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**Matters available on the website in relation to the Notice of Convocation of the 110<sup>th</sup> Annual General Meeting of Shareholders**

- (1) The following section of the business report: VII. Basic Policy Regarding the Status of Persons with Control over Decisions Concerning the Company's Financial and Business Policies
- (2) Notes to the consolidated financial statements
- (3) Notes to the financial statements

The above information is made available on Nomura Holdings, Inc. (the "Company")'s website at <http://www.nomuraholdings.com/investor/shm/> pursuant to relevant laws and Article 25 of the Company's Articles of Incorporation.

Nomura Holdings, Inc.

**1. The following section of the business report: VII. Basic Policy Regarding the Status of Persons with Control over Decisions Concerning the Company's Financial and Business Policies**

**VII. Basic Policy Regarding the Status of Persons with Control over Decisions Concerning the Company's Financial and Business Policies**

With regard to the basic policy to address a shareholder holding a quantity of shares enabling such shareholder to control decisions concerning the Company's management policy, the Company believes that the decision of whether to permit a party to seek ownership of such a volume of shares should ultimately be left to the judgment of the shareholders. Accordingly, the Company has not adopted any so-called takeover defense strategies, such as a prior issue of new stock acquisition rights (a rights plan), etc., at this time.

In the event of an attempt to take over the Company by a party inappropriate for business value and the common benefit of shareholders, a Corporate Value Enhancement Committee established within the Company will examine and evaluate the takeover proposal, etc., and after consultation with a council composed of the Company's outside directors, through sufficient deliberations by the Board of Directors, a conclusion will be rendered in regard to the best strategy for shareholders from the perspective of business value and the common benefit of the shareholders.

**2. Notes to the Consolidated Financial Statements**

[Significant Basis of Presentation of Consolidated Financial Statements]

1. Basis of presentation

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") pursuant to Article 120-2, Paragraph 1 of the Ordinance for Company Calculation (Ministry of Justice Ordinance No. 13 of 2006). However, certain disclosures required under U.S. GAAP are omitted pursuant to the same paragraph.

2. Scope of consolidation and equity method application

The consolidated financial statements include the accounts of the Company and other entities in which it has a controlling financial interest (collectively referred to as "Nomura"). Generally, the ownership of a majority of the voting interest meets the majority of financial control condition, and Nomura, therefore, consolidates its wholly-owned and majority-owned subsidiaries. In accordance with Accounting Standard Codification™ ("ASC") 810 "Consolidation", Nomura also consolidates any variable interest entities for which Nomura is a primary beneficiary.

Equity investments in entities in which Nomura has significant influence over operating and financial decisions (generally defined as 20 to 50 percent of the voting stock of a corporate entity, or at least 3 percent of a limited partnership and similar entities) are accounted for under the equity method of accounting and are reported in *Other Assets—Investments in and advances to affiliated companies*. Nomura does not apply the equity method of accounting for the equity investments that Nomura elected the fair value option under ASC 825 "Financial Instruments" and they are carried at fair value and are reported in *Trading assets, Private equity investments, or Other*. Nomura elected to apply the fair value option for its investment in Ashikaga Holdings Co., Ltd. ("Ashikaga Holdings") representing 37.1% share ownership and it is reported within *Other assets—Other*. Nomura's investment in Ashikaga Holdings and related gains and losses had historically been primarily reported within *Trading assets and private equity investments—Private equity investments* and *Revenue—Gain on private equity investments*, respectively. However, following the public listing on the First Section of the Tokyo Stock Exchange on December 19, 2013, the investment is now reported within *Other assets—Other* in the consolidated balance sheets, and gains and losses associated with this investment are now reported within *Revenue—Other* in the consolidated statements of income. These presentation changes are due to Nomura changing its purpose of share ownership in Ashikaga Holdings from gaining capital appreciation through Nomura's investment banking business to enhancing its corporate value from more comprehensive company-wide perspectives as a result of the public listing.

Also, investment companies within the scope of ASC 946 "Financial Services—Investment Companies," carry all of their investments at fair value, with changes in fair value recognized through earnings, rather than apply the equity method of accounting or consolidation.

[Significant Accounting Policies]

3. Basis and methods of valuation for securities, derivatives and others

(1) Trading assets and trading liabilities

Trading assets and trading liabilities, including contractual commitments arising pursuant to derivative transactions, are recorded on the consolidated balance sheet on a trade date basis at fair value. The related gains and losses are recognized currently in income.

(2) Private equity investments

Private equity investments are carried at fair value. Corresponding changes in the fair value of these investments are recognized currently in income.

(3) Investments in equity securities

Investments in equity securities consist of marketable and non-marketable equity securities that have been acquired for operating purposes and other than operating purposes. Investments in equity securities for operating purposes and investments in equity securities for other than operating purposes are included in the other assets section of the consolidated balance sheet in *Other assets—Investments in equity securities* and *Other assets—Other*, respectively.

Investments in equity securities for operating purposes and for other than operating purposes held by non-trading subsidiaries are recorded at fair value and unrealized gains and losses are recognized currently in income. Changes in fair value of equity securities for other than operating purposes held by the insurance subsidiary are reported within Other comprehensive income on a net-of-tax basis.

(4) Non trading debt securities

Non-trading debt securities consist of debt securities mainly held by non-trading subsidiaries and the insurance subsidiary. Non-trading debt securities held by the insurance subsidiary are carried at fair value, with changes in fair value reported within Other comprehensive income on a net-of-tax basis and non-trading debt securities held by non-trading subsidiaries are carried at fair value and unrealized gains and losses are recognized currently in income.

4. Depreciation and amortization

Depreciation for tangible assets is generally computed by the straight-line method over the estimated useful lives of assets according to general class, type of construction and use. Software is generally amortized by the straight-line method over its estimated useful life. Intangible assets with finite lives are amortized by the straight-line method over the estimated useful lives.

5. Long-lived assets

ASC 360 "*Property, Plant, and Equipment*" ("ASC 360") provides guidance on the financial accounting and reporting for the impairment or disposal of long-lived assets.

In accordance with ASC 360, long-lived assets, 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 flow is less than the carrying amount of the assets, a loss would be recognized to the extent the carrying value exceeded its fair value.

6. Goodwill and intangible assets

In accordance with ASC 350 "*Intangibles—Goodwill and Other*" ("ASC 350"), goodwill and intangible assets not subject to amortization are reviewed annually, or more frequently in certain circumstances, for impairment.

7. Basis of allowances

(1) Allowance for loan losses

Management establishes an allowance for loan losses against these loans not carried at fair value which reflects management's best estimate of probable losses incurred. The allowance for loan losses comprises a specific component for loans which have been individually evaluated for impairment and a general component for loans which, while not individually evaluated for impairment, have been collectively estimated for impairment based on historical loss experience.

The specific component of the allowance for loan losses reflects probable losses incurred within loans which have been individually evaluated for impairment. Factors considered by management in determining impairment include an

assessment of the ability of borrowers to pay by considering various factors such as the nature of the loan, prior loan loss experience, current economic conditions, the current financial situation of the borrower and the fair value of any underlying collateral. The allowance is measured on a loan by loan basis by adjusting the carrying value of the impaired loan to either the present value of expected future cash flows discounted as the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

The general component of the allowance for loan losses is for loans not individually evaluated for impairment and includes judgment about collectability based on available information at the balance sheet date, and the uncertainties inherent in those underlying assumptions. The allowance is measured taking into consideration historical loss experience adjusted for qualitative factors such as current economic conditions.

(2) Accrued pension and severance costs

In accordance with ASC 715 "*Compensation-Retirement Benefits*", the funded status of the defined benefit postretirement plan, which is measured as the difference between the fair value of the plan assets and the benefit obligation, is recognized to prepare for the employees' retirement and severance benefits.

The unrecognized prior service cost is amortized on a straight-line basis over the average remaining service period of active participants.

Actuarial gains and losses in excess of 10% of the greater of the projected benefit obligation or the fair value of plan assets are amortized on a straight-line basis over the average remaining service period of active participants.

8. Hedging activities and derivatives used for non-trading purposes

Nomura's principal objectives in using derivatives for purposes other than trading are market risk management for certain non-trading liabilities such as issued debt and foreign exchange risk management for certain foreign subsidiaries.

These derivative contracts are linked to specific assets or liabilities and are designated as hedges as they are effective in reducing the risk associated with the exposure being hedged and are highly correlated with changes in the fair value or the foreign exchange of the underlying hedged items. Nomura applies fair value and net investment hedge accounting to these hedging transactions. The relating unrealized profit and losses are recognized together with those of the hedged assets and liabilities as *Interest expense* or reported within *Change in cumulative translation adjustments*.

Further, derivatives are also utilized for non-trading purposes to manage equity price risk arising from certain stock-based compensation awards granted to employees and others.

9. Foreign currency translation

The financial statements of the Company's subsidiaries 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 which have a functional currency other than Japanese yen are translated into Japanese yen at exchange rates in effect at the balance sheet date; all revenue and expenses are translated at the average exchange rates for the respective years and the resulting translation adjustments are accumulated and reported as *Accumulated other comprehensive income (loss)*.

Foreign currency assets and liabilities are translated at exchange rates in effect at the balance sheet date and the resulting translation gains or losses are credited or charged to income.

10. The Company and its wholly-owned domestic subsidiaries adopt the consolidated tax return system.

11. Accounting changes

*Testing indefinite-lived intangible assets for impairment*

In July 2012, the Financial Accounting Standards Board ("FASB") issued amendments to ASC 350 through issuance of Accounting Standard Update ("ASU") 2012-02 "*Testing Indefinite-lived intangible assets for impairment*" ("ASU 2012-02"). These amendments simplify indefinite-lived intangible assets impairment testing by permitting an entity to initially assess qualitatively whether it is necessary to perform the current quantitative impairment test required by ASC 350. If an entity determines that it is not more-likely-than-not (i.e. greater than 50%) that an indefinite-lived intangible asset fair value is less than its carrying amount, the quantitative test is not required.

ASU 2012-02 is effective prospectively for impairment tests performed in fiscal years beginning after September 15, 2012 with early adoption permitted.

Nomura adopted ASU 2012-02 from April 1, 2013. Because the amendments only simplify when a quantitative test is required rather than change the quantitative test itself, these amendments did not have a material impact on these consolidated financial statements.

12. Assets pledged

Pledged securities that can be sold or re-pledged by the secured party, including Gensaki Repo transactions, reported mainly within *Trading assets* and *Private equity investments*. 9,266,192 million yen

Nomura owned securities and loans receivable, which have been pledged as collateral, primarily to stock exchanges and clearing organizations, without allowing the secured party the right to sell or re-pledge them. 2,669,861 million yen

Nomura owned securities and loans receivable, which have been pledged to collateralize borrowing transactions, and pledged for other purposes. <sup>(1)(2)</sup> 1,668,730 million yen

- (1) The asset balances, which have been pledged as collateral for secured loans from special purpose entities and for transfer dealings in which the control over the asset isn't relinquished, are included.
- (2) In addition, Nomura re-pledged 112,330 million yen of securities received as collateral and securities borrowed.

13. Securitizations

Nomura utilizes special purpose entities ("SPEs") to securitize commercial and residential mortgage loans, government agency and corporate bonds and other types of financial assets. Those SPEs are incorporated as stock companies, Tokumei kumiai (silent partnerships), Cayman special purpose companies ("SPCs") or trust accounts. Nomura's involvement with SPEs includes structuring 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 ASC860 "*Transfers and Servicing*" ("ASC 860"). This statement requires that Nomura accounts for the transfer of financial assets as a sale when Nomura relinquishes control over the assets. ASC 860 deems control to be relinquished when the following conditions are met: (a) the assets have been isolated from the transferor (even in bankruptcy or other receivership), (b) the transferee has the right to pledge or exchange the assets received, or if the transferee is an entity whose sole purpose is to engage in securitization or asset-backed financing activities, and that entity is constrained from pledging or exchanging the assets it receives, 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. Nomura may retain an interest in the financial assets, including residual interests in the SPEs. Any such interests are accounted for at fair value and reported within *Trading assets* in Nomura's consolidated balance sheet, with the change in fair value reported within *Revenue-net gain (loss) 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 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 financial assets transferred to an SPE.

As noted above, Nomura may have continuing involvement with SPEs to which Nomura transferred assets. For the year ended March 31, 2014, Nomura received cash proceeds from SPEs in new securitizations of ¥365.4 billion and recognized no associated profit on sale. For the year ended March 31, 2014, Nomura received debt securities issued by these SPEs with an initial fair value of ¥1,423.4 billion and cash inflows from third parties on the sale of those debt securities of ¥829.9 billion. The cumulative balance of financial assets transferred to SPEs with which Nomura has continuing involvement was ¥5,035.4 billion as of March 31, 2014. Nomura's retained interests were ¥214.8 billion as of March 31, 2014. For the year ended March 31, 2014, Nomura received cash flows of ¥39.8 billion from the SPEs on the retained interests held in the SPEs. Nomura had outstanding collateral service agreements or written credit default swap agreements in the amount of ¥4.1 billion as of March 31, 2014. Nomura does not provide financial support to SPEs beyond its contractual obligations.

14. 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.

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 those significant actions and proceedings described below where the counterparty has alleged a specific amount of damages, the Company currently estimates that the reasonably possible loss for the matter would not exceed the amount specified in each case. For each of these matters, the specific amount alleged (which is the Company’s current estimate of the maximum reasonably possible loss) is indicated in the description of the matter below.

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; and/or (vi) there are novel or unsettled legal theories underlying the claims.

In January 2008, Nomura International plc (“NIP”) was served with a tax notice issued by the tax authorities in Pescara, Italy alleging breaches by NIP of the U.K.-Italy Double Taxation Treaty of 1998 (the “Tax Notice”). The alleged breaches relate to payments to NIP of tax credits on dividends on Italian shares. The Tax Notice not only denies certain payments to which NIP claims to be entitled but also seeks reimbursement of approximately EUR 33.8 million, plus interest, already refunded. NIP continues vigorously to challenge the Pescara Tax Court’s decisions in favor of the local tax authorities. The specified amount alleged is the Company’s current estimate of the maximum reasonably possible loss from this matter.

In October 2010 and June 2012, two actions were brought against NIP, seeking recovery of payments allegedly made to NIP by Fairfield Sentry Ltd. and Fairfield Sigma Ltd. (collectively, the “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 U.S. Bankruptcy Court, where it is presently pending. The second suit was brought by the Trustee for the liquidation of BLMIS (the “Madoff Trustee”). NIP was added as a defendant in June 2012 when the Madoff Trustee filed an amended complaint in the U.S. Bankruptcy Court. Both actions seek to recover approximately \$35 million. The \$35 million amount is Nomura’s current estimate of the maximum reasonably possible loss from this matter.

In March 2011, PT Bank Mutiara Tbk. (“Bank Mutiara”) commenced proceedings in the Commercial Court of the Canton of Zurich against an SPC established at the request of NIP (the main operating subsidiary of Nomura in the U.K.). The SPC is included as part of NIP’s consolidated accounts. These are proceedings to challenge the SPC’s rights over approximately \$156 million in an account held in Switzerland. The SPC has a security interest over the money pursuant to a loan facility with Telltop Holdings Limited, a third party company. Telltop Holdings Limited is currently in liquidation. The SPC does not believe that Bank Mutiara has any enforceable security interest over the funds and is seeking release of the monies.

In April 2011, the Federal Home Loan Bank of Boston (“FHLB-Boston”) commenced proceedings in the Superior Court of Massachusetts against numerous issuers, sponsors and underwriters of residential mortgage-backed securities (“MBS”), and their controlling persons, including Nomura Asset Acceptance Corporation (“NAAC”), Nomura Credit & Capital, Inc. (“NCCI”), Nomura Securities International, Inc. (“NSI”) and Nomura Holding America Inc. (“NHA”). The action alleges that FHLB-Boston purchased residential MBS issued by NAAC for which the offering materials contained untrue statements or omitted material facts concerning the underwriting standards used by the original lenders and the characteristics of the loans underlying the securities. FHLB-Boston seeks rescission of its purchases or compensatory damages pursuant to state law. FHLB-Boston

alleges that it purchased certificates in four offerings issued by NAAC but does not specify the amount of its purchases or the amount of any alleged losses. Due to the lack of information at this early stage of the litigation and the uncertainties involved, including lack of information concerning the alleged purchases by the plaintiff, the Company cannot provide an estimate of reasonably possible loss related to this matter at this time.

In July 2011, the National Credit Union Administration Board (“NCUA”) commenced proceedings in the United States District Court for the Central District of California as liquidating agent of Western Corporate Federal Credit Union (“WesCorp”) against various issuers, sponsors and underwriters of residential MBS purchased by WesCorp. The complaint alleges that WesCorp purchased residential MBS issued by NAAC and Nomura Home Equity Loan Inc. (“NHEL”), among others, for which the offering materials contained untrue statements or omitted material facts concerning the underwriting standards used by the original lenders. The complaint alleges that WesCorp purchased certificates in two offerings in the original principal amount of approximately \$83 million and seeks rescission of its purchases or compensatory damages. The court has dismissed NCUA’s claims against NHEL and NCUA has filed a notice of appeal to the Ninth Circuit and briefing is in progress. Following the filing of an amended complaint by NCUA, NAAC has filed a motion to dismiss. The Court has issued a tentative ruling denying the motion which has not yet been made final. Due to the legal uncertainties involved, as well as the lack of any discovery concerning the facts, the Company cannot provide an estimate of reasonably possible loss related to this matter at this time.

In September 2011, the Federal Housing Finance Agency (“FHFA”), as conservator for the government sponsored enterprises, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation (the “GSEs”), commenced proceedings in the United States District Court for the Southern District of New York against numerous issuers, sponsors and underwriters of residential MBS, and their controlling persons, including NAAC, NHEL, NCCI, NSI and NHA, (the Company’s U.S. subsidiaries). The action alleges that the GSEs purchased residential MBS issued by NAAC and NHEL for which the offering materials contained untrue statements or omitted material facts concerning the underwriting standards used by the original lenders and the characteristics of the loans underlying the securities. FHFA alleges that the GSEs purchased certificates in seven offerings in the original principal amount of approximately \$2,046 million and seeks rescission of its purchases or compensatory damages. The court has denied the motion to dismiss filed by the Company’s U.S. subsidiaries and the parties are involved in the discovery process. Given the lack of any expert discovery at this stage of the litigation and certain legal uncertainties, the Company cannot provide an estimate of reasonably possible loss related to this matter at this time.

In October 2011, the NCUA commenced proceedings in the United States District Court for the District of Kansas as liquidating agent of U.S. Central Federal Credit Union (“U.S. Central”) against various issuers, sponsors and underwriters of residential MBS purchased by U.S. Central, including NHEL. The complaint alleges that U.S. Central purchased residential MBS issued by NHEL, among others, for which the offering materials contained untrue statements or omitted material facts concerning the underwriting standards used by the original lenders. The complaint alleges that U.S. Central purchased a certificate in one offering in the original principal amount of approximately \$50 million and seeks rescission of its purchase or compensatory damages. The court denied, in part, motions to dismiss filed by the defendants, and the Tenth Circuit Court of Appeals affirmed the trial court’s holding. Due to the legal uncertainties involved, as well as the lack of factual information at this early stage of the litigation, the Company cannot provide an estimate of reasonably possible loss related to this matter at this time.

In November 2011, NIP was served with a claim filed by the Madoff Trustee appointed for the liquidation of BLMIS in the United States Bankruptcy Court 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 \$21 million. The specified amount alleged is the Company’s current estimate of the maximum reasonably possible loss from this matter.

In August 2012, The Prudential Insurance Company of America and certain of its affiliates filed several complaints in the Superior Court of New Jersey against various issuers, sponsors and underwriters of residential MBS, including an action against NHEL, NCCI and NSI. The action against these Nomura subsidiaries has been removed to federal court. The complaint alleges that the plaintiffs purchased over \$183 million in residential mortgage-backed securities from five different offerings. The plaintiffs allege that the offering materials contained fraudulent misrepresentations regarding the underwriting practices and quality of the loans underlying the securities. The plaintiffs allege causes of action for fraud, aiding and abetting fraud, negligent misrepresentation, and New Jersey Civil RICO, and seeks to recover, among other things, compensatory and treble damages. NHEL, NCCI and NSI have filed a motion to dismiss the action which is pending before the court. Due to the lack of factual information at this early stage of the litigation and the legal uncertainties involved, the Company cannot provide an estimate of reasonably possible loss related to this matter at this time.

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 alleges that the former directors improperly caused MPS to enter into certain structured financial transactions with NIP in 2009 (the “Transactions”) and alleges that NIP is jointly liable for the unlawful conduct of MPS’s former directors. MPS is claiming damages of not less than EUR700 million. In July 2013 a claim was also issued against the same former directors of MPS, and NIP, by the shareholder group Fondazione Monte dei Paschi di Siena (“FMPS”). The grounds of the FMPS claim are similar to those on which the MPS claim is founded. The level of damages sought by FMPS is not specified. An investigation has also been 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. Starting on April 15, 2013, the Public Prosecutor in Siena issued seizure orders in relation to the Transactions seeking to seize the Transactions and approximately EUR 1.9 billion of assets said to be held or receivable in various NIP and Nomura Bank International plc (“NBI”) accounts in, or managed through, Italy and alleging that the Transactions involved offenses under Italian law. To date, these seizure orders have not been validated by the Italian Courts. The Public Prosecutor lodged an appeal against the Italian Courts’ decisions, which was heard at the Supreme Court in Rome on March 25, 2014. The Supreme Court determined that the appeal should be denied in part, but that the case should be sent back to the lower court for further consideration in relation to one element of the case. Additionally, NIP commenced a claim against MPS in the English Courts in March 2013. The claim is for declaratory relief confirming that the Transactions remain valid and contractually binding. MPS filed and served its Defence and Counterclaim to these proceedings in March 2014. MPS alleges in its Counterclaim that NIP is liable to make restitution of a net amount of approximately EUR 1.5 billion, and seeks declarations regarding the illegality and invalidity of the Transactions. NIP continues to vigorously defend its position in each of the aforementioned proceedings. It is not possible for the Company to estimate the amount of reasonably possible loss in these proceedings. Numerous legal and factual issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before the amount of any potential liability can be reasonably estimated for these claims. The Company cannot predict if, how, or when the claims will be resolved or what any eventual settlement, fine, penalty or other relief may be, particularly since the claims are at an early stage in their development and the claimants are seeking substantial damages.

Nomura Securities Co., Ltd. (“NSC”) is the leading securities firm in Japan with approximately 5.14 million client accounts. Accordingly, with a significant number of client transactions, NSC is from time to time party to various Japanese civil litigation and other dispute resolution proceedings with clients relating to investment losses. These include an action commenced against NSC in April 2012 by a corporate client seeking ¥5,102 million in damages for losses on the pre-maturity cash out of 16 series of currency-linked structured notes purchased from NSC between 2003 and 2008, and an action commenced against NSC in April 2013 by a corporate client seeking ¥10,247 million in damages for losses on currency derivative transactions and the pre-maturity cash out or redemption of 11 series of equity-linked structured notes purchased from NSC between 2005 and 2011. Although the allegations of the clients involved in such actions include the allegation that NSC’s explanation was insufficient at the time the contracts were entered into, NSC believes these allegations are without merit. The specified amounts alleged are the Company’s current estimate of the maximum reasonably possible loss from these matters.

The Company supports the position of its subsidiaries in each of these claims.

*Other mortgage-related contingencies in the U.S.*

Certain of the Company’s subsidiaries in the U.S. securitized mortgage loans in the form of MBS. These subsidiaries did not generally originate mortgage loans, but purchased mortgage loans from third-party loan originators (the “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 MBS issued by the subsidiaries were structured with credit protection provided to specified classes of certificates by monoline insurers.

The relevant subsidiaries have 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 Company’s policy called for review of each claim received, and its subsidiaries have contested those claims believed to be without merit or have agreed to repurchase certain loans for those claims that the subsidiaries have determined to have merit. In several instances, following the rejection of repurchase demands, investors have instituted actions through the trustee alleging breach of contract. These breach of contract claims are at early stages and involve substantial legal uncertainty.



As at May 6, 2014, the total original principal amount of loans that are the subject of repurchase claims against the relevant subsidiaries is \$3,203 million, including claims that are the subject of pending breach of contract actions. It should be noted, however, that the above amount does not include loans with a total original principal balance of \$1,816 million that are the subject of repurchase claims rejected by the relevant subsidiaries as time-barred based on current law including a decision by the intermediate appellate court of New York State that claims alleging breach of representation must be brought within six years of the time the representation was made. Due to the many legal and factual uncertainties involved, the Company cannot provide an estimate of reasonably possible loss for repurchase claims that relevant subsidiaries have decided to reject.

15. Guarantees

In accordance with ASC 460 “*Guarantees*” (“ASC 460”), Nomura recognizes obligations under certain issued guarantees and records the fair value of these guarantee obligations on the consolidated balance sheet.

The information about maximum potential payout or notional total of derivative contracts, standby letters of credit and other guarantees that could meet the definition of a guarantee is as below.

For information about the maximum potential amount of future payments that Nomura could be required to make under certain derivatives, the notional amount of contracts has been disclosed. However, the maximum potential payout for certain derivative contracts, such as written interest rate caps and written currency options, cannot be estimated, as increases in interest or foreign exchange rates in the future could be theoretically unlimited. Nomura records all derivative contracts at fair value. Nomura believes the notional amounts generally overstate its risk exposure.

Derivative contracts <sup>(1)(2)</sup> .....	195,466,506 million yen
Standby letters of credit and other guarantees <sup>(3)</sup> .....	11,509 million yen

- (1) The carrying value of derivative contracts is 5,155,198 million yen (liability).
- (2) The notional amount and the carrying value of the written credit derivatives not included in derivative contracts are 32,401,978 million yen and 145,383 million yen (asset), respectively.
- (3) The carrying value of standby letters of credit and other guarantees is 276 million yen (liability).

16. Financial Instruments

The fair value of financial instruments

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

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

Information on financial instruments and risk

Most of Nomura’s trading activities are customer oriented. Nomura utilizes a variety of derivative financial instruments as a means of bridging customers’ specific financial needs and investors’ demands in the securities markets. Nomura also actively trades securities and various derivatives to assist its customers in adjusting their risk profiles as markets change. In performing 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 customers with securities and other capital markets products at competitive prices.

In the normal course of business, Nomura enters into transactions involving derivative financial instruments to meet customer needs, for its trading activities 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. To the extent these derivative financial instruments are economically hedging financial instruments or securities positions of 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 derivative financial instruments 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. Credit risk associated with these financial instruments is controlled by Nomura through credit approvals, limits and monitoring procedures. To reduce default risk, Nomura requires collateral, principally cash collateral and government securities, for certain derivative transactions.

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’s significant single concentrations of credit risk were with the Japanese Government, the U.S. Government, Governments within the European Union (“EU”), their states and municipalities, and their agencies. The following table presents geographic allocations of Nomura’s positions related to government, agency and municipal securities. The Company’s exposure to the over-the-counter derivatives is mainly with the financial institutions in the amount of 938.4 billion yen which represents the net amount after the counterparty netting of derivative assets and liabilities as well as cash collateral netting against net derivatives.

	Billions of yen				
	March 31, 2014				
	Japan	U.S.	EU	Other	Total <sup>(1)</sup>
Government, agency and municipalities securities .....	2,779.0	1,665.9	3,967.8	385.0	8,797.7

(1) Other than above, there were 803.8 billion yen of government, agency and municipal securities in *Other asset—Non-trading debt securities* as of March 31, 2014. The vast majority of these securities are Japanese government, agency and municipal securities.

Fair value hierarchy

All financial instruments measured at fair value, including those carried at fair value using the fair value option, have been categorized into a three-level hierarchy (“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:

Unadjusted quoted prices for identical financial instruments in active markets accessible by Nomura at the measurement date.

Level 2:

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

Level 3:

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

The following table presents information about Nomura's financial instruments measured at fair value on a recurring basis as of March 31, 2014 within the fair value hierarchy.

(Billions of yen)					
March 31, 2014					
	Level 1	Level 2	Level 3	Counterparty and Cash Collateral Netting <sup>(1)</sup>	Balance as of March 31, 2014
<b>Assets:</b>					
Trading assets and private equity investments					
Cash Instruments	9,514.9	6,593.5	301.2	—	16,409.6
Derivatives	765.2	25,061.1	242.7	(23,764.3)	2,304.7
Loans and receivables <sup>(2)</sup>	—	280.2	26.0	—	306.2
Collateralized agreements <sup>(3)</sup>	—	1,087.1	—	—	1,087.1
Other assets	763.8	708.5	59.2	—	1,531.5
<b>Total</b>	<b>11,043.9</b>	<b>33,730.4</b>	<b>629.1</b>	<b>(23,764.3)</b>	<b>21,639.1</b>
<b>Liabilities:</b>					
Trading Liabilities					
Cash Instruments	7,727.2	1,229.2	0.5	—	8,956.9
Derivatives	841.2	25,018.1	261.6	(24,030.5)	2,090.4
Short-term borrowings <sup>(4)</sup>	—	46.3	3.0	—	49.3
Payables and deposits <sup>(5)</sup>	—	0.0	0.1	—	0.1
Collateralized financing <sup>(3)</sup>	—	530.4	—	—	530.4
Long-term borrowings <sup>(4)(6)(7)</sup>	134.0	1,439.2	393.5	—	1,966.7
Other liabilities <sup>(8)</sup>	151.9	86.0	—	—	237.9
<b>Total</b>	<b>8,854.3</b>	<b>28,349.2</b>	<b>658.7</b>	<b>(24,030.5)</b>	<b>13,831.7</b>

- (1) Represents the amount offset under counterparty netting of derivative assets and liabilities as well as cash collateral netting against net derivatives.
- (2) Includes loans for which the fair value option is elected.
- (3) Includes collateralized agreements or collateralized financing for which the fair value option is elected.
- (4) Includes structured notes for which the fair value option is elected.
- (5) Includes embedded derivatives bifurcated from deposits received at banks. If unrealized gains are greater than unrealized losses, deposits are reduced by the excess amount.
- (6) Includes embedded derivatives bifurcated from issued structured notes. If unrealized gains are greater than unrealized losses, borrowings are reduced by the excess amount.
- (7) 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.
- (8) Includes loan commitments for which the fair value option is elected.

## Estimated 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 will approximate 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.

In our financial instruments, the instruments which have a material difference between the carrying value and the estimated fair value are long-term borrowings. For long-term borrowings, certain financial instruments including structured notes are carried at fair value under the fair value option. Except for those instruments, long-term borrowings are carried at historical amounts unless such borrowings are designated as the hedged item in a fair value hedge. The fair value of long-term borrowings is estimated using quoted market prices where available or by discounting future cash flows. As of March 31, 2014, the carrying values of long-term borrowings were 8,227.1 billion yen and the fair values or estimated fair values of long-term borrowings were 8,202.5 billion yen.

## Maturities tables of long-term borrowings

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, 2014 consist of the following:

<u>Year ending March 31</u>	<u>Billions of yen</u>
2015 .....	1,435.8
2016 .....	1,123.8
2017 .....	894.5
2018 .....	847.6
2019 .....	1,015.3
2020 and thereafter .....	2,728.6
Sub-Total .....	8,045.5
Trading balances of secured borrowings.....	181.6
Total.....	8,227.1

## Trading balances of secured borrowings

These balances of secured borrowings consist of the liabilities related to transfers of financial assets that are accounted for as financings secured by the financial assets without recourse to Nomura rather than sales under ASC 860. These borrowings are not borrowed for the purpose of Nomura's funding but are related to Nomura's trading activities to gain profits from the distribution of financial products secured by the financial assets.

[Notes to Per-Share Data]

## 17. Per-Share Data

Total NHI shareholders' equity per share.....	676.15yen
Basic net income attributable to NHI shareholders per share.....	57.57yen

## Subsequent Events

On April 30, 2014 the Board of Directors of the Company approved a resolution to set up a share buyback program, pursuant to the company's articles of incorporation set out in accordance with Article 459-1 of the Companies Act of Japan.

### 1. Reason to buyback treasury stocks

To use the acquired treasury stock to issue shares upon the exercise of stock options and to raise capital efficiency and ensure a flexible capital management policy.

## 2. Contents of Buyback

(1) Type of stock to be purchased	Common Stock
(2) Total number of stocks to be purchased	Upper limit of 100,000,000 shares (2.6% of outstanding shares) Of this, approximately 44 million shares are expected to be used for stock options.
(3) Total amount of stocks	Maximum of 70,000 million yen
(4) Term	May 19, 2014 to July 25, 2014
(5) Method	Purchase on the stock exchange via a trust bank

[Other Notes]

### 18. Other additional information

#### Changes in Tax Laws

On March 31, 2014, the "Act (Act No. 10 of 2014) to partially revise the Income Tax Act and others" was promulgated. Under this Act, effective from the fiscal year beginning on or after April 1, 2014, the Special Reconstruction Corporate Tax was abolished. As a result and for the expected reversal of temporary differences, the domestic effective statutory tax rates to calculate the deferred tax assets and liabilities commencing from April 1, 2014 fiscal year will be changed from 38% to 36%.

As a result of this change in the tax rates, the net deferred tax assets (net of deferred tax liabilities) decreased by 1.7 billion yen while income taxes-deferred increased by the same amount.

#### Issuance of Stock Options

In April 2014, the Company announced the issuance of stock acquisition rights to directors, executive officers and employees, etc. of the Company and its subsidiaries. The number of stock acquisition rights is estimated to be approximately 490 thousand units (49 million shares equivalent). The exercise price of the stock acquisition rights will be one (1) yen per share. The stock acquisition rights will be issued as deferred compensation to grantees and are restricted from being exercised for approximately one year up to three years from the issuance resolution date. The exercise period will be five years from the beginning day of exercise period.

Nomura also offers a compensation plan linked to the Company's stock price, a world index and the Company's performances. The employees (directors, executive officers and certain employees) covered by this plan must provide service as employees of the Company for a specified service period in order to receive payments under the plan and also are subject to forfeitures due to termination of employment under certain conditions. The Company plans to make compensation payments in the future based on the Company's stock price, a world index and the Company's performances for its and subsidiaries' directors and certain employees. The Company will remunerate either in cash or an equivalent amount of assets with a value linked to the average stock price for a certain period immediately preceding the applicable future payment date.

### **3. Notes to the Financial Statements**

The amounts shown therein are rounded to the nearest million.

#### [Significant Accounting Policies]

1. Basis and methods of valuation for financial instruments
  - (1) Other securities
    - a. Securities with 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. Securities 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 Securities 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 money held in trust  
Accounted for at fair value based on the mark-to-market method
3. Depreciation and amortization
  - (1) Depreciation of tangible fixed assets  
Tangible fixed assets are depreciated primarily on the declining balance method, except for buildings acquired on or after April 1, 1998, 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.
4. Deferred Assets
  - (1) Bond issuance costs  
Bond issuance costs are expensed upon incurred.
5. 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.
6. Provisions
  - (1) Allowance for doubtful accounts  
To provide for bad loans, Nomura Holdings, Inc. (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.
7. 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.
  - (2) Hedging instrument and hedged item  
The Company utilizes interest rate swap contracts to hedge the interest rate risk on bonds, borrowings and other instruments that the Company issued. The Company utilizes currency forward contracts and bonds to hedge foreign currency risk on investments in subsidiaries.
  - (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.
  - (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.

8. Consumption taxes and local consumption taxes are accounted for based on the tax exclusion method.
9. The Company applies the consolidated tax return system.

[Notes to the Balance Sheet]

1. Balances of receivables and payables with subsidiaries and affiliates

Short-term receivables .....	3,262,522 million yen
Short-term payables .....	372,613 million yen
Long-term receivables .....	647,193 million yen
Long-term payables .....	17,040 million yen

2. Accumulated depreciation on tangible fixed assets ..... 71,884 million yen

3. Securities deposited

The Company loaned investment securities (mainly investments in subsidiaries and affiliates) with a book value of 20,842 million yen based on securities loan contracts which provide borrowers with the rights to resell or repledge the securities.

4. Bonds include 323,200 million yen of subordinated bonds.

5. Balance of guaranteed obligations <sup>(1)</sup>

Guarantee of principal and coupons on JPY34,200 million bonds issued by Nomura Securities Co., Ltd. 34,200 million yen

Guarantee of principal on CHF167,000 thousand, US\$93,000 thousand and EUR296,500 thousand in commercial paper issued by Nomura International plc and US\$2,982 thousand in stock lending transactions, JPY2,443 million in future transactions, US\$205,527 thousand in repurchase transactions, US\$2,179,936 thousand in derivative transactions etc. and US\$2,241,000 thousand in borrowings, repurchase transactions by the same company. 549,618 million yen <sup>(2)</sup>

Guarantee of US\$1,497,457 thousand, EUR1,878,177 thousand, AU\$2,077,875 thousand, CA\$49,500 thousand, GBP497,569 thousand, ZAR255,000 thousand, NZ\$292,500 thousand, BRL821,800 thousand, MEX\$310,000 thousand, TRY144,500 thousand, KRW500,000 thousand, IDR70,000,000 thousand, RUB20,000 thousand, CNY2,000 thousand and JPY1,412,097 million in principal and coupons on medium term notes issued by Nomura Europe Finance N.V. 2,194,921 million yen <sup>(2)</sup>

Guarantee of US\$809,996 thousand, EUR749,010 thousand, AU\$11,000 thousand and JPY24,447 million in principal and coupons on medium term notes issued by Nomura Bank International plc and EUR135,000 thousand in borrowings by the same company. 233,920 million yen

Guarantee of US\$143,796 thousand in derivative transactions etc. by Nomura Global Financial Products, Inc. 14,794 million yen <sup>(2)</sup>

Guarantee of US\$43,306 thousand in principal and coupons on medium term notes issued by Nomura America Finance LLC. 4,455 million yen

Guarantee of US\$38,025 thousand in derivative transactions etc. by Nomura Financial Investment (Korea) Co., Ltd. 3,912 million yen

Guarantee of US\$19,593 thousand in derivative transactions by Nomura Investments Singapore Limited. 2,016 million yen

Guarantee of US\$20,000 thousand in principal and coupons on medium term notes issued by Nomura International Funding Pte. Ltd. 2,058 million yen

Guarantee of US\$10,938 thousand in derivative transactions etc. by Nomura Fixed Income Securities Private Limited. 1,125 million yen

Guarantee of AU\$3,407 thousand in expense by Chi-X Australia Pty Ltd. 323 million yen

Guarantee of US\$1,550 thousand in repurchase transactions etc. by Nomura Securities International Inc.	159 million yen
Guarantee of US\$554 thousand in derivative transactions by Nomura International (Hong Kong) Limited.	57 million yen
Guarantee of US\$233 thousand in settlement of security transactions by Instinet Singapore Services Private Limited.	24 million yen
Guarantee of US\$41 thousand in derivative transactions by Nomura Singapore Limited.	4 million yen

- (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 co-guarantee with Nomura Securities Co., Ltd.

[Notes to the Statement of Income]

1. Transactions with subsidiaries and affiliates

Operating revenue	398,944 million yen
Operating expenses	79,714 million yen
Non-operating transactions	32,128 million yen

2. “Property and equipment fee revenue” consists of revenue mainly from Nomura Securities Co., Ltd. (“NSC”), a subsidiary of the Company, from leasing furniture, fixtures and software.
3. “Rent revenue” consists of revenue mainly from NSC from renting office accommodations.
4. “Royalty on trademark” consists of revenue from NSC from the use of the Company’s trademark.
5. “Others” includes revenue from the operation service and securities lending fees mainly from NSC.

[Notes to the Statement of Changes in Net Assets]

1. Shares outstanding

Type of shares	Beginning of current year	Increase	Decrease	End of current year
Common stock (shares).....	3,822,562,601	—	—	3,822,562,601

2. Treasury stock

Type of shares	Beginning of current year	Increase	Decrease	End of current year
Common stock (shares).....	108,435,696	40,038,931	44,690,369	103,784,258

(Summary of reasons for change)

The reasons for increase were as follows:

Increase related to buying in the stock market.....	40,000,000 shares
Increase related to requests to purchase shares less than full trading units.....	38,931 shares

The reasons for decrease were as follows:

Reduction related to exercise of stock acquisition rights.....	44,689,800 shares
Reduction related to buying to complete full trading units.....	569 shares



### 3. Stock acquisition rights

Name of Stock Acquisition Rights	Date of allocation of stock acquisition rights	Type of shares	Number of shares
Stock Acquisition Rights No.13	April 25, 2007	Common stock	104,400
Stock Acquisition Rights No.14	June 21, 2007	Common stock	150,300
Stock Acquisition Rights No.15	August 1, 2007	Common stock	113,000
Stock Acquisition Rights No.16	August 1, 2007	Common stock	1,799,000
Stock Acquisition Rights No.17	August 1, 2007	Common stock	173,200
Stock Acquisition Rights No.18	October 19, 2007	Common stock	8,500
Stock Acquisition Rights No.19	April 23, 2008	Common stock	384,900
Stock Acquisition Rights No.20	June 23, 2008	Common stock	31,300
Stock Acquisition Rights No.21	June 23, 2008	Common stock	164,800
Stock Acquisition Rights No.22	August 5, 2008	Common stock	110,000
Stock Acquisition Rights No.23	August 5, 2008	Common stock	1,874,000
Stock Acquisition Rights No.24	August 5, 2008	Common stock	3,000
Stock Acquisition Rights No.27	November 10, 2008	Common stock	5,200
Stock Acquisition Rights No.28	April 30, 2009	Common stock	306,400
Stock Acquisition Rights No.29	June 16, 2009	Common stock	101,300
Stock Acquisition Rights No.30	June 16, 2009	Common stock	325,400
Stock Acquisition Rights No.31	August 5, 2009	Common stock	156,000
Stock Acquisition Rights No.32	August 5, 2009	Common stock	2,205,500
Stock Acquisition Rights No.34	May 18, 2010	Common stock	1,159,000
Stock Acquisition Rights No.35	May 18, 2010	Common stock	1,028,500
Stock Acquisition Rights No.36	May 18, 2010	Common stock	48,500
Stock Acquisition Rights No.37	July 28, 2010	Common stock	2,645,000
Stock Acquisition Rights No.38	July 28, 2010	Common stock	993,700
Stock Acquisition Rights No.39	November 16, 2010	Common stock	2,070,300
Stock Acquisition Rights No.40	June 7, 2011	Common stock	1,760,700
Stock Acquisition Rights No.41	June 7, 2011	Common stock	4,057,200
Stock Acquisition Rights No.43	November 16, 2011	Common stock	2,086,800
Stock Acquisition Rights No.44	June 5, 2012	Common stock	2,102,100

Excludes items for which the first day of the exercise period has not arrived.

### 4. Dividends

#### (1) Dividends paid

Decision	Type of shares	Total dividend value (millions of yen)	Dividend-per share (yen)	Record date	Effective date
Board of Directors April 26, 2013 .....	Common stock	22,285	6.00	March 31, 2013	June 3, 2013
Board of Directors October 29, 2013.....	Common stock	29,662	8.00	September 30, 2013	December 2, 2013

#### (2) Items for which the record date of dividends belonging to the current period will be effective in the next period

Decision	Type of shares	Total dividend value (millions of yen)	Dividend-per share (yen)	Record date	Effective date
Board of Directors April 30, 2014 .....	Common stock	33,469	9.00	March 31, 2014	June 2, 2014

[Notes to Accounting for Tax Effects]

Breakdown of deferred tax assets and liabilities

Deferred tax assets	
Loss on devaluation of securities .....	237,250 million yen
Loss carry-forward on corporate tax .....	22,632 million yen
Loss carry-forward on local tax .....	56,806 million yen
Deferred gain and loss on hedges .....	4,647 million yen
Loss on devaluation of fixed assets.....	3,674 million yen
Stock option .....	4,342 million yen
Others.....	2,813 million yen
Subtotal of deferred tax assets .....	332,163 million yen
Valuation allowance .....	(261,290) million yen
Total of deferred tax assets.....	70,872 million yen
Deferred tax liabilities	
Net unrealized gain on investments .....	(17,448) million yen
Deferred gain and loss on hedges .....	(14,140) million yen
Others.....	(581) million yen
Total of deferred tax liabilities .....	(32,169) million yen
Net deferred tax assets.....	38,704 million yen

[Changes in Tax Laws]

On March 31, 2014, the "Act (Act No. 10 of 2014) to partially revise the Income Tax Act and others" was promulgated. Under this Act, effective from the fiscal year beginning on or after April 1, 2014, the Special Reconstruction Corporate Tax was abolished.

As a result and for the expected reversal of temporary differences, the domestic effective statutory tax rates to calculate the deferred tax assets and liabilities commencing from April 1, 2014 fiscal year will be changed from 38% to 36%.

As a result of this change in the tax rates, the net deferred tax assets (net of deferred tax liabilities) decreased by 2,038 million yen while income taxes-deferred increased by 2,108 million yen and deferred gain and loss on hedges by 70 million yen.

[Notes to Fixed Assets Used in Leasing]

In addition to the fixed assets recorded on the balance sheet, certain automobiles and information devices etc. are used under finance lease contracts wherein ownership is not transferred.

[Notes to Related Party Transactions]

Subsidiaries and affiliates

Affiliation	Name of company	Proportion of voting rights owned (owned by)	Relationship with related party	Nature of transaction	Transaction amounts (millions of yen)	Name of account	Balance as of March 31, 2014 (millions of yen)	Notes	
Subsidiary	Nomura Securities Co., Ltd.	(Owned) directly 100%	Provision of equipments	Data processing system usage fees received	99,538	Accrued income	15,803	(1)	
				Loans receivable Concurrent officers	Loans receivable	1,589,400	Short-term loans	1,277,400	(2)
					Interest received	9,734	Accrued income	391	(3)
					Establishment of a commitment line with subordinated terms	700,000	Long-term loans receivable from subsidiaries and affiliates	150,000	(4)
					Loans receivable	150,000			
Commitment line establishment fees received	879	—	—						
Subsidiary	Nomura International plc	(Owned) indirectly 100%	Loans receivable Guarantee obligation Concurrent officers	Loans receivable	509,832	Short-term loans	97,736	(2)	
				Interest received	1,402	Accrued income	49		
				Guarantee obligation	549,618	—	—	(6)	
				Guarantee fee received	512	Accrued income	289		
Subsidiary	Nomura Holding America Inc.	(Owned) directly 100%	Loans receivable Concurrent officers	Loans receivable	1,409,932	Short-term loans	1,298,758	(2)	
				Interest received	13,309	Accrued income	1,221		
Subsidiary	Nomura Capital Investment Co., Ltd.	(Owned) directly 100%	Loans receivable	Loans receivable	64,050	—	—	(2)	
Subsidiary	Nomura Bank International plc	(Owned) indirectly 100%	Guarantee obligation	Interest received	268	—	—		
				Guarantee fee received	95	Accrued income	93	(7)	
Subsidiary	Nomura Financial Holding America, LLC	(Owned) directly 100%	Loans receivable	Loans receivable	157,564	Short-term loans	156,923	(2)	
Subsidiary	NHI Acquisition Holding Inc.	(Owned) directly 100%	Loans receivable	Interest received	1,230	Accrued income	254		
				Loans receivable	130,608	Short-term loans	127,927	(2)	
Subsidiary	Nomura Facilities Co., Ltd.	(Owned) directly 100%	Usage and maintenance of equipments	Interest received	1,404	Accrued income	216		
				Loans receivable	80,300	Long-term loans receivable from subsidiaries and affiliates	79,000	(2)	

Affiliation	Name of company	Proportion of voting rights owned (owned by)	Relationship with related party	Nature of transaction	Transaction amounts (millions of yen)	Name of account	Balance as of March 31, 2014 (millions of yen)	Notes
				Interest received	1,647	Accrued income	4	
Subsidiary	Nomura Financial Partners Co., Ltd.	(Owned) directly 100%	Loans receivable	Loans receivable	1,500	Short-term loans	39,200	(2)
				Interest received	1,469	Long-term loans receivable from subsidiaries and affiliates	20,000	
						Accrued income	240	
Subsidiary	Nomura Europe Finance N.V.	(Owned) directly 100%	Borrowings	Borrowings	1,387,553	Short-term borrowings	243,325	(8)
			Guarantee obligation	Interest paid	1,895	Accrued expense	62	
				Guarantee obligation	2,194,921	—	—	(9)
				Guarantee fee received	755	Accrued income	750	
Subsidiary	Nomura Europe Holdings plc	(Owned) directly 100%	Loans receivable	Loans receivable	—	Long-term loans receivable from subsidiaries and affiliate	167,180	(2)
			Concurrent officers					
				Interest received	5,195	Accrued income	687	
Subsidiary	Nomura Financial Products & Services, Inc.	(Owned) directly 100%	Capital increase underwritten	Capital increase underwritten	150,000	—	—	(10)
			Loans receivable	Loans receivable	258,000	Short-term loans	83,000	(2)
			Concurrent officers	Interest received	2,282	Accrued income	456	(3)
				Establishment of a commitment line with subordinated terms	190,000	Long-term loans receivable from subsidiaries and affiliates	194,711	(5)
				Loans receivable	172,096			
				Commitment line establishment fees received	165	Accrued income	144	
Subsidiary	Nomura Capital Markets, Ltd.	(Owned) directly 100%	Loans receivable	Loans receivable	1,164,636	Short-term loans	30,864	(2)
			Concurrent officers	Interest received	6,072	Accrued income	78	

Affiliation	Name of company	Proportion of voting rights owned (owned by)	Relationship with related party	Nature of transaction	Transaction amounts (millions of yen)	Name of account	Balance as of March 31, 2014 (millions of yen)	Notes
Affiliate	Nomura Research Institute, Ltd.	(Owned) directly 6.6% indirectly 31.4%	Purchases of system solution and consulting knowledge services	Data processing system usage fees paid	33,921	Accrued expense	3,972	(11)
				Software purchase	24,062	Accounts payable	781	

Terms of transactions, policies determining terms of transactions, etc.

- (1) Usage fees related to data processing systems are determined rationally based on the original cost to the Company.
- (2) Interest rates on loans receivable are determined rationally in consideration of market interest rates. No collateral is obtained.
- (3) Transaction amounts and balance as of March 31, 2014 do not include the transaction amounts for establishment-of commitment-line-with subordinated terms.
- (4) The transaction amounts for the establishment of a commitment line with subordinated terms is the value of the financing limit, and there were 150,000 million yen relating to finance execution as of the balance sheet date.
- (5) The transaction amounts for the establishment of a commitment line with subordinated terms is the value of the financing limit, and there were 194,711 million yen (The amount based on the transaction dates' exchange rates is 189,672 million yen) relating to finance execution as of the balance sheet date.
- (6) The guarantee obligation with respect to Nomura International plc represents the Company's guarantee of obligations related to CP issued and derivative transactions, etc. by that company. The guaranteed rate of CP etc. is 0.04% and the guaranteed rates of derivative transaction etc. are 0.125% (stand alone guarantee) and 0.0625% (joint guarantee with Nomura Securities Co., Ltd.) per annum of the guarantee amount, respectively.
- (7) The guarantee obligation with respect to Nomura Bank International plc represents the Company's guarantee of obligations related to principal and coupons on medium term notes and loans issued by that company. The guaranteed rate is 0.04% per annum of the guarantee amount.
- (8) Interest rates on borrowing are determined rationally in consideration of market interest rates. No collateral is furnished.
- (9) The guarantee obligation with respect to Nomura Europe Finance N.V. represents the Company's guarantee of obligations related to principal and coupons on medium term notes issued by that company. The guaranteed rates are 0.04% (stand alone guarantee) and 0.02% (joint guarantee with Nomura Securities Co., Ltd.) per annum of the guarantee amount.
- (10) The capital increase with respect to Nomura Financial Products & Services, Inc. represents underwriting of 150,000 million yen.
- (11) Usage fees related to data processing systems and software are determined for each transaction in consideration of operating maintenance costs, original costs related to system development and net book value in case of selling, etc.
- (12) Transaction amounts do not include consumption taxes etc., and balance as of March 31, 2014 includes consumption taxes etc.

[Notes to Per Share Data]

Net assets per share .....	504.02 yen
Net income per share .....	29.06 yen

[Notes to Material Subsequent Event]  
(Capital increase of Subsidiary)

On March 28, 2014 the Company subscribed 18,000 million yen of rights issuance of Nomura Financial Products & Services, Inc., a fully owned subsidiary of the Company. The payment was completed on April 1, 2014. The Company will subscribe 50,000 million yen of rights issuance additionally and the payment will be completed on May 15, 2014.

(Treasury Stock Buyback)

On April 30, 2014 the Board of Directors of the Company approved a resolution to set up a share buyback program, pursuant to the company's articles of incorporation set out in accordance with Article 459-1 of the Companies Act of Japan.

1. Reason to buyback treasury stocks

To use the acquired treasury stock to issue shares upon the exercise of stock options and to raise capital efficiency and ensure a flexible capital management policy.

2. Contents of Buyback

(1) Type of stock to be purchased	Common Stock
(2) Total number of stocks to be purchased	Upper limit of 100,000,000 shares (2.6% of outstanding shares) Above includes approximately 44 million shares to be appropriated to stock options
(3) Total amount of stocks	Maximum of 70,000 million yen
(4) Term	May 19, 2014 to July 25, 2014
(5) Method	Purchase on the stock exchange via a trust bank

(Issuance of Stock Options)

In April 2014, the Company announced the issuance of stock acquisition rights to directors, executive officers and/or employees of the Company and/or its subsidiaries, etc. The number of stock acquisition rights is estimated to be approximately 490 thousand units (49 million shares equivalent). The exercise price of the stock acquisition rights will be one (1) yen per share. The stock acquisition rights will be issued as deferred compensation to grantees and are restricted from being exercised for approximately one year up to three years from the issuance resolution date. The exercise period will be five years from the beginning day of exercise period.