Nomura Europe Holdings plc

Annual Pillar 3 Disclosures
31st March 2019

Table of Contents

Introduction **1**

Background 1

Scope of Application 1

Scope of Consolidation 1

Bank Recovery and Resolution Directive 1

Key Metrics 2

Regulatory Framework for Disclosures 2

Pillar 3 Disclosures 2

Future Developments 2

Risk Management 2

Valuation Practices 3

Directorships 4

Own Funds Disclosures **5**

CC1: Composition of Regulatory Capital 5

LI1: Reconciliation of the Group Own Funds to the Audited Financial Balance Sheet 6

LI1: Reconciliation of NIP Own Funds to the Audited Financial Balance Sheet 7

LI1: Reconciliation of NBI Own Funds to the Audited Financial Balance Sheet 7

LI1: Reconciliation of NFPE Own Funds to the Audited Financial Balance Sheet 7

LI1: Differences in Accounting and Regulatory Scopes of Consolidation for the Group 8

LI2: Main differences between regulatory exposure and carrying values in the financial statements (the Group) .9

Explanation of differences between accounting and regulatory exposure 9

Transitional Provisions **10**

IFRS 9-FL: Transitional Provisions of the Group 10

IFRS 9-FL: Transitional Provisions of NIP 11

Capital Requirements **12**

OV1: Capital Requirements and Risk Weighted Exposure 12

Movements in RWA over the period 12

Capital Buffers **13**

Countercyclical Capital Buffer 13

Capital Conservation Buffer 13

Pillar 2A and ICAAP 13

Capital Management 13

Counterparty Credit Risk and Credit Risk **14**

Counterparty Credit Risk and Credit Scope 14

Internal Model Method 14

Credit Risk Mitigation 14

Standardised Derivative Calculation Method 14

Non-trading book exposure to equities 14

CCR1: Analysis of Counterparty Credit Risk RWA by Approach 15

CCR2: Credit Valuation Adjustment 15

CCR7: RWA Flow Statements of CCR Exposures under IMM 15

CCR8: Exposures to Central Counterparties 15

Impact of a Credit Downgrade on Collateral Pledged 15

Credit Risk **16**
CRB-B: Total and Average Amount of Credit Risk Exposures 16
CRB-D: Concentration of Exposures by Industry and Counterparty Type 16
CRB-C: Credit Risk Exposures by Region and Country..... 18
CRB-E: Credit Risk Exposures by Maturity 19
Operational Risk **20**
Market Risk **21**
MR1: Market Risk under the Standardised Approach 21
MR2-A: Market Risk under the Internal Model Approach 22
MR2-B: Model RWA Flow Statements 22
Movements in the Group's RWA under IMA 23
MR3: Review of Market Risk Regulatory Measures 23
MR4: Comparison of VaR Estimates with Hypothetical Gains / Losses for NIP 24
MR4: Comparison of VaR Estimates with Actual Gains / Losses for NIP 25
Sensitivity of the Banking Book to Changes in Interest Rates 26
Securitisations 26
Other Risk Types 26
Leverage Ratio **28**
LRSum: Leverage Reconciliation of Account Assets and Leverage Ratio Exposure 28
LRCom: Leverage Ratio Common Disclosure 29
Movements in Leverage Exposure over the Period 30
LRSpl: Breakdown of On Balance Sheet Leverage Exposures 30
Liquidity **31**
Strategies and Processes in the Management of Liquidity Risk 31
Structure and Organisation of the Liquidity Risk Management Function 31
Scope and Nature of Liquidity Risk Reporting and Measurement Systems 31
Ongoing Liquidity Risk monitoring and Mitigation 31
Overall Adequacy of Liquidity Risk Management 31
Overall Adequacy of Liquidity Risk Profile Associated with Business Strategy and Associated Risk Tolerance Levels 31
LIQ1: LCR Disclosure for the Group 32
Concentration of Funding and Liquidity Sources 33
Derivative Exposures and Potential Collateral Calls 33
Currency Mismatch in the LCR 33
Degree of Centralisation of Liquidity Management 33
Other Relevant Items in the LCR Calculation that are not Captured in the LCR Disclosure Template 33
Asset Encumbrance **34**
AE-A: Encumbered and Unencumbered assets for the Group 34
AE-B: Collateral Received for the Group 35
AE-C: Encumbered Assets / Collateral Received and Associated Liabilities for the Group 35
Remuneration Disclosures **36**
Remuneration Policy 36
Remuneration Governance 36
Incentive Funding Determination 36
Control Functions 37
Nomura Remuneration Framework 37

Variable Remuneration Delivery 37
Performance Adjustment of Deferred Awards 38
Performance Adjustment of all Variable Awards 39
Performance Adjustment Process 39
Quantitative Disclosures 40

Qualitative Disclosures 42
Equivalent Pillar 3 disclosures 42

Appendix 1 – Other Disclosures 44
CCA: The Group Capital Instrument Features 44
CCA: NIP Capital Instrument Features 46
LI3: Scope of Consolidation: Entity by Entity 48
CCyB1: Geographical Distribution of Countercyclical Capital Buffer 49
CCR3: Counterparty Risk Exposures by Risk Weight 50
CCR5-A: Impact of Netting and Collateral Held on Exposures 50
CCR5-B: Composition of Collateral for Exposures to Counterparty Credit Risk 50
CCR6: Credit Derivative Exposures 51
CR1-D: Credit Risk Exposures by Maturity 51
CR1-E: Non-Performing and Forborne Exposures 52
CR1-A: Credit Quality of Exposures by Exposure Class and Instruments 53
CR1-B: Credit Quality of Exposures by Industry and Counterparty Type 54
CR1-C: Credit Quality of Exposures by Region and Country 55
CR5: Credit Risk Exposure by Risk Weight 56
CR4: Credit Risk Exposure and Credit Risk Mitigation 57
CR3: Credit Risk Mitigation Techniques 58
CR2-A: Changes in Stock of General and Specific Credit Risk 58

Appendix 2 – CRR Compliance 59

Introduction

Background

The Nomura Europe Holdings plc Group ("the Group") is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and 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 1st January 2014.

Scope of Application

This document presents the consolidated Pillar 3 disclosures as at 31st March 2019 for the Group as well as disclosures covering three material subsidiaries where required: Nomura International plc; Nomura Bank International plc and Nomura Financial Products Europe GmbH.

The Group, Nomura International plc ("NIP") and Nomura Bank International plc ("NBI") are regulated by the PRA and FCA whereas Nomura Financial Products Europe GmbH ("NFPE") is regulated by The German Federal Financial Supervisory Authority ("BaFin").

NIP contributes over 95% of the Group's capital requirement and its risk management policies and procedures are consistent with the Group. Significant subsidiary disclosures have been made for NIP as applicable.

NBI is a United Kingdom ("UK") regulated bank but its Risk Weighted Assets ("RWA") are immaterial to the Group, therefore NBI disclosures have been made for article 437 (Own Funds) with no other disclosures relevant to significant subsidiary requirements.

NFPE was established in Germany on the 24th November 2017. On 25th May 2018 German regulator BaFin granted a securities licence to the new Frankfurt- based entity. The company was setup as a contingency to Brexit and the license represents a major step towards ensuring that all current client and counterparty relationships, and access to Nomura products and services, will continue without disruption after the UK leaves the EU.

NFPE provides a range of financial services including investment banking, investment advice and portfolio management and began trading on 24th October 2018.

NFPE's Risk Weighted Assets ("RWA") are immaterial to the Group, therefore NFPE disclosures have been made for article 437 (Own Funds) with no other disclosures relevant to significant subsidiary requirements.

Other regulated subsidiaries included in the Group consolidation figures are Nomura Bank Luxembourg S.A. ("NBL"), Banque Nomura France S.A. ("BNF"), Nomura Alternative Investments Management 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 and small size within the Group, separate disclosures have not been made for NBL, BNF, NAIM, NSA or NBS.

Scope of Consolidation

The Group's regulatory consolidation includes UK and non-UK regulated entities; article 6 of the CRR provides guidance on capital calculations and consolidation of subsidiary undertakings. The regulatory consolidation 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"), in accordance with the direction of the PRA, which is not included in the accounting consolidation. However on the 26th June 2019 NCM went into liquidation and will no longer form part of the Group in future Pillar 3 disclosures. A complete list of the Group and its subsidiaries can be found in Appendix 1.

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

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

Bank Recovery and Resolution Directive

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

Key Metrics

	The Group
Capital ($m)	
Tier 1 Capital	4,971
Tier 2 Capital	2,160
Capital Requirements ($m)	
Total RWA	34,166
Total Capital Requirement [1]	3,779
Capital Ratios (%)	
Tier 1[2]	14.55%
Leverage Ratio	
Total Leverage Ratio Exposure ($m)	171,746
Leverage Ratio (%)	2.90%
Liquidity Coverage Ratio ("LCR")[3]	
Total High Quality Liquid Assets ($m)	24,193
Total Net Cash Outflow ($m)	10,176
LCR Ratio (%)	239%

1. *Pillar 1 + Pillar 2a requirements*
2. *Tier 1 Capital / Total RWA*
3. *12 month average*

Regulatory Framework for Disclosures

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

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

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

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

Pillar 3 Disclosures

Pillar 3 disclosures have been prepared in accordance with the requirements of the CRR Part 8 and the associated European Banking Authority ("EBA") guidelines and technical standards applicable as at 31st March 2019. A table has been included in Appendix 2 summarising the relevant articles and associated disclosures. In addition disclosures are aligned to the formats as defined by regulation (EU) No. 575/2013.

The disclosures made in this document do not constitute financial statements and are not required to be subjected to an external audit. The disclosures are approved by the Group's Board and Prudential Risk Committee ("PRC") before being made publically available.

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 NIP's and NBI's Annual Reports, the NHI Quarterly Basel III Pillar 3 disclosures and NHI Securities and Exchange Commission 20F Filings.

The full Pillar 3 disclosure document is prepared on an annual basis with limited disclosures made on a quarterly and semi-annual basis.

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

Future Developments

UK Referendum (BREXIT)

As a result of the national Brexit referendum, which took place on 23 June 2016, the UK is due to leave the EU. Under the current agreement between the UK and the EU in accordance with the Article 50(3) of the Treaty on the European Union, Brexit is required to occur before the end of October 2019. However, the timing of Brexit, along with its final form and substance, remains uncertain at this time.

The Company conducts a substantial level of business throughout Europe with London as its regional hub. The Company has access to the entire European Economic Area ("EEA") through providing cross-border services under the relevant EU single market legislation known as "passporting rights". If Brexit were to occur without any agreement between the UK and the EU in respect of continuation of access for financial services, the Company may lose access to the EEA, adversely affecting both the Company's and the Group's revenue and profitability from business in the European region.

In response to the impacts of Brexit on both the Nomura Group and the Company and to provide continued services to clients both regionally and globally, a new broker-dealer entity, Nomura Financial Products Europe GmbH (NFPE) in the Federal Republic of Germany was established. NFPE is a subsidiary of NEHS and is eligible for passporting rights after Brexit, if it occurs. During the year, the Company's business operations in Madrid, Milan, Helsinki, Stockholm and Frankfurt branches were sold to NFPE.

Regulatory Updates

On 23rd November 2016, the European Commission published a comprehensive package of reforms to further strengthen the resilience of the EU banking sector. The reforms implement many of the remaining parts of Basel III in the EU, as well as addressing issues identified with current prudential requirements. The European Commission introduced amendments to existing legislation in the form of the Capital Requirements Directive ("CRD V"), Capital Requirements Regulation ("CRR II"), Bank Recovery and Resolution Directive ("BRRD II") and Single Resolution Mechanism Regulation ("SRMR").

The proposals have been introduced in the EU from June 2019 with the majority of changes becoming effective two years later in June 2021. However, given the pending decisions in respect of Brexit, there remains some uncertainty as to which regulations may apply to the Company post 2019. Irrespective of these uncertainties, the Company will be in a position to comply with its regulatory requirements.

Risk Management

The Group's risk management framework is closely aligned to the NHI risk management framework. However through its local governance framework, the Company does apply specific risk management controls and defines its risk appetite, which is the maximum level and types of risk that the Company is willing to assume in pursuit of its strategic objectives and business plan.

The Company's activities involve the assumption and transfer of certain risks, including market risk, credit risk, operational risk, cross-border risk, model risk, liquidity and funding risks, and business risk. These risks are managed through sub-committees of the Board of NEHS which are disclosed in the Risk Management Committees section.

Further information on the management of these risks is provided in note 18 of the NIP Annual Report.

Risk Appetite

The risk appetite defines the type and quantum of risk that the Group is willing to assume in pursuit of its strategic objectives and business plan. This must be within its risk capacity which is determined by constraints including regulatory capital, leverage, liquidity, and business conditions.

The risk appetite for the Group includes the following topics: capital adequacy, liquidity risk, market and credit risk, cross-border risk, operational risk, model risk, compliance risk, conduct risk, tax risk and data management.

The risk appetite and risk limits for the Group are established at levels that are consistent with the cascaded NHI risk appetite and risk limits. Lower level risk limits are used to manage the business at the more granular levels of the hierarchy in a manner that is consistent with the Group's risk appetite.

Some of the measures used for the risk appetite of the Group are calculated differently from those used in NHI's risk appetite in line with local regulations, and for some of the measures there are additional local regulatory requirements, so additional specific measures have been established at the Group level to ensure this compliance.

The metrics include, but are not limited to:

- Capital adequacy metrics, such as Tier 1 and total capital headroom above capital buffers, stressed Tier 1 ratio and economic capital ratio;
- Liquidity risk metrics, such as Maximum Cumulative Outflow under different scenarios, Liquidity Coverage Ratio;
- Market and credit risk metrics, such as economic capital;
- Operational risk metrics, such as the aggregated operational risk losses as a percentage of gross revenue on a 12-month rolling basis; and
- Model risk metrics, such as model reserves as a percentage of economic capital.

The risk appetite statement for the Group is approved by the Board, and tracked and communicated to that forum on an ongoing basis. There is clear ownership and accountability for each category of risk and individual risk appetite measures. The risk appetite statements may be reviewed on an ad hoc basis, and must specifically be reviewed following any significant change in strategy.

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. (Waiver Permission Link)

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. (Waiver Permission Link)

Risk Management Committees

The Board of Directors of the Group 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 Group's Board:

- 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. Twelve meetings were held during the year.
- The Financial Conduct Committee ("FCC") is responsible for ensuring an effective internal control and risk management environment is maintained in respect of the financial conduct risks impacting the Group, and for ensuring corporate objectives for the Group are achieved and are consistent with NHI. Six meetings were held during the year.
- The Risk Management Committee ("RMC") 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 Group. Eleven meetings were held during the year.
- The Risk Management Division is responsible for establishing and operating risk management processes, establishing and enforcing risk management policies and regulations, verifying the effectiveness of risk management methods, as well as reporting to regulatory bodies where required, and handling regulatory applications concerning risk management methods and other items as necessary.

Valuation Practices

Valuation of Fair Value Instruments

The fair value of financial instruments is the value at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The best evidence of fair value is quoted prices in an active market. Therefore, the fair value of financial instruments, including exchange-traded securities and derivatives is based on quoted market prices on exchanges or other broker/dealer quotations.

Where quoted market prices or broker/dealer quotations are not available, prices for similar instruments or valuation pricing models are considered in the determination of fair value. Valuation pricing models consider contractual terms, underlying asset prices, interest rates, dividend rates, time value, volatility and other statistical measurements for the relevant instruments or for instruments with similar characteristics. These models also incorporate adjustments relating to counterparty and the Group's own credit risk. These adjustments are fundamental components of the fair value calculation process. The valuation technique used maximises the use of market inputs and minimises the use of entity-specific inputs which are unobservable in the market.

Certain financial assets and liabilities are valued using valuation techniques which rely on parameters that are not observable in the market due to an absence of equivalent, current, market transactions or observable market data. These valuation techniques are based on assumptions. As a result, the fair value calculated using these valuation techniques will change if the underlying assumptions change.

Where the use of valuation techniques with significant unobservable parameters generates a gain or loss at inception this is deferred over the life of the contract, until the parameters become observable or the instrument is terminated.

Valuation Process

In order to ensure the appropriateness of any fair value measurement of a financial instrument, including those classified in Level 3 within the fair value hierarchy, the Group operates a governance framework which mandates determination or validation of a fair value measurement by control and support functions independent of the trading businesses assuming the risk of the financial instrument.

The Middle Office Valuations Group ("MOVG") within the Group's Finance department has primary responsibility for determining and implementing valuation policies and procedures in connection with determination of fair value measurements. While it is the responsibility of market makers and investment professionals in our trading businesses to price our financial instruments, the MOVG are responsible for independently verifying or validating these prices. This group reports to the Global Head of Middle Office and ultimately to the Chief Financial Officer ("CFO");

The independent price verification processes aim to verify the fair value of all positions to external levels on a regular basis. The process will involve obtaining data such as trades, marks and prices from internal and external sources and examining the impact of marking the internal positions at the external prices. Margin disputes within the collateral process will also be investigated to determine if there is any impact on valuations.

Prudent Valuation Adjustment

The Group has documented policies and adequate systems and controls in place for the calculation and monitoring of Prudent Valuation Adjustment ("PVA"). The difference between the prudent value and the fair value, known as Additional Valuation Adjustment ("AVA") is directly deducted from CET1 capital. The Prudent value is an estimated conservative pricing with a 90% degree of certainty that would be received upon sale or transfer of an asset. The Group's methodology addresses fair value uncertainties for positions, such as market price uncertainty, concentration and non-performance risk. In compliance with the CRR, PVA is calculated for all fair valued items in both the trading book and non-trading book

Directorships

The following table showing directorships held by members of the management body for the year to 31st March 2019 and complements disclosures made in NIP's Annual Report.

Directors	Internal Directorships	External Directorships
David Godfrey	3	3
Hisato Miyashita	4	-
John Tierney	4	-
Jonathan Britton	4	5
Jonathan Lewis	3	1
Maria Bentley	3	4
Neeta Atkar	4	5
Rosemary Murray	3	4
Yasuo Kashiwagi (1)	6	2
Lewis O Donald (2)	13	-
Sir Andrew Cahn (3)	2	4

1. *Resigned on 8th July 2019*
2. *Resigned on 26th April 2019*
3. *Resigned on 30th June 2018*

All internal directorships are held within the Nomura Group. All external directorships are either Non-Executive directorships or are positions within charitable companies/bodies.

The Group 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. The Group strives 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 Group professionals.

The Governance and Nomination Committee ("GNC") has responsibility for leading the process for Board appointments and for identifying and nominating candidates for appointment to the Board. Board appointments are based on merit and candidates will be considered against objective criteria. The Group strives 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

Own Funds Disclosures

CC1: Composition of Regulatory Capital

The Group, NIP, NBI and NFPE Own Funds:

		Mar-19			
ITS [1]	**($m)**	**Group**	**NIP**	**NBI**	**NFPE [9]**
1	Common Equity Tier 1 capital instruments and share premium	10,499	10,269	255	11
2	Retained earnings	(6,412)	(6,820)	46	4
3	Other reserves	1,085	1,327	(66)	505
6	**Common Equity Tier 1 before regulatory adjustments**	**5,172**	**4,776**	**235**	**520**
8	Deduction from Tier 1: other intangible assets [2]	(45)	(2)	-	-
	Prudential filters:	-	-	-	-
14	*Liabilities own credit risk adjustment [3]*	(35)	(54)	65	-
7	*Prudent valuation adjustment [4]*	(121)	(121)	(0)	(0)
28	**Total Regulatory Adjustments to Common Equity Tier 1**	(201)	(177)	65	(0)
29	**Common Equity Tier 1**	**4,971**	**4,599**	**300**	**520**
46	Tier 2 capital	2,160	1,260	-	-
59	**Total Capital [5]**	**7,131**	**5,859**	**300**	**520**
61	**Common Equity Tier 1 Ratio [6]**	**14.55%**	**13.57%**	**429.93%**	**114.44%**
63	Total Capital as a percentage of total Risk Exposure amounts	20.87%	17.29%	429.93%	114.44%
64	Institution specific buffer requirement [7]	2.72%	2.72%	3.39%	2.52%
65	of which: Capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
66	of which: Countercyclical buffer requirement [8]	0.22%	0.22%	0.89%	0.02%
	Pillar 2A Total Capital Requirements	3.06%	3.16%	1.56%	4.00%
68	Common Equity Tier 1 available to meet Total Capital Requirements	6.99%	5.91%	423.87%	105.94%

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 and NIP (LI1) 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: capital conservation buffer plus countercyclical capital buffer requirements expressed as a percentage*
8. *Common Equity Tier 1 available to meet minimum Tier 1 total capital requirements (Pillar 1 + Pillar 2A) as there are no innovative Tier 1 instruments*
9. *NFPE reports in euros. NFPE numbers have been converted into dollars at a euro/dollar exchange rate of 0.8909 on the 31st March 2019*

No restrictions have been applied to the calculation of Common Equity Tier 1 or the prudential filters to Common Equity Tier 1 ("CET1"). The Group is applying transitional provisions of IFRS 9 to Own Funds.

Tier 1 capital consists of share capital and reserves.

The Group's Tier 2 consists of subordinated debt.

At 31st March 2019 there was no applicable systemic risk or other systemically important institution ("OSII") buffers.

LI1: Reconciliation of the 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	10,491	-	10,491	-	10,491					**10,491**
Share premium	7	-	7	-	7					**7**
Available-for-sale reserve	-	-	-	-	-					**-**
Share based payment reserve	-	1,143	1,143	-	1,143					**1,143**
Translation Reserve	-	(39)	(39)	-	(39)					**(39)**
Own Credit Adjustment	-	(19)	(19)	-	(19)			19		**-**
Retained Earnings	(5,818)	(614)	(6,432)	21	(6,411)	(45)	(54)	-	**(121)**	**(6,631)**
Common Equity Tier 1	**4,680**	**471**	**5,151**	**21**	**5,172**	**(45)**	**(54)**	**19**	**(121)**	**4,971**
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	**6,840**	**471**	**7,311**	**21**	**7,332**	**(45)**	**(54)**	**19**	**(121)**	**7,131**

1. *The standalone legal entity of Nomura Europe Holdings plc*
2. *Per the Group's consolidated primary financial statements*
3. *CRR article 37*
4. *Article 33 (1) (c)*
5. *CRR article 33 (1) (b)*
6. *CRR article 34*

NOMURA

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

$m	NIP Company Accounts (1)	Prudential filters: IFRS 9 Transitional Arrange-ments	Prudential filters: Intangible Assets (2)	Prudential filters: Derivative Liabilities Own Credit Risk Adjustment (3)	Prudential filters: Prudent Valuation Adjustment (4)	NIP Regulatory Position
Called up share capital	10,241					10,241
Share premium	27					27
Capital redemption reserve	184					184
Other reserves	0					0
Available-for-sale reserve	-					-
Share based payment reserve	1,143					1,143
Retained Earnings	(6,822)	2	(2)	(54)	(120)	(6,996)
Common Equity Tier 1	**4,773**	**2**	**(2)**	**(54)**	**(120)**	**4,599**
Creditors: Amounts Falling Due More Than One Year	1,260	-	-	-	-	1,260
Tier 2 Capital instruments	**1,260**	**-**	**-**	**-**	**-**	**1,260**
Own Funds	**6,033**	**2**	**(2)**	**(54)**	**(120)**	**5,859**

1. *Per audited NIP annual report*
2. *CRR article 37*
3. *CRR article 33 (1) (c)*
4. *CRR article 34*

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

$m	NBI Company Accounts (1)	Prudential filters: Fair Valued Liabilities Own Credit risk Adjustment (2)	Prudential filters: Prudent Valuation Adjustment (3)	NBI Regulatory position
Called up share capital	255			255
Own Credit reserve	(66)	66	-	-
Other reserves	-			-
Retained Earnings	46	-	(1)	45
Common Equity Tier 1	**235**	**66**	**(1)**	**300**
Creditors: Amounts Falling Due More Than One Year	-	-	-	-
Tier 2 Capital instruments	**-**	**-**	**-**	**-**
Own Funds	**235**	**66**	**(1)**	**300**

1. *Per audited NBI annual report*
2. *CRR article 33 (1) (b)*
3. *CRR article 34*

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

$m (3)	NFPE Company Accounts (1)	Prudential filters: Share capital awaiting regulatory approval	Prudential filters: Prudent Valuation Adjustment (2)	NFPE Regulatory position
Called up share capital	56	(45)		11
Own Credit reserve				
Other reserves	505			505
Retained Earnings	4	-	(0)	4
Common Equity Tier 1	**565**	**(45)**	**(0)**	**520**
Creditors: Amounts Falling Due More Than One Year	-	-	-	-
Tier 2 Capital instruments	**-**	**-**	**-**	**-**
Own Funds	**565**	**(45)**	**(0)**	**520**

1. *Per audited NFPE annual report*
2. *CRR article 34*
3. *NFPE reports in euros. NFPE numbers have been converted into dollars at a euro/dollar exchange rate of 0.8909 on the 31st March 2019*

LI1: Differences in Accounting and Regulatory Scopes of Consolidation for the Group

$m	Carrying values under scope of regulatory consolidation	Carrying values of items				
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and cash equivalent	3,467	3,467	-	-	-	-
Financial assets held for trading	157,160	1,196	144,781	-	155,558	-
Investments - time deposits	2,162	2,056	106	-	106	-
Current tax receivable	3	3	-	-	-	-
Collateral posted for securities purchased under agreements to resell	67,705	377	67,328	-	67,328	-
Collateral posted for securities borrowed	9,181	-	9,181	-	9,181	-
Other debtors	19,729	1,633	18,096	-	18,096	-
Financial investments	18	18	-	-	-	-
Deferred tax assets	4	4	-	-	-	-
Tangible fixed assets	20	20	-	-	-	-
Intangible fixed assets	45	-	-	-	-	45
Total Assets	**259,494**	**8,774**	**239,492**	**-**	**250,269**	**45**
Liabilities						
Financial liabilities held for trading	151,888	-	143,066	-	151,284	-
Current tax payable	4	-	-	-	-	4
Other creditors	37,414	-	30,677	-	30,677	6,736
Collateral received for securities sold under agreements to repurchase	52,336	600	51,736	-	51,736	-
Collateral received for securities loaned	4,012	-	4,012	-	4,012	-
Provisions	111	-		-	-	111
Creditors (amounts falling due after more than one year)	8,560	-	494	-	494	8,066
Total Liabilities	**254,325**	**600**	**229,985**	**-**	**238,203**	**14,917**

The amounts showing in the column 'carrying values under scope of regulatory consolidation' do not equal the sum of the columns to the right as items may be subject to more than one risk framework. Items which relate to derivative or secured financing transactions have been categorised under the CCR and market risk framework. Other items considered as on and off balance sheet, are covered under the credit risk framework.

LI2: Main differences between regulatory exposure and carrying values in the financial statements (the Group)

$m	Credit Risk	CCR
Total Assets	8,774	239,492
Total Liabilities	(600)	(229,985)
Total Net Assets	**8,174**	**9,507**
Off Balance Sheet Items	3,225	
Specific Regulatory Treatment	(237)	30,870
Credit Conversion Factors	(2,012)	
Modelling		
Exposures Considered for Regulatory Purposes	**9,150**	**40,377**

Explanation of differences between accounting and regulatory exposure

Off balance sheet and potential future exposure for counterparty credit risk

Off balance sheet items subject to credit risk framework may include undrawn facilities which have credit conversion factors ("CCF"). For CCR, potential future exposures ("PFE") are considered for derivative transactions.

Differences in netting rules

Netting is applied for regulatory capital calculations where there is a legal agreement with a valid netting opinion in place. Under UK GAAP, requirements to net are more stringent.

Differences due to financial collateral

Exposure value under the standardised approach is calculated after deducting credit risk mitigation whereas accounting values are before such deductions.

Accounting and regulatory treatments

In certain instances, there may be specific regulatory adjustments applied which may not be applicable for accounting purposes. Similarly, there are instances where accounting treatments are not applicable for regulatory purposes.

NOMURA

Transitional Provisions

CRR Article 473a (8)

On adopting IFRS 9 on 1 April 2018 the Group now applies the expected credit loss ("ECL") model which replaces the incurred loss model under IAS 39. The table provides a comparison of own funds, capital and leverage ratios with and without the application of transitional arrangements for IFRS 9.

The Group has adopted the transitional arrangements prescribed in CRR article 473a for IFRS 9 Financial Instruments which permit institutions to add back to their capital base a proportion of the impact that IFRS 9 has upon their expected credit loss allowances during the first five years of use. The proportion that institutions may add back started at 95% from April 2018 and reduces to 25% by March 2023.

IFRS 9-FL: Transitional Provisions of the Group

	The Group				
$m	**Mar-19**	**Dec-18**	**Sep-18**	**Jun-18**	**Mar-18**
Available Capital					
Common Equity Tier 1 (CET1) capital	4,971	5,162	5,224	5,263	5,294
Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,967	5,158	5,221	5,261	
Tier 1 capital	4,971	5,162	5,224	5,263	5,294
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,967	5,158	5,221	5,261	
Total capital	7,131	7,322	7,384	7,423	7,454
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,127	7,318	7,381	7,421	
Risk Weighted Assets					
Total risk-weighted assets	34,166	33,080	35,241	34,328	36,378
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	14.5%	15.6%	14.8%	15.3%	14.6%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.5%	15.6%	14.8%	15.3%	
Tier 1 (as a percentage of risk exposure amount)	14.5%	15.6%	14.8%	15.3%	14.6%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.5%	15.6%	14.8%	15.3%	
Total capital (as a percentage of risk exposure amount)	20.9%	22.1%	21.0%	21.6%	20.5%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.9%	22.1%	20.9%	21.6%	
Leverage Ratio					
Leverage ratio total exposure measure	171,746	168,374	180,427	177,032	180,154
Leverage ratio	2.9%	3.1%	2.9%	3.0%	2.9%
Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2.9%	3.1%	2.9%	3.0%	

IFRS 9-FL: Transitional Provisions of NIP

	NIP				
$m	**Mar-19**	**Dec-18**	**Sep-18**	**Jun-18**	**Mar-18**
Available Capital					
Common Equity Tier 1 (CET1) capital	4,599	4,794	4,859	4,890	4,930
Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,596	4,790	4,856	4,888	
Tier 1 capital	4,599	4,794	4,859	4,890	4,930
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,596	4,790	4,856	4,888	
Total capital	5,859	6,054	6,119	6,150	6,190
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,856	6,050	6,116	6,148	
Risk Weighted Assets					
Total risk-weighted assets	34,105	32,322	34,393	33,580	35,196
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	13.5%	14.8%	14.1%	14.6%	14.0%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.5%	14.8%	14.1%	14.6%	
Tier 1 (as a percentage of risk exposure amount)	13.5%	14.8%	14.1%	14.6%	14.0%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.5%	14.8%	14.1%	14.6%	
Total capital (as a percentage of risk exposure amount)	17.2%	18.7%	17.8%	18.3%	17.6%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.2%	18.7%	17.8%	18.3%	
Leverage Ratio					
Leverage ratio total exposure measure	166,257	163,766	175,192	171,547	174,650
Leverage ratio	2.8%	2.9%	2.8%	2.9%	2.8%
Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2.8%	2.9%	2.8%	2.8%	

Capital Requirements

OV1: Capital Requirements and Risk Weighted Exposure

The Group and NIP RWA and capital requirements:

$m	The Group				NIP			
	RWA			Minimum Require-ments(1)	RWA			Minimum Require-ments(1)
	Mar-19	Mar-18	Variance	Mar-19	Mar-19	Mar-18	Variance	Mar-19
Credit risk (excluding CCR)	**2,918**	**3,652**	**(734)**	**233**	**2,538**	**3,130**	**(592)**	**203**
of which the standardised approach	2,918	3,652	(734)	233	2,538	3,130	(592)	203
Counterparty credit risk	**19,087**	**21,378**	**(2,291)**	**1,527**	**19,126**	**21,365**	**(2,239)**	**1,530**
of which mark to market	3,864	4,011	(147)	309	3,858	3,970	(112)	309
of which internal model method (IMM)	7,842	9,798	(1,956)	627	7,904	9,851	(1,947)	632
Of which risk exposure amount for contributions to the default fund of a CCP	112	-	112	9	112	-	112	9
of which CVA	3,026	3,938	(912)	242	3,014	3,919	(905)	241
of which master netting agreement	4,243	3,631	612	340	4,238	3,625	613	339
Settlement risk	**88**	**39**	**49**	**7**	**88**	**39**	**49**	**7**
Market risk	**7,130**	**7,197**	**(67)**	**570**	**7,125**	**6,805**	**320**	**570**
of which the standardised approach	1,714	1,958	(244)	137	1,709	1,952	(243)	137
of which IMA	5,416	5,239	177	433	5,416	4,853	563	433
Large exposures	**1,674**	**710**	**964**	**134**	**2,264**	**1,106**	**1,158**	**181**
Operational risk	**3,269**	**3,402**	**(133)**	**262**	**2,964**	**2,751**	**213**	**237**
of which standardised approach	3,269	3,402	(133)	262	2,964	2,751	213	237
Total	**34,166**	**36,378**	**(2,212)**	**2,733**	**34,105**	**35,196**	**(1,091)**	**2,728**

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

Movements in RWA over the period

NIP

Credit risk reduced over the period due to the closing of loan positions. Counterparty Credit Risk reduced over the period due to reduction in overall portfolio and model updates. Large exposures increased due to increased affiliate group exposure and reduced eligible capital base.

The Group

The Group's RWA movements over the period are materially in line with NIP.

Capital Buffers

Countercyclical Capital Buffer

The countercyclical capital buffer ("CCyB") has been established to create capital buffers that adjust according to market conditions. This buffer must be met with CET1 capital.

As at 31st March 2019, Norway, Sweden, Hong Kong, Czech Republic, Slovakia, Iceland, Lithuania, UK, and Denmark have set non-zero CCyB rates.

On the 27th June 2018 the UK applied a 0.5% CCyB rate, this was increased to 1.0% on the 28th November 2018. On the 31st December 2018 Lithuania applied a 0.5% CCyB rate and on the 29th March 2019 Denmark applied a 0.5% CCyB rate. These were the only new countries to be added over the period

Over the year a number of countries increased their CCyB rates. The Czech Republic increased from 0.5% to 1.25%, Slovakia increased from 0.5% to 1.25% and Hong Kong increased from 1.875% to 2.5%

The CCyB is calculated as an average rate based on exposures to counterparty jurisdictions. The CCyB therefore changes depending on the nature of current trading positions.

The CCyB for NIP is materially in line with the Group. A geographic distribution of own funds requirements has been included in Appendix 1.

$m	The Group
Total RWA	34,166
Institution specific CCyB rate	0.22%
Institution specific CCyB requirement	**75.5**

Capital Conservation Buffer

The capital conservation buffer ("CCB") is a CRD IV buffer requirement, met by CET1 capital, which can be used to absorb losses during periods of stress. The buffer was phased in over a four year period. Each year the rate increased by 0.625% until the 1st January 2019 when the total rate reached 2.5% of RWA.

Pillar 2A and ICAAP

The Group conducts an internal capital adequacy assessment process ("ICAAP") exercise annually to ensure the Group is adequately capitalised to meet its overall business objectives and withstand any potential stress that it might encounter over a multi-year horizon. The process incorporates the Group's risk management processes and governance framework and is reviewed by the Board before being presented to the PRA.

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.

The PRA conducts the SREP annually and reviews the Group's ICAAP. The process helps the regulator to define the total capital requirements ("TCR") or minimal capital requirements for the Group, as well as this, the PRA also defines the PRA buffer which needs to be met.

SREP prescribed a Pillar 2A of 3.06% for the Group and 3.16% for NIP as at 31st March 2019.

Capital Management

The objectives of the Group's capital management policies are to ensure that the Group complies with externally imposed capital requirements, enhance shareholder value and maintains sufficient capital according to its risk appetite to support current and future business requirements. To achieve these goals, sufficient capital is maintained to support the Group's business and to withstand losses due to extreme market movements.

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

The Group is subject to and has complied with the regulatory requirements imposed by the PRA under the CRD IV framework.

Counterparty Credit Risk and Credit Risk

Counterparty Credit Risk and Credit Scope

Credit risk is the risk of loss arising from an obligor's default, insolvency or administrative proceeding which results in the obligor's failure to meet its contractual obligations in accordance with agreed terms. This includes both on and off-balance sheet exposures. It is also the risk of loss arising through a credit valuation adjustment ("CVA") associated with deterioration in the creditworthiness of a counterparty. The Group uses the NHI Credit Risk Management framework for managing credit risk, with some specific criteria applied to the Group where relevant.

The process for managing credit risk at the Group includes:

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

The Group's main type of counterparty credit risk exposures arise from derivatives transactions, securities financing transactions and loans.

Internal Model Method

In December 2012, the Group was granted permission by the PRA to use IMM in combination with the standardised approach for the calculation of counterparty credit risk requirements for certain derivatives and securities financing transactions.

For derivatives and securities financing transactions, the Group measures credit risk primarily by way of a Monte Carlo-based simulation model that determines a potential exposure profile at a specified confidence level. The exposure calculation model used for counterparty credit risk management is also used for the IMM-based exposure calculation for regulatory capital reporting purposes since the end of December 2012. Loans and lending commitments are measured and monitored on both a funded and unfunded basis.

Credit Risk Mitigation

The Group utilises financial instruments, agreements and practices to assist in the management of credit risk. The Group enters into legal agreements, such as the International Swap and Derivatives Association, Inc. ("ISDA") agreements or equivalent (referred to as "Master Netting Agreements"), with many of its counterparties. Master Netting Agreements allow netting of receivables and payables and reduce losses potentially incurred as a result of a counterparty default. Further reduction in credit risk is achieved through entering into collateral agreements that allow the Group to obtain collateral from counterparties either upfront or contingent on exposure levels, changes in credit rating or other factors.

Given the potential for loss resulting from unsecured exposures, as a general rule, all extensions of credit by the Group should be collateralised. However, in certain cases where there is sufficient risk appetite, unsecured exposure may be approved by the relevant credit risk managers. In addition, there are certain jurisdictions with specific rules relating to approvals and management of collateral. To ensure compliance, any local regulatory rules or statutes that are stricter must be followed.

Legal agreements should ensure that margin agreements and collateral accepted from clients provide the best possible protection for the Group. Any collateral types included for exposure reduction must meet the Basel standards. New collateral types, including non-standard collateral must be approved by the Global Collateral Steering Committee. Any non-standard collateral that gets approved must also be reviewed by all relevant departments to ensure that the operational capability is in place to properly control the new collateral type, and that concentration, reuse and liquidity implications are understood. The review must include any local or legal vehicle policies or procedures that contain rules relating to eligibility or acceptable collateral.

Concentrations of collateral by issuer, country and counterparty are monitored and reported to senior management. Haircuts are applied to collateral and set according to the market risk of the asset. Haircut levels are determined through quantitative and historical analysis, and are reviewed periodically.

The Group utilises financial instruments, to assist in the management of counterparty credit risk. The Group enters into credit hedges in the form of single name credit default swaps, credit contingent CDS and credit index swaps to mitigate losses arising from deterioration in counterparty creditworthiness.

The Group actively monitors large exposures to collateralised counterparties and seeks to reduce exposures through trade compression and hedging with single name credit default swaps.

Standardised Derivative Calculation Method

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. The ratings are then mapped to credit quality steps to derive the relevant risk weight.

Credit Quality Step ("CQS")	Moody's	Standard & Poor's / Fitch's
1	Aaa to Aa3	AAA to AA-
2	A1 to A3	A+ to A1
3	Baa1 to Baa3	BBB+ to BBB-
4	Ba1 to Ba3	BB+ to BB-
5	B1 to B3	N+ to B-
6	Caa1 and below	CCC+ and below

Where credit assessments of counterparties are not available, risk weights are assigned in accordance with CRD IV 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.

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.

CCR1: Analysis of Counterparty Credit Risk RWA by Approach

The table provides the Group's Exposure at Default ("EAD") and CCR RWA by calculation method, with the exception of CVA charges or exposures cleared through a CCP. CCR RWA for NIP is materially in line with the Group.

$m	Current Market Value	Potential Future Exposure	EEPE	Multiplier	EAD post-CRM	RWA
Mark to Market	7,366	13,204			7,257	3,785
IMM (for Derivatives and SFTs)			11,095		17,044	7,842
Of which derivatives			5,751	1.6	9,086	5,908
Of which securities financing transactions			5,344	1.6	7,958	1,934
Master Netting Agreement					11,121	4,223
Total					**35,422**	**15,850**

CCR2: Credit Valuation Adjustment

The table shows the EAD and RWA by standardised and advanced approaches.

$m	EAD	RWA
Total Portfolios Subject to the Advanced Method	5,982	1,096
(i) VaR component (including the 3×multiplier)		281
(ii) Stressed VaR component (including the 3×multiplier)		815
All Portfolios Subject to the Standardised Method	4,225	1,930
Total subject to the CVA capital charge	**10,207**	**3,026**

Total CVA charge has reduced over the year, driven mainly by portfolios subject to the advanced method. The reduction in the advanced method is due to a change in the calculation methodology.

CCR7: RWA Flow Statements of CCR Exposures under IMM

The table shows how the Group's RWA under IMM have changed over the prior quarter.

$m	RWA	Capital Requirements (1)
RWA as at Dec-18	**7,503**	**600**
Asset size	430	34
Model Updates	(98)	(8)
Credit Quality of Counterparties	7	1
RWA as at Mar-19	**7,842**	**627**

1. *Pillar 1 capital requirement*

The driver of changes in RWA is predominantly due to changes in the composition of the portfolio. The model update during the year improved trade coverage. The change in CQS is driven by change in the ratings of a small number of counterparties.

CCR8: Exposures to Central Counterparties

The table shows the Group's EAD to qualifying central counterparties ("QCCP")

$m	EAD post-CRM	RWAs
Exposures to QCCPs (total)		**211**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	4,747	95
(i) OTC derivatives	2,998	60
(ii) Exchange-traded derivatives	787	16
(iii) SFTs	962	19
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin	1,762	
Non-segregated initial margin	208	4
Prefunded default fund contributions	232	112
Alternative calculation of own funds requirements for exposures		

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 $29.6m of collateral.

NOMURA

Credit Risk

Credit risk is concerned with the risk that a counterparty may default on its obligations before settlement; the difference between the two concepts is the calculation methodology.

Credit risk is primarily driven by the non-trading book and covers exposures which are both on and off balance sheet.

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

The table shows the Group and NIP's credit risk exposures classified by exposure class as at the current year end and the average throughout the FY 18-19. It presents exposures after provisions but before credit risk mitigation ("CRM") and CCF.

	The Group		NIP	
$m	**Mar-19**	**Average**	**Mar-19**	**Average**
Central Governments or Central Banks	3,848	3,715	2,129	2,688
Corporates	4,508	5,268	2,839	3,858
Institutions	2,306	1,867	1,166	907
Multilateral Development Banks	10	1	0	0
Public Sector Entities	126	64	1	22
Regional governments or Local Authorities	258	467	0	40
International Organisations	-	-	-	-
Equity Exposures	18	32	31	31
Other Items	145	173	135	156
Total	**11,219**	**11,587**	**6,301**	**7,702**

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

The table shows the industry concentration of the Group and NIP credit risk exposures classified by exposure class. It presents exposures after provisions but before CRM and CCF.

	The Group						
$m	**Financial and Insurance Activities**	**Public Administration and Defence, Compulsory Social Security**	**Electricity, Gas, Steam and Air Conditioning Supply**	**Manufacturing**	**Information and Communication**	**Others**	**Total**
Central Governments or Central Banks	2,892	951	-	-	-	5	3,848
Corporates	1,955	-	2	543	224	1,784	4,508
Institutions	1,936	-	-	-	-	370	2,306
Multilateral Development Banks	0	6	-	-	-	4	10
Public Sector Entities	1	0	125	-	-	-	126
Regional governments or Local Authorities	0	0	-	-	-	258	258
Equity Exposures	0	-	-	-	-	18	18
Other Items	-	-	-	-	-	145	145
Total	**6,784**	**957**	**127**	**543**	**224**	**2,584**	**11,219**

$m	NIP						
	Financial and Insurance Activities	Public Administration and Defence, Compulsory Social Security	Electricity, Gas, Steam and Air Conditioning Supply	Manufacturing	Information and Communication	Others	Total
Central Governments or Central Banks	2,037	92	-	-	-	0	2,129
Corporates	1,392	-	2	192	205	1,048	2,839
Institutions	1,108	-	-	-	-	58	1,166
Multilateral Development Banks	-	0	-	-	-	-	0
Public Sector Entities	1	0	-	-	-	-	1
Regional governments or Local Authorities	-	0	-	-	-	-	0
Equity Exposures	-	-	-	-	-	31	31
Other Items	-	-	-	-	-	135	135
Total	**4,538**	**92**	**2**	**192**	**205**	**1,272**	**6,301**

CRB-C: Credit Risk Exposures by Region and Country

The table shows a breakdown of the Group and NIP credit risk exposures by region, country and exposure class. It presents exposures after provisions but before CRM and CCF.

	The Group																							
$m	**EMEA**	United Kingdom	France	Luxembourg	Germany	Switzerland	Spain	Belgium	Netherlands	United Arab Emirates	Other Countries	**Americas**	United States	Canada	Venezuela	Cayman Islands	Other Countries	**Asia**	Japan	Australia	Hong Kong	China	Other Countries	**Grand Total**
Central Governments or Central Banks	**2,966**	2,078	2	727	53	71	1	30	0	1	3	**22**	-	-	20	-	2	**860**	859	-	-	-	1	**3,848**
Corporates	**3,620**	1,494	502	339	428	28	232	0	193	96	308	**572**	542	18	0	7	5	**316**	294	3	3	4	12	**4,508**
Institutions	**1,256**	360	231	62	26	322	7	82	11	-	155	**366**	356	9	-	-	1	**684**	632	28	14	7	3	**2,306**
Multilateral Development Banks	**6**	0	0	-	-	-	-	-	-	-	6	**4**	4	-	-	-	-	**-**	-	-	-	-	-	**10**
Public sector entities	**125**	0	125	-	-	-	-	-	-	-	0	**0**	0	-	-	-	-	**1**	1	-	-	-	-	**126**
Regional governments or local authorities	**258**	0	202	-	-	-	-	56	-	-	0	**-**	-	-	-	-	-	**0**	-	0	-	-	-	**258**
International Organisations	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**-**
Equity Exposures	**18**	0	0	0	-	9	-	9	-	-	0	**0**	0	-	-	-	-	**0**	0	-	-	-	-	**18**
Other items	**145**	132	1	7	4	1	0	-	0	-	0	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**145**
Total	**8,394**	**4,064**	**1,063**	**1,135**	**511**	**431**	**240**	**177**	**204**	**97**	**472**	**964**	**902**	**27**	**20**	**7**	**8**	**1,861**	**1,786**	**31**	**17**	**11**	**16**	**11,219**

	NIP																						
$m	**EMEA**	United Kingdom	France	Luxembourg	Spain	Netherlands	United Arab Emirates	Belgium	Denmark	Germany	Other Countries	**Americas**	United States	Canada	Venezuela	Cayman Islands	Other Countries	**Asia**	Japan	Australia	Hong Kong	China	Other Countries	**Grand Total**
Central Governments or Central Banks	**2,105**	2,071	1	-	0	0	1	30	-	0	2	**22**	-	-	20	-	2	**2**	1	-	-	-	1	**2,129**
Corporates	**2,447**	1,240	104	306	232	180	95	0	65	24	201	**81**	55	17	0	4	5	**311**	294	3	3	4	7	**2,839**
Institutions	**726**	414	236	5	1	0	-	43	-	1	26	**309**	304	5	-	-	0	**131**	82	26	14	7	2	**1,166**
Multilateral Development Banks	**0**	-	0	-	-	-	-	-	-	-	0	**0**	0	-	-	-	-	**-**	-	-	-	-	-	**0**
Public sector entities	**0**	0	-	-	-	-	-	-	-	-	0	**0**	0	-	-	-	-	**1**	1	-	-	-	-	**1**
Regional governments or local authorities	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**0**	-	0	-	-	-	**0**
International Organisations	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**-**
Equity Exposures	**31**	0	0	0	-	-	-	9	-	14	8	**-**	-	-	-	-	-	**0**	0	-	-	-	-	**31**
Other items	**135**	135	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**135**
Total	**5,444**	**3,860**	**341**	**311**	**233**	**180**	**96**	**82**	**65**	**39**	**237**	**412**	**359**	**22**	**20**	**4**	**7**	**445**	**378**	**29**	**17**	**11**	**10**	**6,301**

CRB-E: Credit Risk Exposures by Maturity

The table shows a breakdown of the Group and NIP credit risk exposures by maturity and exposure class. It presents exposures after provisions but before CRM and CCF.

	The Group				
$m	**Up to 1 Year**	**1 to 5 Years**	**Greater Than 5 Years**	**Undefined Maturity**	**Total**
Central Governments or Central Banks	3,739	106	-	3	3,848
Corporates	891	1,635	1,979	3	4,508
Institutions	2,190	89	-	27	2,306
Multilateral Development Banks	10	-	-	-	10
Public Sector Entities	1	0	125	0	126
Regional governments or Local Authorities	258	-	-	-	258
Equity Exposures	0	0	0	18	18
Other Items	111	31	3	-	145
Total	**7,200**	**1,861**	**2,107**	**51**	**11,219**

	NIP				
$m	**Up to 1 Year**	**1 to 5 Years**	**Greater Than 5 Years**	**Undefined Maturity**	**Total**
Central Governments or Central Banks	2,092	34	-	3	2,129
Corporates	517	1,045	1,274	3	2,839
Institutions	962	177	0	27	1,166
Multilateral Development Banks	0	-	-	-	0
Public Sector Entities	1	0	-	0	1
Regional governments or Local Authorities	0	-	-	-	0
Equity Exposures	-	-	-	31	31
Other Items	110	25	-	-	135
Total	**3,682**	**1,281**	**1,274**	**64**	**6,301**

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, and systems or from external events. It excludes strategic risk (the risk of loss as a result of poor strategic business decisions), but includes the risk of breach of legal and regulatory requirements, and the risk of damage to the Nomura Group's reputation if caused by an operational risk. The Group uses the NHI Operational Risk Management ("ORM") framework for managing operational risk.

The Three Lines of Defence

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

- 1st Line of Defence: The business which owns and manages its risks,
- 2nd Line of Defence: The ORM function, which defines and co-ordinates NHI's operational risk framework and its implementation, and provides challenge to the 1st Line of Defence,
- 3rd Line of Defence: Internal Audit, who provide independent assurance.

Operational risk Pillar 1 capital requirement for the Group is calculated using the standardised approach ("TSA"). This involves using a three year average of audited revenue allocated to business lines, which is multiplied by a fixed percentage ("Beta Factor") per article 317 of the CRR to establish the amount of required capital.

Market Risk

Market risk is the risk of loss arising from fluctuations in values of financial assets and liabilities (including off-balance sheet items) due to fluctuations in market risk factors (interest rates, foreign exchange rates, prices of securities and others). The Group classifies exposures into either trading or non-trading portfolios. Trading portfolios are exposed to market risk and managed and monitored on a daily basis on a Value-at-Risk ("VaR") methodology. Non-trading positions are managed and monitored using other sensitivity analysis. The Group uses the NHI's Market Risk Management ("MRM") framework for the management of market risk, with some specific criteria applied to the Group where relevant.

In July 2013, the Group was granted permission by the PRA to use the internal model method, such as Value at Risk ("VaR"), Stressed VaR ("SVaR"), and Incremental Risk Charge ("IRC"), to calculate market risk regulatory capital requirements for a range of trading positions. VaR scope covers certain credit and interest rates positions (e.g. bonds, credit default swaps, loans in the trading book and others), certain equity positions (e.g. cash equities, equity forwards, equity swaps and others) and certain foreign exchange positions (e.g. FX spot, FX futures, FX forwards, FX swaps, cross-currency swaps and others). For the relevant trading positions that are in scope under IMA, a Risk Not in VaR ("RNIV") is a risk factor that is not captured, or not captured adequately, by the VaR model. An additional capital charge is taken to reflect the materiality of the inadequacy. For trading positions that are not in scope under the internal model approach, the standard rules are applied to calculate their market risk regulatory capital requirements.

Effective management of market risk requires the ability to analyse a complex and evolving portfolio in a constantly changing global market environment, identify problematic trends and ensure that appropriate action is taken in a timely manner. The Group uses a variety of statistical measurement tools to assess and monitor market risk on an ongoing basis.

VaR is a measure of the potential loss due to adverse movements in market factors, such as equity prices, interest rates, credit, foreign exchange rates, and commodities with associated volatilities and correlations.

The Group uses a single VaR model which has been implemented globally in order to determine the total trading VaR. A historical simulation is implemented, where historical market moves over a two-year window are applied to current exposure in order to construct a profit and loss distribution. Potential losses can be estimated at required confidence levels or probabilities. A scenario weighting scheme is employed to ensure that the VaR model responds to changing market volatility.

To complement VaR under Basel 2.5 regulations, the Group also computes SVaR, which samples from a one-year window during a period of financial stress. The SVaR window is regularly calibrated and observations are equally weighted.

IRC is a measure of the potential loss from credit migration and default events on debt securities over a one year time horizon and 99.9% confidence level. IRC is calculated by Monte Carlo simulation of correlated migration and default events.

Within the Group, there is also a formal process for the allocation and management of economic capital (Nomura Capital Allocation Target or "NCAT"), which is facilitated through the capital allocation agenda discussed at the PRC. The PRC recommends any changes to the Board, who must opine and approve, if appropriate. Day-to-day responsibility for the NCAT calculation and the monitoring of risk limits, within the risk control framework, rests with MRM.

NCAT is used for performance evaluation and capital allocation and managing risk within the Board's risk appetite. In order to ensure capital adequacy, financial soundness is assessed under stressed conditions, i.e. worst-case risk factor moves. Stress testing is undertaken and results reviewed monthly.

MR1: Market Risk under the Standardised Approach

The table shows a breakdown of RWA and capital requirements for market risk calculated under the standardised approach.

	Group		NIP	
$m	**RWA**	**Capital Requirements[(1)]**	**RWA**	**Capital Requirements[(1)]**
Outright products				
Interest rate risk (general and specific)	1,107	89	1,107	89
Equity risk (general and specific)	115	9	115	9
Foreign exchange risk	492	39	487	39
Commodity risk	-	-	-	-
Options				
Simplified approach	-	-	-	-
Delta-plus method	0	0	0	0
Scenario approach	-	-	-	-
Securitisation (specific risk)	-	-	-	-
Total	**1,714**	**137**	**1,709**	**137**

1. *Pillar 1 capital requirement*

MR2-A: Market Risk under the Internal Model Approach

The table shows a breakdown of RWA and capital requirements for under the internal model approach.

$m	The Group		NIP	
	RWA	Capital Requirements (2)	RWA	Capital Requirements (2)
VaR (10 day 99%)				
Period end	341	27	341	27
60 Day Average Multiplied by 3	1,036	83	1,036	83
Higher value (1)	**1,036**	**83**	**1,036**	**83**
Stressed VaR (10 day 99%)				
Period end	542	43	542	43
60 Day Average Multiplied by 3	1,843	147	1,843	147
Higher value (1)	**1,843**	**147**	**1,843**	**147**
Incremental Risk Charge (99.9%)				
Period end	297	24	297	24
60 Day Average	309	25	309	25
Higher value (1)	**309**	**25**	**309**	**25**
Comprehensive Risk capital charge (99.9%)				
Period end	-	-	-	-
60 Day Average	-	-	-	-
Higher value (1)	**-**	**-**	**-**	**-**
Risk Not In VaR	**84**	**7**	**84**	**7**
Stressed Risk Not In VaR	**2,144**	**171**	**2,144**	**171**
Total	**5,416**	**433**	**5,416**	**433**

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

MR2-B: Model RWA Flow Statements

The table shows a breakdown of the changes in IMA market risk RWA between January 2018 and March 2018

$m	The Group						
	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Capital Requirements(1)
RWA at Dec-18	**961**	**1,542**	**387**	**-**	**1,991**	**4,881**	**390**
Movement in risk levels	69	299	(78)	-	237	527	42
Model updates/changes	6	2	-	-	-	8	1
RWA at Mar-19	**1,036**	**1,843**	**309**	**-**	**2,228**	**5,416**	**433**

$m	NIP						
	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Capital Requirements(1)
RWA at Dec-18	**960**	**1,538**	**387**	**-**	**1,991**	**4,876**	**390**
Movement in risk levels	70	303	(78)	-	237	532	42
Model updates/changes	6	2	-	-	-	8	1
RWA at Mar-19	**1,036**	**1,843**	**309**	**-**	**2,228**	**5,416**	**433**

1. *Pillar 1 capital requirement*

Movements in the Group's RWA under IMA

SVaR increased on increase in long EUR & AUD rates DV01 and increase in RNIV due to increase in CVA counter cyclical buffer on credit spread tightening across Europe.

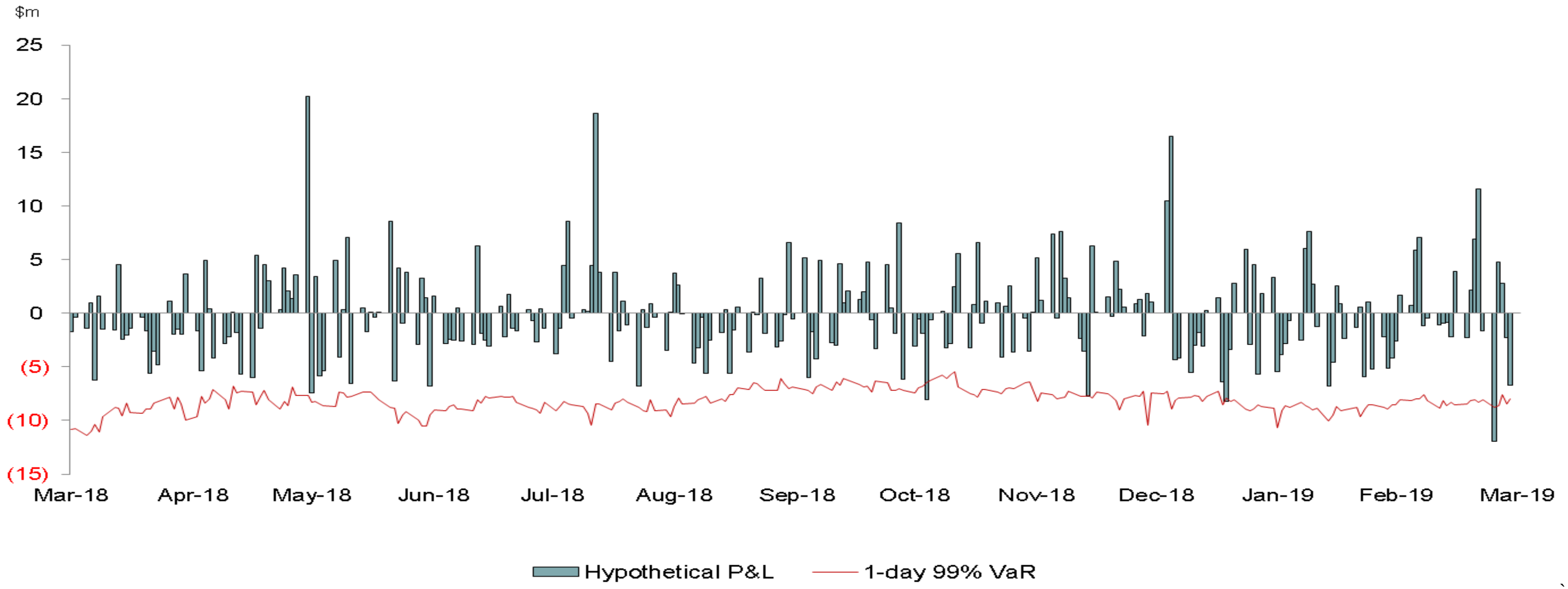
MR3: Review of Market Risk Regulatory Measures

The table shows the internal model regulatory measures used for capital calculations.

$m	The Group	NIP
VaR (10 day 99%)		
Maximum value	41	41
Average value	27	27
Minimum value	20	20
Period end	27	27
SVaR (10 day 99%)		
Maximum value	73	73
Average value	50	50
Minimum value	28	28
Period end	43	43
IRC (99.9%)		
Maximum value	44	44
Average value	34	34
Minimum value	23	23
Period end	24	24
Comprehensive Risk capital charge (99.9%)		
Maximum value	-	-
Average value	-	-
Minimum value	-	-
Period end	-	-

MR4: Comparison of VaR Estimates with Hypothetical Gains / Losses for NIP

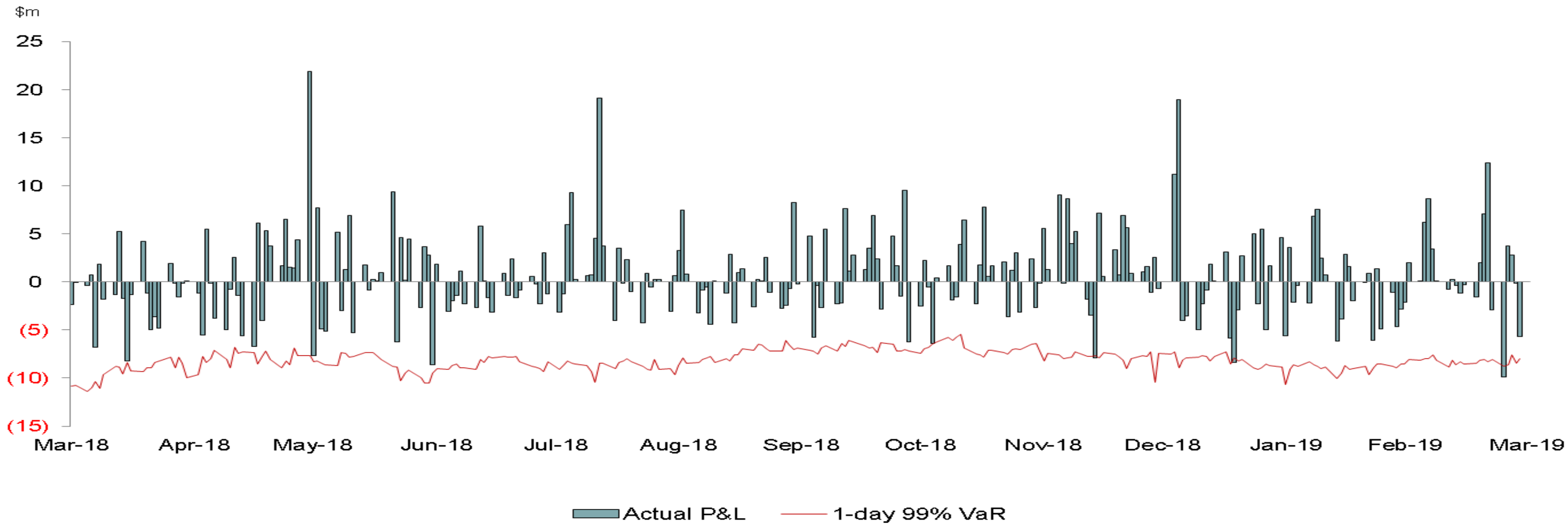
The chart below provides a comparison of VaR to the hypothetical profit and loss on a daily basis over the fiscal year ended 31st March 2019 for NIP's PRA approved internal model approach. 1-day trading losses exceeded the 99% VaR estimate on four occasions for NIP's hypothetical P&L for the year ended 31st March 2019.



MR4: 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 31st March 2019 for NIP's PRA approved internal model approach.

1-day trading losses exceeded the 99% VaR estimate on three occasions for NIP's clean P&L for the year ended 31st March 2019



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 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 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 RMC on a monthly basis. Management information on IRRBB is also presented to the Board Risk Committee ("BRC") on a regular basis.

As of March 2019, a scenario based on the U.S. Fed hiking interest rates aggressively versus a sudden increase of inflation expectations would have resulted in a loss of $28.4m.

Securitisations

The Group is not an active participant in the origination of securitisations (meaning pooled assets with tranche 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

Other Risk Types

Compliance Risk

Compliance risk refers to the risks associated with violations of applicable financial services laws, rules or regulations governing the Group's business activities and personnel, including regulatory sanctions, financial loss or reputational damage.

The Group demands that all employees should be in full compliance with financial services laws, rules and regulations governing the Group's business activities and personnel.

Conduct Risk

Conduct Risk is the risk of behaviour or business practices by the Group, whether intentional or unintentional, that is not in line with Nomura's Code of Ethics that increase the opportunity and likelihood for reputational risk; the unfair treatment of staff or clients; or disrupts the integrity of financial markets.

The Group seeks to uphold strong business practices and ethical behaviour that enables its business to achieve its commercial goals, maintain good business outcomes and deliver for their clients. The Group has no appetite for deliberate or intentional acts that disrupt the integrity of the financial markets or cause unfair client treatment.

Tax Risk

Tax risk refers to the non-financial risk associated with interpretive positions taken by the Group which could result in financial loss and/or harm to the Group's reputation. The Group seeks to identify, control and remediate such tax risks and, in doing so, seeks to apply the spirit and letter of the law and deal in an open and transparent manner with tax authorities.

The Group does not have an appetite for breaching tax laws and/or regulations. The Group recognizes, however, that in a business of this size and complexity the Group can and does face legal uncertainty with regard to the appropriate interpretation and application of tax laws. Where the cumulative potential financial loss from such legal uncertainty arises that is above $2m this will be escalated.

The Group applies a prudent approach to tax risk when evaluating transactions. All material transactions are assessed for sufficient technical merit/commercial rationale, appropriate disclosure to relevant tax authorities, and full compliance with local jurisdictional-specific requirements.

The Group does not knowingly engage in or promote any tax planning that aims to achieve a result contrary to the intentions of the law and seeks to comply fully with all tax obligations, including compliance with the UK Code of Practice on the Taxation of Banks and the rules in respect of the UK Disclosure of Tax Avoidance Schemes.

Model Risk

Models are mathematical representations describing a causal relationship between observable information and future events. Justifiable assumptions and simplifications often apply where information is not available or observable, and as a result, models cannot fully explain actual phenomena. Output from even the most sophisticated model will have associated uncertainty.

The Group uses the output of 'valuation models' to value financial products and the output of 'risk models' to measure the firm's risk, such as the firm's Value at Risk (VaR). Model limitations, incorrect use of a model, or changes in the market environment may introduce additional uncertainty to a model's outputs, regarded as model risk. Model risk can ultimately lead to financial loss, incorrect decision making, or damage of the firm's credibility.

NHI established a risk management approach to mitigate model risks, which the Group adopts.

Definition: Model Event Risk is an amount of capital required to absorb model risk related losses from trading positions in excess of Model Reserves with 99.95% confidence over a one-year time horizon.

Rationale for setting appetite: Calibration of the Group's tolerance level reflects a consideration of the average model risk observed over the trailing twelve months in the Group. The limit is set so that it is within the NHI Model Risk Appetite.

Violation of model risk policies and procedures and Risk Appetite breaches are escalated to the Global Head of Model Risk or NEHS CRO in order to establish and pursue an appropriate course of action.

The Group mitigates model risk wherever possible. The development, validation, and use of models must be in accordance with the relevant policies and procedures.

Furthermore, model risk arising from Valuation Models is mitigated by model reserves, which require the withholding of P&L to protect against model risk related losses. Model reserves are designed quite conservatively, but they do not mitigate model risk completely.

The Group's Model Risk Appetite is set to avoid excessive accumulation of the remaining model risk by limiting Model Event Risk within an approved tolerance.

Cross-border Risk

Cross-border risk in the Group is the risk of loss arising from business generated outside EMEA but booked into NEHS. The Group's Risk Appetite to cross-border risk is set at a level which allows the Group to comply with capital regulations and maintain a strong financial base in continuing to conduct both EMEA and non-EMEA business booked into NEHS, under various economic conditions.

Risk appetite for cross-border risk in the Group is expressed as regional NIP level limits on RWA, P-NCAT (section 5.2) and 1-day VaR (section 5.3.6).

The limits for EMEA are set just below the overall entity level, and the remaining regions have small guidelines allowing enough headroom to provide the business with sufficient capacity to deliver its business strategy.

The risk management approach for cross-border risks in the Group is to ensure as far as possible that any non-EMEA business booked into NEHS is aligned to the Group's approach for managing risks.

Cross-border business must comply with all the rules and standards as set by the Group Management. It must also comply in both letter and spirit with all relevant local policies, laws and regulations applicable to the other involved legal entities and/or regions that are generating, or are impacted by, the cross-border business

Leverage Ratio

The leverage ratio disclosures have been prepared in accordance with the requirements of the EU Capital Requirements Regulation (CRR) as amended by Delegated Regulation (EU) 2015/62.

Calculation Overview

The leverage ratio is calculated by dividing a capital measure by an exposure measure and typically reported as a percentage amount. The capital measure is calculated as Tier 1 Capital as determined for the purposes of risk-based capital framework. The exposure measure includes assets as reported on balance sheet under UK GAAP.

Leverage Exposure Management

Management of exposure to leverage forms a key part of the Group's overall strategy, business planning and risk appetite framework

LRSum: Leverage Reconciliation of Account Assets and Leverage Ratio Exposure

CRR Article 451

$m	The Group	NIP
Total assets as per published financial statements [(1)]	**8,277**	**256,018**
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation [(2)]	251,217	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	-	-
Adjustments for derivative financial instruments	(76,756)	(76,751)
Adjustments for securities financing transactions "SFTs"	(12,239)	(11,232)
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,296	1,296
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013) [(3)]	-	(3,050)
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-	-
Other adjustments	(49)	(24)
Total leverage ratio exposure	**171,746**	**166,257**

1. *Total assets per the standalone Nomura Europe Holdings plc published financial statements and NIP's published annual report. Nomura Europe Holdings plc Group does not publish consolidated financial statements.*
2. *Number represents consolidation adjustments for the Group plus adjustments for entities which are not consolidated for accounting purposes but are inside the scope of the regulatory consolidation.*
3. *NIP exposures to NBI are exempt.*

LRCom: Leverage Ratio Common Disclosure

$m	The Group	NIP
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	35,287	31,829
(Asset amounts deducted in determining Tier 1 capital)	(46)	(2)
Total on-balance sheet exposures	**35,241**	**31,827**
Derivative exposures		
Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin)	3,280	3,449
Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	48,099	48,221
Exposure determined under Original Exposure Method	-	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(10,171)	(10,340)
(Exempted CCP leg of client-cleared trade exposures)	(943)	(943)
Adjusted effective notional amount of written credit derivatives	179,235	179,764
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(176,185)	(176,663)
Total derivative exposures	**43,315**	**43,488**
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	223,962	223,762
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(142,130)	(142,134)
Counterparty credit risk exposure for SFT assets	10,062	11,068
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-	-
Agent transaction exposures	-	-
(Exempted CCP leg of client-cleared SFT exposure)	-	-
Total securities financing transaction exposures (sum of lines 12 to 15a)	**91,894**	**92,696**
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	5,571	5,571
(Adjustments for conversion to credit equivalent amounts)	(4,275)	(4,275)
Total Other off-balance sheet exposures	**1,296**	**1,296**
Exempted exposures (1)		
Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet)		(3,050)
Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
Total Exempted exposures	**-**	**(3,050)**
Capital and total exposures		
Tier 1 capital	**4,971**	**4,599**
Total leverage ratio exposures	**171,746**	**166,257**
Leverage ratio		
Leverage ratio	**2.9%**	**2.8%**
Choice on transitional arrangements and amount of derecognised fiduciary items		
Choice on transitional arrangements for the definition of the capital measure		
Amount of derecognised fiduciary items (2)		

1. *Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)*
2. *In accordance with Article 429(11) of Regulation (EU) No 575/2013*

Movements in Leverage Exposure over the Period

The Group has been impacted by Nomura Group's legal entity strategy which aims to enhance the focus on clients by matching local expertise, trading activities and risk management to the needs of clients in each respective region through a multi-year programme to align clients to their respective regions where possible, either through novation, trade compression or other initiatives.

As a result of this programme the Group's Leverage exposure has decreased by $8bn since Mar-18. The reduction in Leverage Exposure together with the decrease in Tier 1 Capital drives a decrease in Leverage Ratio of 0.04%.

LRSpl: Breakdown of On Balance Sheet Leverage Exposures

$m	**The Group**	**NIP**
Trading book exposures	26,835	27,161
Banking book exposures, of which:	8,452	4,668
Exposures treated as sovereigns	*4,061*	*2,070*
Institutions	*2,869*	*1,267*
Corporate	*1,346*	*1,165*
Other exposures	*176*	*166*
Total on-balance sheet exposures	**35,287**	**31,829**

Liquidity

Strategies and Processes in the Management of Liquidity Risk

Liquidity risk is the risk that Nomura Group will have insufficient liquidity resources to meet both expected and unexpected contractual and contingent liabilities as they fall due, including during periods of market and/or idiosyncratic stress. The Treasury function is responsible for the measurement and management of Liquidity Risk supported by a robust Liquidity Risk Management ("LRM") Framework. The LRM Framework is defined at the Global level and tailored to meet local internal and regulatory requirements. Treasury provides regular reporting to senior management and governance committees on the funding and liquidity position of key operating entities.

Structure and Organisation of the Liquidity Risk Management Function

The Nomura Group's approach to liquidity risk management is founded on the 3 lines of defence principle, ensuring clear ownership and strong connection between the business (1st line), Treasury (2nd line) and Internal Audit (3rd line), both globally and locally.

Treasury is part of the Finance organisation and manages access to unsecured funding, allocating it in two ways: (1) to the business in the form of an Unsecured Funding ("UF") limits, and (2) contingent liquidity and buffers to meet internal and regulatory liquidity stress testing requirements. Treasury is responsible for assessing and monitoring liquidity risks, and ensuring that an appropriate level of high quality liquidity reserves are held under the control of the Treasury function to protect against modelled outflows in stress. All liquidity costs are allocated to the business.

At a regional level, the EMEA Treasurer, reporting to the Deputy Chief Financial Officer, has responsibility for the implementation and oversight of the LRM Framework. This is supplemented by management committees responsible for challenge and oversight of liquidity risk issues, policy reviews, and enhancements and implementation.

The Wholesale Business Unit ("BU") operates as the 1st line of defence, primarily facilitated by the Group's embedded UF framework and their clear responsibility to manage ongoing compliance to the limits set. In addition, the BU is required to operate within the specific limits and guidelines set for certain secured funding and cross-currency risks monitored via the internal Maximum Cumulative Outflow ("MCO") stress test.

Scope and Nature of Liquidity Risk Reporting and Measurement Systems

Data feeds for internal and regulatory liquidity reporting adhere to the standards and regulations of the Global Data Management Policy, which conforms to BCBS239 principles.

Ongoing Liquidity Risk monitoring and Mitigation

Maximum Cumulative Outflow (MCO)

The MCO is Nomura Group's primary tool to measure and monitor liquidity risk on a daily basis, defining the level of liquid assets required to meet contractual and contingent liquidity needs in the event of a stress. The MCO incorporates consistent assumptions at an entity, regional and global level, modelling stressed liquidity outflows over three scenarios of increasing severity, ranging from normal business conditions to a combination of both a market-wide and Nomura Group-specific liquidity stress.

Liquidity Coverage Ratio (LCR)

The LCR model requires the Nomura Group to hold sufficient unencumbered High Quality Liquid Assets ("HQLA") to meet expected contractual and contingent liabilities over a 30 day stress scenario, covering both Pillar I and Pillar II risks. The Nomura Group is compliant with LCR as per the European Commission's rules.

Internal Liquidity Adequacy Assessment Process (ILAAP)

The ILAAP, prescribed by the PRA, requires firms to qualitatively and quantitatively assess their liquidity risk management framework, including:

- Funding profile, strategy and risks
- Approach to the identification, measurement and management of liquidity and funding risks across different time horizons and stress scenarios
- Stress testing methodologies for each of the ten PRA-defined liquidity risk drivers
- Liquidity risk governance and controls
- Adequacy of liquidity buffers
- Data and systems architecture, including data accuracy and validation

The ILAAP document is ultimately approved by the Board, following review and recommendation by governance committees including the Prudential Risk Committee, EMEA ALCO, and ILAAP Steering Committee.

Overall Adequacy of Liquidity Risk Management

The LRM Framework in conjunction with the ILAAP provides a comprehensive overview of the Group's overarching liquidity risk management framework.

The ILAAP concludes:

- The adequacy of the internal LRM framework, noting its constant evolution in response to ongoing review and challenge
- The UK entities hold sufficient liquidity resources to meet contractual / contingent liquidity outflows as modelled under both internal and regulatory stress scenarios.

Overall Adequacy of Liquidity Risk Profile Associated with Business Strategy and Associated Risk Tolerance Levels

The core pillars of the LRM Framework are summarised below:

- Daily monitoring and compliance to Board-approved Liquidity Risk Appetite and management buffers, applying to both MCO and LCR minimum requirements
- Maintenance of a sufficient Liquidity Pool ("LP") to meet all contractual and contingent liabilities as they fall due
- Daily monitoring of a range of Early Warning Indicators (EWIs) and Contingency Funding Plan ("CFP") Triggers
- Intraday monitoring and reporting of cross-currency exposures with defined thresholds and escalation processes in place
- Review and approval of new business transactions and strategies, assessing impact on funding and liquidity

LIQ1: LCR Disclosure for the Group

$m	Total unweighted value				Total weighted value			
Quarter ending on	**30-Jun-18**	**30-Sep-18**	**31-Dec-18**	**31-Mar-19**	**30-Jun-18**	**30-Sep-18**	**31-Dec-18**	**31-Mar-19**
Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
High Quality Liquid Assets								
Total High-Quality Liquid Assets (HQLA)					**22,523**	**23,498**	**24,076**	**24,193**
Unsecured wholesale funding	3,793	3,762	3,816	3,862	2,580	2,549	2,601	2,624
Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,584	1,577	1,581	1,602	396	394	395	401
Non-operational deposits (all counterparties)	1,936	1,912	1,931	1,908	1,910	1,881	1,901	1,871
Unsecured debt	274	273	304	352	274	273	304	352
Secured wholesale funding					21,191	21,612	21,766	21,638
Additional requirements	7,127	6,866	6,620	6,469	5,638	5,412	5,242	5,161
Outflows related to derivative exposures and other collateral requirements	5,738	5,507	5,323	5,226	5,331	5,105	4,956	4,901
Credit and liquidity facilities	1,389	1,359	1,298	1,243	306	307	285	260
Other contractual funding obligations	8,022	8,315	8,644	8,690	7,968	8,213	8,496	8,493
Other contingent funding obligations	1,184	1,169	1,121	1,081	342	355	342	334
Total Cash Outflows					**37,719**	**38,141**	**38,446**	**38,249**
Cash Inflows								
Secured lending (e.g. reverse repos)	262,790	262,497	263,734	257,908	19,504	19,423	18,964	18,610
Inflows from fully performing exposures	1,595	1,487	1,359	1,396	1,247	1,144	956	938
Other cash inflows	8,563	8,397	8,714	8,743	8,563	8,397	8,714	8,743
Total Cash Inflows	**272,948**	**272,381**	**273,807**	**268,047**	**29,315**	**28,963**	**28,633**	**28,291**
Inflows Subject to 75% Cap	272,948	272,381	273,807	268,047	29,315	28,963	28,633	28,291

	Total adjusted value			
Liquidity Buffer	22,523	23,498	24,076	24,193
Total Net Cash Outflows	9,941	10,182	10,291	10,176
Liquidity Coverage Ratio (%)	228%	232%	235%	239%

Concentration of Funding and Liquidity Sources

Wholesale Secured Funding is managed by the Business, whereas Wholesale Unsecured Funding is managed by the EMEA Treasury Funding Desk. The Treasury LP is invested in line with the Global LP Investment Policy, including concentration guidelines with regards to country, currency and asset type.

Secured funding is a material business activity within the Group, executed out of NIP to support financing and short coverage on behalf of itself, its clients and other Nomura Group subsidiaries. Secured funding is largely comprised of repos. Unsecured funding is primarily sourced from intra-group with additional unsecured funding via the NBI structured note issuance programme. Intragroup unsecured loans are transacted under standard agreements.

Derivative Exposures and Potential Collateral Calls

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

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

- Ratings Downgrade
- Counterparty Reaction
- Impact of adverse market shock

Currency Mismatch in the LCR

Currency LCR compliance is not currently a regulatory requirement. The Group manages currency mismatch by internal stress testing the MCO and has a risk appetite for short-dated FX rollover risk.

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

Degree of Centralisation of Liquidity Management

Policy is set globally and cascaded locally. Liquidity and Funding risk at the Nomura Group is managed regionally, with EMEA Treasury responsible for PRA-regulated entities: The Group, NIP and NBI. At the regional level, the EMEA Treasurer, reporting to the Deputy Chief Financial Officer, has ultimate responsibility for oversight of the LRM Framework.

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

The PRA has applied a range of Pillar II fixed add-ons for liquidity risks not captured under the LCR Pillar I model, including for example intraday risk and franchise risk. These risks are captured in the internal MCO model.

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 using 12 month median values. 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

AE-A: Encumbered and Unencumbered assets for the Group

$m	Encumbered Assets				Unencumbered Assets			
	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Assets of the reporting institution	**45,538**	**26,957**			**220,482**	**1,429**		
Equity instruments	5,411	3,529			1,583	590		
Debt securities	26,966	23,190	26,966	23,190	1,467	890	1,467	890
of which: covered bonds	2	-	2	-	-	-	-	-
of which: asset-backed securities	102	-	102	-	8	-	8	-
of which: issued by general governments	23,153	22,525	23,153	22,525	1,008	868	1,008	868
of which: issued by financial corporations	2,429	324	2,429	324	120	-	120	-
of which: issued by non-financial corporations	1,168	212	1,168	212	236	20	236	20
Other assets	13,207	-			217,372	-		
of which: loans and advances other than loans on demand	13,057	-			86,156	-		
of which: derivatives	-	-			119,668	-		

AE-B: Collateral Received for the Group

$m	Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
Collateral received by the reporting institution	**138,019**	**114,025**	**27,822**	**22,721**
Loans on demand	-	-	-	-
Equity instruments	18,952	16,300	716	326
Debt securities	121,256	99,307	26,868	22,467
of which: covered bonds	697	-	10	-
of which: asset-backed securities	833	51	699	-
of which: issued by general governments	101,629	96,458	21,416	21,183
of which: issued by financial corporations	10,215	691	2,986	587
of which: issued by non-financial corporations	7,827	1,862	2,064	341
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	260	-	259	-
Own debt securities issued other than own covered bonds or asset-backed securities	**-**	**-**	**-**	**-**
Own covered bonds and asset-backed securities issued and not yet pledged			**-**	**-**
Total assets, collateral received and own debt securities issued	**183,097**	**138,592**		

AE-C: Encumbered Assets / Collateral Received and Associated Liabilities for the Group

$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	**141,149**	**148,981**
of which: repurchase agreements	137,658	145,311

Assets are considered encumbered to the extent they are pledged or financed on a secured basis to cover contingent or off-balance sheet liabilities (i.e. used for hedging purposes). The level of asset encumbrance within the Group is driven by the nature of NIP's business model (i.e. high levels of secured funding and derivatives trading). The main source of encumbrance is repo transactions comprising mainly high quality government securities mainly in major currencies.

NBI invests the proceeds of its structured note issuance in reverse repo transactions via NIP resulting in a pool of unencumbered assets with minimal other secured or derivative activity thereby resulting in low levels of encumbrance.

The disclosures are made in accordance with the Commission Delegated Regulation (EU) 2017/2295 supplementing Regulation (EU) No 575/2013. The values disclosed are calculated using the median value of the last four quarterly data points.

Remuneration Disclosures

The Group applies many of the relevant PRA Rulebook (the "Rulebook") principles on a firm-wide basis, however 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 CRR. This disclosure includes all entities with staff identified as MRTs.

Remuneration Policy

NHI has developed a global remuneration policy which applies to all subsidiaries within Nomura including both executives and employees based on the following six key themes. The Remuneration Policy aims to:

- Align with Nomura Group 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 2018, the EMEA Remuneration Policy (the "Remuneration Policy") was updated in line with changes to the Group's Remuneration Committee Terms of Reference and to more closely align with Regulatory principles governing remuneration. These changes were approved by the Board of Directors of the Group. The purpose of the policy is to clarify how NHI policies apply in the EMEA region and to set out additional regional policies necessary to satisfy regulatory requirements.

The Remuneration Policy is reviewed and approved annually.

Remuneration Governance

The Group's Remuneration Policy, remuneration frameworks and the remuneration of directors and senior management at Board level is overseen by the Group's Remuneration Committee ("the Committee"). For the 2018/19 fiscal year, the Committee comprised the Chairman of the Board of Directors and all other UK-based Non-Executive Directors of the Board.

The Group's Remuneration Committee Chair formally reports to the Group's Board at the earliest opportunity after each committee meeting to update it on the items discussed, actions arising out of the meeting and recommend items for approval. Where recommendations to the Board of the Group 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 Group 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 2018/19 fiscal year.

The Committee has authority to appoint external consultants, to obtain reliable, up-to-date information about remuneration practices in other firms.

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.

Incentive Funding Determination

NHI 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 NHI, 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 ("HRC") of NHI to inform the compensation decision regarding the firm wide incentive pool. The key risk-adjusted financial performance metric considered by HRC is a personal expense ("PE") / Risk adjusted Revenue. Risk adjustment is based on RWA 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 NHI and capital position of the Group's regulated entities;
- Shareholder interests and the longer term role of the Group within NHI;
- 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 directors 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 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 etc.).

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.

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 as appropriate. The Head of Internal Audit also attends as an observer and also provides an update on any areas of concern at the year-end meetings (e.g. audit reports). 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
  - Raise issues relating to individual or more widespread conduct issues as part of the Conduct Process set out in the Performance Adjustment Process referred to below.
  - 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 Committee; and
    - Provides the Committee an independent affordability recommendation for aggregate pool funding.

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

Nomura Remuneration Framework

TC is the Nomura Group's core metric for remuneration decisions, with levels compared against prior years, and both internal and external reference points. It is defined at the Nomura Group 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 the Nomura Group's definition of TC. The Group does not award discretionary pension benefits.

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

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 MRT in respect of the 2018/19 performance year exceeded twice their fixed remuneration.

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. As TC increases, a portion of variable remuneration delivered in cash is reduced in favour of deferred equity linked awards. This is in line with regulatory requirements and market practice.

The policy is applied globally with specific local regulatory requirements as required when deciding on proportions of cash bonuses.

For the Group's staff identified as MRTs, 50% of any cash bonus is delivered in Notional Stock Units (NSUs) which pay out 12 months from the initial 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 equity linked awards. By linking the value delivered to NHI'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.

NHI operates a number of deferred remuneration plans.

From 2017/18 onwards Restricted Stock (RSU) or Notional Stock Unit (NSU) are the primary deferral plans. These replaced a number of legacy deferral plans which continue to operate for awards granted in previous years.

Restricted Stock Unit ("RSU") Plan

Each RSU delivers one share of NHI common stock. For 2018/19 awards, they 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 RSU Plan described above. The value is linked to the NHI stock price, and settled in cash on the vesting date. Historically, they are deferred over three years vesting in three equal annual instalments.

NSUs are typically only awarded for the non-deferred portion of the award or as replacement awards for new hires or may be used for year end awards in limited circumstances.

Deferred Cash ("DCA") Plan

Cash-settled plan offered for 2018/19 to a limited number of Global Wholesale Division senior management.

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).

Legacy Plans granted in prior performance years

Stock Acquisition Right ("SAR") Plan B

SARs are a form of share option to purchase Nomura Group shares with a nominal exercise price of ￥1. Each SAR issued represents 100 units of Nomura Group shares. Historically SARs were deferred over three years vesting in three equal annual instalments.

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.

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 Group
- 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 Group 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

In the event of an investigation, the power to suspend the vesting of deferred awards has been delegated by the HRC to the Global Head of Human Resources; the Global Head of Wholesale Human Resources and the Global Head of Compensation & Benefits.

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

Performance Adjustment of all Variable Awards

Clawback

For the Group's staff identified as MRTs, 100% of all variable pay awarded in relation to the 2018/19 performance year is subject to clawback. This applies for a period of up to seven years (ten years for Senior Manager where firm or an individual is under investigation) 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 NHI 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, NHI 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 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 whilst being an employee of the Group; and

(f) The Group considers that the employee's conduct, whilst the employee was an employee of the NHI, 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 the breach, 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.

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 (who review all staff with an adverse disciplinary outcome).

Cases considered material are escalated to the Executive Remuneration Review Forum at year end (the "ERRF"; comprising Group CEO, EMEA Executive Chairman and EMEA Head of HR, if appropriate the meetings are attended by the EMEA CFO, EMEA CRO, EMEA Head of 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 EMEA CEO and ultimately approved by the Group's Remuneration Committee. The layers of review will also consider whether malus and / or clawback are 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.).

Quantitative Disclosures

The tables below show the aggregated breakdown of remuneration for the fiscal year ended 31st March 2019 for Senior Management and Other Members of Staff within the Group.

1 Total Remuneration [3]				
Front Office ($m)	223			
Infrastructure ($m)	39			
Total ($m)	262			
2 Amounts of Remuneration [3]	**Senior Management** [1]	**Other Members of staff** [2]		**Total**
Fixed Remuneration ($m)	39	153		192
Variable Remuneration ($m)	13	58		71
Number of Staff	47	429		476
3 Types of Variable Remuneration [3]	**Senior Management** [1]	**Other Members of staff** [2]		**Total**
Cash ($m)	5	23		28
Shares ($m)	5	22		27
Share Linked Instruments ($m)	4	13		17
Other ($m)	0	0		0
4 Outstanding Deferred Remuneration	**Senior Management** [1]	**Other Members of staff** [2]		**Total**
Outstanding as at March 31, 2019 [4] ($m) *Vested* [5]	10	12		22
Unvested	41	71		112
Total	51	84		135
5 Deferred Remuneration During Year	**Senior Management** [1]	**Other Members of staff** [2]		**Total**
Awarded during year [6] ($m)	24	70		94
Paid out during year [7] ($m)	24	41		65
Payout reduction through performance adjustments [8] ($m)	0	0		0
6 New Sign-On Awards [9]	**Senior Management** [1]	**Other Members of staff** [2]		**Total**
Total new sign on awards made ($m)	0	13		13
7 Severance Payments [10]	**Senior Management** [1]	**Other Members of staff** [2]	**Highest Award to single person**	**Total**
Total severance payments made ($m)	1	15	2	16
Number of Payees	3	60		63
8 MRT Remuneration by band [11]	**Senior Management** [1]	**Other Members of staff** [2]		**Total**[4]
1.0 - 1.5 (€m)	9	19		28
1.5 - 2.0 (€m)	4	4		8
2.0 - 2.5 (€m)	0	0		0
Over 2.5(€m) *	4	2		6

Notes:

1. *'Senior Management' comprises Group Board Directors, Nomura Group 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 awarded in respect of performance during fiscal year ended 31st March 2019.*
4. *Awards outstanding at 31st March 2019 have been valued based on deferred vehicle prices as at 31st March 2019.*
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 0.87827). This is The European Commission's official monthly accounting rate and will differ from the spot rate used in other tables.*

* *aggregated.*

Qualitative Disclosures

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 31st March 2019 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 4
		Risk Management Strategy	Page 65
		Risk Management Structure	Pages 66-68
		Risk Appetite	Pages 68-69
		Risk Policy Framework	Page 70
		Monitoring, Reporting and Data Integrity	Page 70
		Liquidity Risk	Page 82
		Operational Risk	Pages 86
		Model Risk	Page 87
		Business Risk	Page 87
	NHI 20-F	Stress Testing (Market Risk)	Page 115
		Stress Testing (Credit Risk)	Page 117
		Stress Testing	Page 122-123
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 66-68
		Credit Risk	Page 75
		Credit Risk Management Process	Page 75 (A)
		Credit Risk Measures	Page 76 (B)
		Credit Limits	Page 76 (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 33 (J)
		Credit Limits (re: Credit NCAT)	Page 76 (C)
		Wrong Way Risk	Page 77 (D)
		Risk Mitigation	Page 78 (E)
		Credit Risk Exposure / Concentration of Credit Risk	Pages 79-81
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 33 (K)
		Risk Mitigation	Page 78 (E)
		Note 20. Offsetting Disclosures	Pages 100-101

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 Market Risk Market Risk: Trading Market Risk: Non-Trading	Pages 66-68 Page 70 Page 71 (A) Page 75 (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 Value at Risk VaR Methodology Assumptions VaR Backtesting Limitations and Advantages of VaR Incremental Risk Charge ("IRC") Stress testing of internal risk models	Page 70 Page 72 Page 72 Page 73 Page 73 Page 74 (B) Page 74 (C)

Appendix 1 – Other Disclosures

CCA: The 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 (e.g. 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)	$10,491m	$900m	$600m	$460m	$200m
9	Nominal amount of instrument	$10,491m	$900m	$600m	$460m	$200m
9a	Issue Price	NA	$900m	$600m	$460m	$200m
9b	Redemption price	NA	$900m	$600m	$460m	$200m
10	Accounting Classification	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	N/A	N/A	N/A	N/A

	Capital Instruments main features template	Ordinary Shares	Subordinated debt	Subordinated debt	Subordinated debt	Subordinated debt
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Non-cumulative 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, specify non-compliant features	NA	NA	NA	NA	NA

CCA: 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 (e.g. 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)	$10,241m	$600m	$460m	$200m
9	Nominal amount of instrument	$10,241m	$600m	$460m	$200m
9a	Issue Price	NA	$600m	$460m	$200m
9b	Redemption price	NA	$600m	$460m	$200m
10	Accounting Classification	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	N/A	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms 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

Capital Instruments main features template		Ordinary Shares	Subordinated debt	Subordinated debt	Subordinated debt
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, specify non-compliant features	NA	NA	NA	NA

LI3: Scope of Consolidation: Entity by Entity

The table shows the difference between the accounting group's and regulatory group's scope of consolidation

Entity	Accounting Consolidation	Regulatory Group
Nomura International Plc	✓	✓
Nomura Europe Holdings Plc (Gb)	✓	✓
Nomura Capital Markets Limited		✓
Nomura Bank (Luxembourg) Sa	✓	✓
Banque Nomura France, S.A.	✓	✓
Nomura Bank International Plc	✓	✓
Nomura Bank (Switzerland) Ltd	✓	✓
Nomura Saudi Arabia	✓	✓
Nomura Investment Banking B.S.C.	✓	✓
Nomura Private Equity Investment GP Limited	✓	✓
Nomura Alternative Investment Management (Europe) Limited	✓	✓
Nomura Alternative Investment Management France S.A.S	✓	✓
Nomura Employment Services (Isle of Man) Limited	✓	✓
Nomura Investments (AH) Limited	✓	✓
Nomura Corporate Advisory (Central & Eastern Europe)	✓	✓
Nomura Financial Products Europe GmbH	✓	✓
Global Funds Trust Company	✓	✓
Master Trust Company	✓	✓
Global Funds Management S.A.	✓	✓
Nomura Nominees Limited	✓	✓
Nomura RPS Limited	✓	✓
Nomura D1 Nominee Limited	✓	✓
Nomura Derivatives Clearing Nominee Limited	✓	✓
Nomura PB Beneficial Ownership Markets Limited	✓	✓
Nomura Clearance and Settlement Nominees Limited	✓	✓
Nomura PB Nominees Limited	✓	✓
Nomura Custody Nominees Limited	✓	✓
Nomura.com Limited	✓	✓
Nomura London Retirement Benefits Plan Trustee Limited	✓	✓
IBJ Nomura Financial Products (UK) plc	✓	✓
Nomura Investment Solutions PLC - Nomura Fixed INC Risk	✓	✓
Nomura Nikkei 225 EUR-Hedged ETF	✓	✓
Nomura Nikkei 225 USD-Hedged ETF	✓	✓
Nomura Index Fund JPX Nikkei 400 - EUR	✓	✓
Nomura Index Fund JPX Nikkei 400 - USD	✓	✓
Nomura Investment Solutions PLC - Nomura Equity Volatility Fund	✓	✓
Novus Capital Plc, Series 2012-23, 2016-43, 2017-44	✓	
Sylph Ltd Series 1011,1012,1013,1014,1686,1687,1738,1811,1855,1881,2001,1922	✓	
Titanium Secured Obligations DAC	✓	

CCyB1: Geographical Distribution of Countercyclical Capital Buffer

The table shows the geographical breakdown of CCyB exposures for the Group

	The Group							
	General Credit Exposures	Trading Book Exposures		Own Funds Requirements				
$m	Exposure Value for Standardised Approach	Sum of long and short positions of trading book exposures for Standardised Approach	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
Hong Kong	142	11	0	11	1	11	1.04%	2.50%
Sweden	123	0	1	9	1	10	0.89%	2.00%
Norway	75	0	0	1	0	1	0.12%	2.00%
Czech Republic	20	-	3	2	0	2	0.14%	1.25%
Slovakia	11	-	-	1	-	1	0.08%	1.25%
Iceland	8	0	-	1	0	1	0.05%	1.25%
United Kingdom	3,930	45	279	176	4	180	16.38%	1.00%
Denmark	309	0	0	17	0	17	1.54%	0.50%
Cayman Islands	4,472	2	-	288	0	288	26.17%	-
Luxembourg	1,521	7	30	79	1	81	7.33%	-
United States	1,394	10	152	74	2	76	6.86%	-
Netherlands	1,283	5	41	80	2	82	7.42%	-
France	1,128	4	90	51	1	52	4.75%	-
Japan	1,022	22	0	45	1	47	4.23%	-
Germany	720	2	4	32	1	32	2.95%	-
Ireland	449	1	14	30	1	30	2.76%	-
Spain	360	0	20	29	0	29	2.64%	-
British Virgin Islands	345	4	-	11	0	11	1.00%	-
United Arab Emirates	314	0	-	10	0	10	0.92%	-
Bermuda	279	2	-	12	0	12	1.07%	-
Italy	192	0	2	13	0	13	1.19%	-
Switzerland	186	2	10	14	0	14	1.26%	-
Singapore	161	8	2	12	1	12	1.14%	-
Others	1,236	46	87	79	8	88	8.06%	-
Total	**19,680**	**171**	**735**	**1,077**	**24**	**1,100**	**100%**	

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

CCR3: Counterparty Risk Exposures by Risk Weight

The table provides the Group CCR EAD reported in CCR1, by risk weight. The CCR EAD for NIP is materially in line with the Group.

	Risk Weight (%)							
$m	**0**	**2**	**20**	**50**	**100**	**150**	**Total**	**of which unrated**
Central Governments or Central Banks	2,687	-	844	36	139	-	3,706	49
Corporates	-	-	245	1,898	9,859	207	12,209	9,523
Institutions	-	4,951	10,740	3,323	223	38	19,275	11,443
Multilateral Development Banks	190	-	3	-	-	-	193	49
Public Sector Entities	3,470	-	1,182	11	7	-	4,670	1,779
Regional governments or Local Authorities	187	-	87	-	0	-	274	132
International Organisations	50	-	-	-	-	-	50	
Total	**6,584**	**4,951**	**13,101**	**5,268**	**10,228**	**245**	**40,377**	**22,975**

There has been an overall decrease in exposure to counterparties risk weighted 20% and 100% driven primarily by a decrease in overall portfolio size.

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

The table shows the Group's derivative exposures 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, PFE 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	50,199	(41,819)	24,922	13,672	11,250
Total	**50,199**	**(41,819)**	**24,922**	**13,672**	**11,250**

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

The table 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.

	Collateral used in derivative transactions				Collateral used in SFTs	
$m	**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	449	1,201	1,350	1,101	205,768	182,420
Cash	1	17,262	-	15,266	144,499	160,044
Total	**450**	**18,463**	**1,350**	**16,367**	**350,267**	**342,464**

Table includes collateral used in internal model method

CCR6: Credit Derivative Exposures

The table shows the credit derivative hedges bought and sold by the Group

$m	The Group		
	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notionals			
Single-name credit default swaps	90,943	91,006	
Index credit default swaps	80,553	80,206	
Total return swaps	472	472	
Credit options			
Other credit derivatives	9,030	9,179	
Total notionals	**180,998**	**180,863**	
Fair values			
Positive fair value (asset)	**1,581**	**3,591**	
Negative fair value (liability)	**(3,535)**	**(1,910)**	

CR1-D: Credit Risk Exposures by Maturity

The table below provides a breakdown of accounting on balance sheet exposures past due.

$m	The Group					
	Gross carrying amount					
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans	21	3	20	3	1	0
Debt securities	0	0	0	0	0	0
Total exposures	**21**	**3**	**20**	**3**	**1**	**0**

$m	NIP					
	Gross carrying amount					
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans	22	3	21	3	1	0
Debt securities	0	0	0	0	0	0
Total exposures	**22**	**3**	**21**	**3**	**1**	**0**

Exposures past due and forborne

Amounts which are past due but not impaired are those amounts which the Group believes are past due but still recoverable or which are sufficiently collateralised such that the fair value of the collateral pledged is sufficient to offset the amount of the outstanding obligation.

Forborne exposures are exposures where the original contractual terms of the repayment have been modified due to the concerns regarding the borrower's ability to meet their contractual payments.

CR1-E: Non-Performing and Forborne Exposures

The table below provides an overview of non-performing and forborne exposures.

	The Group												
	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		Of which: performing but past due > 30 days and <= 90 days	Of which: performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
$m					Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
Debt securities	1,004	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	783	23	-	-	-	-	-	(2)	-	-	-	-	-
Off-balance-sheet exposures	3,225	-	-	-	-	-	-	(1)	-	-	-	-	-

	NIP												
	Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
		Of which: performing but past due > 30 days and <= 90 days	Of which: performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
$m					Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
Debt securities	1	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	833	23	-	-	-	-	-	(2)	-	-	-	-	-
Off-balance-sheet exposures	1,558	-	-	-	-	-	-	(1)	-	-	-	-	-

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

The tables shows the Group's gross carrying value and net credit risk exposures as per CRB-B, by counterparty type and instrument. Net values represent exposures before CRM and CCF.

$m	The Group						
	Gross Carrying values of:		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	-	3,848	-	-	-	-	3,848
Corporates	-	4,508	-	-	-	-	4,508
Institutions	-	2,306	-	-	-	-	2,306
Multilateral Development Banks	-	10	-	-	-	-	10
Public sector entities	-	126	-	-	-	-	126
Regional governments or local authorities	-	258	-	-	-	-	258
Equity Exposures	-	18	-	-	-	-	18
Other items	-	145	-	-	-	-	145
Total SA approach	**-**	**11,219**	**-**	**-**	**-**	**-**	**11,219**
Total	**-**	**11,219**	**-**	**-**	**-**	**-**	**11,219**
of which: Loans	-	791	-	-	-	-	1,291
of which: Debt Securities	-	1,127	-	-	-	-	936
of which: Off-balance sheet exposures	-	3,225	-	-	-	-	3,225

$m	NIP						
	Gross Carrying values of:		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	-	2,129	-	-	-	-	2,129
Corporates	-	2,839	-	-	-	-	2,839
Institutions	-	1,166	-	-	-	-	1,166
Multilateral Development Banks	-	0	-	-	-	-	0
Public sector entities	-	1	-	-	-	-	1
Regional governments or local authorities	-	0	-	-	-	-	0
Equity Exposures	-	31	-	-	-	-	31
Other items	-	135	-	-	-	-	135
Total SA approach	**-**	**6,301**	**-**	**-**	**-**	**-**	**6,301**
Total	**-**	**6,301**	**-**	**-**	**-**	**-**	**6,301**
of which: Loans	-	841	-	-	-	-	1,294
of which: Debt Securities	-	1	-	-	-	-	9
of which: Off-balance sheet exposures	-	1,558	-	-	-	-	1,558

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

The tables show the gross carrying value and net credit risk exposure by industry of the Group and NIP. Net values represent exposures before CRM and CCF.

	The Group						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
$m	**Defaulted**	**Non-Defaulted**					
Financial and Insurance Activities	-	6,783	-	-	-	-	6,783
Public Administration and Defence, Compulsory Social Security	-	957	-	-	-	-	957
Electricity, gas, steam and air conditioning supply	-	127	-	-	-	-	127
Manufacturing	-	543	-	-	-	-	543
Information and Communication	-	224	-	-	-	-	224
Others	-	2,585	-	-	-	-	2,585
Total	**-**	**11,219**	**-**	**-**	**-**	**-**	**11,219**

	NIP						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
$m	**Defaulted**	**Non-Defaulted**					
Financial and Insurance Activities	-	4,537	-	-	-	-	4,537
Public Administration and Defence, Compulsory Social Security	-	93	-	-	-	-	93
Electricity, gas, steam and air conditioning supply	-	2	-	-	-	-	2
Manufacturing	-	192	-	-	-	-	192
Information and Communication	-	205	-	-	-	-	205
Others	-	1,272	-	-	-	-	1,272
Total	**-**	**6,301**	**-**	**-**	**-**	**-**	**6,301**

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

The tables show the Group's and NIP's gross carrying value and net credit risk exposure by region and country. Net values represent exposures before CRM and CCF.

	The Group						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
$m	Defaulted	Non-Defaulted					
EMEA	**-**	**8,394**	**-**	**-**	**-**	**-**	**8,394**
United Kingdom	-	4,064	-	-	-	-	4,064
Luxembourg	-	1,135	-	-	-	-	1,135
France	-	1,063	-	-	-	-	1,063
Germany	-	511	-	-	-	-	511
Switzerland	-	431	-	-	-	-	431
Spain	-	240	-	-	-	-	240
Netherlands	-	204	-	-	-	-	204
Belgium	-	177	-	-	-	-	177
United Arab Emirates	-	97	-	-	-	-	97
Other Countries	-	472	-	-	-	-	472
US	**-**	**964**	**-**	**-**	**-**	**-**	**964**
United States	-	902	-	-	-	-	902
Canada	-	27	-	-	-	-	27
Venezuela	-	20	-	-	-	-	20
Cayman Islands	-	7	-	-	-	-	7
Other Countries	-	8	-	-	-	-	8
Asia	**-**	**1,861**	**-**	**-**	**-**	**-**	**1,861**
Japan	-	1,786	-	-	-	-	1,786
Australia	-	31	-	-	-	-	31
Hong Kong	-	17	-	-	-	-	17
China	-	11	-	-	-	-	11
Other Countries	-	16	-	-	-	-	16
Total	**-**	**11,219**	**-**	**-**	**-**	**-**	**11,219**

$m	NIP						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
EMEA	**-**	**5,444**	**-**	**-**	**-**	**-**	**5,444**
United Kingdom	-	3,860	-	-	-	-	3,860
France	-	341	-	-	-	-	341
Luxembourg	-	311	-	-	-	-	311
Spain	-	233	-	-	-	-	233
Netherlands	-	180	-	-	-	-	180
United Arab Emirates	-	96	-	-	-	-	96
Belgium	-	82	-	-	-	-	82
Denmark	-	65	-	-	-	-	65
Germany	-	39	-	-	-	-	39
Other Countries	-	237	-	-	-	-	237
Americas	**-**	**412**	**-**	**-**	**-**	**-**	**412**
United States	-	359	-	-	-	-	359
Canada	-	22	-	-	-	-	22
Venezuela	-	20	-	-	-	-	20
Cayman Islands	-	4	-	-	-	-	4
Other Countries	-	7	-	-	-	-	7
Asia	**-**	**445**	**-**	**-**	**-**	**-**	**445**
Japan	-	378	-	-	-	-	378
Australia	-	29	-	-	-	-	29
Hong Kong	-	17	-	-	-	-	17
China	-	11	-	-	-	-	11
Other Countries	-	10	-	-	-	-	10
Total	**-**	**6,301**	**-**	**-**	**-**	**-**	**6,301**

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 CRM and CCF.

$m	Risk Weight (%)								
	0	20	50	100	150	250	1250	Total	of which unrated
Central Governments or Central Banks	3,821	0	1	3	20	3	-	**3,848**	733
Corporates	-	91	923	3,402	92	0	-	**4,508**	2,557
Institutions	-	2,183	122	1	0	-	0	**2,306**	451
Multilateral Development Banks	10	-	-	-	-	-	-	**10**	4
Public Sector Entities	-	0	126	0	-	-	-	**126**	1
Regional governments or Local Authorities	56	202	-	-	-	-	-	**258**	258
Equity Exposures	-	-	-	18	-	0	-	**18**	18
Other Items	0	-	-	145	-	-	-	**145**	145
Total	**3,887**	**2,476**	**1,172**	**3,569**	**112**	**3**	**0**	**11,219**	**4,167**

CR4: Credit Risk Exposure and Credit Risk Mitigation

Tables show the effect of CRM and CCF on Credit risk exposures by exposure class split by on balance sheet ("On B/S") and off balance sheet ("Off B/S")

	The Group					
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
$m	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	3,848	-	3,848	-	39	**1.00%**
Corporates	1,408	3,100	1,301	1,200	2,144	**85.70%**
Institutions	2,306	-	2,306	-	500	**21.70%**
Multilateral Development Banks	10	-	10	-	-	**0.00%**
Public Sector Entities	1	125	1	63	32	**50.00%**
Regional governments or Local Authorities	258	-	258	-	40	**15.70%**
Equity Exposures	18	-	18	-	18	**100.00%**
Other items	145	-	145	-	145	**100.00%**
Total	**7,994**	**3,225**	**7,887**	**1,263**	**2,918**	**32%**

	NIP					
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
$m	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	2,129	-	2,129	-	34	**1.60%**
Corporates	1,281	1,558	1,240	1,200	2,081	**85.30%**
Institutions	1,166	-	1,166	-	225	**19.30%**
Multilateral Development Banks	0	-	0	-	-	**0.00%**
Public Sector Entities	1	-	1	63	32	**50.00%**
Regional governments or Local Authorities	0	-	0	-	0	**0.00%**
Equity Exposures	31	-	31	-	31	**100.00%**
Other items	135	-	135	-	135	**100.00%**
Total	**4,743**	**1,558**	**4,702**	**1,263**	**2,538**	**43%**

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

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 Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	75	-	706	-	-
Total Debt Securities	1004	-	-	-	-
Total Exposures	**1079**	**-**	**706**	**-**	**-**

$m	NIP				
	Exposures unsecured Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	65	-	766	-	-
Total Debt Securities	1	-	-	-	-
Total Exposures	**66**	**-**	**766**	**-**	**-**

CR2-A: Changes in Stock of General and Specific Credit Risk

$m	The Group	
	Accumulated specific credit risk	Accumulated general credit risk adjustment
Opening balance	**1**	**-**
Increases due to amounts set aside for estimated loan losses during the period	0	-
Decreases due to amounts reversed for estimated loan losses during the period	(0)	-
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	0	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	0	-
Closing balance	**1**	**-**
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

$m	NIP	
	Accumulated specific credit risk	Accumulated general credit risk adjustment
Opening balance	**1**	**-**
Increases due to amounts set aside for estimated loan losses during the period	0	-
Decreases due to amounts reversed for estimated loan losses during the period	(0)	-
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	0	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	0	-
Closing balance	**1**	**-**
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

Appendix 2 – 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	AR: 86
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. Information can be provided on request	
Non-material, proprietary or confidential information				
432	1	Omission of disclosures that are not material	Sub-section "Scope of Application"	P3: 1
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	Sub-section "Pillar 3 Disclosures"	P3: 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		AR: 65
435	1(b)	Structure and organisation of risk management function		AR: 66-68
435	1(c)	Risk reporting and measurement systems		AR: 66-70
435	1(d)	Hedging and mitigating risk – policies and processes		AR: 77
435	1(e)	Declaration of adequacy of risk management arrangements approved by the Board		AR: 70
435	1(f)	Concise risk statement approved by the Board.		AR: 4 P3: 2-3
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	Section "Directorships"	P3: 4

NOMURA

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
435	2(b)	Recruitment policy for selection of Board members, their actual knowledge, skills and expertise.	Section "Remuneration Disclosures"	P3: 36-41
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.	Sub-section "Risk Management Committees"	P3: 3
435	2(e)	Description of information flow on risk to Board	Refer NIP's annual report	AR: 66
Scope of application				
436	a	Name of institution	Section "Introduction"	P3: 1
436	b	Difference in basis of consolidation for accounting and prudential purposes, describing entities that are:	Section "Introduction" and "Scope of Consolidation: Entity by entity"	P3: 1, 48
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.	Sub-section "Pillar 2A and ICAAP"	P3: 13
436	e	Making use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries/entities.	Sub-section "Scope of Consolidation"	P3: 1
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;	Section "Own Funds Disclosures"	P3: 5-9
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;	Section "The Group and NIP Capital Instrument Features"	P3: 44-47
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	
437	1(d)(i)	Each prudential filter applied pursuant to Articles 32 to 35;	Section "Own Funds Disclosures"	P3: 5
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	

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Capital requirements				
438	a	Summary of institution's approach to assessing adequacy of capital levels	Sub-section "Pillar 2A and ICAAP"	P3: 13
438	b	Result of ICAAP on demand from authorities.	Not an applicable public disclosure. Results can be provided on demand from authorities	
438	c	Capital requirements for each Standardised approach credit risk exposure class.	Credit and Counterparty Risk Tables	P3: 16, 50
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.	Capital Requirements and Market Risk tables	P3: 12, 21-22
438	f	Capital requirements for operational risk, separately for the Basic Indicator Approach, the Standardised Approach, and the Advanced Measurement Approaches as applicable.	Capital Requirements table	P3: 12
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	AR: 76
439	b	Discussion of policies for securing collateral and establishing credit reserves.		AR: 78
439	c	Discussion of management of wrong-way risk exposures.		AR: 77
439	d	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	Sub-section "Impact of a credit downgrade on collateral pledged"	P3: 15
439	e	Derivation of net derivative credit exposure.	"Impact of Netting and Collateral Held on Exposures" table	P3: 50
439	f	Exposure values for mark-to-market, original exposure, standardised and internal model methods.	"Analysis of Counterparty Credit Risk RWA by Approach" table	P3: 15
439	g	Notional value of credit derivative hedges and current credit exposure by type of exposure.	"Credit Derivative Exposures" table	P3: 51
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.	"Geographical Distribution of Countercyclical Capital Buffer" table	P3: 49
440	1(b)	Amount of the institution specific countercyclical capital buffer.	"Countercyclical Capital Buffer" table	P3: 13

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
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	AR: 26-30
442	b	Approaches for calculating specific and general credit risk adjustments.	Refer NIP's Annual Report	AR: 26-30
442	c	Disclosure of pre-CRM EAD by exposure class	"Total and Average Amount of Credit Risk Exposures" table	P3: 16
442	d	Disclosure of pre-CRM EAD by geography and exposure class	"Credit Risk Exposures by Region and Country" tables	P3: 18
442	e	Disclosure of pre-CRM EAD by industry and exposure class	"Concentration of Exposures by Industry and Counterparty Type" tables	P3: 16-17
442	f	Disclosure of pre-CRM EAD by residual maturity and exposure class	"Credit Risk Exposures by Maturity" table	P3: 19
442	g	Breakdown by industry or counterparty type:	"Changes in Stock of General and Specific Credit Risk" tables	P3: 58
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		
442	i(v)	Closing balances		
442	end para	Specific credit risk adjustments recorded to income statement are disclosed separately.		
Unencumbered assets				
443		Disclosures on unencumbered assets.	"Asset Encumbrance" tables	P3: 34-35
Use of ECAIs				
444	a	Names of the ECAIs used in the calculation of Standardised approach risk-weighted assets and reasons for any changes.	Sub-section "Standardised Derivative Calculation Method" "Counterparty Risk Exposures by Risk Weight" table "Credit Risk Exposure by Risk Weight" table	P3: 14, 50, 56
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 by CQS.		

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Exposure to market risk				
445		Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	Capital Requirements and Market Risk tables	P3: 12, 21-23
Operational risk				
446		Scope of approaches used to calculate operational risk.	Section "Operational Risk"	P3: 20
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.	Sub-section "Non-trading book exposure to equities"	P3: 14
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 revaluation gains 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.	Sub-section "Sensitivity of the Banking Book to Changes in Interest Rates"	P3: 26
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.		
Exposure to securitisation positions				
449		Disclosures on securitisation positions	Sub-section "Securitisations"	P3: 26
Remuneration disclosure				
450		Remuneration disclosures of material risk takers	Section "Remuneration Disclosures"	P3: 36-41
Leverage				
451	1	Disclose the following:		
451	1(a)	Leverage ratio	"Leverage Ratio Common Disclosure" table	P3: 29
451	1(b)	Breakdown and reconciliation of total exposure	"Leverage Reconciliation of Account Assets and Leverage Ratio Exposure" table	P3: 28
451	1(c)	Derecognised fiduciary items	"Leverage Ratio Common Disclosure" table	P3: 29
451	1(d)	Description of the processes used to manage the risk of excessive leverage,	Section "Leverage Ratio"	P3: 28-30
451	1(e)	Factors that impacted the leverage ratio during the year.		

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
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	AR: 33
453	b	How collateral valuation is managed.		AR: 33
453	c	Description of types of collateral used by the institution		AR: 33
453	d	Main types of guarantor, credit derivative counterparty and creditworthiness.		AR: 78
453	e	Market or credit risk concentrations within risk mitigation exposures.		AR: 81
453	f	Standardised or Foundation IRB Approach, exposure value covered by eligible collateral.	"Collateral" and "Credit Risk Exposure and Credit Risk Mitigation" tables	P3: 50, 57-58
453	g	Exposures covered by guarantees or credit derivatives.	"Credit Risk Mitigation Techniques" table	P3: 58
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	
Use of Internal Market Risk Models				
455	a(i)	Disclosure of the characteristics of the market risk models.	Refer NIP's Annual Report	AR: 70
455	a(ii)	Disclosure of the methodologies used to measure incremental default and migration risk.		AR: 74
455	a(iii)	Descriptions of stress tests applied to the portfolios.		AR: 74
455	a(iv)	Methodology for back-testing and validating the models.		AR: 73
455	b	Scope of permission for use of the models.		AR: 70
455	c	Policies and processes to determine trading book classification, and to comply with prudential valuation requirements.	Sub-sections "Trading Book and Banking Book" and "Prudent Valuation Adjustment"	P3: 26, 4
455	d (i-iii)	High/Low/Mean values over the year of VaR, SVaR and IRC	"Review of Market Risk Regulatory Measures" table	P3: 23
455	e	The elements of the own fund calculation.	"Market Risk" tables	P3: 21-22
455	f	Weighted average liquidity horizons of portfolios covered by models.	Refer NIP's Annual Report	AR: 74
455	g	Comparison of end-of-day VaR measures compared with one day changes in the portfolio's value.	"Comparison of VaR Estimates for NIP" tables	P3: 24-25