NOMURA BANK INTERNATIONAL PLC

INTERIM REPORT
30 September 2023

COMPANY REGISTRATION NUMBER: 1981122

NOMURA BANK INTERNATIONAL PLC

SIX MONTHS ENDED 30 SEPTEMBER 2023 (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 six months ended 30 September 2023. 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 AND DESCRIPTION OF PRINCIPAL RISKS

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'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 NIP 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:

	Six months ended 30 September 2023 $'000	Six months ended 30 September 2022 $'000
Total comprehensive gain / (loss)	(85,663)	102,613
Profit after tax	3,187	3,516
	As at 30 September 2023 $'000	**As at 31 March 2023 $'000**
Total assets	6,354,377	5,845,949
Total liabilities	6,057,872	5,458,781
Shareholders' funds	296,505	387,168

NOMURA BANK INTERNATIONAL PLC

SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

Financial Performance:

The Bank reported a profit after tax for the period of $3,186,899 (September 2022: $3,515,866), profitability remains stable, reflecting the fee income earned from issuance of notes and commercial paper on behalf of Nomura Affiliates. The facilitation fee charged on notes issuance remains at 15 bps.

The dealing loss represents net fair value movements of bonds and medium term notes issued and the corresponding derivative hedges. The loss of $118,589,457 (September 2022: $25,386,954) made in the period 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 period of $129,763,813 (September 2022: $21,704,215).

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 period generating a loss of $88,850,392 for the period (September 2022: gains of $99,097,562). This loss is net of deferred tax credit of $20,634,479 (30 September 2022: charge of $22,523,238). Own credit is the main driver of other comprehensive income.

Financial Position:

The Bank's total assets increased to $6,354,376,779 (2023: $5,845,948,785). The increase is due to higher client demand in the US Equities Business which has driven additional Reverse Repos entered into with Nomura Affiliates.

During the period, the Bank paid a dividend of $5,000,000 to the Bank’s immediate parent, NEHS.

DIRECTORS

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

David Godfrey CBE	Non-Executive Chairman
	Non-Executive Director
John Tierney	Director and Chief Executive Officer ("CEO")
Jonathan Britton OBE	Non-Executive Director
Neeta Atkar MBE	Non-Executive Director
Rosemary Murray	Non-Executive Director
Daisuke Mototani	Director
Magnus Falk	Non-Executive Director

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. Risk appetite is set within the available risk capacity which is determined by constraints including regulatory capital, liquidity and business conditions.

RISK MANAGEMENT (CONTINUED)

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 the Bank's Executive Governance and through various sub-committees.

Further information on the management of these risks are provided in Note 15 of the Annual Financial Statements.

BUSINESS ENVIRONMENT

In the period ended September 30, 2023, inflation continued to persist worldwide. The major central banks of the world, including the Bank of England, continued to tighten monetary policy to address this increasingly protracted inflation.

In addition, stock markets in major developed economies continued to correct as rising interest rates increased concerns that monetary policy tightening would blunt economic growth, causing more volatile and uncertain markets.

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 this period.

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 Management Report.

The Directors consider the Bank's regulatory capital and liquidity 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 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 financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has sufficient capital and liquidity to continue in business for at least the 12 months to December 2024. In making this assessment, the Directors take into account a range of information on present and future conditions and are not aware of any material uncertainties related to events or conditions that cause doubt over the ability of the Bank to continue as a going concern.

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.

REGULATION AND REGULATORY CHANGES

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:

- On 14 October 2021 the PRA published final rules on the implementation of Basel standards in PS22/21 with respect to key developments including the introduction of a binding minimum net stable funding ratio ("NSFR"), changes to the capital requirements for counterparty credit risk of derivatives and a tightening of large exposures limits. These were implemented with effect from 1 January 2022 with related reporting and disclosure changes becoming effective from the first quarterly reporting reference date of 31 March 2022. Additionally the PRA also published PS21/21 on the U.K. leverage framework to introduce an updated exposure calculation effective from 1 January 2022 and for firms with at least £10bn of non-U.K. assets a binding minimum leverage ratio effective from 1 January 2023. Although the binding minimum leverage ratio became effective on 1 January 2023 it is not directly applicable to the Bank at this time based upon the £10bn non-UK asset threshold. Instead the Bank is subject to an expectation that it will meet this ratio in most cases (outside of stress events) and as such the Board of the Bank have adopted the Leverage Risk Appetite which has been live from 1 January 2022. On 30 November 2022 the PRA published CP16/22 as a consultation on the implementation of the final Basel 3.1 reforms in the U.K. These proposals primarily include amendments to the capital requirements for credit risk, market risk, CVA risk, operational risk and the introduction of output floors for modelled exposures alongside changes to the related reporting and disclosure requirements. These changes are expected to become effective on 1 July 2025. The bank has a regulatory change program which will be 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 Bank was in full compliance with the final end-state MREL rules from 1 January 2022.

- In July 2019, the BOE and U.K. PRA published a policy statement on the Resolvability Assessment Framework ("RAF"). The RAF sets out eight barriers to resolvability bringing 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. As a result of this policy, the Bank has taken active steps since 2019 to ensure it has limited any barriers to resolution across the overarching pillars for resolvability through ensuring (1) the Bank has adequate resources and appropriate liquidity to meet its obligations during resolution, (2) the Bank is able to facilitate a smooth resolution by guaranteeing business services and operational process can continue to run and (3) the Bank has clear oversight and governance available during resolution.

REGULATION AND REGULATORY CHANGES (CONTINUED)

- 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. Phase 6 represents the final stage of the phase-in of the rules and applies from 1 September 2022.

- 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 were 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 U.K. made the transition from GBP LIBOR, Yen LIBOR and CHF LIBOR to alternative risk free rates by the end of December 2021. The Bank has fully transitioned to an alternative risk free rate as at 30 September 2023. Further details can be found in Note 7.

REGULATION AND REGULATORY CHANGES (CONTINUED)

- 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 26 February 2021 (MiFID 'Quick-Fix'). EU Member States were required to transpose the quick fix amendments into their national frameworks by 28 November 2021 and apply them by 28 February 2022. Alongside this, the scheduled MiFID II review continues, with the Commission expected to publish a further legislative proposal throughout 2022. Since Brexit, these amendments are not applicable in the U.K. and the FCA has since set out changes to the conduct and organizational rules under the U.K. MiFID, including research unbundling and best execution reporting. U.K. HMT intends to consult in due course on proposed legislative changes on other areas of MiFID II. On 1 July 2021 the U.K. HMT launched a Wholesale Market Review Consultation. The consultation is part of the Government's commitment to improving the competitiveness of the U.K. as a hub for capital markets, and is a central part of the Government's post-Brexit strategy for financial services. It has a wide ranging focus, including the regulatory framework for trading venues, systematic internalisers, market data, and fixed income, equity, derivative and commodity markets. It proposes a number of amendments to the U.K.'s onshored MiFID regime and asks for industry input on a range of other topics. The Wholesale Market Review (WMR) has identified a number of areas for reform, some of which will be implemented through legislative amendment, including the Financial Services and Markets Bill and some through changes to regulatory rules.

- In response to heightened global focus on the issues of climate change, and a growing demand for standards associated with Environmental, Social and Governance ("ESG") factors and reporting, a number of global regulatory initiatives are being developed. These regulations cover both prudential frameworks including assessment and management of climate risks associated with Nomura businesses, such as the PRA SS3/19 regulations; and also labelling, disclosure and reporting regulations which includes, but is not limited to, the EU Taxonomy Regulation, the EU Sustainable Finance Disclosure Regulation, the EU Corporate Sustainability Reporting Directive and the proposed Sustainable Corporate Due Diligence Directive.

- The U.K. have introduced new mandatory Climate-related Financial Disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. These rules were effective from financial years starting on or after 6th April 2022 and introduced mandatory disclosures consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

REGULATION AND REGULATORY CHANGES (CONTINUED)

- The PRA released SS2/21 on Outsourcing and Third Party Risk management in March 2021 with a compliance deadline of 31 March 2022. The SS did not significantly diverge from the consultation paper published in 2019 but extended the scope as set out by the EBA in 2019. The EBA focus was on Outsourcing arrangements and the PRA requirements extended this to all critical third party arrangements. The SS set out explicit requirements with respect to risk assessments; contractual clauses and the management of critical third party arrangements (inclusive of group arrangements) throughout their lifecycle. The UK Regulators also issued Supervisory and Policy Statements on Operational Resilience in March 2021 (SS1/21 and PS21/3). These Operational Resilience SSs and PSs focused on the identification of Important Business Services with detailed mapping of dependencies and the setting of Impact Tolerances which are required to be validated across severe but plausible scenarios. The Regulators intended that both Operational Resilience and Third Party Risk Management requirements should be considered in conjunction with each other recognising that the firm's Important Business Services may have significant dependencies on third party arrangements. The overarching aim of these policies is to ensure appropriate governance and control over business services which if disrupted could cause harm to clients, the firm or to market stability. The Bank has complied with the requirements of both policies.

NOMURA

NOMURA BANK INTERNATIONAL PLC

SIX MONTHS ENDED 30 SEPTEMBER 2023 (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 interim financial statements on pages 11 to 37 has been prepared in accordance with the Disclosure Guidance 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 7 includes a review of the information required by the Disclosure Guidance and Transparency Rules of the FCA.

BY ORDER OF THE BOARD AT A MEETING HELD ON 14 December 2023

Christopher Barlow
Company secretary

18 December 2023

Company Registration number 1981122

NOMURA BANK INTERNATIONAL PLC

INDEPENDENT REVIEW REPORT TO NOMURA BANK INTERNATIONAL PLC FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Conclusions

We have been engaged by Nomura Bank International PLC (the 'Bank') to review the condensed set of financial statements for the six months ended 30 September 2023, which comprises 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 related notes 1 to 8.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements for the six months ended 30 September 2023 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 (UK) 2410 (Revised), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom. 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.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

As disclosed in note 1, the annual financial statements of the Bank are prepared in accordance with UK adopted International Accounting Standards (IAS) and EU adopted International Financial Reporting Standards (EU IFRSs). 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".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the entity to cease to continue as a going concern.

INDEPENDENT REVIEW REPORT TO NOMURA BANK INTERNATIONAL PLC FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (CONTINUED)

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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

In reviewing the half-yearly report, we are responsible for expressing to the Bank a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Bank in accordance with International Standard on Review Engagements (UK) 2410 issued by the Financial Reporting Council and our Engagement Letter dated 11 December 2023. Our work has been undertaken so that we might state to the Bank those matters that we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the Bank, for our review work, for this report, or for the conclusions we have formed.

Yours faithfully

Mazars LLP
Chartered Accountants
30 Old Bailey
London
United Kingdom
EC4M 7AU

18 December 2023

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Six months ended 30 September 2023 $'000	Six months ended 30 September 2022 $'000
INCOME		
Interest income calculated using effective interest method	82,045	14,167
Other interest and similar income	53,541	10,722
Interest expense calculated using effective interest method	(4,337)	(1,744)
Other interest and similar expenses	(1,485)	(1,441)
NET INTEREST INCOME	**129,764**	**21,704**
Fee and commission income	455	25,238
Fee and commission expense	(1,858)	(636)
Dealing Loss	(118,589)	(25,387)
TOTAL OPERATING INCOME	**9,772**	**20,919**
General and administrative expenses	(5,561)	(16,693)
Credit impairment charge	17	115
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**4,228**	**4,341**
Tax charge on profit on ordinary activities	(1,041)	(825)
PROFIT FOR THE PERIOD	**3,187**	**3,516**
ATTRIBUTABLE TO:		
Equity holders of the parent		
Profit for the period from continuing operations	**3,187**	**3,516**

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

The notes on pages 18 to 37 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Six months ended 30 September 2023 $'000	Six months ended 30 September 2022 $'000
PROFIT FOR THE PERIOD	**3,187**	**3,516**
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)	(88,850)	99,097
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(88,850)**	**99,097**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(85,663)**	**102,613**

The notes on pages 18 to 37 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Called-up Share Capital	Retained Earnings	Own Credit Reserve	Total
	$'000	$'000	$'000	$ 000
As at 1 April 2023	255,000	30,560	101,608	387,168
Dividends paid during the period	-	(5,000)	-	(5,000)
Transferred from own credit reserve to retained earnings during the period	-	2,740	(2,740)	-
Profit for the period	-	3,187	-	3,187
Other Comprehensive Loss	-	-	(88,850)	(88,850)
At 30 September 2023	**255,000**	**31,487**	**10,018**	**296,505**

	Called-up Share Capital	Retained Earnings	Own Credit Reserve	Total
	$'000	$'000	$'000	$ 000
As at 1 April 2022	255,000	33,222	(24,805)	263,417
Dividends paid during the period	-	(10,000)	-	(10,000)
Transferred from own credit reserve to retained earnings during the period	-	1,033	(1,033)	-
Profit for the period	-	3,516	-	3,516
Other Comprehensive Income	-	-	99,097	99,097
At 30 September 2022	**255,000**	**27,771**	**73,259**	**356,030**

During the period, a gain of $2,740,179 (September 2022: gain of $1,033,039) 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 18 to 37 form part of these condensed interim financial statements.

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NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2023

	Note	Unaudited September 2023 $'000	Audited March 2023 $'000
Assets			
Loans and advances to banks	2	674	7,781
Derivative financial instruments	2	133,775	149,851
Loans and advances to affiliates	2	3,767,976	3,228,350
Securities purchased under agreements to resell	2	2,132,581	2,434,880
Loans and advances to others	2	2,301	2,462
Prepayments and accrued income	2	29,189	21,899
Other assets	2	4,645	399
Right-of-use assets		-	316
Financial investments	2	283,236	11
Total Assets		**6,354,377**	**5,845,949**
Liabilities			
Derivative financial instruments	2	1,022,658	876,358
Accruals and deferred income	2	76,340	56,730
Borrowings from affiliates	2	113,068	121,244
Borrowings from others	2	13	761
Commercial papers issued	2	656,349	789,011
Securities sold under agreements to repurchase	2	283,275	-
Bonds and medium-term notes	2, 5	3,896,932	3,578,986
Group relief payable		2,886	7,478
Corporate tax liability		-	787
Other liabilities	2	68	364
Deferred tax liability		6,283	27,062
Total Liabilities		**6,057,872**	**5,458,781**
Shareholders' funds			
Called up share Capital		255,000	255,000
Retained earnings		31,487	30,560
Own credit reserve		10,018	101,608
Total Equity		**296,505**	**387,168**
Total Liabilities and Equity		**6,354,377**	**5,845,949**

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2023

Approved by the board of Directors on 14 December 2023 and subsequently signed on its behalf on 18 December 2023.

John Tierney
Director

The notes on pages 18 to 37 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Six months ended 30 September 2023 $'000	Six months ended 30 September 2022 $'000
Operating activities		
Profit before tax	4,228	4,341
Non-cash adjustments to reconcile profit for the period to net cash flows		
Depreciation and amortisation	17	41
Foreign exchange & others	(227,974)	(853,161)
Change in working capital adjustments		
Net change in derivative assets	16,076	200,114
Net change in loans and advances to affiliates	(539,626)	(50,903)
Net change in securities purchased under agreements to resell	302,299	303,294
Net change in loans and advances to others	161	417
Net changes in prepayments and accrued income	(7,290)	(541)
Net change in other assets	(3,948)	(5,935)
Net change in financial investments	(283,225)	2
Net change in derivative liabilities	146,300	269,156
Net change in accruals and deferred income	19,610	19,940
Net change in borrowings from affiliates	(8,176)	(166,041)
Net change in borrowings from others	(748)	(430)
Net change in securities sold under agreements to repurchase	283,275	-
Net change in other liabilities	(288)	(534)
Income tax and group relief paid	(6,553)	(133)
Net cash flow from /(used in) operating activities	**(305,862)**	**(280,373)**
Cash flows from financing activities		
Proceeds from issuance of bonds and commercial papers	1,846,263	1,924,064
Repayments of bonds and commercial papers	(1,542,490)	(1,632,246)
Dividends paid	(5,000)	(10,000)
Payment of principal portion of lease liabilities	(18)	64
Net cash flows from /(used in) financing activities	**298,755**	**281,882**
Net (decrease)/increase in cash and cash equivalents	**(7,107)**	**1,509**
Cash and cash equivalents at the beginning of the period	**7,781**	**1,462**
Cash and cash equivalents at the end of the period	**674**	**2,971**
Included within operational cash flows		
Interest paid	(5,287)	(3,434)
Interest received	129,213	22,960

The cash and cash equivalents mainly consist of nostro balances.

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 (CONTINUED) (UNAUDITED)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes		
	1 April 2023	Cash flows	Fair value changes	Foreign exchange & other	30 September 2023
	$'000	$'000	$'000	$'000	$'000
Bonds and medium term notes	3,578,986	426,474	109,485	(218,013)	3,896,932
Commercial papers issued	789,011	(122,701)	-	(9,961)	656,349
Lease liabilities	316	(18)	-	(298)	-
Total liabilities from financing activities	**4,368,313**	**303,755**	**109,485**	**(228,272)**	**4,553,281**

			Non-cash changes		
	1 April 2022	Cash flows	Fair value changes	Foreign exchange & other	30 September 2022
	$'000	$'000	$'000	$'000	$'000
Bonds and medium term notes	3,793,645	266,099	(121,619)	(760,869)	3,177,256
Commercial papers issued	794,070	25,719	-	(92,292)	727,497
Lease liabilities	390	60	-	(32)	418
Total liabilities from financing activities	**4,588,105**	**291,878**	**(121,619)**	**(853,193)**	**3,905,171**

The notes on pages 18 to 37 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 half-year end 30 September 2023 of the Bank have been prepared in accordance with the Disclosure Guidance and Transparency Rules (DTR) of the UK Financial Conduct Authority ("FCA") and with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting as adopted by the UK and European Union. The interim financial statements 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 ended 31 March 2023 which were 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 condensed interim 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 condensed interim financial statements are presented in USD which is also the Bank's functional currency.

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 2023 has been delivered to the Registrar of Companies and contained an unqualified auditor's 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.

1 ACCOUNTING POLICIES (continued)

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

The accounting policies adopted are consistent with those of the previous financial year. The Bank has additionally adopted below applicable amendments to accounting standards for the period ended 30 September 2023.

Amendments to IAS 8 - Definition of Accounting Estimates: IASB clarified the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. The amendments are applied prospectively effective from 1 April 2023 and have no material impact on the Bank.

Amendments to IAS 12 - Deferred tax related to Assets and Liabilities arising from a Single transaction: In May 2021, the IASB issued amendments to IAS 12, which narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to the transactions that give rise to equal taxable and deductible temporary differences, example - leases. The amendments are effective from 1 April 2023 and it have no material impact on the Bank.

International tax reform Pillar 2 model rules: As per the amendment issued in May 2023, IASB provides mandatory temporary exception to the recognition of deferred tax due to Pillar 2 rules. The amendment is effective immediately.

Since the Pillar 2 legislation was not effective at the reporting date, the Bank has no related current tax exposure. The Bank applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to IAS 12 issued in May 2023. Due to the complexities in applying the new legislation, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable but is expected to be minimal.

1 ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective

At the date of authorisation of these interim 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 2023.

Amendments to IAS 1 - Non-current liabilities with covenants: The classification of debt to non-current is when its settlement can be deferred for at least 12 months after the reporting date. The amendment provides clarity on classification when compliance with covenants is required before the reporting date in order to defer the settlement. It also requires additional disclosure for liabilities with covenants which would include information about covenants-nature, whether the company has complied and how it expects to comply with them in future circumstances if the entity has any difficulty in complying with covenants.

The amendment is effective from 1 April 2024 and currently the Bank is assessing its impact.

Amendments to IAS 12 - Disclosure Requirement International tax reform Pillar 2 model rules: The amendment requires additional disclosure on entity's exposure to Pillar 2 income tax rules which includes disclosure of application of the exception, separate disclosure of income tax expense related to Pillar 2 rules along with qualitative and quantitative information.

The amendment is effective from 1 April 2024 and currently the Bank is assessing its impact.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the condensed interim financial statements requires management to make judgments, 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.

The significant accounting judgments and estimates applied in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended 31 March 2023.

NOMURA BANK INTERNATIONAL PLC

SIX MONTHS ENDED 30 SEPTEMBER 2023 (UNAUDITED)

NOTES TO THE INTERIM REPORT (CONTINUED)

2 FINANCIAL INSTRUMENTS

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

	30 September 2023			
	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[3]	-	-	674	674
Derivative financial instruments	133,775	-	-	133,775
Loans and advances to affiliates	-	257,489	3,510,487	3,767,976
Securities purchased under agreements to resell	-	2,132,581	-	2,132,581
Loans and advances to others	-	2,301	-	2,301
Prepayments and accrued income[1]	-	19,377	9,471	28,848
Other assets[1]	-	1,499	3,128	4,627
Financial investments	-	283,236	-	283,236
	133,775	**2,696,483**	**3,523,760**	**6,354,018**

	Held for trading	Designated at FVPL	Amortised Cost	Total
Financial Liabilities				
Derivative financial instruments	(1,022,658)	-	-	(1,022,658)
Accruals and deferred income [2]	-	(25,014)	(51,270)	(76,284)
Borrowings from affiliates	-	(111,894)	(1,174)	(113,068)
Borrowings from others	-	-	(13)	(13)
Commercial papers issued	-	-	(656,349)	(656,349)
Securities sold under agreements to repurchase	-	(283,275)	-	(283,275)
Bonds and medium-term notes	-	(3,896,932)	-	(3,896,932)
	(1,022,658)	**(4,317,115)**	**(708,806)**	**(6,048,579)**

2 FINANCIAL INSTRUMENTS (continued)

	31 March 2023			
	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[3]	-	-	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[1]	-	16,253	5,646	21,899
Other assets	-	-	278	278
Financial investments	-	11	-	11
	149,851	**2,469,523**	**3,226,138**	**5,845,512**

	Held for trading	Designated at FVPL	Amortised Cost	Total
Financial Liabilities				
Derivative financial instruments	(876,358)	-	-	(876,358)
Accruals and deferred income[2]	-	(18,671)	(37,858)	(56,529)
Borrowings from affiliates	-	(111,244)	(10,000)	(121,244)
Borrowings from others	-	-	(761)	(761)
Bonds and medium-term notes	-	(3,578,986)	-	(3,578,986)
Commercial papers issued	-	-	(789,011)	(789,011)
Other liabilities	-	-	(316)	(316)
	(876,358)	**(3,708,901)**	**(837,946)**	**(5,423,205)**

[1] Excludes non-financial assets of $340,525 (2023: $- Nil) from 'Prepayments and accrued income', and $17,716 (2023: $120,643) from 'Other assets'.

[2] Excludes non-financial liabilities of $55,957 (2023: $201,285) from 'Accruals and deferred income', and $65,832 (2023: $47,368) from 'Other liabilities'.

[3] The loans and advances to banks is made up of cash and cash equivalents as presented in the cash flow statement.

3 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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 technique.

(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.

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 present 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 2023				
Derivative financial instruments	-	102,327	31,448	133,775
Securities purchased under agreements to resell	-	2,132,581	-	2,132,581
Loans and advances to affiliates	-	257,489	-	257,489
Loans and advances to others	-	-	2,301	2,301
Prepayments and accrued income	-	19,377	-	19,377
Financial investments	-	283,226	11	283,236
Other Assets	-	1,499	-	1,499
	-	**2,796,499**	**33,759**	**2,830,259**
31 March 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**

NOTES TO THE INTERIM REPORT (CONTINUED)

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy - Financial Liabilities

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 September 2023				
Derivative financial instruments	-	695,661	326,997	1,022,658
Accruals and deferred income	-	25,014	-	25,014
Bonds and medium-term notes	-	3,896,932	-	3,896,932
Securities sold under agreements to repurchase	-	283,275	-	283,275
Borrowings from affiliates	-	111,894	-	111,894
	-	**5,012,776**	**326,997**	**5,339,773**
31 March 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**

3 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 valuation 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 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.

3 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.

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.

3 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.

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.

	At 1 April 2023 $'000	Total gains / (losses) in P&L $'000	Settlements $'000	Net transfers into / (out of) level 3 $'000	At 30 September 2023 $'000	Unrealised total gains / (losses) in P&L $'000
Financial assets						
Derivative financial instruments	28,731	2,653	66	(3)	31,447	2,885
Loans and advances to others	2,462	(160)	-	-	2,302	-
Financial investments	11	-	-	-	11	-
	31,204	**2,493**	**66**	**(3)**	**33,760**	**2,885**
Financial liabilities						
Derivative financial instruments	309,521	34,249	(16,773)	-	326,997	22,143
	309,521	**34,249**	**(16,773)**	**-**	**326,997**	**22,143**

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.

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 2023 and 31 March 2023.

Class of financial instrument	Fair value $'000	Valuation techniques	Significant unobservable inputs	Range
30 September 2023				
Derivative financial instruments				
-Assets	31,448	DCF / Option		
-Liabilities	(326,997)	Models	Dividend Yield	2.8%-5.9%
	-		Volatilities	53%-108.5%
	-		Correlations	0.27-0.97
Loans and advances to others[1]	2,301		No significant unobservable inputs	
Financial investments	11		No significant unobservable inputs	
31 March 2023				
Derivative financial instruments				
-Assets	28,731	DCF / Option		
-Liabilities	(309,521)	Models	Correlations	0.25-0.97
			Volatilities	54.5%-100.8%
Loans and advances to others[1]	2,462		No significant unobservable inputs	
Financial investments	11		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 2023 and 31 March 2023.

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

			Fair value by level		
	Carrying amount $'000	Fair value $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
30 September 2023					
Financial Assets:					
Loans and advances to banks	674	674	-	674	-
Loans and advances to affiliates	3,510,487	3,510,487	-	3,510,487	-
Prepayments and accrued income	9,471	9,471	-	9,471	-
Other assets	3,128	3,128	-	3,128	-
	3,523,760	**3,523,760**	**-**	**3,523,760**	**-**
Financial Liabilities:					
Accruals and deferred income	(51,270)	(51,270)	-	(51,270)	-
Borrowing from affiliates	(1,174)	(1,174)	-	(1,174)	-
Borrowing from others	(13)	(13)	-	(13)	-
Commercial papers issued	(656,349)	(656,349)	-	(656,349)	-
	(708,806)	**(708,806)**	**-**	**(708,806)**	**-**
31 March 2023					
Financial Assets:					
Loans and advances to banks	7,781	7,781	-	7,781	-
Loans and advances to affiliates	3,212,433	3,212,433	-	3,212,433	-
Prepayments and accrued income	5,646	5,646	-	5,646	-
Other assets	278	278	-	278	-
	3,226,138	**3,226,138**	**-**	**3,226,138**	**-**
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)	-
	(837,946)	**(837,946)**	**-**	**(837,946)**	**-**

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 2023 the exposure on these financial guarantee contracts amounted to $267,669,965 (31 March 2023: $168,729,155).

The Bank has also provided a guarantee in respect of certain commercial papers issued by another Nomura Group company. At 30 September 2023, the maximum exposure on this guarantee amounted to $31,752,752 (31 March 2023: $35,845,409).

Commitments:

The Bank had commitments as at 30 September 2023 amounting to $1,032,920,198 (31 March 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.

5 BONDS AND MEDIUM-TERM NOTES

	30 September 2023 $'000	31 March 2023 $'000
Bonds and medium- term notes, by remaining maturity:		
- Less than 1 year	346,274	101,928
- Less than 5 years, but greater than 1 year	1,053,342	1,017,631
- Greater than 5 years	2,497,316	2,459,427
	3,896,932	**3,578,986**

As of 30 September 2023, 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 $785,569,305 (31 March 2023: $698,494,607) less 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 $110,062,260 (31 March 2023: gain of $154,993,938) and realised gain of $577,389 (31 March 2023: gain of $58,275), as well as a UK corporation tax credit of $20,634,479 (31 March 2023: charge of $28,348,907) 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 debit of $43,110,794 at 30 September 2023 (31 March 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.

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 2023	Issuance	Redemption	Fair value changes	Balance as at 30 September 2023
	$'000	$'000	$'000	$'000	$'000
Bonds and medium-term notes	3,578,986	1,064,612	(638,138)	(108,528)	3,896,932

	Balance as at 31 March 2022	Issuance	Redemption	Fair value changes	Balance as at 31 March 2023
	$'000	$'000	$'000	$'000	$'000
Bonds and medium-term notes	3,793,645	1,731,441	(1,385,773)	(560,327)	3,578,986

	30 September 2023	31 March 2023
	$'000	$'000
Carrying amount	3,896,932	3,578,986
Amount the bank is contractually obligated to pay to the holders of bonds at maturity	4,988,069	4,595,873
Difference between carrying amount and the amount the bank is contractually obligated to pay to the holders of bonds at maturity	**1,091,137**	**1,016,887**

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 2023 $'000	31 March 2023 $'000
Assets		
Derivative financial instruments	133,795	149,877
Loans and advances to affiliates	3,767,976	3,228,350
Securities purchased under agreements to resell	2,132,581	2,434,880
Prepayments and accrued income	28,848	21,899
Other assets	3,157	303
	6,066,357	**5,835,309**
Liabilities		
Derivative financial instruments	964,161	827,935
Accruals and deferred income	51,294	37,306
Borrowings from affiliates	113,068	121,244
Securities sold under agreements to repurchase	283,275	-
	1,411,798	**986,485**

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.

NOTES TO THE INTERIM REPORT (CONTINUED)

6 RELATED PARTY TRANSACTIONS (continued)

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

	30 September 2023 $'000	30 September 2022 $'000
Interest income	135,584	26,412
Interest expense	(3,109)	(2,187)
Fee income	455	25,238
Fee expense	(1,757)	(567)
Administrative expenses towards SLA & Technology charges	(3,856)	(15,637)
	127,317	**33,259**

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 a 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, Compliance, Risk, Operations and Technology.

During 2021, the Bank had 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. With respect to the June 2023 USD Libor cessation guidelines, Nomura has complied with the regulatory ask of successfully remediating majority of its USD LIBOR referenced trades by 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. The Bank has participated and completed all Central Cleared Counterparties ("CCP") conversions and Internal/Bilateral Migrations to RFR/Fallbacks with zero operational issues.

The Bank has now completed all of its Libor transition with regards to its primary responsibility.

8 Post Balance Sheet Events

There are no significant events occurring after the balance sheet date that would meet the criteria to be disclosed or adjusted in the interim financial statements for the six months ended 30 September 2023.