



NOMURA BANK INTERNATIONAL PLC.

**Annual Report
31 March 2024**

COMPANY REGISTRATION NUMBER: 1981122

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NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT

The Directors of Nomura Bank International PLC (the "Bank") present their Strategic Report, Directors' Report and the Financial Statements of the Bank for the year ended 31 March 2024. The Bank is incorporated in England and Wales and its registered office is at 1 Angel Lane, London, EC4R 3AB.

REVIEW OF THE BANK'S BUSINESS, FINANCIAL PERFORMANCE AND FINANCIAL POSITION, DESCRIPTION OF PRINCIPAL RISKS AND INFORMATION REGARDING BRANCHES

Principal Activities

The Bank's primary role is to support the Global Wholesale Business, predominantly the Global Markets Division, of the Nomura Group (Nomura Holdings, Inc. ("NHI") and its consolidated subsidiaries). It performs this function by raising funding in the open markets through the issuance of notes and commercial paper. The funds raised are passed onto other entities in the Nomura Group. Nomura International PLC ("NIP") is the primary recipient which also receives the majority of the risks from The Bank.

The Bank is a wholly owned subsidiary of Nomura Europe Holdings PLC ("NEHS"). The Bank's ultimate parent undertaking and controlling entity is NHI. The Bank closed its liaison office in Istanbul during the financial year and have no other branches or offices. The Bank's core activities include:

- issuance of rates, credit and equity linked notes and certificates;
- issuance of commercial papers;
- provision of sub-participations and structured loans;
- purchase of structured credit assets and structured loans;
- provision of traditional banking products such as loans and credit facilities, repurchase and reverse repurchase transactions, letters of credit and guarantees; and
- taking deposits (including foreign exchange and other reference linked deposits).

From an operational standpoint, the Bank outsources a significant proportion of its support services under service level agreements to the related departments of NIP. The Treasury department continues to manage the liquidity of the Bank and provides asset and liability management for the balance sheet.

The Bank's financial key performance indicators during the year were as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
	\$'000	\$'000
Profit before tax	9,545	8,701
Profit after tax	7,175	7,048
Total comprehensive gain/(loss)	(129,500)	133,751
Total assets	6,422,803	5,845,949
Total liabilities	6,170,135	5,458,781
Shareholders' funds	252,668	387,168

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****STRATEGIC REPORT (CONTINUED)****Financial Performance:**

The Bank reported profit before tax for the year of \$9,544,919 (2023: \$8,701,289), reflecting higher facilitation fee income earned from increased issuance of notes on behalf of Nomura Affiliates. The facilitation fee charged on notes issuance remains at 15bps.

The Bank reported a profit after tax for the year of \$7,174,799 (2023: \$7,047,988). Despite higher profit before tax, profitability remains stable due to an increased tax charge of \$2,370,120 (2023: \$1,653,301) following the UK tax rate increasing from 19% to 25%.

The dealing loss represents net fair value movements of bonds and medium term notes issued and the corresponding derivative hedges. The loss of \$251,872,679 (March 2023: \$104,218,325) has increased due to interest rates rising. Due to the booking model, the dealing loss should be viewed with the corresponding higher net interest income earned in the year of \$293,362,910 (March 2023: \$114,136,505).

Own credit is the main driver of other comprehensive income. The Bank calculates and applies an own credit adjustment based on movement in the credit spreads of the Nomura Group. Own credit spreads are included in the Bank's Bonds and Medium Term Notes. As markets have stabilised, spreads have tightened in the year generating a loss of \$136,674,989 for the year (March 2023: gain of \$126,703,306). This loss is net of deferred tax credit of \$28,821,718 (March 2023: charge of \$28,348,907).

Financial Position:

The Bank's total assets have increased to \$6,422,803,000 (2023: \$5,845,949,000). The increase is due to higher lending to Nomura Affiliates to fund increased funding requirements.

The Bank's total liabilities have increased to \$6,170,135,000 (2023: \$5,458,781,000). The increase is due to higher issuance of bonds and medium term notes to raise funding for Nomura Affiliates.

The Bank's total shareholders' funds have decreased to \$252,668,000 (2023: \$387,168,000). The decrease is mainly due to the Own Credit loss made in the year, which drove the total comprehensive loss.

Additionally, during the period, the Bank paid a dividend of \$5,000,000 to the Bank's immediate parent, NEHS.

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****STRATEGIC REPORT (CONTINUED)****BUSINESS ENVIRONMENT**

In the financial year ended 31 March 2024, inflation continued to persist worldwide. The major central banks of the world, including the Bank of England, continued to tighten monetary policy to address the increasingly protracted inflation. In the second half of the year, inflation began to stabilise providing more certainty on the path for central bank interest rates and expectations for Central Banks to end its rate hikes led to a rally in stock markets. At the financial year end, interest rates of global central banks continued to be at 10-year peaks.

The end of the previous reporting period saw the failure of a large global systemically important bank which caused uncertainty and liquidity events in the market. However, these events did not impact the Bank which continued to meet all of its liquidity requirements throughout the year.

Geopolitical Environment

The Bank is aware of the geopolitical tensions around the world and continue to actively monitor the impact it could have on the global economy.

Future Outlook

The directors consider that the year end financial position of the Bank was satisfactory. No significant change in the Bank's principal business activities is currently expected.

RISK MANAGEMENT

The Bank's risk management framework is closely aligned to the Nomura Group's risk management framework. However, through its local governance framework, the Bank does apply specific risk management controls and defines its risk appetite, which outlines the types and level of risk that the Bank is willing to assume in pursuit of its corporate vision, strategic objectives and business plan. Risk appetite is set within the available risk capacity, which is determined by constraints including regulatory capital, liquidity and business conditions.

The Bank actively takes risks in support of the business strategy and accepts that this exposes the Bank to all major risk types (for example, credit risk, market risk, liquidity risk, model risk, and non-financial risks - operational and reputational). These risks are managed through the Company's Executive Governance and through sub-committees of the Board of NEHS.

Further information on the principle risks and uncertainties and management of these risks is provided in Note 12 of the Financial Statements.

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT (CONTINUED)

REGULATION AND REGULATORY CHANGES

Regulations

The Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. The Bank is regulated and has minimum capital adequacy requirements imposed on it on a standalone basis by the PRA. The Bank is in compliance with these requirements.

The key regulations impacting the financial soundness of the Bank are risk-based capital, leverage and liquidity requirements as applied by the PRA to Credit Institutions under the UK CRR as adopted into UK law post Brexit and PRA rules/standards. These are largely based on the international standards developed by the Basel Committee on Banking Supervision (BCBS).

Regulatory Developments

The Bank is subject to ongoing regulation and associated risks arising from the impact of changes in the laws, regulations and rules which apply to the Bank from both local and international regulators relating to the markets and business lines in which it operates. The Bank monitors for regulatory developments on an ongoing basis and has a change management process established to ensure that regulatory programs are delivered as appropriate to ensure ongoing compliance.

During the previous year, the Bank has noted the following significant changes to Regulations against which it has implemented the necessary changes during the year or has established ongoing programs to deliver compliance in line with the expected due dates set out by the regulators:

- The BCBS sets out international standards for banking regulation which have been implemented over time in the UK, previously through the EU capital requirements regulations prior to Brexit, but subsequently in a combination of retained EU regulations in primary legislation and through PRA rules/standards. The BCBS regulations have continued to evolve and the UK is now in the process of adopting the changes relating to the Fundamental Review of the Trading Book, new methodologies for CVA and Operational Risk and revisions to the approach for Credit Risk. The new requirements will also introduce the concept of Output Floors which will apply on the use of modelled approaches into its regulatory framework on a phased in basis between July 2025 and January 2030. Overall, these changes are referred to as Basel 3.1 and were originally issued for consultation by HM Treasury (HMT) and the PRA in November 2022 with an amended implementation date of 1 July 2025 being confirmed by the PRA in September 2023. The first phase of the PRA's near final draft rules was published in December 2023 with the second phase expected to be published in Q2 2024. The changes will also deliver a further transition of regulations from primary legislation to PRA rules as the UK regulatory framework continues to develop post Brexit with the transfer of rule making responsibilities to the PRA and will include new and amended reporting and disclosure requirements.
- Under the UK European Infrastructure Regulation (UK EMIR), the Bank of England/FCA Policy Statement PS 23/2 sets out amendments to Technical Standards and new rules for Trade Repositories in relation to the derivatives reporting framework under UK EMIR which will enter into force on 30 September 2024

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STRATEGIC REPORT (CONTINUED)

REGULATION AND REGULATORY CHANGES (CONTINUED)

- In relation to MiFID II review, on 8 March 2024 the Directive and Regulation amending the MiFID II / MiFIR regime to improve access to market data and transparency were published in the EU Official Journal. In particular, the Regulation introduces an EU-wide consolidated tape and new rules that prohibit payment for order flow. The Regulation enters into force on 28 March 2024. Members States should bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 29 September 2025.
- On 7 July 2023 the new Financial Services and Markets Act 2023 was published, marking a significant step in the development of the UK's post-Brexit 'Smarter Regulatory Framework' and implementing the outcomes of WMR. In the context of the UK WMR, the Act provides for the eventual revocation of on-shored EU financial services regulation (such as UK MiFIR, MiFID-derived statutory instruments and related onshored technical standards), and makes certain 'transitional' amendments to UK MiFIR and the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (the MiFI Regulations) (i.e. amendments that apply from the date they are stated to come into force until the eventual revocation and/or replacement of the EU-derived regulations).
- On 28 November 2023, the FCA published a package of measures setting out its final rules on the sustainability disclosure requirements (SDR) regime and accompanying investment labels and is a key part of delivering the UK government's roadmap to sustainable investing. The measures are built on the ISSB Reporting Standards on Sustainability. Among other things, it introduces restrictions on how certain sustainability-related terms, such as environmental, social and governance, green or sustainable, can be used in product names and marketing for products which do not qualify for the sustainable investment labels and introduces sustainable investment product labels with three categories underpinned by objective criteria. The measures are intended to help consumers navigate the market for sustainable investment products, by improving the trust and transparency of such products. The SDR rules also include a general anti-greenwashing provision that came into effect from 31 May 2023 and firms can use the investment labels from 31 July 2024. The naming and marketing rules for asset managers come into effect from 2 December 2024. The Bank is currently reviewing its relevant policies, procedures and client documentation.

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****STRATEGIC REPORT (CONTINUED)****EMPLOYEE MATTERS**

The Bank operates an equal opportunities policy. We have taken steps to ensure all employees are aware of their obligations in ensuring that the Bank's environment retains a culture which is conducive to good working and high performance. Internal communication and access to training and personal development opportunities are in place to support this.

The Bank remains strongly committed to the principle of equal employment opportunities for all employees and to providing employees with a work environment free of discrimination and harassment regardless of age, disability, race, gender identity and gender expression, religion or belief, marriage and civil partnership, pregnancy and maternity, sex and or sexual orientation. Our recruitment, development and promotion procedures embed these principles. The Bank's objective is to attract job applications from the best possible candidates and to retain the best people. We are also committed to having a diverse range of skills, values, knowledge, experience and geographical, educational and professional backgrounds amongst our employees.

The Nomura Group has an established policy of communicating with all its employees regularly, including U.K. employees, in order to provide information relevant to them about their employment and Nomura. This includes regular Nomura news bulletins circulated to all U.K. employees as well as communication and updates on the employee training programs that are available. All U.K. employees are encouraged to participate in the various employee committees and networks offered by the Nomura Group as well as the annual Nomura Group Employee Survey. The Bank is not listed in the U.K. and therefore does not operate an employee share scheme. However employee involvement in the performance of the Bank is encouraged, in a number of ways, including through the provision of a discretionary bonus scheme, which is based on the employee's individual performance as well as their division as a whole and the overall Bank and Nomura Group performance. The Nomura Group's financial performance is regularly communicated to employees, including through quarterly town halls in which the individual Bank's financial performance is discussed.

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****STRATEGIC REPORT (CONTINUED)****SECTION 172 OF THE COMPANIES ACT 2006**

Section 172 of the Companies Act 2006 requires directors to promote the success of the Bank for the benefit of its members as a whole and, in doing so, to have regard to the interests of stakeholders, including shareholders, clients, employees, suppliers, regulators and the wider society in which the Bank operates.

As a Board, we strive to take decisions for the long term, with the aim of understanding and respecting the views and needs of our clients, employees and suppliers along with the environment we operate in and the shareholders to whom we are accountable.

The Board ensures the Section 172 requirements are met and the interests of all stakeholder groups are considered and taken into account when making decisions. This is evidenced through a number of actions including but not limited to the following:

- Our clients and business partners are key to ensuring the long term success of the Bank and, as a result, it is important to develop and maintain strong client relationships. Following the Covid-19 pandemic we continue to use various digital methods of communications, including meetings and briefings, alongside face to face meetings.
- The Bank engages with our people to ensure that the Bank can recruit, develop, motivate and retain talented individuals. There is an established policy of communicating with all employees regularly. The NEHS Group's purpose and its strategy and priorities are communicated at quarterly town halls, and throughout the year in leadership meetings, all employee email messages and Nomura news bulletins. The Board hosts roundtables with employees periodically to hear directly from the workforce. In its communications, the NEHS Group actively promotes its commitment to: good governance; risk management; compliance; good conduct; client needs and shareholder requirements; social responsibility; equal opportunities; and diversity, equity, and inclusion (DEI).
- Nomura conducts an annual Founding Principles and Corporate Ethics Day, a global initiative with the aim of engaging with employees and obtaining feedback in relation to conduct and culture matters. These sessions are held in teams and are led by team leaders to facilitate open discussions. The Human Resources (HR) team conduct employee engagement surveys and review the output of the surveys, gather feedback and develop targeted action plans which are presented to Executive Management. The targeted action plans are also tracked by and presented to the NEHS Board on a half yearly basis.
- Both the NEHS and EMEA Management Committee and the Board receive regular updates from HR to consider progress around subjects such as Diversity, Equity and Inclusion, employee wellbeing and learning & development. In particular, a DEI programme across the EMEA region has continued to be built upon this year, led by our DEI team and supported by our inclusion networks, with a series of DEI initiatives being launched across the NEHS Group. This work is being coordinated globally by a Global Diversity Working Group to drive a more consistent approach across the firm. Work streams are focused on recruitment, retention and advancement aspects of the employee life cycle to enhance our offering and support to colleagues from underrepresented groups.

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT (CONTINUED)

SECTION 172 OF THE COMPANIES ACT 2006 (CONTINUED)

- An annual Health and Wellbeing review is conducted by HR. The Director of the Board responsible for Health and Safety provides an annual update on Health, Safety and the Environment. Wellbeing champions have been trained across the business and a firm-wide wellbeing programme is in place.
- The Bank reviews and reports on its invoice payment practices to ensure suppliers are treated fairly by abiding to agreed payment terms.
- Pursuant to Section 54(1) of the Modern Slavery Act 2015 (the MSA Act), the Bank annually attests to the MSA Act by publishing a statement outlining how the Bank mitigates the risk of slavery and human trafficking both within their business and their supply chains. As part of this process, the NEHS Group has in place a Modern Slavery and Human Trafficking Policy (the MSA Policy), which seeks to identify and manage such risk.
- The Board, its Committees and Executive Management take their environmental responsibilities seriously and receive regular updates on climate change. The Board members continue to receive training on the risks associated with climate change and work is ongoing with respect to the establishment of a net-zero strategy. NEHS remains committed to ensuring that it meets its obligations pertaining to environmental regulation and reporting.
- In 2022, Nomura launched a refreshed Community Affairs strategy in EMEA, focused on embedding Social Impact and Diversity Equity and Inclusion at the heart of our culture. We established a multi-year strategic partnership with Sponsors for Educational Opportunity (SEO London), a well-regarded social mobility non-profit organisation, to break down barriers to careers in Financial Services for young people from under-represented backgrounds.

Nomura is working with SEO London to create opportunities for young people through 'traditional' charitable activities (skilled volunteering, mentoring and fundraising) as well as through the creation and implementation of specific recruitment, retention and progression pathways. The first year of the partnership has seen the development of a cohesive engagement model between SEO and Nomura's internal stakeholders - Community Affairs, Graduate Recruitment, Lateral Recruitment and DEI. The partnership has seen significant buy in across the board with the following high level results for the financial year, which included:

- 2,014 student interactions through Nomura sponsored programming;
 - 78 SEO affiliated graduates participating in our 2024 graduate recruitment programs;
 - 309 employees volunteering and fundraising for SEO; and
 - £42,474 was raised by Nomura employees for SEO.
- The Board has an open, transparent and constructive relationship with the regulators and provides them with monthly Management Information (MI). The Board and its Committees receive regular updates on regulatory developments and Board members often meet with the regulators to ensure they are kept updated and informed.

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****STRATEGIC REPORT (CONTINUED)****SECTION 172 OF THE COMPANIES ACT 2006 (CONTINUED)**

The Board considers the interests of stakeholders as part of its overall long term business objectives and continues to align the Bank's strategic direction with the shareholder's aspirations for sustainability and growth.

When making principal decisions, the Directors have regard to the interests of relevant stakeholders. The hybrid working model adopted after the COVID - 19 pandemic continues to evolve to ensure employees are able to work effectively and clients are able to receive high-quality service.

CLIMATE CHANGE**Implementation of Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations**

The approach to Climate Change is primarily set at a Nomura Group level and applied through all group subsidiaries and business lines including the Bank.

The Nomura Group recognizes that climate change is an important global issue and announced a commitment to align its commercial activities with the objectives agreed in the Paris Agreement, aiming to limit global temperature increases to well below 2°C, and striving for 1.5°C, above pre-industrial levels.

To support the transition towards a decarbonized economy, the Nomura Group also announced a target to achieve net zero greenhouse gas (GHG) emissions for its own operations by 2030, and to transition attributable GHG emissions from lending and investment portfolios to align with pathways achieving net zero by 2050. Nomura Holdings Inc. is a member of the Net-Zero Banking Alliance (NZBA), convened by the United Nations Environment Program Finance Initiative (UNEP FI).

From 2024 The Nomura Group TCFD report is prepared as part of the Nomura Group Annual Report and integrated Group Sustainability Report and will be published in September 2024. As a result this current NIP TCFD report refers to the data from Nomura Group's TCFD Report 2023 and the latest data will be available in the upcoming Integrated Group Report in September 2024. Risk metrics are updated as of 31 March 2024.

The Bank does not claim to comply with all aspects of the TCFD reporting requirements.

Please refer to the Nomura Group TCFD Report for further information on Nomura Group Climate-related Financial Disclosures.

<https://www.nomuraholdings.com/investor/library/ar/index.html#tcf>

The impact on the Bank is likely to be immaterial.

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****STRATEGIC REPORT (CONTINUED)****CLIMATE CHANGE (CONTINUED)****Governance**

The approach to Climate Change is primarily set at a Nomura Group level and applied through all group subsidiaries and business lines including the Bank.

The Nomura Group wide and global governance and engagement includes NHI Board of Directors. Periodic reporting is provided to NEHS Board, NEHS Exec, and NEHS Enterprise Risk Committee

The NEHS Enterprise Risk Committee (ERC) and Board Risk Committee (BRC) provide governance and oversight over Climate risk management of the Bank.

Our Climate Risk & ESG Working Group, comprising members from our Risk Management and other related departments, has been set up to establish a global framework to identify, understand and manage climate change risks within the Nomura Group. Governance and oversight around climate risk management is provided by ERC and BRC who receive regular updates and reports around the nature and impact of these risks from the working group.

Please refer to the Nomura Group TCFD Report for further information on group governance arrangements and Nomura Group Climate-related Financial Disclosures.

<https://www.nomuraholdings.com/investor/library/ar/index.html#tcfid>

The impact on the Bank is likely to be immaterial.

Recognition of Risks and Opportunities associated with Climate Change

The approach to Climate Change is set at a Nomura Group level and applied through all group subsidiaries and business lines including the Bank.

The Climate Risk metrics are reported monthly, and the Climate Scenarios are reported quarterly with the Committees.

Please refer to the Nomura Group TCFD Report for further information on Nomura Group Climate Strategy

<https://www.nomuraholdings.com/investor/library/ar/index.html#tcfid>

The impact on the Bank is likely to be immaterial.

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****STRATEGIC REPORT (CONTINUED)****CLIMATE CHANGE (CONTINUED)****Climate Change Related Strategic Opportunities - Identified Opportunities & Impact**

As a financial services firm, the Nomura Group is committed to helping our clients decarbonise. Over the 3 decades until 2050, investment in the order of US\$150 trillion is expected to be required for the transition to a decarbonised society globally. The Nomura Group recognises that the role of financial services in the supply and circulation of capital directed to these efforts will grow. In particular, the Nomura Group believes the growing demand for funds, M&A advisory services, consulting, underwriting, new financial products & solutions and ESG-related funds will present increased opportunities for our business.

Growth opportunities identified to date include the expansion of underwriting opportunities in line with increased capital investment needs of our clients related to decarbonisation (transition finance) and expanding M&A advisory services for supporting clients' decarbonisation strategies.

Nomura offers sustainability finance, advisory, and consulting services and has set up dedicated teams within our Investment Banking business to originate a wide variety of sustainable financing projects in Japan and overseas.

To further strengthen and promote this initiative, in 2021 the Nomura Group set a target of US\$125 billion in sustainable finance over five years to March 2026.

This target includes public and private equity, bonds, and mezzanine debt financing, as well as infrastructure project financing. In addition to working to achieve these targets, we are taking the following steps to further enhance our sustainable finance initiatives.

• Providing M&A Advisory Services

In April 2020, Nomura acquired Greentech Capital Advisors, a U.S. M&A boutique with leadership strength in sustainable technology and infrastructure. Since April 2022, Greentech has played an integral part of Greentech Industrials and Infrastructure (GII) within Nomura Wholesale with over 150 bankers globally covering 11 subsectors. They are in charge of strengthening and promoting M&A advisory services in the sustainability field, including support for decarbonization through the restructuring of our clients' business portfolios.

• Strengthening Global Cooperation

Employees in Global Markets and Investment Banking support the Bank in providing sustainable finance and therefore play an important role in strengthening sustainable finance initiatives. Global Markets and Investment Banking will achieve this by collaborating globally, under the leadership of Head of Wholesale, to pursue business opportunities in the field of sustainable finance.

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT (CONTINUED)

CLIMATE CHANGE (CONTINUED)

Climate Change Related Risks - Identified Risks & Impact

Identified Risks

The Bank is aware of the impact that climate change related risks can have on our businesses.

There are two key types of risks associated with climate change, namely physical risk and transition risk.

Physical risk is generically defined as the risk of loss or damage due to extreme weather events such as large typhoons, droughts, and intense heat and specifically impacts our business as follows:

- Damage to our facilities or harm to employees, interruptions to our business and increases in our cost base due to extreme weather events;
- Clients or counterparties suffering from extreme weather events, resulting in less business, or even bankruptcy; and
- Loss of collateral value in asset-based finance transactions, e.g. real estate

Transition risk is defined as the risk associated with decarbonisation, such as the inability to respond to changes in government policies and rapid technological innovations and specifically impacts our business as follows:

- Price fluctuations affecting our trading positions, caused by policy change or innovation along with the transition to a decarbonised society;
- Failure of syndication transactions due to the change in investor or client appetite;
- Clients' assets such as fossil fuel facilities becoming obsolete as a result of the transition to a lower-carbon economy, resulting in pressure on business performance and creditworthiness;
- Reputational risk arising from our involvement in project finance transactions in which greenhouse gas emissions are inherent;
- Decrease in existing businesses, higher costs or higher capital charges due to the changes in legislation and the regulatory environment; and
- Reputational risks due to an insufficient understanding of the regulation or policy change

As indicated below through scenario results and risk measures, given our portfolio the impact of these risks is currently assessed as being relatively low and therefore has had limited impact on our business strategy.

Identified Impact

NEHS Portfolio Climate Risk Assessment: During the year ended 31 March 2024, a scenario analysis of the impact of climate change on the NEHS's capital and risk-weighted assets over short-term, medium-term and long-term time horizons has been conducted. This included a Net Zero 2050 scenario for the short-term time horizon; both disorderly and orderly transition scenarios for the medium-term time horizon; and disorderly and orderly transition scenarios, and a physical risk ("Hot house World") scenario in the long-term time horizon.

No significant impact on NEHS has been found in relation to these scenarios. The Bank continues to explore possible enhancements to these scenarios. Please refer to Nomura Group Sustainability / TCFD Report for further detailed information on the scenarios.

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****STRATEGIC REPORT (CONTINUED)****CLIMATE CHANGE (CONTINUED)****Risk Management and Governance of Climate Risk**

Our approaches for managing climate risk are outlined in the sections below:

- **Risk Identification**

A set of sectoral and country heatmaps have been developed as tools to initially identify both physical and transition risks impacting the Bank. These risk identification tools are used within risk management processes as a top-down approach to identify the vulnerabilities to climate factors at both country and sector levels, as described in a number of processes below.

- **Credit Risk Management**

The Bank has enhanced the credit risk management framework to incorporate the analysis of physical and transition risks. Sectoral and country heatmaps are used to identify counterparties most exposed to such risks. This analysis is taken into consideration in our internal credit rating process, for example by including direct or indirect costs incurred by the counterparty to manage their climate-related risks, such as additional investments the counterparty may need to make. Broader ESG factors are also incorporated into these credit ratings. Credit ratings are used to inform credit risk appetite for a counterparty, so this process ensures that climate and ESG related risks are also incorporated implicitly in this.

- **Market Risk Management**

The potential impact of climate change on market risk exposures is assessed by utilising a stress analysis approach that assumes rapid market fluctuations due to transition risk.

- **New Product and Transactional Review Process**

Nomura Group's Wholesale Division's ESG Sector Appetite Statement has introduced a process for identifying ESG risks (including climate change risks) and which evaluates mitigation measures in the review of individual transactions. In addition, the ESG review has been enhanced in the following due diligence processes:

- **New Product Approval Process:** Our process to evaluate and approve new products that Nomura intends to offer. The risks and the associated management processes are examined cross-functionally, and identified risks appropriately mitigated in order for the relevant new product to be approved.

NOMURA BANK INTERNATIONAL PLC

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STRATEGIC REPORT (CONTINUED)

CLIMATE CHANGE (CONTINUED)

Risk Management and Governance of Climate Risk (continued)

- **Transaction Committee Process:** There are various risks inherent in transactions depending upon the market, transaction type, counterparty, and asset class. To assess the key risks and mitigants relating to proposed transactions, NEHS has established a committee process in which the risk threshold linked to each committee and the escalation process have been defined.
- **Scenario Analysis Approach**

The Bank has utilized the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathway (RCP) scenarios and the Network for Greening the Financial Systems' (NGFS) Transition scenarios to explore the potential impact from climate change.

Scenario Analysis

Overview of scenario analysis

Stress testing is typically performed to capture risks not easily identified by other risk management methods. In response to the risks of climate change, Nomura has established stress scenarios for climate change to assess the impact on our Bank's portfolio.

In developing stress scenarios related to climate change, we use transition scenarios from the NGFS and RCP scenarios from IPCC. Nomura views climate change risk as a long-term risk and has conducted analyses focusing on the impact of climate change on the creditworthiness of Nomura's counterparties.

In the fiscal year 2024, the scenarios have been refreshed in line with the NGFS Phase 4 Update, which incorporates the latest economic, and climate data and policy commitments. An analysis was conducted on Nomura's risk-weighted assets, expected loss and capital. A Market Risk analysis has also been conducted which included the development of a climate "wrong way risk" measure and analysis of the equity books. This analysis will be expanded to other asset classes. A Liquidity Risk assessment was also conducted using the Divergent Net Zero scenario. Going forward, we plan to assess short-term climate risk impact using Net Zero 2050 NGFS Scenario for both capital and liquidity risk.

Although the results of this analysis show that the impact of climate change on Nomura's finances is expected to be insubstantial, we are making continual efforts to enhance the scenario analysis approaches.

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT (CONTINUED)

CLIMATE CHANGE (CONTINUED)

Scenario Analysis (continued)

Calculation Period**	Physical Risk Long Term (2050)	Transition Risk Medium Term (10-Year) and Long Term (2050)	Short Term (3-Month and 3-Years)
Analytic Method	Estimate the incremental expected loss* due to potential downgrade under the high physical risk scenario based on country and sector heat map	Estimate the incremental expected loss* due to potential downgrade under the high transition risk scenario based on due diligence of counterparty utilizing disclosures and climate related data etc.	Estimate the impact on capital and RWA utilizing macro-economic variables of NGFS under the high transition risk scenario.
Reference	IPCC-RCP8.5	NGFS Phase 4-Orderly Scenario: Below 2°C with CDR-Disorderly Scenario: Delayed transition	NGFS Phase 4-Net Zero 2050
Narrative	Currently implemented policies are preserved. Nationally Determined Contributions (NDCs) are not met. Emissions grow leading to 3°C+ of warming and severe physical risks.	Orderly Scenario: climate policies are introduced early and become gradually more stringent limiting global warming to below 2°C. Disorderly Scenario: climate policies are introduced after 2030 to reach net zero emissions by 2050 to limit global warming to below 2°C. Negative emissions are limited. Reduction is much more rapid leading to higher transition risks. Low level of CDR technology deployed in this scenario.	"Net Zero 2050" limits global warming to 1.5°C (with a 50% chance) through stringent climate policies and innovation, even in the early years to reach global net zero CO2 emissions around 2050. Countries with a political commitment to a net zero target defined before Feb 2023 meet this target before or after 2050. Some jurisdictions such as the US, EU, UK, Canada, Australia, and Japan reach net zero for all GHGs.
Risk Category	Credit Risk	Credit Risk (Medium Term and Long Term)	Capital Adequacy (3-Years)Liquidity Risk (3-Month)

* Counterparty exposures are not stressed and held constant over the life of long-term scenarios.

** Short term: about three years; Medium term: about 10 years; Long term: about 30 years (2050)

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT (CONTINUED)

CLIMATE CHANGE (CONTINUED)

Exposure Analysis

The Nomura Group has developed metrics to provide transparency on credit exposures for the most sensitive parts of the firm's portfolio to climate risks, based on the counterparty loan equivalent (LEQ). This includes both on-balance sheet and off-balance sheet credit exposures. These metrics are regularly monitored and reported.

- **Carbon Related Assets (CRA)**

In line with the revised TCFD definition, our carbon-related assets are now defined as those assets tied to the following four non-financial groups: "Energy", "Transportation", "Materials and Buildings" and "Agriculture, Food and Forest Product". Water and renewable electricity production industries are excluded. In-scope exposures are identified using our industry level sectors, which align most closely to the Global Industry Classification Standard (GICS) sectors in scope of each measure. Each of the four non-financial groups identified above will have their own metric value, in addition to the umbrella CRA.

We monitor and disclose this TCFD aligned measure for the purpose of transparency and peer group comparison. The added exposures in this measure have been closely reviewed through a transactional due diligence process to ensure the transaction is in line with our appetite. Our approach to managing these exposures to ensure alignment to the firm's Net Zero strategy is currently under development.

- **High Transition Risk (HTR)**

To estimate the risk we would be exposed to through the decarbonization of global economies, we have established a concentration measure for total credit exposure to "High Transition Risk" sectors. The scope includes all counterparties in industry sectors that are assessed as having the highest risk in the sector heat map for Transition Risk.

- **High Physical Risk (HPR)**

The Nomura Group is introducing this new metric to capture exposures to physical risk impacts, acute and chronic, that result from climate change. The scope of this metric is defined using Nomura's country heat map and sector heat map. Counterparties in countries and sectors (defined by the industry level classification) labelled as "High Physical Risk" are included in scope of the metrics.

Measure (NEHS Data Points)	31 March 2024 % of Total LEQ	31 March 2023 % of Total LEQ
Carbon Related Assets (CRA)	5.30	5.60
High Transition Risk (HTR)	0.30	0.00
High Physical Risk (HPR)	1.30	0.80

NBI's exposures are immaterial (less than \$1m) and managed through NEHS.

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

STRATEGIC REPORT (CONTINUED)

CLIMATE CHANGE (CONTINUED)

To measure the credit exposure, we use the “Counterparty LEQ” metric based on our internal methodology. Counterparty LEQ is the total amount of Loan and Loan Equivalent Exposure (“LEQ”) of the counterparty credit exposures. The value of the measure equates to the sum of Counterparty LEQ (or Notional) for each Counterparty that meets the sector (and country for HPR) criteria for the measure. Carbon Related Assets measure excludes Energy sector assets which are renewables and also excludes counterparties with less Fossil Fuel aligned operations than the power generation fuel mix assumed under the NZE Scenario in 2030. As these metrics are sector-based, they may include investments which are beneficial from the climate change perspective, and / or exposures to counterparties with low carbon footprint. For example, a reduction of GHG emissions, from project finance for carbon capture and storage for a power plant counterparty would be included.

During the year ended 31 March 2024, an analysis of the impact of climate change on NEHS's capital and risk-weighted assets was conducted, assuming that climate-related policy implementation leads to a disorderly transition, with the aim of assessing the short-term impact of climate change on the country's financial condition. The impact of climate change on NEHS capital adequacy position is expected to be limited from the results.

Metrics and Targets

The Nomura Group uses metrics related to greenhouse gas emissions as well as other metrics to measure and manage the risks and opportunities associated with climate change and to implement initiatives to align with the Paris Agreement and achieve Net Zero 2050. The Bank will continue to contribute to these targets set at the Nomura Group Level.

Major Climate Change-Related Metrics and Targets for the Nomura Group:

Metrics	Target
Greenhouse gas emissions for its own operations (Scope 1 and 2, Scope 3 cat 5)	Net Zero by 2030
Greenhouse gas emissions from its lending and investment portfolios (Financed emissions. Scope 3 cat 15)	Net Zero in 2050
Sustainable Financing	US\$125bn in sustainable financing over five years by March 2026

BY ORDER OF THE BOARD AT A MEETING HELD ON 17 July 2024



.....
Christopher Barlow
Company secretary

18 July 2024

Company Registration Number 1981122

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

DIRECTORS' REPORT

The Directors present their report and Financial Statements of the Bank which comprises of the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash flow and related Notes 1 - 18.

RESULTS AND DIVIDENDS

The results for the year are presented in the Statement of Comprehensive Income. The profit from continuing activities transferred to reserves for the year amounted to \$7,174,799 (2023: \$7,047,988).

The Directors do not recommend a dividend to be paid in the financial year (2023: \$5,000,000).

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

No events to report post balance sheet date.

DONATIONS

No political donations were made during the year (2023: nil).

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Bank's approach to Risk Management is presented in Note 12 of the Financial Statements, with additional analysis on Financial Instruments disclosed in Notes 1, 8, 12 and 13 of the Financial Statements.

MATTERS DEALT WITH IN THE STRATEGIC REPORT

An indication of the likely future developments of the Bank, along with information pertaining to principal risks, employee matters, section 172 of the Companies Act 2006, environment and energy have been discussed in the Bank's strategic report.

DIRECTORS

The current Directors and those who served during the year are as shown below:

Tom Scholar	Independent Non-Executive Chair (appointed 10 April 2024)
	Independent Non-Executive Director (appointed 1 January 2024)
John Tierney	Director and Chief Executive Officer ("CEO")
Jonathan Britton OBE	Independent Non-Executive Director
Neeta Atkar MBE	Independent Non-Executive Director
Rosemary Murray	Independent Non-Executive Director
Daisuke Mototani	Executive Director
Magnus Falk	Independent Non-Executive Director
David Godfrey CBE	Independent Non-Executive Chairman (resigned 9 April 2024)
	Independent Non-Executive Director (resigned 9 April 2024)

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****DIRECTORS' REPORT (CONTINUED)****DIRECTORS' INDEMNITIES**

As at the date of this report and during the relevant financial year, indemnities are and were in force under which the Bank has agreed to indemnify certain Directors of the Bank to the extent permitted by law and in accordance with the Bank's articles of association, in respect of certain losses and liabilities arising under, out of, or in connection with the execution of their powers, duties and responsibilities, as Directors of the Bank. In addition, NHI effected a global Directors and Officers liability insurance programme for the benefit of the Nomura Group.

ANTI-BRIBERY AND CORRUPTION POLICY

The Bank's policy against bribery and corruption requires employees and persons acting for or on behalf of the Bank, to understand and to comply with laws, rules and regulations concerning bribery and corruption and to be neither involved with bribery nor corrupt activities.

The Bank maintains policies and procedures designed to mitigate the risk of the Bank becoming involved in bribery and/or corruption.

BOARD RECRUITMENT POLICY

The NEHS Governance and Nomination Committee is responsible for having regard to a broad set of technical capabilities and competencies when recruiting members of the Board of the Bank. The NEHS Governance and Nomination Committee is also responsible for putting in place a policy promoting diversity on the Board.

The Nomura Group is committed to providing equal opportunities throughout its Board appointments including in the recruitment, training and development of Board members. The objective is to attract the best possible candidates and to retain the best people.

BOARD DIVERSITY POLICY

The Nomura Group is committed to fostering our corporate culture which respects our people's values regardless of their background, including gender, nationality, ethnic origin, age, sexual orientation or gender identity, parental status or religious identity.

We're committed to building an environment where everyone- no matter their background - can thrive. Not only does fostering a truly inclusive workplace help us to attract, retain and grow talent, but it also plays a crucial part in enhancing our competitive strength as a business. Today, Nomura's workforce includes an incredible diversity of more than 90 different nationalities.

The NEHS Governance and Nomination Committee has responsibility for leading the process for Board appointments and for identifying and nominating candidates for appointment to the Board. Board appointments will be based on merit and candidates will be considered against objective criteria. The Board currently has a diverse range of ages, geographical provenance, educational and professional backgrounds, skills, knowledge and experience which values input from all directors. The NEHS Governance and Nomination Committee will continue to ensure appropriate actions are taken to further broaden the diversity on the Bank's board.

NOMURA BANK INTERNATIONAL PLC**YEAR ENDED 31 MARCH 2024****DIRECTORS' REPORT (CONTINUED)****STAKEHOLDER ENGAGEMENT**

Section 172 of the Companies Act 2006 requires directors to promote the success of the Bank for the benefit of its members as a whole and, in doing so, to have regard to the interests of stakeholders, including shareholders, clients, employees, suppliers, regulators and the wider society in which the Bank operates.

On pages 7 to 9, we have set out how we have engaged with our key stakeholders and how the Board has considered their interests during the year.

STREAMLINED ENERGY & CARBON REPORTING - LOW ENERGY USER

Streamlined Energy and Carbon Reporting (SECR) was implemented on 1 April 2019, through the enforcement of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

A company is within scope if it is a 'large undertaking' by virtue of meeting two or more of the following criteria:

- Employs at least 250 persons
- Has an annual turnover in excess of 36 million pounds
- Has an annual balance sheet total of 18 million pounds

Companies within scope are required to publicly disclose their energy consumption and carbon emissions, and additionally any intensity metrics and energy efficiency measures implemented. However, companies are exempt from the disclosure requirements if they are a 'low energy user' by virtue of having consumed 40MWh or less within the U.K., during the period in which the report is prepared. Nomura Bank International PLC falls into the 'low energy user' classification and is therefore not disclosing energy and carbon information within this report.

GOING CONCERN

The Bank's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition, Notes 12 and 15 of the statutory financial statements for the year to 31 March 2024 describe the Bank's objectives, policies and processes for risk management and capital management, as well as its exposures to credit and liquidity risk.

The Directors consider the Bank's capital position to be strong given the continued positive performance and minimal risk retained. Whilst the Bank has significant exposure to Nomura Group companies, and in particular to NIP, this is minimised through significant collateralisation. The Bank's net exposures with NIP are supported by a limited written guarantee from the Bank's ultimate parent, NHI.

The maturity profile of the Bank's liabilities is typically much longer dated than that of its assets, minimising the risk of the Bank not being able to meet its obligations as they fall due.

The Directors are not aware of any material uncertainties related to events or conditions that cast doubt about the ability of the Bank to continue as a going concern. They have therefore prepared the financial statements on a going concern basis for at least 12 months from approval of these financial statements.

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

DIRECTORS' REPORT (CONTINUED)

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 18. Having made enquiries of fellow Directors and of the Bank's Auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Bank's Auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Bank's Auditors are aware of that information.

AUDITORS

The Bank has passed a resolution to re-appoint Forvis Mazars LLP (formerly Mazars LLP) as auditors' of the Bank for the financial period commencing on or after 1 April 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report, the Strategic Report and the Bank's financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with U.K. adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union. The Directors also confirm that the annual financial statements are prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority (FCA).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing those financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Bank;
- select suitable accounting policies in accordance with IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank's financial position and financial performance;
- state whether the financial statements have been prepared in accordance with U.K. adopted IAS and EU adopted IFRS, subject to any material departures disclosed and explained in the financial statements.

NOMURA BANK INTERNATIONAL PLC

YEAR ENDED 31 MARCH 2024

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONTINUED)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions, and disclose with reasonable accuracy at any time, the financial position of the Bank and enable them to ensure that the Bank's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the current directors who are in offices at the date of this report, and whose names and functions are listed on page 18 of this annual report, confirm that, to the best of his or her knowledge:

- The financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank;
- The management report contained in the strategic report and the directors' report includes a fair review of the development and performance of the business and the position of the Bank together with a description of the principal risks and uncertainties that it faces.

The Directors are also responsible for preparing the Directors' Report and the Strategic Report in accordance with the Companies Act 2006 and applicable regulations.

BY ORDER OF THE BOARD AT A MEETING HELD ON 17 July 2024

A stylized, handwritten signature in black ink, appearing to read "Christopher Barlow".

Christopher Barlow
Company Secretary

18 July 2024

Company Registration number 1981122

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC

Opinion

We have audited the financial statements of Nomura Bank International PLC (the “Bank”, “NBI”) for the year ended 31 March 2024 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Bank's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU')

As explained in Note 1 to the financial statements, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, the Bank has also applied IFRS as adopted by the EU.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 March 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the “Auditor's responsibilities for the audit of the financial statements” section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

NOMURA BANK INTERNATIONAL PLC**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)****Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern;
- Obtaining the Directors' going concern assessment, including the cash flow forecast for the going concern period covering 12 months from the date of signing the audit opinion;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Bank's future financial performance;
- Reviewing the director's going concern assessment to determine that it appropriately considers an assessment of key business risks including assessing the sufficiency of the Bank's capital and liquidity taking into consideration the most recent Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') which is performed at Nomura Europe Holdings Group plc (UK parent company);
- Challenging the appropriateness and reasonableness of the assumptions used in the directors' going concern assessments, including challenging key assumptions and mitigating actions put in place in response to external factors such as, but not limited to, geopolitical context, the inflation levels and interest rates;
- Incorporating back-testing to assess the historical accuracy of directors' forecasting and budgeting ability;
- Assessing the extent of support from the Bank's ultimate parent company and assessing the parent company's supporting financial capacity
- Making inquiries of management, reading correspondence with regulators and minutes of board meetings;
- Assessing whether there were events subsequent to the balance sheet date, or relevant information included in the financial statements of the Bank's ultimate parent company (Nomura Holdings Inc.), could have a bearing on the Bank's going concern conclusion;
- Assessing the consistency of the directors' forecasts with other areas of the annual accounts and our audit; and
- Evaluating the appropriateness of the disclosures in the financial statements in relation to the description of the directors' assessment of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matter in forming our opinion above, together with an overview of the principal audit procedures performed to address the matter and our key observations arising from those procedures.

This matter, together with our findings, was communicated to those charged with governance through our Audit Completion Report.

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

Key audit matter	How our scope addressed this matter
<p>Valuation of the Own Credit Adjustments (OCA) including the associated risk of fraud in revenue recognition</p> <p>Refer to notes 1(f)(vi), 10 and 13 of the financial statements.</p> <p>At March 2024, the cumulative valuation adjustment resulting from own credit, included in the fair values of bonds and medium notes in the statement of financial position, is a credit of \$12.8m (2023: debit of \$153.2m).</p> <p>Note 13 "Fair Value of Financial Instruments" sets out that the measurement of bonds and medium-term notes designated at fair value through profit and loss (FVTPL) requires the use of a valuation adjustment to reflect NBI's own credit worthiness, also called Own Credit Adjustment (OCA).</p> <p>The estimation of OCA on the Bank's bonds and notes is complex and inherently judgemental. The risk is concentrated in the complexity of model estimations and subjectivity of assumptions used to estimate OCA, including quantitative and qualitative assessments required for NBI's credit rating as well as for the construction of the OCA and treasury issuance curves.</p> <p>Overall, the range of reasonable outcomes could be greater than materiality for the financial statements as a whole.</p> <p>In addition, a risk of fraud may arise when revenue recognition requires judgement from management. This risk has been identified for NBI's OCA (due to the degree of judgement involved in its estimation) which is subject to reclassification from OCI to retained earnings.</p> <p>We consider this a key audit matter as a proportionally high amount of audit effort was required to perform the testing on the balance due to the judgement involved.</p>	<p>To address the identified risks in relation to OCA, the audit procedures we have performed included, but were not limited to those described hereafter.</p> <p>Key aspects of our control testing involved evaluating the design and implementation and testing the operating effectiveness of the key controls over the calculation and validation of the OCA including:</p> <ul style="list-style-type: none"> • The overall model governance including approval of changes in assumptions or methodologies, model validation, implementation and monitoring • The determination and validation of the global issuance curve which is used as an input to the OCA estimation; • The adjustments made to the issuance curve as well as the market data of benchmark notes, Total Loss Absorbing Capacity (TLAC) spread and buyback spread used by management in determining these adjustments; <p>We engaged with our IT specialists to evaluate the design implementation and test the operating effectiveness of IT general controls and IT application controls covering, but not limited to, the following processes:</p> <ul style="list-style-type: none"> • Model risk management; • Designation and validation of treasury curve; • Key input data systems and data flows (including external pricing sources) underpinning the OCA calculation and OCA curve construction. <p>We engaged our quantitative valuation specialists to:</p> <ul style="list-style-type: none"> • Assess the appropriateness of the OCA methodology and reasonableness of the assumptions used by management; • Assess the appropriateness of the modelling methodology and reasonableness of the assumptions for a sample of notes; • Independently test the valuation of structure notes together with a sample of derivatives through which market risks are transferred;

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

	<ul style="list-style-type: none"> • Independently test the valuation of the OCA through rebuilding the OCA curve at year-end; and • Recompute the Own Credit Reserve for the last week of the audited period. <p>We also carried out the substantive testing described below:</p> <ul style="list-style-type: none"> • We performed an analytical review of the OCA evolution throughout the year with reference to the treasury issuance curve and performed a stand back assessment of the OCA movements based on expectations from the movements of the underlying key drivers of the OCA; • We tested the completeness of the bonds and notes population subject to OCA calculation; • We verified the appropriateness and accuracy of the inputs used in the calculation; and • We agreed the realised and unrealised OCA gains per the calculations to the trial balance and Financial Statements. <p>We assessed the appropriateness and completeness of the disclosures made in relation to the OCA and the assumptions used in its determination.</p> <p>Our observations</p> <p>We found the approach taken by management in respect to the recognition of OCA is consistent with the requirements of IFRS 9 and we determined that the measurement of bonds and medium-term notes designated at fair value through profit and loss, including the associated OCA, is reasonable.</p>
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NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$2.5 million
How we determined it	1% net assets
Rationale for benchmark applied	<p>Net assets have been chosen for the basis of materiality. In making this selection we have taken into consideration the Bank's role as funding entity for Nomura Group (Nomura Holdings, Inc. and its consolidated subsidiaries) through issuance of notes and commercial papers. In addition, due to its role and the mechanism in place to transfer the associated market risk to a Bank's affiliate, NBI is not profit oriented and its revenue consists of intercompany facilitation and services fees.</p> <p>We have determined that the primary users of its financial statements, including the regulators and investors in notes, would primarily focus on the Bank's ability to repay the issued notes and the strength of its balance sheet. In our view, net assets, an audited component of the balance sheet, is hence considered an appropriate benchmark.</p>
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at \$1.3 million, which represents 50% of overall materiality. When setting performance materiality at this percentage, we have considered the internal control environment of the Bank and reflected that this is the first year audit for Forvis Mazars</p>
Reporting threshold	We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$0.1 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Bank, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit of the Bank was undertaken to the materiality level specified above and was performed at the Bank's office in London and at the Parent company's offices in Tokyo and Powai.

Specified audit procedures were performed by the Parent company's auditors in Tokyo, acting as component auditors for the purpose of the audit of the Bank in accordance with our instructions. We instructed the Parent company's auditors to perform specified audit procedures in relation to general information technology controls and information technology automated controls over systems domiciled in Japan and India which are relevant to the Bank.

We determined the level of involvement we needed as the Bank's auditor in the work of the Parent company's auditors to be able to conclude whether sufficient and appropriate audit evidence was obtained to provide a basis for our opinion on the financial statements as a whole. We maintained oversight of the Parent company's auditors' audit work relevant to the Bank, directing and supervising their activities related to our audit of the Bank. This included setting the scope of work including processes and controls, communicating with the Parent company's auditors throughout the audit, holding on-site meetings in Japan and India, evaluating their reporting to us, and reviewing and challenging selected key workpapers supporting the conclusions. We concluded that the procedures performed on our behalf were sufficient for the purposes of issuing our opinion.

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- the Bank's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Bank and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: financial crime regulations, and regulatory and supervisory requirements from the regulatory authorities where the Bank conducts its business, including primarily the Prudential Regulatory Authority ('PRA') and the Financial Conduct Authority ('FCA').

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Obtaining and understanding of the legal and regulatory frameworks applicable to the Bank and the industry in which it operates;
- Inquiring of management and, where appropriate, those charged with governance, as to whether the Bank is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities, primarily the PRA and the FCA, during the year and up until the date of the approval of the financial statements;
- Holding a bilateral meeting with the PRA to enhance our understanding of the regulator's focus and potential concerns related to the Bank;
- Reviewing minutes of meetings of directors held during the year and up until the date of approval of the financial statements;
- Discussing amongst the engagement team the identified laws and regulations and remaining alert to any indications of non-compliance throughout our audit; and

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

- Focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with those charged with governance and senior management, review of regulatory and legal correspondence, and review of minutes of meetings of the Board of Directors and the Audit Committee during the year and up until the date of the approval of the financial statement.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Verifying that related parties transactions were conducted at arm's length;
- Substantively testing the accuracy and appropriate recording of the guarantee fees;
- Addressing the risks of fraud through management override of controls by performing journal entry testing and by incorporating unpredictability testing into our audit procedures; and
- Being skeptical to the potential of management bias through judgements and assumptions in significant accounting estimates.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation of the Audit Committee, we were appointed by NEHS Board of Directors on 20 September 2023 to audit the financial statements for the year ended March 2024 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 31 March 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank and we remain independent of the Bank in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit Committee.

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOMURA BANK INTERNATIONAL PLC (CONTINUED)

Use of our report

This report is made solely to the Bank's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'P. Pélissier', is written over a horizontal line.

Pauline Pélissier (Senior Statutory Auditor)
For and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
23 July 2024

NOMURA BANK INTERNATIONAL PLC

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	Year ended 31 March 2024 \$'000	Year ended 31 March 2023 \$'000
INCOME			
Interest income calculated using effective interest method	2	180,718	64,139
Other interest and similar income	2	112,645	49,998
Interest expense calculated using effective interest method	2	(29,736)	(7,783)
Other interest and similar expenses	2	(4,323)	-
NET INTEREST INCOME		259,304	106,354
Fee and commission income	3	11,994	43,462
Fee and commission expense	3	(1,455)	(1,326)
Dealing Loss	4	(251,873)	(104,219)
TOTAL OPERATING INCOME		17,970	44,271
General and administrative expenses	5	(8,391)	(35,479)
Credit impairment charge		(34)	(91)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		9,545	8,701
Tax charge on profit on ordinary activities	7	(2,370)	(1,653)
PROFIT FOR THE YEAR		7,175	7,048
ATTRIBUTABLE TO:			
Equity holders of the parent			
Profit for the year		7,175	7,048

All gains and losses in the current year noted above are derived from continuing activities.

The notes on pages 40 to 87 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

		<u>Year ended</u> <u>31 March 2024</u>	<u>Year ended</u> <u>31 March 2023</u>
	<u>Note</u>	<u>\$'000</u>	<u>\$'000</u>
PROFIT FOR THE YEAR		7,175	7,048
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the income statement			
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk (net of related tax effects)	10	(136,675)	126,703
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(136,675)	126,703
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(129,500)	133,751

The notes on pages 40 to 87 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	<u>Called-up Share Capital</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Own Credit Reserve</u> \$'000	<u>Total</u> \$ 000
As at 1 April 2023	255,000	30,560	101,608	387,168
Dividends paid during the year	-	(5,000)	-	(5,000)
Transferred from own credit reserve to retained earnings during the year	-	(6,655)	6,655	-
Profit for the year	-	7,175	-	7,175
Other Comprehensive Loss (net of tax)	-	-	(136,675)	(136,675)
At 31 March 2024	255,000	26,080	(28,412)	252,668

	<u>Called-up Share Capital</u> \$'000	<u>Retained Earnings</u> \$'000	<u>Own Credit Reserve</u> \$'000	<u>Total</u> \$ 000
As at 1 April 2022	255,000	33,222	(24,805)	263,417
Dividends paid during the year	-	(10,000)	-	(10,000)
Transferred from own credit reserve to retained earnings during the year	-	290	(290)	-
Profit for the year	-	7,048	-	7,048
Other Comprehensive Income (net of tax)	-	-	126,703	126,703
At 31 March 2023	255,000	30,560	101,608	387,168

During the year, \$(6,655,000) (2023: \$290,000) was transferred from Own Credit Reserve to Retained Earnings due to derecognition of financial liabilities designated at fair value through profit and loss (net of tax effects).

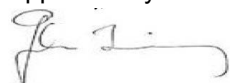
The notes on pages 40 to 87 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

		<u>Year ended</u> <u>31 March 2024</u>	<u>Year ended</u> <u>31 March 2023</u>
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents	8	761	7,781
Derivative financial instruments	8	290,645	149,851
Loans and advances to affiliates	8	3,650,595	3,228,350
Securities purchased under agreements to resell	8	2,413,684	2,434,880
Loans and advances to others	8	2,144	2,462
Prepayments and accrued income	8	57,011	21,899
Other assets	8	6,032	399
Right-of-use assets		-	316
Financial investments	8	11	11
Deferred tax asset	7	1,920	-
Total Assets		6,422,803	5,845,949
Liabilities			
Derivative financial instruments	8	941,237	876,358
Accruals and deferred income	8	32,526	56,730
Borrowings from affiliates	8	118,366	121,244
Borrowings from others	8	-	761
Commercial papers issued	8	815,131	789,011
Bonds and medium-term notes	8, 10	4,258,572	3,578,986
Group relief payable		4,231	7,478
Corporate tax liability		-	787
Other liabilities	8	72	364
Deferred tax liability	7	-	27,062
Total Liabilities		6,170,135	5,458,781
Shareholders' funds			
Called up share Capital	11	255,000	255,000
Retained earnings		26,080	30,560
Own credit reserve		(28,412)	101,608
Total Equity		252,668	387,168
Total Liabilities and Equity		6,422,803	5,845,949

Approved by the Board of Directors on 17 July 2024 and subsequently signed on its behalf on 18 July 2024.



John Tierney,
Director

The notes on pages 40 to 87 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	<u>Year ended</u> <u>31 March 2024</u> \$'000	<u>Year ended</u> <u>31 March 2023</u> \$'000
Operating activities		
Profit before taxation	9,544	8,701
Non-cash adjustments to reconcile profit for the period to net cash flows		
Depreciation	17	80
Net gain/loss including FX gain/loss on bonds and medium term notes	95,274	(405,274)
Interest and FX gain/loss on commercial papers	21,359	(19,080)
Provisions	34	91
	116,684	(424,183)
Change in working capital adjustments		
Net change in derivative assets	(140,794)	291,082
Net change in loans and advances to affiliates	(422,254)	(607,854)
Net change in securities purchased under agreements to resell	21,196	364,450
Net change in loans and advances to others	318	(2,045)
Net changes in prepayments and accrued income	(35,111)	(17,528)
Net change in other assets	(5,633)	4,747
Net change in financial investments	-	9
Net change in derivative liabilities	64,879	152,843
Net change in accruals and deferred income	(24,204)	40,180
Net change in borrowings from affiliates	(2,879)	(153,177)
Net change in borrowings from others	(761)	151
Net change in other liabilities	(11)	(664)
	(545,254)	72,194
Income tax and group relief paid	(6,553)	-
Net cash flow from operating activities	(425,579)	(343,288)
Cash flows from financing activities		
Proceeds from issuance of bonds and medium term notes and commercial papers	2,939,680	3,368,550
Repayments of bonds and medium term notes and commercial papers	(2,516,103)	(3,008,861)
Dividends paid	(5,000)	(10,000)
Payment of principal portion of lease liabilities	(18)	(82)
Net cash flows from financing activities	418,559	349,607
Net (decrease)/increase in cash and cash equivalents	(7,020)	6,319
Cash and cash equivalents at the beginning of the year	7,781	1,462
Cash and cash equivalents at the end of the year	761	7,781
Included within operational cash flows		
Interest paid	(5,334)	(7,193)
Interest received	258,954	95,480

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2023	Cash flows	Own Credit	Non-cash changes	31 March
	\$'000	\$'000	(gain)/loss	Net	2024
			\$'000	(gain)/loss	\$'000
				including	
				FX	
				\$'000	
Bonds and medium term notes	3,578,986	418,815	165,497	95,274	4,258,572
Commercial papers issued	789,011	4,761	-	21,359	815,131
Lease liabilities	316	(18)	-	(298)	-
Total liabilities from financing activities	4,368,313	423,558	165,497	116,335	5,073,703

	1 April 2022	Cash flows	Own Credit	Non-cash changes	31 March
	\$'000	\$'000	(gain)/loss	Net	2023
			\$'000	(gain)/loss	\$'000
				including	
				FX	
				\$'000	
Bonds and medium term notes	3,793,645	345,668	(155,053)	(405,274)	3,578,986
Commercial papers issued	794,069	14,022	-	(19,080)	789,011
Lease liabilities	390	(82)	-	8	316
Total liabilities from financing activities	4,588,104	359,608	(155,053)	(424,346)	4,368,313

The cash and cash equivalents mainly consist of nostro balance.

The notes on pages 40 to 87 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Bank have been prepared in accordance with UK-adopted International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention, except for derivative and non-derivative financial instruments at fair value through profit and loss (FVTPL) which are measured at fair value.

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future for a period of at least 12 months from the date of the approval of the financial statements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

The Bank does not have any material subsidiaries and as such no consolidated financial statements are required to be prepared.

(b) New standards, interpretations and amendments thereof, adopted by the Bank

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of material new standards and interpretations as of 1 April 2023, noted below:

Deferred tax asset/liability from a single transaction - Amendments to IAS 12

The amendment relates to initial recognition exception (IRE) which if applies to certain transactions, it does not require deferred tax to be recognised. The amendment clarifies that IRE will not be applicable to transactions that give rise to equal taxable and deductible temporary differences like ROU asset and lease liability, decommissioning liability and corresponding amount recognised as part of cost related asset.

This amendment does not have a material impact on the financial statements of the Bank.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

International tax reform - Pillar 2 model rules - Amendments to IAS 12

In May 2023, the IASB issued amendments to IAS 12 in response to the OECD's BEPS Pillar Two rules:

- Mandatory temporary exception from recognition of deferred tax with the introduction of Pillar Two model rules
- Additional disclosure requirements to help users better understand the Bank's exposure to Pillar Two income tax rules. This would include:
 - o Application of the exception
 - o Separate disclosure of income tax expense related to Pillar Two income tax rules
 - o Estimable qualitative and quantitative information about exposure to Pillar Two rules

Since the Pillar Two legislation was not effective in the United Kingdom at the reporting date, the Bank has no related current tax exposure. An exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied, as provided in the amendment issued in May 2023. Based on the CbCR transitional safe harbor tests, the United Kingdom entities of the Nomura group should not be affected by BEPS Pillar Two and there should not be any material impact on income taxes, which needs to be disclosed in the financial statements.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following significant estimates and assumptions:

- **Fair value of financial instruments:** Where there is no active market for a financial instrument, fair value is determined using valuation techniques that include the use of valuation models and which could require judgment and estimates, as listed in Note 13; and
- **Deferred tax assets:** Deferred tax assets are recognised in respect of tax losses to the extent it is probable that future taxable profit will be available against which the tax losses can be utilised. Carrying value of deferred tax assets are disclosed in 7.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(d) Standards issued but not yet effective

At the date of authorisation of these financial statements, there are no amendments to standards and interpretations relevant to the Bank's operations which are issued by the IASB but not mandatory for accounting periods beginning 1 April 2023.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 was issued on 9 April 2024 and becomes effective for reporting periods beginning on or after 1 January 2027. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. The Bank is currently assessing the impact on its financial statements.

Amendments to IFRS 9 and IFRS 7 for the classification and measurement of financial instruments

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments that:

- Clarify that a financial liability is derecognised on the 'settlement date' and introduced an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date if certain criteria are met.
- Clarify how to assess ESG-linked features and similar contingent features in performing the SPPI test;
- Clarify the treatment of non-recourse loans and contractually linked instruments in performing the SPPI test;
- Require additional disclosures for financial instruments with contingent features and equity instruments classified at fair value through OCI.

The amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to only early adopt the amendments related to the classification of financial assets. The Bank is currently assessing the impact on its financial statements.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(e) Operating Income

i. Interest and similar income and expenses receivable

Interest and similar income and expenses include interest calculated using the effective interest method on financial instruments measured at amortised cost as well as interest and dividends on certain financial instruments at FVTPL, including securities positions, and secured financing transactions.

The Bank may hold certain financial assets and liabilities which have been set with negative interest rates. Negative interest on financial assets is presented as interest and similar expenses. Negative interest on financial liabilities is presented as interest and similar income.

ii. Dealing profit or loss

Realised and unrealised gains and losses on financial instruments measured at FVTPL are included in dealing profit or loss. Interest on certain financial liabilities designated at FVTPL is also included in dealing profit or loss, as it is integral to dealing activities and distinct from interest on banking activities.

Dealing profits or losses arises across a range of instruments and are managed accordingly. They are presented on a net basis, even though the corresponding financial assets and liabilities may not have been offset.

iii. Fee and commission income and expenses

Fees and commission income includes fees earned from issuance of facilitation services and other commission income.

Revenues are recognised when or as the customer obtains control of the service provided by the Bank which depends on when the Bank satisfies its performance obligation within the contract. Such performance obligations are generally satisfied at a particularly point in time or, if certain criteria are met, over a period of time.

Depending upon whether the Bank is acting as principal or agent in generating fees and commissions, costs are reported on a gross or net basis respectively.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(f) Financial Instruments

(i) Initial recognition and measurement

The Bank recognises most financial instruments, including loans and advances, debt securities issued, secured financing transactions and regular-way purchases or sales of financial assets on settlement date i.e. date of delivery. The Bank recognises other financial instruments, including derivatives, on trade date.

For financial instruments recognised on settlement date, changes in fair value between trade and settlement date are recognised in profit and loss for instruments at FVTPL.

All financial instruments are initially measured at fair value plus, for instruments measured at amortised cost, directly attributable transaction costs.

(ii) Classification and subsequent measurement

The Bank classifies and subsequently measures financial assets at amortised cost, held for trading or mandatorily at FVTPL designated at FVTPL based on its business model for managing the assets and an instrument's contractual cash flow characteristics. The Bank classifies and subsequently measures financial liabilities, except for certain loan commitments and financial guarantees, at amortised cost, held for trading or designated at FVTPL. Financial instruments classified as held for trading are measured at FVTPL.

(iii) Financial assets or liabilities held for trading

Financial instruments are classified as held for trading on the Statement of Financial Position where:

- the business unit actively and frequently originates or purchases financial assets (or issues or incurs financial liabilities) with the intention to sell (or repurchase or redeem) in the foreseeable future;
- the financial assets are part of a portfolio managed together for the purpose of short-term profit making;
- they are derivatives.

Derivatives are presented as financial assets/(liabilities) if their fair value is positive/(negative). Subsequent changes in fair value are recognised as "principal transactions" in dealing profit or loss.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

(iv) Financial assets at amortised cost

The Bank classifies and measures certain loans and advances as well as certain prepayments and other assets that are financial assets at amortised cost if the asset is held within a hold to collect business model and its contractual terms meet the SPPI test.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective, how information is reported to management, frequency and value of sales and the complexity or potential differences in underlying business model. In a hold to collect business model, the Bank holds a portfolio of financial assets with the strategy of collecting their contractual cash flows.

SPPI test

The Bank assesses contractual terms of a financial asset for whether it gives rise on specified dates to cash flows that are "solely payments of principal and interest". For the test, "principal" is the fair value of the financial asset at initial recognition and "interest" is the consideration for time value of money, credit risk, other basic lending risks and costs, and profit margin.

A financial asset with contractual terms that introduce more than de-minimis exposure to risks unrelated to a basic lending arrangement fails the SPPI test and is classified as mandatory at FVTPL, irrespective of business model.

Financial assets at amortised cost are initially measured at fair value and subsequently at amortised cost using the effective interest method less Expected Credit Loss ("ECL") allowance (See Note 1(viii)). Interest is recognised in "Interest income calculated under effective interest method" and ECL and reversals of ECL are recognised in "Credit impairment (charge) / reversal" in the Statement of Comprehensive Income.

(v) Financial assets mandatorily at FVTPL

Securities purchased under agreements to resell

The Bank enters into reverse repurchase transactions which are generally recognised as secured financing transactions consistent with their economic substance.

The Bank does not recognise securities received under reverse repurchase transactions where the counterparty retains substantially all the risks and rewards of ownership. Instead, the Bank recognises consideration paid as an asset within "Securities purchased under agreements to resell" on settlement date at fair value. These assets are managed on a fair value basis and classified as mandatory at FVTPL.

Subsequent changes in fair value of "Securities purchased under agreements to resell" are recognised as dealing profit or loss, except for interest and dividend income or expense which is recognised in "Other interest and similar income or expenses".

For reverse repurchase transactions, payment of cash margin is recognised as separate payables and non-cash margin transferred are not derecognised as derecognition criteria is not met.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

Other financial assets mandatorily at FVTPL

Loans and advances, prepayments and other assets that are financial assets and financial investments are classified as mandatorily at FVTPL if they:

- are managed on a fair value basis;
- fail the SPPI test; or
- are not held in a hold to collect business model and not held in a hold to collect and sell business model.

(vi) Non-trading financial liabilities at amortized cost and FVTPL

Non-trading financial liabilities are carried at amortised cost unless designated at FVTPL

At initial recognition, the Bank may designate a financial liability at FVTPL if:

- designation eliminates or significantly reduces an accounting mismatch that otherwise arises
- the financial liability is part of a group of financial instruments managed on a fair value basis; or
- the financial liability contains an embedded derivative that is required to be bifurcated unless the entire instrument is designated at FVTPL.

Financial liabilities at amortised cost are initially recognised generally on settlement date. After initial measurement, these instruments are subsequently measured at amortised cost using the effective interest method.

Changes in fair value of financial liabilities designated at FVTPL are recognised in profit or loss except for movements due to changes in the Bank's own credit risk. Such changes in fair value are recognised in the "Own credit reserve" through OCI and do not get recycled to profit or loss. Realised amounts recognised in other comprehensive income will be reclassified to Retained earnings net of tax within the 'Statement of Changes in Equity', based on settlement date. As the Bank does not hedge changes in own credit arising on financial liabilities designated at fair value, presenting own credit within other comprehensive income does not create or increase an accounting mismatch in the profit and loss.

(vii) Impairment of financial instruments

The Bank recognises an expected credit loss ("ECL") allowance for loans and other debt financial assets measured at amortised cost, loan commitments and written financial guarantees not measured at FVTPL (all referred to as "instruments" in this section).

ECL represents the difference between contractual and expected cash flows of an instrument, generally discounted at an appropriate effective interest rate. An ECL allowance is measured either based on all possible default events over expected life of the instrument or maximum contractual period of exposure ("lifetime ECL") or the portion of lifetime ECL from possible default events within 12 months of reporting date ("12 month ECL").

The Bank calculates ECL either for an individual instrument or portfolio of similar instruments with key inputs being:

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

- Staging approach applied to the instrument as follows (unless the instrument qualifies for the low credit risk practical expedient or basic staging approach discussed later in this section):

Staging	Scope	Measurement of ECL allowance
Stage 1	Performing instruments	12 months ECL
Stage 2	Underperforming instruments	Lifetime ECL
Stage 3	Credit-impaired instruments	Lifetime ECL

- Probability of Default (“PD”) of the obligor as determined by the Bank’s internal credit rating for the instrument based on industry data and historical experience. Forward-looking information is incorporated into PD inputs by forecasting economic scenarios and adjusting the base case inputs for at least one more optimistic and pessimistic scenario.
- Loss Given Default (“LGD”) as determined by class of instrument based on historical experience of loss and recovery rates for similar instruments and other relevant industry data.
- Credit Exposure at Default (“CEAD”) which for revolving and non-revolving loan commitments, is the estimated drawn facility amount at the time of default, and for funded instruments, is usually the current gross carrying value of the instrument.

At initial recognition, an instrument is Stage 1 unless it is credit-impaired and therefore POCI. Subsequently, the Bank determines whether a significant increase in credit risk has occurred using primarily the Bank’s internal credit rating of the non-POCI instrument at initial recognition vs the reporting date. The Bank reclassifies an instrument to Stage 2 usually when its rating has declined by more than a specific number of notches or payments are 30 days or more past due, and to Stage 3 if it becomes credit-impaired, which is generally upon a default or when payments are 90 days or more past due.

An instrument may be reclassified to Stage 1 or 2 when its credit risk improves, though a credit-impaired instrument generally remains Stage 3 until the obligor cures the reasons for credit-impairment or there has been a sustained observable period (typically 6 months or more) of repayment.

Credit-impaired instruments individually assessed for impairment are typically written-off when further cash flows are deemed uncollectible and all commercially reasonable means of recovery are exhausted. Write-offs are initially recognised against any existing ECL allowance and are considered full or partial derecognition of the instrument. Any cash recovery on previously written off instruments are recognised in ‘credit impairment (charge) / release’.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

The Bank applies the low credit risk practical expedient in measuring ECL for certain Stage 1 non-lending debt instruments with low default risk, namely a 12 month ECL is used without formal consideration of whether a significant increase in credit risk has occurred, unless the instrument becomes credit-impaired, in which case it is reclassified to Stage 3. Instruments in scope include:

- Default fund contribution receivables from investment grade central clearing counterparties;
- Initial margin and variation margin receivables from investment grade central clearing counterparties;
- Segregated initial margin receivables from investment grade custodians in connection with OTC derivatives and bilateral repurchase agreements; and
- Cash and cash equivalents.

The Bank applies a similar approach to the low credit risk practical expedient, known as the basic staging approach, for the following instruments with very low ECL that do not qualify for the expedient:

- Demand deposits and short term investments grade deposits;
- Margin and prime brokerage loans;
- Fronting receivables; and
- Variation margin on derivative transactions and collateralised agreements at FVTPL

(viii) Fair value of financial instruments

The Bank holds financial instruments at fair value, which is the price at which an instrument could be exchanged in a transaction between willing parties at the most advantageous market the Bank has access to, other than in a forced or liquidation sale.

The best evidence of fair value is quoted prices in an active market. Therefore, fair value is based on exchange quoted market prices or other broker/dealer quotations where available, for example for exchange-traded securities and derivatives.

Where such quotations are unavailable, the Bank uses valuation techniques to determine fair value. Valuation techniques consider contractual terms, position size, underlying asset prices, interest rates, dividend rates, time value, volatility and other factors for relevant or similar instruments and incorporate adjustments relating to counterparty and the Bank's own credit risk and market liquidity. The valuation technique used maximises the use of market inputs and minimises the use of entity-specific unobservable inputs which are unobservable in the market.

Fair value is usually determined on an individual financial instrument basis consistent with the unit of account of the financial instrument.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

(ix) Derecognition

The Bank derecognises a financial asset when its contractual rights to cash flows from the asset expire or it has transferred the asset and the transfer qualifies for derecognition. A transfer qualifies for derecognition when the Bank has transferred substantially all the risks and rewards of the asset or it has neither transferred nor retained substantially all the risks and rewards but has transferred control of the asset.

If the Bank transfers a financial asset and retains substantially all the risks and rewards, the Bank continues to recognise the transferred asset and also recognises an associated liability for the consideration received.

If the Bank neither transfers nor retains substantially all the risks and rewards, but retains control, it recognises the transferred asset and an associated liability measured on a basis that reflects the rights and obligations retained.

The Bank derecognises financial liabilities when the Bank's obligations are discharged, cancelled or expired.

(x) Offsetting financial instruments

Financial assets and liabilities are presented on a gross basis on the Statement of Financial Position, with net presentation permitted only when the Bank has a current legally enforceable right to set off the amounts and intention to settle simultaneously or on a net basis.

(g) Financial guarantees

The Bank assesses financial guarantee contracts acquired for whether they are integral to the financial asset the guarantee is for. If integral and not separately recognised, the Bank considers the guarantee in measuring fair value and/or ECL of the financial asset. If not integral, the guarantee is separately accounted for at amortised cost or designated at FVTPL.

Issued financial guarantees are initially recognised in the financial statements at fair value. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation (i.e. fee income) recognised in the income statement, and an ECL allowance. Alternatively, the Bank may designate issued financial guarantees as FVTPL if designation eliminates or reduces an accounting mismatch, the financial liability is managed on a fair value basis or the contract contains an embedded derivative that might otherwise need to be accounted for separately.

The Bank also discloses financial guarantees issued as contingent liabilities.

Fee income from issued financial guarantees is recognised as part of fee and commission income.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(h) Foreign currency translation

The financial statements are presented in USD which is also the Bank's functional currency.

Transactions in currencies other than USD are initially translated into USD by applying the spot exchange rate at the date of the transaction, and subsequently re-measured using:

- Current spot exchange rates for monetary assets and liabilities and non-monetary assets and liabilities which are measured at FVTPL; and
- Historical spot exchange rates for non-monetary assets and liabilities which are not measured at FVTPL.

Foreign currency differences arising on transactions, together with exchange gains/losses from trading activities, are recognised in profit and loss.

(i) Taxation

Income tax expense comprise current and deferred tax. It is recognised in profit or loss except for items recognised directly in equity or OCI or in relation to a business combination.

Current tax liabilities (assets) are measured at the amount expected to be paid to (recovered from) taxation authorities, using the tax rates and laws enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available to allow it to be utilised and is reviewed and adjusted at each reporting date to reflect this. Deferred tax assets and liabilities are measured at tax rates expected to apply in the year when the asset is realised or liability is settled, using the tax rates and laws enacted or substantively enacted at the reporting date.

(j) Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash, demand deposits with banks and unrestricted overnight balances with central banks. Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less, that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

(k) Reserves

The Bank has the following reserve accounts:

- Own credit reserve: The reserve contains unrealised own credit adjustments net of tax in relation to financial liabilities designated at fair value through profit and loss.

(l) Impact of climate risk

In preparing the financial statements, management have considered the impact of the physical and transition risks of climate change as set out in the Strategic Report on page 12, and have concluded that it does not have a material impact on the Bank's financial statements for the reporting period given limited impact arising from scenario analysis and limited exposure both detailed on page 14.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

2 INTEREST AND SIMILAR INCOME AND EXPENSE

	<u>Year ended</u> <u>31 March 2024</u> \$'000	<u>Year ended</u> <u>31 March 2023¹</u> \$'000
Interest income calculated using the effective interest method		
Interest on loans ¹	180,718	64,139
Other interest and similar income		
Interest on reverse repurchase transactions	112,645	49,998
	<u>293,363</u>	<u>114,137</u>
Interest expense calculated using the effective interest method		
Interest to banks and customers	28,346	5,273
Interest on funds borrowed ²	1,390	2,510
Other interest and similar expenses		
Interest on funds borrowed	4,323	-
	<u>34,059</u>	<u>7,783</u>

¹Includes Nil (2023: \$203,497) of interest income on financial liabilities with negative interest rates for the year ended 31 March 2024.

²Includes Nil (2023: \$380,612) of interest expense on financial assets with negative interest rates for the year ended 31 March 2024.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

3 FEE AND COMMISSION INCOME AND EXPENSES

	<u>Year ended</u> <u>31 March 2024</u> \$'000	<u>Year ended</u> <u>31 March 2023</u> \$'000
Facilitation fee income	11,726	43,268
Other fee income	268	194
	<u>11,994</u>	<u>43,462</u>

Fee expenses relate to commitments, guarantees and other fees of \$1,455,430 (2023: \$1,326,074).

4 DEALING PROFIT/(LOSS)

	<u>Year ended</u> <u>31 March 2024</u> \$'000	<u>Year ended</u> <u>31 March 2023</u> \$'000
Financial instruments held for trading	(8,753)	(438,759)
Financial instruments measured at fair value through profit and loss	(243,120)	334,540
	<u>(251,873)</u>	<u>(104,219)</u>

Substantially all of the Bank's profit before taxation and gross and net assets are driven from one business segment involving financing activities. The majority of the notes are issued to European counterparties. Certain receivables and derivatives are transacted with the Nomura Group. Consequently, a significant portion of the revenues are derived from within the Nomura Group.

5 ADMINISTRATIVE EXPENSES

	<u>Year ended</u> <u>31 March 2024</u> \$'000	<u>Year ended</u> <u>31 March 2023</u> \$'000
Audit of the financial statements	1,931	368
Audit related assurance services	238	156
Deprecation on right-of-use assets	17	81
Others	(21)	-
Support service charges	7,539	9,441
Taxes other than income taxes	-	-
Transfer pricing (income)/ expense	(1,520)	24,663
Wages, salaries and other social security costs	207	770
	<u>8,391</u>	<u>35,479</u>

The Bank utilises the services of a number of Executive and Non-Executive Directors. The Bank employs its own staff for certain administrative activities (the number of direct employees at the end of the current financial year totalled Nil (2023: 3). In addition, the Bank uses the resources of NIP under a Service Level Agreement (SLA), for which a charge is paid.

In addition to the audit fees shown above, an amount of \$0 (2023: \$246,231) was borne by NHI and an amount of £43,399 (2023: \$65,411) relating to CASS audit was borne by NIP.

NOMURA BANK INTERNATIONAL PLC**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)****6 DIRECTORS' EMOLUMENTS**

The aggregate emoluments paid to the Directors were \$237,661 (2023: \$212,580).

The highest paid Director received emoluments of \$127,617 (2023: \$117,814). As at 31 March 2024, the accrued pension totalled \$1,939 per annum (2023: \$1,858) and no contributions were made to the Group Personal Pension plan.

The number of Directors who exercised share options during the year was 1 (2023: 1).

The number of Directors who were entitled to receive shares under a long-term incentive plan during the year was nil (2023: nil).

The number of Directors accruing retirement benefits under money purchase pension schemes during the year was 1 (2023: 1).

The above amounts were borne by another Nomura Group undertaking.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

7 TAXATION

Tax expense

	<u>Year ended</u> <u>31 March 2024</u> \$'000	<u>Year ended</u> <u>31 March 2023</u> \$'000
<u>Current tax</u>		
UK Corporation tax charge	2,395	1,673
<u>Deferred tax</u>		
Origination and reversal of temporary differences	(25)	(20)
Tax charge in the profit and loss account	<u>2,370</u>	<u>1,653</u>
Tax (credit)/charge in the other comprehensive income	<u>(28,822)</u>	<u>28,349</u>

Tax reconciliation

The tax charged to the income statement differs from the tax charge that would apply if all profits had been charged at U.K. corporation tax rate as follows:

	<u>Year ended</u> <u>31 March 2024</u> \$'000	<u>Year ended</u> <u>31 March 2023</u> \$'000
Profit before taxation	<u>9,545</u>	<u>8,701</u>
UK corporation tax credit at 25% (2023: 19%)	2,386	1,653
<u>Effects of:</u>		
Other credit in respect of prior period	(16)	-
Tax (credit)/charge on profit on ordinary activities	<u>2,370</u>	<u>1,653</u>

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

7 TAXATION (continued)

Movement of recognised deferred tax assets/(liabilities)

	<u>Decelerated capital allowance</u> \$'000	<u>Deferred emoluments</u> \$'000	<u>Own credit - transitional adjustment</u> \$'000	<u>Own credit - unrealised loss</u> \$'000	<u>Trade loss</u> \$'000	<u>Total</u> \$'000
Asset/(liability) as at 1 April 2023	130	-	(133)	(38,293)	11,234	(27,062)
Income statement	-	-	26	-	-	26
Other comprehensive income	-	-	-	38,293	(9,338)	28,955
Asset/(liability) as at 31 March 2024	130	-	(107)	-	1,896	1,919
Asset/(liability) as at 1 April 2022	130	-	(153)	455	823	1,255
Income statement	-	-	20	-	-	20
Other comprehensive income	-	-	-	(38,748)	10,411	(28,337)
Asset/(liability) as at 31 March 2023	130	-	(133)	(38,293)	11,234	(27,062)

Unrecognised deferred tax assets

	<u>31 March 2024</u> \$'000	<u>31 March 2023</u> \$'000
Unused trade loss	95,684	86,346
Unrealised gain/loss on own credit risk	3,214	-
Total unrecognised deferred tax assets	98,898	86,346

Finance Act 2021, enacted on 10th June 2021, increases the headline corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax assets and liabilities as at the balance sheet date are calculated by reference to the most appropriate enacted rates as at 31 March 2024.

Under UK tax rules, unused trade losses can be carried forward indefinitely. The amount of current year taxable profits that can be relieved by unused tax losses incurred by 31 March 2015 is restricted to 25% of such profits. The utilisation of unused tax losses incurred on or after 1 April 2015 against current year taxable profits is restricted to 50% of such profits subject to an annual £5 million allowance. Trade losses incurred on or after 1 April 2017 and carried forward to subsequent years can be surrendered as group relief subject to the 50% restriction and the annual £5 million allowance.

The Bank has unused trade losses of \$390.3 million (2023: \$390.3 million). A deferred tax asset of \$95.7 million (2023: \$86.3 million) is not recognised in respect of these losses due to uncertainty surrounding the availability of future taxable profits.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

7 TAXATION (continued)

In June 2023 Finance (No.2) Act 2023 was substantively enacted in the UK to implement the Pillar Two rules of the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting project. This will be effective for accounting periods starting on or after 31 December 2023. In May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 Income Taxes to clarify the application of IAS 12 to tax legislation relating to Pillar Two. The amendments include a mandatory temporary exception from accounting for deferred tax on such tax law. Based on assessments undertaken to date, the Bank does not expect a material exposure to Pillar Two income taxes for the year ending 31 March 2025

8 FINANCIAL INSTRUMENTS

Analysis of the Company's financial assets and financial liabilities by IFRS 9 classification

	<u>2024</u>	<u>2024</u>	<u>2024</u>	<u>2024</u>
	<u>Held for trading</u>	<u>Mandatorily at fair value through profit or loss</u>	<u>Amortised cost</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial Assets				
Cash and cash equivalents	-	-	761	761
Derivative financial instruments	290,645	-	-	290,645
Loans and advances to affiliates	-	8,977	3,641,618	3,650,595
Securities purchased under agreements to resell	-	2,413,684	-	2,413,684
Loans and advances to others	-	2,144	-	2,144
Prepayments and accrued income ¹	-	38,117	18,503	56,620
Other assets ¹	-	1,705	4,279	5,984
Financial investments	-	11	-	11
	<u>290,645</u>	<u>2,464,638</u>	<u>3,665,161</u>	<u>6,420,444</u>
	<u>Held for trading</u>	<u>Designated at fair value through profit or loss</u>	<u>Amortised cost</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial Liabilities				
Derivative financial instruments	(941,237)	-	-	(941,237)
Accruals and deferred income ²	-	(24,454)	(7,989)	(32,443)
Borrowings from affiliates	-	(117,714)	(652)	(118,366)
Commercial papers issued	-	-	(815,131)	(815,131)
Bonds and medium-term notes	-	(4,258,572)	-	(4,258,572)
	<u>(941,237)</u>	<u>(4,400,740)</u>	<u>(823,772)</u>	<u>(6,165,749)</u>

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

8 FINANCIAL INSTRUMENTS (continued)

¹ Excludes non-financial assets of \$390,584 (2023: \$Nil) from 'Prepayments and accrued income', and \$47,677 (2023:\$120,643) from 'Other assets'.

² Excludes non-financial liabilities of \$82,978 (2023: \$201,285) from 'Accruals and deferred income', and \$71,580 (2023:\$47,368) from 'Other liabilities'.

	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>
	<u>Held for trading</u>	<u>Mandatorily at fair value through profit or loss</u>	<u>Amortised cost</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial Assets				
Cash and cash equivalents	-	-	7,781	7,781
Derivative financial instruments	149,851	-	-	149,851
Loans and advances to affiliates	-	15,917	3,212,433	3,228,350
Securities purchased under agreements to resell	-	2,434,880	-	2,434,880
Loans and advances to others	-	2,462	-	2,462
Prepayments and accrued income	-	16,253	5,646	21,899
Other assets	-	-	278	278
Financial investments	-	11	-	11
	<u>149,851</u>	<u>2,469,523</u>	<u>3,226,138</u>	<u>5,845,512</u>
	<u>Held for trading</u>	<u>Designated at fair value through profit or loss</u>	<u>Amortised cost</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial Liabilities				
Derivative financial instruments	(876,358)	-	-	(876,358)
Accruals and deferred income	-	(18,671)	(37,858)	(56,529)
Borrowings from affiliates	-	(111,244)	(10,000)	(121,244)
Borrowings from others	-	-	(761)	(761)
Commercial papers issued	-	-	(789,011)	(789,011)
Bonds and medium-term notes	-	(3,578,986)	-	(3,578,986)
Other liabilities	-	-	(316)	(316)
	<u>(876,358)</u>	<u>(3,708,901)</u>	<u>(837,946)</u>	<u>(5,423,205)</u>

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

9 TRANSFERRED FINANCIAL ASSETS AND ASSETS HELD OR PLEDGED AS COLLATERAL

The following table for the Bank provides a summary of financial assets obtained from NIP through reverse repo transactions:

Collateral received	<u>Fair value</u>	<u>Carrying</u>	<u>Fair value</u>	<u>Carrying</u>
	<u>of the</u>	<u>value of</u>	<u>of the</u>	<u>value of</u>
	<u>collateral</u>	<u>associated</u>	<u>collateral</u>	<u>associated</u>
	<u>received</u>	<u>assets</u>	<u>received</u>	<u>assets</u>
	<u>2024</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Relating to securities agreements to resell	2,850,524	2,413,684	2,862,204	2,434,880

The collateral received above has not been re-hypothecated and does not carry any rights of re-hypothecation.

The securities purchased under agreements to resell are transferred to the Bank in exchange for cash which must be repaid at a future date including amounts representing interest. These transactions are conducted under terms based on the applicable master agreement. If the securities increase or decrease in value the Bank may, in certain circumstances, require, or be required to pay, additional cash collateral. In addition, it recognises a financial liability for the cash received as collateral.

Generally the counterparty's recourse is not limited to the transferred assets. The counterparty has recourse to claim beyond the collateral provided in situations where the value of the collateral provided falls below the carrying value of the underlying assets. The carrying value and the fair value of securities under agreements to repurchase are the same.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

10 BONDS AND MEDIUM-TERM NOTES

	<u>31 March 2024</u> \$'000	<u>31 March 2023</u> \$'000
Bonds and medium-term notes, by remaining maturity:		
- Less than 1 year	223,230	101,928
- Less than 5 years, but greater than 1 year	1,229,516	1,017,631
- Greater than 5 years	2,805,826	2,459,427
	<u>4,258,572</u>	<u>3,578,986</u>

As of 31 March 2024, the fair value of the aggregate unpaid principal balance (which is contractually principally protected) of long-term borrowings for which the fair value option was elected was \$539,383,658 (2023: \$698,494,607) more than the principal balance of such long-term borrowings.

The impact of changes in own credit risk during the year included in other comprehensive income on financial liabilities designated at fair value through profit and loss account was an unrealised loss of \$166,030,616 (2023: gain of \$154,993,938) and realised gain of \$533,909 (2023: gain of \$58,275), as well as a UK corporation tax credit of \$28,821,718 (2023: charge of \$28,348,907) arising during the year. The cumulative valuation adjustment resulting from own credit, included in the fair values of bonds and medium term notes in the statement of financial position, is a credit of \$12,857,562 at 31 March 2024 (2023: debit of \$153,173,054). The Bank calculates and applies an own credit adjustment based on movements in the credit spreads of the Nomura Group.

Movement in bonds and medium term notes

The Bank typically hedge the returns obliged to pay with derivatives and/or the underlying assets to obtain funding equivalent to unsecured long-term debt.

Structured notes are debt securities which contain embedded features that alter the return to the investor from simply receiving a fixed or floating rate of interest to a return that depends upon some other variable(s) such as an equity or equity index, commodity price, foreign exchange rate, credit rating of a third party or more complex interest rate calculation.

	<u>Balance as at</u> <u>31 March 2023</u> \$'000	<u>Issuance</u> \$'000	<u>Redemption</u> \$'000	<u>Fair value</u> <u>changes</u> \$'000	<u>Balance as at</u> <u>31 March 2024</u> \$'000
Bonds and medium-term notes	3,578,986	1,490,914	(1,072,099)	260,771	4,258,572
	<u>Balance as at</u> <u>31 March 2022</u> \$'000	<u>Issuance</u> \$'000	<u>Redemption</u> \$'000	<u>Fair value</u> <u>changes</u> \$'000	<u>Balance as at</u> <u>31 March 2023</u> \$'000
Bonds and medium-term notes	3,793,645	1,731,441	(1,385,773)	(560,327)	3,578,986

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

10 BONDS AND MEDIUM-TERM NOTES (continued)

	<u>31 March 2024</u>	<u>31 March 2023</u>
	\$'000	\$'000
Carrying amount	4,258,572	3,578,986
Amount the bank is contractually obligated to pay to the holders of bonds at maturity	4,842,294	4,595,873
Difference between carrying amount and the amount the bank is contractually obligated to pay to the holders of bonds at maturity	<u>583,722</u>	<u>1,016,887</u>

11 SHARE CAPITAL

	<u>Authorised Number '000</u>	<u>Allotted and fully paid Number '000</u>	<u>Consideration \$'000</u>
31 March 2024			
US Dollar Ordinary shares of \$1 each	255,000	255,000	255,000
31 March 2023			
US Dollar Ordinary shares of \$1 each	255,000	255,000	255,000

There was no change to share capital or issue during the year.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT

Nomura's business activities, the products and services it provides to its clients and the markets that it operates in are characteristic of a high level of sophistication and complexity, in turn exposing NBI to a complex set of inherent risks, categorised as follows:

Financial Risks

- **Credit Risk:** The risk of loss from an obligor's default, insolvency or administrative proceeding which results in the obligor's failure to meet its contractual obligations in accordance with legal terms.
- **Market Risk :** The risk of losses arising from fluctuations in values of financial assets or debts (including off-balance sheet items) due to fluctuations in market risk factors (interest rates, foreign exchange rates, prices of securities and others).
- **Model Risk:** The risk of financial loss, incorrect decision making, or damage to the firm's Bank's credibility arising from model errors or incorrect or inappropriate model application.
- **Liquidity Risk:** The risk of loss arising from difficulty in securing the necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of the Nomura Group's creditworthiness or deterioration in market conditions.

Non-Financial Risks

NBI categorises non-financial risks into a standalone category for Reputational Risk and 10 'Level 1' Operational Risks as outlined below.

Reputational Risk: The possible damage to Nomura's reputation and associated risk to earnings, capital or liquidity arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with Nomura Group's values and corporate philosophy.

"Level 1" Operational Risks: Operational Risk is defined as the risk of financial loss or non-financial impact arising from inadequate or failed internal processes, people, and systems or from external events. It includes in its definition Compliance, Legal, IT and Cyber Security, Fraud, Third Party and other non-financial risks. It does not include strategic risk and reputational risk, however, some operational risks can lead to reputational issues and as such operational and reputational risks may be closely linked.

Other Risks

- **Strategic Risk -** The risk to current or anticipated earning, capital, liquidity, enterprise value, or NEHS's reputation arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to change in the industry or external environment.
- **Risks Extending Across Plural Risk Categories:** In certain circumstances risks will extend across plural risk categories. For example, Environmental, Social and Governance (ESG), algorithmic trading related risks, conduct risks and cross border risks manifest themselves through one or a number of the other risk categories identified above. Other risks may arise from time to time with changes to the Bank's strategy or changes in the external environment.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

The PRA Rulebook Disclosure section requires the Bank to publish both Pillar 3 and country by country reporting disclosures. This information has been made publically available on the below website: <https://www.nomuraholdings.com/company/group/europe/>

The Role of Financial Instruments

The Bank issues debt with returns linked to equity, credit instruments or other indices. The Bank actively manages the resultant risk on a fair value basis using a combination of derivative and non-derivative financial instruments with the express intention of eliminating significant market risk arising from such transactions.

The Bank also offers traditional banking products to facilitate customer business such as credit facilities, guarantees and letters of credit. In addition to debt issuances noted above, the Bank obtains financing from capital, bank and intercompany borrowings.

Risk Management Structure

The Board of Directors of the Bank is ultimately responsible for identifying and controlling risks through its overall risk management approach and approval of risk strategies and principles. Responsibility for risk reporting and control is undertaken by the following departments set up within the Bank or under service level agreements with affiliate companies.

Several functions within the Bank are responsible for contributing to the overall risk management of the Bank as further described below:

Departments

Finance department

The Finance department monitors compliance with internally and externally set regulatory limits and guidelines. The annual process for budgeting entity level capital needs is part of the Internal Capital Adequacy Assessment Process ("ICAAP") exercise which takes place in conjunction with the budget related processes. The setting of all current and budgeted capital requirements relating to U.K.-regulated entities, including the Bank, is coordinated and challenged by the Financial and Regulatory Control functions within EMEA Finance. The Financial and Regulatory Control functions are also responsible for monitoring compliance with capital usage limits to ensure capital adequacy targets are met.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Treasury Function

Treasury is part of Finance, reporting to the Chief Financial Officer (CFO), and operates purely as a cost-centre. Treasury is responsible for assessing and monitoring liquidity risks, and ensuring appropriate liquidity reserves are held to protect against modelled outflows in stress.

The Treasury funding team are responsible for maintaining a sufficient Liquidity Portfolio, held in the form of highly liquid, unencumbered securities and supporting the structured note issuance program.

Risk Management

The Risk Management Division comprises of a number of functions to manage the various types of risk that the Bank is exposed. The Risk Management Division ensures effective risk governance through development, ownership and maintenance of risk management policies, risk management frameworks, tools and analysis for risk management. The Risk Management Division responsibilities also include monitoring and reporting of actual risk exposures against risk appetite and risk limits, as well as evaluating risk management governance established by the 1st Line of Defence (LOD). Risks at the Bank's level are mainly managed through sub-committees of the Board of NEHS, the Bank's immediate parent.

Internal Audit

The Nomura Group Internal Audit Department has responsibility to examine, evaluate and raise issues on the appropriateness and the effectiveness of the internal control of all business and operational activities.

The Group Head of Internal Audit has an independent reporting line to the Nomura Holdings Incorporated ('NHI') Audit Committee. In EMEA, the Head of Internal Audit has an independent reporting line to the Chairman of the Audit Committee of NEHS. The EMEA Head of Internal Audit also reports to the Group Head of Internal Audit and locally to the Chief Executive Officer of EMEA.

Internal Audit adopts a risk-based audit approach. A risk assessment is formally carried out annually using a globally agreed methodology and, where necessary, this is updated throughout the year as a result of continuous monitoring, on completion of audits and in response to internal or external events or incidents. The outcome of the Internal Audit risk assessment is used as a basis for determining the annual Audit Plan. Any regulatory or other required or expected audits are added to the Plan as well as any Management Requests or Special Projects initiated by Internal Audit, such as pre-implementation reviews, new business reviews or one-off assignments in response to significant changes in the regulatory or business environment. The annual Audit Plan is reviewed and approved by the NEHS Audit Committee.

Audit execution is also risk-based. Key controls are identified and a variety of techniques are used to evaluate the adequacy of the design and the effectiveness of the controls, including inquiry and observation, sample testing and, in some cases, substantive testing.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Internal Audit (continued)

Internal Audit reports its findings and the agreed actions, target dates and responsible owners to the relevant Audit Committee(s), Senior Management and Line Management as appropriate. The status of outstanding action plans is reviewed regularly and reported to Management periodically. Internal Audit also performs validation work for significant issues which Management represents as having been completed.

The Audit Committee, a sub-committee of the Board, satisfies itself as to the adequacy and sufficiency of Internal Audit resources. A copy of the Internal Audit Charter is available upon request.

Risk Measurement and Reporting Systems

Market Risk

Market risk is the risk of loss arising from fluctuations in values of financial assets and liabilities (including off-balance sheet items) due to fluctuations in market risk factors (interest rates, foreign exchange rates, prices of securities and others). The Bank uses the Nomura Group's Market Risk Management ("MRM") framework for managing market risk, with some specific criteria applied to the Bank where relevant.

Within the Bank, a key metric for measuring portfolio risk is Aggregated Tail Risk ("ATR"), regularly reported and discussed at the NEHS BRC. The NEHS BRC recommends any changes to the Board, who must opine and approve, if appropriate. Day-to-day responsibilities for the ATR calculation and the monitoring of risk limits, within the risk control framework, rests with Market Risk Management. ATR is used for performance evaluation, but not for capital adequacy. In order to ensure capital adequacy, financial soundness is assessed under stressed conditions, i.e. worst-case risk factor moves. Stress testing is undertaken and results reviewed monthly.

The Bank uses a variety of statistical risk measurement tools to assess and monitor market risk on an ongoing basis including, but not limited to, Value at Risk ("VaR"), Stressed VaR ("SVaR") and Incremental Risk Charge ("IRC"). The Risk Management Division calculates VaR and ATR numbers daily for all businesses. These figures are included in weekly reporting to senior management.

The Bank transfers its risks to other Nomura Group companies using derivative products; therefore its market risk is immaterial. No additional VaR disclosures have been made.

A Equity Price Risk and Issuer Credit Risk

The primary sources of equity price risk and issuer credit risk for the Bank arise from the issuance of debt with returns linked to equity, credit instruments or other indices.

The bank mitigates such risks through the purchase of direct hedges or by transferring such risks to other Nomura Group companies using derivative products.

As described in Note 1(f)(vi) management designates such debt instruments, together with related non-derivative hedges, as fair value through profit and loss. Related derivative hedges are accounted for as Held for Trading items.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

The table below shows an analysis of the risks on a notional basis for non-trading items designated at fair value and those that are held for trading:

31 March 2024	Equity Risk	Credit & Other Risk	Total
	\$'000	\$'000	\$'000
Bonds and medium-term notes	(10,398)	(4,831,896)	(4,842,294)
Financial assets with embedded derivatives	8,977	-	8,977
Derivative financial instruments:			
- Fixed income and credit derivatives	-	4,831,896	4,831,896
- Equity derivatives	1,421	-	1,421
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
31 March 2023	Equity Risk	Credit & Other Risk	Total
	\$'000	\$'000	\$'000
Bonds and medium-term notes	(63,684)	(4,532,189)	(4,595,873)
Financial assets with embedded derivatives	15,917	-	15,917
Derivative financial instruments:			
- Fixed income and credit derivatives	-	4,532,189	4,532,189
- Equity derivatives	47,767	-	47,767
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>

Currency risk

During the course of the Bank's financing activities, there is often a need to swap surplus flows in one currency into another currency, achieved using currency swap transactions. This is undertaken in accordance with approved market risk limits.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established stress test limits to constrain the interest rate risk taken by non-trading books. Positions are monitored on a regular basis and hedging strategies may be implemented to ensure that the risk is maintained within the established limits.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Credit Risk

Credit risk is the risk of loss arising from an obligor's default, insolvency or administrative proceeding which results in the obligor's failure to meet its contractual obligations in accordance with agreed terms. This includes both on and off-balance sheet exposures.

Credit Risk Management operates as a credit risk control function within the Risk Management Division, reporting to the NEHS Chief Risk Officer ("CRO"). The process for managing credit risk includes:

- Evaluation of likelihood that a counterparty defaults on its payments and obligations;
- Assignment of internal ratings to all active counterparties;
- Approval of extensions of credit and establishment of credit limits;
- Measurement, monitoring and management of Nomura's current and potential future credit exposures;
- Setting credit terms in legal documentation; and
- Use of appropriate credit risk mitigants including netting, collateral and hedging

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position. Credit derivatives exposure is calculated taking into account the credit quality of the underlying issue and the counterparty. The Bank trades using market convention documentation and, where appropriate, credit enhancements will be added to the documentation.

Counterparty exposure limits are set within the external Large Exposure limit requirements laid down by the Bank's regulator, the FCA and PRA.

The Bank enters into netting agreements with certain counterparties to mitigate its credit exposure. Amounts are only netted if there is a legal right to offset and the entity intends to settle on a net basis, or to realise an asset and settle the liability simultaneously. The impact of offsetting financial assets and financial liabilities which are subject to master netting agreements is not reflected in the Statement of Financial Position. At 31 March 2024 no transactions meet these criteria.

The Bank mitigates its exposure to NIP requiring that cash lent is collateralised with securities (reverse repurchase transactions). At 31 March 2024 the fair value of securities pledged to the Bank by NIP was \$2.9 billion (2023: \$2.9 billion). None of this collateral was repledged or retransferred at the reporting date. The collateral will mitigate any potential loss in the value of the corresponding financial asset in the event of a counterparty failing to perform its contractual commitment.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Credit Risk Exposure

Generally, the Bank's maximum exposure to credit risk at the balance sheet date approximates the financial instruments' carrying amount. However, the below discloses the maximum exposure to credit risk for financial instruments where their carrying amount differs to their maximum exposure to credit risk, without taking account of any collateral held or any other credit enhancements. Certain off balance sheet instruments which expose the Bank to a risk of loss due to default by the parties underlying these contracts are also disclosed.

In the normal course of business, the Bank provides corporate counterparties with loan commitment facilities. The notional amount of undrawn commitments is held off balance sheet, until the point at which they become drawn. The fair value of the commitments and the drawn facility are carried at fair value on the Statement of Financial Position. In addition, the Bank provides certain financial guarantees to third parties over their exposure to Nomura group companies.

Credit enhancements such as loan commitment sub-participations are considered integral to the contractual terms of the underlying loan commitment, and as a result the credit enhancement would be taken into account in the determination of the ECL charge. There is no loan which is past due at the reporting date 31 March 2024 as well as 31 March 2023.

	Gross Exposure	Of which: Stage 1	Of which: Stage 2	Gross Exposure
	31 March 2024 \$'000	31 March 2024 \$'000	31 March 2024 \$'000	31 March 2023 \$'000
Cash and cash equivalents	761	761	-	7,781
Financial assets held for trading	290,645	-	-	149,851
Loans and advances to affiliates	3,650,595	3,641,618	-	3,228,350
Securities purchased under agreements to resell	2,413,684	-	-	2,434,880
Loans and advances to others	2,144	-	-	2,462
Prepayments and accrued income	56,620	18,503	-	21,899
Other assets	5,984	4,279	-	278
Financial investments	11	-	-	11
	6,420,444	3,665,161	-	5,845,512
Off Balance Sheet commitments and financial guarantee contracts	2,264,670	651,046	122,608	1,083,848
	8,685,114	4,316,207	122,608	6,929,360

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Maximum Exposure to Credit Risk by Credit Rating

The credit quality of financial assets and off balance sheet commitments which are subject to credit risk is summarised below. The credit ratings are determined by the Bank's internally determined public rating agency equivalents.

	31 March 2024 \$'000	31 March 2023 \$'000
Financial Assets		
AA	36	258
A	6,403	6,962
BBB	6,413,201	5,838,374
Non-investment grade	2	557
Not rated	1,455	5
Total Balance Sheet exposure	6,421,097	5,846,156
Off Balance Sheet commitments and financial guarantee contracts		
AA	139,826	140,666
A	125,000	125,000
BBB	666,438	539,914
Non-investment grade	1,333,406	278,268
Total Off Balance Sheet exposure	2,264,670	1,083,848
Total maximum exposure to credit risk by credit rating	8,685,767	6,930,004

Within "not rated" are balances representing the pool of counterparties which individually do not generate material credit risk for the Bank.

Substantially all the financial assets with exposures rated BBB are collateralised using a mixture of securities collateral, or cash. In addition, the Bank benefits from a written guarantee from its ultimate parent, NHI, over its exposure to NIP. A significant proportion of the Bank's BBB exposure is with NIP. All credit risk arising on these positions is hedged with NIP; therefore there is no net impact on the profit and loss account of the Bank.

Concentrations of Credit Risk

Due to the Bank's approach to mitigating risk, it is not exposed to any significant concentration risk other than that from other Nomura Group companies.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Liquidity Risk

The Bank's approach to liquidity risk management is founded on the 3 lines of defence principle, ensuring a clear ownership and strong connection between the Business (1st LOD), Global Treasury and Risk Management division (2nd LOD) and Internal Audit (3rd LOD) both globally and locally. The Bank's primary Liquidity Risk Management objective is to ensure continuous liquidity across market cycles and periods of market and idiosyncratic stress, ensuring that all contractual and modelled funding requirements and unsecured debt obligations that fall due within Board-established survival horizons and risk appetite can be met without any reliance on sourcing additional unsecured funding or forced liquidation of assets. Other liquidity metrics such as LCR, NSFR are also embedded in the firm-wide Liquidity risk management.

The MCO (Maximum Cumulative Outflow model) is Nomura's primary tool to measure and monitor liquidity risk on a daily basis, defining the level of liquid assets required to meet contractual and contingent liquidity needs in the event of a stress. The MCO incorporates consistent assumptions at an entity, regional and global level, modelling stressed liquidity outflows over three scenarios of increasing severity, ranging from normal business conditions to a combination of both a market-wide and Nomura-specific liquidity stress. Other liquidity metrics such as LCR, NSFR are also embedded in the firm-wide Liquidity risk management.

NBI is a U.K. regulated entity is fully compliant with the U.K. PRA prescribed liquidity requirements.

Contractual Maturity Table

The table on next page shows the maturity profile of the Bank's assets. The analysis into maturity groupings is based on the remaining period to the contractual maturity date or, if earlier, the expected date the assets will be realised. Derivatives are disclosed at fair value on demand with the exception of gross settled derivatives, which are shown by contractual maturity remaining. Loans advances to others and financial assets with embedded derivatives are presented at fair value. All the other assets are presented at carrying value.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Contractual Maturity Table

	<u>On demand</u>	<u>Less than 30 days</u>	<u>31 - 90 days</u>	<u>91 days - 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
2024						
Cash and cash equivalents	761	-	-	-	-	761
Derivative financial instruments	287,964	2,681	-	-	-	290,645
Loans and advances to affiliates	705,514	7,850	-	132,351	2,804,880	3,650,595
Securities purchased under agreements to resell	1,086,148	64,784	237,542	1,025,210	-	2,413,684
Loans and advances to others	-	2,144	-	-	-	2,144
Prepayments and accrued income	57,011	-	-	-	-	57,011
Other assets	6,032	-	-	-	-	6,032
Financial investments	11	-	-	-	-	11
Total assets	<u>2,143,441</u>	<u>77,459</u>	<u>237,542</u>	<u>1,157,561</u>	<u>2,804,880</u>	<u>6,420,883</u>
2023						
Cash and cash equivalents	7,781	-	-	-	-	7,781
Derivative financial instruments	147,787	2,063	1	-	-	149,851
Loans and advances to affiliates	784,806	19,088	-	729,313	1,695,143	3,228,350
Securities purchased under agreements to resell	1,196,145	-	443,180	795,555	-	2,434,880
Loans and advances to others	-	2,462	-	-	-	2,462
Prepayments and accrued income	21,899	-	-	-	-	21,899
Other assets	399	-	-	-	-	399
Financial investments	11	-	-	-	-	11
Total assets	<u>2,158,828</u>	<u>23,613</u>	<u>443,181</u>	<u>1,524,868</u>	<u>1,695,143</u>	<u>5,845,633</u>

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Contractual Maturity Table

The table below shows the Bank's liabilities by remaining contractual maturity, taking into account early redemption features. Derivatives, other instruments containing embedded derivatives and borrowing from others are presented at their fair values. Derivatives are disclosed at fair value on demand with the exception of gross settled derivatives, which are shown by contractual maturity remaining. Financial liabilities designated at fair value are disclosed based on their earliest redemption date. Structured note issuances are presented at their undiscounted cash flows and remaining liabilities are presented at carrying value.

	<u>On demand</u>	<u>Less than 30 days</u>	<u>31 - 90 days</u>	<u>91 days - 1 year</u>	<u>1 - 5 years</u>	<u>Later than 5 years</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
2024							
Derivative financial instruments	938,080	3,101	56	-	-	-	941,237
Accruals and deferred income	32,526	-	-	-	-	-	32,526
Borrowings from affiliates	652	-	-	-	-	117,714	118,366
Commercial papers issued	-	64,688	235,589	514,855	-	-	815,132
Bonds and medium-term notes - carrying values	-	-	15,141	208,089	1,229,516	2,805,826	4,258,572
Total liabilities	971,258	67,789	250,786	722,944	1,229,516	2,923,540	6,165,833
Other commitments	335,043	2,976	125,000	9,980	1,053,195	538,476	2,064,670
Standby letters of credit issued	-	-	-	-	200,000	-	200,000
	<u>On demand</u>	<u>Less than 30 days</u>	<u>31 - 90 days</u>	<u>91 days - 1 year</u>	<u>1 - 5 years</u>	<u>Later than 5 years</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
2023							
Derivative financial instruments	875,204	206	-	948	-	-	876,358
Accruals and deferred income	56,730	-	-	-	-	-	56,730
Borrowings from affiliates	10,000	-	-	-	-	111,244	121,244
Borrowings from others	761	-	-	-	-	-	761
Bonds and medium-term notes - carrying values	-	2,256	26,314	73,358	1,017,631	2,459,427	3,578,986
Other liabilities - Lease	-	-	20	59	237	-	316
Commercial papers issued	-	149,841	327,743	311,427	-	-	789,011
Total liabilities	942,695	152,303	354,077	385,792	1,017,868	2,570,671	5,423,406
Other commitments	204,575	-	-	-	586,527	92,746	883,848
Standby letters of credit issued	-	-	-	-	200,000	-	200,000

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	2024 Within 12 months \$'000	2024 After 12 months \$'000	2024 Total \$'000	2023 Within 12 months \$'000	2023 After 12 months \$'000	2023 Total \$'000
Cash and cash equivalents	761	-	761	7,781	-	7,781
Derivative financial instruments	290,645	-	290,645	149,851	-	149,851
Loans and advances to affiliates	845,715	2,804,880	3,650,595	1,533,207	1,695,143	3,228,350
Securities purchased under agreements to resell	2,413,684	-	2,413,684	2,434,880	-	2,434,880
Loans and advances to others	2,144	-	2,144	2,462	-	2,462
Prepayments and accrued income	57,011	-	57,011	21,899	-	21,899
Other assets	6,032	-	6,032	399	-	399
Financial investments	11	-	11	11	-	11
Total Assets	3,616,003	2,804,880	6,420,883	4,150,490	1,695,143	5,845,633
Derivative financial instruments	941,237	-	941,237	876,358	-	876,358
Accruals and deferred income	32,526	-	32,526	56,730	-	56,730
Borrowings from affiliates	652	117,714	118,366	10,000	111,244	121,244
Borrowings from others	-	-	-	761	-	761
Commercial Papers	815,131	-	815,131	789,011	-	789,011
Bonds and medium-term notes	223,230	4,035,342	4,258,572	101,928	3,477,058	3,578,986
Other liabilities	72	-	72	126	238	364
Total Liabilities	2,012,848	4,153,056	6,165,904	1,834,914	3,588,540	5,423,454

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Operational Risk

The Bank defines operational risk as the risk of financial loss or non-financial impact arising from inadequate or failed internal processes, people and systems, or from external events. Operational Risk includes in its definition Compliance, Legal, IT and Cyber Security, Fraud, Third Party and other non-financial risks. Operational Risk does not include strategic risk and reputational risk, however, some operational risks can lead to reputational issues and as such operational and reputational risks may be closely linked. The Bank uses the Nomura Group's Operational Risk Management ("ORM") framework for the management of the Bank's operational risk.

The Three Lines of Defence

The Nomura Group adopts the industry standard "Three Lines of Defence" for the management of operational risk, comprising the following elements:

- (1) 1st Line of Defence (1st LOD): All Business and employees which owns and manages its risks.
- (2) 2nd Line of Defence (2nd LOD): Global ORM, which is responsible for and co-ordinates the Operational Risk Management Framework and oversees its implementation under the provision of the Global Operational Risk Management Policy. Additionally, Corporate Function Heads have specific 2LoD responsibilities for individual risk types.
- (3) 3rd Line of Defence (3rd LOD): Internal Audit, who provide independent assurance.

The "Governing Body" is the Group Risk Management Committee ("GRMC"), which provides formal oversight. GRMC is responsible for ensuring a sound and effective framework is in place for the management of Operational Risk.

The Nomura Group's ORM framework is set out below:

Infrastructure of the framework

- Policy framework: Sets standards for managing operational risk
- Risk Culture, Training and awareness: Action taken by ORM to improve business understanding of operational risk.

Products and Services

- Operational Risk Event Reporting: This process is used by the 1st line of defence to identify and report any event which resulted in or had the potential to result in a loss or gain or other impact associated with inadequate or failed internal processes, people and systems, or from external events.
- Risk and Control Self-assessment ("RCSA"): This process is used by the 1st line of defence to identify the inherent risks the Business faces, the key controls associated with those risks and relevant actions to mitigate the residual risks. Global ORM are responsible for developing the RCSA framework and supporting the business in its implementation.
- Key Risk Indicators ("KRI"): KRIs are metrics used to monitor the Business' exposure to operational risk.
- Scenario Analysis: This process is used to assess potential high impact, low likelihood tail risks and agree actions to improve controls where required.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

12 RISK MANAGEMENT (continued)

Operational Risk (continued)

Outputs

- Risk Appetite: Articulates risk management approach for operational risk. Global Operational Risk Management framework produces regular reporting on the level of operational risk in accordance with the Risk Appetite Statement.
- Analysis and reporting: A key aspect of ORM's role is to analyse, report, and challenge operational risk information provided by business units, and advise business units when developing action plans to mitigate risks.
- Operational risk capital calculation: Calculate operational risk capital as required under applicable Basel standards and local regulatory requirements.

Model Risk

Model Risk is the risk of financial loss, incorrect decision making, or damage to the Bank's credibility arising from Model errors or incorrect or inappropriate Model application.

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

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

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions have been applied in determining the fair values of financial instruments:

- (a) The fair value of financial assets and liabilities at amortised cost due within 12 months are assumed to approximate to their carrying values.
- (b) Financial assets classified as fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated using a valuation model.
- (c) Financial assets mandatorily at fair value through profit and loss, financial liabilities designated at fair value through profit and loss and derivatives are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated using a valuation model. Such models are based, wherever possible, on assumptions supported by observable market prices or rates. These valuation techniques are based on assumptions. As a result, the fair value calculated using these valuation techniques will change if the underlying assumptions change. The potential impact of using reasonably possible alternative assumptions to value these financial instruments has not been disclosed as, due to the Bank's transfer of risks to other Nomura Group companies, it is not deemed significant.

Fair value is usually determined on an individual financial instrument basis consistent with the unit of account of the financial instrument. However, certain financial instruments managed on a portfolio basis are valued as a portfolio. Fair value for a portfolio is based on the price that would be received to sell a net long position (i.e. a net financial asset) or transfer a net short position (i.e. a net financial liability) consistent with how market participants would price the net risk exposure at the measurement date.

Fair value hierarchy

- Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities (i.e. without modification or repackaging) accessible by the Bank at the measurement date.
- Level 2** Quoted prices in active markets for similar assets or liabilities, quoted prices in inactive markets or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3** Unobservable inputs that are significant to the fair value measurement of the financial instrument. Valuation techniques using unobservable inputs reflect management's assumptions about the estimates used by other market participants in valuing similar financial instruments. These valuation techniques are developed based on the best available information at the measurement date.

The following tables presents information about the Bank's financial assets and financial liabilities measured at fair value within the fair value hierarchy, based on the transparency of inputs into the valuation techniques used by the Bank to determine such fair values. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement of the financial instrument.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy - Financial Assets

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2024				
Derivative financial instruments	-	229,567	61,078	290,645
Securities purchased under agreements to resell	-	2,413,684	-	2,413,684
Loans and advances to affiliates	-	8,977	-	8,977
Loans and advances to others	-	-	2,144	2,144
Prepayments and accrued income	-	38,117	-	38,117
Financial investments	-	-	11	11
Other Assets	-	1,705	-	1,705
	-	2,692,050	63,233	2,755,283

2023

Derivative financial instruments	-	121,120	28,731	149,851
Securities purchased under agreements to resell	-	2,434,880	-	2,434,880
Loans and advances to affiliates	-	15,917	-	15,917
Loans and advances to others	-	-	2,462	2,462
Prepayments and accrued income	-	16,253	-	16,253
Financial investments	-	-	11	11
	-	2,588,170	31,204	2,619,374

Fair Value Hierarchy - Financial Liabilities

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2024				
Derivative financial instruments	-	689,760	251,477	941,237
Accruals and deferred income	-	24,454	-	24,454
Bonds and medium-term notes	-	4,258,572	-	4,258,572
Borrowings from Affiliates	-	117,714	-	117,714
	-	5,090,500	251,477	5,341,977

2023

Derivative financial instruments	-	566,837	309,521	876,358
Accruals and deferred income	-	18,671	-	18,671
Bonds and medium-term notes	-	3,578,986	-	3,578,986
Borrowings from Affiliates	-	111,244	-	111,244
	-	4,275,738	309,521	4,585,259

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques by major class of financial instrument

The valuation techniques used by Nomura to estimate fair value for major classes of financial instruments, together with the significant inputs which determine classification in the fair value hierarchy, are as follows.

Bank and corporate debt securities and loans carried at fair value

The fair value of bank and corporate debt securities and loans carried at fair value either as trading assets or through election of the fair value option is primarily determined using DCF valuation techniques but also using broker or dealer quotations and recent market transactions of identical or similar debt securities, if available. Consideration is given to the nature of the broker and dealer quotations, namely whether these are indicative or executable, the number of available quotations and how these quotations compare to any available recent market activity or alternative pricing sources. The significant valuation inputs used for DCF valuations are yield curves, asset swap spreads, recovery rates and credit spreads of the issuer. Bank and corporate debt securities are generally classified in Level 2 of the fair value hierarchy because these valuation inputs are usually observable or market-corroborated. Certain bank and corporate debt securities will be classified in Level 3 because they are traded infrequently and there is insufficient information from comparable securities to classify them in Level 2, or credit spreads or recovery rates of the issuer used in DCF valuations are unobservable.

Derivatives

Nomura enters into both exchange-traded and OTC equity, interest rate, credit and foreign exchange derivative transactions. Where these derivatives are traded in active markets and the exchange price is representative of fair value, the fair value of exchange-traded derivatives is determined using an unadjusted exchange price and classified in Level 1 of the fair value hierarchy. The fair value of exchange-traded derivatives which are traded in inactive markets or where the exchange price is not representative of fair value is determined using a model price and are classified in Level 2. The fair value of OTC derivatives is determined through option models such as Black-Scholes and Monte Carlo simulation. The significant valuation inputs used include equity prices, dividend yields, volatilities correlations, interest rates, credit spreads, recovery rates and foreign exchange rates. Valuation adjustments are also made to model valuations in order to reflect counterparty credit risk on derivative assets and Nomura's own creditworthiness on derivative liabilities. OTC derivatives are generally classified in Level 2 because all significant valuation inputs and adjustments are observable or market-corroborated. Certain less liquid vanilla or more complex equity derivatives are classified in Level 3 where dividend yield, interest rate, credit spread, recovery rate, volatility or correlation valuation inputs are significant and unobservable.

Nomura includes valuation adjustments in its estimation of fair value of certain OTC derivatives relating to funding costs associated with these transactions to be consistent with how market participants in the principal market for these derivatives would determine fair value.

NOMURA BANK INTERNATIONAL PLC**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)****13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)****Valuation techniques by major class of financial instrument (continued)****Bonds and medium-term notes ("Structured notes")**

Structured notes are debt securities issued by Nomura which contain embedded features that alter the return to the investor from simply receiving a fixed or floating rate of interest to a return that depends upon some other variables, such as an equity or equity index, commodity price, foreign exchange rate, credit quality of a third party or a more complex interest rate (i.e., an embedded derivative).

The fair value of structured notes is determined using a quoted price in an active market for the identical liability if available, and where not available, using a mixture of valuation techniques that use the quoted price of the identical liability when traded as an asset, quoted prices for similar liabilities, similar liabilities when traded as assets, or an internal model which combines DCF valuation techniques and option pricing models, depending on the nature of the embedded features within the structured note. Where an internal model is used, Nomura estimates the fair value of both the underlying debt instrument and the embedded derivative components. The significant valuation inputs used to estimate the fair value of the debt instrument component include yield curves, prepayment rates, default probabilities and loss severities. The significant valuation inputs used to estimate the fair value of the embedded derivative component are the same as those used for the relevant type of freestanding OTC derivative discussed above. A valuation adjustment is also made to the entire structured note in order to reflect Nomura's own creditworthiness. This adjustment is determined based on recent observable secondary market transactions and executable broker quotes involving Nomura debt instruments and is therefore typically treated as a Level 2 valuation input. Structured notes are generally classified in Level 2 of the fair value hierarchy as all significant valuation inputs and adjustments are observable.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation processes

In order to ensure the appropriateness of any fair value measurement of a financial instrument used within these financial statements including those classified as Level 3 within the fair value hierarchy, the Bank operates a governance framework which mandates determination or validation of a fair value measurement by control and support functions independent of the businesses assuming the risk of the financial instrument. Such functions within Nomura Group with direct responsibility for either defining, implementing or maintaining valuation policies and procedures are as follows:

- The Product Control Valuations Group (“PCVG”) within Nomura’s Finance Department has primary responsibility for determining and implementing valuation policies and procedures in connection with determination of fair value measurements. In particular, this group will ensure that valuation policies are documented for each type of financial instrument. While it is the responsibility of the businesses to price the financial instruments, the PCVG are responsible for independently verifying or validating these prices. In the event of a difference in opinion or where the estimate of fair value requires judgement, the valuation used within these financial statements is made by senior managers independent of the businesses. This group reports to the Global Head of Middle Office and ultimately to the Chief Financial Officer (“CFO”) of Nomura Group;
- The Accounting Policy Group (“APG”) within Nomura’s Finance Department defines the Group’s accounting policies and procedures, including those associated with determination of fair value. This group reports to the Global Head of Accounting Policy and ultimately to the CFO of the Nomura Group; and
- The Global Valuation Model Validation Group (“VMVG”) within Nomura’s Risk Management Department validates the appropriateness and consistency of pricing models used to determine fair value measurements independently of those who design and build the models. The group reports to the Global Head of Market and Quantitative Risk of the Nomura Group.

Sensitivity of fair value to changes in unobservable inputs

Level 3 financial instruments are often hedged with instruments within Level 1 or Level 2 of the fair value hierarchy and the gains or losses do not reflect the offsetting gains or losses for these hedging instruments. Additionally, due to these hedging arrangements no effect of reasonably possible alternative assumptions has been disclosed as a change in any assumption would cause a similar offsetting effect to the hedging instruments’ fair value. Level 3 instruments are also measured using both observable and unobservable inputs. Fair value changes presented below, therefore, reflect realised and unrealised gains and losses resulting from movements in both observable and unobservable parameters. The impact of changes in those inputs to a different amount is not expected to result in a significantly higher or lower fair value.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Movements in Level 3 financial instruments

Level 3 financial assets and financial liabilities include instruments whose valuations are significantly dependent on parameters which are unobservable in the market. Financial instruments are categorised in accordance with their lowest level significant input. As a result, a derivative valued using a combination of Level 1, Level 2 and Level 3 parameters would be classified in Level 3 in its entirety, if its value is significantly affected by at least one significant unobservable parameter.

These financial instruments are often hedged with instruments within Level 1 or Level 2 of the fair value hierarchy and the gains or losses below do not reflect the offsetting gains or losses for these hedging instruments. Additionally, due to these hedging arrangements no effect of reasonably possible alternative assumptions has been disclosed as a change in any assumption would cause a similar offsetting effect to the hedging instruments' fair value. Level 3 instruments are also measured using both observable and unobservable inputs. Fair value changes presented below, therefore, reflect realised and unrealised gains and losses resulting from movements in both observable and unobservable parameters.

The following table presents information about financial assets and liabilities measured at fair value on a recurring basis for which the Bank has utilised Level 3 inputs to determine fair value:

2024	At 1 April 2023	Total gains / (losses) in P&L	Net cash (in)/out	Settlements	Net transfers into level 3	At 31 March 2024	Unrealised total gains / (losses) in P&L
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Derivative financial instruments	28,730	35,473	-	1,006	(4,131)	61,078	35,519
Loans and advances to others	2,462	(318)	-	-	-	2,144	(318)
Financial investments	11	-	-	-	-	11	-
	31,203	35,155	-	1,006	(4,131)	63,233	35,201
2023							
Financial assets							
Derivative financial instruments	37,779	(7,953)	-	(1,063)	(32)	28,731	(7,830)
Loans and advances to others	417	2,045	-	-	-	2,462	2,045
Financial investments	20	(9)	-	-	-	11	(9)
	38,216	(5,917)	-	(1,063)	(32)	31,204	(5,794)

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

2024	At 1 April 2023	Total (gains) / losses in P&L	Net cash in/(out)	Settlements	Net transfers into level 3	At 31 March 2024	Unrealised total (gains) / losses in P&L
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities							
Derivative financial instruments	309,521	(9,194)	-	(24,593)	(24,258)	251,477	(31,518)
	309,521	(9,194)	-	(24,593)	(24,258)	251,477	(31,518)
2023							
Financial liabilities							
Derivative financial instruments	146,547	155,486	-	4,989	2,499	309,521	164,288
	146,547	155,486	-	4,989	2,499	309,521	164,288

Total gains and losses on financial assets included in the above table are included in 'Dealing loss' in the profit and loss account.

The Bank assumes that all transfers of financial instruments from one level to another level within the fair value hierarchy occur at the beginning of the relevant quarter in which the transfer takes place.

A Level 3 quantitative disclosures on significant unobservable inputs

The following table presents quantitative information about the significant unobservable inputs and assumptions used by the Bank for Level 3 financial instruments as of 31 March 2024 and 31 March 2023 .

<u>Class of financial instrument</u>	<u>Fair value</u> \$'000	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Range</u>
2024				
Derivative financial instruments				
-Assets	61,078	DCF / Option	Dividend Yield	2.5-2.5%
-Liabilities	(251,477)	Models	Volatilities	9.3%-89%
			Correlations	-0.68-0.97
Loans and advances to others	2,144		No significant unobservable inputs	
Financial investments	11		No significant unobservable inputs	

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

A Level 3 quantitative disclosures on significant unobservable inputs (continued)

2023

Derivative financial instruments

-Assets	28,731	DCF / Option		
-Liabilities	(309,521)	Models	Volatilities	54.5%-100.8%
			Correlations	0.25-0.97
Loans and advances to others ¹	2,462		No significant unobservable inputs	
Financial investments	11		No significant unobservable inputs	

¹The position is valued with a significant adjustment to theoretical value to reflect likely exit level. Whilst this is significant to the valuation no individual input is seen as significant and unobservable.

B Estimated fair value of financial instruments not carried at fair value

Certain financial instruments are not carried at fair value on a recurring basis in the Statement of Financial Position since they are neither held for trading purposes nor are elected for the fair value option. These are typically carried at contractual amounts due or amortised cost.

The carrying value of the majority of the financial instruments detailed below will approximate to fair value since they are short-term in nature and contain minimal credit risk. These financial instruments include financial assets reported within loans, debtors, cash and cash equivalent, borrowings from fellow subsidiary undertakings, cash collateral and other liabilities.

Cash and cash equivalent, other debtors, borrowings from fellow subsidiary undertakings and cash collateral, in the Statement of Financial Position would be classified in either level 1 or level 2 within the fair value hierarchy.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following tables present carrying values, fair values and classification within the fair value hierarchy for certain classes of financial instruments carried at amortised cost as of 31 March 2024 and 2023:

	Carrying amount	Fair value	Fair value by level		
	\$'000	\$'000	Level 1	Level 2	Level 3
			\$'000	\$'000	\$'000
2024					
Financial Assets:					
Cash and cash equivalents	761	761	-	761	-
Loans and advances to affiliates	3,641,618	3,641,618	-	3,641,618	-
Prepayments and accrued income	18,503	18,503	-	18,503	-
Other assets	4,279	4,279	-	4,279	-
	<u>3,665,161</u>	<u>3,665,161</u>	<u>-</u>	<u>3,665,161</u>	<u>-</u>
Financial Liabilities:					
Accruals and deferred income	(7,989)	(7,989)	-	(7,989)	-
Borrowing from affiliates	(652)	(652)	-	(652)	-
Commercial papers issued	(815,131)	(815,131)	-	(815,131)	-
	<u>(823,772)</u>	<u>(823,772)</u>	<u>-</u>	<u>(823,772)</u>	<u>-</u>
2023					
Financial Assets:					
Cash and cash equivalents	7,781	7,781	-	7,781	-
Loans and advances to affiliates	3,212,433	3,212,433	-	3,212,433	-
Loans and advances to others	-	-	-	-	-
Prepayments and accrued income	5,646	5,646	-	5,646	-
Other assets	278	278	-	278	-
	<u>3,226,138</u>	<u>3,226,138</u>	<u>-</u>	<u>3,226,138</u>	<u>-</u>
Financial Liabilities:					
Accruals and deferred income	(37,858)	(37,858)	-	(37,858)	-
Borrowing from affiliates	(10,000)	(10,000)	-	(10,000)	-
Borrowing from others	(761)	(761)	-	(761)	-
Other liabilities	(316)	(316)	-	(316)	-
Commercial papers issued	(789,011)	(789,011)	-	(789,011)	-
	<u>(837,946)</u>	<u>(837,946)</u>	<u>-</u>	<u>(837,946)</u>	<u>-</u>

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

14 OFFSETTING DISCLOSURES

The tables presented below provide a summary of financial assets and liabilities subject to enforceable master netting and similar agreements.

The Bank has entered into various collateral arrangements with its derivative counterparties or other transactions whereby non cash collateral may be posted. These transactions are conducted under terms based on the applicable derivative agreement (e.g. ISDA Collateral Guidelines). The Bank has determined that it retains substantially all the risks and rewards of the posted non-cash collateral, which include credit risk and market risk. The non-cash collateral is not derecognised. Generally, the counterparty's recourse is not limited to the transferred assets.

	<u>Securities purchased under agreements to resell \$'000</u>	<u>Loans and advances to affiliates \$'000</u>	<u>Derivative assets \$'000</u>	<u>Securities sold under agreements to repurchase \$'000</u>	<u>Derivative liabilities \$'000</u>
2024					
Total gross balance ⁽¹⁾	2,413,684	8,977	290,645	-	(941,237)
Less: Additional amounts not offset in the Bank balance sheet ⁽²⁾	-	-	(290,314)	-	290,314
Financial instruments and non-cash collateral	(2,413,684)	(8,977)	-	-	-
Cash collateral ⁽³⁾	-	-	(593)	-	577,818
Net Amount	-	-	(261)	-	(73,105)
2023					
Total gross balance	2,434,880	15,917	149,851	-	(876,358)
Less: Additional amounts not offset in the Bank balance sheet	-	-	(139,482)	-	139,482
Financial instruments and non-cash collateral	(2,434,880)	(15,917)	-	-	-
Cash collateral ⁽³⁾	-	-	(10,196)	-	688,453
Net Amount	-	-	173	-	(48,423)

(1) Includes all recognised balances irrespective of whether they are transacted under legally enforceable master netting agreements. Amounts include transactions carried at fair value through election of the fair value option and amounts carried at amortized cost.

(2) Represents amounts which are not permitted to be offset on the face of the balance sheet but which provide the Bank with the right of offset in the event of counterparty default.

(3) Cash collateral receivable of \$127,696,368 (2023: \$94,026,476) from NIP is not utilised due to no derivative liability exposure after counterparty netting.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

15 CAPITAL MANAGEMENT POLICY

UK Capital Management

The primary objectives of the Bank's capital management policies are to ensure that the Bank complies with externally imposed capital requirements and that the Bank is able to withstand losses due to extreme market movements. To achieve these goals, sufficient capital is maintained to support the Bank's business. The Bank's policy is to mitigate risk through the use of derivative arrangements with other Nomura Europe group companies.

The Bank reviews the appropriate level of capital sufficiency, with senior management responsible for implementing and enforcing capital policies. The determination of asset size and level of capital take into consideration regulatory requirements, economic risks inherent in the business and maintenance of a debt rating appropriate to a global financial institution. The allocation of available capital resource across the business is then based upon factors such as return on capital and regulatory requirements.

The Bank is subject to and has complied with the regulatory requirements imposed by HM Treasury and the PRA under the UK Financial Services Regulatory Framework.

No changes were made in the objectives, policies or processes for managing capital in the year.

UK Regulatory Capital

Regulatory guidelines developed by the Basel Committee as implemented by the FCA and PRA for supervisory purposes define two 'Tiers' of capital resources. Tier 1 capital is the highest tier and mainly consists of ordinary share capital and audited retained earnings. The Bank does not currently maintain Tier 2 capital. Capital can be used to support non-trading activity and all market and counterparty risks.

	31 March 2024	31 March 2023
	\$'000	\$'000
Tier 1 capital ¹	281,296	280,841
Total capital resources	281,296	280,841

¹This includes current year profit after tax.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

16 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities:

The Bank provides certain financial guarantees to third parties over their exposure to Nomura Group companies. At 31 March 2024 the exposure on these financial guarantee contracts amounted to \$211,869,937 (2023: \$168,729,155).

The Bank has also provided a guarantee in respect of certain Commercial Papers issued by another Nomura Group company. At 31 March 2024, the maximum exposure on this guarantee amounted to \$16,196,028 (2023: \$35,845,409).

The Bank provides certain financial guarantees to Nomura Group companies over their exposure to third parties. At 31 March 2024 the exposure on these financial guarantee contracts amounted to \$106,976,817 (2023: Nil)

Commitments:

The Bank had commitments as at 31 March 2024 amounting to \$1,929,627,556 (2023: \$879,273,019) in respect of undrawn note issuance facilities and loan commitments. The loan commitments are sub-participated to NIP on commitment date.

17 RELATED PARTY TRANSACTIONS

The Bank enters into various transactions with other companies under common control within the Nomura Group. Included within the Bank's statement of financial position are the following transactions with Nomura group entities:

	<u>31 March 2024</u> \$'000	<u>31 March 2023</u> \$'000
<u>Assets</u>		
Derivative financial instruments	290,938	149,877
Loans and advances to affiliates	3,650,595	3,228,350
Securities purchased under agreements to resell	2,413,684	2,434,880
Prepayments and accrued income	56,620	21,899
Other assets	4,279	303
	<u>6,416,116</u>	<u>5,835,309</u>
<u>Liabilities</u>		
Derivative financial instruments	868,137	827,935
Accruals and deferred income	7,040	37,306
Borrowings from affiliates	118,366	121,244
	<u>993,543</u>	<u>986,485</u>

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2024 (CONTINUED)

17 RELATED PARTY TRANSACTIONS (continued)

Additionally, the Bank benefits from a written guarantee from its ultimate parent, NHI, over its exposure to NIP. Furthermore, the Bank's obligation to pay the UK Bank Levy in both the current year and prior year has been settled by NIP, who are responsible for reporting and paying the bank levy on behalf of the Nomura UK tax group.

The risk on the Bank's transactions is predominantly retained by other Nomura Group companies. Therefore, many "back-to-back" transactions exist between the Bank and other Nomura Group companies.

Included within the Bank's statement of comprehensive income are the following transactions with Nomura Group entities:

	31 March 2024	31 March 2023
	\$'000	\$'000
Interest income	293,355	113,204
Interest expense	(5,695)	(2,501)
Fee income	11,994	43,462
Fee expense	(1,239)	(1,135)
Administrative expenses towards SLA & Technology charges	(4,986)	(33,383)
	293,429	119,647

In addition to the above, the Bank has significant dependencies with other Nomura Group companies. Certain corporate services, including the use of IT systems, are provided by NIP through SLA. The premises where the Bank is registered and operates are leased by Nomura Properties PLC.

18 ULTIMATE PARENT COMPANY

The Bank's ultimate parent undertaking and controlling party, and the parent that heads the smallest group of undertakings for which consolidated financial statements are prepared, is Nomura Holdings Inc., incorporated in Japan. Copies of the group financial statements of Nomura Holdings, Inc. can be obtained from 9-1, Nihonbashi 1-Chome, Chuo-ku, Tokyo 103-8645, Japan.

The Bank is a wholly-owned subsidiary of Nomura Europe Holdings plc, a company registered at 1 Angel Lane, London, EC4R 3AB, United Kingdom.