry-forward on local tax	11,705	7,632
Loss on devaluation of fixed assets	2,441	2,441
Others	1,932	3,139
Subtotal of deferred tax assets	209,872	216,409
Valuation allowance for tax loss carryforwards	(10,400)	(6,599)
Valuation allowance for deferred temporary differences	(110,004)	(112,716)
Valuation allowance	(120,404)	(119,315)
Total of deferred tax assets	89,468	97,094
Deferred tax liabilities		
Net unrealized gain on investments	(15,358)	(8,503)
Derivatives	(6,729)	(1,629)
Deferred gain on hedges	(3,532)	(2,499)
Others	(1,010)	(404)
Total of deferred tax liabilities	(26,629)	(13,035)
Net deferred tax assets	¥ 62,838	¥ 84,059

2. Major differences between the statutory effective tax rate and the corporate tax rate after tax effect accounting application

	Percentage tax rate	
	March 31	
	2023	2024
Statutory effective tax rate	31.0%	31.0%
Permanent differences excluded from revenues	(24.3)	(35.6)
Permanent differences excluded from expenses	6.0	12.2
Valuation allowance	(2.6)	0.4
Accumulated earning tax of overseas subsidiaries	0.6	0.4
Income taxes—prior year adjustments	(0.0)	0.1
Foreign Tax Credit	(0.0)	(0.2)
Applicable tax rate differences	(0.1)	0.3
Others	0.5	(0.3)
Corporate tax rate after tax effect accounting	11.0	8.4

During the year ended March 31, 2023 and 2024, certain local tax loss carryforwards expired and related deferred tax assets decreased. As a valuation allowance was provided for these deferred tax assets, there was no significant impact on the income tax ratio.

3. Accounting treatment for corporate tax, local corporate tax, and the related tax effect

The Company applies the Group Tax Sharing System. In addition, the Company follows the “*Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System*” (Practical Solution No.42, August 12, 2021) for accounting and disclosures of the corporate tax, local corporate tax, and the related tax effect.

(Significant Subsequent Events)

Grant of Restricted Stock Units

On May 16, 2024, the Company passed a resolution to grant Restricted Stock Unit (“RSU”) to directors, executive officers and/or employees of the Company and/or its subsidiaries, etc. The number of RSU is 49,784,400 units (49,784,400 shares equivalent). RSU is to deliver shares of common stock of the Company to grantees from one year to the maximum of seven years after the RSU is granted. The settlement of the RSU will be primarily in treasury stock.

Performance Share Unit

On May 16, 2024, the Company passed a resolution to grant Performance Share Unit (“PSU”) to executive officers of the Company. The base number of shares has been calculated as 782,100 shares, and the number of shares when applying a payout rate of 150% is 1,173,200 shares. PSU is to deliver shares of common stock of the Company to grantees depending on the degree of achievement of the performance targets for the three fiscal years. The settlement of the PSU will be primarily in treasury stock.

[Translation]
Independent Auditor's Report

June 26, 2024

The Board of Directors
Nomura Holdings, Inc.

Ernst & Young ShinNihon LLC
Tokyo office, Japan

Hiroki Matsumura
Designated Engagement Partner
Certified Public Accountant

Hisashi Yuhara
Designated Engagement Partner
Certified Public Accountant

Shinichi Hayashi
Designated Engagement Partner
Certified Public Accountant

Toshiro Kuwata
Designated Engagement Partner
Certified Public Accountant

The Audit of the Consolidated Financial Statements

Opinion

Pursuant to the audit requirement of the rule specified in the Article 193-2, Section 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statements of income, comprehensive income, changes in equity, and cash flows, notes to the consolidated financial statements and the consolidated supplementary schedules of Nomura Holdings, Inc. (the "Company") applicable to the fiscal year from April 1, 2023 to March 31, 2024, included in the "Financial Information" section.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries (the "Group") as of March 31, 2024 and the consolidated results of their operations and cash flows for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America pursuant to Article 95 of "Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements".

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

Fair value of less liquid financial instruments	
Description of Key Audit Matters	Auditor’s Response
<p>The Group holds financial instruments for trading, customer facilitation and investment purposes. As disclosed in Note 2 Fair value measurements to the consolidated financial statements as of March 31, 2024, the Group had ¥ 1,296 billion and ¥ 812 billion of financial instruments assets and liabilities fair valued on a recurring basis, respectively, categorized within Level 3 of the fair value hierarchy. In determining the fair value of these financial instruments, the Group used valuation models and unobservable inputs which reflect its assumptions and specific data. These inputs are significant to the fair value of the financial instruments and are supported by little or no market activity as of March 31, 2024. The valuation techniques applied by management to determine the fair value of such instruments are described in Note 2 to the consolidated financial statements.</p> <p>Auditing the fair value of the Company’s Level 3 financial instruments was complex and highly judgmental due to the subjectivity of the judgments used and estimations made by management in determining the fair value for these financial instruments. In particular, to value certain financial instruments, management used a variety of valuation techniques which involved certain underlying valuation assumptions and significant unobservable inputs, including weighted average cost of capital, growth rates, volatilities, correlations, credit spreads, recovery rates, loss severities, prepayment rates, default probabilities and yields.</p> <p>Therefore, we have determined the fair value of less liquid financial instruments to be a key audit matter.</p>	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls relating to the valuation models and significant unobservable inputs used in fair value measurement. This included the testing of model validation controls by various departments within the Group.</p> <p>To evaluate the valuation techniques used by the Group, among others, we performed the following procedures for samples selected considering quantitative materiality, subjectivity, complexity and uncertainty.</p> <ul style="list-style-type: none"> • For certain of these financial instruments, we independently developed fair value estimates for which we involved our valuation specialists to assist with the application of these procedures and compared them to the Group’s results. • We agreed significant unobservable inputs and underlying data used in the Group’s valuation models to information available from third party sources and market data, where available. • We evaluated subsequent transactions and considered whether they corroborate or contradict the Group’s year-end valuations.

Other Information

The other information included in the Annual Securities Report comprises information other than the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Group’s reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in the United States of America, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in the United States of America.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of the internal control over financial reporting

Opinion on Internal Control over Financial Reporting

We have audited the Group's internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria").

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of March 31, 2024, based on the COSO criteria.

Basis for Opinion

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (the "PCAOB") and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Key Differences from Audit of Internal Control in Japan

We conducted the audit of the Group's internal control over financial reporting in accordance with the PCAOB Standards. The key differences from an audit under auditing standards for internal control over financial reporting generally accepted in Japan (the Japanese Standards) are as follows:

1. An opinion is expressed on Management's Report on Internal Control Over Financial Reporting under the Japanese Standards while an opinion is expressed on the company's internal control over financial reporting under the PCAOB Standards.
2. The audit scope includes the financial statements and the disclosures that could have a material effect on the reliability of the financial statements under the Japanese Standards while the audit scope only includes internal control over preparation of the financial statements contained in the "Financial Information" section under the PCAOB Standards, as defined above.
3. The audit covers internal control performed at affiliated companies that are accounted for by the equity method under the Japanese Standards while such internal control is not covered under the PCAOB Standards.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Fee-related Information

The fees for the audits of the financial statements of the Company and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are presented in paragraph (3) titled “Status of audit” in Section 4 “Status of Corporate Governance and Other” included in Item 4 “Company Information” in Part 1 of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Note)

This is an English translation of the Japanese language Independent Auditor’s Report issued by Ernst & Young ShinNihon LLC in connection with the audit of the consolidated financial statements of the Group, prepared in Japanese, for the year ended March 31, 2024 and the Group’s internal control over financial reporting as of March 31, 2024. Ernst & Young ShinNihon LLC have not audited the English language version of the consolidated financial statements for the above-mentioned year, which are included in this report of foreign private issuer on Form 6-K.

[Translation]
Independent Auditor's Report

June 26, 2024

The Board of Directors
Nomura Holdings, Inc.

Ernst & Young ShinNihon LLC
Tokyo office, Japan

Hiroki Matsumura
Designated Engagement Partner
Certified Public Accountant

Hisashi Yuhara
Designated Engagement Partner
Certified Public Accountant

Shinichi Hayashi
Designated Engagement Partner
Certified Public Accountant

Toshiro Kuwata
Designated Engagement Partner
Certified Public Accountant

The Audit of the Financial Statements

Opinion

Pursuant to the audit requirement of the rule specified in the Article 193-2, Section 1 of the Financial Instruments and Exchange Act, we have audited the financial statements, which comprise the balance sheet, the statements of income, and changes in net assets, significant accounting policies, other explanatory information and the supplementary schedules of Nomura Holdings, Inc. (the "Company") applicable to the 120th fiscal year from April 1, 2023 to March 31, 2024, included in the "Financial Information" section.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and the results of operations of the Company for the fiscal year then ended, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters

We determined that there are no key audit matters to communicate in our report.

Other Information

The other information included in the Annual Securities Report comprises information other than the consolidated financial statements, the financial statements and our auditor's reports thereon. Management is responsible for preparation and disclosure of the other information. The Audit Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fee-related information is included in the Independent Auditor's Report in connection with the audit of the consolidated financial statements.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(Note)

This is an English translation of the Japanese language Independent Auditor's Report issued by Ernst & Young ShinNihon LLC in connection with the audit of the financial statements of the Company, prepared in Japanese, for the year ended March 31, 2024. Ernst & Young ShinNihon LLC have not audited the English language version of the financial statements for the above-mentioned year, which are included in this report of foreign private issuer on Form 6-K.

Management’s Report on Internal Control over Financial Reporting

1 [Framework of Internal Control over Financial Reporting]

Kentaro Okuda, Group Chief Executive Officer, and Takumi Kitamura, Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

The establishment and maintenance of an adequate internal control over financial reporting are based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the“COSO framework”).

There is a possibility that the internal control over financial reporting may not fully prevent or detect misstatements.

2 [Scope, Reference Date, and Method of Evaluation]

The Company evaluated the effectiveness of its internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) using the criteria set forth in the COSO framework. The reference date of evaluation was as of March 31, 2024.

The Company’s internal control over financial reporting covers the Company and other entities in which it has a controlling financial interest.

3 [Report of Result of Evaluation]

Based on the evaluation, management concluded that our internal control over financial reporting was effective as of March 31, 2024.

4 [Comments]

The key differences between the standards generally accepted in the United States which the Company adopts for the evaluation of internal control over financial reporting (“U.S. standards”) and the standards generally accepted in Japan (“Japanese standards”) are as follows:

— Under the U.S. standards, the financial reporting which is subject to the internal control requirements only includes the consolidated financial statements. Under the Japanese standards, the financial reporting which is subject to the internal control requirements includes financial statements, including consolidated financial statements, and other disclosures that have material effects on the reliability of the financial statements.

— Under the U.S. standards, the scope of internal control over financial reporting includes the parent company and its consolidated entities. Under the Japanese standards, the scope of internal control over financial reporting includes the parent company, its consolidated entities, and the affiliated companies that are accounted for by using the equity method.

5 [Special Comments]

As previously reported in the Company's amended annual report for the fiscal year ended March 31, 2023, as a result of certain classification and presentation errors identified within the Company's consolidated statement of cash flows which resulted in the restatement of certain prior consolidated financial statements, the Company implemented changes in our internal control over financial reporting in order to remediate the material weakness identified as a consequence of these errors and specifically to mitigate the risk of similar errors occurring in the future within the consolidated statement of cash flows. In particular:

- The Company has performed a detailed review of the consolidated statements of cash flow in the Company's annual reports, in order to identify other related issues or improvements in both classification and presentation of cash flows matters;
- The Company has released a comprehensive internal policy documentation and has provided training to relevant personnel specifically focusing on classification and presentation within the consolidated statement of cash flows; and
- The Company has implemented a new annual control whereby senior finance and accounting policy personnel perform an in-depth comprehensive review of the consolidated statement of cash flows, including a review of underlying calculations and methodologies used as the basis of reported amounts, to evaluate compliance with applicable accounting requirements under ASC 230 "Statement of Cash Flows" and other authoritative guidance.

Our management has determined that these controls were designed and are now operating effectively and concluded that the material weakness in our internal control over financial reporting has been remediated as of March 31, 2024. Based upon that evaluation, other than in respect of the changes described above, there was no change in our internal control over financial reporting during the year ended March 31, 2024 that has materially affected, or is reasonably likely to affect, our internal control over financial reporting.

Confirmation Letter

1 [Appropriateness of Annual Securities Report]

Kentaro Okuda, Group Chief Executive Officer, and Takumi Kitamura, Chief Financial Officer, have confirmed that the Annual Securities Report of Nomura Holdings, Inc. for the year ended March 31, 2024 is fairly presented pursuant to the Financial Instruments and Exchange Act.

2 [Special Comments]

There is no special comment to be stated.