Translation from the German language

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

Financial statements and management report
1 April 2021 to 31 March 2022

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MANAGEMENT REPORT

The Management Board of Nomura Financial Products Europe GmbH (the “Institution” or “NFPE”) hereby presents its management report and financial statements for the fiscal year ended 31 March 2022. The Institution is registered in Germany in the commercial register of Frankfurt am Main Local Court under no. HRB 110 223 and has its registered office at Rathenauplatz 1, 60313 Frankfurt am Main, Germany.

OVERVIEW OF THE INSTITUTION’S BUSINESS ACTIVITIES AND CONTROLS, DESCRIPTION OF MAJOR RISKS AND INFORMATION ABOUT BRANCHES

Primary activities, organisation and legal structure

The Institution was founded in 2017 as a securities trading bank and is a subsidiary of Nomura Europe Holdings plc (“NEHS”), which has its registered office in London, UK.
On 24 May 2018, BaFin [“Bundesanstalt für Finanzdienstleistungsaufsicht”: German Federal Financial Supervisory Authority] issued the Institution with a licence to conduct banking business and render financial services in accordance with Sec. 32 (1) and (2) KWG [“Kreditwesengesetz”: German Banking Act]. The Institution commenced trading activities on 6 March 2019. The Institution’s licensed banking operations include:

- Trading in and sale of fixed-income and equity products, including derivatives
- Investment banking services
- Corporate finance and private equity

The Institution’s ultimate parent company and controlling company is Nomura Holdings Inc. (“NHI”), which together with NEHS and the other NHI subsidiaries forms the “Nomura Group”.
The Nomura Group is a financial services group based in Japan with branches in countries and regions all over the world, including Singapore, Hong Kong, the US and the UK. The Nomura Group’s business comprises the Retail, Asset Management and Wholesale divisions which provide financial services to a large number of diverse clients, including private investors, corporations, financial institutions, governments and government agencies.

In response to Brexit preparations, the decision was made to serve Nomura’s European clients in the European Economic Area (EEA) countries in the Wholesale division, comprising Global Markets and Investment Banking, through Nomura Financial Products Europe GmbH in Frankfurt am Main and its branches in Madrid, Milan, Stockholm, Helsinki, Amsterdam and Paris.

The Institution is subject to the oversight of BaFin. BaFin sets minimum capital requirements for the Institution on a stand-alone basis.

In the reporting year, NFPE was managed by five Management Board members and controlled by a Supervisory Board composed of at least three members.

CORPORATE GOVERNANCE

In terms of organisational structure, NFPE has a **Management Board** and a voluntary **Supervisory Board**. Together with the shareholder meeting, these boards are the governing bodies of NFPE.

Management Board

The Management Board's primary aim is to conduct NFPE's business sustainably and in conformity with Sec. 25a KWG and to act in the best interests of its stakeholders (which include its shareholders) and in the public interest. The Management Board defines the allocation of powers and responsibilities and manages NFPE's business and affairs.

The Management Board comprises the Chief Executive Officer (**CEO**), the Chief Financial Officer (**CFO**), the Chief Risk Officer (**CRO**), the Chief Operating Officer (**COO**) and the Chief Client Management Officer (**CCMO**) who collectively bear responsibility for the management and control of NFPE.

The Management Board is assisted by committees which advise its members: the Risk Management Committee, the Cross-Border Risk Committee, the Asset and Liability Committee, the ICAAP Committee and the Outsourcing Committee. NFPE's Management Board members also attend Transaction Committee meetings at NEHS which have implications for the business undertaken by NFPE. The committees and their responsibilities are outlined below:

NFPE's Risk Management Committee is chaired by the CRO of NFPE and is primarily responsible for monitoring and controlling market risk, credit risk and non-financial risk, and for the policies and methods for managing such risks. It is also responsible for reviewing the risk strategy and monitoring risk management-relevant regulatory matters and their implementation at NFPE.

The Cross-Border Risk Committee is chaired by the CEO of NFPE and ensures the monitoring of all cross-border activities in accordance with the controls and requirements relevant for NFPE.

The Asset and Liability Committee (ALCO) was set up by the Management Board of NFPE to support the Institution's CFO in fulfilling his tasks in relation to the management of financial resources and the monitoring of liquidity risk.

In accordance with Sec. 25a (1) Sentence 3 No. 2 KWG in conjunction with AT 4.1 No. 1 MaRisk ["Mindestanforderungen an das Risikomanagement": Minimum Requirements for Risk Management], the Management Board of NFPE has established an Internal Capital Adequacy Assessment Process (ICAAP) Committee, chaired by the CFO of NFPE, to ensure that the Institution's major risks are at all times covered by its risk coverage potential, taking into account risk concentrations, and that internal capital adequacy is therefore ensured.

The Outsourcing Committee is chaired by the outsourcing officer and ensures that the services provided by the service organisation are monitored effectively by establishing an effective outsourcing framework. This includes regular assessments of the performance of the service organisations on the basis of individual key performance indicators (KPIs).

Representatives of NFPE also attend group-wide committee meetings. The Transaction Committees are control bodies set up by the EMEA CRO to approve complex and non-standard transactions and high-risk transactions at NEHS. The NFPE CRO attends the committee meetings if a transaction requiring approval is relevant for NFPE. The NFPE CRO has a veto right in relation to such transactions. The decision of the NFPE CRO is underpinned by a local process involving the control functions. Nine Transaction Committee meetings which were relevant for NFPE took place in the reporting period.

The NFPE COO also attends NEHS Non-Financial Risk Committee (NFRC) meetings.

Supervisory Board of NFPE

The Supervisory Board is responsible for overseeing the Management Board and ensures that business is conducted in compliance with applicable laws and regulations and with the Institution's articles of incorporation and bylaws. In addition, the Supervisory Board is responsible for engaging the auditor for the fiscal year and for making the relevant reports available to the shareholders. In order to fulfil these tasks, the Supervisory Board has formed a Remuneration Committee and a combined Audit and Risk Committee.

NFPE's Remuneration Committee is based on the requirements of the IVV IV ["Institutsvergütungsverordnung": German Ordinance Regarding the Supervisory Requirements for Remuneration Systems of Institutions], the WpIG ["Wertpapierinstitutsgesetz": German Investment Institutions Act] and the KWG and is tasked with monitoring the appropriate design of the remuneration systems for Management Board members and employees.
In organisational terms, this committee reports to the Supervisory Board of NFPE, its members are also members of the Supervisory Board. The committee supports the Supervisory Board in all of NFPE's remuneration matters. For instance, the remuneration systems and components and the underlying regulatory requirements are reviewed and discussed in terms of whether they are appropriate and current. This includes the salary adjustment processes and the planning and disbursement of variable remuneration components. In order to review variable remuneration with a view to risk, the Remuneration Committee may also use information provided by the Compliance, Internal Audit and Risk control functions, in addition to that provided by Human Resources. The Finance department is consulted when considering the financial position and performance.

The Audit and Risk Committee is a sub-committee of NFPE's Supervisory Board and was established in accordance with the requirements of Sec. 25d (8) and (9) KWG. The committee's tasks include supporting the Supervisory Board in monitoring the implementation of the risk strategy and the internal control system, and in accounting processes. It also assists the Supervisory Board in selecting the external auditor, monitoring the performance of the audit and in the Management Board's rectification of audit findings.

The Supervisory Board meets at least four times a year to fulfil its tasks effectively. Additional Supervisory Board meetings are held whenever necessary.

DIVISIONS AND PRODUCTS

NFPE's business comprises the two main divisions of Global Markets and Investment Banking.

NFPE's Global Markets division sells and trades in cash and derivative products on the basis of interest, fixed-income products and currencies, securitised products and equities. It also performs equity research for its European clients.

NFPE's Investment Banking division sells a comprehensive range of products, including strategic advisory services as well as financing and derivative solutions for corporations, private equity investors, financial institutions and sovereign or supranational institutions.

BUSINESS ENVIRONMENT

On the back of the business recovery emerging amid the easing COVID-19 pandemic and the end of the restrictions it entailed, gross domestic product in the eurozone was, according to Eurostat figures, far above the prior-year figures in all quarters of fiscal year 2021/2022. For January to March 2022 it was 5.1% above the same period in 2021. The upswing was particularly pronounced in the first quarter of the fiscal year (April to June 2021, up 14.6% against the prior-year period), partly due to the massive slump in the same period of 2021. The European stock markets continued their rally, with the EuroStoxx 50 Index rising 13% from 26 March 2021 to peak at 4370.33 points on 12 November 2021, before falling again at the end of the fiscal year by 11.5% to 3867.73 points on 25 March 2022. Market volatility started off low in the fiscal year: the VSTOXX Index was below 30 between March and mid-November 2021, but then rose to 32 on 26 November 2021 and finally soared to 56 on 7 March 2022 in response to the outbreak of the war in Ukraine. In this environment, until the end of calendar year 2021 NFPE's trading volumes hovered around the prior-year level after the end of the Brexit transition period (from January 2021), with a slightly stronger third quarter (September to December). Around the turn of the year 2021/2022, trading volumes declined, but subsequently recovered to the level of the third quarter.

Brexit

The initial transition period, during which companies from the UK continued to have full market access to the EEA, having ended, Nomura transferred services for its EEA target clients from Nomura International plc to NFPE. Client relationship officers in Global Markets and Investment Banking were also transferred or hired to serve these clients. The transfer of business relationships to NFPE drove a substantial increase in trading at NFPE from January 2021, which persisted throughout the reporting period.

COVID-19

For Nomura Financial Products Europe GmbH ("NFPE"), the past fiscal year was again shaped by the COVID-19 pandemic.

Our business model proved to be robust and profitable even in the face of changes in the macroeconomic and fiscal environment. There were no operational risk events in connection with COVID responses qualifying as significant under our Operational Risk Management Reporting Procedure and NFPE remained profitable overall in fiscal year 2021/2022.

Office and working-from-home policies were used and continuously adapted to reflect new insights and needs for protecting the health and safety of employees at all times.

At no time were there any significant or reportable disruptions to business processes. Rather, the existing controls and additional measures put in place have enabled the management and close monitoring of operational risk.

As the pandemic gradually appears to have been contained, at the beginning of March 2021 we announced a return-to-office strategy to be implemented on a local level. In so doing, we want to apply the lessons learned from remote working.

Ukraine war

Shortly after the war in Ukraine began on 24 February 2022, the EU imposed far-reaching sanctions against Russia. In addition to restrictions on individuals, the sanctions also included economic sanctions and diplomatic measures. The associated financial sanctions had to be implemented accordingly.

For NFPE, this meant a higher number of alerts in client screening, which were triggered by the five EU sanction packages adopted to date.
Sanction hits for legal entities or natural persons (beneficial owners) only occurred in a very limited number of cases and had no effect on NFPE, as business with those corporate clients had been preemptively put on hold or discontinued. As NFPE does not maintain regular or custody accounts for clients, it was unable to freeze any assets.

NFPE's Global Markets Wholesale division had already started to monitor clients with a connection to Russia more closely in February when events began to escalate before the Ukraine war and, if necessary, declined client transactions. For this purpose, a daily reporting process was set up. All clients listed in the report were set to "do not trade" as a precaution to prevent unwanted execution of a transaction.

The volume of SWIFT messages that had to be screened by the payment filtering system increased by 70% during March 2022 (as compared with January 2022), as international sanctions were imposed on the major Russian RUB correspondent banks and the Central Bank of Russia.

All Bundesbank inquiries about the EU sanctions addressed to NFPE were answered on time within the required period.

The effects of possible further sanctions will have to be taken into account in the coming fiscal year.

KEY PERFORMANCE INDICATORS

The Management Board uses a number of performance indicators to assess the Institution's business performance.

These indicators are aligned with the objectives of the NOMURA Group, with group-wide metrics being broken down into components which can be influenced by the Institution.

Return on equity (ROE) and profitability: The Group defines ROE as the profit or loss attributable to shareholders divided by total shareholders' equity. NFPE aims to remain within a target corridor of 8% to 10% in the medium term.

As the Institution has only limited influence on consolidated equity and its allocation, the Management Board focuses on the profit contribution to this metric in the form of net income for the year. Due to its direct correlation with capital, the net income for the year as reported in the financial statements prepared according to the German Commercial Code is used as a basis.

CET1 ratio: NFPE intends to maintain a CET1 ratio of 13.5% or higher. The Institution is therefore aiming to achieve a level of capitalisation that enables it to meet this goal and is building up its capital organically through its net income.

Targets for the Wholesale division: All business carried on by the Institution is attributable to the Wholesale division, for which the (administrative) cost-income ratio and income to RWA have been defined as performance indicators at group level. In keeping with its role within the Group, the Institution can influence these factors through its expenditure and commission income and by managing its RWA utilisation. Income is projected with a moderate increase on an annualised basis, whereas RWAs are managed in the context of the risk appetite.

Other indicators are trading assets and total assets. These are indicators derived directly from the financial and regulatory reporting which, in view of the Institution's fledgling status, have to be closely monitored and managed in order to comply with all regulatory requirements and underpin business planning.

In addition to the above metrics, our business is also governed using all other resources deployed in our business activities, such as liquidity used. The development of these indicators in the fiscal year is described below.

ASSETS, LIABILITIES, FINANCIAL POSITION AND FINANCIAL PERFORMANCE

In keeping with expectations, the balance sheet and capital-related indicators continued to expand in the past fiscal year. As expected, the development was more even than in the prior year, which was shaped by the completion of Brexit in the fourth quarter and the associated sharp increase in business activities. This development was also reflected in the increase in the corresponding earnings figures, with revenue from transfer pricing and administrative expenses increasing evenly, further improving the Institution's earnings in the fiscal year in line with previous forecasts. The Global Markets division saw a shift from revenue with clients of other group companies to revenue with counterparties of NFPE, also on a scale that had been expected.

Overall, the result is positive as it is in line with the Institution's aim to build a platform in continental Europe.

The Institution's financial resources were bolstered by the further organic build-up of Common Equity Tier 1 (CET1) capital (from the retention of the prior year's profit) and an additional payment of EUR 40m by the shareholder into the capital reserves. The outcomes of the regular ICAAP were significant in this regard. In addition, NFPE received additional T2 capital in the form of a subordinated shareholder loan of EUR 185m.

The Institution's financial resources were within the budget at all times and are considered to be adequate.

The Institution's key financial indicators developed as follows during the year:

	Fiscal year 2021/2022 EUR k	Fiscal year 2020/2021 EUR k
Net income from trading book positions	57,929	21,398
Net interest expense	-14,354	-6,447
Commission income	102,621	103,701
Other operating income	49,101	24,862
General and administrative expenses	-111,617	-89,385
Earnings before taxes	77,779	49,913
Net income for the year	47,320	32,609
Total assets	11,682,874	10,334,559
Total liabilities	11,035,638	9,774,643
Equity	647,236	559,916
Own funds[1]	783,197	560,122
Tier 1 capital[1]	598,197	560,122
Tier 1 capital ratio	26.7%	41.2%
Risk-weighted assets (RWAs)	2,242,936	1,358,233
Total capital ratio	34.9%	41.2%
Liquid assets	1,287,952	1,269,455
Net liquidity outflows	233,691	242,576
LCR	551%	523%

Income statement:

The Institution reported earnings before taxes of EUR 77.8m for the fiscal year (prior year: EUR 49.9m). This profit is attributable to commission and trading income and other operating income, which mainly stems from global transfer pricing and cost refund arrangements. It comprises sales credits and trading income from Global Markets, shares in Investment Banking income and cost refunds within the Nomura Group. Overall, the planned transfer of clients to a direct business relationship with the Institution further expanded net trading income after transfer pricing in Global Markets, while commission income from brokering trades for other group companies decreased slightly.

General and administrative expenses mainly relate to the personnel and non-staff operating expenses arising in the headquarters and the branches.

The rise in income and expenses during the fiscal year is chiefly attributable to the further increase in business activity in the head office and in the branches as compared with the prior fiscal year.

[1] The prior-year figures are stated post-approval.

Balance sheet:

As of 31 March 2022, the Institution had assets of EUR 11.7b (prior year: EUR 10.3b). Due to the ramp-up of Global Markets trading activities, these mainly relate to reverse repos/repos on the trading book and treasury assets in the form of balances at central banks. The financing of treasury assets and trading assets was supported by the injection of additional equity and subordinated capital by the shareholder, replacing some short-term facilities.

The substantially amplified derivatives trading business contributed relatively little to balance sheet growth as positions are mostly netted on the balance sheet.

The shareholders' total equity came to EUR 647.2m as of 31 March 2022 (prior year: EUR 559.9m) and consists of capital stock, capital and revenue reserves and net retained profit.

Regulatory ratios:

As of 31 March 2022, the Institution had own funds totalling EUR 783.2m (prior year: EUR 560.1m) and risk-weighted assets (RWAs) of EUR 2,242.9m (prior year: EUR 1,358.2m), resulting in a total capital ratio of 34.9% (prior year: 41.2%). The Institution's risk-weighted assets are primarily shaped by operational risk and counterparty credit risk. The year-on-year increase in RWAs is mostly due to an increase in client trading activities.

The Institution's cash and cash equivalents are made up of balances at central banks and reverse repos on highly liquid sovereign bonds. The net outflow amounted to EUR 233.7m and resulted in an LCR of 551% (prior year: 523%).Until the annual financial statements were prepared, events after the reporting date did not have any effects on the Institution's assets and liabilities, financial position and financial performance.

OUTLOOK AND OPPORTUNITIES

Development of financial position and financial performance

According to the business plan, more traders are due to transfer to the Institution in the coming fiscal year. This is expected to boost earnings in these divisions. The Management Board is training its focus on stringent and closely monitored cost discipline, and thereby proactively manages the Institution's profit situation.

The Management Board expects that the balance sheet will grow further on the back of additional trading activities with EU clients. This is gauged by total assets, which are expected to increase by another EUR 15b to EUR 18b in the next 24 months. Furthermore, moderate growth in costs and income is forecast over the coming 24 months.

The current global economic situation, which is shaped by considerable political (Ukraine war) and macroeconomic uncertainties (inflation) can give rise to uncertainties and potentially contradictory effects. Cautious activity on the part of market participants can reduce the income from sales services and participation in the Group's trading result, thereby lowering the coverage of costs. Overall, however, the Institution's loss potential is limited under the current posting and transfer pricing model. Furthermore, these growth assumptions may be significantly impacted by changes in the regulatory landscape and the Nomura Group's strategy.

Development of other financial resources

The utilisation of financial resources will continue to rise as business activities expand and will be managed within the Institution's risk appetite. This increase is expected to be less substantial than in fiscal years 2020/2021 and 2021/2022, which were dominated by Brexit. According to its current forecasts, the Institution is equipped with sufficient resources to support its growth plans. In this context, the CET1 capital ratio, the liquidity coverage ratio (LCR) and the leverage ratio are constantly monitored. Organic growth in Tier 1 capital is expected through the reinvestment of the current net retained profit.

Outlook and opportunities for Global Markets

The Global Markets division aims to further expand trading activities with European clients, with a focus on developing business with existing clients and winning a moderate number of new clients. Despite the existing uncertainties, we expect business volumes, which increased significantly after the Brexit transition period and stabilised at this level in the past year, to remain at this level for 2022/2023.

Outlook and opportunities for Investment Banking

The stated target of the Investment Banking division is to further expand advisory services and broking of financing solutions to European clients. We expect a moderate increase in business activity in fiscal year 2022/2023 compared to the prior year, especially in segments that are in the focus of the Nomura's Group strategy.

RISKS

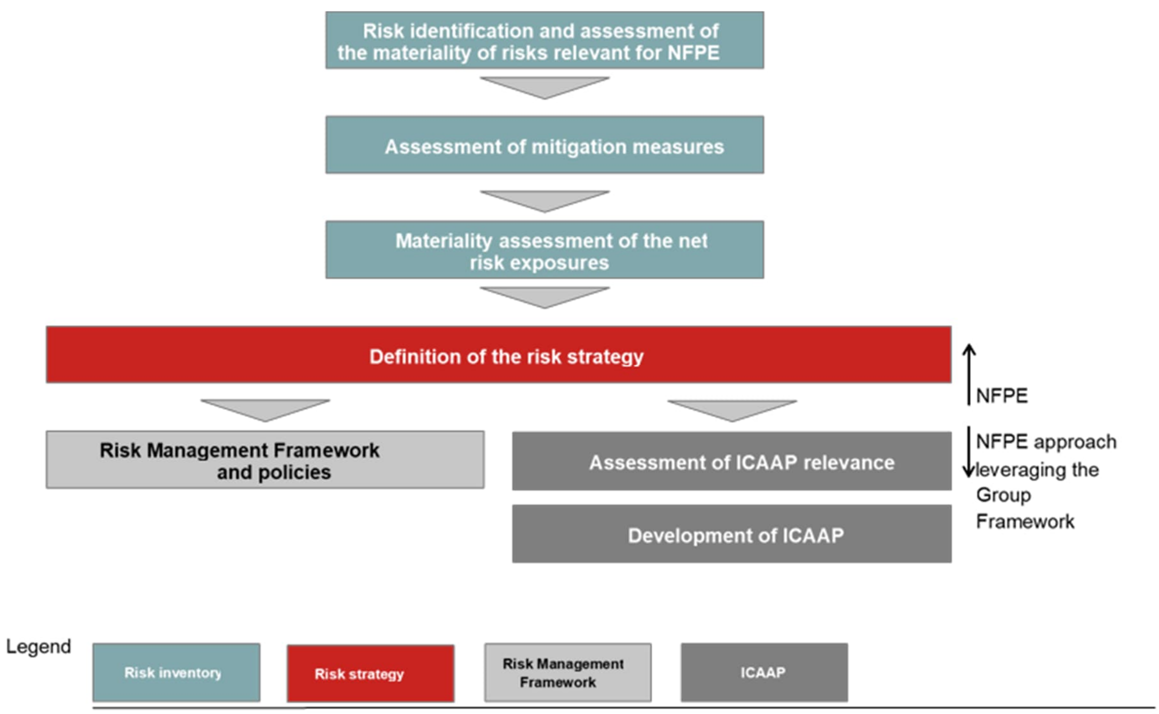
Strategic risk management approach

NFPE's risk strategy is composed of the NFPE Risk Appetite Statement and the NFPE Risk Management Policy. In compliance with the MaRisk, the risk strategy sets out NFPE's strategic approach to risk management and defines its risk appetite in keeping with its business strategy. It is reviewed and approved by NFPE's Management Board and presented to NFPE's Supervisory Board at least once a year.

The Institution's approach to risk management is interwoven with that of the rest of the Nomura Group, whose infrastructure it uses under outsourcing agreements. However, the Institution is governed locally and therefore defines, where it deems necessary, specific risk management controls, policies and procedures and formulates its risk appetite, i.e., the maximum amount and types of risks the Institution is willing to take.

The overarching goal of NFPE's risk management process is to identify, quantify (wherever possible), monitor and control risks and risk concentrations to which NFPE is exposed. NFPE's risk management process starts with the identification of risks, which is followed by a materiality assessment of the identified risk. This risk assessment is documented in the NFPE risk inventory. The risk strategy defines the strategic risk management approach to be taken for all risks which have been assessed as being material.

The following chart outlines the NFPE risk management approach:



All risks to which NFPE is exposed are potentially material. The following risks were identified as material for NFPE in the last risk inventory:

- Market risk
- Credit risk (including country risk)
- Liquidity and funding risk
- Non-financial risk (operational risk and reputational risk)
- Model risk
- Business risk

In addition, the Institution has identified risk drivers that affect multiple risk types: cross-border risk, electronic and algorithmic trading risk, and environmental, social and governance (ESG) risks. These are not considered separately, but as part of the above risk types.

Internal Capital Adequacy Assessment Process

NFPE has implemented an internal capital adequacy assessment process (“ICAAP”) in accordance with the requirements of the MaRisk and the supplementary ICAAP guidelines issued by BaFin. The ICAAP forms a governance framework for a detailed capital plan, an internal capital adequacy calculation and appropriate stress tests. In order to assess internal capital adequacy, NFPE has developed and implemented a normative and an economic perspective.

The **normative perspective** considers the requirements for minimum regulatory capital ratios, including the combined buffer requirement, the SREP requirement and the target equity ratio. It comprises a scenario-based test of compliance with Pillar 1 requirements in a baseline scenario and several adverse scenarios, at least one of which is severe, for a three-year horizon. Stress calculations are carried out for both capital and risks. From a normative perspective, risk coverage potential is equal to the regulatory own funds, which currently exclusively comprise Tier 1 capital. The capital requirements are calculated in accordance with the internal model approaches prescribed or approved by the regulator.

The **economic perspective** is designed to protect creditors from losses. Economic risk capital is calculated on the basis of a 99.9% confidence interval and a one-year holding period. The risk capital is then compared with the economic risk coverage potential (RCP). Internal capital is adequate if the risk capital is equal to or less than the RCP. In addition, stress testing is carried out using the same stress scenarios as in the normative perspective. Here too, internal capital is adequate if the risk capital is equal to or less than the RCP.

The internal capital adequacy plan and stress tests are updated annually on the basis of current insights from the risk inventory.

The Institution's internal capital adequacy was ensured at every quarterly reporting date during the fiscal year. The table below provides an overview of economic internal capital adequacy at the end of the fiscal year and the prior year.

Fiscal year		Baseline Q4			GEDEP Q4	
Risk type	Risk (EUR m)	Limit (EUR m)	Limit utilisation	Risk (EUR m)	Limit (EUR m)	Limit utilisation
Credit risk	181	257	70%	215	276	78%
Market risk	14	96	15%	75	122	62%
Operational risk	10	19	53%	14	31	47%
Model risk	27	45	60%	32	61	53
Total	**233**	**418**	**56%**	**337**	**490**	**69%**
Available capital	**643**			**612**		

Prior year		Baseline Q4			GED Q4	
Risk type	Risk (EUR m)	Limit (EUR m)	Limit utilisation	Risk (EUR m)	Limit (EUR m)	Limit utilisation
Credit risk	184	355	52%	212	334	63%
Market risk	20	71	28%	30	67	46%
Operational risk	4	18	21%	6	17	37%
Total	**207**	**444**	**47%**	**249**	**418**	**60%**
Available capital	**710**			**669**		

Stress tests are an integral part of risk management in the Nomura Group and at NFPE. Stress testing is carried out to supplement ICAAP and internal risk models in order to identify certain risks to portfolios at different levels which are impaired by specific shocks. Stress tests are designed to be economically coherent, exacting and comprehensive in terms of business and risk coverage. In order to obtain a uniform picture of risks, risk-specific and general stress tests are carried out.

Reverse stress tests are also performed annually. They examine which events would cause the original business model to be no longer feasible or viable. The reverse stress tests are analysed both quantitatively and qualitatively. The last analysis was carried out as of the end of December 2021. Some of the scenarios indicated an impairment of internal capital adequacy, but from a current perspective there is no need for action as the shocks were considered to be extremely unlikely to incur in the magnitude simulated.

Risk appetite

Risk appetite defines the type and quantum of risk that the Institution is willing to assume in pursuit of its strategic objectives and business plan.

The Institution's Risk Appetite Statement is approved by NFPE's Management Board and the utilisation of the various limits, e.g., for regulatory capital, internal capital adequacy and liquidity requirements, is communicated regularly to the Risk Management Committee (RMC) and the ICAAP Committee. There is clear ownership and accountability for monitoring and development for each risk type and the relevant risk appetite ratios. As part of the risk strategy, the Risk Appetite Statement must be reviewed and adapted if necessary at least once a year or following any significant changes in business strategy.

Risk organisation and structure

The Risk Management department was established as an independent risk control function to monitor and report on financial risks. In organisational terms it is separate from the front office departments and reports to the Chief Risk Officer of NFPE ("NFPE CRO"), who is a member of NFPE's Management Board.

In addition, there are committees devoted to monitoring other significant risks to the Institution. Other departments or functions within the Institution contribute to the Institution's global risk management as described below:

The Finance function, though its liquidity risk management and financing departments, is responsible for managing the Institution's liquidity requirements and for performing liquidity stress tests to ensure compliance with the liquidity risk appetite and limits approved by the Management Board. Additionally, the Finance function bears overall responsibility for the ICAAP, which is carried out in close cooperation with the Risk Management department.

Responsibility for the management of non-financial risk risks lay with NFPE's Chief Operating Officer in the reporting period. The Chief Operating Officer assumed the role of Chief Executive Officer as of 1 April 2022; from this point on, the CEO was responsible. As of 1 July 2022, responsibility for operational risk management, which covers most non-financial risks, will be transferred to the NFPE CRO. The Operational Risk Management function, which reports to the Head of Non-Financial Risk, has responsibility as a second line of defence. The Operational Risk Management function is a multidisciplinary, independent role which goes beyond that of traditional operational risk management and also covers the management of vendor, compliance, legal, IT and cyber risks.

The Milan branch provided mergers and acquisitions advisory services to an Italian client. The client is challenging the invoiced services before the competent court in Milan. The outcome of the proceedings remains to be seen.

Monitoring, reporting and data integrity

Development, consolidation, control and reporting of risk management information ("risk MI") are fundamental to the appropriate management of risk. The aim of all risk MI is to provide a basis for sound decision-making, action and escalation as required. The departments are responsible for preparing regular risk MI, although most aspects of operational risk reporting are outsourced within the Group. This includes both regular reporting on the utilisation of the risk appetite and granular information on the risk situation. The risk MI encompasses information about all significant risk types and is regularly enhanced to accommodate current developments. The relevant departments are responsible for implementing appropriate reports and controls over data quality for the various elements of risk MI.

Adequacy of risk management

NFPE's Management Board is responsible for reviewing the adequacy of NFPE's risk management arrangements.

Risk categories

Market risk

Market risk is the risk of incurring losses due to a change in the value of financial assets and liabilities (including off-balance sheet items) resulting from movements in market risk factors, such as interest rates, exchange rates, securities prices. The Institution allocates its exposures to either trading portfolios or non-trading portfolios. The value at risk ("VaR") is determined daily for all trading book positions and compliance with the relevant limits is monitored.

As NFPE enters into back-to-back transactions with other Nomura Group subsidiaries to hedge against the market risk in client transactions, the Institution only retains market risks in the form of the credit valuation adjustment ("CVA") and the funding valuation adjustment ("FVA") alongside the hedging activities of the trading desks and market risks from treasury activities. These risks are managed by the trading desks in the Institution's books. No hedge accounting is performed.

Risk assessment

In June 2018, the Institution was granted provisional permission by BaFin to use the internal models approach in the calculation of regulatory capital requirements for market risk for value at risk ("VaR"), stressed VaR ("sVaR") and incremental risk charge ("IRC") for a number of trading positions during the "non-objection period". During the reporting period, BaFin commissioned the Bundesbank to conduct an audit of the internal models approach. On 28 June 2022, it sent the Bank the consultation on the planned decision on permission to calculate own funds requirements for market risk as of 1 July 2022 using internal models. NFPE commented on the consultation and is awaiting the final decision. The regulatory VaR scope covers the general and specific risk of debt instruments and currency risk. The standard rules for calculating the regulatory capital requirements for market risk are applied to trading positions which do not fall within the scope of the internal models approach. However, such positions are also captured in the VaR for internal management purposes.

Market risk is managed by market risk limits which are defined in accordance with the Nomura Group's market risk limit management system and NFPE's risk appetite. Market risk limits are set at various levels in NFPE, from institution level to trading desk level.

Value at risk

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

The Institution uses a VaR model that has been implemented group-wide to determine the total trading VaR. A historical simulation is implemented, where historical market moves over a two-year window are applied to the Institution's current exposure in order to construct a profit and loss distribution. Potential losses can be estimated at required confidence intervals or probabilities.

Depending on the posting system, product and risk factor, the profit and loss distribution is generated by way of a full revaluation using spot-volatility grids or methods based on sensitivities ("greeks"). The full revaluation method is applied to the primary risk factors of interest and credit products (interest rate and credit rating), whereas market value volatility grids are used for the primary risk factors of equity and currency products (spot price and stock market or exchange rate volatility). For some products and for secondary risk factors of all products (e.g., currency risk for interest rate, credit and equity instruments), the sensitivities-based method is used (the relevant metrics are multiplied by appropriate historical yields).

The Institution uses a VaR model for both internal risk management purposes and for regulatory reporting. For regulatory capital, the Institution uses a confidence interval of 99% and a 10-day time horizon calculated using actual 10-day historical market moves. For internal risk management purposes, VaR is calculated at the same confidence interval using both the one-day and 10-day time horizon. sVaR is calculated using the 10-day time horizon in both cases. The one-year stress window used for sVaR for internal risk management purposes is defined at group level (NHI), whereas it is NFPE-specific for regulatory reporting.

The sVaR is calculated for a severe financial stress using a one-year time window. Both VaR and sVaR are based on a single model that diversifies general and specific risks. Both VaR and sVaR are calculated daily using 10-day historical market moves. The historical two-year window for VaR is updated at least every other business day, while the optimal one-year window for sVaR is calibrated daily. The stressed period used in the sVaR model maximises the sVaR over a rolling one-year window between the beginning of 2008 and the reporting date.

The Institution's VaR model is monitored continuously to ensure that it is fit for purpose. The main way of validating VaR is to compare one-day trading losses with the corresponding VaR estimate (backtesting). The Institution's VaR model is backtested at different levels. In the fiscal year ended 31 March 2021, one-day trading losses at institution level did not exceed the VaR estimated with a confidence level of 99% on any trading day.

VaR is a backward-looking measure: it implicitly assumes that distributions and correlations of recent factor moves are adequate to represent moves in the near future. Therefore it may understate the impact of severe events.

Given these limitations, Nomura uses VaR only as one component of a diverse risk management process.

The table below outlines the market risk situation at fiscal year-end showing a slight increase in market risk during the COVID-19 crisis.

Market risk according to COREP in EUR	30 Mar 2022	30 Mar 2021
10-day VaR 99%	1,135,607	730.835
10-day stressed VaR 99%	3,943,630	1,343,644

Incremental risk charge ("IRC")

IRC is a measure of the potential loss from credit migration and default events on debt securities over a one-year time horizon and with a 99.9% confidence interval. The IRC is calculated in a Monte Carlo simulation of correlated migration and default events. Since autumn 2021, a three-factor copula model has been used which implies an inter-asset (cross-regional and cross-sectoral) correlation, an inter-regional correlation and an intra-asset (intra-sectoral) correlation. These correlations are calibrated to empirically observed default events. P&L from migration is computed by applying credit spread shocks based on initial and final credit rating, adjusted for basis risk by product, recovery and maturity. P&L from default is simulated including stochastic recovery, correlated with overall default rates. A key determinant of IRC on a position is the credit rating of the obligor, which is based on NHI's IRB Internal Rating system. The latter is based on the Nomura Group's Internal Rating system and is also used for the internal ratings-based approach at the Nomura Group and has been approved by the Japanese regulator. The IRC scope covers all debt securities as approved by BaFin in the "non-objection phase". All positions in the IRC model are assumed to have a one-year liquidity horizon. At the end of the fiscal year, the IRC amounted to EUR 109.375 (prior year-end: EUR 95.854).

Credit risk

Credit risk is the of loss arising from an obligor's default 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 Institution applies the Nomura Group's credit risk management policies for its credit risk management ("CRM"), with due consideration being given to specific local factors. The Institution's credit risk profile is shaped by counterparty credit risk as NFPE does not engage in traditional lending business. All credit risk management processes and methods described below refer to counterparty credit risk and not to lending business in the narrower sense.

The process for managing credit risk at the Institution 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 and monitoring of the Institution's current and potential future credit exposures
- Consideration of credit risk management in legal documentation
- Use of appropriate credit risk mitigants including netting, collateral and hedging

Daily monitoring of credit exposure against approved credit limits and ongoing monitoring of the creditworthiness of counterparties take place. Any change in circumstance that alters the Institution's risk appetite for any particular counterparty, sector, industry or country is reflected in changes to the internal rating and credit limit as appropriate. Close monitoring of all borrowers has been carried out during the COVID-19 crisis and since the onset of the war in Ukraine, but there are currently no indications of a significant deterioration in credit quality in the portfolio.

Internal ratings are an integral part of the assignment of credit limits to counterparties in order to ensure that the risk appetite is not exceeded. Global credit policies and NFPE-specific policies define the delegated authorities that establish the maximum aggregated limit amounts and granular limits that may be set for any single counterparty group based on their internal rating.

The Institution utilises financial instruments and netting agreements to manage credit risk. Given the potential for loss resulting from unsecured exposures, as a general rule, all extensions of credit by the Institution should be collateralised. However, in certain cases where there is sufficient risk appetite, an unsecured exposure may be approved by the relevant credit risk managers.

Legal agreements should ensure that margin agreements and collateral accepted from clients provide the best possible protection for the Institution. 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. 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 volatility of the asset. Haircut levels are determined through quantitative and historical analysis.

Risk assessment

As described above, counterparty credit risk relating to derivatives and securities financing transactions is the key determinant for the Institution's credit risk. The Institution has been granted permission by BaFin to use the internal model method ("IMM") in combination with the standardised approach in the calculation of the counterparty credit risk requirements for certain derivative and securities financing transactions. In the calculation of risk-weighted exposure amounts under the standardised approach to credit and counterparty risk, the ratings of Fitch, Moody's and Standard and Poor's are used for all applicable exposure classes.

For derivatives and securities financing transactions, the Institution measures credit risk primarily by way of a Monte Carlo-based simulation model that determines a potential exposure profile.

In addition, during the non-objection phase, the Institution is using the advanced approach to calculate the capital requirements for credit valuation adjustment risk (CVA risk). This approach is based on both the IMM and the IMA models described above.

The following table gives an overview of the credit risk in accordance with the credit risk standardised approach for the various exposure classes as of 31 March 2022.

Exposure class	RWA (in EUR k) 31 Mar 2022	RWA (in EUR k) 31 Mar 2021
Credit risk	**1,305,950**	**805,708**
Credit risk standardised approach	**1,294,481**	**804,882**
Central governments or central banks	11,405	3,986
Regional governments or local authorities	0	0
Administrative bodies and non-commercial undertakings	20,686	0
Multilateral development banks	0	0
International organisations	0	0
Institutions	342,247	177,364
Corporates	910,201	618,809
Retail	0	0
Secured by real estate property	0	0
Past due items	0	0
Items belonging to regulatory high-risk categories	0	0
Covered bonds	0	0
Securitisation positions	0	0
Short-term claims on institutions and corporates	0	0
Collective investment undertakings (CIU)	0	0
Equity	0	0
Other items	9,942	4,723
Exposure value for contributions to the default fund of a CCP	**11,469**	**826**

Wrong way risk

Wrong way risk ("WWR") occurs when exposure to a counterparty is highly correlated with the deterioration of creditworthiness of that counterparty. The Nomura Group has established policies that govern the management of any WWR exposures, which also apply to the Institution. Stress testing is used to support the assessment of any WWR embedded within existing portfolios of NFPE and adjustments are made to credit exposures and regulatory capital, as appropriate.

WWR analysis is performed by the Risk Management department. The analysis is provided to assist the Management Board in determining whether the level of wrong way risk is a concern and action should be taken to reduce it.

Concentrations of credit risks

Concentrations of credit risks can arise from the Institution's trading in derivatives, the financing of securities and exposures to central counterparties and clearing houses and are affected by changes in political or economic factors. At the Institution, concentrations of credit risks typically occur with highly rated credit institutions and affiliates in the Nomura Group. Such concentrations are considered by the models for quantifying credit risk in the economic perspective of the ICAAP.

Liquidity risk

Liquidity risk management

The Institution defines liquidity risk as the risk of failing to meet financial obligations as and when they become due. This risk can arise due to either a credit rating downgrade or market-driven negative events. The Institution's prime goal in liquidity risk management is to preserve liquidity at all times and in all stress scenarios and to ensure that the Institution is able to meet all financial obligations which fall due within the survival period defined by the Management Board.

The Institution's internal stress model quantifies the liquidity buffer necessary to survive the defined stress scenarios. The Institution manages liquidity risk independently using the internal stress model, maximum cash outflow and regulatory ratios such as the liquidity coverage ratio and the net stable funding ratio. The liquidity portfolio, which comprises highly liquid, unencumbered securities and central bank deposits, acts as a liquidity buffer and ensures that sufficient liquidity is available to satisfy the modelled requirements. NFPE's aggregate liquidity exposure consisted of its capital and loans from legal entities within the Nomura Group. NFPE's resulting liquidity remained consistently above its risk appetite in the reporting year.

During the fiscal year, the liquidity requirement rose in line with the enlarged client base and the related increase in business volume, primarily in derivatives and securities trading. The liquidity available to NFPE was sufficient for this. Existing buffers were not used in the fiscal year. NFPE has been providing the Group with some of its excess liquidity since January 2022 by repaying an existing loan. The monthly Asset and Liability Committee ("ALCO") makes all decisions relating to the magnitude and structure of liquidity capacity on the basis of medium and long-term forecasts.

The Institution anticipates that its liquidity requirements will be slightly higher in the coming fiscal year as more clients migrate their portfolios to the Institution and the volume of business with existing clients grows.

Liquidity risk	(in EUR k) 31 Mar 2022	(in EUR k) 31 Mar 2021
Liquid assets	1,287,952	1,269,455
Net liquidity outflows	233,691	242,576
LCR	551%	523%

Non-financial risk

NFPE is inevitably exposed to non-financial risks as a result of its business activities. The Management Board ensures that an adequate non-financial framework is in place to appropriately manage, minimise and prevent such risks.

Non-financial risk means the risk of loss resulting 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 causing damage to the Nomura Group’s reputation if caused by an operational risk. The Institution applies the group-wide framework for non-financial risk management (NFRM) to manage non-financial risks.

Three lines of defence

The Nomura Group adopts the industry standard “Three Lines of Defence” for the management of non-financial risk, comprising the following elements:

- 1st line (divisions): Initiation and management of risks
- 2nd line (Operational Risk/Non-Financial Risk Management function): Definition of the framework and coordination of the Nomura Group’s management of operational risk
    - 3rd line (Internal Audit): An independent function with an independent and objective perspective on the entity which evaluates internal controls and the work of the first two lines of defence. It is also tasked with reporting to the Management Board and the oversight functions.

The non-financial framework encompasses:

- A policy framework laying down rules for managing NFPE’s non-financial risk categories and defining how compliance with these rules should be monitored
- Regular training aimed at raising employee awareness of non-financial risks and how they can be avoided

On the basis of the framework, the process for managing and monitoring the Institution's non-financial risk comprises:

- Event reporting to identify events which have or could have led to a loss or profit or other effect in conjunction with inadequate or failed internal processes, people and systems or external events
- Independent monitoring and challenging of the relevant activities, and cooperation with the business units to develop action plans to mitigate risks. Key risk indicators ("KRIs"), which are reviewed regularly, to observe the entity's exposure to non-financial risks
- Self-assessment of risks and controls (RCSA) to identify the inherent risks to which the entity is exposed, the controls in place to mitigate risks, and action plans to further reduce risk
- Calculating the operational (normative and economic) risk capital in accordance with current regulatory and supervisory requirements
- Defining the appetite for the above non-financial risks to set quantitative and qualitative limits
- Analytical reporting to supervisory and control bodies

Model risk

Model risk is the risk of loss arising from model errors or incorrect or inappropriate model application. Errors can occur at any point from model assumptions through to implementation. In addition, the quality of model outputs depends on the quality of model parameters and any input data. Even a fundamentally sound model producing accurate outputs consistent with the design objective of the model may exhibit high model risk if it is misapplied or misused.

NFPE has adapted the Nomura Group's model risk management policy, which defines the requirements for model validation when implementing new or modified valuation and risk models, and for their regular review. Furthermore, a process has been established to monitor model performance in order to identify and evaluate specific events which suggest that a model is not functioning as it should or could be unsuitable and to identify which measures could be necessary to remedy any model deficiencies. For changes with an impact above a specific predefined materiality threshold, change approval is required. The Model Validation department defines these limits in a formal process and controls their application.

Business risk

Business risk is the risk of failure of revenues to cover costs due to deterioration in the earnings environment or deterioration in the efficiency or effectiveness of the Institution's business operations. Managing business risk is the responsibility of NFPE's Management Board.

RISKS (CONTINUED)

Internal audit

NFPE Internal Audit is responsible for performing internal audit work at NFPE and its branches. This includes the risk-based and process-independent audit and assessment of the design and operating effectiveness of the risk management system in general and specifically the internal control system. It encompasses all activities and processes carried out by NFPE in performing its business activities, regardless of whether or not they have been outsourced. Internal Audit follows a global methodology and is guided by the standards issued by the Institute of Internal Auditors ("IIA") and Information Systems Audit and Control Association ("ISACA") and by the guidelines and recommendations of other relevant organisations such as the Basel Committee on Banking Supervision. Quality control tests are performed by a global team which is independent of the internal audit employees who are responsible for the audit to ensure that the audits by Internal Audit meet the requirements of the IA methodology and other applicable standards. An annual risk assessment is carried out which covers all activities of NFPE and its branches. The results are used to develop the internal audit plan which has to be approved by the NFPE Management Board and the Audit and Risk Committee.

The Nomura Group's Internal Audit is responsible for auditing and assessing the design and operating effectiveness of internal control over all business and operational activities within the Group. The Global Head of Internal Audit is on the same independent reporting level as the Internal Controls Committee, the Chairman of the Audit Committee of Nomura Holdings, Inc., and the Global Head of Internal Audit in Tokyo. The Head of Global Wholesale Division Internal Audit is on the same independent reporting level as the Chairman of the Audit Committee of NEHS and also reports to the Global Head of Internal Audit. NFPE is fully covered by the activities of Internal Audit of the Nomura Group, to which a Frankfurt-based internal audit team belongs. The Head of NFPE Internal Audit reports to the local Management Board and the Supervisory Board of NFPE and also to the functional Head of Global Wholesale Division Internal Audit.

Audits are performed using a risk-based method. Key controls are determined and numerous techniques are employed to assess the appropriate design and operating effectiveness of the controls. These include identifying and observing, sample testing and, in some cases, substantive testing. NFPE Internal Audit reports in accordance with the requirements of Nomura's internal audit methodology. A full and a condensed audit report are prepared and made available to the Management Board, the Supervisory Board and the heads of the departments concerned. The status of open points is reviewed regularly and reported to the Management Board and the Supervisory Board, as well as to the department heads who are responsible for remedying the points in question. Since September 2020, Internal Audit has been carrying out work to test and confirm problematic points which have been resolved, according to management.

A copy of the Internal Audit Charter is available on request.

FUTURE DEVELOPMENTS

Regulatory changes

European banking reforms

On 23 November 2016, the EU Commission published a comprehensive reform package aimed at strengthening the stability of the EU banking sector. The reforms implement many elements of Basel III in the EU. The EU Commission has made changes to the existing legislation in the form of the Capital Requirements Directive (CRD V) and the Capital Requirements Regulation (CRR II).

The new rules include more risk-sensitive capital requirements, especially for market and counterparty credit risks, and the introduction of a binding leverage ratio (LR) and a binding net stable funding ratio (NSFR) and became effective on 30 June 2021.

The European Commission has already started work on CRR III and CRD VI to enforce new approaches for determining risk-weighted assets and thus for capital requirements for credit risk, operational risk and credit valuation adjustments in derivatives business. It also includes the introduction of a floor for the capital requirement (output floor) for institutions that calculate their risks using internal models.

On 5 December 2019, the new Regulation on the prudential requirements of investment firms ("IFR") and the Directive on the prudential supervision of investment firms ("IFD") were published in the Official Journal of the European Union. In addition, the German Investment Institutions Act ["Wertpapierinstitutsgesetz": WpIG] regulates further requirements at the national level.

This simplifies the requirements for small investment firms by adapting them more closely to their risk profile. These prudential requirements apply to entities which provide services under MiFID and which are neither banks nor fund companies and came into force mid-2021. In addition, in December 2021, the European Banking Authority (EBA) published the draft Regulatory Technical Standard (RTS) on the reclassification of (large) investment firms as credit institutions. Under this draft RTS, if various criteria are met, investment firms may be reclassified as credit institutions. This draft is expected to be enacted into binding law in the second half of 2022.

In light of these developments, there is uncertainty as to which rules will apply to the Institution in the long term. NFPE is currently classified as a large investment institution in accordance with Sec. 8 (1) WpIG and therefore continues to apply the requirements of the CRR instead of the IFR.

The Institution also monitors and observes all new and changed regulatory requirements in relation to environmental, social and governance (ESG) risks which are now featuring more prominently in many regulatory projects.

GOING CONCERN

The Institution's business activities and the factors which are likely to impact its future development, performance and position are specified in this report. Its objectives, policies and procedures for risk management and its exposure to credit, market and liquidity risk, its asset management procedures and available capital resources are also described in this report.

The Management Board expects that the Institution will be able to continue operating for the foreseeable future. The financial statements were therefore prepared on a going concern basis.

BALANCE SHEET AS OF 31 March 2022

Assets	EUR	EUR	Mar 2022 EUR	Mar 2021 EUR
Cash reserve			766,767,373	608,766,681
a) Cash		682		1,131
b) Balances at central banks		766,766,691		608,765,550
thereof at Deutsche Bundesbank	*766,766,691*			*608,765,550*
Receivables from banks			114,856,289	133,446,373
a) Payable on demand		112,365,882		56,029,713
b) Other receivables		2,490,407		77,416,659
Receivables from customers			341,168,135	423,311,684
thereof: secured by real property liens			-	-
Public-sector loans			-	-
Trading assets			10,037,736,632	8,866,645,585
Property and equipment			2,779,463	2,809,984
Other assets			418,665,280	298,501,023
Prepaid expenses			900,615	1,077,914
Total assets			**11,682,873,788**	**10,334,559,243**

BALANCE SHEET AS OF 31 March 2022

Liabilities and equity	EUR	Mar 2022 EUR	Mar 2021 EUR
Liabilities to banks		2,212,180	68,306,029
a) Payable on demand	2,202,848		68,299,871
b) with an agreed term or period of notice	9,332		6,158
Liabilities to customers		457,728,370	926,557,342
d) Other liabilities			
thereof: payable on demand	-		-
with an agreed term or period of notice	457,728,370		926,557,342
Trading liabilities		10,007,125,135	8,619,056,434
Other liabilities		283,800,794	90,245,007
Provisions		90,591,835	67,735,586
a) Provisions for pensions and similar obligations	21,437,491		17,525,129
b) Tax provisions	17,162,466		14,841,759
c) Other provisions	51,991,878		35,368,698
Subordinated liabilities		185,000,000	-
Fund for general banking risks		9,179,672	2,743,114
Thereof: special item pursuant to Sec. 340e (4) HGB		*9,179,672*	*2,743,114*
Equity			
a) Subscribed capital		50,000,000	50,000,000
b) Capital reserves		490,000,000	450,000,000
c) Revenue reserves		59,900,000	27,307,184
d) Net retained profit		47,335,801	32,608,549
Total equity		**647,235,802**	**559,915,733**
Total liabilities and equity		**11,682,873,788**	**10,334,559,243**
Contingent liabilities		7,655	7,655
Guarantees	7,655		7,655
Other obligations		267,173,894	51,728,265
Irrevocable loan commitments	267,173,894		51,728,265

INCOME STATEMENT FOR THE FISCAL YEAR FROM 1 APRIL 2021 TO 31 MARCH 2022

	April 2021 to March 2022				2020 to 2021
	EUR	EUR	EUR	EUR	EUR
Interest income from					
a) Lending and money market business	129,904				6,279
less negative interest from lending and money market business	-4,620,307				-1,650,039
		-4,490,403			-1,643,760
b) Fixed-income securities and government-inscribed debt	4,788,625				1,668,314
less negative interest on securities and government-inscribed debt	*-38,061*				*-2,163,814*
		4,750,564			-495,500
Total interest income			260,161		-2,139,261
Interest expenses from					
a) Fixed-income securities and government-inscribed debt		15,153,512			4,308,214
less negative interest on fixed-income securities and government-inscribed debt		*-539,204*			*-200*
Total interest expenses			14,614,308		4,308,014
Net interest income/expenses				-14,354,147	-6,447,274
Commission income				102,620,560	103,700,525
Net income from trading book positions				57,929,018	21,398,493
Other operating income				49,100,851	24,862,052
General and administrative expenses				111,616,869	89,385,100
a) Personnel expenses			78,287,353		63,317,397
aa) Wages and salaries		61,865,793			51,436,734
bb) Social security, pension and other benefit costs		16,421,560			11,880,663
thereof: for old-age pensions	7,088,977				1,299,167
b) Other administrative expenses			33,329,516		26,067,702
Amortisation, depreciation and impairment of intangible assets and property and equipment				603,239	581,954
Other operating expenses				5,297,245	3,633,669

INCOME STATEMENT FOR THE FISCAL YEAR FROM 1 APRIL 2021 TO 31 MARCH 2022

			April 2021 to March 2022	2020 to 2021
	EUR	EUR	EUR	EUR
Result from ordinary activities			**77,778,929**	**49,913,074**
Income taxes			29,977,248	15,744,860
Other taxes not shown under operating expenses			481,612	1,559,666
Net income for the year			**47,320,068**	**32,608,549**
Profit/loss carryforward from the prior year			32,608,549	24,186,502
Allocations to the revenue reserves				
d) To other revenue reserves			32,592,816	24,186,502
Net retained profit/accumulated loss			**47,335,801**	**32,608,549**

FISCAL YEAR FROM 1 APRIL 2021 TO 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF FINANCIAL REPORTING

Nomura Financial Products Europe GmbH, having its registered office in Frankfurt am Main, is registered in the commercial register of Frankfurt am Main Local Court under HRB no. 110223. The financial statements as of 31 March 2022 were prepared in accordance with the provisions set out in the HGB ["Handelsgesetzbuch": German Commercial Code], the RechKredV ["Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute": German Bank Accounting Directive] and the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act].

Due to the post-Brexit expansion of operations, there were some significant changes in the balance sheet and income statement figures for the fourth quarter of the prior year as compared with the first three quarters. This must be taken into account with regard to the comparative figures.

2. ACCOUNTING POLICIES

Unless otherwise stated below, the accounting policies were unchanged from the prior year. In fiscal year 2021/2022, the presentation of cash collateral provided and received as well as certain cost allocations was harmonised; these items are now reported under other assets and other liabilities and not under receivables from/liabilities to banks or customers. In addition, a refined definition was used for the classification of business partners in non-EU countries, resulting in reclassifications between receivables from and liabilities to banks and customers. The prior-year comparative figures were restated for better comparability.

<u>Cash reserve</u>

The cash reserve is carried at nominal value.

<u>Receivables from banks and customers</u>

Loans, credit balances and other receivables are valued at amortised cost less impairment.

<u>Unlisted debt securities</u>

Bonds and other fixed-income securities held in the liquidity portfolio and not held for trading are valued individually at the lower of amortised cost or market (lower of cost or market principle).

Bonds and other fixed-income securities held in the investment portfolio and not held for trading are carried at amortised cost less impairment losses if permanent (modified lower of cost or market principle). This is an accounting election to recognise impairment losses if the impairment is temporary.

The Institution's policy is to recognise purchases of debt securities as of the settlement date. Consequently, trading with debt instruments can give rise to holdings as of the reporting date due to the difference in settlement times between purchase and sale.

2. ACCOUNTING POLICIES (CONTINUED)

Trading book

All financial instruments classified as held for trading, including derivatives, loans, debt instruments and equity instruments, are recognised at fair value through profit or loss less the risk discount in accordance with Sec. 340e (3) HGB. Upon first-time recognition, the Institution classifies its financial assets according to the purpose for which the financial instruments were acquired and their features. The financial instruments of the trading book are valued at their fair value plus deferred interest.

Fair value of financial instruments

The fair value is the market price. If there is no active market on which to determine the market price, the fair value is determined using generally accepted valuation methods.

Trading assets are generally valued at the (lower) bid price and trading liabilities at the (higher) ask price. However, for convenience, valuations at average rates are also permitted. It the valuation is performed at average rates, an adjustment of the fair value between offer and demand is made for significant back-to-back cash positions.

Valuation models take into account contractual terms, position size, prices of underlying assets, interest rates, dividend rates, fair value, volatility and other statistical metrics for the instruments in question or for instruments with similar features. These models also include adjustments with regard to the credit risk of counterparties and the Institution's own credit risk, administrative expenses for the servicing of future cash flows and market liquidity adjustments. These adjustments are key components of the process used to determine fair value. The valuation method applied maximises the use of market data and minimises the use of institution-specific data not observable on the market.

Valuation models and their underlying assumptions influence the amount and timing of the unrealised profits and losses recorded. The use of different valuation models or underlying assumptions could lead to different results. The Institution's fair value estimates or valuation parameters entail a greater measure of subjectivity if they lack transparent market data.

2. ACCOUNTING POLICIES (CONTINUED)

For OTC derivatives held in the trading portfolio, the counterparty credit risk is managed by taking into account credit valuation adjustments (CVAs), while Nomura's non-performance risk is covered by taking into account debt value adjustments (DVAs). In case of a funding valuation adjustment (FVA), the refinancing costs or benefits of unsecured derivatives and partly secured derivatives, which are only covered by a partial hedge or the hedge cannot be used for refinancing purposes, are accounted for at fair value. The FVA takes into account the Nomura Group's funding risk. To determine fair value, CVAs, DVAs and FVAs are based on available observable market data (e.g., credit default swap spreads). NFPE's own credit spread is also used for liabilities in the trading portfolio. Changes in fair value in the trading portfolio are netted and disclosed in the net trading result. Fair value adjustments due to changes in NFPE's own creditworthiness are also recognised in the income statement.

NFPE nets positive and negative fair values of trading book derivatives and the related margin payments (cash collateral) of OTC derivatives, both with central counterparties and with non-central counterparties. Netting with non-central counterparties may be performed if an agreement with an enforceable credit support annex (CSA) is in place, cash collateral is exchanged on a daily basis and therefore no material residual credit or liquidity risk remains. In a first step, the Bank offsets positive fair values from derivative financial instruments with negative fair values. In a second step, compensation payments received, the repayment obligations of which are recognised in other liabilities, are offset against positive fair values from derivative financial instruments. Moreover, security payments with refund claims recognised in other assets are netted with the negative fair values from derivative financial instruments. The amounts derived from netting compensation payments with fair values in this way are recognised in trading assets or liabilities as a net figure.

Some central counterparties offer a settlement-to-market model for certain derivatives, under which daily compensation payments are made, which, for legal purposes, do not qualify as collateralisation but result in the settlement of outstanding receivables or liabilities. These compensation payments made and received are also presented in the balance sheet as a reduction of the item in this amount.

Repo transactions in the trading book are measured at fair value. Receivables and liabilities from and to customers under repo and reverse repo agreements are recognised as gross amounts. Securities borrowed by or loaned to third parties are not recognised as additions or disposals in NFPE's balance sheet, as there is no transfer of beneficial ownership.

Interest-based financial instruments not held in the trading book are checked cumulatively using an approach based on the net present value for surplus liabilities on an annual basis. This valuation within the meaning of IDW AcP BFA 3 did not indicate any need to recognise a provision for potential losses.

2. ACCOUNTING POLICIES (CONTINUED)

Risk discount

The risk discount for held-for-trading financial instruments measured at fair value is recognised as of each reporting date on the basis of the internal value at risk method (VaR) used for internal risk management.

The calculation is based on

- a 99% confidence level;
- a 10-day holding period and
- a minimum observation period of one year.

The adjustments are recognised in the income statement as a reduction of trading profit and as a single amount in an offsetting item for the higher amount of trading assets or trading liabilities.

Property and equipment and intangible assets

Property and equipment held for use are valued at amortised cost less depreciation. Property and equipment are depreciated straight line over their estimated useful lives, generally on the basis of the depreciation tables published by the tax authorities. Low-value assets with an individual net value not exceeding EUR 800 are fully expensed in the year of acquisition.

Specific bad debt allowances are recognised if there are indications that the asset may be impaired. The impairment loss of an individual asset is the difference between the book value of an asset and the lower of its replacement cost or market value. If the difference is considered to be permanent, the impairment loss is recognised in the income statement.

Purchased intangible assets are valued at amortised cost less accumulated amortisation. Intangible assets are amortised straight line over their estimated useful lives down to their estimated residual value.

2. ACCOUNTING POLICIES (CONTINUED)

Other assets

Other assets are stated at nominal value.

Liabilities to banks and customers

Liabilities are recognised at their settlement value plus accrued interest and only derecognised if they are repaid, i.e., when the contractually specified obligations have been discharged or cancelled or have expired.

Other liabilities

Other liabilities are stated at their settlement value.

Provisions

Provisions are only recognised if they meet all of the following criteria:

- There is an existing or likely present obligation to third parties
- The obligation is based on legal or contractual provisions
- The cash outflow from the obligation is predictable (i.e., reasonably certain)
- The cash outflow cannot be recognised as an asset
- Recognising a provision is not prohibited

Unrealised losses from financial derivative items in the non-trading book are recognised under other provisions.

Subordinated liabilities

Subordinated liabilities are recorded at the settlement value. Accrued interest is shown under liabilities to customers.

2. ACCOUNTING POLICIES (CONTINUED)

Equity

Equity is stated at nominal value.

Other

Intragroup sales credits and profit shares from trades with NFPE clients are recognised as trading income. Income in connection with NFPE's investment banking activities and in connection with NFPE's trading activities with Nomura Group clients is recognised under commission income.

Fund for general banking risks

An allocation in accordance with Sec. 340e (4) HGB was required in the reporting year. This was performed at the expense of the net income from trading book positions and increases the item fund for general banking risk.

Contingent liabilities/irrevocable loan commitments

Contingent off-balance sheet liabilities and irrevocable loan commitments are disclosed at nominal value. The irrevocable loan commitments relate to new reverse repo transactions concluded as of the reporting date due to start after the reporting date.

Foreign currencies

All foreign currency transactions are initially valued in EUR at the actual exchange rate on the transaction date, with the income or expense item being recognised either at the actual rate or the average rate.

Property and equipment and intangible assets are subsequently revalued at historical rates, while other items are revalued at the current mean market closing rate as of the reporting date.

Held-for-trading financial instruments which are measured at fair value are revalued at the current mean market closing rate.

Exchange gains and losses from the revaluation of non-trading balances at the mean spot rate are recognised separately as part of other income or other expenses.

Foreign currency translation

Amounts in foreign currencies are translated in accordance with the provisions of Sec. 256a HGB. Assets and liabilities as well as income and expenses denominated in foreign currency are translated as of the reporting date at the exchange rates used by the Group. The resulting gains and losses are recognised in the income statement.

Assets and liabilities denominated in foreign currency:

	31 Mar 2022 EUR k	31 Mar 2021 EUR k
- Assets	3,096,709	1,094,825
- Liabilities	3,213,711	1,431,646

3. Maturity profile

	31 Mar 2022 EUR k	31 Mar 2021 EUR k
Receivables from banks due in		
- payable on demand	112,366	56,030
- up to 3 months	2,490	77,417
- more than 3 months up to 1 year	-	-
Receivables from customers due in		
- payable on demand	270,552	412,909
- up to 3 months	70,616	10,402
- more than 3 months up to 1 year	-	-
- more than 1 year up to 5 years	-	-
- more than 5 years	-	-

4. Maturity profile (continued)

	31 Mar 2022 EUR k	31 Mar 2021 EUR k
Liabilities to banks due in		
- payable on demand	2,203	68,300
- up to 3 months	9	6
- more than 3 months up to 1 year	-	-
Liabilities to customers with an agreed term or period of notice of		
- payable on demand	-	-
- up to 3 months	457,728	926,557
- more than 3 months up to 1 year	-	-
- more than 1 year up to 5 years	-	-
- more than 5 years	-	-

5. Relationships with other Nomura Group companies

	31 Mar 2022 EUR k	31 Mar 2021 EUR k
- Receivables from banks	-	-
- Receivables from customers	329,114	422,379
- Other assets	36,787	156,011
- Liabilities to banks	-	-
- Liabilities to customers	451,078	905,773
- Other liabilities	128,254	42,508
- Subordinated liabilities	185,000	-

NFPE has loans from and deposits at entities within the Nomura Group, mainly relating to the reverse repo balance with Nomura Securities International Inc (NSI) of EUR 270,552k for the management of the liquidity pool.

The amounts from reverse repo transactions with Nomura International plc, London (NIP), relate to treasury activities and trading activities and constitute loans to managers, etc. The market conformity checks performed for these transactions did not give rise to any indications of conditions that were not in line with the market.

NFPE has liabilities to group companies in the Netherlands, the UK and Japan, which are recognised in liabilities to customers and other liabilities. They mainly include unsecured loans raised from Nomura Europe Finance N.V. (NEF) of EUR 419,433k and cash collateral of EUR 62,950k received from NFPS, which has its registered office in Tokyo.

6. Receivables from banks

The balance of receivables from banks mainly comprises credit balances on nostro accounts (EUR 112,366k).

7. Receivables from customers

Receivables from customers mainly result from intragroup reverse repo transactions (EUR 270,552k).

8. Trading book positions

As of 31 March 2022, the trading book mainly contains trading activities of Global Markets as part of derivatives and repurchase transactions (repos and reverse repos) with clients in the EU and corresponding transactions with companies of the Nomura Group with a view to transferring market risk using the back-to-back model. The market risk is transferred to companies belonging to the Nomura Group on the basis of back-to-back transactions. As a result, the trading activities do not contribute significantly to the income of NFPE. NFPE mainly generates income from sales credits from Global Markets. The spot bond positions at year-end arose from timing differences in the settlement of securities that were purchased shortly before the reporting date and resold simultaneously.

The financial instruments in the trading book break down as follows:

	Mar 2022		Mar 2021	
	Trading assets	Trading liabilities	Trading assets	Trading liabilities
	EUR k	EUR k	EUR k	EUR k
Financial derivatives	333,324	215,236	93,882	57,364
Reverse repos/repos	9,638,036	9,711,931	8,697,738	8,556,426
Spot bond positions	67,440	19,958	75,742	5,266
Risk discount	-1,064	-	-716	-
	10,037,737	**10,007,125**	**8,866,646**	**8,619,056**

8. Trading book (continued)

Breakdown of financial instrument maturities by product as of the end of March 2022:

	Derivative assets EUR k	Derivative liabilities EUR k	Nominal value EUR k
Interest rate swaps maturing in			
- less than one year	126,569	126,229	178,091,977
- more than one year up to five years	1,797,111	1,798,171	210,099,944
- more than five years	10,367,402	10,371,223	237,836,818
Currency products maturing in			
- less than one year	442,482	442,515	57,287,147
- more than one year up to five years	35,125	35,334	1,752,605
- more than five years	30,137	31,037	1,358,865
Credit default swaps and other instruments maturing in			
- less than one year	120,334	116,931	72,352,461
- more than one year up to five years	556,753	560,486	64,045,432
- more than five years	905,390	909,800	38,909,258
Equity derivatives and other options due in			
- less than one year	18,335	18,335	919,092
- more than one year up to five years	4,512	4,512	77,869
- more than five years	81	81	2,217
Total	14,404,231	14,414,654	862,733,685
Bilateral and variation margin netting	-14,070,907	-14,199,418	-
	333.324	**215,236**	**862,733,685**

Breakdown of financial instrument maturities by product as of the end of March 2021:

	Derivative assets	Derivative liabilities	Nominal value
	EUR k	EUR k	EUR k
Interest rate swaps maturing in			
- less than one year	52,944	52,929	75,735,931
- more than one year up to five years	270,723	270,772	57,728,379
- more than five years	1,798,029	1,796,720	96,084,529
Currency products maturing in			
- less than one year	363,653	363,680	51,499,406
- more than one year up to five years	7,866	7,853	474,711
- more than five years	24,173	23,289	678,784
Credit default swaps and other instruments maturing in			
- less than one year	15,399	14,361	3,271,167
- more than one year up to five years	65,250	66,326	10,052,872
- more than five years	472,014	480,789	22,870,994
Equity derivatives and other options due in			
- less than one year	2,465	2,470	44,296
- more than one year up to five years	1,511	1,511	29,431
- more than five years	277	277	9,402
Total	**3,074,305**	**3,080,978**	**318,479,902**
Bilateral and variation margin netting	-2,980,423	-3,023,614	-
	93,882	**57,364**	**318,479,902**

9. Property and equipment

Property and equipment are used by the headquarters and its branches.

	Assets under construction	Furniture, fixtures and office equipment	Total
Acquisition and production cost	EUR k	EUR k	EUR k
As of 1 April 2021	-	4,246	4,246
Additions	-	574	574
Disposals	-	1	1
Reclassifications	-	-	-
As of 31 March 2022	-	4,819	4,819
Depreciation and impairment			
As of 1 April 2021	-	1,436	1,436
Additions	-	603	603
Disposals	-	-	-
Reclassifications	-		
As of 31 March 2022	-	2,039	2,039
Book values			
As of 31 March 2021	-	2,810	2,810
As of 31 March 2022	-	2,779	2,779

10. Other assets

Other assets mainly comprise cash collateral paid that is not eligible for offsetting against the negative fair value of trading positions (EUR 395,919k) and amounts from employer's pension liability insurance policies (EUR 6,198k).

11. Liabilities to banks/subordinated liabilities

Liabilities to banks mainly resulted from negative balances on nostro accounts (EUR 2,203k).

Subordinated liabilities exclusively comprise a loan of EUR 185,000k raised from the shareholder NEHS in fiscal year 2021/22, for which subordinated status compared to first-class liabilities and equal-ranking status with other subordinated liabilities was contractually agreed. The loan has a term of seven years and can be repaid early by the borrower under certain conditions. On the basis of the agreed interest conditions (3-month EURIBOR + 185bp), interest expenses of EUR 1,901k were incurred in the fiscal year.

12. Liabilities to customers/other liabilities

Liabilities to customers mainly include intragroup loans (EUR 419,438k, prior year: EUR 900,000k).

Other liabilities mainly include cash collateral received (EUR 271,265k, prior year: EUR 87,723k) as well as current payment obligations to suppliers and tax liabilities.

13. Provisions for pensions and similar obligations

Pension obligations were valued according to actuarial principles using the projected unit credit method (PUC method). The provision amount factored in assumptions regarding the future benefit entitlements and pension increases as well as turnover probabilities. The assumptions used in the valuation were as follows:

	Assumptions
Actuarial interest rate p.a.	1.81% p.a.
Salary trend p.a.	1.50% p.a.
Increase in the income threshold p.a	2.20% p.a.
Increase in pensions p.a.	2.00% p.a.

Mortality tables used: Heubeck mortality tables (2018 G)

Turnover probabilities based on age and sex were used to account for employee turnover.

The difference in accordance with Sec. 253 (6) HGB based on an average interest rate of 1.35% over seven years amounts to EUR 2,463k.

14. Other provisions

Other provisions of EUR 51,992k (prior year: EUR 35,369k) mainly comprise provisions for services and deliveries of EUR 23,822k (prior year: EUR 19,257k), for outstanding bonus payments of EUR 19,942k (prior year: EUR 13,700k), levies of EUR 8,328k (prior year: EUR 150k) and financial statement audit costs of EUR 1,000k (prior year: EUR 1,300k).

On 31 March 2022, there were currency-related forward transactions in the non-trading book with a fair value of EUR 3,074k and -EUR 765k, respectively. The positive fair values are not recognised, the negative fair values are carried under other provisions as a provision for potential losses.

15. Equity

NEHS holds 47,541,970 shares carrying equal rights and NIP holds 2,458,030 shares also carrying equal rights in the capital stock of the Institution, which has the legal form of a German limited liability company ["Gesellschaft mit beschränkter Haftung": GmbH]. Its capital stock of EUR 50,000,000 is divided into 50,000,000 shares.

On 18 June 2021, the shareholder NEHS made an additional payment of EUR 40m to the Institution's capital reserves in accordance with Sec. 272 (2) No. 4 HGB.

	2022 Subscribed capital EUR k	2021 Subscribed capital EUR k
As of 1 April	50,000	50,000
Issued in the course of the year:	-	-
As of 31 March	50,000	50,000

16. Net interest income/expense

The Institution's interest result mainly relates to negative interest expenses from deposits with Deutsche Bundesbank and money market deposits, as well as interest on borrowings and cash collateral for derivatives. The Institution has a range of negative-interest bearing financial assets and liabilities. Negative interest on financial assets is recognised separately under interest income and negative interest on financial liabilities is recognised separately under interest expenses.

	2021/2022 EUR k	2020/2021 EUR k
Interest on intragroup loans	-6,739	-2,138
Interest on deposits at Deutsche Bundesbank	-4,588	-1,136
Interest on collateral provided for CCPs for derivative transactions	-2,558	-499
Interest on money market deposits	-442	-548
Interest on receivables from reverse repo transactions	-27	-2,127
Total	-14,354	-6,447

17. Net commission income

Commission income comprises the income component of the Nomura Group's Investment Banking division of EUR 55,394k and income of EUR 47,226k from the Global Market division's sales activities which lead to the conclusion of transactions with other companies belonging to the Nomura Group. Commission income from Global Markets and Investment Banking is calculated using the Nomura Group's global transfer pricing agreements.

18. Net income/net expense from trading book positions

Net income from trading book positions includes commission income from trading activities with clients and exchange gains and losses from transactions to manage the CVA/FVA risks. This item also includes the VaR discount and allocation to the special item through profit and loss in accordance with Sec. 340e (4) HGB. In the course of the year, 10% of trading income (EUR 6,437k; prior year: EUR 2,378k) was allocated to the fund for general banking risks.
Also included in net income from trading book positions is the recognition and reversal of reserves in the balance sheet for CVA/DVA risks.

19. Other operating income

This item mainly includes cost refunds including financing costs under cost allocation arrangements with NIP and other affiliates of EUR 49,100k (prior year: EUR 23,063k).

20. General and administrative expenses

Personnel expenses mainly comprise wages and salaries of EUR 61,866k (prior year: EUR 51,437k) for employees working at the head office and branches as well as social security and pension costs of EUR 16,422k (prior year: EUR 11,881k). Other administrative expenses of EUR 33,329k (prior year: EUR 26,068k) largely relate to fees under a service level agreement with NIP and other agreements, consulting services, rent and technology expenses.

21. Other operating expenses

Other operating expenses came to EUR 5,297k in the fiscal year (prior year: EUR 3,634k) and largely include expenses from legal disputes (EUR 2,500k), realised losses from financial derivative positions in the non-trading book of EUR 1,494k and the recognition of provisions for unrealised losses on non-trading book derivatives (EUR 765k).

22. Income taxes

	Fiscal year 2021/2022 EUR k	Fiscal year 2020/2021 EUR k
Corporate income tax	26,761	15,045
Trade tax	3,081	665
Solidarity surcharge	135	34
Total	29,977	15,745

23. Auditor’s fees

The auditor’s fees recognised as of 31 March 2022 break down as follows:

	Fiscal year 2021/2022 EUR k	Fiscal year 2020/2021 EUR k
Audit services	1,000	1,300
Audit-related services	160	130
Tax services	-	-
Other services	50	26

24. Appropriation of profit/loss

A resolution was proposed to allocate a share of EUR 47,300,000 of the net income for fiscal year 2021/2022 to the revenue reserves and carry forward the remaining amount of EUR 35,801 to new account.

No interim dividends were distributed and the Management Board recommended that no final dividend be paid for the fiscal year ending 31 March 2022.

25. Employees, Management Board and Supervisory Board

There were an average of 225 employees (prior year: 196). At the end of the fiscal year, the Bank had 229 employees (prior year: 215 employees) working in the following areas:

	Fiscal year as of 31 Mar 2022	Fiscal year as of 31 Mar 2021
Investment Banking	66	59
Global Markets	58	56
Administration	105	100
Total	**229**	**215**

25. Employees, Management Board and Supervisory Board (CONTINUED)

During the fiscal year and at the time of preparing the financial statements, the Management Board was composed of the following persons:

Name	Function	Further activities
Markus Sauerland	Chief Executive Officer (since 1 April 2022) Chief Operating Officer (until 31 March 2022)	Member of the supervisory board of Performance One AG (formerly suchdialog AG) Member of the Board, Nomura Saudi Arabia (expired on 30 June 2021) Verband der Auslandsbanken in Deutschland e.V., Member of the Board (since 22 June 2021) British Chamber of Commerce, Member of the Regional Committee Rhein Main Member of the Hesse state government's Advisory Board for Development Policy
Hirofumi Misawa	Chief Trading Officer (since 1 April 2022) Chief Executive Officer (until 31 March 2022)	Member of the Board of Directors of Nomura Financial Products & Services, Inc. Director (non-paid) Mika Misawa Garden Design Ltd.
Markus Möbius	Chief Risk Officer	Non-Executive Director: Nomura Reinsurance ICC Limited Nomura Reinsurance 1 IC Limited Nomura Reinsurance 3 IC Limited Nomura Reinsurance 5 IC Limited US CB Reinsurance 1 IC Limited
Shogo Ohira	Chief Client Management Officer	-
Michael Schmelzer	Chief Financial Officer	-

The remuneration paid to the members of the Institution's Management Board in the course of the year came to EUR 2,572k (prior year: EUR 1,664k). In the reporting year, pension commitments of EUR 258k were added (prior year: EUR 146k).

None of NFPE's other employees performed any supervisory board work in another organisation in the reporting period.

25. Employees, Management Board and Supervisory Board (CONTINUED)

During the fiscal year and at the time of preparing the annual financial statements, the Supervisory Board was composed of the following persons:

Supervisory Board members	Further activities	Function
Paul Spanswick (Chairman)		Non-Executive Director
Position: Management Board member	Instinet International Limited	Non-Executive Director
	Nomura Reinsurance IC Limited	Non-Executive Director
	Teenage Cancer Trust	Non-Executive Director
	The Teenage Trust (Trading) Limited	Non-Executive Director
	Levrara Consulting Group	Chair/Non-Executive Director
	Lineten Ltd	Non-Executive Director
	MPCE Ltd	Director
Toru Otsuka	Nomura Holdings, Inc.	Executive Managing Director
Position: Management Board member	Nomura Securities Co., Ltd.	Senior Corporate Managing Director
Neeta Atkar	Nomura Europe Holdings plc	Non-Executive Director
Position: Management Board member	Nomura Bank International plc	Non-Executive Director
	Nomura International plc	Non-Executive Director
	Yorkshire Building Society Group	Non-Executive Director
	British Business Finance Limited	Non-Executive Director
	British Business Financial Services Ltd	Non-Executive Director
	British Business Bank Plc	Non-Executive Director
Marija Korsch (until 15 November 2021)	Aareal Bank AG	Supervisory Board
Position: Rechtsanwältin [Lawyer]	Just Software AG	Supervisory Board
	Instone Real Estate Group AG	Supervisory Board
Dr Gabriele Apfelbacher (since 23 November 2021) *Position: Rechtsanwältin [Lawyer]*	-	-

The remuneration paid to the members of the Institution's Supervisory Board in the course of the year came to EUR 182k (including VAT) (prior year: EUR 235k). No pension commitments were made to the members of the Supervisory Board.

26. Subsequent events

No further significant events that would have an impact on the Institution's assets, liabilities, financial performance and financial position occurred after the close of the fiscal year. The protracted war in Ukraine has not changed the assessments on which these financial statements are based.

27. Intercompany relationships

The ultimate parent company and controlling party that controls the largest group of companies for which consolidated financial statements are prepared is NHI, which is registered in Japan. A copy of the consolidated financial statements of Nomura Holdings, Inc. is available from 9-1, Nihonbashi 1-Chome, Chuo-ku, Tokyo 103-8645, Japan.

The parent company which controls the smallest group of companies is NEHS, having its registered office at 1 Angel Lane in London, EC4R 3AB, UK.

Frankfurt am Main, 5 August 2022

Nomura Financial Products Europe GmbH

The Management Board

Markus Sauerland

Hirofumi Misawa

Markus Moebius

Shogo Ohira

Michael Schmelzer