

NOMURA HOLDINGS INC
Form 6-K
October 31, 2018
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FORM 6-K

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

Commission File Number: 1-15270

For the month of October 2018

NOMURA HOLDINGS, INC.

(Translation of registrant's name into English)

9-1, Nihonbashi 1-chome

Chuo-ku, Tokyo 103-8645

Japan

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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Information furnished on this form:

EXHIBIT

Exhibit Number

1. Financial Summary Six months ended September 30, 2018

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SIGNATURES

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

NOMURA HOLDINGS, INC.

Date: October 31, 2018

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

Table of Contents**Financial Summary For the Six Months Ended September 30, 2018 (U.S. GAAP)**

Date: October 31, 2018
Company name (code number): **Nomura Holdings, Inc. (8604)**
Stock exchange listings: (In Japan) Tokyo, Nagoya
(Overseas) New York, Singapore
Representative: Koji Nagai
President and Group CEO, Nomura Holdings, Inc.
For inquiries: Junko Tago
Executive Director, Head of Investor Relations, Nomura Holdings, Inc.
Tel: (Country Code 81) 3-5255-1000
URL: <https://www.nomura.com>

1. Consolidated Operating Results

(1) Operating Results

(Rounded to nearest million)
(Millions of yen, except per share data)

| | For the six months ended September 30 | | | |
|--|---------------------------------------|-------|--------------------|---------|
| | 2017 | 2018 | | |
| | % Change from | | % Change from | |
| | September 30, 2016 | | September 30, 2017 | |
| Total revenue | 930,315 | 10.2% | 879,366 | (5.5%) |
| Net revenue | 712,316 | 3.9% | 554,919 | (22.1%) |
| Income before income taxes | 160,482 | 11.0% | 14,110 | (91.2%) |
| Net income (loss) attributable to | | | | |
| Nomura Holdings, Inc. (NHI) shareholders | 108,706 | 0.6% | (6,010) | % |
| Comprehensive income | 113,821 | % | 64,405 | (43.4%) |
| Basic-Net income (loss) attributable to NHI shareholders per share (Yen) | 30.79 | | (1.77) | |
| Diluted-Net income (loss) attributable to NHI shareholders per share (Yen) | 30.20 | | (1.78) | |
| Return on shareholders equity - annualized | 7.7% | | (0.4%) | |

Note: Return on shareholders equity is a ratio of Net income (loss) attributable to NHI shareholders to Total NHI shareholders equity.

(2) Financial Position

(Millions of yen, except per share data)

| | At March 31 2018 | At September 30 2018 |
|---|-----------------------------|-------------------------------------|
| Total assets | 40,343,947 | 45,360,339 |
| Total equity | 2,799,824 | 2,846,010 |
| Total NHI shareholders equity | 2,749,320 | 2,800,777 |
| Total NHI shareholders equity as a percentage of total assets | 6.8% | 6.2% |
| Total NHI shareholders equity per share (Yen) | 810.31 | 828.02 |

Table of Contents**2. Cash Dividends**

| | (Yen amounts) | | |
|------------------------|-----------------------------|------|-------------|
| | For the year ended March 31 | | |
| | 2018 | 2019 | 2019 (Plan) |
| Dividends per share | | | |
| Dividends record dates | | | |
| At June 30 | | | |
| At September 30 | 9.00 | 3.00 | |
| At December 31 | | | |
| At March 31 | 11.00 | | Unconfirmed |
| For the year | 20.00 | | Unconfirmed |

Note: Fiscal year 2019 Q4 dividend amount are not presented per reasons stated in 3. Earnings Forecasts for the year ending March 31, 2019 .

3. Earnings Forecasts for the year ending March 31, 2019

Nomura provides investment, financing and related services in the capital markets on a global basis. In the global capital markets there exist uncertainties due to, but not limited to, economic and market conditions. Nomura, therefore, does not present earnings forecasts.

Notes

(1) Changes in significant subsidiaries during the period: None

(Changes in Specified Subsidiaries accompanying changes in scope of consolidation.)

(2) Adoption of the simplified and particular accounting treatments: None

(3) Changes in accounting policies

a) Changes in accounting policies due to amendments to the accounting standards : Yes

b) Changes in accounting policies due to other than a) : Yes

(4) Number of shares issued (common stock)

| | At March 31 2018 | At September 30 2018 |
|---|---------------------|-------------------------|
| Number of shares outstanding (including treasury stock) | 3,643,562,601 | 3,643,562,601 |
| Number of treasury stock | 250,625,115 | 261,080,989 |

For the six months ended September 30

| | 2017 | 2018 |
|---|---------------|---------------|
| Average number of shares outstanding (year-to-date) | 3,530,324,525 | 3,394,856,369 |

*This financial summary is not subject to certified public accountant s or audit firm s quarterly review.

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Table of Contents**1. Qualitative Information of the Quarterly Consolidated Results****(1) Consolidated Operating Results****U.S. GAAP**

| | Billions of yen | | % Change (B-A)/(A) |
|---|--------------------------|---------------------------|-----------------------|
| | For the six months ended | | |
| | September 30, | | |
| | 2017 (A) | September 30, 2018 (B) | |
| Net revenue | 712.3 | 554.9 | (22.1) |
| Non-interest expenses | 551.8 | 540.8 | (2.0) |
| Income before income taxes | 160.5 | 14.1 | (91.2) |
| Income tax expense | 48.8 | 16.6 | (65.9) |
| Net income (loss) | 111.7 | (2.5) | |
| Less: Net income attributable to noncontrolling interests | 2.9 | 3.5 | 18.3 |
| Net income (loss) attributable to NHI shareholders | 108.7 | (6.0) | |
| Return on shareholders' equity - annualized | 7.7% | (0.4%) | |

Note: Return on shareholders' equity is a ratio of Net income (loss) attributable to NHI shareholders to Total NHI shareholders' equity.

Nomura Holdings, Inc. and its consolidated entities (collectively, "Nomura") reported net revenue of 554.9 billion yen for the six months ended September 30, 2018, a decrease of 22.1% from the same period in the prior year.

Non-interest expenses decreased by 2.0% from the same period in the prior year to 540.8 billion yen. Income before income taxes was 14.1 billion yen and net loss attributable to NHI shareholders was 6.0 billion yen for the six months ended September 30, 2018.

Segment Information

| | Billions of yen | | % Change (B-A)/(A) |
|-------------|--------------------------|---------------------------|-----------------------|
| | For the six months ended | | |
| | September 30, | | |
| | 2017 (A) | September 30, 2018 (B) | |
| Net revenue | 709.6 | 554.0 | (21.9) |

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| | | | |
|-----------------------------------|-------|-------|--------|
| Non-interest expenses | 551.8 | 540.8 | (2.0) |
| Income (loss) before income taxes | 157.7 | 13.2 | (91.6) |

In the above segment information totals, which exclude unrealized gain (loss) on investments in equity securities held for operating purposes, net revenue for the six months ended September 30, 2018 was 554.0 billion yen, a decrease of 21.9% from the same period in the prior year. Non-interest expenses decreased by 2.0% from the same period in the prior year to 540.8 billion yen. Income before income taxes was 13.2 billion yen for the six months ended September 30, 2018. Please refer to page 10 for further details of the differences between U.S. GAAP and business segment amounts.

Table of Contents**<Business Segment Results>****Operating Results of Retail**

| | Billions of yen For the six months ended September 30, | | % Change |
|-----------------------------------|---|---------------------------|-----------|
| | 2017 (A) | September 30, 2018 (B) | (B-A)/(A) |
| Net revenue | 203.5 | 178.5 | (12.3) |
| Non-interest expenses | 153.0 | 146.4 | (4.3) |
| Income (loss) before income taxes | 50.4 | 32.1 | (36.3) |

Net revenue decreased by 12.3% from the same period in the prior year to 178.5 billion yen, primarily due to decreasing commissions from distribution of brokerage and investment trusts. Non-interest expense decreased by 4.3% to 146.4 billion yen. As a result, income before income taxes decreased by 36.3% to 32.1 billion yen.

Operating Results of Asset Management

| | Billions of yen For the six months ended September 30, | | % Change |
|-----------------------------------|---|---------------------------|-----------|
| | 2017 (A) | September 30, 2018 (B) | (B-A)/(A) |
| Net revenue | 63.5 | 50.8 | (20.1) |
| Non-interest expenses | 29.5 | 31.6 | 7.1 |
| Income (loss) before income taxes | 34.0 | 19.2 | (43.6) |

Net revenue decreased by 20.1% from the same period in the prior year to 50.8 billion yen. Non-interest expense increased by 7.1% to 31.6 billion yen. As a result, income before income taxes decreased by 43.6% to 19.2 billion yen. Assets under management were 52.8 trillion yen as of September 30, 2018.

Operating Results of Wholesale

| | Billions of yen For the six months ended | % Change (B-A)/(A) |
|--|--|-----------------------|
|--|--|-----------------------|

| | September 30, 2017 (A) | September 30, 2018 (B) | |
|-----------------------------------|---------------------------------------|-----------------------------------|--------|
| Net revenue | 338.3 | 284.9 | (15.8) |
| Non-interest expenses | 295.9 | 287.5 | (2.9) |
| Income (loss) before income taxes | 42.3 | (2.5) | |

Net revenue decreased by 15.8% from the same period in the prior year to 284.9 billion yen. Non-interest expense decreased by 2.9% to 287.5 billion yen. As a result, loss before income taxes was 2.5 billion yen.

Table of Contents**Other Operating Results**

| | Billions of yen For the six months ended | | % Change |
|-----------------------------------|---|-----------------------------------|------------------|
| | September 30, 2017 (A) | September 30, 2018 (B) | (B-A)/(A) |
| Net revenue | 104.3 | 39.7 | (61.9) |
| Non-interest expenses | 73.4 | 75.4 | 2.7 |
| Income (loss) before income taxes | 30.9 | (35.7) | |

Net revenue was 39.7 billion yen. Loss before income taxes was 35.7 billion yen.

(2) Consolidated Financial Position

Total assets as of September 30, 2018 were 45,360.3 billion yen, an increase of 5,016.4 billion yen compared to March 31, 2018, mainly due to the increase in *Securities purchased under agreements to resell*. Total liabilities as of September 30, 2018 were 42,514.3 billion yen, an increase of 4,970.2 billion yen compared to March 31, 2018, mainly due to the increase in *Securities sold under agreements to repurchase*. Total equity as of September 30, 2018 was 2,846.0 billion yen, an increase of 46.2 billion yen compared to March 31, 2018.

(3) Consolidated Earnings Forecasts

Nomura provides investment, financing and related services in the capital markets on a global basis. In the global capital markets there exist uncertainties due to, but not limited to, economic and market conditions. Nomura, therefore, does not present earnings and dividend forecasts.

Table of Contents**2. Notes to the Summary Information****(1) Changes in Accounting Policies****Revenue recognition**

On April 1, 2018, Nomura adopted Accounting Standards Update 2014-09 Revenue from Contracts with Customers and replaced existing revenue recognition guidance with a new prescriptive model. As a result of this adoption based on the modified retrospective application, the beginning balance of *Retained earnings* has been adjusted.

Changes of offsetting of derivatives

Nomura collects and remits cash margin between its clients and central clearing houses in its execution and clearing services of exchange-traded derivative transactions. Cash margin collected from clients and remitted to central clearing houses was reflected on Nomura's consolidated balance sheets. However, with effect from April 1, 2018, revisiting nature of the transactions, Nomura has revised its accounting policy for when such balances are recognized on Nomura's consolidated group balance sheet and as a result, certain cash margin amounts held on behalf of clients as well as an equivalent amount reflecting the obligation to return such amounts to clients are no longer recognized on the balance sheet if certain criteria are met. Nomura has restated previously reported amounts of *Receivables from other than customers* decreased by 237.0 billion yen and *Payables to other than customers* decreased by 237.0 billion yen, respectively, to conform to the current presentation.

Daily variation margin for certain derivative transactions traded in Japan was reflected on Nomura's consolidated balance sheets. However, from April 1, 2018, Nomura changed its accounting policy as a result of amendment of the rules of a specific central clearing house and daily variation margin is now off-balanced. Nomura has restated previously report amounts of *Trading assets* decreased by 4.9 billion yen, *Receivables from other than customers* decreased by 5.5 billion yen and *Trading liabilities* decreased by 10.4 billion yen respectively to conform to the current presentation.

3. Quarterly Consolidated Financial Statements

The quarterly consolidated financial information herein has been prepared in accordance with Nomura's accounting policies which are disclosed in the notes to the consolidated financial statements of Nomura Holdings, Inc.'s Annual Securities Report (the annual report filed in Japan on June 25, 2018) and Form 20-F (the annual report filed with the U.S. Securities and Exchange Commission on June 25, 2018) for the year ended March 31, 2018.

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

| | March 31, 2018 | Millions of yen September 30, 2018 | Increase/ (Decrease) |
|---|-------------------|--|-------------------------|
| ASSETS | | | |
| Cash and cash deposits: | | | |
| Cash and cash equivalents | 2,354,639 | 2,975,414 | 620,775 |
| Time deposits | 315,445 | 194,827 | (120,618) |
| Deposits with stock exchanges and other segregated cash | 288,962 | 294,180 | 5,218 |
| Total cash and cash deposits | 2,959,046 | 3,464,421 | 505,375 |
| Loans and receivables: | | | |
| Loans receivable | 2,462,503 | 2,308,099 | (154,404) |
| Receivables from customers | 442,343 | 600,758 | 158,415 |
| Receivables from other than customers | 973,867 | 677,956 | (295,911) |
| Allowance for doubtful accounts | (3,514) | (3,964) | (450) |
| Total loans and receivables | 3,875,199 | 3,582,849 | (292,350) |
| Collateralized agreements: | | | |
| Securities purchased under agreements to resell | 9,853,898 | 15,412,852 | 5,558,954 |
| Securities borrowed | 6,383,845 | 4,509,602 | (1,874,243) |
| Total collateralized agreements | 16,237,743 | 19,922,454 | 3,684,711 |
| Trading assets and private equity investments: | | | |
| Trading assets* | 14,962,690 | 16,084,405 | 1,121,715 |
| Private equity investments | 17,466 | 18,055 | 589 |
| Total trading assets and private equity investments | 14,980,156 | 16,102,460 | 1,122,304 |
| Other assets: | | | |
| Office buildings, land, equipment and facilities | | | |
| (net of accumulated depreciation and amortization of ¥397,834 million as of March 31, 2018 and ¥423,552 million as of September 30, 2018) | | | |
| | 338,984 | 323,938 | (15,046) |
| Non-trading debt securities* | 485,891 | 451,875 | (34,016) |
| Investments in equity securities* | 150,760 | 150,820 | 60 |
| Investments in and advances to affiliated companies* | 408,034 | 418,330 | 10,296 |
| Other | 908,134 | 943,192 | 35,058 |
| Total other assets | 2,291,803 | 2,288,155 | (3,648) |
| Total assets | 40,343,947 | 45,360,339 | 5,016,392 |

* Including securities pledged as collateral

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| | March 31, 2018 | Millions of yen September 30, 2018 | Increase/ (Decrease) |
|--|-------------------|--|-------------------------|
| LIABILITIES AND EQUITY | | | |
| Short-term borrowings | 743,497 | 980,269 | 236,772 |
| Payables and deposits: | | | |
| Payables to customers | 1,176,773 | 1,318,876 | 142,103 |
| Payables to other than customers | 1,239,540 | 1,422,757 | 183,217 |
| Deposits received at banks | 1,151,342 | 1,182,640 | 31,298 |
| Total payables and deposits | 3,567,655 | 3,924,273 | 356,618 |
| Collateralized financing: | | | |
| Securities sold under agreements to repurchase | 14,759,010 | 18,645,764 | 3,886,754 |
| Securities loaned | 1,524,363 | 1,371,260 | (153,103) |
| Other secured borrowings | 413,621 | 420,362 | 6,741 |
| Total collateralized financing | 16,696,994 | 20,437,386 | 3,740,392 |
| Trading liabilities | 8,202,936 | 8,600,314 | 397,378 |
| Other liabilities | 950,534 | 877,846 | (72,688) |
| Long-term borrowings | 7,382,507 | 7,694,241 | 311,734 |
| Total liabilities | 37,544,123 | 42,514,329 | 4,970,206 |
| Equity | | | |
| NHI shareholders' equity: | | | |
| Common stock | | | |
| Authorized - 6,000,000,000 shares | | | |
| Issued - 3,643,562,601 shares as of March 31, 2018 and 3,643,562,601 shares as of September 30, 2018 | | | |
| Outstanding - 3,392,937,486 shares as of March 31, 2018 and 3,382,481,612 shares as of September 30, 2018 | | | |
| Additional paid-in capital | 594,493 | 594,493 | |
| Retained earnings | 675,280 | 681,058 | 5,778 |
| Accumulated other comprehensive income (loss) | 1,696,890 | 1,681,445 | (15,445) |
| Total NHI shareholders' equity before treasury stock | (59,356) | 6,373 | 65,729 |
| Common stock held in treasury, at cost - 250,625,115 shares as of March 31, 2018 and 261,080,989 shares as of September 30, 2018 | 2,907,307 | 2,963,369 | 56,062 |
| Total NHI shareholders' equity | (157,987) | (162,592) | (4,605) |
| Noncontrolling interests | 2,749,320 | 2,800,777 | 51,457 |

| | | | |
|------------------------------|------------|------------|-----------|
| Total equity | 2,799,824 | 2,846,010 | 46,186 |
| Total liabilities and equity | 40,343,947 | 45,360,339 | 5,016,392 |

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

| | Millions of yen | | % Change (B-A)/(A) |
|--|---|----------------|-----------------------|
| | For the six months ended September 30, September 30, | | |
| | 2017(A) | 2018(B) | |
| Revenue: | | | |
| Commissions | 176,292 | 154,239 | (12.5) |
| Fees from investment banking | 49,790 | 43,078 | (13.5) |
| Asset management and portfolio service fees | 119,555 | 125,721 | 5.2 |
| Net gain on trading | 208,858 | 147,639 | (29.3) |
| Gain on private equity investments | 29 | 874 | |
| Interest and dividends | 276,004 | 358,293 | 29.8 |
| Gain on investments in equity securities | 3,122 | 988 | (68.4) |
| Other | 96,665 | 48,534 | (49.8) |
| Total revenue | 930,315 | 879,366 | (5.5) |
| Interest expense | 217,999 | 324,447 | 48.8 |
| Net revenue | 712,316 | 554,919 | (22.1) |
| Non-interest expenses: | | | |
| Compensation and benefits | 258,284 | 253,500 | (1.9) |
| Commissions and floor brokerage | 49,017 | 40,514 | (17.3) |
| Information processing and communications | 91,832 | 81,476 | (11.3) |
| Occupancy and related depreciation | 34,265 | 32,840 | (4.2) |
| Business development expenses | 16,232 | 18,233 | 12.3 |
| Other | 102,204 | 114,246 | 11.8 |
| Total non-interest expenses | 551,834 | 540,809 | (2.0) |
| Income before income taxes | 160,482 | 14,110 | (91.2) |
| Income tax expense | 48,828 | 16,633 | (65.9) |
| Net income (loss) | 111,654 | (2,523) | |
| Less: Net income attributable to noncontrolling interests | 2,948 | 3,487 | 18.3 |
| Net income (loss) attributable to NHI shareholders | 108,706 | (6,010) | |
| Per share of common stock: | | | |
| | Yen | | % Change |
| Basic- | | | |
| Net income (loss) attributable to NHI shareholders per share | 30.79 | (1.77) | |

Diluted-

| | | |
|--|-------|--------|
| Net income (loss) attributable to NHI shareholders per share | 30.20 | (1.78) |
|--|-------|--------|

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

| | Millions of yen | | % Change (B-A)/(A) |
|---|---|---------|-----------------------|
| | For the six months ended September 30, September 30, | | |
| | 2017(A) | 2018(B) | |
| Net income (loss) | 111,654 | (2,523) | |
| Other comprehensive income (loss): | | | |
| Cumulative translation adjustments: | | | |
| Cumulative translation adjustments | 10,636 | 64,297 | 504.5 |
| Deferred income taxes | (801) | (1,966) | |
| Total | 9,835 | 62,331 | 533.8 |
| Defined benefit pension plans: | | | |
| Pension liability adjustment | 381 | 2,064 | 441.7 |
| Deferred income taxes | (18) | (807) | |
| Total | 363 | 1,257 | 246.3 |
| Non-trading securities: | | | |
| Net unrealized gain (loss) on non-trading securities | 1,487 | | (100.0) |
| Deferred income taxes | (179) | | |
| Total | 1,308 | | (100.0) |
| Own Credit Adjustments: | | | |
| Own Credit Adjustments: | (10,670) | 4,720 | |
| Deferred income taxes | 1,331 | (1,380) | |
| Total | (9,339) | 3,340 | |
| Total other comprehensive income (loss) | 2,167 | 66,928 | |
| Comprehensive income | 113,821 | 64,405 | (43.4) |
| Less: Comprehensive income attributable to noncontrolling interests | 3,182 | 4,686 | 47.3 |
| Comprehensive income attributable to NHI shareholders | 110,639 | 59,719 | (46.0) |

(4) Note with respect to the Assumption as a Going Concern

Not applicable.

Table of Contents**(5) Segment Information Operating Segment**

The following table shows business segment information and reconciliation items to the consolidated statements of income.

| | Millions of yen | | % Change (B-A)/(A) |
|--|--|------------------------|-----------------------|
| | For the six months ended September 30, 2017 (A) | September 30, 2018 (B) | |
| Net revenue | | | |
| Business segment information: | | | |
| Retail | 203,470 | 178,543 | (12.3) |
| Asset Management | 63,515 | 50,770 | (20.1) |
| Wholesale | 338,279 | 284,950 | (15.8) |
| Subtotal | 605,264 | 514,263 | (15.0) |
| Other | 104,317 | 39,720 | (61.9) |
| Net revenue | 709,581 | 553,983 | (21.9) |
| Reconciliation items: | | | |
| Unrealized gain (loss) on investments in equity securities held for operating purposes | 2,735 | 936 | (65.8) |
| Net revenue | 712,316 | 554,919 | (22.1) |
| Non-interest expenses | | | |
| Business segment information: | | | |
| Retail | 153,031 | 146,403 | (4.3) |
| Asset Management | 29,477 | 31,574 | 7.1 |
| Wholesale | 295,943 | 287,459 | (2.9) |
| Subtotal | 478,451 | 465,436 | (2.7) |
| Other | 73,383 | 75,373 | 2.7 |
| Non-interest expenses | 551,834 | 540,809 | (2.0) |
| Reconciliation items: | | | |
| Unrealized gain (loss) on investments in equity securities held for operating purposes | | | |
| Non-interest expenses | 551,834 | 540,809 | (2.0) |
| Income (loss) before income taxes | | | |

Business segment information:

| | | | |
|--|---------|----------|--------|
| Retail | 50,439 | 32,140 | (36.3) |
| Asset Management | 34,038 | 19,196 | (43.6) |
| Wholesale | 42,336 | (2,509) | |
| Subtotal | 126,813 | 48,827 | (61.5) |
| Other* | 30,934 | (35,653) | |
| Income (loss) before income taxes | 157,747 | 13,174 | (91.6) |
| Reconciliation items: | | | |
| Unrealized gain (loss) on investments in equity securities held for operating purposes | 2,735 | 936 | (65.8) |
| Income (loss) before income taxes | 160,482 | 14,110 | (91.2) |

*** Major components**

Transactions between operating segments are recorded within segment results on commercial terms and conditions, and are eliminated in Other.

The following table presents the major components of income (loss) before income taxes in Other.

| | Millions of yen | | % Change |
|--|---------------------------|----------------------|------------------|
| | For the six months | | |
| | ended | | |
| | September 30, | September 30, | |
| | 2017 (A) | 2018 (B) | (B-A)/(A) |
| Net gain (loss) related to economic hedging transactions | (96) | (29,825) | |
| Realized gain (loss) on investments in equity securities held for operating purposes | 387 | 52 | (86.6) |
| Equity in earnings of affiliates | 15,430 | 15,155 | (1.8) |
| Corporate items | 1,751 | (26,201) | |
| Other | 13,462 | 5,166 | (61.6) |
| Total | 30,934 | (35,653) | |

Table of Contents**(6) Significant Changes in Equity**

Not applicable. For further details of the changes, please refer below.

| | Millions of yen For the six months ended September 30, 2018 |
|--|--|
| Common stock | |
| Balance at beginning of year | 594,493 |
| Balance at end of period | 594,493 |
| Additional paid-in capital | |
| Balance at beginning of year | 675,280 |
| Stock-based compensation awards | 5,778 |
| Balance at end of period | 681,058 |
| Retained earnings | |
| Balance at beginning of year | 1,696,890 |
| Cumulative effect of change in accounting principle(1) | 1,564 |
| Net income (loss) attributable to NHI shareholders | (6,009) |
| Cash dividends | (10,147) |
| Gain (loss) on sales of treasury stock | (853) |
| Balance at end of period | 1,681,445 |
| Accumulated other comprehensive income (loss) | |
| Cumulative translation adjustments | |
| Balance at beginning of year | (15,596) |
| Net change during the period | 61,132 |
| Balance at end of period | 45,536 |
| Defined benefit pension plans | |
| Balance at beginning of year | (47,837) |
| Pension liability adjustment | 1,257 |
| Balance at end of period | (46,580) |
| Own credit adjustments | |
| Balance at beginning of year | 4,077 |
| Own credit adjustments | 3,340 |
| Balance at end of period | 7,417 |
| Balance at end of period | 6,373 |

| | |
|---------------------------------------|-----------|
| Common stock held in treasury | |
| Balance at beginning of year | (157,987) |
| Repurchases of common stock | (9,933) |
| Sale of common stock | 0 |
| Common stock issued to employees | 5,328 |
| Balance at end of period | (162,592) |
| Total NHI shareholders' equity | |
| Balance at end of period | 2,800,777 |
| Noncontrolling interests | |
| Balance at beginning of year | 50,504 |
| Net change during the period | (5,271) |
| Balance at end of period | 45,233 |
| Total equity | |
| Balance at end of period | 2,846,010 |

(1) In relation to *Cumulative effect of change in accounting principle*, please refer to section 2. *Notes to the Summary Information (1) Changes in Accounting Policies*.

Table of Contents**4. Supplementary Information****(1) Consolidated Statements of Income Quarterly Comparatives**

| | Millions of yen For the three months ended | | | | | | % Change (B-A)/(A) | Millions of yen For the year ended March 31, 2018 |
|---|---|-----------------------|----------------------|-------------------|---------------------|--------------------------|--------------------------|---|
| | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018(A) | September 30, 2018(B) | | |
| Revenue: | | | | | | | | |
| Commissions | 90,968 | 85,324 | 101,655 | 95,366 | 79,456 | 74,783 | (5.9) | 373,313 |
| Fees from investment banking | 22,707 | 27,083 | 29,289 | 22,584 | 23,959 | 19,119 | (20.2) | 101,663 |
| Asset management and portfolio service fees | 58,343 | 61,212 | 63,767 | 62,294 | 62,981 | 62,740 | (0.4) | 245,616 |
| Net gain on trading | 120,467 | 88,391 | 87,725 | 146,302 | 71,887 | 75,752 | 5.4 | 442,885 |
| Gain (loss) on private equity investments | 359 | (330) | (2,381) | 1,483 | 553 | 321 | (42.0) | (869) |
| Interest and dividends | 134,392 | 141,612 | 161,445 | 148,226 | 169,590 | 188,703 | 11.3 | 585,675 |
| Gain (loss) on investments in equity securities | 62 | 3,060 | 4,532 | (4,971) | 2,092 | (1,104) | | 2,683 |
| Other | 40,628 | 56,037 | 84,597 | 39,930 | 20,467 | 28,067 | 37.1 | 221,192 |
| Total revenue | 467,926 | 462,389 | 530,629 | 511,214 | 430,985 | 448,381 | 4.0 | 1,972,158 |
| Interest expense | 107,103 | 110,896 | 124,013 | 133,177 | 158,988 | 165,459 | 4.1 | 475,189 |
| Net revenue | 360,823 | 351,493 | 406,616 | 378,037 | 271,997 | 282,922 | 4.0 | 1,496,969 |
| Non-interest expenses: | | | | | | | | |
| Compensation and benefits | 136,249 | 122,035 | 131,372 | 140,985 | 127,700 | 125,800 | (1.5) | 530,641 |
| Commissions and floor brokerage | 23,775 | 25,242 | 25,252 | 25,599 | 20,935 | 19,579 | (6.5) | 99,868 |
| Information processing and communications | 44,569 | 47,263 | 49,049 | 43,900 | 40,961 | 40,515 | (1.1) | 184,781 |
| Occupancy and related depreciation | 17,056 | 17,209 | 16,805 | 16,825 | 16,376 | 16,464 | 0.5 | 67,895 |
| Business development expenses | 8,409 | 7,823 | 9,801 | 10,729 | 8,896 | 9,337 | 5.0 | 36,762 |
| Other | 53,322 | 48,882 | 53,584 | 93,076 | 43,486 | 70,760 | 62.7 | 248,864 |

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| | | | | | | | | |
|--|---------|---------|---------|------------|---------|----------|-----------------|------------|
| Total non-interest expenses | 283,380 | 268,454 | 285,863 | 331,114 | 258,354 | 282,455 | 9.3 | 1,168,811 |
| Income before income taxes | 77,443 | 83,039 | 120,753 | 46,923 | 13,643 | 467 | (96.6) | 328,158 |
| Income tax expense | 19,405 | 29,423 | 30,960 | 24,078 | 6,930 | 9,703 | 40.0 | 103,866 |
| Net income (loss) | 58,038 | 53,616 | 89,793 | 22,845 | 6,713 | (9,236) | | 224,292 |
| Less: Net income attributable to noncontrolling interests | 1,182 | 1,766 | 1,831 | 170 | 1,490 | 1,997 | 34.0 | 4,949 |
| Net income (loss) attributable to NHI shareholders | 56,856 | 51,850 | 87,962 | 22,675 | 5,223 | (11,233) | | 219,343 |
| | | | | Yen | | | % Change | Yen |
| Per share of common stock: | | | | | | | | |
| Basic- | | | | | | | | |
| Net income (loss) attributable to NHI shareholders per share | 16.07 | 14.70 | 25.55 | 6.68 | 1.54 | (3.31) | | 63.13 |
| Diluted- | | | | | | | | |
| Net income (loss) attributable to NHI shareholders per share | 15.77 | 14.45 | 25.12 | 6.56 | 1.50 | (3.32) | | 61.88 |

Table of Contents**(2) Business Segment Information Quarterly Comparatives**

The following table shows quarterly business segment information and reconciliation items to the consolidated statements of income.

| | Millions of yen For the three months ended | | | | % Change | | Millions of yen | |
|--|---|-----------------------|----------------------|-------------------|---------------------|--------------------------|--|-----------|
| | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | June 30, 2018(A) | September 30, 2018(B) | (B-A)/(A) For the year ended March 31, 2018 | |
| Net revenue | | | | | | | | |
| Business segment information: | | | | | | | | |
| Retail | 101,684 | 101,786 | 111,284 | 98,154 | 92,833 | 85,710 | (7.7) | 412,908 |
| Asset Management | 28,097 | 35,418 | 36,503 | 27,319 | 26,089 | 24,681 | (5.4) | 127,337 |
| Wholesale | 179,316 | 158,963 | 165,648 | 211,406 | 137,290 | 147,660 | 7.6 | 715,333 |
| Subtotal | 309,097 | 296,167 | 313,435 | 336,879 | 256,212 | 258,051 | 0.7 | 1,255,578 |
| Other | 51,707 | 52,610 | 89,023 | 46,153 | 13,738 | 25,982 | 89.1 | 239,493 |
| Net revenue | 360,804 | 348,777 | 402,458 | 383,032 | 269,950 | 284,033 | 5.2 | 1,495,071 |
| Reconciliation items: | | | | | | | | |
| Unrealized gain (loss) on investments in equity securities held for operating purposes | 19 | 2,716 | 4,158 | (4,995) | 2,047 | (1,111) | | 1,898 |
| Net revenue | 360,823 | 351,493 | 406,616 | 378,037 | 271,997 | 282,922 | 4.0 | 1,496,969 |
| Non-interest expenses | | | | | | | | |
| Business segment information: | | | | | | | | |
| Retail | 76,792 | 76,239 | 79,997 | 76,743 | 72,909 | 73,494 | 0.8 | 309,771 |
| Asset Management | 14,527 | 14,950 | 15,671 | 16,019 | 15,806 | 15,768 | (0.2) | 61,167 |
| Wholesale | 153,963 | 141,980 | 151,602 | 167,200 | 144,714 | 142,745 | (1.4) | 614,745 |
| Subtotal | 245,282 | 233,169 | 247,270 | 259,962 | 233,429 | 232,007 | (0.6) | 985,683 |
| Other | 38,098 | 35,285 | 38,593 | 71,152 | 24,925 | 50,448 | 102.4 | 183,128 |

| | | | | | | | | |
|-----------------------|---------|---------|---------|---------|---------|---------|-----|-----------|
| Non-interest expenses | 283,380 | 268,454 | 285,863 | 331,114 | 258,354 | 282,455 | 9.3 | 1,168,811 |
|-----------------------|---------|---------|---------|---------|---------|---------|-----|-----------|

Reconciliation items:

Unrealized gain (loss) on investments in equity securities held for operating purposes

| | | | | | | | | |
|-----------------------|---------|---------|---------|---------|---------|---------|-----|-----------|
| Non-interest expenses | 283,380 | 268,454 | 285,863 | 331,114 | 258,354 | 282,455 | 9.3 | 1,168,811 |
|-----------------------|---------|---------|---------|---------|---------|---------|-----|-----------|

Income (loss) before income taxes

Business segment information:

| | | | | | | | | |
|------------------|--------|--------|--------|----------|----------|----------|--------|---------|
| Retail | 24,892 | 25,547 | 31,287 | 21,411 | 19,924 | 12,216 | (38.7) | 103,137 |
| Asset Management | 13,570 | 20,468 | 20,832 | 11,300 | 10,283 | 8,913 | (13.3) | 66,170 |
| Wholesale | 25,353 | 16,983 | 14,046 | 44,206 | (7,424) | 4,915 | | 100,588 |
| Subtotal | 63,815 | 62,998 | 66,165 | 76,917 | 22,783 | 26,044 | 14.3 | 269,895 |
| Other* | 13,609 | 17,325 | 50,430 | (24,999) | (11,187) | (24,466) | | 56,365 |

| | | | | | | | | |
|-----------------------------------|--------|--------|---------|--------|--------|-------|--------|---------|
| Income (loss) before income taxes | 77,424 | 80,323 | 116,595 | 51,918 | 11,596 | 1,578 | (86.4) | 326,260 |
|-----------------------------------|--------|--------|---------|--------|--------|-------|--------|---------|

Reconciliation items:

Unrealized gain (loss) on investments in equity

securities held for operating purposes

| | | | | | | | | |
|--|----|-------|-------|---------|-------|---------|--|-------|
| | 19 | 2,716 | 4,158 | (4,995) | 2,047 | (1,111) | | 1,898 |
|--|----|-------|-------|---------|-------|---------|--|-------|

| | | | | | | | | |
|-----------------------------------|--------|--------|---------|--------|--------|-----|--------|---------|
| Income (loss) before income taxes | 77,443 | 83,039 | 120,753 | 46,923 | 13,643 | 467 | (96.6) | 328,158 |
|-----------------------------------|--------|--------|---------|--------|--------|-----|--------|---------|

*** Major components**

Transactions between operating segments are recorded within segment results on commercial terms and conditions, and are eliminated in Other.

The following table presents the major components of income (loss) before income taxes in Other.

| | Millions of yen For the three months ended | | | | June 30, 2018(A) | September 30, 2018(B) | % Change (B-A)/(A) | Millions of yen |
|--|---|--------------------|-------------------|----------------|------------------|-----------------------|-----------------------|--------------------------------------|
| | June 30, 2017 | September 30, 2017 | December 31, 2017 | March 31, 2018 | | | | For the year ended March 31, 2018 |
| Net gain (loss) related to economic hedging transactions | (654) | 558 | (8,019) | 1,654 | (13,807) | (16,018) | | (6,461) |
| Realized gain (loss) on investments in equity securities held for operating purposes | 43 | 344 | 374 | 24 | 45 | 7 | (84.4) | 785 |
| Equity in earnings of affiliates | 7,022 | 8,408 | 7,801 | 11,017 | 6,619 | 8,536 | 29.0 | 34,248 |
| Corporate items | 154 | 1,597 | (3,386) | (40,249) | (2,482) | (23,719) | | (41,884) |
| Other | 7,044 | 6,418 | 53,660 | 2,555 | (1,562) | 6,728 | | 69,677 |
| Total | 13,609 | 17,325 | 50,430 | (24,999) | (11,187) | (24,466) | | 56,365 |

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(3) Other

Quarterly financial information for Nomura Securities Co., Ltd. can be found at the following URL.

https://www.nomuraholdings.com/company/group/nsc/pdf/2019_2q.pdf