Nomura Europe Holdings plc Group

Quarterly Pillar 3 Disclosures
31st December 2024

Table of Contents

Introduction

Background

Nomura Europe Holdings plc ("NEHS") is a Prudential Regulation Authority ("PRA") approved parent financial holding company. NEHS along with its subsidiaries form the NEHS Group (the "Group"). The Group is subject to regulation on a consolidated basis. The regulatory consolidation is produced in accordance with the UK's regulations as set out in the onshored Capital Requirements Regulation ("CRR") and PRA Rules and standards. These requirements are largely based on the Basel Committee's final capital framework for strengthening international capital standards ("Basel III").

Scope of Application

The Pillar 3 disclosures as of 31st December 2024 are prepared on the basis of the consolidated situation of the Group which is disclosed on the basis of being large and listed.

Nomura International plc ("NIP"), a regulated subsidiary of the Group which is authorised by the PRA and regulated by the PRA and the FCA, is considered a large non-listed subsidiary. Other regulated subsidiaries of the Group are not considered to be large subsidiaries as of 31st December 2024 and are therefore not disclosed in this document. This includes Nomura Bank International plc, Nomura Financial Products Europe GmbH, Nomura Bank Luxembourg S.A., Banque Nomura France S.A., Nomura Alternative Investment Management France S.A.S and Nomura Bank Switzerland Ltd.

Scope of Consolidation

The Group's regulatory consolidation includes UK and non-UK regulated entities; Article 6 of the CRR provides guidance on capital calculations and consolidation of subsidiary undertakings. The regulatory consolidation includes certain entities which have been consolidated using the equity method while full consolidation has been applied for accounting consolidation under UK GAAP.

All companies within the Group are limited by ordinary shares. Apart from the requirements to hold regulatory capital, subject to regulatory approval by the relevant local authority, there is no practical or legal impediment to the prompt transfer of capital between entities within the Group. The Group is a 100% owned subsidiary of Nomura Holdings Inc. ("NHI") (incorporated in Japan), the ultimate parent of the Group. NHI publishes separate Pillar 3 disclosures (NHI Pillar 3). NHI, together with the Group and NHI's other subsidiary undertakings, form the "Nomura Group".

With effect from April 2015, the Group applied the UK Companies Act 2006 exemption from producing statutory group accounts. The exemption applies to a UK parent company where certain conditions are met. Specifically, this includes where the UK parent and all of its subsidiaries are included in group accounts of a larger non-European Economic Area ("EEA") group prepared in accordance with accounting standards which are equivalent to EU-adopted IFRS. Statutory consolidated accounts for the Group are therefore not published.

Bank Recovery and Resolution Directive

Article 26 of the Bank Recovery and Resolution Directive ("BRRD") states that information pertaining to any group financial support agreement pursuant to Article 19 of the BRRD needs to be made public. Pursuant to this disclosure requirement, the Group has not entered into any group financial support agreement.

Regulatory Framework for Disclosures

The Group has minimum capital adequacy requirements imposed by the PRA and is in compliance with these requirements.

The Basel committee's framework is structured around three 'pillars':

- Pillar 1: minimum capital requirements
- Pillar 2: supervisory review and evaluation process ("SREP")
- Pillar 3: market discipline

The aim of the Pillar 3 disclosures is to allow market participants to assess the Group's capital condition, risk exposures and risk management practices. Pillar 3 requires all significant risks to be disclosed in order to provide stakeholders with a comprehensive view of the Group's risk profile and capital adequacy.

Pillar 3 Disclosures

Pillar 3 disclosures have been prepared in accordance with Part 8 of the CRR and associated PRA supervisory rules and regulatory standards.

The disclosures made in this document do not constitute financial statements and are not required to be subjected to an external audit. The disclosures are approved by the Group's Board and NEHS Audit Committee before being made publicly available.

The full Pillar 3 disclosure document is prepared on an annual basis with limited disclosures made on a quarterly and semi-annual basis. Any historic comparatives presented in the disclosure are calculated according to the regulation in force at the relevant date.

This document is available online within the 'Regulatory Disclosures' section under the Nomura corporate website (the Group Pillar 3).

Management Responsibility Statement

I confirm that I have taken reasonable steps to ensure that the information included in this disclosure complies to the best of my knowledge with the CRR disclosure requirements and has been prepared in accordance with relevant formal policies and internal processes, systems and controls of the Group.

Stephen Fuggle

CFO Nomura Europe Holdings plc

Key Metrics

Template UK KM1 – Key metrics template for the Group

The table below shows the key metrics for the Group[1] as at 31st December 2024:

	$m	a	b	c	d	e
		Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	5,618	5,585	5,565	5,606	5,596
2	Tier 1 capital	5,618	5,585	5,565	5,606	5,596
3	Total capital	7,313	7,389	7,477	7,626	7,724
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	32,091	35,382	34,190	34,022	35,364
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	17.51%	15.78%	16.28%	16.48%	15.82%
6	Tier 1 ratio (%)	17.51%	15.78%	16.28%	16.48%	15.82%
7	Total capital ratio (%)	22.79%	20.88%	21.87%	22.41%	21.84%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	2.32%	2.32%	2.37%	2.37%	2.37%
UK 7b	Additional AT1 SREP requirements (%)	0.77%	0.77%	0.79%	0.79%	0.79%
UK 7c	Additional T2 SREP requirements (%)	1.03%	1.03%	1.05%	1.05%	1.05%
UK 7d	Total SREP own funds requirements (%)	12.12%	12.12%	12.21%	12.21%	12.21%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%)	0.66%	0.59%	0.64%	0.59%	0.57%
UK 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
UK 10a	Other Systemically Important Institution buffer					
11	Combined buffer requirement (%)	3.16%	3.09%	3.14%	3.09%	3.07%
UK 11a	Overall capital requirements (%)	15.28%	15.21%	15.35%	15.30%	15.28%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.42%	6.69%	7.12%	7.32%	6.67%
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	136,436	145,150	132,055	128,712	135,253
14	Leverage ratio excluding claims on central banks (%)	4.12%	3.85%	4.21%	4.36%	4.14%
	Additional leverage ratio disclosure requirements					
UK 14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	4.12%	3.85%	4.21%	4.36%	4.14%
UK 14b	Leverage ratio including claims on central banks (%)	4.03%	3.77%	4.15%	4.18%	3.94%
UK 14c	Average leverage ratio excluding claims on central banks (%)	4.18%	3.99%	4.19%	4.28%	4.22%
14d	Average leverage ratio including claims on central banks (%)	4.06%	3.91%	4.07%	4.09%	4.05%
14e	Countercyclical leverage ratio buffer (%)	0.20%	0.20%	0.20%	0.20%	0.20%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	22,005	21,508	20,915	21,030	21,259
UK 16a	Cash outflows - Total weighted value	32,813	32,228	31,927	31,853	30,844
UK 16b	Cash inflows - Total weighted value	23,489	23,192	23,235	23,507	22,889
16	Total net cash outflows (adjusted value)	9,328	9,065	8,726	8,400	8,030
17	Liquidity coverage ratio (%)	236.67%	238.70%	241.47%	252.19%	266.05%
	Net Stable Funding Ratio					
18	Total available stable funding	31,356	30,687	29,973	29,618	29,749
19	Total required stable funding	24,906	24,462	23,646	22,501	21,665
20	NSFR ratio (%)	125.91%	125.55%	126.86%	132.14%	137.95%

[1] The Group is required to maintain a minimum ratio of Own Funds to Risk Weighted Assets ("RWAs"). As at 31st December 2024, the Group is in compliance with the PRA capital requirements.

Movements in Key Metrics over the period for the Group

Tier 1 capital ratio increased during the quarter primarily driven by a decrease in Risk Weighted Exposure Amounts (“RWEAs”).

Leverage ratio has increased in the quarter, primarily driven by a decrease in the exposure measure.

Liquidity Coverage ratio (“LCR”) has decreased during the quarter driven by an increase in secured lending outflows.

Net Stable Funding ratio (“NSFR”) has remained relatively flat during the quarter.

Transitional Provisions

Following adoption of IFRS 9 on 1st April 2018 the Group now applies the Expected Credit Loss ("ECL") model which replaces the incurred loss model under IAS 39. The table provides a comparison of own funds, capital and leverage ratios with and without the application of transitional arrangements for IFRS 9. CRR article 473a ECL transitional relief has been extended to provide additional ECL relief following COVID-19. The relief permits the Group to add back to its own funds 100% of any increases in ECL arising from 1st January 2020 (deemed to be as a result of COVID-19) with the relief factor reducing to 25% by 2025.

Template IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs for the Group

The table below shows a comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs for the Group as at 31st December 2024:

$m	Dec-24	Sep-24	Jun-24	Mar-24	Dec-23
Available Capital					
Common Equity Tier 1 (CET1) capital	5,618	5,585	5,565	5,606	5,596
Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied	5,618	5,585	5,565	5,606	5,596
Tier 1 capital	5,618	5,585	5,565	5,606	5,596
Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied	5,618	5,585	5,565	5,606	5,596
Total capital	7,313	7,389	7,477	7,626	7,724
Total capital as if IFRS 9 ECL transitional arrangements had not been applied	7,313	7,389	7,477	7,626	7,724
Risk Weighted Assets					
Total risk-weighted assets	32,091	35,382	34,190	34,022	35,364
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	17.51%	15.78%	16.28%	16.48%	15.82%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	17.51%	15.78%	16.28%	16.48%	15.82%
Tier 1 (as a percentage of risk exposure amount)	17.51%	15.78%	16.28%	16.48%	15.82%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	17.51%	15.78%	16.28%	16.48%	15.82%
Total capital (as a percentage of risk exposure amount)	22.79%	20.88%	21.87%	22.41%	21.84%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	22.79%	20.88%	21.87%	22.41%	21.84%
Leverage Ratio					
Leverage ratio total exposure measure	136,436	145,150	132,055	128,712	135,253
Leverage ratio	4.12%	3.85%	4.21%	4.36%	4.14%
Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied	4.12%	3.85%	4.21%	4.36%	4.14%

Capital Requirements

Template UK OV1 – Overview of risk weighted exposure amounts for the Group

The table below shows RWEAs and own funds requirements for the Group as at 31st December 2024:

$m		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		A	b	c
		Dec-24	Sep-24	Dec-24
1	**Credit risk (excluding CCR)**	**3,203**	**3,498**	**256**
2	Of which the standardised approach	3,203	3,498	256
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which slotting approach	-	-	-
UK 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	**Counterparty credit risk - CCR**	**19,956**	**21,775**	**1,596**
7	Of which the standardised approach	5,467	6,247	437
8	Of which internal model method (IMM)	8,373	9,486	670
UK 8a	Of which exposures to a CCP	195	409	16
UK 8b	Of which credit valuation adjustment - CVA	2,131	2,412	170
9	Of which other CCR	3,790	3,221	303
15	**Settlement risk**	**30**	**24**	**2**
16	**Securitisation exposures in the non-trading book (after the cap)**	**-**	**-**	**-**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
UK 19a	Of which 1250%/ deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**6,090**	**7,273**	**487**
21	Of which the standardised approach	1,186	1,036	95
22	Of which IMA	4,904	6,237	392
UK 22a	**Large exposures**	**0**	**0**	**0**
23	**Operational risk**	**2,812**	**2,812**	**225**
UK 23a	Of which basic indicator approach	-	-	-
UK 23b	Of which standardised approach	2,812	2,812	225
UK 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	-	-	-
29	**Total**	**32,091**	**35,382**	**2,566**

Counterparty credit risk RWEAs decreased due to a decrease in derivatives exposure. Market risk RWEAs decreased due to decreased risk in FX trading.

Counterparty Credit Risk and Credit Risk

Template UK CCR7 – RWEA flow statements of CCR exposures under the IMM for the Group

The table below shows how the RWEA under the IMM for the Group have changed over the quarter to 31st December 2024:

$m		a
		RWEA
1	**RWEA as at 30th September 2024**	**9,486**
2	Asset size	(1,121)
3	Credit quality of counterparties	8
4	Model updates (IMM only)	0
5	Methodology and policy (IMM only)	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	-
8	Other	-
9	**RWEA as at 31st December 2024**	**8,373**

The decrease in RWEAs under the IMM was due to decreased derivative exposures for the Group over the quarter.

Market Risk

Template UK MR2-B – RWA flow statements of market risk exposures under the IMA for the Group

The table below shows how the RWA and Own Funds requirement under the IMA for the Group have changed over the quarter to 31st December 2024:

		a	b	c	d	e	f	g
$m		**VaR**	**SVaR**	**IRC**	**Comprehensive risk measure**	**Other**	**Total RWAs**	**Total own funds requirements**
1	**RWAs at 30th September 2024**	1,399	2,457	267	-	2,114	6,237	499
1a	*Regulatory adjustment[1]*	(1,048)	(1,490)	(38)	-	-	(2,576)	(206)
1b	*RWAs at 30th September 2024*	351	967	229	-	2,114	3,661	293
2	Movement in risk levels	(31)	(345)	(91)	-	(329)	(796)	(64)
3	Model updates/changes	(98)	5	20	-	(9)	(82)	(6)
4	Methodology and policy	-	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-	-
7	Other	-	-	-	-	-	-	-
8a	*RWAs at 31st December 2024*	222	627	158	-	1,776	2,783	223
8b	*Regulatory adjustment[2]*	573	1,535	13	-	-	2,121	169
8	**RWAs at 31st December 2024**	**795**	**2,162**	**171**	**-**	**1,776**	**4,904**	**392**

[1] Indicates the difference between reported RWAs (based on 60-day average) and RWAs (based on VaR/SVaR as at the previous reporting date) at the beginning of the period.

[2] Indicates the difference between RWAs (based on VaR/SVaR as at the current reporting date) and reported RWAs (based on 60-day average) at the end of the period.

Own Funds requirements under the IMA for the Group has decreased over the quarter, driven by a decrease in FX risk, and lower market volatility causing further decrease in VaR measure which uses the last two years' rolling time series. Furthermore, Risks Not in VaR decreased due to a decrease in the onshore/offshore currency basis risk add-on.

Liquidity

Template UK LIQ1 – Quantitative information of LCR for the Group

The table below shows Quantitative information of LCR for the Group for the four quarters ending 31st December 2024:

	$m	a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
UK 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					22,005	21,508	20,915	21,030
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	*Stable deposits*	-	-	-	-	-	-	-	-
4	*Less stable deposits*	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	4,856	4,587	4,415	4,471	3,501	3,306	3,227	3,278
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	1,801	1,702	1,578	1,583	450	425	395	396
7	*Non-operational deposits (all counterparties)*	2,860	2,696	2,617	2,611	2,856	2,692	2,612	2,605
8	*Unsecured debt*	195	189	220	277	195	189	220	277
9	*Secured wholesale funding*					16,930	16,083	15,266	14,733
10	Additional requirements	9,403	9,870	10,001	9,958	5,702	5,880	5,900	5,882
11	*Outflows related to derivative exposures and other collateral requirements*	8,308	8,837	8,939	8,901	5,405	5,576	5,554	5,523
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	1,095	1,033	1,062	1,057	297	304	346	359
14	Other contractual funding obligations	15,443	8,909	7,503	7,968	6,477	6,772	7,386	7,857
15	Other contingent funding obligations	585	572	496	362	203	187	148	103
16	TOTAL CASH OUTFLOWS					32,813	32,228	31,927	31,853
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	213,193	212,313	210,823	215,083	16,224	16,295	16,470	16,805
18	Inflows from fully performing exposures	2,075	1,976	1,778	1,693	1,507	1,477	1,366	1,305
19	Other cash inflows	5,758	5,420	5,399	5,397	5,758	5,420	5,399	5,397
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
UK-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	221,026	219,709	218,000	222,173	23,489	23,192	23,235	23,507
UK-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
UK-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
UK-20c	*Inflows subject to 75% cap*	189,314	185,277	180,916	182,273	23,489	23,192	23,235	23,507
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					22,005	21,508	20,915	21,030
22	TOTAL NET CASH OUTFLOWS					9,328	9,065	8,726	8,400
23	LIQUIDITY COVERAGE RATIO					236.67%	238.70%	241.47%	252.19%

Note - Nomura Group's business model means that some sections of the disclosure are not required to be populated.

Main drivers of the LCR

The main drivers of the LCR are:

- The Liquidity Buffer mostly comprising of Level 1 high-quality liquid assets
- Net Cash Outflows over 30 days primarily made up of net secured, unsecured and derivative flows
- Cash Inflows are capped at a maximum of 75% of outflows

There has been no evolution of the contribution of inputs to the Group's LCR calculation over the last quarter.

Changes in the LCR over time

The Group's average LCR has reduced from 239% at 30th September 2024 to 237% at 31st December 2024. This is driven by an increase in secured lending outflows.

Concentration of Funding and Liquidity Sources

In line with liquidity reporting requirements, the firm prepares Additional Liquidity Monitoring Metrics ("ALMM") templates designed to supplement the LCR, which provide a view on different aspects of concentration risk. The templates are formally submitted to the PRA on a monthly basis and facilitate internal concentration monitoring.

The Group also monitors and manages concentrations covering collateral type, counterparty, and tenor concentrations for secured and unsecured financing activities under its internal liquidity risk framework. In particular, refinancing risk for lower quality assets is monitored via counterparty and tenor limits.

Composition of the Liquidity Buffer

The liquidity buffer is comprised of highly liquid government securities held in the form of reverse repos and central bank deposits, which are under the control of the Treasury function. The composition of the liquidity buffer is appropriately managed both in terms of currency and concentration risks.

Derivative Exposures and Potential Collateral Calls

NIP is the main derivatives trading entity within the Group, executing numerous derivative products including FX, Interest Rate, Equity and Credit derivatives across all major business areas.

The Nomura Group runs a comprehensive range of liquidity specific stress tests capturing items under three core risk drivers:

- Ratings downgrade
- Counterparty behaviour
- Impact of adverse market shock

Currency Mismatch in the LCR

Currency LCR compliance is not a regulatory requirement. The Group manages currency mismatch via internal stress testing and controls short-dated FX rollover risk via a set of limits, EWIs and other trigger metrics as part of the Contingency Funding Plan.

As the main derivatives executing entity, the Group's currency LCR results are negatively impacted by the LCR inflow cap.

Other Relevant Items in the LCR Calculation that are not Captured in the LCR Disclosure Template

The PRA has applied a range of Pillar 2 fixed add-ons for liquidity risks not captured under LCR Pillar 1, including for example intraday risk and debt buybacks. These risks are modelled and fully incorporated into the Group's internal liquidity stress modelling.