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NOMURA FINANCIAL PRODUCTS EUROPE GMBH

Annual Financial Statements and Management Report
01 April 2024 – 31 March 2025

Contents

MANAGEMENT REPORT

The Management Board of Nomura Financial Products Europe GmbH ("NFPE") herby presents its management report and annual financial statements for the financial year ended 31 March, 2025. The Institution is registered in Germany in commercial register B of the Frankfurt am Main Local Court under no. HRB 110 223 and maintains 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 selling 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 consists of the Retail, Investment Management, Wholesale and, since 01/04/2025, Trust & Banking divisions, which provide financial services to a wide range of clients, including private investors, corporations, financial institutions, governments and government agencies.

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

In the reporting year, NFPE was managed by a minimum of 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, profitably and in compliance 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 consists of the Chief Executive Officer (**"Spokesman"** or **"CEO"**), the Chief Risk Officer (**"CRO"**), the Chief Compliance Officer ("**CCO**"), the Chief Financial and Administrative Officer (**"CFAO"**) and the Chief Trading Officer (**"CTO"**), who share responsibility for the management and control of NFPE.

The Management Board is assisted by committees that advise the members of the Management Board: the Risk Management Committee, the Asset & Liability Committee, the ICAAP Committee, the Outsourcing Committee, the Legal Entity Management Committee and the Project & Change 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 all material riks and the relevant risk management and methods. It is also responsible for reviewing the risk strategy and monitoring risk management-relevant regulatory matters and their implementation at NFPE.

The Asset and Liability Committee (ALCO) was established by the Management Board of NFPE to assist the Company's CFAO in the performance of their duties in the management of the financial resources capital, leverage exposure and balance sheet, large exposures, and liquidity. **The Committee's goal is to reach an agreement between the Front Office and Finance on the optimal allocation of these resources, taking into account current resource utilisation and expected utilisation based on the Front Office's business plan and/or expected changes in general market conditions.**

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 CFAO of NFPE, to ensure that the Institution's major risks are covered at all times 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).

The NFPE Legal Entity Committee is chaired by the Head of Legal Entity Management at NFPE and is responsible for ensuring that all matters related to the NFPE Booking Rules Framework, cross-border bookings as well as the AP and merchant population are monitored and escalated where necessary. Authorised Persons ("APs") refer to individuals in front office roles authorised by NFPE to carry out regulated activities on behalf and for the account of NFPE, and to give NFPE access to funding as a trader by arranging the execution of transactions with a client or counterparty. The NFPE Management Board participates in this committee.

The Project & Change Committee is headed by the CAO Office and facilitates the targeted monitoring of project proposals and initiatives within NFPE or within the Nomura Group in which NFPE has a vested interest.

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 right of veto in relation to such transactions. The decision of the NFPE CRO is underpinned by a local process involving the control functions. During the reporting period, 49 transaction committees relevant to NFPE took place.

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. In addition, the Supervisory Board is responsible for engaging the auditor for the financial 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 [German law on banking] 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 to determine 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 regard 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 in order to take into account 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 rectification of audit findings by the Management Board.

The Supervisory Board meets at least four times a year in order 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, primarily for its European institutional clients. The offer includes services in the primary and secondary market business.

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.

NFPE works in the capital markets business with institutional clients to further improve its sustainability expertise and business activities related to ESG (Environment, Social, Governance).

BUSINESS ENVIRONMENT

Despite a slight decline in inflation in the euro area (2.2% in March 2025 vs. 2.4% in March 2024), the business environment in the 2024/2025 financial year was characterised by uncertainty in the markets, not least due to the ongoing

conflict in the Middle East as well as the US presidential elections with a subsequent change of administration in the USA, and only a slight increase in gross domestic product. According to Eurostat, gross domestic product growth in the euro area was 1.1% in the financial year compared to 0.4% in the previous financial year.
The EuroStoxx50 remained largely stable between 5060 and 5100 points from April to September 2024, with a brief slump in August 2024 to 4570 points due to increased recession concerns. After the high at the end of September and a two-month correction to 4730 points at the end of November, the index recovered significantly by the end of the fiscal year to 5290 points on 31/03/2025 (approx. 15% increase compared to the low of August 2024).

Market volatility was initially at a low to medium level over the course of the financial year, with a VSTOXX value around 14 at the beginning of April 2024. In August, it rose significantly, to 32, as a result of mixed economic forecasts, and then fell again to 14, hovering between 16 and 22 in Q3 of the fiscal year. In Q4 of the fiscal year, market volatility ranged between 17 and 24, with a significant increase in early March 2025 due to the imposition of tariffs by the U.S. government. Overall, market volatility fluctuated between 12 and 32 over the course of the fiscal year, with a peak of 32 in August 2024.

In this environment, NFPE trading volumes remained stable at a slightly higher level year-on-year until the end of calendar year 2024. As in the previous year, Q3 of this fiscal year was stronger in terms of sales. Around the turn of the year 2024/2025, trading volumes declined, but subsequently recovered and also significantly exceeded the level of the previous quarter

War in Ukraine

Since the start of Russia's war of aggression against Ukraine in 2022, a growing number of sanctions have been imposed, targeting Russian state enterprises along with companies and individuals associated with Russia in particular. Most recently, further sanctions were implemented in the 2024/2025 financial year.

As part of the adoption of the sanction measures in 2022, NFPE placed business activities with business customers with a connection to Russia on hold or completely discontinued them.
As NFPE does not maintain regular or custody accounts for clients, it was unable to freeze any assets. All Bundesbank enquiries about sanctions were answered on time.

The effects of possible further sanctions must be taken into account in the coming 2025/2026 financial year.

Sustainability

Investor interest in sustainable products (Green, Social and Sustainability Linked bonds) remains robust. NFPE, as part of the Nomura Group, is active in this business area. Nomura as a Group advised on more than 220 transactions with an aggregate issue volume of more than US$ 75 billion in calendar year 2024.
Nomura is an official signatory of the UN Principles for Responsible Banking (UN PRB) and published medium and long-term carbon emission reduction targets for the entire Institution in 2018. In addition, in September 2021, the Nomura Group announced that it would reduce net zero greenhouse gas emissions for its own operations by 2030, in line with the Paris Climate Agreement.

KEY PERFORMANCE INDICATORS

The Management Board evaluates the company's business development on the basis of a number of different performance indicators.

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

<u>Return on equity (ROE) and profitability:</u> The Group defines ROE as the net income attributable to shareholders divided by total equity and aims to target 8-10% as a medium-term target corridor.

In the past fiscal year, NFPE achieved an ROE of 1% (previous year: 2%) based on net income attributable to shareholders. Going forward, the company's ROE is expected to be between 1% and 2%.

The reduction in ROE targets reflects the implementation of revised Group transfer pricing mechanisms within Global Markets and Investment Banking, which has adjusted revenue allocation in line with industry standards. This adjustment also leads to a better alignment of key performance indicators with business expectations in the EMEA region. The target ROE level of NFPE is in line with the role within the Group and the underlying transfer pricing mechanisms. The company continues to maintain a strong market position with robust customer relationships, making a significant contribution to the Group's global operations and overarching ROE targets.

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. As a result of 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.

<u>(Administrative) expense/income ratio:</u> The company exclusively operates businesses that are attributable to the Wholesale division. For this, the (administrative) expense/income ratio was defined as a performance indicator at group level. In accordance with its role in the Group, the company can influence these factors through its expenses and commission income.

<u>Trading assets and total assets:</u> These are indicators derived directly from accounting and regulatory reporting, which need to be closely monitored and managed due to the development of the company as a relatively young and growing enterprise. The goal is to ensure compliance with all regulatory requirements and enable business activities according to plans.

<u>Capital adequacy:</u> NFPE conducts comprehensive monitoring of key metrics, including the Tier 1 capital ratio, total capital ratio, and leverage ratio. A strategic approach to organic capital growth has been implemented by fully retaining annual profits, with no dividend payouts planned. This reinvestment of earnings is aimed at further strengthening the capital base and supporting future business growth through internal capital generation.

The development of these indicators in the financial year is described below.

ASSETS, LIABILITIES, FINANCIAL POSITION AND FINANCIAL PERFORMANCE

The company maintains its profitability in the current economic environment described above, while fulfilling its role as a central platform in continental Europe. The Company's robust balance sheet structure and risk transfer mechanisms within the Group have successfully mitigated significant effects of market volatility, interest rate fluctuations and currency movements. For the first time, the financial results fully reflect the revenue and cost figures of the Swiss representative office, to which Nomura Greentech Capital Advisors AG was transferred in the previous year.

The company's financial resources and sources of liquidity have not changed significantly. The company's financial resources and liquidity position remain stable and robust. The primary financing structure is mainly supported by equity and Tier 2 capital, which includes a subordinated shareholder loan of EUR 185 million, and is additionally supported by intra-group loans. The company continues to expand its Tier 1 capital by retaining profits from the previous fiscal year.

The institution's financial ratios were within the capital and liquidity limits at all times and were considered appropriate.

The company's key financial figures developed as follows during the year:

	2024/2025 in EUR thousand	2023/2024 in EUR thousand
Revenue	191,136	174,665
Net income from trading book positions	76,272	47,230
Net interest income	-33,386	-13,929
Commission income	107,156	90,855
Other operating income	41,094	50,509

General and administrative expenses	-171,437	-148,871
(Administrative)expense/income ratio	89%	85%
Profit before taxes	17,941	25,010
Net income for the year	6,657	13,101
Total assets	17,756,700	18,133,927
Trading assets	16,044,047	15,756,605
Total liabilities	17,050,608	17,434,491
Equity	706,092	699,435
Own funds[1]	891,623	867,526
Tier 1 capital [1]	706,623	682,526
Tier 1 capital ratio [1]	21.9%	22.5%
Risk-weighted assets (RWAs)	3,219,967	3,029,353
Total capital ratio	27.7%	28.6%
Leverage ratio	4.4%	4.3%
Liquid assets	1,655,874	1,902,024
Net liquidity outflows	602,351	1,159,961
LCR	275%	164%
NSFR ratio	296%	144%

Income statement:

The company recorded a profit before taxes of EUR 17.9 million for the financial year (previous year: EUR 25.0 million). This was in line with the target. Net income for the year is attributable to treasury gains due to the year-round positive interest rate environment, commission and trading income as well as other operating income, mainly from the global transfer pricing arrangements and reimbursement schemes.

Overall, the company's earnings have increased year-over-year, mainly driven by treasury earnings. Transfer pricing revenues result from Global Market Sales Credits, Global Markets Trading Income participations, Investment Banking income and reimbursements within the Nomura Group. Transfer pricing revenues were lower year-on-year, mainly in Global Markets' Flow Rates trading segment. The development of net interest expense is mainly due to higher derivatives margins and collateral. Countervailing income in the Business Resource Management Desk (BRM) as part of Funding Valuation Adjustment Management (FVA) is reflected in net trading income.

General administrative expenses are mainly based on personnel and material costs incurred at the head office and in the branches. The increase in expenses during the fiscal year is mainly due to the full-year costs of the new NFPE office in Switzerland, which was integrated in the second half of the previous fiscal year, as well as one-off costs.

Balance sheet:

As of 31 March, 2025, the company's total assets amounted to EUR 17.8 billion (previous year: EUR 18.1 billion) and thus showed no significant change year-on-year. The balance sheet structure is mainly determined by repurchase agreements (reverse repos and repos) in trading portfolios and treasury assets, consisting of reverse repos and margin holdings. The derivatives trading business makes a relatively small contribution to the balance sheet due to extensive balance sheet netting rules in accordance with the German Commercial Code accounting regulations. As of 31 March, 2025, the company's equity amounted to EUR 706.1 million (previous year: EUR 699.4 million) and consists of subscribed capital, capital reserves, revenue reserves and retained profit.

Regulatory ratios:

As of 31 March, 2025, the Company had total equity of EUR 891.6 million (previous year: EUR 867.5 million) and risk-weighted assets (RWA) of EUR 3,220.0 million (previous year: EUR 3,029.3 million), resulting in a total capital ratio of 27.7% (previous year: 28.6%). The Company's risk-weighted assets are mainly determined by the operational risk and the

[1] The previous year's values are reported after approval of financial statements

default risk of the counterparties. The year-on-year increase in RWA is mainly due to an increase in customer-related trading activities as well as changes due to the CRR III requirements that have been in force since January 2025.

The company's cash and cash equivalents consist mainly of reverse repo transactions with highly liquid government bonds and, at EUR 1,656 million, are slightly below the previous year's level (previous year: EUR 1,902 million). At the same time, net outflows in the LCR fell to EUR 602 million (previous year: EUR 1,160 million). This decrease in net outflow is the result of changes in ordinary trading activity. Both the LCR ratio of 275% (previous year: 164%) and the NSFR (structural liquidity ratio) of 296% (previous year: 144%) are well above the regulatory and internal minimum values.

Until the preparation of the annual financial statements, there were no effects on the institution's net assets, financial position or results of operations due to events after the balance sheet date.

OUTLOOK AND OPPORTUNITIES

Forecast for the development of earnings, financial position, capital position and net assets

As expected, the company's earnings were below those of the previous financial year. Going forward, changes in Global Markets' transfer pricing arrangements are expected to result in a 12% decline in revenues, resulting in an estimated 45% year-over-year decline in profit before tax. ROE is expected to be 1% for the 2025/2026 financial year, subject to the achievement of business budget targets in Global Markets and Investment Banking. The (administrative) expense/income ratio is expected to be 92% in the coming financial year, which is 3% higher than in the previous financial year due to the changes in the transfer pricing agreements. Ongoing administrative expenses are expected to remain at a steady level.

While derivatives and bond trading activities are forecast to grow by 8% to 9%, this increase will not be directly reflected in trading asset growth due to the applicable accounting netting rules and the back-to-back model. Total assets are expected to remain in the range of EUR 15 billion to EUR 20 billion, which is in line with the business plan. Trading assets will continue to account for 90% of the expected balance sheet total and will range between EUR 13.5 billion and EUR 18 billion.

The development of the Tier 1 capital ratio is analysed as part of the annual capital planning process. Based on the planned development of trading activities, there is a moderate increase in risk-weighted assets. Tier 1 capital will also increase moderately due to retained profits. As a result, it is expected that there will be a slight decline in the Tier 1 capital ratio and the total capital ratio in the coming financial year. The leverage ratio is expected to remain unchanged at 4.4%.

Outlook

The strategic positioning of the company's treasury activities has enabled it to benefit from the positive interest rate environment and thus effectively mitigate the effects of the challenging market conditions in the core business segments. Management will implement measures to proactively increase the Company's earnings performance in the future, including strict cost discipline and review of the respective business activities, improved risk monitoring systems, dynamic adjustment of trading limits and diversification of income streams across different asset classes. The current uncertainties in the markets (trade conflicts, inflation expectations and fears of recession in the most important markets for NFPE) as well as the significant geopolitical risks that continue to exist may lead to increasingly cautious behaviour on the part of market participants, with corresponding additional negative effects on the profitability of the company. Nevertheless, the company is expected to remain profitable in the coming financial year.

The Company has appropriate risk appetite limits in place to ensure resilience during market stress events and is focused on strengthening key client relationships through tailored solutions and advisory services. Repurchase agreements (repos and reverse repos) remain an essential part of the balance sheet and are volatile and cyclical in nature in terms of their volume. This underlines the company's goal of pursuing a balanced approach to growth while ensuring regulatory compliance and efficient use of capital.

Comprehensive capital, risk and liquidity management strategy

The use of the company's financial resources is dynamically managed in line with the developing business activities and monitored in terms of compliance with risk appetite. According to current ICAAP projections, risk-weighted assets (RWA) are expected to increase by 10% during the year.

In terms of liquidity management, the company continuously monitors the liquidity coverage ratio (LCR) and other key liquidity indicators. The liquidity pool is expected to remain stable year-on-year, providing sufficient resources to support planned business growth, while ensuring compliance with regulatory requirements and maintaining adequate buffers for stress scenarios. This stable liquidity profile is designed to efficiently meet customer requirements while complying with regulatory requirements throughout.

The comprehensive planning tools, which include the ICAAP process, budget projections, liquidity planning and capital forecasts, confirm the sufficient availability of resources to support the underlying business activities. The focus on sustainable capital strengthening through profit retention and organic growth ensures that the company maintains a resilient financial position while supporting its strategic growth goals. This conservative approach to capital and liquidity management demonstrates the company's commitment to maintaining strong financial fundamentals while pursuing sustainable business growth opportunities.

Outlook and opportunities for Global Markets

The goal of the Global Markets division is to consolidate trading activities with European clients and to provide the Nomura Group with access to the EEA. The focus of the division is on developing business with existing clients and winning a moderate number of new clients. Despite the existing uncertainties, we expect business volumes to expand moderately for 2025/2026 as well. NFPE will continue to focus on its core products, Flow Rates and DCM, and also further strengthen the structured fixed-income securities business. We also expect the equity business to stabilise in line with our global strategy. In spite of the planned business growth for these products, we nevertheless expect to report a decline in earnings due to margin pressure. Client activity in the area of sustainable financial instruments (e.g. green bonds) is expected to increase moderately, as in previous years.

Outlook and opportunities for Investment Banking

The Investment Banking division aims to continuously develop its Merger & Acquisition advisory activities, equity advisory business and broker financing solutions for European clients. We expect business activities to be comparable to those in the previous financial year across all segments.

RISK REPORT

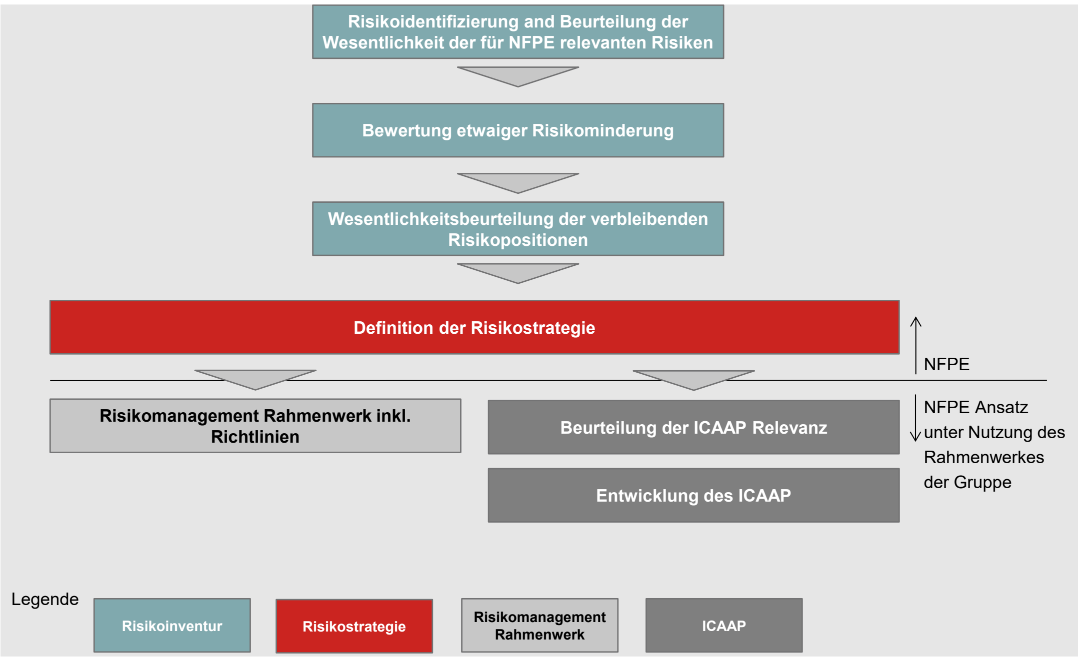
Strategic risk management approach

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 line with its business strategy. It is reviewed and approved by the Management Board of NFPE at least annually and submitted to the Supervisory Board of NFPE.

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
- Model risk
- Operational risk
- Reputational risk
- Strategic 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 MaRisk and the Bundesbank's and BaFin's supplementary guideline to the ICAAP. 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 capital ratio. It comprises a scenario-based analysis 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 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. When selecting scenarios, NFPE takes into account institution-specific vulnerabilities to ensure that the scenarios are appropriate for the Institution. An ESG scenario was also taken into account.

The Institution’s internal capital adequacy was ensured at every quarterly reporting date during the financial year, The table below provides an overview of economic internal capital adequacy at the end of the financial year and the previous year.

Financial year		Baseline			Stress	
Risk type	Risk (EUR million)	Action limit (EUR million)	Limit utilisation	Risk (EUR million)	Action limit (EUR million)	Limit utilisation
Credit risk	37	266	14%	188	297	63%
Market risk	13	54	24%	15	53	29%
Operational risk	65	129	50%	71	152	47%
Model risk	1	18	5%	1	26	4%
Total	**115**	**467**	**25%**	**275**	**528**	**52%**
Available capital	**719**			**659**		

Previous year		Baseline			Stress	

Risk type	Risk (EUR million)	Action limit (EUR million)	Limit utilisation	Risk (EUR million)	Action limit (EUR million)	Limit utilisation
Credit risk	48	315	15%	226	315	72%
Market risk	10	63	16%	18	76	24%
Operational risk	79	119	67%	111	114	98%
Model risk	9	63	15%	40	63	63%
Total	**147**	**559**	**26%**	**395**	**568**	**70%**
Available capital	**699**			**631**		

Stress testing is an integral part of the Nomura Group and NFPE's risk management and is used to complement ICAAP and internal risk models to identify specific risks to portfolios at different levels that are affected by specific shocks. Stress tests are designed to be economically coherent, exacting and comprehensive in terms of business and risk coverage, taking difficult yet conceivable scenarios into consideration.

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 last observation was at the end of December 2024. As a result, some of the scenarios considered lead to an reduction of the risk-bearing capacity, but from today's perspective there is no need for action, as the shocks considered were assessed as incredibly strong.

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 regularly reported to the Risk Management Committee (RMC) and the ICAAP Committee. For each type of risk and the respective risk appetite indicators, clear responsibilities are defined with regard to monitoring and further development. 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 to which the Institution is exposed. 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:

Through its liquidity management department, the Finance division is responsible for managing the Institution's liquidity requirements and for conducting liquidity stress tests to ensure compliance with the liquidity risk appetite and limits approved by the Management Board. The liquidity stress tests are regularly validated by the Model Validation Group and critically scrutinized by Treasury Risk Management.
Additionally, the Finance function bears overall responsibility for the ICAAP, which is carried out in close cooperation with the Risk Management department.

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 operational aspects of risk reporting are outsourced to the Group. This includes regular reporting on the utilisation of risk appetite as well as granular information on the respective 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 and equity 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 for the majority of transactions concluded with other Nomura Group subsidiaries to hedge against the market risk in client transactions, the Institution is primarily exposed to market risks in the form of credit valuation adjustment ("CVA") and funding valuation adjustment ("FVA") and the corresponding hedging

activities of the trading desks and market risks from treasury activities. In addition, the company allows market risk positions for so-called "approved strategies" within the framework of limits defined for this purpose without back-to-back.. These risks are managed by the trading desks in the Institution's books. No hedge accounting is performed.
Due to the business model, interest rate risks in the banking book and credit spread risks in the banking book were classified as non-material.

Risk assessment

NPFE was granted permission by BaFin to use the internal models approach to calculate own funds requirements for market risk as of 1 July 2022. The regulatory VaR scope covers the general and specific risk arising from debt instruments and currency risk, thereby expanding on the previous scope, which was limited by certain valuation models. BaFin had initially set the multiplication factors $mc$and ms, in accordance with Art. 366 (2) sentence 1 CRR, to 4 after approval. After the closure of all findings of the waiver audit in the course of the financial year, Bafin has reduced the multiplication factors to 3.

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. Such positions, however, 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 in 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 movements over a two-year window are applied to the Institution's current exposure in order to structure a profit and loss distribution. Potential losses can be estimated at required confidence intervals or probabilities.

Depending on the trading system, product and risk factor, the profit and loss distribution is generated by means 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 movements. 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. SVaR maximizes the stress phase used in the SVaR model 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. During the financial year ending 31 March 2025, the daily trading loss exceeded the VaR estimate at the 99% confidence level on one trading day, which means that the institution currently does not have to apply a corresponding multiplier mark-up m_c in $m_s$accordance with the CRR . From the bank's point of view, the exceedance is caused by special market movements and is not a sign of a model weakness.

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 provides an overview of the market risk situation at the end of the financial year, which remained relatively stable over the period:

Market risk according to COREP in EUR	31/03/2025	31/03/2024
10-day VaR 99%	1,468,519	1,572,295
10-day stress VaR 99%	2,547,581	2,121,387

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. A three-factor copula model is employed, 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 determining factor of IRC on a position is the credit rating of the obligor, which is based on Nomura Group's Internal Rating system that 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. All positions in the IRC model are assumed to have a one-year liquidity horizon. At the end of the financial year, IRC amounted to EUR 3,997,409 (EUR 802,061 at the end of the previous year).

Credit risk

Credit risk is the risk of losses 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
- An approval process for lending and renewals and setting 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 upon 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 counterparty credit risks ofthe Institution should be collateralised. In certain cases, however, where there is sufficient risk appetite, an uncollateralized 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 market risk of the asset. The haircuts are determined by quantitative and historical analyses and reviewed at regular intervals.

Risk assessment

As described above, counterparty credit risk relating to derivatives and securities financing transactions is the key component ofthe 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 for the calculation of the counterparty credit risk requirements for certain derivative and securities financing transactions. For the calculation of risk-weighted exposure amounts under the standardised approach to credit 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 using a Monte Carlo-based simulation model that determines a potential exposure profile.

In addition, the Institution uses 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 provides an overview of the credit risk according to the credit risk standard approach for the individual exposure classes as of 31/03/2025.

Exposure class	RWA (in EUR (thousand)) 31/03/2025	RWA (in EUR (thousand)) 31/03/2024
Credit risk	**1,800,092**	**2,030,750**
Credit risk standardised approach	**1,782,174**	**2,012,965**
Central governments or central banks	40,488	14,627
Regional governments or local authorities	0	0
Administrative bodies and non-commercial undertakings	16,647	12,680
Multilateral development banks	0	0
International organisations	0	0
Institutions	379,716	519,371
Corporates	1,341,315	1,461,618
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	132	0
Other items	3,876	4,670
Exposure value for contributions to the default fund of a CCP	**17,917**	**17,785**

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. For strongly correlated WWR, the Institution holds additional capital.

Concentration 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 of the Nomura Group. Such concentrations are considered by the models for quantifying credit risk in the economic perspective of the ICAAP.

Liquidity and funding risk

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. Funding risk is defined as the risk of losses arising from difficulties in securing necessary funding or due to financing costs that are significantly higher than normal due to a deterioration in creditworthiness. 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.

Liquidity risk is managed by the liquidity risk limits set in accordance with NFPE's risk appetite. The Institution manages liquidity risk independently using the internal stress model, maximum cash outflow and regulatory ratios such as the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

The Institution's internal stress model quantifies the liquidity buffer necessary to survive the defined stress scenarios in the defined periods of time. 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.

From a normative perspective, liquidity is managed through the LCR and NSFR. The LCR measures the ability to meet short-term liquidity requirements, while the NSFR ensures that non-current assets are financed through suitable stable sources of funding.

NFPE's total liquidity exposure is made up of capital, loans from legal entities within the Nomura Group, and business-generated collateral received. NFPE's resulting liquidity remained consistently above its risk appetite in the reporting year.

During the financial year, the liquidity requirement remained at a stable, moderate level. Changes in the key figures in the normative perspectives were mainly due to the usual business activities. The liquidity available to NFPE was sufficient for this. Existing buffers were not used in the financial year.

The monthly Asset and Liability Committee ("ALCO") decides on all decisions relating to the level and design of liquidity capacity, taking into account medium and long-term projections.

For the 2024/2025 financial year, the company had sufficient liquidity at its disposal to support the fulfilment of the business plan as well as to meet the minimum liquidity requirements at all times. The Institution expects the liquidity requirement to remain constant over the coming financial year.

Liquidity risk	(in EUR (thousand)) 31/03/2025	(in EUR (thousand)) 31/03/2024
Liquid assets	1,655,874	1,902,024
Net liquidity outflows	602,351	1,159,961
LCR	275%	164%

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.

Non-financial risk

Operational risk

Operational risk refers to the risk of incurring financial and non-financial losses due to inadequate or faulty internal processes, systems as well as human errors or external events. Strategic risks or reputational risks are not part of operational risk, although the latter are closely linked to these as they can be triggered by operational risks.

NFPE is inevitably exposed to operational risks as a result of its business activities. The Management Board therefore ensures the existence of an adequate operational risk framework to ensure the appropriate identification, assessment, monitoring, governance and reporting (risk management cycle) through the following operational risk instruments:

- *Event recording*: Incidents that occur are systematically recorded, analysed, counteracted by measures and reported.
- *Risk Control and Self-Assessment ("RCSA"):* All organisational areas of NFPE identify and evaluate the inherent and residual risks arising from their respective areas of responsibility. The effectiveness of controls related to risk avoidance is examined and taken into account when assessing residual risk.
- *Scenario analysis:* In the scenario analysis, the probability of occurrence and potential loss amounts of rare yet plausible loss events that may cause serious damage are estimated. In addition to incident data, scenarios are used as an input for determining the economic capital requirement for operational risks.
- *Key Risk Indicators ("KRI"):* KRIs are metrics that serve as an early warning and monitoring system for operational risks. The aim of KRIs is to allow management to introduce measures to counteract risks before they arise.

The operational risk profile of NFPE is defined by its locations and its business model. NFPE is part of the Nomura Group and outsources parts of its business operations within the Group. This results in third-party risks, which form a significant part of the operational risk profile. One of these risks includes IT operations, which are exposed to IT security and cyber risks.
In the course of NFPE's business, transaction risks also arise from trading activities (including risks arising from electronic trading). As a result of the back-to-back agreement with other companies of the Nomura Group, market price risks that have become significant due to operational risks are largely transferred to them (see Market Risk). However, risks from breaches of regulatory requirements and the applicable law remain with NFPE and represent a significant part of the operational risk profile.

In addition to global market developments, the success of the NFPE primarily depends on its qualified employees. A growing business model coupled with a competitive market environment for hiring talent has led to additional personnel risks for NFPE.

Reputational risk

Reputational risk is one of the main risks faced by NFPE and can arise from a variety of causes. Reputational risk describes the risk of potential damage to NFPE's reputation and associated risk to earnings, capital, or liquidity resulting from an association, act, or omission that may be perceived by stakeholders as inappropriate, unethical, or inconsistent with NFPE's values and beliefs.

NFPE may also be affected by reputational risk events throughout the Nomura Group. Corresponding incidents within the Group have the power to affect the reputation of the Nomura brand and, as a result, the business performance of NFPE.

NFPE has rolled out training in accordance with Nomura Group standards to ensure that all employees are aware of the reputational risks associated with their daily work. For operational reasons, controls have been set up and processes are closely monitored to minimise any negative impact on NFPE's broker ranking.

Strategic risk

Strategic risk is defined as the risk to current or forecast earnings, capital, liquidity, enterprise value or the reputation of the Nomura Group resulting from adverse business decisions, poor implementation of business decisions or a lack of responsiveness to changes in the industry or external environment. Strategic risk is managed by NFPE's Management Board and wholesale front office.

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 performed that covers all activities of NFPE and its branches. The results are used to develop the internal audit plan which requires the approval of the NFPE Management Board and the Audit and Risk Committee.

The Nomura Group's Internal Audit is responsible for auditing and assessing the adequacy 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 and the Chairman of the Audit Committee of Nomura Holdings, Inc. The Global Head of Wholesale Division Audit & NEHS Audit Head is on the same independent reporting level as the Chairman of the Audit Committee of NEHS and 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 controls, sample testing and, in some cases, substantive testing. NFPE Internal Audit reports in accordance with the requirements of Nomura's internal audit methodology. A complete audit report will be prepared and brought to the attention of the Management Board, the Supervisory Board and the department heads 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. Internal Audit performs 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

In July 2024, the EU prudential rules Capital Requirements Regulation ("CRR III") and Capital Requirements Directive ("CRD VI") were published in the Official Journal of the EU. The majority of the reforms have already been in place since January 2025, with the exception of the market risk rules (FRTB), which have been postponed until January 2027.
The introduction of a lower limit for the capital requirement (output floor) for institutions that calculate their risks using internal models will only apply in full (72.5%) from January 2030.

In addition, in December 2021, the European Banking Authority (EBA) published the Draft Regulatory Technical Standard (RTS) for the classification of (large) investment firms as credit institutions. Accordingly, if various criteria are met, investment firms may be classified as credit institutions. The transposition of this draft into binding law is still pending.

The company also monitors and observes all regulatory innovations relating to environmental, social and governance (ESG) risks, which are playing an increasingly important role in a large number of regulatory projects. The changes due to the ESG regulations do not only affect a large number of existing processes, such as product governance, investment advice and disclosure requirements, but also create additional risks in existing risk categories such as financial, reputational and operational risks.

In addition, the EU regulation DORA (Digital Operational Resilience Act), which comes into force in January 2023 and has an implementation deadline of January 2025, defines regulatory requirements for the operational resilience of financial companies to cyber risks as well as information and communication technology risks.

In a letter dated 28 February, 2025, the company was classified by BaFin as a potentially systemically important institution within the meaning of Section 4 of the German Investment Institutions Act (WpIG) in conjunction with Section 12 sentence 2 no. 3 of the German Banking Act. As a result, the company has taken into account the legal consequences associated with the classification as a significant institution pursuant to Art. § 4 WpIG in conjunction with § 1 (3c) sentence 2 no. 2 KWG and can no longer be applied to the simplified requirements for restructuring planning pursuant to Restructuring and Resolution Act (SAG).

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.

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

Financial statements
1 April 2024 – 31 March 2025

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

BALANCE SHEET AS AT 31 MARCH 2025

Assets	EUR	EUR	March 2025 EUR	March 2024 EUR
Cash reserve			56,629	56,816
a) Cash		5,757		5,944
b) Balances at central banks		50,872		50,872
thereof at the Deutsche Bundesbank	*50,872*			*50,872*
Receivables from banks			85,287,487	148,421,069
a) payable on demand		82,550,160		146,116,140
b) Other receivables		2,737,327		2,304,929
Receivables from customers			1,130,236,363	1,799,417,966
thereof secured by real property liens			-	-
public-sector loans			-	-
Trading book positions			16,044,047,272	15,756,605,705
Investments			131,920	-
thereof: to credit institutions			-	-
thereof: to financial services institutions			131,920	-
Property and equipment			5,654,442	5,269,265
Other assets			490,190,547	423,096,434
Prepaid expenses			1,095,816	1,059,579
Total assets			**17,756,700,476**	**18,133,926,834**

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

BALANCE SHEET AS AT 31 MARCH 2025

Liabilities and equity		March 2025	March 2024
	EUR	EUR	EUR
Liabilities to banks		239	37,135,604
a) payable on demand		239	37,135,604
b) With an agreed term or perioc notice	-	-	-
Liabilities to customers		386,663,882	260,024,798
d) Other liabilities			
thereof payable on demand	-	-	-
with an agreed term or period of notice	386,663,882		260,024,798
Trading book positions		16,033,665,281	16,115,152,648
Other liabilities		329,132,748	726,774,721
Provisions		88,544,674	90,961,103
a) Provisions for pensions and similar obligations		23,497,563	24,385,146
b) Tax provisions		11,969,314	12,088,644
c) Other provisions		53,077,797	54,487,313
Subordinated liabilities		185,000,000	185,000,000
Fund for general bank risks		27,601,572	19,442,572
thereof special item pursuant to Sec. 340e (4) HGB		*27,601,572*	*19,442,572*
Equity			
a) Subscribed capital		50,000,000	50,000,000
b) Capital reserves		490,000,000	490,000,000
c) Revenue reserves		159,435,387	686,334,510
d) Net retained profit		6,656,693	13,100,877
Total equity		**706,092,080**	**699,435,387**
Total liabilities and equity		**17,756,700,476**	**18,133,926,834**
Contingent liabilities		4,520	7,655
Guarantees		4,520	7,655
Other obligations		720,866,380	245,062,331
Irrevocable loan commitments		720,866,380	245,062,331

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR 1 APRIL 2024 – 31 MARCH 2025

			April 2024-March 2025		2023- 2024
	EUR	EUR	EUR	EUR	EUR
Interest income from					
a) lending and money market business		954,031			920,492
b) Fixed-income securities and government-inscribed debt		89,442,144			150,792,976
Total interest income			90,396,175		151,713,467
Interest expenses from					
a) Fixed-income securities and government-inscribed debt		123,782,614			165,642,429
Total interest expenses			123,782,614		165,642,429
Net interest income/expense				-33,386,439	-13,928,962
Commission income				107,156,417	90,854,548
Net income from trading book positions				76,271,780	47,230,366
Including: Expenses from allocations to the special item pursuant to Section 340e (4) HGB			*8,159,000*		*5,247,818*
Other operating income				41,093,885	50,509,386
General and administrative expenses				171,436,546	148,870,974
a) Personnel expenses			119,518,410		95,352,351
aa) Wages and salaries		97,388,631			79,341,556
bb) Social security contributions and expenses for pensions and other benefits		22,129,779			16,010,794
thereof: for Pensions	3,157,162				4,400,690
b) Other administrative expenses			51,918,136		53,518,623
Amortisation, depreciation and impairment of intangible assets and property and equipment				1,758,452	784,329

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

PROFIT AND LOSS STATEMENT FOR THE FISCAL YEAR 1 APRIL, 2024 - 31 MARCH, 2025

	April 2024-March 2025	2023- 2024
	EUR	EUR
Result from ordinary activities	**17,940,645**	**25,010,035**
Income taxes	11,283,952	11,909,158
Other taxes not shown under operating expenses	-	-
Net income for the year	**6,656,693**	**13,100,877**
Profit/loss carryforward from the previous year	13,100,877	39,134,510
Allocations to revenue reserves		
d) To other revenue reserves	13,100,877	39,134,510
Net retained profit/accumulated loss	**6,656,693**	**13,100,877**

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

FISCAL YEAR FROM 1 APRIL, 2024 TO 31 MARCH, 2025

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF FINANCIAL REPORTING

Nomura Financial Products Europe GmbH, with its registered office in Frankfurt am Main, is registered in commercial register B of Frankfurt am Main Local Court under HRB no. 110223. The financial statements as of 31 March 2025 were prepared in accordance with the provisions set out in the German Commercial Code (Handelsgesetzbuch, HGB), 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].

2. ACCOUNTING POLICIES

The accounting policies were unaltered from the previous year.

Cash reserve

The cash reserve is carried at nominal value.

Receivables from banks and customers

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

Unlisted debt securities

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

All financial instruments classified as being 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. At the time of 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. For convenience, however, valuations at average rates are also permitted. If 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 pursuant to 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.

Investments

Investments are recognised at amortised cost. In the event of expected permanent impairments, unscheduled depreciation is recognised. If the reasons that led to the depreciation no longer exist, a write-up is made up to a maximum of the amount of the acquisition cost.

Property and equipment and intangible assets

Property and equipment held for use are valued at acquisition cost less planned depreciation. Property and equipment are depreciated on a straight line basis 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 depreciated in full 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 planned amortisation. Intangible assets are amortised on a straight line basis over their anticipated useful lives to their estimated residual value.

2. ACCOUNTING POLICIES (CONTINUED)

<u>Other assets</u>

Other assets are reported at nominal value.

<u>Liabilities to banks and customers</u>

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, cancelled or have expired.

<u>Other liabilities</u>

Other liabilities are stated at their settlement value.

<u>Provisions</u>

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
- The recognition of a provision is not prohibited

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

<u>Subordinated liabilities</u>

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 bank 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 are essentially newly concluded reverse repo transactions on the cut-off date, the start date of which is after the cut-off 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. As a result of the currency position management processes employed, the non-trading book has special coverage in accordance with Section340h of the German Commercial Code (HGB).

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

FISCAL YEAR FROM 1 APRIL, 2024 TO 31 MARCH, 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. 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 March 2025 EUR (thousand)	31 March 2024 EUR (thousand)
- Assets	5,460,998	5,960,797
- Liabilities	4,325,437	4,791,333

4. Maturity profile

	31 March 2025 EUR (thousand)	31 March 2024 EUR (thousand)
Receivables from banks due in		
- payable on demand	82,550	146,116
- up to 3 months	2,737	2,305
- more than 3 months up to 1 year	-	-
Receivables from customers due in		
- payable on demand	1,097,342	1,768,909
- up to 3 months	32,894	30,509
- more than 3 months up to 1 year		-
- more than 1 year up to 5 years		-
- more than 5 years		-

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

FISCAL YEAR FROM 1 APRIL, 2024 TO 31 MARCH, 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Maturity profile (continued)

	31 March 2025 EUR (thousand)	31 March 2024 EUR (thousand)
Liabilities to banks due in		
- payable on demand	0	37,136
- up to 3 months	-	-
- more than 3 months up to 1 year	-	-
Liabilities to customers with an agreed term or period of notice of		
- payable on demand	-	2,778
- up to 3 months	150,797	21,077
- more than 3 months up to 1 year	235,867	236,169
- more than 1 year up to 5 years	-	-
- more than 5 years	-	-

5. Relationships with other Nomura Group companies

	31 March 2025 EUR (thousand)	31 March 2024 EUR (thousand)
- Receivables from banks	-	-
- Receivables from customers	1,121,160	1,798,893
- Other assets	18,684	133,041
- Liabilities to customers	382,744	249,336
- Other liabilities	131,701	568,881
- Subordinated liabilities	185,000	185,000

NFPE has loans from and deposits at entities within the Nomura Group. These mainly include the reverse repo balances with Nomura International plc, London (NIP) in the amount of EUR 963,814 thousand (previous year: EUR 758,548 thousand) and with Nomura Securities International Inc (NSI) in the amount of EUR 133,847 thousand (previous year: EUR 1,011,281 thousand) as part of 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 “Organkredite” (intercompany loans or loans to directors). 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 Singapore, the United Kingdom and Japan, which are reported in liabilities to customers and other liabilities. This mainly includes unsecured borrowings from Nomura International Funding PTE Ltd. in the amount of EUR 236,408 thousand (previous year: EUR 0 thousand) and from NIP in the amount of EUR 138,859 thousand (previous year: EUR 0 thousand). The borrowing from Nomura Europe Finance N.V. (NEF) in the amount of EUR 239,210 thousand in the previous year no longer exists. Furthermore, there is cash collateral in the amount of EUR 63,142 thousand (previous year: EUR 173,769 thousand) provided by NFPS, based in Tokyo, and EUR 61,137 thousand (previous year: EUR 388,095 thousand), which was received from NIP, based in London.

6. Receivables from banks

The balance of receivables from credit institutions is mainly made up of balances on nostro accounts of EUR 82,550 thousand (previous year: EUR 146,116 thousand).

7. Receivables from customers

Receivables from customers mainly result from intra-group reverse repo transactions of EUR 1,097,662 thousand (previous year: EUR 1,769,896 thousand).

8. Trading book positions

The trading portfolio as at 31 March 2025 is mainly attributable to the trading activities of the Global Markets division in the context of derivatives and repurchase agreements (repo and reverse repo) with clients from the EU and related transactions for the transfer of market risks with companies of the Nomura Group. 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:

	March 2025		March 2024	
	Trading assets	Trading liabilities	Trading assets	Trading liabilities
	EUR (thousand)	EUR (thousand)	EUR (thousand)	EUR (thousand)
Financial derivatives	718,240	633,256	521,817	766,545
Reverse repos/repos	15,302,391	15,252,688	15,225,754	15,216,230
Spot bond positions	19,338	415	9,229	130,808
Other assets/liabilities	4,872	147,306	716	1,570
Risk discount	-794	-	-910	-
	16,044,047	**16,033,665**	**15,756,606**	**16,115,153**

8. Trading book (continued)

Breakdown of the remaining maturity of financial instruments by product at the end of March 2025:

	Derivatives Assets EUR (thousand)	Derivative liabilities EUR (thousand)	Nominal value EUR (thousand)
Interest swaps maturing in			
- less than one year	193,900	324,692	1,860,564,319
- more than one year up to five years	696,428	656,775	1,255,272,484
- more than five years	3,164,055	2,003,243	633,900,213
Currency products maturing in			
- less than one year	340,965	366,971	24,288,083
- more than one year up to five years	49,221	59,834	3,183,940
- more than five years	24,739	43,396	657,299
Credit default swaps and other instruments maturing in			
- less than one year	104,264	104,266	116,572
- more than one year up to five years	2,819	3,328	614,119
- more than five years	12,220	12,334	315,416
Equity derivatives and other options due in			
- less than one year	276	276	270,893
- more than one year up to five years	179,052	173,647	1,483,522
- more than five years	9,135	1,688	623,311
Total	4,777,074	3,750,450	3,781,290,172
Bilateral and variation margin netting	-4,058,834	-3,117,194	-
	718,240	**633,256**	**3,781,290,172**

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FISCAL YEAR FROM 1 APRIL, 2024 TO 31 MARCH, 2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Breakdown of financial instrument maturities by product as of the end of March 2024:

	Derivatives Assets EUR (thousand)	Derivative liabilities EUR (thousand)	Nominal value EUR (thousand)
Interest swaps maturing in			
- less than one year	2,502,531	1,697,561	1,057,724,652
- more than one year up to five years	4,392,280	4,017,967	748,457,380
- more than five years	15,505,151	15,150,984	533,792,172
Currency products maturing in			
- less than one year	494,851	496,373	96,183,239
- more than one year up to five years	63,814	65,485	2,859,343
- more than five years	85,369	87,522	2,578,685
Credit default swaps and other instruments maturing in			
- less than one year	269,755	269,755	24,678
- more than one year up to five years	60,905	61,434	563,413
- more than five years	45,648	45,677	222,568
Equity derivatives and other options due in			
- less than one year	104,234	104,234	3,647,529
- more than one year up to five years	223	223	252,290
- more than five years	-	-	-
Total	23,524,761	21,997,215	2,446,305,949
Bilateral and variation margin netting	-23,002,944	-21,230,670	-
	521,817	**766,545**	**2,446,305,949**

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 (thousand)	EUR (thousand)	EUR (thousand)
as of 1 April 2024	1,480	7,605	9,085
Additions	223	1,898	2,121
Disposals	-	44	44
Reclassifications	-1,703	1,703	0
as of 31 March 2025	0	11,162	11,162
Depreciation			
as of 1 April 2024	-	3,815	3,815
Additions	-	1,751	1,751
Disposals	-	58	58
Reclassifications	-	-	-
as of 31 March 2025	-	5,508	5,508
Book values			
as of 31 March 2024	1,480	3,789	5,269
as of 31 March 2025	0	5,654	5,654

10. Other assets

Other assets mainly comprise cash collateral paid that is not suitable for offsetting against the negative market value of trading positions in the amount of EUR 451,721 thousand (previous year: EUR 385,266 thousand) as well as advance tax payments in the amount of EUR 12,181 thousand (previous year: EUR 15,714 thousand).

11. Liabilities to banks/subordinated liabilities

In the previous year, liabilities to banks resulted from negative balances on nostro accounts in the amount of EUR 37,136 thousand.

Subordinated liabilities exclusively comprise a loan of EUR 185,000 thousand raised from the shareholder NEHS in financial year 2021/22, for which subordinated status compared with first-class liabilities and equal-ranking status with other subordinated liabilities was contractually agreed. The loan has a remaining term of more than five years and can be repaid early by the borrower under certain conditions. On the basis of the agreed interest rates (3-month EURIBOR + 205bp), interest expense amounted to EUR 10,273 thousand (previous year: EUR 10,398 thousand) in the financial year.

12. Liabilities to customers/other liabilities

Liabilities to customers mainly comprise intra-group loans of EUR 375,819 thousand (previous year: EUR 239,885 thousand).

Other liabilities mainly comprise cash collateral received of EUR 311,644 thousand (previous year: EUR 712,335 thousand) as well as short-term payment obligations to suppliers and tax liabilities of EUR 17,489 thousand (previous year: EUR 14,439 thousand).

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 trend-based assumptions regarding the future benefit entitlements and pension increases as well as turnover probabilities. The assumptions used in the valuation were as follows:

For pension obligations arising from the head office in Germany:

	Assumptions
Actuarial interest rate p.a	1.94% p.a.
Salary trend p.a.	1.00% p.a.
Increase in the income threshold p.a	3.00% p.a.
Increase in pensions p.a.	2.30% 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 Section 253 (6) of the German Commercial Code (HGB), applying an average interest rate of 2.01 % over 7 years, amounts to EUR -335 thousand.

For pension obligations arising from the branch in Switzerland:

	Assumptions
Actuarial interest rate p.a	1.94% p.a.
Salary trend p.a.	2.30% p.a.

The difference in accordance with Section 253 (6) of the German Commercial Code (HGB), applying an average interest rate of 2.01 % over 7 years, amounts to EUR -66 thousand.
The BVG 2020 demographic principles were applied to account for fluctuation and the likelihood of death and disability.

14. Other provisions

The other provisions of EUR 53,078 thousand (previous year: EUR 54,487 thousand) mainly comprise provisions for outstanding bonus payments of EUR 20,291 thousand (previous year: EUR 24,800 thousand), provisions for services and supplies of EUR 15,650 thousand (previous year: EUR 18,662 thousand), levies of EUR 1,148 thousand (previous year: EUR 7,028 thousand), severance costs of EUR 2,165 thousand (previous year: EUR 2,417 thousand) and costs for the audit of the annual financial statements of EUR 1,012 thousand (previous year: EUR 1,581 thousand).

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.

	2024/2025 Subscribed capital EUR (thousand)	2023/2024 Subscribed capital EUR (thousand)
As of 1 April	50,000	50,000
Issued during the year:	-	-
As of 31 March	50,000	50,000

16. Net interest income/expense

The Institution’s interest result mainly relates to 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.

	2024/2025 EUR (thousand)	2023/2024 EUR (thousand)
Interest on intragroup loans	-27,363	-35,946
Interest on deposits at the Deutsche Bundesbank	-	-
Interest on collateral provided for CCPs for derivative transactions	-54,946	-49,824
Interest on money market deposits	417	427
Interest on receivables from reverse repo transactions	48,506	71,414
Total	**-33,386**	**-13,929**

17. Commission income

Commission income consists of the revenue share of the Nomura Group's Investment Banking in the amount of EUR 69,126 thousand (previous year: EUR 57,233 thousand) and income from Global Markets sales activities that lead to the conclusion of business with other companies of the Nomura Group in the amount of EUR 38,030 thousand (previous year: EUR 33,621 thousand). Commission income from Global Markets and Investment Banking is calculated using the Nomura Group's global transfer pricing agreements.

18. Net income from trading book positions

Net income from trading book positions includes commission income from trading activities with clients and 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, trading income of EUR 8,159 thousand (previous year: EUR 5,248 thousand) was allocated to the fund for general banking risks in order to reach 50% of the average of the last five annual net returns of the trading portfolio. 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

Here, expense reimbursements, including financing costs, are mainly reported in the amount of EUR 41,094 thousand (previous year: EUR 34,610 thousand) as part of agreements on on-charging with NIP and other affiliated companies.

20. General and administrative expenses

Personnel expenses mainly consist of wages and salaries of EUR 97,389 thousand (previous year: EUR 79,342 thousand) for employees employed at the headquarters and in the branches, as well as social security and pension expenses of EUR 22,130 thousand (previous year: EUR 16,011 thousand). Other administrative expenses of EUR 51,918 thousand (previous year: EUR 53,519 thousand) mainly include fees due to a service level agreement with NIP and other agreements, consulting costs, rents and technical costs.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Income taxes

	Financial year 2024/2025 EUR (thousand)	Financial year 2023/2024 EUR (thousand)
Corporation tax	7,937	8,568
Trade tax	3,184	3,184
Solidarity surcharge	163	157
Total	**11,284**	**11,909**

For none of the jurisdictions in which the company has a permanent establishment minimum tax expense incurred in the past fiscal year. The company also does not expect expense from minimum tax in the following years.

22. Auditor's fees

The auditors' fees recognised as of 31 March 2025 are made up as follows:

	Financial year 2024/2025 EUR (thousand)	Financial year 2023/2024 EUR (thousand)
Audit services	1,362	1,357
Audit-related services	201	167
Tax consultancy services	-	-
Other services	-	-

23. Appropriation of profit/loss

It is proposed that the retained profit for the 2024/25 financial year be transferred in full to revenue reserves.

No interim dividend has been paid and the Management Board does not recommend the payment of a final dividend for the fiscal year ending 31 March, 2025.

24. Employees, Management Board and Supervisory Board

The average number of employees was 287 (previous year: 258). The number of employees at the end of the financial year was 287 (previous year: 283), working in the following areas:

	Financial year as of 31 March 2025	Financial year as of 31 March 2024
Investment Banking	94	83
Global Markets	74	85
Administration	119	115
Total	**287**	**283**

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

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

Name	Function	Further activities
Shogo Ohira	Chief Executive Officer	Supervisor of Chado Urasenke Tankokai Frankfurt Association
Christoph Heins	Chief Financial and Administration Officer and Deputy Chief Executive Officer	Member of the Supervisory Board: Nomura Asset Management Europe KVG mbH (since 16/09/2024)
John Gousias	Chief Trading Officer	-
Markus Möbius	Chief Risk Officer	Non-Executive Director: Nomura Reinsurance ICC Limited Nomura Reinsurance 1 IC Limited Nomura Reinsurance 5 IC Limited US CB Reinsurance 1 IC Limited Nomura Alternative Investment Management France S.A.S.
Martin Sura	Chief Compliance Officer	-

The remuneration paid to the members of the company's Management Board amounted to EUR 2,398 thousand in the course of the year (previous year: EUR 3,045 thousand). A total of EUR 8 thousand was reversed for pension commitments in the period (previous year: reversal of EUR 64 thousand).

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

NOMURA FINANCIAL PRODUCTS EUROPE GmbH

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Supervisory board	Further activities	Function
Jonathan Lewis (Chairman)	Instinet Europe Limited	Chairman
(from 08/11/2024)	Instinet International Limited	Chairman
Occupation: Member of the Management Board	NIH 1 (Guernsey) Limited	Director
	Nomura Reinsurance 5 IC Limited	Director
	Nomura Reinsurance 1 IC Limited	Director
	Nomura Reinsurance ICC Limited	Director
	US CB Reinsurance 1 IC Limited	Director
	The Outward Bound Trust	Director
	Craven Arms Development Ltd (since 11/03/2025)	Director
	Lewis Estates (Wolverhampton) Ltd (since 13/12/2024)	Chairman
Paul Spanswick (Chairman)	Instinet Europe Limited	Chairman
(until 01/11/2024)	Instinet International Limited	Non-Executive Director
Occupation: Member of the Management Board	NIH 1 (Guernsey) Limited	Director
	Nomura Reinsurance 5 IC Limited	Non-Executive Director
	Nomura Reinsurance 1 IC Limited	Non-Executive Director
	Nomura Reinsurance ICC Limited	Non-Executive Director
	US CB Reinsurance 1 IC Limited	Non-Executive Director
	Teenage Cancer Trust	Chairman
	The Teenage Trust (Trading) Limited	Director
	Levrara Group	Chairman/Shareholder
	MPCE Limited	Director/Shareholder
	AI Global Investments (UK) PCC Ltd	Non-Executive Director
	Triple Private Equity Ltd	Advisory Board Member
Dr Gabriele Apfelbacher Occupation: Lawyer	Kroll Bond Rating Agency Europe Limited	Non-Executive Director
Neeta Atkar	Nomura Europe Holdings plc	Non Executive Director
Occupation: Member of the Management Board	Nomura Bank International plc	Non-Executive Director
	Quilter plc	Non-Executive Director
	British Business Bank (until 30/06/2025)	Non-Executive Director
	Nomura International Plc	Non-Executive Director

Christopher Barlow	Nomura Asset Management U.K. Ltd.	Non-Executive Director
(since 18/02/2025)		
Occupation: Member of the Management Board		
Masato Kohno	Nomura Asset Management Co., Ltd.	Non-Executive Director
Occupation: Member of the Management Board	The Nomura Trust and Banking Co., Ltd.	Non-Executive Director
	Nomura Institute of Capital Markets Research	Non-Executive Director
	Nomura Properties, Inc.,	Non-Executive Director
	Nomura Asia Pacific Holdings Co., Ltd	Representative Director
	Nomura Asia Investment (Singapore) Pte. Ltd. (until 31/12/2024)	Director
John Tierney	Nomura Bank International PLC	Director, CEO
(until 04/12/2024)	Nomura Europe Holdings PLC	Director
Occupation: Member of the Management Board	Nomura International PLC	Director
	Nomura Bank Luxembourg S.A.	Director
	Nomura Asset Management U.K. Ltd.	Director

The remuneration to be paid to the members of the company's Supervisory Board for their work amounted to EUR 101 thousand (including VAT) in the course of the year (previous year: EUR 98 thousand). No pension commitments were made to the members of the Supervisory Board.

25. 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 financial year.

26. 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 13-1, Nihonbashi 1-Chome, Chuo-ku, Tokyo 103-8645, Japan.

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

Frankfurt am Main, 16 June 2025

Nomura Financial Products Europe GmbH

The Management Board

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