

Resource Capital Corp.  
Form 10-K  
March 14, 2011  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-32733

RESOURCE CAPITAL CORP.

(Exact name of registrant as specified in its charter)

Maryland

20-2287134

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

712 5th Avenue, 12th Floor, New York, NY 10019  
(Address of principal executive offices) (Zip code)

(212) 506-3870

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$.001 par value

New York Stock Exchange (NYSE)

Title of each class

Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during

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the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	(Do not check if a smaller reporting company) Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting common equity held by non-affiliates of the registrant, based on the closing price of such stock on the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2010) was approximately \$259,621,338.

The number of outstanding shares of the registrant's common stock on March 8, 2011 was 61,943,670 shares.

DOCUMENTS INCORPORATED BY REFERENCE

[None]

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## FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “could,” “estimate,” “expects,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “will” and “would” or the terms or other comparable terminology.

Forward-looking statements contained in this report are based on our beliefs, assumptions and expectations regarding our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Forward-looking statements we make in this report are subject to various risks and uncertainties that could cause actual results to vary from our forward-looking statements, including:

the factors described in this report, including those set forth under the sections captioned “Risk Factors,” “Business,” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations;”

changes in our industry, interest rates, the debt securities markets, real estate markets or the general economy;

increased rates of default and/or decreased recovery rates on our investments;

availability, terms and deployment of capital;

availability of qualified personnel;

changes in governmental regulations, tax rates and similar matters;

changes in our business strategy;

availability of investment opportunities in commercial real estate-related and commercial finance assets;

the degree and nature of our competition;

the adequacy of our cash reserves and working capital; and

the timing of cash flows, if any, from our investments.

We caution you not to place undue reliance on these forward-looking statements which speak only as of the date of this report. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this filing or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. BUSINESS

General

We are a specialty finance company that focuses primarily on commercial real estate and commercial finance. We are organized and conduct our operations to qualify as a REIT under Subchapter M of the Internal Revenue Code of 1986, as amended. Our objective is to provide our stockholders with total returns over time, including quarterly distributions and capital appreciation, while seeking to manage the risks associated with our investment strategy. We invest in a combination of real estate-related assets and, to a lesser extent, higher-yielding commercial finance assets. We have financed a substantial portion of our portfolio investments through borrowing strategies seeking to match the maturities and repricing dates of our financings with the maturities and repricing dates of those investments, and have sought to mitigate interest rate risk through derivative instruments.

We are externally managed by Resource Capital Manager, Inc., which we refer to as the Manager, a wholly-owned indirect subsidiary of Resource America, Inc. (NASDAQ: REXI), a specialized asset management company that uses industry specific expertise to evaluate, originate, service and manage investment opportunities through our commercial real estate, commercial finance and financial fund management operating segments. As of December 31, 2010, Resource America managed approximately \$12.0 billion of assets in these sectors. To provide its services, the Manager draws upon Resource America, its management team and their collective investment experience.

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Our investments target the following asset classes:

Asset Class	Principal Investments
Commercial real estate-related assets	<ul style="list-style-type: none"> <li>First mortgage loans, which we refer to as whole loans;</li> <li>First priority interests in first mortgage real estate loans, which we refer to as A notes;</li> <li>Subordinated interests in first mortgage real estate loans, which we refer to as B notes;</li> <li>Mezzanine debt related to commercial real estate that is senior to the borrower's equity position but subordinated to other third-party financing;</li> <li>Commercial mortgage-backed securities, which we refer to as CMBS;</li> </ul>
Commercial finance assets	<ul style="list-style-type: none"> <li>Senior secured corporate loans, which we refer to as bank loans;</li> <li>Other asset-backed securities, which we refer to as other ABS;</li> <li>Lease receivables, principally small- and middle-ticket commercial direct financing leases and notes;</li> <li>Structured note investments, which comprise our trading securities portfolio;</li> <li>Debt tranches of collateralized debt obligations and collateralized loan obligations, which we refer to as CDOs and CLOs, respectively.</li> </ul>

Beginning in the second half of 2007, there have been unprecedented disruptions in the credit markets, abrupt and significant devaluations of assets directly or indirectly linked to the U.S. real estate finance markets, and the attendant removal of liquidity, both long and short term, from the capital markets. These conditions have had, and we expect will continue to have, an adverse effect on us and companies we finance, particularly with respect to our legacy commercial real estate related assets. During the years ended December 31, 2010 and 2009, we recorded provisions for loan and lease losses of \$43.3 million and \$61.4 million, respectively. All of the 2010 provisions are directly attributable to our commercial real estate loan portfolio, which were offset slightly by reductions with respect to the bank loan portfolio. We also recorded net impairment losses of \$26.8 million and \$13.5 million during the years ended December 31, 2010 and 2009, respectively, on our available-for-sale and held-to-maturity securities. The vast majority of these impairments come from our CMBS portfolio. In addition, we recorded losses through other comprehensive income of \$19.3 million and \$47.6 million on our available-for-sale portfolio as of December 31, 2010 and 2009, respectively. Based on these trends, our legacy CRE investments worsened, while the bank loan and lease receivable portfolios improved.

The events occurring in the credit markets from the second half of 2007 until mid to late 2010, have impacted our financing and investing strategies and, as a result, our ability to originate new investments and to grow. Historically, we have used CDOs as a principal source of long-term match-funded financing; however, the market for securities issued by new securitizations collateralized by assets similar to those in our investment portfolio had largely disappeared through early to mid 2010. Short-term financing through warehouse lines of credit and repurchase agreements had become largely unavailable and unreliable as increasing volatility in the valuation of assets similar to those we originate had increased the risk of margin calls. During 2010, we began to see the frozen credit markets thaw and we closed on a new \$120.0 million securitization with respect to an equipment leasing portfolio in May 2010. In addition, in February 2011, we entered into a \$100.0 million, two year term facility with Wells Fargo to purchase CMBS.

On the asset side, we invested \$5.0 million through Resource TRS, our taxable REIT subsidiary, in structured finance vehicles, principally CLO equity, which we have classified as trading securities. Because of the success of that new

investment, we committed an additional \$8.0 million through February 2011. We also began to cautiously reenter the CRE lending market in the fourth quarter of 2010 and through February 2011 have closed on three new whole loans totaling \$24.2 million. We also purchased three newly underwritten CMBS for \$7.2 million in February 2011 in conjunction with the Wells Fargo facility. Furthermore, in January 2011, we've continued to invest in the lease receivable portfolio and made a preferred stock investment in Leaf Commercial Capital, Inc, a recently formed equipment leasing enterprise and a subsidiary of our Manager. In February 2011, we purchased a company that manages \$1.9 billion of bank loan assets and are entitled to collect senior, subordinated and incentive management fees. These recent asset purchases and credit market events indicate that we expect to be able to invest a significant portion of our available unrestricted and restricted cash balances and, as a result, modestly grow our net interest income in 2011.

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We calculate our distributions to our shareholders based on our estimate of our REIT taxable income, which may vary greatly from our net income calculated in accordance with U.S. generally accepted accounting principles, or GAAP. We expect that our REIT taxable income will be comprised primarily of our net investment income and our fee income. We expect that our REIT taxable income will be greater than our GAAP net income primarily because asset impairments and provisions for loan and lease losses are not deductible until realized for tax purposes as well as net book to tax adjustments for our taxable foreign REIT subsidiaries and fee income received by our taxable REIT subsidiaries, or TRSs, that is dividended to us and included in our REIT taxable income but deferred or eliminated for GAAP purposes. For further discussion, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

## Our Business Strategy

The core components of our business strategy are:

**Managing our investment portfolio.** As of December 31, 2010, we managed \$1.9 billion of assets, including \$1.5 billion of assets financed and held in CDOs. The core of our management process is credit analysis which we use to actively monitor our existing investments and as a basis for evaluating new investments. Senior management of our Manager and Resource America has extensive experience in underwriting the credit risk associated with our targeted asset classes, and conducts detailed due diligence on all credit-sensitive investments, including the use of proprietary credit stratifications and collateral stress analysis. After making an investment, the Manager and Resource America engage in active monitoring of our investments for early detection of troubled and deteriorating assets. If a default occurs, we will use our senior management team’s asset management skills in seeking to mitigate the severity of any losses, and we will seek to optimize the recovery from assets if we foreclose upon them.

**Managing our interest rate and liquidity risk.** We generally seek to manage interest rate and liquidity risk so as to reduce the effects of interest rate changes on us. On our long-term financing we seek to match the maturity and repricing dates of our investments with the maturities and repricing dates of our financing. Historically, we have used CDO vehicles structured for us by our Manager to achieve this goal. From 2008 through 2010, we financed new investments predominantly through existing capacity in our CDOs or through cash available from principal repayments on or payoffs of existing investments. As credit markets have begun to reopen, we also expect to cautiously utilize new leverage to finance new investments. We also seek to mitigate interest rate risk through derivative instruments.

Historically, we managed our interest rate and liquidity risk on our short-term financing, principally repurchase agreements, by limiting the amount of our financial exposure under the facilities to either a stated investment amount or a fixed guaranty amount. As a result of current market conditions, as of December 31, 2010 we had paid off our short term repurchase agreements.

**Investment in real estate and commercial finance assets.** We expect to continue to invest in commercial real estate whole loans, B notes, mezzanine debt, CMBS rated below AAA by Standard & Poors, or S&P, commercial finance assets, including bank loans and to a lesser extent, direct financing leases and notes, subject to the availability of investment funds and financing. Our equity at December 31, 2010 was invested 76.7% in commercial real estate loans, 18.4% in commercial bank loans, 3.1% in lease receivables and 1.8% in structured notes. In 2011, we expect to recycle liquidity within our CDO structures to make investments and replace loans that have been paid down or paid off and to replace loans that may be sold.

**Debt repurchase.** We have been able to take advantage of market illiquidity that resulted in limited trading of CDO notes issued in our two commercial real estate, or CRE, CDO securitizations by buying these debt securities at substantial discounts to par. This strategy, which has generated significant gains on the extinguishment of the debt,



has allowed us to mitigate credit losses in our loan and lease portfolio and impairment losses in our investment securities portfolio. In 2010, we bought \$91.4 million par value of our CRE CDO debt, a discount to par of 38%, for approximately \$56.7 million. As a result, our gain on the extinguishment of debt for 2010 was \$34.6 million which offset in part the credit and impairment losses we realized in 2010.

Diversification of investments. We seek to manage our investment risk by maintaining a diversified portfolio of real estate-related and commercial finance assets. As funds become available for investment or reinvestment, we seek to maintain that diversification while allocating our capital to those sectors that we believe are the most economically attractive. The percentage of assets that we may invest in certain of our targeted asset classes is subject to the federal income tax requirements for REIT qualification and the requirements for exclusion from Investment Company Act regulation.

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## Our Operating Policies and Strategies

**Investment guidelines.** We have established investment policies, procedures and guidelines that are reviewed and approved by our investment committee and board of directors. The investment committee meets regularly to monitor the execution of our investment strategies and our progress in achieving our investment objectives. As a result of our investment strategies and targeted asset classes, we acquire our investments primarily for income. We do not have a policy that requires us to focus our investments in one or more particular geographic areas.

**Financing policies.** We have used leverage in order to increase potential returns to our stockholders and for financing our portfolio. We do not speculate on changes in interest rates. While we have identified our leverage targets for each of our targeted asset classes, our investment policies require no minimum or maximum leverage and our investment committee has the discretion, without the need for further approval by our board of directors, to increase the amount of leverage we incur above our targeted range for individual asset classes.

We have historically used borrowing and securitization strategies, substantially through CDOs, to accomplish our long-term match funding, financing strategy. Recent credit markets had significantly limited our ability to execute our long term financing strategy. We will continue to look to invest our restricted cash in our CRE CDO structures and reinvesting loan repayments received in new investments. We also will cautiously use leverage to finance new investments where we can achieve attractive risk-adjusted returns in today's markets.

**Hedging and interest rate management strategy.** We use derivative financial instruments to hedge a portion of the interest rate risk associated with our borrowings. Under the federal income tax laws applicable to REITs, we generally will be able to enter into transactions to hedge indebtedness that we may incur, or plan to incur, to acquire or carry real estate assets, provided that our total gross income from such hedges and other non-qualifying sources must not exceed 25% of our total gross income. These hedging transactions may include interest rate swaps, collars, caps or floors, puts and calls and options.

**Credit and risk management policies.** Our Manager focuses its attention on credit and risk assessment from the earliest stage of the investment selection process. In addition, the Manager screens and monitors all potential investments to determine their impact on maintaining our REIT qualification under federal income tax laws and our exclusion from investment company status under the Investment Company Act of 1940. Risks related to portfolio management, including the management of risks related to credit losses, interest rate volatility, liquidity and counterparty credit are generally managed on a portfolio-by-portfolio basis by each of Resource America's asset management divisions, although there is often interaction and cooperation between divisions in this process.

## Our Investment Strategy

### General

The following table describes our investment-class allocations and certain characteristics of each class as of December 31, 2010 (dollars in thousands):

	Amortized cost	Estimated fair value (1)	Percent of portfolio	Weighted average coupon
<b>Loans Held for Investment:</b>				
<b>Commercial real estate loans:</b>				
Mezzanine loans	\$ 117,245	\$ 134,330	8.09%	4.48%
B notes	57,451		7,637,759	45,391

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Total liabilities		35,623,456	39,457,107	3,833,651
<b>Equity</b>				
NHI shareholders' equity:				
Common stock				
	Authorized	6,000,000,000		
	-	shares		
	Issued	3,822,562,601		
	-	shares as of		
		March 31,		
		2013 and		
		3,822,562,601		
		shares as of		
		September 30,		
		2013		
	Outstanding	3,710,960,252		
	-	shares as of		
		March 31,		
		2013 and		
		<b><u>3,706,484,721</u></b>		
		<b>shares</b> as of		
		September 30,		
		2013	594,493	594,493
Additional paid-in capital		691,264	682,048	(9,216)
Retained earnings		1,136,523	<b><u>1,210,878</u></b>	<b><u>74,355</u></b>
Accumulated other comprehensive income (loss)		(57,395)	(28,579)	28,816
Total NHI shareholders' equity before treasury stock		2,364,885	<b><u>2,458,840</u></b>	<b><u>93,955</u></b>
Common stock held in treasury, at cost -				
		111,602,349		
		shares as of		
		March 31,		
		2013 and		
		<b><u>116,077,880</u></b>		
		<b>shares</b> as of		
		September 30,		
		2013	(70,514)	<b><u>(9,137)</u></b>
Total NHI shareholders' equity		2,294,371	<b><u>2,379,189</u></b>	<b><u>84,818</u></b>
Noncontrolling interests		24,612	32,117	7,505
Total equity		2,318,983	<b><u>2,411,306</u></b>	<b><u>92,323</u></b>
Total liabilities and equity		37,942,439	<b><u>41,868,413</u></b>	<b><u>3,925,974</u></b>

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	March 31, 2013	Millions of yen September 30, 2013	Increase/ (Decrease)
<b>ASSETS</b>			
Cash and cash deposits:			
Cash and cash equivalents	805,087	1,298,043	492,956
Time deposits	577,921	468,495	(109,426)
Deposits with stock exchanges and other segregated cash	269,744	384,480	114,736
Total cash and cash deposits	1,652,752	2,151,018	498,266
Loans and receivables:			
Loans receivable	1,575,494	1,303,655	(271,839)
Receivables from customers	63,792	52,097	(11,695)
Receivables from other than customers	992,847	1,506,426	513,579
Allowance for doubtful accounts	(2,258)	(3,205)	(947)
Total loans and receivables	2,629,875	2,858,973	229,098
Collateralized agreements:			
Securities purchased under agreements to resell	8,295,372	9,552,516	1,257,144
Securities borrowed	5,819,885	6,376,335	556,450
Total collateralized agreements	14,115,257	15,928,851	1,813,594
Trading assets and private equity investments:			
Trading assets*	17,037,191	<b>18,332,962</b>	<b>1,295,771</b>
Private equity investments	87,158	84,169	(2,989)
Total trading assets and private equity investments	17,124,349	<b>18,417,131</b>	<b>1,292,782</b>
Other assets:			
Office buildings, land, equipment and facilities			
(net of accumulated depreciation and amortization of			
¥355,831 million as of March 31, 2013 and			
¥373,140 million as of September 30, 2013)			
Non-trading debt securities*	428,241	421,042	(7,199)
Investments in equity securities*	920,611	1,003,495	82,884
Investments in and advances to affiliated companies*	123,490	135,736	12,246
Other	345,705	360,348	14,643
	602,159	591,815	(10,344)
Total other assets	2,420,206	2,512,436	92,230
Total assets	37,942,439	<b>41,868,409</b>	<b>3,925,970</b>

\* Including securities pledged as collateral

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	March 31, 2013	Millions of yen September 30, 2013	Increase/ (Decrease)
<b>LIABILITIES AND EQUITY</b>			
Short-term borrowings	738,445	800,966	62,521
Payables and deposits:			
Payables to customers	476,705	579,148	102,443
Payables to other than customers	864,962	1,154,251	289,289
Deposits received at banks	1,072,134	1,106,042	33,908
Total payables and deposits	2,413,801	2,839,441	425,640
Collateralized financing:			
Securities sold under agreements to repurchase	12,444,317	14,074,602	1,630,285
Securities loaned	2,158,559	2,431,554	272,995
Other secured borrowings	806,507	818,239	11,732
Total collateralized financing	15,409,383	17,324,395	1,915,012
Trading liabilities	8,491,296	9,870,444	1,379,148
Other liabilities	978,163	984,102	5,939
Long-term borrowings	7,592,368	7,637,759	45,391
Total liabilities	35,623,456	39,457,107	3,833,651
<b>Equity</b>			
NHI shareholders' equity:			
Common stock			
Authorized - 6,000,000,000 shares			
Issued - 3,822,562,601 shares as of March 31, 2013 and			
3,822,562,601 shares as of September 30, 2013			
Outstanding - 3,710,960,252 shares as of March 31, 2013 and			
<b>3,706,480,021 shares</b> as of September 30, 2013			
Additional paid-in capital	594,493	594,493	
Retained earnings	691,264	682,048	(9,216)
Accumulated other comprehensive income (loss)	1,136,523	<b>1,210,877</b>	<b>74,354</b>
	(57,395)	(28,579)	28,816
Total NHI shareholders' equity before treasury stock	2,364,885	<b>2,458,839</b>	<b>93,954</b>
Common stock held in treasury, at cost -			
111,602,349 shares as of March 31, 2013 and			
<b>116,082,580 shares</b> as of September 30, 2013	(70,514)	<b>(79,654)</b>	<b>(9,140)</b>
Total NHI shareholders' equity	2,294,371	<b>2,379,185</b>	<b>84,814</b>
Noncontrolling interests	24,612	32,117	7,505
Total equity	2,318,983	<b>2,411,302</b>	<b>92,319</b>
Total liabilities and equity	37,942,439	<b>41,868,409</b>	<b>3,925,970</b>

**Table of Contents****(2) Consolidated Statements of Income (UNAUDITED) (Page 8)****Original**

	Millions of yen For the six months ended		% Change (B-A)/(A)
	September 30, 2012(A)	September 30, 2013(B)	
<b>Revenue:</b>			
Commissions	149,646	263,247	75.9
Fees from investment banking	27,514	48,378	75.8
Asset management and portfolio service fees	67,224	83,083	23.6
Net gain on trading	173,328	<b>238,590</b>	37.7
Gain (loss) on private equity investments	(5,088)	753	
Interest and dividends	196,303	213,416	8.7
Gain on investments in equity securities	5,909	12,889	118.1
Other	285,983	73,294	(74.4)
<b>Total revenue</b>	<b>900,819</b>	<b>933,650</b>	<b>3.6</b>
Interest expense	129,886	145,938	12.4
<b>Net revenue</b>	<b>770,933</b>	<b>787,712</b>	<b>2.2</b>
<b>Non-interest expenses:</b>			
Compensation and benefits	258,269	298,596	15.6
Commissions and floor brokerage	43,882	55,180	25.7
Information processing and communications	87,669	94,473	7.8
Occupancy and related depreciation	46,250	40,614	(12.2)
Business development expenses	22,502	17,332	(23.0)
Other	257,278	95,364	(62.9)
<b>Total non-interest expenses</b>	<b>715,850</b>	<b>601,559</b>	<b>(16.0)</b>
<b>Income before income taxes</b>	<b>55,083</b>	<b>186,153</b>	<b>238.0</b>
Income tax expense	43,646	81,505	86.7
<b>Net income</b>	<b>11,437</b>	<b>104,648</b>	<b>815.0</b>
Less: Net income attributable to noncontrolling interests	6,737	641	(90.5)
<b>Net income attributable to NHI shareholders</b>	<b>4,700</b>	<b>104,007</b>	
<b>Per share of common stock:</b>			
		Yen	% Change
<b>Basic-</b>			
Net income attributable to NHI shareholders per share	1.28	28.07	
<b>Diluted-</b>			
Net income attributable to NHI shareholders per share	1.25	27.20	

**Table of Contents****Corrected**

	Millions of yen		% Change (B-A)/(A)
	For the six months ended September 30, 2012(A)	September 30, 2013(B)	
<b>Revenue:</b>			
Commissions	149,646	263,247	75.9
Fees from investment banking	27,514	48,378	75.8
Asset management and portfolio service fees	67,224	83,083	23.6
Net gain on trading	173,328	<b>238,589</b>	37.7
Gain (loss) on private equity investments	(5,088)	753	
Interest and dividends	196,303	213,416	8.7
Gain on investments in equity securities	5,909	12,889	118.1
Other	285,983	73,294	(74.4)
<b>Total revenue</b>	<b>900,819</b>	<b>933,649</b>	<b>3.6</b>
Interest expense	129,886	145,938	12.4
<b>Net revenue</b>	<b>770,933</b>	<b>787,711</b>	<b>2.2</b>
<b>Non-interest expenses:</b>			
Compensation and benefits	258,269	298,596	15.6
Commissions and floor brokerage	43,882	55,180	25.7
Information processing and communications	87,669	94,473	7.8
Occupancy and related depreciation	46,250	40,614	(12.2)
Business development expenses	22,502	17,332	(23.0)
Other	257,278	95,364	(62.9)
<b>Total non-interest expenses</b>	<b>715,850</b>	<b>601,559</b>	<b>(16.0)</b>
<b>Income before income taxes</b>	<b>55,083</b>	<b>186,152</b>	<b>237.9</b>
Income tax expense	43,646	81,505	86.7
<b>Net income</b>	<b>11,437</b>	<b>104,647</b>	<b>815.0</b>
Less: Net income attributable to noncontrolling interests	6,737	641	(90.5)
<b>Net income attributable to NHI shareholders</b>	<b>4,700</b>	<b>104,006</b>	
Per share of common stock:			
		Yen	% Change
<b>Basic-</b>			
Net income attributable to NHI shareholders per share	1.28	28.07	
<b>Diluted-</b>			
Net income attributable to NHI shareholders per share	1.25	27.20	



**Table of Contents****(3) Consolidated Statement of Comprehensive Income (UNAUDITED) (Page 9)****Original**

	Millions of yen		% Change (B-A)/(A)
	For the six months ended		
	September 30, 2012(A)	September 30, 2013(B)	
Net income	11,437	<b><u>104,648</u></b>	815.0
Other comprehensive income (loss):			
Change in cumulative translation adjustments, net of tax	(21,343)	27,431	
Defined benefit pension plans:			
Pension liability adjustment	4,062	2,005	(50.6)
Deferred income taxes	(1,123)	(703)	
Total	2,939	1,302	(55.7)
Non-trading securities:			
Net unrealized gain (loss) on non-trading securities	(1,032)	1,469	
Deferred income taxes	(17)	(645)	
Total	(1,049)	824	
Total other comprehensive income (loss)	(19,453)	29,557	
Comprehensive income (loss)	(8,016)	<b><u>134,205</u></b>	
Less: Comprehensive income attributable to NHI shareholders	5,997	1,382	(77.0)
Comprehensive income (loss) attributable to NHI shareholders	(14,013)	<b><u>132,823</u></b>	

**Table of Contents****Corrected**

	Millions of yen For the six months ended		% Change
	September 30, 2012(A)	September 30, 2013(B)	(B-A)/(A)
Net income	11,437	<b><u>104,647</u></b>	815.0
Other comprehensive income (loss):			
Change in cumulative translation adjustments, net of tax	(21,343)	27,431	
Defined benefit pension plans:			
Pension liability adjustment	4,062	2,005	(50.6)
Deferred income taxes	(1,123)	(703)	
Total	2,939	1,302	(55.7)
Non-trading securities:			
Net unrealized gain (loss) on non-trading securities	(1,032)	1,469	
Deferred income taxes	(17)	(645)	
Total	(1,049)	824	
Total other comprehensive income (loss)	(19,453)	29,557	
Comprehensive income (loss)	(8,016)	<b><u>134,204</u></b>	
Less: Comprehensive income attributable to noncontrolling interests	5,997	1,382	(77.0)
Comprehensive income (loss) attributable to NHI shareholders	(14,013)	<b><u>132,822</u></b>	

**Table of Contents****(5) Segment Information Operating Segment (UNAUDITED) (Page 10)****Original**

	Millions of yen For the six months ended		% Change (B-A)/(A)
	September 30, 2012 (A)	September 30, 2013 (B)	
<b>Net revenue</b>			
Business segment information:			
Retail	163,497	286,072	75.0
Asset Management	31,857	38,800	21.8
Wholesale	258,977	<b>377,958</b>	45.9
Subtotal	454,331	<b>702,830</b>	54.7
Other	310,570	72,681	(76.6)
Net revenue	764,901	<b>775,511</b>	1.4
Reconciliation items:			
Unrealized gain (loss) on investments in equity securities held for operating purposes	6,032	12,201	102.3
Net revenue	770,933	<b>787,712</b>	2.2
<b>Non-interest expenses</b>			
Business segment information:			
Retail	140,347	165,011	17.6
Asset Management	21,927	25,937	18.3
Wholesale	267,335	327,435	22.5
Subtotal	429,609	518,383	20.7
Other	286,241	83,176	(70.9)
Non-interest expenses	715,850	601,559	(16.0)
Reconciliation items:			
Unrealized gain (loss) on investments in equity securities held for operating purposes			
Non-interest expenses	715,850	601,559	(16.0)
<b>Income (loss) before income taxes</b>			
Business segment information:			
Retail	23,150	121,061	422.9
Asset Management	9,930	12,863	29.5
Wholesale	(8,358)	<b>50,523</b>	
Subtotal	24,722	<b>184,447</b>	646.1
Other *	24,329	(10,495)	
Income (loss) before income taxes	49,051	<b>173,952</b>	254.6
Reconciliation items:			

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Unrealized gain (loss) on investments in equity securities held for operating purposes	6,032	12,201	102.3
Income (loss) before income taxes	55,083	<b><u>186,153</u></b>	<b><u>238.0</u></b>

### \*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 (B-A)/(A)
	For the six months ended		
	September 30, 2012 (A)	September 30, 2013 (B)	
Net gain (loss) related to economic hedging transactions	(267)	5,706	
Realized gain (loss) on investments in equity securities held for operating purposes	(123)	688	
Equity in earnings of affiliates	4,619	14,227	208.0
Corporate items	(420)	(21,045)	
Other	20,520	(10,071)	
Total	24,329	(10,495)	

**Table of Contents****Corrected**

	Millions of yen For the six months ended		% Change
	September 30, 2012 (A)	September 30, 2013 (B)	(B-A)/(A)
<b>Net revenue</b>			
Business segment information:			
Retail	163,497	286,072	75.0
Asset Management	31,857	38,800	21.8
Wholesale	258,977	<b>377,957</b>	45.9
Subtotal	454,331	<b>702,829</b>	54.7
Other	310,570	72,681	(76.6)
Net revenue	764,901	<b>775,510</b>	1.4
Reconciliation items:			
Unrealized gain (loss) on investments in equity securities held for operating purposes	6,032	12,201	102.3
Net revenue	770,933	<b>787,711</b>	2.2
<b>Non-interest expenses</b>			
Business segment information:			
Retail	140,347	165,011	17.6
Asset Management	21,927	25,937	18.3
Wholesale	267,335	327,435	22.5
Subtotal	429,609	518,383	20.7
Other	286,241	83,176	(70.9)
Non-interest expenses	715,850	601,559	(16.0)
Reconciliation items:			
Unrealized gain (loss) on investments in equity securities held for operating purposes			
Non-interest expenses	715,850	601,559	(16.0)
<b>Income (loss) before income taxes</b>			
Business segment information:			
Retail	23,150	121,061	422.9
Asset Management	9,930	12,863	29.5
Wholesale	(8,358)	<b>50,522</b>	
Subtotal	24,722	<b>184,446</b>	646.1
Other *	24,329	(10,495)	
Income (loss) before income taxes	49,051	<b>173,951</b>	254.6
Reconciliation items:			
Unrealized gain (loss) on investments in equity securities held for operating purposes	6,032	12,201	102.3
Income (loss) before income taxes	55,083	<b>186,152</b>	<b>237.9</b>

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### \*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 (B-A)/(A)
	For the six months ended September 30, 2012 (A)	September 30, 2013 (B)	
Net gain (loss) related to economic hedging transactions	(267)	5,706	
Realized gain (loss) on investments in equity securities held for operating purposes	(123)	688	
Equity in earnings of affiliates	4,619	14,227	208.0
Corporate items	(420)	(21,045)	
Other	20,520	(10,071)	
 Total	 24,329	 (10,495)	

**Table of Contents****(6) Significant Changes in Equity (UNAUDITED) (Page 11)****Original**

	Millions of yen For the six months ended September 30, 2013
<b>Common stock</b>	
Balance at beginning of year	594,493
Balance at end of period	594,493
<b>Additional paid-in capital</b>	
Balance at beginning of year	691,264
Gain (loss) on sales of treasury stock	(5,439)
Issuance and exercise of common stock options	(3,777)
Balance at end of period	682,048
<b>Retained earnings</b>	
Balance at beginning of year	1,136,523
Net income attributable to NHI shareholders	<b>104,007</b>
Cash dividends	(29,652)
Balance at end of period	<b>1,210,878</b>
<b>Accumulated other comprehensive income (loss)</b>	
Cumulative translation adjustments	
Balance at beginning of year	(38,875)
Net change during the period	26,902
Balance at end of period	(11,973)
<b>Defined benefit pension plans</b>	
Balance at beginning of year	(28,518)
Pension liability adjustment	1,302
Balance at end of period	(27,216)
<b>Non-trading securities</b>	
Balance at beginning of year	9,998
Net unrealized gain on non-trading securities	612
Balance at end of period	10,610
Balance at end of period	(28,579)
<b>Common stock held in treasury</b>	
Balance at beginning of year	(70,514)
Repurchases of common stock	<b>(32,482)</b>
Sale of common stock	<b>0</b>
Common stock issued to employees	22,662
Other net change in treasury stock	683

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Balance at end of period	<u>(79,651)</u>
Total NHI shareholders' equity	
Balance at end of period	<u>2,379,189</u>
Noncontrolling interests	
Balance at beginning of year	24,612
Net change during the period	7,505
Balance at end of period	32,117
Total equity	
Balance at end of period	<u>2,411,306</u>



**Table of Contents****Corrected**

	Millions of yen For the six months ended September 30, 2013
<b>Common stock</b>	
Balance at beginning of year	594,493
Balance at end of period	594,493
<b>Additional paid-in capital</b>	
Balance at beginning of year	691,264
Gain (loss) on sales of treasury stock	(5,439)
Issuance and exercise of common stock options	(3,777)
Balance at end of period	682,048
<b>Retained earnings</b>	
Balance at beginning of year	1,136,523
Net income attributable to NHI shareholders	<b>104,006</b>
Cash dividends	(29,652)
Balance at end of period	<b>1,210,877</b>
<b>Accumulated other comprehensive income (loss)</b>	
Cumulative translation adjustments	
Balance at beginning of year	(38,875)
Net change during the period	26,902
Balance at end of period	(11,973)
<b>Defined benefit pension plans</b>	
Balance at beginning of year	(28,518)
Pension liability adjustment	1,302
Balance at end of period	(27,216)
<b>Non-trading securities</b>	
Balance at beginning of year	9,998
Net unrealized gain on non-trading securities	612
Balance at end of period	10,610
Balance at end of period	(28,579)
<b>Common stock held in treasury</b>	
Balance at beginning of year	(70,514)
Repurchases of common stock	<b>(32,493)</b>
Sale of common stock	<b>8</b>
Common stock issued to employees	22,662
Other net change in treasury stock	683
Balance at end of period	<b>(79,654)</b>

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Total NHI shareholders' equity

Balance at end of period **2,379,185**

Noncontrolling interests

Balance at beginning of year 24,612

Net change during the period 7,505

Balance at end of period 32,117

Total equity

Balance at end of period **2,411,302**

**Table of Contents****Original****3. Supplementary Information****(1) Consolidated Statements of Income Quarterly Comparatives (UNAUDITED)**

	Millions of yen						% Change (B-A)/(A)
	June 30, 2012	September 30, 2012	For the three months ended December 31, 2012	March 31, 2013	June 30, 2013(A)	September 30, 2013(B)	
<b>Revenue:</b>							
Commissions	77,367	72,279	83,681	125,742	157,634	105,613	(33.0)
Fees from investment banking	10,383	17,131	13,027	21,812	25,394	22,984	(9.5)
Asset management and portfolio service fees	33,813	33,411	35,017	38,788	42,381	40,702	(4.0)
Net gain on trading	84,399	88,929	88,188	106,463	128,409	<b>110,181</b>	(14.2)
Gain (loss) on private equity investments	(5,387)	299	11,631	1,510	50	703	
Interest and dividends	103,469	92,834	99,745	97,959	115,325	98,091	(14.9)
Gain (loss) on investments in equity securities	(7,061)	12,970	8,858	23,919	7,852	5,037	(35.9)
Other	142,610	143,373	118,834	303,950	28,225	45,069	59.7
<b>Total revenue</b>	<b>439,593</b>	<b>461,226</b>	<b>458,981</b>	<b>720,143</b>	<b>505,270</b>	<b>428,380</b>	(15.2)
Interest expense	70,339	59,547	69,895	66,531	73,949	71,989	(2.7)
<b>Net revenue</b>	<b>369,254</b>	<b>401,679</b>	<b>389,086</b>	<b>653,612</b>	<b>431,321</b>	<b>356,391</b>	(17.4)
<b>Non-interest expenses:</b>							
Compensation and benefits	124,573	133,696	134,698	154,624	163,205	135,391	(17.0)
Commissions and floor brokerage	21,978	21,904	22,918	24,588	29,046	26,134	(10.0)
Information processing and communications	42,524	45,145	42,672	49,563	48,233	46,240	(4.1)
Occupancy and related depreciation	24,110	22,140	22,179	23,116	19,784	20,830	5.3
Business development expenses	11,329	11,173	12,051	14,457	7,859	9,473	20.5
Other	125,074	132,204	141,603	217,582	49,975	45,389	(9.2)
<b>Total non-interest expenses</b>	<b>349,588</b>	<b>366,262</b>	<b>376,121</b>	<b>483,930</b>	<b>318,102</b>	<b>283,457</b>	(10.9)
<b>Income before income taxes</b>	<b>19,666</b>	<b>35,417</b>	<b>12,965</b>	<b>169,682</b>	<b>113,219</b>	<b>72,934</b>	(35.6)
Income tax expense	13,590	30,056	12,874	75,519	46,956	34,549	(26.4)
<b>Net income</b>	<b>6,076</b>	<b>5,361</b>	<b>91</b>	<b>94,163</b>	<b>66,263</b>	<b>38,385</b>	(42.1)
Less: Net income (loss) attributable to noncontrolling interests	4,185	2,552	(20,021)	11,741	369	272	(26.3)
<b>Net income attributable to NHI shareholders</b>	<b>1,891</b>	<b>2,809</b>	<b>20,112</b>	<b>82,422</b>	<b>65,894</b>	<b>38,113</b>	(42.2)

	Yen						% Change
<b>Per share of common stock:</b>							
Basic-							

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Net income attributable to NHI shareholders per share	0.51	0.76	5.44	22.23	17.78	10.29	(42.1)
Diluted- Net income attributable to NHI shareholders per share	0.50	0.74	5.33	21.55	17.24	9.99	(42.1)

**Table of Contents****Corrected****3. Supplementary Information****(1) Consolidated Statements of Income Quarterly Comparatives (UNAUDITED)**

	Millions of yen						% Change (B-A)/(A)
	June 30, 2012	September 30, 2012	For the three months ended December 31, 2012	March 31, 2013	June 30, 2013(A)	September 30, 2013(B)	
<b>Revenue:</b>							
Commissions	77,367	72,279	83,681	125,742	157,634	105,613	(33.0)
Fees from investment banking	10,383	17,131	13,027	21,812	25,394	22,984	(9.5)
Asset management and portfolio service fees	33,813	33,411	35,017	38,788	42,381	40,702	(4.0)
Net gain on trading	84,399	88,929	88,188	106,463	128,409	<b>110,180</b>	(14.2)
Gain (loss) on private equity investments	(5,387)	299	11,631	1,510	50	703	
Interest and dividends	103,469	92,834	99,745	97,959	115,325	98,091	(14.9)
Gain (loss) on investments in equity securities	(7,061)	12,970	8,858	23,919	7,852	5,037	(35.9)
Other	142,610	143,373	118,834	303,950	28,225	45,069	59.7
<b>Total revenue</b>	<b>439,593</b>	<b>461,226</b>	<b>458,981</b>	<b>720,143</b>	<b>505,270</b>	<b>428,379</b>	(15.2)
Interest expense	70,339	59,547	69,895	66,531	73,949	71,989	(2.7)
<b>Net revenue</b>	<b>369,254</b>	<b>401,679</b>	<b>389,086</b>	<b>653,612</b>	<b>431,321</b>	<b>356,390</b>	(17.4)
<b>Non-interest expenses:</b>							
Compensation and benefits	124,573	133,696	134,698	154,624	163,205	135,391	(17.0)
Commissions and floor brokerage	21,978	21,904	22,918	24,588	29,046	26,134	(10.0)
Information processing and communications	42,524	45,145	42,672	49,563	48,233	46,240	(4.1)
Occupancy and related depreciation	24,110	22,140	22,179	23,116	19,784	20,830	5.3
Business development expenses	11,329	11,173	12,051	14,457	7,859	9,473	20.5
Other	125,074	132,204	141,603	217,582	49,975	45,389	(9.2)
<b>Total non-interest expenses</b>	<b>349,588</b>	<b>366,262</b>	<b>376,121</b>	<b>483,930</b>	<b>318,102</b>	<b>283,457</b>	(10.9)
<b>Income before income taxes</b>	<b>19,666</b>	<b>35,417</b>	<b>12,965</b>	<b>169,682</b>	<b>113,219</b>	<b>72,933</b>	(35.6)
Income tax expense	13,590	30,056	12,874	75,519	46,956	34,549	(26.4)
<b>Net income</b>	<b>6,076</b>	<b>5,361</b>	<b>91</b>	<b>94,163</b>	<b>66,263</b>	<b>38,384</b>	(42.1)
Less: Net income (loss) attributable to noncontrolling interests	4,185	2,552	(20,021)	11,741	369	272	(26.3)
<b>Net income attributable to NHI shareholders</b>	<b>1,891</b>	<b>2,809</b>	<b>20,112</b>	<b>82,422</b>	<b>65,894</b>	<b>38,112</b>	(42.2)

	Yen						% Change
<b>Per share of common stock:</b>							
Basic-							

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Net income attributable to NHI shareholders per share	0.51	0.76	5.44	22.23	17.78	10.29	(42.1)
Diluted- Net income attributable to NHI shareholders per share	0.50	0.74	5.33	21.55	17.24	9.99	(42.1)

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**Original**

**(2) Business Segment Information Quarterly Comparatives (UNAUDITED)**

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 (B-A)/(A)	Millions of yen For the year ended
	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013(A)	September 30, 2013(B)		March 31, 2013
<b>Net revenue</b>								
<b>Business segment information:</b>								
Retail	82,711	80,786	95,679	138,749	166,342	119,730	(28.0)	397,925
Asset Management	16,418	15,439	18,786	18,294	20,174	18,626	(7.7)	68,937
Wholesale	121,883	137,094	188,968	196,911	194,609	<u>183,349</u>	(5.8)	644,856
Subtotal	221,012	233,319	303,433	353,954	381,125	<u>321,705</u>	(15.6)	1,111,718
Other	154,567	156,003	76,753	276,905	43,032	29,649	(31.1)	664,228
Net revenue	375,579	389,322	380,186	630,859	424,157	<u>351,354</u>	(17.2)	1,775,946
<b>Reconciliation items:</b>								
Unrealized gain (loss) on investments in equity securities held for operating purposes	(6,325)	12,357	8,900	22,753	7,164	5,037	(29.7)	37,685
Net revenue	369,254	401,679	389,086	653,612	431,321	<u>356,391</u>	(17.4)	1,813,631
<b>Non-interest expenses</b>								
<b>Business segment information:</b>								
Retail	70,523	69,824	75,419	81,531	85,237	79,774	(6.4)	297,297
Asset Management	11,048	10,879	11,468	14,373	13,483	12,454	(7.6)	47,768
Wholesale	130,434	136,901	144,611	161,253	169,372	158,063	(6.7)	573,199
Subtotal	212,005	217,604	231,498	257,157	268,092	250,291	(6.6)	918,264
Other	137,583	148,658	144,623	226,773	50,010	33,166	(33.7)	657,637
Non-interest expenses	349,588	366,262	376,121	483,930	318,102	283,457	(10.9)	1,575,901
<b>Reconciliation items:</b>								
Unrealized gain (loss) on investments in equity securities held for operating purposes								
Non-interest expenses	349,588	366,262	376,121	483,930	318,102	283,457	(10.9)	1,575,901

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**Income (loss) before income taxes**

Business segment information:								
Retail	12,188	10,962	20,260	57,218	81,105	39,956	(50.7)	100,628
Asset Management	5,370	4,560	7,318	3,921	6,691	6,172	(7.8)	21,169
Wholesale	(8,551)	193	44,357	35,658	25,237	<u>25,286</u>	0.2	71,657
Subtotal	9,007	15,715	71,935	96,797	113,033	<u>71,414</u>	(36.8)	193,454
Other*	16,984	7,345	(67,870)	50,132	(6,978)	(3,517)		6,591
Income (loss) before income taxes	25,991	23,060	4,065	146,929	106,055	<u>67,897</u>	(36.0)	200,045
Reconciliation items:								
Unrealized gain (loss) on investments in equity securities held for operating purposes	(6,325)	12,357	8,900	22,753	7,164	5,037	(29.7)	37,685
Income (loss) before income taxes	19,666	35,417	12,965	169,682	113,219	<u>72,934</u>	(35.6)	237,730

**\* 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 (B-A)/(A)	Millions of yen For the year ended March 31, 2013
	June 30, 2012	September 30, 2012	For the three months ended December 31, 2012	March 31, 2013	June 30, 2013(A)		
Net gain (loss) related to economic hedging transactions	(1,231)	964	415	841	7,373	(1,667)	989
Realized gain (loss) on investments in equity securities held for operating purposes	(736)	613	(42)	1,166	688	0	1,001
Equity in earnings of affiliates	1,273	3,346	4,549	5,233	5,343	8,884	66.3
Corporate items	6,624	(7,044)	(14,800)	32,872	(12,344)	(8,701)	17,652
Other	11,054	9,466	(57,992)	10,020	(8,038)	(2,033)	(27,452)
Total	16,984	7,345	(67,870)	50,132	(6,978)	(3,517)	6,591



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

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 (B-A)/(A)	Millions of yen For the year ended March 31, 2013
	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013(A)	September 30, 2013(B)		
<b>Net revenue</b>								
Business segment information:								
Retail	82,711	80,786	95,679	138,749	166,342	119,730	(28.0)	397,925
Asset Management	16,418	15,439	18,786	18,294	20,174	18,626	(7.7)	68,937
Wholesale	121,883	137,094	188,968	196,911	194,609	<b>183,348</b>	(5.8)	644,856
Subtotal	221,012	233,319	303,433	353,954	381,125	<b>321,704</b>	(15.6)	1,111,718
Other	154,567	156,003	76,753	276,905	43,032	29,649	(31.1)	664,228
Net revenue	375,579	389,322	380,186	630,859	424,157	<b>351,353</b>	(17.2)	1,775,946
Reconciliation items:								
Unrealized gain (loss) on investments in equity securities held for operating purposes	(6,325)	12,357	8,900	22,753	7,164	5,037	(29.7)	37,685
Net revenue	369,254	401,679	389,086	653,612	431,321	<b>356,390</b>	(17.4)	1,813,631
<b>Non-interest expenses</b>								
Business segment information:								
Retail	70,523	69,824	75,419	81,531	85,237	79,774	(6.4)	297,297
Asset Management	11,048	10,879	11,468	14,373	13,483	12,454	(7.6)	47,768
Wholesale	130,434	136,901	144,611	161,253	169,372	158,063	(6.7)	573,199
Subtotal	212,005	217,604	231,498	257,157	268,092	250,291	(6.6)	918,264
Other	137,583	148,658	144,623	226,773	50,010	33,166	(33.7)	657,637
Non-interest expenses	349,588	366,262	376,121	483,930	318,102	283,457	(10.9)	1,575,901
Reconciliation items:								
Unrealized gain (loss) on investments in equity securities held for operating purposes								
Non-interest expenses	349,588	366,262	376,121	483,930	318,102	283,457	(10.9)	1,575,901
<b>Income (loss) before income taxes</b>								
Business segment information:								
Retail	12,188	10,962	20,260	57,218	81,105	39,956	(50.7)	100,628
Asset Management	5,370	4,560	7,318	3,921	6,691	6,172	(7.8)	21,169
Wholesale	(8,551)	193	44,357	35,658	25,237	<b>25,285</b>	0.2	71,657

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Subtotal	9,007	15,715	71,935	96,797	113,033	<b>71,413</b>	(36.8)	193,454
Other*	16,984	7,345	(67,870)	50,132	(6,978)	(3,517)		6,591
Income (loss) before income taxes	25,991	23,060	4,065	146,929	106,055	<b>67,896</b>	(36.0)	200,045
Reconciliation items:								
Unrealized gain (loss) on investments in equity securities held for operating purposes	(6,325)	12,357	8,900	22,753	7,164	5,037	(29.7)	37,685
Income (loss) before income taxes	19,666	35,417	12,965	169,682	113,219	<b>72,933</b>	(35.6)	237,730

\* **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				June 30, 2013(A)	September 30, 2013(B)	% Change (B-A)/(A)	Millions of yen For the year ended March 31, 2013
	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013				
Net gain (loss) related to economic hedging transactions	(1,231)	964	415	841	7,373	(1,667)	989	
Realized gain (loss) on investments in equity securities held for operating purposes	(736)	613	(42)	1,166	688	0	1,001	
Equity in earnings of affiliates	1,273	3,346	4,549	5,233	5,343	8,884	66.3	14,401
Corporate items	6,624	(7,044)	(14,800)	32,872	(12,344)	(8,701)	17,652	
Other	11,054	9,466	(57,992)	10,020	(8,038)	(2,033)	(27,452)	
Total	16,984	7,345	(67,870)	50,132	(6,978)	(3,517)	6,591	

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