Nomura Europe Holdings plc

Pillar 3 Disclosures 31 March 2017

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Introduction

Background

The Nomura Europe Holdings plc Group ("the Group") is subject to consolidated regulatory supervision by the Prudential Regulation Authority ("PRA"). The regulatory consolidation is produced in accordance with the requirements established under the Capital Requirements Directive ("CRD") and the Capital Requirements Regulation ("CRR"), collectively referred to hereinafter as "CRD IV", which came into effect on 1 January 2014.

Basis of preparation

The Pillar 3 disclosures have been prepared in accordance with the requirements of the Capital Requirements Regulation (CRR) Part 8 and the associated EBA guidelines and technical standards applicable as at 31st March 2017. A table has been included in appendix 3 summarising the relevant articles and associated disclosures. In addition some disclosures have been aligned to the formats as defined by regulation (EU) No. 575/2013.

Scope of application

This document presents the consolidated Pillar 3 disclosures as at 31 March 2017 for the Group and two subsidiaries, Nomura International Plc ("NIP") and Nomura Bank International plc ("NBI") which are also regulated by the PRA.

NIP is the only material subsidiary of the Group, contributing over 90% of the Group's capital requirement and risk management policies and procedures are consistent with the Group. Significant subsidiary disclosures have been made for NIP as applicable.

NBI has been included as it is a UK regulated entity however its RWA is immaterial. NBI disclosures have therefore been made for article 437 (Own Funds) and no other disclosures relevant to significant subsidiary requirements have been made.

Other regulated subsidiaries include Nomura Bank (Luxembourg) S.A. ("NBL"), Banque Nomura France S.A. ("BNF"), Nomura Alternative Investments Management (Europe) Ltd ("NAIM"), Nomura Saudi Arabia ("NSA") and Nomura Bank (Switzerland) Ltd ("NBS")

Certain subsidiaries are subject to local Pillar 3 Regulatory requirements. However, owing to their inclusion within the Group, separate disclosures have not been made for NBL, BNF, NAIM, NSA or NBS.

Scope of Consolidation

The regulatory consolidation excludes certain special purpose entities which are included in the accounting consolidation. A small number of entities included in the accounting consolidation are also excluded from the regulatory consolidation on the basis of their immaterial balance sheet size. There is no material impact on the regulatory capital position of the Group due to the exclusion of these entities.

The regulatory scope of consolidation includes an additional entity, Nomura Capital Markets Ltd ("NCM"), which is not included in the accounting consolidation, in accordance with the direction of the PRA. A complete list of the Group and its subsidiaries can be found in the Nomura Europe Holdings plc Company only Annual Report.

All companies within the Group are limited by ordinary shares, and apart from the requirements to hold regulatory capital, there is no practical or legal impediment to the prompt transfer of capital between the Group and its legal subsidiaries. The Group and NCM are 100% owned subsidiaries of Nomura Holdings Inc. ("NHI"), the ultimate parent of the Group (incorporated in Japan).

With effect from April 2015, the Group applied the United Kingdom ("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 NEHS Group accounts will therefore not be published.

Frequency and location of disclosure

Full disclosure is made on an annual basis and limited disclosures are made on a quarterly or semi-annual basis.

This document is available either online within the 'Investor Relations' section under the Nomura corporate website: Link: The Group Pillar 3, or by application in writing to the EMEA Financial Controller at Nomura International plc, 1 Angel Lane, London, EC4R 3AB.

Verification

The disclosures made in this document do not constitute financial statements and are not required to be subjected to an external audit. The disclosures have been reviewed and approved through internal governance procedures which include the review and approval by the NEHS Board.

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1. Qualitative Disclosures

In addition to the qualitative disclosures in this document further details applicable to the Group as required under Pillar 3 are considered and made within the NEHS, NIP and NBI Annual Reports, the NHI quarterly Basel III Pillar 3 disclosures for 31 March 2017 and NHI Securities and Exchange Commission 20F Filings.

Certain disclosures specifically required under Pillar 3 and not contained in the documents referenced in Section 1.1 are made separately in Section 1.2. Quantitative disclosures are made in Sections 3-6 (Capital), Section 7 (Leverage), Section 8 (Asset Encumbrance) and 9 (Remuneration).

1.1 Equivalent Pillar 3 disclosures

Certain disclosures made under accounting, listing or other requirements are deemed to constitute compliance with CRD IV requirements.

As an integrated part of NHI, disclosures contained in the Securities and Exchange Commission 20F Filing are relevant to the Group. These documents can be found at the following Link: NHI 20-F

The NHI Basel III Pillar 3 disclosures for 31 March 2017 can be found at the following link: NHI Pillar 3.

Further detailed qualitative disclosures relevant to Pillar 3 are contained in the NIP Annual Report.

The table below represents a summary of where these qualitative disclosures can be located:

Title and number of the disclosure requirements	Document	Title reference in the document	Page(s)
Risk management, objectives and policies			
Institution risk management approach (Table EU OVA) Articles 435(1)(a), 435(1)(b), 435(1)(c), 435(1)(f), 435(2)(e)	NIP Annual Report	Risk Management	Page 3
		Risk Management Strategy	Page 63
		Risk Management Structure	Pages 64-66
		Risk Appetite	Pages 66-67
		Risk Policy Framework	Page 68
		Monitoring, Reporting and Data Integrity	Page 68
		Liquidity Risk	Page 80
		Operational Risk	Pages 86-87
		Model Risk	Page 88
		Business Risk	Page 88
	NHI 20-F	Stress Testing (Market Risk)	Page 124
		Stress Testing (Credit Risk)	Page 127
		Stress Testing	Page 132
Credit risk, counterparty credit risk and credit risk mitigation techniques			
General qualitative information about credit risk (Table EU CRA) Articles 435(1)(a), 435(1)(b), 435(1)(d), 435(1)(f)	NIP Annual Report	Risk Management Structure	Pages 64-66
		Credit Risk	Page 74
		Credit Risk Management Process	Page 74 (A)
		Credit Risk Measures	Page 74 (B)
		Credit Limits	Page 75 (C)
Qualitative information about counterparty credit risk (Table EU CCRA) Articles 435(1)(a), 439(a), 439(b), 439(c)	NIP Annual Report	Financial Guarantees	Page 26 (J)
		Credit Limits (re: Credit NCAT)	Page 75 (C)
		Wrong Way Risk	Page 75 (D)
		Risk Mitigation	Page 76 (E)
		Credit Risk Exposure / Concentration of Credit Risk	Pages 77-78

Qualitative information about credit risk mitigation techniques (Table EU CRC) Articles 435(1)(a), 453 (a), 453 (b), 453 (c), 453 (d), 453 (e)	NIP Annual Report	Collateral and Other Credit Enhancements	Page 26 (K)
		Risk Mitigation	Page 76 (E)
		Note 20. Offsetting Disclosures	Pages 102-104
Market Risk and Internal Model Approach (IMA)			
Qualitative disclosure requirements related to market risk (Table EU MRA) Articles 435(1)(a), 435(1)(b), 435(1)(d), 455(c) re: Art. 104	NIP Annual Report	Risk Management Structure	Pages 64-66
		Market Risk	Page 68
		Market Risk: Trading	Page 69 (A)
		Market Risk: Non-Trading	Page 73 (D)
Qualitative disclosure requirements for institutions using the IMA (Table EU MRB) Articles 455(a)(i), 455(a)(ii), 455(a)(iii), 455(a)(iv) and 455(b)	NIP Annual Report	Use of the Internal Models for Market Risk	Page 68
		Value at Risk	Page 70
		VaR Methodology Assumptions	Page 70
		VaR Backtesting	Page 71
		Limitations and Advantages of VaR	Page 71
		Incremental Risk Charge ("IRC")	Page 72 (B)
		Stress testing of internal risk models	Page 72 (C)

1.2 Additional disclosures required by Pillar 3

1.2.1 The Group approach to assessing internal capital adequacy

The Group conducts an Internal Capital Adequacy Assessment Process ("ICAAP") exercise annually to ensure the entity is adequately capitalised to meet its overall business objectives and withstand any potential stress that it might encounter over a multi-year horizon.

The ICAAP process utilises the Group's own established internal measure of capital which incorporates risks that are not adequately captured or addressed under Pillar 1. The Group also runs a number of stress tests and incorporates the results of the stress scenario that yields the most severe impact on its capital projection. In addition, the ICAAP process identifies and quantifies a range of management actions available to the Group to minimise the impact of stress.

Both the internal measure of capital and stress testing are integral parts of the Group's risk management framework and ensure the businesses are run according to the firm's risk appetite.

1.2.2 Risk requirement methodologies

The Group utilises the standardised (non-modelled) approaches for the calculation of capital requirements for credit, market and operational risks unless specified below.

In December 2012, NIP was granted permission by the PRA to use the Internal Model Method ("IMM") in the calculation of counterparty credit risk exposures for certain derivative ("DRT") and securities financing transactions ("SFT"). Further detail is available on the Financial Services Register. (IMM Waiver Permission Link)

In the calculation of risk-weighted exposure amounts under the standardised approach to credit and counterparty risk, the credit assessments provided by Fitch, Moody's and Standard and Poor's are used for all applicable exposure classes. Where credit assessments of counterparties are not available, risk weights are assigned in accordance with CRDIV requirements for unrated exposures. Securities which do not have a credit assessment are risk weighted based on the general credit assessment of their issuers if they satisfy the seniority conditions in Article 139(2) of the CRR. The Group applies standard credit quality step association published by EBA.

In July 2013, NIP was granted permission by the PRA to use its internal Value at Risk ("VaR") model in the calculation of market risk capital requirements for certain positions. Further detail is available on the Financial Services Register. (IMA Waiver Permission Link)

1.2.3 Risk Management Committees

The Board of Directors of the Company is ultimately responsible for identifying and controlling these risks through its overall risk management approach and approval of risk strategies and principles. These risks are managed through sub-committees of the Board of NEHS Group, including the Company:

- The Prudential Risk Committee ("PRC") has oversight of, and provides advice to, the Board on the Group's risk profile, risk appetite, future risk strategy and maintenance of an appropriate risk control framework. Eleven meetings were held during the year.
- The Financial Conduct Committee is responsible for ensuring an effective internal control and risk management environment is maintained in respect of the financial conduct risks impacting the NEHS Group, including the Company, and for ensuring corporate objectives for the NEHS Group are achieved and are consistent with the Nomura Group. Seven meetings were held during the year.
- The Risk Management Committee is established and chaired by the EMEA Chief Risk Officer ("CRO") and is primarily responsible for monitoring and controlling market risk, credit risk and operational risk for the NEHS Group, including the Company. Twelve meetings were held during the year.

1.2.4 Non-trading book exposure to equities

The Group holds a small number of non-trading equity assets. These are held at fair value and designated for accounting purposes as 'available-for-sale' rather than 'held-for-trading' due to the expectation that the Group will hold these for the long term.

They are treated in line with the requirements of CRD IV, but are not considered material for the purposes of these disclosures.

1.2.5 Securitisations

The Group is not an active participant in the origination of securitisations (meaning pooled assets with tranched risk), and accordingly detailed Pillar 3 disclosures are not made.

Further information about securitisation policies can be found in the NHI Securities and Exchange Commission 20F Filing at the following Link: NHI 20-F

1.2.6 Directorships

The following table showing directorships held by members of the management body for the year to 31st March 2017 and complements disclosures made in the NEHS Company only Annual Report.

Director	Internal Directorships	External Directorships
David Benson	6	-
Jonathan Lewis	3	-
Paul Spanswick(1)	6	2
David Findlay(1)	17	1
Sir Andrew Cahn	2	4
Hisato Miyashita (2)	7	-
Hiroyuki Suzuki (3)	2	-
Jonathan Britton	4	5
David Godfrey	3	3
John Tierney(4)	4	-
Rosemary Murray(5)	2	3
Minoru Shinohara (6)	6	-
Lewis O'Donald	5	-
James Leng (7)	3	2

1. *Resigned 27 July 2016*
2. *Appointed 22 June 2016*
3. *Resigned 22 June 2016*
4. *Appointed 15 September 2016*
5. *Appointed 15 December 2016*
6. *Resigned 1 June 2017*
7. *Resigned 7 April 2017*

All internal directorships are held within the NHI Group. All external directorships are either Non-Executive directorships or are positions within charitable companies/bodies. None of the external directorships are executive directorships.

Nomura is committed to fostering our corporate culture which respects our people's values regardless of their background, such as gender, nationality, ethnic origin, age, sexual orientation or gender identity. We strive to offer equal opportunities to all personnel to enable each and every one of them to develop their capabilities and strengths as individuals to the fullest and perform as Nomura professionals.

The Nomination Committee has responsibility for leading the process for Board appointments and for identifying and nominating candidates for appointment to the Board. Board appointments will be based on merit and candidates will be considered against objective criteria. We strive to maintain a Board in which a diverse range of skills, knowledge and experiences are combined in an environment which values the input of every director.

All of the above directorships are compliant with CRD IV requirements.

1.2.7 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 BRRD undertakings within the scope of the disclosure have not entered into any group financial support agreement.

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2. Own Funds Disclosures

CC1: Composition of Regulatory Capital

The Group and NIP Own Funds at the 31 March 2017 were:

ITS[1]	($m)	The Group	NIP	NBI
1	Common Equity Tier 1 capital instruments and share premium	12,351	10,019	555
2	Retained earnings	(7,703)	(6,213)	32
3	Other reserves	966	1,216	(111)
6	**Common Equity Tier 1 before regulatory adjustments**	**5,614**	**5,022**	**476**
8	Deduction from Tier 1: other intangible assets[2]	(10)	(5)	-
	Prudential filters:			
14	*Liabilities own credit risk adjustment*[3]	(10)	(61)	111
7	*Prudent valuation adjustment*[4]	(144)	(138)	(1)
28	**Total Regulatory Adjustments to Common Equity Tier 1**	**(164)**	**(204)**	**110**
29	**Common Equity Tier 1**	**5,450**	**4,818**	**586**
46	Tier 2 capital	2,160	1,260	-
59	**Total Capital**[5]	**7,610**	**6,078**	**586**
61	**Common Equity Tier 1 Ratio**[6]	**14.63%**	**13.55%**	**762.80%**
63	Total Capital as a percentage of total Risk Exposure amounts	20.43%	17.10%	762.80%
64	Institution specific buffer requirement[7]	5.78%	5.78%	5.75%
65	of which: Capital conservation buffer requirement	1.25%	1.25%	1.25%
66	of which: Countercyclical buffer requirement[8]	0.03%	0.03%	0.00%
68	Common Equity Tier 1 available to meet Buffers [9]	10.13%	9.05%	758.30%

1. *Implementing Technical Standards Regulations (EU) no. 1423/2013*
2. *CRR Article 37*
3. *CRR Article 33 (1) (c) / CRR Article 33 (1) (b)*
4. *CRR Article 34*
5. *Per the Group (section 3.2) and NIP (section3.3) reconciliation of own funds to the audited financial balance sheet*
6. *Tier 1 capital ratio is equal to the Common Equity Tier 1 ratio*
7. *Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (1)(a) plus capital conservation buffer and countercyclical buffer requirements expressed as a percentage of risk exposure amounts)*
8. *Section 3.4 amount of institution-specific countercyclical capital buffer*
9. *Common Equity Tier 1 available to meet buffers as a percentage of risk exposure amounts*

There are no innovative Tier 1 instruments held nor expected loss amounts. No restrictions have been applied to the calculation of Common Equity Tier 1 or the prudential filters to Common Equity Tier 1. The Group is not applying transitional provisions of CRD IV to Own Funds.

Tier 1 capital consists of share capital and reserves.

Group Tier 2 consists of subordinated debt.

At 31 March 2017 there were no applicable systemic risk or other systemically important institution ("OSII") buffers.

A description of the main features of the Group and NIP Common Equity Tier 1 and Tier 2 capital has been included in appendices 1 and 2.

2.1 Regulatory Prudent Valuation of Assets Carried at Fair Value

In accordance with CRD IV a prudential valuation adjustment is deducted from the Group's Tier 1 Capital. There are established fair valuation and prudent valuation frameworks which set out the policies and procedures for the determination of price verification and prudent valuation in accordance with the requirements of CRD IV and related interpretive guidance.

2.2 LI1: Differences in Accounting and Regulatory Scopes of Consolidation

$m	NEHS Company Only Accounts	Consolidation Adjustments	NEHS Group	Other Regulatory Adjustments	Regulatory Balance Sheet
Assets					
Cash in bank and in hand	0	5,685	5,685	21	5,706
Financial assets held for trading	7	172,903	172,910	(212)	172,698
Investments time deposits	0	1,615	1,615	0	1,615
Current tax receivable	0	12	12	0	12
Collateral posted for securities purchased under agreements to resell	0	83,571	83,571	(26)	83,545
Collateral posted for securities borrowed	0	11,925	11,925	0	11,925
Other Debtors	1,291	17,038	18,329	(109)	18,220
Available for sale financial investments	0	5	5	0	5
Tangible fixed assets	0	38	38	0	38
Intangible fixed assets	0	10	10	0	10
Investments in subsidiaries	5,922	(5,922)	0	0	0
Total assets	**7,220**	**286,880**	**294,100**	**(326)**	**293,774**
Liabilities					
Financial liabilities held for trading	2	171,627	171,629	48	171,677
Current tax payable	0	3	3	0	3
Other Creditors	12	37,901	37,913	(1,219)	36,694
Collateral received for securities sold under agreements to repurchase	0	65,943	65,943	(158)	65,785
Collateral received for securities loaned	0	7,163	7,163	0	7,163
Creditors (amounts falling due after more than one year)	1,056	3,866	4,922	(244)	4,678
Subordinated liabilities	2,160	0	2,160	0	2,160
Total liabilities	**3,230**	**286,503**	**289,733**	**(1,573)**	**288,160**
Shareholders' Equity					
Called up share capital	9,251	0	9,251	3,093	12,344
Share Premium	7	0	7	0	7
Available-for-sale reserve	0	4	4	0	4
Share-based payment reserve	0	1,048	1,048	0	1,048
Translation reserve	0	(35)	(35)	0	(35)
Own credit reserve	0	(51)	(51)	0	(51)
Retained earnings	(5,268)	(589)	(5,857)	(1,846)	(7,703)
Total shareholders' equity	**3,990**	**377**	**4,367**	**1,247**	**5,614**

2.3 LI1: Reconciliation of Group Own Funds to the Audited Financial Balance Sheet

$m	NEHS Company Only Accounts[1]	Consolidation Adjustments	NEHS Group[2]	Other Regulatory Adjustments	Regulatory Group	Prudential filters: Intangible Assets[3]	Prudential filters: Derivative Liabilities Own Credit Risk Adjustment[4]	Prudential filters: Liabilities Own Credit Risk Adjustment[5]	Prudential filters: Prudent Valuation Adjustment[6]	Group Regulatory position
Called up share capital	9,251	-	9,251	3,093	12,344					**12,344**
Share premium	7	-	7	-	7					**7**
Available-for-sale reserve	-	4	4	-	4					**4**
Share based payment reserve	-	1,048	1,048	-	1,048					**1,048**
Translation Reserve	-	(35)	(35)	-	(35)					**(35)**
Own Credit Adjustment	-	(51)	(51)	-	(51)			51		**-**
Retained Earnings	(5,268)	(589)	(5,857)	(1,846)	(7,703)	(10)	(61)	-	**(144)**	**(7,918)**
Common Equity Tier 1	**3,990**	377	**4,367**	**1,247**	**5,614**	**(10)**	**(61)**	**51**	**(144)**	**5,450**
Creditors: Amounts Falling Due More Than One Year	2,160	-	2,160	-	2,160	**-**	**-**	**-**	**-**	**2,160**
Tier 2 Capital Instruments	**2,160**	-	**2,160**	-	2,160	**-**	**-**	**-**	**-**	**2,160**
Own Funds	**6,150**	377	**6,527**	**1,247**	**7,774**	**(10)**	**(61)**	**51**	**(144)**	**7,610**

1. *Per audited NEHS Company only Annual Report & Accounts*
2. *Per NEHS Consolidated Primary Financial Statements*
3. *CRR Article 37*
4. *Article 33 (1) (c)*
5. *CRR Article 33 (1) (b)*
6. *CRR Article 34*

2.4 LI1: Reconciliation of NIP Own Funds to the Audited Financial Balance Sheet

$m	NIP Company Only Accounts[(1)]	Intangible Assets[(3)]	Prudential filters: Derivative Liabilities Own Credit Risk Adjustment[(4)]	Prudential filters: Prudent Valuation Adjustment[(6)]	NIP Regulatory position
Called up share capital	9,991				9,991
Share premium	27				27
Capital redemption reserve	185				185
Other reserves	(20)				(20)
Available-for-sale reserve	4				4
Share based payment reserve	1,048				1,048
Retained Earnings	(6,213)	(5)	(61)	(138)	(6,417)
Common Equity Tier 1	**5,022**	**(5)**	**(61)**	**(138)**	**4,818**
Creditors: Amounts Falling Due More Than One Year	1,260	-	-	-	1,260
Tier 2 Capital instruments	**1,260**	**-**	**-**	**-**	**1,260**
Own Funds	**6,282**	**(5)**	**(61)**	**(138)**	**6,078**

1. *Per audited NIP Company Only Annual report*
2. *CRR Article 37*
3. *CRR Article 33 (1) (c)*
4. *CRR Article 34*

2.5 LI1: Reconciliation of NBI Own Funds to the Audited Financial Balance Sheet

$m		Prudential filters		
	NBI Company Accounts	Fair Valued Liabilities Own Credit risk Adjustment[2]	Prudent Valuation Adjustment[3]	NBI Regulatory position
Called up share capital	555			555
Own Credit reserve	(111)	111	-	-
Other reserves	-			-
Retained Earnings	32	-	(1)	31
Common Equity Tier 1	476	111	(1)	586
Creditors: Amounts Falling Due More Than One Year	-	-	-	-
Tier 2 Capital instruments	-	-	-	-
Own Funds	**476**	**111**	**(1)**	**586**

1. *Per audited NBI Company Only Annual report*
2. *CRR Article 37*
3. *CRR Article 33 (1) (c)*
4. *CRR Article 34*

3. Capital Requirements

3.1 OV1: Capital Requirements and Risk Weighted Exposure

The Group and NIP Risk Weighted Assets ("RWA") and capital requirements as at 31st March 2017 were:

$m	The Group			NIP		
	RWA		Minimum Requirements	RWA		Minimum Requirements
	March 17	March 16	March 17	March 17	March 16	March 17
Credit risk (excluding CCR)	3,410	3,447	273	3,105	3,423	248
of which the standardised approach	3,410	3,447	273	3,105	3,423	248
Counterparty Risk	21,476	20,248	1,718	22,200	20,288	1,776
of which mark to market method	4,664	5,301	373	5,267	5,301	421
of which internal model method (IMM)	8,153	6,840	652	8,228	6,925	658
of which CVA	5,478	5,844	438	5,530	5,730	442
of which financial comprehensive method	3,182	2,255	255	3,176	2,316	254
Settlement risk	17	24	1	17	24	1
Market risk	8,194	8,212	656	6,267	6,208	501
of which the standardised approach	2,113	2,157	169	2,087	2,111	167
of which IMA	6,081	6,055	486	4,179	4,097	334
Large exposures	627	750	50	1,045	911	84
Operational risk	3,520	3,714	282	2,913	2,697	233
of which standardised approach	3,520	3,714	282	2,913	2,565	233
Total	**37,244**	**36,394**	**2,980**	**35,546**	**33,551**	**2,844**

The minimum capital requirement refers to the Pillar 1 capital requirement.

3.2 Amount of Institution-Specific Countercyclical Capital Buffer

The Countercyclical Capital Buffer ("CCyB") has been introduced to ensure that capital buffers are built up when credit growth in a country is excessive. As at 31 March 2017, Norway, Sweden, Hong Kong, Czech Republic and Iceland have set non zero CCyB rates. A geographic distribution of own funds requirements has been included in section 3.3.

For the Group the relevant credit exposure relates to issuer risk, counterparty and credit risk exposures predominantly to corporate counterparties. The CCyB for NIP is materially in line with the Group.

$m	**The Group**
Total Risk Exposure Amount	37,244
Institution Specific Countercyclical Capital Buffer Rate	0.0275%
Institution Specific Countercyclical Capital Buffer Requirement	**10.2**

3.3 Geographical Distribution of Countercyclical Capital Buffer

$m	General Credit Exposures	Trading Book Exposures		Own Funds Requirements				
	Exposure Value for SA	Sum of Long and Short Positions of Trading Book Exposures for SA	Value of Trading Book Exposures for Internal Models	of which: General Credit Exposures	of which: Trading Book Exposures	Total	Own Funds Requirements Weights	Countercyclical Capital Buffer Rate
SWEDEN	93	2	7	6	1	7	0.58%	2.00%
NORWAY	47	0	2	1	0	1	0.10%	1.50%
HONG KONG	158	16	5	10	2	12	1.01%	1.25%
ICELAND	8	-	-	1	-	1	0.06%	1.00%
CZECH REPUBLIC	34	-	-	3	-	3	0.23%	0.50%
UNITED KINGDOM	4,903	32	422	200	19	219	18.93%	0.00%
CAYMAN ISLANDS	3,118	17	0	198	7	205	17.66%	0.00%
NETHERLANDS	1,777	4	30	119	5	124	10.67%	0.00%
UNITED STATES	1,473	12	81	91	3	94	8.14%	0.00%
LUXEMBOURG	1,401	0	26	93	1	93	8.07%	0.00%
FRANCE	1,025	5	127	46	1	48	4.14%	0.00%
IRELAND	570	2	9	42	0	42	3.60%	0.00%
SPAIN	368	0	102	29	5	35	2.99%	0.00%
JAPAN	440	34	310	21	8	29	2.49%	0.00%
SWITZERLAND	437	3	6	27	1	28	2.43%	0.00%
GERMANY	301	0	38	22	4	26	2.23%	0.00%
BRITISH VIRGIN ISLANDS	417	3	-	22	0	22	1.92%	0.00%
CHINA	353	29	52	14	5	19	1.65%	0.00%
SINGAPORE	205	3	1	14	1	15	1.30%	0.00%
TAIWAN	196	6	13	13	2	15	1.27%	0.00%
DENMARK	223	0	1	12	0	12	1.07%	0.00%
UNITED ARAB EMIRATES	241	0	8	10	2	12	1.06%	0.00%
Others	1,200	51	207	71	26	97	8.40%	0.00%
Total	**18,988**	**220**	**1,447**	**1,065**	**93**	**1,158**	**100%**	

1. All countries with Own Funds requirement over 1% or which have a non zero CCyB rate have been included.

4. Counterparty Credit Risk

4.1 CCR1: Analysis of Counterparty Credit Risk RWA by Approach

This table provides Group Counterparty RWA by calculation method, with the exception of CVA. Counterparty RWA for NIP are materially in line with the Group.

$m	Current Market Value	Potential Future Exposure	EEPE	Multiplier	Exposure at Default	Risk Weighted Assets
Mark to Market Method	3,281	20,490			16,971	4,664
IMM (for Derivatives and SFTs)			12,028		17,928	8,153
Of which securities financing transactions			6,039	1.6	8,463	2,170
Of which derivatives and long settlement transactions			5,989	1.6	9,465	5,983
Financial Collateral Comprehensive Method (for SFTs)					11,337	3,182
Total						**15,999**

4.2 CCR3: Counterparty Risk Exposures by Risk Weight

This table provides Group Counterparty and Credit Risk Exposures at Default (EAD) reported in CCR1, by risk weight. The Counterparty and Credit exposures for NIP are materially in line with the Group.

	0	2	20	50	100	150	250	1250	Total	of which unrated
Central Governments or Central Banks	6,885	-	878	-	10	-	-	-	**7,773**	**349**
Corporates	-	-	156	1,547	9,471	137	-	-	**11,311**	**8,789**
Institutions	-	8,704	11,946	4,387	262	33	-	-	**25,332**	**13,358**
Multilateral Development Banks	26	-	1	5	-	-	-	-	**32**	**5**
Public Sector Entities	476	-	864	-	61	-	-	-	**1,401**	**985**
Regional Government or Local Authorities	218	-	129	-	-	-	-	-	**347**	**70**
International Organisations	39	-	-	-	-	-	-	-	**39**	**39**
Other items	-	-	-	-	-	-	-	-	**-**	**-**
Total	**7,644**	**8,704**	**13,974**	**5,939**	**9,804**	**170**	**-**	**-**	**46,235**	**23,595**

4.3 CCR5-A: Impact of Netting and Collateral Held on Exposures

This table shows the Group trading book derivative exposure under the mark to market approach broken down by gross positive fair value before netting. Net credit exposure (EAD) is after the application of netting, potential future add ons and collateral. Derivative exposures under the mark to market method for NIP are materially in line with the Group.

$m	Gross Positive Fair Value or Net Carrying Amount	Netting benefits	Netted Current Credit Exposure	Collateral Held	Net Credit Exposure
Mark to Market Method	58,505	(47,248)	30,782	13,811	16,971
Total	**58,505**	**(47,248)**	**30,782**	**13,811**	**16,971**

4.4 CCR5-B: Composition of Collateral for Exposures to Counterparty Credit Risk

Table 4.4 shows the collateral type and amount used and posted in relation to the Group's trading activity. Collateral segregated relates to collateral being held by a third party.

$m	Collateral Used in Derivative Transactions				Collateral Used in SFTs	
	Fair Value of Collateral Received		Fair Value of Posted Collateral		Fair Value of Collateral Received	Fair Value of Posted Collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Security	904	822	510	182	212,243	201,703
Cash	43	20,982	-	12,359	174,585	177,757
Total	**947**	**21,804**	**510**	**12,541**	**386,828**	**379,460**

Table includes collateral used in internal model

4.5 CCR8: Exposures to Central Counterparties

Tables 4.5 show the Group's EAD to central counterparties.

$m	Exposure at Default	RWAs
Exposures to QCCPs (total)		222
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	7,917	158
(i) OTC derivatives	6,393	128
(ii) Exchange-traded derivatives	290	6
(iii) SFTs	1,234	25
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin	-	
Non-segregated initial margin	2,851	57
Prefunded default fund contributions	319	6
Alternative calculation of own funds requirements for exposures		

4.6 CCR2: Credit Valuation Adjustment

Table 4.6 shows the exposure and capital charge by standardised and advanced approaches.

$m	Exposure value	RWA
Total Portfolios Subject to the Advanced Method	7,183	2,420
(i) VaR component (including the 3×multiplier)		467
(ii) Stressed VaR component (including the 3×multiplier)		1,953
All Portfolios Subject to the Standardised Method	7,760	3,058
Total	**14,943**	**5,478**

4.7 CCR6: Credit Derivative Exposures

Where a market in credit derivatives exists, the Group may choose to purchase default protection in the form of a credit derivative from a third party.

$m	Credit Derivative Hedges	
	Protection Bought	Protection Sold
Notionals		
Single-Name Credit Default Swaps	129,562	130,888
Index Credit Default Swaps	52,696	52,618
Total Return Swaps	894	894
Other Credit Derivatives	3,694	4,539
Total Notionals	**186,846**	**188,939**
Fair Values		
Positive Fair Value (Asset)	2,442	3,103
Negative Fair Value (Liability)	(3,074)	(3,484)

4.8 Impact of a credit downgrade on collateral pledged

Neither the Group nor NIP is rated by an External Credit Assessment Institution ("ECAI"). The NIP ISDA Credit Support Annex ("CSA") references Nomura Securities Co. Ltd ("NSC") as a credit reference entity.

A one notch downgrade in the credit rating of NSC would trigger the pledge of a further $34m of collateral.

5. Credit Risk

5.1 Analysis of Impaired and Past Due Exposures and Allowance for Impairment

Please refer to the NEHS Company only Annual Report for the year ended 31 March 2017 for further details of the policies related to impaired assets. Neither the Group nor NIP had impaired assets as at 31 March 2017.

5.2 CRB-B: Total and Average Amount of Credit Risk Exposures

Table 5.2 shows the Group and NIP credit risk exposures classified by exposure class as at the current year end and the average throughout the FY 16-17. It presents exposures after provisions but before any credit risk mitigation and credit conversion factor.

$m	The Group		NIP	
	Mar-17	Average	Mar-17	Average
Central Governments or Central Banks	2,759	3,461	2,318	2,725
Corporates	5,327	5,331	4,215	4,081
Institutions	1,975	2,011	985	1,408
Multilateral Development Banks	-	25	-	-
Other items	81	124	61	83
Public Sector entities	51	13	-	-
Regional Governments or Local Authorities	350	330	40	41
International Organisations	-	-	-	-
Total	**10,543**	**11,295**	**7,619**	**8,338**

5.3 CR1-A: Credit Quality of Exposures by Exposure Class and Instruments

Tables show the Group's gross carrying value and net credit risk exposures as per CRB-B, by counterparty type and instrument.

$m	The Group						
	Gross Carrying Values		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
Central Governments or Central Banks	-	2,759	-	-	-	-	2,759
Corporates	-	5,327	-	-	-	-	5,327
Institutions	-	1,975	-	-	-	-	1,975
Multilateral Development Banks	-	-	-	-	-	-	-
Other items	-	81	-	-	-	-	81
Public sector entities	-	51	-	-	-	-	51
Regional governments or local authorities	-	350	-	-	-	-	350
International Organisations	-	-	-	-	-	-	-
Total SA approach	**-**	**10,543**	**-**	**-**	**-**	**-**	**10,543**
Total	**-**	**10,543**	**-**	**-**	**-**	**-**	**10,543**
of which: Loans	-	1,067	-	-	-	-	1,067
of which: Debt Securities	-	695	-	-	-	-	695
of which: Off-balance sheet exposures	-	3,630	-	-	-	-	3,630

$m	NIP						
	Gross Carrying Values		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
Central Governments or Central Banks	-	2,318	-	-	-	-	2,318
Corporates	-	4,215	-	-	-	-	4,215
Institutions	-	985	-	-	-	-	985
Multilateral Development Banks	-	-	-	-	-	-	-
Other items	-	61	-	-	-	-	61
Public sector entities	-	-	-	-	-	-	-
Regional governments or local authorities	-	40	-	-	-	-	40
International Organisations	-	-	-	-	-	-	-
Total SA approach	**-**	**7,619**	**-**	**-**	**-**	**-**	**7,619**
Total	**-**	**7,619**	**-**	**-**	**-**	**-**	**7,619**
of which: Loans	-	1,021	-	-	-	-	1,021
of which: Debt Securities	-	58	-	-	-	-	58
of which: Off-balance sheet exposures	-	2,549	-	-	-	-	2,549

5.4 CRB-D: Concentration of Exposures by Industry and Counterparty Type

Tables show the industry concentration of the Group and NIP credit risk exposures classified by exposure class. It presents exposures after provisions but before any credit risk mitigation.

$m	The Group						
	FINANCIAL AND INSURANCE ACTIVITIES	MANUFACT-URING	PUBLIC ADMIN AND DEFENCE; SOCIAL SECURITY	INFORMATION AND COMMUNICATI-ON	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	Other	Total
Central Governments or Central Banks	2,599	-	160	-	-	-	**2,759**
Corporates	3,829	943	-	205	130	220	**5,327**
Institutions	1,975	-	-	-	-	-	**1,975**
Multilateral Development Banks	-	-	-	-	-	-	**-**
Other items	-	-	-	-	-	81	**81**
Public Sector Entities	51	-	-	-	-	-	**51**
Regional Governments or Local Authorities	72	-	278	-	-	-	**350**
Total	**8,526**	**943**	**438**	**205**	**130**	**301**	**10,543**

$m	NIP						
	FINANCIAL AND INSURANCE ACTIVITIES	MANUFACT-URING	INFORMATION AND COMMUNICATI-ON	PUBLIC ADMIN AND DEFENCE; SOCIAL SECURITY	ARTS, ENTERTAINM-ENT AND RECREATION	Other	Total
Central Governments or Central Banks	2,278	-	-	40	-	-	**2,318**
Corporates	3,202	623	191	-	46	153	**4,215**
Institutions	985	-	-	-	-	-	**985**
Multilateral Development Banks	-	-	-	-	-	-	**-**
Other items	-	-	-	-	-	61	**61**
Public Sector Entities	-	-	-	-	-	-	**-**
Regional Governments or Local Authorities	-	-	-	40	-	-	**40**
Total	**6,465**	**623**	**191**	**80**	**46**	**214**	**7,619**

5.5 CR1-B: Credit Quality of Exposures by Industry and Counterparty Type

Tables show the gross carrying value and net credit risk exposure by industry of the Group and NIP.

$m	The Group						
	Gross Carrying Values		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
FINANCIAL AND INSURANCE ACTIVITIES	-	8,527	-	-	-	-	8,527
MANUFACTURING	-	943	-	-	-	-	943
PUBLIC ADMIN AND DEFENCE; SOCIAL SECURITY	-	437	-	-	-	-	437
INFORMATION AND COMMUNICATION	-	205	-	-	-	-	205
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	-	130	-	-	-	-	130
Other	-	301	-	-	-	-	301
Total	**-**	**10,543**	**-**	**-**	**-**	**-**	**10,543**

$m	NIP						
	Gross Carrying Values		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
FINANCIAL AND INSURANCE ACTIVITIES	-	6,465	-	-	-	-	6,465
MANUFACTURING	-	623	-	-	-	-	623
INFORMATION AND COMMUNICATION	-	191	-	-	-	-	191
PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	-	80	-	-	-	-	80
ARTS, ENTERTAINMENT AND RECREATION	-	46	-	-	-	-	46
Other	-	214	-	-	-	-	214
Total	**-**	**7,619**	**-**	**-**	**-**	**-**	**7,619**

5.6 CRB-C: Credit Risk Exposures by Region and Country

Tables show a breakdown of the Group and NIP credit risk exposures by region, country and exposure class. It presents exposures after provisions but before any credit risk mitigation

$m	The Group																		
	EMEA	**GBR**	**FRA**	**NLD**	**LUX**	**DNK**	**DEU**	**Other**	**Americas**	**USA**	**VGB**	**CYM**	**Other**	**Asia**	**JPN**	**CHN**	**NZL**	**Other**	**Grand Total**
Central Governments or Central Banks	**2,696**	2,268	85	9	176	-	-	157	**37**	17	-	-	20	**26**	23	-	-	3	**2,759**
Corporates	**4,116**	2,467	369	603	115	80	35	447	**753**	555	171	26	1	**458**	29	353	-	76	**5,327**
Institutions	**824**	76	31	27	208	131	163	188	**294**	288	-	-	6	**857**	756	-	64	37	**1,975**
Multilateral Development Banks	**-**	-	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Other items	**81**	61	-	-	19	-	-	1	**-**	-	-	-	-	**-**	-	-	-	-	**81**
Public Sector Entities	**50**	-	50	-	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**50**
Regional Governments or Local Authorities	**325**	-	284	-	-	-	-	41	**19**	-	-	-	19	**6**	6	-	-	-	**350**
Total	**8,093**	**4,873**	**819**	**639**	**518**	**211**	**198**	**835**	**1,103**	**860**	**171**	**26**	**46**	**1,347**	**814**	**353**	**64**	**116**	**10,543**

$m	NIP																		
	EMEA	GBR	NLD	LUX	ITA	FRA	IRL	DNK	Other	Americas	US	VGB	CYM	Other	Asia	CHN	JAP	HKG	Other	Grand Total
Central Governments or Central Banks	**2,293**	2,269	9	-	-	-	-	-	15	**22**	2	-	-	20	**3**	-	-	-	3	**2,318**
Corporates	**3,488**	2,221	587	78	-	120	121	80	281	**279**	85	171	22	1	**448**	353	26	21	48	**4,215**
Institutions	**433**	176	2	83	100	3	1	-	68	**274**	268	-	-	6	**276**	-	244	28	4	**983**
Multilateral Development Banks	**-**	-	-	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Other items	**61**	61	-	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**61**
Public Sector Entities	**-**	-	-	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**-**
Regional Governments or Local Authorities	**40**	-	-	-	40	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	**40**
Total	**6,317**	**4,727**	**598**	**161**	**140**	**123**	**122**	**80**	**366**	**575**	**355**	**171**	**22**	**27**	**727**	**353**	**270**	**49**	**56**	**7,619**

5.7 CR1-C: Credit Quality of Exposures by Region and Country

Tables show the Group's and NIP's gross carrying value and net credit risk exposure by region and country.

$m	The Group						
	Gross Carrying Values		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
EMEA	**-**	**8,093**	**-**	**-**	**-**	**-**	**8,093**
UNITED KINGDOM	-	4,873	-	-	-	-	4,873
FRNCE	-	819	-	-	-	-	819
NETHERLANDS	-	639	-	-	-	-	639
LUXEMBOURG	-	518	-	-	-	-	518
DENMARK	-	211	-	-	-	-	211
GERMANY	-	198	-	-	-	-	198
OTHER	-	835	-	-	-	-	835
US	**-**	**1,103**	**-**	**-**	**-**	**-**	**1,103**
UNITED STATES	-	860	-	-	-	-	860
BRITISH VIRGIN ISLANDS	-	171	-	-	-	-	171
CAYMAN ISLANDS	-	26	-	-	-	-	26
OTHER	-	46	-	-	-	-	46
Asia	**-**	**1,347**	**-**	**-**	**-**	**-**	**1,347**
JAPAN	-	814	-	-	-	-	814
CHINA	-	353	-	-	-	-	353
NEW ZEALAND	-	64	-	-	-	-	64
OTHER	-	116	-	-	-	-	116
Total	**-**	**10,543**	**-**	**-**	**-**	**-**	**10,543**

$m	NIP						
	Gross Carrying Values		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
EMEA	**-**	**6,317**	**-**	**-**	**-**	**-**	**6,317**
UNITED KINGDOM	-	4,727	-	-	-	-	4,727
NETHERLANDS	-	598	-	-	-	-	598
LUXEMBOURG	-	161	-	-	-	-	161
ITALY	-	140	-	-	-	-	140
FRANCE	-	123	-	-	-	-	123
IRELAND	-	122	-	-	-	-	122
DENMARK		80					80
Other	-	366	-	-	-	-	366
US	**-**	**575**	**-**	**-**	**-**	**-**	**575**
UNITED STATES	-	355	-	-	-	-	355
BRITISH VIRGIN ISLANDS	-	171	-	-	-	-	171
CAYMAN ISLANDS	-	22	-	-	-	-	22
Other	-	27	-	-	-	-	27
Asia	**-**	**728**	**-**	**-**	**-**	**-**	**728**
CHINA	-	353	-	-	-	-	353
JAPAN	-	270	-	-	-	-	270
HONG KONG	-	49	-	-	-	-	49
Other	-	56	-	-	-	-	56
Total	**-**	**7,619**	**-**	**-**	**-**	**-**	**7,619**

5.8 CRB-E: Credit Risk Exposures by Maturity

Tables show a breakdown of the Group and NIP credit risk exposures by maturity and exposure class. It presents exposures after provisions but before any credit risk mitigation.

$m	The Group				
	Up to 1 Year	1 to 5 Years	Greater Than 5 Years	Undefined Maturity	Total
Central Governments or Central Banks	2,759	-	-	-	2,759
Corporates	1,652	2,068	1,607	-	5,327
Institutions	1,883	79	13	-	1,975
Multilateral Development Banks	-	-	-	-	-
Other items	-	-	-	81	81
Public Sector Entities	51	-	-	-	51
Regional Governments or Local Authorities	350	-	-	-	350
Total	**6,695**	**2,147**	**1,620**	**81**	**10,543**

$m	NIP				
	Up to 1 Year	1 to 5 Years	Greater Than 5 Years	Undefined Maturity	Total
Central Governments or Central Banks	2,318	-	-	-	2,318
Corporates	1,660	1,509	1,046	-	4,215
Institutions	906	79	-	-	985
Multilateral Development Banks	-	-	-	-	-
Other items	-	-	-	61	61
Public Sector Entities	-	-	-	-	-
Regional Governments or Local Authorities	40	-	-	-	40
Grand Total	**4,924**	**1,588**	**1,046**	**61**	**7,619**

5.9 CR5: Credit Risk Exposure by Risk Weight

Table shows the breakdown of credit risk exposure for the Group by risk weight. Exposures are after provisions but before any credit risk mitigation.

$m	0	20	50	100	150	250	1250	Total	of which unrated
Central Governments or Central Banks	2,710	23	1	6	19	-	-	**2,759**	262
Corporates	45	2	1,001	4,155	124	-	-	**5,327**	4,398
Institutions	-	1,695	278	2	-	-	-	**1,975**	211
Multilateral Development Banks	-	-	-	-	-	-	-	**-**	-
Public Sector Entities	-	51	-	-	-	-	-	**51**	51
Regional Government or Local Authorities	-	344	6		-	-	-	**350**	253
Other items	-	-	-	81	-	-	-	**81**	81
Total	**2,755**	**2,114**	**1,286**	**4,244**	**143**	**-**	**-**	**10,543**	**5,256**

5.10 CR4: Credit Risk Exposure and Credit Risk Mitigation

Tables show the effect of credit risk mitigation on credit risk exposures by exposure class.

$m	The Group					
	Exposures Before CCF and CRM		Exposures Post-CCF and CRM		RWA and RWA density	
	On B/S	Off B/S	On B/S	Off B/S	Total On & Off B/S RWA	RWA density[1]
Central Governments or Central Banks	2,759	-	2,759	-	40	**1.4%**
Regional Government or Local Authorities	350	-	350	-	72	**20.6%**
Public Sector Entities	51	-	51	-	11	**20.8%**
Multilateral Development Banks	-	-	-	-	-	**0.0%**
International Organisations	-	-	-	-	-	**0.0%**
Institutions	1,896	79	1,896	40	461	**23.8%**
Corporates	1,776	3,551	1,736	1,306	2,746	**90.2%**
Other items	81	-	81	-	81	**100.0%**
Total	**6,913**	**3,630**	**6,873**	**1,346**	**3,411**	**41%**

$m	NIP					
	Exposures Before CCF and CRM		Exposures Post-CCF and CRM		RWA and RWA density	
	On B/S	Off B/S	On B/S	Off B/S	Total On & Off B/S RWA	RWA density[1]
Central Governments or Central Banks	2,318	-	2,318	-	35	**1.5%**
Regional Government or Local Authorities	40	-	40	-	8	**20.0%**
Public Sector Entities	-	-	-	-	-	**100.0%**
Multilateral Development Banks	-	-	-	-	-	**0.0%**
International Organisations	-	-	-	-	-	**0.0%**
Institutions	906	79	906	40	222	**23.5%**
Corporates	1,745	2,470	1,745	1,306	2,778	**91.1%**
Other items	61	-	61	-	61	**100.0%**
Total	**5,070**	**2,549**	**5,070**	**1,346**	**3,104**	**48%**

1. *Total on and off balance sheet exposure / Total RWA*

5.11 CR3: Credit Risk Mitigation Techniques

Tables show the carrying values of exposures for loans and debt securities for the Group and NIP.

$m	The Group				
	Exposures Unsecured	Exposures to be Secured	Exposures Secured by Collateral	Exposures Secured by Financial Guarantees	Exposures Secured by Credit Derivatives
Total Loans	1,298	-	45	-	-
Total Debt Securities	931	-	-	-	-
Total Exposures	**2,229**	**-**	**45**	**-**	**-**

$m	NIP				
	Exposures Unsecured	Exposures to be Secured	Exposures Secured by Collateral	Exposures Secured by Financial Guarantees	Exposures Secured by Credit Derivatives
Total Loans	1,168	-	45	-	-
Total Debt Securities	58	-	-	-	-
Total Exposures	**1,226**	**-**	**45**	**-**	**-**

6. Market Risk

6.1 MR1: Market Risk under the Standardised Approach

Table provides the RWA and capital requirements for market risk calculated under the standardised approach.

$m	Group		NIP	
	RWA	Capital Requirements	RWA	Capital Requirements
Outright products				
Interest rate risk (general and specific)	1,346	108	1,346	108
Equity risk (general and specific)	226	18	230	18
Foreign exchange risk	537	43	512	41
Commodity risk	-	-	-	-
Options				
Simplified approach	-	-	-	-
Delta-plus method	4	0	0	0
Scenario approach	-	-	-	-
Securitisation (specific risk)	-	-	-	-
Total	**2,113**	**169**	**2,087**	**167**

6.2 MR2-A: Market Risk under the Internal Model Method

Table provides the RWA and capital requirements for under the internal model method.

$m	The Group		NIP	
	RWAs	Capital Requirements	RWAs	Capital Requirements
VaR (10 day 99%)				
Period end	375	30	263	21
60 Day Average Multiplied by 3	1,075	86	750	60
Higher value[1]	**1,075**	**86**	**750**	**60**
Stressed VaR (10 day 99%)				
Period End	900	72	525	42
60 Day Average Multiplied by 3	2,938	235	1,866	149
Higher value[1]	**2,938**	**235**	**1,866**	**149**
Incremental Risk Charge (99.9%)				
Period End	1,388	111	875	70
60 Day Average	1,313	105	863	69
Higher value[1]	**1,388**	**111**	**875**	**70**
Comprehensive Risk capital charge (99.9%)				
Period End	0	0	0	0
60 Day Average	0	0	0	0
Higher value[1]	**0**	**0**	**0**	**0**
Risk Not In VaR	**125**	**10**	**125**	**10**
Stressed Risk Not In VaR	**563**	**45**	**563**	**45**
Total Modelled Market Risk	**6,081**	**486**	**4,179**	**334**

1. *The Group Capital Requirement is calculated by aggregating the requirements for the individual entities*

6.3 MR2-B: Model RWA Flow Statements for the Group

$m	The Group						
	VaR	SVaR	IRC	Comprehensive Risk Measure	Other	Total RWAs	Total Capital Requirements
RWAs at Previous Quarter End	1,123	2,778	1,180	-	526	5,606	449
Movement in Risk Levels	5	160	203	-	160	528	42
Model Updates/Changes	(56)	-	4	-	-	(53)	(4)
RWAs at the End of the Reporting Period	**1,071**	**2,938**	**1,386**	**-**	**686**	**6,081**	**486**

$m	NIP						
	VaR	SVaR	IRC	Comprehensive Risk Measure	Other	Total RWAs	Total Capital Requirements
RWAs at Previous Quarter End	786	1,783	796	-	526	3,890	311
Movement in Risk Levels	14	84	80	-	160	338	27
Model Updates/Changes	(50)	-	1	-	-	(49)	(4)
RWAs at the End of the Reporting Period	**750**	**1,866**	**878**	**-**	**686**	**4,179**	**334**

VaR

Decrease is driven by the regular time series window update. Namely, disappearance of early March 2015 dates from the 2-year window led to removal from the model of some of the worst dates for NIP, where losses were driven by high FX volatility, led by long EURUSD and GBPUSD positions.

IRC

Driven by increase in inventory across key sovereign positions, led by Philippines.

RNIV

Driven by increases in Mid Curve Volatility and Inflation Vega RNIVs due to change in optimal SVaR window for NIP. The optimal window is reviewed monthly, and its change over the quarter from Sep2011 - Sep2012 to Oct2010 - Oct2011 was driven by overall reduction in long Equity Gamma and increase in outright Cross Currency Swap Delta risks across currencies, led by IDR

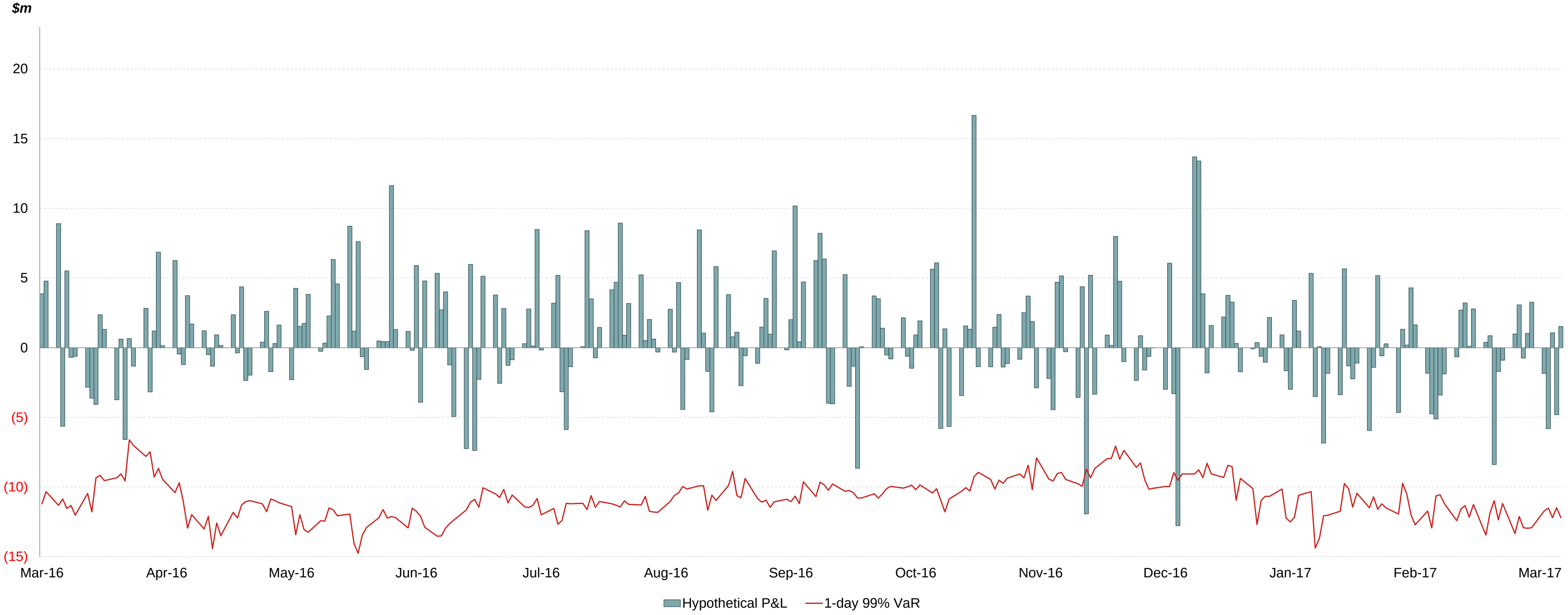
6.4 MR3: Review of Market Risk Regulatory Measures

Table 6.4 below summarises the modelled market risk

$m	The Group	NIP
VaR (10 day 99%)		
Maximum value	49	39
Average value	33	24
Minimum value	24	16
Period end	30	21
Stressed VaR (10 day 99%)		
Maximum value	118	98
Average value	77	51
Minimum value	57	36
Period end	72	42
Incremental Risk Charge (99.9%)		
Maximum value	147	118
Average value	93	62
Minimum value	72	44
Period end	111	70
Comprehensive Risk capital charge (99.9%)		
Maximum value	0	0
Average value	0	0
Minimum value	0	0
Period end	0	0

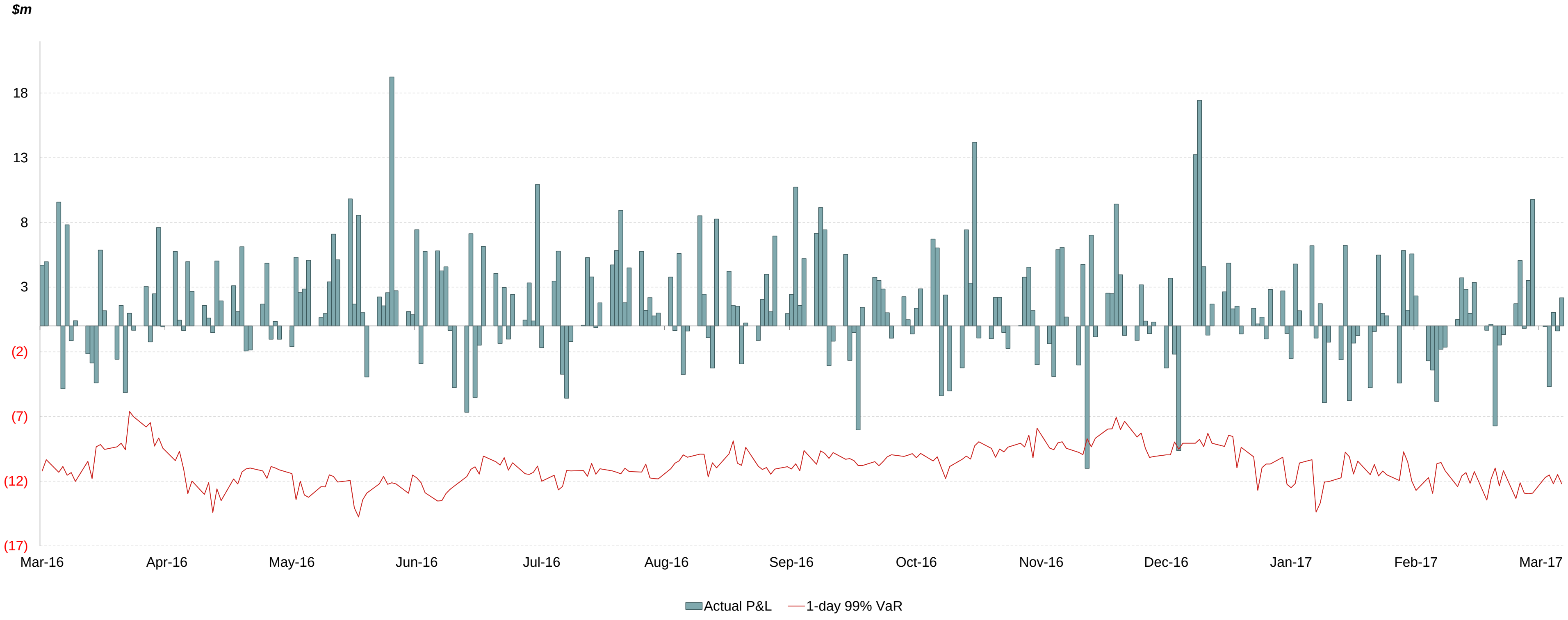
6.5 Comparison of VaR Estimates with Hypothetical Gains / Losses for NIP

The chart below provides a comparison of VaR to the hypothetical profit and loss on a daily basis over the fiscal year ended March 31, 2017 for NIP's PRA approved internal model approach



6.6 Comparison of VaR Estimates with Actual Gains / Losses for NIP

The chart below provides a comparison of VaR to the actual profit and loss on a daily basis over the fiscal year ended March 31, 2017 for NIP's PRA approved internal model approach



1-day trading losses exceeded the 99% VaR estimate on two occasions for NIP's clean and hypothetical P&L for the year ended 31 March 2017:

- P&L data 8th Dec 2016: Losses were mainly from Funding Valuation Adjustment (FVA), Credit Valuation Adjustment (CVA) and EMEA Flow Rates desk driven by a sell-off in Euro interest rates and weakening of the Euro post the ECB meeting. The moves were more extreme that the 99-percentile moves in the time series.
- P&L data 30th Dec 2016: Losses were driven by overnight USDJPY cross-currency basis rate due to lack of liquidity. The move was much larger than seen over previous quarters as the markets were illiquid over a long week-end close.

6.7 Sensitivity of the Banking Book to Changes in Interest Rates

Trading Book and Banking Book

The Group's principal activities are broking and dealing in securities, derivatives and banking activities. They include, among other services; trading and sales in fixed income and equity products, including related derivatives; investment banking services; asset and principal finance business, corporate finance and private equity.

The Group's assets and positions/transactions in financial instruments are included in the trading book where they satisfy the requirements of CRR Article 102. The Group has policies and procedures for determining which positions to include in the trading book for the purposes of calculating its capital requirements and for the management of the trading book. All other assets and positions/transactions are considered to be banking book.

Analytical Techniques to Measure IRRBB

Stress testing is used as the primary analytical technique to measure Interest Rate Risk in the Banking Book ("IRRBB"). Based on the types and level of interest rate (IR) exposure in the Banking Book, the Market Risk Department defines and runs a number of stress tests.

The types of stress tests used include +/-200bp parallel moves, and others as appropriate, to ensure the key interest rate risks in the Banking Book are captured; for example steepening and flattening moves across the tenor points or stress tests which have different shock levels for different currencies. The calculation of IRRBB is performed on a monthly basis.

Market Risk Limit

The interest rate risk stress test limit on the Banking Book is $90m, and the alert threshold is $50m. The Market Risk Department takes the stress test which produces the largest loss and compares that to the above limit.

The stress results are sent to the Regulatory Reporting Group in Finance, which is responsible for ensuring that the firm is holding adequate capital to cover this risk in the Banking Book. In addition, the results of the stress tests and the usage against the limit are presented and explained to the Risk Management Committee on a monthly basis. Management information on IRRBB is also presented to the Board Risk Committee on a regular basis.

As of 31 March 2017, a scenario whereby U.S. rates rise rapidly would have resulted in a loss of $11.4m.

7. Leverage Ratio

The leverage ratio disclosures, which came into effect from 1 January 2015, have been prepared in accordance with the requirements of the EU Capital Requirements Regulation (CRR) as amended by Delegated Regulation (EU) 2015/62. The calculation uses the end-point CRR definition of Tier 1 capital for the numerator and the CRR definition of leverage exposure.

7.1 LR1: Leverage Reconciliation of Account Assets and Leverage Ratio Exposure

CRR Article 451

$m	**The Group**	**NIP**
Total assets as per Published Financial Statements(1)	7,220	291,610
Consolidation Adjustment	286,880	-
Total Assets(2)	**294,100**	**291,610**
Adjustments for Derivative Financial Instruments	(87,451)	(85,917)
Adjustments for Securities Financing Transactions	(9,910)	(8,577)
Adjustment for Off Balance Sheet Items	1,994	1,994
Adjustment for Intragroup Exposures(3)	-	(3,680)
Other Adjustments(4)	(334)	(6)
Total Leverage Ratio Exposure	**198,399**	**195,424**

1. *The Group total assets per NEHS Company only Annual Report & Accounts*
2. *The Group total assets per NEHS Consolidated Primary Financial Statements*
3. *NIP exposures to NBI are exempt*
4. *Other regulatory adjustments*

7.2 LR2: Leverage Ratio Common Disclosure

$m	The Group	NIP
On Balance Sheet Exposures		
On Balance Sheet Items (Excluding Derivatives, SFTs and Fiduciary Assets, but Including Collateral)	36,996	35,004
Asset Amounts Deducted in Determining Tier 1 Capital	(10)	(6)
Total On Balance Sheet Exposures	**36,986**	**34,998**
Derivative Exposures		
Replacement Cost Associated with All Derivatives Transactions	5,626	6,212
Add-on Amounts for PFE Associated With All Derivatives Transactions	52,498	54,225
Deductions of Receivables Assets for Cash Variation Margin Provided in Derivatives Transactions	(11,014)	(11,310)
Exempted CCP Leg of Client Cleared Trade Exposures	(611)	(611)
Adjusted Effective Notional Amount of Written Credit Derivatives	186,190	186,796
Adjusted Effective Notional Offsets and Add-on Deductions for Written Credit Derivatives	(179,641)	(179,944)
Total Derivative Exposures	**53,048**	**55,368**
Securities Financing Transaction Exposures		
Gross SFT Assets (With No Recognition of Netting), After Adjusting for Sales Accounting Transactions	234,865	233,906
Netted Amounts of Cash Payables and Cash Receivables of Gross SFT Assets	(136,776)	(136,776)
Counterparty Credit Risk Exposure for SFT Assets	8,282	9,614
Total Securities Financing Transaction Exposures	**106,371**	**106,744**
Other Off Balance Sheet Exposures		
Off Balance Sheet Exposures at Gross Notional Amount	6,067	6,067
Adjustments for Conversion to Credit Equivalent Amounts	(4,073)	(4,073)
Other Off Balance Sheet Exposures	**1,994**	**1,994**
Exempted Exposures		
Exemption of Intragroup Exposures (Solo Basis) in Accordance with Article 429(7)	**-**	**(3,680)**
Capital and Total Exposures		
Tier 1 Capital	**5,450**	**4,818**
Total Leverage Ratio Exposures	**198,399**	**195,424**
Leverage Ratio	**2.75%**	**2.47%**

7.3 Breakdown of On Balance Sheet Leverage Exposures

$m	The Group	NIP
Total On Balance Sheet Exposures (Excluding Derivatives, SFTs, and Exempted Exposures)	**36,996**	**35,004**
of which: Trading Book Exposures	29,128	29,839
Banking Book Exposures	**7,868**	**5,165**
of which:		
Exposures Treated as Sovereigns	2,930	2,318
Exposures Not Treated as Sovereigns	405	-
Institutions	2,227	862
Corporate	2,179	1,924
Other	127	61

Management of exposure to leverage forms a key part of the Group's overall strategy, business planning and risk appetite framework. Through novation of client facing trades to other entities within the Nomura Group and due to trade compression and other initiatives, the Group has reduced the size of its leverage exposure by $47bn and improved its leverage ratio by 0.62%.

8. Asset Encumbrance

An asset is encumbered if it has been pledged or is subject to any form of arrangement to secure, collateralise or credit enhance transactions from which they cannot be freely withdrawn.

The main source of encumbrance within the Group derives from Repurchase Agreement transactions with the majority of encumbered assets comprising of high-quality government bonds.

Secured lending and stock borrow/loan transactions are principally governed by Global Master Repurchase Agreements (GMRAs) and Global Master Stock Lending Agreements (GMSLAs). Collateral pledged on derivative transactions are principally governed by ISDA agreements, including CSA.

The following tables cover the requirement for all templates under the CRD IV guidelines. The amount reported in "Other assets" within "carrying amount of unencumbered assets" comprises mainly derivative assets, which are reported gross in accordance with UK GAAP**.**

8.1 Assets

$m	Carrying Amount of Encumbered Assets	Fair Value of Encumbered Assets	Carrying Amount of Unencumbered Assets	Fair Value of Unencumbered Assets
Assets of the Reporting Institution	51,062	-	294,993	-
Equity instruments	5,757	5,757	1,649	1,644
Debt securities	26,625	26,625	2,361	2,361
Other assets	545	-	185,850	-

8.2 Collateral Received

$m	Fair Value of Encumbered Collateral Received or Own Debt Securities Issued	Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance
Collateral Received by the Reporting Institution	125,834	29,595
Equity Instruments	20,852	2,846
Debt Securities	106,214	26,926
Other Collateral Received	98	68
Own Debt Securities Issued Other Than Own Covered Bonds or ABSs	0	0

8.3 Encumbered Assets / Collateral Received and Associated Liabilities

$m	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and Own Debt Securities Issued Other Than Covered Bonds and ABSs Encumbered
Carrying Amount of Selected Financial Liabilities	89,970	135,588

9. Remuneration Disclosures

While the Group applies many of the relevant PRA Rulebook (the "Rulebook") principles on a firm-wide basis, this disclosure specifically relates to remuneration policies and practices as applied to individuals identified as Material Risk Takers ("MRTs"). Individuals have been identified as MRTs based on the qualitative and quantitative criteria set out in the Regulatory Technical Standards (EU) 604/2014 and the Group's own risk assessment of their roles and responsibilities.

Several subsidiaries of the Group, including NIP and NBI, are subject to, and apply, the requirements of the Rulebook, as well as article 450 of the Capital Requirements Regulation ("CRR"). This disclosure includes all entities with staff identified as Material Risk Takers.

9.1 Remuneration Policy

Nomura Holdings Inc. has developed a global remuneration policy which applies to all subsidiaries globally (collectively the "NHI Group") including both executives and employees of the Group based around the following six key themes. It aims to:

- Align with Nomura values and strategies
- Reflect Firm-wide, divisional and individual performance
- Establish appropriate performance measurement with a focus on risk
- Align employee and shareholder interests
- Establish appropriate compensation structures; and
- Ensure robust governance and control processes

In November 2016, a specific EMEA Remuneration Policy (the "Remuneration Policy") was approved by the Board of Directors of NEHS; its purpose is to clarify how NHI Group policies apply in the EMEA region and to set out specific regional policies necessary to satisfy regulatory requirements.

The Remuneration Policy will be reviewed and approved annually.

9.2 Remuneration Governance

In December 2016, the NEHS CEO established the Executive Remuneration Review Forum ("ERRF"). The purpose of the ERRF is to act as the final executive decision making body in respect of remuneration matters, to approve recommendations to be made to the NEHS Remuneration Committee and to provide regional input into global policy questions. The ERRF is made up of the NEHS CEO, EMEA Executive Chairman and EMEA Head of HR and meetings are attended by the EMEA CFO, EMEA CRO, EMEA Head of Compliance and the EMEA Head of Compensation & Benefits who acts as Secretary.

At Board level the remuneration framework and broad policy for the Group and the remuneration of directors and senior management is overseen by the NEHS Remuneration Committee ("the Committee"). For the 2016/17 fiscal year, the Committee comprised the Chairman of the Board of Directors and all other UK-based Non-Executive Directors of the Board. Where reccomendations to the Board of NEHS from the Committee are not unanimous, the Chair will reflect any conflicting views in that recommendation. The term of office of each member of the NEHS Remuneration Committee is reviewed periodically, and membership changes must be approved by the Board. Appointments to the Committee are for a period of up to three years, extendable by no more than two additional three-year periods, so long as the majority of members (other than the Board Chair) continue to be independent Non-Executives.

The Committee held 7 meetings for the 2016/17 fiscal year.

Advisors or other contributors are not formally appointed or retained by the Committee, but are invited to attend the meetings to provide insight as required throughout the year end process.

At the global level governance bodies of the NHI Group (such as the Statutory Compensation Committee and the Human Resources Committee) provide additional oversight and approval to certain aspects of the decision-making process.

9.3 Incentive Funding Determination

NHI Group operates both "top-down" and "bottom-up" processes to establish the appropriate total incentive funding level. The "top-down" process is intended to inform the decision around how much the firm should allocate for overall variable compensation funding. The "bottom-up" process helps to inform how the total incentive funding amount might be allocated across the NHI Group, and aligns with the "top-down" process.

A variety of financial performance measures, risk adjustment metrics and data points are used by the Human Resource Committee of Nomura Holdings International ("HRC") to inform the compensation decision regarding the firm wide incentive pool. The key risk-adjusted financial performance metric considered by HRC is PE / Risk adjusted Revenue. Risk adjustment is based on Nomura's Capital Allocation Target ("NCAT") risk metric, reflecting the amount of capital and risk applied, and an appropriate economic charge. This view is revised and updated as financial forecasts become firmer throughout the year-end process.

The "bottom-up" process operates with guidance based on the initial top-down view on projected funding levels and informs allocations based on business specific requirements, particularly for Corporate functions. Within guideline allocations, managers are asked to make individual award recommendations to allow reporting on how potential funding might be allocated across the firm. This process is also intended to flag particular areas of remuneration pressure or concern, and to validate the "top down" approach.

The Committee considers a mix of formulaic and discretionary factors when reviewing the overall bonus pool allocation and distribution to directors and senior management:

- Relevant business performance data and key performance indicators both relative and absolute;
- Market and competitive conditions, franchise stability and protection;
- Sustainable profitability of the NHI Group and its capital position;
- Shareholder interests and the longer term role of the Group within the NHI Group;
- The appropriate levels of market pay to retain experienced and skilled staff particularly in control functions where competitive pressures may be significant;and
- The individual performance of the directros and members of senior management.

Alongside these data points, the Committee also considers qualitative and quantitative reporting from each of the Control Functions highlighting themes, trends or specific issues which should impact on variable compensation funding at the pool level. The Committee separately reviews material individual conduct cases which have been escalated through the Compensation Control Process.

As part of the year-end process the Committee also reviews equal pay reporting, pay for performance data and attestations to the Group's compliance with applicable guidelines, regulations and legislation (e.g. the relevant sections of the Rulebook, Modern Slavery Act etc).

9.4 Control Functions

The Control Functions have significant input into the remuneration policy decisions and the year end process. At the global level, the Risk and Compliance Functions play a continuing role in monitoring policy, ensuring appropriate metrics are considered, and that those metrics appropriately reflect the impact of risk behaviours. When reviewing policies, Risk, Compliance and Finance functions are consulted to ensure their views are reflected in the policies.

As noted above, the heads of the Control Functions attend the ERRF meetings and provide their input as appropriate.

At the regional level, EMEA Heads of Risk, Finance and Compliance are standing attendees at the Remuneration Committee and provide an update on their respective function at every meeting. The Head of Internal Audit also attends as an observer and also provides an update on any areas of concern (e.g. Audit reports) at the year-end meetings. Other areas of input from the Control Functions include:

- Risk Management:
  - Provide commentary on any risk issues that should impact bonus funding levels or affect the compensation of individuals or groups
  - Highlight instances where a business or individual has breached tolerable risk levels
- Compliance :
  - Provide input on Compliance issues, concerns and areas of focus, e.g. significant individual or group breaches or persistent cases of low level non-compliance with Group policies
  - Raises issues relating to individual or more widespread conduct issues as part of the Conduct Process set out in the Performance Adjustment of Deferred Awards referred to below. Compliance is represented at both the EMEA Executive Committee, the ERRF and the Remuneration Committee to provide the Control Function perspective
  - Maintain an active dialogue with heads of key businesses and Control Functions which also gives the opportunity to raise concerns or flags about the behaviour or conduct of individuals or groups
- Finance
  - Provides an update on the financial performance of the Group at each Committee meeting;
  - Plays a key part in the year end process:
    - Provides detailed performance data on each of the wholesale businesses to the ERRF and the Committee; and
    - Provides an independent affordability recommendation for aggregate pool funding to both the ERRD and the Committee.

The management structure in each Control Function is separate to the business they oversee to ensure independence. Remuneration levels of Control Function staff are established without influence from the business they support. The Remuneration Committee directly reviews and approves the Total Compensation awards for senior officers in the Risk Management, Compliance and Internal Audit Functions.

9.5 Nomura Remuneration Framework

Total Compensation ("TC") is Nomura's core metric for remuneration decisions, with levels compared against prior years, and both internal and external reference points. It is defined at Nomura as comprising the following elements:

Remuneration Element	Purpose	Example Elements
Fixed Remuneration	▪ Rewards individuals for their knowledge, skills, competencies, experience, roles and responsibilities ▪ Reflects local labour market standards and practices ▪ Levels sufficient to absorb changes in the amount of bonus (including reduction to zero)	▪ Base salary ▪ Cost of Living Allowance
Variable Remuneration (Annual Bonus)	▪ Rewards NHI Group, business, team and individual performance, contribution to results as well as strategic and future value ▪ Reflects a broad view of performance, including individual approach to risk, compliance, controls, conduct, cross divisional cooperation, as well as financial performance ▪ Reflects appropriate internal and market-based comparisons	▪ Cash bonus ▪ Deferred remuneration

Note: Benefits are driven by local market regulation and practice and are not included in Nomura's definition of TC. The Group does not award discretionary pension benefits.

Variable remuneration is discretionary, and aims to align reward with the NHI Group, business, team and individual performance. The level of variable remuneration is based on financial and non-financial performance. The NHI Group's approach to determining the total amount of variable remuneration is described under "Incentive Funding Determination" (Section 9.3) above.

Remuneration commitments (e.g. guaranteed bonuses) are only used in exceptional circumstances and only for the first year of employment; the Group gives such guarantees only extremely rarely, and in compliance with PRA and FCA requirements.

The Group applied for shareholder approval on the extension of the ratio between the fixed and variable components to 1:2 for MRTs in accordance with the procedure set out under the Rulebook. This was approved on 7 March 2014. No award of variable remuneration paid to a Material Risk Taker in respect of the 2016/17 performance year exceeded twice their fixed remuneration, in compliance with article 450 of the CRR.

9.6 Variable Remuneration Delivery

Variable remuneration is intended to align employee interests with the long-term interests of shareholders. The components of variable remuneration are:

Cash bonus

A proportion of variable remuneration is delivered in the form of a cash payment made to individuals following the end of the fiscal year.

The proportion of variable remuneration paid as cash is dependent upon the individual's level of TC. At lower levels of TC, most or all of the variable remuneration will be delivered as cash. This is reduced as TC increases, in line with regulatory requirements and market practice.

While the policy is global in application, specific local regulatory requirements are applied when deciding on proportions of cash bonuses.

For Group staff identified as "Material Risk Takers", 50% of the otherwise cash bonus is delivered in Notional Stock Units which pay out 6 months from award.

Deferred remuneration

Certain senior management and employees whose total remuneration is above a specific threshold (or are subject to specific regulatory requirements, e.g. MRTs) receive a portion of their variable remuneration in the form of deferred awards. By linking the value delivered to NHI Group's share price and imposing certain vesting periods and restrictions, the plans:

- Align employee interests with those of shareholders
- Increase employee retention
- Encourage cross-divisional and cross-regional collaboration by focusing on a common goal of the long-term increase in shareholder value

The awards are deferred over a period of at least three years or such longer period as is required by the Rulebook.

The NHI Group operates the following deferred remuneration plans:

Stock Acquisition Right ("SAR") Plan B

These are options of one NHI stock with a nominal exercise price of ￥1. For 2016/17 awards, SARs are deferred over three years vesting in three equal annual instalments.

Notional Stock Unit ("NSU") Plan

This is a phantom equity plan designed to replicate the key features of the SAR Plan B described above. The value is linked to the NHI stock price, and settled in cash on the vesting date. For 2016/17 awards, they are deferred over three years vesting in three equal annual instalments.

NSUs are typically only awarded to US taxpayers for US tax reasons.

Collared Notional Stock Unit ("CSU") Plan

The plan is linked to the value of the NHI share price, subject to a collar of +/-10% of grant price. Awards vest quarterly over a three year period. The awards are settled in cash.

Notional Indexed Unit (“NIU”) Plan

The plan is linked to a global stock index quoted by the Morgan Stanley Consumer Index (MSCI). Other material terms, including deferral period, vesting conditions and settlement, are the same as under the CSU plan.

Material Risk Takers

Variable remuneration awards made to staff identified as Material Risk Takers (including “Risk Managers” and “Senior Management Function” holders) are subject to additional terms and conditions necessary to meet the requirements of the Rulebook (e.g. extended deferral periods, clawback provisions and post vesting holding periods applicable to Core deferral vehicles).

9.7 Performance Adjustment of Deferred Awards

Malus

For all staff, including staff identified as “Material Risk Takers”, unpaid deferred compensation awards may be reduced by up to 100% if:

- NHI, or any related entity is required to materially restate any of its financial statements for the fiscal year in which the grant was based on;
- The Grantee materially violates one of NHI’s or an NHI Group entity’s written policies
- The Grantee causes or has caused material detriment to the business or reputation of NHI or any NHI Group entity
- NHI or any NHI Group entity suffers a material downturn in performance
- NHI or any NHI Group entity suffers a material failure of risk management
- The relevant team, business area, NHI Group entity or profit centre in which the Grantee works or has worked has been found to be in breach of any company laws, rules or code of conduct or is accountable for any material error
- The relevant business unit, profit centre or team in which the Grantee works or has worked, has suffered a material downturn in its financial performance;
- The relevant business unit or team in which the Grantee works or has worked has suffered improper or inadequate risk management;
- The Grantee’s conduct or performance has been in breach of any laws, rules or codes of conduct or is accountable for any material error
- Delivering all outstanding deferred compensation awards would not be sustainable according to the financial situation of the company
- The Grantee’s conduct failed to meet the appropriate standards of fitness and propriety;
- The Grantee failed to raise concerns in relation to improper or inadequate risk management issues that were known to the Grantee
- The Grantee could have been reasonably expected to be aware of a risk management failure, misconduct or material error but failed to take adequate steps to promptly identify, assess, report, escalate or address it
- By virtue of the Grantee’s role or seniority the Grantee could be deemed directly responsible or accountable for a risk management failure, misconduct or material error
- Information has emerged since the date of grant of the award which would have affected the size of the award which was granted
- There has been a material adverse change in the risk profile of the company or any related entity, business unit or team in which the Grantee works or has worked
- There has been an error or a misstatement which has resulted in a material overpayment to the Grantee

Discretion is retained in each case by the Human Resources Committee to make a decision around the breach and the proportion of awards to be reduced.

9.8 Performance Adjustment of all Variable Awards

Clawback

For Group staff identified as "Material Risk Takers", 100% of all variable pay awarded in relation to the 2016/17 performance year is subject to clawback. This applies for a period of up to seven years from the date of payment for upfront cash awards or seven years from the date of award of any deferred awards. The Group shall be entitled to clawback in any of the following circumstances:

(a) The Group or the NHI Group has been required to materially restate any of its financial statements for the fiscal year in respect of which the award was made;

(b) The Group, the NHI Group or the business unit in which the employee works or have worked has suffered improper or inadequate risk management;

(c) The Group considers that the employee has participated in or has been responsible for conduct which has caused the Group, NHI Group or the business unit in which the employee works or have worked to suffer significant financial losses;

(d) The Group becomes aware of any material wrongdoing or error on the employee's part which could have been the subject of investigation and/or disciplinary proceedings and that would have resulted in the bonus not being paid or award not being made or a lesser sum being paid or awarded;

(e) The Group considers that the employee caused material detriment to the business or reputation of the Group or the NHI Group whilst being an employee of the Group;

(f) The Group considers that the employee's conduct, whilst the employee was an employee of the NHI Group, has failed to meet appropriate standards of fitness and propriety.

Discretion is retained in each case by the Human Resources Committee to make a decision around the breach and the proportion of awards to be repaid. They will consider all relevant factors which include, but shall not be limited to, the proximity of the employee to, their responsibility in respect of the circumstances set out above and the recommendation of the Committee in respect of the awards to be cancelled or repaid.

9.9 Performance Adjustment Process

Each quarter, staff members whose conduct has fallen below the Group's expectations are identified by the Control and Support Functions (Compliance, HR, Risk Management, Audit, Finance and Information Technology) and the Front Office Supervision team and their behaviour reviewed by a sub-set of the EMEA Executive Committee (this includes all staff with an adverse disciplinary outcome).

Cases considered material are escalated to the Compensation Control Forum at year end (the "CCF"; comprising Legal, HR and Compliance) to determine whether a specific compensation adjustment is appropriate.

Where it is considered appropriate, year-end compensation proposals by the employee's manager will be reviewed by the CCF, the EMEA CEO and ultimately approved by the NEHS Remuneration Committee. The layers of review will also include whether malus and / or clawback is appropriate.

Performance adjustment (malus and/or clawback) can be applied where the employee fails to fulfil the terms of the award or breaches terms and conditions (e.g. breach of non-solicit/confidentiality clause or Code of Conduct etc.).

9.10 Quantitative Disclosures

The tables below show the aggregated breakdown of remuneration for the fiscal year ended 31 March 2017 for Senior Management and Other Members of Staff within the Group.

1

	Total Remuneration
Front Office ($m)	336.1
Infrastructure ($m)	47.2
Total ($m)	383.3

2

Amounts of Remuneration	Senior Management[1]	Other Members of Staff[2]	Total
Fixed Remuneration ($m)	40.0	145.9	185.9
Variable Remuneration ($m)	51.0	146.4	197.3
Number of Staff	47	359	406

3

Types of Variable Remuneration	Senior Management[1]	Other Members of Staff[2]	Total
Cash ($m)	6.2	34.5	40.7
Shares ($m)	19.3	40.1	59.4
Share Linked Instruments ($m)	21.2	62.9	84.1
Other ($m)	4.3	8.9	13.1

4

Outstanding Deferred Remuneration		Senior Management[1]	Other Members of Staff[2]	Total
Outstanding as at March 31, 2017[4] ($m)	*Vested*[5]	28.3	29.1	57.5
	Unvested	59.5	134.0	193.4
TOTAL		87.8	163.1	250.9

5

Deferred Remuneration During Year	Senior Management[1]	Other Members of Staff[2]	Total
Awarded during year[6] ($m)	23.5	65.9	89.4
Paid out during year[7] ($m)	55.6	79.4	135.0
Payout reduction through performance adjustments[8] ($m)	0.0	0.0	0.0

6

New Sign-On Awards[9]	Senior Management[1]	Other Members of Staff[2]	Total
Total new sign on awards made ($m):	5.0	1.1	6.1

7

Severance Payments[10]	Senior Management[1]	Other Members of Staff[2]	*Highest Award to single person*	Total
Total severance payments made ($m)	0.0	5.9	0.5	5.9
Number of Payees	0	19	1	19

8

MRT Remuneration by band[11]	Senior Management[1]	Other Members of Staff[3]	Total[4]
1.0 - 1.5 (€m)	4	49	53
1.5 - 2.0 (€m)	9	26	35
2.0 - 2.5 (€m)	5	5	10
2.5 - 3.0 (€m)	1	1	2
3.0 - 3.5 (€m)	3	2	5
Over 3.5 (€m)*	5	2	7

Notes:

1. *'Senior Management' comprises Group Board Directors, Nomura Wholesale Executive Committee members, EMEA Executive Committee Members and other staff e.g. Line of business Executive Management*
2. *'Other Members of Staff' comprises all other staff identified as Material Risk Takers for the fiscal year*
3. *Top three tables reflect remuneration paid in respect of performance during fiscal year ended 31 March 2017*

4. *Awards outstanding at 31 March 2017 have been valued based on deferred vehicle prices as at 31 March 2017*
5. *'Vested' includes unexercised SAR Plan B awards.*
6. *Deferred remuneration awarded during the year relates to prior performance year*
7. *Awards paid out based on deferred vehicle prices at time of vesting*
8. *'Performance Adjustment' is defined as the forfeiture of an award following involuntary termination or the application of malus and/or clawback*
9. *Sign-on awards include issue of deferred awards to mirror existing deferred compensation from a previous employer (forfeited on termination) and guaranteed bonus awards*
10. *Severance payments include all payments made in association with termination of employment, such as payments in lieu of notice/benefits or ex-gratia payments. Includes MRTs with termination date within the financial year*
11. *Table prepared in Euros in accordance with Article 450 of the CRR (exchange rate 0.9455)*

Appendix 1 – Group Capital Instrument Features

	Capital Instruments main features template	Ordinary Shares	Subordinated debt	Subordinated debt	Subordinated debt	Subordinated debt
1	Issuer	Nomura Europe Holdings Plc.	Nomura Europe Finance NV	Nomura Europe Finance NV	Nomura Europe Finance NV	Nomura Europe Finance NV
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	NA	NA	NA	NA	NA
3	Governing Law(s) of the instrument	English Law	English Law	English Law	English Law	English Law
3a	Means by which enforceability requirement of section 13 of the TLAC term sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	NA	NA	NA	NA	NA
	Regulatory Treatment					
4	Transitional CRR	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at Solo/(sub-)consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified for each Jurisdiction)	Ordinary Shares	Long-term Subordinated Loan facility	Long-term Subordinated Loan facility	Long-term Subordinated Loan facility	Long-term Subordinated Loan facility
8	Amount recognised in Regulatory Capital (Currency in million, as of most recent reporting date)	$9,251m	$900m	$600m	$460m	$200m
9	Nominal amount of instrument	$9,251m	$900m	$600m	$460m	$200m
9a	Issue Price	NA	$900m	$600m	$460m	$200m
9b	Redemption price	NA	$900m	$600m	$460m	$200m
10	Accounting calssification	Shareholders' equity	Liability - Amortised Cost	Liability - Amortised Cost	Liability - Amortised Cost	Liability - Amortised Cost
11	Original date of issuance	NA	08/03/2013	23/04/2013	15/04/2013	19/02/2013
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated
13	Original maturity date	No Maturity	08/03/2025	23/04/2025	13/04/2025	17/05/2025
14	Issuer call subject to prior supervisory approval	No	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA	NA	NA
	Coupons/ dividends					
17	Fixed or floating dividend/ coupon	Floating	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	NA	LIBOR + 225bp	LIBOR + 225bp	LIBOR + 225bp	LIBOR + 225bp
19	Existence of a dividend stopper	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in teram of timing)	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in term of amount)	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	NonConvertible	NonConvertible	NonConvertible	NonConvertible	NonConvertible
24	If convertible, conversion trigger(s)	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA
30	Write-down features	NA	NA	NA	NA	NA
31	If write-down, write down trigger(s)	NA	NA	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA	NA	NA
34	If temporary write down, description of write-up mechanism	NA	NA	NA	NA	NA
34a	Type of subordination	NA	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual unsecured	Other Creditors *The legal nature of the subordinated loans differs from that usually associated with debt. In a winding up of the Company no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*	Other Creditors *The legal nature of the subordinated loans differs from that usually associated with debt. In a winding up of the Company no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*	Other Creditors *The legal nature of the subordinated loans differs from that usually associated with debt. In a winding up of the Company no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*	Other Creditors *The legal nature of the subordinated loans differs from that usually associated with debt. In a winding up of the Company no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*
36	Non-compliant transitioned features	NA	NA	NA	NA	NA
37	If yes, speicfy non-compliant features	NA	NA	NA	NA	NA

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Appendix 2 – NIP Capital Instrument Features

	Capital Instruments main features template	Ordinary Shares	Subordinated debt	Subordinated debt	Subordinated debt
1	Issuer	Nomura International Plc.	Nomura Europe Holdings Plc.	Nomura Europe Holdings Plc.	Nomura Europe Holdings Plc.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	NA	NA	NA	NA
3	Governing Law(s) of the instrument	English Law	English Law	English Law	English Law
3a	Means by which enforceability requirement of section 13 of the TLAC term sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	NA	NA	NA	NA
	Regulatory Treatment				
4	Transitional CRR	Common Equity Tier 1	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2
6	Eligible at Solo/(sub-)consolidated	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified for each Jurisdiction)	Ordinary Shares	Long-term Subordinated Loan facility	Long-term Subordinated Loan facility	Long-term Subordinated Loan facility
8	Amount recognised in Regulatory Capital (Currency in million, as of most recent reporting date)	$9,991m	$600m	$460m	$200m
9	Nominal amount of instrument	$9,991m	$600m	$460m	$200m
9a	Issue Price	NA	$600m	$460m	$200m
9b	Redemption price	NA	$600m	$460m	$200m
10	Accounting calssification	Shareholders' equity	Liability - Amortised Cost	Liability - Amortised Cost	Liability - Amortised Cost
11	Original date of issuance	NA	23/04/2013	15/04/2013	19/02/2013
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	No Maturity	23/04/2025	13/04/2025	17/05/2025
14	Issuer call subject to prior supervisory approval	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA	NA	NA
16	Subsequent call dates, if applicable	NA	NA	NA	NA
	Coupons/ dividends				
17	Fixed or floating dividend/ coupon	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	NA	LIBOR + 226bp	LIBOR + 226bp	LIBOR + 226bp
19	Existence of a dividend stopper	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in teram of timing)	Fully discretionary	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in term of amount)	Fully discretionary	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	NonConvertible	NonConvertible	NonConvertible	NonConvertible
24	If convertible, conversion trigger(s)	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA
30	Write-down features	NA	NA	NA	NA
31	If write-down, write down trigger(s)	NA	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA	NA
34	If temporary write down, description of write-up mechanism	NA	NA	NA	NA
34a	Type of subordination	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual unsecured	Other Creditors *No amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*	Other Creditors *No amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*	Other Creditors *No amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*
36	Non-compliant transitioned features	NA	NA	NA	NA
37	If yes, speicfy non-compliant features	NA	NA	NA	NA

Appendix 3 – CRR Compliance

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Scope of Disclosure Requirements				
431	1	Institutions should publish Pillar 3 disclosures	The Group publishes Pillar 3 disclosures	
431	2	Firms with permission to use specific operational risk methodologies must disclose operational risk information.	The Group follows the standardised approach to Operation Risk	
431	3	Institution must have a policy covering frequency of disclosures, their verification, comprehensiveness and appropriateness. Institution must also have policies for assessing whether their disclosures convey their risk profile comprehensively to market participants	The Group has a Pillar 3 policy in place	
431	4	Explanation of ratings decision upon request	Not an applicable public disclosure	
Non-material, proprietary or confidential information				
432	1	Omission of disclosures that are not material	Pillar 3 Introduction and Section 1.2.4	1-2, 5
432	2	Omission of disclosures if proprietary	No disclosures excluded on grounds of confidentiality	
432	3	Where 432 (2) applies this must be stated in the disclosures and more general information must be disclosed		
432	4	Use of 432 (1), (2) or (3) is without prejudice to scope of liability for failure to disclose material information		
Frequency of disclosure				
433		Institutions shall publish the disclosures at least on an annual basis or more frequently where necessary	Pillar 3 Introduction	1-2
Means of disclosure				
434	1	Disclosures to be made in one medium or provide clear cross-references	Any cross-references to accounting or other disclosures are clearly signposted	
434	2	Disclosures made under other requirements (e.g. accounting) can be used to satisfy Pillar 3 if appropriate.		
Risk management objectives and policies				
435	1	Disclose information on:	Refer NIP's Annual Report	
435	1(a)	The strategies and processes to manage risks		63
435	1(b)	Structure and organisation of risk management function		64-66
435	1(c)	Risk reporting and measurement systems		68
435	1(d)	Hedging and mitigating risk – policies and processes		68-76, 78, 80, 86-88
435	1(e)	Declaration of adequacy of risk management arrangements approved by the Board		68
435	1(f)	Concise risk statement approved by the Board.		3

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
435	2	Information on governance arrangements, including information on Board composition and recruitment and risk committees:	See below	
435	2(a)	Number of directorships held by Board members	Pillar 3 Section 1.2.6	5-6
435	2(b)	Recruitment policy for selection of Board members, their actual knowledge, skills and expertise.	Pillar 3 Section 9	39-46
435	2(c)	Policy on diversity of Board membership and results against targets.		
435	2(d)	Disclosure of whether a dedicated risk committee is in place and number of meeting in the year.	Pillar 3 Section 1.2.3	5
435	2(e)	Description of information flow on risk to Board	Refer NIP's annual report	64, 68
Scope of application				
436	a	Name of institution	Pillar 3 Introduction	1-2
436	b	Difference in basis of consolidation for accounting and prudential purposes, describing entities that are:	Pillar 3 Introduction on scope of consolidation	1-2
436	b(i)	Fully consolidated;		
436	b(ii)	Proportionally consolidated;		
436	b(iii)	Deducted from own funds;		
436	b(iv)	Neither consolidated nor deducted.		
436	c	Impediments to transfer of own funds between parent and subsidiaries.		
436	d	Capital shortfalls in any subsidiaries outside the scope of consolidation.	Pillar 3 Section 1.2.1	4
436	e	Making use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries/entities.	Not applicable	
Own funds				
437	1	Disclose the following information regarding own funds:	See below	
437	1(a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution;	Pillar 3 Section 2.2 - 2.5	9-12
437	1(b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	Appendix 1 and 2	47-48
437	1(c)	the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;		
437	1(d)	separate disclosure of the nature and amounts of the following:	See below	

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
437	1(d)(i)	each prudential filter applied pursuant to Articles 32 to 35;	Pillar 3 Section 2	7
437	1(d)(ii)	each deduction made pursuant to Articles 36, 56 and 66;		
437	1(d)(iii)	items not deducted in accordance with Articles 47, 48, 56, 66 and 79;		
437	1(e)	a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;		
437	1(f)	where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than prescribed	Not applicable - The Group does not calculate capital ratios on a basis other than prescribed	
Capital requirements				
438	a	Summary of institution's approach to assessing adequacy of capital levels.	Pillar 3 Section 1.2.1	4
438	b	Result of ICAAP on demand from authorities.	Not an applicable public disclosure	
438	c	Capital requirements for each Standardised approach credit risk exposure class.	Pillar 3 Section 4.2, 5.3	16, 19
438	d	Capital requirements for each Internal Ratings Based Approach credit risk exposure class.	Not applicable - The Group does not apply Internal Ratings Based approach to determine risk weights	
438	e	Capital requirements for market risk or settlement risk.	Pillar 3 Section 3.1 and 6.1	13, 29
438	f	Capital requirements for operational risk, separately for the Basic Indicator Approach, the Standardised Approach, and the Advanced Measurement Approaches as applicable.	Pillar 3 Section 3.1	13
438	end para	Requirement to disclose specialised lending exposures and equity exposures in the banking book falling under the simple risk weight approach of IRB.	Not applicable - The Group does not apply Internal Ratings Based approach to determine risk weights	
Exposure to counterparty credit risk				
439	a	Description of process to assign internal capital and credit limits to CCR exposures.	Refer NIP's Annual Report	75
439	b	Discussion of policies for securing collateral and establishing credit reserves.		76
439	c	Discussion of management of wrong-way risk exposures.		75
439	d	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	Pillar 3 Section 4.8	18
439	e	Derivation of net derivative credit exposure.	Pillar 3 Section 4.3	17

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
439	f	Exposure values for mark-to-market, original exposure, standardised and internal model methods.	Pillar 3 Section 4.1	16
439	g	Notional value of credit derivative hedges and current credit exposure by type of exposure.	Pillar 3 Section 4.7	18
439	h	Notional amounts of credit derivative transactions.		
439	i	Estimate of alpha, if applicable.	Not applicable - The Group does not estimate its own alpha	
Capital buffers				
440	1(a)	Geographical distribution of relevant credit exposures for calculation of countercyclical capital buffer.	Pillar 3 Section 3.3	15
440	1(b)	Amount of the institution specific countercyclical capital buffer.	Pillar 3 Section 3.2	14
Indicators of global systemic importance				
441	1	Disclosure of the indicators of global systemic importance.	Not applicable - The Group is not a G-SII	
Credit risk adjustments				
442	a	Disclosure of bank's definitions of past due and impaired.	Refer NIP's Annual Report	79
442	b	Approaches for calculating specific and general credit risk adjustments.	Not applicable - The Group does not apply specific or general credit risk adjustments to its banking book positions	
442	c	Disclosure of pre-CRM EAD by exposure class	Pillar 3 Section 5.2	19
442	d	Disclosure of pre-CRM EAD by geography and exposure class	Pillar 3 Section 5.6	23
442	e	Disclosure of pre-CRM EAD by industry and exposure class	Pillar 3 Section 5.4	20
442	f	Disclosure of pre-CRM EAD by residual maturity and exposure class	Pillar 3 Section 5.8	26
442	g	Breakdown by industry or counterparty type:	Pillar 3 Section 5.1, 5.3, 5.5, 5.7	19, 21, 25
442	g(i)	impaired/past due exposures		
442	g(ii)	specific and general credit risk adjustments		
442	g(iii)	charges for specific and general credit risk adjustments		
442	h	442 g(ii) and (ii) above by geographical area		
442	i	Reconciliation of changes in specific and general credit risk adjustments for impaired exposures:		
442	i(i)	description of adjustments;		
442	i(ii)	opening balances;		
442	i(iii)	amounts against credit risk adjustments		
442	i(iv)	amounts set aside for estimated probable losses and other adjustments		

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
442	i(v)	closing balances	Refer previous page	
442	end para	Specific credit risk adjustments recorded to income statement are disclosed separately.		
Unencumbered assets				
443		Disclosures on unencumbered assets.	Pillar 3 Section 8	38
Use of ECAIs				
444	a	Names of the ECAIs used in the calculation of Standardised approach risk-weighted assets and reasons for any changes.	Pillar 3 Section 1.2.2	4
444	b	Exposure classes associated with each ECAI.		
444	c	Description of the process used to transfer credit assessments to non-trading book items.		
444	d	Mapping of external rating to CQS.		
444	e	Exposure value pre and post-credit risk mitigation, by CQS.		
Exposure to market risk				
445		Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	Pillar 3 Section 3.1 and 6.1	13, 29
Operational risk				
446		Scope of approaches used to calculate operational risk.	Pillar 3 Section 1.2.2	4
Exposure in equities not included in the trading book				
447	a	Differentiation of exposures based on objectives and an overview of accounting techniques and valuation methodologies.	Pillar 3 Section 1.2.4	5
447	b	The balance sheet value, the fair value and, for those exchange-traded, a comparison to the market price where it is materially different from the fair value.		
447	c	The types, nature and amounts of exchange-traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures.		
447	d	Realised gains or losses arising from sales and liquidations in the period.		
447	se	Total unrealised gains or losses, the total latent revaluationgains or losses, and any of these amounts included in the original or additional own funds.		
Exposure to interest rate risk on positions not included in the trading book				
448	a	Nature of the interest rate risk and the key assumptions, and frequency of measurement of the interest rate risk.	Pillar 3 Section 6.7	34
448	b	Variation in earnings, economic value or other relevant measure used by the bank for upward and downward rate shocks according to the bank's method for measuring the interest rate risk, broken down by currency.		

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Exposure to securitisation positions				
449		Disclosures on securitisation positions	Not applicable - The Group does not originate securitisation positions	
Remuneration disclosure				
450		Remuneration disclosures of material risk takers	Pillar 3 Section 9	39-46
Leverage				
451	1	Disclose the following:		
451	1(a)	Leverage ratio	Pillar 3 Section 7.2	36
451	1(b)	breakdown and reconciliation of total exposure	Pillar 3 Section 7.1	35
451	1(c)	derecognised fiduciary items	Not applicable	
451	1(d)	description of the processes used to manage the risk of excessive leverage,	Pillar 3 Section 7	35-37
451	1(e)	factors that impacted the leverage ratio during the year.		
Use of the IRB approach to credit risk				
452		Disclosures on IRB approach	Not applicable - The Group does not apply Internal Ratings Based approach to determine risk weights	
Use of credit risk mitigation techniques				
453	a	Use of on and off-balance sheet netting.	Refer NIP's Annual Report	26
453	b	How collateral valuation is managed.		26
453	c	Description of types of collateral used by the institution		26
453	d	Main types of guarantor, credit derivative counterparty and creditworthiness.		76
453	e	Market or credit risk concentrations within risk mitigation exposures.		78
453	f	Standardised or Foundation IRB Approach, exposure value covered by eligible collateral.	Pillar 3 Section 4.4, 5.10	17, 27
453	g	Exposures covered by guarantees or credit derivatives.	Pillar 3 Section 5.11	28
Use of the Advanced Measurement Approaches to Operational Risk				
454		Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk.	Not applicable - The Group does not apply Advanced Measurement Approach to mitigate operational risk	

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Use of Internal Market Risk Models				
455	a(i)	Disclosure of the characteristics of the market risk models.	Refer NIP's Annual Report	68
455	a(ii)	Disclosure of the methodologies used to measure incremental default and migration risk.		72
455	a(iii)	Descriptions of stress tests applied to the portfolios.		72
455	a(iv)	Methodology for back-testing and validating the models.		71
455	b	Scope of permission for use of the models.		68
455	c	Policies and processes to determine trading book classification, and to comply with prudential valuation requirements.	Pillar 3 Section 6.7	34
455	d (i-iii)	High/Low/Mean values over the year of VaR, SVaR andic	Pillar 3 Section 6.4	31
455	e	The elements of the own fund calculation.	Pillar 3 Section 6.1 - 6.2	29
455	f	Weighted average liquidity horizons of portfolios covered by models.	Refer NIP's Annual Report	72
455	g	Comparison of end-of-day VaR measures compared with one day changes in the portfolio's value.	Pillar 3 Section 6.5 - 6.6	32-34