NOMURA BANK INTERNATIONAL PLC

INTERIM REPORT
30 September 2021

COMPANY REGISTRATION NUMBER: 1981122

STRICTLY PRIVATE AND CONFIDENTIAL

NOMURA BANK INTERNATIONAL PLC

PERIOD ENDING 30 SEPTEMBER 2021 (UNAUDITED)

The Directors of Nomura Bank International plc (the “Bank") present their Management Report, Directors’ Report and the Financial Statements of the Bank for the period ended 30 September 2021. 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).

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 has a liaison office in Istanbul, Turkey. 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 Nomura International plc (“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 key financial indicators during the period were as follows:

	Period ended 30 September 2021 $'000	Period ended 30 September 2020 $'000
Net fee income	22,498	26,439
Profit after tax	7,759	3,886
Total comprehensive gain / (loss)	13,479	(112,200)

	Period ended 30 September 2021 $'000	Period ended 31 March 2021 $'000
Total Assets	6,349,266	6,608,950
Total liabilties	6,177,568	6,440,731
Called up share Capital	171,698	168,219

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Financial Performance:

The Bank reported a profit after tax for the period of $7,759,370 (September 2020: $3,886,544), driven mainly by facilitation fee income for issuance facilities provided to NIP.

Following enactment of Finance Act 2021 in June 2021, the corporate tax rate has increased from 19% to 25%, effective from April 2023, which is the primary driver for other comprehensive income of $5,719,612 for September 2021 (September 2020 : Other comprehensive loss of $116,086,597)

Financial Position:

The Bank's total assets decreased by 5% to $6,349,265,664 (2021: $6,608,949,959) during the period following the maturities of certain secured financing transactions during the period. During the period, the Bank paid a dividend of $10,000,000 to the Bank's immediate parent, NEHS.

DIRECTORS

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

David Godfrey	Non-Executive Chairman
	Non-Executive Director
John Tierney	Director and Chief Executive Officer ("CEO")
Jonathan Britton	Non-Executive Director
Neeta Atkar	Non-Executive Director
Takeo Aoki	Director
Rosemary Murray	Non-Executive Director
Naoyuki Oguri	Director (appointed on 30 September 2021)

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 is the maximum level and types of risk that the Bank is willing to assume in pursuit of its strategic objectives and business plan.

The Bank's activities involve the assumption and transfer of certain risks, including market risk, credit risk, operational risk, cross-border risk, model risk, liquidity and funding risks, and business risk. These risks are managed through sub-committees of the Board of NEHS, which include:

- the Board Risk Committee ("BRC"), which has oversight over the NEHS Group's risk profile, risk appetite, future risk strategy and maintenance of an appropriate risk control framework.
- cross-border risk committees in relation to non-Europe, Middle East and Africa ("non-EMEA") business booked into the Bank.

Further information on the management of these risks is provided in Note 3 of the Financial Statements.

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COVID-19 PANDEMIC

As noted above, the Bank has been impacted by COVID-19 which was declared as a pandemic by the World Health Organisation on 11 March 2020. Subsequently, the Bank activated the pandemic plan under the oversight of the NEHS Executive Committee. Evaluation of the situation was managed through the governance structures of the NEHS Operating Committee, which assessed issues and recommended actions and mitigants to the NEHS Executive Committee as necessary for ratification.

To date, the Bank’s contingency and business continuity arrangements are operating as planned and the Bank continues to operate on a business as usual basis with most employees working from home. The Bank has been preparing phased returns to the offices in compliance with local government mandates. It is considered that the Bank will continue with these arrangements for as long as is required with no detrimental impact on the operations of the business and look to establish long-term flexible working arrangement in future.

The Bank’s pandemic plan has also focused on ensuring the safety of its employees and their families as well as contributing to the wider community through donating funds to support National Health Service ("NHS") Charities together.

UK Referendum (BREXIT)

On 31 January 2020 the United Kingdom (“UK”) withdrew from the European Union under the Withdrawal Agreement between the UK and the EU (“Brexit”). On December 31, 2020, a transition period during which the rules and regulations of the EU continued to apply to the UK expired. Although the UK and EU entered a trade and cooperation agreement governing their relationship prior to the expiration of the transition period, such agreement does not comprehensively address the financial services industry.

Prior to Brexit, the Nomura Group conducted business in Europe primarily through Nomura International plc (“NIP”) as the Group’s regional hub. Following the end of the transition period, Nomura moved to a structure that provides client facing services and other services centred on Nomura Financial Products Europe GmbH (“NFPE”), Nomura’s licensed broker-dealer in Germany. Although the Nomura Group are taking various measures to manage the risks associated with Brexit and to mitigate the impacts of uncertainty in the market as a whole, delays or other issues in our transition of business to NFPE, as well as the risks to the broader financial systems associated with the transition, may adversely affect our business, results of operations and financial condition.

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 and of the statutory financial statements for the year to 30 September 2021 describe the Bank's objectives, policies and processes for risk management and capital management, as well as its exposures to credit and liquidity risk.

Given that the Bank hedges its market risk, the Directors consider the Bank's capital position to be strong. The Bank does not hedge its own credit risk, however this does not impact its capital. Whilst the Bank has significant exposure to Nomura Group companies, and in particular to NIP, this is minimised through significant collateralisation to minimise the Bank's exposure. 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.

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.

During the period, the Directors have noted, amongst other items, the following key Regulatory updates and confirm the establishment of regulatory programs as appropriate to ensure compliance:

- In November 2016, the European Commission published a comprehensive package of reforms to further strengthen the resilience of the EU banking sector. The reforms implement many of the reaming parts of Basel III in the EU as well as addressing issues identified with the current prudential requirements. The European Commission introduced amendments to existing legislation particularly in the form of the Capital Requirements Directive (“CRD V”) and the Capital Requirements Regulation (“CRR II”) which entered into force in June 2019 with the majority of changes being introduced two years later in June 2021. Among other things, these proposed changes include the introduction of a binding minimum net stable funding ratio, changes to the capital calculations for counterparty credit risk of derivatives and a tightening of large exposure limits. Post Brexit, HMT and the PRA have onshored those elements of the CRD IV/CRD V and CRR/CRRII which were already in force prior to January 2021 and subsequently in February 2021, HMT consulted on adoption of the same set of Basel III standards which are being adopted in the EU from June 2021 alongside the PRA which published Consultation Paper 5/21 - Implementation of Basel Standards. This was followed by final draft rules in PRA Policy Statement 17/21 in July 2021 which are due to become effective from 1 Jan 2022. Further, in July 2021, the PRA has also published CP14/21 proposing the introduction of a binding minimum leverage ratio for firms with an updated calculation effective from 1 Jan 2022 and for firms with at least £10bn of non-UK assets a binding minimum ratio of 3.25% effective from 1 Jan 2023. The Bank has a Regulatory change program which is managing the implementation of these changes.

- The internal minimum requirement for eligible liabilities (“MREL”) became applicable in the U.K. for all U.K. incorporated institutions from 1 January 2019 for firms whose failure would have a significant impact on the U.K. financial system and for certain overseas firms where the Bank of England (“BOE”) would support a home resolution authority in carrying out a cross-border resolution. The BOE expects firms to comply with an end-state MREL from 1 January 2022.

- In July 2019, the BOE and the PRA published a policy statement on the Resolvability Assessment Framework (“RAF”). The proposals for the RAF bring together existing policies such as MREL and Operational Continuity in Resolution (“OCIR”) as well as other new resolution policies in order to follow the resolution principles set out by the FSB. Under the policy, it is expected major UK banks and building societies perform an assessment of their preparations for resolution and the BOE provide a public statement concerning resolvability of each firm. In this context, the BOE is coordinating, where relevant with the home resolution authorities for certain overseas firms, which would carry out cross-border resolution.

- The European Market Infrastructure Regulation (“EMIR”) became effective on 16 August 2012, and applies to any entity established in the EU that is a legal counterparty to a derivative contract, even when trading with non-EU firms. EMIR was created with the intention of stabilizing OTC markets found within EU member states. Although the majority of EMIR regulations have already been implemented, on 28 May 2019, Regulation (EU) 2019/834 (EMIR REFIT) was published in the EU’s Official Journal, with the aim of amending EMIR to make some of its requirements simpler and more proportionate. With a few exceptions, the majority of the provisions in the Regulation entered into force on 17 June 2019. EMIR was transposed into UK domestic law by means of the European Union (Withdrawal) Act 2018 (as amended), subject to certain transitional arrangements.

- On 12 January 2016, the Securities Financing Transactions Regulation (“SFTR”), which forms part of the EU’s package of legislation targeted at reforming shadow banking and aims to improve transparency in the securities financing transactions (“SFTs”) market, came into force subject to a range of transitional provisions over a number of years. On 11 April 2019, the final regulatory technical standards entered into force and MiFID firms were due to commence their reporting one year later on 11 April 2020. However, due to the COVID-19 pandemic, the reporting under the SFTR has been extended until 13 July 2020. Furthermore, in preparation of post-EU withdrawal, the UK Government has stated that the UK will not be taking action to incorporate into UK law the reporting obligation of the EU’s SFTR for non-financial counterparties (NFCs).

- On October 2018 the 6th Money Laundering Directive (“6MLD”) was approved by the European Parliament and Council. EU member states had until 3 December 2020 to implement this upcoming Directive into national law, whilst regulated entities had a deadline of June 3, 2021. The UK has decided to opt out of complying with this further AML Directive as the Government assesses that the domestic legislation is already largely compliant with the Directive’s measures. The 6MLD complements the criminal aspects of the 5MLD and has been introduced to focus on the definition of these crimes and their sanctions. It also gives financial institutions more responsibility in the fight against financial crime and aims to promote the collaboration of member states when tackling money laundering.

- The Senior Managers and Certification Regime (“SM&CR”) came into force on 7 March 2016 with the aim of reducing the risk of harm to consumers and strengthening market integrity by making firms, and individuals within those firms, more accountable for their conduct and competence. In July 2018, the UK FCA and the PRA published near-final rules extending SM&CR to cover all financial services firms in the UK to apply from 9 December 2019. On 8 March 2019, the U.K. FCA announced its final rules on its proposed Directory - a new public register that will enable consumers, firms and other stakeholders to find information on key individuals working in financial services who are not otherwise appointed and publicly registered under the SM&CR. Firms were required to submit data on Directory individuals in December 2019, and the Directory was expected to go live in March 2020, although due to the Covid-19 pandemic this was postponed to 31 March 2021.

- In November 2019, the EU Benchmark Regulation (“BMR”) was amended to include two new types of "climate benchmarks" - 'Paris-Aligned' Benchmarks (“PABs”) and Climate Transition Benchmarks (“CTBs”). The Low-Carbon Benchmarks Regulation introduced the requirement (under Article 13 of the BMR) that administrators of benchmarks (save interest rate and foreign exchange benchmarks) must provide an explanation of how the key elements of their benchmark methodologies reflect ESG factors. The requirements are to be complied with by 30 April 2020. However, since the draft regulatory technical standards were still subject to a public consultation and a number of important details were subject to these delegated acts, ESMA issued a ‘No Action Letter’ encouraging EU national regulators not to force these ‘Level 1’ requirements until these delegated acts are finalised. The Delegated Acts were finalised and published on 3 December 2020 and entered into force in 23 December 2020.

- Interest rate benchmarks including, among others, the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (EURIBOR), the Euro Overnight Index Average (EONIA) and certain other Interbank Offered Rates (“IBORs”) are being reformed. The UK is due to make the transition from LIBOR to Sterling Overnight Index Average (“SONIA”) by the end of 2021 although certain interim milestones have been extended due to the COVID-19 pandemic.

- The EU Commission is required to evaluate the overall functioning of the MiFID II/ MiFIR regime, in particular, addressing those areas where challenges still exist. As part of this process, ESMA has launched a number of consultations on specific areas, which will feed into the Commission's reports. Certain amendments to support economic recovery from the COVID-19 pandemic, including via relief from administrative requirements on firms, were published in the EU Official Journal on February 26, 2021 (MiFID 'Quick-Fix'). EU Member States are required to transpose the quick fix amendments into their national frameworks by November 28, 2021 and apply them by February 28, 2022. Alongside this, the scheduled MiFID II review continues, with the Commission expected to publish a further legislative proposal towards the end of 2021. Since Brexit, these amendments are not applicable in the UK. The FCA is currently consulting on proposed changes to the conduct and organizational rules in the UK MiFID, specifically relating to research and best execution reporting. UK HMT intends to consult in due course on proposed legislative changes on other areas of MiFID II.

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PERIOD ENDING 30 SEPTEMBER 2021 (UNAUDITED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors confirm that, to the best of their knowledge, the condensed set of financial statements on pages 9 to 28 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority ("FCA") and with UK adopted International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting and that the interim management report on pages 1 to 6 includes a fair review of the information required by the Disclosure and Transparency Rules of the FCA.

BY ORDER OF THE BOARD AT A MEETING HELD ON 9 December 2021

Christopher Barlow
Company secretary

9 December 2021

Company Registration number 1981122

INDEPENDENT REVIEW REPORT TO NOMURA BANK INTERNATIONAL PLC FOR THE PERIOD ENDING 30 SEPTEMBER 2021

Conclusions

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises an income statement, statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and related notes 1 to 7. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the company will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting”.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Auditor's responsibilities for the audit of the financial statements

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

INDEPENDENT REVIEW REPORT TO NOMURA BANK INTERNATIONAL PLC FOR THE PERIOD ENDING 30 SEPTEMBER 2021 (CONTINUED)

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

Nicholas Dawes (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 December 2021

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

INCOME STATEMENT FOR THE PERIOD ENDING 30 SEPTEMBER 2021 (UNAUDITED)

	Note	Period ending 30 September 2021 $'000	Period ending 30 September 2020 $'000
INCOME			
Interest income calculated using effective interest method		5,367	9,221
Other interest and similar income		7,539	8,440
Interest expense calculated using effective interest method		(701)	(612)
Other interest and similar expenses		(2,713)	(2,937)
NET INTEREST INCOME		**9,492**	**14,112**
Fee and commission income		23,155	29,117
Fee and commission expense		(657)	(2,678)
Dealing Loss		(16,805)	(30,072)
TOTAL OPERATING INCOME		**15,185**	**10,479**
General and administrative expenses		(5,380)	(5,720)
Credit impairment charge		(226)	39
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		**9,579**	**4,798**
Tax charge on profit on ordinary activities		(1,820)	(912)
PROFIT FOR THE PERIOD		**7,759**	**3,886**
ATTRIBUTABLE TO:			
Equity holders of the parent			
Profit for the period from continuing operations		**7,759**	**3,886**

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

The notes on pages 19 to 36 form part of these financial statements.

NOMURA

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDING 30 SEPTEMBER 2021 (UNAUDITED)

	Note	Period ending 30 September 2021 $'000	Period ending 30 September 2020 $'000
PROFIT FOR THE PERIOD		**7,759**	**3,886**
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 their credit risk (net of related tax effects)		5,720	(116,086)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**5,720**	**(116,086)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**13,479**	**(112,200)**

The notes on pages 19 to 36 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING 30 SEPTEMBER 2021 (UNAUDITED)

	Called-up Share Capital	Retained Earnings	Own Credit Reserve	Total
	$'000	**$'000**	**$'000**	**$ 000**
As at 1 April 2021	255,000	21,879	(108,660)	168,219
Dividends paid during the period	-	(10,000)	-	(10,000)
Transferred from own credit reserve to retained earnings during the period	-	5,128	(5,128)	-
Profit for the period	-	7,759	-	7,759
Other Comprehensive Income	-	-	5,720	5,720
At 30 September 2021	**255,000**	**24,766**	**(108,068)**	**171,698**

	Called-up Share Capital	Retained Earnings	Own Credit Reserve	Total
	$'000	**$'000**	**$'000**	**$ 000**
As at 1 April 2020	255,000	23,137	63,672	341,809
Dividends paid during the period	-	(12,000)	-	(12,000)
Transferred from own credit reserve to retained earnings during the period	-	888	(888)	-
Profit for the period	-	3,887	-	3,887
Other Comprehensive Loss	-	-	(116,087)	(116,087)
At 30 September 2020	**255,000**	**15,912**	**(53,303)**	**217,609**

During the period, a gain of $5,126,793 (September 2020: gain of $887,741) 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 19 to 36 form part of these condensed financial statements.

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NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2021

	Note	Unaudited September 2021 $'000	Audited March 2021 $'000
Assets			
Loans and advances to banks	2	2,443	2,998
Derivative financial instruments	2	1,387,514	1,473,660
Loans and advances to affiliates	2	2,538,174	1,608,289
Securities purchased under agreements to resell	2	2,380,189	3,485,060
Loans and advances to others	2	1,158	1,580
Prepayments and accrued income	2	2,344	5,161
Other assets	2	4,574	7,476
Right-of-use assets		37	91
Financial investments	2	21	20
Deferred tax asset		32,812	24,615
Total Assets		**6,349,266**	**6,608,950**
Liabilities			
Customer Accounts	2	164	166
Derivative financial instruments	2	1,357,906	1,449,591
Accruals and deferred income	2	10,928	17,834
Borrowings from affiliates	2	297,923	329,333
Borrowings from others	2	394	8,728
Commercial papers issued	2	1,024,576	798,480
Bonds and medium-term notes	2, 5	3,482,214	3,834,998
Group relief payable		1,841	-
Corporate tax liabilty		1,457	1,487
Other liabilities	2	165	114
Total Liabilities		**6,177,568**	**6,440,731**
Shareholders' funds			
Called up share Capital		255,000	255,000
Retained earnings		24,766	21,879
Own credit reserve		(108,068)	(108,660)
Total Equity		**171,698**	**168,219**
Total Liabilities and Equity		**6,349,266**	**6,608,950**

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2021

Approved by the board of Directors on 9 December 2021 and subsequently signed on its behalf on 9 December 2021

John Tierney,
Director

The notes on pages 19 to 36 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING 30 SEPTEMBER 2021 (UNAUDITED)

	Period ending 30 September 2021 $'000	Period ending 30 September 2020 $'000
Operating activities		
Profit before tax	9,579	4,798
Non-cash adjustments to reconcile profit for the period to net cash flows		
Depreciation	55	58
Change in working capital adjustments		
Net change in derivative assets	86,146	986,743
Net change in loans and advances to affiliates	(929,885)	(858,692)
Net change in securities purchased under agreements to resell	1,104,871	701,504
Net change in loans and advances to others	422	4,524
Net changes in prepayments and accrued income	2,817	822
Net change in other assets	2,902	15,007
Net change in financial investments	(1)	(2)
Net change in customer accounts	(2)	10
Net change in derivative liabilities	(91,685)	(994,017)
Net change in accruals and deferred income	(6,907)	(1,370)
Net change in borrowings from affiliates	(31,410)	73,469
Net change in borrowings from others	(8,334)	9,378
Net change in commercial papers issued	(12,400)	11,462
Net change in securities sold under agreements to repurchase	-	(425,000)
Net change in bonds and medium-term notes	(99,895)	101,272
Net change in other liabilities	107	(9)
Income tax and group relief paid	(30)	-
Net cash flow from /(used in) operating activities	**26,350**	**(370,043)**
Cash flows from financing activities		
Proceeds from issuance of bonds and commercial papers	1,598,034	1,683,730
Repayments of bonds and commercial papers	(1,614,883)	(1,316,829)
Dividends paid	(10,000)	(12,000)
Payment of principal portion of operating lease liabilities	(56)	(58)
Net cash flows from /(used in) financing activities	**(26,905)**	**354,843**
Net decrease in cash and cash equivalents	**(555)**	**(15,200)**
Cash and cash equivalents at the beginning of the period	**2,998**	**17,158**
Cash and cash equivalents at the end of the period	**2,443**	**1,958**

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING 30 SEPTEMBER 2021 (CONTINUED) (UNAUDITED)

	Period ending 30 September 2021 $'000	Period ending 30 September 2020 $'000
Included within operational cash flows		
Interest paid	(2,997)	(3,147)
Interest received	15,725	18,417

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes		
	1 April 2021 $'000	Cash flows $'000	Fair value changes $'000	Foreign exchange & other $'000	30 September 2021 $'000
Bonds and medium term notes	3,834,998	(255,345)	2,457	(99,895)	3,482,215
Commercial papers issued	798,479	238,496	-	(12,400)	1,024,575
Lease liabilities	94	(56)	-	2	40
Total liabilities from financing activities	**4,633,571**	**(16,905)**	**2,457**	**(112,293)**	**4,506,830**

			Non-cash changes		
	1 April 2020 $'000	Cash flows $'000	Fair value changes $'000	Foreign exchange & other $'000	31 March 2021 $'000
Bonds and medium term notes	3,284,183	328,536	209,949	12,330	3,834,998
Commercial papers issued	758,858	40,877	-	(1,255)	798,480
Lease liabilities	208	(118)	-	4	94
Total liabilities from financing activities	**4,043,249**	**369,295**	**209,949**	**11,079**	**4,633,572**

The cash and cash equivalents mainly consist of nostro balance.

The notes on pages 19 to 36 form part of these financial statements.

NOTES TO THE INTERIM REPORT

1 ACCOUNTING POLICIES

(a) Basis of Accounting

The condensed interim financial statements as at and for the half-year to 30 September 2021 of the Bank have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority ("FCA") and with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting as adopted by the UK. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements as at and for the year ending 31 March 2021 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of particular financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

The condensed financial statements have been prepared on a going concern basis, and are presented in United States dollar ("USD"), and all values are rounded to the nearest thousand USD except where otherwise stated. The information presented in this interim report does not constitute statutory accounts for the purposes of s435 of the Companies Act 2006. A copy of the statutory accounts for the year ending 31 March 2021 has been delivered to the Registrar of Companies and contained an unqualified auditors' report in accordance with s495 of the Companies Act 2006. The audit report did not contain a statement under s498 of the Companies Act 2006, nor did it include references to any matters to which the auditor drew attention by way of emphasis.

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 new standards and interpretations as of 1 April 2021, noted below:

IBOR reform Phase 2

On 1 April 2021, the Bank adopted IBOR reform Phase 2, addressing a number of issues in financial reporting areas that arise when interbank offered rates (IBORs) are reformed or replaced. The amendments provide a practical expedient that permits certain changes in the contractual cash flows of debt instruments attributable to the replacement of IBORs with alternative reference rates to be accounted for prospectively by updating a given instrument's effective interest rate (EIR), provided (i) the change is necessary as a direct consequence of IBOR reform and (ii) the new basis for determining the contractual cash flows is economically equivalent to the previous basis. The Bank has adopted the amendments, which have no material effect on the financial statements, however certain further disclosures have been made in Note 7 of the financial statements.

1 ACCOUNTING POLICIES (continued)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, 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.

The significant accounting judgments and estimates applied in the preparation of these interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended 31 March 2021.

(d) Segment reporting

For management purposes, the Bank has only one operating and reportable segment involving financing activities. Substantially all of the Bank's gross and net assets and profit before taxation reported in these financial statements has arisen from this segment.

(e) Standards issued but not yet effective

At the date of authorisation of these interim condensed financial statements, the following standards, amendments to standards and interpretations relevant to the Bank's operations were issued by the IASB but not mandatory for accounting periods beginning 1 April 2021

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.The amendments are effective from 1 January 2023 and must be applied retrospectively. The Bank is currently assessing the impact the amendments.

Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective from 1 January 2022 with earlier adoption permitted. The Bank does not expect this will result in a material impact on its financial statements.

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments are not expected to have a material impact on the Bank

2 FINANCIAL INSTRUMENTS

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

	30 September 2021			
	Held for trading	Mandatorily at fair value through profit or loss	Amortised cost	Total
	$'000	$'000	$'000	$'000
Financial Assets				
Loans and advances to banks	-	-	2,443	2,443
Derivative financial instruments	1,387,514	-	-	1,387,514
Loans and advances to affiliates	-	182,139	2,356,035	2,538,174
Securities purchased under agreements to resell	-	2,380,189	-	2,380,189
Loans and advances to others	-	1,158	-	1,158
Prepayments and accrued income[1]	-	545	1,593	2,138
Other assets[1]	-	-	4,084	4,084
Financial investments	-	21	-	21
	1,387,514	**2,564,052**	**2,364,155**	**6,315,721**

	Held for trading	Designated at fair value through profit or loss	Amortised cost	Total
	$'000	$'000	$'000	$'000
Financial Liabilities				
Customer accounts	-	-	(164)	(164)
Derivative financial instruments	(1,357,906)	-	-	(1,357,906)
Accruals and deferred income [2]	-	(7,421)	(3,325)	(10,746)
Borrowings from affiliates	-	(107,234)	(190,689)	(297,923)
Borrowings from others	-	-	(394)	(394)
Commercial papers issued	-	-	(1,024,576)	(1,024,576)
Bonds and medium-term notes	-	(3,482,214)	-	(3,482,214)
Other liabilities [2]	-	-	(152)	(152)
	(1,357,906)	**(3,596,869)**	**(1,219,300)**	**(6,174,075)**

2 FINANCIAL INSTRUMENTS (continued)

[1] Excludes non-financial assets of $206,328 (2021: $222,496) from 'Prepayments and accrued income', and $489,626 (2021:$389,406) from 'Other assets'.

[2] Excludes non-financial liabilties of $181,956 (2021: $317,947) from 'Accruals and deferred income', and $12,704 (2021:$19,801) from 'Other liabilities'.

2 FINANCIAL INSTRUMENTS (continued)

	31 March 2021			
	Held for trading	**Mandatorily at fair value through profit or loss**	**Amortised cost**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Loans and advances to banks	-	-	2,998	2,998
Derivative financial instruments	1,473,660	-	-	1,473,660
Loans and advances to affiliates	-	342,445	1,265,844	1,608,289
Securities purchased under agreements to resell	-	3,485,060	-	3,485,060
Loans and advances to others	-	1,580	-	1,580
Prepayments and accrued income	-	3,575	1,364	4,939
Other assets	-	-	7,086	7,086
Financial investments	-	20	-	20
	1,473,660	**3,832,680**	**1,277,292**	**6,583,632**

	Held for trading	**Designated at fair value through profit or loss**	**Amortised cost**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Financial Liabilities				
Customer accounts	-	-	(166)	(166)
Derivative financial instruments	(1,449,591)	-	-	(1,449,591)
Accruals and deferred income	-	(6,348)	(11,169)	(17,517)
Borrowings from affiliates	-	(104,742)	(224,591)	(329,333)
Borrowings from others	-	(6,826)	(1,902)	(8,728)
Bonds and medium-term notes	-	(3,834,998)	-	(3,834,998)
Commercial papers issued	-	-	(798,480)	(798,480)
Other liabilities	-	-	(94)	(94)
	(1,449,591)	**(3,952,914)**	**(1,036,402)**	**(6,438,907)**

3 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 hierarchy

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities accessible by the Bank at the measurement date.

Level 2 Quoted prices in inactive markets or prices containing other inputs which are observable, either directly or indirectly. Valuation techniques using observable inputs reflect assumptions used by market participants in pricing financial instruments and are based on data obtained from independent market sources at the measurement date.

Level 3 Unobservable inputs that are significant to the fair value measurement of the financial instrument. Valuation techniques using unobservable inputs reflect management's assumptions about the estimates used by other market participants in valuing similar financial instruments. These valuation techniques are developed based on the best available information at the measurement date.

The following 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.

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy - Financial Assets

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 September 2021				
Derivative financial instruments	-	1,306,020	81,494	1,387,514
Securities purchased under agreements to resell	-	2,380,189	-	2,380,189
Loans and advances to affiliates	-	182,139	-	182,139
Loans and advances to others	-	-	1,158	1,158
Prepayments and accrued income	-	545	-	545
Financial investments	-	-	21	21
	-	**3,868,893**	**82,673**	**3,951,566**
31 March 2021				
Derivative financial instruments	-	1,382,466	91,194	1,473,660
Securities purchased under agreements to resell	-	3,485,060	-	3,485,060
Loans and advances to affiliates	-	342,445	-	342,445
Loans and advances to others	-	-	1,580	1,580
Prepayments and accrued income	-	3,575	-	3,575
Financial investments	-	-	20	20
	-	**5,213,546**	**92,794**	**5,306,340**

Fair Value Hierarchy - Financial Liabilities

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 September 2021				
Derivative financial instruments	-	1,328,014	29,892	1,357,906
Accruals and deferred income	-	7,421	-	7,421
Bonds and medium-term notes	-	3,482,214	-	3,482,214
Borrowings from affiliates	-	107,234	-	107,234
	-	**4,924,883**	**29,892**	**4,954,775**
31 March 2021				
Derivative financial instruments	-	1,413,955	35,636	1,449,591
Accruals and deferred income	-	6,348	-	6,348
Bonds and medium-term notes	-	3,834,998	-	3,834,998
Borrowings from others	-	6,826	-	6,826
Borrowings from affiliates	-	104,742	-	104,742
	-	**5,366,869**	**35,636**	**5,402,505**

3 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 our businesses to price our 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

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Sensitivity of fair value to changes in unobservable inputs (continued)

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.

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.

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.

30 September 2021	At 1 April 2021 $'000	Total gains / (losses) in P&L $'000	Net cash (in)/out $'000	Settlements $'000	Net transfers into level 3 $'000	At 30 September 2021 $'000	Unrealised total gains / (losses) in P&L $'000
Financial assets							
Derivative financial instruments	91,194	(5,661)	-	(4,039)	-	81,494	(7,531)
Loans and advances to others	1,580	(423)	1	-	-	1,158	(423)
Financial investments	20	1	-	-	-	21	1
	92,794	**(6,083)**	**1**	**(4,039)**	**-**	**82,673**	**(7,953)**
Financial liabilities							
Derivative financial instruments	35,636	(24,890)	-	19,146	-	29,892	(5,066)
	35,636	**(24,890)**	**-**	**19,146**	**-**	**29,892**	**(5,066)**

Total gains and losses on financial instruments 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.

During the period, no financial insturements were transferred out of level 3.

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 30 September 2021 and 31 March 2021 .

Class of financial instrument	Fair value $'000	Valuation techniques	Significant unobservable inputs	Range
30 September 2021				
Derivative financial instruments				
-Assets	81,494	DCF / Option		
-Liabilities	(29,892)	Models	Volatilities	40.0%-73.1%
			Correlations	0.38-0.97
Loans and advances to others	1,158		No significant unobservable inputs	
Financial investments	21		No significant unobservable inputs	
31 March 2021				
Derivative financial instruments				
-Assets	91,194	DCF / Option		
-Liabilities	(35,636)	Models	Volatilities	20.3%-82.4%
			Correlations	(0.98)-0.97
Loans and advances to others[1]	1,580		No significant unobservable inputs	
Financial investments	20		No significant unobservable inputs	

[1]The 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.

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

The following tables present carrying values, fair values and classification within the fair value hierarchy for certain classes of financial instruments of which a portion of the ending balance was carried at fair value as of 30 September 2021 and 31 March 2021.

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Carrying amount $'000	Fair value $'000	Fair value by level: Level 1 $'000	Level 2 $'000	Level 3 $'000
30 September 2021					
Financial Assets:					
Loans and advances to banks	2,443	2,443	-	2,443	-
Loans and advances to affiliates	2,356,035	2,356,035	-	2,356,035	-
Prepayments and accrued income	1,593	1,593	-	1,593	-
Other assets	4,084	4,084	-	4,084	-
	2,364,155	**2,364,155**	**-**	**2,364,155**	**-**
Financial Liabilities:					
Customer accounts	(164)	(164)	-	(164)	-
Accruals and deferred income	(3,325)	(3,325)	-	(3,325)	-
Borrowing from affiliates	(190,689)	(190,689)	-	(190,689)	-
Borrowing from others	(394)	(394)	-	(394)	-
Other liabilities	(152)	(152)	-	(152)	-
Commercial papers issued	(1,024,576)	(1,024,576)	-	(1,024,576)	-
	(1,219,300)	**(1,219,300)**	**-**	**(1,219,300)**	**-**
31 March 2021					
Financial Assets:					
Loans and advances to banks	2,998	2,998	-	2,998	-
Loans and advances to affiliates	1,265,844	1,265,844	-	1,265,844	-
Loans and advances to others	-	-	-	-	-
Prepayments and accrued income	1,364	1,364	-	1,364	-
Other assets	7,086	7,086	-	7,086	-
	1,277,292	**1,277,292**	**-**	**1,277,292**	**-**
Financial Liabilities:					
Customer accounts	(166)	(166)	-	(166)	-
Accruals and deferred income	(11,169)	(11,169)	-	(11,169)	-
Borrowing from affiliates	(224,591)	(224,591)	-	(224,591)	-
Borrowing from others	(1,902)	(1,902)	-	(1,902)	-
Other liabilities	(94)	(94)	-	(94)	-
Commercial papers issued	(798,480)	(798,480)	-	(798,480)	-
	(1,036,402)	**(1,036,402)**	**-**	**(1,036,402)**	**-**

4 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities:

The Bank provides certain financial guarantees to third parties over their exposure to Nomura Group companies. At 30 September 2021 the exposure on these financial guarantee contracts amounted to $61,669,488 (31 March 2021: $106,561,053).

The Bank has also provided a guarantee in respect of certain commercial papers issued by another Nomura Group company. At 30 September 2021, the maximum exposure on this guarantee amounted to $34,777,488 (31 March 2021:$35,227,517).

Commitments:

The Bank had commitments as at 30 September 2021 amounting to $2,598,962,421 (31 March 2021: $1,281,041,565) in respect of undrawn note issuance facilities and loan commitments. The loan commitments are sub-participated to NIP on commitment date.

5 BONDS AND MEDIUM-TERM NOTES

	30 September 2021 $'000	31 March 2021 $'000
Bonds and medium- term notes, by remaining maturity:		
- Less than 1 year	249,717	428,913
- Less than 5 years, but greater than 1 year	640,045	587,614
- Greater than 5 years	2,592,452	2,818,471
	3,482,214	**3,834,998**

As of 30 September 2021, 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 $151,165,674 (31 March 2021: $168,963,215) more than the principal balance of such long-term borrowings.

The impact of changes in own credit risk during the period included in other comprehensive income on financial liabilities designated at fair value through profit and loss account was an unrealised loss of $2,567,364 (31 March 2021:loss of $214,255,919) and realised gain of $110,316 (31 March 2021: gain of $4,308,380), as well as a UK corporation tax credit of $8,176,660 (31 March 2021: credit of $34,715,477) arising during the period. 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 $118,838,308 at 30 September 2021 (31 March 2021: credit of $116,270,944). The Bank calculates and applies an own credit adjustment based on movements in the credit spreads of the Nomura Group.

5 BONDS AND MEDIUM-TERM NOTES (continued)

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.

	Balance as at 31 March 2021 $'000	Issuance $'000	Redemption $'000	Fair value changes $'000	Balance as at 30 September 2021 $'000
Bonds and medium-term notes	3,834,998	550,417	(805,762)	(97,438)	3,482,214

	Balance as at 31 March 2020 $'000	Issuance $'000	Redemption $'000	Fair value changes $'000	Balance as at 31 March 2021 $'000
Bonds and medium-term notes	3,284,183	2,066,141	(1,737,605)	222,278	3,834,998

	30 September 2021 $'000	31 March 2021 $'000
Carrying amount	3,482,214	3,834,998
Amount the bank is contractually obligated to pay to the holders of bonds at maturity	3,534,081	3,833,986
Difference between carrying amount and the amount the bank is contractually obligated to pay to the holders of bonds at maturity	**51,867**	**(1,012)**

6 RELATED PARTY TRANSACTIONS

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

	30 September 2021 $'000	31 March 2021 $'000
Assets		
Derivative financial instruments	1,387,426	1,302,379
Loans and advances to affiliates	2,538,174	1,608,289
Securities purchased under agreements to resell	2,380,189	3,485,060
Prepayments and accrued income	1,922	4,862
Other assets	4,077	7,075
	6,311,788	**6,407,665**
Liabilities		
Derivative financial instruments	1,285,314	1,359,504
Accruals and deferred income	3,934	11,228
Borrowings from affiliates	297,923	329,333
	1,587,171	**1,700,065**

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.

6 RELATED PARTY TRANSACTIONS (continued)

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

	30 September 2021 $'000	30 September 2020 $'000
Interest income	11,823	17,438
Interest expense	(2,854)	(2,839)
Fee income	23,155	28,697
Fee expense	(557)	(890)
Administrative expenses towards SLA & Technology charges	(4,169)	(4,049)
	27,398	**38,357**

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.

7 IBOR Disclosure

Following the announcement of the cessation of Interest Rate Indices such as LIBOR, the Nomura Group has established a project to manage the transition for any of its contracts that could be affected, which considers the requirements of the Bank. The project is sponsored by the Nomura Group's Global Head of Global Markets and is being led by senior representatives from functions across the Nomura Group including Legal, Finance, Operations and Technology.

During 2021, the Bank has successfully transitioned most of its CHF, GBP and JPY LIBOR referenced trades to alternative reference rates. It also has the operational ability to support Risk Free Rates such as SARON, SONIA, TONA and SOFR. Through to June 2023, the Bank will focus on transitioning USD LIBOR referenced trades through switching legacy trades to SOFR or fallbacks detailed in the ISDA LIBOR protocol or amending the economics of the trade in discussion with its clients.

IBOR reform exposes the Bank to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

• Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform

• Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses

• Pricing risk from the potential lack of market information if liquidity in IBORs reduces and alternative reference rates are illiquid and unobservable

• Operational risk arising from changes to the Bank's IT systems and processes, and the risk of payments being disrupted if an IBOR ceases to be available

• Accounting risk if the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs

The table below shows the Bank's exposure at the period end to significant IBORs subject to reform that have yet to transition to alternative reference rates. These exposures will remain outstanding until the IBOR ceases and will therefore transition in future. The table excludes exposures to IBOR that will expire before transition is required.

7 IBOR Disclosure (continued)

	Non-derivative Financial Liabilities carrying value	Effective Derivative notional
	$'000	$'000
LIBOR USD 1- Month	20,481	-
LIBOR USD 3- Month	790,770	2,293,417
LIBOR USD 6- Month	996	-
LIBOR USD 12- Month	5,186	-
LIBOR CHF 3- Month	3,762	-
LIBOR CHF 12- Month	1,057	-
LIBOR JPY 1- Month	26,771	-
LIBOR JPY 3- Month	28,833	8,974
LIBOR JPY 6- Month	4,611	-
	882,467	**2,302,391**

Derivative notionals are presented on a gross basis, however the Bank hedges its market risk out of the entity through the Bank's booking model.