

NOMURA HOLDINGS INC
Form 6-K
February 25, 2009
Table of Contents

FORM 6-K

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

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

the Securities Exchange Act of 1934

Commission File Number: 1-15270

Supplement for the month of February 2009.

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)

Edgar Filing: NOMURA HOLDINGS INC - Form 6-K

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):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- .

Table of Contents

Information furnished on this form:

EXHIBIT

Exhibit Number

1. (English Translation) Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for the Nine Months Ended December 31, 2008
2. Confirmation Letter
3. Information released by Nomura Holdings, Inc. on February 23, 2009

Table of Contents

SIGNATURES

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

NOMURA HOLDINGS, INC.

Date: February 25, 2009

By: /s/ Shinichiro Watanabe
Shinichiro Watanabe
Senior Corporate Managing Director

Table of Contents

Quarterly Securities Report Pursuant to the Financial Instruments and Exchange Act for the Nine Months Ended December 31, 2008

Items included in the Quarterly Securities Report

	Page
<u>PART I Corporate Information</u>	1
<u>Item 1. Information on the Company and Its Subsidiaries and Affiliates</u>	1
<u>1. Selected Financial Data</u>	1
<u>2. Business Overview</u>	1
3. Subsidiaries and Affiliates	
4. Employees	
<u>Item 2. Operating and Financial Review</u>	2
<u>1. Significant Contracts</u>	2
<u>2. Operating and Financial Analysis</u>	2
Item 3. Property, Plants and Equipment	
<u>Item 4. Company Information</u>	16
<u>1. Share Capital Information</u>	16
<u>2. Share Price History</u>	79
3. Directors and Senior Management	
<u>Item 5. Financial Information</u>	80
<u>Preparation Method of Consolidated Financial Statements and Quarterly Review Certificate</u>	80
<u>1. Consolidated Financial Statements</u>	81
<u>(1) Consolidated Balance Sheets (UNAUDITED)</u>	81
<u>(2) Consolidated Statements of Operations (UNAUDITED)</u>	83
<u>(3) Consolidated Statements of Changes in Shareholders' Equity (UNAUDITED)</u>	85
<u>(4) Consolidated Statements of Comprehensive Income (UNAUDITED)</u>	86
<u>(5) Consolidated Statements of Cash Flows (UNAUDITED)</u>	87
<u>Notes to the Consolidated Financial Statements (UNAUDITED)</u>	88
<u>2. Other</u>	114
PART II Information on Guarantor of the Company	
<u>Quarterly Review Report of Independent Accountants</u>	116
<u>Confirmation Letter</u>	117

Note: Translations for the underlined items are attached to this form as below.

Table of Contents**Part I Corporate Information****Item 1. Information on the Company and Its Subsidiaries and Affiliates**

1. Selected Financial Data

		Nine months ended December 31, 2008	Three months ended December 31, 2008	Year ended March 31, 2008
Revenue	(Mil yen)	518,318	2,710	1,593,722
Net revenue	(Mil yen)	213,406	(49,746)	787,257
Loss before income taxes	(Mil yen)	(553,147)	(399,542)	(64,588)
Net loss	(Mil yen)	(492,358)	(342,894)	(67,847)
Shareholders' equity	(Mil yen)		1,419,003	1,988,124
Total assets	(Mil yen)		22,454,509	25,236,054
Shareholders' equity per share	(Yen)		743.24	1,042.60
Net loss per share - basic	(Yen)	(257.98)	(179.62)	(35.55)
Net loss per share - diluted	(Yen)	(258.62)	(180.97)	(35.57)
Shareholders' equity as a percentage of total assets	(%)		6.3	7.9
Cash flows from operating activities	(Mil yen)	(262,704)		(647,906)
Cash flows from investing activities	(Mil yen)	(128,533)		(102,019)
Cash flows from financing activities	(Mil yen)	474,909		942,879
Cash and cash equivalents at end of the period	(Mil yen)		523,087	507,236
Number of staffs			26,318	18,026

(Notes)

- The selected consolidated financial data are stated in accordance with the generally accepted accounting principles in the United States of America.
- The consumption tax and local consumption tax on taxable transactions are accounted for based on the tax exclusion method.
- The selected stand alone financial data are not prepared because the consolidated financial statements have been prepared.
- In accordance with FASB Staff Position No.39-1, *Amendment of FASB Interpretation No.39* (FSP FIN 39-1), the consolidated balance sheet as of March 31, 2008 have been reclassified. Such reclassification has been made in Total assets and Shareholders' equity as a percentage of total assets. The amounts previously reported are as follows:

	Year ended March 31, 2008
Total assets (Mil yen)	26,298,798
Shareholders' equity as a percentage of total assets (%)	7.6

2. Business Overview

Edgar Filing: NOMURA HOLDINGS INC - Form 6-K

There was no significant change for the business of Nomura Holdings, Inc. (Company) and its 327 consolidated subsidiaries and variable interest entities (collectively referred to as Nomura , we , our , or us) for the three months ended December 31, 2008. There are 15 affiliated companies which were accounted for by the equity method at December 31, 2008.

Table of Contents**Item 2. Operating and Financial Review**

1. Significant Contracts

In October 2008, Nomura acquired the most parts of Lehman Brothers (Lehman) Asia Pacific operations including Japan and Australia and its European and Middle Eastern equities and investment banking operations, as well as hired a certain of former Lehman's fixed income employees in Europe. Nomura also acquired Lehman's IT and other service related platform in India. The deals do not include any trading assets or trading liabilities of Lehman.

For a further discussion, please see Item 5. Financial Information, 1. Consolidated Financial Statements, Note 6. Business combinations and Item 5. Financial Information, 2. Other.

2. Operating and Financial Analysis

(1) Operating Results

For the three months ended December 31, 2008, the financial uncertainty spread from the U.S. to other markets around the world and a global plunge in share prices caused further turmoil in the financial markets. Despite the coordinated efforts to this turmoil of governments and financial authorities around the world, the global financial crisis intensified from late October into November as unprecedented turmoil hit the markets and the impact of the crisis spread to the real economy.

Under these environments, Nomura reported net revenue of negative ¥49.7 billion, non-interest expenses of ¥349.8 billion, loss before income taxes of ¥399.5 billion, and net loss of ¥342.9 billion for the three months ended December 31, 2008.

The breakdown of Net revenue and Non-interest expenses on the consolidated statements of operations are as follows.

	Three months ended December 31, 2008 (Mil Yen)
Commissions	¥ 73,373
Brokerage commissions	60,208
Commissions for distribution of investment trust	6,897
Other	6,268
Fees from investment banking	19,678
Underwriting and distribution	9,424
M&A / financial advisory fees	10,119
Other	135
Asset management and portfolio service fees	29,410
Asset management fees	26,027
Other	3,383
Net loss on trading	(134,518)
Merchant banking	(584)
Equity trading	(13,973)
Fixed income and other trading	(119,961)
Loss on private equity investments	(24,782)
Net interest	(6,557)
Loss on investments in equity securities	(12,938)
Other	6,588
Net revenue	¥ (49,746)

Edgar Filing: NOMURA HOLDINGS INC - Form 6-K

	Three months ended December 31, 2008 (Mil Yen)	
Compensation and benefits	¥	161,823
Commissions and floor brokerage		17,561
Information processing and communications		40,838
Occupancy and related depreciation		23,245
Business development expenses		8,123
Other		98,206
Non-interest expenses	¥	349,796

Table of Contents

Business Segment Information

Results by business segment are as follows.

Reconciliations of Net revenue and Loss before income taxes on segment results of operations and the consolidated statements of operations are set forth in Item 5. Financial Information, 1. Consolidated Financial Statements, Note 12. Segment and geographic information.

Net revenue

	Three months ended December 31, 2008 (Mil Yen)
Domestic Retail	¥ 69,650
Global Markets	(171,084)
Global Investment Banking	22,658
Global Merchant Banking	(34,987)
Asset Management	10,842
Other (Inc. elimination)	64,727
Total	¥ (38,194)

Non-interest expenses

	Three months ended December 31, 2008 (Mil Yen)
Domestic Retail	¥ 67,370
Global Markets	124,438
Global Investment Banking	42,601
Global Merchant Banking	2,604
Asset Management	12,933
Other (Inc. elimination)	99,850
Total	¥ 349,796

Income (loss) before income taxes

	Three months ended December 31, 2008 (Mil Yen)
Domestic Retail	¥ 2,280
Global Markets	(295,522)
Global Investment Banking	(19,943)
Global Merchant Banking	(37,591)
Asset Management	(2,091)
Other (Inc. elimination)	(35,123)
Total	¥ (387,990)

Table of Contents

Domestic Retail

Domestic Retail remained profitable throughout the quarter despite the difficult market environment, recording net revenue of ¥69.7 billion and income before income taxes was ¥2.3 billion for the three months ended December 31, 2008. As a result of the fall in the stock market, Domestic Retail client assets declined by 10 trillion yen compared to the end of September to 58.3 trillion yen.

A number of offerings including a public offering by Mitsubishi UFJ Financial Group and a subordinated bond issuance by Nomura Holdings saw robust demand during the quarter. Customer traffic increased considerably at branch offices nationwide as retail investors sought advice on the dematerialization of stock certificates in Japan and looked to invest in equities. Net asset inflow for the third quarter was 1.44 trillion yen. Nomura's retail client base continued to increase with the number of new accounts opened of approximately 218,000. Also, the total accounts with an outstanding balance were up approximately 160,000 from the prior quarter to 4,440,000 accounts.

Global Markets

Net revenue in Global Markets was negative ¥171.1 billion and loss before income taxes was ¥295.5 billion for the three months ended December 31, 2008. One-off losses including Nomura's exposure to Iceland of ¥43.1 billion and Madoff of ¥32.3 billion were booked during the quarter in addition to trading losses of ¥147.0 billion resulting from unprecedented market volatility.

Some results of early successes from integration with Lehman franchise include an increase in activity in the Japanese government bond and equity flow businesses, the provision of currency solutions for investment banking transactions in Asia, and a large portfolio-related transaction for a European financial institution.

Global Investment Banking

Global Investment Banking reported net revenue of ¥22.7 billion and loss before income taxes of ¥19.9 billion for the three months ended December 31, 2008. Although revenues rebounded on large underwriting deals such as Mitsubishi UFJ Financial Group's public offering, costs increased due to the acquisition of the Lehman franchise.

Nomura topped the Asia (ex-Japan) M&A financial advisors league table(*) for the calendar year 2008. The integration of the Lehman franchise is producing steady results and Nomura has had a string of successes in cross-border M&A deals such as Sinopec's acquisition of Canada's Tanganyika Oil.

(*) Source: Thomson Reuters

Global Merchant Banking

Net revenue in Global Merchant Banking was negative ¥35.0 billion and loss before income taxes was ¥37.6 billion for the three months ended December 31, 2008 due primarily to write-downs on private equity investments. We also made an additional investment of ¥50.0 billion in Skylark which is our private equity investee company.

Asset Management

Net revenue in Asset Management was ¥10.8 billion and loss before income taxes was ¥2.1 billion for the three months ended December 31, 2008. The decrease in asset management fees is due to a decline in assets under management resulting from the slump in stock prices and appreciation of the yen. Write-downs were also made to the value of pilot funds used for product development.

Other Operating Results

Other operating results include net gain on trading related to economic hedging transactions, realized gain on investments in equity securities, equity in earnings of affiliates, corporate items, impairment loss on investment in affiliates and other financial adjustments. Net revenue in Other was ¥64.7 billion. Loss before income taxes was ¥35.1 billion for the three months ended December 31, 2008.

Geographic Information

Edgar Filing: NOMURA HOLDINGS INC - Form 6-K

Please refer to Item 5. Financial Information, 1. Consolidated Financial Statements, Note 12. Segment and geographic information for net revenue and loss before income taxes by geographic region.

Cash Flow Information

Please refer to (5) Liquidity and Capital Resource.

Table of Contents

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

1) Exposure to Certain Financial Instruments and Counterparties

Challenging market conditions continue to impact numerous products including securitization products and leveraged finance which Nomura has certain exposure to. Nomura also has exposures to Special Purpose Entities (SPEs) and monoline insurers in the normal course of business.

Securitization Products

Nomura's exposure to securitization products mainly consists of Commercial Mortgage-Backed Securities (CMBS), Residential Mortgage-Backed Securities (RMBS), and commercial real estate-backed securities. Nomura holds these securitization products in connection with securitization, financing, trading and other activities. The following table provides a summary of Nomura's exposure to securitization products by geographic location of the underlying collateral as of December 31, 2008.

	Millions of yen				
	December 31, 2008				
	Japan	Asia	Europe	America	Total
Commercial mortgage-backed securities	¥ 9,895	¥	¥	¥ 5,035	¥ 14,930
Residential mortgage-backed securities	38,398			12,782	51,180
Commercial real estate-backed securities	42,571				42,571
Other securitization products	45,167	2,255	357	3,138	50,917
Total	¥ 136,031	¥ 2,255	¥ 357	¥ 20,955	¥ 159,598

- (1) The balances shown exclude those for which Nomura transferred financial assets to securitization vehicles where such transfers were accounted for as secured financing rather than sales under Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* (SFAS140), and in which Nomura has no continuing economic exposure.
- (2) Nomura has ¥70,455 million exposure, as whole loans and commitments, to U.S. CMBS-related business as at December 31, 2008. The following table sets forth Nomura's exposure to CMBS by geographical region and external credit rating of the underlying collateral as of December 31, 2008.

	Millions of yen					
	December 31, 2008					
	AAA	AA	A	Not rated	Ginnie Mae/GSE ⁽¹⁾	Total
Japan	¥ 5,277	¥	¥ 298	¥ 4,320	¥	¥ 9,895
America	2,421	577	136		1,901	5,035
Total	¥ 7,698	¥ 577	¥ 434	¥ 4,320	¥ 1,901	¥ 14,930

- (1) Ginnie Mae refers to Government National Mortgage Association. GSE refers to Government Sponsored Enterprises.
- (2)

Edgar Filing: NOMURA HOLDINGS INC - Form 6-K

Rating based on the lowest rating given by Standard & Poor's, Moody's Investors Service, Fitch Ratings Ltd., Japan Credit Rating Agency, Ltd. or Rating and Investment Information, Inc. as of December 31, 2008.

Leveraged Finance

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

The following table sets forth Nomura's exposure to leveraged finance by geographic location of the target company as of December 31, 2008.

	Millions of yen December 31, 2008		
	Funded	Unfunded	Total
Japan	¥ 36,810	¥ 1,895	¥ 38,705
Europe	58,827	4,796	63,623
Total	¥ 95,637	¥ 6,691	¥ 102,328

Table of Contents*Special Purpose Entities*

In the normal course of business, Nomura is involved with numerous types of SPEs which are corporations, partnerships, funds, trusts or other legal vehicles which are designed to fulfill a limited, specific purpose. Nomura both creates and sponsors these entities, and also enters into arrangements with entities created or sponsored by others.

SPEs, which may have an impact on Nomura's future financial position and financial performance, generally meet the definition of a Variable Interest Entity (VIE) under FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46-R) as revised or meet the definition of a Qualifying Special Purpose Entity (QSPE) under SFAS 140.

For further discussion on Nomura's involvement with VIEs, see Item 5. Financial Information, 1. Consolidated Financial Statements, Note 5. Securitization and Variable Interest Entities (VIEs)

The following table sets forth Nomura's exposures from consolidated VIEs and exposures from unconsolidated significant VIEs and from unconsolidated sponsored VIEs (of which Nomura is a sponsor that holds a variable interest in VIE) as of December 31, 2008, arising from its significant involvement with these entities. Nomura considers maximum exposures to loss to be limited to the amounts presented below, which are reflected in the consolidated balance sheet or the footnote discussing commitments and guarantees. Maximum exposure to loss does not reflect Nomura's estimate of the actual losses that could result from adverse changes, nor does it reflect the economic hedges Nomura enters into to reduce its exposure.

	Exposures from consolidated VIEs	Billions of yen December 31, 2008 Exposures from unconsolidated significant and sponsored VIEs	Total
Trading assets:			
Equities products	¥ 385	¥ 94	¥ 479
Debt products	51	28	79
Mortgage and mortgage-backed securities	82	132	214
Investment trust funds and other	6	6	12
Derivatives ⁽¹⁾	15	61	76
Office buildings, land, equipment and facilities	59		59
Others	92	45	137
Commitments to extend credit, standby letters of credit and other guarantees		22	22

(1) The amounts represent current balance sheet carrying value of derivatives. Notional amounts are ¥52 billion for exposure from consolidated VIEs and ¥170 billion for exposure from unconsolidated VIEs.

Monoline Insurers (Financial Guarantors)

Nomura's Global Markets business in Europe has exposure to various monoline insurers primarily arising from derivatives entered into as hedges against certain investments.

The following table sets forth Nomura's exposure to monoline insurers arising from derivatives in Global Markets in Europe as of December 31, 2008, analyzed by external credit rating.

Millions of U.S. dollars

Edgar Filing: NOMURA HOLDINGS INC - Form 6-K

Monoline insurers by Credit Rating ⁽¹⁾	Notional ⁽²⁾	Gross Exposure ⁽³⁾	December 31, 2008 Counterparty Risk Reserves and Other Adjustments